



**STATE FINANCES AUDIT REPORT  
OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA  
FOR THE YEAR ENDED 31 MARCH 2021**



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest



उत्तराखण्ड शासन

**GOVERNMENT OF UTTARAKHAND**  
*Report No. 1 of the year 2022*



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## PREFACE

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

**Chapter-1** of this Report is an overview on profile of the State and fiscal status of the State, pre and post audit.

**Chapters-2 and 3** of this Report contain audit observations on matters arising from the examination of the Finance Accounts and the Appropriation Accounts respectively, of the State Government for the year ended 31 March 2021.

**Chapter-4** on Quality of Accounts and Financial Reporting provides an overview and status of the State Government's compliance with various financial rules, procedures and directives relating to financial reporting.

**Chapter-5** discusses the financial performance of State Public Sector Enterprises and the impact of comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises.

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



## **EXECUTIVE SUMMARY**



## EXECUTIVE SUMMARY

### Background

This Report on the finances of the Government of Uttarakhand is being brought out to assess the financial performance of the State during the year 2020-21 *vis-à-vis* the Budget, Medium Term Fiscal Policy Statement (MTFPS) and recommendations of Fifteenth Finance Commission (FFC) and analyses the dominant trends and structural profile of Government's receipts and disbursements.

Based on the audited accounts of the Government of Uttarakhand for the year ending 31 March 2021 and additional data collected from several sources such as the Economic Survey brought out by the State Government, Financial Statements of State Public Sector Undertakings and Census, this report provides an analytical review of the Annual Accounts of the State Government in five Chapters.

**Chapter-1** is an overview of the State's financial position.

**Chapter-2** is based on the audit of Finance Accounts and makes an assessment of Uttarakhand Government's fiscal position as on 31 March 2021. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern, *etc.*

**Chapter-3** is based on Appropriation Accounts and it gives grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

**Chapter-4** details Government's compliance with various reporting requirements and financial rules and non-submission of accounts.

**Chapter-5** discusses the financial performance of State Public Sector Enterprises and the impact of comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises.

### Audit findings

#### CHAPTER-1

#### OVERVIEW

- Revenue Deficit converted to Revenue Surplus during the year 2020-21 and was at ₹ 1,114 crore (0.47 *per cent* of GSDP). Revenue Surplus was overstated by ₹ 697 crore (62.57 *per cent*), on account of the deferred liability, misclassification between Revenue and Capital Expenditure, non-transfer of interest liability, *etc.*

*[Paragraphs 1.5.3 and 1.6.1]*

- During the current year, the fiscal deficit at ₹ 5,439 crore (2.29 per cent of GSDP) was within the normative target of 3.50 per cent of GSDP as fixed by the FFC. The Fiscal Deficit during the year improved as compared to previous year as the State became Revenue Surplus during the year. Fiscal Deficit was understated by ₹ 542 crore (9.97 per cent) on account of deferred liability, non-transfer of interest liability, etc.

*[Paragraphs 1.5.3 and 1.6.1]*

## **CHAPTER-2**

### **FINANCES OF THE STATE**

- During 2020-21, Revenue Receipts increased by ₹ 7,482 crore (24.35 per cent) over the previous year, on account of increase in Grants-in-Aid (₹ 7,218 crore), Own Tax Revenue (₹ 425 crore) and Non-Tax Revenue (₹ 172 crore). The increase was partly counterbalanced by decrease in State's Share in Union Taxes and Duties (₹ 333 crore).

*[Paragraphs 2.3.2.1 and 2.3.4.2]*

- Revenue Expenditure formed on an average 84.02 per cent (ranging from 82.92 per cent to 85.57 per cent) of the total expenditure during the period 2016-21. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five- year period 2016-21. The Committed Expenditure ranged between 62 per cent and 68 per cent of Revenue Expenditure, while it accounted for 60 per cent to 73 per cent of the Revenue Receipts of the State during the five-year period 2016-21.

*[Paragraphs 2.6.1 and 2.6.2]*

- Capital Expenditure increased by ₹ 1,124 crore (20.76 per cent) during the current year. The Capital Expenditure incurred by the State during the year 2020-21 was less than the projections made in the MTFPS targets (₹ 7,609 crore) by ₹ 1,071 crore as well as by ₹ 845 crore against budget projections (₹ 7,383 crore).

*[Paragraph 2.6.3]*

- The average return on Government's investment was negligible. During the current year, the amount repaid was ₹ 23.05 crore which stood at 1.13 per cent of the outstanding loans (₹ 2,047.91 crore) as on 31 March 2021.

*[Paragraph 2.6.3.2 (i), (iv)]*

- As per Finance Accounts for the Year 2020-21, there were 143 incomplete/ongoing projects worth ₹ 614.08 crore under various divisions of Public Works as on 31 March 2021.

*[Paragraph 2.6.3.2 (v)]*

- In Education Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE & Himalayan States average during 2020-21 while under Health Sector it was below the NE & Himalayan States average during 2020-21.

*[Paragraph 2.7]*



- Against the receivable Guarantee Commission fee of ₹ 8.54 crore, an amount of ₹ 2.83 crore was received resulting in short receipt of ₹ 5.71 crore as Guarantee Commission fees. The received Guarantee fee has to be deposited in Public Account under Guarantee Redemption Fund, while the State Government was treating it as Revenue Receipts. This resulted in understatement of Revenue Deficit to that extent.

*[Paragraph 2.8.2.3]*

- The total fiscal liabilities to GSDP ratio in 2020-21 increased by 4.04 *per cent* over previous year and stood at 30.05 *per cent*, which was above the Fiscal Responsibility and Budget Management target of 25 *per cent*.

*[Paragraph 2.9.2]*

### **CHAPTER-3**

#### **BUDGETARY MANAGEMENT**

- During 2020-21, there was an overall saving of ₹ 5,590.65 crore against the total grants and appropriations of ₹ 57,590.76 crore.

*[Paragraph 3.2]*

- An expenditure of ₹ 14.30 crore had been booked under revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works. Similarly, an expenditure of ₹ 207.85 crore had been booked under capital section. This expenditure should have been booked under revenue section, as this expenditure pertained to grants-in-aid, minor works and maintenance.

*[Paragraph 3.3.2]*

- Supplementary provision of ₹ 3,421.56 crore obtained in 29 cases proved unnecessary. Re-appropriation of funds in 32 cases was made injudiciously resulting in savings of more than one crore over provisions.

*[Paragraphs 3.3.3 and 3.4.1]*

- Excess expenditure amounting to ₹ 42,873.61 crore pertaining to the years 2005-06 to 2019-20 was yet to be regularised by the State Legislature.

*[Paragraph 3.6.4]*

### **CHAPTER-4**

#### **QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES**

- The departmental officers did not submit 119 Utilisation Certificates (due for submission by March 2021) to the Accountant General (Accounts and Entitlement), Uttarakhand in respect of the grants of ₹ 872.65 crore given up to March 2020 for specific purposes. As on March 2021, 77 Abstract Contingent Bills amounting to ₹ 3.44 crore were outstanding.

*[Paragraphs 4.6, 4.7]*

- Significant amounts of expenditure and receipts were booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' under various Major Heads

affecting the transparency in financial reporting. Operation of omnibus Minor Head 800-Other Expenditure/Other Receipts affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

*[Paragraph 4.9]*

- During 2020-21, reconciliation of Receipt and Expenditure by the Chief Controlling Officers was 95.57 & 73.59 *per cent* respectively. Non-reconciliation of receipts and expenditure booked by the controlling officers of the State with the figures of the Accountant General (Accounts and Entitlement) reflects poorly on the internal control system within the Government and raises concerns relating to accuracy of accounts.

*[Paragraph 4.11]*

- The State Government has yet not fully implemented the notified Indian Government Accounting Standards in the State, thereby, compromising on the quality of financial reporting.

*[Paragraph 4.13]*

## **CHAPTER-5**

### **STATE PUBLIC SECTOR ENTERPRISES**

- As on 31 March 2021, there were 32 State Public Sector Enterprises (SPSEs) including 27 Government Companies, one Government controlled other company and four Statutory Corporations. Out of 32 SPSEs, nine SPSEs are inactive and nine SPSEs had not prepared and submitted their accounts for more than three years. These SPSEs are inactive since last seven to 34 years.

*[Paragraphs 5.2.1 and 5.11.2]*

- Out of the total profit of ₹ 276.58 crore earned by nine SPSEs, 98.29 *per cent* was contributed by only five SPSEs. Out of total loss of ₹ 171.82 crore incurred by three SPSEs, loss of ₹ 151.75 crore was contributed by Uttarakhand Power Corporation Limited. Two SPSEs neither earned profit nor incurred loss.

*[Paragraphs 5.5.1 and 5.8.1]*

- SPSEs were not adhering with the prescribed timeline regarding submission of their Financial Statements as per the Companies Act, 2013. As a result, 234 accounts of 21 Government Companies were in arrears. Further, 15 accounts of four statutory corporations were in arrears.

*[Paragraph 5.11.2 and 5.11.3]*

- The impact of CAG's comments on the financial statements of the SPSEs amounted to ₹ 88.82 crore on profitability

*[Paragraph 5.13.2]*

**CHAPTER-1**  
**OVERVIEW**



## CHAPTER-1

### OVERVIEW

#### 1.1 Profile of the State

Uttarakhand, formerly known as Uttaranchal, is a State in the northern part of India. It borders the Tibet Autonomous Region of China on the north; Nepal on the east; the Indian states of Uttar Pradesh on the south and Himachal Pradesh on the west and north-west. The State is divided into two divisions, Garhwal and Kumaun, with a total of 13 districts (10 hilly districts and three plain districts). It is spread over an area of 53,483 sq km out of which 46,035 sq km is hilly and 7,448 sq km is plain. The State has forest area of 38,117 sq km (71 per cent). According to the 2011 Census of India, Uttarakhand has a population of 1.01 crore, making it the 20<sup>th</sup> most populous State in India. Uttarakhand is one of the NE & Himalayan states as per the categorisation of the States by the Government of India (GoI).

The State has seen considerable economic growth in the past decade and the Compound Annual Growth Rate (CAGR) of its Gross State Domestic Product (GSDP) and Per Capita GSDP at current prices for the period 2011-12 to 2020-21 has been 8.37 per cent and 9.17 per cent; it, however, was below the CAGR of GDP All India (9.48 per cent) and above the per capita GDP of All India (8.21 per cent).

The social indicators, viz. literacy rate and rate of infant mortality at birth, indicate that the State had better literacy rate (78.80 per cent) and infant mortality rate (27 per 1,000 live birth) than the All-India average (73 per cent and 30 per 1,000 live birth). The percentage of Below Poverty Line (BPL) population in the State as 11.26 per cent was also well below the All-India Average (21.92) (*Appendix-1.1*).

##### 1.1.1. Gross State Domestic Product of Uttarakhand

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time. Changes in sectoral contribution to the GSDP are also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors.

Trends in annual growth of Uttarakhand's GSDP (nominal) vis-à-vis that of the country are given in **Table-1.1**.

Table-1.1: Trends in growth of GDP and GSDP at Current Prices

Year	2016-17	2017-18	2018-19*	2019-20*	2020-21*
National GDP (2011-12 Series)	1,53,91,669	1,70,90,042	1,88,86,957	2,03,51,013	1,97,45,670
Growth rate of GDP over previous year at current prices (per cent)	11.76	11.03	10.51	7.75	-2.97
State's GSDP (2011-12 Series)	1,95,125	2,19,954	2,36,768	2,53,666	2,37,747
Growth rate of GSDP over previous year at current prices (per cent)	10.14	12.72	7.64	7.14	-6.28

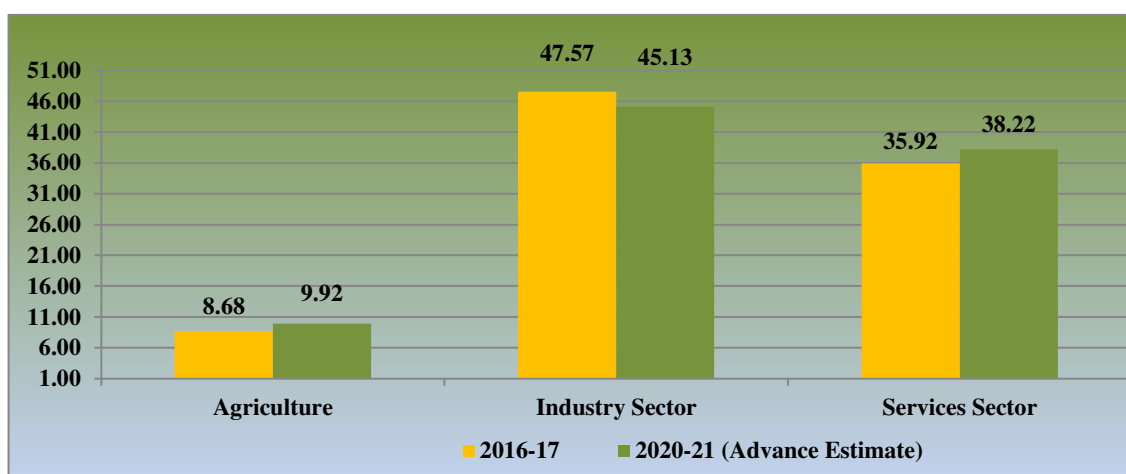
Source of data: Ministry of Statistics and Programme Implementation and Directorate of Economics and Statistics, Uttarakhand.  
♥provisional Estimate, ♦Quick Estimate, ♣Advance Estimate.

As can be seen from the details above, the GSDP growth rate of Uttarakhand during 2017-18 was higher than the national growth rate. However, for the remaining four years, it was below the national growth rate.

### 1.1.2. Sectoral contribution to GSDP

**Chart-1.1** reveals that during the five-year period from 2016-17 to 2020-21, there has been an increase in the relative shares of Agriculture and Service Sector in GSDP, appreciating from 8.68 per cent in 2016-17 to 9.92 per cent in 2020-21 and from 35.92 per cent in 2016-17 to 38.22 per cent in 2020-21 respectively. However, a decrease was seen in the relative share of Industry Sector from 47.57 per cent in 2016-17 to 45.13 per cent in 2020-21.

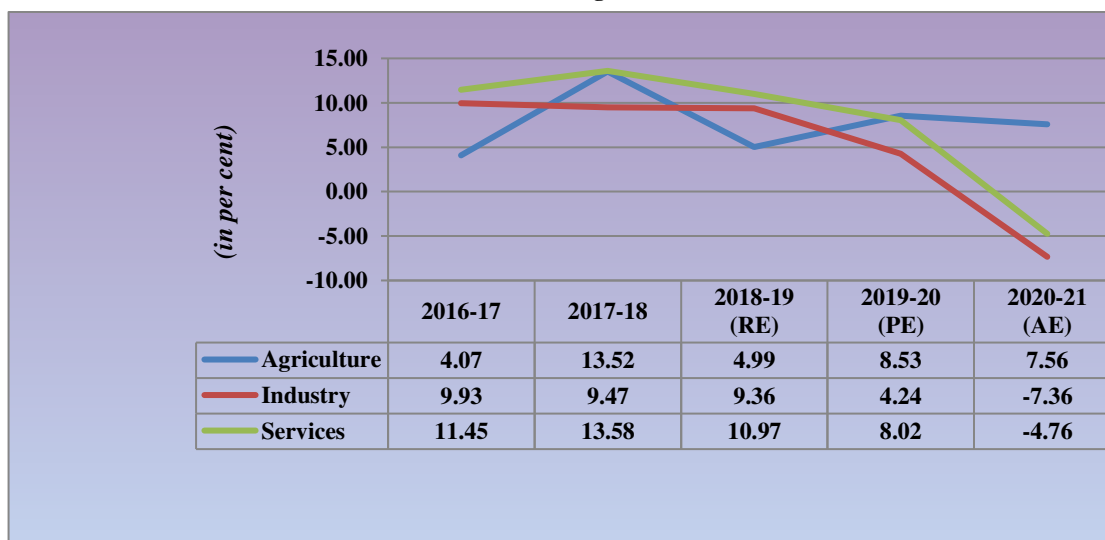
Chart-1.1: Change in sectoral contribution to GSDP (2016-17 to 2020-21)



Source of data: Directorate of Economics and Statistics, Uttarakhand.

During 2020-21, the Industry sector, Agriculture sector and Services sectors saw decline in the growth rate in comparison to previous year, as can be seen from **Chart-1.2**:

Chart-1.2: Sectoral growth in GSDP



Source of data: Directorate of Economics and Statistics, Uttarakhand.

## 1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) of Uttarakhand for the year ending 31 March 2021 has been prepared for submission to the Governor of Uttarakhand under Article 151 (2) of the Constitution of India.

Principal Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit), and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State for the year 2020-21 constitute the core data for this report. Other sources include the following:

- Budget of the State for the year 2020-21 forms an important source of data – both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General (Audit), Uttarakhand;
- Other data with Departmental Authorities and Treasuries (Accounting as well as Management Information System);
- GSDP data and other State related statistics; and
- Various Audit Reports of the CAG of India during 2016-21 have also been used to prepare this analysis/ commentary as appropriate.
- Information was also obtained from the State Government, where necessary.

The analysis has been carried out in the context of recommendations of the Fifteenth Finance Commission (FFC), Uttarakhand Fiscal Responsibility and Budget Management (UFRBM) Act 2020, best practices and guidelines of the Government of India. An entry conference was held in August 2021 with the Additional Chief Secretary to the Government of Uttarakhand, Finance Department wherein the audit approach was explained. The draft Report was forwarded to the State Government in November 2021 for comments and Exit Conference was held in January 2022 wherein the audit findings were discussed. Replies of the Government have been incorporated in this Report at appropriate places.

During the Exit Conference recommendations made in the Report were accepted by the State Government.

## 1.3 Report Structure

The SFAR is structured into the following five Chapters:

<b>Chapter - 1</b>	<b>Overview</b> This Chapter describes the basis and approach to the Report and the underlying data; and provides an overview of the structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/ surplus.
<b>Chapter - 2</b>	<b>Finances of the State</b> This chapter provides a broad perspective of the finances of the State; analyses critical changes in major fiscal aggregates relative to the previous year; overall trends during the period from 2016-17 to 2020-21; debt profile of the State; and key Public Account transactions, based on the Finance Accounts of the State.
<b>Chapter - 3</b>	<b>Budgetary Management</b> This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.
<b>Chapter - 4</b>	<b>Quality of Accounts &amp; Financial Reporting Practices</b> This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
<b>Chapter - 5</b>	<b>State Public Sector Enterprises</b> This chapter discusses financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies as revealed from their accounts.

#### **1.4 Overview of Government Accounts Structure and Budgetary Processes**

It is necessary to understand the structure of Government Accounts in order to appreciate the analysis of the finances of the State Government given in **Chapter-2** of this report. The Accounts of the State Government are kept in three parts:

##### **1. Consolidated Fund of the State {Article 266 (1) of the Constitution of India}**

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments, etc.), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

##### **2. Contingency Fund of the State {Article 267 (2) of the Constitution of India}**

This Fund is in the nature of an imprest which is established by the State Legislature by law and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure from the concerned functional major head relating to the Consolidated Fund of the State.



### 3. Public Accounts of the State {Article 266 (2) of the Constitution}

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

A statement of estimated receipts and expenditures of the government in respect of every financial year is to be presented before the House or Houses of the Legislature of the State (Article 202). This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguishes expenditure on the revenue account from other expenditures.

**Revenue Receipts** consists of tax revenue, non-tax revenue, share of Union Taxes/Duties, and grants from Government of India.

**Revenue Expenditure** consists of all those expenditures of the government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt taken by the government and grants given to various institutions (even though some of the grants may be meant for creation of assets).

**Capital Receipts** consist of:

- **Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;
- **Non-Debt Receipts:** Proceeds from disinvestment, recoveries of loans and advances;

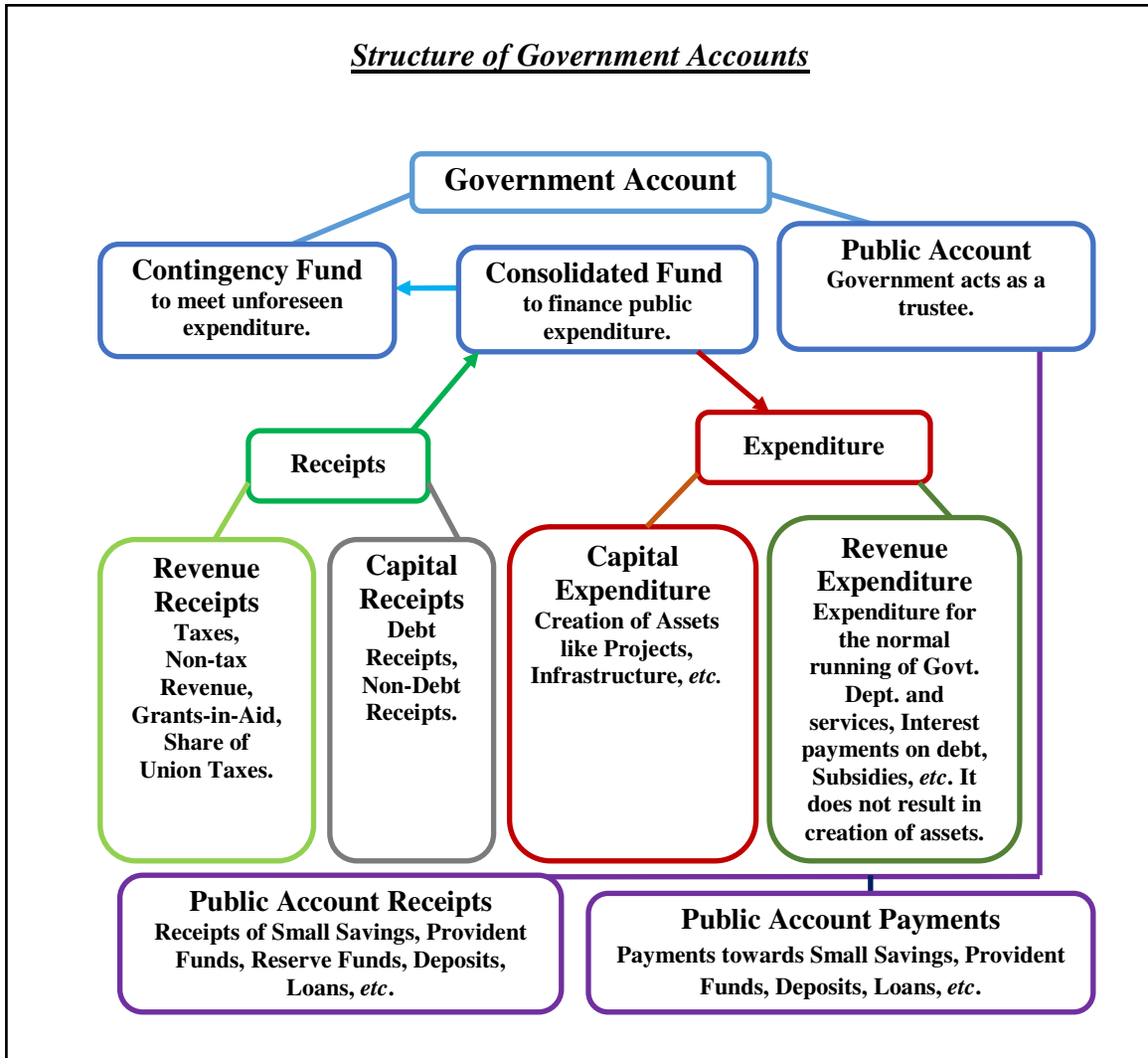
**Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to Public Sector Undertakings (PSUs) and other parties.

At present, we have an accounting classification system in government that is both functional and economic.

	Attribute of transaction	Classification
Standardized in List of Major and Minor Heads by CGA	Function-Education, Health <i>etc.</i> / Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major Head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, <i>etc.</i> (2-digit)

The functional classification lets us know the department, function, scheme or programme and object of the expenditure. Economic classification helps organize these

payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure, *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally ‘salary’ object head is revenue expenditure, ‘construction’ object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.



## Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

The Uttarakhand State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter-3** of this Report.

### 1.4.1 Snapshot of Finances

**Table-1.2** provides the details of actual financial results *vis-a-vis* Budget Estimates for the year 2020-21 *vis-à-vis* actual of 2019-20.

**Table-1.2: Comparison of Budget *vis-à-vis* Actuals**

(₹ in crore)						
Sl. No.	Components	2019-20 (Actual)	2020-21 (Budget Estimate)	2020-21 (Actuals)	Percentage of Actual to B.E.	Percentage of Actuals to GSDP
1.	Tax Revenue	11,513	13,761	11,938	86.75	5.02
2.	Non-Tax Revenue	3,999	3,539	4,171	117.86	1.75
3.	Share of Union Taxes	6,902	8,657	6,569	75.88	2.76
4.	Grants-in-aid and Contributions	8,309	16,482	15,527	94.21	6.53
5.	<b>Revenue Receipts (1+2+3+4)</b>	<b>30,723</b>	<b>42,439</b>	<b>38,205</b>	<b>90.02</b>	<b>16.07</b>
6.	Recovery of Loans and Advances	19	35	23	65.71	0.01
7.	Other Receipts	0	0	0.2	0.00	0.00
8.	Borrowings and other Liabilities (a)	7,657	7,549	5,439	72.38	2.29
9.	<b>Capital Receipts (6+7+8)</b>	<b>7,676</b>	<b>7,584</b>	<b>5,462</b>	<b>72.34</b>	<b>2.30</b>
10.	<b>Total Receipts (5+9)</b>	<b>38,399</b>	<b>50,023</b>	<b>43,667</b>	<b>87.35</b>	<b>18.37</b>
11.	<b>Revenue Expenditure</b>	<b>32,859</b>	<b>42,389</b>	<b>37,091</b>	<b>87.50</b>	<b>15.60</b>
12.	Interest payments	4,504	5,892	4,773	81.01	2.01
13.	<b>Capital Expenditure</b>	<b>5,540</b>	<b>7,634</b>	<b>6,576</b>	<b>86.14</b>	<b>2.77</b>
14.	Capital outlay	5,414	7,383	6,538	88.55	2.75
15.	Loan and advances	126	251	38	15.14	0.02
16.	<b>Total Expenditure (11+13)</b>	<b>38,399</b>	<b>50,023</b>	<b>43,667</b>	<b>87.29</b>	<b>18.37</b>
17.	<b>Revenue Deficit/ Surplus (-/+) (5-11)</b>	<b>(-) 2,136</b>	<b>50</b>	<b>1,114</b>	<b>2,226.00</b>	<b>0.47</b>
18.	<b>Fiscal Deficit {16-(5+6+7)}</b>	<b>7,657</b>	<b>7,549</b>	<b>5,439</b>	<b>72.05</b>	<b>2.29</b>
19.	<b>Primary Deficit (18- 12)</b>	<b>3,153</b>	<b>1,657</b>	<b>666*</b>	<b>40.18</b>	<b>0.28</b>

Source: Finance Accounts.

(a) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

### 1.4.2 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from Public Account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. Summarised position of Assets and Liabilities of the State is given in **Table-1.3** below:

Table-1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
	2019-20	2020-21	Per cent increase		2019-20	2020-21	per cent increase		
<b>Consolidated Fund</b>									
<b>A</b>	Internal Debt	49,436.68	53,301.55	7.82	<b>a</b>	Gross Capital Outlay	57,787.26	64,325.48	11.31
<b>B</b>	Loans and Advances from GoI	812.87	3,813.10	369.09	<b>b</b>	Loans and Advances	2,033.40	2,047.91	0.71
<b>Contingency Fund</b>		<b>232.16</b>	<b>7.45</b>	<b>(-) 96.79</b>					
<b>Public Account</b>									
<b>A</b>	Small Savings, Provident Funds, etc.	8,565.28	8,996.75	5.04		Advances	0.42	0.42	00
<b>B</b>	Deposits	3,835.27	4,217.28	9.96	<b>Cash balance (including investment in Earmarked Fund)</b>		<b>1,922.35</b>	<b>3,575.97</b>	<b>86.02</b>
<b>C</b>	Reserve Funds	4,670.68	4,910.59	5.14					
<b>D</b>	Suspense and Miscellaneous	797.74	203.19	(-) 74.53	<b>Total</b>		<b>61,743.43</b>	<b>69,949.78</b>	<b>13.29</b>
<b>E</b>	Remittances	65.13	58.72	(-) 9.84	<b>Deficit in Revenue Account</b>		<b>6,672.38</b>	<b>5,558.85</b>	<b>(-) 16.69</b>
<b>Total</b>		<b>68,415.81</b>	<b>75,508.63</b>	<b>10.37</b>	<b>Total</b>		<b>68,415.81</b>	<b>75,508.63</b>	<b>10.37</b>

Source: Finance Accounts.

### 1.5 Fiscal Balance: Achievement of Deficit and Total Debt Targets

When a government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture government deficit.

<b>Revenue Deficit/ Surplus</b>  (Revenue Expenditure – Revenue Receipts)	<p><i>Refers to the difference between revenue expenditure and revenue receipts.</i></p> <ul style="list-style-type: none"> <li>When the government incurs a revenue deficit, it implies that the government is dissaving and is using up the savings of the other sectors of the economy to finance a part of its consumption expenditure.</li> <li>Existence of revenue deficit is a cause of concern as revenue receipts were not able to meet even revenue and maintenance expenditure. Moreover, part of capital receipts were utilized to meet revenue expenditure, reducing availability of capital resources to that extent for creation of capital assets.</li> <li>This situation means that the government will have to borrow not only to finance its investment but also its consumption requirements. This leads to a build-up of stock of debt and interest liabilities and forces the government, eventually, to cut expenditure.</li> <li>If major part of revenue expenditure is committed expenditure (interest liabilities, salaries, pensions), the government reduces productive expenditure or welfare expenditure. This would mean lower growth and adverse welfare implications.</li> </ul>
<b>Fiscal Deficit/ Surplus</b>  {Total expenditure – (Revenue receipts + Non-debt capital receipts)}	<p><i>It is the difference between the Revenue Receipts plus Non-debt Capital Receipts and the total expenditure. FD is reflective of the total borrowing requirements of Government.</i></p> <ul style="list-style-type: none"> <li>Fiscal deficit is the difference between the government's total expenditure and its total receipts excluding borrowing.</li> <li>Non-debt creating capital receipts are those receipts, which are not borrowings, and, therefore, do not give rise to debt. Examples are recovery of loans and the proceeds from the sale of PSUs.</li> <li>The fiscal deficit will have to be financed through borrowing. Thus, it indicates the total borrowing requirements of the government.</li> </ul> <p>Governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest.</p>
<b>Primary Deficit</b>  (Gross fiscal deficit – Net Interest liabilities)	<p><i>Refers to the fiscal deficit minus the interest payments.</i></p> <ul style="list-style-type: none"> <li>Net interest liabilities consist of interest payments minus interest receipts by the government on net domestic lending.</li> <li>The borrowing requirement of the government includes interest obligations on accumulated debt. To obtain an estimate of borrowing because of current expenditures exceeding revenues, we need to calculate the primary deficit.</li> </ul>

Deficits must be financed by borrowing giving rise to government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which add to the stock of debt. If the government continues to borrow year after year, it leads to the accumulation of debt and the government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

By borrowing, the government transfers the burden of reduced consumption on future generations. This is because it borrows by issuing bonds to the people living at present but may decide to pay off the bonds some years later by raising taxes or reducing expenditure. Also, government borrowing from the people reduces the savings available to the private sector. To the extent that this reduces capital formation and growth, debt acts as a 'burden' on future generations.

However, if government deficits succeed in its goal of raising production, there will be more income and, therefore, more saving. In this case, both government and industry can borrow more. Also, if the government invests in infrastructure, future generations may be better off, provided the return on such investments is greater than the rate of interest. The actual debt could be paid off by the growth in output. The debt should not then be considered burdensome. The growth in debt will have to be judged by the growth of the economy (State GDP) as a whole.

Government deficit can be reduced by an increase in taxes or reduction in expenditure. However, the major thrust has been towards reduction in government expenditure. This could be achieved through making government activities more efficient through better planning of programmes and better administration.

### ***1.5.1 FRBM Targets on Key Fiscal Parameters and Achievements thereon***

With the objective of ensuring prudence in fiscal management, the State Government had passed Fiscal Responsibility and Budget Management Act, 2005 (FRBM), amended in 2011, 2016 and 2020. This was to be done by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium term framework. In this context, the Act provides quantitative targets to be adhered by the State with regard to deficit measures and debt level.

As per the amendment to the FRBM Act in 2011 the State Government was required to reduce Fiscal Deficit to three *per cent* of the estimated GSDP by 2013-14 and maintain the same level thereafter. The FRBM act amended in 2016 did not mention any target for Revenue Deficit. Further, the Act also envisaged that the State Government would limit the total outstanding debt to 25 *per cent* of GSDP.

The amendment to the FRBM Act in July 2020 incorporated the recommendations of the Fifteenth Finance Commission (FFC) relating to limit of Fiscal Deficit recommended for the State during its award for the year 2020-21. As per the Act, 'The Fiscal deficit of the

State will provide stability of the annual limit of three *per cent* of GSDP. The State may get an additional limit of 0.50 *per cent* of GSDP for the year 2020-21 without any condition and extra 1.50 *per cent*, subject to the implementation of the certain conditions<sup>1</sup>.

The Act provided room for deviation from the annual Fiscal Deficit target under certain conditions, with the Fiscal Deficit anchored to an annual limit of 3.5 *per cent* of GSDP in financial year 2020-21.

The targets relating to key fiscal parameters envisaged in the FRBM Act and their achievement during the five-year period from 2016-17 to 2020-21 are given in **Table-1.4**.

**Table-1.4: Compliance with provisions of FRBM Act**

Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue deficit to be zero	(-) 383	(-) 1,978	(-) 980	(-) 2,136	(+) 1,114
		X	X	X	X	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three <i>per cent</i> from 2016-17 to 2019-20 and 3.5 <i>per cent</i> in 2020-21	(-) 5,467 (-2.80)	(-) 7,935 (-3.61)	(-) 7,320 (-3.09)	(-) 7,657 (-3.02)	(-) 5,439 (-2.29)
		✓	X	X	X	✓
Ratio of total outstanding debt to GSDP (in <i>per cent</i> )	25 <i>per cent</i>	22.85	23.56	24.51	26.01	30.05*
		✓	✓	✓	X	X

Source: Finance Accounts and FRBM Act.

\* Back-to-back loan of ₹ 2,316 crore received from GoI during the year 2020-21 in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification<sup>2</sup> this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

The State did not achieve the target of zero revenue deficit during 2016-17 to 2019-20 but was successful in 2020-21. Further, the State was also not successful in containing the Fiscal Deficit below the prescribed norms except during 2016-17 and 2020-21 in last five years.

During the three-year period from 2016-17 to 2018-19, outstanding debt of the State remained consistently below 25 *per cent* of GSDP, i.e., within the norms prescribed in the FRBM Act. However, it was above the FRBM target of 25 *per cent* by 1.01 *per cent* and 5.05 *per cent* during the year 2019-20 and 2020-21 respectively.

### 1.5.2 Medium Term Fiscal Plan

As per the FRBM Act, the State Government has to lay before the State Legislature, a Five-Year Fiscal Plan along with the Annual Budget. The Medium Term Fiscal Policy Statement (MTFPS) has to set forth a five-year rolling target for the prescribed fiscal indicators.

**Table-1.5** indicates the variation between the projections made for 2020-21 in MTFPS presented to the State Legislature along with the Annual Budget for 2020-21 (Presented on 04 March 2020) and Actuals of the year.

<sup>1</sup> a) Implementation of one Nation One Ration Card System (0.25 *per cent*)  
b) Ease of doing business reforms (0.25 *per cent*)  
c) Urban Local Body/ Utility reforms (0.25 *per cent*)  
d) Power Sector Reforms (0.25 *per cent*)  
e) Additional 0.50 *per cent* increase may be obtained on undertaking any 3 out of above 4 reforms.

<sup>2</sup> Government of India, Ministry of Finance, Department of Expenditure letter no. F.No.40 (1) PF-S/2021-22 dated 10 December 2021.

Table-1.5: Actuals vis-à-vis projection in MTFP for 2020-21

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2020-21)	Variation (in per cent)
1.	Own Tax Revenue	10,791	11,938	10.63
2.	Non-Tax Revenue	3,400	4,171	22.68
3.	Share of Central Taxes	6,072	6,569	8.19
4.	Grants-in-Aid from GoI	16,748	15,527	(-) 7.29
5.	Revenue Receipts (1+2+3+4)	37,011	38,205	3.23
6.	Revenue Expenditure	40,091	37,091	(-) 7.48
7.	Revenue Deficit (-)/ Surplus (+) (5-6)	(-) 3080	(+) 1,114	(+) 136.17
8.	Fiscal Deficit (-)/ Surplus (+)	(-) 10,802	(-) 5,439	(-) 49.65
9.	Debt-GSDP ratio (per cent)	30.24	30.05*	(-) 0.19
10.	GSDP growth rate at current prices (per cent)	(-) 4.20	(-) 6.28	(-) 2.08

Source: Finance Accounts and Budget document of Uttarakhand 2020-21.

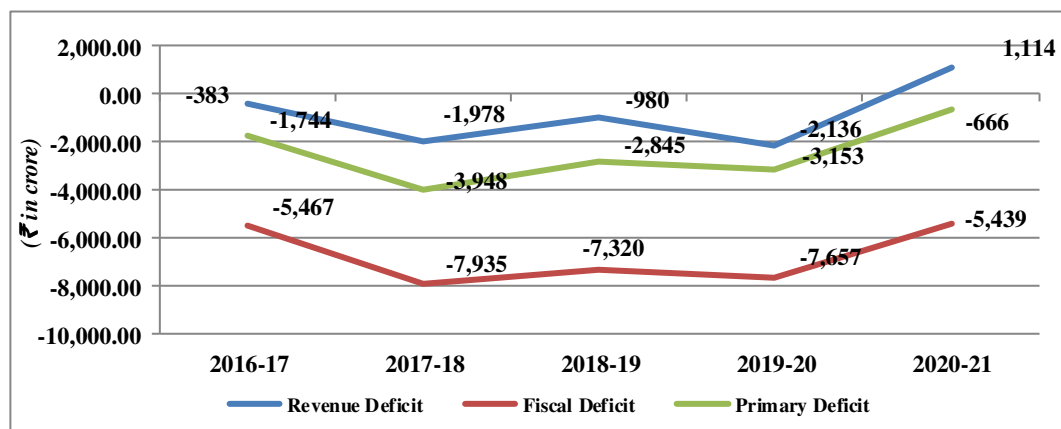
\* Back-to-back loan of ₹2,316 crore received from GoI during the year 2020-21 in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

As can be seen from the above table, the State had projected Revenue Deficit in MTFPS during 2020-21, against which the State generated a surplus of ₹ 1,114 crore exceeding the anticipation by 136.17 per cent. Similarly, the target of Fiscal Deficit projected in MTFPS was not only achieved but also was almost 50 per cent of the projection. Projections relating to Debt-GSDP ratio and growth rate of GSDP were not met with the year ending at a higher Debt to GSDP ratio, and with lower growth in GSDP than was projected in the MTFPS.

### 1.5.3 Trends of Deficit/Surplus

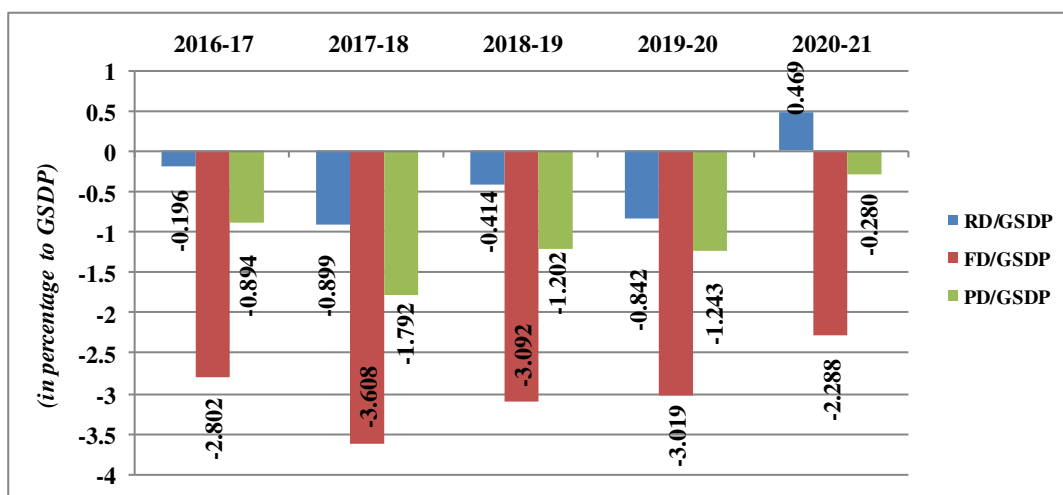
The State was able to achieve the targets specified by the XV FC during 2020-21 with regard to the key fiscal parameters. It had a fiscal deficit of ₹ 5,439 crore during the year 2020-21, representing 2.29 per cent of the GSDP. The Primary Deficit of ₹ 3,153 crore during 2019-20 decreased to ₹ 666 crore during the current year and the Revenue Deficit of ₹ 2,136 crore in 2019-20 converted to Revenue Surplus of ₹ 1,114 crore during 2020-21. The trend of these Surplus/Deficit over the five-year period from 2016-17 to 2020-21 is depicted in **Chart-1.3** and trend in deficit relative to GSDP is given in **Chart-1.4**. Component and trend of Fiscal Liabilities and its percentage to GSDP is also given the **Chart-1.5**.

Chart-1.3: Trends in Deficit Parameters



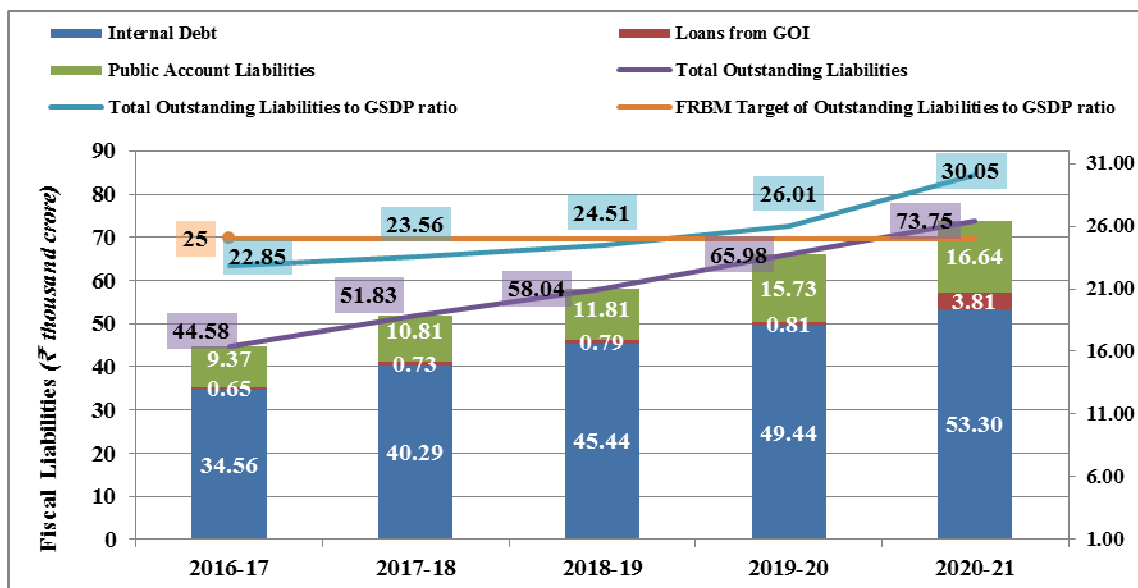
Source: Finance Accounts.

Chart-1.4: Trends in Deficit relative to GDP



Source: Finance Accounts.

Chart-1.5: Trends in Fiscal Liabilities and GDP



Source: Finance Accounts.

As can be seen from the graph above, total Outstanding Liabilities grew by 65 per cent during past five years and was above FRBM target during the last two years.

## 1.6 Deficits and Total Debt after Examination in Audit

In order to present better picture of State Finances, there is a possibility to classify revenue expenditure as capital expenditure and also to conduct off budget fiscal operations.

### 1.6.1 Post Audit - Deficits

Misclassification of revenue expenditure as capital and off budget fiscal operations impacts deficit figures. Besides, deferment of clear cut liabilities, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme,



redemption funds, etc., also impact the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities was analysed and depicted in the **Table-1.6** below:

**Table-1.6: Impact on Revenue and Fiscal Deficit, post examination by Audit**

(₹ in crore)

Particulars	Impact on Revenue Surplus (Understated (+)/ overstated (-))	Impact on Fiscal Deficit (Understated (+)/ overstated (-))	Para Reference
Deferment of clear-cut liabilities to next financial year	(-) 373.63	(+) 373.63	4.3
Non-Transfer of Guarantee Commission fee to Public Account	(-) 2.83	(+) 2.83	2.8.2.3
Major works booked under Revenue section instead of Capital	(+) 14.22	00	2.6.3.2 (iv)
Minor works and Maintenance Work budgeted/ booked under Capital Section instead of Revenue	(-) 4.37	00	2.6.3.2 (iv)
Grants-in-Aid booked under Capital section instead of Revenue	(-) 80.30	00	2.6.3.2 (iv)
Non discharge of Interest liabilities against Reserve Funds and Deposit and Advances	(-) 143.97	(+) 143.97	2.8.3
Over Contribution Towards NPS	(+) 24.97	(-) 24.97	2.6.2.3
Non-accounting of Central Road Fund	(-) 61.34	(-) 23.84	4.10 (C)
Non-Transfer of Green Energy Cess to Green Energy Fund	(-) 70.00	(+) 70.00	5(C) (vi) of NTA
<b>Total</b>	<b>(-) 697.25</b>	<b>(+) 541.62</b>	

Source: Finance Accounts and audit analysis.

After considering all the factors mentioned above, the Revenue Surplus would decrease from ₹ 1,114 crore to ₹ 417 crore and Fiscal Deficit would increase from ₹ 5,439 crore to ₹ 5,981 crore (2.52 per cent of GSDP), which would still be within mandated target of FRBM act, 2005 (amended in 2020).

### 1.6.2 Post Audit – Total Public Debt

Public sector debt in its broadest definition comprises debt from:

- the government (including the central, social security funds, and extra-budgetary funds);
- financial public enterprises (including the central bank); and the non-financial public enterprises;
- long term obligations of government, such as unfunded liabilities of social security funds (when they are not explicitly recognized as part of general government debt);
- known and anticipated recognition of contingent liabilities (such as, from ongoing restructurings of financial institutions or from public-private partnerships where demand or other guarantees have been or are poised to be triggered).

For assessing debt sustainability, ideally, a broad public debt coverage is important. Moreover, gross debt is the appropriate concept as it measures the burden of financing of debt service obligations for which the government is responsible. The availability of liquid financial assets mitigates, but may not eliminate, risks to debt sustainability (such as currency or maturity mismatches, and as some minimum level of assets are required for normal government operations).

Recently the Union Government expanded its definition of Debt. Debt as per

amendments in 2018 in the FRBM Act now includes public debt (internal and external debt), total outstanding liabilities on public account and ‘such financial liabilities of any body corporate or other entity owned or controlled by the Central Government<sup>3</sup>, which the Government has to repay or service from the AFS, reduced by cash balance at the end of that date’.

As intimated by the State Government there were no cases of off-budget fiscal operations such as borrowings by State PSUs, Special Purpose Vehicles (SPVs), *etc.*, on behalf of the State Government where principal and / or interest are to be serviced out of the State budgets.

## 1.7 Conclusions

- The State had Revenue Deficit of ₹ 383 crore in 2016-17 which deteriorated to ₹ 1,978 crore in 2017-18. The position improved during the year 2018-19 and Revenue Deficit was at ₹ 980 crore. During 2019-20 Revenue Deficit further deteriorated to ₹ 2,136 crore. While, during the current year Revenue Deficit was converted to Revenue Surplus and the State experienced Revenue Surplus of ₹ 1,114 crore (0.47 per cent of GSDP). Revenue Surplus was overstated by ₹ 697 crore (62.57 per cent), on account of the deferred liability, misclassification between Revenue and Capital Expenditure, non-transfer of interest liability, *etc.*
- During the current year, the fiscal deficit at ₹ 5,439 crore (2.29 per cent of GSDP) was within the normative target of 3.50 per cent of GSDP as fixed by the Fifteenth Finance Commission. During the year, the quality of Fiscal Deficit improved on account of Revenue Surplus. The percentage of the Net Capital Expenditure to Fiscal Deficit increased from 71 per cent in 2019-20 to 120 per cent to 2020-21. This was counterbalanced by the contribution of Revenue Surplus of 20 per cent. Fiscal Deficit was understated by ₹ 542 crore (9.97 per cent), on account of deferred liability, non-transfer of interest liability, *etc.*

## 1.8 Recommendations

- ***Uttarakhand Government has become a Revenue Surplus during the current year (2020-21) and needs to sustain the same in coming years. It may take appropriate steps in discharging its current liabilities and not defer these so that correct financial position is depicted. Provision of interest on Reserves and Deposits, bearing interest, should be made by the State Government.***

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<sup>3</sup> As per UKFRBM, Act total outstanding debt/liabilities to include only liabilities upon the Consolidated Fund and Public Account of the State.

**CHAPTER-2**  
**FINANCES OF THE STATE**



## CHAPTER-2

### FINANCES OF THE STATE

This chapter provides a broad perspective of the finances of the State and analyses the critical changes in major fiscal aggregates relative to the previous year. It discusses the overall trends during the five-year period from 2016-17 to 2020-21, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

#### 2.1 Major changes in Key Fiscal Aggregates during 2020-21 vis-à-vis 2019-20

**Table-2.1** gives a bird's eye view of the major changes in key fiscal aggregates of the State during the Financial Year 2020-21, compared to the previous year. Each of these indicators has been analysed in the succeeding paragraphs.

**Table-2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20**

<b>Revenue Receipts</b> Increased by 24.35 per cent	<ul style="list-style-type: none"><li>➤ Own Tax Receipts of the State increased by 3.69 per cent</li><li>➤ Own Non-Tax Receipts increased by 4.30 per cent</li><li>➤ State's Share of Union Taxes and Duties decreased by 4.82 per cent</li><li>➤ Grants-in-Aid from Government of India increased by 86.87 per cent</li></ul>
<b>Revenue Expenditure</b> Increased by 12.88 per cent	<ul style="list-style-type: none"><li>➤ Revenue Expenditure on General Services increased by 7.09 per cent</li><li>➤ Revenue Expenditure on Social Services increased by 17.22 per cent</li><li>➤ Revenue Expenditure on Economic Services increased by 18.43 per cent</li><li>➤ Expenditure on Grants-in-Aid increased by 12.52 per cent</li></ul>
<b>Capital Expenditure</b> Increased by 20.76 per cent	<ul style="list-style-type: none"><li>➤ Capital Expenditure on General Services increased by 108.56 per cent</li><li>➤ Capital Expenditure on Social Services increased by 20.37 per cent</li><li>➤ Capital Expenditure on Economic Services increased by 11.71 per cent</li></ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"><li>➤ Disbursements of Loans and Advances decreased by 69.84 per cent</li><li>➤ Recoveries of Loans and Advances increased by 21.05 per cent</li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>➤ Public Debt Receipts increased by 59.19 per cent</li><li>➤ Repayment of Public Debt increased by 37.07 per cent</li></ul>
<b>Public Account</b>	<ul style="list-style-type: none"><li>➤ Public Account Receipts increased by 4.93 per cent</li><li>➤ Public Account Disbursements increased by 11.02 per cent</li></ul>

#### 2.2 Sources and Application of Funds

**Table-2.2** compares the component of the sources and application of funds of the State during the Financial Year 2020-21 with 2019-20 in figures, while **Charts-2.1** and

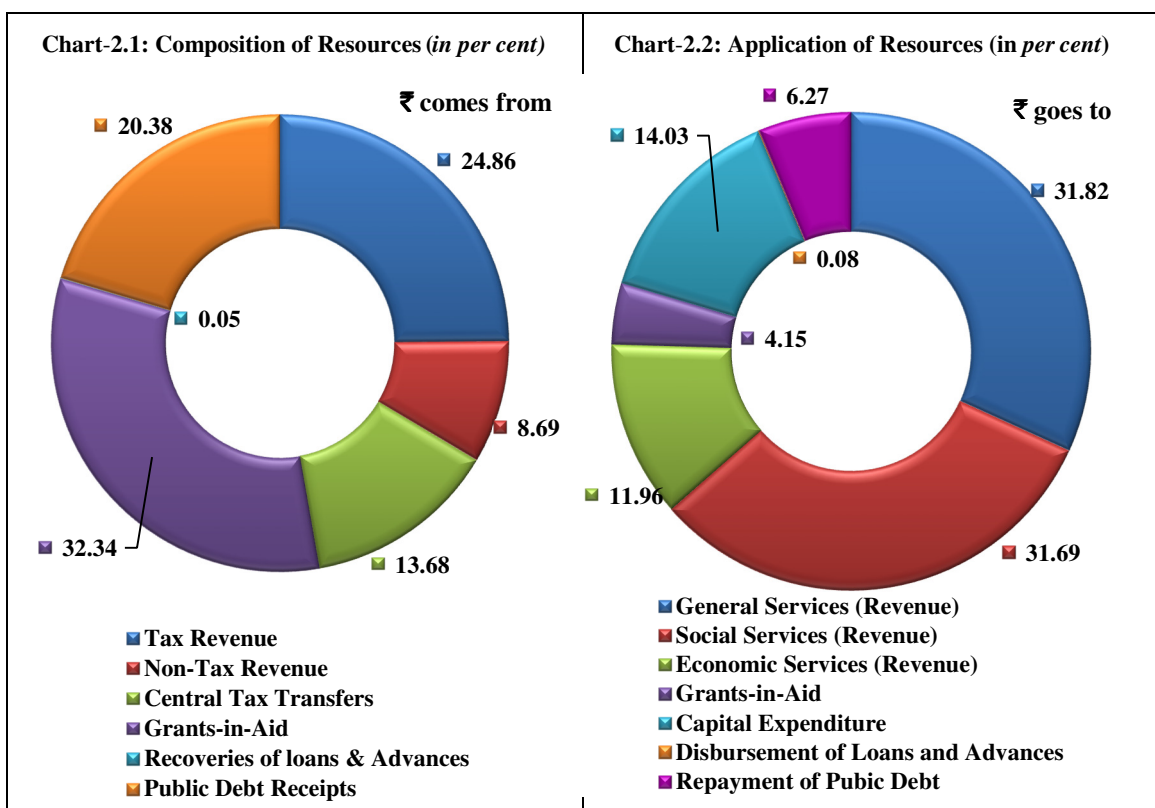
2.2 give the details of where the “Receipts comes from” and “Expenditure goes to” during 2020-21 in terms of percentages.

Table-2.2: Details of Sources and Application of funds during 2019-20 and 2020-21.

(₹ in crore)

	Particulars	2019-20	2020-21	Increase/Decrease (in per cent)
<b>Sources</b>	Opening Cash Balance	2,583.08	1,922.35	(-) 25.58
	Revenue Receipts	30,722.57	38,204.36	24.35
	Misc. Capital Receipt	00	0.20	---
	Recoveries of Loans & Advances	18.92	23.05	21.83
	Public Debt Receipts (Net)	4,016.93	6,865.10	70.90
	Public Account Receipts (Net)	2,910.96	452.41	(-) 84.46
	Contingency Fund (Net)	68.64	-224.71	(-) 427.37
	<b>Total</b>	<b>40,321.10</b>	<b>47,242.76</b>	<b>17.17</b>
<b>Application</b>	Revenue Expenditure	32,858.80	37,091.03	12.88
	Capital Expenditure	5,414.18	6,538.21	20.76
	Disbursements of Loans & Advances	125.77	37.55	(-) 70.14
	Closing Cash Balance	1,922.35	3,575.97	86.02
	<b>Total</b>	<b>40,321.10</b>	<b>47,242.76</b>	<b>17.17</b>

Source: Finance Accounts.



Source: Finance Accounts.

## 2.3 Resources of the State

Resources of the State are described below:

1. **Revenue receipts** consist of tax revenue, non-tax revenue, State’s share of Union taxes and duties and grants-in-aid from the Government of India (GoI).

**2. Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

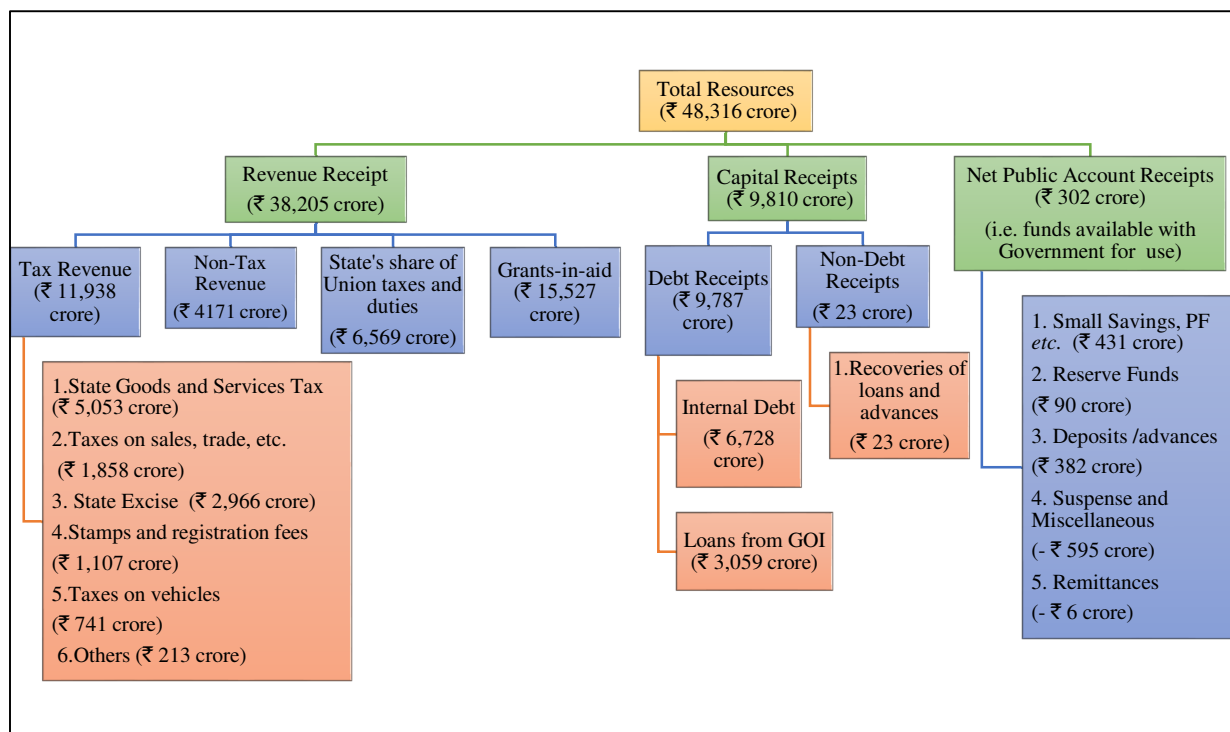
**3. Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.*, which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

### 2.3.1 Receipts of the State

Composition of receipts of the State during 2020-21 is given in **Chart-2.3**.

**Chart-2.3: Composition of receipts of the State during 2020-21**



### 2.3.2 State's Revenue Receipts

#### 2.3.2.1 Trends and Growth of Revenue Receipts

**Table-2.3** provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2016-21. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts-2.4** and **2.5** respectively.

Table-2.3: Trend in Revenue Receipts

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	24,889	27,105	31,216	30,723	38,205
Rate of growth of RR (per cent)	17.21	8.90	15.17	(-) 1.58	24.35
Own Tax Revenue (₹ in crore)	10,897	10,165	12,188	11,513	11,938
Non-Tax Revenue (₹ in crore)	1,346	1,770	3,310	3,999	4,171
Rate of growth of Own Revenue (per cent)	15.53	(-) 2.52	29.85	0.09	3.85
Gross State Domestic Product (₹ in crore)	1,95,125	2,19,954	2,36,768*	2,53,666*	2,37,747*
Rate of growth of GSDP (per cent)	10.14	12.72	7.64	7.14	- 6.28
RR/GSDP (per cent)	12.76	12.32	13.18	12.11	16.07
<b>Buoyancy Ratios<sup>1</sup></b>					
Revenue Buoyancy w.r.t GSDP	1.70	0.70	1.99	- 0.22	- 3.88
State's Own Revenue Buoyancy w.r.t GSDP	1.53	- 0.20	3.91	0.01	- 0.61

Source: Finance Accounts, GSDP data has been obtained from [www.des.uk.gov.in](http://www.des.uk.gov.in) (Uttarakhand Statistical Department)

▲ Provisional Estimate, ♣ Quick Estimate and ♥ Advance Estimate

Chart-2.4: Trend of Revenue Receipts as percentage of GSDP

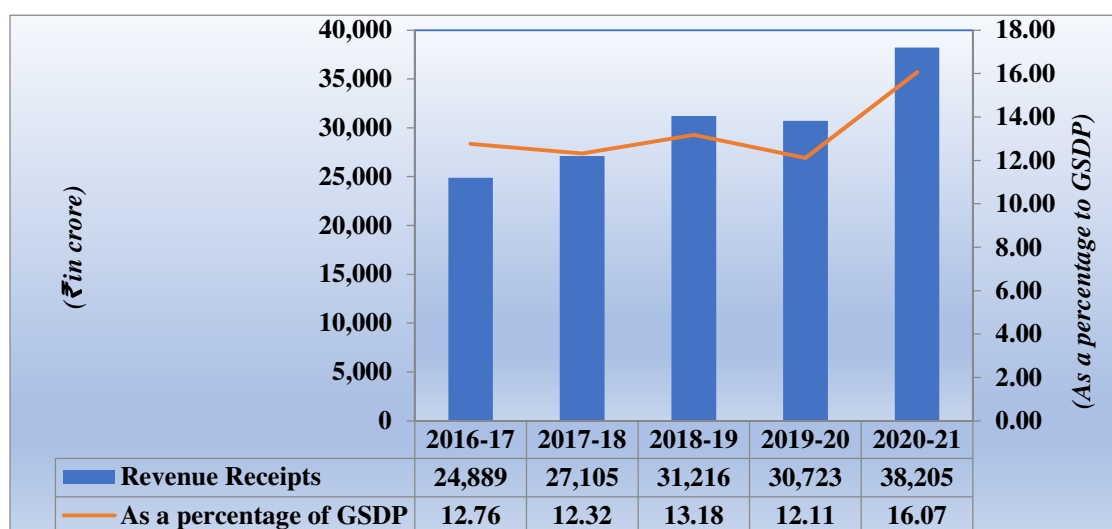
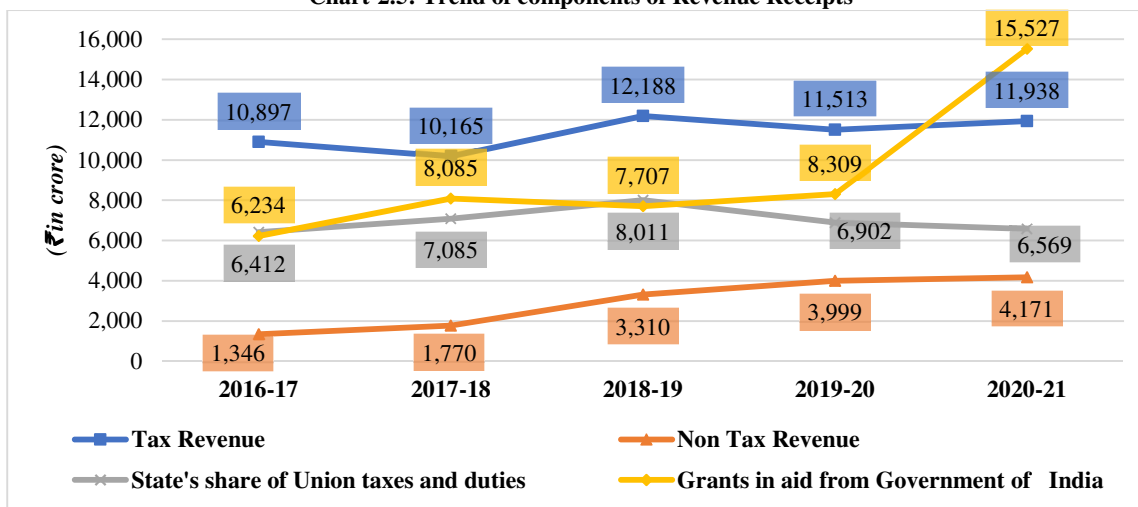


Chart-2.5: Trend of components of Revenue Receipts



- Revenue Receipts increased by 53.50 per cent from ₹ 24,889 crore in 2016-17 to

<sup>1</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable.



₹ 38,205 crore in 2020-21 at an annual average growth rate of 12.81 *per cent*. During 2020-21, Revenue Receipts increased by ₹ 7,482 crore (24.35 *per cent*) over the previous year, on account of increase in Grants-in-Aid (₹ 7,218 crore), Own Tax Revenue (₹ 425 crore) and Non-Tax Revenue (₹ 172 crore). The increase was partly counterbalanced by decrease in State's Share in Union Taxes and Duties (₹ 333 crore).

- About 42.16 *per cent* of the Revenue Receipts during 2020-21 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 57.84 *per cent*. Thus, Uttarakhand's fiscal position is largely dependent upon Central transfers.
- During the current year, there was a significant increase of 24.35 *per cent* (₹ 7,482 crore) in Revenue Receipts. The Revenue Expenditure on the other hand increased only by 12.88 *per cent* (₹ 4,232 crore). This resulted into State being Revenue surplus during the year.
- There was wide fluctuation in the revenue buoyancy of the State, over the period 2016-17 to 2020-21. During 2020-21, the revenue buoyancy with respect to GSDP turned negative, largely due to negative growth rate of GSDP (-6.28 *per cent*).

### 2.3.3 State's Own Resources

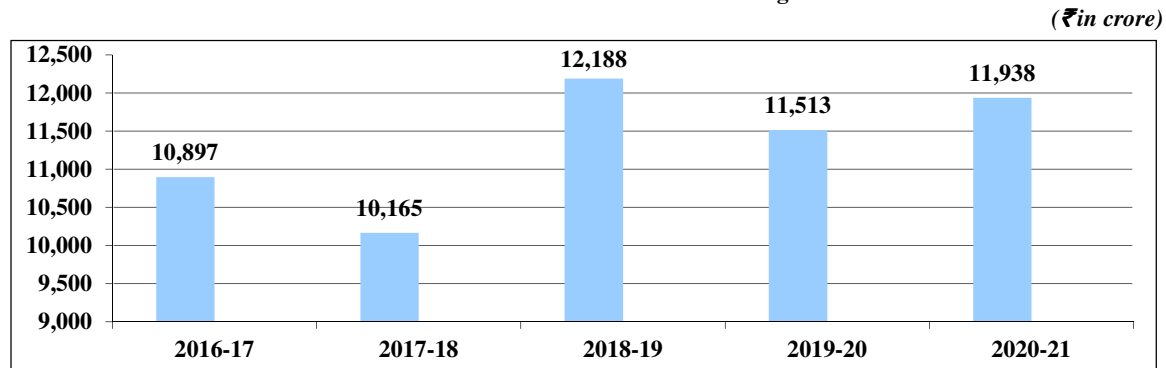
State's share in Central taxes is determined on the basis of recommendations of the Finance Commission; share of Grants-in-Aid is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, *etc.* State's performance in mobilisation of additional resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collections in respect of Tax Revenue and Non-Tax Revenue and their relative share in GSDP during 2016-21 are given in *Appendix-2.1*.

#### 2.3.3.1 Own Tax Revenue

Own tax revenues of the State consists of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, *etc.* Figures of Own Tax Revenue of the State during the five-year period 2016-21 are given in the *Chart-2.6* below.

Chart-2.6: Growth of Own Tax Revenue during 2016-21



The component-wise details of Own Tax Revenue collected during the years 2016-21 are in the **Table-2.4** below.

**Table-2.4: Component-wise Own Tax Revenue during 2016-21**

Heads	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
Taxes on Sales, Trades, etc.	7,154	3,703	1,883	1,811	1,858	
State Goods and Services Tax	0	1,972	4,802	4,931	5,053	
State Excise	1,906	2,262	2,871	2,727	2,966	
Taxes on Vehicle	556	816	909	908	741	
Stamps and Registration Fees	778	882	1,015	1,072	1,107	
Land Revenue	160	24	34	24	17	
Other Taxes	343	506	674	40	196	
<b>Total</b>	<b>10,897</b>	<b>10,165</b>	<b>12,188</b>	<b>11,513</b>	<b>11,938</b>	
Percentage of Own Tax Revenue to State's Own Revenue	89.01	85.17	78.64	74.22	74.11	
Percentage of Own Tax Revenue to Total Revenue Receipts	<b>43.78</b>	<b>37.50</b>	<b>39.04</b>	<b>37.47</b>	<b>31.25</b>	

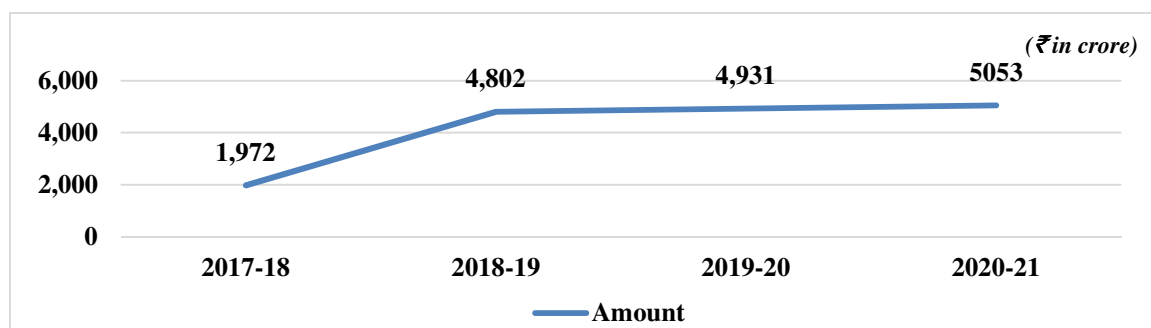
Source: Finance Accounts.

Own Tax Revenue of the State increased by ₹ 1,041 crore from ₹ 10,897 crore in 2016-17 to ₹ 11,938 crore in 2020-21 at an annual average rate of 5.51 per cent. During the current year, major contributors of Tax Revenue were Goods and Services Tax (42.33 per cent), State Excise (24.85 per cent), Taxes on Sales, Trade, etc. (15.56 per cent) and Stamp and Registration Fee (9.27 per cent). The Own Tax Revenue increased by ₹ 425 crore during the current year over the previous year. This increase was mainly on account of increase in State Excise (₹ 239 crore), Other Taxes (₹ 156 crore), State Goods and Services Tax (₹ 122 crore) and Taxes on Sales, Trade, etc. (₹ 47 crore). However, the increase was partly counterbalanced by decrease in Taxes on Vehicle (₹ 167 crore). The percentage of Own Tax Revenue to Total Revenue Receipts has shown decline from 43.78 during 2016-17 to 31.25 during 2020-21.

### 2.3.3.2 State Goods and Services Tax (SGST)

Twelve years after the implementation of Value Added Tax (VAT) in 2005, the Central Government rolled out the Goods and Services Tax (GST) on July 01, 2017. The Uttarakhand Goods and Services Tax (GST) Act, 2017 was passed by the State Legislature in May 2017 and came into effect from 01 July 2017.

**Chart-2.7: Comparative receipts under SGST during 2017-18 to 2020-21**



Actual collection of revenue under State Goods and Services Tax (SGST) during 2020-21 is given in **Table-2.5**.

**Table-2.5: Pre-GST and SGST collected, provisional apportionment of IGST and compensation of IGST received from Government of India against the projected revenue of the State for the period from April 2020 to March 2021**

(₹ in crore)

Month	Monthly revenue to be protected	Pre-GST taxes collected	SGST collected	Advance Apportionment of IGST	Total amount received	Compensation received	Deficit (+)/ Surplus (-)	Remarks
	1	2	3	4	5= (2+3+4)	6	7= {1-(5+6)}	
April 2020	796.033	5.42	57.24	25.81	88.47	289.62	417.943	The State has received less revenue, after considering the compensation component, than the protected revenue.
May 2020	796.033	0.20	171.70	30.83	202.73	0.00	593.303	
June 2020	796.033	-1.72	233.48	111.45	343.21	0.00	452.823	
July 2020	796.033	-3.79	250.58	63.66	310.45	1,162.00	-676.417	
August 2020	796.033	-0.96	247.57	92.26	338.87	0.00	457.163	
September 2020	796.033	37.40	278.78	113.72	429.90	0.00	366.133	
October 2020	796.033	14.98	336.92	59.45	411.35	263.64	121.043	
November 2020	796.033	-2.93	324.95	85.02	407.04	0.00	388.993	
December 2020	796.033	-9.05	321.17	120.20	432.32	263.64	100.073	
January 2021	796.033	10.93	317.61	110.36	438.90	0.00	357.133	
February 2021	796.033	8.65	90.34	416.27	515.26	0.00	280.773	
March 2021	796.033	17.66	346.69	256.24	620.59	516.98	-341.537	
<b>Total</b>	<b>9,552.40</b>	<b>76.79</b>	<b>2,977.03*</b>	<b>1,485.27*</b>	<b>4,539.09</b>	<b>2,495.88</b>	<b>2,517.426</b>	

Source: Data provided by Office of the Accountant General (A&E).

\* The total of column 3 & 4 is ₹ 4462.30 crore and a difference of ₹ 591.19 crore is due to correction of accounts of July 2017 to September 2017 and March 2018 received from Cyber Treasury, Uttarakhand during 2020-21.

As per the GST (Compensation to States) Act, 2017, any shortfall in revenue of the State is required to be compensated by the Central Government. Against the protected revenue of ₹ 9,552.40 crore during 2020-21, the total collections under GST including compensation were short by ₹ 2,517.43 crore. However, the collections under SGST appreciated by ₹ 122.45 crore during the current year (₹ 5,053.49 crore) as compared to previous year (₹ 4,931.04 crore). An amount of ₹ 2,316 crore received as back to back loan in lieu of GST compensation during the year. The debt servicing of this loan would be done from collection of cess in the GST compensation fund and hence, repayment obligation will not be met from other resources of the State.

### 2.3.3.3 Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realization of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and affect ultimately the revenue deficit.

#### Arrears of Revenue

The arrears of revenue as on 31 March 2021 under Commercial taxes/VAT amounted to ₹ 11,821.59 crore, of which ₹ 3,968.17 crore (33.57 per cent) were outstanding for more than five years as detailed in **Table-2.6** below.

**Table-2.6: Arrears of Revenue**

Head of Revenue <sup>2</sup>	Total amount outstanding as on 31 March 2021 (₹ in crore)	Amount outstanding for more than five years as on 31 March 2021 (₹ in crore)
Commercial Taxes/VAT	11,821.59	3,968.17
<b>Total</b>	<b>11,821.59</b>	<b>3,968.17</b>

Source: Commercial Tax Department, Govt of Uttarakhand.

<sup>2</sup> Based on information furnished by State Tax Department. Such information from Stamp and Registration Department and State Excise Department was not made available (February 2022).

### Arrears in assessment

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and the number of cases pending for finalisation at the end of the year as furnished by the State Tax Department are given below in **Table-2.7** below.

**Table-2.7: Arrears in Assessment**

Head of revenue	Opening balance	New cases due for assessment during 2020-21	Total assessment due	Cases disposed of during 2020-21	Balance at the end of the year	Percentage of disposal
Commercial Tax/VAT	1,14,724	33,426	1,48,150	79,304	68,846	53.53

Source: Commercial Tax Department, Govt of Uttarakhand.

### Evasion of tax detected by Department, refund cases, etc.

The cases of evasion of tax detected by the Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money, etc. The details of evasion of tax detected by the State Tax Department are given in the **Table-2.8** below.

**Table-2.8: Evasion of Tax Detected**

Head of revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	Total	No. of cases in which assessment/ investigation completed and additional demand with penalty etc.		No. of cases pending for finalisation as on 31 March 2021
				No. of cases	Amount of demand (₹ in crore)	
Commercial Tax/VAT	15	0	15	15	2.30	0

Source: Commercial Tax Department, Govt of Uttarakhand.

### Refund Cases

The details of refund cases in some principal heads of Revenue are given in the **Table-2.9** below.

**Table-2.9: Details of Refund cases as on 31 March 2021**

(₹ in crore)

Sl. No	Particular	GST		Commercial Tax/Vat	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	11	5.32	1,200	36.02
2.	Claims received during the year	948	267.93	2,204	162.44
3.	Refunds made during the year	799	214.09	2,449	163.86
4.	Refunds rejected during the year	95	18.32	2	0.04
5.	Balance outstanding at the end of year	65	40.84	953	34.56

Source: Commercial Tax Department, Govt of Uttarakhand.

As is evident from the table above, under GST 948 claims were received and 799 claims were settled during the year after paying ₹ 214.09 crore as refund, while under Commercial Tax/VAT 2,204 claims were received and 2,449 refund cases were settled after paying ₹ 163.86 crore as refund.

#### 2.3.3.4 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts,

departmental receipts, etc. The component-wise details of Non-Tax Revenue collected during the years 2016-17 to 2020-21 are given in the **Table-2.10** below.

**Table-2.10: Component-wise Non-Tax Revenue during 2016-17 to 2020-21**

Heads	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
Interest receipts	71.77	85.39	55.70	47.81	98.52	
Dividend and Profit	15.21	22.69	18.69	14.08	41.02	
Non-Ferrous Mining and Metallurgical Industries	335.17	439.81	480.86	396.75	506.41	
Forestry and Wild Life	318.21	312.20	368.73	410.16	512.27	
Contribution and Recoveries towards Pension and Other Retirement Benefits	55.13	47.97	1714.70	2492.90	2109.78	
Power	130.08	286.21	186.67	0.30	70.35	
Others	420.25	575.26	484.53	636.81	832.22	
<b>Total</b>	<b>1345.82</b>	<b>1769.53</b>	<b>3309.88</b>	<b>3998.81</b>	<b>4170.57</b>	
<b>Percentage of Non-Tax Revenue to State's Own Revenue</b>	10.99	14.83	21.36	25.78	25.89	
<b>Percentage of Non-Tax Revenue to Total Revenue Receipts</b>	5.41	6.53	10.60	13.02	10.92	

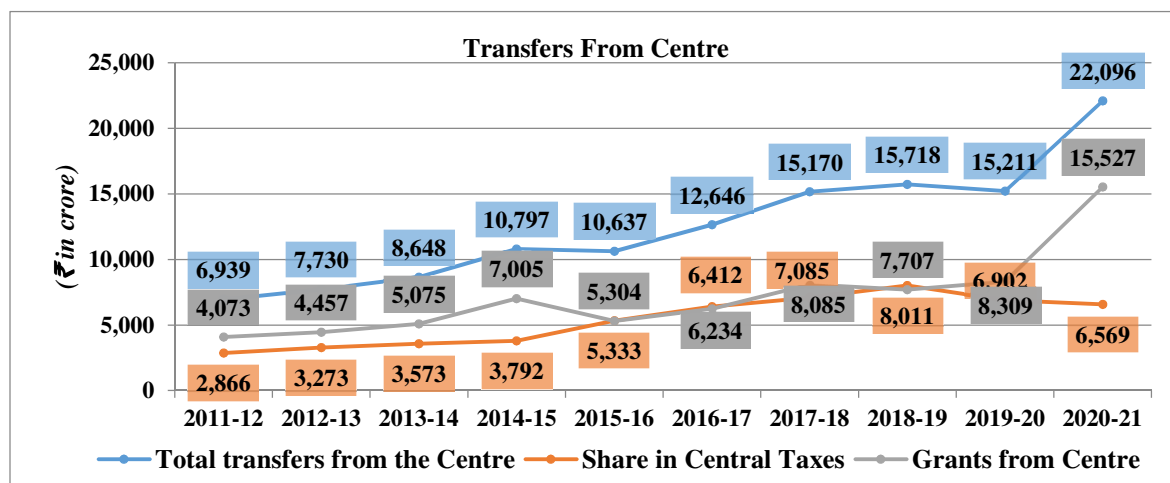
Source: Finance Accounts of respective years.

Non-Tax Revenue, ranged between five and 13 *per cent* of Total Revenue Receipts of the State during the five-year period from 2016-17 to 2020-21. During the financial year 2020-21, Non-Tax Revenue (NTR) increased by ₹ 172 crore (4 *per cent*), mainly due to increase in receipts under Others ₹ 195 crore (31 *per cent*), Non-Ferrous Mining and Metallurgical Industries ₹ 110 crore (28 *per cent*) and Forestry and Wildlife by ₹ 102 crore (25 *per cent*).

### 2.3.4 Central Transfers

The Central transfers mainly constitute (i) share in the net proceeds of Union Taxes and Duties and (ii) the Grants-in-aid. Consequent upon the recommendations of the Fourteenth Finance Commission, the grants for centrally sponsored schemes and centrally sponsored plan schemes are now being routed through State Budget. The transfers from Centre are dependent on Finance Commission recommendation. The trends in Central transfers for the last 10 years are shown in the **Chart-2.8** given below.

**Chart-2.8: Trends in Central Transfers for the last 10 years**



### 2.3.4.1 Central Tax Transfer

The Fourteenth FC had recommended that the States' share of central taxes be increased to 42 per cent from 2015-16 onwards. Consequently, the share of Uttarakhand in the net proceeds of Central Taxes (excluding Service Tax) had been fixed at 1.052 per cent. However, the share was increased to 1.104 per cent by the Fifteenth FC for the year 2020-21. The actual devolution *vis-à-vis* Finance Commission projections is given in **Table-2.11** below.

**Table-2.11: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections**  
(₹ in crore)

Year	Finance Commission projections	Projections in Finance Commission Report	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2011-12	1.120 per cent of net proceeds of all shareable taxes excluding service tax and 1.138 per cent of net proceeds of sharable service tax (As per recommendations of Thirteenth FC)	2,679.00	2,866.05	187.05
2012-13		3,160.00	3,272.88	112.88
2013-14		3,727.00	3,573.38	(-) 153.62
2014-15	1.052 per cent of net proceeds of all shareable taxes excluding service tax and 1.068 per cent of net proceeds of sharable service tax (As per recommendations of Fourteenth FC)	4,396.00	3,792.30	(-) 603.70
2015-16		6,112.00	5,333.19	(-) 778.81
2016-17		7,053.00	6,411.55	(-) 641.45
2017-18		8,150.00	7,084.91	(-) 1,065.09
2018-19		9,429.00	8,011.59	(-) 1,417.41
2019-20	1.104 per cent of net proceeds of all shareable taxes (As per recommendations of Fifteenth FC)	10,921.00	6,901.54	(-) 4,019.46
2020-21		9,441.00	6,568.72	(-) 2,872.28

Source: State Government and Finance Accounts.

The details of Central tax transfers to the State during 2016-17 to 2020-21 are given in **Table-2.12**.

**Table-2.12: Central Tax Transfers**

Head	2016-17	2017-18	2018-19	2019-20	2020-21
Corporation Tax	2,056.02	2,169.91	2,786.13	2,353.14	1,981.20
Customs	884.42	715.10	567.89	437.46	349.64
Income Tax	1,428.94	1,832.34	2,051.86	1,843.85	2,031.05
Other Taxes and Duties on commodities and services	0.02	00	4.14	4.37	4.69
Service Tax	1,027.52	804.25	73.45	00	28.21
Wealth Tax	4.71	(-) 0.07	1.02	0.10	0
Union Excise Duties	1,009.94	747.50	377.39	304.15	220.89
Other Taxes on Income and Expenditure	00	00	14.51	00	0
CGST	NA	100.52	1,977.40	1,958.47	1,953.04
IGST	NA	715.36	157.80	00	0
<b>Total Central Tax Transfer</b>	<b>6,411.57</b>	<b>7,084.91</b>	<b>8,011.59</b>	<b>6,901.54</b>	<b>6,568.72</b>
<b>Percentage of (+) increase/ (-) decrease over previous year</b>	20.22	10.50	13.08	(-) 13.86	-4.82
<b>Percentage of Central tax transfers to Revenue Receipts</b>	25.76	26.14	25.67	22.46	17.19

Source: Finance Accounts of respective years.

Over the five-year period (2016-17 to 2020-21), Central tax transfers increased marginally by 2.45 per cent from ₹ 6,412 crore in 2016-17 to ₹ 6,569 crore in 2020-21. During the current year, it decreased by ₹ 333 crore (4.82 per cent) from previous year, mainly due to less receipts in Corporation Tax (₹ 372 crore), Customs (₹ 88 crore) and Union Excise Duties (₹ 83 crore). During the year Central Tax transfer constituted 17.19 per cent of the Revenue Receipts. Further, as detailed in **Table 2.11**, the State did not receive its share of Union Taxes and Duties as per the recommendations of the Finance Commissions (XIII, XIV & XV) from the period 2013-14 to 2020-21. During the current year, the share was short by ₹ 2,872.28 crore.

### 2.3.4.2 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2016-17 to 2020-21 are detailed in **Table-2.13**.

**Table-2.13: Grants-in-Aid from GoI**

Head	( <i>₹ in crore</i> )				
	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Plan Grants	824	714	*	*	*
Grants for State Plan Schemes	1,532	1,621	*	*	*
Grants for Central Plan Schemes	843	76	*	*	*
Grants for Centrally Sponsored Plan Schemes	3,035	4,391	*	*	*
Grants for Centrally Sponsored Schemes	-	-	4,966	4,477	6,166
Finance Commission Grants	-	-	485	975	6,865
Other transfers/Grants to States	--	1,283	2,256	2,857	2,496
<b>Total</b>	<b>6,234</b>	<b>8,085</b>	<b>7,707</b>	<b>8,309</b>	<b>15,527</b>
Percentage of increase over the previous year	18	30	(-) 5	8	87
Percentage of GIA to Revenue Receipts	25	30	25	27	41

Source: Finance Accounts of respective years.

\*There are no figures since the nomenclature of plan and non-plan grants was removed with effect from the year 2018-19 and replaced by Grants for CSS, Finance Commission Grants and Other Grants to States.

Grants-in-Aid from GoI increased by ₹ 7,218 crore (86.87 per cent) during the year compared to the previous year. GIA constituted 40.64 per cent of Revenue Receipts during the year 2020-21. Finance Commission Grants (₹ 6,865 crore) to the State were provided during 2020-21 which included Revenue Deficit Grant (₹ 5,076 crore), grant for Local Bodies (₹ 852 crore) and State Disaster Response Fund (SDRF) (₹ 937 crore). This constituted 44.21 per cent of total grants during the year. Grants for Centrally Sponsored Schemes (₹ 6,166 crore) to the State constituted 39.71 per cent of the total grants during the year.

Other grants received by the State during the year were in respect of compensation for loss of revenue arising out of implementation of GST (₹ 2,496 crore).

### 2.3.4.3 Fifteenth Finance Commission Grants

As mentioned in the previous paragraph, XV FC Grants were provided to the States for local bodies and State Disaster Response Fund. Details of grants provided by the GoI to

the State in this regard during the year 2020-21 are given in **Table-2.14**.

**Table-2.14: Grants-in-Aid released by GoI as per recommendation of XVFC**

(₹ in crore)

Transfers	Recommendations of the XVFC	Actual Release from GoI during	Transfers made by the State during
	2020-21	2020-21	2020-21
<b>1. Local Bodies</b>	<b>852</b>	<b>852</b>	<b>852</b>
(A) Grants to PRIs	574	574	574
(B) Grants to ULBs	278	278	278
<b>2. Revenue Deficit Grant</b>	<b>5,076</b>	<b>5,076</b>	<b>5,076</b>
<b>3. Disaster Response Fund (Central Share)</b>	<b>937</b>	<b>937</b>	<b>937</b>
<b>4. Grant for Nutrition</b>	<b>70</b>	<b>00</b>	<b>00</b>
<b>Grand Total</b>	<b>6,935</b>	<b>6,865</b>	<b>6,865</b>

Source: Finance department, Uttarakhand.

It is clear from the above table that the State received its complete share of Fifteenth FC grants in both PRIs and ULBs. Further, the State Government received ₹ 937 crore under Disaster Response Fund during the year. However, the State did not receive ₹ 70 crore grant for Nutrition during the year as had been recommended by the Fifteenth FC.

## 2.4 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. **Table-2.15** shows the trends in growth and composition of net Capital Receipts.

**Table-2.15: Trends in growth and composition of net Capital Receipts**

(₹ in crore)

Sources of State's Capital Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Capital Receipts</b>	<b>6,536</b>	<b>7,560</b>	<b>7,302</b>	<b>6,167</b>	<b>9,810</b>
Miscellaneous Capital Receipts	--	--	--	--	<b>0.20</b>
Recovery of Loans and Advance	35	34	27	19	23
<b>Net Public Debt Receipts</b>	<b>5,373</b>	<b>5,805</b>	<b>5,218</b>	<b>4,017</b>	<b>7,178</b>
Internal Debt	5,262	5,731	5,157	3,994	4,178
<i>Growth Rate</i>	11.13	8.91	(-) 10.02	(-) 22.55	4.61
Loans and Advance from GoI (Net)	111	74	61	23	3,000
<i>Growth Rate</i>	68.18	(-) 33.33	(-) 17.57	(-) 62.30	12,943.48
Rate of growth of debt Capital Receipts	(-) 4.37	15.77	(-) 3.34	(-) 15.49	59.19
Rate of growth of non-debt capital receipts	29.63	(-) 2.86	(-) 20.59	(-) 29.63	22.11
Rate of growth of GSDP	10.14	12.72	7.64	7.14	(-) 6.28
Rate of growth of Capital Receipts (per cent)	(-) 4.23	15.67	(-) 3.41	(-) 15.54	59.08
Percentage of CR to Total Receipts	<b>20.80</b>	<b>21.81</b>	<b>18.96</b>	<b>16.72</b>	<b>20.43</b>

Source: Finance Accounts of respective years.

Capital Receipts increased by ₹ 3,274 crore (50.09 per cent) from ₹ 6,536 crore in 2016-17 to ₹ 9,810 crore in 2020-21. It increased by ₹ 3,643 crore (59.07 per cent) during the current year as compared to previous year mainly due to increase in Loans and



advances from Government of India (₹ 2,977 crore). The increase in GoI loan was because of back-to-back loan of ₹ 2,316 crore during 2020-21 in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State.

Public debt receipts create future repayment obligation and these are taken from Market, Financial Institutions and Central Government. During the five-year period 2016-21, 25.90 per cent of Public debt receipts (₹ 37,237 crore) taken during the period were utilised for repayment of Public Debt (₹ 9,646 crore) and the remaining 74.10 per cent was utilised for other purposes.

## 2.5 State's Performance in Mobilization of Resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The Fifteenth Finance Commission (FFC) projections, the BEs and the Medium-Term Fiscal Policy Statement (MTFPS) projections *vis-à-vis* actual in respect of State's own resources during 2020-21 are given in **Table-2.16**.

**Table-2.16:- States Own resources: Projection *vis-à-vis* actual**

States Own resources	FFC projections	Budget Estimates	MTFPS projections	Actual	Percentage variation of actual over		
					FFC projections	Budget Estimates	MTFPS projections
<b>Own Tax Revenue</b>	16,762	13,761	10,791	11,938	(-)28.78	(-)13.25	10.63
<b>Non-Tax Revenue</b>	1,956	3,539	3,400	4,171	113.24	17.86	22.68

*Source: FFC Report, Budget Document and Finance Accounts.*

As shown in table above, the State's own tax revenues during 2020-21 were less by ₹ 4,824 crore and ₹ 1,823 crore respectively against the FFC projections and the BEs but were above the MTFPS by ₹ 1,147 crore.

The Non-tax revenue (NTR) during 2020-21 was higher by ₹ 2,215 crore, ₹ 632 crore and ₹ 771 crore respectively as compared to the FFC projections, the BEs and the MTFPS. In NTR thus, the State was able to achieve its own targets, projected in the budget and in the MTFPS.

## 2.6 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector.

**Capital Expenditure:** All charges for the first construction of a project as well as charges for intermediate maintenance of the work not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital expenditure.

**Revenue Expenditure:** Charges on maintenance, repair, upkeep and working expenses,

which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as revenue expenditure

The Total Expenditure, its composition and relative share in GSDP during the years 2016-17 to 2020-21 is presented in **Table-2.17**.

**Table-2.17: Total Expenditure and its composition**

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Expenditure (TE)</b>	<b>30,391</b>	<b>35,074</b>	<b>38,563</b>	<b>38,399</b>	<b>43,667</b>
<b>Revenue Expenditure (RE)</b>	25,272	29,083	32,196	32,859	37,091
<b>Capital Expenditure (CE)</b>	4,954	5,914	6,184	5,414	6,538
<b>Loans and Advances</b>	165	77	183	126	38
<i>(₹ in crore)</i>					
<b>As a percentage of GSDP</b>					
<b>TE/GSDP</b>	15.58	15.95	16.29	15.14	18.37
<b>RE/GSDP</b>	12.95	13.22	13.60	12.95	15.60
<b>CE/GSDP</b>	2.54	2.69	2.61	2.13	2.75
<b>Loans and Advances/GSDP</b>	0.08	0.04	0.08	0.05	0.02

Source: Finance Accounts.

The above table shows that Total Expenditure of the State increased by 43.68 per cent from ₹ 30,391 crore in 2016-17 to ₹ 43,667 crore in 2020-21. During the year, it increased by 13.72 per cent over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 15.14 per cent to 16.29 per cent during 2016-17 to 2019-20 but it significantly increased to 18.37 per cent during the current year due to increase in Revenue Expenditure (12.88 per cent) and Capital Expenditure (20.76 per cent).

**Charts-2.9** depicts the trend of the share of components in Total Expenditure whereas **Chart-2.10** shows composition of total disbursement from Consolidated Fund for the year 2020-21.

**Chart-2.9: Total Expenditure: Trends in share of its components (in per cent)**

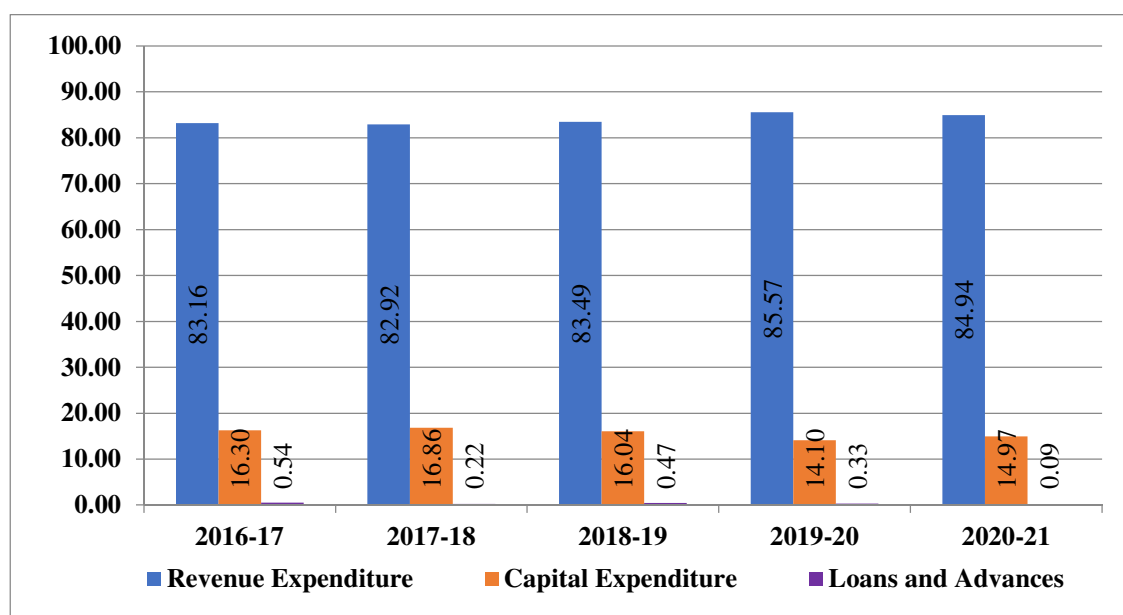
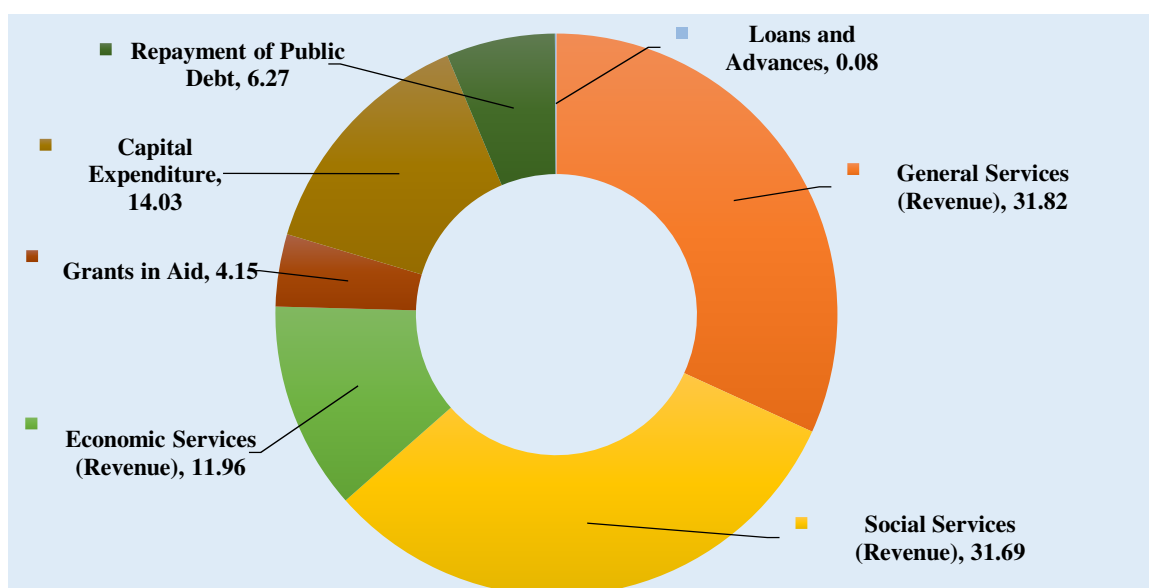


Chart-2.10: Composition of total disbursement from Consolidated Fund during 2020-21 (in per cent)



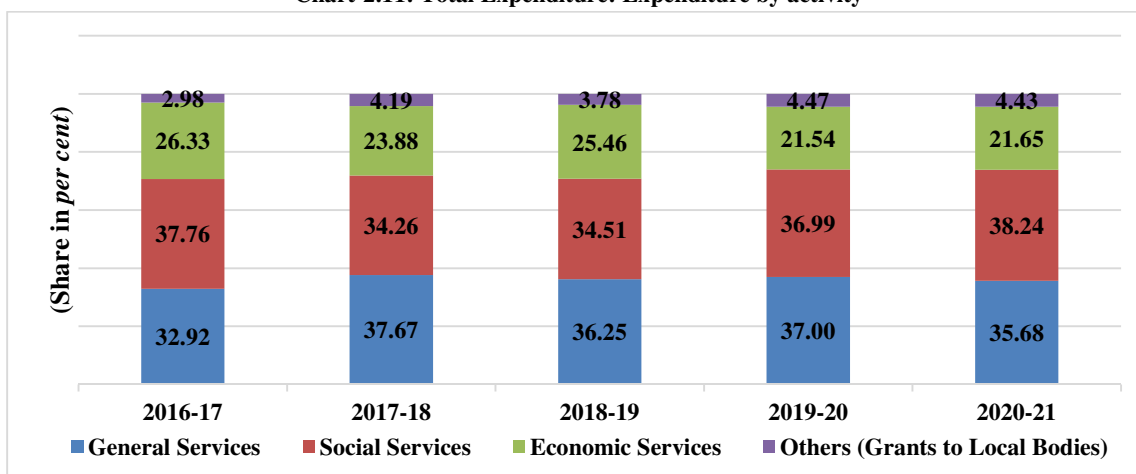
In terms of activities, the Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components in the Total Expenditure of ₹ 43,667 crore (refer *Appendix-2.1*) during 2020-21 is given in **Table-2.18**.

Table-2.18: Relative share of various sectors of expenditure

(In per cent) Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	32.92	37.67	36.25	37.00	35.68
Social Services	37.77	34.26	34.51	36.99	38.24
Economic Services	26.33	23.88	25.46	21.54	21.65
Others (Grants to Local Bodies and Loans and Advances to Government Servants)	2.98	4.19	3.78	4.47	4.43

**Chart-2.11** depicts trends of sectoral component in Total Expenditure for the period 2016-17 to 2020-21.

Chart-2.11: Total Expenditure: Expenditure by activity



The relative share of the above components of expenditure indicates that the share of Social Services and Economic Services in the Total Expenditure increased during 2020-21 over

the previous year. However, the respective share of General Services and others decreased during the current year.

### 2.6.1 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

Revenue Expenditure formed on an average 84.02 per cent (ranging from 82.92 per cent to 85.57 per cent during 2016-21) of the total expenditure during the period 2016-17 to 2020-21. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five- year period 2016-17 to 2020-21. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy vis-à-vis GSDP and Revenue Receipts are indicated in **Table-2.19**. Trend of Revenue Expenditure and its percentage to GSDP is shown in **Chart-2.12** whereas the sectoral distribution of Revenue Expenditure pertaining to 2020-21 is given in **Chart-2.13**.

Table-2.19: Revenue Expenditure – basic parameters

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	30,391	35,074	38,563	38,399	43,667
Revenue Expenditure (RE)	25,272	29,083	32,196	32,859	37,091
Rate of Growth of RE (per cent)	9.47	15.08	10.70	2.06	12.88
Revenue Expenditure as percentage of TE	83.16	82.92	83.49	85.57	84.94
RE/GSDP (per cent)	12.95	13.22	13.60	12.95	15.60
RE as percentage of RR	101.54	107.30	103.14	106.95	97.09
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.93	1.19	1.40	0.29	-2.05
Revenue Receipts (ratio)	0.55	1.69	0.71	-1.30	0.53

Source: Finance Accounts.

Chart-2.12: Trend of Revenue Expenditure during 2016-17 -2020-21

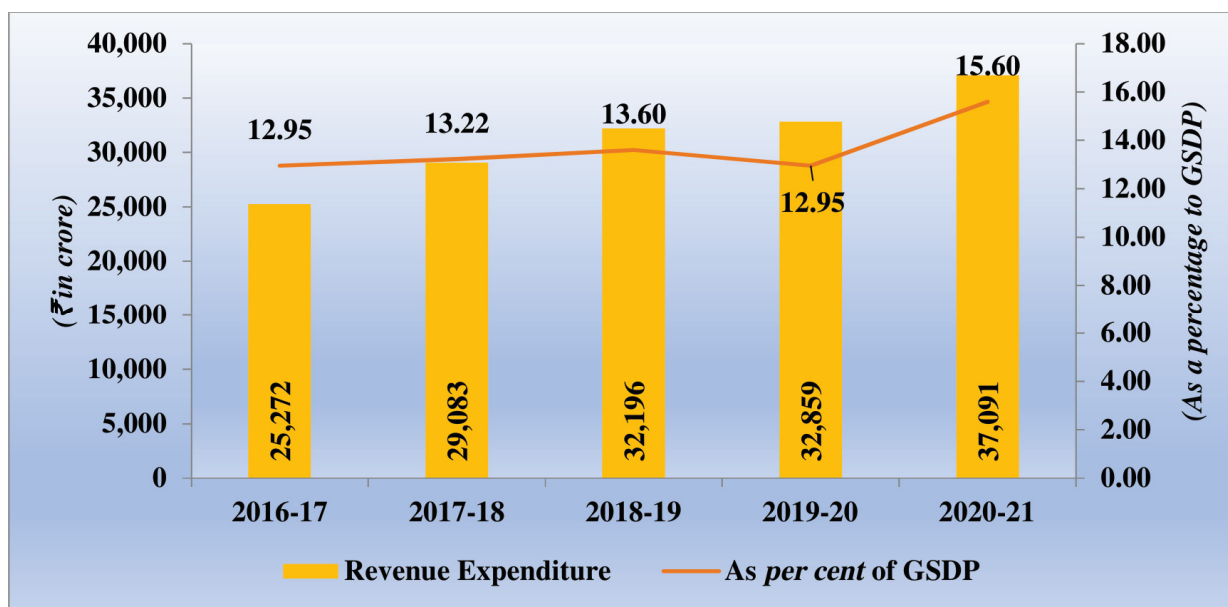
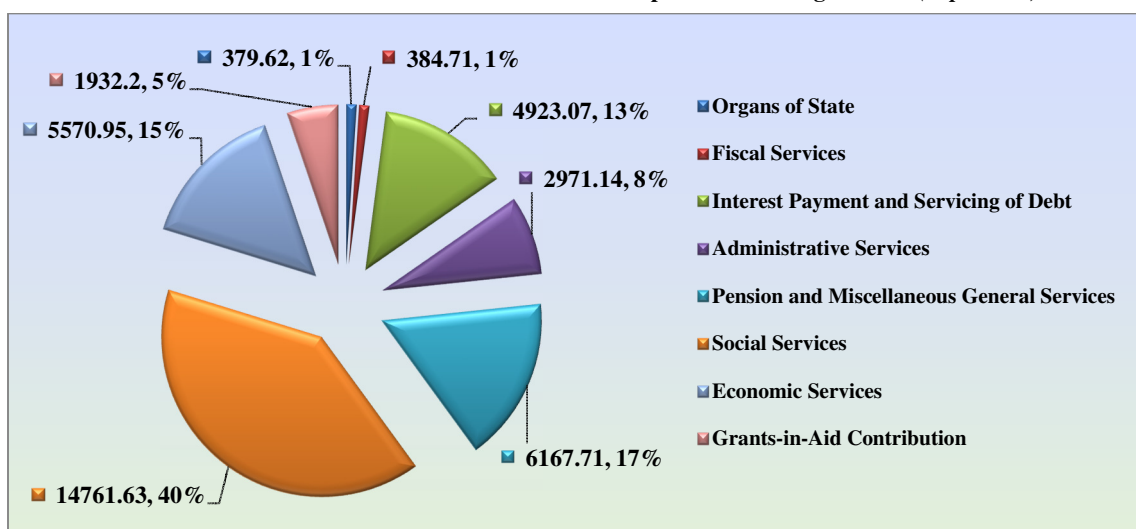


Chart-2.13: Sector wise distribution of Revenue Expenditure during 2020-21 (in per cent)



During 2020-21, Revenue Expenditure as a percentage of GSDP was higher than the previous year. It witnessed a significant increase of ₹ 4,232 crore (12.88 per cent) over the previous year. Revenue Expenditure was lower by ₹ 3,000 crore *vis-à-vis* the assessment made in Medium Term Fiscal Plan (MTFP) (₹ 40,091 crore).

### 2.6.1.1 Major Changes in Revenue Expenditure

**Table-2.20** details significant variations (more than 50 per cent) under various Heads of Account with regard to Revenue Expenditure of the State during the current year in comparison to the previous year. Some of the major programme/scheme with positive variations were (i) Management of disaster related activities under Relief on account of Natural Calamity, (ii) assistance to Urban Local Bodies under Urban Development, (iii) Transmission and Distribution under Power (iv) Road Works under District Roads below Roads and Bridges.

Table-2.20: Significant Variation in Revenue Expenditure during 2020-21 as compared to 2019-20

Major Heads of Account		2019-20	2020-21	Variation (percentage)
2801	Power	0.06	11.38	11.32 (18666.67)
2217	Urban Development	110.98	629.72	518.74 (467.42)
2040	Tax on Sales, Trade, etc.	8.43	35.49	27.06 (321.00)
2245	Relief on account of Natural Calamity	358.29	1102.82	744.53 (207.80)
2408	Food Storage and Warehousing	35.80	80.85	45.05 (125.84)
2853	Non-ferrous Mining and Metallurgical Industries	9.35	19.25	9.90 (105.88)
2425	Co-operative	55.97	112.22	56.25 (100.50)
3055	Road Transport	83.95	165.08	81.13 (96.64)
2220	Information and Publicity	56.38	106.88	50.50 (89.57)
2505	Rural Employment	145.75	253.90	108.15 (74.20)
3054	Roads and Bridges	199.58	318.04	118.46 (59.35)
2501	Special Programs for Rural Development	136.23	57.94	-78.29 (- 57.47)
2015	Elections	119.72	37.34	-82.39 (- 68.82)
2407	Plantation	0.67	0.00	-0.67 (- 100)
2250	Other Social Services	12.31	0.00	-12.31 (-100)

Source: Finance Accounts of respective years.

The above table indicates heads of accounts with major variation (more than 50 per cent). Table also indicates that Revenue Expenditure under Elections declined significantly during the year. Further, in important services like Education sports art and culture, Health and Family Welfare, Water Supply and Sanitation, Housing, Welfare of Scheduled Castes, Scheduled Tribes Other Backward Classes and Minorities, Social Securities & Welfare and Other Rural Development Programme, no significant variation in the expenditure during the current year against the previous year was noticed. During the current year about 37.66 per cent of Revenue Expenditure was incurred on these heads against 39.55 per cent in 2019-20.

### 2.6.2 Committed Expenditure

The Committed Expenditure of the State Government on revenue account consists mainly of expenditure on salaries and wages, interest payments and pensions. It has first charge on Government resources. Upward trend in Committed Expenditure leaves the Government with lesser flexibility for overall development of various sectors. The FRBM Act of the State prescribes that there should be a Revenue Surplus; it is challenging to achieve it, given that a large proportion of Revenue Expenditure goes into committed items like salaries and wages, interest payments and pensions.

**Table-2.21** presents the trends in the components of committed expenditure during 2016-17 to 2020-21. Share of Committed Expenditure in total Revenue Expenditure is depicted through **Chart-2.14** whereas percentage of Committed Expenditure to Revenue Receipts and Revenue Expenditure during 2016-21 is given in **Chart-2.15**.

Table-2.21: Components of Committed Expenditure

(₹ in crore)					
Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages	8,670	10,496	11,525	11,714	11,755
Interest Payments	3,723	3,987	4,475	4,504	4,773
Expenditure on Pensions	3,170	5,033	5,396	5,507	6,168
Subsidy	208	186	174	35	139
<b>Total</b>	<b>15,771</b>	<b>19,702</b>	<b>21,570</b>	<b>21,760</b>	<b>22,835</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	34.83	38.72	36.92	38.13	30.77
Interest Payments	14.96	14.71	14.34	14.66	12.49
Expenditure on Pensions	12.74	18.57	17.29	17.92	16.14
Subsidy	0.84	0.69	0.56	0.11	0.36
<b>Total</b>	<b>63.37</b>	<b>72.69</b>	<b>69.10</b>	<b>70.83</b>	<b>59.77</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	34.31	36.09	35.80	35.65	31.69
Interest Payments	14.73	13.71	13.90	13.71	12.87
Expenditure on Pensions	12.54	17.31	16.76	16.76	16.63
Subsidy	0.82	0.64	0.54	0.11	0.37
<b>Total</b>	<b>62.41</b>	<b>67.75</b>	<b>67.00</b>	<b>66.22</b>	<b>61.56</b>
<b>As percentage of Own Tax Revenue</b>					
Salaries & Wages	79.56	103.26	94.56	101.75	98.47
Interest Payments	34.17	39.22	36.72	39.12	39.98
Expenditure on Pensions	29.09	49.51	44.27	47.83	51.67
Subsidy	1.91	1.83	1.43	0.30	1.16
<b>Total</b>	<b>144.73</b>	<b>193.82</b>	<b>176.98</b>	<b>189.00</b>	<b>191.28</b>

Source: Finance Accounts of respective years.

Chart-2.14: Share of Committed and non-Committed expenditure in total Revenue Expenditure

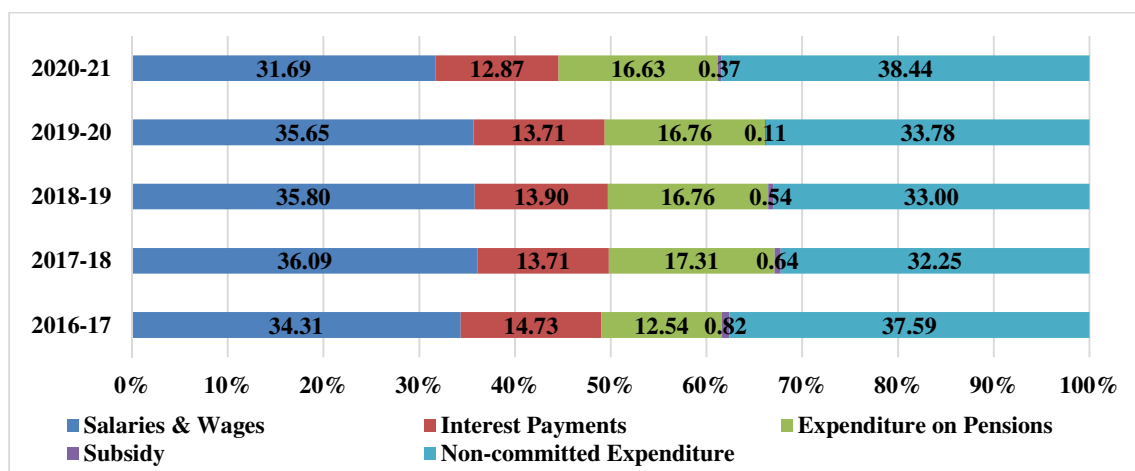
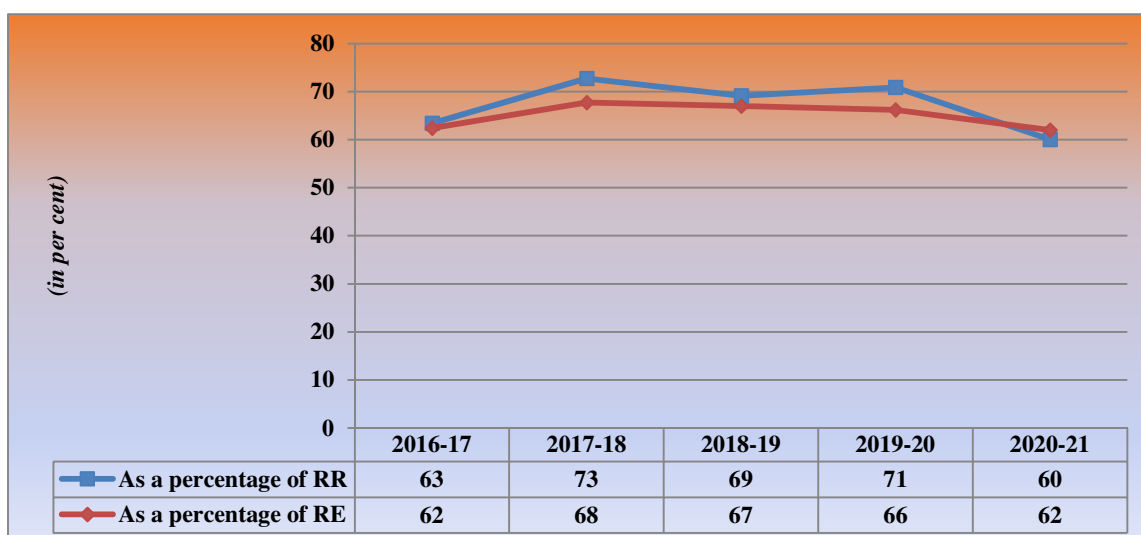


Chart-2.15: Share of Committed Expenditure in Revenue Receipts and Revenue Expenditure



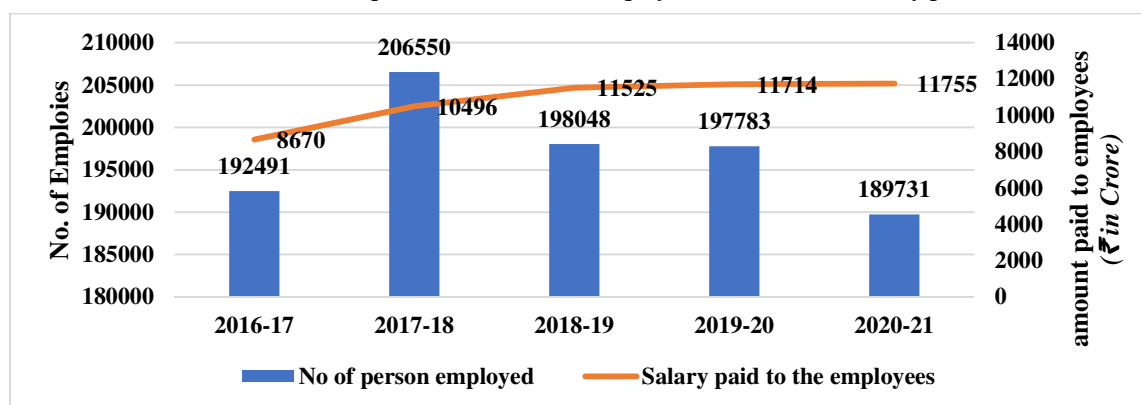
As can be seen from the details tabulated above, the Committed Expenditure ranged between 62 per cent and 68 per cent of Revenue Expenditure, while it accounted for 60 per cent to 73 per cent of the Revenue Receipts of the State during the five-year period 2016-17 to 2020-21.

### 2.6.2.1 Salaries and Wages

Share of salaries in the Revenue Expenditure declined during the current year relative to the previous year. Expenditure on salaries and wages accounted for 31.69 per cent of Revenue Expenditure during 2020-21. Over the five-year period 2016-17 to 2020-21, it increased by ₹ 3,085 crore (36 per cent) from ₹ 8,670 crore in 2016-17 to ₹ 11,755 crore in 2020-21. Expenditure on salaries (₹ 11,755 crore) during 2020-21 was less by ₹ 3,196 crore compared to the projection of ₹ 14,951 crore made in MTFPS. In addition to salary expenditure, the State Government incurred ₹ 89.82 crore on professional and specialized services and ₹ 1,179.53 crore were given as grants-in-aid for Pay and Allowances and Other Expenses.

Comparison of number of employees and amount of salary paid during the period 2016-17 to 2020-21 is given in the **Chart- 2.16** below

Chart-2.16: Comparison of number of employees and amount of salary paid



The number of employees in the State have shown a declining trend over the period 2017-18 to 2020-21. While the expenditure in salary during the period has shown increasing trend from 2016-17 onwards. The increase was however, marginal during 2019-20 and 2020-21.

### 2.6.2.2 Interest Payments

Interest Payments increased by ₹ 269 crore (5.97 per cent) from ₹ 4,504 crore in 2019-20 to ₹ 4,773 crore in 2020-21 primarily due to increase in interest payment on Market Loans by ₹ 345 crore and interest on Deposits by ₹ 16 crore which was counter balanced by decrease in Interest on Special Securities issued to National Small Saving Fund (NSSF) by ₹ 75 crore and interest on Other Internal Debts by ₹ 24 crore. During the current year, the Interest Payments were made on internal debt (₹ 3,950 crore), Small Savings, Provident Fund, etc., (₹ 657 crore), Loans and Advances from Central Government (₹ 68 crore) and interest on Other Obligations (₹ 98 crore). The State government had to pay an amount of ₹ 120.10 crore as interest on GPF pertaining to Class IV employees during the current year.

Interest on Class-IV GPF accounts is being calculated notionally by the Principal Accountant General (A&E), Uttarakhand in the absence of rendition of actual interest credited in each subscriber's account by all DDOs.

Interest Payments with reference to the projections of the State Government in its Budget and MTFPS are given in **Table-2.22**.

Table-2.22: Interest Payments vis-à-vis State's Projections

Year	Actuals	Assessment made by the State Government in			
		Budget		MTFPS	
		Projection	Variation (per cent)	Projection	Variation (per cent)
2020-21	4,773	5,892	1,119 (23.44)	5,475	702 (14.71)

Source: FFC Report, Budget Document and Finance Accounts.

Above table indicates that the interest payments by State Government were well below its own projections made in Budget and MTFPS.



### 2.6.2.3 Pensions

Expenditure on pension payments was ₹ 6,168 crore in 2020-21, which constituted 16.14 *per cent* of the revenue receipts. During the current year, it increased by (₹ 661 crore) 12 *per cent* over the previous year 2019-20 and was below the projection made by the State Government in its Budget and MTFPS by ₹ 137 crore and ₹ 129 crore respectively.

#### *Liability under National Pension System*

State Government employees recruited on or after 1 October 2005 are covered under the New Pension Scheme (NPS), which is a Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowance and the Government contributes 14 *per cent* of the basic pay and dearness allowance. The State Government is responsible to deposit both employee's and employer's share with the designated authority *i.e.*, National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS.

During the year, total contribution to Defined Contribution Pension Scheme was ₹ 1,151.87 crore (Employee's contribution ₹ 469.54 crore and Government contribution ₹ 682.33 crore). The Government transferred ₹ 1,151.87 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government contribution to NPS was in excess by ₹ 24.97 crore, which resulted in understatement of Revenue surplus and overstatement of Fiscal deficit to that extent.

During the year, ₹ 1,177.31 crore was transferred to NSDL/Trustee Bank. Against outstanding balance amount of ₹ 164.64 crore (2019-20), ₹ 139.20 crore (2020-21) is yet to be transferred to NSDL. Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities of the Government under the Scheme.

### 2.6.2.4 Subsidies

There was a significant increase in expenditure on subsidies during the year 2020-21 as compared to previous year as can be seen from the details given in **Table-2.23**. Subsidies as a percentage of Revenue Receipts decreased significantly from 0.56 *per cent* in 2018-19 to 0.11 *per cent* in 2019-20 but again increased to 0.36 *per cent* in 2020-21. In absolute terms, expenditure on payment of subsidies increased by ₹ 104 crore from ₹ 35 crore in 2019-20 to ₹ 139 crore in 2020-21.

**Table-2.23: Expenditure on subsidies during 2016-21**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	208	186	174	35	139
Subsidies as a percentage of Revenue Receipts	0.84	0.69	0.56	0.11	0.36
Subsidies as a percentage of Revenue Expenditure	0.82	0.64	0.54	0.11	0.37

During 2020-21, the major schemes in which expenditure on subsidy incurred were Deen Dayal Upadhyay Cooperative Farmer Welfare Scheme (₹ 50 crore), Food Subsidy under Food Storage and Warehousing (₹ 41 crore), Polly House diversification and scheme sprinkler water pump set (₹ 4 crore), Mukhya Mantri Swarojgaar Yojana (₹ 35 crore) and

Discount on Sales of Khadi Clothes (₹ 5 crore). State Government had made a projection for subsidy of ₹ 225 crore in its Budget and ₹ 149 crore in MTFPS during 2020-21.

### 2.6.2.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of grants to local bodies and other institutions during the period 2016-17 to 2020-21 is presented in **Table-2.24**.

**Table-2.24: Financial Assistance to Local Bodies etc.**

(₹ in crore)

Sl No.	Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Educational Institutions (Aided Schools & Colleges, Universities)	650.63	464.93	544.70	573.62	1,531.82
2.	Municipal Corporations and Municipalities	397.77	753.33	717.07	902.05	976.91
3.	Zila Parishads and Other Panchayati Raj Institutions	508.40	715.21	742.25	814.62	955.29
4.	Development Agencies	953.33	546.93	555.82	494.84	539.27
5.	Hospitals and Other Charitable Institutions	319.17	252.98	436.19	353.03	552.66
6.	Energy (Non-conventional source of energy)	18.12	11.78	11.69	13.30	9.17
7.	Agriculture Research and Educational Institution, Land Reforms for updating land records and Wildlife Preservation	337.78	476.94	593.57	585.49	915.03
8.	Co-operatives	5.07	3.73	2.67	1.55	15.18
9.	Animal Husbandry, Dairy Development and Fisheries	32.00	38.77	41.80	51.17	55.77
10.	Secretariat Economic Services & Tourism	30.69	46.92	51.12	47.27	56.38
11.	Social Security & Welfare of Scheduled Castes, Scheduled Tribes & Other Backward Classes	446.96	232.65	216.54	238.66	250.85
12.	Other Institutions	150.30	119.64	552.36	724.60	582.44
	<b>Total</b>	<b>3,850.22</b>	<b>3,663.81</b>	<b>4,465.78</b>	<b>4,800.18</b>	<b>6,440.77</b>
	Assistance as per percentage of RE	15.23	12.60	13.87	14.61	17.36

Source: V.L.C. data of Accountant General (A&E), Uttarakhand.

The assistance during the current year also increased by ₹ 1,641 crore over the previous year. Municipal Corporations, Municipalities, Zila Parishads and other Panchayati Raj Institutions together accounted for 30 per cent of the total financial assistance during the current year.

The Fourth State Finance Commission had recommended 11 per cent of State's Own Tax Revenue as the devolution amount to the Local Bodies. The amount to be devolved and the actual amount devolved during 2016-17 to 2020-21 is given in **Table-2.25**.

**Table-2.25: Financial Assistance to Local Bodies vis-à-vis amount to be devolved**

(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
State Own tax Revenue (OTR)	10,897.00	10,165.00	12,188.00	11,513.00	11,938.00
Amount to be devolved (11 per cent of OTR for 2016-17 onwards)	1,198.67	1,118.15	1,340.68	1,266.43	1,313.18
Total amount devolved to Local Bodies	<b>906.17</b>	<b>1,468.54</b>	<b>1,459.32</b>	<b>1,716.67</b>	<b>1,932.20</b>
Actual Devolution to Local Bodies as percentage of OTR	8.32	14.45	11.97	14.91	16.19

Source: V.L.C. data of Accountant General (A&E), Uttarakhand and State Finance Commission's Recommendations.

It can be seen from above table that the actual devolution to Local Bodies was 8.32 per cent of own tax revenue during 2016-17 which increased to 16.19 per cent

during 2020-21. The actual devolution was more than the amount recommended by State Finance Commission during 2017-18 to 2020-21.

### 2.6.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings *etc.*

Total Capital Expenditure continued to increase from ₹ 4,954 crore in 2016-17 to ₹ 6,184 crore in 2018-19. However, during 2019-20 it decreased by ₹ 770 crore (12.45 per cent) but it again increased by ₹ 1,124 crore (20.76 per cent) during the current year. The Capital Expenditure incurred by the State during the year 2020-21 was less than the projections made in the MTFPS targets (₹ 7,609 crore) by ₹ 1,071 crore as well as by ₹ 845 crore against budget projections (₹ 7,383 crore). Details of Capital Expenditure *vis-à-vis* budget during the five-year period 2016-17 to 2020-21 are given in **Chart-2.17** and Trend of Capital Expenditure as *per cent* of GSDP and Total Expenditure is given in **Chart-2.18**.

Chart-2.17: Trend of Capital Expenditure over the five-year period from 2016-17 to 2020-21

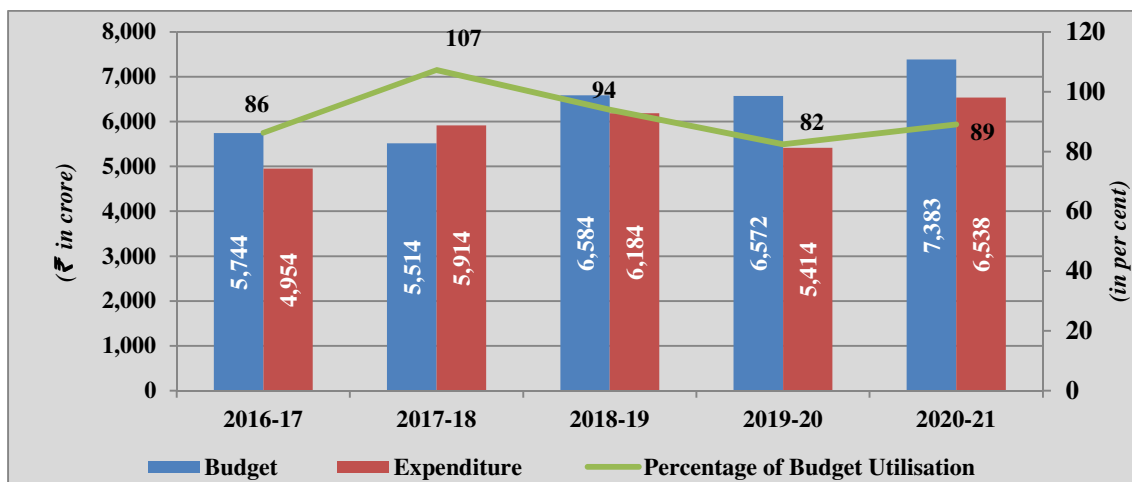
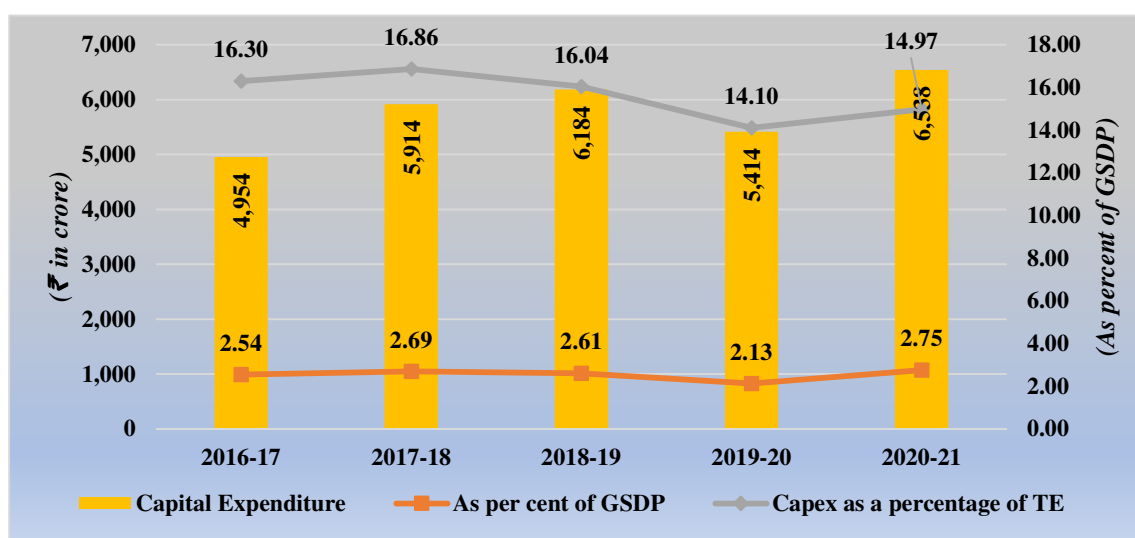


Chart-2.18: Trend of Capital Expenditure as *per cent* of GSDP and Total Expenditure



### 2.6.3.1 Major changes in Capital Expenditure

**Table-2.26** highlights the cases of significant increase or decrease in various Heads of Account in Capital Expenditure during 2020-21 *vis-à-vis* the previous year.

**Table-2.26: Capital Expenditure during 2020-21 as compared to 2019-20**

Major Heads of Account		(₹ in crore)		
		Capital expenditure during 2019-20	Capital expenditure during 2020-21	Increase (+) / Decrease (-) (in per cent)
5053	Capital Outlay on Civil Aviation	0.51	3.61	3.1 (607.84)
4225	Capital Outlay on Welfare of SC, ST, OBC and Minorities	28.25	94.80	66.55 (235.57)
4216	Capital Outlay on Housing	16.25	42.09	25.84 (159.02)
4059	Capital Outlay on Public Works	339.32	733.66	394.34 (116.21)
4210	Capital Outlay on Medical and Public Health	97.60	172.94	75.34 (77.19)
4515	Capital Outlay on Rural Development Program	1270.19	2000.43	730.24 (57.49)
4403	Capital Outlay on Animal Husbandry	9.92	4.19	-5.73 (-57.76)
4401	Capital Outlay on Crop Husbandry	12.48	2.34	-10.14 (-81.25)
4235	Capital Outlay on Social Securities and Welfare	39.90	6.77	-33.13 (-83.03)
4859	Capital Outlay on Telecommunication and Electronic Industry	17.79	2.86	-14.93 (-83.92)
4408	Capital Outlay on Food Storage and Warehousing	569.19	71.29	-497.90 (-87.48)
4250	Capital outlay on Other Social Services	30.24	0.00	-30.24 (-100)

**Note:** Figures in parenthesis are in percentage increase/ decrease.

The major schemes where substantial increase was noticed were (i) Community Development under Central Plan/Centrally Sponsored Schemes under Rural Development and (ii) Central Plan/Centrally Sponsored Schemes under Public Works.

### 2.6.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are limited chances of return on investment. Similarly, experience has shown the inevitability of write off of the loans given to loss making corporations and other poorly run bodies in sectors such as sugar mills, financial corporations, *etc.* Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

#### (i) Quality of investments in the companies, corporations and other bodies

Investments made and loan given to companies (*e.g.* Power Distribution Companies), corporations (*e.g.* Scheduled Caste and Scheduled Tribe Financial Corporations), and cooperatives (*e.g.* sugar mills), which are loss making and those where net worth is completely eroded, is not sustainable. Return on investment in share capital invested in Public Sector Undertakings and history of repayment of loans given to various bodies are important indicators of quality of capital expenditure.

As per the Finance Accounts 2020-21, Government of Uttarakhand had invested ₹ 3,683.54 crore in one Statutory Corporation and 16 Government Companies, in the

State as of 31 March 2021. The State Government earned a return of ₹ 40.02 crore on these investments during 2020-21. Year-wise details of investment by Government of Uttarakhand over the five-year period 2016-17 to 2020-21 are given in the **Table-2.27** below.

**Table-2.27: Details of Investment and return on Investment**

	(₹ in crore)				
Investments/ Returns/Cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Investment at the end of the year</b>	<b>3,123.73</b>	<b>3,209.24</b>	<b>3,402.45</b>	<b>3,534.95</b>	<b>3,683.54</b>
Return on investment	15.21	22.69	18.69	14.08	40.02
Return on investment ( <i>per cent</i> )	0.49	0.71	0.55	0.40	1.09
Average rate of interest on Government borrowings ( <i>per cent</i> )	8.91	8.27	8.15	7.26	6.83
Difference between interest rate and return ( <i>per cent</i> )	8.42	7.56	7.60	6.86	5.74
<b>Notional loss due to difference between interest rate of Government borrowings and return on investments</b>	<b>263.02</b>	<b>242.62</b>	<b>258.59</b>	<b>242.50</b>	<b>211.44</b>

The average return on Uttarakhand Government's investment was negligible and ranged from 0.40 to 0.71 *per cent* of the investment (at historical cost) during 2016-17 to 2019-20 but it increased to 1.09 *per cent* during the current year. However, Government paid an average interest rate of 7.88 *per cent* on its borrowings during 2016-17 to 2020-21.

**(ii) Reconciliation of balances**

The figures in respect of equity, loans and guarantees outstanding as per records of SPSEs should agree with that of the figures appearing in the Finance Accounts of the GoU. In case the figures do not agree, the concerned SPSEs and the Finance Department should carry out reconciliation of the differences. The differences in figures of equity, loans and guarantees as on 31 March 2021 are given below in **Table – 2.28**.

**Table-2.28.: Equity, Loans and Guarantees outstanding as per Finance Accounts vis-à-vis as per records of SPSEs**

	(₹ in crore)		
Outstanding in respect of	As per Finance Accounts	As per records of SPSEs	Difference
A	B	C	(B-C)
<b>Equity</b>	3683.54	3755.24	-71.70
<b>Loan</b>	470.09	852.21	-382.12
<b>Guarantee</b>	219.28	217.38	1.90

Source: Compilation based on information received from power sector SPSEs and Finance Accounts.

The differences between the figures (**Annexure IV**) are persisting since last many years. The differences have arisen primarily due to the investment transactions being booked in Government accounts based on the vouchers received in the Office of the Principal Accountant General (A&E) and the details given in the Audit Reports obtained from the individual PSUs. The differences in investments made by the State Government in these PSUs are under reconciliation. It was also confirmed by the Finance Department during the exit conference.

**(iii) Misclassification of Revenue Expenditure under Capital Section**

The Government of Uttarakhand continued to operate and allot funds as Grants-in-Aid (GIA) to State Government entities in the Capital Section instead of Revenue Section. During the year 2020-21 such grants of ₹ 80.30 crore were given and booked under six Capital Major Heads. This contravened the Indian Government Accounting Standards

(IGAS) 2, notified by the Government of India, wherein it has been stated that, expenditure on GIA for the purpose of creating assets shall not, except in cases specifically authorized by the President on the advice of the Comptroller and Auditor General, be debited to a Capital Head of account in the financial statements of the Government. This is particularly so due to the fact that the Capital Assets are recorded in the books of the entity receiving the GIA and not the grantor, *i.e.*, Government.

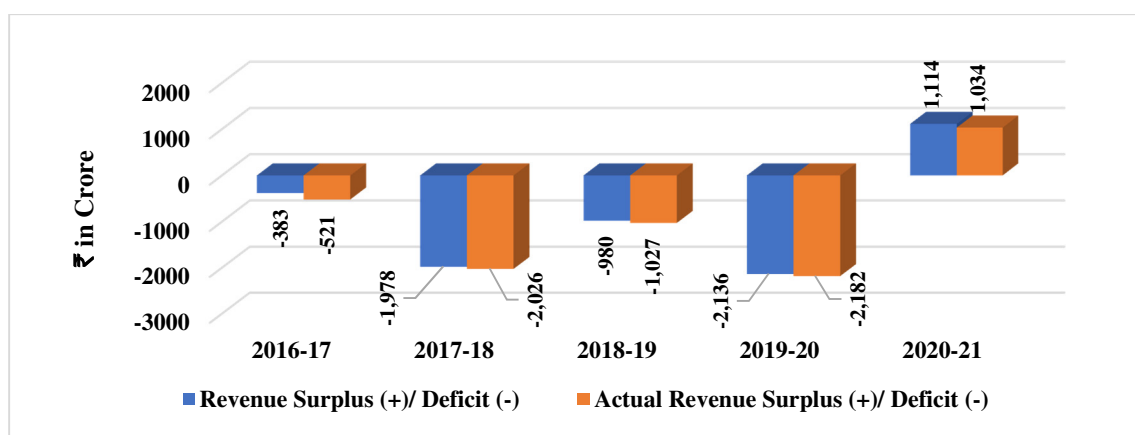
Under the Government Accounting Rules, expenditure on ‘Major Works’ is to be booked to the Capital Section and expenditure on ‘Minor Works’ is to be booked to the Revenue Section. However, the State Government booked expenditure on Major construction works amounting to ₹ 14.22 crore under three Revenue Heads. Besides, expenditure of ₹ 4.37 crore pertaining to Maintenance works was booked under the Capital Section (details are in **paragraph 3.3.3 in Chapter-3**).

**Table-2.29** highlights the extent of classification of GIA as Capital Expenditure (Capex) instead of as revenue by the State. **Chart-2.19** indicates impact of non-compliance with the provisions of IGAS-2 by the State in absolute terms during 2016-17 to-2020-21 as Revenue Deficit was understated during 2016-17 to 2019-20 and Revenue Surplus was overstated during 2020-21. During the said period Capital Expenditure was also overstated to that extent. During the Exit conference the Finance Department stated that necessary provision will be made in the next budget.

**Table-2.29: Impact of non-compliance with IGAS-2**

	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Expenditure	4,954	5,914	6,184	5,414	6,538
Grants-in-Aid booked as Capital Expenditure	138	48	47	46	80
Percentage of booking of GIA in Capex	2.79	0.81	0.76	0.85	1.22
Revenue Deficit (-)/Surplus (+) of the State	(-) 383	(-) 1,978	(-) 980	(-) 2,136	(+) 1,114
Actual Revenue Deficit (-)/Revenue Surplus (+) if expenditure from GIA is treated as RE	(-) 521	(-) 2,026	(-) 1,027	(-) 2,182	(+) 1,034

**Chart-2.19: Actual Revenue Deficit (-)/Surplus (+)**



**(iv) Quantum of Loans disbursed and recovered during five years**

In addition to investments in Co-operative societies, Corporations and Companies, the State Government also provided loans and advances to many institutions/organisations. **Table-2.30** presents the outstanding loans and advances as on 31 March 2021 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2016-17 to 2020-21.

Table-2.30: Details of quantum of loans disbursed and recovered during 2016-21

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance of loan outstanding	1,596.45 <sup>3</sup>	1,726.65	1,769.97	1,926.54	2,033.40
Amount advanced during the year	165.05	76.83	183.48	125.78	37.56
Amount recovered during the year	34.85	33.51	26.91	18.92	23.05
Closing Balance of loan outstanding	1,726.65	1,769.97	1,926.54	2,033.40	2,047.91
Net Addition	130.20	43.32	156.57	106.86	14.51
Interest Received	0.17	0.08	1.13	25.65	58.78
Interest received as a percentage of outstanding Loans and Advances	0.01	0.005	0.06	1.33	2.89
Average rate of interest paid on Government borrowing (per cent)	8.91	8.27	8.15	7.26	6.83
Difference between Interest Payments and Interest Received (per cent)	8.90	8.27	8.09	5.93	3.94

The total amount of outstanding loans and advances as on 31 March 2021 was ₹ 2,047.91 crore. The amount of loans disbursed during the current year decreased by 70.15 per cent from ₹ 125.78 crore in 2019-20 to ₹ 37.56 crore in 2020-21. Within the Economic Services, major recipient was power sector ₹ 32.97 crore (87.78 per cent) followed by transport Sector ₹ 4.29 crore (11.42 per cent). This amounts to non-compliance of IGAS-3 by the State Government.

Recovery of loans and advances increased by ₹ 4.13 crore from ₹ 18.92 crore in 2019-20 to ₹ 23.05 crore in 2020-21. However, interest receipts in this regard increased significantly from 2018-19 to 2019-20 and again in 2020-21.

Scrutiny of the total outstanding loans revealed that there was no repayment by four sectors namely General Services (other Loans), Special Area Program, Water Supply, Sanitation, Housing and Urban Development and Transport sector as detailed in **Table-2.31** over last five years (up to March 2021). and in one sector (Agriculture and Allied Activities), additional loans had been extended despite marginal repayments. The overall outstanding balance has increased over the years.

Table-2.31: Loan and Advances rolling for a long time

(₹ in crore)

Sl. No.	Name of the Sector	2016-17	2017-18	2018-19	2019-20	2020-21
1.	General Services (Other Loans)	19.47	19.47	19.47	19.47	19.47
2.	Water Supply, Sanitation, Housing and Urban Development	47.89	47.89	42.09	42.09	42.09
3.	Agriculture and Allied Activities	895.31	899.79	1,011.24	1,119.57	1,117.47
4.	Special Area Programme	503.68 <sup>#</sup>	503.16	503.16	503.16	503.16
5.	Transport	140.29	148.53	153.80	153.80	158.09
	<b>Total</b>	<b>1,606.64</b>	<b>1,618.84</b>	<b>1,729.76</b>	<b>1,838.09</b>	<b>1,840.28</b>

# Increased by ₹ 494.15 crore due to apportionment of unallocated balances between Uttar Pradesh and Uttarakhand.

During the period 2016-17 to 2020-21, an amount of ₹ 588.70 crore was advanced to different sectors by the Government while recoveries amounted to ₹ 137.24 crore. Recovery in each year declined from 1.98 per cent of the amount outstanding at the beginning of the year and amount advanced during the year in 2016-17 to 1.11 per cent in 2020-21. During the current year, the amount repaid was ₹ 23.05 crore which stood at 1.13 per cent of the outstanding loans (₹ 2,047.91 crore) as on 31 March 2021.

Since recovery of the loans has been poor, State Government may consider treating these

<sup>3</sup> This differs with the closing balance of previous year due to allocation of an amount of ₹ 494.15 crore to Uttarakhand State under Major Head 6551, out of unallocated balances.

loans and advances as grants and booking them as revenue expenditure for ensuring that accounts reflect the correct position.

**(v) Capital Blocked in Incomplete/ongoing Projects**

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds on incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to an extra burden in terms of servicing of debt and interest liabilities.

As per Finance Accounts of the State for the year 2020-21, there were 143 incomplete/ongoing projects of Public Works department as on 31 March 2021. Age profile of incomplete projects based on the year of sanction/year of start of these projects as on 31 March 2021 is given in **Table-2.32**.

**Table-2.32: Age profile of incomplete projects as on 31 March 2021**

(₹ in crore)				
Year	No of incomplete projects	Estimated cost	Expenditure	Financial Progress (in per cent)
Sanctioned Upto 2015-16	51	369.55	292.27	79.09
2016-17	16	63.34	44.51	70.27
2017-18	23	88.24	51.51	58.37
2018-19	43	78.24	42.85	54.77
2019-20	09	13.33	5.47	41.04
2020-21	01	1.38	1.00	72.46
<b>Total</b>	<b>143</b>	<b>614.08</b>	<b>437.61</b>	<b>71.26</b>

Source: Finance Accounts.

Effective steps need to be taken to complete these projects without further delay to avoid cost overruns. During the exit conference the Finance Department stated that necessary instructions would be issued down the line for early completion of these projects.

**(vi) Resource availability of the State under Public Private Partnership Projects**

Public Private Partnership is an arrangement between the government or statutory entity and a private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development. Details of the projects running in the State are given in the **Table-2.33** below.

**Table-2.33: Sector/Department wise details of PPP Projects**

(₹ in crore)					
Sl. No.	Sector	Completed		Ongoing	
		No.	Estimated Cost	No.	Estimated Cost
1.	Transport	2	30.00	3	63.76
2.	Energy	0	0	2	117.50
3.	Urban	2	292.03	5	364.55
4.	Tourism	1	0	2	50.00
5.	Health	6	84.40	0	0
<b>Total</b>		<b>11</b>	<b>406.43</b>	<b>12</b>	<b>595.81</b>

Source: Uttarakhand Public Privet Partnership Cell Dashboard (<http://www.upppc.org/projects/projects>).

## 2.7 Expenditure Priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.



**Table-2.34** compares the fiscal priority of the State Government with that of NE & Himalayan States with regard to development expenditure, expenditure on Social and Economic Sectors, and Capital Expenditure during 2020-21, taking 2016-17 as the base year.

**Table-2.34: Fiscal Priority of the State in 2016-17 and 2020-21**

<i>(in per cent)</i>							
Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health/ AE
<b>Average (ratio) in 2016-17 of</b>							
NE & Himalayan	26.50	35.64	31.30	66.20	15.97	16.67	5.67
Uttarakhand	15.58	37.76	25.79	64.09	16.30	18.91	4.60
<b>Average (ratio) in 2020-21 of</b>							
NE & Himalayan	26.92	32.95	27.14	57.33	15.67	15.22	6.15
Uttarakhand	18.37	38.24	21.56	59.89	14.97	19.06	5.43
<i>AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.</i>							

A comparative study of Average Expenditure of Uttarakhand State in 2020-21 with that of 2016-17 indicates the following:

- The State Government's Aggregate Expenditure as a proportion of the GSDP in 2020-21 was higher by 2.79 percentage points as compared to 2016-17.
- Development Expenditure (DE) as a proportion of Aggregate Expenditure (AE) in 2020-21 was less by 4.20 percentage points as compared to 2016-17.
- Social Sector Expenditure as a proportion of AE in 2020-21 was higher by 0.48 percentage points as compared to 2016-17.
- Economic Sector Expenditure as proportion of AE was lesser by 4.23 percentage points in 2020-21 as compared to 2016-17.
- The proportion of Capital Expenditure (CE) in AE decreased by 1.33 percentage points in 2020-21 as compared to 2016-17.

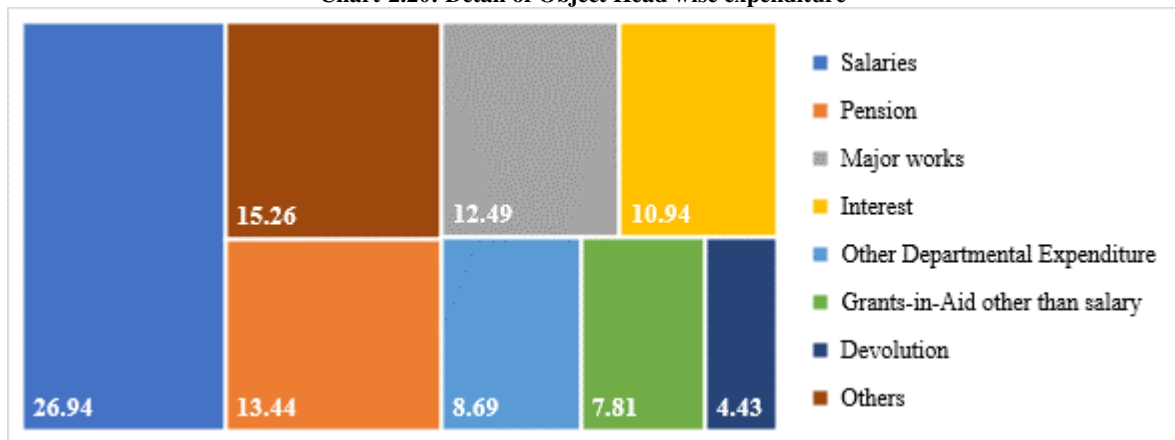
Further comparative study of NE & Himalayan States Average and Uttarakhand's Average in 2020-21 with that of 2016-17 revealed the following:

- Aggregate Expenditure (AE) as a proportion of GSDP in the State remained well below NE & Himalayan State's average during both the years.
- Development Expenditure as a proportion of Aggregate Expenditure in the State was marginally lower than that of the NE & Himalayan average during 2016-17. However, it was slightly higher during 2020-21.
- Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was higher during 2016-17 and 2020-21 as compared to NE & Himalayan average.
- The Economic Sector Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of NE & Himalayan during both the years.
- Priority was accorded by the State Government to Capital Expenditure and the ratio of Capital Expenditure to Aggregate Expenditure was higher than that of the NE & Himalayan average in 2016-17. However, it was marginally lower in 2020-21.
- In Education Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE & Himalayan average in both the years.
- Expenditure under Health Sector as a proportion to Aggregate Expenditure was lower than NE & Himalayan average in both the years.

### Object Head wise Expenditure

Object head wise expenditure gives information about the object/purpose of the expenditure. Details of Object head wise expenditure are provided in the **Chart-2.20** below.

Chart-2.20: Detail of Object Head wise expenditure



## 2.8 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. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

### 2.8.1 Net Balances in Public Account

The component-wise net balances in Public Account of the State during the years (2016-17 to 2020-21) are given in **Table-2.35** below.

Table-2.35: Component-wise net balances in Public Account as of 31 March of the year

		(₹ in crore)				
Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
<b>I. Small Savings, Provident Funds, etc.</b>		<b>412.69</b>	<b>619.47</b>	<b>889.86</b>	<b>665.79</b>	<b>431.46</b>
<b>J. Reserve Funds</b>	(a) Reserve Funds bearing Interest	(-) 135.69	109.77	112.77	2,759.12	89.90
	(b) Reserve Funds not bearing Interest	59.05	(-) 4.7	(-) 1.23	149.48	150.00
	Investment from RF	0	0	0	(-) 150.00	(-) 150.00
	<b>Total</b>	<b>(-) 76.63</b>	<b>105.07</b>	<b>111.54</b>	<b>2,758.60</b>	<b>89.90</b>
<b>K. Deposits and Advances</b>	(a) Deposits bearing Interest	41.48	0.58	53.02	(-) 2.77	3.57
	(b) Deposits not bearing Interest	(-) 176.76	718.09	(-) 64.08	504.35	378.43
	(c) Advances	(-) 0.03	0	0	0	0
	<b>Total</b>	<b>(-) 135.31</b>	<b>718.67</b>	<b>(-) 11.06</b>	<b>501.58</b>	<b>382.00</b>
<b>L. Suspense and Miscellaneous</b>	(a) Suspense	180.11	122.44	102.82	(-) 124.82	(-) 103.72
	(b) Other Accounts*	870.19	607.90	70.26	(-) 1,039.63	(-) 490.83
	(c) Accounts with Governments of Foreign	(-) 0.01	(-) 0.01	(-) 0.01	0.04	0
	(d) Miscellaneous	0	0	0	0	0
	<b>Total</b>	<b>1,050.29</b>	<b>730.33</b>	<b>173.07</b>	<b>(-) 1,164.41</b>	<b>(-) 594.55</b>
<b>M. Remittances</b>	(a) Money Orders, and other Remittances	1.64	15.89	(-) 4.5	(-) 4.38	0
	(b) Inter- Governmental Adjustment Account	(-) 4.99	15.48	683.65	3.76	(-) 6.41
	<b>Total</b>	<b>(-) 3.35</b>	<b>31.37</b>	<b>679.15</b>	<b>(-) 0.62</b>	<b>(-) 6.41</b>
<b>Grand Total</b>		<b>1,247.69</b>	<b>2,204.91</b>	<b>1,842.56</b>	<b>2,760.94</b>	<b>302.40</b>

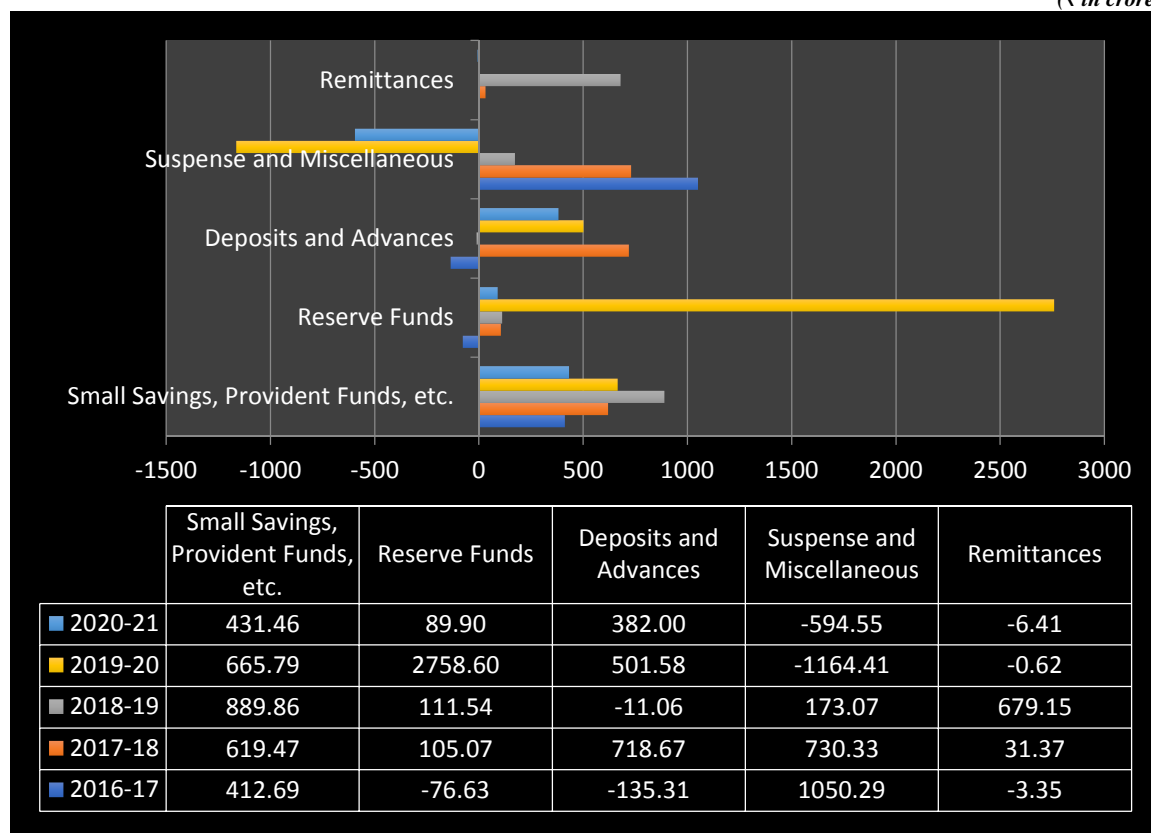
Note: -ve denotes debit balance and +ve denotes credit balances.

\*Other Accounts under L. Suspense and Miscellaneous exclude Departmental Balance, Permanent Cash Imprest & Cash Balance Investment Account.

The yearly changes in composition of balances in Public Account over the five-year period 2016-21 are given in **Chart-2.21**.

**Chart-2.21: Yearly changes in composition of Public Account balances**

(₹ in crore)



As has been highlighted in the **Table-2.35**, the component wise net-public account balances over the period 2016-17 to 2020-21 have shown fluctuating trend. The net public account balance decreased by ₹ 2,458.54 crore, from ₹ 2,760.94 crore in 2019-20 to ₹ 302.40 crore in 2020-21. This was due to decline in net Reserve Funds (₹ 2,668.70 crore), Net Small Savings, Provident Fund, etc. (₹ 234.33 crore) and Deposit and Advances (₹ 119.58 crore).

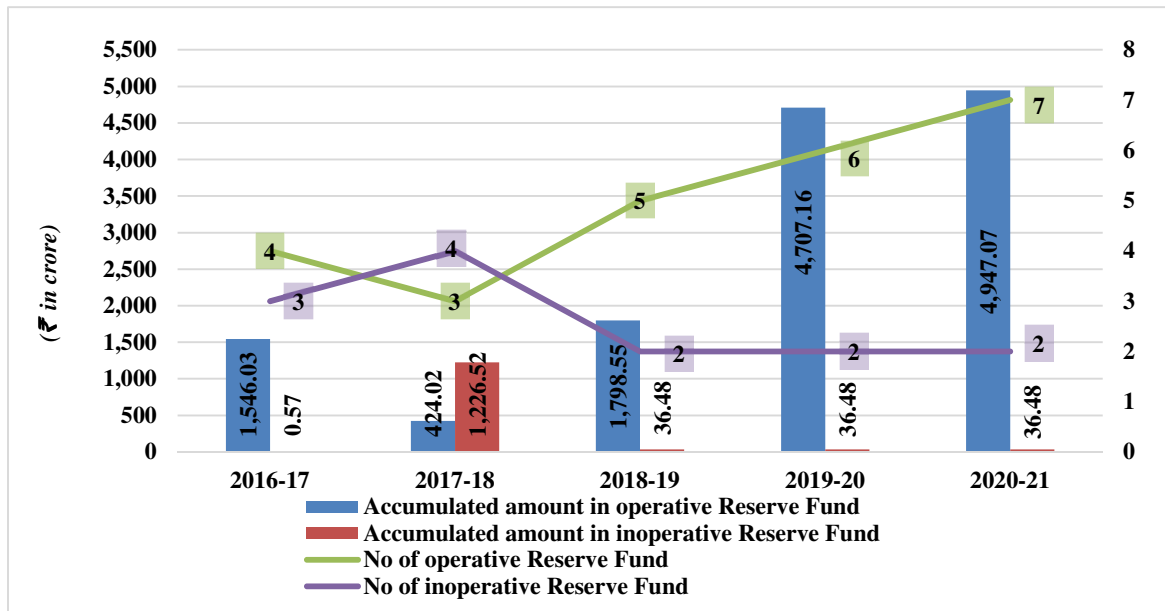
### 2.8.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

State Government operated nine Reserve Funds as on 31 March 2021 out of which two Reserve Fund are interest bearing (₹ 3,343.45 crore credit) and seven Reserve Funds are non-interest bearing funds (₹ 1,567.13 crore credit). Out of these nine funds, two funds are inoperative (balance ₹ 36.48 crore debit) and seven funds are operative (balance ₹ 4,947.07 crore credit), of which ₹ 1,488.62 crore (30.54 per cent) was invested.

Trend of accumulated balances under operative and inoperative Reserve funds is shown in the **Chart-2.22** below.

Chart-2.22: Trend of Operative and Inoperative reserve funds



Details of transactions during the year in the Reserve Funds (active-inactive) are discussed below.

### 2.8.2.1 In-operative Reserve Funds

There are two Reserve Funds, which are in-operative since long. These two funds have a balance of ₹ 36.48 crore (Debit). The details of these in-operative funds are given in **Table-2.36**.

Table-2.36: Details of inoperative Reserve Funds

Sl. No.	Name of the Fund	Amount as on 31 <sup>st</sup> March 2021 (₹ in crore)	Year of Establishment	Inoperative since
1.	Development Funds for Educational Purposes	0.01 (Cr.)	2000-01	2007-08
2.	Electricity Development Funds	36.49 (Dr.)	2005-06	2015-16
<b>Total</b>		<b>36.48 (Dr.)</b>		

### 2.8.2.2 State Disaster Response Fund

Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Centre and Special Category States like Uttarakhand are required to contribute to the Fund in the proportion of 90:10. As per the guidelines, these contributions are to be transferred to the Public Account under Major Head 8121. Expenditure during the year is incurred by operating Major Head 2245. Expenditure incurred during the year on disaster response is adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head 2245. Government of India provides additional assistance from the National Disaster Response Fund (NDRF) - when the balances available under SDRF are insufficient to meet the expenditure on account of natural calamities. The entire funds provided under the NDRF are incurred directly against the expenditure on natural calamities. Details of expenditure charged to SDRF for the year 2020-21 is given in the **Table-2.37** as well as details of SDRF is provided in the **Table-2.38**.

Table-2.37: Details of expenditure charged to SDRF

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2020-21
2245- Relief on Account of Natural Calamities 05- State Disaster Response Fund	101-Transfer to Reserve Funds and Deposit Accounts	1,992.10
	901- Deduct- Amount met from State Disaster Response Fund	(-) 951.10
	<i>Sub Total</i>	<b>1,041.00</b>
2245- Relief on Account of Natural Calamities 80- General	102- Management of Natural Disaster, Contingency Plans in disaster prone areas	48.94
	800-Other Expenditure	12.88
	<i>Sub-Total</i>	<b>61.82</b>
<i>Grand Total</i>		<b>1,102.82</b>

Source: Finance Accounts.

Table-2.38: Details of SDRF

(₹ in crore)

Opening balance (01 April 2020)	Contribution by Centre	State Share	Total	Amount set off (MH 2245-05)	Balance in the fund (31 March 2021)	Amount invested through RBI during the year
578.46	937.00	104.00	1,041.00	951.10	668.36	Nil

Source: Finance Accounts.

The State Government during the year, neither made any investment from the SDRF nor provided any interest on the fund balance, in violation of SDRF guidelines.

### 2.8.2.3 Guarantee Redemption Fund

The Government of Uttarakhand constituted 'Guarantee Redemption Fund' in 2006-07 for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued.

In terms of guidelines of Uttarakhand Gazette Notification dated December 2006, the State Government is required to contribute an amount equivalent to at least 1/5th of the outstanding invoked guarantees plus amount of guarantees likely to be invoked as a result of the incremental guarantees issued during the year. The funds are invested by the Reserve Bank of India.

The State Government informed that no Guarantee was invoked during 2020-21. An amount of ₹ 50.00 crore was contributed from the Consolidated Fund to the Guarantee Redemption Fund during the current year. Further, in terms of the guidelines of the Reserve Bank of India which administers the Fund, the corpus of the Fund is to be gradually increased to the desirable level of 5 per cent of the outstanding guarantees which was fully adhered to, as the corpus of the fund was ₹ 133.64 crore (Principal ₹ 85.00 crore + Interest ₹ 48.64 crore) against outstanding guarantees of ₹ 728.68 crore. Against the receivable Guarantee commission fee of ₹ 8.54 crore, an amount of ₹ 2.83 crore was received resulting in short receipt of ₹ 5.71 crore as guarantee commission fees. Also, as per Uttarakhand Gazette Notification dated 19 December

2016, received Guarantee fee has to be deposited in Public Account under Guarantee Redemption Fund. However, State Government treated it as Revenue Receipts. This resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent. During Exit Conference, the State Government agreed to book the guarantee commission fee receivable in the Public Account in future. Average return from investments made out of Guarantee Redemption Fund during past five years was 7.68 per cent. Details of Guarantee Redemption Fund is provided in the **Table-2.39**.

**Table-2.39: Details of Guarantee Redemption Fund**

Opening balance (01 April 2020)	Additions to the Fund (Contribution and interest)		Payments out of the Fund	Total balance in the Fund	Amount invested by RBI during the year	Closing balance (31 March 2021)
	Desired Level Contribution (5 per cent of outstanding guarantees as on 31 March 2020)	Actual Contribution Made				
77.45 (35.00 Principal & 42.45 Interest)	42.72	56.19 (50.00 Principal & 6.19 Interest)	Nil	133.64 (85.00+ 48.64)	133.64	Nil

Source: Finance Accounts.

#### 2.8.2.4 State Compensatory Afforestation Funds

The Uttarakhand State Compensatory Afforestation Fund was created in September 2018 by the Government of Uttarakhand to administer the amount received and utilize the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. Detailed guidelines for accounting under this Fund have been issued vide Ministry of Environment, Forest and Climate Change, Government of India in November 2018. The State Government has not so far adopted these guidelines and not followed the accounting procedure<sup>4</sup> given in the guidelines. During 2019-20, Ministry of Environment, Forest & Climate Change, Government of India has transferred an amount of ₹ 2,675.09 crore from National Compensatory Afforestation Fund, as the share of Uttarakhand. This amount is booked under 8121-129 State Compensatory Afforestation Fund.

#### 2.8.3 Interest liabilities against Reserve Funds and Deposits Bearing Interest not discharged

The interest liability of ₹ 143.97 crore in respect of Reserve Funds Bearing Interest and Deposits Bearing Interest, under sectors J and K respectively of the Public Account are

<sup>4</sup> These guidelines inter-alia states that the monies received by the State government from the user agencies shall be credited in "State Compensatory Afforestation Deposits" at Minor Head level below Major Head 8336 Civil Deposits. Out of it 90 per cent shall be transferred to the Major Head 8121-129 in Public Account of the State and 10 per cent in the National Fund. Similarly, the expenditure shall initially be booked under Major Head-2406 and then transferred to the Major Head 8121-129 in the Public Account by deduct entry in the concerned Major Head of account 2406.

annual liabilities that the State Government is required to discharge. Budget provision for the interest payable needs to be made by the State Government on balances in such Reserve Funds and Deposits. The interest due on 01 April 2020 is detailed in the **Table-2.40** below.

**Table-2.40: Details of un-discharged liability of interest due in Reserve Funds and Deposits**

Sector	Sub-sector	Rate of interest	Balance at the beginning of 2020-21	Interest due (₹ in crore)
J-Reserve Funds	(a) Reserve Funds bearing interest (including SDRF)	4.06 per cent (average of W&M interest rate)	3,253.55	132.09
K-Deposits and Advances	(b) Deposits bearing interest (excluding CPS MH-8342-117)	4.06 per cent (average of W&M interest rate)	292.68	11.88
<b>Total Interest</b>				<b>143.97</b>

The State Department should make a provision in the Budget for interest liability on Reserve Funds and Deposits.

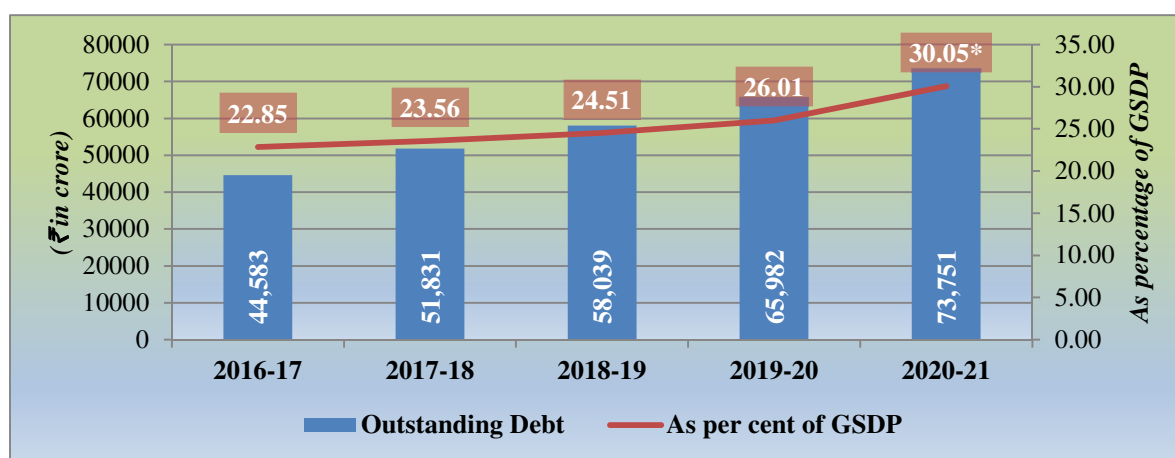
## 2.9 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

### 2.9.1 Trend of overall debt

The total outstanding debt of the state Government at the end of 2020-21 was ₹ 73,750.64 crore. However, total outstanding liabilities would have been lesser by ₹ 2,316 crore, had back-to-back loan to this tune received from GoI in lieu of GST compensation shortfall as revenue receipts. Year wise overall debt during 2016-17 to 2020-21 is given in **Chart-2.23** below.

**Chart-2.23: Trend of overall Debt**



\* Back- to-back loan of ₹ 2,316 crore received from GoI during the year 2020-21 in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification<sup>5</sup> this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

<sup>5</sup> Government of India, Ministry of Finance, Department of Expenditure letter no. F.No.40 (1) PF-S/2021-22 dated 10 December 2021.

## 2.9.2 Debt profile: Components

Total debt of the State Government typically constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government and Public Account Liabilities. Total Liabilities as per FRBM Act of the Uttarakhand means the liabilities under the Consolidated Fund of the State and the Public Account of the State. The component wise debt trends are shown in **Table-2.41** below.

**Table-2.41: Component wise Debt Trends**

		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Debt		44,583	51,831	58,039	65,982	73,751*
Public Debt	Internal Debt	34,555	40,286	45,443	49,437	53,302
	Loans from GoI	655	729	790	813	3,813
Public Account Liabilities		9,373	10,816	11,806	15,732	16,636
Rate of growth of outstanding debt (percentage)		14.11	16.26	11.98	13.69	11.77
Gross State Domestic Product (GSDP)		1,95,125	2,19,954	2,36,768	2,53,666	2,37,747
Debt/GSDP ( <i>per cent</i> )		22.85	23.56	24.51	26.01	30.05
Total Debt Receipts		15,548	20,124	22,225	22,194	23,327
Total Debt Repayments		10,034	12,875	16,017	14,251	15,558
Total Debt Available		5,514	7,249	6,208	7,943	7,769
Debt Repayment/Debt Receipts (percentage)		64.54	63.98	72.07	64.21	66.70

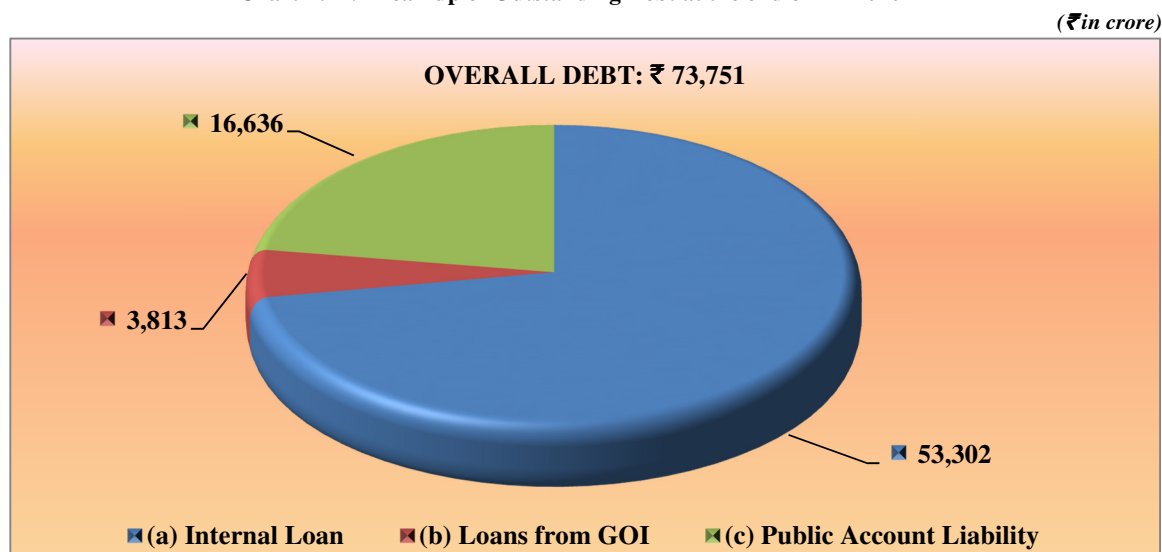
Source: Finance Accounts.

\* This includes back-to-back loan of ₹ 2,316 crore received from the GoI during the year 2020-21 in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State. After excluding this back-to-back loan, the overall debt of the State at the end of the year 2020-21 was (₹ 73,751 crore-₹ 2,316 crore=₹ 71,435 crore).

## 2.9.3 Break up of Outstanding Overall Debt at the end of 2020-21

The total outstanding debt of the State Government at the end of 2020-21 was ₹ 73,751 crore. Component-wise break-up of debt is shown below in **Chart-2.24**.

**Chart-2.24: Break-up of Outstanding Debt at the end of FY 2020-21**



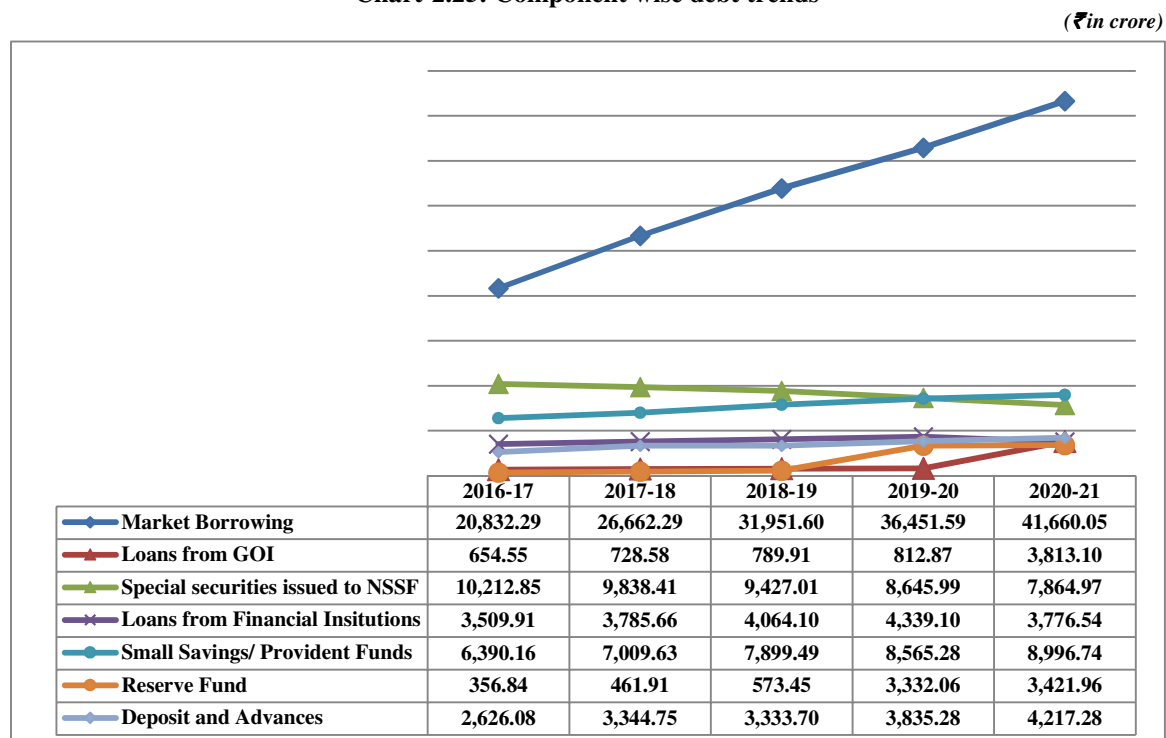
Internal debt, which is primarily market borrowings, accounts for 56 *per cent* of the total outstanding debt.



### 2.9.4 Component wise debt trends

The debt trends comprising of internal debt, Loans from GoI, Public Account over the period 2016-17 to 2020-21 are highlighted in the **Chart-2.25** below.

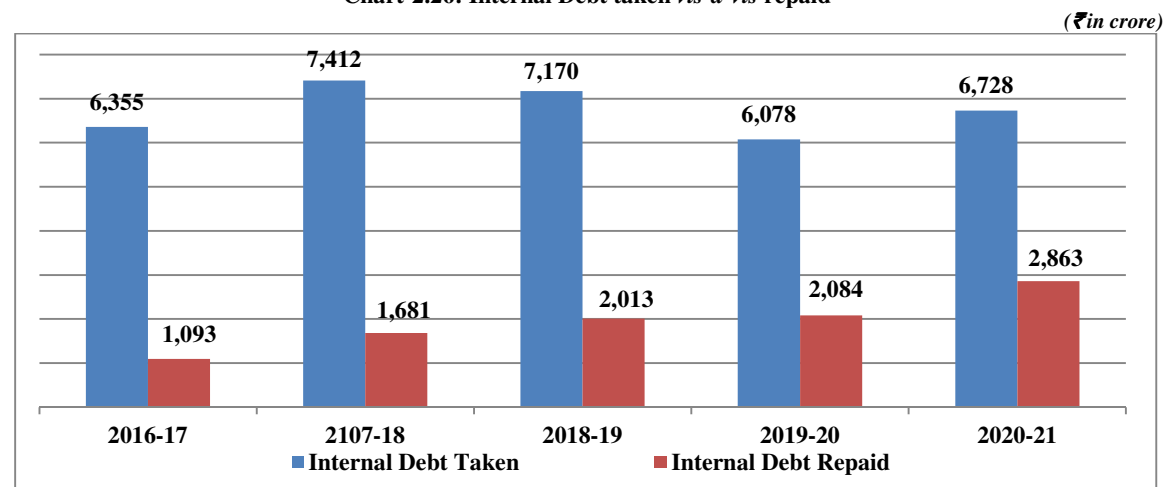
Chart-2.25: Component wise debt trends



### 2.9.5 Internal Debt taken vis-à-vis repaid

Composition of Internal Debt taken and repaid during 2016-17 to 2020-21 is given in the **Chart-2.26**.

Chart-2.26: Internal Debt taken vis-à-vis repaid



The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table-2.42**.

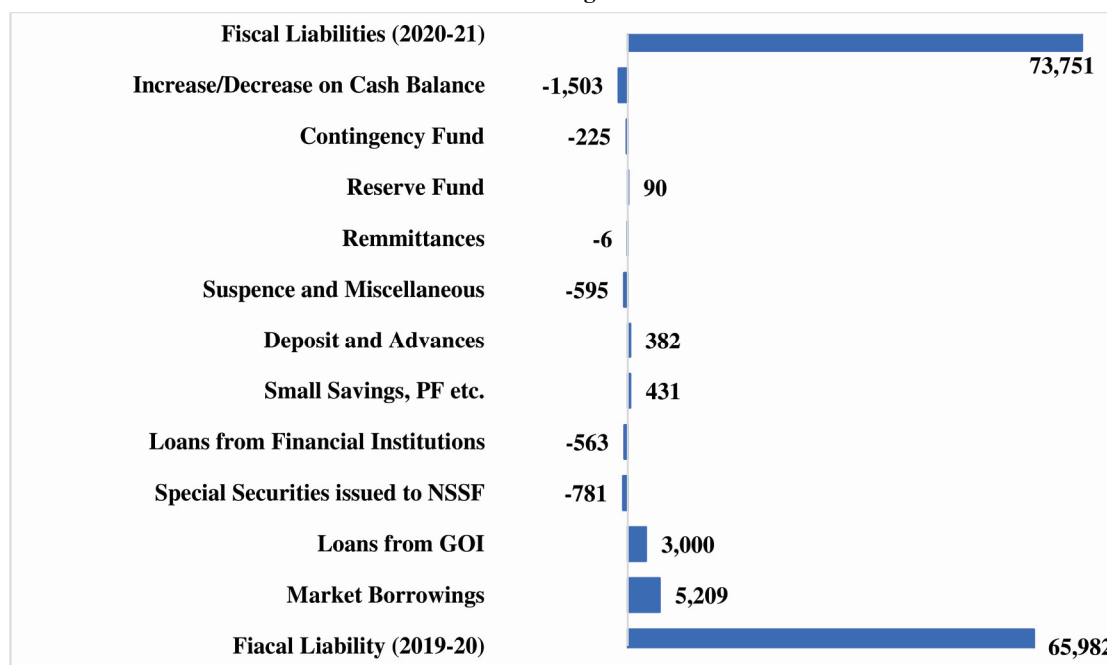
Table-2.42: Components of Fiscal Deficit and its Financing Pattern

		(₹ in crore)				
Sl. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
<b>A</b>	<b>Components of Fiscal Deficit (1 to 3)</b>	<b>(-) 5,467</b>	<b>(-) 7,935</b>	<b>(-) 7,320</b>	<b>(-) 7,657</b>	<b>(-) 5,439</b>
1.	Revenue Deficit (-)/ Surplus (+)	(-) 383	(-) 1,978	(-) 980	(-) 2,136	(+) 1,114
2.	Net Capital Expenditure	(-) 4,954	(-) 5,914	(-) 6,184	(-) 5,414	(-) 6,538
3.	Net Loans and Advances	(-) 130	(-) 43	(-) 156	(-) 107	(-) 14
<b>B</b>	<b>Financing Pattern of Fiscal Deficit</b>					
1.	<b>Net Public Debt</b>	<b>5,373</b>	<b>5,806</b>	<b>5,217</b>	<b>4,017</b>	<b>6,865</b>
a.	Net Market Borrowings	(+) 5,081	(+) 5,830	(+) 5,289	(+) 4,500	(+) 5,209
b.	Net Loans from GOI	(+) 111	(+) 74	(+) 61	(+) 23	(+) 3,000
c.	Net Special Securities issued to NSSF	(-) 348	(-) 374	(-) 411	(-) 781	(-) 781
d.	Net Loans from Financial Institutions <sup>6</sup>	(+) 529	(+) 276	(+) 278	(+) 275	(-) 563
2.	<b>Net Public Account</b>	<b>1,248</b>	<b>2,204</b>	<b>1,843</b>	<b>2,761</b>	<b>302</b>
a.	Net Small Savings, PF, etc.	(+) 413	(+) 619	(+) 890	(+) 666	(+) 431
b.	Net Deposits and Advances	(-) 135	(+) 719	(-) 11	(+) 501	(+) 382
c.	Net Suspense and Misc.	(+) 1,050	(+) 730	(+) 173	(-) 1,164	(-) 595
d.	Net Remittances	(-) 3	(+) 31	(+) 679	(-) 01	(-) 6
e.	Net Reserve Fund	(-) 77	(+) 105	(+) 112	(+) 2,759	(+) 90
3.	<b>Net Contingency Fund</b>	<b>(+) 167</b>	<b>(-) 127</b>	<b>(+) 110</b>	<b>(+) 68</b>	<b>(-) 225</b>
4.	<b>Accretion to Cash Balance</b>	<b>(-) 1,321</b>	<b>(+) 52</b>	<b>(+) 150</b>	<b>(+) 811</b>	<b>(-) 1,503</b>

Source: Finance Accounts of Government of Uttarakhand.

The fiscal deficit in 2020-21 was largely managed by market borrowings (96 per cent) and Loans from GoI (55 per cent). This was counter balanced by decline in cash balance (28 per cent), Special Securities issued to NSSF (14 per cent), Suspense and Misc. (11 per cent) and Loans from Financial Institutions (10 per cent). Financing of Fiscal Deficit during the year is depicted in **Chart-2.27** below whereas **Table-2.43** depicts the receipts and disbursement under the components of Fiscal Deficit.

Chart-2.27: Financing of Fiscal Deficit



<sup>6</sup> Includes Net Ways and Means Advances

Table-2.43: Receipts and Disbursements under components financing the fiscal deficit

Particulars		Receipt	Disbursement	Net
1.	Market Borrowings	6,200	991	5,209
2.	Loans from GoI	3059	59	3,000
3.	Special Securities issued to NSSF	00	781	-781
4.	Loans from Financial Institutions <sup>7</sup>	5,876	6,439	-563
5.	Small Savings, PF, etc.	1,910	1,479	431
6.	Deposits and Advances	5,090	4,708	382
7.	Suspense and Miscellaneous	39,370	39,965	-595
8.	Remittances	01	07	-06
9.	Reserve Fund	1,191	1101	90
10.	Contingency Fund	01	226	-225
11.	<b>Overall Deficit</b>	<b>62,698</b>	<b>55,756</b>	<b>6,942</b>
12.	Increase/Decrease in cash balance	--	--	-1,503
13.	<b>Gross Fiscal Deficit</b>	--	--	<b>5,439</b>

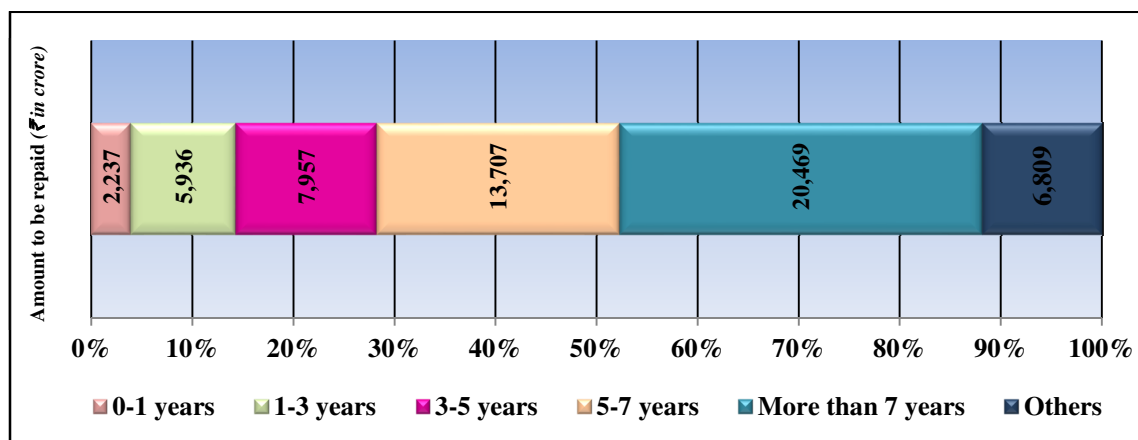
### 2.9.6 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. The maturity profile of the State's outstanding loans and advances (public debt) is given in **Table-2.44** and **Chart-2.28**.

Table-2.44: Debt Maturity Profile of Repayment of Public Debt

Year of maturity	Maturity Profile	Amount			Per cent of total Public Debt
		Internal Debt	Loans & Advances from GoI	Total	
By 2021-22	0-1 year	2,181.01	55.85	2236.86	3.92
Between 2022-23 & 2023-24	1-3 years	5,812.03	123.47	5935.50	10.39
Between 2024-25 & 2025-26	3-5 years	7,853.91	103.23	7957.14	13.93
Between 2026-27 & 2027-28	5-7 years	13,608.22	98.36	13,706.58	24.00
2028-29 onwards	Above 7 years	20,069.80	399.49	20,469.29	35.84
Others		3,776.58	3,032.70	6,809.28	11.92
<b>Total</b>		<b>53,301.55</b>	<b>3,813.10</b>	<b>57,114.65</b>	<b>100</b>

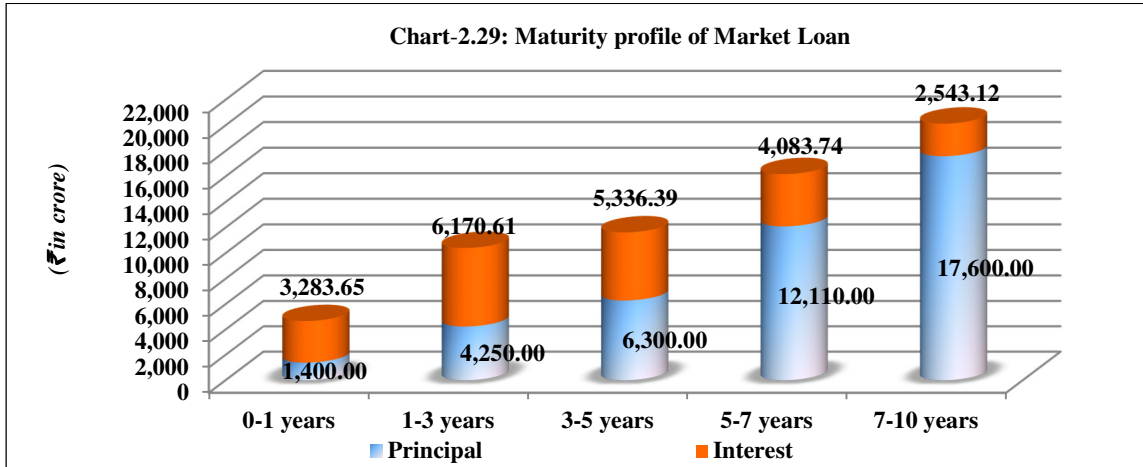
Chart-2.28: Maturity Profile of Public Debt



The maturity profile of outstanding stock of public debt as on 31 March 2021 indicates that out of the outstanding public debt of ₹ 57,114.65 crore, 52.24 per cent (₹ 29,836.08 crore) is payable within the next seven year while 35.84 per cent

<sup>7</sup> Includes Net Ways and Means Advances

(₹ 20,469.29 crore) is in the maturity bracket of more than seven years. The maturity profile of remaining 11.92 per cent is not available. It constitutes mainly Internal loans from financial institutions (GIC, LIC, SBI, NABARD, etc.) ₹ 3,776.57 crore (6.61 per cent) and Back-to-Back loans from GoI in lieu of GST compensation ₹ 2,316 crore (4.06 per cent). Of the total outstanding public debt, internal debt consisting of market borrowings, loans from NABARD and special securities issued to NSSF of Central Government constituted 93.03 per cent (₹ 53,136.12 crore). The amount of outstanding market loans and interest to be paid there on over the period of next 10 years is detailed in **Chart-2.29** below.



Note: the maturity profile has been evolved for outstanding market loans as on 31 March 2021 and interest has been calculated up to the financial year in which the loans are going to be retired.

The State will have to repay ₹ 5,650.00 crore of market loans and pay interest of ₹ 9,454.26 crore in next three financial years *i.e.*, up to 2023-24. In next two years up to 2025-26, ₹ 6,300 crore principal and interest of ₹ 5336.39 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 5348.13 crore during next five years up to 2025-26.

In the period 2026-27 to 2030-31, loans of ₹ 29,710 crore and interest of ₹ 6,626.86 crore will be payable. As such the State will have to repay approximately ₹ 7,267.37 crore annually during the period 2025-26 to 2029-30. Current year repayment of loans including interest is ₹ 3,992.85 crore.

### 2.9.7 Debt Sustainability Analysis

Debt sustainability is defined as the ability of the State to service its debt now and in future. It is a complex issue and escapes easy assessment because it is inherently forward looking. It is an informed judgment on a known unknown. However, the higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a higher debt requires a higher primary surplus to sustain it. A high level of debt raises a number of challenges:

- large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- a high level of debt heightens an economy's vulnerability to interest rate and growth shocks.

- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (*i.e.*, being unable to fulfill borrowing requirements from private sources or being able to do so only at very high interest rates).
- high levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. Sustainability of Public debt ensures that it does not explode, and governments are not forced to significantly increase taxes, or decrease spending.

### 2.9.8 Trend in Debt Sustainability indicators

Table-2.45 and Chart-2.30 shows the debt sustainability of the State according to these indicators for the five-year period beginning from 2016-17.

Table-2.45: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt	35,210	41,015	46,233	50,250	57,115**
Rate of growth of Outstanding Public Debt	18.01	16.49	12.72	8.69	13.66
State's GSDP	1,95,125	2,19,954	236,768	2,53,666	2,37,747
Growth rate of GSDP	10.14	12.72	7.64	7.14	-6.28
Debt/GSDP Ratio	18.04	18.65	19.53	19.81	24.02
Average Interest Rate of Outstanding Public Debt ( <i>per cent</i> )	9.67	8.97	8.78	7.81	7.48
Interest Payments/Revenue Receipts ( <i>per cent</i> )	12.64	12.61	12.27	12.27	10.52
Percentage of Debt Repayment to Debt Receipts#	17.35	22.87	28.27	34.66	29.85
Net Debt available to the State*	2,227	2,388	1,388	247	2,848
Net Debt available as <i>per cent</i> to Debt Receipts	34.26	31.73	19.08	4.02	29.10
Debt Stabilisation (Quantum spread + Primary Deficit)	14,805	1,49,858	-55,551	-36,821	-7,86,568
Percentage of Repayment of Debt & interest there on to Total Borrowed fund	65.74	68.27	80.92	95.98	70.90

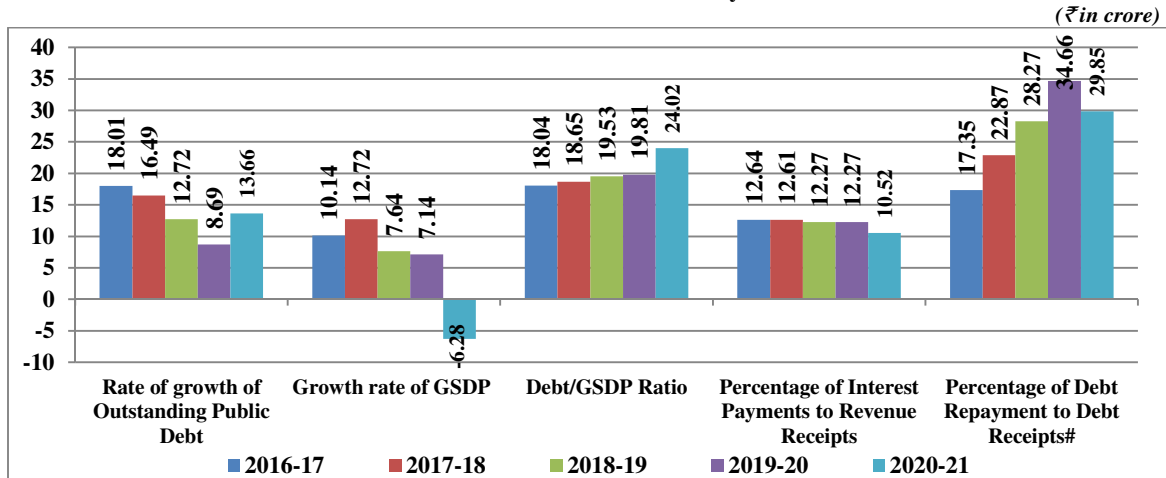
(₹ in crore)

\* Net Debt available to the State Government is calculated as Excess of Public Debt receipts over Public Debt repayment, Interest Payment on Public Debt.

\*\*This includes back-to-back loan of ₹ 2,316 crore received from the GoI during the year 2020-21 in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State. After excluding this back-to-back loan, the overall debt of the State at the end of the year 2020-21 was (₹ 57,115 crore-₹ 2,316 crore=₹ 54,799 crore).

# Excluding Ways & Means Advances

Chart-2.30: Trend of Debt Sustainability Indicator



# Excluding Ways & Means Advances.

As can be seen from **Table-2.45**, in the five-year period from 2016-17 to 2020-21, the ratio of Public Debt to GSDP of Uttarakhand was within a range of 18.04 to 24.02 *per cent*. During the current year the debt-GSDP ratio of 24.02 was above the ceiling of 19.18 *per cent* set forth in Budget. The burden of interest payment ranged from 10.52 to 12.64 *per cent* of the Revenue Receipts.

However, during the five-year period 2016-17 to 2020-21, while GSDP has grown at a CAGR of 6.06 *per cent*, the outstanding public debt has grown at a faster rate of 13.87 *per cent*.

### 2.9.9 Utilisation of Borrowed Funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. Trend of utilisation of borrowed funds during past five years are shown in the **Table-2.46** and **Chart-2.31** below.

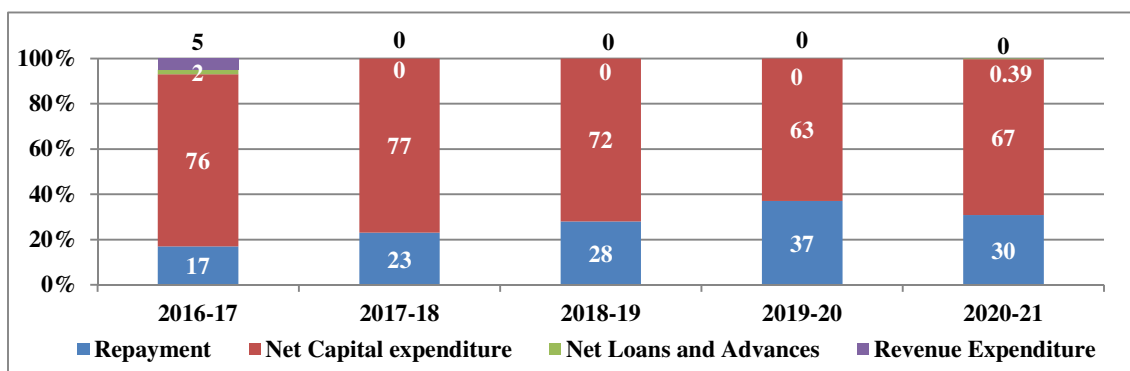
**Table-2.46: Utilisation of borrowed funds**

(₹ in crore)

Year	Total Borrowings	Repayment of earlier borrowings (percentage)	Net Capital expenditure* (percentage)	Net Loans and Advances disbursed (percentage)	Portion of Revenue expenditure met out of total borrowings (percentage)
2016-17	6,501	1,128 (17)	4,954 (76)	130 (02)	289 (05)
2017-18	7,526	1,721 (23)	5,805 (77)	NA	NA
2018-19	7,275	2,057 (28)	5,218 (72)	NA	NA
2019-20	5,834	2,131 (37)	3,703 (63)	NA	NA
2020-21	9,787	2,921 (30)	6,538 (67)	38 (0.39)	NA <sup>8</sup>

\*Net Capital Expenditure = Total Capital Expenditure – Misc. Capital Receipts. NA- Not Applicable.

**Chart-2.31: Trend of Utilisation of Borrowed Funds**



- During 2016-17 an amount of ₹ 289 crore was utilised out of total borrowings for meeting revenue expenditure.
- In the years 2017-18, 2018-19 and 2019-20 the State utilised borrowings for repayment of earlier principal and on capital expenditure.
- During the year 2020-21 the State had a revenue surplus of ₹ 1,114 crore. Therefore, there was no need of incurring any expenditure on revenue account from the borrowed funds.

<sup>8</sup> No Revenue Expenditure was met from borrowings as State had Revenue Surplus during 2020-21.

## 2.10 Status of Guarantees – Contingent Liabilities

The statutory corporations, government companies, co-operatives institutions, financial institutions, autonomous bodies and authorities are distinct legal entities are responsible for their debts. Their financial obligations may be guaranteed by a government and thus the Government has a commitment to see that these are fulfilled. When these entities borrow directly from the market, it reduces a government's budgetary support to them and the magnitude of the Government borrowings. However, it adds to the level of guarantees given by the government. Thus, Guarantees normally constitute contingent liabilities of the Government and are contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

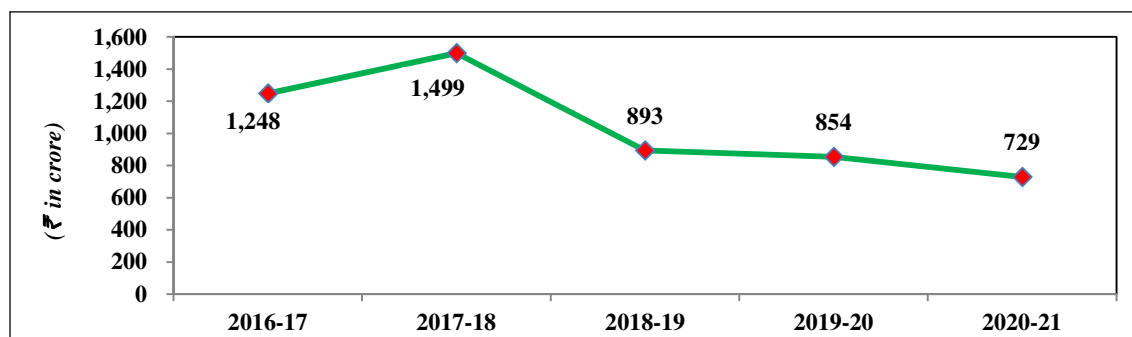
The FRBM Act, 2005 prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of coming into force of such rule or law. However, the State Legislature (under Article 293 of the Constitution fixing the maximum limit within which the government could give guarantees on the security of the Consolidated Fund of the State) made the relevant provision in the amended FRBM, Act only in December 2016.

As per **Statement-9** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table-2.47** and **Chart-2.32**.

Table-2.47: Guarantees given by the Government of Uttarakhand

Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding amount of guarantees as on 31 <sup>st</sup> March	1,248	1,499 <sup>#</sup>	893 <sup>#</sup>	854 <sup>#</sup>	729
Ceiling fixed by the State Government Act	Outstanding guarantees capped within one per cent of the GSDP of that particular year. New guarantees given during any year should not be more than 0.3 per cent of the GSDP for that year.				
Additions during the year	295	251	NIL	402	400
Deletions during the year	790	75	188	713	525

Chart-2.32: Status of Outstanding Guarantees



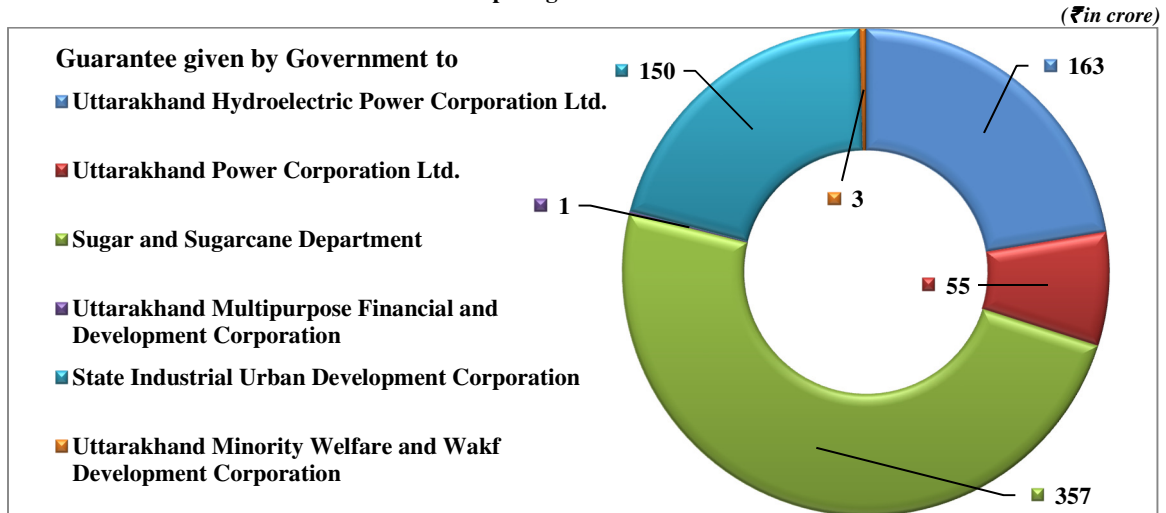
Source: Finance Accounts.

# Differs from the closing balance of previous year since the amount of Co-operative sector was revised by the State Government.

The amount of guarantees outstanding as on 31 March 2021 is ₹ 729 crore which comprises Power Sector (₹ 218 crore), Co-operatives (₹ 357 crore) and others (₹ 154 crore). Total outstanding guarantees as on 31 March 2021 was ₹ 729 crore which is 0.31 per cent of GSDP for the year and hence was within the FRBM ceiling. Company

wise detail is given in the **Chart-2.33**.

**Chart-2.33: Bodies in receipt of guarantees at the end of 31 March 2021**



Source: Finance Accounts.

No guarantee was invoked during the year. The information regarding maximum amount of guarantees, has not been made available by the State Government and hence, the statement is incomplete to that extent. The requirements of IGAS-1 have not been fully met in these statements. The State Government received ₹ 2.83 crore as Guarantee commission under Revenue Receipts instead of Guarantee Redemption Fund as per ‘The Uttarakhand Ceiling on Government Guarantee Act, 2016’ requiring that the guarantee commission received be taken to the corpus of the Fund.

## 2.11 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is revised by the Reserve Bank of India from time to time.

As per an agreement with the Reserve Bank of India, State Government has to maintain a minimum daily cash balance of ₹ 0.16 crore with the Bank. The limit for ordinary WMA to the State Government was ₹ 808 crore with effect from 01 April 2020 and the limit of SWMA is revised by the bank from time to time. During 2020-21, on 269 days, the State Government maintained the minimum daily cash balance with the Reserve Bank of India without taking any advance and ordinary WMA, SWMA and OD was availed on 39 days, 53 days and four days respectively during the year.

### 2.11.1 Investment of Cash Balances

**Table-2.48** depicts the cash balances and investments made out of these by the State Government during the year.



Table-2.48: Cash Balances and their investment

(₹ in crore)

	Opening balance on 01 April 2020	Closing balance on 31 March 2021
<b>A. General Cash Balance</b>		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	595.25	167.30
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
<b>Total</b>	<b>595.25</b>	<b>167.30</b>
Investments held in Cash Balance investment account	0.00	1,931.57
<b>Total (A)</b>	<b>595.25</b>	<b>2,098.87</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., PWD, Forest Officers	(-) 10.71	(-) 10.71
Permanent advances for contingent expenditure with department officers	(-) 0.81	(-) 0.81
Investment in earmarked funds	1,338.62	1,488.62
<b>Total (B)</b>	<b>1,327.10</b>	<b>1,477.10</b>
<b>Total (A + B)</b>	<b>1,922.35</b>	<b>3,575.97</b>
<b>Interest realised</b>	<b>21.73</b>	<b>32.01</b>

Source: Finance Accounts.

Cash Balances of the State Government at the end of the current year increased significantly by ₹ 1,653.62 crore (86 per cent) from ₹ 1,922.35 crore in 2019-20 to ₹ 3,575.97 crore in 2020-21. This was mainly due to increase in Investment held in Cash Balance Investment Account (₹ 1,931.57 crore) and investment in earmarked fund (₹ 150 crore), which was counter balanced by decrease in Deposit with Reserve Bank (₹ 427.95 crore).

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of ₹ 32.01 crore during 2020-21 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 1,488.62 crore in earmarked funds, ₹ 1,403.62 crore was invested in the Consolidated Sinking Fund and ₹ 85 crore in Guarantee Redemption Fund at the end of the year.

The cash balance investments of the State during the five-year period 2016-17 to 2020-21 are given in the **Table-2.49** below.

Table-2.49: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

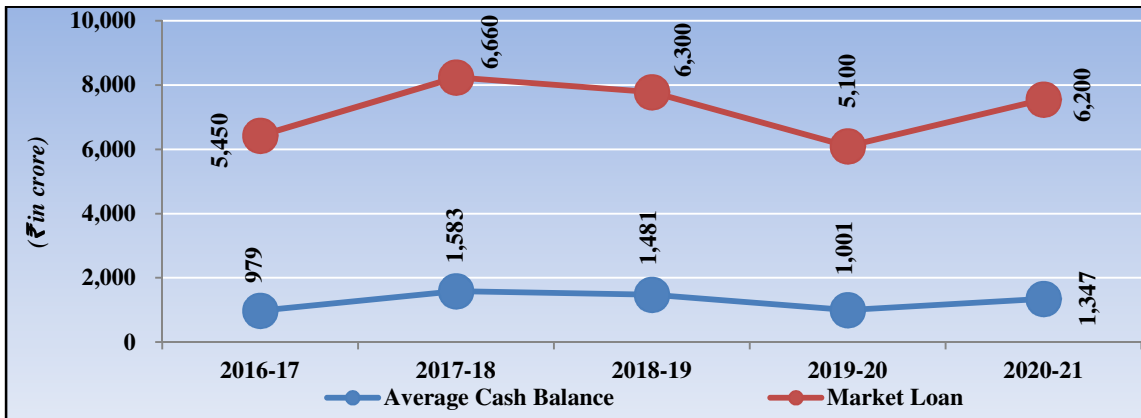
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2016-17	344.74	451.51	106.77	24.06
2017-18	451.51	385.49	(-) 66.02	14.05
2018-19	385.49	247.48	(-) 138.01	10.49
2019-20	247.48	00	(-) 247.48	21.73
2020-21	00	1,931.57	(+) 1,931.57	32.01

The trend analysis of the cash balance investment of the State Government during 2016-17 to 2020-21 revealed that investment increased during 2016-17 and gradually decreased to Nil in 2019-20. During the current year there was a closing balance of ₹ 1,931.57 crore lying under the major head Cash Balance Investment Account.

It is not desirable that State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use.

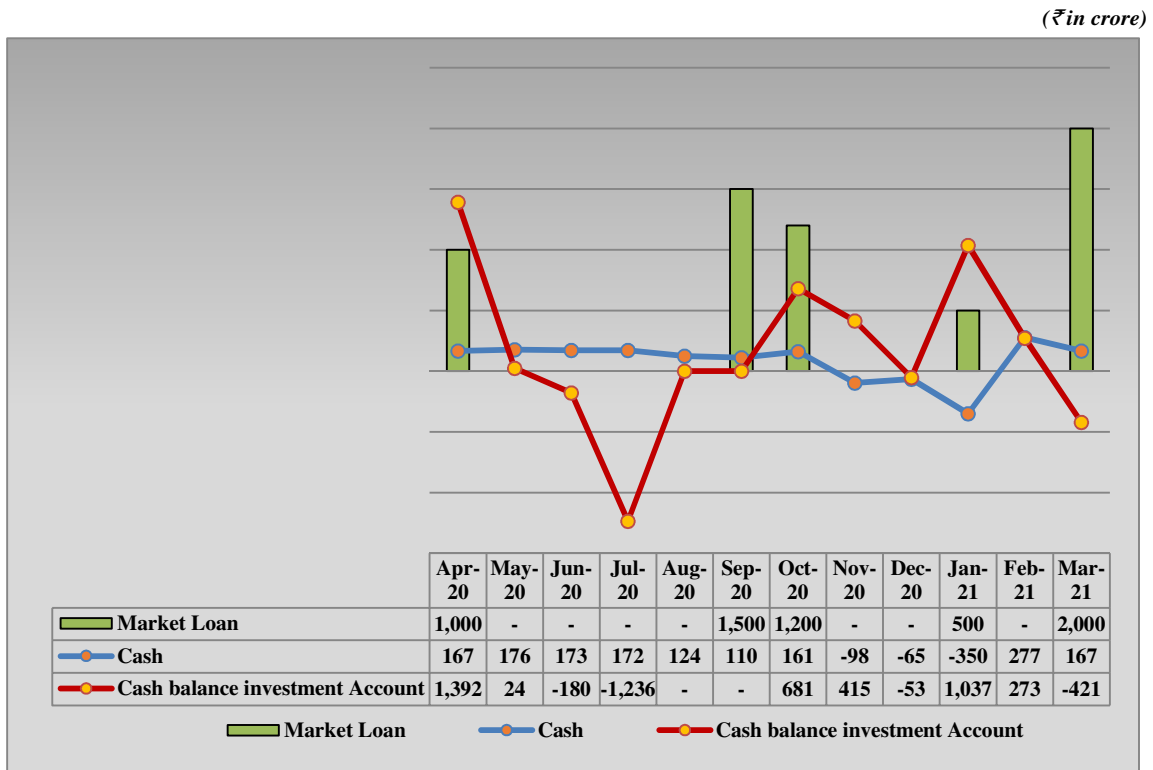
**Chart-2.34** compares the balances available in the Average Cash Balance and the Market Loans taken by the State during the period 2016-17 to 2020-21. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

Chart-2.34: Market loans vis-à-vis Average Cash Balance



**Chart-2.35** compares the month-wise Cash Balance Investment Account with the Cash Balances during 2020-21.

Chart-2.35: Month-wise movement of Cash Balances Investment Account and Cash Balance during 2020-21



The preceding chart indicates that the State Government had taken recourse to market loans on several occasions during the year despite having cash balances without putting it to productive use. During the year 2020-21, the State Government raised ₹ 6,200 crore from the market. During the year 2020-21 the state had adequate cash balance in the months of April 2020, October 2020 and January 2021. However, the Government raised market loans during these months, which was avoidable.

## 2.12 Conclusions

- During 2020-21, Revenue Receipts increased by ₹ 7,482 crore (24.35 per cent) over the previous year, on account of increase in Grants-in-Aid (₹ 7,218 crore), Own Tax Revenue (₹ 425 crore) and Non-Tax Revenue (₹ 172 crore) in. The increase was partly counterbalanced by decrease in State's Share in Union Taxes and Duties (₹ 333 crore).
- Revenue Expenditure formed on an average 84.02 per cent (ranging from 82.92 per cent to 85.57 per cent during 2016-21) of the total expenditure during the period 2016-21. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five- year period 2016-21. The Committed Expenditure ranged between 62 per cent and 68 per cent of Revenue Expenditure, while it accounted for 60 per cent to 73 per cent of the Revenue Receipts of the State during the five-year period 2016-21.
- Capital Expenditure increased by ₹ 1,124 crore (20.76 per cent) during the current year. The Capital Expenditure incurred by the State during the year 2020-21 was less than the projections made in the MTFPS targets (₹ 7,609 crore) by ₹ 1,071 crore as well as by ₹ 845 crore against budget projections (₹ 7,383 crore).
- The average return on Government's investment was negligible. During the current year, the amount repaid was ₹ 23.05 crore which stood at 1.13 per cent of the outstanding loans (₹ 2,047.91 crore) as on 31 March 2021.
- In Education Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE & Himalayan States average during 2020-21 while under Health Sector it was below the NE & Himalayan States average during 2020-21.
- As per Finance Accounts for the Year 2020-21, there were 143 incomplete/ongoing projects worth ₹ 614.08 crore under various divisions of Public Works as on 31 March 2021.
- Against the receivable Guarantee Commission fee of ₹ 8.54 crore, an amount of ₹ 2.83 crore was received resulting in short receipt of ₹ 5.71 crore as Guarantee Commission fees. The received Guarantee fee has to be deposited in Public Account under Guarantee Redemption Fund, while the State Government was treating it as Revenue Receipts. This resulted in understatement of Revenue Deficit to that extent.

- The total fiscal liabilities to GSDP ratio in 2020-21 increased by 4.04 *per cent* over previous year and stood at 30.05 *per cent*, which was above the Fiscal Responsibility and Budget Management target of 25 *per cent*.

### **2.13 Recommendations**

- *The State Government needs to make efforts for augmentation of its own tax revenue. It should settle the pending tax claims timely, settle arrears in assessment of taxes and recover the arrears of revenue and improve non-tax revenues towards better resource mobilisation.*
- *The State Government may increase its capital expenditure, particularly in social and economic sectors since it adds to the asset base which in turn would contribute to economic growth;*
- *The State Government may explore ways of ensuring reasonable return on capital invested in profit making State Public Sector Undertakings in view of the substantial high cost of borrowings made by it;*
- *As recovery of loans advanced by the Government to different sectors has been poor, the State Government may consider treating the loans and advances as grants and booking them as revenue expenditure for ensuring that accounts reflect the correct position;*
- *The State may increase allocation of resources on Health sector so as to bring it at par with NE & Himalayan States average;*
- *The State Government may ensure time-bound completion of the incomplete projects and ensure that there are no further cost overruns; and*
- *The State Government may ensure the recoveries of Guarantee Commission fees and deposit it in the Guarantee Redemption Fund.*
- *The State Government may ensure to make provision of interest liabilities in the Budget against interest bearing Reserve Fund and Deposits.*
- *The State Government should make efforts to utilise its Cash Balance before resorting to Market Borrowings.*

**CHAPTER-3**  
**BUDGETARY MANAGEMENT**



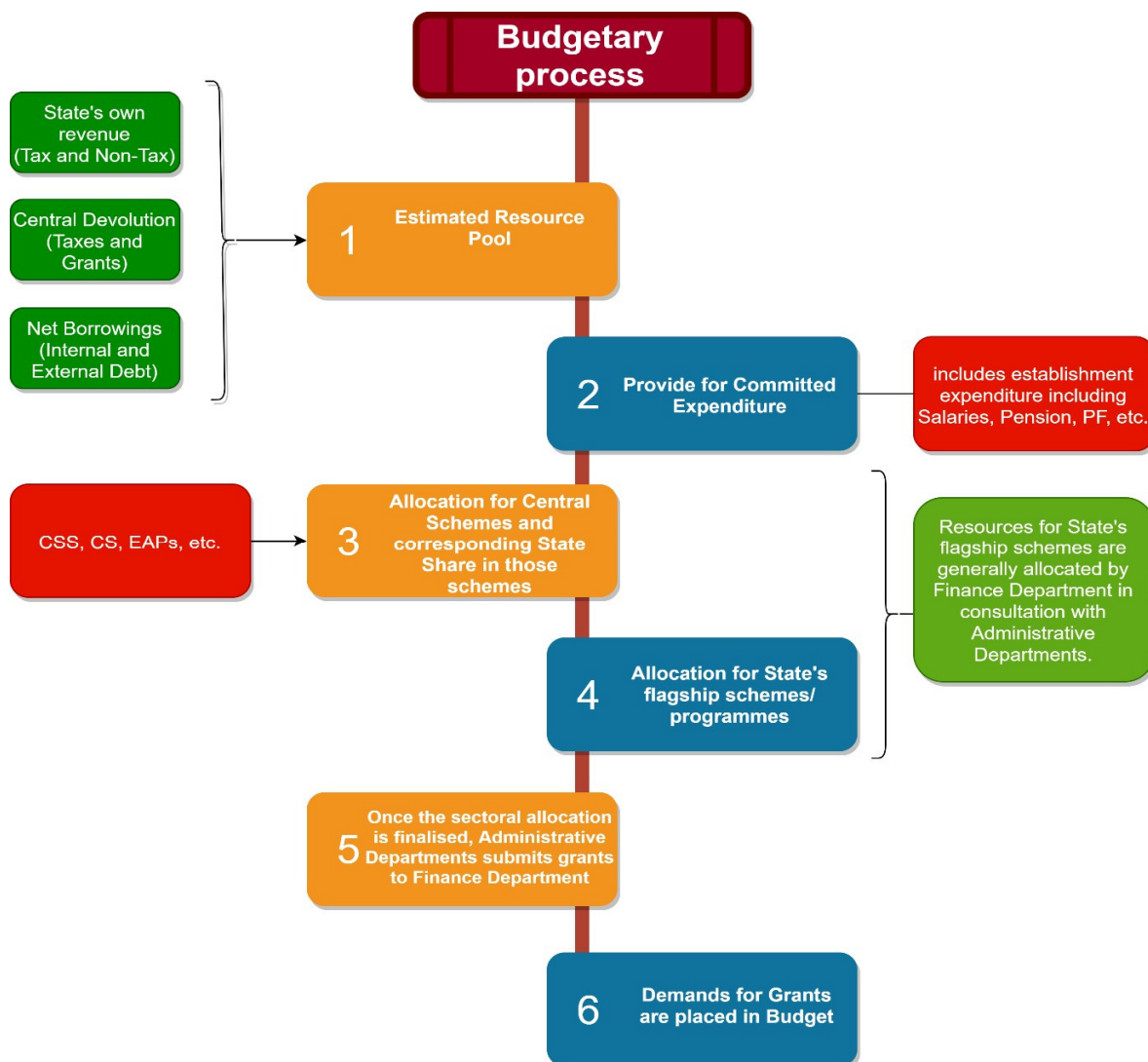
## CHAPTER-3

### BUDGETARY MANAGEMENT

This chapter deals with the review of integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants and the concomitant financial management.

#### 3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in *Appendix-3.1*. The budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates for the next financial year. According to Uttarakhand Budget Manual, budget preparation process in the State is given in the figure below:



### **3.2 Budget Preparation Process**

The Finance Bill, Annual Financial Statement (Budget) and Demands for Grants are mandated by Article 199, 202 and 203 of the Constitution of India respectively.

Article 202 of Constitution of India requires laying of a statement of the estimated receipts and expenditure of the State for that year, as the "Annual Financial Statement" before the Legislature of the State. The Annual Financial Statement should show expenditure charged on consolidated fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure.

The annual financial statement also called general budget is placed prior to the commencement of the financial year in the State Legislature in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demand for Grants are shown according to the classification under Article 150 of the Constitution.

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with provisions of Article 204 of the constitution. Supplementary or Additional Grant or Appropriation is provided during the course of a financial year, in accordance with Article 205 of the Constitution. It is the provision for meeting expenditure in excess of the budgeted amount.

In Uttarakhand, Finance Department has the responsibility for preparing the Budget:

- Under the rules made by the Governor under Article 166 (2) and (3) of the Constitution and the instructions issued there-under, the Finance Department has been charged with the responsibility to prepare a statement of estimated receipts and expenditure, to be laid before the Legislature in each year. Although the material is supplied by the Heads of Departments and other officers, the actual preparation of the estimates and the budget thus falls upon the Finance Department and it is solely the business and responsibility of that Department to finalise the estimates of receipts and disbursements.
- The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands<sup>1</sup> for Grants/Appropriations.
- Supplementary or additional Grant/Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount.
- Further, the State Government also re-appropriates/re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant/Appropriation) during the year.

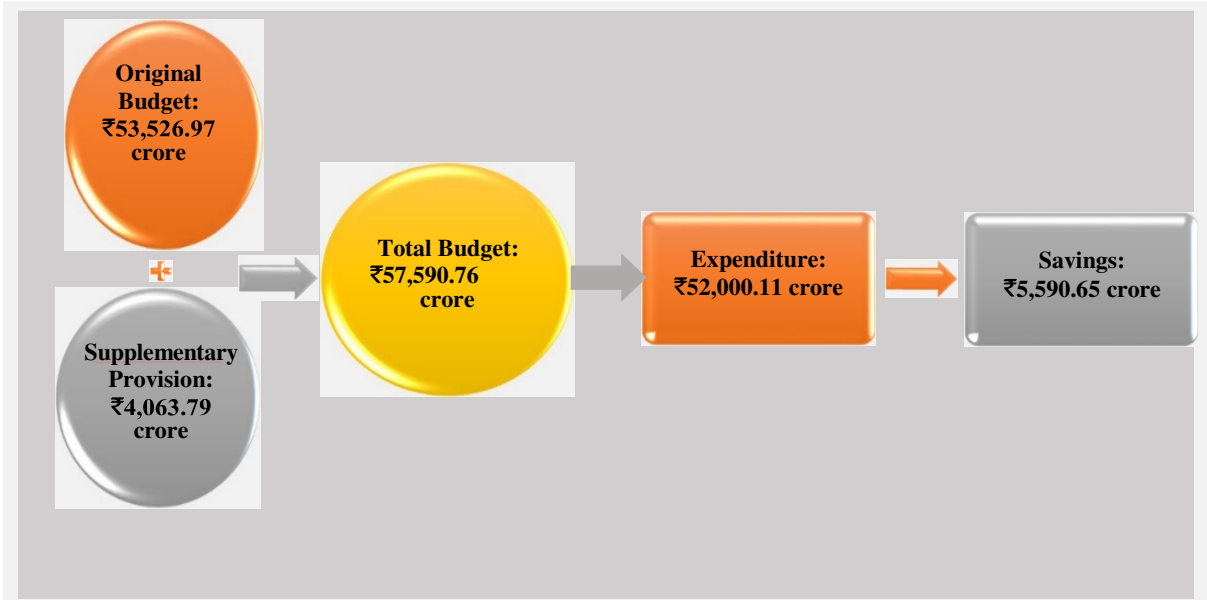
The various components of budget are depicted in **Chart-3.1** below:

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<sup>1</sup> There are 31 demands for Grants/Appropriations for 2020-21.



Chart-3.1: Summary of Budget and Expenditure of Uttarakhand for the year 2020-21



**Authorisation by the Legislature**

**Implemented by the Government**

Source: Based on the procedure prescribed in Uttarakhand Budget Manual and Appropriation Accounts.

### 3.2.1 Summary of total provisions, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/charged is given in **Table-3.1**.

Table-3.1: Budget provision, disbursement and savings/excess during the financial year

(₹ in crore)

Total Budget provision		Disbursements		Saving (-) /Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
47,927.43	9,663.33	38,726.01	13,274.10	(-) 9,201.42	(+) 3,610.77

Source: Appropriation Accounts.

### 3.2.2 Charged and voted disbursements

Break-up of total disbursement into charged and voted during 2016-17 to 2020-21 is given in **Table-3.2**.

Table-3.2: Disbursement and Savings/Excess during 2016-17 to 2020-21

(₹ in crore)

Year	Disbursements		Saving/Excess	
	Voted	Charged	Voted	Charged
2016-17	28,180.63	9,065.26	(-) 7,595.99	(+) 2,911.80
2017-18	31,742.73	11,702.03	(-) 3,866.04	(+) 4,337.28
2018-19	34,617.56	14,778.29	(-) 4,950.03	(+) 6,308.38
2019-20	34,147.37	13,825.82	(-) 8,395.33	(+) 5,170.72
2020-21	38,726.01	1,3274.10	(-)9,201.42	(+)3,610.77

Source: Appropriation Accounts.

As it can be seen from above, there are consistent savings in the Voted segment and consistent excesses in the Charged segment during last five years 2016-17 to 2020-21.

### **3.3 Appropriation Accounts**

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

#### **3.3.1 Comments on integrity of budgetary and accounting process**

##### **3.3.1.1 Expenditure incurred without authority of law**

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article 204 of the Constitution. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was observed that four Departments incurred an expenditure of ₹ 59.32 crore during the year without the authorisation by Legislature as detailed in **Table-3.3** below:

**Table-3.3: Summary of Expenditure without Budget Provision**

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/Sub Heads
17- Agriculture Works and Research	4401 Capital Outlay on Crop Husbandry	25.00	02
20-Irrigation & Flood	2700 Major Irrigation	0.52	02
20-Irrigation & Flood	2701 Medium Irrigation	1.55	02
29- Horticulture Development	4401 Capital Outlay on Crop Husbandry	8.00	01
31-Welfare of Scheduled Tribes	2501-Special Programmes for Rural Development	24.25	01
<b>Total</b>		<b>59.32</b>	

##### **3.3.2 Misclassification of capital expenditure as revenue expenditure and vice versa**

Misclassification of expenditures and receipts has a direct impact on the integrity of the financial statements. Article 202 of the Constitution prescribes that, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that

year, called the "annual financial statement" (or the "budget"), is to be laid before both the Houses of the State Legislature. The estimates of expenditure are classified under 'charged' (such expenditure as is not to be submitted to the vote of the Legislative Assembly under the provisions of the Constitution) and 'voted' items of expenditure separately. Annual Financial Statement distinguishes expenditure on revenue account from other expenditure as explained in *Chapter-2*.

State financial rules categorize the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other capital expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only.

Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus. Details of misclassification of expenditure during the year 2020-21 are given in **Table-3.4** below:

**Table 3.4: Details of misclassification of expenditure**

Sl No.	Number of the Grant and Head of Account	Type of Misclassification	Amount (₹ in crore)	Remarks
1.	04, 2014	Booking of capital into revenue	0.06	Expenditure on major works met from revenue expenditure.
2.	06, 2245		12.88	
3.	22, 3054		1.28	
4.	07, 2043		0.08	
	<b>Sub Total</b>		<b>14.30</b>	
5.	01, 4059	Booking of revenue into capital	0.50	Expenditure on grants-in-aid, minor works and maintenance met from capital expenditure.
6.	13, 4215		1.10	
7.	13, 4217		25.48	
8.	15, 4225		51.29	
9.	23, 4851		0.06	
10.	23, 4859		1.86	
11.	20, 4711		4.37	
12.	17, 4401		29.66	
13.	29, 4401		9.53	
14.	25, 4408		17.81	
15.	18, 4425		2.65	
16.	30, 4217		6.00	
17.	28, 4405		4.30	
18.	27, 4406		4.00	
19.	25, 4408		3.24	
20.	19, 4515		42.10	
21.	20, 4701		0.25	
22.	21, 4801		2.20	
23.	23, 4859		1.00	
24.	26, 5452		0.45	
	<b>Sub Total</b>	<b>207.85</b>		

Analysis of data revealed that an expenditure of ₹ 14.30 crore had been booked under revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works. Similarly, an expenditure of ₹ 207.85 crore

had been booked under capital section. This expenditure should have been booked under revenue section, as this expenditure pertained to grants-in-aid, minor works and maintenance. No case of misclassification was noticed where expenditure on establishment and administrative expenses were booked under Capital section.

During Exit Conference, the State Government assured that corrective steps would be taken in this regard.

Further, in Uttarakhand the outlay/budget for Scheduled Castes Sub-Plan/Tribal Sub-Plan approved by the State Committee are included in the Demands for grants for the Departments under the Grant number 30 and 31 respectively. It was observed that there exists no provision under Minor Head 789- Special Component Plan for Scheduled Castes and Minor Head 796- Tribal sub plan in other demand for Grants.

### ***3.3.3 Unnecessary or excessive supplementary grants***

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year as is necessary to meet-

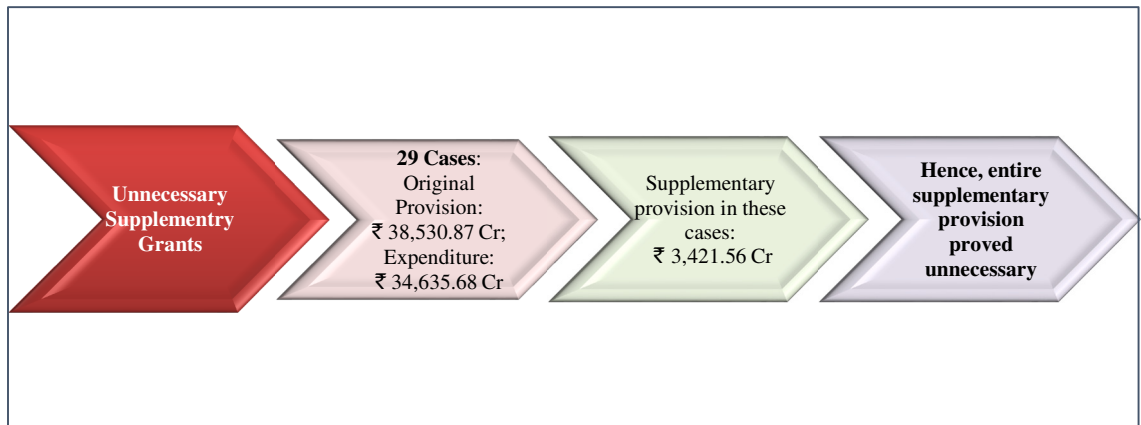
- Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- Inadequacy of provision.
- Fresh expenditure but not technically Schemes of New Expenditure.
- Omissions of provision.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation. In deserving cases which are unforeseen and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularised by a Supplementary Grant or Appropriation and recouped to the Contingency Fund. Considerable Re-Appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economics or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year. However, in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary are detailed in **Table-3.5** below:

Table-3.5: Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary. (₹ in crore)

Sl No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Provisions
<b>Revenue (Voted)</b>					
1.	06-Revenue and General Administration	1,180.62	659.60	1634.52	205.70
2.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	9,781.03	10.82	9,091.88	699.97
3.	10-Police & Jail	2,123.84	18.91	1,865.15	277.60
4.	11-Education, Sports, Youth Welfare & Culture	8,755.28	279.82	7,791.75	1,243.35
5.	12-Medical, Health & Family Welfare	2,271.59	111.82	2,099.04	284.37
6.	13-Water Supply, Housing & Urban Development	1,659.65	83.55	1,012.61	730.59
7.	14-Information	100.29	31.00	106.43	24.86
8.	15-Welfare Schemes	1,890.59	82.36	1,494.45	478.50
9.	16-Labour & Employment	355.23	135.37	334.85	155.75
10.	17- Agriculture Works & Research	1,037.18	139.28	988.48	187.98
11.	19-Rural Development	983.22	41.60	772.91	251.91
12.	21-Energy	13.04	11.27	20.54	3.77
13.	22-Public Works	966.86	20.00	769.70	217.16
14.	23-Industries	331.82	36.65	222.21	146.26
15.	24-Transport	144.42	90.50	179.27	55.65
16.	27-Forest	1,036.17	30.99	779.99	287.17
17.	28-Animal Husbandry	386.77	15.69	321.84	80.62
18.	29-Horticulture Development	380.86	39.81	323.51	97.16
19.	30-Welfare of Scheduled Castes	1,082.17	129.49	932.89	278.77
20.	31-Welfare of Scheduled Tribes	352.20	40.44	280.14	112.50
<b>Total</b>		<b>34,832.83</b>	<b>2,008.97</b>	<b>31,022.16</b>	<b>5,819.64</b>
<b>Capital (Voted)</b>					
1.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	124.67	460.00	445.32	139.35
2.	11-Education, Sports, Youth Welfare & Culture	393.96	30.25	352.53	71.68
3.	12-Medical, Health & Family Welfare	205.43	100.00	172.94	132.49
4.	13-Water Supply, Housing & Urban Development	1,300.70	433.10	1,100.40	633.40
5.	15-Welfare Schemes	123.50	28.48	72.75	79.23
6.	16- Labour & Employment	35.00	10.00	35.85	9.15
7.	22-Public Works	1,079.70	200.00	1,044.64	235.06
8.	30-Welfare of Scheduled Castes	288.64	139.54	303.20	124.98
9.	31-Welfare of Scheduled Tribes	146.44	11.22	85.89	71.77
<b>Total</b>		<b>3,698.04</b>	<b>1,412.59</b>	<b>3,613.52</b>	<b>1,497.11</b>
<b>Grand Total</b>		<b>38,530.87</b>	<b>3,421.56</b>	<b>34,635.68</b>	<b>7,316.75</b>



### 3.4 Re-appropriations undertaken which require prior Legislative authorization

Re-appropriation is the transfer of funds within a grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. No cases of Re-appropriation, which require prior Legislative authorization, were noticed in Uttarakhand during the year 2020-21.

#### 3.4.1 Unnecessary/excessive re-appropriation

There were thirty two cases where final savings were more than ₹ one crore as shown in **Table-3.6:**

**Table 3.6 Excess/unnecessary/insufficient re-appropriation**

(₹ in crore)

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Savings
		Original	Supplementary	Re-appropriation	Total		
01.	06-Revenue & General Administration 2029-Land Revenue 101-Collection Charges 03-Collection Charges for land Revenue (Mal Gujari) Taqavi Nahar and Miscellaneous Government dues	79.83	-	0.15	79.98	71.42	8.56
02.	06-Revenue & General Administration 2053-District Administration 093-District Establishment 03-Establishment of Collectorate	163.48	0.02	0.08	163.58	133.85	29.73
03.	06-Revenue & General Administration 2245-Relief on Account of Natural Calamities 80-General 102-Management of Natural Disasters, Contingency Plans in disaster prone areas 11-Disaster Mitigation Fund	13.00	-	3.50	16.50	15.00	1.50
04.	07-Finance, Tax, Planning Secretariat & Miscellaneous Services 2054-Treasury and Accounts Administration 095-Directorate of Accounts and Treasuries 07-Financial data Center	2.00	2.50	1.05	5.55	3.71	1.84
05.	07-Finance, Tax, Planning Secretariat & Miscellaneous Services 2071-Pensions and Other Retirement Benefits 01-Civil 105-family Pensions 03-family Pension	870.00	-	180.00	1,050.00	1,008.76	41.24
06	08-Excise 2039-State Excise 001-Direction and Administration 04-Furnaces	25.05	-	0.28	25.33	20.92	4.41
07	10-Police & Jail 2055-Police 001-Direction and Administration 03-Headquarter	45.87	.02	0.21	46.10	40.38	5.72
08	10-Police & Jails 2055-Police 001-Direction and Administration 04-Establishment of fire protection and control	79.59	0.01	0.10	79.70	71.03	8.67
09	10-Police & Jails 2055-Police 003-Education and Training 04-Education and Training Home	15.12	1.11	0.05	16.28	13.21	3.07
10	10-Police & Jails 2055-Police 104-Special Police 03-State Arm Constabulary-Main	258.02	2.34	0.28	260.64	234.17	26.47

11.	11-Education, Sports, Youth Welfare & Culture 2202-General Education 02-Secondary Education 001-Direction & Administration 03-Establishment of Secondary Education	9.31	-	0.03	9.34	7.34	2.00
12.	11-Education, Sports, Youth Welfare & Culture 2202-General Education 02-Secondary Education 101-Inspection 03-Regional Inspection	32.39	-	0.06	32.45	24.64	7.81
13.	11-Education, Sports, Youth Welfare & Culture 2202-General Education 02-Secondary Education 109-Government Secondary Schools 03-Boys and Girls Schools	3,059.23	1.60	4.18	3,065.01	2,566.34	498.67
14.	11-Education, Sports, Youth Welfare & Culture 4202-Capital Outlay on Education, Sports, Art & Culture 01-General Education 202-Secondary Education 98-NABARD Funded	25.00	-	4.44	29.44	27.19	2.25
15.	12-Medical, Health and Family Welfare 2210-Medical and Public Health 01-Urban Health Services-Allopathy 001-Direction and Administration 03-Headquarters Establishment	22.53	4.55	0.10	27.18	22.12	5.06
16.	12-Medical, Health and Family Welfare 2210-Medical and Public Health 02-Urban Health Services-Other system of Medicine 102-Homeopathy 04-Hospitals & Dispensaries	10.64	0.20	0.16	11.00	8.96	2.04
17	12-Medical, Health and Family Welfare 2210-Medical and Public Health 01-Urban Health Services-Allopathy 110-Hospitals & Dispensaries 03-Establishment of Allopathy Hospitals & Dispensaries	-	0.01	306.22	306.23	281.38	24.85
18.	12-Medical, Health and Family Welfare 2210-Medical and Public Health 06-Public Health 101-Prevention and control of disease 06-Establishment of Leprosy Hospital	8.74	0.04	0.10	8.88	7.36	1.52
19.	12-Medical, Health and Family Welfare 2211-Family Welfare 001-Direction and Administration 01-Centrally Sponsored Schemes	8.67		0.25	8.92	5.69	3.23
20.	12-Medical, Health and Family Welfare 2210-Medical and Public Health 03-Rural Health Services-Allopathy 110-Hospitals & Dispensaries 01-Centrally Sponsored Schemes	305.50	4.00	75.30	384.80	382.89	1.91
21	14-Information 2220-Information and Publicity 60-Others 106-Field Publicity 03-Establishment	4.26	-	0.04	4.30	3.13	1.17
22.	14-Information 2220-Information and Publicity 01-Films 105-Production of Films 03-Establishment	6.21	-	3.85	10.06	6.51	3.55
23.	15-Welfare 2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities 03-Welfare of Backward Classes 102-Economic Development 01-Centrally Sponsored Scheme	24.68	-	12.06	36.74	29.77	6.96

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24.	17-Agriculture works and Research 2401-Crop Husbandry 001-Direction and Administration 01-Centrally Sponsored Scheme	100.30	103.87	27.48	231.65	211.38	20.27
25.	20-Irrigation and Flood 2700-Major Irrigation 80-General 001-Direction and Administration 03-Executive Establishment	321.40		0.87	322.27	228.43	93.84
26.	20-Irrigation and Flood 4711-Capital outlay on Flood Control Projects 01-Flood Control 103-Civil Works 98-NABARD Funded	50.00	-	29.67	79.67	69.12	10.55
27.	24-Transport 3055-Road Transport 190-Assistance of Public Sector and Other Undertaking 12-Reimbursement of equivalent amount of loss due to Bus operation in mountain routes by Uttarakhand Transport Corporation	35.00	70.00	17.00	122.00	112.00	10.00
28.	26-Tourism 5452-Capital Outlay on Tourism 80-General 104-Promotion and Publicity 04-State Sector	44.53	0.00	6.00	50.53	33.21	17.32
29.	27- Forest 2406-Forestry and Wild Life 02-Envirmental forestry and Wild Life 110-Wild Life Preservation 01-Centrally Sponsored Schemes	49.32	2.92	0.62	52.86	36.88	15.98
30.	30-Welfare of Scheduled Castes 2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities 01-Welfare of Scheduled Castes 277-Education 03-Operationalisation of Industrial Training Centers	3.60	--	0.34	3.94	2.39	1.55
31.	30-Welfare of Scheduled Castes 4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 202-Secondary Education 01-Centrally Sponsored Scheme	10.00	30.00	1.30	41.30	29.94	11.36
32.	31-Welfare of Scheduled Tribes 2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 02-Welfare of Scheduled Tribes 277-Education 01-Centrally Sponsored Scheme	27.00	--	15.00	42.00	27.26	14.74

During 2020-21, the State Government re-appropriated ₹ 3,117.29 crore within the grants as provided in the Uttarakhand Budget Manual. Out of this, an amount of ₹ 42.46 crore was re-appropriated on the last working day (31 March 2021) of the financial year 2020-21. These Re-appropriations in 21 cases out of 32 cases (of savings more than ₹ 1.00 crore) proved unnecessary, as the savings under these cases was more than re-appropriated amount. However, no case of re-appropriation from Capital to Revenue and vice-versa and from Voted to Charged and vice-versa was noticed during 2020-21.

**3.5 Unspent amount and surrendered appropriations and/or large savings/surrenders**

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should



be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-trying check of average of previous actuals with known or reasonably foreseeable facts which may modify that average.

No object is served by keeping back savings, which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilised. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of last month's expenditure should enable a Controlling Officer to fix upon his final requirements with a reasonable degree of exactness.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other Departments of the funds which they could have utilised.

Details of grants having large savings (₹ 100 crore & above) are given below in **Table-3.7**:

**Table-3.7: Details of Grants having large savings (₹ 100 crore & above) during the year**  
(₹ in crore)

Sl No.	Number and name of the grant	Original	Supple-mentary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Savings excluding surrender
<b>Revenue (Voted)</b>								
1.	6-Revenue & General Administration	1,180.62	659.60	1,840.22	1,634.52	205.70	11.18	205.70
2.	7-Finance, Tax, Planning, Secretariat & Miscellaneous	9,781.03	10.82	9,791.85	9,091.88	699.97	7.15	699.97
3.	10-Police & Jail	2,123.84	18.91	2,142.75	1,865.15	277.60	12.96	277.60
4.	11-Education, Sports, Youth Welfare & Culture	8,755.28	279.82	9,035.10	7,791.75	1,243.35	13.76	1,243.35
5.	12-Medical Health & Family Welfare	2,271.59	111.82	2,383.41	2,099.04	284.37	11.93	284.37
6.	13-Water Supply, Housing & Urban Development	1,659.65	83.55	1,743.20	1,012.60	730.60	41.91	730.60
7.	15-Welfare schemes	1,890.59	82.36	1,972.95	1,494.45	478.50	24.25	478.50
8.	16-Labor & Employment	355.23	135.37	490.60	334.85	155.75	31.75	155.75
9.	17-Agriculture Works & Research	1,037.18	139.28	1,176.46	988.48	187.98	15.98	187.98

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10.	19-Rural Development	983.21	41.61	1,024.82	772.91	251.91	24.58	251.91
11.	20-Irrigation & Flood	559.26	0	559.26	430.73	128.53	22.98	128.53
12.	22-Public Works	966.86	20.00	986.86	769.70	217.16	22.01	217.16
13.	23-Industries	331.82	36.65	368.47	222.20	146.27	39.70	146.27
14.	25-Food	222.49	0.65	223.14	92.14	131.00	58.71	131.00
15.	27-Forest	1,036.17	30.99	1,067.16	779.99	287.17	26.91	287.17
16.	30-Welfare of Scheduled Castes	1,082.17	129.49	1,211.66	932.89	278.77	23.01	278.77
17.	31-Welfare of Scheduled Tribes	352.20	40.44	392.64	280.14	112.50	28.65	112.50
<b>Total</b>		<b>34,589.17</b>	<b>1,821.36</b>	<b>36,410.53</b>	<b>30,593.40</b>	<b>5,817.13</b>	<b>15.98</b>	<b>5,817.13</b>
<b>Revenue (Charged)</b>								
1.	7 Finance, Tax, Planning, Secretariat & Miscellaneous	6,045.74	0	6,045.74	4,924.36	1,121.38	18.55	1,121.38
<b>Total</b>		<b>6,045.74</b>	<b>0</b>	<b>6,045.74</b>	<b>4,924.36</b>	<b>1,121.38</b>	<b>18.55</b>	<b>1,121.38</b>
<b>Capital (Voted)</b>								
1.	6 Revenue & General Administration	353.97	0	353.97	177.76	176.21	49.78	176.21
2.	7 Finance, Tax, Planning, Secretariat & Miscellaneous	124.67	460.00	584.67	445.32	139.35	23.83	139.35
3.	12 Medical Health & Family Welfare	205.43	100.00	305.43	172.94	132.49	43.38	132.49
4.	13 Water Supply, Housing & Urban Development	1,300.70	433.10	1,733.80	1,100.40	633.40	36.53	633.40
5.	18 Co-Operative	100.00	0	100.00	0	100.00	100.00	100.00
6.	20 Irrigation & Flood	719.95	0	719.95	259.18	460.77	64.00	460.77
7.	21 Energy	353.00	0	353.00	170.56	182.44	51.68	182.44
8.	22 Public Works	1,079.70	200.00	1,279.70	1,044.64	235.06	18.37	235.06
9.	23 Industries	110.50	0	110.50	10.11	100.39	90.85	100.39
10.	24 Transport	448.06	0	448.06	48.86	399.20	89.10	399.20
11.	30 Welfare of Scheduled Castes	288.64	139.54	428.18	303.20	124.98	29.19	124.98
<b>Total</b>		<b>5,084.62</b>	<b>1,332.64</b>	<b>6,417.26</b>	<b>3,732.97</b>	<b>2,684.29</b>	<b>41.83</b>	<b>2,684.29</b>
<b>Grand Total</b>		<b>45,719.53</b>	<b>3,154.00</b>	<b>48,873.53</b>	<b>39,250.73</b>	<b>9,622.80</b>	<b>19.69</b>	<b>9,622.80</b>

As is evident from table above, Government sought supplementary budget of ₹ 3,154.00 crore in 29 cases under 20 grants which proved unnecessary as there was a saving of ₹ 9,622.80 crore (21.05 per cent) against the Original Budget. The Government did not surrender any amount under these grants. The reasons for savings were neither given in the Appropriation Accounts nor any specific reason was provided by the State Government during exit conference (January 2022).

**3.5.1 Grants/Appropriations with budget utilisation of less than 50 per cent**

Details of Grants/Appropriation with budget utilisation of less than 50 per cent during 2020-21 are given in the **Table 3.8**.

**Table-3.8: Grants/Appropriations with budget utilisation of less than 50 per cent (in 2020-21)**

Sl No	Grant No & Name	2016-17 (per cent)	2017-18 (per cent)	2018-19 (per cent)	2019-20 (per cent)	2020-21 (per cent)	Number of Years	Budget 2020-21 (₹ in crore)	Total Budget of last 5 Years (₹ in crore)
1.	01-Legislature Food (Capital Voted)	50.86	97.73	99.84	76.93	17.29	01	10.60	98.10
2.	04-Judicial Administration (Capital Voted)	19.45	79.68	89.71	47.68	44.15	03	55.80	222.80
3.	09-Public Service Commission (Capital Voted)	---	----	100	100	17.42	01	5.28	9.28
4.	14-Information (Capital Voted)	100	105.99	0	2.79	0	03	1.00	12.15
5.	15-Welfare (Capital Voted)	51.31	31.82	47.17	64.17	47.87	03	151.98	442.46
6.	18-Co-operative (Capital Voted)	25.24	24.95	66.98	99.98	0	03	100.00	220.88
7.	20-Irrigation & Flood (Capital Voted)	61.66	115.64	78.16	52.23	36.00	01	719.95	2,893.00
8.	21-Energy (Capital Voted)	34.66	41.98	76.95	39.60	48.32	04	353.00	1,841.27
9.	23-Industries	80.02	9.38	36.37	54.86	9.15	03	110.50	469.80
10.	24-Transport (Capital Voted)	36.55	87.36	7.43	17.56	0.11	04	448.06	1,031.50
11.	25-Food (Revenue Voted)	54.50	76.71	66.45	21.51	41.29	02	223.14	1,321.40
12.	28-Animal Husbandry (Capital Voted)	73.07	46.39	32.88	35.15	29.32	04	28.96	113.10

As has been detailed in **Table-3.8** above, under utilisation (less than 50 per cent) of budgetary provision was noticed in twelve grants. Further analysis revealed that three Departments viz (i) Energy (ii) Transport and (iii) Animal Husbandry were not able to utilise 50 per cent of the budget allocation in four out of last five years.

### 3.5.2 Details of surrenders of funds in excess of ₹ 1 crore

Details of surrender of funds in excess of ₹ 1 crore at the end of March are given in **Table-3.9**

**Table-3.9: Details of surrender of funds in excess of ₹ 1 crore till 31<sup>st</sup> March.**

(₹ in crore)

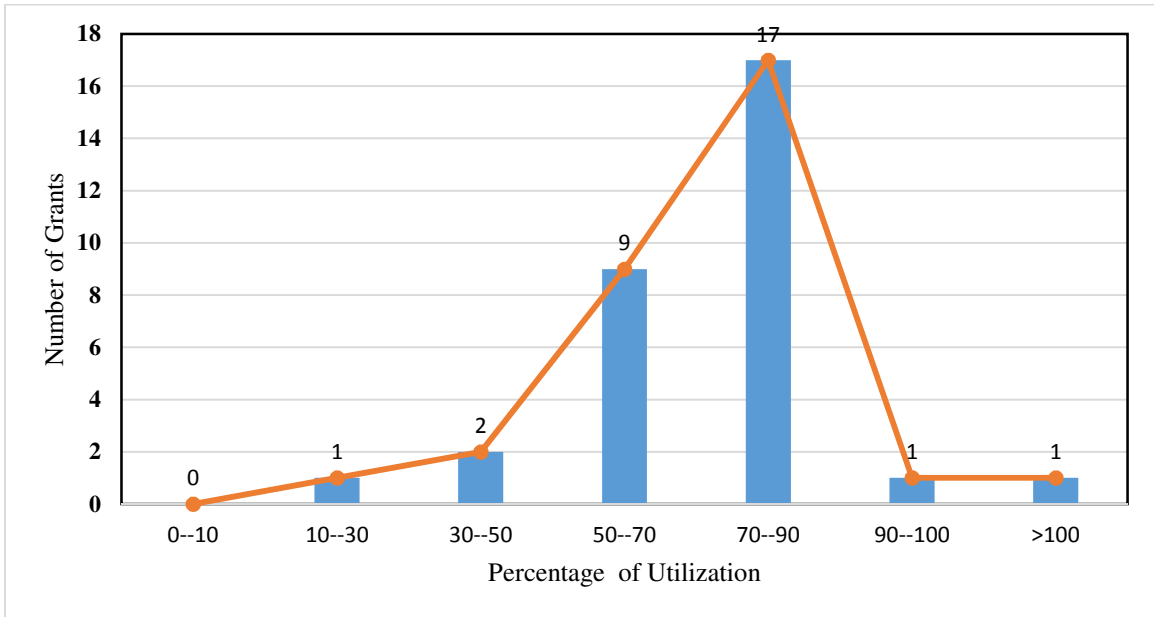
Sl No.	Grant Number and Name	Original	Supplementary	Total provisions	Actual Expenditure	Saving (-) /Excess (+)	Amount Surrendered
-----NIL-----							

The State Government of Uttarakhand did not surrender any funds during the financial year 2020-21.

### 3.5.3 Distribution of the number of Grants/Appropriations grouped by the percentage of utilisation

Details of distribution of the number of Grants/Appropriations grouped by the percentage of utilisation are given in the **Chart 3.2** below:

Chart-3.2: Distribution of the number of Grants/Appropriations grouped by the percentage of utilisation



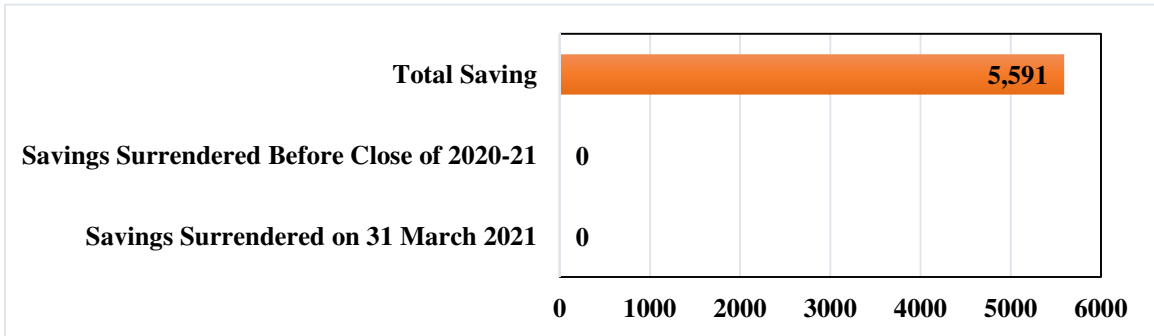
As is evident from chart above, in 19 Grants/Appropriations, the utilisation was above 70 *per cent* of the budget allocations. There were three Grants/Appropriation where utilisation was below 50 *per cent* of the budget allocations and two Grants/Appropriations namely, 07-Finance, Tax, Planning, Secretariat and Miscellaneous and 19-Rural Development where utilisation was above 90 *per cent*.

### 3.5.4 Details of savings and surrenders before close of financial year 2020-21

Details of savings and surrenders before close of financial year 2020-21 are given in **Chart-3.3:** -

Chart-3.3: Savings and surrenders before close of financial year 2020-21

(₹ in crore)

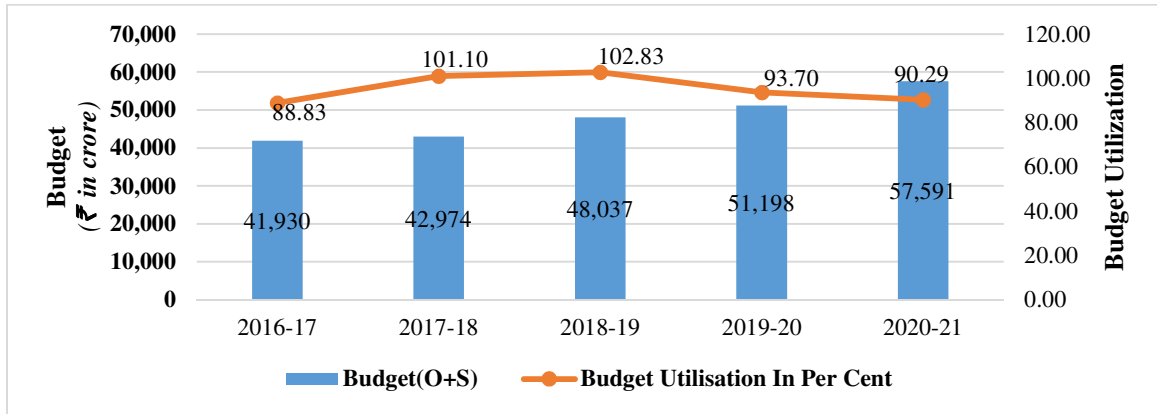


As is evident from above, there was a saving of ₹ 5,591 crore as compared to budget figures during the year 2020-21. However, the various Government Departments did not propose any amount for surrender and no amount was surrendered by any Department during 2020-21.

### 3.5.5 Budget allocation and its utilisation

Budget allocation (Original and Supplementary) and utilisation there against is given in **Chart-3.4** below:

Chart-3.4: Budget Utilization during 2016-17 to 2020-21



### 3.6 Excess expenditure and its regularization

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature for the financial year.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money.

#### 3.6.1 Excess expenditure relating to 2020-21

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. The summary of excess expenditure over the provision of the financial year is given in **Table-3.10**.

Table-3.10: Summary of excess disbursements over grants/appropriations during 2020-21 (₹ in crore)

	Name of Department/ Grant						Revenue Voted	Revenue Charged
	07-Finance, Tax, Planning, Secretariat & Miscellaneous	17-Agriculture, Works & Research	25-Food	19-Rural Development	29-Horticulture Development	18- Co-Operative		
Capital Voted	0.00	16.19	81.17	13.07	2.31		5.53	
Capital Charged	4766.28	0	0	0	0		0	
No. of Grants/ Appropriations	01	01	01	01	01	No. of Grants/ Appropriations	01	
<b>Total Excess</b>	<b>4,766.28</b>	<b>16.19</b>	<b>81.17</b>	<b>13.07</b>	<b>2.31</b>		<b>5.53</b>	
<b>Grand Total</b>								<b>4,884.55</b>

Source: - Appropriation Accounts.

The reasons for not obtaining approval for excess expenditure were not provided by the Department (January 2022).

### **3.6.2 Details of Major Head wise disbursement over the authorisation**

According to paragraph 151 of Uttarakhand Budget Manual, under sub-clauses (b) of clause (1) of Article 205 of the Constitution of India, if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, demand for such excess amount has to be presented to the Legislative Assembly and is to be dealt with in the same way as if it were a demand for a grant.

Details of Major Head-wise disbursement over the authorisation from the Consolidated Fund of the State during the financial year 2020-21 are given in **Table-3.11**.

**Table 3.11: Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State**  
(₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Re-appropriation	Total	Expenditure	Excess	Reasons for excess stated by the Department
1	2	3	4	5	6	7 = 5+6	8	9= 8-7	10
1.	07	2040	Taxes on Sales, Trade etc.	31.65	0	31.65	35.49	3.84	Reasons not provided by the Department.
2.	07	6003	Internal Debt of the State Government	3,442.20	0	3,442.20	8,211.09	4,768.89	
3.	17	4401	Capital Outlay on Crop Husbandry	10.93	0	10.93	27.22	16.29	
4.	18	2425	Co-operation	99.69	0	99.69	105.22	5.53	
5.	19	4515	Capital Outlay on Other Rural Development Programmes	1,908.06	0	1,908.06	1,921.13	13.07	
6.	25	4408	Capital Outlay on Food Storage and Warehousing	12.00	0	12.00	93.17	81.17	
7.	29	4401	Capital Outlay on Crop Husbandry	12.00	0	12.00	14.31	2.31	
8.	31	2501	Special Programmes for Rural Development	21.86	0	21.86	24.25	2.39	
<b>Total</b>								<b>4,893.49</b>	

Source: - Detailed Appropriation Accounts

As can be seen from the above, the Government could not anticipate budget provision against internal debt, which was surely due for repayment obligations.

### **3.6.3 Persistent excesses in certain Grants**

A number of grants witness excess expenditure year after year. The persistent excess expenditure indicates that the budgetary control in the depart as well as oversight by the Finance Department were ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a single rupee can be spent without prior legislative authorisation and, therefore, this has been a serious lapse on part of executives. Persistent excesses may be due to improper estimation at the time of preparation of budget. Persistent excesses noticed in three grants during 2016-17 to 2020-21 is given in **Table-3.12** below:

Table 3.12 Details of excess noticed in three grants during 2016-17 to 2020-21

(₹ in crore)

Sl. No	Description of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21
1.	<b>Grant No.-25: Food</b>					
	Total Grant	12.07	19.27	19.00	28.50	12.00
	Expenditure	2,257.87	1,341.66	1,433.04	1,011.08	93.17
	Excess	2,245.80	1,322.39	1,414.04	982.58	81.17
2.	<b>Grant No.-07: Finance, Tax, Planning, Secretariat &amp; Miscellaneous</b>					
	Total Grant	2,032.23	2,640.23	3,182.00	2,876.31	3,503.31
	Expenditure	5,218.68	7,651.62	10,230.14	9,096.03	8,269.59
	Excess	3,186.45	5,011.39	7,048.14	6,219.72	4,766.28
3.	<b>Grant No.-17: Agriculture, Works &amp; Research</b>					
	Total Grant	108.33	23.03	No excess	25.00	11.03
	Expenditure	124.41	26.75		37.18	27.22
	Excess	16.08	3.72	12.18	16.19	

Source: - Appropriation Accounts of the respective years.

As is evident from the table above, persistent excesses were noticed in the Grant number 7-‘Finance, Tax, Planning, Secretariat and Miscellaneous’, 17-‘Agriculture Works and Research’ and 25- ‘Food’ over the period 2016-17 to 2020-21. The Government has not furnished any reasons for this. This is indicative of the fact that the proper budget exercise is not being carried out as was required under Paragraph 121 of Chapter XIII of Uttarakhand Budget Manual.

### 3.6.4 Regularisation of excess expenditure of previous financial years

Paragraph 121 of Chapter XIII of the Uttarakhand Budget Manual envisages that if after the close of the year, it is revealed, through the Appropriation Accounts, that any expenditure was incurred under any Grant or Charged Appropriation in excess of the final appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly, demands for excess grants as required under Article 205 (1) (b) of the Constitution. However, excess expenditure amounting to ₹ 42,873.61 crore pertaining to previous years from 2005-06 to 2019-20 was yet to be regularised by the State Legislature. The year-wise amount of excess expenditure pending for regularisation is summarised in **Table-3.13**.

Table-3.13: Details of year-wise amount of excess expenditure pending for regularisation

(₹ in crore)

Year	Grant No./Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularization
2005-06	7	7,8,17,20,22,25 & 29	663.50	Not yet regularised
2006-07	6	7,17,20,22,25 & 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
2008-09	6	7,17,20,22,25 & 29	1,146.41	
2009-10	7	7,17,18,21,22,25 & 29	1,007.49	
2010-11	9	10,12,15,17,20,21,22,25 & 29	1,295.40	
2011-12	5	7,17,22,25 & 29	1,611.40	
2012-13	7	12,14,17,21,22,25 & 29	1,835.34	
2013-14	3	22,25 & 29	1,837.15	
2014-15	4	17,22, 25 & 29	1,922.80	
2015-16	4	17, 22, 25 & 29	2,334.24	
2016-17	4	07, 17, 25 & 29	5,457.33	
2017-18	6	07,17,20,22,25 & 27	6,413.38	
2018-19	3	07,19 & 25	8,464.98	
2019-20	3	07,17 & 25	7,214.48	
<b>Total</b>			<b>42,873.61</b>	

Source:- Appropriation Accounts.

The State Government has not furnished any reasons for these excesses. Therefore, this is in violation of Articles 204 and 205 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

During Exit Conference, the State Government assured that necessary steps would be taken to get the amount regularised by the State Legislature.

### **3.7 Grants-in-aid for creation of capital asset**

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per Indian Government Accounting Standards 2 (IGAS 2), Grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorized by President on the advice of the Comptroller and Auditor General of India.

It has been seen that Grants-in-aid for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit.

Details of Grants-in-aid classified as capital expenditure for the period 2016-17 to 2020-21 are given in the **Table-3.14**.

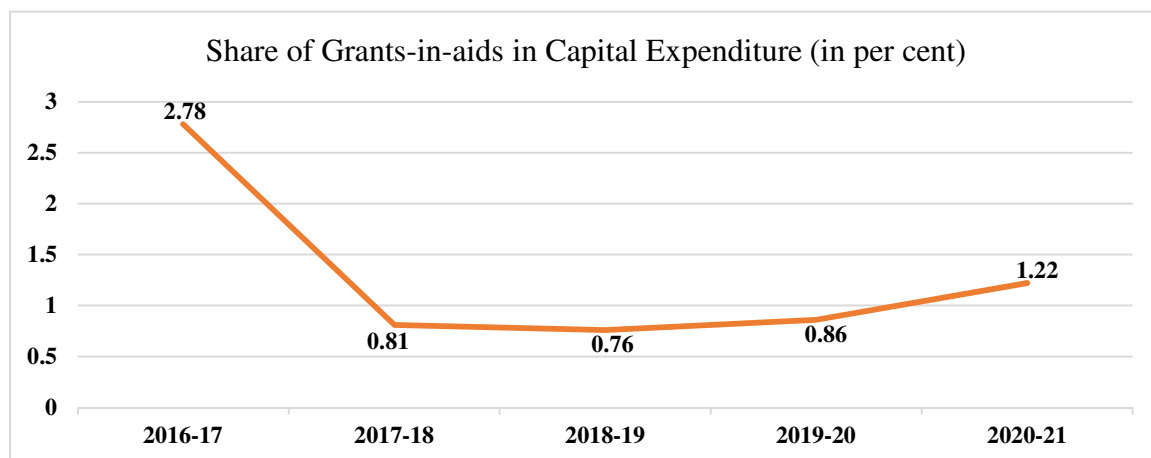
**Table-3.14: Details of Grants-in-aid classified as capital expenditure**

	2016-17	2017-18	2018-19	2019-20	2020-21
GIA booked as capital expenditure	138	48	47	46	80
Total capital expenditure	4,954	5,914	6,184	5,414	6,538
Share of GIA in capital expenditure (in per cent)	2.78	0.81	0.76	0.86	1.22
Impact on Revenue Deficit (-)/Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-) 521	(-) 2,026	(-) 1,027	(-) 2,182	(+) 1,034

(₹ in crore)

Details of share of Grants-in-aid in capital expenditure is given in the **Chart-3.5** below:

**Chart-3.5: Details of share of Grants-in-aid in capital expenditure**





The State Government has continued to book Grants-in-aid as capital expenditure over the period 2016-17 to 2020-21. This has resulted in overstatement of revenue surplus to the extent of 0.76 per cent to 2.78 per cent over the period 2016-17 to 2020-21.

### **Comments on transparency of budgetary and Accounting process**

#### **Lump Sum budgetary provisions**

No lump sum budgetary provision was made.

### **3.8 Budget projection and gap between expectation and actual**

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among competing developmental needs. Excessive savings in some Departments deprive other Departments of the funds which they could have utilized.

The summarised position of original and supplementary provision *vis-à-vis* actual expenditure during 2020-21 in respect of 31 Grants/Appropriations is given in **Table-3.15**.

**Table-3.15: Summarised position of Original/Supplementary Provisions *vis-à-vis* Actual Expenditure during 2020-21**  
(₹ in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Net of Savings (-) Excess (+)	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	36,232.13	2,068.94	38,301.07	32,086.52	(-) 6,214.55	0.00	0.00
	II. Capital	7,382.56	1,992.37	9,374.93	6,601.94	(-) 2,772.99		
	III. Loans & Advances	251.43	0.00	251.43	37.55	(-) 213.88		
<b>Total</b>	<b>43,866.12</b>	<b>4,061.31</b>	<b>47,927.43</b>	<b>38,726.01</b>	<b>(-) 9,201.42</b>			
Charged	IV. Revenue	6,157.54	2.48	6,160.02	5,004.51	(-) 1,155.51		
	V Capital	0.00	0	0.00	0.00	0		
	VI Public Debt- Repayment	3,503.31	0	3,503.31	8,269.59	(+) 4,766.28		
<b>Total</b>	<b>9,660.85</b>	<b>2.48</b>	<b>9,663.33</b>	<b>13,274.10</b>	<b>(+) 3,610.77</b>			
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00		
<b>Grand Total</b>		<b>53,526.97</b>	<b>4,063.79</b>	<b>57,590.76</b>	<b>52,000.11</b>	<b>(-) 5,590.65</b>		

Source: Appropriation Accounts.

As shown above, there was an overall net saving of ₹ 5,590.65 crore from budgetary figures which was the result of saving of ₹ 10,356.93 crore in Grants and Appropriations, offset by excess of ₹ 4,766.28 crore.

Details of Original Budget, Revised Estimate and Actual Expenditure during 2016-17 to 2020-21 are given in **Table-3.16**.

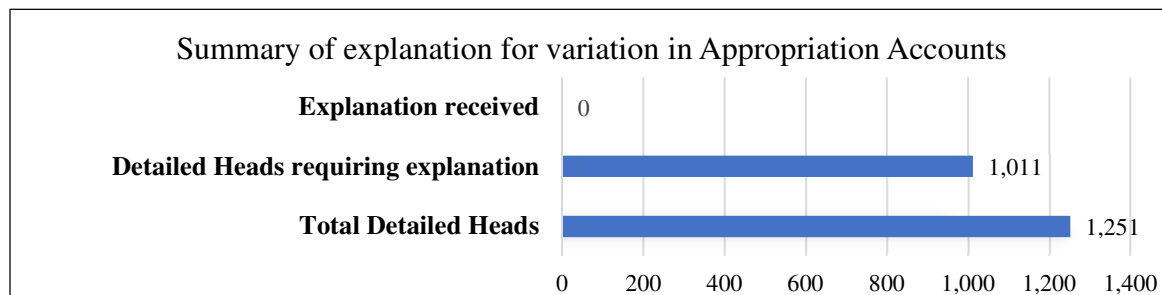
**Table-3.16: Original Budget, Revised Estimate and Actual Expenditure during 2016-17 to 2020-21**  
(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Original Budget</b>	40,422.21	39,957.78	45,585.09	48,663.90	53,526.97
<b>Supplementary Budget</b>	1,507.87	3,015.75	2,452.40	2,533.90	4,063.79
<b>Revised Estimate</b>	32,049.06	37,992.87	43,460.93	45,081.50	51,343.15
<b>Actual Expenditure</b>	37,245.89	43,444.76	49,395.84	47,973.19	52,000.11
<b>Saving (-) /excess (+)</b>	(-)4,684.19	(+) 471.23	(+) 1,358.35	(-)3,224.61	(-)5,590.65
<b>Percentage of Saving</b>	11.17	NA	NA	6.30	9.71

Source: - Appropriation Accounts and Budget documents of respective years.

A summary of Explanation for variation in Appropriation accounts is given in the **Chart-3.6** below:

**Chart-3.6: Summary of Explanation for Variation in Appropriation Accounts**



During 2020-21, the State Government booked the expenditure under 1,251 detailed heads below different major heads of accounts under 31 grants and appropriations. Out of 1,251 detailed heads, variation (20 per cent or more) against the total budget provision was noticed in 1011 detailed heads. Out of 1,251 detailed heads justification was provided in respect of 240 detailed heads, for 1,011 detailed heads no justification was given in the Appropriation Accounts 2020-21.

### **3.9 Supplementary budget and opportunity cost**

At times, while obtaining supplementary provision, the Departments report to legislature for large additional requirement for different purposes under various schemes/activities; but finally they are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. At the same time, some of the schemes remain incomplete for want of funds. Thus, the intended benefits of the unfinished schemes are not extended to the public in such cases. Further, this leads to escalation of project cost. The Government also announces several new policies/schemes for implementation through the Finance Minister (FM) Budget Speech and other budget documents which are either for that Financial Year *i.e.* one-time activity or are of recurring nature.

Details of un-utilised funds under capital voted section are given in **Table-3.17**

**Table 3.17: Details of un-utilised funds under capital voted section**

(₹ in crore)						
Sl. No.	Number/ Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
<b>Capital (Voted)</b>						
1.	7-Finance, Tax, Planning, Secretariat & Misc Services	124.67	460.00	584.67	445.32	139.35
2.	11-Education, Sports, Youth Welfare & Culture	393.96	30.25	424.21	352.53	71.68
3.	12-Medical Health & Family Welfare	205.43	100.00	305.43	172.94	132.49
4.	13-Water Supply, Housing & Urban Development	1,300.70	433.11	1,733.81	1,100.40	633.41
5.	15-Welfare	123.50	28.48	151.98	72.75	79.23
6.	16-Labour & Employment	35.00	10.00	45.00	35.85	9.15
7.	22-Public Works	1,079.70	200.00	1,279.70	1,044.64	235.06
8.	27-Forest	84.35	0.10	84.45	48.25	36.20
9.	28-Animal Husbandry	27.58	1.37	28.95	8.49	20.46
10.	30-Welfare of Scheduled Castes	288.64	139.54	428.18	303.20	124.98
11.	31-Welfare of Scheduled Tribes	146.43	11.23	157.66	85.89	71.77
<b>Total</b>		<b>3,809.96</b>	<b>1,414.08</b>	<b>5,224.04</b>	<b>3,670.26</b>	<b>1,553.78</b>

Due to non-availability of data from State Government in respect of schemes/projects which could not be completed for want of funds during the year, it could not be ascertained in audit whether savings of ₹ 1,553.78 crore under capital section could have been utilised for the completion of those schemes/projects.

### 3.10 Financial Power being flouted- in relation to re-appropriation

Audit analysis of re-appropriation orders revealed that all the re-appropriations were issued by the Finance Department, Government of Uttarakhand. Re-appropriations to the tune of ₹ 3,117.29 crore were made within the Grant and within the schemes contemplated in the Original Budget. No case of re-appropriation was made after the close of the financial year.

### 3.11 Rush of expenditure

Paragraph 183 of chapter XVII of Uttarakhand Budget Manual stipulates that rush of expenditure in the closing month of the financial year should be avoided. For sound financial management, uniform pace of expenditure should be maintained. Contrary to this, expenditure exceeding 50 per cent of the total expenditure for the year 2020-21 was incurred in March 2021 in respect of 20 Major Heads as listed in **Table-3.18** below:

Table-3.18: Grants where more than 50 per cent of expenditure was incurred in March alone (in percentage)

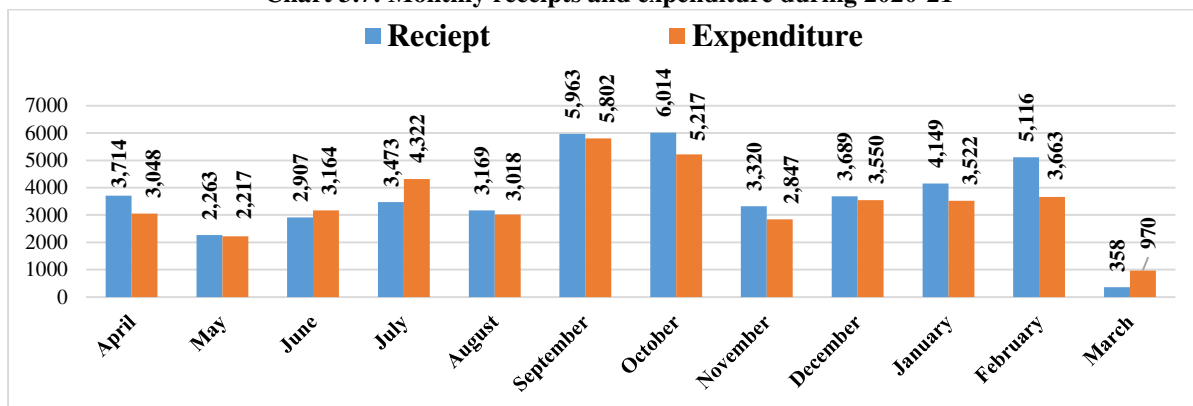
(₹ in crore)

Sl No	Major Head	Description	1 <sup>st</sup> Qtr.	2 <sup>nd</sup> Qtr.	3 <sup>rd</sup> Qtr.	4 <sup>th</sup> Qtr.	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1.	2217	Urban Development	8.37	12.52	51.95	556.87	629.71	521.22	82.77
2.	2220	Information and Publicity	12.27	13.53	16.24	64.84	106.88	61.13	57.19
3.	2225	Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	11.03	25.65	19.19	181.23	237.10	161.04	67.92
4.	2245	Relief on account of Natural Calamities	82.58	84.41	122.88	812.96	1,102.83	758.90	68.81
5.	2405	Fisheries	2.25	2.92	2.94	16.42	24.53	12.47	50.84
6.	2408	Food Storage and Warehouse	9.17	10.59	10.05	51.04	80.85	46.37	57.35
7.	2425	Co-operation	7.88	9.98	18.99	75.18	112.03	71.06	63.43
8.	2801	Power	0.00	0.00	0.00	11.38	11.38	11.38	100
9.	2851	Village and Small Industries	22.57	20.12	26.88	85.02	154.59	77.66	50.24
10.	4055	Capital Outlay on Police	0.00	1.75	2.41	17.08	21.24	11.67	54.94
11.	4059	Capital Outlay on Public Work	0.00	11.69	98.18	623.80	733.67	528.34	72.01
12.	4210	Capital Outlay on Medical and Public Health	1.30	27.55	12.86	131.23	172.94	125.24	72.42
13.	4216	Capital Outlay on Housing	0.00	0.00	12.00	30.09	42.09	29.68	70.52
14.	4225	Capital Outlay on Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	0.57	15.25	5.99	72.99	94.80	64.42	67.95
15.	4405	Capital Outlay on Fisheries	0.00	1.39	0.00	2.91	4.30	2.91	67.67
16.	4406	Capital Outlay on Forestry and Wild Life	0.00	4.62	2.42	43.21	50.25	38.77	77.15
17.	4700	Capital Outlay on Major Irrigation	0.87	16.14	23.04	92.23	132.28	68.44	51.74
18.	4711	Capital Outlay on Flood Control Projects	0.00	11.32	4.75	66.03	82.10	54.61	66.52
19.	4801	Capital Outlay on Power Project	0.00	8.73	0.53	138.33	147.59	111.50	75.55
20.	4859	Capital Outlay on Telecommunication and Electronic Industries	0.00	0.00	0.00	2.86	2.86	2.86	100
<b>Total</b>			<b>158.86</b>	<b>278.56</b>	<b>431.30</b>	<b>3,075.70</b>	<b>3,944.22</b>	<b>2,759.67</b>	<b>69.97</b>

The monthly pace of expenditure was not uniform as was required under the Uttarakhand Budget Manual, as 77.98 per cent of expenditure under 20 Major Heads was incurred in the last quarter of the financial year 2020-21. However, further analysis revealed that under two Major Heads 2801 Power & 4859 Capital Outlay on Telecommunication and Electronic Industries entire expenditure was incurred in March 2021. However, no amount drawn during the month was transferred to Public Accounts.

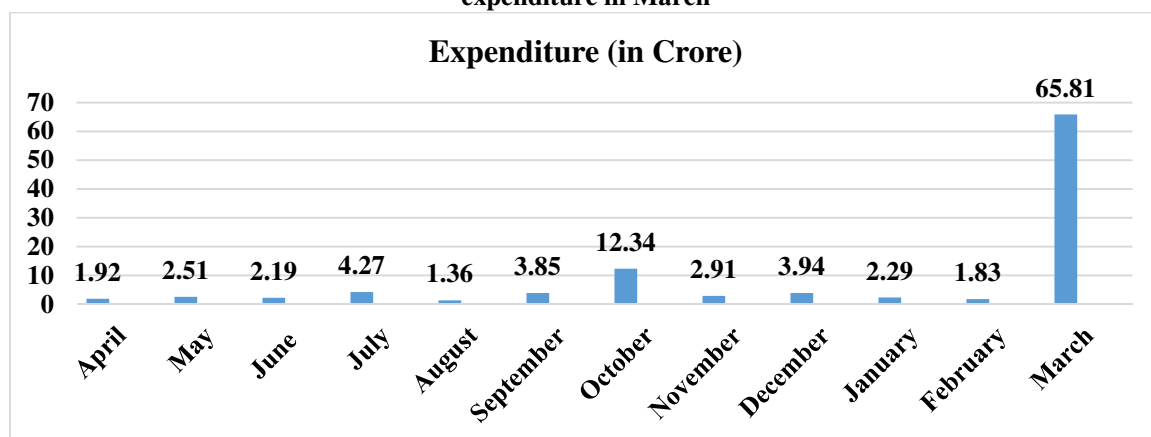
Details of monthly receipts and expenditure incurred against these receipts are given in the **Chart-3.7** below:

**Chart 3.7: Monthly receipts and expenditure during 2020-21**



Details of monthly expenditure incurred during 2020-21 with high percentage expenditure incurred in the Month of March 2021 was noticed for Co-operative Department which is given in the **Chart-3.8** below:

**Chart-3.8: Month wise expenditure of Co-Operative Department with very high percentage of expenditure in March**



As can be seen from the above chart, 63 per cent of expenditure under Department of Co-operative was incurred in the month of March 2021. No amount drawn by the Department during the month was transferred to Public Accounts.

### **3.12 Review of selected grants**

#### **3.12.1 Outcome of Review of Selected Grants**

A review of receipts and expenditure under Grant Number 11: Education, Sports, Youth Welfare & Culture and Grant Number 20: Irrigation & Flood for the period 2018-19 to 2020-21 revealed the following position.

### Grant Number 11: Education, Sports, Youth Welfare & Culture

#### A. Revenue Expenditure

The overall revenue expenditure showed increase during 2019-20 by 4.75 per cent and further increased by 5.25 per cent during 2020-21 over the previous year, as summarized in the **Table-3.19**.

**Table-3.19: Summarized position of actual expenditure vis-à-vis original provision during 2018-19 to 2020-21**  
(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	in per cent	
							Saving	Variation in expenditure over last year
2202- General Education 2203- Technical Education 2204- Sports and Youth Services 2205- Art and Culture	2018-19	7,424.30	185.44	7,609.74	7,067.33	542.41	7.13	-
	2019-20	8,151.25	228.52	8,379.77	7,402.91	976.86	11.66	4.75
	2020-21	8,755.28	279.82	9,035.10	7,791.75	1,243.35	13.76	5.25
<b>Total</b>		<b>24,330.83</b>	<b>693.78</b>	<b>25,024.61</b>	<b>22,261.99</b>	<b>2762.62</b>	<b>11.04</b>	<b>--</b>

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2018-19 to 2020-21. There was unnecessary supplementary provision of ₹ 693.78 crore in 2018-19 to 2020-21, as the original allotment (₹ 24,330.83 Crore) was more than the actual expenditure (₹ 22,261.99 Crore) in these years.

Test check of expenditure incurred under certain major heads below this grant for the last three years showed that the pattern of expenditure varied during these years. The variation of more than ₹ 20 crore has been taken as base. The details are shown in **Table-3.20** below.

**Table-3.20: Trends of major variations in expenditure over previous years in grant**

Sl No	Scheme Name	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
		2018-19	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1.	Government primary School- Government primary and junior high school	2,23,346.61	2,28,349.55	2,31,792.75	5,002.94	3,443.20	2.24	1.51
2.	Assistance to Non-Government Primary Schools- Compensation under Right to Education	5,000.00	13,741.42	15,835.54	8,741.42	2,094.12	174.83	15.24
3.	Government Secondary Schools- Boys & Girls Schools	2,50,874.79	2,55,051.66	2,56,634.34	4,176.87	1,582.68	1.66	0.62
4.	Government Secondary Schools - Honorarium of visiting Teachers	417.43	15.40	5,067.56	(-)402.03	5,052.16	(-)96.31	32,806.23
5.	Assistance to Non-Govt. Secondary Schools- Grant for Non-Government Secondary Schools	43,088.43	43,075.71	45,935.76	(-)12.72	2,860.05	(-)0.03	6.64
6.	Government Colleges and Institutes- Government Degree Collage	10,562.39	24,715.57	31,697.46	14,153.18	6,981.89	134.00	28.25
7.	Assistance to Non-Government Colleges and Institutes- Grants-in-aid to Non-Government Degree Colleges	8,089.11	9,518.63	12,072.79	1,429.52	2,554.16	17.67	26.83

Source: Detailed Appropriation Accounts.

## B. Capital Expenditure

The overall capital expenditure increased by 80.62 per cent during 2019-20 and increased by 36.69 per cent during 2020-21 over the previous year, as summarized below in Table-3.21.

Table-3.21: Summarized position of actual expenditure vis-à-vis original /supplementary provision during 2018-19 to 2020-21

(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
4202-Capital Outlay on Education, Sports, Art and Culture	2018-19	277.31	20.62	297.93	142.79	155.14	52.07	-
	2019-20	387.73	59.50	447.23	257.91	189.32	42.33	80.62
	2020-21	393.96	30.25	424.21	352.53	71.68	16.90	36.69
<b>Total</b>		<b>1059.00</b>	<b>110.37</b>	<b>1169.37</b>	<b>753.23</b>	<b>416.14</b>		

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings in the years, 2018-19, 2019-20 and 2020-21. During the period 2018-19 to 2020-21, supplementary provisions of ₹ 110.37 crore proved unnecessary as the original provision (₹ 1,059.00 crore) was far more than the actual expenditure of ₹ 753.23 crore.

The details of variations in which ₹ 20 crore and above have been depicted under each sub-head over the previous years in Grant Number 11 are shown in Table-3.22.

Table-3.22: Trends of major variations in expenditure over previous years

Sl No	Head of Account	Expenditure (₹ in lakh)			Variation (₹ in lakh)		Variation (in per cent)	
		2018-19	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1	Central Plan/Centrally Sponsored Schemes	3,168.76	7,360.72	10,027.38	4,191.96	2,666.66	132.29	36.23
2	Central Plan/Centrally Sponsored Schemes	904.39	4,704.59	1,808.65	3,800.20	(-)2,895.94	420.19	(-)61.56
3	Construction of Buildings of Government Degree Colleges	1,544.00	1,354.44	3,300.00	(-)189.56	1,945.56	(-)12.28	143.64
4	Organizing of 38th National Games	1,247.10	2,000.00	3,000.00	752.90	1,000.00	60.37	50.00

Source: Detailed Appropriation Accounts.

Analysis of trends of variation within the Minor Heads of Major Head revealed that the expenditure during the year within the Minor Heads varied between (-) 61.56 per cent to 549.94 per cent as compared to the previous year. Which shows inappropriate expenditure pattern within the Minor Heads of the Grant.

## C. Non-utilisation of entire provision

Test check of sub-heads revealed that the Department had not been able to utilize the entire budget allocation during the period 2018-19 to 2020-21 at the end of the year (₹ one crore has been taken as base).

**Table-3.23: Summarized position of non-utilisation of entire provision during 2018-19 to 2020-21**  
(₹ in lakh)

SI No	Year	Name of the Scheme	Original	Supplementary	Saving
1.	2018-19	School-Laptop/Mobile distribution to poor meritorious student.	150.00	0.00	150.00
2.		Technical Education-Engineering/Technical college and institute-CSS	1,000.00	0.00	1,000.00
3.		Secondary Education- Up-gradation of Kasturba Gandhi Girls Boarding Schools up to High school Level	100.00	0.00	100.00
4.		Other Expenditure-NCC Training Academy	200.00	0.00	200.00
5.		Polytechnics- Central Plan/Centrally Sponsored Scheme	500.00	0.00	500.00
6.		Government Girls Engineering College, Dehradun	100.00	0.00	100.00
7.		Engineering College, Tanakpur	100.00	0.00	100.00
8.		Engineering College, Uttarkashi	100.00	0.00	100.00
9.		Frontier Industrial Institute at Pithoragarh (SPA)	100.00	0.00	100.00
10.		Construction of building for Engineering College Salt (Almora)	100.00	0.00	100.00
11.		Central Plan/Centrally Sponsored Scheme	400.00	0.00	400.00
12.		Construction of Sports Stadium (New Work)	200.00	0.00	200.00
13.		Establishment of Tripen Singh Negi Youth Development Centre at State Level	200.00	0.00	200.00
<b>Sub Total</b>					<b>3,250.00</b>
14.	2019-20	Expansion of Kasturba Gandhi Girl Residential School up to Inter-state Level	128.00	0.00	128.00
15.		Girls Education incentives(bicycles) scheme	1,600.00	0.00	1,600.00
16.		Laptop / Mobile distribution to poor meritorious students	150.00	0.00	150.00
17.		Modernization of university campuses	200.00	0.00	200.00
18.		Strengthening of Colleges to NAAC Accreditation	100.00	0.00	100.00
19.		Education in State College/University's through EDUSAT	0.00	100.00	100.00
20.		Technical Education- Polytechnics- Central Plan/Centrally Sponsored Scheme	1,388.06	0.00	1,388.06
21.		Sports and Youth Services- Sports and Games- special training camp for state players before 38 <sup>th</sup> National Games	200.00	0.00	200.00
22.		Construction of Building for District Education & Training Institutes	250.00	0.00	250.00
23.		Up-gradation of Kasturba Gandhi Girls Boarding Schools up to High school Level	100.00	0.00	100.00
24.		Construction Of Rajiv Gandhi Abhinav residential school building	400.00	0.00	400.00
25.		Building construction of Uttarakhand residential School Jaiharikhal	0.00	150.00	150.00
26.		Almora Residential University	500.00	0.00	500.00
27.		Law University	500.00	0.00	500.00
28.		General Education- General-Construction of NCC Training Academy	500.00	0.00	500.00
29.		Technical Education- Polytechnics- Central Plan/Centrally Sponsored Scheme	363.25	0.00	363.25
30.		Government Girls Engineering College, Dehradun	100.00	0.00	100.00
31.		Engineering College, Tanakpur	100.00	0.00	100.00
32.		Engineering College, Uttarkashi	100.00	0.00	100.00
33.		Frontier Industrial Institute at Pithoragarh (SPA)	100.00	0.00	100.00

Source: Detailed Appropriation Accounts.

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34.		Purchase of land/Construction of building for Polytechnic College, Beerokhal Pauri	100.00	0.00	100.00
35.		Central Plan/Centrally Sponsored Scheme	400.00	0.00	400.00
36.		Sports and Youth Services- Sports Stadium-Establishment of Tripen Singh Negi Youth Development Centre at State Level	200.00	0.00	200.00
37.		Construction of Museum Building	300.00	0.00	300.00
<b>Sub Total</b>					<b>8,029.31</b>
38.	<b>2020-21</b>	Assistance to Non-Government Primary Schools-Distribution of Education Material/free Books to Students	624.29	0.00	624.29
39.		Direction and Administration- Grants to Doon Library and Research Center	120.00	0.00	120.00
40.		Government Secondary Schools- Uttarakhand residential school Jaiharikhal	113.02	0.00	113.02
41.		Grant to Government Degree Colleges for Development Work from University Grants Commission	216.00	0.00	216.00
42.		Art and Culture- Promotion of Arts and Culture-Maintenance and renovation of pilgrimages and religious places of the state, ancient temples and shrines;	200.00	0.00	200.00
43.		University and Higher Education-Kumaon University	250.00	0.00	250.00
44.		General- Construction of NCC training Academy	500.00	0.00	500.00
45.		Central Plan/Centrally Sponsored Scheme	282.54	0.00	282.54
46.		Purchase of Land/construction of Buildings for Three new Polytechnics	500.00	0.00	500.00
47.		Engineering College Ghurdauri	200.00	0.00	200.00
48.		Engineering College, Tanakpur	100.00	0.00	100.00
49.		Engineering College, Uttarkashi	100.00	0.00	100.00
50.		Frontier Industrial Institute at Pithoragarh (SPA)	100.00	0.00	100.00
51.		Construction of Museum Building	500.00	0.00	500.00
52.		Culture village	100.00	0.00	100.00
<b>Sub Total</b>					<b>3,905.85</b>

As can be seen there were cases of non utilisation of complete budget persist in certain schemes for ₹ 32.50 crore, ₹ 80.29 crore and ₹ 39.06 crore for years 2018-19, 2019-20 and 2020-21 respectively.

**D. Receipts**

The overall position of revenue receipts under Major Head- 0202 of the selected grant during 2018-19 to 2020-21 is summarized in **Table-3.24**.

**Table-3.24 Position of revenue receipts under Major Head 0202 of the Grant**

(₹ in crore)

Head of Account	Year	BE	RE	Actual Receipts	Excess(+)/Shortfall (-) from RE	Per cent variation to RE
<b>0202- Education, Sports, Art and Culture</b>	2018-19	55.72	70.22	81.48	11.26	16.04
	2019-20	91.40	200.90	198.83	(-)2.07	(-)1.03
	2020-21	133.80	110.80	259.59	148.79	134.29

Source: Budget and Finance Accounts

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years as given in **Table-3.25**.



Table-3.25 Summarised position of Receipts during 2018-19 to 2020-21

(₹ in crore)

Sl. No.	Head of Account	Year	BE	RE	Actual Receipts	Excess(+)/ Shortfall (-) from RE	Per cent variation to RE
1.	0202-01-101	2018-19	35.00	60.00	34.28	(-)25.72	(-)42.87
		2019-20	65.00	150.00	0.00	(-)150.00	(-)100.00
		2020-21	75.00	53.00	211.32	158.32	298.72
2.	0202-01-102	2018-19	5.57	5.57	10.55	4.98	89.41
		2019-20	15.60	14.60	0.00	(-)14.60	(-)100.00
		2020-21	16.60	15.60	29.39	13.79	88.40
3.	0202-01-103	2018-19	2.00	2.00	8.94	6.94	347.00
		2019-20	2.00	10.00	0.00	(-)10.00	(-)100.00
		2020-21	10.00	10.00	4.09	(-)5.91	(-)59.10
4.	0202-01-800	2018-19	-	0.00	0.38	0.38	---
		2019-20	0.00	0.00	0.73	0.73	---
		2020-21	0.00	0.00	2.02	2.02	---
5.	0202-02-101	2018-19	10.00	1.00	19.14	18.14	1814.00
		2019-20	8.00	20.00	6.78	(-)13.22	(-)66.10
		2020-21	22.00	22.00	6.87	(-)15.13	(-)68.77
6.	0202-02-800	2018-19	1.00	1.00	5.41	4.41	44.10
		2019-20	0.05	5.55	2.09	(-)3.46	(-)62.34
		2020-21	7.05	7.05	3.43	(-)3.62	(-)51.35
7.	0202-03-101	2018-19	2.00	0.50	1.95	1.45	290.00
		2019-20	0.60	0.60	1.56	0.96	160.00
		2020-21	3.00	3.00	2.15	(-)0.85	(-)28.33
8.	0202-04-800	2018-19	0.10	0.10	0.00	(-)0.10	(-)100.00
		2019-20	0.10	0.10	1.35	1.25	1250.00
		2020-21	0.10	0.10	0.27	(+)0.17	(+)170.00

Source: Budget and Finance Accounts.

Analysis of receipts under Grant Number11 showed that there is only one major Head under which the receipts are booked and receipts are booked mainly under four minor heads<sup>2</sup>.

### Grant Number 20: Irrigation & Flood

#### A. Revenue Expenditure

The overall revenue expenditure decreased by 0.94 per cent during 2019-20 and increased by 1.60 per cent during 2020-21 over the previous year, as summarized below in Table-3.26.

Table-3.26: Summary of actual expenditure vis-à-vis original provision during 2018-19 to 2020-21

(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual expenditure	Saving	in per cent	
							Saving	Variation in expenditure over last year
2700-Major Irrigation 2701-Medium Irrigation 2702-Minor Irrigation 2711-Flood Control and Drainage	2018-19	494.00	6.17	500.17	427.96	72.21	14.44	--
	2019-20	521.79	55.92	577.71	423.94	153.77	26.62	(-)0.94
	2020-21	559.26	0.00	559.26	430.73	128.53	22.98	1.60
<b>Total</b>		<b>1,575.05</b>	<b>62.09</b>	<b>1,637.14</b>	<b>1,282.63</b>	<b>354.51</b>		

Source: Appropriation Accounts

<sup>2</sup> 101-Elementary Education, 102-Secondary Education, 103-University and Higher Education and 800-Other Receipts

It is evident from the above that there were persistent savings during 2018-19 to 2020-21. During this period, supplementary provision of ₹ 62.09 crore proved unnecessary as the original provision (₹ 1,575.05 crore) was far more than the actual expenditure of ₹ 1,282.63 crore. Test-check of expenditure incurred under certain Major Heads below this grant for the last three years showed that the pattern of expenditure varied during these years. The inappropriate expenditure pattern at sub-head level within the Minor Heads of the Grant for schemes outlays of more than ₹ 50 lakh are shown in **Table-3.27** below.

**Table-3.27: Trends of major variations in expenditure over previous years**

Sl No	Scheme Name at Sub head level	Expenditure (₹ in lakh)			Variation in per cent	
		2018-19	2019-20	2020-21	2019-20	2020-21
1.	Major Irrigation-General Investigation- Construction for DPR	347.75	138.07	81.38	(-)60.30	(-)41.06
2.	Tumaria Project-Maintenance and Repairs-Other Maintenance Expenses	254.94	374.95	515.07	47.07	37.37
3.	Doon Canals-Maintenance and Repairs-Other Maintenance Expenses	395.86	749.54	599.99	89.34	(-)19.95
4.	Maintenance of Dams, Boars, Barrages, Lake Reservoirs etc.- Maintenance and Repairs-Other Maintenance Expenses	252.89	377.41	549.10	49.24	45.49
5.	Other Irrigation Schemes-Other Maintenance Expenses	415.21	394.21	548.46	(-)5.06	39.13
6.	Maintenance of Canals in District Haridwar-Maintenance-Other Maintenance	177.11	215.98	346.51	21.95	60.44
7.	Maintenance of Residential/Non-residential Buildings- Maintenance and Repair-Other Maintenance Expenditure	176.55	197.00	249.96	11.58	26.88
8.	Minor Irrigation- Ground water- Investigation- Estimate and Strengthening underground Water Survey	3,225.39	3,132.96	2,983.89	(-)2.87	(-)4.76
9.	Water Tank-Other Maintenance Expenses	799.64	846.35	999.57	5.84	18.10
10.	Water Tank-Private small irrigation schemes	99.64	398.38	619.32	299.82	55.46
11.	Lift Canal Project-Maintenance Work	485.77	530.71	922.84	9.25	73.89
12.	Tubewell- Maintenance Work	4,784.00	6,198.26	6,696.54	29.56	8.04
13.	Flood Control and Drainage- Flood Control- Civil Works- Civil Construction Work	490.39	584.53	799.74	19.20	36.82

Source: Detailed Appropriation Accounts.

### B. Capital Expenditure

The overall capital expenditure showed a decrease of 8.65 per cent during 2019-20 and 22.47 per cent in 2020-21 over the previous year, as summarised in **Table-3.28**.

**Table-3.28: Summarized position of actual expenditure vis-à-vis original provision during 2018-19 to 2020-21**

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual expenditure	Saving (-)/ Excess (+)	in per cent	
							Saving	Variation in expenditure over last year
4700-Capital Outlay on Major Irrigation 4701-Capital Outlay on Medium Irrigation 4702-Capital Outlay on Minor Irrigation 4711-Capital Outlay on Flood Control Projects	2018-19	426.28	41.92	468.20	365.92	(-)102.28	21.85	-
	2019-20	476.05	163.94	639.99	334.28	(-)305.71	47.77	(-) 8.65
	2020-21	719.95	0.00	719.95	259.18	(-)460.77	64.00	(-) 22.47

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during the year 2018-19, 2019-20 and 2020-21. Further, the supplementary provision proved unnecessary in the year 2018-19 and 2019-20 as the actual expenditure (₹ 700.20 crore) was less than the original grant (₹ 902.33 crore).

**Table-3.29: Trends of major variations in expenditure over previous years in Grant No 20***(₹ in lakh)*

Sl No	Head of Account	Expenditure (₹ in lakh)			Variation (₹ in lakh)		Variation in per cent	
		2018-19	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
1.	4702-00-800-98	500.00	747.26	1,177.35	247.26	430.09	49.45	57.56
2.	4711-01-103-03	717.42	399.59	223.28	(-)317.83	(-)176.31	(-)44.30	(-)44.12

Source: Detailed Appropriation Accounts

**C. Non-utilisation of the entire provision**

Test check of certain sub-heads revealed that the Department did not utilize the entire provision during 2018-19 to 2020-21 at the end of the year (₹ one crore and above) as given in **Table-3.30**.

**Table-3.30: Summarized position of non-utilisation of entire provision during 2018-19 to 2020-21***(₹ in lakh)*

Sl No	Year	Head of Account	Original	Supplementary	Saving
1	2018-19	4700-00-052-01	100.00	0.00	100.00
2		4701-80-05-106	500.00	0.00	500.00
3		4701-80-051-07	300.00	0.00	300.00
4	2019-20	4700-00-052-01	100.00	0.00	100.00
5		4700-01-051-02	0.00	5,000.00	5,000.00
6		4701-80-051-04	100.00	0.00	100.00
7		4701-80-190-03	100.00	0.00	100.00
8		4702-00-102-01	0.00	500.00	500.00
9		4711-01-103-07	400.00	0.00	400.00
10		4711-03-103-02	200.00	0.00	200.00
11		2020-21	2700-80-001-97	700.00	0.00
12	2701-16-102-02		150.00	0.00	150.00
13	4700-00-001-01		1,500.01	0.00	1,500.01
14	4700-80-001-97		1,000.00	0.00	1,000.00
15	4701-00-001-02		1,000.00	0.00	1,000.00
16	4701-00-001-04		500.00	0.00	500.00
17	4701-00-001-05		300.00	0.00	300.00
18	4701-80-001-05		300.00	0.00	300.00
19	4701-80-190-03		150.00	0.00	150.00
20	4702-00-102-01		1,000.00	0.01	1,000.01
21	4711-01-103-01	1,000.00	0.00	1,000.00	

Source: Detailed Appropriation Accounts

**D. Receipts**

The overall position of revenue receipts under Major Head 0700, 0701 and 0702 of the grant during 2018-19 to 2020-21 is summarised in **Table-3.31**.

**Table-3.31: Position of revenue receipts under Major Head 0700, 0701, 0702 of the grant***(₹ in crore)*

Head of Account	Year	BE	RE	Actual Receipts	Excess(+)/Shortfall(-)	Percentage variation to RE
0700	2018-19	0.27	0.27	0.10	(-) 0.17	(-) 62.96
	2019-20	0.08	0.08	0.13	0.05	62.50
	2020-21	0.13	1.13	1.07	(-)0.06	(-)5.31
0701	2018-19	7.51	7.51	7.48	(-)0.03	(-)0.40
	2019-20	6.65	6.65	5.20	(-)1.45	(-)21.80
	2020-21	9.65	9.65	6.24	(-)3.41	(-)35.34
0702	2018-19	3.00	3.00	1.75	(-)1.25	(-)41.67
	2019-20	3.00	3.00	1.61	(-)1.39	(-)46.33
	2020-21	3.00	2.00	2.11	0.11	5.50

Source: Budget and Finance Accounts.

However, test check of certain Heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years as given in **Table-3.32**.

Table-3.32: Position of Receipts under Major Head-0700, 0701, 0702

(₹ in crore)

SI No.	Head of Account	Year	BE	RE	Actual Receipts	Excess (+)/ Shortfall (-)	Percentage variation to RE
1.	0700-01-101	2018-19	00.12	0.12	0.10	(-)0.02	(-)16.67
		2019-20	0.00	0.00	0.12	0.12	-----
		2020-21	0.00	0.50	0.04	(-)0.46	(-)92.00
2.	0700-01-800	2018-19	0.07	0.07	0.00	(-)0.07	(-)100.00
		2019-20	0.06	0.06	0.00	(-)0.06	(-)100.00
		2020-21	0.11	0.52	1.03	0.51	98.08
3.	0701-01-101	2018-19	6.00	6.00	5.22	(-)0.78	(-)13.00
		2019-20	6.00	6.00	3.15	(-)2.85	(-)47.5
		2020-21	6.00	6.00	1.93	(-)4.07	(-)67.83
4.	0701-01-110	2018-19	0.01	0.01	0.00	(-)0.01	(-)100.00
		2019-20	0.01	0.01	0.02	0.01	100.00
		2020-21	0.01	0.01	0.00	(-)0.01	(-)100.00
5.	0701-01-800	2018-19	0.00	0.00	0.00	0.00	---
		2019-20	0.00	0.00	0.30	0.30	---
		2020-21	0.00	0.00	1.51	1.51	---
6.	0701-03-101	2018-19	0.00	0.00	0.00	0.00	---
		2019-20	0.00	0.00	0.02	0.02	---
		2020-21	0.00	0.00	0.02	0.02	---
7.	0701-03-800	2018-19	0.00	0.00	0.00	0.00	---
		2019-20	0.00	0.00	0.03	0.03	---
		2020-21	0.00	0.00	0.32	0.32	---
8.	0701-04-800	2018-19	0.00	0.00	2.27	2.27	---
		2019-20	0.00	0.00	1.35	1.35	---
		2020-21	3.00	3.00	2.20	(-)0.80	(-)26.67
9.	0701-05-101	2018-19	1.20	1.20	0.00	(-)1.20	(-)100.00
		2019-20	0.50	0.50	0.28	(-)0.22	(-)44.00
		2020-21	0.50	0.50	0.20	(-)0.30	(-)60.00
10.	0701-05-110	2018-19	0.00	0.00	0.00	0.00	---
		2019-20	0.00	0.00	0.00	0.00	---
		2020-21	0.00	0.00	0.01	0.01	---
11.	0701-05-800	2018-19	0.00	0.00	0.00	0.00	---
		2019-20	0.00	0.00	0.01	0.01	---
		2020-21	0.00	0.00	0.00	0.00	---
12.	0702-01-101	2018-19	3.00	3.00	1.65	(-) 1.35	(-)45.00
		2019-20	3.00	3.00	0.61	(-)2.39	(-)79.67
		2020-21	3.00	2.00	1.04	(-)0.96	(-)48.00
13.	0702-01-102	2018-19	0.00	0.00	0.00	0.00	---
		2019-20	0.00	0.00	0.05	0.05	---
		2020-21	0.00	0.00	0.06	0.06	---
14.	0702-01-800	2018-19	0.00	0.00	0.07	0.07	---
		2019-20	0.00	0.00	0.19	0.19	---
		2020-21	0.00	0.00	0.43	0.43	---
15.	0702-02-101	2018-19	0.00	0.00	0.00	0.00	---
		2019-20	0.00	0.00	0.28	0.28	---
		2020-21	0.00	0.00	0.16	0.16	---
16.	0702-02-800	2018-19	0.00	0.00	0.02	0.02	---
		2019-20	0.00	0.00	0.47	0.47	---
		2020-21	0.00	0.00	0.41	0.41	---

Source: Budget and Finance Accounts

Analysis of receipts under Grant Number 20 showed that there are three Major Heads<sup>3</sup> under which the receipts are booked.

<sup>3</sup> 0700-Major Irrigation, 0701-Medium Irrigation & 0702-Minor Irrigation.

### 3.13 Conclusions

- During 2020-21, there was an overall saving of ₹ 5,590.65 crore against the total grants and appropriations of ₹ 57,590.76 crore.
- Supplementary provision of ₹ 3,421.56 crore obtained in 29 cases proved unnecessary. Re-appropriation of funds in 32 cases was made injudiciously resulting in savings of more than one crore over provisions.
- Excess expenditure amounting to ₹ 42,873.61 crore pertaining to the years 2005-06 to 2019-20 was, done without Legislative approval, yet to be regularised by the State Legislature.
- Expenditure of ₹ 14.30 crore had been booked under revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works, which ordinarily ought to have been booked under the capital section. Similarly, expenditure of ₹ 207.85 crore had been booked under capital section, which should have been booked under revenue section, as this pertained to Grants-in-aid, minor works and maintenance.

### 3.14 Recommendations

- *The State Government should be more realistic in its budgetary estimates and ensure efficient control mechanisms to curtail savings/excess expenditure.*
- *The State Government may assess the savings/excess and surrender the amount well before the close of the financial year so that they can be effectively utilised in other areas/ schemes.*
- *The State Government should not exceed its expenditure that what was approved by Legislature.*
- *The State Government should take appropriate steps to contain the use of capital expenditure for issues relating to revenue expenditure and vice-versa.*



**CHAPTER-4**  
**QUALITY OF ACCOUNTS AND FINANCIAL**  
**REPORTING PRACTICES**





## CHAPTER-4

### QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

This chapter provides an overview on the quality of accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures and directives with regard to completeness, transparency, measurement and disclosure.

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, therefore, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities including strategic planning and decision-making.

#### 4.1 Funds outside Consolidated Fund or Public Account of the State

##### 4.1.1 Regulators

The Regulatory Authorities are 'State' within the meaning of Article 12 of the Constitution. Money being received by them are on account of discharge of functions 'on behalf of the Government'. Hence, their Funds need to be housed in the Public Account of India/States. This is the settled position of the CAG, Ministry of Finance and Ministry of Law for the Government of India.

The status of funds of Uttarakhand Electricity Regulatory Commission is given in the **Table-4.1** below.

**Table-4.1: Details of Regulator and the Funds**

Sl. No.	Name of the Regulatory Authority	Constitution of Fund	Amount outstanding towards Government
1.	Uttarakhand Electricity Regulatory Commission	The Fund shall be maintained at any Nationalized Bank and subsidiary accounts shall be maintained at such other branches of such banks. The Fund shall comprise of License fee, Petition Fee, Processing Fee, Fine and Receipts.	No amount is outstanding towards the Government.

#### 4.2 Non-inclusion of clear-cut liabilities of Departments

As on 31 March 2021, there was a deferred liability to the extent of ₹ 373.63 crore (Principal ₹ 277.01 crore and ₹ 96.62 crore as delayed payment surcharge), as detailed in **Table 4.2**, due to non-payment by Irrigation Department, on account of electricity usage, to the Uttarakhand Power Corporation Limited; and committed liability in respect of medicine purchase and tie-up Hospital bills by Medical Department under Employee State Insurance Scheme.

**Table-4.2: Non-inclusion of clear-cut liabilities during the financial year 2020-21**

(₹ in crore)

Sl. No.	Name of the department	Liability due to	Principal Amount	Delayed Payment Surcharge	Total Amount
1.	Irrigation Department	UPCL	166.52	96.62	263.14
2..	Medical Department	Hospitals	110.49	00.00	110.49
<b>Total</b>			<b>277.01</b>	<b>96.62</b>	<b>373.63</b>

During the exit conference, the State Government stated that the deferred liabilities on account of non-payment of electricity dues by the state departments towards UPCL was due to book adjustment not being done by the respective departments with the UPCL. In respect deferred liability on account of purchase of medicine, the department stated that the budget in this regard would be sought from the Government.

#### 4.3 Non-discharge of liability in respect of interest towards interest bearing deposits

The Government has a liability to provide and pay interest on the amounts in the interest bearing deposits (Major Heads of Accounts -8342). The details of non-discharge of liability in this regard are given in **Table-4.3** below.

**Table-4.3: Non discharge of liability in respect of interest towards interest bearing deposits**

*(₹ in crore)*

Sl. No.	Name of the Interest bearing deposit	Balance as on 1 <sup>st</sup> April 2020	Rate of Interest	Amount of Interest not provisioned
1.	Reserve Funds bearing Interest (including SDRF)	3,253.55	4.06 per cent Average of W&M interest rate	132.09
2.	Deposits bearing Interest (excluding CPS MH 8342-117)	292.68		11.88
3.	Un-transferred amount under NPS (8342-117)	164.64	7.10 per cent notified by the Government /Payable to GPF	11.69
<b>Total</b>		<b>3,710.87</b>		<b>155.66</b>

Source: Finance Accounts 2020-21 Government of Uttarakhand

The State Government was required to make provision of interest at the rate 4.06 per cent on the opening balances of deposits bearing interest during the year 2020-21. However, the Government did not make the required provision of ₹ 155.66 crore during the year on these deposits. This impacted the Revenue Surplus and Fiscal Deficit to that extent.

#### 4.4 Funds transferred directly to implementing agencies

The Union Government transfers substantial funds directly to Implementing Agencies/ Non-Governmental Organizations for implementation of various schemes and Programmes in accordance with respective guidelines. These transfers are exhibited in Appendix-VI of Volume-II of the Finance Accounts.

As per PFMS portal of CGA, ₹ 4,056.80 crore was directly released under 104 schemes to 335 implementing agencies in Uttarakhand during 2020-21 for implementing Centrally Sponsored Schemes. The direct transfers of funds to implementing agencies have increased by 76.05 per cent from ₹ 2,304.31 crore in 2019-20 to ₹ 4,056.80 crore in 2020-21. Names of some major implementing agencies which received funds directly from the GoI during 2020-21 are given in the **Table-4.4** below.

**Table-4.4: Names of implementing agencies which received funds (more than ₹ 50 crore) directly from GoI during 2020-21**

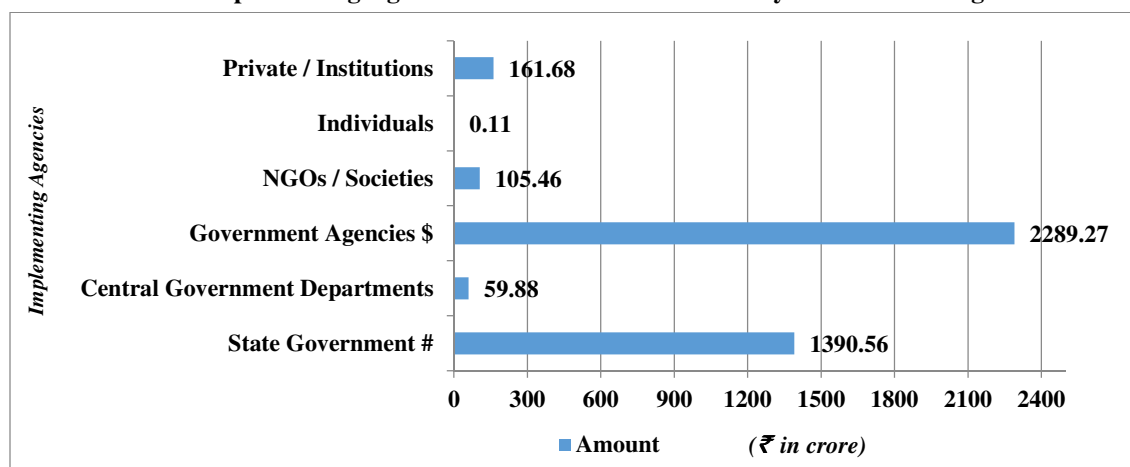
			(₹ in crore)
Sl No.	Name of the Scheme of GoI	Name of the Implementing Agency	Fund transferred by GoI during 2020-21
1.	Food Subsidy for Decentralized Procurement of Food grains under NFSA	Food & Civil Supplies Department, Uttarakhand	1371.34
2.	Mahatma Gandhi National Rural Employment Guarantee Program	Uttarakhand Rajya Rozgar Guarantee Sanstha	736.13
3.	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture, UK	531.87
4.	Pradhan Mantri Swasthya Suraksha Yojana	AIIMS Rishikesh	860.33
5.	SWAMITVA	Survey of India, Uttarakhand Land Record Modernisation Society	75.07
6.	Scheme for Assistance to Sugar Mills for 2019-20 season	Uttam Sugar Mills Limited	82.03
<b>Total</b>			<b>3,656.77</b>

The details of aggregate amount transferred directly to implementing agencies during the last three years are indicated **Table-4.5**

**Table-4.5: Funds transferred to Implementing Agencies**

Year	2018-19	2019-20	2020-21
<b>Direct transfers to implementing agencies (₹ in crore)</b>	1,778.24	2,304.31	4,056.80

The agencies that have received funds directly from the GoI during 2020-21 for implementing various developmental schemes and the quantum of such funds are given in **Chart-4.1**.

**Chart-4.1: Implementing Agencies that received funds directly from GoI during 2020-21**

Source: PFMS data for 2020-21

# Where Government Departments act as Nodal department/ office for implementation of schemes.

\$ Where Government institutions execute the implementation of different Govt. schemes.

#### 4.5 Deposit of Local Funds

The Uttarakhand Panchayati Raj Act, 2016 (Section 40, 80 and 119) provides for keeping the Panchayat Bodies Fund in Government Treasury and sub-treasury or in any Nationalized Bank, Local Bank, Co-operative Bank and Post Office. Similarly, the Uttar Pradesh Municipalities Act, 1916 (Section 115) as adopted by Uttarakhand also provides

for keeping the Municipal Fund (for ULBs) in Government Treasury or sub-treasury or in State Bank of India or Co-operative Bank or Scheduled Bank. The ULBs continued to operate through treasury system, whereas the PRIs operate through Nationalised Banks.

**Table-4.6: Deposits of Local Funds**

Year		2016-17	2017-18	2018-19	2019-20	2020-21
Panchayat Bodies Fund (8448-109)	Opening Balance	14.62	14.62	14.62	14.79	14.79
	Receipt	0.00	0.00	0.17	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	<b>Closing Balance</b>	<b>14.62</b>	<b>14.62</b>	<b>14.79</b>	<b>14.79</b>	<b>14.79</b>
	<b>Per cent Utilization</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Municipal Fund (8448-102)	Opening Balance	44.18	66.15	236.59	340.59	441.61
	Receipt	345.54	728.37	711.61	835.76	941.81
	Expenditure	323.57	557.93	607.61	734.74	888.01
	<b>Closing Balance</b>	<b>66.15</b>	<b>236.59</b>	<b>340.59</b>	<b>441.61</b>	<b>495.41</b>
	<b>Per cent Utilization</b>	<b>83.02</b>	<b>70.22</b>	<b>64.08</b>	<b>62.46</b>	<b>64.19</b>

Source: Finance Accounts 2020-21 prepared by Accountant General (A&E) Uttarakhand

As is evident from **Table-4.6** above, the Panchayat Bodies Fund is almost inoperative since 2016-17. However, Municipal Fund is in operation and had an accumulated balance of ₹ 495.41 crore as on 31 March 2021. Further, the *per cent* Utilisation under Municipal Fund declined during the period from 2017-18 to 2019-20. The Utilisation was 64.08 *per cent* in 2018-19, 62.46 *per cent* in 2019-20. However, the Utilisation *per cent* marginally increased during the year by 1.73 percentage points and was 64.19 *per cent*. During exit conference Finance Secretary directed the concerned officers to investigate the matter and take remedial measures.

#### 4.6 Delay in submission of Utilisation Certificates

Paragraph 369-CC (a) of Uttarakhand Financial Rules provides that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees in such form as agreed by the Accountant General (Accounts and Entitlement) and should be forwarded to the Accountant General (Accounts and Entitlement) within 12 months from the date of sanction of grants, unless specified otherwise. A total number of 457 UCs amounting to ₹ 1,888.97 crore were pending as of March 2021. The age-wise position as regards submission of UCs is summarised in **Table-4.7**.

**Table-4.7: Age-wise arrears in submission of Utilisation Certificates**

Year	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2018-19	209	343.04	122	479.16	212	468.87	119	353.33
2019-20	119	353.33	149	1537.25	67	253.89	201	1,636.69
2020-21	201	1,636.69	338*	1,016.32	82	764.04	457	1,888.97

Source: AG (A&E), Uttarakhand

\* Except where the sanction order specifies otherwise, UCs in respect of Grants-in-aid drawn during 2020-21 become due only in 2021-22.

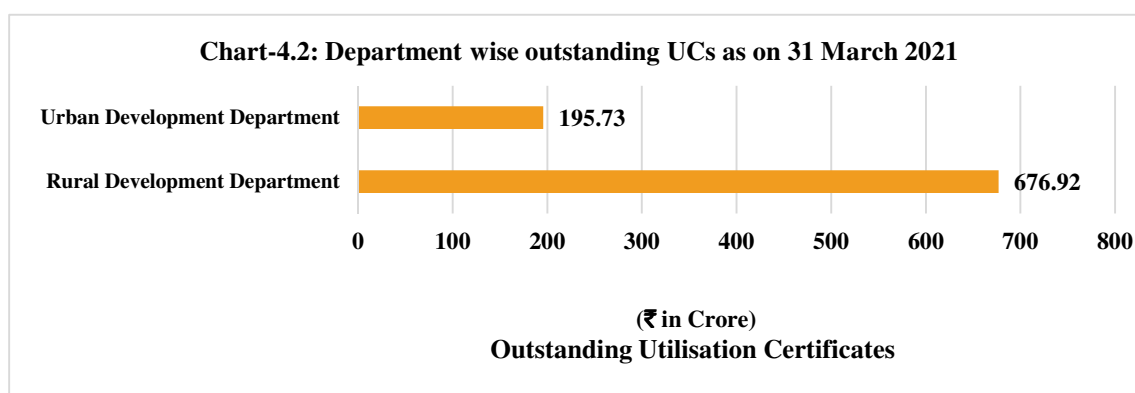
The Departmental officers did not submit 119 UCs due for submission by March 2021 in respect of which grants amounting to ₹ 872.65 crore were given up to March 2020 for

specific purposes. Out of above, 37 UCs amounting to ₹ 264.19 crore were received up to August 2021. All the UCs which were pending related to the Panchayati Raj Institutions/Urban Local Bodies. The year wise break-up of outstanding UCs as on 31 March is given in **Table-4.8** below.

**Table-4.8: Year wise break up of outstanding UCs as on 31.03.2021**

Year in which GIA transferred	No. of Outstanding UCs	Amount (₹ in crore)
Up to 2018-19	03	5.46
2019-20	08	20.82
2020-21	108	846.37
<b>Total</b>	<b>119</b>	<b>872.65</b>

In the absence of UCs, it could not be ascertained whether the recipients had utilized the grants for the intended purpose for which these were sanctioned. Pendency of UCs was fraught with the risk of misappropriation of funds and fraud.



#### **4.6.1 Recording of Grantee Institution as ‘Others’**

There is a mechanism in some States of giving institute code to various bodies and authorities receiving Grants-in-Aid from Government. These grants are also recorded in VLC system of the office of Accountant General (Accounts and Entitlement) and submission of UCs is monitored against outstanding amount against each institute. For this system to work, grantee institute should be recorded properly. In absence of proper code, outstanding amounts against each institute cannot be worked out.

As per Rule 228 of General Financial Rules 2017, if Grants-in-Aid constitute a significant portion of the total expenditure of the State, it is essential that the Government provides the details and nature of the Grantee Institution for transparency of accounts.

In Uttarakhand no code is being allotted to the institutions receiving grants from the Government of Uttarakhand for monitoring of UCs by the Accountant General (Accounts and Entitlement).

As per the Statement-10 of the Finance Accounts 2020-21, an amount of ₹ 6,440.77 crore had been given as Grants-in-Aid to different institutions during the year. The major beneficiaries were (i) Panchayati Raj Bodies ₹ 955.29 crore, (ii) Urban Local Bodies ₹ 976.91 crore, (iii) Autonomous Bodies (Universities, Development Authorities, Cooperative Institutions) ₹ 924.67 crore (iv) Non-Government Organizations

₹ 126.97 crore and (v) Others ₹ 3,456.93 crore. Out of total Grants-in-Aid of ₹ 6,440.77 crore, ₹ 3,456.93 crore (53.67 per cent) was given to Others. The Government has continued to record substantial amount of Grants-in-Aid as ‘Others’; it was, 42.44 per cent in 2018-19, 50.47 per cent in 2019-20 and 53.67 per cent during 2020-21.

#### 4.7 Abstract Contingent Bills

Year-wise details of pendency of Detailed Countersigned Contingent (DCC) bills against the Abstract Contingent (AC) bills for the years up to 2020-21 are given in **Table-4.9** below.

**Table-4.9: Pendency in submission of DCC bills against the AC bills**

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Upto 2018-19	16	0.59	19	0.73	25	0.76	10	0.56
2019-20	10	0.56	61	6.03	34	3.58	37	3.01
2020-21	37	3.01	78	5.67	38	5.24	77	3.44

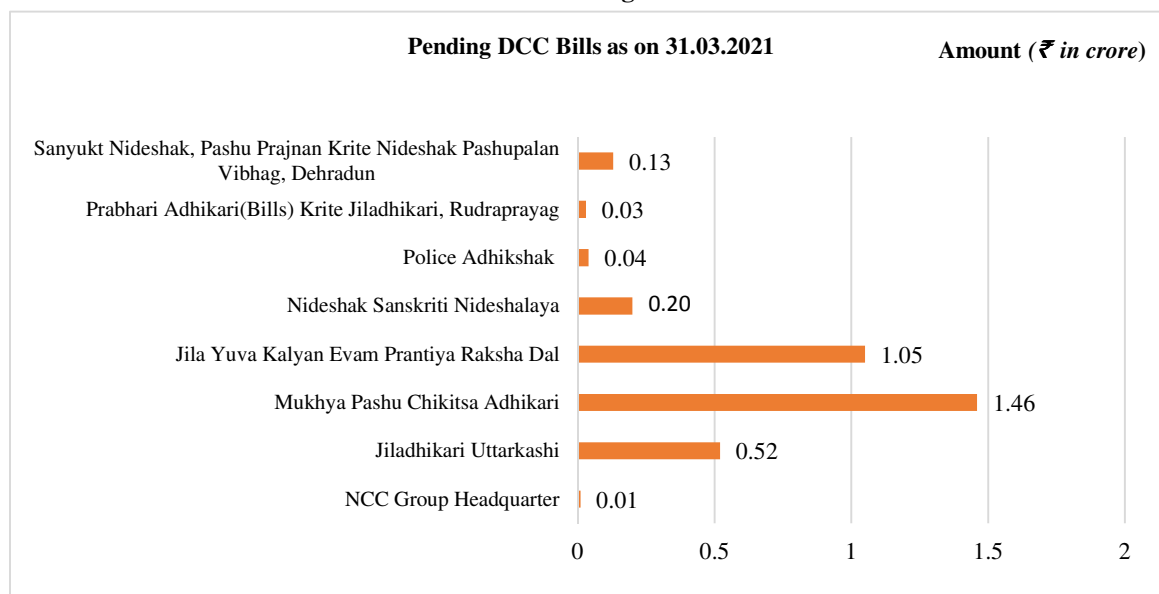
(₹ in crore)

Source: Data compiled by the office of the AG (A&E), Uttarakhand

**Table- 4.9** reveals that during 2020-21, 78 AC bills were drawn for an amount of ₹ 5.67 crore and 38 DCC bills for an amount of ₹ 5.24 crore were submitted during the year. There were 77 AC Bills amounting to ₹ 3.44 crore outstanding as on March 2021. Pending 77 DCC Bills include seven bills amounting to ₹ 0.43 crore pertaining to 2019-20 and 70 bills of the year 2020-21. However, 70 DCC bills amounting to ₹ 3.01 crore were received up to 31 August 2021.

The status of pending DCC bills in respect of all departments is given in **Chart-4.3**.

**Chart-4.3: Pending DCC Bills**



As has been detailed above, DCC Bills amounting to ₹ 3.44 crore pertained to (i) Department of Animal Husbandry ₹ 1.59 crore, (ii) Sports and Youth Welfare ₹ 1.05 crore (iii) General Administration ₹ 0.55 crore (iv) Department of Culture

₹ 0.20 crore and (v) Department of Home Affairs ₹ 0.05 crore. Analysis of AC Bills revealed that these bills were drawn for general purposes and not for capital asset creation. The DCC bills in respect of seven AC Bills were outstanding as on 31 August 2021 against the Animal Husbandry Department and NCC Headquarters Dehradun. The Animal Husbandry Department had drawn AC Bills for the implementation of National Live Stock Mission (Innovative Poultry Productivity Project) and the NCC Headquarters had drawn the AC Bill for organizing Republic Day -2021.

Advances drawn and not accounted for, increase the possibility of wastage/ misappropriation/malfeasance, etc., and, therefore, requires close monitoring for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

#### 4.8 Personal Deposit Accounts

Government is authorized to open Personal Deposit (PD) Accounts in order to deposit money by transferring funds from the Consolidated Fund for discharging liabilities of the Government. The provisions of para 340(B)(2) of Financial Hand Book Volume -5 (Part-1) authorises the departmental officers to open personal deposit accounts. However, the funds shall be withdrawn only if required for immediate payment and shall not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Besides, the practice of withdrawing funds with a view to avoiding lapse of Budget grant and placing such moneys as deposits in the Public Account or with Bank is forbidden.

At the end of 2020-21, unspent balances of ₹ 155.53 crore in 45 PD Accounts remained untransferred to the Consolidated Fund of State. The status of PD Accounts during 2020-21 is given in **Table-4.10**.

**Table-4.10: Status of PD Accounts (MH 8443-106) during 2020-21**

(₹ in crore)							
Opening Balance		Addition during the year		Closed during the year		Closing Balance	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
48	200.29	---	5.53	03	50.29	45	155.53

The following table provides the status of funds lying in PD Account 8443-106 District Magistrate (DM), Dehradun on the last day of the financial year during the period 2016-21.

**Table-4.11: Parking of funds in Personal Deposit Account of DM Dehradun during 2016-17 to 2020-21**  
(₹ in crore)

Year	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Funds parked in PDA</b>	112.07	93.59	98.36	96.18	97.68

The State had 45 Personal Deposit Accounts with a closing balance of ₹ 155.53 crore as on 31 March 2021. An amount of ₹ 97.68 crore (62.80 per cent) related to one Personal Deposit Account of District Magistrate, Dehradun. The Account was being operated upon after the prior approval of Accountant General (Accounts and Entitlement). However, the same was required to be closed at the end of financial year and the unspent balances

transferred to the Consolidated Fund. It was also found that the amounts held in the PLA of DM, Dehradun were for the use of other State Government Departments such as State Estate Department (₹ 67.37 crore), Legislative Assembly (₹ 1.30 crore), Sports Department (₹ 10.00 crore) and Uttarakhand Technical University Department (₹ 5.13 crore) and these were lying idle for more than three years. During the year 2019-20, ₹ 3.95 crore was spent from this account, and ₹ 1.76 crore had been transferred to this account. Amounts lying in PD Accounts resulted in overstatement of expenditure to that extent. Non-reconciliation of PD Accounts periodically and not transferring the unspent balances lying in PD Accounts to Consolidated Fund entails the risk of misuse of public funds, fraud and misappropriation. During Exit Conference, the Director of Treasuries informed that the instructions have been issued to the treasuries to close the PD accounts with zero balance. Secondly, the Budget Directorate will open Major Head as provided by the AG (A&E) office for depositing the balance amount lying unutilised in the PD accounts for more than three years.

**Table-4.12: Inoperative PD Accounts**

Sl. No.	Amount parked Since the Financial Year	No. of PD Accounts	Amount parked in the Accounts (₹ in lakh)	No. of PD Accounts which have nil balance
1.	2013-14	8	0.00	8
2.	2014-15	8	18.00	7
3.	2015-16	6	0.00	6
4.	2016-17	5	0.00	5
5.	2017-18	3	178.69	1
6.	2018-19	5	953.19	2
7.	2019-20	8	10,616.76	6
8.	2020-21	3	4,029.43	1
<b>Total</b>		<b>46</b>	<b>15,796.07</b>	<b>36</b>

Source: Office of the Accountant General (A&E), Uttarakhand (IFMS data)

The total PD accounts and amount against these accounts differs with that of finance accounts figures. Out of total 46 PD Accounts, 36 Accounts have nil balance. 21 PD accounts were inoperative for more than five years and 06 PD accounts were inoperative for more than three years. As per General Financial Rule, the amounts held under these deposits should have been transferred to the Consolidated Fund of the State. The accounts having nil balance had not been closed at the end of the year (31 March 2021).

#### 4.8.1 In-operative and non-reconciled PD Accounts

The details of in-operative PD Accounts of Central Treasury, Dehradun are shown in **Table-4.13** below.

**Table-4.13: In-operative PD Accounts (other than 8443-106) of Central Treasury, Dehradun**

Sl. No.	Head	Name of PDA Holder	Closing Balance	Date of last transaction
1.	8443-00-111	Workman Compensation ADM(A)	16.52	29.03.2014
2.	8443-00-800	MD/Parivahan Nigam	100.00	29.02.2016
3.	8448-00-102	EO/Nagar Nigam (13 FC), Deharadun	1.02	31.03.2016
4.	8448-00-102	EO/Nagar Palika Parishad (13FC), Rishikesh	0.09	27.01.2014
5.	8448-00-102	EO/Nagar Palika Parishad (13FC), Vikasnagar	0.09	17.07.2015
6.	8448-00-102	EO/Nagar Panchayat (SFC), Selaqui Dehradun	62.50	17.03.2018
7.	8448-00-120	FO/Basic Education Fund Dehradun	11.04	26.10.2016
<b>Total</b>			<b>191.26</b>	

Source: Chief Treasury Office, Dehradun



As is evident from table above, there were seven inoperative PD Accounts other than 8443-106 having a balance of ₹ 1.91 crore as on March 2021. As per paragraph 10(2) of the Uttar Pradesh Personal Account Deposits Rules, 1998 (applicable to Uttarakhand also), the accounts which are not operated for more than three years should be closed and the amounts held under these accounts should be credited to the Government Account. Out of seven accounts of Central Treasury, Dehradun, no transaction was carried out in all the accounts for the last three years or more. Therefore, the whole amount of ₹ 1.91 crore should have been credited to the Government Account.

#### 4.9 Indiscriminate use of Minor head 800

Minor Head 800 relating to Other Receipts/Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Accountant General (Accounts and Entitlement) and obtain approval to open appropriate Minor Heads. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions and renders the accounts opaque. However, during 2020-21, Minor head 800 has been opened for those schemes for which no other minor head was available.

During 2020-21, an amount of ₹ 1,030.48 crore under 34 Major Heads of accounts, constituting 2.36 per cent of the total Revenue and Capital expenditure (₹ 43,629.24 crore) was classified under the Minor Head-800 'Other Expenditure' in the accounts. Similarly, ₹ 2,945.62 crore under 46 Major Heads of Account, constituting 7.71 per cent of the total Receipts (₹ 38,204.56 crore) was classified under the Minor Head-800 'Other Receipts' in the accounts. Instances where significant amount (20 per cent or more and exceeding ₹ 5.00 crore) of the receipts and expenditure was classified under Minor Head '800-Other Receipts' and '800-Other Expenditure' during the year 2020-21 are depicted in **Table-4.14**.

**Table-4.14: Significant amount booked under Minor Head- '800-Other Receipts/Expenditure' during 2020-21**

(₹ in crore)

Sl No.	800-Other Receipts				800-Other Expenditure			
	Major Head	Total Receipts	Booking under Minor Head 800	Percentage of Receipts	Major Head	Total Expenditure	Booking under Minor Head 800	Percentage of Expenditure
1.	0029-Land Revenue	16.91	12.37	73.15	2040- Taxes on Sales, Trade etc.	35.49	34.29	96.62
2.	0049-Interest Receipts	98.52	58.78	59.66	2425-Co-operation	112.22	52.00	46.34
3.	0055-Police	35.41	10.35	29.23	2810-New and Renewable Energy	9.17	9.17	100.00
4.	0059-Public Works	62.19	35.86	57.66	4059-Capital outlay on Public Works	733.66	464.78	63.35
5.	0070-Other Administrative Services	62.93	47.39	75.31	4216-Capital Outlay on Housing	42.09	40.73	96.77
6.	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	2,109.78*	2,060.47*	97.66	-	-	-	-
7.	0075-Miscellaneous General Services	30.61	27.78	90.75	-	-	-	-
8.	0217-Urban Development	15.08	15.08	100.00	-	-	-	-

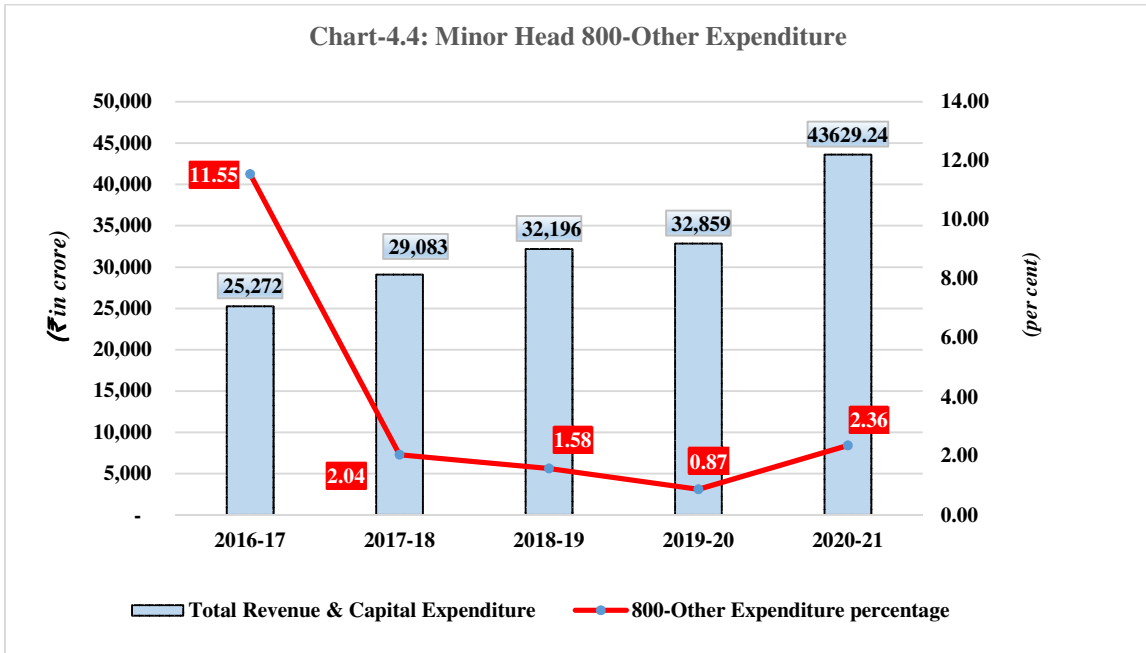
9.	0230- Labour and Employment	15.28	6.29	41.16	-	-	-	-
10.	0235- Social Security and Welfare	7.83	7.83	100.00	-	-	-	-
11.	0401- Crop Husbandry	8.89	6.92	77.84	-	-	-	-
12.	0406- Forestry and Wildlife	512.27	139.48	27.23	-	-	-	-
13.	0435- Other Agricultural Programmes	21.22	21.22	100.00	-	-	-	-
14.	0801-Power	70.35	70.35	100.00	-	-	-	-
<b>Total</b>		<b>3,067.27</b>	<b>2,520.17</b>	<b>82.16</b>	<b>Total</b>	<b>932.63</b>	<b>600.97</b>	<b>64.44</b>

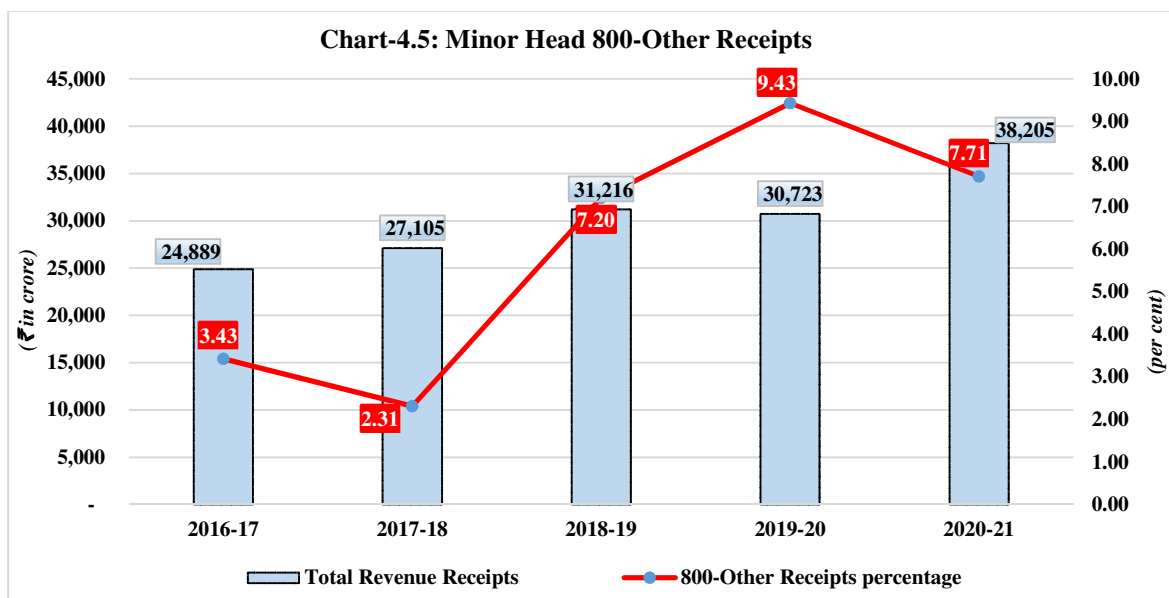
Source: Finance Accounts 2020-21 prepared by Accountant General (A&E) Uttarakhand

\*Includes an amount of ₹ 2,035.98 crore received from Government of Uttar Pradesh on account of apportionment of Pensionary dues.

As is evident from above table, around 82.16 per cent of receipts in respect of 14 Major Heads pertaining to departments of Finance, Police, Public Works, Urban Development, Labour, Social Welfare, Agriculture and Forest were booked under '800- Other Receipts'. Similarly, 64.44 per cent of total expenditure in respect of five Major Heads pertaining to departments of Commercial Tax, Co-operation, Energy, Public Works and Urban Development was booked under the '800-Other Expenditure'. Classification of large amounts booked under the Minor Head '800-Other Receipts/Expenditure' affects the transparency/fair picture in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

The extent of operation of Minor Head-800, as a percentage of Total Expenditure and Receipts during 2016-17 to 2020-21 is given in **Chart-4.4** and **Chart-4.5**.





#### 4.10 Outstanding balance under major Suspense and Remittance heads

##### a) Suspense and Remittance Balances

The Finance Accounts reflect the net balances under Suspense and Remittance heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of Suspense and Remittance items depends upon the details furnished by the State Treasuries/Works and Forest Division, etc. The position of gross figures under major Suspense and Remittance heads for the last three years is given in **Table-4.15**.

**Table-4.15: Balances under Suspense and Remittance Heads**

(₹ in crore)

Name of Minor Head	2018-19		2019-20		2020-21	
	Dr	Cr	Dr	Cr	Dr	Cr
<b>8658-Suspense Accounts</b>						
101-Pay and Accounts Office-Suspense	30.38	3.45	54.71	3.61	115.24	23.40
<b>Net</b>	<b>(Dr) 26.93</b>		<b>(Dr) 51.10</b>		<b>(Dr) 91.84</b>	
102-Suspense Accounts (Civil)	549.40	368.32	566.35	411.83	574.13	379.40
<b>Net</b>	<b>(Dr) 181.08</b>		<b>(Dr) 154.52</b>		<b>(Dr) 194.73</b>	
107- Cash Settlement Suspense Account	3.16	0.26	966.77	885.52	81.39	0.26
<b>Net</b>	<b>(Dr) 2.90</b>		<b>(Dr) 81.25</b>		<b>(Dr) 81.13</b>	
110-Reserve Bank Suspense-Central Accounts Office	214.67	219.61	214.67	219.61	214.67	219.61
<b>Net</b>	<b>(Cr) 4.94</b>		<b>(Cr) 4.94</b>		<b>(Cr) 4.94</b>	
112-Tax Deducted at Source (TDS) Suspense	28.03	315.31	28.03	266.57	28.03	241.27
<b>Net</b>	<b>(Cr) 287.28</b>		<b>(Cr) 238.54</b>		<b>(Cr) 213.24</b>	
113-Provident Fund Suspense	24.75	24.78	24.75	24.64	24.75	24.64
<b>Net</b>	<b>(Cr) 0.03</b>		<b>(Dr) 0.11</b>		<b>(Dr) 0.11</b>	

117-Transaction on behalf of Reserve Bank	18.12	17.94	18.12	17.94	18.12	20.33
<b>Net</b>	<b>(Dr) 0.18</b>		<b>(Dr) 0.18</b>		<b>(Cr) 2.21</b>	
123-A.I.S Officers Group Insurance Scheme	0.27	0.50	0.29	0.53	0.32	0.57
<b>Net</b>	<b>(Cr) 0.23</b>		<b>(Cr) 0.24</b>		<b>(Cr) 0.25</b>	
129-Material Purchase Settlement Suspense Account	0.03	(-)0.73	0.03	(-)0.73	0.03	(-) 0.73
<b>Net</b>	<b>(Dr) 0.76</b>		<b>(Dr) 0.76</b>		<b>(Dr) 0.76</b>	
<b>8782- Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer</b>						
102-Public Works Remittances	277.17	398.86	296.13	372.74	296.13	372.74
<b>Net</b>	<b>(Cr) 121.69</b>		<b>(Cr) 76.61</b>		<b>(Cr) 76.61</b>	
103- Forest Remittances	100.93	126.41	107.23	166.95	107.23	166.95
<b>Net</b>	<b>(Cr) 25.48</b>		<b>(Cr) 59.72</b>		<b>(Cr) 59.72</b>	
8793-Inter State Suspense Account	2090.76	2012.46	2087.89	2013.35	2095.05	2014.10
	<b>(Dr) 78.30</b>		<b>(Dr) 74.54</b>		<b>(Dr) 80.95</b>	

*Source: Finance Accounts 2020-21 prepared by Principal Accountant General (A&E) Uttarakhand*

Analysis of various minor heads under Suspense has been discussed below:

The Suspense balances (Debit/Credit) under the Minor Heads 101-PAO Suspense, 102-Suspense Account (Civil) and 110-Reserve Bank Suspense-Central Accounts Office under Major Head 8658-Suspense Account appearing in the Finance Accounts for the year 2020-21 are detailed below:

**Pay and Accounts Office - Suspense (Minor Head 101):** 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) under the Union Government, PAOs of the Union Territories and the Accountants General (Accounts and Entitlement). The outstanding net debit balance (31 March 2021) under this head was ₹ 91.84 crore against net debit balance of ₹ 51.10 crore at end of the previous year. The receipts constituted 16.88 *per cent* and disbursements constituted 83.12 *per cent* during the year 2020-21. Outstanding debit balance under this head means that payments have been made by the PAO on behalf of other PAO, which are yet to be recovered.

**Suspense Account - Civil (Minor Head 102):** The transactions which cannot be taken to final head of expenditure/receipt accounts for want of certain information/documents (challans, vouchers, etc.) are initially booked under this suspense head. During the year, an amount of ₹ 574.13 crore (60.21 *per cent*) had been made out of the minor head and an amount ₹ 379.40 crore (39.79 *per cent*) had been booked under this minor head, there by leaving a debit balance of ₹ 194.73 crore outstanding as of 31 March 2021 against a debit balance of ₹ 154.52 crore during 2019-20. This means transactions of this amount during 2020-21 are yet to be taken to the final head of account.

**Tax Deducted at Source (TDS) Suspense - (Minor Head 112):** This Minor Head is intended to accommodate receipts on account of Income Tax deducted at source. These credits are to be cleared by the end of each financial year and credited to the Income Tax (IT)

Department. During the year 2020-21, an amount of ₹ 28.03 crore (10.41 *per cent*) was released from the Minor Head 112 against a credit of ₹ 241.27 crore (89.59 *per cent*). This means that an amount of ₹ 213.24 crore was lying un-credited to the IT Department as of March 2021. However, the credit balance at end of the year 2020-21 was less as compared to the year 2019-20 (₹ 238.54 crore).

**b) Major Head Cheques and Bills**

Credit balance under MH 8670 Cheques and Bills indicates cheques issued but remaining uncashed. The opening balance as on 01 April 2020 was ₹ 848.01 crore (Credit). During 2020-21, cheques worth ₹ 40,291.28 crore were issued, against which ₹ 40,782.11 crore was encashed during the year, leaving a closing balance of ₹ 357.18 crore (Credit) as on 31 March 2021. The closing balance represents expenditure originally booked in various financial years under different functional Major Heads, which has not resulted in any cash outflow to the Government of Uttarakhand till 31 March 2021.

**c) Central Road Fund (CRF)**

Government of India provides annual grants under the CRF to the State Government to incur expenditure on specific road projects. In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head '1601-Grants-in-Aid'. Thereafter the amount so received is to be transferred by the State Government to the Public Account under Major Head '8449-Other Deposits-103 Subvention from Central Road Fund', through Revenue Expenditure Major Head '3054 Roads and Bridges'. This process ensures that receipt of the grants do not result in overstatement of Revenue Surplus or understatement of Revenue Deficit in the accounts. The expenditure on prescribed road works under CRF will first be accounted for under the relevant Capital or Revenue Expenditure section (Major Heads 5054 or 3054) and reimbursed out of the Public Account under Major Head 8449 as a deduct expenditure to the concerned Major Head (5054 or 3054 as the case may be).

During the year 2020-21, Government of India released ₹ 61.34 crore from Central Road Fund to State Government, however, prescribed accounting procedure of booking the amount under the Major Head 8449-103 through the Major Head 3054 was not followed and during the year the State Government incurred Expenditure of ₹ 85.18 crore under Major Head 5054-04-337 which was ₹ 23.84 crore more than the amount received under Major Head 1601-06-104 Grants from Central Road Fund. This has resulted in overstatement of Revenue Surplus to ₹ 61.34 crore and overstatement of Fiscal Deficit to the extent of ₹ 23.84 crore. Due to non-accounting of Central Road Fund, there is opaqueness in actual utilization of the grant received from Government of India for Central Road Fund.

**d) Adverse Balance**

Minus balances appearing in the accounts during the year are given in **Table-4.16** below. The minus balances under these were due to misclassification and are under review/corrections.

**Table-4.16: Minus balances appearing under Major Heads 6851 and 7610.**

(₹ in crore)		
Major Heads	Major Head Description	Minus balance
6851	Loans for Village and small Industries	(-)0.18
7610	Loans to Government Servants	(-)19.62

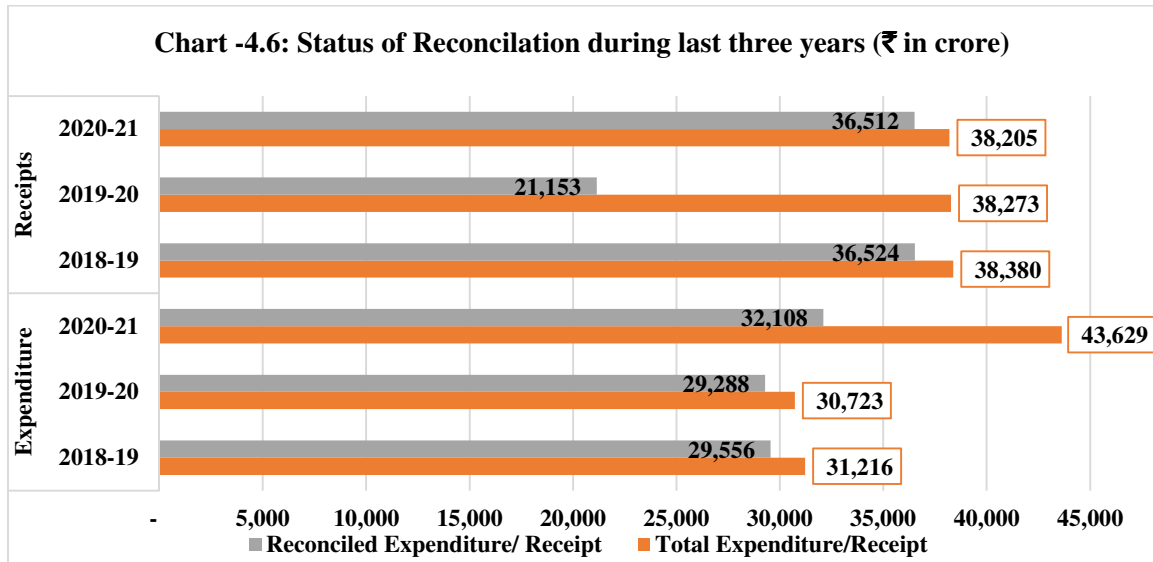
These balances were previously given by Government of U.P. and recovery has been effected by Government of Uttarakhand after bifurcation of the State of U.P. Since balances have not been allocated under these Major Head, hence, these balances appear adverse.

#### 4.11 Non-reconciliation of Departmental figures

In terms of paragraph 109 of the Uttarakhand Budget Manual 2012, all the Controlling Officers are required to reconcile the Receipts and Expenditure of the Government with the figures recorded in the office of the Accountant General (Accounts and Entitlement) every month. This is to enable the Controlling Officers to exercise effective control over expenditure and manage their budgetary allocation efficiently and ensure accuracy of their accounts.

During the year 2020-21, in respect of expenditure reconciliation was completed by 53 Chief Controlling Officers (CCOs) [(85.48 per cent) (fully by 12 CCOs and partially by 41 CCOs)] out of 62 CCOs covering expenditure of ₹ 32,107.80 crore (73.59 per cent of total expenditure of ₹ 43,629.24 crore<sup>1</sup>) and receipts by 26 CCOs (54.17 per cent) (fully by three CCOs and partially by 23 CCOs) out of 48 CCOs covering receipts of ₹ 36,512.20 crore (95.57 per cent of total receipts of ₹ 38,204.56 crore).

The status of reconciliation of receipts and expenditure figures by the Controlling Officers during the period 2018-19 to 2020-21 is shown in **Chart-4.6**.



The details relating to the number of Controlling Officers and the extent of reconciliation during the last three years are given in **Table-4.17**.

<sup>1</sup> Total Expenditure ₹ 43,629.24 crore excludes disbursement of Loans and Advances of ₹ 37.55 crore.

Table-4.17: Status of Reconciliation of Receipts and Expenditure figures

(₹ in crore)

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Receipts/ Expenditure	Reconciled Receipts/ Expenditure	Percentage of Reconciliation
<b>Receipts</b>							
2018-19	48	48	-	00	31,216.45	29,555.88	94.68
2019-20	48	06	31	11	30,722.57	29,287.77	95.33
2020-21	48	03	23	22	38,204.56	36,512.20	95.57
<b>Expenditure</b>							
2018-19	62	55	-	07	38,380.44	36,524.41	95.16
2019-20	62	07	42	13	38,272.98	21,153.13	55.27
2020-21	62	12	41	09	43,629.24	32,107.80	73.59

Source: Finance Accounts 2020-21 prepared by Accountant General (A&E) Uttarakhand.

Reconciliation and verification of figures is an important tool of financial management. Failure to adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process. The reconciliation during 2020-21 in respect of expenditure figures has appreciated to 73.59 per cent as against 55.27 per cent in 2019-20. During the exit conference the State Government intimated that for reconciliation of expenditure by various CCOs, the list of CCOs have to be restructured and rationalized. For this a separate meeting will be held.

#### 4.12 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2021 as per books of Accounts of the Accountant General (Accounts and Entitlement) was ₹ 167.30 crore. There was a net difference of ₹ 149.60 crore between the Cash balance as worked out by the Accountant General (Accounts and Entitlement) and as reported by the Reserve Bank of India (RBI) which was ₹ 17.70 crore. This difference was on account of non-receipt of scrolls, etc. The office of the Accountant General (Accounts and Entitlement), Uttarakhand stated that the matter was under consideration with the RBI and Treasuries for the reconciliation of the same. During the year no amount has been worked out as penal interest to be paid by the agency bank to the State Government on account of delayed deposits. During the year 2020-21, there was a net difference of ₹ 149.60 crore (Debit), mainly due to non-reconciliation by the treasury. The difference is under reconciliation. No cash balance differences had been written off in 2020-21.

#### 4.13 Compliance with Accounting Standards

Government of India have notified three Indian Government Accounting Standards (IGAS). The compliance of the existing Accounting Standards by the State Government is detailed in the **Table-4.18**.

**Table-4.18: Compliance to Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
1.	<b>IGAS- 1:</b> <i>Guarantees given by the Government</i>	This Standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially complied (Statement 9 and 20 of Finance Accounts)	The information regarding maximum amount of guarantees has not been made available by the State Government. Further, detailed information like number of guarantees for each institution was not furnished. Hence, the statement is incomplete to that extent.
2.	<b>IGAS- 2:</b> <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partially complied (Statement 10 and Appendix-III of Finance Accounts)	The State Government gives Grants-in-Aid to various bodies for various purposes and schemes. Details of Grants-in-Aid given by the State Government are shown in Statement 10 and Appendix-III of the Finance Accounts as per the requirement of IGAS-2. However, information on the Grants-in-Aid in kind has not been provided by the State Government. Hence, the requirement of IGAS-2 has not been fulfilled to that extent. During the year 2020-21, the State Government released Grants-in-Aid to the tune of ₹ 6,440.77 crore. Grants-in-aid to the tune of ₹ 80.30 crore was booked under Capital Heads, which was in violation of the provisions of the IGAS-2.
3.	<b>IGAS- 3:</b> <i>Loans &amp; Advances made by the Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices	Partially complied (Statement 7 and 18 of Finance Accounts)	Statements 7 and 18 of the Finance Accounts on Loans and Advances given by the Government have been prepared as per the requirements of IGAS 3, to the extent furnished by the State Government except for loans, if any, that were sanctioned in perpetuity.

#### 4.14 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, 1971 the Governor/Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.



Apart from Section 19, where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Audit Certificate is issued in case of above mentioned autonomous bodies and authorities provided CAG is the sole auditor. Thus, these bodies and authorities are required to prepare annual accounts and submit these to the Accountant General (Audit). Apart from Audit Certificate, on the completion of financial audit, the audit office issues Separate Audit Report (SAR) that is part of the Audit Certificate on the accounts. These SARs are to be placed before the State Legislature.

#### 4.14.1 Arrears of Accounts of Bodies or Authorities

Details of arrears of accounts of authorities are given in the **Table-4.19** below.

**Table-4.19: Arrears of accounts of Bodies or Authorities**

Sl. No.	Name of Body or Authority	Accounts Pending Since	No. of accounts pending up to 2019-20
1.	Compensatory Afforestation Management Planning Authority	2017-18	02
2.	Uttarakhand Real Estate Regulatory Authority	2019-20	01
3.	Uttarakhand Building and Other Construction Workers Welfare Board, Dehradun	Accounts pending since establishment (2005)	
4	Uttarakhand Electricity Regulatory Commission	Accounts received upto 2020-21	

It can be seen from **Table-4.19** that accounts of two authorities are pending for two to fifteen years.

#### 4.15 Non-submission of details of grants/loans given to bodies and authorities

To identify the institutions, which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/ Heads of the Departments are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose for which the assistance was granted and the total expenditure of the institutions. Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Government and the Heads of Departments 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 amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

The Government, however, did not furnish the information pertaining to grants aggregating ₹ 10 lakh or more for the Autonomous Bodies/Authorities in the State of Uttarakhand. However, information in case of 39 Bodies out of 56 Bodies was directly received in this office from the entities in whose favor the grants had been sanctioned by the State Government. Non-furnishing of information was in violation of Regulations on Audit and Accounts, (Amendments) 2020.

#### **4.16 Timeliness and Quality of Accounts**

During 2020-21, all the accounts rendering entities (Treasuries, Public Works and Forest Divisions and Pay and Accounts Office, New Delhi), who render their monthly accounts to Accountant General (Accounts and Entitlement), had rendered their accounts in time and there was no case of exclusion.

#### **4.17 Misappropriations, losses, thefts, etc.**

As per the provisions of Financial Hand Book Vol-V part-I Rule 82 & Appendix XIX B DDOs are supposed to intimate offices of the Accountants General (Audit) and (A& E) the details of losses. During the year 2020-21 no cases of misappropriations, losses, theft, etc. were reported by the DDOs.

#### **4.18 Follow up Action on State Finances Audit Report**

Public Accounts Committee of the State Legislature had not discussed the State Finances Audit Reports since their preparation.

#### **4.19 Conclusions**

- The Departmental officers did not submit 119 Utilisation Certificates (due for submission by March 2021) to the Accountant General (Accounts and Entitlement), Uttarakhand in respect of the grants of ₹ 872.65 crore given up to March 2020 for specific purposes. As of March 2021, 77 Abstract Contingent bills amounting to ₹ 3.44 crore were outstanding. Non-submission of Utilisation Certificates and Detailed Countersigned Contingent bills drawn for specific purposes and non-submission of Accounts by Autonomous Bodies were violative of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government.
- During 2020-21, reconciliation of receipts and expenditure by the Chief Controlling Officers was 95.57 and 73.59 *per cent* respectively. Non-reconciliation of receipts and expenditure booked by the controlling officers of the State with the figures of the Accountant General (Accounts and Entitlement) reflects poorly on the internal control system within the Government and raises concerns relating to accuracy of accounts.
- Significant amounts of expenditure (₹ 1,030.48 crore) and receipts (₹ 2,945.62 crore) were booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' under various Major Heads affecting the transparency in financial reporting. Operation of omnibus Minor Head 800- Other Expenditure/Other Receipts affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.
- The State Government has yet not fully implemented the notified Indian Government Accounting Standards in the State, thereby, compromising on the quality of financial reporting.

#### 4.20 Recommendations

- *The Government should ensure timely submission of Utilisation Certificates by the grantees in respect of grants released to them for specific purposes and furnishing of Detailed Countersigned Contingent bills by the departments.*
- *The Government should strengthen its internal control mechanism to ensure that the controlling officers reconcile their figures of expenditure with those of Accountant General (Accounts and Entitlement) at prescribed intervals.*
- *The State Government should discourage the operation of omnibus Minor Head 800 and work out a specific time frame in consultation with the Accountant General (Accounts and Entitlement), to identify appropriate heads of account to classify the transaction correctly in the books of accounts.*
- *The State Government should take steps to fully implement the Indian Government Accounting Standards in the State to improve the quality of financial reporting.*



**CHAPTER-5**  
**STATE PUBLIC SECTOR ENTERPRISES**



## CHAPTER-5

### STATE PUBLIC SECTOR ENTERPRISES

This chapter discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies as revealed from their accounts. Impact of significant comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General (CAG) of India for the year 2020-21 (or of earlier years which were finalised during the current year) has also been discussed.

#### 5.1 Definition of Government Companies

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

Besides, any other company<sup>1</sup> owned or controlled, directly or indirectly, by the Central Government, or by any State or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Chapter as Government Controlled Other Companies.

#### 5.2 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit. The statutes governing three Statutory Corporations<sup>2</sup> require their accounts to be audited only by the CAG and in respect of Uttarakhand State Warehousing Corporation (USWC)<sup>3</sup> CAG conducts supplementary audit.

##### 5.2.1 Number of SPSEs

As on 31 March 2021, there were 32 SPSEs under the audit jurisdiction of the CAG in the State of Uttarakhand. These include four Statutory Corporations and 28 Government Companies (including nine<sup>4</sup> inactive government companies<sup>5</sup> and one Government Controlled other Company<sup>6</sup>) detailed in **Appendix 5.1**. None of these Government

<sup>1</sup> Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs *vide* Gazette Notification dated 4 November 2014.

<sup>2</sup> Uttarakhand Parivahan Nigam (UPN), Uttarakhand Forest Development Corporation (UFDC), Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (Peyjal Sansadhan).

<sup>3</sup> Audit was entrusted to PAG (Audit), Uttarakhand in September 2020.

<sup>4</sup> UPAI, Trans Cables Limited (TCL), Uttar Pradesh Digitals Limited (UPDL), Kumtron Limited (Kumtron) Uttar Pradesh Hill Electronics Corporation Limited (HILTRON), Uttar Pradesh Hill Phones Limited (UPHPL), Uttar Pradesh Hill Quartz Limited (UPHQL), Garhwal Anusuchit Janjati Vikas Nigam Limited (GAJVNL), Kumaun Anusuchit Janjati Vikas Nigam Limited (KAJVNL).

<sup>5</sup> Inactive government company means a company which has not been carrying on any business or operation, or has not made any significant accounting transaction for more than three years.

<sup>6</sup> Uttarakhand Seeds and Tarai Development Corporation Limited (UKTDC).

Companies were listed on the stock exchange. This report summarises financial performance of 14 SPSEs<sup>7</sup> based on receipt of accounts during previous three financial years reckoning from 2018-19 to 2020-21 (or at least one account pertaining to these years). Accordingly, SPSEs covered in this report in the subsequent paragraphs are indicated in **Table - 5.1**:

**Table 5.1: Coverage and nature of SPSEs covered in this report**

Classification of SPSEs	Total number of SPSEs in the State	Number of SPSEs covered in the Report			Total	No. of SPSEs not covered in the report
		Accounts received up to				
		2020-21	2019-20	2018-19		
<b>Active SPSEs</b>						
Government Companies	18	05 <sup>8</sup>	06 <sup>9</sup>	-	11	07 <sup>10</sup>
Statutory Corporations	04	-	-	02 <sup>11</sup>	02	02 <sup>12</sup>
Government Controlled other Companies	01	-	01 <sup>6</sup>	-	01	-
<b>Inactive SPSEs</b>						
Government Companies	09	-	-	-	-	09
<b>Total</b>	<b>32</b>	<b>05</b>	<b>07</b>	<b>02</b>	<b>14</b>	<b>18</b>

### 5.3 SPSEs and their contribution to the GSDP of the State

State Public Sector Enterprises consist of State Government Companies and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy.

A ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. The details of total turnover of 14 SPSEs covered in this chapter and GSDP for a period of two years ending 31 March 2021 are given in **Table - 5.2**.

**Table-5.2: Details of total turnover of SPSEs vis-à-vis GSDP of Uttarakhand**

Particulars	(₹ in crore)		
	2018-19	2019-20	2020-21
SPSEs total turnover	8,659.69	9,651.64	9,290.14
GSDP of Uttarakhand	2,36,768	2,53,666	2,37,747
Percentage of SPSEs total turnover to GSDP of Uttarakhand	<b>3.66</b>	<b>3.80</b>	<b>3.91</b>

It can be seen from the **Table-5.2** that the total turnover of SPSEs increased during 2019-20 as compared to 2018-19 by 11.45 *per cent*, however, in 2020-21 it decreased by 3.75 *per cent* as per their latest audited accounts. The contribution of SPSEs in GSDP remained marginal.

<sup>7</sup> In addition to nine inactive SPSEs there were nine SPSEs whose accounts were in arrears for three years or more (i.e. accounts not received prior to 2018-19) as on 30 November 2021, hence, these 18 SPSEs are not covered for the purpose of performance analysis of SPSEs.

<sup>8</sup> Uttarakhand Power Corporation Limited (UPCL); UJVN Limited (UJVN); Kishau Corporation Limited (KCL); Uttarakhand Metro Rail, Urban Infrastructure & Buildings Construction Corporation Limited (UKMRC); and Uttarakhand Purv Sainik Kalyan Nigam (UPNL).

<sup>9</sup> Power Transmission Corporation of Uttarakhand Limited (PTCUL), Dehradun Smart City Limited (DeSCL), Kichha Sugar Company Limited (KSCL); Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited (BRIDCUL); Uttarakhand Project Development and Construction Corporation Limited (UPDCCL); and Doiwala Sugar Company Limited (DoSCL).

<sup>10</sup> Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited (UBVVN), State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIIDCUL), Kumaun Mandal Vikas Nigam limited (KMVNL), Garhwal Mandal Vikas Nigam Limited (GMVNL), Uttarakhand Alpsankhyak Kalyan Wakf Vikas Nigam (UAKWVN) SIIDCUL Plastic Park Ltd (SPPL) and Ecotourism Development Corporation of Uttarakhand (ETDC).

<sup>11</sup> UFDC and Peyjal Sansadhan.

<sup>12</sup> UPN and USWC.



## 5.4 Investment in SPSEs and Budgetary support

### 5.4.1 Equity holding and Loans in SPSEs

The sector-wise total Equity, Equity contribution by Government of Uttarakhand (GoU) and Long-term Loans including the loans given by GoU as on 31 March 2021 is given in **Table - 5.3**. The SPSEs wise details of equity and loans are as per *Appendix-5.2*.

**Table-5.3: Sector-wise investment in SPSEs**

(₹ in crore)

Name of Sector	Investment <sup>13</sup>				Total (Equity & Long-term Loans)
	Equity		Long-term Loans		
	Total	GoU	Total	GoU	
Power	3,422.31	3,421.56	4,578.23	527.50	8,000.54
Finance	24.45	17.88	2.86	1.00	27.31
Service	258.81	249.57	123.86	31.73	382.67
Infrastructure	33.00	30.30	225.42	21.02	258.42
Others	41.45	35.93	292.63	270.96	334.08
<b>Total</b>	<b>3,780.02</b>	<b>3,755.24</b>	<b>5,223.00</b>	<b>852.21</b>	<b>9,003.02</b>

Source: Latest Financial Statements and information received from SPSEs.

It can be seen that thrust of SPSEs investment was mainly on the Power sector. This sector had received 88.87 per cent (₹ 8,000.54 crore) of total investment of ₹ 9,003.02 crore.

### 5.4.2 Grants / Subsidies received by SPSEs

The details of total Grants/ Subsidies received from Government of India (GoI) and GoU during the period from 2018-19 to 2020-21 is given in **Table - 5.4**.

**Table-5.4: Details of Grants/ Subsidy received by SPSEs**

(₹ in crore)

Year	Grant/ Subsidy from		Total
	GoU	GoI	
2018-19	1,149.09	79.18	1,228.27
2019-20	223.69	465.49	689.18
2020-21	101.34	292.53	393.87
<b>Total</b>	<b>1,474.12</b>	<b>837.20</b>	<b>2,311.32</b>

Source: Latest Financial Statements and information received from SPSEs.

The Peyjal Sansadhan received major amount of Grant of ₹ 858.78 crore (37.16 per cent) of the total Grant/ Subsidy during 2018-19 (₹ 760.78 crore for construction of infrastructure in the State and ₹ 98.00 crore for revenue expenditure) but information for 2019-20 and 2020-21 was not furnished by the Payjal Sansadhan. Further during 2018-19 to 2020-21, DeSCL received grant of ₹ 377.50 crore (GoI: ₹ 245.50 crore and GoU: ₹ 132 crore) for Smart City development scheme of GoI, UPCL received grant of ₹ 452.22 crore from GoI for Deendayal Upadhyaya Gram Jyoti Yojana and Integrated Power Development Scheme of GoI, Doiwala Sugar Company Limited (DoSCL) and KSCL received from GoU of ₹ 334.53 crore for payment of cane price to farmers.

### 5.4.3 Disinvestment, Restructuring and Privatisation

During the year 2020-21, there was no case of disinvestment/restructuring/privatisation of SPSEs. GoU has not prepared any policy on disinvestment of State Government equity invested in the SPSEs.

<sup>13</sup> Investment includes Equity and Long-term Loans.

## 5.5 Returns from SPSEs

### 5.5.1 Profit earned by SPSEs

The number of SPSEs that earned profit was nine in 2020-21 (same as in 2019-20) out of 14 SPSEs<sup>14</sup> covered in the report. The profit earned increased to ₹ 276.58 crore in 2020-21 from ₹ 262.36 crore in 2019-20. Further, Return on Equity (RoE) of these nine SPSEs slightly increased to 8.90 per cent in 2020-21 from 8.28 per cent during 2019-20.

The details of five SPSEs which contributed maximum profit are detailed in **Table -5.5**.

**Table-5.5: Top five SPSEs which contributed maximum profit**

Name of SPSE	Net profit earned (₹ in crore)	Percentage of profit to total SPSEs profit
UJVN	136.95	49.52
PTCUL	97.34	35.19
UFDC	15.88	5.74
KSCL	12.58	4.55
UPNL	9.11	3.29
<b>Total</b>	<b>271.86</b>	<b>98.29</b>

Source: Latest Financial Statements of SPSEs.

During 2020-21, five SPSEs contributed 98.29 per cent of total profit of nine SPSEs out of which UJVN earns maximum profit.

### 5.5.2 Operating efficiency of SPSEs

The details of total profit/loss, income from operating activities and other income by the 12 SPSEs is given in **Table - 5.6**.

**Table-5.6: Operating efficiency of SPSEs**

Particulars	(₹ in crore)		
	2018-19	2019-20	2020-21
a. Income from Operating Activities (total turnover)	8,659.69	9,651.64	9,290.14
b. Other Income	206.44	216.82	183.16
c. Profit/Loss (-)	(-)450.60	(-)334.40	104.76
d. Operating Efficiency percentage (c/a*100)	(-)5.20	(-)3.46	1.13
e. Loss incurred by UPCL	(-)553.23	(-)577.31	(-)151.75
f. Profit/Loss of other SPSEs excluding UPCL (c-e)	102.63	242.91	256.51

Source: Latest Financial Statements of SPSEs.

During the year 2020-21, total profit/loss of 12 SPSEs was ₹ 104.76 crore against the Income from Operating Activities of ₹ 9,290.14 crore with operating efficiency of 1.13 per cent. The operating efficiency has shown increasing trend from (-) 5.20 per cent to 1.13 per cent during the period 2018-19 to 2020-21. UPCL was the major contributor to the losses incurred as well as operating income earned by 12 SPSEs during the period 2018-19 to 2020-21. Remaining 11 SPSEs had positive operating efficiency showing increasing trend with increase in profits from ₹ 102.63 crore to ₹ 256.51 crore during the period 2018-19 to 2020-21. The Other Income ranged between 2.38 per cent to 1.97 per cent of Income from Operating Activities.

<sup>14</sup> Nine SPSEs earned profit; three SPSEs incurred loss; and two SPSEs (DeSCL and KCL) with Nil Profit/Loss as these SPSEs had not commenced their operations.

### 5.5.3 Dividend paid by SPSEs

GoU had not formulated any dividend policy under which SPSEs would be required to pay a minimum return on the paid-up share capital contributed by the State Government. The dividend paid by SPSEs, where equity was infused by GoU is shown in **Table - 5.7**.

**Table-5.7: Dividend Payout of SPSEs**

(₹ in crore)

Year	No. of SPSEs which declared dividend	Paid-up Capital	Net Profit	Dividend Declared
1	2	3	4	5
2018-19	1	1,190.99	26.24	22.55
2019-20	2	1,829.06	220.35	16.94
2020-21	2	1,871.65	234.29	44.87

Source: Latest Financial Statement of SPSEs.

During 2018-19 only UJVN paid dividend and in 2019-20 and 2020-21 UJVN and PTCUL paid/declared dividend. UJVN and PTCUL paid / declared dividend at the rate of 3.32 per cent and 4.00 per cent respectively of retained earnings during the year 2020-21. None of the SPSEs other than Power Sector which earned profit had declared/paid dividend.

## 5.6 Debt Servicing

### 5.6.1 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing company's earnings before interest and taxes (EBIT) to interest expenses of the same period. Lower the ratio, lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues even to meet its expenses on interest. The details of interest coverage ratio in SPSEs which had interest burden are given in **Table -5.8**.

**Table-5.8: Interest coverage ratio of SPSEs**

(₹ in crore)

Year	Interest	Earnings before interest and tax (EBIT)	Number of SPSEs having liability of loans from Government, and other financial institutions	Number of companies having interest coverage ratio more than one	Number of companies having interest coverage ratio less than one
2018-19	236.80	(-) 223.77	9	6 <sup>15</sup>	3 <sup>16</sup>
2019-20	256.29	(-) 39.70	8	6 <sup>17</sup>	2 <sup>18</sup>
2020-21	251.18	393.75	8	6 <sup>19</sup>	2 <sup>20</sup>

Source: Latest Financial Statement of SPSEs.

It was observed that six SPSEs had interest coverage ratio of more than one, but two SPSEs (UPCL and DoSCL) had interest coverage ratio of less than one during 2020-21. These SPSEs were not generating sufficient revenue even to meet their interest liability.

<sup>15</sup> PTCUL, UJVN, KSCL, BRIDCUL, UPNL, and Peyjal Sansadhan.

<sup>16</sup> UPCL, DoSCL, and UKTDC.

<sup>17</sup> PTCUL, UJVN Ltd., KSCL, BRIDCUL, UKTDC and Peyjal Sansadhan.

<sup>18</sup> UPCL and DoSCL.

<sup>19</sup> PTCUL, UJVN Ltd., BRIDCUL, KSCL, UKTDC and Peyjal Sansadhan.

<sup>20</sup> UPCL & DoSCL

## 5.6.2 Age Wise Analysis of interest unpaid on GoU loans

As on 31 March 2021, interest amounting to ₹ 428.06 crore was unpaid on Long-term Loans of three SPSEs provided by GoU. The age wise analysis of interest unpaid on GoU loans in SPSEs is depicted in **Table - 5.9**.

**Table 5.9: Interest unpaid on GoU Loans**

(₹ in crore)					
Sl. No.	Name of the Company	Total interest unpaid on	Interest unpaid for less than one year	Interest unpaid for 1 to 3 years	Interest unpaid for more than three years
1	DoSCL	235.26	21.53	64.58	149.15
2	KSCL	187.06	18.35	55.05	113.66
3	UJVN	05.74	02.09	03.65	0.00
<b>Grand Total</b>		<b>428.06</b>	<b>41.97</b>	<b>123.28</b>	<b>262.81</b>

Source: Information furnished by the SPSEs.

As on 31 March 2021 out of total unpaid interest of ₹ 428.06 crore, ₹ 422.32 crore was not paid by DoSCL and KSCL against total Loans of ₹ 250.46 crore. The interest amount was not paid since receipt of loan during 2001-02 to 2015-16 (DoSCL) and 2002-03 to 2018-19 (KSCL). Both these SPSEs had not repaid Loans also. UJVN had not paid interest for 2019-20 and 2020-21.

## 5.7 Performance of SPSEs

### 5.7.1 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed<sup>21</sup>. The details of RoCE of 14 SPSEs during the period 2018-19 to 2020-21 are given in **Table-5.10**.

**Table-5.10: Return on Capital Employed**

(₹ in crore)			
Year	EBIT	Capital Employed	ROCE (in per cent)
2018-19	(-) 208.06	4,150.19	(-) 5.01
2019-20	(-) 24.42	4,377.61	(-) 0.56
2020-21	417.33	5,194.63	8.03

Source: Latest Financial Statement of SPSEs.

It was observed that RoCE was negative in 2018-19 and 2019-20 but increased to 8.03 per cent in 2020-21. Main reason for positive RoCE in 2020-21 was improvement in UPCL EBIT from (-) ₹ 477.57 crore in 2019-20 to (-) ₹ 20.22 crore in 2020-21.

### 5.7.2 Return on Equity by SPSEs

Return on Equity (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profits. RoE is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund<sup>22</sup>. It is expressed as a percentage

<sup>21</sup> Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated Losses – Deferred Revenue Expenditure.

<sup>22</sup> Shareholders' fund = Paid up capital and free reserves minus net of accumulated losses and deferred revenue expenditure.

and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholder's fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means liabilities exceed assets.

The details of total net income, Shareholders' Fund and RoE relating to the SPSEs are given in **Table -5.11**.

**Table-5.11: Return on Equity relating to SPSEs where funds were infused by the State Government**

(₹ in crore)			
Year	Total Net Income	Shareholders' Fund	ROE (in Percentage)
2018-19	(-) 450.60	673.83	--
2019-20	(-) 334.40	411.80	--
2020-21	104.76	341.98	30.63

As the total net income of SPSEs during 2018-19 to 2019-20 was negative, RoE was not calculated. RoE turned positive in 2020-21 due to decrease in losses of UPCL from (-) ₹ 577.31 crore in 2019-20 to (-) ₹ 151.75 crore in 2020-21.

### 5.7.3 Rate of Real Return (RORR) on Government Investment

RORR measures the profitability and efficiency with which equity and similar non interest bearing capitals have been employed, after adjusting for their time value (Present Value (PV)), assumes significance when compared with the conventional rate of return (ROR) which is calculated by dividing the Profit after Tax by the sum of all such investments counted on historical cost.

The RORR of GoU investment in 14 SPSEs was computed on the basis of following assumption:

- Actual infusion by GoU in the SPSEs in the form of equity, interest-free loans and grants and subsidies for operational and administrative expenses given by GoU to the SPSEs have been considered as investment infusion by GoU.
- The average rate of interest on Government borrowings for the concerned financial year was adopted as compounded rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and was therefore considered as the minimum expected rate of return on investments made by the Government.
- For the purpose of RORR calculation of GoU investment, the period beginning from 2000-01 to 2020-21 has been taken considering the investment in these 14 SPSEs as on 31 March 2001 as PV of GoU investment in the beginning of 2000-01.

The consolidated position of the RORR of GoU investment relating to the 14 SPSEs since 2000-01 till 31 March 2021 is indicated in **Table 5.12**.

**Table 5.12- Return on Investment based on RoRR on Government Investment**

(₹ in crore)

Year	Present value of total investment at the beginning of the year	Equity Infused by the GoU during the year	Interest Free loans given by the GoU during the year	Grants/subsidies given by GoU for operational and administrative Expenditure	Total Investment during the year	Total investment at the end of the year	Average rate of interest on GoU borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earning for the year
A	B	C	D	E	F	G	H	I	J	K
					C+D+E	B+F		$G*(1+H/100)$	$G*H/100$	
OB		17.54	0.00	0.00	17.54	17.54	0.00	17.54		
2001-02	17.54	16.00	0.00	0.00	16.00	33.54	8.36	36.34	2.80	-30.06
2002-03	36.34	1.20	1.00	0.00	2.20	38.54	10.40	42.55	4.01	-13.80
2003-04	42.55	0.00	0.00	0.25	0.25	42.80	8.51	46.45	3.64	-34.73
2004-05	46.45	169.66	0.00	0.40	170.06	216.51	9.10	236.21	19.70	-180.75
2005-06	236.21	241.64	0.00	1.58	243.22	479.43	7.47	515.24	35.81	-125.29
2006-07	515.24	119.98	-0.25	1.00	120.73	635.97	7.79	685.51	49.54	-180.25
2007-08	685.51	229.20	0.00	0.00	229.20	914.71	7.99	987.80	73.09	-206.65
2008-09	987.80	72.08	0.00	3.35	75.43	1063.23	7.75	1145.63	82.40	-347.35
2009-10	1145.63	697.83	0.00	9.18	707.01	1852.64	7.64	1994.18	141.54	-543.10
2010-11	1994.18	31.78	0.00	0.12	31.90	2026.08	7.34	2174.79	148.71	-196.78
2011-12	2174.79	42.78	0.00	0.00	42.78	2217.57	7.83	2391.21	173.64	5.33
2012-13	2391.21	517.30	0.00	0.00	517.30	2908.51	8.50	3155.73	247.22	8.80
2013-14	3155.73	258.80	0.00	0.29	259.09	3414.82	7.57	3673.33	258.50	339.32
2014-15	3673.33	171.25	0.00	0.35	171.60	3844.93	7.73	4142.14	297.21	-134.66
2015-16	4142.14	208.54	8.00	19.60	236.14	4378.28	8.19	4736.86	358.58	155.53
2016-17	4736.86	130.01	0.00	12.96	142.97	4879.83	8.91	5314.62	434.79	-175.02
2017-18	5314.62	53.15	0.00	61.21	114.36	5428.98	8.27	5877.96	448.98	-136.60
2018-19	5877.96	193.01	0.00	232.01	425.02	6302.98	8.15	6816.67	513.69	-464.53
2019-20	6816.67	133.34	0.00	128.79	262.13	7078.80	7.26	7592.72	513.92	-334.40
2020-21	7592.72	147.58	0.00	101.28	248.86	7841.58	6.83	8377.16	535.58	104.76
<b>Total</b>		<b>3452.67</b>	<b>8.75</b>	<b>572.37</b>	<b>4033.79</b>					

Source: Information as per financial statements and information received from SPSEs.

It may be seen from above that the balance of investments by GoU in these SPSEs increased to ₹ 4,033.79 crore<sup>23</sup> in 2020-21 from ₹ 17.54 crore in 2000-01 as GoU made further investments in the form of equity (₹ 3,435.13 crore), interest free loans (₹ 8.75 crore) and Grant / Subsidies (₹ 572.37 crore) during the period 2001-02 to 2020-21. The PV of funds infused by GoU as on 31 March 2021 was ₹ 8,377.16 crore.

During 2013-14 only earning of these 14 SPSEs was more than RORR. In the remaining years earnings were less than RORR, mainly due to losses incurred by DoSCL, KSCL and UPCL. Two SPSEs viz. PTCUL and UJVN earned maximum profit during the year 2018-19 to 2020-21 due to their competitive advantage in the market being the only power-transmission (PTCUL) and major power-generator (UJVN) in the State of Uttarakhand.

## 5.8 SPSEs incurring losses

### 5.8.1 Losses incurred

There were three<sup>24</sup> SPSEs out of 14 SPSEs covered in this chapter, which incurred losses as per their latest finalised accounts for the period ending March 2021. The losses incurred by these SPSEs decreased to ₹ 171.82 crore in 2020-21 from ₹ 570.60 crore in 2018-19 as indicated in **Table - 5.13**.

<sup>23</sup> ₹ 4033.79 crore = ₹ 3452.67 crore (Equity) + ₹ 8.75 crore (Interest Free Loan) + ₹ 572.37 crore (Grants/subsidies for operational and administrative expenditure).

<sup>24</sup> UPCL, UKMRC and DoSCL.

Table-5.13: Details of SPSEs that incurred losses

(₹ in crore)

Year	No. of loss making SPSEs	Net loss for the year	Accumulated loss	Net Worth <sup>25</sup>
2018-19	4	(-) 570.60	(-)3,532.66	(-) 2,093.57
2019-20	3	(-) 596.76	(-) 4,098.90	(-)2,647.89
2020-21	3	(-)171.82	(-) 4,251.98	(-) 2,770.97

In 2020-21, out of total loss of ₹ 171.82 crore incurred by three SPSEs, loss of ₹ 151.75 crore was contributed by Uttarakhand Power Corporation Limited (UPCL) alone. In respect of UPCL the main reason for losses was revenue realisation of ₹ 4.86 per unit against average cost of ₹ 4.97 per unit. As regards DoSCL the main reasons for incurring losses was high finance cost of ₹ 21.43 crore against the loss of ₹ 18.75 crore.

### 5.8.2 Erosion of Capital in SPSEs

As on 31 March 2021, there were six SPSEs<sup>26</sup> with accumulated losses of ₹ 4,810.16 crore, out of which three SPSEs<sup>27</sup> incurred losses amounting to ₹ 171.82 crore during the year 2020-21. Further, other three SPSEs<sup>28</sup> had not incurred losses, though it had accumulated losses of ₹ 558.18 crore.

The net worth of these six SPSEs has been completely eroded by accumulated losses and their net worth was negative. As on 31 March 2021 the net worth of these SPSEs was (-) ₹ 3,307.08 crore against equity investment of ₹ 1,499.75 crore. Out of six SPSEs, whose capital had been eroded, three SPSEs<sup>29</sup> had earned profit of ₹ 15.09 crore during 2020-21. In five<sup>30</sup> out of six SPSEs, whose capital had been eroded, outstanding GoU Loans as on 31 March 2021 were ₹ 302.39 crore.

## 5.9 Audit of State Public Sector Enterprises

Comptroller and Auditor General of India appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and audited accounts and Separate Audit Report be submitted to the Legislature.

<sup>25</sup> Net worth = Paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

<sup>26</sup> UPCL, DoSCL, KSCL, UKMRC, Peyjal Sansadhan and UKTDC.

<sup>27</sup> UPCL, DoSCL, and UKMRC.

<sup>28</sup> KSCL, Peyjal Sansadhan and UKTDC.

<sup>29</sup> KSCL, Peyjal Sansadhan and UKTDC

<sup>30</sup> UPCL, DoSCL, KSCL, Peyjal Sansadhan and UKTDC.

## **5.10 Appointment of statutory auditors of SPSEs by CAG**

Sections 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. The statutory auditors of these Companies for the year 2020-21 were appointed by the CAG.

## **5.11 Submission of accounts by SPSEs**

### ***5.11.1 Need for timely submission of Annual Report and Accounts***

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting<sup>31</sup> (AGM). As soon as may be after such preparation, the Annual Report together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report must be laid before Legislature. Similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were in arrears as on 30 November 2021, as detailed in the following paragraph.

### ***5.11.2 Timeliness in preparation of accounts by SPSEs***

As on 31 March 2021, there were 28 Government Companies under the purview of CAG's audit. However, only five Government Companies had prepared and submitted their accounts for audit by CAG by 30 November 2021. Accounts of 21 Government Companies were in arrears. Details of arrears in submission of accounts of Government Companies are given in **Table - 5.14**.

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<sup>31</sup> In case of first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case within a period of six months, from the date of closing of the financial year, however, during 2020-21 the date of AGM is extended to 30 November 2021.



**Table-5.14: Details of arrears in submission of accounts of Government Companies**

Particulars		Number
Total number of Companies under the purview of CAG's audit as on 31 March 2021		28
Number of companies which presented the accounts for the year 2020-21 for Audit by 30 November 2021		05 <sup>32</sup>
Number of companies which were under Liquidation		02 <sup>33</sup>
Number of companies whose accounts were in arrear		21
Number of annual accounts in arrears of 21 Companies		234
Break- up of Arrears	(i) Inactive (Seven companies excluding two companies under liquidation)	171
	(ii) Others (14 companies)	63
<b>Age-wise analysis of arrears against 'Others' category</b>		
One-year (2020-21) accounts of eight companies		08
Two years (2019-20 and 2020-21)		Nil
Three years and more (Six companies <sup>34</sup> )		55

There are nine inactive companies (including two under liquidation) in the State where arrears of accounts ranged between seven to 34 years. GoU had invested ₹ 37.31 crore (Equity ₹ 12.28 crore and Loans ₹ 25.03 crore) in these inactive companies. This is a critical area as the investments in these inactive companies do not contribute to the economic growth of the State and remain outside the oversight of the State Legislature. (*Appendix 5.1*).

Further, there were 14 active companies, whose 63 annual accounts were in arrears for one year to 16 years as on 30 November 2021. During the period of arrears of accounts, the GoU had invested ₹ 234.29 crore (Grant/Subsidy: ₹ 155.26 crore Equity ₹ 79.03 crore) in six companies whereas no further investment was made in five companies and three companies had neither furnished any information nor prepared/submitted their first accounts. In the absence of finalisation of accounts of these companies the investment made by the GoU remained outside the oversight of the Audit and State Legislature. (*Appendix 5.3*).

The Principal Accountant General (Audit) made regular correspondence with the Chief Secretary, GoU for expediting finalisation of accounts of these companies.

### **5.11.3 Timeliness in preparation of accounts by Statutory Corporations**

Audit of four Statutory Corporations is conducted by the CAG. None of the Statutory Corporations prepared and submitted their accounts for the year 2020-21 for audit till 30 November 2021. Fifteen accounts of these Statutory Corporations were in arrears for the period between two to six years as on 30 November 2021.

<sup>32</sup> UKMRC, UJVN, UPCL, KCL and UPNL.

<sup>33</sup> UPAI and UP Digital Limited

<sup>34</sup> SIIDCUL, KMVN, GMVN, UAKWVN, ETDC and UBVVN.

## **5.12 CAG's oversight - Audit of accounts and supplementary audit**

### ***5.12.1 Financial reporting framework***

Companies are required to prepare the Financial Statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

### ***5.12.2 Audit of accounts of Government Companies by Statutory Auditors***

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- Issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013; and
- Supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

### ***5.12.3 Supplementary Audit of accounts of Government Companies***

The prime responsibility for preparation of Financial Statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the Financial Statements under section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

## 5.13 Result of CAG's oversight role

### 5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

Fifteen Financial Statements for the year 2020-21 and previous years, were received from ten Government Companies during the period 1 January 2021 to 30 November 2021. Of which ten Financial Statements of SPSEs were reviewed in audit by the CAG and in respect of remaining five financial statements it was decided not to review the same. The results of the reviews are detailed in the following paragraph:

### 5.13.2 Significant comments of the CAG issued as supplement to the statutory auditors' reports on Government Companies

Subsequent to the audit of the Financial Statements for the year 2020-21 and previous years by statutory auditors, the CAG conducted supplementary audit of the Financial Statements of ten Government Companies. Significant comments issued on the Financial Statements of Government Companies, the financial impact of which was ₹ 88.82 crore on the profitability as well as on assets / liabilities, as detailed in **Table-5.15**.

**Table-5.15: Impact of the Comments on the Profitability and financial position of Government Companies**

	Name of the Company (year of accounts)	Comments
1.	UJVN Limited (2020-21)	Trade receivables as well as Profit were overstated by ₹ 35.99 crore due to following: a. Accountal of penal interest of ₹ 3.62 crore on delayed payment of advance tax as recoverable from UPCL, contrary to provision of tariff order issued by the Uttarakhand Electricity Regulatory Commission (UERC). b. Excess inclusion of amount recoverable from UPCL (₹ 27.61 crore) and HPSEB (₹ 4.76 crore) contrary to directions of UERC.
2.	UPCL (2020-21)	In violation of the requirement of the Accounting Standard-5 the UPCL had not disclosed prior period expenditure of ₹ 13.44 crore being the amount of water tax payable to the UJVN Limited for the year 2019-20.
3.	SIIDCUL (2017-18)	Short Term Provisions understated and Profit overstated by ₹ 8.00 crore due to following: a. Provision for ₹ 0.50 crore was not made for payment of arrears of 7 <sup>th</sup> pay commission pertaining to the period from 01.01.2017 to 28.02.2018. b. Provision for payment of guarantee fees of ₹ 3.75 crore and penalty thereon of ₹ 3.75 crore payable to the State Government in respect of Loan of ₹ 200.00 crore from HUDCO was not made.
4.	GMVN Limited (2015-16)	Current Liabilities and Loss understated by ₹ 34.64 crore as provision for gratuity liability determined by LIC as per actuarial valuation was not provided in accounts.
5.	PTCUL (2019-20)	a. Other Financial Assets as well as Profit were overstated by ₹ 0.83 crore being provision for doubtful debts was not made against late payment surcharge shown receivable from Bhilangana Hydro Power Limited on transmission charges. b. Inventories as well as Profit were overstated by ₹ 9.36 crore as provision for diminished value of unserviceable inventories: ₹ 0.16 crore, Obsolete inventories: ₹ 5.77 crore and Scrap: ₹ 3.43 crore was not made.

### 5.13.3 Statutory Corporations where CAG is the sole auditor

Audit of four Statutory Corporations viz. UPN, UFDC, Peyjal Sansadhan and USWC are conducted by the CAG. During the period from 1 January 2021 to 30 November 2021 these Corporations did not submit any of their accounts for audit.

## 5.14 Non-compliance with provisions of Accounting Standards/ Ind-AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards 1 to 7 and 9 to 29. Besides these, the Central Government notified 41 Indian Accounting Standards (Ind-AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

During the year 2018-19 to 2020-21, Compliance to the Accounting Standards by the SPSEs remained reasonably fair. It was noticed that the Statutory Auditor's pointed out seven instances of non-compliance to the Accounting Standards on two<sup>35</sup> accounts and CAG, in its Supplementary Audit, pointed out nine instances of non-compliance to the Accounting Standards on six<sup>36</sup> accounts and one<sup>37</sup> instance of non-compliance of Ind-AS.

## 5.15 Management Letters

Material observations on the Financial Statements of SPSEs were reported in the form of comments by the CAG under Section 143 (5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to Management of respective SPSEs through Management Letters for taking corrective action. During the period 1 January to 30 November 2021, Management Letters to three SPSEs viz. SIIDCUL, UJVNL and UPCL were issued. The deficiencies requiring attention of the Management were highlighted in these Management Letters.

## 5.16 Conclusions

- As on 31 March 2021, there were nine inactive SPSEs (including two under liquidation) since last seven to 34 years for which no decision for their operation/closure was taken by GoU.
- Out of the total profit of ₹ 276.58 crore earned by 11 SPSEs, 98.29 per cent was contributed by five SPSEs. Two of the profit earning SPSEs had declared /paid dividend to GoU during the year 2020-21 but nine other SPSEs had not paid/declared dividend.
- Out of total loss of ₹ 171.82 crore incurred by three SPSEs, loss of ₹ 151.75 crore was contributed by UPCL alone.

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<sup>35</sup> UPCL and BRIDCUL during the year 2019-20.

<sup>36</sup> PTCUL DoSCL, UPNL, UKMRC, UPDCCL and UFDC.

<sup>37</sup> PTCUL.


- SPSEs were not adhering with the prescribed timeline for submission of their Accounts as per the Companies Act, 2013, as a result, 234 annual accounts of 21 Government Companies were in arrears. This included 171 annual accounts of seven inactive companies. Further 15 annual accounts of four Statutory Corporations were also in arrears.
- the financial impact of comments of CAG on the financial statements of SPSEs was ₹ 88.82 crore on the profitability.

### 5.17 Recommendations

*The State Government may:*


- *take a decision regarding commencement of liquidation process in respect of seven inactive SPSEs and expedite liquidation process of two under liquidation SPSEs.*
- *formulate a dividend policy specifying minimum rate of dividend to be contributed by profit earning SPSEs.*
- *formulate plan for making UPCL viable.*
- *ensure timely submission of financial statements of SPSEs.*

Dehradun  
The 12 May 2022

  
(PRAVINDRA YADAV)  
Principal Accountant General (Audit),  
Uttarakhand

Countersigned

New Delhi  
The 18 May 2022

  
(GIRISH CHANDRA MURMU)  
Comptroller and Auditor General of India



## **APPENDICES**





**Appendix-1.1**  
(Reference: Paragraph 1.1; Page 1)  
**State Profile**

Sl. No.	Particulars		Figures
1.	<b>Area</b>		53,483 Sq km
	a.	Hill	46,035 Sq km
	b.	Plain	7,448 Sq km
	Forest		38,117 Sq km
2.	Districts (10 Hilly area and 3 Plain area)		13 Districts
3.	<b>Population</b>		
	a.	As per 2001 Census	84.89 lakh
	b.	As per 2011 Census	100.86 lakh
4.	a.	Density of Population (as per 2001 Census) (All India Density = 324 persons per Sq Km)	159 persons per Sq km
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq Km)	189 persons per Sq km
5.	Population Below Poverty Line (BPL) (All India Average = 21.92 per cent)		11.26 per cent
6.	a.	Literacy (as per 2001 Census) (All India Average = 64.80 per cent)	71.62 per cent
	b.	Literacy (as per 2011 Census) (All India Average = 73.00 per cent)	78.80 per cent
7.	Infant mortality (per 1,000 live births) (All India Average = 30 per 1,000 live births)		27
8.	Life Expectancy at Birth (All India Average = 69.40)		70.90
9.	HDI Value Uttarakhand (HDR 2019) (All India Average = 0.645)		0.72
10.	Gross State Domestic Product (GSDP) 2020-21 at current prices (₹ in crore)		2,37,747
11.	Per capita GSDP CAGR (2011-12 to 2020-21)		Uttarakhand
	Per capita GDP CAGR (2011-12 to 2020-21)		All India
12.	GSDP CAGR (2011-12 to 2020-21) at current price		Uttarakhand
	GDP CAGR (2011-12 to 2020-21) at current price		All India
13.	Population Growth (2011 to 2021)		Uttarakhand
			All India

**Appendix-2.1**  
(Reference: Paragraphs 2.3.3 and 2.6; Pages 19 and 29)  
Time series data on the State Government Finances

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21	
<b>Part A. Receipts</b>						
<b>I. Revenue Receipts</b>	<b>24,889</b>	<b>27,105</b>	<b>31,216</b>	<b>30,723</b>	<b>38,205</b>	
<b>(i) Tax Revenue</b>	<b>10,897 (44)</b>	<b>10,165 (37)</b>	<b>12,188 (39)</b>	<b>11,513 (37)</b>	<b>11,938 (31)</b>	
SGST	--	1,972 (19)	4,802 (39)	4,931 (43)	5,053 (42)	
Taxes on Sales, Trade etc.	7,154 (66)	3,703 (37)	1,883 (15)	1,811 (16)	1,858 (16)	
State Excise	1,906 (18)	2,262 (22)	2,871 (24)	2,727 (24)	2,966 (25)	
Taxes on Vehicles	556 (5)	816 (8)	909 (8)	908 (8)	741 (6)	
Stamps and Registration fees	778 (7)	882 (9)	1,015 (8)	1,072 (9)	1,107 (9)	
Land Revenue	160 (1)	24 (--)	34 (--)	24 (--)	17 (0)	
Taxes on Goods and Passengers	--	--	--	--	00 (0)	
Others	343 (3)	506 (5)	674 (6)	40 (--)	196 (2)	
<b>(ii) Non Tax Revenue</b>	<b>1,346 (5)</b>	<b>1,770 (7)</b>	<b>3,310 (10)</b>	<b>3,999 (13)</b>	<b>4,171 (11)</b>	
<b>(iii) State's share of Union taxes and duties</b>	<b>6,412 (26)</b>	<b>7,085 (26)</b>	<b>8,011 (26)</b>	<b>6,902 (22)</b>	<b>6,569 (17)</b>	
<b>(iv) Grants in aid from Government of India</b>	<b>6,234 (25)</b>	<b>8,085 (30)</b>	<b>7,707 (25)</b>	<b>8,309 (27)</b>	<b>15,527 (41)</b>	
<b>2. Miscellaneous Capital Receipts</b>	<b>--</b>	<b>--</b>	<b>0.01</b>	<b>--</b>	<b>0.20</b>	
<b>3. Recoveries of Loans and Advances</b>	<b>35</b>	<b>34</b>	<b>27</b>	<b>19</b>	<b>23</b>	
<b>Total Revenue and Non debt capital receipts (1+2+3)</b>	<b>24,924</b>	<b>27,139</b>	<b>31,243</b>	<b>30,742</b>	<b>38,228</b>	
<b>5. Public Debt Receipts</b>	<b>6,501</b>	<b>7,526</b>	<b>7,275</b>	<b>6,148</b>	<b>9,787</b>	
Internal Debt (excluding Ways and Means Advances and Overdrafts)	6,355 (98)	7,412 (98)	7,170 (99)	5,765 (94)	6,728 (69)	
Net transactions under Ways and Means Advances and Overdrafts	--	--	--	313 (05)	--	
Loans and Advances from Government of India	146(2)	114 (2)	105 (1)	70 (01)	3,059 (31)	
<b>Total Receipts in the Consolidated Fund (4+5)</b>	<b>31,425</b>	<b>34,665</b>	<b>38,518</b>	<b>36,890</b>	<b>48,015</b>	
<b>7. Contingency Fund Receipts</b>	<b>395</b>	<b>105</b>	<b>217</b>	<b>94</b>	<b>02</b>	
<b>8. Public Account Receipts</b>	<b>27,855</b>	<b>37,571</b>	<b>41,790</b>	<b>45,330</b>	<b>47,563</b>	
<b>9. Total Receipts of the State (6+7+8)</b>	<b>59,675</b>	<b>72,341</b>	<b>80,525</b>	<b>82,314</b>	<b>95,580</b>	
<b>Part B. Expenditure/Disbursement<sup>1</sup></b>						
<b>10. Revenue Expenditure</b>	<b>25,272</b>	<b>29,083</b>	<b>32,196</b>	<b>32,859</b>	<b>37,091</b>	
Plan	State Fund Expenditure	6,344 (25)	25,570 (88)	28,296 (88)	28,893 (88)	32,678 (88)
Non-Plan	Central Assistance	18,928 (75)	3,513 (12)	3,900 (12)	3,966 (12)	4,413 (12)
	General Services (Including interest payments)	9,934 (39)	12,409 (43)	13,525 (42)	13,844 (42)	14,826 (40)
	Social Services	10,529 (42)	10,929 (37)	12,209 (38)	12,593(39)	14,762 (40)
	Economic Services	3,903 (15)	4,276 (15)	5,003 (16)	4,704(14)	5,571 (15)
	Grants-in-aid and contributions	906 (4)	1,469 (5)	1,459 (4)	1,717 (5)	1,932 (5)

<sup>1</sup> From 2017-18, Plan and Non-Plan bifurcation of funding has been discontinued and is being bifurcated in State Fund Expenditure and Central Assistance.

<b>11. Capital Expenditure</b>		<b>4,954</b>	<b>5,914</b>	<b>6,184</b>	<b>5,414</b>	<b>6,538</b>
Plan	State Fund Expenditure	4,076 (82)	4,274 (72)	3,533 (57)	3,055 (56)	3,192 (49)
Non-Plan	Central Assistance	878 (18)	1,640 (28)	2,651 (43)	2,359 (44)	3,346 (51)
General Services		72 (1)	804 (14)	454 (7)	362 (7)	755 (11)
Social Services		948 (19)	1,086 (18)	1,099 (18)	1,610 (30)	1,938 (30)
Economic Services		3,934 (80)	4,024 (68)	4,631 (75)	3,442 (63)	3,845 (59)
<b>12. Disbursement of Loans and Advances</b>		<b>165</b>	<b>77</b>	<b>183</b>	<b>126</b>	<b>38</b>
<b>Total Expenditure of the State (10+11+12)</b>		<b>30,391</b>	<b>35,074</b>	<b>38,563</b>	<b>38,399</b>	<b>43,667</b>
<b>14. Repayments of Public Debt</b>		<b>1,128</b>	<b>1,721</b>	<b>2,057</b>	<b>2,131</b>	<b>2,921</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)		1,093	1,681	2,013	2,084	2,550
Net transactions under Ways and Means Advances and Overdraft		--	--	--	--	313
Loans and Advances from Govt. of India		35	40	44	47	58
<b>Appropriation to Contingency Fund</b>		<b>--</b>	<b>-250</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total disbursement out of Consolidated Fund (13+14+15)</b>		<b>31,519</b>	<b>36,545</b>	<b>40,620</b>	<b>40,530</b>	<b>46,588</b>
<b>17. Contingency Fund disbursements</b>		<b>228</b>	<b>482</b>	<b>107</b>	<b>26</b>	<b>226</b>
<b>18. Public Account disbursements</b>		<b>26,607</b>	<b>35,366</b>	<b>39,947</b>	<b>42,569</b>	<b>47,261</b>
<b>19. Total disbursement by the State (16+17+18)</b>		<b>58,354</b>	<b>72,393</b>	<b>80,674</b>	<b>83,125</b>	<b>94,075</b>
<b>Part C. Deficits/Surplus</b>						
<b>Revenue Deficit(-)/Revenue Surplus (+) (1-10)</b>		<b>(-) 383</b>	<b>(-) 1,978</b>	<b>(-) 980</b>	<b>(-) 2,136</b>	<b>(+) 1,114</b>
<b>21. Fiscal Deficit (4-13)</b>		<b>5,467</b>	<b>7,935</b>	<b>7,320</b>	<b>7,657</b>	<b>5,439</b>
<b>22. Primary Deficit(-)/Primary Surplus (+) (21+23)</b>		<b>(-) 1,744</b>	<b>(-) 3,948</b>	<b>(-) 2,845</b>	<b>(-) 3,153</b>	<b>(-) 666</b>
<b>Part D. Other data</b>						
<b>23. Interest Payments (included in revenue expenditure)</b>		<b>3,723</b>	<b>3,987</b>	<b>4,475</b>	<b>4,504</b>	<b>4,773</b>
<b>24. Financial Assistance to local bodies etc.</b>		<b>3,850</b>	<b>3,664</b>	<b>4,466</b>	<b>4,800</b>	<b>6,441</b>
<b>25. Ways and Means Advances/Overdraft availed (days)</b>		<b>90</b>	<b>90</b>	<b>167</b>	<b>140</b>	<b>96</b>
<b>26. Interest on Ways and Means Advances/ Overdraft</b>		<b>3.84</b>	<b>5.24</b>	<b>6.08</b>	<b>5.18</b>	<b>5.21</b>
<b>27. Gross State Domestic Product (GSDP)<sup>@</sup></b>		<b>1,95,125</b>	<b>2,19,954</b>	<b>2,36,768</b>	<b>2,53,666</b>	<b>2,37,747</b>
<b>28. Outstanding Fiscal liabilities (yearend)</b>		<b>44,583</b>	<b>51,831</b>	<b>58,039</b>	<b>65,982</b>	<b>73,751</b>
<b>Outstanding guarantees (yearend) (excluding interest)</b>		<b>1,248*</b>	<b>1,173</b>	<b>1,311</b>	<b>854</b>	<b>729</b>
<b>Maximum amount guaranteed (yearend)</b>		<b>2,805</b>	<b>2,105</b>	<b>2,105</b>	<b>NA</b>	<b>NA</b>
<b>Number of incomplete projects (in numbers)</b>		<b>297</b>	<b>260</b>	<b>202</b>	<b>210</b>	<b>143</b>

Capital blocked in incomplete projects (₹ in crore)	1,007.56	631.94	480.30	627.08	437.61
<b>Part E. Fiscal Health Indicators (in ratios)</b>					
<b>I Resource Mobilization</b>					
Own Tax revenue/GSDP	0.056	0.046	0.051	0.045	0.050
Own Non-Tax Revenue/GSDP	0.007	0.008	0.014	0.016	0.018
Central Transfers/GSDP	0.065	0.069	0.066	0.060	0.093
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	0.156	0.159	0.163	0.151	0.184
Total Expenditure/Revenue Receipts	1.22	1.29	1.24	1.25	1.14
Revenue Expenditure/Total Expenditure	0.83	0.83	0.83	0.86	0.85

\* Note: Changed Proforma

Expenditure on Social Services/Total Expenditure	0.38	0.34	0.35	0.37	0.38
Expenditure on Economic Services/Total Expenditure	0.26	0.24	0.25	0.21	0.22
Capital Expenditure/Total Expenditure	0.16	0.17	0.16	0.14	0.15
Capital Expenditure on Social and Economic Services/Total Expenditure	0.16	0.15	0.15	0.13	0.13
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	(-) 0.002	(-) 0.009	(-) 0.004	(-) 0.008	(+) 0.005
Fiscal deficit/GSDP	(-) 0.028	(-) 0.036	(-) 0.031	(-) 0.030	(-) 0.023
Primary Deficit (surplus) /GSDP	(-) 0.009	(-) 0.018	(-) 0.012	(-) 0.012	(-) 0.003
Revenue Surplus (Deficit) /Fiscal Deficit	(+) 0.070	(+) 0.249	(+) 0.134	(+) 0.279	(-) 0.205
Net Primary Revenue Balance/GSDP	(-) 0.021	(-) 0.027	(-) 0.023	(-) 0.026	(-) 0.015
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	0.23	0.24	0.25	0.26	0.31
Fiscal Liabilities/RR	1.79	1.91	1.86	2.15	1.93
Debt Repayment to Debt Receipts (in per cent)	17.35	22.87	28.27	34.66	29.85
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	15.21	22.69	18.69	14.08	40.02
Financial Assets/Liabilities	0.96	0.94	0.93	0.90	0.93

Figures in brackets represent percentages (rounded) to total of each sub-heading.

@ GSDP at current price figures taken from GSDP estimate from the website of Directorate of Economic Statistics, Government of Uttarakhand.

**Appendix-3.1**  
**(Reference: Paragraph 3.1; Page 63)**  
**Glossary of important Budget related terms**

Sl. No.	Terms	Description
1.	'Accounts' or 'actuals' of a year	The amounts of receipts and disbursements for the financial year beginning on April 1st and ending on March 31st following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2.	'Administrative approval' of a scheme, proposal, or work	The formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3.	Annual Financial Statement	Referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4.	Appropriation	The amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5.	Charged Expenditure	Such expenditure which is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6.	Consolidated Fund of India/ State	All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7.	Contingency Fund	It is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive/Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/State Legislature. The amount drawn from the Contingency Fund is recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8.	Controlling Officer (Budget)	An officer entrusted by a department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9.	Drawing and Disbursing Officer	Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10.	Excess Grant	Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularization by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.
11.	Public Accounts	Means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
12.	Re-Appropriation	Means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
13.	Revised Estimate	An estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.

14.	Supplementary Demands for Grants	Means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
15.	Major Head	Means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
16.	Sub-Major Head	Means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head
17.	Minor Head	Means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
18.	Sub-Head	Means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
19.	Major Work	Means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
20.	Minor Work	Means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
21.	Modified Grant or Appropriation	Means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
22.	Supplementary or Additional Grant or Appropriation	Means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
23.	Schedule of New Expenditure	Means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.

## Appendix-5.1

(Reference: Paragraphs 5.2.1 and 5.11.2; Pages 115 and 125)

## Summarised financial results of State PSEs for the latest year for which accounts were received

(₹ in crore)

Sl. No	Name of SPSE	Latest for which Accounts received	Paid up Capital	Loans	Net profit/ loss before dividend, interest	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Finance Cost	Turn over	Capital employed	Net Worth	Accumulated Profit/ loss (-)
<b>Active SPSEs (covered in this Report)</b>												
1	Uttarakhand Power Corporation Limited	2020-21	1474.91	1596.43	(-) 135.17	(-) 20.22	(-) 151.75	114.95	6453.92	(-) 779.67	(-) 2376.10	(-) 3851.01
2	Power Transmission Corporation of Uttarakhand Limited	2019-20	564.88	867.16	127.08	161.62	97.34	34.54	386.14	1700.68	833.52	268.64
3	UJVN Ltd.	2020-21	1306.77	2042.85	141.12	190.77	136.95	49.65	929.83	4402.71	2359.86	1053.09
4	Kishau Corporation Limited	2020-21	5.75	0.00	0.00	0.00	0.00	0.00	0.00	5.75	5.75	0.00
5	BRIDCUL*	2019-20	4.00	0.00	3.00	3.25	2.02	0.25	74.03	15.05	15.05	11.05
6	Doiwala Sugar Company Limited	2019-20	6.00	131.92	(-) 18.75	2.68	(-) 18.75	21.43	91.78	(-) 260.79	(-) 392.71	(-) 398.71
7	Kichha Sugar Company Limited	2019-20	17.99	119.32	12.58	30.93	12.58	18.35	145.39	-160.70	(-) 280.02	(-) 298.01
8	Uttarakhand Purv Sainik Kalyan Nigam Limited	2020-21	1.00	0.00	9.11	9.11	9.11	0.00	419.85	66.86	66.86	65.86
9	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	2020-21	0.10	0.00	(-) 1.66	(-) 1.66	(-) 1.32	0.00	0.00	(-) 2.16	(-) 2.16	(-) 2.26
10	Dehradun Smart City Limited	2019-20	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.40	0.00
11	Uttarakhand Project Development and Construction Corporation Limited	2019-20	1.07	0.00	0.25	0.25	0.19	0.00	11.70	1.34	1.34	0.27
12	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2018-19	0.00	75.47	9.60	19.14	0.06	9.54	82.08	(-) 157.32	(-) 232.79	(-) 232.79
13	Uttarakhand Forest Development Corporation	2018-19	0.00	0.00	15.88	15.88	15.88	0.00	640.75	366.28	366.28	366.28
14	Uttarakhand Seed & Tarai Development Corporation Ltd. (Govt. controlled other company)	2019-20	4.08	19.50	3.11	5.58	2.45	2.47	54.67	(-) 3.80	(-) 23.30	(-) 27.38
	<b>Total (A)</b>		<b>3386.95</b>	<b>4852.65</b>	<b>166.15</b>	<b>417.33</b>	<b>104.76</b>	<b>251.18</b>	<b>9290.14</b>	<b>5194.63</b>	<b>341.98</b>	<b>(-) 3044.97</b>

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<b>Active SPSEs (not covered in this report<sup>2</sup>).</b>												
15	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	2008-09	8.43	3.23	1.00	1.14	0.86	0.14	1.03	14.19	10.96	2.53
16	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2017-18	28.50	196.15	13.70	20.65	5.91	6.95	16.77	622.88	426.73	398.23
17	Kumaon Mandal Vikas Nigam Limited	2005-06	13.42	0.43	(-) 0.30	0.91	(-) 1.51	1.21	100.49	13.18	12.75	(-) 0.67
18	Garhwal Mandal Vikas Nigam Limited	2015-16	6.79	10.12	(-) 7.12	(-) 6.40	(-) 7.12	0.72	194.27	37.65	27.53	20.74
19	Uttarakhand Parivahan Nigam	2015-16	238.60	2.66	(-) 11.99	-11.99	(-) 11.99	0.00	323.77	(-) 186.39	(-) 189.05	(-) 427.65
20	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam											
21	Ecotourism Development Corporation of Uttarakhand Limited											
22	Uttarakhand State Warehousing Corporation											
23	SIIDCUL Plastic Park Limited <sup>3</sup>											
	<b>Total (B)</b>		<b>295.74</b>	<b>212.59</b>	<b>(-) 4.71</b>	<b>4.31</b>	<b>(-) 13.85</b>	<b>9.02</b>	<b>636.33</b>	<b>501.51</b>	<b>288.92</b>	<b>(-) 6.82</b>
<b>Inactive SPSEs</b>												
24	Uttar Pradesh Hill Electronics Corporation Limited	2013-14	8.95	0.00	(-) 2.21	(-) 2.21	(-) 2.21	0.00	1.32	(-) 15.98	(-) 15.98	(-) 24.93
25	UPAI under liquidation	1988-89	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.12	0.12	(-) 0.05
26	Kumtron Limited (Subsidiary of HILTRON)	1989-90	0.18	0.00	(-) 0.02	(-) 0.02	(-) 0.02	0.00	0.00	0.16	0.16	(-) 0.02
27	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of GMVN Limited)	2008-09	0.50	2.36	(-) 0.16	(-) 0.13	(-) 0.19	0.03	0.00	(-) 0.75	(-) 3.11	(-) 3.61
28	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of KMVN Limited)	1986-87	0.50	0.00	(-) 0.02	(-) 0.02	(-) 0.02	0.00	0.10	0.46	0.46	(-) 0.04
29	Trans cables Limited (Subsidiary of KMVN Limited)	1999-00	1.63	2.75	(-) 0.84	(-) 0.84	(-) 0.84	0.00	2.80	(-) 1.42	(-) 4.17	(-) 5.80
30	Uttar Pradesh Digital Limited under liquidation (Subsidiary of KMVN Limited)	1996-97	0.35	19.92	(-) 1.19	(-) 1.19	(-) 1.19	0.00	0.00	13.32	(-) 6.60	(-) 6.95

<sup>2</sup> Active SPSEs who have not submitted their accounts for any of the previous three years i.e. 2018-19, 2019-20 and 2020-21 have not been covered in detail in this report.

<sup>3</sup> Incorporated on 21 February 2020



31	Uttar Pradesh Hill Phone Limited (Subsidiary of HILTRON)	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32	Uttar Pradesh Hill Quartz Limited (Subsidiary of HILTRON)	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total (C)</b>		<b>12.28</b>	<b>25.03</b>	<b>(-) 4.44</b>	<b>(-) 4.41</b>	<b>(-) 4.47</b>	<b>0.03</b>	<b>4.22</b>	<b>(-) 4.09</b>	<b>(-) 29.12</b>	<b>(-) 41.40</b>
	<b>Grand Total (A+B+C)</b>		<b>3694.97</b>	<b>5090.27</b>	<b>157.00</b>	<b>417.23</b>	<b>86.44</b>	<b>260.23</b>	<b>9930.69</b>	<b>5692.05</b>	<b>601.78</b>	<b>(-) 3093.19</b>

\* Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited earlier known as Uttarakhand State Infrastructure Development Corporation Limited

**Appendix-5.2**  
(Reference: Paragraph 5.4.1; page 117)

**Statement showing position of equity and Long- term Loans relating to SPSEs as on 31 March 2021**

Name of SPSEs	₹ in crore							
	Paid up capital				Long term loans			
	State	Central	Other	Total	State	Central	Other	Total
<b>Power Sector</b>								
1. Uttarakhand Power Corporation Limited	1474.91	0.00	0.00	1474.91	14.56	0.00	1581.87	1596.43
2. Power Transmission Corporation of Uttarakhand Limited	634.88	0.00	0.00	634.88	178.51	0.00	760.44	938.95
3. UJVN Ltd.	1306.77	0.00	0.00	1306.77	334.43	0.00	1708.42	2042.85
4. Kishau Corporation Limited	5.00	0.00	0.75	5.75	0.00	0.00	0.00	0.00
<b>Total of Power sector (A)</b>	<b>3421.56</b>	<b>0.00</b>	<b>0.75</b>	<b>3422.31</b>	<b>527.50</b>	<b>0.00</b>	<b>4050.73</b>	<b>4578.23</b>
<b>Finance Sector</b>								
5. Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	17.46	5.99	0.00	23.45	0.00	0.00	1.65	1.65
6. Garhwal Anusuchit Janjati Vikas Nigam Limited	0.20	0.00	0.30	0.50	1.00	0.04	0.17	1.21
7. Kumaon Anusuchit Janjati Vikas Nigam Limited	0.22	0.00	0.28	0.50	0.00	0.00	0.00	0.00
<b>Total of Finance Sector (B)</b>	<b>17.88</b>	<b>5.99</b>	<b>0.58</b>	<b>24.45</b>	<b>1.00</b>	<b>0.04</b>	<b>1.82</b>	<b>2.86</b>
<b>Service Sector</b>								
8. Kumaon Mandal Vikas Nigam Limited	13.42	0.00	0.00	13.42	28.07	0.00	0.00	28.07
9. Garhwal Mandal Vikas Nigam Limited	6.79	0.00	0.00	6.79	1.00	0.00	9.12	10.12
10. Uttarakhand Parivahan Nigam	229.36	9.24	0.00	238.60	2.66	0.00	83.01	85.67
11. Ecotourism Development Corporation of Uttarakhand	Information not available							
<b>Total of Service Sector (C)</b>	<b>249.57</b>	<b>9.24</b>	<b>0</b>	<b>258.81</b>	<b>31.73</b>	<b>0</b>	<b>92.13</b>	<b>123.86</b>

Infrastructure Sector								
12. State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	26.00	0.00	2.50	28.50	0.00	0.00	149.95	149.95
13. Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited	4.00	0.00	0.00	4.00	0.00	0.00	0.00	0.00
14. Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Limited	0.10	0.00	0.00	0.10	0.00	0.00	0.00	0.00
15. Dehradun Smart City Limited	0.20	0.00	0.20	0.40	0.00	0.00	0.00	0.00
16. Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	0.00	0.00	0.00	0.00	21.02	0.00	54.45	75.47
<b>Total of Infrastructure Sector (D)</b>	<b>30.30</b>	<b>0.00</b>	<b>2.70</b>	<b>33.00</b>	<b>21.02</b>	<b>0.00</b>	<b>204.40</b>	<b>225.42</b>
Other Sector								
17. Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	Information not available							
18. Uttarakhand State Warehousing Corporation	Information not available							
19. SIIDCUL Plastic Park Limited	Information not available							
20. Uttar Pradesh Hill Electronics Corporation Limited	8.95	0.00	0.00	8.95	0.00	0.00	0.00	0.00
21. UPAI under liquidation since 1991	0.17	0.00	0.00	0.17	0.00	0.00	0.00	0.00
22. Kumtron Limited	0.00	0.00	0.18	0.18	0.00	0.00	0.00	0.00
23. Uttar Pradesh Hill Phone Limited	0.00	0.00	0.03	0.03	0.00	0.00	0.00	0.00

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24. Uttar Pradesh Hill Quartz Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25. Trans cables Limited	0.00	0.00	1.63	1.63	2.75	0.00	0.00	2.75
26. Uttar Pradesh Digitals Limited under liquidation since 2006	0.00	0.00	0.35	0.35	1.40	18.52	0.00	19.92
27. Uttarakhand Seed & Tarai Development Corporation Ltd.	1.20	0.00	2.88	4.08	19.50	0.00	0.00	19.50
28. Doiwala Sugar Company Limited	6.00	0.00	0.00	6.00	127.99	0.00	3.15	131.14
29. Kichha Sugar Company Limited	17.54	0.00	0.45	17.99	119.32	0.00	0.00	119.32
30. Uttarakhand Project Development and Construction Corporation Limited	1.07	0.00	0.00	1.07	0.00	0.00	0.00	0.00
31. Uttarakhand Purv Sainik Kalyan Nigam Limited	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
32. Uttarakhand Forest Development Corporation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total of Other Sector (E)</b>	<b>35.93</b>	<b>0.00</b>	<b>5.52</b>	<b>41.45</b>	<b>270.96</b>	<b>18.52</b>	<b>3.15</b>	<b>292.63</b>
<b>Grand Total (A+B+C+D+E)</b>	<b>3755.24</b>	<b>15.23</b>	<b>9.55</b>	<b>3780.02</b>	<b>852.21</b>	<b>18.56</b>	<b>4352.23</b>	<b>5223.00</b>

**Appendix-5.3**  
(Reference: Paragraph 5.11.2; page 125)

**Statement showing position of State Government Investments (Loan and grant/ subsidy) in working PSUs during the period for which accounts are in arrears**

(₹ in crore)

Sl. No.	Name of SPSEs	Period up to which accounts finalised	Period for which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by State Government during the period for which accounts are in arrears			
					Equity	Loans	Grant/ Subsidy	Total
<b>Active Companies<sup>4</sup></b>								
1	Power Transmission Corporation of Uttarakhand Limited	2019-20	2020-21	564.88	70.00	0.00	0.00	70.00
2	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited	2019-20	2020-21	4.00	0.00	0.00	0.00	0.00
3	Doiwala Sugar Company Limited	2019-20	2020-21	6.00	0.00	0.00	44.64	44.64
4	Kichha Sugar Company Limited	2019-20	2020-21	17.54	0.00	0.00	48.10	48.10
5	Dehradun Smart City Limited	2019-20	2020-21	0.20	0.00	0.00	5.00	5.00
6	Uttarakhand Project Development and Construction Corporation Limited	2019-20	2020-21	1.07	0.00	0.00	0.00	0.00
7	Uttarakhand Seed & Tarai Development Corporation Ltd.	2019-20	2020-21	1.20	0.00	0.00	0.00	0.00
8	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	2008-09	2009-10 to 2020-21	8.43	9.03	0.00	0.00	9.03
9	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2017-18	2018-19 to 2020-21	26.00	0.00	0.00	57.52	57.52
10	Kumaon Mandal Vikas Nigam Limited	2005-06	2006-07 to 2020-21	13.42	0.00	0.00	0.00	0.00
11	Garhwal Mandal Vikas Nigam Limited	2015-16	2016-17 to 2020-21	6.79	0.00	0.00	0.00	0.00
	<b>Total (A)</b>			<b>649.53</b>	<b>79.03</b>	<b>0.00</b>	<b>155.26</b>	<b>234.29</b>
<b>Active Statutory Corporations<sup>5</sup></b>								
12	Uttarakhand Parivahan Nigam	2015-16	2016-17 to 2020-21	229.36	0.00	0.00	0.00	0.00
13	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2018-19	2019-20 to 2020-21	0.00	0.00	---	--	--
14	Uttarakhand Forest Development Corporation	2018-19	2019-20 to 2020-21	0.00	0.00	---	--	--
	<b>Total (B)</b>			<b>229.36</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total (A+B)</b>				<b>79.03</b>	<b>0.00</b>	<b>155.26</b>	<b>234.29</b>

**Note: Information not provided by Peyjal Sansadhan and UFDC.**

<sup>4</sup> Excluding three companies namely Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam, Ecotourism Development Corporation of Uttarakhand and SIIDCUL Plastic Park Limited who had neither submitted any information nor first accounts.

<sup>5</sup> Excluding Uttarakhand State Warehousing Corporation who had neither submitted any information nor first accounts.

**Appendix-6.1**  
**Glossary of terms**

Sl. No.	Terms	Description
1.	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, <i>e.g.</i> State Implementation Society for SSA and State Health Mission for NRHM <i>etc.</i>
2.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
4.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, <i>e.g.</i> enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure <i>etc.</i> <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation <i>etc.</i>
6.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a current debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
8.	Debt Stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided 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), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be current or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

9.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
10.	Net availability of borrowed funds	Defined as the ratio of the 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.
11.	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
12.	Net Debt Available	Excess of Public Debt receipts and Loans and Advances receipt over Public Debt repayment, Loans and Advances Disbursements and Interest Payment on Public debt.







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