



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



ACCOUNTS at a Glance

for the year
2018-19



GOVERNMENT OF HIMACHAL PRADESH



Accounts at a Glance for the year 2018-19

**Pr. Accountant General
(Accounts and Entitlement)**



GOVERNMENT OF HIMACHAL PRADESH

Preface

I am happy to present the twenty first issue of our annual publication, the 'Accounts at a glance' for the year 2018-19, which provides an overview of Governmental activities, as reflected in the Finance Accounts and Appropriation Accounts.

The 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 depict explanations for variations between the actual expenditure and the funds allocated.

Finance and Appropriation Accounts are prepared annually by my office under the direction of the Comptroller and Auditor General of India (C&AG) 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.

We look forward to suggestions.



Shimla

Date: 10th June, 2020

Pr. Accountant General (A&E)

Our Vision, Mission and Core Values

VISION

(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.

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.

MISSION

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

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

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Chapter I

Overview

1.1 Introduction

The Principal Accountant General (Accounts and Entitlements), Himachal Pradesh collates, classifies, compiles the accounts data rendered by multiple agencies, and prepares the accounts of the Government of Himachal Pradesh. The compilation is done from the initial accounts rendered by the 18 District Treasuries, 80 Public Works Divisions, 54 Irrigation & Public Health Divisions, 89 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 by the office of the Principal Accountant General (A&E) to the Government of Himachal Pradesh. The office of Principal Accountant General (A&E) also submits a quarterly Appreciation Note on the important financial indicators and quality of expenditure of the Government. The Principal Accountant General (A&E) also prepares, annually, Finance Accounts and the Appropriation Accounts which 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 Government Accounts

1.2.1 Government accounts are kept in three parts:

Structure of Government Accounts

● **Part 1** **CONSOLIDATED FUND**

All revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund.

All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), are met from this fund.

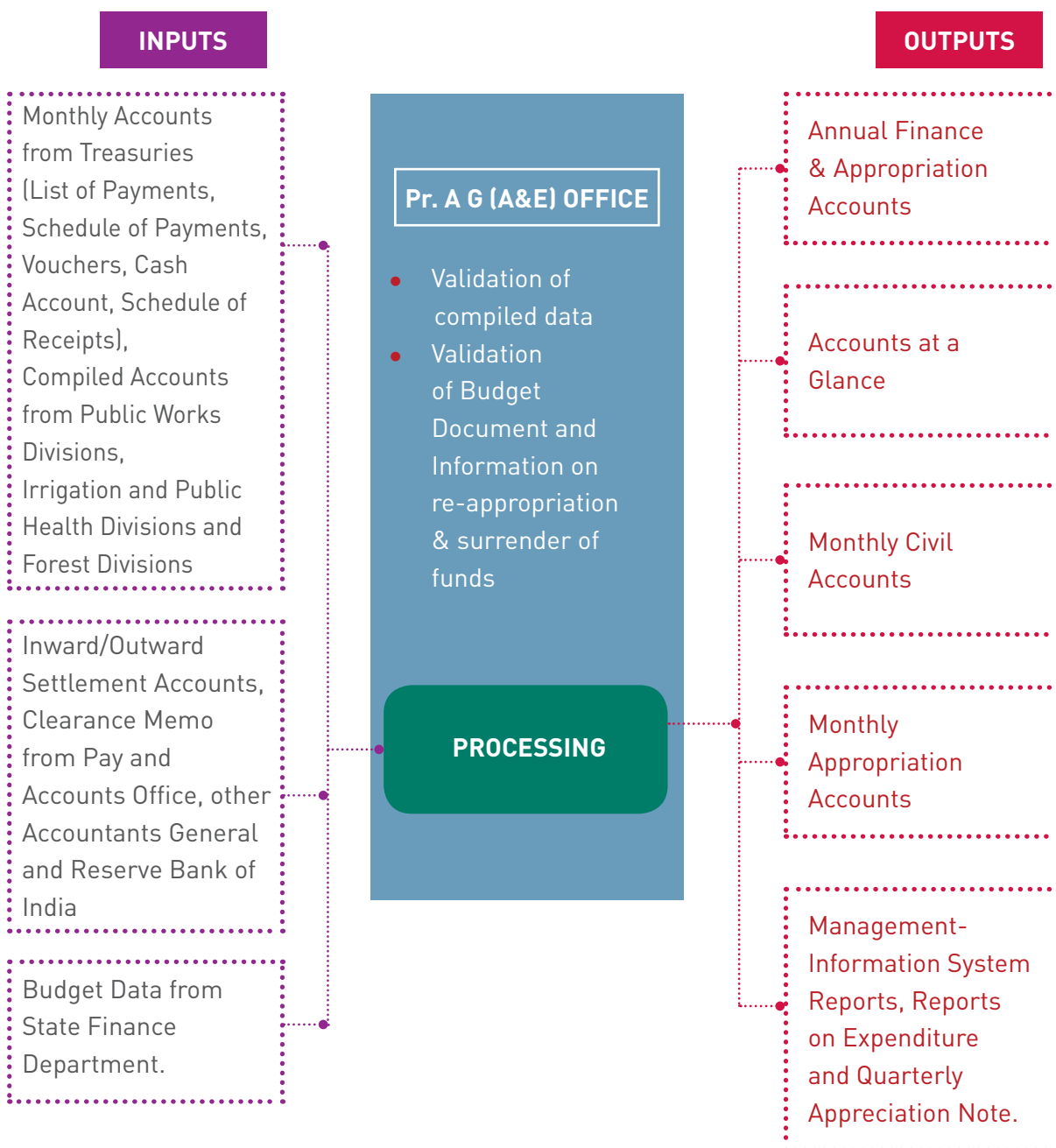
The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund. The corpus of this fund for the Government of Himachal Pradesh is ₹ 5.00 crore.

● **Part 2** **CONTINGENCY FUND**

● **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 Account 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.

Flow diagram for Accounts Compilation



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The 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 are 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 disbursements and 'Notes to Accounts' containing summary of significant accounting policies, comments on quality of accounts and other items. Volume II contains detailed statements (Part-I) and appendices (Part-II).

In addition to the expenditure approved for the year by the Himachal Pradesh Legislature, Government of India transfers substantially funds directly to State Implementing Agencies/ Non Government Organization (NGOs) in the State for various schemes and programmes. Such transfers (amounting to ₹962 crore this year) are not reflected in the Accounts of the State Government but have been shown at Appendix VI in Volume II of the Finance Accounts.

1.3.2 Financial highlight of year 2018-19

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2018-19.

Sl. No	Description	Budget Estimate. 2018-19 (₹ in crore)	Actuals 2018-19 (₹ in crore)	Percentage of Actuals to B.E	Percentage of Actuals to GSDP (#)
1.	Tax Revenue (including central share) ^(a)	14635	13002	89	9
2.	Non-Tax Revenue	1981	2830*	143	2
3.	Grants-in-aid & Contributions	13784	15118	110	10
4.	<i>Revenue Receipts (1+2+3)</i>	30400	30950*	102	20
5.	Recovery of Loans & Advances	35	22	63	--**
6.	Other Receipts	--**	9	--**	--**
7.	Borrowings and other liabilities ^(b)	7821	3512	45	3
8.	<i>Capital Receipts (5+6+7)</i>	7856	3543	45	2
9.	<i>Total Receipts (4+8)</i>	38256	34493	90	23
10.	<i>Revenue Expenditure</i>	33568	29442	88	19
11.	Expenditure on Interest Payments (out of Revenue Expenditure)	4260	4022	94	3
12.	<i>Capital Expenditure</i>	4240	4583	108	3
13.	<i>Loans and Advances Disbursed ^(c)</i>	448	468	104	--**
14.	<i>Total Expenditure (10+12+13)</i>	38256	34493	90	23
15.	<i>Revenue Deficit (-) / Revenue Surplus (+) (4-10)</i>	(-)3168	(+)1508*	(+)149	1
16.	<i>Fiscal Deficit (4+5+6-14)</i>	(-)7821	(-)3512	(-)45	(-)2

(a) Includes share of net (tax) proceeds assigned to state amounting to ₹ 5429 crore. (State Government Own Tax receipts were ₹ 7573 crore which was 5 per cent of (GSDP).

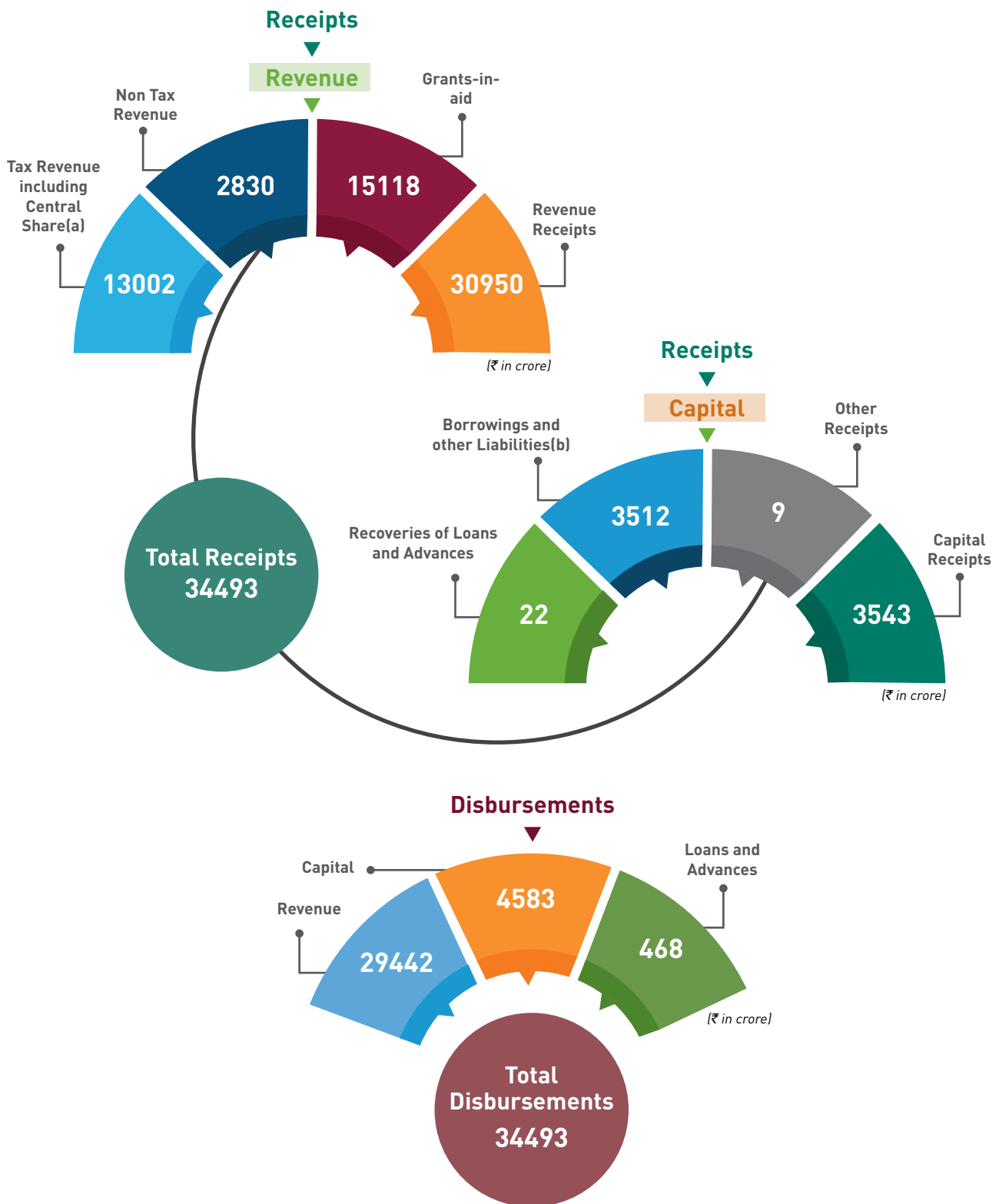
(b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursement) of Public Account + Net of opening and closing balance.

(c) Loans and advances Plan (₹ 439 crore) + Loans and advances Non Plan (₹ 29 crore)

GSDP figures (₹ 151835 crore) is taken from Economic and Statistic Department of Government of Himachal Pradesh as the same was not available on the web site of Ministry of Statistics and Programme Implementation Govt. of India.

* Includes an amount of ₹ 12 crore by way of book adjustment.

Receipts and disbursement in year 2018-19



(a) Includes share of net (tax) proceeds assigned to state amounting to ₹ 5429 crore. (State Government Own Tax receipts were ₹ 7573 crore which was 5 per cent of GSDP)

(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.

1.3.3 Appropriation Accounts

Under Articles 204 & 205 of the Constitution of India, 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 15 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.

1.3.4 Efficiency on Budget Preparation

At the end of the year, actual expenditure of the Government of Himachal Pradesh against the budget ₹ 46985 approved by the Legislature, showed total saving of ₹ 5337 crore and excess expenditure of Rs. ₹ 821 crore, therefore, net saving was Rs. ₹ 4516 crore. Certain grants, like those relating to Land Revenue and District Administration, Irrigation, Water Supply and Sanitation, Food & Civil Supplies, Administration of Justice, Public Works, Roads, Bridges and Buildings (all voted Provisions) requires regularization.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to make good the deficiency in the minimum cash balance which the State Government is required to maintain with the Reserve Bank of India. Ways and Means advance of ₹ 1496 crore was obtained and ₹ 1496 crore was repaid during the year 2018-19.

1.4.2 Overdraft from the Reserve Bank of India

Overdraft is taken from the Reserve Bank of India while the limit of minimum cash balance falls below i.e. ₹ 0.55 crore, even after taking Ways and Means Advances which is required to be maintained with the Reserve Bank of India. During the year 2018-19 there was no overdraft of the State.

1.4.3 Fund flow statement

The state had a Revenue Surplus of ₹ 1508 crore and a Fiscal Deficit of ₹ 3512 crore as on 31 March 2019. The Fiscal Deficit was met from net Public Debt (₹ 1754 crore) increase in Public Account (₹ 2250 crore) and net decrease of opening and closing cash balance (₹ 491 crore). Around 69 per cent of the revenue receipts (₹ 30950 crore) of the State Government was spent on committed expenditure like salaries (₹ 10956 crore), interest payments (₹ 4022 crore), pensions (₹ 4975 crore), subsidies (₹ 1283 crore) and wages (₹ 254 crore).

Sources and Application of Funds

(₹ in crore)

SOURCES	
Opening Cash Balance as on 1 April 2018	(-)541
Revenue Receipts	30950
Capital Receipts	9
Recovery of Loans and Advances	22
Public Debt	6427
Small Savings, Provident Funds etc.	3753
Reserves Fund & Sinking Funds	500
Deposits Received	3519
Civil Advances Repaid	62
Suspense Account	36127*
Remittances	7448
TOTAL	88276

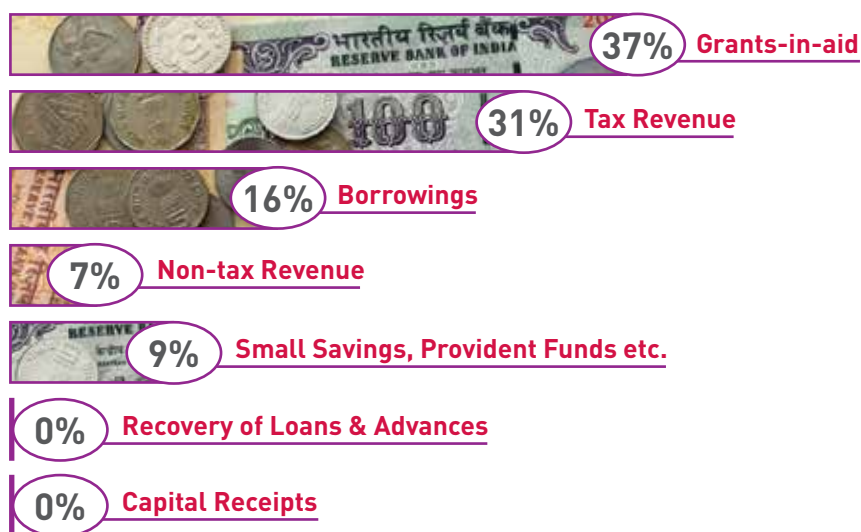
APPLICATION	
Revenue Expenditure	29442
Capital Expenditure	4583
Loans Given	468
Repayment of Public Debt	4673
Small Savings, Provident Funds etc.	2640
Reserves Fund & Sinking Funds	508
Deposits Repaid	3110
Civil Advances Given	62
Suspense Account	35504**
Remittances	7336
Closing Cash Balance as on 31 March 2019	(-)50
TOTAL	88276

* Includes ₹ 35288 crore on account of cash balances investment account.

** Includes ₹ 34666 crore on account of cash balances investment account.

1.4.4 Where the ₹ came from

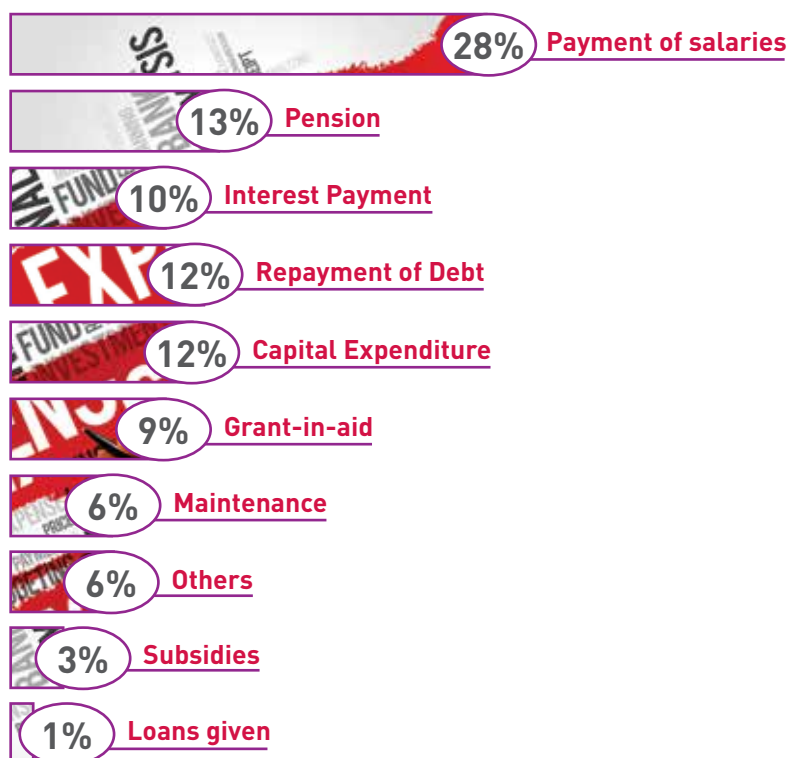
Actual Receipts



(Recovery of loans and advances and capital receipt was only ₹22 crore and ₹9 crore respectively which is negligible hence value is shown as zero)

1.4.5 Where the ₹ went

Actual Expenditure



During the year 2018-19 revenue surplus of ₹ 1508 crore (₹ 314 crore Surplus in 2017-18) and fiscal deficit of ₹ 3512 crore in 2018-19 (₹ 3870 crore deficit in 2017-18) represent 1 per cent and 2 per cent of the Gross State Domestic Product (GSDP) respectively. The fiscal deficit constituted 10 per cent of total expenditure.

What do the deficits and surpluses indicate?

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.

Refers to the gap between revenue receipt and revenue expenditure. Revenue expenditure is required to maintain the existing establishment of government and ideally, should be fully met from revenue receipts.

REVENUE DEFICIT/ SURPLUS

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 and ideally should be invested in capital projects.

1.5 Fiscal Responsibility and Budget Management (FRBM) Act, 2005

The Government of Himachal Pradesh has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005. As per this Act, the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2018-19 against fiscal targets laid down in the Act and rules framed there under, were as follows:-

Sr. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP*	
			Target	Achievement
1	Revenue Deficit	1508 (Surplus)	Eliminate by 2011-12	Achieved during the year
2	Fiscal Deficit	3512	3.50 or less	Achieved during the year (2%)
3	Debt and other obligation	54299	32.82	36 per cent (not achieved)
4	Outstanding Guarantees	4309	Less than 40 % of Revenue Receipt of previous Financial year	16 per cent (achieved)

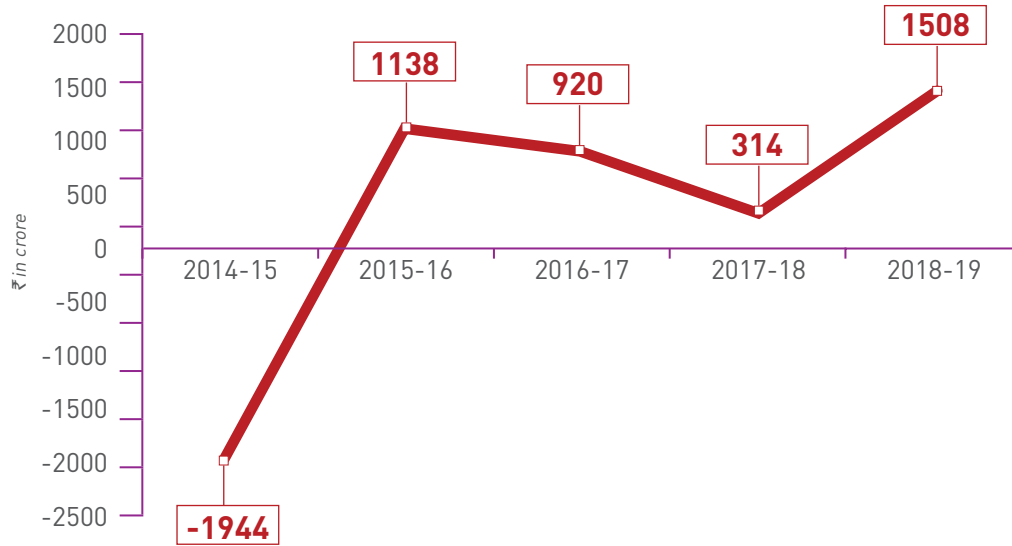
* Source: GSDP figure (₹ 151835 crore) is taken from Economic and Statistics Department, Government of Himachal Pradesh as the same was not available on the web site of Ministry of Statistics and Program Implementation, Government of India .

The State Government had made disclosures to the Legislature required under the Himachal Pradesh Fiscal Responsibility and Budget Management Rules, 2005.

The State Government had revenue surplus of ₹ 314 crore in 2017-18 and ₹ 1508 crore during the year 2018-19 which was as per the target of FRBM Act. Fiscal deficit decreased by ₹ 358 crore from ₹ 3870 crore in 2017-18 to ₹ 3512 crore in the current year and was to 2.31 per cent of GSDP which confirm the target of 3.50 per cent of FRBM Act. Against the target of reducing outstanding debt to 32.82 per cent of GSDP by the year 2018-19, the outstanding debt stood at ₹ 54299 crore as on 31 March 2019, being 36 per cent of GSDP. Similarly, the target of maintaining amount of outstanding guarantees below 40 per cent of total revenue receipts of previous financial year, the amount of outstanding guarantees was ₹ 4309 crore as on 31 March 2019 equaling 16 per cent of total revenue receipt (₹ 27367 crore) of previous year i.e. 2017-18.

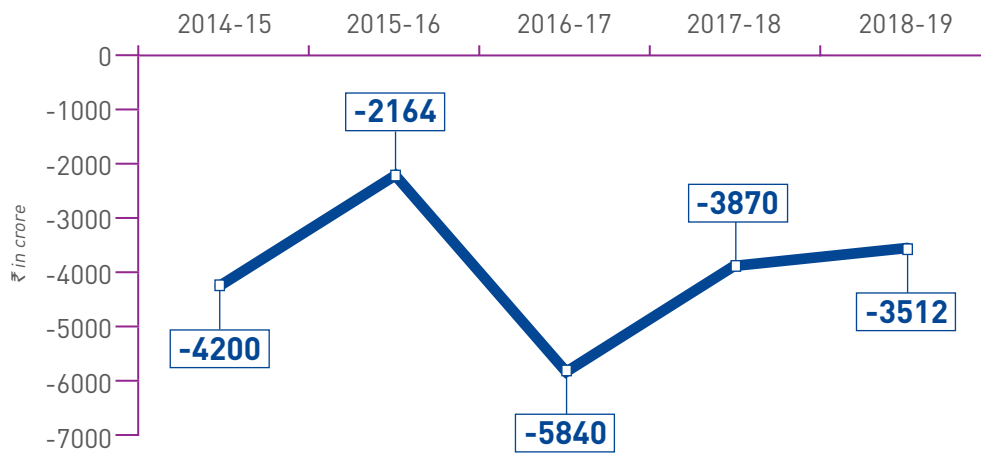
1.5.1 Trend of Revenue Deficit/ Surplus

Trend of Revenue Surplus/ Deficit



1.5.2 Trend of Fiscal Deficit

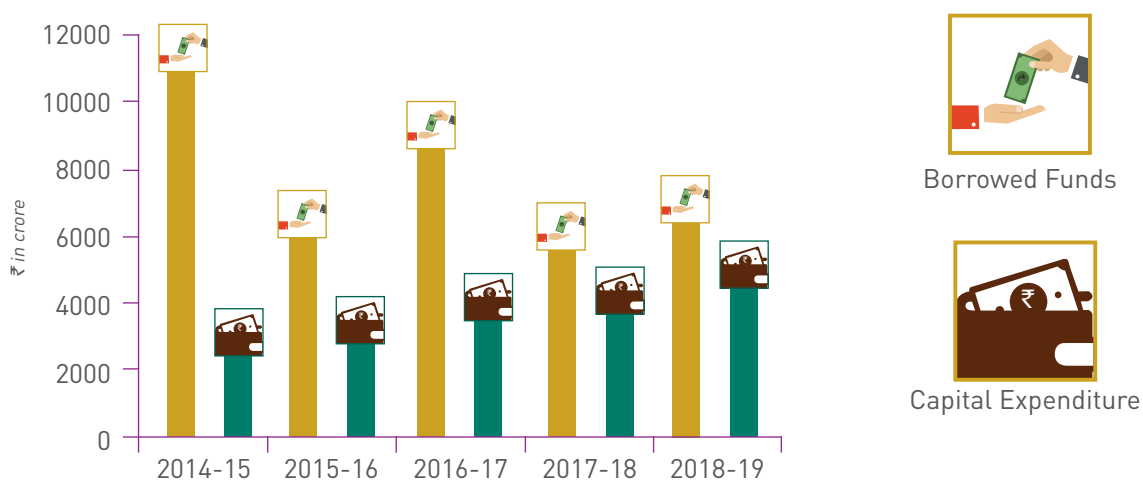
Trend of Fiscal Deficit



1.5.3 Proportion of borrowed funds spent on Capital Expenditure

(₹ in crore)

Year	Borrowed Fund	Capital Expenditure
2014-15	10877	2473
2015-16	6129	2864
2016-17	8603	3499
2017-18	5600	3756
2018-19	6427	4583



The governments usually run fiscal deficits and borrow funds for capital/assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 71 per cent of the borrowings of the current year (₹ 6427 crore) on capital expenditure (₹ 4583 crore). It would therefore appear that balance of borrowings in the public debt was utilized to repay the principal (₹ 4673 crore) and part of interest on public debt of previous years.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total receipts for 2018-19 was ₹ 34493 crore.

2.2 Revenue Receipts

The revenue receipts of the government comprise three components viz. Tax Revenue, Non-tax Revenue and Grants-in-aid received from the Union Government.

● TAX REVENUE

Comprises taxes collected and retained by the state and State's share of Union Taxes under Article 280(3) of the Constitution.

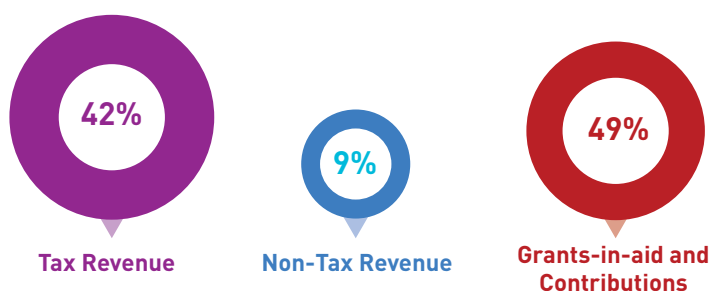
Includes interest receipts, dividend, profits, departmental receipts etc.

● NON-TAX REVENUE

● GRANTS-IN-AID

Grants-in-aid represent central assistance to the State Government from the Union Government. It also includes "External Grant Assistance" received from Foreign Government and channelized 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



2.2.1 Revenue Receipts Components (2018-19)

(₹ in crore)

Components	Actuals	Per Cent to Revenue Receipt
A. Tax Revenue*	13002	42
Goods and Services Tax	4790	15
Taxes on Income and Expenditure	3289	11
Taxes on Property, Capital and other Transactions	259	1
Taxes on Commodities and Services other than Goods and Services Tax	4664	15
B. Non-Tax Revenue	2830	9
Interest Receipts, Dividend and Profits	568	2
General Services	268	1
Social Services	316	1
Economic Services	1678	5
C. Grants-in-aid & Contributions	15118	49
Total –Revenue Receipts	30950	100

* Includes share of net proceeds assigned to State (received from the Government of India)

2.2.2 Trend of Revenue Receipts

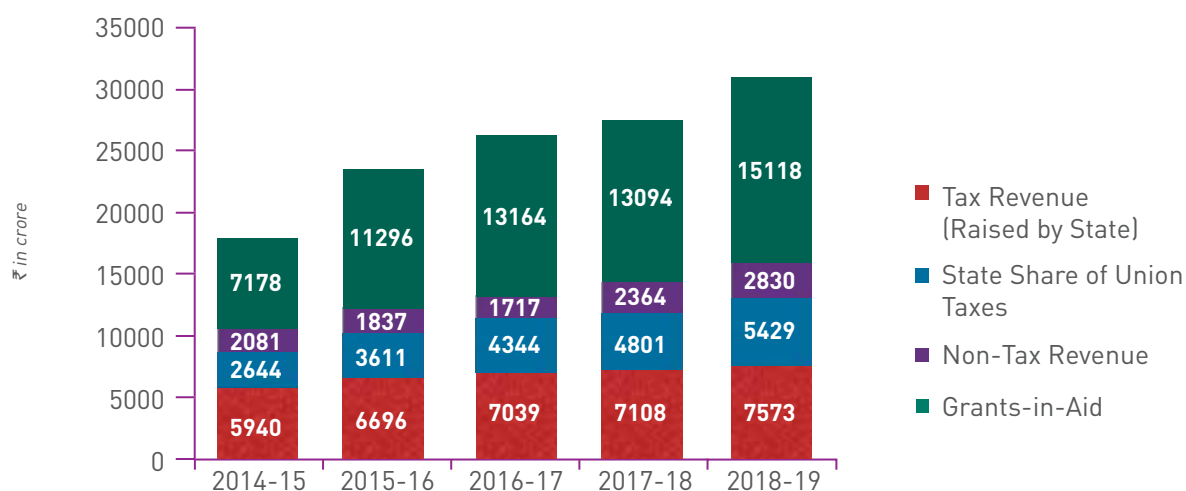
(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
Tax Revenue (Raised by the State)	5940 (6)	6696 (6)	7039 (6)	7108 (5)	7573 (5)
State Share of Union Taxes/Duties	2644 (3)	3611 (3)	4344 (3)	4801 (3)	5429 (4)
Non-Tax Revenue	2081 (2)	1837 (2)	1717 (1)	2364 (2)	2830 (2)
Grants-in-aid	7178 (8)	11296 (10)	13164 (11)	13094 (10)	15118 (10)
Total Revenue Receipts	17843 (19)	23440 (21)	26264 (21)	27367 (20)	30950 (20)
GSDP	95587	110511	124570	135914	151835

Note: Figures in parentheses represent percentage to GSDP (Gross State Domestic Product). GSDP Figures for 2018-19 at current prices, as intimated by Department of Economic & Statistical Analysis, Himachal Pradesh.

Though the GSDP increased by 12 per cent in 2018-19 compared to previous year, growth in revenue receipt was only 13 per cent. The tax revenue increased by 7 per cent, the non-tax revenue increased by 20 per cent and the grants-in-aid increased by 15 per cent compared to previous year, thus impacted the revenue receipt of the State adversely.

Trend of components of Revenue Receipts



2.3 Tax Revenue

(₹ in crore)

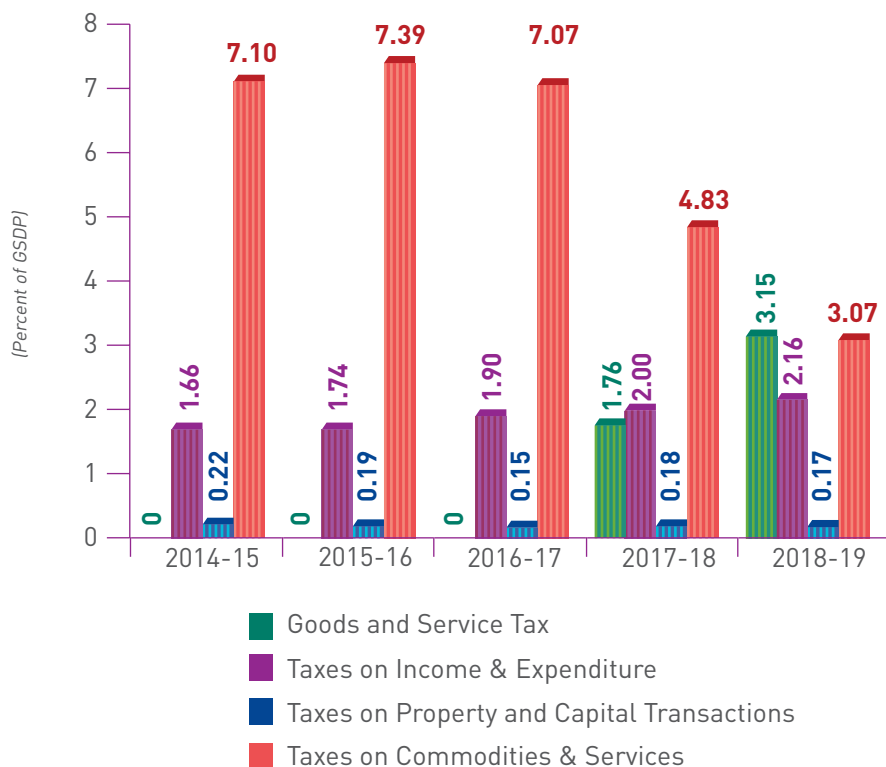
Sector-wise Tax Revenue					
	2014-15	2015-16	2016-17	2017-18	2018-19
a. Goods and Services Tax	NA *	NA *	NA *	2386 (2)	4790 (3)
b. Taxes on Income and Expenditure	1583 (2)	1922 (2)	2362 (2)	2713 (2)	3289 (2)
c. Taxes on Property Capital and other transactions	210 ...	213 ...	220 ...	246 ...	259 ...
d. Taxes on Commodities and Services other than Goods and Services Tax	6791 (7)	8172 (7)	8801 (7)	6564 (5)	4664 (3)
Total Tax Revenue	8584 (9)	10307 (9)	11383 (9)	11909 (9)	13002 (9)
GSDP	95587	110511	124570	135914	151835

Note: Figures in parentheses represent percentage to GSDP.

* Not Applicable.

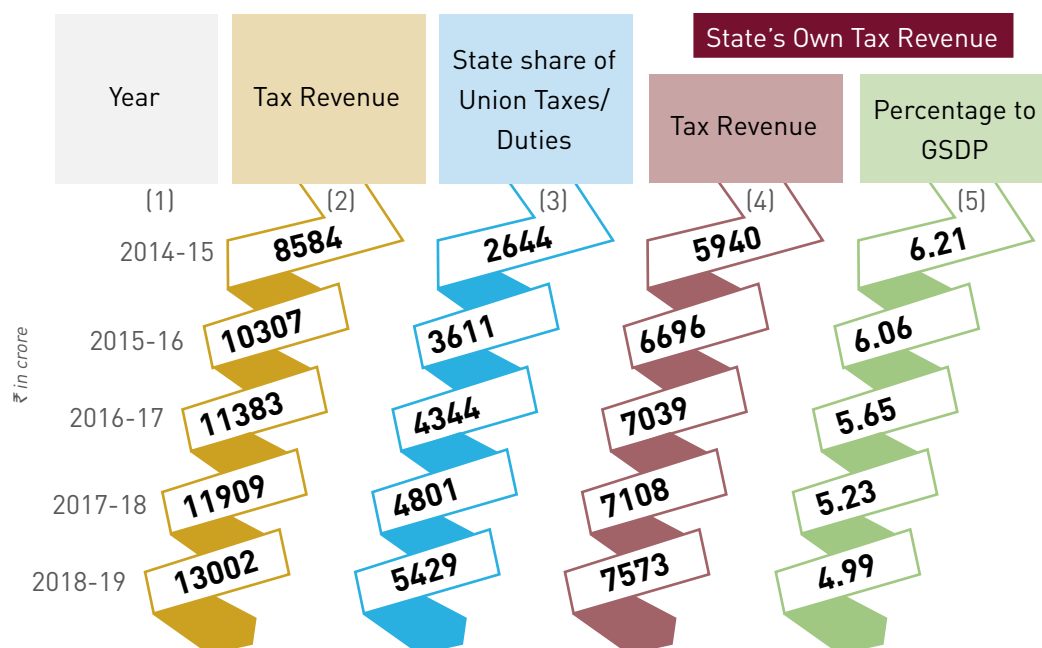
The increase in total tax revenue during 2018-19 was mainly attributable to allocation of State share from Govt. of India and higher collection under GST (₹ 3343 crore), Corporation Tax (₹ 1888 crore), Taxes on Income other than corporation Tax (₹ 1391 crore).

Trend of Major Taxes in proportion to Gross State Domestic Product (GSDP)



2.3.1 State's own Tax and State's share of Union Taxes

Tax Revenue of the State Government comes from two sources viz. State's own tax collections and devolution of Union taxes.



Following table depicts the comparative position amount tax revenue received from the two sources over a period of five years:

(₹ in crore)

Description	2014-15	2015-16	2016-17	2017-18	2018-19
State's own Tax collection	5940	6696	7039	7108	7573
Devolution of Union Taxes	2644	3611	4344	4801	5429
Total Tax Revenue	8584	10307	11383	11909	13002
Percentage of State's own tax to total tax revenue	69	65	62	60	58

The proportion of State's own tax collection in overall tax revenue decreased to 65 per cent during the year 2015-16 and decreased to 62 percent in 2016-17, 60 percent in 2017-18 & again decreased to 58 percent in 2018-19.

2.3.2 Trend in State's Own Tax collection over the past five years

(₹ in crore)

Description	2014-15	2015-16	2016-17	2017-18	2018-19
State Goods and Service Tax	NA*	NA*	NA*	1833	3343
Taxes on Sales, Trade etc.	3660	3993	4382	2526	1185
State Excise	1044	1131	1308	1311	1482
Taxes on Vehicles	220	317	280	367	408
Stamp and Registration fees	191	206	209	229	251
Taxes and Duties on electricity	333	551	372	361	487
Land Revenue	17	7	8	17	8
Taxes on Goods and Passengers	110	115	121	112	104
Other Taxes	365	376	359	352	305
Total State's own Taxes	5940	6696	7039	7108	7573

* Not applicable

2.4 Cost of Tax Collection

(₹ in crore)

Taxes	2014-15	2015-16	2016-17	2017-18	2018-19
1. Taxes on Sales, Trade etc.					
Revenue collection	3660	3993	4382	2526	1185
Expenditure on collection	3	4	4	7	2
Cost of tax collection	0.08%	0.10%	0.09%	0.28%	0.17%
2. State Excise					
Revenue collection	1044	1131	1308	1311	1482
Expenditure on collection	4	4	6	6	6
Cost of tax collection	0.38%	0.35%	0.46%	0.46%	0.40%
3. Taxes on Vehicles, Goods and Passengers					
Revenue collection	330	432	401	479	512
Expenditure on collection	37	41	42	48	53
Cost of tax collection	11.21%	9.49%	10.47%	10.02%	10.35%
4. Stamp and Registration Fee					
Revenue collection	191	206	209	229	251
Expenditure on collection	2	2	23	8	9
Cost of tax collection	1.05%	0.97%	11.00%	3.49%	3.59%

The expenditure on collection of Taxes on Vehicles, Goods and Passengers and Stamps and Registration was very high as compared to other taxes.

2.5 Trend in State's Share of Union Taxes over the past five years

(₹ in crore)

Description	2014-15	2015-16	2016-17	2017-18	2018-19
Central Goods & Services Tax (CGST)	NA*	NA*	NA*	68	1340
Integrated Goods & Services Tax (IGST)	NA*	NA*	NA*	485	107
Corporation Tax	923	1136	1394	1471	1888
Other Taxes on Income and Expenditure	NA*	NA*	NA*	NA*	10
Taxes on Income other than Corporation Tax	659	787	968	1242	1391
Taxes on Wealth	3	Nil	3	Nil	Nil
Customs	428	579	600	485	385
Union Excise Duties	241	484	684	506	256
Service Tax	390	622	695	544	49
Other Taxes and Duties on Commodities and Services	Nil	3	Nil	Nil	3
<i>State's share of Union Tax-es/Duties</i>	2644	3611	4344	4801	5429
<i>Total Tax Revenue</i>	8584	10307	11383	11909	13002
Percentage of Union Taxes to Total Tax Revenue	31	35	38	40	42

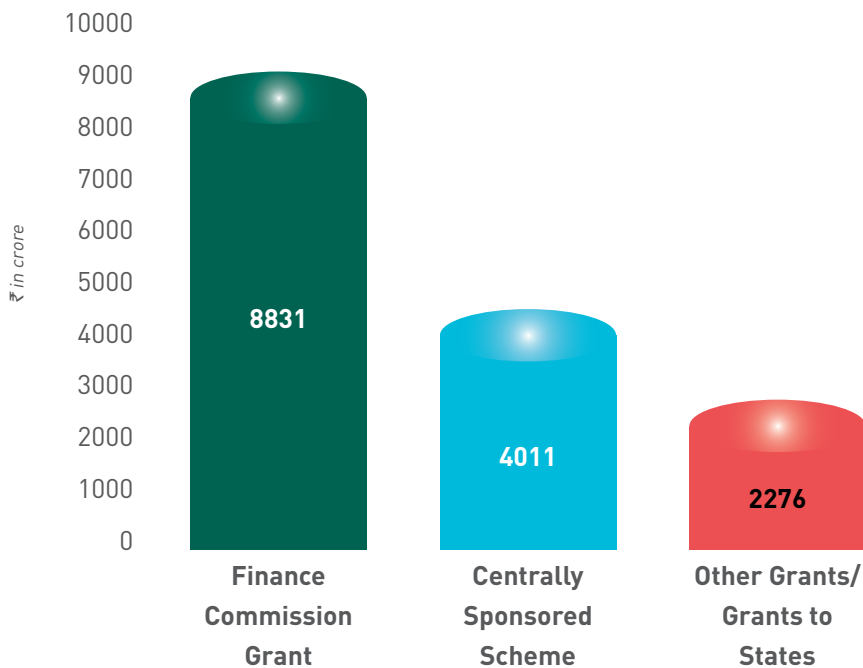
* Not applicable

Government of Himachal Pradesh received ranging between 31 per cent to 42 per cent share of total Tax Revenue from the net proceeds of all shareable Union taxes during the period 2014-15 to 2018-19.

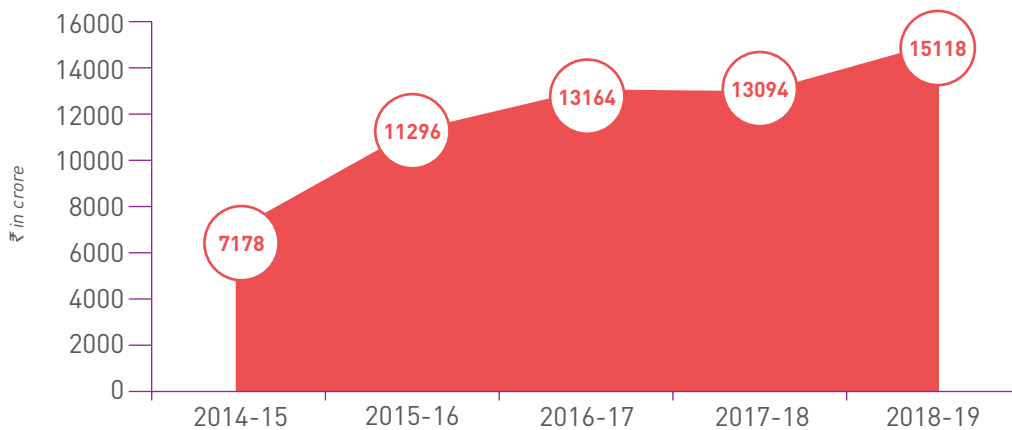
2.6 Grants-in-aid

Grants-in-aid represent assistance from the Government of India, and comprise, grant for Centrally Sponsored Schemes, Finance Commission Grants and other transfer/Grants to State/ Union Territory Legislatures. Total receipts during 2018-19 under Grants-in-aid were ₹15118 crore as shown below:

Grants-in-aid

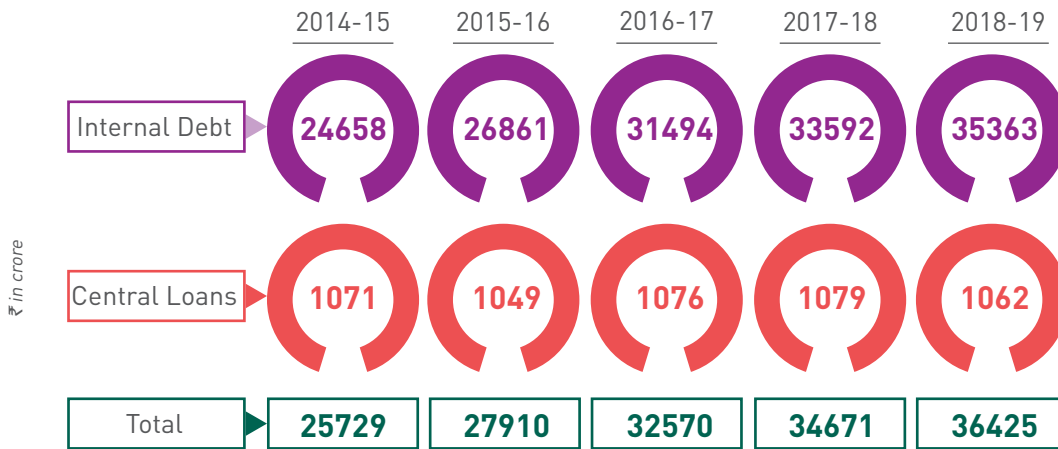


Trend of Grants-in-aid



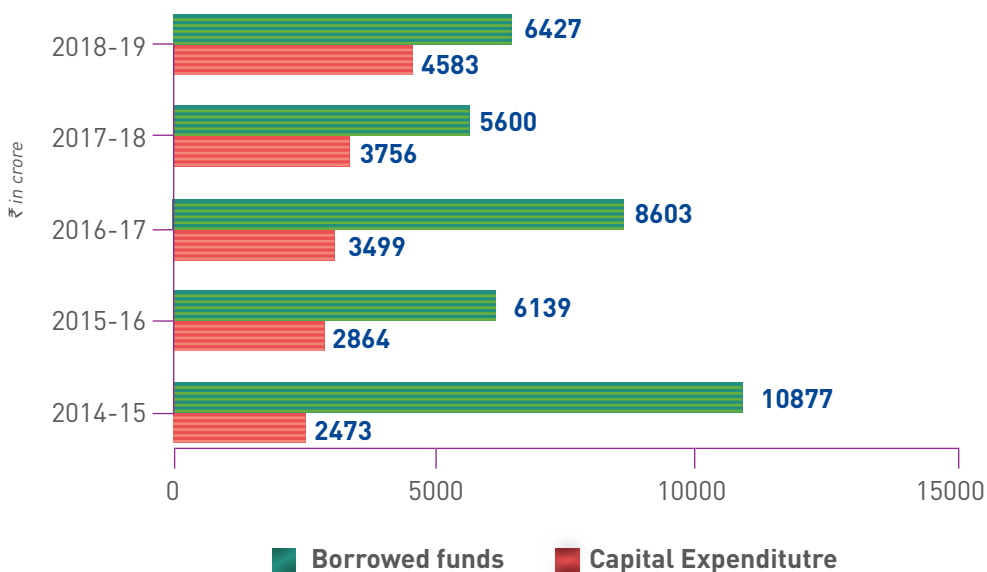
2.7 Public Debt

Trend of position of Public Debt over the past five years



During the year 2018-19, nine loans totaling ₹ 4210 crore were raised from the open market at interest rates varying from 7.52 per cent to 8.77 per cent and the same are redeemable during the period between 2021-2028. In addition, the State Government raised loan of ₹ 654 crore from the financial institutions. An amount of ₹1496 crore obtained from Ways and Means Advances from the Reserve Bank of India. Thus the total Internal Debt raised by the Government during the year 2018-19 aggregated to ₹ 6360 crore. The Government also received ₹ 67 crore from Government of India as loans and advances.

Borrowed funds viz-a-viz Capital Expenditure



Chapter III

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.

In Government accounts, the expenditure is classified at top level into three sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

GENERAL SERVICES

Includes Justice, Police, Jail, PWD, Interest, Pension etc.

Includes Education, Health & Family Welfare, Water Supply etc.

SOCIAL SERVICES

ECONOMIC SERVICES

Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

The Shortfall of revenue expenditure against budget estimates as per Appropriation Accounts during the past five years is given below:

(₹ in crore)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Budget Estimates	19784	23488	26746	28756	33568
Actuals	19787	22303	25344	27053	29442
Gap	(+)3	(-)1185	(-)1402	(-)1703	(-)4126
Percentage of variation of Actuals against BE	--	(-)5	(-)5	(-)6	(-)12

(Source: Appropriation Accounts of respective years)

Around 73 per cent of the total revenue expenditure was incurred on committed expenses viz. on Salaries and Wages (₹ 11210 crore) Interest payment (₹4022 crore) and Pensions (₹ 4975 crore) and subsidies (₹ 1283 crore) which is the committed liability of the State Government.

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

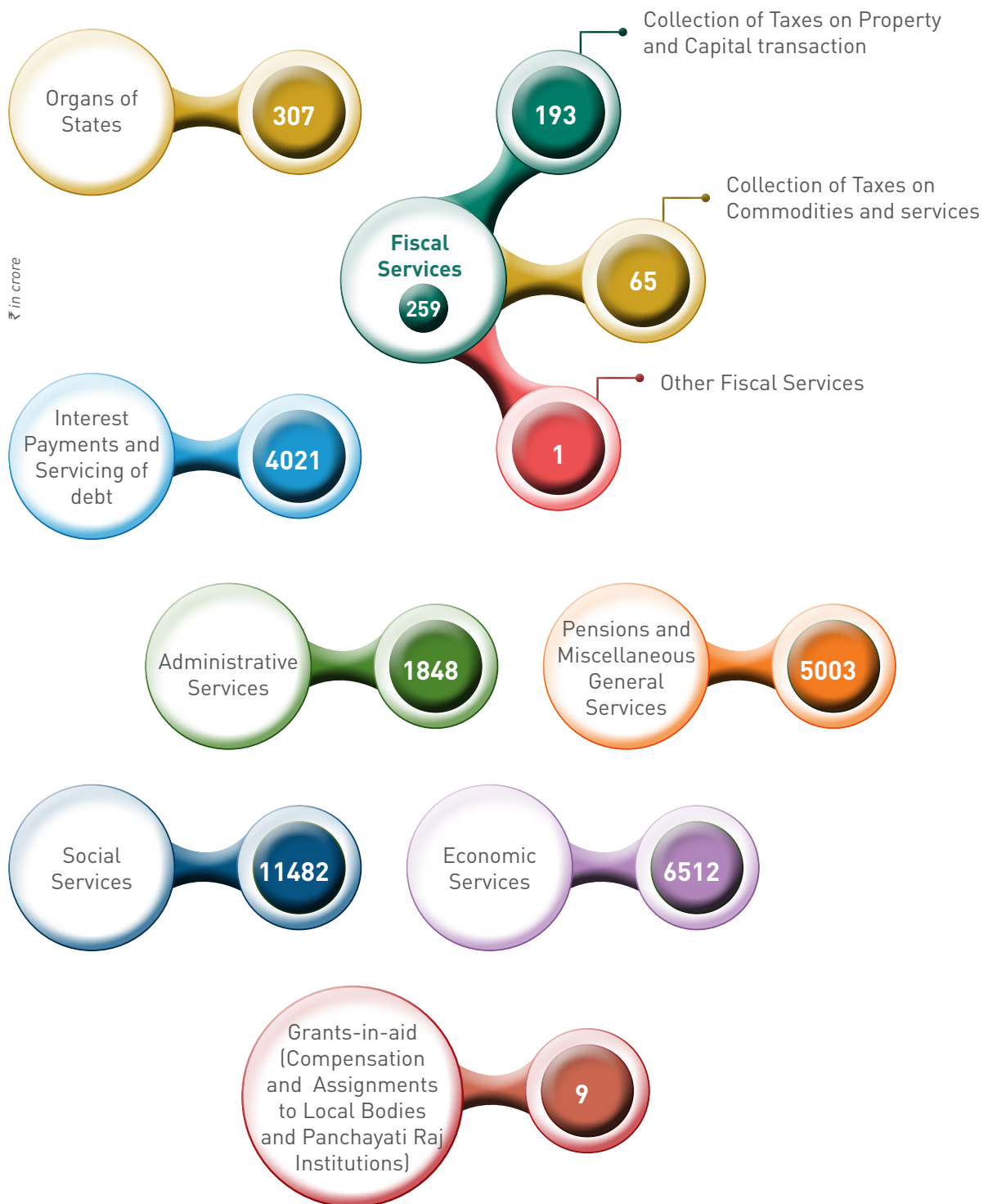
(₹ in crore)

Component	2014-15	2015-16	2016-17	2017-18	2018-19
Total revenue expenditure	19787	22303	25344	27053	29442
Committed revenue expenditure #	14982	16511	17919	20170	21490
Percentage of committed revenue expenditure to total revenue expenditure	76	74	71	75	73
Uncommitted revenue expenditure	4805	5792	7425	6883	7952

Committed revenue expenditure includes expenditure on Salaries & Wages, Interest Payments, Pensions and Subsidies.

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has increased by 65 per cent from ₹ 4805 crore in 2014-15 to ₹ 7952 crore in 2018-19. The total revenue expenditure increased by 49 per cent from ₹ 19787 crore in 2014-15 to ₹ 29442 crore in 2018-19 and committed revenue expenditure increased by 43 per cent over the same period.

3.2.1 Sectoral distribution of Revenue Expenditure (2018-19)

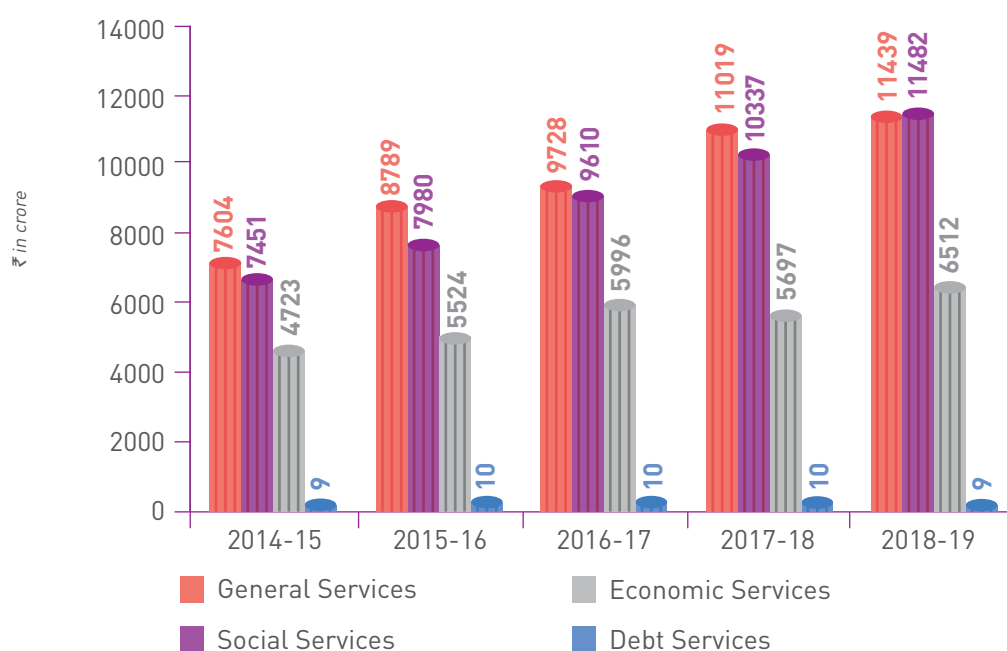


3.2.2 Major components of Revenue Expenditure 2014-15 to 2018-19

(₹ in crore)

Sector	2014-15	2015-16	2016-17	2017-18	2018-19
General Services	7604	8789	9728	11019	11439
Social Services	7451	7980	9610	10337	11482
Economic Service	4723	5524	5996	5697	6512
Grants-in-aid and Contribution	9	10	10	10	9

Trend of major components of Revenue Expenditure



3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustained. Capital disbursements during 2018-19 amounting for ₹ 4583 crore (3 per cent of GSDP) were excess than Budget Estimates by ₹ 343 crore (excess disbursement of ₹ 327 crore under plan expenditure and excess expenditure of ₹ 16 crore under non-plan). The growth in capital expenditure has not kept pace with the steady growth of GSDP since 2014-15 onwards. This can be seen from the table below:

(₹ in crore)

S.No.	Components	2014-15	2015-16	2016-17	2017-18	2018-19
1	Budget (B.E.)	1952	2951	3190	3475	4240
2	Actual Expenditure (#)	2473	2864	3499	3756	4583
3	Percentage of Actual Exp. to B.E.	127	97	110	108	108
4	Yearly growth in Capital Ex-penditure	33%	16%	22%	7%	22%
5	GSDP	95587	110511	124570	135914	151835
6	Yearly growth in GSDP	16%	16%	13%	9%	12%

(#) Does not include expenditure on Loans and Advances

3.3.1 Sectoral distribution of Capital Expenditure

During 2018-19, the Government spent ₹ 286 crore on various Irrigation Projects (₹ 59 crore on Medium Irrigation and ₹ 227 crore on Minor Irrigation). Apart from above, the Government spent ₹1941 crore on construction of roads and bridges and invested ₹ 113 crore in Statutory Corporations/ Boards, ₹204 crore in Government and other Companies and Co-operative societies, During the year share capital amounting to ₹ 2 crore was redeemed by Co-operative Banks and Societies.

3.3.2 Sectoral distribution of Capital Expenditure over the past five years

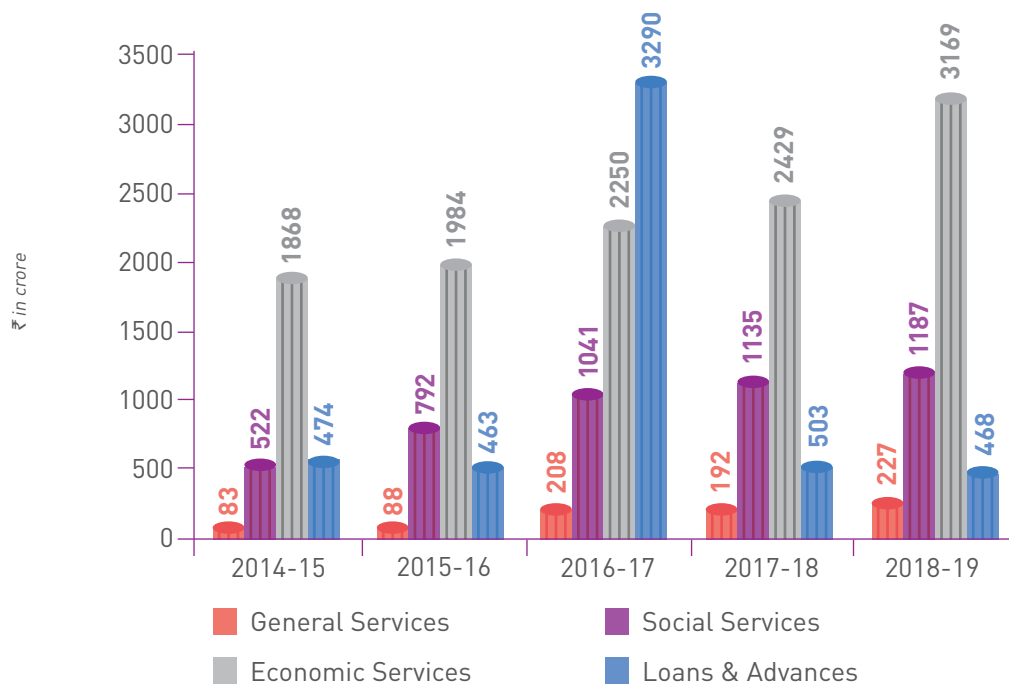
The comparative sectoral distribution of capital and revenue expenditure over the past five years is illustrated below:

(₹ in crore)

Sector	2014-15	2015-16	2016-17	2017-18	2018-19
General Services	83 (3)	88 (3)	208 (3)	192 (5)	227 (4)
Social Services	522 (18)	792 (24)	1041 (15)	1135 (27)	1187 (24)
Economic Services	1868 (63)	1984 (60)	2250 (33)	2429 (57)	3169 (63)
Loans and Advances	474 (16)	463 (14)	3290 (48)	503 (12)	468 (9)

Note: Figures in parentheses represent percentage to total capital expenditure.

Trend of Sectoral Distribution of Capital Expenditure



3.3.3 Sectoral distribution of Capital and Revenue Expenditure

The comparative sectoral distribution of capital and revenue expenditure over the past five years is illustrated below:

(₹ in crore)

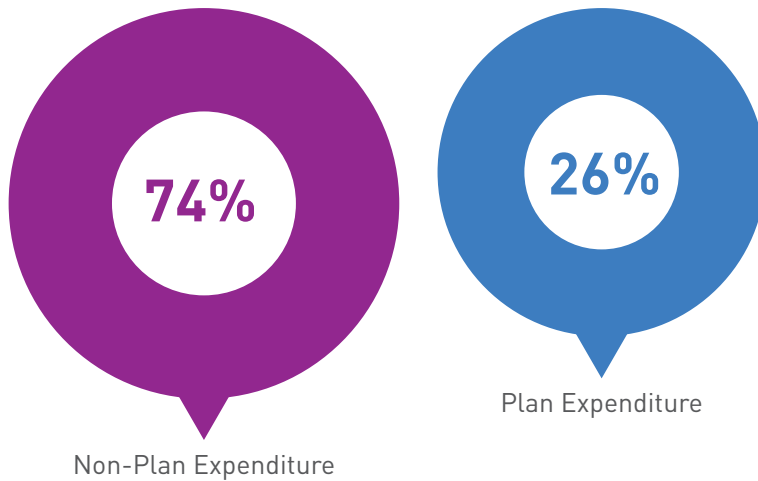
S.No.	Sector		2014-15	2015-16	2016-17	2017-18	2018-19
(A)	General Services	Capital	83	88	208	192	227
		Revenue	7604	8789	9728	11019	11439
(B)	Social Services	Capital	522	792	1041	1135	1187
		Revenue	7451	7980	9610	10337	11482
(C)	Economic Service	Capital	1868	1984	2250	2429	3169
		Revenue	4723	5524	5996	5697	6512
(D)	Grants-in-aid and Contribution	Capital	NA*	NA*	NA*	NA*	NA*
		Revenue	9	10	10	10	9

*Not Applicable

Chapter IV

Plan and Non-Plan Expenditure

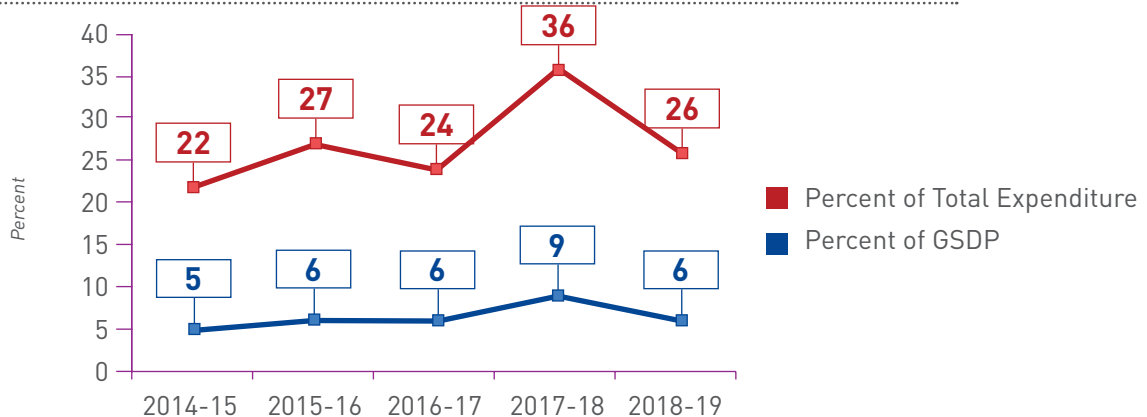
4.1 Distribution of Expenditure



4.2 Plan Expenditure

Plan expenditure (Revenue, Capital and Loans and Advances) during 2018-19 was ₹ 8805 crore constituting 26 per cent of total expenditure of ₹ 34493 crore. This comprised ₹ 5459 crore under state plan, ₹ 3346 crore under centrally sponsored/ central plans scheme.

Plan Expenditure as proportion of Total Expenditure and Gross State Domestic Product



Plan expenditure under the revenue sector increased by 13 per cent from ₹3772 crore in 2017-18 to ₹ 4263 crore in 2018-19. In capital sector it witnessed increase of 20 per cent from ₹ 3416 crore in 2017-18 to ₹ 4103 crore in 2018-19. The share of Centrally Sponsored Schemes/ Central Plan (Revenue ₹ 2036 crore and Capital ₹1310 crore) in Plan expenditure increased from ₹ 2805 crore in 2017-18 to ₹ 3346 crore in 2018-19.

4.2.1. Plan Expenditure under Capital Account

	2014-15	2015-16	2016-17	2017-18	2018-19
Total Capital Expenditure	2947	2864	3499	3756	4583
Capital Expenditure (Plan)	2884	2764	6275	3791	4542*
Percentage of Capital Expenditure (Plan) to total Capital Expenditure	98	97	179	101	99

* Includes Loans and Advances of ₹ 439 crore.

4.2.2. Plan expenditure on Loans and Advances

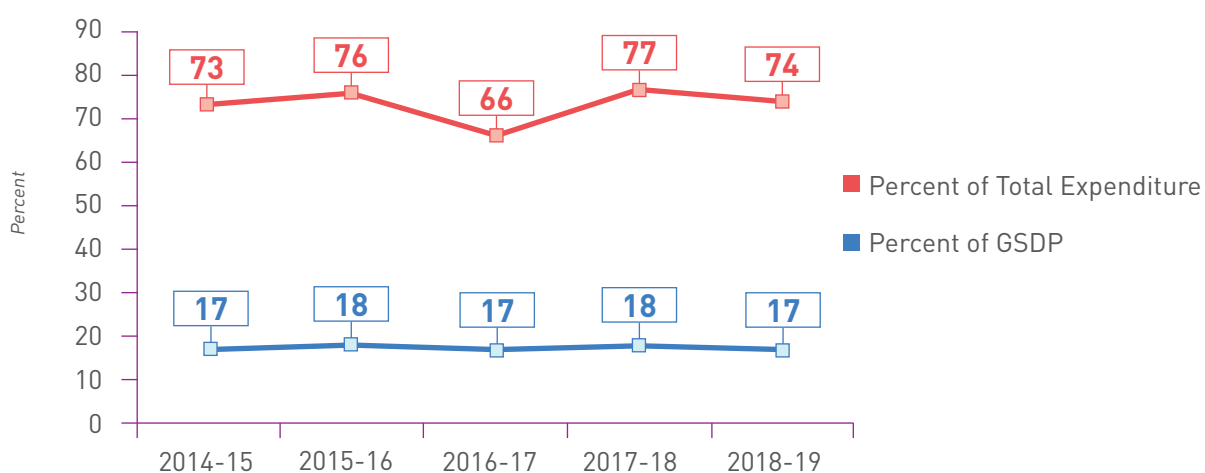
Significant disbursements of Loans and Advances were as under:

Major Heads	Amount (₹ in crore)	Purpose
6425 Loans for Cooperative	28	Integrated cooperative Development Project.
6801 Loans for Power Projects	409	Loans given to various power projects
7610 Loans to Government Servants etc.	2	House building advance to Government Servants
Total	439	

4.3 Non-Plan Expenditure

Non plan expenditure (Revenue, Capital and Loans and Advances) during 2018-19 was ₹25689 crore constituting 74 per cent of total expenditure of ₹34493 crore. This comprised ₹25410 crore under state non plan, ₹250 crore under centrally sponsored/ central non plans scheme and ₹29 crore on Loans and Advances. The expenditure on salary and wages amounting to ₹11210 crore was 44 per cent of total Non-plan expenditure.

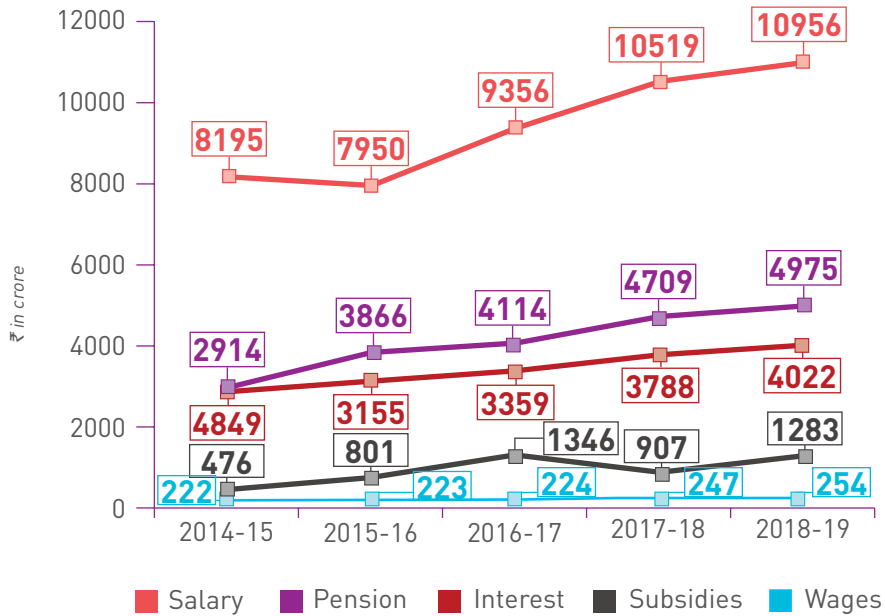
Non-Plan Expenditure as proportion of Total Expenditure and Gross State Domestic Product



4.4 Committed Expenditure

Expenditure on salaries, pensions and interest payments showed increase in 2018-19 over the previous year, mainly on account of revision of pay and pension.

Trend of Committed Expenditure



The trend of committed expenditure to in comparison to revenue expenditure and revenue receipt over the past five years is depicted below:

(₹ in crore)

Component	2014-15	2015-16	2016-17	2017-18	2018-19
Committed Expenditure	14982	16511	17919	20170	21490
Revenue Expenditure	19787	22303	25344	27053	29442
Revenue Receipts	17843	23440	26264	27367	30950
Percentage of committed expenditure to Revenue Receipts	84	70	68	74	69
Percentage of committed expenditure to Revenue Expenditure	76	74	71	75	73

The committed expenditure increased by 43 per cent from 2014-15 to 2018-19 while revenue expenditure registered the growth of 49 per cent during the same period, leaving the Government with lesser flexibility in development spending.

Chapter V

Appropriation Accounts

5.1 Summary of Appropriation Accounts for 2018-19

(₹ in crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Surrender (by way of re-appropriation)	Total Budget	Actual expenditure (Net)	Savings(-) Excesses(+)
1.	Revenue						
	Voted	29245	701	5000	24946	25277	(+)331
	Charged	4323	91	170	4244	4165	(-)79
2.	Capital						
	Voted	4285	641	358	4568	4572	(+)4
	Charged	--	11	--	11	11	--
3.	Public Debt						
	Charged	3184	1438	--	4622	4673	(+)51
4.	Loans and Advances						
	Voted	448	260	299	409	467	(+)58
	Total (V)	33978	1602	5657	29923	30316	(+)393
	Charged	7507	1540	170	8877	8849	(-)28

5.2 Trend of Saving / Excess during the past five years

(₹ in crore)

Year	Savings (-) Excess (+)				Total
	Revenue	Capital	Public Debt	Loan & Advances	
2014-15	(-)1465	(-)73	(+)967	(+)87	(-)484
2015-16	(+)31	(+)35	(+)2319	(+)138	(+)2523
2016-17	(-)2544	(+)69	(+)56	(+)2889	(+)470
2017-18	(+)204	(-)100	--	(+)10	(+)114
2018-19	(+)252	(+)4	(+)51	(+)58	(+)365

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 are given below:

(₹ in crore)

Grant No.	Nomenclature	2014-15	2015-16	2016-17	2017-18	2018-19
1	Vidhan Sabha	--	--	--	3	3
2	Governor and Council of Ministers	--	--	--	--	3
3	Administration of Justice	6	13	15	12	33
4	General Administration	12	17	13	14	21
5	Land Revenue and District Administration	36	--	87	--	--
6	Excise and Taxation	--	4	2	7	14
7	Police and Other Organisation	10	73	51	82	147
8	Education	385	1076	866	665	981
9	Health and Family welfare	158	367	299	216	340
10	Public Works- Roads Bridges and Buildings	18	78	46	42	283
11	Agriculture	--	38	27	11	75
12	Horticulture	--	--	--	103	19
13	Irrigation, Water Supply and Sanitation	--	--	--	119	152
14	Animal Husbandry Dairy Development and Fisheries	7	35	35	45	74
15	Planning and Backward Area Sub Plan	12	31	47	30	32
16	Forest and Wild Life	3	33	61	88	131
18	Industries Minerals Supplies and Information Technology	5	12	9	11	119
19	Social Justice and Empowerment	--	47	25	60	32
20	Rural Development	110	209	122	403	390
21	Co-operation	5	8	10	3	4
22	Food and Civil Supplies	28	48	41	55	--
23	Power Development	--	1	146	383	185
25	Road and Water Transport	--	1	1	2	2
27	Labour Employment and Training	62	64	77	206	40
28	Urban Development, Town and Country Planning and Housing	6	--	42	25	119
29	Finance	587	229	87	304	1185
30	Miscellaneous General Services	--	14	14	8	13
31	Tribal Area Sub Plan	13	123	198	301	408
32	Scheduled Caste Sub Plan	26	32	420	236	545

The persistent huge savings under Finance, Education, Scheduled Caste Sub Plan, Tribal Area Sub -Plan, Rural Development and Health and Family welfare 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 2018-19 Supplementary grants totaling ₹ 3142 crore (7.40 per cent of total expenditure of ₹ 42469 crore) 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 No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
01	7610- Loans to Government Servant etc 202- Advances for Purchase of Motor conveyances- 05- Loans to Member of Legislative Assembly for Purchase of Vehicles Non-Plan	Capital	1	3	3
02	2013-Council of Ministers- 101-Salary of Ministers and Deputy Ministers- 01- Emoluments of Ministers Deputy Ministers- Non-Plan	Revenue	11	4	14
04	2051-Public Service Commission- 102- State Public Service Commission- 01-- State Public Service Commission- Non-Plan	Revenue	9	7	15
04	2216-Housing- 05- General Pool Accommodation- 053-Maintenance and Repairs- 01- Other Maintenance Expenditure- Non-Plan	Revenue	--	1	--
05	2053- District Administration- 093- District Establishment 01- General Establishment Non-Plan	Revenue	148	4	129
07	4055-Capital Outlay on Police- 211-Police Housing- 05-Construction of State Forensic Science Laboratory- Non-Plan	Capital	--	2	1

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
09	4210-Capital Outlay on Medical and Public Health- 03-Medical Education Training and Research 105-Allopathy- 07- Construction of Medical College at Chamba- Plan	Capital	33	18	46
10	5054-Capital Outlay on Roads and Bridges 04-District and Other Roads 337-Road Works 16- Administrative and Contingency Charges out of Funds Received from National Highways Authority of India- Non- Plan	Capital	--	20	17
24	2058-Stationery and Printing- 103- Government Presses- 01- Himachal Pradesh Government Press- Non- Plan	Revenue	18	2	17

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

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
05	2245-Relief on account of Natural Calamity- 02- Floods, Cyclone etc.- 101-Gratuitous Relief- 01- Cash Doles- Non-Plan	Revenue	--	12	24
05	2245-Relief on account of Natural Calamity- 02- Floods, Cyclone etc.- 106-Repairs & Restoration of Damaged Roads & Bridges 01- Repairs of Roads & Bridges Non- Plan	Revenue	--	36	86

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
05	2245-Relief on account of Natural Calamity- 02- Floods, Cyclone etc.- 109-Repairs & Restoration of Damaged Water supply drainage & Sewerage work- 01- Expenditure on Damaged Water supply drainage & Sewerage work- Non- Plan	Revenue	--	25	48
05	2245-Relief on account of Natural Calamity- 02- Floods, Cyclone etc.- 111- Ex-Gratia Payment to Bereaved Families- 01- Ex Gratia Payment Non-Plan	Revenue	--	8	73
05	2245-Relief on account of Natural Calamity- 02- Floods, Cyclone etc.- 113- Assistance for Repairs/ Re-construction of Houses 01- Repairs & construction of Houses Assistance- Non-Plan	Revenue	--	3	23
05	2245-Relief on account of Natural Calamity- 02- Floods, Cyclone etc.- 193- Assistance to Local Bodies & other Non- Government Bodies/ Institutions 01- Assistance to Local Bodies & other Non- Government Bodies/ Institutions- Non- Plan	Revenue	--	4	29
05	2245-Relief on account of Natural Calamity- 05- State Disaster Response Fund- 101- Transfer to Reserve Fund and Deposit Account State Disaster Response Fund- 02- National Calamity Relief Fund- Non- Plan	Revenue	--	84	227

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
10	5054- Capital Outlay on Roads & Bridges- 04- District & Other Roads- 337- Road Works- 09- Programme Fund & Administrative Expenses Fund under Pradhan Mantri Gramin Sadak Yojna Works- Plan	Capital	355	48	493
22	2408- Food Storage & Warehousing- 01- Food 102-Food Subsidies- 13- Subsidy on Wheat & Rice to below poverty line Families- Plan	Revenue	5	19	47
23	6801- Loans to Power Project- 190- Loans to Public Sector and Other Undertakings- 02- Loan to HP Power Transmission Corporation Ltd- Plan	Capital	83	225	344
27	2230- Labour & Employment- 03- Training- 800- Other Expenditure- 01- HP Kaushal Vikas Nigam- Plan	Revenue	--	45	71
29	6003-Internal Debt of State Government- 110- Ways & Means Advances from RBI- 01- Normal ways and Means Advances and Overdraft- Non- Plan	Capital	--	1439	1496

An expenditure of ₹ 7 crore in five cases where funds were allocated directly by bye-passing the legislature i.e. through re-appropriation instead of Original/Supplementary budget are given below:-

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Re-Appropriation	Actuals Expenditure
07	2216-Housing 06- Police Housing- 053-Maintanance & Repairs- 01- Other Maintenance Expenditure- Plan	Revenue	--	--	3	1
08	2202- General Education- 80-General- 107-Scholarship- 08- Post Matric Scholarship to OBC Student Non-Plan	Revenue	--	--	4	4
09	2210- Medical & Public Health- 05- Medical Education, Training and Research- 101- Ayurveda- 05- National AYUSH Mission- Plan	Revenue	--	--	1	1
20	4515- Capital Outlay on Other Rural Development Programmes- 101- Panchayati Raj- 01- Buildings- Non- Plan	Capital	--	--	4	--
27	2203-Technical Education - 105- Polytechnics- 06- Setting up of New Polytechnics - Plan	Revenue	--	--	1	1

Chapter VI

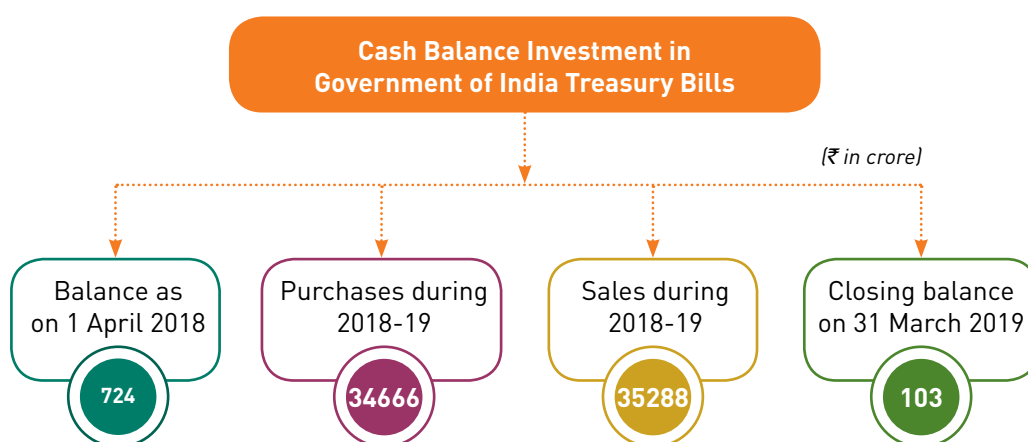
Assets and Liabilities

6.1 Assets

The existing forms of accounts do not clearly 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 ₹309 crore at the end of the year of 2018-19. However, dividends received during the year were ₹182 crore (i.e 5 per cent) on total investment (₹3849 crore). At the end of the year 2018-19, investments increased by ₹316 crore and dividend income decreased by ₹74 crore.

Cash Balance with RBI stood at ₹(-)541 crore on 1 April 2018 and decreased to ₹(-)50 crore at the end of March 2019. In addition, Government had invested an amount of ₹33880 crore on 133 occasions in 14 days Treasury Bills and ₹787 crore in 91 days Treasury Bills and rediscounted Treasury Bills worth ₹34501 crore on 205 occasions and ₹787 crore rediscounted on 2 occasion during 2018-19. The position of investment during the year 2018-19 is depicted in the table given below:



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. The limit for 2018-19 was ₹ 5737 crore. Against this Government of Himachal Pradesh has availed open market borrowing for ₹ 4210 crore.

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

(₹ in crore)

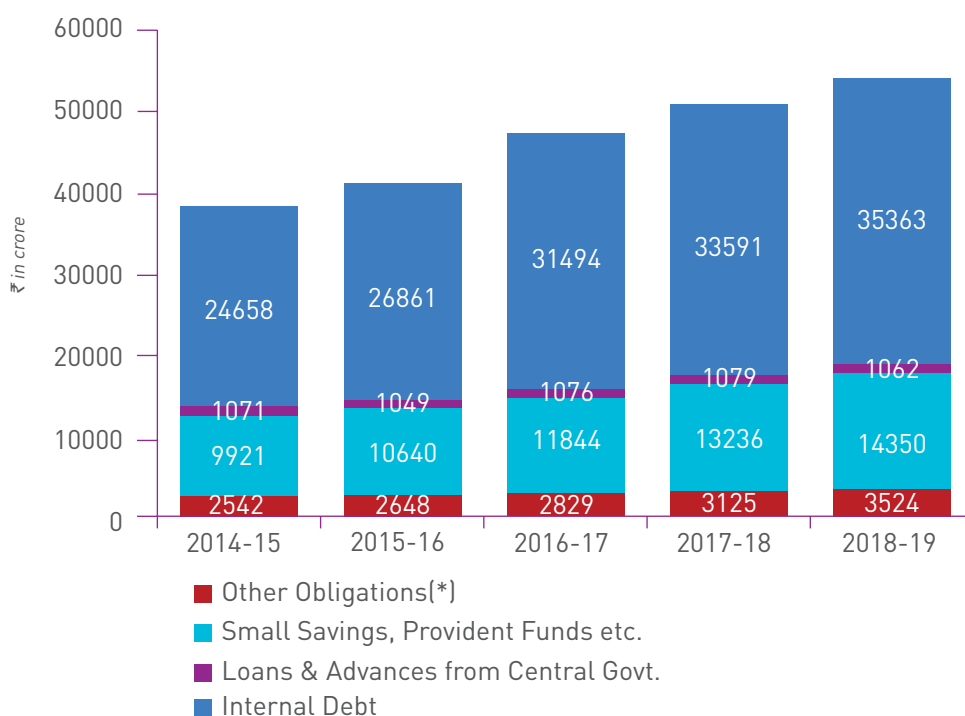
Year	Public Debt	Per cent of GSDP	Public Account*	Per cent of GSDP	Total Liabilities	Per cent of GSDP
2014-15	25729	27	12463	13	38192	40
2015-16	27910	25	13287	12	41197	37
2016-17	32570	26	14674	12	47244	38
2017-18	34671	26	16360	12	51031	38
2018-19	36425	24	17874	12	54299	36

* Excludes suspense and remittance balance.

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

Public Debt and other liabilities showed a net increase of ₹3268 crore (6 per cent) over the previous year.

Trend in Government Liabilities



(*) Interest & 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 at the end of the year	
		Principal	Interest
2014-15	9316	4281*	NA#
2015-16	9658	3714*	NA#
2016-17	12320	4550*	NA#
2017-18	8848	4394*	NA#
2018-19	5181	4309*	NA#

* Inclusive of Principal and Interest.

Note: Details are available Statement No 20 of Finance Accounts and these are based on information received from the State Government, Finance Department.

Not Applicable

Chapter VII

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, the State Government also guarantees 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 understatement of liabilities in Government accounts. As on 31 March 2019 no adverse balance is appearing in favour of 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 2018-19 was ₹ 6953 crore. Out of this, loans and advances to government corporation/companies, non-government institutions and local bodies amounted to ₹ 468 crore. Recovery of principal aggregating to ₹ 97 crore was in arrears at the end of 31 March 2019. The information relating to recovery of interest in arrear was not made available by the State Government. During 2018-19 only ₹ 22 crore was received towards repayment of loans and advances, out of which ₹ 8 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would help the Government improve its fiscal position.

7.3 Financial Assistances to Local Bodies and Others

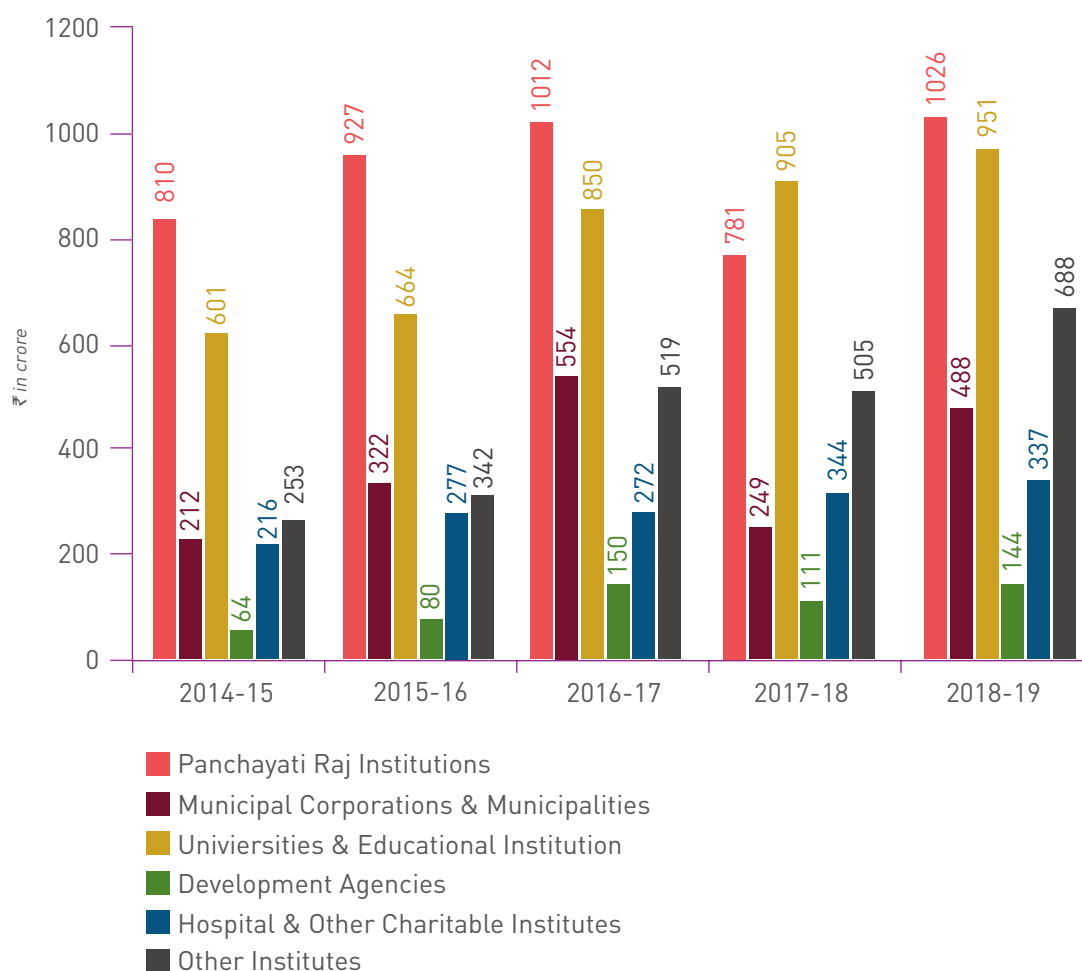
Grants-in-aid given to local bodies, autonomous bodies etc. increased from ₹ 2156 crore in 2014-15 to ₹ 3634 crore in 2018-19. Grants to Zilla Parishads and Panchayat Raj Institutions, Municipal Corporations and Municipalities (₹ 1514 crore) represent 42 per cent of total grants given during the year.

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

(₹ in crore)

S. No	Name of Institutions	2014-15	2015-16	2016-17	2017-18	2018-19
1	Zilla Parishads & Panchayati Raj Institutions	810	927	1012	781	1026
2	Municipal Corporations & Municipalities	212	322	554	249	488
3	Universities & Educational Institution	601	664	850	905	951
4	Development Agencies	64	80	150	111	144
5	Hospital & Others Charitable Institutes	216	277	272	344	337
6	Other Institutes	253	342	519	505	688
	Total	2156	2612	3357	2895	3634

* Includes ₹ 1 crore on account of Grant-in-aid capital expenditure.



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

(₹ in crore)

S. No	Name of Institutions	2014-15	2015-16	2016-17	2017-18	2018-19
1	Zilla Parishads	88	--	--	15	29
2	Panchayati Samities	54	--	--	11	24
3	Gram Panchayat	51	208	326	321	370
4	Municipal Corporations	76	79	245	43	72
5	Municipalities	14	62	143	28	72
6	Educational Institution	10	--	1	--	--
7	Development Agencies	10	15	35	38	41
8	Statutory Corporations	--	10	10	10	12
9	Cooperative Institution	1	--	1	1	1
10	Social Welfare	8	--	--	--	--
11	Universities	--	2	--	--	--
12	Others	101	159	213	206	213
	Total	413	535	974	673	834

7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2018	As on 31 March 2019	Net increase(+)/ decrease(-)
Cash Balances	(-)541	(-)50	(-)491
Investment from cash balance (Government of India Treasury Bills)	724	103	(-)621
Investment from earmarked fund balances	--	--	--
(a) Sinking Fund	--	--	--
(b) Guarantee Redemption Fund	--	--	--
(c) Other Funds	--	--	--
Interest realized during the year	81	67	(-)14

State Government had a negative closing cash balance at the end of 31 March 2019. Interest receipt on the investment of cash balance has decreased by 17 per cent from ₹ 81 crore to ₹ 67 crore in 2018-19.

7.5 Reconciliation of Receipt and Expenditure

To exercise effective control of expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, all Chief Controlling Officer (CCOs)/ Controlling Officer (COs) are required to reconcile the figures of Receipts and Expenditure recorded in their books every month and expenditure under the Consolidated Fund have been completed cent per cent by all CCOs/Cos.

7.6 Submission of Accounts by Accounts rendering units

The Finance Accounts 2018-19 present the transactions of the Government of Himachal Pradesh for the period 1st April 2018 to 31 March 2019. The accounts of receipts and expenditure of the Government of Himachal Pradesh have been compiled based on the initial accounts rendered by 18 District Treasuries, 80 Public Works Divisions, 89 Forest Divisions, 54 Irrigation and Public Health Divisions and Advices of the Reserve Bank of India. Rendition of monthly accounts by the Accounts Rendering Units of the State Government was satisfactory and no accounts remained excluded at the end of the Financial Year.

7.7 Advance payments

The Finance Department, Government of Himachal Pradesh has not developed any mechanism to identify and monitor the withdrawals on account of Abstract Contingent (AC) Bills and adjustment of expenditure against them as Detailed Contingent (DC) Bills. The drawals are being made in form HPTR-5 which are used for drawal of ordinary bills. The State Government has not developed a mechanism for identifying Abstract Contingent advances in the Integrated Financial Management System (IFMS). Therefore, the office of the Principal Accountant General (A&E), Himachal Pradesh could not identify AC Bills and monitor their adjustment through Detailed Contingent Bills. The O/o the Pr. Accountant General (Audit) conducted test check of five departments namely, Ayurveda, Health and Family Welfare, Youth and Sports Services, Horticulture and Agriculture and found that 306 AC bills amounting to ₹ 32 crore were drawn by different DDOs of these five departments during the period 2014-19. Out of this, 75 AC bills amounting to ₹ 29 crore (Ayurveda: 62: ₹ 15 crore, Health and Family Welfare: 13: ₹ 14 crore) were pending for adjustment as of August 2019. This is fraught with the risk of misappropriation/ malfeasance apart from funds being parked in bank accounts with resultant effect of overstating the expenditure.

7.8 Status of Suspense Balances and Remittances Balances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items shown as gross debit and credit balances under Major Head-8658-Suspense Account and 8782-Remittances for the last five years is given on next page.

Name of Minor Head	2014-15		2015-16		2016-17		2017-18		2018-19	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658-Suspense Accounts										
101-Pay and Accounts Office-Suspense	45	23	56	18	77	30	86	37	96	35
Net	22 Dr.		38 Dr.		47 Dr.		49Dr		61 Dr	
102-Suspense Account (Civil)	139	132	195	212	275	275	171	164	150	132
Net	7 Dr.		17 Cr.		-nil-		7 Dr		18 Dr	
110-Reserve Bank Suspense -Central Accounts Office	36	36	0	0	0	0	0	0	1	0
Net	-nil-		-nil-		-nil-		-nil-		1 Dr	
112-Tax Deducted at Source (TDS) Suspense	264	286	285	303	380	395	400	454	484	497
Net	22 Cr.		18 Cr.		15 Cr.		54Cr		13 Cr	
129-Material Purchase Settlement Suspense Account	69	371	144	407	176	399	271	348	164	306
Net	302 Cr.		263 Cr.		223 Cr.		77Cr		142 Cr	
(b) 8782-Cash Remittances and adjustments between rendering accounts to the same Accounts Office										
102-Public Works Remittances	4322	4507	4801	5144	6342	6652	6668	7037	7185	7661
Net	184 Cr		343 Cr		310 Cr		368 Cr		475 Cr	
103-Forest Remittances	217	250	190	212	139	163	120	151	152	187
Net	33 Cr		22 Cr		24 Cr		31 Cr		36 Cr	

7.9 Status of Outstanding Utilization Certificate

In terms of Rule 157 of the Himachal Pradesh Financial Rules,1971(Revised in 2009), where grants are sanctioned for specific purposes, the departmental officers concerned should obtain Utilization Certificates (UCs) from the grantees, which, after verification, should be forwarded to the Principal Accountant General (A&E) within the dates specified in the sanction. Such Grants-in-aid are accounted for under the respective major heads of account. The status of outstanding UCs as per the records of the O/o the Principal Accountant General (A&E), HP is given on next page.

Year (*)	Number of Utilization Certificates awaited	Amount (₹ in crore)
Up to 2016-2017	669	368
2017-2018	450	409
2018-19	1288	1121
Total	2407	1898

(* The year mentioned above relates to "Due year" i.e., after 12 months' of actual draw).

There is a clearance of 3351 U.C.s amounting to ₹ 3230 crore (1591 U.C.'s amounting to ₹ 2023 crore upto 2017-18 and 1760 U.C.s amounting to ₹ 1207 crore for 2018-19) during 2018-19.

77 per cent of wanting UCs pertains to four departments viz. Panchayati Raj Department (1165 UCs: ₹ 990 crore), Social Security and Welfare (390 UCs: ₹ 20 crore), Industries (156 UCs: ₹ 59 Crore) and Rural Development (152 UCs: ₹ 280 crore) as on 31 March 2019.

7.10 Commitments on account of Incomplete Capital works

A total expenditure of ₹ 181 crore was incurred up to the year 2018-19 by the State Government on 10 incomplete projects, each involving ₹ 5 crore and above, against original estimated cost of ₹ 280 crore as detailed in Appendix IX in Volume II of the Finance Accounts.

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

(₹ in crore)

Sl No.	Category of works (No. 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 (1)	6	1	9	--	16
2	Water supply Scheme (5)	89	17	75	--	89
3	Building Works (1)	165	12	83	--	165
4	Road & Bridges (3)	20	--	14	--	20
	Total	280	30	181	--	290

7.11 New Pension Scheme

Expenditure during the year on pension and other retirement benefits to State Government employees recruited on or before 14 May 2003 was ₹ 4727 crore (including ₹ 379 crore of leave encashment benefit), constituting 16.05 per cent of the total Revenue Expenditure of ₹ 29442 crore. State Government employees recruited with effect from 15 May 2003 are eligible for the Defined Contribution Pension Scheme.

As per prescribed procedure, both the contributions (employer and employee) are to be initially credited to the Public Account under Major Head 8342-Other Deposits-117 Defined Contribution Pension Scheme for Government Employees. Thereafter, the entire amount is to be transferred to the National Securities Depository Limited (NSDL)/Trustee Bank through the designated fund manager in the same year itself.

During the year 2018-19, the State Government received ₹ 302 crore towards Employees contribution. Considering a matching grant of ₹ 302 crore as State Government share and taking into account opening balance ₹ 1 crore Dr., a total amount ₹ 603 crore was to be transferred to NSDL. However, adverse balance has gone up to ₹ 1 crore due to non-routing the entire amount through the Public Account.

As per information received from NSDL, a total amount of ₹ 606 crore was credited during the year. Out of ₹ 606 crore transferred to NSDL on account of Pension contribution, only ₹ 525 crore has been routed through the Government account following the prescribed accounting procedure.

7.12 Personal Deposit Accounts

Under Rule 12.7 of the Himachal Pradesh Financial Rules Vol-I, 1971 Personal Deposit (PD) accounts are operated by transferring amounts from the Consolidated Fund to be utilized for specific purposes and booked as final expenditure against the concerned service Major Heads without any actual cash flow. Unspent balances lying in PD accounts are required to be transferred back to the Consolidated Fund on the last working day of the financial year, and reopened next year, if necessary. This Rule has not been followed by the State Government, despite persistent correspondence over the past many years.

Details of balances in Personal Deposit Accounts are as under:

(₹ in crore)

PD Accounts as on 01.04.2018		PD Accounts opened during the year 2018-19	PD Accounts closed during the year 2018-19	Additions during the year	Disbursements during the year	Closing Balance as on 31.03.2019		Operative Accounts		Inoperative Accounts	
No.	Amt.	Nil	Nil	No.	Amt.	No.	Amt.	No.	Amt.
112	3					112	3	102	2	10	...

(i) Amount lying unspent for more than one year- ₹ 0.13 crore.

(ii) Amount lying unspent for more than three years- Nil

7.13 Investment

The State Government invests in the equity and shares of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. As per the accounts, the investment of State Government in 67 entities was ₹ 3849 crore as on 31 March, 2019 on which an amount of ₹ 182 crore was received as dividend/interest (i.e 4.73 percent of total investments). Out of these ₹ 179 crore was received as dividend/interest from a Central Government Company i.e Satluj Jal Vidyut Nigam (Previously Nathpa Jhakri Power Corporation) wherein invested amount was ₹ 1098 crore. The rest dividend/interest amount of ₹ 3 crore was received on invested amount of ₹ 2751 crore in 66 entities, as per details given in Statement 19. However, these figures require confirmation from the State Government as no reconciliation has been done with these entities.

7.14 Rush of Expenditure

Rush of expenditure, particularly in the closing months of the financial year shall be avoided in terms of Rule 41(3) of Himachal Pradesh Financial Rules 1971 (Revised-2009). The Administrative Departments shall ensure that both the Non-Plan and Plan budget of the respective departments is allowed to be spent in a controlled manner i.e. 25 per cent in the 4th quarter.

- (i) The trend of expenditure incurred during the last quarter, month of March and last three days of March 2019 as compared to the total expenditure during 2018-19 is as under:

(₹ in crore)

Total Expenditure during 2018-19 (Revenue plus Capital)	Expenditure incurred during January to March 2019	Expenditure incurred in March 2019	Expenditure incurred during last three days of March 2019	Percentage to Total Expenditure		
				Jan to March 2019	March 2019	Last three days of March 2019
34026	12342	6164	1252	36	18	4

An amount of ₹6164 crores, i.e. 18 per cent of total expenditure was incurred in the month of March 2019. Out of this an amount of ₹1252 crore had been booked as expenditure during the last three days based on expenditure sanctions. In the absence of voucher/sub voucher it cannot be ascertained whether the expenditure has been incurred or not.

- (ii) During March 2019, however, the State Government incurred capital expenditure of ₹ 1750 crore (constituting 38 per cent of total Capital Expenditure of ₹4583 crore) and ₹ 4414 crore of Revenue Expenditure (constituting 15 per cent of total Revenue Expenditure of ₹ 29442 crore). Details of Major Heads of account where a substantial portion (25 per cent or more of the total expenditure under relevant Major Heads) was incurred in March 2019 are given in Annexure D. Against expenditure of ₹ 6164 crore (₹ 1750 crore Capital Accounts and ₹ 4414 crore of Revenue Accounts) State Government also received ₹ 4147 crore of receipts in March 2019, which is 13 per cent of total receipts ₹ 30959 crore. Details of Major Heads of account where a substantial portion (25 per cent or more of the total receipts under relevant Major Heads) was received in March 2019 are given in Annexure E. Significant expenditure/transfers in March, especially on the last day of March, indicates that the expenditure was primarily used for the purpose of exhausting the budget provisions and reveals inadequate budgetary control.
- (iii) A comparative statement showing the receipt and expenditure during January to March 2019 is tabulated below:

(₹ in crore)

Month	Receipt		Total Receipt	Expenditure		Total Expenditure
	Revenue	Capital		Revenue	Capital	
Jan	3067	-	3067	2141	645	2786
Feb	2584	3	2587	3031	361	3392
March	4147	-	4147	4414	1750	6164
Total	9798	3	9801	9586	2756	12342

7.15 Status of Reserve Funds

Detailed information on reserve funds and the investments from the earmarked funds is available in Statements 21 and 22 respectively. There were three Reserve Funds (i.e. 8121-General and other Reserve Fund- ₹1 crore, 8229-Development and welfare funds- ₹316 crore, 8235-General and other Reserve Funds- ₹1 crore) earmarked for specific purposes, having accumulated balance of ₹317 crore as on 31 March, 2019. No investment was made by the State Government from Reserve Fund balances.

The detailed information on Reserve Funds is as under:

7.15.1 Consolidated Sinking Fund

In terms of the recommendations of the Twelfth Finance Commission, State Governments were required to create Consolidated Sinking Fund to be administered by the Reserve Bank of India (RBI) for redemption of outstanding liabilities which was an optional Fund.

As per RBI's guidelines of 2006, the State Government was required to make minimum annual contributions to the Fund at the rate of 0.5 per cent of the outstanding liabilities at the end of the previous financial year. Outstanding liabilities are defined as comprising Internal Debt and Public Account liabilities (Statement No. 6) of the State Government. The State Government has neither created Consolidated Sinking Fund nor made contribution to the extent of ₹255 crore (0.5 percent of outstanding liabilities of ₹51031 crore as on 31 March 2018) to Consolidated Sinking Fund during 2018-19.

7.15.2 Guarantee Redemption Fund

The State Government was also required to set up Guarantee Redemption Fund (optional) as per recommendation of Twelfth Finance Commission to meet the contingent liabilities arising from the guarantees given, and make minimum annual contributions to the Fund at the rate of 0.5 per cent of the outstanding guarantees as at the end of the previous year. The Government of Himachal Pradesh has, however, not created Guarantee Redemption Fund. Based on the figures provided by 14 guaranteed entities/State Government, the outstanding guarantees amounted to ₹4394 crore as on 31 March 2018, on which contribution of ₹22 crore was not made to the fund during the year 2018-19.

7.15.3 State Disaster Response Fund/National Disaster Response Fund

(i) The Thirteenth Finance Commission (TFC) had made provision of funds for the State Disaster Response Fund (SDRF) in its recommendations. In terms of the guidelines, the Centre and the State Governments are required to contribute to the Fund in the proportion of 90:10. During 2018-19 the State Government received ₹ 246 crore towards Central Government share of 90 per cent contribution to SDRF. The State Government released ₹ 27 crore against its own share of ₹ 27 crore. Out of total corpus of ₹ 282 crore (₹ 8 crore opening balance plus ₹ 273 crore transferred from Major Head 2245-Relief), the State Government adjusted ₹ 281 crore towards expenditure on account of natural calamities leaving a balance of ₹ 1 crore in the fund under Major Head 8121-General and other Reserve Funds-122-State Disaster Response Fund as on 31 March 2019.

In terms of guideline 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 in specified instruments. However, State Government did not invest funds received under SDRF. The State Government is also required to pay interest at the rate applicable to over draft (Regulation guidelines of RBI) on half yearly basis to the SDRF, which was not done by the State Govt.

(ii) In terms of guidelines issued on 30 July 2015, certain natural calamities require expenditure in excess of the balance available under SDRF, which will qualify for immediate relief assistance from NDRF. The State Government received ₹227 crore under NDRF and an expenditure of ₹227 crore has been incurred under Major Head 2245-Relief on account of Natural Calamities, leaving unspent balance of ₹1 (Opening balance ₹1 crore + ₹227 crore – ₹227 crore) crore in the fund under Major Head 8235-General and other Reserve Funds-125-National Disaster Response Fund as on 31 March 2019.

7.16 Cess levied by the State Govt.

(a) **Building and Other Construction Workers Welfare Cess:** No rules have been framed by the Government of Himachal Pradesh for accounting of labour Cess and no sub head has been provided by the Government for booking the collection of labour Cess.

The Labour Cess collected by B & R/IPH Department is being booked under 8443- Civil Deposit-108- Public Works Deposits without routing through consolidated fund of Himachal Pradesh. Since the Public Works Deposits do not have any sub-head below it for booking this cess, hence the amount of cess collected, actually transferred to the Labour Welfare Board, balance yet to be transferred and expenditure incurred out of cess collection cannot be ascertained in the absence of prescribed accounting rules.

During the year 2018-19 ₹23 crore were collected and ₹ 20 crore were disbursed from 8443- Deposit on account of labour cess by B & R/IPH Division of the State.

(b) **H.P. Transport Infrastructure Fund:** The H.P. Transport Infrastructure Development Fund to be generated mainly by imposing 10% cess on one time tax and 5% cess on other taxes levied under Himachal Motor Vehicle Taxation Act 1972. During the year, ₹ 12 crore were collected and credited to Major Head 0041-00-102-08. No further transfer/accountal has made in this regards by the State Govt.

7.17 Compliance with Accounting Standards

Three Indian Government Accounting Standards (IGASs) have been notified by Government of India. (i) Guarantees given by Government: Disclosure Requirements (IGAS-1) (ii) Accounting Classification of Grants-in-Aid(IGAS-2) (iii) Loans and Advances made by the Governments (IGAS-3).

These Accounting Standards have been complied with.

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