



**Report of the  
Comptroller and Auditor General of India  
on  
State Finances  
for the year 2016-17**



**Government of Punjab**  
*Report No. 3 of the year 2017*

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

**for the year 2016-17**

**Government of Punjab**  
*Report No. 3 of the year 2017*

## TABLE OF CONTENTS

Contents	Paragraph	Page
Preface		v
Executive summary		vii
<b>CHAPTER I: FINANCES OF THE STATE GOVERNMENT</b>		
Introduction	1.1	1
Resources of the State	1.2	5
Revenue receipts	1.3	7
Capital receipts	1.4	12
Public Account receipts	1.5	13
Application of resources	1.6	14
Quality of expenditure	1.7	21
Analysis of Government expenditure and investments	1.8	26
Assets and liabilities	1.9	31
Debt management	1.10	35
Fiscal imbalances	1.11	39
Conclusions	1.12	43
Recommendations	1.13	44
<b>CHAPTER II: FINANCIAL MANAGEMENT AND BUDGETARY CONTROL</b>		
Introduction	2.1	45
Summary of the Appropriation Accounts	2.2	45
Financial accountability and budget management	2.3	46
Outcome of review of selected grants	2.4	51
Scrutiny of budget documents of the State Government	2.5	52
Conclusions	2.6	53
Recommendations	2.7	53

<b>Contents</b>	<b>Paragraph</b>	<b>Page</b>
<b>CHAPTER III: FINANCIAL REPORTING</b>		
Delay in submission of Utilization certificates	3.1	55
Delay in submission of Accounts/Separate Audit Reports of Autonomous Bodies	3.2	56
Departmental Commercial Undertakings	3.3	56
Misappropriations, losses, thefts etc.	3.4	56
Abstract Contingent bills	3.5	57
Follow up action on Audit Report	3.6	58
Conclusions	3.7	59
Recommendations	3.8	59

## APPENDICES

Contents	Appendix	Page
Profile of Punjab	1.1	61
Structure of the Government Accounts	1.2	63
Abstract of receipts and disbursements for the year 2016-17 and summarized financial position of the Government of Punjab as on 31 March 2017	1.3	64
Budget estimates <i>vis-à-vis</i> actuals for the year 2016-17	1.4	68
Time Series Data on State Government Finances	1.5	70
Details showing collection of tax revenue in respect of major components and expenditure incurred on their collection	1.6	74
Statement of grants/appropriations where savings and surrenders occurred	2.1	75
Statement showing expenditure incurred without budget provision	2.2	77
Statement showing cases where supplementary provision (₹ one crore or more in each case) proved unnecessary	2.3	78
Statement showing unnecessary re-appropriation of funds	2.4	79
Details of grants in which savings exceeding ₹ 10 crore were not surrendered	2.5	83
Details of grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender	2.6	84
Statement showing savings exceeding ₹ 10 crore in Grant No. 19-Planning and Grant No. 23-Rural Development and Panchayats	2.7	85
Statement showing excess expenditure over budget provision under grant No. 23-Rural Development and Panchayats	2.8	87
Statement showing details of unnecessary supplementary grant under Grant No. 19-Planning and Grant No. 23-Rural Development and Panchayats	2.9	88
Non-inclusion of expenditure relating to a new service in Schedule of New Expenditure	2.10	90

<b>Contents</b>	<b>Appendix</b>	<b>Page</b>
Non-inclusion of non-recurring grants-in-aid, contribution or donation in Schedule of New Expenditure	2.11	91
Budget provision exceeding ₹ 10 lakh under object head 42-Lumpsum provision	2.12	92
Status of the Accounts and the Separate Audit Reports of the autonomous bodies as on 31 March 2017	3.1	93
Statement showing age-wise profile of cases of misappropriation, losses, thefts, etc.	3.2	94
Glossary of terms	4.1	95

## PREFACE

This Report has been prepared for submission to the Governor of Punjab under Article 151 of the Constitution.

Chapters I and II of the Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2017. Information has been obtained from the Government of Punjab wherever necessary.

Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives relating to financial reporting during the current year.

The Report containing the findings of performance audit and audit of transactions in various departments, Report containing the observations on audit of Statutory Corporations, Boards and Government Companies and the Report on Revenue Sector 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 2016-17 *vis-à-vis* the Budget Estimates, the targets as recommended by the Fourteenth Finance Commission and analysis of the dominant trends and structural profile of Government's receipts and disbursements. Recommendations of Thirteenth Finance Commission have also been referenced, wherever required.

Based on the audited accounts of the Government of Punjab for the year ended 31 March 2017 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 2017. 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

#### Chapter I : Finances of the State Government

During the period 2012-13 to 2016-17 revenue receipts and capital receipts increased from ₹ 32,051 crore and ₹ 10,898 crore to ₹ 47,985 crore and ₹ 55,415 crore respectively. The net public account receipts also exhibited an increasing trend during 2012-17, as it increased from ₹ 2,144 crore in 2012-13 to ₹ 7,553 crore in 2016-17. Overall, the total receipts increased by 146.05 *per cent*, from ₹ 45,093 crore in 2012-13 to ₹ 1,10,953 crore in 2016-17. During 2012-17, the revenue receipts increased at an annual average growth rate of 12.96 *per cent*.

The revenue expenditure increased by ₹ 5,223 crore (10.43 *per cent*) during the current year over the previous year. It continued to constitute a dominant proportion (55 to 95 *per cent*) of the total expenditure during 2012-17 and grew at an annual average growth rate of 10.95 *per cent* during this period. The capital expenditure increased by ₹ 1,287 crore (42.07 *per cent*) over the previous year. The capital expenditure during the current year was less by ₹ 4,346 crore than the projections made in the State Budget, which indicates that asset creation was not given as much priority as intended in the budget

estimates. Disbursement of loans and advances increased by ₹ 35,395 crore (593.03 *per cent*) during the current year over the previous year. The substantial increase in disbursement of loans and advances was due to disbursement of loans of ₹ 29,919.96 crore by the State Government for one time settlement of Legacy Cash Credit Account for food procurement operations and ₹ 10,031.19 crore to Punjab State Power Corporation Limited for clearing their debts in compliance to implementation of Ujwal Discom Assurance Yojna. As a result, the ratio of Financial Assets to Liabilities rose to 51.16 *per cent* in 2016-17 from 36.49 *per cent* in the previous year.

Twelve projects, scheduled for completion between 2008-09 and 2016-17 were incomplete. The expenditure of ₹ 435.35 crore incurred on these incomplete projects is yet to yield the intended benefits and the major irrigation projects caused the State Government to suffer a loss of ₹ 328.40 crore during 2016-17.

The return on investment from Co-operative Banks and Societies and Statutory Corporations, Joint Stock Companies and Government Companies was only between 0.01 and 0.09 *per cent* during 2012-17 while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.48 and 8.35 *per cent* during the same period.

Total public debt increased from ₹ 71,211 crore in 2012-13 to ₹ 1,53,773 crore in 2016-17. The Debt/Gross State Domestic Product ratio increased from 0.95 in 2012-13 to 4.49 in 2016-17. The ratio of interest payments to revenue receipts (from 21.31 to 24.26 *per cent*) also worsened during 2012-17. The percentage of debt repayments to debt receipts decreased substantially from 68.19 *per cent* in 2012-13 to 38.80 *per cent* in 2016-17. Availability of net debt to State increased from ₹ 1,593 crore in 2012-13 to ₹ 41,462 crore in 2016-17.

The revenue deficit declined to ₹ 7,311 crore (1.71 *per cent* of GSDP) in the current year from ₹ 7,407 crore (2.49 *per cent* of GSDP) in the year 2012-13.

However, there was a steep increase of ₹ 29,711 crore (171 *per cent*) in fiscal deficit during the current year over the previous year. Fiscal deficit, excluding ₹ 5,768.54 crore disbursed to Punjab State Power Corporation Limited under Ujwal Discom Assurance Yojna for taking DISCOMs debt, increased to ₹ 47,071 crore (11.00 *per cent* of GSDP) during the current year against ₹ 17,360 crore (4.43 *per cent* of GSDP) of the previous year. The increase was on account of disbursement of loan of ₹ 29,920 crore for one time settlement of Legacy Cash Credit Accounts for food procurement operations by State Government and ₹ 10,031 crore to Punjab State Power Corporation Limited for implementation of Ujwal Discom Assurance Yojna.

## **Chapter II: Financial Management and Budgetary Control**

The State Government's budgetary process has not been sound during the year and there were savings under several grants. Excess expenditure of ₹ 40,185.88 crore incurred during 2011-17 required regularization.

Expenditure of ₹ 30,262.88 crore was incurred without making any budget provision. In 42 cases, augmentation of provision of funds by re-appropriation orders proved unnecessary because expenditure did not come even to the level of the budget provisions and in other 13 cases reduction of provision also proved injudicious as there was excess expenditure under these cases. Anticipated savings of ₹ 9,405.13 crore were not surrendered leaving no scope for utilizing these funds for other developmental purposes.

### **Chapter III: Financial Reporting**

There were delays in furnishing utilization certificates against grants released by various Government Departments. Non-submission/delayed submission of annual accounts and Separate Audit Reports by four and five autonomous bodies respectively set up by the State Government were also noticed. There were 26 instances of theft, loss and misappropriation involving an amount of ₹ 6.37 crore. As many as 453 Abstract Contingent bills for ₹ 701.75 crore were awaiting adjustment as on 31 March 2017.

# 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 2016-17 by benchmarking against past trends of major fiscal aggregates. *Appendix 1.1* contains profile of Punjab and *Appendix 1.2* contains the structure of the Government Accounts 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 the north-western corner of India. It spreads over a geographical area of 50,362 sq kms and ranks 19<sup>th</sup> among States in terms of area. It has been organized into 22 districts. The districts have further been divided into 87 sub-divisions, 149 blocks and 12,581 inhabited 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 15<sup>th</sup> among States in terms of population. The population density of the State increased from 484 persons per sq km in 2001 to 551 persons per sq km in 2011 which is higher than the population density of 382 persons per sq km at national level.

##### 1.1.2 Gross State Domestic Product

The Gross State Domestic Product (GSDP) of a State measures the value of goods and services produced within the State. The trends in the annual growth of India's Gross Domestic Product (GDP) at current prices and Punjab's GSDP at current prices are indicated in **Table 1.1**.

**Table 1.1: Trends in Gross State Domestic Product**

Year	2012-13	2013-14	2014-15	2015-16	2016-17
India's GDP (₹ in crore)	9944013	11233522	12445128	13682035	15183709
Growth rate of GDP ( <i>per cent</i> )	13.82	12.97	10.79	9.94	10.98
State's GSDP (₹ in crore)	297734	332147	354908	391543	427870
Growth rate of GSDP ( <i>per cent</i> )	11.67	11.56	6.85	10.32	9.28

Source: Official website of Ministry of Statistics and Programme Implementation, Government of India ([www.mospi.nic.in](http://www.mospi.nic.in)) as of August 2017.

### **1.1.3 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, 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 departments and offices. 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 the Finance Accounts and the Appropriation Accounts. The Finance Accounts of the Government of Punjab are laid out in twenty two statements.

In May 2003, the State Government had 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 the Thirteenth Finance Commission (TFC) and enacted FRBM (Amendment) Act, 2011, on the basis of which targets up to the year 2014-15 were fixed.

The Fourteenth Finance Commission (FFC) recommended that the State Government might amend its FRBM Act to provide for the statutory flexible limits on fiscal deficit and also to provide a statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision.

The FFC also recommended to the State Government to adopt a template for collating, analysing and annually reporting the total extended public debt in the budget, as a supplement to the budget, to assess the debt position of the State in the context of risks arising from guarantees, off-budget borrowings and accumulated losses of financially weak public sector enterprises. In order to accord greater sanctity and legitimacy to fiscal management legislation, the State Government was recommended to replace the existing FRBM Act with a Debt Ceiling and Fiscal Responsibility Legislation, specifically invoking Article 293 (1) of the Constitution of India.

However, as of March 2017, the State Government had not amended its FRBM Act as per recommendations of the FFC.

### **1.1.4 Summary of fiscal transactions**

**Table 1.2** presents the summary of the State Government's fiscal transactions during the year 2016-17 *vis-à-vis* those of 2015-16. **Appendix 1.3-Part A** provides the abstract of receipts and disbursements for the year 2016-17 as well as the summarized financial position of the State Government as on 31 March 2017.

Table 1.2: Summary of the fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2015-16	2016-17		2015-16	2016-17		
<b>Section A: Revenue</b>							
				<b>Total</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Total</b>
<b>Revenue receipts</b>	<b>41523.38</b>	<b>47985.42</b>	<b>Revenue expenditure</b>	<b>50073.49</b>	<b>49330.33</b>	<b>5965.72</b>	<b>55296.05</b>
Tax revenue raised by the State	26690.49	27746.66	General services	24713.44	28477.85	10.08	28487.93
Non-tax revenue	2650.27	5863.20	Social services	14897.86	11055.28	4616.82	15672.10
Share of Union taxes/ duties	8008.90	9599.73	Economic services	9756.04	8878.79	1338.82	10217.61
Grants from Government of India	4173.72	4775.83	Grants-in-aid and Contributions	706.15	918.41	0.00	918.41
<b>Section B: Capital</b>							
<b>Misc. Capital Receipts</b>	<b>0.26</b>	<b>0.41</b>	<b>Capital Outlay</b>	<b>3059.42</b>	417.27	3929.03	<b>4346.30</b>
Recoveries of Loans and Advances	218.45	180.93	Disbursement of Loans and Advances	5968.59	41364.12	0.00	41364.12
Public Debt receipts	20207.21	55234.21*	Public Debt repayments	3830.30	4050.38	0.00	4050.38
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00	0.00	0.00
Public Account receipts#	54552.21	52723.92	Public Account disbursements#	53446.58	50599.95	0.00	50599.95
			Proforma adjustment of prior period	00.00	58.18	0.00	58.18
Opening Cash Balance	(-137.76)	(-14.63)	Closing Cash Balance	(-14.63)	395.28	0.00	395.28
<b>TOTAL</b>	<b>116363.75</b>	<b>156110.26</b>	<b>TOTAL</b>	<b>116363.75</b>	<b>95615.56</b>	<b>60494.70</b>	<b>156110.26</b>

Source: Finance Accounts of the respective years.

\* Includes net transaction of ₹ 268.13 crore under Ways and Means Advances.

# Public Account receipts/disbursements have been shown in this table as gross figures and at other places in the Report as net of disbursement. Further, these exclude transactions of investment of cash balances and departmental cash in chests. The net effect of these transactions is included in the opening and closing cash balances.

### 1.1.5 Significant changes over the previous year

The following are the major changes in fiscal transactions during 2016-17 over the previous year:

- Revenue receipts increased by ₹ 6,462 crore (15.56 per cent) which is due to increase in tax revenue (₹ 1,057 crore: 3.96 per cent), non-tax revenue (₹ 3,213 crore: 121.23 per cent as detailed in paragraph 1.3.1.2), share of union taxes and duties (₹ 1,590 crore: 19.86 per cent) and grants from GoI (₹ 602 crore: 14.42 per cent).
- Revenue expenditure increased by ₹ 5,223 crore (10.43 per cent), which is due to increase of revenue expenditure for general services (₹ 3,775 crore: 15.28 per cent) followed by social services (₹ 774 crore: 5.20 per cent), economic services (₹ 462 crore: 4.74 per cent) and grants-in-aid and contributions (₹ 212 crore: 30.03 per cent).

- There was a considerable increase of ₹ 35,395 crore (593.03 per cent) in the disbursement of loans and advances which is due to disbursement of loan of ₹ 29,920 crore for one time settlement of Legacy Cash Credit Accounts for food procurement operations and ₹ 10,031 crore to Punjab State Power Corporation Limited (PSPCL) for implementation of Ujwal Discom Assurance Yojna (UDAY), as discussed in paragraph 1.8.4.
- Public debt receipts increased significantly by ₹ 35,027 crore (173.34 per cent) which was mainly due to raising of long term loans (₹ 29,920 crore) by State Government for one time settlement of Legacy Cash Credit Accounts for food procurement operations and issuing of Bonds (₹ 10,031 crore) for advancement of loans to PSPCL for clearing their debts in compliance to the implementation of UDAY as discussed in paragraph 1.9.3. On the other hand, public debt repayments exhibited an increase of only ₹ 220 crore (5.74 per cent).
- Public account receipts decreased by ₹ 1,828 crore (3.35 per cent) and public account disbursements decreased by ₹ 2,847 crore (5.33 per cent).
- Net closing cash balances increased by ₹ 410 crore (2801.85 per cent).

### 1.1.6 Review of the fiscal situation

The Fourteenth Finance Commission (FFC) and the State Government set fiscal targets to be achieved during 2016-17. Government of India, while reiterating the targets set by FFC, recommended evaluation of fiscal parameters with the estimated GSDP (₹ 4,27,297 crore<sup>1</sup>). Though, the State Government did not amend its FRBM Act during 2016-17 as per recommendations of the FFC to set targets, the targets set by FFC and proposed in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to the estimated GSDP are given in **Table 1.3**.

**Table 1.3: Targets *vis-à-vis* achievements in respect of major fiscal aggregates for the year 2016-17**

Fiscal variables	Targets as prescribed in FFC	Targets in the Budget	Actuals (as per estimated GSDP)	Percentage variation of actuals over	
				Targets of FFC	Targets of Budget
Revenue Deficit/GSDP ( <i>per cent</i> )	(-)1.63	(-)1.76	(-) 1.71	0.08	(-) 0.05
Fiscal Deficit/GSDP ( <i>per cent</i> )	(-)3.00	(-)2.88	(-) 11.02*	8.02	8.14
Ratio of total outstanding debt of the Government to GSDP ( <i>per cent</i> )	31.49	30.41	42.72	(-) 11.23	(-) 12.31

Source: Recommendations of FFC, Budget at a glance and Finance Accounts.

\* Excluding additional borrowings of ₹ 5,768.54 crore under UDAY for taking DISCOMs debt.

The Government could not contain the fiscal deficit and the Debt–GSDP ratio at the levels prescribed by FFC and projected in the State budget estimates. Though the revenue deficit was within the level projected in the budget estimates, it was marginally higher than the ratio fixed by FFC.

<sup>1</sup> GoI's letter No. 40(6)PF-1/2009 Vol. II dated 29 March 2016



### 1.1.7 Budget estimates and actuals

The budget presented by the State Government provides description of projections or estimates of revenue and expenditure for a particular fiscal year. The budget estimates *vis-à-vis* actuals in respect of various fiscal parameters for the year 2016-17 are given in *Appendix 1.4*. The budget estimates *vis-à-vis* actuals in respect of important fiscal parameters are given in **Table 1.4**.

**Table 1.4: Important fiscal parameters: Budget Estimates *vis-à-vis* Actuals**

(₹ in crore)

2016-17	Tax Revenue	Non-tax Revenue	Revenue Receipts	Revenue Expenditure	Interest Payments	Capital Expenditure
BE	30547	3807	50181	58164	10788	4804
Actuals	27747	5863	47985	55296	11642	4346
<b>Difference</b>	<b>(-2800)</b>	<b>2056</b>	<b>(-2196)</b>	<b>(-2868)</b>	<b>854</b>	<b>(-458)</b>

Source: Finance Accounts and Budget at a Glance 2016-17

Total revenue receipts remained lower by ₹ 2,196 crore (4.38 per cent) and tax revenue by ₹ 2,800 crore (9.17 per cent), whereas non-tax revenue was higher by ₹ 2,056 crore (54.01 per cent) than the budget estimates.

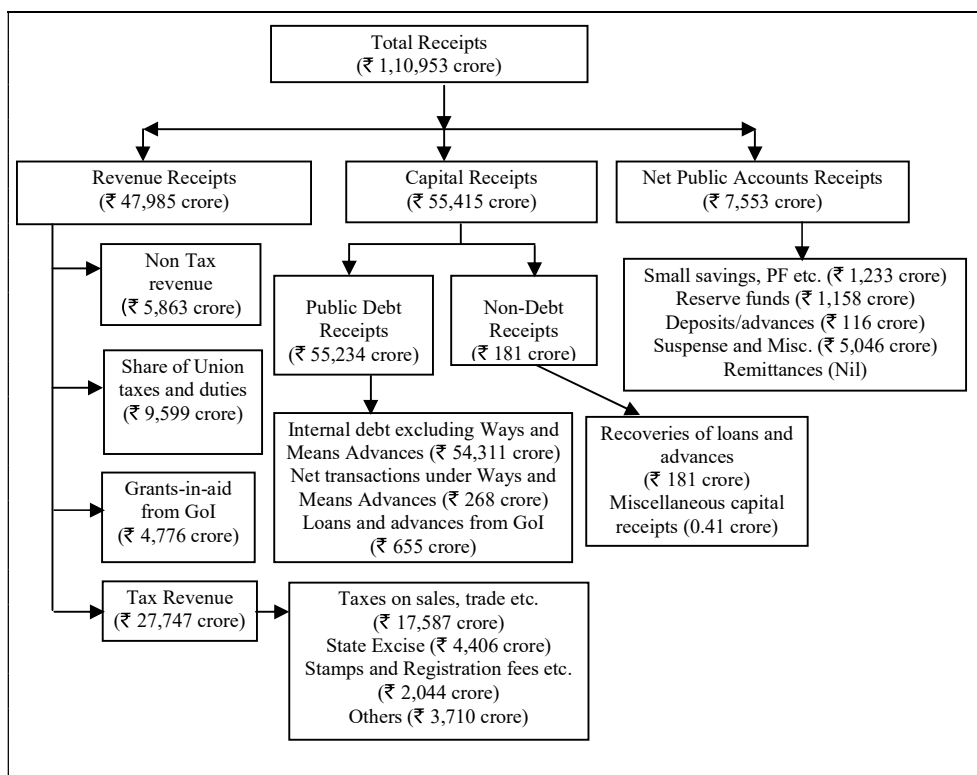
The revenue expenditure and the capital expenditure remained lower by ₹ 2,868 crore (4.93 per cent) and ₹ 458 crore (9.53 per cent) respectively, whereas the interest payments were higher by ₹ 854 crore (7.92 per cent).

## 1.2 Resources of the State

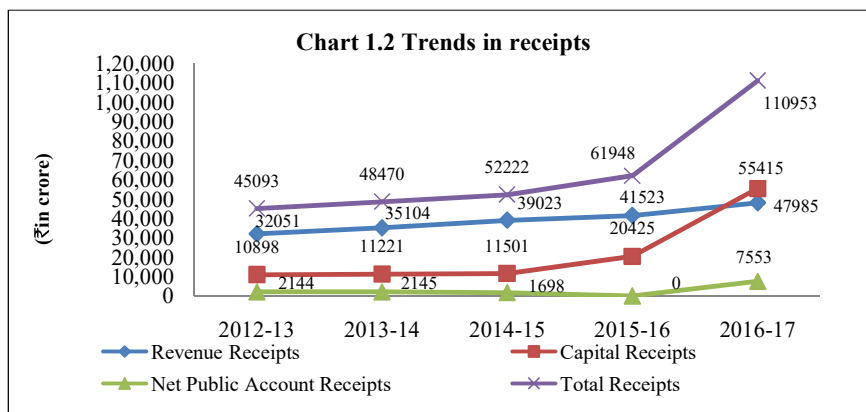
### 1.2.1 Resources of the State as per the Annual Finance Accounts

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. Besides, there are 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. These 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. The receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts are indicated in **Table 1.2**. **Chart 1.2** depicts the trends in various components of the receipts of the State during 2012-13 to 2016-17. The position of total receipts of the State is depicted in **Chart 1.1**.

**Chart 1.1: Composition of receipts of the State during 2016-17**



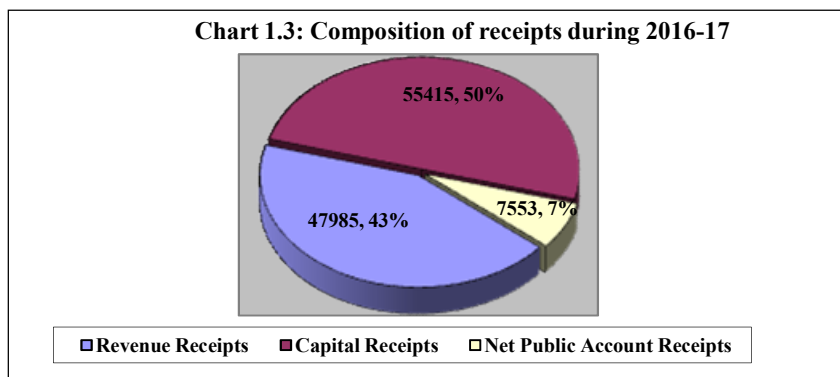
Source: Finance Accounts



During the period 2012-13 to 2016-17 revenue receipts and capital receipts increased from ₹ 32,051 crore and ₹ 10,898 crore to ₹ 47,985 crore and ₹ 55,415 crore respectively. The net public account receipts also exhibited an increasing trend during 2012-17, as it increased from ₹ 2,144 crore in 2012-13 to ₹ 7,553 crore in 2016-17.

Overall, the total receipts increased by 146.05 per cent from ₹ 45,093 crore to ₹ 1,10,953 crore during 2012-13 to 2016-17.

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



During the year 2016-17, contribution of revenue receipts, capital receipts and net public account receipts towards total receipts was 43 *per cent*, 50 *per cent* and seven *per cent* respectively.

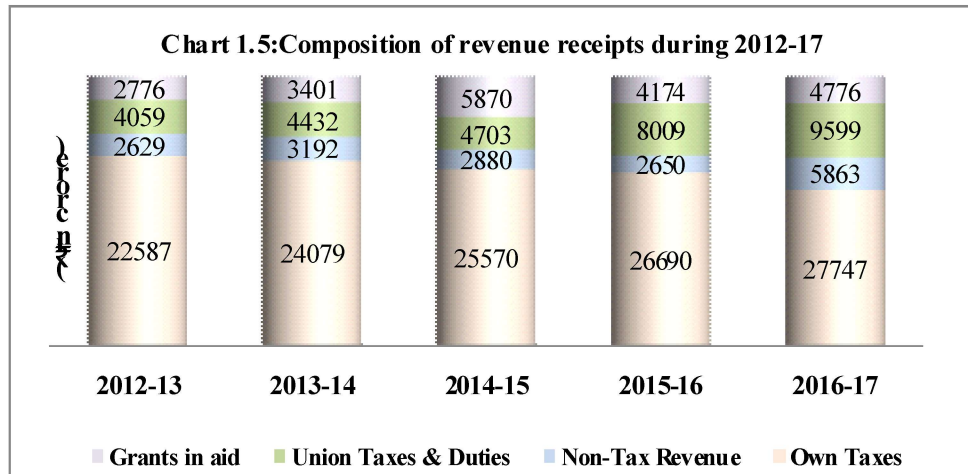
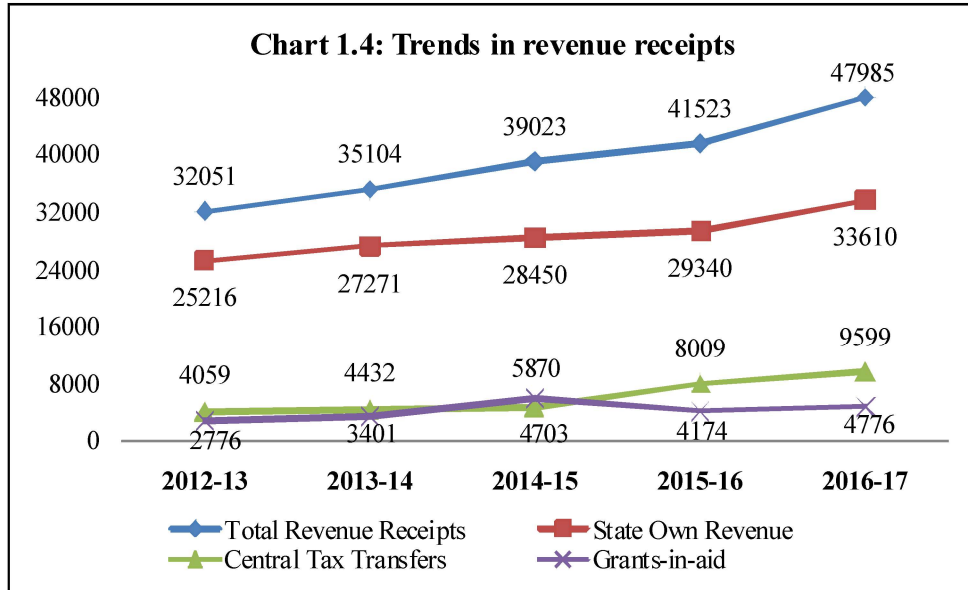
### 1.2.2 Funds transferred to State implementing agencies outside the State budget

The Government of India (GoI) had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes/programmes in the social and economic sectors. From 2014-15 onwards, GoI decided (May 2014) to route these funds through State budget. However, Finance Accounts showed that an amount of ₹ 1,986.12 crore was released directly to the State implementing agencies/organizations during the year 2016-17 which increased by 206.43 *per cent* as compared to 2015-16 (₹ 648.14 crore). The increase was mainly due to increase of ₹ 496.91 crore under MGNREGA and ₹ 211.33 crore to implementing agencies under NHAI, besides increase in direct release of ₹ 558.99 crore to miscellaneous agencies with releases of less than ₹ 10.00 crore in each case. In addition to ₹ 1,986.12 crore, an amount of ₹ 598.09 crore was released to agencies other than State implementing agencies.

## 1.3 Revenue receipts

**Statement 14** of the Finance Accounts details the revenue and capital receipts of the State Government. The revenue receipts consist of the State's own tax and non-tax revenues, share of union taxes/duties and grants-in-aid from GoI.

The trends and composition of revenue receipts over the period 2012-17 are presented in *Appendix 1.5* and also depicted in **Charts 1.4** and **1.5** respectively.



The revenue receipts during the current year (₹ 47,985 crore) were less by ₹ 2,196 crore (4.38 per cent) as compared to projections in the budget estimates (₹ 50,181 crore) for the year 2016-17 (*Appendix 1.4*). The trends in revenue receipts relative to GSDP are presented in **Table 1.5**.

**Table 1.5: Trends in revenue receipts**

	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenue receipts (RR) (₹ in crore)</b>	<b>32051</b>	<b>35104</b>	<b>39023</b>	<b>41523</b>	<b>47985</b>
Rate of growth of RR (per cent)	22.17	9.52	11.16	6.41	15.56
RR/GSDP (per cent)	10.76	10.57	11.00	10.60	11.21
<b>Buoyancy ratios<sup>2</sup></b>					
Revenue buoyancy w.r.t GSDP	1.90	0.82	1.63	0.62	1.68
State's own tax buoyancy w.r.t GSDP	1.70	0.57	0.90	0.42	0.43
Revenue buoyancy w.r.t. State's own taxes	1.12	1.44	1.80	1.46	3.93

Source: Finance Accounts

The revenue receipts increased from ₹ 32,051 crore in 2012-13 to ₹ 47,985 crore in 2016-17 at an annual average growth rate of 12.96 per cent. The ratio of revenue receipts to GSDP remained around 11 per cent during 2012-17 though it increased from 10.76 in 2012-13 to 11.21 per cent in 2016-17. The revenue buoyancy with reference to GSDP kept on fluctuating during 2012-17 as it came down from 1.90 in 2012-13 to 1.68 in 2016-17. The sudden spike in revenue buoyancy in 2016-17 *vis-à-vis* the previous year was primarily due to sharp increase in non-tax revenue of the State and enhanced devolution of Central funds. Though the share of union taxes and duties increased during 2015-16 over the previous year (2014-15), yet its effect was not seen in the buoyancy due to considerable decrease in the grants-in-aid and non-tax revenue during the same period. The State's own tax buoyancy with reference to GSDP remained low and came down from 1.70 in 2012-13 to 0.43 in 2016-17.

### 1.3.1 State's own resources

The State's share in Union 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 2016-17 *vis-à-vis* assessment made by Fourteenth Finance Commission (FFC) are given in **Table 1.6**.

**Table 1.6: Tax and non-tax receipts *vis-à-vis* projections**

	FFC projections	Budget Estimates	Actual	Percentage variation of actual over	
				FFC projections	Budget estimates
Own Tax revenue	38311	30547	27747	(-)27.57	(-)9.17
Non-tax revenue	3536	3807	5863	65.81	54.01

Source: Report of FFC, Annual Financial Statement 2016-17 and Finance Accounts

<sup>2</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable.

In respect of own-tax revenue, State Government fell short of projections made by FFC and in budget estimates by 27.57 per cent and 9.17 per cent respectively. However, non-tax revenue increased by 65.81 per cent and 54.01 per cent than the projections made by FFC and in budget estimates respectively.

### 1.3.1.1 Tax revenue

The collections in respect of major taxes and duties are given in **Table 1.7**.

**Table 1.7: Components of State's own tax revenue**

(₹ in crore)

Revenue Receipt	2012-13	2013-14	2014-15	2015-16	2016-17
Taxes on Sales, Trade etc.	13218 (18)	14847 (12)	15455 (4)	15857 (3)	17587 (11)
State Excise	3332 (21)	3765 (13)	4246 (13)	4796 (13)	4406 (-8)
Taxes on Vehicles	995 (17)	1146 (15)	1394 (22)	1475 (6)	1548 (5)
Stamp Duty and Registration fees	2920 (-5)	2500 (-14)	2474 (-1)	2449 (-1)	2044 (-17)
Land Revenue	37 (48)	42 (14)	47 (12)	55 (17)	68 (24)
Taxes and Duties on Electricity	2035 (119)	1710 (-16)	1875 (10)	1968 (5)	1993 (1)
Other taxes and duties on commodities and services	50 (56)	69 (38)	79 (14)	90 (14)	101 (12)
<b>Total Own Tax Revenue</b>	<b>22587</b> <b>(20)</b>	<b>24079</b> <b>(7)</b>	<b>25570</b> <b>(6)</b>	<b>26690</b> <b>(4)</b>	<b>27747</b> <b>(4)</b>

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

Although the total own tax revenue increased by ₹ 1,057 crore (3.96 per cent) during the current year yet there was a decline of eight per cent in State excise which is a major contributor to tax revenue. The decrease was attributed to allotment of liquor vends below the reserve price, less receipt of application money and non-receipt of complete licence fee from some of the contractors. The State's own-tax revenue (₹ 27,747 crore) during 2016-17 was lower by ₹ 2,800 crore (9.17 per cent) than the assessment made in the budget estimates (₹ 30,547 crore).

### 1.3.1.2 Non-tax revenue

In the current year, the share of non-tax revenue in total revenue receipts went up to 12.22 per cent from 6.38 per cent in the previous year. The non-tax revenue increased by 121.23 per cent during the current year over the previous year. The composition and growth in State's non-tax revenue is given in **Table 1.8**.

**Table 1.8: Components of State's non-tax revenue**

(₹ in crore)

Revenue Head	2012-13	2013-14	2014-15	2015-16	2016-17
Interest Receipts	170.47 (0)	174.68 (2)	193.88 (11)	225.28 (16)	1293.80 (474)
Dividends and Profits	0.33 (-81)	1.46 (342)	1.48 (1)	1.46 (-1)	3.88 (166)
Misc. General Services	1420.73 (339)	1640.32 (15)	1473.47 (-10)	999.84 (-32)	3028.08 (203)
Road Transport	222.51 (21)	199.68 (-10)	161.67 (-19)	148.49 (-8)	213.89 (44)
Other non-tax receipts	815.17 (13)	1175.35 (44)	1049.23 (-11)	1275.20 (22)	1323.55 (4)
<b>Total Non-Tax revenue</b>	<b>2629.21</b> <b>(88)</b>	<b>3191.49</b> <b>(21)</b>	<b>2879.73</b> <b>(-10)</b>	<b>2650.27</b> <b>(-8)</b>	<b>5863.20</b> <b>(121)</b>

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

The increase of ₹ 3,212.93 crore in total non-tax revenue over the previous year was mainly due to increase of ₹ 2,028.24 crore in miscellaneous general services and ₹ 1,068.52 crore in interest receipts. The increase was mainly due to interest receipts of ₹ 1,072.79 crore against loans given to Punjab State Power Corporation Limited (PSPCL) during 2015-16 for implementation of Ujwal Discom Assurance Yojna (UDAY). The increase of ₹ 2,028.24 crore in miscellaneous general services over previous year was mainly due to increase of ₹ 2,182.33 crore in 800–Other receipts which includes ₹ 1,425 crore transferred from Major Head 8342 without required details of receipts as discussed in paragraph 1.9.7.

### 1.3.1.3 Grants-in-aid

The position of grants-in-aid received during the period 2012-13 to 2016-17 is presented in Table 1.9.

**Table 1.9: Grants-in-aid from Government of India**

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Non-plan Grants	894.91	1064.11	2003.87	1274.64	1610.35
<b>Total non-plan grants</b>	<b>894.91</b>	<b>1064.11</b>	<b>2003.87</b>	<b>1274.64</b>	<b>1610.35</b>
Plan Grants <i>of which</i>					
Grants for State Plan Schemes	684.19	1058.26	3597.61	2320.12	2523.14
Grants for Central Plan Schemes	60.63	7.67	80.06	341.76	78.65
Grants for Centrally Sponsored plan Schemes	1135.84	1271.34	188.41	237.20	563.69
<b>Total plan grants</b>	<b>1880.66</b>	<b>2337.27</b>	<b>3866.08</b>	<b>2899.08</b>	<b>3165.48</b>
<b>Total grants</b>	<b>2775.57</b>	<b>3401.38</b>	<b>5869.95</b>	<b>4173.72</b>	<b>4775.83</b>
Percentage increase in grants over previous year	13.72	22.55	72.58	(-28.90)	14.43
Percentage of total grants to revenue receipts	8.66	9.69	15.04	10.05	9.95

Source: Finance Accounts

Grants-in-aid from GoI increased at an annual average rate of 18.88 per cent during the period 2012-13 to 2016-17. It decreased by 28.90 per cent in 2015-16 over 2014-15 and again increased by 14.43 per cent in the current year over the previous year. **Table 1.9** shows that the contribution of grants-in-aid towards revenue receipts increased from 8.66 per cent in 2012-13 to 15.04 per cent in 2014-15. Thereafter it started decreasing and came down to 9.95 per cent in 2016-17.

### 1.3.1.4 Central tax transfer

The actual release of share in Union taxes and duties to State Government during 2010-17 *vis-à-vis* projections made by Thirteenth Finance Commission and Fourteenth Finance Commission is tabulated in **Table 1.10**.

**Table 1.10: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections**

(₹ in crore)				
Year	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 (As per recommendations of TFC)	3207	3051	(-) 156
2011-12		3665	3554	(-) 111
2012-13		4398	4059	(-) 339
2013-14		5278	4432	(-) 846
2014-15		6333	4703	(-) 1630
2015-16	1.577 per cent of net proceeds of all shareable taxes excluding service tax and 1.589 per cent of net proceeds of sharable service tax (As per recommendations of FFC)	NA*	8009	--
2016-17		NA*	9600	--

Source: Reports of the TFC & FFC and Finance Accounts

\* As of March 2017, no fiscal consolidation roadmap (FCR) for the years 2015-16 to 2019-20 was prepared by the State Government.

State Government's share in Union taxes increased by ₹ 1,591 crore (19.87 per cent) during 2016-17 over the previous year.

### 1.3.1.5 Cost of collection

The figures of major own tax receipts, expenditure incurred on collection of these own taxes and percentage of such expenditure to own tax revenue receipts *vis-à-vis* All India Average percentage are given in **Appendix 1.6**. During the period 2012-13 to 2015-16, the percentage of expenditure on collection to collection in respect of various components of State's own tax revenue is lower than the All India average<sup>3</sup> except in Taxes on Sales, Trades etc. for the years 2012-13 and 2015-16.

## 1.4 Capital receipts

The capital receipts are non-debt capital receipts such as proceeds from disinvestment of equity in Government companies/corporations, 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

<sup>3</sup> Data in respect of All India average for the year 2016-17 was not available.



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 was insignificant and capital receipts were mainly on account of borrowing from banks, financial institutions and open market, as detailed in **Table 1.11**.

**Table 1.11: Trends in growth and composition of capital receipts**

(₹ in crore)

Sources of State's Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Capital Receipts</b>	<b>22340.80</b>	<b>24253.30</b>	<b>31361.21</b>	<b>38646.75</b>	<b>83808.46</b>
Miscellaneous Capital Receipts	0.21	0.51	0.52	0.26	0.41
Recovery of Loans and Advances	174.09	112.30	137.15	218.45	180.93
<b>Public Debt Receipts</b>	<b>22166.50</b>	<b>24140.49</b>	<b>31223.54</b>	<b>38428.04</b>	<b>83627.12*</b>
<i>Internal Debt</i>	<i>21944.56</i>	<i>23762.52</i>	<i>30656.92</i>	<i>38162.71</i>	<i>82972.18</i>
<i>Growth rate</i>	<i>49.07</i>	<i>8.28</i>	<i>29.01</i>	<i>24.48</i>	<i>117.42</i>
<i>Loans and advances from GoI</i>	<i>221.94</i>	<i>377.97</i>	<i>566.62</i>	<i>265.33</i>	<i>654.94</i>
<i>Growth rate</i>	<i>48.45</i>	<i>70.30</i>	<i>49.91</i>	<i>(-)53.17</i>	<i>146.84</i>
Rate of growth of debt Capital Receipts	49.06	8.90	29.34	23.07	117.62
Rate of growth of non-Debt capital receipts	83.98	(-)35.28	22.04	58.87	(-)17.09
Rate of growth of GSDP	11.67	11.56	6.85	10.32	9.28
Rate of growth of Capital Receipts ( <i>per cent</i> )	49.28	8.56	29.31	23.23	116.86

Source: Finance Accounts and for GSDP—Official website of Ministry of Statistics and Programme Implementation, Government of India ([www.mospi.nic.in](http://www.mospi.nic.in)).

\* Including Ways and Means Advances of ₹ 28,661.04 crore.

During the current year the public debt receipts increased by ₹ 45,199 crore (117.62 *per cent*) over the previous year. This steep increase in public debt receipts was due to raising of long term loans (₹ 29,919.96 crore) by State Government for one time settlement of Legacy Cash Credit Account for food procurement operations and issuing of Bonds (₹ 10,031.19 crore) for advancement of loans to PSPCL for clearing their debts in compliance to implementation of UDAY, as discussed in paragraph 1.9.3.

## 1.5 Public Account 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 of the State, are kept in the Public Account set up under Article 266 (2) of the Constitution of India and are not subject to vote by the State Legislature. Here, the State Government acts as a banker. The balance after disbursements is the fund available with the State Government for use, as given in **Table 1.12**.

**Table 1.12: Detail of net Public Account receipts**

(₹ in crore)

Source of State Receipts	Public Account receipts		Disbursements from Public Account		Excess of receipts over disbursements	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
Small Savings, Provident Fund, etc.	3440.60	3373.38	2331.65	2140.71	1108.95	1232.67
Reserve Funds	590.15	1345.98	1115.61	187.66	(-)525.46	1158.32
Deposits and advances	5693.70	5943.42	5579.35	5827.53	114.35	115.89
Suspense and Miscellaneous*	56189.20	53808.39	61108.09	48762.16	(-)4918.89	5046.23
Remittances	104.35	77.92	101.65	77.79	2.70	0.13
<b>Total</b>	<b>66018.00</b>	<b>64549.09</b>	<b>70236.35</b>	<b>56995.85</b>	<b>(-)4218.35</b>	<b>7553.24</b>

Source: Finance Accounts of respective years

\* Includes transactions of investment of cash balances and departmental cash in chest.

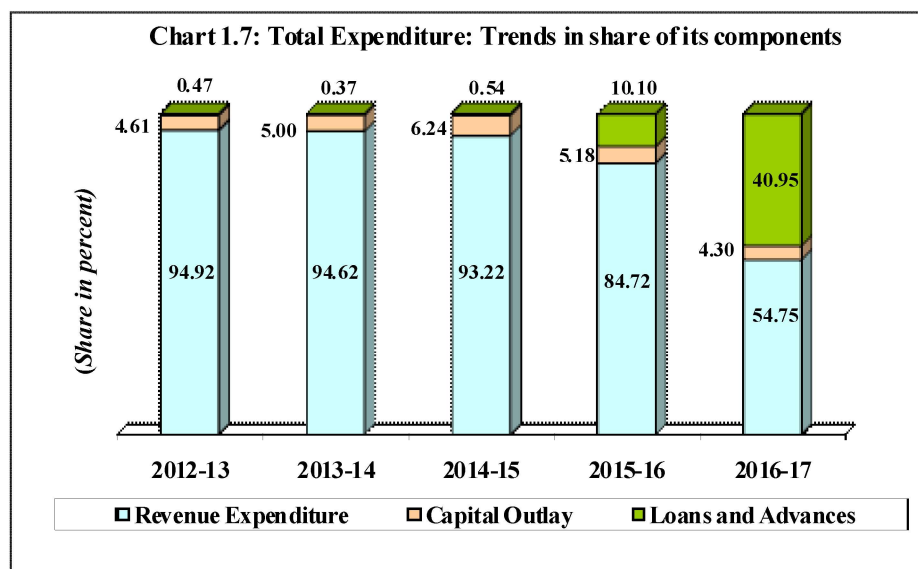
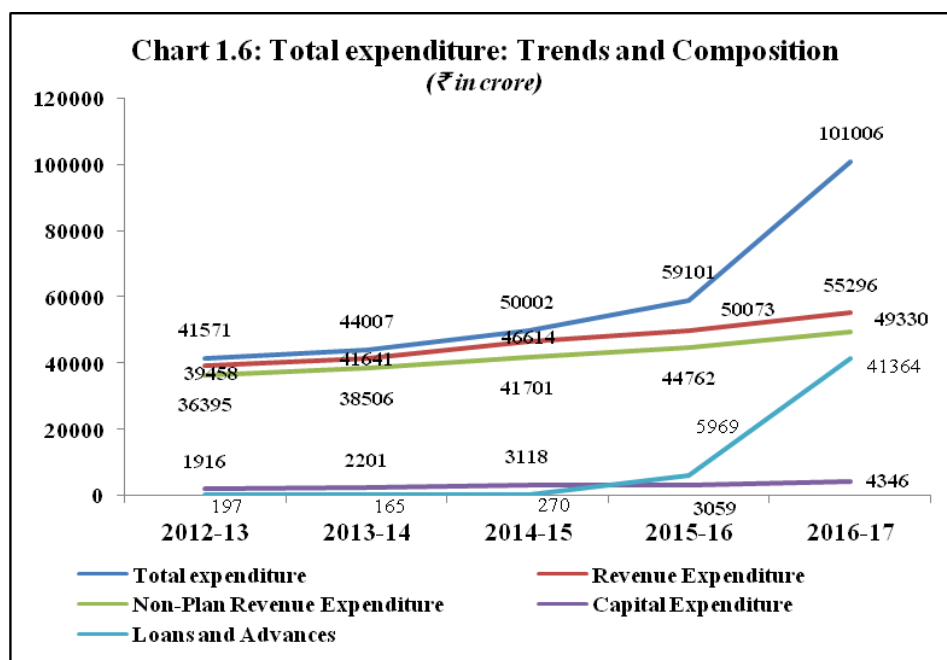
The receipts exceeded the disbursement in Public Account by ₹ 7,553.24 crore during 2016-17. The excess in public account receipts was due to substantial increase of ₹ 5,046.23 crore under suspense and miscellaneous items.

## 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

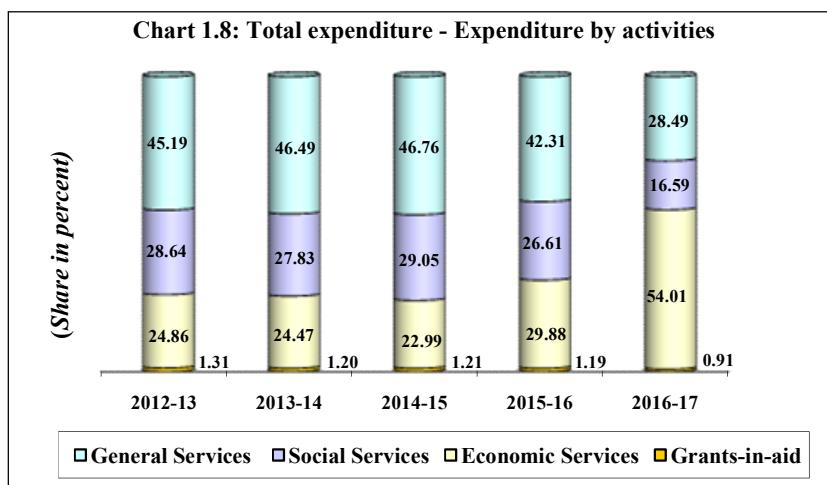
**Chart 1.6** presents the trends of total expenditure over the period of the last five years (2012-17). Its composition in terms of 'economic classification' and 'expenditure by activities' is depicted in **Charts 1.7** and **1.8** respectively.



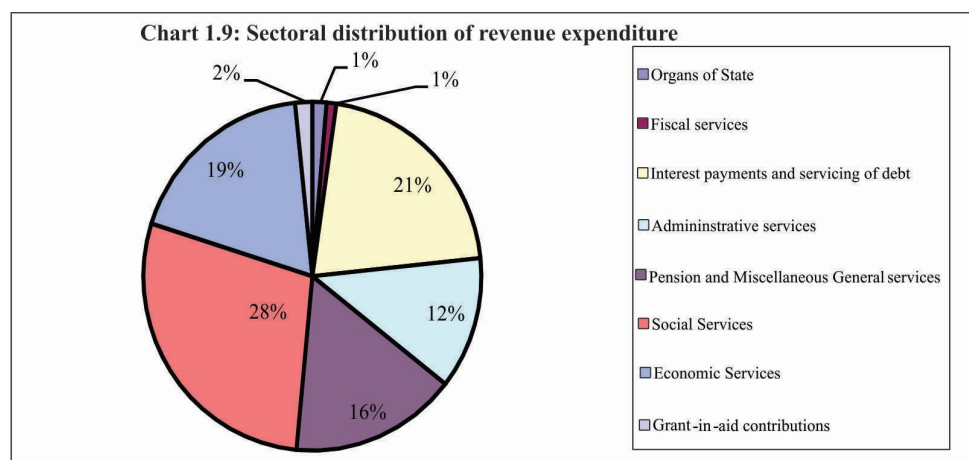
The total expenditure of the State Government increased by ₹ 59,435 crore (142.97 per cent) from ₹ 41,571 crore in 2012-13 to ₹ 1,01,006 crore in 2016-17. It increased by ₹ 41,905 crore (70.90 per cent) over the previous year. The revenue expenditure increased by ₹ 5,223 crore (10.43 per cent), the capital expenditure increased by ₹ 1,287 crore (42.07 per cent) and disbursement of loans and advances increased by ₹ 35,395 crore (593.03 per cent) during the current year over the previous year. This increase was due to disbursement of loans of ₹ 29,919.96 crore by the State Government for one time settlement of Legacy Cash Credit Account for food procurement operations and ₹ 10,031.19 crore to PSPCL for clearing their debts in compliance to implementation of UDAY, as discussed in

paragraph 1.8.4. The revenue expenditure constituted dominant proportion (85 to 95 per cent) of the total expenditure during 2012-16 (**Chart 1.7 and Appendix 1.5**) but it remained at 55 per cent during the current year.

During 2012-17, the revenue expenditure grew at an annual average growth rate of 10.95 per cent. The plan revenue expenditure contributed only eight to 11 per cent, whereas the non-plan revenue expenditure was 89 to 92 per cent of the total revenue expenditure during the same period (**Appendix 1.5**).



The movement of relative share of various components of expenditure (**Chart 1.8**) indicates that the share of general services in total expenditure decreased from 45.19 per cent in 2012-13 to 28.49 per cent in 2016-17, social services decreased from 28.64 per cent to 16.59 per cent and economic services increased from 24.86 per cent to 54.01 per cent during the same period. The development expenditure i.e. ‘expenditure on social and economic services’ together increased from 53.50 per cent in 2012-13 to 70.60 per cent in 2016-17.



The revenue expenditure increased by ₹ 5,223 crore (10.43 per cent) from ₹ 50,073 crore in 2015-16 to ₹ 55,296 crore in 2016-17. The overall increase is the result of significant increase from the previous year under the heads Interest payments (₹ 1,859.99 crore: 19.01 per cent), Power (₹ 1,105.11 crore: 216.69 per cent), Pension and Other Retirement Benefits (₹ 940.61 crore: 12.01 per cent), Other Administrative Services (₹ 483.60 crore: 160.20 per cent), Medical and Public Health (₹ 263.42 crore: 10.94 per cent), Police (₹ 251.92 crore: 5.61 per cent), Compensation and assignments to Local Bodies and Panchayati Raj (₹ 212.26 crore: 30.06 per cent), General Education (₹ 167.18 crore: 2.01 per cent), Relief on account of Natural Calamities (₹ 145.97 crore: 27.91 per cent), Civil Supplies (₹ 145.28 crore: 32.59 per cent), Information and Publicity (₹ 127.43 crore: 225.42 per cent), Social Security and Welfare (₹ 104.02 crore: 7.52 per cent), Elections (₹ 73.28 crore: 161.09 per cent), Art and Culture (₹ 64.51 crore: 375.67 per cent). However, there was decrease in revenue expenditure mainly under Crop Husbandry (₹ 553.42 crore: 10.78 per cent), Other rural development programmes (₹ 203.69 crore: 48.40 per cent), Housing (₹ 132.77 crore: 26.81 per cent), Roads and Bridges (₹ 109.01 crore: 37.53 per cent). The sector-wise distribution of revenue expenditure is shown in **Chart 1.9**.

During the current year, the capital expenditure increased by ₹ 1,287 crore (42.07 per cent) over the previous year. The increase was mainly under capital outlay on Roads and Bridges (₹ 459.49 crore: 52.49 per cent), Medium Irrigation Commercial (₹ 241.92 crore: 146.13 per cent), Command Area Development (₹ 190.70 crore: 93.90 per cent), Water Supply and Sanitation (₹ 154.75 crore: 46.69 per cent), Flood control projects (₹ 153.23 crore: 59.48 per cent) and Housing (₹ 55.87 crore: 148.99 per cent). The capital expenditure during the current year (₹ 4,346 crore) was less by 10 per cent of the projections made in the State Budget (₹ 4,804 crore).

### 1.6.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.13** presents the trends in expenditure on these components during 2012-13 to 2016-17.

**Table 1.13: Trends in components of committed expenditure**

(₹ in crore)

Sr. No	Components of committed expenditure	2012-13	2013-14	2014-15	2015-16	2016-17	
						BE	Actuals
1	Salaries and Wages <sup>#</sup> ,	14120 (44)	14852 (42)	16304 (42)	17437 (42)	19556 (39)	18504 (39)
	<i>Under Non-Plan Head</i>	13727	14496	15615	17032	18904	17959
	<i>Under Plan Head*</i>	393	356	689	405	652	545
2	Interest payments	6831 (21)	7820 (22)	8960 (23)	9782 (24)	10788 (21)	11642 (24)
3	Pensions	5966 (19)	6277 (18)	7249 (19)	7833 (19)	7768 (15)	8773 (18)
4	Subsidies	5132 (16)	4904 (14)	4772 (12)	5080 (12)	9265 (18)	5823 (12)
	<b>Total committed expenditure</b>	<b>32049</b>	<b>33853</b>	<b>37285</b>	<b>40132</b>	<b>47377</b>	<b>44742</b>
	<b>Total revenue expenditure</b>	<b>39458</b>	<b>41641</b>	<b>46614</b>	<b>50073</b>	<b>58164</b>	<b>55296</b>
	<b>Revenue receipts</b>	<b>32051</b>	<b>35104</b>	<b>39023</b>	<b>41523</b>	<b>50181</b>	<b>47985</b>

Source: Finance Accounts

Figures in parenthesis indicate percentage to Revenue Receipts

<sup>#</sup> Salaries (2016-17): ₹ 17,705.59 crore + Wages (2016-17): ₹ 798.42 crore

\* Plan Head includes centrally sponsored schemes

**Table 1.14** presents the targets of various components of committed expenditure *vis-à-vis* actuals during 2016-17.

**Table 1.14: Committed expenditure *vis-à-vis* targets during 2016-17**

(₹ in crore)

Item	FFC	2015-16	2016-17	
			BE	Actuals
Salaries	--	17128	19231	17706
Interest payments	10296	9782	10788	11642
Pensions	8332	7833	7768	8773
Subsidies	--	5080	9265	5823
<i>of which Power subsidy</i>	--	4847 (95)	8966 (97)	5601 (96)

Source: Report of FFC, Annual Financial Statement and Finance Accounts

Figures in parenthesis indicate percentage of power subsidy to total subsidy

### 1.6.2.1 Salaries

**Table 1.14** shows that during 2016-17, the expenditure on salaries increased by ₹ 578 crore (3.37 per cent) over the previous year. Actuals of salaries decreased by 7.93 per cent against the budget estimates. During 2016-17 salaries and wages as a percentage of revenue receipts were 39 per cent, which was very high (**Table 1.13**).

### 1.6.2.2 Interest payments

**Table 1.13** shows that during the period from 2012-13 to 2016-17 interest payments consumed 21 to 24 per cent of revenue receipts. **Table 1.14** shows that the interest payments increased over the previous year by ₹ 1,860 crore. It also exceeded the targets fixed by FFC and under State Budget by ₹ 1,346 crore and ₹ 854 crore respectively.

### 1.6.2.3 Pension payments

**Table 1.14** shows that during 2016-17, the pension payments recorded a growth of ₹ 940 crore (12 *per cent*) over the previous year. Pension payment exceeded the projections of FFC and budget estimates by ₹ 441 crore (5.29 *per cent*) and ₹ 1,005 crore (12.94 *per cent*) respectively.

### 1.6.2.4 Subsidies

**Table 1.14** shows that the subsidies during the current year rose by ₹ 743 crore (14.63 *per cent*) over the previous year.

#### *Impact of power subsidy on fiscal position of the State*

Subsidies constituted 13 to 16 *per cent* of the total committed expenditure of the State Government on revenue account. Out of these, the power subsidy accounted for 95 to 99 *per cent* of the total subsidy during 2012-17, as detailed in **Table 1.15**.

**Table 1.15: Power subsidy to total subsidy, farmers, PSPCL, revenue deficit and borrowings**

(₹ in crore)

Year	Total subsidy	Power subsidy (percentage to total subsidy)	Power subsidy to farmers (percentage to power subsidy)	Power subsidy to PSPCL for electrification (percentage to power subsidy)	Revenue Deficit (percentage of power subsidy to revenue deficit)	Net borrowings <sup>#</sup> available for revenue expenditure (percentage of power subsidy to net borrowings available for revenue expenditure)
2012-13	5132	5059 (99)	0.00 (*)	5059 (*)	7407 (68)	7279 (70)
2013-14	4904	4815 (98)	0.00 (*)	4815 (*)	6537 (74)	7402 (65)
2014-15	4772	4642 (97)	2137 (46)	2505 (54)	7591 (61)	6729 (69)
2015-16	5080	4847 (95)	4337 (89)	510 (11)	8550 (57)	13318 (36)
2016-17	5823	5601 (96)	3986 (71)	1615 (29)	7311 (77)	14440 (39)

Source: Finance Accounts

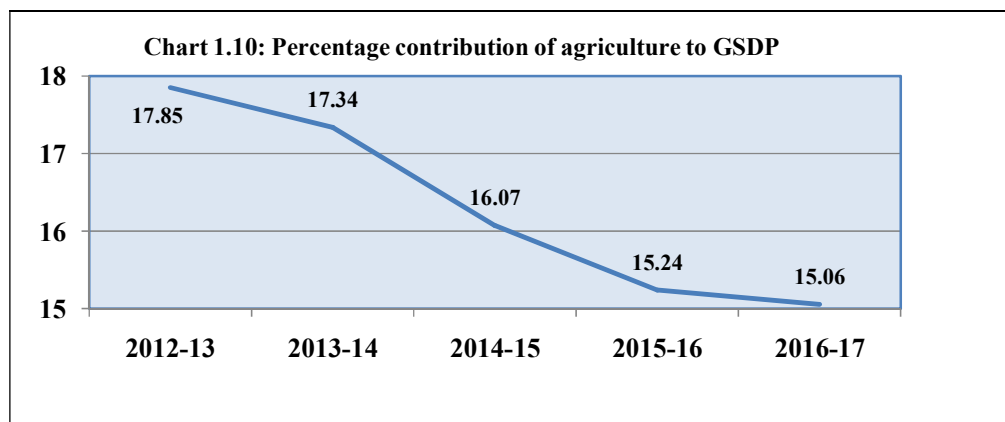
PSPCL = Punjab State Power Corporation Limited

\* Prior to 2014-15, power subsidy to farmers was being booked together with power subsidy for electrification to PSPCL under Major Head-2801-Power.

<sup>#</sup> Borrowings available after repayment of earlier borrowings and meeting capital expenditure.

During 2012-17, revenue deficit ranged between ₹ 6,537 crore and ₹ 8,550 crore and power subsidy constituted a significant portion of it, which ranged between 57 and 77 *per cent*. As much as 36 to 70 *per cent* of the net borrowings available with the State during this period (**Table 1.32**) were utilized for meeting power subsidy. Being a committed expenditure of the State, power subsidy affected the resources available for capital expenditure, which remained between four and six *per cent* of the total expenditure and was also short by 10 to 70 *per cent* of the budgeted capital expenditure.

The State Government made power supply free to farmers in March 1997, but booked it together with power subsidy for electrification to PSPCL under Major Head-2801 up to 2013-14. Though the power subsidy to Agriculture Sector (farmers) increased from 46 *per cent* to 71 *per cent* of the total power subsidy during 2014-17, the contribution of agriculture to GSDP exhibited a declining trend, as it decreased from 16.07 to 15.06 *per cent* during the same period as shown in **Chart 1.10**.



With the provision of free power supply to Agriculture Sector in March 1997, the preference for irrigation shifted from canal to electricity operated tube-wells. The electricity operated tube-wells have since continued to dominate the irrigation preference and has risen by 347.86 *per cent* from 2.80 lakh in 1980-81 to 12.54 lakh in 2015-16. As a result, electricity consumption in Agriculture Sector increased by 111.19 *per cent* in 2015-16 (115139 kwh) over 2001-02 (54519 kwh)<sup>4</sup>. As agricultural power supply is still unmetered, the subsidy of ₹ 10,460 crore<sup>5</sup> paid to PSPCL for providing free power to farmers during 2014-17 was on estimation basis.

### 1.6.3 Financial assistance to the local bodies/other institutions

The 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 1.16**.

**Table 1.16 : Financial assistance to Local Bodies and Other Institutions**

(₹ in crore)

Institutions	2012-13	2013-14	2014-15	2015-16	2016-17
Educational Institutions <i>including Aided Schools, Aided Colleges, Universities, etc.</i>	921.18	564.95	689.66	864.67	732.08
Urban Local Bodies <i>including Municipal Corporations, Municipalities and Municipal Councils</i>	164.43	165.09	302.77	336.17	475.50
Panchayati Raj Institutions <i>including Zila Parishads, Panchayat Samities and Gram Panchayats</i>	499.49	420.17	790.54	719.36	544.97
Development Agencies	127.67	754.92	1107.74	422.39	220.13
Hospitals and Other Charitable Institutions	105.06	98.15	266.91	107.97	85.43
<b>TOTAL</b>	<b>1817.83</b>	<b>2003.28</b>	<b>3157.62</b>	<b>2450.56</b>	<b>2058.11</b>
Assistance as percentage of RE	4.61	4.81	6.77	4.89	3.72

Source: Finance Accounts

<sup>4</sup> Data in respect of sector-wise electricity consumption prior to 2001-02 was not available.

<sup>5</sup> Amount of subsidy paid to PSPCL for the years 2012-13 and 2013-14 could not be ascertained, as prior to 2014-15, power subsidy on account of free power supply to farmers was being booked together with power subsidy for electrification to PSPCL under Major Head-2801.



During the current year, financial assistance to the local bodies and other institutions decreased by ₹ 392.45 crore (16.01 per cent) over the previous year. The decrease was mainly due to decrease in assistance to Development Agencies (₹ 202.26 crore: 47.88 per cent), Zila Parishads and other Panchayati Raj Institutions (₹ 174.39 crore: 24.24 per cent) and Educational Institutions (₹ 132.59 crore: 15.33 per cent). The assistance to municipal corporations and municipalities increased by ₹ 139.33 crore (41.45 per cent) during the current year over the previous year. The overall quantum of financial assistance to the local bodies and other institutions decreased to 3.72 per cent of the revenue expenditure during the current year from 4.89 per cent of the previous year and was the lowest during 2012-17.

## 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 involves adequacy and efficiency of the expenditure.

### 1.7.1 Adequacy of public expenditure

Adequacy of public expenditure indicates whether there are enough provisions for providing public services. The responsibility 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. The fiscal priority of the State Government with regard to development expenditure, expenditure on social sector and capital expenditure etc. is shown in **Table 1.17**.

**Table 1.17: Fiscal priority of the State in 2012-13 and 2016-17**

(In per cent)

Fiscal Priority of the State (Ratio)	AE/ GSDP	DE <sup>#</sup> / AE	SSE/ AE	ESE/ AE	CE/ AE	Education*/ AE	Health/ AE
General Category States Average 2012-13	14.80	70.00	38.20	29.80	13.70	17.70	4.60
Punjab 2012-13	13.96	53.50	28.64	24.51	4.61	16.40	4.58
General Category States Average 2016-17	16.70	70.90	32.20	35.10	19.70	15.20	4.80
Punjab 2016-17	23.61	70.60	16.59	54.01	4.30	8.94	2.86

Source: Figures calculated on the basis of the Finance Accounts of the respective States

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

<sup>#</sup> Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed

\* Expenditure on Education includes expenditure on Sports, Art & Culture

**Table 1.17** shows that:

- Public expenditure, as indicated by the ratio of aggregate expenditure to GSDP, increased from 13.96 per cent to 23.61 per cent during 2012-17 whereas for General Category States (GCS) it increased from 14.80 per cent to 16.70 per cent during 2012-17.

- Development expenditure<sup>6</sup> refers to the expenditure on economic and social sector. Increased priority to development expenditure results in better human and physical asset formation which will further increase the growth prospects of the State. In the State of Punjab, the ratio of development expenditure to aggregate expenditure increased unusually from 53.50 *per cent* in 2012-13 to 70.60 *per cent* in 2016-17, whereas for GCS there was a nominal growth from 70.00 *per cent* in 2012-13 to 70.90 *per cent* in 2016-17. The increase was due to disbursement of loans of ₹ 29,919.96 crore by the State Government for one time settlement of Legacy Cash Credit Account for food procurement operations and ₹ 10,031.19 crore to PSPCL for clearing their debts in compliance to implementation of UDAY, as discussed in paragraph 1.8.4.
- The ratio of social sector expenditure incurred by Punjab to aggregate expenditure decreased to 16.59 *per cent* in 2016-17 as compared to 28.64 *per cent* in 2012-13. The GCS also exhibited the same trend as ratio of social sector expenditure to aggregate expenditure decreased from 38.20 *per cent* in 2012-13 to 32.20 *per cent* in 2016-17.
- Though the ratio of economic sector expenditure of GCS to aggregate expenditure increased from 29.80 *per cent* in 2012-13 to 35.10 *per cent* in 2016-17, it increased exponentially in Punjab from 24.51 *per cent* in 2012-13 to 54.01 *per cent* in 2016-17. The increase was due to disbursement of loans as discussed in paragraph 1.8.4.
- Capital expenditure increases the asset creation which will generate opportunities for higher growth. In Punjab, the ratio of capital expenditure slightly decreased to 4.30 *per cent* in 2016-17 from 4.61 *per cent* in 2012-13, whereas it increased in GCS from 13.70 *per cent* to 19.70 *per cent* during the same period.
- The ratio of expenditure on education sector to the aggregate expenditure came down drastically from 16.40 *per cent* in 2012-13 to 8.94 *per cent* in 2016-17. The GCS also exhibited a decrease from 17.70 *per cent* to 15.20 *per cent* during the same period.
- The ratio of expenditure on Health to aggregate expenditure slightly increased in GCS from 4.60 *per cent* in 2012-13 to 4.80 *per cent* in 2016-17. It exhibited a reverse trend in Punjab as it decreased from 4.58 *per cent* to 2.86 *per cent* during the same period.

### **1.7.2 Efficiency of public expenditure**

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 public and merit goods<sup>7</sup>. Apart from improving the allocation towards development expenditure, the efficiency of expenditure is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP). The higher the ratio of this component to total

---

<sup>6</sup> Please refer the glossary (Appendix 4.1)

<sup>7</sup> Please refer the glossary (Appendix 4.1)

expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.18** presents the expenditure incurred in various sectors during the year 2016-17, **Table 1.19** 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' expenditure.

**Table 1.18: Expenditure incurred in various sectors**

(₹ in crore)

Sector	Total expenditure	Amount of capital expenditure	Per cent spent on capital expenditure
General services	28778.04	248.78	0.86
Social services	16759.45	1087.35	6.49
Economic services	54550.58*	3010.17	5.52

Source: Calculated on the basis of Finance Accounts

\* Includes ₹ 39,951.15 crore on account of loans to food procuring agencies (₹ 29,919.96 crore) for one time settlement of cash credit accounts and PSPCL (₹ 10,031.19 crore) for implementation of UDAY.

**Table 1.18** shows that the capital expenditure incurred in various sectors during the year 2016-17 remained below seven *per cent* of the total expenditure.

**Table 1.19: Development expenditure**

(₹ in crore)

Components of development expenditure	2012-13	2013-14	2014-15	2015-16	2016-17	
					BE	Actual
<b>Total development expenditure (a to c)</b>	<b>22241</b> <b>(53.50)</b>	<b>23017</b> <b>(52.30)</b>	<b>26019</b> <b>(52.04)</b>	<b>33388</b> <b>(56.49)</b>	<b>34571</b> <b>(54.56)</b>	<b>71310</b> <b>(70.60)</b>
a. Development revenue expenditure	20342 (48.93)	20919 (47.54)	22967 (45.93)	24654 (41.71)	29799 (47.03)	25890 (25.63)
b. Development capital expenditure	1754 (4.22)	1982 (4.50)	2866 (5.73)	2806 (4.75)	4373 (6.90)	4097 (4.06)
c. Development loans and advances	145 (0.35)	116 (0.26)	186 (0.37)	5928 (10.03)	399 (0.63)	41323 (40.91)

Source: Calculated on the basis of Finance Accounts and Annual Financial Statement 2016-17

Figures in parenthesis indicate percentage to aggregate expenditure.

**Table 1.19** shows that the total development expenditure increased by ₹ 49,069 crore (220.62 *per cent*) from 2012-13 to 2016-17 and by ₹ 37,922 crore (113.58 *per cent*) during the current year over the previous year.

The development revenue expenditure increased from ₹ 20,342 crore in 2012-13 to ₹ 25,890 crore in 2016-17. It increased by ₹ 1,236 crore (5.01 *per cent*) during the current year over the previous year, whereas it was less by ₹ 3,909 crore (13.12 *per cent*) when compared with the BE of the State for the year 2016-17.

The development capital expenditure increased from ₹ 1,754 crore in 2012-13 to ₹ 4,097 crore in 2016-17. It is only 4.06 *per cent* of aggregate expenditure (₹ 1,01,006 crore) in the current year whereas it was 4.22 *per cent* in 2012-13. It implies that the State Government is giving less priority to capital expenditure for development.

The expenditure on development loans and advances increased manifold from ₹ 145 crore in 2012-13 to ₹ 41,323 crore in 2016-17. The expenditure on development loans and advances increased by ₹ 35,395 crore (597.08 per cent) over the previous year and by ₹ 40,924 crore (10256.64 per cent) than the State's own budget estimates of 2016-17. Reasons for this steep increase have been discussed under paragraph 1.6.1 and in paragraph 1.7.1.

**Table 1.20: Expenditure on selected Social and Economic Services vis-à-vis respective total expenditure**

(In per cent)

Social/Economic Infrastructure	2015-16		2016-17	
	Ratio of CE to TE	In RE, the share of S&W	Ratio of CE to TE	In RE, the share of S&W
<b>Social Services (SS)</b>				
General Education	1.70	72.24	1.02	72.95
Health & Family Welfare	0.08	67.37	0.78	62.34
Water Supply, Sanitation, Housing and Urban Development	37.71	44.55	50.34	53.87
<b>Total (SS)</b>	<b>5.27</b>	<b>59.38</b>	<b>6.49</b>	<b>57.14</b>
<b>Economic Services (ES)</b>				
Agriculture and Allied Activities	1.21	13.29	0.23	14.65
Irrigation & Flood Control	36.39	76.77	50.04	69.65
Power and Energy	0.00	0.16	0.00	0.05
Transport	58.46	31.15	72.81	38.71
<b>Total (ES)</b>	<b>11.20</b>	<b>23.71</b>	<b>5.52</b>	<b>22.17</b>
<b>Total (SS+ES)</b>	<b>8.41</b>	<b>45.26</b>	<b>5.75</b>	<b>43.34</b>

*CE: Capital Expenditure; TE: Total Expenditure; RE: Revenue Expenditure; S&W: Salary and Wages.*

Source: Calculated on the basis of Finance Accounts

**Table 1.20** shows that in 2016-17, the ratio of capital expenditure (CE) to the total expenditure (TE) increased by 1.22 percentage points on the Social Services (SS) but decreased by 5.68 percentage points on Economic Services (ES) over the previous year.

The share of salaries and wages components in revenue expenditure on SS decreased from 59.38 per cent to 57.14 per cent and in ES from 23.71 per cent to 22.17 per cent during the current year over the previous year.

The combined ratio of CE to TE on SS and ES decreased by 2.66 percentage points during 2016-17 over the previous year and the share of salaries and wages in revenue expenditure on SS and ES decreased from 45.26 to 43.34 per cent.

### 1.7.3 End use of various cesses imposed by State Government

State Government imposed various cesses for meeting expenditure for specific purposes. End use of major cesses imposed by the State Government was checked to ascertain whether the amount collected on account of these cesses was utilised for meeting expenditure on specific purposes only or other expenditure was also met from the amount of cess. The findings are as under:

**(i) Cultural Cess**

The State Government imposed (April 2013) a cultural cess at the rate of one *per cent* on construction cost of roads, bridges, flyovers, road over bridges/road under bridges etc. under the Punjab Ancient, Historical Monuments, Archaeological sites and Cultural Heritage Maintenance Board Act, 2013. The proceeds of the cess were to be credited by the agencies concerned directly into the Consolidated Fund of the State (CFS). The cess so collected was to be released by the State Government under the Plan Scheme to the Board established under the Act for meeting expenditure on:

- (i) preservation and conservation of the protected/unprotected monuments in the State;
- (ii) construction of the buildings of State/National importance and repayment of loans raised for construction/creation of the buildings of State/National importance;
- (iii) operation and maintenance and upkeep of the buildings under sub section (ii) above; and
- (iv) any other building.

During the period 2013-17, State collected ₹ 269.11 crore<sup>8</sup> on account of cultural cess. Out of this, the Director, Cultural Affairs, Archaeology and Museums, Punjab, who is a member secretary of the Board, spent ₹ 263.40 crore<sup>9</sup> for meeting the intended expenses. The balance of ₹ 5.71 crore remained in the Government account.

**(ii) Social Infrastructure Cess**

State Government, by insertion of a new section (3-D) in the Indian Stamp Act, 1899 (as applicable to Punjab) imposed (February 2013) the social infrastructure cess at the rate of one *per cent* on all those instruments mentioned in entry 23 of Schedule I-A of the Act which are chargeable with duty under section 3 and additional duty under sections 3-B and 3-C. The cess so collected was to be utilised for providing and improving infrastructure in the social sector.

The Department of Revenue and Rehabilitation collected ₹ 174.04 crore during 2016-17 on account of social infrastructure cess. As regards expenditure out of the cess collected, the reply of the Finance Department was awaited (December 2017). Thus, Audit could not ascertain as to whether the cess collection was utilized for the specific purpose or not.

**(iii) Building and Other Construction Workers Welfare Cess**

The Building and Other Construction Workers Welfare Act and the Building and Other Construction Workers Welfare Cess Act provide that in order to provide basic amenities and welfare facilities to workers engaged in

<sup>8</sup> 2013-14: ₹ 39.14 crore; 2014-15: ₹ 47.32 crore; 2015-16: ₹ 88.57 crore and 2016-17: ₹ 94.08 crore.

<sup>9</sup> 2013-14: ₹ 5.80 crore; 2014-15: ₹ 69.48 crore; 2015-16: ₹ 78.87 crore and 2016-17: ₹ 109.25 crore.

construction activities, State Government shall collect a cess on the cost of construction incurred by an employer at the rates notified by the Central Government and deposit it with the Board constituted for carrying out the welfare schemes for construction workers. The State Government instructed (November 2008) all the heads of the Departments/Boards/Autonomous Bodies/Local Authorities to collect cess at the rate of one *per cent* of cost of construction, as notified (September 1996) by the Central Government, and deposit it with the Punjab Buildings and Other Construction Workers Welfare Board.

The cess so collected was required to be spent for the social security schemes and welfare measures adopted by the Board for the benefit of building and other construction workers in the State. Details of cess collected by the Board and expenditure incurred there from are given in the **Table 1.21**.

**Table 1.21: Detail of cess collected**

(₹ in crore)

Year	Actual receipts				Actual expenditure		
	Cess collected	Beneficiaries contribution	Interest earned	Total receipts	Administrative expenditure	Expenditure on schemes	Total expenditure
2009-10	37.68*	0.130	0.69	38.50	1.28	--	1.28
2010-11	92.69	0.004	2.98	95.67	1.06	0.14	1.20
2011-12	112.95	0.023	4.92	117.89	1.47	1.15	2.62
2012-13	122.03	0.870	25.92	148.82	1.34	1.23	2.57
2013-14	120.52	1.600	43.48	165.60	2.60	79.18	81.78
2014-15	155.49	1.900	47.50	204.89	3.43	61.73	65.16
2015-16	145.97	3.130	55.95	205.05	4.00	122.79	126.79
2016-17	200.85	5.230	55.51	261.59	4.89	164.39	169.28
<b>Total</b>	<b>988.18</b>	<b>12.887</b>	<b>236.95</b>	<b>1238.01</b>	<b>20.07</b>	<b>430.61</b>	<b>450.68</b>

Source: Departmental figures

\* Cess of 2009-10 includes ₹ 0.93 crore cess collected during 2008-09.

**Table 1.21** showed that against the available cess of ₹ 1,238.01 crore, the Board could utilize only ₹ 450.68 crore (36.40 *per cent*) (including administrative expenditure of ₹ 20.07 crore) during 2009-17 on the welfare activities, with the result that an unspent amount of ₹ 787.33 crore (63.60 *per cent*) was lying with the Board as on 31 March 2017.

## 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 and investments 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 State Government during the current year *vis-à-vis* the previous years.

### 1.8.1 Financial results of irrigation works

The financial results of nine<sup>10</sup> major irrigation projects involving a capital expenditure of ₹ 510.24 crore at the end of March 2017 showed that revenue realised from these projects during 2016-17 (₹ 88.24 crore) was only 17.29 per cent of the capital expenditure on these projects. This return was not sufficient to cover even the total working expenses and maintenance charges (₹ 391.55 crore) and interest charges (₹ 25.09 crore) during the year 2016-17. These projects suffered a net loss of ₹ 328.40 crore.

### 1.8.2 Incomplete projects

The department-wise information pertaining to the incomplete projects (scheduled to be completed between 2008-09 and 2016-17) as on 31 March 2017 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
Public Works Department (B&R)	8	36.52	NA	16.54	NA
Irrigation	2	2485.81	NA	391.58	NA
	1	58.15	74.14	26.57	15.99
Water Supply and Sanitation	1	1.17	NA	0.66	NA
<b>TOTAL</b>	<b>12</b>	<b>2581.65</b>		<b>435.35</b>	

Source: Finance Accounts

NA stands for Not Available

Out of total 12 incomplete projects, eight projects budgeted for ₹ 36.52 crore were in Public Works Department (B&R) and three projects budgeted for ₹ 2,543.96 crore were in Irrigation Department. Of the three incomplete projects in Irrigation Department, cost overrun of ₹ 15.99 crore was noticed in one project. The expenditure of ₹ 435.35 crore incurred on these 12 incomplete projects was yet to yield the intended benefits.

### 1.8.3 Investment in share capital and return thereon

(i) The details of investment in share capital and return thereon during the year 2012-17 are given in **Table 1.23**.

<sup>10</sup> (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 Jalandhar 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.

**Table 1.23: Return on investment in share capital**

Investment/return/ cost of borrowings	2012-13	2013-14	2014-15	2015-16	2016-17
Investment at the end of the year (₹ in crore)	3832.65	3862.16	3977.48	4064.56	4091.32
Return (Dividend) (₹ in crore)	0.33	1.46	1.48	1.46	3.88
Return (per cent)	0.01	0.04	0.04	0.04	0.09
Average rate of interest on Government Borrowing (per cent)	7.79	8.04	8.35	8.09	7.48
Difference between interest rate and return (per cent)	7.78	8.00	8.31	8.05	7.39

Source: Finance Accounts

During 2016-17, the return on investment was ₹ 3.88 crore<sup>11</sup> (0.09 per cent). The return was only between 0.01 and 0.09 per cent during 2012-17 while the average rate of interest paid by the State Government on its borrowings was between 7.48 and 8.35 per cent during the same period.

(ii) The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2017 is given in **Table 1.24**.

**Table 1.24: Equity, loans, guarantees outstanding as per Finance Accounts vis-à-vis records of PSUs**

Particulars	(₹ in crore)		
	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	3608.50	7844.52	4236.02
Loans	41191.88 <sup>12</sup>	39782.51	1409.37
Guarantees	10178.61	10152.77	25.84

Source: Finance Accounts and records of PSUs

Audit observed that the differences occurred in respect of 29 PSUs and some of the differences were pending reconciliation since 1985-86. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

#### **1.8.4 Loans and advances by the State Government**

In addition to the investments in Co-operative Societies, Corporations and Companies, the State Government has also been providing loans and advances to many institutions/organizations. **Table 1.25** presents the position of outstanding loans and advances as on 31 March 2017 and interest receipts vis-à-vis interest payments by the State Government on its borrowings during the last five years.

<sup>11</sup> Co-operative Banks and Societies (₹ 0.04 crore), Statutory Corporations, Joint Stock Companies (₹ 0.10 crore) and Government Companies (₹ 3.74 crore).

<sup>12</sup> Includes ₹ 22,974.19 crore in respect of State Procurement Agencies (excluding MARKFED).



**Table 1.25: Position of outstanding loans and advances and interest received/paid**  
(₹ in crore)

Quantum of loans/ interest receipts/ cost of borrowings	2012-13	2013-14	2014-15	2015-16	2016-17
Opening Balance of loans outstanding	2406	2429	2482	2615	8299*
Amount advanced during the year	197	165	270	5968	41364
Amount recovered during the year	174	112	137	218	181
Closing Balance of the loans outstanding	2429	2482	2615	8365	49482
Interest received	44	48	55	30	1131
Interest received as <i>per cent</i> to the outstanding Loans and Advances	1.83	1.93	2.10	0.36	2.29
Interest paid as <i>per cent</i> to the outstanding fiscal liabilities of the Government	7.79	8.04	8.35	8.09	7.48
Difference between the rate of, interest paid and interest received ( <i>per cent</i> )	(-)5.96	(-) 6.11	(-)6.25	(-)7.73	(-)5.19

Source: Finance Accounts

\*Decreased by ₹ 66 crore through proforma adjustment on account of prior period adjustment.

During 2016-17, ₹ 41,364 crore were advanced as loans against ₹ 5,968 crore during previous year. The steep increase of ₹ 35,396 crore (593.03 *per cent*) in the advancement of loans in the current year was mainly due to disbursement of loan of ₹ 29,920 crore for one time settlement of Legacy Cash Credit Accounts for food procurement operations. In addition, ₹ 10,031 crore were disbursed to Punjab State Power Corporation Limited (PSPCL) for clearing their debts in compliance to implementation of Ujwal Discom Assurance Yojna (UDAY) as discussed in paragraph 1.9.2.

In addition to this, State Government also made payment of ₹ 664.14 crore as principle and ₹ 149.75 crore as interest directly to State Bank of India outside the Consolidated Fund of the State on account of settlement of Legacy Cash Credit Accounts for food procurement operations.

The total outstanding loan increased from ₹ 8,365 crore in 2015-16 to ₹ 49,482 crore in the year 2016-17. During the current year the interest receipts increased by ₹ 1,101 crore (3670 *per cent*) over the previous year. The increase was mainly due to interest receipts of ₹ 1,072.79 crore against loans given to PSPCL during 2015-16 for implementation of UDAY. Despite this sizeable increase in receipt of interest, the interest received was only 2.29 *per cent* of the outstanding loans and advances during 2016-17 whereas interest payment was 7.48 *per cent* of its outstanding fiscal liabilities.

### 1.8.5 Cash balances and investment of cash balances

**Table 1.26** depicts the cash balances and investments made by the State Government out of the cash balances during the year 2016-17. Total investment out of cash balances during 2016-17 was ₹ 0.04 crore. The State Government did not earn any interest during the current year. The cash balances at the close of the current year increased from ₹ (-)14.63 crore of the previous year to ₹ 395.28 crore mainly due to increase of ₹ 5,238.39 crore in investment held in the cash balance investment account, (₹ 58.18 crore under Government of India securities held up for want of reconciliation and ₹ 5,180.21 crore under Government of India treasury bills) over previous year.

**Table 1.26: Cash balances and investment of cash balances**

(₹ in crore)

	Overall Cash Position of the Government	As on 31 <sup>st</sup> March 2016	As on 31 <sup>st</sup> March 2017	Increase(+)/ Decrease(-)
<b>(A)</b>	<b>General Cash Balances-</b>			
<b>1</b>	<b>Deposits with Reserve Bank of India</b>	<b>(-)6265.20</b>	<b>(-)367.84</b>	<b>(+)5897.36</b>
<b>2</b>	<b>Investment held in the Cash balance Investment Account</b>	<b>5238.43</b>	<b>0.04</b>	<b>(-)5238.39</b>
(i)	GoI Securities	58.18	0.00	(-)58.18
(ii)	GoI Treasury Bills	5180.21	0.00	(-)5180.21
(iii)	Punjab State Power Corporation Bonds	0.04	0.04	0.00
	<b>Total (A)</b>	<b>(-)1026.77</b>	<b>(-)367.80</b>	<b>(+)658.97</b>
<b>(B)</b>	<b>Other Cash Balances and Investments-</b>			
<b>1</b>	Cash with departmental officers viz Forest and Public Works	611.23	762.12	(+)150.89
<b>2</b>	Permanent advances for contingent expenditure with departmental officers	0.23	0.26	(+)0.03
<b>3</b>	Investments of earmarked fund	400.68	0.70	(-)399.98
	<b>Total (B)</b>	<b>1012.14</b>	<b>763.08</b>	<b>(-)249.06</b>
	<b>Total (A) and (B)</b>	<b>(-)14.63</b>	<b>395.28</b>	<b>(+)409.91</b>
	<b>Interest realised on investment</b>	<b>12.31</b>	<b>0.00</b>	<b>(-)12.31</b>

Source: Finance Accounts

Under an agreement with the RBI, the Government of Punjab has to maintain a minimum balance of ₹ 1.56 crore on all days with the bank. 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 RBI.

As per statement 6 of the Finance Accounts, State Government obtained ways and means advance of ₹ 15,205.47 crore on 90 occasions during 2016-17 but repaid a sum of ₹ 14,937.34 crore, leaving an amount of ₹ 268.13 crore unpaid at the close of the financial year. An amount of ₹ 42.66 crore was paid as interest on these advances.

During 2016-17, the State Government availed shortfall of ₹ 26.52 crore on 16 occasions and overdraft of ₹ 13,428.95 crore on 97 occasions, which were fully repaid during the year itself. Rupees 16.33 crore was paid as interest on these shortfalls/overdrafts.

### **1.8.6 Parking of fund outside Government Accounts**

In terms of Rule 2.10 of Punjab Financial Rules Vol.-I, no money is withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance. It is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

An amount of ₹ 762.12 crore as on 31 March 2017 pertaining to Major Head 8671-Departmental Balances was lying idle with Departmental Officers. There were cash balances of ₹ 474.65 crore, ₹ 596.67 crore, ₹ 575.34 crore and ₹ 611.23 crore at the close of financial years 2012-13, 2013-14, 2014-15 and 2015-16, respectively. These balances, which should have been remitted by the Departmental Officers into treasury by 31 March of the respective years, are exhibiting an increasing trend. Had these funds been deposited in the Government account, borrowings to this extent could have been avoided.

## 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 liabilities and the assets created out of the expenditure incurred. *Appendix 1.3–Part B* gives an abstract of such liabilities and the assets as on 31 March 2017, compared with the corresponding position as on 31 March 2016. The liabilities consist mainly of internal borrowings, loans and advances from GoI; receipts from the Public Account and Reserve Funds. The assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

In real terms, during 2016-17, the assets grew by ₹ 46,001.61 crore (97.08 per cent) whereas the liabilities increased by ₹ 52,685.11 crore (40.57 per cent) over the previous year. The ratio of Financial Assets to Liabilities rose to 51.16 per cent in 2016-17 from 36.49 per cent in the previous year.

### 1.9.2 Ujwal DISCOM Assurance Yojana

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOMs), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojna (UDAY) to improve the operational and financial efficiency of the State DISCOMs. As per the scheme, the States were to take over 75 per cent of debt of DISCOMs outstanding as on 30 September 2015, over a period of two years, by transfer of grant to DISCOMs i.e. 50 per cent in 2015-16 and 25 per cent in 2016-17. In case the State was unable to absorb the interest burden of the entire grant immediately, the transfer of grant could be spread over three years at the rate of 25 per cent in the years 2015-16, 2016-17 and 2017-18, with the remaining transfer through State loan to DISCOMs.

Accordingly, a tripartite Memorandum of Understanding (MoU) was entered into amongst GoI, Government of Punjab (GoP) and Punjab State Power Corporation Limited (PSPCL) i.e. Punjab DISCOM on 4 March 2016. As per MoU, GoP, in line with the provisions of the scheme, committed to take over 50 per cent (₹ 10,418.84 crore) of the Punjab DISCOM debt<sup>13</sup> in 2015-16 and 25 per cent (₹ 5,209.42 crore) in 2016-17.

During 2015-16, against the commitment of ₹ 10,418.84 crore, GoP could arrange ₹ 9,859.72 crore by issuing UDAY bonds, thereby compensating the PSPCL short by ₹ 559.12 crore than committed. This included a transaction of ₹ 4,262.65 crore which was not accounted for in the Finance Accounts of 2015-16 and mention had been made in the Report of the Comptroller and Auditor General of India on State Finances for the year 2015-16. During 2016-17, against the commitment of ₹ 5,209.42 crore, GoP transferred ₹ 5,768.54 crore, which included balance of ₹ 559.12 crore of 2015-16 and

<sup>13</sup> Total outstanding debt was ₹ 20,837.68 crore as on 30 September 2015.

booked ₹ 10,031.19 crore to accounts including the amount of ₹ 4,262.65 crore of previous year which was not accounted for in the previous years' accounts.

### 1.9.3 Fiscal liabilities

Fiscal liabilities comprise Public Debt and Other Liabilities. The Public Debt consists of market loans, loans from banks/financial institutions, and loans and advances from the GoI. The other liabilities include deposits under small savings scheme, provident funds and other deposits. 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 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 2012-17 are presented in **Table 1.27**.

**Table 1.27: Fiscal liabilities–Basic Parameters**

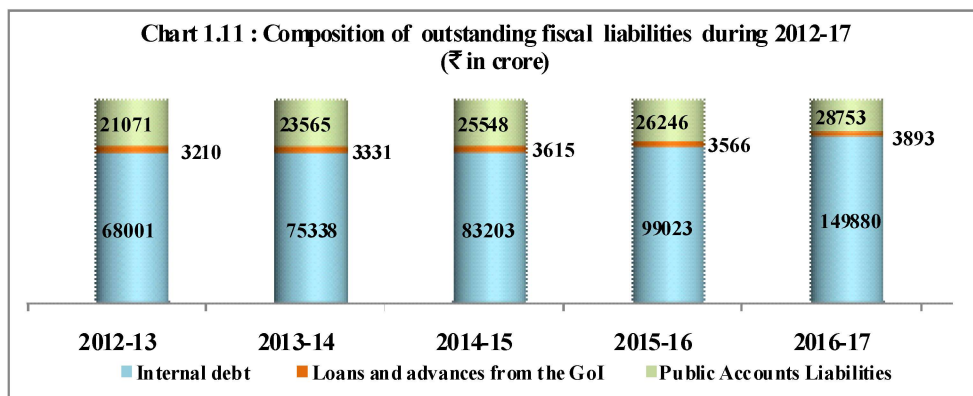
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Fiscal liabilities (₹ in crore)</b>	<b>92282</b>	<b>102234</b>	<b>112366</b>	<b>128835</b>	<b>182526</b>
<i>Rate of Growth (per cent)</i>	11.05	10.78	9.91	14.66	41.67
<b>Public debt</b>	<b>71211</b>	<b>78669</b>	<b>86818</b>	<b>102589</b>	<b>153773</b>
<i>Internal debt</i>	68001	75338	83203	99023	149880
<i>Loans and advances from the GoI</i>	3210	3331	3615	3566	3893
<b>Public Accounts liabilities</b>	<b>21071</b>	<b>23565</b>	<b>25548</b>	<b>26246</b>	<b>28753</b>
<b>Ratio of fiscal liabilities to</b>					
<i>GSDP (per cent)</i>	30.99	30.78	31.66	32.90	42.66
<i>Revenue receipts (per cent)</i>	287.92	291.23	287.95	310.27	380.38
<i>Own resources (per cent)</i>	365.95	374.88	394.96	439.10	543.07
<b>Buoyancy of Fiscal liabilities to</b>					
<i>GSDP (ratio)</i>	0.95	0.93	1.45	1.42	4.49
<i>Revenue receipts (ratio)</i>	0.50	1.13	0.89	2.29	2.68
<i>Own resources (ratio)</i>	0.45	1.32	2.29	4.68	2.86

Source: Finance Accounts.

There was an increase of ₹ 53,691 crore (41.67 per cent) in fiscal liabilities during the current year over the previous year, which is attributed mainly to increase of ₹ 51,184 crore (95.33 per cent) under Public debt and ₹ 2,507 crore (4.67 per cent) under public account liabilities.

- Public debt increased on account of raising of long term loans of ₹ 29,919.96 crore by the State Government for one time settlement of Legacy Cash Credit Account for food procurement operations, Market loans (₹ 12,143.51 crore) and ₹ 10,031.19 crore to PSPCL for clearing their debts in compliance to implementation of UDAY.
- Other liabilities increased due to increase of ₹ 1,232.67 crore in Small Savings, Provident Funds, etc., ₹ 1,166.53 crore in Reserve Fund bearing interest and ₹ 141.37 crore in Deposits not bearing interest. Deposit bearing interest declined by ₹ 25.48 crore.

The composition of outstanding fiscal liabilities during the year 2012-13 to 2016-17 is as presented in **Chart 1.11**.



The overall fiscal liabilities of the State Government had been on the rise and it increased from ₹ 92,282 crore as on 31 March 2013 to ₹ 1,82,526 crore as on 31 March 2017. At the end of the current year, the public debt liabilities (₹ 1,53,773 crore) comprised of internal debt of ₹ 1,49,880 crore and loans of ₹ 3,893 crore from GoI. The Public Account liabilities during the current year (₹ 28,753 crore) comprised of small savings, provident fund (₹ 20,604 crore) and interest bearing and non-interest bearing obligations<sup>14</sup> (₹ 8,149 crore). The total fiscal liabilities went up at an annual average growth rate of 17.61 per cent during the period 2012-13 to 2016-17.

#### 1.9.4 Management of Reserve Funds

Reserve Funds exist for specific and well defined purpose and are fed by contributions or grants from the Consolidated Fund or from outside agencies. It comprises of interest bearing reserve funds and non-interest bearing reserve funds. **Table 1.28** presents the position of reserve funds as on 31 March 2017.

**Table 1.28: Position of Reserve Funds**

Particulars	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Reserve Funds bearing interest</b>					
<b>1. Closing balance</b>	<b>3240</b>	<b>3579</b>	<b>4228</b>	<b>4103</b>	<b>4869</b>
Investments made from balance	Nil	Nil	Nil	400	Nil
2. Funds utilised for intended purposes	13	238	19	716	179
3. Interest paid on interest-bearing reserve funds	276	311	374	390	337
<b>Reserve Funds not bearing interest</b>					
<b>Closing balance</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>1</b>
Investments made from balance	0.68	0.68	0.68	0.68	0.68
Cumulative aggregate balance	3249	3588	4237	4112	4870
<b>Inoperative Reserve Funds</b>					
No. of inoperative funds	4	4	4	4	Nil
Amount	9	9	9	9	Nil

Source: Finance Accounts of respective years

<sup>14</sup> Reserve funds bearing interest (₹ 4,869 crore), Reserve funds not bearing interest (₹ 1.00 crore), Deposits bearing interest (₹ 749 crore) and Deposits not bearing interest (₹ 2,530 crore).

**Table 1.28** shows that the cumulative aggregate balance in Reserve Funds as on 31 March 2017 was ₹ 4,870 crore and only ₹ 0.68 crore (0.01 per cent) were invested. An amount of ₹ 8.22 crore pertaining to four Reserve Funds<sup>15</sup> not bearing interest which were inoperative since 1982-83 till 2015-16 has been transferred to revenue receipts by the State Government during the current year.

### 1.9.5 Investment of State Disaster Response Fund

The GoI, Ministry of Home Affairs constituted (September 2010) the State Disaster Response Fund (SDRF) at State level for providing immediate relief to the victims of natural calamities and issued guidelines for administration of this fund. As per paragraph 19 of the guidelines, the accretions to the SDRF together with the income earned on the investment of the SDRF is required to be invested in one or more of the instruments viz. (a) Central Government dated securities; (b) auctioned treasury bills; and (c) interest earning deposits and certificates of deposits with scheduled commercial banks.

As per Finance Accounts, an amount of ₹ 400 crore invested during 2015-16 was disinvested during the current year. The entire balance of ₹ 4,740.42 crore was lying un-invested in SDRF as on 31 March 2017.

### 1.9.6 Status of guarantees

The State Government 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 State Government during last five years is given in **Table 1.29**.

**Table 1.29: Guarantees given by the Government of Punjab**

Guarantees	₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Outstanding amount of guarantees at the end of the year	58102	61411 <sup>#</sup>	66782 <sup>#</sup>	56819 <sup>#</sup>	20608

Source: Finance Accounts

<sup>#</sup> Outstanding guarantees at the beginning of the year differs from the outstanding guarantees at the end of previous year. The information is provided by the State Government.

The significant decrease in outstanding guarantees in 2016-17 over the previous year was mainly due to one-time settlement of ₹ 29,919.96 crore on account of cash credit accounts for State food procuring agencies. The outstanding guarantees for ₹ 20,608 crore as on 31 March 2017 was in respect of banks and financial institutions (₹ 895 crore); cash credit facilities (₹ 518 crore); and working capital to companies, corporations, co-operative societies and banks (₹ 19,195 crore).

<sup>15</sup> (i) Development Funds for Agricultural purposes (₹ 0.04 crore); (ii) Industrial Development Funds (₹ 6.15 crore); (iii) Other Development and Welfare Funds (₹ 1.63 crore); and (iv) Food grains-Reserve Funds (₹ 0.40 crore).

In terms of recommendation of the Twelfth Finance Commission, the State Government introduced the 'Guarantee Redemption Fund Scheme' (GRF) in December 2007 (revised on 8 January 2014 with effect from the financial year 2013-14) with the objective of meeting its obligations arising out of the Guarantees issued on behalf of the State level bodies. As per the guidelines, the State Government is required to contribute with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of the previous year and thereafter minimum 0.50 *per cent* every year to achieve a minimum level of three *per cent* of outstanding guarantees in next five years.

Accordingly, the State Government was required to make a minimum contribution of ₹ 600.61 crore for the year 2013-14 (one *per cent* of outstanding guarantees of ₹ 60,061.25 crore at the end of 2012-13), ₹ 307.06 crore for the year 2014-15 (0.50 *per cent* of outstanding guarantee of ₹ 61,411 crore at the end of 2013-14), ₹ 333.91 crore for the year 2015-16 (0.50 *per cent* of outstanding guarantee of ₹ 66,782.36 crore at the end of 2014-15) and ₹ 284.09 crore for the year 2016-17 (0.50 *per cent* of outstanding guarantee of ₹ 56,818.84 crore at the end of the previous year i.e. 2015-16) which was not done. As such, the State Government did not contribute even the minimum amount of ₹ 1,525.67 crore during the period 2013-14 to 2016-17 to the GRF as required under the guidelines *ibid*. Non-contribution to GRF has also resulted in understatement of revenue expenditure by ₹ 284.09 crore during 2016-17 with consequent impact on revenue deficit and fiscal deficit of the State Government.

### 1.9.7 Off-budget borrowings

State Government issued a notification (March 2008) for operating Punjab State Development & Welfare Fund (Fund). As per notification, five *per cent* of amount realized from the bidders by way of auction or sale of all immovable properties was to be deposited in this fund under Major Head-8342-Other Deposits in the public account of the State.

The State Government got net deposits of ₹ 1,425 crore from three agencies<sup>16</sup> between June 2016 and October 2016 under the Major Head 8342-Other Deposits, 120-Miscellaneous Deposits, 09-Punjab State Development & Welfare Fund. These deposits were got transferred (February 2017) by the State Government to Major Head 0075-Miscellaneous General Services, 800-Other Receipts, 85-Miscellaneous Receipts and treated as revenue receipts for all purposes. This resulted in off budget borrowing, overstatement of revenue receipts and understatement of revenue deficit to the same extent.

### 1.10 Debt management

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, pursue its cost and risk objectives, keep the public debt at sustainable

<sup>16</sup> Department of Food and Civil Supply (₹ 250 crore), Housing and Urban Development Authority (₹ 250 crore) and Punjab Infrastructure Development Board (₹ 925 crore).

levels and to meet any other public debt management goals the government may set through enactment or any other annual budget announcements.

### 1.10.1 Debt profile of the State

#### (i) Growth of debt

Total debt of the State Government constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Saving Fund and loans from financial institutions, etc.), Loans and advances from the Central Government and Other liabilities (Small savings, Provident Fund, Reserve Fund, Deposits).

**Table 1.30: Debt Growth Rate**

Particulars	₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>1. Internal Debt (Percentage of internal debts to total public debt)</b>	<b>68001</b>	<b>75338</b>	<b>83203</b>	<b>99023</b>	<b>149880</b>
	(95)	(96)	(96)	(97)	(97)
(i) Market Loans (Percentage of market loans to total public debt)	43063	50318	58003	67202	79346
	(60)	(64)	(67)	(66)	(52)
(ii) Ways & Means Advances from RBI	158	593	0	0	268
(iii) Loans from Financial Institutions	3061	3047	2895	7937*	48187
(iv) Special Securities issued to NSSF	21719	21380	22305	23884	22079
<b>2. Loans from Government of India</b>	<b>3210</b>	<b>3331</b>	<b>3615</b>	<b>3566</b>	<b>3893</b>
<b>Total Public debt</b>	<b>71211</b>	<b>78669</b>	<b>86818</b>	<b>102589</b>	<b>153773</b>
<b>Other liabilities</b>	<b>21071</b>	<b>23565</b>	<b>25548</b>	<b>26246</b>	<b>28753</b>
<b>Total debt</b>	<b>92282</b>	<b>102234</b>	<b>112366</b>	<b>128835</b>	<b>182526</b>

Source: Finance Accounts

\* Decreased by ₹ 606 crore owing to proforma adjustment on account of loans already repaid by PUNGRAIN to the State Bank of India in 2003-04 and 2004-05.

During the period from 2012-13 to 2016-17, total Public debt increased from ₹ 71,211 crore to ₹ 1,53,773 crore (115.94 per cent). During the current year, public debt increased by ₹ 51,184 crore (49.89 per cent) over the previous year. This increase was due to increase in internal debt by ₹ 50,857 crore (51.36 per cent) and ₹ 327.10 crore (9.17 per cent) in Loans from Central Government. The increase in Internal debt, was due to raising of long term loans of ₹ 29,919.96 crore by the State Government for one time settlement of Legacy Cash Credit Account for food procurement operations, Market loans (₹ 12,143.51 crore) and ₹ 10,031.19 crore to PSPCL for clearing their debts in compliance to implementation of UDAY, as discussed in paragraph 1.9.3. The share of market borrowings in total Public debt was between 60 to 67 per cent during 2012-16 which came down to 52 per cent during the current year, but at the same time share of loans from financial institutions in total public debt increased from eight per cent in 2015-16 to 31 per cent in 2016-17.



**(ii) Maturity profile of debt****Table 1.31: Maturity profile of repayment of State debt as on 31 March 2017**

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	7317.19*	4.77
1 – 3	20702.70	13.49
3 – 5	29882.95	19.47
5 – 7	29977.28	19.53
7 and above	63137.27	41.13
Others <sup>17</sup>	2487.63	1.62
<b>TOTAL</b>	<b>153505.02*</b>	<b>100.00</b>

Source: Calculated on the basis of Finance Accounts

\*Excludes ₹ 268.13 crore on account of ways and means advances remained unpaid during the current year.

**Table 1.31** indicates that the State Government has to repay 18.26 per cent (₹ 28,020 crore) of its debt within the next three years, 19.47 per cent (₹ 29,883 crore) between 3-5 years and 19.53 per cent (₹ 29,977 crore) between 5-7 years. It signifies that the State has to repay 57.26 per cent of its debt (₹ 87,880 crore) in the next seven years. Thus, the State is heading towards a serious debt repayment position, especially when its major irrigation projects had accumulated losses of ₹ 1,633.40 crore<sup>18</sup> during 2012-17 and the application of debt raised by the State Government towards creation of new assets remained between four to six per cent of total expenditure during 2012-17.

The State needs to formulate a well thought out debt management strategy and step up resource mobilization to ensure debt stability. Unless such efforts are made in this regard, the State would face serious debt servicing challenges, which could lead to a situation of a debt trap.

**Table 1.32: Details of utilization of borrowed funds towards repayment, net capital expenditure and revenue expenditure**

(₹ in crore)				
Year	Total Borrowings	Repayment of earlier borrowings (Principal) (percentage)	Net capital expenditure (Percentage)	Portion of Revenue expenditure met out of net available borrowings (Percentage)
1	2	3	4	5=2-3-4
2012-13	24311	15116 (62)	1916 (8)	7279 (30)
2013-14	26285	16683 (63)	2200 (8)	7402 (28)
2014-15	32922	23075 (70)	3118 (10)	6729 (20)
2015-16	38428	22051 (57)	3059 (8)	13318 (35)
2016-17	51229*	32443 (63)	4346 (9)	14440 (28)

Source: Finance Accounts

\* Excludes additional borrowings of ₹ 39,951 crore, advanced to food procuring agencies against the legacy amount in the food procurement (₹ 29,919.96 crore) and to PSPCL for taking DISCOMs debt under UDAY (₹ 10,031.19 crore).

<sup>17</sup> Payment schedule of this amount is not being maintained by the Accountant General (A&E).

<sup>18</sup> 2012-13: ₹ 302.75 crore; 2013-14: ₹ 369.08 crore; 2014-15: ₹ 338.41 crore; 2015-16: ₹ 294.76 crore and 2016-17: ₹ 328.40 crore.

**Table 1.32** shows that during 2012-13 to 2016-17, State Government utilized 57 to 70 per cent of its current borrowings for repayment of earlier borrowings, 20 to 35 per cent for revenue expenditure and only 8 to 10 per cent of borrowings were utilised for capital expenditure.

### 1.10.2 Debt sustainability in Punjab

Debt sustainability is generally measured in terms of level of debt, primary deficit and interest cost in relation to nominal GSDP. A falling debt/GSDP ratio can be considered as leading towards stability. The ratio of interest payments to revenue receipts is also used as measure of debt sustainability. In this section, assessment of the sustainability of public debt is made using trends observed in critical variables.

**Table 1.33: Debt Sustainability**

	(₹ in crore)				
Debt Sustainability	2012-13	2013-14	2014-15	2015-16	2016-17
Outstanding Public Debt <sup>1</sup>	71211.65	78669.20	86818.03	102589.32	153773.15
Rate of Growth of Outstanding Public Debt	10.99	10.47	10.36	18.17	49.89
GSDP	297734	332147	354908	391543	427870
Rate of Growth of GSDP	11.67	11.56	6.85	10.32	9.28
Average interest Rate of Outstanding Public Debt	8.06	8.25	8.39	8.22	7.58
Percentage of Interest to Revenue Receipt	21.31	22.28	22.96	23.56	24.26
Percentage of Debt Repayment to Debt Receipt	68.19	69.11	73.90	58.96	38.80
Net Debt available to the State <sup>2</sup>	1593	1275	1208	7991	41462

Source Finance Accounts

1. Outstanding public debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government
2. Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

- Public Debt of the State increased by 116 per cent during the period 2012-17 from ₹ 71,212 crore in 2012-13 to ₹ 1,53,773 crore in 2016-17. The rate of growth ranged between 10.36 per cent and 18.17 per cent during 2012-16 which jumped to 49.89 per cent during 2016-17 as discussed in paragraph 1.9.3.
- The ratio of interest payments to revenue receipts increased from 21.31 per cent in 2012-13 to 24.26 per cent in 2016-17.
- The percentage of debt repayments to debt receipts decreased substantially from 68.19 per cent in 2012-13 to 38.80 per cent in 2016-17.
- Availability of net debt to State increased from ₹ 1,593 crore in 2012-13 to ₹ 41,462 crore in 2016-17.

### 1.10.3 Buoyancy of assets to liabilities

The ratio of aggregate assets to aggregate fiscal liabilities could also be considered as a surrogate measure of quality of application of borrowed funds. **Table 1.34** shows the buoyancy of assets with respect to liabilities.

**Table 1.34: Buoyancy of assets to liabilities**

(₹ in crore and growth in per cent)

Period	Aggregate liabilities	Aggregate assets	Ratio of assets to liabilities	Annual growth of liabilities	Annual growth of assets	Buoyancy of assets to liabilities
2012-13	92543	32730	35.37	11.07	5.87	0.53
2013-14	102275	35924	35.13	10.52	9.76	0.93
2014-15	112391	38450	34.21	9.89	7.03	0.71
2015-16	129866	47386	36.49	15.55	23.24	1.49
2016-17	182551	93388	51.16	40.57	97.08	2.39

Source: Finance Accounts

The ratio of assets to liabilities during 2012-16 remained between 34.21 to 36.49 *per cent* which increased to 51.16 *per cent* during 2016-17. The average annual growth of liabilities was 17.52 *per cent* during 2012-17 whereas during the current year it was 40.57 *per cent*. Similarly, average annual growth of assets was 28.60 *per cent* during 2012-17 and it was 97.08 *per cent* during 2016-17. The buoyancy of assets to liabilities increased to 2.39 in 2016-17 from 0.53 in 2012-13.

The significant increase in ratio of asset to liabilities during 2016-17 was attributed to increase of ₹ 39,951 crore in borrowings from financial institutions and advancement of these borrowings as loan to food procuring agencies and PSPCL as discussed in paragraph 1.9.3.

### 1.10.4 Raising of loans in excess of net borrowing limit fixed by Government of India

Article 293 (3) of the Constitution of India, *inter alia*, provides that a State may not raise any loan without the consent of GoI if any part of a loan, which has been made to the State by GoI, is still outstanding.

The GoI, Ministry of Finance, Department of Expenditure fixed (March 2016) the net borrowing ceiling of the State Government for the financial year 2016-17 as ₹ 12,819 crore and instructed the State Government to ensure that its incremental borrowings from all sources remained within this ceiling.

As per Statement 6 of the Finance Accounts *viz.* statement of borrowings and other liabilities, incremental borrowings of the State Government were ₹ 53,691 crore during the financial year 2016-17 which exceeded the net borrowing ceiling by ₹ 40,872 crore (318.84 *per cent*).

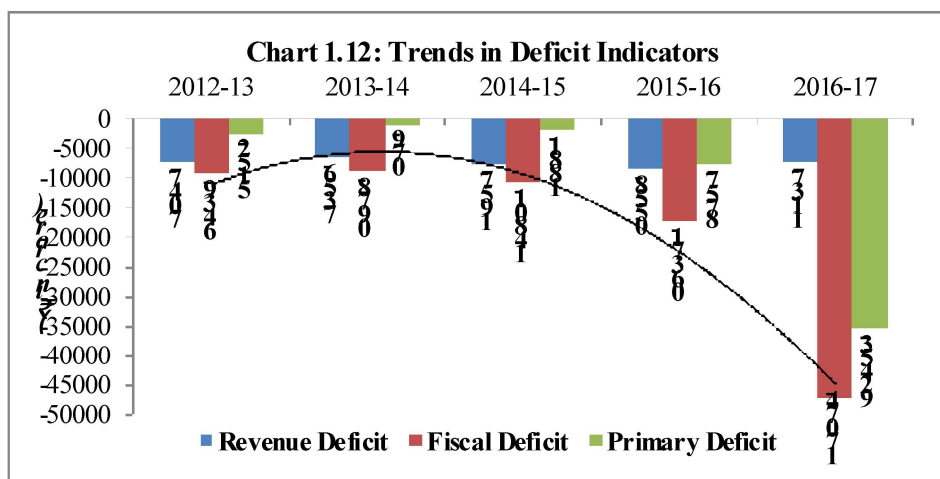
## 1.11 Fiscal imbalances

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 the 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 raised applied are important pointers to its fiscal health.

### 1.11.1 Trends in deficits

Charts 1.12 and 1.13 present the trends in deficit indicators over the period 2012-17.



The revenue deficit, which indicates the excess of revenue expenditure over the revenue receipts, increased to ₹ 8,550 crore (2.18 per cent of GSDP) in 2015-16 from ₹ 7,407 crore (2.49 per cent of GSDP) in 2012-13. This came down to ₹ 7,311 crore (1.71 per cent of GSDP) during the current year.

Punjab Urban Development Agency (PUDA), raised loans of ₹ 2,000 crore<sup>19</sup>, which were passed on to the State Government. The responsibility to repay the same was taken by the State Government. The State Government booked this amount under the Major Head “0075-Miscellaneous General Services” instead of booking it under Major Head “6003-Internal Debt” of the State Government. Mention of repayment of ₹ 1,138.82 crore<sup>20</sup> during 2013-16 had been made in the Reports of the Comptroller and Auditor General of India on State Finances for the years 2013-14, 2014-15 and 2015-16.

During the year 2016-17, the State Government repaid ₹ 362.49 crore by booking it as revenue expenditure under the Major Head 2216-Housing, 02-Urban Housing, 190-Assistance to Public Sector and Other Undertaking, 01-Assistance to PUDA, 50-Other charges thereby overstating the revenue expenditure and revenue deficit as well.

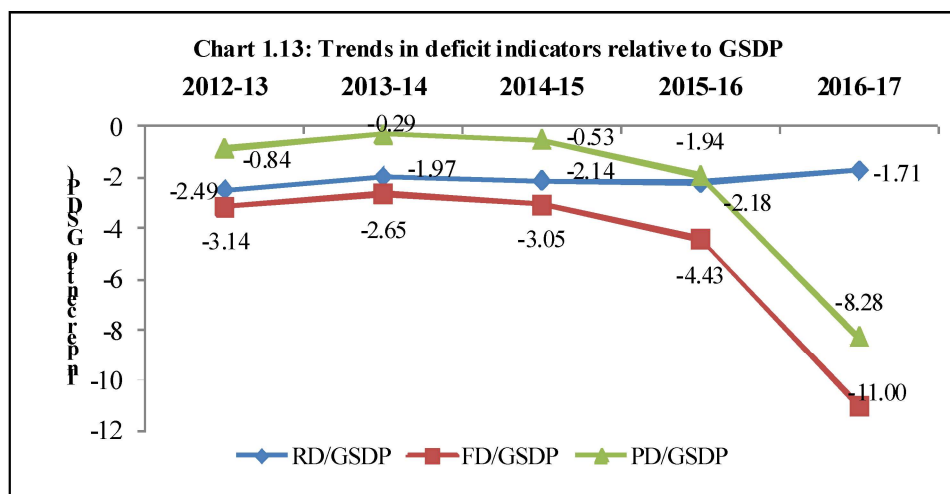
The fiscal deficit, which represents the total borrowings of the State i.e. its total resource gap, increased significantly by ₹ 29,711 crore (171 per cent) during the current year over the previous year. Fiscal deficit increased to

<sup>19</sup> ₹ 1,000 crore in 2012-13 and ₹ 1,000 crore in 2013-14.

<sup>20</sup> ₹ 176.88 crore in 2013-14, ₹ 466.68 crore in 2014-15 and ₹ 495.26 crore in 2015-16.

₹ 47,071 crore<sup>21</sup> (11.00 per cent of GSDP) during the current year against ₹ 17,360 crore (4.43 per cent of GSDP) of the previous year.

The primary deficit, which indicates the excess of primary expenditure (*total expenditure net of interest payments*) over non-debt receipts, rose to ₹ 35,429 crore<sup>21</sup> (8.28 per cent of GSDP) in the current year against ₹ 2,515 crore (0.84 per cent of GSDP) of 2012-13.



### 1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the Table 1.35.

**Table 1.35: Components of Fiscal deficit and its financing pattern**

(₹ in crore)

Particulars		2012-13	2013-14	2014-15	2015-16	2016-17
<b>Composition of Fiscal Deficit</b>		(-9346)	(-8790)	(-10841)	(-17360)	(-47071) <sup>#</sup>
1	Revenue Deficit	(-7407)	(-6537)	(-7591)	(-8550)	(-7311)
2	Net Capital Expenditure	(-1916)	(-2200)	(-3117)	(-3059)	(-4346)
3	Net Loans and Advances	(-23)	(-53)	(-133)	(-5751)	(-35414)
<b>Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings	8559	7255	7685	9199	12144
2	Loans from GOI	(-49)	121	283	(-49)	327
3	Special Securities issued to NSSF	(-503)	(-339)	925	1579	(-1804)
4	Loans from Financial Institutions	(-956)	421	(-745)	5648	34749
5	Small Savings, PF etc	1565	1964	1735	1110	1233
6	Deposits and Advances	(-66)	192	(-402)	114	115
7	Suspense and Miscellaneous	17	(-241)	(-288)	5	17
8	Remittances	(-6)	(-110)	3	3	0
9	Reserve Fund	632	339	650	(-126)	758
10	Increase/Decrease in cash balance	152	(-812)	995	(-123)	(-410)
<b>11</b>	<b>Overall Deficit</b>	<b>9346</b>	<b>8790</b>	<b>10841</b>	<b>17360</b>	<b>47071<sup>#</sup></b>

Source: Finance Accounts

<sup>#</sup> Includes ₹ 58 crore on account of proforma adjustment of prior period and excludes additional borrowings of ₹ 5,768.54 crore under UDAY to take over DISCOMs debt, as per GoI's letter No. 40(6) PF-1/2009 vol. II dated 29 March 2016.

<sup>21</sup> Excludes additional borrowings of ₹ 5,768.54 crore under UDAY to take over DISCOMs debt, as per GoI's letter No. 40(6) PF-1/2009 vol. II dated 29 March 2016.

During 2016-17, the fiscal deficit of the State was met mainly from loans from financial institutions (₹ 34,749 crore), market borrowings (₹ 12,144 crore) and small savings, provident fund, etc. (₹ 1,233 crore).

### 1.11.3 Quality of deficit/surplus

The contribution of revenue deficit and net capital expenditure (including loans and advances) to fiscal deficit indicates the quality of deficit in the States finances. The share of revenue deficit in fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously being eroded and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (Table 1.37) would indicate the extent to which the deficit is on account of deficit in capital account which may be desirable to improve the productive capacity of the State's economy.

**Table 1.36: Details of fiscal deficit during 2012-17**

(₹ in crore)

Particulars		2012-13	2013-14	2014-15	2015-16	2016-17
<b>Composition of Fiscal Deficit</b>		<b>9346</b>	<b>8790</b>	<b>10841</b>	<b>17360</b>	<b>47071<sup>#</sup></b>
1	Revenue Deficit (-)/Surplus(+)	(-)7407 (79.25)	(-)6537 (74.37)	(-)7591 (70.02)	(-)8550 (49.25)	(-)7311 (15.53)
2	Net Capital Expenditure	(-)1916 (20.50)	(-)2200 (25.03)	(-)3117 (28.75)	(-)3059 (17.62)	(-)4346 (9.23)
3	Net Loans and Advances	(-)23 (0.25)	(-)53 (0.60)	(-)133 (1.23)	(-)5751 (33.13)	(-)35414 (75.24)

# Excludes additional borrowings of ₹ 5,768.54 crore under UDAY to take over DISCOMs debt, as per GoI's letter No. 40(6) PF-1/2009 vol. II dated 29 March 2016. Figures in parenthesis indicated contribution to fiscal deficit.

Contribution of net Loans and Advances to Fiscal Deficit increased from 0.25 per cent in 2012-13 to 75.24 per cent in 2016-17. This was due to increase in disbursement of loans and advances during the current year, as discussed in paragraph 1.8.4. Contribution of net capital expenditure declined from 20.50 per cent in 2012-13 to 9.23 per cent in 2016-17.

**Table 1.37: Details of primary deficit during 2012-17**

(₹ in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and advances disbursed	Primary expenditure	Primary deficit (-)	Primary deficit as per cent of GSDP
1	2	3	4	5	6 (3+4+5)	7 (2-6)	8
2012-13	32225	32627	1916	197	34740	(-)2515	(-)0.84
2013-14	35217	33821	2201	165	36187	(-)970	(-)0.29
2014-15	39161	37654	3118	270	41042	(-)1881	(-)0.53
2015-16	41741	40291	3059	5969	49320	(-)7579	(-)1.94
2016-17	48166	43654	4346	41364	89364	(-)35429*	(-)8.28

Source: Finance Accounts

\* Excluding additional borrowings of ₹ 5,768.54 crore under UDAY to take over DISCOMs debt, as per GoI's letter No. 40(6) PF-1/2009 vol. II dated 29 March 2016.

Non-debt receipts increased by 33.10 per cent during 2012-17 and were sufficient to meet the primary revenue expenditure during 2013-17.

The primary revenue surplus showed an increasing trend 2012-17 except in 2015-16, where it decreased by ₹ 57 crore over the previous year (2014-15).

The primary deficit increased manifold during 2012-17, as it increased from ₹ 2,515 crore in 2012-13 to ₹ 35,429 crore in 2016-17, which was due to substantial increase in disbursement of loans and advances.

## 1.12 Conclusions

The revenue receipts increased from ₹ 32,051 crore in 2012-13 to ₹ 47,985 crore in 2016-17 at an annual average growth rate of 12.96 *per cent*, whereas the revenue expenditure grew at an annual average growth rate of 10.95 *per cent*. The revenue expenditure continued to constitute a dominant proportion (55 to 95 *per cent*) of the total expenditure during 2012-17.

Although capital expenditure increased by ₹ 1,287 crore over the previous year, it was less than the projections made in the State Budget by ₹ 458 crore, which indicates that asset creation was not given as much priority as intended in the budget estimates.

Twelve projects, scheduled for completion between 2008-09 and 2016-17 were incomplete. The expenditure of ₹ 435.35 crore incurred on these incomplete projects is yet to yield the intended benefits. Nine major irrigation projects suffered a loss of ₹ 328.40 crore during 2016-17.

The return on investment from Co-operative Banks and Societies and Statutory Corporations, Joint Stock Companies and Government Companies was only between 0.01 and 0.09 *per cent* during 2012-17 while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.48 and 8.35 *per cent* during the same period.

During 2016-17, there was an increase of ₹ 35,395 crore (593.03 *per cent*) in the disbursement of loans and advances which is due to loan of ₹ 29,920 crore to food procuring agencies and ₹ 10,031 crore to PSPCL for implementation of UDAY.

The ratio of Financial Assets to Liabilities rose to 51.16 *per cent* in 2016-17 from 36.49 *per cent* in the previous year.

Total public debt increased from ₹ 71,211 crore in 2012-13 to ₹ 1,53,773 crore in 2016-17 primarily on account of loan to food procuring agencies and PSPCL for implementation of UDAY. The percentage of debt repayments to debt receipts decreased substantially from 68.19 *per cent* in 2012-13 to 38.80 *per cent* in 2016-17.

The revenue deficit declined to ₹ 7,311 crore (1.71 *per cent* of GSDP) in the current year from ₹ 7,407 crore (2.49 *per cent* of GSDP) in the year 2012-13.

There was a steep increase of ₹ 29,711 crore (171 *per cent*) in fiscal deficit during the current year over the previous year. Fiscal deficit increased to

₹ 47,071 crore (11.00 *per cent* of GSDP) during the current year against ₹ 17,360 crore (4.43 *per cent* of GSDP) of the previous year.

### 1.13 Recommendations

- (i) There has been consistent decline in growth rates of its tax revenue that has declined from 20 *per cent* in 2012-13 to seven *per cent* in 2013-14, 4.4 *per cent* in 2015-16 and further to four *per cent* in 2016-17. Collections from stamp duty and registration fees have registered negative growth rate since 2012-13. Collection of State excise has also declined in 2016-17 over 2015-16. The State Government may take necessary action to raise its tax earnings.
- (ii) The State's spending on social sector as proportion of aggregate expenditure has declined since 2012-13. Expenditure on key social sectors like Education and Health are below the General Category States' average. Since these are crucial for enhancing the level of human development, the State Government may raise its outlay on these two sectors and raise it to the level of General Category States' average spending on these sectors.
- (iii) The State may like to review the policy of providing free power to farmers keeping in view the fact that preference for irrigation has shifted from canal to electricity operated tube wells which besides leading to depletion of groundwater resources has resulted in increased burden of power subsidy.
- (iv) Percentage of debt repayments to debt receipts has declined from 68 *per cent* in 2012-13 to 39 *per cent* in 2016-17. The State may strive to improve its debt redemption ratio to ensure that debt servicing liabilities do not become unsustainable.
- (v) The State may initiate measures to improve realization of user charges to make the irrigation schemes economically viable.
- (vi) The State may ensure time bound completion of the incomplete projects and ensure that there are no further cost overruns.



# Chapter II

## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of the expenditure 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 Act. 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 provision and are, therefore, complementary to the Finance Accounts.

**2.1.2** Audit of the grants/appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation 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 provision during 2016-17 for the total 30 grants/appropriations is given in the Table 2.1.

**Table 2.1: Actual expenditure *vis-à-vis* budget provision**

(₹ in crore)

Nature of expenditure	Grant/ Appropriation		Total budget provision	Actual expenditure <sup>1</sup>	Saving (-)/ Excess (+)	Saving surrendered		
	Original	Supplementary				During the year	Of which, on 31 March 2017	
							Amount	Percentage
1	2	3	4=(2+3)	5	6=(4-5)	7	8	9=(8/7x100)
<b>Voted</b>								
Revenue	47198.00	6163.16	53361.16	43940.61	(-9420.55)	2290.64	2165.05	94.52
Capital	4804.01	1679.40	6483.41	4407.87	(-2075.54)	357.48	326.54	91.34
Loans and Advances	399.70	7800.70	8200.40	41364.12	(+33163.72) <sup>2</sup>	4.30	4.30	100.00
<b>Total Voted</b>	<b>52401.71</b>	<b>15643.26</b>	<b>68044.97</b>	<b>89712.60</b>	<b>(+21667.63)</b>	<b>2652.42</b>	<b>2495.89</b>	<b>94.10</b>
<b>Charged</b>								
Revenue	10965.79	1053.90	12019.69	11809.95	(-)209.74	1.66	1.66	100.00
Capital	0	0	0	20.51	(+)20.51	0	0	0
Public Debt Repayment	23019.46	8502.64	31522.10	32443.29	(+)921.19	0	0	0
<b>Total Charged</b>	<b>33985.25</b>	<b>9556.54</b>	<b>43541.79</b>	<b>44273.75</b>	<b>(+)731.96</b>	<b>1.66</b>	<b>1.66</b>	<b>100.00</b>
Appropriation to Contingency Fund	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>86386.96</b>	<b>25199.80</b>	<b>111586.76</b>	<b>133986.35</b>	<b>(+)22399.59</b>	<b>2654.08</b>	<b>2497.55</b>	<b>94.10</b>

Source: Appropriation Accounts

<sup>1</sup> The expenditure is without adjustment of the recoveries of ₹ 454.52 crore adjusted as reduction of expenditure under Revenue heads and ₹ 82.07 crore under Capital heads in the Appropriation Accounts.

<sup>2</sup> This is the net result of excess of ₹ 33,344.10 crore under two major heads set off by saving of ₹ 180.38 crore under three major heads.

For the year 2016-17, original budget provision was ₹86,386.96 crore. This was augmented by supplementary grant of ₹25,199.80 crore bringing the total budget provision at ₹1,11,586.76 crore. Against this total budget provision, an expenditure of ₹1,33,986.35 crore was incurred during the year 2016-17 resulting in overall excess expenditure of ₹22,399.59 crore (20.07 per cent). This overall excess was the net result of excess of ₹34,458.80 crore (Table 2.2) set off by savings of ₹12,059.21 crore (Appendix 2.1). The excess expenditure of ₹34,458.80 crore was mainly due to abnormal increase of ₹29,919.96 crore due to loan given to procurement agencies to liquidate their outstanding cash credit loans. Out of savings of ₹12,059.21 crore, only ₹2,654.08 crore (22.01 per cent of total savings) were surrendered during the year. Out of this, ₹2,497.55 crore (94.10 per cent) were surrendered on the last day of the year. As actual expenditure of ₹1,33,986.35 crore was in excess of the original budget provision by ₹47,599.39 crore, supplementary provision of ₹25,199.80 crore proved inadequate.

## 2.3 Financial accountability and budget management

### 2.3.1 Excess expenditure over provisions requiring regularization

Article 205(1)(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 presented to the Legislative Assembly of the State, a demand for such excess.

Audit observed that excess expenditure amounting to ₹5,727.08 crore<sup>3</sup> for the year 2011-16 had not been got regularized (December 2017) under the provision of Article 205(1)(b) of the Constitution of India despite repeated reminders to the Department of Finance.

Besides, excess expenditure of ₹34,458.80 crore (Table 2.2) in eight cases during the year 2016-17 also required regularization under the above mentioned provisions.

**Table 2.2: Excess of expenditure over budget provision during 2016-17 requiring regularization**

(₹ in crore)					
Sr. No.	Grant No.	Number and title of grant	Total grant/ Appropriation	Expenditure	Excess expenditure
<b>Voted grants</b>					
1	8	Finance (Revenue)	8329.25	8729.73	400.48
2	9	Food and Supplies (Revenue)	2032.21	31113.66	29081.45
3	15	Irrigation and Power (Capital)	7465.00	11317.06	3852.06
4	21	Public Works (Revenue)	1061.49	1244.20	182.71

<sup>3</sup> 2011-12 (₹901.36 crore), 2012-13 (₹769.60 crore), 2013-14 (₹386.38 crore), 2014-15 (₹1,608.08 crore) and 2015-16 (₹2,061.66 crore) = Total ₹5,727.08 crore.

Sr. No.	Grant No.	Number and title of grant	Total grant/ Appropriation	Expenditure	Excess expenditure
<b>Charged Appropriation</b>					
5	8	Finance (Capital)	31522.10	32443.29	921.19
6	12	Home Affairs and Justice (Capital)	0	1.15	1.15
7	21	Public Works (Revenue)	0.26	0.66	0.40
8	21	Public Works (Capital)	0	19.36	19.36
<b>Total</b>			<b>50410.31</b>	<b>84869.11</b>	<b>34458.80</b>

Source: Appropriation Accounts

### 2.3.2 Persistent excess expenditure

In four cases (Table 2.3), there was persistent excess expenditure of more than ₹10 crore in each case during the last five years. In three cases (Sr. No. 2, 3 and 4), the expenditure was incurred without any budget provision during 2012-17.

**Table 2.3: List of grants having persistent excess expenditure during 2012-17**

(₹ in crore)

Sr. No.	Number and Name of the grant/ schemes	Amount of excess expenditure				
		2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenue-Voted</b>						
<b>08-Finance</b>						
1	2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	81.58	123.66	407.74	664.92	697.98
<b>21-Public Works</b>						
2	2059-Public Works 80-General 799-Suspense	52.28	36.98	19.65	14.97	34.14
3	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department	52.34	82.72	97.77	108.53	136.71
4	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	102.94	58.02	19.79	135.53	94.10

Source: Appropriation Accounts

### 2.3.3 Appropriation vis-à-vis allocative priorities

The audit of grants and appropriations showed that in 11 cases (10 grants out of the total 30 grants), the savings (excluding surrenders) exceeded the total

provision by 10 per cent and ₹100 crore in each case. In four cases (Sr. No. 3, 6, 9 and 10), the savings exceeded the total provisions by more than 50 per cent. Details are given in **Table 2.4**.

**Table 2.4: List of grants having large savings during 2016-17**

(₹ in crore)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrenders	Savings excluding surrender
1	2	3	4	5 (3-4)	6	7 (5-6)
	<b>Revenue-Voted</b>					
1	1-Agriculture and Forests	7622.64	5176.77	2445.87	128.94	2316.93 (30.40)
2	10-General Administration	366.17	208.07	158.10	13.04	145.06 (39.62)
3	13-Industries	210.52	60.89	149.63	0	149.63 (71.08)
4	15-Irrigation and Power	4194.92	2912.38	1282.54	87.33	1195.21 (28.49)
5	17-Local Government, Housing and Urban Development	1742.15	878.99	863.16	308.76	554.40 (31.82)
6	23-Rural Development and Panchayats	1725.19	676.50	1048.69	0	1048.69 (60.79)
7	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	3099.07	1948.90	1150.17	607.66	542.51 (17.51)
	<b>Capital-Voted</b>					
8	3-Co-operation	401.32	229.31	172.01	42.01	130.00 (32.39)
9	12-Home Affairs and Justice	318.02	144.73	173.29	0	173.29 (54.49)
10	17-Local Government, Housing and Urban Development	834.39	292.37	542.02	74.42	467.60 (56.04)
11	21-Public Works	2311.70	1942.35	369.35	0	369.35 (15.98)
	<b>Total</b>	<b>22826.09</b>	<b>14471.26</b>	<b>8354.83</b>	<b>1262.16</b>	<b>7092.67 (31.07)</b>

Source: Appropriation Accounts

(Figures in bracket represents percentage to total budget provision)

Such large savings reflect weak budgetary control.

### 2.3.4 Persistent savings

In two cases, there were persistent savings during the last five years which shows weak financial control. The details are given in **Table 2.5**.

**Table 2.5: List of grants having persistent savings during 2012-17**  
(₹ in crore)

Sr. No.	Number and Name of the grant/ Head of Account	Amount of savings (percentage of savings against total provision)				
		2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenue-voted</b>						
1	<b>15-Irrigation and Power</b> 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)	48.56 (10.71)	12.63 (3.13)
2	<b>15-Irrigation and Power</b> 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)	65.62 (40.59)	2.48 (2.58)

Source: Appropriation Accounts

### 2.3.5 Expenditure without provision of funds

As per paragraph 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 ₹30,262.88 crore (**Appendix 2.2**), was incurred in 11 cases (₹one crore or more in each case) under six grants during the year 2016-17 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

### 2.3.6 Unnecessary supplementary provisions

Supplementary provisions of ₹one crore or more in each case, aggregating to ₹2,540.33 crore obtained in 23 cases under 16 grants, during the year 2016-17 proved unnecessary as the expenditure did not come up even to the level of original provision (**Appendix 2.3**).

### 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 2016-17, 30 re-appropriation orders for ₹6,755.52 crore were issued (25 re-appropriation orders for ₹4,635.98 crore were issued on 31 March, 2017). Out of these, six re-appropriation orders for ₹1,668.17 crore were rejected by the office of the Accountant General (A&E), Punjab for various deficiencies<sup>4</sup> therein.

<sup>4</sup> Re-appropriation order not properly classified, minor head wise total not worked out, totals of 'From' and 'To' sides of the re-appropriation order did not tally, reasons for savings as well as excess were not cogent and convincing, re-appropriation order was neither signed by the Administrative Secretary of the Department nor sanctioned by the Finance Department, no re-appropriation of funds permissible after close of the financial year.

Further, in 13 cases out of 55 (**Appendix 2.4- Sr. No. 12, 22, 24, 31 to 38, 41 and 45**), reduction of provision by re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In the remaining 42 cases augmentation of provision also proved unnecessary because expenditure was either equal to or did not come up to the level of original/supplementary budget provision.

### **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 the year 2016-17, savings of ₹9,405.13 crore (77.99 *per cent* of total savings of ₹12,059.21 crore; **Appendix 2.1**) were not surrendered by the concerned departments which indicated inadequate budgetary control as these funds could not be utilized for other developmental purposes. Details of grants/appropriations in which savings exceeding ₹10 crore were not surrendered and grants/appropriations in which there were savings of ₹10 crore and above even after partial surrender have been given in **Appendix 2.5** and **Appendix 2.6** respectively.

### **2.3.9 Surrender inspite of excess expenditure**

Under Grant No. 08-Finance (Revenue-Voted), ₹3.11 crore was surrendered even though there was an excess expenditure of ₹400.48 crore. Moreover, under grant No. 22-Revenue and Rehabilitation (Revenue-Voted) there was saving of ₹259.88 crore only but the department surrendered ₹336.51 crore (₹76.63 crore in excess of saving), which indicated weak budgetary control.

### **2.3.10 Rush of expenditure**

According to paragraph 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 2016-17 showed that in 12 cases (**Table 2.6**), the expenditure incurred during the last quarter of the year ranged between 51.47 and 100 *per cent* of total expenditure incurred under the relevant major head of account during the year. Out of these, in three cases (serial number 2, 4 and 10) the expenditure incurred during the month of March 2017 alone ranged between 47.97 and 100 *per cent* of the total expenditure incurred under the relevant major head of account during the year.

**Table 2.6: Rush of expenditure towards the end of the financial year**  
(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2017	
			Amount	Percentage to total expenditure	Amount	Percentage to total expenditure
1	2015- Election	118.78	81.97	69.01	19.18	16.15
2	2030-Stamps & Registration	16.54	12.35	74.67	11.68	70.62
3	2039-State Excise	111.99	92.64	82.72	3.30	2.95
4	2852-Industries	11.82	9.34	79.02	5.67	47.97
5	3425-Other Scientific Research	3.98	3.57	89.70	1.07	26.88
6	3435-Ecology & Environment	0.84	0.63	75.00	0.23	27.38
7	4058-Capital Outlay on Printing & Stationery	0.02	0.02	100.00	0.00	0.00
8	4059-Capital outlay on Public Works	66.30	26.68	40.24	12.34	18.61
9	4405- Capital Outlay on Fisheries	8.87	8.87	100.00	0.00	0.00
10	4425- Capital Outlay on Co-operation	51.31	51.31	100.00	51.31	100.00
11	4700- Capital Outlay on Major Irrigation	46.40	43.29	93.30	1.91	4.12
12	4711-Capital Outlay on Flood Control Project	410.86	211.46	51.47	31.02	7.55
	<b>Total</b>	<b>847.71</b>	<b>542.13</b>	<b>63.95</b>	<b>137.71</b>	<b>16.24</b>

Source: Office of the Accountant General (A&E), Punjab.

## 2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants, i.e. Grants No. 19-Planning and 23-Rural Development and Panchayats showed the following:

### 2.4.1 Unrealistic budget provisions

Audit scrutiny of the records showed that under Grants No. 19-Planning and 23-Rural Development and Panchayats, the departments either made unrealistic budget provision or did not disburse the amount during 2016-17, as saving of more than ₹10 crore in each case aggregating to ₹1,149 crore was noticed in 13 minor heads/schemes (*Appendix 2.7*). In five cases (Sr. No. 9 to 13), the entire provision remained unutilized.

### 2.4.2 Excess over provisions requiring regularization

An expenditure of ₹28.24 crore (under four minor heads/schemes) was incurred in excess of budget provision (*Appendix 2.8*) under Grant No. 23-Rural Development and Panchayats during the year 2016-17, which requires regularization under Article 205(1) (b) of the Constitution of India.



### **2.4.3 Unnecessary Supplementary grant/Re-appropriation**

In eight cases under Grants No. 19-Planning and 23-Rural Development and Panchayats, augmentation of provision of ₹300.04 crore through supplementary grants proved un-necessary as the expenditure did not come up even to the level of original provision (*Appendix 2.9*) in these cases.

### **2.4.4 Irregularities in preparation of re-appropriation orders**

As per paragraph 14.5 (v) of Punjab Budget Manual, re-appropriation of funds is not permissible after the close of the financial year. During the year 2016-17, it was noticed that ₹282.20 crore and ₹6.45 crore were re-appropriated on 28 April and 4 May, 2017 under Grant No. 19-Planning and 23-Rural Development and Panchayats respectively. The office of the Accountant General (A&E), Punjab found a number of irregularities in preparation of these re-appropriation orders viz. issuing of re-appropriation orders after the close of financial year, reasons for saving and excess mentioned in the re-appropriation orders not being cogent and convincing and re-appropriation orders were not prepared in prescribed form. Hence, these re-appropriation orders were rejected. This resulted in non-utilisation of savings towards other purposes where additional funds were required.

### **2.4.5 Non-surrender of savings**

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 savings are anticipated. During the year 2016-17 there was a saving of ₹73.47 crore and ₹1,120.11 crore under Grant No. 19-Planning and 23-Rural Development and Panchayats respectively but the departments did not surrender any amount which indicated inadequate budgetary control as these funds could not be re-allocated to other grants where additional funds were required.

## **2.5 Scrutiny of budget documents of the State Government**

### **2.5.1 Non-inclusion of estimates of expenditure relating to a new service in Schedule of New Expenditure**

Paragraph 5.1(I)(a) of Punjab Budget Manual (Manual) lays down that, while preparing budget estimates, provision for expenditure, relating to a new service for which the legislature has not previously voted, should be included in the 'Schedule of New Expenditure'. Further, paragraph 5.1(I)(d) of the Manual lays down that any non-recurring grant-in-aid, contribution or donation, even if provision has been made for it in the original or supplementary estimates of the current year, will be included in the schedule of new expenditure. Paragraph 1.8 of the Manual *inter-alia* lays down that the 'Schedule of New Expenditure' has to be prepared by the heads of departments and after scrutiny by the Administrative and Finance Departments, is to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. Further, as per paragraph 15.4 of

the Manual, expenditure on a new service not covered by the vote of the Vidhan Sabha, unless the requisite funds have been arranged by obtaining an advance from the contingency fund before incurring expenditure is a financial irregularity. However, new items having provision of funds amounting to ₹406.44 crore (*Appendix 2.10 and Appendix 2.11*) were not classified as new services in the budget estimates, which is in contravention of the above paragraphs of the Punjab Budget Manual.

### **2.5.2 Irregular lump sum provisions**

As per scheme for standardisation of object heads for classification of expenditure issued (December 1994) by Government of India, lump sum provision, in the budget, can be made for expenditure upto ₹10 lakh only and, in other cases, break-up of expenditure must be given so as to reflect exact object of expenditure.

However, it was noticed that the Government of Punjab made lump sum provisions in State budget even for expenditure exceeding ₹10 lakh (*Appendix 2.12*) which was irregular.

## **2.6 Conclusions**

During 2016-17, expenditure of ₹1,33,986.35 crore was incurred against total budget provision of ₹1,11,586.76 crore resulting in excess expenditure of ₹22,399.59 crore. The overall excess was the net result of excess of ₹34,458.80 crore set off by savings of ₹12,059.21 crore. An amount of ₹2,654.08 crore (22.01 per cent of saving) was surrendered during the year and out of total surrender, an amount of ₹2,497.55 crore (94.10 per cent) was surrendered on the last day of the year.

Excess expenditure of ₹40,185.88 crore required regularization under Article 205(1) (b) of the Constitution of India. There were persistent savings in one grant and persistent excesses in two grants. Augmentation of budget provision by re-appropriation orders proved unnecessary in 42 cases because expenditure was either equal to or did not come up even to the level of original/supplementary budget provisions and in 13 cases reduction of provision also proved injudicious as there was excess expenditure under these cases. There was rush of expenditure towards the end of financial year. In 3 cases, whole of budget provision was utilized in last quarter and in 9 other cases, the expenditure incurred during last quarter of the year ranged between 40.24 and 93.30 per cent.

## **2.7 Recommendations**

The Government may consider:

- (i) to plan their expenditure more rigorously to match the budget provisions so as to avoid exceeding the approved grants and appropriations;

- (ii) to take steps for regularizing the expenditure incurred in excess of the budget provision;
- (iii) monitoring of expenditure and anticipated savings so that the unutilized amounts could be surrendered on time to enable utilization on other schemes;
- (iv) to evolve a mechanism for preparing realistic budget estimates, especially the revised/supplementary budget estimates; and
- (v) devising suitable mechanism to avoid rush of expenditure in last quarter/month of the financial year.

# Chapter III

## CHAPTER III

### FINANCIAL REPORTING

Sound internal controls and compliance with rules and procedures contribute significantly to good governance. It also ensures relevant, reliable and timely financial reporting and thereby assists 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 Delay in submission of utilization certificates

Rule 8.14 (a) (1) of the Punjab Financial Rules Volume-I provides that every order sanctioning a grant would specify its object clearly and time limit within which the grant is to be spent. The departmental officers drawing the grants-in-aid would be primarily responsible for certifying to the Accountant General, where necessary, the fulfillment of the conditions attached to the grant and submission of certificate (Utilization Certificate) in such form and at such interval as may be agreed between the Accountant General (Accounts and Entitlement) and the Head of the Department concerned.

It was observed that five Utilization Certificates (UCs) amounting to ₹ 4.47 crore were not furnished to the Accountant General (A&E) as on 31 March 2017.

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**

Year in which UCs became due <sup>1</sup>	Number of UCs	Amount (₹ in crore)
Up to 2014-15	2	3.40
2015-16	3	1.07
<b>Total</b>	<b>5</b>	<b>4.47</b>

Source: Finance Accounts

The departments having outstanding UCs include Home Affairs & Justice (2), Industry & Commerce (2) and Tourism & Cultural Affairs (1).

Further, a comparison with earlier years revealed that there was decrease in number of pending UCs since 2012-13 except for the year 2015-16 as depicted in **Table 3.2**.

**Table 3.2: Position of pending UCs during 2012-17**

Year	Number of pending UCs	Amount (₹ in crore)
2012-13	165	386.18
2013-14	132	134.85
2014-15	29	24.21
2015-16	32	66.71
2016-17	05	4.47

Source: Finance Accounts

<sup>1</sup> Calculated on the basis of 18 months from the date of drawal of grant-in aid.

### **3.2 Delay in submission of Accounts/Separate Audit Reports of Autonomous Bodies**

It was noticed that, as on 31 March 2017, 15 accounts from 2006-07 to 2015-16 were pending in respect of four<sup>2</sup> out of five autonomous bodies. Separate Audit Reports (SARs) which were required to be placed before Legislature were also pending in respect of five<sup>3</sup> autonomous bodies. The details of delay in submission of accounts by the autonomous bodies to Audit and placement of the SARs in the Legislature as on March 2017 are given in **Appendix 3.1**.

The Punjab Labour Welfare Board had not rendered its accounts since the financial year 2006-07 despite repeated comments in the Reports of the Comptroller and Auditor General of India (CAG) on State Finances about the arrear in preparation of accounts.

### **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 finalization of accounts, the results of the investment of the Government remained outside the purview of State Legislature and escaped scrutiny by 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 Principal Accountant General (Audit) within a specified time frame. However, the Punjab Roadways (Transport Department) had not prepared its accounts since 2004-05 (as of September 2017), despite repeated comments in the earlier Reports of the CAG on State Finances about the arrears in preparation of accounts.

### **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.

There were 26 cases of misappropriation, losses, theft, etc. pending as on 31 March 2017 involving an amount of ₹ 6.37 crore. The department-wise

<sup>2</sup> (i) Punjab Legal Services Authority; (ii) Punjab Khadi and Village Industry Board; (iii) Punjab Labour Welfare Board; and (iv) Punjab Bus Metro Society.

<sup>3</sup> (i) Punjab Legal Services Authority; (ii) Punjab Khadi and Village Industries Board; (iii) Punjab State Human Rights Commission; (iv) Punjab Labour Welfare Board and (v) Punjab Building and Other Construction Welfare Board.

detail of outstanding cases as on 31 March 2017 is given in **Table 3.3** and age-wise profile is given in **Appendix 3.2**.

**Table 3.3: Pending cases of misappropriation, losses, theft, etc.**

(₹ in lakh)

Name of Department	Cases of misappropriation/ losses of Government material		Cases of theft		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Education	7	12.45	0	0	7	12.45
Elections	2	0.21	0	0	2	0.21
Home Affairs and Justice	1	6.00	0	0	1	6.00
Health and Family Welfare	2	19.02	1	0.45	3	19.47
Revenue and Rehabilitation	7	53.63	0	0	7	53.63
Rural Development	4	412.59	0	0	4	412.59
PWD	1	133.00	0	0	1	133.00
Excise and Taxation	0	0	1	0	1	0
<b>Total</b>	<b>24</b>	<b>636.90</b>	<b>2</b>	<b>0.45</b>	<b>26</b>	<b>637.35</b>

Source: Information as provided by concerned departments

The reasons for the delay in finalization of these pending cases have been given in **Table 3.4**.

**Table 3.4: Reasons for the delay in finalization of pending cases of misappropriation, losses, theft, etc.**

(₹ in lakh)

Reasons	Number of cases	Amount
Awaiting departmental and criminal investigation	09	369.89
Departmental action initiated but not finalised	08	186.63
Awaiting orders for recovery or write off	08	12.87
Pending in the courts of law	01	67.96
<b>Total</b>	<b>26</b>	<b>637.35</b>

Source: Information as provided by concerned departments

### 3.5 Abstract Contingent bills

Punjab Treasury Rules<sup>4</sup> (PTR), *inter alia*, provides that Abstract Contingent (AC) bills can be drawn when the permanent advance begins to run short, or when a transfer of charge takes place, and it is necessary to draw money for contingent expenses. The expenditure is debited under the relevant service head and the DDO is required to submit the Detailed Contingent (DC) bill supported by vouchers/sub-vouchers to the Controlling Officer (CO) not later than six month from the date of drawal of AC bill. The AC bills remain unadjusted as long as the COs do not submit the DC Bills along with supporting vouchers to the Accountant General (A&E). Prolonged non-submission of supporting DC bills renders the expenditure under AC bills opaque.

<sup>4</sup> Rule 269 (1)

Year-wise details of AC bills which remained unadjusted as on 31 March 2017 is given in **Table 3.5:**

**Table 3.5: Detail of unadjusted AC bills as on 31 March 2017**

(₹ in crore)

Year	Unadjusted AC bills	
	No. of Bills	Amount
Up to 2014-15	170	286.91
2015-16	139	184.39
2016-17	144	230.45
<b>Total</b>	<b>453</b>	<b>701.75</b>

Source: Finance Accounts

Out of 453 unadjusted AC Bills amounting to ₹ 701.75 crore, 412 unadjusted AC Bills amounting to ₹ 498.75 crore (71.07 per cent) pertain to following five Departments:

- I. Local Government (29 unadjusted AC bills amounting to ₹ 209.85 crore)
- II. Rural Development and Panchayats (119 unadjusted AC bills amounting to ₹ 131.05 crore)
- III. Planning (106 unadjusted AC bills amounting to ₹ 97.36 crore)
- IV. Social Security and Development of Women and Children (84 unadjusted AC bills amounting to ₹ 35.23 crore)
- V. Agriculture (74 unadjusted AC bills amounting to ₹ 25.26 crore)

Out of 1,101 AC bills amounting to ₹ 2,856.17 crore drawn during 2016-17, 98 AC bills amounting to ₹ 136.01 crore (4.76 per cent) were drawn in March 2017.

Significant expenditure against AC bills in March indicates that the drawal was primarily to exhaust the budget provisions and reveals inadequate budgetary control.

### 3.6 Follow up action on Audit Report

At the instance of the Public Accounts Committee (PAC), the Finance Department issued (August 1992) instructions to all the Departments to initiate *suo moto* concrete action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases had been taken up for examination by PAC or not. The Departments were also required to furnish to PAC detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

As regards the Audit Reports relating to the period 2009-14 which have been laid before the State Legislature, the PAC took up (August 2015) Audit Report on State Finances for the year 2013-14 for discussion and directed the Finance Department for submission of reply to all paragraphs within three weeks. However, no detailed note has been received in the Audit Office (December 2017).



### 3.7 Conclusions

As on 31 March 2017, five utilization certificates in respect of grants amounting to ₹ 4.47 crore were pending for submission by the Departmental Officers. There was delay in submission of accounts to Audit and submission of Separate Audit Reports to the Legislature by the autonomous bodies. As on 31 March 2017, 26 cases of theft, loss and misappropriation involving an amount of ₹ 6.37 crore were pending finalization. As many as 453 AC bills for ₹ 701.75 crore were pending for adjustment.

### 3.8 Recommendations

The Government may consider:

- (i) to ensure timely submission of utilization certificates by the departments in respect of the grants released for specific purposes;
- (ii) expediting inquiries in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases; and
- (iii) carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.

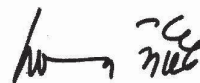
The above points were reported to the State Government in September 2017; reply was awaited (December 2017).



**CHANDIGARH**  
The 5 February 2018

**(JAGBANS SINGH)**  
Principal Accountant General (Audit), Punjab

Countersigned



**NEW DELHI**  
The 7 February 2018

**(RAJIV MEHRISHI)**  
Comptroller and Auditor General of India

# Appendices

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

<b>A. General Data</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Figures</b>	
1.	Area	50362 sq km	
2.	Population as per 2011 Census	2.77 crore	
3.	Density of Population (as per 2011 census) (All India Density = 382 <sup>1</sup> persons per Sq. Km.)	551 persons per Sq. km.	
4.	Population below poverty line <sup>2</sup> (All India Average = 29.5 per cent)	11.3 per cent	
5.	Literacy (as per 2011 census) (All India Average = 73 <sup>1</sup> per cent)	75.80 per cent	
6.	Infant mortality <sup>3</sup> (per 1000 live births) (All India Average = 37 per 1000 live births)	23	
7.	Life Expectancy at birth <sup>4</sup> (All India Average=68.3 years)	72.1 years	
8.	Gini Coefficient <sup>5</sup> (a measure of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa) (All India Average = Rural : 0.29; Urban : 0.38)	Rural : 0.29 Urban : 0.37	
9.	Gross State Domestic Product (GSDP) 2016-17 at current prices	₹ 4,27,870 crore	
10.	Per capita GSDP CAGR (2007-08 to 2016-17)	General Category States average	13.2
		Punjab	11.0
11.	GSDP CAGR (2007-08 to 2016-17)	General Category States average	15.2
		Punjab	12.2
12.	Population Growth (2007 to 2016)	General Category States average	11.9
		Punjab	10.1
13.	Total cropped area	78.72 lakh hectares	
14.	Gross Irrigated area	77.65 lakh hectares	
15.	Percentage of total irrigated area to total cropped area	98.64 per cent	

Source: Economic Surveys of India and Punjab 2016-17.

<sup>1</sup> [www.censusindia.gov.in](http://www.censusindia.gov.in) (Census Info India 2011 Final population Totals).

<sup>2</sup> Report of the Expert Group (Rangarajan) to Review the Methodology for Measurement of Poverty, Planning Commission (June 2014), page 66.

<sup>3</sup> Sample Registration System Bulletin, Volume 50, Number 2, December 2016.

<sup>4</sup> Economic survey of 2016-17, Government of India, Table 9.1, Page A-146.

<sup>5</sup> [http://planningcommission.nic.in/data/datatable/data\\_2312/DatabookDec2014%20106.pdf](http://planningcommission.nic.in/data/datatable/data_2312/DatabookDec2014%20106.pdf).

<b>B. Financial Data</b>							
Sr. No.	Particulars	Figures (in per cent)					
		2007-08 to 2015-16		2011-12 to 2015-16		2015-16 to 2016-17	
	CAGR <sup>6</sup>	General Category States	Punjab	General Category States	Punjab	General Category States	Punjab
a.	<b>Of Revenue Receipts</b>	14.58	10.10	13.96	12.16	11.52	15.56
b.	<b>Of Own Tax Revenue</b>	14.80	13.20	12.85	9.10	13.50	3.96
c.	<b>Of Non Tax Revenue</b>	9.45	(-)8.20	11.54	17.33	12.10	121.23
d.	<b>Of Total Expenditure</b>	15.84	11.20	15.83	14.14	15.31	70.90
e.	<b>Of Capital Expenditure</b>	14.53	4.26	19.03	17.63	17.91	42.06
f.	<b>Of Revenue Expenditure on Education</b>	16.86	15.64	12.84	12.75	9.86	3.09
g.	<b>Of Revenue Expenditure on Health</b>	18.43	16.71	17.55	13.84	14.92	10.12
h.	<b>Of Salary and Wages</b>	14.89	13.67	9.54	8.89	13.06	5.96
i.	<b>Of Pension</b>	17.17	15.74	12.31	8.47	10.63	12.01

Source: Finance Accounts

<sup>6</sup> Compounded Annual Growth Rate.

## 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:	
<b>Part I: Consolidated Fund:</b> 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.	
<b>Part II: Contingency Fund:</b> 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.	
<b>Part III: Public Account:</b> 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 Investments of the Government
9.	Statement of Guarantees given by the Government
10.	Statement of Grants-in-aid given by the Government
11.	Statement of Voted and Charged Expenditure
12.	Statement of Sources and Application of Funds for Expenditure other than on Revenue Account
13.	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14.	Detailed Statement of Revenue and Capital Receipts by minor heads
15.	Detailed Statement of Revenue Expenditure by minor heads
16.	Detailed Statement of Capital Expenditure by minor heads and sub heads
17.	Detailed Statement of Borrowings and Other Liabilities
18.	Detailed Statement of Loans and Advances given by the Government
19.	Detailed Statement of Investments of the Government
20.	Detailed Statement of Guarantees given by the Government
21.	Detailed Statement of Contingency Fund and Public Account transactions
22.	Detailed Statement on Investments of Earmarked Balances

Source: Finance Accounts

**Appendix 1.3**

(Referred to in paragraph 1.1.4, page 2)

**Abstract of receipts and disbursements for the year 2016-17 and summarized financial position of the Government of Punjab as on 31 March 2017**

**Part A - Abstract of receipts and disbursements for the year 2016-17**

(₹ in crore)

Receipts	2015-16	2016-17	Disbursements	2015-16	2016-17		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
<b>Section-A: Revenue</b>							
<b>I-Revenue receipts</b>	<b>41523.38</b>	<b>47985.42</b>	<b>I-Revenue expenditure</b>	<b>50073.49</b>	<b>49330.33</b>	<b>5965.72</b>	<b>55296.05</b>
(i) Tax revenue	26690.49	27746.66	<b>General services</b>	<b>24713.44</b>	<b>28477.85</b>	<b>10.08</b>	<b>28487.93</b>
(ii) Non-tax revenue	2650.27	5863.20	<b>Social Services-</b>	<b>14897.86</b>	<b>11055.28</b>	<b>4616.82</b>	<b>15672.10</b>
(iii) State's share of Union Taxes and Duties	8008.90	9599.73	-Education, Sports, Art and Culture	8548.84	7216.06	1597.18	8813.24
(iv) Non-Plan Grants	1274.64	1610.35	-Health and Family Welfare	2604.19	1887.93	979.85	2867.78
(v) Grants for State Plan Schemes	2320.12	2523.14	Water Supply, Sanitation, Housing and Urban Development	904.58	751.59	16.29	767.88
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	578.96	642.34	-Information and Broadcasting	56.53	43.26	140.69	183.95
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	521.51	65.37	455.53	520.90
			-Labour and Labour Welfare	186.25	181.95	12.19	194.14
			-Social Welfare and Nutrition	2052.48	877.06	1415.09	2292.15
			-Others	23.48	32.06	0.00	32.06
			<b>Economic Services-</b>	<b>9756.04</b>	<b>8878.79</b>	<b>1338.82</b>	<b>10217.61</b>
			-Agriculture and Allied Activities	6204.77	5139.00	578.76	5717.76
			-Rural Development	469.36	120.09	141.34	261.43
			-Irrigation and Flood Control	1313.78	1261.76	-0.04	1261.72
			-Energy	514.05	1654.51	0.00	1654.51
			-Industry and Minerals	70.38	62.63	0.00	62.63
			-Transport	633.31	433.48	71.30	504.78
			-Science, Technology and Environment	5.87	3.82	1.00	4.82
			-General Economic Services	544.52	203.50	546.46	749.96
			<b>Grants-in-aid Contributions</b>	<b>706.15</b>	<b>918.41</b>	<b>0.00</b>	<b>918.41</b>
			<b>Total</b>	<b>50073.49</b>	<b>49330.33</b>	<b>5965.72</b>	<b>55296.05</b>
<b>II. Revenue deficit carried over to Section B</b>	<b>8550.11</b>	<b>7310.63</b>	<b>Revenue Surplus carried over to Section-B</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Section A</b>	<b>50073.49</b>	<b>55296.05</b>		<b>50073.49</b>	<b>49330.33</b>	<b>5965.72</b>	<b>55296.05</b>

Receipts	2015-16	2016-17	Disbursements	2015-16	2016-17		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
<b>Section-B Others</b>							
<b>III-Opening Cash balance including Permanent Advances and Cash Balance Investment</b>	<b>(-)137.76</b>	<b>(-)14.63</b>	<b>III Opening Overdraft from Reserve Bank of India</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>IV – Misc Capital Receipts</b>	<b>0.26</b>	<b>0.41</b>	<b>IV-Capital Outlay</b>	<b>3059.42</b>	<b>417.27</b>	<b>3929.03</b>	<b>4346.30</b>
			<b><u>General Services</u></b>	<b>252.88</b>	<b>121.23</b>	<b>127.55</b>	<b>248.78</b>
			<b><u>Social Services-</u></b>	<b>828.62</b>	<b>7.75</b>	<b>1079.60</b>	<b>1087.35</b>
			-Education, Sports, Art and Culture	<b>243.05</b>	0.00	220.04	<b>220.04</b>
			-Health and Family Welfare	<b>2.09</b>	2.95	19.50	<b>22.45</b>
			Water Supply, Sanitation, Housing and Urban Development	<b>547.57</b>	4.65	773.88	<b>778.53</b>
			-Information and Broadcasting	<b>0.84</b>	0.15	0.77	<b>0.92</b>
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	<b>17.06</b>	0.00	46.55	<b>46.55</b>
			-Social Welfare and Nutrition	<b>7.90</b>	0.00	10.59	<b>10.59</b>
			-Others	<b>10.11</b>	0.00	8.27	<b>8.27</b>
			<b><u>Economic Services-</u></b>	<b>1977.92</b>	<b>288.29</b>	<b>2721.88</b>	<b>3010.17</b>
			-Agriculture and Allied Activities	<b>79.92</b>	51.31	35.04	<b>86.35</b>
			-Rural Development	<b>88.29</b>	69.28	64.85	<b>134.13</b>
			-Irrigation and Flood Control	<b>751.52</b>	166.54	1097.37	<b>1263.91</b>
			Industry and Minerals	<b>15.98</b>	0.00	0.00	<b>0.00</b>
			Transport	<b>891.42</b>	1.11	1350.85	<b>1351.96</b>
			Science Technology and Environment	<b>0.00</b>	0.00	0.00	<b>0.00</b>
			General Economic Services	<b>150.79</b>	0.05	173.77	<b>173.82</b>
<b>Total</b>	<b>(-)137.50</b>		<b>Total</b>	<b>3059.42</b>	<b>417.27</b>	<b>3929.03</b>	<b>4346.30</b>
<b>V-Recoveries of Loans and Advances</b>	<b>218.45</b>	<b>180.93</b>	<b>V-Loans and Advances Disbursed</b>	<b>5968.59</b>	<b>41364.12</b>	<b>0.00</b>	<b>41364.12</b>
-From Power Projects	6.31	87.66	-For Power Projects	<b>5597.07</b>	10031.19	0.00	<b>10031.19</b>
-From Government Servants	49.47	46.12	-To Government Servants	<b>40.96</b>	41.32	0.00	<b>41.32</b>
-From others	162.67	47.15	-To Others	<b>330.56</b>	31291.61	0.00	<b>31291.61</b>
<b>VI-Revenue surplus brought down</b>	<b>--</b>	<b>--</b>	<b>VI-Revenue Deficit Brought down</b>	<b>8550.11</b>	<b>--</b>	<b>--</b>	<b>7310.63</b>

*Audit Report on State Finances for the year 2016-17*

Receipts	2015-16	2016-17	Disbursements	2015-16	2016-17		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
<b>VII- Public debt receipts</b>	<b>20207.21</b>	<b>55234.21</b>	<b>VII-Repayment of Public Debt</b>	<b>3830.30</b>	<b>4050.38</b>	<b>0.00</b>	<b>4050.38</b>
-External Debt	--	--	-External Debt	--	--	--	--
-Internal debt other than ways and means Advances and Overdraft	19941.88	54311.14	-Internal debt other than ways and means Advances and Overdraft	<b>3515.78</b>	3722.54	0.00	<b>3722.54</b>
-Net transactions under Ways and Means Advances	0.00	268.13	-Net transactions under Ways and Means Advances	<b>0.00</b>	0.00	0.00	<b>0.00</b>
-Net transactions under overdraft	0.00	0.00	-Net transactions under overdraft	<b>0.00</b>	0.00	0.00	<b>0.00</b>
-Loans and Advances from Central Government	265.33	654.94	-Repayment of Loans and Advances to Central Government	314.52	327.84	0.00	327.84
<b>VIII-Appropriation to Contingency fund</b>	<b>Nil</b>	<b>Nil</b>	<b>VIII- Appropriation to Contingency fund</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>IX-Amount transferred to Contingency fund</b>	<b>Nil</b>	<b>Nil</b>	<b>IX-Expenditure from Contingency fund</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>X-Public Account Receipts<sup>#</sup></b>	<b>54552.21</b>	<b>52723.92</b>	<b>X-Public Account Disbursement<sup>#</sup></b>	<b>53446.58</b>	<b>50599.95</b>	0.00	<b>50599.95</b>
-Small Savings and Provident funds	3440.60	3373.38	-Small Savings and Provident funds	2331.65	2140.71	0.00	2140.71
-Reserve funds	590.15	945.98	-Reserve funds	715.61	187.66	0.00	187.66
-Deposits and Advances	5693.70	5943.43	-Deposits and Advances	5579.35	5827.53	0.00	5827.53
-Suspense and Miscellaneous	44723.41	42383.21	-Suspense and Miscellaneous	44718.32	42366.26	0.00	42366.26
-Remittances	104.35	77.92	-Remittances	101.65	77.79	0.00	77.79
<b>XI-Closing Overdraft from Reserve Bank of India</b>	<b>Nil</b>	<b>Nil</b>	<b>XI-Cash Balance at end</b>	<b>(-)14.63</b>	<b>395.28</b>	<b>0.00</b>	<b>395.28</b>
			Cash in Treasuries and Local Remittances	--	--	--	--
			Deposits with Reserve Bank	(-)6265.20	(-)367.84	0.00	(-)367.84
			Other cash balances and investments	1012.14	763.08	0.00	<b>763.08</b>
			Cash Balance Investment	5238.43	0.04	0.00	<b>0.04</b>
			<b>Proforma adjustment of prior period</b>	<b>0.00</b>	<b>58.18</b>	<b>0.00</b>	<b>58.18</b>
<b>Total Section-B</b>	<b>74840.37</b>	<b>108124.84</b>		<b>74840.37</b>	<b>96885.18</b>	<b>3929.03</b>	<b>108124.84</b>
<b>Total</b>	<b>124913.86</b>	<b>163420.89</b>	<b>Total</b>	<b>124913.86</b>	<b>146215.51</b>	<b>9894.75</b>	<b>163420.89</b>

<sup>#</sup> These exclude transactions of investment of cash balances and departmental cash chests.



**Appendix 1.3 (continued)**  
(Referred to in paragraph 1.9.1, page 31)  
**Part - B - Summarized financial position of the Government of Punjab**  
**as on 31 March 2017**

(₹ in crore)

LIABILITIES	As on 31.03.2016	As on 31.03.2017
<b>Internal Debt -</b>	<b>99629.03</b>	<b>149880.15</b>
Market Loans bearing interest	67201.95	79345.47
Market Loans not bearing interest	0.04	0.04
Loans from Life Insurance Corporation of India	0.06	0.02
Loans from other Institutions	32426.98	70266.49
Ways and Means Advances and Overdrafts from Reserve Bank of India	0.00	268.13
<b>Loans and Advances from Central Government-</b>	<b>3565.90</b>	<b>3893.00</b>
Non-Plan Loans	34.29	29.70
Loans for State Plan Schemes	3531.30	3862.99
Pre 1984-85 Loans	0.31	0.31
<b>Contingency Fund</b>	<b>25.00</b>	<b>25.00</b>
<b>Small Savings, Provident Funds, etc.</b>	<b>19370.85</b>	<b>20603.53</b>
<b>Deposits</b>	<b>3163.10</b>	<b>3279.00</b>
<b>Reserve Funds</b>	<b>4111.76</b>	<b>4870.07</b>
<b>Suspense and Miscellaneous Balances</b>	<b>--</b>	<b>--</b>
<b>Remittance Balances</b>	<b>--</b>	<b>--</b>
<b>TOTAL</b>	<b>129865.64</b>	<b>182550.75</b>
<b>ASSETS</b>		
<b>Gross Capital Outlay on Fixed Assets -</b>	<b>38992.01</b>	<b>43483.88</b>
Investments in shares of Companies, Corporations, etc.	4064.54	4091.30
Other Capital Outlay	34927.47	39392.58
<b>Loans and Advances -</b>	<b>8365.48</b>	<b>49482.37</b>
Loans for Power Projects	6464.89	16408.42
Other Development Loans	1883.90	33062.07
Loans to Government servants and miscellaneous loans	16.69	11.88
<b>Advances</b>	<b>0.42</b>	<b>0.42</b>
<b>Remittance Balances</b>	<b>1.51</b>	<b>1.39</b>
<b>Cash</b>	<b>(-14.63)</b>	<b>395.28</b>
Cash in Treasuries and local remittances	--	--
Departmental Cash Balance	611.23	762.12
Permanent Advances	0.23	0.26
Cash Balance Investments	5238.43	0.04
Deposits with Reserve Bank	(-)6265.20	(-)367.84
Investments from Earmarked Funds	400.68	0.70
<b>Suspense and Miscellaneous Balances</b>	<b>41.34</b>	<b>24.40</b>
<b>Deficit on Government Account -</b>	<b>82479.51</b>	<b>89163.01</b>
Add Revenue Deficit of the current year	8538.44	7310.63
Accumulated deficit at the beginning of the year	73941.07	81852.38**
<b>TOTAL</b>	<b>129865.64*</b>	<b>182550.75</b>

Source: Finance Accounts

\* Differs by ₹ 11.67 crore (decreased) due to Proforma Adjustment to rectify the misclassification of prior period.

\*\* Differs by ₹ 627.13 crore (decreased) due to Proforma Adjustment to rectify the misclassification of prior period.

**Appendix 1.4**

(Referred to in paragraphs 1.1.7 and 1.3, pages 5 and 8)  
**Budget estimates vis-à-vis actuals for the year 2016-17**

(₹ in crore)

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
<b>Revenue Receipts</b>	<b>47985</b>	<b>50181</b>	<b>(-)2196</b>	<b>(-)4.38</b>
<i>Of which</i>				
<b>Tax Revenue</b>	<b>27747</b>	<b>30547</b>	<b>(-)2800</b>	<b>(-)9.17</b>
<i>Taxes on Sales, Trades etc.</i>	17587	18150	(-)563	(-)3.10
<i>State Excise</i>	4406	5610	(-)1204	(-)21.46
<i>Taxes on vehicles</i>	1548	1650	(-)102	(-)6.18
<i>Stamps and Registration fees</i>	2044	2700	(-)656	(-)24.30
<i>Land Revenue</i>	68	68	0	0.00
<b>Non-Tax Revenue</b>	<b>5863</b>	<b>3807</b>	<b>2056</b>	<b>54.01</b>
<b>State's share of Union taxes and duties</b>	<b>9600</b>	<b>9005</b>	<b>595</b>	<b>6.61</b>
<b>Grants in aid from GOI</b>	<b>4776</b>	<b>6822</b>	<b>(-)2046</b>	<b>(-)29.99</b>
<b>Revenue Expenditure</b>	<b>55296</b>	<b>58164</b>	<b>(-)2868</b>	<b>(-)4.93</b>
<i>Of which</i>				
<i>2040-Taxes on Sales, Trade etc.</i>	117	129	(-)12	(-)9.30
<i>2049-Interest Payments</i>	11642	10788	854	7.92
<i>2055-Police</i>	4742	4994	(-)252	(-)5.05
<i>2070-Other Administrative Services</i>	785	333	452	135.74
<i>2071-Pensions and Other Retirement Benefits</i>	8773	7768	1005	12.94
<i>2075-Misc General Services</i>	56	64	(-)8	(-)12.50
<i>2202-General Education</i>	8480	9373	(-)893	(-)9.53
<i>2210-Medical and Public Health</i>	2671	3029	(-)358	(-)11.82
<i>2211-Family welfare</i>	197	260	(-)63	(-)24.23
<i>2215-Water Supply and Sanitation</i>	358	480	(-)122	(-)25.42
<i>2225-Welfare of SC, ST &amp; OBC</i>	521	1141	(-)620	(-)54.34
<i>2230-Labour and Employment</i>	194	264	(-)70	(-)26.52
<i>2235-Social Security and Welfare</i>	1487	1936	(-)449	(-)23.19
<i>2236-Nutrition</i>	136	182	(-)46	(-)25.27
<i>2245-Relief on account of Natural Calamities</i>	669	469	200	42.64
<i>2401-Crop Husbandry</i>	4578	5759	(-)1181	(-)20.51
<i>2801-Power</i>	1615	655	960	146.56
<i>3456-Civil Supplies</i>	591	864	(-)273	(-)31.60
<i>3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions</i>	918	1765	(-)847	(-)47.99
<i>Salary and Wages</i>	18477	19556	(-)1079	(-)5.52
<i>Subsidies</i>	5823	9265	(-)3442	(-)37.15
<b>Capital Expenditure</b>	<b>4346</b>	<b>4804</b>	<b>(-)458</b>	<b>(-)9.53</b>
<i>4055-Capital outlay on Police</i>	146	242	(-)96	(-)39.67
<i>4210- Capital outlay on Medical and Public Health</i>	22	5	17	340.00
<i>4215 Capital outlay on Water Supply and Sanitation</i>	486	408	78	19.12
<i>4217-Capital outlay on Urban Development</i>	199	535	(-)336	(-)62.80

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
4225-Capital outlay on Welfare of SCs, STs and OBCs	47	137	(-)90	(-)65.69
4515-Capital outlay on other Rural Development Programmes	134	141	(-)7	(-)4.96
<b>Disbursement of Loans and Advances</b>	<b>41364</b>	<b>400</b>	<b>40964</b>	<b>10241.00</b>
<b>Revenue Deficit</b>	<b>(-)7311</b>	<b>(-)7983</b>	<b>672</b>	<b>(-)8.42</b>
<b>Fiscal Deficit*</b>	<b>(-)47071</b>	<b>(-)13087</b>	<b>(-)33984</b>	<b>259.68</b>
<b>Primary Deficit*</b>	<b>(-)35429</b>	<b>(-)2299</b>	<b>(-)33130</b>	<b>1440.86</b>
<b>Revenue deficit/GSDP</b>	<b>(-)1.71</b>	<b>(-)1.76</b>	<b>0.05</b>	<b>2.75</b>
<b>Fiscal deficit/GSDP</b>	<b>(-)11.00</b>	<b>(-)2.88</b>	<b>(-)8.12</b>	<b>281.98</b>
<b>Primary deficit/GSDP</b>	<b>(-)8.28</b>	<b>(-)0.51</b>	<b>(-)7.77</b>	<b>1536.39</b>
<b>Revenue Deficit/Fiscal Deficit</b>	<b>15.53</b>	<b>61.00</b>	<b>(-)45.47</b>	<b>(-)74.54</b>

Source: Finance Accounts and Annual Financial Statement

\* Excluding additional borrowings of ₹ 5,768.54 crore under UDAY for taking DISCOMs debt as per GoI's letter No. 40(6)PF-1/2009 Vol. II dated 29<sup>th</sup> March 2016.

**Appendix 1.5**  
(Referred to in paragraphs 1.3 and 1.6.1, pages 7 and 16)  
**Time Series data on State Government Finances**

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Part A Receipts</b>					
<b>1. Revenue Receipts</b>	<b>32051</b>	<b>35104</b>	<b>39023</b>	<b>41523</b>	<b>47985</b>
<b>(i) Tax Revenue<sup>7</sup></b>	<b>22587(70)</b>	<b>24079(68)</b>	<b>25570(66)</b>	<b>26690(64)</b>	<b>27747(58)</b>
Taxes on Sales, Trade etc. <sup>8</sup>	13218(59)	14847(62)	15455(60)	15857(59)	17587(63)
State Excise <sup>8</sup>	3332 (15)	3765(16)	4246(17)	4796(18)	4406(16)
Taxes on vehicles <sup>8</sup>	995 (4)	1146(5)	1394(5)	1475(6)	1548(6)
Stamps and Registration fees <sup>8</sup>	2920 (13)	2500(10)	2474(10)	2449(9)	2044(7)
Land Revenue	37	42	47	55	68
Other Taxes <sup>8</sup>	2085 (9)	1779(7)	1954(8)	2058(8)	2094(8)
<b>(ii) Non-Tax Revenue<sup>7</sup></b>	<b>2629 (8)</b>	<b>3192(9)</b>	<b>2880(7)</b>	<b>2650(7)</b>	<b>5863(12)</b>
<b>(iii) State's share of Union taxes and duties<sup>7</sup></b>	<b>4059 (13)</b>	<b>4432(13)</b>	<b>4703(12)</b>	<b>8009(19)</b>	<b>9599(20)</b>
<b>(iv) Grants in aid from GOI<sup>7</sup></b>	<b>2776 (9)</b>	<b>3401(10)</b>	<b>5870(15)</b>	<b>4174(10)</b>	<b>4776(10)</b>
<b>2. Misc Capital Receipts</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>3. Recoveries of Loans and Advances</b>	<b>174</b>	<b>112</b>	<b>137</b>	<b>218</b>	<b>181</b>
<b>4. Total revenue and Non-debt capital receipts (1+2+3)</b>	<b>32225</b>	<b>35217</b>	<b>39161</b>	<b>41741</b>	<b>48166</b>
<b>5. Public Debt Receipts</b>	<b>10724</b>	<b>11108</b>	<b>11363</b>	<b>20207</b>	<b>55234</b>
Internal Debt (excluding Ways & Means Advances and Overdrafts)	10451	10295	11389	19942	54311
Net transactions under Ways and Means advances and Overdrafts	51	435	(-)593	0	268
Loans and Advances from Government of India	222	378	567	265	655
<b>6. Total receipts in the Consolidated Fund(4+5)</b>	<b>42949</b>	<b>46325</b>	<b>50524</b>	<b>61948</b>	<b>103400</b>
<b>7. Contingency Fund Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8. Public Account Receipts<sup>9</sup></b>	<b>2144</b>	<b>2145</b>	<b>1698</b>	<b>0</b>	<b>7553</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>45093</b>	<b>48470</b>	<b>52222</b>	<b>61948</b>	<b>110953</b>

<sup>7</sup> Figures in parenthesis indicate percentage to Revenue Receipts.

<sup>8</sup> Figures in parenthesis indicate percentage to Tax revenue.

<sup>9</sup> These figures are net of disbursements out of Public Account. During 2015-16, against receipts of ₹ 66,018 crore in Public Account, disbursements were ₹ 70,236 crore, rendering net Public Account as (-)₹ 4,218 crore. Therefore, net Public Account Receipts are shown as NIL and the excess of disbursements has been depicted at Sr. No. 18.

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Part B. Expenditure/ Disbursement</b>					
<b>10. Revenue Expenditure<sup>10</sup></b>	<b>39458(95)</b>	<b>41641(95)</b>	<b>46614(93)</b>	<b>50073(85)</b>	<b>55296(55)</b>
Plan <sup>11</sup>	3063(8)	3135(8)	4913(11)	5311(11)	5966(11)
Non-Plan <sup>11</sup>	36395(92)	38506(92)	41701(89)	44762(89)	49330(89)
General Services including interest payments <sup>11</sup>	18572(47)	20192(49)	23043(49)	24713(49)	28488(52)
Social Services <sup>11</sup>	11190(28)	11319(27)	13729(29)	14898(30)	15672(28)
Economic Services <sup>11</sup>	9152 (23)	9600(23)	9238(20)	9756(20)	10218(18)
Grants in aid and Contributions <sup>11</sup>	544 (1)	530(1)	604(1)	706(1)	918(2)
<b>11. Capital Expenditure<sup>10</sup></b>	<b>1916 (5)</b>	<b>2201(5)</b>	<b>3118(6)</b>	<b>3059(5)</b>	<b>4346(4)</b>
Plan <sup>12</sup>	1737 (91)	2011(91)	2939(94)	2733(89)	3929(90)
Non-Plan <sup>12</sup>	179 (9)	190(9)	179(6)	326(11)	417(10)
General Services <sup>12</sup>	162 (8)	219(10)	252(8)	253(8)	249(6)
Social Services <sup>12</sup>	716 (37)	930(42)	795(26)	828(27)	1087(25)
Economic Services <sup>12</sup>	1038 (54)	1052(48)	2071(66)	1978(65)	3010(69)
<b>12. Disbursement of Loans and Advances<sup>10</sup></b>	<b>197 (0.47)</b>	<b>165(0.37)</b>	<b>270(0.54)</b>	<b>5969(10)</b>	<b>41364(41)</b>
<b>13. Total of revenue expenditure, capital expenditure and disbursement of loans and advances (10+11+12)</b>	<b>41571</b>	<b>44007</b>	<b>50002</b>	<b>59101</b>	<b>101006</b>
<b>14. Repayments of Public Debt</b>	<b>3674</b>	<b>3650</b>	<b>3214</b>	<b>3830</b>	<b>4050</b>
Internal Debt (excluding Ways and Means Advances and Overdraft)	3403	3393	2931	3515	3722
Net transactions under Ways and Means advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India	271	257	283	315	328
<b>15. Appropriation to Contingency Fund</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>45245</b>	<b>47657</b>	<b>53216</b>	<b>62931</b>	<b>105056</b>
<b>17. Contingency Fund disbursements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Public Account disbursements<sup>13</sup></b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4218</b>	<b>--</b>

<sup>10</sup> Figures in parenthesis indicate percentage to total expenditure.

<sup>11</sup> Figures in parenthesis indicate percentage to revenue expenditure.

<sup>12</sup> Figures in parenthesis indicate percentage to capital revenue expenditure.

<sup>13</sup> During 2015-16, against receipts of ₹ 66,018 crore in Public Account, disbursements were ₹ 70,236 crore, rendering net Public Account as (-) ₹ 4,218 crore, which has been shown as Public Account disbursement at Sr. No. 18.

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
<b>19. Total disbursements by the State (16+17+18)</b>	<b>45245</b>	<b>47657</b>	<b>53216</b>	<b>67149</b>	<b>105056</b>
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (1-10)</b>	<b>(-)7407</b>	<b>(-)6537</b>	<b>(-)7591</b>	<b>(-)8550</b>	<b>(-)7311</b>
<b>21. Fiscal Deficit (4 – 13)</b>	<b>(-)9346</b>	<b>(-)8790</b>	<b>(-)10841</b>	<b>(-)17360</b>	<b>(-)47071<sup>14</sup></b>
<b>22. Primary Deficit (21-23)</b>	<b>(-)2515</b>	<b>(-)970</b>	<b>(-)1881</b>	<b>(-)7578</b>	<b>(-)35429<sup>14</sup></b>
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in the revenue expenditure)</b>	<b>6831</b>	<b>7820</b>	<b>8960</b>	<b>9782</b>	<b>11642</b>
<b>24. Financial Assistance to local bodies etc.</b>	<b>1329</b>	<b>1626</b>	<b>2158</b>	<b>1395</b>	<b>2058</b>
<b>25. Ways and Means Advances/ Overdraft availed (days)</b>	<b>239</b>	<b>246</b>	<b>315</b>	<b>275</b>	<b>344</b>
Ways and Means Advances availed (days)	99	151	177	218	165
Overdraft availed (days)	140	95	138	57	179
<b>26. Interest on Ways and Means Advances/ Overdraft</b>	<b>20</b>	<b>23</b>	<b>41</b>	<b>28</b>	<b>59</b>
<b>27. Gross State Domestic Product (GSDP)</b>	<b>297734</b>	<b>332147</b>	<b>354908</b>	<b>391543</b>	<b>427870</b>
<b>28. Outstanding fiscal liabilities (year end)</b>	<b>92282</b>	<b>102234</b>	<b>112366</b>	<b>128835<sup>15</sup></b>	<b>182526</b>
<b>29. Outstanding Guarantees (year end)</b>	<b>58102</b>	<b>61411</b>	<b>66782</b>	<b>56819<sup>16</sup></b>	<b>20608</b>
<b>30. Maximum amount guaranteed (year end)</b>	<b>59146</b>	<b>52934</b>	<b>45347</b>	<b>31066</b>	<b>15534</b>
<b>31. Number of incomplete projects</b>	<b>25</b>	<b>40</b>	<b>34</b>	<b>11</b>	<b>12</b>
<b>32. Capital blocked in incomplete projects</b>	<b>500</b>	<b>588</b>	<b>654</b>	<b>447</b>	<b>435</b>
<b>Part E. Fiscal Health Indicators (per cent)</b>					
<b>I Resource Mobilization</b>					
Own Tax revenue/GSDP	7.59	7.25	7.20	6.82	6.48
Own Non-tax revenue/GSDP	0.88	0.96	0.81	0.68	1.37
Central Transfers/GSDP	1.36	1.33	1.33	2.05	2.24
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	13.96	13.25	14.09	15.09	23.61
Total Expenditure/Revenue Receipts	129.70	125.36	128.13	142.33	210.49

<sup>14</sup> Excluding additional borrowings of ₹ 5,768.54 crore under UDAY for taking DISCOMs debt as per GoI's letter No. 40(6)PF-1/2009 Vol. II dated 29<sup>th</sup> March 2016.

<sup>15</sup> Decreased by ₹ 606 crore through proforma adjustment in respect of the loan already repaid by PUNGRAIN to the State Bank of India in 2003-04 and 2004-05.

<sup>16</sup> Differs from closing outstanding guarantee of previous year. Reasons for difference awaited from the State Government (December 2017).

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue Expenditure/Total Expenditure	94.92	94.62	93.22	84.72	54.75
Expenditure on Social Services/ Total Expenditure	28.64	27.83	29.05	26.61	16.59
Expenditure on Economic Services/ Total Expenditure	24.51	24.21	22.62	19.85	13.10
Capital Expenditure/Total Expenditure	4.61	5.00	6.24	5.18	4.30
Capital Expenditure on Social & Economic Services/Total Expenditure	4.22	4.50	5.73	4.75	4.06
<b>III Management of fiscal Imbalances</b>					
Revenue deficit/GSDP	(-)2.49	(-)1.97	(-)2.14	(-)2.18	(-)1.71
Fiscal deficit/GSDP	(-)3.14	(-)2.65	(-)3.05	(-)4.43	(-)11.00*
Primary deficit/GSDP	(-)0.84	(-)0.29	(-)0.53	(-)1.94	(-)8.28*
Revenue Deficit/Fiscal Deficit	79.25	74.37	70.02	49.25	15.53
Primary revenue balance/GSDP	(-)0.14	0.42	0.42	0.37	1.05
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	30.99	30.78	31.66	32.90	42.66
Fiscal Liabilities/RR	287.92	291.23	287.95	310.27	380.38
<b>V Other Fiscal Health Indicators</b>					
Return on Investment ( <i>per cent</i> )	0.01	0.04	0.04	0.04	0.09
Balance from Current Revenue (₹ in crore)	(-)6224	(-)5739	(-)6544	(-)6138	(-)4510
Financial Assets/Liabilities	35.37	35.13	34.21	36.49	51.16

Source: Finance Accounts

\* Excluding additional borrowings of ₹ 5,768.54 crore under UDAY for taking DISCOMs debt as per GoI's letter No. 40(6)PF-1/2009 Vol. II dated 29<sup>th</sup> March 2016.

**Appendix 1.6**

(Referred to in paragraph 1.3.1.5, page 12)

**Details showing collection of tax revenue in respect of major components and expenditure incurred on their collection**

Head	Year	Collection	Expenditure on collection	Percentage of expenditure on collection	All India average
		(₹ in crore)			
<b>Taxes on Sales, trades, etc.</b>	2012-13	13217.93	113.74	0.86	0.73
	2013-14	14846.71	107.43	0.72	0.88
	2014-15	15455.17	111.01	0.72	0.91
	2015-16	15856.64	119.06	0.75	0.66
	2016-17	17586.71	117.41	0.67	NA
<b>Taxes on Vehicles</b>	2012-13	994.72	24.52	2.47	4.17
	2013-14	1145.70	19.23	1.68	6.25
	2014-15	1393.32	38.15	2.74	6.08
	2015-16	1474.83	45.84	3.11	4.99
	2016-17	1548.12	15.31	0.99	NA
<b>State Excise</b>	2012-13	3331.96	35.72	1.07	2.96
	2013-14	3764.72	34.67	0.92	1.81
	2014-15	4246.11	35.05	0.83	2.09
	2015-16	4796.45	84.55	1.76	3.21
	2016-17	4406.01	111.99	2.54	NA
<b>Stamp duty and Registration fees</b>	2012-13	2920.49	25.01	0.86	3.25
	2013-14	2499.50	17.77	0.71	3.37
	2014-15	2474.15	13.91	0.56	3.59
	2015-16	2448.98	23.31	0.95	2.87
	2016-17	2043.61	16.54	0.81	NA

Source: Finance Accounts of relevant years

NA = Not Available



**Appendix 2.1**  
(Referred to in paragraphs 2.2 and 2.3.8, pages 46 and 50)  
**Statement of grants/appropriations where savings and surrenders occurred**

(₹ in crore)

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2016-17	Surrendered on 31 March 2017
<b>Voted (Revenue)</b>				
1.	1-Agriculture and Forests	2445.87	128.94	128.94
2.	2-Animal Husbandry and Fisheries	29.58	13.78	13.78
3.	3-Co-operation	11.43	8.14	8.14
4.	4-Defence Services Welfare	22.91	1.65	1.65
5.	5-Education	815.92	161.21	161.21
6.	6-Election	50.89	6.73	6.73
7.	7-Excise and Taxation	51.15	14.00	14.00
8.	8-Finance	0	3.11	3.11
9.	9-Food and Supplies	276.84	268.38	268.38
10.	10-General Administration	158.10	13.04	13.04
11.	11-Health and Family Welfare	554.89	231.88	231.88
12.	12- Home Affairs and Justice	503.42	2.77	2.77
13.	13- Industries	149.63	0	0
14.	14- Information and Public Relations	17.38	15.79	15.79
15.	15- Irrigation and Power	1282.54	87.33	0
16.	16- Labour and Employment	9.03	7.15	7.15
17.	17-Loacal Government, Housing and Urban Development	863.16	308.76	308.76
18.	18-Personnel and Administrative Reforms	1.79	0	0
19.	19-Planning	27.86	0	0
20.	20-Programme Implementation	0.10	0	0
21.	22-Revenue and Rehabilitation	259.88	336.51	336.51
22.	23-Rural Development and Panchayats	1048.69	0	0
23.	24-Science, Technology and Environment	8.15	1.15	1.15
24.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	1150.17	607.66	607.66
25.	26-State Legislature	1.67	0.02	0.02
26.	27-Technical Education and Industrial Training	121.80	38.26	0
27.	28-Tourism and Cultural Affairs	40.42	0.88	0.88
28.	29-Transport	96.67	31.15	31.15
29.	30-Vigilance	3.80	2.35	2.35
<b>Total</b>		<b>10003.74</b>	<b>2290.64</b>	<b>2165.05</b>
<b>Charged (Revenue)</b>				
30.	1-Agriculture and Forests	0.56	0	0
31.	2-Animal Husbandry and Fisheries	0.01	0	0
32.	3-Co-operation	0.02	0	0
33.	5-Education	0.15	0	0
34.	6-Election	0.65	0	0
35.	7-Excise and Taxation	0.07	0	0
36.	8-Finance	190.17	0	0

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2016-17	Surrendered on 31 March 2017
37.	9-Food and Supplies	0.02	0	0
38.	10-General Administration	2.43	1.23	1.23
39.	11-Health and Family Welfare	0.60	0.01	0.01
40.	12- Home Affairs and Justice	14.21	0	0
41.	13- Industries	0.28	0	0
42.	18-Personnel and Administrative Reforms	0.30	0	0
43.	19-Planning	0.02	0	0
44.	22-Revenue and Rehabilitation	0.13	0	0
45.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	0.12	0.06	0.06
46.	26-State Legislature	0.16	0.17	0.17
47.	30-Vigilance	0.23	0.19	0.19
<b>Total</b>		<b>210.13</b>	<b>1.66</b>	<b>1.66</b>
<b>Voted (Capital)</b>				
48.	1-Agriculture and Forests	8.71	8.51	8.51
49.	2-Animal Husbandry and Fisheries	11.60	11.49	11.49
50.	3-Co-operation	172.01	42.01	42.01
51.	4-Defence Services Welfare	15.01	15.01	15.01
52.	5-Education	145.51	49.88	49.88
53.	8-Finance	8.38	4.30	4.30
54.	10-General Administration	24.03	15.00	15.00
55.	11-Health and Family Welfare	1.64	1.13	1.13
56.	12- Home Affairs and Justice	173.29	0	0
57.	13- Industries	13.01	0	0
58.	14- Information and Public Relations	1.08	1.23	1.23
59.	16- Labour and Employment	0.01	0	0
60.	17-Loacal Government, Housing and Urban Development	542.02	74.42	74.42
61.	18-Personnel and Administrative Reforms	0.54	0	0
62.	19-Planning	45.59	0	0
63.	21-Public Works	369.35	0	0
64.	22-Revenue and Rehabilitation	0.50	0	0
65.	23-Rural Development and Panchayats	71.42	0	0
66.	24-Science, Technology and Environment	5.77	0	0
67.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	135.97	107.86	107.86
68.	27-Technical Education and Industrial Training	36.20	30.94	0
69.	28-Tourism and Cultural Affairs	57.82	0	0
70.	29-Transport	5.88	0	0
<b>Total</b>		<b>1845.34</b>	<b>361.78</b>	<b>330.84</b>
<b>Grand Total</b>		<b>12059.21</b>	<b>2654.08</b>	<b>2497.55</b>

Source: Appropriation Accounts

**Appendix 2.2**  
(Referred to in paragraph 2.3.5, page 49)  
**Statement showing expenditure incurred without budget provision**

Sr. No.	Number and name of grant	Expenditure without provision (₹ in crore)	Head of Account
1.	5-Education	218.20	2071-01-109-01-Pensions to employees of State aided Educational Institutions (Schools)
2.	8-Finance	14.24	2235-60-200-02-Ex-Gratia Payments to families of Ministers, Governments Servants etc. died in harness
3.	9-Food and Supplies	29919.96	6408-01-190- Loans to Public Sectors and Other Undertakings/Agencies against the legacy amount in the food procurement
4.	12- Home Affairs and Justice	1.15	4055-00—800-03- District Jails
5.	15- Irrigation and Power	2.48	4700-02-799-Suspense
6.		2.49	4711-01-799- Suspense
7.		3.35	4711-03-799- Suspense
8.	21- Public Works	71.30	3054-80-797-01- Subvention from Central Road Fund- (Plan)
9.		5.62	3054-80-799- Suspense
10.		4.73	4215-01-102-30- Installation of 561 Reverse Osmosis Plants in the State (NABARD Aided)
11.		19.36	4059-80-051- Construction
	<b>Total</b>	<b>30262.88</b>	

Source: Appropriation Accounts

**Appendix 2.3**

(Referred to in paragraph 2.3.6, page 49)

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

(₹ in crore)

Sr. No.	Number and name of grant	Original provision	Actual expenditure	Saving out of original provision	Supplementary provision
<b>A-Revenue (Voted)</b>					
1.	1-Agriculture and Forests	6372.45	5176.77	1195.68	1250.19
2.	2-Animal Husbandry and Fisheries	493.04	470.68	22.36	7.21
3.	3-Co-operation	88.12	78.89	9.23	2.20
4.	5-Education	9519.12	8814.30	704.82	111.10
5.	6-Election	164.40	119.23	45.17	5.73
6.	7-Excise and Taxation	271.06	229.30	41.76	9.40
7.	9-Food and Supplies	867.85	594.45	273.40	3.44
8.	10-General Administration	252.11	208.08	44.03	114.06
9.	11-Health and Family Welfare	3320.16	2916.87	403.29	151.61
10.	17-Local Government, Housing and Urban Development	1732.67	878.99	853.68	9.48
11.	19-Planing	66.94	42.95	23.99	3.86
12.	23-Rural Development and Panchayats	1428.31	676.50	751.81	296.88
13.	27-Technical Education and Industrial Training	392.89	333.40	59.49	62.31
14.	29-Transport	531.65	455.61	76.04	20.64
<b>Total</b>		<b>25500.77</b>	<b>20996.02</b>	<b>4504.75</b>	<b>2048.11</b>
<b>B-Capital (Voted)</b>					
15.	2-Animal Husbandry and Fisheries	40.94	35.04	5.90	5.70
16.	10-General Administration	54.76	36.58	18.18	5.85
17.	12-Home Affairs and Justice	245.35	144.73	100.62	72.67
18.	17-Local Government, Housing and Urban Development	535.52	292.37	243.15	298.87
19.	23-Rural Development and Panchayats	140.76	134.13	6.63	64.79
20.	27-Technical Education and Industrial Training	49.07	21.58	27.49	8.71
21.	28-Tourism and Cultural Affairs	196.76	167.22	29.54	28.29
22.	29-Transport	2.13	1.11	1.02	4.86
<b>Total</b>		<b>1265.29</b>	<b>832.76</b>	<b>432.53</b>	<b>489.74</b>
<b>C-Revenue (Charged)</b>					
23.	12-Home Affairs and Justice	132.24	120.51	11.73	2.48
<b>Total</b>		<b>132.24</b>	<b>120.51</b>	<b>11.73</b>	<b>2.48</b>
<b>Grand Total</b>		<b>26898.30</b>	<b>21949.29</b>	<b>4949.01</b>	<b>2540.33</b>

Source: Appropriation Accounts

**Appendix 2.4**  
(Referred to in paragraph 2.3.7, page 50)  
**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(+)
	<b>01-Agriculture and Forests</b>						
1.	2401-119-01-Direction	46.73	0	1.04	47.77	44.59	-3.18
2.	2406-01-001-01-Direction and Administration	119.81	6.63	4.71	131.15	117.22	-13.93
3.	2406-04-101-01-Assistance to State Forest Development Agency under National Afforestation Programme (Plan)	0	0	1.87	1.87	0	-1.87
	<b>03-Co-operation</b>						
4.	4425-190-08-Re-capitalisation of Central Co-operative Banks (Plan)	0.01	0	129.99	130.00	0	-130.00
	<b>05-Education</b>						
5.	2058-104-01-Cost of Printing at Union Territory Government Press, Chandigarh	0.50	0	1.00	1.50	0.50	-1.00
6.	2202-01-101-01-Governemnt Primary Schools	2093.48	0	20.68	2114.16	1903.57	-210.59
7.	2202-02-109-01-Government Secondary Schools Sports and Youth Services	4295.17	0	11.86	4307.03	3992.43	-314.60
8.	2202-03-103-01-Government Arts Colleges	176.05	0	3.03	179.08	166.80	-12.28
9.	2204-00-001-01-Direction and Administration	92.67	0	3.58	96.25	58.85	-37.40
	<b>06-Elections</b>						
10.	2015-102-01-Electoral Officers	60.89	5.73	10.66	77.28	58.90	-18.38
	<b>08-Finance</b>						
11.	2054-095-01-Treasury and Accounts Organisation	13.96	0	11.07	25.03	11.78	-13.25
12.	2071-01-102-01-Commuted Value of Pensions	215.00	0	-18.21	196.79	204.75	+7.96
13.	2071-01-117-01-Government Contribution for Defined Contribution Pension Scheme	450.00	11.40	4.60	466.00	435.81	-30.19
14.	2049-01-200-21-Interest on Compensation and Other Bonds	0	1044.03	28.76	1072.79	1.35	-1071.44
15.	2049-01-305-01-Management of Debt	13.00	0	6.00	19.00	9.24	-9.76
16.	2049-01-305-04-Flotation Charges of UDAY Scheme	0	0	2.03	2.03	0	-2.03

*Audit Report on State Finances for the year 2016-17*

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
17.	2049-60-701-08-Interest on Delayed Payment of 14 <sup>th</sup> Finance Commission Grant	0	0	3.92	3.92	0	-3.92
18.	2049-60-701-09-Interest on Short Term Loan from Boards, Corporation and Others	0	0	1.39	1.39	0	-1.39
	<b>10-General Administration</b>						
19.	2052- 00-092-10- Introduction of computerization in Punjab Government offices, Semi-government Bodies and Offices including Maintenance and Upgradation of the Systems (Plan)	10.00	0	7.28	17.28	6.50	-10.78
20.	4070-800-98-10- Introduction of computerisation in Punjab Government offices, Semi-government Bodies and Offices including Maintenance and Upgradation of the Systems (Plan)	10.00	0	5.75	15.75	8.68	-7.07
	<b>11-Health and Family Welfare</b>						
21.	2210-01-110-65- National Urban Health Mission (Plan)	35.36	0	3.55	38.91	33.70	-5.21
22.	2210-06-101-07- National Programme for the Control of Blindness- (Plan)	6.80	0	-4.08	2.72	4.00	+1.28
23.	2210-80-789-01- Creation of Cancer and Drug De-Addiction Treatment infrastructure (Plan)	48.00	0	19.00	67.00	30.50	-36.50
24.	2210-80-800-06- Punjab State Cancer and Drug De-Addiction Treatment infrastructure (Plan)	102.00	0	-71.50	30.50	44.50	+14.00
	<b>12-Home Affairs and Justice</b>						
25.	2014-105-02- Subordinate Courts	159.13	0	1.39	160.52	148.67	-11.85
26.	2055-003-01-Police Training College	53.05	0	2.64	55.69	50.53	-5.16
27.	2055-114-01-Police Wireless and Computer Staff	174.92	0	2.09	177.01	165.65	-11.36
28.	4055-207-08- Modernisation of Police Forces	27.57	32.78	5.65	66.00	20.86	-45.14
29.	4055-207-11-Crime and Criminal Tracking Network and System (Plan)	5.00	27.93	3.43	36.36	5.00	-31.36

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
30.	4055-207-12-Setting up of Community Policing Suvidha Centres (Plan)	0	0	1.17	1.17	0	-1.17
	<b>15-Irrigation and Power</b>						
31.	2700-03-800-07-Other Expenditure including Interest	17.45	0	-17.45	0	17.45	+17.45
32.	2700-04-001-01-Direction	110.46	0	-3.78	106.68	120.62	+13.94
33.	2700-11-800-07-Other Expenditure including Interest	1.95	0	-1.95	0	1.95	+1.95
34.	2700-19-800-07-Other Expenditure including Interest	23.40	0	-23.40	0	23.40	+23.40
35.	2701-05-800-07-Other Expenditure including Interest	18.65	0	-18.65	0	18.65	+18.65
36.	2701-13-800-07-Other Expenditure including Interest	17.47	0	-17.47	0	17.47	+17.47
37.	2701-26-800-07-Other Expenditure including Interest	4.58	0	-4.58	0	4.58	+4.58
38.	4700-02-800-08-Works Expenditure	15.00	0	-1.00	14.00	18.85	+4.85
	<b>17-Local Government, Housing and Urban Development</b>						
39.	4217-60-051-14-Mission for Development of 100 Smart Cities (Plan)	68.01	199.99	94.00	362.00	0	-362.00
40.	4217-60-052-05-National Scheme for Modernisation for Police and Other Services, Strengthening of Fire and Emergency Services (Plan)	0	0	2.65	2.65	0	-2.65
	<b>22-Revenue and Rehabilitation</b>						
41.	2030-02-102-01-Expenses on Sale of Stamps	13.00	0	-9.00	4.00	5.15	+1.15
42.	2053-093-01-District Establishments	253.84	0	3.83	257.67	250.92	-6.75
43.	2235-60-200-08-Relief to Persons Affected by Riots	42.20	0	1.67	43.87	39.68	-4.19
44.	2245-02-101-01-Gratuitous Relief	100.00	0	15.00	115.00	76.93	-38.07
45.	2245-05-101-01-Transferred to Reserved Funds and Deposit Accounts- State Disaster Response Fund	409.00	306.50	-306.50	409.00	604.00	+195.00
46.	2245-80-102-01-Management of Natural Disasters, Contingency Plans in Disasters Prone Areas	0	0	5.00	5.00	0	-5.00

*Audit Report on State Finances for the year 2016-17*

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
	<b>24-Science, Technology and Environment</b>						
47.	3425-60-200-37-Setting up of Biotechnology Incubator in Punjab (Plan)	1.50	0	2.50	4.00	0	-4.00
48.	5425-600-02-Biotechnology Incubator Agriculture Food Testing Laboratories (Plan)	4.00	0	1.50	5.50	0	-5.50
	<b>25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes</b>						
49.	2225-01-789-11-01-Funds at the disposal of Deputy Commissioner	34.91	0	14.72	49.63	3.93	-45.70
50.	2225-01-789-11-60-Shagun Scheme (Social Security Welfare) (I) Shagun to Scheduled Castes Girls/Widows/ Divorcees and Daughters of Widows at the time of their Marriages (Plan)	100.00	0	8.47	108.47	89.86	-18.61
	<b>27-Technical Education and Industrial Training</b>						
51.	2203-105-78-Implementation of Technical Education, Quality Improvement Programme (Plan)	0.01	0	11.99	12.00	0	-12.00
52.	2203-789-14-Implementation of Technical Education, Quality Improvement Programme (Plan)	0.01	0	5.64	5.65	0	-5.65
53.	2230-03-789-20-02-Employment Allowance to Unemployed Youths Given training under Various Skill development Schemes (Plan)	0	2.88	2.52	5.40	0	-5.40
54.	4202-02-789-14-New and Upgradation of polytechnics at Bathinda, Batala, Amritsar, Hoshiarpur, Guru Teg Bahadur Garh (Moga) and Patiala (Plan)	0	0	3.20	3.20	0	-3.20
	<b>28-Tourism and Cultural Affairs</b>						
55.	2205-102-15-04-War Memorial, Amritsar (Plan)	0	0.74	9.26	10.00	0	-10.00
	<b>Total</b>	<b>9444.54</b>	<b>1638.61</b>	<b>-17.48</b>	<b>11065.67</b>	<b>8817.82</b>	<b>-2247.85</b>

Source: Appropriation Accounts



**Appendix 2.5***(Referred to in paragraph 2.3.8, page 50)***Details of grants in which savings exceeding ₹ 10 crore were not surrendered**  
(₹ in crore)

Sr. No.	Number and Name of Grant/Appropriation	Saving
<b>Revenue (Voted)</b>		
1.	13-Industries	149.63
2.	19-Planning	27.86
3.	23-Rural Development and Panchayats	1048.69
<b>Total</b>		<b>1226.18</b>
<b>Revenue (Charged)</b>		
4.	8-Finance	190.17
5.	12-Home Affairs and Justice	14.21
<b>Total</b>		<b>204.38</b>
<b>Capital (Voted)</b>		
6.	12-Home Affairs and Justice	173.29
7.	13-Industries	13.01
8.	19-Planning	45.59
9.	21-Public Works	369.35
10.	23-Rural Development and Panchayats	71.42
11.	28-Tourism and Cultural Affairs	57.82
<b>Total</b>		<b>730.48</b>
<b>Grand total</b>		<b>2161.04</b>

*Source: Appropriation Accounts*

**Appendix 2.6**

(Referred to in paragraph 2.3.8, page 50)

**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	Saving	Saving surrendered	Saving not surrendered
1	2	3	4	5 (3-4)
<b>Revenue (Voted)</b>				
1.	1-Agriculture and Forests	2445.87	128.94	2316.93
2.	2-Animal Husbandry and Fisheries	29.58	13.78	15.80
3.	4-Defence	22.91	1.65	21.26
4.	5-Education	815.92	161.21	654.71
5.	6-Elections	50.90	6.73	44.17
6.	07-Excise and Taxation	51.15	14.00	37.15
7.	10-General Administration	158.10	13.04	145.06
8.	11-Health and family Welfare	554.89	231.88	323.01
9.	12-Home Affairs and Justice	503.41	2.77	500.64
10.	15-Irrigation and Power	1282.54	87.33	1195.21
11.	17-Local Government, Housing and Urban Development	863.16	308.76	554.40
12.	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	1150.17	607.66	542.51
13.	27-Technical Education and Industrial Training	121.79	38.26	83.53
14.	28-Tourism and Cultural Affairs	40.41	0.88	39.53
15.	29-Transport	96.67	31.15	65.52
<b>Capital (Voted)</b>				
16.	3-Co-operation	172.01	42.01	130.00
17.	5-Education	145.51	49.88	95.63
18.	17-Local Government, Housing and Urban Development	542.02	74.42	467.60
19.	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	135.97	107.86	28.11
<b>Total</b>		<b>9182.98</b>	<b>1922.21</b>	<b>7260.77</b>

Source: Appropriation Accounts

**Appendix 2.7**  
(Referred to in paragraph 2.4.1, page 51)

**Statement showing savings exceeding ₹ 10 crore in  
Grant No. 19-Planning and Grant No. 23- Rural Development and Panchayats**

(₹ in crore)

Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Savings (in per cent)
<b>Grant No. 19-Planning</b>					
1.	5475-Capital Outlay on Other General Economic Services, 112-Statistics, 07-Construction of Vit-Te-Yojana (Finance and Planning) Bhawan at Chandigarh (Plan)	29.00	18.77	10.23	35.28
2.	5475-Capital Outlay on Other General Economic Services, 112-Statistics, 11-Border Area Development Programme (Plan)	33.14	11.60	21.54	65.00
<b>Total</b>		<b>62.14</b>	<b>30.37</b>	<b>31.77</b>	<b>51.12</b>
<b>Grant No.- 23- Rural Development and Panchyats</b>					
3.	2515-Other Rural Development Programmes, 001-Direction and Administration, 01-Administration	133.25	116.41	16.84	12.64
4.	2515-Other Rural Development Programmes, 101-Panchayati Raj, 09-Scheme for giving Honorarium to Sarpanches and Safai Sewaks in Panchayats in Punjab	48.73	2.96	45.77	93.93
5.	2515-Other Rural Development Programmes, 789-Special Component Plan for Scheduled Castes , 06-Mahatma Gandhi National Rural Employment Guarantee Scheme (Plan)	280.00	77.66	202.34	72.26
6.	2515-Other Rural Development Programmes, 800-Other Expenditure, 29-National Employment Guarantee Scheme (Plan)	70.00	19.41	50.59	72.27
7.	3604-Compensation and Assignments to Local bodies and Panchayati Raj Institutions, 200-Other Miscellaneous Compensations and Assignments, 09-Grants for Service Provider Doctors in Rural Dispensaries	100.67	85.43	15.24	15.14
8.	3604-Compensation and Assignments to Local bodies and Panchayati Raj Institutions, 200-Other Miscellaneous Compensations and Assignments, 24-Grant Recommended by the 14 <sup>th</sup> Finance Commission to Panchayati Raj Institutions	912.69	220.85	691.84	75.80

Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Savings (in per cent)
9.	2501-Special Programmes for Rural Development, 01-Integrated Rural Development Programme, 001-Direction and Administration, 09-Integrated Watershed Management Programme (Plan)	20.13	0	20.13	100.00
10.	4515-Capital outlay on Other Rural Development Programmes, 103-Rural Development , 33-To make One Point Cremation Ground in a Village (Plan)	22.05	0	22.05	100.00
11.	4515-Capital outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 10-Indra Awas Yojana (Plan)	12.19	0	12.19	100.00
12.	4515-Capital outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 13-Construction of Toilets in Rural Areas (National Bank for Agriculture and Rural Development) (Plan)	25.54	0	25.54	100.00
13.	4515-Capital outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 21-To make one Joint Cremation Ground in a Village (Plan)	14.70	0	14.70	100.00
	<b>Total</b>	<b>1007.35</b>	<b>220.85</b>	<b>786.45</b>	<b>78.07</b>
	<b>Grand Total</b>	<b>1702.09</b>	<b>553.09</b>	<b>1149.00</b>	<b>67.51</b>

Source: Appropriation Accounts

**Appendix 2.8***(Referred to in paragraph 2.4.2, page 51)***Statement showing excess expenditure over budget provision under  
Grant No. 23- Rural Development and Panchayats***(₹ in crore)*

<b>Sr. No.</b>	<b>Head of account</b>	<b>Total provision</b>	<b>Expenditure</b>	<b>Excess expenditure</b>
1.	2501-Special Programmes for Rural Development, 01-Integrated Rural Development Programme, 001-Direction and Administration, 03-Strengthening/ Administration of District Rural Development Agencies/Zila Parishads (Plan)	3.75	7.74	3.99
2.	2501-Special Programmes for Rural Development, 01-Integrated Rural Development Programme, 789- Special Component Plan for Scheduled Castes, 11-Strengthening/ Administration of District Rural Development Agencies in the State (Plan)	1.25	2.66	1.41
3.	4515-Capital outlay on Other Rural Development Programmes, 103-Rural Development, 36-Development/ Allocation of Land for Kabarsthan/ Kabargah for Muslim/Christians Community (Plan)	0	2.84	2.84
4.	4515-Capital outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 25-Construction/Repair of Houses in Water logged Areas of the Districts Sri Muktsar Sahib, Fazilka and Gurdaspur (Plan)	0	20.00	20.00
	<b>Grand Total</b>	<b>5.00</b>	<b>33.24</b>	<b>28.24</b>

*Source: Appropriation Accounts*

**Appendix 2.9**

(Referred to in paragraph 2.4.3 page 52)

**Statement showing details of unnecessary supplementary grant under Grant No. 19-Planning and Grant No. 23- Rural Development and Panchayats**

(₹ in crore)

Sr. No.	Minor head/ Scheme	Original Provision	Supplementary	Total	Expenditure	Savings w.r.t. original provision
<b>Grant No. 19-Planning</b>						
1.	5475-Capital Outlay on Other General Economic Services, 112-Statistics, 11-Border Area Development Programme (Plan)	24.14	9.00	33.14	11.60	21.54
<b>Grant No. 23- Rural Development and Panchayats</b>						
2.	2515-Other Rural Development Programmes, 001-Direction and Administration, 01-Administration	130.25	3.00	133.25	116.41	16.84
3.	2515-Other Rural Development Programmes, 101-Panchayati Raj, 09-Scheme for giving Honorarium to Sarpanches and Safai Sewaks in Panchayats in Punjab	23.45	25.28	48.73	2.96	45.77
4.	3604-Compensation and Assignments to Local bodies and Panchayati Raj Institutions, 200-Other Miscellaneous Compensations and Assignments, 24-Grant Recommended by the 14 <sup>th</sup> Finance Commission to Panchayati Raj Institutions	691.84	220.85	912.69	220.85	691.84
5.	2501-Special Programmes for Rural Development, 01-Integrated Rural Development Programme, 001-Direction and Administration, 09-Integrated Watershed Management Programme (Plan)	9.00	11.13	20.13	0	20.13

Sr. No.	Minor head/ Scheme	Original Provision	Supplementary	Total	Expenditure	Savings w.r.t. original provision
6.	4515-Capital outlay on Other Rural Development Programmes, 103-Rural Development , 04-Indira Awas Yojana (Plan)	2.00	1.05	3.05	0	3.05
7.	4515-Capital outlay on Other Rural Development Programmes, 789-Special Component Plan for Scheduled Castes, 10-Indira Awas Yojana (Plan)	8.00	4.19	12.19	0	12.19
8.	4515-Capital outlay on Other Rural Development Programmes, 789-Special Component Plan for Scheduled Castes, 13-Construction of Toilets in Rural Areas (National Bank for Agriculture and Rural Development) (Plan)	0	25.54	25.54	0	25.54
	<b>Total</b>	<b>888.68</b>	<b>300.04</b>	<b>1188.72</b>	<b>351.82</b>	<b>836.90</b>

Source: Appropriation Accounts

**Appendix 2.10**  
(Referred to in paragraph 2.5.1, page 53)

**Non-inclusion of expenditure relating to a new service in  
Schedule of New Expenditure**

(₹ in crore)

Sr. No.	Grant No.	Classification	Amount
1.	1	4401-119-03-PS (V)-Strengthening and Modernization of Infrastructure for Horticulture Department including Government garden and nurseries, vegetables seed farms and other units in the State.	5.00
2.	12	4055-207-11-53 PS(V)-Crime and criminal tracking network and system-Major Works	5.00
3.	12	4055-211-09-53-PS(V)-Purchase and construction of residential accommodation of police officers/officials-Major works	14.84
4.	14	2220-60-003-01-13 PS(V)-Impact assessment, communication & research of major state projects-Office expenses	30.00
5.	14	2220-60-106-05-13 PS(V)-Field publicity-Office expenses	20.00
6.	17	2216-02-789-01-50 PS(V)-Housing-Other charges	69.00
<b>Total</b>			<b>143.84</b>

Source: Demand for grants  
(PS-Plan State, V- Voted)



**Appendix 2.11**  
(Referred to in paragraph 2.5.1, page 53)

**Non-inclusion of non-recurring grants-in-aid, contribution or donation in  
Schedule of New Expenditure**

*(₹ in crore)*

<b>Sr. No.</b>	<b>Grant No.</b>	<b>Classification</b>	<b>Amount</b>
1.	1	2401-109-20-99-36-PS(V)-Scheme for providing Grant-in-aid to Kisan Vikas Chamber, Punjab-Grant-in-aid General (Non-Salary)	20.00
2.	1	2401-119-55-00-36 PS(V)-Financial assistance to the producers and exporters of fruit and vegetable growers out of corpus fund- Grant-in-aid General (Non-Salary)	10.00
3.	11	2210-80-789-03-36-PS(V)-Establishment of rural rehabilitation and drug de-addiction centre in the state- Grant-in-Aid General (Non-Salary)	6.40
4.	13	2851-00-111-01-36 PS(V)-Financial assistance to start ups- Grant-in-Aid General (Non-Salary)	85.00
5.	13	2851-00-789-11 PS(V)-Financial assistance to start ups- Grant-in-Aid General (Non-Salary)	15.00
6.	17	3604-200-23-02-36 NS(V)-Grant in aid to urban local bodies as recommended by 14 <sup>th</sup> Finance Commission- Grant-in-aid General (Non-Salary)	96.20
7.	27	2501-06-789-102-01-36 PS(V)-Assistance to Punjab Skill Development Mission Society- Grant-in-Aid General (Non-Salary)	22.50
8.	27	2501-06-789-01-36 PS(V)-Assistance to Punjab Skill Development Mission Society- Grant-in-aid General (Non-Salary)	7.50
<b>Total</b>			<b>262.60</b>

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, V- Voted)

**Appendix 2.12**  
(Referred to in paragraph 2.5.2, page 53)

**Budget provision exceeding ₹ 10 lakh under object head 42-Lumpsum provision**

(₹ in crore)

Sr. No.	Grant No.	Classification	Amount
1.	8	6003-101-01-42-NS(C)	1456.49
2.	8	6003-105-01-42-NS(C)	406.16
3.	8	6003-109-01-42-NS(C)	58.00
4.	8	6003-110-01-42-NS(C)	19500.00
5.	8	6004-02-101-01-42-NS(C)	170.00
6.	8	6004-02-105-01-42-NS(C)	153.39
7.	27	2230-03-789-04-42-PS(V)	1.13
<b>Total</b>			<b>21745.17</b>

Source: Demand for grants  
(PS-Plan State, NS- Non-Plan State, V- Voted, C-Charged)

## Appendix 3.1

(Referred to in paragraph 3.2, page 56)

## Status of the Accounts and the Separate Audit Reports of the autonomous bodies as on 31 March 2017

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 Month)	Year	Date of issue	
1	2.	3.	4.	5.	6.	7.	8.	9.	10.
1.	Punjab Legal Services Authority, Chandigarh	Upto 2015-16	2014-15 and 2015-16 (₹ 469.60 lakh and ₹ 580.57 lakh) No. of account = 2	2013-14	04.05.15	10	2013-14	18.04.16	SARs for the period 2009-10 and 2010-11 placed in legislature
2.	Punjab Khadi and Village Industries Board, Chandigarh	Upto 2020-21	2015-16 (₹ 467.96 lakh) No. of accounts=1	2014-15	05.08.16	13	2014-15	21.02.17	SARs for the year 2011-12 placed in Legislature.
3.	Punjab State Human Rights Commission, Chandigarh	Upto 2015-16	Nil	-	-	-	2016-17	26.07.2017	SARs for the year 2010-11 placed in Legislature.
4.	Punjab Labour Welfare Board, Chandigarh	Up to 2019-20	2006-07 to 2015-16 (₹ 260.00 <sup>17</sup> lakh) No. of accounts= 10	2005-06	10.03.17	128	2005-06	30.05.17	SARs for the year 2002-03 placed in Legislature.
5.	Pushpa Gujral Science City, Kapurthala	Up to 2019-20	Nil	2015-16	26.09.16	02	2015-16	01.03.17	Not to be placed in State Legislature.
6.	Punjab Building and other Construction Works Welfare Board	Not available	Nil	2015-16	21.11.16	04	2015-16	13.04.17	SARs for the year 2010-11 placed in Legislature.
7.	Punjab Bus Metro Society	2013-14 to 2017-18	2014-15 and 2015-16 (₹ 289.88 crore and ₹ 37.16 crore) No. of account = 2	2013-14	13.02.17	31	2013-14	11.05.17	Not to be placed in State Legislature.

Source: Departmental records

Note 1. Delay in submission of Accounts worked out from 30<sup>th</sup> June of respective Balance Sheet Year.

Note 2. As per Section 27(3) of the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the accounts of the Board shall be audited by the Comptroller and Auditor-General of India annually.

<sup>17</sup> 2006-07: ₹ 116 lakh; 2007-08: ₹ 16 lakh; 2008-09: ₹ 16 lakh; 2009-10: ₹ 16 lakh; 2010-11: ₹ 16 lakh; 2011-12: ₹ 16 lakh, 2012-13: ₹ 16 lakh. 2013-14: ₹ 16 lakh, 2014-15: ₹ 16 lakh and 2015-16: ₹ 16 lakh.

**Appendix 3.2**  
(Referred to in paragraph 3.4, page 57)

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

*(₹ in lakh)*

Age profile of the pending cases			Nature of pending cases		
Range in years	Number	Amount	Nature of cases	Number	Amount
0-5	15	618.27	Misappropriation/Losses	13	617.82
			Theft	02	0.45
5-10	04	6.63	Misappropriation/Losses	04	6.63
			Theft	0	0
10-20	07	12.45	Misappropriation/Losses	07	12.45
			Theft	0	0
<b>Total</b>	<b>26</b>	<b>637.35</b>	<b>Misappropriation/Losses</b>	<b>24</b>	<b>636.90</b>
			<b>Theft</b>	<b>02</b>	<b>0.45</b>
			<b>Total</b>	<b>26</b>	<b>637.35</b>

Source: Departmental records.

**Appendix-4.1**  
**Glossary of terms**

Sr. No.	Terms	Description
1.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by <i>one per cent</i>
2.	Core Public and Merit goods	<i>Core public goods</i> are 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. <i>Merit goods</i> 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.
3.	Debt sustainability	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 the increase in capacity to service the debt.
4.	Development Expenditure	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.
5.	Fiscal Liabilities	Fiscal liabilities comprise Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GoI and the liabilities arising from the transactions in the Public Account of the State.
6.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.
7.	Net Debt available	Excess of Public Debt receipts over Public Debt repayment and interest payment on Public Debt.

©  
**COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**[www.cag.gov.in](http://www.cag.gov.in)**

**[www.agpunjab.gov.in](http://www.agpunjab.gov.in)**