



सत्यमेव जयते

Accounts at a Glance 2016-17



Government of Punjab

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Accounts at a Glance

2016-17

Government of Punjab

Our Vision, Mission and Core Values

VISION: The vision of SAI 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 recognised for independent, credible, balanced and timely reporting on public finance and governance.

MISSION: 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.

CORE VALUES: 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

PREFACE

I am happy to present the Nineteenth issue of our annual publication, the ‘Accounts at a Glance’ of the Government of Punjab. The purpose of this publication is to present a reader friendly summary of the voluminous information available in the Finance Accounts and Appropriation Accounts prepared by my office in accordance with Article 149 of the Constitution of India, read with Section 11 of Comptroller and Auditor General’s (D.P.C.) Act, 1971. The annual accounts of the State consist of (a) Finance Accounts and (b) Appropriation Accounts. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. Appropriation Accounts record the grant-wise expenditure against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

‘Accounts at a Glance’ provides a broad overview of Governmental activities, as reflected in Finance Accounts and Appropriation Accounts. The information is presented through brief explanations, statements, graphs and time series analysis for providing accounting information to the stakeholders-the Legislature, the Executives and the Public. A reading of Finance Accounts, Appropriation Accounts of Government of Punjab and Report of the Comptroller and Auditor General on State Finances for the year 2016-17 together with Accounts at a Glance will help the stakeholders to appreciate the various aspects of State Finances in a more effective manner.

We look forward to readers’ feedback that would help us in improving the publication.

Date: 9 November 2017
Chandigarh

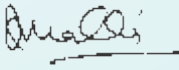

Faisal Imam
Accountant General (A&E)
Punjab

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OVERVIEW

1.1 Introduction

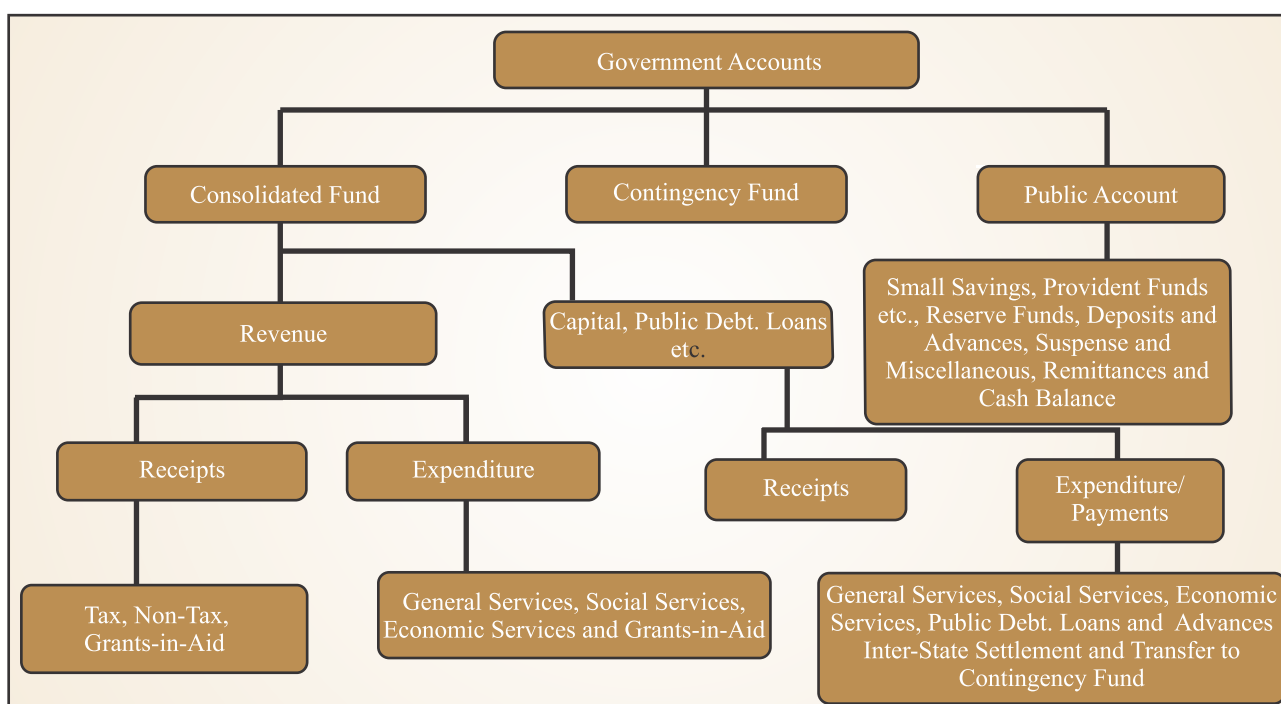
The office of the Accountant General (A&E), Punjab compiles the monthly accounts of the State Government from the accounts submitted by the District Treasuries, Public Works Divisions, Forest Divisions and other accounting circles etc. Besides, Finance Accounts and Appropriation Accounts are prepared annually by the office of the Accountant General in accordance with Article 149 of the Constitution of India read with Section 11 of Comptroller and Auditor General's (D.P.C.) Act, 1971.

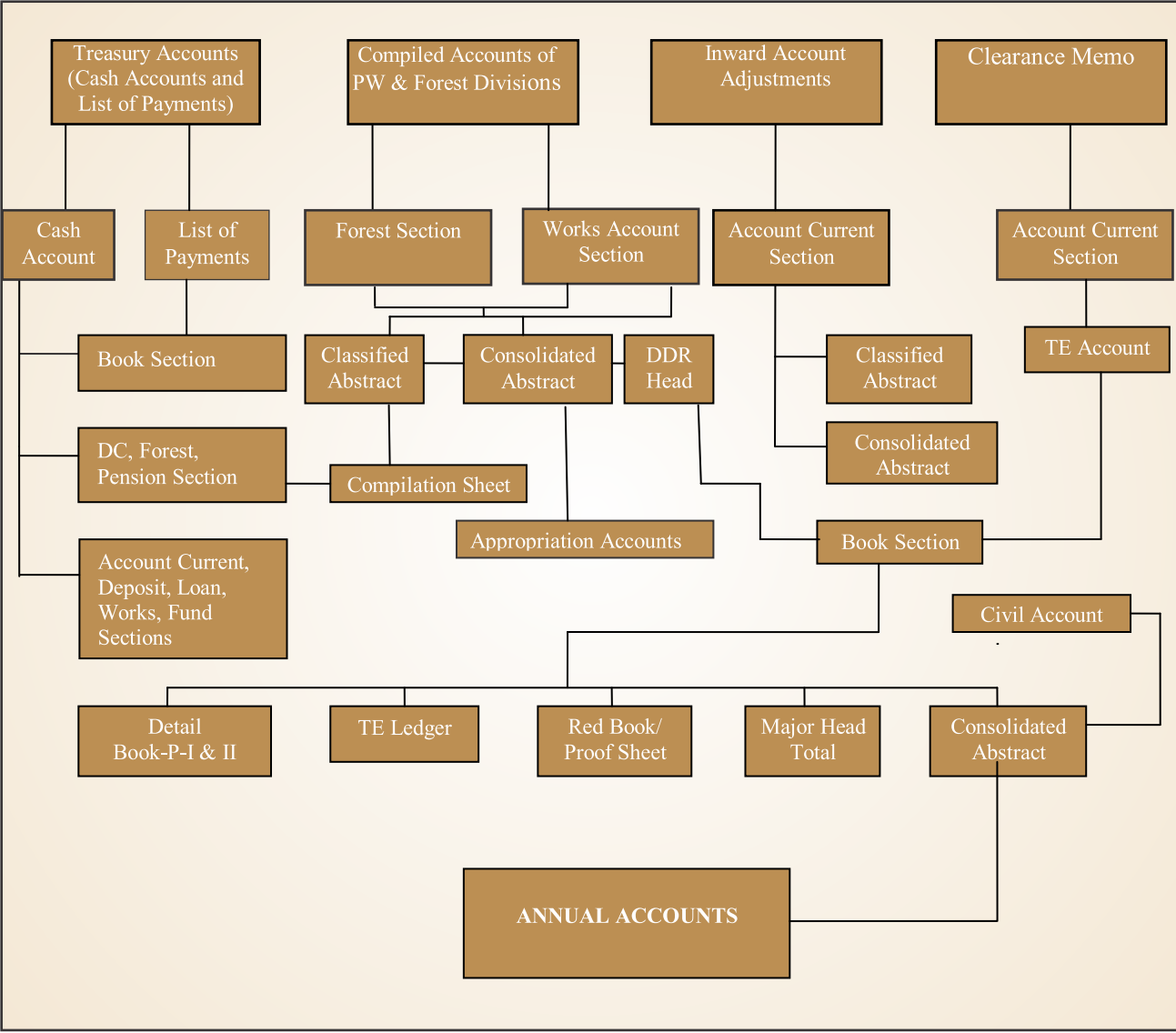
1.2 Structure of Government Accounts

1.2.1 Government Accounts are kept in three parts:

Part I CONSOLIDATED FUND	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances.
Part II CONTINGENCY FUND	Intended to meet unforeseen expenditure not provided for in the Budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
Part III PUBLIC ACCOUNT	Comprises of Debt, Deposits, Advances, Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivable of the Government. Remittances and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.

1.2.2 Pictorial Representation of Structure of Government Accounts





1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

Finance Accounts depict the receipts and disbursements 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** contains the Certificate of the Comptroller and Auditor General of India, the Guide to the Finance Accounts, 13 Statements which give summarised information on the financial position and transactions of the State Government for the current financial year, Notes to Accounts and Annexure to the Notes to Accounts. **Volume II** of the Finance Accounts contains two parts - 9 Detailed Statements in Part I and 13 Appendices in Part II.

The Receipts and disbursements of the Government of Punjab as depicted in the Finance Accounts 2016 -17 are given below:

(₹ In crore)			
Receipts (1,01,006)	Revenue (47,985)	Tax Revenue	37,346
		Non –Tax Revenue	5,863
		Grants-in-aid	4,776
	Capital (53,021)	Recovery of Loans and Advances	181
		Borrowings and other Liabilities*	52,840
Disbursements (1,01,006)	Revenue		55,296
	Capital		4,346
	Loans and Advances		41,364

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

1.3.2 Appropriation Accounts

Appropriation Accounts bring out the Gross Expenditure (both Voted and Charged) of the State Government incurred from the Consolidated Fund for each financial year compared with the accounts of Voted Grants and Charged Appropriations for the different purposes as specified in the Schedules appended to the Appropriation Acts passed by the State Legislature under Article 204 and 205 of the Constitution of India.

The Appropriation Accounts supplement the Finance Accounts. The Appropriation Accounts of the Government of Punjab for the year 2016-17 expended in the year ended 31 March 2017 comprise accounts of 22 Charged Appropriations and 30 Voted Grants.

Appropriation Act, 2016-17 had projected Gross Expenditure of ₹ 1,11,587 crore, which includes the Supplementary Grants totalling ₹ 25,200 crore, passed by State Legislature during the year. No amount was projected as recoveries to be treated as reduction of expenditure.

Appropriation Accounts 2016-17 show disbursements aggregating ₹ 1,33,987 crore against the aggregate budget provision of ₹ 1,11,587 crore, resulting in net excess of ₹ 22,400 crore (20 *per cent*). However, net excess of ₹ 32,498 crore was under the Grants controlled by Departments of Food and Supplies (₹ 28,805 crore), Irrigation and Power (₹ 2,570 crore) and Finance (₹ 1,123 crore). Against the Nil projection of recoveries in reduction of expenditure in budget estimates, there were actual recoveries of ₹ 537 crore during 2016-17.

The Appropriation Accounts show that in the year 2016-17, there was actual expenditure of ₹ 1,33,987 crore, comprising Revenue Expenditure of ₹ 55,751 crore, Capital Expenditure of ₹ 4,428 crore, Repayment of Debt of ₹ 32,444 crore and Loans and Advances given by the State Government amounting to ₹ 41,364 crore.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

The Reserve Bank of India extends the facility of Ways and Means Advances to enable State Governments to maintain their liquidity. Overdraft facilities are provided when there is a shortfall in the agreed minimum cash balance which is ₹ 1.56 crore. No amount was outstanding as on 31 March 2016 against Ways and Means Advances. During 2016-17, the Government of Punjab obtained ₹ 15,205 crore as Ways and Means Advances on ninety occasions out of which ₹ 14,937 crore were repaid during the year leaving a balance of ₹ 268 crore. ₹ 43 crore were paid as interest on these advances.

During 2016-17, Government had to avail shortfall of ₹ 27 crore on sixteen occasions and overdraft of ₹ 13,429 crore on ninety seven occasions. ₹ 13,455 crore were repaid during the year leaving nil balance. ₹ 16 crore were paid as interest on these shortfalls/overdrafts. The scenario reflects the dismal performance of the Government in Financial Management.

1.4.2 Fund Flow Statement

The State had a Revenue Deficit of ₹ 7,311 crore and a Fiscal Deficit of ₹ 52,840 crore representing 1.71 *per cent* and 11.02* *per cent* of the Gross State Domestic Product (GSDP) estimate ¹ respectively. The Fiscal Deficit was around 52 *per cent* of Total Expenditure. This deficit was met from Public Debt (₹ 51,184 crore), increase in Public Account (₹ 7,553 crore) and net of opening and closing Cash Balance (₹ -5,897 crore). Around 79 *per cent* of the Revenue Receipts (₹ 47,985 crore) of the State Government was spent on Committed Expenditure like Salaries (₹ 17,707 crore), Interest Payments (₹ 11,642 crore) and Pensions (₹ 8,773 crore).

Source and Application of Funds

(₹ in crore)

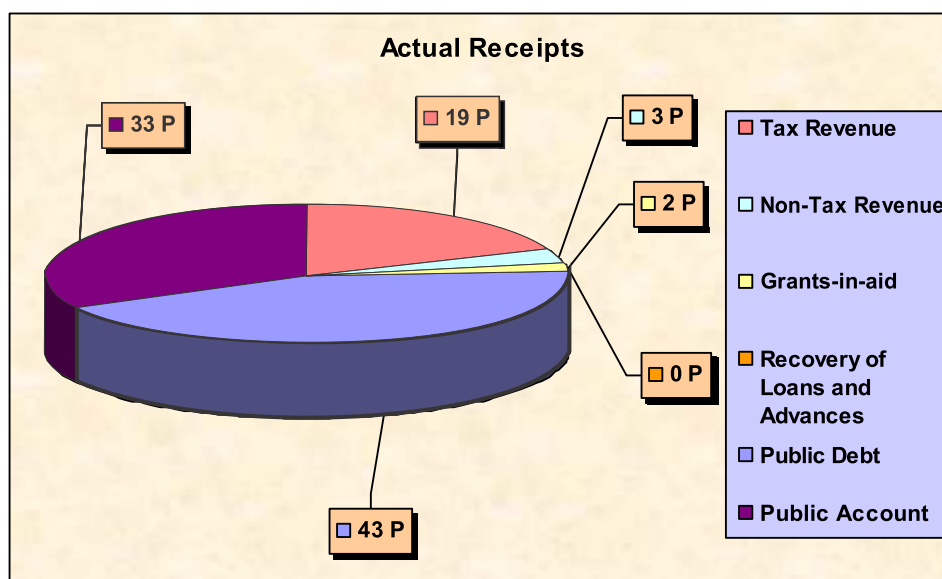
	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1.4.2016	-6,265
	Revenue Receipts	47,985
	Recovery of Loans and Advances	181
	Public Debt	83,627
	Small Savings, Provident Funds etc.	3,373
	Reserve Funds	1,346
SOURCE	Deposits Received	5,944
	Civil Advance Repaid	..
	Suspense Account	53,808
	Remittances	78
	Contingency Fund	..
	Total	1,90,077
	Revenue Expenditure	55,296
	Capital Expenditure	4,346
	Loans Given	41,364
	Repayment of Public Debt	32,443
	Small Savings, Provident Funds etc.	2,141
	Reserve Funds	188
APPLICATION	Deposits Spent	5,827
	Civil Advance Given	..
	Suspense Account	48,762
	Remittances	78
	Closing Cash Balance as on 31.3.2017	-368
	Total	1,90,077

As per instructions issued by the Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-II dated 29 March 2016.

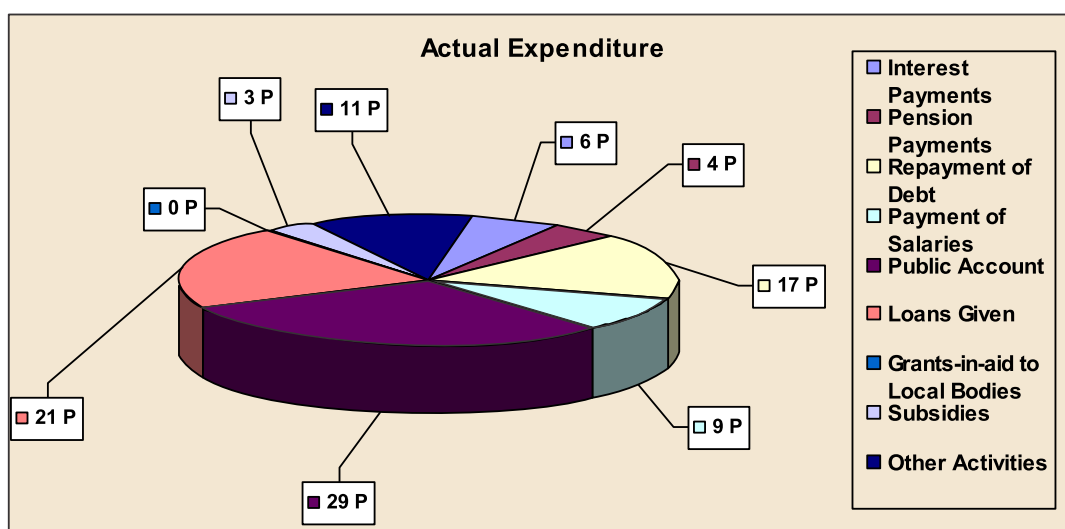
* Fiscal Deficit has been reduced by ₹ 5,769 crore, on account of DISCOMs liabilities taken over under UDAY by the State Government during 2016-17, to evaluate the achievement of fiscal parameter.

¹ Value of Estimated GSDP: ₹ 4,27,297 crore.

1.4.3 Where the Rupee came from



1.4.4 Where the Rupee went



1.5 Highlights of Accounts

(₹ in crore)

Sr. No.	Components	B.E. 2016-17	Actual	Percentage of Actual to B.E.	Percentage of Actual to GSDP(f)(ii)
1	Tax Revenue (a)	39,553	37,346	94	9
2	Non-Tax Revenue	3,807	5,863	154	1
3	Grants-in-aid and Contributions	6,821	4,776	70	1
4	Revenue Receipts (1+2+3)	50,181	47,985	96	11
5	Recovery of Loans and Advances	99	181	183	0.04
6	Other Receipts
7	Borrowings and other Liabilities (b)	13,087	47,071(f)(i)	360	11(f)
8	Capital Receipts (5+6+7)	13,186	53,021	402	12
9	Total Receipts (4+8)	63,367	1,01,006	159	24
10	Non-Plan Expenditure	49,801	80,902(c)	162	19
11	NPE on Revenue Account	49,393	49,330	100	12
12	NPE on Interest Payments out of 11	10,788	11,642	108	3
13	NPE on Capital Account	408	31,572(c)	7738	7
14	Plan Expenditure	13,566	20,104(d)	148	5
15	PE on Revenue Account	8,771	5,966	68	1
16	PE on Capital Account	4,795	14,138(d)	295	3
17	Total Expenditure (10+14)	63,367	1,01,006	159	24
18	Revenue Expenditure (11+15)	58,164	55,296	95	13
19	Capital Expenditure (13+16)	5,203	45,710(e)	879	11
20	Revenue Deficit (4-18)	7,983	7,311	92	2
21	Fiscal Deficit (4+5+6-17)	13,087	47,071(f)(i)	360	11(f)

(a) Includes ₹9,600 crore as State's share of Union Taxes.

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

(c) Includes ₹31,155 crore pertaining to Loans and Advances under Non-Plan Expenditure.

(d) Includes ₹10,209 crore pertaining to Loans and Advances under Plan Expenditure.

(e) Expenditure on Capital Account includes Capital Expenditure (₹ 4,346 crore) and Loans and Advances disbursed (₹41,364 crore).

(f) As per instructions issued by the Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-II dated 29 March 2016.

(i) Fiscal Deficit has been reduced by ₹ 5,769 crore, on account of DISCOMs liabilities taken over under UDAY by the State Government during 2016-17 to evaluate the achievement of fiscal parameter.

(ii) Value of Estimated GSDP: ₹ 4,27,297 crore .

1.6 Deficit and Surplus

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 Receipts and Revenue 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. Ideally, the borrowings should be invested in capital projects.

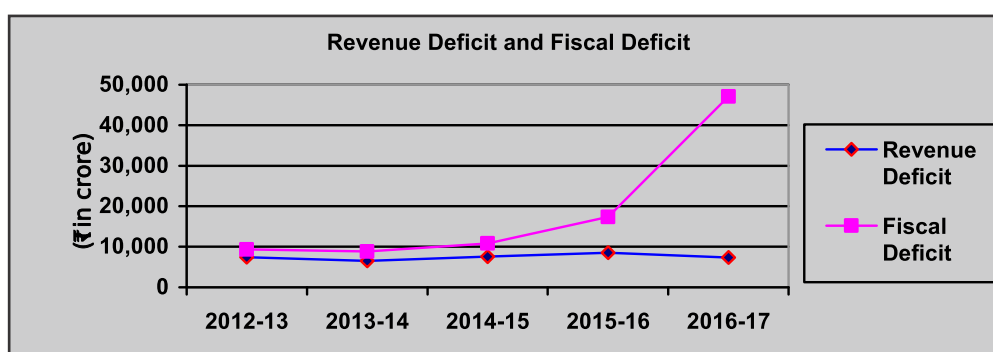
1.6.1 Trend of Revenue Deficit and Fiscal Deficit during the last five years is as under:

(₹ in crore)

Year	GSDP ⁽ⁱ⁾	Revenue Deficit	Percentage to GSDP	Fiscal Deficit	Percentage to GSDP
2012-13	2,97,734	7,407	2.49	9,346	3.14
2013-14	3,32,147	6,537	1.97	8,791	2.65
2014-15	3,54,908	7,591	2.14	10,841	3.05
2015-16	3,91,543	8,550	2.18	17,360	4.43
2016-17	4,27,297	7,311	1.71	47,071(ii)	11.02

Note:

- (i) GSDP up to 2015-16 is based on the data supplied by Department of Planning, Government of Punjab vide Letter No. EA-R.O. (SI)-2-2017/12652 dated 29 August 2017, whereas GSDP for 2016-17 is estimated value conveyed vide Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-II dated 29 March 2016.
- (ii) As per instructions issued by the Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-II dated 29 March 2016, Fiscal Deficit has been reduced by ₹ 5,769 crore, on account of DISCOMs liabilities taken over under UDAY by the State Government during 2016-17 to evaluate the achievement of fiscal parameter.



1.6.2 Punjab Fiscal Responsibility and Budget Management (PFRBM) Act, 2003

1.6.2.1 The State Government has not made the following disclosures as required under the existing PFRBM Act:

(a) Significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of the prescribed fiscal indicators and (b) Contingent liabilities created by way of guarantees, all claims and commitments made by the State Government having potential budgetary implications, including revenue demands raised but not realized and tax arrears and liability incurred, but not paid.

1.6.2.2 Performance of the Government of Punjab for the year 2016-17 as depicted in the accounts vis-à-vis targets fixed in the PFRBM Act and Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-II dated 29 March 2016 is as under:

Sr. No.	Financial Parameter	Actual (₹ in crore)	Financial Parameter to GSDP* percentage	
			Target	Achievement
1	Revenue Deficit	7,311	0.00	1.71
2	Fiscal Deficit	47,071	3.00	11.02**

Note: The sharp increase in Fiscal Deficit is attributable to the fact that liability on account of one time settlement of Legacy Cash Credit Accounts for food procurement operations was passed on as Loans and advances to Food Procurement agencies.

* Source: GSDP figure ₹ 4,27,297 crore, as per Government of India, Ministry of Finance letter dated 29 March 2016.

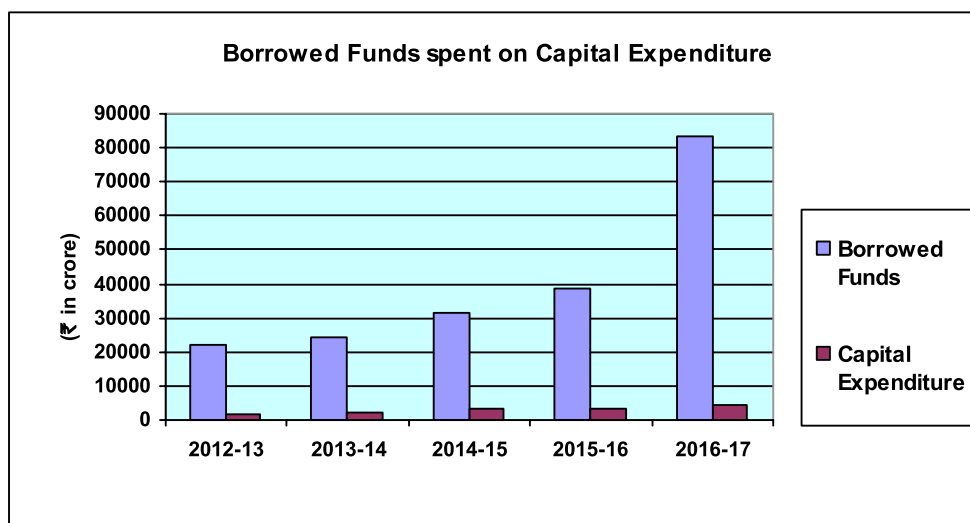
** Excluding ₹ 5,769 crore of UDAY taken over as DISCOMs liabilities during 2016-17 in view of the instructions contained in the Government of India, Ministry of Finance letter dated 29 March 2016.

1.6.2.3 On the basis of Fiscal Deficit threshold limit of 3.00 per cent of GSDP estimate for 2016-17, net borrowing limit of ₹ 12,819 crore was fixed for Government of Punjab. However, net borrowings jumped to ₹ 47,071 crore during 2016-17 and thus, significantly increased by 267 per cent with reference to fixed target.

1.6.3 Proportion of borrowed funds spent on Capital Expenditure

(₹ in crore)

Year	Borrowed Funds	Capital Expenditure
2012-13	22,167	1,916
2013-14	24,140	2,201
2014-15	31,224	3,118
2015-16	38,428	3,059
2016-17	83,627	4,346



It is desirable to fully utilise 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 5 *per cent* of the borrowings of the current year (₹ 83,627 crore) on Capital Expenditure (₹ 4,346 crore). It appears that 95 *per cent* of the Public Debt (₹ 79,281 crore) was utilised (i) to repay the principal and interest on Public Debt of previous years and (ii) to meet periodic shortfalls of revenues against expenditure in the current year.

RECEIPTS

2.1 Introduction

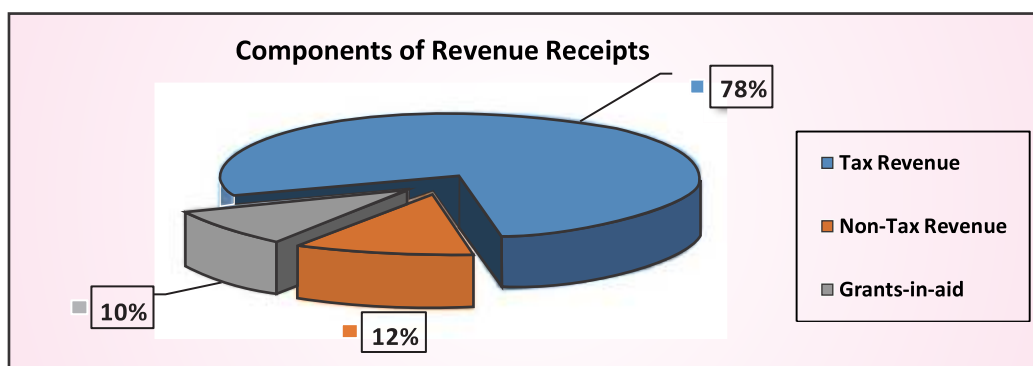
Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2016-17 were ₹ 1,01,006 crore.

2.2 Revenue Receipts

Tax Revenue	Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividends, profits etc.
Grants-in-aid	Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material and Equipment' received from foreign Governments and channelized through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.

Components of Revenue Receipts (2016-17)

Components	(₹ in crore) Actual
A. Tax Revenue	37,346
Taxes on Income and Expenditure	5,224
Taxes on Property and Capital Transactions	2,118
Taxes on Commodities and Services	30,004
B. Non-Tax Revenue	5,863
Interest Receipts, Dividends and Profits	1,298
General Services	3,382
Social Services	416
Economic Services	767
C. Grants-in-aid and Contributions	4,776
Total	47,985



2.3 Trend of Revenue Receipts

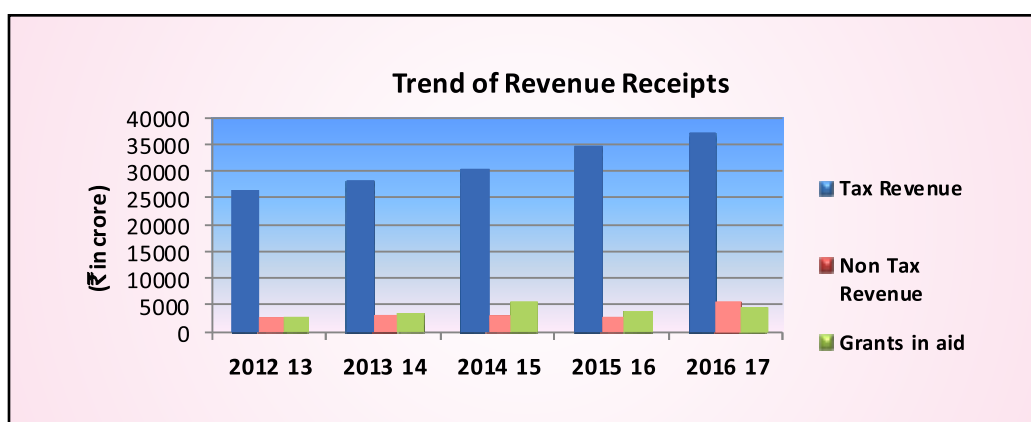
(₹ in crore)

Components	2012-13	2013-14	2014-15	2015-16	2016-17
Tax Revenue	26,646 (9)	28,511 (9)	30,273 (9)	34,699 (9)	37,346 (9)
Non-Tax Revenue	2,629 (1)	3,192 (1)	2,880 (1)	2,650 (1)	5,863 (1)
Grants-in-aid	2,776 (1)	3,401 (1)	5,870 (2)	4,174 (1)	4,776 (1)
Total	32,051 (11)	35,104 (11)	39,023 (11)	41,523 (11)	47,985 (11)
GSDP (i)	2,97,734	3,32,147	3,54,908	3,91,543	4,27,297

Note: (i) Please refer Footnote below Para 1.6.1.

(ii) Figure in bracket represents percentage to GSDP.

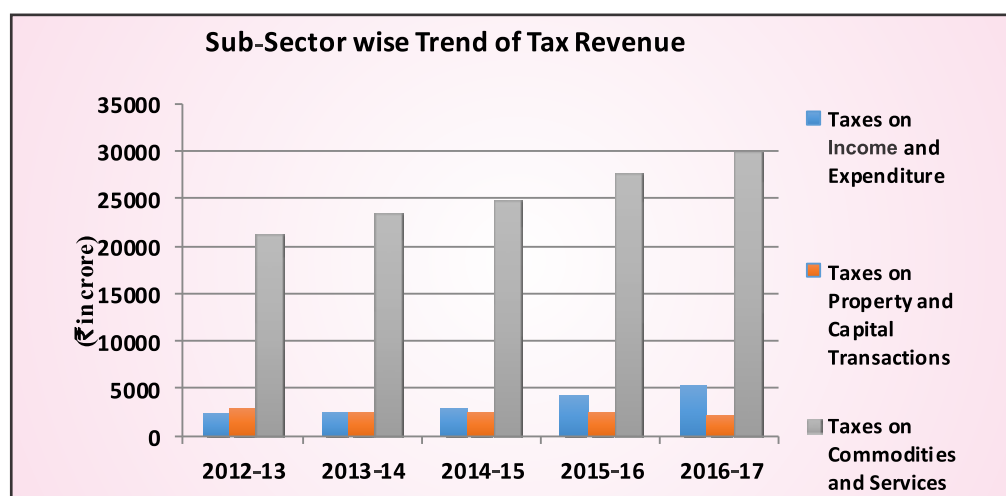
The GSDP increased by 9 per cent during 2016-17 in comparison to 2015-16 whereas the Revenue Receipts increased by 16 per cent during the corresponding period.



Sub-Sector - wise Tax Revenue

(₹ in crore)

Sub-Sector	2012-13	2013-14	2014-15	2015-16	2016-17
Taxes on Income and Expenditure	2,331	2,472	2,815	4,289	5,224
Taxes on Property and Capital Transactions	2,960	2,546	2,526	2,505	2,118
Taxes on Commodities and Services	21,355	23,493	24,932	27,905	30,004
Total Tax Revenue	26,646	28,511	30,273	34,699	37,346



2.4 Performance of State's own Tax Revenue collection

(₹ in crore)

Year	GSDP*	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
				Amount	Percentage to GSDP
2012-13	2,97,734	26,646	4,059	22,587	8
2013-14	3,32,147	28,511	4,431	24,080	7
2014-15	3,54,908	30,273	4,703	25,570	7
2015-16	3,91,543	34,699	8,009	26,690	7
2016-17	4,27,297	37,346	9,600	27,747	6

* Please refer Footnote below Para 1.6.1.

2.5 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ in crore)

Components	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue Collection	2,960	2,546	2,526	2,505	2,118
Expenditure on Collection	215	209	225	246	218
Efficiency in <i>per cent</i> of Tax Collection	7	8	9	10	10

B. Taxes on Commodities and Services

(₹ in crore)

Components	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue collection	21,355	23,493	24,932	27,905	30,004
Expenditure on collection	178	166	188	254	249
Efficiency in <i>per cent</i> of Tax Collection	1	1	1	1	1

2.6 Trend in State's Share of Union Taxes/Duties

(₹ in crore)

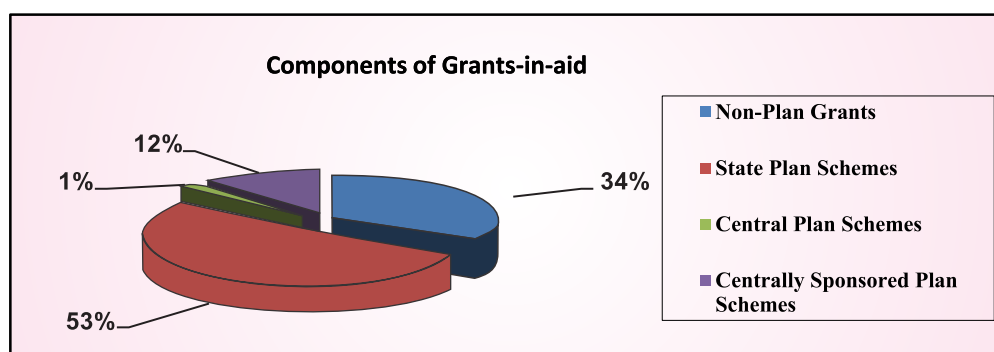
Components	2012-13	2013-14	2014-15	2015-16	2016-17
Corporation Tax	1,458	1,490	1,642	2,528	3,082
Taxes on Income other than Corporation Tax	873	981	1,173	1,761	2,142
Taxes on Wealth	2	4	4	1	7
Customs	675	723	761	1,282	1,326
Union Excise Duties	458	511	430	1,063	1,514
Service Tax	593	722	693	1,369	1,529
Other Taxes and Duties on Commodities and Services	5	..
Total State's Share of Union Taxes	4,059	4,431	4,703	8,009	9,600
Total Tax Revenue	26,646	28,511	30,273	34,699	37,346
Percentage of Union Taxes to Total Tax Revenue	15	16	16	23	26

2.7 Grants-in-aid

Grants-in-aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Plan Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during 2016-17 under Grants-in-aid were ₹ 4,776 crore as shown below:

(₹ in crore)

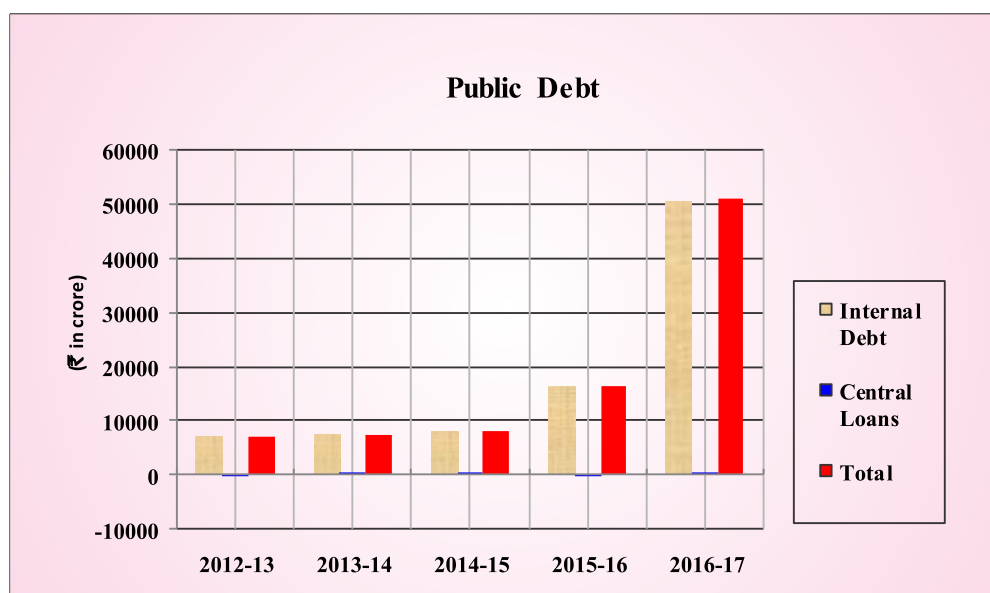
Components	Amount
Non-Plan Grants	1,610
State Plan Schemes	2,523
Central Plan Schemes	79
Centrally Sponsored Plan Schemes	564
Total- Grants-in-aid	4,776

**2.8 Public Debt**

(₹ in crore)

Year	Internal Debt	Central Loans	Total
2012-13	7,099	-49	7,050
2013-14	7,336	121	7,457
2014-15	7,865	284	8,149
2015-16	16,426	-49	16,377
2016-17	50,857	327	51,184

Note: Negative figure indicates that repayment is in excess of receipts.



During 2016-17, 24 loans totalling ₹ 13,600 crore at interest rates varying from 6.62 *per cent* to 8.00 *per cent* redeemable in the year 2020, 2021, 2026 and 2027 were raised.

Against the total Internal Debt of ₹ 82,972 crore and the Central Loan of ₹ 655 crore of the State Government during 2016-17, Capital Expenditure was only ₹ 4,346 crore (5 *per cent*), indicating that the rest of the Public Debt was used for non-development purposes.

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 organisation. 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 and Family Welfare, Water Supply, Welfare of SC/ST etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

Revenue Expenditure of ₹ 55,296 crore for 2016-17 fell short of budget estimates by ₹ 2,868 crore due to less disbursement of ₹ 2,805 crore under Plan Expenditure and ₹ 63 crore under Non-Plan Expenditure.

The shortfall of expenditure against budget estimates under Revenue section during the past five years is given below:

(₹ in crore)

Components	2012-13	2013-14	2014-15	2015-16	2016-17
Budget Estimates	41,167	44,412	49,147	52,623	58,164
Actual Expenditure	39,458	41,641	46,614	50,073	55,296
Gap	1,709	2,771	2,533	2,550	2,868
Percentage of Gap over BE	4	6	5	5	5

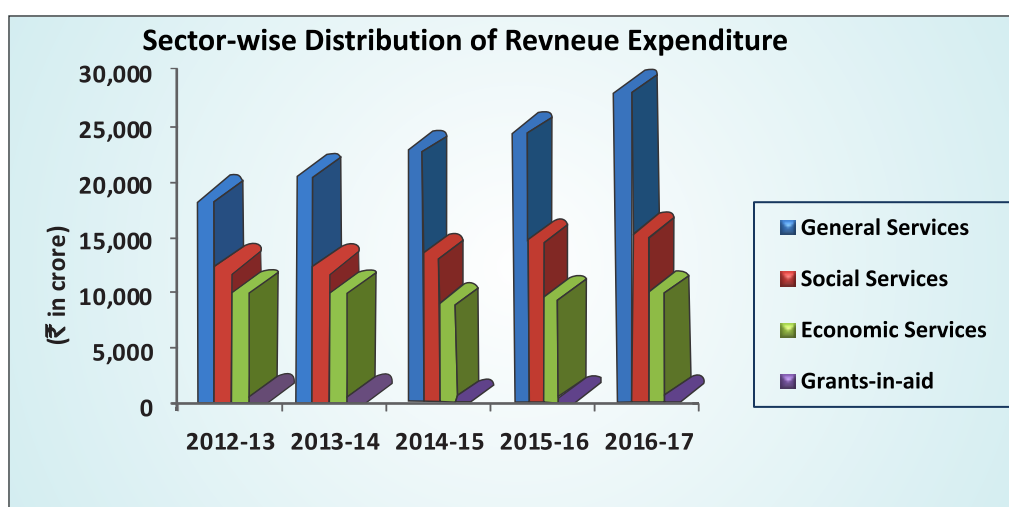
3.2.1 Sector wise Distribution of Revenue Expenditure (2016-17)

Sr. No.	Component	Amount (₹ in crore)	Percentage
A.	General Services	28,488	52
A.1	Organs of State	752	2
A.2	Fiscal Services	513	1
A.3	Interest Payment and Servicing of Debt	11,642	21
A.4	Administrative Services	6,752	12
A.5	Pensions and Miscellaneous General Services	8,829	16
B.	Social Services	15,672	28
C.	Economic Services	10,218	18
D.	Grants-in-aid and Contributions	918	2
	Total	55,296	100

3.2.2 Trends of Major Components of Revenue Expenditure

(₹ in crore)

Year	General Services	Social Services	Economic Services	Grants-in-aid
2012-13	18,572	11,190	9,152	544
2013-14	20,192	11,319	9,600	530
2014-15	23,043	13,729	9,238	604
2015-16	24,713	14,898	9,756	706
2016-17	28,488	15,672	10,218	918



3.3 Capital Expenditure

Capital disbursements for 2016-17 at 1 *per cent* of GSDP were more than Budget Estimates by ₹ 40,507 crore (more disbursement of ₹ 9,343 crore under Plan Expenditure and more disbursement of ₹ 31,164 crore under Non-Plan Expenditure).

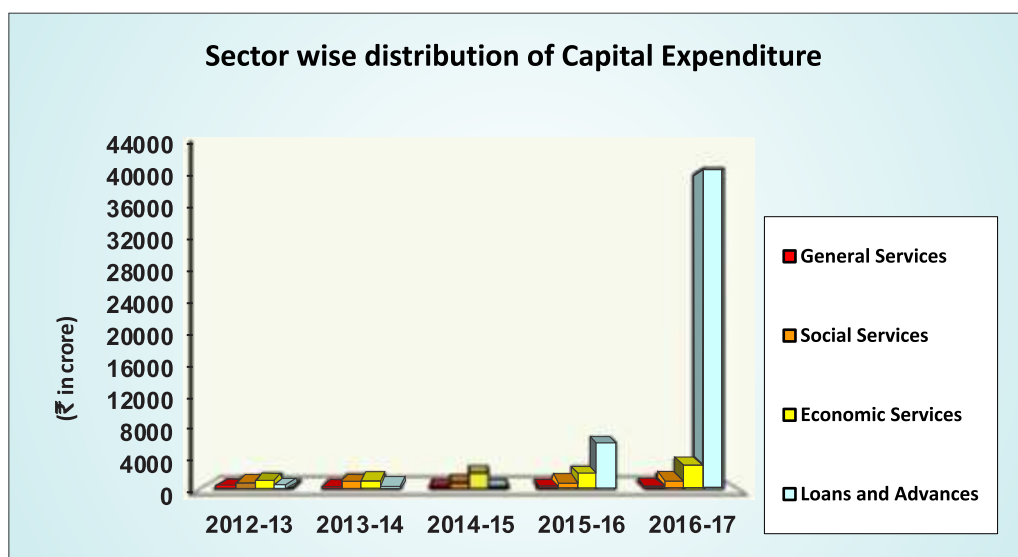
3.3.1 Sectoral distribution of Capital Expenditure

Sr. No	Sector	Amount (₹ in crore)	Percentage
A.	General Services - Police, Public Works, etc.	249	1
B.	Social Services-Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc.	1,087	2
C.	Economic Services-Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	3,010	7
F.	Loans and Advances Disbursed	41,364	90
Total		45,710	100

3.3.2 Sector wise distribution of Capital Expenditure over the past 5 years

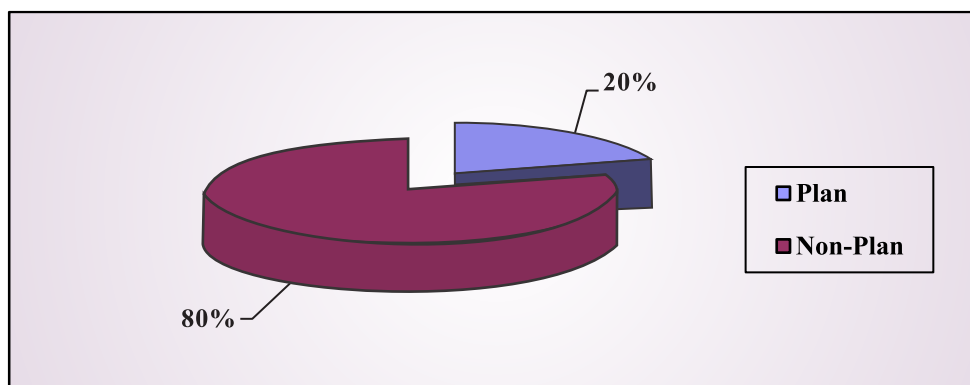
(₹ in crore)

Year	General Services	Social Services	Economic Services	Loans and Advances	Total
2012-13	162	716	1,038	197	2,113
2013-14	219	930	1,052	165	2,366
2014-15	252	795	2,071	270	3,388
2015-16	253	828	1,978	5,969	9,028
2016-17	249	1,087	3,010	41,364	45,710



PLAN AND NON-PLAN EXPENDITURE

4.1 Distribution of Plan and Non-Plan Expenditure



4.2 Plan Expenditure

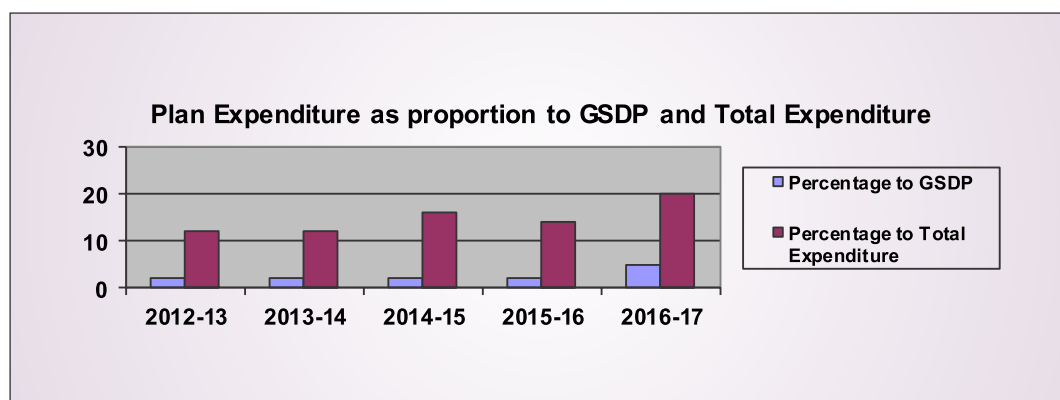
During 2016-17, Plan Expenditure, representing 20 per cent of total disbursements, was ₹ 20,104 crore.

Plan Expenditure as proportion to GSDP and Total Expenditure

(₹ in crore)

Year	Plan Expenditure	GSDP*	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2012-13	4,830	2,97,734	2	41,571	12
2013-14	5,147	3,32,147	2	44,007	12
2014-15	7,852	3,54,908	2	50,002	16
2015-16	8,043	3,91,543	2	59,101	14
2016-17	20,104	4,27,297	5	1,01,006	20

* Please refer Footnote below Para 1.6.1.



4.2.1 Plan Expenditure under Capital Account

(₹ in crore)

Year	Plan - Capital Expenditure	Total –Capital Expenditure	Percentage of Plan-Capital Expenditure to Total Capital Expenditure
2012-13	1,767	2,113	84
2013-14	2,011	2,366	85
2014-15	2,939	3,388	87
2015-16	2,733	9,028	30
2016-17	14,138	45,710	31

4.3 Non-Plan Expenditure

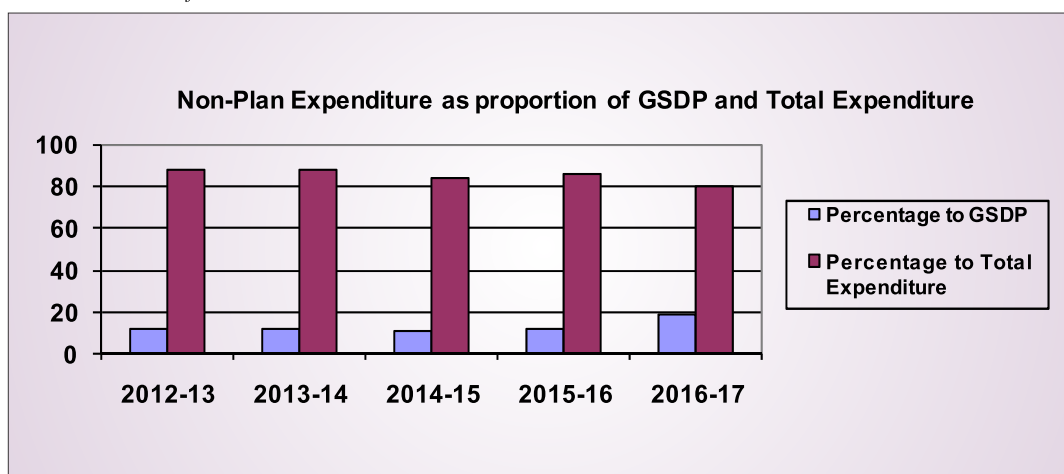
Non-Plan Expenditure during 2016-17 representing 80 *per cent* of total disbursements, was ₹ 80,902 crore (₹ 49,330 crore under Revenue and ₹ 31,572 crore under Capital).

Non- Plan Expenditure as proportion to GSDP and Total Expenditure

(₹ in crore)

Year	Non -Plan Expenditure	GSDP*	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2012-13	36,741	2,97,734	12	41,571	88
2013-14	38,860	3,32,147	12	44,007	88
2014-15	42,150	3,54,908	12	50,002	84
2015-16	51,058	3,91,543	13	59,101	86
2016-17	80,902	4,27,927	19	1,01,006	80

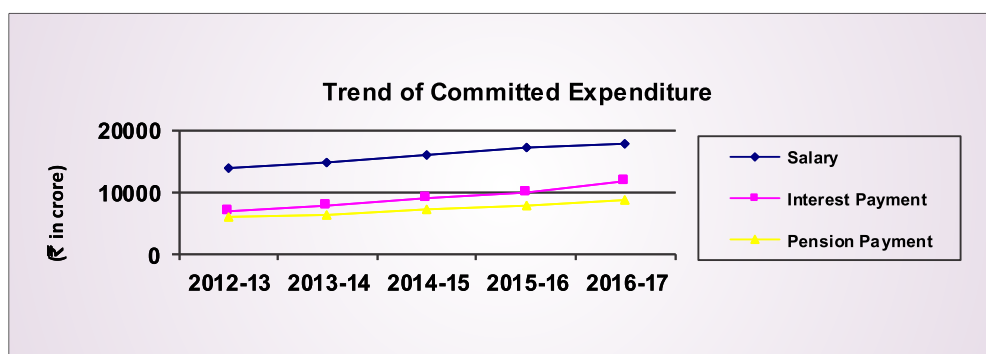
* Please refer Footnote below Para 1.6.1.



4.4 Committed Expenditure

(₹ in crore)

Year	Salary	Interest	Pension	Total
2012-13	13,902	6,831	5,966	26,699
2013-14	14,591	7,820	6,277	28,688
2014-15	16,034	8,960	7,249	32,243
2015-16	17,163	9,782	7,833	34,778
2016-17	17,707	11,642	8,773	38,122



4.4.1 Committed Expenditure Vs Revenue Expenditure and Revenue Receipts

(₹ in crore)

Component	2012-13	2013-14	2014-15	2015-16	2016-17
Committed Expenditure	26,699	28,688	32,243	34,778	38,122
Revenue Receipts	32,051	35,104	39,023	41,523	47,985
Percentage of Committed Expenditure to Revenue Receipts	85	82	83	84	79
Revenue Expenditure	39,458	41,641	46,614	50,073	55,296
Percentage of Committed Expenditure to Revenue Expenditure	69	69	69	69	69

The steep upward trend on committed expenditure leaves the Government with lesser flexibility for development sector.

APPROPRIATION ACCOUNTS

5.1 Summary of Appropriation Accounts

(₹ in crore)

Sr. No	Nature of Expenditure	Original Grant	Supplementary Grant	Total	Actual Expenditure	Savings (-) Excess (+)
1	Revenue Voted Charged	47,440 10,966	5,921 1,054	53,361 12,020	43,941 11,810	-9,420 -210
2	Capital Voted Charged	4,804 ..	1,679 ..	6,483 ..	4,408 21	-2,075 +21
3	Public Debt Charged	23,019	8,503	31,522	32,443	+921
4	Loans and Advances Voted	400	7,801	8,201	41,364	+33,163
	Total	86,629	24,958	1,11,587	1,33,987	+22,400

5.2 Trend of Saving/Excess

(₹ in crore)

Year	Revenue	Capital	Public Debt	Loans and Advances	Total Saving/Excess
2012-13	-6,258	-4,454	+454	-53	-10,311
2013-14	-6,554	-5,758	-305	-253	-12,870
2014-15	-6,652	-3,143	+1,402	-57	-8,450
2015-16	-6,571	-2,374	+953	-5,186	-13,178
2016-17	-9,630	-2,054	+921	+33,163	+22,400

Note: Saving as (-) and Excess as (+)

5.3 Significant Savings

Substantial Savings under Grants indicate either non-implementation or slow implementation of certain schemes/programmes.

Some Grants with persistent and significant saving are as under :

(in percentage)

Grant No.	Nomenclature	2012-13	2013-14	2014-15	2015-16	2016-17
13	Industries	67	87	63	69	72
17	Local Government, Housing and Urban Development	81	75	52	14	55
24	Science, Technology and Environment	79	92	58	50	74
27	Technical Education and Industrial Training	37	47	39	35	31

During 2016-17, Supplementary Grants totalling ₹ 25,200 crore (19 per cent of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations.

A few instances are given below :

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
1	Agriculture and Forests	Revenue (V)	6,372	1,250	5,177
3	Co-operation	Revenue (V)	88	2	79
		Capital (V)	350	51	229
5	Education	Revenue (V)	9,519	111	8,814
6	Elections	Revenue (V)	164	6	119
7	Excise and Taxation	Revenue (V)	271	9	229
9	Food and Supplies	Revenue (V)	868	3	594
10	General Administration	Revenue (V)	252	114	208
		Capital (V)	55	6	37
11	Health and Family Welfare	Revenue (V)	3,320	152	2,917
12	Home Affairs and Justice	Revenue (C)	132	2	121
		Capital (V)	245	73	145
17	Local Government, Housing and Urban Development	Revenue (V)	1,733	9	879
		Capital (V)	536	299	292
19	Planning	Revenue (V)	67	4	43
23	Rural Development and Panchayat	Revenue (V)	1,428	297	676
		Capital (V)	141	65	134
27	Technical Education and Industrial Training	Revenue (V)	393	62	333
		Capital (V)	49	9	22
28	Tourism and Cultural Affairs	Capital (V)	197	28	167
29	Transport	Revenue (V)	532	21	456

ASSETS AND LIABILITIES

6.1. Assets

The existing form of accounts does not easily depict valuation of Government assets like Land, Building etc., except in 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 except to the limited extent shown by the rate of interest and period of existing loans.

6.1.1 Investment

Total investment stood at ₹ 4,091 crore at the end of 2016-17. Dividend on these investments amounting to ₹ 3.88 crore was received during the year which was more by ₹ 2.42 crore than the dividend received during 2015-16. ₹ 75 crore were invested during 2016-17.

6.1.2 Cash Balance

Cash Balance with Reserve Bank of India stood at ₹ -6,265 crore on 1 April 2016 and ₹ -368 crore as on 31 March 2017.

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 of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

Outstanding Public Debt as on 31 March 2017 was ₹ 1,53,773 crore comprising Internal Debt of ₹ 1,49,880 crore and Loans and Advances from Central Government ₹ 3,893 crore. Other liabilities accounted under Public Account were ₹ 28,753 crore.

The State also acts as a banker and trustee in respect of deposits like Small Savings Provident Funds and Deposits etc. There was an overall increase of ₹ 2,507 crore in respects of such liabilities of State Government during 2016-17.

Interest payment on debt and other liabilities totalling ₹ 11,642 crore constituted 21 *per cent* of Revenue Expenditure of ₹ 55,296 crore. Interest payment on Public Debts was ₹ 9,722 crore (interest on Internal Debt ₹ 9,565 crore and interest on Loans and Advances from Central Government ₹ 157

crore and interest on Loans and Advances from Central Government ₹ 157 crore). Expenditure on account of interest payment has increased by ₹ 1,860 crore during 2016-17 as compared to 2015-16.

Internal Debt of ₹ 82,972 crore raised during 2016-17 was mainly used for (i) discharge of debt obligations (₹ 32,115 crore) and (ii) payment of interest (₹ 9,565 crore).

Details of the Public Debt and Total Liabilities of the State Government are as under:

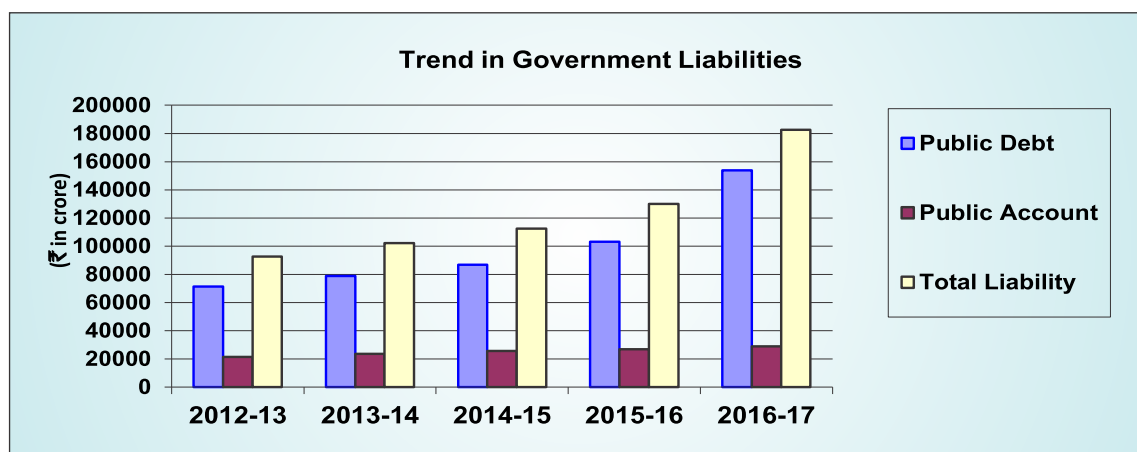
(₹ in crore)

Year	GSDP*	Public Debt	Percentage to GSDP	Public Account	Percentage to GSDP	Total Liability**	Percentage to GSDP
2012-13	2,97,734	71,212	24	21,306	7	92,543	31
2013-14	3,32,147	78,669	24	23,581	7	1,02,275	31
2014-15	3,54,908	86,818	24	25,548	7	1,12,391	32
2015-16	3,94,543	1,03,195	26	26,646	7	1,29,866	33
2016-17	4,27,297	1,53,773	36	28,753	7	1,82,551	43

* Please refer Footnote below Para 1.6.1.

** includes ₹25 crore pertaining to Contingency Fund.

There is a net increase of ₹ 90,008 crore (97 per cent) in Net Liabilities during the last five years.



6.3 Guarantees

Maximum amount guaranteed by the State Government during the year 2016-17 was ₹ 15,534 crore for repayment of loans raised by Statutory Corporations/ Boards, Government Companies, Local Bodies, Co-operative Banks and Societies whereas Outstanding amount as on 31 March 2016 was ₹ 56,819 crore. Further, an amount of ₹ 93 crore was payable as Guarantee Fee in 2016-17. Against this, only four entities paid an amount of ₹ 33 crore as Guarantee Fee.

GENERAL

7.1 Distortion of Financial Parameters:

In December 2016, State Government raised Long Term Loan of ₹ 30,584 crore for one time settlement of Legacy Cash Credit Accounts for food procurement operations by State Government by entering into an agreement with State Bank of India wherein the said loan was disbursed and paid by SBI directly to the banks without any effect on the State Government liabilities as loan was not routed through Consolidated Fund.

Moreover, State Government paid an amount of ₹ 664 crore and ₹ 150 crore directly to State Bank of India on account of Principal and Interest respectively from sources other than Consolidated Fund. The interest liability will impact Revenue Deficit and Fiscal Deficit till 2034-35. On pursuance of the case, State Government issued ex-post facto sanctions and net balance has been taken into account.

7.2 Cash with Divisional Officers:

State Government letter No.15/147/80 FEIV (2)6310 dated 11 July 1988 details the accounting procedure for Deposit Works. As per prescribed procedure, Minor Head 108-Public Works Deposits under Major Head 8443-Civil Deposits will record receipt of funds on account of Deposit Works with contra debit to Minor Head 102- Public Works Remittances under Major Head 8782-Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer, on depositing the funds in the treasury and vice-versa for withdrawal of funds for payments.

However, Divisional Officers account for the receipts of funds for Deposit Works under Minor Head 108-Public Works Deposits below Major Head 8443-Civil Deposits by contra debit to Minor Head 101- Civil under Major Head 8671-Departmental Balances and vice versa for making payments and such receipts are deposited in banks instead of treasury. The violation of the prescribed procedure by Divisional Officers has resulted in accumulation of an amount of ₹ 762 crore under Major Head 8671- Departmental Balances as on 31 March 2017.

7.3 Funds deposited outside Consolidated Fund:

An amount of ₹ 17 crore has been deposited by various government functionaries under Major Head 0049 - Interest Receipts during 2016-17, on account of interest earned on the sums deposited in the Banks. Government money parked in the Bank outside the Consolidated Fund of the State should be brought back into the Government accounts.

7.4 Outstanding Detailed Contingent (DC) Bills:

Drawing and Disbursing officers are authorized to draw sums of money by preparing Abstract Contingent (AC) bills by debiting Service Heads. They are required to present Detailed Contingent (DC) bills duly countersigned by the Controlling Officer in all these cases within one month under Rule 274 of Punjab Treasury Rules which has been amended to six months with effect from July 2016 in relaxation of the said Rule as per instructions issued by State Government on 11 November and 19 December 2016. Prolonged non-submission of supporting DC bills renders the expenditure under AC Bills opaque.

Details of outstanding DC bills as on 31 March 2017 are given under:

Year	Outstanding Detailed Contingent Bills	
	Number	Amount (₹ in crore)
Up to 2014-15	170	287
2015-16	139	184
2016-17	144	231
Total	453	702

Out of 1101 AC bills amounting to ₹ 2,856 crore drawn during 2016-17, 98 AC bills amounting to ₹ 136 crore (5 Per cent) were drawn in March 2017.

7.5 Consolidated Sinking Fund:

The Government of Punjab constituted a Consolidated Sinking Fund vide order dated 20 December 2006 with the objective to redeem its outstanding liabilities commencing from the financial year 2011-12. The State Government is to contribute every year minimum 0.50 per cent of the outstanding liabilities at the end of the previous financial year. Contribution to this Fund out of borrowings from the Reserve Bank is not permissible. As on 31 March 2016, the outstanding liabilities of the Government of Punjab were ₹ 1,29,441 crore.

Accordingly, the State Government was required to contribute a minimum of ₹ 647 crore (0.50 *per cent*) during 2016-17. However, the State Government has not made the minimum contribution of ₹ 4,412 crore to the said Fund since its inception.

7.6 Guarantee Redemption Fund (GRF):

In terms of recommendation of the Twelfth Finance Commission, the State Government introduced the 'Guarantee Redemption Fund Scheme' in December 2007 (revised on 8 January 2014 with effect from the financial year 2013-14) with the objective to meet its obligations arising out of the Guarantees extended to State level entities. As per the guidelines, the Fund shall be set up by the Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of the previous year and thereafter minimum 0.50 *per cent* every year to achieve a minimum level of 3 *per cent* in next five years. State Government has not made a minimum contribution of ₹ 1,526 crore to the Fund since 2013-14.

7.7 State Disaster Response Fund (SDRF):

As on 1 April 2016, ₹ 3,981 crore was lying in the Fund. In terms of guidelines, issued by the Ministry of Home Affairs, Government of India on 28 September 2010 and 30 July 2015, Fund balances are required to be invested as per the recommendations of the State Executive Committee (SEC) constituted for the management of the Fund. State Government had invested an amount of ₹ 400 crore only in March 2016 which too has been withdrawn in March 2017. State Government has not intimated the interest amount earned on invested amount of ₹ 400 crore.

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