



GOVERNMENT OF HIMACHAL PRADESH

**Accounts At a Glance
2011-2012**



*Accountant General (A&E)
Himachal Pradesh*

Government of Himachal Pradesh

ACCOUNTS AT A GLANCE
2011-12

ACCOUNTANT GENERAL
(Accounts and Entitlements)

HIMACHAL PRADESH, SHIMLA

PREFACE

I am happy to present the fourteenth issue of our annual publication, the 'Accounts at a Glance' of the Government of Himachal Pradesh for the year 2011-12. The purpose of this publication is to distil and make more accessible the body of information that is available in the Annual Finance and Appropriation Accounts prepared by my office under the direction of the Comptroller and Auditor General of India (CAG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 for being laid before the Legislature of the State. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and Public Account. The Appropriation Accounts record the Grant wise expenditure against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds allocated.

'Accounts at a Glance' provides an overview of Governmental activities, as reflected in the Finance Accounts and Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

We look forward to suggestions that would help us in improving the publications.

Shimla
Date : 28.02.2013



(Satish Loomba)
Principal Accountant General (A&E)

Our email address: agaehimachalpradesh@cag.gov.in

Our Vision, Mission and Core Values

The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.

Our mission enunciates our current role and describes what we are doing today.

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders: the Legislature, the Executive and the Public- that public funds are being used efficiently and for the intended purposes.

Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance.

- ❖ Independence
- ❖ Objectivity
- ❖ Integrity
- ❖ Reliability
- ❖ Professional Excellence
- ❖ Transparency
- ❖ Positive Approach

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Chapter 1

OVERVIEW

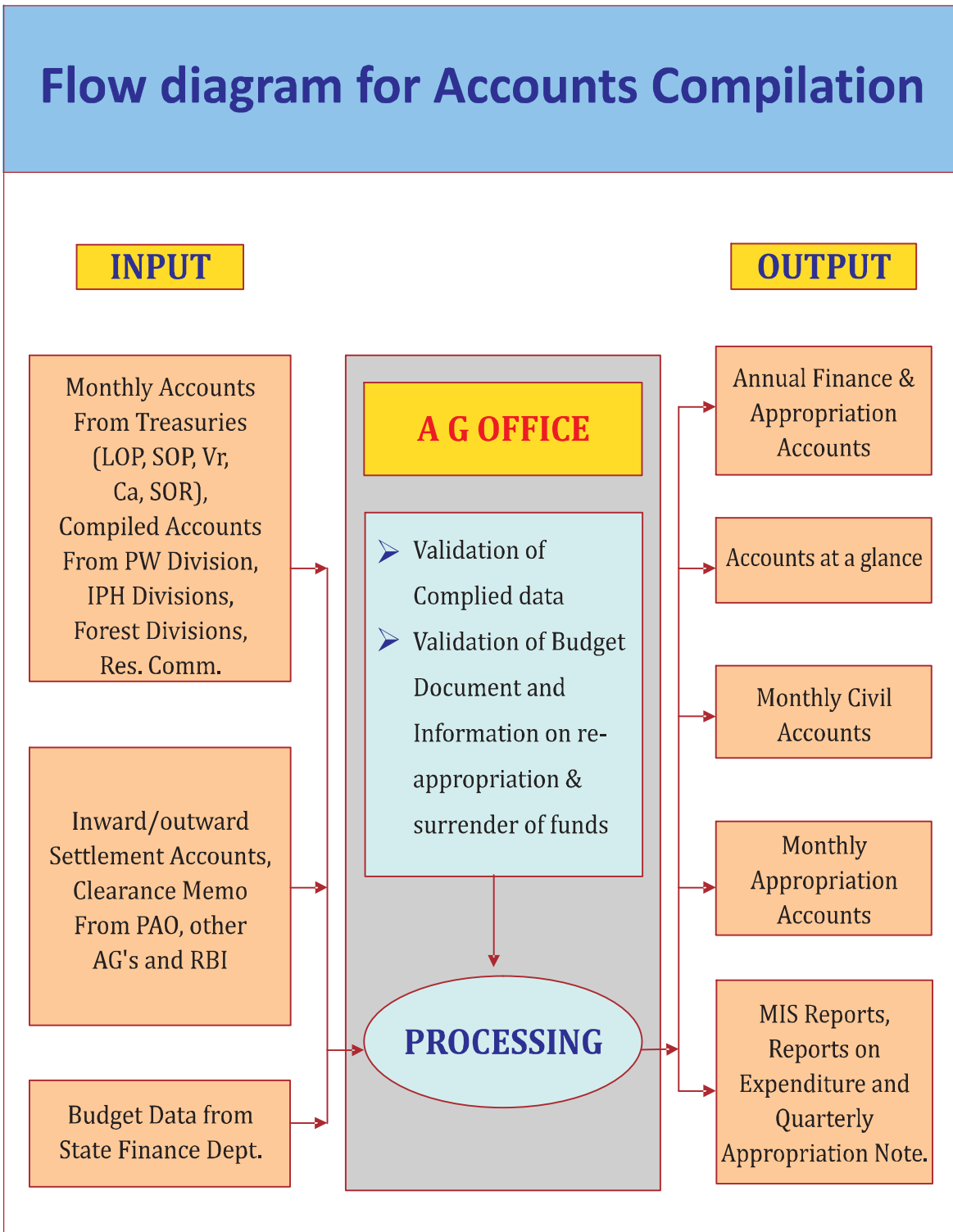
1.1 Introduction

The Accountant General (Accounts and Entitlements), Himachal Pradesh collates, classifies, analyses and accounts for receipts and expenditure of the Government of Himachal Pradesh. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works Divisions, Irrigation & Public Health Divisions, Forest Divisions, accounts rendered by the other States/accounting offices and advices of Reserve Bank of India. Every month a Monthly Civil Account is presented to the Government of Himachal Pradesh along with a quarterly appreciation note on the important financial indicators and quality of expenditure of the Government. The Annual Finance Accounts and the Appropriation Accounts are placed before the State Legislature after audit by the Principal Accountant General (Audit), H.P. and certification by the Comptroller and Auditor General of India.

1.2 Structure of Accounts

1.2.1 *Government Accounts are kept in three parts:*

Part 1 CONSOLIDATED FUND	Comprises all receipts of the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon). All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), is met from this fund.
Part 2 CONTINGENCY FUND	The Contingency is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund. The corpus of this fund for the Government of Himachal Pradesh is ₹ 5 crore.
Part 3 PUBLIC ACCOUNT	All public moneys received, other than those credited to the Consolidated Fund, are accounted for under the Public Account. In respect of such receipts, Government acts as a banker or trustee. The Public Accounts Comprises: repayable like Small Savings and Provident Funds, Reserve Fund, Deposits and Advances, Suspense and Miscellaneous transaction (adjusting entries pending booking to final heads of account), Remittances between accounting entities, and Cash Balance.



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursement of the Government for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. Finance Accounts have been prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, Summarized statements of overall receipts and disbursement and 'Notes to accounts' containing summary of significant accounting policies, quality of accounts and other items. Volume II contains other summarized statements (Part-I), detailed Statements (Part-II) and appendices (Part-III).

Receipts and disbursement of the Government of Himachal Pradesh as depicted in the Finance Accounts 2011-12 are given below.

(₹ in crore)			
Receipts (Total:16201)	Revenue (Total: 14543)	Tax Revenue	6107
		Non Tax Revenue	1915
		Grants-in-aid	6521
	Capital (Total:1658)	Others Receipts	-
		Recovery of Loans and Advances	25
		Borrowing and other Liabilities*	1633
Disbursement (Total: 16201)	Revenue	13898	
	Capital	1810	
	Loans and Advances	493	

In addition to the expenditure approved for the year by the Himachal Pradesh Legislature, Government of India transfers funds directly to State Implementing Agencies/ Non Government Organization (NGOs) in the State for spending on various schemes and programmes. Such transfers (amounting to ₹ 1416 crore this year) are not reflected in the accounts of the State Government, but have been shown at Appendix VII in Volume II of the Finance Accounts.

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

1.3.2 *Appropriation Accounts*

Under the Constitution, no expenditure can be incurred by the Government except with authorization of the Legislature. Barring certain expenditure specified in the Constitution as “charged” on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be “voted”. The budget of the Himachal Pradesh has 12 charged Appropriation and 32 voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure compiled with the appropriation authorized by the Legislature through the Appropriation Act of each year.

At the end of the year, the actual expenditure of the government of Himachal Pradesh against the budget approved by the Legislature, showed a net saving of ₹ 334.41 crore (2 % of estimates) and under-estimation of ₹ 315 crore (21 % of estimates) on reduction of expenditure. Certain grants, like those relating to Land Revenue and District Administration, Education, Forest and Wildlife, Rural Development and Tribal Development showed substantial savings.

1.4 **Sources and Application of Funds**

1.4.1 *Ways and Means Advances*

The Reserve Bank of India extends Ways and Means Advances and Overdraft facilities to enable State Governments to tide over temporary shortfalls in their cash balances. During 2011-12, Government of Himachal Pradesh did not resort to Overdraft facilities and Ways and Means Advances.

1.4.2 *Fund flow statement*

The state had a Revenue surplus of ₹ 645 crore and a Fiscal Deficit of ₹ 1633 crore representing 1 % and 3 % of the Gross State Domestic Product (GSDP). The Fiscal Deficit constituted 10 % of total expenditure. The Fiscal Deficit was met from net Public Debt (₹ 857 crore) increase in Public Account (₹ 668 crore), and net increase of opening and closing cash balance (₹ 108 crore). Around 72 % of the revenue receipts (₹ 14543 crore) of the State Government was spent on committed expenditure like salaries (₹ 6055 crore) interest payments (₹ 2130 crore) and pensions (₹ 2217 crore)

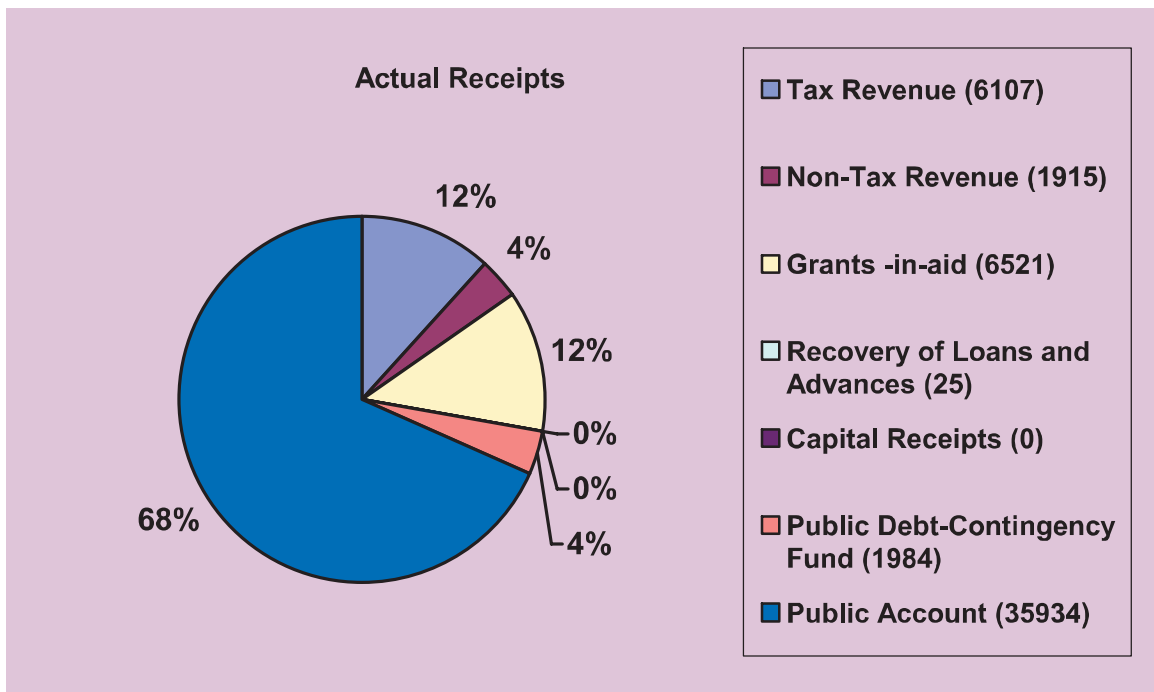
Sources and Application of Funds

(₹in crore)

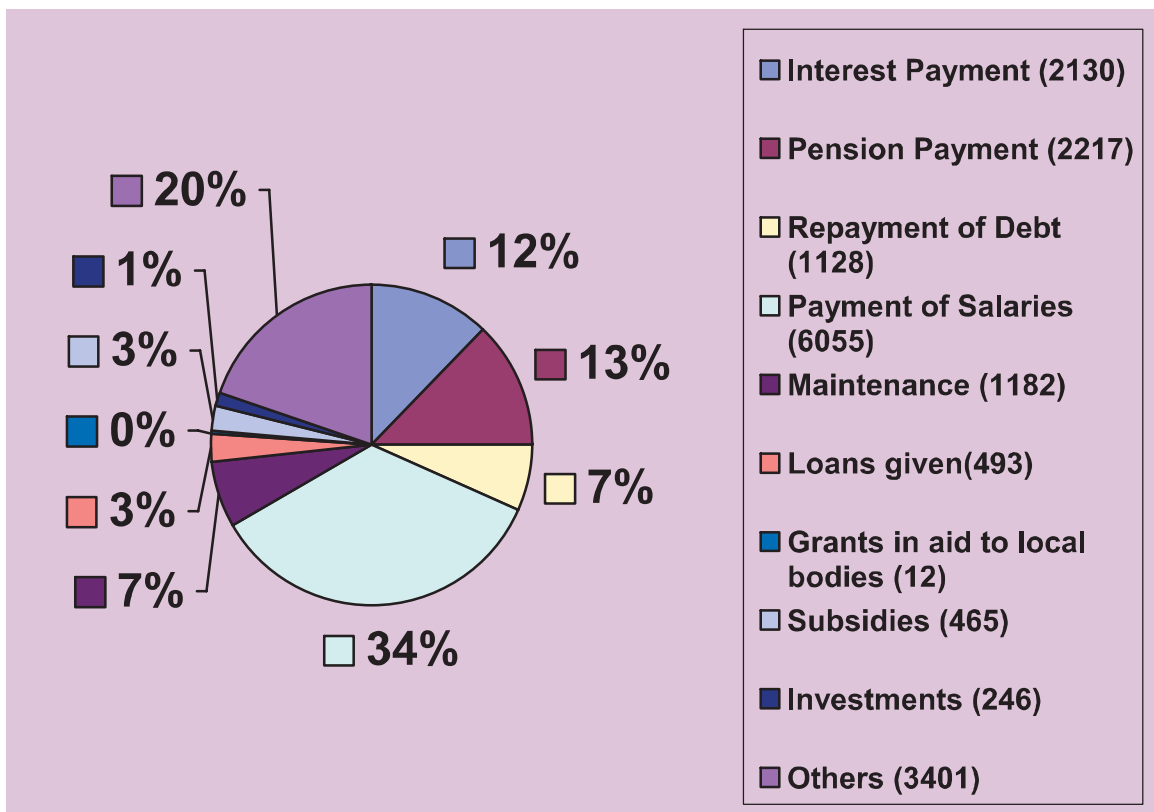
SOURCES	PARTICULARS	AMOUNT
	Opening cash balance as on 1.4.2011	(-) 272
	Revenue Receipts	14543
	Capital Receipts	---
	Recovery of Loans & Advances	25
	Public Debt	1984
	Small Savings Provident Fund & Others	2100
	Reserves & Sinking Funds	285
	Deposits Received	1690
	Civil Advances Repaid	90
	Suspense Account	27059
	Remittances	4710
	TOTAL	52214

APPLICATION	Revenue Expenditure	13898
	Capital Expenditure	1810
	Loans Given	493
	Repayment of Public Debt	1128
	Small Savings Provident Fund & Others	1464
	Reserves & Sinking Funds	142
	Deposits Repaid	1512
	Civil Advances Given	90
	Suspense Account	27220
	Remittances	4837
	Closing Cash Balance as on 31.03.2012	(-) 380
	TOTAL	52214

1.4.3 Where the Rupee came from



1.4.4 Where the Rupee went



1.5 Highlights of Accounts

(₹ in crore)

Sl. No		B.E 2011-12	Actuals	Percentage of Actuals to B.E	Percentage of Actuals to GSDP (#)
1.	Tax Revenue (a)	6101	6107	100	10
2.	Non-Tax Revenue	1995	1915*	96	3
3.	Grants-in-aid & Contributions	5998	6521	109	10
4.	Revenue Receipts (1+2+3)	14094	14543*	103	23
5.	Recovery of Loans & Advances	24	25	104	--
6.	Other Receipts	--	--	--	--
7.	Borrowings and other liabilities (b)	1630	1633	100	3
8.	Capital Receipts (5+6+7)	1654	1658	100	3
9.	Total Receipts (4+8)	15748	16201	103	26
10.	Non-Plan Expenditure	12653	12258	97	19
11.	NPE on Revenue Account	12580	12197	97	19
12.	NPE on Interest Payments out of 11	2151	2130	99	3
13.	NPE on Capital Account (c)	73	61	84	--
14.	Plan Expenditure	3095	3943	127	6
15.	PE on Revenue Account	1462	1701	116	3
16.	PE on Capital Account (d)	1633	2242	137	4
17.	Total Expenditure(10+14)	15748	16201	103	26
18.	Revenue Expenditure(11+15)	14042	13898	99	22
19.	Capital Expenditure (13+16) (e)	1706	2303	135	4
20.	Revenue Deficit (-)/ Revenue Surplus (+) (18-4)	(+)52	(+) 645*	1240	1
21.	Fiscal Deficit (4+5+6-17)	(-)1630	(-) 1633*	100	3

(a) Includes Share of net proceed assigned to States for ₹ 1999 crore.

(b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of opening and closing balance.

(c) Includes ₹ 15 crore pertaining to Loans and Advances.

(d) Includes ₹ 478 crore pertaining to Loans and Advances .

(e) Expenditure on Capital Account includes Capital Expenditure (₹ 1810 crore) and Loans and Advances disbursed (₹ 493 crore).

GSDP figures (₹ 63084 crore) adopted from the Economic and Statistic Department Govt. of H.P.

* Includes an amount of ₹ 32 crore (₹ 30 crore + ₹ 2 crore) by way of book adjustment.

The revenue surplus of ₹ 645 crore and fiscal deficit ₹ 1633 crore represents 1.02 % and 2.59 % of the Gross State Domestic Product (GSDP). The fiscal deficit constituted 10.08 % total expenditure. Around 72 % of the revenue receipts (₹14543crore) of the State government was spent on committed expenditure like Salaries (₹ 6055 crore), interest payments (₹ 2130 crore) and pensions (₹ 2217 crore).

1.6 What the Deficits and Surpluses indicates ?

Deficit	Refers to the gap between revenue and expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in financial management
Revenue Deficit / Surplus	Refers to the gap between revenue and expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
Fiscal Deficit / Surplus	Refers to the gap between total Receipts (excluding borrowings) and total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings should be invested in capital projects.

Deficit indicators, revenue augmentation and expenditure management are major yard sticks for judging the fiscal performance of the Government. The 12th Finance Commission had recommended that States enact their own Fiscal Responsibility and Budget Management (FRBM) Acts committing them to (i) reduce revenue deficit every financial year compared to previous financial year to eliminate revenue deficit by March, 2009 and generate revenue surplus thereafter (ii) progressively reduce fiscal deficit to bring it to three percent of Gross State Domestic Product (iii) progressively reduce its outstanding guarantees on long term debt, until it can cap outstanding risk weighed guarantees at eighty per cent of total revenue receipts in the preceding financial year for which actuals are available as per Finance Accounts. The FRBM Act has been amended by the State Govt. vide Bill No.3 of 2011 which provides that (i) eliminate revenue deficit by financial year 2011-12 and maintain revenue surplus thereafter (ii) reduce fiscal deficit to 3.5 per cent or less of GSDP by financial year 2010-11, 3 per cent or less of GSDP by financial year 2011-12 and maintain fiscal deficit at the level of 3 per cent or less of GSDP thereafter (iii) reduce outstanding debt to 49.7 per cent, 47.00 per cent, 44.4 per cent, 42.1 per cent and 40.1 per cent of GSDP by the Financial year 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 respectively (iv) maintain outstanding risk weighed guarantees on long term debt below 40 per cent of total revenue receipt in the preceding financial year for which actuals are available as per finance account. Although targets set for attaining the level of revenue and fiscal deficits in HPFRBM Act (pre revised) were achieved in 2007-08 (₹ 849.80crore), the State had gone under revenue deficits 2008-09 (₹ 130 crore), 2009-10 (₹ 805 crore) and 2010-11 (₹ 1235 crore). During the year 2011-12 State has revenue surplus of ₹ 645 crore. Fiscal deficit decreased by ₹ 899 crore from ₹ 2532 crore in 2010-11 to ₹ 1633 crore in the current year (i.e. 2.59 per cent of GSDP) which is higher than the projections (3 per cent of GSDP) laid down in the amended FRBM Act. The target for reducing outstanding debt

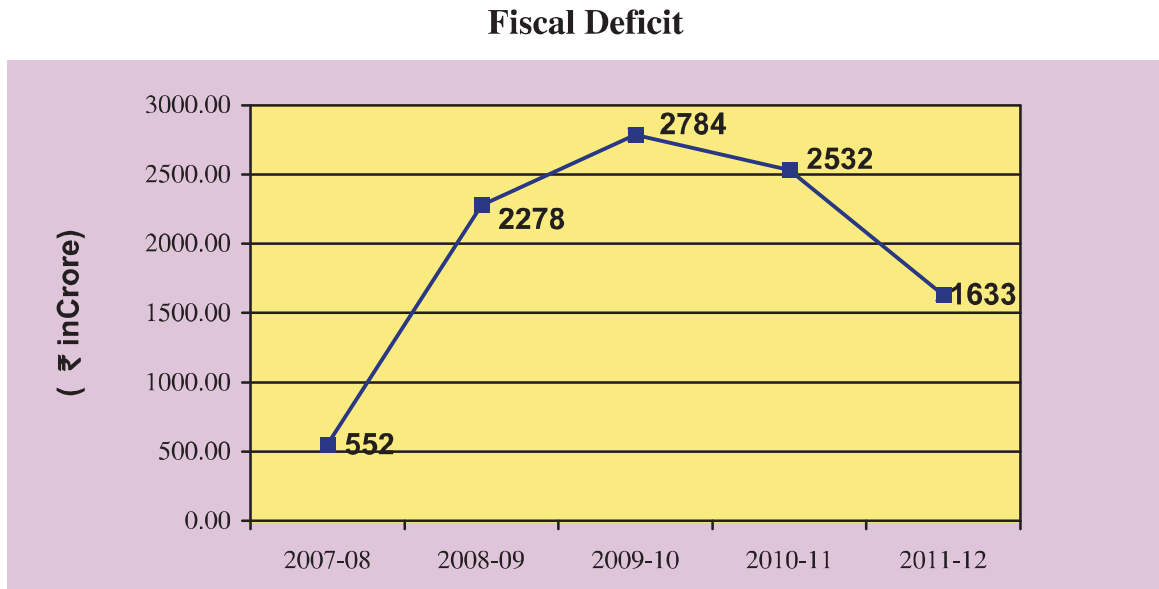
(₹ 19511 crore, 30.93% of GSDP) and to maintain amount of outstanding guarantees ₹ 3316 crore, 23% of total revenue receipt (₹ 14543 crore) as per amended FRBM Act has been achieved.

1.6.1 Trend of Revenue Deficit (-) / Surplus (+)

Revenue Deficit (-) / Surplus (+)

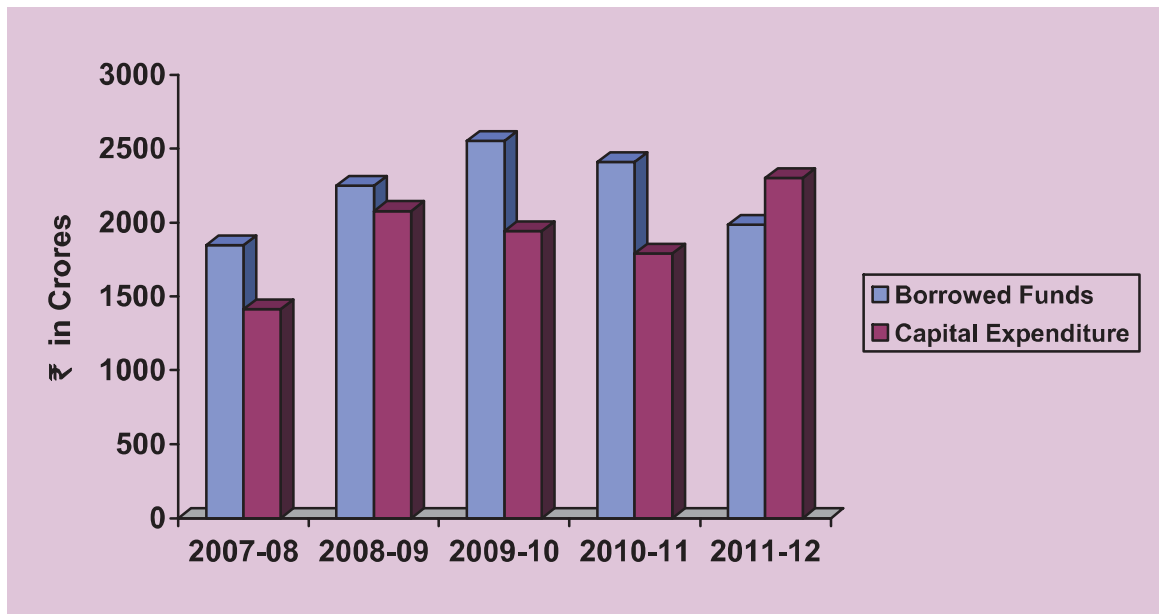


1.6.2 Trend of Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital

Borrowed funds spent on Capital Expenditure



It is desirable to fully utilize borrowed funds for the creation of capital assets, and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 91 % of the borrowings of the current year (₹ 1984 crore) on capital expenditure (₹ 1810 crore). It would therefore appear that balance of borrowing in the public debt ₹ 1097 crore { ₹ 1128 crore (-) ₹ 31 crore write off } was utilized to repay the principal and interest on public debt of previous years.

Chapter 2

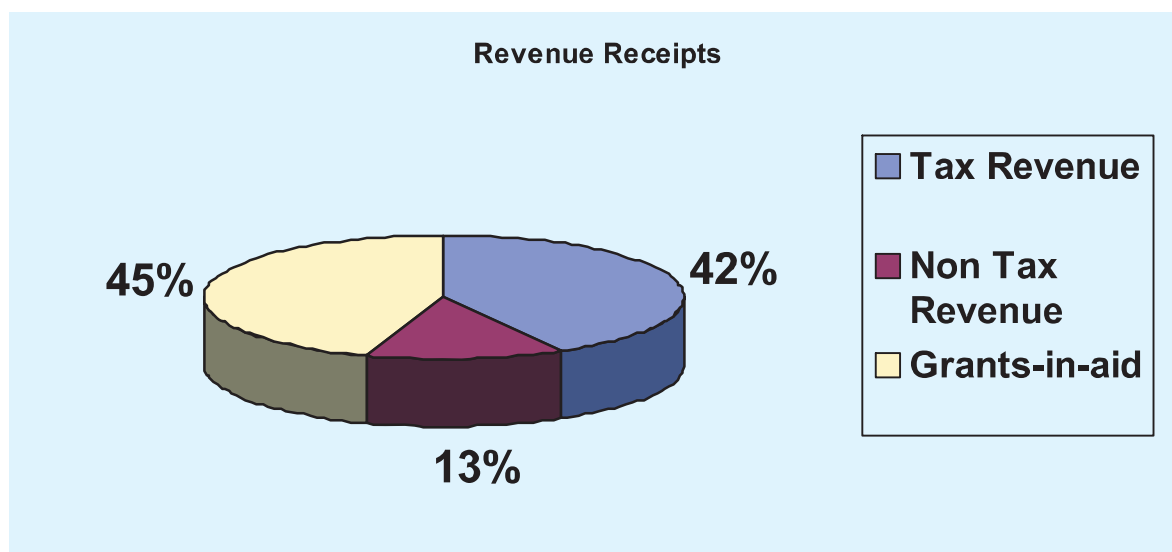
RECEIPTS

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2011-12 were ₹ 16201 crore.

2.2 Revenue Receipts

Tax Revenue	Comprises taxes collected and retained by the State and States share of Union Taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividend, profits etc.
Grants-in -aid	Grants- in- aid represent central assistance to the State Government from the Union Government. Includes “External Grant Assistance” received from Foreign Government and canalized through the Union Government. In turn, the State Government also give Grants-in-aid to institutions like Panchayati Raj Institution, Autonomous bodies etc.



Revenue Receipts Components (2011-12)

(₹ in crore)

Components	Actuals
A. Tax Revenue	6107
Taxes on Income & Expenditure	1186
Taxes on Property & Capital Transactions	176
Taxes on Commodities & Services	4745
B. Non-Tax Revenue	1915
Interest Receipts, Dividend and Profits	201
General Services	143
Social Services	162
Economic Services	1409
C. Grants-in-aid & Contribution	6521
Total –Revenue Receipts	14543

Capital Receipts

(₹ in crore)

Component	Actuals
Miscellaneous Capital Receipts	--
Total – Capital Receipts	--

2.3 Trend of Receipts

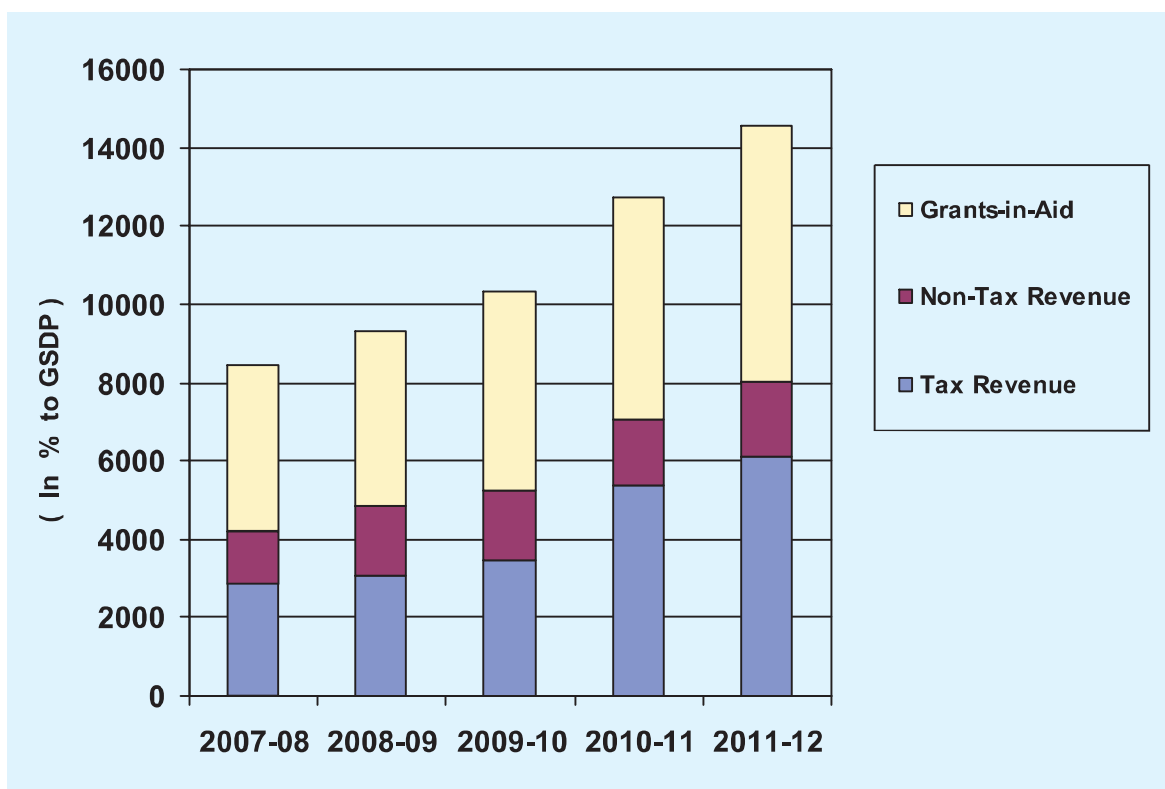
(₹in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Tax Revenue	2752 (9)	3080 (8)	3436 (8)	5358 (10)	6107 (10)
Non-Tax Revenue	1823 (6)	1756 (5)	1784 (4)	1695 (3)	1915 (3)
Grants-in-aid	4567 (14)	4472 (12)	5126 (12)	5658 (11)	6521 (10)
Total Revenue Receipts	9142 (29)	9308 (25)	10346 (24)	12711 (24)	14543 (23)
GSDP	31974	36940	42278	52426	63084

Note: Figures in parentheses represents percentage to GSDP.(GSDP figures supplied by State Govt. time to time)

Though the GSDP increased by 20 % between 2010-11 to 2011-12, growth in revenue collection was 14% while Tax Revenue increased by 14 % and Non-Tax Revenues also increased by 13 %.

Components under Revenue Receipts as proportion to GSDP



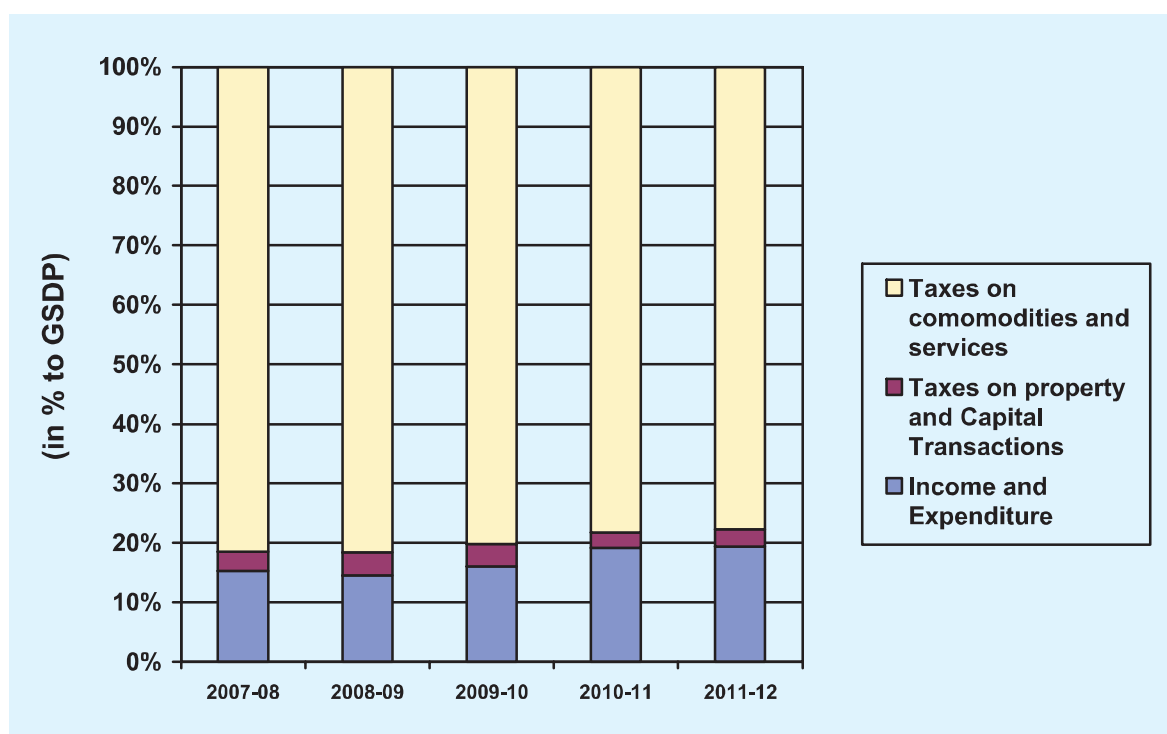
Sector-wise Tax Revenue

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Taxes on Income and Expenditure	421	447	552	1025	1186
Taxes on Property and Capital Transaction	89	119	129	139	176
Taxes on Commodities and Services	2242	2514	2755	4194	4745
Total Tax Revenue	2752	3080	3436	5358	6107

The increase in total tax revenue is mainly attributable to higher collection under Corporation Tax (₹ 787 crore), State Excise (₹ 707 crore), Taxes on Income other than Corporation Tax (₹ 400 crore) Customs (₹ 347 crore), Union Excise Duties (₹ 224 crore) and Service Tax (₹ 238 crore).

Trend of Major Taxes in proportion to GDP



2.4 Performance of State's own Tax Revenue collection.

(₹ in crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			Tax revenue	Percentage to GDP
(1)	(2)	(3)	(4)	(5)
2007-08	2752	794	1958	6.12
2008-09	3080	837	2243	6.07
2009-10	3436	862	2574	6.09
2010-11	5358	1715	3643	6.95
2011-12	6107	1999	4108	6.51

2.5 Efficiency of Tax Collection

Taxes on Commodities and Services.

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Collection	2242	2514	2755	4194	4745
Expenditure on Collection	21	22	26	33	37
Efficiency of Tax Collection	9%	1%	1%	1%	1%

Taxes on Commodities and Services form a major chunk of tax revenue. The collection efficiency of taxes on property and capital transactions can be improved.

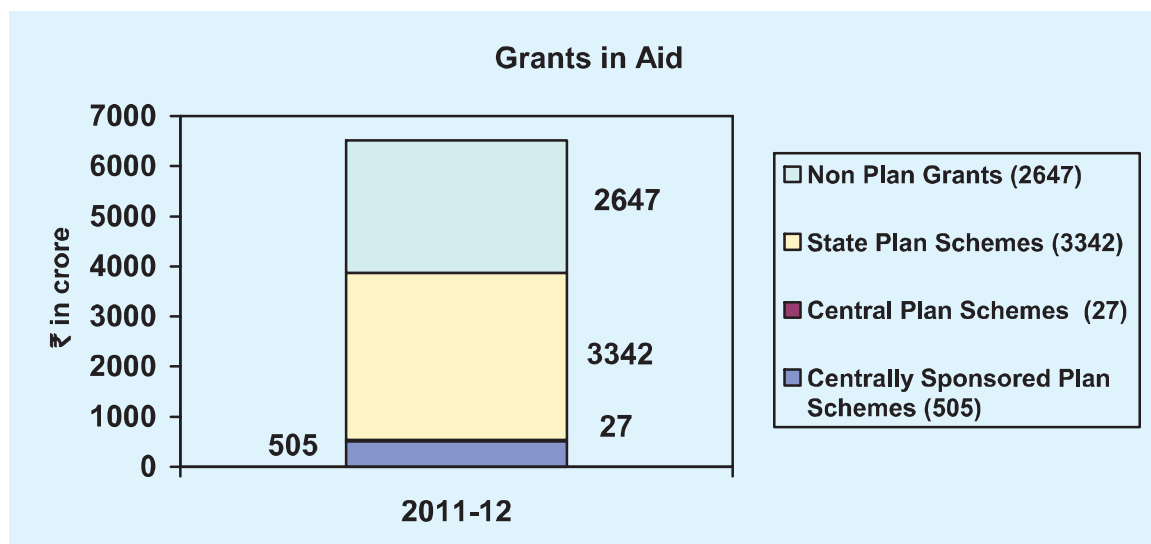
2.6 Trend in State's share of Union Taxes over the past five years

(₹ in crore)

Major Head Description	2007-08	2008-09	2009-10	2010-11	2011-12
Corporation Tax	252	275	355	671	787
Taxes on Income other than Corporation Tax	169	172	197	354	400
Taxes on Wealth	--	--	1	1	3
Customs	150	160	121	300	347
Union Excise Duties	143	140	97	218	224
Service Tax	79	90	91	171	238
State Share of Union Taxes	794	837	862	1715	1999
Total Tax Revenue	2752	3080	3436	5358	6107
Percentage of Union Taxes to Total Tax Revenue	29	27	25	32	33

2.7 Grants -in-Aid

Grants-in-aid represent assistance from the Government of India, and comprises, Grant for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during 2011-2012 under Grants -in-aid were ₹ 6521 crore as shown below:



The Share of Non –Plan Grants in total Grants-in-aid declined from 47 % during 2010-2011 to 41% in 2011-2012, while the share of Grants for Plan schemes declined from 53 % in 2010-11 to 51 % in 2011-12. As against budget estimate of ₹ 3023 crore of Union share in Plan schemes, the State Government has actually received ₹ 3342 crore of Grants-in-aid (111 % of BE).

2.8 Public Debt

Trend of Public Debt over the past 5 years.

Description	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Internal Debt	13049	14456	16129	17694	18563
Central Loans	1015	971	984	960	947
Total	14064	15427	17113	18654	19510

In 2011-12, six loans totaling ₹ 1325 crore at interest rates varying from 8.60% to 9.20% are redeemable in the year 2021-2022 were raised from the open market. In addition, the state Government raised ₹ 300 crore from the financial institution (NABARD) and ₹ 278 crore from the National Small Savings Fund (NSSF). Thus the Internal Debt aggregated to ₹ 1904 crore and State Government also received ₹ 80 crore from Government of India as loans and advances.

Chapter 3

EXPENDITURE

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet the day-to-day running of the organization. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

General Services	Includes Justice, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply
Economic Services	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

3.2. Revenue Expenditure

The excess of revenue expenditure against budget estimates during the past five years is given below:-

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Budget Estimates	7556	9328	10222	12093	14042
Actuals	8292	9438	11151	13946	13898
Gap	736	110	929	1853	(-)144
Percentage of gap over BE	10	1	9	15	(-)1

Around 75% of the total revenue expenditure was committed on Salaries (₹ 6055 crore) Interest Payment (₹ 2130 crore) and Pensions (₹ 2217 crore) which is the committed liability of the State Government.

The position of uncommitted revenue expenditure over the last five years is given below :-

(₹ in crore)

Component	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Expenditure	8292	9438	11151	13946	13898
Committed Revenue expenditure *	6121 (74)	6867 (73)	7970 (71)	9880 (71)	11027 (79)
Uncommitted Revenue Expenditure	2171	2571	3181	4066	2871

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has remained at more or less the same level over the past three years, even as total revenue receipts increased by 59.08 % from ₹9142 crore in 2007-08 to ₹14543 crore in 2011-12 and committed revenue expenditure increased by 80 % over the same period.

Note: Figures in parentheses represents percentage to Revenue Expenditure.

* Committed revenue expenditure includes expenditure on Salaries, wages, Interest Payments, Pensions and subsidies.

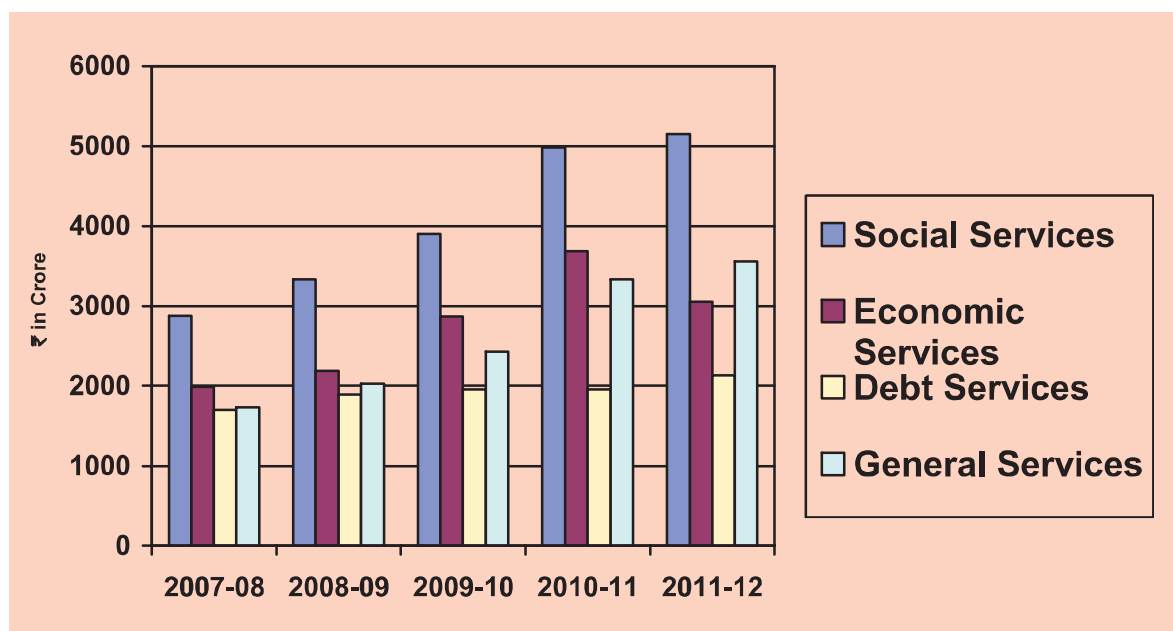
3.2.1 Sectoral distribution of Revenue Expenditure (2011-12).

(₹ in crore)

Components	Amount	Percentage
A. Organs of State	142	1
B. Fiscal Services	163	1
(i) Collection of Taxes on Property and Capital transaction	126	--
(ii) Collection of Taxes on Commodities and services	37	--
(iii) Other Fiscal Services	--	--
C. Interest Payments and Servicing of debt	2130	15
D. Administrative Services	1024	8
E. Pensions and Miscellaneous General Services	2231	16
F. Social Services	5147	37
G. Economic Services	3049	22
H. Grants-in-aid	12	--
Total Expenditure (Revenue Accounts)	13898	100

3.2.2 Major components of Revenue Expenditure 2007-08 to 2011-12.

Trend of Major components of Revenue Expenditure



The expenditure on Economic Services (Which includes important sectors like Rural Development, Agriculture and Irrigation) has gone down, as against steady increases in other services.

3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustainable. Capital disbursements during 2011-12 for ₹ 1810 crore (2.87 % of GSDP), were higher than Budget Estimates by ₹ 312 crore (excess disbursement of ₹ 338 crore under plan expenditure and less expenditure of ₹ 26 crore under non-plan). This has been the picture over the last five years, where capital expenditure (both budgeted and actuals) has not only not kept pace with the steady growth of GSDP but also it has been erratic and on occasions, declined. This can be seen from the table below:-

(₹ in crore)

Sl.No.	Components	2007-08	2008-09	2009-10	2010-11	2011-12
1	Budget (B.E.)	1098	1931	1863	1760	1498
2	Actual Expenditure(#)	1413	2079	1943	1789	1810
3	Percentage of Actual Expenditure to B.E.	129%	108%	104%	102%	121%
4	Growth in Capital Expenditure	27%	47%	(-)8 %	(-) 8%	1 %
5	GSDP(*)	31974	36940	42278	52426	63084
6	Growth in GSDP	13%	16%	14%	24%	20%

3.3.1 Sectoral distribution of Capital Expenditure

During 2011-12, the Government spent ₹ 267 crore on various Irrigation Projects (₹ 67 crore on Major Irrigation, ₹ 60 crore on Medium Irrigation, ₹ 140 crore on Minor Irrigation). Apart from above, the Government spent ₹ 656 crore on construction of roads and bridges and invested ₹ 238 crore in various Corporation/ Companies/ Societies.

3.3.2. Comparative Sectoral distribution of capital and revenue expenditure over the past 5 years is illustrated below:-

(₹ in crore)

Sl. No.	Sector	2007-08	2008-09	2009-10	2010-11	2011-12
1	General Services (Capital)	59	64	64	73	73
	General Services (Revenue)	3429	3918	4377	5279	5690
2	Social Services (Capital)	586	833	610	611	372
	Social Services (Revenue)	2876	3332	3902	4979	5147
3	Economic Services (Capital)	769	1182	1270	1104	1365
	Economic Services (Revenue)	1984	2184	2868	3682	3049

#. Capital expenditure does not include expenditure on Loans and Advances.

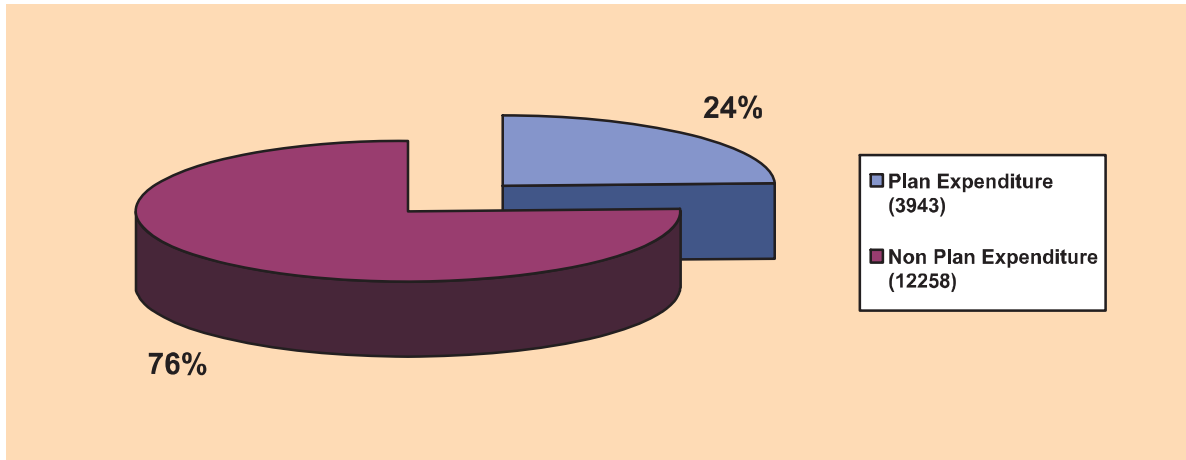
Note:- Revenue expenditure does not include expenditure on Grants-in aid.

* GSDP figures (₹ 63084 crore) adopted from the Economic and Statistic Department Government of Himachal Pradesh.

Chapter 4

PLAN & NON PLAN EXPENDITURE

4.1 Distribution of expenditure (2011-2012)



4.2 Plan Expenditure

Plan expenditure (both revenue and capital) during 2011-12 was ₹ 3943 crore constituting 24 % of total disbursement of ₹ 16201 crore. This comprised ₹ 3034 crore under state plan, ₹ 431 crore under centrally sponsored/ central plan scheme and ₹ 478 crore on loans and advances.

Plan Expenditure as proportion of total expenditure and GSDP



Plan expenditure under the revenue sector increased from ₹ 1652 crore in 2010-11 to ₹ 1701 crore in 2011-12. In Capital sector it increased by 12 % , from ₹ 1996 crore in 2010-11 to ₹ 2242 crore in 2011-12, the share of Centrally Sponsored Schemes / Central Plan(Revenue ₹ 395 crore and Capital ₹ 36 crore) . It decreased from ₹ 565 crore in 2011 to ₹ 431 crore in 2011-12.

4.2.1. Plan Expenditure under Capital Account

	2007-08	2008-09	2009-10	2010-11	2011-12
Total Capital Expenditure	1427	2169	2013	2016	2303
Capital Expenditure (Plan)	1324	2006	1962	1996	2242
Percentage of Capital Expenditure (Plan) to total Capital Expenditure	93	92	97	99	97

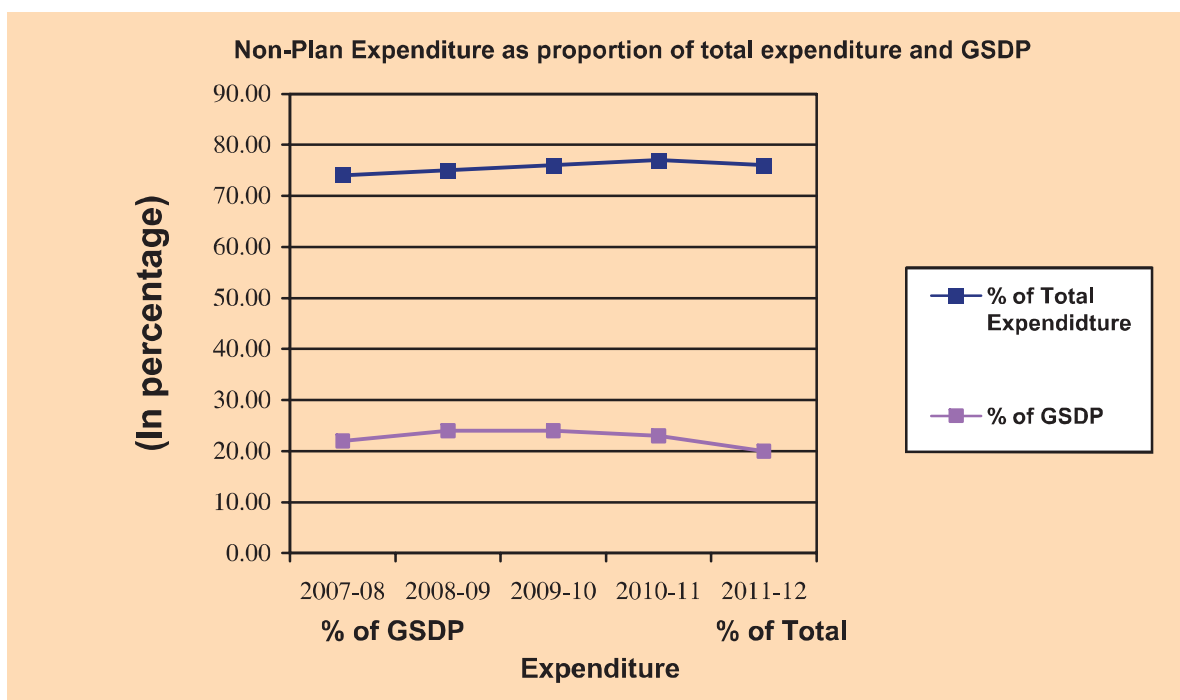
4.2.2. Plan expenditure on Loans and Advances.

Significant disbursements of Loans and Advances were as under:-

Major Heads	Amount	Purpose
6801 Loans for power Project	474	Loans given to H.P Power Corporation for Hydrel. Electric Generation

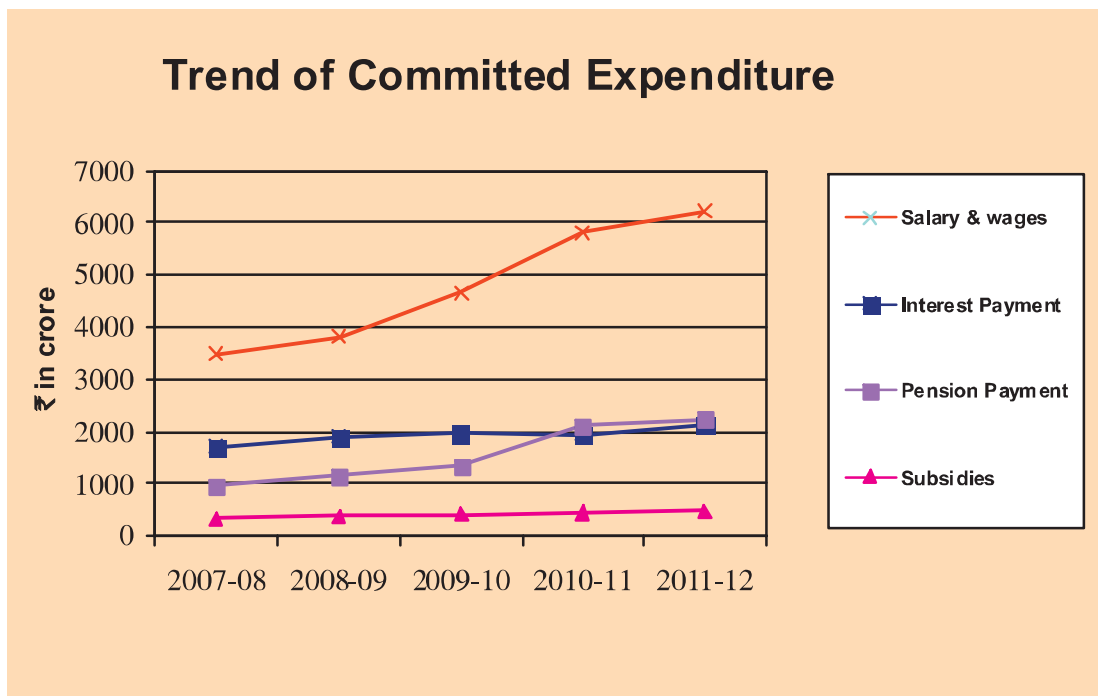
4.3 Non-Plan Expenditure.

Non Plan Expenditure during 2011-12, representing 76 % of total disbursement was ₹ 12258 crore (₹ 12197 crore under Revenue and ₹ 61 crore under Capital). Non-plan expenditure under capital includes ₹ 15 crore on Loans and Advances disbursed.



4.4 Committed Expenditure

Salaries and pensions showed a increase of 4 % and 5 % respectively in 2011-12 .



The trend of committed expenditure to revenue expenditure over the past five years is given below:

(₹ in crore)					
Component	2007-08	2008-09	2009-10	2010-11	2011-12
Committed Expenditure*	6121	6867	7970	9879	11027
Revenue Expenditure	8292	9438	11151	13946	13898
Revenue Receipts	9142	9308	10346	12711	14543
Percentage of committed expenditure to Revenue Receipts	67	74	77	78	76
Percentage of committed expenditure to Revenue Expenditure	74	73	71	71	79

The pace of increase of committed expenditure (80%) over the past five years was more than the pace of increase in revenue expenditure (68%), leaving the Government with lesser flexibility for development spending.

* Committed expenditure includes expenditure on Salaries, wages, Interest payment, Pension and subsidies.

Chapter 5

APPROPRIATION ACCOUNTS

5.1 Summary of Appropriation Accounts for 2011-12.

(₹ in crore)

Sl. No	Nature of expenditure	Original grant	Supple-mentary grant	Re-appropriation		Total Budget	Actual expenditure (Net)	Savings(-) Excesses(+)
				Surrender	Recovery			
1.	Revenue							
	Voted	13307.83	248.39	842.41	1449.61	11264.20	11732.92	(+)468.72
	Charged	2184.24	5.26	91.40	--	2098.10	2165.05	(+)66.95
2.	Capital							
	Voted	1535.51	407.44	81.32	43.56	1818.07	1804.94	(-)13.13
	Charged	--	4.89	--	--	4.89	4.89	--
3.	Public Debt Charged	960.84	138.40	1.98	--	1097.26	1127.72	(+)30.46
4.	Loans and Advances							
	Voted	2.07.22	1,56.06	1.26	--	362.02	492.98	(+)130.96
	Total	18195.64	960.44*	1018.37	1493.17	16644.54	17328.50	(+)683.96

5.2 Trend of Savings / Excess during the past five years

(₹ in crore)

Year	Savings(-) Excess (+)				Total
	Revenue	Capital	Public Debt	Loan & Advances	
2007-08	(+) 290.32	(-)100.82	(-) 59.89	(+) 0.52	(+) 130.13
2008-09	(+) 84.13	(-)329.33	(+) 0.23	(-) 0.13	(-) 245.10
2009-10	(+) 682.01	(-)262.15	(-) 1.00	(+)22.46	(+) 441.32
2010-11	(+)1779.57	(-)199.27	(-) 9.70	(+) 3.20	(+)1573.80
2011-12	(-) 105.30	(+)55.47	(+)30.46	(-) 0.19	(-) 19.56

* Difference of ₹ 0.01 crore with Chapter I and II of State Finances report for the year ending 31-3-2012 is due to rounding.

5.3 Significant Savings

Substantial savings under a grant indicates either non-implementation or slow implementation of certain schemes/ programmes.

Some grants with persistent and significant net savings above ₹ one crore are given below:

(₹ in crore)

Grant	Nomenclature	2007-08	2008-09	2009-10	2010-11	2011-12
3	Administration of Justice	--	--	--	19.21	18.32
4	General Administration	--	--	--	--	16.17
5	Land Revenue and District Administration	--	--	--	--	65.55
7	Police and Other Organisation	--	--	--	--	35.45
8	Education	--	225.35	34.50	64.10	
9	Health and Family welfare	--	--	--	--	21.80
15	Planning and Backward Area Sub Plan	--	15.37	23.84	35.39	--
22	Food and Civil Supplies	--	--	--	25.65	--
23	Power Development	17.69	52.93	62.56	--	--
25	Road and Water Transport	--	37.24	--	18.70	--
28	Urban Development, Town and Country Planning and Housing	--	--	14.41	27.46	--
29	Finance	247.54	345.26	161.98	238.06	--
31	Tribal Area Sub Plan	--	--	--	--	39.19
32	Scheduled Caste Sub Plan	75.51	7.72	9.68	11.09	16.35

The persistent huge savings under minor irrigation is on account of schemes which though approved by the legislature, have been given lesser priority during implementation. This can be attributed either to increase budget estimation or the Government's desire to keep its fiscal deficit below the ceiling.

During 2011-12, Supplementary grants totaling ₹ 960.44 crore (5.02 % of total expenditure) proved to be unnecessary in some cases. A few instances where there were savings at the end of the year even against original allocation are given below:-

(₹ in Crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
05	2053-District Administration 093- District Establishments 01-General Establishment S00N-NP	Rev.	90.18	1.49	73.30
06	3604-Compensation and Assignment to Local Bodies and Panchayati Raj Institutions 107- Tax on Entry of Goods into local areas 02- Grant- in Aid to Panchayats/Rural Bodies S00N NP	Rev.	2.26	6.74	7.99
10	5054- Capital Outlay on Roads and Bridges 03-State Highways 337- Road works 06-World Bank State Roads S00N NP	Rev	115.60	91.90	158.15
14	2403-Animal Husbandry 101-Vetenary Services and Animal Health 01- Hospitals and Dispensaries Non-Plan	Rev.	116.36	1.58	116.06
19	2235-Social Security and Welfare 60- Other Social Security and Welfare Programmes 800- Other Expenditure 71- Pensioners of Forest Department S00N NP	Rev.	1.50	0.25	1.53
32	2202-General Education 01- Elementary Education 789- Special Component Plan for Scheduled Caste 10-Expenditure on District Institute of Educational Training State Council of Educational Research Training for Teachers Training C00S Plan 2501-Special Programme for Rural Development 06-Self Employment Programmes 789- Special Component Plan for Scheduled Caste 02-Ekikrit Jalagam Prabanchan Programme C90S PC	Rev.	--	1.14	--
		Rev.	--	11.09	--

A few instances where there was excess expenditure at the end of the year even after Supplementary allocations were made:-

(₹ in Crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
7	2055- Police 109- District Police 01- District Executive Force S00N-NP	Rev.	221.35	2.59	222.54
23	6801-Loans for Power Projects 190- Loan to Public Sector and Other Undertakings 01-Loans to HP Power Corporation S00N PS	Cap	1,50.00	94.68	3,56.91

Chapter 6

ASSETS AND LIABILITIES

6.1 Assets

The existing form of accounts do not easily depict valuation of Government assets like land, building etc., except the year of acquisition / purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations.

Total investment as share capital in non-financial public sector undertakings (PSUs) stood at ₹ 1020 crore at the end of the year of 2011-12. However, dividends received during the year were ₹ 86 crore (i.e.8 %) on total investment.

Cash Balance with RBI stood at (-) ₹ 272 crore on April 2011 increased to (-) ₹ 380 crore at the end of March, 2012. In addition, Government had invested an amount of ₹ 26740 crore in 174 occasions in Treasury Bills and rediscounted Treasury Bills worth ₹ 26697 crore in 246 occasions during 2011-12 . The net of such investment (₹ 43 crore) supplements the closing cash balance of the State Government.

6.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund. Government of India determines, from time to time, the limit up to which State Government can borrow from the market. During 2011-12 Government of Himachal Pradesh has availed open market borrowing for ₹ 1325 crore.

Details of the Public Debt and total liabilities of the State Government are as under:

(₹in crore)

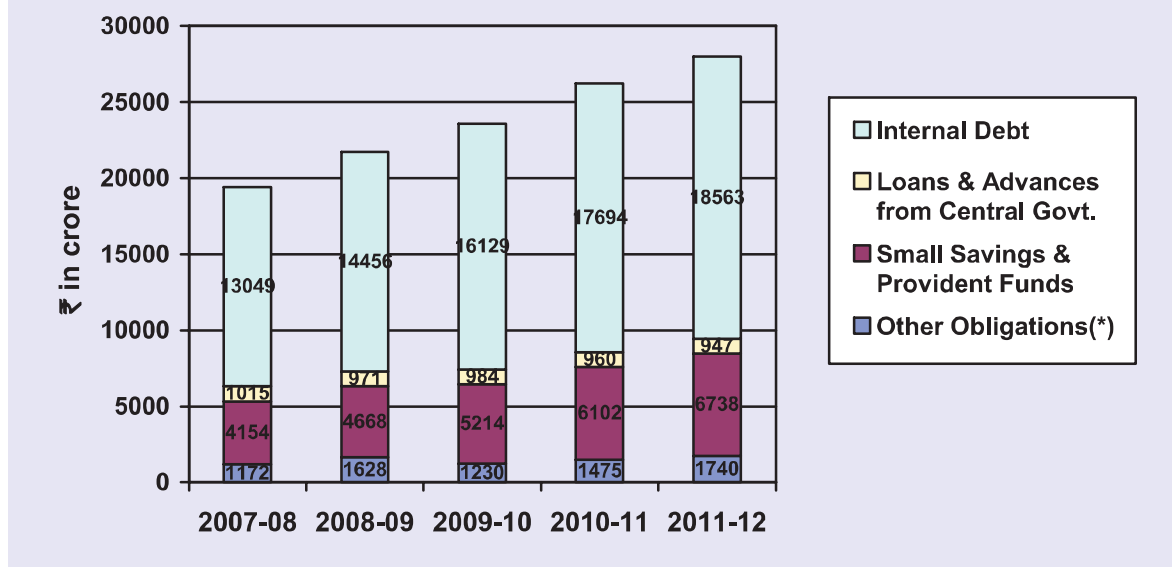
Year	Public Debt	% to GSDP	Public Account(*)	% to GSDP	Total Liabilities	% to GSDP
2007-08	14064	44	5354	17	19418	61
2008-09	15427	42	6391	17	21818	59
2009-10	17113	40	6599	13	23712	56
2010-11	18654	36	7759	15	26413	50
2011-12	19511	31	8717	14	28228	45

Public debt and other liabilities showed a net increase of ₹ 1815 crore (7%) over the year.

(*) Excludes suspense and remittance balance.

Note: Figures are progressive balance to end of the year.

Trend in Government Liabilities



(*) Non-interest bearing obligations such as deposits of Local Funds, other earmarked funds, etc.

6.3 Guarantees

In addition to directly raising loans, State Governments also guarantee loans raised by Government companies and corporation from the market and financial institution for implementation of various plan schemes and programmes. These guarantees are projected outside the State Budget. The position of guarantees by the State Government for the re-payment of loans (payment of principal and interest thereon) raised by statutory corporation , Government Companies, Corporations, Cooperative Societies, etc., is given below.

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 st March 2012	
		Principal	Interest
2007-08	6450	2594	38
2008-09	6076	2254	37
2009-10	4361	1924	25
2010-11	6232	3248	662
2011-12	6208	3316*	-

* inclusive of Principal and Interest.

Chapter 7

OTHER ITEMS

7.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India . In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, the loan repayments appear in Government account, resulting in irreconcilable adverse balances and under statement of liabilities in Government accounts. As on March 31st 2012, no adverse balance is appearing in favour H.P State.

7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2011-12 was ₹951 crore. Out of this, Loans and Advances to Government Corporation / Companies, Non-Government Institutes and Local Bodies amounted to ₹907 crore. Recovery of Principal aggregating to ₹ 3 crore and Interest amounting to ₹ 1 crore was in arrears at the end of 31st March 2012. During 2011-12 only ₹25 crore has been received towards repayment of loans and advances, out of which ₹ 11 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would help the Government fiscal position.

7.3 Financial assistances to local bodies and others

During past five years, Grants- in-aid to local bodies etc., increased from ₹ 467 crore in 2007-08 to ₹ 981 crore in 2011-12. Grants to Zilla Parishads, Panchayati Raj Institution and Municipal Corporation & Municipalities, (₹ 470 crore) represent 48 percent of total Grants given during the year.

Details of Grants-in-aid for the past 5 years are as under:-

		(₹ in crore)				
Sr. no		2007-08	2008-09	2 009-10	2010-11	2011-12
1	Zillaparishads & Panchayati Raj Institution	134	188	218	256	264
2	Municipal Corporation & Municipalities	71	82	116	92	123
3	Universities & Educational Institution	176	204	231	311	315
4	Development Agencies	38	44	49	52	47
5	Hospital & Others Charitable Institute	--	5	41	48	70
6	Other Institutions	48	59	63	90	162
	Total	467	582	718	849	981

7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 st April 2011	As on 31 st March 2012	Net increase(+) / decrease (-)
Cash Balances	635	569	(-)66
Investment from cash balance (GOI Treasury Bills)	907	949	(+)42
Investment from earmarked fund balances	--	--	--
(a) Sinking Fund	--	--	--
(b) Guarantee Redemption Fund	--	--	--
(c) Other Funds	--	--	--
Interest realized	50	56	(+) 6

State Government had a positive closing cash balance at the end of 31st March 2012, despite utilizing its cash balances and earmarked fund balances towards investment . Interest receipts on these investments has increased to 12 %.

7.5 Reconciliation of accounts

All Drawing and Disbursing Officers are required to reconcile the receipts and expenditure figures of the Government with the figures accounted for by the Accountant General (A&E). Such reconciliation has been completed 100 percent by the DDOs for a net value of ₹ 16201 crore of the total expenditure of the Government and ₹ 14568 crore of total receipts of the Government for the year 2011-12.

7.6 Submission of accounts by Treasuries

180 treasuries accounts rendered by District Treasuries, 127 Public Works/ Irrigation and Public Health division and 90 Forest Division rendered 2604 accounts during the year. The Monthly Civil Accounts were rendered on due dates to the State Government.

7.7 Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills

When Money is required in advance or the Drawing and Disbursing Officers (DDOs) are not able to calculate the exact amounts required, they are permitted to draw money without supporting documents through AC bills. Abstract contingent bills were drawn in the same format as that of a regular bill and not differentiated by the State Govt.

7.8 Commitments on account of Incomplete Capital works.

A total expenditure of ₹ 104 crore as per Appendix X in Volume II of the Finance Accounts (2011-12) was incurred up to the year 2011-12 by the State Government on various incomplete projects against an estimated cost of ₹ 101 crore.

A summarized view on commitments on account of 'Incomplete Capital Works' is furnished below:

(₹ in crore)

SI No.	Category of works	Estimated cost of work	Expenditure during the year	Progressive expenditure to the end of the year	Pending payments	Estimated cost after revision
1	Sewerage Scheme (7)	34	2	52	1	70
2	Water supply Scheme (1)	4	--	11	--	10
3	Buildings Works (3)	63	11	41	6	63
	Total (11)	101	13	104	7	143

Lake Prashar, Himachal Pradesh

