



**State Finances Audit Report
of the
Comptroller and Auditor General of India
for the year ended 31 March 2021**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Punjab
Report No. 8 of the year 2021

State Finances Audit Report
of the
Comptroller and Auditor General of India

for the year ended 31 March 2021

Government of Punjab
Report No. 8 of the year 2021

Table of Contents

Description	Reference to	
	Paragraph	Page
Preface		vii
Executive Summary		ix-xiii
Chapter-I: Overview		
Profile of the State	1.1	1-2
Basis and Approach to State Finances Audit Report	1.2	3
Report Structure	1.3	4
Overview of Government Account Structure and Budgetary Processes	1.4	4-9
Fiscal Balance: Achievement of deficit and total debt targets	1.5	9-16
Deficits post examination by Audit	1.6	16
Post Audit – Total Public Debt	1.7	17
Chapter-II: Finances of the State		
Major changes in key fiscal aggregates in 2020-21 <i>vis-à-vis</i> 2019-20	2.1	19
Sources and Application of Funds	2.2	19-20
Resources of the State	2.3	21-35
Application of resources	2.4	35-56
Public Account	2.5	56-61
Debt management	2.6	61-67
Debt Sustainability Analysis	2.7	67-73
Salient features	2.8	73
Conclusions	2.9	73-75
Recommendations	2.10	75
Chapter-III: Budgetary Management		
Budget Process	3.1	77-78
Appropriation Accounts	3.2	79
Integrity of budgetary and accounting process	3.3	79-86
Effectiveness of budgetary and accounting process	3.4	86-99
Conclusions	3.5	99-100
Recommendations	3.6	100

Description	Reference to	
	Paragraph	Page
Chapter-IV: Quality of Accounts and Financial Reporting Practices		
Funds outside Consolidated Fund/Public Account of the State and dedicated funds	4.1	101-104
Off-budget liabilities of State Government	4.2	104
Non discharge of liability in respect of interest towards interest bearing deposits/ Reserve Funds	4.3	104-105
Funds transferred directly to State implementing agencies	4.4	105
Delay in submission of Utilisation Certificates	4.5	106-107
Abstract Contingent bills	4.6	107-108
Indiscriminate use of Minor Head-800	4.7	108-109
Outstanding balance under major Suspense and DDR heads	4.8	109
Reconciliation of Cash Balances	4.9	110
Cash with divisional officers	4.10	110
Compliance with Accounting Standards	4.11	111
Submission of Accounts of Autonomous Bodies	4.12	111-112
Departmental Commercial Undertakings/Corporations/Companies	4.13	112-114
Timeliness and Quality of Accounts	4.14	114
Misappropriations, losses, thefts, etc.	4.15	115-116
Follow up action on State Finances Audit Report	4.16	116
Conclusions	4.17	116-117
Recommendations	4.18	117
Chapter-V: State Public Sector Enterprises		
Definition of Government Companies	5.1	119
Mandate of Audit	5.2	119
SPSEs and their contribution to the GSDP of the State	5.3	119-120
Investment in SPSEs and Budgetary Support	5.4	121
Returns from SPSEs	5.5	122-123
Debt Servicing	5.6	123
Financial performance of SPSEs	5.7	123-127

Description	Reference to	
	Paragraph	Page
SPSEs incurring losses	5.8	127-128
Audit of State Public Sector Enterprises	5.9	128
Appointment of statutory auditors of State Public Sector Enterprises by CAG	5.10	128
Submission of accounts by State Public Sector Enterprises	5.11	128-130
CAG's oversight - Audit of accounts and supplementary audit	5.12	130-131
Result of CAG's oversight role	5.13	131-134
Management Letters	5.14	134
Conclusions	5.15	134-135
Recommendations	5.16	135

Appendices

Description	Appendix	Page
Profile of Punjab	1.1	137-138
Summarised financial position of the Government of Punjab as on 31 March 2021	1.2	139
Abstract of receipts and disbursements for the year 2020-21	2.1	140-143
Time Series data on State Government Finances	2.2	144-147
Statement showing accumulated losses in PSUs in which State Government has equity investment	2.3	148
PSUs with negative net worth and accumulated losses in which Government of Punjab invested as equity	2.4	149
Position of outstanding long term loans extended by Government of Punjab to State PSUs as on 31 March 2021	2.5	150
Government Investment as per Finance Accounts <i>vis-à-vis</i> records of Public Sector Undertakings	2.6	151
Statement showing expenditure incurred without budget provision (exceeding ₹ one crore)	3.1	152-153
Statement showing cases where supplementary provision (₹ one crore or more in each case) proved unnecessary	3.2	154-155
Statement showing cases where supplementary provision (₹ one crore or more in each case) proved excessive	3.3	156
Statement showing unnecessary re-appropriation of funds	3.4	157-158
Statement showing details of grants having large savings excluding surrendered (exceeding ₹ 100 crore) during the year	3.5	159
Statement showing details of grants having persistent savings (exceeding ₹ 100 crore) during the year 2018-21	3.6	160
Statement showing grant-wise savings	3.7	161-162
Statement showing details of appropriations/grants in which savings not surrendered at all	3.8	163
Statement showing details of surrender of funds in excess of ₹ 10 crore on the last day of March 2021	3.9	164-165
Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during the financial year 2020-21	3.10	166-168

Description	Appendix	Page
Statement showing Major Heads where more than 50 <i>per cent</i> of expenditure was incurred in March 2021 alone	3.11	169
Statement showing sub heads where entire expenditure (exceeding ₹ ten crore in each case) was incurred in March 2021	3.12	170-171
Statement showing details of Funds transferred by Government of India directly to State implementing agencies	4.1	172-173
Details of substantial expenditure (50 <i>per cent</i> and above) booked under Minor Head -800-Other Expenditure	4.2	174
Details of substantial receipts (50 <i>per cent</i> and above) booked under Minor Head -800-Other Receipts	4.3	175
Details of Departments in which recoveries have not been effected during past several years	4.4	176
Details of Departments from which confirmation of balances has been received	4.5	177
List of State Public Sector Enterprises	5.1	178-179
Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 November 2021	5.2	180-182
Statement showing State Government funds infused in SPSEs during the period from 2010-11 to 2020-21	5.3	183-185
Statement showing SPSEs where management letter was issued	5.4	186

Preface

This Report has been prepared for submission to the Governor of the State of Punjab under Article 151(2) of the Constitution of India.

Chapter I describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.

Chapters II and III of this Report contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2021. Information has been obtained from the Government of Punjab, wherever necessary.

Chapter IV comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.

Chapter V on 'State Public Sector Enterprises' provides the analysis of Audit of State Public Sector Enterprises regarding investment, disinvestments, returns, debt servicing, performance and losses incurred, also the CAG's oversight on Audit of accounts of State Public Sector Enterprises.

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 2020-21 *vis-à-vis* the Budget Estimates and the targets as recommended by the Fifteenth Finance Commission (15th FC). The report analyses the dominant trends and structural profile of Government's receipts and disbursements. Recommendations of the Fourteenth Finance Commission (14th FC) have also been referenced, wherever required.

Based on the audited accounts of the Government of Punjab for the year ended 31 March 2021 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 and financial performance of the State Public Sector Enterprises (SPSE) in five Chapters.

Chapter I: Overview

During the year 2020-21, the Government was unable to contain the revenue deficit, fiscal deficit and debt to GSDP ratio within the targets fixed in the Fiscal Consolidation Roadmap (FCR).

The State continued to be a revenue deficit State. The revenue deficit increased to ₹ 17,296 crore (3.27 *per cent* of GSDP) in the current year from ₹ 7,311 crore (1.71 *per cent* of GSDP) in the year 2016-17. However, fiscal deficit decreased to ₹ 22,584 crore (4.26 *per cent* of GSDP) in 2020-21 from ₹ 47,071 crore (11.02 *per cent* of GSDP) in 2016-17 though it had been increasing since 2017-18 (₹ 12,494 crore i.e. 2.65 *per cent* of GSDP). Primary deficit decreased from ₹ 35,429 crore (8.30 *per cent* of GSDP) during 2016-17 to ₹ 4,432 crore (0.84 *per cent* of GSDP) during 2020-21 though there was primary surplus during the previous three years i.e. 2017-18, 2018-19 and 2019-20.

[Paragraph 1.5]

Chapter II: Finances of the State

During the period 2016-17 to 2020-21, revenue receipts increased from ₹ 47,985 crore to ₹ 69,048 crore and capital receipts decreased from ₹ 55,415 crore to ₹ 42,436 crore. The revenue receipts increased at an annual average growth rate of 10.91 *per cent* during the same period.

[Paragraphs 2.3.2.1 and 2.3.3]

The revenue expenditure increased from ₹ 55,296 crore (12.95 *per cent* of GSDP) in 2016-17 to ₹ 86,344 crore (16.30 *per cent* of GSDP) in 2020-21. It continued to constitute a dominant proportion (80 to 95 *per cent*) of the total expenditure during 2016-21 except for the year 2016-17 when it was 55 *per cent* of the total expenditure, and grew at an annual average growth rate of 11.70 *per cent* during this period. The capital outlay, on the other hand, constituted three to five *per cent* during the same period except for the year 2019-20 when it was 19 *per cent* due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited (PSPCL).

[Paragraphs 2.4 and 2.4.1]

Share of committed expenditure in revenue expenditure of the State has been high, which constituted 66.52 *per cent* of the revenue expenditure during the current year.

[Paragraph 2.4.1.2]

Subsidies constituted 10.53 *per cent* to 17.72 *per cent* of the revenue expenditure and contributed 56 *per cent* to 102 *per cent* to the revenue deficit during 2016-21. Power subsidy constituted major portion of the total subsidies ranging between 68 *per cent* and 99 *per cent* during the same period.

[Paragraph 2.4.1.3]

During 2020-21, the return on investment was ₹ 1.26 crore (0.01 *per cent*) (on historical cost basis) from Co-operative Banks and Societies and Government Company. The return was only between 0.01 *per cent* and 0.11 *per cent* during 2016-21 while the average rate of interest paid by the State Government on its borrowings was between 6.80 *per cent* and 8.36 *per cent* during the same period.

[Paragraph 2.4.2.2(i)]

The total outstanding loans advanced by the State Government increased by ₹ 906 crore from ₹ 35,394 crore in 2019-20 to ₹ 36,300 crore in the year 2020-21. Recovery of loans decreased by 99.69 *per cent* in 2020-21 as compared to 2019-20 mainly due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited (PSPCL) during 2019-20.

[Paragraph 2.4.2.2(iii)]

Ninety-six projects scheduled for completion up to 31 March 2021 were incomplete. The expenditure of ₹ 1,209.12 crore incurred on these incomplete projects was yet to yield the intended benefits.

[Paragraph 2.4.2.2(iv)]

The ratio of expenditure on education and health to total expenditure in Punjab went up from 8.94 *per cent* and 2.86 *per cent* in 2016-17 to 13.25 *per cent* and 4.20 *per cent* in 2020-21 respectively while the ratio of total expenditure to GSDP and capital expenditure to total expenditure decreased from 23.66 *per cent* to 17.31 *per cent* and 45.25 *per cent* to 5.82 *per cent* respectively during the same period.

[Paragraph 2.4.3]

The State Government had not invested funds of ₹ 7,334.00 crore lying in balance under State Disaster Response Fund (SDRF) as on 31 March 2021.

[Paragraph 2.5.2.2]

Outstanding total debt of the State was ₹ 2,49,673 crore (47.13 *per cent* of GSDP) as on 31 March 2021.

[Paragraph 2.6.1]

Outstanding public debt increased by 39.84 *per cent* from ₹ 1,53,773 crore in 2016-17 to ₹ 2,15,035 crore in 2020-21. The percentage of debt repayments to debt receipts increased from 38.79 *per cent* in 2016-17 to 62.59 *per cent* in 2020-21. The ratio of interest payments to revenue receipts ranged between 20.26 *per cent* and 25.08 *per cent* during 2016-21. Availability of net debt to State decreased from ₹ 41,462 crore in 2016-17 to ₹ 4,597 crore in 2020-21.

[Paragraph 2.7]

The general cash balance at the close of the year was ₹ 6,904.65 crore. The closing cash balance for the year 2020-21 was not even equal to the earmarked reserve funds of ₹ 8,583.57 crore, which means that reserve funds were used for other than intended purposes.

[Paragraph 2.7.3]

Chapter III: Budgetary Management

The State Government's budgetary process has not been sound during the year and there were savings under several grants. Expenditure of ₹ 754.80 crore was incurred without making budget provision. In 20 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. Anticipated savings of ₹ 13,645.98 crore were not surrendered leaving no scope for utilising these funds for other developmental purposes. Excess expenditure of ₹ 37,737.49 crore incurred during 2015-20 required regularisation.

[Paragraphs 3.3.1, 3.3.4, 3.3.5 and 3.3.6.3]

During 2020-21, expenditure of ₹ 1,27,409.41 crore was incurred against total budget provision of ₹ 1,61,328.97 crore resulting in total savings of ₹ 33,919.56 crore. Out of the total savings an amount of ₹ 20,273.58 crore (59.77 per cent of savings) was surrendered during the year and out of total surrender, an amount of ₹ 19,954.12 crore (98.42 per cent) was surrendered on the last day of the year.

[Paragraph 3.4.1]

Chapter IV: Quality of Accounts and Financial Reporting Practices

As many as 281 utilisation certificates in respect of grants amounting to ₹ 1,421.11 crore were pending for submission by the Departments. The State Government may review whether they should continue to give more grants to the departments with high pendency of utilisation certificates.

[Paragraph 4.5]

As many as 1,039 Abstract Contingent bills for ₹ 2,626.63 crore were awaiting adjustment as on 31 March 2021. Advances drawn and not accounted for increased the possibility of wastage/ misappropriation/ malfeasance, etc.

[Paragraph 4.6]

The State Government has not complied with Indian Government Accounting Standards (IGAS)-I: Guarantees Given by the Government, IGAS-2: Accounting and Classification of Grants-in-Aid; and IGAS-3: Loans and Advances made by Government. Disclosures regarding class wise guarantee given by the Government, total value of the Grants-in Aid given in kind and loans sanctioned without specific terms and conditions could not be made, as the requisite information was not provided by the State Government.

[Paragraph 4.11]

There were delays in submission of 23 annual accounts by six Autonomous Bodies to Audit.

[Paragraph 4.12]

Eighteen instances of misappropriation, losses, theft, etc. involving an amount of ₹ 39.37 crore were pending for taking appropriate action

[Paragraph 4.15]

Chapter V: State Public Sector Enterprises

As on 31 March 2021, there were 49 SPSEs in Punjab, including four Statutory Corporations and 42 Government Companies (including 16 inactive government companies) and three Government Controlled Other Companies (GCOCs) under the audit jurisdiction of the CAG.

[Paragraph 5.3]

Out of total profit of ₹ 1,819.73 crore earned by 13 SPSEs, 96.87 *per cent* was contributed by only three SPSEs. Out of total loss of ₹ 446.35 crore incurred by 16 SPSEs, loss of ₹ 399.79 crore was contributed by three SPSEs.

[Paragraphs 5.5.1 and 5.8.1]

SPSEs were not adhering with the prescribed timeline regarding submission of their Financial Statements. As a result, 191 accounts of 38 SPSEs were in arrears.

[Paragraphs 5.11.2 and 5.11.3]

The impact of CAG's comments on the Financial Statements of the SPSEs amounted to ₹ 623.63 crore on the profitability and ₹ 348.00 crore on financial position.

[Paragraph 5.13.4]

Chapter-I

Overview

Chapter-I

Overview

1.1 Profile of the State

Punjab is predominantly an agrarian State. The State is located in the north-western corner of India. It spreads over a geographical area of 50,362 sq. km. and ranks 20th among States in terms of area. It has been organised into 22 districts. The districts have further been divided into 92 sub-divisions, 150 blocks and 12,581 inhabited villages.

As per 2011 Census, the State's population was 2.77 crore which accounts for 2.33 *per cent* of the country's population and ranks 16th among States in terms of population. The population density of the State at 551 persons per sq. km. was higher than the national average of 382 persons per sq. km. The Gross State Domestic Product (GSDP) in 2020-21 at current prices was ₹ 5,29,703 crore. The State's literacy rate is 75.80 *per cent* (as per 2011 Census) (*Appendix 1.1*). The per capita income of the State for the year 2020-21 was ₹ 1,61,083.

1.1.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors.

Trends in GSDP compared to GDP are shown in **Table 1.1**; and sectoral contribution and sectoral growth in GSDP during the period 2016-17 to 2020-21 are depicted in **Chart 1.1** and **Chart 1.2** respectively.

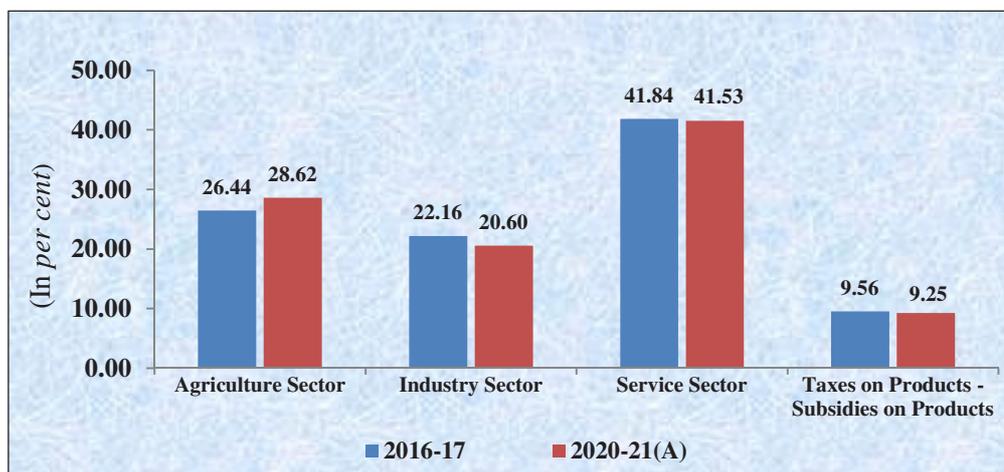
**Table 1.1: Trends in GSDP compared to the GDP
(at current prices)**

Year	2016-17	2017-18	2018-19	2019-20 (Q)	2020-21 (A)
GDP (2011-12 Series)	1,53,91,669	1,70,90,042	1,88,86,957	2,03,51,013	1,97,45,670
Growth rate of GDP over previous year (in per cent)	11.76	11.03	10.51	7.75	(-)2.97
State's GSDP (2011-12 Series)	4,26,988	4,71,014	5,12,511	5,39,687	5,29,703
Growth rate of GSDP over previous year (in per cent)	9.46	10.31	8.81	5.30	(-)1.85

(₹ in crore)

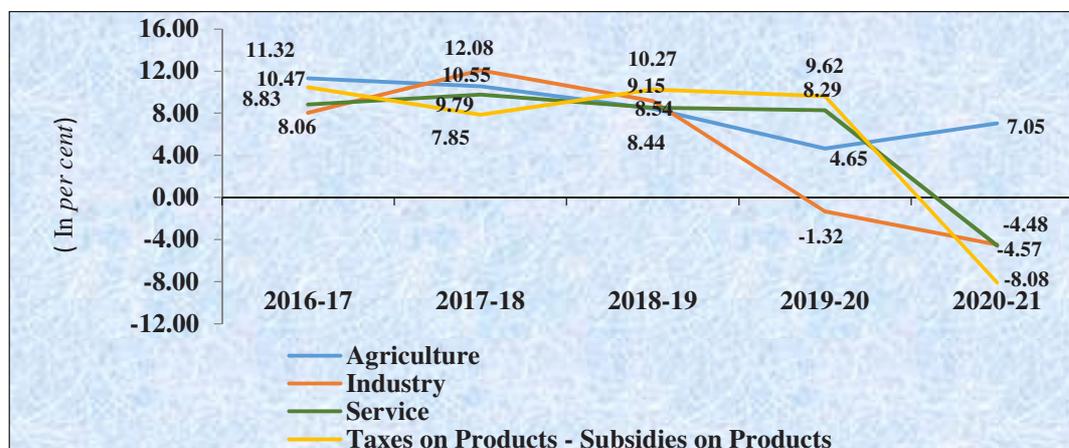
Source: Economic and Statistical Organisation, Government of Punjab
Q-Quick Estimates and A-Advance Estimates

Chart 1.1: Change in sectoral contribution to GSDP (2016-17 to 2020-21)



Source: Economic and Statistical Organisation, Government of Punjab

Chart 1.2: Sectoral growth in GSDP



Source: Economic and Statistical Organisation, Government of Punjab

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151(2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under the Article *ibid* of the Constitution of India.

Accountant General (Accounts and Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit), and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the office of the Principal Accountant General (Audit);
- Other data with departmental authorities and treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Various audit reports of the CAG of India.

The analysis has also been carried out in the context of recommendations of the Fourteenth Finance Commission (14th FC), Fifteenth Finance Commission (15th FC), State Fiscal Responsibility and Budget Management (FRBM) Act, 2003, best practices and guidelines of the Government of India (GoI).

The audit analysis/findings of Chapters I to IV of the Report were discussed in a meeting held (December 2021) with the Principal Secretary, Department of Finance, Punjab. Replies furnished by the Principal Secretary (Finance) in the meeting and those received from the State Government in January 2022 have been suitably incorporated in the Report.

1.3 Report Structure

The SFAR is structured into the following four chapters:

Chapter-I	<p>Overview</p> <p>This chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.</p>
Chapter-II	<p>Finances of the State</p> <p>This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2016-17 to 2020-21, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.</p>
Chapter-III	<p>Budgetary Management</p> <p>This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.</p>
Chapter-IV	<p>Quality of Accounts and Financial Reporting Practices</p> <p>This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.</p>
Chapter-V	<p>State Public Sector Enterprises</p> <p>This chapter discusses financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies as revealed from their latest accounts.</p>

1.4 Overview of Government Account Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

I. Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from financial institutions, special securities issued to

National Small Savings Fund, etc.), Ways and Means Advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with the law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments, etc.) constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

II. Contingency Fund of the State (Article 267(2) of the Constitution of India)

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

III. Public Account of the State (Article 266(2) of the Constitution of India)

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Budget Document

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue receipts consists of tax revenue, non-tax revenue, share of Union taxes/duties, and grants from Government of India.

Revenue expenditure consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those

expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **capital receipts** consist of:

- **Debt receipts:** Market loans, bonds, loans from financial institutions, net transaction under Ways and Means Advances, loans and advances from Central Government, etc.; and
- **Non-debt receipts:** Proceeds from disinvestment, recoveries of loans and advances, etc.

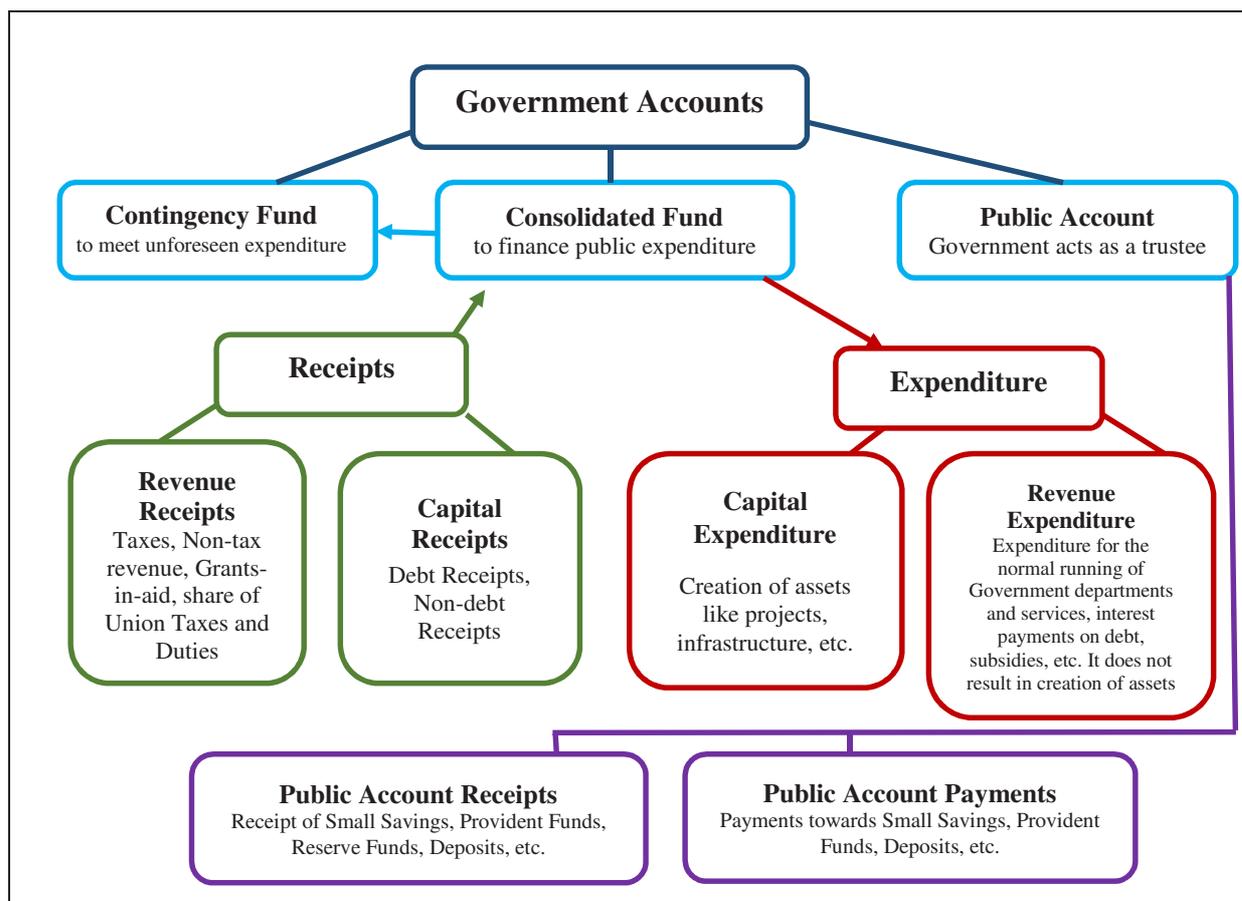
Capital expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to Public Sector Undertakings (PSU) and other parties.

At present, we have an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in List of Major and Minor Heads by CGA	Function - Education, Health, etc. /Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major Head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub-scheme	Detailed Head (2-digit)
	Economic nature/ Activity	Object Head-Salary, Minor Works, etc. (2-digit)

The functional classification lets us know the department, function, scheme or programme, and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, etc. Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure, etc. Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “Salary” object head is revenue expenditure, “Construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

Chart 1.3: Structure of Government Accounts



Source: Finance Accounts

Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in Chapter- III of this Report.

1.4.1 Snapshot of Finances

Table 1.2 shows the details of actual financial results for the years 2019-20 and 2020-21 *vis-à-vis* Budget Estimates (BE) and GSDP for the year 2020-21.

Table 1.2: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2019-20 (Actuals)	2020-21 (BE)	2020-21 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1.	Own Tax Revenue	29,994.79	35,824.45	30,052.83	83.89	5.67
2.	Non-Tax Revenue	6,654.08	8,045.99	4,152.13	51.60	0.78
3.	Share of Union taxes/duties	10,345.85	14,021.16	10,638.21	75.87	2.01
4.	Grants-in-aid and Contributions	14,580.03	30,112.71	24,205.01	80.38	4.57
5.	Revenue Receipts (1+2+3+4)	61,574.75	88,004.31	69,048.18	78.46	13.04
6.	Recovery of Loans and Advances	16,070.44	45.40	50.37 ^{\$}	110.95	0.01
7.	Other Receipts	0.30	0.00	0.02	0.00	0.00
8.	Borrowings and other liabilities*	16,825.76	18,827.73	22,584.16 [^]	119.95	4.26
9.	Capital Receipts (6+7+8)	32,896.50	18,873.13	22,634.55	119.93	4.27
10.	Total Receipts (5+9)	94,471.25	1,06,877.44	91,682.73	85.78	17.31
11.	Revenue Expenditure	75,859.64	95,716.04	86,344.62	90.21	16.30
12.	Interest payments#	17,567.17	19,075.09	18,152.50	95.16	3.43
13.	Capital Expenditure	18,611.61	11,161.40	5,338.11	47.83	1.01
14.	Capital outlay	17,827.73	10,279.58	4,382.32 ^{\$}	42.63	0.83
15.	Loans and advances	783.88	881.82	955.79	108.39	0.18
16.	Total Expenditure (11+13)	94,471.25	1,06,877.44	91,682.73	85.78	17.31
17.	Revenue Deficit (5-11)	(-)14,284.89	(-)7,711.73	(-)17,296.44	224.29	3.27
18.	Fiscal Deficit {(5+6+7)-16}	(-)16,825.76	(-)18,827.73	(-)22,584.16	119.95	4.26
19.	Primary Deficit(-)/ Surplus(+)(18-12)	741.41	247.36	(-)4,431.66	1,791.58	0.84

Source: Finance Accounts

^{\$} The substantial decrease in recovery of loans and advances and capital outlay during the current year was mainly due to recovery of ₹15,628 crore from Punjab State Power Corporation Limited (PSPCL) on account of conversion of UDAY loans into equity during 2019-20.

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

[^] Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Included in the Revenue Expenditure shown at Sr. No. 11.

During the year 2020-21, the revenue receipts of the State though increased by 12 per cent over the previous year, these fell short by 22 per cent than the budget estimates. During the current year, there was excess of revenue expenditure (₹ 86,344.62 crore) over revenue receipts (₹ 69,048.18 crore), thereby resulting into revenue deficit of ₹ 17,296 crore.

The Goods and Services Tax (GST) Compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST compensation of ₹ 9,694 crore as revenue receipts, due to inadequate balance in GST compensation fund during the year 2020-21, GoP also received back-to-back loans of ₹ 8,359 crore under debt receipts of the State Government, with no repayment liability for the State.

1.4.2 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.2* gives an abstract of such liabilities and assets as on 31 March 2021, compared with the corresponding position of previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. Summarised position of assets and liabilities is depicted in **Table 1.3**.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2019-20	2020-21	Per cent increase/decrease			2019-20	2020-21	Per cent increase/decrease
Consolidated Fund									
A	Internal Debt	1,89,662.07	2,10,393.75	10.93	a	Gross Capital Outlay	66,075.49	70,457.79	6.63
B	Loans and Advances from GoI	4,670.57	12,999.91*	178.34	b	Loans and Advances	35,395.17	36,300.59	2.56
Contingency Fund		25.00	25.00	0.00					
Public Account									
A	Small Savings, Provident Funds, etc.	22,995.06	22,149.54	(-)3.68	a	Advances with Departmental officers	0.42	0.42	0.00
B	Deposits	3,821.38	3,904.66	2.18	b	Remittances	25.26	83.90	232.15
C	Reserve Funds	8,457.15	9,794.91	15.82	c	Suspense and Miscellaneous	0.66	0.66	0.00
D	Remittances	--	--	--		Cash balance (including investment in Earmarked Funds)	2,125.06	9,247.83	335.18
E	Suspense and Miscellaneous	28.62	157.65	450.84		Total	1,03,622.06	1,16,091.19	12.03
						Deficit in Revenue Account	1,26,037.79	1,43,334.23	13.72
Total		2,29,659.85	2,59,425.42	12.96		Total	2,29,659.85	2,59,425.42	12.96

Source: Finance Accounts

* Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

1.5 Fiscal Balance: Achievement of deficit and total debt targets

When a Government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture Government deficit.

Deficits are financed by borrowing giving rise to Government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which add to the stock of debt. If the Government continues to borrow year

after year, it leads to the accumulation of debt and the Government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

By borrowing, the Government entails the burden of reduced consumption on future generations. This is because it borrows by issuing bonds to the people living at present but may decide to pay off the bonds some twenty years later by raising taxes or reducing expenditure. Also, Government borrowing from the people reduces the savings available to the private sector. To the extent that this reduces capital formation and growth, debt acts as a 'burden' on future generations.

However, if Government deficits succeed in their goal of raising production, there will be more income and, therefore, more saving. In this case, both Government and industry can borrow more. Also, if the Government invests in infrastructure, future generations may be better off, provided the return on such investments is greater than the rate of interest. The actual debt could be paid off by the growth in output. The debt should not then be considered burdensome. The growth in debt will have to be judged by the growth of the economy (State GDP) as a whole.

Government deficit can be reduced by an increase in taxes or reduction in expenditure. However, the major thrust has been towards reduction in Government expenditure. This could be achieved through making Government activities more efficient through better planning of programmes and better administration.

The Central and individual State Governments have passed Fiscal Responsibility and Budget Management (FRBM) Act with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium term framework. In this context, the Act provides quantitative targets to be adhered by the State with regard to deficit measures and debt level.

In May 2003, the State Government enacted the Punjab FRBM Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudent 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 fiscal targets up to the year 2014-15 were fixed.

The Fourteenth Finance Commission (14th FC) recommended that the State Government may amend its FRBM Act to provide for 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 for ensuring that liabilities of incomplete and ongoing capital projects do not accumulate.

The 14th FC 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 from 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.

The State Government amended its FRBM Act as per recommendations of the 14th FC in March 2020. The statutory flexible limit on fiscal deficit had been fixed at three *per cent* of the GSDP, besides an additional ₹ 928 crore in the financial year 2019-20.

As per the Fifteenth Finance Commission (15th FC), the State Government further amended its FRBM Act in March 2021. The statutory flexible limit on fiscal deficit had been fixed at four *per cent* of GSDP and an additional one *per cent* in the financial year 2020-2021, subject to reforms as laid therein, and maintain thereafter at three *per cent* or as allowed by Government of India, from time to time. The additional one *per cent* in the financial year 2020-2021 would be conditional to the following reforms:

- (i) Implementation of One Nation One Ration Card System;
- (ii) Ease of doing business reforms;
- (iii) Urban Local body/utility reforms; and
- (iv) Power Sector reforms.

The weightage of each reform was 0.25 *per cent* of GSDP totalling to one *per cent*. Accordingly, statutory flexible limit for the fiscal deficit for the year 2020-21 works out to ₹ 26,485 crore (five *per cent* of GSDP). However, the limit has been taken as ₹ 21,188 crore (four *per cent* of GSDP) because information on implementation of reforms to be eligible for additional one *per cent* statutory flexible limit (₹ 5,297 crore) was not provided by the State Government.

Further, the Fiscal Consolidation Roadmap (FCR) under FRBM Act for the period 2015-20 was prepared and implemented from the year 2017-18¹. The targets under FCR for the years 2020-21 to 2022-23 were envisaged in the Annual Financial Statement (AFS) for the year 2020-21. Compliance with the targets fixed in the FCR during the period 2016-17 to 2020-21 is shown in **Table 1.4 (a)**.

¹ FCR for the year 2017-18 also contained targets for the year 2016-17.

Table 1.4(a): Compliance with provisions of State FCR under FRBM Act

Fiscal Parameters		Achievement <i>vis-à-vis</i> targets set in the FCR				
		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	(-11,362)	(-14,310)	(-11,919)	(-11,687)	(-7,712)
	A	(-7,311) ✓	(-9,455) ✓	(-13,135) ✗	(-14,285) ✗	(-17,296) ✗
Fiscal Deficit (-) / Surplus (+) (₹ in crore)	T	(-53,680)	(-20,821)	(-17,650)	(-18,171)	(-21,188)
	A	(-47,071) [#] ✓	(-12,494) ✓	(-16,059) ✓	(-16,826) ✓	(-22,584) ✗
Ratio of total outstanding debt to GSDP (in per cent)	T	42.58	41.04	40.96	39.74	38.53
	A	42.75 ✗	41.45 ✗	40.26 ✓	39.90 ✗	47.13 [§] ✗

Source: Annual Financial Statements for the years 2017-18 to 2020-21

T: Target; A: Achievement

[#] Excluding loans and advances of ₹5,769 crore to DISCOM under UDAY to takeover debt, as per GoI's letter No. 40(6) PF-1/2009 Vol. II dated 29 March 2016, which were not to be counted towards fiscal deficit limits of the State during 2016-17. But, it includes transaction of ₹4,263 crore pertaining to the year 2015-16, which was booked in the accounts of 2016-17.

[§] Excluding GoI back-to-back loans of ₹8,359 crore in lieu of GST Compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

The targets set by 15th FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2020-21 are given in **Table 1.4(b)**.

Table 1.4(b): Targets *vis-à-vis* achievements in respect of major fiscal aggregates for the year 2020-21

Fiscal Variables	Targets as prescribed by 15 th FC	Targets in the Budget	Actuals	Percentage variation of actuals over	
				Targets of 15 th FC	Targets in Budget
Revenue Deficit/GSDP (<i>per cent</i>)	(-1.20)	(-1.20)	(-3.27)	(-2.07)	(-2.07)
Fiscal Deficit/GSDP (<i>per cent</i>)	(-4.00)	(-2.92)	(-4.26)	(-0.26)	(-1.34)
Total outstanding debt/GSDP (<i>per cent</i>)	46.30	38.53	47.13 [§]	0.83	8.60

Source: Recommendations of 15th FC, Annual Financial Statement and Finance Accounts

Note : Deficit figures have been shown in minus.

[§] Excluding GoI back-to-back loans of ₹8,359 crore in lieu of GST Compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

During the year 2020-21, the Government was unable to contain the revenue deficit-GSDP, fiscal deficit-GSDP and total outstanding debt-GSDP ratios within the levels fixed by 15th FC and those projected in the budget estimates. The Principal Secretary (Finance) attributed (December 2021) the reasons for non-achievement of targets to decline in GSDP. It was further stated (January 2022) that financial year 2020-21 was an unprecedented year. Due to COVID-19 pandemic, the revenue receipts of the State saw a considerable drop whereas the revenue expenditure increased substantially.

As per Punjab FRBM Act, 2003, Medium-term Fiscal Policy (MTFP) Statement shall set forth a three-year rolling target for prescribed fiscal indicators with specification of underlying assumptions. Actuals *vis-à-vis* projections made in Medium Term Fiscal Policy (MTFP) are shown in **Table 1.5**.

Table 1.5: Actuals vis-à-vis projections in Medium Term Fiscal Policy for the year 2020-21*(₹ in crore)*

Sr. No.	Fiscal Variables	Projection as per MTFP	Actuals (2020-21)	Variation (in per cent)
1.	Own Tax Revenue	35,824	30,053	(-)16.11
2.	Non-Tax Revenue	8,046	4,152	(-)48.40
3.	Share of Central Taxes and Duties	14,021	10,638	(-)24.13
4.	Grants-in-aid from GoI*	30,113	24,205	(-)19.62
5.	Revenue Receipts (1+2+3+4)	88,004	69,048	(-)21.54
6.	Revenue Expenditure	95,716	86,344	(-)9.79
7.	Revenue Deficit (-)/ Surplus (+) (5-6)	(-)7,712	(-)17,296	(-)124.28
8.	Fiscal Deficit (-)/ Surplus (+)	(-)18,828	(-)22,584	(-)19.95
9.	Debt-GSDP ratio (per cent)	38.53	47.13[#]	8.60
10.	GSDP growth rate at current prices (per cent)	12.10	(-)1.85	(-)13.95

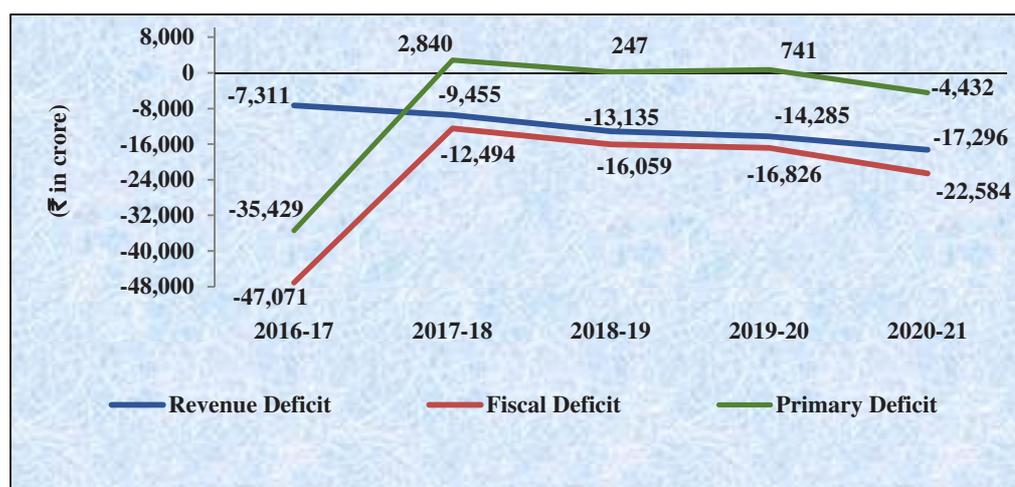
Source: Finance Accounts

* Includes revenue deficit grant of ₹7,659 crore as part of one-year award of 15th FC.

Excluding GoI back-to-back loans of ₹ 8,359 crore in lieu of GST Compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

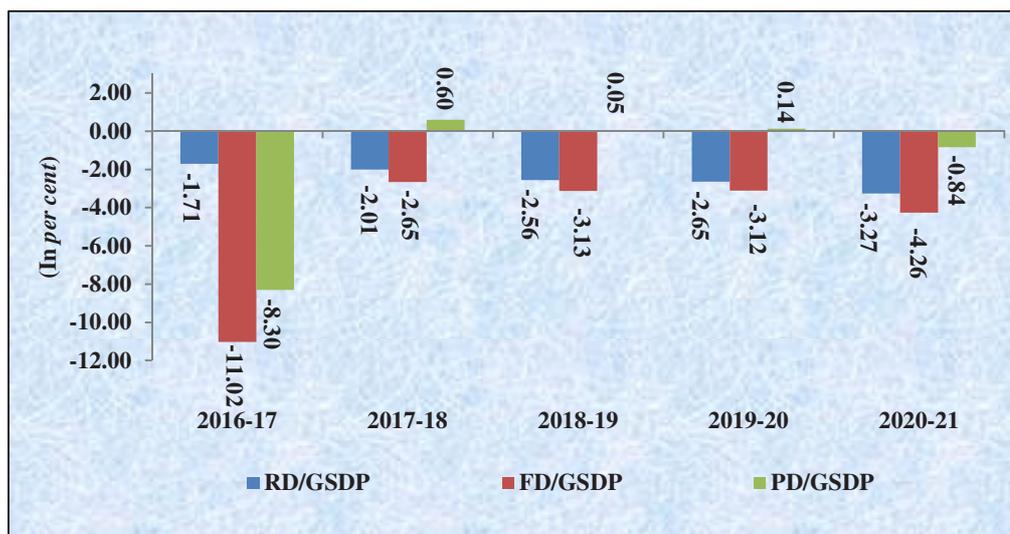
During the year 2020-21, the Government was unable to contain the revenue deficit within the level projected in the MTFP due to shortfall ranging between 16.11 per cent and 48.40 per cent in all the components of revenue receipts. Consequently, the fiscal deficit also exceeded the target projected in the MTFP.

Chart 1.4 and Chart 1.5 present the trends in deficit parameters and trends relative to GSDP respectively over the period 2016-21.

Chart 1.4: Trends in deficit parameters

Source: Finance Accounts

Chart 1.5: Trends in Deficit/Surplus relative to GSDP



Source: Finance Accounts

Revenue deficit indicates excess of revenue expenditure over revenue receipts, which was to be brought down to zero by 2008-09 in terms of FRBM Act, 2003, increased to ₹ 17,296 crore (3.27 per cent of GSDP) in 2020-21 from ₹ 7,311 crore (1.71 per cent of GSDP) in 2016-17. The revenue deficit as percentage of GSDP increased substantially in 2020-21 (3.27 per cent) as compared to previous year (2.65 per cent).

Punjab Urban Planning and Development Authority (PUDA) raised loans of ₹ 2,000 crore², 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”. Repayment of ₹ 2,644.97 crore³ was made during 2013-20 and this has been mentioned in the Reports of the Comptroller and Auditor General of India on State Finances for the years 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20.

During the year 2020-21, the State Government repaid ₹ 152.01 crore by booking it as revenue expenditure under the Major Head “2216-Housing, 02-Urban Housing, 190-Assistance to Public Sector and Other Undertakings, 01-Assistance to PUDA, 50-Other charges” thereby overstating the revenue expenditure and revenue deficit as well.

Fiscal deficit, which represents total borrowings of the State i.e. its total resource gap, increased substantially to ₹ 22,584 crore (4.26 per cent of GSDP) in 2020-21 from ₹ 16,826 crore (3.12 per cent of GSDP) in 2019-20.

² ₹ 1,000 crore in 2012-13 and ₹ 1,000 crore in 2013-14.

³ ₹ 176.88 crore in 2013-14; ₹ 466.68 crore in 2014-15; ₹ 495.26 crore in 2015-16; ₹ 362.49 crore in 2016-17; ₹ 366.94 crore in 2017-18; ₹ 518.00 crore in 2018-19; and ₹ 258.72 crore in 2019-20.

Primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipts, was ₹ 35,429 crore⁴ (8.30 *per cent* of GSDP) in 2016-17. In 2017-18, 2018-19 and 2019-20, there was primary surplus of ₹ 2,840 crore (0.60 *per cent* of GSDP), ₹ 247 crore (0.05 *per cent* of GSDP) and ₹ 741 crore (0.14 *per cent* of GSDP) respectively. This indicated excess of non-debt receipts over primary expenditure. However, in 2020-21, there was primary deficit of ₹ 4,432 crore (0.84 *per cent* of GSDP).

The State Government stated (January 2022) that they could not contain the deficit levels as stipulated in the FRBM Act due to high committed liabilities like salary, wages, pension, interest payment on one hand and revenue receipts that remained muted during 2020-21 due to COVID-19 impact.

1.5.1 Performance of the State Government with respect to borrowings according to the limits 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 Government of India (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 2020) the net borrowing ceiling of the State Government for the financial year 2020-21 as ₹ 18,196 crore⁵ and instructed the State Government to ensure that its incremental borrowings from all sources remained within this ceiling.

GoI announced (May 2020 and August 2020) Aatma Nirbhar Package under which additional borrowing limit upto two *per cent* of GSDP was allowed for the year 2020-21. The increase from three *per cent* to four *per cent* was unconditional and the balance was conditional. The additional one *per cent* of GSDP was to be provided in four tranches of 0.25 *per cent* with each tranche linked to clearly specified, measurable and feasible reform action in four areas *viz.* a) universalisation of 'One Nation One Ration Card'; b) ease of doing business; c) power distribution; and d) urban local body revenue reforms.

As per Statement 6 of the Finance Accounts *viz.* statement of borrowings and other liabilities, incremental borrowings and other liabilities of the State Government were ₹ 20,319 crore⁶ during the financial year 2020-21 which remained within the borrowing ceiling of ₹ 21,188 crore (four *per cent* of revised

⁴ Excluding loans and advances of ₹ 5,769 crore under UDAY to takeover DISCOM debt, as per GoI's letter No. 40(6) PF-1/2009 Vol. II dated 29 March 2016, which were not to be counted towards fiscal deficit limits of the State during 2016-17.

⁵ Three *per cent* of GSDP (₹ 6,06,530 crore) of the year 2020-21, calculated by GoI based on the GSDP estimates published by the Central Statistics Office (CSO) as on 28 February 2020, though the GSDP for the year 2021 revised to ₹ 5,29,703 crore as on 29 July 2021, as per Economic and Statistical Organisation, Government of Punjab.

⁶ Excluding GoI back-to-back loans of ₹ 8,359 crore in lieu of GST Compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

GSDP i.e. ₹ 5,29,703 crore). Remaining one *per cent* of additional borrowing ceiling allowed under the package has not been taken into account because information on implementation of reforms *ibid* was not provided by the State Government (September 2021).

1.6 Deficits post examination by Audit

Misclassification of revenue expenditure as capital and off-budget fiscal operations impacts deficit figures. Besides, deferment of clear-cut liabilities, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking Fund and Guarantee Redemption Fund, etc. also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities needs to be reversed. Analysis of deficits after examination in audit are given in **Table 1.6**.

Table 1.6: Revenue deficit and fiscal deficit, post examination by Audit

Particulars	Impact on Revenue Deficit (Understated (+) / overstated(-)) (₹ in crore)	Impact on Fiscal Deficit (Understated (+) / overstated(-)) (₹ in crore)	Paragraph Reference
Booking of liability amount towards repayment of principal and interest on Public Debt as revenue expenditure	(-) 152.01	(-) 152.01	1.5
Short contribution to National Securities Depository Limited (NSDL)	(+) 6.23	(+) 6.23	2.4.1.2(i)
Non-contribution to Consolidated Sinking Fund	(+) 221.76	(+) 221.76	2.5.2.1
Short transfer to State Disaster Response Fund (SDRF)	(+) 330.00	(+) 330.00	2.5.2.2
Inadmissible expenditure met from SDRF (MH-2245)	(+) 661.89	(+) 661.89	2.5.2.2
Non-contribution and non-transfer of Guarantee fee to Guarantee Redemption Fund	(+) 127.49	(+) 127.49	2.5.2.3
Non-deposit of State levies in the Consolidated Fund of the State	(-) 450.54	(-) 450.54	4.1
Non-discharge of liability in respect of interest towards interest bearing Deposits/Reserve Funds	(+) 103.24	(+) 103.24	4.3
Total	(+) 848.06	(+) 848.06	

Source: Finance Accounts

During 2020-21, the revenue deficit and fiscal deficit was ₹ 17,296 crore (3.27 *per cent* of GSDP) and ₹ 22,584 crore (4.26 *per cent* of GSDP) respectively, as shown in **Charts 1.4** and **1.5**. If the above transactions were taken into account, the actual revenue deficit and fiscal deficit would work out to ₹ 18,144 crore (3.43 *per cent* of GSDP) and ₹ 23,432 crore (4.42 *per cent* of GSDP) respectively and the actual revenue deficit and fiscal deficit would have exceeded the Fiscal Consolidation Roadmap (FCR) targets by ₹ 10,432 crore (135.27 *per cent*) and ₹ 2,244 crore (10.59 *per cent*) respectively. This also resulted in understatement of the revenue deficit by 4.90 *per cent* and fiscal deficit by 3.76 *per cent*.

1.7 Post Audit – Total Public Debt

As per the Punjab Fiscal Responsibility and Budget Management Act, 2003, total liabilities means the liabilities under the Consolidated Fund and the Public Account of the State referred to in Article 266 of the Constitution of India. The outstanding debt/liabilities can be split into various components as given in **Table 1.7**.

Table 1.7: Components of outstanding debt/liabilities as on 31 March 2021

(₹ in crore)

Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debt (A)	2,10,393.74
Market Loans bearing interest	1,51,684.67
Market Loans not bearing interest	0.03
Compensation and other Bonds	15,628.26
Loans from other Institutions, etc.	28,224.82
Special Securities issued to the National Small Savings Fund of the Central Government	14,855.96
Loans and Advances from Central Government (B)	12,999.92
Non-plan Loans	15.10
Loans for State Plan Schemes	2,270.54
Others	10,714.28*
Liabilities upon Public Accounts (C)	34,711.55
Small Savings, Provident Funds, etc.	22,149.54
Deposits	3,904.66
Reserve Funds	8,584.26
Suspense and Miscellaneous Balances	156.99
Remittances	(-)83.90
Total (A+B+C)	2,58,105.21

Source: Finance Accounts

* Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

At the end of the year 2020-21, the overall outstanding debt/liabilities of the State were understated by ₹ 73.09 crore by not accounting for the Suspense, Miscellaneous and Remittance balances, thereby understating the same with respect to GSDP by 0.01 *per cent*. Liabilities to GSDP was higher at 47.13 *per cent*⁷ against the normative assessment of 38.53 *per cent* under MTFP Statement during the current year.

⁷ Excluding GoI back-to-back loans of ₹ 8,359 crore in lieu of GST Compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

Chapter-II
Finances of the State

Chapter-II

Finances of the State

2.1 Major changes in key fiscal aggregates in 2020-21 vis-à-vis 2019-20

Major changes in key fiscal aggregates of the State during the financial year 2020-21, compared to the previous year, are given in **Table 2.1**.

Table 2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20

Revenue Receipts	<ul style="list-style-type: none">• Revenue receipts of the State increased by 12.14 <i>per cent</i>• Own tax receipts of the State increased by 0.19 <i>per cent</i>• Own Non-tax receipts decreased by 37.60 <i>per cent</i>• State's Share of Union Taxes and Duties increased by 2.82 <i>per cent</i>• Grants-in-Aid from Government of India increased by 66.02 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none">• Revenue expenditure increased by 13.82 <i>per cent</i>• Revenue expenditure on General Services increased by 12.01 <i>per cent</i>• Revenue expenditure on Social Services increased by 11.25 <i>per cent</i>• Revenue expenditure on Economic Services increased by 6.14 <i>per cent</i>• Expenditure on Grants-in-Aid and Contributions increased by 86.01 <i>per cent</i>
Capital Outlay	<ul style="list-style-type: none">• Capital outlay decreased by 75.42 <i>per cent</i>• Capital outlay on General Services increased by 37.01 <i>per cent</i>• Capital outlay on Social Services increased by 133.26 <i>per cent</i>• Capital outlay on Economic Services decreased by 88.51 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none">• Recoveries of Loans and Advances decreased by 99.69 <i>per cent</i>• Disbursement of Loans and Advances increased by 22.09 <i>per cent</i>
Public Debt	<ul style="list-style-type: none">• Public Debt Receipts increased by 22.31 <i>per cent</i>*• Repayment of Public Debt decreased by 12.48 <i>per cent</i>
Public Account	<ul style="list-style-type: none">• Public Account Receipts increased by 12.53 <i>per cent</i>• Disbursement of Public Account increased by 15.77 <i>per cent</i>
Cash Balance	<ul style="list-style-type: none">• Cash balance increased by 335.18 <i>per cent</i>

Source: Finance Accounts

* Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

2.2 Sources and Application of Funds

Comparison of components of the sources and application of funds of the State during the current year with those of the previous year is given in **Table 2.2**.

Table 2.2: Details of sources and application of funds during 2019-20 and 2020-21

(₹ in crore)

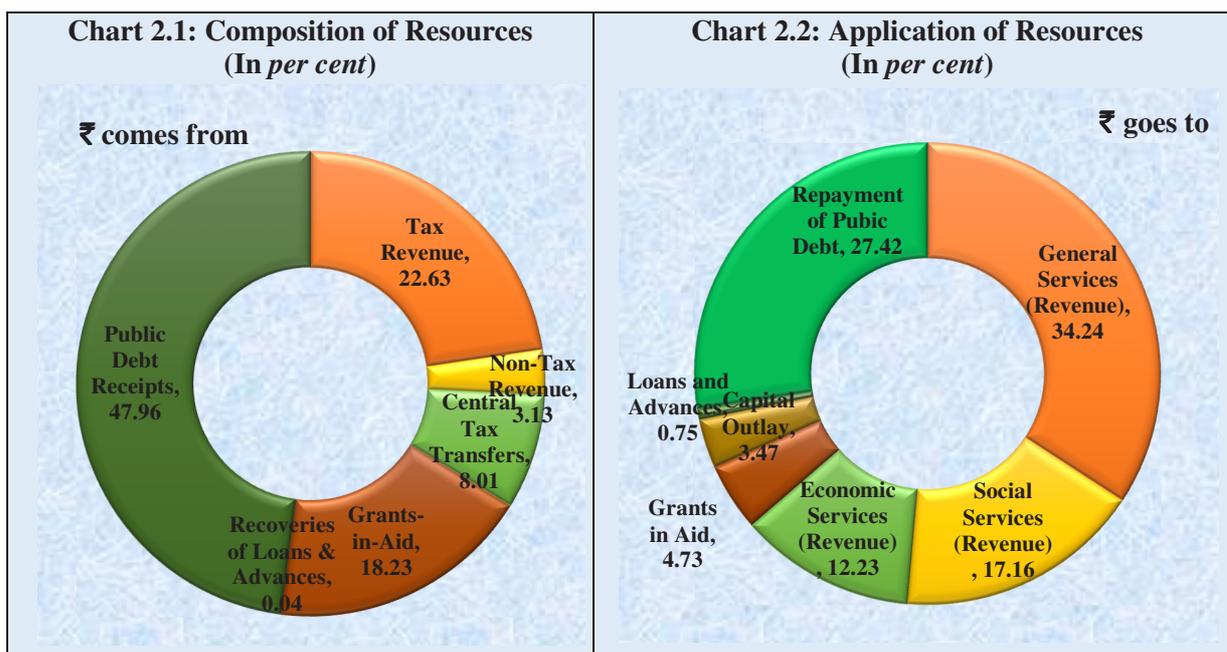
	Particulars	2019-20	2020-21	Increase (+)/ Decrease (-) (per cent)
Sources	Opening Cash Balance with RBI	1,325	2,125	(+800 (60))
	Revenue Receipts	61,575	69,048	(+7,473 (12))
	Recoveries of Loans and Advances	16,070	50	(-16,020 (-100))
	Public Debt Receipts (Net)	15,202	29,061*	(+13,859 (91))
	Public Account Receipts (Net)	2,424	646	(-1,778 (-73))
	Total	96,596	1,00,930	(+4,334 (4))
Application	Revenue Expenditure	75,860	86,344	(+10,484 (14))
	Capital Outlay	17,828	4,382	(-13,446 (-75))
	Disbursement of Loans and Advances	783	956	(+173 (22))
	Closing Cash Balance with RBI	2,125	9,248	(+7,123 (335))
	Total	96,596	1,00,930	(+4,334 (4))

Source: Finance Accounts

* Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Appendix 2.1 provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

Composition and application of resources in the Consolidated Fund of the State during 2020-21 is given in **Chart 2.1** and **Chart 2.2**.



Source: Finance Accounts

2.3 Resources of the State

The resources of the State are described below:

1. **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).
2. **Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

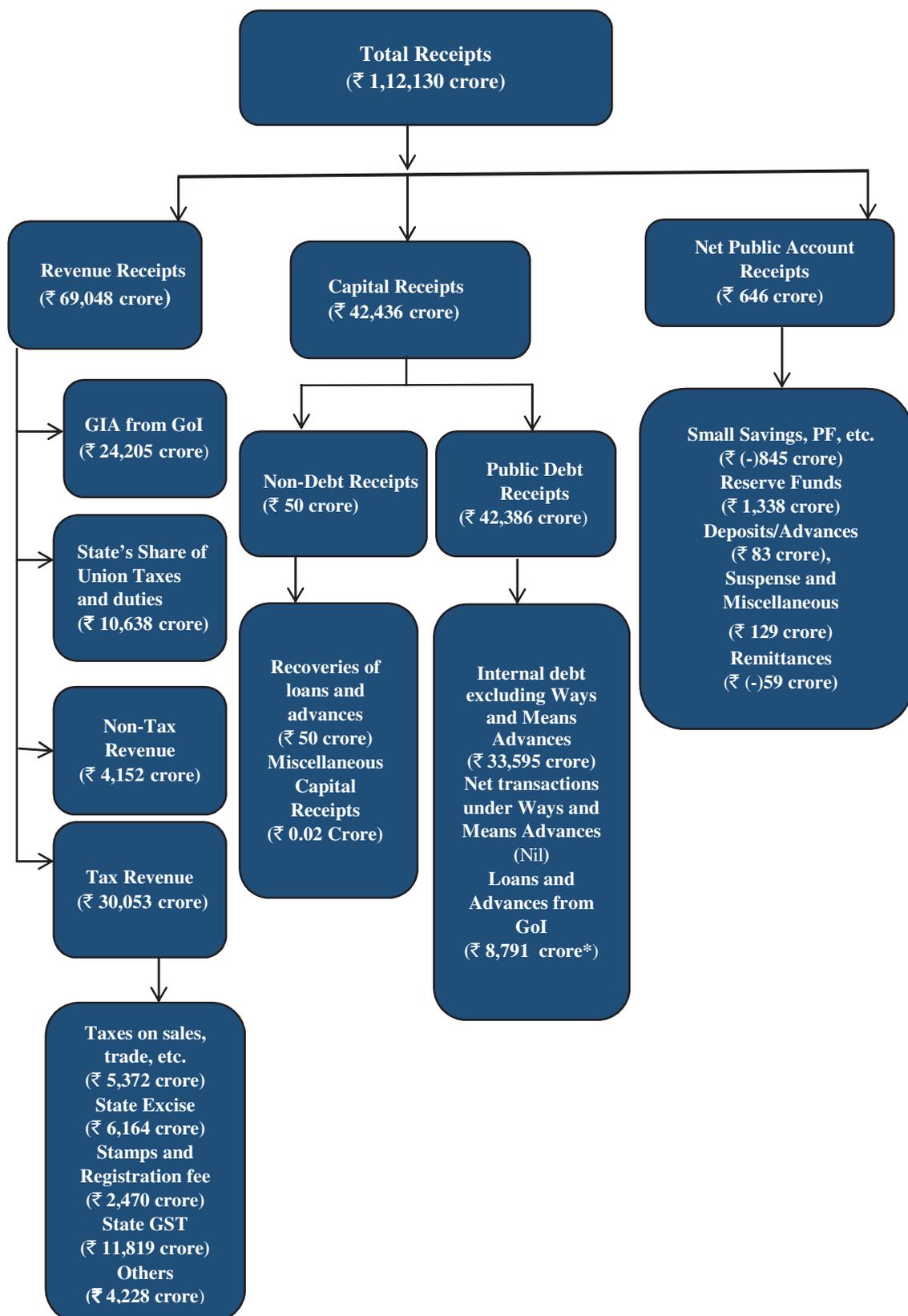
3. **Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

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.

2.3.1 Receipts of the State

This paragraph provides the composition of the overall receipts. Besides, the Revenue and Capital Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit. The composition of total receipts of the State is depicted in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2020-21



Source: Finance Accounts

* Includes ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

2.3.2 State's Revenue Receipts

2.3.2.1 Trends and growth of Revenue Receipts

Trends and growth of revenue receipts with respect to Gross State Domestic Product (GSDP) over the five-year period (2016-21) are shown in **Table 2.3**. The trends and composition of revenue receipts over the same period are presented in **Appendix 2.2**.

Table 2.3: Trends in Revenue Receipts

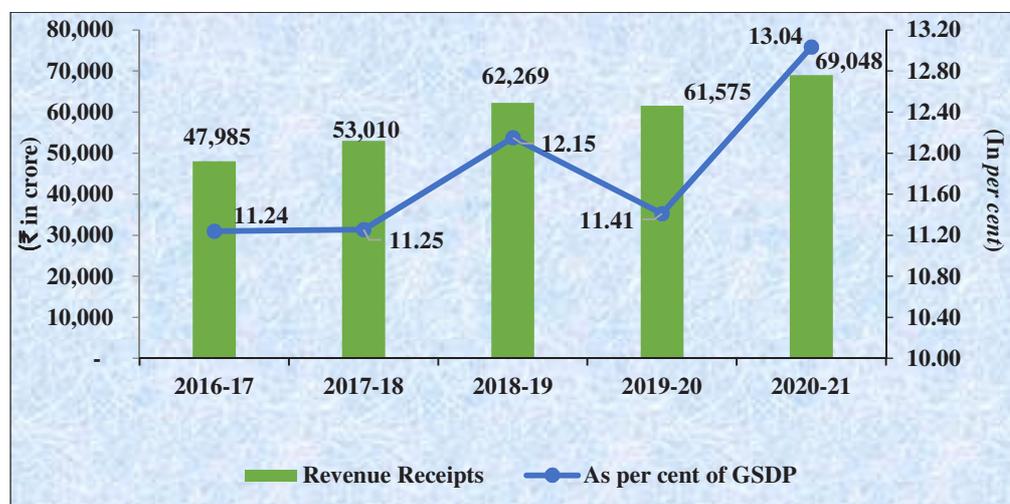
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR)	47,985	53,010	62,269	61,575	69,048
Rate of growth of RR (<i>per cent</i>)	15.56	10.47	17.47	(-)1.11	12.14
Own Tax Revenue	27,747	30,423	31,574	29,995	30,053
Non-Tax Revenue	5,863	4,319	7,582	6,654	4,152
Own Revenue	33,610	34,742	39,156	36,649	34,205
State's share in Union taxes and duties	9,599	10,617	12,005	10,346	10,638
Grants- in aid from GoI	4,776	7,651	11,108	14,580	24,205
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (<i>per cent</i>)	14.55	3.37	12.71	(-)6.40	(-)6.67
GSDP (2011-12 Series)	4,26,988	4,71,014	5,12,511	5,39,687 (Q)	5,29,703 (A)
Rate of growth of GSDP (<i>per cent</i>)	9.46	10.31	8.81	5.30	(-)1.85
RR/GSDP (<i>per cent</i>)	11.24	11.25	12.15	11.41	13.04

Source: Finance Accounts for Revenue Receipts and Economic and Statistical Organisation, GoP for GSDP figures Q-Quick Estimates and A-Advance Estimates

Table 2.3 shows that the revenue receipts increased by 43.89 *per cent* from ₹ 47,985 crore in 2016-17 to ₹ 69,048 crore in 2020-21. During the period of five years, it increased at an annual average growth rate of 10.91 *per cent*.

Trends of revenue receipts are shown in **Chart 2.4**.

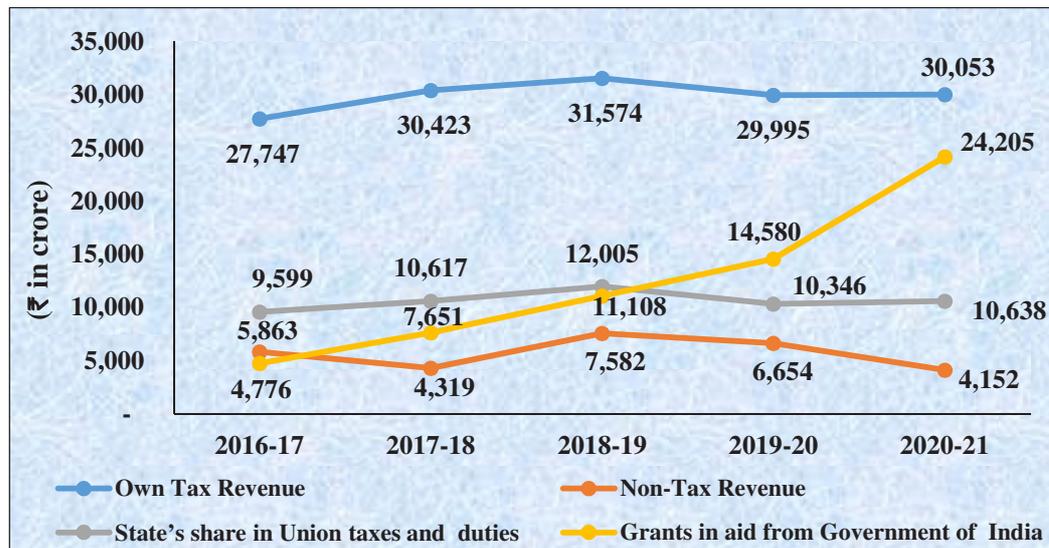
Chart 2.4: Trends of Revenue Receipts



Source: Finance Accounts

Trends in composition of revenue receipts are given in **Chart 2.5**.

Chart 2.5: Trend of components of Revenue Receipts



Source: Finance Accounts

2.3.2.2 State's Own Resources

(i) Own tax revenue

Own tax revenue of the State consists of State Goods and Services Tax (SGST), State excise, taxes on vehicles, stamp duty and registration fees, land revenue, taxes on goods and passengers, etc.

Trends of own tax revenue and analysis of its components during the period 2016-21 are shown in **Chart 2.6** and **Table 2.4** respectively.

Chart 2.6: Trends of Own Tax Revenue during 2016-21



Source: Finance Accounts

Table 2.4: Components of State's Own Tax Revenue

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
Taxes on Sales, Trade etc.	17,587	11,160	6,572	5,223	5,372	
SGST	0	7901	13,273	12,751	11,819	
State Excise	4,406	5,136	5,072	4,865	6,164	
Taxes on Vehicles	1,548	1,911	1,861	1,994	1,472	
Stamp Duty and Registration fees	2,044	2,135	2,298	2,258	2,470	
Land Revenue	68	91	69	66	68	
Taxes on Goods and Passengers	1	0	0	0	3	
Other taxes	2,093	2,089	2,429	2,838	2,685	
Total	27,747	30,423	31,574	29,995	30,053	

Source: Finance Accounts

The total own tax revenue slightly increased by ₹ 58 crore (0.19 per cent) during the current year over the previous year. The increase in receipts under State Excise (₹ 1,299 crore) and Taxes on Sales, Trade etc. (₹ 149 crore), was offset by decrease in receipts under SGST (₹ 932 crore) and Taxes on Vehicles (₹ 522 crore). Increase in State Excise was attributed to renewal of groups upto 99 per cent under the renewal process of the Excise Policy 2020-21, besides allowing the licencees to get additional quota on paying higher license fee. Decrease in SGST was due to increase in refunds and COVID-19 pandemic during 2020-21. Whereas, decrease in Taxes on Vehicles was attributed to registration of lesser number of vehicles due to COVID-19 pandemic. Government of Punjab had also exempted taxes of all commercial vehicles from 23 March 2020 to 19 May 2020 and in respect of Stage Carriage and Educational Institution buses from 20 May 2020 to 31 December 2020.

(a) State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the goods and services tax considering an annual growth of 14 per cent from the base year, for a period of five years. In case of Punjab, the finalised revenue figure was ₹ 14,975.46 crore during the base year of 2015-16.

The projected revenue in accordance with base year figure, actual revenue collected and compensation due and received from GoI during the period 2017-18 to 2020-21 is given in **Table 2.5**.

Table 2.5: Detail of collection of GST and compensation from GoI

(₹ in crore)

Year	Projected revenue amount	Revenue collected amount [#]	Compensation due amount	Compensation received amount	Shortfall (-)/ Excess (+)
1	2	3	4 = 2-3	5	6= 5-4
2017-18 ¹	14,596.58	9,486.15	5,110.43	4,037.00	(-),073.43
2018-19	22,186.80	12,482.76	9,704.04	7,129.00	(-),575.04
2019-20	25,292.96	12,676.00	12,616.96	8,804.54	(-),3,812.42
2020-21	28,833.97	11,685.98	17,147.99	18,053.05*	(+),905.06
Total	90,910.31	46,330.89	44,579.42	38,023.59	(-),6,555.83

Source: Finance Accounts of the respective years and Excise and Taxation Department

[#] includes pre-GST figures of VAT and CST (net of refunds) and revenue from taxes subsumed in GST by excluding VAT and GST on petroleum products and liquor.

* ₹8,359 crore given as loan by GoI to the State Government and booked under Major Head '6004-Loans and Advances from the Central Government 09-Other Loans for States/ Union Territory with Legislature Schemes 101-Block Loans'.

The growth in GST collection in the State was lesser than projected growth and there was total shortfall of ₹ 44,579.42 crore during 2017-21 against the projected GST receipt of ₹ 90,910.31 crore. GoI has released ₹ 38,023.59 crore upto March 2021 as compensation including release of ₹ 8,359 crore as back-to-back loan to the State in lieu of GST Compensation shortfall.

The Principal Secretary (Finance) while attributing the reasons for decline in GST receipts mainly to COVID impact during the year, stated (December 2021) that the matter regarding compensation in lieu thereof was being pursued with GoI.

(b) Audit of GST Receipts

The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. In case of Punjab, which is a Model-II State, role-based access to back-end application was provided to office of the Principal Accountant General (Audit), Punjab in December 2020. However, the access was limited to their premises only and the matter of providing remote access was under consideration. The accounts for the year 2020-21 have, therefore, been certified on the basis of test audit, as was being done when records were being maintained manually, pending full implementation of the GoI's decision to provide Audit access to GSTN data.

(c) Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and ultimately affect the revenue deficit.

¹ Amount for the year 2017-18 pertains to nine months period i.e. from July 2017 to March 2018.

Arrears of revenue

As on 31 March 2021, the arrears of revenue in respect of principal heads of revenue were ₹ 15,463.35 crore, of which ₹ 3,335.16 crore were outstanding for more than five years, as depicted in **Table 2.6**.

Table 2.6: Arrears of revenue*(₹ in crore)*

Sr. No.	Head of revenue	Amount outstanding as on 31 March 2021	Amount outstanding for more than five years as on 31 March 2021
1.	Taxes/VAT on Sales, Trade, etc.	13,538.26	3,087.23
2.	Goods and Services Tax	898.69	0.00
3.	Forests and Wildlife	35.13	12.61
4.	State Excise	365.34	17.97
5.	Taxes on Vehicles	217.54	124.99
6.	Land Revenue	191.87	0.08
7.	Stamps and registration Fee	216.52	92.28
Total		15,463.35	3,335.16

Source: Departmental Information.

Arrears in assessment

The information on number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year, as furnished by the Department of Excise and Department of Taxation in respect of Sales Tax/VAT and GST is depicted in **Table 2.7**.

Table 2.7: Arrears of assessment

Sr. No.	Head of Revenue	Cases pending at the beginning of 2020-21	New cases due for assessment during 2020-21	Total cases due for assessment	Cases disposed of during 2020-21	Balance at the end of the year	Percentage of disposal
1.	Taxes/VAT on Sales, Trade, etc.	72,667*	52,460	1,25,127	67,975	57,152	54.32

Source: Departmental information

* Opening Balance differs by 11560 cases from the closing balance of 2019-20 due to revised assessment policy of the State Government.

During the period 2016-21, the number of pending cases at the end of the respective years were 85,151 (2016-17); 1,06,781 (2017-18); 94,605 (2018-19); and 72,667 (2019-20) as against 57,152 cases at the end of 2020-21. Disposal of cases during this period ranged between 19.47 per cent and 25.90 per cent, whereas it was 54.32 per cent during the current year.

(d) Details of evasion of tax detected by the Department, refund cases, etc.

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department concerned.

The details of cases of evasion of tax detected by the Excise and Taxation Department and Transport Department, cases finalised and the demand for additional tax raised; and details of refund cases during the year 2020-21, as reported by the concerned departments, are depicted in **Table 2.8** and **Table 2.9** respectively.

Table 2.8: Evasion of tax detected

Sr. No.	Head of revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		No. of cases pending for finalisation as on 31 March 2021
					No. of cases	Amount of demand (₹ in crore)	
1.	Taxes/VAT on Sales, Trade, etc.	0*	0	0	0	0	0
2.	Goods and Services Tax	29#	81	110	32	3.48	78
3.	Taxes on Vehicles	6	0	6	6	0.22	0
4.	Land Revenue	21	1	22	0	0	22
Total		56	82	138	38	3.70	100

Source: Departmental information

* As regards difference in closing balance of previous year and opening balance of current year; and Nil cases detected during the current year, the Department stated (October 2021) that cases on which assessment process had been initiated were accounted for as arrears of assessment instead of evasion of tax detected.

The Department attributed (October 2021) the variation in closing balance of previous year and opening balance of current year to change in source/method of collection of information.

Table 2.9: Details of refund cases

(₹ in crore)

Sr. No.	Particulars	GST		Sales Tax/VAT		State Excise		Taxes on Vehicles	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,260	161.20	2,592*	236.06#	210	27.40	4	0.02
2.	Claims received during the year	9,101	1,136.93	1,837	182.88	0	0.00	0	0.00
3.	Refunds made during the year	7,413	840.50	2,442	221.38	0	0.00	0	0.00
4.	Refunds rejected during the year	1,000	194.12	806	123.08	0	0.00	0	0.00
5.	Balance outstanding at the end of year	1,948	263.51	1,181	74.48	210	27.40	4	0.02

Source: Departmental information

*Differs by 26 cases due to correction of arithmetical error in respect of district Mohali.

Differs by ₹ 11.62 crore due to correction of arithmetical error in respect of district Mohali.

(ii) Non-tax revenue

Non-tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. Trends in components of State's non-tax revenue during 2016-21 are shown in **Table 2.10**.

Table 2.10: Components of State's Non-tax Revenue*(₹ in crore)*

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
Interest receipts	1,293.80	1,404.94	1,455.26	2,105.51	144.38*	
Dividends and Profits	3.88	4.45	4.24	4.24	1.26	
Other non-tax receipts	4,565.52	2,909.00	6,122.79	4,544.33	4,006.49	
a) Major and medium Irrigation	93.61	71.37	24.22	92.49	91.92	
b) Road Transport	213.89	158.69	208.99	176.35	110.17	
c) Urban Development	95.89	72.43	65.31	44.53	49.78	
d) Education, Sports, Art and Culture	95.89	41.87	56.75	196.22	137.70	
e) Non-ferrous mining	42.08	122.40	36.13	90.88	120.56	
f) Pensions and Other Retirement Benefits	26.32	32.14	26.03	121.88	209.90	
g) Miscellaneous General Services	3,028.08	1,478.97	4,851.58	2,743.87	2,208.41	
h) Other or Miscellaneous	969.76	931.13	853.78	1,078.11	1,078.05	
Total	5,863.20	4,318.39	7,582.29	6,654.08	4,152.13	

Source: Finance Accounts

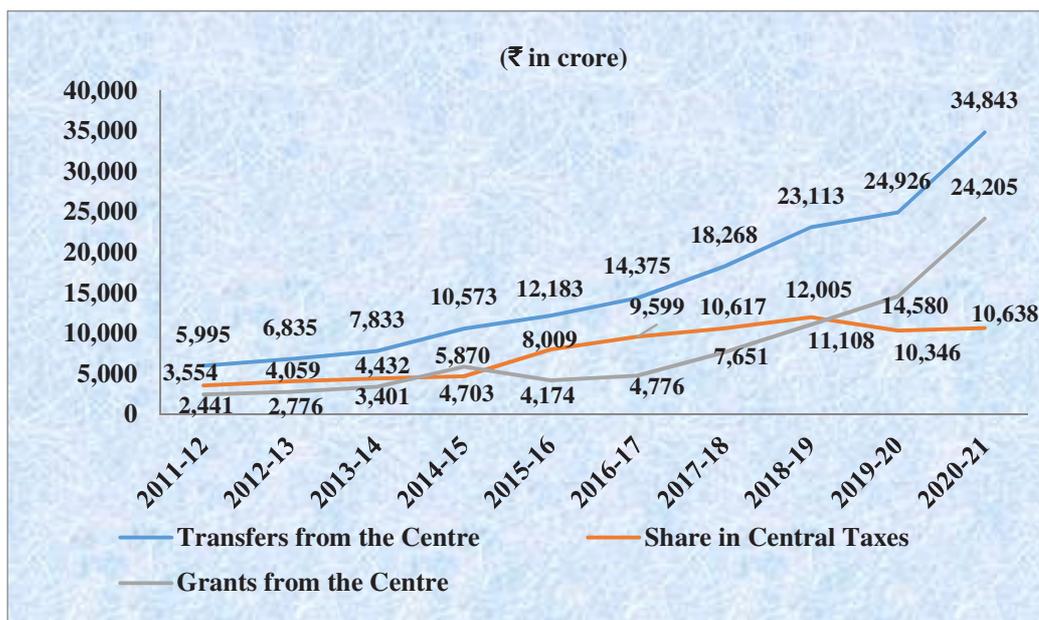
* Includes an amount of ₹2.90 crore on account of book adjustment for interest due from Government Commercial Departments/Undertakings.

During the year 2020-21, the decrease of ₹ 2,501.95 crore (37.60 per cent) in total non-tax revenue over the previous year was mainly due to decrease of ₹ 1,961.13 crore in interest receipts and ₹ 537.84 crore in other non-tax receipts. The decrease in interest receipts was due to lesser receipts on account of interest from Public Sector and other Undertakings (₹ 1,307.70 crore) mainly due to conversion of UDAY loans to Punjab State Power Corporation Limited (PSPCL) into equity in 2019-20 and in Other Receipts (₹ 657.03 crore). The decrease in other non-tax receipts was mainly under Miscellaneous General Services (₹ 535.46 crore) which was mainly due to lesser receipts under Other Receipts (₹ 553.23 crore).

2.3.2.3 Transfers from the Centre

Trends in transfers from the Centre for the last ten years are shown in **Chart 2.7**.

Chart 2.7: Trends in transfers from Centre



Source: Finance Accounts

(i) Central tax transfer

The actual release of share in Union taxes and duties to State Government *vis-à-vis* projections made by Thirteenth Finance Commission, Fourteenth Finance Commission and Fifteenth Finance Commission during the period from 2010-11 to 2020-21 is tabulated in **Table 2.11**.

**Table 2.11: 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 shareable service tax (as per recommendations of 13 th FC)	3,207	3,051	(-)156
2011-12		3,665	3,554	(-)111
2012-13		4,398	4,059	(-)339
2013-14		5,278	4,432	(-)846
2014-15		6,333	4,703	(-)1,630
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 shareable service tax (as per recommendations of 14 th FC)	8,009*	8,009	--
2016-17		9,600*	9,600	--
2017-18	As per Fiscal Consolidation Roadmap of State Government	10,617	10,617	--
2018-19		12,009	12,005	(-)4
2019-20		13,319	10,346	(-)2,973
2020-21	1.788 per cent of the net proceeds of the taxes (divisible pool) (as per recommendations of 15 th FC)	9,834	10,638	(+)804

Source: Reports of the 13th FC, 14th FC, 15th FC, Finance Accounts and Annual Financial Statements

* Fiscal Consolidation Roadmap (FCR) for the years 2015-16 to 2019-20 was prepared by the State Government in 2017-18 and the actual tax devolution figures for the year 2015-16 and 2016-17 were adopted as the projected figures for the respective years.

The State Government's share in Union taxes and duties increased by ₹ 292 crore (2.82 per cent) during 2020-21 over the previous year.

During the period 2015-21, State's share in Union taxes and duties had increased by ₹ 41,416 crore (209.18 per cent) over the period of Thirteenth Finance Commission i.e. 2010-15.

Trends in components of Central tax transfers are shown in **Table 2.12**.

Table 2.12: Central Tax transfers

(₹ in crore)

Head	2016-17	2017-18	2018-19	2019-20	2020-21
Central Goods and Services Tax (CGST)	--	151.60	2,964.16	2,935.85	3,179.01
Integrated Goods and Services Tax (IGST)	--	1,072.32	236.60	--*	--#
Corporation Tax	3,082.07	3,252.81	4,176.53	3,527.47	3,197.28
Taxes on Income other than Corporation Tax	2,142.05	2,746.76	3,075.85	2,764.01	3,276.09
Customs	1,325.80	1,072.00	851.31	655.78	576.80
Union Excise Duties	1,513.94	1,120.50	565.74	455.97	359.30
Service Tax	1,528.78	1,201.05	109.29	--	42.87
Other Taxes ²	7.09	(-)0.10	25.66	6.77	7.03
Total	9,599.73	10,616.94	12,005.14	10,345.85	10,638.38
Percentage of increase over previous year	19.86	10.60	13.08	-13.82	2.83
Percentage of total Central tax transfers to Revenue Receipts	20.01	20.03	19.28	16.80	15.41

Source: Finance Accounts

* Amount of ₹ 7,166.64 crore received from GoI during 2019-20 was accounted for under Major Head 0006 - SGST.

Booking of share of net proceeds assigned to States (Minor Head-901) under Sub-Major Heads '01-IGST on Import/Export of Goods and Services' and '02-IGST on Domestic Supply of Goods and Services' has been discontinued w.e.f. 01 April 2020 as per correction slip issued by the Controller General of Accounts, New Delhi.

(ii) Grants-in-aid from Government of India

Trend of Grants-in-aid (GIA) from GoI and its components are shown in **Table 2.13**.

² Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on Commodities and Services.

Table 2.13: Grants-in-aid from Government of India

<i>(₹ in crore)</i>					
Head	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Plan Grants*	1,610.35	--	--	--	--
Grants for State Plan Schemes*	2,523.14	--	--	--	--
Grants for Centrally Sponsored Plan Schemes*	563.69	(-)0.63	(-)74.21	(-)68.84	(-)0.48
Grants for Centrally Sponsored Schemes	78.65	3,096.13	3,091.70	2,864.31	2,880.41
Finance Commission Grants	0.00	355.69	719.54	2,710.13	11,481.23
Other transfers/Grants to States/Union Territories with Legislature	0.00	4,199.81	7,370.34	9,074.43	9,843.85
Total	4,775.83	7,651.00	11,107.37	14,580.03	24,205.01
Percentage of increase over the previous year	14.43	60.20	45.18	31.26	66.01
Percentage of GIA to Revenue Receipts	9.95	14.43	17.84	23.68	35.06

Source: Finance Accounts

* Non-plan and plan grants merged with effect from 01 April 2017.

Table 2.13 shows that the GIA from GoI increased at an annual average rate of 43.42 per cent during the period 2016-17 to 2020-21. Other transfers to State during 2020-21 include GST Compensation of ₹ 9,694 crore. The increase in GIA during the current year (66.01 per cent) over the previous year was due to substantial increase in Finance Commission grants by ₹ 8,771 crore (323.64 per cent) and GST compensation by ₹ 890 crore (10.10 per cent). The increase in Finance Commission Grants was mainly due to post-devolution revenue deficit grant of ₹ 7,659 crore recommended by the 15th FC for the year 2020-21 and ₹ 1,540 crore as clearance of backlog of grants recommended by 14th FC for Panchayati Raj Institutions (PRIs). Further, the contribution of GIA towards revenue receipts increased from 9.95 per cent in 2016-17 to 35.06 per cent in 2020-21.

(iii) Fifteenth Finance Commission Grants

The Fifteenth Finance Commission (15th FC) grants were provided to the States for local bodies and State Disaster Response Fund (SDRF). Details of grants provided by GoI are given in **Table 2.14**.

Table 2.14: Recommended amount, actual release and transfers of Grant-in-aid*(₹ in crore)*

Transfers		Recommendation of 15 th FC for 2020-21	Actual release by GoI during 2020-21	Release by State Government
				Total (%age of release by GoI)
(i) Grants to PRIs		1,388.00	1,041.00	347.00 (33.33)
(a) Tied Grant		694.00	347.00	0.00 (0)
(b) Un-tied Grants		694.00	694.00	347.00 (50)
(ii) Grants to ULBs		668.00	668.00	623.00 (93.26)
(a) One million plus cities (for ambient air quality)		90.00	90.00	45.00 (50)
(b) One million plus cities (for SWM and sanitation)		90.00	90.00	90.00 (100)
(c) Non-million plus cities (un-tied grants for local needs)		244.00	244.00	244.00 (100)
(d) Non-million plus cities (tied grants for drinking water, rain water harvesting, SWM and Sanitation)		244.00	244.00	244.00 (100)
Total for Local Bodies		2,056.00	1,709.00	970.00 (56.76)
SDRF	Centre share	495.00	495.00	247.50 (50)
	State share	165.00	--	82.50
Total for SDRF		660.00	495.00	330.00
Grand Total		2,716.00	2,204.00	1,300.00

Source: 15th FC Report and departmental information
PRIs - Panchayati Raj Institutions and ULBs - Urban Local Bodies.

- As against amount of ₹ 1,388 crore recommended by the 15th FC in respect of PRIs, GoI released ₹ 1,041 crore during 2020-21 and remaining amount of ₹ 347 crore during 2021-22. Out of total ₹ 1,388 crore released by GoI, GoP released ₹ 347 crore during 2020-21 and ₹ 1,041 crore during 2021-22.
- Out of the amount of ₹ 668 crore released by GoI during 2020-21 in respect of ULBs, GoP released ₹ 623 crore during 2020-21 and the remaining amount of ₹ 45 crore was released in 2021-22.
- In respect of SDRF, 15th FC recommended Centre and State share in the ratio of 75:25. As against the amount of ₹ 495 crore released by GoI as per the recommendation of 15th FC, GoP released ₹ 330 crore (GoI share: ₹ 247.50 crore and State share: ₹ 82.50 crore) during 2020-21 and the remaining amount of ₹ 330 crore (GoI share: ₹ 247.50 crore and State share: ₹ 82.50 crore) during 2021-22.

2.3.3 Capital receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Trends of capital receipts and its components during 2016-17 to 2020-21 are shown in **Table 2.15**.

Table 2.15: Trends in growth and composition of capital receipts

(₹ in crore)

Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Receipts	55,415	18,590	23,788	43,891	34,077
Miscellaneous Capital Receipts	0	0	0	0	0
Recovery of Loans and Advances	181	73	849	16,070	50
Public Debt Receipts	55,234	18,517	22,939	27,821	34,027
<i>Internal Debt*</i>	<i>54,579</i>	<i>18,057</i>	<i>21,621</i>	<i>27,676</i>	<i>33,595</i>
<i>Growth rate (per cent)</i>	<i>173.69</i>	<i>(-)66.92</i>	<i>19.74</i>	<i>28.01</i>	<i>21.39</i>
<i>Loans and advances from GoI</i>	<i>655</i>	<i>460</i>	<i>1,318</i>	<i>145</i>	<i>432[#]</i>
<i>Growth rate (per cent)</i>	<i>147.17</i>	<i>(-)29.77</i>	<i>186.52</i>	<i>(-)89.00</i>	<i>197.93</i>
Rate of growth of debt Capital Receipts (per cent)	173.34	(-)66.48	23.88	21.28	22.31
Rate of growth of Non-debt Capital Receipts (per cent)	(-)16.97	(-)59.67	1,063.01	1,792.82	(-)99.69
Rate of growth of GSDP (per cent)	9.46	10.31	8.81	5.30	(-)1.85
Rate of growth of Capital Receipts (per cent)	171.31	(-)66.45	27.96	84.51	(-)22.36

Source: Finance Accounts

* Including net figure under Ways and Means Advances, which was Nil during 2020-21.

Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

During 2016-17, the capital receipts increased by 171.31 per cent due to substantial increase in public debt receipts by ₹ 35,027 crore (173.34 per cent) over the previous year because of 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.

During the current year, after excluding ₹ 8,359 crore given by GoI as back-to-back loans in lieu of GST Compensation shortfall which are not to be repaid by the State from its sources, the public debt receipts increased by ₹ 6,206 crore (22.31 per cent) over the previous year. Recovery of loans and advances decreased by ₹ 16,020 crore (99.69 per cent) over the previous year. The substantial increase in recovery during the previous year was mainly due to recovery of ₹ 15,628 crore from Punjab State Power Supply Corporation (PSPCL) on account of conversion of UDAY loans into equity, as discussed in Paragraph 2.4.2.2 (v).

2.3.4 State's performance in mobilisation of resources

The State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources.

The State's actual own tax and non-tax revenue for the year 2020-21 *vis-à-vis* assessment made by Fifteenth Finance Commission (15th FC) and Budget Estimates are given in **Table 2.16**.

Table 2.16: Tax and non-tax revenue *vis-à-vis* projections during 2020-21

(₹ in crore)

Resources	15 th FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				15 th FC projections	Budget estimates
Own Tax revenue	51,020	35,824	30,053	(-)41.10	(-)16.11
Non-tax revenue	3,714	8,046	4,152	11.79	(-)48.40

Source: Report of 15th FC, Annual Financial Statement and Finance Accounts.

Own-tax revenue of the State Government fell short of projections made by 15th FC and the budget estimates by 41.10 *per cent* and 16.11 *per cent* respectively. Whereas, non-tax revenue was higher by 11.79 *per cent* than the projections made by FFC and was lower by 48.40 *per cent* than the budget estimates.

2.4 Application of resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. Analysis of allocation of expenditure in the State is given in succeeding paragraphs.

Growth and composition of expenditure

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses shall be classified as revenue expenditure.

Capital Outlay: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as capital outlay.

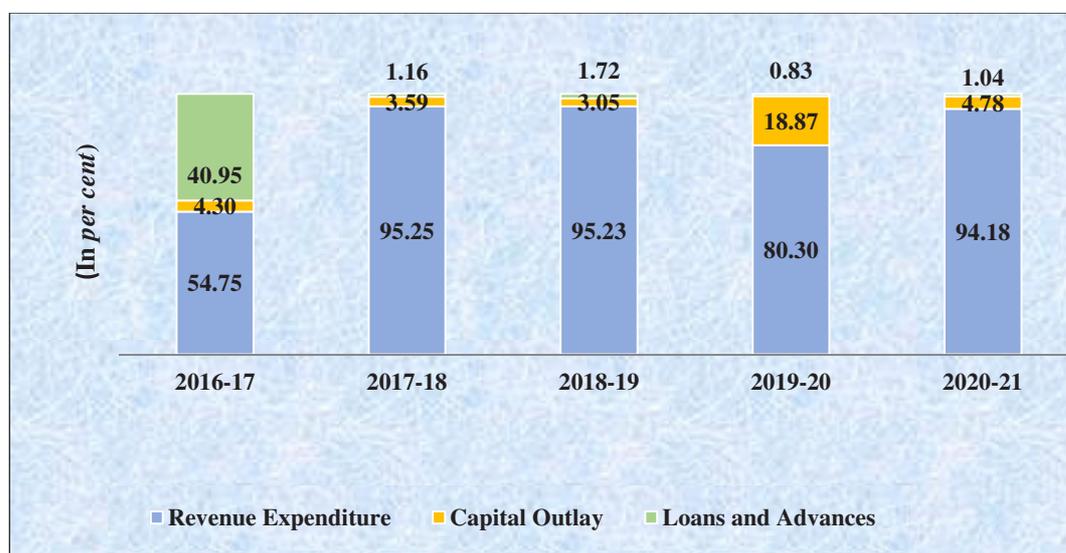
Trends of overall expenditure and its components are shown in **Table 2.17** and **Chart 2.8**.

Table 2.17: Total expenditure and its composition

(₹ in crore)					
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	1,01,006	65,577	79,177	94,471	91,682
Revenue Expenditure (RE)	55,296	62,465	75,404	75,860	86,344
Capital Outlay (CO)	4,346	2,352	2,412	17,828	4,382
Loans and Advances	41,364	760	1,361	783	956
As a percentage of GSDP					
TE/GSDP	23.66	13.92	15.45	17.50	17.31
RE/GSDP	12.95	13.26	14.71	14.06	16.30
CO/GSDP	1.02	0.50	0.47	3.30	0.83
Loans and Advances/GSDP	9.69	0.16	0.27	0.15	0.18

Source: Finance Accounts

Chart 2.8: Total Expenditure: Trends in share of its components



Source: Finance Accounts

Table 2.17 shows that the total expenditure decreased by ₹ 9,324 crore (9.23 per cent) from ₹ 1,01,006 crore in 2016-17 to ₹ 91,682 crore in 2020-21, which ranged between 13.92 per cent to 23.66 per cent of GSDP during the period of five years. Higher total expenditure in 2016-17 was due to disbursement of loans to Punjab State Power Corporation Limited (PSPCL) under UDAY scheme and to the State procurement agencies for one-time settlement of CCL. **Chart 2.8** shows that the revenue expenditure constituted dominant proportion (80 to 95 per cent) during 2016-21 except for the year 2016-17 when it was 55 per cent of the total expenditure. The capital outlay, on the other hand, constituted between three and five per cent except for the year 2019-20 when it was 19 per cent due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited (PSPCL), as discussed in Paragraph 2.4.2.2(v).

The State Government while attributing the reasons for low capital expenditure to high committed liabilities of the State inclusive of salaries, wages, pension and interest servicing, stated (January 2022) that every effort was being made to enhance the capital expenditure in the State which reflected in the current financial year 2021-22.

Relative share of various sectors of expenditure during 2016-21 is depicted in **Table 2.18** and **Chart 2.9**.

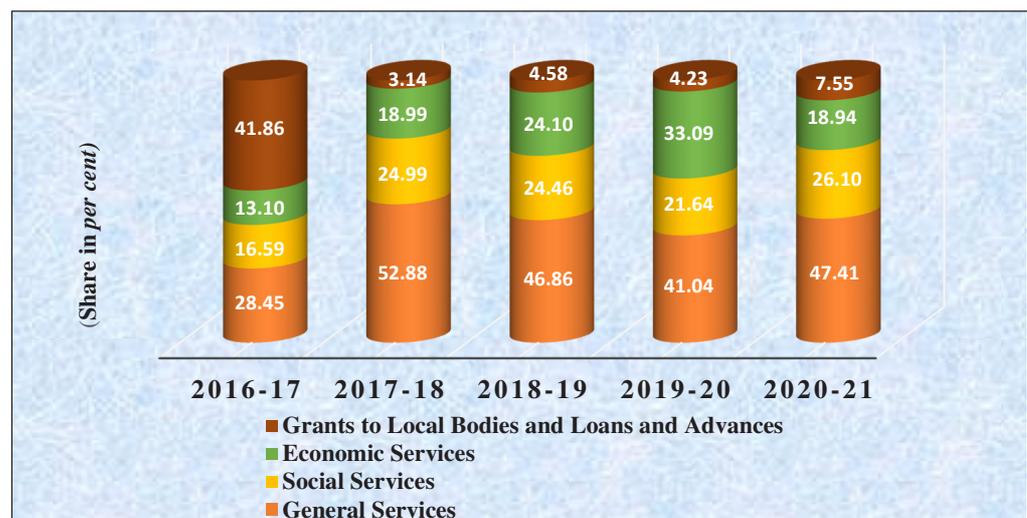
Table 2.18: Relative share of various sectors of expenditure

(₹ in crore)

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	28,737	34,680	37,100	38,769	43,464
Social Services	16,759	16,386	19,367	20,449	23,926
Economic Services	13,228	12,450	19,084	31,260	17,365
Others (Grants to Local Bodies and Loans and Advances)	42,282	2,061	3,626	3,993	6,927

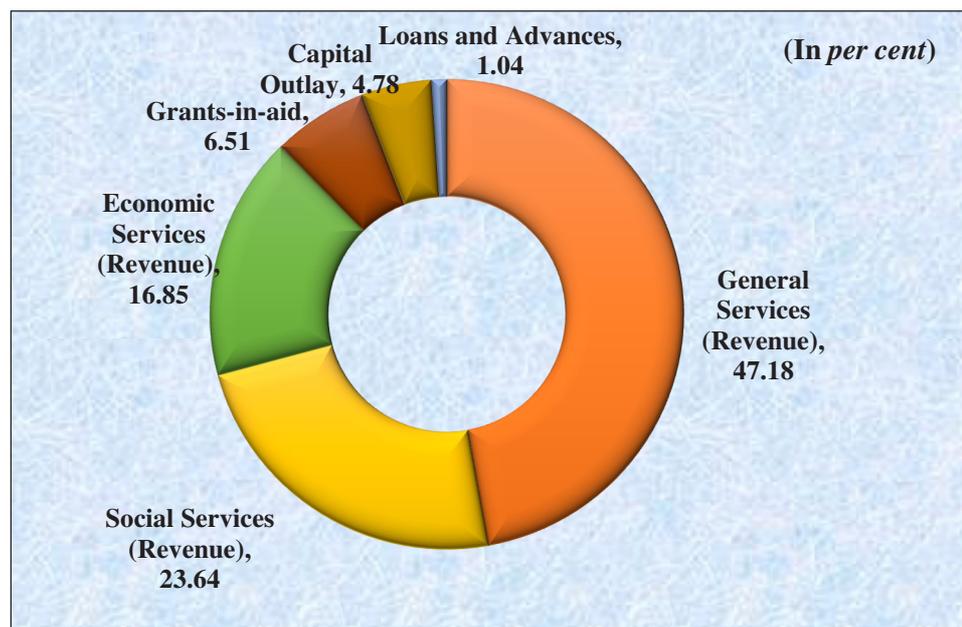
Source: Finance Accounts

Chart 2.9: Total expenditure - Expenditure by activities



Source: Finance Accounts

Chart 2.9 shows that the relative share of various components of expenditure in the total expenditure fluctuated during 2016-21. The share of General Services, Social Services and Economic Services in total expenditure increased from 28.45 per cent, 16.59 per cent and 13.10 per cent in 2016-17 to 47.41 per cent, 26.10 per cent and 18.94 per cent respectively in 2020-21, while that of grants to local bodies and loans and advances decreased from 41.86 per cent to 7.55 per cent during the same period. **Chart 2.10** shows composition of expenditure by function.

Chart 2.10: Composition of expenditure by function during 2020-21

Source: Finance Accounts

2.4.1 Revenue expenditure

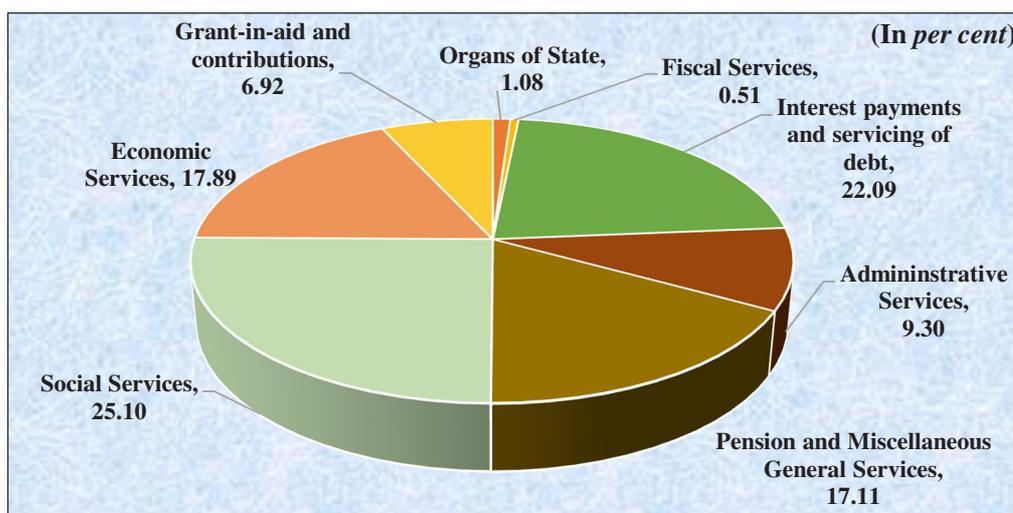
Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Growth of revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts is shown in **Table 2.19** and sectoral distribution of revenue expenditure is shown in **Chart 2.11**.

Table 2.19: Revenue Expenditure – Basic Parameters

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	1,01,006	65,577	79,177	94,471	91,682
Revenue Expenditure (RE)	55,296	62,465	75,404	75,860	86,344
Rate of Growth of RE (per cent)	10.43	12.96	20.71	0.60	13.82
Revenue Expenditure as percentage of TE	54.75	95.25	95.23	80.30	94.18
RE/GSDP (per cent)	12.95	13.26	14.71	14.06	16.30
Revenue Receipts	47,985	53,010	62,269	61,575	69,048
Rate of Growth of RR (per cent)	15.56	10.47	17.47	(-)1.11	12.14
RE as percentage of RR	115.24	117.84	121.09	123.20	125.05
Rate of Growth of GSDP (per cent)	9.46	10.31	8.81	5.30	(-)1.85

Source: Finance Accounts

The revenue expenditure increased by ₹ 31,048 crore (56.15 per cent) from ₹ 55,296 crore in 2016-17 to ₹ 86,344 crore in 2020-21. It increased at an annual average growth rate of 11.70 per cent, whereas as percentage of GSDP, it ranged between 12.95 per cent and 16.30 per cent during the period 2016-21.

Chart 2.11: Sector-wise distribution of revenue expenditure during 2020-21

Source: Finance Accounts

2.4.1.1 Major changes in revenue expenditure

The revenue expenditure increased substantially by ₹ 10,484 crore (13.82 per cent) from ₹ 75,860 crore in 2019-20 to ₹ 86,344 crore in 2020-21. Significant variations under various Major Heads of Accounts with regard to revenue expenditure of the State during the current year as compared to the previous year are depicted in **Table 2.20**.

Table 2.20: Variations in revenue expenditure during 2020-21 compared to 2019-20

Major Heads of Account	2019-20	2020-21	(₹ in crore) Increase (+)/ Decrease (-)
2071-Pensions and Other Retirement Benefits	10,293.63	13,680.00	3,386.37
3604-Compensation and assignments to Local Bodies and Panchayati Raj Institutions	3,210.31	5,971.31	2,761.00
2202-General Education	10,465.34	11,599.17	1,133.83
2048-Appropriation for Reduction or Avoidance of Debt	243.00	925.01	682.01
2801-Power	1,596.53	2,189.41	592.88
2049-Interest Payments	17,567.17	18,152.50	585.33
2210-Medical and Public Health	3,158.43	3,527.91	369.48
2075-Miscellaneous General Services	1,382.22	1,096.51	(-)285.71
2401-Crop Husbandry	7,103.86	6,895.84	(-)208.02

Source: Finance Accounts

Table 2.20 shows:

- increase of ₹ 3,386 crore under 'Pensions and Other Retirement Benefits', which was mainly due to increase of ₹ 1,545 crore in 'Superannuation and Retirement Allowances', ₹ 649 crore in 'Government Contribution towards Defined Contribution Pension Scheme' and ₹ 449 crore in 'Leave Encashment Benefits'. This was attributed to increased retirement due to the

decision of the State Government to do away with the optional extension for employees to generate employment for the youth;

- increase of ₹ 2,761 crore under ‘Compensation and assignments to Local Bodies and Panchayati Raj Institutions’ which was primarily due to payment of grants of ₹ 623 crore and ₹ 694 crore to Urban Local Bodies and Panchayati Raj Institutions respectively as per 15th FC recommendations and payment of grants of ₹ 291 crore and ₹ 2,356 crore to Urban Local Bodies and Panchayati Raj Institutions respectively to clear the backlog as per 14th FC recommendations;
- increase of ₹ 1,134 crore in ‘General Education’ which was primarily due to increase of ₹ 867 crore in ‘Secondary Education’ and ₹ 157 crore in ‘University and Higher Education’;
- increase in ‘Appropriation for Reduction or Avoidance of Debt’ which was due to increase of ₹ 682 crore in contribution to Consolidated Sinking Fund;
- increase of ₹ 593 crore in Power was mainly due to payment of compensation of ₹ 579 crore to Punjab State Power Corporation Limited (PSPCL) in lieu of their losses as per UDAY scheme, as discussed in paragraph 2.4.2.2(v);
- increase of ₹ 585 crore in ‘Interest Payments’ which was primarily due to increase of ₹ 881 crore in ‘Interest on Internal Debt’ partially offset by decrease of ₹ 178 crore in ‘Interest on Small Savings, Provident Funds, etc.’ and ₹ 61 crore in ‘Interest on Loans and Advances from Central Government’;
- increase of ₹ 369 crore in ‘Medical and Public Health’ which was primarily due to increase of ₹ 333 crore in ‘Urban Health Services – Allopathy’ mainly on account of expenditure of ₹ 272 crore in ‘Upgradation/ Maintenance of Health Infrastructure (CHCs, PHCs and Sub Centres)’;
- decrease of ₹ 286 crore in ‘Miscellaneous General Services’ which was mainly due to decrease of ₹ 277 crore in ‘Assistance to Public Sector and Other Undertakings’; and
- decrease of ₹ 208 crore in ‘Crop Husbandry’ which was mainly due to decrease of ₹ 264 crore in ‘Agricultural Farms’, ₹ 196 crore in ‘Other Expenditure’ and ₹ 137 crore in ‘Commercial Crops’ partially offset by increase of ₹ 87 crore in ‘Extension and Farmers’ Training’ and ₹ 285 crore in ‘Special Component Plan for Scheduled Castes’.

2.4.1.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. Upward trend on committed

expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed expenditure and its components is depicted in **Table 2.21** and share of committed expenditure in revenue expenditure is shown in **Chart 2.12**.

Table 2.21: Components of Committed Expenditure

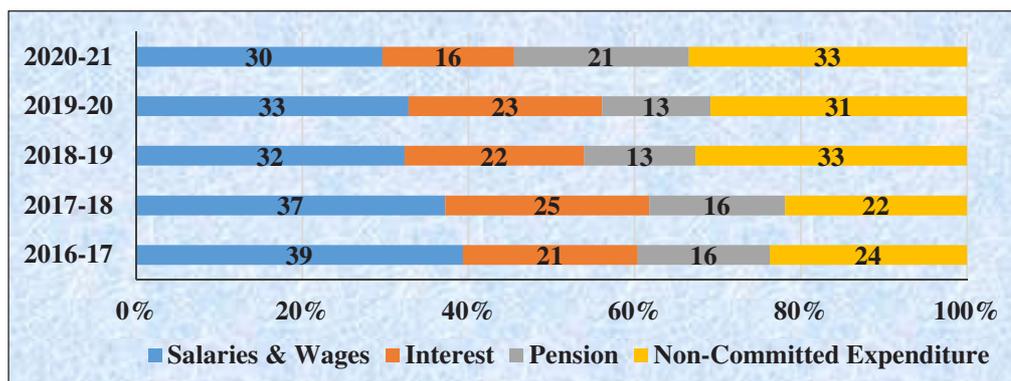
(₹ in crore)

Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages ³	21,756	23,255	24,376	24,729	25,607
Expenditure on Pensions	8,773	10,208	10,089	10,294	13,680
Interest Payments	11,642	15,334	16,306	17,567	18,153
Total	42,171	48,797	50,771	52,590	57,440
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	45.34	43.87	39.15	40.16	37.09
Expenditure on Pensions	18.28	19.26	16.20	16.72	19.81
Interest Payments	24.26	28.93	26.19	28.53	26.29
Total	87.88	92.06	81.54	85.41	83.19
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	39.34	37.23	32.33	32.60	29.66
Expenditure on Pensions	15.87	16.34	13.38	13.57	15.84
Interest Payments	21.05	24.55	21.62	23.16	21.02
Total	76.26	78.12	67.33	69.33	66.52
Non-committed RE	13,125	13,668	24,633	23,270	28,904
Percentage of RE	23.74	21.88	32.67	30.67	33.48
Percentage of TE	12.99	20.84	31.11	24.63	31.53
Subsidies	5,823	6,982	13,361	10,161	9,748
Subsidies as percentage of non-committed expenditure	44.37	51.08	54.24	43.67	33.72

Source: Finance Accounts

Table 2.21 shows that percentage of non-committed expenditure to revenue expenditure increased from 23.74 per cent in 2016-17 to 33.48 per cent in 2020-21 to which subsidies constituted dominant proportion ranging from 34 per cent to 54 per cent.

³ Includes Grants-in-aid (Salary): 2016-17 (₹ 3,250 crore); 2017-18 (₹ 3,225 crore); 2018-19 (₹ 3,491 crore); 2019-20 (₹ 3,248 crore); and 2020-21 (₹ 3,795 crore).

Chart 2.12: Share of committed expenditure in revenue expenditure

Source: Finance Accounts

The Principal Secretary (Finance) while agreeing to the facts stated (December 2021) that most of the revenue expenditure i.e. salaries, pensions, interest payments, etc. were of committed nature which could not be avoided or reduced. It was further stated (January 2022) that increase in non-committed expenditure was mainly due to increase in power subsidy and Debt Waiver Scheme implemented by the State Government for the welfare of farmers, which were policy decisions.

(i) **Undischarged liabilities in National Pension System**

The State Government introduced (December 2006) the 'National Pension System' (NPS), in the name of Defined Contribution Pension Scheme (DCPS), applicable to all new entrants joining the State Government Service⁴ on or after 1 January 2004. Under this system, employees contribute 10 *per cent* of basic pay and dearness allowance, which is matched by the State Government (Government's share has been increased to 14 *per cent* with effect from 1 April 2019). The employees' contribution is booked in Public Account under Major Head '8342-Other Deposits, 117-Defined Contribution Pension Scheme' and the employer's contribution is transferred to the designated authority i.e. National Securities Depository Limited (NSDL), debiting Major Head '2071-Pension and Other Retirement Benefits, 01-Civil, 117-Defined Contributory Pension Scheme'. The State Government has the responsibility to deposit both employees' and employer's share to the NSDL for further investment as per the guidelines of NPS.

Though the State Government implemented DCPS with effect from January 2004, it started deducting the contribution from employees largely from April 2008⁵. The arrears of employees' share for the period from January 2004 to March 2008 was also deducted in 36 installments from April 2008 to March 2011. Though the State Government started receiving the contribution from 2008-09, it started transferring the same to the pension fund from 2010-11 onwards.

⁴ For categories mentioned in Rule 1.2 of Punjab Civil Service Rules, Volume-I, Part-I.

⁵ Meagre amount of ₹ 0.59 crore was collected during 2006-08.

As per provisions of the scheme, during 2020-21, employees' contribution of ₹ 791.35 crore was booked under Major Head '8342-Other Deposits 117-Defined Contribution Pension Scheme for Government Employees' in Public Account as per prescribed procedure. Government's contribution of ₹ 1,356.26 crore towards New Pension Scheme was transferred to the NSDL, debiting Major Head '2071-Pension and Other Retirement Benefits 01 - Civil 117- Defined Contributory Pension Scheme for Government Employees'.

During 2020-21, against the balance of ₹ 992.67 crore lying in the Public Account, the State Government transferred ₹ 840.46 crore to NSDL, leaving a balance of ₹ 152.21 crore as on 31 March 2021, which could not be transferred to the fund managers for want of complete particulars of the employees. Thus, the State Government transferred an amount of ₹ 2,196.72 crore to NSDL during 2020-21 (₹ 840.46 crore by debiting Major Head 8342-117 and ₹ 1,356.26 crore by debiting Major Head 2071-01-117). The Government's contribution of ₹ 1,356.26 crore transferred during the current year included arrears of ₹ 254.60 crore for the year 2019-20. Thus, as against the due amount of ₹ 1,107.89 crore, the Government actually contributed ₹ 1,101.66 crore during the current year, thereby resulting in short transfer of ₹ 6.23 crore, which understated the revenue and fiscal deficit to that extent.

Further, the State Government is liable to pay interest on delayed transfer of NPS balances at the corresponding interest rates applicable to the General Provident Fund (GPF) subscribers. Thus, the State Government has created interest liability on the amount not transferred to NSDL; incorrectly used the funds that belong to its employees and created uncertainty in respect of benefits due to the affected employees.

The details of the receipts from employees' share, Government's contribution, interest accrued thereon and investment in pension fund are given in **Table 2.22**.

Table 2.22: Details of contribution and investment under DCPS

(₹ in crore)

Years	Receipts				Disbursement (Transferred to Pension Fund)	Short transfer (-)/ Excess transfer (+)
	Employees' share	Government contribution	Interest	Total		
1	2	3	4	5 (2+3+4)	6	7 (6-5)
2008-09	38.76*	33.60	0.00	72.36	0.00	(-)72.36
2009-10	45.38	36.26	0.00	81.64	0.00	(-)81.64
2010-11	54.19	51.90	26.86	132.95	2.33	(-)130.62
2011-12	79.19	85.00	22.45	186.64	26.45	(-)160.19
2012-13	181.48	196.78	24.01	402.27	286.17	(-)116.10
2013-14	242.81	230.00	22.78	495.59	481.53	(-)14.06
2014-15	282.86	290.00	21.35	594.21	804.90	(+)210.69
2015-16	389.39	390.00	18.48	797.87	902.69	(+)104.82
2016-17	436.28	435.81	17.19	889.28	957.69	(+)68.41
2017-18	532.59	520.55	15.55	1,068.69	1,058.51	(-)10.18
2018-19	585.78	584.94	14.70	1,185.42	1,203.28	(+)17.86
2019-20	746.67	707.69	0.00	1,454.36	1,436.41	(-)17.95
2020-21	791.35	1,356.26	0.00	2,147.61	2,196.72	(+)49.11
Total	4,406.73	4,918.79	183.37	9,508.89	9,356.68	(-)152.21

Source: Finance Accounts

* Includes amount ₹ 0.59 crore collected/received during the period 2006-08 which was yet to be transferred to Pension Fund as on 1 April 2008.

During the period 2008-21, against total receipts of ₹ 9,508.89 crore (employees' share: ₹ 4,406.73 crore, State Government contribution: ₹ 4,918.79 crore and interest: ₹ 183.37 crore), amount of ₹ 9,356.68 crore was transferred to the pension fund. Thus, there was short transfer of ₹ 152.21 crore, which is a deferred liability of the State Government.

The short contribution/transfer of funds to NSDL would impact the pensionary yield of the employees. Besides, due to delay in release of Government's contribution and transfer to pension fund, the State Government had to suffer an avoidable interest of ₹ 183.37 crore.

2.4.1.3 Subsidies

Table 2.23 depicts the expenditure on subsidies during the period 2016-21. The subsidies during the current year declined by ₹ 413 crore (4.06 *per cent*) from the previous year. The decrease was mainly due to decrease of ₹ 522 crore on account of debt relief to farmers and ₹ 137 crore on account of subsidy scheme for cane price payment to the cane farmers partially offset by increase of ₹ 259 crore on account of power subsidies to industries.

Table 2.23: Expenditure on subsidies during 2016-21

	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	5,823	6,982	13,361	10,161	9,748
Power subsidy (₹ in crore)	5,601	6,578	9,036	9,394	9,657
Subsidies as percentage of Revenue Receipts	12.14	13.17	21.46	16.50	14.12
Subsidies as percentage of Revenue Expenditure	10.53	11.18	17.72	13.39	11.29
Subsidies as percentage of Total Expenditure	5.77	10.65	16.87	10.76	10.63
Subsidies as percentage to Revenue Deficit	79.65	73.84	101.72	71.13	56.36
Power subsidy as percentage to total subsidy	96.19	94.21	67.63	92.45	99.07

Source: Finance Accounts

Power subsidy constituted major portion of the total subsidies ranging between 68 *per cent* and 99 *per cent*; and the subsidies contributed 56 *per cent* to 102 *per cent* to the revenue deficit during 2016-21.

The Principal Secretary (Finance) while expressing his concern over major proportion of subsidies in the non-committed expenditure, stated (December 2021) that huge amount of power subsidies was due to agricultural consumers as well as low income domestic consumers.

(i) Implicit subsidies

Implicit subsidies arise when the Government provides social and economic goods/services at a price lesser than the cost of goods and services incurred by the Government. It can be indirect or in kind or can be given as concessions. Some implicit subsidies extended during 2020-21 are detailed in **Table 2.24**.

Table 2.24: Details of implicit subsidies during the year 2020-21

		(₹ in crore)
Sr. No.	Scheme	Amount
1.	Ashirwad to Scheduled Caste girls/widows/divorcees and daughters of widows at the time of their marriage	130.08
2.	Reimbursement to Transport Department/ PEPSU Road Transport Corporation (PRTC) in lieu of free/concessional facilities to students of colleges and universities in Government/ PEPSU Road Transport Corporation (PRTC)buses	122.23
3.	Ashirwad to Backward Classes and Christian girls/widows/divorcees and daughters of widows of any caste at the time of marriage	57.79
4.	Reimbursement to Transport Department/PRTC in lieu of free concessional travel facility to students of Engineering Colleges/Polytechnics	27.73
5.	Reimbursement to Transport Department/PRTC in lieu of free concessional travel facility to students	19.56
6.	Free books to students (IX to XII Class)	8.00
7.	Free books to Scheduled Caste students (IX to XII Class)	2.00
8.	Reimbursement to Transport Department in respect of facility to physically handicapped and blind persons in Government/PEPSU Road Transport Corporation (PRTC) buses	2.26
9.	Reimbursement to Transport Department in lieu of free concessional travel facility to Women above the age of 60 years in Government/ PEPSU Road Transport Corporation (PRTC) buses	0.77
Total		370.42

Source: Detailed Appropriation Accounts

2.4.1.4 Financial assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants to the local bodies and other institutions during the period 2016-17 to 2020-21 is presented in **Table 2.25**.

Table 2.25: Financial assistance to Local Bodies and other institutions

						(₹ in crore)
Institutions	2016-17	2017-18	2018-19	2019-20	2020-21	
(A) Local Bodies						
Municipal Corporations and Municipalities	475.50	1,091.64	1,747.28	2,365.48	2,694.56	
Panchayati Raj Institutions	544.97	230.36	530.18	885.81	3,313.12	
Total (A)	1,020.47	1,322.00	2,277.46	3,251.29	6,007.68	
(B) Others						
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	2,223.21	2,117.63	2,824.52	3,196.94	3,586.92	
Development Authorities	0.00	0.00	0.00	1,309.29	1,518.84	
Hospitals and Other Charitable Institutions	779.33	627.74	967.34	1,211.06	1,348.71	
Other Institutions	1,734.50	2,095.85	2,795.04	914.70	2,560.30	
Total (B)	4,737.04	4,841.22	6,586.90	6,631.99	9,014.77	
Total (A+B)	5,757.51	6,163.22	8,864.36	9,883.28	15,022.45	
Revenue Expenditure	55,296	62,465	75,404	75,860	86,344	
Assistance as percentage of Revenue Expenditure	10.41	9.87	11.76	13.03	17.40	

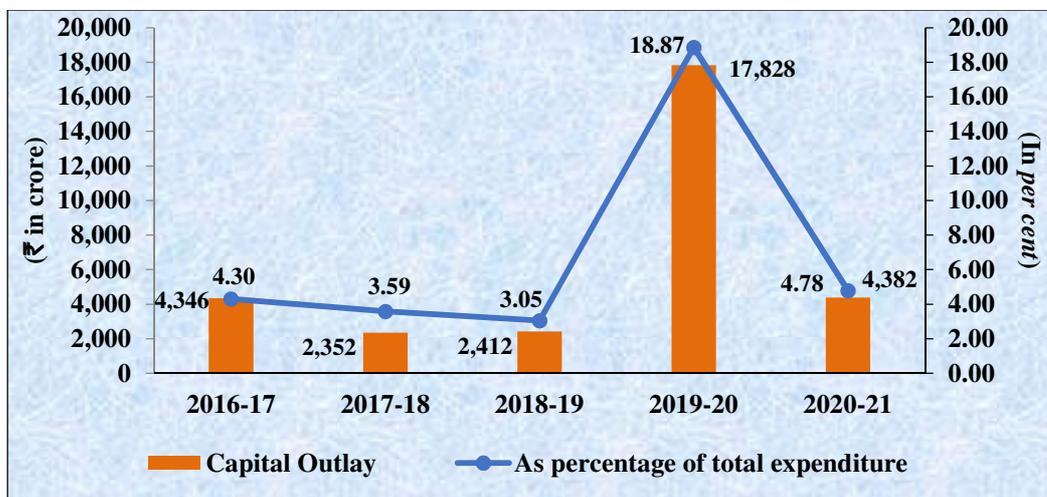
Source: Finance Accounts

During the current year, financial assistance to the local bodies and other institutions increased by ₹ 5,139.17 crore (52 per cent) over the previous year. The increase was mainly due to increase in assistance to Municipal Corporations and Municipalities (₹ 329.08 crore: 13.91 per cent) and Panchayati Raj Institutions (₹ 2,427.31 crore: 274.02 per cent). The increase in assistance to Municipal Corporations and Municipalities and Panchayati Raj Institutions was mainly on account of clearance of backlog of grants recommended by the Fourteenth Finance Commission (14th FC) and payment of grants recommended by the Fifteenth Finance Commission (15th FC). The overall quantum of financial assistance to the local bodies and other institutions as percentage to revenue expenditure increased to 17.40 per cent during the current year from 13.03 per cent of the previous year.

2.4.2 Capital outlay

Capital outlay is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. Capital outlay, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/off-budget. It also includes investments made by the State Government in Companies/Corporations. Trend of capital outlay in the State over the last five years i.e. 2016-21 is given in **Chart 2.13**.

Chart 2.13: Capital Outlay in the State



Source: Finance Accounts

Chart 2.13 shows that the capital outlay fluctuated during the five years' period. It increased by ₹ 36 crore (0.83 per cent) from ₹ 4,346 crore (4.30 per cent of total expenditure) in 2016-17 to ₹ 4,382 crore (4.78 per cent of total expenditure) in 2020-21. Besides, the State Government also gave Grants-in-aid of ₹ 4,058 crore⁶ during the period 2016-21 for creation of assets.

⁶ 2016-17: ₹ 260.10 crore; 2017-18: ₹ 0.50 crore; 2018-19: ₹ 338.94 crore; 2019-20: ₹ 714.34 crore; and 2020-21: ₹ 2,744.17 crore.

2.4.2.1 Major changes in capital outlay

Major changes in capital outlay during 2020-21 compared to 2019-20 are depicted in **Table 2.26**.

Table 2.26: Capital outlay during 2020-21 compared to 2019-20

(₹ in crore)

Major Head of Accounts	2019-20	2020-21	Increase (+)/ Decrease (-)
4801-Capital Outlay on Power Projects	15,628.26	0.00	(-)15,628.26
4711-Capital Outlay on Flood Control Projects	207.86	66.99	(-)140.87
4515-Capital Outlay on Other Rural Development Programmes	133.17	214.37	(+)81.20
5054-Capital Outlay on Roads and Bridges	311.58	582.20	(+)270.62
4215-Capital Outlay on Water Supply and Sanitation	275.41	584.59	(+)309.18
4701-Capital Outlay on Medium Irrigation	92.22	425.45	(+)333.23
4217-Capital Outlay on Urban Development	323.86	1301.16	(+)977.30

Source: Finance Accounts

Chart 2.13 shows that the capital outlay decreased by ₹ 13,446 crore (75.42 per cent) from ₹ 17,828 crore in 2019-20 to ₹ 4,382 crore in 2020-21. The decrease in overall capital outlay was mainly due to nil expenditure under Capital Outlay on Power Projects during 2020-21 as compared to previous year, which was ₹ 15,628 crore on account of conversion of UDAY loans into equity (capital expenditure) in Punjab State Power Corporation Limited (PSPCL), as discussed in paragraph 2.4.2.2(v). The decrease was offset by increase in Capital Outlay on Urban Development: ₹ 977 crore; Capital Outlay on Medium Irrigation: ₹ 333 crore; Capital Outlay on Water Supply and Sanitation: ₹ 309 crore; Capital Outlay on Roads and Bridges: ₹ 271 crore; etc., as detailed in **Table 2.26**.

2.4.2.2 Quality of capital expenditure

If the State Government keeps on making investments in loss making Government companies, whose net worth has completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write-off of the loans given to loss making corporations and other bodies such as sugar mills, financial corporations, etc. Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

(i) Quality of investments in the companies, corporations and other bodies

Capital expenditure in the companies, corporations and other bodies which are loss making or where net worth has completely eroded, is not sustainable.

Investments made and loans given to companies (e.g. DISCOMs), corporations (e.g. SC & ST Financial Corporations), and co-operatives (e.g. sugar mills), which are loss making and those where net worth has completely eroded, affect quality of capital expenditure. Return on investment in share capital invested in Public Sector Undertakings (PSUs) and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

As per the latest finalised accounts, total paid up capital of 33 working State PSUs stood at ₹ 23,516.93 crore at the end of 2020-21, of which the State Government's investment (equity) was ₹ 23,314.29 crore (99.14 per cent) in 23 State PSUs.

Eleven State PSUs, in which the State Government held investment of ₹ 22,501.23 crore had aggregated accumulated losses of ₹ 14,822.87 crore (**Appendix 2.3**).

Net worth of eight out of above 11 PSUs with accumulated losses had completely eroded and had become negative. The net worth of these eight PSUs was (-)₹ 7,395.16 crore against equity investment of ₹ 462.85 crore (GoP investment: ₹ 423.41 crore) in these PSUs as on 31 March 2021. In five out of eight PSUs whose capital had eroded, Government loans outstanding as on 31 March 2021 amounted to ₹ 19,477.75 crore (**Appendix 2.4**).

The long term loans amounting to ₹ 25,373.76 crore extended by the State Government in respect of eight PSUs were outstanding as on 31 March 2021 (**Appendix 2.5**).

Trends of return on investment in companies, corporations, and co-operative banks and societies, difference between cost of Government borrowings and return on investments are depicted in **Table 2.27**.

Table 2.27: Return on investment

Investment/return/ cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Investment at the end of the year (₹ in crore)	4,091.32	4,189.27	4,263.25	19,898.08	19,911.84
Return (₹ in crore)*	3.88	4.45	4.24	4.24	1.26
Return (per cent)*	0.09	0.11	0.10	0.02	0.01
Average rate of interest on Government Borrowings (per cent)	7.46	7.70	8.36	7.31	6.80
Difference between interest rate and return (per cent)	7.37	7.59	8.26	7.29	6.79
Difference between cost of Government borrowings and return on investment (₹ in crore)#	301.53	317.97	352.14	1450.57	1,352.01

Source: Finance Accounts

* on historical cost

Investment at the end of the year X Difference between interest rate and return

During 2020-21, the return on investment was ₹ 1.26 crore⁷ (0.01 per cent) (based on historical cost and not on net present value basis). The return was only between 0.01 per cent and 0.11 per cent during 2016-21 while the average rate of interest paid by the State Government on its borrowings was between 6.80 per cent and 8.36 per cent during the same period. Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹ 3,774.22 crore.

Table 2.28 shows the details of investments made in the loss making companies/corporations during 2020-21.

Table 2.28: Investments made in loss making companies during 2020-21

(₹ in crore)

Sl. No.	Company/Corporation	Cumulative losses as on 31.03.2020	Investment made during 2020-21	Cumulative investment as on 31.03.2021
1.	Punjab Scheduled Castes Land Development and Finance Corporation (PSCLDFC)*	22.41	11.78	94.40

Source: Finance Accounts

* Accounts from 2020-21 were awaited.

(ii) Reconciliation of Government Investments with Accounts of Companies

The figures of Government investments as equity in State Public Sector Undertakings (PSU) should agree with those appearing in the accounts of the PSUs. Reconciliation of figures is necessary to figure out the differences in accounts of PSUs and Finance Accounts of the State Government. Scrutiny of both the accounts revealed that as per Finance Accounts, Government investment as equity in 18 PSUs was ₹ 19,024.30 crore whereas as per records of PSUs, it was ₹ 23,104.50 crore. There was a difference of ₹ 4,080.20 crore as detailed in **Appendix 2.6**. Reconciliation should be carried out in a time bound manner to figure out the difference.

(iii) Loans and advances by 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/organisations. **Table 2.29** presents the position of outstanding loans and advances as on 31 March 2021 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

⁷ Co-operative Banks and Societies (₹ 0.01 crore); and Government Companies (₹ 1.25 crore).

Table 2.29: Quantum of loans disbursed and recovered during 2016-21

Particulars	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance of loans outstanding	8,299	49,482	50,169	50,681	35,394
Amount advanced during the year	41,364	760	1,361	783	956
Amount recovered during the year	181	73	849	16,070	50
Closing Balance of the loans outstanding	49,482	50,169	50,681	35,394	36,300
Net addition	41,183	687	512	(-)15,287	906
Interest received	1,131	1,339	1,341	1,336	25
Interest rate on Loans and Advances given by the Government	3.91	2.69	2.66	3.10	0.07
Rate of Interest paid on the outstanding borrowings of the Government	7.48	8.12	8.00	7.93	7.44
Difference between the rate of interest received and interest paid (<i>per cent</i>)	(-)3.57	(-)5.43	(-)5.34	(-)4.83	(-)7.37

Source: Finance Accounts

During 2020-21, amount of ₹ 956 crore was advanced as loans against ₹ 783 crore during the previous year. The loans advanced during the current year included ₹ 475 crore extended to the Punjab State Civil Supplies Corporation (PUNSUP) for procurement and supply of essential commodities; and ₹ 140 crore to other procurement agencies against liability of Atta Dal Scheme. Loans amounting to ₹ 939.22 crore were outstanding at the beginning of the year against Co-operative Sugar Mills. Further, loans of ₹ 245 crore were given to these sugar mills without recovery of earlier loans.

The total outstanding loans advanced by the State Government increased by ₹ 906 crore from ₹ 35,394 crore in 2019-20 to ₹ 36,300 crore in the year 2020-21. Recovery of loans and interest receipts decreased substantially by ₹ 16,020 crore (99.69 *per cent*) and ₹ 1,311 crore (98.13 *per cent*) respectively in 2020-21 as compared to 2019-20 mainly due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited (PSPCL) during 2019-20. The interest received was only 0.07 *per cent* of the outstanding loans and advances during 2020-21.

The outstanding loans (₹ 36,300 crore) at the close of year 2020-21 included the long term loans of ₹ 32,163 crore out of ₹ 33,372 crore advanced by the State Government for –

- one-time settlement of Legacy Cash Credit Accounts for food procurement operations during 2016-17 (₹ 29,920 crore⁸), of which ₹ 29,417 crore were outstanding; and

⁸ This loan is to be repaid by the State Government in equated monthly instalments of ₹ 270 crore (including interest) except for last installment of ₹ 115 crore which is to be paid in September 2034.

- clearing outstanding CCL extended afresh to five State Procurement Agencies (SPA) during 2016-21 (₹ 3,452 crore), of which ₹ 2,705 crore⁹ were outstanding.

Thus, against the total amount of ₹ 33,372 crore advanced for clearing old and fresh CCL to SPAs during 2016-21, recovery of only ₹ 1,250 crore¹⁰ had been effected.

(iv) Capital locked in incomplete projects

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to extra burden in terms of servicing of debt and interest liabilities. Details of age-wise and department-wise incomplete projects, which were to be completed upto 2020-21 are shown in **Table 2.30** and **Table 2.31** respectively.

Year of commencement	No of incomplete projects	Estimated cost	Expenditure (as on 31 March 2021)
Upto 2011-12	03	2,543.96	770.94
2012-13	-	-	-
2013-14	-	-	-
2014-15	02	64.78	62.30
2015-16	07	72.80	84.53
2016-17	03	19.97	8.80
2017-18	04	80.75	53.78
2018-19	25	226.12	91.20
2019-20	24	262.24	102.06
2020-21	28	103.28	35.51
Total	96	3,373.90	1,209.12

Department	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2021)
Public Works	82	771.28	366.69
Irrigation	06	2,562.56	821.30
Water Supply and Sanitation	08	40.06	21.13
Total	96	3,373.90	1,209.12

Source: Finance Accounts

The expenditure of ₹ 1,209.12 crore incurred on 96 incomplete projects was yet to yield the intended benefits. Out of 96 incomplete projects, 19 projects on which expenditure of ₹ 980.35 crore had been incurred, pertained to the period prior to the year 2018-19.

Delay in completion of projects not only adversely affected the quality of expenditure but also deprived the State of intended benefits and economic growth.

⁹ Besides, ₹ 41 crore pertaining to the period prior 2010-11 was also outstanding from PUNSUP.

¹⁰ ₹ 503 crore (2017-18: ₹ 26 crore, 2018-19: ₹ 61 crore, 2019-20: ₹ 405 crore and 2020-21: ₹ 11 crore) against ₹ 29,920 crore; and ₹ 747 crore (2018-21) against ₹ 3,452 crore.

(v) Implementation of Ujwal Discom Assurance Yojana (UDAY)

With an objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal DISCOM Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOMs. This scheme facilitated State Governments to take over 75 per cent of DISCOM's outstanding debt over a period of two years.

The outstanding debt of the DISCOMs was to be taken over in the form of equity, loan and grant/subsidy. The loan extended to DISCOMs under UDAY had to be converted into grant and equity in the subsequent three years.

Further, the State Government was required to take over losses, if any, of the DISCOMs in a graded manner as below:

Year	2017-18	2018-19	2019-20	2020-21
Loss to be taken over by State	5% of loss of 2016-17	10% of loss of 2017-18	25% of loss of 2018-19	50% of loss of 2019-20

Accordingly, a tripartite Memorandum of Understanding (MoU) was executed amongst GoI, Government of Punjab (GoP) and Punjab State Power Corporation Limited (PSPCL) i.e. Punjab DISCOM on 4 March 2016 to take over 75 per cent of the outstanding debt of Punjab DISCOM (₹ 20,837.68 crore) as on 30 September 2015.

As per MoU, GoP committed to take over 50 per cent (₹ 10,418.84 crore) of the Punjab DISCOM debt in 2015-16 and 25 per cent (₹ 5,209.42 crore) in 2016-17. The State Government would raise this amount through issue of bonds. Amount raised was to be disbursed to the Punjab DISCOM as loans. The DISCOM was to pay interest to GoP on the outstanding loan in a financial year at the rate at which GoP issued bonds. The State Government committed to convert the loan of ₹ 15,628.26 crore into grant (₹ 11,728.26 crore) and equity (₹ 3,900 crore) during 2019-20.

During 2015-16, against the commitment of ₹ 10,418.84 crore, GoP could arrange borrowings of ₹ 9,859.72 crore through UDAY bonds, thereby compensating PSPCL short by ₹ 559.12 crore than committed. Of these ₹ 9,859.72 crore, transaction of ₹ 4,262.65 crore carried out on 31 March 2016 as a cashless transaction through the Reserve Bank of India (RBI) was not accounted for in the Finance Accounts of the State Government. As such, borrowings of only ₹ 5,597.07 crore were taken into Finance Accounts 2015-16, thereby understating the loans of the State Government by ₹ 4,262.65 crore during that year.

During 2016-17, against the commitment of ₹ 5,209.42 crore, GoP transferred ₹ 5,768.54 crore as loan, which included balance amount of ₹ 559.12 crore of 2015-16. However, ₹ 10,031.19 crore were booked to accounts as public debt, which included ₹ 4,262.65 crore pertaining to the previous year's accounts. This overstated the loans and fiscal deficit of the State in 2016-17 to this extent.

The outstanding debt of Punjab DISCOM carried interest ranging between 8.00 per cent and 12.50 per cent. Of this, 75 per cent of debt amounting to ₹ 15,628.26 crore was replaced with debts bearing lower interest rates ranging between 7.21 per cent and 8.72 per cent. Position of equity/loan/grant extended to Punjab DISCOM under UDAY is depicted in **Table 2.32**.

Table 2.32: Position of equity/loan/grant under UDAY

(₹ in crore)

Year	Equity Investment	Loan	Revenue Grant	Total
2015-16	--	9,859.72	--	9,859.72
2016-17	--	5,768.54	--	5,768.54
Total	--	15,628.26	--	15,628.26
2017-18	--	--	141.81	141.81
2018-19	--	--	90.69	90.69
2019-20	15,628.26	--	9.45	15,637.71
2020-21	--	--	579.10	579.10
Total	15,628.26	--	821.05	16,449.31

Source: Finance Accounts

It was observed that the State Government converted (March 2020) entire amount of ₹ 15,628.26 crore into equity (instead of ₹ 11,728.26 crore as grant and ₹ 3,900 crore as equity) during 2019-20, in contravention of provisions of the MoU. Further, GoP took over losses of the DISCOM as specified in the scheme for the years 2017-18 to 2020-21 by paying revenue grant amounting to ₹ 821.05 crore.

2.4.2.3 Resource availability of the State under Public Private Partnership projects

Public Private Partnership (PPP) is an arrangement between the government or statutory entity and a private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development. Sector-wise details of PPP Projects are given in **Table 2.33**.

Table 2.33: Sector-wise details of PPP projects as on 31 March 2021

(₹ in crore)

Sl. No.	Sector	Completed			Ongoing			Planned for future	
		No.	Estimated Cost	Revenue generated upto 31 st March 2021	No.	Estimated Cost	Revenue generated upto 31 st March 2021	No.	Estimated Cost
1.	Roads	14	1,027.02	60.00	--	--	--	--	--
2.	Urban Infrastructure	01	9.00	1.00	03 ¹¹	305.00	322.00	02 ¹²	700.00
3.	Agriculture	04	177.35	6.21	--	--	--	02 ¹³	44.00
4.	Health and Family Welfare	--	--	--	02 ¹⁴	118.45	--	01 ¹⁵	40.50
5.	Education Development	05	36.76	--	19	85.82	--	--	--
6.	Technical Education and Industrial Training	--	--	--	03	210.30	0.45	--	--
7.	Employment Generation and Skill Development	6219	7.65	--	512	1.74	0.13	3400	10.50
Total		6,243	1,257.78	67.21	539	721.31	322.58	3405	795.00

Source: Departmental information

2.4.3 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to total expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. Fiscal priority¹⁶ of the State Government with regard to expenditure on social and economic sectors, etc. is shown in **Table 2.34**.

¹¹ (i) Omaxe City at Patiala; (ii) Construction and operation of Exhibition Centre at Ludhiana; and (iii) Heritage hotel at old site of Shri Guru Teg Bahadur Hospital at Amritsar.

¹² (i) Standard tourism project at Dhar Kalan, Pathankot; and (ii) Convention Centre at Guru Ram Das Urban Estate at Amritsar.

¹³ (i) Batala Bio-CNG Project at Co-operative Sugar Mill, Batala; and (ii) Bhogpur Bio-CNG Project at Bhogpur Co-operative Sugar Mill, Bhogpur.

¹⁴ (i) Development, Operation and Maintenance of Radio Diagnostics in the selected hospitals in the State of Punjab; and (ii) Development, Operation and Maintenance of Laboratory Diagnostics in the selected hospitals in the State of Punjab.

¹⁵ (i) Setting-up, Operation and Maintenance of Cardiac Care Centres in the selected hospitals in the State of Punjab.

¹⁶ Ratio of expenditure in that category to Total Expenditure (TE).

Table 2.34: Expenditure priority of the State with regard to health, education and capital expenditure*(In per cent)*

	TE/GSDP	CE/TE	Education*/TE	Health/ TE
General Category States Average (2016-17)	17.12	19.77	14.93	5.49
Punjab (2016-17)	23.66	45.25	8.94	2.86
General Category States Average (2020-21)	16.18	13.03	15.00	6.74
Punjab (2020-21)	17.31	5.82	13.25	4.20

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

TE: Total Expenditure and CE: Capital Expenditure

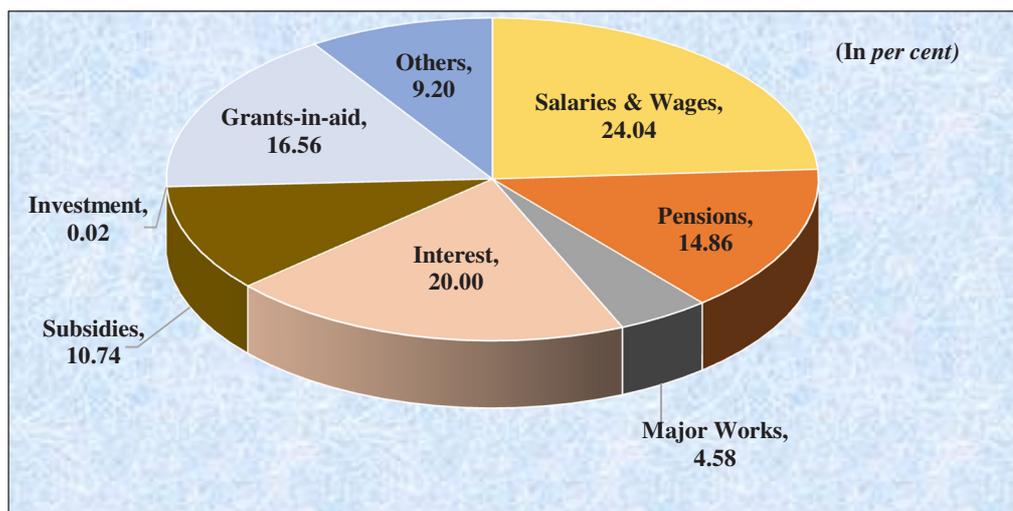
*Expenditure on education includes expenditure on sports, art and culture.

Table 2.34 shows that:

- The State Government's total expenditure as proportion of GSDP, decreased from 23.66 *per cent* in 2016-17 to 17.31 *per cent* in 2020-21 whereas for General Category States (GCS) it decreased from 17.12 *per cent* to 16.18 *per cent* during the same period.
- Capital expenditure facilitates asset creation which generates opportunities for higher growth. The ratio in this regard decreased from 45.25 *per cent* in 2016-17 to 5.82 *per cent* in 2020-21. This ratio for General Category States decreased from 19.77 *per cent* to 13.03 *per cent* during the same period. Significantly higher CE/TE ratio during 2016-17 in the State was mainly due to disbursal of loans under UDAY and CCL.
- The ratio of expenditure on education to the total expenditure in Punjab went up from 8.94 *per cent* in 2016-17 to 13.25 *per cent* in 2020-21 whereas it increased from 14.93 *per cent* to 15.00 *per cent* in the case of GCS during the same period.
- The ratio of expenditure on health to total expenditure in Punjab increased from 2.86 *per cent* in 2016-17 to 4.20 *per cent* in 2020-21 whereas it increased from 5.49 *per cent* to 6.74 *per cent* in the case of GCS during the same period.

2.4.4 Object head-wise expenditure

Object head-wise expenditure gives information about the object/purpose of the expenditure. **Chart 2.14** shows object head-wise expenditure.

Chart 2.14: Object head-wise expenditure during 2020-21

Source: Finance Accounts

Note: The object head-wise expenditure obtained from VLC data contains object head-wise expenditure on Salaries & wages and Pensions in all major heads which differs from the committed expenditure on these items (as appearing in Paragraph 2.4.1.2).

2.5 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account balances

The component-wise net balances in Public Account of the State is given in **Table 2.35** and yearly changes in composition of Public Account balances are depicted in **Chart 2.15**.

Table 2.35: Component-wise net balances in Public Account*(₹ in crore)*

Sector	Sub-Sector	2016-17	2017-18	2018-19	2019-20	2020-21
Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	(-)20,603.53	(-)21,729.73	(-)22,993.55	(-)22,995.06	(-)22,149.54
Reserve Funds	(a) Reserve Funds bearing Interest	(-)4,869.39	(-)5,519.49	(-)6,402.59	(-)8,203.96	(-)8,583.58
	(b) Reserve Funds not bearing Interest	(-)0.68	(-)0.68	(-)0.68	(-)253.20	(-)1,211.33
Deposits and Advances	(a) Deposits bearing Interest	(-)748.52	(-)825.92	(-)808.08	(-)776.16	(-)880.98
	(b) Deposits not bearing Interest	(-)2,530.47	(-)2,273.62	(-)2,581.87	(-)3,045.22	(-)3,023.68
	(c) Advances	0.42	0.42	0.42	0.42	0.42

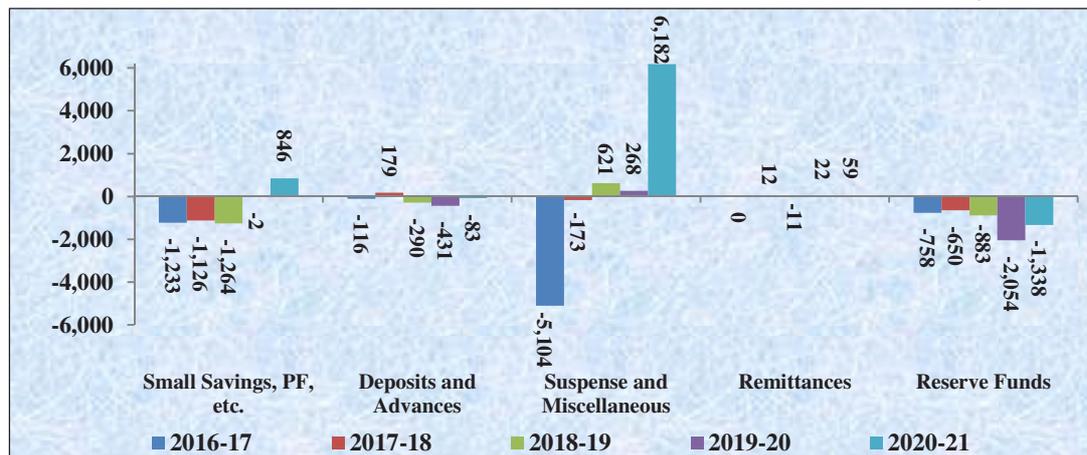
Sector	Sub-Sector	2016-17	2017-18	2018-19	2019-20	2020-21
Suspense and Miscellaneous	(a) Suspense	23.74	50.87	(-)38.05	(-)8.47	(-)102.69
	(b) Other Accounts	762.43	562.71	1,272.82	1,511.04	7,787.14
	(c) Accounts with Governments of Foreign Countries	0.66	0.66	0.66	0.66	0.66
	(d) Miscellaneous	0	0	0	0	0
Remittances	(a) Money Orders, and other Remittances	1.39	0	(-)9.02	2.68	40.85
	(b) Inter-Governmental Adjustment Account	0	13.59	11.93	22.59	43.05
Total		(-)27,963.95	(-)29,721.19	(-)31,548.01	(-)33,744.68	(-)28,079.68

Source: Finance Accounts

Note: +ve figures denote debit balances and -ve figures denote credit balances.

Chart 2.15: Yearly changes in composition of Public Account balances

(₹ in crore)



Source: Finance Accounts

The component-wise comparison of net balances in Public Account of the State of Punjab with those of the neighboring States is given in **Table 2.36**.

Table 2.36: Component-wise comparison of net balances in Public Account as on 31st March 2021

(₹ in crore)

Sector	Sub-Sector	Punjab	Haryana
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	(-)22,149.54	(-)17,996.91
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-)8,583.58	(-)5,476.92
	(b) Reserve Funds not bearing Interest	(-)1,211.33	(-)2,347.00
K. Deposits and Advances	(a) Deposits bearing Interest	(-)880.98	(-)451.94
	(b) Deposits not bearing Interest	(-)3,023.68	(-)9,019.62
	(c) Advances	0.42	0.74
L. Suspense and Miscellaneous	Suspense and Miscellaneous	7,685.11	24.24
M. Remittances	(a) Money Orders, and other Remittances	40.85	(-)330.58
	(b) Inter-Governmental Adjustment Account	43.05	17.73
Total		(-)28,079.68	(-)35,580.26

Source: Finance Accounts of respective States

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing reserve funds and reserve funds not bearing interest.

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There were six interest bearing funds and two Reserve Funds not bearing interest as on 31 March 2021. The fund balances lying in these Reserve Funds as on 31 March 2021 are given in **Table 2.37**.

Table 2.37: Detail of Reserve Funds

		(₹ in crore)
Sr. No.	Name of Reserve Fund	Balance as on 31 March 2021
A	Reserve Funds bearing Interest	8,583.58
1.	Depreciation Reserve Fund-Motor Transport	116.35
2.	Depreciation Reserve Fund-Government Presses	26.16
3.	General Reserve Fund-Motor Transport	22.23
4.	Punjab Road Safety Fund	44.00
5.	State Disaster Response Fund	7,334.00
6.	State Compensatory Afforestation Fund	1,040.84
B	Reserve Funds not bearing Interest	1,211.33
1.	Sinking Funds	1,210.65
2.	Other Development and Welfare Fund	0.68
	Grand Total	9,794.91

Source: Finance Accounts

2.5.2.1 Consolidated Sinking Fund

The Government of Punjab constituted (December 2006) a Consolidated Sinking Fund in line with the recommendations of the Twelfth Finance Commission (12th FC) with the objective to redeem its outstanding liabilities commencing from the financial year 2011-12. The Fund is managed by the Reserve Bank of India. The State Government is to contribute every year minimum 0.50 per cent of the outstanding liabilities at the end of the previous financial year. Contribution to this Fund out of borrowings from the Reserve Bank is not permissible.

There was an opening balance of ₹ 252.52 crore in the Fund at the beginning of the current year. As on 31 March 2020, the outstanding liabilities of the Government of Punjab were ₹ 2,29,353.72 crore. Accordingly, the State Government was required to contribute a minimum of ₹ 1,146.77 crore (0.50 per cent) during 2020-21. However, the State Government had made contribution of ₹ 925.01 crore only to the Fund, which had been invested and an interest of ₹ 33.12 crore thereon was earned. Resultantly, there was a balance of ₹ 1,210.65 crore at the end of the current year.

Thus, the State Government has not made the minimum contribution of ₹ 7,338.75 crore¹⁷ during 2011-21 to the said Fund since its inception. Non-contribution to Sinking Fund has also resulted in understatement of revenue expenditure by ₹ 221.76 crore during 2020-21 with consequent impact on revenue deficit and fiscal deficit of the State.

The Principal Secretary (Finance) stated (December 2021) that some contribution had been made in the Consolidated Sinking Fund in the current year and some money would also be invested in the coming year.

2.5.2.2 State Disaster Response Fund

The Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010. In terms of the guidelines of SDRF (September 2010 and July 2015), the Centre and the State Governments were contributing to the Fund in the proportion of 75:25. The contributions are to be transferred under the Public Account to Major Head – 8121. Expenditure during the year is incurred by operating Major Head – 2245.

The State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half yearly basis. The accretions to the SDRF together with the income earned on the investment of SDRF is to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

The SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and the provision for disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF. Such expenditure has to be built into the normal budgetary heads/State Plan Funds, etc.

As per Finance Accounts, as on 1 April 2020, an amount of ₹ 6,999.48 crore was lying in the SDRF. During the year 2020-21, ₹ 1,041.04 crore (₹ 425.25 crore as Centre share; ₹ 141.75 crore as State share; ₹ 16.42 crore towards refund of previous year's unspent balance lying with the Drawing and Disbursing Officers; and ₹ 457.62 crore towards payment of interest by the State Government) were transferred to the Fund. An amount of ₹ 706.52 crore was spent from the Fund during the current year leaving a balance of ₹ 7,334.00 crore. The entire balance of ₹ 7,334.00 crore was lying uninvested in SDRF as on 31 March 2021, in violation of GoI guidelines *ibid*.

¹⁷ Up to 2015-16: ₹ 3,764.81 crore; 2016-17: ₹ 647.20 crore; 2017-18: ₹ 912.63 crore; 2018-19: ₹ 975.76 crore; 2019-20: ₹ 816.59 crore and 2020-21: ₹ 221.76 crore.

Further, an amount of ₹ 330.00 crore¹⁸ (Central share: ₹ 247.50 crore and State share: ₹ 82.50 crore) pertaining to the year 2019-20 and 2020-21 had not been transferred to the Fund, thereby resulting into understatement of revenue deficit and fiscal deficit of the State to the extent of ₹ 330.00 crore.

The Principal Secretary (Finance) stated (December 2021 and January 2022) that the State did not have surplus cash for making investment out of SDRF, as the funds had been used for other purposes. The State would have to borrow at higher rate of interest from market for making this investment.

Details of expenditure charged to SDRF during 2020-21 are given in **Table 2.38**.

Table 2.38: Details of expenditure charged to SDRF during 2020-21

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones, etc.	101-Gratuitous Relief	44.62
	104-Supply of Fodder	0.00
	106-Repairs and restoration of damaged roads and bridges	14.93
	111-Ex-gratia payments to bereaved families	0.65
	113-Assistance for repairs/reconstruction of Houses	1.55
	117-Assistance to farmers for purchase of livestock	0.08
	122-Repairs and restoration of damaged irrigation and flood control works	644.65
	Total	706.48
2245- Relief on Account of Natural Calamities 05-State Disaster Response Fund	901- Deduct - Amount met from State Disaster Response Fund	(-)706.51
Expenditure charged to SDRF in violation of SDRF guidelines		661.89

Source: Finance Accounts

As per the SDRF guidelines, only the amount booked under 2245-02-101 is admissible expenditure to be met from SDRF. Hence, expenditure of ₹ 661.89 crore out of ₹ 706.51 crore met from SDRF was in contravention of the guidelines. This led to understatement of revenue expenditure to the extent of ₹ 661.89 crore during 2020-21 with consequent impact on revenue deficit and fiscal deficit of the State.

2.5.2.3 Guarantee Redemption Fund

The State Government constitutes 'Guarantee Redemption Fund' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued.

¹⁸ 2019-20: Central share: ₹ 99.33 crore and State share: ₹ 33.11 crore; and 2020-21: Central share ₹ 148.17 crore and State share: ₹ 49.39 crore.

In terms of recommendations of the Twelfth Finance Commission, the State Government constituted 'Guarantee Redemption Fund' (GRF) in December 2007 (revised in 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 bodies. As per the guidelines, the State Government was required to make an initial contribution of at least one *per cent* of outstanding guarantees at the end of the previous year (2012-13) and thereafter at least 0.50 *per cent* of outstanding guarantees at the close of previous year to achieve a minimum level of three *per cent* of outstanding guarantees in next five years. Accordingly, State Government was required to make a minimum contribution of ₹ 1,525.67 crore during the period 2013-14 to 2016-17, but the State Government has not contributed the same to the Fund.

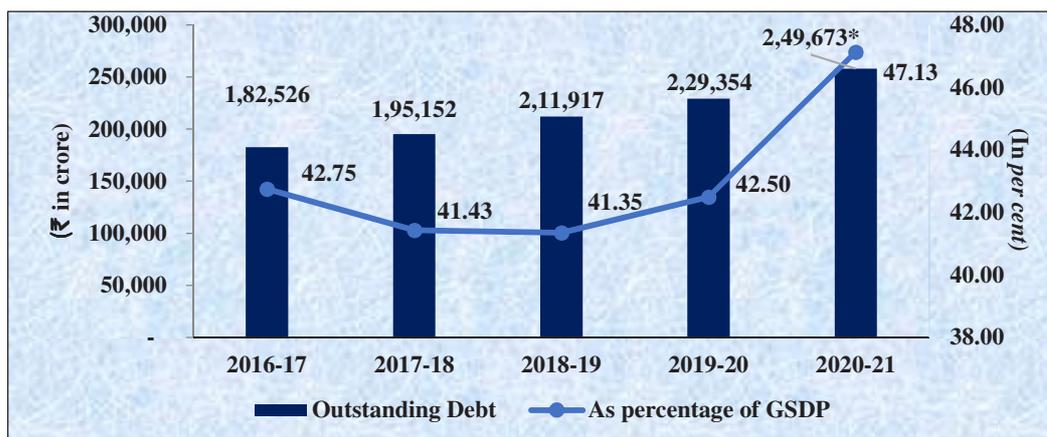
The State Government has further revised (October 2017) the 'Guarantee Redemption Fund Scheme' with effect from the financial year 2017-18. In terms of the Scheme, State Government was required to make a minimum contribution of ₹ 206.77 crore for the year 2017-18 (one *per cent* of outstanding guarantee of ₹ 20,676.88 crore at the end of 2016-17), ₹ 98.80 crore for the year 2018-19 (0.50 *per cent* of outstanding guarantee of ₹ 19,760.46 crore at the end of 2017-18), ₹ 118.59 crore for the year 2019-20 (0.50 *per cent* of outstanding guarantee of ₹ 23,718.68 crore at the end of 2018-19) and ₹ 126.76 crore for the year 2020-21 (0.50 *per cent* of outstanding guarantee of ₹ 25,352.24 crore at the end of 2019-20). Total amount required to be contributed to the Fund during the period 2013-21 works out to ₹ 2,076.59 crore. However, the State Government has not contributed anything to the Fund during this period. Besides, guarantee fee of ₹ 0.73 crore was also received during the current year which was not transferred to GRF. Non-contribution to GRF has also resulted in understatement of revenue expenditure by ₹ 127.49 crore (₹ 126.76 crore + ₹ 0.73 crore) during 2020-21 with consequent impact on revenue deficit and fiscal deficit of the State.

The State Government stated (January 2022) that it could not invest in the Guarantee Redemption Fund due to cash crunch.

2.6 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, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

Outstanding debt of the State along with its percentage to GSDP for the years 2016-17 to 2020-21 is depicted in **Chart 2.16**.

Chart 2.16: Outstanding debt and its percentage to GSDP

Source: Finance Accounts

* Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

2.6.1 Debt profile: Components

Total debt of the State Government typically constitutes Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The component-wise debt trends of the State for the period of five years beginning from 2016-17 are presented in **Table 2.39**.

Table 2.39: Component-wise debt trends

Components of fiscal liability		2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Total Debt		1,82,526	1,95,152	2,11,917	2,29,354	2,49,673
Public Debt	Internal Debt	1,49,880	1,60,785	1,74,172	1,89,662	2,10,394
	Loans from GoI	3,893	4,018	4,958	4,671	4,641*
Public Account Liabilities		28,753	30,349	32,787	35,021	34,638
Rate of growth of outstanding total debt (per cent)		41.67	6.92	8.59	8.23	8.86
Gross State Domestic Product (GSDP)		4,26,988	4,71,014	5,12,511	5,39,687	5,29,703
Debt/GSDP (per cent)		42.75	41.43	41.35	42.50	47.13
Total Debt Receipts (including WMA)		94,290	53,363	61,155	65,907	64,248*
Total Debt Repayments (including WMA)		40,599	40,737	44,390	48,470	43,928
Total Debt available		53,691	12,626	16,765	17,437	20,320
Debt Repayments/Debt Receipts (per cent)		43.06	76.34	72.59	73.54	68.37

Source: Finance Accounts

* Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

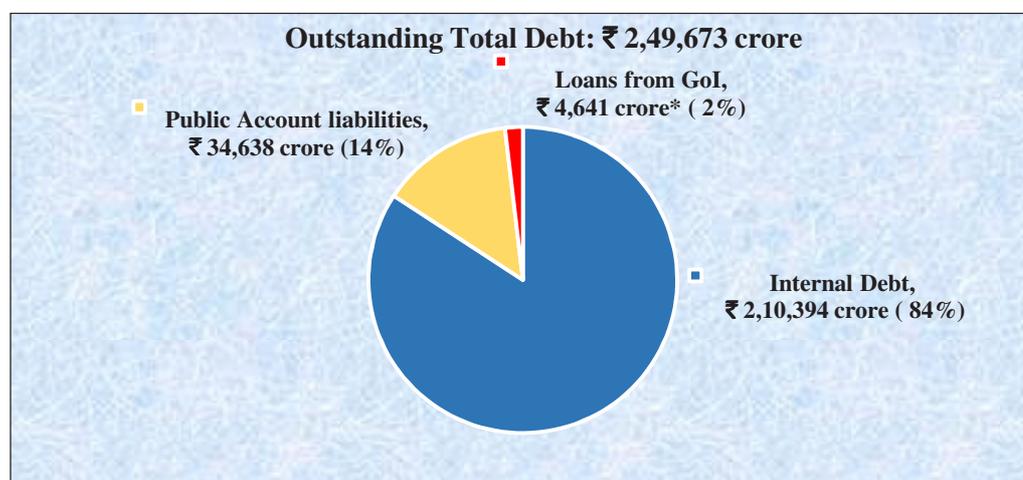
The total debt of the State Government had been on the rise as it increased by 36.79 per cent from ₹ 1,82,526 crore in 2016-17 to ₹ 2,49,673 crore in 2020-21, which included outstanding long term loans raised by the State Government for (i) one-time settlement of Legacy Cash Credit Accounts for

food procurement operations during 2016-17 (₹ 26,248 crore out of ₹ 29,920 crore); and (ii) issuing of Bonds for clearing debts of Punjab State Power Corporation Limited (PSPCL) in compliance with the implementation of Ujwal Discom Assurance Yojana (UDAY) during 2015-16 (₹ 5,597 crore) and 2016-17 (₹ 10,031 crore).

The State Government stated (January 2022) that debt growth rate had moderated from 78.02 per cent to 41.37 per cent (36.79 per cent after excluding ₹ 8,359 crore given by GoI as back-to-back loans in lieu of GST Compensation shortfall which are not to be repaid by the State from its sources) during two five years' period i.e. 2015-2020 and 2016-2021 respectively. While the growth rate had moderated, debt accumulation on account of COVID-19 had resulted in higher than expected outstanding debt levels.

Break-up of outstanding total debt at the end of 2020-21 is shown in **Chart 2.17**.

Chart 2.17: Break-up of outstanding total debt at the end of 2020-21



Source: Finance Accounts

* Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

Chart 2.18 depicts the quantum of internal debt taken vis-à-vis repaid during the period of five years i.e. 2016-21.

Chart 2.18: Internal debt taken vis-à-vis repaid



Source: Finance Accounts

Internal debt of the State Government increased by ₹ 60,514 crore (40.37 per cent) from ₹ 1,49,880 crore in 2016-17 to ₹ 2,10,394 crore in 2020-21 (Table 2.39). An amount of ₹ 15,960 crore was paid towards interest on internal debt during 2020-21.

Table 2.40 depicts financing pattern of the fiscal deficit during 2016-21 and the financing of fiscal deficit during 2020-21 is expressed through a water flow chart (Chart 2.19).

Table 2.40: Components of fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	
Composition of Fiscal Deficit	(-47,071)	(-12,494)	(-16,059)	(-16,826)	(-22,584)	
1 Revenue Deficit	(-7,311)	(-9,455)	(-13,135)	(-14,285)	(-17,296)	
2 Net Capital outlay	(-4,346)	(-2,352)	(-2,412)	(-17,828)	(-4,382)	
3 Net Loans and Advances	(-35,414)	(-687)	(-512)	15,287	(-906)	
Financing Pattern of Fiscal Deficit						
1 Market Borrowings	12,144	13,349	17,053	18,470	23,467	
2 Loans from GoI	327	125	940	(-288)	8,329	
3 Special Securities issued to NSSF	(-1,804)	(-1,742)	(-1,801)	(-1,841)	(-1,838)	
4 Loans from Financial Institutions	34,749	(-702)	(-1,865)	(-1,138)	(-898)	
5 Small Savings, PF, etc.	1,233	1,126	1,264	2	(-845)	
6 Reserve Funds	758	650	883	2,054	1,338	
7 Deposits and Advances	115	(-180)	290	431	83	
8 Suspense and Miscellaneous	17	(-27)	120	(-41)	130	
9 Remittances	-	(-12)	11	(-23)	(-59)	
10 Overall Deficit	47,539	12,587	16,895	17,626	29,707	
11 Increase(-)/Decrease(+) in cash balance	(-410)	(-93)	(-836)	(-800)	(-7,123)	
12 Gross Fiscal Deficit	47,071	12,494	16,059	16,826	22,584	

Source: Finance Accounts

Chart 2.19: Financing of fiscal deficit during 2020-21

(₹ in crore)



Source: Finance Accounts

Note: Loans from GoI during 2020-21 calculated after including ₹ 8,359 crore as back-to-back loans in lieu of GST Compensation shortfall.

The components of receipts and disbursements financing the fiscal deficit during the year 2020-21 are depicted in **Table 2.41**.

Table 2.41: Receipts and Disbursements under various components financing the fiscal deficit during 2020-21

		(₹ in crore)		
Particulars		Receipt	Disbursement	Net
1	Market Borrowings	32,995	9,528	23,467
2	Loans from GoI	8,791*	462	8,329
3	Special Securities issued to NSSF	-	1,838	(-)1,838
4	Loans from Financial Institutions	600	1,498	(-)898
5	Small Savings, PF, etc.	3,229	4,074	(-)845
6	Reserve Funds	2,046	708	1,338
7	Deposits and Advances	3,638	3,554	84
8	Suspense and Miscellaneous	66,179	66,050	129
9	Remittances	25	84	(-)59
10	Overall Deficit			29,707
11	Increase (-)/Decrease (+) in cash balance	9,248	2,125	(-)7,123
12	Gross Fiscal Deficit			22,584

Source: Finance Accounts

* Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

2.6.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Table 2.42** and **Chart 2.20**.

Table 2.42: Debt Maturity Profile of repayment of State debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	17,975.59	8.36
1 – 3	32,096.18	14.93
3 – 5	28,922.91	13.45
5 – 7	34,287.44	15.94
7 and above	97,791.17	45.48
Others ¹⁹	3,961.36*	1.84
Total	2,15,034.65	100.00

Source: Calculated on the basis of Finance Accounts

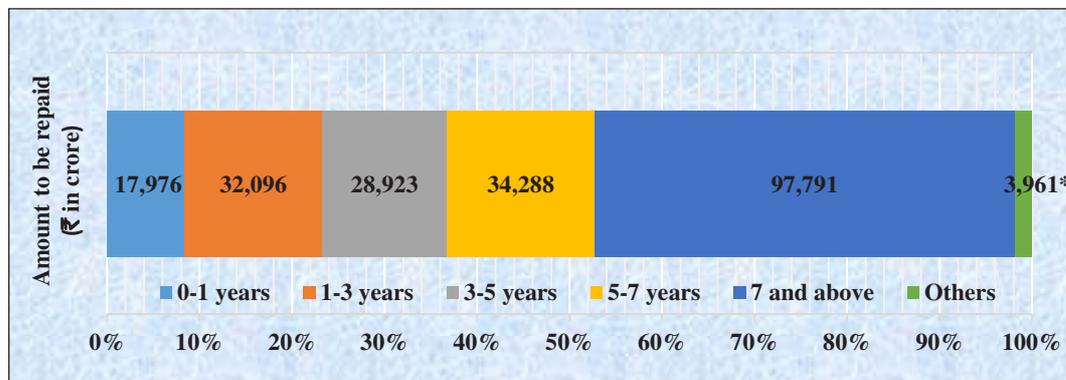
* Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

Table 2.42 indicates that the State Government has to repay 23.29 per cent (₹ 50,071.77 crore) of its debt within the next three years, 13.45 per cent

¹⁹ Includes loans of ₹ 0.32 crore, repayment of which is on the basis of actual recoveries; and ₹ 3,961.04 crore representing loans on back to back basis, recoveries of which are being made by the Central Government itself.

(₹ 28,922.91 crore) between 3-5 years and 15.94 per cent (₹ 34,287.44 crore) between 5-7 years. It signifies that the State has to repay 52.68 per cent of its debt (₹ 1,13,282.12 crore) in the next seven years.

Chart 2.20: Debt Maturity Profile



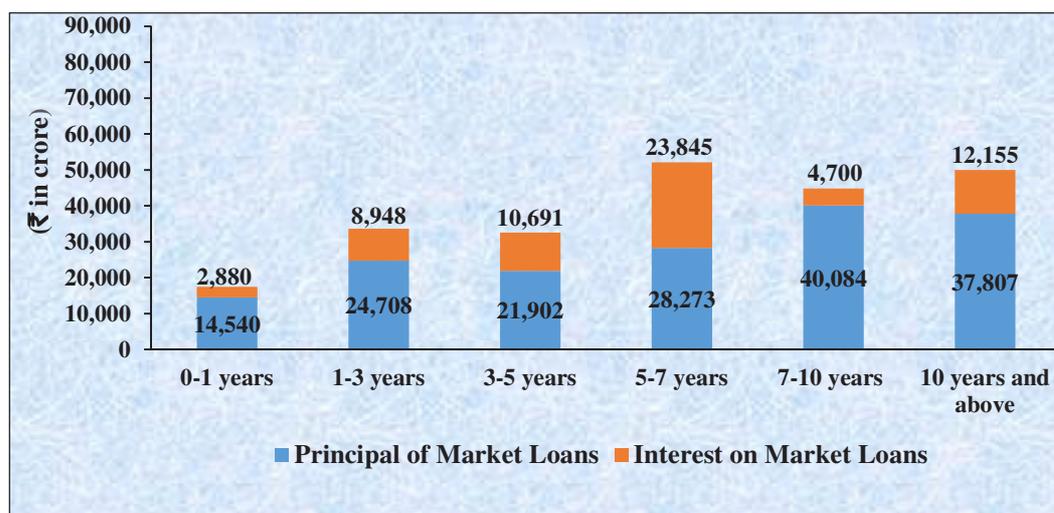
Source: Finance Accounts

* Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

The State Government stated (January 2022) that the State had incorporated Debt Management Unit in the Department of Finance that had been actively looking at the maturity profile of the State and taking proactive steps to avoid regions of high concentration. The Unit had been extending the yield curve of the State by issuing long-term securities. Concentration risk of the State was being monitored actively and mitigated while keeping the credit cost in check.

Repayment schedule of market loans (including UDAY bonds) along with interest is given in **Chart 2.21**.

Chart 2.21: Repayment schedule of market loans



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

Note: The maturity profile has been evolved for outstanding market loans and UDAY bonds as on 31 March 2021 and interest has been calculated up to the financial year in which the loans are going to retire.

As on 31 March 2021, market loans amounting to ₹ 2,30,533 crore (including UDAY bonds) along with interest were due for repayment. The State will have to repay market loans of ₹ 83,669 crore (36 per cent) (₹ 61,150 crore as principal and ₹ 22,519 crore as interest) during the next five years i.e. up to 2025-26. Market loans of ₹ 96,902 crore (42 per cent) (₹ 68,357 crore as principal and ₹ 28,545 crore as interest) will have to be repaid in subsequent five years period up to 2030-31. This means that in the next five years (2021-26), on an average, the State will have to make repayment of ₹ 16,734 crore annually of the market loans which will go up to ₹ 19,380 crore in the subsequent five years (2026-30). Remaining ₹ 49,962 crore (22 per cent) (₹ 37,807 crore as principal and ₹ 12,155 crore as interest) will be repayable after 2031.

2.7 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 2.43** and **Chart 2.22**.

Table 2.43: Trends in Debt Sustainability Indicators

(₹ in crore)					
Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt*	1,53,773.15	1,64,802.98	1,79,130.45	1,94,332.64	2,15,034.65*
Rate of Growth of Outstanding Public Debt	49.89	7.17	8.69	8.49	10.65
GSDP	4,26,988	4,71,014	5,12,511	5,39,687	5,29,703
Rate of Growth of GSDP	9.46	10.31	8.81	5.30	(-1.85)
Public Debt/GSDP	36.01	34.99	34.95	36.01	40.60
Debt maturity profile of repayment of State debt – including default history, if any	4,473.74	7,317.19	8,318.37	12,238.76	12,525.98
Average interest rate of outstanding Public Debt (per cent)	7.58	8.35	8.21	8.17	7.87
Weighted average interest rate on Public Debt (per cent)	7.46	7.70	8.36	7.31	6.80
Percentage of Interest Payment to Revenue Receipts	20.26	25.08	22.67	24.77	23.32
Percentage of Debt Repayment to Debt Receipts	38.79	76.02	72.50	72.25	62.59
Net Debt available to the State [#]	41,462.00	(-)2,263.00	212.00	(-)52.15	4,597.02
Net Debt available as per cent to Debt Receipts	49.58	(-)4.92	0.41	(-)0.10	8.31
Primary deficit (-)/ Primary surplus (+)	(-)35,429	2,840	247	741	(-)4,432
Debt Stabilisation (Quantum spread ^{\$} + Primary Deficit)	(-)32,353.54	7,141.36	1,053.09	(-)3,165.09	(-)23,032.50

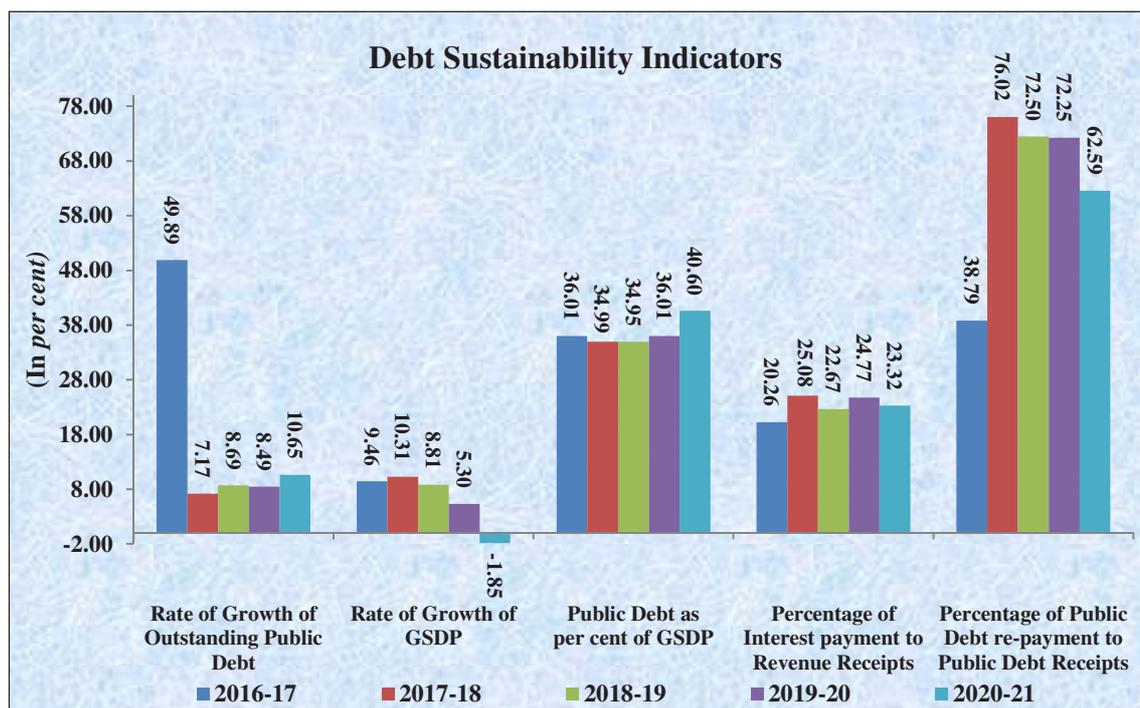
Source Finance Accounts

*Outstanding Public Debt is the sum of outstanding balances under the Heads 6003-'Internal Debt' and 6004-'Loans and Advances from the Central Government'. During 2020-21, it excluded ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

[#]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.

^{\$} Quantum spread = (Debt * rate spread) where rate spread=(GSDP growth rate – interest rate).

Chart 2.22: Trends of Debt Sustainability Indicators



Source: Finance Accounts

Note: Public Debt excludes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

- A falling debt-GSDP ratio can be considered as leading towards stability. Debt-GSDP ratio had decreased from 36.01 *per cent* in 2016-17 to 34.95 *per cent* in 2017-18 and then again rose to 40.60 *per cent* in 2020-21 which cannot be considered as leading towards stability. Also, debt stabilisation condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. **Table 2.43** shows that this trend had been negative since 2019-20 which indicates that debt-GSDP ratio would eventually be rising.
- The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. Rising interest payments to revenue receipts ratio is not a good indicator for debt sustainability. This ratio increased from 20.26 *per cent* in 2016-17 to 23.32 *per cent* in 2020-21.
- Higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayments to public debt receipts ranged between 38.79 *per cent* and 76.02 *per cent* during the period 2016-21.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 2.44** depicts the utilisation of borrowed funds during 2016-21.

Table 2.44: Utilisation of borrowed funds

		(₹ in crore)				
Sr. No.	Year	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Total borrowings	91,180*	47,757	53,925	57,200	55,982#
2.	Repayment of earlier borrowings (Principal) (percentage)	32,443 (35)	34,970 (73)	37,771 (70)	39,574 (70)	34,634 (62)
3.	Net capital outlay (percentage)	4,346 (5)	2,352 (5)	2,412 (4)	17,828 (31)	4,382 (8)
4.	Net loans and advances (percentage)	35,414 (39)	687 (1)	512 (1)	(-)15,287 (-27)	906 (2)
5. (1-2-3-4)	Portion of Revenue expenditure met out of net available borrowings (percentage)	18,977 (21)	9,748 (21)	13,230 (25)	15,085 (26)	16,060 (28)

Source: Finance Accounts

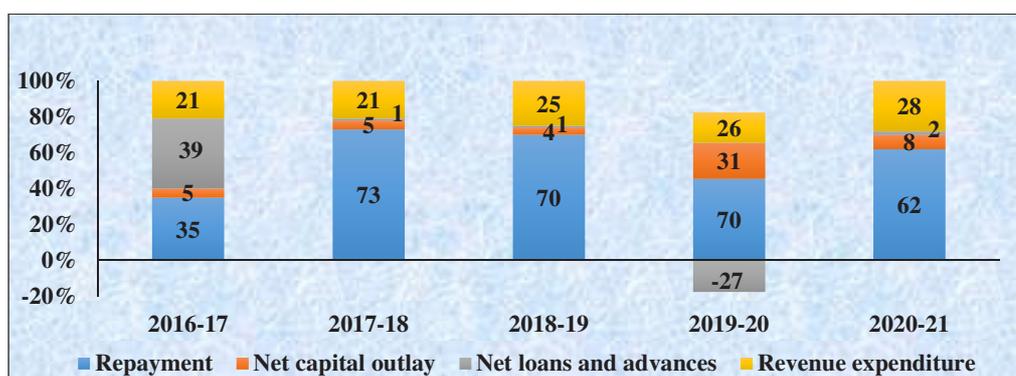
* Including additional borrowings of ₹ 39,951 crore, advanced to food procuring agencies against the legacy amount in the food procurement (₹ 29,919.96 crore) and to PSPCL for taking over DISCOMs debt under UDAY (₹ 10,031.19 crore).

Excluding ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

Table 2.44 shows that during the period 2016-21, the State Government utilised 35-73 per cent of its current borrowings for repayment of earlier borrowings. Revenue expenditure met out of net available borrowings ranged between 21 per cent and 28 per cent. Net capital outlay ranged between 4 and 8 per cent except for the year 2019-20 when it was 31 per cent. Increase in net capital outlay during 2019-20 was mainly due to conversion of UDAY loans of ₹ 15,628 crore into equity in PSPCL, as discussed in Paragraph 2.4.2.2(v). Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of capital creation/development activities.

Trends of utilisation of borrowed funds during the period 2016-21 is depicted in **Chart 2.23**.

Chart 2.23: Trends of utilisation of borrowed funds



Source: Finance Accounts

The State Government while agreeing to the fact stated (January 2022) that due to higher committed liabilities and legacy debt commitments, the utilisation of debt was directed towards repayment of earlier borrowings and revenue expenditure.

2.7.2 Status of Guarantees – Contingent Liabilities

Guarantees, in case of defaults by borrowers for whom the guarantees have been extended, are liabilities contingent on the Consolidated Fund of the State. The State Government gives guarantees for repayments of loans raised by statutory corporations/boards, local bodies, co-operative banks and societies, etc. As per the Punjab FRBM Act, 2003, outstanding guarantees were to be capped at 80 per cent of revenue receipts of previous year. As per Statement 9 of the Finance Accounts, details of the guarantees and status of outstanding guarantees to total receipts for the last five years is given in **Table 2.45**.

Table 2.45: Guarantees given by the State Government

Guarantees	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Ceiling applicable to the outstanding amount of guarantees (i.e. 80 per cent of revenue receipts of previous year)	33,218	38,388	42,408	49,815	49,260
Outstanding amount of guarantees	20,677	19,760	23,719	25,352	23,552

Source: Finance Accounts and Annual Financial Statements

The outstanding guarantees for ₹ 23,552 crore as on 31 March 2021 was in respect of Power (₹ 12,959 crore); Co-operatives (₹ 1,672 crore); State Finance Companies/Corporations (₹ 746 crore); Food and Civil Supplies (₹ 1,029 crore); and Others (₹ 7,146 crore).

The Government gave guarantees within the limits prescribed in the FRBM Act during 2016-21.

Out of the outstanding guarantees for ₹ 23,552 crore during the current year, the State Government had given guarantees amounting to ₹ 1,695.78²⁰ crore to six PSUs whose net worth had become negative. This means that the actual liability lies with the State Government to repay their loans.

²⁰ (i) Punjab State Civil Supplies Corporation Limited: ₹ 589.41 crore; (ii) Punjab State Industrial Development Corporation Limited: ₹ 446.28 crore; (iii) Punjab Agro Foodgrains Corporation Limited: ₹ 316.16 crore; (iv) Punjab Financial Corporation: ₹ 220.46 crore; (v) Punjab State Warehousing Corporation: ₹ 96.41 crore; and (vi) Punjab State Grains Procurement Corporation Limited: ₹ 27.06 crore.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

It is not desirable that the State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. Details of cash balances and their investment during 2019-20 and 2020-21 are given in **Table 2.46**.

Table 2.46: Cash Balances and their investment

(₹ in crore)

	Opening balance as on 1 April 2020	Closing balance as on 31 March 2021
A. General Cash Balances		
Deposits with Reserve Bank of India	340.67	194.40
Investments held in Cash Balance	805.39	6,710.25
Investment Account		
Total (A)	1,146.06	6,904.65
B. Other Cash Balances and Investments		
Cash with departmental officers viz. Forest and Public Works	725.54	1,131.59
Permanent advances with departmental officers for contingent expenditure	0.26	0.26
Investment of earmarked funds	253.20	1,211.33
Total (B)	979.00	2,343.18
Total (A + B)	2,125.06	9,247.83
Interest realised	5.60	10.30

Source: Finance Accounts

The closing cash balance at the end of the current year (₹ 9,247.83 crore) increased by ₹ 7,122.77 crore over the previous year (₹ 2,125.06 crore).

The cash balance included investment of ₹ 1,211.33 crore from earmarked funds. During the year 2020-21, the State Government was able to maintain a minimum cash balance of ₹ 1.56 crore for 220 days and had also to maintain the minimum balance by taking ordinary WMA on 145 days. The State had to pay ₹ 6.42 crore as interest on WMA during the year 2020-21.

Balances in Reserve funds are either held in cash or are required to be invested in various securities stipulated in the respective fund guidelines. Investment of only ₹ 925 crore was made from the Consolidated Sinking Fund during the year 2020-21. The general cash balance of ₹ 6,904.65 crore at the close of the year was not even equal to the balance of ₹ 8,583.57 crore in earmarked reserve funds, which means that reserve funds were used for other than intended purpose.

Details of Cash Balance Investment Account during the last five years; and month-wise movement of cash balance and net cash balance investments at the end of month during the year 2020-21 are depicted in **Table 2.47** and **Chart 2.24** respectively.

Table 2.47: Cash Balance Investment Account (Major Head-8673)

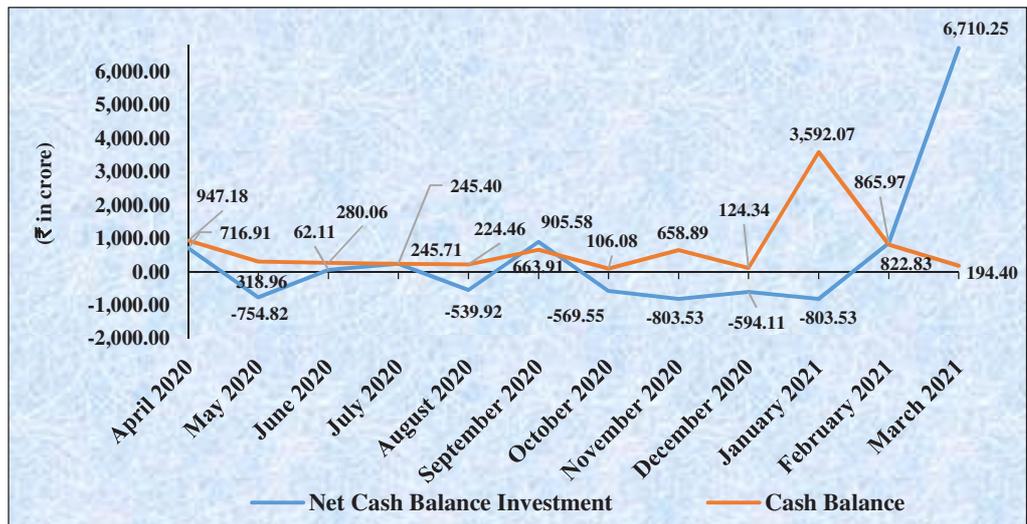
(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2016-17	5,180.25*	0.04	(-)5,180.21	(-)8.05
2017-18	0.04	0.04	0.00	1.56
2018-19	0.04	468.56	(+) 468.52	4.92
2019-20	468.56	805.39	(+) 336.83	5.60
2020-21	805.39	6,710.25	(+) 5,904.86	10.30

Source: Finance Accounts

* decreased by ₹ 58.18 crore through proforma adjustment to incorporate prior period adjustment.

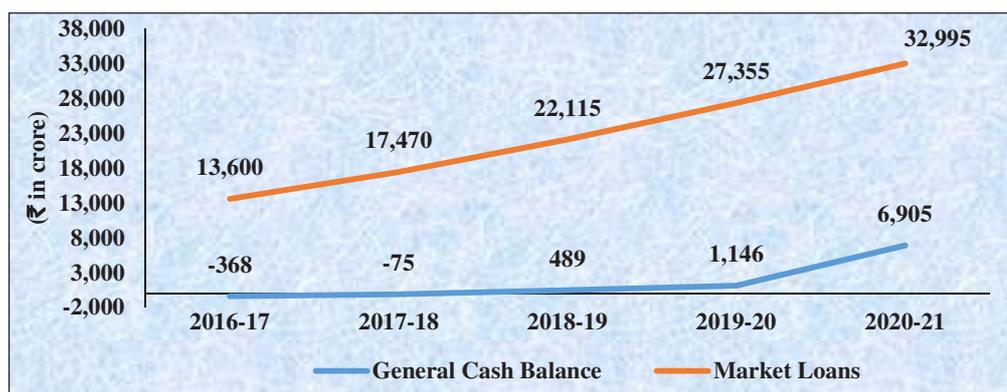
Chart 2.24: Month-wise movement of net cash balance investments and cash balance at the end of month during 2020-21



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

Details of market loans vis-à-vis cash balances during the last five years are shown in **Chart 2.25**.

Chart 2.25: Market Loans vis-à-vis Cash Balance



Source: Finance Accounts

During the year 2020-21, the State could have avoided market borrowings to the extent of the general cash balance (₹ 6,905 crore). The general cash balance of ₹ 6,905 crore included cash balance investment of ₹ 6,710 crore.

2.8 Salient features

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Comparison of key parameters of State Finances during 2020-21 with that of the previous year i.e. 2019-20 is summarised in **Table 2.48**.

Table 2.48: Key parameters

Positive Indicators	Parameters requiring close watch
↑ Capital outlay on social services increased by 133.26 per cent	↓ Increase in revenue deficit by 21.08 per cent.
↑ Increase in revenue expenditure on social services by 11.24 per cent.	↓ Decrease in non-tax revenue by 37.60 per cent and negligible increase in own tax revenue by 0.19 per cent.
↑ Decrease in subsidies as percentage of non-committed expenditure by 9.95 per cent.	↓ Increase in public debt receipts by 22.31 per cent*.

* Excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

2.9 Conclusions

The State passed FRBM Act, 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit. The State continued to be a revenue deficit State. The revenue deficit was 25 per cent of revenue receipts during 2020-21 against 23 per cent during 2019-20.

The revenue deficit which was to be brought down to zero by 2008-09, increased to ₹ 17,296 crore during 2020-21. It indicates that the State had borrowed funds for meeting current consumption.

Subsidies constituted 11 *per cent* to 18 *per cent* of the revenue expenditure and contributed 56 *per cent* to 102 *per cent* to the revenue deficit during 2016-21. Power subsidy constituted major portion of the total subsidies ranging between 68 *per cent* and 99 *per cent*.

Fiscal deficit of the State was ₹ 22,584 crore during 2020-21 which was 4.26 *per cent* of the GSDP and exceeded the target fixed by the State Government in MTFP. The fiscal deficit was mainly financed through market borrowings and loans from GoI in lieu of GST compensation shortfall.

Out of total borrowings of ₹ 55,982 crore (excluding ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources) during 2020-21, the State Government incurred capital expenditure of only ₹ 4,382 crore (7.83 *per cent*).

Annual growth rate of revenue receipts decreased from 15.56 *per cent* in 2016-17 to 12.14 *per cent* in 2020-21, which resulted in higher dependency on borrowed funds for meeting the current consumption. Further, State's own revenue registered a negative growth of 6.67 *per cent* over the previous year, leading to a higher dependency on GoI contributions.

State incurred 67 *per cent* of the total revenue expenditure on committed liabilities like salaries and wages, pensions, interest payments, leaving only 33 *per cent* for priority sector expenditure. During the current year, the percentage of total expenditure in priority sectors such as Education and Health in Punjab was lower than the average of General Category States.

There was a difference of ₹ 4,080 crore in equity investment figures as per State Accounts and as per the accounts of 18 PSUs. The difference was under reconciliation (July 2021).

The State Government earned a meagre 0.01 *per cent* return on its total investment (₹ 19,912 crore) in Statutory Corporations, Government Companies and Co-operatives up to 31 March 2021.

Loans amounting to ₹ 939 crore were outstanding at the beginning of 2020-21 against co-operative sugar mills. Further loans of ₹ 245 crore were given to these sugar mills without recovery of earlier loans.

Total outstanding debt including public debt and public account liabilities were 47.13 *per cent* of the GSDP. The total debt grew by 9 *per cent* over previous year. During the year, outgo because of interest payments was equal to 21 *per cent* of revenue expenditure and 26 *per cent* of revenue receipts.

The State Government received ₹ 25 crore (0.07 *per cent*) as interest on outstanding loans during 2020-21 while paid interest at 7.57 *per cent* on

outstanding debt. The State Government raised loans during 2020-21 on an average interest rate of 6.80 *per cent* per annum.

The State Government had not invested funds of ₹ 7,334 crore available under State Disaster Response Fund.

As many as 96 projects scheduled for completion up to 31 March 2021 were incomplete. The expenditure of ₹ 1,209 crore incurred on these incomplete projects was yet to yield the intended benefits.

2.10 Recommendations

- (i) The State Government may consider forming a committee to assess the reasons for insufficient return on investment from statutory corporations, Government companies, cooperative banks and societies and to suggest the remedial measures.
- (ii) The State may ensure time bound completion of the incomplete projects.
- (iii) The State Government should mobilise its resources to minimise dependence on borrowings.

Chapter-III
Budgetary Management

Chapter-III

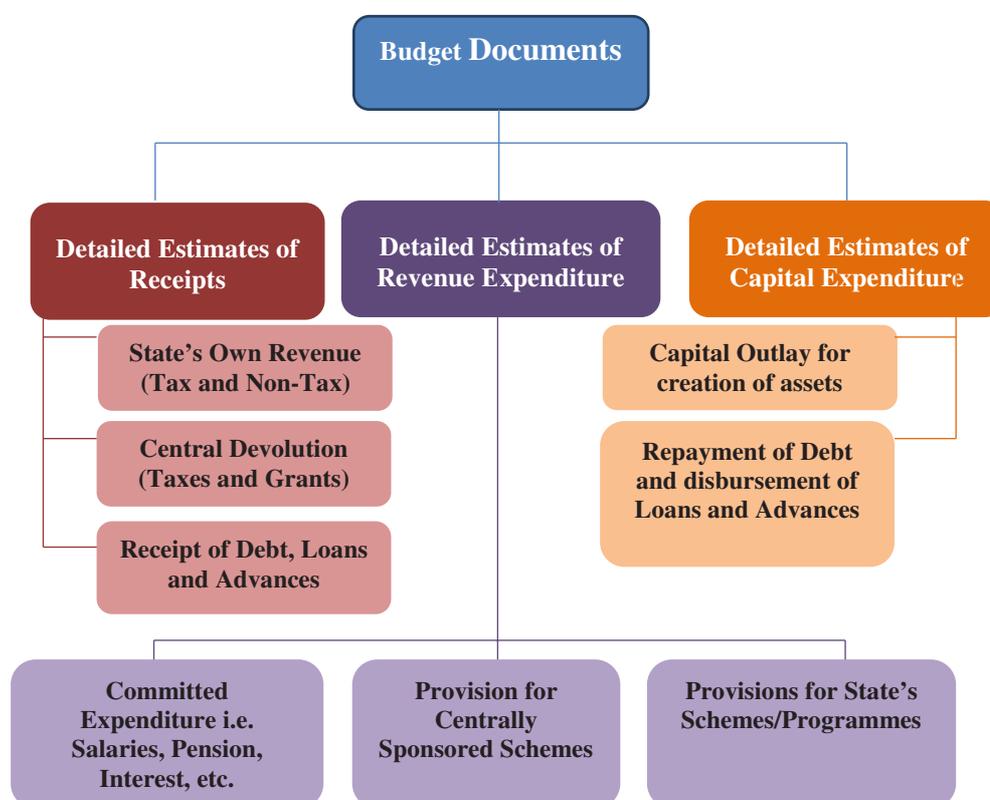
Budgetary Management

3.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called “the annual financial statement (Budget)” is to be laid before the State Legislature. The estimates of the expenditure show ‘charged’ and ‘voted’ items¹ of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government.

As per the Punjab Budget Manual, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State budget comprises following documents as given in *Chart 3.1*.

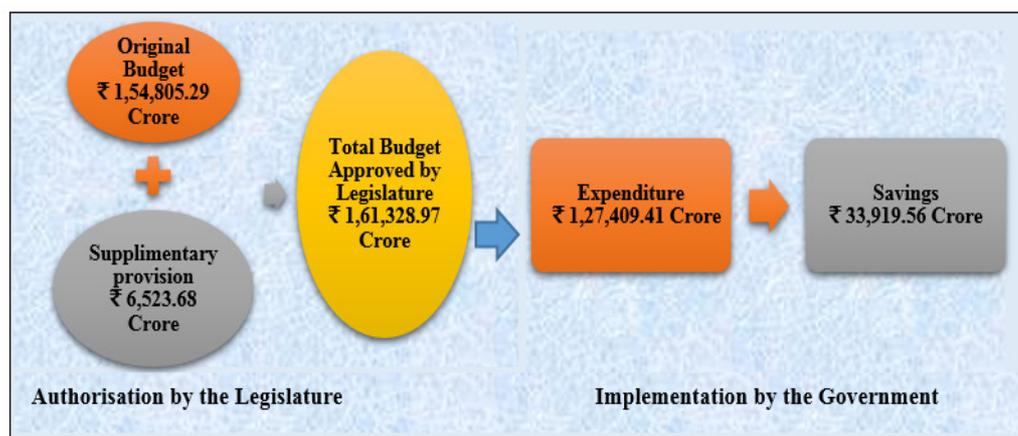
Chart 3.1: Details of State Budget Documents



¹ **Charged expenditure:** Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments, etc.), constitute a charge on the Consolidated Fund of the State and are not subject to vote by the Legislature. **Voted expenditure:** All other expenditure is voted by the Legislature.

The various components of budget are depicted in the *Chart 3.2*.

Chart 3.2: Flow chart of budget implementation



Source: Appropriation Accounts

3.1.1 Summary of total provisions, actual disbursements and savings during financial year 2020-21

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/charged during 2020-21 for the total 42 grants/appropriations is given in **Table 3.1**.

Table 3.1: Budget provision, disbursement and savings during the financial year 2020-21

(₹ in crore)

	Total Budget provision		Disbursements		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	82276.80	19736.36	67948.58	19286.13	14328.22	450.23
Capital	10325.87	0	4585.38	0	5740.49	0
Loans and Advances	1062.09	0	955.79	0	106.30	0
Public Debt	0	47927.85	0	34633.53	0	13294.32
Total	93664.76	67664.21	73489.75	53919.66	20175.01	13744.55

Source: Appropriation Accounts

3.1.2 Charged and voted disbursements

Table 3.2: Break-up of total disbursement into charged and voted during the last five years (2016-21)

(₹ in crore)

Year	Disbursements		Saving (-)/Excess (+)	
	Voted	Charged	Voted	Charged
2016-17	89,712.60	44,273.75	(+)21,667.63	(+)731.96
2017-18	50,617.81	50,499.83	(-)18,842.61	(+)75.58
2018-19	63,196.26	54,259.02	(-)16,027.89	(-)872.72
2019-20	77,284.43	57,597.68	(-)22,051.09	(-)5,126.89
2020-21	73,489.75	53,919.66	(-)20,175.01	(-)13,744.55

Source: Appropriation Accounts

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts, thus, facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Paragraph 14.1 of the Punjab Budget Manual provides that expenditure on new scheme should not be incurred 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 ₹ 754.80 crore (*Appendix 3.1*), was incurred in 21 cases (₹ one crore or more in each case) under various components of eight grants during the year 2020-21 without having any provision in the original budget estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

The State Government stated (January 2022) that reasons for expenditure without budget provision would be sought from the concerned departments and necessary action would be taken after laying down the Finance Accounts for the year 2020-21 in the Punjab Vidhan Sabha.

3.3.2 Incorrect classification of Head of Account in Budget Estimates

During scrutiny of budget, it was noticed that an amount of ₹ 79.16 crore was booked under wrong head of account as given in **Table 3.3**.

Table 3.3: Budget provision under wrong Head of Account during 2020-21
(₹ in crore)

Sr. No.	Head of Account	Amount	Remarks
1	2202-01-101-34-EDS-57 Attendance Scholarship to SC Primary Girls Students-99-34-Scholarship/Stipends	9.16	Correct sub-head is 19 instead of 34 as approved by Principal Accountant General (A&E) Punjab.
2	2210-01-001-87-Upgradation /maintenance of Health Infrastructure (CHC's, PHC's and Sub- Centres)-99-27-Minor Works, Maintenance	50.00	Sub-head 87 is not approved by Principal Accountant General (A&E) Punjab.
3	4515-00-789-41-Modernisation and Improvement of SC villages having more than 50 per cent SC population 99-53-Major Works	10.00	Correct sub-head is 08 instead of 41 as approved by Principal Accountant General (A&E) Punjab.
4	3055-00-190-04-Assistance to PEPSU Road Transport Corporation for Construction of bus Stands-02-New Bus Stand at Patiala-35-Grant-in-Aid for creation of capital assets	10.00	Detailed-head 02 is not approved by Principal Accountant General (A&E) Punjab.
Total		79.16	

Source: Information supplied by the O/o the Pr. Accountant General (A&E), Punjab

3.3.3 Unnecessary/excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

Audit analysis showed that supplementary provisions of ₹ 1,764.71 crore during the year 2020-21 in 17 cases (₹ one crore or more in each case) proved unnecessary (*Appendix 3.2*) as the expenditure did not come up even to the level of original provision. Similarly, supplementary provisions of ₹ 2,104.80 crore in 11 cases (₹ one crore or more in each case) proved excessive (*Appendix 3.3*) as full amount of supplementary provisions could not be utilised.

3.3.4 Unnecessary 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 2020-21, 41 re-appropriation orders for ₹ 31,808.75 crore were issued, of which 38 re-appropriation orders for ₹ 31,455.43 crore (98.89 per cent) were issued on 31 March 2021.

Further, in two cases (*Appendix 3.4 - Sr. Nos. 9 and 10*) out of 22 re-appropriation cases exceeding ₹ one crore, reduction of provision by re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In the remaining 20 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.

The Government may consider putting in place stringent mechanism for monitoring expenditure and projected requirements for avoiding unnecessary re-appropriations.

3.3.5 Unspent amount and surrendered appropriation and/or Large Savings/Surrenders

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

The audit of grants and appropriations showed that in 16 cases (under 13 grants), the savings (excluding surrenders) exceeded ₹ 100 crore in each case (*Appendix 3.5*). It was further noticed that in four grants no expenditure vis-à-vis total grant amounting to ₹ 215.15 crore as given in **Table 3.4** was incurred during the year.

Table 3.4: Entire grant remaining unutilised during the financial year 2020-21

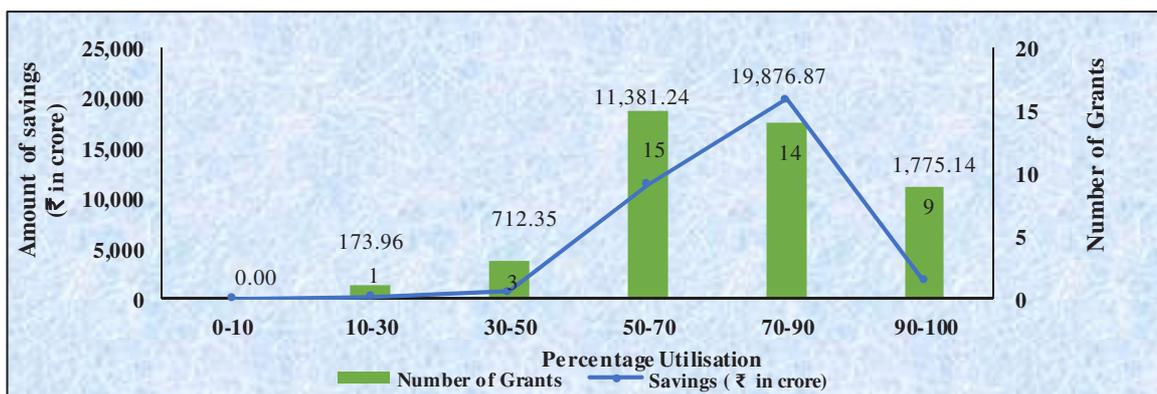
(₹ in crore)		
Sr. No.	Number and Name of grant	Amount
1	04-Defence Services Welfare (Capital – Voted)	0.22
2	25-Science, Technology and Environment (Revenue-Charged)	0.11
3	27-Technical Education and Training (Capital – Voted)	214.36
4	39-Printing and Stationary (Revenue- Charged)	0.46
Total		215.15

Source: Appropriation Accounts

Further, it was also observed that in 17 cases under 15 grants, there was persistent saving exceeding ₹ 100 crore in each case (*Appendix 3.6*) during 2018-19 to 2020-21.

Detail of grants grouped by the percentage of utilisation along with total savings during 2020-21 has been shown in *Appendix 3.7*.

Chart 3.3: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings



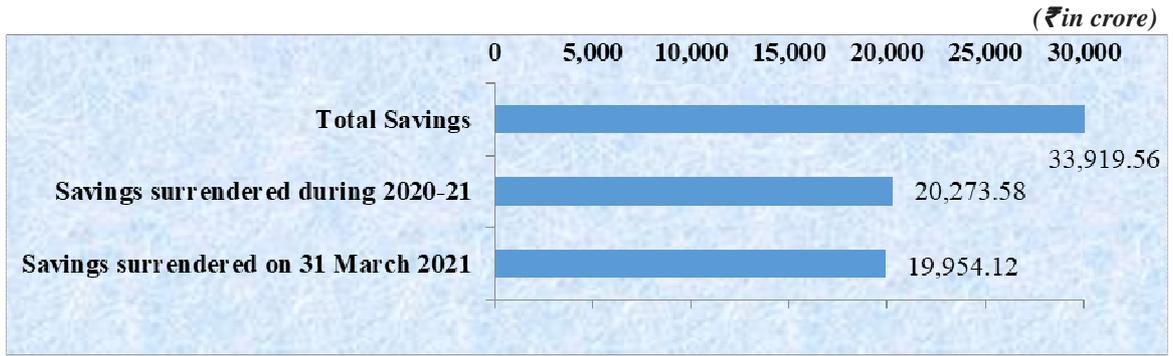
Source: Appropriation Accounts

No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilised and thus avoidable demands for Supplementary Grants are preferred. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of last month's expenditure should enable a Controlling Officer to fix upon his final requirements with a reasonable degree of exactness.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

It was noticed that savings under 11 Grants and five Appropriations amounting to ₹ 2,602.38 crore (*Appendix 3.8*) were not surrendered at all. Details of savings (exceeding ₹ 10 crore in each case) surrendered on the last day of March 2021 is given in *Appendix 3.9*.

Chart 3.4: Savings and surrenders for the year 2020-21



Source: Appropriation Accounts

Analysis of Chart revealed that 98 per cent savings were surrendered on 31 March 2021 out of total surrendered amount of ₹ 20,273.58 crore, which could not be re-appropriated.

3.3.6 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article. Further, as per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

3.3.6.1 Excess expenditure

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose.

There was no excess expenditure during 2020-21 (overall grant wise). However, Major Head wise excess disbursement within grant over the authorisation is given in *Appendix 3.10*.

3.3.6.2 Persistent excesses in certain Grants

Despite Public Accounts Committee's recommendations to minimise the cases of excesses, persistent excesses were noticed in two grants. The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a rupee can be spent without prior legislative authorisation and,

therefore, this is to be viewed seriously. Persistent excesses may be due to improper estimation at the time of preparation of budget.

Scrutiny revealed that in three cases of two grants, there was persistent excess expenditure of more than ₹ 10 crore in each case during the last five years as detailed in **Table 3.5**. In two cases (Sr. No.2 and 3), the expenditure was incurred without any budget provision during 2016-20.

Table 3.5: Persistent excess expenditure during 2016-17 to 2020-21

(₹ in crore)

Sr. No.	Description of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Grant No.-08-Finance 2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits Grant	4,678.76	5,574.45	6,000.00	6,300.00	7,400.00
	Expenditure	5,376.74	6,191.40	6,290.39	6,487.05	8,031.84
	Excess	697.98	616.95	290.39	187.05	631.84
2.	Grant No.-21-Public Works 2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Works done by that Department Grant	0.00	0.00	0.00	0.00	165.41
	Expenditure	136.71	146.84	97.58	118.91	178.33
	Excess	136.71	146.84	97.58	118.91	12.92
3.	Grant No.-21-Public Works 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 Grant	0.00	0.00	0.00	0.00	160.00
	Expenditure	94.10	141.29	169.87	213.90	192.51
	Excess	94.10	141.29	169.87	213.90	32.51

Source: Appropriation Accounts

All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such un-voted expenditure may be completely stopped.

The State Government attributed (January 2022) the reasons for excess expenditure in Grant No. 8 during the year 2020-21 to excessive expenditure on account of retirement of employees above the age of 58 years. As regards excess expenditure in Grant No. 21, it was stated that the concerned department had been asked to make some budget provision on this account in future.

3.3.6.3 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes Legislative control over the executive. Excess disbursements of ₹ 37,737.49 crore pertaining to 2015-16 to 2019-20 as shown in **Table 3.6** are yet to be regularised from the State Legislature.

Table 3.6: Excess expenditure relating to previous years requiring regularisation

(₹ in crore)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
2015-16	02	Animal Husbandry and Fisheries (Revenue-Charged)	0.04	Not regularised
	08	Finance (Revenue-Voted)	456.24	
		Finance (Capital -Charged)	952.79	
	21	Public Works (Revenue-Voted)	221.51	
	22	Revenue and Rehabilitation (Revenue-Voted)	430.88	
	26	State Legislature (Revenue-Charged)	0.20	
2016-17	08	Finance (Revenue-Voted)	400.48	
		Finance (Capital -Charged)	921.19	
	09	Food and Supplies (Revenue-Voted)	29,081.45	
	12	Home Affairs and Justice (Capital -Charged)	1.15	
	15	Irrigation and Power (Capital-Voted)	3,852.06	
	21	Public Works (Revenue-Voted)	182.71	
		Public Works (Revenue-Charged)	0.40	
Public Works (Capital -Charged)		19.36		
2017-18	08	Finance (Revenue-Charged)	159.25	
	10	General Administration (Capital-Charged)	0.33	
	21	Public Works (Revenue-Voted)	264.20	
2018-19	09	Food and Supplies (Revenue-Charged)	0.53	
	10	General Administration (Capital-Voted)	7.77	
	21	Public Works (Revenue-Voted)	315.75	
		Public Works (Revenue-Charged)	0.99	
2019-20	21	Public Works (Revenue-Voted)	437.84	
	37	Law and Justice (Revenue-Charged)	4.18	
	41	Water Supply and Sanitation (Revenue-Voted)	26.19	
Total			37,737.49	

Source: Appropriation Accounts

The excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of democracy

that not a rupee can be spent without the approval of the State Legislative Assembly, and, therefore, need to be viewed seriously. All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such un-voted expenditure may be completely stopped.

The State Government stated (January 2022) that the excess expenditure up to the year 2014-15 had been regularised by the State Legislative Assembly and the process for regularising the excess expenditure for the years 2015-16 to 2018-19 had been initiated, which would be regularised in the coming Budget Session.

3.4 Effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds, which they could have utilised.

The total provision for expenditure in 2020-21 was ₹1,61,328.97 crore. The actual gross expenditure during the year was ₹1,27,409.41 crore. This resulted in savings of ₹33,919.56 crore in 2020-21 of which only ₹20,273.58 crore (59.77 per cent) were surrendered during the year. Out of total savings surrendered during the year, an amount of ₹19,954.12 crore (98.42 per cent) were surrendered on the last day of March 2021. The details are given in **Table 3.7**.

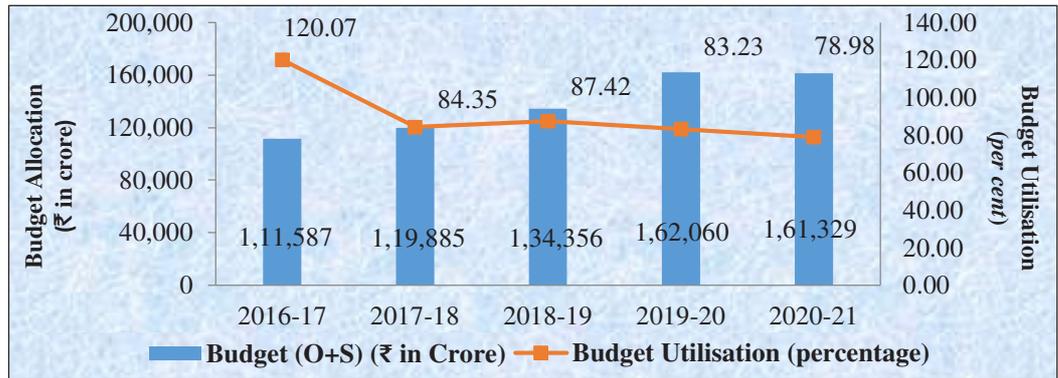
Table 3.7: Actual expenditure vis-à-vis budget provision during the financial year 2020-21

(₹ in crore)

	Nature of expenditure	Original Grant/ App.	Supplementary Grant/ App.	Total Budget	Actual expenditure	Savings	Surrender during 2020-21	
							Amount	Per cent
Voted	I. Revenue	76185.38	6091.42	82276.80	67948.58	14328.22	8873.59	61.93
	II. Capital	10279.58	46.29	10325.87	4585.38	5740.49	2384.54	41.54
	III. Loans & Advances	881.82	180.27	1062.09	955.79	106.30	79.43	74.72
Total		87346.78	6317.98	93664.76	73489.75	20175.01	11337.56	56.20
Charged	V. Revenue	19530.66	205.70	19736.36	19286.13	450.23	83.29	18.50
	VII. Capital	0	0	0	0	0	0	0
	VIII. Public Debt- Repayment	47927.85	0	47927.85	34633.53	13294.32	8852.73	66.59
Total		67458.51	205.70	67664.21	53919.66	13744.55	8936.02	65.02
Appropriation to Contingency Fund (if any)		0	0	0	0	0	0	0
Grand Total		154805.29	6523.68	161328.97	127409.41	33919.56	20273.58	59.77

Source: Appropriation Accounts.

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹890.09 crore) and Capital Heads (₹203.07 crore).

Chart 3.5: Budget Utilisation during 2016-17 to 2020-21

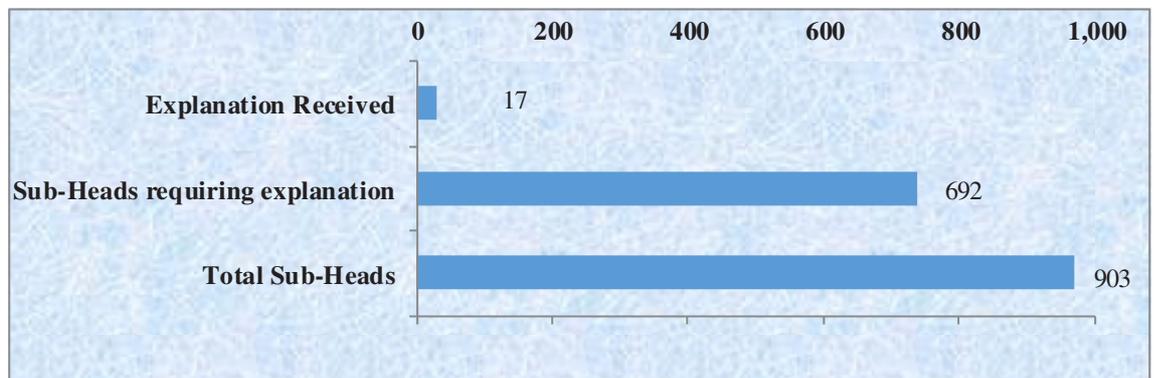
Source: Appropriation Accounts

Trends in the original budget, revised estimate, actual expenditure for the period 2016-17 to 2020-21 are given in **Table 3.8**.

Table 3.8: Original Budget, Revised Estimate and Actual Expenditure during 2016-21

	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	86,386.96	1,18,237.89	1,29,697.63	1,58,492.66	1,54,805.29
Supplementary budget	25,199.80	1,646.78	4,658.26	3,567.43	6,523.68
Total budget	1,11,586.76	1,19,884.67	1,34,355.89	1,62,060.09	1,61,328.97
Revised Estimate	1,44,513.99	1,12,797.42	1,27,415.49	1,51,696.94	1,39,999.68
Actual Expenditure	1,33,986.35	1,01,117.64	1,17,455.28	1,34,882.11	1,27,409.41
Savings (-) / Excess (+)	(+)22,399.59	(-)18,767.03	(-)16,900.61	(-)27,177.98	(-)33,919.56
Percentage of supplementary to the original provision	29.17	1.39	3.59	2.25	4.21
Percentage of overall saving/excess to the overall provision	20.07	15.65	12.58	16.77	21.02

Source: Annual Financial Statement and Appropriation Accounts

Chart 3.6: Summary of Explanation for Variation in Appropriation Accounts

Source: Information supplied by office of the Pr. Accountant General (Accounts & Entitlement), Punjab

Table 3.8 shows that supplementary provision of ₹ 6,523.68 crore during 2020-21 constituted 4.21 *per cent* of the original provision as against 2.25 *per cent* in the previous year. However, the supplementary provisions during the years 2017-18 to 2020-21 proved unnecessary as the expenditure did not come up even to the level of original budget provisions.

This reflects that budgetary allocations were based on unrealistic proposals.

3.4.2 Major policy pronouncements in budget and their actual funding for ensuring implementation

Several policy initiatives taken up by the Government are wholly or partially not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget, etc. This deprives the beneficiaries of intended benefits. Savings in such schemes deprives other Departments of the funds which they could have utilised.

It was observed that under nine schemes, there was approved outlay of ₹ 7,325.48 crore (₹ 100 crore or more in each scheme) but no expenditure was incurred resulting in non-implementation of schemes as detailed in **Table-3.9**.

Table 3.9: Details of the schemes for which provision (₹ 100 crore and above) was made but was either withdrawn or no expenditure was incurred

(₹ in crore)

Sr. No.	Grant No.	Head of Account	Approved Outlay (Original + Supplementary)	Revised Outlay (after re-appropriation)
1.	01-Agriculture	2401-00-789-42- Debt Relief to Farmers	120.00	66.00
2.		2401-00-800-22- Debt Relief to Farmers	1880.00	1034.00
3.	08-Finance	2070-00-800-08-Provision for Implementation of Recommendations of 6th Punjab Pay Commission	4004.00	4.00
4.	21-Public Works	5054-03-101-46-Pradhan Mantri Gram Sadak Yojana-03-NABARD -(Rural Infrastructure Development Fund) (XXIV)	100.00	60.00
5.	23-Rural Development and Panchayats	4515-00-103-42-01-Smart Village Scheme	360.00	360.00
6.		4515-00-789-27-Punjab Pendu Awas Yojana	200.00	200.00
7.		4515-00-789-31-Smart Village Scheme	240.00	240.00

Sr. No.	Grant No.	Head of Account	Approved Outlay (Original + Supplementary)	Revised Outlay (after re-appropriation)
8.	29-Transport	3055-00-190-04-Assistance to Pepsu Road Transport Corporation- 03-Payment of arrear of SRT/MVT/Token Tax/Passenger Tax etc	241.48	267.94
9.	32-Forestry and Wild Life	2406-02-904-01-State Compensatory Afforestation Fund (SCAF)	180.00	180.00
Total			7325.48	2411.94

Source: Appropriation Accounts.

Further, under 11 schemes, there was approved out lay of ₹ 426.32 crore which was withdrawn in revised outlay as detailed in **Table 3.10**. This reflects that budgetary allocations were based on unrealistic proposals.

Table 3.10: Details of the schemes for which provision (₹ 10 crore and above) was made but were withdrawn fully through re-appropriation

(₹ in crore)			
Sr. No.	Grant No.	Head of Account	Approved Outlay
1.	03-Co-operation	2425-00-107-19-Grants-in-Aid to Primary Agricultural/Multipurpose Co-operative Societies-05-Computerization of Primary Agricultural/Multipurpose Co-operative Societies	45.50
2.		6425-00-190-08-Loans to Co-operative Sugar Mills for Installation and Modernisation of Co-operative Sugar Mills	50.00
3.	17-Local Government	2216-02-789-01-Pradhan Mantri Awas Yojana Housing for all (Urban) 01-Assistance under in-situ Slum Rehabilitation Scheme	11.00
4.	21-Public works	4059-80-051-68-Construction of Residential Buildings for DC's/ADC's in Newly Created Districts	10.00
5.		5054-04-789-03-Pradhan Mantri Gram Sadak Yojana- 01-Phase III	12.50
6.	23-Rural Development and Panchayats	2501-01-001-09-Integrated Watershed Management Programme	26.53
7.		2501-01-789-09-Integrated Watershed Management Programme	10.83
8.	28-Tourism and Cultural Affairs	5452-80-800-01-Integrated Development of Heritage Circuits in Punjab under Swadesh Darshan Scheme	99.96
9.	35-Housing and Urban Development	2216-02-190-03-Assistance to Patiala Development Authority-02-Rejuvenation Project Badi Nadi and Chotti Nadi, Patiala	60.00
10.	40-Sports and Youth Services	2204-00-789-16-Free Smart Mobile Phone Sets to Youth	32.00
11.		2204-00-800-01-Free Smart Mobile Phone Sets to Youth	68.00
Total			426.32

Source: Appropriation Accounts.

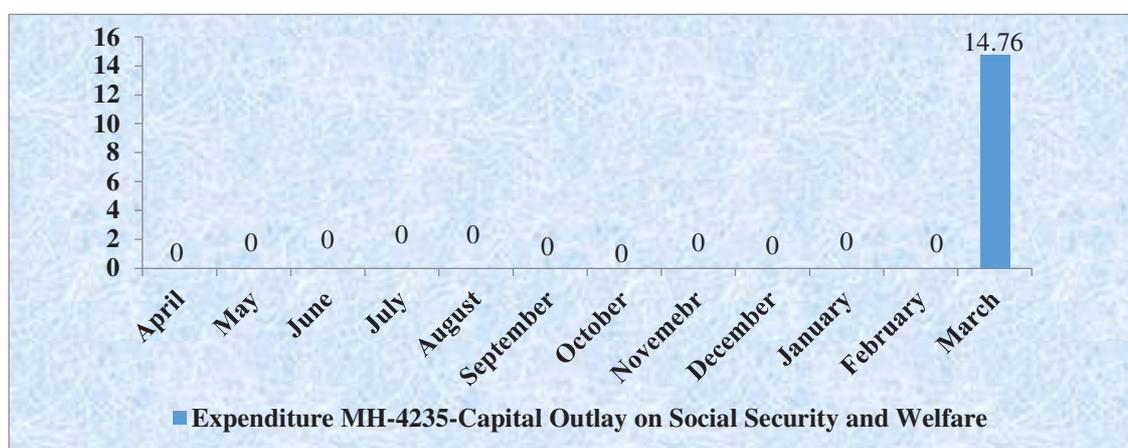
3.4.3 Rush of expenditure

Rule 62(3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided.

Audit scrutiny revealed that under 18 major heads as given in *Appendix 3.11*, the expenditure incurred during 4th quarter of the year ranged between 55.14 per cent and 100 per cent against the target of 20 per cent and the expenditure incurred during the month of March 2021 alone ranged between 51.79 and 100 per cent.

Chart 3.7: Month wise expenditure of Major Head 4235-Capital Outlay on Social Security and Welfare during 2020-21

(₹ in crore)



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

It was also observed that out of 18 major heads, in three major heads (Sr. Nos. 12, 13 and 17 of *Appendix 3.11*) 100 per cent expenditure (₹ 27.63 crore) was incurred in March 2021.

Further entire expenditure of ₹ 7248.71 crore in 34 sub-heads was incurred in the month of March 2021 alone (*Appendix 3.12*).

3.4.4 Review of selected grants

A review of budgetary procedure and control over expenditure in respect of two selected grants i.e. 12-Home Affairs and 15-Water Resources was conducted wherein magnitude of variations in original grants, supplementary demands and actual expenditure were analysed.

3.4.4.1 Grant No. 12-Home Affairs

(i) Introduction

Grant 12-Home Affairs includes Major Heads 2014-Administration of Justice, 2053-District Administration, 2055-Police, 2070-Other Administrative Services, 2075-Miscellaneous General Services, 2250-Other Social Services, 4055-Capital Outlay on Police and 4070-Capital Outlay on Other Administrative Services.

(ii) Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the functional Heads of the grant for the last three years (2018-19 to 2020-21) is given in **Table 3.11**.

Table 3.11: Budget and Expenditure during the year 2018-19 to 2020-21

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Un-utilized provision and its percentage
2018-19	Revenue-Original (V)	6285.10	6313.78	6120.68	193.10
	Supplementary	28.68			(3.06)
	Revenue-Original (C)	1.10	2.15	2.08	0.07
	Supplementary	1.05			(3.26)
	Capital-Original (V)	154.14	157.28	88.28	69.00
	Supplementary	3.14			(43.87)
2019-20	Revenue-Original (V)	6893.61	6893.61	6396.86	496.75
	Supplementary	0			(7.21)
	Revenue-Original (C)	1.08	1.45	1.02	0.43
	Supplementary	0.37			(29.66)
	Capital-Original (V)	130.18	135.29	56.49	78.80
	Supplementary	5.11			(58.25)
2020-21	Revenue-Original (V)	7049.00	7050.31	6675.10	375.21
	Supplementary	1.31			(5.32)
	Revenue-Original (C)	1.13	1.75	1.39	0.36
	Supplementary	0.62			(20.57)
	Capital-Original (V)	245.14	245.14	81.39	163.75
	Supplementary	0			(66.80)

Source: Appropriation Accounts

Un-utilised budget provision ranged between 3.06 per cent and 66.80 per cent during 2018-21.

(iii) 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. The position of savings and surrenders under Grant-12-Home Affairs during 2018-21 has been depicted in **Table 3.12**.

Table 3.12: Non-surrender of savings*(₹ in crore)*

Year	Savings			Amount surrendered (percentage)		
	Revenue(V)	Revenue(C)	Capital(V)	Revenue(V)	Revenue(C)	Capital(V)
2018-19	193.10	0.07	69.00	40.99 (21.23)	0.00	17.67 (25.61)
2019-20	496.75	0.43	78.80	329.71 (66.37)	0.00	5.53 (7.02)
2020-21	375.21	0.36	163.75	292.98 (78.08)	0.00	64.39 (39.32)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

(iv) Persistent savings

It was observed that a substantial portion of the budget allocation remained unutilised every year under two heads of accounts of this grant during 2018-19 to 2020-21, indicating non-achievement of the projected financial outlays in the respective years as shown in the **Table 3.13**.

Table 3.13: Persistent savings under Grant No. 12*(₹ in crore)*

Sr. No.	Head of Account	2018-19	2019-20	2020-21
1.	2055-00-190-01-Police Housing Corporation-01-Repayment of Loan taken from HUDCO	1.75 (68.63)	1.42 (35.50)	0.24 (2.87)
2.	4055-00-207-01-Criminal Investigation Department	0.77 (36.32)	1.56 (57.78)	3.63 (47.20)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions

(v) Entire provision remained unutilised

It was observed that entire budget allocation remained unutilised under three schemes during 2020-21, indicating non-implementation of schemes as shown in the **Table 3.14**.

Table 3.14: Entire provision ₹ one crore or more remained unutilised under Grant No. 12*(₹ in crore)*

Sr. No.	Head of Account	Original Budget	Re-appropriation	Savings
1.	4055-00-207- 18-Better Policing- 01-National Emergency Response System	11.00	-10.00	1.00
2.	4055-00-207-18-Better Policing- 03-Setting up of Police Control Room to Dial No.112	6.00	-2.00	4.00
3.	4070-00-003-04-Construction of Civil Defence and Home Guards Specialized Training Institute at Sundra, Tehsil Derabassi (Mohali)	3.00	-1.66	1.34

Source: Appropriation Accounts

(vi) Unnecessary/excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

Audit analysis showed that supplementary provisions of ₹ 1.31 crore (Revenue Voted) during the year 2020-21 proved unnecessary as the expenditure of ₹ 6675.10 crore did not come up even to the level of original provision of ₹ 7049.00 crore.

The State Government stated (January 2022) that the matter would be taken up with the concerned Administrative Departments, to provide justification and avoid such cases in future.

(vii) Unnecessary 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 2020-21, under major head 4055-00-207-18-Better Policing- 05-Project of Strengthening of Forensic Science Laboratory for DNA Analysis and Cyber Forensic and related Facilities, augmentation of provision of ₹ 2.03 crore proved unnecessary because expenditure of ₹ 0.70 crore did not come up to the level of original/supplementary budget provision of ₹ 2.44 crore.

The Government may consider putting in place stringent mechanism for monitoring expenditure and projected requirements for avoiding unnecessary re-appropriations.

(viii) Misclassification of Revenue Expenditure as Capital Expenditure

There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertain to booking of expenditure of capital nature which should correspond with capital major heads only.

However, it was observed that original budget provision for ₹ 14.40 crore was made which was augmented to the tune of ₹ 0.15 crore through re-appropriation making total budget provision of ₹ 14.55 crore under Grant No. 12-Home Affairs; Major Head 4055-207-08-22- Arms and Ammunition as Capital Expenditure. Against this provision, an amount of ₹ 5.84 crore was incurred and booked as Capital Expenditure, whereas it should have

been booked under the Revenue Head because object head 'Arms and Ammunition' pertains to revenue nature.

3.4.4.2 Grant No. 15-Water Resources

(i) Introduction

Grant 15-Water Resources includes Major Heads 2700-Major Irrigation, 2701-Medium Irrigation, 2702-Minor Irrigation, 2711-Flood Control and Drainage, 4700- Capital Outlay on Major Irrigation, 4701- Capital Outlay on Medium Irrigation, 4702- Capital Outlay on Minor Irrigation, 4705- Capital Outlay on Command Area Development and 4711- Capital Outlay on Flood Control Projects.

(ii) Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the functional Heads of the grant for the last three years is given in Table 3.15.

Table 3.15: Budget and Expenditure during the year 2018-19 to 2020-21

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Un-utilised provision and its percentage
2018-19	Revenue-Original (V)	1269.21	1277.43	1169.78	107.65 (8.43)
	Supplementary	8.22			
	Revenue-Original (C)	0	0	0	0
	Supplementary	0			
	Capital-Original (V)	838.46	838.46	261.37	577.09 (68.83)
	Supplementary	0			
	Capital-Original (C)	0	0	0	0
	Supplementary	0			
2019-20	Revenue-Original (V)	1315.61	1401.27	1164.12	237.15 (16.92)
	Supplementary	85.66			
	Revenue-Original (C)	0	11.27	11.27	0
	Supplementary	11.27			
	Capital-Original (V)	950.81	950.81	478.59	472.22 (49.67)
	Supplementary	0			
	Capital-Original (C)	0	0	0	0
	Supplementary	0			
2020-21	Revenue-Original (V)	1197.33	1199.58	1009.83	189.75 (15.82)
	Supplementary	2.25			
	Revenue-Original (C)	0	0	0	0
	Supplementary	0			
	Capital-Original (V)	1312.71	1312.71	756.78	555.93 (42.35)
	Supplementary	0			
	Capital-Original (C)	0	0	0	0
	Supplementary	0			

Source: Appropriation Accounts

During 2018-19 to 2020-21, unutilised budget provision ranged between 8.43 per cent and 68.83 per cent.

(iii) Non-surrender of savings

Rule 17.20 of the Punjab Financial Rules provides that, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. The position of surrender of unutilised provision is depicted in **Table 3.16**.

Table 3.16: Non-surrender of savings*(₹ in crore)*

Year	Savings				Amount surrendered (percentage)			
	Revenue (V)	Revenue (C)	Capital (V)	Capital (C)	Revenue (V)	Revenue (C)	Capital (V)	Capital (C)
2018-19	107.65	0	577.09	0	69.80 (64.84)	0	233.85 (40.52)	0
2019-20	237.15	0	472.22	0	189.00 (79.70)	0	153.42 (32.49)	0
2020-21	189.75	0	555.93	0	134.00 (70.62)	0	16.29 (2.93)	0

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

The State Government stated (January 2022) that all the departments would be asked to prepare excess and surrender statement on the basis of budget estimates and actual expenditure incurred during the year. It was added that necessary provision in this regard would be made in IFMS too.

(iv) Persistent savings

It was further observed that a substantial portion of the budget allocation remained unutilised every year under seven heads of accounts of this grant during 2018-19 to 2020-21, indicating non-achievement of the projected financial outlays in the respective years as detailed in the **Table 3.17**.

Table 3.17: Persistent savings (exceeding ₹ one crore)*(₹ in crore)*

Sr. No.	Head of Account	2018-19	2019-20	2020-21
Revenue (V)				
1.	2701-80-001-01- Direction	2.32 (2.51)	1.19 (1.26)	1.73 (2.72)
2.	2701-80-800-08- Works Expenditure	3.13 (22.36)	21.52 (45.79)	15.55 (36.02)
Capital (V)				
3.	4700-05-001-02-Supervision	1.61 (9.19)	1.07 (6.45)	1.78 (11.96)
4.	4700-05-001-08- Works Expenditure	54.66 (89.39)	67.44 (46.62)	65.72 (46.06)
5.	4701-06-001-08- Works Expenditure	6.80 (20.92)	11.64 (70.89)	6.87 (33.19)
6.	4701-53-800-08- Works Expenditure	61.85 (99.85)	17.85 (36.06)	37.36 (26.74)
7.	4700-01-800-08- Works Expenditure	12.07 (67.06)	11.95 (58.32)	2.29 (6.03)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions

(v) Persistent Excess

Under Major Head 2700-04-001-01-Direction there was persistent excess expenditure of more than ₹ five crore during the last three years (₹ 6.17 crore during 2018-19, ₹ 13.85 crore during 2019-20 and ₹ 15.00 crore during 2020-21).

(vi) Entire Provision remained unutilised

It was observed that entire budget allocation remained unutilised under certain heads of accounts during 2020-21, indicating non-implementation of schemes as shown in the **Table 3.18**.

Table 3.18: Entire Provision remained unutilised

<i>(₹ in crore)</i>				
Sr. No.	Head of Account	Original Budget	Re-appropriation	Savings
1.	4700-05-789-01-Construction of Shahpur Kandi Dam Project	7.51	0.00	7.51
2.	4701-13-800-08-Works Expenditure- 05-Repairs and Reconstruction of Distributaries/Minors (Rural Infrastructure Development Fund-XX)	23.50	-20.68	2.82
3.	4701-51-789-01-Relining of Rajasthan Feeder	25.81	0.00	25.81
4.	4701-51-800-08-Works Expenditure	232.32	0.00	232.32
5.	4701-53-789-01- Relining of Sirhind Feeder (Accelerated Irrigation Benefit Programme)	17.90	-12.80	5.10
6.	4701-57-800- 02- Reconstruction of Distributaries- 01-Reconstruction of Punjawa, Abohar (Rural Infrastructure Development Fund XXIII)	5.50	-4.40	1.10
7.	4711-01-001-08- Works Expenditure	100.00	-35.00	65.00

Source: Appropriation Accounts

(vii) Entire Provision remained withdrawn

It was observed that entire budget allocation was withdrawn under two schemes during 2020-21, indicating non-implementation of schemes as shown in the **Table 3.19**.

Table 3.19: Entire Provision remained unutilised*(₹ in crore)*

Sr. No.	Head of Account	Total Provision
1.	4700-04-800-08-Works Expenditure	15.00
2.	4705-00-789-10-Construction of Field Canals of Kotla Branch Phase-II System (Accelerated Irrigation Benefit Programme)	5.00

Source: Appropriation Accounts

(viii) Unnecessary/excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

Audit analysis showed that supplementary provisions of ₹ 2.25 crore (Revenue-Voted) during the year 2020-21 proved unnecessary as the expenditure of ₹ 1,009.84 crore did not come up even to the level of original provision of ₹ 1,197.34 crore.

(ix) Unnecessary 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 2020-21, reduction of provision (exceeding ₹ one crore in each case) by re-appropriation orders effected by Water Resources Department (**Sr. No. 2 of table 3.20**) proved injudicious as there was excess expenditure under this case. In the remaining 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.

Table 3.20 Unnecessary re-appropriation of funds*(₹ in crore)*

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
1.	2701-80-800-08-Works Expenditure	40.00	0	3.17	43.17	27.62	-15.55
2.	2700-04-001-01-Direction	142.33	0	-8.94	133.39	148.39	+15.00
3.	4700-05-001-03-Execution	28.61	0	191.89	220.50	20.30	-200.20

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
4.	4702-00-102-11- Installation of Deep Tubewells-01-Installation of 96 Alternate Deep Tubewells	23.39	0	2.58	25.97	3.76	-22.21

Source: Appropriation Accounts

The Government may consider putting in place stringent mechanism for monitoring expenditure and projected requirements for avoiding unnecessary re-appropriations.

(x) Unspent amount and surrendered appropriation and/or Large Savings/Surrenders

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

During the year 2020-21, total provision of ₹ 1312.71 crore (Capital-voted) was made against which only ₹ 756.78 crore was incurred resulted in huge saving of ₹ 539.64 crore (excluding surrenders of ₹ 16.29 crore).

The State Government stated (January 2022) that the matter would be taken up with the concerned Administrative Departments, to provide justification and avoid such cases in future.

(xi) Expenditure without budget provisions

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 under this grant excess expenditure of ₹ 225.75 crore was incurred under seven schemes during the year 2020-21 as detailed in the

Table 3.21 which may be got regularised under the above mentioned provisions.

**Table 3.21: Expenditure without budget provisions
(Exceeding ₹one Crore)**

		(₹in crore)
Sr. No.	Head of Account	Expenditure
	Capital (V)	
1.	4700-02- Ranjit Sagar Dam (Commercial)-799-Suspense	21.72
2.	4700-05-Shahpur Kandi Project (Commercial) -799-Suspense	1.77
3.	4701-13-789-02-Renovation and Modernisation of Regulators Structures in the State of Punjab (Rural Infrastructure Development Fund XXII)- 01-Renovation and Modernisation of Regulators Structures (Rural Infrastructure Development Fund XXII)	5.55
4.	4701-44-800-08- Works Expenditure	123.84
5.	4705-00-201-01-Rejuvenation /Up-gradation / Re-construction of Main Branches of Water Courses of Sirhind Feeder Canal in District Sri Muktsar Sahib (Rural Infrastructure Development Fund- XXII)	10.27
6.	4705-00-201-30-Construction of Field Channels of Kandi Canal Stage-I by Laying Under Ground Pipe Line in the Outlets of Canal (PMKSY)	9.84
7.	4711-01-001-01-Direction and Administration	52.76
Total		225.75

Source: Appropriation Accounts

The Government may consider taking up necessary action to regularise the excess expenditure.

3.5 Conclusions

An expenditure of ₹ 754.80 crore was incurred during the year 2020-21 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

Supplementary provisions were also not on realistic basis as in 17 cases the supplementary provisions were unnecessary. Budgetary allocations were based on unrealistic proposals as out of total 42 grants, in 13 grants savings excluding surrenders were more than ₹ 100 crore.

The excess expenditure of ₹ 37,737.49 crore for the period 2015-16 to 2019-20 is required to be regularised from the State Legislature.

The budgetary system of the State Government was not upto the mark, as overall utilisation of budget was 78.97 per cent of total grants and appropriations during 2020-21.

Under nine schemes, there was approved out lay of ₹ 7,325.48 crore (₹ 100 crore or more in each scheme) but no expenditure was incurred. Further, under 11 schemes, there was approved out lay of ₹ 426.32 crore which was withdrawn in revised outlay which deprived the beneficiaries of intended benefits.

There was rush of expenditure at fag end of the year. In 18 major heads, more than 50 *per cent* of the expenditure under each major head was incurred in the month of March 2021.

3.6 Recommendations

- (i) Government should prepare realistic budget estimates, backed with correct assessment for availability of resources and potential to expend, to avoid large savings and supplementary provisions;
- (ii) Government should ensure strict compliance of provisions of budget manual in preparation of supplementary provisions and ensure transparency in estimation for avoiding unnecessary supplementary provisions;
- (iii) Government may consider formulating strategies for actual execution of major policy decisions in the State at the time of preparing budgetary estimates; and
- (iv) Government should adhere to quarterly targets fixed for incurring expenditure through periodic monitoring, to avoid rush of expenditure towards end of the year, and for proper utilisation of savings through timely surrender.

Chapter-IV

**Quality of Accounts and
Financial Reporting Practices**

Chapter-IV

Quality of Accounts and Financial Reporting Practices

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Consolidated Fund/Public Account of the State and dedicated Funds

Article 266 (1) of the Constitution of India subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled “the Consolidated Fund of the State”. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the public account of the State, as the case may be.

The Department of Finance, GoP directed (February 2018) that no State levies (taxes, duties, fees, user charges etc.) and receipts shall be retained by any Administrative Department or any other agencies under it. These shall be deposited in the Consolidated Fund of the State under the relevant head of account. Any retention or diversion of such funds shall be only with a specific authorisation from the Finance Department, which shall be obtained afresh by 31 March 2018.

The State Government imposed various Cess for meeting expenditure for specific purposes, besides collecting royalty for mining activities. The Finance Department did not provide the information/data regarding total number of cesses levied in the State. Audit, however, collected information/data regarding some of the cesses being levied by the Departments concerned which are discussed below:

4.1.1 Cultural Cess

The State Government imposed (April 2013) cultural cess at the rate of one *per cent* on construction cost of roads, bridges, flyovers, road over bridges/road under bridges, irrigation works etc. and on buildings costing

more than ₹ 50 crore (revised to ₹ 15 crore with effect from December 2013) under the Punjab Ancient, Historical Monuments, Archeological Sites and Cultural Heritage Maintenance Board Act, 2013. The proceeds of the cess were to be credited by the concerned agencies directly into Consolidated Fund of the State.

It was, however, noticed that an amount of ₹ 5.15 crore which was required to be deposited in the Consolidated Fund of the State was lying with the collecting agencies¹ as on 31 March, 2021.

4.1.2 Cancer and Drug Addiction Treatment Fund

The State Government notified (April 2013) the Punjab State Cancer and Drug Addiction Treatment and Infrastructure Fund Act, 2013 under which cancer and Drug Addiction Treatment Fund was constituted. The contribution to the Fund would be made as specified under Section 6 of the Act and will be credited to Consolidated Fund of the State. The fund would be administered by a Board² constituted under the Act and it could be utilised for specific purposes as mentioned under Section 5 of the Act.

It was, however, noticed that an amount of ₹ 7.47 crore which was required to be deposited in the Consolidated Fund of the State was lying with the collecting agencies³ as on 31 March, 2021.

4.1.3 Education Cess

Government of Punjab, Punjab Urban Planning and Development Authority (PUDA) issued (March 2008) instructions that Education Cess at the rate of five *per cent* of the total money collected from bidders be imposed on all properties auctioned by six development authorities⁴ after 1 April 2007 and deposited with PUDA. The amount collected as Education Cess was to be deposited into Government Accounts.

It was, however, noticed that an amount of ₹ 2.51 crore which was required to be deposited in the Consolidated Fund of the State was lying with the PUDA as on 31 March, 2021.

4.1.4 Royalty

As per Rule 23 of Punjab Minor Mineral Rules 2013, the holder of the mining lease shall pay royalty in respect of any mineral removed by him from the

¹ (i) Public Works Department (Buildings and Roads)(PWD): ₹ 5.08 crore; and (ii) Punjab Urban Planning and Development Authority (PUDA) : ₹ 0.07 crore.

² Punjab State Cancer and Drug Addiction Treatment Infrastructure Board

³ (i) PWD: ₹ 1.39 crore; (ii) PUDA: ₹ 6.07 crore; and (iii) Cane Commissioner SUGARFED: ₹ 0.01 crore

⁴ (i) Greater Mohali Area Development Authority; (ii) Greater Ludhiana Area Development Authority; (iii) Jalandhar Development Authority; (iv) Amritsar Development Authority; (v) Bathinda Development Authority; and (vi) PUDA, Patiala.

lease area. Further, as per notification (June 2013), the royalty will be deposited into the Consolidated Fund of the State.

The Water Resources Department (WRD) collects royalty for mining activities. It was, however, noticed that an amount of ₹ 34.79 crore collected as royalty which was required to be deposited in the Consolidated Fund of the State was lying with the WRD as on 31 March, 2021.

4.1.5 Market Fee

In order to regulate the purchase, sale, storage, processing of agriculture produce and the establishment of markets for the purpose in the State of Punjab, the State Government notified (May 1961) the Punjab Agricultural Produce Markets Act, 1961 (PAPM Act) under which Punjab State Agricultural Marketing Board (PSAMB) was established. As per Section 23 of the Act, a market fee on *ad valorem* basis, at the rate of one rupee and fifty paise for every one hundred rupees on the agricultural produce bought or sold by licensee in the notified market area was levied. The market fee was revised (2017) as (i) fee on agriculture produce bought or sold by a licensee in the notified market area at the rate not exceeding three rupees for every one hundred rupees; and (ii) additional fee on the agriculture produce when sold by a producer to a licensee in the notified market area at a rate not exceeding one rupee for every one hundred rupees.

The Department supplied (October 2021) tentative figures of market fee for the year 2020-21 according to which there was an opening balance of ₹ 464.19 crore, receipts during the year were ₹ 1,999.39 crore and expenditure was ₹ 2,062.96 crore thereby leaving unutilised amount of ₹ 400.62 crore at the end of the year with the Board, without routing through the Consolidated Fund of the State.

The State Government stated (January 2022) that it was under contemplation that the departments which had levied cess would open the receipt head of cess levied and deposit in the Consolidated Fund of the State. The expenditure would be made by making budget provision in the concerned expenditure head of account against the receipt of cess after studying the relevant notifications of cess levied.

4.1.6 Building and Other Construction Workers Welfare Cess (Labour Cess)

The State Government instructed (November 2008) all the heads of the Department/Boards/Autonomous Bodies/Local Authorities to collect cess at the rate of one *per cent* of cost of all construction and also from individuals who got approved building plan for own residence having cost ₹ 10 lakh or more, as notified (September 1996) by the Central Government, and deposit it

with the Punjab Building 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 the building and other construction workers in the State.

However, it was noticed that labour cess amounting to ₹ 7.22 crore though collected by the collecting agencies⁵, was not transferred to the concerned Board as on 31 March, 2021.

4.1.7 Urban Infrastructure Development Cess

As per guidelines issued (December 2010) by Government of Punjab, Department of Local Government (Department), all the Improvement Trusts will collect four *per cent* of the sale proceeds of the properties of Improvement Trusts as Urban Infrastructure Development Cess (UIDC) which will be deposited with the Department and the Department will credit it to Urban Infrastructure Development Fund.

It was observed that, the Department collected UIDC ₹ 64.04 crore upto 31 March 2020 and during the year 2020-21, an amount of ₹ 42.29 crore was also collected as UIDC. Thus, total available balance of ₹ 106.33 crore was lying with Department which was not transferred to the dedicated Fund as on 31 March 2021.

4.2 Off-Budget liabilities of State Government

The Fifteenth Finance Commission recommended that all committed expenditure and developmental expenditure are met from the augmented borrowing space without resort to off budget or any non-transparent means of financing for any expenditure. It was observed that State Government had an off-budget liability of ₹ 10,550.62 crore (not reflected in the accounts) towards various Financial Institutions⁶ in addition to the budgeted liabilities of ₹ 2,48,236.23 crore as on 31 March 2021.

4.3 Non-discharge of liability in respect of interest towards interest bearing deposits/Reserve Funds

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/Reserve Funds.

⁵ (i) Water Supply and Sanitation Department: ₹ 0.93 crore; (ii) PWD: ₹ 2.40 crore; (iii) PUDA : ₹ 3.77 crore; and (iv) Punjab Small Industries Export Corporation Limited: ₹ 0.12 crore.

⁶ Punjab State Civil Supplies Corporation Limited: ₹ 1,677.38 crore; Punjab State Warehousing Corporation: ₹ 3.56 crore; Punjab Agro Food Corporation Limited: ₹ 99.65 crore; Punjab State Co-operative Supply and Marketing Federation Limited: ₹ 531.57 crore and Punjab State Power Corporation Limited (PSPCL): ₹ 8,238.46 crore.

Audit observed that ₹ 103.24 crore were required to be paid as interest on the balance of ₹ 1,955.94 crore lying under interest bearing deposits/Reserve Funds as on 31 March 2020 as shown in **Table 4.1**. Non-payment of interest liability has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent.

Table 4.1: Details of non-discharge of liability in respect of interest towards interest bearing deposits/Reserve Funds

(₹ in crore)

Sr. No.	Name/Head of the interest bearing deposit	Opening Balance as on 1 April 2020	Basis for calculation of interest	Amount of Interest not provisioned
1.	Deposits of Municipal Corporations and other Autonomous Bodies	0.15	Interest calculated at the rate of 7.50 per cent per annum taking into account conservative estimate of the borrowing cost during the year 2020-21 taking average interest rate of Ways and Means Advances.	0.01
2.	Deposits of Government companies, corporations etc. and Miscellaneous Deposits	574.40		43.10
3.	Punjab Road Safety Fund	22.53		1.69
4.	General Reserve Fund (Motor Transport)	0.75		0.06
5.	Depreciation Reserve Fund (Motor Transport)	115.97		8.70
6.	Defined Contribution Pension Scheme for Government	201.30	Interest calculated at the rate of 7.10 per cent as interest payable to General Provident Fund.	14.29
7.	State Compensatory Afforestation Fund	1,040.84	Interest calculated at the rate of 3.40 per cent as per Ministry of Environment, Forest and climate change, Government of India letter (16 March 2021).	35.39
Total		1,955.94		103.24

Source: Finance Accounts

4.4 Funds transferred directly to State implementing agencies

The GoI has been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. GoI decided to route these funds through State Budget from 2014-15 onwards. However, during 2020-21, the GoI transferred ₹ 4,913.92 crore directly to various implementing agencies in Punjab as detailed in **Appendix 4.1** which was 7.96 per cent more than the amount released in 2019-20 (₹ 4,551.70 crore). This is 170.60 per cent of the amount (₹ 2,880.41 crore) released by the GoI for centrally sponsored scheme as Grants-in-Aid, through the state budget. The total amount transferred by the Central Government to the State during the year 2020-21 was ₹ 29,067.22 crore (including amount transferred through RBI) out of which ₹ 2,779.77 crore was the Central Assistance/share related to Direct Benefit Transfer.

Issues related to transparency

4.5 Delay in submission of Utilisation Certificates

Rule 8.14 of the Punjab Financial Rules, Volume-1 prescribes that where grants are sanctioned and cases in which conditions are attached to the Utilisation of Grant in the form of specification of particular objects of expenditure or the time within which the money must be spent or otherwise, the departmental officer on whose signature or countersignature the Grant-in-Aid bill was drawn should be primarily responsible for certifying to the Accountant General, the fulfilment of the conditions attaching to the grant. Utilisation Certificates (UCs) outstanding beyond the specified periods indicate absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent can't be treated as final. The status of outstanding UCs as per records of the Accountant General (Accounts and Entitlements), Punjab as on 31 March of respective years is given in **Table 4.2**.

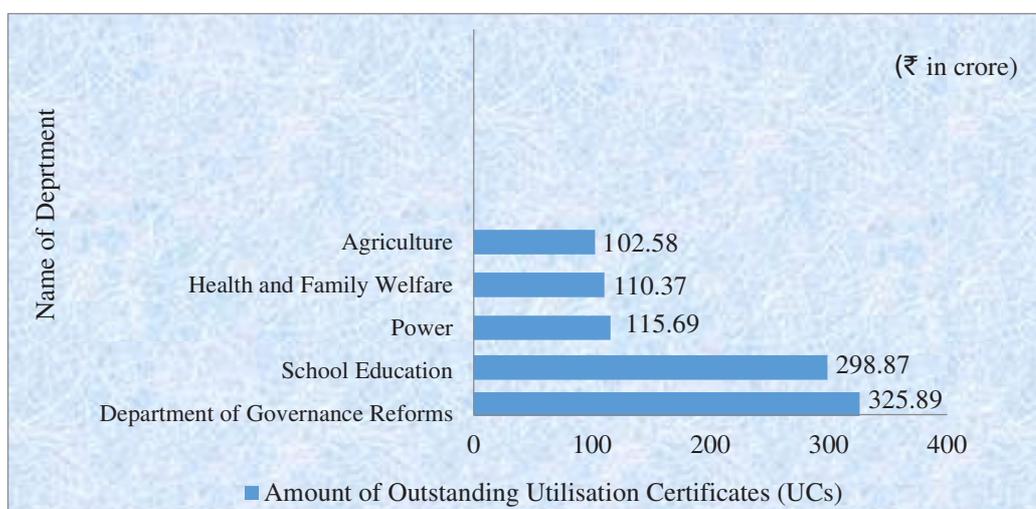
Table 4.2: Age-wise pendency of Utilisation Certificates

Year *	No. of UCs	Amount (₹ in crore)
Up to 2018-19	16	67.13
2019-20	47	193.71
2020-21 (Drawn upto September 2019)	218	1160.27
Total	281	1421.11

Source: Finance Accounts

*The year mentioned above relates to "Due year" i.e. after 18 months of actual drawal.

Chart 4.1: Outstanding UCs in respect of five major Departments as on 31 March 2021



Source: Finance Accounts

It was evident from above that ₹ 953.40 crore i.e. 67.09 per cent of the total outstanding amount of ₹ 1,421.11 crore pertain to five Departments viz. Department of Governance Reforms (₹ 325.89 crore), School Education (₹ 298.87 crore), Power (₹ 115.69 crore), Health and Family Welfare (₹ 110.37 crore) and Agriculture (₹ 102.58 crore). Further, it was also noticed that three number of UCs amounting to ₹ 18.85 crore out of the total outstanding UCs were for creation of capital assets.

Since non-submission of UCs is fraught with the risk of misutilisation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

The State Government stated (December 2021 and January 2022) that the concerned departments were instructed on monthly basis to submit pending utilisation certificates to Accountant General (A&E) in time. It was assured that corrective action would be taken in this regard.

4.6 Abstract Contingent bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head. Rule 274 of Punjab Treasury Rules as amended by State Government in November and December 2016 provides that Drawing and Disbursing Officers (DDOs) are required to present Detailed Contingent (DC) bills containing vouchers in support of financial expenditure within six months from the date of drawal of such advance. Delayed submission or prolonged non-submission of DC bills may affect the completeness and correctness of accounts.

The details of AC bills, under objection, pending adjustment, as on 31 March 2021 is given in **Table 4.3**.

Table 4.3: Age-wise pendency of DC bills

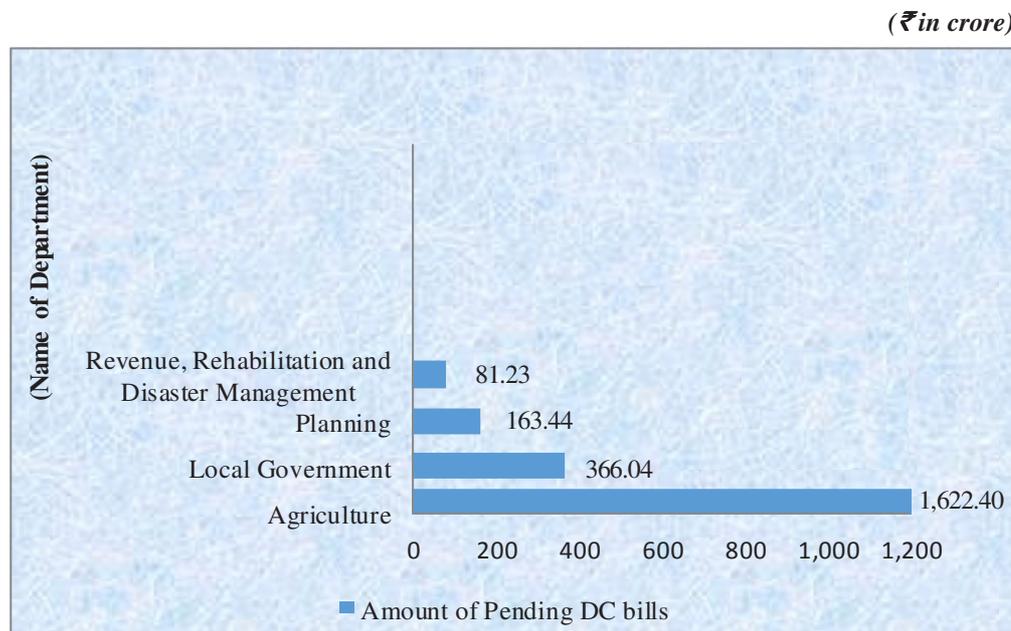
(₹ in crore)		
Year of Grant	No. of DC bills	Amount
Up to 2018-19	105	138.08
2019-20	172	1163.37
2020-21(drawn upto September 2020)	762	1325.18
Total	1039	2626.63

Source: Finance Accounts

It was observed that total 2168 AC bills amounting to ₹ 3,460.88 crore were drawn during 2020-21, out of which 862 AC bills amounting to ₹ 1,795.33 crore (51.87 per cent) were drawn in March 2021. Out of total bills drawn in March 2021, 332 AC bills amounting to ₹ 524.96 crore were

drawn on the last day of March. Further, it was also noticed that 457 number of AC bills amounting to ₹ 756.05 crore out of the total AC bills drawn during the year were for creation of capital assets.

Chart 4.2: Pending DC Bills in respect of major Departments



Source: Finance Accounts

Expenditure against AC bills at the end of the year indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

The State Government stated (January 2022) that provision had been made in the IFMS restricting the department to submit its further bills until the detailed contingent bill of the amounts previously drawn against the advanced contingent bill was submitted.

4.7 Indiscriminate use of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

It was observed that during the year 2020-21, ₹ 3,648.53 crore under various Major Heads of accounts, constituting 4.02 per cent of the total Revenue and

Capital expenditure (₹ 90,726.94 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Details of substantial expenditure (50 per cent and above) booked under Minor Head-800-Other Expenditure are given at **Appendix 4.2**.

Similarly, ₹ 4,695.05 crore under various Major Heads of Account, constituting 6.80 per cent of the total Revenue Receipts (₹ 69,048.18 crore) was classified under Minor Head 800-Other Receipts in the accounts. Details of substantial receipts (50 per cent and above) booked under the Minor Head 800-Other Receipts are given in **Appendix 4.3**.

Issues related to measurement

4.8 Outstanding balance under major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items have been shown as gross debit and credit balances for the last three years, in **Table 4.4**.

Table 4.4: Balances under Suspense and Remittance Heads

(₹ in crore)

Head of Account		2018-19		2019-20		2020-21	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
	1						
8658	Suspense Account						
101	Pay and Accounts Office-Suspense	55.24	0.03	70.75	0.04	110.53	106.87
	Net Debit (Dr.) / Credit (Cr.)	55.21 Dr.		70.71 Dr.		3.66 Dr.	
102	Suspense Account-(Civil)	29.53	..	18.30	..	53.13	..
	Net Debit (Dr.) / Credit (Cr.)	29.53 Dr.		18.30 Dr.		53.13 Dr.	
109	Reserve Bank Suspense-(Headquarters)	0.66	..	0.33	..	0.28	..
	Net Debit (Dr.) / Credit (Cr.)	0.66 Dr.		0.33 Dr.		0.28 Dr.	
110	Reserve Bank Suspense- (Central Accounts Office)	0.69	..	22.27	..	151.86	..
	Net Debit (Dr.) / Credit (Cr.)	0.69 Dr.		22.27 Dr.		151.86 Dr.	
112	Tax Deducted at Source (TDS) Suspense	..	1,24.06	..	119.96	..	311.47
	Net Debit (Dr.) / Credit (Cr.)		124.06 Cr.		119.96 Cr.		311.47 Cr.
123	AIS Officers' Group Insurance Scheme	..	0.09	..	0.11	..	0.15
	Net Debit (Dr.) / Credit (Cr.)		0.09 Cr.		0.11 Cr.		0.15 Cr.
8782	Cash Remittance and adjustments between officers rendering account to the same Accounts Officer						
102	Public Works Remittances	(-) 9.02	..	(-) 3.51	..	19.55	..
	Net Debit (Dr.) / Credit (Cr.)	(-) 9.02 Dr.		(-) 3.51 Dr.		19.55 Dr.	
103	Forest Remittances	6.19	..	21.30	..
	Net Debit (Dr.) / Credit (Cr.)			6.19 Dr.		21.30 Dr.	
8793	Inter-State Suspense Account						
	Net Debit (Dr.) / Credit (Cr.)	11.93 Dr.		22.59 Dr.		43.05 Dr.	

Source: Finance Accounts

4.9 Reconciliation of Cash Balances

The Cash Balance of the State Government for 2020-21 as per Accounts of the Principal Accountant General (A&E) was ₹ 194.40 crore (Debit) while the same was reported as ₹ 19.63 crore (Debit) by the Reserve Bank of India. As such, there was an un-reconciled difference of ₹ 214.03 crore (Debit).

The difference was mainly due to wrong reporting and non-reconciliation of figures by Agency Banks with treasuries, which is under review. After integration of e-Kuber system (of the RBI) with State Integrated Financial Management System (IFMS) for payments in the State, the difference in reporting transactions has also led to the increase in difference, as the State IFMS reports on transaction date basis whereas the e-Kuber system reports the transactions on scroll date basis.

4.10 Cash with divisional officers

In terms of Rule 2.10 (b) (5) of Punjab Financial Rules Vol.-I, no money should be 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.

As per instructions (March 2015) of Finance Department, the Public Works Department (PWD) Drawing and Disbursing Officers (DDO) will keep funds of deposit works related to non-Government agencies under head '8443-Civil Deposits 108-PW Deposit'. The PWD DDOs can draw funds from their deposit accounts by presenting bills to the treasury under the same head of account.

It was further directed that all bank accounts should be closed and unspent amounts kept under head '8671-Departmental Balances 101-Civil' should be remitted into Government account (under head '8443-Civil Deposits') by 31 March 2015 and no bank accounts would be operated w.e.f. April 2015.

In contravention of the instructions *ibid*, as on 31 March 2021, an amount of ₹ 1131.59 crore was still lying under Major Head '8671-Departmental Balances with Departmental Officers' in 195 Divisions (Public Works Departments: 92, Water Resources Department: 50 and Water Supply and Sanitation: 53). Of this, an amount of ₹ 1128.43 crore was lying as balance as per Divisional Cash Book, ₹ 2.56 crore in cash chest and ₹ 0.60 crore as cash in transit. However, there was a balance of ₹ 1120.92 crore as per bank balance under 562 bank accounts. These bank accounts remained operative as is evident from the transactions *viz.* ₹ 599.33 crore (receipts) and ₹ 1005.38 crore (disbursements) made during 2020-21. Had these funds been deposited in the Government account (under head '8443-Civil Deposits'), borrowings to this extent could have been avoided.

Issues related to disclosure

4.11 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Punjab as well as deficiencies therein during 2020-21 is detailed in **Table 4.5**.

Table 4.5: Compliance to Accounting Standards

Sr. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1	IGAS-1:	Guarantees Given by the Government – Disclosure requirements	Not complied (Statements 9 and 20 of Finance Accounts)	Although sector-wise details of guarantees given by the State Government have been disclosed, class-wise details were not incorporated in Finance Accounts of the State.
2	IGAS-2:	Accounting and Classification of Grants-in-aid	Not complied (Statement 10 of Finance Accounts)	Information regarding total value of Grants-in-aid given in kind was not provided by the State Government.
3	IGAS-3:	Loans and Advances made by Government	Not complied (Statement 7 and 18 of Finance Accounts)	In respect of old loans amounting to ₹ 282.54 crore involving eight Departments, recoveries of principal and interest have not been effected during the past several years as detailed in Appendix 4.4 . Terms and conditions of repayment of loans have not been settled for loans amounting to ₹ 931.87 crore to Statutory Bodies/Other entities. Consequently, the receivables of the State Government on this account could not be estimated. The Principal Accountant General (A&E) annually communicates loan balances to the loan sanctioning departments for verification and acceptance. Only six out of the 25 loanees have confirmed the balances as detailed in Appendix 4.5 .

Source: Finance Accounts

The State Government stated (January 2022) that necessary action in this regard would be taken.

4.12 Submission of accounts of Autonomous Bodies

Several autonomous bodies have been set up by the Government in the fields of Urban Development, Housing, Labour Welfare, Agriculture and Justice. As on 31 March 2021, 23 accounts in respect of six out of nine autonomous bodies from 2006-07 to 2019-20 were pending as detailed in **Table 4.6**.

Table 4.6: Arrears of accounts of Autonomous Bodies as on 31 March 2021

Sr. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
1.	Punjab Legal Services Authority, Chandigarh	2019-20	1
2.	Punjab Khadi and Village Industries Board, Chandigarh	2017-18	3
3.	Punjab State Human Rights Commission, Chandigarh	-	0
4.	Punjab Labour Welfare Board, Chandigarh	2006-07	14
5.	Pushpa Gujral Science City, Kapurthala	2019-20	1
6.	Punjab Building and Other Construction Workers Welfare Board, SAS Nagar	2018-19	2
7.	Punjab Bus Metro Society	2018-19	2
8.	Punjab State Electricity Regulatory Commission, Chandigarh	-	0
9.	Real Estate Regulatory Authority, Chandigarh	-	0
Total			23

Source: Departmental data/information.

Pendency in submission of accounts ranged between one to 14 years, of which the Punjab Labour Welfare Board had not submitted its accounts since 2006-07. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

The State Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies in order to assess their financial position. Further, since the Punjab Labour Welfare Board has not submitted its accounts since 2006-07 i.e. more than thirteen years, the existence of the Board may be reviewed by the Government.

The State Government stated (January 2022) that the matter regarding non/late submission of accounts had been taken with the concerned bodies.

4.13 Departmental Commercial Undertakings/Corporations/Companies

According to Section 394 and 395 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report should be laid before the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations.

The above mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies and corporations from the Consolidated Fund of the State.

It was observed that accounts of 26 Public Sector Undertakings (PSU)/Corporations were in arrears, of which 18⁷ were loss making. Further, audit noticed that a budgetary support of ₹ 1528.25 crore was provided to nine PSUs/Corporations during the last three years despite their accounts being in arrears as detailed in **Table 4.7**.

Table 4.7: Year wise details of Budgetary support to Commercial Undertakings/Corporations/Companies

(₹ in crore)

Sr. No.	Name of Company/Corporations	Budgetary support			
		2018-19	2019-20	2020-21	Total
1.	Punjab Small Industries and Export Corporation Limited	9.48	17.00	20.00	46.48
2.	Punjab Water Resources Management and Development Corporation Limited	150.14	97.51	73.38	321.03
3.	Punjab State Civil Supplies Corporation Limited	0.00	122.43	247.02	369.45
4.	PEPSU Road Transport Corporation	55.62	50.98	65.62	172.22
5.	Punjab Financial Corporation	5.00	4.00	8.00	17.00
6.	Jalandhar Smart City Limited	0.00	25.00	0.00	25.00
7.	Ludhiana Smart City Limited	0.00	0.00	25.00	25.00
8.	Punjab State Warehousing Corporation	63.45	10.00	67.47	140.92
9.	Punjab State Grains Procurement Corporation Limited	220.70	35.00	155.45	411.15
Total		504.39	361.92	661.94	1,528.25

Source: Information provided by the PSUs

Age profile of PSUs/Corporations having accounts in arrear is given in **Table 4.8**.

Table 4.8: Age profile of PSUs/Corporations having accounts in arrear

Range in years	Number of PSUs/Corporations
0-1	10
1-3	07
3-5	03
>5	06
Total	26

Source: Information supplied by the PSUs

Table 4.8 shows that accounts in respect of six PSUs were in arrears for more than five years. In the absence of timely finalisation of accounts, results of investments of the Government remain outside the purview of State Legislature and escape scrutiny by audit. Consequently, corrective measures,

⁷ (i) Punjab State Grains Procurement Corporation Limited, (ii) Punjab Water Resources Management and Development Corporation Limited, (iii) Punjab State Civil Supplies Corporation Limited, (iv) Punjab State Warehousing Corporation, (v) PEPSU Road Transport Corporation, (vi) Punjab Micro Nutrients Limited, (vii) Punjab Poultry Development Corporation Limited, (viii) Punjab Financial Corporation, (ix) Punjab Film and News Corporation Limited, (x) Electronic Systems Punjab Limited, (xi) Punjab Bio-Medical Equipments Limited, (xii) Punjab Footwears Limited, (xiii) Punjab Power Packs Limited, (xiv) Punjab State Handloom and Textile Development Corporation Limited, (xv) Punjab State Hosiery and Knitwear Development Corporation Limited, (xvi) Punjab State Leather Development Corporation Limited, (xvii) Ludhiana Smart City Limited and (xviii) Punjab Recorders Limited.

if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out.

It is recommended that the State Government should evolve a system and direct the authorities of the PSUs/Corporations to complete its up-to date accounts (i.e. last preceding year) for making them eligible for financial support of the State Government, if required.

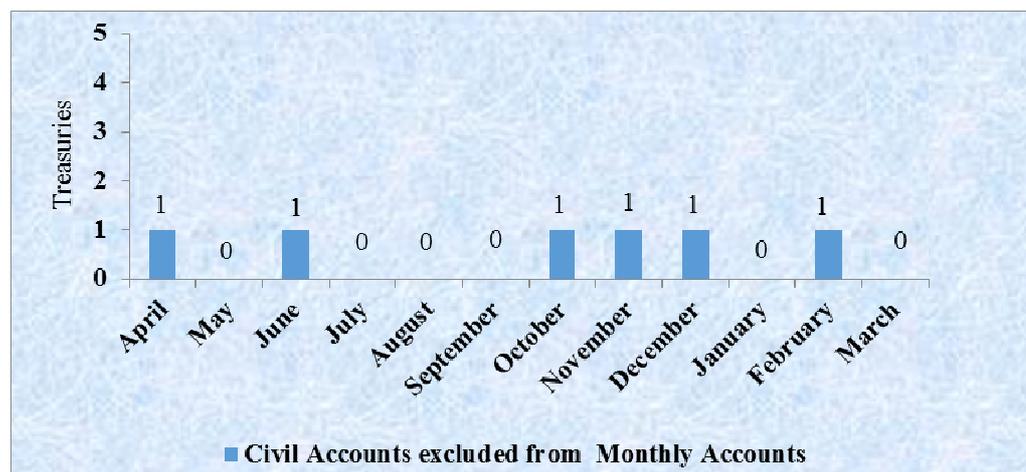
4.14 Timeliness and Quality of Accounts

The accounts of the State Government are compiled from initial accounts rendered by District Treasuries, Sub-Treasuries, Public Works Divisions and Forest Divisions apart from the Reserve Bank of India advices. There are often delays in rendition of monthly accounts. Due to the failure of account rendering units to furnish accounts on time, some accounts are excluded from the monthly civil accounts by the Accountant General (A&E).

Exclusion of accounts not only distorts the budgetary position of the Government but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted beneficiaries, functioning of departments etc. during the year.

It was observed that six accounts of four⁸ treasuries were excluded from the compiled accounts due to late receipt of the same as depicted in **Chart 4.3**.

Chart 4.3: Civil Accounts excluded from Monthly Accounts during 2020-21



Source: Information supplied by O/o the Accountant General (A&E) Punjab

⁸ (i) Chandigarh Treasury: One; (ii) Hoshiarpur Treasury: One; (iii) Ludhiana Treasury : Three; and (iv) Mohali Treasury : One

Other Issues

4.15 Misappropriations, losses, thefts, etc.

Rule 2.33 of the Punjab Financial Rules, stipulates that every Government employee would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per Rule 2.34 *ibid*, the cases of defalcations and losses are required to be reported to the AG (A&E).

As on 31 March 2021, 18 cases of misappropriation, losses, theft, etc. involving ₹ 39.37 crore were pending. The department-wise break-up of pending cases is given in **Table 4.9**.

Table 4.9: Details of pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

Name of Department/ Corporation	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Punjab Agro Food grains Corporations	7	15.51	0	0	0	0	0	0
Punjab State Warehousing Corporation	7	11.85	1	0.11	0	0	0	0
Punjab Agro Juice Limited	1	0.71	0	0	0	0	0	0
Punjab State Seeds Corporation Limited	1	4.10	0	0	0	0	0	0
PUNSUP	2	7.20	1	0.13	0	0	1	7.07
Total	18*	39.37	2	0.24	0	0	1	7.07

Source: Departmental data/information

*Status in respect of 15 cases was not available.

Out of the total cases, four cases amounting to ₹ 7.43 crore were related to theft of Government money/store. Further, in respect of one case of loss, departmental action had not been finalised while in one case (₹ 7.07 crore) criminal proceedings were finalised but recovery of the amount was pending. It was, further, noticed that out of total 18 cases of theft/misappropriation/loss of Government material, 11 cases of ₹ 24.60 crore were more than five years old.

The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss of Government material is summarised in **Table 4.10**.

Table 4.10: Profile of misappropriations, losses, defalcations, etc.*(₹ in crore)*

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved		Number of cases	Amount involved
0-5	7	14.77	Theft cases	3	7.31
			Misappropriation/ loss of Government material	4	7.46
5-10	11	24.60	Theft cases	1	0.12
			Misappropriation/ loss of Government material	10	24.48
Total	18	39.37	Total	18	39.37

Source: Departmental data/information

The Government may consider preparing a time bound framework for taking prompt action in cases of theft, misappropriation, etc.

The State Government stated (January 2022) that strict instructions in this regard had been issued to all the respective administrative departments.

4.16 Follow up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/Finance Department require the line Departments to provide a *suo-motu* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within one month of placing the Reports in the Legislature. The line Departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

Discussion on the State Finances Audit Report for the year 2013-14 was held on 03 August 2015 in the PAC meeting and the Committee directed the Finance Department for submission of reply of all the paragraphs within three weeks, but no reply was furnished by Finance Department within stipulated period.

The matter regarding non submission of reply was discussed by PAC on 05 July 2019, 22 October 2019 and 02 June 2020 who directed the Finance Department for submission of replies of State Finances Audit Reports for the year 2014-15 to 2016-17. Replies for State Finances Audit Report for the year 2015-16 and 2016-17 have been received. The State Finances Audit Report for the year 2016-17 was discussed on 7 September 2021 in PAC meeting.

4.17 Conclusions

Various Cess collected to the tune of ₹ 450.54 crore was not transferred to the Consolidated Fund of the State. Government departments did not transfer various cesses amounting to ₹ 113.55 crore to the concerned Boards. An amount of ₹ 2,312.16 crore remained unpaid by Government to Punjab State Civil Supplies Corporation Limited under Atta Dal Scheme. Similarly, an amount of ₹ 8,238.46 crore remained unpaid by Government to Punjab State

Power Corporation Limited on account of power subsidies to various consumers.

Utilisation Certificates (UC) amounting to ₹ 1,421.11 crore (281 UCs) were awaited which indicates lack of internal control of administrative departments and tendency on the part of the Government to disburse fresh grants without ascertaining proper utilisation of earlier grants. Similarly Detailed Contingent (DC) bills amounting to ₹ 2,626.63 crore (1,039 DC bills) were also awaited. There was an un-reconciled difference of ₹ 214.03 crore (Debit) in the Cash Balance of the State Government for 2020-21. An amount of ₹ 1,120.92 crore was still lying in the bank accounts of Divisions pertaining to four Departments.

A large number of autonomous bodies, and departmentally run commercial undertakings did not prepare their final accounts for considerable periods. As a result, their financial position could not be assessed and results of investments of the Government remained outside the purview of the State Legislature.

Further, in 18 cases of theft, misappropriation, loss of Government material and defalcation, departmental action was pending for long periods.

4.18 Recommendations

- (i) The Government should prescribe a proper accounting procedure for collection, depositing into Government account and utilisation of various cesses so that the details of cess and data are easily accessible from the State Accounts.
- (ii) The Government should ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.
- (iii) The Government should ensure adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.
- (iv) The Finance Department should put in place a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.
- (v) The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.

Chapter-V

State Public Sector Enterprises

Chapter-V

State Public Sector Enterprises

This chapter discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). Impact of significant comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General (CAG) of India for the year 2020-21 (or of earlier years which were finalised during the current year) has also been discussed.

5.1 Definition of Government Companies

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

Besides, any other company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.2 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

5.3 SPSEs and their contribution to the GSDP of the State

SPSEs consist of State Government Companies and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in

¹ Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs *vide* Gazette Notification dated 4 September 2014.

view the welfare of people and occupy an important place in the State economy. As on 31 March 2021, there were 49 SPSEs in Punjab, including four² Statutory Corporations and 42 Government Companies (including 16 inactive government companies³) and three⁴ Government Controlled Other Companies (GCOC) under the audit jurisdiction of the CAG. The names of these SPSEs are given in **Appendix 5.1**.

One SPSE (Punjab Communications Limited) was listed on the stock exchange. There are 16 inactive SPSEs (including four under liquidation) in the State and have investment of ₹ 57.52 crore towards capital ₹ 23.24 crore (State Government: ₹ 17.05 crore and Others: ₹ 6.19 crore) and long term loans ₹ 34.28 crore (State Government: ₹ 14.70 crore and Others: ₹ 19.58 crore). This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State.

A ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. The details of turnover of working SPSEs are given in **Appendix 5.2**. Turnover of working SPSEs and GSDP for a period of three years ending 31 March 2021 are given in **Table 5.1**.

Table 5.1: Details of turnover of SPSEs vis-à-vis GSDP of Punjab

Particulars	(₹ in crore)		
	2018-19	2019-20	2020-21
Turnover	72,923.70	73,290.12	71,024.64
GSDP of Punjab	5,12,511.00	5,39,687.00	5,29,703.00
Percentage of Turnover to GSDP of Punjab	14.23	13.58	13.41

Source: Compilation based on Turnover figures as per latest finalised accounts of SPSEs and GSDP figures as per Economic and Statistical Organisation, Government of Punjab

It can be seen from the table above, the contribution of SPSEs to the GSDP reduced from 14.23 per cent in 2018-19 to 13.41 per cent in 2020-21. The major contributors to SPSEs- turnover were Punjab State Power Corporation Limited (₹ 31,768.24 crore) and three State Procurement Agencies⁵ (₹ 33,417.50 crore).

² Punjab State Warehousing Corporation, Punjab Scheduled Castes Land Development and Finance Corporation, PEPSU Road Transport Corporation and Punjab Financial Corporation.

³ Inactive SPSEs are those which have ceased to carry out their operations.

⁴ Amritsar Smart City Limited, Ludhiana Smart City Limited and Jalandhar Smart City Limited.

⁵ Punjab State Grains Procurement Corporation Limited, Punjab State Civil Supplies Corporation Limited and Punjab State Warehousing Corporation.

5.4 Investment in SPSEs and Budgetary Support

5.4.1 Equity holding and Loans in SPSEs

The sector wise Total Equity, Equity Contribution by State Government and Long Term Loans including the loans given by State Government in 33 working SPSEs as on 31 March 2021 is given below in **Table 5.2**.

Table-5.2: Sector-wise investment in SPSEs

Name of Sector	Investment ⁶ (₹ in crore)				
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans
Power	22,338.61	22,315.61	17,654.91	14.07	39,993.52
Finance	249.75	175.61	705.70	9.84	955.45
Industries and Infrastructure	81.39	69.16	1,270.33	0.00	1,351.72
Agriculture and Allied	452.86	384.00	25,799.85	25,356.10	26,252.71
Service	394.32	369.91	89.68	23.75	484.00
Total	23,516.93	23,314.29	45,520.47	25,403.76	69,037.40

Source: Information provided by the SPSEs

The thrust of SPSEs investment was mainly on power sector. This sector had received 57.93 per cent (₹ 39,993.52 crore) of total investment of ₹ 69,037.40 crore.

5.4.2 Market Capitalisation of equity investment in SPSEs

Market Capitalisation represents market value of shares of companies which are listed. As on 31 March 2021, shares of only one SPSE (Punjab Communications Limited) were listed on the Bombay Stock Exchange (BSE) in India. This SPSE having total equity investment of ₹ 12.02 crore is a subsidiary of Punjab Information & Communication Technology Corporation Limited (₹ 8.55 crore i.e. 71.13 per cent of total equity investment of ₹ 12.02 crore) and has no investment of equity either by the State Government or the Central Government. The total market value of shares of the above listed SPSE stood at ₹ 24.17 crore⁷ as on 31 March 2021 as compared to ₹ 12.62 crore⁸ as on 31 March 2020.

5.4.3 Disinvestment, Restructuring and Privatisation

During the year 2020-21, there was no case of disinvestment, restructuring and privatisation of SPSEs.

⁶ Investment includes equity and long term loans.

⁷ 1,20,23,565 shares x ₹ 20.10 per share against face value of ₹ 10 per share.

⁸ 1,20,23,565 shares x ₹ 10.50 per share against face value of ₹ 10 per share.

5.5 Returns from SPSEs

5.5.1 Profit earned by SPSEs

The number of SPSEs⁹ that earned profit was 13¹⁰ in 2020-21 as compared to 10 in 2019-20. The profit earned increased to ₹ 1819.73 crore in 2020-21 from ₹ 288.02 crore in 2019-20.

The details of top three SPSEs which contributed maximum profit are summarised in **Table 5.3**.

Table 5.3: Top three SPSEs which contributed maximum profit

Name of SPSE	Net profit (₹ in crore)	Percentage of profit to total SPSEs profit
Punjab State Power Corporation Limited	1446.10	79.47
Punjab State Warehousing Corporation	240.51	13.22
Punjab Small Industries and Export Corporation Limited	76.15	4.18
Total	1762.76	96.87

Source: Latest Financial Statements of SPSEs

It may be seen that these three SPSEs had contributed 96.87 per cent of the total profit (₹ 1819.73 crore) earned by 12 SPSEs during 2020-21.

5.5.2 Dividend paid by SPSEs

The Thirteenth Finance Commission had recommended (December 2009) that a minimum dividend of five per cent on Government equity should be paid by all enterprises. The State Government adopted the recommendations and directed (July 2011) all its Public Sector Enterprises (PSEs) to pay a minimum return of five per cent on the funds invested by the State Government. The dividend paid by SPSEs is shown in **Table 5.4**.

Table 5.4: Dividend Payout by SPSEs

(₹ in crore)				
Year	No. of SPSEs which declared dividend	Paid Up Capital	Net Profit	Dividend Declared
1	2	3	4	5
2018-19	3	30.87	11.85	1.67
2019-20	3	48.15	20.71	3.21
2020-21	3 ¹¹	75.26	81.11	3.88

Source: Latest Financial Statement of SPSEs.

Out of 13 SPSEs which earned profits as per the latest finalised accounts, only three SPSEs declared dividend. Remaining 10 SPSEs which earned aggregate profit of ₹ 1738.62 crore had not declared/paid dividend. In case of major

⁹ Accounts received upto November 2021.

¹⁰ Including one SPSE which earned Zero profit/loss but having accumulated profits.

¹¹ Punjab State Forest Development Corporation Limited, Punjab Small Industries and Export Corporation Limited and Punjab State Container and Warehousing Corporation Limited.

profit earning two Power sector SPSEs (Punjab State Power Corporation Limited (PSPCL): ₹ 1446.10 crore and Punjab State Transmission Corporation Limited (PSTCL): ₹ 20.77 crore) during the year 2020-21, dividend worked out to ₹ 1,115.78 crore¹² was not declared/ paid by the Companies.

5.6 Debt Servicing

5.6.1 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in SPSEs which had interest burden are given below in **Table 5.5**.

Table 5.5: Interest coverage ratio of SPSEs

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of SPSEs having liability of loans from Government, and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2018-19	3,557.21	3,657.48	10	5	5 ¹³
2019-20	3,826.38	2,739.84	10	4	6 ¹⁴
2020-21	2,396.83	3,997.59	9	5	4 ¹⁵

Source: Latest Financial Statement of SPSEs

It was observed that five SPSEs had interest coverage ratio of more than one during 2020-21. Four SPSEs had interest coverage ratio of less than one during 2020-21. Thus, the SPSEs were not generating sufficient revenues to meet their expenses on interest.

5.7 Financial performance of SPSEs

5.7.1 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is

¹² PSPCL: ₹ 1,085.49 crore (₹ 21,709.73 crore x five per cent) and PSTCL: ₹ 30.29 crore (₹ 605.88 crore x five per cent).

¹³ Punjab Agro Foodgrains Corporation Limited, Punjab Scheduled Castes Land Development and Finance Corporation, PEPSU Road Transport Corporation, Punjab State Power Corporation Limited, Punjab State Transmission Corporation Limited.

¹⁴ Punjab Agro Foodgrains Corporation Limited, Punjab State Industrial Development Corporation Limited, Punjab Scheduled Castes Land Development and Finance Corporation, PEPSU Road Transport Corporation, Punjab State Power Corporation Limited, Punjab State Transmission Corporation Limited.

¹⁵ Punjab Agro Foodgrains Corporation Limited, Punjab Scheduled Castes Land Development and Finance Corporation, PEPSU Road Transport Corporation and Punjab Financial Corporation.

calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed¹⁶. The details of RoCE during the period from 2018-19 to 2020-21 are given below in **Table 5.6**.

Table-5.6: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (in per cent)
2018-19	2,854.13	27,990.20	10.20
2019-20	2,449.95	42,747.85	5.73
2020-21	3,814.82	46,193.29	8.26

Source: Latest Financial Statement of working SPSEs

It was observed that RoCE was positive during 2018-19 to 2020-21 but decreased from 10.20 *per cent* in 2018-19 (due to conversion¹⁷ of UDAY loan of ₹ 15628.26 crore into equity) to 8.26 *per cent* in 2020-21 due to increase in Capital Employed.

5.7.2 Return on Equity by SPSEs

Return on Equity (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profits. RoE is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

The Return on Equity¹⁸ (RoE) of the profit earning 13 working SPSEs stood at 11.71 *per cent* in 2020-21. The RoE in all the 29¹⁹ working SPSEs including 16²⁰ loss making was 15.59 *per cent* in 2020-21.

Shareholders' fund is calculated by adding paid up capital and free reserves minus net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means liabilities exceed assets.

The details of Shareholders' Fund and RoE relating to working SPSEs are given below in **Table 5.7**.

¹⁶ Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

¹⁷ During 2019-20.

¹⁸ Return on equity = (Net Profit after Tax / Shareholder's Equity) X 100 where Shareholder's equity = paid up capital + free reserves - accumulated losses - deferred revenue expenditure.

¹⁹ Excluding four SPSEs working on no profit/no loss basis : Punjab Police Security Corporation Limited, Punjab Municipal Infrastructure Development Company, Punjab State Biotech Corporation (Mohali Biotechnology Park) and Punjab Police Housing Corporation Limited.

²⁰ Including one SPSE which earned Zero profit/loss and also having Zero accumulated profits/losses.

Table-5.7: Return on Equity relating to SPSEs

Year	Net Income (₹in crore)	Shareholders' Fund (₹in crore)	ROE (Percentage)
2018-19	(-)724.59	(-)6,625.77	--
2019-20	(-)1,392.11	7,374.68	--
2020-21	1,373.38	8,809.80	15.59

Source: As per latest finalised accounts of SPSEs

As the net income of SPSEs during 2018-19 and 2019-20 was negative, RoE could not be calculated. During the year 2020-21, RoE became positive to 15.59 per cent mainly due to net income earned (₹ 1,469.08 crore) by the three²¹ Power Sector SPSEs.

5.7.3 Rate of Return on the basis of Present Value of Investment

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2021, the past investments/ year-wise funds infused by the State Government in the SPSEs have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free loans and grants/subsidies for operational and management expenses, if any less: disinvestments since inception of these Companies till 31 March 2021.

The PV of the State Government investment in SPSEs was computed on the basis of following assumptions:

- Interest free loans have been considered as investment infusion by the State Government as no amount of interest free loans have been repaid by SPSEs. Further, in those cases where interest free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.
- The average rate of interest on Government borrowings for the concerned financial year²² was adopted as compounded rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government.

²¹ Punjab State Power Corporation Limited, Punjab State Transmission Corporation Limited and Punjab Genco Limited.

²² The average rate of interest on Government borrowings was adopted from the Reports of the CAG on State Finances (Government of Punjab) for the concerned year wherein the average rate for interest paid = Interest payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/ 2] *100.

SPSE wise position of State Government investment in the 21 SPSEs (Other than GCOCs) in the form of equity and interest free loans on historical cost basis for the period from 2010-11 to 2020-21 have been given in **Appendix 5.3**. The consolidated position of the PV of the State Government investment and the total earnings relating to 22²³ SPSEs for the same period is indicated below in **Table 5.8**.

Table 5.8: Year-wise details of investment by the State Government and its present value (PV) of Government investment for the period from 2010-11 to 2020-21

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Interest free loans given by the State Government during the year	Grants/subsidies given by State Government for operational and management expenses	Total investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year ²⁴	Total Earning for the year ²⁵
i	ii	iii	iv	v	vi= iii + iv + v	vii = ii + vi	viii	ix={vii*(1 + viii/100)}	x={vii*viii/100}	xi
Upto 2010-11	789.79 ²⁶	6,687.35 ²⁷	-	-	6,687.35	7,477.14	7.73	8,055.12	577.98	(-)1,696.24
2011-12	8,055.12	196.93	-	108.48	305.41	8,360.53	7.96	9,026.03	665.50	(-)779.63
2012-13	9,026.03	15.91	30.00	190.29	236.20	9,262.23	7.79	9,983.76	721.53	43.23
2013-14	9,983.76	22.35	-	242.25	264.60	10,248.36	8.04	11,072.33	823.97	(-)55.02
2014-15	11,072.33	72.07	-	337.75	409.82	11,482.15	8.35	12,440.91	958.76	(-)673.78
2015-16	12,440.91	32.24	-	324.21	356.45	12,797.36	8.09	13,832.67	1,035.31	(-)2,315.70
2016-17	13,832.67	10.83	-	504.28	515.11	14,347.78	7.48	15,420.99	1,073.21	(-)4,327.30
2017-18	15,420.99	-	-	168.62	168.62	15,589.61	8.12	16,855.49	1,265.88	(-)2,799.39
2018-19	16,855.49	(-) 97.97 ²⁸	-	205.76	107.79	16,963.28	8.00	18,320.34	1,357.06	(-)604.73
2019-20	18,320.34	15,629.35	-	160.28	15,789.63	34,109.97	7.93	36,814.89	2,704.92	(-)1,228.59
2020-21	36,814.89	(-)44.58	-	145.59	101.01	36,915.90	7.44	39,662.44	2,746.54	1,503.72
Total			30.00	2,387.51	24,941.99					

The balance of investment by the State Government in these SPSEs at the end of the year 2020-21 increased to ₹ 25,731.78 crore²⁹ in 2020-21 from ₹ 7,477.14 crore at the end of 2010-11. The State Government made further investments in shape of equity (₹ 15,837.13 crore) and interest free loans (₹ 30.00 crore) and grants/subsidies for operational and management expenses

²³ It includes one Other than Power SPSE (Punjab Agri Export Corporation Limited) having no State Government investment as equity but received grant for operational and management expenses during the year 2019-20 and 2020-21.

²⁴ Present value of total investment at the end of the year less: Total investment at the end of the year.

²⁵ Total Earnings for the year depicts total of net earnings (profit/loss) as per latest finalised Accounts relating to those 22 SPSEs (excluding GCOCs) where funds were infused by State Government.

²⁶ ₹ 789.79 crore is the investment, on historical cost basis, by Government of Punjab upto financial year 2010-11.

²⁷ No accumulated losses were transferred to Power Sector Companies at the time of unbundling as accumulated losses of erstwhile Punjab State Electricity Board of ₹ 10,180.35 crore were set off against capital reserve created on land revaluation

²⁸ While finalising the accounts for the year 2017-18, Punjab Water Resources Management & Development Corporation Limited (PWRMDC) treated the capital grant amounting to ₹ 97.97 crore received from the State Government for sinking and installation of tubewells as deferred revenue which was earlier being treated as 'Share application money pending allotment'.

²⁹ It includes total investment of ₹ 24,941.99 crore during the period 2010-11 to 2020-21 plus ₹ 789.79 crore as shown in column (ii) as opening balance.

(₹ 2,387.51 crore) during the period 2011-12 to 2020-21 in these SPSEs. The PV of funds infused by the State Government upto 31 March 2021 amounted to ₹ 39,662.44 crore. During 2011-12 to 2020-21, total earnings for all the year remained below the minimum expected return to recover cost of funds infused in these SPSEs.

5.8 SPSEs incurring losses

5.8.1 Losses incurred

There were 16 working SPSEs that incurred losses as per their latest finalised accounts. The losses incurred by these SPSEs decreased to ₹ 446.35 crore as per their latest finalised accounts from ₹ 1017.72 crore in 2018-19 (mainly due to two previously loss making power sector SPSEs: PSPCL and PSTCL registering profit during 2020-21) as given below in **Table 5.9**.

Table-5.9: Number of SPSEs that incurred losses during 2018-19 to 2020-21

(₹ in crore)

Year	No of loss making SPSEs	Net loss for the year	Accumulated loss	Net Worth ³⁰
Statutory Corporations				
2018-19	02	(-) 5.62	(-) 405.54	38.39
2019-20	02	(-) 8.57	(-) 408.49	35.44
2020-21	03	(-) 10.42	(-) 676.00	(-) 184.80
Government Companies				
2018-19	10	(-) 1012.10	(-) 12994.19	(-) 5898.95
2019-20	13	(-) 1671.56	(-) 15297.72	7526.27
2020-21	13	(-) 435.93	(-) 6946.02	(-) 6551.46
Total				
2018-19	12	(-) 1017.72	(-) 13399.73	(-) 5860.56
2019-20	15	(-) 1680.13	(-) 15706.21	7561.71
2020-21	16	(-) 446.35	(-) 7622.02	(-) 6736.26

Source: As per latest finalised accounts of SPSEs

In 2020-21, out of total loss of ₹446.35 crore incurred by 16 SPSEs, loss of ₹ 399.79 crore was contributed by three SPSEs (Punjab Agro Foodgrains Corporation Limited, Punjab State Grains Procurement Corporation Limited and Punjab State Civil Supplies Corporation Limited).

5.8.2 Erosion of Capital in SPSEs

As on 31 March 2021, there were 17 SPSEs with accumulated losses of ₹ 15,922.48 crore. Of these, 13 SPSEs incurred losses amounting to ₹ 444.49 crore as per latest finalised accounts as of 30 November 2021.

³⁰ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write back of depreciation provision.

The net worth of 14 out of 17 SPSEs had been completely eroded by accumulated losses and their net worth was either zero or negative. The net worth of these 14 SPSEs was (-) ₹ 8,413.69 crore against equity investment of ₹ 534.97 crore as on 31 March 2021. Out of 14 SPSEs, whose capital had eroded, three³¹ had earned profit of ₹ 259.93 crore during 2020-21. Out of 14, there were seven SPSEs with outstanding Government loans of ₹ 25,167.43 crore³² as on 31 March 2021.

5.9 Audit of State Public Sector Enterprises

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

5.10 Appointment of statutory auditors of State Public Sector Enterprises by CAG

Sections 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

The statutory auditors of the above Companies for the year 2020-21 were appointed by the CAG upto September 2021.

5.11 Submission of accounts by State Public Sector Enterprises

5.11.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting³³ (AGM). As soon as may be after such preparation, the Annual Report must be laid before Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of State.

³¹ Punjab Agri Export Corporation Limited, Punjab State Industrial Development Corporation Limited and Punjab State Warehousing Corporation.

³² Information of Government loans outstanding as on 31 March 2021 provided by the SPSEs.

³³ In case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case within a period of six months, from the date of closing of the financial year *i.e.* 30 September.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were pending as on 30 November 2021, as detailed in the following paragraph.

5.11.2 Timeliness in preparation of accounts by SPSEs

As of 31 March 2021, there were 45 SPSEs³⁴ under the purview of CAG's audit. Of these, accounts for the year 2020-21 were due from 45 SPSEs including four under liquidation. However, only 11 SPSEs submitted their accounts for the year 2020-21 for audit by CAG by 30 November 2021³⁵. Accounts of 34 SPSEs were in arrears for various reasons. Details of arrears in submission of accounts of SPSEs are given in **Table 5.10**.

Table-5.10: Details of arrears in submission of accounts

Particulars		SPSEs	Number of Accounts
Total number of Companies under the purview of CAG's audit as on 31.03.2021		45	--
Less: New Companies from which accounts for 2020-21 were not due		0	0
Number of companies from which accounts for 2020-21 were due		45	45
Number of companies which presented the accounts for the year 2020-21 for CAG's audit by 30 November 2021		11	11
Number of accounts in arrears		34	183
Break- up of Arrears	(i) Under Liquidation	4	83
	(ii) Defunct	11	66
	(iii) Others	19	34
Age-wise analysis of arrears against 'Others' category	One year (2020-21)	11	11
	Two years (2019-20 and 2020-21)	4	08
	Three years and more	4	15

Source: Compiled on the basis of annual accounts received in this office

³⁴ Excluding four Statutory Corporations discussed in paragraph 5.11.3.

³⁵ Date of holding AGM of Companies for the financial year 2020-21 was extended upto 30 November 2021 by Registrar of Companies, Punjab and Chandigarh in accordance with Government of India, Ministry of Corporate Affairs order dated 23 September 2021.

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of four³⁶ statutory corporations is conducted by the CAG and out of these, for two³⁷ Statutory Corporations, CAG is the sole auditor. Four Statutory Corporations did not present the accounts for the year 2020-21 for audit before 30 November 2021. As on 30 November 2021, eight accounts of four Statutory Corporations were pending.

5.12 CAG's oversight - Audit of accounts and supplementary audit

5.12.1 Financial reporting framework

Companies are required to prepare the Financial Statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards renamed as National Financial Reporting Authority³⁸. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013; and
- supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of Financial Statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

³⁶ Punjab State Warehousing Corporation, PEPSU Road Transport Corporation, Punjab Financial Corporation and Punjab Scheduled Castes Land Development and Finance Corporation.

³⁷ Punjab Scheduled Castes Land Development and Finance Corporation and PEPSU Road Transport Corporation.

³⁸ Effective from 01 October 2018.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the Financial Statements under section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

5.13 Result of CAG's oversight role

5.13.1 Audit of accounts of SPSEs

Thirty eight Financial Statements for the year 2020-21 and previous years were received from 27 SPSEs by 30 November 2021. Twenty two Financial Statements of 18³⁹ SPSEs were reviewed in audit by the CAG and Non Review Certificate was issued for the rest 16 (for 10 SPSEs). The results of the review are detailed below:

5.13.2 Amendment of Financial Statements

During 2020-21, there is no case of SPSEs amending their Financial Statements before laying the same in the AGM.

5.13.3 Revision of Auditors Report

During 2020-21, there is no case of revision of statutory auditors' report as a result of supplementary audit of the Financial Statements conducted by the CAG.

5.13.4 Significant comments of the CAG issued as supplement to the statutory auditors' reports on Government Companies/ Statutory Corporations

Subsequent to the audit of the Financial Statements for the year 2020-21 and previous years by statutory auditors, the CAG conducted supplementary audit of the 22 Financial Statements of 18 SPSEs. Some of the significant comments⁴⁰ issued (January 2021 to November 2021) on Financial Statements

³⁹ Includes one SPSE (Punjab State Leather Development Corporation Limited) which submitted four accounts; of which, one account was audited and NRCs issued on rest three accounts.

⁴⁰ Comments of three major SPSEs i.e. Punjab State Power Corporation Limited (2020-21), Punjab Small Industries and Export Corporation Limited (2019-20) and Punjab Financial Corporation (2019-20) are under finalisation.

of SPSEs, the financial impact of which was ₹ 623.63 crore on the profitability and ₹ 348.00 crore on assets/liabilities, have been detailed in **Table 5.11** and **Table 5.12**.

Table 5.11: Comments on Profitability

Sl. No.	Name of the Company	Comments
1.	Punjab Small Industries and Export Corporation Limited (2018-19)	<ul style="list-style-type: none"> Non-capitalisation of the project had resulted into overstatement of land by ₹ 37 crore, work-in-progress by ₹ 3.74 crore, other long term liabilities by ₹ 25.20 crore and understatement of plots by ₹ 25.20 crore, project liability by ₹ 1.60 crore and profit by ₹ 4.20 crore and inventories by ₹ 21.34 crore. The Company did not book sale for allotment of plot on receipt of payment basis in the ratio of payment received (to the extent of 50 per cent of allotment price) in the accounts as per adopted Accounting Policy of the Company. This has resulted into overstatement of land by ₹ 15.75 crore, advance receipts of plots by ₹ 21.45 crore and understatement of plots by ₹ 21.45 crore and profit for the year by ₹ 5.70 crore.
2.	Punjab Information & Communication Technology Corporation Limited (2019-20)	<ul style="list-style-type: none"> The recognition of revenue to the extent of amount actually received instead of total due against sale of plots on accrual basis resulted in understatement of revenue, trade receivables and understatement of profits by ₹ 1.55 crore. Non provision for recoverable amount of ₹ 0.23 crore from the subsidiary company which had closed its operations during 2003-04 resulted in overstatement of loans and advances and profit for the year by ₹ 0.23 crore.
3.	Punjab Financial Corporation (2018-19)	<ul style="list-style-type: none"> Non provision of outstanding interest resulted into understatement of accumulated losses and other liabilities by ₹ 51.78 crore. Non provisioning of shortfall of ₹ 0.80 crore on account of difference in actual liability of Group Gratuity Scheme of LIC and the asset value resulted into overstatement of profits by ₹ 0.80 crore. Recognition of ₹ 2.56 crore as provision against non performing assets, the loan accounts of which had already been cleared and settled under OTS policy resulted into excess provisioning for non performing assets by ₹ 2.56 crore along with understatement of profits to the same extent. Corporation has accounted for ₹ 0.79 crore upto 2018-19 as interest income on the amount of FDRs of the trust funds out of the sale proceeds of two units which were kept in accordance with the orders of the Court. This has resulted into overstatement of "Accumulated Losses" by ₹ 0.79 crore and understatement of "Other Liabilities" by ₹ 0.79 crore.
4.	Punjab State Warehousing Corporation (2017-18)	<ul style="list-style-type: none"> An amount of ₹ 194 crore was to be transferred to the Corporations Pension Corpus Fund in compliance to the order of the Court but provision for the same was not made which resulted into understatement of liabilities as well as accumulated losses by ₹ 194 crore. The Corporation had accounted for ₹ 201.74 crore as its income for the years 2009-10 to 2016-17 on account of rate revision of storage charges applicable for the next year. This

Sl. No.	Name of the Company	Comments
		<p>resulted into overstatement of current assets and understatement of accumulated losses by ₹ 201.74 crore.</p> <ul style="list-style-type: none"> The Corporation recouped the gap in cash credit limit availed from State Bank of India by Government of Punjab for KMS 2016-17 from its own resources and booked the same as recoverable from the Government of Punjab without any confirmation which was to be borne by the Corporation. This resulted into overstatement of current assets and understatement of accumulated losses by ₹ 104.24 crore. The Corporation raised (July 2018) the claim of ₹ 17.38 crore on account of difference of guarantee fee paid to the State Government and guarantee fee being reimbursed by the Government of India with the State Government but the State Government had not accepted the liability. This resulted into overstatement of current assets and understatement of accumulated losses by ₹ 17.38 crore. Assets included ₹ 3.98 crore deducted by the Food Corporation of India from the sale bills on account of audit recovery during the year 2017-18 which should have been booked as expenditure. This resulted into overstatement of assets and understatement of accumulated losses by ₹ 3.98 crore.
5.	Punjab Genco Limited (2019-20)	<ul style="list-style-type: none"> Non-charging of depreciation on full amount of project assets since capitalisation of respective projects, resulted into understatement of tangible assets by ₹ 4.23 crore and capital reserve by ₹ 20.08 crore and overstatement of accumulated profits by ₹ 15.85 crore.
6.	Punjab State Transmission Corporation Limited (2020-21)	<ul style="list-style-type: none"> The Company has availed eight loans amounting to ₹ 1815 crore during 2015-21. On this, guarantee fee of ₹ 33.20 crore was booked as expenditure in the respective year instead of amortising the same over the tenure of related loan. Which was not in compliance with Ind AS-109. This resulted into understatement of profit by ₹ 17.74 crore, current assets by ₹ 4.27 crore and non current assets by ₹ 13.47 crore. Non-writing off of damaged material resulted into overstatement of inventory and profit by ₹ 1.09 crore.

Source: Finalised comments by CAG

Table-5.12: Comments on Financial Position

Sl. No.	Name of the Company	Comments
1.	Punjab Information & Communication Technology Corporation Limited (2019-20)	<ul style="list-style-type: none"> Recognition of the revenue after deducting the total cost of the land sold and other direct expenses from the total amount received had resulted in understatement of revenue and understatement of cost of plots sold by ₹ 7.00 crore.
2.	Punjab State Biotech Corporation (2019-20)	<ul style="list-style-type: none"> Inclusion of liability of ₹ 1.00 crore against bid security Bank Guarantee of developer which was got encashed and forfeited resulted into overstatement of other current liabilities by ₹ 1.00 crore.

Sl. No.	Name of the Company	Comments
3.	Punjab Financial Corporation (2018-19)	<ul style="list-style-type: none"> Loans and Advances included ₹ 1.03 crore shown as recoverable against the property sold which was not related to financing activity. This resulted in overstatement of loans and advances and understatement of other assets by ₹ 1.03 crore.
4.	Punjab State Transmission Corporation Limited (2020-21)	<ul style="list-style-type: none"> Pursuant to the implementation of Punjab Power Sector Reforms Transfer Scheme 2010, consumer's contribution, grants and subsidies of ₹ 338.97 crore were wrongly converted into capital of the State Government in equity of the Company. This resulted into overstatement of equity share capital and understatement of other equity – general reserve by ₹ 338.97 crore.

Source: Finalised comment by CAG

5.13.5 Audit of accounts of Statutory Corporations where CAG is the sole auditor

Two financial statements of two statutory Corporations (PEPSU Road Transport Corporation and Punjab Scheduled Castes Land Development and Finance Corporation) were received for audit by CAG. The draft separate audit report on the accounts of the PEPSU Road Transport Corporation for the year 2017-18 was issued and the accounts of the said Corporation were under revision as on 30 November 2021.

5.14 Management Letters

One of the objectives of financial audit is to establish communication, on audit matters arising from the audit of Financial Statements, between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the Financial Statements of Public Sector Enterprises were reported as comments by the CAG under Section 143 (5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the Management through 'Management Letter' for taking corrective action. During the year (January 2021 to November 2021), CAG issued Management Letters to 14 (*Appendix 5.4*) SPSEs for the deficiencies related to application and interpretation of accounting policies and practices.

5.15 Conclusions

As on 31 March 2021, there were 49 SPSEs including four Statutory Corporations. Out of 49 SPSEs, there are 16 inactive SPSEs.

Out of the total profit of ₹ 1819.73 crore earned by 13 SPSEs, 96.87 per cent was contributed by three SPSEs. Out of total loss of ₹ 446.35 crore incurred by 16 SPSEs, loss of ₹ 399.79 crore was incurred by three SPSEs (Punjab Agro Foodgrains Corporation Limited, Punjab State Grains Procurement Corporation Limited and Punjab State Civil Supplies Corporation Limited).

SPSEs did not adhere to the prescribed timeline regarding submission of their Financial Statements. There were 191 accounts of 38 SPSEs in arrears.

During 2020-21, the financial implication of CAG's comments on the Financial Statements of the SPSEs amounted to ₹ 623.63 crore on profitability and ₹ 348.00 crore on the financial position.

5.16 Recommendations

- (i) State Government may ensure timely submission of Financial Statements of SPSEs, as in the absence of finalisation of accounts, government investments in such SPSEs remain outside the oversight of the State Legislature.
- (ii) The inactive SPSEs are neither contributing to State economy nor meeting the intended objectives. The State Government needs to take a decision regarding commencement of liquidation process in respect of remaining inactive SPSEs.
- (iii) State Government may ensure for declaration/ payment of dividend (minimum return of five per cent) from the profit making SPSEs for compliance of the directives of the State Government.

Chandigarh
The 18 April 2022


(PUNAM PANDEY)
Principal Accountant General (Audit), Punjab

Countersigned

New Delhi
The 25 April 2022


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Referred to in paragraph 1.1; page 1)

Profile of Punjab

A. General Data			
Sr. No.	Particulars	Figures	
1.	Area	50,362 sq km	
2.	Population as per 2011 Census	2.77 crore	
3.	Density of Population (as per 2011 census)	551 persons per Sq. km.	
	(All India Density = 382 ¹ persons per Sq.Km.)		
4.	Population below poverty line (All India Average = 21.92 per cent)	8.26 per cent	
5.	Literacy (as per 2011 census)	75.80 per cent	
	(All India Average = 73 per cent)		
6.	Infant mortality (per 1000 live births) (All India Average = 32 per 1000 live births)	20	
7.	Life Expectancy at birth (All India Average = 69.4 years)	72.7 years	
8.	Gini Coefficient ² (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 : 0.28; Urban : 0.37)	Rural - 0.29 Urban - 0.36	
9.	Gross State Domestic Product (GSDP) 2020-21 at current prices	₹ 5,29,703 crore	
10.	Per capita GSDP CAGR ³ (2011-12 to 2020-21)	General Category States Average	8.89 per cent
		Punjab	6.90 per cent
		All India Average	8.08 per cent
11.	GSDP CAGR (2011-12 to 2020-21)	General Category States Average	10.19 per cent
		Punjab	7.93 per cent
		All India Average	9.48 per cent
12.	Population Growth (2011 to 2021)	General Category States Average	11.34 per cent
		Punjab	9.13 per cent
		All India Average	12.30 per cent
13.	Gross cropped area	78.25 lakh hectares	
14.	Gross Irrigated area	77.37 lakh hectares	
15.	Percentage of gross irrigated area to gross cropped area	98.88 per cent	

Source: Economic Surveys of India and Punjab 2020-21, Statistical Abstract of Punjab 2020 and 15th Finance Commission Report

¹ www.censusindia.gov.in (Census Info India 2011 Final Population Totals).

² http://planningcommission.nic.in/data/datatable/data_2312/DatabookDec2014%20106.pdf.

³ Compounded Annual Growth Rate.

B. Financial Data									
Sr. No.	Particulars	Figures (in per cent)							
		2011-12 to 2014-15		2015-16 to 2018-19		2018-19 to 2019-20		2019-20 to 2020-21	
	CAGR	General Category States	Punjab	General Category States	Punjab	General Category States	Punjab	General Category States	Punjab
a.	Of Revenue Receipts	13.49	10.44	11.85	10.66	2.08	(-) 0.56	(-) 4.56	5.89
b.	Of Own Tax Revenue	11.86	7.93	11.04	4.29	2.12	(-) 2.53	(-) 4.43	0.10
c.	Of Non Tax Revenue	14.75	19.80	10.88	30.06	23.38	(-) 6.32	(-) 35.60	(-) 21.01
d.	Of Total Expenditure	14.99	9.47	10.54	7.58	4.16	9.23	4.54	(-) 1.49
e.	Of Capital Expenditure	13.26	17.54	3.45	(-)19.60	(-)5.55	122.10	(-)2.36	(-)46.44
f.	Of Revenue Expenditure on Education	13.28	9.02	8.89	4.26	11.97	3.68	(-) 1.32	4.89
g.	Of Revenue Expenditure on Health	19.11	11.11	14.74	4.82	8.27	3.84	14.65	5.32
h.	Of Salary and Wages	10.09	7.08	10.33	4.55	9.07	1.44	2.27	0.79
i.	Of Pension	12.99	6.40	15.32	6.53	10.46	1.01	6.02	15.28

Source: Finance Accounts

Appendix 1.2

(Referred to in paragraph 1.4.2; page 8)

Summarised financial position of the Government of Punjab
as on 31 March 2021

(`in crore)

LIABILITIES	As on 31.03.2020	As on 31.03.2021
Internal Debt -	189662.07	210393.74
Market Loans bearing interest	128217.67	151684.67
Market Loans not bearing interest	0.04	0.03
Loans from Life Insurance Corporation of India	0.00	0.00
Loans from other Institutions, etc.	61444.36	58709.04
Ways and Means Advances and Overdrafts from Reserve Bank of India	0.00	0.00
Loans and Advances from Central Government-	4670.57	12999.92
Non-Plan Loans	17.91	15.10
Loans for State Plan Schemes	2728.45	2270.54
Pre 1984-85 Loans	0.30	0.30
Other loans for State	1923.91	10713.98*
Contingency Fund	25.00	25.00
Small Savings, Provident Funds, etc.	22995.06	22149.54
Deposits	3821.38	3904.66
Reserve Funds	8457.15	9794.91
Suspense and Miscellaneous Balances	28.62	157.65
Remittance Balances	0.00	0.00
TOTAL	229659.85	259425.42
ASSETS		
Gross Capital Outlay on Fixed Assets -	66075.49	70457.79
Investments in shares of Companies, Corporations, etc.	19898.06	19911.84
Other Capital Expenditure	46177.43	50545.95
Loans and Advances -	35395.17	36300.59
Loans for Power Projects	761.23	744.91
Other Development Loans	34625.29	35545.54
Loans to Government servants and miscellaneous loans	8.65	10.14
Advances with Departmental Officers	0.42	0.42
Remittance Balances	25.26	83.90
Cash	2125.06	9247.83
Cash in Treasuries and local remittances	0.00	0.00
Departmental Cash Balance	725.54	1131.59
Permanent Advances/Cash Imprest	0.26	0.26
Cash Balance Investments	805.39	6710.25
Deposits with Reserve Bank of India	340.67	194.40
Investments from Earmarked Funds	253.20	1211.33
Suspense and Miscellaneous Balances	0.66	0.66
Deficit on Government Account -	126037.79	143334.23
Add Revenue Deficit of the current year	14284.89	17296.44
Accumulated deficit at the beginning of the year	111752.90	126037.79
TOTAL	229659.85	259425.42

Source: Finance Accounts

* Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State out of its sources.

Appendix 2.1

(Referred to in paragraph 2.2; page 20)

Abstract of receipts and disbursements for the year 2020-21

(₹ in crore)

Receipts	2019-20	2020-21	Disbursements	2019-20	2020-21
1	2	3	4	5	6
Section-A: Revenue					
I-Revenue receipts	61574.75	69048.18	I-Revenue expenditure-	75859.64	86344.62
(i)-Tax revenue	29994.79	30052.83	General services	38614.35	43253.01
(ii)-Non-tax revenue	6654.08	4152.13	Social Services-	19483.85	21674.90
(iii) State's share of Union Taxes and Duties	10345.85	10638.21	-Education, Sports, Art and Culture	10859.61	11948.73
(iv) Non-Plan Grants	0.00	0.00	-Health and Family Welfare	3390.28	3759.55
(v) Grants for State Plan Schemes	0.00	0.00	Water Supply, Sanitation, Housing and Urban Development	800.73	1043.01
(vi) Grants for Centrally Sponsored Plan Schemes	(-) 68.84	(-) 0.48	-Information and Broadcasting	55.87	69.79
(vii) Grants for Centrally Sponsored Schemes	2864.31	2880.41	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	451.47	587.51
(viii) Finance Commission Grants	2710.13	11481.23	-Labour and Labour Welfare	250.59	255.28
(ix) Other Transfer/ Grants to States/ Union Territories with Legislatures	9074.43	9843.85	-Social Welfare and Nutrition	3635.94	3969.89
			-Others	39.36	41.14
			Economic Services-	14551.12	15445.40
			-Agriculture and Allied Activities	8364.61	8312.28
			-Rural Development	451.38	627.88
			-Irrigation and Flood Control	1175.24	1009.76
			-Energy	1596.53	2189.41
			-Industry and Minerals	1850.37	2118.57
			-Transport	860.07	877.65

Receipts	2019-20	2020-21	Disbursements	2019-20	2020-21
1	2	3	4	5	6
			-Science, Technology and Environment	4.28	11.55
			-General Economic Services	248.64	298.30
			<u>Grants-in-aid Contributions</u>	3210.32	5971.31
II. Revenue deficit carried over to Section B	14284.89	17296.44	II. Revenue Surplus carried over to Section-B	--	--
Total Section A	75859.64	86344.62		75859.64	86344.62
<u>Section-B : Others</u>					
III-Opening Cash balance including Permanent Advances and Cash Balance Investment	1324.83	2125.06	III Opening Overdraft from Reserve Bank of India	--	--
IV – Misc. Capital Receipts	0.30	0.02	IV-Capital Outlay	17827.73	4382.32
			<u>General Services</u>	153.96	210.99
			<u>Social Services-</u>	964.50	2250.80
			-Education, Sports, Art and Culture	226.78	200.49
			-Health and Family Welfare	128.47	93.80
			Water Supply, Sanitation, Housing and Urban Development	599.50	1887.22
			-Information and Broadcasting	0.00	0.00
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	6.88	54.52
			-Social Welfare and Nutrition	0.00	14.76
			- Other Social Services	2.87	0.01
			<u>Economic Services-</u>	16709.27	1920.53
			-Agriculture and Allied Activities	0.03	-2.08
			-Rural Development	133.17	214.37

Receipts	2019-20	2020-21	Disbursements	2019-20	2020-21
1	2	3	4	5	6
			-Irrigation and Flood Control	440.56	752.63
			Energy	15628.26	20.11
			Industry and Minerals	0.00	12.62
			Transport	315.73	587.86
			Science Technology and Environment	0.00	18.13
			General Economic Services	191.52	316.89
V-Recoveries of Loans and Advances	16070.44	50.37	V-Loans and Advances Disbursed	783.88	955.79
-From Power Projects	15634.57	16.31	-For Power Projects	0.00	0.00
-From Government Servants	30.46	22.43	-To Government Servants	30.05	23.92
-From others	405.41	11.63	-To Others	753.83	931.87
VI-Revenue surplus brought down	--	--	VI-Revenue Deficit Brought down	14284.89	17296.44
VII- Public debt receipts	27820.65	42386.01⁴	VII-Repayment of Public Debt	12618.46	13324.99
-External Debt	--	--	-External Debt	--	--
-Internal debt other than ways and means Advances and Overdraft	27674.13	33595.00	-Internal debt other than ways and means Advances and Overdraft	12185.45	12863.32
-Net transactions under Ways and Means Advances	1.64	0.00	-Net transactions under Ways and Means Advances	0.00	0.00
-Net transactions under overdraft	0.00	0.00	-Net transactions under overdraft	0.00	0.00
-Loans and Advances from Central Government	144.88	8791.01 ⁴	-Repayment of Loans and Advances to Central Government	433.01	461.67
VIII- Appropriation to Contingency fund	Nil	Nil	VIII- Appropriation to Contingency fund	Nil	Nil
IX-Amount transferred to Contingency fund	Nil	Nil	IX-Expenditure from Contingency fund	Nil	Nil
X-Public Account Receipts	66752.04	75116.88	X-Public Account Disbursement	64328.24	74470.97

⁴ Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Receipts	2019-20	2020-21	Disbursements	2019-20	2020-21
1	2	3	4	5	6
-Small Savings and Provident funds	3590.73	3228.75	-Small Savings and Provident funds	3589.23	4074.26
-Reserve funds	2251.05	2045.85	-Reserve funds	197.17	708.10
-Deposits and Advances	5288.87	3637.68	-Deposits and Advances	4857.45	3554.40
-Suspense and Miscellaneous	55574.83	66179.17	-Suspense and Miscellaneous	55615.48	66050.14
-Remittances	46.56	25.43	-Remittances	68.91	84.07
XI-Closing Overdraft from Reserve Bank of India	Nil	Nil	XI Cash Balance at end	2125.06	9247.83
			Cash in Treasuries and Local Remittances	--	--
			Deposits with Reserve Bank of India	340.67	194.40
			Other cash balance and Investments	979.00	2343.18
			Cash Balance Investment	805.39	6710.25
Total Section-B	111968.26	119678.34		111968.26	119678.34
Total (A+B)	187827.90	206022.96	Total	187827.90	206022.96

Source: Finance Accounts

Appendix 2.2

(Referred to in paragraph 2.3.2.1; page 23)

Time Series data on State Government Finances*(₹ in crore)*

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Part A: Receipts					
1. Revenue Receipts	47985	53010	62269	61575	69048
(i) Tax Revenue⁵	27747	30423	31574	29995	30053
	(58)	(57)	(51)	(49)	(44)
State's Goods and Service Tax ⁶	0	7901	13273	12751	11819
		(26)	(42)	(43)	(39)
Taxes on Sales, Trades etc. ⁶	17587	11160	6572	5223	5372
	(63)	(37)	(21)	(17)	(18)
State Excise ⁶	4406	5136	5072	4865	6164
	(16)	(17)	(16)	(16)	(20)
Taxes on vehicles ⁶	1548	1911	1861	1994	1472
	(6)	(6)	(6)	(7)	(5)
Stamps and Registration fees ⁶	2044	2135	2298	2258	2470
	(7)	(7)	(7)	(8)	(8)
Land Revenue	68	91	69	67	68
Other Taxes ⁶	2094	2089	2429	2837	2688
	(8)	(7)	(8)	(9)	(9)
(ii) Non-Tax Revenue⁵	5863	4319	7582	6654	4152
	(12)	(8)	(12)	(11)	(6)
(iii) State's share of Union taxes and duties⁵	9599	10617	12005	10346	10638
	(20)	(20)	(19)	(17)	(15)
(iv) Grants in aid from GOI⁵	4776	7651	11108	14580	24205
	(10)	(14)	(18)	(23)	(35)
2. Misc Capital Receipts	0	0	0	0	0
3. Recoveries of Loans and Advances	181	73	849	16070	50
4. Total revenue and Non-debt capital receipts (1+2+3)	48166	53083	63118	77645	69098
5. Public Debt Receipts	55234	18517	22939	27821	42386⁷
Internal Debt (excluding Ways & Means Advances and Overdrafts)	54311	17622	22325	27674	33595
Net transactions under Ways and Means advances and Overdrafts	268	435	(-704)	2	0
Loans and Advances from Government of India	655	460	1318	145	8791 ⁷
6. Total receipts in the Consolidated Fund (4+5)	103400	71600	86057	105466	111484
7. Contingency Fund Receipts	0	0	0	0	0
8. Public Account Receipts	52724	47083	64840	66752	75117
9. Total receipts of the State (6+7+8)	156124	118683	150897	172218	186601

⁵ Figures in parenthesis indicate percentage to Revenue Receipts.⁶ Figures in parenthesis indicate percentage to Tax Revenue.⁷ Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Part B: Expenditure/ Disbursement					
10. Revenue Expenditure⁸	55296 (55)	62465 (95)	75404 (95)	75860 (80)	86344 (94)
Plan ⁹	5966 (11)	62465	75404	75860	86344
Non-Plan ⁹	49330 (89)	(100)	(100)	(100)	(100)
General Services including interest payments ⁹	28488 (52)	34500 (55)	36931 (49)	38615 (51)	43253 (50)
Social Services ⁹	15672 (28)	15470 (25)	18320 (24)	19484 (26)	21675 (25)
Economic Services ⁹	10218 (18)	11194 (18)	17888 (24)	14551 (19)	15445 (18)
Grants in aid and Contributions ⁹	918 (2)	1301 (2)	2265 (3)	3210 (4)	5971 (7)
11. Capital Outlay⁸	4346 (4)	2352 (4)	2412 (3)	17828 (19)	4382 (5)
Plan ¹⁰	3929 (90)	2352	2412	17828	4382
Non-Plan ¹⁰	417 (10)	(100)	(100)	(100)	(100)
General Services ¹⁰	249 (6)	180 (8)	169 (7)	154 (1)	211 (5)
Social Services ¹⁰	1087 (25)	916 (39)	1047 (43)	965 (5)	2251 (51)
Economic Services ¹⁰	3010 (69)	1256 (53)	1196 (50)	16709 (94)	1920 (44)
12. Disbursement of Loans and Advances⁸	41364 (41)	760 (1)	1361 (2)	783 (1)	956 (1)
13. Total of revenue expenditure, capital expenditure and disbursement of loan and advances (10+11+12)	101006	65577	79177	94471	91682
14. Repayments of Public Debt	4050	7487	8611	12618	13325
Internal Debt (excluding Ways and Means Advances and Overdraft)	3722	7152	8234	12185	12863
Net transactions under Ways and Means advances and Overdraft	--	0	0	0	0
Loans and Advances from Government of India	328	335	377	433	462
15. Appropriation to Contingency Fund	--	0	0	0	0

⁸ Figures in parenthesis indicate percentage to total expenditure.

⁹ Figures in parenthesis indicate percentage to revenue expenditure.

¹⁰ Figures in parenthesis indicate percentage to capital outlay.

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
16. Total disbursement out of Consolidated Fund (13+14+15)	105056	73064	87788	107089	105007
17. Contingency Fund disbursements	--	0	0	0	0
18. Public Account disbursements	50600	45526	62272	64328	74471
19. Total disbursements by the State (16+17+18)	155656	118590	150060	171417	179478
Part C: Deficits					
20. Revenue Deficit (1-10)	(-7311)	(-9455)	(-13135)	(-14285)	(-17296)
21. Fiscal Deficit (4 – 13)	(-47071¹¹)	(-12494)	(-16059)	(-16826)	(-22584)
22. Primary Deficit (-)/ Surplus (+) (21-23)	(-35429)	2840	247	741	(-4432)
Part D: Other data					
23. Interest Payments (included in the revenue expenditure)	11642	15334	16306	17567	18153
24. Financial Assistance to local bodies etc.	5758	6163	8864	9883	15022
25. Ways and Means Advances/Overdraft availed (days)	344	313	233	227	145
Ways and Means Advances availed (days)	165	213	170	183	145
Overdraft availed (days)	179	100	63	44	0
26. Interest on Ways and Means Advances/Overdraft	59	48	27	24	6
27. Gross State Domestic Product (GSDP)	426988	471014	512511	539687	529703
28. Total Outstanding Debt (year end)	182526	195152	211917	229354	249673¹²
29. Outstanding Guarantees (year end)	20677	19760	23719	25352	23552
30. Maximum amount guaranteed (year end)	15534	14214	14287	14434	23170
31. Number of incomplete projects	12	40	53	52	96
32. Capital blocked in incomplete projects	435	118	158	1201	1209
Part E: Fiscal Health Indicators (per cent)					
I Resource Mobilization					
Own Tax revenue/GSDP	6.50	6.46	6.16	5.56	5.67
Own Non-tax revenue/GSDP	1.37	0.92	1.48	1.23	0.78
Central Transfers/GSDP	2.25	2.25	2.34	1.92	2.01

¹¹ Excluding 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 29th March 2016 which were not to be counted towards fiscal deficits limits of the State during 2016-17.

¹² Excluding ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
II Expenditure Management					
Total Expenditure/GSDP	23.66	13.93	15.45	17.50	17.31
Total Expenditure/Revenue Receipts	210.49	123.71	127.15	153.42	132.78
Revenue Expenditure/Total Expenditure	54.75	95.25	95.23	80.30	94.18
Expenditure on Social Services/ Total Expenditure	16.59	24.99	24.46	21.64	26.10
Expenditure on Economic Services/ Total Expenditure*	54.01	20.09	25.78	33.88	19.96
Capital Outlay/ Total Expenditure	4.30	3.59	3.05	18.87	4.78
Capital Outlay on Social & Economic Services/ Total Expenditure	4.06	3.31	2.83	18.71	4.55
III Management of fiscal Imbalances					
Revenue deficit /GSDP	(-)1.71	(-)2.01	(-)2.56	(-)2.65	(-)3.27
Fiscal deficit/GSDP	(-)11.02#	(-)2.65	(-)3.13	(-)3.12	(-)4.26
Primary deficit (surplus)/GSDP	(-)8.30#	0.60	0.05	0.14	(-)0.84
Revenue Deficit/Fiscal Deficit	15.53	75.68	81.79	84.90	76.59
IV Management of Fiscal Liabilities					
Total Outstanding Debt/GSDP	42.75	41.43	41.35	42.50	47.13 [§]
Total Outstanding Debt/RR	380.38	368.14	340.33	372.48	361.59 [§]
V Other Fiscal Health Indicators					
Return on Investment (per cent)	0.09	0.11	0.10	0.02	0.01
Financial Assets/Liabilities	51.16	49.47	47.29	45.12	42.91 [§]

Source: Finance Accounts

* Including Loans and Advances disbursed.

Excluding borrowings of ₹5,769 crore under UDAY to take over DISCOMs debt as per GoI's letter No. 40(6)PF-1/2009 Vol. II dated 29th March 2016 which were not to be counted towards fiscal deficit limits of the State during 2016-17.

§ Calculated after excluding ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

Appendix 2.3*(Referred to in paragraph 2.4.2.2 (i); page 48)***Statement showing accumulated losses in PSUs in which State Government has equity investment***(₹ in crore)*

Sr. No.	Name of the PSU	GoP equity at close of the year 2020-21	Accumulated Profits (+)/ Losses (-)
1.	Ludhiana Smart City Limited	0.01	(-)0.16
2.	Gulmohar Tourist Complex (Holiday Home) Limited	0.02	(-)5.48
3.	Punjab Scheduled Castes Land Development and Finance Corporation	68.09	(-)22.41
4.	Punjab Water Resources Management and Development Corporation Limited	300.00	(-)202.70
5.	Punjab Financial Corporation	29.31	(-)257.10
6.	PEPSU Road Transport Corporation	307.08	(-)396.20
7.	Punjab State Industrial Development Corporation Limited	78.21	(-)684.26
8.	Punjab State Warehousing Corporation	4.00	(-)871.00
9.	Punjab State Civil Supplies Corporation Limited	3.73	(-)1,948.38
10.	Punjab State Grains Procurement Corporation Limited	1.05	(-)3,721.91
11.	Punjab State Power Corporation Limited	21,709.73	(-)6,713.27
Total		22,501.23	(-)14,822.87

Source: Finalised accounts of the PSUs upto September 2021

Appendix 2.4*(Referred to in paragraph 2.4.2.2 (i); page 48)***PSUs with negative net worth and accumulated losses in which
Government of Punjab invested as equity***(₹ in crore)*

Sr. No.	Name of Company	Total paid up capital	GoP equity	Net profit after interest, tax and dividend	Accumulated losses	Net worth	GoP loans as on 31 March 2021
1.	Punjab State Grains Procurement Corporation Limited	1.05	1.05	(-)224.05	(-)3,721.91	(-)3,720.86	6,669.46
2.	Gulmohar Tourist Complex (Holiday Home) Limited	0.02	0.02	(-)0.27	(-)5.48	(-)5.46	0
3.	Punjab State Civil Supplies Corporation Limited	3.73	3.73	(-)55.27	(-)1,948.38	(-)1,944.65	9,391.20
4.	Punjab State Industrial Development Corporation Limited	78.21	78.21	18.22	(-)684.26	(-)606.05	0
5.	PEPSU Road Transport Corporation	331.44	307.08	(-)2.67	(-)396.20	(-)64.76	23.75
6.	Ludhiana Smart City Limited	0.01	0.01	(-)0.18	(-)0.16	(-)0.15	0
7.	Punjab State Warehousing Corporation	8.00	4.00	240.51	(-)871.00	(-)836.52	3,383.50
8.	Punjab Financial Corporation	40.39	29.31	1.82	(-)257.10	(-)216.71	9.84
Total		462.85	423.41	(-)21.89	(-)7,884.49	(-)7,395.16	19,477.75

*Source: Finalised accounts of the PSUs upto September 2021**Note: Net Profit, Accumulated losses, Net Worth and Paid up Capital is as per latest finalised accounts.*

Appendix 2.5

(Referred to in paragraph 2.4.2.2 (i); page 48)

**Position of outstanding long term loans extended by
Government of Punjab to State PSUs as on 31 March 2021**

(₹in crore)

Sr. No.	Name of the PSU	Amount of outstanding loan
1.	Punjab Agro Foodgrains Corporation Limited	5659.68
2.	Punjab State Grains Procurement Corporation Limited	6669.46
3.	Punjab Water Resources Management and Development Corporation Limited	222.26
4.	Punjab State Civil Supplies Corporation Limited	9391.20
5.	Punjab State Warehousing Corporation	3383.50
6.	PEPSU Road Transport Corporation	23.75
7.	Punjab Financial Corporation	9.84
8.	Punjab State Power Corporation Limited	14.07
Total		25373.76

Source: Information provided by the PSUs

Appendix 2.6*(Referred to in paragraph 2.4.2.2 (ii); page 49)***Government Investment as per Finance Accounts *vis-à-vis* records of Public Sector Undertakings***(₹ in crore)*

Sr. No.	Name of the PSU	As per Finance Accounts	As per records of PSUs	Difference
1.	Punjab Agro Industries Corporation Limited	46.23	45.46	(-)0.77
2.	Punjab State Seeds Corporation Limited	3.70	4.51	0.81
3.	Punjab Small Industries and Export Corporation Limited	4.77	49.86	45.09
4.	Punjab Water Resources Management & Development Corporation Limited	206.90	300.00	93.10
5.	Gulmohar Tourist Complex (Holiday Home) Limited	0.00	0.02	0.02
6.	Punjab Tourism Development Corporation Limited	5.40	6.66	1.26
7.	Punjab State Warehousing Corporation	3.92	4.00	0.08
8.	Punjab Scheduled Castes Land Development and Finance Corporation	94.40	68.09	(-)26.31
9.	PEPSU Road Transport Corporation	255.05	307.08	52.03
10.	Punjab Poultry Development Corporation Limited	2.88	3.09	0.21
11.	Amritsar Hotel Limited	0.00	0.02	0.02
12.	Neem Chameli Tourist Complex Limited	0.00	0.02	0.02
13.	Punjab Police Housing Corporation Limited	0.00	0.05	0.05
14.	Amritsar Smart City Limited	0.00	0.01	0.01
15.	Jalandhar Smart City Limited	0.00	0.01	0.01
16.	Ludhiana Smart City Limited	0.00	0.01	0.01
17.	Punjab State Power Corporation Limited	18401.05	21709.73	3308.68
18.	Punjab State Transmission Corporation Limited	0.00	605.88	605.88
	Total	19024.30	23104.50	4080.20

Source: Finance Accounts and information obtained from the PSUs

Appendix 3.1

(Referred to in paragraph 3.3.1; page 79)

**Statement showing expenditure incurred without budget provision
(exceeding ₹ one crore)**

Sr. No.	Number and Name of grant	Expenditure without provision (₹ in crore)	Head of Account
1.	08-Finance	36.87	2235-60-200-02-Ex-Gratia Payments to Families of Ministers, Government Servants etc. dying in Harness
2.		400.00	6003-00-101-03-Market Loans bearing Interest from Nov. 2011- 8.89-6.90 per cent Punjab State Development Loan 2021
3.	11-Health and Family Welfare	6.60	2210-06-101-26-National Rural Health Mission-01-National TB Control Programme
4.		9.68	2210-06-101-26-National Rural Health Mission – 03-National Vector Borne Disease Control Programme
5.		4.43	2210-06-789-18-National Rural Health Mission-01-National TB Control Programme
6.		5.92	2210-06-789-18-National Rural Health Mission-02-National Viral Hapatitis Control Programme (NVHCP)
7.		1.45	2210-06-789-18-National Rural Health Mission-03-National Vector Borne Disease Control Programme
8.		1.14	2210-06-796-01-National Rural Health Mission-01-National TB Control Programme
9.		9.13	2211-109-01-National Component-01-Routine Immunization Programme under NRHM
10.		2.29	2211-109-01-National Component-02-Pulse Polio Programme under NRHM
11.		9.50	2211-789-09-National Rural Health Mission-01-Routine Immunization Programme under NRHM
12.		1.13	2211-789-09-National Rural Health Mission-02-Pulse Polio Programme under NRHM
13.		17-Local Government	54.22
14.	19-Planning	1.79	3451-00-101-24-Consultancy Seminars/ Pilot Study/ Quick Survey of Plan Projects/ Schemes of the Department
15.	21-Public Works	2.60	4059-80-051-13-Mini Secretariat
16.		1.27	5054-03-337-02- Improvement/ Widening of Existing District Roads and State Highways
17.		1.35	5054-03-337-04- Improvement of PWD Roads within Municipal Committee Limits

Sr. No.	Number and Name of grant	Expenditure without provision (₹ in crore)	Head of Account
18.		197.54	5054-03-337-47- Construction of Roads and Bridges 01-Construction of 10 Rural Roads and 1 Bridge Project under (Rural Infrastructure Development Fund)-XXIV (I)
19.	24-Science, Technology and Environment	2.20	3425-60-200-48-Pushpa Gujral Science City at Kapurthala
20.	29-Transport	1.58	3055-00-797-02-Amount Transferred to General Reserve Fund
21.	41-Water Supply and Sanitation	4.11	2215-01-799-Suspense
Total		754.80	

Source: Appropriation Accounts

Appendix 3.2

(Referred to in paragraph 3.3.3; page 80)

**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	Supplementary provision	Actual expenditure	Savings out of Original Provision
A-Revenue (Voted)					
1.	5-Education	12310.03	408.42	11837.58	472.45
2.	09-Food and Supplies	252.63	43.71	239.61	13.02
3.	11-Health and Family Welfare	3731.65	171.23	3520.80	210.85
4.	14-Information and Public Relations	98.55	4.30	69.84	28.71
5.	16-Labour	25.81	1.10	23.56	2.25
6.	17-Local Government	2973.08	275.94	2890.58	82.50
7.	29-Transport	413.69	248.29	344.56	69.13
8.	31-Employment	319.44	18.95	188.42	131.02
9.	37-Law and Justice	566.95	10.51	550.37	16.58
10.	38-Medical Education and Research	411.30	11.88	387.40	23.90
11.	41-Water Supply and Sanitation	753.08	5.14	689.78	63.30
12.	42-Welfare of SC, ST, OBC and Minorities	821.15	341.41	587.51	233.64
Total			1540.88		
B-Revenue (Charged)					
13.	08-Finance	19318.09	195.72	19077.82	240.27
Total			195.72		
C-Capital (Voted)					
14.	02-Animal Husbandry and Fisheries	32.66	4.64	2.57	30.09
15.	24-Science, Technology and Environment	23.66	9.94	18.13	5.53

Sr. No.	Number and Name of grant	Original provision	Supplementary provision	Actual expenditure	Savings out of Original Provision
16.	33-Governance Reforms	28.47	1.48	6.82	21.65
17.	42-Welfare of SC, ST, OBC and Minorities	79.60	12.05	54.52	25.08
Total			28.11		
Grand Total			1764.71		

Source: Appropriation Accounts

Appendix 3.3

(Referred to in paragraph 3.3.3; page 80)

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

(₹ in crore)

Sr. No.	Number and Name of grant	Original provision	Supplementary provision	Total budget	Actual expenditure	Excessive supplementary provision (savings)
A-Revenue (Voted)						
1.	07-Excise and Taxation	221.45	35.83	257.28	231.27	26.01
2.	18-Personnel	17.78	6.10	23.88	22.83	1.05
3.	20-Power	1764.34	447.06	2211.40	2193.17	18.23
4.	21-Public Works	638.14	501.16	1139.30	958.97	180.33
5.	22-Revenue and Rehabilitation	1756.23	1073.50	2829.73	1955.05	874.68
6.	23-Rural Development and Panchayats	2330.38	2369.63	4700.01	3774.16	925.85
7.	35-Housing and Urban Development	240.42	113.50	353.92	334.62	19.30
Total		6968.74	4546.78	11515.52	9470.07	2045.45
B-Revenue (Charged)						
8.	37-Law and Justice	181.61	2.65	184.26	182.34	1.92
9.	41-Water Supply and Sanitation	2.00	1.50	3.50	2.27	1.23
Total		183.61	4.15	187.76	184.61	3.15
C-Capital (Voted)						
10.	03-Co-operation	191.43	180.27	371.70	316.69	55.01
11.	29-Transport	4.62	2.00	6.62	5.43	1.19
Total		196.05	182.27	378.32	322.12	56.20
Grand Total		7348.40	4733.20	12081.60	9976.80	2104.80

Source: Appropriation Accounts

Appendix 3.4

(Referred to in paragraph 3.3.4; page 81)

Statement showing unnecessary re-appropriation of funds

(₹ in crore)

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
03-Co-operation							
1.	2425-00-107-17-Grants-in-Aid to Primary Agricultural/Multipurpose Co-operative Societies for Remodeling of 204 Godowns	1.15	0	2.00	3.15	0	-3.15
05-Education							
2.	4202-01-202-04-Teacher Education Establishment of DIETS-	14.53	0	7.34	21.87	10.95	-10.92
07-Excise and Taxation							
3.	2043-00-001-98-Computerization in the State-09-Annual Technical Support for Application Software and Website	0	31.12	1.49	32.61	18.37	-14.24
08-Finance							
4.	2071-01-102-01-Commuted value of Pensions	370.00	0	30.00	400.00	286.81	-113.19
5.	2049-05-105-02-Interest on State Compensatory Afforestation Fund-	55.00	35.00	35.00	125.00	0	-125.00
13-Industries							
6.	2852-80-800-01-Incentives under Various Industrial Policies-03-Fiscal Incentives for Industrial Promotion 2013 - Investment Promotion Campaign in Punjab	1.00	0	2.27	3.27	0	-3.27
14- Information and Public Relation							
7.	2220-60-101-05-Modernization of Information and Public Relations Department including Creations of News Web Portal	0	0.55	2.95	3.50	0	-3.50
17-Local Government							
8.	2216-02-800-01- Pradhan Mantri Awas Yojana Housing for all (Urban)-04- Assistance to Beneficiaries for Construction	108.81	0	19.31	128.12	51.94	-76.18
9.	4217-60-051-14-Mission for Development of 100 Smart Cities-99-No Detailed Head	623.70	0	-421.56	202.14	221.03	+18.89
10.	4217-60-051-15-Urban Rejuvenation Mission-500 Habitations-AMRUT-99-No Detailed Head	500.50	0	-303.98	196.52	394.07	+197.55

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
21-Public Works							
11.	5054-05-101-02- Rail under bridges at Bathinda	55.00	0	5.00	60.00	44.12	-15.88
22-Revenue and Rehabilitation							
12.	2245-02-122-03- Procurement and Equipment	10.00	596.35	39.56	645.91	495.08	-150.83
23-Rural Development and Panchayats							
13.	2515-00-789-06- Mahatma Gandhi National Rural Employment Guarantee Scheme	256.00	33.00	11.00	300.00	233.75	-66.25
25-Social Security, Women and Child Welfare							
14.	4235-02-800-25- Upgradation of Mentally Retarded Homes	0	0	2.68	2.68	0	-2.68
29- Transport							
15.	3055-00-190-04- Assistance to Pepsu Road Transport Corporation-03- Payment of arrear of SRT/MVT/Token Tax/Passenger Tax etc.	0	241.48	26.46	267.94	0	-267.94
38- Medical Education and Research							
16.	2210-01-001-26- Reimbursement to Pepsu Road Transport Corporation in Lieu of Concessional Bus Passes to the Students of Medical Education (Pass Holder)	5.50	3.19	7.61	16.30	0	-16.30
17.	4210-03-105-25- Upgradation of Infrastructure in Guru Gobind Singh Medical College and Hospital, Faridkot (Under the Control of Baba Farid University of Health Sciences)-01-Burn injuries Ward	1.39	0	1.18	2.57	0	-2.57
41. Water Supply and Sanitation							
18.	4215-01-102-31- Swachh Bharat Abhiyan (Gramin)	60.00	0	40.00	100.00	21.60	-78.40
19.	4215-01-789-15- Swachh Bharat Abhiyan (Gramin)	40.00	0	26.67	66.67	16.45	-50.22
42- Welfare of SC, ST, OBC and Minorities							
20.	2225-01-789-65-Post-Matric-Scholarship for Scheduled Castes	460.79	297.51	41.70	800.00	267.78	-532.22
21.	2225-03-277-04- Scheme of Post-Matric-Scholarship to the Other Backward Classes for Studies in India	18.00	11.09	9.46	38.55	24.03	-14.52
22.	4225-01-789-08- Pradhan Mantri Adarsh Gram Yojana	46.40	12.05	5.25	63.70	40.74	-22.96
Total		2627.77	1261.34	-408.61	3480.50	2126.72	-1353.78

Source: Appropriation Accounts

Appendix 3.5

(Referred to in paragraph 3.3.5; page 81)

Statement showing details of grants having large savings excluding surrendered (exceeding ₹ 100 crore) during the year

(₹ in crore)

Sr. No.	Number and Name of grant	Total budget provision	Actual Expenditure	Saving (-)	Surrendered	Saving excluding surrender
Revenue (Voted)						
1.	1-Agriculture	11676.12	7321.83	4354.29	3101.44	1252.85
2.	5-Education	12718.45	11837.58	880.87	390.71	490.16
3.	11-Health and Family Welfare	3902.89	3520.80	382.09	196.72	185.37
4.	17-Local Government	3249.02	2890.58	358.44	217.24	141.20
5.	21-Public Works	1139.30	958.97	180.33	64.26	116.07
6.	22-Revenue and Rehabilitation	2829.73	1955.05	874.68	0	874.68
7.	23-Rural Development and Panchayats	4700.01	3774.16	925.85	45.24	880.61
8.	25-Social Security, Women and Child Welfare	3417.21	2973.96	443.25	87.80	355.45
9.	29-Transport	661.99	344.56	317.43	37.66	279.77
10.	32-Forestry and Wild life	590.76	292.13	298.63	49.35	249.28
11.	42-Welfare of SC,ST, OBC and Minorities	1162.56	587.51	575.05	0	575.05
Total		46048.04	36457.13	9590.91	4190.42	5400.49
Revenue (Charged)						
12.	8- Finance	19513.81	19077.82	435.99	79.88	356.11
Total		19513.81	19077.82	435.99	79.88	356.11
Capital (Voted)						
13.	21-Public Works	1637.65	846.32	791.33	601.43	189.90
14.	23-Rural Development and Panchayats	1499.57	214.37	1285.20	74.14	1211.06
15.	41-Water Supply and Sanitation	1274.01	584.39	689.62	0	689.62
Total		4411.23	1645.08	2766.15	675.57	2090.58
Capital (Charged)						
16.	8- Finance	47927.85	34633.53	13294.32	8852.73	4441.59
Total		47927.85	34633.53	13294.32	8852.73	4441.59
G Total (Revenue + Capital)		117900.93	91813.56	26087.37	13798.60	12288.77

Source: Appropriation Accounts

Appendix 3.6

(Referred to in paragraph 3.3.5; page 82)

**Statement showing details of grants having persistent savings
(exceeding ₹ 100 crore) during the years 2018-21**

(₹ in crore)

Sr. No.	Name of Grant	2018-19	2019-20	2020-21
Revenue (V)				
1.	01-Agriculture	2968.09	5792.19	4354.29
2.	05-Education	941.43	1502.66	880.87
3.	08-Finance	1014.75	1073.07	2610.79
4.	11-Health and Family Welfare	331.02	481.09	382.09
5.	13-Industries	945.66	283.27	341.21
6.	17-Local Government	567.45	1503.35	358.44
7.	22-Revenue and Rehabilitation	250.05	377.74	874.68
8.	23-Rural Development and Panchayats	1790.78	2184.36	925.85
9.	25-Social Security, Women and Child Welfare	239.57	284.96	443.25
10.	42-Welfare of SC, ST, OBC and Minorities	601.86	713.48	575.05
Capital (V)				
11.	17-Local Government	909.64	863.24	751.64
12.	19-Planning	188.19	127.88	230.38
13.	21-Public Works	506.67	731.25	791.33
14.	28-Tourism and Cultural Affairs	240.69	254.26	148.61
15.	38-Medical Education and Research	260.01	220.24	402.16
16.	41-Water Supply and Sanitation	657.56	759.13	689.62
Capital (C)				
17.	08-Finance	852.39	5066.02	13294.32

Source: Appropriation Accounts

Appendix 3.7

(Referred to in paragraph 3.3.5; Page 82)

Statement showing grant-wise savings

(₹ in crore)

Sr. No.	Grant No.	Total Budget	Total Expenditure	Savings	Utilization (Per cent)	Range of utilization (Per cent)
1.	33	226.47	52.51	173.96	23.19	10 to 30
Total		226.47	52.51	173.96		
2.	40	274.29	113.42	160.87	41.35	30 to 50
3.	19	481.19	228.42	252.77	47.47	
4.	32	590.86	292.15	298.71	49.44	
Total		1346.34	633.99	712.35		
5.	42	1254.22	642.03	612.19	51.19	50 to 70
6.	38	908.62	470.60	438.02	51.79	
7.	29	668.60	349.99	318.61	52.35	
8.	24	55.69	29.68	26.01	53.30	
9.	31	343.41	188.43	154.98	54.87	
10.	27	604.55	332.69	271.86	55.03	
11.	6	171.42	95.24	76.18	55.56	
12.	34	197.42	111.87	85.55	56.67	
13.	1	11709.80	7323.98	4385.82	62.55	
14.	41	2035.73	1276.44	759.29	62.70	
15.	28	446.71	284.57	162.14	63.70	
16.	23	6199.62	3988.57	2211.05	64.34	
17.	21	2777.06	1805.31	971.75	65.01	
18.	14	102.85	69.84	33.01	67.90	
19.	22	2833.69	1958.91	874.78	69.13	
Total		30309.39	18928.15	11381.24		
20.	15	2512.30	1766.62	745.68	70.32	70 to 90
21.	39	35.91	25.34	10.57	70.57	
22.	3	528.93	415.20	113.73	78.50	
23.	2	623.68	492.64	131.04	78.99	
24.	17	5301.82	4191.74	1110.08	79.06	
25.	8	84777.86	68420.28	16357.58	80.71	
26.	36	309.71	252.09	57.62	81.40	
27.	10	265.14	218.71	46.43	82.49	
28.	25	3497.97	2988.72	509.25	85.44	
29.	13	2473.06	2130.93	342.13	86.17	
30.	16	26.91	23.56	3.35	87.55	
31.	11	3949.05	3531.60	417.45	89.43	
32.	26	57.55	51.60	5.95	89.66	
33.	7	257.36	231.35	26.01	89.89	
Total		104617.25	84740.38	19876.87		

Sr. No.	Grant No.	Total Budget	Total Expenditure	Savings	Utilization (Per cent)	Range of utilization (Per cent)
34.	9	946.47	854.92	91.55	90.33	90 to 100
35.	5	12896.28	11938.35	957.93	92.57	
36.	12	7297.20	6757.88	539.32	92.61	
37.	20	2342.98	2213.28	129.70	94.46	
38.	35	355.41	336.09	19.32	94.56	
39.	18	45.80	43.81	1.99	95.66	
40.	4	126.72	121.53	5.19	95.90	
41.	37	761.77	732.71	29.06	96.19	
42.	30	56.89	55.81	1.08	98.10	
Total		24829.52	23054.38	1775.14		

Source: Appropriation Accounts

Appendix 3.8*(Referred to in paragraph 3.3.5; page 82)***Statement showing details of appropriations/grants in which savings not surrendered at all***(₹ in crore)*

Sr. No.	Number and Name of grant	Revenue/ Capital	Total Grant Appropriation	Actual expenditure	Savings
Voted Grant					
1.	02- Animal	Revenue	586.37	490.06	96.31
2.	Husbandry and Fisheries	Capital	37.30	2.57	34.73
3.	11- Health and Family Welfare	Capital	44.69	10.61	34.08
4.	13-Industries	Capital	13.51	12.62	0.89
5.	20- Power	Revenue	2211.39	2193.16	18.23
6.		Capital	131.58	20.11	111.47
7.	22-Revenue and Rehabilitation	Revenue	2829.73	1955.05	874.68
8.	29- Transport	Capital	6.62	5.43	1.19
9.	35- Housing and Urban Development	Revenue	353.92	334.62	19.30
10.	37- Law and Justice	Revenue	577.46	550.37	27.09
11.	39- Printing and Stationery	Revenue	35.43	25.34	10.09
12.	41- Water Supply and Sanitation	Revenue	758.22	689.78	68.44
13.		Capital	1274.01	584.39	689.62
14.	42- Welfare of SC, ST, OBC and Minorities	Revenue	1162.56	587.51	575.05
15.		Capital	91.65	54.52	37.13
Total			10114.44	7516.14	2598.30
Charged Appropriation					
16.	01-Agriculture	Revenue	0.13	0.03	0.10
17.	12-Home Affairs	Revenue	1.75	1.39	0.36
18.	26-State Legislature	Revenue	1.11	0.64	0.47
19.	37- Law and Justice	Revenue	184.26	182.34	1.92
20.	41- Water Supply and Sanitation	Revenue	3.50	2.27	1.23
Total			190.75	186.67	4.08
Grand Total			10305.19	7702.81	2602.38

Source: Appropriation Accounts

Appendix 3.9

(Referred to in paragraph 3.3.5; page 82)

Statement showing details of surrender of funds in excess of ₹ 10 crore on the last day of March 2021

(₹ in crore)

Sr. No.	Grant Number	Original Budget	Supplementary	Total Provision	Actual expenditure	Savings	Amount Surrendered
Voted (Revenue)							
1.	1-Agriculture	11676.12	0.00	11676.12	7321.83	4354.29	3101.44
2.	5-Education	12310.03	408.42	12718.45	11837.58	880.87	390.71
3.	6-Elections	129.07	0.00	129.07	74.07	55.00	47.61
4.	8-Finance	17295.80	0.00	17295.80	14685.01	2610.79	3275.10
5.	9-Food and Supplies	252.63	43.71	296.34	239.61	56.73	15.42
6.	10-General Administration	250.84	0.00	250.84	210.89	39.95	17.47
7.	11-Health and Family Welfare	3731.65	171.23	3902.88	3520.80	382.08	196.72
8.	13-Industries	2459.45	0.00	2459.45	2118.24	341.21	327.06
9.	17-Local Government	2973.08	275.94	3249.02	2890.58	358.44	217.24
10.	21-Public Works	638.14	501.16	1139.30	958.97	180.33	64.26
11.	23-Rural Development and Panchayats	2330.38	2369.63	4700.01	3774.16	925.85	45.24
12.	24-Science, Technology and Environment	22.09	0.00	22.09	11.55	10.54	11.56
13.	29-Transport	413.69	248.29	661.98	344.56	317.42	37.66
14.	31-Employment	319.44	18.95	338.39	188.42	149.97	83.08
15.	32-Forestry and Wild Life	590.76	0.00	590.76	292.13	298.63	49.35
16.	33-Governance Reforms	196.52	0.00	196.52	45.69	150.83	119.92
17.	34-Horticulture	186.92	0.00	186.92	111.62	75.30	56.93
18.	36-Jails	264.71	0.00	264.71	238.04	26.67	19.90
19.	38-Medical Education and Research	411.30	11.88	423.18	387.40	35.78	11.32
20.	40-Sports and Youth Services	259.62	0.00	259.62	106.46	153.16	143.24
Total		56712.24	4049.21	60761.45	49357.61	11403.84	8231.23
Revenue (charged)							
21.	8-Finance	19318.09	195.72	19513.81	19077.82	435.99	79.88
Total		19318.09	195.72	19513.81	19077.82	435.99	79.88
Voted (Capital)							
22.	1-Agriculture	33.22	0.33	33.55	2.12	31.43	26.81
23.	5-Education	177.39	0.00	177.39	100.64	76.75	26.55
24.	8-Finance	40.40	0.00	40.40	23.92	16.48	14.65
25.	9-Food and Supplies	650.11	0.00	650.11	615.29	34.82	34.77

Sr. No.	Grant Number	Original Budget	Supplementary	Total Provision	Actual expenditure	Savings	Amount Surrendered
26.	17-Local Government	2052.80	0.00	2052.80	1301.16	751.64	814.91
27.	19-Planning	416.50	0.16	416.66	186.27	230.39	43.07
28.	21-Public Works	1637.65	0.00	1637.65	846.32	791.33	601.43
29.	23-Rural Development and Panchayats	1499.57	0.00	1499.57	214.37	1285.20	74.14
30.	25-Social Security, Women and Child welfare	80.65	0.00	80.65	14.76	65.89	10.32
31.	28-Tourism and Culture Affairs	375.78	0.00	375.78	227.18	148.60	102.83
32.	33-Governance Reforms	28.47	1.48	29.95	6.82	23.13	19.49
33.	36-Jails	45.00	0.00	45.00	14.05	30.95	27.30
34.	38-Medical Education and Research	485.35	0.00	485.35	83.20	402.15	352.27
Total		7522.89	1.97	7524.86	3636.10	3888.76	2148.54
Capital (charged)							
35.	8-Finance	47927.85	0	47927.85	34633.53	13294.32	8852.73
Total		47927.85	0	47927.85	34633.53	13294.32	8852.73
Grand Total		131481.07	4246.90	135727.97	106705.06	29022.91	19312.38

Source: Appropriation Accounts

Appendix 3.10

(Referred to in paragraph 3.3.6.1; page 83)

Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during the financial year 2020-21

(₹ in crore)

Sr. No.	Grant No.	Major head	Major head description	Original provision	Re-appropriation+ Supplementary	Total	Expenditure	Excess
1	2	3	4	5	6	7=5+6	8	9=8-7
1.	03	6404-Loans for Dairy Development	00-195-02-Loans to the Punjab State Co-operative Milk Producers Federation Limited (MILKFED)- 01-Setting up of By-Pass Protein Plant at Cattle Feed Ghaina ke Banger-	0	0.01	0.01	33.48	33.47
2.	05	2071-Pension and Other Retirement Benefits	01-109-01-Pension to Employees of State aided Educational Institutions (Schools)	170.00	12.00	182.00	209.20	27.20
3.		2202-General Education	02-109-65-Samagra Shiksha Abhiyan Punjab (Secondary)- 01-Assistance to Samagra Shiksha Abhiyan	94.39	32.63	127.02	128.69	1.67
4.		4202- Capital Outlay on Education, Sports, Art and Culture	01-203-25-Construction of New Colleges- 01-New College in Educationally Backward Areas	25.00	5.60	30.60	31.60	1.00
5.	08	2071-Pensions and Other Retirement Benefits	01-101-01-Pensions and Other Retirement Benefits	7180.00	220.00	7400.00	8031.84	631.84
6.			01-104-01-Gratuities	900.00	0	900.00	922.66	22.66
7.			01-111-01-Pensions to Legislators	32.00	0	32.00	41.94	9.94
8.			01-115-01-Leave Encashment Benefits	805.00	94.15	899.15	1069.13	169.98
9.		2049- Interest Payments	03-104-01-Interest on General Provident Fund	1840.16	-424.43	1415.73	1503.61	87.88
10.		2048- Appropriation for Reduction or Avoidance of Debt	00-101-02-Appropriation for Consolidated Sinking Fund	243.00	547.71	790.71	925.01	134.30

Sr. No.	Grant No.	Major head	Major head description	Original provision	Re-appropriation+ Supplementary	Total	Expenditure	Excess
11.		2049-Interest Payment	01-123-01-Interest Payable on Special Securities Account with Reserve Bank of India.	1612.59	0	1612.59	1614.46	1.87
12.			01-200-11-Loans from Housing Development Financial Corporation and Housing and Urban Development Corporation.	0	0	0	9.87	9.87
13.			01-305-02-Expenditure relating to the Issue of New Loans.	4.20	-1.01	3.19	34.50	31.31
14.		6003-Internal Debt of the State Government	00-107-01-Loans from the State Bank of India-01-Loans to Clear Legacy Amount of Cash Credit Limit in respect of PUNGRAIN	1025.65	0	1025.65	1039.61	13.96
15.	13	2852-industries	80-800-10-Investment Promotion	8.75	0	8.75	12.02	3.27
16.	17	4217-Capital Outlay on Urban Development	60-051-14-Mission for Development of 100 Smart Cities-99-No Detailed Head.	623.70	-421.56	202.14	221.03	18.89
17.			60-051-15-Urban Rejuvenation Mission 500 Habitations-AMRUT-99-No Detailed Head.	500.50	-303.98	196.52	394.07	197.55
18.	19	5475-Capital Outlay on Other General Economic Services	00-112-06-State Level Initiative (Punjab Nirman Programme)	47.60	0	47.60	60.75	13.15
19.	20	2801-Power	80-101-02-Assistance to Punjab State Power Corporation Limited-01-Compensation for loss under UDAY Scheme as per Clause 1.2(i)	50.00	447.04	497.04	579.10	82.06
20.	21	2059-Public Works	80-001-07-Establishment Charges paid to Public Health Department for Works done by that Department.	0	165.41	165.41	178.33	12.92

Sr. No.	Grant No.	Major head	Major head description	Original provision	Re-appropriation+ Supplementary	Total	Expenditure	Excess
21.		3054-Roads and Bridges	03-337-05- Expenditure related to Court Case of Miscellaneous Land Acquisition Arbitration etc.	15.00	77.37	92.37	107.96	15.59
22.			80-001-01- Establishment Charges, Transferred on Prorata Basis to the Major Head "3054" Roads and Bridges	0	160.00	160.00	192.51	32.51
23.			80-797-01- Amount transferred to Subvention from Central Road Fund.	0	60.65	60.65	141.18	80.53
24.		5054-Capital Outlay on Roads and Bridges	03-337-47- Construction of Roads and Bridges-02- Construction of Rural roads and Bridges Project under Rural Infrastructure Development Fund-XXV	25.00	43.00	68.00	178.96	110.96
25.	23	3604- Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	00-200-24- Grant Recommended by the 14 th Finance Commission to Panchayati Raj Institutions	0	2327.13	2327.13	2355.62	28.49
26.		4515- Capital Outlay on Other Rural development Programmes	00-800-01- Discretionary Grants for Development Purposes by Ministers	61.00	0	61.00	88.85	27.85
Total				15263.54	3041.72	18305.26	20105.98	1800.72

Source: Appropriation Accounts

Appendix 3.11

(Referred to in paragraph 3.4.3; page 90)

Statement showing Major Heads where more than 50 per cent of expenditure was incurred in March 2021 alone

(₹ in crore)

Sr. No.	Major Head	Description	Expenditure of 4 th Quarter	Total expenditure during 2020-21	Expenditure during March 2021	Expenditure in 4 th Quarter as percentage of total expenditure	Expenditure in March 2021 as percentage of total expenditure
1.	2030	Stamps and Registration	15.19	22.45	13.82	67.66	61.56
2.	2051	Public Service Commission	15.26	22.86	11.84	66.75	51.79
3.	2216	Housing	336.21	494.84	333.00	67.94	67.29
4.	2225	Welfare of scheduled castes, STs, OBC and Minorities	520.25	587.51	482.77	88.55	82.17
5.	2250	Other Social Services	2.81	3.81	2.78	73.75	72.97
6.	2501	Special Programmes for Rural Development	90.92	164.89	90.92	55.14	55.14
7.	4055	Capital outlay on Police	79.34	95.44	55.69	83.13	58.35
8.	4070	Capital outlay on other Administrative services	18.18	19.04	17.88	95.48	93.91
9.	4210	Capital outlay on medical and public health	77.07	93.80	76.26	82.16	81.30
10.	4216	Capital outlay on Housing	1.27	1.47	1.27	86.39	86.39
11.	4217	Capital outlay on urban development	1067.03	1301.16	757.96	82.01	58.25
12.	4235	Capital outlay on social security and welfare	14.76	14.76	14.76	100.00	100.00
13.	4401	Capital outlay on crop husbandry	0.25	0.25	0.25	100.00	100.00
14.	4403	Capital outlay on animal husbandry	0.31	0.32	0.30	96.88	93.75
15.	4702	Capital outlay on minor irrigation	32.24	33.76	31.87	95.50	94.40
16.	4705	Capital outlay on command area development	44.47	60.62	44.47	73.36	73.36
17.	4851	Capital outlay on village and small industries	12.62	12.62	12.62	100.00	100.00
18.	5055	Capital outlay on road transport	1.29	1.31	0.95	98.47	72.52

Source: Information supplied by office of the Accountant General (Accounts & Entitlement), Punjab

Appendix 3.12

(Referred to in paragraph 3.4.3; page 90)

Statement showing sub heads where entire expenditure (exceeding ₹ ten crore in each case) was incurred in March 2021*(₹ in crore)*

Sr. No.	Major Head	Sub Major head	Minor Head	Sub-head/ scheme	Detail of sub head	Expenditure in month of March 2021
1.	2014	00	102	01	High Court	182.35
2.	2043	99	001	98	Computerization in the State	18.37
3.	2049	01	200	01	Interest on temporary loans obtained from the State Bank of India and other banks for purchase of food grains	2200.39
4.	2049	01	200	21	Interest on Compensation and Other Bonds	1306.95
5.	2049	03	104	01	Interest on General Provident Fund	1503.61
6.	2049	03	104	02	Interest on Contributory Provident Fund	15.18
7.	2049	03	108	01	Interest on Punjab Government Employees Group Insurance Scheme	38.14
8.	2049	05	105	01	Interest on General and other Reserve Funds (Natural Calamity Fund)	457.62
9.	2059	80	001	07	Establishment Charges paid to Public Health Department for Works done by that Department	178.33
10.	2202	01	112	01	Mid-day Meal	133.00
11.	2202	02	109	37	Information and Communication Technology (ICT) Project in Schools	15.07
12.	2202	02	789	07	Information and Communication Technology ICT at Schools	16.35
13.	2210	06	101	26	National Rural Health Mission	17.19
14.	2210	06	789	18	National Rural Health Mission	11.80
15.	2211	00	109	01	National Component	11.42
16.	2211	00	789	09	National Rural Health Mission	10.63
17.	2216	02	190	04	Assistance to Greater Ludhiana Development Authority	156.48
18.	2225	01	789	66	Pre-Matric Scholarship for Scheduled Castes Students studying in class ix and x	46.12
19.	2225	03	277	06	Pre-Matric Scholarship for Other Backward Classes Students	17.18
20.	2515	00	101	10	Rashtriya Gram Swaraj Abhiyan	15.25

Sr. No.	Major Head	Sub Major head	Minor Head	Sub-head/scheme	Detail of sub head	Expenditure in month of March 2021
21.	3054	80	001	01	Establishment Charges, transferred on pro rata basis to the Major Head"3054" Roads and Bridges.	192.51
22.	3054	80	797	01	Amount transferred to subvention from Central Road Fund	141.18
23.	3055	00	797	03	Punjab State Road Safety Fund	21.48
24.	3604	00	200	31	Grant-in-aid to Urban Local Bodies from Cow Cess collected in urban areas of Punjab on liquor	56.88
25.	4070	00	003	01	Establishment of Administrative Training Institute	12.22
26.	4202	01	789	27	Construction of New Colleges in The State	10.90
27.	4210	03	105	29	Upgradation of State Government Medical College, Amritsar.	20.62
28.	4210	80	800	01	Direction and Administration	15.32
29.	4217	60	051	07	Urban Infrastructure and Governance	37.42
30.	4217	60	051	09	Municipal Development Fund	181.50
31.	4217	60	789	11	Municipal Development Fund	47.15
32.	4217	60	789	12	Jawaharlal Nehru Urban Renewal Mission (I) Urban infrastructure and governance	11.27
33.	4701	44	800	08	Works Expenditure	123.84
34.	5054	03	789	07	Special Repairs of Plan Roads	24.99
Total						7248.71

Source: Information supplied by office of the Accountant General (Accounts & Entitlement), Punjab

Appendix 4.1

(Referred to in paragraph 4.4; page 105)

Statement showing details of Funds transferred by Government of India directly to State implementing agencies

(₹ in crore)

Sr. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases of funds during 2019-20
1.	Food Subsidy for Decentralized Procurement of Food grains under NFSA (9533)	Punjab State Grains Procurement Corporation Limited	1761.53
2.	Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) (3624)	Department of Agriculture, Punjab	1196.71
3.	Mahatma Gandhi National Rural Employment Guarantee Programme (9178) (9219)	The Punjab State Rural Employment Guarantee Society	1069.97
4.	Promotion of Agricultural Mechanisation for in-situ Management of Crop Residue (3618)	Department of Agriculture, Punjab	272.50
5.	Works under Roads Wing (0833)	1. Punjab State Forest Development Corporation Limited 2. Competent Authority for Land Acquisition-cum-SDM Rampuraphul, Abohar, Budhlada, Baghapurana, Malout, Moonak, Lehragagga 3. Executive Engineer - Central Works Division, Punjab, PWD B & R No. 1 Amritsar, No.2 Bathinda, Abohar, Ferozepur 4. Greening Punjab Mission 5. Government Contractors	138.79
6.	Scheme for Assistance to Sugar Mills for 2019-20 Season (3684) (3816)	1. Rana Sugars Limited 2. The Ajnala Co-operative Sugar Mills Limited 3. The Fazilka Co-operative Sugar Mills Limited 4. Nahar Industrial Enterprises Limited 5. Chadha Sugars and Industries Private Limited 6. The Bhogpur Co-operative Sugar Mills Limited 7. Wahid Sandhar Sugars Limited	108.93
7.	National Aids and STD Control Programme (NACO) (9316)	Punjab State Aids Control Society	52.61
8.	Member of Parliament Local Area Development Scheme (MPLADS) (1261)	Deputy Commissioners	35.00
9.	National Highway Authority of India (0845)	1. Competent Authority for Land Acquisition cum SDM Barnala, Sangrur 2. Executive Engineer - Central Works Division, Punjab, PWD B & R Sangrur at Patiala, Sangrur	33.16

Sr. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases of funds during 2019-20
		3. Joint Venture - Era Infra Engineering Limited and J. S. Grover Construction 4. M/s Era Infra Engineering Limited 5. The Hind Samachar Limited 6. Kewal Kumar Goyal 7. Mithu Ram Gupta 8. Lokesh Narang 9. Vishvadeep Gupta	
10.	Infrastructure Development and Capacity Building (MSME) (0646)	1. Policy Implementation Unit 2. Punjab Small Industries and Export Corporation Limited	30.59
11.	Control of Pollution (3643)	Punjab Pollution Control Board	18.58
12.	Schemes for Development of Sugar Industries (3044)	The Bhogpur Co-operative Sugar Mills Limited	17.71
13.	Amended Technology Upgradation Fund Scheme (ATUFS) (1878)	Miscellaneous Agencies	15.23
14.	Scheme for Creation and Maintenance of Buffer Stock of 40 LMT of Sugar (3815) (3623)	1. The Ajnala Co-operative Sugar Mills Limited 2. The Fazilka Co-operative Sugar Mills Limited 3. Nahar Industrial Enterprises Limited 4. Chadha Sugars and Industries Private Limited 5. The Gurdaspur Co-operative Sugar Mills Limited 6. The Batala Co-operative Sugar Mills Limited 7. Indian Sucrose Limited 8. The Bhogpur Co-operative Sugar Mills Limited 9. The Nakodar Co-operative Sugar Mills Limited 10. The Budhewal Co-operative Sugar Mills Limited 11. The Morinda Co-operative Sugar Mills Limited 12. Cosmos Industries Limited 13. The Nawanshehar Co-operative Sugar Mills Limited	16.21
15.	Other Schemes having a release below ₹ 10.00 crore in each case (Base Year: 2020-21)	Miscellaneous Agencies	146.40
Total			4913.92

Source: Finance Accounts

Appendix 4.2

(Referred to in paragraph 4.7; page 109)

**Details of substantial expenditure (50 per cent and above) booked under
Minor Head-800-Other Expenditure**

(₹ in crore)

Sr. No.	Description of Major Head	Expenditure under Minor Head 800	Total Expenditure	Percentage
1.	4851-Capital Outlay on Village and Small Industries	12.50	12.62	99.05
2.	4701-Capital Outlay on Medium Irrigation	404.02	425.45	94.96
3.	2250-Other Social Services	3.39	3.81	88.98
4.	2013-Council of Ministers	34.13	39.28	86.89
5.	4216-Capital Outlay on Housing	1.27	1.47	86.39
6.	4705-Capital Outlay on Command Area Development	50.35	60.62	83.06
7.	2852-Industries	1,620.58	2,018.58	80.28
8.	3053-Civil Aviation	8.93	13.10	68.17
9.	2215-Water Supply and Sanitation	298.94	510.84	58.52

Source: Finance Accounts

Appendix 4.3*(Referred to in paragraph 4.7; page 109)***Details of substantial receipts (50 per cent and above) booked under
Minor Head-800-Other Receipts***(₹ in crore)*

Sr. No.	Major Head	Receipts under Minor Head 800	Total Receipts	Percentage
1.	0057-Supplies and Disposals	0.20	0.18	111.11
2.	0404-Dairy Development	0.08	0.08	100.00
3.	0701-Medium Irrigation	1.81	1.81	100.00
4.	0852-Industries	0.01	0.01	100.00
5.	1053-Civil Aviation	0.06	0.06	100.00
6.	1054-Roads and Bridges	0.01	0.01	100.00
7.	1452-Tourism	0.50	0.50	100.00
8.	1456-Civil Supplies	178.45	178.45	100.00
9.	0220-Information and Publicity	0.07	0.07	100.00
10.	0029-Land Revenue	67.41	67.63	99.67
11.	0235-Social Security and Welfare	43.16	44.01	98.07
12.	0217-Urban Development	47.57	49.78	95.56
13.	0075-Miscellaneous General Services	2,054.49	2,208.41	93.03
14.	0702-Minor Irrigation	2.25	2.43	92.59
15.	0049-Interest Receipts	128.87	144.38	89.26
16.	0515-Other Rural Development Programmes	3.06	3.44	88.95
17.	0215-Water Supply and Sanitation	7.68	8.76	87.67
18.	0070-Other Administrative Services	202.87	233.92	86.73
19.	0435-Other Agriculture Programme	2.36	2.77	85.20
20.	0250-Other Social Services	38.17	45.35	84.17
21.	0211-Family Welfare	0.02	0.03	66.67
22.	0851-Village and Small Industries	0.24	0.41	58.54

Source: Finance Accounts

Appendix 4.4

(Referred to in paragraph 4.11; page 111)

Details of departments in which recoveries have not been effected during past several years

Sr. No.	Department	Corresponding Major Heads	Static since the year	Amount (₹ in crore)
1.	Education	6202	2011-12	0.99
2.	Local Government	6215	2001-02	14.73
3.	Social Security and Development of Women and Children	6235	1997-98	0.18
4.	Animal Husbandry, Dairy Development and Fisheries	6403	2005-06	0.25
5.	Forest and Wildlife Preservation	6406	1995-96	0.22
6.	Agriculture	6416 ,6575	1989-90	0.59
7.	Water Resources	6705	1999-2000	250.57
8.	Industries and Commerce	6855, 6858, 6885, 7465	2003-04	15.01
Total				282.54

Source: Finance Accounts

Appendix 4.5*(Referred to in paragraph 4.11; page 111)***Details of departments from which confirmation of balances
has been received***(₹ in crore)*

Sr. No.	Loanee entities/ Departments	Balance Confirmation (as on 31 March 2021)	Corresponding Major Head
1.	Technical Education	0.32	6202
2.	Social Security and Development of Women and Children	0.02	6225
3.	Dairy development	31.86	6404
4.	Food, Civil Supplies and Consumer Affairs	32825.21	6408
5.	Co-operation	1824.33	6425
6.	Transport	23.75	7055

Source: Finance Accounts

Appendix 5.1

(Referred to in paragraph 5.3; page 120)

List of State Public Sector Enterprises

Sr. No.	State Public Sector Enterprises	Remarks
Finance Sector		
1.	Punjab State Industrial Development Corporation Limited	Working
2.	Punjab Financial Corporation	Working
3.	Punjab Scheduled Castes Land Development and Finance Corporation	Working
4.	Punjab Venture Capital Limited	Inactive
5.	Punjab Venture Investors Trust Limited	Inactive
6.	Punjab Film and News Corporation Limited	Inactive
Industries & Infrastructure Sector		
7.	Punjab Small Industries and Export Corporation Limited	Working
8.	Punjab Information & Communication Technology Corporation Limited	Working
9.	Punjab Police Housing Corporation Limited	Working
10.	Amritsar Smart City Limited	Working
11.	Jalandhar Smart City Limited	Working
12.	Ludhiana Smart City Limited	Working
13.	Punjab Municipal Infrastructure Development Company	Working
14.	Punjab Communications Limited	Working
15.	Punjab Footwears Limited	Inactive
16.	Punjab State Handloom and Textile Development Corporation Limited	Inactive
17.	Punjab State Hosiery and Knitwear Development Corporation Limited	Inactive
18.	Punjab State Leather Development Corporation Limited	Inactive
19.	Punjab Recorders Limited	Inactive
20.	Electronic Systems Punjab Limited	Inactive-under liquidation
21.	Punjab Bio-Medical Equipments Limited	Inactive-under liquidation
22.	Punjab Power Packs Limited	Inactive-under liquidation
Agriculture & Allied		
23.	Punjab Agro Foodgrains Corporation Limited	Working
24.	Punjab Agro Industries Corporation Limited	Working
25.	Punjab Agro Juices Limited	Working
26.	Punjab State Seeds Corporation Limited	Working
27.	Punjab Agri Export Corporation Limited	Working
28.	Punjab State Container and Warehousing Corporation Limited	Working
29.	Punjab State Warehousing Corporation	Working
30.	Punjab State Forest Development Corporation Limited	Working

Sr. No.	State Public Sector Enterprises	Remarks
31.	Punjab State Grains Procurement Corporation Limited	Working
32.	Punjab Water Resources Management & Development Corporation Limited	Working
33.	Punjab State Civil Supplies Corporation Limited	Working
34.	Punjab Land Development and Reclamation Corporation Limited	Inactive
35.	Punjab Poultry Development Corporation Limited	Inactive
36.	Punjab Micro Nutrients Limited	Inactive-under liquidation
Service Sector		
37.	Gulmohar Tourist Complex (Holiday Home) Limited	Working
38.	Punjab Police Security Corporation Limited	Working
39.	Punjab State Bus Stand Management Company Limited	Working
40.	Punjab Tourism Development Corporation Limited	Working
41.	Punjab State Biotech Corporation (Mohali Biotechnology Park)	Working
42.	PEPSU Road Transport Corporation	Working
43.	Amritsar Hotel Limited	Inactive
44.	Neem Chameli Tourist Complex Limited	Inactive
Power Sector		
45.	Gidderbaha Power Limited	Working
46.	Punjab Genco Limited	Working
47.	Punjab State Power Corporation Limited	Working
48.	Punjab Thermal Generation Limited	Working
49.	Punjab State Transmission Corporation Limited	Working

Source: Information provided by SPSEs

Appendix 5.2

(Referred to in paragraph 5.3; page 120)

**Summarised financial position and working results of Government Companies and Statutory Corporations
as per their latest finalised accounts as on 30 November 2021**

(₹ in crore)

Sr. No.	Name of SPSE	Period of accounts	Paid up capital	Long Term Loans	Net profit/loss before interest and tax	Net profit/loss after interest and tax	Turnover	Net worth	Capital employed	Accumulated profit(+)/ Loss (-)
A	Government Companies(Other than Power Sector)									
1.	Punjab Agro Foodgrains Corporation Limited	2019-20	5.00	5,922.15	239.34	(-)120.47	3,049.47	(-)971.51	4,950.64	(-)976.51
2.	Punjab Agro Industries Corporation Limited	2020-21	49.21	4.95	1.21	0.98	42.59	66.81	71.76	17.60
3.	Punjab Agro Juices Limited	2019-20	50.00	30.00	(-)1.45	(-)0.80	3.39	(-)20.01	9.99	(-)70.01
4.	Punjab State Forest Development Corporation Limited	2019-20	0.25	0.00	2.51	1.73	30.68	60.90	60.90	56.46
5.	Punjab State Grains Procurement Corporation Limited	2017-18	1.05	6,873.58	(-)224.05	(-)224.05	15,587.31	(-)3,720.86	3,152.72	(-)3,721.91
6.	Punjab State Seeds Corporation Limited	2019-20	5.62	0.00	(-)1.84	(-)1.84	21.03	17.86	17.86	12.24
7.	Punjab Small Industries and Export Corporation Limited	2019-20	50.01	0.00	101.78	76.15	313.94	403.64	403.64	353.63
8.	Punjab Water Resources Management & Development Corporation Limited	2018-19	300.00	229.46	(-)21.13	(-)21.13	0.00	97.30	326.76	(-)202.70
9.	Punjab Agri Export Corporation Limited	2019-20	5.00	0.00	1.15	1.20	3.26	(-)0.72	(-)0.72	(-)5.72
10.	Gulmohar Tourist Complex (Holiday Home) Limited	2019-20	0.02	1.04	(-)0.27	(-)0.27	0.01	(-)5.46	(-)4.42	(-)5.48
11.	Punjab Information & Communication Technology Corporation Limited	2019-20	19.23	0.00	5.21	4.65	9.14	45.13	45.13	25.90
12.	Punjab Police Security Corporation Limited	2020-21	0.05	0.00	B	B	B	0.05	0.05	B

Sr. No.	Name of SPSE	Period of accounts	Paid up capital	Long Term Loans	Net profit/loss before interest and tax	Net profit/loss after interest and tax	Turnover	Net worth	Capital employed	Accumulated profit(+)/ Loss (-)
13.	Punjab State Bus Stand Management Company Limited	2014-15	56.15	3.26	7.75	3.98	435.76	69.57	72.83	13.42
14.	Punjab State Civil Supplies Corporation Limited	2017-18	3.73	0.00	(-)55.27	(-)55.27	11,469.04	(-)1,944.65	(-)1,944.65	(-)1,948.38
15.	Punjab State Container and Warehousing Corporation Limited	2020-21	25.00	0.00	18.05	3.23	27.68	198.44	198.44	173.44
16.	Punjab Tourism Development Corporation Limited	2018-19	6.66	0.00	(-)0.02	(-)0.02	0.00	22.01	22.01	13.97
17.	Punjab Municipal Infrastructure Development Company	2017-18	0.05	141.06	B	B	B	0.05	141.11	B
18.	Punjab State Biotech Corporation (Mohali Biotechnology Park)	2020-21	0.00	0.00	B	B	B	0.00	0.00	B
19.	Punjab State Industrial Development Corporation Limited	2019-20	78.21	643.84	32.31	18.22	7.94	(-)606.05	37.79	(-)684.26
20.	Punjab Communications Limited	2020-21	12.02	0.00	(-)11.90	(-)11.90	20.55	(-)26.00	(-)26.00	(-)46.98
21.	Punjab Police Housing Corporation Limited	2020-21	0.05	100.00	B	B	B	0.05	100.05	B
	Total A		667.31	13,949.34	93.38	(-)325.61	31,021.79	(-)6,313.45	7,635.89	(-)6,995.29
B	Statutory Corporations									
22.	Punjab State Warehousing Corporation	2017-18	8.00	5514.56	240.82	240.51	6,361.15	(-)836.52	4,678.04	(-)871.00
23.	Punjab Scheduled Castes Land Development and Finance Corporation	2019-20	119.37	15.82	(-)6.95	(-)7.46	6.60	96.96	112.78	(-)22.41
24.	PEPSU Road Transport Corporation	2017-18	331.44	73.38	13.19	(-)2.67	518.55	(-)64.76	8.62	(-)396.20
25.	Punjab Financial Corporation	2019-20	40.39	175.48	(-)0.16	(-)0.29	3.30	(-)217.00	(-)41.52	(-)257.39
	Total B		499.20	5,779.24	246.90	230.09	6,889.60	(-)1,021.32	4,757.92	(-)1,547.00

Sr. No.	Name of SPSE	Period of accounts	Paid up capital	Long Term Loans	Net profit/loss before interest and tax	Net profit/loss after interest and tax	Turnover	Net worth	Capital employed	Accumulated profit(+)/ Loss (-)
C	Government Controlled other Companies									
26.	Amritsar Smart City Limited	2019-20	0.01	0.00	0.00	0.00	0.00	0.15	0.15	0.14
27.	Jalandhar Smart City Limited	2018-19	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.00
28.	Ludhiana Smart City Limited	2018-19	0.01	0.00	(-)0.18	(-)0.18	0.00	(-)0.15	(-)0.15	(-)0.16
	Total C		0.03	0.00	(-)0.18	(-)0.18	0.00	0.01	0.01	(-)0.02
	Grand Total (A+B+C)		1,166.54	19,728.58	340.10	(-)95.70	37,911.39	(-)7,334.76	12,393.82	(-)8,542.31
D	Government Companies (Power Sector)									
29.	Gidderbaha Power Limited	2020-21	0.05	12.01	(-) 0.0002	(-) 0.0002	D	0.00	12.01	(-) 0.05
30.	Punjab Genco Limited	2019-20	22.90	-	3.43	2.21	6.61	151.36	151.36	128.46
31.	Punjab State Power Corporation Limited	2020-21	21,709.73	13,339.85	3,017.18	1,446.10	31,768.24	15,016.54	28,356.39	(-) 6,713.27
32.	Punjab Thermal Generation Limited	2020-21	0.05	-	(-)0.004	(-)0.004	D	0.00	0.00	(-) 0.05
33.	Punjab State Transmission Corporation Limited	2020-21	605.88	4,303.05	454.11	20.77	1,338.40	976.66	5,279.71	368.78
	Total D		22,338.61	17,654.91	3,474.72	1,469.08	33,113.25	16,144.56	33,799.47	(-) 6,216.13
	Grand Total (A+B+C+D)		23,505.15	37,383.49	3,814.82	1,373.38	71,024.64	8,809.80	46,193.29	(-)14,758.44

Source: Latest finalised accounts of SPSEs

- Note:**
1. 'B' represents SPSEs working on no profit/no loss basis.
 2. 'D' represents SPSEs which have not commenced commercial operations.
 3. Net worth means the sum of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Appendix 5.3

(Referred to in paragraph 5.7.3; page .126)

Statement showing State Government funds infused in SPSEs during the period from 2010-11 to 2020-21

(₹ in crore)

Sl. No.	1		2		3		4		5		6		7		8	
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
Year	Punjab Agro Industries Corporation Limited (11 February 1966)		Punjab Agro Juices Limited (01 February 2006)		Punjab State Forest Development Corporation Limited (23 May 1983)		Punjab State Grains Procurement Corporation Limited (10 March 2003)		Punjab State Seeds Corporation Limited (27 March 1976)		Punjab Small Industries and Export Corporation Limited (17 March 1962)		Punjab Water Resources Management and Development Corporation Limited (26 December 1970)		Gulmohar Tourist Complex (Holiday Home) Limited (09 July 2003)	
Upto 2010-11	45.46	0.00	50.00	0.00	0.25	0.00	1.05	0.00	4.51	0.00	49.86	0.00	296.16	0.00	0.02	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.93	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.65	0.00	0.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26.82	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.41	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(-) 97.97	0.00	0.00	0.00
2019-20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2020-21	0.00	0.00	(-) 50.00 ¹³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	45.46	0.00	00.00	30.00	0.25	0.00	1.05	0.00	4.51	0.00	49.86	0.00	300.00	0.00	0.02	0.00

¹³ The equity share capital of ₹ 50.00 crore of the GoP in the Punjab Agro Juices Limited were transferred to the Punjab Agri Export Corporation Limited during 2020-21.

Sl. No.	9		10		11		12		13		14		15		16	
Year	Punjab Information & Communication Technology Corporation Limited (27 March 1976)		Punjab State Bus Stand Management Company Limited (07 March 1995)		Punjab State Civil Supplies Corporation Limited (14 February 1974)		Punjab State Container and Warehousing Corporation Limited (26 April 1995)		Punjab Tourism Development Corporation Limited (26 March 1979)		Punjab State Warehousing Corporation (01 November 1967)		Punjab Scheduled Castes Land Development and Finance Corporation (18 January 1971)		PEPSU Road Transport Corporation (07 January 1956)	
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
Upto 2010-11	19.23	0.00	56.15	0.00	3.73	0.00	25.00	0.00	6.66	0.00	4.00	0.00	33.32	0.00	86.82	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.67	0.00	195.26	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.91	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	25.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2019-20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.09	0.00	0.00	0.00
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
Total	19.23	0.00	56.15	0.00	3.73	0.00	25.00	0.00	6.66	0.00	4.00	0.00	68.09	0.00	307.08	0.00

Sl. No.	17		18		19		20		21		Total		G. Total
Year	Punjab State Industrial Development Corporation Limited (31 January 1966)		Punjab Financial Corporation (01 February 1953)		Punjab Police Housing Corporation Limited (30 March 1989)		Punjab State Power Corporation Limited		Punjab State Transmission Corporation Limited				
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	
Upto 2010-11	78.21	0.00	29.31	0.00	0.05	0.00	6,081.47	0.00	605.88	0.00	7,477.14	0.00	7,477.14
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	196.93	0.00	196.93
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.91	30.00	45.91
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.35	0.00	22.35
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72.07	0.00	72.07
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.24	0.00	32.24
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.83	0.00	10.83
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(-)97.97	0.00	(-)97.97
2019-20	0.00	0.00	0.00	0.00	0.00	0.00	15628.26	0.00	0.00	0.00	15,629.35	0.00	15,629.35
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(-)44.58	0.00	(-)44.58
Total	78.21	0.00	29.31	0.00	0.05	0.00	21709.73	0.00	605.88	0.00	23,314.27	30.00	23,344.27

Source: Information provided by SPSEs

Appendix 5.4

(Referred to in paragraph 5.14; page 134)

Statement showing SPSEs where management letter was issued

Sr. No.	Name of SPSEs	Accounts
1.	Punjab State Transmission Corporation Ltd.	2019-20 and 2020-21
2.	Punjab Agri Export Corporation Limited	2019-20
3.	Punjab Footwears Limited	2014-15
4.	Punjab Agro Juices Limited	2019-20
5.	Punjab Water Resources Management and Development Corporation	2018-19
6.	Punjab Agro Foodgrains Corporation Ltd.	2019-20
7.	Punjab State Seeds Corporation Limited	2018-19
8.	Punjab State Biotech Corporation (Mohali Biotechnology Park)	2019-20
9.	Punjab State Leather Development Corporation Limited	2014-15
10.	Punjab Information & Communication Technology Corporation Limited	2019-20
11.	Punjab Financial Corporation	2018-19
12.	Punjab Communication Limited	2020-21
13.	Punjab Small Industries and Export Corporation Limited	2018-19
14.	Punjab Genco Limited	2019-20

Source: Office records

©
COMPTROLLER AND AUDITOR GENERAL OF INDIA
www.cag.gov.in

www.cag.gov.in/ag/punjab