



GOVERNMENT OF GUJARAT

ACCOUNTS AT A GLANCE

2009 - 2010

ACCOUNTANT GENERAL
(ACCOUNTS & ENTITLEMENTS)
GUJARAT

Preface

The annual accounts of the State Government are prepared in accordance with the requirements of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for being laid before the Legislature of the State. The annual accounts consist of Finance Accounts and Appropriation Accounts.

'Accounts at a Glance' provides an overview of finances of the Government during 2009-2010 as reflected in the Finance Accounts and the Appropriation Accounts.

While it has been our endeavor to rely on the figures in the certified Finance Accounts and Appropriation Accounts, the certified annual accounts only should be referred to for authentic figures.



(Indu Agrawal)

Accountant General (A&E)

Place : Rajkot

Date : 19-1-2011

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CHAPTER - 1

AN OVERVIEW OF THE ACCOUNTS

1.1 Introduction

The Annual Accounts of the Government of Gujarat namely Finance Accounts and Appropriation Accounts are prepared by the Accountant General in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.2 Finance Accounts and Appropriation Accounts –What do they depict ?

All money received by the Government is kept in three parts viz. - Consolidated Fund, Contingency Fund and Public Account. **Finance Accounts** show the receipts and payments of all the three parts. It shows not only the receipts and outgoings of the Government but also the financial results disclosed by the revenue and capital accounts, the accounts of the public debts and liabilities and assets as worked out from the balances recorded in the accounts. **Appropriation Accounts** shows the details of expenditure incurred from the Consolidated Fund vis-à-vis expenditure sanctioned by the State Legislature in the form of voted grants and charged appropriations.

However the method of depiction of expenditure in these accounts differ. Thus the Finance accounts show the net expenditure of ₹ 60,358 crore whereas the appropriation accounts show the gross expenditure ₹ 60,827 crore. The reconciliation of the expenditure figures of these two accounts is shown in para 4.2.

1.3 Sources and application of Funds :

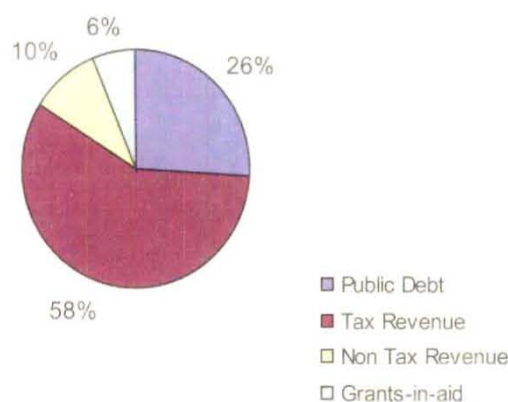
(₹ in crore)

| Source | Amount | Application | Amount |
|--|---------------|--|---------------|
| 1. Revenue receipts | 41,672 | 1. Revenue Expenditure | 48,638 |
| 2. Recoveries of Loans | 151 | 2. Loans given | 428 |
| 3. Miscellaneous Capital Receipts | 136 | 3. Capital Expenditure | 8,047 |
| 4. Public Debt | 14,245 | 4. Repayment of Public Debt | 3,245 |
| 5. Net effect of Contingency Fund Transactions | (-) 13 | | |
| 6. Net outflow from Public Account | 3,942 | 5. Increase (+) / Decrease (-) in Closing Cash Balance | -225 |
| Total | 60,133 | Total | 60,133 |

1.3.1 Where the Rupee came from?

The expenditure of ₹ 60,133 crore for the year 2009-10 was met by raising new public debt (24%), and revenue receipts (69%). The cumulative public debt at the end of 2009-10 stood at ₹ 98,010 crore (discussed at para 5.2). The main sources of funds were tax revenue, public debt, non-tax revenue and Grant-in-Aid as shown below.

Actual Receipts



1.3.2 Where the Rupee went ?

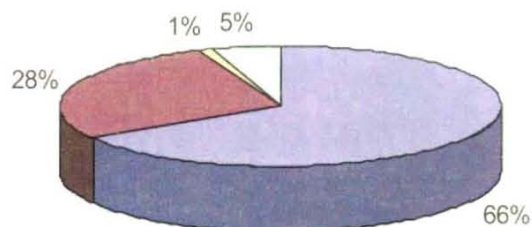
The expenditure of ₹ 60,358 crore for the year 2009-10 was spent on Development Expenditure (66%), Non Development Expenditure (28%), Loans and Advances (1%) and Public Debt (5%).

Based on the purpose of expenditure, it was classified into General Services, Social Services and Economic Services. The budget documents classify the expenditure under Social Service and Economic Services as development expenditure. The major activities of the Government under these sectors are as follows.

(₹ in crore)

| Category | Revenue ₹ | Capital ₹ | Total ₹ | Percentage |
|--|---------------|---------------|---------------|------------|
| 1. General Services | 16,934 | 189 | 17,123 | 28 |
| 2. Social Services (Development Expenditure) | 19,605 | 2,038 | 21,643 | 36 |
| 3. Economic Services (Development Expenditure) | 11,993 | 5,820 | 17,813 | 30 |
| 4. Grants in aid and contributions | 106 | - | 106 | |
| 5. Loans & Advances given by State Government | - | 428 | 428 | 1 |
| 6. Repayment of debt | - | 3,245 | 3,245 | 5 |
| 7. Total | 48,638 | 11,720 | 60,358 | 100 |

Actual Expenditure



General Services

1. Organs of State (Council of Ministers, Judiciary, Elections)
2. Fiscal Services
3. Interest payments
4. Administrative Services
5. Pensions

Social Services

1. Education
2. Sports & Youth Services
3. Art & Culture
4. Medical & Public Health
5. Family Welfare
6. Water Supply & Sanitation
7. Housing
8. Welfare of SC/ST
9. Labour & Labour Welfare
10. Social welfare & Nutrition

Economic Services

1. Agriculture
2. Rural Development
3. Special Area Programme
4. Irrigation & Flood Control
5. Energy
6. Industry & Minerals
7. Transport
8. Communication
9. Science & Technology

1.4 Deficits – What do they indicate ?

Deficits in Government represent gaps between the revenue and expenditure. The kind of deficit, the ways of financing the deficit and application of funds are important indicators of the prudence of financial management in Government.

1.4.1 Three Definitions

Conceptually, deficit can be seen in three different forms viz: Revenue deficit, Fiscal deficit and Primary deficit.

A. Revenue Deficit : Revenue Expenditure minus Revenue Receipt.

As per the traditional theory of financial management, revenue expenditure required to maintain the existing establishment of Government, should be met out of revenue receipts.

B. Fiscal Deficit : Total Expenditure minus Total Receipts (Revenue Receipts plus Capital Receipts excluding liabilities). It is a measure of total expenditure, which is financed by borrowings.

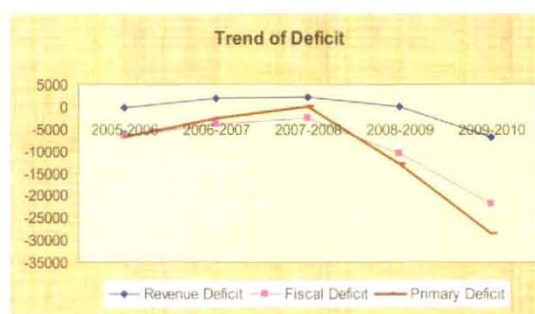
C. Primary Deficit : Fiscal deficit minus Interest payments.

It indicates the gap in availability of funds for expenditure even without taking into consideration liabilities of past years viz. interest accrued. Primary surplus indicates that funds generated in the current year, were available to service past debts. The fiscal deficit increased significantly from ₹ 10,437 crore in 2008-09 to ₹ 15,154 crore in 2009-10. Also the primary deficit increased from ₹ 2,553 crore in 2008-09 to a deficit of ₹ 6,564 crore in 2009-10. Likewise Revenue surplus of ₹ 65 crore in 2008-2009 turned in to a Deficit of ₹ 6,966 crore in 2009-2010.

Trend of Various deficits

(₹ in crore)

| Year | Revenue Deficit | Fiscal Deficit | Primary Deficit |
|-----------|-----------------|----------------|-----------------|
| 2005-2006 | 399 | 6,270 | 127 |
| 2006-2007 | (+) 1,770 | 5,648 | (+) 1,284 |
| 2007-2008 | (+) 2,151 | 4,770 | (+) 2,714 |
| 2008-2009 | 65 | 10,437 | 2,553 |
| 2009-2010 | 6,966 | 15,154 | 6,564 |



1.4.2 Financing the Deficits

The source and financing of the deficit is shown in the table below.

(₹ in crore)

| No. | Receipts | Amount | | Expenditure | Amount |
|--------------------------|------------------------------|---------------|--|---------------------------------|---------------|
| Consolidated Fund | | | | | |
| 1 | Revenue Receipt | 41,672 | Revenue Deficits = 6,966 | Revenue Expenditure | 48,638 |
| 2 | Misc. Capital receipts | 136 | | Capital Expenditure | 8,047 |
| 3 | Recovery of Loans & Advances | 151 | | Loans & Advances | 428 |
| | Funds available (1+2+3) | 41,959 | Fiscal Deficit = 15,154 | Expenditure (1+2+3) | 57,113 |
| 4 | Borrowings | 14,245 | | Repayment of Principal of loans | 3,245 |
| | Total | 56,204 | A. Deficit in Consolidated Fund = 4,154 | Total | 60,358 |

| Contingency Fund | | | | | |
|------------------|---|---------------|---|-------------------------|---------------|
| | Recoupment from Contingency Fund | 34 | B. Surplus /Deficit in Contingency Fund = 13 | Expenditure | 47 |
| Public Account | | | | | |
| 1 | PF Small savings | 1,901 | | PF Small savings | 882 |
| 2 | Reserve Funds | 957 | | Reserve Funds | 689 |
| 3 | Deposits & Advances | 18,033 | | Deposits & Advances | 16,855 |
| 4 | Net effect of adjustment accounts (Suspense, Miscellaneous and Remittances) | 1,477 | | | |
| | Total Public A/c | 22,368 | C. Net in flow in Public account = 3,942 | Total Public A/c | 18,426 |

Net Proceeds from Public debt = (14,245 – 3,245) = ₹ 11,000 crore.

Primary deficit/surplus = FD – Interest payments = (15,154 – 8,590) = ₹ 6,564 crore (Deficit).

As is evident from the table above the deficit was financed by relying not only on borrowings but using cash available under Provident Fund, Small Savings and deposits of local funds lying with the departments of State Government.

1.5 Highlights of Accounts (Summarised)

(₹ in crore)

| | Budget Estimates 2009-10 | Actuals 2009-10 | Percentage of Actuals to Budget Estimates | Percentage of Actuals to GSDP@ |
|--------------------------|--------------------------|-----------------|---|--------------------------------|
| Revenue Receipts | 41,815 | 41,672 | 100 | 10.94 |
| Capital Receipts | 12,426 | 15,441 | 124 | 4.06 |
| Total Receipts | 54,241 | 57,113 | 105 | 14.99 |
| Plan Expenditure | 21,675 | 21,662 | 100 | 5.69 |
| Non-Plan Expenditure | 32,518 | 35,451 | 109 | 9.30 |
| Total Expenditure | 54,193 | 57,113* | 105 | 14.99 |
| Revenue Deficit /Surplus | (-) 3,913 | (-) 6,966 | | |
| Fiscal Deficit | (-) 12,148 | (-) 15,154 | | |
| Primary Deficit | (-) 3,652 | (-) 6,564 | | |

Detailed Highlights of Accounts

(₹ in crore)

| | Budget Estimates 2009-10 | Actuals 2009-10 | Percentage of Actuals to Budget Estimates | Percentage of Actuals to GSDP@ |
|-------------------------------------|-----------------------------|-------------------|---|--------------------------------------|
| Total Receipts | 54,241 | 57,113 | 105 | 14.99 |
| Revenue Receipts | 41,815 | 41,672 | 100 | 10.94 |
| Tax Revenue | 31,570 | 32,631 | 103 | 8.57 |
| Non-Tax Revenue | 4,871 | 5,452 | 112 | 1.43 |
| Grants-in-aid & Contributions | 5,374 | 3,589 | 67 | 0.94 |
| Capital Receipts | 12,426 | 15,441 | 124 | 4.06 |
| Recovery of Loans & Advances | 230 | 151 | 66 | 0.04 |
| Other Receipts | 0 | 136 | - | 0.04 |
| Borrowings and other liabilities(#) | 12,196 | 15,154 | 124 | 3.98 |
| Total Expenditure | 54,193 | 57,113* | 105 | 15.09 |
| On Revenue Account | 45,729 | 48,638 | 106 | 12.77 |
| On Capital Account** | 8,464 | 8,475 | 100 | 2.23 |
| Non-Plan Expenditure | 32,518 | 35,451 | 109 | 9.31 |
| On Revenue Account | 32,227 | 35,160 | 109 | 9.23 |
| Of which Interest Payments | 8,496 | 8,590 | 101 | 2.25 |
| On Capital Account | 291 | 291 | 100 | 0.08 |
| Plan Expenditure | 21,675 | 21,661 | 100 | 5.79 |
| On Revenue Account | 13,502 | 13,478 | 100 | 3.54 |
| On Capital Account | 8,173 | 8,183 | 100 | 2.15 |
| Revenue Deficit /Surplus | (-) 3,913 | (-) 6,966 | | |
| Fiscal Deficit | (-) 12,148 | (-) 15,154 | | |
| Primary Deficit | (-) 3,652 | (-) 6,564 | | |

* This excludes the repayment of public debt of ₹ 3,245 crore.

@ GSDP 2009-2010 ₹ 3,81,028 crore (provisional).

** Expenditure on Capital Account includes Capital Expenditure (₹ 8,047 crore) and Loans and Advances disbursed (₹ 428 crore).

** Budget Estimates for Expenditure on Capital Account includes Capital Expenditure (₹ 8,464 crore) and Loans and Advances (₹. 459 crore).

It is evident from the forgoing table that because of higher tax and non tax receipts, the primary deficit increased as compared to the last year.

(#) Figures for borrowings and other liabilities are net of Ways and means advances repaid during the same year.

CHAPTER – 2

RECEIPTS

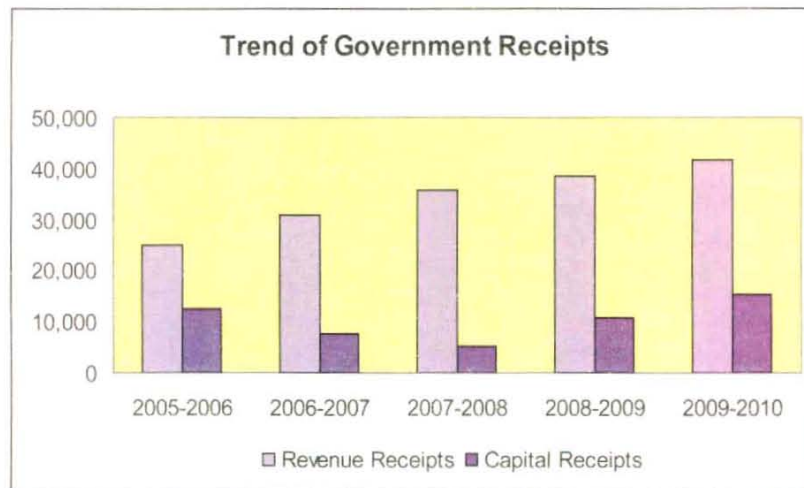
2.1 Introduction

Total receipts for the current year were ₹ 57,113 crore. Based on its source receipts of government are classified into Revenue receipts and Capital receipts. The trend in government receipts over the years is given below.

Trend in Government receipts

(₹ in crore)

| Year | Revenue Receipts | Capital Receipts | Total |
|-----------|------------------|------------------|--------|
| 2005-2006 | 25,067 | 12,455 | 37,522 |
| 2006-2007 | 31,002 | 7,749 | 38,751 |
| 2007-2008 | 35,690 | 5,079 | 40,769 |
| 2008-2009 | 38,676 | 10,639 | 49,315 |
| 2009-2010 | 41,672 | 15,441 | 57,113 |



The largest item of government receipt was Revenue Receipts. The increase in receipts for the year 2009-10 as compared to the previous two years was due to more receipt in Tax Revenue.

2.2 Revenue receipts

Revenue receipts are from three sources viz: tax revenue, non-tax revenue and Central assistance. The total revenue receipts of ₹ 41,672 crore for the year came from these sources as shown below:

(₹ in crore)

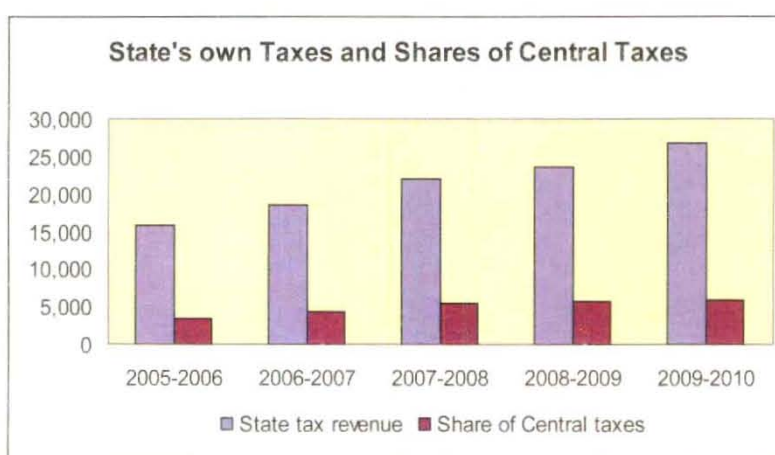
| Item | Amount | Percentage |
|--------------------|---------------|------------|
| Tax Revenue | 32,631 | 78 |
| Non-tax Revenue | 5,452 | 13 |
| Central assistance | 3,589 | 9 |
| Total | 41,672 | 100 |

2.2.1 Tax revenue

Tax revenue comprises of State taxes (82 %) and share in Central taxes (18%). The tax revenue collections for the year increased to ₹ 32,631 crore. It formed 8.57 % of G.S.D.P.

(₹ in crore)

| Year | State tax revenue Amount | Share of Central taxes Amount | Total |
|-----------|--------------------------|-------------------------------|--------|
| 2005-2006 | 15,698 | 3,373 | 19,071 |
| 2006-2007 | 18,464 | 4,426 | 22,890 |
| 2007-2008 | 21,886 | 5,426 | 27,312 |
| 2008-2009 | 23,557 | 5,726 | 29,283 |
| 2009-2010 | 26,740 | 5,891 | 32,631 |



The major contributors of state tax revenue were sales tax, electricity duties, and taxes on vehicles.

(₹ in crore)

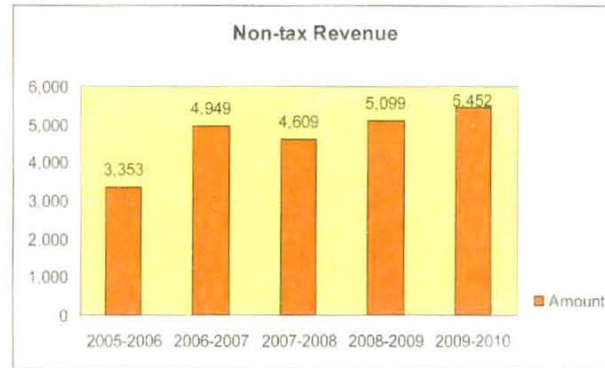
| State tax | Year 2008-2009 | | Year 2009-2010 | |
|----------------------------------|----------------|------------|----------------|------------|
| | Amount | Percentage | Amount | Percentage |
| 1. Sales tax | 16,811 | 57 | 18,200 | 56 |
| 2. Tax and Duties on Electricity | 2,370 | 8 | 2,644 | 8 |
| 3. Taxes on vehicles | 1,382 | 5 | 1,543 | 5 |

2.2.2 Non-tax revenue

This represents receipts from services rendered and supplies made by the government. The major sources are Interest receipts, dividend and profits, royalties, rates and fees. The trend in non-tax revenue is shown below.

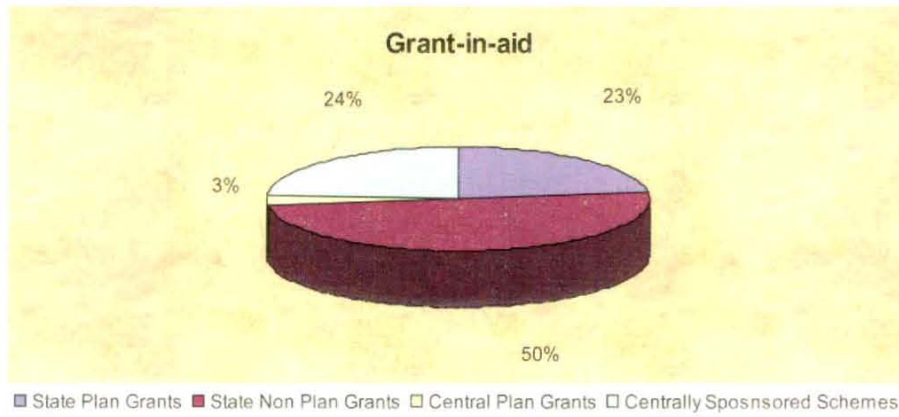
(₹ in crore)

| Year | Amount | Year | Amount |
|-----------|--------|-----------|--------|
| 2005-2006 | 3,353 | 2008-2009 | 5,099 |
| 2006-2007 | 4,949 | 2009-2010 | 5,452 |
| 2007-2008 | 4,609 | | |



2.2.3 Grants-in-aid / Central assistance :

This represents assistance received from Government of India in the form of grants for State Plan Schemes, Centrally Sponsored Schemes approved by Planning Commission and non-plan grants recommended by Finance Commission etc. The total receipts were ₹ 3,589 crore as shown below :



(Rs in crore)

| Year | Amount | Year | Amount |
|-----------|--------|-----------|--------|
| 2005-2006 | 2,643 | 2008-2009 | 4,294 |
| 2006-2007 | 3,163 | 2009-2010 | 3,589 |
| 2007-2008 | 3,769 | | |

2.3 Capital receipts

The capital receipts are mainly borrowings; recoveries of loans & advances made by government and miscellaneous Capital receipts. The composition of the capital receipts for the year are as shown below.

(₹ in crore)

| Item | Amount | Percentage |
|---------------------------------|---------------|------------|
| A. Public Debt | 14,245 | 98 |
| 1. Internal Debt | 14,159 | 97 |
| 2. GOI Loans | 86 | 1 |
| B. Recovery of Loans & Advances | 151 | 1 |
| C. Miscellaneous receipts | 136 | 1 |
| Total | 14,532 | 100 |

CHAPTER - 3

EXPENDITURE

3.1 Introduction

The expenditure of the government consists of Revenue expenditure and Capital expenditure. Based on the purpose and nature of expenditure, these are further segregated into plan v/s non-plan and development vs non-development as shown below.

Plan vs. Non-Plan Expenditure

(₹ in crore)

| Category | Plan | Non-Plan | Public debt | Total |
|--------------|---------------|---------------|--------------|---------------|
| Revenue | 13,478 | 35,160 | - | 48,638 |
| Capital | 8,184 | 291 | 3,245 | 11,720 |
| Total | 21,662 | 35,451 | 3,245 | 60,358 |

Plan Expenditure for a new activity / expansion of an existing activity during current plan period

Non-Plan Expenditure to maintain the existing level of activity

Development Vs Non-Development (*)

(₹ in crore)

| Category | Developmental Expenditure | Non Developmental expenditure | Total |
|--------------|---------------------------|-------------------------------|---------------|
| Revenue | 31,598 | 17,040 | 48,638 |
| Capital | 7,858 | 3,862 | 11,720 |
| Total | 39,456 | 20,902 | 60,358 |

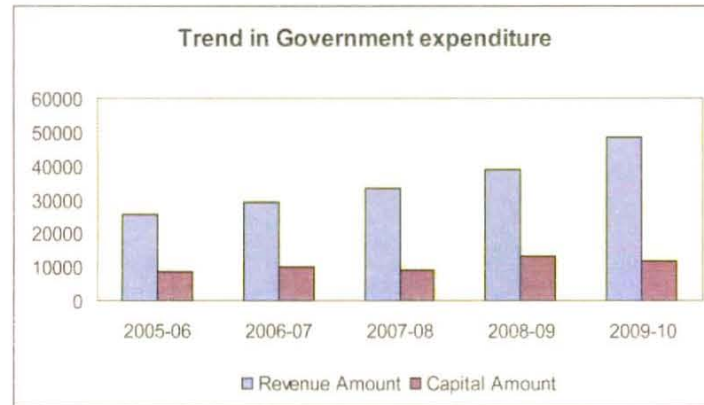
Development Expenditure consists of expenditure under sector Social Services and Economic Services. While Non Development Expenditure consists of sector General Services, Loans and Advances by the State Government and Grants in Aid and Contribution.

Trend in Government expenditure

(₹ in crore)

| Year | Revenue Amount | Capital Amount | Total |
|-----------|----------------|----------------|--------|
| 2005-2006 | 25,465 | 8,791 | 34,256 |
| 2006-2007 | 29,232 | 9,990 | 39,222 |
| 2007-2008 | 33,539 | 9,164 | 42,703 |
| 2008-2009 | 38,741 | 13,179 | 51,920 |
| 2009-2010 | 48,638 | 11,720 | 60,358 |

(*) Classification of expenditure as per the publication 'Budget in Brief' Director of Economics and Statistics – Government of Gujarat, February 2010 (2010-2011).



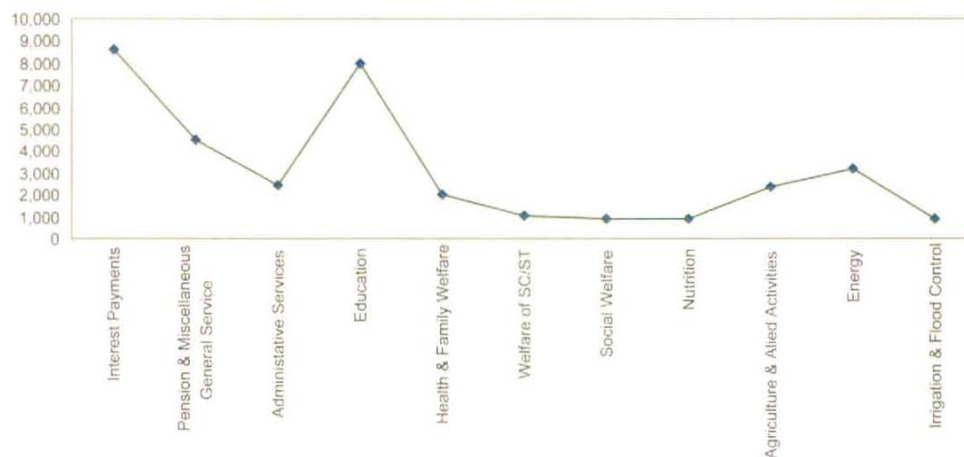
3.2 Revenue Expenditure

This represents the amount spent on meeting current administrative and socio-economic activities of the Government.

3.2.1 Trend of expenditure on some major items in sectors

(₹ in crore)

| Sector/Area | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|--|---------|---------|---------|---------|---------|
| I) Interest Payments | 6,143 | 6,932 | 7,484 | 7,884 | 8,590 |
| II) Pension & Miscellaneous General Services | 2,254 | 2,551 | 3,083 | 2,970 | 4,523 |
| III) Administrative Services | 1,273 | 1,421 | 1,623 | 1,819 | 2,458 |
| I) Education | 4,162 | 4,726 | 5,433 | 5,821 | 7,954 |
| II) Health & Family Welfare | 1,043 | 1,091 | 1,285 | 1,429 | 1,995 |
| III) Welfare of SC/ST | 670 | 706 | 790 | 916 | 1,054 |
| IV) Social Welfare | 794 | 1,387 | 600 | 761 | 888 |
| V) Nutrition | 394 | 459 | 502 | 610 | 925 |
| I) Agriculture & Allied Activities | 917 | 1,007 | 1,479 | 1,849 | 2,341 |
| II) Energy | 2,074 | 2,003 | 2,395 | 3,528 | 3,213 |
| III) Irrigation & Flood Control | 372 | 521 | 626 | 761 | 885 |



There was remarkable increase in expenditure on Pension & Miscellaneous General services, (52%), Education (37%), Health and Family Welfare (39%), Administrative Services (35%), Nutrition (26%), Agriculture and Allied Activities (27%) and Irrigation & Flood control (16%) in 2009-10 over those of 2008-09.

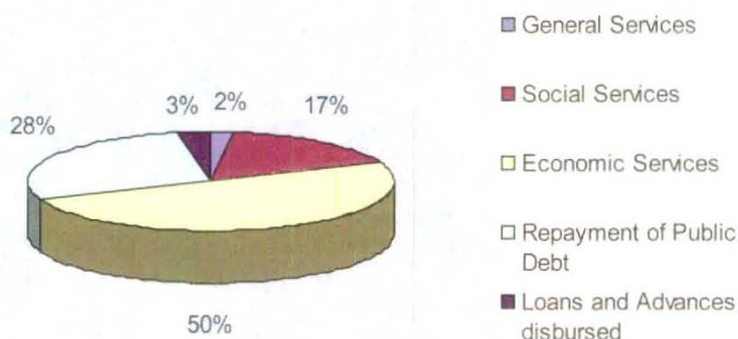
3.3 Capital Expenditure

This is the expenditure incurred to create durable assets or to liquidate liabilities. The capital expenditure of ₹ 11,720 crore was incurred on the following components.

(₹ in crore)

| Sector | Amount | Percentage |
|--|---------------|------------|
| 1. General Services | 189 | 2 |
| 2. Social Services | 2,038 | 17 |
| 3. Economic Services | 5,820 | 50 |
| 4. Repayment of Public Debt | 3,245 | 28 |
| a. Repayment of Internal debt | 2,681 | 23 |
| b. Repayment of Loans from Central Govt. | 564 | 5 |
| 5. Loans and Advances disbursed | 428 | 3 |
| Total | 11,720 | 100 |

Capital Expenditure



Trend of Capital Expenditure

(₹ in crore)

| Year | Sector | | | Total |
|-----------|------------------|-----------------|-------------------|--------|
| | General Services | Social Services | Economic Services | |
| 2005-2006 | 89 | 1,819 | 5,051 | 6,959 |
| 2006-2007 | 62 | 1,589 | 6,194 | 7,845 |
| 2007-2008 | 55 | 1,927 | 4,819 | 6,801 |
| 2008-2009 | 80 | 2,017 | 8,123 | 10,220 |
| 2009-2010 | 189 | 2,038 | 5,820 | 8,047 |

| Year | Sector | | Total |
|-----------|------------------------|--------------------|-------|
| | Public debt Repayments | Loans and Advances | |
| 2005-2006 | 1,128 | 704 | 1,832 |
| 2006-2007 | 1,771 | 374 | 2,145 |
| 2007-2008 | 1,934 | 429 | 2,363 |
| 2008-2009 | 2,605 | 354 | 2,959 |
| 2009-2010 | 3,245 | 428 | 3,673 |

3.4 Eleventh Five Year Plan

Eleventh Five Year Plan commenced in April 2007. The financial progress is depicted below :

(₹ in crore)

| Name of Department | Total 11 th plan outlay | 2009-10 | | Total up to 2010 | Percentage |
|---------------------------------------|------------------------------------|--------------------|-------------------------|------------------------|------------|
| | | Annual Plan outlay | Actual plan expenditure | Total plan expenditure | |
| Agriculture & Co-operation Department | 8,316 | 1,746 | 284 | 4,295 | 52 |
| Rural Development | 3,443 | 847 | 0 | 3,572 | 104 |
| Irrigation & Flood Control | 29,528 | 5,570 | 3,688 | 24,264 | 82 |
| Energy | 4,424 | 936 | 442 | 6,833 | 154 |
| Industries & Minerals | 4,067 | 752 | 35 | 1,218 | 30 |
| Transport | 10,046 | 2,179 | 1,195 | 6,646 | 66 |
| Communication | 170 | 227 | 0 | 0 | 0 |
| Science, Technology & Environment | 544 | 117 | 4 | 222 | 41 |
| General Economics Services | 2,630 | 713 | 4 | 347 | 13 |
| Social Services | 47,151 | 10,280 | 1,999 | 28,745 | 61 |
| General Services | 177 | 17 | 181 | 1,343 | 759 |
| Border Area Development Programme | 615 | 116 | 0 | 0 | |
| Grand Total | 1,11,111 | 23,500 | 7,832 | 77,485 | 70 |

CHAPTER-4

APPROPRIATION ACCOUNTS

4.1 What is the importance of Appropriation accounts ?

Appropriation Act passed by the State provides the authority to withdraw specified sums from the Consolidated Fund of State for the specified activities of the State Government. The Appropriation Accounts compare the amounts spent during the year with the sums specified in the Appropriation Act. The State Legislature had authorised withdrawal of ₹ 63,047 crore in three Appropriation Acts through 104 voted grants and two charged appropriations for the year 2009-2010.

4.2 Actual Expenditure - Reconciliation between the two accounts

The actual expenditure fell short of the estimated expenditure by ₹ 1,999 crore.

(₹ in crore)

| Details | Appropriation Act | Actual expenditure | Excess/Savings |
|--|-------------------|--------------------|------------------|
| Gross Expenditure authorized | 63,047 | 60,826 | (-) 2,221 |
| Recoveries | 690 | 468 | (-) 222 |
| Net Expenditure (as per Finance Accounts) | 62,357 | 60,358 | (-) 1,999 |

Analysis of the excesses and savings is shown below.

| Nature of expenditure | Total grant | Actual expenditure | Savings(-) Excesses(+) |
|-----------------------|-------------|--------------------|---------------------------|
| Revenue | 50,180 | 48,638 | (-) 1,542 |
| Capital | 8,467 | 8,047 | (-) 420 |
| Public Debt | 3,246 | 3,245 | (-) 1 |
| Loans and Advances | 464 | 428 | (-) 36 |

A detailed analysis of the excesses and savings is shown below.

Excess and savings

(₹ in crore)

| Sr. No. | Nature of Expenditure | Original Grant | Supplementary Grant | Total | Actual Expenditure | Savings (-) Excesses (+) |
|----------|-------------------------------|----------------|---------------------|---------------|--------------------|-----------------------------|
| 1 | Revenue | | | | | |
| | Voted | 37,153 | 4,345 | 41,498 | 39,902 | (-) 1,536 |
| | Charged | 8,575 | 107 | 8,682 | 8,676 | (-) 6 |
| 2 | Capital | | | | | |
| | Voted | 8,005 | 455 | 8,460 | 8,040 | (-) 420 |
| | Charged | 1 | 6 | 7 | 7 | - |
| 3 | Public Debt | | | | | |
| | Charged | 3,246 | - | 3,246 | 3,245 | (-) 1 |
| 4 | Loans and Advances | | | | | |
| | Voted | 459 | 5 | 464 | 428 | (-) 36 |
| | Charged | - | - | - | - | - |
| 5 | Inter State Settlement | | | | | |
| | Charged | - | - | - | - | - |
| | Total | 57,439 | 4,918 | 62,357 | 60,358 | (-) 1,999 |

Grants which the Government could not spend to the full extent included Pension and Other Retirement Benefits (Revenue) (₹ 1,491 crore) mainly due to shifting of provision pertaining to increase in Pay and Allowances and payment of arrears on account of implementation of Sixth Pay Commission to various sub heads of respective department, Community Development (Revenue) (₹ 179 crore) mainly due to transfer of provision to Sardar Patel Awas Yojana for Golden Goal for Swarnim Jayanti, Relief on account of Natural Calamities (Revenue) (₹ 272 crore) mainly due to non-occurrence of any natural calamity in some part of the State, Non-Residential Buildings (Capital) (₹ 249 crore) mainly due to decision for carrying out works under Public Private Partnership and delay in commencement of work after completing administrative procedure because of Vote-on-Account Budget, Scheduled Castes Sub-plan (Revenue) (for ₹ 148 crore) mainly due to payment of pending claims from Plan Scheme, non-implementation of Crop Insurance Scheme in time, Payment of Crop Insurance claims from the Crops Fund of Accounts and non-availability of sufficient number of beneficiaries and Other expenditure pertaining to Women and Child Development Department (Revenue) (₹ 117 crore) mainly due to non-finalisation of the tender for purchasing of supplementary nutrition, delay in sanction of revised norms prescribed by the Government of India for supplementary nutrition, less sanction from the Government of India for purchase of wheat and non-sanction of extension of contract for Fortified Blended Food because of unaffordable hike in price of food commodities.

4.3 Persistent Savings

Section wise persistent savings in the following grants have been noticed where Government could not fully spend the budgeted amount in the previous years.

Text-Summary

(₹ in crore)

| Grant No. | Year | Total allocation | Percentage of Savings to total grant |
|---|-----------|------------------|--------------------------------------|
| | | | Saving |
| Revenue-Voted | | | |
| 19-Other Expenditure pertaining to Finance Department | 2005-2006 | 1,783 | 20.47 |
| --do-- | 2006-2007 | 1,269 | 23.05 |
| --do-- | 2007-2008 | 1,650 | 38.17 |
| --do-- | 2008-2009 | 2,220 | 89.58 |
| --do-- | 2009-2010 | 2,094 | 71.20 |

| | | | |
|---|-----------|-------|-------|
| Capital-Voted | | | |
| 84-Non-Residential Buildings | 2005-2006 | 129 | 14.15 |
| --do-- | 2006-2007 | 178 | 7.87 |
| --do-- | 2007-2008 | 318 | 42.76 |
| --do-- | 2008-2009 | 437 | 57.89 |
| --do-- | 2009-2010 | 545 | 45.69 |
| Capital -Charged | | | |
| 20-Repayment of Debt pertaining to Finance Department | 2005-2006 | 4,853 | 76.74 |
| --do-- | 2006-2007 | 3,379 | 47.59 |
| --do-- | 2007-2008 | 3,561 | 45.68 |
| --do-- | 2008-2009 | 3,159 | 17.54 |
| --do-- | 2009-2010 | 3,247 | 5.02 |

4.4 Contingency Fund

The Contingency Fund has a corpus of ₹ 200 crore to meet unforeseen expenditure. During the current year ₹ 197 crore was drawn from Contingency Fund and ₹ 150 crore was recouped to the fund leaving a balance of ₹ 47 crore to be recouped.

CHAPTER – 5**ASSETS AND LIABILITIES****5.1 Assets**

Government has valuable assets in the form of land, buildings, factories etc. Most of these assets of the government do not easily lend themselves to an accurate valuation and government account do not exhibit comprehensive valuation of fixed assets like land, buildings etc. However, the government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. A list of the major assets created out of the expenditure as on 31st March 2010 is given below :

(₹ in crore)

| Assets | | Amount |
|---|--------|---------------|
| Gross Capital outlay on Fixed assets | | 72,391 |
| Investments in shares of companies, corporations etc | 31,051 | |
| Other Capital outlay | 41,340 | |
| Loans and Advances | | 4,905 |
| Loans for Power Projects | 858 | |
| Other Development loans | 3,793 | |
| Loans to Govt servants and miscellaneous loans | 254 | |
| Advances | | 1 |
| Departmental Cash balances including permanent advances | | 4,554 |
| And investment of earmarked funds | | 5,052 |
| Cash Balance investments | | 6,598 |
| Total | | 88,947 |
| Current Assets | | Amount |
| Cash Balance | | -126 |
| Cash in treasuries | 0 | |
| Deposit with Reserve Bank | -130 | |
| Remittances in transit local | 4 | |
| Total | | -126 |

5.2 Composition of Debts & Liabilities

The liabilities of the State Government comprising of Public Debt under Consolidated Fund and liabilities under Public Account decreased by ₹ 49,262 crore from ₹ 81,368 crore in 2005-2006 to ₹ 32,106 crore in 2009-10 as shown below.

(₹ in crore)

| Year | Total Public Debt | Total Public Account | Total Liabilities | GSDP | % of total liability to GSDP |
|-----------|-------------------|----------------------|-------------------|----------|------------------------------|
| 2005-2006 | 67,455 | 13,913 | 81,368 | 2,26,897 | 36 |
| 2006-2007 | 72,632 | 15,339 | 87,971 | 2,62,723 | 33 |
| 2007-2008 | 79,309 | 17,142 | 96,451 | 3,03,734 | 32 |
| 2008-2009 | 87,010 | 18,642 | 1,05,652 | 3,37,217 | 31 |
| 2009-2010 | 98,010 | 21,106 | 1,19,116 | 3,81,028 | 31 |

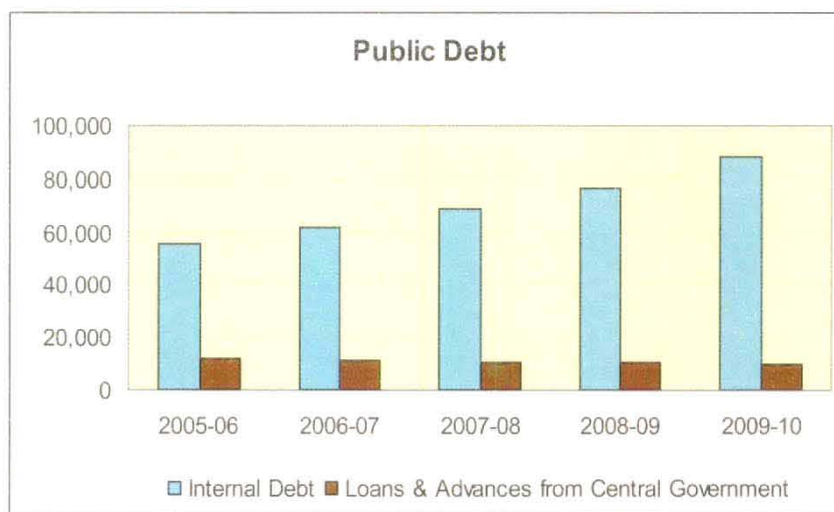
5.3 Public Debt :

The Revenue receipts and other Capital receipts are not sufficient to meet the expenditure of the Government. Therefore, government resorts to borrowing to meet the shortage. Public debt comprising internal debt of the State Government and loans and advances from the Central Government increased by ₹ 30,555 crore from ₹ 67,455 crore in 2005-2006 to ₹ 98,010 crore by the end of the current year are as follows.

(₹ in crore)

| Year | Internal Debt | Loans & Advances from Central Government | Total Public Debt |
|-----------|---------------|--|-------------------|
| 2005-2006 | 55,888 | 11,567 | 67,455 |
| 2006-2007 | 61,629 | 11,003 | 72,632 |
| 2007-2008 | 68,651 | 10,658 | 79,309 |
| 2008-2009 | 76,685 | 10,325 | 87,010 |
| 2009-2010 | 88,162 | 9,848 | 98,010 |

No ceiling on borrowings as envisaged in the Article 293 of the Constitution of India has been fixed by the State legislature. The State Legislature has passed the Fiscal Responsibility Act in May 2005.



5.3.1 Internal Debt

Details of transactions in respect of Internal Debt are shown in the following table :

(₹ in crore)

| Year | Opening Balance | Receipts | Payments | Closing Balance |
|-----------|-----------------|----------|----------|-----------------|
| 2005-2006 | 46,489 | 9,941 | 542 | 55,888 |
| 2006-2007 | 55,888 | 6,653 | 912 | 61,629 |
| 2007-2008 | 61,629 | 8,402 | 1,380 | 68,651 |
| 2008-2009 | 68,651 | 10,079 | 2,046 | 76,685 |
| 2009-2010 | 76,685 | 14,158 | 2,681 | 88,162 |

5.3.2 Loans and advances from the Central Government

The details of transactions in respect of Loans and advances from the Central Government are shown in the following table.

(₹ in crore)

| Year | Opening Balance | Receipts | Payments | Closing Balance |
|-----------|-----------------|----------|----------|-----------------|
| 2005-2006 | 11,431 | 722 | 587 | 11,566 |
| 2006-2007 | 11,567 | 295 | 859 | 11,003 |
| 2007-2008 | 11,003 | 209 | 554 | 10,658 |
| 2008-2009 | 10,658 | 226 | 559 | 10,325 |
| 2009-2010 | 10,325 | 86 | 564 | 9,847 |

5.4 Public Account

The State also acts as a trustee in respect of deposits like Small Savings Collections, Provident Funds and Deposits. There was an overall liability of ₹ 21,106 crore in respect of these items by the end of 2009-2010 as shown below.

(₹ in crore)

| Year | Insurance and Pension Fund | Provident Funds | Others | Total |
|-----------|----------------------------|-----------------|--------|--------|
| 2005-2006 | 814 | 3,316 | 9,783 | 13,913 |
| 2006-2007 | 881 | 3,534 | 10,923 | 15,338 |
| 2007-2008 | 953 | 3,898 | 12,292 | 17,143 |
| 2008-2009 | 1,027 | 4,144 | 13,469 | 18,640 |
| 2009-2010 | 1,105 | 5,085 | 14,916 | 21,106 |

5.4.1 State Provident Fund

The details of transactions from the State Provident Fund are shown in the following table.

(₹ in crore)

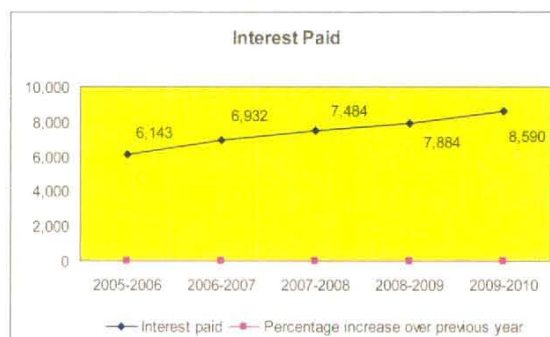
| Year | Opening Balance | Receipts | Payments | Net accretion | Closing Balance | Interest charged on balance |
|-----------|-----------------|----------|----------|---------------|-----------------|-----------------------------|
| 2005-2006 | 3,122 | 768 | 574 | 194 | 3,316 | 251 |
| 2006-2007 | 3,316 | 816 | 598 | 218 | 3,534 | 263 |
| 2007-2008 | 3,534 | 1,027 | 663 | 364 | 3,898 | 357 |
| 2008-2009 | 3,898 | 995 | 749 | 246 | 4,144 | 391 |
| 2009-2010 | 4,144 | 1,756 | 815 | 941 | 5,085 | 432 |

5.5 Interest payments

Interest payments on debt and other liabilities totaling ₹ 8,590 crore constituted 18 percentage of revenue expenditure of ₹ 48,638 crore during 2009-2010. Break up of the Interest Payments of ₹ 8,590 crore was Internal debt ₹ 6,889 crore, loans and advances from Central Governments ₹ 821 crore and ₹ 880 crore on other liabilities. Expenditure on account of interest payments increased by ₹ 706 crore during 2009-2010 in comparison to previous year. Growth in Interest Payments during the past five years was as under :

(₹ in crore)

| Year | Interest paid | Percentage increase over previous year |
|-----------|---------------|--|
| 2005-2006 | 6,143 | 1 |
| 2006-2007 | 6,932 | 13 |
| 2007-2008 | 7,484 | 8 |
| 2008-2009 | 7,884 | 5 |
| 2009-2010 | 8,590 | 9 |



(₹ in crore)

| Year | Interest paid | Interest paid as percentage of Revenue Expenditure | Interest paid as percentage of Revenue Receipts |
|-----------|---------------|--|---|
| 2005-2006 | 6,143 | 24 | 25 |
| 2006-2007 | 6,932 | 24 | 22 |
| 2007-2008 | 7,484 | 22 | 21 |
| 2008-2009 | 7,884 | 20 | 20 |
| 2009-2010 | 8,590 | 18 | 21 |

5.6 Utilisation of borrowed funds

The receipts from debt/ other obligations constitute 61% of the total receipts of the Government.

Comparison of new liabilities to total receipts

(₹ in crore)

| | |
|---|--------|
| 1. Addition in Public debt | 14,245 |
| 2. Additions in Other liabilities (Total of a to c) | 20,635 |
| a. Small savings, Provident fund & Other Funds | 1,901 |
| b. Deposits | 17,777 |
| c. Reserve funds | 957 |
| 3. Total Addition of debts & Liabilities (1 + 2) | 34,880 |

Out of the total receipts of debts/liabilities of ₹ 34,880 crore, ₹ 30,005 crore have been consumed in repayments and interest payments as shown below :

Amount available after servicing obligation

(₹ in crore)

| Item | Principal repaid | Interest | Total | Amount Collected | Amount Available |
|----------------------|------------------|--------------|---------------|------------------|------------------|
| 1. Public Debt | 3,245 | 7,710 | 10,955 | 14,245 | 3,290 |
| a. Internal Debt | 2,681 | 6,889 | 9,570 | 14,159 | 4,589 |
| b. Loans from GOI | 564 | 821 | 1,385 | 86 | -1,299 |
| 2. Other Liabilities | 18,170 | 880 | 19,050 | 20,635 | 1,585 |
| Total | 21,415 | 8,590 | 30,005 | 34,880 | 4,875 |

5.7 Ways and Means advances

The State Government, in order to maintain and sustain its liquidity position, takes Ways and Means Advances from the Reserve Bank of India and thereafter, draws upon overdraft, whenever there is shortfall in the agreed minimum cash balance in its account with the Reserve Bank of India. The State Government is required to maintain a minimum cash balance of ₹ 280 lakhs with Reserve Bank of India. The larger the amount and greater the number of times such Ways and Means Advances are taken or drawls made, the more it reflects over the adverse position of the cash balance of the State Government.

| | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 |
|---|-----------|-----------|-----------|-----------|-----------|
| i) Number of days on which minimum balance was maintained | | | | | |
| a) Without obtaining any advance | 238 | 365 | 365 | 365 | 365 |
| b) By obtaining Ways and Means Advance | 127 | -- | -- | -- | -- |
| ii) Number of days on which overdraft was taken | -- | -- | -- | -- | -- |

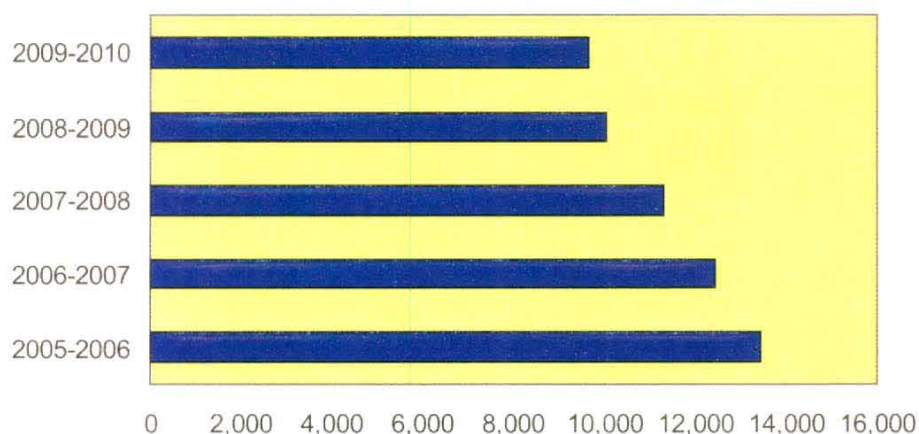
5.8 Guarantees

In addition to borrowings, the State Government also gives substantial guarantees to various public sector and other undertakings, statutory corporation, companies, etc. The position of guarantees given by the State Government is given below:-

(₹ in Crore)

| At the end of the year | Cumulative Amount Guaranteed (Principal) | Cumulative Amount outstanding (Principal) |
|------------------------|--|---|
| 2005-2006 | 13,965 | 13,430 |
| 2006-2007 | 12,983 | 12,448 |
| 2007-2008 | 11,843 | 11,308 |
| 2008-2009 | 10,561 | 10,027 |
| 2009-2010 | 10,202 | 9,667 |

Cumulative Amount outstanding (Principal)



CHAPTER – 6

OTHER ITEMS

6.1 Investments and returns

Total investments of the Government as share capital in non-financial Public Sector Undertakings (PSU) stood at ₹ 31,051 crore at the end of 2009-2010. Dividends received during the year were ₹ 77 crore (i.e. 0.02 % on the investment). During 2009-2010, investments in PSUs increased by ₹ 4,509 crore, and dividend increased by ₹ 28 crore as compared to the previous year.

6.2 Loans and advances by the State Government

Total loans and advances given by the State Government at the end of 2009-2010 stood at ₹ 4,905 crore. The principal amount of ₹ 151 crore and interest amount of ₹ 98 crore were recovered during the year 2009-2010.

The recovery of principal amount of ₹ 1,145 crore and interest amount of ₹ 111 crore are in arrears as on 31st March 2010 from Government Corporations/Companies, non-Government Institutes, Local bodies, etc.

6.3 Financial assistance to local bodies and others

Financial Assistance includes “Grants-in-aid” and “Subsidies” given to Panchayats, Local Bodies and Other Institutions. Total assistance given during the year was ₹ 25,054 crore (Grant-in-aid ₹ 20,401 and Subsidy ₹ 4,653 crore).

6.4 Commitments on account of incomplete capital works

Total 56 projects under Roads and Buildings/Irrigation Department costing ₹ 21,698 crore were incomplete as on 31st March 2010 after incurring expenditure of ₹ 23,230 crore where the period of delay ranged from one to five years.

CHAPTER – 7

AUDIT REPORTS

Audit comments in these accounts as well as on the working of different departments of Government of Gujarat by Comptroller and Auditor General of India are contained in Reports submitted separately on “Civil”, “Revenue” and “Commercial” matters to the State Legislature.