

**STATE FINANCES AUDIT REPORT
OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2022



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



उत्तराखण्ड शासन

GOVERNMENT OF UTTARAKHAND

Report No. 1 of the year 2023

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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 2022.

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 discuss the financial performance of State Public Sector Undertakings (SPSUs) along with the details of loans, investments, budgetary supports made by GoU, GoI and others. It also presents the status of submission of Annual Accounts by the SPSUs.

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 2021-22 *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 2022 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 2022. 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 discuss the financial performance of State Public Sector Undertakings (SPSUs) along with the details of loans, investments, budgetary supports made by GoU, GoI and others. It also presents the status of submission of Annual Accounts by the SPSUs.

Audit findings

CHAPTER-1: OVERVIEW

- Revenue Surplus increased from ₹ 1,114 crore to ₹ 4,128 crores (1.63 *per cent* of GSDP) during the current year 2021-22. Revenue Surplus was overstated by ₹ 479 crore (11.60 *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 ₹ 3,736 crore (1.47 *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 ₹ 243 crore (6.50 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 2021-22, Revenue Receipts increased by ₹ 4,852 crore (12.70 per cent) over the previous year, on account of increase in Grants-in-Aid (₹ 692 crore), Own Tax Revenue (₹ 2,238 crore) and State share in Union Taxes and Duties (₹ 3,337 crore). The increase was partly counterbalanced by decrease in Non-Tax Revenue ₹ 1,415 crore (33.92 per cent) over the previous year.

[Paragraphs 2.3.2.1]

- Revenue Expenditure formed on an average 84.02 per cent (ranging from 82.92 per cent to 85.57 per cent during 2017-22) of the total expenditure during the period 2017-22. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five- year period 2017-22. The Committed Expenditure ranged between 61 per cent and 68 per cent of Revenue Expenditure, while it accounted for 55 per cent to 73 per cent of the Revenue Receipts of the State during the five-year period 2017-22.

[Paragraphs 2.6.1 and 2.6.2]

- Capital Expenditure increased by ₹ 996 crore (15.23 per cent) during the current year. The Capital Expenditure incurred by the State during the year 2021-22 was higher than the projections made in the MTFPS targets (₹ 7,112 crore) by ₹ 422 crore but was less by ₹ 1,439 crore against budget projections (₹ 8,973 crore).

[Paragraph 2.6.3]

- The State Government had provided budgetary support and invested in Public Sector Undertakings having accumulated losses and also in Government Corporations and Companies that had not finalised their accounts. The average return on Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was almost negligible. During the current year, the amount repaid was ₹ 17.08 crore which stood at 0.83 per cent of the outstanding loans (₹ 2,047.90 crore) as on 31 March 2022.

[Paragraph 2.6.3.2 (i), (iv)]

- As per Finance Accounts for the Year 2021-22, there were 75 incomplete/ongoing projects worth ₹ 509.66 crore under various divisions of Public Works as on 31 March 2022.

[Paragraph 2.6.3.2 (v)]

- In Education and Social Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE and Himalayan States average during 2021-22, while under Health Sector it was below the NE and Himalayan States average during 2021-22.

[Paragraph 2.7]

- Against the receivable Guarantee Commission fee of ₹ 7.17 crore, an amount of ₹ 1.87 crore was received resulting in short receipt of ₹ 5.30 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 overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

[Paragraph 2.8.2.3]

- The total fiscal liabilities to GSDP ratio in 2021-22 decreased by 2.32 *per cent* over previous year and stood at 28.12 *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 2021-22, there was an overall saving of ₹ 14,318.05 crore against the total grants and appropriations of ₹ 65,012.40 crore.

[Paragraph 3.2]

- An expenditure of ₹ 19.64 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 ₹ 25.57 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 ₹ 7,072.07 crore obtained in 40 cases proved unnecessary. Re-appropriation of funds in 40 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 ₹ 47,758.16 crore pertaining to the years 2005-06 to 2020-21 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 321 Utilisation Certificates (due for submission by March 2022) to the Accountant General (Accounts and Entitlement), Uttarakhand in respect of the grants of ₹ 1,390.09 crore given up to March 2021 for specific purposes. As on March 2022, 243 Abstract Contingent Bills amounting to ₹ 27.33 crore were outstanding. Funds to the tune of ₹ 10,717.43 crore have been transferred to DDO's own account and to working agencies and treated as final expenditure, such huge amount of expenditure could not be ignored for want of assurance of final utilization of funds.

[Paragraphs 4.6, 4.7, 4.7.1]

- Significant amounts of expenditure (₹ 1,343 crore) and receipts (₹ 1,223 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.

[Paragraph 4.9]

- During 2021-22, reconciliation of Receipt and Expenditure by the Chief Controlling Officers was 95.19 & 89.02 *per cent* respectively. There was an improvement in the reconciliation of Expenditure figures from 73.59 *per cent* in 2020-21 to 89.02 *per cent* in the current year. However, the *percentage* of the reconciliation of Receipt figures was more or less same as compared to the previous year. 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 weak 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: ROLE OF GOVERNMENT IN PUBLIC SECTOR UNDERTAKINGS

- As on 31 March 2022, there were 32 State Public Sector Undertakings (SPSUs) including 27 Government Companies, one Government controlled other company and

four Statutory Corporations. Among the 32 SPSUs, nine SPSUs were inactive (including seven PSUs under liquidation).

[Paragraph 5.1.3]

- The total investment (equity and long-term loans) in 14 SPSUs which submitted their accounts up to 2019-20 and onwards was ₹ 8,449.81 crore. The investment consisted of 43.71 *per cent* as equity and 56.29 *per cent* as long-term loans. Out of this, GoU had investment of ₹ 4,393.17 crore in these SPSUs consisting of equity of ₹ 3,553.58 crore and long-term loans of ₹ 839.59 crore.

[Paragraph 5.2]

- There existed difference of ₹ 569.98 crore between the figures of equity, loans and guarantees as per records of the PSUs and that of the Finance Accounts in respect of 14 PSUs (13 Government Companies and one Statutory Corporation).

[Paragraph 5.2.2]

- Two SPSUs paid dividend during the year 2021-22.

[Paragraph 5.2.3]

- The net worth of seven State PSUs has been completely eroded by accumulated losses of ₹ 4,907.48 crore and their net worth was (-) ₹ 3,404.00 crore against equity investment of ₹ 1503.48 crore. Among the PSUs whose capital has been eroded, outstanding GoU Loans in respect of five PSUs were ₹ 295.66 crore as on 31 March 2022.

[Paragraph 5.2.4]

- PSUs were not adhering to the prescribed timelines regarding submission of their Financial Statements as per the Companies Act, 2013. As a result, 130 accounts of 19 Government Companies were in arrears. Further, 12 accounts of four statutory corporations were also in arrears.

[Paragraph 5.3.2]

CHAPTER-1
OVERVIEW

CHAPTER-1

OVERVIEW

1.1 Profile of the State

Uttarakhand 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 a 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 20th most populous State in India.

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 2021-22 has been 7.57 *per cent* and 6.29 *per cent* respectively; it, however, was below the CAGR of GDP All India (10.11 *per cent*) and below the per capita GDP of All India (8.86 *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*) in 2021-22 and infant mortality rate (24 per 1,000 live birth) in 2021-22 than the All-India average (73.00 *per cent* and 28 per 1,000 live births). The percentage of Below Poverty Line (BPL) population in the State at 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 the economy. 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

(₹ in crore)

Year	2017-18	2018-19	2019-20♠	2020-21♥	2021-22♣
GDP (2011-12 Series)	1,70,90,042	1,88,99,668	2,00,74,856	1,98,00,914	2,36,64,637
Growth rate of GDP over previous year at current prices (<i>per cent</i>)	11.03	10.59	6.22	-1.36	19.51
GSDP (2011-12 Series)	2,20,222	2,30,327	2,36,988	2,34,660	2,53,832
Growth rate of GSDP over previous year at current prices (<i>per cent</i>)	12.86	4.59	2.89	-0.98	8.17

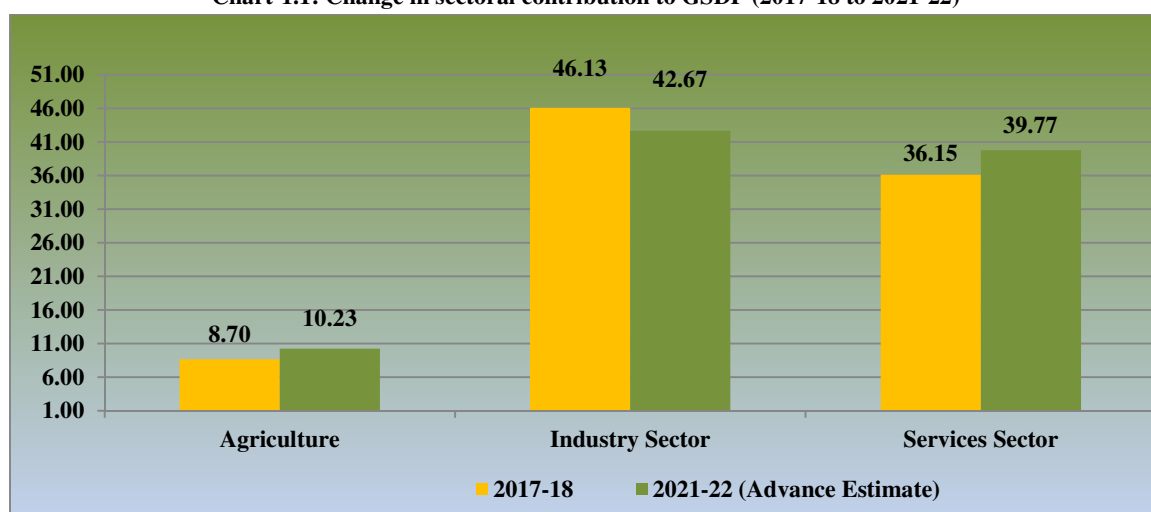
Source of data: Ministry of Statistics and Programme Implementation and Directorate of Economics and Statistics, Uttarakhand. ♥provisional Estimate, ♠Quick Estimate, ♣Advance Estimate.

As can be seen from the details above, the GSDP growth rate of Uttarakhand was higher than the national growth rate in the years 2017-18 and 2020-21. However, for the years 2018-19, 2019-20 and 2021-22 it was lower than the national growth rate.

1.1.2. Sectoral contribution to GSDP

Chart-1.1 reveals that during the five-year period from 2017-18 to 2021-22, there has been an increase in the relative shares of Agriculture and Service Sector in GSDP, appreciating from 8.70 per cent in 2017-18 to 10.23 per cent in 2021-22 and from 36.15 per cent in 2017-18 to 39.77 per cent in 2021-22 respectively. However, a decrease was seen in the relative share of Industry Sector from 46.13 per cent in 2017-18 to 42.67 per cent in 2021-22.

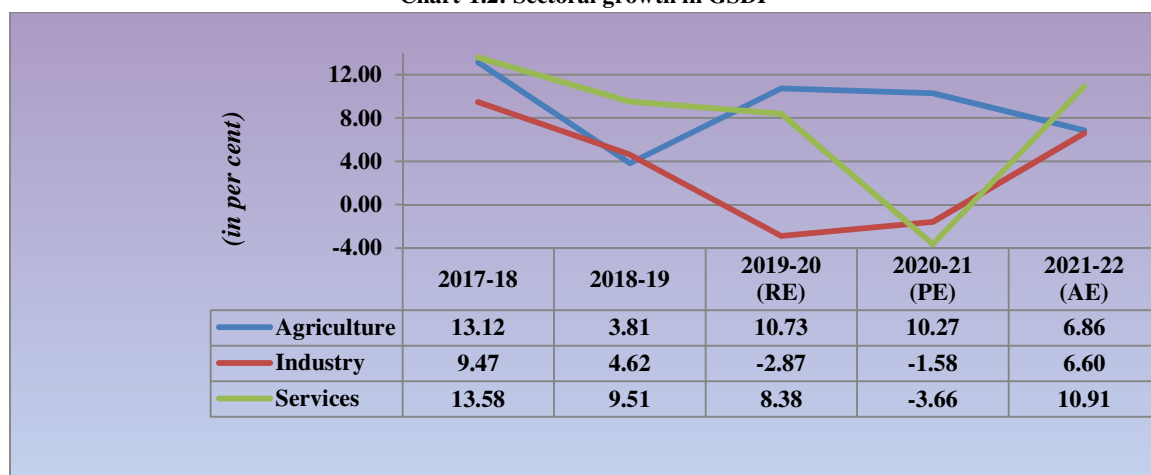
Chart-1.1: Change in sectoral contribution to GSDP (2017-18 to 2021-22)



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

During 2021-22, the Industry sector and Services sectors saw increase in growth rate, while Agriculture sector saw decline in growth rate as compared 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 2022 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 2021-22 constitute the core data for this report. Other sources include the following:

- Budget of the State for the year 2021-22 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 2017-22 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 December 2022 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 January 2023 for comments and Exit Conference was held in February 2023 wherein the audit findings were discussed. Replies of the Government have been incorporated in this Report at appropriate places.

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

1.3 Report Structure

The SFAR is structured into the following five Chapters:

Chapter - 1	Overview 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.
Chapter - 2	Finances of the State 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 2017-18 to 2021-22; debt profile of the State; and key Public Account transactions, based on the Finance Accounts of the State.
Chapter - 3	Budgetary Management 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.
Chapter - 4	Quality of Accounts & Financial Reporting Practices 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.
Chapter - 5	Role of Government in Public Sector Undertakings 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 the above, all other public money 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 distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consists of tax revenue (Own Tax revenue plus share of Union Taxes/Duties), non-tax revenue 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;

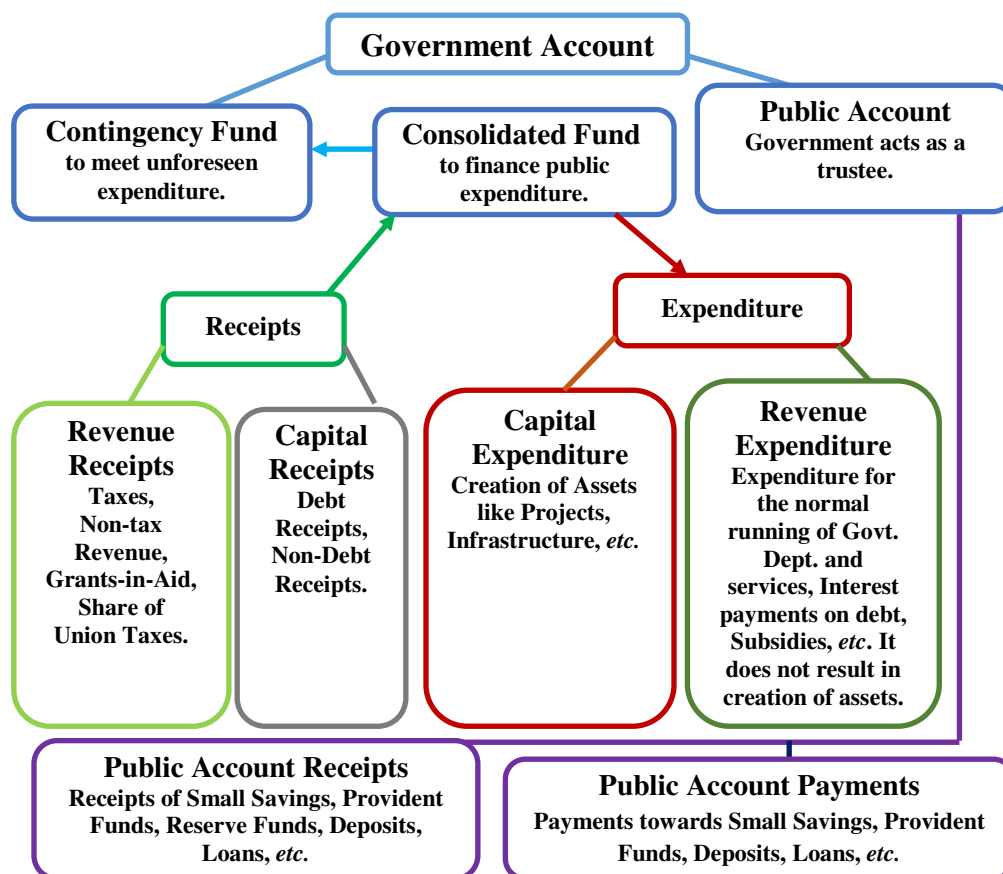
Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances given by the government to Public Sector Undertakings (PSUs) and other parties.

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.

Structure of Government Accounts



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-à-vis* Budget Estimates for the year 2021-22 *vis-à-vis* actual of 2020-21.

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

(₹ in crore)						
Sl.No.	Components	2020-21 (Actual)	2021-22 (Budget Estimate)	2021-22 (Actuals)	Percentage of Actual to B.E.	Percentage of Actuals to GSDP
1.	Tax Revenue	18,507	20,195	24,082	119.25	9.49
(i)	Own Tax Revenue	11,938	12,754	14,176	111.15	5.58
(ii)	Share of Union Taxes/Duties	6,569	7,441	9,906	133.13	3.90
2.	Non-Tax Revenue	4,171	3,294	2,756	83.67	1.09
3.	Grants-in-aid and Contributions	15,527	20,662	16,219	78.50	6.39
4.	Revenue Receipts (1+2+3)	38,205	44,151	43,057	97.52	16.96
5.	Recovery of Loans and Advances	23	23	17	73.91	0.01
6.	Other Receipts	0.20	0	0	0.00	0.00
7.	Borrowings and other Liabilities (a)	5,439	9,401	3,736	39.74	1.47
8.	Capital Receipts (5+6+7)	5,462	9,424	3,753	39.82	1.48
9.	Total Receipts (4+8)	43,667	53,575	46,810	87.37	18.44
10.	Revenue Expenditure	37,091	44,036	38,929	88.40	15.33
11.	Interest payments	4,773	6,053	4,939	81.60	1.95
12.	Capital Expenditure	6,576	9,122	7,881	86.40	3.10
13.	Capital outlay	6,538	8,973	7,534	83.96	2.97
14.	Loan and advances	38	149	347	232.89	0.14
15.	Total Expenditure (10+12)	43,667	53,158	46,810	88.06	18.44
16.	Revenue Deficit/ Surplus (-/+) (4-10)	1,114	115	4,128	3,589.57	1.63
17.	Fiscal Deficit {15-(4+5)}	5,439	8,984	3,736	41.59	1.47
18.	Primary Deficit/Surplus(-/+) (17- 11)	(-) 666	(-) 2,931	1,203	141.04	0.47

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					
	2020-21	2021-22	Per cent increase		2020-21	2021-22	per cent increase		
Consolidated Fund									
A	Internal Debt	53,301.55	53,759.17	0.86	a	Gross Capital Outlay	64,325.48	71,858.97	11.71
B	Loans and Advances from GoI	3,813.10	7,443.32	95.20	b	Loans and Advances	2,047.91	2,378.28	16.13
	Contingency Fund	7.45	231.34	3,005.23					
Public Account									
A	Small Savings, Provident Funds, etc.	8,996.75	9,330.63	3.71		Advances	0.42	0.42	00
B	Deposits	4,217.28	3,536.19	(-) 16.15		Cash balance (including investment in Earmarked Fund)	3,575.97	3,837.19	7.30
C	Reserve Funds	4,910.59	4,653.02	(-) 5.25					
D	Suspense and Miscellaneous	203.19	481.01	136.73		Total	69,949.78	78,074.86	11.62
E	Remittances	58.72	71.01	20.93		Deficit in Revenue Account	5,558.85	1,430.83	(-) 74.26
	Total	75,508.63	79,505.69	5.29		Total	75,508.63	79,505.69	5.29

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.

<p>Revenue Deficit/ Surplus</p> <p>(Revenue Expenditure – Revenue Receipts)</p>	<p><i>Refers to the difference between revenue expenditure and revenue receipts.</i></p> <ul style="list-style-type: none"> • 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. • Existence of revenue deficit is a cause of concern as revenue receipts were not able to meet even revenue and maintenance expenditure. Moreover, parts of capital receipts were utilized to meet revenue expenditure, reducing availability of capital resources to that extent for creation of capital assets. • 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. • 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.
<p>Fiscal Deficit/ Surplus</p> <p>{Total expenditure – (Revenue receipts + non-debt capital receipts)}</p>	<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 the Government.</i></p> <ul style="list-style-type: none"> • Fiscal deficit is the difference between the government's total expenditure and its total receipts excluding borrowing. • 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. • The fiscal deficit will have to be financed through borrowing. Thus, it indicates the total borrowing requirements of the government. <p>Governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets</p>

	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.
Primary Deficit (Gross fiscal deficit – Net Interest liabilities)	<i>Refers to the fiscal deficit minus the interest payments.</i> <ul style="list-style-type: none"> • Net interest liabilities consist of interest payments minus interest receipts by the government on net domestic lending. • 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.

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 adds 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. The State Government has not notified the FRBM act for the year 2021-22, so we assume that limit of Fiscal Deficit as 3.5 *per cent* of GSDP for the year 2021-22 as notified for the year 2020-21.

The targets relating to key fiscal parameters envisaged in the FRBM (Amendment) Act, 2020 and their achievement during the five-year period from 2017-18 to 2021-22 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)				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Deficit (-) / Surplus (+) (₹in crore)	Revenue deficit to be zero	(-) 1,978	(-) 980	(-) 2,136	(+) 1,114	(+) 4,128
		X	X	X	✓	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three <i>per cent</i> from 2017-18 to 2019-20 and 3.5 <i>per cent</i> in 2020-21 and 2021-22	(-) 7,935 (-3.60)	(-) 7,320 (-3.18)	(-) 7,657 (-3.23)	(-) 5,439 (-2.32)	(-) 3,736 (-1.47)
		X	X	X	✓	✓
Ratio of total outstanding debt to GSDP (in <i>per cent</i>)	25 <i>per cent</i>	23.54	25.20	27.84	30.44*	28.12*
		✓	X	X	X	X

Source: Finance Accounts and FRBM Act & XVth Finance Commission Report

* Back-to-back loans of ₹ 2,316 crore and ₹ 3,333 crore received from GoI during the year 2020-21 and 2021-22 respectively in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification¹ 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 revenue surplus and fiscal deficit during 2017-18 to 2019-20 but was successful in 2020-21 and 2021-22.

During 2017-18 outstanding debt of the State remained below 25 *per cent* of GSDP, i.e., within the norms prescribed in the FRBM Act. However, from 2018-19 to 2020-21 it was above the FRBM target of 25 *per cent* by 0.20 *per cent*, 2.84 *per cent*, 5.44 *per cent* respectively when compared to previous year. During the year 2021-22 outstanding debt as percentage of GSDP decreased by 2.32 *per cent* but was above the target of 25 *per cent* by 3.12 *per cent*.

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

During the exit conference, Secretary Finance stated that 15th Finance Commission has recommended a path for 2020-21 to 2025-26. Accordingly, the limit for Debt to GSDP ratio for 2021-22 is 32.60 per cent. Thus, ratio is within the limit. He further apprised that amendment in FRBM Act is in process.

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 2021-22 in MTFPS presented to the State Legislature and Actuals of the year.

Table-1.5: Actuals vis-à-vis projection in MTFP for 2021-22

(₹ in crore)				
Sl.No.	Fiscal Variables	Projection as per MTFPS	Actuals (2021-22)	Variation (in per cent)
1.	Own Tax Revenue	14,122	14,176	0.38
2.	Non-Tax Revenue	2,631	2,756	4.75
3.	Share of Central Taxes	9,897	9,906	0.09
4.	Grants-in-Aid from GoI	17,051	16,219	-4.88
5.	Revenue Receipts (1+2+3+4)	43,701	43,057	-1.47
6.	Revenue Expenditure	41,466	38,929	-6.12
7.	Revenue Deficit (-)/ Surplus (+) (5-6)	2,235	4,128	84.70
8.	Fiscal Deficit (-)/ Surplus (+)	-4,904	-3,736	23.82
9.	Debt-GSDP ratio (per cent)	31.03	(-) 28.12*	2.91
10.	GSDP growth rate at current prices (per cent)	8.17	8.17	0.00

Source: Finance Accounts and Budget document of Uttarakhand 2021-22.

* Back-to-back loan of ₹ 3,333 crore received from GoI during the year 2021-22 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.

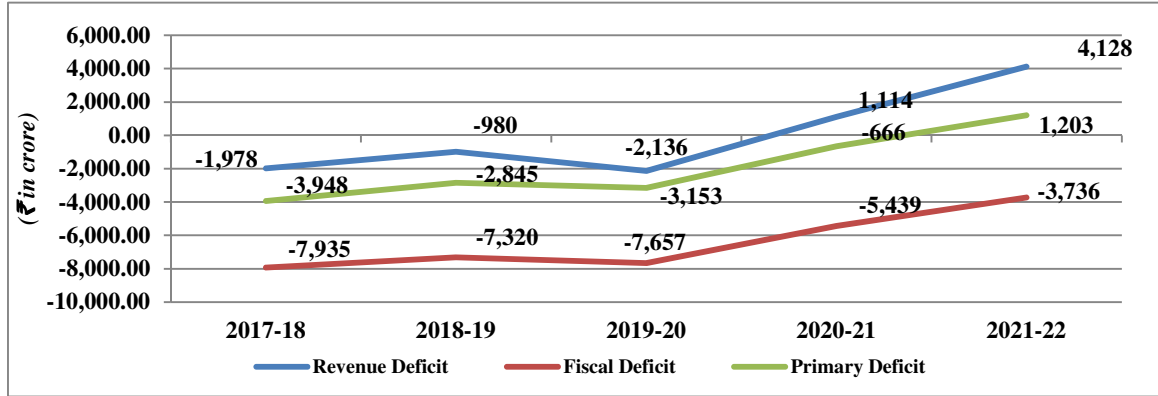
As can be seen from the above table, the State had projected Revenue Surplus of ₹ 2,235 crore in MTFPS during 2021-22, against which the State generated a surplus of ₹ 4,128 crore exceeding the anticipation by 84.70 per cent. Similarly, the target of Fiscal Deficit projected in MTFPS was ₹ 4,904 crore against which ₹ 3,736 crore Fiscal Deficit was achieved. Projection relating to Debt-GSDP ratio was not met, as the year ended with a lower Debt to GSDP ratio than was projected in the MTFPS, however, it was above the norm of 25 per cent prescribed in the FRBM act.

1.5.3 Trends of Deficit/Surplus

The State was able to achieve the targets specified by the XV FC during 2021-22 with regard to the key fiscal parameters. It had a fiscal deficit of ₹ 3,736 crore during the year 2021-22, representing 1.47 per cent of the GSDP. The Primary Deficit of ₹ 666 crore during 2020-21 converted to Primary Surplus of ₹ 1,203 crore during the current year and the Revenue Surplus of ₹ 1,114 crore in 2020-21 increased to ₹ 4,128 crore during 2021-22. The trend of these Surplus/Deficit over the five-year period from 2017-18 to

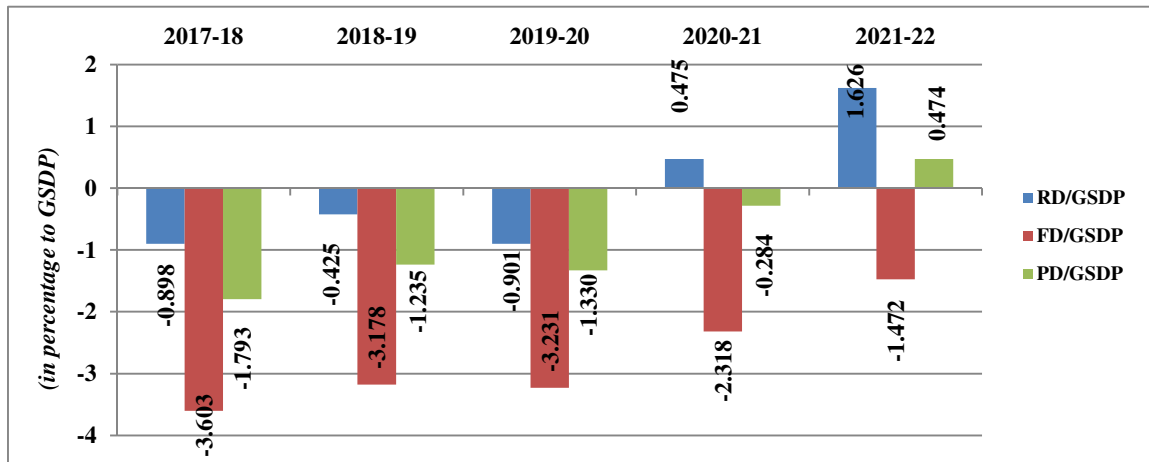
2021-22 is depicted in **Chart-1.3** and trend in deficit relative to GSDP is given in **Chart-1.4**. Component and trend of Fiscal Liabilities and its percentage to GSDP is also given the **Chart-1.5**.

Chart-1.3: Trends in Deficit Parameters



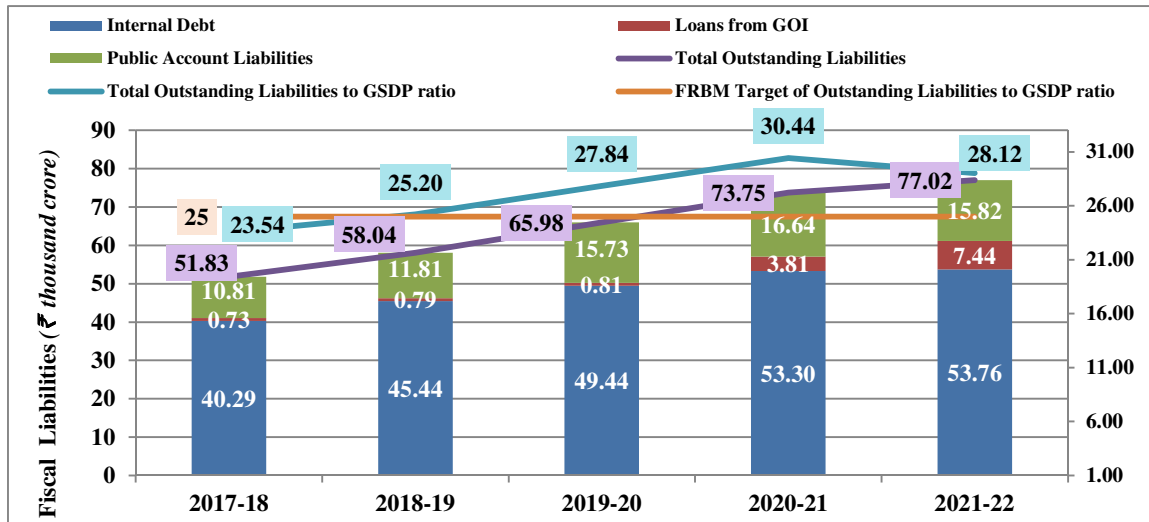
Source: Finance Accounts.

Chart-1.4: Trends in Deficit relative to GSDP



Source: Finance Accounts.

Chart-1.5: Trends in Fiscal Liabilities and GSDP



Source: Finance Accounts.

As can be seen from the graph above, total Outstanding Liabilities grew by 48.61 *per cent* during the past five years and was above FRBM target during the last four years.

1.6 Deficits and Total Debt after Examination in Audit

In order to present a better picture of State Finances, States sometimes may classify revenue expenditure as capital expenditure and 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	(-) 182.28	(+) 182.28	4.2
Non-Transfer of Guarantee Commission fee to Public Account	(-) 1.87	(+) 1.87	2.8.2.3
Major works booked under Revenue section instead of Capital	(+) 19.64	0	2.6.3.2 (iv)
Grants-in-Aid booked under Capital section instead of Revenue	(-) 25.57	0	2.6.3.2 (iv)
Non discharge of Interest liabilities against Reserve Funds and Deposit and Advances	(-) 156.49	(+) 156.49	4.3
Over Contribution Towards NPS	(+) 38.05	(-) 38.05	2.6.2.3
Non-accounting of Central Road Fund	(-) 98.80	(-) 131.66	4.10 (C)
Non-Transfer of Green Energy Cess to Green Energy Fund	(-) 72.00	(+) 72.00	5(B) (v) of NTA
Total	(-) 479.32	(+) 242.93	

Source: Finance Accounts and audit analysis.

After considering all the factors mentioned above, the Revenue Surplus would decrease from ₹ 4,128 crore to ₹ 3,649 crore and Fiscal Deficit would increase from ₹ 3,736 crore to ₹ 3,979 crore (1.58 *per cent* of GSDP), which would still be within mandated target of FRBM act, 2005 (amended in 2020).

During the exit conference the Finance Department stated that these matters will be worked out and compliance would be made during current year 2022-23. Further, he also stated that corrective measures for booking of Major works under Revenue and Grants-in-aid under Capital Section will be taken for the year 2023-24.

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, 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 levels 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 anybody corporate or other entity owned or controlled by the Central Government², 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 a Revenue Deficit of ₹ 1,978 crore in 2017-18 which slightly improved in 2018-19 to ₹ 980 crore. The Revenue Deficit further deteriorated in 2019-20 and was ₹ 2,136 crore. During 2020-21 Revenue Deficit improved to Revenue Surplus of ₹ 1,114 crore. During the current year Revenue Surplus was ₹ 4,128 crore (1.63 *per cent* of GSDP). Revenue Surplus was overstated by ₹ 479 crore (11.60 *per cent*) on account of the deferred liability, misclassification between Revenue and Capital Expenditure, non-transfer of interest liability, *etc.*

² As per UKFRBM act, total outstanding debt/liabilities to include only liabilities upon the Consolidated Fund and Public Account of the State.

- During the current year, the fiscal deficit at ₹ 3,736 crore (1.47 *per cent* of GSDP) was within the normative target of 3.5 *per cent* of GSDP as fixed by the State Government in the FRBM Act for the year 2020-21. During the year, the Fiscal Deficit improved on account of Revenue Surplus. Fiscal Deficit was understated by ₹ 243 crore (6.50 *per cent*), on account of deferred liability, non-transfer of interest liability, *etc.*

1.8 Recommendations

- *The Uttarakhand Government has a Revenue Surplus during the current year (2021-22) 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 the correct financial position is depicted. Provision of interest on Reserves and Deposits, bearing interest, should be made by the State Government.*

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 2017-18 to 2021-22, 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 2021-22 vis-à-vis 2020-21

Table-2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during the Financial Year 2021-22, 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 2021-22 compared to 2020-21

Revenue Receipts Increased by 12.70 per cent	<ul style="list-style-type: none"> ➤ Own Tax Receipts of the State increased by 18.75 per cent ➤ Own Non-Tax Receipts decreased by 33.92 per cent ➤ State's Share of Union Taxes and Duties increased by 50.80 per cent ➤ Grants-in-Aid from Government of India increased by 4.46 per cent
Revenue Expenditure Increased by 4.96 per cent	<ul style="list-style-type: none"> ➤ Revenue Expenditure on General Services increased by 5.68 per cent ➤ Revenue Expenditure on Social Services increased by 5.49 per cent ➤ Revenue Expenditure on Economic Services increased by 10.36 per cent ➤ Expenditure on Grants-in-Aid decreased by 20.29 per cent
Capital Expenditure Increased by 15.23 per cent	<ul style="list-style-type: none"> ➤ Capital Expenditure on General Services increased by 43.71 per cent ➤ Capital Expenditure on Social Services increased by 16.72 per cent ➤ Capital Expenditure on Economic Services increased by 8.89 per cent
Loans and Advances	<ul style="list-style-type: none"> ➤ Disbursements of Loans and Advances increased by 813.16 per cent ➤ Recoveries of Loans and Advances decreased by 26.09 per cent
Public Debt	<ul style="list-style-type: none"> ➤ Public Debt Receipts decreased by 23.64 per cent ➤ Repayment of Public Debt increased by 15.92 per cent
Public Account	<ul style="list-style-type: none"> ➤ Public Account Receipts increased by 10.97 per cent ➤ Public Account Disbursements increased by 12.79 per cent

2.2 Sources and Application of Funds

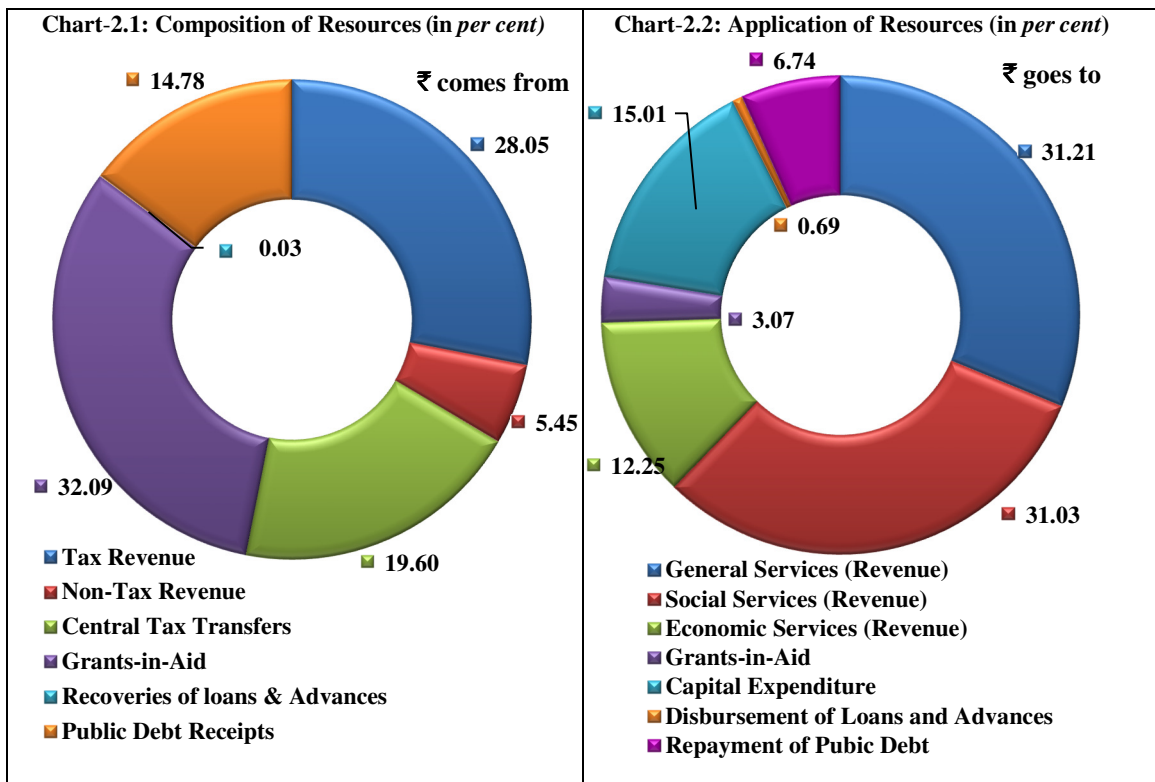
Table-2.2 compares the component of the sources and application of funds of the State during the Financial Year 2021-22 with 2020-21 in figures, while **Charts-2.1** and **2.2** give the details of where the "Receipts comes from" and "Expenditure goes to" during 2021-22 in terms of percentages.

Table-2.2: Details of Sources and Application of funds during 2020-21 and 2021-22.

(₹ in crore)

	Particulars	2020-21	2021-22	Increase/Decrease (in per cent)
Sources	Opening Cash Balance	1,922.35	3,575.97	86.02
	Revenue Receipts	38,204.36	43,056.99	12.70
	Misc. Capital Receipt	0.20	0.00	-100
	Recoveries of Loans & Advances	23.05	17.08	(-) 25.90
	Public Debt Receipts (Net)	6,865.10	4,087.85	(-) 40.45
	Public Account Receipts (Net)	452.41	(-) 314.67	(-) 169.55
	Contingency Fund (Net)	(-) 224.71	223.88	(-) 199.63
	Total	47,242.76	50,647.10	7.21
Application	Revenue Expenditure	37,091.03	38,928.95	4.96
	Capital Expenditure	6,538.21	7,533.50	15.22
	Disbursements of Loans & Advances	37.55	347.46	825.33
	Closing Cash Balance with RBI	3,575.97	3837.19	7.30
	Total	47,242.76	50,647.10	7.21

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.

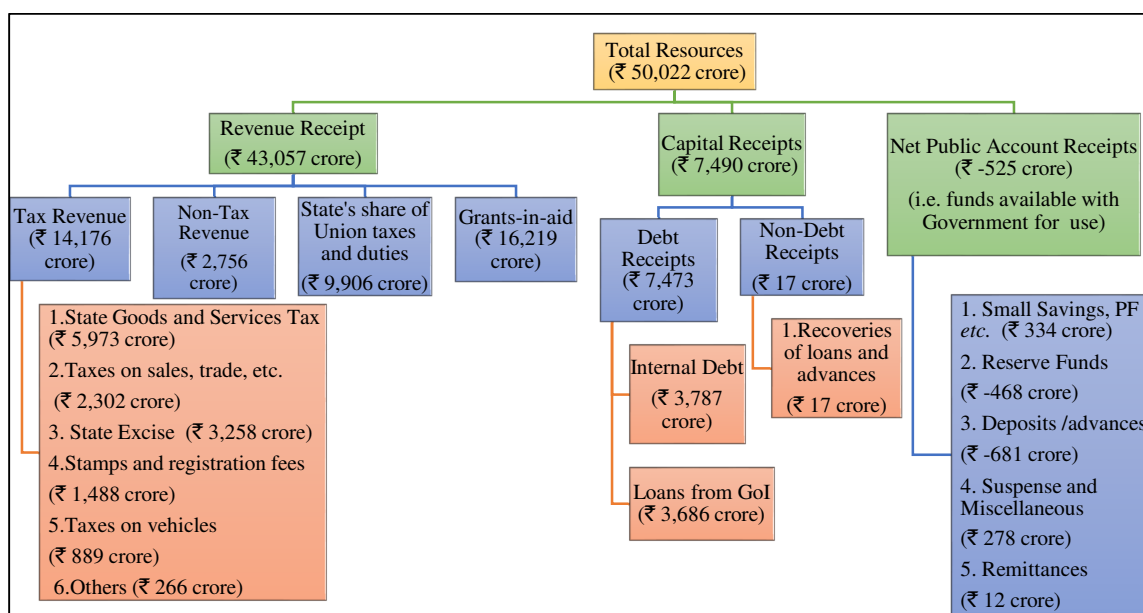
3. Net Public Accounts receipts: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.*, which do not form part of the Consolidated Fund.

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 2021-22 is given in **Chart-2.3**.

Chart-2.3: Composition of receipts of the State during 2021-22



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 2017-22. 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	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	27,105	31,216	30,723	38,205	43057
Budget Estimates (BE) (₹ in crore)	31,594	35,660	38,955	42,439	44,151
Rate of growth of RR (per cent)	8.90	15.17	(-) 1.58	24.35	12.70

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Own Tax Revenue (₹ in crore)	10,165	12,188	11,513	11,938	14176
Non-Tax Revenue (₹ in crore)	1,770	3,310	3,999	4,171	2756
Rate of growth of Own Revenue (per cent)	(-) 2.52	29.85	0.09	3.85	5.11
Gross State Domestic Product (₹ in crore)	2,20,222	2,30,327	2,36,988*	2,34,660*	2,53,832*
Rate of growth of GSDP (per cent)	12.86	4.59	2.89	(-) 0.98	8.17
RR/BE (per cent)	85.79	87.54	78.87	90.02	97.52
RR/GSDP (per cent)	12.31	13.55	12.96	16.28	16.96
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t GSDP	0.69	3.31	NA	NA	1.55
State's Own Revenue Buoyancy w.r.t GSDP	NA	6.50	0.03	NA	0.63

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

▲ Provisional Estimate, ♣ Revised Estimate and ♥ Advance Estimate

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

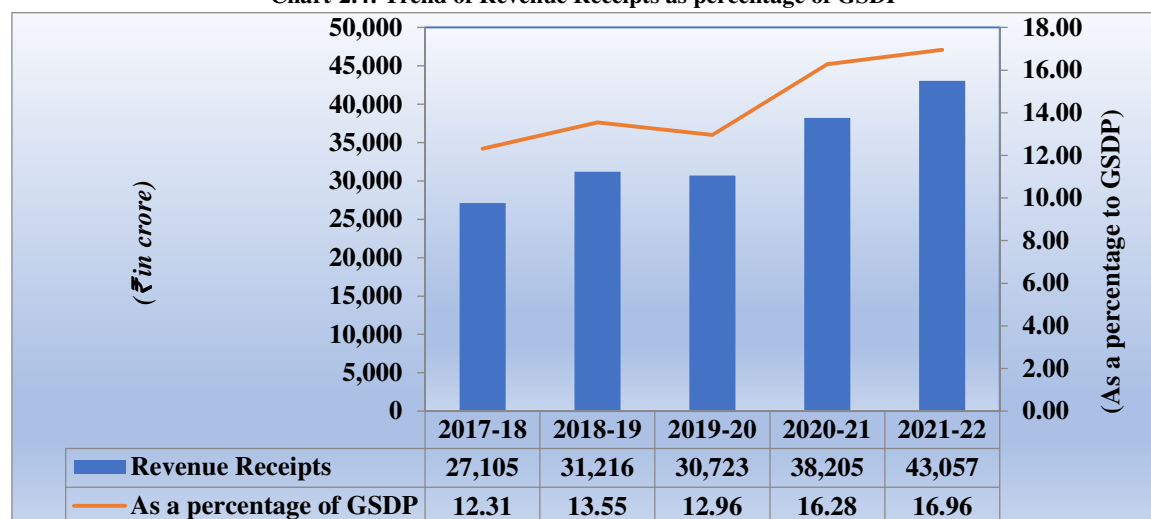
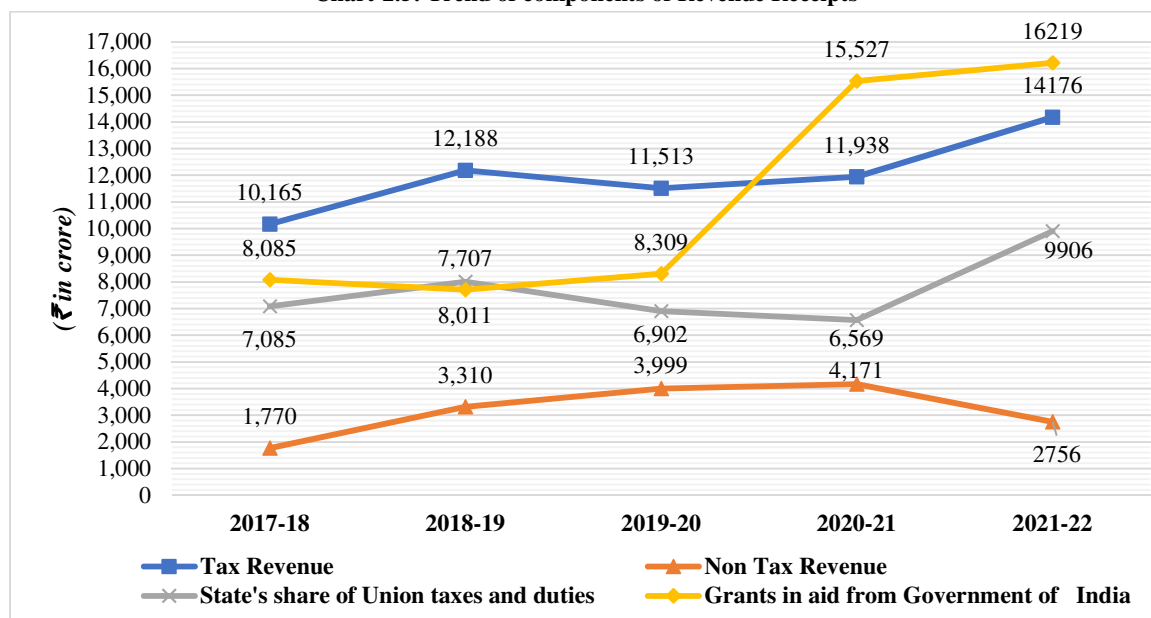


Chart-2.5: Trend of components of Revenue Receipts



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

- Revenue Receipts increased by 58.85 *per cent* from ₹ 27,105 crore in 2017-18 to ₹ 43,057 crore in 2021-22 at an annual average growth rate of 11.91 *per cent*. During 2021-22, Revenue Receipts increased by ₹ 4,852 (12.70 *per cent*) crore over the previous year, on account of increase in State's share of Union taxes and duties (₹ 3,337 crore), Own Tax Revenue (₹ 2,238 crore) and Grants-in-Aid (₹ 692.00 crore). The increase was partly counterbalanced by decrease in State's Non Tax Revenue (₹ 1,415 crore). However, Revenue Receipt as percentage of Budget Estimates increased from 85.79 *per cent* in 2017-18 to 97.52 *per cent* in 2021-22. It significantly increased by 7.50 *per cent* during 2021-22 as compared to previous year 2020-21.
- About 39.32 *per cent* of the Revenue Receipts during 2021-22 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 60.68 *per cent*. Thus, Uttarakhand's fiscal position is largely dependent upon Central transfers.
- During the current year, there was a significant increase of 12.70 *per cent* (₹ 4,852 crore) in Revenue Receipts. The Revenue Expenditure on the other hand increased only by 4.96 *per cent* (₹ 1,838 crore). This resulted in increase of Revenue surplus during the year.
- There was wide fluctuation in the revenue buoyancy w.r.t. GSDP of the State, over the period 2017-18 to 2021-22.

2.3.3 State's Own Resources

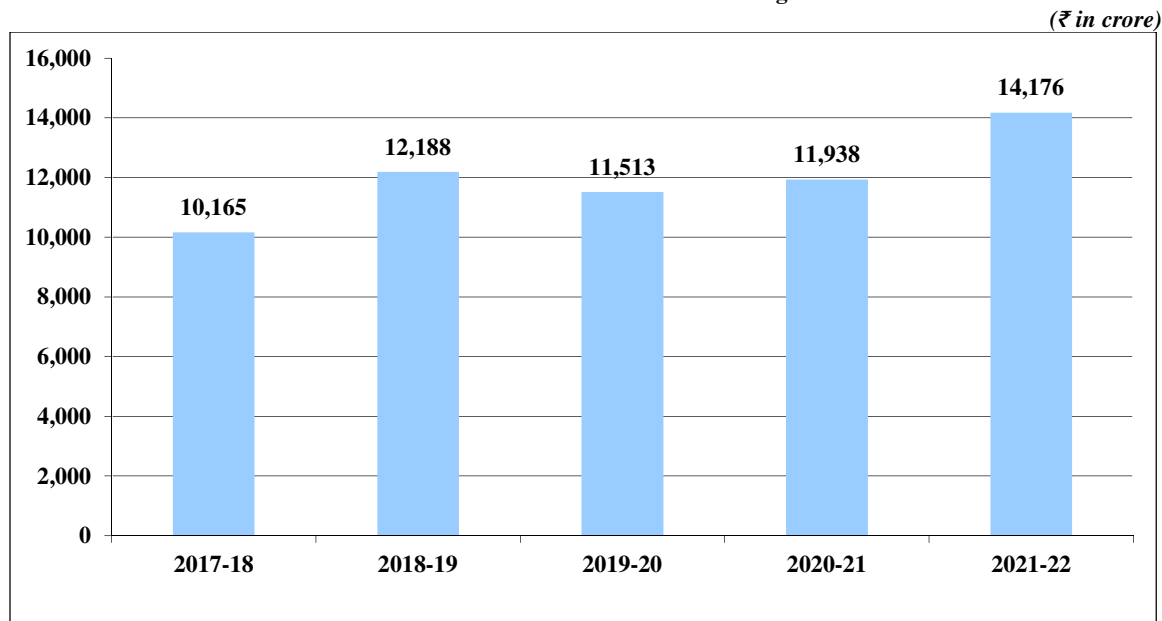
State's share in Central taxes is determined on the basis of recommendations of the Finance Commission; share of Grants-in-Aid is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, *etc.* State's performance in mobilisation of additional resources 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 2017-22 are given in **Appendix-2.1**.

2.3.3.1 Own Tax Revenue

Own tax revenues of the State consist 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 2017-22 are given in the **Chart-2.6** below.

Chart-2.6: Growth of Own Tax Revenue during 2017-22



The component-wise details of Own Tax Revenue collected during the years 2017-22 are in the **Table-2.4** below.

Table-2.4: Component-wise Own Tax Revenue during 2017-22

(₹ in crore)

Heads	2017-18	2018-19	2019-20	2020-21	2021-22	Sparkline
Taxes on Sales, Trades, etc.	3,703	1,883	1,811	1,858	2,302	
State Goods and Services Tax	1,972	4,802	4,931	5,053	5,973	
State Excise	2,262	2,871	2,727	2,966	3,258	
Taxes on Vehicle	816	909	908	741	889	
Stamps and Registration Fees	882	1,015	1,072	1,107	1,488	
Land Revenue	24	34	24	17	40	
Other Taxes	506	674	40	196	226	
Total	10,165	12,188	11,513	11,938	14,176	
Percentage of Own Tax Revenue to State's Own Revenue	85.17	78.64	74.22	74.11	83.72	
Percentage of Own Tax Revenue to Total Revenue Receipts	37.50	39.04	37.47	31.25	32.92	

Source: Finance Accounts.

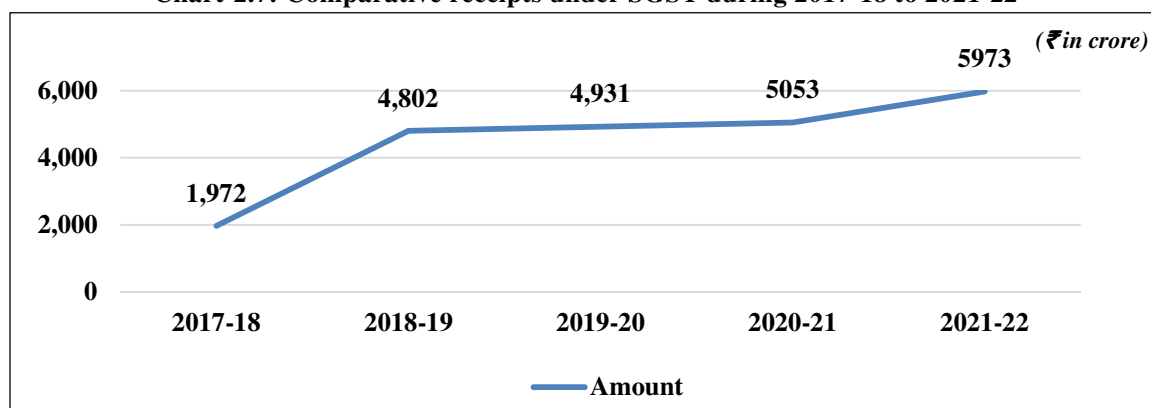
Own Tax Revenue of the State increased by ₹ 4,011 crore from ₹ 10,165 crore in 2017-18 to ₹ 14,176 crore in 2021-22 at an annual average rate of 6.02 per cent. During the current year, major contributors of Tax Revenue were Goods and Services Tax (42.13 per cent), State Excise (22.98 per cent), Taxes on Sales, Trade, etc. (16.24 per cent) and Stamp and Registration Fee (10.50 per cent). The Own Tax Revenue increased by ₹ 2,238 crore during the current year over the previous year. This increase was mainly on account of increase in State Goods and Services Tax (₹ 920 crore) and Taxes on Sales, Trade, etc. (₹ 444 crore), Stamp and Registration Fee (₹ 381 crore), State Excise

(₹ 292 crore), Taxes on Vehicles (₹ 148 crore). However, the percentage of Own Tax Revenue to Total Revenue Receipts has declined from 37.50 to 32.92 during last five years (2017-18 to 2021-22).

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 2021-22



Actual collection of revenue under State Goods and Services Tax (SGST) during 2021-22 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 2021 to March 2022

Month	Monthly revenue to be protected	Pre-GST taxes collected	SGST collected	Advance Apportionment of IGST	Total amount received	Compen-sation received	Deficit (+)/ Surplus (-)	Remarks
	1	2	3	4	5= (2+3+4)	6	7= {1-(5+6)}	
April 2021	907.478	7.59	382.36	160.69	550.64	0.00	356.838	The State has received less revenue, after considering the compensation component, than the protected revenue.
May 2021	907.478	1.98	215.42	88.14	305.54	0.00	601.938	
June 2021	907.478	2.66	186.62	136.92	326.2	260.32	320.958	
July 2021	907.478	4.98	331.70	208.61	545.29	0.00	362.188	
August 2021	907.478	8.45	294.47	286.23	589.15	0.00	318.328	
September 2021	907.478	10.19	262.44	150.36	422.99	349.37	135.118	
October 2021	907.478	-3.57	333.61	143.34	473.38	0.00	434.098	
November 2021	907.478	3.35	323.66	190.04	517.05	270.27	120.158	
December 2021	907.478	11.13	286.15	116.75	414.03	0.00	493.448	
January 2022	907.478	17.66	344.34	395.84	757.84	288.45	-138.812	
February 2022	907.478	2.81	321.41	204.61	528.83	0.00	378.648	
March 2022	907.478	3.69	310.60	299.04	613.33	306.61	-12.462	
Total	10,889.736	70.92	3,592.78	2,380.57	6,044.27	1,475.02	3,370.446	

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

* GST Compensation at column 6 pertains to FY 2020-21 which was received in FY 2021-22.

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 ₹ 10,889.74 crore during 2021-22, the total collections under GST including compensation

were short by ₹ 3,370.45 crore. However, the collections under SGST appreciated by ₹ 920 crore during the current year (₹ 5,973 crore) as compared to previous year (₹ 5,053 crore). An amount of ₹ 3,333 crore was 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 2022 under Commercial taxes/VAT and State Excise amounted to ₹ 11,618.45 crore, of which ₹ 4,609.17 crore (39.67 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 ²	Total amount outstanding as on (₹ in crore)		Amount outstanding for more than five years as on (₹ in crore)	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
Commercial Taxes/VAT	11,821.59	11,457.98	3,968.17	4,495.01
State Excise	NA	160.47	NA	114.16
Total	11,821.59	11,618.45	3,968.17	4,609.17

Source: Commercial Tax Department, Govt of Uttarakhand.

Total amount outstanding in respect of Commercial Tax/VAT (₹ 11,457.98 crore) as on 31 March 2022 was less by ₹ 363.61 crore than previous year (₹ 11,821.59 crore) whereas arrears of revenue outstanding for more than five years increased (13.28 per cent) from ₹ 3,968.17 crore in previous year to ₹ 4,495.01 crore in the current year. The amount outstanding for more than five years in respect of both departments stood at 32.51 per cent of the Tax Revenue (₹ 14,176 crore) of the State for the year 2021-22.

During the exit conference, Secretary Finance stated that a proposal for one time settlement is being placed before the Cabinet and updated position will be intimated to Audit Office.

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 in **Table-2.7** below.

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

Table-2.7: Arrears in Assessment

Head of revenue	Opening balance (Nos. of Cases)	New cases due for assessment during 2021-22	Total assessment due	Cases disposed of during 2021-22	Balance at the end of the year	Percentage of disposal
Commercial Tax/VAT	68,846	11,825	80,671	79,781	890	98.90
Commercial Tax/GST	0	4175	4175	3564	611	85.36

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 2021	Cases detected during 2021-22	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 2022
				No. of cases	Amount of demand (₹ in crore)	
VAT	0	0	0	0	0	0
GST	0	765	765	511	138.09	254

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 2022

Sl. No	Particular	GST		Commercial Tax/Vat	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	65	40.78	953	2.14
2.	Claims received during the year	1247	411.62	1532	115.08
3.	Refunds made during the year	1164	419.19	1485	109.97
4.	Refunds rejected during the year	132	18.90	0	0
5.	Balance outstanding at the end of year	16	14.31	1000	7.25

Source: Commercial Tax Department, Govt of Uttarakhand.

As is evident from the table above, under GST 1,247 claims were received and 1,164 claims were settled during the year after paying ₹ 419.19 crore as refund, while under Commercial Tax/VAT 1,532 claims were received and 1,485 refund cases were settled after paying ₹ 109.97 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 2017-18 to 2021-22 are given in the **Table-2.10** below.

Table-2.10: Component-wise Non-Tax Revenue during 2017-18 to 2021-22

Heads	2017-18	2018-19	2019-20	2020-21	2021-22	Sparkline
Non-Ferrous Mining and Metallurgical Industries	439.81	480.86	396.75	506.41	575.01	
Forestry and Wild Life	312.20	368.73	410.16	512.27	511.55	
Interest receipts	85.39	55.70	47.81	98.52	403.55	
Education Sports Art and Culture	108.85	81.48	198.83	259.59	268.57	
Urban Development	1.38	1.22	35.57	15.08	190.98	
Medical and Public Health	84.14	99.57	183.84	168.75	177.85	
Power	286.21	186.67	0.30	70.35	111.23	
Contribution and Recoveries towards Pension and Other Retirement Benefits	47.97	1714.70	2492.90	2109.78	61.57	
Dividend and Profit	22.69	18.69	14.08	41.02	35.05	
Others	380.89	302.26	218.57	388.80	420.60	
Total	1769.53	3309.88	3998.81	4170.57	2755.96	
Percentage of Non-Tax Revenue to State's Own Revenue	14.83	21.36	25.78	25.89	16.28	
Percentage of Non-Tax Revenue to Total Revenue Receipts	6.53	10.60	13.02	10.92	6.40	

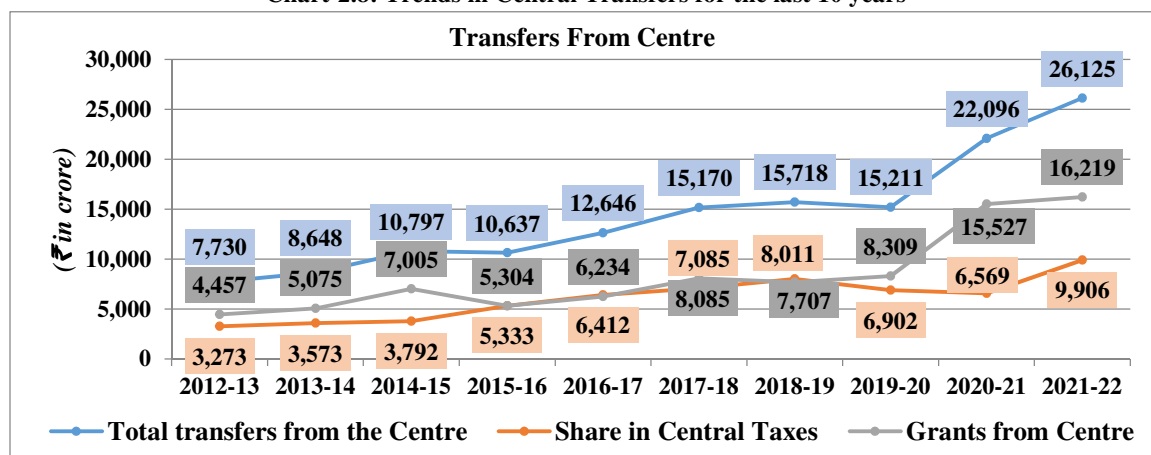
Source: Finance Accounts of respective years.

Non-Tax Revenue, ranged between six and 13 *per cent* of Total Revenue Receipts of the State during the five-year period from 2017-18 to 2021-22.

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 recommendations. 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 Finance Commission had recommended that the States' share of central taxes be increased to 42 *per cent* from 2015-16 onwards. Further, 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* and to 1.118 *per cent* by the Fifteenth Finance Commission (XVFC) for the year 2020-21 and 2021-22 respectively. 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)
2012-13	1.120 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 1.138 <i>per cent</i> of net proceeds of shareable service tax (As per recommendations of Thirteenth FC)	3,160.00	3,272.88	112.88
2013-14		3,727.00	3,573.38	(-) 153.62
2014-15	1.052 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 1.068 <i>per cent</i> of net proceeds of shareable 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 <i>per cent</i> 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
2021-22		7,363.05 ³	9906.25	2543.20

Source: XV FC and Finance Accounts.

The details of Central tax transfers to the State during 2017-18 to 2021-22 are given in **Table-2.12**.

Table-2.12: Central Tax Transfers

(₹ in crore)

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Corporation Tax	2,169.91	2,786.13	2,353.14	1,981.20	2,985.75
Customs	715.1	567.89	437.46	349.64	676.32
Income Tax	1,832.34	2,051.86	1,843.85	2,031.05	2,938.64
Other Taxes and Duties on commodities and services	00	4.14	4.37	4.69	9.47
Service Tax	804.25	73.45	00	28.21	127.78
Wealth Tax	(-) 0.07	1.02	0.1	00	0.62
Union Excise Duties	747.5	377.39	304.15	220.89	337.81
Other Taxes on Income and Expenditure	00	14.51	00	00	0.02

³ Tax devolution to States ₹ 658591*1.118% = ₹ 7,363.05

Head	2017-18	2018-19	2019-20	2020-21	2021-22
CGST	100.52	1,977.40	1,958.47	1953.04	2,829.84
IGST	715.36	157.8	00	00	00
Total Central Tax Transfer	7,084.91	8,011.59	6,901.54	6,568.72	9,906.25
Percentage of (+) increase/ (-) decrease over previous year	10.50	13.08	(-) 13.86	(-) 4.82	50.81
Percentage of Central tax transfers to Revenue Receipts	26.14	25.67	22.46	17.19	23.01

Source: Finance Accounts of respective years.

Over the five-year period (2017-18 to 2021-22), Central tax transfers increased by 40 per cent from ₹ 7,085 crore in 2017-18 to ₹ 9,906 crore in 2021-22. During the current year, it increased by ₹ 3338 crore (50.81 per cent) from previous year, mainly due to increased receipts in Corporation Tax (₹ 1,005 crore), Customs (₹ 327 crore), Income Tax (₹ 908 crore), Service Tax (₹ 100 crore), Union Excise Duties (₹ 117 crore) and CGST (₹ 877 crore). During the year Central Tax transfer constituted 23.01 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. However, during the current year, the share in central taxes exceeded by ₹ 2,543.20 crore from the XVFC projection.

2.3.4.2 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2017-18 to 2021-22 are detailed in **Table-2.13**.

Table-2.13: Grants-in-Aid from GoI

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Non-Plan Grants	714	*	*	*	*
Grants for State Plan Schemes	1,621	*	*	*	*
Grants for Central Plan Schemes	76	*	*	*	*
Grants for Centrally Sponsored Plan Schemes	4,391	*	*	*	*
Grants for Centrally Sponsored Schemes	-	4,966	4,477	6,166	5,219
Finance Commission Grants	-	485	975	6,865	9,424
Other transfers/Grants to States	1,283	2,256	2,857	2,496	1,576
Total	8,085	7,707	8,309	15,527	16,219
Percentage of increase over the previous year	30	(-) 5	8	87	4
Percentage of GIA to Revenue Receipts	30	25	27	41	38

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 ₹ 692 crore (4.46 per cent) during the year compared to the previous year. GIA constituted 37.67 per cent of Revenue Receipts during the year 2021-22. Finance Commission Grants (₹ 9,424 crore) provided during 2021-22 includes Revenue Deficit Grant (₹ 7,772 crore), grant for Local Bodies (₹ 565 crore), State Disaster Response Fund (SDRF) (₹ 750 crore) and State Disaster Mitigation Fund (₹ 187 crore).

This constituted 58.10 per cent of total grants during the year. Grants for Centrally Sponsored Schemes (₹ 5,219 crore) to the State constituted 32.18 per cent of the total grants during the year.

Other grants received by the State during the year was mainly in respect of compensation for loss of revenue arising out of implementation of GST (₹ 1,475 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 2021-22 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
	2021-22	2021-22
1. Local Bodies	634.00	565.00
(A) Grants to PRIs	425.00	418.70
(B) Grants to ULBs	209.00	146.30
2. Revenue Deficit Grant	7,772.00	7,772.00
3. Disaster Response Fund (Central Share)	937.00	937.00
4. Grant for Nutrition	70.00	00
5. Health Sector Grant	150.12	150.10
Grand Total	9,563.12	9,424.10

Source: Finance department, Uttarakhand.

It is clear from the above table that the State received less share than recommendations of Fifteenth FC grants in both PRIs and ULBs. However, State received its complete share of Finance Commission in Revenue Deficit Grant, Disaster Response Fund and Health Sector Grant. However, the State did not receive ₹ 70 crore grant for Nutrition during the year as 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	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Receipts	7,560	7,302	6,167	9,810	7,490
Miscellaneous Capital Receipts	00	00	00	0.20	0
Recovery of Loans and Advance	34	27	19	23	17
Net Public Debt Receipts	5,805	5,218	4,017	7,178	4,088
Internal Debt	5,731	5,157	3,994	4,178	458
<i>Growth Rate</i>	<i>8.91</i>	<i>(-) 10.02</i>	<i>(-) 22.55</i>	<i>4.61</i>	<i>-89.04</i>

Sources of State's Capital Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Loans and Advance from GoI (Net)	74	61	23	3,000	3,630
<i>Growth Rate</i>	(-) 33.33	(-) 17.57	(-) 62.30	12,943.48	21
Rate of growth of debt Capital Receipts	15.77	(-) 3.34	(-) 15.49	59.19	(-) 23.64
Rate of growth of non-debt capital receipts	(-) 2.86	(-) 20.59	(-) 29.63	22.11	(-) 26.72
Rate of growth of GSDP	12.86	4.59	2.89	(-) 0.98	8.17
Rate of growth of Capital Receipts (<i>per cent</i>)	15.67	(-) 3.41	(-) 15.54	59.08	(-) 23.65
Percentage of CR to Total Receipts	21.81	18.96	16.72	20.43	14.82

Source: Finance Accounts of respective years.

Capital Receipts decreased by ₹ 70 crore (one *per cent*) from ₹ 7,560 crore in 2017-18 to ₹ 7,490 crore in 2021-22. It decreased by ₹ 2,320 crore (23.65 *per cent*) during the current year as compared to previous year mainly due to decrease in internal debt (₹ 3,720 crore) which was counter balanced by increase in Loans and Advances from Government of India (₹ 630 crore). The increase in GoI loan was because of increase in back-to-back loan by ₹ 1,017 crore during 2021-22 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 2017-22, 31.15 *per cent* of Public debt receipts (₹ 38,209 crore) taken during the period were utilised for repayment of Public Debt (₹ 11,903 crore) and the remaining 68.85 *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 2021-22 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 projection
Own Tax Revenue	12,520	12,754	14,122	14,176	13.23	11.15	0.38
Non-Tax Revenue	3,611	3,294	2,631	2,756	(-) 23.68	(-) 16.33	4.75

Source: FFC Report, Budget Document and Finance Accounts.

As shown in table above, the State's own tax revenue during 2021-22 was higher against the *FFC* projections, *BEs* and the MTFPS by ₹ 1,656 crore, ₹ 1,422 crore and ₹ 54 crore respectively.

The Non-tax revenue (NTR) during 2021-22 was less by ₹ 855 crore and ₹ 538 crore respectively as compared to the *FFC* projections and the *BEs*. However, it was more by ₹ 125 crore against the MTFPS projections. In Own Tax Revenue thus, the State was able to achieve its own targets, projected 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 2017-18 to 2021-22 is presented in **Table-2.17**.

Table-2.17: Total Expenditure and its composition

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	35,074	38,563	38,399	43,667	46,810
Revenue Expenditure (RE)	29,083	32,196	32,859	37,091	38,929
Capital Expenditure (CE)	5,914	6,184	5,414	6,538	7,534
Loans and Advances	77	183	126	38	347
<i>(₹ in crore)</i>					
As a percentage of GSDP					
TE/GSDP	15.93	16.74	16.20	18.61	18.44
RE/GSDP	13.21	13.98	13.87	15.81	15.33
CE/GSDP	2.69	2.68	2.28	2.79	2.97
Loans and Advances/GSDP	0.03	0.08	0.05	0.02	0.14

Source: Finance Accounts.

The above table shows that Total Expenditure of the State increased by 33.46 per cent from ₹ 35,074 crore in 2017-18 to ₹ 46,810 crore in 2021-22. During the year, it increased by 7.20 per cent over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 15.93 per cent to 16.74 per cent during 2017-18 to 2019-20 but it significantly increased to 18.61 per cent in the year 2020-21 due to increase in Revenue Expenditure (12.88 per cent) and Capital Expenditure (20.76 per cent). However, during the current year, it slightly decreased over the previous year and remained at 18.44 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 2021-22.

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

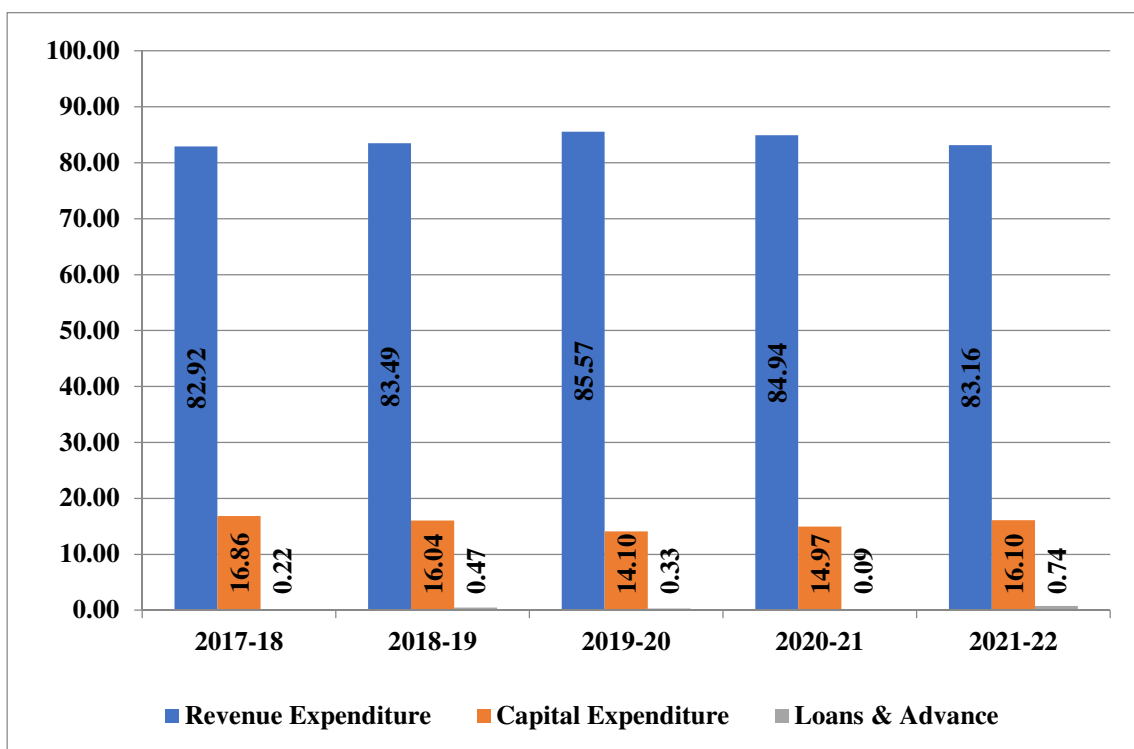
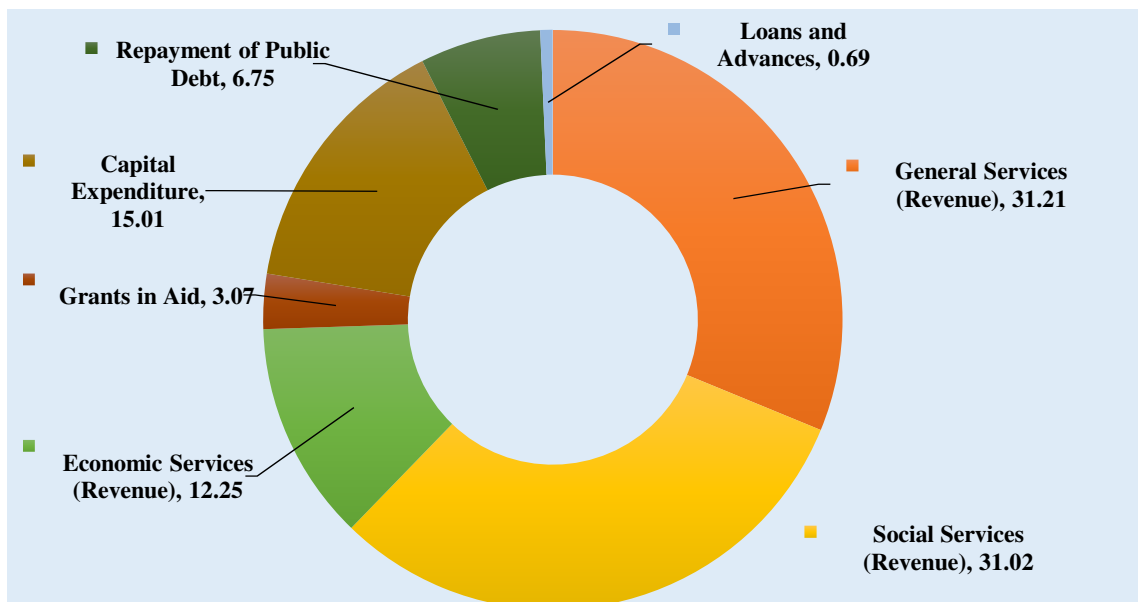


Chart-2.10: Composition of total disbursement from Consolidated Fund during 2021-22

(in per cent)



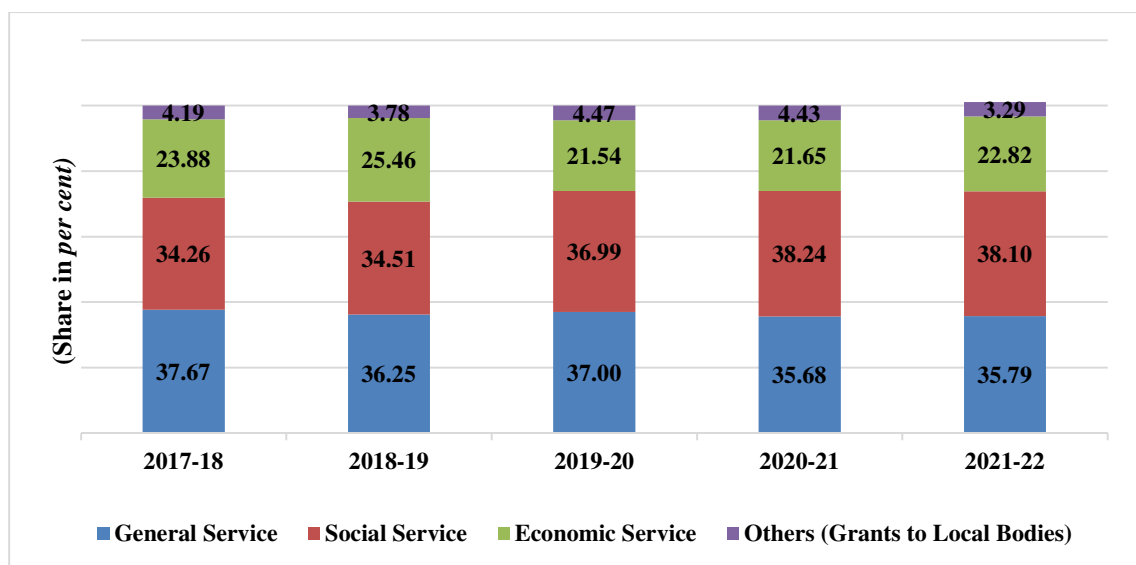
In terms of activities, the Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components in the Total Expenditure of ₹ 46,810 crore (refer *Appendix-2.1*) during 2021-22 is given in **Table-2.18**.

Table-2.18: Relative share of various sectors of expenditure

Parameters	(in percentage)				
	2017-18	2018-19	2019-20	2020-21	2021-22
General Services	37.67	36.25	37.00	35.68	35.79
Social Services	34.26	34.51	36.99	38.24	38.10
Economic Services	23.88	25.46	21.54	21.65	22.82
Others (Grants to Local Bodies and Loans and Advances to Government Servants)	4.19	3.78	4.47	4.43	3.29

Chart-2.11 depicts trends of sectoral component in Total Expenditure for the period 2017-18 to 2021-22.

Chart-2.11: Total Expenditure: Expenditure by activity



The relative share of the above components of expenditure indicates that the shares of General Services and Economic Services in the Total Expenditure were partially increased during 2021-22 over the previous year. However, the respective share of Social 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 2017-22) of the total expenditure during the period 2017-18 to 2021-22. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five-year period 2017-18 to 2021-22. 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 2021-22 is given in **Chart-2.13**.

Table-2.19: Revenue Expenditure – basic parameters

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	35,074	38,563	38,399	43,667	46,810
Revenue Expenditure (RE)	29,083	32,196	32,859	37,091	38,929
Rate of Growth of RE (per cent)	15.08	10.70	2.06	12.88	4.96
Revenue Expenditure as percentage of TE	82.92	83.49	85.57	84.94	83.16
RE/GSDP (per cent)	13.21	13.98	13.87	15.81	15.34
RE as percentage of RR	107.30	103.14	106.95	97.09	90.41
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.17	2.33	0.71	-13.14	0.61
Revenue Receipts (ratio)	1.69	0.71	-1.30	0.53	0.39

Source: Finance Accounts.

Chart-2.12: Trend of Revenue Expenditure during 2017-18 to 2021-22

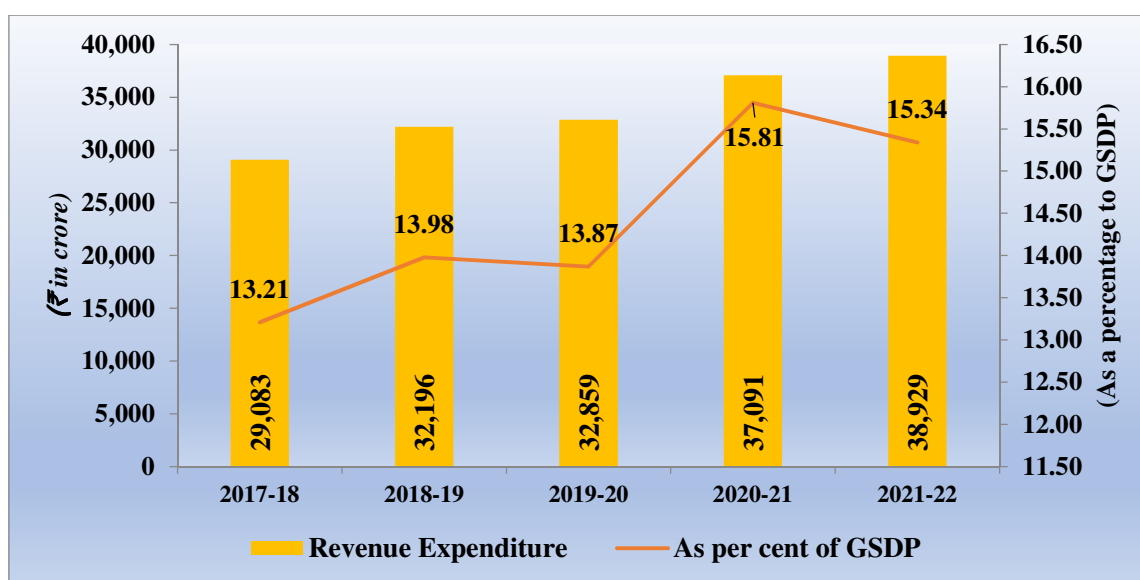
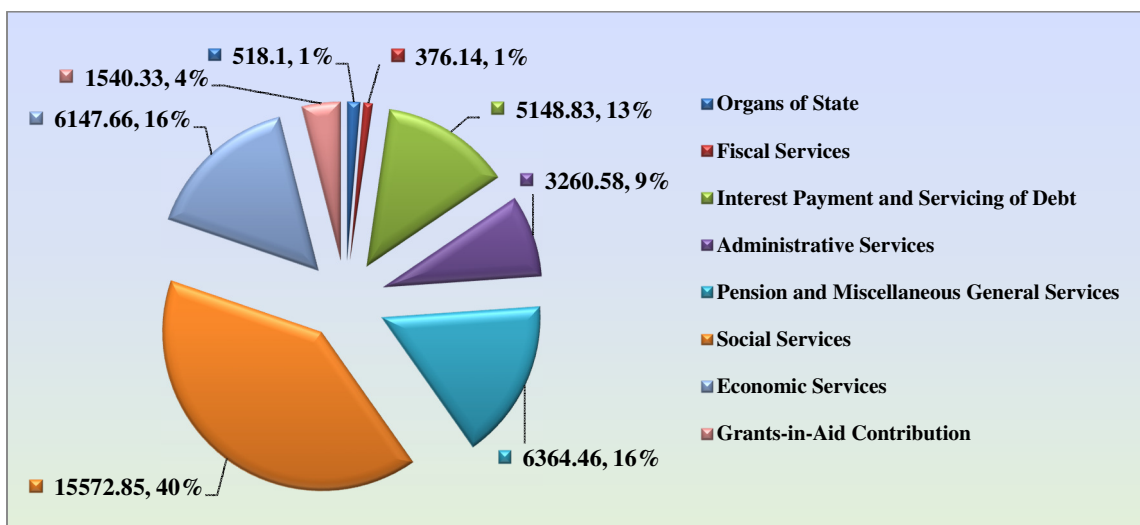


Chart-2.13: Sector wise distribution of Revenue Expenditure during 2021-22 (in per cent)



During 2021-22, Revenue Expenditure as a percentage of GSDP was lower than the previous year. It witnessed a nominal increase of ₹ 1,838 crore (4.96 *per cent*) over the previous year. Revenue Expenditure was lower by ₹ 2,537 crore from the assessment made in Medium Term Fiscal Plan (MTFP) (₹ 41,466 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) Maintenance and repairs of tube wells and short canals and maintenance of canals, lakes, drains connected with lakes under Medium Irrigation, (ii) Advertising and Visual Publicity under Information and Broadcasting, (iii) Charges for conduct of elections to State/Union Territory Legislature under Election (iv) Aerodromes (Air Ports) under Civil Aviation and (v) Civil Works (flood control) under Flood Control and Drainage.

Table-2.20: Significant Variation in Revenue Expenditure during 2021-22 as compared to 2020-21

Major Heads of Account		2020-21	2021-22	Variation (percentage)
2015	Election	37.34	114.74	77.40 (207.31)
2041	Taxes on Vehicles	0.20	0.48	0.28 (138.00)
2217	Urban Development	629.72	100.87	(-) 528.85 (-83.98)
2220	Information and Publicity	106.88	383.84	276.96 (259.14)
2701	Medium Irrigation	30.66	125.61	94.95 (309.63)
2702	Minor Irrigation	122.90	39.93	(-) 82.97 (-67.51)
2711	Flood Control and Drainage	8.00	13.72	5.72 (71.52)
2801	Power	11.38	0.15	(-) 11.23 (-98.70)
2810	New and Renewable Energy	9.17	13.81	4.64 (50.64)
3053	Civil Aviation	13.99	24.53	10.54 (75.33)

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 Minor Irrigation and Power 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 was noticed during the current year against the previous year. During the current year 2021-22 about 39.41 *per cent* of Revenue Expenditure was incurred on these heads against 40.20 *per cent* in 2020-21.

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 2017-18 to 2021-22. 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 2017-22 is given in **Chart-2.15**.

Table-2.21: Components of Committed Expenditure

(₹ in crore)					
Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
Salaries & Wages	10,496	11,525	11,714	11,755	12,417
Interest Payments	3,987	4,475	4,504	4,773	4,939
Expenditure on Pensions	5,033	5,396	5,507	6,168	6,364
Subsidy	186	174	35	139	145
Total	19,702	21,570	21,760	22,835	23,865
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	38.72	36.92	38.13	30.77	28.84
Interest Payments	14.71	14.34	14.66	12.49	11.47
Expenditure on Pensions	18.57	17.29	17.92	16.14	14.78
Subsidy	0.69	0.56	0.11	0.36	0.34
Total	72.69	69.10	70.83	59.77	55.43
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	36.09	35.80	35.65	31.69	31.90
Interest Payments	13.71	13.90	13.71	12.87	12.69
Expenditure on Pensions	17.31	16.76	16.76	16.63	16.35
Subsidy	0.64	0.54	0.11	0.37	0.37
Total	67.75	67.00	66.22	61.56	61.31
As percentage of Own Tax Revenue					
Salaries & Wages	103.26	94.56	101.75	98.47	87.59
Interest Payments	39.22	36.72	39.12	39.98	34.84
Expenditure on Pensions	49.51	44.27	47.83	51.67	44.89
Subsidy	1.83	1.43	0.30	1.16	1.02
Total	193.82	176.98	189.00	191.28	168.34

Source: Finance Accounts of respective years.

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

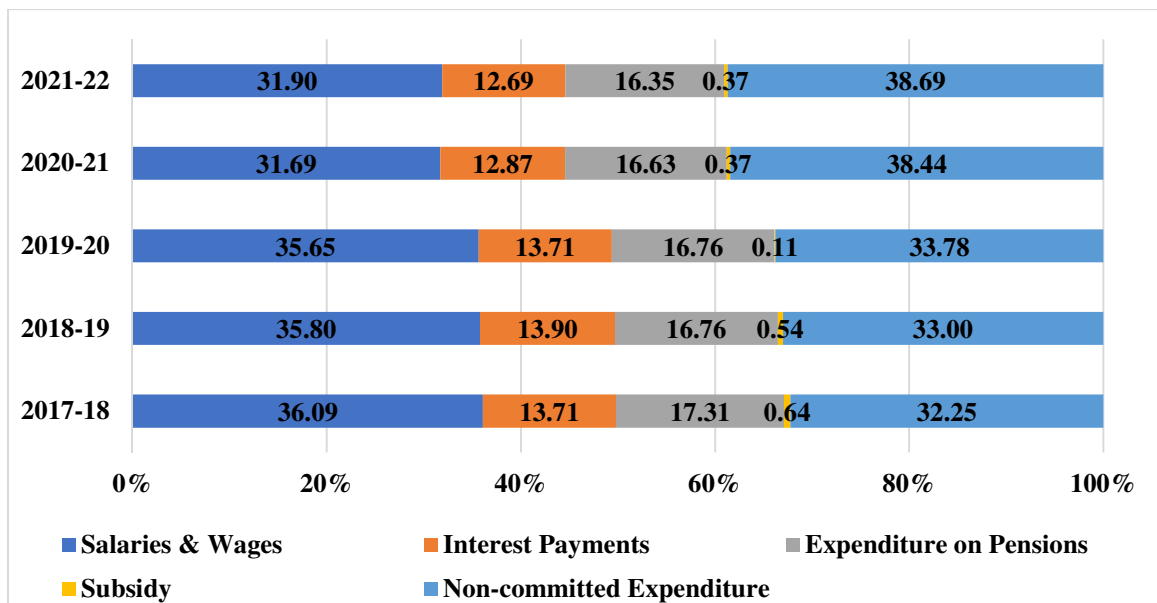
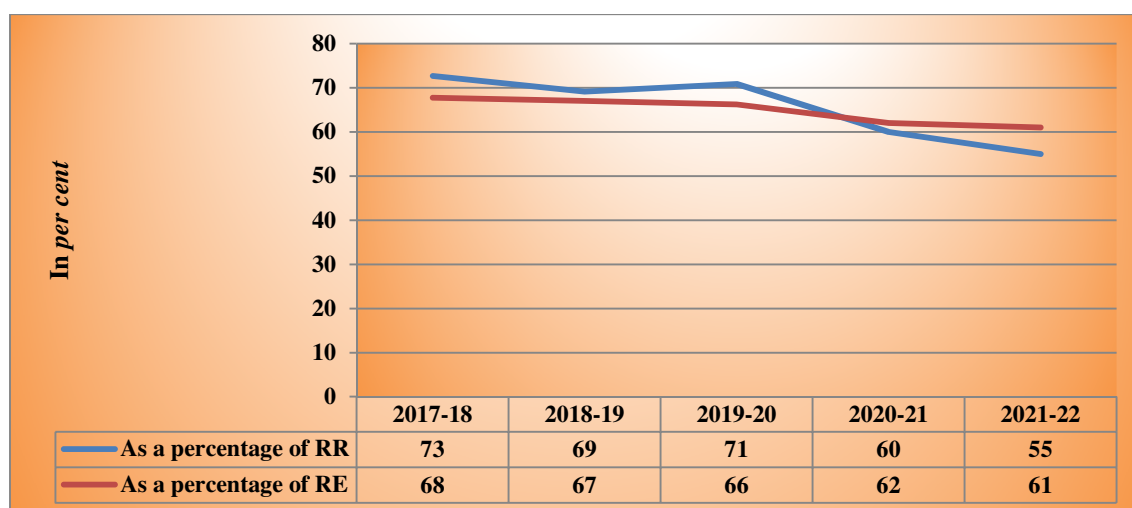


Chart-2.15: Share of Committed Expenditure in Revenue Receipts and Revenue Expenditure



The Committed Expenditure as percentage of Revenue Expenditure decreased to 61 per cent in 2021-22 from 68 per cent in 2017-18. Accordingly, more funds were available for developmental and maintenance work. Further, Committed Expenditure as percentage of Revenue Receipt decreased from 73 per cent in 2017-18 to 55 per cent in 2021-22 due to state's higher share in Union Taxes and duties.

2.6.2.1 Other Committed Expenditure

Other Committed Expenditure of the State Government, on revenue account, consists of expenditure under Social Security and Welfare schemes such as old age pension scheme, Pension under social security scheme in addition to welfare of handicapped, child, women and aged infirm and destitute etc. Further, expenditure against payment of utility bills which includes expenses on electricity, water charges and telephone charges are also other committed expenditure. The following table indicates other committed expenditure during last five years upto 2021-22.

Table 2.22: Components of other Committed Expenditure

(₹ in crore)					
Components of Other Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
Social Security and Welfare	1,273.25	1,489.73	1,607.08	1,671.37	1,814.44
Utility Bill Payment	268.08	315.04	271.84	290.58	344.87
Total	1,541.33	1,804.77	1,878.92	1,961.95	2,159.31
As a percentage of Revenue Receipts (RR)					
Social Security and Welfare	4.70	4.77	5.23	4.37	4.21
Utility Bill Payment	0.99	1.01	0.88	0.76	0.80
Total	5.69	5.78	6.11	5.13	5.01
As a percentage of Revenue Expenditure (RE)					
Social Security and Welfare	4.38	4.63	4.89	4.51	4.66
Utility Bill Payment	0.92	0.98	0.83	0.78	0.89
Total	5.30	5.61	5.72	5.29	5.55
As percentage of Own Tax Revenue					
Social Security and Welfare	12.52	12.22	13.96	14.00	12.80
Utility Bill Payment	2.64	2.58	2.36	2.43	2.43
Total	15.16	14.80	16.32	16.43	15.23

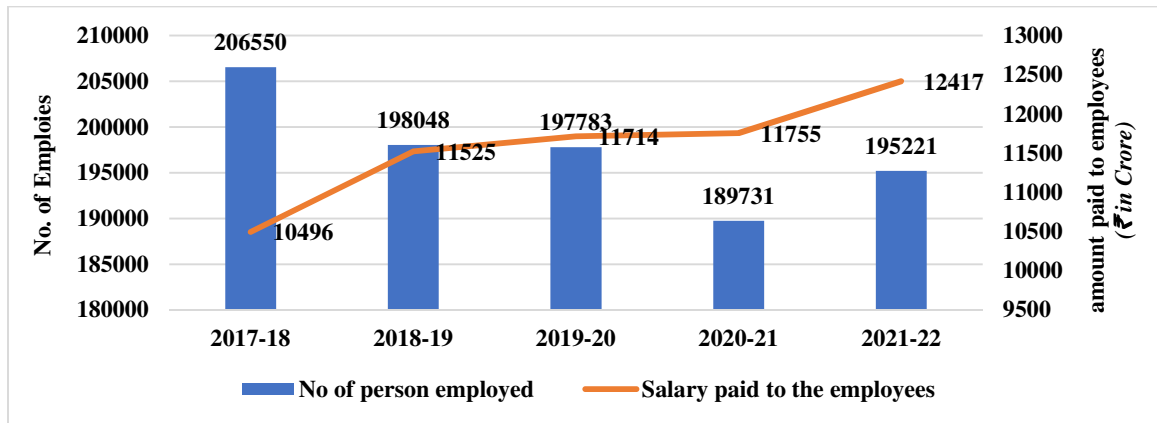
As is evident from above table that other Committed Expenditure as percentage of Revenue Receipt and Revenue Expenditure remained in the range of five *per cent* to six *per cent* during 2017-18 to 2021-22 with no significant change. Other Committed Expenditure as percentage of Own Tax revenue slightly decreased from 16.43 *per cent* in 2020-21 to 15.23 *per cent* in 2021-22. Whereas during the period 2017-22 it remained in the range of 14 *per cent* to 16 *per cent*.

2.6.2.2 Salaries and Wages

Share of salaries in the Revenue Expenditure was slightly high during the current year relative to the previous year. Expenditure on salaries and wages accounted for 31.90 *per cent* of Revenue Expenditure during 2021-22 with a slight change (0.21 *per cent*) over previous year. Over the five-year period 2017-18 to 2021-22, it increased by ₹ 1,921 crore (18 *per cent*) from ₹ 10,496 crore in 2017-18 to ₹ 12,417 crore in 2021-22. Expenditure on salaries (₹ 12,417 crore) during 2021-22 was less by ₹ 2,586 crore compared to the projection of ₹ 15,003 crore made in MTFPS. In addition to salary expenditure, the State Government incurred ₹ 102.33 crore on professional and specialized services and ₹ 1,181.65 crore was 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 2017-18 to 2021-22 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 increased by 5490 (2.89 *per cent*) in 2021-22 over previous year after a declining trend from 2017-18 to 2020-21. Consequently, the expenditure in salary during 2021-22 increased by ₹ 662 crore (5.63 *per cent*). At the same time salary expenditure during the period 2017-22 has shown increasing trend.

2.6.2.3 Interest Payments

Interest Payments increased by ₹ 166 crore (3.48 *per cent*) from ₹ 4,773 crore in 2020-21 to ₹ 4,939 crore in 2021-22 mainly due to increase in interest payment on Market Loans by ₹ 288 crore and State Provident Fund by ₹ 35 crore which was counterbalanced by decrease in Interest on Special Securities issued to National Small Saving Fund (NSSF)

by ₹ 75 crore, interest on other obligations by ₹ 45 crore and Interest on Other Internal Debt by ₹ 32 crore. During the current year, the Interest Payments were made on internal debt (₹ 4,124 crore), Small Savings, Provident Fund, *etc.*, (₹ 692 crore), Loans and Advances from Central Government (₹70 crore) and interest on Other Obligations (₹ 53 crore). The State government had to pay an amount of ₹ 115.58 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-2.23**.

Table-2.23: Interest Payments vis-à-vis State's Projections

(₹ in crore)

Year	Actuals	Assessment made by the State Government in			
		Budget		MTFPS	
		Projection	Variation (per cent)	Projection	Variation (per cent)
2021-22	4,939	6,053	1,114 (18.40)	5,953	1014 (17.03)

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.

2.6.2.4 Pensions

Expenditure on pension payments was ₹ 6,364 crore in 2021-22, which constituted 14.78 *per cent* of the revenue receipts. During the current year, it increased by (₹ 196 crore) 3.18 *per cent* over the previous year 2020-21 and was below the projection made by the State Government in its Budget (₹ 6400 crore) by ₹ 36 crore and was above by ₹ 19 crore projected in MTFPS (₹ 6345 crore). Pension payments *vis-à-vis* salary increased from 47.95 *per cent* in 2017-18 to 51.25 *per cent* in 2021-22. However, it slightly decreased from 52.47 *per cent* in 2020-21 to 51.25 *per cent* in 2021-22 as given in **Table-2.24** below:

Table 2.24: Pension payments as percentage of salary

Components	2017-18	2018-19	2019-20	2020-21	2021-22
Pension payments (₹ in crore)	5033	5396	5507	6168	6364
Expenditure on Salary (₹ in crore)	10496	11525	11714	11755	12417
Percentage of pension vis-a-vis salary	47.95	46.82	47.01	52.47	51.25

Liability under National Pension System

State Government employees recruited on or after 1 October 2005 are covered under the National Pension System (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 ₹ 1,185.73 crore (Employee's contribution ₹ 478.20 crore and Government contribution ₹ 707.53 crore). The Government transferred ₹ 1,185.73 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government contribution to NPS was in excess by ₹ 38.05 crore, which resulted in understatement of Revenue surplus and overstatement of Fiscal deficit to that extent.

During the year, ₹ 1241.72 crore was transferred to NSDL/Trustee Bank. Against outstanding balance amount of ₹ 139.20 crore (2020-21) ₹ 83.21 crore (2021-22), 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.

2.6.2.5 Subsidies

There was a nominal increase in expenditure on subsidies during the year 2021-22 as compared to previous year as can be seen from the details given in **Table-2.25**. Subsidies as a percentage of Revenue Receipts decreased significantly from 0.69 *per cent* in 2017-18 to 0.11 *per cent* in 2019-20 but again increased to 0.36 *per cent* in 2020-21. However, there was nominal increase of ₹ 6 crore (4.32 *per cent*) in 2021-22 over previous year.

Table-2.25: Expenditure on subsidies during 2017-22

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Subsidies (₹ in crore)	186	174	35	139	145
Subsidies as a percentage of Revenue Receipts	0.69	0.56	0.11	0.36	0.34
Subsidies as a percentage of Revenue Expenditure	0.64	0.54	0.11	0.37	0.37

During 2021-22, the major schemes in which expenditure on subsidy incurred were Deen Dayal Upadhyay Cooperative Farmer Welfare Scheme (₹ 45 crore), Food Subsidy under Food Storage and Warehousing (₹ 41 crore), Mukhya Mantri Swarojgaar Yojana (₹ 31 crore), Polly House diversification and scheme sprinkler water pump set (₹ 7 crore), Chief Minister Women Self Help Group (₹ 5 crore) and Discount on Sales of Khadi Clothes (₹ 5 crore). State Government had made a projection for subsidy of ₹ 230 crore in its Budget Estimates and ₹ 145 crore in Revised Estimates during 2021-22.

Implicit Subsidy

Table-2.26: Expenditure on implicit subsidies during 2017-22

Implicit Subsidies	2017-18	2018-19	2019-20	2020-21	2021-22
Crop Insurance	2.30	3.22	3.99	1.89	2.16
Assistance to Public Sector and other Undertakings	7.20	24.00	45.19	123.90	85.70
Total	9.50	27.22	49.18	125.79	87.86

The above **table-2.26** indicates that the State Government also provided subsidy in implicit form under Crop Husbandry for crop insurance amounting to ₹ 13.56 crore during 2017-18

to 2021-22 and ₹ 285.99 crore during 2017-22 as Assistance to Public Sector and other Undertakings under Road transport as compensation and Direct Benefit Transfer of free travel facility to senior citizens, girl students and reimbursement of loss arising due to bus operation in mountain routes.

2.6.2.6 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 2017-18 to 2021-22 is presented in **Table-2.27**.

Table-2.27: Financial Assistance to Local Bodies etc.

		(₹ in crore)				
Sl. No.	Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Educational Institutions (Aided Schools & Colleges, Universities)	464.93	544.70	573.62	1,531.82	901.68
2.	Municipal Corporations and Municipalities	753.33	717.07	902.05	976.91	734.27
3.	Zila Parishads and Other Panchayati Raj Institutions	715.21	742.25	814.62	955.29	655.97
4.	Development Agencies	546.93	555.82	494.84	539.27	483.71
5.	Hospitals and Other Charitable Institutions	252.98	436.19	353.03	552.66	630.04
6.	Energy (Non-conventional source of energy)	11.78	11.69	13.30	9.17	13.81
7.	Agriculture Research and Educational Institution, Land Reforms for updating land records and Wildlife Preservation	476.94	593.57	585.49	915.03	902.30
8.	Co-operatives	3.73	2.67	1.55	15.18	14.26
9.	Animal Husbandry, Dairy Development and Fisheries	38.77	41.80	51.17	55.77	70.97
10.	Secretariat Economic Services & Tourism	46.92	51.12	47.27	56.38	64.19
11.	Social Security & Welfare of Scheduled Castes, Scheduled Tribes & Other Backward Classes	232.65	216.54	238.66	250.85	178.48
12.	Other Institutions	119.64	552.36	724.60	582.44	1208.77
Total		3,663.81	4,465.78	4,800.18	6,440.77	5858.45
<i>Assistance as per percentage of RE</i>		<i>12.60</i>	<i>13.87</i>	<i>14.61</i>	<i>17.36</i>	<i>15.05</i>

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

The assistance during the current year decreased by ₹ 541.96 crore over the previous year. Municipal Corporations, Municipalities, Zila Parishads and other Panchayati Raj Institutions together accounted for 24 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 2017-18 to 2021-22 is given in **Table-2.28**.

Table-2.28: Financial Assistance to Local Bodies vis-à-vis amount to be devolved

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
State Own tax Revenue (OTR)	10,165	12,188	11,513	11,938	14,176
Amount to be devolved (11 per cent of OTR for 2016-17 onwards)	1,118.15	1,340.68	1,266.43	1,313.18	1,559.36
Total amount devolved to Local Bodies	1,468.54	1,459.32	1,716.67	1,932.2	1,390.24
Actual Devolution to Local Bodies as percentage of OTR	14.45	11.97	14.91	16.19	9.81

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 in the range of 12 to 16 per cent of own tax revenue during 2017-20 which was significantly decreased to 9.81 per cent during 2021-22. The actual devolution during 2021-22 was less than the amount recommended by State Finance Commission.

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 increase from ₹ 5,914 crore in 2017-18 to ₹ 7,534 crore in 2021-22. During the current year it increased by ₹ 996 crore (15.23 per cent). The Capital Expenditure incurred by the State during the year 2021-22 was higher than the projections made in the MTFPS targets (₹ 7,112 crore) by ₹ 422 crore but was less by ₹ 1,439 crore against budget projections (₹ 8,973 crore). Details of Capital Expenditure vis-à-vis budget during the five-year period 2017-18 to 2021-22 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 2017-18 to 2021-22

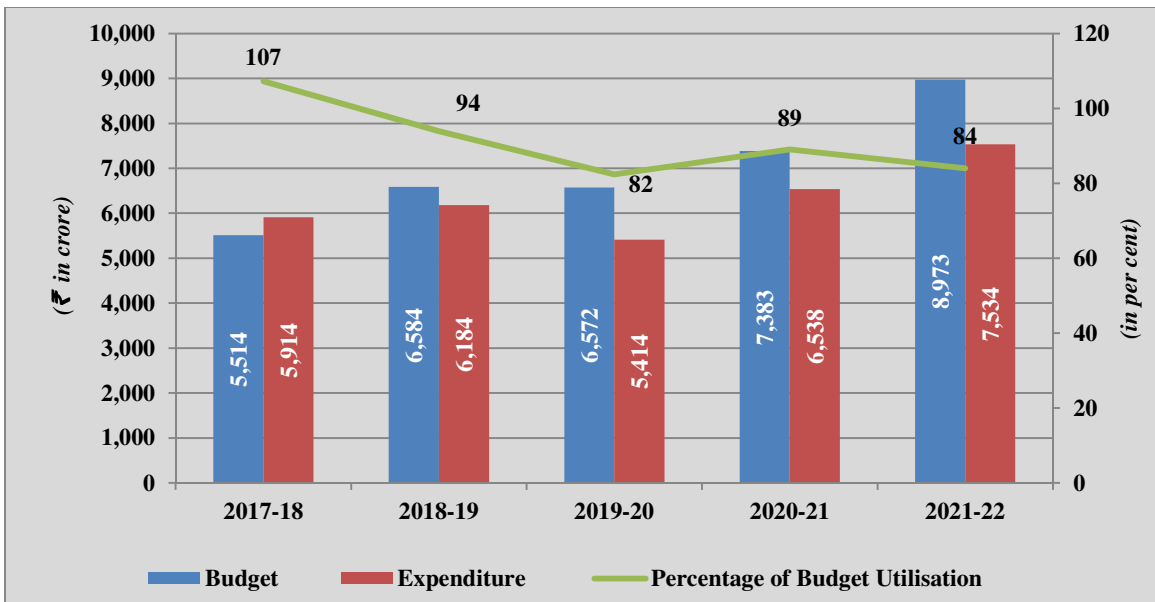
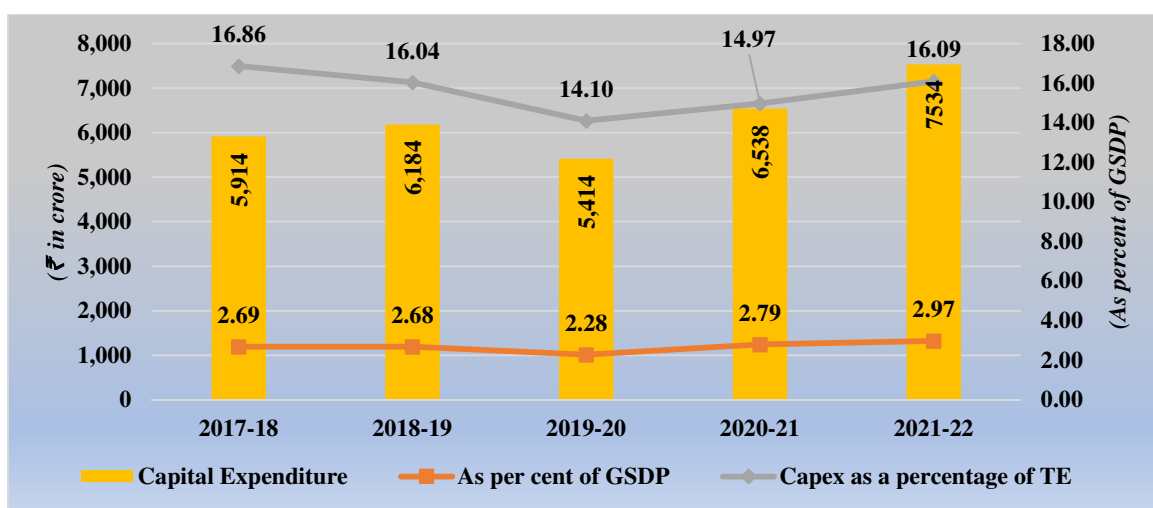


Chart-2.18: Trend of Capital Expenditure as per cent of GSDP and Total Expenditure



2.6.3.1 Major changes in Capital Expenditure

Table-2.29 highlights the cases of significant increase or decrease (more than 50 per cent) in various Heads of Account in Capital Expenditure during 2021-22 vis-à-vis the previous year.

Table-2.29: Capital Expenditure during 2021-22 as compared to 2020-21

Major Heads of Account		Capital expenditure during 2020-21	Capital expenditure during 2021-22	Increase (+) / Decrease (-) (in per cent)
4408	Capital Outlay on Food Storage and Warehousing	71.29	493.97	422.68 (592.90)
4859	Capital Outlay on Telecommunication and Electronic Industry	2.86	10.68	7.82 (273.43)
5053	Capital Outlay on Civil Aviation	3.61	12.98	9.37 (259.56)
4250	Capital outlay on Other Social Services	0.00	1.75	--
4210	Capital Outlay on Medical and Public Health	172.94	313.19	140.25 (81.10)
4216	Capital Outlay on Housing	42.09	73.80	31.71 (75.34)
4215	Capital outlay on water supply and Sanitation	648.18	1059.87	411.69 (63.51)
4403	Capital Outlay on Animal Husbandry	4.19	6.84	2.65 (63.25)
4055	Capital Outlay on Police	21.24	34.60	13.36 (62.90)
4851	Capital outlay on Village and Small Industries	7.25	3.28	-3.97 (-54.76)
4405	Capital outlay on Fisheries	4.30	1.30	-3.00 (-69.77)
4425	Capital Outlay on Cooperation	-2.65	-0.05	2.60 (98.11)

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

The major scheme where substantial increase was noticed was Procurement and Supply under Central Plan/Centrally Sponsored Schemes under Food Storage and Warehousing.

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 2021-22, Government of Uttarakhand had invested ₹ 3,818.94 crore in one Statutory Corporation and 16 Government Companies, in the State as of 31 March 2022. The State Government earned a return of ₹ 35.05 crore on these investments during 2021-22. Year-wise details of investment by Government of Uttarakhand over the five-year period 2017-18 to 2021-22 are given in the **Table-2.30** below.

Table-2.30: Details of Investment and return on Investment

	(₹ in crore)				
Investments/ Returns/Cost of borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year	3,209.24	3,402.45	3,534.95	3,683.54	3,818.94
Return on investment	22.69	18.69	14.08	40.02	35.05
Return on investment (<i>per cent</i>)	0.71	0.55	0.40	1.09	0.92
Average rate of interest on Government borrowings (<i>per cent</i>)	8.27	8.15	7.26	6.83	6.55
Difference between interest rate and return (<i>per cent</i>)	7.56	7.60	6.86	5.74	5.63
Notional loss due to difference between interest rate of Government borrowings and return on investments	242.62	258.59	242.50	211.44	215.01

The average return on Uttarakhand Government's investment was negligible and ranged from 0.40 to 1.09 *per cent* of the investment (at historical cost) during 2017-18 to 2021-22. It decreased to 0.92 *per cent* during the year from 1.09 *per cent* of previous year. However, Government paid an average interest rate of 7.41 *per cent* on its borrowings during 2017-18 to 2021-22.

(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 2022 are given below in **Table-2.31**.

Table-2.31.: 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)
Equity	3818.94	3,856.24	(-) 37.30
Loan	635.63	969.83	(-) 334.20
Guarantee	123.46	318.71	(-) 195.25

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

The differences between the figures 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.

(iii) Compliance of IGAS-2 not done

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 2021-22 such grants of ₹ 25.57 crore was given and booked under two 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.

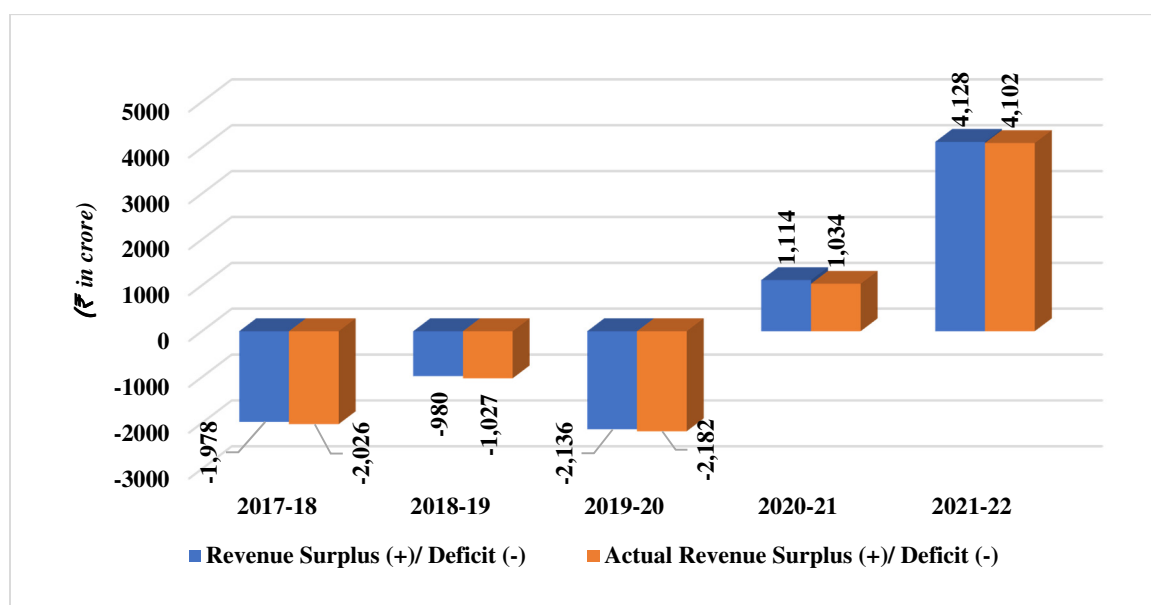
Table-2.32 highlights the extent of classification of GIA as Capital Expenditure (Capex) instead of as revenue by the State. **Chart-2.19** indicates impact of non-compliance with the provisions of IGAS-2 by the State in absolute terms during 2017-18 to 2021-22 as Revenue Deficit was understated during 2017-18 to 2019-20 while as Revenue Surplus was overstated during 2020-21 and 2021-22. During the said period Capital Expenditure was also overstated to that extent. Misclassification of expenditure resulted overstatement of Revenue Surplus by ₹ 6.36 (26.00 - 19.64) crore.

Table-2.32: Impact of non-compliance with IGAS-2

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Expenditure	5,914	6,184	5,414	6,538	7534
Grants-in-Aid booked as Capital Expenditure	48	47	46	80	26
Percentage of booking of GIA in Capex	0.81	0.76	0.85	1.22	0.35
Revenue Deficit (-)/Surplus (+) of the State	(-) 1,978	(-) 980	(-) 2,136	(+) 1,114	(+) 4,128
Actual Revenue Deficit (-) /Revenue Surplus (+) if expenditure from GIA is treated as RE	(-) 2,026	(-) 1,027	(-) 2,182	(+) 1,034	(+) 4,102

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-2.33** presents the outstanding loans and advances as on 31 March 2022 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2017-18 to 2021-22.

Table-2.33: Details of quantum of loans disbursed and recovered during 2017-22

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
Opening Balance of loan outstanding	1,726.65	1,769.97	1,926.54	2,033.40	2,047.91
Amount advanced during the year	76.83	183.48	125.78	37.56	347.45
Amount recovered during the year	33.51	26.91	18.92	23.05	17.08
Closing Balance of loan outstanding	1,769.97	1,926.54	2,033.40	2,047.91	2,378.28
Net Addition	43.32	156.57	106.86	14.51	330.37
Interest Received	0.08	1.13	25.65	58.78	359.22
Interest received as a percentage of outstanding Loans and Advances	0.005	0.06	1.33	2.89	17.54
Average rate of interest paid on Government borrowing (<i>per cent</i>)	8.27	8.15	7.26	6.83	6.55
Difference between Interest Payments and Interest Received (<i>per cent</i>)	8.27	8.09	5.93	3.94	-10.99

The total amount of outstanding loans and advances as on 31 March 2022 was ₹ 2,378.28 crore. The amount of loans disbursed during the current year increased by 825.05 *per cent* from ₹ 37.56 crore in 2020-21 to ₹ 347.45 crore in 2021-22. Within the Economic Services, major recipient was power sector ₹ 289.73 crore (83.39 *per cent*) followed by transport Sector ₹ 57.38 crore (16.51 *per cent*).

Recovery of loans and advances decreased by ₹ 5.97 crore from ₹ 23.05 crore in 2020-21 to ₹ 17.08 crore in 2021-22. However, interest receipts in this regard increased significantly during current year by ₹ 300.44 crore (511.13 *per cent*) from ₹ 58.78 crore during 2020-21 to ₹ 359.22 crore during 2021-22.

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-2.34** over last five years (up to March 2022) and in one sector (Transport), additional loans had been extended despite of any repayments. The overall outstanding balance has increased over the years.

Table-2.34: Loan and Advances rolling for a long time

(₹ in crore)						
Sl. No.	Name of the Sector	2017-18	2018-19	2019-20	2020-21	2021-22
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	42.09	42.09	42.09	42.09
3.	Agriculture and Allied Activities	899.79	1,011.24	1,119.57	1,117.47	1116.47
4.	Special Area Programme	503.16	503.16	503.16	503.16	503.16
5.	Transport	148.53	153.80	153.80	158.09	215.47
Total		1,606.64	1,618.84	1,729.76	1,838.09	1896.55

During the period 2017-18 to 2021-22, an amount of ₹ 771.10 crore was advanced to different sectors by the Government while recoveries amounted to ₹ 119.47 crore. Recovery in each year declined from 1.86 *per cent* of the amount outstanding at the beginning of the year and amount advanced during the year in 2017-18 to 0.71 *per cent* in 2021-22. During the current year, the amount repaid was ₹ 17.08 crore which stood at 0.83 *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 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 2021-22, there were 75 incomplete/ongoing projects of Public Works department as on 31 March 2022. Age profile of incomplete projects based on the year of sanction/year of start of these projects as on 31 March 2022 is given in **Table-2.35**.

Table-2.35: Age profile of incomplete projects as on 31 March 2022

(₹ in crore)

Year	No of incomplete projects	Estimated cost	Expenditure	Financial Progress (in per cent)
Sanctioned Upto 2016-17	57	455.66	327.29	71.83
2017-18	2	6.55	3.51	53.59
2018-19	7	20.56	13.94	67.80
2019-20	7	22.16	10.39	46.89
2020-21	0	0	0	0
2021-22	2	4.73	2.04	43.13
Total	75	509.66	357.17	70.08

Source: Finance Accounts.

Effective steps need to be taken to complete these projects without further delay to avoid cost overruns. During the exit conference, Secretary Finance stated that Projects worth Rupee Five crore or more including other important projects of lesser value are being monitored through PM Gati Shakti portal. The process of uploading the details in the portal is going on.

(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-2.36** below.

Table-2.36: Sector/Department wise details of PPP Projects

(₹ in crore)

Sl. No.	Sector	Completed		Ongoing	
		No.	Estimated Cost	No.	Estimated Cost
1.	Transport	3	71.42	3	63.76
2.	Energy	0	0	2	117.50
3.	Urban	5	441.73	5	364.55
4.	Tourism	3	25.00	1	35.00
5.	Health	6	84.40	0	0
	Total	17	622.55	11	580.81

Source: Uttarakhand Public Private 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-2.37 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 2021-22, taking 2017-18 as the base year.

Table-2.37: Fiscal Priority of the State in 2017-18 and 2021-22

(in per cent)

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health/ AE
Average (ratio) in 2017-18 of							
NE & Himalayan	26.07	34.98	29.17	64.15	16.10	17.56	6.22
Uttarakhand	15.93	34.26	23.66	58.14	16.86	18.85	4.28
Average (ratio) in 2021-22 of							
NE & Himalayan	27.56	35.55	27.01	62.56	17.46	15.95	7.25
Uttarakhand	18.44	38.10	22.08	60.92	16.09	18.33	6.20
<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 2021-22 with that of 2017-18 indicates the following:

- The State Government's Aggregate Expenditure as a proportion of the GSDP in 2021-22 was higher by 2.51 percentage points as compared to 2017-18.
- Development Expenditure (DE) as a proportion of Aggregate Expenditure (AE) in 2021-22 was higher by 2.78 percentage points as compared to 2017-18.
- Social Sector Expenditure as a proportion of AE in 2021-22 was higher by 3.84 percentage points as compared to 2017-18.
- Economic Sector Expenditure as proportion of AE was lesser by 1.58 percentage points in 2021-22 as compared to 2017-18.
- The proportion of Capital Expenditure (CE) in AE decreased marginally by 0.77 percentage points in 2021-22 as compared to 2017-18.

Further comparative study of NE & Himalayan States Average and Uttarakhand's Average in 2021-22 with that of 2017-18 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 lower than that of the NE & Himalayan state's average during 2017-18 and 2021-22.
- Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was slightly lower during 2017-18. However, it was higher by 2.55 percentage point in 2021-22 as compared to NE & Himalayan state's average.
- The Economic Sector Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of NE & Himalayan state's during both the years.
- Priority was accorded by the State Government to Education Expenditure and the ratio of Education Expenditure to Aggregate Expenditure was higher than that of the NE & Himalayan state's average in both years.

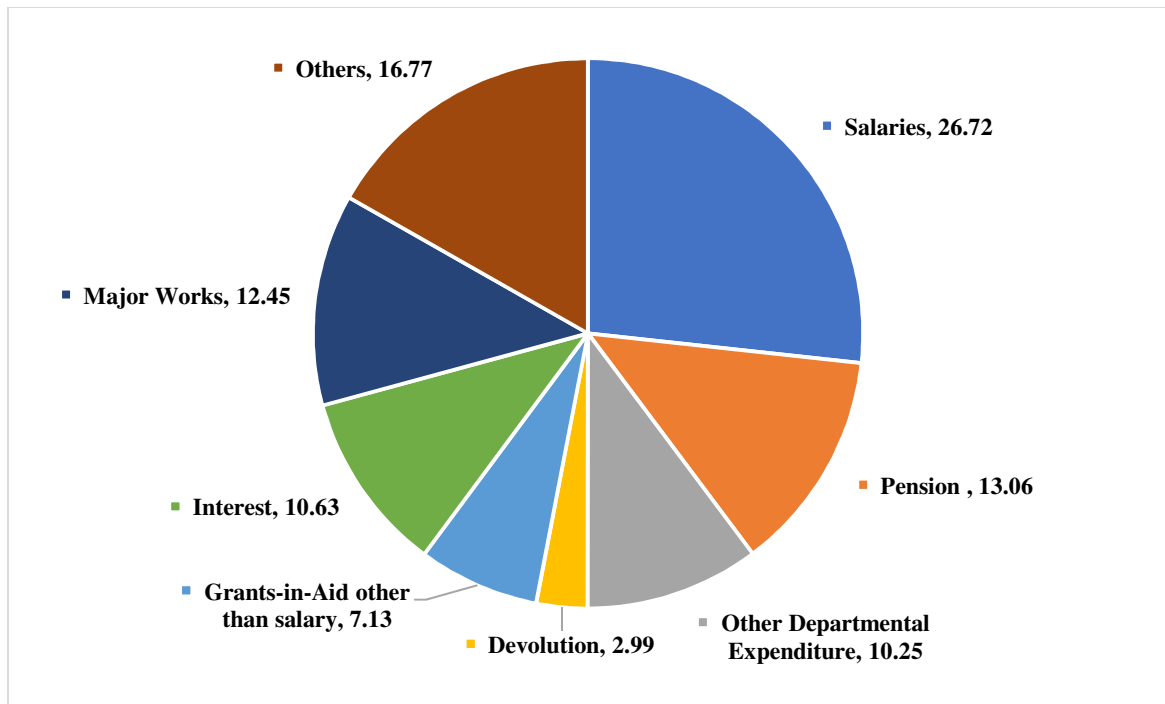
- Expenditure under Health Sector as a proportion to Aggregate Expenditure was lower than NE & Himalayan average in both the years.

During the exit conference, Secretary Finance assured that head wise analysis will be conducted to book the Expenditure under Health correctly and efforts will be made to improve the position of expenditure on Health.

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: Details 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 (2017-18 to 2021-22) are given in **Table-2.38** below.

Table-2.38: Component-wise net balances in Public Account as of 31 March of the year

₹ in crore)

Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds, etc.		619.47	889.86	665.79	431.46	333.88
J. Reserve Funds	(a) Reserve Funds bearing Interest	109.77	112.77	2,759.12	89.90	(-) 467.57
	(b) Reserve Funds not bearing Interest	(-) 4.7	(-) 1.23	149.48	150.00	210
	Investment from RF	0	0	(-) 150.00	(-) 150.00	(-) 210
	Total	105.07	111.54	2,758.60	89.90	(-) 467.57
K. Deposits and Advances	(a) Deposits bearing Interest	0.58	53.02	(-) 2.77	3.57	(-) 7.36
	(b) Deposits not bearing Interest	718.09	(-) 64.08	504.35	378.43	(-) 673.73
	(c) Advances	0	0	0	0	0
	Total	718.67	(-) 11.06	501.58	382.00	(-) 681.09
L. Suspense and Miscellaneous	(a) Suspense	122.44	102.82	(-) 124.82	(-) 103.72	285.28
	(b) Other Accounts*	607.90	70.26	(-) 1,039.63	(-) 490.83	(-) 7.46
	(c) Accounts with Governments of Foreign	(-) 0.01	(-) 0.01	0.04	0	0
	(d) Miscellaneous	0	0	0	0	0
	Total	730.33	173.07	(-) 1,164.41	(-) 594.55	277.82
M. Remittances	(a) Money Orders, and other Remittances	15.89	(-) 4.5	(-) 4.38	0	(-) 0.04
	(b) Inter- Governmental Adjustment Account	15.48	683.65	3.76	(-) 6.41	12.33
	Total	31.37	679.15	(-) 0.62	(-) 6.41	12.29
Grand Total		2,204.91	1,842.56	2,760.94	302.40	(-) 524.67

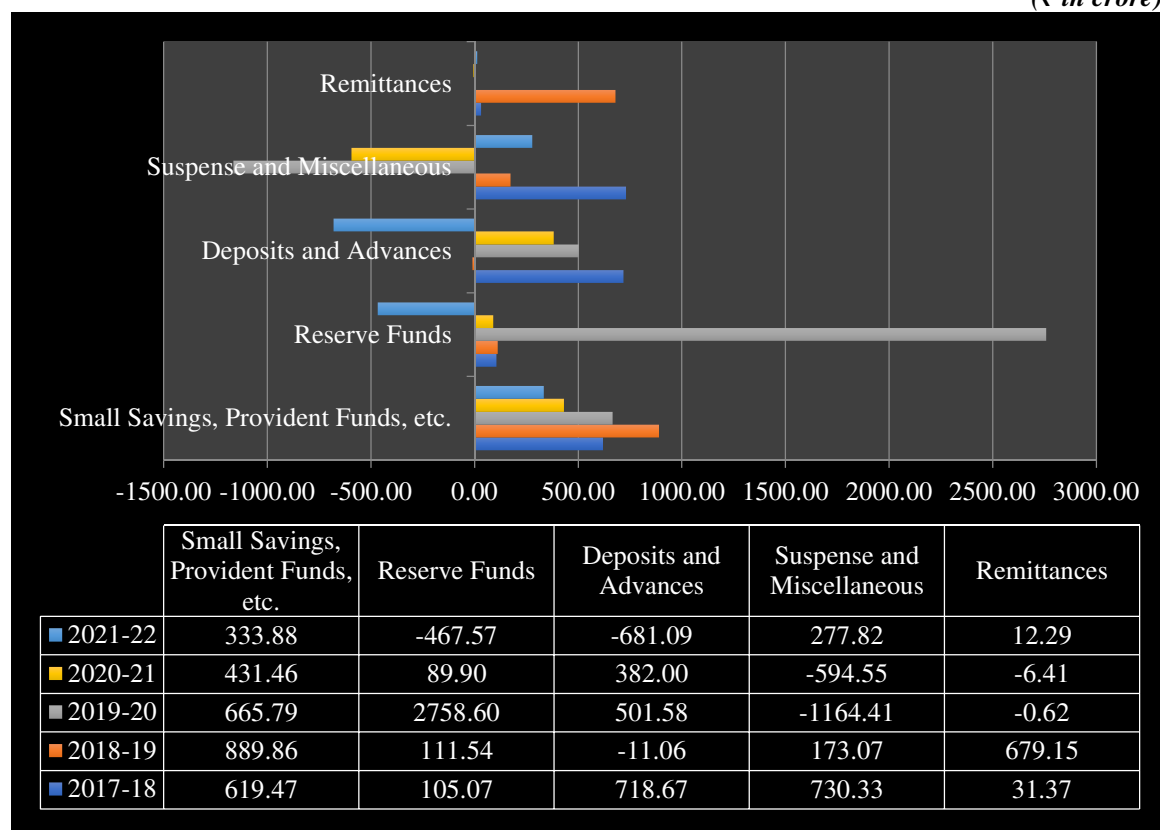
Note: -ve denotes debit balance and +ve denotes credit balances.

*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 2017-22 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-2.38**, the component wise net-public account balances over the period 2017-18 to 2021-22 have shown fluctuating trend. The net public account balance decreased by ₹ 827.07 crore, from ₹ 302.40 crore in 2020-21 to ₹ (-)524.67 crore in 2021-22. This was due to decline in net Deposit and Advances (₹ 1,063.09 crore), net Reserve Funds (₹ 557.47 crore) and Net Small Savings, Provident Fund, *etc.* (₹ 97.58 crore), which was counter balanced by Increase in Suspense and Miscellaneous (₹ 872.37 crore).

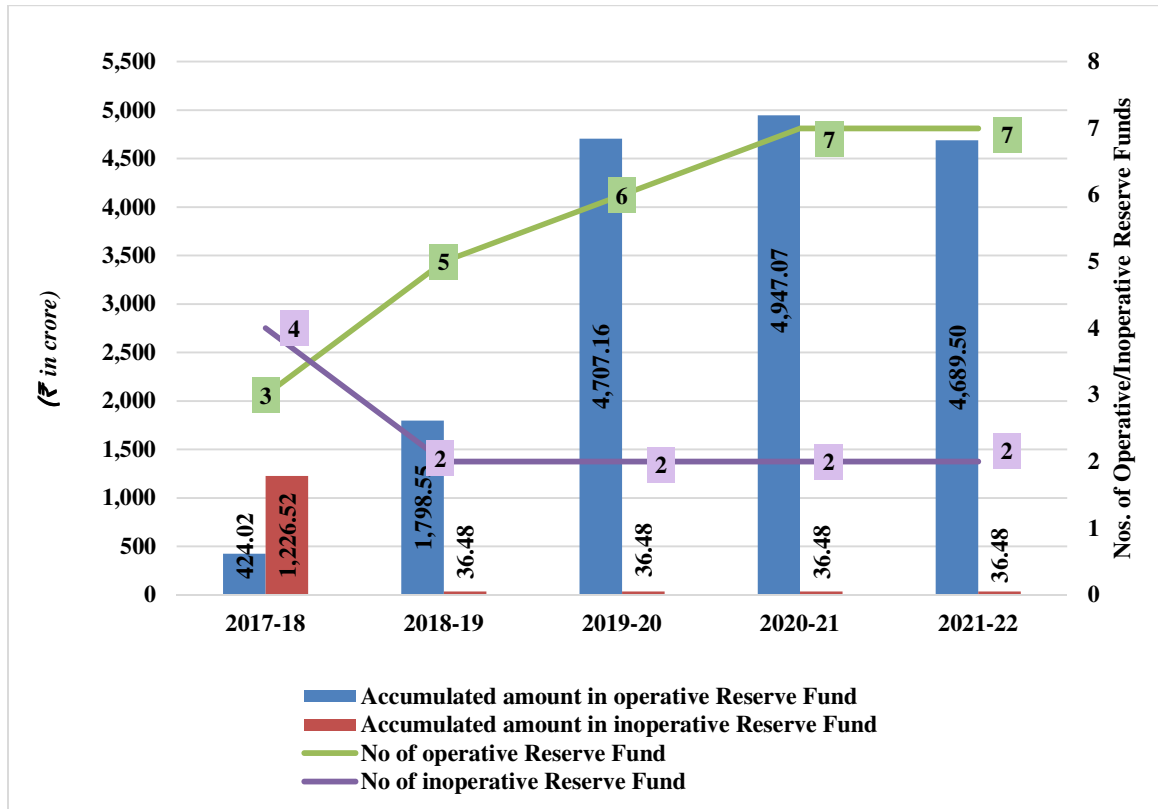
2.8.2 Reserve Funds

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 2022 out of which two Reserve Fund are interest bearing (₹ 2,875.88 crore credit) and seven Reserve Funds are non-interest bearing funds (₹ 1,777.13 crore credit). Out of these nine funds, two funds are inoperative (balance ₹ 36.48 crore debit) and seven funds are operative (balance ₹ 4,689.50 crore credit), of which ₹ 1,698.62 crore (36.22 *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-2.39**.

Table-2.39: Details of inoperative Reserve Funds

Sl. No.	Name of the Fund	Amount as on 31 st March 2022 (₹ 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
Total		36.48 (Dr.)		

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 2021-22 is given in the **Table-2.40** as well as details of SDRF is provided in the **Table-2.41**.

Table-2.40: Details of expenditure charged to SDRF

		(₹ in crore)
Major Head of Account	Minor Head of Account	Expenditure during 2021-22
2245- Relief on Account of Natural Calamities 05- State Disaster Response Fund	101-Transfer to Reserve Funds and Deposit Accounts	2,331.69
	901- Deduct- Amount met from State Disaster Response Fund	(-) 1,498.89
	Sub Total	832.80
2245- Relief on Account of Natural Calamities 80- General	102- Management of Natural Disaster, Contingency Plans in disaster prone areas	78.73
	800-Other Expenditure	386.05
	Sub-Total	464.78
Grand Total		1297.58

Source: Finance Accounts.

Table-2.41: Details of SDRF

(₹ in crore)

Opening balance (01 April 2021)	Contribution by Centre	State Share	Total	Amount set off (MH 2245-05)	Balance in the fund (31 March 2022)	Amount invested through RBI during the year
668.36	749.60	83.20	832.80	1498.89	2.27	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. During the exit conference, Secretary Finance intimated that rigorous efforts will be made to comply with the SDRF guideline.

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 2021-22. An amount of ₹ 10.00 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 ₹ 153.92 crore (Principal ₹ 95.00 crore + Interest ₹ 58.92 crore) against outstanding guarantees of ₹ 374.34 crore. Against the receivable Guarantee commission fee of ₹ 7.17 crore, an amount of ₹ 1.87 crore was received resulting in short receipt of ₹ 5.30 crore as guarantee commission fees. Also, as per Uttarakhand Gazette Notification dated 19 December 2016, Guarantee fee received 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. Average return from investments made out of Guarantee Redemption Fund during past five years was 8.15 per cent. Details of Guarantee Redemption Fund is provided in the **Table-2.42**.

Table-2.42: Details of Guarantee Redemption Fund

(*₹ in crore*)

Opening balance (01 April 2021)	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 2022)
	Desired Level Contribution (5 per cent of outstanding guarantees as on 31 March 2021)	Actual Contribution Made				
133.64 (85.00 Principal & 48.64 Interest)	35.83 (716.59*5%)	20.28 (10.00 Principal & 10.28 Interest)	Nil	153.92 (95.00+ 58.92)	153.92	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 procedure⁴ given in the guidelines. During 2021-22, no amount was received by the State from National Compensatory Afforestation Fund, as the share of Uttarakhand. During the year, the State Government booked an amount of ₹ 198.52 crore in state Compensatory Afforestation Fund under Major Head 8121-129. The total balance in the State Compensatory Afforestation Fund as on 31st March 2022 was ₹ 2873.61 crore.

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

The interest liability of ₹ 156.49 crore in respect of Reserve Funds Bearing Interest and Deposits Bearing Interest, under sectors J and K respectively of the Public Account are 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 2021 is detailed in the **Table-2.43** below.

⁴ 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.

Table-2.43: Details of un-discharged liability of interest due in Reserve Funds and Deposits

(₹ in crore)

Sector	Sub-sector	Rate of interest	Balance at the beginning of 2021-22	Interest due
J-Reserve Funds	(a) Reserve Funds bearing interest (including SDRF)	4.00 per cent (average of W&M interest rate)	3,343.45	133.74
K-Deposits and Advances	(b) Deposits bearing interest (excluding CPS MH-8342-117)	4.00 per cent (average of W&M interest rate)	321.69	12.87
	Un-transferred amount under NPS (8342-117)	Interest calculated as per the rate of Interest 7.10 per cent notified by the Government / Payable to General Provident Fund	139.20	9.88
Total Interest			156.49	

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

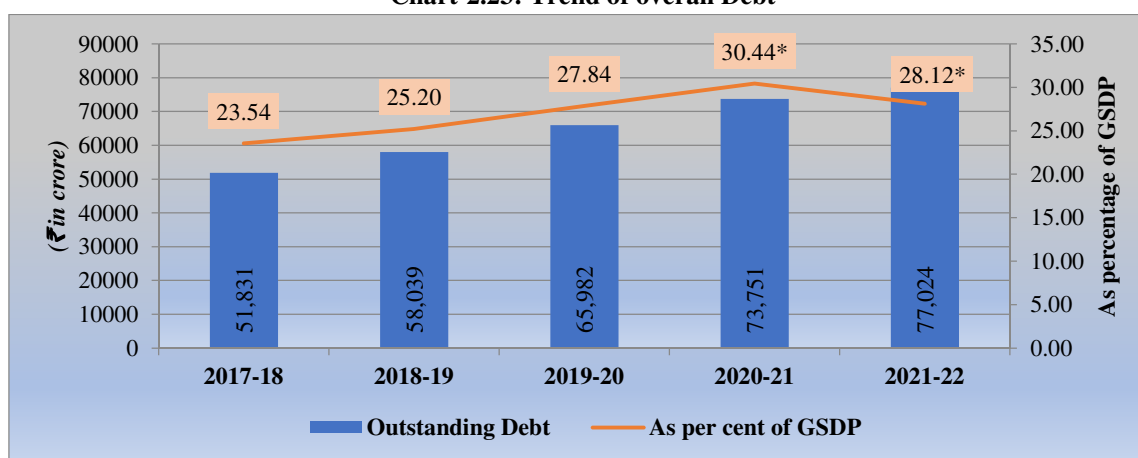
2.9 Debt Management

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 effective outstanding debt at the end of 2021-22 would be ₹ 71,375 crore (₹ 77,024 crore - ₹ 5,649 crore) as the Department of Expenditure, GoI had decided that GST compensation of ₹ 5,649 crore given to State as back to back loan under debt receipts would not be treated as debt of the State. Year wise overall debt during 2017-18 to 2021-22 is given in **Chart-2.23** below.

Chart-2.23: Trend of overall Debt



* Back- to-back loan of ₹ 5,649 crore and ₹ 2,316 crore received from GoI till the year 2021-22 and 2020-21 respectively, in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification⁵ this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

⁵ 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-2.44** below.

Table-2.44: Component wise Debt Trends

		(₹ in crore)				
		2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Debt		51,831	58,039	65,982	73,751*	77,024*
Public Debt	Internal Debt	40,286	45,443	49,437	53,302	53,759
	Loans from GoI	729	790	813	3,813	7,444
Liabilities on Public Account		10,816	11,806	15,732	16,636	15,821
Rate of growth of outstanding debt (percentage)		16.26	11.98	13.69	11.77	4.44
Gross State Domestic Product (GSDP)		2,20,222	2,30,327	2,36,988	2,34,660	2,53,832
Debt/GSDP (per cent)		23.54	25.20	27.84	30.44	28.12
Total Debt Receipts		20,124	22,225	22,194	23,327	16,326
Total Debt Repayments		12,875	16,017	14,251	15,558	13,053
Total Debt Available		7,249	6,208	7,943	7,769	3,273
Debt Repayment/Debt Receipts (percentage)		63.98	72.07	64.21	66.70	79.95

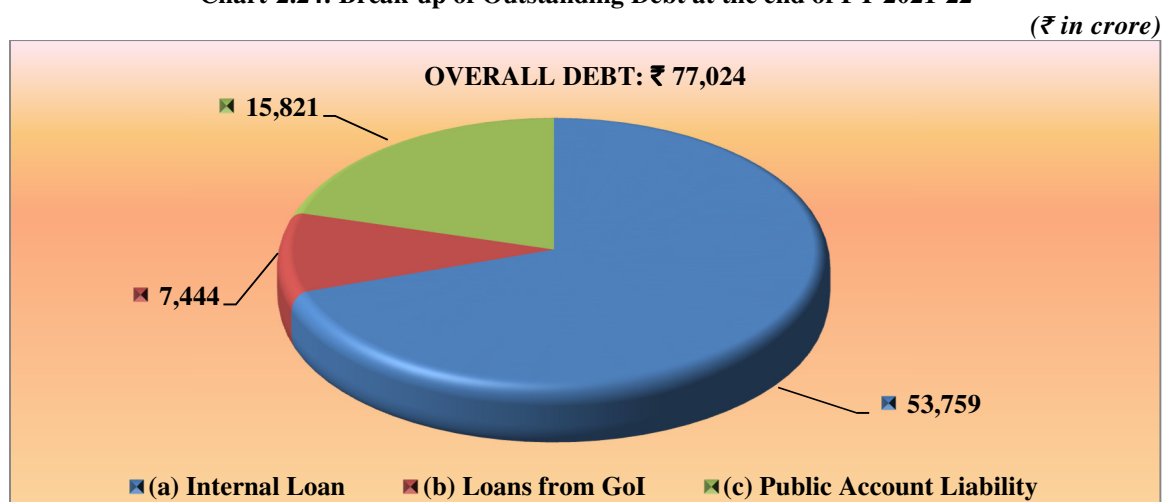
Source: Finance Accounts.

*This includes back loan of ₹ 5,649 crore and ₹ 2,316 crore received from GoI till the year 2021-22 and 2020-21 respectively, 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 (₹ 77,024 crore ₹ -5,649 crore = ₹ 71,375 crore).

2.9.3 Breakup of Outstanding Overall Debt at the end of 2021-22

The total outstanding debt of the State Government at the end of 2021-22 was ₹ 77,024 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 2021-22



Internal debt, which is primarily market borrowings, accounts for 69.80 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 2017-18 to 2021-22 are highlighted in the **Table-2.45** and **Chart-2.25** below.

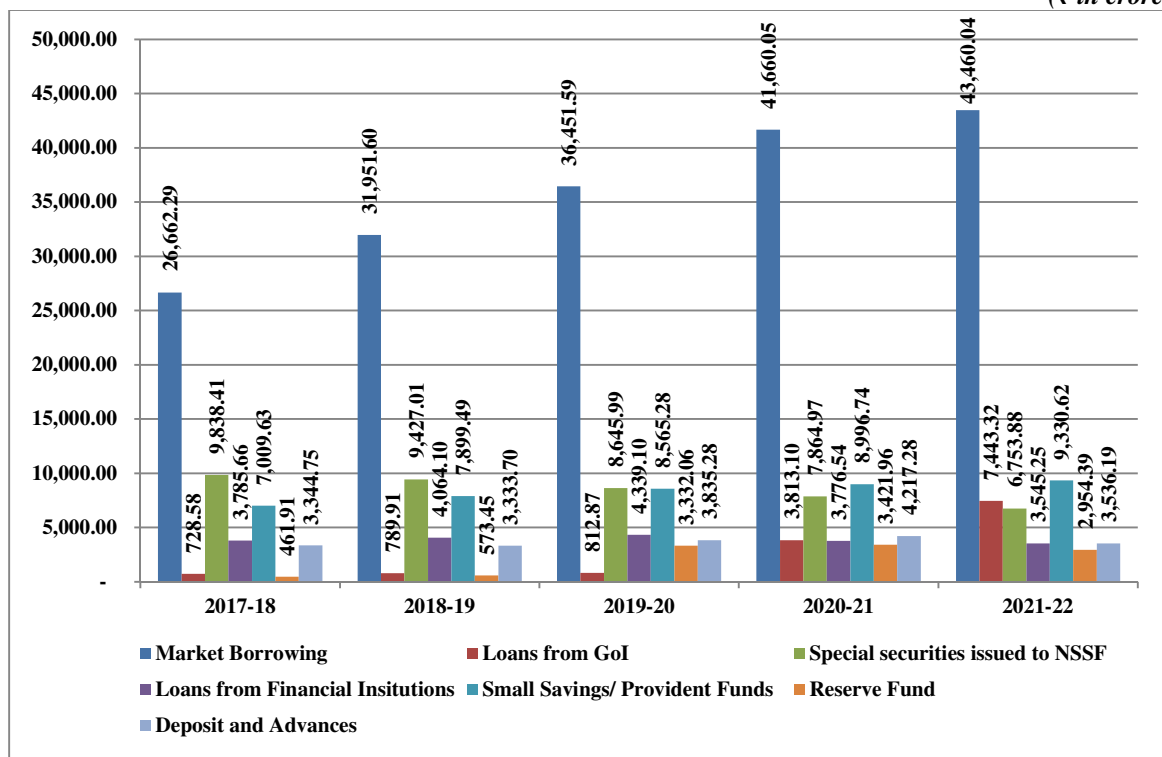
Table 2.45 Component wise debt trends

(₹ in crore)

Year	Market Borrowing	Loans from GOI	Special securities issued to NSSF	Loans from Financial Institutions	Small Savings/ Provident Funds	Reserve Fund	Deposit and Advances
2017-18	26,662.29	728.58	9,838.41	3,785.66	7,009.63	461.91	3,344.75
2018-19	31,951.60	789.91	9,427.01	4,064.10	7,899.49	573.45	3,333.70
2019-20	36,451.59	812.87	8,645.99	4,339.10	8,565.28	3,332.06	3,835.28
2020-21	41,660.05	3,813.10	7,864.97	3,776.54	8,996.74	3,421.96	4,217.28
2021-22	43,460.04	7,443.32	6,753.88	3,545.25	9,330.62	2,954.39	3,536.19

Chart-2.25: Component wise debt trends

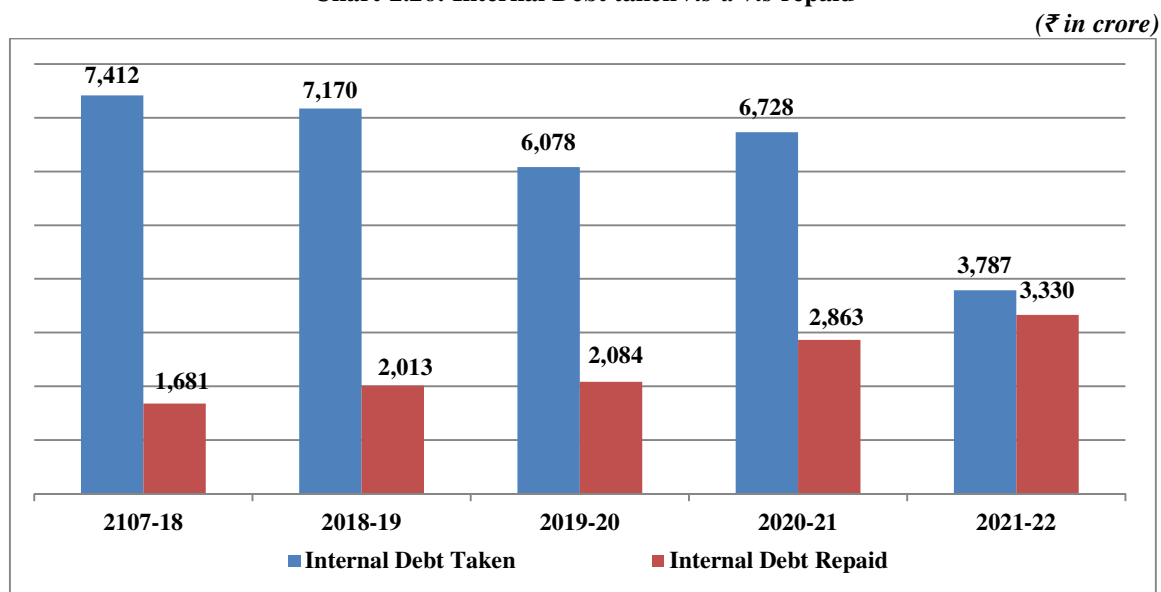
(₹ in crore)



2.9.5 Internal Debt taken vis-à-vis repaid

Composition of Internal Debt taken and repaid during 2017-18 to 2021-22 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-2.46**.

Table-2.46: Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
A	Components of Fiscal Deficit (1 to 3)	(-) 7,935	(-) 7,320	(-) 7,657	(-) 5,439	(-) 3,736
1.	Revenue Deficit (-)/ Surplus (+)	(-) 1,978	(-) 980	(-) 2,136	(+) 1,114	(+) 4,128
2.	Net Capital Expenditure	(-) 5,914	(-) 6,184	(-) 5,414	(-) 6,538	(-) 7,534
3.	Net Loans and Advances	(-) 43	(-) 156	(-) 107	(-) 14	(-) 330
B	Financing Pattern of Fiscal Deficit					
1.	Net Public Debt	(+) 5,806	(+) 5,217	(+) 4,017	(+) 6,865	(+) 4088
a.	Net Market Borrowings	(+) 5,830	(+) 5,289	(+) 4,500	(+) 5,209	(+) 1,800
b.	Net Loans from GoI	(+) 74	(+) 61	(+) 23	(+) 3,000	(+) 3,630
c.	Net Special Securities issued to NSSF	(-) 374	(-) 411	(-) 781	(-) 781	(-) 1,111
d.	Net Loans from Financial Institutions ⁶	(+) 276	(+) 278	(+) 275	(-) 563	(-) 231
2.	Net Public Account	(+) 2,204	(+) 1,843	(+) 2,761	(+) 302	(-) 525
a.	Net Small Savings, PF, etc.	(+) 619	(+) 890	(+) 666	(+) 431	(+) 334
b.	Net Deposits and Advances	(+) 719	(-) 11	(+) 501	(+) 382	(-) 681
c.	Net Suspense and Misc.	(+) 730	(+) 173	(-) 1,164	(-) 595	(+) 278
d.	Net Remittances	(+) 31	(+) 679	(-) 01	(-) 6	(+) 12
e.	Net Reserve Fund	(+) 105	(+) 112	(+) 2,759	(+) 90	(-) 468
3.	Net Contingency Fund	(-) 127	(+) 110	(+) 68	(-) 225	(+) 224
4.	Accretion to Cash Balance	(+) 52	(+) 150	(+) 811	(-) 1,503	(-) 51

Source: Finance Accounts of Government of Uttarakhand.

The fiscal deficit in 2021-22 was largely managed by Loans from GoI (97 per cent) and market borrowings (48 per cent). This was counter balanced by decline in Special Securities issued to NSSF (30 per cent) Net Deposits and Advances (18 per cent) and Net Reserve Fund (13 per cent). Financing of Fiscal Deficit during the year is depicted in **Chart-2.27** below whereas **Table-2.47** depicts the receipts and disbursement under the

⁶ Includes Net Ways and Means Advances

components of Fiscal Deficit.

Chart-2.27: Financing of Fiscal Deficit

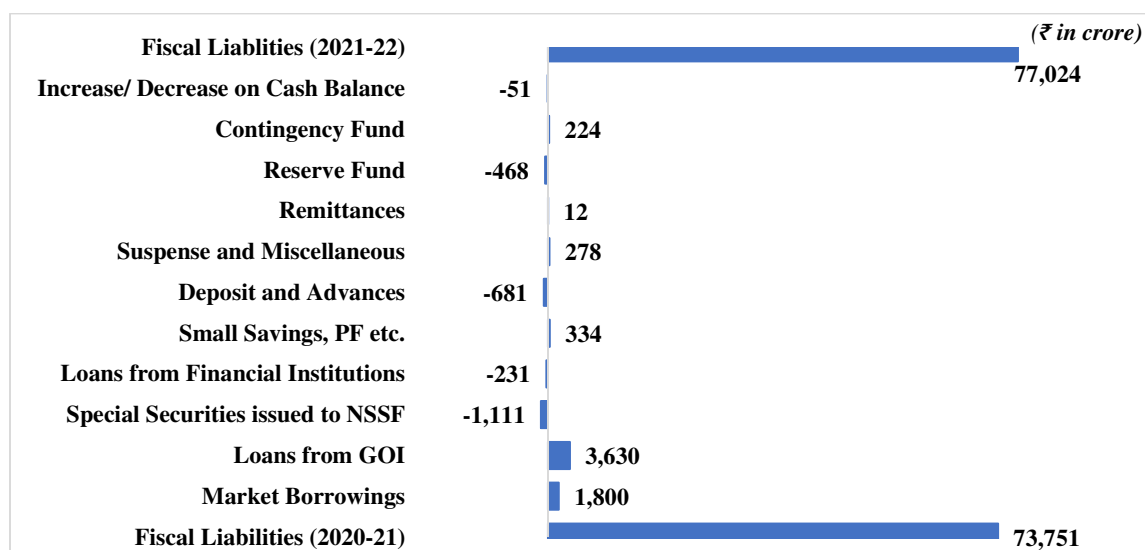


Table-2.47: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

Particulars		Receipt	Disbursement	Net
1.	Market Borrowings	3,200	1,400	1,800
2.	Loans from GoI	3686	56	3,630
3.	Special Securities issued to NSSF	0	1,111	(-) 1,111
4.	Loans from Financial Institutions ⁷	1,032	1,263	(-) 231
5.	Small Savings, PF, etc.	1,905	1,571	334
6.	Deposits and Advances	5,262	5,943	(-) 681
7.	Suspense and Miscellaneous	44,371	44,093	278
8.	Remittances	1	(-) 11	12
9.	Reserve Fund	1,241	1,709	(-) 468
10.	Contingency Fund	436	212	224
11.	Overall Deficit	61,133	57,137	3,787
12.	Increase/Decrease in cash balance	NA	NA	(-) 51
13.	Gross Fiscal Deficit	NA	NA	3,736

2.9.6 Debt profile: Maturity and Repayment

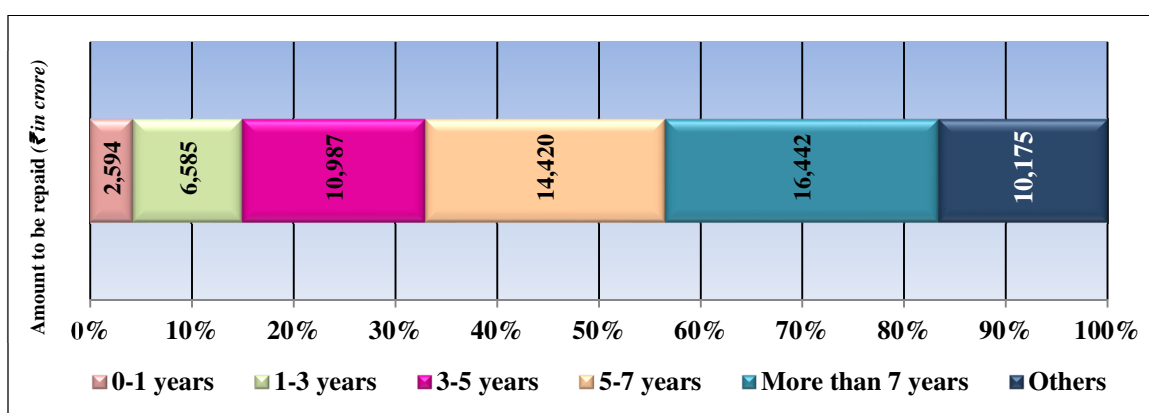
Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. The maturity profile of the State's outstanding loans and advances (public debt) is given in **Table-2.48** and **Chart-2.28**.

⁷ Includes Net Ways and Means Advances

Table-2.48: 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 2022-23	0-1 year	2,531.02	62.71	2,593.73	4.24
Between 2023-24 & 2024-25	1-3 years	6,462.03	123.47	6,585.50	10.76
Between 2025-26 & 2026-27	3-5 years	10,885.21	101.39	10,986.60	17.95
Between 2027-28 & 2028-29	5-7 years	14,312.53	107.59	14,420.12	23.56
2029-30 onwards	Above 7 years	16,023.09	418.51	16,441.60	26.86
Others		3,545.26	6,629.65	10,174.91	16.63
Total		53,759.14	7,443.32	61,202.46	100

Chart-2.28: Maturity Profile of Public Debt



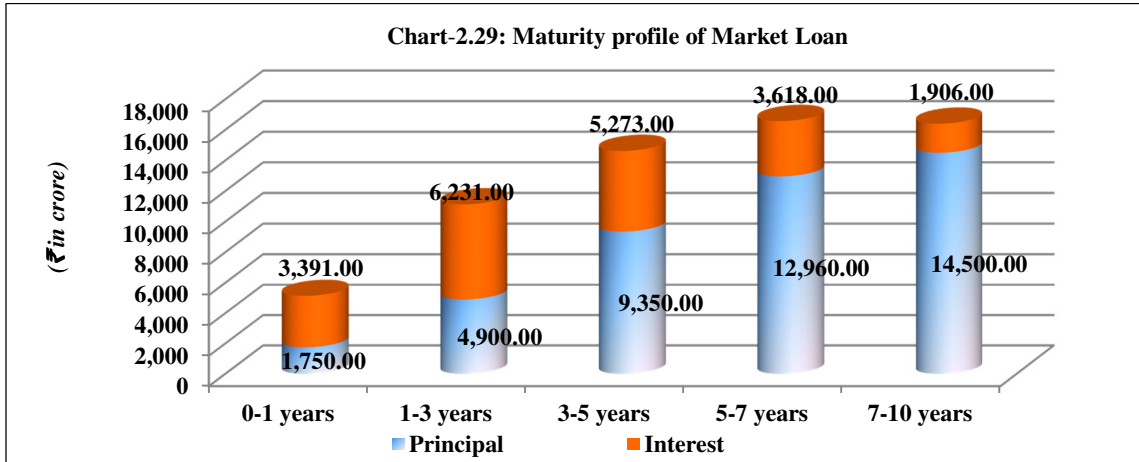
The maturity profile of outstanding stock of public debt as on 31 March 2022 indicates that out of the outstanding public debt of ₹ 61,202.46 crore, 56.51 per cent (₹ 34,585.95 crore) is payable within the next seven year while 26.86 per cent (₹ 16,441.60 crore) is in the maturity bracket of more than seven years. The maturity profile of remaining 16.63 per cent is not available. It constitutes mainly Internal loans from financial institutions (GIC, LIC, SBI, NABARD, etc.) of ₹ 3,545.26 crore (5.79 per cent) and Back-to-Back loans from GoI in lieu of GST compensation ₹ 5,649.03 crore (9.23 per cent). Of the total outstanding public debt, internal debt consisting of market borrowings, loans from NABARD and special securities issued to NSSF etc. constituted 87.84 per cent (₹ 53,759.14 crore). The amount of outstanding market loans and interest to be paid there on over the period of next 10 years is detailed in **Table-2.49** and **Chart-2.29** below:

Table-2.49: Repayment of Debt and Interest

Year	Repayment of		
	Public Debt (Market Loan) **	Interest	Total
2022-23	1750	3390.69	5140.69
2023-24	2500	3236.88	5736.88
2024-25	2400	2994.48	5394.48
2025-26	3900	2798.87	6698.87
2026-27	5450	2474.33	7924.33

Year	Repayment of		
	Public Debt (Market Loan) **	Interest	Total
2027-28	6660	2066.37	8726.37
2028-29	6300	1551.48	7851.48
2029-30	5100	1022.53	6122.53
2030-31	6200	654.56	6854.56
2031-32	3200	228.48	3428.48
Total	43460.00	20418.66	63878.66

** Calculation of interest in respect of public debt components other than market loan is not feasible given the non-availability of information i.e. maturity profile and rate of interest in Finance Account.



Note: The maturity profile has been evolved for outstanding market loans as on 31 March 2022 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 ₹ 6,650.00 crore of market loans and pay interest of ₹ 9,622.05 crore in next three financial years i.e., up to 2024-25. In next two years up to 2026-27, ₹ 9,350 crore principal and interest of ₹ 5,273.19 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 6,179.05 crore during next five years up to 2026-27.

In the period 2027-28 to 2031-32, loans of ₹ 27,460 crore and interest of ₹ 5,523.41 crore will be payable. As such the State will have to repay approximately ₹ 6,596.68 crore annually during the period 2027-28 to 2031-32. Current year repayment of loans including interest is ₹ 4,689.35 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-2.50 and Chart-2.30 shows the debt sustainability of the State according to these indicators for the five-year period beginning from 2017-18.

Table-2.50: Debt Sustainability: Indicators and Trends

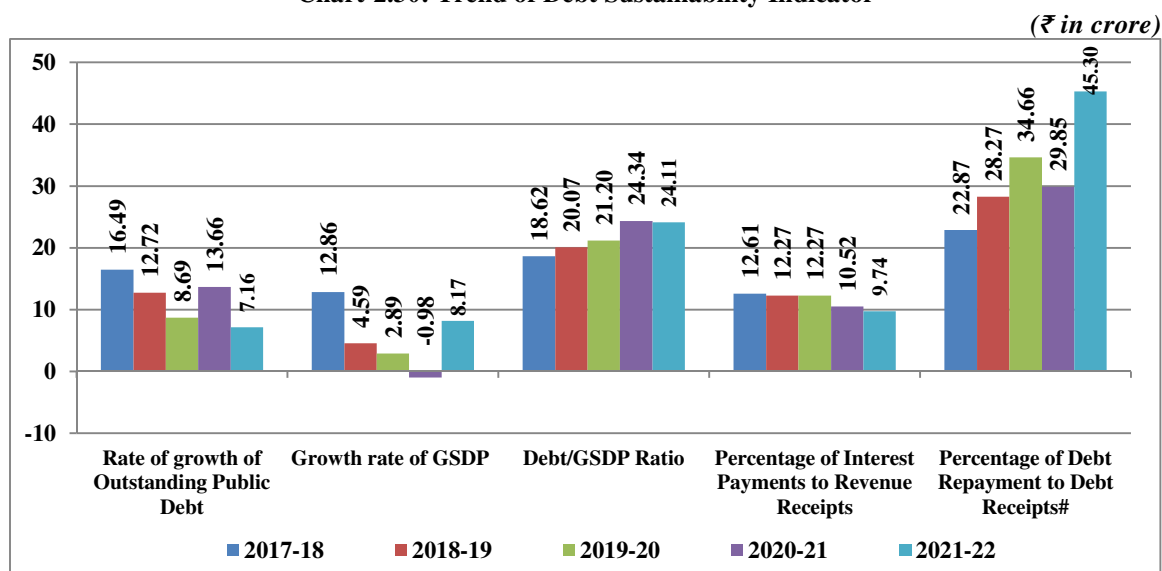
Indicators of Debt Sustainability	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Public Debt	41,015	46,233	50,250	57,115**	61,202**
Rate of growth of Outstanding Public Debt	16.49	12.72	8.69	13.66	7.16
State's GSDP	2,20,222	2,30,327	2,36,988	2,34,660	2,53,832
Growth rate of GSDP	12.86	4.59	2.89	-0.98	8.17
Debt/GSDP Ratio	18.62	20.07	21.20	24.34	24.11
Average Interest Rate of Outstanding Public Debt (<i>per cent</i>)	8.97	8.78	7.81	7.48	7.09
Interest Payments/Revenue Receipts (<i>per cent</i>)	12.61	12.27	12.27	10.52	9.74
Percentage of Debt Repayment to Debt Receipts#	22.87	28.27	34.66	29.85	45.30
Net Debt available to the State*	2388	1388	247	2848	(-) 106
Net Debt available as <i>per cent</i> to Debt Receipts	31.73	19.08	4.02	29.10	(-) 1.42
Debt Stabilisation (Quantum spread + Primary Deficit)	1,55,683	(-) 1,96,628	(-) 2,50,284	(-) 4,83,993	67,308
Percentage of Repayment of Debt & interest there on to Total Borrowed fund	68.27	80.92	95.98	70.90	101.42

* 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 loan of ₹ 5,649 crore and ₹ 2,316 crore received from GoI till the year 2021-22 and 2020-21 respectively, 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 public debt of the State at the end of the year 2021-22 was ₹ 55,553 crore (₹ 61,202 crore-₹ 5,649 crore).

Excluding Ways & Means Advances

Chart-2.30: Trend of Debt Sustainability Indicator



Excluding Ways & Means Advances.

As can be seen from **Table-2.50**, in the five-year period from 2017-18 to 2021-22, the ratio of Public Debt to GSDP of Uttarakhand was within a range of 18.62 to 24.34 *per cent*. During the current year the debt-GSDP ratio of 24.11 was below the ceiling of 24.12 *per cent* set forth in Budget. The burden of interest payment ranged from 9.74 to 12.61 *per cent* of the Revenue Receipts.

However, during the five-year period 2017-18 to 2021-22, while GSDP has grown at a CAGR of 5.40 *per cent*, the outstanding public debt has grown at a faster rate of 11.69 *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-2.51** and **Chart-2.31** below.

Table-2.51: Utilisation of borrowed funds

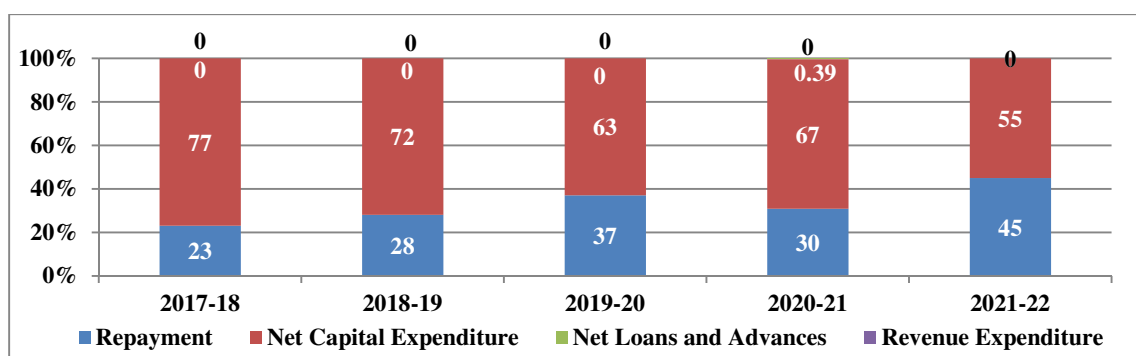
(₹ in crore)

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)
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 ⁸
2021-22	7,473	3385 (45)	4,088 (55)	NA	NA

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

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

Chart-2.31: Trend of Utilisation of Borrowed Funds



In the Period 2017-22 State utilised borrowings for repayment of earlier principal and on capital expenditure.

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.

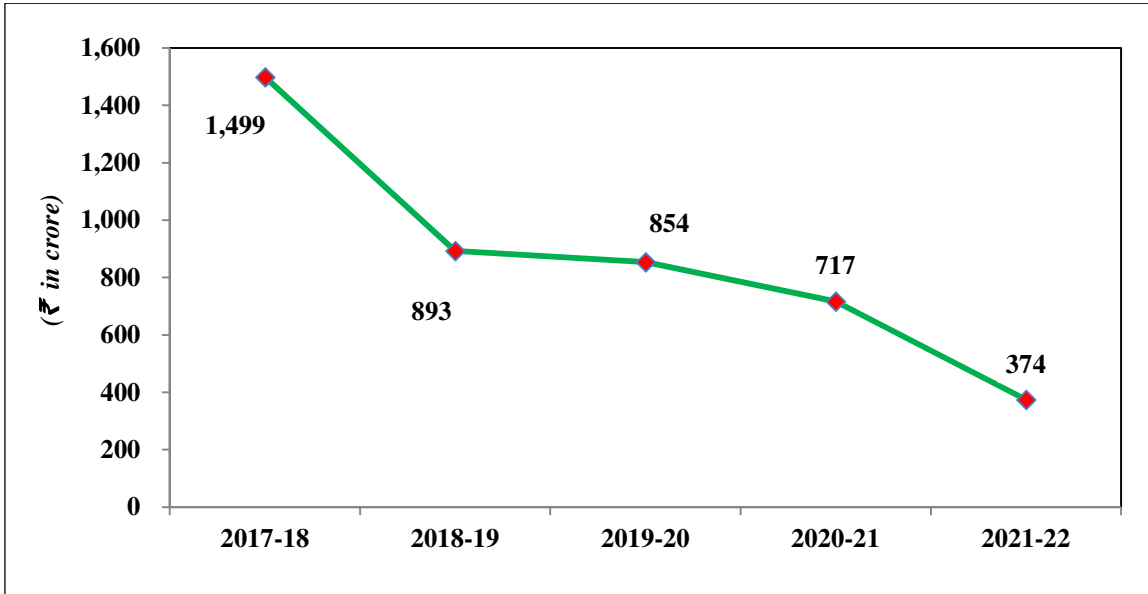
The FRBM Act, 2005 prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of coming into force of such rule or law. However, the State Legislature (under Article 293 of the Constitution 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-2.52** and **Chart-2.32**.

Table-2.52: Guarantees given by the Government of Uttarakhand

Guarantees	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding amount of guarantees as on 31 st March	1,499	893	854	717	374
Ceiling fixed by the State Government Act	Outstanding guarantees capped within one <i>per cent</i> of the GSDP of that particular year. New guarantees given during any year should not be more than 0.3 <i>per cent</i> of the GSDP for that year.				
Additions during the year	295	251	NIL	402	418
Deletions during the year	790	75	188	713	761

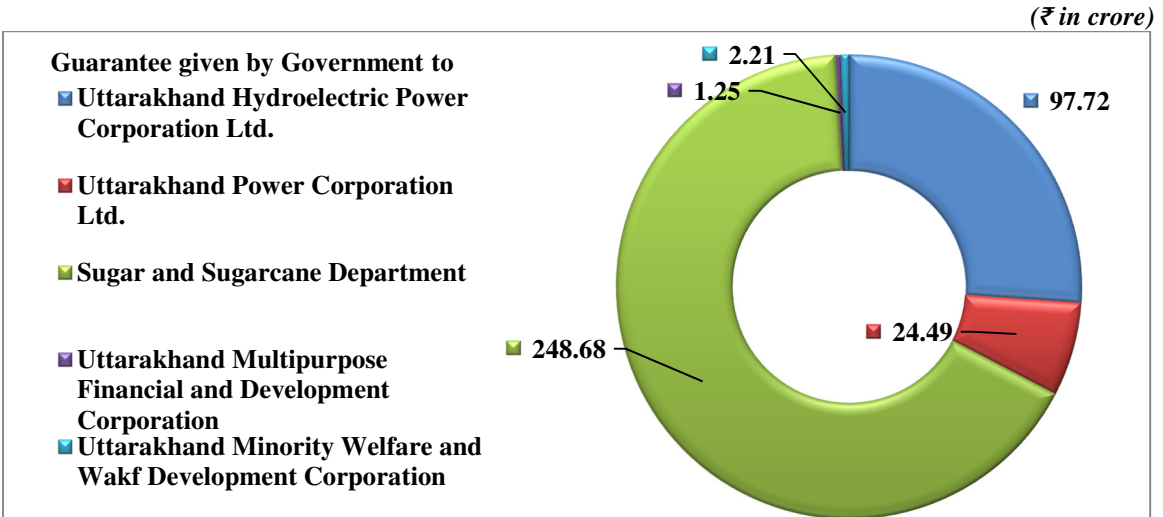
Chart-2.32: Status of Outstanding Guarantees



Source: Finance Accounts.

The amount of guarantees outstanding as on 31 March 2022 is ₹ 374 crore which comprises Power Sector (₹ 122 crore), Co-operatives (₹ 249 crore) and others (₹ 3 crore). Total outstanding guarantees as on 31 March 2022 was ₹ 374 crore which is 0.15 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 2022



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 ₹ 1.87 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 2021 and the limit of SWMA is revised by the bank from time to time. During 2021-22, on 359 days, the State Government maintained the minimum daily cash balance with the Reserve Bank of India without taking any advance and WMA and SWMA was availed on 02 days and 04 days respectively during the year.

2.11.1 Investment of Cash Balances

Table-2.53 depicts the cash balances and investments made out of these by the State Government during the year.

Table-2.53: Cash Balances and their investment

	(₹ in crore)	
	Opening balance on 01 April 2021	Closing balance on 31 March 2022
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	167.30	112.47
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	167.30	112.47
Investments held in Cash Balance investment account	1,931.57	2,037.62
Total (A)	2,098.87	2,150.09
B. Other Cash Balances and Investments		
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	1,488.62	1,698.62
Total (B)	1,477.10	1,687.10
Total (A + B)	3,575.97	3,837.19
Interest realised	32.01	34.23

Source: Finance Accounts.

Cash Balances of the State Government at the end of the current year increased by ₹ 261 crore (7 per cent) from ₹ 3,575.97 crore in 2020-21 to ₹ 3,837.19 crore in 2021-22. This was mainly due to increase in Investment held in Cash Balance Investment Account (₹ 106 crore)

and investment in earmarked fund (₹ 210 crore), which was partially counter balanced by decrease in Deposit with Reserve Bank (₹ 55 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 ₹ 34.23 crore during 2021-22 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 1,698.62 crore in earmarked funds, ₹ 1,603.62 crore was invested in the Consolidated Sinking Fund and ₹ 95 crore in Guarantee Redemption Fund at the end of the year.

The cash balance investments of the State during the five-year period 2017-18 to 2021-22 are given in the **Table-2.54** below.

Table-2.54: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
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
2021-22	1,931.57	2,037.62	(+) 106.05	34.23

The trend analysis of the cash balance investment of the State Government during 2017-18 to 2021-22 revealed that investment increased during 2020-21 and 2021-22 after gradual decrease from 2017-18 to 2019-20. During the current year there was a closing balance of ₹ 2,037.62 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 2017-18 to 2021-22. 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

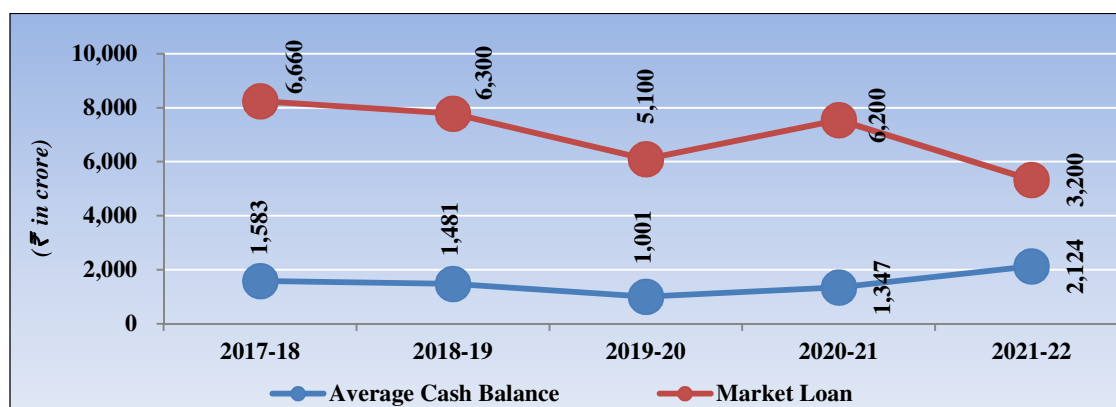
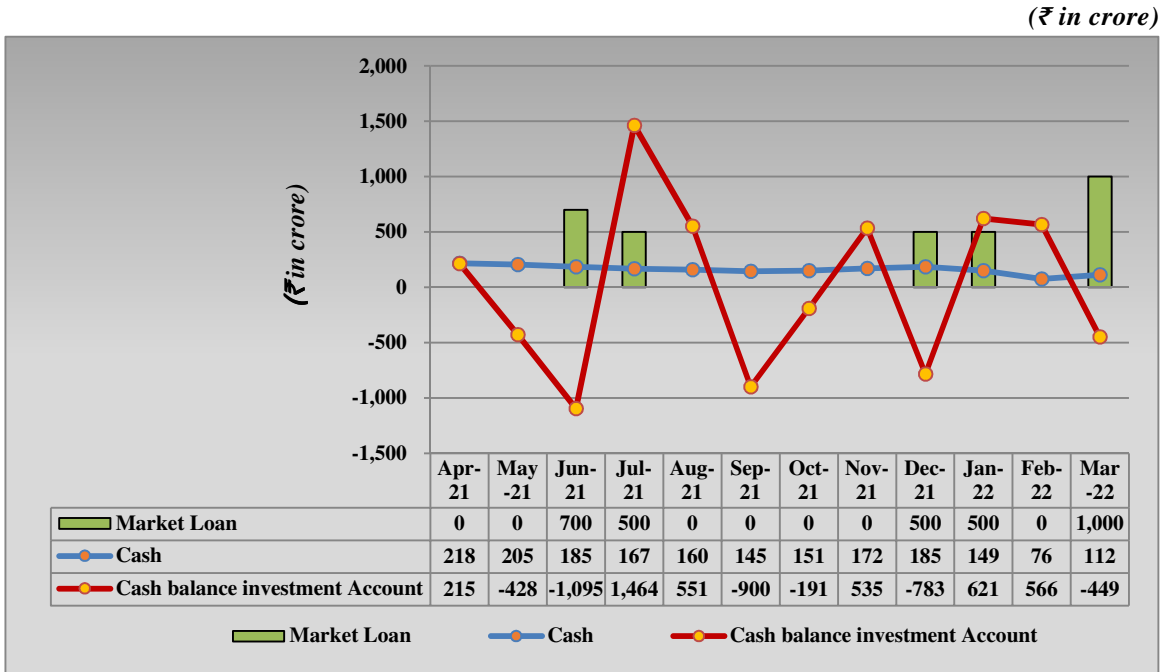


Chart-2.35 compares the month-wise Cash Balance Investment Account with the Cash Balances during 2021-22.

Chart-2.35: Month-wise movement of Cash Balances Investment Account and Cash Balance during 2021-22



The preceding chart indicates that the State Government had taken recourse to market loans on two occasions (July 2021 and January 2022) during the year despite having cash balances without putting it to productive use. During the year 2021-22, the State Government raised ₹ 3,200 crore from the market.

2.12 Conclusions

- During 2021-22, Revenue Receipts increased by ₹ 4,852 crore (12.70 per cent) over the previous year, on account of increase in Grants-in-Aid (₹ 692 crore), Own Tax Revenue (₹ 2,238 crore) and in State’s Share in Union Taxes and Duties (₹ 3,337 crore). The increase was partly counterbalanced by decrease in Non-Tax Revenue (₹ 1,415 crore).
- Revenue Expenditure formed on an average 84.02 per cent (ranging from 82.92 per cent to 85.57 per cent during 2017-22) of the total expenditure during the period 2017-22. Rate of growth of Revenue Expenditure has displayed slight fluctuating trend during the five year period 2017-22. The Committed Expenditure ranged between 61 per cent and 68 per cent of Revenue Expenditure, while it accounted for 55 per cent to 73 per cent of the Revenue Receipts of the State during the five-year period 2017-22.
- Capital Expenditure increased by ₹ 996 crore (15.23 per cent) during the current year. The Capital Expenditure incurred by the State during the year 2021-22 was higher than the projections made in the MTFPS targets (₹ 7,112 crore) by ₹ 422 crore but was less by ₹ 1,439 crore against budget projections (₹ 8,973 crore).

- The average return on Government's investment was negligible. During the current year, the amount recovered against the outstanding loans was ₹ 17.08 crore which stood at 0.83 per cent of the outstanding loans (₹ 2,047.91 crore) as on 31 March 2022.
- In Education and Social Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE & Himalayan States average during 2021-22 while under Health Sector it was below the NE & Himalayan States average during 2021-22.
- As per Finance Accounts for the Year 2021-22, there were 75 incomplete/ongoing projects worth ₹ 509.66 crore under various divisions of Public Works as on 31 March 2022. Out of these 75 projects, 24 projects (estimated cost ₹ 344.33 crore) have a time overrun of two to three years from their target years of completion whereas 51 projects (estimated cost ₹ 165.33 crore) which were to be completed by 31 March 2022 are still incomplete.
- Against the receivable Guarantee Commission fee of ₹ 7.17 crore, an amount of ₹ 1.87 crore was received resulting in short receipt of ₹ 5.30 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 overstatement of Revenue Surplus to that extent.
- The total fiscal liabilities to GSDP ratio in 2021-22 decreased by 2.32 per cent over previous year and stood at 28.12 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 more 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 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;*
- *The State Government may ensure the recoveries of Guarantee Commission fees and deposit it in the Guarantee Redemption Fund; and*
- *The State Government may ensure provision of interest liabilities in the Budget against interest bearing Reserve Fund and Deposits.*

CHAPTER-3
BUDGETARY MANAGEMENT

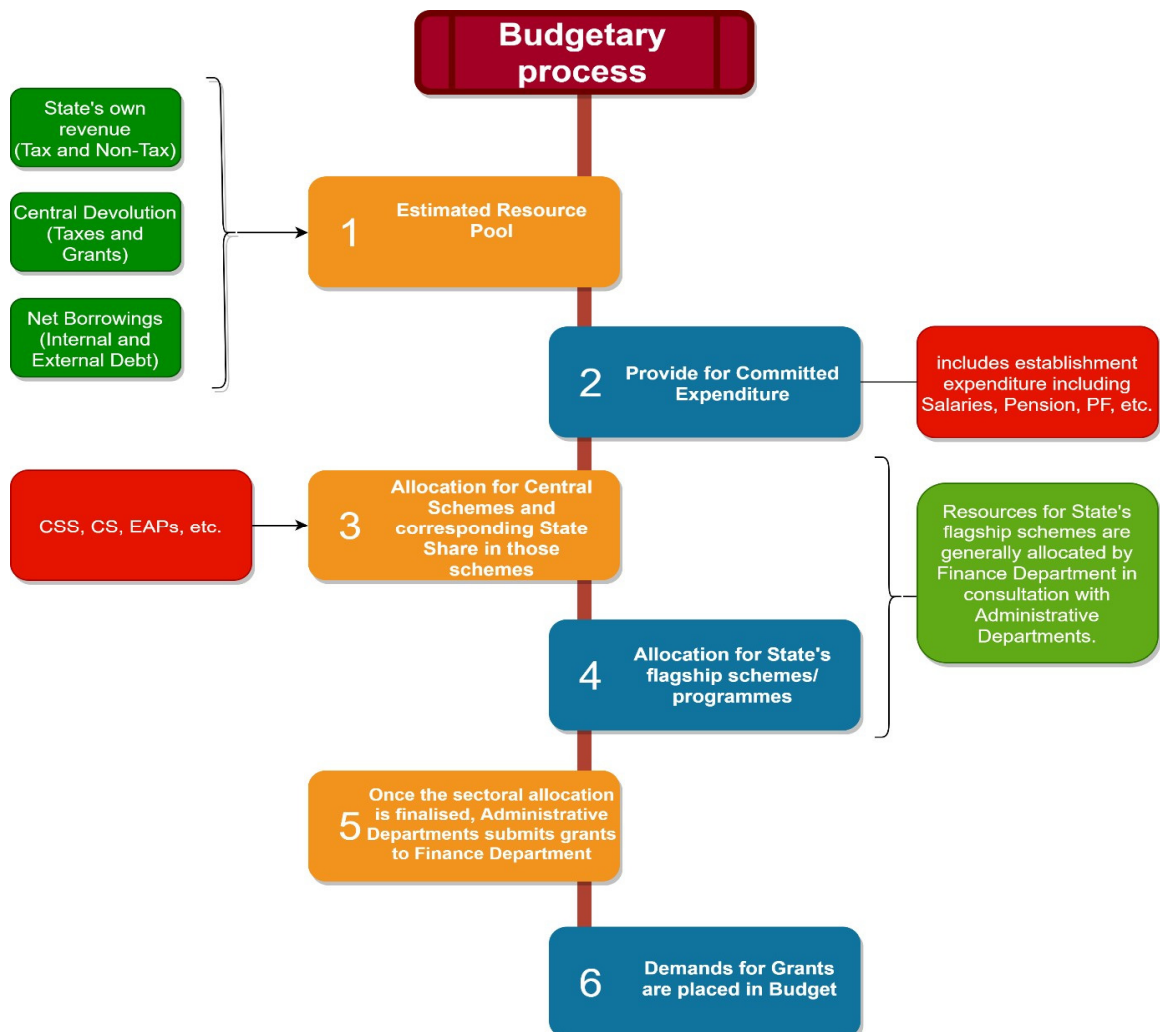
CHAPTER-3

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.

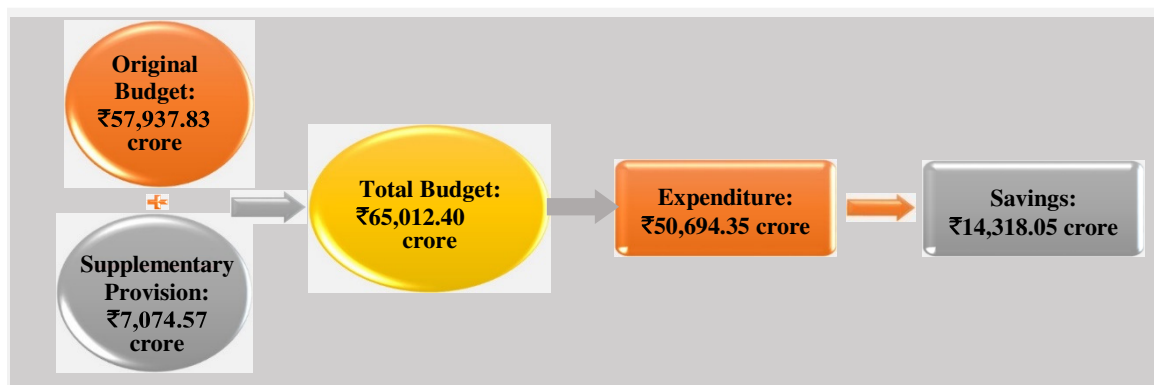
In Uttarakhand, Finance Department has the responsibility for preparing the Budget:

- 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 Demands¹ 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:

¹ There are 31 demands for Grants/Appropriations for 2021-22.

Chart-3.1: Summary of Budget and Expenditure of Uttarakhand for the year 2021-22



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 (2021-22)
(₹ in crore)

Total Budget provision		Disbursements		Saving (-) /Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
54,099.98	10,912.42	41,619.58	9,074.77	(-) 12,480.40	(-)1,837.65

Source: Appropriation Accounts.

3.2.2 Charged and voted disbursements

Break-up of total disbursement into charged and voted during 2017-18 to 2021-22 is given in **Table-3.2**.

Table-3.2: Disbursement and Savings/Excess during 2017-18 to 2021-22
(₹ in crore)

Year	Disbursements		Saving/Excess	
	Voted	Charged	Voted	Charged
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
2021-22	41,619.58	9,074.77	(-)12,480.40	(-)1,837.65

Source: Appropriation Accounts.

As it can be seen from above, there are consistent savings in the Voted segment during last five years 2017-18 to 2021-22 and consistent excesses in the Charged segment during 2017-18 to 2020-21. However, there is saving in the Charged segment during current year 2021-22.

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 one department incurred an expenditure totaling ₹ 0.28 crore² 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
7- Finance, Tax, Planning, Secretariat & Miscellaneous Services	2071 Pensions and Other Retirement Benefits	0.28	01

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

² However, in Grant No 21 (Energy) expenditure of ₹ 249.64 crore pertains as O. B. suspense clearance of the year 2011-12

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 2021-22 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.	06, 2245	Booking of capital into revenue	19.64	Expenditure on major works met from revenue expenditure.
	Sub Total		19.64	
2.	15, 4225	Booking of revenue into capital	23.57	Expenditure on grants-in-aid met from capital expenditure.
3.	23, 4859		2.00	
	Sub Total		25.57	

Analysis of data revealed that an expenditure of ₹ 19.64 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 ₹ 25.57 crore had been booked under capital section. This expenditure should have been booked under revenue section, as this expenditure pertained to grants-in-aid. No case of misclassification was noticed where expenditure on establishment and administrative expenses were booked under Capital section. During the exit conference, Secretary Finance stated that corrective measures would be taken during the current year 2023-24 in this regard.

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.

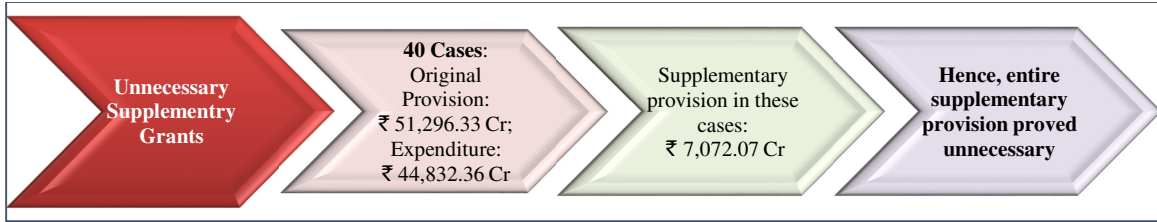
When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation. In 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 regularized 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 economy 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
Revenue (Voted)					
1	03- Council of Ministry	182.43	0.85	75.09	108.19
2	04-Judicial Administration	235.43	15.45	207.57	43.31
3	06- Revenue and General Administration	1,840.63	720.75	1499.19	1062.19
4	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	9,588.92	1211.91	9,354.87	1445.96
5	10- Police & Jail	2,251.51	2.81	2,028.05	226.27
6	11 Education, Sports, Youth Welfare & Culture	9,035.99	75.06	8,154.96	956.09
7	12-Medical, Health & Family Welfare	2,746.31	452.15	2,474.75	723.71
8	13- Water Supply, Housing & Urban Development	825.07	99.09	568.11	356.05
9	14-Information	276.75	118.40	383.41	11.74
10	15-Welfare Schemes	1,880.83	462.61	1,645.71	697.73
11	16-Labour & Employment	394.92	0.74	336.03	59.63
12	17- Agriculture Works & Research	1,093.40	48.06	1007.85	133.61

Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Provisions
13	18-Co-Operative	112.29	1.11	90.73	22.67
14	19-Rural Development	910.46	136.20	758.73	287.93
15	22-Public Works	957.34	110.14	867.77	199.71
16	23-Industries	286.15	107.96	277.30	116.81
17	24 Transport	175.80	42.56	154.41	63.95
18	26-Tourism	113.57	15.12	79.20	49.49
19	27 Forest	1,131.16	166.93	1120.66	177.43
20	28 Animal Husbandry	387.07	16.34	330.15	73.26
21	29 Horticulture Development	367.23	34.63	332.34	69.52
22	30 Welfare of Scheduled Castes	1,425.17	82.43	870.62	636.98
23	31 Welfare of Scheduled Tribes	395.25	31.01	286.52	139.74
Total		36,613.68	3,952.31	32,904.02	7,661.97
Revenue (Charged)					
1	04-Judicial Administration	54.41	5.08	47.99	11.50
2	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	6,356.13	200.00	5,148.56	1,407.57
Total		6,410.54	205.08	5,196.55	1,419.07
Capital (Voted)					
1	06- Revenue and General Administration	398.30	1.84	370.10	30.04
2	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	394.94	746.00	516.76	624.18
3	11 Education, Sports, Youth Welfare & Culture	414.79	173.00	307.15	280.64
4	12-Medical, Health & Family Welfare	442.64	38.00	313.19	167.45
5	13- Water Supply, Housing & Urban Development	1,824.98	480.88	1,336.43	969.43
6	16- Labour & Employment	92.01	25.00	51.15	65.86
7	19-Rural Development	1403.17	722.67	1596.36	529.48
8	20-Irrigation and Flood	767.66	44.99	254.17	558.48
9	22-Public Works	1,402.02	300.00	1,310.54	391.48
10	23-Industries	67.10	2.40	13.95	55.55
11	24 Transport	314.71	115.88	109.63	320.96
12	26-Tourism	122.40	30.00	111.23	41.17
13	28 Animal Husbandry	27.49	3.00	8.14	22.35
14	30 Welfare of Scheduled Castes	451.85	165.00	313.81	303.04
15	31 Welfare of Scheduled Tribes	148.05	66.02	119.18	94.89
Total		8,272.11	2,914.68	6,731.79	4,455.00
Grand Total		51,296.33	7,072.07	44,832.36	13,536.04



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 2021-22.

3.4.1 Unnecessary/excessive re-appropriation

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

Table-3.6: Excess/unnecessary re-appropriation

(₹ in crore)

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
1	04-JUDICIAL ADMINISTRATION 2014-Administration of Justice 105-Civil and Session Courts 04-Family Court	10.96	0.15	0.46	11.57	9.59	1.98
2	05 ELECTION 2015 Elections 103 Preparation and Printing of Electoral rolls 05 Election Establishment expenses (50% Central Share)	14.43	0	1.87	16.30	14.54	1.76
3	06 Revenue & General Administration 2052 Secretariat - General Services 99 - Board of Revenue 02-Revenue Commissioner Establishment	5.44	0	0.15	5.59	4.41	1.18
4	06 Revenue & General Administration 2070-Other Administrative Services 107-Home Guards 03-General Establishment	111.69	10.00	5.64	127.33	126.07	1.26
5	07 Finance, Tax, Planning Secretariat & Miscellaneous Services 2043-Collection Charges under State Goods and Services Tax 101-Collection Charges 03-Commercial Tax Establishment	92.15	0	0.58	92.73	81.93	10.80
6	08 Excise 2039 State Excise 001 Direction and Administration 03 Establishment	8.29	1.83	0.19	10.31	7.19	3.12
7	10 POLICE & JAIL 2055 Police 001 Direction and Administration 13 Establishment prosecution	10.83	0	0.55	11.38	9.32	2.06

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
8	10 POLICE & JAILS 2055 Police 001 Direction and Administration 14 State Crime inspection bureau	5.81	0	0.10	5.91	4.59	1.32
9	10 POLICE & JAILS 2055 Police 003 Education and Training 04 Education and Training Home	16.32	0	0.13	16.45	13.71	2.74
10	10 POLICE & JAILS 2055 Police 108 State Headquarter Police 04 State Disaster Response Force	51.75	0	1.25	53.00	42.73	10.27
11	10 POLICE & JAILS 2055 Police 111 Railway Police 03 Main	21.65	0	0.01	21.66	18.22	3.44
12	10 POLICE & JAILS 2055 Police 001 Direction and Administration 03 Headquarter	47.11	0	24.95	72.06	64.35	7.71
13	11-Education, Sports, Youth Welfare & Culture 2202-General Education 01 Elementary Education 104 Inspection 03- Regional Inspection	15.61	0	0.22	15.83	13.41	2.42
14	11-Education, Sports, Youth Welfare & Culture 2202-General Education 02 Secondary Education 101-Inspection 03- Regional Inspection	28.71	0	0.14	28.85	25.46	3.39
15	11-Education, Sports, Youth Welfare & Culture 2204 Sports and Youth Services 001 Direction and Administration 03- Sports Directorate	9.48	0.16	0.23	9.87	8.63	1.24
16	11-Education, Sports, Youth Welfare & Culture 2204 Sports and Youth Services 104 Sports and Game 35-Rural sports and health promotion scheme	0.50	0	14.00	14.50	12.84	1.66
17	12- Medical, Health and Family Welfare 2210-Medical and Public Health 01-Urban Health Services-Allopathy 001-Direction and Administration 03-Headquarters Establishment	22.77	0.77	0.73	24.27	20.00	4.27
18	12- Medical, Health and Family Welfare 2210- Medical and Public Health 01- Urban Health Services-Allopathy 110 Hospital and Dispensaries 23- Establishment of Gandhi Century Eye Science Center	7.71	0	0.25	7.96	5.22	2.74
19	12- Medical, Health and Family Welfare 2210- Medical and Public Health 03- Rural Health Services-Allopathy	138.54	6.70	1.55	146.79	102.99	43.80

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Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
	103- Primary Health Centers 03- Establishment Primary Health Centers						
20	12- Medical, Health and Family Welfare 2210- Medical and Public Health 03- Rural Health Services-Allopathy 104- Community Health Centers 03- Establishment Community Health Centers	176.53	4.55	1.88	182.96	138.43	44.53
21	13- Water Supply, Housing and Urban Development 4217- Capital outlay on Urban Development 03- Integrated development of Small and Medium Towns 051- Construction 04- Integrated development of Towns	22.00	0	15.00	37.00	33.44	3.56
22	14-Information 2220-Information and Publicity 60-Others 001 Direction and Administration 03 Establishment Expenses	9.21	0	3.40	12.61	11.61	1.00
23	15-Welfare 2235-Social Security and Welfare 03 National Social Assistance Programme 101 National Old Age Pension Scheme 01 Centrally Sponsored Scheme	11.89	51.69	47.63	111.21	70.46	40.75
24	19-Rural Development 2515-Other Rural Development Programmes 102-Community Development 32- Establishment of poverty employment cell and elevation capacity development	15.62	0	0.20	15.82	12.85	2.97
25	19-Rural Development 2515-Other Rural Development Programmes 102-Community Development 95-State Share in Centrally Sponsored Scheme	19.97	0	0.03	20.00	14.60	5.40
26	19-Rural Development 4515-Capital Outlay on Other Rural Development Programmes 102-Community Development 05- Payment for excess expenditure under PMGSY	20.00	0	23.00	43.00	13.24	29.76
27	20- Irrigation and Flood 4700-Capital Outlay on Major Irrigation 02- Tube well, Canal & short Canal Construction 001- Direction and Administration 02-State Funded tube wells and canal construction	3.00	0	3.50	6.50	3.63	2.87
28	20- Irrigation and Flood 4711 Capital outlay on Flood Control Projects 01 Flood Control 103 Civil Works 98 NABARD Funded	45.00	0	23.47	68.47	67.13	1.34

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
29	23- Industries 2851- Village and small industries 102- Small Scale Industries 03- Establishment Expenses	21.42	0	0.30	21.72	17.74	3.98
30	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	60.00	42.00	0.34	102.34	83.13	19.21
31	24-Transport 5053- Capital outlay on Civil Aviation 02- Airports 102- Aerodromes 03- Construction of Helipad and Hangar	6.00	0	15.00	21.00	12.24	8.76
32	26-Tourism 5452Capital Outlay on Tourism 80-General 104-Promotion and Publicity 04-State Sector	60.93	30.00	43.00	133.93	99.22	34.71
33	27- Forest 2406- Forestry and Wild Life 02-Envrimental forestry and Wild Life 110-Wild Life Preservation 95- State Share in Centrally Sponsored Scheme	5.38	0	0.69	6.07	3.66	2.41
34	28- Animal Husbandry 2403- Animal Husbandry 101- Veterinary Services and Animal Health 95- State Share in Centrally Sponsored Scheme	1.06	0.70	0.10	1.86	0.11	1.75
35	29- Horticulture Development 2401- Crop Husbandry 119- Horticulture and Vegetable Crops 07- Mulberry cultivation and skill development	16.42	0	0.55	16.97	14.62	2.35
36	30-Welfare of Scheduled Castes 2225-welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities 01Welfareof Scheduled Castes 102- Economic Development 01-Centrally Sponsored Scheme	30.62	0	0.25	30.87	9.1	21.77
37	30-Welfare of Scheduled Castes 2225-welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities 01Welfareof Scheduled Castes 277—Education 95-State Share in Centrally Sponsored Scheme	5.25	0	11.31	16.56	14.59	1.97
38	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	21.84	4.73	12.01	38.58	23.72	14.86

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
39	31- Welfare of Scheduled Tribes 2225- welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 02- welfare of Scheduled Tribes 277-Education 04- Maintenance of Ashram Padhyati school for Scheduled Tribes	27.42	0	0.26	27.68	18.38	9.30
40	31- Welfare of Scheduled Tribes 2501- Special Programmes for Rural Development 01- Integrated Rural Development Programmes 003- Training 01- Centrally Sponsored Scheme	19.12	0	6.43	25.55	20.91	4.64

During 2021-22, the State Government re-appropriated ₹ 766.86 crore within the grants as provided in the Uttarakhand Budget Manual. Out of this, an amount of ₹ 108.67 crore was re-appropriated on the last working day of the financial year 2021-22 (31 March 2022). These Re-appropriations in 27 cases out of 40 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 2021-22.

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-tried 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 utilized. 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 utilized.

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	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Savings excluding surrender
Revenue (Voted)								
1	03 Council of Ministers	182.43	0.85	183.28	75.09	108.19	59.03	108.19
2	06 Revenue & General Administration	1,840.63	720.75	2,561.38	1,499.19	1,062.19	41.47	1,062.19
3	07 Finance, Tax, Planning, Secretariat & Miscellaneous	9,588.92	1211.91	10,800.83	9,354.87	1,445.96	13.39	1,445.96
4	10 Police & Jail	2,251.51	2.81	2,254.32	2,028.05	226.27	10.04	226.27
5	11 Education, Sports, Youth Welfare & Culture	9,035.99	75.06	9,111.05	8,154.96	956.09	10.49	956.09
6	12 Medical Health & Family Welfare	2,746.31	452.15	3,198.46	2,474.75	723.71	22.63	723.71
7	13 Water Supply, Housing & Urban Development	825.08	99.08	924.16	568.11	356.05	38.53	356.05
8	15 Welfare schemes	1,880.83	462.61	2,343.44	1,645.71	697.73	29.77	697.73
9	17 Agriculture Works & Research	1,093.40	48.06	1,141.46	1007.85	133.61	11.71	133.61
10	19 Rural Development	910.46	136.20	1,046.66	758.73	287.93	27.51	287.93
11	22 Public Works	957.34	110.14	1,067.48	867.78	199.70	18.71	199.70
12	23 Industries	286.15	107.96	394.11	277.30	116.81	29.63	116.81
13	27 Forest	1,131.16	166.93	1,298.09	1120.66	177.43	13.67	177.43
14	30 Welfare of Scheduled Castes	1,425.17	82.43	1,507.60	870.62	636.98	42.25	636.98
15	31 Welfare of Scheduled Tribes	395.25	31.01	426.26	286.52	139.74	32.78	139.74
Total		34550.63	3707.95	38258.58	30990.19	7268.39	19.00	7268.39
Revenue (Charged)								
1	07 Finance, Tax, Planning, Secretariat & Miscellaneous	6,356.13	200.00	6,556.13	5,148.56	1,407.57	21.47	1,407.57
Total		6,356.13	200.00	6,556.13	5,148.56	1,407.57	21.47	1,407.57
Capital (Voted)								
1	07 Finance, Tax, Planning, Secretariat & Miscellaneous	394.94	746.00	1140.94	516.76	624.18	54.71	624.18
2	11 Education, Sports, Youth Welfare & Culture	414.79	173.00	587.79	307.15	280.64	47.74	280.64
3	12 Medical Health & Family Welfare	442.64	38.00	480.64	313.19	167.45	34.84	167.45
4	13 Water Supply, Housing & Urban Development	1,824.98	480.88	2305.86	1,336.43	969.43	42.04	969.43

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Savings excluding surrender
5	19 Rural Development	1403.17	722.67	2125.84	1596.36	529.48	24.91	529.48
6	20 Irrigation & Flood	767.66	44.99	812.65	254.17	558.48	68.72	558.48
7	22 Public Works	1,402.02	300.00	1702.02	1,310.54	391.48	23.00	391.48
8	24 Transport	314.72	115.88	430.60	109.63	320.97	74.54	320.97
9	30 Welfare of Scheduled Castes	451.85	165.00	616.85	313.81	303.04	49.13	303.04
	Total	7,416.77	2,786.42	10,203.19	6,058.04	4,145.15	40.63	4,145.15
	Grand Total	48,323.53	6,694.37	55,017.90	42,196.79	12,821.11	23.30	12,821.11

As is evident from table above, Government sought supplementary budget of ₹ 6,694.37 crore in 25 cases under 17 grants which proved unnecessary as there was a saving of ₹ 12,821.11 crore (26.53 per cent) against the Original Budget. The Government did not surrender any amount under these grants. The reasons for savings were not given in the Appropriation Accounts.

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

Details of Grants/Appropriation with budget utilization of less than 50 per cent during 2021-22 are given in the **Table-3.8**.

Table-3.8: Grants/Appropriations with budget utilization of less than 50 per cent (in 2021-22)

Sl. No.	Grant No & Name	2017-2018 (per cent)	2018-2019 (per cent)	2019-2020 (per cent)	2020-2021 (per cent)	2021-2022 (per cent)	Number of Years	Budget 2021-22 (in crore)	Total Budget of last 5 Years (in crore)
1	01 Legislature (Capital Voted)	97.73	99.84	76.93	17.29	15.00	2	13.00	90.90
2	03 Council of Ministers (Revenue Voted)	81.35	84.03	78.91	80.82	40.97	1	183.28	433.02
3	04 Judicial Administration (Capital Voted)	79.68	89.71	47.68	44.15	25.37	3	55.30	230.10
4	07, Finance, Tax, Planning, Secretariat & Miscellaneous (Capital Voted)	41.94	51.13	30.45	76.17	45.29	3	1140.94	2802.29
5	15 Welfare (Capital Voted)	31.82	47.17	64.17	47.87	31.33	4	107.60	513.78
6	16-Labour & Employment (Capital Voted)	75.17	78.27	27.48	79.67	43.71	2	117.01	205.60
7	18 Co-operative (Capital Voted)	24.95	66.98	99.98	0	0	3	80.00	290.93
8	20 Irrigation & Flood (Capital Voted)	115.64	78.16	52.23	36.00	31.28	2	812.65	2,932.97
9	23 Industries (Capital Voted)	9.38	36.37	54.86	9.15	20.08	4	69.50	365.79
10	24 Transport (Capital Voted)	87.36	7.43	17.56	0.11	25.46	4	430.60	1,392.10
11	28 Animal Husbandry (Capital Voted)	46.39	32.88	35.15	29.32	26.71	5	30.49	132.20

As has been detailed in **Table-3.8** above, under utilisation (less than 50 *per cent*) of budgetary provision was noticed in eleven grants. Further analysis revealed that three Departments viz (i) Welfare (ii) Industries and (iii)Transport were not able to utilise 50 *per cent* of the budget allocation in four out of the last five years and the Department of Animal Husbandry was not able to utilise 50 *per cent* of the budget allocation in the 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 31st March.

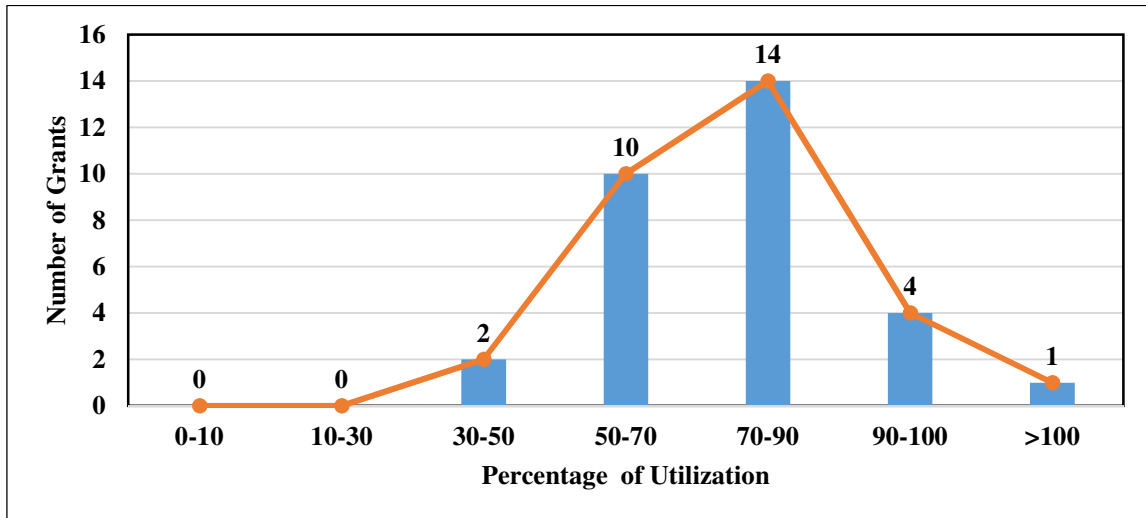
SI No.	Grant Number and Name	Original	Supplementary	Total provisions	Actual Expenditure	Saving (-) /Excess (+)	Amount Surrendered
-----NIL-----							

The State Government of Uttarakhand did not surrender any funds during the financial year 2021-22.

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



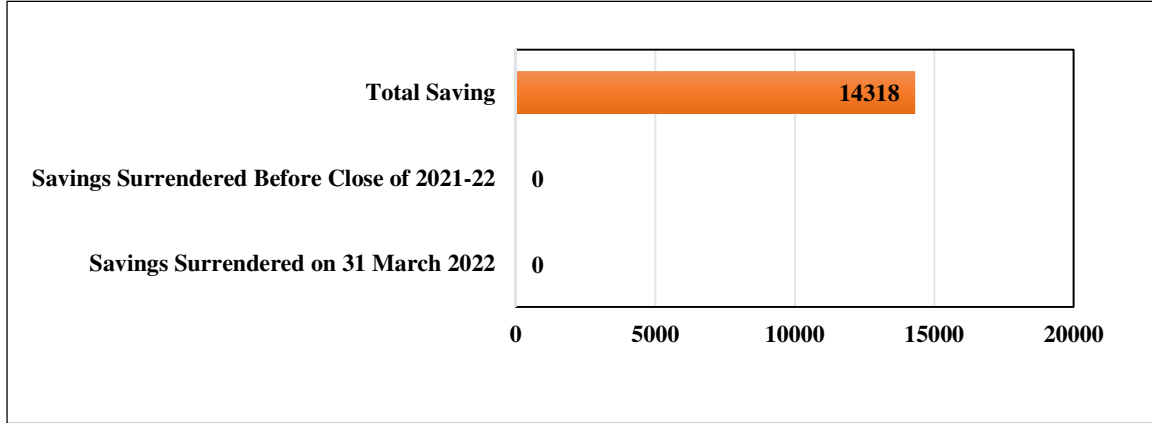
As is evident from chart above, in 14 Grants/Appropriations, the utilization was between 70 to 90 *per cent* and in 10 grants, the utilization was between 50 to 70 *per cent*, in two Grants/Appropriation utilization was below 50 *per cent* and five Grants/Appropriations namely, 02-Governor, 10-Police and Jail, 14-Information 21 Energy and 25-Food utilization was above 90 *per cent* of the budget allocations.

3.5.4 Details of savings and surrenders before close of financial year 2021-22

Details of savings and surrenders before close of financial year 2021-22 are given in **Chart-3.3**:

Chart-3.3: Savings and surrenders before close of financial year 2021-22

(₹ in crore)

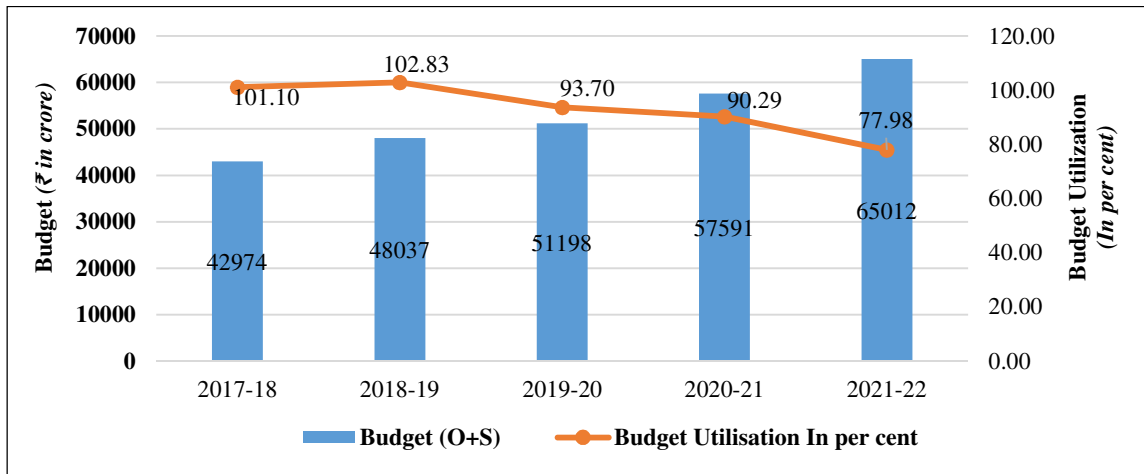


As is evident from above, there was a saving of ₹ 14,318 crore as compared to budget figures during the year 2021-22. However, the various Government departments did not propose any amount for surrender and no amount was surrendered by any department during 2021-22.

3.5.5 Budget allocation and its utilisation

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

Chart-3.4: Budget Utilization during 2017-18 to 2021-22



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 2021-22

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. No such case was noticed during 2021-22.

3.6.2 Details of Major Head wise disbursement over the authorisation

According to para 151 of Uttarakhand Budget Manual, Under sub-clauses (b) of clause (1) and (2) 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 2021-22 are given in **Table-3.10**

Table-3.10: 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.	16	2210	Medical and Public Health.	119.26	0	119.26	127.73	8.47	Grant-16-Reasons not provided by the Department.
2.	21	6801	Loans for Power Projects	48.00	0	48.00	289.73	241.73	Grant-21- excess expenditure is due to O B suspense clearance pertaining to the year 2011-12
Total								250.20	

Source:- Detailed Appropriation Accounts

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 department 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 were noticed in three grants during 2017-18 to 2020-21. However, no excess was noticed in any grant during the year 2021-22 as given in **Table-3.11** below:

Table 3.11 Details of excess noticed in three grants during 2017-18 to 2021-22

(₹ in crore)							
Sl. No	Description of Grant/Appropriation	2017-18	2018-19	2019-20	2020-21	2021-22	
1.	Grant No.-25: Food						No cases of persistent excesses found in any grant.
	Total Grant	19.27	19.00	28.50	12.00		
	Expenditure	1,341.66	1,433.04	1,011.08	93.17		
	Excess	1,322.39	1,414.04	982.58	81.17		
2.	Grant No.-07: Finance, Tax, Planning, Secretariat & Miscellaneous						
	Total Grant	2,640.23	3,182.00	2,876.31	3,503.31		
	Expenditure	7,651.62	10,230.14	9,096.03	8,269.59		
	Excess	5,011.39	7,048.14	6,219.72	4,766.28		
3.	Grant No.-17: Agriculture, Works & Research						
	Total Grant	23.03	No excess	25.00	11.03		
	Expenditure	26.75		37.18	27.22		
	Excess	3.72		12.18	16.19		

Source:- Appropriation Accounts

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 ₹ 47,758.16 crore pertaining to previous years from 2005-06 to 2020-21 was yet to be regularised by the State Legislature. The year-wise amount of excess expenditure pending regularisation is summarised in **Table-3.12**.

Table-3.12: Details of year-wise amount of excess expenditure pending 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	

Year	Grant No./Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularization
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	03	07, 17 & 25	7,214.48	
2020-21	06	07, 17, 18, 19, 25 & 29	4,884.55	
Total			47,758.16	

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 the exit conference, Secretary Finance assured that steps would be taken to get the amount regularized by the Legislature/ PAC.

3.7 Grant-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 2017-18 to 2021-22 are given in the **Table-3.13**.

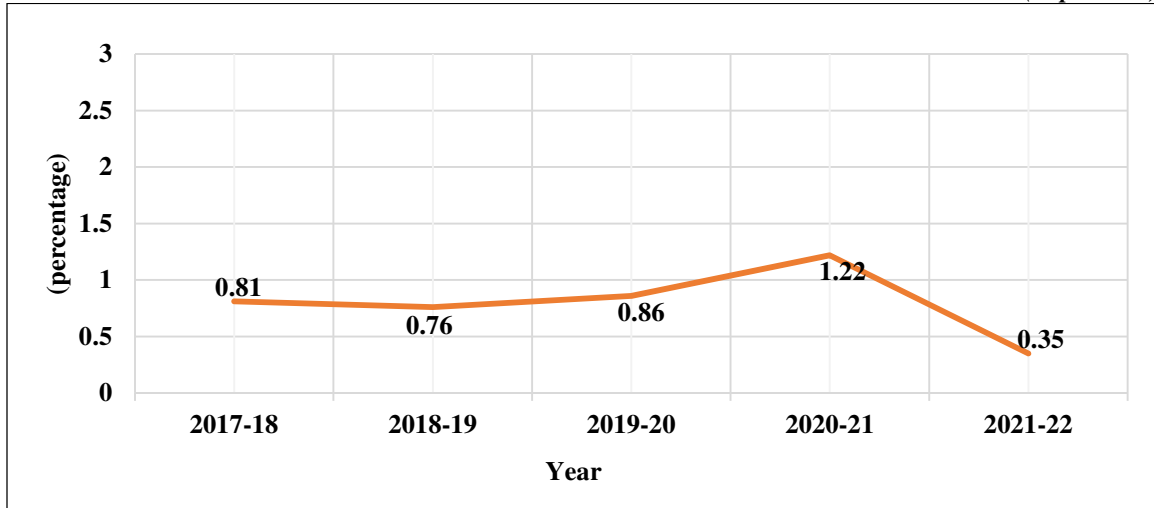
Table-3.13: Details of Grants-in-aid classified as Capital Expenditure

	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
GIA booked as Capital Expenditure	48	47	46	80	26
Total Capital Expenditure	5,914	6,184	5,414	6,538	7533
Share of GIA in Capital Expenditure (In per cent)	0.81	0.76	0.86	1.22	0.35
Impact on Revenue Deficit (-)/Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-) 2,026	(-) 1,027	(-) 2,182	(+)1,034	(+)4102

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

(in per cent)



The State Government has continued to book Grants-in-aid as capital expenditure over the period 2017-18 to 2021-22. This has resulted that Revenue Deficit was understated by 2.11 per cent to 4.58 per cent during 2017-18 to 2019-20 and revenue surplus was overstated by 7.74 per cent and 0.63 per cent during 2020-21 and 2021-22 respectively.

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 2021-22 in respect of 31 Grants/Appropriations is given in **Table-3.14**.

Table-3.14: Summarised position of Original/Supplementary Provisions *vis-à-vis* Actual Expenditure during 2021-22

(₹ in crore)

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Net of Savings (-) Excess (+)	Surrender during March	
							Amount	Percent
Voted	I. Revenue	37567.54	3,954.36	41,521.90	33,684.33	(-)7,837.57	0.00	0.00
	II. Capital	9513.35	2,915.13	12,428.48	7,587.79	(-)4,840.69		
	III. Loans & Advances	149.60	0	149.60	347.46	(+)197.86		
Total		47,230.49	6,869.49	54,099.98	41,619.58	(-)12,480.40		

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Net of Savings (-) Excess (+)	Surrender during March	
							Amount	Percent
Charged	IV. Revenue	6465.77	205.08	6,670.85	5244.62	(-)1,426.23		
	V Capital	0	0	0	0	0		
	VI Public Debt-Repayment	4,241.57	0	4241.57	3830.15	(-)411.42		
	Total	10,707.34	205.08	10,912.42	9,074.77	(-)1,837.65		
	Appropriation to Contingency Fund (if any)	0	0	0	0	0		
	Grand Total	57,937.83	7,074.57	65,012.40	50,694.35	(-)14,318.05		

Source: Appropriation Accounts.

As shown above, there was an overall net saving of ₹ 14,318.05 crore from budgetary figures which was the result of saving of ₹ 14,515.91 crore in Grants and Appropriations, offset by excess of ₹ 197.86 crore. Further, no surrenders were made during the year 2021-22.

Details of Original Budget, Revised Estimate and Actual Expenditure during 2017-18 to 2021-22 are given in **Table-3.15**.

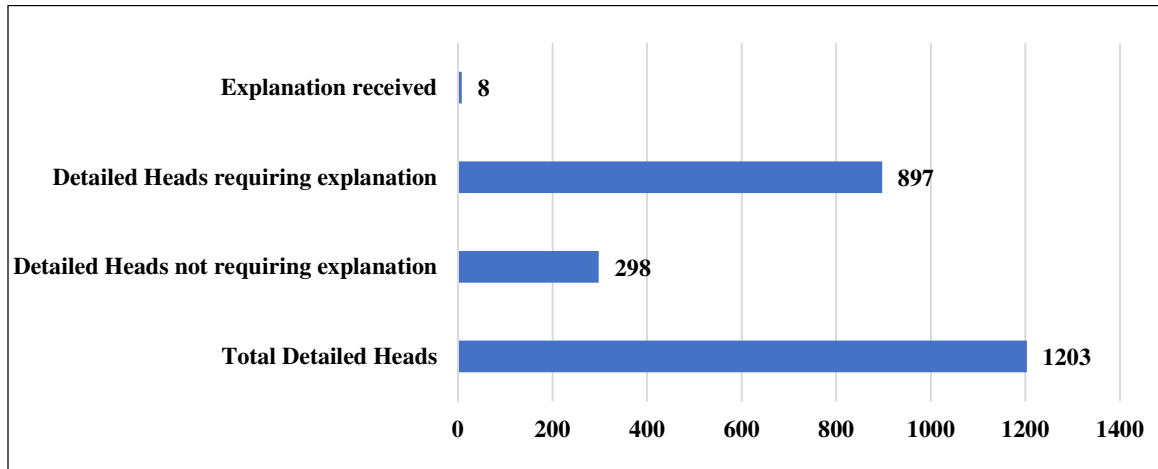
Table-3.15: Original Budget, Revised Estimate and Actual Expenditure during 2017-18 to 2021-22
(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	39,957.78	45,585.09	48,663.90	53,526.97	57,937.83
Supplementary Budget	3,015.75	2,452.40	2,533.90	4,063.79	7,074.57
Revised Estimate	37,992.87	43,460.93	45,081.50	51,343.15	53,130.62
Actual Expenditure	43,444.76	49,395.84	47,973.19	52,000.11	50,694.35
Saving(-) /excess(+)	(+) 471.23	(+) 1,358.35	(-)3,224.61	(-)5,590.65	(-)14,318.05
Percentage of Saving	NA	NA	6.30	9.71	22.02

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 2021-22, the State Government booked the expenditure under 1, 203 detailed heads below different major heads of accounts under 31 grants and appropriations. Out of 1,203 detailed heads, variation (20 per cent or more) against the total budget provision was noticed in 897 detailed heads. Out of 897 detailed heads explanation was given only in 8 detailed heads. Further, out of 1, 203 detailed heads justification was not required in respect of 306 detailed heads, as the variation in these detailed heads were below 20 per cent.

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-3.16**

Table-3.16: Details of un-utilised funds under capital voted section

Sl. No.	Number/ Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital (Voted)						
1	06-Revenue and General Administration	398.30	1.84	400.14	370.10	30.04
2	07/ Finance, Tax, Planning, Secretariat & Misc Services	394.94	746.00	1140.94	516.76	624.18
3	11/ Education, Sports, Youth Welfare & Culture	414.79	173.00	587.79	307.15	280.64
4	12/ Medical Health & Family Welfare	442.64	38.00	480.64	313.19	167.45
5	13/ Water Supply, Housing & Urban Development	1, 824.98	480.88	2305.86	1, 336.43	969.43
6	16/ Labour & Employment	92.01	25.00	117.01	51.15	65.86
7	19/Rural Development	1403.17	722.67	2125.84	1596.36	529.48
8	20/Irrigation and Flood	767.66	44.99	812.65	254.17	558.48
9	22/ Public Works	1, 402.02	300.00	1702.02	1, 310.54	391.48
10	23/Industries	67.10	2.40	69.50	13.95	55.55
11	24/Transport	314.71	115.88	430.59	109.63	320.96
12	26/Tourism	122.40	30.00	152.40	111.23	41.17
13	28/ Animal Husbandry	27.49	3.00	30.49	8.14	22.35
14	29/Horticulture Development	20.5	0.44	20.94	15.94	5.00
15	30/ Welfare of Scheduled Castes	451.85	165.00	616.85	313.81	303.04
16	31/ Welfare of Scheduled Tribes	148.05	66.02	214.07	119.18	94.89
Total		8, 292.61	2, 915.12	11, 207.73	6, 747.73	4, 460.00

Due to unavailability 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 ₹ 4, 460.00 crore under capital section could have been utilised for the completion of those schemes/projects.

3.10 Adherence of Financial Power 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 ₹ 766.86 crore was 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 2021-22 was incurred in March 2022 in respect of 5 major heads as listed in **Table-3.17** below:

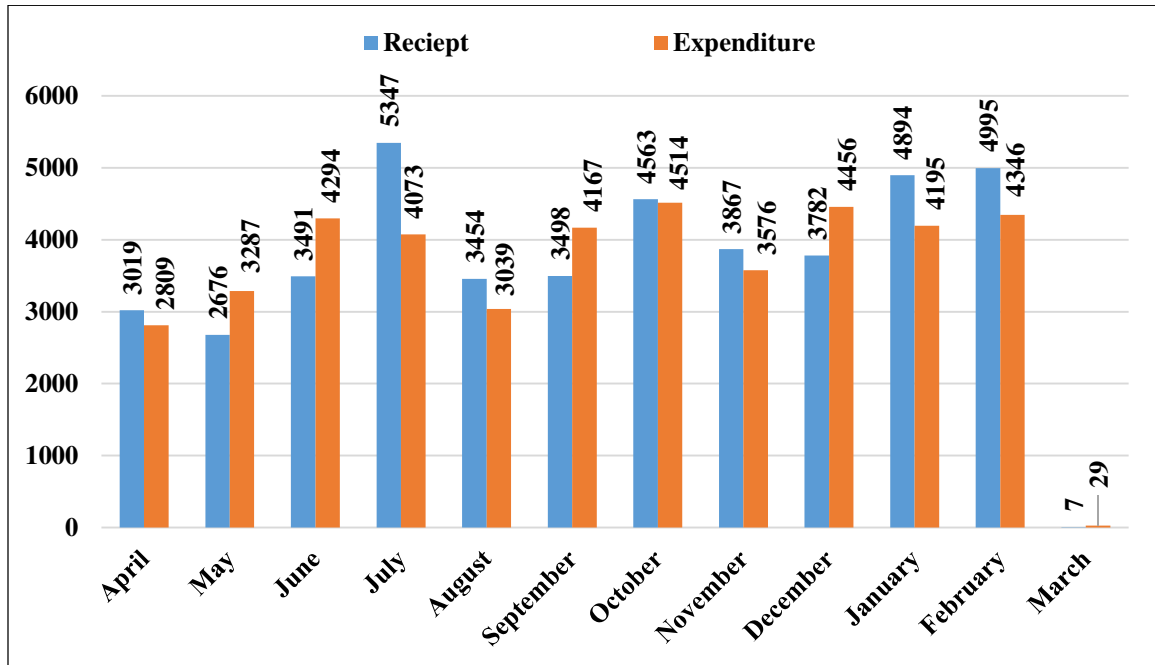
Table-3.17: Grants where more than 50 per cent of expenditure was incurred in March alone (In percentage)
(₹ in crore)

Sl. No.	Major Head	Description	Ist Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	2015	Election	5.75	8.37	12.88	87.74	114.74	65.85	57.39
2	2225	Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	12.79	23.48	23.25	120.41	179.93	97.81	54.36
3	2408	Food Storage and Warehouse	9.91	9.03	11.22	58.34	88.50	49.90	56.38
4	4700	Capital Outlay on Major Irrigation (1)	0	22.53	19.59	76.47	118.59	68.08	57.41
5	4711	Capital Outlay on Flood Control Projects	0	14.38	11.30	71.83	97.51	58.31	59.80
Total			28.45	77.79	78.24	414.79	599.27	339.95	56.73

The monthly pace of expenditure was not uniform as was required under the Uttarakhand Budget Manual, as 69.22 per cent of expenditure under Five Major Heads was incurred in the last quarter of the financial year 2021-22. However, no amount drawn during the month was transferred to Public Accounts.

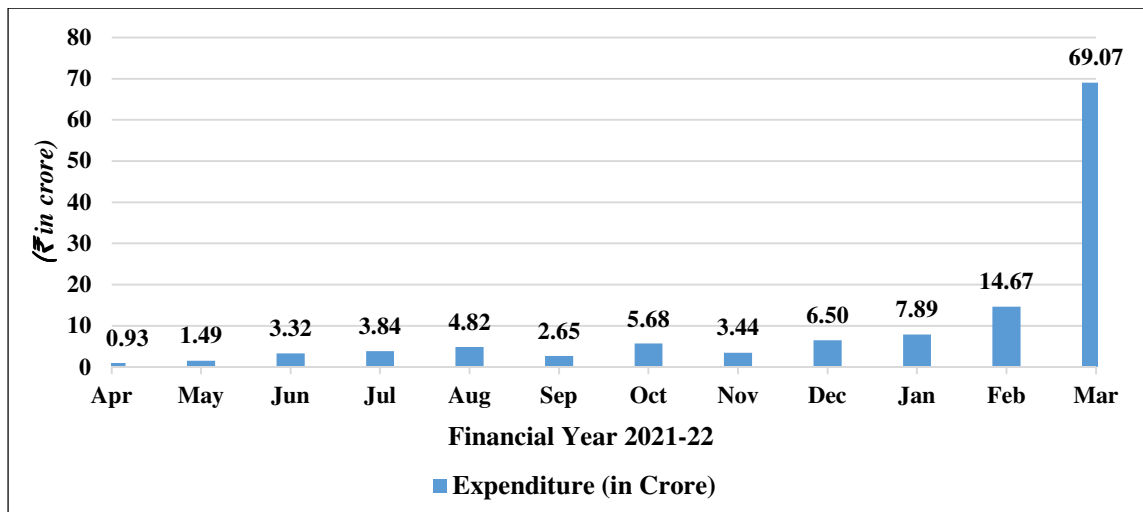
Details of monthly receipts and expenditure incurred against these receipts are given in the **Chart-3.7** below:

Chart-3.7: Monthly receipts and expenditure during 2021-22 (₹ in crore)



Details of monthly expenditure incurred during 2021-22, with high percentage expenditure incurred in the Month of March 2022 was noticed for Election Department which is given in the **Chart-3.8** below:

Chart-3.8: Month wise expenditure of Election Department with very high percentage of expenditure in March



As can be seen from the above chart, 56 per cent of expenditure under Department of Election was incurred in the month of March 2022. 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 22: Public Works, 25: Food for the period 2019-20 to 2021-22 revealed the following position.

Grant Number 22. Public Works

A. Revenue Expenditure

The overall revenue expenditure showed increase during 2020-21 by 15.45 per cent and further increased by 12.74 per cent during 2021-22 over the previous year, as summarized in the **Table-3.18**.

Table-3.18: Summarized position of actual expenditure vis-à-vis original provision during 2019-20 to 2021-22
(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In percent	
							Saving	Variation in expenditure over last year
2059- Public Works 2216- Housing 3054-Roads and Bridge	2019-20	841.38	51.90	893.28	666.68	226.60	25.37	NA
	2020-21	966.86	20.00	986.86	769.70	217.16	22.01	15.45
	2021-22	957.34	110.14	1067.48	867.78	199.70	18.71	12.74
Total		2,765.58	182.04	2,947.62	2,304.16	643.46	21.83	--

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2019-20 to 2021-22. There was unnecessary supplementary provision of ₹ 182.04 crore in 2019-12 to 2021-22, as the original allotment (₹ 2,765.58 Crore) was more than the actual expenditure (₹ 2,304.16 Crore) in these years. Further, in one sub head development/construction works in sub-division under Public Works (2059-80-051-03) the supplementary provision of ₹ 5.08 crore was unnecessary as the final savings under this subhead was ₹ 82.14 crore which was more than the supplementary provision.

It further revealed that under Major Head 5054- Capital Outlay on Roads and Bridges, 799-Suspense head, a credit balance of ₹ 419.50 crore exists without any transaction during the period from 2019-20 to 2021-22. The closing balance represents the amount recoverable from different parties (contractors, employees, depositors). Further, there is no budgetary allocation under 799 suspense head under MH 2059/3054 /5054 during 2021-22. However, there were instances of procurement of stock during 2021-22.

During the exit conference, Secretary Finance assured that Finance Department will take up the matter with concerned department.

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-3.19** below.

Table-3.19: Trends of major variations in expenditure over previous years in grant

Sl. No.	Scheme Name	Head of Account	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
			2019-20	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1	Roads and Bridges District and Other Roads Road Works Maintenance and Repairs	3054-04-337-03	18246.92	29826.09	38462.09	11579.17	8636.00	63.46	28.95

Source: Detailed Appropriation Accounts.

B. Capital Expenditure

The overall capital expenditure increased by 23.07 per cent during 2020-21 and increased by 25.45 per cent during 2021-22 over the previous year, as summarized below in **Table-3.20**.

Table-3.20: Summarized position of actual expenditure vis-à-vis original /supplementary provision during 2019-20 to 2021-22

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In percent	
							Saving	Variation in expenditure over last year
4059-Capital Outlay on Public Works 5054-Capital Outlay on Roads and Bridges	2019-20	1047.00	182.00	1229.00	848.83	380.17	30.93	-
	2020-21	1079.70	200.00	1279.70	1044.64	235.06	18.37	23.07
	2021-22	1402.02	300.00	1702.02	1310.54	391.48	23.00	25.45
Total		3528.72	682.00	4210.72	3204.01	1006.71	23.91	

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings in the years, 2019-20, 2020-21 and 2021-22. During the period 2019-20 to 2021-22, supplementary provisions of ₹ 682.00 crore proved unnecessary as the original provision (₹ 3, 528.72 crore) was far more than the actual expenditure of ₹ 3, 204.01 crore. Further, in one sub head, State Sector Road works under Roads and Bridges (5054-04-337-03) the supplementary provision of ₹ 100.00 crore was unnecessary as the final savings under the subhead was ₹ 146.24 crore which was more than the supplementary provisions under the subhead.

The details of variations in which ₹ 20 crore and above have been depicted under each subhead over the previous years in Grant Number 22 are shown in **Table-3.21**.

Table-3.21: Trends of major variations in expenditure over previous years

Sl. No.	Scheme Name	Head of Account	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
			2019-20	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1	Capital Outlay on Roads and Bridges District & Other Roads Road Works Centrally Sponsored Scheme	5054-04-337-01	1090.97	8517.85	23045.69	7426.88	14527.84	680.76	170.56
2	Capital Outlay on Roads and Bridges District & Other Roads Road Works State Sector	5054-04-337-03	52824.04	62073.14	80744.38	9249.10	18671.24	17.51	30.08
3	Capital Outlay on Roads and Bridges District & Other Roads Road Works NABARD Funded	5054-04-377-98	25402.64	25952.10	22127.55	549.46	-3824.55	2.16	-14.74

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 (-) 14.74 per cent to 170.56 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 2019-20 to 2021-22 at the end of the year. (₹ one crore has been taken as base).

Table-3.22: Summarized position of non-utilisation of entire provision during 2019-20 to 2021-22 (₹ in lakh)

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1.	2019-20	Capital Outlay on Roads and Bridges District & Other Roads Road Work Provision for the treatment of chronic Slip Zone	5054-04-337-06	500.00	0.00	500.00
2.		Capital Outlay on Roads and Bridges Roads Road Works Laying of Ducts in major urban cities	5054-05-337-03	500.00	0.00	500.00

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
3.		Capital Outlay on Roads and Bridges General Investment in Public sector and other undertakings Share Capital to Uttarakhand Infrastructure Development Corporation	5054-80-190-03	300.00	100.00	400.00
Sub Total						1, 400.00
4.	2020-21	Capital Outlay on Roads and Bridges District & Other Roads Road Work Provision for the treatment of chronic Slip Zone	5054-04-337-06	500.00	0.00	500.00
5.		Capital Outlay on Roads and Bridges Roads Road Works Laying of Ducts in major urban cities	5054-05-337-03	500.00	0.00	500.00
6.		Capital Outlay on Roads and Bridges General Investment in Public sector and other undertakings Share Capital to Uttarakhand Infrastructure Development Corporation	5054-80-190-03	400.00	0.00	400.00
Sub Total						1, 400.00
7.	2021-22	Capital Outlay on Roads and Bridges Roads Road Works Laying of Ducts in major urban cities	5054-05-337-03	500.00	0.00	500.00
8.		Capital Outlay on Roads and Bridges General Investments in Public sector and other undertakings Share Capital to Uttarakhand Infrastructure Development Corporation	5054-80-190-03	200.00	0.00	200.00
Sub Total						700.00

Source: Detailed Appropriation Accounts.

As can be seen, cases of complete budget not being utilised persisted in certain schemes for the years 2019-20, 2020-21 and 2021-22 respectively.

D. Receipts

The overall position of revenue receipts under Major Head 0059, 0216 and 1054 of the selected grant during 2019-20 to 2021-22 is summarized in **Table-3.23**.

Table-3.23: Position of revenue receipts under Major Head 0059, 0216 and 1054 of the Grant
(₹ in crore)

Head of Account	Year	BE	RE	Actual Receipts	Excess(+)/Shortfall (-) from RE	Per cent variation to RE
0059-Public Works	2019-20	41.16	41.16	52.59	11.43	27.77
	2020-21	45.62	41.16	62.19	21.03	51.09
	2021-22	20.12	37.62	46.27	8.65	22.99
0216-Housing	2019-20	10.50	10.50	7.80	(-)2.7	(-)25.71
	2020-21	10.50	7.50	7.42	(-)0.08	(-)1.07
	2021-22	8.00	7.73	7.72	(-)0.01	(-)0.13
1054-Roads and Bridges	2019-20	0.02	0.02	0.00	(-)0.02	(-)100
	2020-21	0.02	0.02	0.00	(-)0.02	(-)100
	2021-22	0.02	0.02	0.00	(-)0.02	(-)100

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-3.24**.

Table-3.24: Summarised position of Receipts during 2019-20 to 2021-22
(₹ in crore)

SI No.	Head of Account	Year	BE	RE	Actual Receipts	Excess (+)/	Percentage variation to RE
						Shortfall (-)	
1	0059-01-011 (Rent)	2019-20	0.03	0.03	0.30	0.27	900.00
		2020-21	0.09	0.09	2.21	2.12	2355.56
		2021-22	0.09	1.09	1.25	0.16	14.68
2.	0059-01-103 (Recovery of percentage charge)	2019-20	3.50	3.50	31.73	-28.23	-806.57
		2020-21	3.50	3.04	24.13	21.09	693.75
		2021-22	3.50	20.00	16.40	-3.60	-18.00
3.	0059-01-800 (Other receipts)	2019-20	37.63	37.63	20.56	-17.07	-45.36
		2020-21	42.03	38.03	35.86	-2.17	-5.71
		2021-22	16.53	16.53	18.62	2.09	12.64
4.	0216-01-106 (General pool accommodation)	2019-20	10.50	10.50	7.80	-2.70	-25.71
		2020-21	10.50	7.50	7.42	-0.08	-1.07
		2021-22	8.00	7.73	7.72	-0.01	-0.13
5.	0216-02-800 (Other receipts)	2019-20	0.00	0.00	0.16	0.16	0.00
		2020-21	0.00	0.00	0.04	0.04	0.00
		2021-22	0.00	0.00	0.00	0.00	0.00
6	1054-102-01 (Road tax on permanent bridges)	2019-20	0.01	0.01	0.00	-0.01	-100.00
		2020-21	0.01	0.01	0.00	-0.01	-100.00
		2021-22	0.01	0.01	0.00	-0.01	-100.00

Source: Budget and Finance Accounts.

Analysis of receipts under Grant Number 22 showed that there are only three major head under which the receipts are booked and receipts are booked mainly under five minor heads³.

Grant Number 25: Food

A. Revenue Expenditure

The overall revenue expenditure increased during 2020-21 by 89.90 per cent and further increased by 11.86 per cent during 2021-22 over the previous year, as summarized below in **Table-3.25**.

³ 011-Rent, 103- Recovery of percentage charges, 106-General Pool Accommodation, 800 Other Receipts, 102 Tools on Roads.

Table-3.25: Summary of actual expenditure vis-à-vis original provision during 2019-20 to 2021-22
(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In percent	
							Saving	Variation in expenditure over last year
2408-Food Storage and Warehouse 3456-Civil Supplies 3475 Other General Economic Services	2019-20	224.32	1.27	225.59	48.52	177.07	78.49	-
	2020-21	222.49	0.65	223.14	92.14	131	58.71	89.90
	2021-22	163.47	0.11	163.58	103.07	60.51	36.99	11.86
Total		610.28	2.03	612.31	243.73	368.58	60.19	

Source: Appropriation Accounts

It is evident from the above that there were persistent savings during 2019-20 to 2021-22. During this period, supplementary provision of ₹ 2.03 crore proved unnecessary as the original provision (₹ 610.28 crore) was more than the actual expenditure of ₹ 243.73 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.

There was no inappropriate expenditure pattern at sub head level within the Minor Heads of the Grant for schemes outlays of more than ₹ 20 crore

B. Capital Expenditure

The overall Capital Expenditure showed a decrease of 90.79 per cent during 2020-21 and increase of 450.25 per cent in 2021-22 over the previous year, as summarised in **Table-3.26**.

Table-3.26: Summarized position of actual expenditure vis-à-vis original provision during 2019-20 to 2021-22
(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving (-)/ Excess(+)	In percent	
							Saving	Variation in expenditure over last year
4408-Capital Outlay on Food Storage and Warehouse	2019-20	28.50	0	28.50	1011.08	(+)982.58	(+)3447.65	-
	2020-21	12.00	0	12.00	93.17	(+)81.17	(+)676.42	-90.79
	2021-22	518.02	0	518.02	512.67	(-)5.35	(-)1.03	450.25
Total		558.52	0	558.52	1616.92	(+)1058.40	(+)189.50	--

Source: Appropriation Accounts.

It is evident from the above that there were excesses during the year 2019-20 and 2020-21. However, in 2021-22 saving is noticed.

The details of variations in which ₹ 20 crore and above have been depicted under each subhead over the previous years in Grant Number 25 are shown in **Table-3.27**.

Table-3.27: Trends of major variations in expenditure over previous years in Grant No 25
(₹ in lakh)

Sl. No.	Name of the Scheme	Head of Account	Expenditure (₹ in lakh)			Variation (₹ in lakh)		Variation in per cent	
			2019-20	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1.	Capital Outlay on Food Storage and Warehousing Food Procurement and Supply CSS	4408-01-101-01	100940.25	9167.41	51156.92	(-) 91772.84	41989.51	(-) 90.92	458.03

Source: Detailed Appropriation Accounts

The Department draws funds from the treasury under major head 4408 to procure food grains for supply under Public Distribution System. The recoveries on sale of said food grain is then accounted under appropriate head of account. **Table-3.28** gives the position of disbursement of funds for procurement of food grain, recoveries and progressive balance under MH 4408 -01-101.

Table-3.28: procurement and supply of food under Capital Head 4408
(₹ in crore)

Year	Procurement during the year	Recoveries during the year	Progressive expenditure
2019-20	568.67	1.15	2, 789.03
2020-21	69.79	0.00	2, 858.82
2021-22	492.87	0.00	3, 351.69

Source: Finance Accounts

The progressive balance of ₹ 3351.69 as of March 2022 was not reconciled with proforma accounts of the Department as the same had not been prepared since 2015-16. Further, comparing the details of Balance Sheet of Food and Civil Supplies Department with the Finance Accounts of Government of Uttarakhand for the year 2014-15, it was noticed that the closing balance of the stock in Balance Sheet was shown as ₹ 217.95 crore whereas the Finance Account shows the closing balance as ₹ 361.57 crore. Thus, there was a difference of ₹ 143.62 crore which was treated as Capital Expenditure by the State Government.

During the exit conference, Secretary Finance assured that matter will be followed up on priority basis. Necessary directions to the Food Departments are being issued for early preparation and submission of their annual accounts from 2015-16 onwards.

C. Non-utilisation of the entire provision

Test check of certain sub-heads revealed that the Department did not utilize the entire provision during 2019-20 to 2021-22 at the end of the year (₹ one crore and above) as given in **Table-3.29**.

Table-3.29: Summarized position of non-utilisation of entire provision during 2019-20 to 2021-22
(₹ in lakh)

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1	2019-20	Food, Storage and Warehousing Food Subsidies Central Plan / Centrally Sponsored Scheme	2408-01-102-01	10000.00	0.00	10000.00
2		Food, Storage and Warehousing Food Subsidies Payment of transportation and tax under distribution of sugar scheme	2408-01-102-05	1000.00	0.00	1000.00
3		Food, Storage and Warehousing Food Subsidies State food Scheme	2408-01-102-06	5500.00	0.00	5500.00
4		Capital Outlay on Food Storage and Warehousing Food Other Expenditure Construction of Godowns	4408-01-800-05	300.00	0.00	300.00
5	2020-21	Food, Storage and Warehousing Food Subsidies State food Scheme	2408-01-102-06	5000.00	0.00	5000.00
6		Other General Economic Services Regulation of Weights and Measures Central Plan / Centrally Sponsored Scheme	3475-106-01	200.00	0.00	200.00
7		Capital Outlay on Food Storage and Warehousing Food Other Expenditure Construction of Building for Food Commissioner	4408-01-800-04	100.00	0.00	100.00
8	2021-22	Food, Storage and Warehousing Food Subsidies State food Scheme	2408-01-102-06	3357.50	0.00	3357.50
9		Capital Outlay on Food Storage and Warehousing Food Procurement and Supply State Share in CSS	4408-01-101-95	100.50	0.00	100.50

Source: Detailed Appropriation Accounts

D. Receipts

The overall position of revenue receipts under Major Head 0408, 1456 and 1475 of the grant during 2019-20 to 2021-22 is summarised in **Table-3.30**.

Table-3.30: Position of revenue receipts under 0408, 1456, 1475 Major Head of the grant
(₹ in crore)

Head of Account		BE	RE	Actual Receipts	Excess (+)/Shortfall (-)	Percentage variation to RE
0408-Food Storage and Warehousing	2019-20	0.00	0.00	0.00	0.00	0.00
	2020-21	0.00	0.00	0.07	0.07	0.00
	2021-22	0.00	0.00	0.06	0.06	0.00
1456- Civil Supplies	2019-20	0.40	0.40	0.38	(-)0.02	(-)5.00
	2020-21	0.40	0.61	0.90	0.29	47.54
	2021-22	0.65	0.70	0.75	0.05	7.14
1475 – Other General Economic Services	2019-20	7.99	8.99	8.70	(-)0.29	3.23
	2020-21	9.49	6.09	6.70	0.61	10.02
	2021-22	7.99	7.99	7.74	(-)0.25	(-)3.13

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-3.31**.

Table-3.31: Position of Receipts under Major Head-0408, 1456, 1475
(₹ in crore)

SI No.	Head of Account	Year	BE	RE	Actual Receipts	Excess (+)/	Percentage variation to RE
						Shortfall (-)	
1.	0408-101-01	2019-20	0.00	0.00	0.00	0.00	0.00
		2020-21	0.00	0.00	0.04	0.04	0.00
		2021-22	0.00	0.00	0.06	0.06	0.00
2.	0408-800-01	2019-20	0.00	0.00	0.00	0.00	0.00
		2020-21	0.00	0.00	0.03	0.03	0.00
		2021-22	0.00	0.00	0.00	0.00	0.00
3.	1456-800-01	2019-20	0.40	0.40	0.38	-0.02	-5.00
		2020-21	0.40	0.61	0.90	0.29	47.54
		2021-22	0.65	0.70	0.75	0.05	7.14
4.	1475-106-01	2019-20	7.00	8.00	7.27	-0.73	-9.13
		2020-21	8.50	5.50	5.32	-0.18	-3.27
		2021-22	7.50	7.50	5.89	-1.61	-21.47
5.	1475-200-03	2019-20	1.00	1.00	1.34	0.34	34.00
		2020-21	1.00	0.60	1.28	0.68	113.33
		2021-22	0.50	0.50	1.67	1.17	234.00

Source: Budget and Finance Accounts

Analysis of receipts under Grant Number 25 showed that there are three Major Heads⁴ under which the receipts are booked.

⁴ 0408-Food Storage and Warehousing, 1456-Civil Supplies & 1475-Other General Economic Services.

3.13 Conclusions

- During 2021-22, there was an overall saving of ₹ 14, 318.05 crore against the total grants and appropriations of ₹ 65, 012.40 crore.
- Supplementary provision of ₹ 7, 072.07 crore obtained in 40 cases proved unnecessary. Re-appropriation of funds in 40 cases was made injudiciously resulting in savings of more than one crore over provisions.
- Excess expenditure amounting to ₹ 47, 758.16 crore pertaining to the years 2005-06 to 2020-21 was done without Legislative approval, yet to be regularised by the State Legislature.
- Expenditure of ₹ 19.64 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 ₹ 25.57 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.*
- *The State Government may assess the savings 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 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.

In Uttarakhand state two Regulatory Authorities exist, namely Uttarakhand Electricity Regulatory Commission and Uttarakhand Real Estate Regulatory Authority, status of which is given in the **Table-4.1** below.

Table-4.1: Details of Regulators 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.
2.	Uttarakhand Real Estate Regulatory Authority	Do-	No amount is outstanding towards the Government.

4.2 Non-inclusion of clear-cut liabilities of Departments

As on 31 March 2022, there was a deferred liability to the extent of ₹ 182.28 crore in respect of medicine purchase and tie-up Hospital bills by Medical Department under Employee State Insurance Scheme (ESIS), details of which is given in the **Table-4.2** below.

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

(₹ in crore)

Sl. No.	Name of the department	Liability due to ¹	Total Amount
1.	Medical Department (ESIS)	Hospitals medicine purchase and tie-up Hospital bills	182.28
Total			182.28

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

The Government has a liability to provide and pay interest on the amounts in the interest-bearing deposits and reserve (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 April 2021	Rate of Interest	Amount of Interest not provisioned
1.	Reserve Funds bearing Interest (including SDRF & CAMPA)	3,343.45	4.00 per cent Average of W&M interest rate	133.74
2.	Deposits bearing Interest (excluding CPS MH 8342-117)	321.69	4.00 per cent Average of W&M interest rate	12.87
3.	Un-transferred amount under NPS (8342-117)	139.20	7.10 per cent notified by the Government /payable to GPF	9.88
Total		3,804.34		156.49

Source: Finance Accounts 2021-22 Government of Uttarakhand

The State Government was required to make provision of interest at the rate 4.00 per cent & 7.10 per cent on the opening balances of reserve & deposits bearing interest during the year 2021-22. However, the Government did not make the required provision of ₹ 156.49 crore during the year on these deposits. Therefore, this impacted the Revenue Deficit 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. These transfers are exhibited in Appendix-VI of Volume-II of the Finance Accounts.

In spite of the Government of India's decision to release all assistance to Centrally Sponsored Schemes/Additional Central Assistance to the State Government and not to implementing agencies, funds were transferred directly to implementing agencies. Since these funds are not routed through the State Budget, these are not reflected in the Accounts

¹ Liability from other departments are also being sought.

of the State Government. As per the Public Finance Management System portal of the Controller General of Accounts, Government of India (GoI) transferred ₹ 4,825.65 crore directly under 106 schemes to 298 implementing agencies in Uttarakhand during 2021-22 for implementing Centrally Sponsored Schemes. The direct transfers of funds to implementing agencies have increased by 18.95 *per cent* from ₹ 4,056.80 crore in 2020-21 to ₹ 4,825.65 crore in 2021-22. Names of some major implementing agencies which received funds directly from the GoI during 2021-22 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 2021-22

(₹ in crore)

Sl. No.	Name of the Scheme of GoI	Name of the Implementing Agency	Fund transferred by GoI during 2021-22
1.	Assistance to State Agencies for intra-state movement of food grains and FPS dealers margin under NFSA	Commissioner, Food & Civil Supplies Department, Uttarakhand	67.19
2.	Food Subsidy for Decentralized Procurement of Food grains under NFSA	Commissioner, Food & Civil Supplies Department, Uttarakhand	1554.43
3.	Industrial Development Scheme for Himachal Pradesh and Uttarakhand, 2017	State Infrastructure and Industrial Development Co- Operation of Uttarakhand Ltd.	62.60
4.	Jal Jivan Mission (JJM)/National Rural Drinking Water Program	SWSM Uttarakhand, Dehradun	721.90
5.	Mahatma Gandhi National Rural Employment Guarantee Program	Uttarakhand Rajya Rozgar Guarantee Sanstha	505.98
6.	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture, Uttarakhand	547.62
7.	Pradhan Mantri Swasthya Suraksha Yojana	AIIMS Rishikesh	644.26
8.	SWAMITVA	Survey of India, Uttarakhand Land Record Modernisation Society	131.49
9.	Scheme for Assistance to Sugar Mills for 2019-20 season	Uttam Sugar Mills Ltd., Doiwala Sugar Company Ltd., Rai Bahadur Narain Singh Sugar Mills Ltd. The Kisan Sahakari Chini Mills Ltd., The Bajpur Cooperative Sugar Factory Ltd.	75.33
10.	Scheme for providing assistance to sugar mills for expenses on marketing costs including handing upgrading and other processing costs and costs of international and internal transport and freight.	Uttam Sugar Mills Ltd., Doiwala Sugar Company Ltd., Rai Bahadur Narain Singh Sugar Mills Ltd. Kichha Sugar Company Ltd., The Kisan Sahakari Chini Mills Ltd., The Bajpur Cooperative Sugar Factory Ltd.	75.90
Total			4,386.70

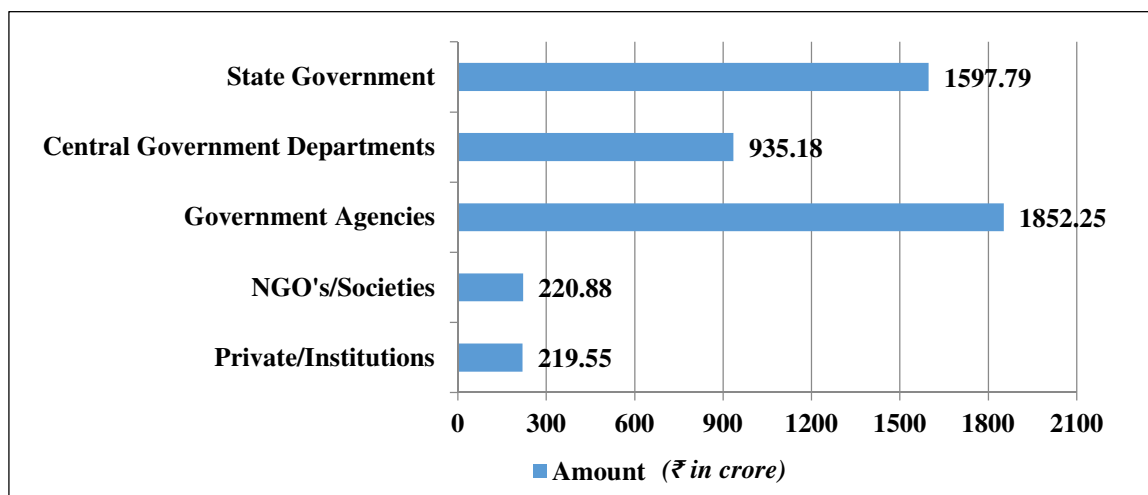
The details of aggregate amount transferred to implementing agencies during the last three years are indicated in the **Table-4.5**.

Table-4.5: Funds transferred to Implementing Agencies

Direct transfers to implementing agencies	2019-20	2020-21	2021-22
Funds transferred (₹ in crore)	2,304.31	4,056.80	4,825.65

Category of agencies that have received funds directly from the GoI during 2021-22 for implementing various developmental schemes and the quantum of such funds are given in **Chart-4.1**.

Chart-4.1: Category of Implementing Agencies that received funds directly from GOI during 2021-22



Source: PFMS data for 2021-22

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, Cooperative 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 Cooperative Bank or Scheduled Bank. The ULBs continued to operate through treasury system, whereas the PRIs operate through Nationalised Banks

Table-4.6: Deposit of Local Funds

Year		2017-18	2018-19	2019-20	2020-21	2021-22
Panchayat Bodies Fund (8448-109)	Opening Balance	14.62	14.62	14.79	14.79	14.79
	Receipt	0.00	0.17	0.00	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	Closing Balance	14.62	14.79	14.79	14.79	14.79
	Percent Utilization	0	0	0	0	0
Municipal Fund (8448-102)	Opening Balance	66.15	236.59	340.59	441.61	495.41
	Receipt	728.37	711.61	835.76	941.81	660.00
	Expenditure	557.93	607.61	734.74	888.01	943.86
	Closing Balance	236.59	340.59	441.61	495.41	211.56
	Percent Utilization	70.22	64.08	62.46	64.19	81.69

Source: Finance Accounts 2021-22 prepared by Accountant General (A&E) Uttarakhand

As is evident from **Table-4.6** above, the Panchayat Bodies Fund is almost inoperative since 2017-18. However, Municipal Fund is in operation and had an accumulated balance of ₹ 211.56 crore as on 31 March 2022. Further, the *per cent* Utilisation under Municipal Fund declined during the period from 2017-18 to 2019-20. The Utilisation was 62.46 *per cent* in 2019-20 and 64.19 *per cent* in 2020-21. However, the Utilisation per cent increased during the year by 17.50 percentage points and was 81.69 *per cent*.

4.6 Delay in submission of Utilisation Certificates²

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 their sanction unless specified otherwise.

A total number of 622 UCs amounting to ₹ 2,571.00 crore was pending as of March 2022. The age-wise position as regards submission of UCs has been summarized 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 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
2021-22	457	1,888.97	301*	1,180.92	136	498.89	622	2,571.00

* Except where the sanction order specifies otherwise, UCs in respect of Grants-in-aid drawn during 2021-22 become due only in 2022-23.

Source: AG (A&E), Uttarakhand

The Departmental officers did not submit 321 UCs due for submission by March 2022 in respect of which grants amounting to ₹ 1390.08 crore was given up to March 2021 for specific purposes. Out of above, 79 UCs amounting to ₹ 505.00 crore were received up to August 2022. 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 2022 is given in **Table-4.8** below.

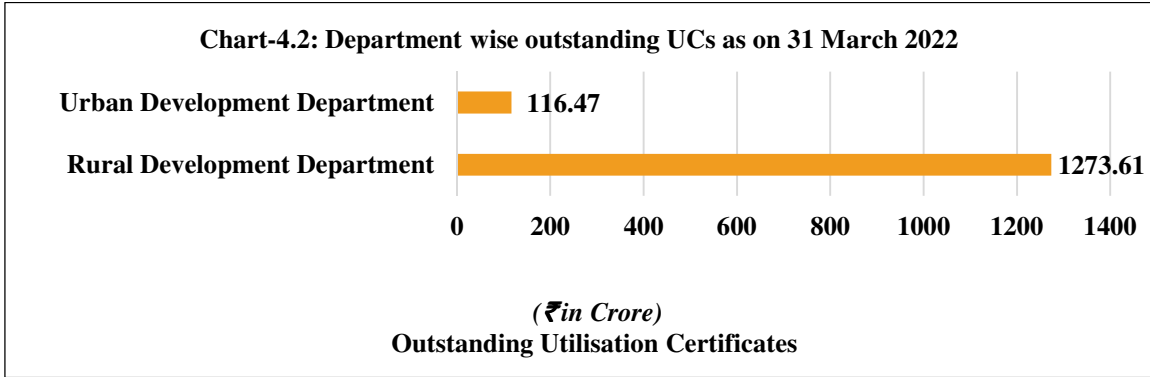
Table-4.8: Year wise break up of outstanding UCs as on 31.03.2022

Year in which GIA transferred	No. of Outstanding UCs	Amount (₹ in crore)
Up to 2019-20	08	20.82
2020-21	39	384.86
2021-22	274	984.40
Total	321	1390.08

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

² Status of UCs against ₹ 4,018.23 crore (grants-in-aid for creation of capital assets = ₹ 706.10 crore and grants-in-aid other than salary ₹ 3,312.13 crore) pertaining to 2021-22 was awaited from Grant Controlling Officers.

fraught with the risk of misappropriation of funds and fraud. During the exit conference, Secretary Finance apprised that there was an improvement in monitoring of UCs. The maximum outstanding UCs are of Rural and Urban Local Bodies. In this regard, Secretary Finance assured to monitor 100 per cent of Utilization certificates and assured to monitor cent per cent UCs of non-salary Grants valuing ₹ 50 lakh and more.



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 all institutes 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.

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 2021-22 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 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
2021-22	77	3.44	321	93.46	155	69.57	243	27.33

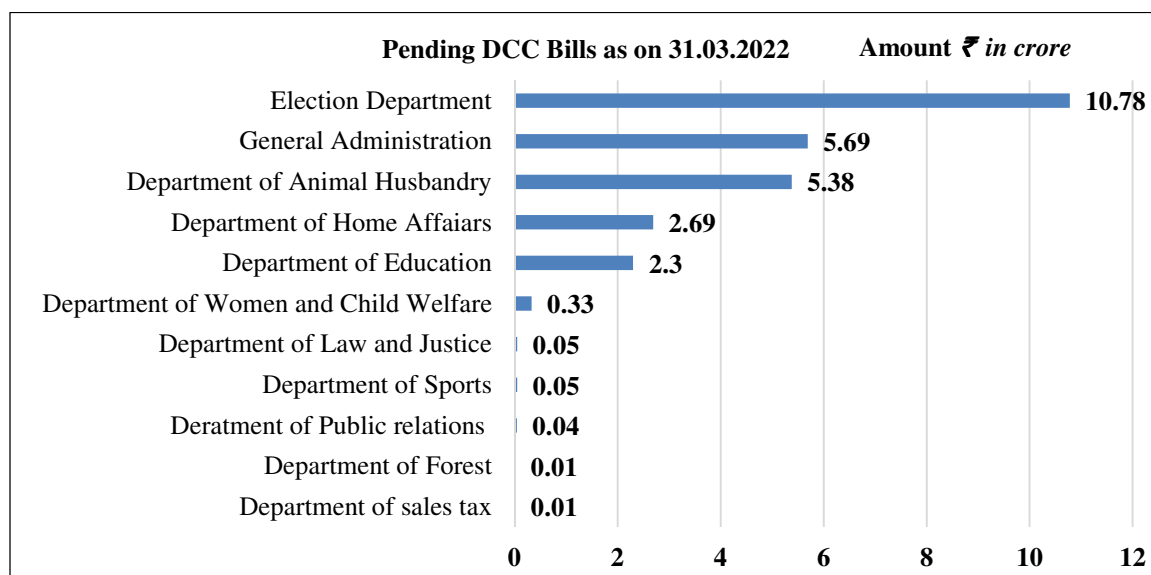
Source: Data compiled by the office of the AG (A&E), Uttarakhand

Table-4.9 reveals that during 2021-22, 321 AC bills were drawn for an amount of ₹ 93.46 crore and 155 DCC bills for an amount of ₹ 69.57 crore were submitted during the year. There were 243 AC Bills amounting to ₹ 27.33 crore outstanding as on March 2022.

Outstanding 243 DCC Bills include three bills amounting to ₹ 0.20 crore pertaining to 2020-21 and 240 bills amounting to ₹ 27.13 crore pertaining to the year 2021-22. However, 125 DCC bills amounting to ₹ 8.27 crore were received up to 31 August 2022.

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

Chart -4.3: Pending DCC bills



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.

4.7.1 Funds transferred to own accounts and working agencies

The purpose of monitoring DC bills is to check for assurance of final execution of fund as through AC bills only money is being transferred to any authority for final utilization of fund. These bills are not supported with any documents/ supporting vouchers related to expenditure of the fund. In the same way cases where funds were transferred by DDOs in his own bank account or given to any working agencies for construction works etc., are also related to only transfer of money and is not supported with any document/ supporting voucher related to execution of fund. Thus, it is required to monitor these funds also. Details of such expenditure booked during 2021-22 is as below:

Table-4.10: Funds transferred to own account and working agencies

Particular	₹ in crore	
	2021-22	
Transferred to DDOs own account	2,464.59	
Transferred to working agencies	8,252.84	
Total	10,717.43	

As shown above, AC bills cover only ₹ 27.33 crore which is being monitored, while fund transfer to DDO own accounts and transfer to working agencies cover ₹ 10,717.43 crore in

the year 2021-22. Such huge amount of expenditure could not be ignored for want of assurance of final utilization of the fund.

4.8 Personal Deposit Accounts/Personal Ledger Account

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 Handbook 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 2021-22, unspent balances of ₹ 188.07 crore in 45 PD Accounts remained un-transferred to the Consolidated Fund of State. The status of PD Accounts during 2021-22 is given in **Table-4.11**.

Table-4.11: Status of PD Accounts (MH 8443-106) during 2021-22

(₹ in crore)

Opening Balance		Addition during the year		Closed during the year		Closing Balance	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
45	155.53	01	360.02	01	327.48	45	188.07*

*The total PD accounts and amount against these accounts differs with that of finance accounts figures.

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 2017-22.

Table-4.12: Parking of funds in Personal Deposit Account of DM Dehradun during 2017-18 to 2021-22

(₹ in crore)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Funds parked in PDA	93.59	98.36	96.18	97.68	97.68

The State had 45 Personal Deposit Accounts with a closing balance of ₹ 188.07 crore as on 31 March 2022. An amount of ₹ 97.68 crore (51.94 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 PD Account 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 the exit conference, Secretary Finance intimated that recently a Government Order (GO) has been issued 4th January 2023, regarding settlement/ closure of PD accounts which are inoperative for more than three years.

Table-4.13: Top five PDA/PLA holder other than DM Dehradun

(₹ in crore)

Sl. No.	Name of the Department	Name & Designation of the Administrator in whose name the PDA/PLA is sanctioned	Operational since	Year of which last renewal	Amount parked
1.	Meladhikari, Kumbh Mela , Haridwar	Meladhikari, Kumbh Mela, Haridwar	06/09/2021	2021-22	49.09
2.	Nideshak Chikitsa Shiksha Nideshalay, Dehradun	Nideshak chikitsa shiksha nideshalay, Dehradun	18/11/2014	2021-22	27.80
3.	Police Mahanirikshak Mukhyalya , Dehradun	Police Mahanirikshak mukhyalya , Dehradun	27/02/2013	2021-22	6.43
4.	Nideshak Shehri Vikas Nidehsaly, Saiber Treasury	Nideshak Shehri Vikas Nidehsaly, Saiber Treasury	08/08/2011	2017-18	2.70
5.	Jiladhikaari Haridwar	Jiladhikaari Haridwar	14/07/2014	2017-18	1.73

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

In the above table no 4.13, except DM Dehradun, the other Top five PDA/PLA account holders are given.

Table-4.14: Details of Operative/ Inoperative PD Accounts

Sl. No.	Year of last renewal	No. of PD Accounts	Amount parked in the Accounts (₹ in lakh)	No. of PD Accounts which have nil balance
1.	2012-13	1	00.00	1
2.	2013-14	8	18.00	7
3.	2014-15	7	0.00	7
4.	2015-16	5	0.00	5
5.	2016-17	4	0.00	4
6.	2017-18	3	4,45.54	0
7.	2018-19	2	2,21.57	1
8.	2019-20	7	97,67.81	6
9.	2020-21	4	259.09	1
10.	2021-22	4	83,31.32	1
Total		45	19,043.32	33

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

Out of total 45 PD Accounts, 33 Accounts have nil balance. 24 PD accounts were inoperative for more than five years and 01 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 2022).

4.8.1 Inoperative and non-reconciled PD Accounts

The details of inoperative PD Accounts of Cyber Treasury, Dehradun are shown in **Table-4.15** below.

Table-4.15: Inoperative PD Accounts (other than 8443-106) of Cyber Treasury, Dehradun
(₹ in lakh)

Sl. No.	Head	Name of PDA Holder	Closing Balance	Date of last transaction
1.	8443-00-800	MD/Parivahan Nigam	100.00	29.02.2016
2.	8448-00-102	EO/Nagar Nigam (13 FC), Deharadun	1.02	31.03.2016
3.	8448-00-102	EO/Nagar Palika Parishad (13FC), Rishikesh	0.09	27.01.2014
4.	8448-00-102	EO/Nagar Palika Parishad (13FC), Vikasnagar	0.09	17.07.2015
5.	8448-00-120	FO/Basic Education Fund Dehradun	11.04	26.10.2016
Total			112.24	

Source: Chief Treasury Office, Dehradun

As is evident from table above, there were five inoperative PD Accounts other than 8443-106 having a balance of ₹ 1.12 crore as on March 2022. As per paragraph 10(2) of the Uttar Pradesh Personal Account Deposits Rules, 1998 (applicable to Uttarakhand), 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 five accounts of Central Treasury, Dehradun, no transaction was carried out in any of the accounts for the last three years or more. Therefore, an amount of ₹ 1.12 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.

During 2021-22, an amount of ₹ 1,343.44 crore under 32 Major Heads of accounts, constituting 2.89 per cent of the total Revenue and Capital expenditure (₹ 46,462.45 crore) was classified under the Minor Head-800 'Other Expenditure' in the accounts. Similarly, ₹ 1,223.56 crore under 46 Major Heads of Account, constituting 2.84 per cent of the total Receipts (₹ 43,056.99 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 2021-22 are depicted in **Table-4.16**.

Table-4.16: Significant amount booked under Minor Head- '800-Other Receipts/Expenditure' during 2021-22
(₹ 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	39.88	11.05	27.71	2040- Taxes on Sales, Trade etc.	37.76	36.18	95.82
2.	0049-Interest Receipts	403.55	359.92	89.19	2245-Relief on Account of Natural Calamities	1,297.58*	386.05	29.76
3.	0055-Police	43.55	10.01	22.99	2425-Co-operation	97.73	52.95	54.18
4.	0059-Public Works	46.27	18.62	40.24	2810-New and Renewable Energy	13.81	13.81	100.00
5.	0070-Other Administrative Services	85.93	70.08	81.55	4059-Capital outlay on Public Works	1,050.80	590.48	56.19
6.	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	61.56	10.05	16.33	4216-Capital Outlay on Housing	73.80	64.45	87.33
7.	0075-Miscellaneous General Services	15.94	8.48**	53.20	4225-Capital Outlay on Welfare of SC, ST, OBC & Minorities	60.02	33.03	55.03
8.	0217-Urban Development	190.98	190.98	100.00	4702-Capital Outlay on Minor Irrigation	41.92	10.91	26.03
9.	0235- Social Security and Welfare	31.57	31.57	100.00	4859-Capital Outlay on Telecommunication and Electronic Industries	10.68	10.68	100
10.	0401- Crop Husbandry	6.81	5.06	74.30	-	-	-	-
11.	0406- Forestry and Wildlife	511.55	128.13	25.05	-	-	-	-
12.	0425-C0-Operation	18.27	18.27	100.00	-	-	-	-
13.	0435- Other Agricultural Programmes	74.05	74.05	100.00	-	-	-	-
14.	0515-Other Rural Development Programme	12.05	8.28	68.71	-	-	-	-
15.	0801-Power	111.23	111.23	100.00	-	-	-	-
	Total	1653.19	1055.78	63.86	Total	2684.10	1198.54	44.65

Source: Finance Accounts 2021-22 prepared by Accountant General (A&E) Uttarakhand

* This includes recoupment of Contingency Fund of ₹ 1,913.71 lakh pertaining to previous year.

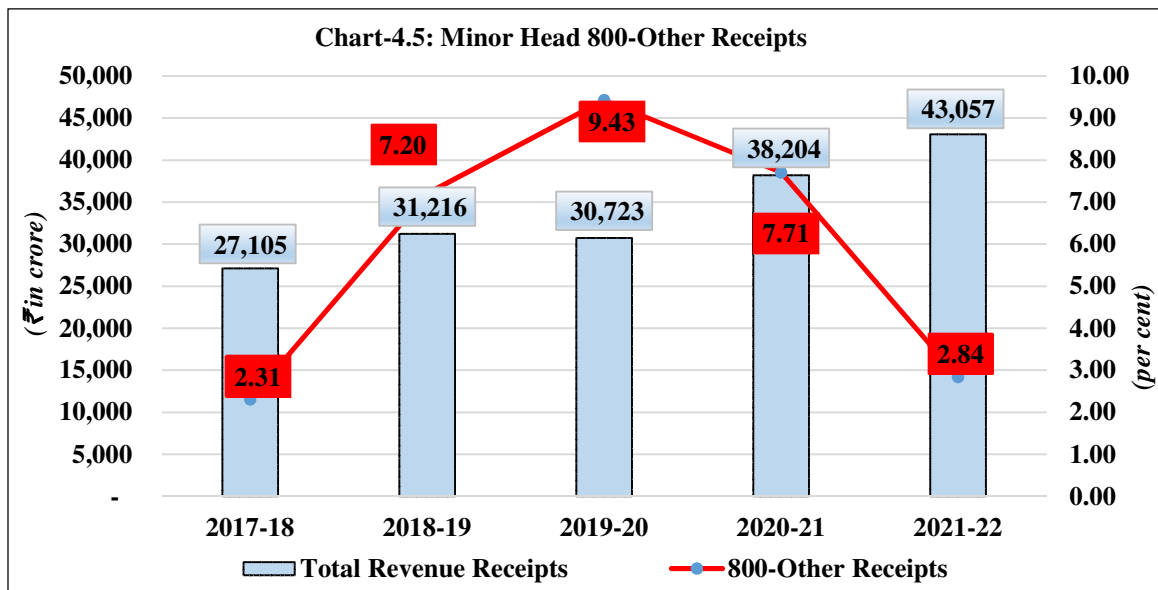
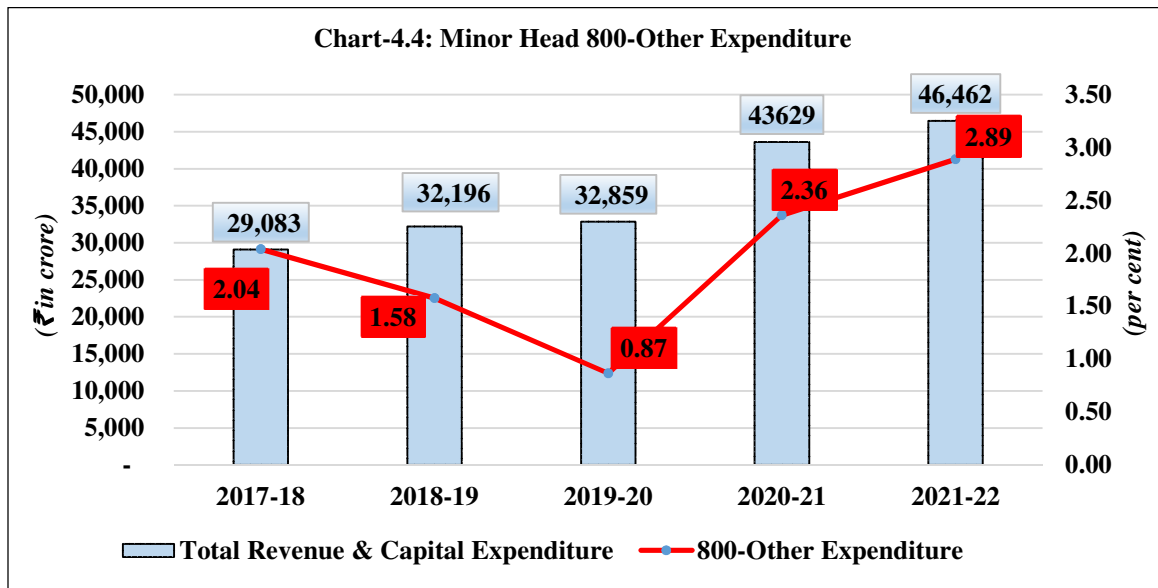
**This includes an amount of ₹ 0.74 lakh pertaining to Debt relief / Debt waiver.

As is evident from above table, around 63.86 per cent of receipts in respect of 15 Major Heads pertaining to Department of Finance, Police, Public Works, Urban Development, Social Welfare, Forest, Agriculture and Rural Development, were booked under '800-Other Receipts'. Similarly, 44.65 per cent of total expenditure in respect of Nine Major

Heads pertaining to Department of Commercial Tax, Disaster Management, Co-operation, Energy, Public works, Urban development, Minority Welfare, Irrigation, and Industries 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.

During the exit conference, Secretary Finance intimated that maximum Major Heads have been corrected during the year 2021-22. Further, efforts will be made to minimize the use of Minor Head-800 in future.

The extent of operation of Minor Head-800, as a percentage of Total Expenditure and Receipts during 2017-18 to 2021-22 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-4.17**.

Table-4.17: Balances under Suspense and Remittance Heads

(₹ in crore)

Name of Minor Head	2019-20		2020-21		2021-22	
	Dr	Cr	Dr	Cr	Dr	Cr
8658-Suspense Accounts						
101-Pay and Accounts Office-Suspense	54.71	3.61	115.24	23.40	189.52	89.34
Net	(Dr) 51.10		(Dr) 91.84		(Dr)100.16	
102-Suspense Accounts (Civil)	566.35	411.83	574.13	379.40	289.18	386.82
Net	(Dr) 154.52		(Dr) 194.73		(Cr) 97.64	
107- Cash Settlement Suspense Account	966.77	885.52	81.39	0.26	99.71	0.26
Net	(Dr) 81.25		(Dr) 81.13		(Dr) 99.45	
110-Reserve Bank Suspense-Central Accounts Office	214.67	219.61	214.67	219.61	221.31	219.61
Net	(Cr) 4.94		(Cr) 4.94		(Dr) 1.70	
112-Tax Deducted at Source (TDS) Suspense	28.03	266.57	28.03	241.27	28.03	267.44
Net	(Cr) 238.54		(Cr) 213.24		(Cr) 239.41	
113-Provident Fund Suspense	24.75	24.64	24.75	24.64	24.75	24.64
Net	(Dr) 0.11		(Dr) 0.11		(Dr) 0.11	
117-Transaction on behalf of Reserve Bank	18.12	17.94	18.12	20.33	18.12	20.33
Net	(Dr) 0.18		(Cr) 2.21		(Cr) 2.21	
123-A.I.S. Officers Group Insurance Scheme	0.29	0.53	0.32	0.57	0.34	0.61
Net	(Cr) 0.24		(Cr) 0.25		(Cr) 0.27	
129-Material Purchase Settlement Suspense Account	0.03	(-)0.73	0.03	(-) 0.73	0.03	(-)0.73
Net	(Dr) 0.76		(Dr) 0.76		(Dr) 0.76	
8782- Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer						
102-Public Works Remittances	296.13	372.74	296.13	372.74	296.13	372.70
Net	(Cr) 76.61		(Cr) 76.61		(Cr) 76.57	
103- Forest Remittances	107.23	166.95	107.23	166.95	107.23	166.95
Net	(Cr) 59.72		(Cr) 59.72		(Cr) 59.72	
8793-Inter State Suspense Account	2087.89	2013.35	2095.05	2014.10	2083.81	2015.19
Net	(Dr) 74.54		(Dr) 80.95		(Dr) 68.62	

Source: Finance Accounts 2021-22 prepared by 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 2021-22 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) of the states. The outstanding net debit balance (31 March 2022) under this head was ₹ 100.16 crore against debit balance of ₹ 91.84 crore at end of the previous year. The receipts constituted 32.04 *per cent* and disbursements constituted 67.96 *per cent* during the year 2021-22. 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 ₹ 289.18 crore (42.78 *per cent*) had been made out of the minor head and an amount ₹ 386.82 crore (57.22 *per cent*) had been booked under this minor head, there by leaving a credit balance of ₹ 97.64 crore outstanding as of 31 March 2022 against a debit balance of ₹ 194.73 crore during 2020-21.

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 2021-22, an amount of ₹ 28.03 crore (9.49 *per cent*) was released from the Minor Head 112 against a credit of ₹ 267.44 crore (90.51 *per cent*). This means that an amount of ₹ 239.41 crore was lying un-credited to the IT department as of March 2022. However, the credit balance at end of the year 2021-22 was more as compared to the year 2020-21 (₹ 213.24 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 2021 was ₹ 357.19 crore (Credit). During 2021-22, cheques worth ₹ 44,271.28 crore were issued, against which ₹ 44,278.74 crore was encashed during the year, leaving a closing balance of ₹ 349.73 crore (Credit) as on 31 March 2022. 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 2022.

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-103Subvention 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 2021-22, Government of India released ₹ 98.80 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 ₹ 230.46 crore under Major Head 5054-04-337 which was ₹ 131.66 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 ₹ 98.80 crore and overstatement of Fiscal Deficit to the extent of ₹ 131.66 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 of Loans and Advances

Minus balances appearing in the accounts during the year are given in **Table-4.18** below.

Table-4.18: Minus balances appearing under Major Heads 6851 and 7610.

<i>(₹ in crore)</i>		
Major Heads	Major Head Description	Minus balance
6851	Loans for Village and small Industries	(-)0.18
7610	Loans to Government Servants	(-)20.25

These minus balances appear due to the reason that loans 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 MH, hence, the balances appear adverse.

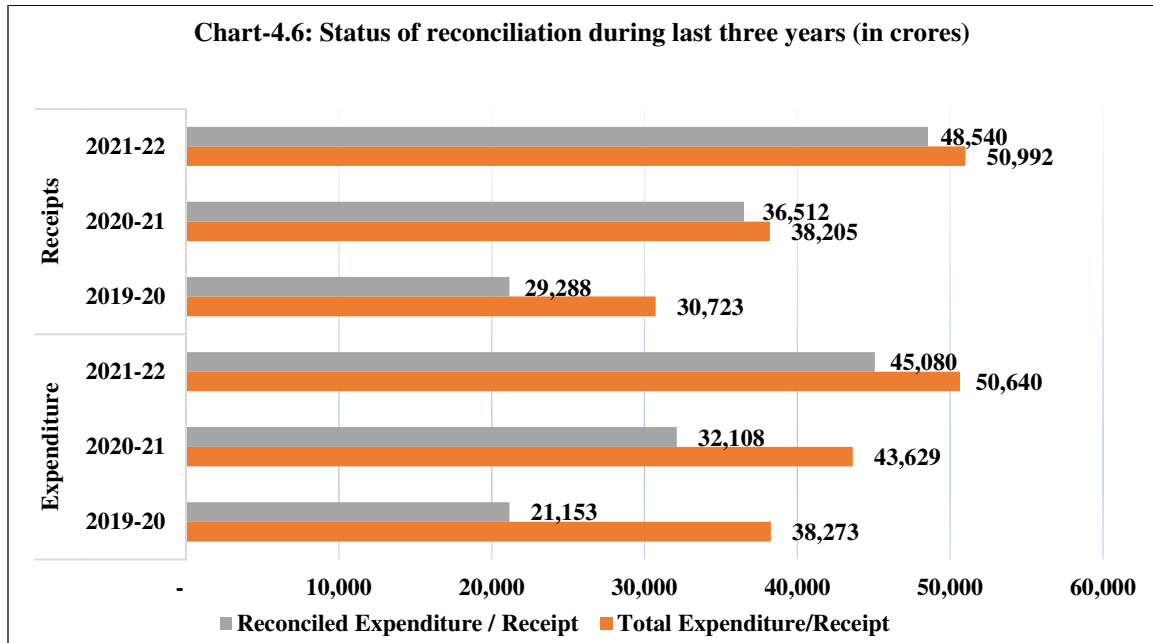
4.11 Non-reconciliation of Departmental figures

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 2021-22, in respect of expenditure reconciliation was completed by 57 Chief Controlling Officers (CCOs) (fully by 11 CCOs and partially by 46 CCOs) out of 62 CCOs (91.94 per cent) covering expenditure of ₹ 45,079.86 crore (89.02 per cent of total expenditure of ₹ 50,640.06 crore³) and by 32 CCOs (fully by 03 CCOs and partially by 29 CCOs) out of 48 CCOs (66.66 per cent) covering receipts of ₹ 48,540.27 crore (95.19 per cent of total receipts of ₹ 50,992.06 crore⁴).

The status of reconciliation of receipts and expenditure figures by the Controlling Officers during the period 2019-20 to 2021-22 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-4.19**.

Table-4.19: 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
Receipts							
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
2021-22	48	03	29	16	50,992.06	48,540.27	95.19

³ Total Expenditure ₹ 50,640.06 crore includes disbursement of Loans and Advances of ₹ 347.46 crore & Repayment of Public debt ₹ 3830.15.

⁴ Total Receipt ₹ 50,992.06 includes Recoveries of Loans and Advances ₹ 17.08 crore & Public debt Receipt ₹ 7917.99.

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Receipts/ Expenditure	Reconciled Receipts/ Expenditure	Percentage of Reconciliation
Expenditure							
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
2021-22	62	11	46	05	50,640.06	45,079.86	89.02

Source: Finance Accounts 2021-22 prepared by Accountant General (A&E) Uttarakhand and information furnished 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 2021-22 in respect of expenditure figures has appreciated to 89.02 *per cent* as against 73.59 *per cent* in 2020-21.

During the exit conference, Secretary Finance intimated that there was improvement in reconciliation of receipt and expenditure figures with AG (A&E) during 2021-22. He further assured that efforts will be made for 100 *per cent* reconciliation from next financial year 2023-24.

4.12 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2022 as per books of Accounts of the Accountant General (Accounts and Entitlement), Uttarakhand was ₹ 112.47 (Debit) crore and that reported by the RBI was ₹ 6.03 (Debit) crore. There was a net difference of ₹ 118.50 (Debit) crore between the Cash balance as worked out by the Accountant General (Accounts and Entitlement), Uttarakhand and as reported by the Reserve Bank of India (RBI). 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.

4.13 Compliance with Accounting Standards

Government of India has notified three Indian Government Accounting Standards (IGAS). The compliance of the existing Accounting Standards by the State Government is detailed in the **Table-4.20**.

Table-4.20: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
1.	IGAS- 1: <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,	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

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
		invoked, discharged and outstanding at the end of the year.		statement is incomplete to that extent.
2.	IGAS- 2: <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 2021-22, the State Government released Grants-in-Aid to the tune of ₹ 5,858.45 crore. Grants-in-aid to the tune of ₹ 25.57 crore was booked under Capital Heads, which was in violation of the provisions of the IGAS-2.
3.	IGAS- 3: <i>Loans & 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 anybody 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-4.21** below.

Table-4.21: Arrears of accounts of Bodies or Authorities

Sl. No.	Name of Body or Authority	Accounts Pending Since	No. of accounts pending up to 2020-21
1.	Uttarakhand Jal Sansthan	2019-20	02
2.	Uttarakhand Real Estate Regulatory Authority	2020-21	01
3.	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	2019-20	03

It can be seen from **Table-4.21** that accounts of three authorities are pending for one to three 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. Non-furnishing of information was in violation of Regulations on Audit and Accounts, (Amendments) 2020. On review of Statement number 4 of the Finance Account for the year 2021-22, it was observed that the various Departments had given Grant-in-aid for Capital Assets (object head 55) and Grants-in-aid other than salary (object head 56) amounting to ₹ 706.10 crore and ₹ 3,312.13 crore respectively during 2021-22.

4.16 Timeliness and Quality of Accounts

During 2021-22, all the account rendering entities (Treasuries, Public Works and Forest Divisions and Pay and Account 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 Handbook 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 2021-22 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 321 Utilisation Certificates (due for submission by March 2022) to the Accountant General (Accounts and Entitlement), Uttarakhand in respect of the grants of ₹ 1390.09 crore given up to March 2021 for specific purposes. As of March 2022, 243 Abstract Contingent bills amounting to ₹ 27.33 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/Public Sector Undertakings were violative of prescribed financial rules and directives. These point to lack of internal controls and deficient monitoring mechanism of the State Government.
- During 2021-22, reconciliation of receipts and expenditure by the Chief Controlling Officers was 95.19 and 89.02 *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 weak internal control system within the Government and raises concerns relating to accuracy of accounts.
- Significant amounts of expenditure (₹ 1,343 crore) and receipts (₹ 1,223.56 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 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 chalk 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
ROLE OF GOVERNMENT IN PUBLIC SECTOR
UNDERTAKINGS

CHAPTER-5

ROLE OF GOVERNMENT IN PUBLIC SECTOR UNDERTAKINGS

5.1 Introduction

State Public Sector Undertakings (SPSUs) 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. SPSUs consist of State Government Companies, Government Controlled Other Companies (GCOCs) and Statutory Corporations. This Chapter presents the investment in SPSUs, budgetary support to SPSUs, dividend paid by SPSUs, erosion of net worth of SPSUs and submission of account by SPSUs.

5.1.1 Definition of Government Companies, Government Controlled Other Companies and Statutory Corporations

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 company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government 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. The Statutory Corporations are set up under Statutes enacted by the Legislature.

5.1.2 Mandate of Audit

Audit of Government Companies and GCOCs are conducted by the Comptroller and Auditor General of India (CAG) 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 Accountant firms as Statutory Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, the CAG may also conduct a supplementary audit. The statutes governing some Statutory Corporations require their accounts to be audited only by the CAG.

¹ Companies (Removal of Difficulties), Seventh order 2014 issued vide gazette notification dated 04 September 2014,

5.1.3 Nature of SPSUs and their coverage in the Chapter

As on 31 March 2022, there were 32 SPSUs (27² Government Companies, one GCOC³ and four Statutory Corporations⁴) under the audit jurisdiction of the CAG in the State of Uttarakhand. Out of, nine⁵ inactive⁶ Government Companies seven⁷ SPSUs were under liquidation. None of the SPSUs were listed on the stock exchange.

This report summarises financial performance of 14 SPSUs⁸ based on receipt of their accounts during previous three financial years reckoning from 2019-20 to 2021-22 (or in respect of which at least one account pertaining to these years have been received up to 30 September 2022). Accordingly, SPSUs covered in this report in the subsequent paragraphs are indicated in **Table-5.1**:

Table-5.1: Coverage and nature of SPSUs covered in this report

Classification of SPSUs	Total number of SPSUs in the State	Number of SPSUs covered in the Report				No. of SPSUs not covered in the report
		Accounts received up to			Total	
		2021-22	2020-21	2019-20		
Active SPSUs						
Government Companies	18	02 ⁹	08 ¹⁰	01 ¹¹	11	07 ¹²
GCOCs	01	-	01 ¹³	-	01	-

² UJVN Limited (UJVN), Uttarakhand Metro Rail, Urban Infrastructure & Buildings Construction Corporation Limited (UKMRC), Uttarakhand Power Corporation Limited (UPCL); Power Transmission Corporation of Uttarakhand Limited (PTCUL), Dehradun Smart City Limited (DeSCL), Kichha Sugar Company Limited (KSCL); Uttarakhand Project Development and Construction Corporation Limited (UPDCCL); Doiwala Sugar Company Limited (DoSCL); Kishau Corporation Limited (KCL); Uttarakhand Purv Sainik Kalyan Nigam (UPNL), Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited (BRIDCUL), Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited (UBVVN), State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIIDCUL), Kumaon Mandal Vikas Nigam limited (KMVNL), Garhwal Mandal Vikas Nigam Limited (GMVNL), Uttarakhand Alpsankhyak Kalyan Wakf Vikas Nigam (UAKWVN); SIIDCUL Plastic Park Ltd (SPPL), Ecotourism Development Corporation of Uttarakhand (ETDC) and nine inactive companies.

³ Uttarakhand Seeds and Tarai Development Corporation Limited (UKTDC).

⁴ Uttarakhand Parivahan Nigam (UPN), Uttarakhand Forest Development Corporation (UFDC), Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (Peyjal Nigam) and Uttarakhand State Warehousing Corporation (USWC).

⁵ UPAI; Trans Cables Limited (TCL), a subsidiary of KMVN Limited; Uttar Pradesh Digitals Limited (UPDL), a subsidiary of KMVN Limited; Kumtron Limited (KUMTRON), a subsidiary of HILTRON; Uttar Pradesh Hill Electronics Corporation Limited (HILTRON), Uttar Pradesh Hill Phones Limited (UPHPL), a subsidiary of HILTRON; Uttar Pradesh Hill Quartz Limited (UPHQL), a subsidiary of HILTRON; Garhwal Anusuchit Janjati Vikas Nigam Limited (GAJVNL), a subsidiary of GMVN Limited; Kumaon Anusuchit Janjati Vikas Nigam Limited (KAJVNL), a subsidiary of KMVN Limited.

⁶ Inactive SPSUs are those which have ceased to carry on their operations.

⁷ UPAI, UPDL, KUMTRON, HILTRON, UPHPL, UPHQL and GAJVNL.

⁸ In addition of SPSUs covered in the report, there were nine inactive SPSUs and nine other SPSUs whose accounts were in arrears for three years or more (i.e. accounts received prior to 2019-20 as on 30 September 2022).

⁹ UJVN and UKMRC.

¹⁰ UPCL, PTCUL, DeSCL, KSCL, UPDCCL, DoSCL, KCL, and UPNL.

¹¹ BRIDCUL.

¹² UBVVN, SIIDCUL, KMVNL, GMVNL, UAKWVN, SPPL, and ETDC.

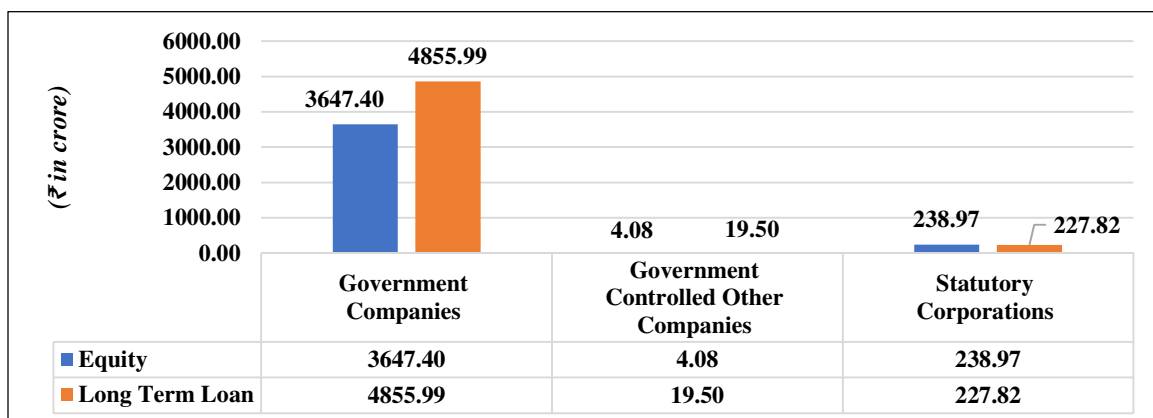
¹³ UKTDC

Classification of SPSUs	Total number of SPSUs in the State	Number of SPSUs covered in the Report				No. of SPSUs not covered in the report
		Accounts received up to			Total	
		2021-22	2020-21	2019-20		
Statutory Corporations	04	-	01 ¹⁴	01 ¹⁵	02	02 ¹⁶
Inactive SPSUs						
Government Companies	09	-	-	-	-	09
Total	32	02	10	02	14	18

5.2 Investments in State Public Sector Undertakings and Budgetary support

The Capital invested by Central Government, State Government, and others¹⁷ in the SPSUs as on 31 March 2022 is depicted in **Chart-5.1**:

Chart 5.1: Composition of Investments in Government Companies, GCOCs & Statutory Corporations



The sector-wise summary of investments (equity and long-term loans) in 32 SPSUs as on 31 March 2022 is given in **Table-5.2**.

Table-5.2: Sector-wise investment in Public Sector Undertakings

Sector	No. of SPSUs	Investment								Grand Total
		Equity				Long-Term Loans ¹⁸				
		GoU	GoI	Other	Total	GoU	GoI	Other	Total	
SPSUs which submitted its accounts up to 2019-20 or onwards (Appendix-5.1)										
Power Sector SPSUs	4	3522.47	0.00	5.00	3527.47	551.76	0.00	3990.51	4542.27	8069.74
Other than Power Sector SPSUs	10	31.11	0.00	3.53	34.64	287.83	0.00	57.60	345.43	380.07
Total SPSUs covered in this Chapter	14	3553.58	0.00	8.53	3562.11	839.59	0.00	4048.11	4887.70	8449.81
SPSUs submitted its accounts up to 2018-19 (Appendix-5.2)										
Power Sector SPSUs	-	Nil								
Other than Power Sector SPSUs	18	302.66	15.41	10.27	328.34	130.24	18.56	66.81	215.61	543.95
Total SPSUs not covered in this Chapter	18	302.66	15.41	10.27	328.34	130.24	18.56	66.81	215.61	543.95
Grand Total	32	3856.24	15.41	18.80	3890.45	969.83	18.56	4114.92	5103.31	8993.76

Source: Annual Accounts and information received from SPSUs.

¹⁴ Peyjal Nigam.

¹⁵ UFDC

¹⁶ UPN and USWC.

¹⁷ 'Others' includes investments by holding companies, financial institutions, banks, etc.

¹⁸ Includes current maturity of Long-Term Loans

As on 31 March 2022, the total investments in four power sector SPSUs was ₹ 8,069.74 crore. The investment consisted of 43.71 per cent towards equity and 56.29 per cent in long-term loans. The long-term loans advanced by the State Government (₹ 551.76 crore) constituted 12.15 per cent of the total long-term loans whereas 87.85 per cent (₹ 3,990.51 crore) were availed from financial institutions as detailed in **Appendix-5.1**.

As on 31 March 2022, the total investments (equity and long-term loans) in 28 other than power sector SPSUs was ₹ 924.02 crore. The investment consisted of 39.28 per cent towards equity and 60.72 per cent in long-term loans. The long-term loans advanced by the State Government constituted 74.52 per cent (₹ 418.07 crore) of the total long-term loans whereas 25.48 per cent (₹ 142.97 crore) were availed from financial institutions as detailed in **Appendix-5.1 and 5.2**.

5.2.1 Budgetary Support to State Public Sector Undertakings

Government of Uttarakhand (GoU) provides financial support to SPSUs in various forms through the annual budget. The summarised details of budgetary outgo (equity, loans and grants/subsidies) in respect of 14 SPSUs (covered in this chapter) for the last three years ending March 2022 are given in **Table-5.3**.

Table-5.3: Details of budgetary support to SPSUs during the year 2019-20 to 2021-22

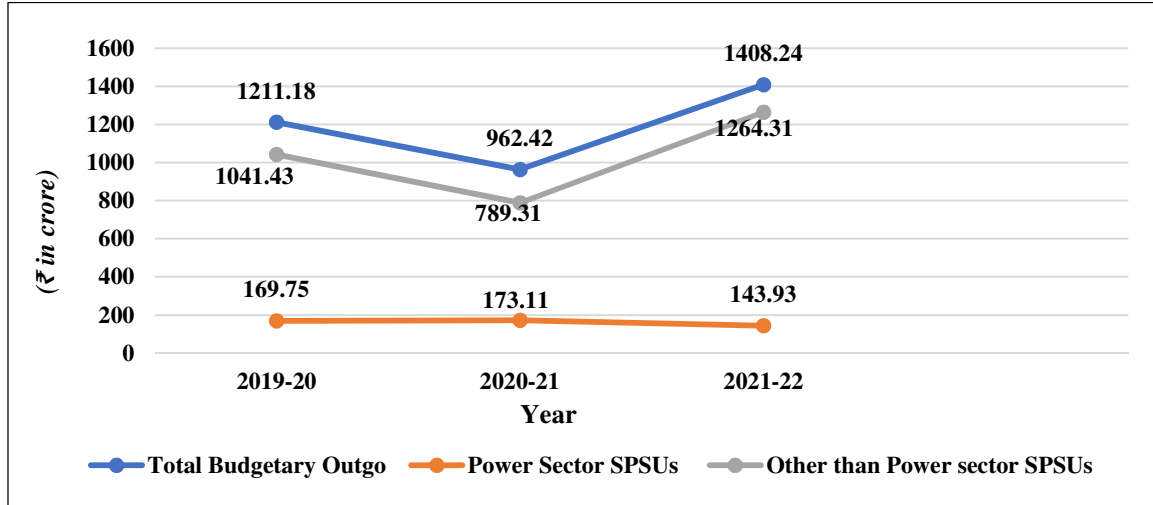
Particulars	2019-20		2020-21		2021-22	
	No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
A. Power Sector SPSUs						
i. Equity Capital outgo	3	133.19	3	142.59	3	100.91
ii. Loans given	1	12.18	1	30.42	1	40.08 ¹⁹
iii. Grants/ Subsidies provided	1	24.38	1	0.10	1	2.94
Total outgo (i+ii+iii)	3	169.75	3	173.11	3	143.93
B. Other than Power Sector SPSUs						
i. Equity Capital outgo	1	0.15	0	0.00	0	0.00
ii. Loans given	0	0.00	0	0.00	0	0.00
iii. Grants/ Subsidies provided	5	1041.28	5	789.31	6	1264.31
Total outgo (i+ii+iii)	6	1041.43	5	789.31	6	1264.31
Grand Total	9	1211.18	8	962.42	9	1408.24

Source: Annual accounts and information received from SPSUs

¹⁹ Interest free loan from GoU to UJVN for Dam Rehabilitation and Improvement Project pending terms & conditions for repayment of loan.

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last three years ending March 2022 are given in **Chart-5.2**.

Chart-5.2: Budgetary support towards Equity, Loan and Grants/ subsidies



The annual budgetary assistance received by the power sector SPSUs during the year 2019-20, 2020-21 and 2021-22 were ₹ 169.75 crore, ₹ 173.11 crore and ₹ 143.93 crore respectively. The budgetary assistance of ₹ 143.93 crore received during 2021-22 included ₹ 100.91 crore, ₹ 40.08 crore and ₹ 2.94 crore in the form of equity, loan and grants/subsidy respectively.

The annual budgetary assistance to other than power sector SPSUs during the year 2019-20, 2020-21 and 2021-22 were ₹ 1041.43 crore, ₹ 789.31 crore and ₹ 1,264.31 crore respectively. The budgetary assistance of ₹ 1,264.31 crore received as grants/subsidy only during 2021-22. Grants/ subsidies were mainly provided to DeSCL²⁰ (₹ 115 crore), Uttarakhand Peyjal Sansadhan Vikas evam Nirman Nigam²¹ (₹ 1,028.31 crore), DoSCL²² (₹ 48.75 crore) and KSCL²³ (₹ 60.25 crore) during 2021-22 (*Appendix-5.3*).

5.2.2 Reconciliation with Finance Accounts of Government of Uttarakhand

The figures in respect of equity, loans and guarantees outstanding as per records of the SPSUs should agree with that of the figures appearing in the Finance Accounts of the GoU. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of the differences. Audit observed that as on 31 March 2022 such differences exist in respect of 14 SPSUs (13 Government Companies and one Statutory Corporation) as detailed in *Appendix-5.4* and summarised in **Table-5.4**.

²⁰ For Smart City development scheme of GoI.

²¹ ₹ 65.00 crore for revenue expenditure for payment of staff salaries & retirement dues and ₹ 963.31 crore for construction of infrastructure in the State.

²² For payment of Sugar Cane to farmers.

²³ For payment of Sugar Cane to farmers.

Table-5.4: Equity, Loans and Guarantees outstanding as per Finance Accounts of Government of Uttarakhand vis-à-vis records of SPSUs

(₹ in crore)

Outstanding in respect of	Sector	Amount as per		Difference
		SPSUs	Finance Accounts	
Equity	Power Sector	3517.47	3502.79	14.68
	Other than Power Sector	331.03	300.63	30.40
	Total	3848.50	3803.42	45.08
Loan	Power Sector	551.76	380.04	171.72
	Other than Power Sector	373.40	215.47	157.93
	Total	925.16	595.51	329.65
Guarantees	Power Sector	122.21	122.21	0.00
	Other than Power Sector	196.50 ²⁴	1.25	195.25
	Total	318.71	123.46	195.25
Grand Total		5092.37	4522.39	569.98

Source: Information received from SPSUs and Finance Accounts for the year 2021-22.

The differences between the figures are persisting for many years. The issue of reconciliation of differences was also taken up by the audit with the concerned SPSUs and the Departments from time to time. Major difference in balances was observed in respect of three power sector SPSUs²⁵ and four²⁶ other than power sector SPSUs as detailed in **Appendix-5.4**.

During the exit conference, Secretary Finance assured to issue directions regarding reconciliation of Loans and Advances figures as shown in the Finance Accounts with those available in the books of various SPSUs and other bodies.

5.2.3 Dividend paid by State Public Sector Undertakings

The Government of Uttarakhand (GoU) has not formulated any dividend policy under which SPSUs are required to pay a minimum return on the paid-up share capital contributed by the State Government. The dividend paid by SPSUs, where equity was infused by GoU is shown in **Table - 5.5**.

Table-5.5: Dividend Pay out by SPSUs

(₹ in crore)

Year	No. of SPSUs which declared dividend	Paid-up Capital as per latest finalised accounts	Net Profit	Dividend Declared
1	2	3	4	5
2019-20	2	1,829.06	220.35	16.94
2020-21	2	1,941.65	178.56	44.87
2021-22	2	2,007.56	163.47	35.00

Source: Latest Financial Statement of SPSUs.

²⁴ DoSCL (₹ 77.00 crore) and KSCL (₹ 119.50 crore)

²⁵ UPCL, PTCUL and UJVN

²⁶ UPN, SIIDCUL, KSCL and DoSCL

During 2019-20 to 2021-22, UJVN and PTCUL paid / declared dividend. UJVN and PTCUL had paid / declared dividend at the rate of 2.42 *per cent* and 1.71 *per cent* respectively of their retained earnings during the year 2021-22. None of the other six profit making SPSUs²⁷ had declared / paid dividend during 2021-22.

5.2.4 Erosion of net worth of State Public Sector Undertakings

As on 31 March 2022, out of 14 SPSUs covered in the report, there were seven²⁸ SPSUs with accumulated loss of ₹ 4,907.48 crore, out of which six SPSUs incurred losses amounting to ₹ 216.35 crore during the year 2021-22. Further, one SPSU namely UKTDC had not incurred losses as per its latest finalized accounts for the year 2020-21, though it had accumulated losses of ₹ 24.84 crore.

The net worth of these seven SPSEs has been completely eroded by accumulated losses and their net worth was negative. As on 31 March 2022 the net worth of these SPSEs was (-) ₹ 3,404.00 crore against equity investment of ₹ 1,503.48 crore. Out of seven SPSEs, whose capital had been eroded, one SPSE namely UKTDC had earned profit of ₹ 2.57 crore during 2021-22. In five²⁹ out of seven SPSEs, whose capital had been eroded, outstanding GoU Loans as on 31 March 2022 were ₹ 295.66 crore. (*Appendix-5.5*)

5.3 Submission of accounts by State Public Sector Undertakings

5.3.1 Need for timely submission

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 (AGM). As soon as may be after such preparation, the Annual Report must be laid before both the Houses of Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislature 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 Statement for the financial year has 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 the Companies Act, 2013.

²⁷ KCL, BRIDCUL, UPNL, UPDCCL, UKTDC and UFDC

²⁸ UKMRC, DeSCL, UPCL, DoSCL, KSCL, Peyjal Nigam and UKTDC.

²⁹ UPCL, DoSCL, KSCL, Peyjal Sansadhan and UKTDC.

Of the total 32 SPSUs, there were 23 active SPSUs (18 Government Companies, one GCOC and four Statutory Corporations) and nine inactive SPSUs (including seven Companies which were under liquidation) under the purview of CAG in Uttarakhand as of 31 March 2022. The status of timeliness followed by the SPSUs in preparation of accounts is as follows:

5.3.2 Timelines in preparations of accounts by State Public Sector Undertakings

Accounts for the year 2021-22 were required to be submitted by all the SPSUs by 30 September 2022. Out of 32 SPSUs, 25 SPSUs had to submit (including two inactive companies³⁰) their accounts up to 2021-22 by 30 September 2022. However, only two SPSUs³¹ submitted their accounts for the year 2021-22 up to 30 September 2022. The status of non-submission of accounts of SPSUs, are as follows:

- One hundred thirty accounts of 19 Government Companies (including one GCOC and two inactive companies) for various financial years were in arrears ranging from one to 35 years as of 30 September 2022.
- Out of four Statutory Corporations, the CAG is the sole auditor of three Statutory Corporations³², whereas in case of one Statutory Corporation i.e. USWC, CAG appoints Statutory Auditor and conducts supplementary Audit. These four Statutory Corporations had 12 accounts in arrears as of 30 September 2022 ranging from one to six years. Further, none of the Statutory Corporations have submitted accounts for the year 2021-22 up to 30 September 2022 for audit by the CAG.

During the exit conference, Secretary Finance assured to issue directions regarding Timely Submission of Annual Financial Statement by SPSUs to AG office.

Details of arrears in submission of accounts by the SPSUs as on 30 September 2022 are given in **Table-5.6:**

Table-5.6: Details of arrears in submission of accounts by the SPSUs

Particulars	Status of submission of Accounts by SPSUs			
	Government Companies	GCOCs	Statutory Corporations	Total
Number of SPSUs under the purview of CAG's audit as on 31 March 2022	27	1	4	32
Less: New SPSUs from which accounts for 2021-22 were not due.	0	0	0	0
Less: SPSUs under liquidation from which accounts for 2021-22 were not due.	7 ³³	0	0	7
Number of SPSUs from which accounts for 2021-22 were due.	20	1	4	25

³⁰ KAJVNL and TCL

³¹ UJVN and UKMRC

³² In case of UPN, UFDC and Peyjal Nigam, CAG is the sole auditor whereas in case of USWC, CAG issued supplementary comments on the Statutory Auditor reports

³³ UPAI, UPDL, KUMTRON, HILTRON, UPHPL, UPHQL and GAJVNL.

Particulars	Status of submission of Accounts by SPSUs			
	Government Companies	GCOCs	Statutory Corporations	Total
Number of SPSUs which presented their accounts for the year 2021-22 by 30 September 2022.	2 ³⁴	0	0	2
Number of Companies whose accounts were in arrear including two inactive companies	18	1	4	23
Number of annual accounts in arrears	129	1	12	142
Break-up of Arrears	(i) Inactive	57 ³⁵	-	57
	(ii) Active	72	1	85
	a. First accounts not submitted by three Government Companies ³⁶	24	-	24
	b. Others	48	1	61
Age wise break-up arrears of accounts of active companies				
One-year (2021-22) accounts	8	1	1	10
Two years (2020-21 and 2021-22) - Two Companies & one Statutory Corporation	4 ³⁷	0	2	6
Three years and more – Six Companies	60	0	9	69

Government of Uttarakhand (GoU) had provided ₹ 37.94 crore (Equity: ₹ 35.00 crore, Loan: Nil, Grant: ₹ 2.94 crore and Subsidy: Nil) to two out of three power sector SPSUs, accounts of which up to the year 2021-22 had not been finalised by 30 September 2022 whereas no investment was made in the remaining one³⁸ power sector SPSUs during the period for which accounts were in arrears.

Further, the GoU had also provided ₹ 1,454.86 crore (Equity: ₹ 9.08 crore, Loan: ₹ 103.85³⁹ crore, Grant: ₹ 1,145.41⁴⁰ crore and Subsidy: ₹ 196.52⁴¹ crore) to 10 out of 18 other than power sector SPSUs, accounts of which up to the year 2021-22 had not been finalised by 30 September 2022 whereas no investments were made in the remaining eight⁴² other than power sector SPSUs during the period for which accounts were in arrears. SPSU-wise details of investment made by State Government during the years for which accounts were in arrears are shown in *Appendix-5.6*.

The administrative departments have the responsibility to oversee the activities of these SPSUs and to ensure that the accounts are finalised and adopted by these SPSUs within the stipulated period. The concerned departments were informed regularly regarding arrears in accounts.

Moreover, a virtual meeting was organised by Principal Accountant General (Audit), on 31 January 2022 and attended by the Secretary (Finance), GoU along with MDs/ Director

³⁴ UJVN and UKMRC

³⁵ KAJVNL and TCL

³⁶ UAKWVN (since 2004-05), ETDC (since 2016-17) and SPPL (since 2019-20)

³⁷ BRIDCUL and SPPL

³⁸ KCL

³⁹ ₹ 9.50 crore + ₹ 94.35 crore

⁴⁰ ₹ 1028.31 crore + ₹ 115.00 crore + ₹ 2.00 crore + ₹ 0.10 crore.

⁴¹ ₹ 48.75 crore + ₹ 60.25 crore + ₹ 87.52 crore

⁴² Including one SPSU (UAKWVN) which neither provided information nor submitted its first account.

(Finance) of the SPSUs in which it was assured by the Secretary (Finance) that the preparation/ submission of arrear accounts of SPSUs would be completed by March 2022. However, no efforts was made by the SPSUs to mitigate the arrears of accounts.

5.3.2.1 Impact of delay in finalisation of accounts by State Public Sector Undertakings

Delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 2013. In view of the above status of arrears of accounts, the actual performance including loss incurred/profit earned and contribution of these 21 SPSUs⁴³ to State GDP during the period of arrear of accounts could not be ascertained/reported to the State Legislature. In the absence of finalisation of accounts by these SPSUs and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the funds were utilised for the purpose for which these were provided by the State Government. This issue is of greater concern in case of those Statutory Corporations where the entire responsibility for certification lies with the CAG as the sole auditor.

5.3.2.2 Inactive State Public Sector Understandings

- As on 31 March 2022, nine SPSUs (Government Companies) were inactive having a total investment of ₹ 36.19 crore (in the form of equity ₹ 12.31 crore and long- term loans ₹ 23.88 crore) as detailed in **Appendix-5.2**. GoU had invested ₹ 14.69 crore out of the investment of ₹ 36.19 crore in these inactive SPSUs. Out of nine inactive SPSUs, seven⁴⁴ SPSUs were under liquidation. The State Government may review the status of these inactive SPSUs.

5.4 Conclusion

- The total investment (equity and long-term loans) in 14 SPSUs which submitted their accounts upto 2019-20 and onwards was ₹ 8,449.81 crore. The investment consisted of 42.16 *per cent* as equity and 57.84 *per cent* as long-term loans. Out of this, GoU had investment of ₹ 4,393.17 crore in these SPSUs consisting of equity of ₹ 3,553.58 crore and long-term loans of ₹ 839.59 crore.
- There existed difference of ₹ 569.98 crore between the figures of equity, loans and guarantees together as per records of the SPSUs and that of the Finance Accounts in respect of 14 SPSUs.
- Two SPSUs, out of eight SPSUs, which earned profit and in which GoU had made investment had paid dividend during the year 2021-22.
- The net worth of seven SPSUs as on 31 March 2022 was (-) ₹ 3,404.00 crore against equity investment of ₹ 1,503.48 crore.

⁴³ Excluding two inactive companies namely KAJVNL (arrears of 35 years) and TCL (arrears of 22 years) as information of investment is not available.

⁴⁴ UPAL, UPDL, KUMTRON, HILTRON, UPHPL, UPHQL and GAJVNL

- Out of 23 active SPSUs, only two SPSUs had submitted their annual accounts for the year 2021-22 within the prescribed timelines and remaining 21 SPSUs had arrears of 85 accounts. Out of nine inactive SPSUs, (including seven SPSUs under liquidation), two SPSUs had arrears of 57 accounts. GoU had invested ₹ 14.69 crore in nine inactive SPSUs prior to reorganization of Uttarakhand and Uttar Pradesh in 2000-01.

5.5 Recommendation

- *The Finance Department of GoU and the respective SPSUs should reconcile the differences in figures of equity, loans and guarantees outstanding as per their records in a time bound manner.*
- *The State Government may frame a dividend policy to ensure return on Equity investment made.*
- *The respective administrative departments of the GoU should strictly monitor and issue necessary directions to the SPSUs under their control to prepare and submit the accounts by taking necessary steps to resolve the constraints in preparing the accounts of the SPSUs.*
- *The GoU may take decision regarding commencement of liquidation process in respect of two SPSUs which are inactive for a considerable period and expedite liquidation process of seven SPSUs already under liquidation.*

Dehradun
The 19 May 2023



(PRAVINDRA YADAV)
Principal Accountant General (Audit),
Uttarakhand

Countersigned



New Delhi
The 01 June 2023

(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.	Area		53,483 Sq km
	a.	Hill	46,035 Sq km
	b.	Plain	7,448 Sq km
	c.	Forest	38,117 Sq km
2.	Districts (10 Hilly area and 3 Plain area)		13 Districts
3.	Population		
	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 person per Sq km
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq Km)	189 person 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 = 28 per 1,000 live births)		24
8.	Life Expectancy at Birth (All India Average = 69.70)		70.60
9.	HDI Value Uttarakhand (HDR 2021) (All India Average = 0.633)		0.72
10.	Gross State Domestic Product (GSDP) 2021-22 at current prices (₹ in crore)		2,53,832
11.	Per capita GSDP CAGR (2011-12 to 2021-22)		Uttarakhand
			6.29
12.	Per capita GDP CAGR (2011-12 to 2021-22)		All India
			8.86
12.	GSDP CAGR (2011-12 to 2021-22) at current price		Uttarakhand
			7.57
12.	GDP CAGR (2011-12 to 2021-22) at current price		All India
			10.11
13.	Population Growth (2012 to 2022)		Uttarakhand
			12.70
			All India
			12.12

Appendix-2.1
(Reference: Paragraphs 2.3.3 and 2.6; Pages 21 and 31)
Time series data on the State Government Finances

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22	
Part A. Receipts						
I. Revenue Receipts	27,105	31,216	30,723	38,205	43,057	
(i) Tax Revenue	10,165 (37)	12,188 (39)	11,513 (37)	11,938 (31)	14,176 (33)	
SGST	1,972 (19)	4,802 (39)	4,931 (43)	5,053 (42)	5,973 (42)	
Taxes on Sales, Trade etc.	3,703 (37)	1,883 (15)	1,811 (16)	1,858 (16)	2,302 (16)	
State Excise	2,262 (22)	2,871 (24)	2,727 (24)	2,966 (25)	3,258 (23)	
Taxes on Vehicles	816 (8)	909 (8)	908 (8)	741 (6)	889 (6)	
Stamps and Registration fees	882 (9)	1,015 (8)	1,072 (9)	1,107 (9)	1,488 (10)	
Land Revenue	24 (--)	34 (--)	24 (--)	17 (0)	40 (0)	
Taxes on Goods and Passengers	--	--	--	00 (0)	00 (0)	
Others	506 (5)	674 (6)	40 (--)	196 (2)	226 (2)	
(ii) Non Tax Revenue	1,770 (7)	3,310 (10)	3,999 (13)	4,171 (11)	2756 (6)	
(iii) State's share of Union taxes and duties	7,085 (26)	8,011 (26)	6,902 (22)	6,569 (17)	9906 (23)	
(iv) Grants in aid from Government of India	8,085 (30)	7,707 (25)	8,309 (27)	15,527 (41)	16,219 (38)	
2. Miscellaneous Capital Receipts	--	0.01	--	0.20	--	
3. Recoveries of Loans and Advances	34	27	19	23	17	
4. Total Revenue and Non debt capital receipts (1+2+3)	27,139	31,243	30,742	38,228	43,074	
5. Public Debt Receipts	7,526	7,275	6,148	9,787	7,473	
Internal Debt (excluding Ways and Means Advances and Overdrafts)	7,412 (98)	7,170 (99)	5,765 (94)	6,728 (69)	3,787 (51)	
Net transactions under Ways and Means Advances and Overdrafts	--	--	313 (05)	--	--	
Loans and Advances from Government of India	114 (2)	105 (1)	70 (01)	3,059 (31)	3,686 (49)	
6. Total Receipts in the Consolidated Fund (4+5)	34,665	38,518	36,890	48,015	50,547	
7. Contingency Fund Receipts	105	217	94	02	436	
8. Public Account Receipts	37,571	41,790	45,330	47,563	52,779	
9. Total Receipts of the State (6+7+8)	72,341	80,525	82,314	95,580	1,03,762	
Part B. Expenditure/Disbursement¹						
10. Revenue Expenditure	29,083	32,196	32,859	37,091	38,929	
Plan	State Fund Expenditure	25,570 (88)	28,296 (88)	28,893 (88)	32,678 (88)	35,870 (92)
Non-Plan	Central Assistance	3,513 (12)	3,900 (12)	3,966 (12)	4,413 (12)	3059 (8)
General Services (Including interest payments)		12,409 (43)	13,525 (42)	13,844 (42)	14,826 (40)	15,668 (40)
Social Services		10,929 (37)	12,209 (38)	12,593(39)	14,762 (40)	15,573 (40)
Economic Services		4,276 (15)	5,003 (16)	4,704(14)	5,571 (15)	6,148 (16)
Grants-in-aid and contributions		1,469 (5)	1,459 (4)	1,717 (5)	1,932 (5)	1,540 (4)
11. Capital Expenditure	5,914	6,184	5,414	6,538	7,534	
Plan	State Fund Expenditure	4,274 (72)	3,533 (57)	3,055 (56)	3,192 (49)	4,335 (58)
Non-Plan	Central Assistance	1,640 (28)	2,651 (43)	2,359 (44)	3,346 (51)	3,199 (42)
General Services		804 (14)	454 (7)	362 (7)	755 (11)	1,085 (14)
Social Services		1,086 (18)	1,099 (18)	1,610 (30)	1,938 (30)	2,262 (30)
Economic Services		4,024 (68)	4,631 (75)	3,442 (63)	3,845 (59)	4,187 (56)

¹ From 2017-18, Plan and Non-Plan bifurcation of funding has been discontinued and is being bifurcated in State Fund Expenditure and Central Assistance.

	2017-18	2018-19	2019-20	2020-21	2021-22
12. Disbursement of Loans and Advances	77	183	126	38	347
13. Total Expenditure of the State (10+11+12)	35,074	38,563	38,399	43,667	46,810
14. Repayments of Public Debt	1,721	2,057	2,131	2,921	3,386
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,681	2,013	2,084	2,550	3,330
Net transactions under Ways and Means Advances and Overdraft	--	--	--	313	--
Loans and Advances from Govt. of India	40	44	47	58	56
15. Appropriation to Contingency Fund	-250	0	0	0	0
16. Total disbursement out of Consolidated Fund (13+14+15)	36,545	40,620	40,530	46,588	50,196
17. Contingency Fund disbursements	482	107	26	226	212
18. Public Account disbursements	35,366	39,947	42,569	47,261	53,304
19. Total disbursement by the State (16+17+18)	72,393	80,674	83,125	94,075	1,03,712
Part C. Deficits/Surplus					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-) 1,978	(-) 980	(-) 2,136	(+) 1,114	(+) 4,128
21. Fiscal Deficit (4-13)	7,935	7,320	7,657	5,439	3,736
22. Primary Deficit(-)/Primary Surplus (+) (21+23)	(-) 3,948	(-) 2,845	(-) 3,153	(-) 666	1,203
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	3,987	4,475	4,504	4,773	4,939
24. Financial Assistance to local bodies etc.	3,664	4,466	4,800	6,441	5,858
25. Ways and Means Advances/Overdraft availed (days)	90	167	140	96	6
26. Interest on Ways and Means Advances/ Overdraft	5.24	6.08	5.18	5.21	0.06
27. Gross State Domestic Product (GSDP)[@]	2,20,222	2,30,327	2,36,988	2,34,660	2,53,832
28. Outstanding Fiscal liabilities (yearend)	51,831	58,039	65,982	73,751	77,024
29. Outstanding guarantees (yearend) (excluding interest)	1,173	1,311	854	729	374
30. Maximum amount guaranteed (yearend)	2,105	2,105	NA	NA	NA
31. Number of incomplete projects (in numbers)	260	202	210	143	75
32. Capital blocked in incomplete projects (₹ in crore)	631.94	480.30	627.08	437.61	357.00
Part E. Fiscal Health Indicators (in ratios)					
I Resource Mobilization					
Own Tax revenue/GSDP	0.046	0.053	0.049	0.051	0.056
Own Non-Tax Revenue/GSDP	0.008	0.014	0.017	0.018	0.011
Central Transfers/GSDP	0.069	0.068	0.064	0.094	0.103
II Expenditure Management					
Total Expenditure/GSDP	0.159	0.167	0.162	0.186	0.184
Total Expenditure/Revenue Receipts	1.29	1.24	1.25	1.14	1.09
Revenue Expenditure/Total Expenditure	0.83	0.83	0.86	0.85	0.83

* Note: Changed Proforma.

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	2017-18	2018-19	2019-20	2020-21	2021-22
Expenditure on Social Services/Total Expenditure	0.34	0.35	0.37	0.38	0.38
Expenditure on Economic Services/Total Expenditure	0.24	0.25	0.21	0.22	0.22
Capital Expenditure/Total Expenditure	0.17	0.16	0.14	0.15	0.16
Capital Expenditure on Social and Economic Services/Total Expenditure	0.15	0.15	0.13	0.13	0.14
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-) 0.009	(-) 0.004	(-) 0.009	(+) 0.005	(+) 0.016
Fiscal deficit/GSDP	(-) 0.036	(-) 0.032	(-) 0.032	(-) 0.023	(-) 0.015
Primary Deficit (surplus) /GSDP	(-) 0.018	(-) 0.012	(-) 0.013	(-) 0.003	(+) 0.005
Revenue Surplus (Deficit) /Fiscal Deficit	(+) 0.249	(+) 0.134	(+) 0.279	(-) 0.205	(-) 1.105
Net Primary Revenue Balance/GSDP	(-) 0.027	(-) 0.023	(-) 0.028	(-) 0.015	(-) 0.002
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.24	0.25	0.28	0.31	0.30
Fiscal Liabilities/RR	1.91	1.86	2.15	1.93	1.79
Debt Repayment to Debt Receipts (in per cent)	22.87	28.27	34.66	29.85	45.31
V Other Fiscal Health Indicators					
Return on Investment	22.69	18.69	14.08	40.02	35.05
Financial Assets/Liabilities	0.94	0.93	0.90	0.93	0.98

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. (www.des.uk.gov.in).

Appendix-3.1
(Reference: Paragraph 3.1; Page 71)
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

Sl. No.	Terms	Description
		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
(Referred to in Paragraph 5.2; Page 129)
Statement showing Equity and Outstanding Loans relating to SPSUs (which submitted their accounts upto 2019-20 and onwards) as on 31 March 2022

(₹ in crore)

Sl. No.	Name of the SPSUs	Name of Department	Period of latest finalised accounts	Year in which finalised	Equity at close of the year 2021-22				Long Terms Loans outstanding at close of the year 2021-22				Total Investment
					GoU.	GoI	Others	Total	GoU	GoI	Others	Total	
1	2	3	4	5	6 (a)	6 (b)	6 (c)	6 (d)	7 (a)	7(b)	7(c)	7 (d)	8=6(d)+7(d)
A	Government Companies												
	Power Sector SPSUs												
1	UPCL	Power	2020-21	2021-22	1489.91	0.00	0.00	1489.91	7.83	0.00	1431.13	1438.96	2928.87
2	PTCUL	Power	2020-21	2021-22	654.88	0.00	0.00	654.88	178.51	0.00	839.63	1018.14	1673.02
3	UJVN	Power	2021-22	2022-23	1372.68	0.00	0.00	1372.68	365.42	0.00	1719.75	2085.17	3457.85
4	KCL	Power	2020-21	2021-22	5.00	0.00	5.00	10.00	0.00	0.00	0.00	0.00	10.00
	Sub-Total (Power Sector)				3522.47	0.00	5.00	3527.47	551.76	0.00	3990.51	4542.27	8069.74
	Other than Power Sector SPSUs												
5	BRIDCUL	PWD	2019-20	2020-21	4.00	0.00	0.00	4.00	0.00	0.00	0.00	0.00	4.00
6	DoSCL	Sugar & Cane	2020-21	2021-22	6.00	0.00	0.00	6.00	127.99	0.00	3.15	131.14	137.14
7	KSCL	Sugar & Cane	2020-21	2021-22	17.54	0.00	0.45	17.99	119.32	0.00	0.00	119.32	137.31
8	UPNL	Sainik Kalyan	2020-21	2021-22	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
9	UKMRC	Housing	2021-22	2022-23	0.10	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.10
10	DeSCL	Urban Development	2020-21	2021-22	0.20	0.00	0.20	0.40	0.00	0.00	0.00	0.00	0.40
11	UPDCCL	Irrigation	2020-21	2022-23	1.07	0.00	0.00	1.07	0.00	0.00	0.00	0.00	1.07
	Sub-Total (Other than Power Sector)				29.91	0.00	0.65	30.56	247.31	0.00	3.15	250.46	281.02
	Total A				3552.38	0.00	5.65	3558.03	799.07	0.00	3993.66	4792.73	8350.76
B	Government Controlled Other Companies (GCOC)												
12	UKTDC	Agriculture	2020-21	2021-22	1.20	0.00	2.88	4.08	19.50	0.00	0.00	19.50	23.58
	Total- B				1.20	0.00	2.88	4.08	19.50	0.00	0.00	19.50	23.58
C	Statutory Corporations												
13	Peyjal Nigam	Drinking Water	2020-21	2022-23	0.00	0.00	0.00	0.00	21.02	0.00	54.45	75.47	75.47
14	UFDC	Forest	2019-20	2022-23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total- C				0.00	0.00	0.00	0.00	21.02	0.00	54.45	75.47	75.47
	Total (A+B+C)				3553.58	0.00	8.53	3562.11	839.59	0.00	4048.11	4887.70	8449.81

Appendix-5.2

(Referred to in paragraph 5.2 and 5.3.2.2; Page 129 and 136)

Statement showing Equity and Outstanding Loans relating to SPSUs (accounts in arrears for three years or more or were inactive or first accounts not received) as on 31 March 2022

(₹ in crore)

Sl. No.	Name of the SPSUs	Name of Department	Period of latest finalised accounts	Year in which finalised	Equity at close of the year 2021-22				Long Term Loans outstanding at close of the year 2021-22				Total Investment (Equity and Long Term Loans)
					GoU	GoI	Others	Total	GoU	GoI	Others	Total	
1	2	3	4	5	6 (a)	6 (b)	6 (c)	6 (d)	7 (a)	7 (b)	7 (c)	7 (d)	8=6(d)+7(d)
ACTIVE SPSUs													
Government Companies													
Power Sector SPSUs													
1.	Nil				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub Total (Power Sector)					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other than Power Sector SPSUs													
1	UBVVN	Social Welfare	2008-09	2019-20	17.46	5.99	0.00	23.45	0.00	0.00	1.00	1.00	24.45
2	SIIDCUL	Industry	2017-18	2021-22	26.00	0.00	2.50	28.50	0.00	0.00	0.00	0.00	28.50
3	KMVN	Tourism	2005-06	2016-17	13.42	0.00	0.00	13.42	28.07	0.00	0.00	28.07	41.49
4	GMVN	Tourism	2016-17	2022-23	6.64	0.00	0.00	6.64	0.00	0.00	10.31	10.31	16.95
5	UAKWVN* (Incorporated in January 2005)	Social Welfare	--		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	ETDC* (Incorporated in March 2017)	Tourism	--		0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.05
7	SPPL* (Incorporated in February 2020)	Industry	--		0.00	0.00	5.00	5.00	0.00	0.00	0.00	0.00	5.00
Sub Total (Other than Power Sector)					63.57	5.99	7.50	77.06	28.07	0.00	11.31	39.38	116.44
Total-A					63.57	5.99	7.50	77.06	28.07	0.00	11.31	39.38	116.44
Statutory Corporations													
8	UPN	Transport	2015-16	2017-18	229.36	9.24	0.00	238.60	97.02	0.00	55.33	152.35	390.95
9	USWC	Cooperative	2018-19	2022-23	0.19	0.18	0.00	0.37	0.00	0.00	0.00	0.00	0.37
Total-B					229.55	9.42	0.00	238.97	97.02	0.00	55.33	152.35	391.32
Total of Active SPSUs (A+B)					293.12	15.41	7.50	316.03	125.09	0.00	66.64	191.73	507.76
INACTIVE SPSUs													
Government Companies													
10	HILTRON	Industries	2013-14	2017-18	8.95	0.00	0.00	8.95	0.00	0.00	0.00	0.00	8.95
11	UPAI	Industries	1988-89	1999-00	0.17	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.17
12	KUMTRON	Industries	1989-90	1990-91	0.00	0.00	0.18	0.18	0.00	0.00	0.00	0.00	0.18
13	GAJVNL	Social Welfare	2008-09	2018-19	0.20	0.00	0.30	0.50	1.00	0.04	0.17	1.21	1.71
14	KAJVNL	Social Welfare	1986-87	2002-03	0.22	0.00	0.28	0.50	0.00	0.00	0.00	0.00	0.50
15	TCL	Industry	1999-00	2002-03	0.00	0.00	1.63	1.63	2.75	0.00	0.00	2.75	4.38
16	UPDL	Industry	1996-97	1997-98	0.00	0.00	0.35	0.35	1.40	18.52	0.00	19.92	20.27
17	UPHPL	Industry	-	-	0.00	0.00	0.03	0.03	0.00	0.00	0.00	0.00	0.03
18	UPHQL	Industry	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total of Inactive SPSUs					9.54	0.00	2.77	12.31	5.15	18.56	0.17	23.88	36.19
Grand Total (Active + Inactive)					302.66	15.41	10.27	328.34	130.24	18.56	66.81	215.61	543.95

*First accounts not received

Appendix-5.3
(Reference: Paragraph 5.2.1; page 130)
Statement showing Budgetary Support SPSUs as on 31 March 2022

(₹ in crore)

Sl. No.	Name of SPSUs	Information for the year 2019-20	Information for the year 2020-21	Information for the year 2021-22
		GoU	GoU	GoU
Power Sector				
Capital				
1	UPCL	16.00	30.00	15.00
2	PTCUL	44.00	70.00	20.00
3	UJVN	73.19	42.59	65.91
Total Capital		133.19	142.59	100.91
Loans				
4	UJVN	12.18	30.42	40.08
Total Loan		12.18	30.42	40.08
Grant				
5	UPCL	24.38	0.10	2.94
Total Grant		24.38	0.10	2.94
Grand Total		169.75	173.11	143.93
Other than Power Sector				
Capital				
6	DeSCL	0.15	0.00	0.00
Total Capital		0.15	0.00	0.00
Grant				
7	DoSCL	46.72	44.64	48.75
8	KSCL	69.07	48.10	60.25
9	UKMRC	5.00	5.90	10.00
10	DeSCL	74.00	5.00	115.00
11	Peyjal Nigam	846.49	685.67	1028.31
12	UFDC	0.00	0.00	2.00
Total of Grant		1041.28	789.31	1264.31
Total of Non power		1041.43	789.31	1264.31
Total of power and Non power		1211.18	962.42	1408.24

Appendix-5.4

(Referred to in Paragraph 5.2.2; Page 131)

Statement showing difference between Finance Accounts of Government of Uttarakhand and Accounts of the SPSUs in respect of balances of Equity, Loans and Guarantees as on 30 September 2022

(₹ in crore)

Sl. No.	Name of the SPSUs	As per records of SPSUs			As per Finance Accounts of GoU			Difference		
		Equity#	Loan Outstanding	Guarantee Outstanding	Equity#	Loan Outstanding	Guarantee Outstanding	Equity #	Loan Outstanding	Guarantee Outstanding
1	2	3	4	5	6	7	8	9 =3-6	10 = 4-7	11 = 5-8
A	Power Sector SPSUs									
1	UPCL	1489.91	186.34 ²	24.49	1434.41	107.48 ³⁵	24.49	55.50	78.86	0.00
2	PTCUL	654.88	0.00	0.00	406.64	0.00	0.00	248.24	0.00	0.00
3	UJVN	1372.68	365.42	97.72	1661.74	272.56	97.72	-289.06	92.86	0.00
Sub Total A		3517.47	551.76	122.21	3502.79	380.04	122.21	14.68	171.72	0.00
B	Other than Power Sector SPSUs									
4	UPN	229.36	97.02	0.00	134.42	215.47	0.00	94.94	-118.45	0.00
5	GMVN	6.64	0.00	0.00	5.12	0.00	0.00	1.52	0.00	0.00
6	HILTRON	8.95	0.00	0.00	8.95	0.00	0.00	0.00	0.00	0.00
7	UPAI	0.17	0.00	0.00	0.15	0.00	0.00	0.02	0.00	0.00
8	UBVVN	17.46	0.00	0.00	16.95	0.00	1.25	0.51	0.00	-1.25
9	SIIDCUL	26.00	0.00	0.00	110.67	0.00	0.00	-84.67	0.00	0.00
10	BRIDCUL	4.00	0.00	0.00	9.00	0.00	0.00	-5.00	0.00	0.00
11	UPDCCL	1.07	0.00	0.00	1.20	0.00	0.00	-0.13	0.00	0.00
12	GAJVNL	0.20	1.00	0.00	0.20	0.00	0.00	0.00	1.00	0.00
13	KAJVNL	0.22	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.00
14	KSCL	17.54	119.32	119.50	0.33	0.00	0.00	17.21	119.32	119.50
15	KMVN	13.42	28.07	0.00	13.42	0.00	0.00	0.00	28.07	0.00
16	DoSCL	6.00	127.99	77.00	0.00	0.00	0.00	0.00	127.99	77.00
Sub Total B		331.03	373.40	196.50	300.63	215.47	1.25	30.40	157.93	195.25
Grand Total (A+B)		3848.50	925.16	318.71	3803.42	595.51	123.46	45.08	329.65	195.25

#including share application money pending allotment.

² Includes loan of Power Transmission Corporation of Uttarakhand Limited.

Appendix-5.5
(Reference: Paragraph 5.2.4; Page 133)

Statement showing erosion of net worth of SPSUs as on 31 March 2022

(₹ in crore)

Sl. No.	Name of SPSUs	Year of latest finalised Accounts	As per latest finalised Accounts of SPSU				As per information provided by SPSUs	
			Total paid up capital	Net profit / Loss (-) after interest, tax and dividend	Accumulated Losses	Net Worth	State Government	
							Equity	Loan
	1	2	3	4	5	6=3+5	7	8
1	UPCL	2020-21	1474.91	(-)151.75	(-) 3851.01	(-) 2376.10	1489.91	7.83
2	DoSCL	2020-21	6.00	(-) 26.07	(-) 425.06	(-) 419.06	6.00	127.99
3	KSCL	2020-21	17.99	(-) 16.65	(-) 314.66	(-) 296.67	17.54	119.32
4	UKMRC	2021-22	0.10	(-) 0.84	(-) 3.10	(-) 3.00	0.10	0.00
5	DeSCL	2020-21	0.40	(-) 0.55	(-) 0.55	(-) 0.15	0.20	0.00
6	Payjal Niagm	2020-21	0.00	(-) 20.49	(-) 288.26	(-) 288.26	0.00	21.02
7	UKTDC	2020-21	4.08	2.57	(-) 24.84	(-) 20.76	1.20	19.50
	Total		1503.48	(-) 213.78	(-) 4907.48	(-) 3404.00	1514.95	295.66

Appendix-5.6

(Reference: Paragraph 5.3.2; Page 134)

Statement showing position of State Government Investments (Equity, Loan and grant/ subsidy) in active SPSUs during the period for which accounts are in arrears

(₹ in crore)

Sl. No.	Name of SPSUs	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
Government Companies								
1	UPCL	2020-21	2021-22	1474.91	15.00	0.00	2.94	17.94
2	PTCUL	2020-21	2021-22	634.88	20.00	0.00	0.00	20.00
3	KCL	2020-21	2021-22	5.00	0.00	0.00	0.00	0.00
4	BRIDCUL	2019-20	2020-21 to 2021-22	4.00	0.00	0.00	0.00	0.00
5	DoSCL	2020-21	2021-22	6.00	0.00	0.00	48.75	48.75
6	KSCL	2020-21	2021-22	17.54	0.00	0.00	60.25	60.25
7	DeSCL	2020-21	2021-22	0.20	0.00	0.00	115.00	115.00
8	UPNL	2020-21	2021-22	1.00	0.00	0.00	0.00	0.00
9	UPDCCL	2020-21	2021-22	1.07	0.00	0.00	0.00	0.00
10	UKTDC	2020-21	2021-22	1.20	0.00	9.50	0.00	9.50
11	UBVVN	2008-09	2009-10 to 2021-22	8.43	9.03	0.00	0.10	9.13
12	SIIDCUL	2017-18	2018-19 to 2021-22	26.00	0.00	0.00	87.52	87.52
13	KMVN	2005-06	2006-07 to 2021-22	13.42	0.00	0.00	0.00	0.00
14	GMVN	2016-17	2017-18 to 2021-22	6.64	0.00	0.00	0.00	0.00
15	ETDC (first accounts not received)		2016-17 to 2021-22	0.00	0.05	0.00	0.00	0.05
16	SPPL (first accounts not received)		2020-21 to 2021-22	0.00	0.00	0.00	0.00	0.00
17	UAKWVN (first accounts not received)	--	2004-05 to 2021-22	0.00	0.00	0.00	0.00	0.00
Total (A)				2200.29	44.08	9.50	314.56	368.14
Statutory Corporations								
18	UPN	2015-16	2016-17 to 2021-22	229.36	0.00	94.35	0.00	94.35
19	Peyjal Nigam	2020-21	2021-22	0.00	0.00	0.00	1028.31	1028.31
20	UFDC	2019-20	2020-21 to 2021-22	0.00	0.00	0.00	2.00	2.00
21	USWC	2018-19	2019-20 to 2021-22	0.19	0.00	0.00	0.00	0.00
Total (B)				229.55	0.00	94.35	1030.31	1124.66
Total (A+B)				2429.84	44.08	103.85	1344.87	1492.80

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, e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.
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, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
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.

Sl. No.	Terms	Description
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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