

Chapter 4
**Quality of Accounts and Financial
Reporting Practices**

4.1 Introduction

A sound internal financial reporting system with relevant and reliable information contributes significantly 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 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.

This Chapter provides an overview on the quality of Accounts and compliance of the State Government's financial reporting practices with prescribed financial rules, procedures and directives regarding completeness, transparency, measurement and disclosure.

Issues related to completeness of Accounts

4.2 Funds outside Government Accounts

As per Article 266 (1) of the Constitution of India, all revenues received by the Government, all loans raised by that Government by the issue of treasury bills, loans or Ways and Means Advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled "the Consolidated Fund of the State". Further, as per Article 266 (2), all other public moneys received by or on behalf of the Government of India or the Government of a State shall be credited to the public account of India or the public account of the State, as the case may be. Article 266 (3) prescribes that no money out of any Consolidated Fund shall be apportioned except in accordance with law for the purposes and in the manner provided for in the Constitution.

In the following cases, funds/public monies were lying outside the Government Account as detailed below.

4.2.1 Telangana Haritha Nidhi

Government of Telangana launched (2015) "Telangana Ku Haritha Haram" Programme with a goal of afforestation. With the objective of enhancing plantation activity and sustaining it in the long run, the Chief Minister of the State announced (October 2021) the "Telangana Haritha Nidhi", a dedicated Green Fund for Telangana State¹. Telangana Haritha Nidhi would be funded by contributions from public representatives, Government employees and other sections of society and a predefined portion of taxes, fees and other levies that the State Government imposes. The Forest Department would be the nodal department to operate the fund.

¹ Preamble of EFS&T (For.I) Dept. G.O.Rt.No. 139 dt.16.12.2021

To effectively manage the fund and implement its activities, Government issued orders² regarding (i) establishment of a State Level Committee (ii) functions of State Level Committee (iii) activities for which the fund would be utilized (iv) and the Financial and Administrative arrangements in respect of the Fund. Subsequently, the Government issued orders³ specifying the quantum of contribution to the fund from salaries/ honorarium/ remuneration of public representatives⁴, Works contracts⁵, Constituency Development Fund⁶, issue of licenses⁷ and salaries of all categories of employees⁸. All the contributions would be credited into the Telangana Green Fund Account maintained in a Nationalised Bank viz., State Bank of India. The Principal Chief Conservator of Forests stated that ₹1.31 lakh was received during 2021-22 towards this fund. No expenditure was incurred during the year.

To an Audit query, the Department has stated (October 2022) that that the fund was created with concurrence of the Finance Department as per Government Orders. **The fact remains that creation of a fund outside the Government Account results in moneys lying outside and may result in expenditure without Legislative oversight.**

4.2.2 Funds parked in Single Nodal Agency Accounts

Government of India, Ministry of Finance, Department of Expenditure, issued guidelines⁹ for opening of Single Nodal Account for each Centrally Sponsored Scheme (CSS) at the State level. As per the guidelines, every State Government will designate a Single Nodal Agency (SNA) for implementing each CSS. The SNA will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorized by the State Government to conduct government business. The other accounts of the Implementing Agencies are required to be closed or converted to zero balance account and funds lying unutilized in these accounts are to be returned to the Single Nodal Account of the scheme. A certificate to the effect shall be furnished by the Secretary of the concerned Department of the State Government by 31 January 2022.

² Government of Telangana, EFS&T (For.I) Department, G.O.Rt.No.139 dt.16.12.2021

³ Government of Telangana, Finance (TFR) Department, G.O.Ms.No.17 dt.18.02.2022 and Government of Telangana, Finance (TFR) Department, G.O.Ms.No.16 dt.18.02.2022

⁴ (i) Honourable Member of Parliament/Member of Legislative Assembly/Member of Legislative Council/ Chairmen of Corporations: ₹6,000 per annum, (ii) All Chairmen of the Corporations and Chair Persons of Zilla Parishad: ₹1,200 per annum, (iii) Chair Persons of Mandal Praja Parishad/Zilla Parishad Territorial Constituency President: ₹600 per annum and (iv) Mandal Parishad Territorial Constituencies, Corporators, Municipal Counsellors and Surpanches: ₹120 per annum

⁵ 0.01 per cent

⁶ 10 per cent

⁷ (i) each issue or renewal of license to Shops and Business establishments: ₹1,000; (ii) each issue of renewal of license and permit to Bar and Wineshops: ₹1,000

⁸ (i) All India Services: ₹1,200 per annum; (ii) All State Government Gazetted and Non-Gazetted Employees, Teachers, Grand-in-Aid employees including Corporations, Societies, Universities and Institutions under the control of State Government: ₹300 per annum

⁹ F.No. 1(13) PFMS/FCD/2020, dated 23 March 2021

Accordingly, in respect of 78 CSSs in the State, 85 SNAs¹⁰ have been designated and corresponding accounts have been opened in the Banks during 2021-22. While 36 SNA accounts had nil balances, ₹1,201 crore was lying in commercial banks in the remaining 49 SNA accounts¹¹ as of March 2022.

4.2.3 State Compensatory Afforestation Fund

Compensatory Afforestation Fund Act, 2016 (CAFA) and Compensatory Afforestation Fund Rules, 2018 provide for administration of amounts received for compensatory afforestation activities by State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA). The Authority is to administer the amount received and utilise the monies for undertaking compensatory afforestation activities. In accordance with the Act *ibid*, the Telangana Government established (February 2019) a Reserve Fund¹² “State Compensatory Afforestation Fund (SCAF)” under Public Account. However, as of March 2022, an amount of ₹105 crore¹³, was kept in a Nationalised Bank account, outside the Public Account, which is against the provisions of CAFA.

4.3 Non-discharge of interest liability in respect of interest-bearing Reserve Funds and Deposits

Funds in Public Account under Reserve Funds and Deposits sections are of two categories viz., interest bearing and not bearing interest. The State Government is, therefore, required to pay interest on un-invested balances lying under Reserve Funds and Deposits Bearing Interest. During the year 2021-22, the State Government did not discharge interest liability of ₹182 crore in respect of balances (lying as of 1 April 2021) in the interest-bearing Reserve Funds and Deposits, as shown below:

¹⁰ In the following cases more than one account was found: (i) Modernisation of Police Forces (2 accounts), (ii) Promotion of Apprenticeship (2 accounts), (iii) National Rural Livelihood Mission (3 accounts), (iv) Mahatma Gandhi National Rural Guarantee Programme (2 accounts), (v) Sankshem Anganwad and Poshan 2.0 (2 accounts) and (vi) Sambal (Beti Bachao Beti Padhao) (2 accounts)

¹¹ corresponding to 42 CSSs

¹² In interest bearing section under Major Head of Account 8121- General and other Reserve Funds followed with Minor Head of Account 129

¹³ Including previous and current years’ unspent balances and interest accrued in Banks

Table 4.1: Non-Discharge of interest liability

(₹ in crore)

Sector	Sub-sector	Minimum rate of interest estimated	Balance as of April 2021	Interest Due
J-Reserve Funds	State Disaster Response Fund (MH 8121-122-State Disaster Response Fund)	As per guidelines of State Disaster Response Fund, the rate of interest is the rate applicable to overdraft (two <i>per cent</i> over Ways and Means interest rate i.e., six <i>per cent</i>) under Overdraft regulation Guidelines of the Reserve Bank of India	1,436*	86
J-Reserve Funds	State Compensatory Afforestation Fund (MH 8121-129-State Compensatory Afforestation Fund)	Interest rate of 3.35 <i>per cent</i> fixed by Ministry of Environment, Forest & Climate Change (National Authority)	2,257	76
K-Deposits and Advances	Defined Contribution Pension Scheme for Government Employees (MH 8342-117)	Interest calculated as per the rate of interest notified by the Government/payable to General Provident Fund i.e., 7.1 <i>per cent</i>	287	20
Total Interest Due				182

Source: Finance Accounts

* Out of the ₹1,556 crore closing balance available in State Disaster Response Fund as of 31 March 2021, an amount of ₹120 crore was transferred (March 2022) to State Disaster Mitigation Fund (SDMF). Hence, the interest is calculated on the balance amount only. No interest liability is calculated on SDMF as the opening balance was Nil.

Non-payment/short payment of the interest amounting to ₹182 crore has resulted in understatement of Revenue and Fiscal Deficit to that extent.

Further, the balances under Deposits of other Autonomous Bodies and Miscellaneous Deposits (which are under the category of Deposits bearing interest) were ₹2,349 crore and ₹143 crore respectively, as of 01 April 2021. The Government has not paid interest on these deposits for the past seven years.

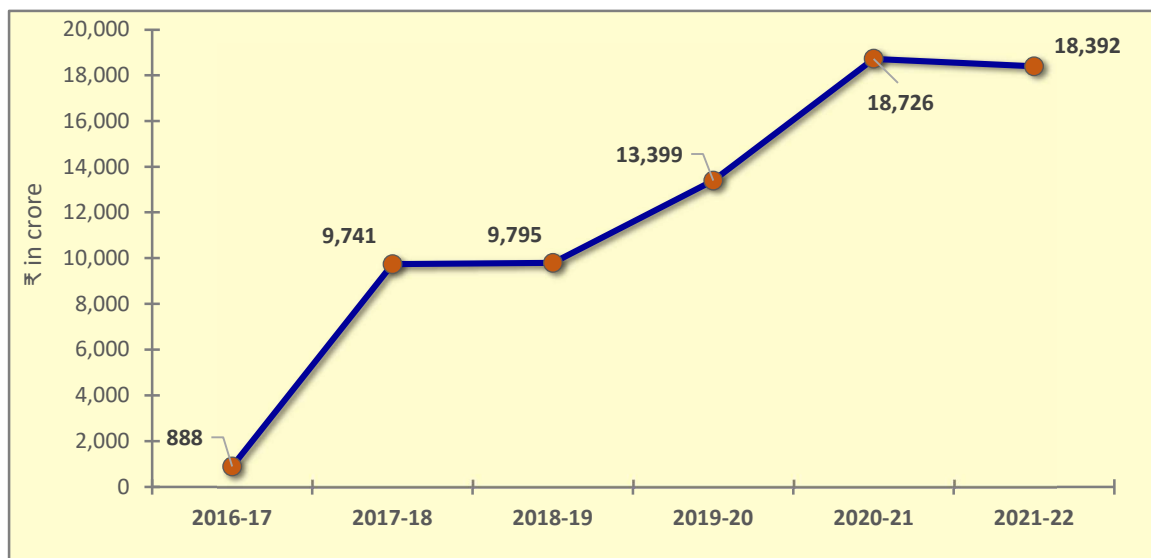
Undischarged liability in the current year increases the burden on the Government's Revenue Expenditure at a future date.

4.4 Funds transferred directly to State Implementing Agencies

With effect from 01 April 2014, Government of India (GoI) decided to release all assistance related to the Centrally Sponsored Schemes/Additional Central Assistances to the State Government and not directly to the implementing agencies. However, Government of India transferred an amount of ₹72,225 crore¹⁴ directly to the State Implementing Agencies in Telangana during 2014-15 to 2021-22.

Details of direct transfer of funds to the implementing agencies during the last six years are given in **Chart 4.1**:

¹⁴ (i) 2014-15: ₹425 crore, (ii) 2015-16: ₹858 crore, (iii) 2016-17: ₹888 crore, (iv) 2017-18: ₹9,741 crore, (v) 2018-19: ₹9,795 crore, (vi) 2019-20: ₹13,399 crore, (vii) 2020-21: ₹18,726 crore and (viii) 2021-22: ₹18,392 crore

Chart 4.1: Funds transferred directly to implementing agencies during 2016-17 to 2021-22

Source: Finance Accounts

The quantum of funds transferred directly by the Central Government in 2021-22 was 1,971 *per cent* more than the funds transferred (₹888 crore) in 2016-17. Direct releases were more prominent in respect of Mahatma Gandhi National Rural Employment Guarantee Scheme (₹35,175 crore¹⁵) and Food Subsidy for Decentralized Procurement of Food grains under National Food Security Act (₹25,397 crore¹⁶) and Pradhan Mantri Kisan Samman Nidhi Scheme (₹7,020 crore¹⁷).

During 2021-22, Government of India released ₹18,392 crore directly to the State Implementing Agencies in Telangana. This is marginally less than previous year. Details of all such direct transfers during 2021-22 are available in Appendix-VI of the Finance Accounts. Some of the major transfers to State implementing agencies are shown in **Table 4.2:**

Table 4.2: Major transfers directly made to State implementing agencies in 2021-22

Sl. No.	Scheme	Amount (₹ in crore)
1	Mahatma Gandhi National Rural Employment Guarantee Scheme	7,973
2	Food Subsidy for Decentralised Procurement of Food grants under NFSA	7,665
3	Pradhan Mantri Kisan Samman Nidhi	2,280

Source: Finance Accounts

As these funds are not routed through the Consolidated Fund of the State, the Annual Accounts does not capture the flow of such funds.

¹⁵ (i) 2016-17: ₹390 crore, (ii) 2017-18: ₹5,094 crore, (iii) 2018-19: ₹6,376 crore, (iv) 2019-20: ₹6,336 crore, (v) 2020-21: ₹9,006 crore, and (vi) 2021-22: ₹7,973 crore

¹⁶ (i) 2017-18: ₹3,854 crore, (ii) 2018-19: ₹2,559 crore, (iii) 2019-20: ₹4,439 crore, (iv) 2020-21: ₹6,880 crore, and (v) 2021-22: ₹7,665 crore

¹⁷ (i) 2018-19: ₹377 crore, (ii) 2019-20: ₹2,176 crore, (iii) 2020-21: ₹2,187 crore, (iv) 2021-22: ₹2,280 crore

4.5 Deposits of Local Funds

Local Funds pertaining to Panchayat Raj Institutions and Urban Local Bodies are maintained in State Government Accounts under Deposits section of Public Account. These accounts include the money realised under the Acts concerned and monies received by these Local Bodies as Grants from Finance Commissions of Central and State Governments. The expenditure of Gram Panchayats is towards sanitation, plantation, street lighting, etc.¹⁸, while that of Municipalities is towards water supply, sanitation, public streets, street lighting, markets, etc.¹⁹. The details of Deposits of Local Funds are as under:

Table 4.3: Deposits of Local Funds

(₹ in crore)

Fund	Head of Account		2017-18	2018-19	2019-20	2020-21	2021-22
Urban Local Bodies							
Municipal Funds	(8448-102)	Opening Balance	942.52	1,285.66*	1,677.95	1,848.09	2,510.63
		Receipts	1,251.23	1,739.88	2,199.67	3,221.09	1,528.19
		Expenditure	1,103.67	1,347.59	2,029.53	2,558.55	2,201.02
		Closing Balance	1,090.08	1,677.95	1,848.09	2,510.63	1,837.80
Panchayat Raj Institutions							
Village Panchayat Fund	(8448-109-01)	Opening Balance	568.98	923.81*	1,453.38	1,578.70	2,204.50
		Receipts	1,739.65	1,945.25	2,897.50	3,920.30	3,031.76
		Expenditure	1,788.25	1,415.68	2,772.18	3,294.50	3,581.56
		Closing Balance	520.38	1,453.38	1,578.70	2,204.50	1,654.70
Mandal Praja Parishad Funds	(8448-109-02)	Opening Balance	(-)45.62	101.31*	142.91	91.62	285.66
		Receipts	159.46	158.19	129.90	331.09	470.49
		Expenditure	92.10	116.59	181.19	137.05	281.24
		Closing Balance	21.74	142.91	91.62	285.66	474.91
Zilla Parishad Funds	(8448-109-03)	Opening Balance	(-)33.72	287.32*	364.09	372.90	408.39
		Receipts	206.90	203.15	265.66	203.92	252.02
		Expenditure	147.85	126.38	256.85	168.43	148.69
		Closing Balance	25.33	364.09	372.90	408.39	511.72
Total Closing Balance of Panchayat Raj Institutions Funds to the end of the year			567.45	1,960.38	2,043.22	2,898.55	2,641.33

Source: Finance Accounts

* Opening Balance differs with the Closing Balance of previous years due to apportionment of balances between Andhra Pradesh and Telangana and is under reconciliation

The Municipal Fund (₹1,838 crore) included the following:

- XIII Finance Commission Grants (₹812 crore);
- General Funds (₹400 crore);
- Municipal Corporation Fund (₹390 crore); and
- Municipal Employees Salary Fund (₹179 crore).

¹⁸ Telangana Panchayat Raj Act, 2018

¹⁹ Telangana Municipalities Act, 2019

The Village Panchayat Fund (₹1,655 crore) included the following:

- XIII Finance Commission Grants for Gram Panchayats (₹892 crore);
- State Finance Commission Grants (₹389 crore); and
- General Funds (₹373 crore);

An amount of ₹1,704 crore, pertaining to XIII Finance Commission Grants given to Local Bodies was available in the Public Account. This indicates that the huge amounts released under XIII Finance Commission (2010-2015) are still lying the Public Account even after a lapse of seven years, without being expended.

As mentioned in *paragraphs 1.4* and *2.6*, the balance under Public Account after disbursements is the fund available to the Government for specific purposes. Hence, having sizeable amounts in various heads of Public Account for prolonged periods indicate non-utilisation of funds for the intended purposes.

Issues related to Transparency

4.6 Delay in submission of Utilisation Certificates

As per Article 211-A.2 of the Financial Code, where grants are sanctioned for specific purposes with conditions, the departmental officer concerned should furnish Utilisation Certificates to the Principal Accountant General (A&E), certifying the fulfilment of such conditions.

Utilisation Certificates (UCs) for 49 orders for release of grants issued (amounting to ₹3,313 crore) from April 2017 to March 2021, in respect of various schemes²⁰ pertaining to Municipal Administration and Urban Development Department²¹, were not forwarded to Principal Accountant General (Accounts and Entitlements) as of March 2022. The year-wise details are shown in the next table:

Table 4.4: Year-wise arrears in submission of Utilisation Certificates

Year	UCs due as of March 2022	
	Number	Amount (₹ in crore)
Up to 2020-21	33	1,616
2021-22	16	1,697
Total	49	3,313

Note: The year mentioned above relates to "Due Year" i.e., after 15 months of actual drawal

Source: Information furnished by Principal Accountant General (Accounts and Entitlements)

In the absence of the utilisation certificates, it cannot be ascertained whether the grants were actually utilised for the intended purposes or not.

²⁰ Atal Mission for Rejuvenation and Urban Transformation, XIV Finance Commission Grants, Jawaharlal Nehru National Urban Renewal Mission and Smart Cities etc.

²¹ For which sanctions were accorded with a stipulation that the Grant receiving authority shall submit UCs to PAG(A&E).

4.6.1 Recording of Grantee Institutions as ‘Others’

Grants-in-Aid (GIA) are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institution or individual. GIA are given by the Union Government to State Governments and/or Panchayati Raj Institutions. State Governments also disburse GIA to agencies, bodies and institutions. The grants so released are utilized for meeting day-to-day operating expenses and for creation of capital assets, besides delivery of services.

Grants-in-Aid during the year 2021-22 (₹61,400 crore) constitutes 45 per cent of the total Revenue expenditure (₹1,36,804 crore) of the State. ‘Investment Support Scheme (Rythu Bandhu)’ a flagship programme to support the farmers, with an expenditure of ₹14,779 crore, constituted 24 per cent of the GIA and 11 per cent of the Revenue expenditure.

In the absence of details of Grantee institutions / bodies, it is not possible for the State Government and/or Principal Accountant General (A&E) to effectively monitor the utilisation of Grants-in-Aid and the number of Utilisation Certificates outstanding against each Institution.

Grants-in-Aid are indicated at Detailed Head as ‘310 – Grants-in-Aid’ and the nature of Grants is depicted at Object Head level²². At a few places, the State Government is indicating the name of the Grantee institutions at sub-head level. However, we observed that there was no full-fledged mechanism of giving separate code to each Institution (viz., various bodies and authorities) receiving Grants-in-Aid from the State Government. A few cases, where the details are mentioned as Others / Other GIA, with more than ₹1,000 crore are shown below:

Table 4.5: Cases of releases, where details are mentioned as ‘Others / Other Grants-in-Aid’ under Detailed Head 310 Grants-in-Aid

Sl. No.	Sub-Head Description	Object Head Description	Amount (₹ in crore)
1	Investment Support Scheme	Other GIA	14,779
2	Aasara Pensions	Other GIA	5,415
3	Telangana Dalit Bandhu	Other GIA	4,442
4	Assistance to Transmission Corporation of Telangana Ltd. for Agricultural and allied Subsidy	Other GIA	2,965
5	Kalyana Lakshmi	Other GIA	2,070
6	Aasara Pensions to old age persons & widows	Other GIA	1,685
7	Insurance to Farmers	Other GIA	1,465
8	National Health Mission (NHM)	Other GIA	1,275
9	SFC Grants to Gram Panchayats	Other GIA	1,030
10	Incentives for Industrial Promotion	Other GIA	1,014

Source: Finance Accounts

²² Object Heads: Grants-in-Aid towards salaries (311), Other Grants-in-Aid (312), Per Capita Grants (313), Seigniorage Grants (314), Maintenance Grant (315), Exgratia Payments or Compensation (317), Obsequies charges (318), and Grants for creation of capital assets (319)

Government may establish an appropriate mechanism providing the details of each grantee Institution in order to bring transparency in accounts.

4.7 Abstract Contingent Bills

Financial Rules²³ permit drawal of advances on ‘Abstract Contingent’ bills for the purpose of meeting contingent expenditure for specified purposes. Initially made as advance, its subsequent adjustments are to be ensured through submission of Detailed Contingent (DC) bills within three months from drawal of Abstract Contingent bill as stipulated in Government orders²⁴.

The year-wise details of drawal of AC bills / submission of DC bills and unadjusted AC bills as on 31 March 2022²⁵ are indicated in **Table 4.6**.

Table 4.6: Year-wise details of drawal of AC bills and submission of DC bills

	AC bills Drawn		DC bills submitted		Unadjusted AC bills	
	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
Up to 2019-20	25,826	2,297	25,579	2,225	247	72
2020-21	1,716	271	1,710	265	6	6
2021-22	2,744	700	2,501	619	243	81
Total	30,286	3,268	29,790	3,109	496	159

Source: Information furnished by Principal Accountant General (Accounts and Entitlements)

The year-wise pendency of AC bills is given at **Appendix 4.1**. Audit observed the following:

- The volume and value of unadjusted AC bills have been decreasing²⁶. This indicates an improvement in submission of DC bills.
- Out of the 1,936 AC bills²⁷ valuing ₹239 crore cleared in 2021-22 (up to June 2022), 290 bills valuing ₹51 crore pertained to AC bills drawn during the current year. 1,646 bills adjusted valuing ₹188 crore belong to years prior to that. Further, 345 AC bills valuing ₹29 crore, pertaining to the period prior to formation of Telangana State were cleared from the records of Principal Accountant General (Accounts and Entitlements) as a one-time settlement²⁸.

Out of ₹700 crore drawn against AC bills in 2021-22, AC bills amounting to ₹4 crore (0.63 per cent of the total amount drawn during 2021-22) were drawn in March 2022. Comparatively, ₹49 crore worth AC bills were drawn in March 2021 (18 per cent of the total amount drawn during 2020-21). There has, therefore, been a significant improvement over the previous year.

²³ Article 102 of Telangana Financial code

²⁴ GO No. 507, dt.10-04-2002

²⁵ Drawal of AC Bills taken upto March 2022 and Submission of DC Bills taken upto July 2022

²⁶ As of 31 March 2021:1,931 bills amounting to ₹273 crore; As of 31 March 2020: 3,955 bills amounting to ₹610 crore

²⁷ Only treasury bills taken into consideration

²⁸ Based on the district-wise consolidated certificates as those AC bills pertain to the period prior to formation of Telangana State and also in view of the fact of re-organisation of the districts from 10 to 33

In respect of four²⁹ Heads of Department, AC bills amounting more than ₹10 crore in each case, were pending adjustment. The Department-wise pendency of AC bills is available at **Appendix 4.2**.

4.8 Personal Deposit Accounts

Personal Deposits (PD) Accounts, commonly known as Personal Ledger Accounts or Personal Deposit Accounts are maintained in the treasuries in the nature of banking accounts. As per Article 271 of the Financial Code, the purpose of a PD Account is to enable the Drawing Officers to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State.

Personal Deposit Accounts are established in the following manner:

- Under statutory provisions of the Government or by creation under any law or rule having force of law, by transferring funds from Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments.
- Personal Deposit Accounts may also be opened in favour of specified Government Officers, by transferring funds from the Consolidated Fund of the State for discharging the liabilities of the State Government in respect of execution of various projects, schemes, etc.

As per the List of Major and Minor Heads, Personal Deposits are covered under Major Head 8443 – Civil Deposit – Minor Head 106 – Personal Deposits.

4.8.1 Status of Personal Deposit Accounts

The status of Personal Deposit Accounts as on 31 March 2022 is given in **Table 4.7**:

Table 4.7 Details of Personal Deposit Accounts

Sl. No.	Description	No. of Accounts	Amount (₹ in crore)
1	Number of Personal Deposit Accounts existing at the beginning of the year	200 ³⁰	177 ³¹
2	New Personal Deposit Accounts opened during the year	--	--
3	Receipts into the Personal Deposit Accounts during the year	--	612
4	Total	200	789
5	Payments during the year	--	572
6	Amount lapsed during the year	--	85
7	Personal Deposit Accounts closed during the year	54	3
8	Personal Deposit Accounts existing at the end of the year	146	132 ³²

Source: Information furnished by Director of Treasuries and Accounts (DTA) to Principal Accountant General (A&E)

²⁹ (i) Office of the Inspector General of Police, Intelligence Department (₹38 crore), (ii) Director of medical education (₹20 crore), (iii) Land Revenue Department (₹13 crore), and (iv) Drawing Officer High Court (₹12 crore)

³⁰ The change in Opening balance for the year 2021-22 is due to addition of two PD accounts (one PD account with Zero balance was reopened which was closed due to oversight during financial year 2020-21 and one PD Account with ₹one lakh was identified and ported from Impact to IFMIS software)

³¹ ₹167 crore as per accounts and difference is due to variation in figures between the Principal Accountant General (A&E) and Director of Treasuries and Accounts and is under reconciliation

³² ₹121 crore as per accounts and due to difference in figures of the Principal Accountant General (A&E) and the Director of Treasuries and Accounts and is under reconciliation

During 2021-22, ₹608 crore was transferred from the Consolidated Fund of the State to these Accounts and ₹4 crore was credited through challans. Of this, ₹187 crore (31 per cent of the total credit to Personal Deposit Accounts during the year) was transferred from Consolidated Fund in the month of March 2022. An amount of ₹37 crore was transferred on the last day of the financial year (i.e., 31 March 2022) to PD Accounts. Thus, these Personal Deposit Accounts were utilised to transfer funds at the fag end of the financial year to avoid budget lapse.

4.8.2 Non-closure of in-operative Personal Deposit Accounts

As per Article 271(iii) (4) of Telangana Finance Code Vol-I, in cases where the Personal Deposit Accounts are created by debit to the Consolidated fund, such Personal Deposit Accounts should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated fund. The Personal Deposit account can be opened next year again, if necessary, in the usual manner. If any Personal Deposit Account is not operated upon for a considerable period and there is reason to believe that the need for such Deposit Account has ceased, such accounts shall be closed in consultation with the officer in whose favour the Personal Deposit Account has been opened.

Out of 146 PD Accounts existing at the end of the year, only 18 accounts had both receipts and payments. There were only receipts in 30 PD accounts and only payments in 10 PD accounts. **There were neither receipts nor payments in 88 PD accounts, indicating their non-operation during 2021-22. These non-operative PD accounts may be reviewed and closed.**

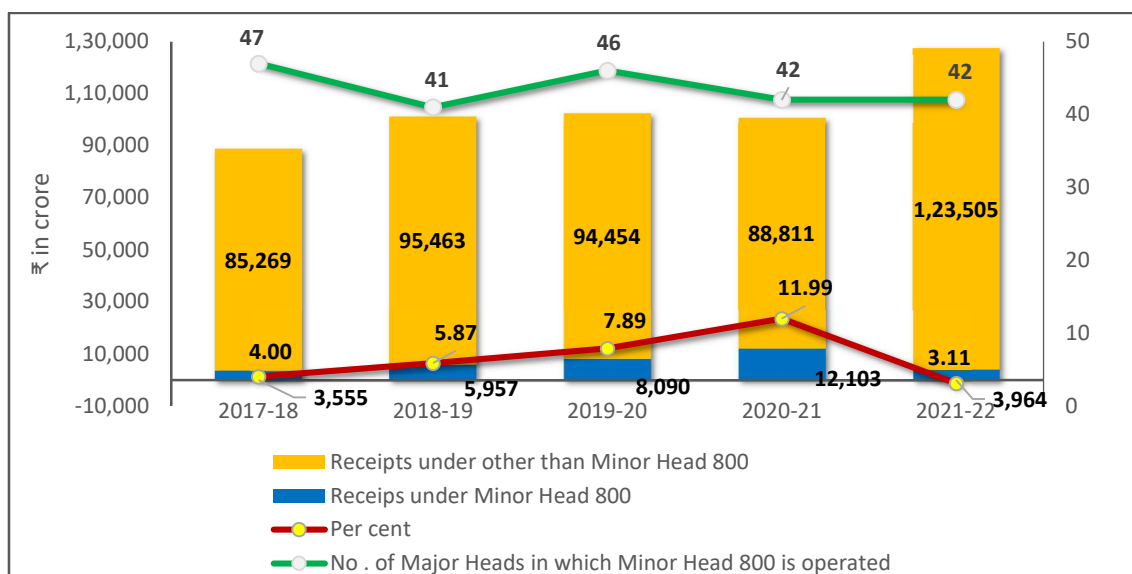
As per Government Orders³³, funds released to Category ‘C’ Deposits Account, during a particular financial year shall lapse by 31 March of the following year. The administrators of Personal Deposit Accounts are therefore, required to revert the unspent balances to Government account. Accordingly, ₹85 crore was lapsed during 2021-22. However, an amount of ₹one crore was credited into Revenue Heads of Account instead of minus debit of the balance to the relevant service heads in the Consolidated fund as per Article 271(iii) 4 of Financial Code.

4.9 Opaqueness in Accounts

Article 30 of Accounts Code (Volume I) stipulates that as a general rule, the classification of transactions in Government accounts shall have closer reference to the function, programme and activity of the Government and the object of the revenue or expenditure, rather than the Department in which the revenue or expenditure occurs. Minor Head - 800 relating to Other Receipts or Other Expenditure that is intended to be operated only when the appropriate Minor Head is not available under the Major Head. Routine operation of Minor Head - 800 is to be discouraged, as it renders the accounts opaque. Transactions under this Minor Head during the years 2017-18 to 2021-22 are detailed in *Charts* below:

³³ G.O.Ms.NO.43, dated 22 April 2000

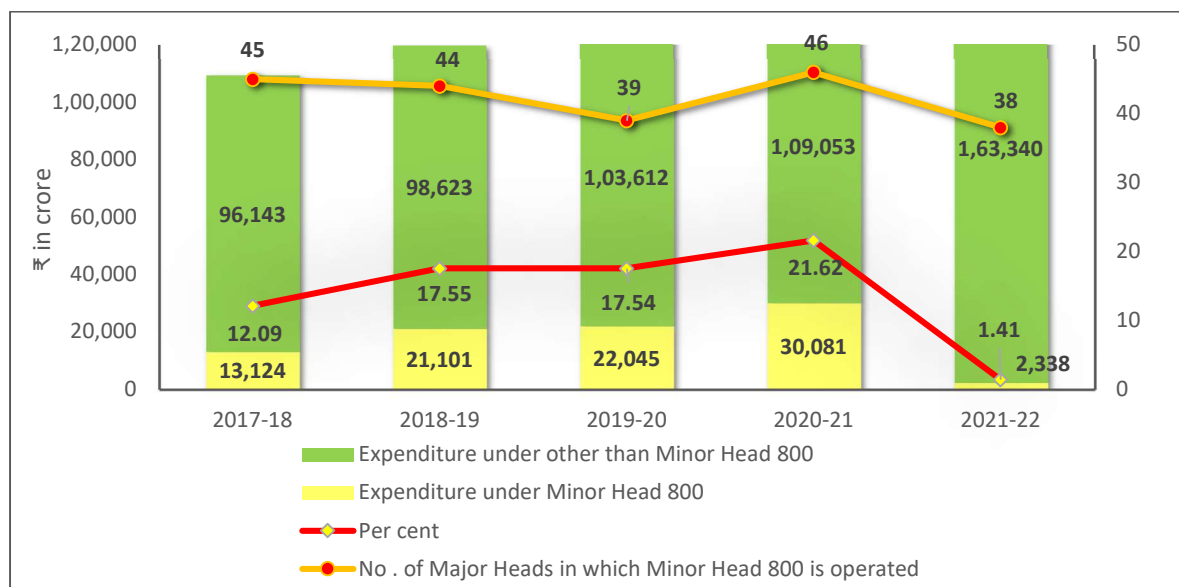
Chart 4.2: Operation of Minor Head 800 – Other Receipts during 2017-18 to 2021-22



Source: Finance Accounts

Note: Receipts include Revenue Receipts only

Chart 4.3: Operation of Minor Head 800 – Other Expenditure during 2017-18 to 2021-22



Source: Finance Accounts

Note: Expenditure includes both Revenue and Capital Expenditure

- The use of omnibus Minor Head-800 in monetary value has decreased considerably over preceding year by 74 per cent in respect of Receipts and 93 per cent of Expenditure in 2021-22. The Government has issued errata (March/ April 2022) for rectification of mistakes in the classification of Minor Head - others initial budget. Few instances are given below:

- Under Power Major Head, expenditure totalling ₹8,061 crore booked under Minor Head 800 – Other Expenditure at Sub Head level (Assistance to Transmission Corporation of Telangana Ltd. for Agriculture and allied Subsidy) was rectified and transferred under Minor Head Assistance to Public sector and other undertakings.
- Under Crop Husbandry Major Head, expenditure totalling ₹11,501 crore booked under Minor Head 800 – Other Expenditure at Sub Head level (Investment Support Scheme) was rectified and transferred under Minor Head Farmers Income Support.
- Under State Goods and Services Tax Major Head, receipts totalling ₹14,602 crore booked under Minor Head 800 – Other Receipts at Sub Head level (Collections) was rectified and transferred under Minor Head Tax (Collections).

The proportion of receipts classified as Minor Head 800 - Other Receipts in total Revenue Receipts has decreased considerably from 12 *per cent* in 2020-21 to 3 *per cent* in 2021-22. Similarly, the proportion of Minor Head 800 - Other Expenditure in total Expenditure has also decreased significantly from 21.62 *per cent* in 2020-21 to 1.41 *per cent* in 2021-22.

- In respect of two receipts heads viz., (i) State Excise - Collection of payments for services rendered – User charges and (ii) Miscellaneous General Services – Other Receipts, the receipts of more than ₹1,000 crore were classified under Minor Head 800 in each case. Also, in case of Miscellaneous General Services mentioned above, receipts of more than ₹1,000 crore were classified under Minor Head 800 – Other Receipts for the last four continuous financial years³⁴.
- In respect of 12 Receipt Major Heads like Civil Supplies, Urban Development, Power, Medium Irrigation, Civil Aviation etc, the entire Receipts totalling ₹130 crore were classified under Minor Head - 800 – Other Receipts (details in **Appendix 4.3**).
- In respect of eight³⁵ Expenditure Major Heads, the expenditure classified under Minor Head 800 – Other Expenditure was more than ₹100 crore in each case. Except in two cases³⁶, under all the other Major Heads, expenditure of more than ₹100 crore was classified under Minor Head 800 – Other Expenditure for the last four financial years.
- During the current year, under Capital Expenditure on Fisheries and on Crop Husbandry Expenditure Heads, the entire expenditure totalling ₹6 crore was classified under Minor Head 800 – Other expenditure. During the preceding year, the entire expenditure classified under Minor Head 800 - Other expenditure was

³⁴ ₹1,190 crore in 2021-22, ₹1,201 crore in 2020-21, ₹1,764 crore in 2019-20 and ₹2,661 crore in 2018-19

³⁵ (i) Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹438 crore), (ii) Capital Outlay on Major Irrigation (₹342 crore), (iii) Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹263 crore), (iv) Major Irrigation (₹178 crore), (v) Special Programmes for Rural Development (₹175 crore), (vi) Capital Outlay on Roads and Bridges (₹142 crore), (vii) Capital Outlay on Other General Economic Services (₹140 crore) and (viii) Pensions and Other Retirement Benefits (₹120 crore)

³⁶ Major Irrigation and Special Programmes for Rural Development Major Heads

₹1,182 crore in five cases. This indicates that there has been an improvement in the quality of expenditure account from the perspective of transparency.

- In respect of 12 receipt Major Heads, receipts amounting to ₹124 crore (details in **Appendix 4.4**), more than 50 per cent of the amount in each case was classified under Minor Head 800 – Other Receipts. Similarly, in respect of four expenditure Major Heads, expenditure amounting to ₹571 crore, (details in **Appendix 4.5**), more than 50 per cent in each case was classified under Minor Head 800 – Other Expenditure.

Classification of amounts under the omnibus Minor Head 800 affects transparency in financial reporting. It distorts proper analysis of allocative priorities and quality of expenditure and receipts.

Box 4.1: Classification of Expenditure as Other Charges under Detailed Head-500

Even at the detailed head level, expenditure was classified as ‘Other Charges’ making it difficult to identify the nature/form/object of the expenditure. During 2021-22, the expenditure under Detailed Head - 500 – Other Charges amounted to ₹4,112 crore (2 per cent of total Expenditure), which includes ₹295 crore under Minor Head – 800 Other Expenditure. Out of this, the major expenditure pertains to Mahatma Gandhi National Rural Employment Guarantee Act (₹2,156 crore). Classification of large amounts under the Other Charges Detailed Head- 500 affects transparency in financial reporting.

4.9.1 Use of omnibus Minor Head - 800 despite availability of specific Minor Heads

The omnibus Minor Head - 800 (with the relatable Sub-Head / detailed head) was operated despite availability of specific Minor Head in the following cases:

Table 4.8: Use of Minor Head 800 with related Sub-Head despite availability of specific Minor Head

Sl. No.	Classification under Minor Head – 800	Description of Sub-Head used	Related specific Minor Head to be used	Description of related specific Minor Head Available	Amount (₹ in Lakh)
Receipts					
1	0070-60-800-25	Receipts under Right to Information Act, 2005	0070-60-118	Receipts under Right to Information Act, 2005	1.14
2	0202-04-800-01	Receipts of the Department of Archaeology	0202-04-101	Archives and Museums	33.46
Expenditure					
1	2403-00-800-08	Veterinary services and Animal Health	2403-00-101	Veterinary services and Animal Health	2,676.89

Source: Finance Accounts

Classification of receipts and expenditure under omnibus Minor Head - 800, despite availability of specific Minor Heads, shows laxity on the part of the Department to correctly depict Receipts and Expenditure in the Accounts. However, there has been improvement

on expenditure side where classification of expenditure under omnibus Minor Head - 800 has reduced significantly when compared to preceding year, except in one case³⁷.

Issues related to Measurement

4.10 Outstanding balances under Suspense and DDR Heads

The transactions relating to “Suspense” and “Remittances” heads are intended to record all adjusting heads. Certain intermediary/adjusting Heads of Accounts known as ‘Suspense Heads’ are opened in Government Accounts to reflect transactions of receipt and payments which cannot be booked to a final Head of Account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/Pay and Accounts Officers, non-receipt of clearance memos from RBI, non-receipt of vouchers, etc. These Heads of Accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final Heads of Account. If these amounts are not cleared, the balances under suspense heads get accumulated and this does not provide a correct picture of the Government’s receipts and expenditure.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads that are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The status of the balances under suspense and remittance heads for the last three years is given in the **Table 4.9**:

Table 4.9: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2019-20		2020-21		2021-22	
	Debit (Dr)	Credit (Cr)	Debit (Dr)	Credit (Cr)	Debit (Dr)	Credit (Cr)
Major Head 8658 - Suspense						
101 - PAO suspense	337.96	233.90	547.13	405.16	701.11	608.09
Net Balance	Dr 104.06		Dr 141.97		Dr 94.03	
102 - Suspense Account-Civil	843.88	1,035.05	1,358.34	1,605.59	2,975.95	3,399.80
Net Balance	Cr 191.17		Cr 247.25		Cr 423.85	
109 - Reserve Bank Suspense - Headquarters	5.23	1.32	5.22	(-0.33)	5.23	2.78
Net Balance	Dr 3.91		Dr 5.55		Dr 2.45	
110 - Reserve Bank Suspense - CAO	(-10.87)	12.46	(-10.88)	(-11.28)	(-10.98)	(-11.38)
Net Balance	Cr 23.33		Cr 0.40		Cr 0.40	
112 - Tax Deducted at Source (TDS) Suspense	(-0.01)	314.30	(-0.01)	92.10	(-0.01)	618.68
Net Balance	Cr 314.31		Cr 92.11		Cr 618.69	

³⁷ Veterinary Services and Animal Health

Minor Head	2019-20		2020-21		2021-22	
123 - A.I.S Officers' Group Insurance Scheme	0.17	0.23	0.01	0.09	0.00	0.11
Net Balance	Cr 0.06		Cr 0.08		Cr 0.11	
Major Head 8782- Cash Remittances						
102 - P.W. Remittances	13,236.43	13,236.16	265.69	159.74	154.03	169.07
Net Balance	Dr 203.84		Dr 309.79		Dr 294.75	
103 - Forest Remittances	589.39	623.57	430.35	531.21	392.62	960.33
Net Balance	Cr 387.46		Cr 488.32		Cr 1,056.03	
Major Head 8793- Inter State Suspense Account	73.15	27.54	102.42	29.47	68.45	29.51
Net Balance	Dr 45.61		Dr 72.95		Dr 38.94	

Source: Finance Accounts

Under Public Works Remittances, the balance to be adjusted decreased from ₹310 crore to ₹295 crore. But, under Forest Remittances, the balance to be adjusted increased from ₹488 crore to ₹1,056 crore.

The increase under 8658-102 Suspense Accounts Civil was mainly on account of un-credited items under e-Payments mainly in respect of Rythu Bandhu return challans, Salaries and Personal Deposit Account challans.

Un-cleared balances under these heads due to non-adjustment affects the accurate depiction of Government's Receipts and Expenditure.

4.11 Reconciliation of Accounts

Generally Accepted Accounting Principles prescribe that it is necessary to carry out periodic and regular reconciliation of accounts to provide accuracy and consistency in financial accounts. Reconciliation and verification of figures enables the Chief Controlling Officers (CCOs) to exercise effective control over budget and expenditure. It also ensures accuracy of the accounts. Government Orders³⁸ and Financial Rules³⁹ stipulate that expenditure recorded in the books of CCOs of Departments is to be reconciled with the books of the Principal Accountant General (Accounts and Entitlements) every month.

³⁸ GO Ms. No. 507 of Finance (TFR) Department, dated 10 April 2002

³⁹ Article 9 of Financial Code

Table 4.10: Status of Reconciliation of Receipts and Expenditure figures

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled
Receipts				
2017-18	26	8	0	18
2018-19	39	15	10	14
2019-20	38	9	23	6
2020-21	54	15	6	33
2021-22	59	19	12	28
Expenditure				
2017-18	248	168	61	19
2018-19	281	191	51	39
2019-20	196	63	94	39
2020-21	194	41	70	83
2021-22	198	89	84	25

Source: Finance Accounts

Note: for expenditure CCOs, earlier figures up to 2018-19 were based on Major Head wise; for receipt CCOs, data is based on Major Head wise

In monetary terms for 2021-22, receipts of ₹1,20,630 crore (95 per cent out of total Revenue Receipts) and expenditure of ₹1,48,171 crore (89 per cent out of total Expenditure) was reconciled. Overall, an amount of ₹6,839 crore under Receipts and ₹17,507 crore under Expenditure remained unreconciled.

- We observed under six Major Heads, there were un-reconciled receipts of ₹100 crore and above totalling to ₹6500 crore in 2021-22 (**Appendix 4.6**). Out of this, Miscellaneous General Services (Major Head -0075) and Other Social Services (Major Head -0250) constituted un-reconciled receipts of ₹3,907 crore and ₹1,014 crore respectively. Further, two Major Heads⁴⁰ have un-reconciled receipts of above ₹100 crore persistently for the past three years⁴¹.
- Un-reconciled receipts of ₹3,457 crore and ₹3,487 crore to the end of March 2021 and March 2020 under Non-ferrous Mining and Metallurgical Industries (Major Head - 0853) which had been pointed out in previous State Finances Audit Reports of Comptroller and Auditor General of India, have been fully reconciled in 2021-22.
- There were 17 Chief Controlling Officers (CCOs), who did not reconcile expenditure of more than ₹100 crore in each case totalling ₹17,564 crore (**Appendix 4.7**). Out of this, there were six CCOs whose expenditure was ₹12,975 crore. They had unreconciled expenditure of more than ₹1,000 crore in each case.
- There were two CCOs⁴², who have not reconciled expenditure of ₹100 crore and above persistently for the past four years.

⁴⁰ Education, Sports, Art, and Culture (Major Head -0202) and Medical and Public Health (Major Head - 0210)

⁴¹ ₹495 crore and ₹406 crore respectively in 2021-22, and ₹614 crore and ₹246 crore in 2020-21, and ₹138 crore and ₹131 crore in 2019-20

⁴² (i) The Accounts Officer, Office of the Commissioner of Tribal Welfare, D.S.Samkshema Bhavan (₹1,071 crore in 2021-22, ₹952 crore in 2020-21, ₹114 crore in 2019-20 and ₹659 crore in 2018-19) and (ii) The Registrar, Telangana High Court (₹617 crore in 2021-22, ₹485 crore in 2020-21, ₹955 crore in 2019-20 and ₹290 crore in 2018-19)

Non-reconciliation impacts the assurance that all the receipts/expenditure have been taken to the final Head of Account properly. Failure to exercise this check might result in misclassification and incorrect booking of receipts and expenditure in the accounts.

4.12 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Principal Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India.

The Cash balance as on 31 March 2022, as per records of the Principal Accountant General was ₹9.15 crore (debit) and that reported by RBI was ₹12.29 crore (credit). There was a net difference of ₹3.14 crore (credit) as on 31 March 2022 mainly due to delay in reporting by Agency Banks.

Issues related to Disclosure

4.13 Compliance with Indian Government Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Telangana in 2021-22 and deficiencies therein are detailed in **Table 4.11**.

Table 4.11: Compliance with Accounting Standards

Sl. No.	Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
1	IGAS 1: <i>Guarantees Given by the Government – Disclosure requirements</i>	The standard requires the Government to disclose the maximum amount of Guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Not fully complied with (Statements 9 and 20 of Finance Accounts)	Though sector-wise/class-wise details were disclosed, detailed information like number of Guarantees for each institution was not furnished. The details of Guarantees mentioned do not include Guarantees extended to Telangana State Civil Supplies Corporation (TSCSC) and Guarantees given to TS MARKFED. The Statements are 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.	Not fully complied with (Statement 10 of Finance Accounts)	Detailed information regarding Grants-in-Aid provided, if any, in kind, was not furnished by the State Government. Certain Grants-in-Aid (₹0.30 crore) were classified under Capital section in contravention of the accounting standards.

Sl. No.	Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
3	IGAS 3: <i>Loans and Advances made by Governments</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.	Not fully complied with (Statement 7 and Statement 18 of Finance Accounts)	Details were not confirmed by the State Government. Figures in respect of certain loans and advances for which detailed accounts are maintained were not furnished. Confirmation of individual loanee balances was not given.

Source: Indian Government Accounting Standards and Finance Accounts

Non-compliance with the Accounting Standards affects fiscal transparency and hinders true and fair representation of finances.

4.14 Submission of Accounts / Separate Audit Reports of Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Section 19 or 20 of “Comptroller and Auditor General of India (Duties, Powers and Conditions of Service Act) 1971” (CAG’s DPC Act).

There were 31 ABs under the audit purview as per Section 19 or 20 of the CAG’s DPC Act, which were required to submit their Annual Accounts to the CAG before 30 June every year. Out of 31, only two⁴³ ABs have submitted their accounts up to 2021-22 in time.

Table 4.12: Age-wise details of delay in submission of Annual Accounts of Autonomous Bodies

Sl. No	Delay in Number of Years	No. of Bodies/ Authorities
1	1	7
2	2-5	8
3	5-10	10
4	10-15	4
Total		29

The remaining 29 ABs have not submitted their Annual Accounts in time. There were delays ranging from one to fifteen years in submission of Accounts (**Table 4.12**).

- Annual Accounts of Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) were in arrears for the years from 2010-11 to 2019-20 till November 2022 and these accounts have since been received only in December 2022. In spite of the delay in submission of accounts, the Board continued to receive loans and Guarantees from the Government. During 2021-22, the State Government has provided ₹1,240 crore as Loan to HMWSSB and the total loans outstanding as of March 2022 stood at ₹8,888 crore. Further, the value of Guarantees given by State Government to HMWSSB outstanding as of March 2022 was ₹2,873 crore.

⁴³ Telangana State Electricity Regulatory Commission and District Legal Services Authority, Nalgonda

- Out of the 29 ABs whose annual accounts are in arrears, 11 ABs were Legal Services Authorities. Out of these, seven⁴⁴ ABs submitted their annual accounts up to 2020-21 (*Appendix 4.8*). Out of the remaining four legal services authorities, Metropolitan Legal Services Authority has not submitted annual account for more than a decade.
- Integrated Tribal Development Agencies (ITDAs) of Eturunagaram, Utnoor and Bhadrachalam have not submitted their Annual Accounts for 15, 13 and 12 years respectively.

Delay in submission of Annual Accounts dilutes accountability of the Entities. State Government may ensure that the Autonomous Bodies receiving Loans, Guarantees or Grants prepare and submit their annual accounts timely, to ensure that financial statements submitted by them are showing its true and fair financial position. In particular, the Government may ensure that HMWSSB submits its annual accounts on priority as huge amounts are being provided to it as Loans and Guarantees.

4.15 Non-submission of details of Grants / Loans given to Bodies and Authorities

In order to identify institutions / organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 (C&AG's DPC Act), information regarding financial assistance given by the Government in the form of Grants/ Loans is required. As per Regulation 88 of Regulations on Audit and Accounts, 2020, Governments and Heads of Departments (HoDs) which sanction Grants and/or Loans to bodies or authorities shall furnish to the Audit office, by end of July every year, a statement of such bodies and authorities to which grants and/or loans aggregating rupees ten 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.

However, during 2021-22, no Department has furnished information regarding the Bodies and Authorities to which grants and/or loans were provided as required under Regulation 88. In response to specific request by Audit, only 18 Corporations/Bodies (*Appendix 4.9*) have furnished the information. Information from other Corporations/Bodies/Departments was not received (October 2022). In the absence of such information, we could not ascertain entities auditable under Section 14 and 15 of the Comptroller and Auditor General of India's (Duties, Power and Conditions of Service) Act, 1971.

4.16 Follow up action on State Finances Audit Reports

As per the instructions issued by Finance and Planning Department in November 1993, Administrative Departments are required to submit Explanatory Notes within three months of presentation of Audit Reports to Legislature, without waiting for any notice or call from the Public Accounts Committee, duly indicating action taken or proposed to be taken. The

⁴⁴ except (i) Metropolitan Legal Services Authority (12 years); (ii) Telangana State Legal Services Authority, Hyderabad (4 years); (iii) District Legal Services Authority, Adilabad (5 years); and (iv) District Legal Services Authority, Warangal (5 years)

Comptroller and Auditor General of India has been flagging year after year, issues relating to financial and budgetary management, lapses in compliance with prescribed procedures, rules and regulations by the State Government departments / authorities.

Out of 209 Explanatory Notes (EN) to be received in respect of 183 Audit paras from 19 Departments pertaining to State Finances Audit Report for the years 2014-15 to 2020-21, 177 ENs were furnished to Audit. 32 ENs in respect of 23 Audit paras pertaining to 12 Departments were yet to be furnished (December 2022). Details are given in **Appendix 4.10**.

4.17 Conclusion

State Government has created a new fund, viz., Haritha Nidhi, outside the Government account which may result in expenditure without Legislative oversight. to provide financial sustainability to the ‘Telangana ku Haritha Haram’ programme. Further, funds relating to the Single Nodal Agency Accounts and State Compensatory Afforestation fund were parked in Bank Accounts, outside the Government Account.

Government did not discharge its interest liability in respect of interest-bearing Reserve Funds and Deposits.

There has been improvement in the adjustment of Abstract Contingent Bills and the operation of the omnibus minor head (800).

Government Companies and Autonomous Bodies are functioning without submitting their accounts for longer periods, whilst the State Government also supports them with grants, loans and guarantees.

4.18 Recommendations

- (i) State Government may consider placing the Haritha Nidhi under the Public Account and ensure that huge funds pertaining to State Compensatory Afforestation Fund are not placed outside the Public Account.*
- (ii) State Government may consider release of Grants/ loans or extension of guarantees to Autonomous Bodies and State Public Sector Undertakings based on timely submission of accounts.*
- (iii) State Government may review and close Personal Deposits Accounts which are not in use.*