

**Report of the
Comptroller and Auditor General of India
on
State Finances**

The Report has been laid on the table of the State Legislature Assembly on 22-07-2014

for the year 2012-13

Government of Punjab

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PREFACE

1. This Report has been prepared for submission to the Governor of Punjab under Article 151 of the Constitution.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2013. Information has been obtained from the Government of Punjab wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Punjab is brought out to assess the financial performance of the State during the year 2012-13 *vis-à-vis* the Budget Estimates and the targets set under the Fiscal Responsibility and Budget Management Act, 2003 as amended and analyses the dominant trends and structural profile of Government's receipts and disbursements.

Based on the audited accounts of the Government of Punjab for the year ended 31 March 2013 and additional data collated from several sources such as the Economic Survey brought out by the State government and Census, this report provides an analytical review of the Annual Accounts of the State government in three Chapters.

Chapter-I is based on the Finance Accounts and makes an assessment of Punjab Government's fiscal position as on 31 March 2013. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern, etc.

Chapter-II is based on Appropriation Accounts and it gives the grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter-III details Government's compliance with various reporting requirements and financial rules and submission of accounts.

Audit findings and recommendations

Fiscal Correction Path: Punjab passed the Fiscal Responsibility and Budget Management Act in 2003. The State could not contain its revenue deficit as per targets fixed by the Fiscal Responsibility and Budget Management Act. During the current year it was 2.52 *per cent* as against the target of 1.20 *per cent* of GSDP in Fiscal Responsibility and Budget Management Act. However, the fiscal deficit at 3.18 *per cent* of Gross State Domestic Product in the current year was within the target of 3.50 *per cent* fixed under the Fiscal Responsibility and Budget Management (Amendment) Act, 2011.

Low priority to capital expenditure: No specific norms regarding prioritization of capital expenditure have been laid in Fiscal Responsibility and Budget Management Act. However, the State Government in its Fiscal Consolidation Roadmap committed to increase the capital expenditure every year over the previous year during the period 2010-11 to 2014-15. However, capital expenditure is decreasing year by year and came down from ten *per cent* of total expenditure in 2009-10 to five *per cent* in 2012-13. The net capital expenditure as *per cent* of Gross State Domestic Product declined from 1.64 *per cent* in 2008-09 to 0.65 *per cent* in the current year which indicates that instead of using borrowed funds for creation of assets it was used to meet the revenue expenditure.

Review of Government investments: The average return on Punjab Government's investments in Statutory Corporations, Joint Stock Companies, Cooperative Societies, etc. was almost negligible (0.01 to 0.05 *per cent*) during the period 2008-09 to 2012-13, while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.72 and 8.32 *per cent* during the same period. At the time of unbundling (April 2010) of Punjab State Electricity Board, the State Government did not restructure the Liabilities of the Board which were simply divided between the two successor companies viz. Punjab State Power Corporation Limited and Punjab State Transmission Corporation Limited.

Debt sustainability: Though the debt-GSDP ratio at 31.41 *per cent* was within the target fixed (41 *per cent*) under Fiscal Responsibility and Budget Management Act, yet the borrowed funds were mostly used for redemption of past debts leaving relatively a smaller portion for other purposes. As much as 21 *per cent* of the revenue receipts were used to meet the burden of interest payments.

Non-deposit of revenue receipts into the consolidated fund of the State: The Government of Punjab established various funds through enactment of Acts/issuance of notifications. The revenue receipts collected under these Acts by various bodies were credited to these Funds. Neither the receipts of these funds form part of revenue receipts of Consolidated Fund of the State nor the expenditure was incurred out of the same.

Funds transferred to State Implementing Agencies outside the State Budget: GOI directly transferred ₹ 1,002.22 crore to State implementing agencies during the current year. Since these funds do not pass through the State Budget, the Annual Finance Accounts of the State do not present a complete picture of fund flow of Central Government resources into the State.

Non-release of Central grant received under centrally sponsored–Mid day Meal scheme: GOI funds meant for Mid Day Meal schemes were retained by the State Government and state share was also not released as per funding pattern of the scheme.

Off-budget borrowings: As on 31 March 2013, the State Government owes ₹ 1,593.40 crore (pertaining to the period August 2007 to March 2013) to Punjab State Civil Supplies Corporation Limited on account of payment of differential cost (i.e. difference between purchase cost and the issue price to beneficiaries) under Atta Dal scheme.

Growth of debt: During 2008-09 to 2012-13 total public debt increased by ₹ 22,758 crore (47 *per cent*) registering annual average growth of 9.40 *per cent*. The share of market borrowings in total public debt went up from 37 *per cent* in 2008-09 to 60 *per cent* in 2012-13.

Arrangement for amortization of debt: The State Government has constituted a Sinking Fund for redemption/ amortization of loans raised by it in the open market. But no contribution was made in sinking fund during 2012-13 and there was no balance in this fund. In the absence of this fund, the

Government has no option but to raise new debt every year to repay the debt of earlier years. As many as 68.19 *per cent* of current debt was utilized for repayment of earlier debt during 2012-13.

Financial Management and Budgetary Control

The State Government's budgetary processes have not been sound during the year, with errors in budgeting, persistent savings¹, excess expenditure and expenditure without provision. In many cases, anticipated savings were either not surrendered or surrendered at the end of the year in the month of March leaving no scope for utilizing these funds for other developmental purposes. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriation without proper explanation and expending without provisions of funds. Surrender of substantial funds at the end of the year is a matter of concern, since funds could not be utilized fruitfully.

Financial reporting

There were inordinate delays in furnishing utilization certificates against the grants released by Punjab Government. In submission of annual accounts by some of the autonomous bodies set up by the State Government non-submission/delays were also noticed. There were instances of theft, loss and misappropriation. As many as 785 AC bills amounting to ₹ 656.84 crore were awaiting adjustment as on 31 March 2013.

¹ Savings means shortage in utilization of funds.

CHAPTER I

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter provides an overview of the finances of the State Government during the financial year 2012-13 by benchmarking against past trends of major fiscal aggregates. *Appendix 1.1* contains profile of Punjab and the development indicators relating to the major infrastructure and *Appendix 1.2* contains the structure and layout of the Finance Accounts of the State Government on which this Report is based.

1.1.1 Profile of the State

Punjab is an agrarian state. The State is located in north western corner of India. It spreads over a geographical area of 50,362 sq kms. and ranks 19th among states in terms of area. It has been organized into 22 districts. The districts have further been divided into 81 sub divisions, 145 blocks and 12581 villages.

As per 2011 census, the State's population increased from 2.44 crore in 2001 to 2.77 crore in 2011 recording a decadal growth of 13.52 *per cent*. The population of the State accounts for 2.29 *per cent* of the country's population and ranks 15th among States in terms of population. The population density of the State increased from 484 persons per sq. km in 2001 to 550 persons per sq km in 2011 which is higher than the population density of 382 persons per sq km at national level.

The Gross State Domestic Product (GSDP) of a State measures the value of goods and services produced within the State. At current market prices, the GSDP is estimated to be ₹ 2,93,815 crore during 2012-13 which is 3.11 *per cent* of the country's estimated Gross Domestic Product for the year (₹ 94,61,013 crore). At current prices, per capita income has been steadily rising (₹ 69,837 (Provisional), ₹ 78,594 (Quick) and ₹ 89,345 (Advance) for the years 2010-11, 2011-12 and 2012-13 respectively).

1.1.2 Salient features of financial management of the State Government

All receipts of the State Government are required to be accounted for in the Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India. Expenditure therefrom is authorised by the State Legislature through Appropriation Act. Money so authorised by the Appropriation Act is spent as per provisions contained in the Punjab Financial Rules and the Departmental Financial Rules and instructions issued by the Finance Department from time to time. The Punjab Financial Rules contain the financial regulations of general nature issued by the Finance Department for the guidance of various offices and departments. The Departmental Financial Rules are the Rules relating to the Public Works and Forest Departments. The accounts of the State Government are kept in three parts viz. (i) Consolidated fund (ii) Contingency fund and (iii) Public account. The annual accounts of the State Government consist of Finance Accounts and

Appropriation Accounts. The Finance Accounts of the Government of Punjab are laid out in nineteen statements.

In May 2003, the Government of Punjab enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudential debt management. Subsequently, in March 2011, the State Government amended the FRBM Act on the recommendations of Thirteenth Finance Commission (ThFC) and enacted FRBM (Amendment) Act, 2011. The salient features of the FRBM Act, 2003 (amended upto March 2011) are given in *Appendix 1.3*.

1.1.3 Gross State Domestic Product

The Gross State Domestic Product (GSDP) of a State measures the value of goods and services produced within the State. Assuming that GSDP is a good indicator of the performance of the State's economy the major fiscal aggregates like tax and non-tax revenue, capital and revenue expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current prices (New Series 2004-05). The trends in the annual growth of India's GDP and Punjab's GSDP at current prices are indicated in **Table 1.1**.

Table 1.1: Trends in Gross State Domestic Product

| Year | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-----------------------------------|---------|---------|---------|---------|---------|
| India's GDP (₹ in crore) | 5303567 | 6108903 | 7266967 | 8353495 | 9461013 |
| Growth rate of GDP (per cent) | 15.75 | 15.18 | 18.96 | 14.95 | 13.26 |
| State's GSDP (₹ in crore) | 174039 | 197500 | 226204 | 258006 | 293815 |
| Growth rate of GSDP (per cent) | 14.32 | 13.48 | 14.53 | 14.06 | 13.88 |

Source: Ministry of Statistics and Programme Implementation, Government of India.

1.1.4 Summary of Fiscal transactions in 2012-13

Table 1.2 presents the summary of the Government of Punjab's fiscal transactions during the year 2012-13 vis-à-vis those of 2011-12. *Appendix 1.4* provides the details of receipts and disbursements as well as the summarized financial position of the Government of Punjab as on 31 March 2013.

Table 1.2: Summary of the Fiscal transactions*(₹ in crore)*

| Receipts | 2011-12 | 2012-13 | Disbursements | 2011-12 | 2012-13 | | |
|--------------------------------------|----------|----------|---|----------|----------|---------|----------|
| Section A: Revenue | | | | | | | |
| | | | | Total | Non-Plan | Plan | Total |
| Revenue receipts | 26234.41 | 32051.15 | Revenue expenditure | 33045.32 | 36394.85 | 3063.09 | 39457.94 |
| Tax revenue | 18841.01 | 22587.56 | General services | 16787.95 | 18501.29 | 70.86 | 18572.15 |
| Non-tax revenue | 1398.45 | 2629.21 | Social services | 9246.50 | 8689.87 | 2500.10 | 11189.97 |
| Share of Union taxes/ duties | 3554.31 | 4058.81 | Economic services | 6264.07 | 8659.96 | 492.13 | 9152.09 |
| Grants from Government of India | 2440.64 | 2775.57 | Grants-in-aid and Contributions | 746.80 | 543.73 | 0.00 | 543.73 |
| Section B: Capital | | | | | | | |
| Misc. Capital Receipts | 0.24 | 0.21 | Capital Outlay | 1598.12 | 179.20 | 1736.62 | 1915.82 |
| Recoveries of Loans and Advances | 94.50 | 174.09 | Disbursement of Loans and Advances | 176.61 | 167.53 | 30.00 | 197.53 |
| Public Debt receipts* | 8598.85 | 10724.42 | Public Debt repayments* | 2675.22 | 3673.71 | 0.00 | 3673.71 |
| Contingency Fund | 0.00 | 0.00 | Contingency Fund | 0.00 | 0.00 | 0.00 | 0.00 |
| Public Account receipts [#] | 31278.88 | 35701.02 | Public Account disbursements [#] | 28771.75 | 33531.20 | 0.00 | 33531.20 |
| Opening Cash Balance | -118.16 | -178.30 | Closing Cash Balance | -178.30 | -303.61 | 0.00 | -303.61 |
| TOTAL | 66088.72 | 78472.59 | TOTAL | 66088.72 | 73642.88 | 4829.71 | 78472.59 |

Source: Finance Accounts of the respective years

* Excluding net transactions under ways and means advances.

These exclude transactions of investment of cash balances and departmental cash chests. The net effect of these transactions is included in the opening and closing cash balances in the row next below.

1.1.5 Significant changes over the previous year

The following are the major changes in fiscal transactions during 2012-13 over the previous year:

Revenue receipts increased by ₹ 5,817 crore (22.17 *per cent*) as tax revenue increased by ₹ 3,747 crore (19.89 *per cent*), non tax revenue increased by ₹ 1,231 crore (88 *per cent*), share of union taxes and duties increased by ₹ 505 crore (14.20 *per cent*) and grants from GoI increased by ₹ 335 crore (13.72 *per cent*).

Revenue expenditure increased by ₹ 6,413 crore (19.41 *per cent*) as a result of increase in plan expenditure by ₹ 1,059 crore (52.79 *per cent*) and non-plan expenditure by ₹ 5,354 crore (17.25 *per cent*).

Capital expenditure increased by ₹ 318 crore (19.90 *per cent*) mainly on account of increase in expenditure on Social services by ₹ 318 crore (79.78 *per cent*).

Public debt receipts increased by ₹ 2,126 crore (24.72 per cent) and public debt disbursements increased by ₹ 998 crore (37.32 per cent) resulting in net increase of ₹ 1,128 crore.

Public account receipts increased by ₹ 4,422 crore (14.14 per cent) and public account disbursements increased by ₹ 4,759 crore (16.54 per cent).

Net cash balances decreased by ₹ 125 crore (70.28 per cent).

1.1.6 Review of the fiscal situation

The State Government has prepared a Fiscal Consolidation Roadmap (FCR) for the State for financial year 2010-11 to 2014-15 (*Appendix 1.5*) as per the recommendation of the Thirteenth Finance Commission (ThFC). Targets vis-à-vis achievements in respect of major fiscal aggregates are as under:

Table 1.3 Targets vis-à-vis achievements in respect of major fiscal aggregates

| Fiscal Variables | 2012-13 | | | | | | |
|--|-------------------------|----------|--|----------|--|---------|--|
| | Targets Proposed in the | | | | Percentage Variation of Actual over targets of | | |
| | FRBM Act | Budget | Five Year Fiscal consolidation Roadmap | Actual | FRBM Act | Budget | Five Year Fiscal consolidation Roadmap |
| Ratio of Revenue Deficit to GSDP (per cent) | (-)1.20 | (-)1.06 | (-)1.20 | (-)2.52 | (-)1.32 | (-)1.46 | (-)1.32 |
| Ratio of Fiscal Deficit to GSDP (per cent) | (-)3.50 | (-)3.01 | (-)3.50 | (-)3.18 | Ratio within prescribed limit | (-)0.17 | Ratio within prescribed limit |
| Ratio of total outstanding debt to GSDP (per cent) | (+)41.00 | (+)31.69 | (+)41.00 | (+)31.41 | Ratios within prescribed limit | | |

Source: FRBM Act 2011, Budget at a glance (2013-14), Annual Financial Statement (2013-14) and Finance Accounts (2012-13).

The reason for not achieving the target of revenue deficit is that actual revenue receipts were less and actual revenue expenditure was more than the projections made in the Fiscal Consolidation Roadmap (FCR). The revenue receipts (₹ 32,051 crore) fell short of projected receipts (₹ 35,631 crore) by ₹ 3,580 crore. Prominent decrease was under the following heads:

(₹ in crore)

| | Projections | Actual | Variation |
|--------------------------------|-------------|--------|-----------|
| Share of Central taxes | 4398 | 4059 | 339 |
| State's own taxes and duties | 23103 | 22587 | 516 |
| Non-tax revenue | 3277 | 2629 | 648 |
| Grants from Central Government | 4853 | 2776 | 2077 |

Source: Finance Accounts

The revenue expenditure (₹ 39,458 crore) exceeded the projection (₹ 38,882 crore) by ₹ 576 crore. Prominent increase was under the following heads:

| | (₹ in crore) | | |
|---|--------------|--------|-----------|
| | Projections | Actual | Variation |
| Pensions and other Retirement Benefits | 5304 | 5966 | 662 |
| Power subsidy | 4020 | 5059 | 1039 |

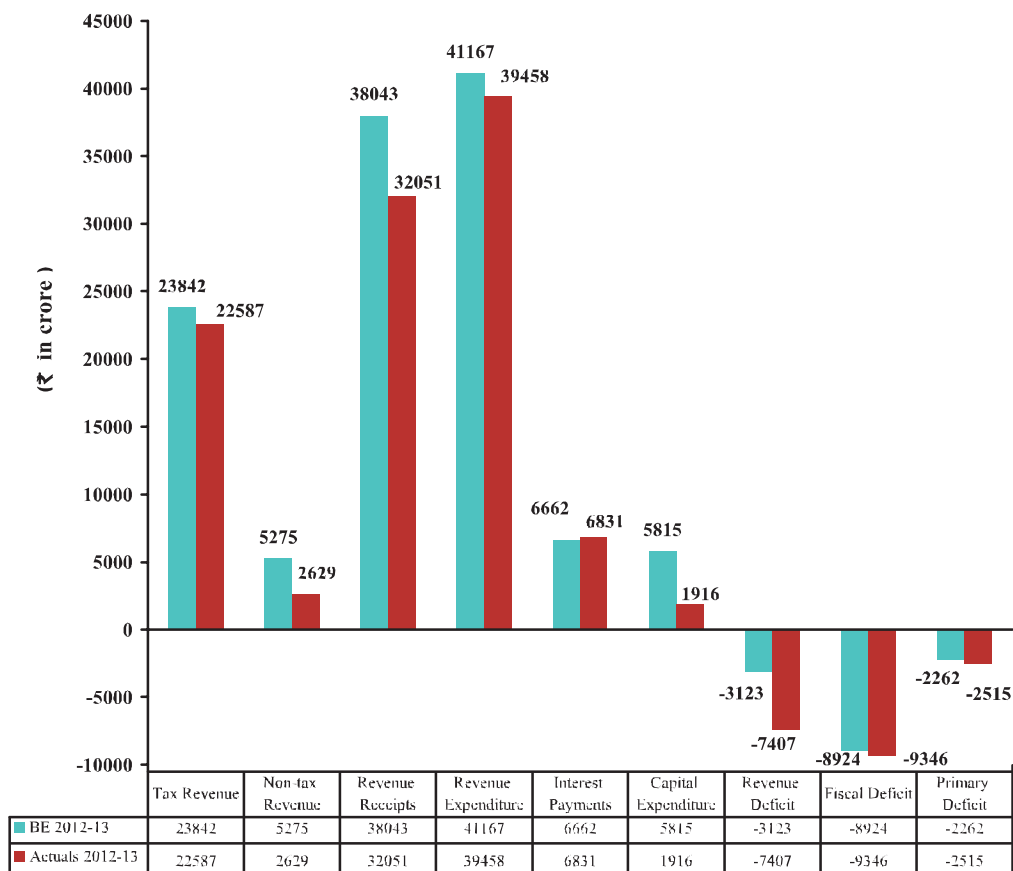
Source: Finance Accounts

Besides, the GSDP estimates (₹ 2,93,815 crore) exceeded the projections in FCR (₹ 2,90,621 crore) by ₹ 3,194 crore (1.10 per cent).

1.1.7 Budget Estimates and Actuals

The budget papers presented by the State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The budgeted and the actual figures of various fiscal parameters are given in *Appendix 1.6*. However, the budgeted and the actual figures of important fiscal parameters are given in Chart below:-

Chart 1.1: Important Fiscal Parameters: Budget Estimates vis-à-vis Actuals



The revenue deficit at ₹ 7,407 crore increased by ₹ 4,284 crore (137.18 *per cent*) whereas the fiscal deficit and primary deficit at ₹ 9,346 crore and ₹ 2,515 crore respectively increased by ₹ 422 crore (4.73 *per cent*) and ₹ 253 crore (11.18 *per cent*) respectively over the budget estimates of the current year. Total revenue receipts decreased by ₹ 5,992 crore (15.75 *per cent*). There was huge difference between the budgeted and actual figures of non-tax revenue. Actual receipts under non-tax revenue amounted to 49.84 *per cent* of budgeted receipts. The capital expenditure incurred during 2012-13 amounted to only 32.95 *per cent* of budgeted capital expenditure which indicates that asset creation was not given as much priority as intended in the budget estimates.

1.1.8 Major policy initiatives in the budget

Major policy announcements made in the budget and status of their implementation is given in the **Table 1.4:** -

Table 1.4: Status of implementation of major policy announcements

| Announcement | Status of implementation (March 2013) |
|--|--|
| Development of Mohali and Amritsar as IT and knowledge hub. | 1600 acres of land acquired in Mohali only for developing IT City. |
| Construction of Civil enclave at Air Force Station at Bathinda. | Civil enclave at Air Force Station at Bathinda completed. |
| Free Akash tablets to all students of Class XII. | Necessary budget provision for the purchase of the latest version of Akash tablets has been made in the Budget estimates for the year 2013-14. |

Source: Annual Financial Statement (2013-14) prepared by the State Government.

1.2 Resources of the State

1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestment, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI as well as accruals from Public Accounts. The receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts are indicated in the **Table 1.2** while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2008-09 to 2012-13. The **Chart 1.3** depicts the composition of resources of the State during current year. The position of total receipts of the State is depicted in the flow-chart:

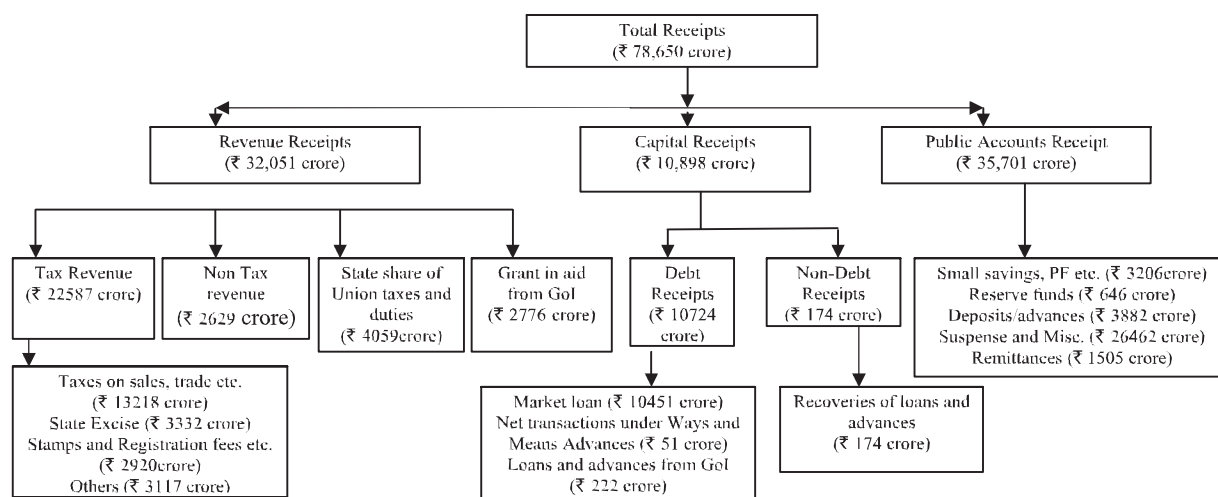


Chart 1.2: Trends in Receipts

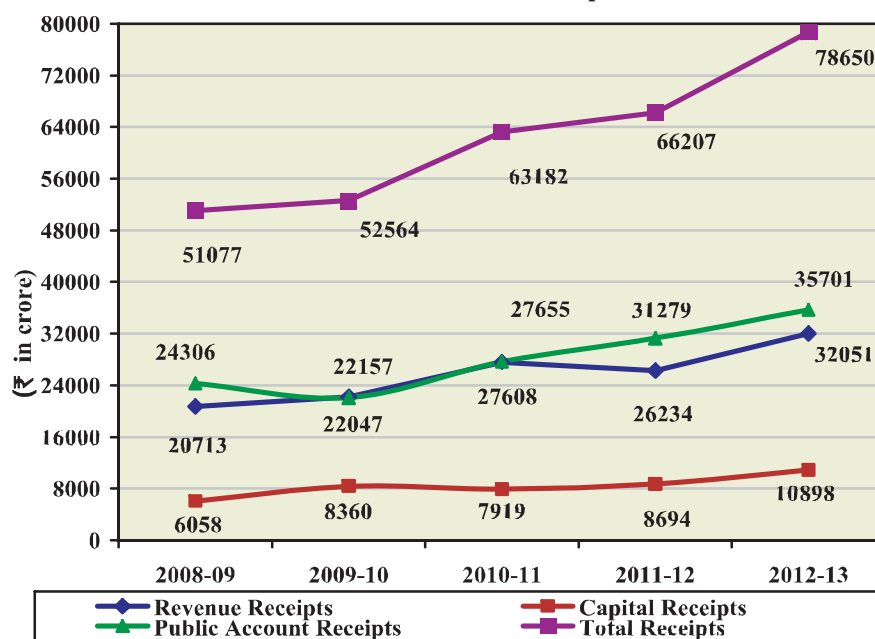
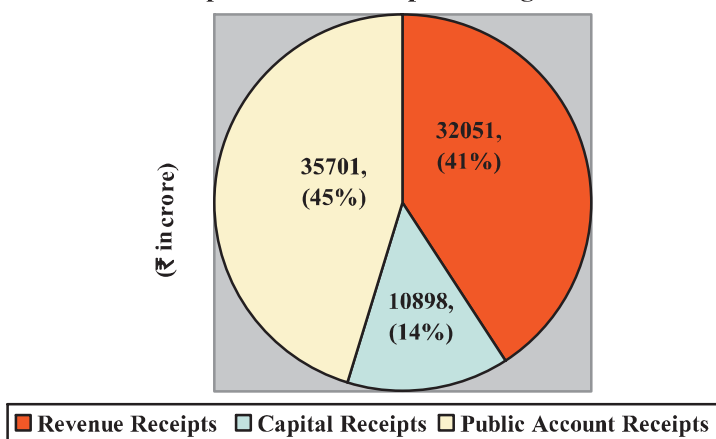


Chart 1.2 shows that out of the total receipts of ₹ 78,650 crore in the year 2012-13, the revenue receipts were ₹ 32,051 crore. The balance of total receipts came from capital receipts (₹ 10,898 crore) and Public Account receipts (₹ 35,701 crore). The total receipts of the State increased from ₹ 51,077 crore in 2008-09 to ₹ 78,650 crore in 2012-13.

The composition of resources of the State during the current year is given in Chart 1.3.

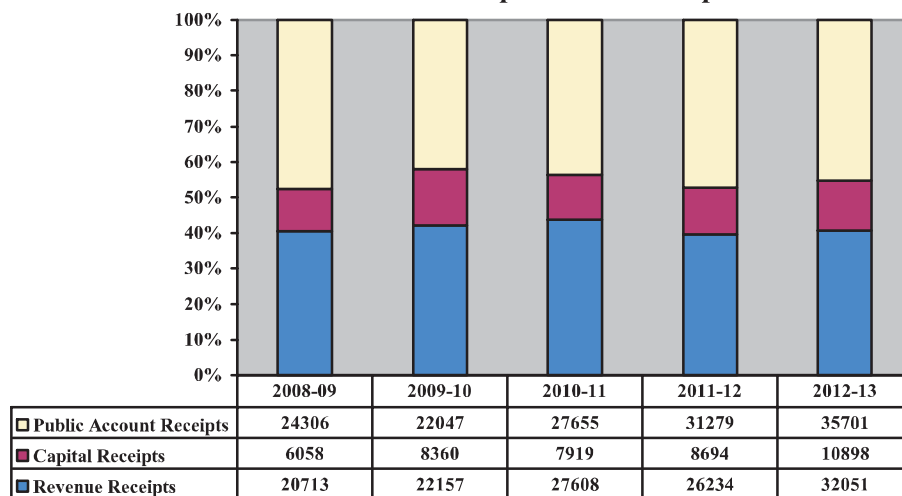
Chart 1.3: Composition of Receipts during 2012-13



The above chart shows that out of the total receipts of ₹ 78,650 crore, the Revenue receipts were ₹ 32,051 crore (41 per cent), Public Account receipts were ₹ 35,701 crore (45 per cent) and the Capital receipts were ₹ 10,898 crore (14 per cent).

The trends in composition of receipts is given in chart below:

Chart 1.4: Trends in composition of Receipts



The above chart shows that contribution of Revenue receipts, Capital receipts and Public Accounts receipts towards total receipts of the State ranged between 40 and 44 per cent, 12 and 16 per cent and 42 and 48 per cent respectively during 2008-09 to 2012-13.

1.2.2 Non-deposit of revenue receipts into the Consolidated Fund of the State

Article 266 (1) of the Constitution of India provides that all revenues received by the State Government, all loans raised by the Government by the issue of

treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans shall form one Consolidated Fund to be entitled “the Consolidated Fund of the State”. The Thirteenth Finance Commission also expressed concern over the tendency to divert public expenditure from the budget to nominated funds which are operated outside the authority of the legislature and recommended that the expenditure incurred through these irregular arrangements not only bypassed the oversight of the State Legislature but also the audit of the Comptroller and Auditor General of India and hence should be discouraged.

Audit noticed following irregularities in non-depositing of revenue receipts into the Consolidated Fund of the State:

(i) Establishment of Funds outside Government Accounts

The Government of Punjab established various Funds as mentioned in *Appendix 1.7* through enactment of Acts/issuance of notifications. The revenue receipts collected under these Acts by various bodies were credited to these Funds. During 2012-13, revenue receipts amounting to ₹ 1,154.57 crore¹ were credited to these Funds and an expenditure of ₹ 1,169.49 crore was incurred from the accumulated receipts of these Funds which is in violation of the constitutional provisions.

On being pointed out (September 2013), the Finance Department stated (November 2013) that these funds had been established by State Government through various Acts and Executive Notifications issued by State Government. No Court of Law had held these Acts/Notifications illegal or in violation of the Constitutional provisions. The reply of the Finance Department was not in line with the provisions under Article 266 (1) of the Constitution of India which provided that all revenues received by the State Government, all loans raised by the Government by the issue of treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans would form Consolidated Fund of the State.

(ii) Retention of receipts collected under Kutchery Compound Fund Rules, 2003 out of the Consolidated Fund of the State

Kutchery Compound Fund Rules, 2003 (Rules) governs the account of income from the licencees for the conveniences² provided in the compounds of district courts and *tehsils* being realized by the Deputy Commissioners (DC) of each district. Rule 6(2) of the Rules provide that these receipts are part of the general revenues of the State and would be deposited into

¹ Total revenue receipts and expenditure during the year do not include the revenue receipts and the expenditure of Punjab Rural Development Fund as the same were not furnished by the Department.

² Petitioner writers, stamp vendors, typists, lawyers, printed form sellers, Photostat machine operators, juice bars, STD and PCO owners in the shape of licence fees and leasing of confectioners' shops, bicycle/scooter/motorcycle/car stands and culturable area of compound.

Government Account³ and for any expenditure therefrom, budget provision would have to be made under proper head of account⁴.

Audit observed (March 2011-May 2013) that an amount of ₹ 25.29 crore collected during August 2007 and March 2013 as *Kutchery* compound fee by the DCs in 21 districts were credited to the accounts of societies established (July 2007) for operation and maintenance of administrative complexes. An expenditure of ₹ 14.67 crore was also incurred out of the above receipts against the constitutional provisions of Article 266. An audit enquiry to Finance Department regarding the basis of crediting the above receipts into the accounts of the society instead of Government treasury elicited no response till November 2013.

(iii) Retention of Application fee collected in respect of recruitment of constables

An amount of ₹ 4.79 crore received by the Police Department towards application fee for recruitment of constables for the period from November 2009 to December 2011 was kept out of Government accounts and an expenditure of ₹ 3.35 crore was incurred out of above receipts. Of the remaining amount of ₹ 1.44 crore, an amount of ₹ 0.77 crore was transferred in the Punjab Police Miscellaneous Fund maintained by the DGP office. The department did not produce the records pertaining to this fund as such the account of this amount could not be verified in audit. On being pointed out the irregularities of not crediting the above receipts into Government account, the department stated that since no budget was allocated for the purpose of recruitment expenditure, the application money was utilized for the same.

Thus, total Government receipts of ₹ 1,184.65⁵ crore was kept outside the Consolidated Fund of the State. Neither the receipts of these funds form part of revenue receipts of Consolidated Fund of the State nor the expenditure is made out of the same.

1.2.3 Funds transferred to State Implementing Agencies outside the State Budget

The Government of India has been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes/programmes in the social and economic sectors. In the present mechanism these funds are not routed through the State Budget/State Treasury System and hence do not find mention in the Finance Accounts of the State. As such, the Annual Finance Accounts of the State does not provide a complete picture of the resources under the control of the State Government. To present the holistic picture on availability of aggregate resources, funds directly transferred to State Implementing Agencies for programmes assisted by Government of India is presented in **Table 1.5**.

³ 0070-Other Administrative Services-60-Other Services-800-Other Receipts-03-Kutchery Compound Receipts

⁴ Major Heads “2059-Public Works; and 2053-District Administration-01-District Establishments”.

⁵ (i) ₹ 1,154.57 crore, (ii) ₹ 25.29 crore and (iii) ₹ 4.79 crore

Table 1.5: Funds transferred directly to the State implementing agencies*(₹ in crore)*

| Sr. No. | Programme/Scheme | Implementing agency in the State | 2012-13 |
|---------|--|---|----------------|
| 1 | Mahatma Gandhi National Rural Employment Guarantee Scheme | Joint Development | 32.46 |
| 2 | Swaranjayanti Gram Swarozgar Yojana | Commissioner, Rural Development, Punjab, SAS | 2.80 |
| 3 | District Rural Development Agency (Administration) | Nagar | 11.84 |
| 4 | Member Parliament Local Area Development Scheme | Deputy Director, Urban Local Bodies, Amritsar, Bathinda, Ferozepur, Jalandhar, Ludhiana and Patiala | 2.38 |
| 5 | National Rural Health Mission (NRHM) Reproductive Child Health-II | State Health Society- Director, Health and Family Welfare, Punjab, Chandigarh | 88.38 |
| 6 | National Rural Health Mission (NRHM)-Additionalities | | 87.84 |
| 7 | National Programme for control of Blindness | | 2.95 |
| 8 | National Leprosy Eradication Programme | | 1.50 |
| 9 | Revised National Tuberculosis Control Programme | | 4.02 |
| 10 | Sarv Shiksha Abhiyan | Director, Sarv Shiksha Abhiyan, Punjab, Chandigarh | 598.40 |
| 11 | Pradhan Mantri Gram Sadak Yojana | Punjab Roads and Bridges Development Board, SAS Nagar | 169.65 |
| | | Total | 1002.22 |

Source: Finance Accounts

In order to ensure proper accounting of these funds, a system may be evolved by the State Government. Moreover, from the above table it was observed that significant funds were transferred under Sarv Shiksha Abhiyan. A brief on the implementation and effectiveness of the programme is given below:

Sarv Shiksha Abhiyan

Sarv Shiksha Abhiyan was started in 2000-01. Under Sarv Shiksha Abhiyan, 228 new primary schools, 815 new upper primary schools and 21,362 additional class rooms have been completed. 15,752 teachers have been appointed so far (March 2013). 19 new Kasturba Gandhi Balika Vidyalaya hostels were sanctioned under SSA by Government of India in educationally backward blocks of the State. Out of these 19 hostels, 16 have been operationalized in temporary accommodations enrolling 778 girls. The State's literacy rate increased from 69.65 *per cent* (as per 2001 census) to 76.70 *per cent* (as per 2011 census).

1.2.4 Non-release of Central grant received under centrally sponsored– Mid day Meal scheme

With a view to enhancing enrollment, retention and attendance and simultaneously improving nutritional levels among children, the Government of India launched Mid Day Meal scheme as a Centrally Sponsored Scheme for the primary and upper primary school children in the entire country. Under this scheme, students are provided cooked Mid Day Meal in the schools.

GoI released ₹ 165.70 crore, ₹ 125.61 crore and ₹ 134.85 crore to the State Government during the years 2010-11 to 2012-13. However, the State Government did not release the GoI funds to implementing agency. As per the funding pattern of the scheme, the State Government was required to contribute ₹ 200.00 crore, ₹ 218.90 crore and ₹ 253.00 crore respectively during the years 2010-11, 2011-12 and 2012-13 against which it released only ₹ 80.12 crore, ₹ 161.55 crore and ₹ 313.79 crore. Thus, the GoI funds meant for Mid Day Meal schemes were retained by the State Government and state share was also not released as per funding pattern of the scheme.

1.3 Revenue receipts

Statement 11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2008-13 are presented in **Appendix 1.8** and also depicted in **Charts 1.5** and **1.6** respectively.

Chart 1.5 Trends in Revenue Receipts

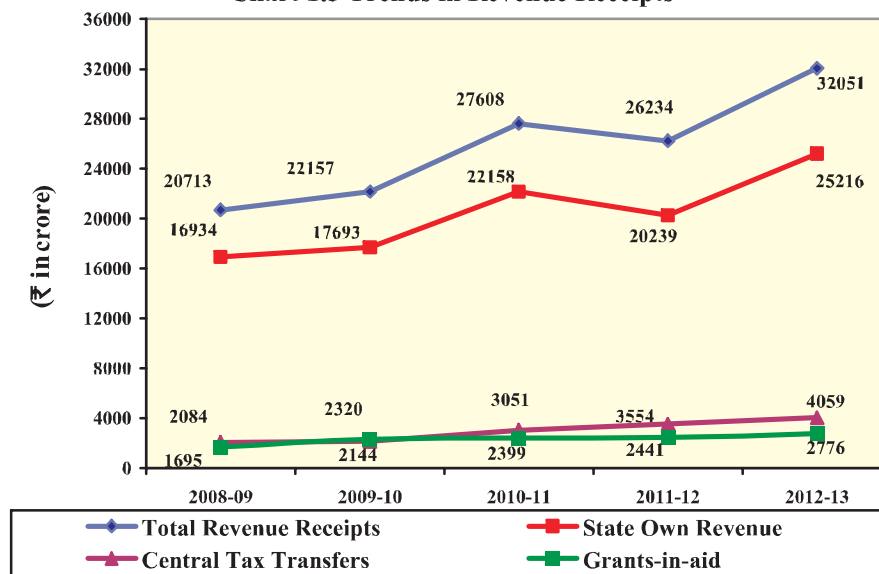
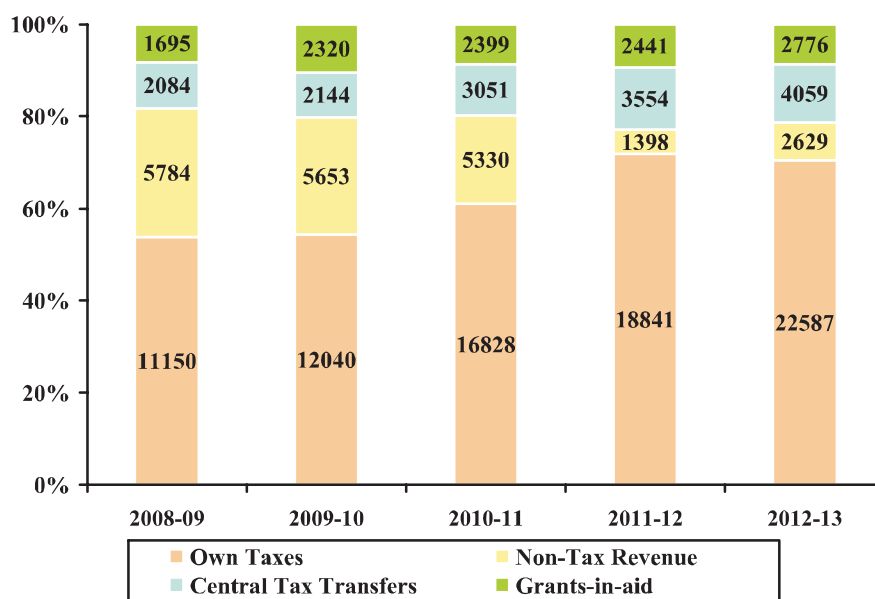


Chart 1.6: Composition of Revenue Receipts during 2008-13



The revenue receipts increased by ₹ 5,817 crore (22.17 *per cent*) in 2012-13 over the previous year which was due to increase in non-tax revenue (₹ 1,231 crore: 88 *per cent*) as compared to previous year. Significant increase in revenue receipts was noticed under 0075-Miscellaneous General Services–101–Unclaimed Deposits (₹ 1,174.55 crore: 4,004.05 *per cent* increase over the previous year). The revenue receipts (₹ 32,051 crore) was less by 10.05 *per cent* as compared to projections in the Fiscal Consolidation Roadmap for the State (FCR) (₹ 35,631 crore) for the year 2012-13 (*Appendix 1.5*).

The trends in revenue receipts relative to GSDP are presented in **Table 1.6**.

Table 1.6: Trends in Revenue receipts

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|
| Revenue Receipts (RR) (₹ in crore) | 20713 | 22157 | 27608 | 26234 | 32051 |
| Rate of growth of RR (<i>per cent</i>) | 7.67 | 6.97 | 24.61 | -4.98 | 22.17 |
| RR/GSDP (<i>per cent</i>) | 11.90 | 11.22 | 12.21 | 10.17 | 10.91 |
| Buoyancy Ratios ⁶ | | | | | |
| Revenue buoyancy w.r.t GSDP | 0.54 | 0.52 | 1.69 | -0.35 | 1.60 |
| State's own tax buoyancy w.r.t GSDP | 0.88 | 0.59 | 2.74 | 0.85 | 1.43 |
| Revenue buoyancy w.r.t. State's own taxes | 0.61 | 0.87 | 0.62 | -0.42 | 1.12 |

Source: Finance Accounts

⁶ Buoyancy ratios indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instances, revenue buoyancy at 0.60 implies that revenue receipts tend to increase by 0.60 percentage points, if the GSDP increases by one *per cent*.

The revenue receipts increased from ₹ 20,713 crore in 2008-09 to ₹ 32,051 crore in 2012-13 at an annual average growth rate of 10.95 per cent. The ratio of revenue receipts to GSDP decreased from 11.90 to 10.91 per cent during the same period. The revenue buoyancy with reference to GSDP increased from 0.54 in 2008-09 to 1.69 in 2010-11 and it came down to minus 0.35 in 2011-12 and again went up to 1.60 in 2012-13. The State's own tax buoyancy with reference to GSDP increased from 0.88 in 2008-09 to 2.74 in 2010-11 and fell down to 1.43 in 2012-13.

1.3.1 State's own resources

As the State's share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of resources was assessed in terms of its own resources comprising own tax and non-tax sources.

The State's actual tax and non tax receipts for the year 2012-13 vis-à-vis assessment made by ThFC and Fiscal Consolidation Roadmap are given in the table below:-

Table 1.7: Tax and Non-tax receipts vis-à-vis Projections

| | 13 th FC projections | Budget Estimates | FCR Projections | Actual | Percentage variation of actual over | | |
|------------------------|---------------------------------|------------------|-----------------|--------|-------------------------------------|------------------|-----------------|
| | | | | | 13 th FC projections | Budget estimates | FCR projections |
| Tax revenue | 22916 | 23842 | 23103 | 22587 | (-)1.44 | (-)5.26 | (-)2.23 |
| Non tax revenue | 3910 | 5275 | 3277 | 2629 | (-)32.76 | (-)50.16 | (-)19.77 |

The Government could not achieve the targets fixed in ThFC projections, budget estimates and FCR of the State.

1.3.1.1 Tax revenue

The collection in respect of major taxes and duties are given in **Table 1.8:**

Table 1.8: Components of State's Own Tax Revenue

(₹ in crore)

| Revenue Receipt | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Taxes on Sales, Trades etc. | 6436 (20) | 7577 (18) | 10017 (32) | 11172 (12) | 13218 (18) |
| State Excise | 1810 (-3) | 2101 (16) | 2373 (13) | 2755 (16) | 3332 (21) |
| Taxes on Vehicles | 524 (5) | 555 (6) | 654 (18) | 850 (30) | 995 (17) |
| Stamp Duty and Registration fees | 1730 (10) | 1551 (-10) | 2318 (49) | 3079 (33) | 2920 (-5) |
| Land Revenue | 16 (-6) | 15 (-6) | 19 (27) | 25 (32) | 37 (48) |
| Taxes and Duties on Electricity | 631 (5) | 230 (-64) | 1423 (518) | 928 (-35) | 2035 (119) |
| Other taxes and duties on commodities and services | 3 (-57) | 10 (233) | 24 (140) | 32 (33) | 50 (56) |
| Total Own Tax Revenue | 11150 (13) | 12039 (8) | 16828 (40) | 18841 (12) | 22587 (20) |

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

The State's own tax revenue during the current year was ₹ 22,587 crore, which was less by ₹ 329 crore (1.44 *per cent*) compared to the norms of ₹ 22,916 crore fixed by ThFC and less by ₹ 516 crore (2.23 *per cent*) against ₹ 23,103 crore projected in the FCR for the State.

1.3.1.2 Non-tax revenue

In the current year, the share of non-tax revenue in total revenue receipts went up to eight *per cent* from five *per cent* in the previous year. The percentage increase in non-tax revenue during the current year was 88 *per cent* over the previous year.

Table 1.9: Components of State's Non-Tax Revenue

(₹ in crore)

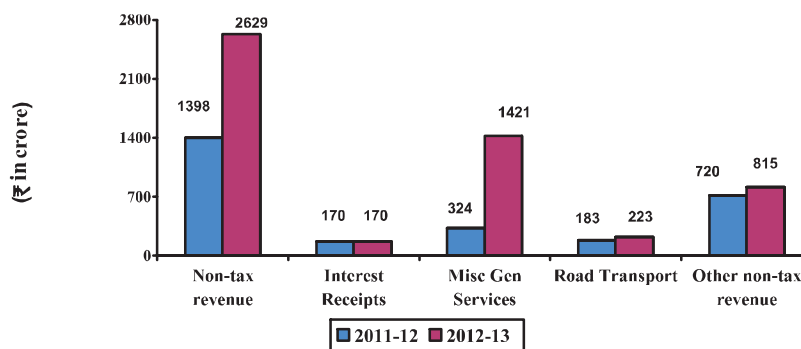
| Revenue Head | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| Interest Receipts | 181.98 (-48) | 164.69 (-10) | 169.37 (3) | 170.16 (0) | 170.47 (0) |
| Dividends and Profits | 0.78 (95) | 0.91 (17) | 0.62 (-32) | 1.73 (179) | 0.33 (-81) |
| Misc General Services | 4567.80 (9) | 4780.12 (5) | 4277.23 (-11) | 323.71 (-92) | 1420.73 (339) |
| Road Transport | 115.86 (-25) | 114.55 (-1) | 150.39 (21) | 183.35 (22) | 222.51 (21) |
| Other non-tax receipts | 917.49 (64) | 592.43 (-35) | 732.56 (24) | 719.50 (-2) | 815.17 (13) |
| Total Non-Tax revenue | 5783.91 (10) | 5652.70 (-2) | 5330.17 (-6) | 1398.45 (-74) | 2629.21 (88) |

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

The decrease in non-tax revenue in the year 2011-12 was due to decrease under State lotteries under the head Miscellaneous General Services whereas during 2012-13 there was increase of ₹ 1,230.76 crore (88 *per cent*) in non-tax revenue receipts over previous year. Prominent increase was under 0075-Miscellaneous General Services-101-unclaimed deposits - ₹ 1,174.55 crore.

Chart 1.7 Components of Non-tax revenue



Note: Amount of 'Dividends and Profits' is too small to be depicted in the Chart.

Table 1.10: Grants-in-aid from Government of India

(₹ in crore)

| Particulars | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|
| Non-plan Grants | 491.79 | 390.31 | 720.81 | 874.11 | 894.91 |
| Total non-plan grants | 491.79 | 390.31 | 720.81 | 874.11 | 894.91 |
| Plan Grants of which | | | | | |
| Grants for State Plan Schemes | 629.45 | 1279.25 | 954.65 | 694.06 | 684.19 |
| Grants for Central Plan Schemes | 29.28 | 38.20 | 64.40 | 5.68 | 60.63 |
| Grants for Centrally sponsored Schemes | 544.16 | 612.54 | 659.39 | 866.79 | 1135.84 |
| Total plan grants | 1202.89 | 1929.99 | 1678.44 | 1566.53 | 1880.66 |
| Grand total | 1694.68 | 2320.30 | 2399.25 | 2440.64 | 2775.57 |
| Percentage of increase over previous year | -19.66 | 36.92 | 3.40 | 1.73 | 13.72 |
| Revenue Receipts | 20712.79 | 22156.58 | 27608.47 | 26234.41 | 32051.15 |
| Percentage increase of Revenue Receipts | 7.67 | 6.97 | 24.61 | -4.98 | 22.17 |
| Percentage of total grants with Revenue receipts | 8.18 | 10.47 | 8.69 | 9.30 | 8.66 |

Source: Finance Accounts

Table 1.10 shows that grants-in-aid from GoI increased at an annual average rate of 12.76 per cent during the period 2008-09 to 2012-13. It increased by 13.72 per cent over the previous year. During this period on an average 9.06 per cent of the revenue receipts were contributed by the grants-in-aid from the GoI.

1.3.1.3 Central Tax transfer

The actual release of share in Union taxes and duties to Punjab during 2010-11 to 2012-13 vis-à-vis projections made by the commission is tabulated in **Table 1.11**:

Table 1.11: State's share in Union taxes and duties: Actual devolution vis-à-vis 13th Finance Commission projections

(₹ in crore)

| Year | 13 th Finance Commission projections | Projections in FCR | Actual tax devolution | Difference |
|---------|--|--------------------|-----------------------|------------|
| 1. | 2. | 3. | 4. | 5. (4-3) |
| 2010-11 | 1.389 per cent of net proceeds of all shareable taxes excluding service tax and 1.411 per cent of net proceeds of sharable service tax | 3207 | 3051 | (-) 156 |
| 2011-12 | | 3665 | 3554 | (-) 111 |
| 2012-13 | | 4398 | 4059 | (-) 339 |

Source: Fiscal consolidation roadmap of the State and Finance Accounts

1.4 Capital receipts

The capital receipts are non-debt capital receipts such as proceeds from disinvestment of equity in government companies/corporations and recoveries of loans and advances and debt capital receipts, credited under public debt section of the Consolidated Fund. The public debt receipts fall broadly under

two categories (a) loans/advances from the Union government and (b) borrowings from banks, financial institutions through negotiated loans or open market borrowings through issue of State Development Loans. The share of non-debt capital receipts and loans/advances from the Union government is negligible and capital receipts are mainly borrowing from banks, financial institutions and open market, as detailed in **Table 1.12**.

Table 1.12: Trends in growth and composition of capital receipts

| <i>(₹ in crore)</i> | | | | | |
|---|----------------|-----------------|-----------------|-----------------|-----------------|
| Sources of State's Receipts | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Capital Receipts | 6511.00 | 11384.37 | 11532.26 | 14965.61 | 22340.80 |
| Miscellaneous Capital Receipts | 1.12 | 0.51 | 0.44 | 0.24 | 0.21 |
| Recovery of Loans and Advances | 77.63 | 1276.02 | 597.45 | 94.50 | 174.09 |
| Public Debt Receipts | 6432.25 | 10107.84 | 10934.37 | 14870.87 | 22166.50 |
| Internal Debt | 6154.53 | 10036.44 | 10741.44 | 14721.37 | 21944.56 |
| Growth rate | 9.49 | 63.07 | 7.02 | 37.05 | 49.07 |
| Loans and advances from GoI | 277.72 | 71.40 | 192.93 | 149.50 | 221.94 |
| Growth rate | -35.36 | -74.29 | 170.21 | -22.51 | 48.45 |
| Rate of growth of debt Capital Receipts | 6.31 | 57.14 | 8.18 | 36.00 | 49.06 |
| Rate of growth of non-debt capital receipts | -94.55 | 1520.99 | -53.16 | -84.15 | 83.98 |
| Rate of growth of GSDP | 14.32 | 13.48 | 14.53 | 14.06 | 13.88 |
| Rate of growth of Capital Receipts (per cent) | -13.15 | 74.85 | 1.30 | 29.77 | 49.28 |

Source: Finance Accounts

Miscellaneous capital receipts during the period 2008-09 to 2012-13 ranged between ₹ 0.21 crore and ₹ 1.12 crore. Total amount of outstanding loan as on 31 March 2013 stood at ₹ 2,429.39 crore in comparison to an amount of ₹ 2,405.95 crore as on 1 April 2012 registering an increase of ₹ 23.44 crore.

Public Debt Receipts from internal sources i.e. market loans borrowings from financial institutions, bank, etc. registered annual average growth rate of 51.31 per cent during 2008-09 to 2012-13.

1.5 Public Accounts Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the consolidated fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State legislature. Here the Government acts as a banker. The balance after disbursements is the fund available with the Government for use as given in **Table 1.13**:

Table 1.13: Detail of balances in Public Account

(₹ in crore)

| Resources under various heads | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Public Account Receipts | | | | | |
| a. Small Savings, Provident Fund etc. | 9333.63 | 10182.44 | 11357.09 | 12997.26 | 14562.50 |
| b. Reserve Funds | 2080.85 | 2289.20 | 2300.87 | 2616.00 | 3248.41 |
| c. Deposits and Advances | 1982.06 | 2245.74 | 2881.59 | 3324.44 | 3258.75 |
| d. Suspense and Miscellaneous | 11.25 | -22.57 | -14.95 | 90.12 | 133.89 |
| e. Remittances | 76.55 | 115.93 | 97.26 | 107.91 | 102.00 |
| Total | 13484.34 | 14810.74 | 16621.86 | 19135.73 | 21305.55 |

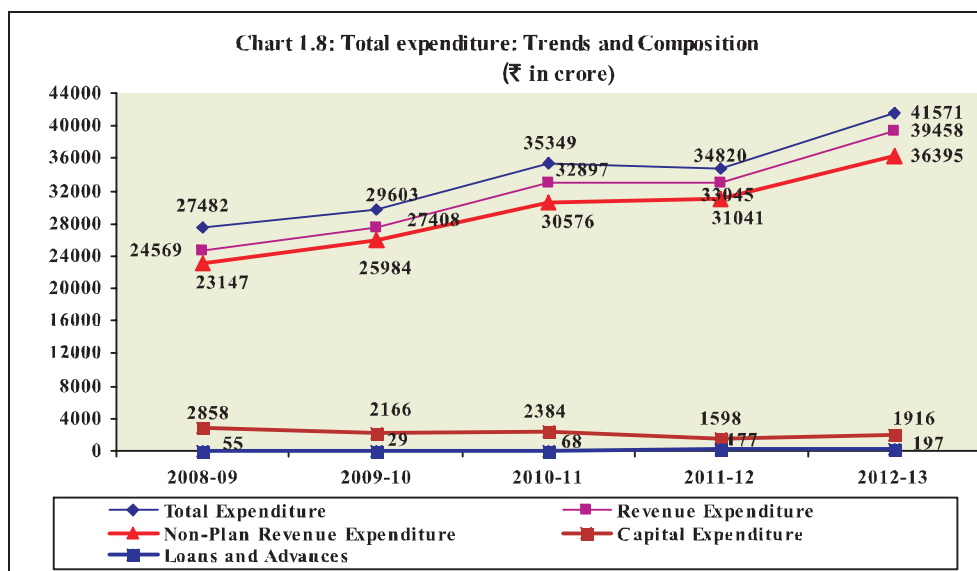
Source: Finance Accounts of respective years

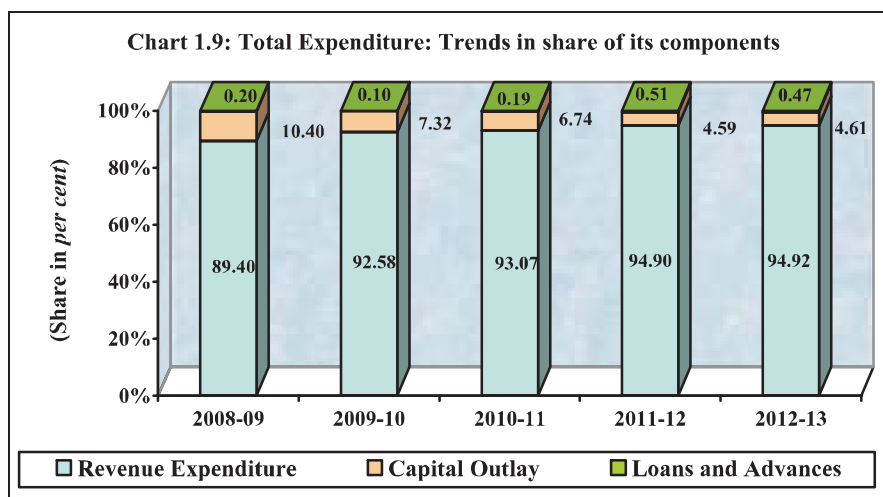
1.6 Application of resources

The Government raises resources to perform their sovereign functions, to maintain the existing level of delivery in social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising the public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of social sector.

1.6.1 Growth and composition of expenditure

Chart 1.8 presents the trends of total expenditure over a period of the last five years (2008-13) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Chart 1.9** and **1.10** respectively.

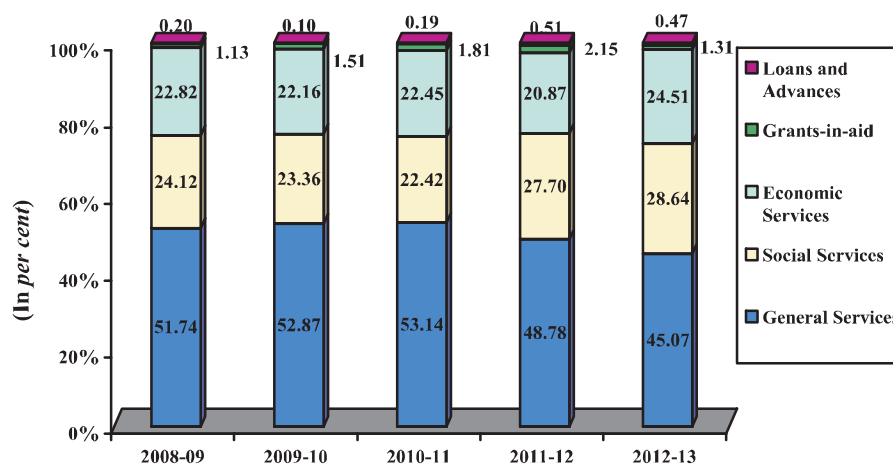




The total expenditure of the State increased by 51.27 *per cent* from ₹ 27,482 crore in 2008-09 to ₹ 41,571 crore in 2012-13. It increased by ₹ 6,751 crore (19.39 *per cent*) over the previous year. The revenue expenditure increased by ₹ 6,413 crore (19.41 *per cent*), the capital expenditure increased by ₹ 318 crore (19.90 *per cent*) and disbursement of loans and advances increased by ₹ 20.00 crore (11.30 *per cent*) during the current year over the previous year.

Similarly, the non-plan revenue expenditure (NPRE) at ₹ 36,395 crore in 2012-13 increased by ₹ 5,354 crore (17.25 *per cent*) as compared to the previous year. The NPRE also exceeded the normative assessment made by ThFC at ₹ 27,198 crore by 33.81 *per cent*.

Chart 1.10: Total Expenditure: Expenditure by activities



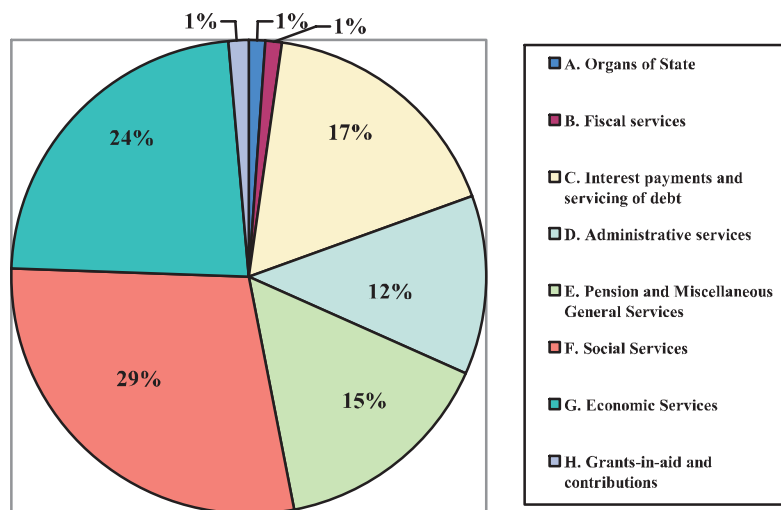
The movement of relative share of various components of expenditure (**Chart 1.10**) indicates that the share of General Services in total expenditure decreased from 51.74 *per cent* in 2008-09 to 45.07 *per cent* in 2012-13, Social services increased from 24.12 *per cent* to 28.64 *per cent* and Economic Services increased from 22.82 *per cent* to 24.51 *per cent* during the same period. The development expenditure i.e. 'expenditure on social and

economic services' together remained between 45 and 53 *per cent* during the period 2008-13.

The revenue expenditure continued to constitute a dominant proportion (89 to 95 *per cent*) of the total expenditure during the years 2008-13 (**Chart 1.9 and Appendix 1.8**). During this period, it grew at an annual average growth rate of 12.12 *per cent*. The plan revenue expenditure contributed just five to eight *per cent* of the total revenue expenditure, whereas the non-plan revenue expenditure was 92 to 95 *per cent* during the period 2008-13 (**Appendix 1.8**).

The revenue expenditure increased by ₹ 6,413 crore (19.41 *per cent*) over the previous year. Prominent increase was under Power (₹ 1,859.32 crore: 58.10 *per cent*), General Education (₹ 1,310.62 crore: 25.79 *per cent*), Police (₹ 744.02 crore: 26.07 *per cent*), Other Rural Development Programme (₹ 397.47 crore: 303.24 *per cent*), Pension and other Retirement benefits (₹ 309.07 crore: 5.46 *per cent*) and Medical and Public Health (₹ 224.46 crore: 16.05 *per cent*). The revenue expenditure was higher by ₹ 576 crore (1.48 *per cent*) than the projections in FCR (₹ 38,882 crore) for the year 2012-13. The sector-wise distribution of revenue expenditure is shown in **Chart 1.11**.

Chart 1.11: Sectoral distribution of revenue expenditure



During the current year the Capital Expenditure increased by ₹ 318 crore (19.90 *per cent*) over the previous year. The increase was mainly under capital outlay on Urban Development (₹ 130.31 crore: 365.42 *per cent*), capital outlay on Water Supply and Sanitation (₹ 67.22 crore: 42.23 *per cent*), capital outlay on Medical and Public Health (₹ 61.77 crore: 129.80 *per cent*), capital outlay on Education, Sports, Art and Culture (₹ 40.06 crore: 27.28 *per cent*), capital outlay on Welfare of SCs, STs, OBCs and minorities (₹ 5.78 crore: 100 *per cent*) and capital outlay on Other Social Services (₹ 4.32 crore: 76.73 *per cent*). The capital expenditure during the current year (₹ 1916 crore) was only 29.47 *per cent* of the projections made in the FCR

(₹6,502 crore). This shows that due priority was not accorded to capital expenditure.

On being pointed out (September 2013), the Finance Department stated (November 2013) that Punjab was a developed State, where most of the physical infrastructure for providing various social and economic services to people of the State such as Schools, Colleges, Hospitals, Roads and Bridges, etc. had already been built by the State Government. The maintenance expenditure of these assets was on revenue side. Therefore, in a State like Punjab, revenue expenditure would be high and capital expenditure on lower side. The reply of the State Government was not in line with the projections made by the State Government in its FCR.

1.6.2 Committed expenditure

The committed expenditure of the Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. Table 1.14 presents the trends in expenditure on these components during 2008-09 to 2012-13.

Table 1.14: Trends in components of committed expenditure

| Sr. No | Components of committed expenditure | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 (₹ in crore) | |
|--------|--|--------------|--------------|--------------|---------------|-------------------------|---------------|
| | | | | | | BE | Actuals |
| 1 | Salaries and Wages ^s , of which | 6835 (33) | 8225 (37) | 9750 (35) | 12403 (47) | 14513 (38) | 14120 (44) |
| | Under Non-Plan Head | 6677 | 8034 | 9525 | 12081 | 13921 | 13727 |
| | Under Plan Head* | 158 | 191 | 225 | 322 | 592 | 393 |
| 2 | Interest Payments | 4902 (24) | 5011 (23) | 5515 (20) | 6280 (24) | 6662 (18) | 6831 (21) |
| 3 | Pensions | 2830 (14) | 3357 (15) | 5309 (19) | 5657 (22) | 4753 (12) | 5966 (19) |
| 4 | Subsidies | 2806 (14) | 2919 (13) | 3480 (13) | 3215 (12) | 5980 (16) | 5132 (16) |
| | Total Committed Expenditure | 17373 | 19512 | 24054 | 27555 | 31908 | 32049 |
| | Total Revenue expenditure[#] | 24569 | 27408 | 32897 | 33045 | 41167 | 39458 |
| | Revenue Receipts | 20713 | 22157 | 27608 | 26234 | 38043 | 32051 |

Source: Finance Accounts

Figures in the parenthesis indicate percentage to Revenue Receipts

^s Salaries (2012-13): ₹ 13867.17 crore + Wages (2012-13): ₹ 253.18 crore

* Plan Head includes centrally sponsored schemes

[#] includes expenditure other than committed expenditure.

1.6.2.1 Salaries and Wages

Table 1.14 shows that the expenditure on salaries and wages increased from 33 per cent of revenue receipts in 2008-09 to 44 per cent in 2012-13 and it increased by ₹ 1,717 crore (13.84 per cent) in 2012-13 over the previous year.

Table 1.15: Committed expenditure vis-à-vis targets during 2012-13

(₹ in crore)

| Item | ThFC | FCR for State | 2011-12 | 2012-13 | |
|------------------------|------|---------------|---------|---------|---------|
| | | | | BE | Actuals |
| Salaries | 9763 | 12174 | 12204 | 14191 | 13867 |
| Interest payments | 6618 | 7130 | 6280 | 6662 | 6831 |
| Pensions | 4427 | 5304 | 5657 | 4753 | 5966 |
| Subsidies | - | - | 3215 | 5980 | 5132 |
| of which Power subsidy | -- | 4020 | 3200 | 5732 | 5059 |

Source: Figures of actual expenditure from Finance Accounts

Table 1.15 shows that the expenditure on salaries exceeded the projections of ThFC and FCR by ₹ 4,104 crore (42.04 per cent) and ₹ 1,693 crore (13.91 per cent) respectively.

1.6.2.2 Interest payments

Table 1.14 shows that the interest payments increased by 8.77 per cent from ₹ 6,280 crore in 2011-12 to ₹ 6,831 crore in 2012-13 and consumed 21 per cent of revenue receipts which was mainly due to increase of ₹ 419 crore (8.64 per cent) under 'Interest on internal debt'. Interest payments exceeded the projections of ThFC (₹ 6,618 crore), but these were lower by ₹ 299 crore (4.19 per cent) than the projections of FCR.

1.6.2.3 Subsidies

Table 1.14 shows that the subsidies during the current year increased by ₹ 1,917 crore (59.63 per cent) over the previous year. The actual expenditure on subsidies (₹ 5,132 crore) was less than the projection made in the BE (₹ 5,980 crore). However, payment on Power subsidy exceeded the norm of FCR by ₹ 1,039 crore (25.85 per cent). The subsidies present a partial picture as these are exclusive of the implicit subsidies. Implicit subsidies arise when the Government provides social and economic goods/services at a price lesser than the cost of goods and services incurred by the Government. It can be indirect or in kind or take the shape of concessions. Some implicit subsidies extended during 2012-13 are detailed in the **Table 1.16**

Table 1.16: Details of implicit subsidies

(₹ in crore)

| Sr. No. | Scheme | Amount |
|---------|--|---------------|
| 1 | Free books to scheduled caste Students (Ist to Xth Class). | 10.00 |
| 2 | Reimbursement to Transport department in respect of facility to physically handicap and blind in Government/ PRTC buses in the state of Punjab. | 4.69 |
| 3 | Reimbursement to Transport department in lieu of free concessional travel facility to women above the age of 60 years in Government/PRTC buses in the state of Punjab. | 0.59 |
| 4 | Free coaching and allied scheme for candidates belonging to minority. | 9.74 |
| 5 | Provision of free text books and tool kits to the scheduled castes & other weaker sections of the society. | 0.23 |
| 6 | Grant-in-aid to BPL/SC students for purchase of school uniforms, shoes and school bags etc. | 6.24 |
| 7 | Shagun to SCs/Christian girls and daughters of widows at the time of their marriage. | 118.46 |
| | Total | 150.13 |

Source: Detailed Appropriation Accounts

1.6.2.4 Pension payments

Table 1.14 shows that the pension payments recorded a growth of ₹ 309 crore (5.46 *per cent*) during the current year over the previous year. Pension payments exceeded the projections of ThFC and FCR by ₹ 1,539 crore (34.76 *per cent*) and ₹ 662 crore (12.48 *per cent*) respectively.

1.6.3 Financial assistance to the local bodies/other institutions

The quantum of assistance provided by way of grants and loans to the local bodies and other institutions during the current year and the previous years is presented in **Table 1.17**.

Table 1.17: Financial assistance to local bodies, etc.

| Institutions | 2008-09 | 2009-10 | 2010-11 | 2011-12 | (₹ in crore) 2012-13 | |
|--|---------------|---------------|---------------|----------------|-------------------------|----------------|
| | | | | | BE | Actual |
| Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.) | 452.12 | 748.02 | 683.84 | 905.58 | 681.42 | 921.18 |
| Municipal Corporations and Municipalities | 1.93 | 18.87 | 155.05 | 71.90 | 100.00 | 43.13 |
| Zila Parishads and Other Panchayati Raj Institutions | 73.34 | 116.93 | 87.02 | 131.48 | 740.33 | 132.39 |
| Development Agencies | 28.21 | 10.41 | 3.59 | 0.43 | 165.69 | 127.67 |
| Hospitals and Other Charitable Institutions | 55.00 | 46.45 | 63.27 | 90.14 | 126.40 | 105.06 |
| TOTAL | 610.60 | 940.68 | 992.77 | 1199.53 | 1813.84 | 1329.43 |
| Assistance as percentage of RE | 2.49 | 3.43 | 3.62 | 3.63 | 4.41 | 3.37 |

Source: Finance Accounts

The financial assistance to the local bodies and other institutions increased by ₹ 129.90 crore (10.83 *per cent*) over the previous year. This increase was mainly due to increase in assistance to the educational institutions (₹ 15.60 crore: 1.72 *per cent*), Development agencies (₹ 127.24 crore) and Hospitals and other charitable institutions (₹ 14.92 crore: 16.55 *per cent*).

Against the total budget provision of ₹ 1,813.84 crore, financial assistance of ₹ 1,329.43 crore only was released. In case of Zila Parishads and other Panchayati Raj Institutions the decrease in the actual release vis-à-vis the BE was ₹ 607.94 crore. The overall quantum of financial assistance to the local bodies and other institutions remained between 2.49 and 3.63 *per cent* of the revenue expenditure during 2008-13.

1.7 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves adequacy and efficiency of the expenditure.

1.7.1 Adequacy of public expenditure

Adequacy of public expenditure means whether there are enough provisions for providing public services. The responsibilities to incur expenditure on social sector and economic infrastructure are largely assigned to the State

Governments. For enhancing the levels of human development, the States are required to step up their expenditure on key social services like education, health etc. The fiscal priority (ratio of expenditure on a particular category to the aggregate expenditure) to a particular sector is considered low, if it is below the respective national average. In **Table 1.18**, the fiscal priority of the State Government with regard to development expenditure, expenditure on social sector and capital expenditure etc. is shown.

Table 1.18: Fiscal Priority of the State in 2009-10 and 2012-13

| Fiscal Priority by the State | (In per cent) | | | | | |
|---|------------------|-------------------------|------------------|-----------------|------------------|-----------------|
| | AE/ GSDP | DE [#] / AE | SSE/ AE | CE/ AE | Education/ AE | Health/ AE |
| General Category States Average* (Ratio) 2009-10 | 17.06 | 66.05 | 35.73 | 14.96 | 16.19 | 4.24 |
| Punjab (Ratio) 2009-10 | 14.99 (87.87) | 45.52 (68.92) | 23.36 (65.38) | 7.32 (48.93) | 12.64 (78.07) | 3.02 (71.23) |
| General Category States Average (Ratio) 2012-13 | 15.93 | 65.79 | 32.77 | 13.23 | 17.23 | 4.47 |
| Punjab (Ratio) 2012-13 | 14.15 (88.83) | 53.50 (81.32) | 28.64 (87.40) | 4.61 (34.85) | 16.11 (93.50) | 4.17 (93.29) |

Figures in parenthesis indicate percentage to General Category States Average

* General Category States exclude three states i.e. Delhi, Goa and Puducherry.

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Sector Expenditure, CE: Capital Expenditure

Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

From the **Table 1.18**, it is clear that during the years 2009-10 and 2012-13:

- Public expenditure as indicated by the ratio of aggregate expenditure to GSDP was lower in 2009-10 in the state as compared to the General Category States Average and the trend continues in the year 2012-13. The ratio of expenditure incurred by Punjab to the General Category States average has gone up from 87.87 per cent in 2009-10 to 88.83 per cent in 2012-13 which indicates that gap between expenditure by Punjab and General Category States average is decreasing.
- Development expenditure refers to the expenditure on economic and social sector. Increased priority to Development expenditure will result in better human and physical asset formation which will further increase the growth prospects of the State. In the case of Punjab, lower priority was given to the Development expenditure, as lower proportion of the aggregate expenditure as compared to General Category States Average was spent under this head. However, the ratio of expenditure incurred by Punjab to the General Category States average has gone up from 68.92 per cent in 2009-10 to 81.32 per cent in 2012-13.
- Similarly, lower priority had been given to the expenditure in Social Sector as lower proportion of aggregate expenditure was spent on this sector as compared to the General Category States in the country. However, priority to expenditure on education and health, which are main constituents of Social Sector, has improved during the year 2012-13. In the case of education, the ratio of expenditure incurred by

the Government of Punjab with General Category States Average has gone up from 78.07 *per cent* in 2009-10 to 93.50 *per cent* in 2012-13 whereas in the case of health, it has gone up from 71.23 *per cent* in 2009-10 to 93.29 *per cent* in 2012-13.

- Capital expenditure increases the asset creation which will generate opportunities for higher growth. In Punjab, the ratio of capital expenditure to the aggregate expenditure was also low as compared to the General Category States Average. The ratio of expenditure incurred by Punjab to the General Category States Average has come down from 48.93 *per cent* in 2009-10 to 34.85 *per cent* in 2012-13 which indicates that gap between expenditure by Punjab and General Category States Average is widening.

1.7.2 Efficiency of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves adequacy of the expenditure (i.e. adequate provisions for providing public services) and efficiency of expenditure (use). In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public⁷ and merit goods⁸. Apart from improving the allocation towards development expenditure⁹, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.19** presents the expenditure incurred in various sectors, **Table 1.20** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years.

⁷ Core public goods are those which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc.

⁸ Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

⁹ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Table 1.19: Expenditure incurred in various sectors

(₹ in crore)

| Sector | Total Expenditure | Amount of Committed expenditure | Per cent spent on committed expenditure | Amount of Capital expenditure | Per cent spent on Capital expenditure |
|-------------------|-------------------|---------------------------------|---|-------------------------------|---------------------------------------|
| General Services | 18786 | 17915 | 95.36 | 162 | 0.86 |
| Social Services | 11906 | 6993 | 58.73 | 716 | 6.01 |
| Economic Services | 10335 | 7141 | 69.10 | 1038 | 10.04 |

Source: Finance Accounts

Table 1.20: Development expenditure

(₹ in crore)

| Components of Development expenditure | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | BE | Actuals |
| Total Development expenditure (a to c) | 12929 (47.04) | 13476 (45.52) | 15890 (44.95) | 17042 (48.94) | 26931 (57.23) | 22241 (53.50) |
| a. Development Revenue expenditure | 10227 (37.21) | 11436 (38.63) | 13660 (38.64) | 15511 (44.54) | 22345 (47.48) | 20342 (48.93) |
| b. Development Capital expenditure | 2671 (9.72) | 2041 (6.89) | 2199 (6.22) | 1402 (4.03) | 4573 (9.72) | 1754 (4.22) |
| c. Development Loans and Advances | 31 (0.11) | 0 (Nil) | 31 (0.09) | 129 (0.37) | 13 (0.03) | 145 (0.35) |

(Figures in parenthesis indicate percentage to aggregate expenditure)

Source: Finance Accounts

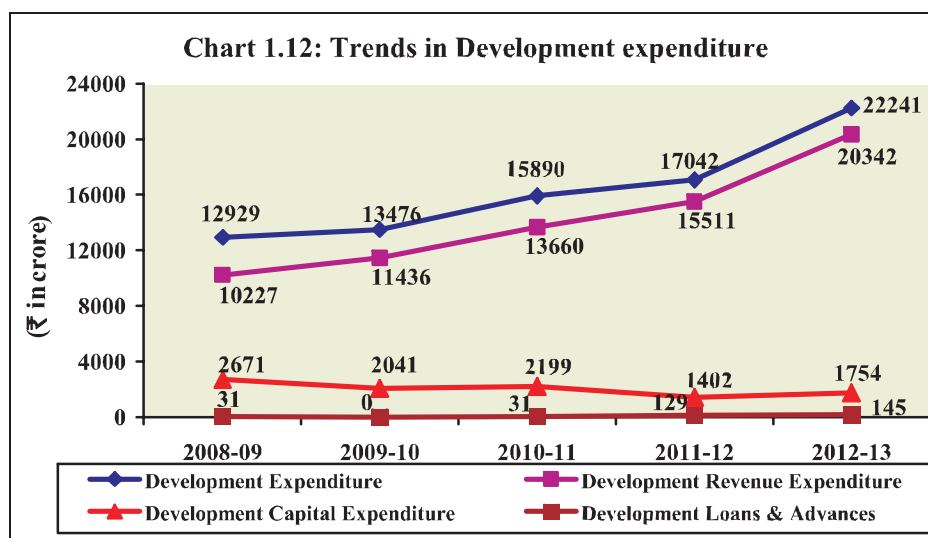


Table 1.20 and Chart 1.12 show that the total development expenditure increased by ₹ 9,312 crore (72.02 per cent) during 2008-13 and by ₹ 5,199 crore (30.51 per cent) during the current year over the previous year.

The development revenue expenditure increased from ₹ 10,227 crore in 2008-09 to ₹ 20,342 crore in 2012-13. The development revenue expenditure increased by ₹ 4,831 crore (31.15 per cent) during the current year over the

previous year, whereas it was less by ₹ 2,002 crore (8.96 *per cent*) when compared with the BE of the State for the year 2012-13.

The development capital expenditure decreased from ₹ 2,671 crore in 2008-09 to ₹ 1,754 crore in 2012-13. It increased by ₹ 352 crore (25.11 *per cent*) during the current year over the previous year and was less by ₹ 2,819 crore (61.64 *per cent*) as compared to the BE. The less development capital expenditure during 2012-13 as compared to 2008-09 implies that the State Government was giving less priority to capital expenditure for development as only 4.22 *per cent* of the aggregate expenditure as against 9.72 *per cent* in 2008-09 was incurred on development capital expenditure.

On this being pointed out (September 2013), the Finance Department stated (November 2013) that the State Government had achieved significant success in improving its development expenditure over the last few years. However, the fact is that though there was marginal increase in development expenditure but the department did not explain the reasons for development expenditure remaining lower than the budget estimates.

Table 1.21: Expenditure on selected Social and Economic Services vis-à-vis respective total expenditure

(In *per cent*)

| Social/Economic Infrastructure | 2011-12 | | 2012-13 | |
|---|-------------------|-------------------------|-------------------|-------------------------|
| | Ratio of CE to TE | In RE, the share of S&W | Ratio of CE to TE | In RE, the share of S&W |
| Social Services (SS) | | | | |
| General Education | 2.26 | 81.78 | 2.84 | 71.95 |
| Health and Family Welfare | 2.98 | 86.87 | 5.75 | 82.17 |
| WS, Sanitation, HUD | 31.62 | 69.58 | 42.41 | 59.74 |
| Total (SS) | 4.13 | 68.22 | 6.01 | 62.38 |
| Economic Services (ES) | | | | |
| Agri. and Allied Activities | 0.11 | 69.88 | 1.08 | 54.16 |
| Irrigation & Flood Control | 23.36 | 76.20 | 32.16 | 75.67 |
| Power and Energy | 0.00 | 0.02 | 0.00 | 0.02 |
| Transport | 36.36 | 30.38 | 24.32 | 29.34 |
| Total (ES) | 13.81 | 29.37 | 10.04 | 22.08 |
| Total (SS+ES) | 8.29 | 52.53 | 7.88 | 44.25 |
| <i>WS: Water Supply, HUD: Housing and Urban Development; Agri: Agriculture; CE: Capital Expenditure; TE: Total Expenditure; RE: Revenue Expenditure; S&W: Salary and Wages.</i> | | | | |

Source: Finance Accounts

Table 1.21 shows that in 2012-13, the ratio of the capital expenditure (CE) to the total expenditure (TE) on the Social Services (SS) increased by 1.88 and that of the capital expenditure to the total expenditure on Economic Services (ES) decreased by 3.77 *per cent*.

The share of salaries and wages components in revenue expenditure on SS decreased from 68.22 to 62.38 *per cent* and in case of ES from 29.37 to 22.08 *per cent* during the current year over the previous year.

The combined ratio of CE to TE on SS and ES decreased by 0.41 during 2012-13 over the previous year, while the share of salaries and wages in revenue expenditure on SS and ES decreased from 52.53 to 44.25 *per cent*.

1.8 Analysis of Government expenditure and investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low level but also meet its capital expenditure/ investment including loans and advances. In addition, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital works undertaken by the Government during the current year vis-à-vis the previous years.

1.8.1 Financial results of Irrigation works

The financial results of nine¹⁰ major irrigation projects involving a capital expenditure of ₹ 490.43 crore at the end of March 2013 showed that revenue realised from these projects during 2012-13 (₹ 45.73 crore) was only 9.32 *per cent* of the capital expenditure. This return was not sufficient to cover even the total working expenses and maintenance during the year 2012-13 (₹ 323.55 crore). After meeting the direct working expenditure and interest charges of ₹ 348.47 crore, the projects suffered a net loss of ₹ 302.75 crore.

1.8.2 Incomplete projects

The department-wise information pertaining to the incomplete projects as on 31 March 2013 is given in the **Table 1.22**.

Table 1.22: Department-wise profile of incomplete projects

(₹ in crore)

| Department | Number of Incomplete Projects | Initial Budgeted Cost | Revised Total Cost of Projects | Expenditure | Cost Overrun |
|-----------------------------|-------------------------------|-----------------------|--------------------------------|---------------|--------------|
| Water Supply and Sanitation | 2 | 43.31 | NA | 28.56 | NA |
| | 2 | 6.62 | 6.38 | 5.16 | -0.24 |
| Irrigation | 3 | 2488.23 | NA | 351.38 | NA |
| | 2 | 71.17 | 92.14 | 43.22 | 20.97 |
| Public Works (B & R) | 14 | 94.18 | NA | 57.86 | NA |
| | 2 | 13.99 | 17.27 | 14.09 | 3.28 |
| TOTAL | 25 | 2717.50 | | 500.27 | |

Source: Finance Accounts
NA stands for Not Available

¹⁰ (i) Upper Bari Doab Canal; (ii) Sirhind canal; (iii) Sutlej valley project (Eastern canal); (iv) Shah Nahar Canal Project; (v) Madhopur Beas Link Project; (vi) Harike Project; (vii) Installation of 96 tubewells in Shahkot block of Jullandhar district; (viii) Installation of 150 tubewells along main branch to augment Irrigation supplies from Upper Bari Doab Canal tracts and (ix) Installation of 108 tubewells in Mahilpur block of Hoshiarpur district.

There were four incomplete projects in Water Supply and Sanitation Department on which an expenditure of ₹ 33.72 crore had been incurred (March 2013). Out of these four projects, cost of two projects was revised downward by ₹ 0.24 crore. Information regarding revision of cost of remaining two projects was not available.

There were five incomplete projects in Irrigation department on which an expenditure of ₹ 394.60 crore had been incurred (March 2013). Out of these five projects, cost of two projects was revised upward by ₹ 20.97 crore. Information regarding revision of cost of remaining three projects was not available. There were 16 incomplete projects in Public Works (B & R) Department. Out of these 16 projects cost of two projects was revised upward by ₹ 3.28 crore. Information regarding revision of cost of remaining 14 projects was not available.

These incomplete projects which were scheduled to be completed between 2008-09 and 2012-13, were lying incomplete as of June 2013. An amount of ₹ 500.27 crore was blocked in these incomplete projects.

1.8.3 Investment and return

The investment and return on investment is given in the table below:

Table 1.23: Return on investment

| Investment/return/ cost of borrowings | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Investment at the end of the year (₹ in crore) | 3841.36 | 3832.41 | 3831.96 | 3831.73 | 3832.65 |
| Return (₹ in crore) | 0.78 | 0.91 | 0.62 | 1.73 | 0.33 |
| Return (<i>per cent</i>) | 0.02 | 0.02 | 0.02 | 0.05 | 0.01 |
| Average rate of interest on Government Borrowing (<i>per cent</i>) | 8.32 | 7.72 | 7.73 | 7.96 | 7.79 |
| Difference between interest rate and return (<i>per cent</i>) | 8.30 | 7.70 | 7.71 | 7.91 | 7.78 |

Source: Finance Accounts

As per statement 14 of the Finance Accounts for 2012-13, out of total amount invested (₹ 3,832.65 crore), ₹ 168.42 crore were invested in nine Statutory Corporations (four working and five non-working), ₹ 3,435.40 crore in 24 Government Companies (14 working and 10 non-working), ₹ 227.44 crore in 7653 Co-operative Banks and Societies and ₹ 1.39 crore in 15 Joint Stock Companies. The return on investment from Co-operative Banks and Societies, Joint Stock Companies and Government companies was ₹ 4.22 lakh (0.02 *per cent*), ₹ 16.70 lakh (11.97 *per cent*) and ₹ 12.50 lakh (0.004 *per cent*) respectively aggregating to ₹ 33.42 lakh (0.01 *per cent*). The return was between only 0.01 and 0.05 *per cent* during 2008-13, while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.72 and 8.32 *per cent* during the same period.

Punjab State Electricity Board was unbundled (April 2010) into two companies viz. Punjab State Power Corporation Limited (PSPCL) for managing Generation and Distribution of electricity and Punjab State Transmission Corporation Limited (PSTCL) for managing transmission of electricity.

At the time of unbundling (April 2010) of Punjab State Electricity Board (PSEB), the State Government did not restructure the Liabilities of the Board which were simply divided between the two successor companies viz. PSPCL and PSTCL.

As per Statement 14 of the Finance Accounts for the year 2012-13, investment of ₹ 2,946 crore¹¹ was made by the Punjab Government in Punjab State Power Corporation Limited, Patiala and Punjab State Transmission Corporation Limited. Accumulated losses of these corporations (upto year 2010-11 upto which accounts of these corporations have been finalized) were ₹ 1,696 crore.

1.8.4 Loans and advances by the Government of Punjab

In addition to the investments in Co-operative Societies, Corporations and Companies, the Government of Punjab has also been providing loans and advances to many institutions/organizations. **Table 1.24** presents the position of outstanding loans and advances as on 31 March 2013, interest receipts vis-à-vis interest payments by the State Government on its borrowings during last five years.

Table 1.24: Position of outstanding loans and advances and interest received/paid

| Quantum of loans/interest receipts/cost of borrowings | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | |
|---|---------|---------|---------|---------|---------|---------|
| | | | | | BE | Actual |
| Opening Balance of loans outstanding | 4123 | 4100 | 2853 | 2324 | -- | 2406 |
| Amount advanced during the year | 55 | 29 | 68 | 177 | 61 | 198 |
| Amount recovered during the year | 78 | 1276 | 597 | 95 | 75 | 174 |
| Closing Balance of the loans outstanding | 4100 | 2853 | 2324 | 2406 | -- | 2430 |
| Interest received | 46 | 42 | 51 | 40 | -- | 44 |
| Interest received as per cent to the outstanding Loans and Advances | 1.12 | 1.47 | 2.19 | 1.66 | -- | 1.83 |
| Rate of Interest paid as per cent to the outstanding fiscal liabilities of the Government | 8.32 | 7.72 | 7.03 | 7.96 | -- | 7.79 |
| Difference between the rate of, interest paid and interest received (per cent) | (-)7.20 | (-)6.25 | (-)5.54 | (-)6.30 | -- | (-)5.96 |

Source: Finance Accounts

¹¹ As per Audited Annual Accounts of the companies for the year ended 31 March 2011, the investment of Government in Punjab State Power Corporation Limited and Punjab State Transmission Corporation Limited is ₹ 6,687 crore. The difference is on account of allotment of new shares.

During 2012-13, ₹ 198 crore were advanced as loans against the BE of ₹ 61 crore. Further, recovery of loans amounting to ₹ 174 crore was made against the BE of ₹ 75 crore. The interest receipt of ₹ 44 crore during the current year increased by ₹ four crore (10 per cent) over the previous year. While the interest payment during 2012-13 was 7.79 per cent of its outstanding fiscal liabilities, the interest received was only 1.83 per cent of the outstanding loans and advances.

1.8.5 Cash balances and investment of cash balances

Table 1.25 depicts the cash balances and investments made by the Government of Punjab out of the cash balances during the year 2012-13. Total investment out of cash balances during 2012-13 were ₹ 102.03 crore, major portion of which was in Government of India Securities (₹ 101.99 crore). On these investments, the Government earned interest of ₹ 3.88 crore during the current year. The cash balances at the close of the current year decreased from ₹ (-)178.30 crore of the previous year to ₹ (-)303.61 crore mainly due to increase in *minus* balance of Deposits with Reserve Bank of India from ₹ 729.82 crore to ₹ 881.21 crore. Huge amount of ₹ 474.65 crore cash was lying with departmental officers. Had this amount been deposited into treasury, the minus deposits would have been reduced to that extent.

Table 1.25: Cash balances and investment of cash balances

| (₹ in crore) | | | | |
|--------------|--|-----------------------|-----------------------|--------------------------|
| | Overall Cash Position of the Government | As on 31st March 2012 | As on 31st March 2013 | Increase(+)/ Decrease(-) |
| (A) | General Cash Balances- | | | |
| 1 | Deposits with Reserve Bank of India | (-)729.82 | (-)881.21 | (-)151.39 |
| 2 | Investment held in the Cash balance Investment Account (a to c) | 102.03 | 102.03 | 0.00 |
| a. | GoI Treasury Bills | 0.00 | 0.00 | 0.00 |
| b. | GoI Securities | 101.99 | 101.99 | 0.00 |
| c. | Punjab State Power Corporation Bonds | 0.04 | 0.04 | 0.00 |
| | Total (A) | (-)627.79 | (-)779.18 | (-) 151.39 |
| (B) | Other Cash Balances and Investments - | | | |
| 1 | Cash with departmental officers viz. Forest and Public Works | 448.57 | 474.65 | 26.08 |
| 2 | Permanent advances for contingent expenditure with departmental officers | 0.22 | 0.22 | 0.00 |
| 3 | Investments of earmarked fund | 0.70 | 0.70 | 0.00 |
| | Total (B) | 449.49 | 475.57 | 26.08 |
| | Total (A) and (B) | (-)178.30 | (-)303.61 | (-) 125.31 |
| | Interest realised on investment | 9.95 | 3.88 | 6.07 |

Source: Finance Accounts

On being pointed out (September 2013), the Finance Department stated (November 2013) that the detailed instructions in this regard had already been issued to all heads of departments.

Under an agreement with the Reserve Bank of India, the Government of Punjab has to maintain with the bank a minimum balance of ₹ 1.56 crore on all days. If the balance falls below the agreed minimum balance on any day, the deficiency is made good by taking ways and means advances/overdraft from the Reserve Bank of India.

As per statement 6 of the Finance Accounts, ₹ 106.75 crore were outstanding as ways and means advances at the end of the year 2011-12. During 2012-13, the Government obtained ₹ 6,205.02 crore as ways and means advances from RBI on 60 occasions out of which ₹ 6,153.70 crore were re-paid during the year leaving a balance of ₹ 158.07 crore. ₹ 12.81 crore were paid as interest on these advances.

There was no outstanding balance at the end of the year 2011-12 as shortfall/overdraft. During 2012-13, the Government had availed shortfall of ₹ 20.28 crore on 13 occasions and overdraft of ₹ 5,268.10 crore on 74 occasions. During the year, ₹ 5,288.38 crore were repaid leaving nil balance. ₹ 7.04 crore were paid as interest on these shortfalls/overdrafts.

Thus, minimum cash balance for 239 days was maintained by taking ordinary and special ways and means advances/overdraft.

1.9 Assets and liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts capture the fiscal liabilities¹² and the assets created out of the expenditure incurred. *Appendix 1.4–Part B* gives an abstract of such liabilities and the assets as on 31 March 2013, compared with the corresponding position as on 31 March 2012. The liabilities consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

In real terms, during 2012-13, the assets grew by ₹ 1,813.84 crore (5.87 per cent) whereas the liabilities increased by ₹ 9,220.63 crore (11.07 per cent) over the previous year. The ratio of Financial Assets to Liabilities came down to 35.37 per cent in 2012-13 from 43.42 per cent in 2008-09 which was 37.04 per cent in the previous year which indicates that most of the debt was spent for purpose other than asset creation.

On being pointed out (September 2013), the Finance Department stated (November 2013) that the entire revenue expenditure of the State could not be

¹² Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GoI, the liabilities arising from the transactions in the Public Account of the State.

classified as unproductive. The revenue expenditure on social services and economic services was classified as developmental expenditure of the State. The reply of the Government was not convincing as it was against the recommendations of the Thirteenth Finance Commission that as a prudent fiscal policy, borrowings should not be used for consumption expenditure.

1.9.2 Fiscal liabilities

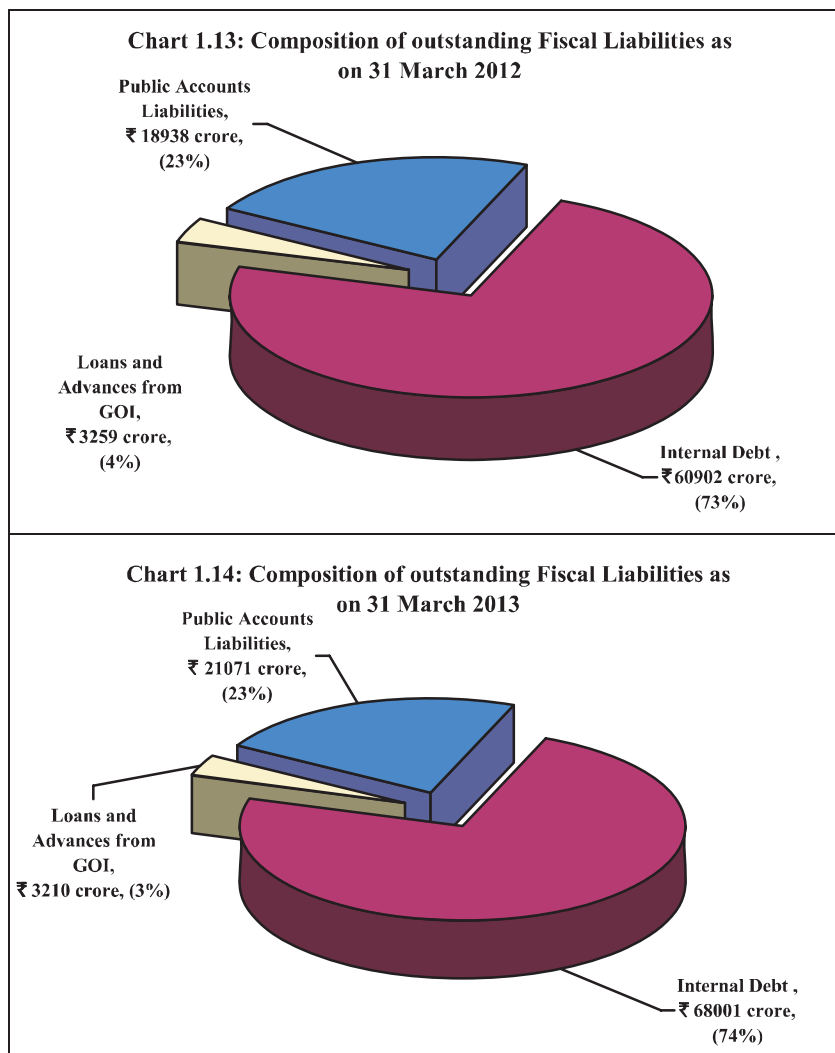
There are two sets of liabilities namely, Public Debt and Other Liabilities. The Public Debt consists of Internal Debt of the State and is accounted for under the Consolidated Fund. It includes market loans, special securities issued to National Small Savings Fund and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may, from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The Other liabilities, which are part of the Public Account, include deposits under small savings scheme, provident funds and other deposits. The trends in outstanding fiscal liabilities, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts of the State and State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters during the period 2008-13 are presented in Table 1.26.

Table 1.26: Fiscal liabilities – Basic Parameters

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Fiscal Liabilities (₹ in crore) | 61850 | 67967 | 74784 | 83099 | 92282 |
| Rate of Growth (per cent) | 10.48 | 9.89 | 10.03 | 11.12 | 11.05 |
| Ratio of Fiscal liabilities to | | | | | |
| GSDP (per cent) | 35.54 | 34.41 | 33.06 | 32.21 | 31.41 |
| Revenue receipts (per cent) | 298.61 | 306.75 | 270.87 | 316.76 | 287.92 |
| Own resources (per cent) | 365.24 | 384.16 | 337.50 | 410.59 | 365.95 |
| Buoyancy of Fiscal liabilities to | | | | | |
| GSDP (ratio) | 0.73 | 0.73 | 0.69 | 0.79 | 0.80 |
| Revenue receipts (ratio) | 1.37 | 1.42 | 0.41 | -2.23 | 0.50 |
| Own resources (ratio) | 0.89 | 2.21 | 0.40 | -1.28 | 0.45 |

Source: Finance Accounts

The compositions of fiscal liabilities at the end of the current year vis-à-vis the previous year are presented in **Charts 1.13** and **1.14**.



The overall fiscal liabilities of the Government had been on the rise and it increased from ₹ 61,850 crore in 2008-09 to ₹ 92,282 crore in 2012-13. The Consolidated Fund liabilities (₹ 71,211 crore) comprised of internal debt of ₹ 68,001 crore and loans of ₹ 3,210 crore from GoI. The Public Account liabilities (₹ 21,071 crore) comprises of small savings, Provident fund (₹ 14,563 crore) and interest bearing obligations and non-interest bearing obligations like deposits and other earmarked funds (₹ 6,508 crore). The fiscal liabilities of the Government have increased by ₹ 9,183 crore (11.05 *per cent*) during 2012-13 over the previous year mainly due to increase of ₹ 7,100 crore (11.66 *per cent*) in the internal debt.

1.9.3 Management of Reserve funds

Table 1.27: Position of Reserve Funds

(₹ in crore)

| Particulars | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-------------|-------------|-------------|-------------|-------------|
| Reserve Funds Bearing Interest | | | | | |
| 1. Closing Balance, of which | 2072 | 2280 | 2292 | 2607 | 3240 |
| Investments | Nil | Nil | Nil | Nil | Nil |
| 2. Funds Utilised for Intended Purposes | 151 | 35 | 188 | 160 | 13 |
| 3. Interest Paid on Interest-Bearing Reserve Funds | 237 | 8 | 85 | 245 | 276 |
| Reserve Funds not bearing interest | | | | | |
| Closing Balance, of which | 9 | 9 | 9 | 9 | 9 |
| Investments | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 |
| Cumulative aggregate balance | 2081 | 2289 | 2301 | 2616 | 3249 |
| Inoperative Reserve Funds | | | | | |
| No. of Inoperative Funds | 4 | 4 | 4 | 4 | 4 |
| Amount | 9 | 9 | 9 | 9 | 9 |

Source: Finance Accounts of respective years

Table 1.27 shows that the cumulative aggregate balance in Reserve funds as on 31 March 2013 was ₹ 3,249 crore. Out of which ₹ 68 lakh were invested. As per Statement 18 of the Finance Accounts Reserve Funds not bearing interest were dormant having no transaction.

1.9.4 Status of Guarantees

Government of Punjab gives guarantees for repayments of loans raised by statutory corporations/boards, local bodies, cooperative banks and societies etc. Guarantees, in case of defaults by borrowers for whom the guarantees have been extended, are liabilities contingent on the Consolidated Fund of the State. As per Statement 9 of the Finance Accounts, details of the guarantees given by the Government of Punjab for the last five years is given in **Table 1.28**.

Table 1.28: Guarantees given by the Government of Punjab

(₹ in crore)

| Guarantees | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Maximum amount guaranteed | 46815 | 51357 | NA | 48382 | 59166 |
| Outstanding amount of guarantees at the end of the year | 25758 | 32528 | 40333 | 45714 | 58102 |

Source: State Finance Accounts of the respective years

NA stands for Not available

The outstanding amount of ₹ 58,102 crore of guarantees on 31 March 2013, was in respect of banks and financial institutions (₹ 818 crore), cash credit facilities (₹ 32,565 crore) working capital to companies, corporations and co-operative societies and banks (₹ 24,719 crore). However, no guarantee was invoked during the year 2012-13.

The State Government set up a Guarantee Redemption Fund in December 2007 but did not contribute any amount to the Fund since its inception.

On being pointed out (September 2013), the Finance Department stated (November 2013) that Punjab was a revenue deficit State and therefore, any investment in "Guarantee Redemption Fund" would be out of borrowings, which would further increase the debt burden of the State Government. The reply was not convincing as the Guarantee Redemption Fund had been constituted on the recommendations of the Twelfth Finance Commission for sudden discharge of the State's obligations on guarantees and guarantee fee was to be credited to this fund.

1.9.5 Off-budget borrowing

The term 'off-budget borrowings' refers to incurring liabilities by Government without bringing them into government accounts. These may also arise when government does not fully pay moneys it owes to government companies/corporations. While a reasonable amount of unpaid bills are always there in the system due to time taken in passing the claims, these become a cause of concern when the magnitude is sizeable and non-payment could be attributed to lack of budget provision. A significant item of 'off-budget borrowings' by the Government pertains to non-clearance of bills submitted by Punjab State Civil Supplies Corporation Limited (PUNSUP) for differential cost (i.e. difference between purchase cost and the issue price to beneficiaries, fixed by the State Government under Atta Dal Scheme. Atta Dal scheme was introduced by the Government of Punjab in March 2007 to provide Wheat and Dal at the subsidised rates to the poor families of the State every month. As on 31 March 2013, PUNSUP had ₹ 1,593.40 crore (pertaining to the period August 2007 to March 2013) receivable from the State Government in respect of this scheme.

The matter was referred to Government; reply was awaited (November 2013).

1.10 Debt Management

Public Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives and to meet any other debt management goals that the Government might have set. The debt profile, debt sustainability and management of market borrowings of the State Government have been discussed in the succeeding paragraphs:

1.10.1. Debt profile**(i) Growth of debt****Table: 1.29: Debt Growth Rate***(₹ in crore)*

| Particulars | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------------|---------------|---------------|---------------|---------------|
| 1. Internal Debt | 45064 | 49966 | 54940 | 60902 | 68001 |
| (i) Market Loans (<i>Percentage of market loans to total public debt</i>) | 17874 (37) | 22235 (42) | 26764 (46) | 34504 (54) | 43063 (60) |
| (ii) Ways & Means Advances from RBI | 0 | 0 | 368 | 107 | 158 |
| (iii) Loans from Financial Institutions | 5741 | 5278 | 4662 | 4069 | 3061 |
| (iv) Special Securities issued to NSSF | 21449 | 22453 | 23146 | 22222 | 21719 |
| 2. Loans from Government of India | 3389 | 3286 | 3297 | 3259 | 3210 |
| Total Public debt | 48453 | 53252 | 58237 | 64161 | 71211 |
| Population | 2.70 | 2.74 | 2.77 | 2.80 | 2.83 |
| Per Capita debt (₹) | 17946 | 19435 | 21024 | 22915 | 25163 |

Source: Finance Accounts and Registrar General & Census Commissioner of India

During 2008-09 to 2012-13 total public debt increased from ₹ 48,453 crore in 2008-09 to ₹ 71,211 crore in 2012-13 (47 *per cent*) registering annual average growth rate of 9.40 *per cent*. The share of market borrowings in total public debt went up from 37 *per cent* in 2008-09 to 60 *per cent* in 2012-13. Total public debt increased by 11 *per cent* and the per capita public debt increased by 10 *per cent* over the previous year.

(ii) Maturity profile of debt

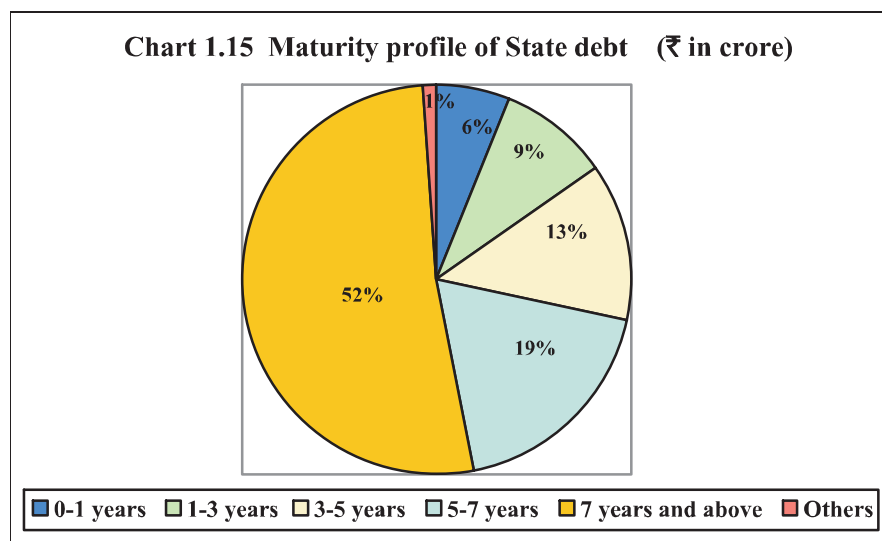
The maturity profile of the State debt is shown in **Table 1.30** and **Chart 1.15**.

Table 1.30: Maturity profile of repayment of State debt as on 31 March 2013

| Period of repayment (Years) | Amount (₹ in crore) | Percentage |
|-----------------------------|---------------------|---------------|
| 0 – 1 | 4271.08 | 6.00 |
| 1 – 3 | 6687.39 | 9.39 |
| 3 – 5 | 9200.73 | 12.92 |
| 5 – 7 | 13193.30 | 18.53 |
| 7 and above | 37036.50 | 52.01 |
| Others¹³ | 822.65 | 1.16 |
| TOTAL | 71211.65 | 100.00 |

Source: Finance Accounts

¹³ Represents ₹ 822.20 crore representing loans of back to back basis, recoveries of which are being made by Central Government itself, ₹ 31.92 lakh repayment of which is on the basis of actual recoveries and ₹ 13.05 lakh representing market loans not bearing interest for which maturity profile was not available.



The Maturity profile of the State's debt during the current year (**Table 1.30**) indicates that six *per cent* of the debt is payable in the next year, 9.39 *per cent* in 1-3 years' time, 12.92 *per cent* in 3-5 years' time, 18.53 *per cent* in 5-7 years' time and 52.01 *per cent* is payable after seven years. Thus, there would be a bunching of repayments around 5-7 years' time.

1.10.2 Debt sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability¹⁴ of the State. Sustainability of debt of the Government can be measured in terms of debt stabilization¹⁵, sufficiency of non-debt receipts¹⁶, net availability of borrowed funds¹⁷, burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of the Government debt. **Table 1.31** analyses the debt sustainability of the Government according to these indicators for the years 2008-13.

¹⁴ The Debt sustainability is defined as the ability of the State to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

¹⁵ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the Debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, Debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, Debt-GSDP ratio would be rising and in case it is positive, Debt-GSDP ratio would eventually be falling.

¹⁶ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

¹⁷ Ratio of the debt redemption (Principal + Interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Table 1.31: Debt sustainability*(₹ in crore)*

| Indicators of Debt Sustainability | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|
| Debt Stabilization (Quantum Spread + Primary Deficit) | 1845 | 3975 | 3102 | (-)409 | 2803 |
| Sufficiency of Non-debt receipts (Resource Gap) | (-)2087 | 521 | (-)975 | (-)1348 | (-)855 |
| Net availability of borrowed funds | 971 | 1114 | 1299 | 2042 | 2360 |
| Burden of Interest Payments (Interest Payments/Revenue Receipts Ratio) | 24 | 23 | 20 | 24 | 21 |

Source: Finance Accounts

An analysis showed the following:

- The sum of quantum spread and primary deficit has improved over the previous year.
- The negative resource gap indicates the non-sustainability of debt, while the positive resource gap indicates the capacity to sustain the debt. There has been negative resource gap during 2008-09 to 2012-13, though this gap has improved a bit during current year, yet it remained negative during current year indicating non-sustainability of debt.
- The net funds available from the internal debt and loans and advances from the GoI and other sources after providing for repayments (including interest) increased from ₹ 971 crore in 2008-09 to ₹ 2,360 crore in 2012-13. The expenditure pattern of the State Government indicated that the borrowed funds were mostly used for redemption of past debts leaving only small fund for other purposes.

1.10.3 Market borrowings

Table 1.32 shows the position of market borrowings raised by the Government of Punjab during the period 2008-09 to 2012-13.

Table 1.32: Key indicators in the context of market loans*(₹ in crore)*

| Description | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Total Liabilities as on 31 March | 61850 | 67967 | 74784 | 83099 | 92282 |
| Total public debt as on 31 March | 48453 | 53253 | 58237 | 64161 | 71212 |
| Total market loans as on 31 March | 17874 | 22235 | 26764 | 34504 | 43063 |
| Percentage of market loans to total liabilities | 28.90 | 32.71 | 35.79 | 41.52 | 46.66 |
| Percentage of market loans to total public debt | 36.89 | 41.75 | 45.96 | 53.78 | 60.47 |
| Interest paid on market loans | 1151.92 | 1512.48 | 1838.46 | 2303.41 | 2995.29 |
| Ratio of interest payments to revenue Receipts | 24 | 23 | 24 | 24 | 21 |
| Primary deficit | -1788 | -1159 | -1628 | -2211 | -2515 |
| Revenue deficit | -3856 | -5251 | -5289 | -6811 | -7407 |
| Fiscal deficit | -6690 | -6170 | -7143 | -8491 | -9346 |
| Percentage of total liabilities to GSDP | 35.54 | 34.41 | 33.06 | 32.21 | 31.41 |
| GSDP | 174039 | 197500 | 226204 | 258006 | 293815 |

Note:- As per the definition of the term 'total liabilities', off budget borrowings through public sector undertakings are to be included. However, these are not included in the figures shown above for want of information.

From the above table it is evident that total liabilities have increased at an annual average rate of 9.84 *per cent* during the period 2008-09 to 2012-13. Total public debt has increased at an annual average rate of 9.39 *per cent* during the period 2008-09 to 2012-13.

1.10.4 Arrangement for amortization of debt

(i) Government has constituted a Sinking Fund for loans raised by it in the open market. This Fund consists of two components i.e. Sinking Fund (Depreciation) and Sinking Fund (Amortization). The rate of contribution to these two components of sinking fund was prescribed by the State Government as under:

- (a) **Sinking Fund (Depreciation)**-A sum not exceeding 1.5 *per cent* of the total amount of loans could, if necessary, be set apart from the revenue each year to a depreciation Fund for purchasing securities to be redeemed for payment of loans.
- (b) **Sinking Fund (Amortization)**-In addition to the annual contribution to the respective depreciation fund, annual contributions are to be made to the Sinking fund from revenues for amortization of loans at such rates as Government may decide from time to time.

No contributions were made in sinking fund during 2012-13 and there were no balances in these two components of the sinking fund at the commencement and end of 2012-13. In the absence of these funds, the Government has no option but to raise new debt every year to repay the debt of earlier years, as shown in **Table 1.33**.

Table 1.33: Details of debt raised during the year and its utilisation for repayment

| (₹ in crore) | | |
|--------------|-----------------------------|----------------------------|
| Year | Debt raised during the year | Repayments during the year |
| 2008-09 | 6432.25 | 2288.52 (35.58) |
| 2009-10 | 10107.84 | 5308.36 (52.52) |
| 2010-11 | 10934.37 | 5952.88 (54.44) |
| 2011-12 | 14870.88 | 8947.23 (60.17) |
| 2012-13 | 22166.50 | 15115.79 (68.19) |

Source: Finance Accounts

Note: Figures in brackets indicate the percentage to total debt raised during the year

It is clear from the above table that 68.19 *per cent* of current debt was utilized for repayment of earlier debt during 2012-13. The percentage of utilisation of debt for repayment of earlier debt is increasing year by year. It went up from 35.58 *per cent* in 2008-09 to 68.19 *per cent* in 2012-13.

(ii) Non-inclusion of pre-payment clause

Audit scrutiny of records of the Finance Department, Punjab revealed that the State Government raised market borrowings of ₹ 64,511.84 crore during the period from 2008-09 to 2012-13. However, the State Government did not include any clause as to prepayment in terms and conditions of borrowings.

Thus, the Government, in the improved budgetary conditions, would not be able to mitigate its market loan liabilities.

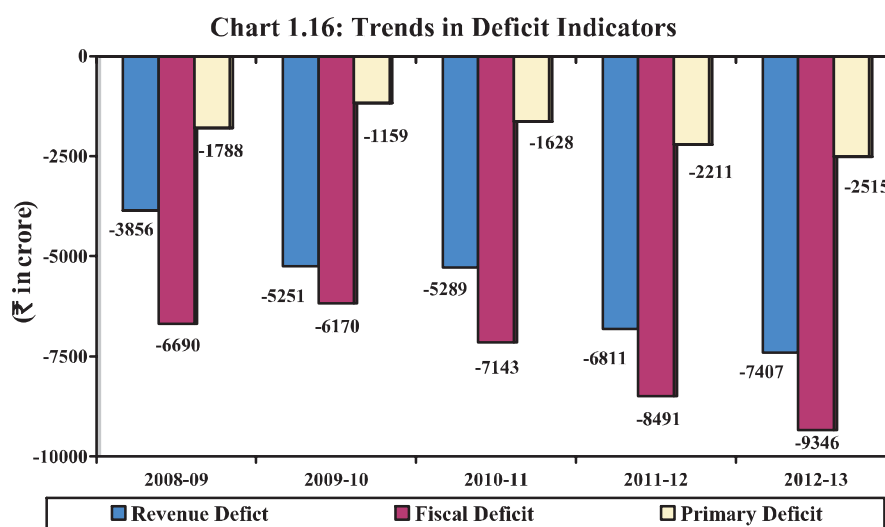
On being pointed out (September 2013), the Finance Department stated (November 2013) that the revenue deficit of the State was structural in nature and was likely to persist for long period. The cash position of the State was also not healthy. Therefore, it would not be a wise strategy to include "Call and Put" option in state development loans. The reply of the Government that revenue deficit of the State was likely to persist for long period was not correct as the State Government had committed in the Punjab FRBM Act to bring down its revenue deficit to zero or surplus in 2014-15 and maintain surplus thereafter.

1.11 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis the targets set under the FRBM Act/Rules for the financial year 2012-13.

1.11.1 Trends in deficits

Charts 1.16 and 1.17 present the trends in deficit indicators over the period 2008-13.

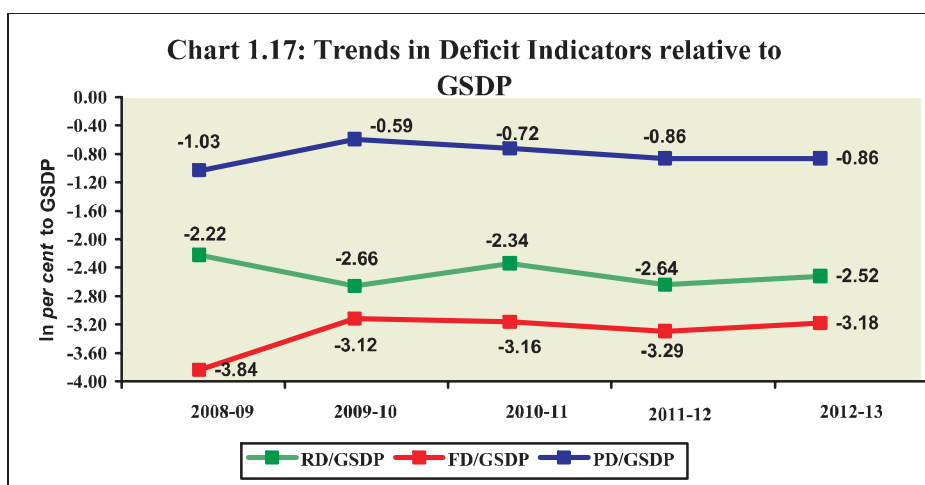


The revenue deficit which indicates the excess of revenue expenditure over the revenue receipts rose to the level of ₹ 7,407 crore (2.52 *per cent* of GSDP) in 2012-13 from a deficit of ₹ 3,856 crore (2.22 *per cent* of GSDP) in 2008-09. It shows that the revenue receipts in the State were not enough to meet the

burgeoning and structurally rigid revenue expenditure. The State Government did not contain the revenue deficit within the limits prescribed in the FRBM Amendment Act, 2011 (1.20 *per cent*) and FCR (1.20 *per cent*).

The fiscal deficit, which represents the total borrowing of the State and its total resource gap, increased from ₹ 6,690 crore (3.84 *per cent* of GSDP) in 2008-09 to ₹ 9,346 crore (3.18 *per cent* of GSDP) in 2012-13. However, the fiscal deficit as percentage of GSDP in the current year was within the target of 3.50 *per cent* fixed by FRBM (Amendment) Act, 2011.

The primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipt, was ₹ 1,788 crore (1.03 *per cent* of GSDP) in 2008-09 and increased to the level of ₹ 2,515 crore (0.86 *per cent* of GSDP) in the current year.



Thus, the State Government should work in the direction to bring down its revenue deficit to zero by the year 2014-15 as per target fixed under the FRBM (Amendment) Act, 2011.

On being pointed out (September 2013), the Finance Department stated (November 2013) that low level of devolution from Central Government, industrial concessions to neighbouring States, high burden of debt accumulated during the period of militancy and implementation of recommendations of pay commission on Central Government's pattern had made the task of State Government difficult. Even then, the State Government had been successful in bringing down revenue deficit as percentage of GSDP from 2.91 during 2002-03 to 2006-07 to 2.47 during 2007-08 to 2011-12. The reply of the Finance Department was not convincing as the State Government should work in the direction to bring down its revenue deficit to 0.6 *per cent* in the financial year 2013-14 and zero *per cent* or surplus by the year 2014-15 as per targets fixed under the Punjab FRBM (Amendment) Act, 2011.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.34**.

Table 1.34: Components of Fiscal deficit and its financing pattern*(₹ in crore)*

| Particulars | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|--|----------------|------------------|-----------------|----------------|----------------|
| Components of Fiscal Deficit (1+2+3) | | 6690 (3.84) | 6170 (3.12) | 7143 (3.16) | 8491 (3.29) | 9346 (3.18) |
| 1 | Revenue Deficit | 3856 (2.22) | 5251 (2.66) | 5289 (2.34) | 6811 (2.64) | 7407 (2.52) |
| 2 | Net Capital Expenditure | 2857 (1.64) | 2166 (1.10) | 2383 (1.05) | 1598 (0.62) | 1916 (0.65) |
| 3 | Net Loans and Advances | -23 (-0.01) | -1247 (-0.63) | -529 (-0.23) | 82 (0.03) | 23 (0.01) |
| Financing Pattern of Fiscal Deficit* | | | | | | |
| 1 | Market Borrowings | 4645 | 4361 | 4529 | 7740 | 8559 |
| 2 | Loans from GoI | 105 | -103 | 8 | -37 | -49 |
| 3 | Special Securities issued to NSSF | -213 | 1004 | 693 | -924 | -503 |
| 4 | Loans from Financial Institutions | -393 | -463 | -248 | -855 | -956 |
| 5 | Small Savings, PF etc | 720 | 849 | 1174 | 1640 | 1565 |
| 6 | Deposits and Advances | 645 | 264 | 642 | 436 | -66 |
| 7 | Suspense and Miscellaneous | 2 | -34 | 8 | 105 | 44 |
| 8 | Remittances | -11 | 39 | -19 | 11 | -6 |
| 9 | Reserve Fund | 359 | 208 | 12 | 315 | 632 |
| 10 | Increase/Decrease in cash balance | 831 | 44 | 344 | 60 | 126 |
| 11 | Overall Deficit | 6690 | 6170 | 7143 | 8491 | 9346 |

Source: Finance Accounts

Figures in brackets indicate the percent to GSDP.

*All these figures are net of disbursements/outflows during the year.

The fiscal deficit of the State increased from ₹ 6,690 crore in 2008-09 to ₹ 9,346 crore in 2012-13. It was mainly met from market borrowings (₹ 8,559 crore) and small savings, provident funds, etc. (₹ 1,565 crore). **Table 1.34** indicates that inspite of increasing trend of fiscal deficit in the last five years, the net capital expenditure as *per cent* of GSDP declined from 1.64 in 2008-09 to 0.65 *per cent* in the current year, which indicates that the borrowed money was used to meet the revenue expenditure instead of using it for creation of assets. **Table 1.35** gives the details as to how the borrowed money was utilized.

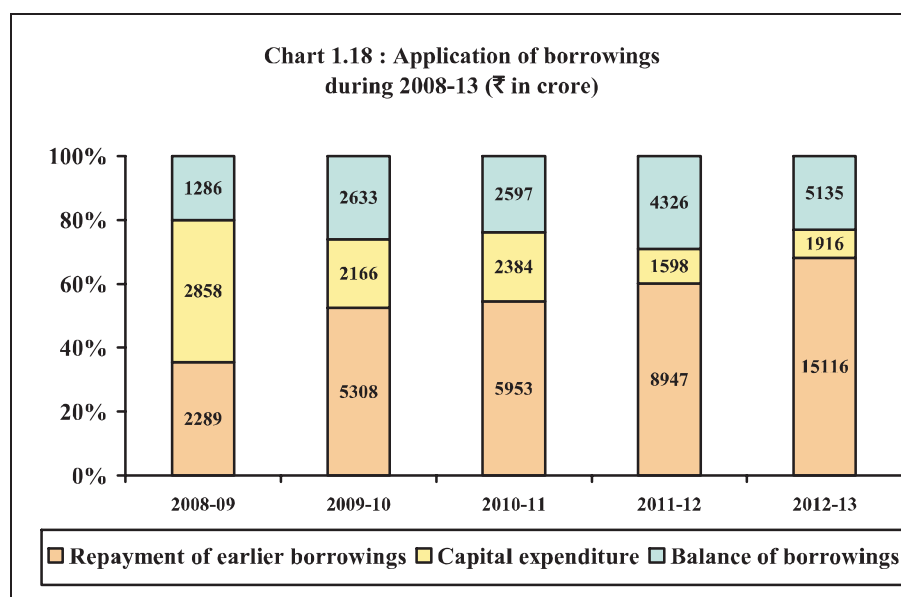
Table 1.35: Application of borrowings

(₹ in crore)

| Year | Total Borrowings | Repayment of earlier borrowings (Principal portion) | Capital expenditure | Balance |
|---------|------------------|---|---------------------|--------------------|
| 1 | 2 | 3 | 4 | 5=2-(3+4) |
| 2008-09 | 6432.25 | 2288.52 (35.58) | 2857.93 (44.43) | 1285.80 (19.99) |
| 2009-10 | 10107.84 | 5308.36 (52.52) | 2166.41 (21.43) | 2633.07 (26.05) |
| 2010-11 | 10934.37 | 5952.88 (54.44) | 2384.09 (21.80) | 2597.40 (23.75) |
| 2011-12 | 14870.88 | 8947.24 (60.17) | 1598.12 (10.75) | 4325.52 (29.09) |
| 2012-13 | 22166.50 | 15115.79 (68.19) | 1915.82 (8.64) | 5134.89 (23.17) |

(Figures in parenthesis indicate the percentage to total borrowings)

Source: Finance Accounts



The **Table 1.35** and **chart 1.18** shows that major portion of borrowings was utilized for repayment of earlier borrowings. The percentage of utilisation of borrowing for repayment of earlier borrowings is increasing year by year. It went up from 35.58 per cent in 2008-09 to 68.19 per cent in 2012-13, whereas the percentage of utilisation of borrowings for capital expenditure came down to 8.64 per cent in 2012-13 from 44.43 per cent in 2008-09. The balance amount was utilized for meeting revenue expenditure.

Table 1.36 shows the detail of receipts and disbursements of components financing the fiscal deficit during 2012-13.

Table 1.36: Receipts and disbursements under components of financing the fiscal deficit during 2012-13*(₹ in crore)*

| S.No. | Particulars | Receipts | Disbursements | Net Balance |
|-------|--|--------------|---------------|-------------|
| 1 | Market Borrowings | 9700 | 1141 | 8559 |
| 2 | Loans from GoI | 222 | 271 | -49 |
| 3 | Special Securities issued to NSSF | 561 | 1064 | -503 |
| 4 | Loans from Financial Institutions | 11683 | 12639 | -956 |
| 5 | Small Savings, Provident Fund etc. | 3206 | 1641 | 1565 |
| 6 | Deposits and Advances | 3882 | 3948 | -66 |
| 7 | Suspense and Miscellaneous | 26462 | 26418 | 44 |
| 8 | Remittances | 1505 | 1511 | -6 |
| 9 | Reserve Funds | 645 | 13 | 632 |
| 10 | Total (1 to 9) | 57866 | 48646 | 9220 |
| 11 | Increase(-)/Decrease (+) in Cash Balance | - | - | 126 |
| 12 | Overall deficit (10 + 11) | 57866 | 48646 | 9346 |

Source: Finance Accounts

1.11.3 Quality of deficit/surplus

The ratio of Revenue deficit to Fiscal deficit and the decomposition of Primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistent high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The ratio of revenue deficit to fiscal deficit decreased from 80.22 per cent in 2011-12 to 79.25 per cent in 2012-13 (*Appendix 1.8*).

The bifurcation of the factors resulting into primary deficit or surplus of the Government during the period 2008-13 (**Table 1.37**) reveals that the primary deficit during this period was on account of slow rise in non-debt receipts as compared to primary revenue expenditure. Therefore, non-debt receipts of the State were not enough to meet the primary revenue expenditure requirements. If this trend continues, debt sustainability will be in serious jeopardy as ideally incremental non-debt receipts every year should cover not only the incremental primary expenditure but also incremental interest burden.

Table 1.37: Details of Primary deficit during 2008-13

(₹ in crore)

| Year | Non-debt receipts | Primary Revenue expenditure | Capital expenditure | Loans and advances disbursed | Primary expenditure | Primary deficit (-) |
|---------|-------------------|-----------------------------|---------------------|------------------------------|---------------------|---------------------|
| 1 | 2 | 3 | 4 | 5 | 6 (3+4+5) | 7 (2-6) |
| 2008-09 | 20792 | 19667 | 2858 | 55 | 22580 | -1788 |
| 2009-10 | 23433 | 22397 | 2166 | 29 | 24592 | -1159 |
| 2010-11 | 28206 | 27382 | 2384 | 68 | 29834 | -1628 |
| 2011-12 | 26329 | 26765 | 1598 | 177 | 28540 | -2211 |
| 2012-13 | 32225 | 32627 | 1916 | 197 | 34740 | -2515 |

Source: Finance Accounts

1.12 Conclusions

Pattern of revenue receipts and expenditure: During 2008-09 to 2012-13 the revenue receipts grew at an annual average rate of 10.95 *per cent* whereas revenue expenditure grew at an annual average rate of 12.12 *per cent*. The revenue expenditure continued to constitute a dominant portion (89 to 95 *per cent*) of the total expenditure during this period.

Capital expenditure: During the current year the Capital Expenditure increased by ₹ 318 crore (19.90 *per cent*) over the previous year. The capital expenditure during the current year (₹ 1916 crore) was only 29.47 *per cent* of the projections made in the FCR (₹ 6,502 crore). This shows that due priority was not accorded to capital expenditure.

Trends in deficits: During the current year revenue deficit increased to ₹ 7,407 crore from ₹ 3,856 crore in 2008-09. It was 2.52 *per cent* of GSDP as against the target of 1.20 *per cent* of GSDP fixed by the FRBM (Amendment) Act, 2011. The fiscal deficit of ₹ 9,346 crore (3.18 *per cent* of GSDP) was within the target of 3.50 *per cent* fixed by the FRBM (Amendment) Act, 2011.

Debt sustainability: Though the debt-GSDP ratio at 31.41 *per cent* was within the target fixed (41 *per cent*) under Fiscal Responsibility and Budget Management Act, yet the borrowed funds were mostly used for redemption of past debts leaving relatively a smaller portion for other purposes. As much as 21 *per cent* of the revenue receipts were used to meet the burden of interest payments.

Non-deposit of revenue receipts into the Consolidated Fund of the State: The Government of Punjab established various funds through enactment of Acts/ issuance of notifications. The revenue receipts collected under these Acts by various bodies were credited to these Funds. Neither the receipts of these funds form part of revenue receipts of Consolidated Fund of the State nor the expenditure was incurred out of the same.

Return on Government investment: The return on investment made by the Government in Statutory corporations, Government Companies and Cooperative banks and Societies was between 0.01 and 0.05 *per cent* during 2008-09 to 2012-13, while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.72 and 8.32 *per cent* during the same period. At the time of unbundling (April 2010) of Punjab State

Electricity Board, the State Government did not restructure the Liabilities of the Board which were simply divided between the two successor companies viz. Punjab State Power Corporation Limited and Punjab State Transmission Corporation Limited.

Ratio of financial assets to liabilities: The ratio of financial assets to liabilities came down to 35.37 *per cent* in 2012-13 from 43.42 *per cent* in 2008-09 which indicates that most of the debt was spent for purposes other than asset creation.

Off-budget borrowings: As on 31 March 2013, the State Government owes ₹ 1,593.40 crore (pertaining to the period August 2007 to March 2013) to Punjab State Civil Supplies Corporation Limited on account of payment of differential cost (i.e. difference between purchase cost and the issue price to beneficiaries) under Atta Dal scheme.

Funds transferred to State Implementing Agencies outside the State Budget: GoI directly transferred ₹ 1,002.22 crore to State implementing agencies during the current year. Since these funds do not pass through the State Budget, the Annual Finance Accounts of the State do not present a complete picture of fund flow of Central Government resources into the State.

Incomplete projects: Twenty five projects, which were scheduled to be completed between 2008-09 and 2012-13, were lying incomplete (June 2013). An amount of ₹ 500.27 crore was blocked in these incomplete projects. Time overruns of incomplete projects need to be reduced.

Growth of debt: During 2008-09 to 2012-13 total public debt increased by ₹ 22,758 crore (47 *per cent*) registering annual average growth of 9.40 *per cent*. The share of market borrowings in total public debt went up from 37 *per cent* in 2008-09 to 60 *per cent* in 2012-13.

1.13 Recommendations

The Government may consider:

- *making concerted efforts to reduce gap between revenue receipts and revenue expenditure.*
- *ensuring utilization of debt receipts for asset creation; use the borrowed funds towards capital expenditure and endeavour to obtain better value for the investments.*
- *making all out efforts to meet the target fixed under the Fiscal Responsibility and Budget Management (Amendment) Act, 2011.*
- *keeping revenue receipts collected under various Acts in the Consolidated Fund of the State.*

CHAPTER II

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure voted and charged of the Government for each financial year compared with the amounts of the voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate the actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

2.1.2 Audit of the appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given in the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution of India is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

2.2 Summary of the Appropriation Accounts

The summarized position of actual expenditure vis-à-vis budgetary provisions during 2012-13 for the total 30 grants/appropriations is given in the **Table 2.1**.

Table 2.1: Summarized position of actual expenditure vis-à-vis original/supplementary provisions

(₹ in crore)

| | Nature of expenditure | Original grant/ Appropriation | Supplementary grant/ appropriation | Total | Actual expenditure | Saving (-)/ Excess (+) |
|--------------------------------------|------------------------------|----------------------------------|--|-----------------|-----------------------|---------------------------|
| Voted | I Revenue | 34373.64 | 4499.18 | 38872.82 | 32780.27 | (-)6092.55 |
| | II Capital | 5815.27 | 679.70 | 6494.97 | 2040.92 | (-)4454.05 |
| | III Loans and Advances | 60.54 | 189.27 | 249.81 | 197.53 | (-)52.28 |
| Total Voted | | 40249.45 | 5368.15 | 45617.60 | 35018.72 | (-)10598.88 |
| Charged | IV Revenue | 6793.03 | 384.03 | 7177.06 | 7011.99 | (-)165.07 |
| | V Capital | 0 | 0 | 0 | 0 | 0 |
| | VI Public Debt- Repayment | 10605.79 | 4056.12 | 14661.91 | 15115.79 | (+)453.88 |
| Total Charged | | 17398.82 | 4440.15 | 21838.97 | 22127.78 | (+)288.81 |
| Appropriation to Contingency Fund | | 0 | 0 | 0 | 0 | 0 |
| Grand Total | | 57648.27 | 9808.30 | 67456.57 | 57146.50 | (-)10310.07 |

Source: Appropriation Accounts

Note: The expenditure includes the recoveries of ₹334.31 crore adjusted as reduction of expenditure under Revenue and ₹125.10 crore under Capital.

The actual expenditure during 2012-13 was ₹57,146.50 crore against the original budgetary provisions of ₹57,648.27 crore. The supplementary

provisions of ₹ 9,808.30 crore were, thus, found unnecessary. The overall saving of ₹ 10,310.07 crore (15.28 per cent of total budget provision) was the result of total savings of ₹ 11,079.67 crore in all the 30 grants (*Appendix 2.1*) set off by excess of ₹ 769.60 crore in four grants (**Table 2.5**). On being pointed out (September 2013), the Finance Department stated (October 2013) that necessary action was being taken by the State Government to prepare accurate budget estimates and also ensured to take corrective measures in future.

2.3 Financial accountability and budget management

2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of audit of grants and appropriations reveals that in 17 cases (12 out of the total 30 grants), the savings (excluding surrenders) exceeded by ₹ 100 crore and also by more than 10 per cent of the total provision in each case. Details are given in Table-2.2.

Table 2.2: List of grants having large savings

(₹ in crore)

| Sr. No. | Number and Name of the grant | Total Budget Provision | Actual expenditure | Savings | Surrenders | Savings excluding surrender | Percentage |
|---------|--|------------------------|--------------------|----------------|----------------|-----------------------------|--------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | (Revenue-Voted) 1-Agriculture and Forests | 1005.27 | 767.24 | 238.03 | 51.40 | 186.63 | 18.57 |
| 2. | 5-Education | 7072.21 | 6046.69 | 1025.52 | 9.99 | 1015.53 | 14.36 |
| 3. | 9-Food and Supplies | 843.58 | 343.49 | 500.09 | 5.78 | 494.31 | 58.60 |
| 4. | 11-Health and Family Welfare | 2359.07 | 1822.64 | 536.43 | 0.92 | 535.51 | 22.70 |
| 5. | 13-Industries | 200.50 | 72.22 | 128.28 | 0 | 128.28 | 63.98 |
| 6. | 15-Irrigation and Power | 7074.13 | 6127.17 | 946.96 | 146.71 | 800.25 | 11.31 |
| 7. | 17-Local Government, Housing and Urban Development | 576.70 | 193.99 | 382.71 | 0 | 382.71 | 66.36 |
| 8. | 22-Revenue and Rehabilitation | 1320.96 | 931.16 | 389.80 | 221.49 | 168.31 | 12.74 |
| 9. | 23-Rural Development and Panchayats | 1830.92 | 1022.25 | 808.67 | 0 | 808.67 | 44.17 |
| 10. | 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes | 2905.23 | 2011.16 | 894.07 | 6.33 | 887.74 | 30.56 |
| 11. | (Capital-Voted) 5-Education | 427.89 | 102.73 | 325.16 | 97.77 | 227.39 | 53.14 |
| 12. | 8-Finance | 1072.02 | 52.11 | 1019.91 | 0 | 1019.91 | 95.14 |
| 13. | 11-Health and Family Welfare | 404.44 | 92.50 | 311.94 | 70.64 | 241.30 | 59.66 |
| 14. | 15-Irrigation and Power | 988.98 | 545.26 | 443.72 | 205.32 | 238.40 | 24.11 |
| 15. | 17-Local Government, Housing and Urban Development | 1103.01 | 131.36 | 971.65 | 0 | 971.65 | 88.09 |
| 16. | 21-Public Works | 887.67 | 627.75 | 259.92 | 58.81 | 201.11 | 22.66 |
| 17. | 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes | 803.10 | 204.33 | 598.77 | 210.93 | 387.84 | 48.29 |
| | Total | 30875.68 | 21094.05 | 9781.63 | 1086.09 | 8695.54 | 28.16 |

Source: Appropriation Accounts

Some of the departments having huge savings were Education, Finance, Irrigation and Power, Local Government, Housing and Urban Development, Rural Development and Panchayats and Social and Women's Welfare and welfare of Scheduled Castes and Backward Classes. Such large savings in these grants reflect weak budgetary control. On this being pointed out to the concerned departments (September 2013); no reply was received (November 2013).

2.3.2 Persistent savings

In seven cases, during the last five years, there were persistent savings of ₹ five crore or more in each case. The details are given in **Table 2.3**. At Sr. No. 4 and 7, there was saving ranging from 95 *per cent* to 100 *per cent* during all the last five years, which shows non-implementation of schemes as well as weak financial control.

Table 2.3: List of grants having persistent savings during 2008-13

| ₹ in crore) | | | | | | |
|---------------|--|--|------------------|-------------------|-------------------|--------------------|
| Sr. No. | Number and Name of the grant/Head of Account/Schemes | Amount of savings (percentage of savings in bracket) | | | | |
| | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Revenue-voted | | | | | | |
| 1 | 05-Education 2202-General Education 02-Secondary Education 105-Teachers Training 01-Teachers Education Establishment of (DIETS) (CSS) | 13.96 (75.05) | 42.86 (89.74) | 29.34 (83.26) | 21.08 (73.65) | 18.14 (67.97) |
| 2 | 12-Home Affairs and Justice 2055-Police 109-District Police 01-District Police (Proper) | 18.39 (1.82) | 30.23 (2.54) | 24.37 (1.72) | 28.36 (1.59) | 24.70 (1.08) |
| 3 | 15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction and Administration | 60.12 (27.15) | 58.26 (20.69) | 50.84 (17.09) | 58.65 (16.94) | 47.16 (12.72) |
| 4 | 15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction | 82.02 (95.31) | 96.75 (97.41) | 110.92 (99.99) | 131.61 (99.26) | 148.81 (100.00) |
| 5 | 21-Public Works 2215-Water Supply and Sanitation 01-Water Supply 001- Direction and Administration | 71.89 (32.60) | 54.53 (23.69) | 80.54 (29.57) | 83.08 (23.18) | 128.92 (29.60) |
| 6 | 22-Revenue and Rehabilitation 2245-Relief on Account of National Calamities 02-Floods, Cyclones etc. 101-Gratutious Relief 01-Gratutious Relief | 42.10 (59.30) | 43.81 (87.62) | 5.54 (10.45) | 5.30 (8.15) | 17.76 (88.80) |
| Capital-Voted | | | | | | |
| 7 | 15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects-01-Flood Control 103-Civil Works 08-Works Expenditure Counter Protective Measures on Left Side of River Ravi (CSS) | 8.00 (100.00) | 7.00 (100.00) | 5.00 (100.00) | 5.00 (100.00) | 5.00 (100.00) |

Source: Appropriation Accounts

The matter was taken up with the concerned administrative secretaries (September 2013); no reply was received (November 2013).

2.3.3 Excess over provisions requiring regularization

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be laid before the House or the Houses of the Legislature of the State, another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

Audit observed that excess expenditure amounting to ₹ 4,592.57 crore for the year 2007-12 had yet not been regularized under the provision of Article 205(b) of the Constitution of India. The year-wise detail of excess expenditure requiring regularization is summarized in **Table 2.4**.

Table 2.4: Excess over provisions requiring regularization

(₹ in crore)

| Year | Total number of Grants/ Appropriations | Grant/ Appropriation number | Amount of excess over provision |
|---------|---|--------------------------------|------------------------------------|
| 2007-08 | 6 | 8, 9, 12, 15, 19, 21 | 895.34 |
| 2008-09 | 4 | 3, 8, 12, 21 | 506.14 |
| 2009-10 | 4 | 3, 5, 8, 21 | 460.77 |
| 2010-11 | 6 | 8, 11, 18, 21, 22, 28 | 1828.96 |
| 2011-12 | 3 | 8, 12, 21 | 901.36 |
| | Total | | 4592.57 |

Source: Appropriation Accounts

The excess expenditure of ₹ 769.60 crore in four grants (**Table 2.5**) during the year 2012-13 also require regularization under the above mentioned provisions.

Table 2.5: Excess over provisions requiring regularization during 2012-13

(₹ in crore)

| Sr. No. | Number and title of grant | | Total Grant/ Appropriation | Expenditure | Excess |
|-----------------------|---------------------------|-------------------------------|-------------------------------|-------------|--------|
| Voted Grants | | | | | |
| 1 | 8 | Finance (Revenue) | 5863.88 | 6083.21 | 219.33 |
| 2 | 21 | Public Works (Revenue) | 1339.94 | 1421.88 | 81.94 |
| Charged Appropriation | | | | | |
| 3 | 7 | Excise and Taxation (Revenue) | 2.32 | 4.33 | 2.01 |
| 4 | 8 | Finance (Capital) | 14661.91 | 15115.78 | 453.87 |
| 5 | 12 | Home Affairs and Justice | 87.79 | 100.24 | 12.45 |
| | | Total | 21955.84 | 22725.44 | 769.60 |

Source: Appropriation Accounts

On being pointed out (September 2013), the Finance Department stated (October 2013) that all out efforts were being made by the State Government to get the excess expenditure regularised during the ensuing budget session.

2.3.4 Persistent excess expenditure

In seven cases (Table 2.6), there was persistent excess expenditure of more than ₹ five crore in each case during the last five years. Under five schemes (Sr. No. 2, 3, 4, 5 and 6), there was 100 per cent or more excess expenditure during the last five years.

Table 2.6: List of grants having persistent excess expenditure during 2008-13

(₹ in crore)

| Sr. No. | Number and Name of the grant/schemes | Amount of excess expenditure (percentage of excess expenditure in brackets) | | | | |
|---------|---|---|--------------------|--------------------|--------------------|--------------------|
| | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| | Revenue-Voted | | | | | |
| | 08-Finance | | | | | |
| 1 | 2071-Pensions and other Retirement benefits 01-Civil 105-Family Pensions | 54.71 (24.28) | 31.31 (9.98) | 144.34 (35.45) | 100.80 (16.93) | 57.82 (7.90) |
| | 21-Public Works | | | | | |
| 2 | 2059-Public Works 80-General 799-Suspense | 167.91 (100.00) | 184.98 (100.00) | 219.13 (100.00) | 157.79 (100.00) | 52.28 (100.00) |
| 3 | 2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department | 22.02 (100.00) | 27.29 (100.00) | 45.73 (100.00) | 45.23 (100.00) | 52.34 (100.00) |
| 4 | 2215-Water Supply and Sanitation 01-Water Supply 799-Suspense | 176.18 (100.00) | 149.38 (100.00) | 106.37 (100.00) | 73.19 (100.00) | 58.78 (100.00) |
| 5 | 2215-Water Supply and Sanitation 01-Water Supply 800-Other Expenditure 01-Maintenance of Works | 100.10 (301.51) | 107.98 (325.24) | 127.08 (385.09) | 118.88 (312.84) | 99.30 (202.65) |
| 6 | 3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges | 42.62 (100.00) | 74.72 (100.00) | 6.29 (100.00) | 91.27 (100.00) | 102.94 (100.00) |
| 7 | 2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits | 198.93 (12.73) | 221.41 (11.19) | 644.93 (26.27) | 570.86 (19.03) | 81.58 (2.25) |

Source: Appropriation Accounts

Reasons for excess expenditure were called for from the concerned administrative secretaries (September 2013). However, no reply was received as of November 2013.

2.3.5 Expenditure without making provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹ 611.12 crore, was incurred in 37 cases (₹ one crore or more in each case) under 10 grants during 2012-13 (**Appendix 2.2**) without making any provision in the original estimates/supplementary demands and without issuing any re-appropriation orders to this effect. On being pointed out (September 2013), the Finance Department stated (October 2013) that the State Government would look into the matter and get it regularized in Vidhan Sabha.

2.3.6 Unnecessary supplementary provisions

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 1,372.38 crore obtained in 17 cases, during the year 2012-13 proved unnecessary as the expenditure did not come up to the level of the original provisions (**Appendix 2.3**). Some of the departments which obtained huge amount of unnecessary supplementary provisions (exceeding ₹ 200 crore) were Health and Family Welfare, Public Works, Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes. The matter was taken up with the concerned administrative secretaries (September 2013); no reply was received as of November 2013.

2.3.7 Unnecessary/Injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2012-13, 25 re-appropriation orders for ₹ 3,026.88 crore were issued. Out of these nine re-appropriation orders for ₹ 1,657.44 crore were issued on 31 March, 2013.

During 2012-13, under 26 cases out of 36 (**Appendix 2.4**, excluding Sr. No. 6, 10, 11, 14, 17, 18, 20, 28, 30 and 36), re-appropriation orders for ₹ five crore or more in each case effected by the departments proved unnecessary because expenditure did not come even up to the level of budget provisions. In 10¹ cases, reduction of provisions through re-appropriation proved injudicious as there was excess expenditure under these cases. On being pointed out (September 2013), the Finance Department stated (October 2013) that the matter would be looked into and corrective measures would be taken in future.

2.3.8 Anticipated savings not surrendered

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the Grants/Appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of

¹ Sr. No. 6, 10, 11, 14, 17, 18, 20, 28, 30, and 36.

the year 2012-13, in 16 cases, savings of ₹ 3,723.81 crore (33.61 per cent of overall savings of ₹ 11,079.67 crore) (**Appendix 2.5**) ranging between ₹ 11.16 crore and ₹ 1,019.91 crore, was not surrendered by the concerned departments. Local Government, Housing and Urban Development, Finance and Rural Development and Panchayats were some of the departments which had not surrendered the huge anticipated savings (more than ₹ 800 crore) which indicate the inadequate budgetary control and the fact is that these funds could not be utilized for other developmental purposes.

Similarly, in 25 cases, after effecting partial surrender (₹ 1,326.20 crore out of ₹ 7,215.93 crore), savings aggregating to ₹ 5,889.73 crore were not surrendered (**Appendix 2.6**). Moreover, all the surrenders have been made in the month of March 2013 i.e. last month of the financial year. Had the amount been surrendered as and when it was anticipated, it could have been utilized for other purposes. Some of the departments which surrendered the savings partially were Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes, Education, Irrigation and Power and Health and Family Welfare. On being pointed out (September 2013), the Finance Department stated (October 2013) that appropriate action would be taken to avoid such situation in future.

2.3.9 Surrender in excess of the actual savings

Under Grant No. 22- Revenue and Rehabilitation (Capital-Voted), the amount surrendered (₹ 6.31 crore) was in excess of the actual savings (₹ 1.18 crore) indicating inadequate budgetary control in the Department. Moreover, in Grant No. 21-Public Works, an amount of ₹ 191.95 crore (Revenue-Voted) had been surrendered even though there was an excess of ₹ 81.94 crore. No reasons for surrender in excess of the actual savings were furnished (November 2013) by the department.

2.3.10 Rush of expenditure

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Audit scrutiny of expenditure incurred by the State Government in the year 2012-13 revealed that in 11 cases (**Table 2.7**), the expenditure incurred during the 4th quarter of the year ranging between 61.17 and 100 per cent and the expenditure incurred during the month of March 2013 alone constituted 57.93 per cent of the total expenditure under the concerned head of accounts (except Sr. no. 11) during the year. Further, it was also observed that under five head of accounts (Sr. No. 5 to 8 and 11), entire expenditure was incurred during 4th quarter. Of which, in four cases (Sr. No. 5 to 8) entire expenditure was incurred in the month of March alone in contravention of the Rule *ibid*.

Table 2.7: Rush of expenditure towards the end of the financial year 2012-13

(₹ in crore)

| Sr. No. | Major Head | Total expenditure during the year | Expenditure during the last quarter of the year | | Expenditure during March 2013 | |
|---------|---|-----------------------------------|---|---------------------------------|-------------------------------|---------------------------------|
| | | | Amount | Percentage of total expenditure | Amount | Percentage of total expenditure |
| 1. | 2075-Misc. General Services | 85.67 | 54.37 | 63.46 | 48.68 | 56.82 |
| 2. | 2225-Welfare of SC/ST & BC | 396.53 | 242.56 | 61.17 | 216.45 | 54.59 |
| 3. | 3054-Roads and Bridge | 290.09 | 189.07 | 65.18 | 154.68 | 53.32 |
| 4. | 4055-Capital Outlay on Police | 25.74 | 18.67 | 72.53 | 13.73 | 53.34 |
| 5. | 4058-Capital Outlay on Printing and Stationary | 0.20 | 0.20 | 100.00 | 0.20 | 100.00 |
| 6. | 4216-Capital Outlay on Housing | 8.64 | 8.64 | 100.00 | 8.64 | 100.00 |
| 7. | 4235-Capital Outlay on Social Security and Welfare | 3.16 | 3.16 | 100.00 | 3.16 | 100.00 |
| 8. | 4401-Capital Outlay on Crop Husbandry | 5.00 | 5.00 | 100.00 | 5.00 | 100.00 |
| 9. | 4515-Capital Outlay on Other Rural Development | 122.04 | 116.74 | 95.66 | 91.33 | 74.84 |
| 10. | 4702--Capital Outlay on Minor Irrigation | 21.68 | 15.14 | 69.83 | 14.11 | 65.08 |
| 11. | 5425-Capital Outlay on Other Scientific & Environment | 0.93 | 0.93 | 100.00 | 0.00 | 0.00 |
| | Total | 959.68 | 654.48 | 68.20 | 555.98 | 57.93 |

Source: Monthly Accounts compiled by the Pr. A.G. (A&E)

On being pointed out (September 2013), the Finance Department stated (November 2013) that various contra entries such as interest on GPF and GIS, unspent balances of disaster relief fund etc. were effected in the month of March and receipts of share in Central taxes and grants were also on higher side in March as compared to other months of the financial year. These factors led to higher figure of expenditure in the fourth quarter of the financial year. Reply is not convincing as the provisions under Manual of Instructions of Finance Department were not adhered to.

2.3.11 Wrong classification of Head of Account

(a) Disbursement of Grant-in-aid under Capital Heads of expenditure as per budget provision is against the rule provided in Indian Government Accounting Standard-2 (IGAS-2) issued by Government of India in May 2011. An amount of ₹ 187.03 crore under 12 cases (**Appendix 2.7**) was disbursed by the State Government from capital heads instead of revenue heads. Budgetary allocation of Grant-in-aid under capital heads violates the provisions of IGAS -2. On being pointed out (September 2013), the Finance Department stated (October 2013) that necessary instructions had been issued to all the departments.

(b) In Grant No. 12, funds of ₹ 5.20 crore (*Appendix 2.8*) were provided in the revised budget estimates for the year 2012-13 under head “4055-Capital Outlay on Police” to meet with the expenditure of purely revenue nature² items, in contravention of the provisions of Punjab Budget Manual. The matter was taken up with the concerned Administrative Secretaries (September 2013); no reply was received (November 2013).

2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants i.e. Grant No. 13-Industries and Grant No. 19-Planning revealed the following audit observations:

2.4.1 Unrealistic budget provisions

Audit scrutiny of the records revealed that under Grant No. 13-Industries and Grant No.19-Planning, the departments either made unrealistic budget provisions or did not disburse the amount during 2012-13, as savings of more than ₹ one crore in each case aggregating ₹ 97.83 crore were found in 13 minor heads/schemes (*Appendix 2.9*). Thus, the original budget provisions proved excessive/unnecessary. Moreover, the departments did not take any action to use the funds at all.

2.4.2 Excess over provisions requiring regularization

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause that to be laid before the House or the Houses of the Legislature of the State another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

The excess expenditure of ₹ 0.16 crore and ₹ 1.78 crore (**Table 2.8**) incurred under grant No. 13 and grant No. 19 respectively during the year 2012-13 require regularization under the above mentioned provisions.

² Clothing & Tentage, Minor Works & Maintenance and Material & Supplies for manufacturing.

Table 2.8: Excess expenditure over budget provisions

(₹ in crore)

| Sr. No. | Head of account | Total provision | Expenditure | Excess |
|---------|---|-----------------|-------------|-------------|
| | Grant No.-13 | | | |
| 1 | 2851-Village and Small Industries, 105- Khadi and Village Industries, 01- Assistance to Khadi and Village Industries Board - Rebate on the State of Khadi | 6.10 | 6.26 | 0.16 |
| | Grant No.-19 | | | |
| 2 | 3454- Census Surveys and Statistics, 02- Surveys and Statistics, 204- Central Statistical Organisation, 25- 13th Finance Commission (grants-in-aid) for improvement of Statistical System at State and District level | 0.00 | 1.78 | 1.78 |
| | Total | 6.10 | 8.04 | 1.94 |

Source: Appropriation Accounts

2.4.3 Withdrawal of budget provision through re-appropriation

Under Grant-19, in three minor heads/schemes, budget provision amounting to ₹ 5.82 crore was withdrawn (Table 2.9) through re-appropriation. Thus, withdrawal of budget provision made through re-appropriation dilutes the process of budget making and control over expenditure.

Table 2.9: Withdrawal of budget provision through re- appropriation

(₹ in crore)

| Sr. No. | Minor head/Scheme | Original Provision | Re-appropriation |
|---------|--|--------------------|------------------|
| 1 | 3451- Secretariat -Economic Services. 101-Planning Commission/Planning Board, 29-Incentive for issuing UID in Punjab(Plan) | 3.07 | 3.06 |
| 2 | 3451- Secretariat -Economic Services. 101-Planning Commission/Planning Board, 07-Construction of LIC and Yojana Bhavan at Chandigarh (Plan) | 2.00 | 2.00 |
| 3 | 3454- Census surveys and Statistics, 02- Surveys and Statistics, 204- Central Statistical Organization, 26- Construction /Formulation of room for MPs at District level (Plan) | 0.76 | 0.76 |
| | Total | 5.83 | 5.82 |

Source: Appropriation Accounts

2.4.4 Unnecessary Supplementary grant/Re-appropriation

Supplementary provisions aggregating ₹ 12.52 crore obtained in three cases (Sr.No. 1 to 3) and re-appropriation amounting to ₹ 7.86 crore in two cases (Sr.No. 3 and 4) (*Appendix 2.10*), during the year 2012-13 proved unnecessary as the expenditure was less than or equal to the original provisions.

2.4.5 Entire provision remained unutilized

Under grant No. 13, entire budget provision in 10 minor heads/schemes amounting to ₹ 119.70 crore (*Appendix 2.11*) remained unutilized resulting in denial of intended benefits to the general public. On being pointed out (September 2013), the Finance Department stated (October 2013) that appropriate action would be taken to avoid such situation in future.

2.5 Outcome of review on working of treasuries

The office of the Pr. Accountant General (A&E), Punjab conducted the review on the working of Treasuries in the State for the year ended 31 March 2013 and the following deficiencies were reported:-

2.5.1 Excess payment of gratuity and pension

2.5.1.1 During inspection of Treasuries in the State for the year ended 31 March 2013 by the office of the Principal Accountant General (A&E), Punjab, it was observed that in eight cases, an amount of ₹ 2.86 lakh was paid in excess as gratuity by various District Treasury Officers/Treasury Officers (DTOs/TOs) (*Appendix 2.12*).

2.5.1.2 As per agreement executed by the Punjab Government, the Public Sector Banks were made responsible to disburse the pension to all Punjab Government pensioners. All DTOs in the State were assigned the duty to conduct the audit of the pension paying branches of Public Sector Banks. During test check of records, it was observed that an amount of ₹ 1.54 crore was paid in excess on account of pension resulting in loss to the State exchequer.

2.5.2 Irregular drawl of funds from Personal Ledger Account

As per Rule 2.10 of Punjab Financial Rules (PFR) volume I, every DDO incurring or sanctioning expenditure from the Government revenue should be guided with high standard of financial propriety. It is the responsibility of the DDO to keep a track on the flow of expenditure especially in the month of March to ensure that no fund should be withdrawn to avoid lapse of grant.

Under Rule 16(2) of Punjab Treasury Rules (PTR), unless expressly authorized by the Accountant General, DTO shall not permit withdrawal for any purpose other than specifically authorized to the DDO for keeping cash in chest or separate bank account. Further, Note I below Rule 181 states that drawing cheques and deposit them in the separate bank account is a serious irregularity and as per Rule 5(7) of the PTR, the irregularity should be reported to the Accountant General and the Finance Department, Punjab.

Audit scrutiny of records, however, revealed that an amount of ₹ 5.07 crore, as shown in **Table 2.10**, was irregularly withdrawn from Personal Ledger Account (PLA) of the District Welfare Officer/District Social Security Officers in the Month of March 2012, by debiting to concerned Revenue Heads of the State and the amount so drawn was placed in the private banks to avoid lapse of funds in contravention of the rules and Government instructions. The DTOs did not report the irregularity to the Accountant General/ State Government.

Table 2.10: Irregular Drawl of Amount from PLA

(₹ in crore)

| Sr. No. | Name of District Treasury | Cheque No. and Date | Amount | Issuing Authority |
|--------------|---------------------------|---------------------|-------------|-----------------------|
| 1 | Ludhiana | 505501/30-03-2012 | 0.18 | Axis Bank Ltd. |
| 2 | Gurdaspur | 671229/29-03-2011 | 0.60 | Gramin Bank Gurdaspur |
| 3 | -do- | 671270/31-03-2011 | 0.46 | -do- |
| 4 | -do- | 671272/31-03-2011 | 0.50 | -do- |
| 5 | -do- | 671266/19-03-2011 | 1.33 | -do- |
| 6 | -do- | 671273/31-03-2011 | 2.00 | -do- |
| Total | | | 5.07 | |

Source: Annual review on the working of Treasuries by Pr. A.G. (A&E)

2.5.3 Non-closure of inoperative Personal Ledger Account

As per instructions issued by the State Government from time to time, PLAs remained inoperative for more than three complete years are required to be closed by crediting the amount to the concerned receipt heads of the department concerned. Audit scrutiny of records, showed that PLA of Zila Parishad, Mansa having balance of ₹ 18.23 lakh was inoperative since 31 March 2007. However, this account was not closed and the outstanding balance was not credited to the Government Account even after the lapse of more than six years.

2.5.4 Irregular drawal of funds to avoid lapse of grant

In terms of Rule 358 of PTR, the system of letter of credit was introduced to regulate the drawl of funds through cheque by the officers of PWD. It further states that the cheques issued by the officers of PWD shall be encashed by the DTOs/TOs before encashment at Bank. Further, under Rule 16(2), unless expressly authorized by the Accountant General, TO shall not permit withdrawal for any purpose other than specified in Rule 16(1), which do not allow withdrawal for keeping cash in chest or separate bank account by Divisional Officer. Further Note 1 below Rule 181 states that it is a serious irregularity to draw cheques and deposit them in the cash chest at the close of the year for the purpose of showing the full amount of grant as utilized.

A test check of records showed that in 29 cases, above provisions and instructions were not adhered to and were violated by the DTOs as 29 cheques amounting to ₹ 42.63 crore, as shown in **Table 2.11**, were encashed by agent banks and funds were parked outside the government account.

Table 2.11: Irregular withdrawal by PWD officers*(₹ in crore)*

| Sr.No | Name of the Branch | Amount of self Cheques |
|--------------|-----------------------------|------------------------|
| 1 | Building and Roads | 41.10 |
| 2 | Water Supply and Sanitation | 1.53 |
| Total | | 42.63 |

Source: Annual review on the working of Treasuries by Pr. A.G. (A&E)

On being pointed out (September 2013), the Finance Department stated (October 2013) that the Director (T&A) had already been directed to look into the matter to take corrective measures and instructions regarding PLA had been issued to all the departments.

2.6 Conclusions

During 2012-13, expenditure of ₹ 57,146.50 crore was incurred against total grants and appropriations of ₹ 67,456.57 crore resulting in savings of ₹ 10,310.07 crore. The supplementary provisions of ₹ 9,808.30 crore proved unnecessary as the total expenditure did not come up to the level of original budget provisions (₹ 57,648.27 crore). The expenditure of ₹ 4,592.57 crore incurred during 2007-12 in excess of budget provision requires regularization. An expenditure of ₹ 611.12 crore was incurred without making any budget provision. Re-appropriation orders effected by various departments under 36 cases proved unnecessary/injudicious. Anticipated savings of ₹ 9,613.54 crore were not surrendered, indicating inadequate budgetary control in various Government departments. Annual review on working of treasuries showed excess payment of gratuity and pension, irregular drawal of funds to avoid lapse of grant and non-closure of in-operative personal ledger accounts.

2.7 Recommendations

The Government may consider:

- *strengthening budgetary control in all the Government departments, particularly in those departments where savings/excesses have been observed regularly.*
- *preparing budget estimates with due care and on realistic basis so that there are no huge savings/surrenders or excesses over the budget estimates.*
- *surrendering anticipated savings as and when these are expected so that the amount could be got utilized on other schemes.*
- *getting the expenditure incurred in excess of the budget expenditure regularized from legislature.*

CHAPTER III

CHAPTER III

FINANCIAL REPORTING

Sound internal controls and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives.

3.1 Utilization certificates

3.1.1 Delay in submission of utilization certificates

Rule 8.14 of the Punjab Financial Rules Volume I stipulates that every order sanctioning a grant should specify its object clearly and time limit within which the grant is to be spent. The departmental officer drawing the grant-in-aid should be primarily responsible for certifying to the Accountant General (AG) where necessary, the fulfillment of the conditions attached to the grant and furnish the certificate (Utilization Certificate) in such form and at such interval as may be agreed between the Principal Accountant General (Accounts and Entitlement) and the Head of the Department concerned.

It was observed that out of 393 Utilization Certificates (UCs) due in respect of grants amounting to ₹ 830.09 crore paid during 2006-07 to 2012-13, 165 UCs (41.98 *per cent*) amounting to ₹386.18 crore¹, were not furnished to the Pr. AG (A&E) as on 31 March 2013. The department-wise break-up of the outstanding UCs is given in *Appendix 3.1*. The age-wise position of pendency in submission of UCs is summarized in **Table 3.1**.

Table 3.1: Age-wise pendency of utilization certificates

(₹ in crore)

| Range of delay in number of years | Total grants paid upto 31 March 2013 | | Utilization certificates pending as on 31 March 2013 | |
|-----------------------------------|--------------------------------------|---------------|--|---------------|
| | Number of sanctions | Amount | Number of UCs | Amount |
| 0-1 | 367 | 652.10 | 145 | 256.07 |
| 1-3 | 17 | 132.19 | 11 | 108.19 |
| 3-5 | 8 | 20.80 | 8 | 20.80 |
| 5-7 | 1 | 25.00 | 1 | 1.12 |
| Total | 393 | 830.09 | 165 | 386.18 |

Source: Office of the Pr AG (A&E), Punjab

¹ Interim UCs in respect of ₹ 25.68 crore (partial expenditure) have been received from Rural Development and Panchayats Department, Science, Technology and Environment Department and Information and Public Relation Department. However, final UCs of the full grant were outstanding as on 31 March 2013.

Out of the 165 outstanding UCs, 19 UCs involving ₹ 128.99 crore (33.40 *per cent*) were pending for the period ranging between one and five years and one UC involving ₹ 1.12 crore pertaining to the Rural Development and Panchayats Department was outstanding since 2006-07. In the absence of UCs, it could not be ascertained whether the grants had been spent for the purposes for which they were given. On this being pointed out by audit the Finance Department stated (September 2013) that all the departments were being directed to sent pending UCs to AG office in time on monthly basis.

3.2 Delay in submission of Accounts/Audit Reports of autonomous bodies

In order to identify the institutions which attract audit under sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971, the Government/Head of the Department is required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Reports (SARs) and their placement in the State Legislature is indicated in **Appendix 3.2**. The age-wise delays in submission of accounts by the autonomous bodies to Audit and placement of the SARs in the Legislature are given in **Table 3.2**.

Table 3.2: Detail of pending accounts/delays in submission of accounts and tabling of SARs in the Legislature as on 31 March 2013

| Sr. No. | Name of the Autonomous Body | Accounts received with delay | Extent of delay in submission of accounts (in months) | Number of pending accounts | Pendency of submission of the SARs to the Legislature |
|---------|---|------------------------------|---|----------------------------|---|
| 1. | Punjab Legal Services Authority | - | - | 1 (2011-12) | SARs for the years 2006-07 to 2010-11 were pending. |
| 2. | Punjab Khadi and Village Industry Board | - | - | 3 (2009-10) to (2011-12) | - |
| 3. | Punjab State Human Rights Commission | 2011-12 | 7 | -- | SARs for the years 2009 -10 to 2010-11 were pending |
| 4. | Punjab Labour Welfare Board | - | - | 10 (2002-03 to 2011-12) | SARs for the years 2000-01 and 2001-02 were pending. |
| 5. | Pushpa Gujral Science City | - | - | 1 (2011-12) | SAR is not required to be placed in the State Legislature as per Rule 14 Memorandum of Association of Society |

Source: Information on the basis of departmental record

The Accounts of four² autonomous bodies for the year 2011-12 were awaited as of 31 March 2013. The Punjab Labour Welfare Board has not rendered its accounts since the financial year 2002-03 despite repeated comments in the Report on State Finances of the Comptroller and Auditor General of India (CAG). There was delay of seven months in submission of accounts by Punjab State Human Rights Commission. As many as nine SARs in respect of three³ autonomous bodies issued between May 2008 and February 2012 were pending to be placed before the Legislature. On this being pointed out by audit the Finance Department stated (September 2013) that necessary instructions were being issued to the concerned bodies.

3.3 Departmental Commercial Undertakings

The departmental undertakings performing activities of commercial/quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually, showing the working results of operations so that the Government can assess their working. In the absence of timely finalisation of accounts, the results of the investment of the Government remain outside the purview of State Legislature and scrutiny by the Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency could not be taken in time. Besides, the delay in all likelihood may also open the system to the risk of fraud and leakage of public money.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General for Audit within a specified time frame. As of 31 March 2013, the Punjab Roadways (Transport Department) had not prepared its accounts since 2002-03. Despite repeated comments in the earlier Reports on State Finances of the CAG about the arrears in preparation of accounts, there is no improvement so far in preparation of the proforma accounts by this undertaking. On this being pointed out by audit, Finance Department stated (September 2013) that necessary instructions were being issued to the concerned Government undertakings.

3.4 Misappropriations, losses, thefts etc.

Rules 2.33 to 2.35 of the Punjab Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/Accountant General.

Out of 135 cases of misappropriation, theft, loss of material, etc. involving an amount of ₹ 2.26 crore pending up to 31 March 2013, seven cases (₹ 4.12 lakh) have been settled during the year 2012-13 leaving 128 cases (₹ 2.22 crore) pending as on 31 March 2013. Out of these 128 cases (₹ 2.22 crore) two cases (₹ 4.51 lakh) were outstanding for the last 25 years. Department-wise detail of

² (i) Punjab Legal Services Authority, (ii) Punjab Khadi & Village Industry Board (iii) Punjab Labour Welfare Board and (iv) Pushpa Gujral Science City.

³ (i) Punjab Legal Services Authority, (ii) Punjab State Human Rights Commission and (iii) Punjab Labour Welfare Board.

outstanding cases upto 2012-13 is given in **Table 3.3** and age-wise profile is given in **Appendix 3.3**.

Table 3.3: Pending cases of misappropriation, loss, theft etc.

(₹ in lakh)

| Name of Department | Cases of theft | | Cases of Misappropriation/ Loss of Government material | | Total | |
|---------------------------|-----------------|-------------|--|---------------|-----------------|---------------|
| | Number of cases | Amount | Number of cases | Amount | Number of cases | Amount |
| Education | 2 | 0.08 | 6 | 12.39 | 8 | 12.47 |
| Elections | 2 | 0.21 | - | 0 | 2 | 0.21 |
| Home Affairs and Justice | 1 | 6.00 | 112 | 39.07 | 113 | 45.07 |
| Health and Family Welfare | 1 | 0.42 | - | 0 | 1 | 0.42 |
| Printing and Stationery | -- | -- | 1 | 80.30 | 1 | 80.30 |
| General Administration | -- | -- | 1 | 10.00 | 1 | 10.00 |
| Rural Development | -- | -- | 2 | 73.76 | 2 | 73.76 |
| Total | 6 | 6.71 | 122 | 215.52 | 128 | 222.23 |

Source: Information as provided by the departments

Out of 128 cases, five cases involving amount of ₹ 68.23 lakh were sub-judice. The reasons for the delay in finalisation of pending cases of thefts, misappropriations, losses, etc. are given in **Table 3.4**.

Table 3.4: Reasons for the delay in finalisation of pending cases of misappropriation, loss, theft, etc.

(₹ in lakh)

| Reasons | Number of cases | Amount |
|--|-----------------|---------------|
| Awaiting departmental and criminal investigation | 8 | 12.29 |
| Departmental action initiated but not finalised | 9 | 101.94 |
| Awaiting orders for recovery or write off | 105 | 38.66 |
| Pending in the courts of law | 5 | 68.23 |
| Criminal proceeding finalized but execution of certificated cases for the recovery of the amount pending | 1 | 1.11 |
| Total | 128 | 222.23 |

Source: Information as provided by the departments

On this being pointed out by audit the Finance Department stated (September 2013) that necessary instructions were being issued to the concerned departments.

3.5 Unadjusted abstract contingent bills

Under Rule 262 of Punjab Treasury Rules (PTR), a Drawing and Disbursing Officer (DDO) may draw money from treasury for contingent expenses. Further, as per Rule 274 and Note 4 there under read with Rule 276 *ibid*, on

producing an Abstract Contingent (AC) bill during the month, the DDO will have to certify that the Detailed Contingent (DC) bills have been submitted to the Controlling Officer (CO) in respect of AC bills drawn more than a month before the date of that bill. On no account may an AC bill be cashed by treasury officer without this certificate. The CO may send the countersigned DC bill to Pr. AG (A&E) for adjustment of corresponding AC bills. However, out of total 1926 AC bills for ₹ 1,606.66 crore drawn during the period 2010-13 by different departments from various treasuries of the State, 1141 adjustment bills (DC bills) amounting to ₹ 949.82 crore were sent to Pr. AG (A&E), Punjab. As many as 785 AC bills amounting to ₹ 656.84 crore were awaiting adjustment as on 31 March 2013.

The departments may ensure timely submission of DC bills in accordance with the extant rules so that adequate control over squaring of AC bills exist. On this being pointed out by audit the Finance Department stated (September 2013) that matter had been taken up with the concerned departments.

3.6 Opaqueness in Government Accounts

Finance Accounts of the State Government for 2012-13 showed that expenditure of ₹ 6,731.77 crore (16.27 *per cent* of the total expenditure) under 67 Major Heads and receipts of ₹ 1,383.67 crore (4.32 *per cent* of the total Revenue Receipts) under 44 Major Heads were classified under Minor Head-"800- Other Expenditure" and "Other Receipts" respectively. An illustrative statement in respect of ten Major Heads (expenditure) and seven Major Heads (receipts) with substantial amounts of ₹ 5804.22 crore and ₹ 328.69 crore, respectively, classified under Minor Head-800 is given in **Table 3.5**. The major schemes are not depicted distinctly in the Finance Accounts, though the details of these expenditure are depicted in the sub-head (scheme) level or below in the Detailed Demands for Grants and corresponding head-wise Appropriation Accounts forming part of the State Government's Accounts.

Table 3.5: Details of expenditure and receipts booked under Minor Head-800 – Other Expenditure/Receipts

(₹ in crore)

| Sr. No. | Major Head of Account | | Expenditure/ receipts booked under Minor Head-800- Other Expenditure/ Receipts | Total Expenditure/ receipts under Major Head | Percent age |
|---------|-----------------------|---|--|--|-------------|
| | | EXPENDITURE | | | |
| 1 | 2013 | Council of Ministers | 32.17 | 36.46 | 88.23 |
| 2 | 2801 | Power | 5059.39 | 5059.39 | 100.00 |
| 3 | 3053 | Civil Aviation | 15.83 | 18.13 | 87.31 |
| 4 | 3456 | Civil Supplies | 233.69 | 340.81 | 68.57 |
| 5 | 4217 | Capital Outlay on Urban Development | 122.72 | 165.97 | 73.94 |
| 6 | 4250 | Capital Outlay on Other Social Services | 9.86 | 9.95 | 99.10 |
| 7 | 4515 | Capital Outlay on Other Rural Development Programme | 92.13 | 122.07 | 75.47 |

| Sr. No. | Major Head of Account | | Expenditure/ receipts booked under Minor Head-800- Other Expenditure/ Receipts | Total Expenditure/ receipts under Major Head | Percent age |
|--------------|-----------------------|--|--|--|-------------|
| 8 | 4055 | Capital Outlay on Police | 20.09 | 25.74 | 78.05 |
| 9 | 4701 | Capital Outlay on Medium Irrigation | 134.42 | 178.85 | 75.16 |
| 10 | 4705 | Capital Outlay on Command Area Development | 83.92 | 83.92 | 100.00 |
| TOTAL | | | 5804.22 | 6041.29 | |
| | | RECEIPTS | | | |
| 1 | 0029 | Land Revenue | 35.30 | 37.13 | 95.07 |
| 2 | 0217 | Urban Development | 100.12 | 106.15 | 94.32 |
| 3 | 0401 | Crop Husbandry | 12.53 | 19.90 | 62.96 |
| 4 | 0435 | Other Agricultural Programme | 38.60 | 38.63 | 99.92 |
| 5 | 0515 | Other Rural Development Programme | 48.43 | 48.50 | 99.86 |
| 6 | 0700 | Major Irrigation | 40.23 | 49.07 | 81.98 |
| 7 | 1456 | Civil Supplies | 53.48 | 53.48 | 100.00 |
| | | TOTAL | 328.69 | 352.86 | |

Classification of large amounts booked under the minor heads '800-Other receipts/expenditure' affects the transparency/fair picture in the financial reporting.

On this being pointed out by audit the Finance Department stated (September 2013) that matter had been taken up with all the departments to prepare Budget Estimates 2014-15.

3.7 Conclusions

There were delays in submission of utilization certificates, accounts by the autonomous bodies and submission of Separate Audit Reports to the Legislature. There were cases of misappropriation, loss and theft etc. As many as 785 AC bills amounting to ₹ 656.84 crore were awaiting adjustment as on 31 March 2013. Classification of large amounts booked under the minor heads '800-Other receipts/expenditure' does not give fair picture in the financial reporting.

3.8 Recommendations

The Government may consider:

- *timely submission of Utilization Certificates.*
- *timely submission of the accounts by the autonomous bodies.*

- *expediting enquiries in cases of misappropriation, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.*
- *placing monitoring mechanism to adjust the advances drawn on Abstract Contingent bills within the stipulated period, as required under the extant rules.*
- *ensuring greater transparency in financial reporting, by avoiding usage of the minor head 800-other receipts or other expenditure.*

CHANDIGARH
The


(AJAIB SINGH)
Accountant General (Audit), Punjab

Countersigned

NEW DELHI
The


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Referred to in paragraph 1.1, page 1)
Profile of Punjab

| A. General Data | | | |
|------------------------|--|--------------------|--------------------------------------|
| Sr. No. | Particulars | | Figures |
| 1. | Area | | 50362 sq km |
| 2. | Population | | |
| | a. | As per 2001 Census | 2.44 crore |
| | b. | 2010-2011 | 2.77 crore |
| 3. | Density of Population (as per 2001 census) (All India Density = 325 persons per Sq. Km.) | | 484 sq. km. |
| | Density of Population (as per 2011 census) (All India Density = 382 persons per Sq. Km.) | | 550 Sq. km. |
| 4. | Population below poverty line ¹ (All India Average = 21.92 per cent) | | 8.26 per cent |
| 5. | Literacy (as per 2001 census) (All India Average = 64.8 per cent) | | 69.65 per cent |
| | Literacy (as per 2011 census) (All India Average = 74.04 per cent) | | 76.68 per cent |
| 6. | Infant mortality ² (per 1000 live births) (All India Average = 42 per 1000 live births) | | 28 |
| 7. | Life Expectancy at birth ³ (All India Average=Male-64.6 years,Female-67.6 years) | | Male:68.7 years Female:71.6 years |
| 8. | Gross State Domestic Product (GSDP) 2012-13 at current prices | | ₹ 293815 crore |
| 9. | Roads per 100 Sq Kms | | |
| | a. | Surfaced roads | 152 Kms |
| | b. | Unsurfaced roads | 15 Kms |
| 10. | Gross cropped area | | 78.82 lakh hectares |
| 11. | Gross Irrigated area | | 77.24 lakh hectares |
| 12. | Percentage of gross cropped area to gross irrigated area | | 98 per cent |
| 13. | No. of primary schools per lakh of population | | 57 schools |
| 14. | No. of State Medical Institutions as on April 2012 | | 1975 |

Source: Economic Surveys of India and Punjab 2012-13

¹ Press note (July 2013) of Planning Commission on BPL 2011-12 by Tendulkar methodology.
² SRS Bulletin for September 2013 issued by Office of the Registrar General, Ministry of Home Affairs, Government of India, New Delhi.
³ Economic Survey (Union Government) for 2010-11.

| B. Financial Data | | | | |
|--------------------------|---|--------------------------------|---------------------------|---------------|
| Sr. No. | Particulars | Figures (in Per cent) | | |
| | | 2003-04 to 2011-12 | 2003-04 to 2012-13 | |
| | CAGR⁴ | General Category States | Punjab | Punjab |
| a. | Of Revenue Receipts. | 17.48 | 10.11 | 11.38 |
| b. | Of Own Tax Revenue. | 17.44 | 15.03 | 15.54 |
| c. | Of Non Tax Revenue. | 12.64 | -13.98 | -6.17 |
| d. | Of Total Expenditure. | 14.15 | 9.28 | 10.35 |
| e. | Of Capital Expenditure. | 16.83 | 11.59 | 12.47 |
| f. | Of Revenue Expenditure on Education. | 16.85 | 12.35 | 13.76 |
| g. | Of Revenue Expenditure on Health. | 15.35 | 12.21 | 12.62 |
| h. | Of Salary and Wages. | 14.18 | 12.53 | 12.66 |
| i. | Of Pension. | 18.36 | 19.19 | 17.56 |

Source: Financial data: Finance Accounts of the State Government.

⁴ Details of CAGR worked out on the basis of information furnished by the 16 General Category States (excluding Delhi, Goa and Puducherry).

Appendix 1.2
(Referred to in paragraph 1.1, page 1)

| Structure of the Government Accounts | |
|--|--|
| The accounts of the State Government are kept in three parts: | |
| Part I: Consolidated Fund: All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of the State ' established under Article 266(1) of the Constitution of India. | |
| Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorization by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund. | |
| Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by State Legislature. | |
| Layout of the Finance Accounts | |
| Statement Number | Subject |
| 1 | Statement of Financial Position |
| 2 | Statement of Receipts and Disbursements |
| 3 | Statement of Receipts in Consolidated Fund |
| 4 | Statement of Expenditure out of Consolidated Fund by function and nature |
| 5 | Statement of Progressive Capital expenditure |
| 6 | Statement of Borrowings and other Liabilities |
| 7 | Statement of Loans and Advances given by the Government |
| 8 | Statement of Grant-in-aid given by the Government |
| 9 | Statement of Guarantees given by the Government |
| 10 | Statement of Voted and Charged Expenditure |
| 11 | Detailed Statement of Revenue and Capital Receipts by minor heads |
| 12 | Detailed Statement of Revenue Expenditure by minor heads |
| 13 | Detailed Statement of Capital Expenditure |
| 14 | Detailed Statement of Investments of the Government |
| 15 | Detailed Statement of Borrowings and other Liabilities |
| 16 | Detailed Statement of Loans and Advances made by the Government |
| 17 | Detailed Statement of Sources and Application of funds for expenditure other than on revenue account |
| 18 | Detailed Statement of Contingency Fund and Public Account transactions |
| 19 | Detailed Statement of Investments of earmarked funds. |

Appendix 1.3

(Referred to in paragraph 1.1.2, page 2)

Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 (amended up to March 2011)

The Government of Punjab had enacted the Punjab Fiscal Responsibility and Budget Management Act, 2003 (amended upto March 2011) to ensure prudence in fiscal management and to achieve fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of the revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. The Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto.

The Thirteenth Finance Commission (ThFC) in its report has recommended a revised roadmap for Fiscal Consolidation for States to reduce its fiscal deficit to three *per cent* of Gross State Domestic Product (GSDP) by the year 2014-15, maintain it at that level thereafter, reduce revenue deficit to zero or surplus by 2014-15 and bring down its debt at 38.7 *per cent* of GSDP by 2014-15. The State was also asked to amend FRBM Act, 2003 to conform to these targets. The State Government as per recommendations/guidelines of the ThFC has amended the FRBM Act, 2003 in 2011 and also prepared the Fiscal Consolidation Roadmap (*Appendix 1.5*) for the years 2010-11 to 2014-15 incorporating therein year-wise annual targets for revenue deficit, fiscal deficit and debt outstanding. The Act, as amended, *inter-alia*, prescribed the following fiscal targets for the State:

- a) contain fiscal deficit as *per cent* of Gross State Domestic Product (GSDP) at 3.5 *per cent* in the financial years 2010-11, 2011-12, 2012-13, at three *per cent* in financial years 2013-14 and 2014-15 and maintain thereafter.
- b) reduce the revenue deficit as *per cent* of GSDP so as to bring it down to 1.8 *per cent* in the financial year 2011-12, 1.2 *per cent* in the financial year 2012-13, 0.6 *per cent* in the financial year 2013-14 and zero *per cent* or surplus in the financial year 2014-15 and maintain surplus thereafter.
- c) bring down its debt as *per cent* of GSDP to 42.5 *per cent* in the financial year 2010-11, 41.8 *per cent* in the financial year 2011-12, 41.0 *per cent* in the financial year 2012-13, 39.8 *per cent* in the financial year 2013-14 and 38.7 *per cent* in the financial year 2014-15.
- d) cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year. Guarantees on short term debt were to be given only for working capital or food credit in which case this must be fully backed by physical stocks.

Appendix 1.4

(Referred to in paragraph 1.1.4, page 2)

Abstract of receipts and disbursements for the year 2012-13 and summarized financial position of the Government of Punjab as on 31 March 2013

Part A - Abstract of receipts and disbursements for the year 2012-13

(` in crore)

| Receipts | 2011-12 | 2012-13 | Disbursements | 2011-12 | 2012-13 | | |
|--|-----------------|-----------------|---|----------|-----------------|----------------|-----------------|
| | | | | | Non Plan | Plan | Total |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Section-A: Revenue | | | | | | | |
| I-Revenue receipts | 26234.41 | 32051.15 | I-Revenue expenditure- | 33045.32 | 36394.85 | 3063.09 | 39457.94 |
| (i)-Tax revenue | 18841.01 | 22587.56 | General services | 16787.95 | 18501.29 | 70.86 | 18572.15 |
| (ii)-Non-tax revenue | 1398.45 | 2629.21 | Social Services- | 9246.50 | 8689.87 | 2500.10 | 11189.97 |
| (iii) State's share of Union Taxes and Duties | 3554.31 | 4058.81 | -Education, Sports, Art and Culture | 5289.57 | 5684.18 | 944.63 | 6628.81 |
| (iv)Non-Plan Grants | 874.11 | 894.91 | -Health and Family Welfare | 1550.79 | 1477.84 | 316.03 | 1793.87 |
| (v) Grants for State Plan Schemes | 694.06 | 684.19 | Water Supply, Sanitation, Housing and Urban Development | 421.67 | 544.63 | 0.00 | 544.63 |
| (vi) Grants for Central and Centrally Sponsored Plan Schemes | 872.47 | 1196.47 | -Information and Broadcasting | 31.02 | 20.23 | 9.10 | 29.33 |
| | | | -Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 285.79 | 115.08 | 281.45 | 396.53 |
| | | | -Labour and Labour Welfare | 143.44 | 144.88 | 11.75 | 156.63 |
| | | | -Social Welfare and Nutrition | 1504.01 | 681.08 | 937.14 | 1618.22 |
| | | | -Others | 20.21 | 21.95 | 0.00 | 21.95 |
| | | | Economic Services- | 6264.07 | 8659.96 | 492.13 | 9152.09 |
| | | | -Agriculture and Allied Activities | 863.86 | 851.18 | 414.42 | 1265.60 |
| | | | -Rural Development | 138.97 | 510.48 | 24.70 | 535.18 |
| | | | -Special Areas Programmes | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | -Irrigation and Flood Control | 990.04 | 1070.83 | 0.00 | 1070.83 |
| | | | -Energy | 3200.90 | 5060.23 | 0.00 | 5060.23 |
| | | | -Industry and Minerals | 52.86 | 64.83 | 7.31 | 72.14 |
| | | | -Transport | 693.06 | 701.53 | 0.00 | 701.53 |
| | | | -Science, Technology and Environment | 4.86 | 2.87 | 2.63 | 5.50 |
| | | | -General Economic Services | 319.52 | 398.01 | 43.07 | 441.08 |
| | | | Grants-in-aid Contributions | 746.80 | 543.73 | 0.00 | 543.73 |

| Receipts | 2011-12 | 2012-13 | Disbursements | 2011-12 | 2012-13 | | |
|--|-----------------|-----------------|---|----------------|-----------------|----------------|-----------------|
| | | | | | Non Plan | Plan | Total |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | Total | | 36394.85 | 3063.09 | 39457.94 |
| II. Revenue deficit carried over to Section B | 6810.91 | 7406.79 | II. Revenue Surplus carried over to Section-B | | -- | -- | -- |
| Total Section A | 33045.32 | 39457.94 | | 33045.32 | 36394.85 | 3063.09 | 39457.94 |
| Section-B Others | | | | | | | |
| III-Opening Cash balance including Permanent Advances and Cash Balance Investment | -118.16 | -178.30 | III Opening Overdraft from Reserve Bank of India | Nil | -- | -- | -- |
| IV – Misc Capital Receipts | 0.24 | 0.21 | IV-Capital Outlay | 1598.12 | 179.20 | 1736.62 | 1915.82 |
| | | | <u>General Services</u> | 196.04 | 29.20 | 133.08 | 162.28 |
| | | | <u>Social Services-</u> | 398.35 | 4.64 | 711.51 | 716.15 |
| | | | -Education, Sports, Art and Culture | 146.83 | 0.01 | 186.88 | 186.89 |
| | | | -Health and Family Welfare | 47.59 | 3.80 | 105.56 | 109.36 |
| | | | Water Supply, Sanitation, Housing and Urban Development | 195.03 | 0.83 | 400.18 | 401.01 |
| | | | -Information and Broadcasting | 0.40 | 0.00 | 0.00 | 0.00 |
| | | | -Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 0.00 | 0.00 | 5.78 | 5.78 |
| | | | -Social Welfare and Nutrition | 2.87 | 0.00 | 3.16 | 3.16 |
| | | | -Others | 5.63 | 0.00 | 9.95 | 9.95 |
| | | | <u>Economic Services-</u> | 1003.73 | 145.36 | 892.03 | 1037.39 |
| | | | -Agriculture and Allied Activities | 0.94 | 0.00 | 15.30 | 15.30 |
| | | | -Rural Development | 190.17 | 66.85 | 55.22 | 122.07 |
| | | | -Special Areas Programmes | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | -Irrigation and Flood Control | 301.82 | 74.89 | 432.71 | 507.60 |
| | | | Energy | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | Industry and Minerals | 2.68 | 0.02 | 0.00 | 0.02 |
| | | | Transport | 395.91 | 3.54 | 226.27 | 229.81 |
| | | | Science Technology and Environment | 0.00 | 0.00 | 0.93 | 0.93 |
| | | | General Economic Services | 112.21 | 0.06 | 161.60 | 161.66 |
| TOTAL | -117.92 | -178.09 | TOTAL | 1598.12 | 179.20 | 1736.62 | 1915.82 |

| Receipts | 2011-12 | 2012-13 | Disbursements | 2011-12 | 2012-13 | | |
|---|-----------------|-----------------|---|-----------------|-----------------|----------------|-----------------|
| | | | | | Non Plan | Plan | Total |
| I | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| V Recoveries of Loans and Advances | 94.50 | 174.09 | V-Loans and Advances Disbursed | 176.61 | 167.53 | 30.00 | 197.53 |
| -From Power Projects | 6.31 | 94.25 | -For Power Projects | 0.00 | 0.00 | 0.00 | 0.00 |
| -From Government Servants | 78.70 | 75.17 | -To Government Servants | 47.61 | 52.11 | 0.00 | 52.11 |
| -From others | 9.49 | 4.67 | -To Others | 129.00 | 115.42 | 30.00 | 145.42 |
| VI-Revenue surplus brought down | -- | -- | VI-Revenue Deficit Brought down | 6810.91 | | | 7406.79 |
| VII- Public debt receipts | 14870.87 | 22166.50 | VII-Repayment of Public Debt | 8947.24 | 15115.79 | 0.00 | 15115.79 |
| -External Debt | -- | -- | -External Debt | -- | -- | -- | -- |
| -Internal debt other than ways and means Advances and Overdraft | 8710.43 | 10451.16 | -Internal debt other than ways and means Advances and Overdraft | 2487.84 | 3402.98 | 0.00 | 3402.98 |
| -Net transactions under Ways and Means Advances | 6010.94 | 11493.40 | -Net transactions under Ways and Means Advances | 6272.02 | 11442.08 | 0.00 | 11442.08 |
| -Net transactions under overdraft | -- | -- | -Net transactions under overdraft | 0.00 | -- | -- | 0.00 |
| -Loans and Advances from Central Government | 149.50 | 221.94 | -Repayment of Loans and Advances to Central Government | 187.38 | 270.73 | 0.00 | 270.73 |
| VIII- Appropriation to Contingency fund | Nil | Nil | VIII- Appropriation to Contingency fund | Nil | Nil | Nil | Nil |
| IX-Amount transferred to Contingency fund | Nil | Nil | IX-Expenditure from Contingency fund | Nil | Nil | Nil | Nil |
| X-Public Account Receipts[#] | 31278.88 | 35701.02 | X-Public Account Disbursement[#] | 28771.75 | 33531.20 | 0.00 | 33531.20 |
| -Small Savings and Provident funds | 3105.72 | 3205.99 | -Small Savings and Provident funds | 1465.54 | 1640.74 | 0.00 | 1640.74 |
| -Reserve funds | 475.61 | 645.57 | -Reserve funds | 160.47 | 13.16 | 0.00 | 13.16 |
| -Deposits and Advances | 4281.80 | 3882.13 | -Deposits and Advances | 3845.71 | 3947.83 | 0.00 | 3947.83 |
| -Suspense and Miscellaneous | 22039.72 | 26462.24 | -Suspense and Miscellaneous | 21934.65 | 26418.47 | 0.00 | 26418.47 |
| -Remittances | 1376.03 | 1505.09 | -Remittances | 1365.38 | 1511.00 | 0.00 | 1511.00 |
| XI Closing Overdraft from Reserve Bank of India | NIL | Nil | XI Cash Balance at end | -178.30 | -303.61 | 0.00 | -303.61 |
| | | | Cash in Treasuries and Local Remittances | -- | -- | -- | -- |
| | | | Deposits with Reserve Bank | -729.82 | -881.21 | 0.00 | -881.21 |
| | | | Departmental cash balance including permanent advances | 449.49 | 475.57 | 0.00 | 475.57 |
| | | | Cash Balance Investment | 102.03 | 102.03 | 0.00 | 102.03 |
| Total Section-B | 46126.33 | 57863.52 | | 46126.33 | 48690.11 | 1766.62 | 57863.52 |
| Total | 79171.65 | 97321.46 | Total | 79171.65 | | | 97321.46 |

[#] These exclude transactions of investment of cash balances and departmental cash chests.

Appendix 1.4 (continued)
(Referred to in paragraph 1.9.1, page 32)
Part - B - Summarized financial position of the Government of Punjab
as on 31 March 2013

(₹ in crore)

| Liabilities | As on 31.03.2012 | As on 31.03.2013 |
|---|-------------------------|-------------------------|
| Internal Debt - | 60901.84 | 68001.35 |
| Market Loans bearing interest | 34504.30 | 43063.11 |
| Market Loans not bearing interest | 0.15 | 0.13 |
| Loans from Life Insurance Corporation of India | 1.10 | 0.58 |
| Loans from other Institutions | 26289.54 | 24779.46 |
| Ways and Means Advances and Overdrafts from Reserve Bank of India | 106.75 | 158.07 |
| Loans and Advances from Central Government- | 3259.09 | 3210.30 |
| Non-Plan Loans | 42.29 | 41.06 |
| Loans for State Plan Schemes | 3186.59 | 3168.92 |
| Loans for Centrally Sponsored Plan Schemes | 29.89 | 0.00 |
| Pre 1984-85 Loans | 0.32 | 0.32 |
| Contingency Fund | 25.00 | 25.00 |
| Small Savings, Provident Funds, etc. | 12997.26 | 14562.50 |
| Deposits | 3325.12 | 3259.52 |
| Reserve Funds | 2616.00 | 3248.41 |
| Suspense and Miscellaneous Balances | 90.12 | 133.89 |
| Remittance Balances | 107.91 | 102.00 |
| TOTAL | 83322.34 | 92542.97 |
| Assets | | |
| Gross capital outlay on fixed assets - | 28687.53 | 30603.15 |
| Investments in shares of Companies, Corporations, etc. | 3831.73 | 3832.65 |
| Other Capital Outlay | 24855.80 | 26770.50 |
| Loans and Advances - | 2405.95 | 2429.39 |
| Loans for Power Projects | 1034.11 | 939.86 |
| Other Development Loans | 1320.58 | 1461.34 |
| Loans to Government servants and Miscellaneous loans | 51.26 | 28.19 |
| Advances | 0.68 | 0.77 |
| Cash | -178.30 | -303.61 |
| Cash in Treasuries and Local Remittances | - | - |
| Departmental Cash Balance | 448.57 | 474.65 |
| Permanent Advances | 0.22 | 0.22 |
| Cash Balance Investments | 102.03 | 102.03 |
| Deposits with Reserve Bank | -729.82 | -881.21 |
| Investments from Earmarked Funds | 0.70 | 0.70 |
| Deficit on Government Account - | 52406.48 | 59813.27 |
| Add Revenue Deficit of the current year | 6810.91 | 7406.79 |
| Accumulated deficit at the beginning of the year | 45595.57 | 52406.48 |
| Total | 83322.34 | 92542.97 |

Appendix 1.5
(Referred to in paragraphs 1.1.6 and 1.3, pages 4 and 13)
Fiscal Consolidation Roadmap for the State
for the financial years 2010-11 to 2014-15
as per recommendations of the Thirteenth Finance Commission

(₹ in crore)

| Item | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|----------------|----------------|----------------|----------------|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| A. Fiscal Consolidation Roadmap for the State recommended by ThFC | | | | | |
| i) Revenue Deficit as percentage of GSDP | -- | 1.80 | 1.20 | 0.60 | 0.00 |
| ii) Fiscal Deficit as percentage of GSDP | 3.50 | 3.50 | 3.50 | 3.00 | 3.00 |
| iii) Outstanding Debt to GSDP ratio | 42.50 | 41.80 | 41.00 | 39.80 | 38.70 |
| B. Fiscal Consolidation Roadmap for the State | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| 1. Revenue Receipts | 30475 | 32027 | 35631 | 40194 | 45416 |
| i) Share of Central taxes | 3207 | 3665 | 4398 | 5278 | 6333 |
| ii) State's Own Taxes and Duties | 17396 | 20408 | 23103 | 26170 | 29665 |
| a) Sales Tax/VAT (State Share) | 10000 | 11800 | 13570 | 15606 | 17946 |
| b) State Excise | 2640 | 3250 | 3510 | 3790 | 4094 |
| c) Stamps and Registration | 2500 | 2900 | 3335 | 3835 | 4411 |
| d) Motor Vehicle Tax | 700 | 800 | 864 | 933 | 1008 |
| e) Electricity Duty | 1520 | 1400 | 1540 | 1694 | 1863 |
| f) Land Revenue | 17 | 19 | 21 | 23 | 25 |
| g) Entertainment Tax | 19 | 239 | 263 | 289 | 318 |
| iii) Non Tax Revenue | 6568 | 3126 | 3277 | 3439 | 3610 |
| a) Interest Receipts | 412 | 177 | 177 | 177 | 177 |
| b) Police | 71 | 78 | 86 | 94 | 104 |
| c) Other Administrative Services | 72 | 72 | 79 | 87 | 90 |
| d) Misc. General Services | 4923 | 1657 | 1681 | 1699 | 1718 |
| i) Lotteries | 3851 | 81 | 89 | 98 | 108 |
| ii) Deposits/Contributions | 1000 | 1500 | 1500 | 1500 | 1500 |
| iii) Guarantee Fee | 71 | 75 | 82 | 91 | 100 |
| iv) Others | 1 | 1 | 10 | 10 | 10 |
| e) Education, Sports, Art & Culture | 42 | 45 | 49 | 54 | 60 |
| f) Medical and Public Health | 68 | 72 | 79 | 87 | 96 |
| g) Water Supply and Sanitation | 45 | 50 | 55 | 60 | 67 |
| h) Urban Development | 83 | 94 | 103 | 114 | 125 |
| i) Major and Medium Irrigation | 300 | 300 | 330 | 363 | 399 |
| j) Mining | 60 | 65 | 71 | 79 | 87 |
| k) Punjab Roadways | 121 | 133 | 146 | 161 | 177 |
| l) Civil Supplies | 50 | 55 | 60 | 67 | 73 |
| m) Others | 321 | 328 | 361 | 397 | 437 |
| iv) Grants from Centre | 3304 | 4328 | 4853 | 5307 | 5808 |
| a) Non Plan | 634 | 656 | 851 | 942 | 1046 |

| Item | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| i) 13th Finance Commission | 366 | 626 | 818 | 906 | 1006 |
| ii) Government of India | 268 | 30 | 33 | 36 | 40 |
| b) State Plan | 1614 | 1949 | 2107 | 2281 | 2469 |
| i) 13th Finance Commission | 42 | 414 | 419 | 424 | 426 |
| ii) Government of India | 1572 | 1535 | 1688 | 1857 | 2043 |
| c) Centrally Sponsored Schemes | 723 | 1469 | 1616 | 1777 | 1955 |
| d) Central Plan | 333 | 254 | 279 | 307 | 338 |
| v) ARM | 0 | 500 | 0 | 0 | 0 |
| Total Revenue Receipts(i+ii+iii+iv+v) | 30475 | 32027 | 35631 | 40194 | 45416 |
| 2. Revenue Expenditure | 34180 | 35406 | 38882 | 42171 | 44906 |
| a) Interest Payments | 5499 | 6530 | 7130 | 7630 | 8130 |
| b) Pension and Retirement benefits | 4048 | 4822 | 5304 | 5835 | 6418 |
| c) Salaries | 10309 | 11067 | 12174 | 13391 | 14730 |
| Arrears of Pay Commission | 0 | 1500 | 1125 | 1125 | 0 |
| d) Power Subsidy | 3376 | 3020 | 4020 | 4520 | 5020 |
| e) Devolution to Local Bodies | 1319 | 1474 | 1804 | 2029 | 2294 |
| f) Civil Supplies | 433 | 481 | 500 | 200 | 200 |
| g) Natural Calamities | 228 | 239 | 251 | 263 | 276 |
| h) Lotteries | 3805 | 48 | 53 | 58 | 64 |
| i) State Plan Expenditure | 2082 | 2623 | 2885 | 3174 | 3491 |
| j) CSS Expenditure | 662 | 854 | 939 | 1033 | 1136 |
| k) Others | 2419 | 2748 | 2697 | 2913 | 3146 |
| I. Revenue Surplus (+)/Deficit (-) {1-2} | (-) 3705 | (-) 3379 | (-) 3251 | (-) 1977 | (+) 510 |
| 3. Capital Expenditure | 4029 | 5418 | 6502 | 7802 | 9362 |
| i) Non Plan | 287 | 254 | 305 | 366 | 439 |
| ii) State Plan | 3178 | 4160 | 4992 | 5990 | 7188 |
| iii) CSS | 565 | 1004 | 1205 | 1446 | 1735 |
| 4. Loans and Advances (net) | 546 | (-)4.00 | (-) 4.00 | (-) 4.00 | (-) 4.00 |
| i) Advances | 68 | 80 | 80 | 80 | 80 |
| ii) Recoveries | 614 | 84 | 84 | 84 | 84 |
| iii) Other Capital Receipts | 0 | 0 | 0 | 0 | 0 |
| II. Fiscal Deficit (I-3+4) | (-) 7189 | (-) 8801 | (-) 9757 | (-) 9783 | (-) 8856 |
| 5. Outstanding Debt | 69549 | 77585 | 87342 | 97125 | 105981 |
| 6. Other liabilities (Reserve Funds and Deposits) | 4623 | 5404 | 6362 | 7362 | 8362 |
| 7. Outstanding Debt (including other liabilities) (5+6) | 74172 | 82989 | 93704 | 104487 | 114343 |
| 8. GSDP at current prices | 228754 | 254931 | 290621 | 331308 | 377691 |
| 9. Revenue Deficit as percentage of GSDP | (-) 1.62 | (-) 1.33 | (-) 1.12 | (-) 0.60 | (+) 0.14 |
| 10. Fiscal Deficit as percentage of GSDP | (-) 3.14 | (-) 3.45 | (-) 3.36 | (-) 2.95 | (-) 2.34 |
| 11. Outstanding Debt (including GPF) as percentage of GSDP | 30.40 | 30.43 | 30.05 | 29.32 | 28.06 |
| 12. Outstanding Debt (including other liabilities) as percentage of GSDP | 32.42 | 32.55 | 32.24 | 31.54 | 30.27 |

Appendix 1.6

(Referred to in paragraph 1.1.7, page 5)

Budget estimates vis-à-vis actuals of various fiscal parameters for the year 2012-13

(₹ in crore)

| | Actuals | Budget Estimates | Difference | Percentage Increase (+)/ Decrease(-) |
|--|--------------|------------------|--------------|--------------------------------------|
| Revenue Receipts, of which | 32051 | 38043 | -5992 | -15.75 |
| Tax Revenue | 22587 | 23842 | -1255 | -5.26 |
| <i>Taxes on Sales, Trades etc.</i> | <i>13218</i> | <i>14213</i> | <i>-995</i> | <i>-7.00</i> |
| <i>State Excise</i> | <i>3332</i> | <i>3800</i> | <i>-468</i> | <i>-12.32</i> |
| <i>Taxes on vehicles</i> | <i>995</i> | <i>864</i> | <i>131</i> | <i>15.16</i> |
| <i>Stamps and Registration fees</i> | <i>2920</i> | <i>3375</i> | <i>-455</i> | <i>-13.48</i> |
| <i>Land Revenue</i> | <i>37</i> | <i>20</i> | <i>17</i> | <i>85.00</i> |
| Non-Tax Revenue | 2629 | 5275 | -2646 | -50.16 |
| State's share of Union taxes and duties | 4059 | 4202 | -143 | -3.40 |
| Grants in aid from GOI | 2776 | 4725 | -1949 | -41.24 |
| Revenue Expenditure, of which | 39458 | 41167 | -1709 | -4.15 |
| <i>2040-Taxes on Sales, Trade etc.</i> | <i>114</i> | <i>141</i> | <i>-27</i> | <i>-19.15</i> |
| <i>2049-Interest Payments</i> | <i>6831</i> | <i>6662</i> | <i>169</i> | <i>2.54</i> |
| <i>2055-Police</i> | <i>3598</i> | <i>3204</i> | <i>394</i> | <i>12.30</i> |
| <i>2070-Other Administrative Services</i> | <i>268</i> | <i>284</i> | <i>-16</i> | <i>-5.63</i> |
| <i>2071-Pensions and Other Retirement Benefits</i> | <i>5966</i> | <i>4753</i> | <i>1213</i> | <i>25.52</i> |
| <i>2075-Misc General Services</i> | <i>86</i> | <i>62</i> | <i>24</i> | <i>38.71</i> |
| <i>2202-General Education</i> | <i>6393</i> | <i>6252</i> | <i>141</i> | <i>2.26</i> |
| <i>2210-Medical and Public Health</i> | <i>1623</i> | <i>1978</i> | <i>-355</i> | <i>-17.95</i> |
| <i>2215-Water Supply and Sanitation</i> | <i>399</i> | <i>485</i> | <i>-86</i> | <i>-17.73</i> |
| <i>2225-Welfare of SC, ST & OBC</i> | <i>397</i> | <i>541</i> | <i>-144</i> | <i>-26.62</i> |
| <i>2236-Nutrition</i> | <i>121</i> | <i>179</i> | <i>-58</i> | <i>-32.40</i> |
| <i>2245-Relief on account of Natural Calamities</i> | <i>370</i> | <i>724</i> | <i>-354</i> | <i>-48.90</i> |
| <i>2401-Crop Husbandry</i> | <i>324</i> | <i>420</i> | <i>-96</i> | <i>-22.86</i> |
| <i>2801-Power</i> | <i>5059</i> | <i>4632</i> | <i>427</i> | <i>9.22</i> |
| <i>3456-Civil Supplies</i> | <i>341</i> | <i>837</i> | <i>-496</i> | <i>-59.26</i> |
| <i>3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions</i> | <i>544</i> | <i>1603</i> | <i>-1059</i> | <i>-66.06</i> |
| <i>Salary and Wages</i> | <i>14120</i> | <i>14513</i> | <i>-393</i> | <i>-2.70</i> |
| <i>Subsidies</i> | <i>5132</i> | <i>5980</i> | <i>-848</i> | <i>-14.18</i> |
| Capital Expenditure | 1916 | 5815 | -3899 | -67.05 |
| <i>4055-Capital outlay on Police</i> | <i>26</i> | <i>87</i> | <i>-61</i> | <i>-70.11</i> |

| | Actuals | Budget Estimates | Difference | Percentage Increase (+)/ Decrease(-) |
|--|--------------|------------------|--------------|--------------------------------------|
| <i>4210- Capital outlay on Medical and Public Health</i> | 109 | 247 | -138 | -55.87 |
| <i>4215 Capital outlay on Water Supply and Sanitation</i> | 226 | 295 | -69 | -23.39 |
| <i>4217-Capital outlay on Urban Development</i> | 166 | 1199 | -1033 | -86.16 |
| <i>4225-Capital outlay on Welfare of SCs, STs and OBCs</i> | 6 | 86 | -80 | -93.02 |
| <i>4515-Capital outlay on other Rural Development Programmes</i> | 122 | 302 | -180 | -59.60 |
| Disbursement of Loans and Advances | 198 | 61 | 137 | 224.59 |
| Revenue Deficit | 7407 | 3123 | 4284 | 137.18 |
| Fiscal Deficit | 9346 | 8924 | 422 | 4.73 |
| Primary Deficit | 2515 | 2262 | 253 | 11.18 |
| Financial Assistance to local bodies etc. | 1329 | 1814 | -485 | -26.74 |
| Revenue deficit/GSDP | 2.52 | 1.06 | 1.46 | 137.74 |
| Fiscal deficit/GSDP | 3.18 | 3.01 | 0.17 | 5.65 |
| Primary deficit/GSDP | 0.86 | 0.76 | 0.10 | 13.16 |
| Revenue Deficit/Fiscal Deficit | 79.25 | 35.00 | 44.25 | 126.43 |

Appendix 1.7
(Referred to in paragraph 1.2.2 (i), page 9)
**Statement showing details of revenue receipts credited to funds outside
the Consolidated Fund of the State and expenditure therefrom**
(₹ in crore)

| Sr. No. | Name of the Fund/ Account | Name of the administering authority | Name of Act under which the Fund/ Account was established | Nature of Receipts to be credited to the Fund | Receipts during the year | Expenditure out of the accumulated receipts |
|---------|---|---|---|---|--------------------------|---|
| 1. | Punjab Municipal Fund | Director, Local Government, Punjab | PMF Act, 2006 | 10 per cent of the amount of VAT collected by Excise and Taxation Department. | 1081.78 | 1112.70 |
| 2. | Punjab Rural Development Fund | Punjab Rural Development Board | PRD Act, 1987 | Two per cent fee on advalorem basis in respect of the agriculture produce bought or sold in the notified market area. | Awaited | Awaited |
| 3. | Punjab Education Development Fund | Punjab Education Development Board (PEDB) | PED Act, 1998 | A cess not exceeding ₹ 10 per proof liter on the sale of Punjab Medium Liquor, Indian made Foreign Liquor and Beer in the State. | 60.64 | 54.17 |
| 4. | Account of Punjab Livestock Development Board | Punjab Livestock Development Board (PLDB), a Registered Society under the Registration of Societies Act, 1860 | Notification No. 18/24/ 99-AH-9(5)/ 4402 dated 8 June 2001 of Punjab Government | Purchase fee levied for providing artificial insemination services, GIA from GOI, State Government or any other agency meant for Livestock Development in Punjab. | 12.15 | 2.62 |
| | | | | | 1154.57 | 1169.49 |

Source: - Information as provided by concerned departments.

Appendix 1.8
(Referred to in paragraphs 1.3, 1.6.1 and 1.11.3, pages 12, 20 and 45)
Time Series data on State Government Finances

(₹ in crore)

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|------------------|------------------|------------------|------------------|------------------|
| Part A Receipts | | | | | |
| 1. Revenue Receipts | 20713 | 22157 | 27608 | 26234 | 32051 |
| (i) Tax Revenue | 11150(54) | 12040(54) | 16828(61) | 18841(72) | 22587(70) |
| Taxes on Sales, Trades etc. | 6436 (58) | 7578(63) | 10017(60) | 11172(59) | 13218(59) |
| State Excise | 1810 (16) | 2101(17) | 2373(14) | 2755 (15) | 3332 (15) |
| Taxes on vehicles | 524 (5) | 555(5) | 654(4) | 850 (5) | 995 (4) |
| Stamps and Registration fees | 1730 (16) | 1551(13) | 2318(14) | 3079 (16) | 2920 (13) |
| Land Revenue | 16 | 15 | 19 | 25 | 37 |
| Other Taxes | 634 (5) | 240(2) | 1447(8) | 961 (5) | 2085 (9) |
| (ii) Non-Tax Revenue | 5784 (28) | 5653(26) | 5330(19) | 1398 (5) | 2629 (8) |
| (iii) State's share of Union taxes and duties | 2084 (10) | 2144(10) | 3051(11) | 3554 (14) | 4059 (13) |
| (iv) Grants in aid from GOI | 1695 (8) | 2320(10) | 2399(9) | 2441 (9) | 2776 (9) |
| 2. Misc Capital Receipts | 1 | 1 | 1 | 0 | 0 |
| 3. Recoveries of Loans and Advances | 78 | 1276 | 597 | 95 | 174 |
| 4. Total revenue and Non-debt capital receipts (1+2+3) | 20792 | 23434 | 28206 | 26329 | 32225 |
| 5. Public Debt Receipts | 5979 | 7083 | 7321 | 8599 | 10724 |
| Internal Debt (excluding Ways & Means Advances and Overdrafts) | 5701 | 7011 | 6760 | 8710 | 10451 |
| Net transactions under Ways and Means advances and Overdrafts | -- | -- | 368 | -261 | 51 |
| Loans and Advances from Government of India | 278 | 72 | 193 | 150 | 222 |
| 6. Total receipts in the Consolidated Fund(4+5) | 26771 | 30517 | 35527 | 34928 | 42949 |
| 7. Contingency Fund Receipts | - | - | - | - | - |
| 8. Public Account Receipts | 24306 | 22047 | 27655 | 31279 | 35701 |
| 9. Total receipts of the State (6+7+8) | 51077 | 52564 | 63182 | 66207 | 78650 |
| Part B. Expenditure/Disbursement | | | | | |
| 10. Revenue Expenditure | 24569(89) | 27408(93) | 32897(93) | 33045(95) | 39458(95) |
| Plan | 1422 (6) | 1424(5) | 2321(7) | 2005 (6) | 3063 (8) |
| Non-Plan | 23147(94) | 25984(95) | 30576(93) | 31041(94) | 36395(92) |
| General Services including interest payments | 14032(57) | 15525(56) | 18598(57) | 16788(51) | 18572(47) |
| Social Services | 5483 (22) | 6217(23) | 7261(22) | 9247 (28) | 11190(28) |
| Economic Services | 4744 (19) | 5219(19) | 6399(19) | 6264 (19) | 9152 (23) |
| Grants in aid and Contributions | 310 (2) | 447(2) | 640(2) | 747 (2) | 544 (1) |
| 11. Capital Expenditure | 2858 (10) | 2166(7) | 2384(7) | 1598 (5) | 1916 (5) |
| Plan | 2603 (91) | 1980(91) | 2166(91) | 1359 (85) | 1737 (91) |
| Non-Plan | 255 (9) | 186(9) | 218(9) | 239 (15) | 179 (9) |
| General Services | 187 (7) | 126(6) | 185(8) | 196 (12) | 162 (8) |

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|--------------------------|--------------------------|-----------------------|-------------------|-------------------|
| Social Services | 1145 (40) | 699(32) | 663(28) | 398 (25) | 716 (37) |
| Economic Services | 1526 (53) | 1341(62) | 1536(64) | 1004 (63) | 1038 (54) |
| 12. Disbursement of Loans and Advances | 55 (0.20) | 29(0.10) | 68(0.19) | 177 (0.51) | 197 (0.47) |
| 13. Total (10+11+12) | 27482 | 29603 | 35349 | 34820 | 41571 |
| 14. Repayments of Public Debt | 1835 | 2283 | 2340 | 2675 | 3674 |
| Internal Debt (excluding Ways and Means Advances and Overdraft) | 1662 | 2109 | 2155 | 2488 | 3403 |
| Net transactions under Ways and Means advances and Overdraft | -- | -- | -- | -- | -- |
| Loans and Advances from Government of India | 173 | 174 | 185 | 187 | 271 |
| 15. Appropriation to Contingency Fund | -- | -- | -- | -- | -- |
| 16. Total disbursement out of Consolidated Fund (13+14+15) | 29317 | 31886 | 37689 | 37495 | 45245 |
| 17. Contingency Fund disbursements | -- | -- | -- | -- | -- |
| 18. Public Account disbursements | 22591 | 20721 | 25837 | 28772 | 33531 |
| 19. Total disbursements by the State (16+17+18) | 51908 | 52607 | 63526 | 66267 | 78776 |
| <i>Part C. Deficits</i> | | | | | |
| 20. Revenue Deficit (1-10) | -3856 | -5251 | -5289 | -6811 | -7407 |
| 21. Fiscal Deficit (4 – 13) | -6690 | -6170 | -7143 | -8491 | -9346 |
| 22. Primary Deficit (21-23) | -1788 | -1159 | -1628 | -2211 | -2515 |
| <i>Part D. Other data</i> | | | | | |
| 23. Interest Payments (included in the revenue expenditure) | 4902 | 5011 | 5515 | 6280 | 6831 |
| 24. Financial Assistance to local bodies etc. | 611 | 941 | 993 | 1200 | 1329 |
| 25. Ways and Means Advances/Overdraft availed (days) | 23 | 141 | 121 | 178 | 239 |
| Ways and Means Advances availed (days) | 23 | 141 | 121 | 153 | 99 |
| Overdraft availed (days) | - | 29 | 14 | 25 | 140 |
| 26. Interest on Ways and Means Advances/ Overdraft | 1 | 7 | 5 | 10 | 20 |
| 27. Gross State Domestic Product (GSDP) | 174039 | 197500 | 226204 | 258006 | 293815 |
| 28. Outstanding fiscal liabilities (year end) | 61850 | 67967 | 74784 | 83099 | 92282 |
| 29. Outstanding Guarantees (year end) | 25868⁵ | 33295⁵ | 40332 | 45714 | 58102 |
| 30. Maximum amount guaranteed (year end) | 46815 | 51357 | NA⁶ | 48382 | 59146 |
| 31. Number of incomplete projects | 13 | 34 | 19 | 19 | 25 |
| 32. Capital blocked in incomplete projects | 1177 | 1630 | 358 | 401 | 500 |

⁵ This figure is including Interest.

⁶ Information not supplied by the State Government.

| | | | | | |
|--|-----------|----------|-----------|------------|----------|
| Part E. Fiscal Health Indicators | | | | | |
| I Resource Mobilization | | | | | |
| Own Tax revenue/GSDP | 6.41 | 6.10 | 7.44 | 7.30 | 7.69 |
| Own Non-tax revenue/GSDP | 3.32 | 2.86 | 2.36 | 0.54 | 0.89 |
| Central Transfers/GSDP | 1.20 | 1.09 | 1.35 | 1.38 | 1.38 |
| II Expenditure Management | | | | | |
| Total Expenditure/GSDP | 15.79 | 14.99 | 15.63 | 13.50 | 14.15 |
| Total Expenditure/Revenue Receipts | 132.68 | 133.61 | 128.04 | 132.73 | 129.70 |
| Revenue Expenditure/Total Expenditure | 89.40 | 92.59 | 93.06 | 94.90 | 94.92 |
| Expenditure on Social Services/ Total Expenditure | 24.12 | 23.36 | 22.42 | 27.70 | 28.64 |
| Expenditure on Economic Services/ Total Expenditure | 22.82 | 22.16 | 22.45 | 20.87 | 24.51 |
| Capital Expenditure/Total Expenditure | 10.40 | 7.32 | 6.74 | 4.59 | 4.61 |
| Capital Expenditure on Social & Economic Services/ Total Expenditure | 9.72 | 6.89 | 6.22 | 4.03 | 4.22 |
| III Management of fiscal Imbalances | | | | | |
| Revenue deficit/GSDP | (-) 2.22 | (-) 2.66 | (-) 2.34 | (-) 2.64 | (-) 2.52 |
| Fiscal deficit/GSDP | (-) 3.84 | (-) 3.12 | (-) 3.16 | (-) 3.29 | (-) 3.18 |
| Primary deficit/GSDP | (-) 1.03 | (-) 0.59 | (-) 0.72 | (-) 0.86 | (-) 0.86 |
| Revenue Deficit/Fiscal Deficit | 57.64 | 85.11 | 74.04 | 80.22 | 79.25 |
| Primary revenue balance/GSDP | 0.65 | 0.53 | 0.36 | (-) 0.17 | (-) 0.14 |
| IV Management of Fiscal Liabilities | | | | | |
| Fiscal Liabilities/GSDP | 35.54 | 34.41 | 33.06 | 32.21 | 31.41 |
| Fiscal Liabilities/RR | 298.61 | 306.75 | 270.88 | 316.76 | 287.92 |
| Primary deficit vis-à-vis quantum spread | (-) 49.21 | (-)22.57 | (-) 34.43 | (-) 122.70 | (-)47.29 |
| Debt Redemption (Principal + Interest)/Total Debt Receipts | 92.51 | 92.72 | 92.58 | 91.00 | 92.08 |
| V Other Fiscal Health Indicators | | | | | |
| Return on Investment | 0.02 | 0.02 | 0.02 | 0.05 | 0.01 |
| Balance from Current Revenue (Rupees in crore) | (-) 3637 | (-)5757 | (-)4650 | (-)6373 | (-)6224 |
| Financial Assets/Liabilities | 43.42 | 40.82 | 39.12 | 37.04 | 35.37 |

Appendix 2.1
(Referred to in paragraph 2.2, page 50)

Statement of grants/appropriations where major savings occurred
(₹ in crore)

| Sr. No. | No. of the grant or appropriation | Savings |
|-------------------------------|-----------------------------------|----------------|
| Voted (Revenue) | | |
| 1 | 1 | 238.03 |
| 2 | 2 | 58.89 |
| 3 | 3 | 20.29 |
| 4 | 4 | 25.28 |
| 5 | 5 | 1025.52 |
| 6 | 6 | 34.87 |
| 7 | 7 | 43.70 |
| 8 | 9 | 500.09 |
| 9 | 10 | 28.64 |
| 10 | 11 | 536.43 |
| 11 | 12 | 113.20 |
| 12 | 13 | 128.28 |
| 13 | 14 | 10.72 |
| 14 | 15 | 946.96 |
| 15 | 16 | 23.99 |
| 16 | 17 | 382.71 |
| 17 | 18 | 4.04 |
| 18 | 19 | 51.73 |
| 19 | 22 | 389.80 |
| 20 | 23 | 808.67 |
| 21 | 24 | 12.41 |
| 22 | 25 | 894.07 |
| 23 | 26 | 1.60 |
| 24 | 27 | 48.37 |
| 25 | 28 | 18.09 |
| 26 | 29 | 44.72 |
| 27 | 30 | 2.71 |
| Total (Voted- Revenue) | | 6393.81 |
| Charged (Revenue) | | |
| 28 | 1 | 2.07 |
| 29 | 2 | 0.06 |
| 30 | 3 | 0.49 |
| 31 | 5 | 0.61 |
| 32 | 8 | 155.28 |
| 33 | 9 | 0.05 |
| 34 | 10 | 1.68 |
| 35 | 11 | 0.31 |

| Sr. No. | No. of the grant or appropriation | Savings |
|---------------------------------|-----------------------------------|-----------------|
| 36 | 18 | 0.85 |
| 37 | 19 | 0.02 |
| 38 | 21 | 6.21 |
| 39 | 22 | 3.34 |
| 40 | 25 | 0.63 |
| 41 | 26 | 0.60 |
| 42 | 27 | 0.02 |
| 43 | 28 | 7.02 |
| 44 | 29 | 0.03 |
| 45 | 30 | 0.26 |
| Total (Charged- Revenue) | | 179.53 |
| Voted (Capital) | | |
| 46 | 1 | 13.18 |
| 47 | 2 | 55.20 |
| 48 | 3 | 7.59 |
| 49 | 4 | 14.00 |
| 50 | 5 | 325.16 |
| 51 | 8 | 1019.91 |
| 52 | 9 | 1.01 |
| 53 | 10 | 25.82 |
| 54 | 11 | 311.94 |
| 55 | 12 | 64.42 |
| 56 | 13 | 15.75 |
| 57 | 14 | 0.50 |
| 58 | 15 | 443.72 |
| 59 | 17 | 971.65 |
| 60 | 18 | 18.08 |
| 61 | 19 | 40.56 |
| 62 | 21 | 259.92 |
| 63 | 22 | 1.18 |
| 64 | 23 | 92.63 |
| 65 | 24 | 11.16 |
| 66 | 25 | 598.77 |
| 67 | 27 | 119.72 |
| 68 | 28 | 67.00 |
| 69 | 29 | 27.46 |
| Total (Voted- Capital) | | 4506.33 |
| Grand Total | | 11079.67 |

Note :Though there were savings of ₹ 10,000 (Grant No. 4), ₹ 26000 (Grant No. 6), ₹ 10000 (Grant No. 23) under Revenue-Charged and ₹ 12000 (Grant No. 30) under Capital- Voted, yet these were taken as zero due to rounding off.

Appendix 2.2
(Referred to in paragraph 2.3.5, page 54)
Statement showing expenditure incurred without budget provision

| Sr. No. | Number and name of grant | expenditure without provision (₹ in crore) | Head of Account |
|---------|--|---|---|
| 1 | 1-Agriculture and Forests | 8.66 | 2406-01-102-28-Reclamation of Water Logged and Degraded Areas through Bio-drainage, Agro Forestry and other Plantation Activities in Punjab Plains (NABARD) (Plan) |
| 2 | 4-Defence Services Welfare | 1.00 | 2235-60-200-29-Financial Assistance to the Parents of Martyrs |
| 3 | 5-Education | 3.75 | 4202-01-202-04-Teacher Education establishment of DIETS (CSS) |
| 4 | 15-Irrigation and Power | 23.40 | 2700-19-800-07-Other Expenditure including Interest |
| 5 | | 17.45 | 2700-03-800-07-Other Expenditure including Interest |
| 6 | | 7.46 | 2700-01-800-07-Other Expenditure including Interest |
| 7 | | 1.95 | 2700-11-800-07-Other Expenditure including Interest |
| 8 | | 18.65 | 2701-05-800-07-Other Expenditure including Interest |
| 9 | | 17.46 | 2701-13-800-07-Other Expenditure including Interest |
| 10 | | 12.73 | 2701-39-800-07-Other Expenditure including Interest |
| 11 | | 7.28 | 2701-40-800-07-Other Expenditure including Interest |
| 12 | | 4.58 | 2701-26-800-07-Other Expenditure including Interest |
| 13 | | 1.04 | 2701-38-800-07-Other Expenditure including Interest |
| 14 | | 44.32 | 4701-06-800-08-Works Expenditure (Plan) |
| 15 | | 2.66 | 4701-06-001-03-Execution (Plan) |
| 16 | | 2.21 | 4701-06-799-Suspense (Plan) |
| 17 | | 1.15 | 4701-06-001-02-Supervision (Plan) |
| 18 | | 24.82 | 4711-03-799-Suspense(Plan) |
| 19 | | 6.05 | 4711-01-799-Suspense(Plan) |
| 20 | | 2.89 | 4711-03-001-03-Execution (Plan) |
| 21 | | 7.96 | 4700-02-799-Suspense (Plan) |
| 22 | | 4.27 | 4700-05-799-Suspense (Plan) |
| 23 | | 3.67 | 4700-06-001-03-Execution (Plan) |
| 24 | | 2.14 | 4700-06-799-Suspense (Plan) |
| 25 | | 1.97 | 4700-06-001-02-Supervision (Plan) |
| 26 | 17-Local Government, Housing and Urban Development | 8.44 | 4216-02-800-02-Acquisition of Land for Planning/Development and Redevelopment of Anandpur Sahib for the Development Works at Anandpur Sahib and surrounding areas(Plan) |
| 27 | 19-Planning | 1.78 | 3454-02-204-25-13th Finance Commission Grants-in-Aid for Improvement of Statistical System at State and District Level |

| Sr. No. | Number and name of grant | expenditure without provision (₹ in crore) | Head of Account |
|---------|--|---|--|
| 28 | 21-Public Works | 102.94 | 3054-80-001-01-Establishment Charges, transferred on pro-rata basis to the Major Head "3054" Roads and Bridges |
| 29 | | 7.48 | 3054-80-799-Suspense |
| 30 | | 52.34 | 2059-80-001-07-Establishment Charge paid to Public Health department for works done by that department |
| 31 | | 52.28 | 2059-80-799-Suspense |
| 32 | | 58.78 | 2215-01-799-Suspense |
| 33 | | 33.92 | 2215-799-Suspense |
| 34 | | 30.39 | 5054-80-797-01-Amount Transferred to Subvention from Central Road Fund (Plan) |
| 35 | 22-Revenue and Rehabilitation | 2.55 | 4059-01-051-03-Computerisation of Land Records (Plan) |
| 36 | 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes | 29.23 | 2225-03-277-10-Pre-matric Scholarship for students belonging to the Minority Communities (CSS) |
| 37 | 27-Technical Education and Industrial Training | 1.47 | 2203-105-81-Community Development through Polytechnics (Plan) |
| | Total | 611.12 | |

Appendix 2.3
(Referred to in paragraph 2.3.6, page 54)

Statement showing cases where supplementary provision proved (₹ one crore or more in each case) unnecessary

(₹ in crore)

| Sr. No. | Number and name of grant | Original provision | Actual expenditure | Savings out of Original provision | Supplementary provision |
|----------------------------------|---|--------------------|--------------------|-----------------------------------|-------------------------|
| A-Revenue (Voted) | | | | | |
| 1 | 1-Agriculture and Forests | 852.44 | 767.24 | 85.20 | 152.83 |
| 2 | 2-Animal Husbandry and Fisheries | 418.44 | 386.89 | 31.55 | 27.34 |
| 3 | 4-Defence Services Welfare | 33.38 | 28.61 | 4.77 | 20.51 |
| 4 | 7-Excise and Taxation | 181.06 | 145.14 | 35.92 | 7.79 |
| 5 | 9-Food and Supplies | 840.31 | 343.49 | 496.82 | 3.27 |
| 6 | 11-Health and Family Welfare | 2214.14 | 1822.64 | 391.50 | 144.93 |
| 7 | 18-Personnel and Administrative Reforms | 17.19 | 14.76 | 2.43 | 1.61 |
| 8 | 25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes | 2589.44 | 2011.17 | 578.27 | 315.80 |
| 9 | 29-Transport | 355.74 | 355.68 | 0.06 | 44.66 |
| Total of Revenue (Voted) | | 7502.14 | 5875.62 | 1626.52 | 718.74 |
| B-Capital (Voted) | | | | | |
| 10 | 2-Animal Husbandry and Fisheries | 54.51 | 10.05 | 44.46 | 10.75 |
| 11 | 5-Education | 254.39 | 102.73 | 151.66 | 173.50 |
| 12 | 11-Health and Family Welfare | 189.06 | 92.50 | 96.56 | 215.38 |
| 13 | 15-Irrigation and Power | 966.47 | 545.26 | 421.21 | 22.51 |
| 14 | 19-Planning | 115.77 | 86.68 | 29.09 | 11.47 |
| 15 | 21-Public Works | 676.82 | 627.75 | 49.07 | 210.85 |
| 16 | 27-Technical Education and Industrial Training | 152.34 | 34.77 | 117.57 | 2.16 |
| Total of Capital (Voted) | | 2409.36 | 1499.74 | 909.62 | 646.62 |
| C-Revenue (Charged) | | | | | |
| 17 | 28-Tourism and Cultural Affairs | 22.97 | 22.97 | 0.00 | 7.02 |
| Total of Revenue(Charged) | | 22.97 | 22.97 | 0.00 | 7.02 |
| Grand Total | | 9934.47 | 7398.33 | 2536.14 | 1372.38 |

Appendix 2.4
(Referred to in paragraph 2.3.7, page 54)
Statement showing unnecessary re-appropriation of funds

(₹ in crore)

| Sr. No. | Number and Name of grant/Head of Account | Original grant | Supplementary grant | Re-Appn. | Total | Expenditure | Saving(-) /Excess(+) |
|---------|--|----------------|---------------------|-----------|--------|-------------|----------------------|
| | 1-Agriculture and Forests | | | | | | |
| 1 | 2402-102-30-Community Micro Irrigation Project in Kandi belt of Talwara and Hajipur blocks of District Hoshiarpur (Plan) | 0.00 | 0.00 | 6.00 | 6.00 | 0.00 | (-) 6.00 |
| | 2-Animal Husbandry and Fisheries | | | | | | |
| 2 | 4403-101-17- Construction of building of Tehsil/Block/other Veterinary Hospitals in the State under RIDF-XVIII (NABARD) (Plan) | 0.00 | 0.00 | 5.13 | 5.13 | 0.00 | (-) 5.13 |
| | 5-Education | | | | | | |
| 3 | 2202-02-109-46- Creation of Posts for 351 Schools Upgraded under NABARD Project (Plan) | 37.50 | 0.00 | 8.16 | 45.66 | 1.06 | (-) 44.60 |
| 4 | 2202-02-109-44- Creation of New Post in the School and Rationalization Policy (Plan) | 30.00 | 0.00 | 18.75 | 48.75 | 9.49 | (-) 39.26 |
| 5 | 2202-01-101-13- Mid-Day Meal Scheme (Plan) | 96.14 | 10.57 | 7.29 | 114.00 | 96.14 | (-) 17.86 |
| 6 | 2202-02-110-01-Assistance by Education Department | 242.00 | 0.00 | (-) 10.00 | 232.00 | 234.49 | (+) 2.49 |
| 7 | 2202-02-109-32-Teacher Education establishment of district (DIETS) | 0.00 | 0.00 | 7.12 | 7.12 | 0.00 | (-) 7.12 |
| 8 | 2204-104-43-Punjab Institute of Sports, Jalandhar | 0.00 | 0.00 | 8.75 | 8.75 | 0.00 | (-) 8.75 |
| 9 | 4202-01-202-11-Infrastructure Development in Government Schools through Education Cess (Plan) | 0.01 | 173.50 | 71.65 | 245.16 | 0.47 | (-) 244.69 |
| 10 | 4202-01-203-07-Establishment of Rajeev Gandhi National University of Law, Punjab (Plan) | 24.34 | 0.00 | (-) 24.34 | 0.00 | 34.84 | (+) 34.84 |
| | 6-Elections | | | | | | |
| 11 | 2015-102-01-Electoral Officers | 42.59 | 0.00 | (-) 16.60 | 25.99 | 27.69 | (+) 1.70 |
| | 15-Irrigation and Power | | | | | | |
| 12 | 4701-51-800-08-Works Expenditure (Plan) | 76.00 | 0.00 | 22.80 | 98.80 | 0.00 | (-) 98.80 |
| | 19-Planning | | | | | | |
| 13 | 5475-112-16-Border Area Development Programme (13th Finance Commission) (Plan) | 40.62 | 11.47 | 7.21 | 59.30 | 37.34 | (-) 21.96 |
| | 21-Public Works | | | | | | |
| 14 | 2059-60-053-11-Industrial Training | 40.00 | 0.00 | (-) 20.00 | 20.00 | 36.48 | (+) 16.48 |
| | 22-Revenue and Rehabilitation | | | | | | |
| 15 | 2245-02-122-03-Procurement and Equipment | 3.50 | 0.00 | 8.78 | 12.28 | 2.47 | (-) 9.81 |
| 16 | 2053-093-01-District Establishments | 199.28 | 0.00 | 10.80 | 210.08 | 187.00 | (-) 23.08 |

| Sr. No. | Number and Name of grant/Head of Account | Original grant | Supplementary grant | Re-Appn. | Total | Expenditure | Saving(-) /Excess(+) |
|---------|--|----------------|---------------------|-----------|--------|-------------|----------------------|
| | 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes | | | | | | |
| 17 | 2225-03-190-09-Shagun to Backward Classes and Christian Girls/Widows/Divorces and Daughters of Widows of any Caste at the time of Marriages (Plan) | 32.00 | 0.00 | (-) 28.50 | 3.50 | 6.44 | (+) 2.94 |
| 18 | 2225-01-789-38-Grant-in-Aid to BPL SC Students for purchase of Schools Uniforms, Shoes and School Bags etc. (Plan) | 10.00 | 0.00 | (-) 10.00 | 0.00 | 6.24 | (+) 6.24 |
| 19 | 2235-60-789-09- National Social Assistance Programme (ACA) (Plan) | 31.90 | 0.00 | 13.10 | 45.00 | 27.96 | (-) 17.04 |
| 20 | 2235-60-102-01-Old Age Pension (Social Security Fund) | 7.43 | 0.00 | (-) 7.43 | 0.00 | 5.70 | (+) 5.70 |
| 21 | 2202-01-789-10-Sarv Shiksha Abhiyan including Education Guarantee Scheme National Programme for Education of Girls at Elementary Level and Kasturba Gandhi Balika Vidyalaya (Plan) | 147.78 | 0.00 | 24.96 | 172.74 | 107.13 | (-) 65.61 |
| 22 | 2210-01-789-06-National Rural Health Mission (Plan) | 22.26 | 0.00 | 13.94 | 36.20 | 22.26 | (-) 13.94 |
| 23 | 2210-01-789-12-Seed Corpus of Cancer Relief Fund (Plan) | 7.50 | 0.00 | 5.00 | 12.50 | 7.50 | (-) 5.00 |
| 24 | 2225-03-277-10-Pre-Matric Scholarship for Students belonging to Minority Communities (Plan) | 12.00 | 0.00 | 13.00 | 25.00 | 0.00 | (-) 25.00 |
| 25 | 2202-02-789-09-Rashtriya Madhyamik Shiksha Abhiyan for Universalization of Secondary Education (Plan) | 10.05 | 0.00 | 27.07 | 37.12 | 0.00 | (-) 37.12 |
| 26 | 2202-02-789-12-Creation of New Post in the School and Rationlization Policy (Plan) | 10.00 | 0.00 | 6.25 | 16.25 | 0.00 | (-) 16.25 |
| 27 | 2202-03-789-02-Establishment of Rajiv Gandhi National University of Law Punjab (Plan) | 1.77 | 0.00 | 5.14 | 6.91 | 0.00 | (-) 6.91 |
| 28 | 4515-789-07-Construction/Brick Paving of Passages in Villages/Dhanies (Plan) | 15.00 | 0.00 | (-) 15.00 | 0.00 | 4.50 | (+) 4.50 |
| 29 | 4202-01-789-02-Sarv Shiksha Abhiyan including Education Guarantee Scheme National Programme for Education of Girls at Elementary Level and Kasturba Gandhi Balika Vidyalaya (Plan) | 73.89 | 0.00 | 11.19 | 85.08 | 30.69 | (-)54.39 |
| 30 | 4202-01-789-15-Emplimentaiton of EDUSAT Project in the State (NABARD-RIDF-XV) | 11.90 | 0.00 | (-)11.90 | 0.00 | 11.90 | (+) 11.90 |
| 31 | 5475-789-07- Border Area Development Programme (Plan) | 35.68 | 0.00 | 11.52 | 47.20 | 28.70 | (-) 18.50 |

| Sr. No. | Number and Name of grant/Head of Account | Original grant | Supplementary grant | Re-Appn. | Total | Expenditure | Saving(-) /Excess(+) |
|---------|---|----------------|---------------------|-------------------|----------------|---------------|----------------------|
| 32 | 4210-01-789-05-National Rural Health Mission (Plan) | 14.84 | 0.00 | 9.29 | 24.13 | 14.54 | (-) 9.59 |
| 33 | 4217-60-789-13-Integrated Housing and Slum Development Programme (Plan) | 10.00 | 0.00 | 69.90 | 79.90 | 4.87 | (-)75.03 |
| 34 | 4217-60-789-14-Jawaharlal Nehru Urban Rural Mission Basic Service to Urban Poor (Plan) | 6.60 | 0.00 | 6.80 | 13.40 | 0.00 | (-) 13.40 |
| | 27-Technical Education and Industrial Training | | | | | | |
| 35 | 4202-02-105-22-New and up gradation of Polytechnics at Bhatinda, Batala, Amritsar, Hoshiarpur, GTB Garh (Moga) and Patiala (Plan) | 0.00 | 0.00 | 7.22 | 7.22 | 0.00 | (-) 7.22 |
| | 28-Tourism and Cultural Affairs | | | | | | |
| 36 | 5452-01-800-22-Development of Tourist Infrastructure in the State to be funded by ADB (Plan) | 37.58 | 0.00 | (-) 27.47 | 10.11 | 18.10 | (+) 7.99 |
| | Total | 1330.16 | 195.54 | (+) 406.82 | 1761.28 | 964.00 | (+) 94.78 |
| | | | | (-) 171.24 | | | (-) 892.06 |
| | | | Net | (+) 235.58 | | | (-) 797.28 |

Appendix 2.5*(Referred to in paragraph 2.3.8, page 55)***Detail of grants in which savings exceeding ₹ 10 crore were not surrendered***(₹ in crore)*

| Sr. No. | Number and Name of grant/appropriation | Savings |
|------------------------|--|----------------|
| Revenue (Voted) | | |
| 1 | 4-Defence Services Welfare | 25.28 |
| 2 | 7-Excise and Taxation | 43.70 |
| 3 | 12-Home Affairs and Justice | 113.20 |
| 4 | 13-Industries | 128.28 |
| 5 | 17-Local Government, Housing and Urban Development | 382.71 |
| 6 | 23-Rural Development and Panchayats | 808.67 |
| 7 | 24-Science, Technology and Environment | 12.41 |
| Capital (Voted) | | |
| 8 | 4-Defence Services Welfare | 14.00 |
| 9 | 8-Finance | 1019.91 |
| 10 | 10-General Administration | 25.82 |
| 11 | 13-Industries | 15.75 |
| 12 | 17-Local Government, Housing and Urban Development | 971.65 |
| 13 | 18-Personnel and Administrative Reforms | 18.08 |
| 14 | 19-Planning | 40.56 |
| 15 | 23-Rural Development and Panchayats | 92.63 |
| 16 | 24-Science, Technology and Environment | 11.16 |
| Total | | 3723.81 |

Appendix 2.6

(Referred to in paragraph 2.3.8, page 55)

Details of grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender

(₹ in crore)

| Sr. No. | Number and Name of grant/ Appropriation | Savings | Savings surrendered | Savings not surrendered |
|--------------------------|---|----------------|------------------------|----------------------------|
| Revenue (Voted) | | | | |
| 1 | 1-Agriculture and Forests | 238.03 | 51.40 | 186.63 |
| 2 | 2-Animal Husbandry and Fisheries | 58.89 | 40.81 | 18.08 |
| 3 | 3-Coperation | 20.29 | 8.47 | 11.82 |
| 4 | 5-Education | 1025.52 | 9.99 | 1015.53 |
| 5 | 9-Food and Supplies | 500.09 | 5.78 | 494.31 |
| 6 | 10-General Administration | 28.64 | 6.51 | 22.13 |
| 7 | 11-Health and Family Welfare | 536.43 | 0.92 | 535.51 |
| 8 | 15-Irrigation and Power | 946.96 | 146.71 | 800.25 |
| 9 | 19-Planning | 51.72 | 16.43 | 35.29 |
| 10 | 22-Revenue and Rehabilitation | 389.80 | 221.49 | 168.31 |
| 11 | 25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes | 894.07 | 6.33 | 887.74 |
| 12 | 27-Technical Education and Industrial Training | 48.37 | 27.05 | 21.32 |
| 13 | 28-Tourism and Cultural Affairs | 18.09 | 16.07 | 2.02 |
| 14 | 29-Transport | 44.72 | 13.76 | 30.96 |
| Revenue (Charged) | | | | |
| 15 | 8-Finance | 155.28 | 0.03 | 155.25 |
| Capital (Voted) | | | | |
| 16 | 1-Agriculture and Forests | 13.18 | 0.12 | 13.06 |
| 17 | 2-Animal Husbandry and Fisheries | 55.20 | 1.00 | 54.20 |
| 18 | 5-Education | 325.16 | 97.77 | 227.39 |
| 19 | 11-Health and Family Welfare | 311.94 | 70.64 | 241.30 |
| 20 | 12-Home Affairs and Justice | 64.42 | 27.64 | 36.78 |
| 21 | 15-Irrigation and Power | 443.72 | 205.32 | 238.40 |
| 22 | 21-Public Works | 259.92 | 58.81 | 201.11 |
| 23 | 25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes | 598.77 | 210.93 | 387.84 |
| 24 | 27-Technical Education and Industrial Training | 119.72 | 25.17 | 94.55 |
| 25 | 28-Tourism and Cultural Affairs | 67.00 | 57.05 | 9.95 |
| Total | | 7215.93 | 1326.20 | 5889.73 |

Appendix 2.7
(Referred to in paragraph 2.3.11(a), page 56)
Statement showing wrong classification of Grant-in-aid

(₹ in crore)

| Sr. No. | Head of Account/Scheme | Amount |
|--------------|---|---------------|
| 1 | 4202-01-789-02-Sarv shiksha Abhiyan including Education Guarantee Scheme National Programme for Education of girls at elementary level Ksturaba Gandhi Balika Vidyalaya | 30.69 |
| 2 | 4202-201-10-Construction and Running of Girls Hostel for students of Secondary and Higher Secondary Schools | 1.98 |
| 3 | 4202-01-789-02-Rashtriya Madhaymik Shiksha Abhiyan for Universalization of Secondary Education | 8.35 |
| 4 | 4210-01-110-55-Punjab Urban Infrastructure | 31.00 |
| 5 | 4210-110-44-National Rural Health Mission | 42.40 |
| 6 | 4210-110-24-Medical relief to other Hospitals and Dispensaries | 1.98 |
| 7 | 4210-03-789-05-National Rural Health Mission | 14.54 |
| 8 | 4217-800-11-Swarn Jayanti Shehri Rojgar Yojna | 5.31 |
| 9 | 4217-800-34-JNNURM Urban Infrastructure and Governance | 24.36 |
| 10 | 4217-800-37-JNNURM Urban Infrastructure Development Scheme for Small and Medium Town | 17.04 |
| 11 | 4217-800-47-Strengthening of Fire Emergency Services | 0.66 |
| 12 | 5452-01-800-22-Development of Tourists Infrastructure with Aid from ADB | 8.72 |
| Total | | 187.03 |

Appendix 2.8

(Referred to in paragraph 2.3.11(b) page 57)

Detail of the items of revenue expenditure allocated under capital head 4055-Capital Outlay on Police under Grant No. 12 of Non- Plan Schemes for the year 2012-13

(₹ in crore)

| S.No | Head of Account/Minor Head/Sub-head | Clothing & Tentage | | Minor Works | | Supplies & Materials | |
|------|---|--------------------|------------------|-----------------|------------------|----------------------|------------------|
| | | Budget Estimate | Revised Estimate | Budget Estimate | Revised Estimate | Budget Estimate | Revised Estimate |
| 1 | 4055-207-03-District Police (Proper) | 0.00 | 0.00 | 0.05 | 0.05 | 0.00 | 0.00 |
| 2 | 4055--208-01 Special Police | 0.00 | 0.00 | 0.08 | 0.26 | 0.00 | 0.00 |
| 3 | 4055-800-01-Police Hospitals. | 0.00 | 0.00 | 0.02 | 0.02 | 0.00 | 0.00 |
| 4 | 4055-800-02-Central Jails. | 0.70 | 1.48 | 0.36 | 0.55 | 0.00 | 0.00 |
| 5 | 4055-800-03-District Jails. | 0.08 | 0.47 | 0.05 | 0.05 | 0.00 | 0.00 |
| 6 | 4055-800-08-District Jails (Manufacture). | 0.00 | 0.00 | 0.00 | 0.00 | 0.11 | 0.11 |
| 7 | 4055-800-09-Direction & Administration. | 0.00 | 0.00 | 0.21 | 0.21 | 0.00 | 0.00 |
| 8 | 4055-800-10-Central Jails (Manufacture). | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 2.00 |
| | Total | 0.78 | 1.95 | 0.77 | 1.14 | 2.11 | 2.11 |

Note:-Figures of Budget/Revised estimates taken from the State Budget for 2013-14 .

Clothing and Tentage= 1.95 crore

Minor Works= 1.14 crore

Supplies and Material= 2.11 crore

Total= 5.20 crore

Appendix 2.9

(Referred to in paragraph 2.4.1, page 57)

Statement showing savings in grant No. 13-Industries and 19-Planning

(₹ in crore)

| Sr. No. | Name of scheme | Total Grant | Expenditure | Savings | Saving (in Per cent) |
|---------|--|-------------|-------------|---------|----------------------|
| | Grant No.-13 | | | | |
| 1 | 2851-Village and Small Industries, 001- Direction and Administration, 01- Direction- | 63.54 | 53.93 | 9.61 | 15.12 |
| 2 | 2851-Village and Small Industries, 800- Other Expenditure, 01- Northern India Institute of Fashion Technology (NIIFT) Mohali/ Ludhiana/ Jalandhar | 15.00 | 6.40 | 8.60 | 57.33 |
| 3 | 2851-Village and Small Industries, 102- Small Scale Industries, 15- Prime Minister Rozgar Yojana (PMRY) (Centrally Sponsored Scheme) | 1.71 | 0 | 1.71 | 100.00 |
| 4 | 2853-Non-ferrous Mining and Metallurgical Industries , 02- Regulation and Development of Mines, 102- Mineral Exploration, 01-Development of Mines and Minerals in the Punjab | 5.57 | 2.65 | 2.92 | 52.42 |
| | Grant No.-19 | | | | |
| 5 | 3451-Secretariat- Economic Services, 101- Planning Commission/Planning Board, 31- Development of Kandi Area (13th Finance Commission) | 46.88 | 23.61 | 23.27 | 49.64 |
| 6 | 3451-Secretariat- Economic Services, 101- Planning Commission/Planning Board, 01- Planning Board | 5.51 | 4.50 | 1.01 | 18.33 |
| 7 | 3451-Secretariat- Economic Services, 101- Planning Commission/Planning Board, 10- Assistance to Non- Government Organisations | 3.17 | 2.16 | 1.01 | 31.86 |
| 8 | 3454-Census Surveys and Statistics, 02- Surveys and Statistics, 204- Central Statistical Organisation, 01- Economic Advice and Statistics | 16.27 | 14.08 | 2.19 | 13.46 |
| 9 | 3454-Census Surveys and Statistics, 02- Surveys and Statistics, 204- Central Statistical Organisation, 27- Conduct of 6th Economic Census Survey(CSS) | 5.05 | 0.42 | 4.63 | 91.68 |

| Sr. No. | Name of scheme | Total Grant | Expenditure | Savings | Saving (in Per cent) |
|---------|--|---------------|---------------|--------------|----------------------|
| 10 | 3454-Census Surveys and Statistics, 02- Surveys and Statistics, 204- Central Statistical Organisation, 24- Indian Statistical Strengthening Project(CSS) | 4.00 | 0.37 | 3.63 | 90.75 |
| 11 | 5475-Capital Outlay on other General Economic services, 112- Statistics, 16-Border Area Development Programmed (13th Finance Commission) (Plan) | 59.30 | 37.34 | 21.96 | 37.03 |
| 12 | 5475-Capital Outlay on other General Economic services, 112- Statistics, 13- United funds of DPCs (Plan) | 13.00 | 5.49 | 7.51 | 57.77 |
| 13 | 5475-Capital Outlay on other General Economic services, 112- Statistics, 12- United funds of CM/Dy. CM/FM (Plan) | 19.50 | 9.72 | 9.78 | 50.15 |
| | Total | 258.50 | 160.67 | 97.83 | 37.85 |

Appendix 2.10
(Referred to in paragraph 2.4.4 page 59)
**Statement showing details of unnecessary supplementary /re-appropriation
under Grant No. 13-Industries and 19-Planning**

(₹ in crore)

| Sr. No. | Minor head/Scheme | Original Provision | Re-appropriation | Supplementary | Total | Expenditure | Savings |
|----------|---|--------------------|------------------|---------------|--------------|--------------|--------------|
| | Grant No.-13 | | | | | | |
| 1 | 2851-Village and Small Industries, 001-Direction and Administration, 09-Setting up Nucleus Cell for Updating Census Data-(Centrally Sponsored Scheme) | 0.84 | 0 | 0.15 | 0.99 | 0.41 | 0.58 |
| | Grant No.-19 | | | | | | |
| 2 | 3451- Secretariat - Economic Services. 101-Planning Commission/Planning Board,01-Planning Board | 6.06 | -1.45 | 0.90 | 5.51 | 4.50 | 1.01 |
| 3 | 5475-Capital Outlay on other General Economic Services. 112- Statistics, 16-Border Area Development Programme(13th Finance Commission)(Plan) | 40.62 | 7.21 | 11.47 | 59.30 | 37.34 | 21.96 |
| 4 | 5475-Capital Outlay on other General Economic Services. 112- Statistics, 06-State level initiative (Punjab Nitman Programme) (Plan) | 0.65 | 0.65 | 0.00 | 1.30 | 0.65 | 0.65 |
| | Total | 48.17 | 6.41 | 12.52 | 67.10 | 42.90 | 24.20 |

Appendix 2.11
(Referred to in paragraph 2.4.5, page 59)
**Statement showing the details of entire provision remained unutilised
under Grant No. 13 -Industries**

| | | (₹ in crore) |
|---------|---|--------------------|
| Sr. No. | Minor head/Scheme | Original Provision |
| 1 | 2852-Industries, 80-General, 800-Other Expenditure, 01-Incentive under various Industrial Policies | 82.50 |
| 2 | 2852-Industries, 80-General, 102-Industrial Productivity, 01-Modernisation of Small Scale Industries (Pending Liabilities of Subsidies/ Incentives) | 1.00 |
| 3 | 2851-Village and Small Industries, 800-Other expenditure, 02-Dedicate Fund for Meeting the State Share of Centrally Sponsored Scheme (Plan) | 10.00 |
| 4 | 2851-Village and Small Industries, 102-Small Scale Industries, 40-Promotion of It/Knowledge Industry in the State (Plan) | 5.00 |
| 5 | 2851-Village and Small Industries, 102-Small Scale Industries, 39-Development of Human Resources in the Field of IT/ITE's (Plan) | 2.50 |
| 6 | 2851-Village and Small Industries, 102-Small Scale Industries, 38-Implementation of Industrial Policy 2009-Reimbursement of Stamp Duty of IT/Non-IT Units (Plan) | 2.00 |
| 7 | 2851-Village and Small Industries, 102-Small Scale Industries, 24-Central Institute of Hand Tools, Jalandhar (Pending Liability of Repayment of Loan of G.O.I.) (Plan) | 1.11 |
| 8 | 4851- Capital Outlay on Village and Small Industries, 800-Other Expenditure, 38-Industrial Infrastructure-Creation of New and Improvement of Existing Focal Points/Areas/Estates-(Plan) | 10.00 |
| 9 | 4851- Capital Outlay on Village and Small Industries, 102-Small Scale Industries, 14-Development of Human Resources in the Field of IT/ITE's (Plan) | 1.25 |
| 10 | 6801- Loans for Power Projects, 202-Thermal Power Generation, 13-Loans to State Power Corporation Ltd. for Guru Gobind Singh Refinery Bathinda- (Plan) | 4.34 |
| | Total | 119.70 |

Appendix 2.12
(Referred to in paragraph 2.5.1.1, page 59)
Statement showing details of over payment of gratuity

| Sr.No. | Treasury | Name | C&R no. and Date | Amount (₹) | D.D.O. | Reasons |
|--------------|--|-----------------|--|---------------|-----------------------------|--|
| 1 | TO Narot Jaimal Singh (Distt. Gurdaspur) | Charanjit Kaur | P.8/218110287 7/11-12/ 14317-18 dated 20-12-11 | 254224 | SMO, PHC Narot Jaimal Singh | Due to double Payment of Gratuity |
| 2 | TO Chamkor Sahib (Distt. Ropar) | Krishna Devi | P.3/K-65/03-04/4736-37 dated 28-12-11 | 7523 | BPEO Chamkour Sahib | The DDO sanctioned the emolument amount figure instead of gratuity balance of difference due |
| 3 | TO Chamkor Sahib (Distt. Ropar) | Piara Singh | P.3/P-54/96-97 | 4387 | BPEO Chamkour Sahib | The DDO sanctioned the emolument amount figure instead of gratuity balance of difference due |
| 4 | TO Chamkor Sahib (Distt. Ropar) | Jaswant Singh | P.4/J-18/06-07/ 9363-64 dated 19-09-11 Revised C&R (391680-381232) | 6528 | Pr. GSSS Dhangrali | Due to miscellaneous reasons |
| 5 | TO Chamkor Sahib (Distt. Ropar) | Parkash Singh | P.3/P-32/00-01/25140-41 dated 10-01-12 | 940 | BPEO Chamkour Sahib | The DDO sanctioned the emolument amount figure instead of gratuity balance of difference due |
| 6 | TO Chamkor Sahib (Distt. Ropar) | Satya Kaur | P.4/S-191/ 97-98/23982-83 dated 11-01-12 | 6967 | BPEO Chamkour Sahib | The DDO sanctioned the emolument amount figure instead of gratuity balance of difference due |
| 7 | TO Chamkor Sahib (Distt. Ropar) | Nirmal Joshi | P.4/N-39/01-02/23145-46 dated 09-01-12 | 3969 | BPEO Chamkour Sahib | The DDO sanctioned the emolument amount figure instead of gratuity balance of difference due |
| 8 | TO Chamkor Sahib (Distt. Ropar) | Gurcharan Singh | P.5/G-50/94-95/23127-28 dated 09-01-12 | 1655 | BPEO Chamkour Sahib | The DDO sanctioned the emolument amount figure instead of gratuity balance of difference due |
| Total | | | | 286193 | | |

Appendix 3.1
(Referred to in paragraph 3.1.1 page 63)
Outstanding utilisation certificates as on 31 March 2013

(₹ in lakh)

| Sr. No. | Department | Year of payment of grant | Total grants paid | | Utilization Certificates | | | |
|---------|-----------------------------------|--------------------------|-------------------|----------|--------------------------|----------|---------------|----------|
| | | | Number of UCs | Amount | Received | | Outstanding | |
| | | | | | Number of UCs | Amount | Number of UCs | Amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | Rural Development and Panchayat | 2006-07 | 1 | 2500.00 | Partial | 2387.67 | 1 | 112.33 |
| | | 2009-10 | 3 | 3340.13 | 0 | 0.00 | 3 | 3340.13 |
| | | 2010-11 | 3 | 6675.50 | 0 | 0.00 | 3 | 6675.50 |
| | | 2011-12 | 12 | 18747.48 | 10 | 17801.40 | 2 | 946.08 |
| | | 2012-13 | 3 | 65.00 | 0 | 0.00 | 3 | 65.00 |
| 2 | Education | 2007-08 | 4 | 1469.86 | 0 | 0.00 | 4 | 1469.86 |
| | | 2008-09 | 4 | 610.13 | 0 | 0.00 | 4 | 610.13 |
| | | 2010-11 | 8 | 3011.25 | 5 | 2248.75 | 3 | 762.50 |
| | | 2011-12 | 186 | 17423.25 | 175 | 16880.80 | 11 | 542.45 |
| | | 2012-13 | 107 | 14482.98 | 15 | 4382.90 | 92 | 10100.08 |
| 3 | Sports & Youth Services | 2012-13 | 24 | 4204.43 | 0 | 0.00 | 24 | 4204.43 |
| 4 | Health& Family Welfare | 2010-11 | 1 | 1.19 | 1 | 1.19 | 0 | 0.00 |
| | | 2011-12 | 7 | 347.16 | 6 | 247.16 | 1 | 100.00 |
| | | 2012-13 | 4 | 5597.50 | 0 | 0.00 | 4 | 5597.50 |
| 5 | Home Affairs & Justice | 2011-12 | 7 | 117.33 | 7 | 117.33 | 0 | 0.00 |
| | | 2012-13 | 2 | 3240.00 | 0 | 0.00 | 2 | 3240.00 |
| 6 | Industries & Commerce | 2012-13 | 3 | 690.00 | 0 | 0.00 | 3 | 690.00 |
| 7 | Information &Public Relation | 2010-11 | 2 | 191.00 | Partial | 150.00 | 2 | 41.00 |
| 8 | Local Government | 2012-13 | 1 | 66.25 | 0 | 0.00 | 1 | 66.25 |
| 9 | Science, Technology & Environment | 2011-12 | 10 | 168.91 | 9 | 143.91 | 1 | 25.00 |
| | | 2012-13 | 1 | 60.00 | Partial | 30.00 | 1 | 30.00 |
| | Total | | 393 | 83009.35 | 228 | 44391.11 | 165 | 38618.25 |

Source: Office of the Pr. A.G. (A & E), Punjab

Appendix 3.2

(Referred to in paragraph 3.2, page 64)

Status of the Accounts and the Separate Audit Reports of the autonomous bodies
as on 31 March 2013

(₹ in lakh)

| Sr. No. | Name of Body | Period of entrustment | Years for which accounts not rendered (Grant released) | Delay in submission of accounts | | | Period upto which SARs issued and date of issue | | Position of placement of SARs in the Legislature |
|---------|--|-----------------------|--|---------------------------------|-----------------|-------------------|---|--|--|
| | | | | Delayed Account | Date of Receipt | Delay (in Months) | Year | Date of issue | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1 | Punjab Legal Services Authority Chandigarh | As per Act | 2011-12 (651.58) | - | - | - | 2006-07 2007-08 2008-09 2009-10 2010-11 | 15.05.2008 02.09.2009 15.12.2009 01-02-2012 16-02-2012 | SAR for 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 not presented |
| 2 | Punjab Khadi & Village Ind. Board, Chandigarh | 2008-2012 | 2009-10 (338.80) 2010-11 (580.00) 2011-12 (619.00) | - | - | - | 2008-09 | 03.11.2010 | -- |
| 3 | Punjab State Human Rights Commission Chandigarh. | As per Act | - | 2011-12 | 18-2-13 | 7 | 2009-10 2010-11 - | 04-10-2011 17-11-2011 - | SAR for 2009-10 and 2010-11 not presented. |
| 4 | Punjab Labour Welfare Board Chandigarh | 2000-01 to 2009-10 | 2002-03 to 2011-12 (300.20 ¹) | - | - | - | 2000-01 2001-02 | 26.11.2009 24.02.2010 | SAR for 2000-01 and 2001-02 not presented |
| 5. | Pushpa Gujral Science City Kapurthala | 2009-10 to 2014-15 | 2011-12 (Nil) | - | - | - | - | - | Not to be placed in State Legislature |

Source: Information on the basis of departmental record

Note - Delay in submission of Accounts is to be worked out from 30th June of respective Balance Sheet Year. Reasons for delay were not intimated by the department (October 2013).

¹ 2002-03: ₹ 56.20 lakh; 2003-04: ₹ 16.00 lakh; 2004-05: ₹ 16.00 lakh; 2005-06: ₹ 16.00 lakh; 2006-07: ₹ 116.00 lakh; 2007-08: ₹ 16.00 lakh; 2008-09: ₹ 16.00 lakh; 2009-10: ₹ 16.00 lakh; 2010-11: ₹ 16.00 lakh; and 2011-12: ₹ 16.00 lakh.

Appendix 3.3

(Referred to in paragraph 3.4, page 66)

Statement showing age-wise profile of cases of misappropriations, losses, thefts etc.

(₹ in lakh)

| Age profile of the pending cases | | | Nature of pending cases | | |
|----------------------------------|-----------------|---------------|---|-----------------|---------------|
| Range in years | Number of cases | Amount | Nature of cases | Number of cases | Amount |
| 0-5 | 88 | 194.32 | Theft | 3 | 6.21 |
| | | | Misappropriation/ Loss of material etc. | 85 | 188.11 |
| 5-10 | 32 | 15.44 | Theft | 1 | 0.42 |
| | | | Misappropriation/ Loss of material etc. | 31 | 15.02 |
| 15-20 | 4 | 0.67 | Theft | 2 | 0.07 |
| | | | Misappropriation/ Loss of material etc. | 2 | 0.60 |
| 20-25 | 2 | 7.29 | Theft | - | - |
| | | | Misappropriation/ Loss of material etc. | 2 | 7.29 |
| 25 and above | 2 | 4.51 | Theft | - | - |
| | | | Misappropriation/ Loss of material etc. | 2 | 4.51 |
| Total | 128 | 222.23 | Theft | 6 | 6.70 |
| | | | Misappropriation/Loss of material etc. | 122 | 215.53 |

Source: Information as provided by the departments