



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



**Government of Gujarat  
Report No. 1 of the year 2022**



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**GOVERNMENT OF GUJARAT  
Report No. 1 of the year 2022**



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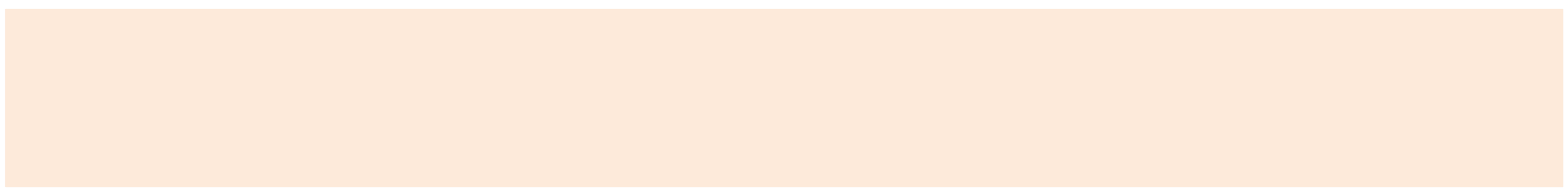
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# Preface

1. This Report has been prepared for submission to the Governor of Gujarat under Article 151 of the Constitution.
2. Chapter 1 of this Report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, trends in key fiscal parameters like revenue surplus/ deficit, fiscal surplus/deficit, etc.
3. Chapters 2 & 3 of the Report contain audit findings 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 Government of Gujarat, wherever necessary.
4. Chapter 4 on ‘Quality of Accounts & Financial Reporting Practices’ provides an overview and status of the State Government’s compliance with various financial rules, procedures and directives during 2020-21.
5. The Reports containing the findings of performance audit and audit of transactions in various Departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.



## Executive Summary

### Background

This State Finances Audit Report of the Government of Gujarat is being brought out with a view to objectively assess the financial performance of the State Government during 2020-21 and to provide the State Government and State Legislature with inputs, based on analysis of the financial data. To provide a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged in the Gujarat Fiscal Responsibility Act, 2005, Finance Commission Recommendations and the Budget Estimates of 2020-21 and other financial data obtained from various Government Departments.

### The Report

Based on the audited Accounts of the Government of Gujarat for the year ending March 2021, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in four Chapters.

**Chapter 1** 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/surpluses.

**Chapter 2** 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 last five years, debt profile of the State and key Public Account transactions, based mainly on the Finance Accounts of the State.

**Chapter 3** is based on the Appropriation Accounts and gives a Grant-wise description of Appropriations and the way the allocated resources were managed by the service delivery Departments.

**Chapter 4** is an inventory of the Government's compliance with various reporting requirements and financial rules.

The Report also has additional data collated from several other sources in support of the findings.

## Achievements of the State Government: A Brief Summary

The per capita income of Gujarat at ₹ 2,35,969 during 2020-21 was higher than the all-India average of ₹ 1,45,680.

The State achieved all the targets of major fiscal variables set under the Gujarat Fiscal Responsibility Act, 2005 except revenue surplus. The percentage of fiscal deficit to Gross State Domestic Product (GSDP) at 2.44 *per cent* and to public debt at 18.01 *per cent* were within the targets set under the Gujarat Fiscal Responsibility Act, 2005.

Outstanding guarantees of the State at ₹ 3,656 crore during 2020-21 were much lower than the ceiling of ₹ 20,000 crore prescribed under the Gujarat State Guarantees Act, 1963. All the four State-owned power distribution companies (DISCOMs) achieved financial turnaround in 2005-06 and no financial assistance was being provided by State Government under *Ujwal DISCOM Assurance Yojana* (UDAY) Scheme.

The State has taken initiatives for better fiscal management by setting up of the Consolidated Sinking Fund to provide a cushion for repaying market loans and the Guarantee Redemption Fund to provide a cushion for servicing contingent liabilities.

The State Government, however, needs to improve its revenue receipts-GSDP ratio (7.73 *per cent*) which was lower than 8.66 *per cent* achieved during 2019-20. Also, the percentage of revenue expenditure to total expenditure at 84.33 *per cent* during 2020-21 was higher than 83.94 *per cent* during 2019-20.

## Contents of the Report

### Chapter 1

#### Overview

#### *Fiscal Position*

The State achieved the target of elimination of revenue deficit from 2011-12 onwards. However, it turned revenue deficit at ₹ 22,548 crore in 2020-21 against the projections of revenue surplus of ₹ 789 crore made in the Medium-Term Fiscal Policy Statement (MTFPS) target for 2020-21.

At the end of 2020-21, fiscal deficit as percentage to GSDP stood at 2.44 *per cent*, which was within the limit of three *per cent* target set in Gujarat Fiscal Responsibility Act by State Government.

In the fiscal consolidation roadmap, the State Government could maintain the percentage of public debt to GSDP at 18.01 *per cent* during 2020-21 against the target of 15.72 *per cent* set out in MTFPS.

**(Paragraph 1.5.1)**

***Trends in Deficits***

During 2020-21, fiscal deficit increased by ₹ 15,857 crore (64.51 per cent) from ₹ 24,581 crore in 2019-20 to ₹ 40,438 crore in 2020-21, on account of decrease in revenue receipts by ₹ 14,688 crore, increase in total expenditure by ₹ 10,857 crore, decrease in recovery of loans and advances by ₹ 174 crore offset by increase of ₹ 9,862 crore under other receipts.

During 2020-21, primary deficit increased by ₹ 14,103 crore from ₹ 2,132 crore in 2019-20 to ₹ 16,235 crore in 2020-21. This was due to increase of ₹ 15,857 crore in fiscal deficit during the current year over the previous year, offset by an increase of ₹ 1,754 crore in interest payment.

***(Paragraph 1.5.3)***

The Indian Government Accounting Standard (IGAS)-2 prescribes that grant-in-aid should be booked under revenue expenditure. However, during 2020-21, the State Government incorrectly budgeted and booked expenditure of ₹ 36.38 crore relating to subsidies under the capital section instead of the revenue section.

The State Government did not discharge interest liabilities of ₹ 138 crore on Deposits under Contributory Pension Scheme and Other than Contributory Pension Scheme. There was a shortfall of ₹ 10,434 crore in the State Government contribution to Consolidated Sinking Fund and non-transfer of Labour Cess of ₹ 337 crore. This resulted in understatement of revenue expenditure and consequent understatement of revenue deficit by ₹ 10,977.93 crore.

***(Paragraph 1.6.1)***

**Chapter 2****Finances of the State Government*****State's Own Resources***

During 2020-21, 63 per cent of revenue receipts came from State's own resources. The State's own tax revenue decreased by ₹ 8,741 crore (11.06 per cent) in 2020-21 over the previous year, while non-tax revenue decreased by ₹ 7,611 crore (42.04 per cent) over the previous year. The own tax revenue as well as non-tax revenue in 2020-21 were lower than the budget estimates. The State Government was entitled for Goods and Services Tax compensation of ₹ 26,933.48 crore during the year 2020-21 for loss of revenue on implementation of Goods and Services Tax Act, 2017.

***(Paragraphs 2.3.2.1 and 2.3.2.2)***

***Share of Union Taxes and Duties and Grants-in-Aid***

The State's share of union taxes stood at ₹ 20,219 crore in 2020-21, registering decrease of 0.07 per cent over the previous year. Grants-in-aid from GoI in 2020-21 increased by ₹ 1,678 crore (6.58 per cent) over the

previous year. During 2020-21, 37 *per cent* of revenue receipts of the State came from GoI in the form of State's share of union taxes and grants-in-aid.

**(Paragraphs 2.3.2.3)**

### **Revenue Expenditure**

Revenue expenditure continuously increased from ₹ 1,03,895 crore in 2016-17 to ₹ 1,50,704 crore in 2020-21, with an increase of ₹ 9,805 crore (6.96 *per cent*) during 2020-21 over the previous year. Revenue expenditure as a percentage of GSDP decreased over the period (2016-20) but increased and stood at 9.08 *per cent* during 2020-21.

The share of revenue expenditure in total expenditure increased from 81.98 *per cent* in 2016-17 to 84.33 *per cent* in 2020-21.

**(Paragraph 2.4.2)**

### **Capital Expenditure**

Capital expenditure increased from ₹ 22,355 crore in 2016-17 to ₹ 26,781 crore in 2020-21.

The share of capital expenditure in total expenditure decreased from 17.64 *per cent* in 2016-17 to 14.99 *per cent* in 2020-21. During 2020-21, capital expenditure (₹ 26,781 crore) accounted for 46 *per cent* of the total public debt receipts (₹ 58,857 crore).

**(Paragraph 2.4.3)**

### **Investment and Returns**

As of 31 March 2021, the State Government had invested ₹ 1,07,518 crore in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions, and local bodies. Return on investments in these companies/corporations/institutions was 0.12 *per cent* during 2020-21 while the Government paid an average interest of 7.19 *per cent* on its borrowings during the same period.

**(Paragraph 2.4.3.4)**

As on 31 March 2021, the aggregate net worth of all the 97 State Public Sector Undertakings (SPSUs) was ₹ 1,46,121 crore against their paid-up capital of ₹ 1,26,187 crore. Investment in 97 SPSUs in the form of equity and long-term loans increased from ₹ 1,62,689 crore in 2019-20 to ₹ 1,64,830 crore in 2020-21. Return on Equity in these SPSUs increased from 0.86 *per cent* in 2018-19 to 3.17 *per cent* in 2020-21.

**(Paragraphs 2.4.3.2 and 2.4.3.4)**

### **Debt Profile: Components**

Total outstanding liabilities of the State grew from ₹ 2,43,146 crore in 2016-17 to ₹ 3,57,893 crore in 2020-21. In 2020-21, the outstanding liabilities grew at 13.45 *per cent* over the previous year. It comprised internal debt of ₹ 2,90,031 crore (81.04 *per cent*), public account liabilities of ₹ 49,863 crore

(13.93 per cent) and loans and advances from GoI of ₹ 17,999 crore (5.03 per cent).

The percentage of total outstanding liabilities to GSDP increased from 20.83 per cent (2016-17) to 21.02 per cent (2020-21). The net availability of borrowed funds for current operations after debt redemption (principal and interest payments) was ₹ 19,889 crore during 2020-21.

*(Paragraph 2.7.1)*

### **Debt Sustainability**

Public Debt receipts increased from ₹ 27,668 crore in 2016-17 to ₹ 58,857 crore in 2020-21 and Public Debt repayments increased from ₹ 9,073 crore in 2016-17 to ₹ 17,922 crore in 2020-21. The ratio of public debt to GSDP ranged between 15.99 per cent and 18.01 per cent during 2016-21. However, during this period, the burden of interest payment on public debt ranged from 13.39 per cent to 17.22 per cent of the revenue receipts. The percentage of public debt repayment to public debt receipts decreased sharply over the previous year. The above indicators show that there is a need to review sustainability of debt of the State.

*(Paragraph 2.8.1.1)*

## **Chapter 3**

### **Budgetary Management**

Against total budgetary provision of ₹ 2,28,776 crore during 2020-21, an expenditure of ₹ 2,00,216 crore was incurred. This resulted in net savings of ₹ 28,561 crore (savings of ₹ 30,280 crore offset by an excess of ₹ 1,719 crore).

*(Paragraphs 3.1 and 3.1.1)*

Excess expenditure of ₹ 10,856 crore pertaining to the period from 2007-08 to 2011-12 and 2013-14 to 2020-21 had escaped legislative oversight, as it was pending regularisation as per Article 205 of the Constitution of India.

*(Paragraphs 3.3.5.1 and 3.3.5.3)*

Of the overall savings of ₹ 30,279.09 crore in 173 out of 189 Grants/Appropriations during 2020-21, 97.69 per cent savings amounting to ₹ 29,579.10 crore occurred in 59 Grants/Appropriations (₹ 50 crore and above in each case). During 2020-21, Supplementary provisions (₹ 10 crore or more in each case) aggregating ₹ 356.06 crore were made in two Grants/Appropriations, which proved unnecessary.

*(Paragraphs 3.3.4.1 and 3.3.2)*

Substantial surrenders (exceeding ₹ 50 crore) were made in 53 out of 189 Grants/Appropriations. Against the total provision of ₹ 1,15,267 crore made under these 53 Grants/Appropriations, ₹ 28,853 crore were surrendered.

*(Paragraph 3.3.4.2)*

## Chapter 4

### Quality of Accounts and Financial Reporting Practices

As on March 2021, 4,611 utilisation certificates aggregating ₹ 12,437 crore in respect of grants disbursed up to 31 March 2020 remained outstanding, indicating lack of proper monitoring by the Departments in utilisation of grants given for specific purposes.

As on March 2021, there was pendency in submission of 3,650 detailed contingent bills amounting to ₹ 553 crore drawn on abstract contingent bills by various Departmental authorities.

Pendency of utilisation certificates and detailed contingent bills for long periods was fraught with the risk of fraud and misappropriation.

*(Paragraphs 4.4 and 4.5)*

There were 470 personal deposit accounts in operation in district treasuries with a closing balance of ₹ 1,004 crore as of 31 March 2021.

*(Paragraph 4.6)*

During 2020-21, expenditure aggregating ₹ 14,993 crore constituting 7.62 *per cent* of the total expenditure of the State was classified under Minor Head '800-Other Expenditure'. Similarly, revenue receipts aggregating ₹ 12,791 crore constituting 6.49 *per cent* of total receipts of the State were classified under omnibus Minor Head '800 – Other Receipts'.

Accounting of large items of expenditure and receipts under the omnibus Minor Head - 800 affects transparency in financial reporting, as it fails to indicate disaggregated information on specific activities of the Government separately in the accounts.

*(Paragraph 4.7)*



# **CHAPTER 1**

## **Overview**



## 1.1 Profile of the State

Gujarat is situated on the west coast of India, bounded by the Arabian Sea in the west and the States of Rajasthan in the north, Madhya Pradesh in the east and Maharashtra in the south. The State also shares an international border with Pakistan on the north-western fringe. It has a coastline of about 1,600 km., which is one third of India's mainland coastline. It is the seventh largest State in terms of geographical area (1,96,024 sq. km.) and the ninth largest by population. The State's population increased from 6.10 crore in 2011 to 7.03 crore in 2021, recording a decadal growth of 15.25 *per cent*. The percentage of population below poverty line was 16.6 *per cent* in 2011-12 as compared to the all-India average of 21.9 *per cent*. The State has 33 districts and 251 talukas.

The Gross State Domestic Product (GSDP) in 2020-21 at current prices was ₹ 16,58,865 crore. The per capita GSDP of the State at ₹ 2,35,969 during 2020-21 was higher than all India average of ₹ 1,45,680 during the same period. The State's literacy rate was 78 *per cent* (as per 2011 census). The profile of the State is shown in Appendix 1.1.

### 1.1.1 Gross State Domestic Product of Gujarat

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

Trends in annual growth of Gujarat's GSDP (nominal) *vis-à-vis* that of the Nation are given in **Table 1.1**.

**Table 1.1: Trends in growth of GDP and GSDP**

	(₹ in crore)				
Year	2016-17	2017-18	2018-19	2019-20	2020-21
National GDP (Base year 2011-12)	1,53,91,669	1,70,90,042	1,88,86,957 (2 <sup>nd</sup> RE)	2,03,51,013 (1 <sup>st</sup> RE)	1,97,45,670 (P)
Growth rate of GDP over previous year at current prices ( <i>per cent</i> )	11.76	11.03	10.51	7.75	(-) 2.97
State's GSDP (Base year 2011-12)	11,67,156	13,29,095	15,02,899 (P)	16,49,505 (Q)	16,58,865 (A)
Growth rate of GSDP over previous year at current prices ( <i>per cent</i> )	13.43	13.87	13.08	9.75	0.57

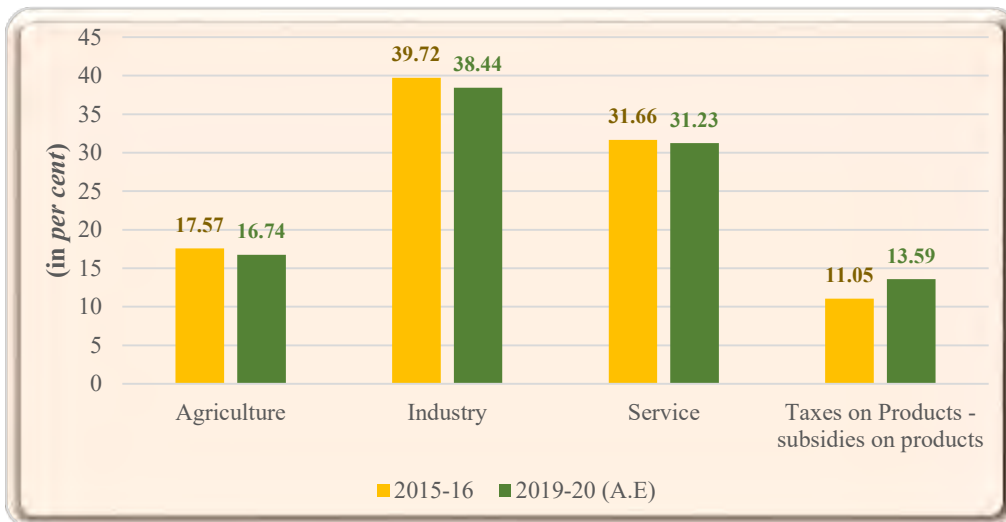
Source: Central Statistical Office (CSO), Ministry of Statistics and Programme Implementation Gujarat (Budget Publication 30, 2021-22)

RE: Revised Estimates; (P) Provisional Estimates; (Q): Quick Estimates; (A): Advance Estimates

As can be seen from the details tabulated above, GSDP of Gujarat grew at a higher rate during the period 2016-17 to 2020-21 compared to the National growth rate. During 2020-21, the State registered its lowest growth rate in five years whereas the Nation registered a negative growth rate.

**Chart 1.1** indicates the sectoral contribution to GSDP during last five years<sup>1</sup> (2015-20). As may be seen, there has been a decrease in the relative share of Industry in GSDP from 39.72 *per cent* in 2015-16 to 38.44 *per cent* in 2019-20. Similarly, decrease was seen in Agriculture and Services sectors too. However, the relative share of Taxes on products (minus subsidies) in GSDP increased during the same period.

**Chart 1.1: Change in sectoral contribution to GSDP (2015-16 to 2019-20)**



Source of data: Directorate of Economics and Statistics, Gujarat

### 1.1.1.1 Contribution of State Public Sector Undertakings to economy of the State

The State Public Sector Undertakings (SPSUs) play a vital role in the economy of the State. As on 31 March 2021, there were 97 SPSUs<sup>2</sup> which included four Statutory Corporations and 93 State Government Companies. During the year, nine SPSUs came under the purview of the Comptroller and Auditor General of India under section 139(5) of the Companies Act, 2013. The brief of these nine SPSUs is given in **Table 1.2**.

<sup>1</sup> Directorate of Economics and Statistics, Gujarat has stated that sector wise details of 2020-21 will be available in March 2022.

<sup>2</sup> For more details, please refer to paragraph 2.4.3.2 and 4.13 of this Report.

**Table 1.2: Details of nine new SPSUs**

Sl. No.	Name of PSU	Paid up capital (₹ in lakh)	Govt. of Gujarat holding (in per cent)	Objective of Company as per MoA/ AoA
1.	GIFT Water Infrastructure Limited	9.75	100	To fulfil requirement of infrastructure components, domestic and commercial occupants, landscaping and horticulture etc. by recovering charges.
2.	Gift District Cooling System Limited	9.75	100	To carry on the business of designing, engineering, developing, financing, implementing, operating and maintaining district cooling systems.
3.	GIFT Collective Investment Management Company Limited	500.00	100	To design, develop, finance, construct, operate and maintain International Financial Services City/Centre/Hub, organise, operate and manage any scheme complying with SEBI (Collective Investment Schemes) Regulations 1999.
4.	GIFT Power Company Limited	9.75	100	To explore, develop, generate, accumulate, supply and distribute/ deal in energy from any source whatsoever.
5.	GIFT SEZ Limited	9.75	100	To design, develop, finance, construct, operate and maintain state of the art infrastructures in GIFT City SEZ (Non-DTA) area.
6.	GIFT Waste Management Services Limited	9.75	100	To design, engineer, construct, install, implement, operate and maintain solid waste management infrastructure in GIFT City.
7.	Gujarat International Finance Tec City Company Limited	36,541.88	100	To design, develop, finance, construct, operate and maintain state of the art infrastructures in GIFT City DTA (Non-SEZ) area.
8.	GIFT ICT Services Limited	9.75	100	To create leading edge Communication & Information Technology infrastructure, services and platforms and offer financial services enterprises to operate regionally and globally.
9.	Gujarat State Handicapped (Divyang) Finance and Development Corporation	1.00 (Paid up capital as per GoG G.R. dated 16/12/2019)	100	To carry on business to promote the social, economic and development activities benefitting handicapped (Divyang) persons in Gujarat by providing loans & advances and assisting the State level organisations in the development.

Of the 97 SPSUs, four<sup>3</sup> SPSUs were listed on the stock exchange(s). 97 SPSUs include 16 inactive SPSUs. Apart from providing critical infrastructure for development of State's economy, the SPSUs also add significantly to the GSDP. The ratio of turnover of SPSUs to GSDP is indicative of the scale of SPSU activities in the economy of the State. The details of SPSUs' turnover *vis-à-vis* State's GSDP for the last five years (2016-21) are given in the **Table 1.3**.

<sup>3</sup> Gujarat Mineral Development Corporation Limited; Gujarat State Petronet Limited; Gujarat State Financial Corporation; and Gujarat Gas Limited

**Table 1.3: Details of turnover of SPSUs vis-à-vis GSDP**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Turnover <sup>4</sup> (₹ in crore)	1,11,953.31	1,25,827.15	1,48,487.47	1,54,020.09	1,51,553.74
Percentage change in turnover	0.83	12.39	18.01	3.73	(-1.60)
GSDP of Gujarat (₹ in crore)	11,67,156	13,29,095	15,02,899 (P)	16,49,505 (Q)	16,58,865 (A)
Percentage change in GSDP	13.43	13.87	13.08	9.75	0.57
Percentage of turnover to GSDP	9.59	9.47	9.88	9.34	9.14

Source: Compiled based on turnover reported by SPSUs in the financial statements finalised in respective years and Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2021-22).

The turnover of SPSUs has recorded continuous increase between 2016-20 and registered a decline in 2020-21. The changes in turnover ranged between (-)1.60 per cent and 18.01 per cent during the period 2016-21. Increase in GSDP ranged between 0.57 per cent and 13.87 per cent during the same period. The Compounded Annual Growth Rate (CAGR)<sup>5</sup> of GSDP was 10.02 per cent during 2016-21 against which the turnover of SPSUs recorded lower CAGR of 6.42 per cent during the same period. As a result, the share of turnover of SPSUs to GSDP reduced from 9.59 per cent in 2016-17 to 9.14 per cent in 2020-21. Of the total turnover of ₹ 1,51,554 crore reported by 97 SPSUs in 2020-21, ₹ 1,40,263 crore pertained to 48 active SPSUs which finalized their financial statements for the year 2020-21. Two<sup>6</sup> active SPSUs did not submit their first financial statement. The remaining 31 active SPSUs reported a turnover of ₹ 11,258 crore in their last finalised financial statements and 16 inactive SPSUs reported a turnover of ₹ 33 crore.

## 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) of Gujarat for the year ending 31 March 2021 has been prepared by the CAG for submission to the Governor of Gujarat under Article 151 (2) of the Constitution of India.

Principal Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually. The Accounts are prepared from the vouchers, challans and initial and subsidiary Accounts rendered by the Treasuries, Offices and Departments responsible for keeping

<sup>4</sup> Turnovers of SPSUs are as per the latest finalised financial statements received up to 15 December 2021 for the year 2020-21 and for the year 2016-17 to 2019-20 up to 30 September of the respective year.

<sup>5</sup> CAGR is a useful method to measure growth rate over multiple time-period.

<sup>6</sup> Gujarat Unreserved Educational and Economic Development Corporation; and Gujarat State Handicapped (Divyang) Finance and Development Corporation

of such Accounts functioning under the control of the State Government, and the Statements received from the Reserve Bank of India (RBI). These Accounts are audited independently by the Principal Accountant General (Audit-II), Gujarat 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 forms an important source of data – both 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 Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II), Gujarat at the State Secretariat as well as at the field level during the year;
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics from the Directorate of Economics and Statistics, Gujarat; and
- Various Audit Reports of the CAG.

The analysis in the report has been carried out in the context of recommendations of the Fourteenth Finance Commission (14<sup>th</sup> FC), Fifteenth Finance Commission (15<sup>th</sup> FC), Gujarat Fiscal Responsibility Act, 2005, best practices and guidelines of the Government of India. Replies of the Government, where received, have been incorporated in this Report at appropriate places.

### 1.3 Report Structure

The SFAR is structured into the following four Chapters:

<b>Chapter - 1</b>	<b>Overview</b> <i>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.</i>
<b>Chapter -2</b>	<b>Finances of the State</b> <i>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.</i>
<b>Chapter - 3</b>	<b>Budgetary Management</b> <i>This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities</i>

	<i>of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.</i>
<b>Chapter - 4</b>	<b><i>Quality of Accounts and Financial Reporting Practices</i></b> <i>This chapter discusses about 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.</i>

## 1.4 Overview of Government Account Structure and Budgetary Processes

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

### 1. 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 RBI and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with 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.

### 2. 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 authorization 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.

### 3. Public Accounts of the State (Article 266(2) of the Constitution)

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.



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** consist of tax revenue, non-tax revenue, share of Union Taxes/Duties, and grants from Government of India (GoI).

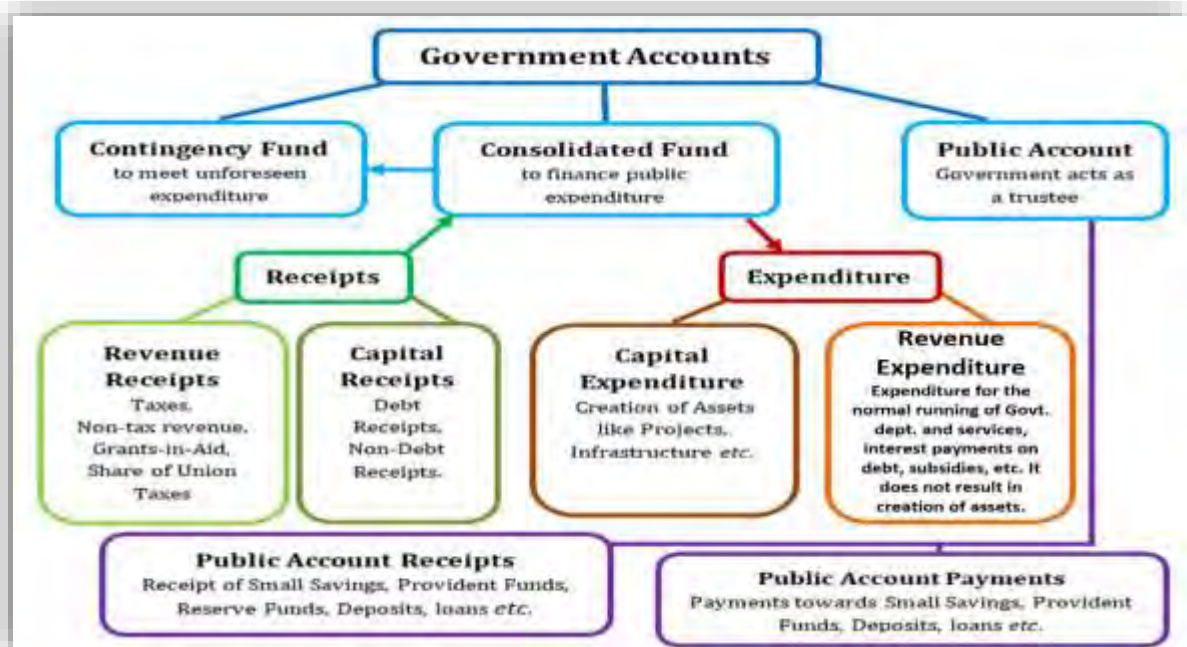
**Revenue expenditure** consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government Departments and various services, interest payments on debt incurred by the 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.

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

**Chart 1.2: Structure of Government Accounts**



Functional classification involves arranging the receipts and expenditure by economic categories, distinguishing the Government transactions into Sections like Revenue and Capital (including Public Debt, Loans and Advances), Sectors like Tax Revenue from other revenue and Grants-in-Aid, Sub-sectors like Taxes on Income and Expenditure, fiscal services, *etc.* On the expenditure side also, the transactions are classified into Sectors *viz.*, General Services, Economic Services, Social Services and Grants-in-Aid and contributions and sub-divided into Major Heads of account below these Sectors.

Major Heads of account falling within the Consolidated Fund generally correspond to 'Functions' of Government, such as 'Health', while Minor Heads subordinate to them identify the 'Programme' undertaken to achieve the objectives of the function represented by the Major Head. A programme may consist of a number of schemes or activities and these generally, correspond to 'Sub-heads' below the Minor head. 'Detailed head' below the Sub-head, is primarily meant for itemised control over expenditure and indicates the object or nature of expenditure on a scheme or activity in terms of inputs such as 'Salaries', 'Office Expenses', 'Grants-in-Aid', *etc.*

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

	Attribute of transaction	Classification
<b>Standardized in LMMH<sup>7</sup> by CGA</b>	Function- Education, Health, <i>etc.</i> /Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
<b>Flexibility left for States</b>	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, <i>etc.</i> (2-digit)

The functional classification lets us know the Department, function, scheme or programme, and object of the expenditure. Economic classification helps organize 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, while "salary" object head is revenue expenditure, "construction" object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

Fund-based Government accounting coupled with functional and economic classification of transactions facilitates an in-depth analysis of Government activities/transactions and enables Legislative oversight over public finances.

<sup>7</sup> List of Major and Minor Heads of Account of Union and States

## Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of the State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the financial year, in the form of an **Annual Financial Statement** (referred to as Budget).

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.

As mentioned in Paragraph 1.2, Finance Accounts and Appropriation Accounts encompass the core data for preparation of the SFAR. These Accounts are based on actual receipts and expenditure of the State during the year 2020-21 including various inter-governmental and other adjustments carried out by the RBI. Considering that these receipts and expenditure are estimated in the budget and the expenditure has been approved by the State Legislature, it is important to study the budget of the State for 2020-21 closely and analyse the actual receipts and expenditure during the year with reference to the projections made in the budget.

The Gujarat Budget Manual prescribes the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. While formulating its Budget for 2020-21, the State Government continued the focus on identifying budgetary interventions in priority areas with an emphasis on ‘Outcome budget’ (aligned to sustainable development goals set by the UN) and ‘Gender budget’.

Although the State has been preparing an ‘Outcome budget’ since 2014-15, it is yet to map the actual outcomes of various budgetary interventions with the corresponding projections made in the relevant budget. The achievement of actual outcomes as against those projected in Budget 2019-20 were thus, not placed before the Legislature as of March 2021.

Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

### 1.4.1 Snapshot of Finances

**Table 1.4** provides a snapshot of actual financial results for the year 2019-20 and 2020-21 *vis-à-vis* Budget Estimates (BE) for the year 2020-21.

Table 1.4: Snapshot of actual financial results *vis-à-vis* Budget Estimates(**₹ in crore**)

Sr. No.	Components	2019-20	2020-21	2020-21	Percentage of Actuals to BE	Percentage of Actual to GSDP
		Actuals	Actuals	BE	2020-21	
1	Tax Revenue	79,007.50	70,266.18	1,05,093.60	66.86	4.24
2	Non-Tax Revenue	18,104.15	10,492.66	14,600.00	71.87	0.63
3	Share of Union taxes/duties	20,232.09	20,218.53	26,659.86	75.84	1.22
4	Grants-in-aid and Contributions	25,500.02	27,178.29	16,094.00	168.87	1.64
5	<b>Revenue Receipts (1+2+3+4)</b>	<b>1,42,843.76</b>	<b>1,28,155.66</b>	<b>1,62,447.46</b>	<b>78.89</b>	<b>7.73</b>
6	Recovery of Loans and Advances	329.67	155.31	265.00	58.72	0.01
7	Other Receipts	106.36	9,967.85	0.00	-	0.60
8	Borrowings and other Liabilities <sup>8</sup>	24,581.46	40,438.30	33,535.87	120.58	1.88 <sup>9</sup>
9	<b>Capital Receipts (6+7+8)</b>	<b>25,017.49</b>	<b>50,561.46</b>	<b>33,800.87</b>	<b>149.59</b>	<b>3.05</b>
10	<b>Total Receipts (5+9)</b>	<b>1,67,861.25</b>	<b>1,78,717.12</b>	<b>1,96,248.33</b>	<b>91.07</b>	<b>10.77</b>
11	<b>Revenue Expenditure, of which</b>	<b>1,40,898.91</b>	<b>1,50,703.58</b>	<b>1,61,658.07</b>	<b>93.22</b>	<b>9.08</b>
12	Interest payments	22,448.66	24,203.19	23,871.12	101.39	1.46
13	<b>Capital Expenditure, of which</b>	<b>26,962.33</b>	<b>28,013.89</b>	<b>34,590.27</b>	<b>80.99</b>	<b>1.69</b>
14	Capital outlay	25,650.61	26,780.46	33,371.43	80.25	1.61
15	Loan and advances	1,311.72	1,233.43	1,218.84	101.20	0.07
16	<b>Total Expenditure (11+13)</b>	<b>1,67,861.24</b>	<b>1,78,717.47</b>	<b>1,96,248</b>	<b>91.07</b>	<b>10.77</b>
17	<b>Revenue Deficit (-)/Surplus (+) (5-11)</b>	<b>(+)1,944.85</b>	<b>(-)22,547.92</b>	<b>(+)789.39</b>	<b>(-)2,856.37</b>	<b>(-)1.36</b>
18	<b>Fiscal Deficit {(5+6+7)-16}</b>	<b>(-)24,581.45</b>	<b>(-)40,438.65</b>	<b>(-)33,535.88</b>	<b>(-)120.58</b>	<b>(-)2.44</b>
19	<b>Primary Deficit (18-12)</b>	<b>(-)2,132.79</b>	<b>(-)16,235.46</b>	<b>(-)9,664.76</b>	<b>(-)167.99</b>	<b>(-)0.98</b>

Source: Finance Accounts of respective years.

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 ₹ 11,334.51 crore as revenue receipts, due to inadequate balance in GST compensation fund during the year 2020-21 Gujarat also received back-to-back loan of ₹ 9,222 crore under public debt receipts of the State Government, with no repayment liability for the State. Due to this arrangement, the revenue deficit of ₹ 22,547.92 crore and fiscal deficit of ₹ 40,438.65 crore during the year 2020-21 may be read in conjunction with debt receipt of ₹ 9,222 crore in lieu of GST compensation.

## 1.4.2 Snapshots 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. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds. The assets comprise mainly the capital outlay and

<sup>8</sup> 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.

<sup>9</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt and outstanding liabilities here.

loans and advances given by the State Government and cash balances. **Table 1.5** gives summarised position of assets and liabilities of the Government.

**Table 1.5: Summarised position of assets and liabilities**

(₹ in crore)

Liabilities					Assets				
		2019-20	2020-21	Per cent increase			2019-20	2020-21	Per cent increase
<b>Consolidated Fund</b>									
A	Internal Debt	2,59,661.04	2,90,031.07	11.70	a	Gross Capital Outlay	2,89,222.37	3,06,034.98	5.81
B	Loans and Advances from GoI	7,433.06	17,998.92	142.15	b	Loans and Advances	10,485.21	11,563.04	10.28
<b>Contingency Fund</b>									
Contingency Fund		200.00	200.00	0.00	Contingency Fund		0.00	0.00	0.00
<b>Public Account</b>									
A	Small Savings, Provident Funds, etc.	10,601.21	10,445.80	(-)1.47	a	Advances	0.71	0.70	(-)1.41
B	Deposits	34,599.05	36,955.05	6.81	b	Suspense and Miscellaneous	1,865.70	3,026.80	62.23
C	Reserve Funds	16,832.75	7,984.32	(-)52.57	Cash balance (including investment in Earmarked Fund)		24,035.80	16,852.64	(-)29.88
D	Remittances	736.92	866.65	17.60					
<b>Total</b>							<b>3,25,609.79</b>	<b>3,37,478.16</b>	<b>3.64</b>
<b>Cumulative excess of expenditure over receipts<sup>10</sup></b>							<b>4,454.24</b>	<b>27,003.65</b>	<b>506.25</b>
<b>Total</b>		<b>3,30,064.03</b>	<b>3,64,481.81</b>	<b>10.43</b>	<b>Total</b>		<b>3,30,064.03</b>	<b>3,64,481.81</b>	<b>10.43</b>

Source: Finance Accounts of respective years.

## 1.5 Fiscal Balance: Achievement of deficit and total debt targets

When Government spends more than it collects by way of revenue, it incurs a deficit. Deficit is an indicator of prudent fiscal management of the Government. Further, the ways in which the deficit is financed, and the resources raised are applied, are important pointers to its fiscal health.

This Section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under Gujarat Fiscal Responsibility Act/ Rules for the financial year 2020-21.

There are various measures that capture Government deficit, as indicated below:

<b>Revenue Deficit/ Surplus</b>	<i>Refers to the gap between Revenue Expenditure and Revenue Receipts.</i>
<b>Fiscal Deficit/ Surplus</b>	<i>This is the difference between the Revenue Receipts plus Non-debt Capital Receipts (NDCR) and the Total Expenditure.</i>

<sup>10</sup> Cumulative excess of expenditure over receipts = Cumulative excess of expenditure over receipts of previous year + Adjustment to clear old outstanding balances – Revenue surplus

	<i>Fiscal Deficit is reflective of the total borrowing requirements of Government.</i>
<b>Primary Deficit/ Surplus</b>	<i>Refers to the Fiscal Deficit less Interest Payments. It tells how much of the Government's borrowings are going towards meeting expenses other than interest payments.</i>

Source: Budget at a Glance, Government of India 2018-19

### 1.5.1 Achievements *vis-a-vis* fiscal targets prescribed in State FRBM Act for the current year

State Government enacted the Gujarat Fiscal Responsibility Act, 2005 (GFR Act) in line with the Union Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act) to ensure fiscal stability and sustainability, improve efficiency and transparency in management of public finances, enhance the availability of resources by achieving sufficient revenue surplus, reduce fiscal deficit and remove the impediments to effective conduct of fiscal policy and prudent debt management.

The GFR Act was amended in 2009, 2011 and 2021. In 2011, it was amended to include the recommendations of the 13<sup>th</sup> Finance Commission (FC). The 14<sup>th</sup> FC recommended that the targeted limit of fiscal deficit to GSDP of three *per cent* could be increased to 3.5 *per cent* on meeting certain criteria. However, as the State Government was well within the limits of three *per cent*, it did not make any amendments in GFR Act of 2011. In 2021, the targets for Fiscal deficit to GSDP was revised to five *per cent* for 2020-21 but continues to follow the remaining targets set in GFR Act, 2011.

#### FRBM Review Committee

The Government of India in 2016 felt a need to review the FRBM Act attributing it to substantial changes in global backdrop including slowdown, developments in China and Eurozone, protectionism, low inflation and unconventional monetary policies, etc. It felt that due to increased financial integration with the world economy, domestic policy changes to cope with challenging, uncertain and volatile exogenous environment were needed.

It was also argued that changes and flexibility in fiscal rules in several countries allow fiscal space to absorb exogenous shocks. Presence of independent fiscal council, escape clauses and automatic correction to impart transparency, flexibility and credibility to the framework in the fiscal rules also necessitated alignment of rules in India in the same parlance.

With these objectives in mind, Government constituted the FRBM review committee in May 2016 under the chairmanship of Shri N.K. Singh, former Revenue and Expenditure Secretary, to comprehensively review the working of FRBM Act over last 12 years and to suggest way forward. Terms of reference of the Committee particularly included exploring the feasibility of having fiscal deficit range as the target instead of fixed numbers in order to give necessary policy space to the Government to manage dynamic situations and aligning the fiscal expansion or contraction with credit contraction or expansion respectively in the economy.

The Committee submitted its report on 23 January 2017. The State Government has not taken any action on the recommendations of the committee so far (November 2021).

The actual achievements for the year 2020-21 compared to targets for major fiscal variables set out in Medium-term Fiscal Policy Statement (MTFPS)<sup>11</sup> and Gujarat Fiscal Responsibility Act are depicted in **Table 1.6**.

**Table 1.6: Major fiscal variables- targets and achievements for 2020-21**

Fiscal variables	Targets proposed in MTFPS	Targets set in Gujarat Fiscal Responsibility Act	Actual achievement (2020-21)
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	(+)789	'Zero' by 2007-08	(-)22,547.92
Fiscal Deficit/GSDP (in <i>per cent</i> )	1.78	3% by 2008-09	2.44
Ratio of total outstanding liabilities to GSDP <sup>12</sup> (in <i>per cent</i> )	No target set	No target set	21.02
Ratio of Public debt to GSDP <sup>12</sup> (in <i>per cent</i> )	15.72	27.10% by 2011-12	18.01
Outstanding Government Guarantees (₹ in crore)	Below 16,000	Below 16,000 by 2007-08	3,656
Interest Payment on Public Debt/Revenue Receipts (in <i>per cent</i> )	13.43	No target set	17.22

Source: Budget Estimates and Finance Accounts for the year 2020-21

The State achieved 'zero' revenue deficit targets in 2011-12 and reported a revenue surplus thereafter till 2019-20. The State turned revenue deficit for the first time in 2020-21 with deficit of ₹ 22,548 crore against the target of revenue surplus of ₹ 789 crore proposed in MTFPS.

At the end of 2020-21, fiscal deficit as a percentage of GSDP stood at 2.44 *per cent*, which was within the limit of three *per cent* target set in Gujarat Fiscal Responsibility Act by State Government. The ratio of public debt to GSDP stood at 18.01 *per cent* as against 15.72 *per cent* set in MTFPS.

Thus, during 2020-21, the State was able to achieve only one of the five targets set under MTFPS with regard to the key fiscal parameters namely, Outstanding Government Guarantees. The State had a fiscal deficit of ₹ 40,438 crore during 2020-21, representing 2.44 *per cent* of the GSDP and constituting 22.63 *per cent* of total expenditure. Interest payments on public debt as a proportion to revenue receipts (which is an indicator of debt servicing capacity) stood at 17.22 *per cent* as against MTFPS target of 13.43 *per cent*.

<sup>11</sup> MTFPS, mandated by Gujarat Fiscal Responsibility Act, 2005, is presented as part of the general budget to the State Legislature every financial year. The Statement sets out three-year rolling targets for four specific fiscal indicators in relation to GSDP namely, (i) Revenue Deficit, (ii) Fiscal Deficit, (iii) Tax to GSDP ratio, and (iv) Total outstanding Debt at the end of the year.

<sup>12</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt here.

## 1.5.2 Comparison of targets of fiscal parameters projected in MTFPS with actuals for the current year

Comparison of targets of fiscal parameters projected in MTFPS presented to the State Legislature in 2020-21 with actuals, and the extent of variation is shown in **Table 1.7**.

**Table 1.7: Actuals vis-à-vis projections made in MTFPS during 2020-21**

(₹ in crore)

Sr. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2020-21)	Variation (in per cent)
1	Tax Revenue	1,05,093.60	70,266.18	(-33.14
2	Non-Tax Revenue	14,600.00	10,492.66	(-)28.13
3	Share of Central Taxes	26,659.86	20,218.53	(-)24.16
4	Grants-in-Aid from GoI	16,094.00	27,178.29	68.87
5	Revenue Receipts (1+2+3+4)	1,62,447.46	1,28,155.66	(-)21.11
6	Capital Receipts <sup>13</sup>	46,766.00	68,980.29	47.50
7	Revenue Expenditure	1,61,658.07	1,50,703.58	(-)6.78
8	Revenue Deficit (-)/ Surplus (+) (5-7)	(+)789.39	(-)22,547.92	(-)2,956.37
9	Fiscal Deficit (-)/ Surplus (+)	(-)33,535.88	(-)40,438.65	(-)20.58
10	Primary Deficit (-)/Surplus (+)	(-)9,664.76	(-)16,235.46	(-)67.99
11	Public debt-GSDP ratio (per cent)	15.72	18.01*	14.57
12	GSDP growth rate at current prices (per cent)	10.78	0.57	(-)10.21

Source: Budget Publication No. 30 for 2020-21 and Finance Accounts

\* Arrived at after exclusion of GST compensation of ₹ 9,222 crore received as back to back loan under debt receipts from the total outstanding liabilities.

As may be seen from the table above, only grants-in-aid from GoI and Capital receipts improved significantly during 2020-21 vis-à-vis the projections made in MTFPS. The targets for tax revenue, non-tax revenue, share of Central taxes, revenue surplus and growth rate of GSDP were not met in 2020-21.

## 1.5.3 Trends analysis of achievements against fiscal targets

As per Gujarat Fiscal Responsibility Act, 2005, the State Government was required to eliminate revenue deficit by 2007-08 and maintain revenue surplus thereafter; reduce fiscal deficit to three per cent of the estimated GSDP by 2008-09 and maintain the same level thereafter. This was increased to five per cent in January 2021 for the fiscal year 2020-21. The Act further envisaged that the State Government would limit the ratio of public debt to GSDP to 27.10 per cent by 2011-12 and maintain it thereafter. Furthermore, the State Government was expected to limit the outstanding guarantees to ₹ 16,000 crore by 2007-08.

A trend analysis of key fiscal parameters prescribed in Gujarat Fiscal Responsibility Act vis-à-vis achievements during the last five year (2016-21) is given in **Table 1.8**.

<sup>13</sup> Capital Receipts = Public Debt Receipts + Miscellaneous Capital Receipts + Recovery of Loans and Advances



**Table 1.8: Trend analysis of key fiscal targets prescribed in the Act during 2016-21**

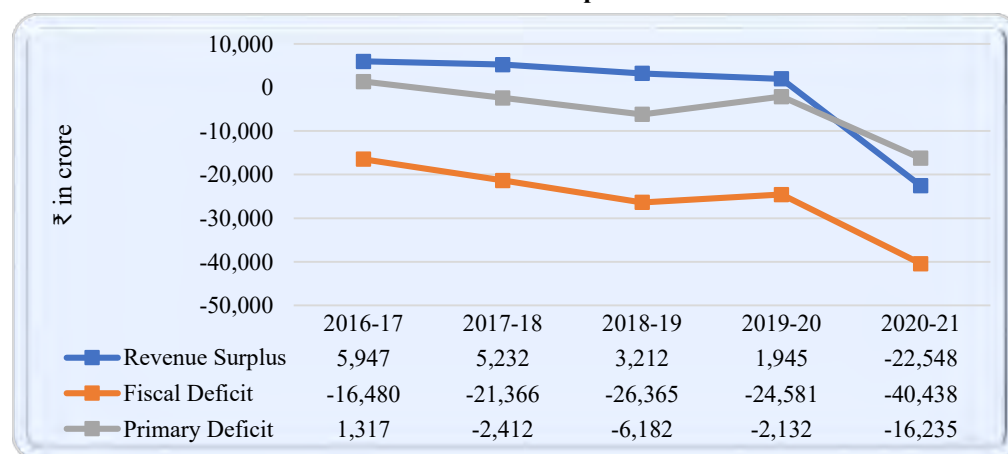
Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	5,946.98 ✓	5,231.61 ✓	3,211.97 ✓	1,944.85 ✓	(-)22,547.92 ✗
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	Three per cent <sup>14</sup>	(-)16,480.17 (-1.41) ✓	(-)21,366.43 (-1.61) ✓	(-)26,365.03 (-1.75) ✓	(-)24,581.45 (-1.49) ✓	(-)40,438.65 (-2.44) ✓
Ratio of total Public Debt to GSDP (per cent)	27.10 per cent	17.08 ✓	16.00 ✓	15.99 ✓	16.19 ✓	18.01 <sup>15</sup> ✓
Outstanding Guarantees	Below ₹ 16,000 crore	4,804 ✓	4,834 ✓	4,699 ✓	4,462 ✓	3,656 ✓

Source: Budget Publication and Finance Accounts of respective years.

As can be seen above, the State Government successfully achieved all the four key fiscal parameters envisaged in Gujarat Fiscal Responsibility Act during the last five years, except Revenue Surplus during 2020-21.

The ratio of total public debt to GSDP as per the Finance Accounts is 18.57 per cent. However, the effective debt to GSDP ratio (18.01 per cent) has been arrived at after excluding GST compensation of ₹ 9,222 crore received as back to back loan under debt receipts from the total public debt as the Department of Expenditure, GoI has decided that it will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

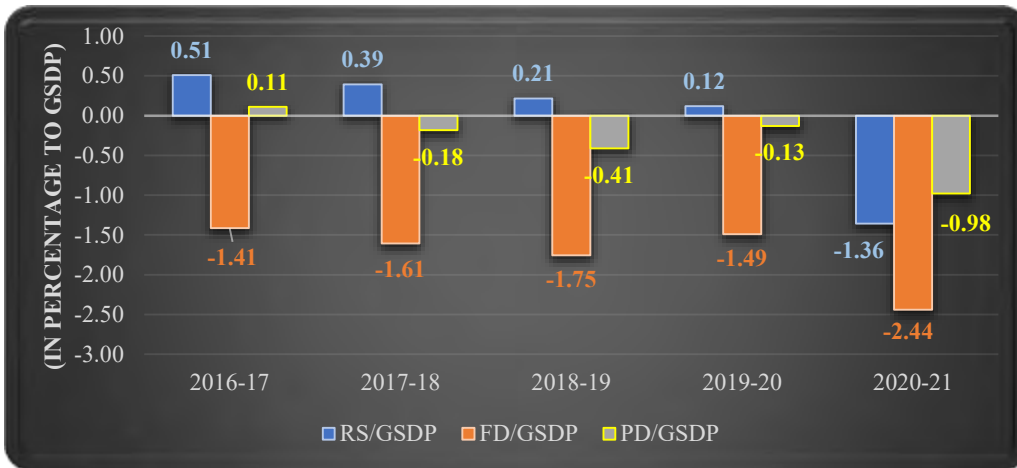
The trends in surplus/deficits over the five-year period (2016-21) are depicted in **Chart 1.3**; trends in surplus/deficit relative to GSDP are given in **Chart 1.4**; and trends of fiscal liabilities and GSDP are given in **Chart 1.5**.

**Chart 1.3: Trends in Surplus/ Deficit**

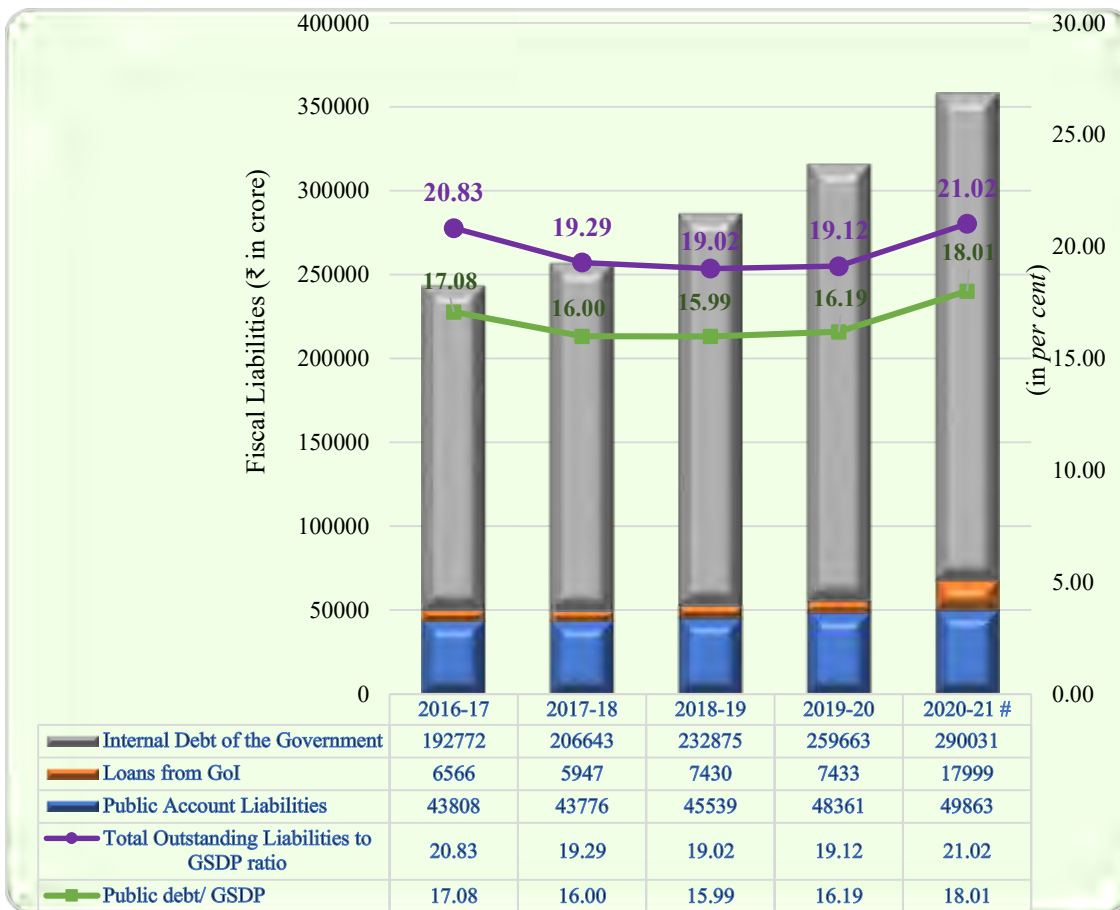
<sup>14</sup> Five per cent for 2020-21

<sup>15</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt here.

**Chart 1.4: Trends in Surplus/Deficit relative to GSDP**



**Chart 1.5: Trends in fiscal liabilities and GSDP**



# As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt and outstanding liabilities here.

## 1.6 Deficit and Total Debt after examination in Audit

In order to present better picture of State Finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off budget fiscal operations.

### 1.6.1 Post Audit – Deficits

Misclassification of revenue expenditure as capital and off budget operations impacts deficit figures. Besides, deferment of clear-cut liabilities, non-deposition of cess/royalty to Consolidated Fund, short-contribution to New Pension Scheme, sinking and redemption funds *etc.* also impact the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities need to be reversed.

**Table 1.9** assesses actual surplus/deficit after taking into account short/non-contribution to funds and incorrect classifications/booking by the State Government during 2020-21.

**Table 1.9: Actual Revenue and Fiscal Deficit**

Particulars	Impact on Revenue Surplus [Understated(-)/Overstated(+)] (₹ in crore)	Impact on Fiscal Deficit (Understated) (₹ in crore)
Subsidy booked under Capital Section instead of Revenue	(+)36.38	-
Non-discharge of Interest liabilities	(+) 137.74	(+) 137.74
Shortfall in State Government contribution to Consolidated Sinking Fund <sup>16</sup>	(+) 10,433.73	(+) 10,433.73
Non-transfer of Labour Cess	(+) 337.08	(+) 337.08
Misclassification of Capital Expenditure as Revenue Expenditure in Grant 9	(-) 230.68	-
Improper classification of Object head 6000 “Other Capital Expenditure” under Capital Section in Grant 9	(+) 263.68	-
<b>Total</b>	<b>(+) 10,977.93</b>	<b>10,908.55</b>

Source: Finance Account for the year 2020-21

Indian Government Accounting Standards (IGAS)-2 prescribes that grant-in-aid should be booked under revenue expenditure. However, the State Government incorrectly budgeted and booked expenditure<sup>17</sup> of ₹ 36.38 crore relating to subsidies under the capital section instead of the revenue section.

As may be seen from the table above, there was an understatement of revenue deficit by ₹ 10,977.93 crore during the year. Also, fiscal deficit was understated by ₹ 10,908.55 crore in 2020-21. Thus, the State’s actual revenue deficit<sup>18</sup> would stand at ₹ 33,525.85 crore during 2020-21, if the items of non-contribution/short-contribution, non-discharge of liabilities and incorrect classification are factored in.

<sup>16</sup> ₹ 10,433.73 crore = ₹ 15,772.80 crore (5% of State Liabilities for the year 2019-20) [-] ₹ 5,339.07 crore closing Balance of Consolidated Sinking Fund

<sup>17</sup> Refer paragraph 3.3.6; Chapter 3

<sup>18</sup> (-)₹ 22,547.92 crore *plus* (-) ₹ 10,977.93 crore

## 1.6.2 Post Audit – Total Public Debt

Public sector debt in its broadest definition comprises debt from:

- The Government (including the Central, the State, and local Governments, social security funds, and extra-budgetary funds);
- The non-financial public enterprises; and financial public enterprises (including the Central Bank);
- Long-term obligations of Government, such as unfunded liabilities of social security funds (when they are not explicitly recognized as part of general Government debt); and
- Known and anticipated recognition of contingent liabilities (such as, from ongoing restructurings of financial institutions or from public-private partnerships where demand or other guarantees have been or are poised to be triggered).

For assessing debt sustainability, ideally, a broad public debt coverage is important. Moreover, gross debt is the appropriate concept as it measures the burden of financing of debt service obligations for which the Government is responsible. The availability of liquid financial assets mitigates, but may not eliminate, risks to debt sustainability (such as currency or maturity mismatches, and as some minimum levels of assets are required for normal Government operations).

The State of Gujarat defines “total outstanding debt/ liabilities” to include only liabilities upon the Consolidated Fund and Public Account of the State. On the other hand, Andhra Pradesh, Karnataka and Haryana define “total liabilities” to include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the State budgets, apart from the liabilities under the Consolidated Fund of the State and the Public Account of the State.

It was observed that Gujarat State Investments Limited (GSIL) has taken over listed Non-Convertible Debentures (NCDs) of Gujarat State Petroleum Corporation Limited (GSPC) amounting to ₹ 6,000 crore as per the directions (July 2018) of the State Government. Further the State Government has resolved to support GSIL for payment towards interest and principal repayment on these NCDs. Accordingly, during 2019-20 and 2020-21, an expenditure of ₹ 564.69 crore and ₹ 533.55 crore, respectively, was booked by Energy and Petrochemicals Department for payment towards interest on these NCDs. Thus payment of annual interest on these NCDs has increased the committed revenue expenditure of the State.

*The State Government may consider depicting the borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees in “total outstanding debt/liabilities” in cases where the principal and/or interest are to be serviced out of the State budget. This would render transparency to the Accounts and facilitate the State Government in assessing the clear liabilities in the event of default by the entities.*

# **CHAPTER 2**

## **Finances of the State**



This chapter provides a broad perspective on the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2016-17 to 2020-21, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

## 2.1 Major changes in key fiscal aggregates during 2020-21 compared to 2019-20

**Table 2.1** gives a bird’s eye view of the major changes in key fiscal aggregates of the State during 2020-21 compared to previous year.

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

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>➤ Revenue Receipts of the State decreased by 10.28 <i>per cent</i></li> <li>➤ Own Tax Receipts of the State decreased by 11.06 <i>per cent</i></li> <li>➤ Own Non-Tax Receipts decreased by 42.04 <i>per cent</i></li> <li>➤ State’s Share of Union Taxes and Duties decreased by 0.06 <i>per cent</i></li> <li>➤ Grants-in-Aid from Government of India increased by 6.58 <i>per cent</i></li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Revenue Expenditure increased by 6.96 <i>per cent</i></li> <li>➤ Revenue Expenditure on General Services increased by 5.90 <i>per cent</i></li> <li>➤ Revenue Expenditure on Social Services increased by 2.73 <i>per cent</i></li> <li>➤ Revenue Expenditure on Economic Services increased by 16.53 <i>per cent</i></li> <li>➤ Expenditure on Grants-in-Aid decreased by 6.02 <i>per cent</i></li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Capital Expenditure increased by 4.41 <i>per cent</i></li> <li>➤ Capital Expenditure on General Services decreased by 29.81 <i>per cent</i></li> <li>➤ Capital Expenditure on Social Services increased by 14.01 <i>per cent</i></li> <li>➤ Capital Expenditure on Economic Services increased by 2.51 <i>per cent</i></li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>➤ Disbursements of Loans and Advances decreased by 6.02 <i>per cent</i></li> <li>➤ Recoveries of Loans and Advances decreased by 52.73 <i>per cent</i></li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>➤ Public Debt Receipts increased by 35.33 <i>per cent</i></li> <li>➤ Repayment of Public Debt increased by 7.30 <i>per cent</i></li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>➤ Public Account Receipts decreased by 4.43 <i>per cent</i></li> <li>➤ Public Account Disbursements increased by 5.12 <i>per cent</i></li> </ul>

Each of the above indicators is analysed in the succeeding paragraphs.

## 2.2 Sources and Application of Funds

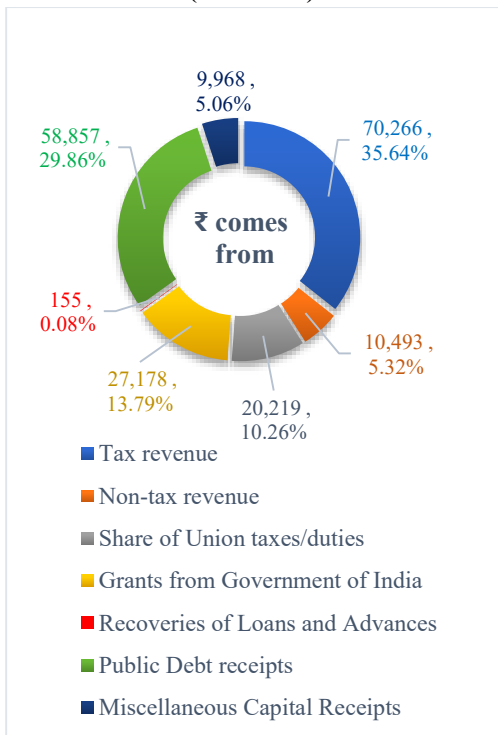
**Table 2.2** compares the sources and application of funds of the State during 2020-21 with 2019-20, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2020-21 in terms of percentages.

**Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21**

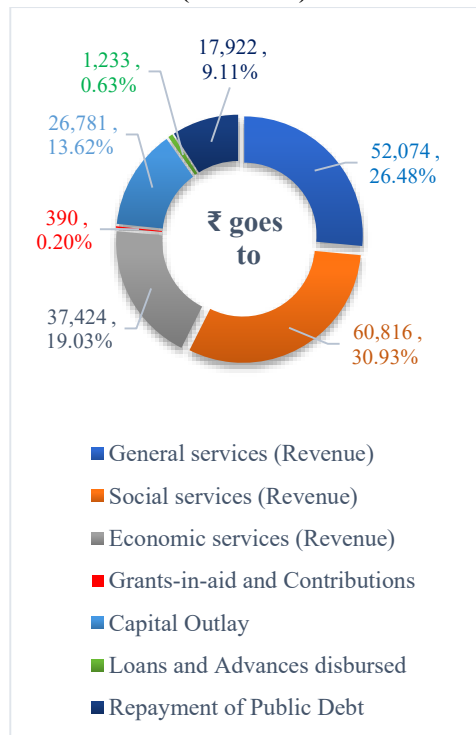
		(₹ in crore)		
	Particulars	2019-20	2020-21	Increase/ Decrease
<b>Sources</b>	Opening Cash Balance with RBI	19,601	24,036	4,435
	Revenue Receipts	1,42,844	1,28,156	(-)14,688
	Recoveries of Loans & Advances	330	155	(-)174
	Public Debt Receipts (Net)	26,789	40,935	14,145
	Public Account Receipts (Net)	2,227	(-)7,679	(-)9,906
	Capital Receipts	106	9,968	9,862
	<b>Total</b>		<b>1,91,897</b>	<b>1,95,571</b>
<b>Application</b>	Revenue Expenditure	1,40,899	1,50,704	9,805
	Capital Expenditure	25,650	26,781	1,131
	Disbursements of Loans & Advances	1,312	1,233	(-)79
	Closing Cash Balance with RBI	24,036	16,853	(-)7,183
	<b>Total</b>		<b>1,91,897</b>	<b>1,95,571</b>

Source: Finance Accounts of the State Government of respective years.

**Chart 2.1: Composition of Resources**  
(₹ in crore)



**Chart 2.2: Application of Resources**  
(₹ in crore)



A time series data on the State Government finances for five-year period (2016-21) is given in **Appendix 2.1**.



## 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.

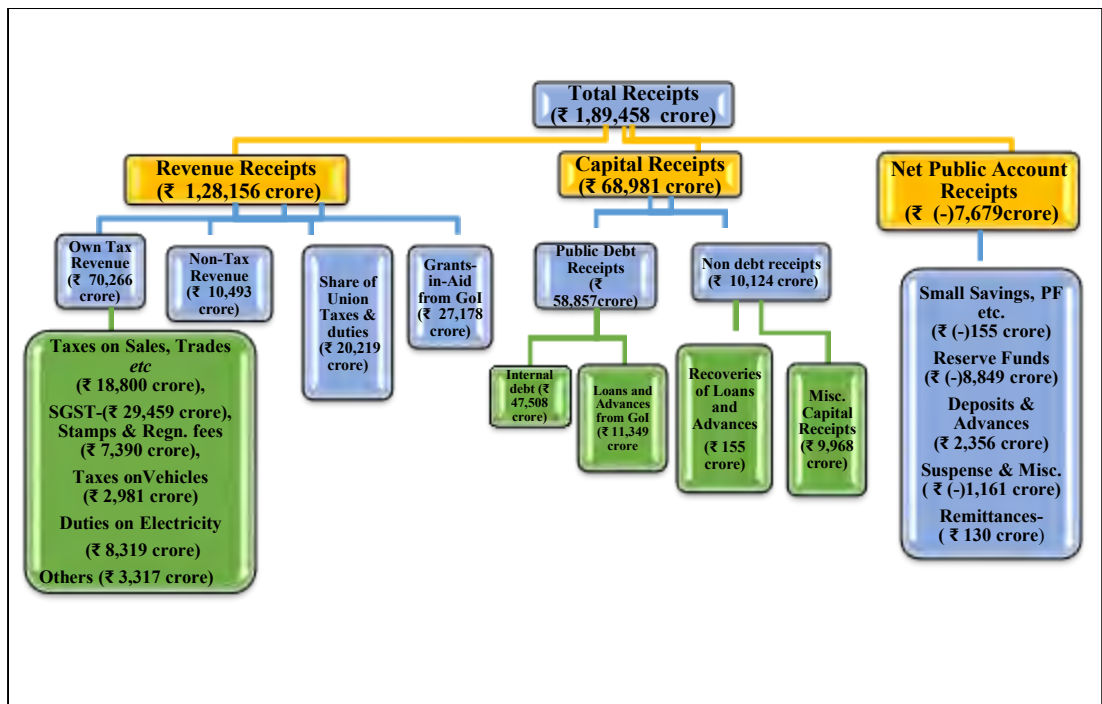
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions, such, as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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

### 2.3.1 Receipts of the State

Composition of receipts of the State during 2020-21 is as given in **Chart 2.3**.

**Chart 2.3 Composition of Receipts of the State during 2020-21**



## 2.3.2 State's Revenue Receipts

This paragraph gives the trends in total revenue receipts and its components. It is followed by trends in the receipts bifurcated into State's own receipts and receipts from the Central Government.

### 2.3.2.1 Trends and Growth of Revenue Receipts

**Table 2.3** provides the trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period (2016-21). Further, trends in revenue receipts relative to GSDP, components of revenue receipts and monthly trend of components of revenue receipts are given in **Charts 2.4, 2.5** and **2.6** respectively.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	1,09,842	1,23,291	1,36,002	1,42,844	1,28,156
Rate of growth of RR ( <i>per cent</i> )	12.68	12.24	10.31	5.03	(-)10.28
Tax Revenue (₹ in crore)	64,443	71,549	80,103	79,008	70,266
Non-Tax Revenue (₹ in crore)	13,346	15,074	13,417	18,104	10,493
Own Revenue (Tax and Non-tax Revenue) (₹ in crore)	77,789	86,623	93,520	97,112	80,759
Rate of growth of Own Revenue (Tax and Non-tax Revenue) ( <i>per cent</i> )	6.79	11.36	7.96	3.84	(-)16.84
Gross State Domestic Product (₹ in crore) (2011-12 Series)	11,67,156	13,29,095	15,02,899 (P)	16,49,505 (Q)	16,58,865 (A)
Rate of growth of GSDP ( <i>per cent</i> )	13.43	13.87	13.08	9.75	0.57
RR/GSDP ( <i>per cent</i> )	9.41	9.28	9.05	8.66	7.73
<b>Buoyancy Ratios<sup>1</sup></b>					
Revenue Buoyancy w.r.t GSDP	0.94	0.88	0.79	0.52	-*
State's Own Revenue Buoyancy w.r.t GSDP	0.51	0.82	0.61	0.39	-*

Source: Finance Accounts of the State Government of respective years.

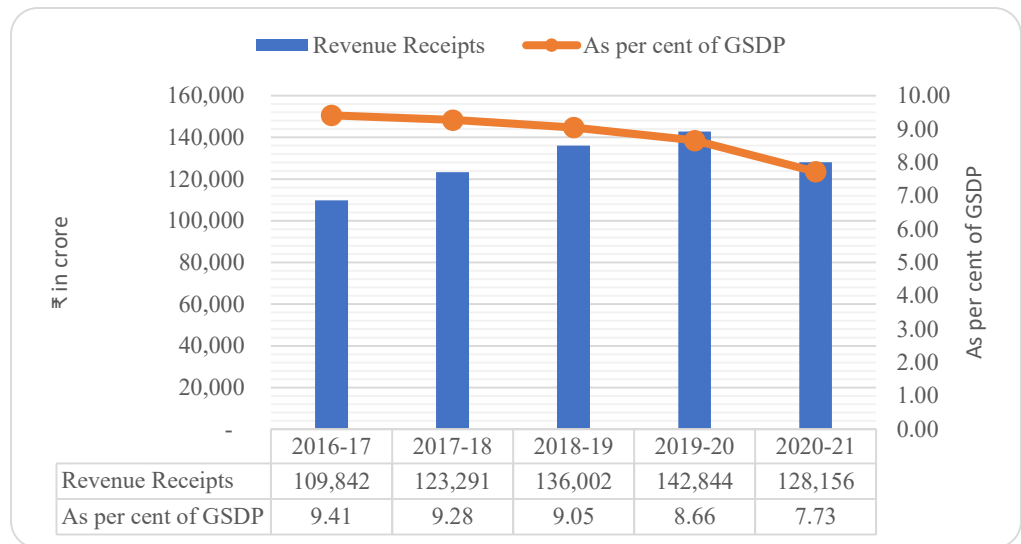
Source (GSDP figures): Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2021-22)

(P): Provisional Estimates; (Q): Quick Estimates, (A): Advance Estimates

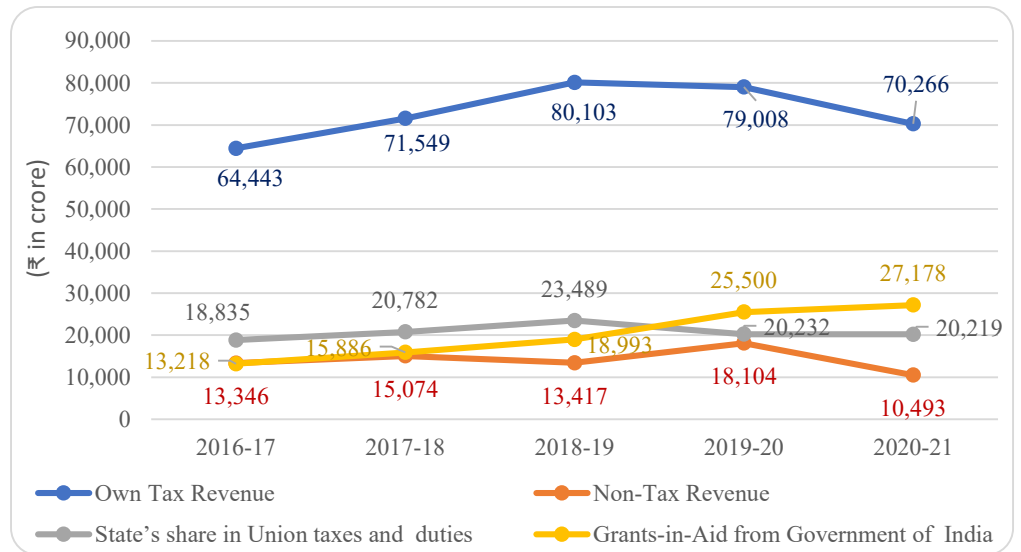
\* Revenue receipts and State's Own Revenue receipts growth in 2020-21 being negative, buoyancy cannot be calculated

<sup>1</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 18.12 implies that revenue receipts tend to increase by 18.12 percentage points, if the GSDP increases by one *per cent*.

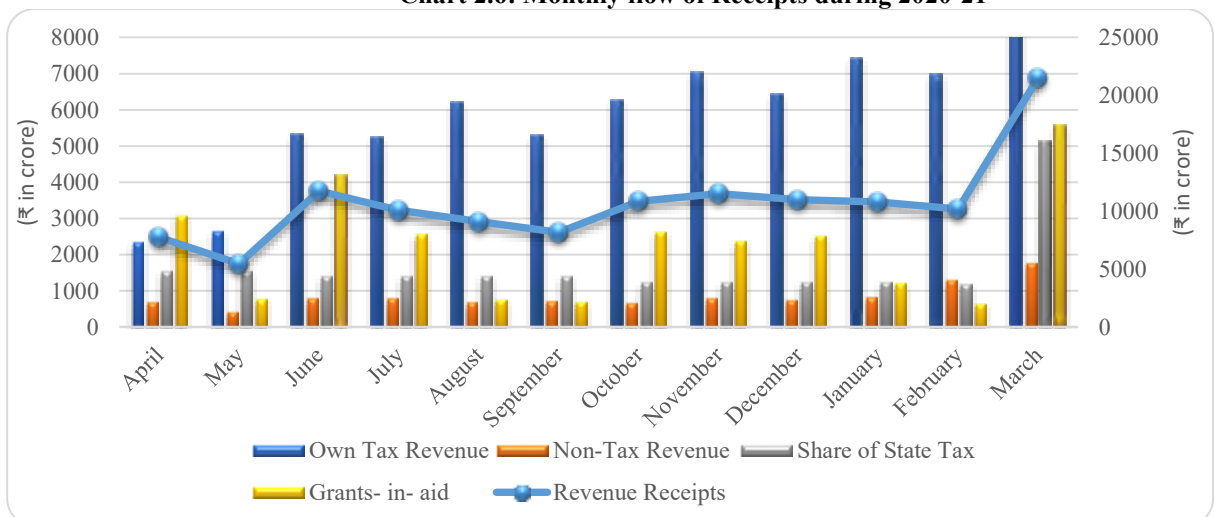
**Chart 2.4: Trend of Revenue Receipts**



**Chart 2.5: Trend of components of Revenue Receipts**



**Chart 2.6: Monthly flow of Receipts during 2020-21**



The trends in revenue receipts during 2016-21 revealed as follows:

- Revenue receipts increased by 16.67 *per cent* from ₹ 1,09,842 crore in 2016-17 to ₹ 1,28,156 crore in 2020-21 at Compound Annual Growth Rate (CAGR) of 3.93 *per cent*. During 2020-21, revenue receipts decreased by ₹ 14,688 crore (10.28 *per cent*) over the previous year.
- A significant portion of revenue receipts (63.02 *per cent*) during 2020-21 came from the State's own resources, while central tax transfers and grants-in-aid together contributed 36.98 *per cent*.
- **Table 2.3** shows that the percentage of revenue receipts to GSDP continuously decreased from 9.41 *per cent* in 2016-17 to 7.73 *per cent* in 2020-21, indicating that revenue receipts have not kept pace with the rate at which GSDP grew during 2016-21.

### 2.3.2.2 State's Own Resources

State's share in Central taxes is determined based on recommendations of the Finance Commission. Grants-in-aid from Central Government are determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, *etc*.

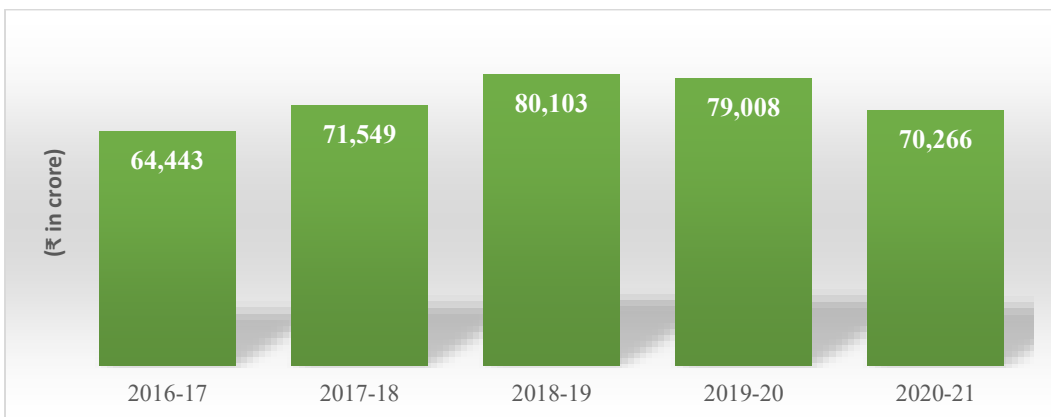
State's performance in mobilisation of additional resources is to be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

#### *State's Own Tax Revenue*

Own tax revenue of the State consists of State Goods and Services Tax (SGST), Sales tax/VAT, Taxes and duties on electricity, stamp duty and registration fee, taxes on vehicles and taxes on goods and passengers, land revenue, *etc*.

The growth of State's own tax revenue during the last five years (2016-21) is shown in **Chart 2.7**.

**Chart 2.7: Growth of Own Tax Revenue during 2016-21**



The components of State's own tax revenue during 2016-21 are shown in **Table 2.4**.

**Table 2.4: Components of State's own tax revenue during 2016-21**

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
SGST	Nil	21,250.85	34,888.71	34,106.67	55,560.00	29,458.54
Sales tax/VAT	46,313.78	29,638.88	22,414.25	21,071.72	23,230.00	18,800.34
Taxes and duties on electricity	5,833.10	6,484.29	7,347.79	8,774.35	8,700.00	8,318.87
Stamp duty and registration fees	5,782.93	7,254.75	7,780.77	7,701.17	8,700.00	7,390.18
Taxes on vehicles and taxes on goods and passengers	3,279.35	4,016.72	4,235.33	3,895.29	4,683.00	3,085.35
Land revenue	1,998.52	1,859.04	2,407.51	2,358.74	3,000.00	2,133.55
State excise	151.53	84.75	130.59	138.26	144.00	133.65
Entertainment tax and luxury tax	223.57	85.41	3.32	3.69	4.03	4.47
Other taxes	859.93	874.72	894.47	957.61	1,072.37	941.23
<b>Own Tax Revenue</b>	<b>64442.71</b>	<b>71,549.41</b>	<b>80,102.74</b>	<b>79,007.50</b>	<b>1,05,093.40</b>	<b>70,266.18</b>
Tax revenue as a percentage of GSDP	5.52	5.38	5.33	4.79	5.58	4.24
Tax revenue as a percentage of revenue receipts	58.67	58.03	58.90	55.31	64.69	54.83

Source: Finance Accounts of the State Government of respective years and Budget Publication No.1 of the Government of Gujarat for the 2020-21

State's own tax revenue increased by ₹ 5,823.47 crore from ₹ 64,442.71 crore in 2016-17 to ₹ 70,266.18 crore in 2020-21 at CAGR of 2.19 *per cent*. During 2020-21, State's own tax revenue decreased by ₹ 8,741.32 crore (11.06 *per cent*) over the previous year. During the current year, major contributors to tax revenue were SGST (41.92 *per cent*), sales tax/VAT (26.76 *per cent*), taxes and duties on electricity (11.84 *per cent*) and stamp duty and registration fees (10.52 *per cent*).

## State Goods and Services Tax (SGST)

The Gujarat Goods and Services Tax Act, 2017 was passed by the State Legislature in May 2017 and came into effect from 01 July 2017.

GST is levied on *intra-State* supply of goods or services (except alcohol for human consumption and five specified petroleum products<sup>2</sup>) and its components are shared by the Centre (CGST) and the State (SGST). Further, the Centre levies the Integrated GST (IGST) on *inter-State* supply of goods and services and apportions the State's share of tax to the State where the goods or services are consumed.

The GoI enacted the Goods and Services Tax (Compensation to States) Act, 2017 to compensate the States for the shortfall in revenue arising on account of implementation of GST, considering an annual growth of 14 *per cent* from the base year (2015-16), for a period of five years.

For the State of Gujarat, the audited base year (2015-16) revenue to be subsumed<sup>3</sup> by the GST regime was fixed by GoI at ₹ 28,856.39 crore. Thus, the protected revenue<sup>4</sup> for Gujarat for the year 2020-21 worked out to ₹ 55,560.51 crore.

Trends in SGST collection during the four-year period 2017-21 are given in **Table 2.5**.

**Table 2.5: SGST receipts of Government of Gujarat**

State Goods and Services Tax (SGST)	(₹ in crore)				
	2017-18 <sup>5</sup>	2018-19	2019-20	2020-21	Increase/decrease in 2020-21 over 2019-20 (in <i>per cent</i> )
Tax	14,882.77	23,160.01	25,169.82	24,403.73	(-)3.04
Apportionment of Taxes from IGST	615.60	806.74	962.08	1,391.97	44.68
Others	5,752.48	10,921.96	7,974.77	3,662.84	(-)54.07
<b>SGST collection</b>	<b>21,250.85</b>	<b>34,888.71</b>	<b>34,106.67</b>	<b>29,458.54</b>	<b>(-)13.63</b>

Source: Finance Accounts of the State Government of respective years.

<sup>2</sup> Crude, high-speed diesel, petrol, aviation turbine fuel and natural gas

<sup>3</sup> Taxes that have been subsumed under GST are; Value Added Tax, Central Sales Tax, Entertainment Tax, Luxury Tax, Entry tax, Cesses & Surcharges, Duties on Excise on medicinal and toilet preparations excluding VAT and CST on alcohol for human consumption and five specified petroleum products.

<sup>4</sup> Base year revenue of ₹ 28,856.39 crore escalated at compound rate of 14 *per cent* annually for five years (2016-17, 2017-18, 2018-19, 2019-20 and 2020-21) worked out to ₹ 55,560.51 crore for 2020-21.

<sup>5</sup> For the period with effect from 01 July 2017 to 31 March 2018.

Against the protected revenue of ₹ 55,560.51 crore, the State Government earned a revenue<sup>6</sup> of ₹ 28,627.03 crore during 2020-21 and therefore, was entitled to a compensation of ₹ 26,933.48 crore.

However, the State Government received grants-in-aid of ₹ 11,334.51 crore from GoI towards compensation till March 2021, which included ₹ 5,822.48 crore relating to the previous year. Therefore, the deficit<sup>7</sup> in compensation stood at ₹ 21,421.45 crore. Of the deficit of ₹ 21,421.45 crore, State Government received ₹ 1,788.26 crore (till August 2021) from GoI, leaving a net deficit of ₹ 19,633.19 crore for 2020-21 (August 2021).

To bridge the GST revenue shortfall compensation, the GoI has implemented the scheme of “back-to-back loan to States in lieu of GST Compensation shortfall”. During 2020-21, ₹ 9,222 crore was received by Gujarat. The debt servicing of this loan is to be done from the collection of the cess in GST compensation Fund, and hence the repayment obligation will not be met from any other resources of the State<sup>8</sup>.

### *Analysis of Arrears of Revenue*

The arrears of revenue indicate delayed realization of revenue due to the Government.

The arrears of revenue as on 31 March 2021 on VAT/sales tax; stamp duty and registration fees; and taxes and duties on electricity amounted to ₹ 60,712.61 crore of which, ₹ 23,079.77 crore was outstanding for more than five years, as detailed in the **Table 2.6**.

**Table 2.6: Arrears of revenue**

(₹ in crore)

Sr. No.	Head of Revenue	Total outstanding amount as on 31 March 2021	Amount outstanding for more than five years as on 31 March 2021	Remarks
1.	GST/VAT/ Sales tax	60,214.69	22,782.83	Recovery certificates issued: ₹ 2,277.55 crore; recoveries stayed by High Court and other judicial authorities: ₹ 9,968.23 crore; recoveries stayed by Government-Department Authority: ₹ 4,899.25 crore; Dealers being insolvent: ₹ 4,067.65 crore; amount likely to be written off: ₹ 273.81 crore; Reason of remaining

<sup>6</sup> ₹ 29,458.54 crore (SGST) and (-) ₹ 831.51 crore (Net of subsumed VAT). Figure of net subsumed VAT is unaudited and has been provided by State Government, which is subject to audit certification.

<sup>7</sup> ₹ 26,933.48 crore – (₹ 11,334.51 crore – ₹ 5822.48 crore)

<sup>8</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt here.

Sr. No.	Head of Revenue	Total outstanding amount as on 31 March 2021	Amount outstanding for more than five years as on 31 March 2021	Remarks
				outstanding arrears of ₹ 38,728.20 crore was not furnished.
2.	Taxes and duties on electricity	161.45	155.17	Recovery certificates issued: ₹ 45.47 crore; and stayed by Court: ₹ 115.98 crore;
3.	Stamp duty and registration fees	336.47	141.77	Recovery certificates issued: ₹ 28.86 crore; and stayed by Court: ₹ 24.30 crore; Recovery held up due to Rectification/review of application ₹ 0.16 crore; Reason of remaining outstanding arrears of ₹ 283.15 crore was not furnished.
	<b>Total</b>	<b>60,712.61</b>	<b>23,079.77</b>	

Source: Information furnished by the Departments

Arrears of revenue in respect of taxes on vehicles and taxes on goods and passengers; and oil and natural gas receipts (Director of Petroleum) have not been provided by the concerned Departments despite being requested by Audit in September 2021. Further, Director of Prohibition and Excise has furnished Nil Arrears of Revenue.

### *Analysis of Arrears of Assessments*

The arrears of assessment indicate the potential revenue which is blocked due to delayed assessment. The details 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 State GST Department in respect of VAT/ sales tax and professional tax are as shown in **Table 2.7**. Collector of Electricity Duty and Director of Prohibition and Excise have furnished Nil cases pending for assessments.

**Table 2.7: Arrears of assessments**

(in numbers)

Head of Revenue	Opening balance	New cases due for assessment during 2020-21	Total assessments due	Cases disposed of during 2020-21	Balance at the end of the year as on 31 March 2021	Percentage of disposal (col.5 to 4)
1	2	3	4	5	6	7
GST/VAT/ Sales tax	3,63,708	4,458	3,68,166	3,55,187	12,979	96.47
Professional Tax	32,970	1,073	34,043	969	33,074	2.85

Source: Information furnished by the Departments

It can be seen from the above table that disposal of the GST/VAT/ Sales tax assessments during 2020-21 was 96.47 *per cent* while it was meagre 1.67 *per cent* in 2019-20. In case of Professional tax, the disposal of assessments was 2.85 *per cent* during 2020-21 while it was 0.98 *per cent* during 2019-20. The



Department needs to make efforts to dispose of the Professional Tax cases expeditiously.

### ***Evasion of tax detected by the Departments***

The cases of evasion of tax detected by the Departments, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government.

The cases of evasion of tax detected by two Departments (Finance and Revenue), cases finalised and demands for additional tax raised, as reported by these Departments, are given in **Table 2.8**:

**Table 2.8: Cases of tax evasion**

Sr. no.	Head of Revenue	Number of cases pending as on 01 April 2020	Number of cases detected during 2020-21	Total	Number of cases in which assessment/ investigation was completed and additional demand with penalty <i>etc.</i> was raised		Number of cases pending for finalisation as on 31 March 2021
					Number of cases	Amount of demand (₹ in crore)	
1	GST/VAT/ Sales tax	354	216	570	292	511.79	278
2.	Stamp duty and registration fees	79,764	2,058	81,822	29,366	6,576.74	52,456
<b>Total</b>		<b>80,118</b>	<b>2,274</b>	<b>82,392</b>	<b>29,658</b>	<b>7,088.53</b>	<b>52,734</b>

Source: Information furnished by the Departments

As can be seen, 64 *per cent* of total cases were pending finalisation at the end of March 2021.

Other Departments *viz.*, Ports and Transport, Revenue (in respect of land revenue), Industries and Mines, *etc.* did not furnish the details regarding evasion of tax/ revenue, despite being requested by Audit in September 2021. Further, Collector of Electricity Duty and Director of Prohibition and Excise have reported Nil Cases pending for finalisation.

### ***Pendency of Refund Cases***

Promptness in disposal of refund cases is an important indicator of performance of the Departments.

The number of refund cases pending at the beginning of the year, claims received during the year, refunds allowed during the year and the cases pending at the close of the year, as reported by the Departments are given in **Table 2.9**:

Table 2.9: Refund cases

(₹ in crore)

Sr. No.	Particulars	GST		VAT/Sales tax		Stamp duty and registration fees	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding as on 01 April 2020	4,719	769.50	758	440.79	65	2.09
2.	Claims received during the year	39,638	5,976.54	27,402	2,346.62	1,365	11.98
3.	Refunds made during the year	40,185	4,770.04	24,488	2,414.77	1,335	13.58
4.	Refunds rejected during the year	-	1,393.38	-	-	-	-
5.	<b>Balance outstanding as on 31 March 2021</b>	<b>4,172</b>	<b>582.62</b>	<b>3,672</b>	<b>372.64</b>	<b>95</b>	<b>0.49</b>

Sources: Information furnished by the Departments

The Revenue Department (in respect of land revenue), Transport Department and Industries and Mines Department did not furnish the details of pendency of refund cases at the end of March 2021, despite being requested in September 2021. Further, Collector of Electricity Duty and Director of Prohibition and Excise have reported Nil pendency.

### Non-Tax Revenue

Non-tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts *etc.*

The major sources of non-tax revenue and their trend analysis for the last five years (2016-21) are indicated in **Table 2.10**.

Table 2.10: Main components of State's non-tax revenue during 2016-21

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
Interest receipts	2,580.10	1,081.44	1,611.71	2,331.15	1,596.00	847.64
Non-ferrous mining and metallurgical industries	3,746.50	8,988.62	4,863.00	4,147.91	4,328.00	2,906.79
Major and medium irrigation projects	1,086.10	1,211.52	1,326.95	1,365.02	1,594.83	1,644.26
Ports and light houses	933.49	967.59	1,153.35	1,361.26	1,600.00	1,263.75
Medical and public health	981.98	173.81	271.59	1,473.06	391.00	342.46
Police	248.88	318.01	312.19	467.53	524.30	484.43
Dividends & profits	110.10	96.29	120.03	89.00	141.49	131.04
Others <sup>9</sup>	3,658.51	2,236.69	3,758.17	6,869.22	4,424.38	2,872.29
<b>Non-tax revenue</b>	<b>13,345.66</b>	<b>15,073.97</b>	<b>13,416.99</b>	<b>18,104.15</b>	<b>14,600.00</b>	<b>10,492.66</b>
Non-tax revenue as a percentage of GSDP	1.14	1.13	0.89	1.10	0.77	0.63
Non-tax revenue as a percentage of RR	12.15	12.23	9.87	12.67	8.99	8.19

Source: Finance Accounts of the State Government for the respective years and Budget Publication No.1 of the Government of Gujarat for the 2020-21.

<sup>9</sup> 'Others' includes revenue from urban development; and education, sports, art and culture.

The non-tax revenue ranged between 8.19 *per cent* and 12.67 *per cent* of revenue receipts of the State during the last five years and decreased significantly by ₹ 7,611.49 crore (42.04 *per cent*) during 2020-21 over the previous year. The decrease in non-tax revenue in 2020-21 over previous year was mainly due to decrease in interest receipts by ₹ 1,483.51 crore; non-ferrous mining and metallurgical industries by ₹ 1,241.12 crore; medical and public health by ₹ 1,130.60 crore and Others (urban development by ₹ 986.13 crore and education, sports, art and culture by ₹ 848.04 crore). The interest receipts were real accruals and not book adjustments.

### 2.3.2.3 Transfers from Centre

The two main components of transfers from the GoI are Central tax transfers (*i.e.*, State's share in Union taxes and duties) and Grants-in-aid. A trend analysis of transfers from the Centre during the last 10 years (2011-21) is shown in **Table 2.11**.

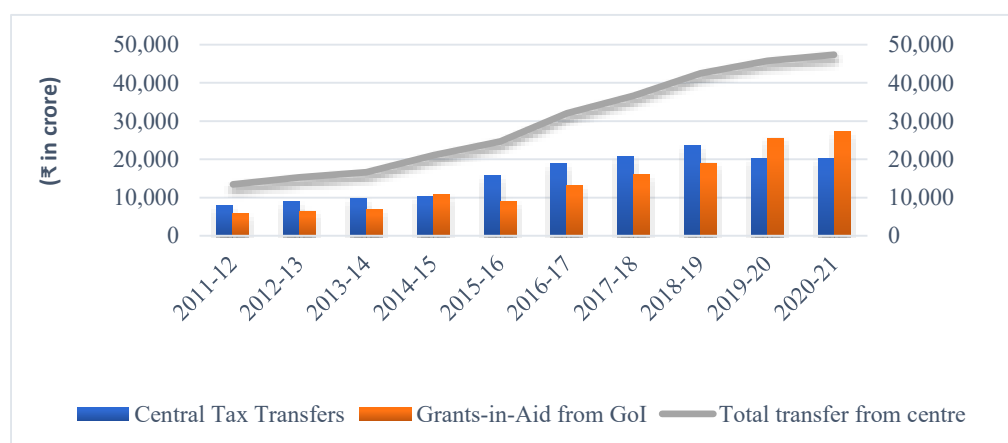
**Table 2.11: Transfers from Centre**

(₹ in crore)										
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Central Tax Transfers	7,780.31	8,869.04	9,701.93	10,296.35	15,690.43	18,835.39	20,782.29	23,489.33	20,232.09	20,218.53
Grants-in-Aid	5,649.86	6,445.80	6,883.13	10,799.01	8,949.22	13,218.05	15,885.60	18,992.48	25,500.02	27,178.29
<b>Total</b>	<b>13,430.17</b>	<b>15,314.84</b>	<b>16,585.06</b>	<b>21,095.36</b>	<b>24,639.65</b>	<b>32,053.44</b>	<b>36,667.89</b>	<b>42,481.81</b>	<b>45,732.11</b>	<b>47,396.82</b>
Percentage increase over previous year	20.88	14.03	8.29	27.19	16.80	30.09	14.40	15.86	7.65	3.64
Total transfers from Centre as percentage of revenue receipts	21.33	20.36	20.74	22.94	25.28	29.18	29.74	31.24	32.02	36.98

Source: Finance Accounts of the State Government of respective years.

The transfers from Centre increased by 252.91 *per cent* from ₹ 13,430.17 crore in 2011-12 to ₹ 47,396.82 crore in 2020-21. The percentage increase over the previous year was least at 3.64 *per cent* in 2020-21 and maximum at 30.09 *per cent* in 2016-17 during the ten-year period.

**Chart 2.8: Trends in transfers from Centre**



### Central tax transfers

As per the Fifteenth Finance Commission (15<sup>th</sup> FC) for the year 2020-21, the States' share of Central taxes was 41 *per cent* of Tax revenue of Union Government and Gujarat's share in the net proceeds of Central Tax was fixed at 3.398 *per cent* for the period 2020-21.

Earlier, the Fourteenth Finance Commission (14<sup>th</sup> FC) had recommended that the States' share of Central taxes is to be increased to 42 *per cent* from 32 *per cent* recommended by the Thirteenth Finance Commission (13<sup>th</sup> FC). Gujarat's share in the net proceeds of Central tax and Service tax was fixed at 3.084 *per cent* and 3.172 *per cent* respectively by the 14<sup>th</sup> FC for the award period 2015-20. Actual devolution *vis-à-vis* Finance Commissions' projections for the period 2010-21 is shown in **Table 2.12**.

**Table 2.12: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections**

(₹ in crore)

Year	Finance Commission projections	Projections in Finance Commission Report	Actual tax devolution	Difference
2010-11	Other than Service tax- 3.041 <i>per cent</i> & Service tax- 3.089 <i>per cent</i> (13 <sup>th</sup> FC)	9,541	6,679	2,862
2011-12		11,190	7,780	3,410
2012-13		13,199	8,869	4,330
2013-14		15,569	9,702	5,867
2014-15		18,365	10,296	8,069
2015-16	Other than Service tax- 3.084 <i>per cent</i> & Service tax- 3.172 <i>per cent</i> (14 <sup>th</sup> FC)	17,865	15,691	2,174
2016-17		20,614	18,835	1,779
2017-18		23,818	20,782	3,036
2018-19		27,553	23,489	4,064
2019-20		31,912	20,232	11,680
2020-21	3.398 <i>per cent</i> (15 <sup>th</sup> FC for 2020-21)	29,059	20,219	8,840

Source: Respective Finance Commission Reports and Finance Accounts of the State Government for the respective years.

The main components of Central tax transfers during 2016-21 are shown in **Table 2.13**.

**Table 2.13: Components of Central tax transfers**

(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Percentage change over previous year
<b>Direct Taxes</b>						
Corporation Tax	6,027.35	6,361.23	8,167.69	6,898.37	6,083.86	(-)/11.81
Taxes on income other than Corporation Tax	4,189.02	5,371.41	6,015.16	5,405.35	6,235.13	15.35
Taxes on Wealth	13.80	0	2.99	0.30	0.00	(-)/100.00
<b>Sub-total</b>	<b>10,230.17</b>	<b>11,732.64</b>	<b>14,185.84</b>	<b>12,304.02</b>	<b>12,318.99</b>	<b>0.12</b>

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Percentage change over previous year
<b>Indirect Taxes</b>						
Central Goods and Services Tax	GST was implemented with effect from 01 July 2017	291.72	5,796.85	5,741.16	6,030.60	5.04
Integrated Goods and Services Tax		2,097.04 <sup>10</sup>	462.60	0	0	-
Customs	2,592.73	2,096.40	1,664.83	1,282.45	1,088.95	(-)15.09
Union Excise	2,960.67	2,191.29	1,106.37	891.64	681.76	(-)23.54
Service Tax	3,051.76	2,373.20	218.18	0	84.49	-
Others	0.06	0	54.66	12.82	13.74	7.18
<b>Sub-total</b>	<b>8,605.22</b>	<b>9,049.65</b>	<b>9,303.49</b>	<b>7,928.07</b>	<b>7,899.54</b>	<b>(-)0.36</b>
<b>Total</b>	<b>18,835.39</b>	<b>20,782.29</b>	<b>23,489.33</b>	<b>20,232.09</b>	<b>20,218.53</b>	<b>(-)0.07</b>
Percentage increase over the previous year	20.04	10.34	13.03	(-)13.87	(-)0.07	
Central tax transfers as percentage of revenue receipts	17.15	16.86	17.27	14.16	15.78	

Source: Finance Accounts of the State Government of respective years.

The Central tax transfers at ₹ 20,218.53 crore in 2020-21 registered a decrease of 0.07 *per cent* over the previous year. Direct taxes increased by 0.12 *per cent* and Indirect taxes decreased by 0.36 *per cent* over the previous year.

### Grants-in-Aid from GoI

The components of grants-in-aid received from GoI during 2016-21 are shown in Table 2.14.

Table 2.14: Grants-in-Aid from GoI

Particulars <sup>11</sup>	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Plan Grants	3,192.93	0.00	0.00	0.00	0.00
Grants for State/Union Territory Plan Schemes	8,505.95	0.00	0.00	0.00	0.00
Grants for Central Plan Schemes	53.41	0.00	0.00	0.00	0.00
Grants for Centrally Sponsored plan schemes	1,465.76	0.00	0.00	0.00	0.00
Centrally Sponsored Schemes	0.00	8,942.08	8,784.58	8,724.64	8,166.58
Finance Commission grants	0.00	3,166.85	3,313.36	5,040.24	5,672.50
Other grants (including GST compensation)	0.00	3,776.67	6,894.54	11,735.14	13,339.21
<b>Total</b>	<b>13,218.05</b>	<b>15,885.60</b>	<b>18,992.48</b>	<b>25,500.02</b>	<b>27,178.29</b>
Percentage increase over previous year	47.70	20.18	19.56	34.26	6.58
Total grants-in-aid as percentage of revenue receipts	12.03	12.88	13.96	17.85	21.21

Source: Finance Accounts of the State Government of respective years.

<sup>10</sup> This includes advance apportionment of unsettled IGST on ad hoc basis (₹ 1,062 crore).

<sup>11</sup> The Controller General of Accounts revised the classification of grants-in-aid with effect from financial year 2017-18.

The grants-in-aid from GoI increased from ₹ 13,218 crore in 2016-17 to ₹ 27,178 crore in 2020-21. The nomenclature of plan and non-plan grants was removed with effect from the year 2017-18 and replaced by grants for Centrally Sponsored Schemes, Finance Commission grants and Other grants to States.

The grants-in-aid from GoI in 2020-21 increased by ₹ 1,678.27 crore (6.58 per cent) over the previous year. The increase was mainly due to increase in grants for rural local bodies by ₹ 863.67 crore, GST compensation by ₹ 687.99 crore and grants for State Disaster Response Fund by ₹ 437.20 crore.

### Grants awarded by the Fifteenth Finance Commission

The 15<sup>th</sup> FC recommended transfers of funds to the States in respect of three types of grants-in-aid viz., empowering local bodies, disaster risk management and post-devolution revenue deficit and special grants.

During 2020-21, Government of Gujarat received two types of grants from GoI i.e., grants for empowering local bodies and disaster risk management totalling ₹ 5,673 crore, against awarded amount of ₹ 6,057 crore. Being a revenue surplus State, the State Government was not eligible for post-devolution revenue deficit grants.

The details of amounts awarded and received during 2020-21 are shown in **Table 2.15**.

**Table 2.15: Details of amounts awarded and received as per recommendation of 15<sup>th</sup>FC**

	(₹ in crore)			
	Recommendation of 15 <sup>th</sup> FC	Actual release by GoI	Release by State Government	Pending Amount
	2020-21	2020-21	2020-21	2020-21
<b>Grants to Rural Local Bodies</b>	<b>3,195.00</b>	<b>3,195.00</b>	<b>3,195.00</b>	<b>0.00</b>
(a) General Basic (Untied) Grant	1,597.50	1,597.50	1,597.50	0.00
(b) Tied Grants	1,597.50	1,597.50	1,597.50	0.00
<b>Grants to Urban Local Bodies</b>	<b>1,538.00</b>	<b>1,153.50</b>	<b>1,153.50</b>	<b>384.50</b>
(a) Million plus cities- Air Quality Grant	405.00	405.00	405.00	0.00
(b) Million plus cities- Service Level Benchmark Grant	405.00	202.50	202.50	202.50
(c) Other than Million plus cities- Basic Grant	364.00	364.00	364.00	0.00
(d) Other than Million plus cities- Tied Grant	364.00	182.00	182.00	182.00
<b>Total for Local Bodies</b>	<b>4,733.00</b>	<b>4,348.50</b>	<b>4,348.50</b>	<b>384.50</b>
<b>Disaster Risk Management</b>	<b>1,324.00</b>	<b>1,324.00</b>	<b>1,324.00</b>	<b>0.00</b>
<b>Grand Total</b>	<b>6,057.00</b>	<b>5,672.50</b>	<b>5,672.50</b>	<b>384.50</b>

Source: Finance Department of Government of Gujarat

It may be seen from the table above that while the State Government received grants for Rural Local Bodies and Disaster Risk Management, it received only

50 per cent of the allocation for Service Level Benchmark Grant under ‘Million plus cities’ and Tied grants under ‘Other than million plus cities’. Finance Department stated (August 2021) that short receipt was due to non-submission of utilisation certificates by Urban Development and Urban Housing Department to Ministry of Finance, GoI. It is pertinent to mention that the State Government had not received Fourteenth Finance Commission grants amounting to ₹ 1,247 crore due to non-compliance of conditions associated with Performance grants under Rural and Urban Local bodies for the period 2015-20.

The concerned Departments need to comply with the conditions attached with these grants and make sure that there is no loss of revenue/grants on this account.

### 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. The net public debt receipts after discharging public debt plus other capital receipts are the net capital receipts.

The following table shows the trends in growth and composition of net capital receipts.

**Table 2.16: Trends in growth and composition of net capital receipts**

(₹ in crore)					
Sources of State's capital receipts	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Capital receipts</b>	<b>28,074</b>	<b>27,299</b>	<b>43,362</b>	<b>43,927</b>	<b>68,981</b>
Public debt receipts	27,668	26,953	43,146	43,491	58,857
Public debt repayment	9,073	13,700	15,432	16,702	17,922
<b>Net Public Debt Receipts</b>	<b>18,595</b>	<b>13,253</b>	<b>27,714</b>	<b>26,789</b>	<b>40,935</b>
Miscellaneous capital receipts	240	0	65	106	9,968
Recovery of loans and advances	166	346	151	330	155
<b>Non-debt capital receipts</b>	<b>406</b>	<b>346</b>	<b>216</b>	<b>436</b>	<b>10,124</b>
<b>Net capital receipts</b>	<b>19,001</b>	<b>13,599</b>	<b>27,930</b>	<b>27,225</b>	<b>51,059</b>
Net internal debt	19,091	13,872	26,231	26,786	30,369
Growth rate of Net internal debt ( <i>per cent</i> )	7.86	(-)27.34	89.09	2.12	13.38
Net loans and advances from GoI	(-)496	(-)619	1,483	3	10,566
Growth rate ( <i>per cent</i> )	21.87	24.80	(-) 339.58	(-)99.80	- <sup>12</sup>
Rate of growth of debt capital receipts ( <i>per cent</i> )	7.54	(-)28.73	109.11	(-)3.34	52.81
Rate of growth of non-debt capital receipts ( <i>per cent</i> )	224.80	(-)14.78	(-)37.57	101.85	- <sup>12</sup>
Rate of growth of GSDP ( <i>per cent</i> )	13.43	13.87	13.08	9.75	0.57
Rate of growth of net capital receipts ( <i>per cent</i> )	9.09	(-)28.43	105.38	(-)2.52	87.54

Source: Finance Accounts of the State Government for the respective years

<sup>12</sup> Due to abnormal increase (variation) in Miscellaneous capital receipts and Net loans and advances from GoI as compared to previous year, the growth rate in percentage terms has not been shown here.

The increase in Miscellaneous capital receipts during 2020-21 was due to disinvestment of ₹ 9,957.85 crore from Consolidated Sinking fund. Further, receipts on account of Loans and advances also increased during the year by ₹ 9,222 crore due to implementation of the scheme of “back-to-back loan to States in lieu of GST Compensation shortfall”<sup>13</sup>. Thus, the State Government financed its capital expenditure during the year through borrowings, disinvestment of Consolidated Sinking fund and special loans from GoI.

Public debt receipts create future repayment obligations. During the last five years (2016-21), 36.39 *per cent* of public debt receipts were used for repayment of public debts raised in earlier years while the remaining 63.61 *per cent* were used for creation of assets.

### 2.3.4 State’s performance in mobilization of resources

State’s performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax revenue.

**Table 2.17: Tax and non-tax receipts *vis-à-vis* projections**

(₹ in crore)

	Budget estimates	15 <sup>th</sup> FC projections	Actual	Percentage variation of actual over	
				Budget estimates	15 <sup>th</sup> FC projections
Tax revenue	1,05,093	1,13,732	70,266	(-)33.14	(-) 38.22
Non-tax revenue	14,600	20,464	10,493	(-)28.13	(-) 48.72

As can be seen, the State Government fell short of achieving the targets for own tax revenue and non-tax revenue set in the budget estimates and 15<sup>th</sup> FC.

## 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. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

### 2.4.1 Growth and composition of expenditure

The total expenditure, its composition and relative share in GSDP during the last five years (2016-21) is presented in **Table 2.18**.

<sup>13</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt here.



Table 2.18: Total expenditure and its composition

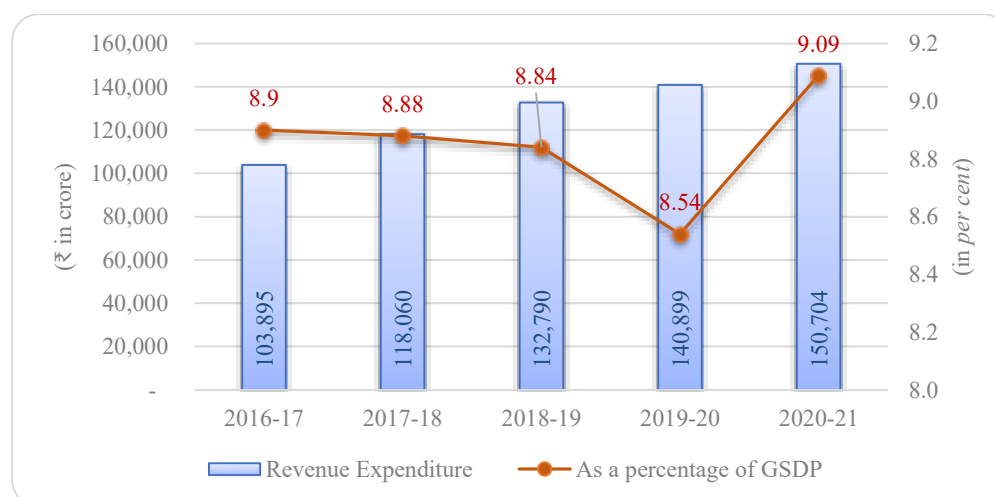
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total expenditure (TE)</b>	<b>1,26,728</b>	<b>1,45,004</b>	<b>1,62,583</b>	<b>1,67,861</b>	<b>1,78,718</b>
Revenue expenditure (RE)	1,03,895	1,18,060	1,32,790	1,40,899	1,50,704
Capital expenditure (CE)	22,355	26,313	28,062	25,650	26,781
Loans and advances	478	631	1,731	1,312	1,233
<b>As a percentage of GSDP</b>					
TE/GSDP	10.86	10.91	10.82	10.18	10.77
RE/GSDP	8.90	8.88	8.84	8.54	9.09
CE/GSDP	1.92	1.98	1.86	1.56	1.61
Loans and advances/GSDP	0.04	0.05	0.12	0.08	0.07

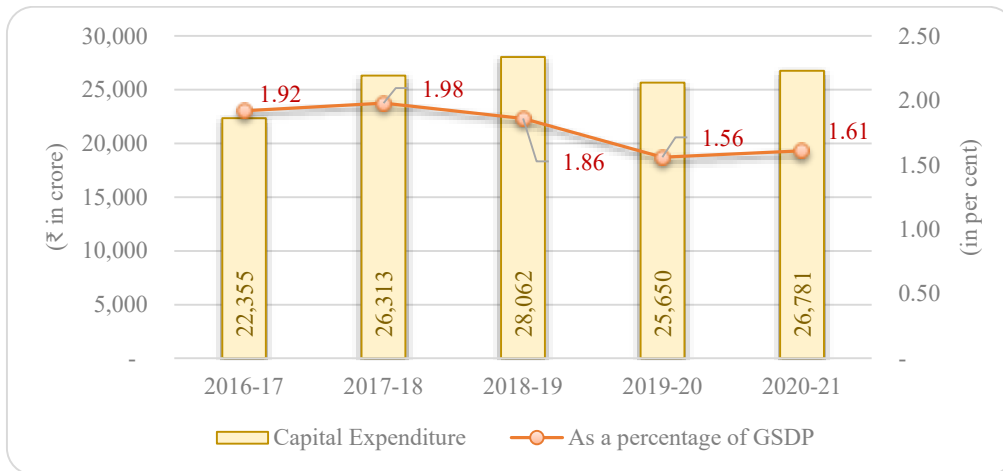
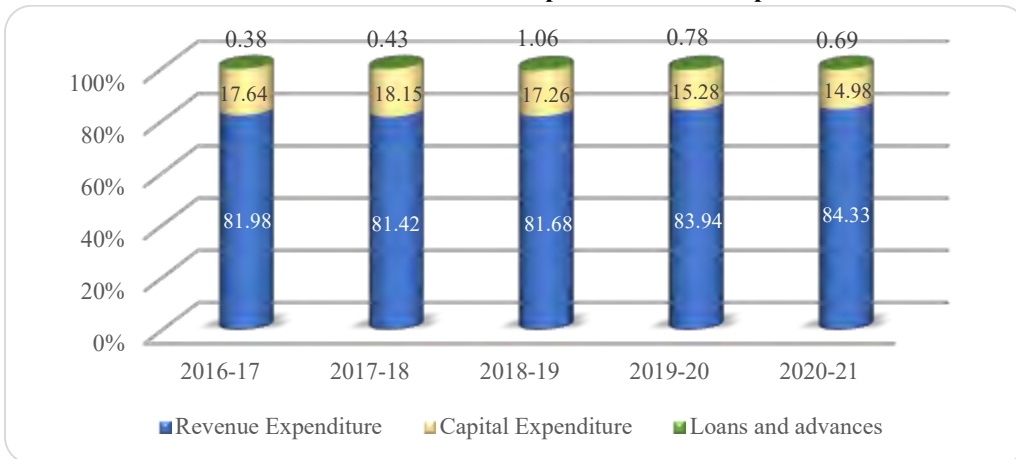
Source: Finance Accounts of the State Government of respective years.

The above table shows that total expenditure of the State increased by 41.02 *per cent* from ₹ 1,26,728 crore in 2016-17 to ₹ 1,78,718 crore in 2020-21. During the year, it increased by 6.47 *per cent* over the previous year. As percentage of GSDP, total expenditure remained the lowest at 10.18 *per cent* in 2019-20 during the five-year period (2016-21).

Charts 2.9 and 2.10 present the trends in revenue expenditure and capital expenditure respectively over a period of five years (2016-21) whereas Chart 2.11 depicts the trend in the share of the components of total expenditure.

Chart 2.9: Trend of revenue expenditure during 2016--21



**Chart 2.10: Trend of capital expenditure during 2016-21****Chart 2.11: Trend in share of components of total expenditure**

The above charts indicate that revenue expenditure was a major component of total expenditure during 2016-21 and stood at 84.33 *per cent* in 2020-21. Revenue expenditure as percentage of GSDP increased from 8.90 *per cent* in 2016-17 to 9.08 *per cent* in 2020-21.

Trends in total expenditure in terms of activities namely, general services, social services, economic services, grants-in-aid and loans and advances during 2016-21 are as shown in **Table 2.19**.

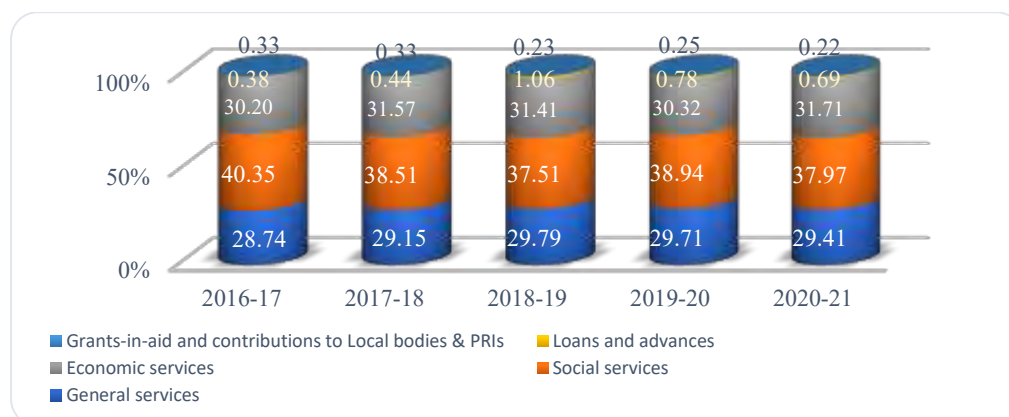
**Table 2.19: Trends in total expenditure in terms of activities**

Activities	(Share in <i>per cent</i> )				
	2016-17	2017-18	2018-19	2019-20	2020-21
General services	28.74	29.15	29.79	29.71	29.41
Social services	40.35	38.51	37.51	38.94	37.97
Economic services	30.20	31.57	31.41	30.32	31.71
Loans and advances	0.38	0.44	1.06	0.78	0.69
Grants-in-aid and contributions to local bodies & PRIs	0.33	0.33	0.23	0.25	0.22

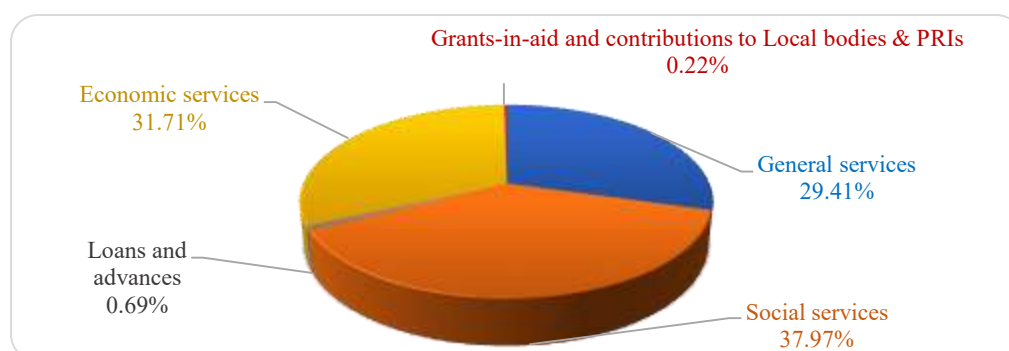
Source: Finance Accounts of the State Government of respective years.

**Chart 2.12** presents the trend of total expenditure in terms of activities during last five years (2016-21) and **Chart 2.13** presents the total expenditure in terms of activities during the current year (2020-21).

**Chart 2.12: Trend of total expenditure in terms of activities during 2016-21**



**Chart 2.13: Total expenditure in terms of activities during 2020-21**



The movement of the relative share of general, social and economic services exhibited stability during 2016-21, with marginal inter-year variations. As compared to 2016-17, the share of social services decreased by 2.38 *per cent* and the share of economic services increased by 1.51 *per cent* during 2020-21.

## 2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payments for past obligations. As such, it does not result in any addition to State's infrastructure and service network.

The overall revenue expenditure, its rate of growth, its ratio to total expenditure and buoyancy *vis-à-vis* GSDP and revenue receipts during 2016-21 are as indicated in **Table 2.20**.

**Table 2.20: Trends of revenue expenditure**

	2016-17	2017-18	2018-19	2019-20	2020-21
Total expenditure (TE) (₹ in crore)	1,26,728	1,45,004	1,62,583	1,67,861	1,78,718
<b>Revenue expenditure (RE) (₹ in crore)</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>1,32,790</b>	<b>1,40,899</b>	<b>1,50,704</b>
Growth of RE over previous year ( <i>per cent</i> )	8.47	13.63	12.48	6.11	6.96

	2016-17	2017-18	2018-19	2019-20	2020-21
RE/TE ( <i>per cent</i> )	81.98	81.42	81.68	83.94	84.33
RE/GSDP ( <i>per cent</i> )	8.90	8.88	8.84	8.54	9.08
RE/RR ( <i>per cent</i> )	94.59	95.76	97.64	98.64	117.59
<b>Buoyancy of revenue expenditure with</b>					
GSDP	0.63	0.98	0.95	0.63	12.21
Revenue receipts	0.67	1.11	1.21	1.21	-*

Source: Finance Accounts of State Government of respective years.

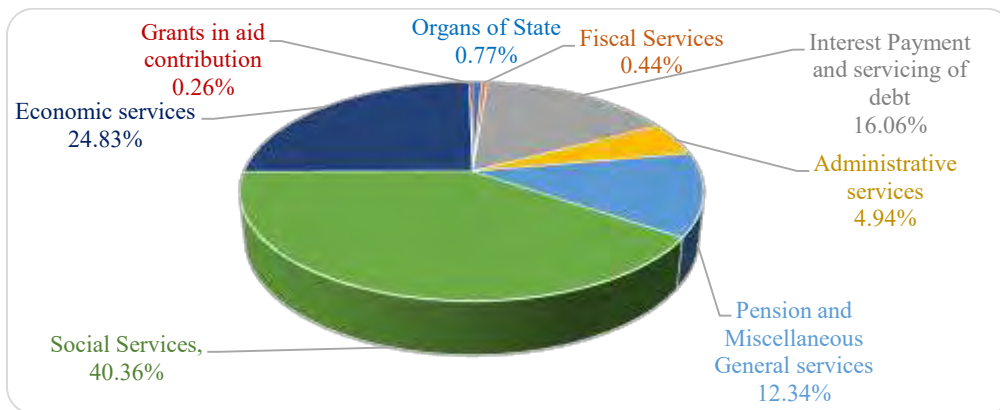
\* Revenue receipts growth in 2020-21 being negative, buoyancy cannot be calculated

Revenue expenditure increased continuously from ₹ 1,03,895 crore in 2016-17 to ₹ 1,50,704 crore in 2020-21. The increase in revenue expenditure in 2020-21 over the previous year was mainly due to more expenditure on interest payments by ₹ 1,754 crore, village and small industries by ₹ 1,616 crore, other rural development programmes by ₹ 1,392 crore, general education ₹ 1,369 crore, medical and public health by ₹ 1,163 crore and social security and welfare by ₹ 1,098 crore.

The rate of growth of revenue expenditure varied from 6.11 *per cent* in 2019-20 to 13.63 *per cent* in 2017-18 during the previous five years. Revenue expenditure as percentage of GSDP continuously decreased over the period 2016-20 but it increased during 2020-21 and stood at 9.08 *per cent*. Revenue expenditure as percentage of revenue receipts was 117.59 *per cent* during 2020-21.

The sector-wise distribution of revenue expenditure during 2020-21 is shown in **Chart 2.14**.

**Chart 2.14: Sector-wise distribution of revenue expenditure during 2020-21 (in *per cent*)**



### 2.4.2.1 Major changes in revenue expenditure

**Table 2.21** details the significant variations under various Heads of Account regarding revenue expenditure of the State during the current year and the previous year.

**Table 2.21: Variations in revenue expenditure during 2020-21 compared to 2019-20**

(₹ in crore)

Major Heads of Account	2019-20	2020-21	Variation	
			Amount	Per cent
2049- Interest Payment	22,448.66	24,203.19	1,754.53	7.82
2851- Village and Small Industries	1,335.56	2,951.27	1,615.71	120.98
2515- Other Rural Development Programmes	3,109.47	4,501.61	1,392.14	44.77
2202- General Education	23,330.82	24,699.39	1,368.57	5.87
2210- Medical and Public Health	6,697.38	7,860.11	1,162.73	17.36
2235-Social Security and Welfare	1,897.49	2,995.00	1,097.51	57.84
2071- Pensions and Other Retirement Benefits	17,662.59	18,569.75	907.16	5.14
3456- Civil Supplies	422.56	1,247.62	825.06	195.25
2801- Power	8,134.79	8,949.40	814.61	10.01
2408- Food, Storage and Warehousing	56.69	769.48	712.79	1,257.35
2236-Nutrition	3,078.59	3,652.72	574.13	18.65
2852- Industries	3,351.09	2,830.56	(-)520.53	-15.53
2225- Welfare of Schedule Castes, Schedule Tribes, Other Backward Classes and Minorities	3,998.08	3,418.52	(-)579.56	-14.50
2217- Urban Development	11,687.84	8,988.92	(-)2698.92	-23.09

Source: Finance Accounts of the State Government of respective years.

The table above indicates that revenue expenditure under village and small industries, civil supplies and food, storage and warehousing increased during the year, primarily due to the increase in expenditure on subsidies to small scale industries, assistance to civil supplies corporation and procurement and supply, respectively. Urban Development recorded a decrease in revenue expenditure during 2020-21 compared to the previous year due to decline in assistance to urban local bodies.

### 2.4.2.2 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. Higher committed expenditure leaves the Government with lesser flexibility for development sector.

**Table 2.22** presents the trend of committed expenditure and its components during 2016-21.

**Table 2.22: Trend of committed expenditure and its components**

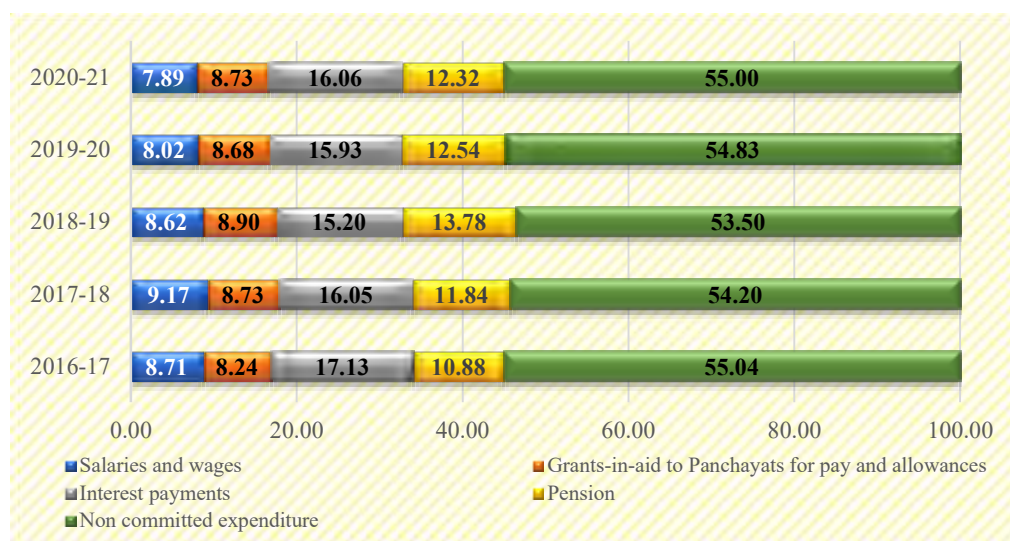
(₹ in crore)

Components of committed expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries and wages	9,050	10,832	11,448	11,301	11,895
Grants-in-aid to Panchayats for pay and allowances	8,559	10,302	11,821	12,235	13,151
Interest payments	17,797	18,954	20,183	22,449	24,203
Pension	11,303	13,979	18,295	17,663	18,570
<b>Total committed expenditure</b>	<b>46,709</b>	<b>54,067</b>	<b>61,747</b>	<b>63,648</b>	<b>67,819</b>

Components of committed expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
<b>As a percentage of Revenue Receipts (RR)</b>					
<b>Revenue Receipts</b>	<b>1,09,842</b>	<b>1,23,291</b>	<b>1,36,002</b>	<b>1,42,844</b>	<b>1,28,156</b>
Salaries and wages	8.24	8.79	8.42	7.91	9.28
Grants-in-aid to Panchayats for pay and allowances	7.79	8.36	8.69	8.57	10.26
Interest payments	16.21	15.37	14.84	15.72	18.89
Pension	10.29	11.34	13.45	12.37	14.49
<b>Total</b>	<b>42.52</b>	<b>43.85</b>	<b>45.40</b>	<b>44.56</b>	<b>52.92</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
<b>Revenue Expenditure</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>1,32,790</b>	<b>1,40,899</b>	<b>1,50,704</b>
Salaries and wages	8.71	9.17	8.62	8.02	7.89
Grants-in-aid to Panchayats for pay and allowances	8.24	8.73	8.90	8.68	8.73
Interest payments	17.13	16.05	15.20	15.93	16.06
Pension	10.88	11.84	13.78	12.54	12.32
<b>Total</b>	<b>44.96</b>	<b>45.80</b>	<b>46.50</b>	<b>45.17</b>	<b>45.00</b>

Source: Finance Accounts of the State Government of respective years.

**Chart 2.15: Share of committed expenditure in total revenue expenditure (in per cent)**



As percentage of revenue expenditure, committed expenditure remained around 45 to 47 *per cent* during 2016-21. After an initial increase from 44.96 *per cent* in 2016-17 to 46.50 *per cent* in 2018-19, it marginally decreased to 45.17 *per cent* in 2019-20 and further decreased to 45.00 *per cent* in 2020-21. As percentage of revenue receipts, committed expenditure increased from 42.52 *per cent* in 2016-17 to 52.92 *per cent* in 2020-21. The share of non-committed revenue expenditure in total revenue expenditure increased marginally by 0.17 *per cent* in 2020-21 over 2019-20.

The components of committed expenditure are discussed in the succeeding paragraphs.

### ***Salaries and wages***

Expenditure on salaries and wages increased by ₹ 2,845 crore (31 *per cent*) from ₹ 9,050 crore in 2016-17 to ₹ 11,895 crore in 2020-21 (against the projection of ₹ 13,612 crore made in MTFPS). It accounted for 9.28 *per cent* of revenue receipts and 7.89 *per cent* of revenue expenditure during 2020-21.

### ***Grants-in-aid to Panchayats for pay and allowances***

Grants-in-aid to Panchayats for pay and allowances increased by ₹ 4,592 crore (54 *per cent*) from ₹ 8,559 crore in 2016-17 to ₹ 13,151 crore in 2020-21. Grants-in-aid as a percentage of the revenue receipts, increased slightly from 7.79 *per cent* in 2016-17 to 10.26 *per cent* in 2020-21. It accounted for 8.73 *per cent* of revenue expenditure during 2020-21.

### ***Interest payments***

Interest payments increased from ₹ 17,797 crore in 2016-17 to ₹ 24,203 crore in 2020-21. Interest payments increased by 7.81 *per cent* in 2020-21 over the previous year due to increased interest liability of ₹ 2,167 crore on market loans. During 2020-21, interest payments on market loans stood at 71.99 *per cent* of the total interest payments while interest payments on special securities issued to National Small Savings Fund accounted for 14.24 *per cent* of the total interest payments. As a percentage of the revenue receipts, expenditure on interest payments increased from 15.72 *per cent* in 2019-20 to 18.89 *per cent* in 2020-21. Also, the share of interest payment in revenue expenditure increased from 15.93 *per cent* in 2019-20 to 16.06 *per cent* in 2020-21.

### ***Pension payments***

There were 4.84 lakh pensioners<sup>14</sup> in Gujarat State (February 2020). Expenditure on pension continuously increased during 2016-21 except in 2019-20.

In its disclosures made under Gujarat Fiscal Responsibility Act, 2005, the State Government estimated (February 2020) the pension payments as percentage of revenue receipts at 11.55 *per cent*. However, it stood higher at 14.49 *per cent* in 2020-21.

### ***Undischarged liabilities under National Pension System***

The State Government introduced the 'Defined Contribution Pension Scheme (National Pension System)' with effect from 01 April 2005. As per the guidelines of the Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowance every month which is matched by the State Government and the entire amount is transferred to the designated fund manager through National Securities Depository Limited (NSDL)/Trustee Bank. The State Government signed (January 2009) agreements with the NPS trust for fund

<sup>14</sup> As per Fiscal Policy Strategy Statement under Gujarat Fiscal Responsibility Act, 2005 for 2020-21 (February 2020), there were 4.84 lakh pensioners in the State. These are pensioners of Gujarat Government and aided institutions and do not include Social Security Pensioners.

management of the Scheme and adopted (May 2009) the Central framework for implementation of the Scheme.

The employees' contribution and the State share is credited to the Public Account<sup>15</sup> and then transferred to the NSDL. During the year 2020-21, the State Government collected ₹ 990.76 crore from the employees as contribution towards NPS and contributed ₹ 976.61 crore as its share towards the Scheme. Further, against the total collected funds of ₹ 1,988.00 crore (including previous years' balance of ₹ 20.63 crore), the State Government transferred ₹ 1,941.03 crore to NSDL, leaving a balance of ₹ 46.97 crore. The entire balance of ₹ 46.97 crore was transferred to NSDL on 13 April 2021. During 2020-21, the Government also paid an interest of ₹ 1.30 crore to the fund manager for late/delayed transfer of funds.

### 2.4.2.3 Expenditure on subsidies

Revenue Expenditure on subsidies increased by 20.20 *per cent* from ₹ 18,420 crore in 2019-20 to ₹ 22,141 crore in 2020-21. The major beneficiary Departments of subsidy during 2020-21 were: Energy and Petrochemicals; Industries and Mines; Agriculture, Farmer's Welfare and Co-operation; and Social Justice and Empowerment.

Energy and Petrochemicals Department received a subsidy of ₹ 9,178 crore (41 *per cent* of total expenditure on subsidy) of which, a major portion of ₹ 4,430 crore was on account of fuel price and power purchase adjustment charges, ₹ 1,885 crore for compensation in agriculture tariff and ₹ 1,192 crore for horse power based tariff to agriculturists.

In Industries and Mines Department, of the total subsidy of ₹ 5,443 crore (25 *per cent* of total expenditure on subsidy), ₹ 2,365 crore was given as assistance to industries and ₹ 1,705 crore for development of textile industry.

Of ₹ 2,265 crore (10 *per cent* of total expenditure on subsidy) received as subsidy by Agriculture, Farmer's Welfare and Co-operation Department, ₹ 1,130 crore was given as financial assistance to farmers for subvention of interest.

The Gujarat State Road Transport Corporation was also given a subsidy of ₹ 404 crore to compensate for operations in uneconomic routes, student concessions *etc.*

Further, ₹ 36.38 crore of subsidy was wrongly booked as capital expenditure under Agriculture, Farmer's Welfare and Co-operation Department. Therefore, actual total subsidy worked out to ₹ 22,178 crore.

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<sup>15</sup> Major Head 8342-117 (Other Deposits- Defined Contribution Pension Scheme for Government Employees)



Table 2.23: Expenditure trend of subsidies

		(₹ in crore)				
Components of committed expenditure	2016-17	2017-18	2018-19	2019-20	2020-21	
Subsidies	11,082	13,621	17,269	18,420	22,141	
Total revenue receipts	1,09,842	1,23,291	1,36,002	1,42,844	1,28,156	
Subsidies as a percentage of revenue receipts	10.09	11.05	12.70	12.90	17.28	
Total revenue expenditure	1,03,895	1,18,060	1,32,790	1,40,899	1,50,704	
Subsidies as a percentage of revenue expenditure	10.67	11.54	13.00	13.07	14.69	

Source: Finance Accounts of the State Government of respective years.

#### 2.4.2.4 Financial assistance by the State Government to local bodies and other institutions

Financial assistance is provided by the State Government to local bodies and other institution by way of grants-in-aid to meet expenses on pay and allowances, other miscellaneous expenses and creation of capital assets.

Table 2.24: Trend of financial assistance to local bodies

		(₹ in crore)				
Financial assistance to institutions	2016-17	2017-18	2018-19	2019-20	2020-21	
Panchayati raj institutions	16,124	19,686	19,645	22,034	24,323	
Urban local bodies	7,336	7,791	8,747	9,345	8,719	
Public sector undertakings	77	74	79	84	95	
Autonomous bodies	4,720	5,308	6,388	6,259	6,211	
Non-Governmental organisations	990	1,091	1,096	1,197	1,597	
Others	18,808	20,857	23,656	25,343	23,692	
<b>Total</b>	<b>48,055</b>	<b>54,807</b>	<b>59,611</b>	<b>64,262</b>	<b>64,637</b>	
Revenue expenditure	<b>1,03,895</b>	<b>1,18,060</b>	<b>1,32,790</b>	<b>1,40,899</b>	<b>1,50,704</b>	
Assistance as percentage of revenue expenditure	<b>46.25</b>	<b>46.42</b>	<b>44.89</b>	<b>45.61</b>	<b>42.89</b>	

Source: Finance Accounts of the State Government of respective years.

As can be seen from table above, financial assistance to local bodies and other institutions has continuously increased over the five-year period from ₹ 48,055 crore in 2016-17 to ₹ 64,637 crore in 2020-21.

The State Government received ₹ 3,195 crore and ₹ 1,153 crore as Finance Commission grants from Central Government for onward transmission to Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs), respectively. Out of this, the State Government released ₹ 3,178.87 crore to PRIs and ₹ 826.19 crore to ULBs. In addition, the PRIs also received ₹ 2,283.82 crore as other Central assistance. Further, during 2020-21, the State Government also provided financial assistance of ₹ 18,860.17 crore to PRIs and ₹ 7,892.91 crore to ULBs from State Fund expenditure by way of Grants-in-aid.

Further, grantee institutions under ‘Others’ category received substantial financial assistance from the State Government (about 39 *per cent*) during the last five years (2016-21). However, recording of grantee institutions *en masse* under ‘Others’ category together with absence of details of assets created with the concerned grant-releasing Departments of the State Government was a matter of concern, as it rendered such transactions opaque. In this regard, observations of Audit may kindly be referred to in paragraph 4.4.1 (Chapter 4).

### 2.4.3 Capital Expenditure

Capital expenditure is the money spent on the acquisition of assets like land, buildings, machinery, equipment, as well as investment in shares. The overall capital expenditure, its growth over previous year and its percentage to GSDP during the last five years (2016-21) are indicated in **Table 2.25**.

**Table 2.25: Trend of capital expenditure during 2016-21**

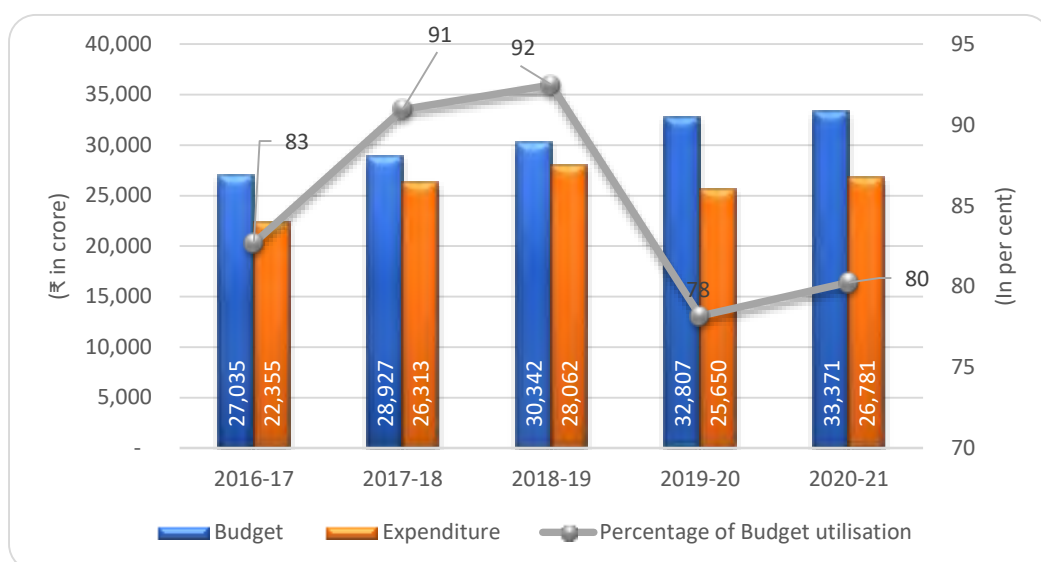
	2016-17	2017-18	2018-19	2019-20	2020-21
Total expenditure (TE) (₹ in crore)	1,26,728	1,45,004	1,62,583	1,67,861	1,78,718
<b>Capital expenditure (CE) (₹ in crore)</b>	<b>22,355</b>	<b>26,313</b>	<b>28,062</b>	<b>25,650</b>	<b>26,781</b>
Growth of CE over previous year ( <i>per cent</i> )	(-7.51)	17.71	6.65	(-8.60)	4.41
CE/TE ( <i>per cent</i> )	17.64	18.15	17.26	15.28	14.99
CE/GSDP ( <i>per cent</i> )	1.92	1.98	1.87	1.56	1.61

Source: Finance Accounts of the State Government of respective years.

Capital expenditure increased from ₹ 22,355 crore in 2016-17 to ₹ 26,781 crore in 2020-21. Of the total capital expenditure of ₹ 26,781 crore incurred in 2020-21, ₹ 5,811 crore (22 *per cent*) was spent on irrigation projects (major, medium and minor) followed by ₹ 5,452 crore (20 *per cent*) on roads and bridges, ₹ 3,888 crore (15 *per cent*) on water supply and sanitation and ₹ 3,172 crore (12 *per cent*) on power projects.

Increase in capital expenditure by ₹ 1,131 crore during 2020-21 over the previous year was mainly on account of increase in expenditure on Roads and Bridges by ₹ 2,123 crore, Petrochemical Industries by ₹ 1,037 crore, water supply and sanitation by ₹ 651 crore, Urban development by ₹ 499 crore, which was offset by decrease in expenditure on Medium Irrigation by ₹ 1,441 crore, Major Irrigation by ₹ 1,310 crore, and Rural Development Programmes by ₹ 363 crore.

The State Government could not meet the budgetary allocation for capital expenditure in any year during the five-year period (2016-21). The trend of actual capital expenditure *vis-à-vis* budgetary allocation during 2016-21 are given in **Chart 2.16**.

**Chart 2.16: Trend of capital expenditure vis-à-vis budgetary allocation during 2016-21**

### 2.4.3.1 Major changes in capital expenditure

**Table 2.26** highlights significant variations under various Heads of Account regarding capital expenditure of the State during 2019-20 and 2020-21.

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

Major Heads of Accounts	(₹ in crore)			
	2019-20	2020-21	Variation	Variation (percentage)
5054- Capital Outlay on Roads and Bridges	3,328.67	5,451.70	2,123.03	63.78
4856- Capital Outlay on Petrochemical Industries	50.00	1,087.50	1,037.50	2,075.00
4215- Capital Outlay on Water Supply and Sanitation	3,236.52	3,887.74	651.22	20.12
4217- Capital Outlay on Urban Development	213.89	712.61	498.72	233.17
4810- Capital Outlay on New and Renewable Energy	10.00	350.00	340.00	3,400.00
5452- Capital Outlay on Tourism	483.05	812.80	329.75	68.26
5055- Capital Outlay on Road Transport	259.92	469.00	209.08	80.44
4250- Capital Outlay on other Social Services	216.24	420.24	204.00	94.34
4216- Capital Outlay on Housing	569.37	468.49	(-)100.88	(-)17.72
4055- Capital Outlay on Police	370.85	228.49	(-)142.36	(-)38.39
4801-Capital Outlay on Power Projects	3,399.46	3,172.22	(-)227.24	(-)6.68
5053-Capital Outlay on Civil Aviation	378.44	53.28	(-)325.16	(-)85.92
4210- Capital Outlay on Medical and Public Health	1,057.38	721.39	(-)335.99	(-)31.78
4515- Capital Outlay on other Rural Development Programmes	1,297.89	934.75	(-)363.14	(-)27.98
4700- Capital Outlay on Major Irrigation	3,423.94	2,114.07	(-)1,309.87	(-)38.26
4701- Capital Outlay on Medium Irrigation	3,603.21	2,162.05	(-)1,441.16	(-)40.00

Source: Finance Accounts of the State Government of respective years.

Increase in capital expenditure was mainly due to increase of ₹ 2,123.03 crore under Capital Outlay on Roads and Bridges and increase of ₹ 1,037.50 under Capital Outlay on Petrochemical Industries.

### 2.4.3.2 Investment in State Public Sector Undertakings

The State Public Sector Undertakings (SPSUs) include State Government Companies and Statutory Corporations. There were 97 Government Companies and Statutory Corporations in the State as at the end of 31 March 2021. This included 64 Government Companies, 29 Government Controlled Other Companies and four Statutory Corporations.

The term Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than fifty-one *per cent* of the paid-up share capital is held 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 and includes a Company which is a subsidiary of a Government Company.

Besides, any other Company 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 as Government Controlled Other Companies.

The quantum of investment (in terms of equity and long-term loans) made in 97 Government Companies and Corporations at the end of 31 March 2021 was as indicated in **Table 2.27**.

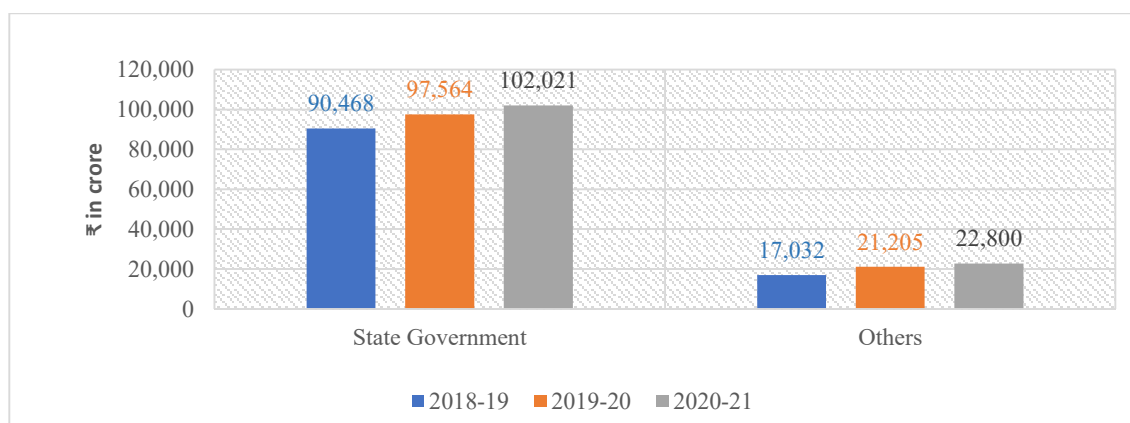
**Table 2.27: Equity and loans in Government Companies and Corporations**

Source of Investment	(₹ in crore)					
	As on 31 March 2020			As on 31 March 2021		
	Equity	Long-Term Loans	Total	Equity	Long-Term Loans	Total
State Government	97,563.66	8,170.96	1,05,734.62	1,02,020.85	8,371.55	1,10,392.40
Central Government	3,509.61	3,940.61	7,450.22	4,108.10	4,838.96	8,947.06
Financial Institutions and Others	17,695.60	31,808.25	49,503.85	18,692.34	26,798.64	45,490.98
<b>Total Investment</b>	<b>1,18,768.87</b>	<b>43,919.82</b>	<b>1,62,688.69</b>	<b>1,24,821.29</b>	<b>40,009.15</b>	<b>1,64,830.44</b>
Percentage of investment of State Government to Total Investment	82.15	18.60	64.99	81.73	20.92	66.97

Source: Compiled based on information received from SPSUs.

As could be seen, the total equity investment in 97 SPSUs registered a net increase of ₹ 6,052.42 crore in 2020-21. The net increase was largely due to additional equity investment by State Government of ₹ 4,431.53 crore in nine SPSUs during 2020-21.

Investment in equity by State Government and others in Government Companies and Corporations during last three years (2018-21) is depicted in **Chart 2.17**.

**Chart 2.17: Investment in Equity in Government Companies and Corporations**

Details of significant investments (investment of more than ₹ 200 crore) made by the State Government during 2020-21 in the paid-up capital of the SPSUs are given in **Table 2.28**.

**Table 2.28: Significant investments made by the State Government**

(₹ in crore)		
Name of SPSUs	Name of Department	Amount
<b>Government Companies</b>		
Gujarat Metro Rail Corporation Limited	Urban Development and Urban Housing	302.00
Gujarat Urja Vikas Nigam Limited	Energy and Petrochemicals	3,326.37
Dholera Industrial City Development Limited	Industries and Mines	579.12

Source: Compiled based on information received from SPSUs.

Out of 97 SPSUs, there were 51 SPSUs (including two Statutory Corporations<sup>16</sup>) which did not have any outstanding long-term loans.

The total long-term loans from all sources outstanding against 46 SPSUs as on 31 March 2021 was ₹ 40,009.15 crore. Compared to 31 March 2020, the long-term loans from all sources decreased by ₹ 3,910.67 crore as on 31 March 2021. Of the total loans of SPSUs (₹ 40,009.15 crore) as on 31 March 2021, loans from Central Government were ₹ 4,838.96 crore.

### 2.4.3.3 Budgetary support to State Public Sector Undertakings

The State Government provides financial support to SPSUs in various forms through annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, guarantee issued and guarantee commitment outstanding in respect of active SPSUs for the last three years ending March 2021 are given in **Table 2.29**.

<sup>16</sup> Gujarat State Warehousing Corporation and Gujarat Industrial Development Corporation

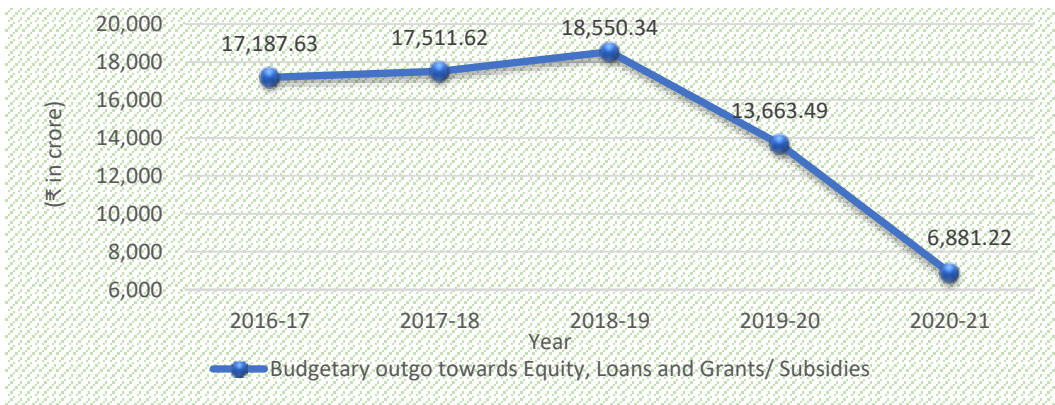
Table 2.29: Details of budgetary support to SPSUs during last three years

Sl. No.	Particulars	(₹ in crore)					
		2018-19		2019-20		2020-21	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	12	6,826.14	10	7,275.23	9	4,431.53
2.	Loans given from budget	7	1,109.70	5	889.94	7	161.56
3.	Grants/Subsidy from budget	27	10,614.50	27	5,498.32	14	2,288.13
4.	<b>Total Outgo (1+2+3)</b>	-	<b>18,550.34</b>	-	<b>13,663.49</b>	-	<b>6,881.22</b>
5.	Guarantees issued during the year	2	57.32	-	-	-	-
6.	Guarantee Commitment outstanding at the end of the year	4	75.03	3	69.33	2	37.85

Source: Compiled based on information received from SPSUs.

The budgetary outgo towards equity, loans and grants/subsidies for past five years are shown in **Chart 2.18**.

Chart 2.18: Budgetary outgo towards Equity, Loans and Grants/Subsidies



It could be seen that the budgetary assistance to SPSUs decreased from ₹ 17,187.63 crore in 2016-17 to ₹ 6,881.22 crore in 2020-21. The budgetary assistance of ₹ 6,881.22 crore provided during 2020-21 included loans, grants/subsidy and equity of ₹ 161.56 crore, ₹ 2,288.13 crore and ₹ 4,431.53 crore respectively. Gujarat Urja Vikas Nigam Limited received the major share of equity funds (₹ 3,326.37 crore) from the budgetary outgo for acquisition of capital assets.

To enable the SPSUs to secure financial assistance from Banks and Financial Institutions, the State Government provides guarantee under the Gujarat State Guarantees Act, 1963. Such guarantees are given subject to the limits prescribed by the Constitution of India, for which guarantee fee is being charged. This fee varies from 0.25 to one *per cent per annum* as decided (31 December 1988) by the State Government. The guaranteed commitment decreased from ₹ 69.33 crore in 2019-20 to ₹ 37.85 crore in 2020-21.

#### 2.4.3.4 Quality of Capital Expenditure

The chances of realizing return on investment become remote, if the State Government continues to make investments in loss-making Government Companies whose net worth are completely eroded. Similarly, experience has

shown the inevitability of writing-off the loans given to loss-making Corporations and other bodies such as sugar mills, financial corporations *etc.* Requisite steps need to be taken to maintain transparency in such financial operations.

This section presents an analysis of investments and other capital expenditure undertaken by the State Government during the current year.

### *Quality of investments in the companies, corporations and other bodies*

Statement No. 19 of Annual Finance Accounts of the State Government contains the details of investments made by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. As of 31 March 2021, the State Government invested ₹ 1,07,518 crore in these companies/corporations/institutions (**Table 2.30**).

**Table 2.30: Trend of returns on investments**

Details of Investments/Returns	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Statutory Corporations	2,656	3,249	3,488	3,752	4,221
Rural Banks	14	14	14	14	14
Government Companies	74,730	82,416	88,865	95,702	1,02,832
Municipalities Port Trusts	00	00	00	00	00
Co-operative institutions and Local Bodies	400	402	404	418	418
Other Joint Stock Companies and Partnerships	33	33	33	33	33
Investments at the end of the year	77,833	86,114	92,804	99,919	1,07,518
Returns/Dividend earned (₹ in crore)	110.10	96.30	120.03	88.99	131.04
Return on Investment ( <i>per cent</i> )	0.14	0.11	0.13	0.09	0.12
Average rate of interest on Government borrowings ( <i>per cent</i> )	7.67	7.59	7.44	7.47	7.19
Difference between average interest rate on Government borrowings and rate of return ( <i>per cent</i> )	7.53	7.48	7.31	7.38	7.07

Source: Finance Accounts of the State Government of respective years.

**Table 2.30** shows that the State Government's investments increased by ₹ 29,685 crore during 2016-21. During 2020-21, the State Government made an additional investment of ₹ 7,599 crore over the previous year which largely included ₹ 7,130 crore in Government Companies and ₹ 469 crore in Statutory Corporations. Of the ₹ 7,130 crore invested in Government Companies during 2020-21, ₹ 3,326 crore (47 *per cent*) was invested in Gujarat Urja Vikas Nigam Limited, ₹ 2,117 crore (30 *per cent*) in Sardar Sarovar Narmada Nigam Limited and ₹ 1,000 crore (14 *per cent*) in Gujarat State Petroleum Corporation Limited.

The **Table 2.30** also shows that the average return<sup>17</sup> on investments in these companies/corporations/institutions was 0.12 *per cent* during 2020-21 while the Government paid an average interest of 7.19 *per cent* on its borrowings during the same period.

There were differences regarding investment figures as per records of SPSUs and those appearing in the Finance Accounts. The State Government was requested several times during 2020-21 to reconcile the differences, however, action regarding reconciliation is yet to be taken (November 2021).

Investments during the year in loss-making companies and companies whose net worth has completely eroded are given in **Table 2.31** and **Table 2.32**.

**Table 2.31: Investments made in loss-making companies**

(₹ in crore)

Sr. No.	Company/ Corporation	Loss during 2019-20 #	Accumulated Loss up to 2019-20 #	Investment made during the year 2020-21 *	Cumulative investment as on 31 March 2021 *
1.	Sardar Sarovar Narmada Nigam Limited (SSNNL)	977.45	6,105.45	2,117.10	65,556.28
2.	Gujarat State Petroleum Corporation LNG Limited	35.26	55.78	87.50	437.50

Source: # Information furnished by SPSUs and

\* Information from Finance Accounts of the State Government for the year 2020-21

**Table 2.32: Investments made in companies whose net worth has completely eroded**

(₹ in crore)

Sr. No.	Company/ Corporation	Net worth as on 31 March of (Year) #	Investment made during the year 2020-21 *	Cumulative investment as on 31 March 2021 *
1.	Gujarat State Road Transport Corporation (GSRTC)	(-)447.35 (2018)	469.00	4,022.38
2.	Gujarat State Petroleum Corporation Limited	(-)288.42 (2021)	1,000.00	3,654.62
3.	Diamond Research and Mercantile City Company Limited	(-)281.35 (2020)	35.00	75.00

Source: # Information furnished by SPSUs and

\* Information from Finance Accounts of the State Government for the year 2020-21

The additional investment of ₹ 7,598.86 crore made by the State Government during 2020-21 accounted for 28.37 *per cent* of the total capital expenditure (₹ 26,781 crore). This additional investment of ₹ 7,598.86 crore included an investment of ₹ 2,117.10 crore in SSNNL which had been booking losses since

<sup>17</sup> It is dividend earned on investments made by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies.



2015-16 and ₹ 469.00 crore in GSRTC which had been booking losses since 1973-74. The SSNNL had accumulated losses of ₹ 6,105.45 crore at the end of 2019-20 while GSRTC had accumulated losses of ₹ 3,657.09 crore at the end of 2017-18. The GSRTC, GSPC and Diamond Research and Mercantile City Company Limited reported negative net worth as per their last balance sheet.

The chance of earning Return on Investment in companies incurring losses and the in companies whose net-worth has completely eroded due to accumulated losses, are remote.

### ***Profits earned by Government Companies/Corporations***

Forty out of 68 Government Companies/Corporations reported profits of ₹ 3,845.82 crore in 2020-21 *vis-à-vis* ₹ 2,615.20 crore reported by 43 Companies/Corporations in 2019-20. Of the 40 Companies, two Companies<sup>18</sup> reported profits in 2020-21, after incurring net losses in the previous year. Of the 29 Government Controlled Other Companies, 16 Companies reported profits of ₹ 2,709.03 crore in 2020-21. The overall profit earned by 56 SPSUs was ₹ 6,554.85 crore.

### ***Losses incurred by Government Companies/Corporations***

Eighteen out of 68 Government Companies/Corporations reported losses of ₹ 1,766.31 crore in 2020-21 *vis-à-vis* ₹ 2,354.63 crore reported by 13 Companies/Corporations in 2019-20. Of the 29 Government Controlled Other Companies, 11 Companies incurred losses of ₹ 152.38 crore during the year ended 31 March 2021. During 2019-20, ten Government Controlled Other Companies incurred losses of ₹ 211.49 crore.

Eight Government Companies/Corporations and two Government Controlled Other Companies did not report either profit or loss as per their latest finalized financial statements in 2020-21. First accounts of two Government Companies<sup>19</sup> have not been received.

### ***Rate of Real Return on Government Investment***

In view of the significant investment by Government in the SPSUs, Rate of Real Return or RORR on such investment is essential from the perspective of State Government. Traditional calculation of Return on Investment (ROI) is based on historical cost of investment, which may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value (PV) of money. Therefore, in addition, RORR is calculated considering the PV of historical cost of investment. PV of the State Government investment was computed where funds had been infused by the State Government as equity, grants/subsidies and interest free loans since inception of these Companies till 31 March 2021.

<sup>18</sup> Gujarat Minorities Finance and Development Corporation Limited and Gujarat Water Resources Development Corporation Limited

<sup>19</sup> Gujarat Unreserved Educational & Economical Development Corporation and Gujarat State Handicapped (Divyang) Finance and Development Corporation

The RORR of State Government investment in the SPSUs was computed based on following assumptions:

- Interest free loans (IFL) have been considered as investment infusion by the State Government. However, in case of repayment of loans by SPSUs, the PV was calculated on the reduced balances of IFLs over the period
- The average rate of interest on State Government borrowings for the relevant financial year<sup>20</sup> was adopted as compound rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year.

Of the 97 SPSUs, the State Government has made direct investment in form of equity, long term loans, grants and subsidies in 65 SPSUs. **Table 2.33** shows the RORR calculation of State Government investment in these 65 SPSUs considering the PV of historical cost of investments, since their inception till 2020-21.

**Table 2.33: Year-wise details of investments made by the State Government in SPSUs and their present value till 2020-21**

(₹ in crore)

Financial year	Present Value of investment at beginning of year	Amount infused by State Government during the year				Investment at the end of the year	Avg. rate of interest on Government borrowings (in percent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings (+)/ losses (-) for the year	RoRR in percentage
		Equity	Interest free loan/ (Net repayment)	Grants/ Subsidies for operation and administrative Expenditure	Total Investment						
1	2	3	4	5	6=3+4+5	7=2+6	8	9=7× [1+(8÷100)]	10= [7× (8÷100)]	11	12=11/100/10
Up to 2004-05	-	14,107.20	21.15	2,143.43	16,271.78	16,271.78	9.08	17,749.26	1,477.48	-	0.00
2005-06	17,749.26	3,124.54	0.05	2,432.36	5,556.95	23,306.21	8.06	25,184.69	1,878.48	405.37	1.61
2006-07	25,184.69	3,321.00	77.34 <sup>21</sup>	2,966.28	6,364.62	31,549.31	8.19	34,133.20	2,583.89	238.87	0.70
2007-08	34,133.20	3,218.23	-0.43	3,402.59	6,620.39	40,753.59	8.12	44,062.78	3,309.19	783.6	1.78
2008-09	44,062.78	5,524.94	-11.04	4,955.36	10,469.26	54,532.04	7.80	58,785.54	4,253.50	736.39	1.25
2009-10	58,785.54	2,326.56	15.73	5,430.18	7,772.47	66,558.01	7.64	71,643.04	5,085.03	684.98	0.96
2010-11	71,643.04	2,922.52	497.84	5,349.56	8,769.92	80,412.96	7.56	86,492.18	6,079.22	1,089.45	1.26
2011-12	86,492.19	3,824.42	130.67	4,517.76	8,472.85	94,965.04	7.63	1,02,210.87	7,245.83	1,636.27	1.60
2012-13	1,02,210.87	7,076.43	-8.74	6,777.61	13,845.30	1,16,056.17	7.66	1,24,946.07	8,889.90	1,823.74	1.46
2013-14	1,24,946.08	6,709.97	27.11	7,142.97	13,880.05	1,38,826.13	7.62	1,49,404.68	10,578.55	1,187.35	0.79
2014-15	1,49,404.68	6,713.58	333.35	7,752.47	14,799.40	1,64,204.08	7.76	1,76,946.32	12,742.24	873.79	0.49
2015-16	1,76,946.32	7,675.04	323.82	7,547.66	15,546.52	1,92,492.84	7.69	2,07,295.54	14,802.70	(-)1,105.34	(-)0.53
2016-17	2,07,295.54	8,357.37	-84.3	8,635.57	16,908.64	2,24,204.18	7.67	2,41,400.64	17,196.46	(-)16,371.63	(-)6.78
2017-18	2,41,400.63	8,739.64	41.25	8,556.16	17,337.05	2,58,737.68	7.59	2,78,375.87	19,638.19	(-)1,443.64	(-)0.52
2018-19	2,78,375.88	6,826.14	926.03	10,614.50	18,366.67	2,96,742.55	7.44	3,18,820.20	22,077.65	(-)530.42	(-)0.17
2019-20	3,18,820.20	7,275.23	512.10	5,498.32	13,285.65	3,32,105.85	7.47	3,56,914.15	24,808.31	(-)741.29	(-)0.21
2020-21	3,56,914.15	4,431.53	103.21	2,288.13	6,822.87	3,63,737.03	7.19	3,89,889.71	26,152.69	2,117.19	0.54
	<b>Total</b>	<b>1,02,174.34</b>	<b>2,905.14</b>	<b>96,010.91</b>	<b>2,01,090.39</b>						

Source: Information provided by SPSUs and latest finalised FSs received upto 15 December 2021.

<sup>20</sup> The average rate of interest on Government borrowings was adopted from the Reports of the C&AG of India on State Finances for the relevant year.  
Average rate for interest paid = Interest Payment ÷ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) ÷ 2] × 100

<sup>21</sup> This represents net interest free loan out of total investment of ₹ 227.34 crore, the remaining amount of ₹ 150 crore was converted to equity in 2006-07.

It can be observed from the above table that the SPSUs with investment of GoG suffered losses continuously during 2015-16 to 2019-20. However, during 2020-21, they earned profit, but it was significantly lower than the minimum expected rate of return of ₹ 26,152.69 crore in that year. The RoRR of the State Government improved from (-)0.53 to 0.54, which indicated improved performance of the SPSUs.

### ***Return on Equity of SPSUs***

Return on Equity or ROE<sup>22</sup> is a measure of financial performance of Companies calculated by dividing net income by shareholders' equity. The consolidated ROE of 97 Government Companies and Corporations during last three years from 2018-19 to 2020-21 is given in **Table 2.34**.

**Table 2.34: Return on Equity**

Year	Net Profit after Tax (₹ in crore)	Shareholder fund (₹ in crore)	ROE (in percentage)
2018-19	975.39	1,13,291.01	0.86
2019-20	2,584.33	1,27,069.45	2.03
2020-21	4,636.16	1,46,121.06	3.17

Source: Information provided by SPSUs

As can be seen, ROE of 97 SPSUs increased from 0.86 *per cent* in 2018-19 to 3.17 *per cent* in 2020-21.

The ROE of 40 profit-making Companies was 5.62 *per cent* in 2020-21 as compared to 4.22 *per cent* in respect of 43 profit-making Companies in 2019-20. However, ROE of all the 68 Government Companies (including 18 loss-making and eight zero-profit/loss Companies) was 1.61 *per cent* in 2020-21.

At the end of March 2021, ROE of 16 profit-making Government Controlled Other Companies was 17.50 *per cent* while it was 15.23 *per cent* in respect of all the 29 Government Controlled Other companies.

### ***Erosion of capital in Government Companies***

As on 31 March 2021, the aggregate net worth of all the 97 SPSUs was ₹ 1,46,121.06 crore against their paid-up capital<sup>23</sup> of ₹ 1,26,186.81 crore.

As on 31 March 2021, 44 SPSUs registered accumulated losses of ₹ 30,435.51 crore. Of the 44 SPSUs, 25 SPSUs incurred losses of ₹ 1,868.53 crore in 2020-21 while 19 SPSUs, did not incur any losses in 2020-21 but had accumulated losses of ₹ 15,252.87 crore till March 2021. Eleven out of 44 SPSUs were under winding-up/closure/liquidation.

<sup>22</sup> Return on Equity = (Net Profit after Tax and preference Dividend/Equity) × 100; Where Equity = Paid up Capital + Free Reserves – Accumulated Losses – Deferred Revenue Expenditure

<sup>23</sup> This amount will not tally with Table 2.27 which is prepared based on information furnished by the SPSUs, which included additions subsequent to the latest finalised accounts. Here amount is based on latest finalised accounts.

As on 31 March 2021, 24 out of 44 SPSUs reported negative net worth of ₹ 5,421.14 crore against equity investment of ₹ 4,884.82 crore. Of the 24 SPSUs with negative net worth, five SPSUs<sup>24</sup> earned profit of ₹ 894.35 crore in 2020-21. These 24 SPSUs, whose capital had been completely eroded, had an outstanding loan from Government of Gujarat amounting to ₹ 4,281.15 crore as on 31 March 2021.

### *Quantum of loans and advances disbursed and recovered*

In addition to investments in Co-operative societies, Corporations and Companies, State Government has also provided loans and advances to many of these institutions/organisations.

**Table 2.35** presents the trend of outstanding loans and advances as on 31 March 2021 along with interest receipts *vis-à-vis* interest payments for the five-year period from 2016-17 to 2020-21.

**Table 2.35: Quantum of loans disbursed and recovered during 2016-21**

	(₹ in crore)				
Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance	7,327	7,638	7,923	9,503	10,485
Amount advanced during the year	477	631	1,731	1,312	1,233
Amount recovered during the year	166	346	151	330	155
Closing Balance	7,638	7,923	9,503	10,485	11,563
Loans for which terms and conditions have not been settled	373	521	1,296	905	632
Net addition during the year	311	285	1,580	982	1,078
Interest Receipts on loans advanced	117	88	74	62	63
Interest receipts as a <i>percentage</i> of outstanding Loans and Advances	1.53	1.13	0.85	0.62	0.57
Interest payments	17,797	18,954	20,183	22,449	24,203
Average Rate of Interest paid on the outstanding borrowings of the Government ( <i>per cent</i> )	7.67	7.59	7.44	7.47	7.19
Difference between the rate of interest paid and rate of interest received ( <i>per cent</i> )	6.14	6.46	6.59	6.85	6.62

Source: Finance Accounts of the State Government of respective years.

The table shows that the total outstanding loans and advances increased from ₹ 10,485 crore in 2019-20 to ₹ 11,563 crore in 2020-21. Of the total loans advanced disbursed during the year (₹ 1,233 crore), ₹ 708 crore were advanced for social services, ₹ 477 crore for economic services and ₹ 48 crore were advanced for Government Servants and Miscellaneous purposes. Loans

<sup>24</sup> Gujarat State Land Development Corporation Limited, Gujarat State Handloom and Handicrafts Development Corporation Limited, Gujarat State Petroleum Corporation Limited, Gujarat Small Industries Corporation Limited and Diamond Research and Mercantile City Limited

advanced under social services were used for urban development and welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities. Major portion of the loans advanced under economic services went to power sector (₹ 350 crore) and transport sector (₹ 102 crore).

Recovery of loans and advances decreased by ₹ 175 crore from ₹ 330 crore in 2019-20 to ₹ 155 crore in 2020-21. However, interest receipts on loans and advances disbursed during the year increased by ₹ one crore.

Further, of the total loans advanced during the year (₹ 1,233 crore), loans amounting to ₹ 632 crore were disbursed by the Administrative Departments or Finance Department without setting terms and conditions for repayments of loans and rate of interest payable.

Audit observed that due to poor financial condition, the GSRTC had not been able to deposit the passenger tax collected by it over the years to Government Account as well as pay the arrears of Seventh Pay commission to its employees. The passenger tax was being used by GSRTC to meet its expenses. The Administrative Department (Ports and Transport), with the approval of Finance Department, treated the outstanding passenger tax (for the year 2020-21) as loans advanced (₹ 102 crore) to GSRTC. However, the relevant sanction orders do not prescribe repayment schedule and rate of interest payable by GSRTC. As of 31 March 2021, GSRTC had an outstanding loan balance of ₹ 3,755 crore, which included ₹ 770.88 crore advanced during 2016-21.

### *Inoperative loan accounts*

Under the following Major Heads, outstanding balances of loans amounting to ₹ 833.30 crore disbursed in previous years to various bodies/authorities had remained inoperative where neither principal was repaid, nor any interest was paid for the last 12 years (2009-21).

**Table 2.36: Inoperative loan accounts**

<b>Major Head</b>		<b>(₹ in crore)</b>
		<b>2009-21</b>
6075	Loans for Miscellaneous General Services	11.51
6202	Loans for Education, Sports, Art and Culture	20.43
6215	Loans for Water Supply and Sanitation	323.73
6404	Loans for Dairy Development	63.00
6702	Loans for Minor Irrigation	25.79
6855	Loans for Fertilizer Industries	12.15
6859	Loans for Telecommunication and Electronics Industries	5.90
6860	Loans for Consumer Industries	358.76
7052	Loans for Shipping	9.41
7452	Loans for Tourism	2.62
<b>Total outstanding balances</b>		<b>833.30</b>

Source: Finance Accounts of respective years

These outstanding loans may be reviewed at appropriate level and steps for recovery or write-off, if required, may be taken.

### ***Capital locked in incomplete projects***

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.

At the end of March 2021, 158 capital works, each valuing ₹ 10 crore or more and completion date of which was on or before 31 March 2021, were incomplete on which an expenditure of ₹ 6,928.97 crore had been incurred. Year-wise and Department-wise details of incomplete projects are given in **Table 2.37** and **Table 2.38** respectively.

<b>Table 2.37: Age profile of incomplete projects as on 31 March 2021</b>				<b>Table 2.38: Department-wise profile of incomplete projects as on 31 March 2021</b>			
Year	No of incomplete projects	Estimated cost	Expenditure (as on 31 March 2021)	Department	No. of incomplete projects	Estimated cost	Expenditure
					(number)	(₹ in crore)	
2013-14	1	30.11	16.91	Roads& Buildings	140	5,417.37	3,198.63
2015-16	2	437.22	465.52	Narmada, Water Resources, Water Supply and Kalpsar	18	4,409.95	3,730.34
2016-17	10	619.11	386.89	<b>Total</b>	<b>158</b>	<b>9,827.32</b>	<b>6,928.97</b>
2017-18	28	2,977.95	2,824.22				
2018-19	43	2,846.94	1,876.78				
2019-20	73	2,903.42	1,348.82				
2020-21	1	12.57	9.83				
<b>Total</b>	<b>158</b>	<b>9,827.32</b>	<b>6,928.97</b>				

Source: Appendix IX of Finance Accounts of the State Government for the year 2020-21.

It may be seen that with reference to the initial budgeted cost, as on 31 March 2021, the Roads and Buildings Department incurred 59.04 *per cent* on 140 incomplete projects while Narmada, Water Resources, Water Supply and Kalpsar Department spent 84.59 *per cent* on 18 incomplete projects.

The Health and Family Welfare Department, Women and Child Development Department get their capital works done through Project Implementation Units (PIU) while Home Department gets its capital works done through Police Housing Corporation Limited. Similarly, some of the irrigation works relating to Narmada, Water Resources, Water Supply and Kalpsar Department are carried out by SSNNL. The depiction of capital works to this extent does not get reflected in the Finance accounts.

### ***Implementation of Ujwal DISCOM Assurance Yojana***

Ujwal DISCOM Assurance Yojana (UDAY) was launched by the GoI in November 2015 for operational and financial turnaround of State-owned power distribution companies (DISCOMs). UDAY envisaged signing of an agreement between State Governments, DISCOMs and GoI for stipulating the respective responsibilities of the parties for achieving operational and financial milestones

as described in the Scheme, after which, the State Governments were to take over 75 per cent of outstanding debts of DISCOMs as on 30 September 2015 over two years i.e., 50 per cent in 2016-17 and 25 per cent in 2017-18.

The Government of Gujarat entered (February 2016) into a tripartite Memorandum of Understanding with four State-owned DISCOMs and GoI, but without the component of financial turnaround and financing of future losses and working capital, all the four DISCOMs had already achieved financial turnaround in 2005-06. In view of this, no financial assistance had been provided by the State Government to the State DISCOMs during 2020-21 under UDAY Scheme.

### 2.4.3.5 Resource availability of the State under Public Private Partnership projects

Public Private Partnership (PPPs) 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.

As on 31 March 2021, the status of PPP projects in infrastructure sector was as indicated in **Table 2.39**.

**Table 2.39: Status of PPP projects in infrastructure sector**

(₹ in crore)

Sr. No	Sector	Projects completed/ Operational		Projects under implementation		Planned for future	
		No.	Total investment	No.	Expenditure incurred	No.	Estimated cost
1.	Ports	73	82,944.63	23	29,888.75	8	4,585.56
2.	Power	2	36.50	1	43.30	0	0.00
3.	Roads	10	3,249.93	3	1,911.15	0	0.00
4.	Road Transport	9	720.63	9	818.65	0	0.00
5.	Railways	1	520.00	1	2,538.01	0	0.00
6.	Urban Infrastructure	66	1,851.25	73	4,767.31	16	768.98
7.	Water	0	0.00	7	2,361.27	0	0.00
8.	Education	167	377.50	1	8,206.65	0	0.00
9.	Health	1	22.64	0	0.00	0	0.00
10.	IT, ITES and Biotech	0	0.00	1	89.55	0	0.00
11.	Agriculture	1	31.15	0	0.00	1	7.00
	<b>Total</b>	<b>330</b>	<b>89,754.23</b>	<b>119</b>	<b>50,624.64</b>	<b>25</b>	<b>5,361.54</b>

Source: Information provided by Gujarat Infrastructure Development Board

**Table 2.39** shows that out of 449 PPP projects valuing ₹ 1,40,379 crore in the infrastructure sector in Gujarat, 330 projects valuing ₹ 89,754 crore had been completed/operational by March 2021. Major investments were in Ports sector where 73 projects valuing ₹ 82,945 crore have been completed and 23 projects valuing ₹ 29,889 crore were under implementation. Under the Urban Infrastructure, 66 projects valuing ₹ 1,851 crore have been completed and 73

projects with investment of ₹ 4,767 crore were in progress. Further, under the Education sector, 167 projects valuing ₹ 378 crore have been completed and one project with investment of ₹ 8,207 crore was in progress.

#### 2.4.4 Expenditure Priorities of the State

Availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. It is important for the State Government to take appropriate expenditure rationalisation by focusing more on development expenditure, which is expenditure on Social and Economic Services. Apart from improving the allocation towards development expenditure, the efficiency of expenditure is also reflected by the ratio of capital expenditure to total expenditure and the proportion of revenue expenditure on Education and Health Sectors. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

**Table 2.40** compares the fiscal priorities of the State Government with that of States other than North-Eastern (NE) and Himalayan States regarding development expenditure, expenditure on Social and Economic Sectors, and capital expenditure during 2020-21, taking 2016-17 as the base year.

**Table 2.40: Expenditure Priority of the State in 2016-17 and 2020-21**

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health/ AE
<b>Percentage in 2016-17, of</b>							
<b>States other than NE and Himalayan States</b>	17.12	35.81	35.16	70.97	19.77	14.93	5.49
<b>Gujarat</b>	10.86	40.53	30.35	70.88	18.02	15.26	6.08
<b>Percentage in 2020-21, of</b>							
<b>States other than NE and Himalayan States</b>	16.18	37.81	28.48	66.29	13.03	15.00	6.74
<b>Gujarat</b>	10.77	38.36	31.98	70.35	15.67	14.71	6.15
AE: Aggregate Expenditure (it is the Total Expenditure); DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.							

Source: Details provided by Economic Advisor Finance Accounts of the State Government of respective years.

**Table 2.40** reveals the following:

- The percentage of total expenditure to GSDP in Gujarat at 10.77 *per cent* was lower than the States other than NE and Himalayan States during 2016-17 and 2020-21 which indicates more private sector participation in the economy of the State.
- Development expenditure consists of economic services expenditure and social services expenditure. Development expenditure as percentage of total expenditure in Gujarat was lower than States other than NE and Himalayan States during 2016-17, but higher than States other than NE and Himalayan States during 2020-21.



- The expenditure on social services as percentage of total expenditure in Gujarat was higher than States other than NE and Himalayan States during 2016-17 and 2020-21.
- The expenditure on economic services as percentage of total expenditure in Gujarat was lower than States other than NE and Himalayan States during 2016-17 but higher than States other than NE and Himalayan States during 2020-21.
- Gujarat had a higher ratio of capital expenditure to total expenditure during 2020-21, as compared to States other than NE and Himalayan States. However, capital expenditure as percentage of total expenditure in the State declined from 18.02 *per cent* in 2016-17 to 15.67 *per cent* in 2020-21.
- The ratio of expenditure on health and education to total expenditure in Gujarat was better than States other than NE and Himalayan States in 2016-17, but it fell below the States other than NE and Himalayan States in 2020-21.

### 2.4.5 Object Head-wise Expenditure

Finance Accounts depict transactions only up to the Minor Head level. Therefore, a drill-down view of budgetary allocations and the extent of expenditure incurred at the Object Head level is given in **Table 2.41**.

**Table 2.41: Object Head-wise expenditure *vis-à-vis* budget authorisation**

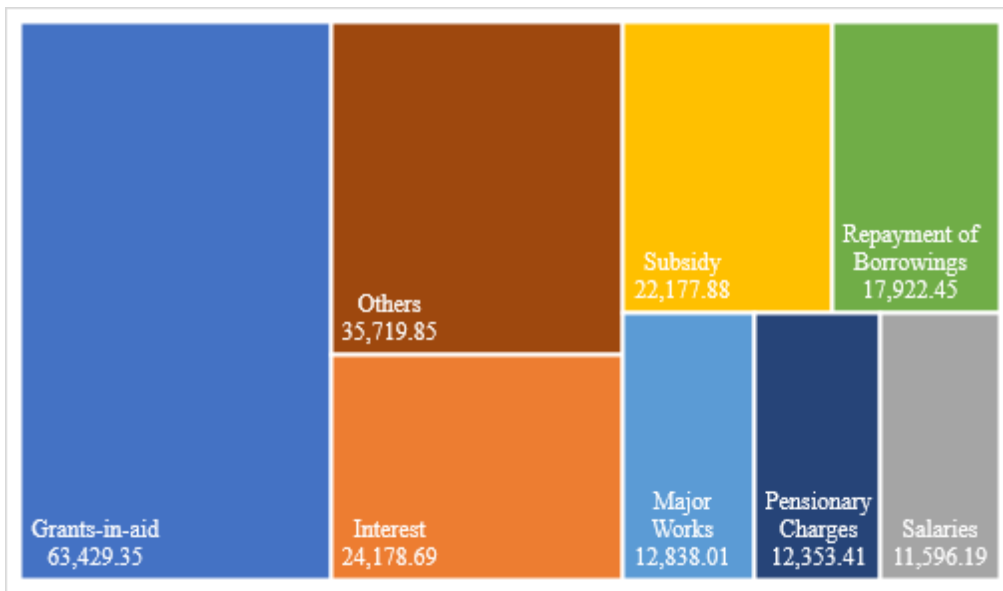
(₹ in crore)			
Head	Budget	Expenditure	Utilisation percentage
Grants-in-aid	68,568.65	63,429.35	92.50
Interest	24,421.38	24,178.69	99.01
Salaries	22,578.10	11,596.19	51.36
Subsidy	19,923.76	22,177.88	111.31
Major Works	18,165.74	12,838.01	70.67
Repayment of Borrowings	17,919.27	17,922.45	100.02
Pensionary Charges	12,905.48	12,353.41	95.72
Investments	9,509.53	7,431.31	78.15
Other Capital Expenditure	7,789.65	6,611.00	84.87
Grants to Local Bodies for creation of Capital Assets	6,032.03	1,208.22	20.03
Other Charges	5,063.18	4,115.58	81.28
Minor Works	2,807.21	2,378.83	84.74
Scholarships/Stipend	2,107.33	1,928.48	91.51
Supplies and Materials	1,755.42	1,626.73	92.67
Inter-Account Transfer	1,645.00	540.74	32.87
Loans and Advances	1,237.92	1,233.43	99.64
Office Expenses	1,044.46	682.06	65.30
Machinery and Equipment	939.66	649.90	69.16
Other Contractual Services	937.34	969.16	103.39
Over Time Allowances	538.82	464.05	86.12
Cost of Ration (Diet Charges)	405.71	174.02	42.89
Wages	391.50	456.58	116.62

Head	Budget	Expenditure	Utilisation percentage
Motor Vehicles	379.01	263.24	69.45
Contributions to Panchayats	334.02	4,136.17	1238.30
Advertising and publicity	227.39	164.87	72.51
Professional Services	209.25	119.60	57.16
Domestic Travel Expenses	208.91	163.80	78.41
Petrol, Oil and Lubricants	129.63	109.89	84.77
Rent, Rates and Taxes	115.77	104.27	90.07
Arms and Ammunition	38.46	25.77	67.00
Ad hoc Financial Assistance	37.97	51.20	134.84
Clothing and Tentage	31.51	44.08	139.89
Other Administrative Expenses	30.64	3.08	10.05
Publication	19.82	11.70	59.03
Secret Service Expenditure	6.08	9.34	153.62
Depreciation	2.80	2.80	100.00
Rewards	1.95	1.32	67.69
Foreign Travel Expenses	0.59	0.02	3.39
Others	315.45	38.61	12.24
<b>Total</b>	<b>2,28,776.39</b>	<b>2,00,215.83</b>	<b>87.52</b>

Source: Information provided by Office of the Principal Accountant General (A & E)

It may be seen that of the total budgetary allocation of ₹ 2,28,776.39 crore, the actual expenditure on various Object Heads during 2020-21 was ₹ 2,00,215.83 crore (87.52 per cent). Of the 39 Object heads mentioned above, expenditure under eight Heads was more than 100 per cent of budgetary allocation. Under 16 Object Heads, expenditure incurred was between 70 per cent and 100 per cent of budgetary allocation, while in the remaining 15 Object Heads, expenditure incurred was below 70 per cent of budgetary allocation. A Tree Map of top seven Object Heads is shown below in **Chart 2.19**.

**Chart 2.19: Object Head-wise expenditure**



## 2.5 Contingency Fund

The Contingency Fund is 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. The Contingency Fund of the Government of Gujarat has a corpus of ₹ 200 crore. During 2020-21, an amount of ₹ 38.68 crore was drawn out of the Contingency Fund and spent for meeting unforeseen expenditure. The entire amount was recouped before the closure of financial year.

## 2.6 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.

### 2.6.1 Net Balances in Public Account

The component-wise net balances in Public Account of the State at the end of March 2021 were as follows:

**Table 2.42: Component-wise net balances in Public Account as of 31 March of the year**

(₹ in crore)

Sector	Sub-Sector	2016-17	2017-18	2018-19	2019-20	2020-21
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	10,059.86	10,400.17	10,608.63	10,601.21	10,445.80
J. Reserve Funds	(a) Reserve Funds bearing Interest	3,493.43	2,355.14	1,504.58	1,818.03	1,073.02
	(b) Reserve Funds not bearing Interest	12,186.10	12,576.73	13,998.70	15,014.72	6,911.30
K. Deposits and Advances	(a) Deposits bearing Interest	12,087.51	12,954.29	13,677.83	14,073.56	14,476.68
	(b) Deposits not bearing Interest	16,946.97	17,175.71	18,454.00	20,525.16	22,478.03
	(c) Advances	(-)0.81	(-)0.79	(-)0.73	(-)0.71	(-)0.70
	(a) Suspense	(-)434.57	(-)447.98	(-)516.66	(-)303.87	(-)321.72

Sector	Sub-Sector	2016-17	2017-18	2018-19	2019-20	2020-21
L. Suspense and Miscellaneous	(b) Other Accounts <sup>25</sup>	460.99	972.81	314.30	(-1,561.23)	(-2,704.49)
	(c) Accounts with Governments of Foreign Countries	(-)0.59	(-)0.59	(-)0.59	(-)0.59	(-)0.59
	(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
M. Remittances	(a) Money Orders, and other Remittances	763.28	969.48	637.47	738.56	868.58
	(b) Inter-Governmental Adjustment Account	(-)2.66	(-)1.26	(-)1.26	(-)1.64	(-)1.94
<b>TOTAL</b>		<b>55,559.51</b>	<b>56,953.71</b>	<b>58,676.27</b>	<b>60,903.20</b>	<b>53,223.97</b>

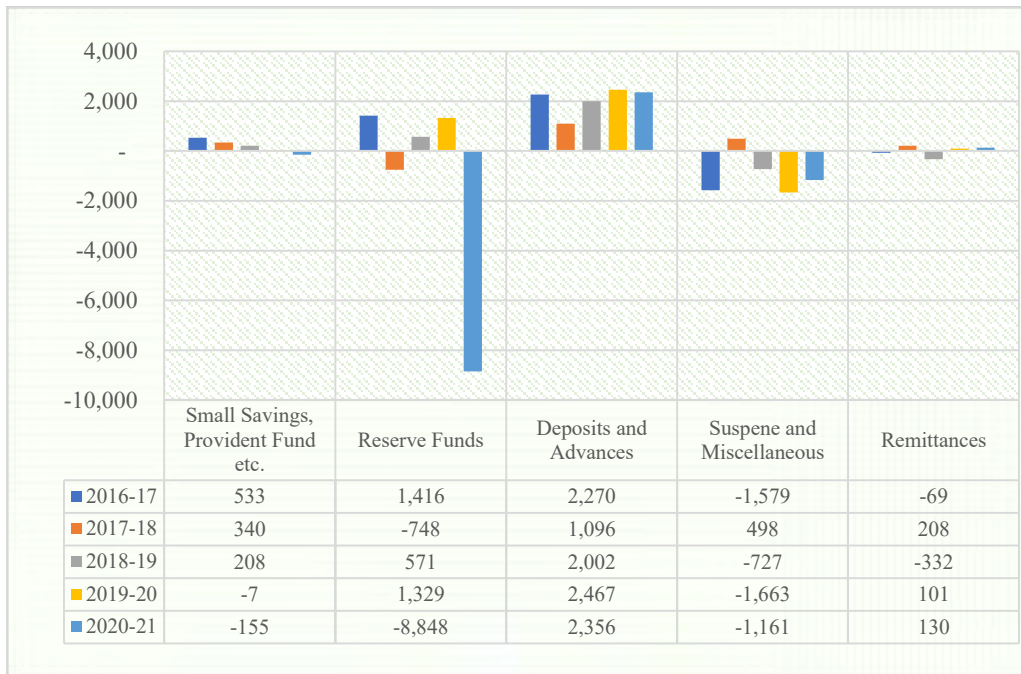
Source: Finance Accounts of the State Government of respective years.

Note: +ve denotes debit balance and -ve denotes credit balances

The yearly changes in composition of Public Account balances over the five-year period (2016-21) are given in **Chart 2.20**.

**Chart 2.20: Yearly changes in composition of Public Account balances**

(₹ in crore)



## 2.6.2 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 of the State.

<sup>25</sup> Other Accounts under L - Suspense and Miscellaneous does not include Cash Balance Investment Account, Permanent Cash Imprest & Departmental Balances.

There were 17 Reserve Funds earmarked for specific purposes during 2020-21, of which, four Reserve Funds bearing interest, were having a balance of ₹ 1,073.02 crore, and 13 Funds not bearing interest, were having balance of ₹ 6,911.30 crore. The total accumulated balance in these funds as on 31 March 2021 was ₹ 7,984.32 crore of which, ₹ 5,522.16 crore was invested.

Of the 17 Reserve Funds, five Reserve Funds having a balance of ₹ 2.11 crore were inoperative, of which, four Reserve Funds (₹ 2.10 crore) were inoperative since 1999-2000 while one Reserve Fund (₹ 0.01 crore) was inoperative since 2014-15.

### 2.6.2.1 Consolidated Sinking Fund

The State Government constituted a Consolidated Sinking Fund (CSF) in 2003-04 for amortisation of outstanding liabilities. The RBI, which is responsible for administering the fund, issued guidelines enlarging the scope of CSF for including liabilities (Internal debt + Public Account Liabilities) of the Government from the financial year 2007-08. Further, as per latest guidelines (2017-18) for CSF issued by the State Government, the minimum corpus of the fund should be five *per cent* of State's outstanding liabilities from the year 2018-19 and thereafter to maintain it on rolling basis.

There was short contribution in the CSF by ₹ 10,433.73 crore during 2020-21, as the closing balance in the fund was ₹ 5,339.07 crore against the minimum corpus of ₹ 15,772.80 crore. The State Government disinvested ₹ 9,957.85 crore from the fund during 2020-21 for repayment of Market Loan.

### 2.6.2.2 Funds for Disaster Risk Management

As per recommendations of 13<sup>th</sup> FC, the State Government had been operating the State Disaster Response Fund (SDRF) since 2011-12. It is an interest-bearing Reserve Fund. In terms of GoI guidelines (September 2010), the Central and State Governments were required to contribute to the fund in the ratio of 75:25. The 15<sup>th</sup> Finance Commission has recommended break up of central allocation to the States under Disaster Risk Management for the year 2020-21. Out of 75 *per cent* central allocation, the share of State Disaster Response Fund (SDRF) shall be 80 *per cent* and the share of State Disaster Mitigation Fund (SDMF) 20 *per cent*. Within the SDRF allocation of 80 *per cent*, there would be three sub-allocations (a) Response and Relief (40 *per cent*), (b) Recovery and Reconstruction (30 *per cent*) and (c) Preparedness and Capacity-Building (10 *per cent*). While the funding windows of SDRF and SDMF are not inter-changeable, there could be flexibility for re-allocation within the three sub-windows of the respective Funds and such re-allocation shall not exceed 10 *per cent* of the allotted amount of that sub-window for 2020-21. Separate accounts were to be operated for each fund.

As on 01 April 2020, the SDRF had an opening balance of ₹ 333.38 crore. During 2020-21, the State Government transferred ₹ 1,765.00 crore (₹ 1,324.00 crore Central share and ₹ 441.00 crore State share) to the fund. Of the total available balance of ₹ 2,098.38 crore, ₹ 2,340.17 crore was incurred on

natural calamities<sup>26</sup> during the year from the fund balance, leaving minus balance of ₹ 241.79 crore in the fund at end of March 2021.

Details of expenditure charged to SDRF during the year are given in **Table 2.43**.

**Table 2.43: Details of expenditure charged to SDRF**

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2020-21
2245- Relief on Account of Natural Calamities 01- Drought	102-Drinking Water Supply	0.00
	104-Supply of Fodder	8.69
<b>Subtotal 01</b>		<b>8.69</b>
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	32.68
	104- Supply of Fodder	0.09
	105-Veterinary care	2.95
	111-Ex-gratia payments to bereaved families	10.45
	112- Evacuation of population	7.26
	113- Assistance for repairs/reconstruction of Houses	5.26
	122-Repairs and Restoration of Damaged Irrigation	0.00
	282- Public Health	189.20
	800-Other Expenditure	2,089.41
	911- Deduct Recovery of Overpayments	(-)36.52
<b>Subtotal 02</b>		<b>2,300.78</b>
2245- Relief on Account of Natural Calamities 05-State Disaster Response Fund	101- Transfer to Reserve funds/ Deposit Accounts-State Disaster Response Fund	1,765.00
	901- Deduct - Amount met from State Disaster Response Fund	(-)2,340.16
<b>Subtotal 05</b>		<b>(-)575.16</b>
2245- Relief on Account of Natural Calamities 80- General	001-Direction and Administration	2.00
	102-Management of Natural Disasters, Contingency Plans in disaster prone areas	4.50
	800-Other Expenditure	20.01
	911- Deduct-Recoveries of Overpayments	0.00
<b>Subtotal 80</b>		<b>26.51</b>
<b>Total 2245</b>		<b>1,760.82</b>
Expenditure incurred in conformity with items and norms of SDRF approved by SEC (Only the amount booked under 2245-01 and 2245-02 is admissible expenditure under SDRF)		<b>2,300.78</b>

Source: Finance Accounts of the State Government for the year 2020-21

<sup>26</sup> Major Head 2245-05 (Relief on account of natural calamities-SDRF)

In terms of the GoI guidelines, balances lying in the fund were required to be invested<sup>27</sup>, which was not done. The interest to be credited to the fund on the balances of earlier years had also not been estimated and credited by the State Government.

The fund guidelines state that any excess expenditure should be borne by State Government. Expenditure of ₹ 241.79 crore incurred in excess of the balance available in the fund should have been met from State Consolidated Fund. However, this amount was also charged to the fund, leaving the fund with a negative balance of ₹241.79 crore. Further, the revenue deficit would have increased by the same amount. It was also noticed that separate accounting heads for SDRF and SD MF have not been opened as yet (November 2021).

### 2.6.2.3 Guarantee Redemption Fund

The Twelfth Finance Commission recommended setting up of a Guarantee Redemption Fund (GRF) to meet the contingent liabilities arising from the guarantees given by the Government. The Government of Gujarat has created a GRF for guarantees extended by it on loans taken by various entities like State Public Sector Undertakings, State Co-operative Societies *etc.* In terms of the guidelines of the RBI, which administers the Fund, the corpus of the Fund is to be gradually increased to the desirable level of five *per cent* of outstanding guarantees.

During 2020-21, the closing balance in the Fund was ₹ 773.12 crore against the minimum required corpus<sup>28</sup> of ₹ 182.82 crore. The State Government credited an accrued interest of ₹ 36.87 crore to the Fund during 2020-21.

As on 31 March 2021, out of the total Fund of ₹ 773.12 crore, ₹ 509.40 crore was invested by the RBI.

## 2.6.3 Deposits and Advances

### 2.6.3.1 Accounting of transactions relating to Central Road Fund

The GoI provides annual grants under the Central Road Fund (CRF) to the State Governments to incur expenditure on specific road projects. In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601 Grants-in-Aid”, and an equivalent amount is transferred to the Public Account under Major Head “8449- Other Deposits 103 Subvention from Central Road Fund” by debiting the Revenue expenditure Major Head “3054 Roads and Bridges”. This process ensures that receipt of the grants does not result in overstatement of revenue surplus (or understatement of revenue deficit) in the Accounts. Expenditure on specific road works initially

<sup>27</sup> The accretions to the SDRF are to be invested through RBI in Central Government dated securities; auctioned treasury bills; and interest earning deposits and certificates of deposits with scheduled commercial banks.

<sup>28</sup> ₹ 182.82 crore = 5 *per cent* of outstanding guarantee at the end of the year 2020-21 (₹ 3,656.33 crore)

booked under the relevant revenue or capital Major Head (Major Head 3054 or 5054) is to be subsequently adjusted from the Fund balance by way of minus debit under Major Heads 3054/5054 by corresponding debit to the Fund (Major Head 8449-103).

During 2020-21, the State Government received a grant of ₹ 430.74 crore from GoI under CRF which was accounted for in State's Accounts under Major Head-1601 by following the extant accounting procedure. An expenditure of ₹ 430.74 crore was incurred on specific road works during the year, leaving a balance of ₹ 27.25 crore (including previous years' balances) under the Deposit Head as on 31 March 2021.

### **2.6.3.2 Non-transfer of Labour Cess to Labour Welfare Board**

Under Section 3 of the Building and Other Construction Workers' Welfare Cess Act, 1996, there shall be levied and collected a cess at such rate not exceeding two *per cent*, but not less than one *per cent* of the cost of construction incurred by an employer, as the Government may, by notification in the Official Gazette, from time to time, specify. As per Rule 5(3) of the Building and Other Construction Workers' Welfare Cess Rules, 1998, the cess so collected is to be transferred to the Building and Other Construction Workers' Welfare Board (Board) within 30 days of its collection.

Audit observed that in terms of the Building and Other Construction Workers' Welfare Cess Act, 1996, the State Government levied and collected cess amounting to ₹ 3,466.87 crore during the period 2006-07 to 2020-21 and transferred ₹ 2,129.69 crore to Gujarat Building and Other Construction Workers' Welfare Board as grants-in-aid, leaving a balance of ₹ 1,337.18 crore which had not been transferred as of 31 March 2021. Further, of ₹ 452.92 crore collected during 2020-21 as cess, only ₹ 115.84 crore was transferred to the Board, leaving a balance of ₹ 337.08 crore which was not transferred to the Board, in violation of the Building and Other Construction Workers' Welfare Cess Rules, 1998.

### **2.6.3.3 Non-transfer of fines to Personal Ledger Account**

The Government of Gujarat *vide* Resolution dated 01 July 2000 decided that a specified percentage of the income received during the year from the State urban areas through penalties under section 200 (1) of the Motor Vehicle Act shall be deposited in a Budget Head namely, Gujarat State Marg Suraksha Nidhi (GSMSN). The funds available under GSMSN were to be utilised for traffic management purposes.

For smooth functioning of GSMSN, a Personal Ledger Account (PLA) was opened in the name of the Director General and Inspector General of Police (DG & IGP), Gandhinagar with effect from March 2004. The DG & IGP was to collect various proposals for traffic management from different implementing authorities and incur expenditure from the PLA, after taking approval of Traffic



Management Committee. In July 2006, the State Government decided to transfer 100 *per cent* fines to the PLA for better administration of GSMSN.

Scrutiny of the budget estimates and Appropriation Accounts for the years 2012-13 to 2020-21, however, revealed a shortfall of 26 *per cent* between actual traffic fines collected and that transferred to the PLA during the last eight years, as detailed in **Table 2.44**.

**Table 2.44: Shortfalls in transferring traffic fines to PLA**

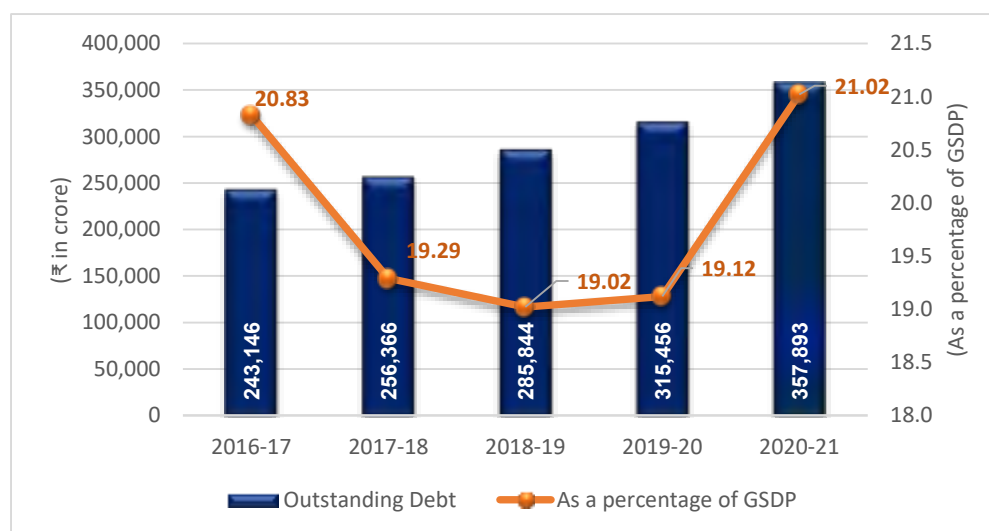
Year	Revenue from traffic fines (₹ in crore)		Provision for PLA (₹ in crore)		
	BE	Actual collection	BE	Actual transfer	As percentage of actual collection
2012-13	45.00	52.82	20.50	17.88	33.85
2013-14	62.22	48.40	20.00	20.00	41.32
2014-15	56.40	75.71	25.00	25.00	33.02
2015-16	72.95	73.20	35.00	35.00	47.81
2016-17	85.65	84.17	40.00	25.00	29.70
2017-18	77.35	63.06	35.00	48.57	77.02
2018-19	113.78	109.62	200.00	98.00	89.40
2019-20	75.60	173.33	63.06	260.00	150.00
2020-21	183.84	145.97	78.62	78.62	53.86
<b>Total</b>	<b>772.79</b>	<b>826.28</b>	<b>517.18</b>	<b>608.07</b>	<b>73.59</b>

Source: Budget Estimates and Appropriation Accounts of respective years.

## 2.7 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt 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.

**Chart 2.21: Trend of outstanding debt**



## 2.7.1 Debt Profile: Components

Total debt of the State Government typically constitutes the internal debt of the State<sup>29</sup>, loans and advances from the Central Government, and public account liabilities. The trend of total debt receipts, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period (2016-21) is given in **Table 2.45**.

**Table 2.45: Component-wise trend of debt during 2016-21**

		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Outstanding Debt</b>		<b>2,43,146</b>	<b>2,56,366</b>	<b>2,85,844</b>	<b>3,15,456</b>	<b>3,57,893</b>
Public Debt	Internal Debt	1,92,772	2,06,643	2,32,875	2,59,662 <sup>30</sup>	2,90,031
	Loans from GoI	6,566	5,947	7,430	7,433	17,999
Public Account Liabilities		43,808	43,776	45,539	48,361	49,863
Rate of growth of total outstanding debt (percentage)		9.98	5.44	11.50	10.36	13.45
Gross State Domestic Product (GSDP)		11,67,156	13,29,095	15,02,899	16,49,505	16,58,865
Debt/GSDP ( <i>per cent</i> )		20.83	19.29	19.02	19.12	21.02 <sup>31</sup>
Interest payments		17,797	18,954	20,183	22,449	24,203
Burden of interest payments (IP/RR)		16.20	15.37	14.84	15.72	18.89
Total Debt Receipts		72,224	81,158	1,02,963	1,02,300	1,23,325
Total Debt Repayments (Debt redemption)		50,168	67,938	73,486	72,689	80,888
<b>Total Debt Available</b>		<b>22,056</b>	<b>13,220</b>	<b>29,477</b>	<b>29,611</b>	<b>19,889<sup>32</sup></b>
<b>Debt Repayments/ Debt Receipts (<i>per cent</i>)</b>		<b>69.46</b>	<b>83.71</b>	<b>71.37</b>	<b>71.05</b>	<b>65.59</b>

Source: Finance Accounts of the State Government of respective years.

**Table 2.45** shows that the total outstanding debt of the State Government increased from ₹ 3,15,456 crore in 2019-20 to ₹ 3,57,893 crore in 2020-21. The effective total outstanding debt would be ₹ 3,48,671 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 9,222 given to the State as back to back loan under debt receipts would not be treated as debt of

<sup>29</sup> Market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions *etc.*

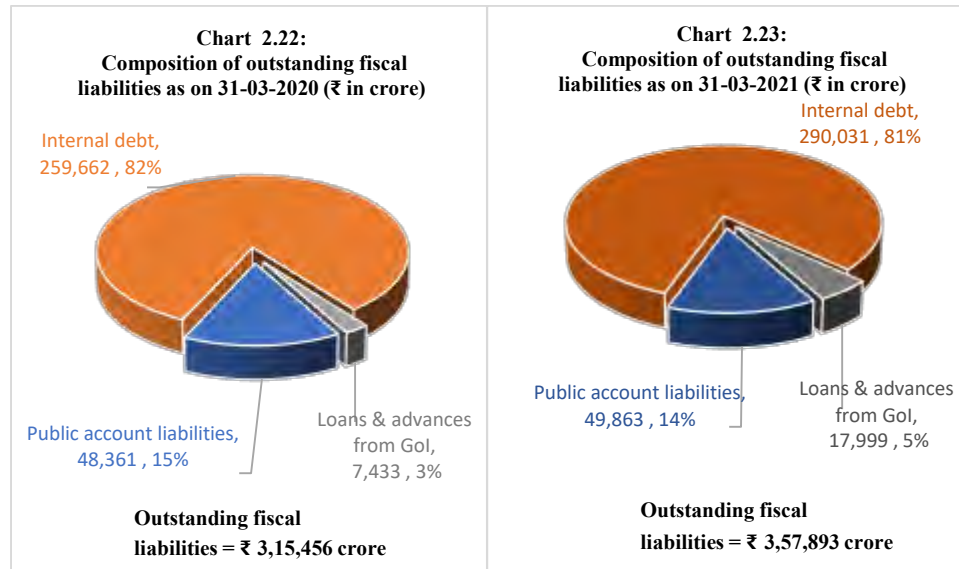
<sup>30</sup> Difference was due to Performa correction of ₹ 1.49 crore under MH 6003-105 Loans from the National Bank for Agricultural and Rural Development (Statement 6 of Finance Accounts).

<sup>31</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt here.

<sup>32</sup> Total debt available is calculated as ₹ 42,437 crore. During the year 2020-21, Gujarat has Revenue Deficit of ₹ 22,548 crore. Out of interest payments of ₹ 24,203 crore, only ₹ 1,655 crore was paid from Revenue Receipts. Further interest of ₹ 22,548 crore was paid from Market Borrowings. Hence, total debt available is decreased as ₹ 19,889 crore (₹ 42,437 crore-₹ 22,548 crore)

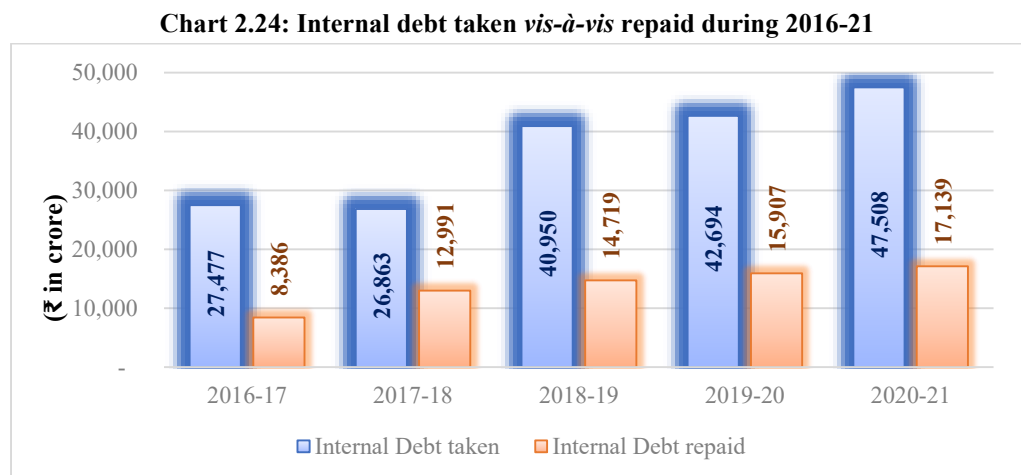
the State for any norms which may be prescribed by the Finance Commission. Debt to GSDP ratio ranged from 19.02 *per cent* to 21.02 *per cent* over the period of five years and stood maximum at 21.02 *per cent* in 2020-21.

Component-wise break-up of outstanding debt or fiscal liabilities of the State Government at the end of March 2020 and March 2021 are shown in **Chart 2.22** and **Chart 2.23** respectively.



The charts above show that the internal debt of the State Government, which is primarily market borrowings through issue of State Development Loans, accounted for 82 *per cent* and 81 *per cent* of the total outstanding debt during 2019-20 and 2020-21 respectively.

**Chart 2.24** below shows the trend of internal debt taken by the State Government and repaid during the last five year (2016-21).



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

The share of revenue deficit in fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Persistently high ratio of revenue deficit to fiscal deficit indicates that the asset base of the State

Government is continuously getting eroded, and a part of the borrowing (fiscal liabilities) does not have any asset backup. Since Gujarat has turned revenue deficit for the first time since 2011-12, this year borrowed funds were used for revenue expenditure as well as capital expenditure and repayment of debt. As such, the fiscal deficit has increased in absolute terms and the fiscal deficit-GSDP ratio worsened from (-) 1.41 in 2016-17 to (-) 2.44 in 2020-21.

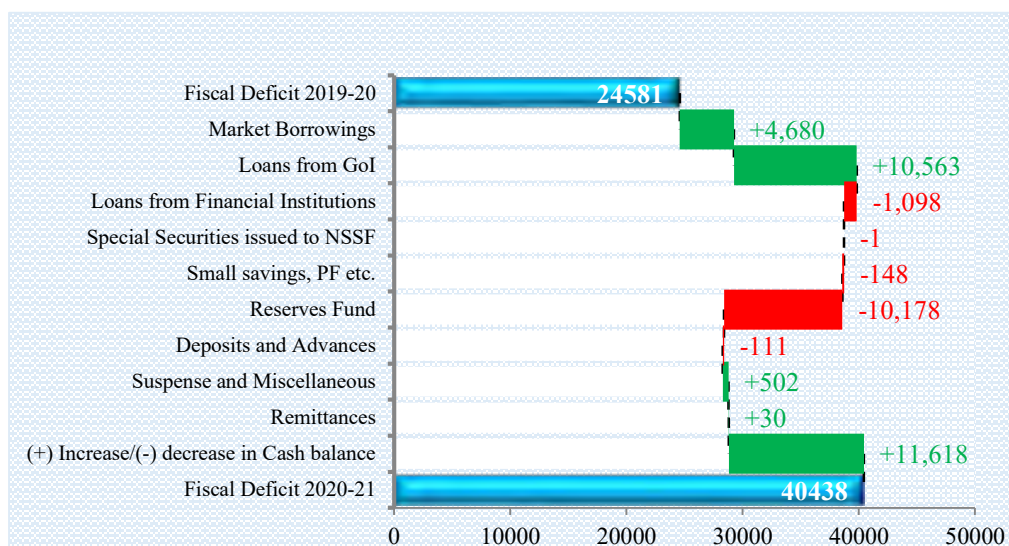
The financing pattern of fiscal deficit has undergone a compositional shift as reflected below in **Table 2.46**.

**Table 2.46: Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars		2016-17	2017-18	2018-19	2019-20	2020-21
<b>Fiscal Deficit (-)/Surplus (+)</b>		<b>(-)16,480</b>	<b>(-)21,366</b>	<b>(-)26,365</b>	<b>(-)24,581</b>	<b>(-)40,438</b>
<b>FD/GSDP (per cent)</b>		<b>(-)1.41</b>	<b>(-)1.61</b>	<b>(-)1.75</b>	<b>(-)1.49</b>	<b>(-)2.44</b>
<b>Composition of Fiscal Deficit/Surplus</b>						
1	Revenue Deficit (-) /Surplus (+)	5,947	5,232	3,212	1,945	(-)22,548
2	Net Capital Expenditure	(-)22,115	(-)26,313	(-)27,997	(-)25,544	(-)16,813
3	Net Loans & Advances	(-)312	(-)285	(-)1,580	(-)982	(-)1,077
<b>Financing Pattern of Fiscal Deficit*</b>						
1	Market Borrowings	20,944	15,785	27,437	28,600	33,280
2	Special Securities issued to NSSF	(-)3,447	(-)3,451	(-)3,534	(-)3,629	(-)3,630
3	Loans from Financial Institutions	1,594	1,538	2,328	1,816	718
4	Loans from GoI	(-)496	(-)619	1,483	3	1,05,66
5	Small savings, PF etc.	533	340	208	(-)7	(-)155
6	Deposits and Advances	2,270	1,096	2,002	2,467	2,356
7	Suspense and Miscellaneous	(-)1,579	497	(-)727	(-)1,663	(-)1,161
8	Remittances	(-)69	208	(-)332	100	130
9	Reserves Fund	1,416	(-)748	571	1,329	(-)8,849
10	Contingency Fund	4	0	0	0	0
<b>Total</b>		<b>21,170</b>	<b>14,646</b>	<b>29,436</b>	<b>29,016</b>	<b>33,255</b>
Increase (+)/Decrease (-) in Cash Balance		<b>(+)4,690</b>	<b>(-)6,720</b>	<b>(+)3,071</b>	<b>(+)4,435</b>	<b>(-)7,183</b>
*All the figures are net of disbursements outflows during the year						

Source: Finance Accounts of the respective years.

**Chart 2.25: Financing of fiscal deficit expressed through a water flow chart (₹ in crore)**

The financing pattern of fiscal deficit (net of disbursements/outflows) during the year is shown in **Table 2.47**.

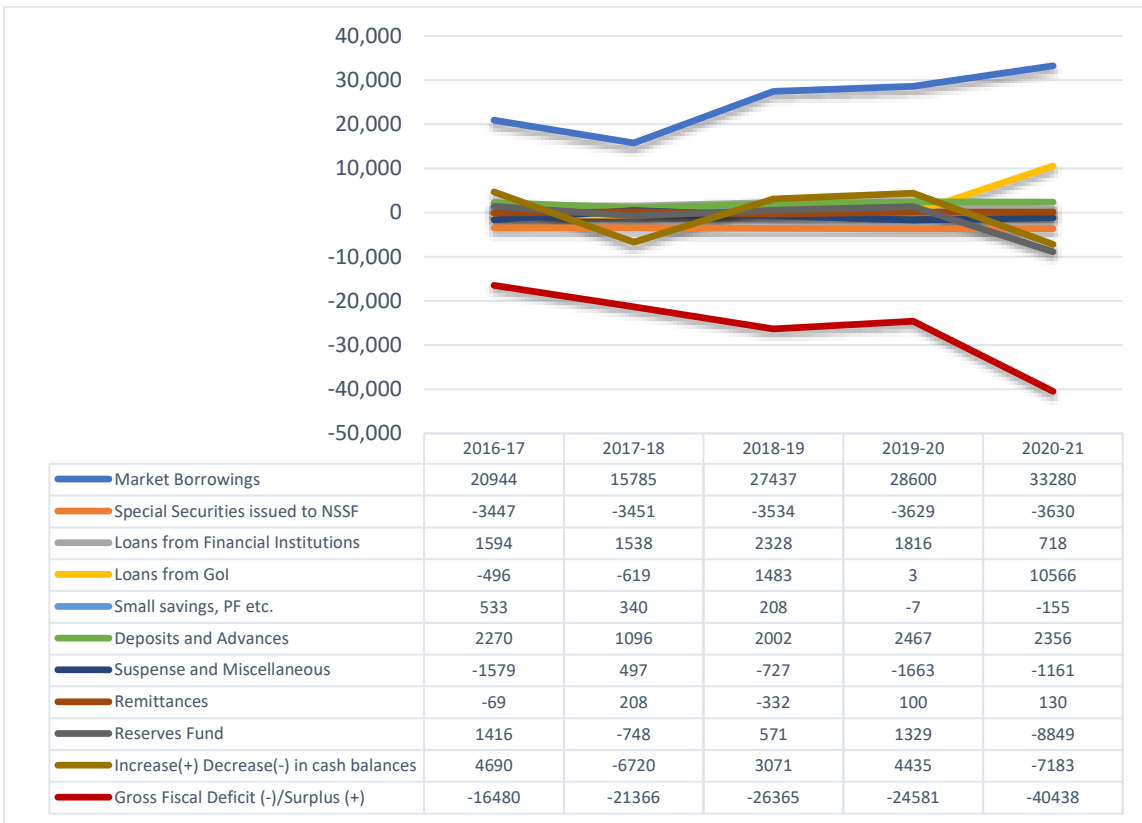
**Table 2.47: Receipts and disbursements of components financing the fiscal deficit (₹ in crore)**

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	44,780	11,500	33,280
2	Special Securities issued to NSSF	0	3,630	(-)3,630
3	Loans from Financial Institutions	2,728	2,010	718
4	Loans from GOI	11,349	783	10,566
5	Small Savings, PF, etc.	2,065	2,220	(-)155
6	Deposits and Advances	52,126	49,770	2,356
7	Suspense and Miscellaneous	24,055	25,216	(-)1,161
8	Remittances	19,878	19,748	130
9	Reserve Fund	2,090	10,939	(-)8,849
<b>10</b>	<b>Overall Deficit</b>	<b>1,59,071</b>	<b>1,25,816</b>	<b>33,255</b>
11	Increase (+)/Decrease (-) in cash balance	1,93,403	1,86,220	7,183
<b>12</b>	<b>Gross Fiscal Deficit</b>	<b>3,52,474</b>	<b>3,12,036</b>	<b>40,438</b>

Source: Finance Accounts of the year 2020-21.

**Chart 2.26** below captures the trend of various sub-components of outstanding debt of the State Government during 2016-21 *i.e.*, internal debt, loans and advances from Central Government and public account liabilities.

Chart 2.26: Components-wise debt trend



## 2.7.2 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing.

Public Debt consists of internal debt, and loans and advances received from GoI. The maturity profile of public debt of ₹ 3,08,030 crore comprising internal debt (₹ 2,90,031 crore) and loans and advances from GoI (₹ 17,999 crore), as per Statement No. 17 of the Finance Accounts for the year 2020-21, is as shown in Table 2.48.

Table 2.48: Maturity profile of Public Debt

Year of maturity	Maturity Profile	Amount			Maturity profile of outstanding Public Debt (in %)
		Internal Debt	Loans & Advances from GoI	Total outstanding Public Debt	
By 2021-22	0-1 year	23,518.36	937.14	24,455.50	7.94
Between 2022-23 & 2023-24	2-3 years	44,578.97	2,468.74	47,047.71	15.27
Between 2024-25 & 2025-26	4-5 years	52,565.99	1,664.12	54,230.11	17.60
Between 2026-27 & 2027-28	6-7 years	60,995.45	1,244.40	62,239.85	20.21
2028-29 onwards	Above 7 years	108372.30	11,684.52	1,20,056.82	38.98
<b>Total</b>		<b>2,90,031.07</b>	<b>17,998.92</b>	<b>3,08,029.99</b>	<b>100.00</b>

Source: Finance Accounts of the State Government for the year 2020-21

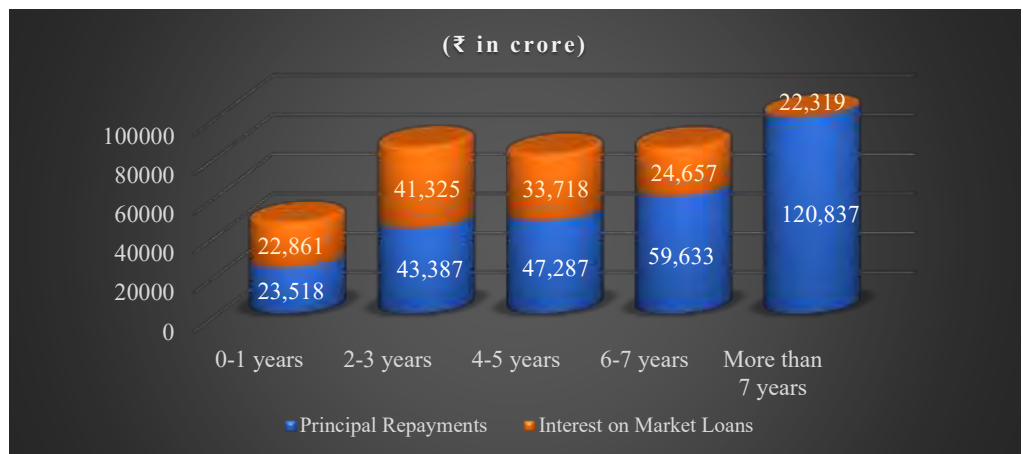
The maturity profile of outstanding stock of public debt as on 31 March 2021 indicates that 61 *per cent* of the total public debt (₹ 1,87,973.17 crore) would be repayable within the next seven years which may put a strain on the Government budget during that period. Remaining 39 *per cent* (₹ 1,20,056.82 crore) would become due for servicing after seven years. In view of the increasing committed expenditure on one hand and revenue deficit on the other, the State Government would have to work out a well-thought-out borrowing-repayment strategy to avoid falling into a debt trap.

**Chart 2.27** shows the maturity profile of public debt and **Chart 2.28** the repayment schedule of market loans<sup>33</sup> in the ensuing years.

**Chart 2.27: Maturity profile of Public Debt**



**Chart 2.28: Repayment schedule of market loans**



Source: Information received from Finance Department of Government of Gujarat

## 2.8 Debt Sustainability Analysis

### 2.8.1 Debt Sustainability

Debt is considered sustainable if the borrower, in this case the State, can service its debt now, and in future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

<sup>33</sup> Figures of Principal repayment in Chart 2.28 do not match with Table 2.48 as the details furnished by Finance Department do not match with Finance Accounts, 2020-21.

This section assesses the sustainability of debt of the State Government in terms of debt/GSDP ratio, fiscal deficit, burden of interest payments (measured by ratio of interest payments to revenue receipts) and maturity profile of the State Government debt.

### 2.8.1.1 Trend in debt sustainability indicators

**Table 2.49** shows the debt sustainability of the State for the five-year period beginning from 2016-17.

**Table 2.49: Debt Sustainability: Indicators and Trends**

(₹ in crore)					
Indicators of Debt sustainability	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt	1,99,338	2,12,590	2,40,305	2,67,094	3,08,030
Rate of growth of outstanding public debt ( <i>per cent</i> )	10.29	6.65	13.04	11.15	15.33
Gross State Domestic Product (GSDP)	11,67,156	13,29,095	15,02,899	16,49,505	16,58,865
Rate of growth of GSDP ( <i>per cent</i> )	13.43	13.87	13.08	9.75	0.57
Public Debt/GSDP ( <i>per cent</i> )	17.08	16.00	15.99	16.19	18.01 <sup>34</sup>
Public Debt Receipts	27,668	26,953	43,146	43,491	58,857
Public Debt Repayment	9,073	13,700	15,432	16,702	17,922
Interest payments on Public Debt	16,117	17,178	18,215	20,338	22,073
Average interest rate on Outstanding Public debt <sup>35</sup> ( <i>per cent</i> )	8.48	8.34	8.04	8.02	7.68
Percentage of Interest Payment on Public Debt to Revenue Receipts	14.67	13.93	13.39	14.24	17.22
Percentage of Public Debt Repayment to Public Debt Receipts	32.79	50.83	35.77	38.40	30.45
<b>Net Public Debt<sup>36</sup> available to the State (₹ crore)</b>	<b>2,478</b>	<b>-3,925</b>	<b>9,499</b>	<b>6,451</b>	<b>18,862</b>
<b>Available Public Debt as a percentage of Public Debt Receipts (<i>per cent</i>)</b>	<b>8.96</b>	<b>-14.56</b>	<b>22.02</b>	<b>14.83</b>	<b>32.05</b>

Source: Finance Accounts of the State Government for the respective years

The effective outstanding public debt would be ₹ 2,98,808 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 9,222 crore given to the State as back to back loan under public debt receipts would not be treated as public debt of the State for any norms which may be prescribed by the Finance Commission.

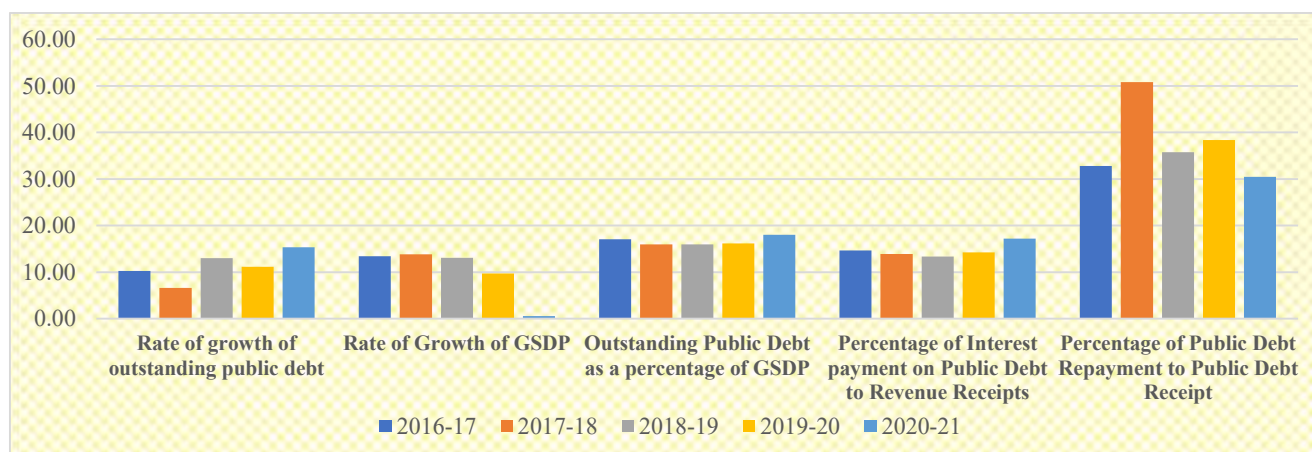
<sup>34</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt here.

<sup>35</sup> Interest paid \*100/(OB of Public debt + CB of Public debt)/2

<sup>36</sup> Net Public Debt available to the State Government is calculated as excess of Public Debt receipts over Public Debt repayment and interest payment on Public Debt



Chart 2.29: Trends of Debt Sustainability indication



As can be seen from **Table 2.49**, the ratio of public debt to GSDP was within a range of 15.99 *per cent* to 18.01 *per cent* during 2018-21. During this period, the burden of interest payment on public debt ranged from 13.39 *per cent* to 17.22 *per cent* of the revenue receipts. The percentage of public debt repayment to public debt receipts decreased sharply over the previous year. Further, during 2016-21, while GSDP grew at a CAGR of 9.19 *per cent*, the outstanding Public Debt has grown at a CAGR of 11.49 *per cent*. The above indicators show that there is a need to review sustainability of debt of the State.

## 2.8.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities having encumbrance on the Consolidated Fund of the State in cases of defaults by borrowers for whom guarantees have been extended by the State Government. Statement No. 20 of the Finance Accounts gives details of guarantees given by the State Government. Details in this compilation are prepared from the information furnished by State Government. The maximum amount for which guarantees were given by State Government and outstanding guarantees for the last five years is given in **Table 2.50**.

**Table 2.50: Guarantees given by the Government of Gujarat**

Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Ceiling limit on Government Guarantees under Gujarat State Guarantees Act, 1963	20,000	20,000	20,000	20,000	20,000
Maximum amount guaranteed	11,333	11,796	11,796	11,747	11,751
Outstanding amount of guarantees	4,804	4,834	4,699	4,462	3,656
Percentage of outstanding amount of guarantees to total revenue receipts	4.37	3.92	3.46	3.12	2.85

Source: Finance Accounts of the State Government of respective years.

The Gujarat State Guarantees Act, 1963 prescribes capping of outstanding guarantees within the limit of ₹ 20,000 crore. During 2020-21, State Government extended guarantees amounting to ₹ 60 crore. Of the total outstanding guarantees of ₹ 3,656 crore, 35 *per cent* (₹ 1,262 crore) were in respect of Sardar Sarovar Narmada Nigam Limited and 12 *per cent* (₹ 433 crore)

were in respect of Gujarat State Financial Corporation. The outstanding guarantees (₹ 3,656 crore) accounted for 2.85 per cent of the total revenue receipts of the State Government (₹ 1,28,156 crore). These were well within the limit of ₹ 16,000 crore prescribed under the Gujarat Fiscal Responsibility Act, 2005.

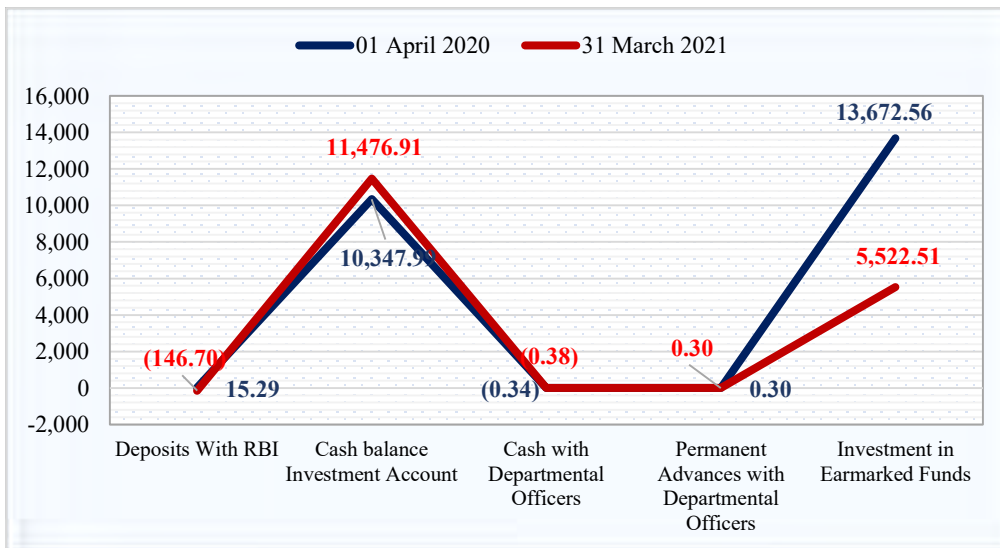
During 2020-21, State Government received ₹ 0.25 crore as guarantee fees from State level bodies, against the budget estimates of ₹ 1.62 crore. Further, no amount was paid by the State Government on account of invocation of guarantees during 2020-21.

### 2.8.3 Management of Cash Balances

The details of opening and closing cash balances with Government of Gujarat as of 01 April 2020 and 31 March 2021 are shown in **Chart 2.30**.

**Chart 2.30: Opening and closing cash balances of financial year 2020-21**

(₹ in crore)



As per an agreement with the RBI, the State Government must maintain a minimum daily cash balance of ₹ 2.80 crore 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 ₹ 19.15 crore with effect from 01 February 2016 and the limit of SWMA is revised by the Bank from time to time.

The State Government maintained the minimum daily cash balance with the RBI during 2020-21 and no WMA/SWMA/OD was availed of during the year.

#### 2.8.3.1 Investment of Cash Balances

Details of cash balances and investment made by the State Government out of cash balances during 2020-21 are shown in **Table 2.51**.

Table 2.51: Cash balances and investment of cash balances

(₹ in crore)			
Cash balances and investment of cash balances	Opening balance on 01/04/2020	Closing balance on 31/03/2021	Increase (+)/Decrease (-)
<b>(A) General cash balance</b>			
Cash in Treasuries	0.00	0.00	0.00
Deposits with Reserve Bank of India	15.29	(-)146.70	(-)161.99
Remittances in Transit – Local	0.00	0.00	0.00
Investments held in Cash Balance Investment Account (Treasury Bills)	10,347.99	11,476.91	1,128.92
<b>Total (A)</b>	<b>10,363.28</b>	<b>11,330.21</b>	<b>966.93</b>
<b>(B) Other Cash balances and investments</b>			
Cash with Departmental Officers viz. Public Works, Forest, District Collectors etc.	(-)0.34	(-)0.38	(-)0.04
Permanent advances with Departmental Officers for contingent expenditure	0.30	0.30	0.00
Investment in earmarked funds	13,672.56	5,522.51	(-) 8,150.05
<b>Total (B)</b>	<b>13,672.52</b>	<b>5,522.43</b>	<b>(-) 8,150.09</b>
<b>Total Cash Balances (A)+ (B)</b>	<b>24,035.80</b>	<b>16,852.64</b>	<b>(-) 7,183.16</b>
<b>Interest realised<sup>37</sup></b>	<b>1,142</b>	<b>778</b>	<b>364</b>

Source: Finance Accounts of the State Government for the year 2020-21.

The State Government's cash balances of ₹ 16,852.64 crore at the end of the current year showed a decrease of ₹ 7,183.16 crore (29.89 per cent) over the previous year. Of the cash balance of ₹ 16,852.64 crore, ₹ 11,476.91 crore was invested in GoI Treasury Bills which earned an interest of ₹ 96.86 crore during the year. Further, ₹ 5,522.51 crore was invested in earmarked funds which earned an interest of ₹ 681 crore.

Due to adequate cash balance during 2020-21, the State Government did not avail of any Ways and Means Advance from the RBI for maintenance of its minimum cash balance.

The cash balance investments of the State during the five-year period (2016-21) are given below.

Table 2.52: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+)/decrease (-)	Interest earned
2016-17	8,945.52	12,749.99	3,804.47	509.52
2017-18	12,749.99	5,198.09	(-)7,551.90	553.79
2018-19	5,198.09	6,895.90	1,697.81	234.24
2019-20	6,895.90	10,347.99	3,452.09	211.33
2020-21	10,347.99	11,476.91	1,128.92	96.86

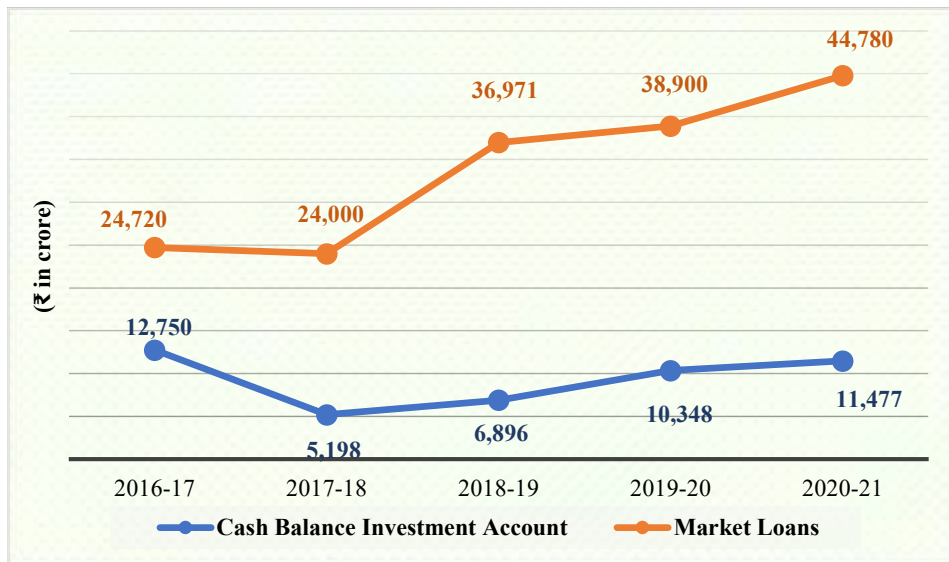
Source: Finance Accounts of the State Government for respective years

<sup>37</sup> Interest of ₹ 681 crore and ₹ 931 crore realized during 2020-21 and 2019-20 respectively on Sinking fund Investment (realized along with regular investment); hence, not included under MH 0049 plus interest on Cash Investment ₹ 97 crore and ₹ 211 crore.

The trend analysis of the cash balance investment of the State Government during 2016-21 revealed that investment increased significantly during 2018-21. During the current year, investments held in cash balance investment account stood at 5.28 per cent of the annual budget estimates of the State (₹ 2,17,287 crore).

**Chart 2.31** compares the balances available in the cash balance investment account and the market loans raised by the State Government during the period 2016-21. Market Loans were taken at higher interest rates whereas, investment in Treasury Bills yielded interest at lower rates.

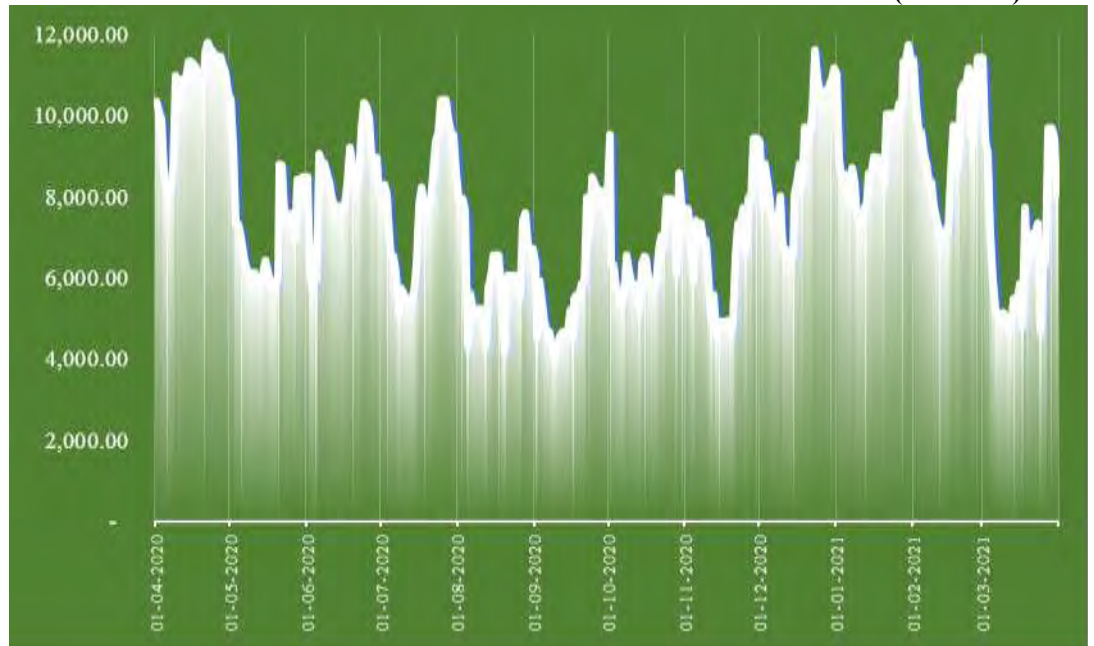
**Chart 2.31: Market loans raised vis-a-vis Investments held in Cash Balance Investment Account**



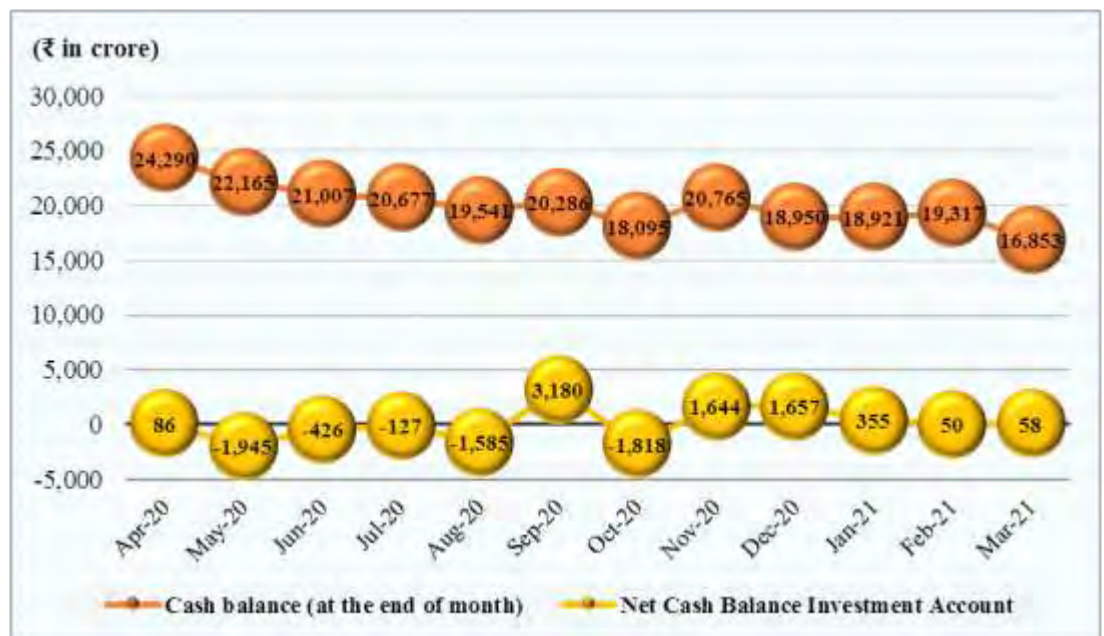
During 2020-21, the State Government raised ₹ 44,780 crore from the market, while at the same time, the balances available in cash balance investment account increased from ₹ 10,348 crore in 2019-20 to ₹ 11,477 crore in 2020-21, indicating that Government could have avoided the borrowings to that extent.

**Chart 2.32** shows the daily cash balance held in cash balance investment account during 2020-21 and **Chart 2.33** shows the month-wise movement of cash balance at the end of the month and net cash balance investments during 2020-21.

**Chart 2.32: Daily Cash balance held in cash balance investment accounts during 2020-21**  
(₹ in crore)



**Chart 2.33: Month-wise movement of Cash Balance (at the end of month) and net Cash Balance Investments during 2020-21**



Further, borrowings are normally resorted to, to invest in capital projects and creation of assets. The increase in Capital Expenditure of the State during 2020-21 compared to the previous years, as brought out in Paragraph 2.4.3 has been minimal. Therefore, there appears to be no rationale for borrowing at a higher rate of interest, while the cash balances were adequate throughout the year. Further, at the end of the year, the Government had invested about 33 per cent of the cash balance in the earmarked funds including those at RBI (Table 2.51) as against 57 per cent at the end of 2019-20. Even to maintain investment of cash balance in the earmarked funds at 57 per cent, the State

Government's monthly cash balance was sufficient and there was no need for additional borrowings. Thus, the borrowings especially the market loans could have been avoided to that extent and the resultant interest burden could also be averted.

This has been brought to the notice of Finance Department (December 2021). The reply of the department is awaited.

## 2.9 Conclusion

The State Government registered a decrease of 10.28 *per cent* in its revenue receipts during 2020-21 compared to the previous year. There was a significant decrease of 42.04 *per cent* in State's non-tax revenue during 2020-21 over 2019-20. The State was largely financed from its own resources, with 63 *per cent* of the revenue coming from its own sources.

Capital expenditure as a percentage of total expenditure decreased continuously over the last three years.

As compared to the States other than North Eastern and Himalayan states, development expenditure of the State during 2020-21 was more while it was less in education and health sector.

The State Government had been able to control its committed expenditure but, expenditure on subsidy was increasing.

The State Government resorted to market borrowings, despite having adequate cash balance, resulting in increase in Investments held in Cash Balance Investment Account.

## 2.10 Recommendations

- The State Government may consider developing a debt sustainability framework for achieving improved long-term sustainability in fiscal deficit management and to guide the borrowing decisions of the State in a way that matches their financing needs with current and prospective repayment.
- The State Government may reconcile/review inoperative loan accounts and take steps for recovery or write off, if required.
- State Government may take steps to operate the funds for Disaster Risk Management as per recommendation of 15<sup>th</sup> FC as well as guidelines of the funds.
- State Government may develop a mechanism to transfer entire receipts on account of cess and penalties to respective funds in prescribed time schedule so that the activities under those funds are not hindered.
- The State Government may work out a well-thought-out borrowing-repayment strategy because around 61 per cent of the total public debt would be repayable within the next seven years.

# **CHAPTER 3**

## **Budgetary Management**





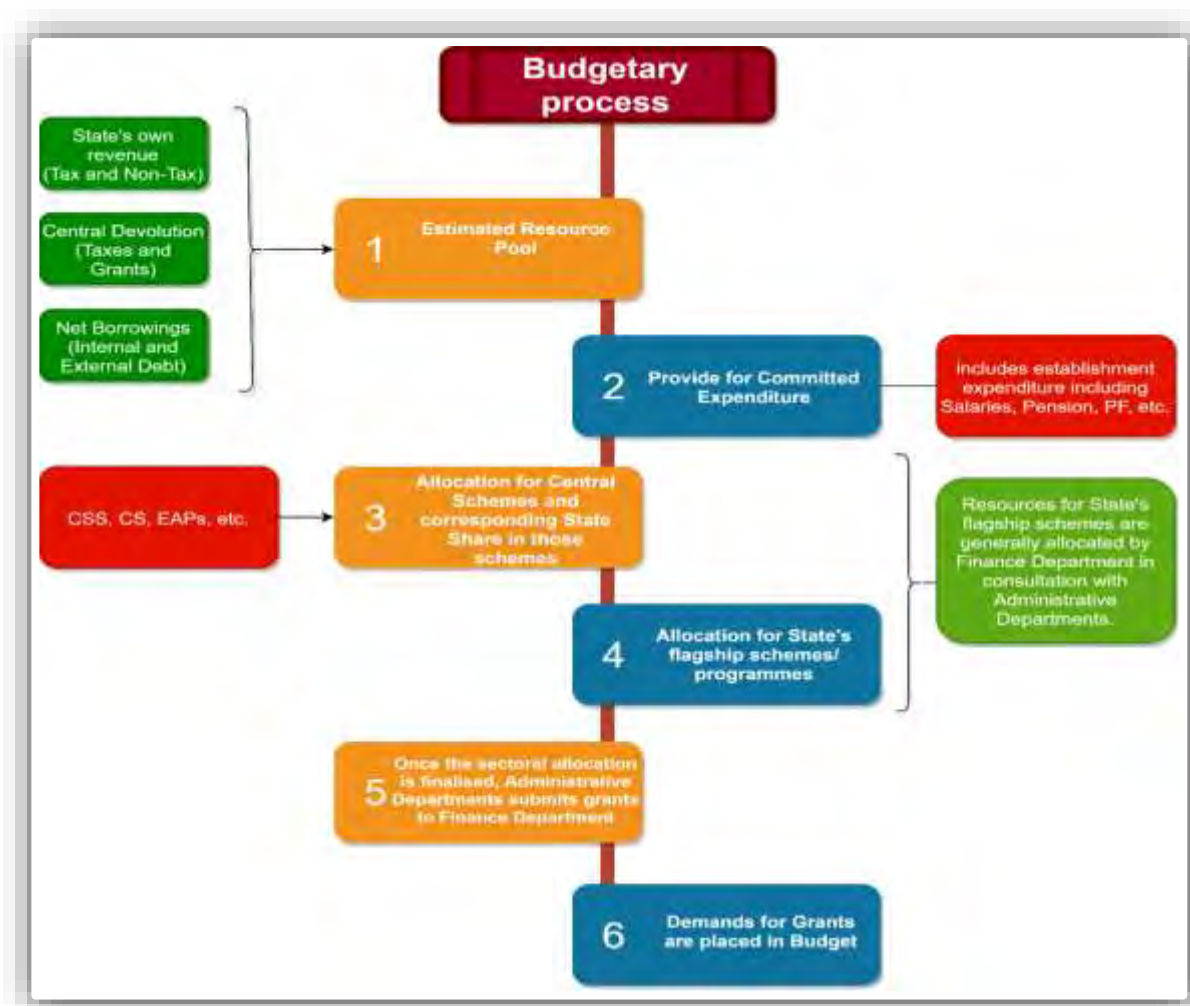
## Chapter 3 Budgetary Management

Effective financial management ensures that the decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation during 2020-21.

### 3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in **Appendix 3.1**. The Budget process commences with the issue of the Budget Circular, normally in September each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is given in **Chart 3.1** below:

Chart 3.1: Budget process



*CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAPs: Externally Aided Projects*

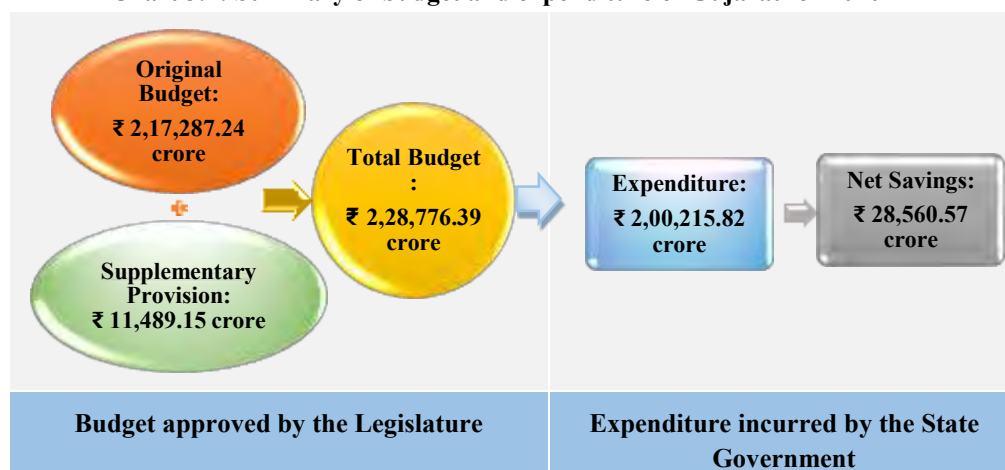
As per Gujarat Budget Manual, 1983, it is the responsibility of the Finance Department (FD) to prepare the annual statement of estimated receipts and expenditure and the supplementary estimates of expenditure for presentation to the Legislature. For such preparation, the FD shall obtain from the Administrative Departments concerned the material on which such estimates will be based. The Head of the Departments, based on material furnished by their subordinate officers, prepare the estimates for which they are responsible and forward it to the appropriate Administrative Department of the Secretariat by prescribed dates. The FD consolidates the estimates approved by the Government. The exercise requires utmost foresight both in estimating revenue and in anticipating expenditure. The estimate should be as close and accurate as possible. The provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year, including arrears of the previous year and should not merely be confined to the liabilities pertaining to the year.

Legislative authorization is the sine qua non for incurring all expenditure by the State Government. Appropriation Bill is a Money Bill that allows the Government to withdraw funds from the Consolidated Fund of India to meet its expenses during a financial year. As per article 204 of the Constitution, the Government can withdraw money from the Consolidated Fund only after receiving approval from the Legislature. The Supplementary Statement of Expenditure, in accordance with Article 205 of the Constitution, includes Appropriation for (i) repayment to the Contingency Fund on account of advances authorised therefrom for incurring expenditure sanctioned by Government in anticipation of approval of the Legislature, (ii) Additional provision required for items already provided in the budget estimates for the current year, (iii) 'new expenditure' which requires specific approval of the Legislature, and (iv) adjustment in account for which provisions are necessary. After approval of Legislature, the supplementary Statement of Expenditure becomes the Supplementary Grant.

Apart from Supplementary Grant, re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, and Capital-Charged) of the Grant or Appropriation.

As per Appropriation Accounts for the year 2020-21, total amounts approved by the State Legislature (both original and supplementary provisions), expenditure incurred and savings during 2020-21 are as depicted in **Chart 3.2** below:

Chart 3.2: Summary of budget and expenditure of Gujarat for 2020-21



The net savings of ₹ 28,560.57 crore were the result of gross savings of ₹ 30,279.09 crore in 173 out of 189 Grants/Appropriations, offset by excess of ₹ 1,718.52 crore in 6 out of 189 Grants/Appropriations during 2020-21.

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursements and savings/excesses with its further bifurcation into voted/charged during 2020-21, is as shown below:

Table 3.1: Budget provision, disbursements and savings/excess during 2020-21

(₹ in crore)

Nature	Total Budget provision		Disbursements		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
Total	1,85,996.74	42,779.65	1,57,721.70	42,494.12	28,275.04	285.53

Source: Appropriation Accounts of 2020-21

### 3.1.2 Charged and voted disbursements

Break-up of total disbursements into charged and voted items during 2020-21 and trend analysis of last five year (2016-21) is shown below:

Table 3.2: Budget disbursements and savings during 2016-21

(₹ in crore)

Year	Disbursements		Savings			
	Voted	Charged	Voted	Percentage	Charged	Percentage
2016-17	1,09,654.59	27,110.80	19,041.15	17.36	4,544.52	16.76
2017-18	1,28,110.06	32,953.02	19,301.35	15.07	2,606.88	7.91
2018-19	1,44,463.86	36,015.81	19,732.04	13.66	364.25	1.01
2019-20	1,48,754.75	39,524.20	25,852.54	17.38	139.73	0.35
2020-21	1,57,721.70	42,494.12	28,275.04	17.93	285.53	0.67

Source: Appropriation Accounts of respective years

As can be seen from the table above, budget disbursements under both voted and charged items are increasing. Similarly, savings under voted sections have also shown an increasing trend during the last five years.

An analysis of savings/excesses under different Grants has been given in **Paragraph 3.3**.

### 3.1.3 Gender budget

The United Nation’s Agenda 2030 of Sustainable Development Goals (SDGs) is a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Among the 17 SDGs, Goal 5 is aimed to achieve gender equality and empower all women through ending all types of discrimination against women and girls. Gender equality is not only a basic human right, but it is also crucial for sustainable future. The State Government has already prepared “Gujarat Sustainable Vision 2030” document spanning 17 SDGs including gender equality. To bring out desired outcome for women empowerment and gender equality, the State Government has been implementing many Schemes for development of women and girl child. Since financial year 2014-15, the State Government has been publishing “Gender Budget” comprising women-specific financial allocations.

**Table 3.3** shows the details of allocations made by the State Government under gender budget during last five year (2016-21) whereas, **Chart 3.3** highlights the percentage of gender budget to total budget and GSDP during the same period.

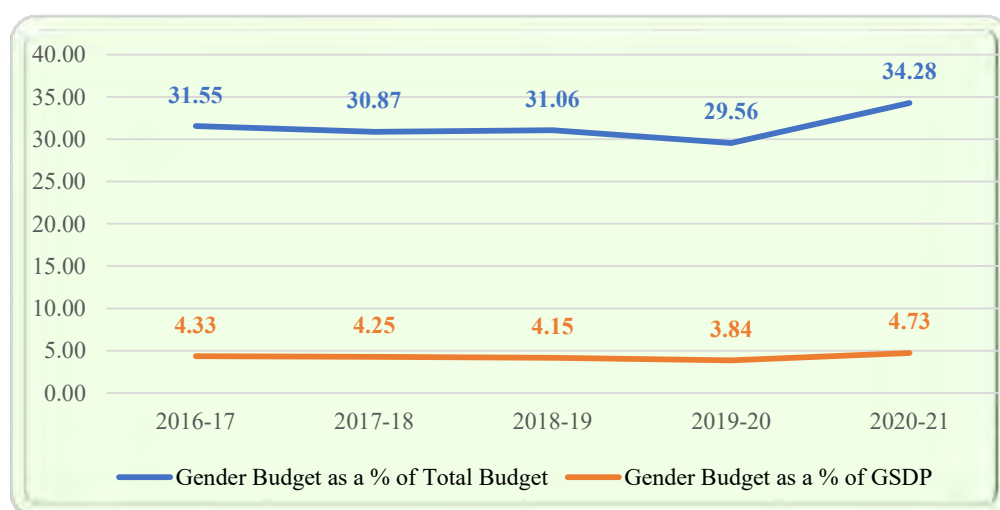
**Table 3.3: Allocation under gender budget during 2016-21**

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Gender Budget	50,584.57	56,491.89	62,302.93	63,341.07	78,418.48
Total Budget	1,60,351.05	1,82,971.32	2,00,575.97	2,14,271.22	2,28,776.39
GSDP	11,67,156	13,29,095	15,02,899	16,49,505	16,58,865

Source: Appropriation Accounts of respective years

**Chart 3.3: Gender budget as percentage of total budget and GSDP**



As can be seen, allocation under gender budget increased from ₹ 50,584.57 crore in 2016-17 to ₹ 78,418.48 crore in 2020-21. As a percentage of total budget, the share of gender budget increased from 29.56 *per cent* in 2019-20 to 34.28 *per cent* in 2020-21. Similarly, its share in GSDP also increased from 3.84 *per cent* in 2019-20 to 4.73 *per cent* in 2020-21.

The Gender Resource Centre under the Women and Child Development Department (WCD), Government of Gujarat is responsible for collating schemes implemented by different Departments in the Gender Budget document. The Gender Budget document has categorized schemes as A, B and C Categories.

- i. Category A - 100 *per cent* women-oriented schemes
- ii. Category B – Schemes having women-oriented component of 30-99 *per cent* of the provision
- iii. Category C - Other schemes with less than 30 *per cent* women-oriented component

Details of expenditure against provision is neither available in budget document nor any separate publication. The details of mapping of various schemes in Gender Budget with Budget estimates of different Departments were called for from the WCD Department. Necessary details were not provided to audit, in the absence of which, actual expenditure could not be confirmed.

WCD Department is required to take steps to monitor expenditure against each provision shown in Gender Budget.

## 3.2 Appropriation Accounts

Appropriation Accounts provide details of expenditure of the Government for the financial year, compared with the amounts of Grants Voted and Appropriations Charged for various purposes specified in the Schedules appended to Appropriation Act passed under Article 204 and 205 of the Constitution of India. These Accounts depict the original budget provision, Supplementary Grants, savings, 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. Appropriation Accounts 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 within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 3.3 Comments on integrity of budgetary and accounting process

#### 3.3.1 Expenditure incurred without authority of law

As per Gujarat Budget Manual, 1983, no expenditure can be incurred under any head without budget provision or in anticipation of a supplementary grant/appropriation or prior to provision of funds by re-appropriation.

Audit scrutiny revealed that in three cases, expenditure of more than ₹ one crore was incurred (totalling ₹ 8.11 crore) during 2020-21, without budget provision, as detailed in **Table 3.4**:

**Table 3.4: Summary of expenditure without budget provision during 2020-21**

(₹ in crore)			
Grant/ Appropriation	Description	Expenditure	Number of Schemes/ Sub-Heads
20	Repayment of Debt Pertaining to Finance Department and its servicing	8.11	03
<b>Total</b>		<b>8.11</b>	

Source: Appropriation Accounts of 2020-21

The heads of account where expenditure was incurred without budget provision during 2020-21 were as under:

**Table 3.5: Expenditure incurred without budget provision during 2020-21**

(₹ in crore)			
Sl. No.	Grant No. and Heads of Account where expenditure was incurred without budget provision		Expenditure without Provision
1	20-6004-01-102-01	Share of small savings collection	2.76
2	20-6004-02-104-01	State plan loans consolidated in terms of recommendation of 9 <sup>th</sup> finance commission	2.83
3	20-6004-07-102-01	National Loans scholarship scheme.	2.52

Source: Appropriation Accounts of 2020-21

Expenditure without budget provision is in violation of financial regulations as well as the will of Legislature. This is also indicative of lack of financial discipline in Government Departments.

#### 3.3.2 Unnecessary Supplementary provision

A Supplementary provision is an addition to the total original authorised provision and is obtained in the same way the original provision is obtained.

During 2020-21, Supplementary provisions (₹ 10 crore or more in each case) aggregating ₹ 356.06 crore were made in two sections of Grants, which proved unnecessary. Expenditure incurred in these two cases did not even reach the level of the original provision as detailed in **Table 3.6**:

**Table 3.6: Supplementary provision (₹ 10 crore or more in each case) proved unnecessary**

(₹ in crore)					
Sl. No	Number and name of the grant	Original provision	Actual expenditure	Savings out of original provision	Unnecessary supplementary provision
<b>Revenue – Voted</b>					
1	05-Co-operation	94.60	56.51	38.09	32.80
2	20-Repayment of Debt Pertaining to Finance Dept. and its servicing	2,534.09	2,262.61	271.48	323.26
	<b>Total</b>	<b>2,628.69</b>	<b>2,319.12</b>	<b>309.57</b>	<b>356.06</b>

Source: Appropriation Accounts of 2020-21

### 3.3.3 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 need for additional funds is identified.

In 14 Sub-Heads, Re-appropriation of ₹ 111.60 crore proved unnecessary and resulted in savings of ₹ 97.62 crore (more than ₹ 10 lakh in each case), as detailed in **Appendix 3.2**.

Substantial savings of ₹ 97.62 crore, where re-appropriation was resorted to, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

### 3.3.4 Unspent provisions and surrendered appropriations and/or large savings/surrenders

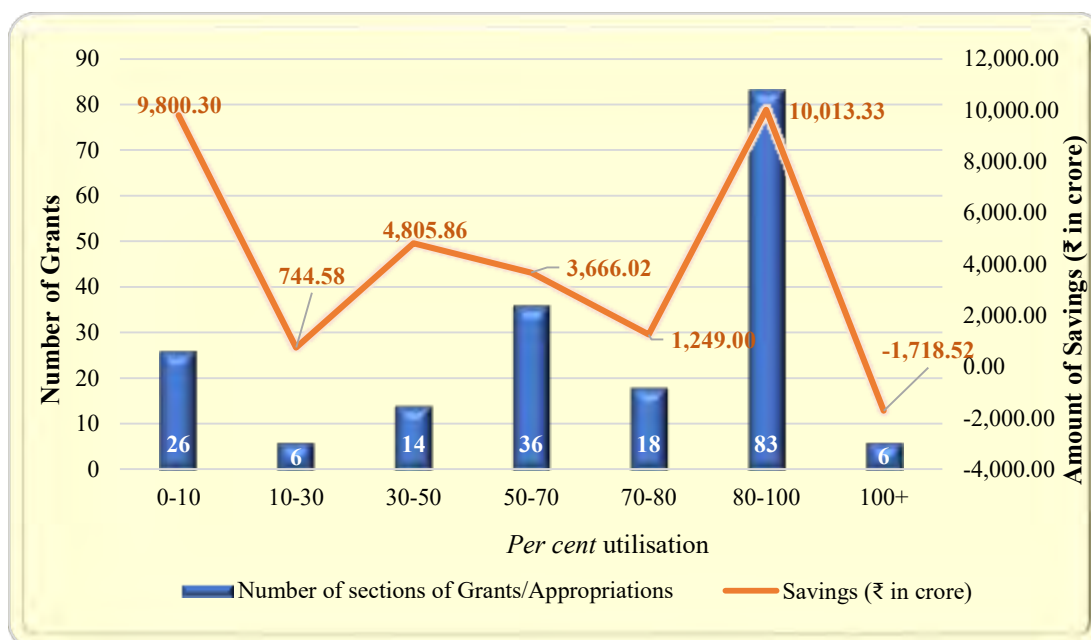
#### 3.3.4.1 Substantial savings due to low utilisation of budgetary provisions

There are 108 demands for Grants being operated by 27 Departments of Government of Gujarat, which translated into 189 Grants/Appropriations<sup>1</sup> during 2020-21.

There were overall gross savings of ₹ 30,279.09 crore in 173 out of 189 Grants/Appropriations during 2020-21, of which, 46 Grants/Appropriations showed utilisation of less than 50 *per cent* of the budget allocation. The distribution of Grants/Appropriations grouped by the extent of savings is as follows.

<sup>1</sup> Grant (Revenue Voted and Capital Voted); Appropriation (Revenue Charged and Capital Charged)

Chart 3.4: Section--wise utilisation of Grants/Appropriation



In 23 out of 189 Grants/Appropriations where budget allocation was more than ₹ one crore and budget utilisation was less than 50 per cent during 2020-21, Four Grants/Appropriations had demonstrated low utilisation consecutively during the last five years (2016-21) while five Grants/Appropriations had shown low utilisation in four of last five years (Table 3.7).

Table 3.7: Sections of Grants/Appropriations where budget utilisation was less than 50 per cent

Sl. No.	Section of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21	No. of Years <sup>2</sup>	Budget 2020-21	Total Budget (5 years)
		(in per cent)						(₹ in crore)	
1	0002-Agriculture Capital Voted	16.05	0.00	0.00	0.00	33.00	5	100.00	426.00
2	0006- Fisheries Capital Voted	11.57	35.90	9.34	0.50	5.95	5	150	979.25
3	0011-Energy and Petrochemical Dept. Revenue Voted	63.26	87.16	62.73	40.06	40.07	2	7.78	24.92
4	0019-Other Expenditure pertaining to Finance Dept. Revenue Voted	0.89	0.59	0.69	0.86	0.80	5	9594.23	34689.17
5	0021-Food, Civil Supplies and Consumer Affairs Dept. Revenue Voted	88.11	87.71	54.55	59.91	37.88	1	57.55	142.92
6	0034-Economic advice and Statistics. Revenue Voted	95.94	98.67	83.80	99.04	46.57	1	111.19	265.72
7	0048-Stationary and Printing. Capital Voted	96.67	76.73	99.65	98.88	0.00	1	2.66	16.48

<sup>2</sup> Number of years where utilisation of budget was below 50 per cent



Sl. No.	Section of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21	No. of Years <sup>2</sup>	Budget 2020-21	Total Budget (5 years)
		(in per cent)						(₹ in crore)	
8	0049- Industries Capital Voted	33.33	66.24	98.67	37.24	29.37	3	883.16	1757.82
9	0050- Mines and Minerals Capital Voted	49.02	39.22	100	0.00	0.00	4	7.81	22.62
10	0056-Labour and employment Deptt Revenue Voted	71.48	62.66	30.24	23.18	29.91	3	25.31	90.49
11	0057-Labour and Employment Capital Voted	27.84	45.71	15.16	16.45	9.11	5	72	198.40
12	0065-Narmada Development Scheme. Capital Voted	86.66	94.66	67.08	65.62	48.98	1	4599.99	14260.38
13	0071-Rural Housing and Rural Development Revenue Voted	85.87	72.78	47.51	41.73	49.43	3	2484.65	8781.82
14	0073-Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Deptt Capital Voted	66.11	21.45	1.42	0.00	0.00	4	1.31	10.21
15	0075-Other Expenditure pertaining to Ports and Transport Dept. Capital voted	02.44	100	39.84	75.17	13.04	3	20.01	704.46
16	0082-Other Expenditure pertaining to Revenue Dept. Revenue Voted	56.12	31.60	84.95	45.73	23.84	3	2.09	12.43
17	0084-Non-Residential Building Capital Voted	37.37	50.83	53.29	42.61	33.68	3	1372.21	5372.78
18	0084-Non-Residential Building Revenue Charged	72.87	81.97	54.40	27.00	43.08	2	1.27	05.01
19	0085-Residential Building Capital Voted	80.37	78.19	54.99	39.78	42.34	2	207.98	796.02
20	0088-Other Expenditure pertaining to Roads and Buildings dept. Capital Charged	0.00	0.00	41.11	97.78	0.00	4	5	10.27
21	0093-Welfare of Schedule Tribes Capital Voted	78.79	43.11	9.35	32.31	6.04	4	61.81	139.24
22	0096-Tribal Area Sub-Plan Revenue Charged	127.50	97.17	56.06	41.10	42.28	2	7.1	24.95
23	0106-Other Expenditure pertaining to Women and child Development Department - Capital Voted	44.56	25.25	38.36	99.59	10.12	4	93.06	261.99

Source: Appropriation Accounts of respective years

Further, of the overall savings of ₹ 30,279.09 crore in 173 out of 189 Grants/Appropriations during 2020-21, 97.69 per cent savings amounting

to ₹ 29,579.10 crore occurred in 59 Grants/Appropriations (₹ 50 crore and above in each case), as indicated in **Appendix 3.3**.

The situation warranted a close review by the State Government to enable initiation of expeditious corrective measures.

### 3.3.4.2 Substantial surrenders

As per paragraph 103 of Gujarat Budget Manual, 1983, the Controlling Officers should report all the anticipated savings with full details and reasons to the Administrative Departments.

In 53 out of 189 Grants/Appropriations, a major portion of original provision or supplementary provision was not required/used during the year, leading to substantial surrenders of more than ₹ 50 crore in each grant at the end of March 2021, as detailed in **Table 3.8**:

**Table 3.8: Details of surrender of funds more than ₹ 50 crore at the end of March 2021**

(₹ in crore)

Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings (-) /Excess (+)	Amount Surrendered
1	0002-RV	3808.89	0	3808.89	3228.77	(-)580.12	579.37
2	0004-RV	885.44	0	885.44	725.45	(-)159.99	133.46
3	0006-RV	418.79	0	418.79	301.73	(-)117.06	117.06
4	0016-RV	349.12	0	349.12	258.72	(-)90.40	90.38
5	0018-RV	11,830.20	204.51	12,034.71	10,987.38	(-)1,047.33	1,054.05
6	0019-RV	9,594.23	0	9,594.23	76.67	(-)9,517.56	9,516.25
7	0022-RV	848.60	340.23	1,188.83	1,050.92	(-)137.91	65.85
8	0034-RV	111.19	0	111.19	51.78	(-)59.41	59.41
9	0040-RV	2,339.66	0	2,339.66	1,945.56	(-)394.10	358.58
10	0043-RV	5,833.40	0	5,833.40	5,079.84	(-)753.56	749.58
11	0050-RV	249.70	0	249.70	177.32	(-)72.38	72.37
12	0057-RV	996.51	0	996.51	760.82	(-)235.69	228.09
13	0060-RV	995.47	0	995.47	854.43	(-)141.04	130.87
14	0066-RV	1,343.52	0	1,343.52	1,145.27	(-)198.25	210.32
15	0070-RV	3,433.42	238.70	3,672.13	3,606.66	(-)65.47	65.43
16	0071-RV	2,484.66	0	2,484.66	1,228.15	(-)1,256.51	1,256.50
17	0072-RV	140.78	0	140.78	81.61	(-)59.17	59.17
18	0074-RV	633.19	0	633.19	539.02	(-)94.17	93.92
19	0077-RV	327.80	0	327.80	229.44	(-)98.36	93.34
20	0078-RV	599.35	0	599.35	482.00	(-)117.35	111.28
21	0079-RV	2,752.23	1,485.59	4,237.82	4,137.51	(-)100.31	97.61
22	0086-RV	3,532.87	0	3,532.87	3,343.65	(-)189.22	358.65
23	0092-RV	2,155.80	124.46	2,280.26	2,028.00	(-)252.26	246.83
24	0093-RV	553.39	0	553.39	472.86	(-)80.53	79.88
25	0095-RV	4,517.03	0	4,517.03	3,846.59	(-)670.44	652.34
26	0096-RV	9,110.46	0	9,110.46	7,601.75	(-)1,508.71	1,458.84
27	0098-RV	411.75	0	411.75	260.44	(-)151.31	172.75
28	0102-RV	9,666.11	0	9,666.11	8,018.99	(-)1,647.12	1,647.14

Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings (-) /Excess (+)	Amount Surrendered
29	0106-RV	2,246.75	980.65	3,227.40	3,154.58	(-)72.82	72.23
30	0108-RV	951.82	0	951.82	607.19	(-)344.63	344.64
31	0002-CV	100.00	0	100.00	33.00	(-)67.00	67.00
32	0005-CV	98.68	64.80	163.48	86.19	(-)77.29	78.30
33	0006-CV	150.00	0	150.00	8.93	(-)141.07	141.07
34	0009-CV	552.78	0	552.78	301.40	(-)251.38	251.38
35	0013-CV	3,117.85	0	3,117.85	3,036.28	(-)81.57	69.96
36	0035-CV	1069.36	0	1069.36	697.62	(-)371.74	366.40
37	0039-CV	850.48	0	850.48	684.00	(-)166.48	165.11
38	0046-CV	832.09	0	832.09	517.00	(-)315.09	315.09
39	0049-CV	883.16	0	883.16	259.35	(-)623.81	623.81
40	0051-CV	438.00	0	438.00	291.20	(-)146.80	146.80
41	0057-CV	72.00	0	72.00	6.56	(-)65.44	65.44
42	0065-CV	4,600.00	0	4,600.00	2,253.09	(-)2,346.91	2,348.92
43	0066-CV	4,317.20	0	4,317.20	2,857.11	(-)1,460.09	1,456.85
44	0067-CV	3,190.00	0	3,190.00	2,967.34	(-)222.66	222.66
45	0074-CV	524.26	0	524.26	470.66	(-)53.60	53.59
46	0084-CV	1,372.22	0	1,372.21	462.19	(-)910.02	893.44
47	0085-CV	207.98	0	207.98	88.07	(-)119.91	117.13
48	0087-CV	304.33	0	304.33	175.63	(-)128.70	128.66
49	0092-CV	618.56	0	618.56	524.21	(-)94.35	94.35
50	0093-CV	61.82	0	61.82	3.74	(-)58.08	58.08
51	0095-CV	876.09	0	876.09	663.01	(-)213.08	228.59
52	0096-CV	4,375.51	0	4,375.51	3,788.06	(-)587.45	700.31
53	0106-CV	93.06	0	93.06	9.42	(-)83.64	83.64
<b>Total</b>		<b>1,11,827.56</b>	<b>3,438.94</b>	<b>1,15,266.50</b>	<b>86,467.16</b>	<b>(-)28,799.34</b>	<b>28,852.77</b>

Source: Appropriation Accounts of 2020-21; RV: Revenue voted; RC: Revenue Charged; CV: Capital Voted

Further, supplementary provisions of ₹ 393.77 crore made under three out of 53 grants/appropriations proved unnecessary, as ₹ 1,379.17 crore was surrendered from these three grants/appropriations.

Budget provisions sought and obtained by some Departments far more than actual requirement and their inability to utilise the same deprives allocation of resources to other priority sectors and leads to poor Legislative control over public finances.

### 3.3.5 Excess expenditure and its regularisation

As per Article 205 of the Constitution of India, no money shall be drawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

### 3.3.5.1 Excess expenditure during the year 2020-21

During 2020-21, there was an excess expenditure of ₹ 1,718.52 crore in Six Grants/Appropriations requiring regularisation by the State Legislature (Table 3.9).

Table 3.9: Excess expenditure over provision during 2020-21 requiring regularisation  
(₹ in crore)

Grant No.	Name of Grant	Total Grant	Actual Expenditure	Excess Expenditure
<b>Revenue Voted</b>				
9	Education	30,214.37	31,433.04	1,218.67
73	Other Expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department	856.17	1,352.62	496.45
<b>Capital Charged</b>				
20	Repayment of Debt pertaining to Finance Department and its Servicing	17,919.27	17,922.45	3.18
66	Irrigation and soil Conservation	120.00	120.17	0.17
96	Tribal Area Sub-plan	0.60	0.62	0.02
<b>Capital Voted</b>				
88	Other Expenditure Pertaining to Roads and Building Department	3.72	3.75	0.03
<b>Total</b>		<b>49,114.13</b>	<b>50,832.65</b>	<b>1,718.52</b>

Source: Appropriation Accounts of 2020-21

Excess expenditure over provision vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

### 3.3.5.2 Persistent excess in certain Grants

Persistent excess expenditure indicates that the budgetary control by the Departments is ineffective and budget estimates are not being prepared realistically. 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 needs to be viewed seriously. Further, the Public Accounts Committee had also recommended minimising the cases of excesses.

Audit, however, observed persistent excess in Grant No. 73 (Revenue Voted) since 2012-13 onwards. The excess during the last five year (2016-21), due to improper estimations at the time of budget preparation, as detailed in Table 3.10:

Table 3.10: Persistent excess

(₹ in crore)

Sl. No.	Description of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Grant No. 73 – Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department (Revenue Voted)					
	Grant	774.82	800.15	703.07	790.19	856.17
	Expenditure	897.06	1,127.87	1,463.84	1,347.89	1,352.62
	Excess	122.24	327.72	760.77	557.70	496.45

Source: Appropriation Accounts of respective years

The excess was observed under the Sub-Head ‘Superannuation and Retirement Allowances to Panchayat Employees’, ‘Gratuities to Panchayat Employees’ and ‘Family Pension to Panchayat Employees’.

The State Government needs to maintain a robust database of Panchayat employees due for superannuation, to estimate the retirement benefits accurately.

### 3.3.5.3 Regularisation of excess expenditure of previous financial years

The excess expenditure of ₹ 9,137.23 crore incurred during the period 2007-08 to 2011-12 and 2013-14 to 2019-20 was yet to be regularised by the State Legislature. The details of excess expenditure of previous financial years requiring regularisation are shown in **Appendix 3.4**.

### 3.3.6 Grants-in-aid for creation of capital assets

Indian Government Accounting Standards (IGAS)-2 prescribes that Grants-in-aid/Subsidy disbursed by a grantor shall be classified and accounted for as revenue expenditure in the financial statements of the grantor irrespective of the purpose for which the funds disbursed as subsidy are to be spent by the grantee.

Only in cases specifically authorised by the President of India on advice of the Comptroller and Auditor General of India can these be debited to a Capital Head of Account in the financial statements of the Government. Further, Rule 30(1) of Government Accounting Rules, 1990 prescribes that expenditure of a capital nature to be classified in capital section shall broadly be defined as expenditure incurred with the objective of increasing physical assets of a material and permanent character. Also, the assumptions underlying the fiscal indicators for the Gujarat Fiscal Responsibility Rules, 2006 stipulate inclusion of ‘major subsidies’ as expenditure on revenue account.

During 2020-21, State Government disbursed ₹ 36.38 crore as subsidy to one Department under Capital Head of Account instead of classifying it as revenue expenditure under Revenue Head, in violation of IGAS-2. This is detailed in the **Table 3.11**.

**Table 3.11: Misclassification of subsidy under Capital Head during 2020-21**

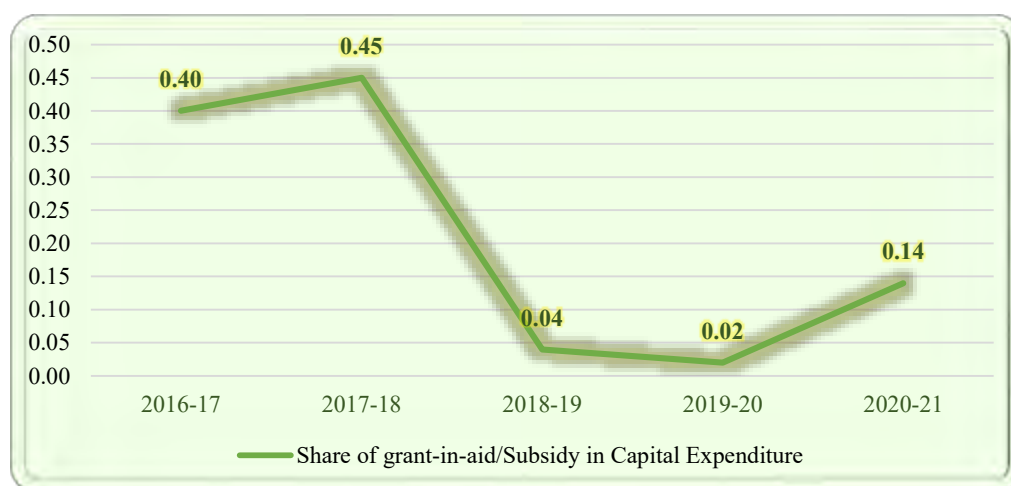
(₹ in crore)		
Sl. No.	Classification –Major Head	Subsidy
1.	4435- Capital outlay on other Agricultural Programmes	36.38
<b>Total</b>		<b>36.38</b>

Source: Finance Accounts of 2020-21

**Table 3.12: Extent of misclassification of GIA/subsidy as capital expenditure during 2016-21**

(₹ in crore)					
Sl. No.	2016-17	2017-18	2018-19	2019-20	2020-21
GIA/Subsidy booked as Capital Expenditure	89.66	119.38	10.92	4.83	36.38 <sup>3</sup>
Total Capital Expenditure	22,355.39	26,313.20	28,061.90	25,650.61	26,780.46
Share of GIA/Subsidy in Capital Expenditure (In per cent)	0.40	0.45	0.04	0.02	0.14
Overstatement of Revenue Surplus (+)/Understatement of Revenue Deficit had expenditure from GIA/Subsidy been treated as Revenue Expenditure	(+) 89.66	(+)119.38	(+) 10.92	(+) 4.83	(-)36.38

Source: Appropriation Accounts of respective years

**Chart 3.5: Share of GIA/Subsidy in capital expenditure**

As can be seen from the chart above, the share of GIA in capital expenditure which showed decreasing trend in last two years, has increased in 2020-21.

### 3.4 Comments on Transparency of Budgetary and Accounting Process

#### 3.4.1 Lump sum budgetary provisions

The Gujarat Budget Manual, 1983 prohibits lump sum provision in estimates except in cases where urgent measures are to be initiated for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in-principle for being taken up in the financial year. Detailed

<sup>3</sup> It is subsidy amount

explanation justifying the provision is required to be given in the Budget Note accompanying the lump sum estimates. Lump sum provision without identifying the exact object of expenditure affects transparency.

In case of Grant No. 19, it was observed that the FD has been allocating a lump sum budget provision every year from 2012-13 onwards under Major Head 2075 – ‘Liability on Account of Increase in Rate of Dearness Allowance’. However, the same was surrendered by the FD in the month of March every year, as detailed in **Table 3.13**:

**Table 3.13: Lump sum provision surrendered completely**

(₹ in crore)

Year	Grant no.	Details of Head	Amount	Surrender/ Re Appropriation
2012-13	19	2075.00.001.01	2,500.00	2,500.00
2013-14	19	2075.00.001.01	3,000.00	3,000.00
2014-15	19	2075.00.001.01	3,500.00	3,500.00
2015-16	19	2075.00.001.01	3,500.00	3,500.00
2016-17	19	2075.00.001.01	4,500.00	4,500.00
2017-18	19	2075.00.001.01	6,000.00	6,000.00
2018-19	19	2075.00.001.01	7,000.00	7,000.00
2019-20	19	2075.00.001.01	7,500.00	7,500.00
2020-21	19	2075.00.001.01	8,000.00	8,000.00

Source: Appropriation Accounts of respective years

The action of FD was not in consonance with paragraph 38 of Gujarat Budget Manual, 1983 which provides that such provisions were to be made by the respective Departments in their budget estimates.

### 3.5 Comments on Effectiveness of Budgetary and Accounting Process

#### 3.5.1 Budget projection and gap between expectation and actual

The summarised position of budget including supplementary budget, actual expenditure, and excess/savings during 2020-21 against 189 Grants/Appropriations is given in **Table 3.14**.

**Table 3.14: Summarised position of expenditure vis-à-vis budget provision****(₹ in crore)**

Voted/Charged	Nature of expenditure	Budget (Original)	Budget (Supp)	Total Budget (O+S)	Actual Expenditure	Net Excess/Saving (-)	Excess/Saving %
<b>Voted</b>	Revenue	1,40,283.48	8,532.36	1,48,815.84	1,29,369.29	(-)19,446.55	(-)13.07
	Capital	33,657.40	2,279.67	35,937.07	27,118.98	(-)8,818.09	(-)24.54
	Loans and Advances	1,218.83	25.00	1,243.83	1,233.43	(-)10.40	(-)0.84
	<b>Total Voted</b>	<b>1,75,159.71</b>	<b>10,837.03</b>	<b>1,85,996.74</b>	<b>1,57,721.70</b>	<b>(-)28,275.04</b>	<b>(-)15.20</b>
<b>Charged</b>	Revenue	24,126.98	591.91	24,718.89	24,436.54	(-)282.35	(-)1.14
	Capital	115.85	25.63	141.48	135.13	(-)6.35	(-)4.49
	Public Debt	17,884.70	34.58	17,919.28	17,922.45	3.17	0.02
	<b>Total Charged</b>	<b>42,127.53</b>	<b>652.12</b>	<b>42779.65</b>	<b>42,494.12</b>	<b>(-)285.53</b>	<b>(-)0.67</b>
<b>Grand Total</b>		<b>2,17,287.24</b>	<b>11,489.15</b>	<b>2,28,776.39</b>	<b>2,00,215.82</b>	<b>(-)28,560.57</b>	<b>(-)12.48</b>

Source: Appropriation Accounts of 2020-21

**Table 3.15: Original budget, revised estimates, and actual expenditure during 2016-21****(₹ in crore)**

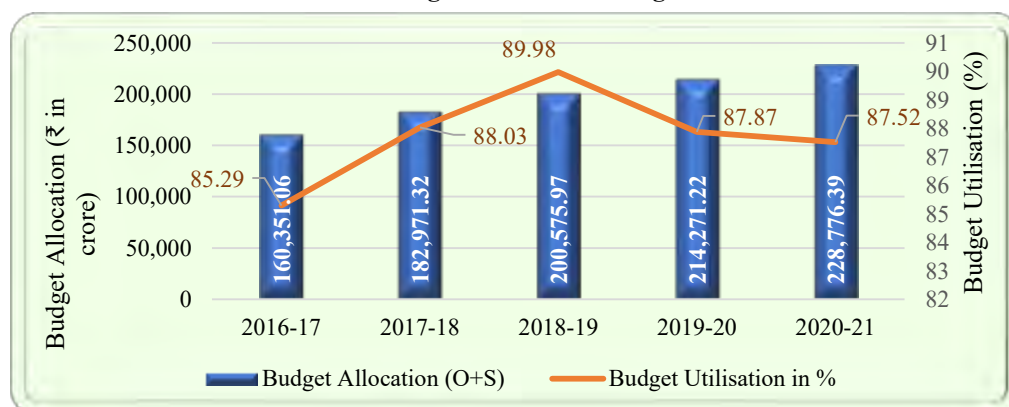
	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	1,51,851.93	1,72,179.24	1,83,666.38	2,04,815.00	2,17,287.24
Supplementary Budget	8,499.13	10,792.08	16,909.59	9,456.22	11,489.15
Total Budget (Original + Supplementary)	1,60,351.06	1,82,971.32	2,00,575.97	2,14,271.22	2,28,776.39
Actual Expenditure	1,36,765.39	1,61,063.09	1,80,479.68	1,88,278.95	2,00,215.82
Net Saving /excess	(-)23,585.67	(-) 21,908.23	(-) 20,096.29	(-) 25,992.27	(-)28,560.57
Percentage of Saving	(-)14.71	(-)11.97	(-)10.02	(-) 12.13	(-)12.48

Source: Appropriation Accounts of the respective years

As can be seen from the **Table 3.15**, there was an overall saving of 12.48 per cent during 2020-21 as compared to 12.13 per cent during 2019-20.

### 3.5.1.1 Sub-optimal utilisation of budgeted funds

Utilisation of budget by the State Government has been sub-optimal every year during the last five years. The extent of utilisation of budget during the last five years (2016-21) is shown in **Chart 3.6**:

**Chart 3.6: Budget utilisation during 2016-21**



As may be seen from the **Chart 3.6**, the utilisation of budget provision by State Government remained between 85.29 and 89.98 *per cent* during the last five years. Large amounts of savings in allocated funds indicate both, inaccurate assessments of requirement as well as inadequate capacity to utilise the funds for intended purposes.

### 3.5.1.2 Missing/incomplete explanations for variations from budgeted provisions

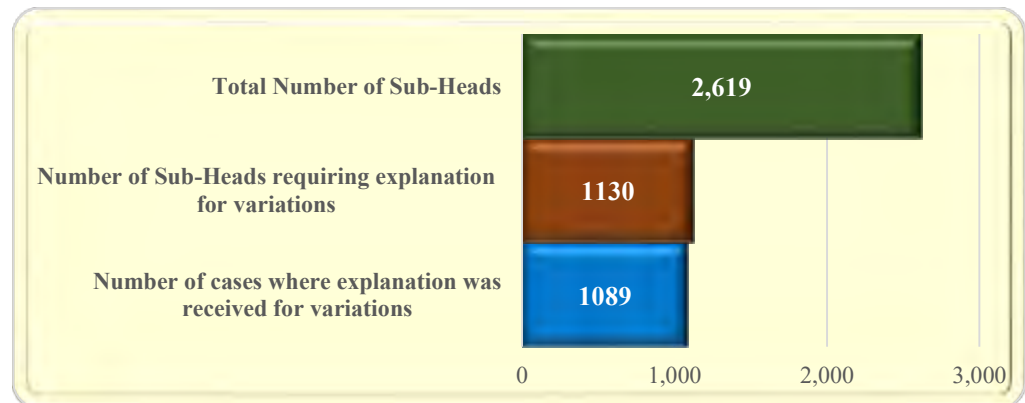
Apart from showing the expenditure against the approved budget, Appropriation Accounts also contain explanations provided by the concerned Departments for cases where the expenditure varies significantly from the budgeted provision (Original plus Supplementary). The limits beyond which such variations at the Sub-Head levels (unit of appropriation) are to be explained by the concerned Departments, are set by the State Public Accounts Committee (PAC).

The Principal Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/explanations for the variations in expenditure with reference to approved budgetary allocations as per the limits set by the PAC. The limits set by the PAC in October 1994 are shown in **Appendix 3.5**.

Of the 189 Grants/ Appropriations<sup>4</sup>, reasons for variation were required in respect of 166 Grants/Appropriations. Audit of Appropriation Accounts of 2020-21 and an analysis of the underlying accounting data revealed that the Controlling Officers did not provide explanations for the variations in expenditure *vis-à-vis* budgeted allocations in respect of 14 out of 166 Grants/Appropriations. In terms of Sub-heads, explanations for variations were not provided in 41 out of 1,130 sub-heads.

The total number of Sub-Heads, number of Sub-Heads requiring explanation for variations and the number of Sub-Heads where explanations were received are shown in **Chart 3.7**. The relevant details in this regard are indicated in **Appendix 3.6**.

**Chart 3.7: Summary of unexplained variations *vis-à-vis* budget allocation**



<sup>4</sup> Grant (Revenue Voted, Capital Voted), Appropriations (Revenue Charged, Capital Charged)

Absence of explanation for variation between the budgeted allocation and its utilisation inhibits Legislative control over budget as a means of ensuring financial accountability of the Government.

### 3.5.1.3 Budgetary deviations at primary unit of appropriation

Sub-Head is the primary unit of appropriation, and the Appropriation Accounts accordingly bring out instances of deviations of expenditure from budgetary provisions at Sub-Head level, as per the criteria specified by the PAC.

As detailed in **Chart 3.7** above, there are 2,619 such units of appropriation in the Appropriation Accounts of the State. The distribution of Sub-Heads by size and total budgetary allocation is given in **Table 3.16**.

**Table 3.16: Distribution of Sub-Heads by size and total budgetary allocation**

Budget Allocation (in ₹)	Number of Sub-Heads	Share of Sub-Heads (per cent)	Total Budget (₹ in crore)	Share of Sub-heads in Budget (per cent)
Less than 15 lakh	424	16.19	12.59	0.01
15 lakh - 50 lakh	238	9.09	66.62	0.03
50 lakh - 1 crore	160	6.11	110.02	0.05
1 crore - 10 crore	757	28.90	2,826.29	1.23
10 crore - 100 crore	727	27.76	25,635.12	11.20
100 crore and above	313	11.95	2,00,125.75	87.48
<b>TOTAL</b>	<b>2,619</b>	<b>100</b>	<b>2,28,776.39</b>	<b>100</b>

Source: Appropriation Accounts of 2020-21

As can be seen from **Table 3.16**, around 12 *per cent* of the Sub-Heads account for 87.48 *per cent* of the total budgetary allocation while 16.19 *per cent* Sub-Heads account for merely 0.01 *per cent* of the total allocation. There is, thus, a need for rationalisation of unit of appropriation, both in terms of number of Heads and size of Heads, to increase Legislative control as well as make budget administration easier.

### 3.5.2 Budget and opportunity cost

At times, while obtaining original/supplementary provision, Departments report to Legislature large additional requirements for different purposes under various Schemes/activities; but finally end up spending less than the original budget provision and the supplementary provision or parts thereof. As a result, the unutilised funds cannot be made use of. At the same time, several Schemes remain incomplete for want of funds. Thus, the intended benefits of unfinished Schemes do not get extended to the public at large. This also leads to escalation in project costs.

However, in 25 schemes under capital section (**Appendix 3.7**), it was observed that concerned Departments could not utilise more than 50 *per cent* of the original provision (₹ 50 crore or more), leading to savings of ₹ 5,130 crore at the end of the year in these 25 schemes.

It was further observed from Appendix IX of Finance Accounts, Volume-II for the year 2020-21 that the Roads and Buildings Department and the Water Resources Department had 158 incomplete capital projects (estimated cost: ₹ 9,827.32 crore) with a progressive expenditure of ₹ 6,928.97 crore up to 31 March 2021. These projects were targeted to be completed between November 2015 and July 2021. Had there been proper planning, unutilised funds of ₹ 5,130 crore from 25 Schemes (**Appendix 3.7**) could have been allocated to other schemes/projects facing shortage of funds.

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

Several policy initiatives taken up by the State Government are either partially executed or not executed due to non-approval of Scheme guidelines/modalities, for want of administrative sanction, non-release of budget *etc.* This not only deprives the beneficiaries of the intended benefits; savings in such Schemes also divest other Departments of the funds which they could have utilised.

Appendix XI, Volume-II of Finance Accounts, for the year 2020-21 gives the details of major policy decisions taken during the year or new Schemes proposed in the budget. During 2020-21, 26 new Schemes/major policy pronouncements were made by the State Government. Audit observed that all the 26 Schemes were implemented during the year.

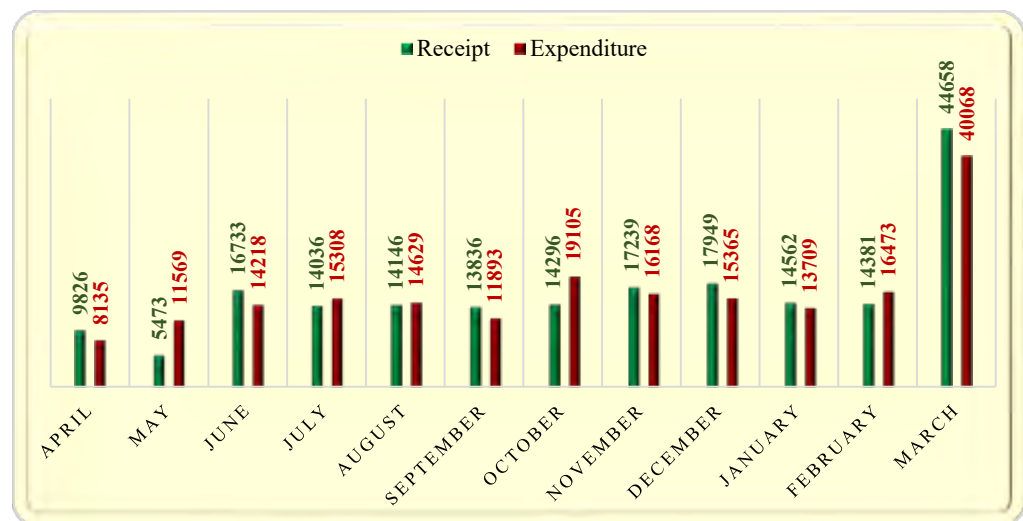
### 3.5.4 Rush of expenditure

As per Gujarat Budget Manual, 1983, rush of expenditure, particularly in the closing months of the financial year, is a breach of financial propriety.

Monthly flow of receipts into the State exchequer and disbursements during 2020-21 are shown in **Chart 3.8**.

**Chart 3.8: Monthly receipts and expenditure during 2020-21**

(₹ in crore)



(Expenditure figures are net of recoveries)

As may be seen from the **Chart 3.8**, receipts and expenditure in March were more than double that of other months during the financial year 2020-21.

Major Heads where more than 50 *per cent* of the total expenditure (more than ₹ one crore in each case) was incurred in March 2021 alone are detailed in **Table 3.17**:

**Table 3.17: Quantum of expenditure in March 2021**

(₹ in crore)

Major Head	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total expr.	Expr. in March	Expr. in March as % of total expr.
2075	Miscellaneous General Services	0.03	0.18	4.09	25.00	29.30	22.92	78.23
2810	New and Renewable Energy	5.62	37.33	39.89	193.80	276.64	180.33	65.19
3051	Ports and Light Houses	9.50	0.00	0.00	24.71	34.21	24.71	72.23
3604	Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	2.29	18.04	40.47	328.78	389.58	320.66	82.31
4055	Capital Outlay on Police	6.67	60.78	33.92	127.12	228.49	121.03	52.97
4250	Capital Outlay on Other Social Services	27.97	38.80	61.47	292.00	420.24	227.13	54.05
4435	Capital Outlay on Other Agricultural Programmes	0.00	0.00	0.40	60.79	61.19	54.23	88.63
4515	Capital Outlay on other Rural Development Programmes	-1.25	114.11	242.50	579.40	934.76	504.31	53.95
4810	Capital Outlay on New and Renewable Energy	0.00	58.33	0.00	291.67	350.00	291.67	83.33
5053	Capital Outlay on Civil Aviation	0.00	7.09	5.75	40.44	53.28	39.72	74.55
5055	Capital outlay on Road and Transport	0.00	79.55	17.32	372.13	469.00	361.74	77.13
6216	Loans for housing	0.00	0.00	0.45	2.26	2.71	2.26	83.33
7055	Loans for Road Transport	0.00	0.00	32.24	69.76	102.00	66.18	64.88
7615	Miscellaneous loans	0.00	0.00	0.00	45.23	45.23	32.87	72.67
	<b>Total</b>	<b>50.83</b>	<b>414.21</b>	<b>478.50</b>	<b>2453.09</b>	<b>3396.63</b>	<b>2249.76</b>	

Source: Information provided by O/o the PAG (A&E)

Thus, contrary to the spirit of financial regulation, a substantial expenditure was incurred by the State Government at the end of the financial year, indicating inadequate control over expenditure and poor budgetary management.

Further, out of the expenditure of ₹ 43,396.06 crore incurred under 1,914 Sub-Heads in March 2021, under 126 Sub-Heads 100 *per cent* expenditure (₹ 4,784.34 crore) was incurred in March 2021 only. The details of 16 Sub-Heads (out of 126) where expenditure of ₹ 10 crore or more was incurred in March 2021, are depicted in **Appendix 3.8**.

Moreover, in case of expenditure done by Departments with respect to Grants placed at their disposal, it was observed that in 10 out of 108 Grants, more than

50 per cent of the total expenditure was incurred in March as shown in **Table 3.18**.

**Table 3.18: Grants with more than 50 per cent expenditure in March (Descending order of percentage)**

(₹ in crore)

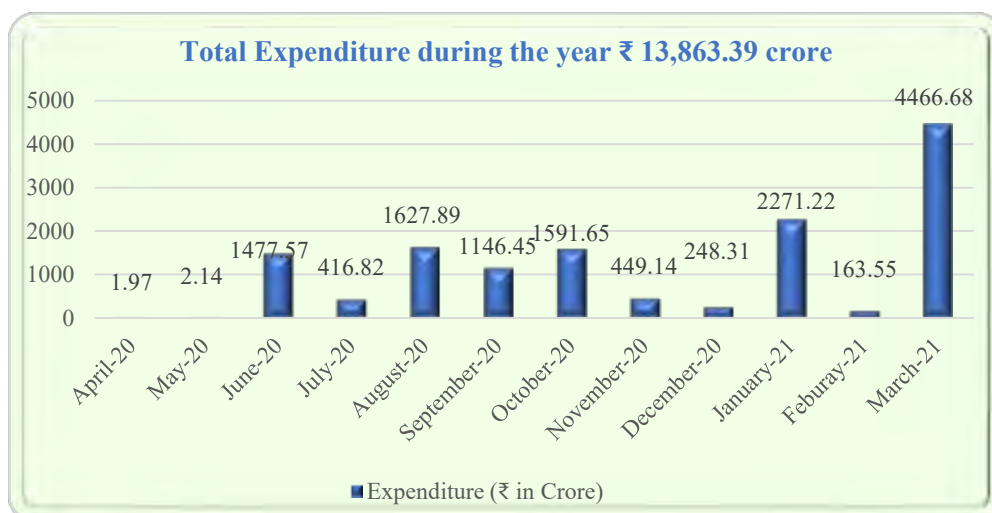
Sr. No	Grant No.	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	0028	Other Expenditure Pertaining to Forest and Environment Department	0.00	0.00	0.00	0.09	0.09	0.09	100.00
2	0081	Compensation and Assignment	0.28	8.28	17.54	274.62	300.72	274.42	91.26
3	0010	Other expenditure Pertaining to Education Department	0.17	0.41	0.45	45.93	46.96	33.20	70.70
4	0041	Other expenditure Pertaining to Health and family Welfare Dept.	0.00	0.01	0.05	0.35	0.41	0.28	68.29
5	0075	Other expenditure Pertaining to Ports and transport Deptt	9.95	3.09	0.47	25.27	38.78	24.96	64.36
6	0055	Other expenditure Pertaining to Information and Broadcasting Deptt	0.00	3.18	0.50	5.90	9.58	5.90	61.57
7	0101	Urban Housing	0.09	149.08	60.07	886.35	1095.59	659.58	60.20
8	0072	Compensation and Assignment	2.29	7.21	18.59	53.30	81.39	45.63	56.07
9	0035	Other expenditure Pertaining to General Administration Deptt	2.99	96.73	184.87	434.74	719.33	381.03	52.97
10	0071	Rural Housing and Rural Development	302.10	249.28	246.10	883.90	1681.38	861.53	51.24

Source: Information provided by O/o the PAG (A&E)

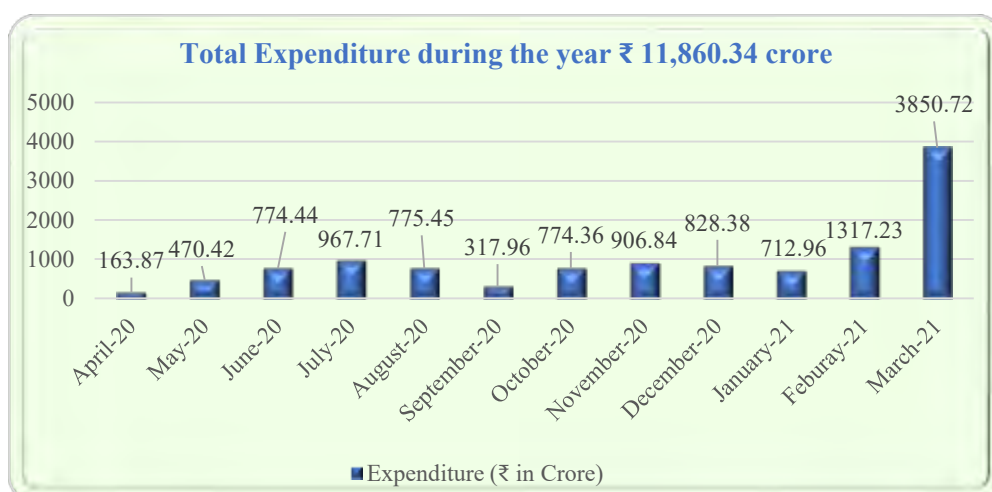
### 3.5.4.1 Departments registering more than 25 per cent expenditure in March

In 11 Departments<sup>5</sup> more than 25 per cent of the total expenditure was incurred in March 2021. Details of two Departments with Major expenditure are shown in **Charts 3.9 and 3.10**. The details of month wise expenditure in respect of all 11 Departments are shown in **Appendix 3.9**.

<sup>5</sup> Energy and Petrochemical; General Administration; Industries and Mines; Panchayats, Rural Housing and Rural Development; Ports and Transport; Roads and Buildings; Science and Technology; Social Justice and Empowerment; Sports, Youth and Cultural Activities; Tribal Development; and Urban Development and Urban Housing

**Chart 3.9: Month wise expenditure of Energy and Petrochemical Department**

Source: Information provided by O/o the PAG (A&E)

**Chart 3.10: Month wise expenditure of Tribal Development Department**

Source: Information provided by O/o the PAG (A&E)

### 3.6 Review of Selected Grants

The Gujarat Budget Manual, 1983 provides that the authority administering a Grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned Grant or Appropriation. The duties and responsibilities of the authorities include preparing the estimates in time and accurately and to ensure that the Grants placed at the disposal is spent only on the objects for which it has been provided and to surrender the savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test-checked the records of the Administrative Departments/Controlling Officers operating Grant No. 9 (Education) under Education Department and Grant No. 86 (Roads and Bridges) under Roads and Buildings Department for a period of three years from 2018-19 to 2020-21. The audit findings are discussed in the succeeding paragraphs.

### 3.6.1 Review of Grant No 9 Education

Education department looks after primary education, continuous education, literacy education, secondary education, higher education, technical education, pharmacy education etc. The budgetary allocation and expenditure incurred under revenue and capital heads of Grant No 09 during 2018-21 is given in **Table 3.19** below:

**Table 3.19: Budgetary provision and expenditure under Grant No 09 during 2018-21**

(₹ in crore)

Year	Budgetary Provisions			Expenditure	Excess (+)/ Savings (-)	Percentage of Deviation
	Original	Supple- mentary	Total			
<b>Revenue Voted</b>						
2018-19	24173.40	3218.41	27391.81	28825.92	(+)1434.11	(+)5.24
2019-20	26900.03	1948.47	28848.50	29463.91	(+)615.41	(+)2.13
2020-21	28744.47	1469.90	30214.37	31433.04	(+)1218.67	(+)4.03
<b>Revenue Charged</b>						
2018-19	244.00	32.70	276.70	276.70	00	0.00
2019-20	248.26	0.50	248.76	248.76	00	0.00
2020-21	245.41	8.48	253.89	253.89	00	0.00
<b>Capital Voted</b>						
2018-19	798.43	0	798.43	446.70	(-)351.73	(-)44.05
2019-20	579.98	0	579.98	229.37	(-)350.61	(-)60.45
2020-21	552.78	0	552.78	301.40	(-)251.38	(-)45.48

Source: - Appropriation Accounts for respective years

It can be seen from the above table that the budget provisions under capital section could not be utilised by the Department during 2018-21 leaving unutilised provisions ranging between 44.05 to 60.45 *per cent*. Further, though the Department obtained Supplementary Grant under Revenue Voted Section, it incurred excess expenditure over the total budget provision during 2018-21. Reason of excess expenditure was not furnished to Audit by the Department.

The observations relating to audit scrutiny of Grant No. 9: Education are discussed in succeeding paragraphs.

#### 3.6.1.1 Implementation of new items/initiatives included in Budget

Audit observed that various new items/initiatives announced during the budget were not implemented and remained unfulfilled, as detailed in **Table 3.20** below:

Table 3.20: Implementation of new items

(₹ in lakh)

Budget head	Description of Item	Recurring	Non-Recurring	Total	Reasons for non-implementation
<b>2018-19</b>					
2202-02-110-01	Digitization of Service book of employee of Non-Government Granted Secondary and higher Secondary Schools	2256.00	264.00	2520.00	Administrative Approval not received
2202-02-110-01	Start three Self-Finance Sainik Schools on Public-Private Partner Mode	405.00	-	405.00	Applications by 47 private entities were submitted. Approval was not received from the Government.
2202-03-102-09	Teaching posts at Indian Institute of Teacher Education, Gandhinagar	100.00	-	100.00	Due to ban on recruitment by UGC
<b>2019-20</b>					
2202-02-109-01	CCTV cameras for Govt Secondary and Higher Secondary Schools	-	109.35	109.35	Due to non-completion of work within stipulated time
2202-03-103-01	Purchase of CCTV system in Govt. Colleges	-	765.00	765.00	As per GR of Education Department, ₹ 418.82 lakh has been parked with Knowledge Consortium of Gujarat and remaining grant has been surrendered.
2202-03-103-01	NAAC accreditation reforms for Government Colleges	-	560.00	560.00	Not implemented due to administrative reasons.
2202-80-001-01	Purchase furniture and equipment at office of Commissioner of Higher Education and for office renovation	-	263.08	263.08	Work not completed (November 2021).
2202-80-003-05	Create establishment for DIET	63.73	-	63.73	No expenditure was incurred due to administrative reasons.
2203-00-001-01	Start 1- central and 3- local Hi-tech laboratory to support Engineering Design and Entrepreneurship	-	900.00	900.00	Not implemented due to non-completion of tender process
2203-00-001-01	Establishment of Emergency Technology Lab	-	1000.00	1000.00	Not implemented due to non-completion of tender process
2203-00-001-01	STEM research grant for promotion of research activities for Govt and grant in aid engineering colleges and polytechnic with reputed national and international institutes	80.00	-	80.00	Grant could not be disbursed as no demand was received from researchers.
2203-00-001-05	Create new posts for Gujarat Technology University	82.61	-	82.61	Amount surrendered as the posts could not be filled during the year.
4202-01-201-06	Renovation of DIET at Jamnagar and Surendranagar	-	281.40	281.40	Work not completed (November 2021).
4202-01-201-06	Renovation of DIET at Jamnagar and Surendranagar	-	187.60	187.60	Work not completed (November 2021).
<b>2020-21</b>					
2202-02-110-01	Unlimited internet facility for 1415 non-government grant-in-aid secondary & higher secondary schools	166.97	-	166.97	Administrative Approval not received.

Source: Details provided by Education Department



### 3.6.1.2 Expenditure on an item not approved

In the budget of 2018-19, a new item under Major Head-2202- General Education, namely “To provide Examination fee by Government to girls and handicapped students of Government secondary and higher secondary schools” was included, with a provision of ₹ 28.43 crore. Under this item, the Government resolved (April 2018) to pay examination fees of students appearing in Standard X and XII (Science and General Stream) examinations conducted by Gujarat Secondary & Higher Secondary Education Board (The Board).

Audit observed that an expenditure of ₹ 14.23 crore was done on this item during 2018-19 which included expenditure of ₹ 13.76 lakh in respect of those girls & handicapped students, who had appeared in Brilliant Search Test Exam, which was not covered under this scheme/ item.

Commissioner of Schools replied (September 2021) that the Board has been directed to obtain Government’s approval to this expenditure or surrender this amount to Government Account.

### 3.6.1.3 Short reimbursement of Grant from Gujarat Secondary & Higher Secondary Education Board

During the year, grants for meeting out the expenditure on account of the salary or honorarium, pension, leave and other allowances of the Chairman, Deputy Chairman, Secretary, Joint Secretaries and Assistant Secretaries and other officers and staff of the Gujarat Secondary and Higher Secondary Education Board (the Board) are given by the State Government through Commissioner of Schools. The Gujarat Secondary and Higher Secondary Education Act, 1972 prescribes that the Board shall reimburse this amount to the State Government every year out of its own fund.

The status of amount reimbursed to Government by the Board is mentioned in **Table 3.21** below:

**Table 3.21: Details of short-reimbursement by GSHSE Board during last five years**

(₹ in lakh)				
Sl. No.	Year	Expenditure incurred by Board	Reimbursement made to Government	Amount of short reimbursement
1	2016-17	627.98	615.50	12.48
2	2017-18	861.22	852.82	8.40
3	2018-19	889.99	877.88	12.11
4	2019-20	798.49	788.21	10.28
5	2020-21	712.74	684.74	28.00
<b>Total</b>		<b>3,890.42</b>	<b>3,819.15</b>	<b>71.27</b>

Source: Information furnished by Board

As can be seen from the **Table** above, during 2016-21, the Board reimbursed ₹ 38.19 crore to the Government against an expenditure of ₹ 38.90 crore, resulting in short reimbursement of ₹ 71.27 lakh.

On being pointed out in audit, the Board stated (October 2021) that reimbursement of only salary of all the employees of Board has been made to the Government, however, reimbursement of leave encashment of employees on deputation to the Board at the time of retirement has not been made to avoid entire financial burden on the Board. Further, the Commissioner of Schools accepted the observation and stated (September 2021) that a system would be established to monitor the reimbursement of grant.

#### **3.6.1.4 Furnishing Utilisation certificate without actual completion of work**

Utilisation Certificate is issued by the grantee organisation when the conditions on which grants were sanctioned have been duly fulfilled.

In the budget for the year 2018-19, Commissioner of Mid-Day Meal was provided ₹ 19.22 crore for Construction of 744 new kitchen-cum-stores under Mid-Day Meal (MDM). Commissioner of MDM, provided utilisation certificate (August 2021) in respect of entire amount of ₹ 19.22 crore stating that 841 kitchen-cum-stores were constructed during 2018-19.

Audit conducted field visit on 21.10.2021 of six randomly selected MDM kitchens with District Project Engineer and representatives of SSA for physical verification of assets created out of the expenditure.

During field visit, it was noticed that the construction of five MDM kitchens had been completed while the construction of MDM Kitchens at one school<sup>6</sup> was under progress. However, office of State Project Director (SSA) had issued utilisation certificate to Commissioner MDM, in respect of entire grant without ascertaining actual completion of construction work.

In response to audit observation based on field visit, office of State Project Director (SSA) stated (November 2021) that eight kitchen-cum-stores were under construction as on November 2021. It was further stated that usually the construction of MDM Kitchen is done by Village Civil Works Committee and when grant from SSA office is disbursed to school authority, UC is issued. The above reply was endorsed (November 2021) by Commissioner MDM.

The reply affirms that utilisation certificate for entire grant was issued even before completion of construction work of MDM Kitchen-cum-stores.

#### **3.6.1.5 Persistent Excess Expenditure**

During the scrutiny of Budget Estimates of Education Department of Gujarat Government for the year 2018-21, it was noticed that under three heads pertaining to Superannuation and Retirement, gratuities and family pension to Primary Panchayat teachers, there was persistent excess during 2018-21 as mentioned in the **Table 3.22** below:

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<sup>6</sup> Danajini Muvadi Primary School, Dehgam, Gandhinagar

Table 3.22: Details of persistent excess expenditure

Head	2018-19			2019-20			2020-21		
	Grant	Exp.	Excess	Grant	Exp.	Excess	Grant	Exp.	Excess
2071.01.101.01	2875.86	4692.29	1816.43	3591.94	4575.00	983.06	3700.00	4889.83	1189.83
2071.01.104.01	440.00	758.76	318.76	600.00	786.50	186.50	700.00	928.05	228.05
2071.01.105.01	363.00	399.01	36.01	363.00	380.34	17.34	368.00	401.67	33.67

Source: Appropriation Accounts of respective years

On being pointed out by audit, Director, Primary Education replied (November 2021) that the aforesaid expenditure was incurred on gratuity and pension of the teachers pertaining to District Panchayat's primary schools. It was further stated that this expenditure is incurred through District Treasury which does not provide the expenditure figure every month thereby making it difficult to assess the requirement of funds for the purpose. It was also added that at the time of preparing budget estimates, District Treasuries do not provide the budget and expenditure figures and hence, correct assessment of expenditure figure could not be made at the time of submitting Budget Estimates, which led to excess expenditure.

The reply is not justifiable as the Directorate of Primary Education does not have any database of District Panchayats' retired/working Primary teachers, which would have facilitated better estimation of expenditure. Further, IFMS data is available with all Controlling Officers and budget estimates should have been prepared based on previous year expenditure under this Major Head.

### 3.6.1.6 Huge difference between closing balances of PLA Cash Book and treasury statements

Commissioner of Higher Education (CHE) maintains a Personal Ledger Account (PLA). Administrator of PLA has to reconcile the balances with treasury in every quarter.

Audit observed that CHE is furnishing a quarterly certificate of closing balance, which had differences in closing balance as per treasury and as per its own office. The difference in closing balances as at the end each quarter during 2018-21 is shown in **Table 3.23** below:

**Table 3.23: Differences in closing balances at the end of each quarter during 2018-21 as per cashbook and as per Treasury**

Quarter ending	Closing Balance as per PLA Cash Book	Closing Balance as per Treasury Statement	Difference
June-18	313.02	314.91	(-)1.89
September-18	318.91	320.16	(-)1.25
December-18	87.64	88.99	(-)1.35
March-19	87.69	90.13	(-)2.44
June-19	217.70	218.95	(-)1.25
September-19	346.71	348.03	(-)1.32
December-19	343.70	344.98	(-)1.28

Quarter ending	Closing Balance as per PLA Cash Book	Closing Balance as per Treasury Statement	Difference
March-20	153.47	163.12	(-)9.65
June-20	108.95	110.23	(-)1.28
September-20	189.98	73.15	116.83
December-20	131.97	134.04	(-)2.07
March-21	261.83	274.20	(-)12.37

Source: Information provided by Commissioner of Higher Education

Audit also observed that an amount of ₹ 118.14 crore was shown separately as “unreconciled differences not reconciled” and removed from differences pending reconciliation. The details of these expenses could not be verified in audit.

The office of CHE stated (November 2021) that these differences have been existing from the past and have not been reconciled so far. It was further stated that future differences, if any, will be reconciled with treasury and intimated to audit.

The reply is not justifiable because huge amounts have remained unreconciled since long and therefore, the possibility of misappropriation of funds cannot be ruled out.

### 3.6.1.7 Non- reporting of Cases of misappropriation/theft/defalcation

Rule 33 of the General Financial Rules, 2017 (GFR) prescribes that cases of misappropriation/ theft/defalcation are to be reported to Audit by the various Departments of the State Government. Audit observed that the following two cases of misappropriation under the office of State Project Director, SSA, Gandhinagar were not reported to audit. The details of these cases are shown in **Table 3.24:**

**Table 3.24: Cases of misappropriation/theft/defalcation not reported to audit**

Sl. No.	Name of Office	Year	Amount involved (₹ in lakh)	Status of case (as on November 2021)
1	District Project Office, Surendranagar	2008	32.07	Next hearing date on 03 December 2021
2	District Project Office, Kachchh	2019	54.57	Charge sheet filed

Source: Information provided by Education Department

Thus, there is a possibility of misappropriation/theft/defalcation cases not being reported to Audit by the various Departments. The Finance Department needs to issue necessary instructions in pursuance of Rule 33 of GFR to all the Departments so that cases of misappropriation/theft/defalcation in subordinate offices are timely reported to all the concerned authorities for proper follow up of these cases.

### 3.6.1.8 Unspent balances of previous years incorrectly credited as Revenue Receipts

As per Paragraph 103 of the Gujarat Budget Manual, 1983, spending Departments should surrender unspent grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. These unspent balances should be credited to the concerned revenue expenditure Major Heads *i.e.* this is to be booked as reduction of expenditure under the concerned Service Head, if it relates to same year, and recoveries of overpayments under distinct Minor Head 911 - “Deduct-recoveries of overpayments below the concerned Major Head of account”, if it relates to previous years.

During test-check of challans deposited by Controlling Officers under Grant No. 9, Audit observed that unspent balances of grants amounting to ₹ 143.76 crore were deposited as revenue receipts into Government Account during 2017-18 to 2021-22. This affected the correct depiction of revenue receipts and revenue expenditure of the respective years to that extent. The details are given in **Table 3.25** below.

**Table 3.25: Unspent balances of revenue expenditure deposited as revenue receipts**

Sl. No.	Description	Major head	Year in which grant received	Budget head in which unspent grant surrendered	Year in which grant surrendered	Surrendered amount (₹ in crore)
1	Provide Examination fees by Government for girls and handicapped students of secondary and higher secondary schools (GS&HSEB)	2202	2020-21	0202	2021-22	3.41
2	Excess Fees of those students who took admission in S.F. Schools under R.T.E. Act.	2202	2018-19	0202	2018-19	5.30
3	Excess Fees of those students who took admission in S.F. Schools under R.T.E. Act.	2202	2019-20	0202	2019-20	2.68
4	Excess Fees of those students who took admission in S.F. Schools under R.T.E. Act.	2202	2020-21	0202	2020-21	1.06
5	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2017-18	0202	2017-18	4.27
6	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2017-18	0202	2017-18	4.20
7	Pay & Allowances of Primary Teachers	2202	2017-18	0202	2017-18	100.00
8	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2018-19	0202	2018-19	5.81
9	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2019-20	0202	2019-20	7.88
10	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2020-21	0202	2020-21	6.85
11	Gujarat State Open School	2202	2011-16	0202	2020-21	1.03
12	Purchase of furniture for Govt secondary and higher secondary schools (CoS)	2202	2019-20	0202	2020-21	0.12
13	Closure of scheme	2202	---	0202	2018-19	0.99
14	Closure of scheme	2202	---	0202	----	0.02
15	Recovery of Excess grant	2203	--	0202	2018-19	0.14
					<b>Total</b>	<b>143.76</b>

Source: Information provided by Education Department

### 3.6.1.9 Parking of funds with Gujarat State Financial Services

Finance Department had issued instructions (29 October 2016) that State Government undertakings/Institutes/Societies *etc.* can deposit their unutilised funds in Gujarat State Financial Services (GSFS). The interest earned thereon was required to be deposited in Government account under MH 0049 04 800 21- Other Receipts.

During the period 2009-21, Education Department received grant of ₹ 1,595.04 crore in 31 cases (**Appendix 3.10**) out of which ₹ 1,208.22 crore was parked in GSFS. The Department did not furnish reasons for parking such huge amounts with GSFS.

It should be ensured that funds allocated but not required immediately are not drawn by the Departments/Boards/Corporations from the Treasuries. Parking of funds not only reduces cash liquidity and overall flexibility of the Government but also vitiates the budgetary planning. Parking of funds also deprives the cash-strapped Departments from spending on urgent and important objects while other Departments hold such funds for long, without these being put to any fruitful purpose.

### 3.6.1.10 Significant savings under Centrally Sponsored/ Central Plan Schemes

Planning for any scheme should be made in such a way that funds are optimally utilized and maximum benefits percolate to the people. On scrutiny of Budget Estimates of Grant No. 9 regarding centrally sponsored/ central plan schemes, it was noticed that the pace of utilisation of funds in some of the schemes was slow. The details of some centrally sponsored schemes where savings exceeded ₹ 100 crore due to slow pace of execution are provided in **Table 3.26** below:

**Table 3.26: Details of savings under centrally Sponsored Schemes**

(₹ in crore)

Sl. No.	Scheme Name with Budget head	Year	Budget Estimates			Expenditure incurred	Savings (-)	Percentage of savings
			Central	State	Total			
1	2202 (01) (106) (12): EDN-68 Sarva Shiksha Abhiyan	2018-19	618.18	450.00	1068.18	610.80	457.38	42.82
2	2202 (02) (109) (06) EDN-142-Implementation of Rashtriya Madhyamik Shikshan Abhiyan Scheme	2018-19	94.34	62.89	157.23	45.10	112.13	71.31
3	4202 (01) (201) (06) EDN-113 Sarva Shiksha Abhiyan (including support from Finance Commission)	2018-19	230.48	153.66	384.14	153.76	230.38	59.97
4	2202 (01) (106) (12) EDN-68 Sarva Shiksha Abhiyan	2019-20	679.70	453.13	1132.83	102.12	1030.71	90.98
5	4202 (01) (201) (06) EDN-113 Sarva Shiksha Abhiyan (including support from Finance Commission (60:40 PCSS))	2019-20	300.60	200.40	501.00	166.86	334.14	66.69
6	4202 (01) (201) (06) EDN-113 Samagra Shiksha Abhiyan	2020-21	169.55	113.04	282.59	99.21	183.38	64.89

Source: Budget Estimates and VLC/IFMS data

As can be seen from **Table 3.26**, the percentage of savings under these schemes ranged between 42.82 and 90.98 *per cent*. This showed that planning for execution of these schemes was deficient.

The reply of the Department is awaited (November 2021).

### 3.6.1.11 Misclassification of Capital Expenditure as Revenue Expenditure

Government accounts are presented under six tier classification, *viz.*, Major Heads (functions of Government), Sub-Major Heads (Sub-functions), Minor Heads (programmes/activities), Sub-Heads (schemes), Detailed Heads (sub-schemes) and Object Heads (purpose/object of expenditure). Budget preparation circular issued (September 2020) by Finance Department (FD) clearly states that object heads 5100-Motor Vehicles, 5200-Machinery and Equipment and 5300-Major Works have been provided for Acquisition of capital assets and other capital expenditure (Object Class-6).

Audit observed that there was a provision of ₹ 311.12 crore and expenditure of ₹ 230.68 crore under these object heads which were booked under Revenue expenditure in Grant 9. Budget provision/Classification of these items under Revenue expenditure is not proper as these are to be classified under capital expenditure as per the FD's circular. As a result, the details given in Statement 4, 5, 7, 8, 15, 16, 18, 19 Appendix II and III of Finance Accounts 2020-21 are affected as capital expenditure is understated and revenue expenditure is overstated.

The reply of the Department is awaited (November 2021).

### 3.6.1.12 Improper classification of Object head 6000 "Other Capital Expenditure" under Capital section

Budget Preparation Circular states (September 2020) that provision under object head '6000' Other Capital Expenditure was to be used for Object Class: "accounting adjustment" purposes which include depreciation, reserves, inter account transfer, writing off losses *etc.*

Audit observed that against original provision<sup>7</sup> of ₹ 263.77 crore under object head "6000 other capital expenditure" in 2020-21, there was expenditure of ₹ 263.68 crore. Audit scrutiny of the expenditure classified under this head revealed that the same was grants given to Sarva Siksha Abhiyan for creation of assets/renovation of existing facilities which need to be classified under 3500-Grant for creation of capital assets (Revenue Expenditure).

As a result, the details given in Statement 4B, 8, 10, 19, Appendix II and III of Finance Accounts 2020-21 are affected as capital expenditure is overstated and revenue expenditure is understated. Also grants-in-aid given to Panchayats are understated.

<sup>7</sup> Major head 4202

The reply of the Department is awaited (November 2021).

### 3.6.2 Review of Grant No 86 Roads and Buildings

The Roads & Buildings (R&B) Department, Government of Gujarat, which administers Grant no. 86, oversees all the activities pertaining to planning, construction, and maintenance of all categories of Roads and Government owned buildings in the State of Gujarat.

The provisions in this grant include construction and improvement of roads, bridges, ferries, tunnels, causeway etc. including grants-in aid for rural roads. It also includes expenditure on general establishment. The capital section of the grant includes provision for the capital outlay on major works under the control of Roads and Buildings Department.

The Gujarat Budget Manual, 1983 provides that the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities include preparing the estimates in time and accurately and to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

Audit test-checked records of the Administrative Department/Controlling Officers relating to Grant No. 86 (Roads and Bridges) under Roads and Buildings Department for the period of three years from 2018-19 to 2020-21, with a view to ascertaining how far the authorities were adhering to these instructions.

The audit findings are discussed in the succeeding paragraphs.

#### 3.6.2.1 Deviation from Budgetary Provisions

The expenditure against the Budget provisions of the Roads and Buildings Department has been given below:

**Table 3.27: Budgetary provision and expenditure under Grant No 86 during 2018-21**

Financial Year	Budgetary Provisions			Expenditure	Excess (+) Saving (-)	Percentage of Deviation
	Original	Supplementary	Total			
<b>(₹ in crore)</b>						
<b>Revenue Voted</b>						
2018-19	3,351.53	0.00	3,351.53	3,519.88	(+)168.35	(+) 5.02
2019-20	3,393.05	0.00	3,393.05	3,639.71	(+)246.66	(+) 7.27
2020-21	3,532.87	0.00	3,532.87	3,343.65	(-)189.22	(-)5.36
<b>Capital Voted</b>						
2018-19	2,851.55	403.92	3,255.47	3,249.60	(-)5.87	(-) 0.18
2019-20	3,434.12	198.63	3,632.75	3,613.98	(-)18.77	(-) 0.52
2020-21	3,490.10	2,057.18	5,547.28	5,509.18	(-) 38.10	(-)0.68

Source: Appropriation Accounts of respective years



It can be seen from the above table that during 2020-21 the budget provisions could not be utilised by the Department leaving 0.68 *per cent* unutilised under Capital-voted section and 5.36 *per cent* under Revenue-voted section. Further, the Department incurred excess expenditure in Revenue-voted section in 2018-19 and 2019-20. The Department did not furnish any specific reasons of savings/excess for these financial years.

### 3.6.2.2 Equity investment in National High Speed Rail Corporation Limited

As per general directions provided with List of Major and Minor Heads, minor head 'Investments in Public Sector and Other Undertakings' (Minor Head 190) for investment in equity shares etc. may be opened wherever necessary. Also, the detailed Budget preparation Circular issued every year by Finance Department stipulates that estimates for investment/capital contribution should be made under Minor Head-190 only.

Audit observed that from 2016-17 onwards, Grant No. 86 included provision for Share Capital Contribution to National High Speed Rail Corporation Limited under the accounting head 5054.03.337.11. Major Head- 5054 pertains to Capital Outlay on Roads and Bridges, Sub-major head-03 pertains to State Highways and minor Head 337 pertains to Road works. The provision for equity contribution in National High Speed Rail Corporation Limited neither pertains to Roads and Bridges nor State Highways in Gujarat. In view of extant instructions, this provision was required to be included under the Minor head-190.

The Department has made total equity contribution of ₹ 1,630 crore up to financial year 2020-21 in the said Company. Thus, provision was made under incorrect accounting head despite clear instructions in this regard.

The reply of the Department is awaited (November 2021).

### 3.6.2.3 Budget Estimates for Central Road Fund

The Central Road Fund (CRF)<sup>8</sup> is a non-lapsable fund created under Section 6 of the Central Road Fund Act, 2000 out of cess/tax imposed by the Government of India on the sale of Petrol and High-Speed Diesel to develop and maintain National Highways (NH), State Roads. The allocation of CRF funds to each State/Union Territory is finalised at the beginning of the financial year by the Ministry of Road Transport and Highways, Government of India.

The Budget Estimates of the R & B Department for CRF inter-alia include the provision for receipts<sup>9</sup> under Grants-in-aid from GoI and corresponding expenditure "Transfer to Deposit Accounts of Central Road Fund Allocation" under the Account head-3054.80.797.11. The funds received under CRF from GoI is to be transferred to Subventions from Central Road Fund (Deposits under Public accounts) and expenditure done on construction of roads is shown as

<sup>8</sup> Now Central Road and Infrastructure Fund (CRIF)

<sup>9</sup> 1601.08.108.01

Capital expenditure which is met from these Deposits. The details of expected accrual /possible release under CRF are provided by Superintending Engineer, MORTH Regional office, Gandhinagar.

Audit observed that during the period 2019-21, the receipts under CRF exceeded the budget estimates made for receipts. The details of expected accrual /possible release provided by Superintending Engineer, MORTH Regional office were not considered while preparing budget estimates/supplementary demand for relevant year. Details are given in **Table 3.28** below:

**Table 3.28: Wrong estimation in budget estimates and supplementary demand**

(₹ in crore)

Period	Receipts under CRF			Expenditure under CRF				
	Expected Accrual	Possible Release	Actual receipt from GoI	Budget provision	Reappropriation	Total	Expenditure done during the year	Excess expenditure
2019-20	450.64	547.70	718.87	74.57	0.00	74.57	718.87	644.30
2020-21	420.06	635.08	430.74	154.44	0.84	155.28	430.74	275.46

Source: Details provided by Roads and Buildings Department and Appropriation Accounts of respective years

The Department incurred expenditure of entire amount of funds received under CRF. Thus non preparation of budget estimates and supplementary demand as per available information resulted in excess expenditure over the budget provision made and requires to be regularised.

The reply of the Department is awaited (November 2021).

### 3.6.2.4 Execution of Rural Roads Scheme

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was introduced in the year 2000 by Central Government with an objective to provide road connectivity through good and all-weather roads to all rural people. It is a Centrally Sponsored Schemes (CSS) with contribution in the ratio of 60:40 by the Central and State Government respectively. The implementing agency of the scheme in the state is Gujarat State Rural Road Development Agency (GSRRDA).

The Ministry of Rural Development (MRD), GoI issued (April 2020) indicative allocation of funds and physical targets in terms of road length and habitations under PMGSY for the year 2020-21 to the States. It allocated ₹ 600 crore (₹ 360 crore and ₹ 240 crore as Central and State share respectively) to Gujarat with physical target of 700 Km Road length. However, the GSRRDA requested (September 2020) MRD to revise the annual target of Gujarat from ₹ 600 crore to ₹ 200 crore and road length from 700 Km to 200 Km.

Audit observed that budget provision under Grant No. 86 was made for ₹ 100 crore only (₹ 60 crore and ₹ 40 crore as Central and State share respectively) which was neither based on the target fixed by the MRD nor as per target sought by GSRRDA itself. The department released ₹ 79.07 crore and ₹ 52.72 crore as Central and State share respectively to GSRRDA for

implementation of scheme during 2020-21. Of this, of ₹ 71.89 crore remained unspent at the end of year 2020-21.

The reply of the Department is awaited (November 2021).

### 3.6.2.5 Not crediting interest to Government account

Finance Department had issued instructions vide GRs dated 16 September 2014 and 29 October 2016 that State Government undertakings/Institutes/Societies etc. can deposit their unutilised funds in GSFS. The interest earned therefrom was required to be deposited time to time in Government account under MH 0049 04 800 21-Other Receipts.

GSRDCL had deposited funds of ₹ 359 crore (as on 31 March 2020) with GSFS. Interest of ₹ 24.87 crore for the year 2019-20 (₹ 20.67 crore for 2018-19) received on Fixed Deposits and Liquid Deposits with GSFS was credited to Grant Fund instead of crediting it to Government account.

## 3.7 Recommendations

The State Government may:

- formulate realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources.
- view seriously the excess expenditure over grants approved by the Legislature and regularise it at the earliest.
- institute an appropriate control mechanism to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/Appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe;
- ensure that Controlling Officers are made accountable for variations in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts; and
- ensure that expenditure is incurred evenly throughout the year and there is no rush of expenditure in March.



# **CHAPTER 4**

## **Quality of Accounts and Financial Reporting Practices**



## Chapter 4 Quality of Accounts and Financial Reporting Practices

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

### Issues Related to Completeness of Accounts

#### 4.1 Non-discharge of Interest Liability towards Interest-bearing Deposits

The State Government has a liability to provide and pay interest on the amounts in the interest-bearing Deposits (Major Head of Accounts 8336 and 8342). However, the State Government did not provide budgetary allocation for interest payments under Major Head 2049 (revenue expenditure), although there were balances in these Deposits as on 31 March 2020, as indicated in **Table 4.1**.

**Table 4.1: Non-discharge of interest liability towards interest-bearing Deposits**

(₹ in crore)

Sr. No.	Name of the interest-bearing Deposit	Balance as on 31 March 2020	Amount of interest not provisioned
1.	Deposit bearing interest (Other than Contributory Pension Scheme)	17.50	1.31
2.	Deposits bearing interest (Contributory Pension Scheme)	20.64	0.09
<b>Total</b>			<b>1.40</b>

Source: Finance Accounts for the year 2020-21

Non-discharge of interest liability would lead to reflection of reduced revenue deficit and smaller closing balances under the relevant Deposit Account.

#### 4.2 Funds Transferred Directly to State Implementing Agencies

The Central Government had been transferring funds directly to the State implementing agencies for implementation of various Schemes/programmes in social and economic sectors. As these funds were not routed through the State budget/State Treasury System, the Annual Finance Accounts did not capture flow of such funds. Thus, to that extent, the State's receipts, and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

With effect from 01 April 2014, GoI decided to release all assistance for Centrally Sponsored Schemes/Additional Central Assistance to the State

Governments. In Gujarat, however, transfer of Central funds directly to the State implementing agencies continued even during 2020-21 (Appendix VI of Finance Accounts, Volume-II refers). Year-wise details of such transfers from 2016-17 to 2020-21 are shown in **Table 4.2**.

**Table 4.2: Funds transferred to State implementing agencies by GoI**

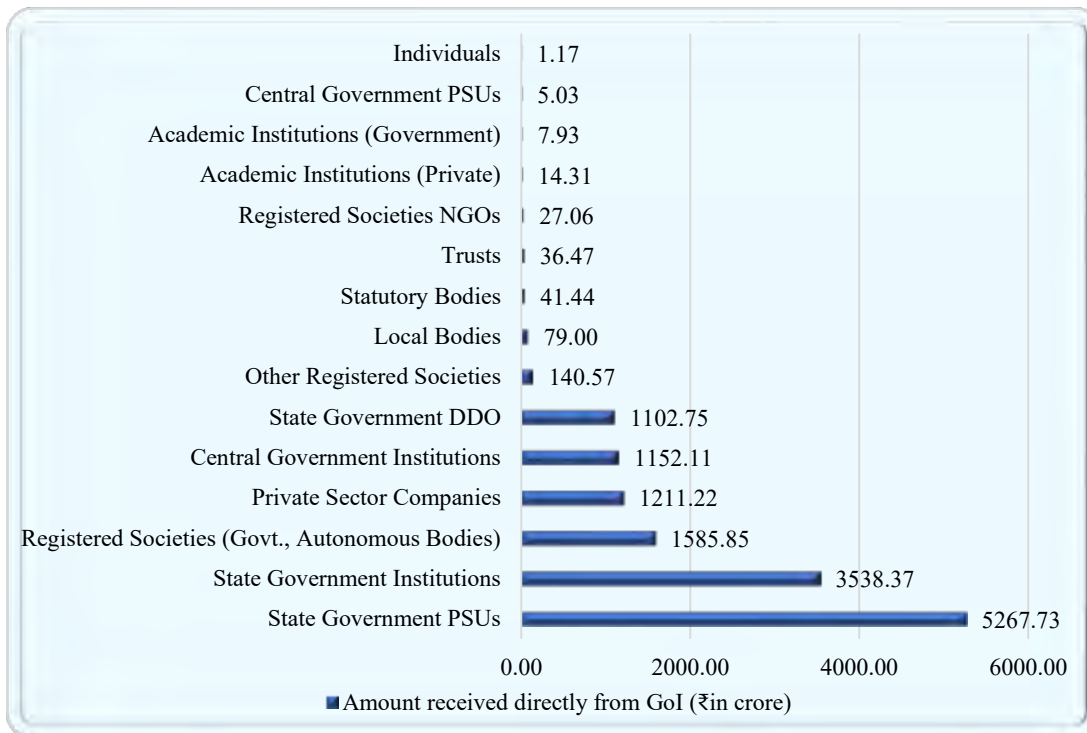
	(₹ in crore)				
Direct transfers to State implementing agencies	2016-17	2017-18	2018-19	2019-20	2020-21
Funds transferred	3,392.86	7,510.45	10,026.44	11,659.35	14,210.99

Source: Finance Accounts for the respective year

During 2020-21, GoI released ₹ 14,210.99 crore directly to implementing agencies, of which, ₹ 9,901.34 crore was released to ‘State Government Implementing Agencies’ and ₹ 4,309.65 crore to ‘Other than State Government Implementing Agencies’. These transfers do not include the financial assistance to Panchayati Raj Institutions and Urban Local Bodies as GIA as mentioned in paragraph 2.4.2.4. These transfers were made as per the scheme guidelines of the respective schemes. The Schemes involving major transfers of Central funds directly to State Implementing Agencies were Pradhan Mantri Kisan Samman Nidhi (₹ 3,159.88 crore), Metro-link Express for Gandhinagar and Ahmedabad (₹ 992.74 crore), Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 1,101.65 crore), Member of Parliament Local Area Development Scheme (₹ 70 crore).

Details of various Agencies receiving ₹ 14,210.99 crore directly from the GoI during 2020-21 for implementing various developmental Schemes are shown in **Chart 4.1**.

**Chart 4.1: Implementing agencies that received funds directly from GoI during 2020-21**



Source: PFMS data for 2020-21



### 4.3 Deposits of Local Funds

There were 280 Personal Ledger Accounts (PLAs) being operated by 33 District Development Offices and 247 Taluka Development Offices under Panchayats, Rural Housing and Rural Development Department. The transactions under Zila Parishad Fund and Panchayat Samiti Fund during the last five years (2016-21) are as shown in **Table 4.3**.

**Table 4.3: Deposits in local funds**

Year		2016-17	2017-18	2018-19	2019-20	2020-21
Zila Parishad Fund (8448-109-11)	Opening Balance	8,329.90	9,249.79	8,940.69	8,263.03	8,821.48
	Receipts	18,331.28	23,364.03	24,485.22	23,210.91	24,110.28
	Expenditure	17,411.39	23,673.13	25,162.88	22,652.46	23,285.47
	Closing Balance	9,249.79	8,940.69	8,263.03	8,821.48	9,646.29
Panchayat Samiti Fund (8448-109-12)	Opening Balance	3,865.33	3,680.94	3,845.12	4,138.24	4,209.52
	Receipts	12,352.71	16,300.28	16,526.91	15,349.79	15,767.41
	Expenditure	12,537.10	16,136.10	16,233.79	15,278.51	15,823.07
	Closing Balance	3,680.94	3,845.12	4,138.24	4,209.52	4,153.86
<b>Closing Balance at the end of year</b>		<b>12,930.73</b>	<b>12,785.81</b>	<b>12,401.27</b>	<b>13,031.00</b>	<b>13,800.15</b>

Source: Finance Accounts of respective years

As can be seen from **Table 4.3**, PLAs had an opening balance of ₹ 13,031.00 crore as on 01 April 2020. Receipts during the year were ₹ 39,877.69 crore while disbursements were ₹ 39,108.54 crore, leaving a huge unutilised balance of ₹ 13,800.15 crore at the end of March 2021.

Further, the Finance Accounts of Government of Gujarat do not capture the funds flow of 14,273 Gram Panchayats (i.e., opening balances, receipts, disbursements and closing balances), meaning thereby that these Gram Panchayats were maintaining their Accounts in the Scheduled Banks (outside Government Accounts). The State Government also does not have any mechanism to ascertain the quantum of unutilised funds lying in the Accounts of Gram Panchayats.

## Issues Related to Transparency

### 4.4 Delay in Submission of Utilisation Certificates

Gujarat Financial Rules<sup>1</sup>, 1971 read with General Financial Rules<sup>2</sup> provide that every Grant-in-Aid (GIA) made for a specified object is subject to the implied conditions such as, (i) the GIA shall be spent for the intended purpose, and within a reasonable time if no time-limit has been fixed by the sanctioning authority, and (ii) any portion of the GIA which is ultimately not required for expenditure for the purpose, shall be duly surrendered to the Government.

State Government authorities who have received conditional GIA are required to furnish Utilisation Certificates (UCs) to the Head of the Departments concerned about proper utilisation of GIA and after verification, these are required to be forwarded to the Principal Accountant General (A&E) within 12 months of the closure of the financial year in which the GIA was released, unless specified otherwise.

Audit scrutiny revealed that 4,611 UCs in respect of GIA aggregating ₹ 12,437.03 crore given to 22 Departments of the State Government from 2001-02 to 2019-20 had not been submitted. The status and age-wise details of delays in submission of UCs is given in **Table 4.4 and 4.5** respectively.

**Table 4.4: Status of submission of UCs as on 31 March 2021**

Year <sup>3</sup>	Number of UCs Outstanding	Amount (₹ in crore)
Up to 2018-19	1931	2,552.33
2019-20	582	1,540.64
2020-21	2098	8,344.06
<b>Total</b>	<b>4611</b>	<b>12,437.03</b>

Source: Finance Accounts of 2021

**Table 4.5: Age-wise arrears in submission of UCs**

Sr. No.	Range of delay (in years)	UCs pending	
		Number	Amount (₹ in crore)
1.	0-1 (2019-20)	2098	8,344.06
2.	1-3 (2017-19)	774	3,034.09
3.	3-5 (2015-17)	98	622.67
4.	5-7 (2013-15)	54	58.62
5.	7-9 (2011-13)	10	0.82
6.	10 and above (2001-11)	1577	376.77
	<b>Total</b>	<b>4611</b>	<b>12437.03</b>

Source: Information compiled by Office of the Principal Accountant General (A&E)

<sup>1</sup> Rule 154 and 155

<sup>2</sup> Rule 238 (1) of General Financial Rules, 2017

<sup>3</sup> The year mentioned above relates to “Due year” i.e., after 12 months of actual drawal.

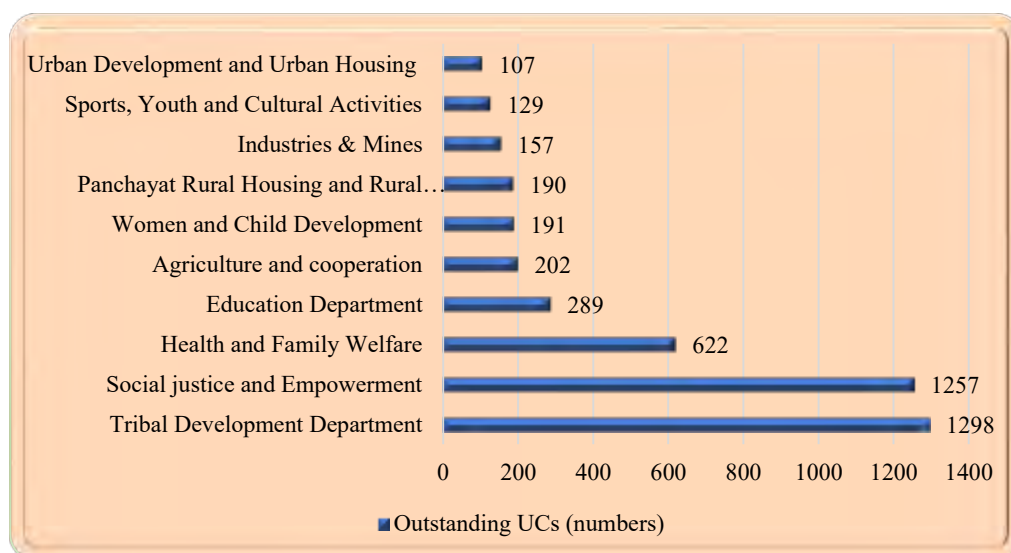
**Table 4.6: Year-wise break-up of pending UCs as on 31 March 2021**

Year	Number of UCs	(₹ in crore)
		Amount
2001-02	476	40.90
2002-03	699	35.34
2003-04	208	4.92
2004-05	71	3.91
2005-06	36	2.22
2006-07	14	3.12
2007-08	23	29.73
2008-09	7	1.24
2009-10	8	243.02
2010-11	35	12.37
2011-12	7	0.42
2012-13	3	0.40
2013-14	25	24.04
2014-15	29	34.58
2015-16	17	9.07
2016-17	81	613.60
2017-18	192	1493.45
2018-19	582	1,540.64
2019-20	2098	8,344.06
<b>Total</b>	<b>4,611</b>	<b>12,437.03</b>

Source: Information compiled by Office of the Principal Accountant General (A&E)

The year-wise break-up of pending UCs with amount is tabulated alongside in **Table 4.6**. The Table revealed that around 30 *per cent* of outstanding UCs pertained to years 2001-02, 2002-03, and 2003-04. It is a matter of concern that the Departmental Authorities have not yet explained as to how ₹ 12,437.03 crore was spent over the years. In the absence of UCs, there is also no assurance that money disbursed have been used for the purpose for which it was given. Moreover, high pendency of UCs was fraught with the risk of embezzlement, misappropriation, and diversion of funds. The State Government may fix responsibility for inordinate delays in submission of UCs.

Department-wise break-up of outstanding UCs for GIA paid up to 2019-20 is shown in **Appendix 4.1** while the status of outstanding UCs in 10 major Departments is indicated in **Chart 4.2**.

**Chart 4.2: Outstanding UCs in 10 major Departments for GIA paid up to 31 March 2021**

Source: Information provided by Office of the Principal Accountant General (A&E)

### 4.4.1 Recording of grantee institutions as “Others”

It is essential that the Government provides the details and nature of the grantee institution to which it is providing funds, in the interest of transparency of Accounts, if GIA constitute a significant portion of the total expenditure of the State.

In Gujarat, GIA constituted around 37 *per cent* of the State’s total expenditure during the last five years (2016-21), which is significant. Further, though the Finance Accounts<sup>4</sup> of the State Government for the last five years showed continuous increase<sup>5</sup> of Grants-in-aid released to various institutions classified under ‘Others’, the State Government did not devise any mechanism to assign codes to such institutions for monitoring the submission of UCs and verification of outstanding amount against each institution.

**Table 4.7** below shows the details of GIA released to ‘Others’ by the State Government during the last five years (2016-21).

**Table 4.7: Details of GIA released to ‘Others’ during 2016-21**

(₹ in crore)

Sl. No.	Year	Total expenditure	Total GIA released	GIA as percentage of total expenditure	GIA released to ‘Others’	GIA released to ‘Others’ as percentage of total GIA released
1.	2016-17	1,26,727.78	48,055.38	37.92	18,808.65	39.14
2.	2017-18	1,45,003.92	54,807.18	37.80	20,856.91	38.06
3.	2018-19	1,62,582.94	59,610.69	36.66	23,656.31	39.68
4.	2019-20	1,67,861.24	64,262.01	38.28	25,343.20	39.44
5.	2020-21	1,78,717.47	64,637.35	36.17	23,691.95	36.65

Source: Finance Accounts of respective years

As may be seen from **Table 4.7**, of the total GIA of ₹ 64,637.35 crore released during 2020-21, ₹ 23,691.95 crore (37 *per cent*) crore was released to various institutions classified under ‘Others’.

## 4.5 Abstract Contingent Bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers are not available at the time of drawal, are made on Abstract Contingent (AC) bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent<sup>6</sup> (DC) bills to the Principal Accountant General (A&E) within a stipulated period of three months from the date of drawal of AC bills.

<sup>4</sup> Statement No. 10 and Appendix III of Finance Accounts

<sup>5</sup> From ₹ 18,808.65 crore in 2016-17 to ₹ 23,691.95 crore in 2020-21

<sup>6</sup> As per Rule 211 of Gujarat Treasury Rules, 2000

Over the years, drawal of funds on AC bills on large scale without carrying out their adjustment/settlement for long period (through submission of DC bills) had been a matter of concern.

As of 31 March 2021, 24 Departments of Government of Gujarat did not submit DC bills in respect of 3,650 AC Bills aggregating ₹ 553.13 crore against, as detailed in **Table 4.8**.

**Table 4.8: Status of pending DC bills against AC bills as of 31 March 2021**

(₹ in crore)

Year	AC bills drawn		DC bills received		Outstanding AC bills	
	No.	Amount	No.	Amount	No.	Amount
Up to 2018-19	2,31,048	7,176.13	2,29,135	7,073.61	1,913	102.52
2019-20	6,584	833.05	6,237	820.13	347	12.92
2020-21	3,581	1,075.44	2,191	637.75	1,390	437.69
<b>Total</b>	<b>2,41,213</b>	<b>9,084.62</b>	<b>2,37,563</b>	<b>8,531.49</b>	<b>3,650</b>	<b>553.13</b>

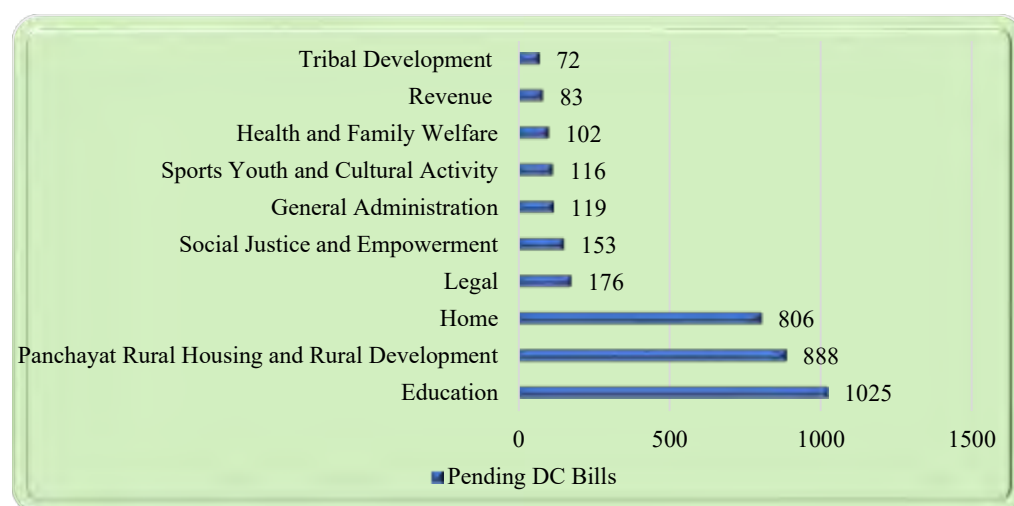
Source: Data compiled by O/o the Principal Accountant General (A&E)

**Table 4.8** revealed that out of 3,581 AC bills for ₹ 1,075.44 crore drawn in 2020-21, 638 AC bills (17.82 per cent) for ₹ 295 crore (27.43 per cent) were drawn in March 2021. Further, of the 638 AC bills drawn in March 2021, five AC bills for ₹ 0.21 crore were drawn on the last day of the financial year.

Expenditure against AC bills at the end of the year indicated poor public expenditure management and pointed to the drawals being done primarily to exhaust the budget provision.

The Department-wise details and year-wise details of pending DC bills up to 2020-21 are shown in **Appendix 4.2** and **Appendix 4.3** respectively. The status of pending DC bills in 10 major Departments is given in **Chart 4.3**.

**Chart 4.3: Pending DC Bills in 10 major Departments**



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 to be correct or final.

## 4.6 Personal Deposit Accounts

A Personal Deposit (PD) Account is a device intended to facilitate an Administrator thereof to credit receipts into and effect withdrawals directly from the PD Account for a specific purpose. PD Account may be authorised to be opened only with the prior permission of the Department of the Government concerned. Transfer of funds to PD Accounts is booked under the service Major Heads concerned as final expenditure from the Consolidated Fund of the State. The Administrators are required to close such Accounts on the last working day of the financial year and transfer the unspent balances back to the Consolidated Fund, with the PD Accounts being reopened in the next year, if necessary.

**Table 4.9** provides the status of funds lying in PD Accounts on the last day of the financial year during 2016-21.

**Table 4.9: Parking of funds in Personal Deposit Accounts during 2016-21**

(₹ in crore)		
Year	No. of PD Accounts at the end of the year	Closing Balance
2016-17	478	395.27
2017-18	482	447.41
2018-19	484	581.01
2019-20	465	795.41
2020-21	470	1003.78

Source: Finance Accounts of the State Government for the years 2016-21

The closing balances under PD Accounts have continuously increased from ₹ 395.27 crore in 2016-17 to ₹ 1,003.78 crore during 2020-21. These Accounts were not closed at the end of the financial year and the balances were not credited to the Consolidated Fund of the State. There was no inoperative PD account as on 31 March 2021. Reconciliation by the Treasury has not been done in respect of 255 out of 470 PD Accounts as on 30 June 2021.

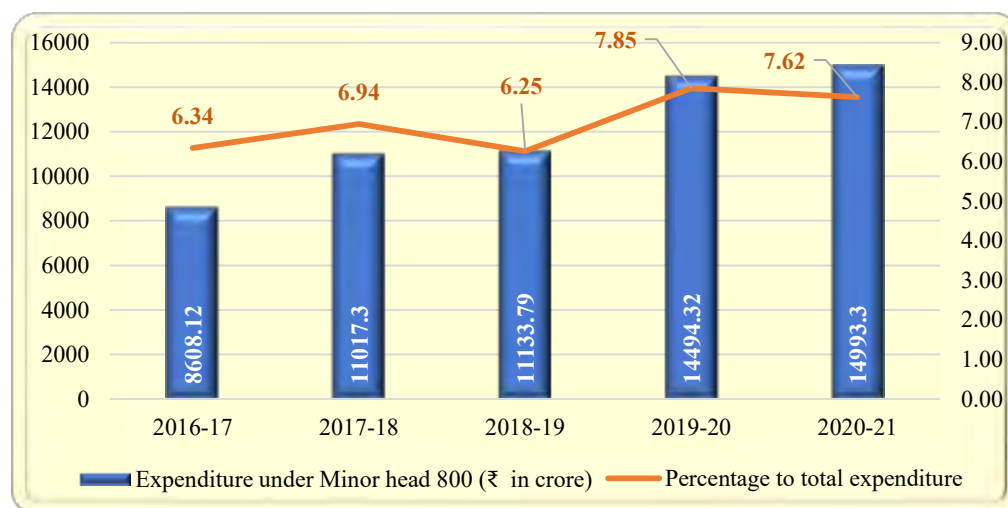
Non-transfer of unspent balances lying in the PD Accounts to Consolidated Fund of the State entails the risk of misuse of public fund, fraud, and misappropriation.

## 4.7 Indiscriminate use of Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the Accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Principal Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions and renders the Accounts opaque.

The Government of Gujarat has extensively operated the Minor Head during the five-year period 2016-21. During 2020-21, the State Government booked an expenditure of ₹ 14,993.30 crore under Minor Head 800 below 64 revenue and capital Major Heads of Account, constituting 7.62 per cent of the total expenditure of ₹ 1,96,639.92 crore. The extent of operation of Minor Head 800 - 'Other Expenditure' as a percentage of total expenditure during 2016-21 is as given in **Chart 4.4**.

**Chart 4.4: Operation of Minor Head 800 – 'Other Expenditure' during 2016-21**



**Chart 4.4** shows that the extent of operation of Minor Head 800 - 'Other Expenditure' as a percentage of total expenditure during 2016-21 ranged between 6.25 per cent and 7.85 per cent.

Instances of substantial proportion of expenditure (50 per cent or more) booked under Minor Head 800 – 'Other Expenditure' within a given Major Head during 2020-21 are as given in **Table 4.10**.

**Table: 4.10: Significant expenditure booked under Minor Head 800 – 'Other Expenditure' during 2020-21**

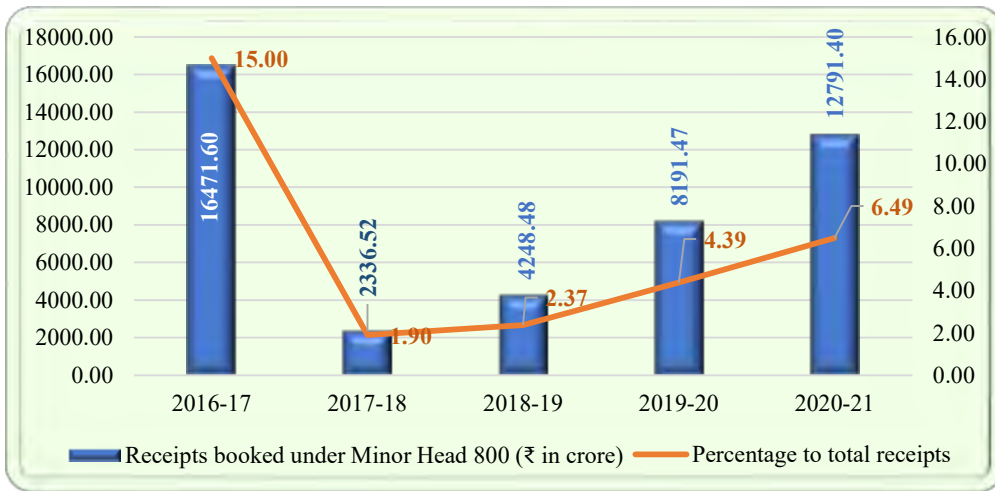
(₹ in crore)				
Sr. No.	Major Head	Expenditure under Major Head	Expenditure under Minor Head 800	Percentage
1	2852 Industries	2830.56	2773.52	97.98
2	2853 Non-ferrous Mining and Metallurgical Industries	177.30	100.00	56.40
3	2245 Relief on account of Natural Calamities	1760.82	2109.43	119.80
4	4211 Capital Outlay on Family Welfare	5.49	5.49	100.00
5	2515 Other Rural Development Programmes	4501.61	3059.30	67.96
6	4236 Capital Outlay on Nutrition	9.42	9.42	100.00
7	2075 Miscellaneous General Services	29.31	28.65	97.75
8	3452 Tourism	96.26	69.64	72.35

Sr. No.	Major Head	Expenditure under Major Head	Expenditure under Minor Head 800	Percentage
9	4408 Capital outlay on Food, Storage, and ware Housing	46.39	28.68	61.82
10	4075 Miscellaneous General Services	0.23	0.13	56.32

Source: Finance Accounts of the State Government for the year 2020-21

The extent of operation of Minor Head 800 - 'Other Receipts' as a percentage of total receipts during 2016-21 is as given in **Chart 4.5**.

**Chart 4.5: Operation of Minor Head 800 – 'Other Receipts' during 2016-21**



In case of receipts, the operation of Minor Head 800 ranged from 1.90 *per cent* of total receipts in 2017-18 to 15 *per cent* of total receipts during 2016-17. During 2020-21, the State Government classified receipts of ₹ 12,791.40 crore pertaining to 62 Major Heads, under the Minor Head 800 – 'Other Receipts' which constituted 6.49 *per cent* of the total receipt of ₹ 1,97,135.95 crore.

Instances of substantial proportion of receipts (50 *per cent* or more) booked under Minor Head 800 – 'Other Receipts' within a given Major Head during 2020-21 are as given in **Table 4.11**.

**Table 4.11: Significant receipts booked under Minor Head 800 – 'Other Receipts' during 2020-21**

(₹ in crore)				
Sr. No.	Major Head	Receipts under Major head	Receipts under Minor Head 800	Percentage
1	1425 Other Scientific Research	15.34	15.35	100.07
2	1452 Tourism	4.78	4.78	100.00
3	0702 Minor Irrigation	60.04	58.36	97.20
4	0575 Other Special Areas Programmes	25.05	25.28	100.92
5	0217 Urban Development	94.79	68.71	72.48
6	0401 Crop Husbandry	58.62	54.34	92.70



Sr. No.	Major Head	Receipts under Major head	Receipts under Minor Head 800	Percentage
7	0515 Other Rural Development Programmes	101.78	88.81	87.26
8	0049 Interest Receipts	847.64	687.41	81.10
9	0071 Contribution and Recoveries towards Pension and Other Retirement Benefits	33.55	21.03	60.68
10	0035 Taxes on Immovable Property Other than Agriculture Land	337.77	264.83	78.41
11	0408 Food storage and warehousing	54.72	54.73	100.02
12	0047 Other Fiscal Services	0.07	0.07	100.00
13	0810 Non-Conventional Sources of energy	15.11	15.11	100.00
14	1456 Civil Supplies	0.01	0.01	100.00
15	0801 Power	0.33	0.33	100.00
16	0506 Land Reforms	0.03	0.03	100.00
17	0802 Petroleum	1.66	1.66	100.00
18	0211 Family Welfare	1.39	1.39	100.00
19	1054 Roads and Bridges	33.17	32.90	99.19
20	0235 Social Security and welfare	2.64	2.48	93.94
21	0059 Public Works	59.38	49.73	83.75
22	0435 Other Agricultural Programmes	6.31	5.06	80.19

Source: Finance Accounts of the State Government for the year 2020-21

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.

## Issues Related to Measurement

### 4.8 Outstanding Balances under Major Suspense and Debt, Deposit and Remittances Heads

Suspense heads are opened in Government Accounts to reflect transactions which cannot be booked to a final Head of Account for some reason or the other. These Heads of Accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final Heads of Accounts. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated, resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these Heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

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. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/Works and Forest Divisions *etc.*

The net balances under major Suspense and Remittance Heads for last three years are as given in **Table 4.12**.

**Table 4.12: Balances under Suspense and Remittance Heads****(₹ in crore)**

Minor Head	2018-19		2019-20		2020-21	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<b>Major Head 8658 – Suspense</b>						
101 - PAO suspense	221.01	9.22	166.57	(-)5.17	210.39	2.59
<b>Net</b>	<b>Dr. 211.79</b>		<b>Dr. 171.74</b>		<b>Dr. 207.80</b>	
102 - Suspense Account-Civil	98.04	7.72	245.71	311.51	9.94	61.97
<b>Net</b>	<b>Dr. 90.32</b>		<b>Cr. 65.80</b>		<b>Cr. 52.03</b>	
109 - Reserve Bank Suspense - Headquarters	0.38	(-)0.01	0.90	0.03	1.15	0.01
<b>Net</b>	<b>Dr. 0.39</b>		<b>Dr. 0.87</b>		<b>Dr. 1.14</b>	
110 - Reserve Bank Suspense - CAO	242.23	0.00	206.27	0.01	202.73	0.01
<b>Net</b>	<b>Dr. 242.23</b>		<b>Dr. 206.26</b>		<b>Dr. 202.72</b>	
112 - Tax Deducted at Source (TDS) Suspense	0.00	28.83	0.00	9.32	0.00	38.77
<b>Net</b>	<b>Cr. 28.83</b>		<b>Cr. 9.32</b>		<b>Cr. 38.77</b>	
123 - A.I.S Officers' Group Insurance Scheme	0.04	0.08	0.40	0.18	0.46	0.37
<b>Net</b>	<b>Cr. 0.04</b>		<b>Dr. 0.22</b>		<b>Dr. 0.09</b>	
<b>Major Head 8782- Remittances</b>						
102 - P.W. Remittances	20,044.57	20,710.61	18,395.78	19,137.14	18,555.38	19,441.43
<b>Net</b>	<b>Cr. 666.04</b>		<b>Cr. 741.36</b>		<b>Cr. 886.05</b>	
103 - Forest Remittances	942.15	988.21	944.50	1,011.57	1096.28	1150.27
<b>Net</b>	<b>Cr. 46.06</b>		<b>Cr. 67.07</b>		<b>Cr. 53.99</b>	
108 Other Remittances	113.36	124.16	87.07	102.64	95.98	109.96
<b>Net</b>	<b>Cr. 10.80</b>		<b>Cr. 15.57</b>		<b>Cr. 13.98</b>	

Source: Finance Accounts for the year 2020-21

### **Pay and Accounts Office Suspense**

This Minor Head is operated for settlement of inter-Departmental and inter-Governmental transactions arising in the books of Pay and Accounts Offices (PAOs) and the Principal Accountant General (A&E). Transactions under this Minor Head represent either recoveries that have been affected or payments that

have been made by an Accounts Officer on behalf of another Accounts Officer against whom the Minor Head 'PAO Suspense' has been operationalised. Credit under the head is cleared by 'minus credit' when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under 'PAO Suspense' is cleared by 'minus debit' on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under the Minor Head would mean that payments have been made by the Principal Accountant General (A&E) on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the Principal Accountant General (A&E) on behalf of a PAO, which are yet to be repaid/adjusted (November 2021).

The net debit balance under this head decreased from ₹ 211.79 crore in 2018-19 to ₹ 207.80 crore in 2020-21.

### *Suspense Accounts (Civil)*

This transitory Minor Head is operated for accounting of transactions which, for want of certain information/documents *viz.* vouchers, challans, *etc.*, cannot be taken to the final head of expenditure or receipt. This Minor Head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents, the Minor Head is cleared by minus debit or minus credit by *per contra* debit or credit to the concerned Major/Sub-Major/Minor Heads of Accounts.

Outstanding debit balance under this Head would mean that payments were made which could not be debited to the final expenditure Head for want of details like vouchers. Outstanding credit balance would mean that amounts were received which could not be credited to the final receipt head for want of details.

The net credit balance as on 31 March 2021 under this Head was ₹ 52.03 crore, indicating that necessary details for classification of final receipt Head were not available.

### *Reserve Bank Suspense-Central Accounts Office*

This Head is operated for recording inter-Governmental transactions where monetary settlement between cash balances of two Governments is done by sending advice to the Central Accounts Section of the Reserve Bank of India (RBI).

This Head is cleared by transferring the amount to the final Head of Account on receipt of intimation of the monetary settlement having been carried out by the RBI. The main transactions which get settled through this Suspense Head are grants/loans received from the GoI and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI, and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments.

As on 31 March 2021, debit balance under this Head was ₹ 202.72 crore, indicating that few clearances were not made during the year.

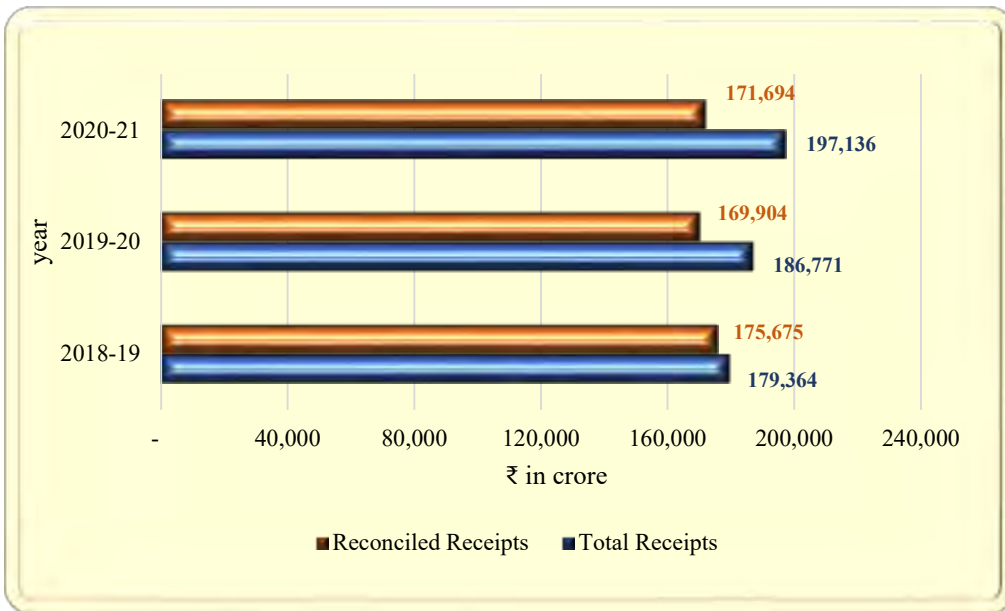
### 4.9 Non-Reconciliation of Departmental Figures

Financial Rules stipulate that receipts and expenditure recorded in the books of accounts of Controlling Officers (COs) be reconciled by them every month during the financial year with those recorded in the books of the Principal Accountant General (A&E). This enables the COs to (a) exercise effective control over expenditure, (b) manage their budgetary allocation efficiently, and (c) ensure accuracy of their accounts.

While 91 per cent of the receipts and 92 per cent of the disbursements were reconciled during 2019-20, this dipped to 87.09 per cent for receipts and 91.46 per cent for disbursements during 2020-21.

The status of reconciliation of receipts and expenditure by the COs during the last three years (2018-21) is shown in **Chart 4.6** and **4.7** respectively.

**Chart 4.6: Status of reconciliation of receipts during last three years**



**Chart 4.7: Status of reconciliation of expenditure during the last three years**

Details of the extent of reconciliation done by the COs during the last three years are shown in **Table 4.13** (for receipts) and **4.14** (for expenditure).

**Table 4.13: Status of reconciliation of receipts**

Year	Total Number of Controlling Officers	Fully Reconciled	Total Receipts	Reconciled Receipts	Percentage of Reconciliation
			(₹ in crore)		
2018-19	80	72	1,79,364	1,75,675	98
2019-20	80	77	1,86,771	1,69,904	91
2020-21	80	74	1,97,136	1,71,694	87

Source: Finance Accounts of respective years

**Table 4.14: Status of reconciliation of expenditure**

Year	Total Number of Controlling Officers	Fully Reconciled	Total Expenditure	Reconciled Expenditure	Percentage of Reconciliation
			(₹ in crore)		
2018-19	527	527	1,78,014	1,75,484	99
2019-20	527	518	1,84,563	1,69,442	92
2020-21	527	497	1,96,640	1,79,850	91

Source: Finance Accounts of respective years

The issue of non-reconciliation had been flagged in the previous State Finances Audit Reports of the C&AG. However, there has not been any improvement in this regard during 2020-21.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the Accounts, but also defeats the very objective of budgetary process.

## 4.10 Reconciliation of Cash Balances

As on 31 March 2021, there was a difference of ₹ 2.48 crore (Net Debit), between the Cash Balance of the State Government, as per the books of Accounts of the Principal Accountant General (A&E), and the Cash Balance as reported by the RBI. The difference of ₹ 2.48 crore is due to erroneous reporting by the Agency Banks, Treasuries, RBI EDP Centre at Mumbai, and other miscellaneous reasons.

### Issues Related to Disclosure

## 4.11 Compliance with Indian Government Accounting Standards

The Government Accounting Standards Advisory Board (GASAB), set up by the C&AG in 2002, has been formulating standards for Government accounting and financial reporting, to enhance accountability mechanisms. As of March 2021, three Indian Government Accounting Standards (IGAS) have been notified. The details of these standards and the extent of compliance to these by the Government of Gujarat in its financial statements for the year 2020-21 are given in **Table 4.15**.

**Table 4.15: Compliance with Indian Government Accounting Standards**

IGAS	Essence of IGAS	Status	Impact of non-compliance
<b>IGAS 1</b> <i>Guarantees given by Government – Disclosure requirements</i>	This standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partly complied	While the State Government has disclosed the maximum amount of guarantees given during the year, Sector-wise break-up of guarantee fee receivable has not been provided by the State Government. The reconciliation of guarantees has not been done by the Departments.
<b>IGAS 2</b> <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Largely complied	During 2020-21, Government of Gujarat incorrectly budgeted for and booked ₹ 36.38 crore of Subsidy under the Capital Section, instead of Revenue Section. The State Government has, over the years, taken corrective action and the quantum of misclassification

IGAS	Essence of IGAS	Status	Impact of non-compliance
			under capital Section has reduced.
<b>IGAS 3</b> <i>Loans and Advances made by Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its financial statements to ensure complete, accurate and uniform accounting practices.	Partly complied	The State Government is required to confirm the loan balances and recoveries in arrears and loans sanctioned in perpetuity. Though the State Government has provided information relating to recoveries as on 31 March 2021, it has not confirmed the outstanding loan balances as well as 'loans in perpetuity' despite constant pursuance.

## 4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Several Autonomous Bodies (ABs) have been set up by the State Government in the fields of development, housing, *etc.* These ABs attract audit under Section 19(2), 19(3) and 20(1) of the C&AG's (DPC) Act, 1971. Accounts of 71 such ABs in the State are audited by the C&AG. These are audited regarding their transactions, operational activities and Accounts, review of systems and procedures, internal management, and financial controls, *etc.* Separate Audit Reports (SARs) in respect of each of the 71 ABs are required to be submitted to the State Government while SARs in respect of 44 of 71 ABs are required to be placed in the State Legislature.

Only five of 71 ABs have submitted Accounts for the year 2020-21 while in case of 66 ABs, Accounts were in arrears. Delay in submission of Accounts by these 66 ABs ranged from three months to 14 years at the end of November 2021. A statement showing status of Accounts received<sup>7</sup> and placement of SARs in the State Legislature in respect of 71 ABs are shown in **Appendix 4.4**.

Break-up of delays in submission of Accounts (66 ABs) and tabling of SARs in Legislature (39 ABs) are shown in **Table 4.16**.

<sup>7</sup> Accounts are to be submitted by ABs within three months of closure of financial year *i.e.*, by 30 June every year.

**Table 4.16: Delay in submission of Accounts and tabling of SARs in Legislature**

Submission of Accounts for Audit		Tabling of SAR in Legislature	
Period of delay (up to June 2021)	Number of Autonomous Bodies	Delay	Number of Autonomous Bodies
Up to 1 year	26	Up to 1 year	08
2 years	11	1 – 2 years	06
More than 2 years	29	More than 2 years	25
<b>Total</b>	<b>66</b>	<b>Total</b>	<b>39</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II)

Inordinate delay in submission of Accounts and tabling of SARs in the State Legislature resulted in delayed scrutiny of functioning of these Bodies, where Government investments are made. Further, necessary remedial action, if any, required to be taken by the Government was also delayed.

## 4.13 Departmental Commercial Undertakings/Corporations/Companies

### 4.13.1 Financial reporting framework

State Public Sector Undertakings (SPSUs) include State Government Companies and Statutory Corporations.

Government Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 (The Act) and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards.

The Statutory Corporations are required to prepare their Accounts in the format prescribed under the Rules, framed in consultation with the C&AG, and any other specific provision relating to Accounts in the Act governing such Corporations.

### 4.13.2 Audit of Accounts of SPSUs by Statutory Auditors

The process of audit of Government Companies under the Act is governed by respective provisions of Sections 139 and 143 of the Act. According to Section 2(45) of the Act, a Government Company means any Company in which not less than fifty-one per cent of the paid-up share capital is held 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 and includes a Company which is a subsidiary Company of such a Government Company.

Besides, any other Company 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 as Other Government Companies.

The C&AG appoints the Statutory Auditors of a Government Company and Other Government Companies under Section 139 (5) and (7) of the Act. Section 139 (5) of the Act provides that the Statutory Auditors in case of a Government Company or Other Government Companies are to be appointed by the C&AG within a period of one hundred and eighty days from the commencement of the financial year. Section 139 (7) of the Act provides that in case of Other Government Companies, the first Auditor is to be appointed by the C&AG within sixty days from the date of registration of the Company and in case C&AG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-Section 7 of Section 143 of the Act, the C&AG may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139 of the Act, if considered necessary, by an order, cause test audit to be conducted of the financial statements of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

Thus, a Government Company or any other Company 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 is subject to audit by the C&AG.

An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

### 4.13.3 Statutory Audit

The financial statements of a Government Company (as defined in Section 2(45) of the Act) are audited by the Statutory Auditors, who are appointed by the C&AG as per the provisions of Section 139 (5) or (7) of the Act. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143 (5) of the Act. These financial statements are also subject to supplementary audit to be conducted by the C&AG within sixty days from the date of receipt of the Audit Report under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations is governed by their respective legislations. Of the four Statutory Corporations, the C&AG is the sole auditor of Gujarat Industrial Development Corporation (GIDC) and Gujarat State Road Transport Corporation (GSRTC). In respect of Gujarat State Warehousing Corporation (GSWC) and Gujarat State Financial Corporation (GSFC), the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

#### 4.13.4 Need for timely submission

According to Section 394 and 395 of the Act, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before State Legislature with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the C&AG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilization of public funds invested in the companies from the Consolidated Fund of Gujarat.

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 statement for the financial year must be placed in the said AGM for consideration of the members.

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 Act.

#### 4.13.5 Timeliness in preparation of Accounts by Government Companies and Government Controlled Other Companies

As of 31 March 2021, there were 64 Government Companies and 29 Government Controlled Other Companies under the purview of C&AG's audit. The financial statements for the year 2020-21 were due from 64 Government Companies and 29 Government Controlled Other Companies. A total of 23 Government Companies and 25 Government Controlled Other Companies submitted their financial statements for audit by the C&AG on or before 15 December 2021. Financial statements of 41 Government Companies and four Government Controlled Other Companies were in arrears as on that date for various reasons.

Details of arrears in submission of Annual financial statements of Government Companies and Government Controlled Other Companies are given in **Table 4.17**.

Table 4.17: Details of arrears in submission of Accounts

Particulars	Companies where C&AG conducts Supplementary Audit						
	Government Companies		Government Controlled Other Companies		Total		
<b>Total number of Companies as on 31 March 2021</b>	<b>64</b>		<b>29</b>		<b>93</b>		
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	
<b>Number of Listed/ Unlisted Companies</b>	<b>01</b>	<b>63</b>	<b>02</b>	<b>27</b>	<b>03</b>	<b>90</b>	
<b>Less:</b> Companies from which financial statements for 2020-21 were not due	-	-	-	-	-	-	
Companies from which financial statements for 2020-21 were due	01	63	02	27	03	90	
Companies which presented their financial statements for C&AG's audit by 30 September 2021	01	22	02	23	03	45	
Companies with arrears in financial statements	-	41	-	04	-	45	
<b>No. of financial statements in arrears</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>197</b>	
Break- up of arrears	SPSUs under Liquidation		-	79	-	-	79
	Inactive SPSUs		-	44	-	21	65
	First financial statement not submitted <sup>8</sup>		-	04	-	-	04
	'Others'		-	48	-	01	49
Age- wise analysis of arrears against 'Others' category	One year (2020-21)		-	13	-	01	14
	Two years (2019-20 and 2020-21)		-	16	-	-	16
	Three years and more		-	19	-	-	19

Source: Details furnished by SPSUs

The details of these Companies and arrears of financial statements are indicated in **Appendix 4.5 (Part A & B)**.

### 4.13.6 Timeliness in preparation of Accounts by Statutory Corporations

The details of four Statutory Corporations and arrears of financial statements are shown in **Appendix 4.5 (Part C)**. CAG is the sole auditor in respect of two Statutory Corporations of which, GSRTC has submitted financial statement up to the year 2017-18 and GIDC has submitted financial statements up to the year 2019-20. Of the remaining two Statutory Corporations where CAG conducts supplementary audit, GSFC has submitted financial statement up to 2020-21 while GSWC has not submitted financial statements from 2015-16 onwards.

<sup>8</sup> Gujarat Unreserved Educational & Economical Development Corporation (3 FSs) and Gujarat State Handicapped (Divyang) Finance and Development Corporation (1 FS).

## 4.14 Non-submission of details of loans and grants given to Bodies and Authorities

Based on Accounts furnished by different ABs, audit under Section 14 of the C&AG's (DPC) Act, 1971 is conducted. There are 218 ABs covered under this Section. These are audited regarding their transactions, operational activities and accounts, review of systems/procedures, internal controls *etc.*

A total of 179 Accounts (including those of earlier years) of 75 ABs were audited during 2020-21. However, 949 Annual Accounts of 218 ABs due up to 2020-21 were not received as on 31 July 2021 by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II), Gujarat.

Details of 218 ABs which did not furnish Accounts are given in **Appendix 4.6** and their age-wise pendency is as shown in **Table 4.18**.

**Table 4.18: Age-wise arrears of Annual accounts due from Government Bodies**

Sr. No.	Pendency in number of years	Number of the Bodies/Authorities
1.	Less than one year	66
2.	1-3	48
3.	3-5	41
4.	5-10	47
5.	Above 10	16
<b>Total</b>		<b>218</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II)

**Table 4.18** above shows that the accounts of 63 ABs were in arrears for more than five years. In the absence of Annual Accounts, the accounting/utilisation of grants and loans disbursed to these bodies/authorities could not be verified by Audit.

Non-submission of information regarding grants and loans paid to various institutions and non-furnishing of Accounts by them increase the risk of mis-utilisation of the funds. The Finance Department needs to keep a watch on such transfers.

## 4.15 Timeliness and Quality of Accounts

The Accounts of the State Government are compiled by the Principal Accountant General (A&E) from the initial Accounts rendered by 33 District Treasuries, 138 Sub-Treasuries, 158 Public Works Divisions and 70 Forest Divisions, compiled Accounts of Pay and Accounts Offices at Gandhinagar and Ahmedabad and advices of the RBI. The Accounts are compiled from the vouchers, initial and subsidiary Accounts rendered by the Treasuries and other Account-rendering units and there was no pendency in receipt of Accounts.

## Other Issues

### 4.16 Misappropriations, losses, and defalcations

Rule 33 of the General Financial Rules, 2017 provides that any loss or shortage of public money, revenue or receipts has to be immediately reported by the subordinate authority concerned to the next higher authority as well as to the Statutory Audit Officer and the concerned Principal Accounts Officer.

The State Government reported 170 cases of misappropriation, losses, defalcation *etc.* involving Government money of ₹ 20.63 crore (up to March 2021) on which final action was pending. Department-wise/category-wise details of losses due to theft, misappropriation/loss of Government material and fire/accidents pending at the end of March 2021 are given in **Appendix 4.7**. These are summarised in **Table 4.19**.

**Table 4.19: Details of theft, misappropriation and fire cases**

Category/Types	Number of cases	Amount involved (₹ in crore)
Theft	42	0.43
Misappropriation/loss of Government Material	107	18.16
Fire/Accident Cases	21	2.04
<b>Total</b>	<b>170</b>	<b>20.63</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II) from the data furnished by the concerned Departments.

The age profile of 170 pending case is summarised in **Table 4.20**.

**Table 4.20: Age profile of misappropriation, losses and defalcation cases**

Range of years	Number of cases	Amount (₹ in crore)
Up to 5	30	6.09
5 – 10	34	6.51
10 – 15	12	0.33
15 – 20	17	6.68
20 – 25	13	0.19
25 and above	64	0.83
<b>Total</b>	<b>170</b>	<b>20.63</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II) from data furnished by concerned Departments.

Of the 170 pending cases, 90 cases (53 *per cent*) pertained to three Departments i.e. 36 cases pertained to Forest and Environment Department, 28 cases pertained to Narmada, Water Resources, Water Supply and Kalpsar Department and 26 cases pertained to Revenue Department.

First Information Reports (FIRs) were lodged in 125 of 170 cases. In the remaining 45 cases<sup>9</sup>, Departmental proceedings were under progress (November 2021). The concerned Departments need to file FIRs in these cases at the earliest.

Reasons for pendency of misappropriation, losses and defalcation are listed in **Table 4.21**.

**Table 4.21: Reasons for pendency of misappropriation, losses and defalcation**

Sr. No.	Reasons for the delay/outstanding pending cases	Number of cases	Amount (₹ in crore)
1.	Awaiting Departmental and criminal investigation	18	4.41
2.	Departmental action initiated but not finalized	26	1.24
3.	Criminal proceedings finalized but execution of certificate for the recovery of the amount pending	5	0.66
4.	Awaiting orders for recovery or write off	59	4.12
5.	Pending in the courts of law	60	10.16
6.	Others	2	0.04
<b>Total</b>		<b>170</b>	<b>20.63</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II) from the data furnished by the concerned Departments.

As may be seen, 60 of 170 cases (35 per cent) were under legal adjudication.

## 4.17 Follow-up action on State Finances Audit Report

Though the Audit Reports of the C&AG on State Finances are being prepared and presented to the State Legislature from the year 2008-09 onwards, these have not been taken up by the Public Accounts Committee for discussion.

## 4.18 Conclusion

Indiscriminate operation of omnibus Minor Head 800 – Other Expenditure affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

Non-submission of UCs and DC bills by Departments for funds drawn for specific developmental programmes/projects and non-submission of Accounts by Autonomous Bodies and Authorities was violative of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government.

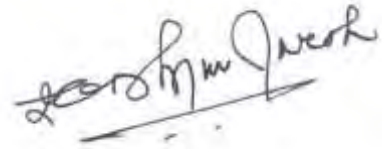
Non-reconciliation of receipts and expenditure booked by the Controlling Officers of the State with the figures of the Principal Accountant General (A&E)

<sup>9</sup> Forest and Environment – 20 cases; Health and Family Welfare – 01 case; Narmada, Water Resources, Water Supply and Kalpsar – 17 cases; Roads and Buildings – 05 cases; Education – 01 case; and Panchayat, Rural Housing and Rural Development – 01 case.

reflects poorly on the internal control system within the Government and raises concerns relating to accuracy of accounts.

#### 4.19 Recommendations

- State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures regarding submission of UCs, DC bills and Accounts for audit.
- The Administrators of the PD Accounts may reconcile their balance with Treasuries because the balances are continuously increasing over the period 2016-21.
- State Government should discourage the use of omnibus Minor Head 800 and chalk out a specific timeframe in consultation with the Principal Accountant General (A&E), to identify appropriate Heads of Account to classify the transactions correctly in the books of Accounts.
- Government may put in place a mechanism to capture flow of funds of gram panchayats.



**(H. K. DHARMADARSHI)**  
**Principal Accountant General (Audit-II),**  
**Gujarat**

**Ahmedabad**  
**The 23 March 2022**

*Countersigned*



**(GIRISH CHANDRA MURMU)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**The 24 March 2022**





# APPENDICES



**Appendix 1.1: State Profile**  
(Reference: Paragraph 1.1)

Sr. No.	Particulars	Unit	India	Gujarat
1.	Area	Sq. Km.	32,87,263	1,96,024
2.	Population (2011)	in crore	122.02	6.10
	Population projections (2021)	in crore	137.03	7.03
3.	Density of Population (2011)	Persons per Sq. Km.	382	308
4.	Population below poverty line (2011-12)	<i>per cent</i>	21.9	16.6
5.	Literacy (2011)	<i>per cent</i>	73.0	78.0
6.	Infant Mortality Rate (2019)	Per 1000 live births	30.0	25.0
7.	Life Expectancy at Birth (2014-18)	year	69.4	69.9
8.	Population Growth (2011 to 2021)	<i>per cent</i>	12.30	15.25
9.	GDP and GSDP (2020-21) at Current Prices (2011-12 Series)	(₹ in crore)	1,97,45,670	16,58,865

## Source:

1. Census of India 2011; Report of the Technical Group on Population projection for India and States (2011-2036), Registrar General of India;
2. Office of Registrar General and Census commissioner
3. SRS Bulletin, October 2021;
4. SRS Based Abridged Life Tables 2014-18 (September 2020);
5. Central Statistical Office (CSO), Ministry of Statistics and Programme Implementation; and GSDP of Gujarat-Budget Publication No. 30 of Gujarat Fiscal Responsibility Act, 2005 (2021-22)

**APPENDIX 2.1**  
**Time series data on the State Government finances**  
**(Reference: Paragraph 2.2)**

	2016-17	2017-18	2018-19	2019-20	2020-21
(₹ in crore)					
<b>PART A- Receipts</b>					
<b>1. Revenue receipts</b>	<b>1,09,842</b>	<b>1,23,291</b>	<b>1,36,002</b>	<b>1,42,844</b>	<b>1,28,156</b>
<b>(i) Tax revenue</b>	<b>64,443</b>	<b>71,549</b>	<b>80,103</b>	<b>79,008</b>	<b>70,266</b>
State Goods and Service Tax (SGST)	-	21,251	34,889	34,107	29,459
Taxes on agricultural income	-	-	-	-	-
Taxes on sales, trade, etc.(VAT/Sales Tax)	46,314	29,639	22,414	21,072	18,800
State excise	152	85	131	138	134
Taxes on vehicles	3,213	3,885	4,119	3,847	2,981
Stamps and registration fees	5,783	7,255	7,781	7,701	7,390
Land revenue	1,999	1,859	2,408	2,359	2,134
Taxes on goods and passengers	66	131	117	48	104
Other taxes	6,916	7,444	8,244	9,736	9,264
<b>(ii) Non tax revenue</b>	<b>13,346</b>	<b>15,074</b>	<b>13,417</b>	<b>18,104</b>	<b>10,493</b>
<b>(iii) State's share of Union taxes and duties</b>	<b>18,835</b>	<b>20,782</b>	<b>23,489</b>	<b>20,232</b>	<b>20,219</b>
<b>(iv) Grants in aid from Government of India</b>	<b>13,218</b>	<b>15,886</b>	<b>18,993</b>	<b>25,500</b>	<b>27,178</b>
<b>2. Miscellaneous capital receipts</b>	<b>240</b>	<b>0</b>	<b>65</b>	<b>106</b>	<b>9,968</b>
<b>3. Recoveries of loans and advances</b>	<b>166</b>	<b>346</b>	<b>151</b>	<b>330</b>	<b>155</b>
General Services	-	-	-	-	-
Social Services	7	7	12	16	17
Economic Services	101	291	89	271	83
Loans to Government Servants and Miscellaneous Loans	58	48	50	43	56
<b>4. Total revenue and non-debt capital receipts (1+2+3)</b>	<b>1,10,248</b>	<b>1,23,637</b>	<b>136,218</b>	<b>1,43,280</b>	<b>1,38,280</b>
<b>5. Public debt receipts</b>	<b>27,668</b>	<b>26,953</b>	<b>43,146</b>	<b>43,491</b>	<b>58,857</b>
Internal debt (excluding ways and means advances and overdrafts)	27,477	26,863	40,950	42,694	47,508
Net transactions under ways and means advances and overdrafts	-	-	-	-	-
Loans and advances from Government of India	191	90	2,196	797	11,349
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>1,37,916</b>	<b>1,50,590</b>	<b>179,364</b>	<b>1,86,771</b>	<b>1,97,137</b>
<b>7. Contingency fund receipts</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0.25</b>	<b>0</b>
<b>8. Public account receipts (Gross)</b>	<b>58,959</b>	<b>89,133</b>	<b>105,720</b>	<b>1,04,862</b>	<b>1,00,214</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>1,96,879</b>	<b>2,39,723</b>	<b>285,084</b>	<b>2,91,633</b>	<b>2,97,351</b>

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>PART B-Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>132,790</b>	<b>1,40,899</b>	<b>1,50,704</b>
Plan	36,709	-	-	-	-
Non plan	67,186	-	-	-	-
State Fund Expenditure	-	1,03,047	1,17,424	1,21,874	1,30,334
Central assistance including CSS/CS	-	15,013	15,366	19,025	20,370
General services (including interest payments)	35,804	41,402	47,564	49,172	52,074
Social services	44,926	49,039	53,285	59,197	60,816
Economic services	22,749	27,145	31,576	32,115	37,424
Grants-in-aid and contributions	416	474	365	415	390
<b>11. Capital expenditure</b>	<b>22,355</b>	<b>26,313</b>	<b>28,062</b>	<b>25,650</b>	<b>26,781</b>
Plan	22,302	-	-	-	-
Non plan	53	-	-	-	-
State Fund Expenditure	-	20,305	23,087	20,539	22,322
Central assistance including CSS/CS	-	6,008	4,975	5,111	4,459
General services	623	871	875	691	485
Social services	6,215	6,813	7,696	6,175	7,040
Economic services	15,517	18,630	19,491	18,784	19,256
<b>12. Disbursement of loans and advances</b>	<b>478</b>	<b>631</b>	<b>1,731</b>	<b>1,312</b>	<b>1,233</b>
General Services	-	-	-	-	-
Social Services	217	265	924	884	708
Economic Services	198	311	756	379	477
Loans to Government Servants and Miscellaneous Loans	63	55	51	49	48
<b>13. Total expenditure (10+11+12)</b>	<b>1,26,728</b>	<b>1,45,004</b>	<b>1,62,583</b>	<b>1,67,861</b>	<b>1,78,718</b>
<b>14. Repayments of public debt</b>	<b>9,073</b>	<b>13,700</b>	<b>15,432</b>	<b>16,702</b>	<b>17,922</b>
Internal debt (excluding Ways and Means Advances and Overdrafts)	8,386	12,991	14,719	15,908	17,139
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and advances from Government of India	687	709	713	794	783
<b>15. Appropriation to Contingency Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>1,35,801</b>	<b>1,58,704</b>	<b>1,78,015</b>	<b>1,84,563</b>	<b>1,96,640</b>
<b>17. Contingency fund disbursements</b>	<b>-</b>	<b>-</b>	<b>0.25</b>	<b>-</b>	<b>-</b>
<b>18. Public account disbursements</b>	<b>56,388</b>	<b>87,738</b>	<b>1,03,998</b>	<b>1,02,635</b>	<b>1,07,893</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>1,92,189</b>	<b>2,46,442</b>	<b>2,82,013</b>	<b>2,87,198</b>	<b>3,04,533</b>

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Part C- Deficits</b>					
20. Revenue deficit(-) / revenue surplus (+) (1-10)	(+)5,947	(+)5,232	(+)3,212	(+)1,945	(-)22,548
21. Fiscal deficit (-)/fiscal surplus (+) (4-13)	(-)16,480	(-)21,366	(-)26,365	(-)24,581	(-)40,438
22. Primary deficit(-)/primary surplus(+) (21+23)	(+)1,317	(-)2,412	(-)6,182	(-)2,133	(-)16,235
<b>Part D- Other data</b>					
23. Interest payments (included in revenue expenditure)	17,797	18,954	20,183	22,449	24,203
24. Financial assistance to local bodies etc.	48,055	54,807	59,611	64,262	64,637
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means advances/ overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP) <sup>Φ</sup>	11,67,156	13,29,095	15,02,899 (P)	16,49,505 (Q)	16,58,865 (A)
28. Outstanding fiscal liabilities (year-end)	2,43,146	2,56,366	2,85,844	3,15,456	3,57,893
29. Outstanding guarantees (year-end)	4,804	4,834	4,699	4,462	3,656
30. Maximum amount guaranteed (during the year)	11,333	11,796	11,796	11,747	11,751
31. Number of Incomplete Projects	65	96	118	123	158
32. Capital blocked in Incomplete Projects	6,060	4,278	2,207	5,811	6,929
<b>Part E- Fiscal Health Indicators</b>					
Own tax revenue/GSDP (per cent)	5.52	5.38	5.33	4.79	4.24
Own non-tax revenue/GSDP (per cent)	1.14	1.13	0.89	1.10	0.63
Central transfers/GSDP (per cent)	2.75	2.76	2.83	2.77	2.86
<b>II. Expenditure Management</b>					
Total expenditure/GSDP (per cent)	10.86	10.91	10.82	10.18	10.77
Total expenditure/revenue receipts	1.15	1.18	1.20	1.18	1.39
Revenue expenditure/total expenditure	0.82	0.81	0.82	0.84	0.84
Expenditure on social services/total expenditure	0.40	0.39	0.38	0.39	0.38
Expenditure on economic services/total expenditure	0.30	0.32	0.31	0.30	0.32

	2016-17	2017-18	2018-19	2019-20	2020-21
Capital expenditure/total expenditure	0.18	0.18	0.17	0.15	0.15
Capital expenditure on social and economic services/total expenditure	0.17	0.18	0.17	0.15	0.15
<b>III. Management of fiscal imbalances</b>					
Revenue deficit or surplus/GSDP ( <i>per cent</i> )	0.51	0.39	0.21	0.12	(-1.36)
Fiscal deficit/GSDP ( <i>per cent</i> )	(-1.41)	(-1.61)	(-1.75)	(-1.49)	(-2.44)
Primary deficit (-) or surplus(+)/GSDP ( <i>per cent</i> )	0.11	(-0.18)	(-0.41)	(-0.13)	(-0.98)
Revenue deficit/fiscal deficit	(-0.36)	(-0.24)	(-0.12)	(-0.08)	0.56
Primary revenue balance/GSDP ( <i>per cent</i> )	2.03	1.82	1.56	1.48	0.10
<b>IV. Management of fiscal liabilities</b>					
Fiscal liabilities/GSDP	0.21	0.19	0.19	0.19	0.21 <sup>1</sup>
Fiscal liabilities/RR ( <i>per cent</i> )	221.36	207.94	210.18	220.84	279.26
Primary deficit <i>vis-à-vis</i> quantum spread ( <i>per cent</i> )	10.35	(-15.79)	(-42.81)	(-32.60)	77.73
Debt redemption (principal + interest) / total debt receipts	0.94	1.07	0.91	0.93	0.85
<b>V. Other Fiscal Health Indicators</b>					
Return on investment	0.14	0.11	0.13	0.09	0.12
Financial assets/liabilities	0.91	0.94	0.96	0.99	0.93

Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2021-22)

Φ P= Provisional Estimates, Q= Quick Estimates, A= Advanced Estimates

<sup>1</sup> As per Department of Expenditure, GoI, the borrowings under the special window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc. Hence the back to back loans in lieu of shortfall of GST compensation of ₹ 9,222 crore has not been considered as public debt here.

## Appendix 3.1: Glossary of important Budget related terms

(Reference: Paragraph 3.1)

1. **'Accounts' or 'Actuals' of a year.** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. **'Administrative approval' of a scheme, proposal or work.** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. **'Annual financial statement'** – Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4. **'Appropriation'** - means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **'Consolidated Fund of India/ State-** All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. **'Contingency Fund'** is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. **'Controlling Officer (budget)'**- means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. **'Drawing and Disbursing Officer' (DDO)** – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10. **'Excess Grant'** – Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularization by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.
11. **'New Service'** – As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.



12. **'New Instrument of Service'**- means relatively large expenditure arising out of important expansion of an existing activity.
13. **'Public Accounts'**- means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
14. **'Reappropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **'Revised Estimate'** - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. **'Supplementary Demands for Grants'**- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
- a) **Cash Supplementary** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
  - b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilize the savings of one of the Sections for any other Section.
  - c) **Token Supplementary** allows to utilize the savings within the same section of the grant.
17. **'Major Head'** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
18. **'Sub-Major Head'** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.
19. **'Minor Head'** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
20. **'Sub-Head'** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. **'Major Work'** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.

22. ***'Minor Work'*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***'Modified Grant or Appropriation'*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***'Supplementary or Additional Grant or Appropriation'*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***'Schedule of New Expenditure'*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***'Token demand'*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

**Appendix 3.2: Unnecessary Re-appropriation**  
(Reference: Paragraph 3.3.3)

Sl. No.	Grant No.	Major Head	Minor Head	Sub-Head	Nomenclature	Provisions			Actual Expenditure	Final Savings	
						Original	Supplementary	Reappropriation			
1	0004	2403	001	01	ANH-1 Directorate of Animal Husbandry and its expansion	3009.49	0	1737.33	3009.49	2094.90	914.59
2	0009	2202	109	07	EDN-142 Implementation of Rashtriya Madhyamik Shiksha Abhiyan Scheme	10145.06	0	1.88	10145.06	10102.97	42.09
3	0020	2049	109	01	Interest on State Plan Loans consolidated in terms of recommendations of the Finance Commission	15270.00	0	3539.35	15270.00	15216.77	53.23
4	0039	2210	110	13	HLT-54 S.S.G Hospital, Vadodara	12222.18	0	52.09	12222.18	12015.45	206.73
5	0039	2210	110	23	HLT-62 Civil Hospital, Rajkot	8566.19	0	110.94	8566.19	8512.28	53.91
6	0039	2210	105	03	HLT-5 Medical college baroda	13019.62	0	7.99	13019.62	12468.68	550.94
7	0039	2210	105	04	Medical College Ahmedabad	15574.81	0	197.47	15574.81	15495.86	78.95
8	0040	2211	101	01	HLT-117 Rural Family Planning Welfare Sub-Centres	46602.03	0	2951.62	46602.03	40871.17	5730.86
9	0084	2059	053	02	Other maintenance expenditure (material and others) (repairs to non-residential buildings)	20800.00	0	393.72	20800.00	19885.59	914.41
10	0084	2059	103	42	Buildings	250.00	0	46.70	250.00	239.81	10.19
11	0084	2075	800	01	Expenditure incurred on account of visit of VIP and VVIP	3000.00	0	15.93	3000.00	2859.90	140.10
12	0085	2216	53	02	Expenditure on out-sourcing and up-keeping of Government Residential Building and Campuses.	1000.00	232.89	132.58	1232.89	1140.69	92.20

(₹ in lakh)

Sl. No.	Grant No.	Major Head	Minor Head	Sub-Head	Nomenclature	Provisions			Actual Expenditure	Final Savings
						Original	Supplementary	Reappropriation		
13	0086	5054	337	11	RBD-2(a) Original Works	220224.49	123170.00	1971.82	342433.57	960.92
14	0096	2210	796	02	HLT-42 Establishment of Ayuvedic Collection centres	21.94	0	0.17	9.35	12.59
<b>Total</b>						<b>369705.81</b>	<b>123402.89</b>	<b>11159.59</b>	<b>483346.99</b>	<b>9761.71</b>

Source: Appropriation Accounts 2020-21

**Appendix 3.3: Statement showing Grants/Appropriations with Savings of ₹ 50 crore and above**  
(Reference: Paragraph 3.3.4.1)

(₹ in crore)

Sl No.	Grant No.	Name of the Grant/Appropriation	Nature	Total Grant	Actual Expenditure	Savings
1	0002	Agriculture	Revenue Voted	3,808.89	3,228.77	580.12
2	0002	Agriculture	Capital Voted	100.00	33.00	67.00
3	0004	Animal Husbandry	Revenue Voted	885.44	725.46	159.98
4	0005	Co-operation	Capital Voted	163.48	86.19	77.29
5	0006	Fisheries	Revenue Voted	418.79	301.73	117.06
6	0006	Fisheries	Capital Voted	150.00	8.93	141.07
7	0009	Education	Capital Voted	552.78	301.40	251.38
8	0013	Power Projects	Capital Voted	3,117.85	3,036.28	81.57
9	0016	Tax Collection Charges (Finance Department)	Revenue Voted	349.12	258.72	90.40
10	0018	Pension and Other Retirement Benefits	Revenue Voted	12,034.71	10,987.38	1,047.33
11	0019	Other expenditure pertaining to Finance Department	Revenue Voted	9,594.23	76.67	9,517.56
12	0020	Repayment of Debt Pertaining to Finance Department and its servicing	Revenue Charged	23,039.44	22,831.67	207.77
13	0022	Civil Supplies	Revenue Voted	1,188.83	1,050.92	137.91
14	0026	Forests	Revenue Voted	827.55	616.08	211.47
15	0026	Forests	Capital Voted	555.04	418.71	136.33
16	0034	Economic advise and statistics	Revenue Voted	111.19	51.78	59.41
17	0035	Other expenditure pertaining to GAD	Capital Voted	1,069.36	697.62	371.74
18	0039	Medical and Public Health	Revenue Voted	6,845.58	6,760.05	85.53
19	0039	Medical and Public Health	Capital Voted	850.48	684.00	166.48
20	0040	Family Welfare	Revenue Voted	2,339.66	1,945.56	394.10
21	0043	Police	Revenue Voted	5,833.40	5,079.84	753.56
22	0046	Other Expenditure Pertaining to Home Department	Capital Voted	832.09	517.00	315.09
23	0049	Industries	Capital Voted	883.16	259.35	623.81
24	0050	Mines and Minerals	Revenue Voted	249.70	177.32	72.38
25	0051	Tourism	Capital Voted	438.00	291.20	146.80
26	0057	Labour and Employment	Revenue Voted	996.51	760.82	235.69
27	0057	Labour and Employment	Capital Voted	72.00	6.56	65.44
28	0060	Administration of Justice	Revenue Voted	995.47	854.44	141.03
29	0065	Narmada Development Scheme	Capital Voted	4,600.00	2,253.09	2,346.91
30	0066	Irrigation and Soil Conservation	Revenue Voted	1,343.52	1,145.27	198.25
31	0066	Irrigation and Soil Conservation	Capital Voted	4,317.20	2,857.11	1,460.09
32	0067	Water Supply	Capital Voted	3,190.00	2,967.34	222.66
33	0070	Community Development	Revenue Voted	3,672.13	3,606.66	65.47
34	0071	Rural Housing and Rural	Revenue Voted	2,484.66	1,228.15	1,256.51

Sl No.	Grant No.	Name of the Grant/ Appropriation	Nature	Total Grant	Actual Expenditure	Savings
		Development				
35	0072	Compensation and Assignments	Revenue Voted	140.78	81.61	59.17
36	0074	Transport	Revenue Voted	633.19	539.02	94.17
37	0074	Transport	Capital Voted	524.26	470.66	53.60
38	0077	Tax Collection Charges Revenue Department	Revenue Voted	327.80	229.44	98.36
39	0078	District Administration	Revenue Voted	599.35	482.00	117.35
40	0079	Relief on Account of Natural Calamities	Revenue Voted	4,237.82	4,137.51	100.31
41	0084	Non Residential Buildings	Revenue Voted	715.94	649.22	66.72
42	0084	Non Residential Buildings	Capital Voted	1,372.21	462.19	910.02
43	0085	Residential Buildings	Revenue Voted	261.88	189.91	71.97
44	0085	Residential Buildings	Capital Voted	207.98	88.07	119.91
45	0086	Roads and Bridges	Revenue Voted	3,532.87	3,343.65	189.22
46	0087	Gujarat Capital Construction Scheme	Capital Voted	304.33	175.63	128.70
47	0092	Social Security and Welfare	Revenue Voted	2,280.26	2,028.00	252.26
48	0092	Social Security and Welfare	Capital Voted	618.56	524.21	94.35
49	0093	Welfare of Schedule Tribes	Revenue Voted	553.39	472.86	80.53
50	0093	Welfare of Schedule Tribes	Capital Voted	61.82	3.74	58.08
51	0095	Scheduled Castes Sub Plan	Revenue Voted	4,517.03	3,846.59	670.44
52	0095	Scheduled Castes Sub Plan	Capital Voted	876.09	663.01	213.08
53	0096	Tribal Area Sub Plan	Revenue Voted	9,110.46	7,601.75	1,508.71
54	0096	Tribal Area Sub Plan	Capital Voted	4,375.51	3,788.06	587.45
55	0098	Youth Services and Cultural Activities	Revenue Voted	411.75	260.44	151.31
56	0102	Urban Development	Revenue Voted	9,666.11	8,018.99	1,647.12
57	0106	Other Expenditure Pertaining to Women and Child Housing Department	Revenue Voted	3,227.40	3,154.59	72.81
58	0106	Other Expenditure Pertaining to Women and Child Housing Department	Capital Voted	93.06	9.42	83.64
59	0108	Other Expenditure Pertaining to Climate Change Department	Revenue Voted	951.82	607.19	344.63
<b>Total</b>				<b>1,47,511.93</b>	<b>1,17,932.83</b>	<b>29,579.10</b>

Source: Appropriation Accounts of 2020-21

### Appendix-3.4: Excess expenditure of previous years requiring regularisation

(Reference: Paragraph 3.3.5.3)

(₹ in crore)				
Year	Number of Grants/ Appropriations	Grant No./Appropriation No.	Amount of excess	Status of discussion by Public Accounts Committee
2007-08	40-Grants  3-Appropriations	Revenue Voted-3, 5, 8, 9, 11, 12, 13, 15, 18, 21, 22, 23, 25, 26, 31, 38, 39, 40, 41, 44, 50, 51, 53, 55, 57, 61, 62, 64, 66, 73, 74, 75, 78, 80, 82, 84, 86, 87, 88, 95 Revenue Charged-32, 84 Capital Charged-81	1,055.38	Yet to be regularised.
2008-09	21-Grants  5-Appropriations	Revenue Voted-5, 8, 9, 13, 21, 22, 23, 26, 38, 39, 41, 43, 44, 62, 66, 73, 79, 80, 86, 87, 104 Revenue Charged-106 Capital Charged-55, 58, 81, 86	347.05	Yet to be regularised.
2009-10	38-Grants  7-Appropriations	Revenue Voted – 1, 3, 5, 9, 10, 12, 17, 18, 21, 23, 26, 32, 39, 41, 43, 45, 46, 48, 55, 57, 61, 62, 64, 66, 69, 73, 75, 80, 84, 86, 87, 88, 96, 97, 101, 102 Capital Voted –65, 93 Revenue Charged – 20, 32, 43, 68, 84 Capital Charged – 81, 86	1,010.86	Yet to be regularised.
2010-11	13-Grant  2-Appropriations	Revenue Voted – 10, 41, 51, 62, 66, 72, 73, 82, 86, 87, 88, 105 Capital Voted- 13 Revenue Charged- 71 Capital Charged- 81	120.25	Yet to be regularised.
2011-12	6-Grants  4-Appropriations	Revenue Voted-10, 18, 51, 82, 86 Capital Voted- 87 Revenue Charged – 26, 96 Capital Charged – 20, 81, 96	660.62	Yet to be regularised.
2013-14	5-Grants  3-Appropriations	Revenue Voted – 9, 73, 88 Capital Voted – 26, 87 Revenue Charged – 26, 68 Capital Charged – 66	1,026.35	Yet to be regularised.
2014-15	4-Grants  3-Appropriation	Revenue Voted – 73, 85, 88 Capital Voted – 26 Revenue Charged –19, 43, 81	144.45	Yet to be regularised.
2015-16	1 Grants 3 Appropriations	Revenue Voted – 73 Revenue Charged – 26, 39 Capital Charged – 20	299.09	Yet to be regularised.
2016-17	6 Grants  4 Appropriations	Revenue Voted – 9, 67, 73, 83 Capital Voted – 10, 41 Revenue Charged – 74, 96, 106 Capital Charged - 96	278.11	Yet to be regularised.
2017-18	2 Grants  1 Appropriation	Revenue Voted – 73 Capital Voted – 3 Revenue Charged - 18	333.99	Yet to be regularised.
2018-19	4 Grants 1 Appropriation	Revenue Voted – 9, 13, 73, 86 Revenue Charged - 18	2,394.24	Yet to be regularised.
2019-20	3 Grants 1 Appropriation	Revenue Voted-9, 73, 86 Capital Charged- 20,	1,466.84	Yet to be regularised
<b>Total</b>			<b>9,137.23</b>	

Source: Appropriation Accounts of respective years

## Appendix 3.5: Limits set by the State PAC in October 1994

(Reference: Paragraph 3.5.1.2)

<b>Saving</b>	<p>1. If a grant / appropriation has an overall saving of less than 5 per cent of the total provision made there under, no notes or comments on savings/excesses are necessary under individual sub-heads. For this purpose Revenue (Voted), Revenue (Charged), Capital (Voted) and Capital (Charged) should be treated as separate grant / appropriation.</p> <p>2. Even in case; where the overall saving is 5 per cent or more under a grant / appropriation</p> <p style="padding-left: 20px;">A. No explanation is necessary for saving/excess in respect of the sub-heads where the saving/excess is 10 per cent of the provision made there under or less ;</p> <p style="padding-left: 20px;">B. Even if the saving/excess under sub-head is more than 10 percent of the total provision made there under, no explanation need be given in the Appropriation Accounts :-</p> <p style="padding-left: 40px;">i. if the total provision under 'Revenue Voted' below a grant is ;</p> <p style="padding-left: 60px;">1. more than ₹ 30 crores and the saving/excess under sub-head is less than ₹ 30 lakhs;</p> <p style="padding-left: 60px;">2. between ₹ 10 crores and ₹ 30 crores and the saving/excess under a sub-head is less than ₹ 20 lakhs;</p> <p style="padding-left: 60px;">3. less than ₹ 10 crores and savings/excess under a sub-head is less than ₹ 10 lakhs.</p> <p style="padding-left: 40px;">ii. if the total provision under 'Capital Voted' below grant is</p> <p style="padding-left: 60px;">1. more than ₹ 20 crores and the savings/excess under a sub-head is less than ₹ 25 lakhs;</p> <p style="padding-left: 60px;">2. between ₹ 10 crores and ₹ 20 crores and the saving/excess under sub-head is less than ₹ 20 lakhs;</p> <p style="padding-left: 60px;">3. less than ₹ 10 crores and he saving/excess under a sub -head is less than ₹ 10 lakhs.</p> <p style="padding-left: 40px;">iii. In respect of 'Revenue Charged' and 'Capital Charged' if the saving/excesses under a sub-head is less than ₹ 5 lakhs.</p>
<b>Excess</b>	<p>If under a grant/appropriation expenditure incurred is more than the provision made there under, the excess requires regularisation.</p> <p>However, in the Appropriation Accounts explanations for excesses/savings under sub-heads need be given only as provided below;</p> <p style="padding-left: 20px;">1. Explanation need be given if the excess under a sub-head exceeds 10 per cent of the provision made there- under and the excess is more than ₹ 5 lakhs.</p> <p>In the following cases even if the excess is less than 10 per cent provision explanation may be given in the Appropriation Accounts:-</p> <p style="padding-left: 20px;">A. If the total provision under 'Revenue Voted' below a grant is :-</p> <p style="padding-left: 40px;">i. More than ₹ 30 crores and excess under a sub-heads is more than ₹ 30 lakhs;</p> <p style="padding-left: 40px;">ii. Between ₹ 10 crores and ₹ 30 crores and the excess under a sub-head is more than ₹ 20 lakhs</p> <p style="padding-left: 40px;">iii. Less than ₹ 10 crores and the excess under a sub-head is more than ₹ 5 lakhs;</p> <p style="padding-left: 20px;">B. If the total provision under 'Capital Voted' below a grants is :-</p> <p style="padding-left: 40px;">i. More than ₹ 20 crores and excess under a sub-heads is more than ₹ 25 lakhs</p> <p style="padding-left: 40px;">ii. Between ₹ 10 crores and ₹ 20 crores and excess under a sub head is more than ₹ 15 lakhs.</p> <p style="padding-left: 40px;">iii. Less than ₹ 10 crores and the excess under a sub-head is more than ₹ 5 lakhs</p> <p style="padding-left: 20px;">C. In respect of 'Revenue Charged' and 'Capital Charged', if the excess under a subhead is more than ₹ 5 lakhs;</p> <p>2. Explanations for savings under sub-heads may be given as per the forgoing provision for giving explanations for savings under sub-heads under a grant/appropriation where there is an overall saving.</p>



**Appendix 3.6:**  
**Sub-Heads with variations beyond PAC specified limits and status of explanation**  
(Reference: Paragraph 3.5.1.2)

Grant	Total Sub-Heads	Sub-Heads requiring explanation	Sub-Heads where explanations were given
01 Agriculture and Co-Operation Department	2	2	2
02 Agriculture	76	46	44
03 Minor Irrigation, Soil Conservation and Area Develop	9	2	2
04 Animal Husbandry	24	18	18
05 Co-operation	37	2	2
06 Fisheries	15	9	9
07 Other Expenditure Pertaining to Agriculture an Co-operation Department	2	0	0
08 Education Department	2	1	1
09 Education	111	73	69
10 Other Expenditure Pertaining to Education Department	8	0	0
11 Energy and Petro-Chemicals Department	3	2	2
12 Tax Collection Charges (Energy and Petro-Chemicals Department)	1	0	0
13 Power Projects	39	0	0
14 Other Expenditure Pertaining to Energy and Petro-Chemicals Department	5	1	1
15 Finance Department	2	1	1
16 Tax Collection Charges (Finance Department)	6	5	5
17 Treasury and Accounts Administration	6	5	5
18 Pension and Other Retirement Benefits	11	7	7
19 Other Expenditure Pertaining to Finance Department	17	9	8
20 Repayment of Debt Pertaining to Finance Department	67	8	2
21 Food, Civil Supplies and Consumer Affairs Department	4	3	3
22 Civil Supplies	22	13	13
23 Food	11	2	2
24 Other Expenditure Pertaining to Food, Civil Supplies and Consumer Affairs Department	2	0	0
25 Forests and Environment Department	2	2	2
26 Forests	35	32	32
27 Environment	5	3	3
28 Other Expenditure Pertaining to Forest and Environment Department	2	1	1
29 Governor	14	2	2
30 Council of Ministers	1	1	1
31 Elections	9	1	1
32 Public Service Commission	2	2	2
33 General Administration Department	14	8	8
34 Economic Advice and Statistics	7	3	3
35 Other Expenditure Pertaining to General Administration Department	17	9	8
36 State Legislature	4	3	3
37 Loans and Advances to Government Servants in Gujarat Legislature Secretariat	2	1	1
38 Health and Family Welfare Department	3	1	1
39 Medical and Public Health	133	13	11
40 Family Welfare	21	13	11
41 Other expenditure pertaining to Health and Family Welfare Department	3	0	0
42 Home Department	5	3	3
43 Police	39	25	25
44 Jails	6	3	3

Grant	Total Sub-Heads	Sub-Heads requiring explanation	Sub-Heads where explanations were given
45 State Excise	4	0	0
46 Other expenditure Pertaining to Home Department	37	17	17
47 Industries and Mines Department	2	2	2
48 Stationery and Printing	8	4	4
49 Industries	59	6	6
50 Mines and Minerals	6	4	4
51 Tourism	11	9	9
52 Other Expenditure Pertaining to Industries and Mines Department	13	2	1
53 Information and Broadcasting Department	2	1	1
54 Information and Publicity	7	0	0
55 Other expenditure pertaining to Information and Broadcasting Department	2	1	1
56 Labour and Employment Department	1	1	1
57 Labour and Employment	33	19	19
58 Other expenditure Pertaining to Labour and Employment Department	2	0	0
59 Legal Department	2	1	1
60 Administration of Justice	19	13	12
61 Other expenditure Pertaining to Legal Department	12	1	1
62 Legislative and Parliamentary Affairs Department	3	3	3
63 Other expenditure Pertaining to Legislative and Parliamentary Affairs Department	2	0	0
64 Narmada, Water Resources, Water Supply and Kalpsar Department	2	1	1
65 Narmada Development Scheme	6	2	2
66 Irrigation and Soil Conservation	136	82	82
67 Water Supply	16	3	3
68 Other Expenditure Pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department	3	1	1
69 Panchayats, Rural Housing and Rural Development	3	1	1
70 Community Development	29	0	0
71 Rural Housing and Rural Development	24	9	9
72 Compensation and Assignments	12	5	5
73 Other expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department	14	8	5
74 Transport	9	4	4
75 Other Expenditure Pertaining to Ports and Transports Department	6	4	4
76 Revenue Department	6	5	5
77 Tax Collection Charges (Revenue Department)	39	17	17
78 District Administration	10	8	8
79 Relief On Account of Natural Calamities	90	1	1
80 Dang District	37	4	4
81 Compensation and Assignment	15	0	0
82 Other Expenditure Pertaining to Revenue Department	6	4	4
83 Roads and Building Department	4	2	2
84 Non-Residential building	57	44	44
85 Residential Building	16	9	9
86 Roads and Bridges	31	11	11
87 Gujarat Capital Construction Scheme	8	5	5
88 Other Expenditure Pertaining to Roads and Building Department	9	6	6
89 Science and Technology Department	8	0	0

Grant	Total Sub-Heads	Sub-Heads requiring explanation	Sub-Heads where explanations were given
90 Other expenditure pertaining to Science and Technology Department	20	9	9
91 Social Justice and Empowerment	3	3	3
92 Social Security and Welfare	78	33	33
94 Other Expenditure Pertaining to Social Justice and Empowerment Department	2	1	1
95 Scheduled Castes Sub-Plan	239	151	145
93 Welfare of Scheduled Tribes	52	17	17
96 Tribal Area Sub-Plan	401	199	190
97 Sports Youth and Cultural Activities Department	4	3	3
98 Youth Services and Cultural Activities	38	17	16
99 Other Expenditure Pertaining to Sports, Youth and cultural Activities Department	3	0	0
100 Urban Development and Urban Housing Department	1	1	1
101 Urban Housing	28	0	0
102 Urban Development	57	28	28
103 Compensation Assignment and Tax Collection Charges	4	0	0
104 Other Expenditure Pertaining to Urban Development and Urban Housing Department	3	1	1
105 Women and Child Development Department	2	2	2
106 Other Expenditure Pertaining to Women and Child Development Department	51	4	4
107 Climate Change Department	1	1	1
108 Other Expenditure Pertaining to Climate Change Department	5	5	3
<b>Total</b>	<b>2,619</b>	<b>1,130</b>	<b>1,089</b>

**Appendix 3.7: Budget and Opportunity cost**  
(Reference: Paragraph 3.5.2)

Sl. No.	Grant No.	Account	Scheme	Original allocation	Actual expenditure	Unutilized funds	(₹ in crore)	
							Unutilized funds	Unutilized funds (Percentage)
<b>Capital (Voted)</b>								
1	2	4401-00-103-01	Construction Activity under RIDF Scheme	100.00	33.00	67.00	67.00	67.00
2	6	5051-02-200-01	FSH-6 Construction of docks, berths and Jetties (75:25 PCSS)	100.00	0.00	100.00	100.00	100.00
3	9	4202-01-201-06	EDN-113 Samagra Shiksha Abhiyaan (60:40 PCSS)	282.59	99.21	183.38	64.89	64.89
4	35	4515-00-102-04	DDP-2 Community Works of Local Importance MLA Fund	273.00	0.007	272.99	100.00	100.00
5	35	4515-00-102-06	DDP-4 Celebration of National Festival i.e Independence Day Republic day	60.00	0.05	59.95	99.92	99.92
6	46	4055-00-800-05	Information Technology	177.50	71.48	106.02	59.73	59.73
7	49	4875-60-800-01	Expenditure for Mandal Becharaji Special Investment Region Plan	130.92	4.92	126.00	96.24	96.24
8	49	4875-60-800-05	Capital Support for Gujarat Common Effluent Treatment Plant CETP Deep sea pipeline and Allied infrastructure	500.00	0.00	500.00	100.00	100.00
9	57	4250-00-800-01	EMP-1 Craftsman Training Scheme in Government Industrial Training Institutes	72.00	6.56	65.44	90.89	90.89
10	65	4700-33-190-01	IRG-1 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (49:51 PCSS)	3,128.37	1,078.77	2,049.60	65.52	65.52
11	66	4700-11-800-43	Canals and Branches	132.65	47.85	84.80	63.93	63.93
12	66	4700-11-800-46	Distributaries and Water Courses	52.00	10.77	41.23	79.29	79.29
13	66	4701-74-800-80	Other Expenditure	100.00	2.53	97.47	97.47	97.47
14	84	4059-01-051-42	Roads and building Department office Building	74.75	20.31	54.44	72.83	72.83
15	84	4059-01-051-45	Collector office Buildings for Revenue Department	56.07	6.06	50.01	89.19	89.19

Sl. No.	Grant	Account	Scheme	Original allocation	Actual expenditure	Unutilized funds	Unutilized funds (Percentage)
16	84	4059-01-051-51	Administration of justice Buildings for Legal Department partly centrally sponsored Scheme	302.75	105.50	197.25	65.15
17	84	4202-01-203-42	EDN-29 Buildings	86.46	14.30	72.16	83.46
18	84	4202-02-105-42	TED-23 Buildings	196.77	19.02	177.75	90.33
19	85	4216-01-106-02	Construction of Residential Building for R and B Department	125.78	50.94	74.84	59.50
20	87	4217-01-51-01	UDP-26 Residential Buildings	220.70	90.81	129.89	58.85
21	95	4202-01-201-04	EDN-113 Facilities should be provided for infrastructure of all the primary school in state (60:40 PCSS)	97.29	3.41	93.88	96.50
22	95	4225-01-277-02	Construction of Govt hostel for Boys (100% CSS)	58.82	8.68	50.14	85.24
23	96	4202-01-796-42	EDN-21 Building	69.18	18.35	50.83	73.47
24	96	4215-01-796-09	Rural Water Supply Programme	600.00	250.00	350.00	58.33
25	106	4236-02-800-01	NTR-5 Construction of Anganwadi (60:40 PCSS)	75.00	0.00	75.00	100.00
<b>Total</b>				<b>7,072.60</b>	<b>1,942.53</b>	<b>5,130.07</b>	<b>--</b>

Source: Appropriation Accounts of 2020-21

**APPENDIX 3.8: Sub-Heads where 100 per cent expenditure (₹ 10 crore and above) was incurred in March 2021**  
(Reference: Paragraph 3.5.4)

Sr. No.	Grant No.	Head of Account (Up to Sub-Head)	100% expenditure incurred during March (₹ in Crore)
1	0005	2425-00-108-37- Assistance to Co-operative milk unions for export.	49.67
2	0039	2210-06-104-06- Strengthening of state drugs regulatory Authority (60:40 PCSS)	14.60
3	0039	4210-01-110-44-Provision for Furniture, Motor Vehicle (60-40 Partially Centrally Sponsored Scheme)	242.10
4	0039	4210-04-200-43-Strengthening Drugs Enforcement Infrastructure facilities (60:40 PCSS)	17.75
5	0070	2515-00-101-12-CDP-19 Rastriya gram swaraj abhiyan (60:40 PCSS)	10.36
6	0072	3604-00-101-01-Grants-in-aid to Village Panchayats (under Section 219 of Gujarat Panchayat Act 1993)	15.67
7	0077	2029-00-103-03-LND-3-Strengthening of Revenue Administration and Updating of Land Records, (50 % Centrally Sponsored Scheme)	19.68
8	0079	2245-02-800-02-Repairs/Restoration to other public properties	49.69
9	0089	2052-00-090-09-S.T.P.-11 Allocation of fund for Integrated Financial Management System (IFMS)	15.83
10	0092	2225-04-800-01-MNT-11 Multi Sectoral Development programme for Minorities (60:40 PCSS)	22.16
11	0092	6225-03-800-08-OBC-24 Loans to Gujarat Backward class development	77.00
12	0095	6225-01-190-04-SCW-36 Loan to corporations for economic upliftment Guj. S.C. Development Corporation Guj. Safai Kamdar Vikas Nigam Guj. S.C. Most Backward Caste development Corporation	21.00
13	0096	2236-02-796-08-MDM-2 Food grains to parents of tribal daughters student	68.00
14	0102	2217-03-191-46-UDP-5 Nirmal urban	23.74
15	0102	2217-03-192-04-UDP-86 Nirmal urban	13.83
16	0102	4217-60-190-03-UDP-Share capital for diamond research merchant	35.00

Source: Appropriation Accounts of 2020-21

**Appendix 3.9: Statement showing details of Departments registering more than 25 per cent expenditure in March 2021.**  
(Reference: Paragraph 3.5.4.1)

Sr. No	Name of Department	(₹ in crore)												Total
		April-20	May-20	June-20	July-20	August-20	Sept-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	March-21	
1	GAD	9.57	39.40	23.41	25.11	69.34	63.18	85.35	62.98	110.07	57.80	48.60	461.93	1,056.74
2	Industries and Mines	10.39	159.75	1,354.93	248.79	598.91	73.60	541.72	334.71	548.44	129.28	538.57	2,179.34	6,718.43
3	Panchayats, rural Housing and Rural Development	235.90	149.91	935.98	806.81	276.08	331.48	188.19	358.84	266.99	225.88	789.95	2,163.04	6,729.05
4	Ports and Transport	5.81	72.02	137.92	112.24	129.44	81.03	32.82	15.12	10.26	9.71	13.23	428.77	1,048.37
5	Roads and Buildings	33.85	281.14	455.76	531.44	411.59	299.49	711.67	951.88	459.15	501.79	1,613.55	3,482.21	9,733.52
6	Science and Technology	0.76	0.76	0.81	26.21	36.59	0.93	31.79	91.32	122.62	0.20	1.43	198.26	511.68
7	Social Justice and Empowerment	198.17	342.30	361.89	559.47	474.75	304.17	648.34	455.69	700.72	422.39	668.86	1,919.52	7,056.27
8	Sports, Youth and cultural Activities	22.25	26.77	12.02	6.10	47.63	6.17	7.83	9.10	88.90	17.35	6.15	116.12	366.39
9	Urban Development and Urban Housing	4.04	625.52	497.31	930.66	620.51	388.26	987.20	642.33	1,517.08	630.37	699.56	2,525.14	10,067.98
10	Energy and Petrochemicals	1.97	2.14	1,477.57	416.82	1,627.89	1,146.45	1,591.65	449.14	248.31	2,271.22	163.55	4,466.68	13,863.39
11	Tribal Development	163.87	470.42	774.44	967.71	775.45	317.96	774.36	906.84	828.38	712.96	1,317.23	3,850.72	11,860.34

**Appendix 3.10:**  
**Details of parking of funds with Gujarat State Financial Services (GSFS)**  
(Reference: Paragraph 3.6.1.10)

(₹ in crore)

Sr. No.	Scheme Name	Nodal Agency	Grant Amount	Grant receipt year	Balance with GSFS at the end of the year
1	Tablet Scheme 2020-21	GKS	200.00	2020-21	163.00
2	Samagra Shiksha-Elementary Education	Gujarat Council of School Education	447.00	2018-19	447.00
3	Samagra Shiksha-Secondary Education	Gujarat Council of School Education	221.10	2016-17	221.10
4	Mukhyamantri Yuva Swawlamban Yojna	KCG	282.00	2020-21	75.73
5	Chief Minister Scholarship Scheme	KCG	101.00	2015-17	56.45
6	World class University	KCG	36.02	2011-17	32.54
7	New Course	KCG	6.46	2013-16	2.64
8	Classroom and library revamping	KCG	0.60	2014-16	0.52
9	Knowledge Management Program for faculty	KCG	10.59	2009-16	11.73
10	KCG activity including Hostel block	KCG	11.19	2016-21	10.84
11	Mukhyamantri Kanya Kelavani Nidhi	KCG	50.00	2020-21	14.62
12	ICAI and vibrant Gujarat Summit	KCG	4.31	2016-21	3.82
13	Career Counseling/ finishing schools	KCG	5.00	2020-21	0.60
14	Saptdhara Activity	KCG	1.00	2020-21	0.83
15	Udhisha activity (placement project)	KCG	6.96	2019-21	4.96
16	CCTV	KCG	5.00	2019-20	5.14
17	Study in Gujarat	KCG	2.00	2020-21	2.00
18	Scheme of developing High Quality Research	KCG	40.00	2019-21	25.98
19	Vocationalization education	KCG	15.58	2019-21	15.02
20	Gujarat State higher Education Council	KCG	0.10	2019-21	0.10
21	Global Career and admission counseling centre	KCG	0.16	2018-21	0.11
22	Council of Industries Academia	KCG	0.16	2018-21	0.11
23	Digital Education Development Fund	KCG	120.00	2017-21	98.38
24	Library building	Shree Somnath Sanskrit University, Veraval	7.20	2018-19	03.50
25	Guesthouse Building		5.40	2018-19	4.00
26	B. Ed Building		1.56	2019-20	0.70
27	Boys hostel Building		0.00	2019-20	0.80
28	Yoga Bhawan& Girls Hostel building		11.90	2017-18	4.80
29	Ground Development		00.80	2019-20	0.50
30	Renovation grant		01.73	2018-19	0.50
31	Boys Hostel Shed		0.22	2019-20	0.20
		<b>Total</b>	<b>1,595.04</b>		<b>1,208.22</b>



**Appendix 4.1**  
**Department-wise break-up of outstanding UCs for GIA**  
**paid up to 2019-20**  
(Reference: Paragraph 4.4)

(₹ in crore)

Sr. No.	Name of Department	No. of pending UCs	Amount
1.	Agriculture, Farmer's welfare and cooperation	202	2,714.70
2.	Climate Change	5	138.80
3.	Women and Child Development	191	102.27
4.	Education Department	289	1,059.65
5.	Energy & Petrochemicals	23	2,008.67
6.	Food & Civil Supplies	35	7.6
7.	Forest & Environment	8	0.88
8.	Gujarat Legislature	3	0.07
9.	Health and Family Welfare	622	1,790.38
10.	Home Department	37	126.21
11.	Industries & Mines	157	434.03
12.	Labour & Employment	24	3.39
13.	Legal Department	11	0.23
14.	Narmada, Water resources, water supply and Kalpsar	11	163.11
15.	Panchayat Rural Housing and Rural Development	190	419.81
16.	Revenue Department	2	0.43
17.	Roads and Buildings	1	0.45
18.	Social justice and Empowerment	1,257	582.78
19.	Science and Technology	9	48.43
20.	Sports, Youth and Cultural Activities	129	15.74
21.	Urban Development and Urban Housing	107	566.52
22.	Tribal Development Department	1,298	2,252.88
<b>Total</b>		<b>4,611</b>	<b>12,437.03</b>

Source: Information provided by O/o the Principal Accountant General (A&E), Gujarat

## Appendix 4.2

## Department-wise details of pending DC bills as on 31 March 2021

(Reference: Paragraph 4.5)

Sr. No.	Name of Department	No. of pending DC bills	Amount (₹ in crore)
1.	Agriculture farmer's welfare and cooperation	7	0.07
2.	Women and Child Development	31	386.66
3.	Education Department	1,025	22.87
4.	Food & civil Supplies	4	0.06
5.	Finance	28	0.06
6.	General Administration	119	22.90
7.	Gujarat Legislature secretariat	1	0.00*
8.	Health and Family Welfare	102	0.69
9.	Home Department	806	63.96
10.	Industries & Mines	18	16.92
11.	Information Broadcasting and Tourism	7	0.02
12.	Labour and Employment	5	0.06
13.	Legal Department	176	0.41
14.	Narmada, Water resources, Water Supply and Kalpsar	2	0.00*
15.	Narmada, Water resources, Water Supply	2	0.10
16.	Panchayat Rural Housing and Rural Development	888	21.97
17.	Road and Building	2	0.00*
18.	Revenue Department	83	6.75
19.	Social Justice and Empowerment	153	2.02
20.	Sports, Youth and Cultural Activities	116	5.48
21.	Tribal Development Department	72	2.11
22.	Science and Technology	1	0.00*
23.	Forest and Environment Department	1	0.00*
24.	Energy and Petrochemical Department	1	0.00*
<b>Total</b>		<b>3,650</b>	<b>553.11</b>

Source: Information provided by O/o the Principal Accountant General (A&amp;E), Gujarat

\* Amount is less than ₹ 50,000; hence rounded off to zero

### Appendix 4.3

#### Year-wise details of pending DC bills as on 31 March 2021

(Reference: Paragraph 4.5)

Year	No. of pending DC bills	Amount (₹ in crore)
2000-01	107	1.20
2001-02	145	2.48
2002-03	172	1.11
2003-04	205	0.88
2004-05	88	0.86
2005-06	100	1.38
2006-07	146	1.20
2007-08	84	1.23
2008-09	78	0.76
2009-10	58	1.17
2010-11	126	3.45
2011-12	83	2.13
2012-13	46	1.76
2013-14	53	1.19
2014-15	26	0.94
2015-16	75	2.39
2016-17	63	4.25
2017-18	119	45.61
2018-19	145	28.56
2019-20	347	12.92
2020-21	1,390	437.69
<b>Total</b>	<b>3,650</b>	<b>553.16</b>

Source: Information provided by O/o the Principal Accountant General (A&E), Gujarat

**APPENDIX 4.4**  
**Statement showing pendency of Accounts and delay in placement of Separate Audit Reports (SARs) in State Legislature**  
**as on 30 June 2021**

(Reference: Paragraph 4.12)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be placed in the Legislature	Date of issue of SAR by Audit to State Government	Date of placement of SAR	Number of accounts pending
<b>Legal Department</b>									
1.	Gujarat State Legal Service Authority, Ahmedabad	Not required	19 (2)	2016-17	2016-17	Yes	06.02.2019	Date awaited	4
2.	District Legal Services Authority, Navsari	Not required	19 (2)	2015-16	2015-16	Yes	21.11.2017	Date awaited	5
3.	District Legal Services Authority, Valsad	Not required	19 (2)	2017-18	2017-18	Yes	06.02.2019	Date awaited	3
4.	District Legal Services Authority, Rajkot	Not required	19 (2)	2020-21	2019-20	Yes	17.05.2021	Date awaited	No Delay
5.	District Legal Services Authority, Patan	Not required	19 (2)	2019-20	2019-20	Yes	27.08.2021	Date awaited	1
6.	District Legal Services Authority, Jamnagar	Not required	19 (2)	2017-18	2017-18	Yes	23.10.2020	Date awaited	3
7.	District Legal Services Authority, Mehsana	Not required	19 (2)	2019-20	2019-20	Yes	24.12.2020	Date awaited	1
8.	District Legal Services Authority, Palanpur	Not required	19 (2)	2015-16	2015-16	Yes	19.04.2018	Date awaited	5
9.	District Legal Services Authority, Bharuch	Not required	19 (2)	2015-16	2015-16	Yes	06.12.2016	Date awaited	5

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be placed in the Legislature	Date of issue of SAR by Audit to State Government	Date of placement of SAR	Number of accounts pending
10.	District Legal Services Authority, Junagadh	Not required	19 (2)	2019-20	2019-20	Yes	21.10.2021	Date awaited	1
11.	District Legal Services Authority, Tapi Vyara	Not required	19 (2)	2018-19	2018-19	Yes	23.10.2020	Date awaited	2
12.	District Legal Services Authority, Anand	Not required	19 (2)	2017-18	2017-18	Yes	23.10.2020	Date awaited	3
13.	District Legal Services Authority, Kheda Nadiad	Not required	19 (2)	2015-16	2015-16	Yes	01-02-2017	Date awaited	5
14.	District Legal Services Authority, Gandhinagar	Not required	19 (2)	2020-21	2019-20	Yes	02.06.2021	Date awaited	No delay
15.	District Legal Services Authority, Surat	Not required	19 (2)	2019-20	2019-20	Yes	16.08.2021	Date awaited	1
16.	District Legal Services Authority, Himmatnagar	Not required	19 (2)	2017-18	2017-18	Yes	10.01.2019	Date awaited	3
17.	District Legal Services Authority, Dahod	Not required	19 (2)	2017-18	2017-18	Yes	23.10.2020	Date awaited	3
18.	District Legal Services Authority, Amreli	Not required	19 (2)	2018-19	2018-19	Yes	23.10.2020	Date awaited	2
19.	District Legal Services Authority, Kutch, Bhuj	Not required	19 (2)	2017-18	2017-18	Yes	23.10.2020	Date awaited	3
20.	District Legal Services Authority, Bhavnagar	Not required	19 (2)	2015-16	2015-16	Yes	04.06.2018	Date awaited	5
21.	District Legal Services Authority, Vadodara	Not required	19 (2)	2014-15	2014-15	Yes	19.06.2017	Date awaited	6
22.	District Legal Services Authority, Godhra	Not required	19 (2)	2019-20	2019-20	Yes	08.09.2021	Date awaited	1

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be placed in the Legislature	Date of issue of SAR by Audit to State Government	Date of placement of SAR	Number of accounts pending
23.	District Legal Services Authority, Surendranagar	Not required	19 (2)	2017-18	2017-18	Yes	23.10.2020	Date awaited	3
24.	District Legal Services Authority, Ahmedabad Rural	Not required	19 (2)	2019-20	2019-20	Yes	06.08.2021	Date awaited	1
25.	District Legal Services Authority, Rajpipla	Not required	19 (2)	2015-16	2015-16	Yes	24.11.2017	Date awaited	5
26.	District Legal Services Authority, Porbandar	Not required	19 (2)	2017-18	2017-18	Yes	23-10-2020	Date awaited	3
27.	District Legal Services Authority, Jamkhambaliya	Not required	19 (2)	2018-19	2017-18	Yes	21.10.2021	Date awaited	2
28.	District Legal Services Authority, Aravali	Not required	19 (2)	No Accounts received till date		Yes			5
29.	District Legal Services Authority, Girsonmath	Not required	19 (2)	No Accounts received till date		Yes			5
30.	District Legal Services Authority, Mahisagar	Not required	19 (2)	No Accounts received till date		Yes			4
31.	District Legal Services Authority, Morbi	Not required	19 (2)	No Accounts received till date		Yes			5
32.	District Legal Services Authority, Chhotaudepur	Not required	19 (2)	No Accounts received till date		Yes			5
33.	District Legal Services Authority, Botad	Not required	19 (2)	No Accounts received till date		Yes			3
<b>Home Department</b>									
34.	Gujarat State Human Rights Commission, Gandhinagar	Not required	19 (2)	2006-07	2006-07	Yes	10.02.2010	Date awaited	14

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be placed in the Legislature	Date of issue of SAR by Audit to State Government	Date of placement of SAR	Number of accounts pending
<b>Energy and Petro-chemicals Department</b>									
35.	Gujarat Electricity Regulatory Commission	Not required	19 (2)	2020-21	2019-20	Yes	24.09.2020	Date awaited	No delay
<b>Ports and Transport Department</b>									
36.	Gujarat Maritime Board	2021-22	20 (1)	2019-20	2019-20	Yes	11.10.2021	Date awaited	1
<b>Labour and Employment Department</b>									
37.	Gujarat Building and other Construction Workers' Welfare Board, Ahmedabad	Not required	19 (2)	2016-17	2016-17	Yes	27/10/2020	31/03/2021	4
38.	Gujarat State Fund for person with disabilities, Gandhinagar	Not required	19 (2)	Newly added. No Accounts received till date from 2019-20		Yes	-	-	2
<b>Urban Development and Urban Housing Department</b>									
39.	Gujarat Rural Housing Board, Gandhinagar	2022-23	19 (3)	2018-19	2018-19	Yes	26.02.2020	05.03.2021	2
40.	Gujarat Housing Board, Ahmedabad	2026-27	19 (3)	2019-20	2018-19	Yes	28.04.2020	25.09.2020	1
41.	Gujarat Slum Clearance cell	2026-27	19 (3)	2018-19	2018-19	Yes	16.12.2020	Date awaited	2
42.	Gujarat Municipal Finance Board, Gandhinagar	2023-24	20 (1)	2020-21	2019-20	Yes	06.11.2020	Date awaited	No delay
43.	Water and Sanitation Management Organisation, Gandhinagar	2020-21	20 (1)	2019-20	2019-20	No	07.07.2021	Not required	1
44.	Ahmedabad Urban Development Authority	2021-22	20 (1)	2019-20	2019-20	No	25.06.2021	Not required	1

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be placed in the Legislature	Date of issue of SAR by Audit to State Government	Date of placement of SAR	Number of accounts pending
45.	Vadodara Urban Development Authority	2021-22	20 (1)	2019-20	2019-20	No	25.06.2021	Not required	1
46.	Rajkot Urban Development Authority	2021-22	20 (1)	2019-20	2019-20	No	10.06.2021	Not Required	1
47.	Surat Urban Development Authority	2021-22	20 (1)	2019-20	2019-20	No	25.06.2021	Not required	1
48.	Jamnagar Area Development Authority	2021-22	20 (1)	2019-20	2018-19	No	03.12.2020	Not required	1
49.	Bhavnagar Area Development Authority	2021-22	20 (1)	2018-19	2018-19	No	19.07.2021	Not required	2
50.	Bhuj Area Development Authority	2021-22	20 (1)	2018-19	2018-19	No	25.06.2021	Not required	2
51.	Rapar Area Development Authority	2021-22	20 (1)	2019-20	2019-20	No	25.06.2021	Not required	1
52.	Gandhinagar Urban Development Authority	2021-22	20 (1)	2019-20	2019-20	No	15.06.2021	Not required	1
53.	Anjar Area Development Authority	2021-22	20 (1)	2019-20	2019-20	No	15.06.2021	Not required	1
54.	Bhachau Area Development Authority	2021-22	20 (1)	2019-20	2019-20	No	16.06.2021	Not required	1
55.	Junagadh Area Development Authority	2021-22	20 (1)	2019-20	2019-20	No	16/06/2021	Not required	1
56.	Ambaji Area Development Authority	2021-22	20 (1)	2019-20	2019-20	No	16.06.2021	Not required	1
57.	Alang Area Development Authority	2021-22	20 (1)	2019-20	2019-20	No	16.06.2021	Not required	1



Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be placed in the Legislature	Date of issue of SAR by Audit to State Government	Date of placement of SAR	Number of accounts pending
58.	Bharuch / Ankleshwar Urban Area Development Authority.	2021-22	20 (1)	2019-20	2017-18	No	03.12.2020	Not required	1
59.	Morbi / Vankner Urban Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No	11.07.2018	Not required	4
60.	Anand / Vallabh Vidyannagar / Karamsad Urban Area Development Authority.	2021-22	20 (1)	2017-18	2017-18	No	25.06.2021	Not required	3
61.	Surendranagar / Dudhrej / Wadhavan Urban Area Development Authority.	2021-22	20 (1)	2018-19	2018-19	No	25.06.2021	Not required	2
62.	Himatnagar Urban Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No	22.06.2021	Not required	3*
63.	G.I.F.T. Urban Area Development Authority	2021-22	20 (1)	2019-20	2019-20	No	25.03.2021	Not required	1
64.	Shamlaji Urban Area Development Authority	2021-22	20 (1)	2019-20	--	No	-	Not required	1**
65.	Khambhalia Urban Area Development Authority	2021-22	20 (1)	2018-19	2018-19	No	25.06.2021	Not required	2
66.	Navsari Area Development Authority, Navsari	2021-22	20 (1)	2018-19	2018-19	No	19.07.2021	Not required	2
67.	Bardoli Area Development Authority, Bardoli	2021-22	20 (1)	2019-20	2019-20	No	19.07.2021	Not required	1
68.	Khajod Area Development Authority, Khajod	2021-22	20 (1)	2017-18	--	No	-	Not required	3***
69.	Gujarat Real Estate Regularity Authority, Gandhinagar	Not required	19 (2)	2020-21	2019-20	Yes	23.02.2020	Date Awaited	No delay

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be placed in the Legislature	Date of issue of SAR by Audit to State Government	Date of placement of SAR	Number of accounts pending
70.	Gandhidham Development Authority, Gandhidham	2024-25	20(1)	Newly entrusted from 2020-21	No			1	
<b>Forests and Environment Department</b>									
71.	Gujarat State CAMPA	Audit is conducted based on the supreme court judgement (2010)	20(1)	2013-14	2013-14	Yes	15.11.2019	No information	7

Source: Information compiled by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II)

# Accounts of a financial year are to be submitted latest by 30 June every year

\*Sr. No. 62: Himatnagar Urban Area Development Authority Accounts for the year 2013-14 to 2017-18 were received in July 2019. However, Accounts for the year 2012-13 was still pending.

\*\*Sr. No. 64: Shamlaji Urban Area Development Authority Accounts for the year 2012-13 and 2013-14 have not been prepared but information of Nil expenditure has been submitted. Accounts for the years 2014-15 to 2019-20 have been submitted in July 2021.

\*\*\*Sr. No. 68: Khajod Area Development Authority has submitted Nil expenditure for 2017-18.

## Appendix 4.5

**Statement showing arrears of financial statements and investment made by State Government during the year in SPSUs  
whose financial statements were in arrears as on 30 September 2021**  
(Reference: Paragraph 4.13.5 and 4.13.6)

Sr. No.	Name of the Company	GCC/ GCOC	Last finalised FS	Paid-up Capital#	FSs in arrears	No. of FSs in arrears
1	2	3	4	5	6	7
<b>A</b>	<b>Active Government Companies</b>					
1	Gujarat Agro Industries Corporation Limited (Standalone)	GCC	2017-18	8.08	2018-19 to 2020-21	3
	Gujarat Agro Industries Corporation Limited (Consolidated) <sup>1</sup>	GCC	2017-18		2018-19 to 2020-21	
2	Gujarat State Land Development Corporation Limited	GCC	2016-17	5.88	2017-18 to 2020-21	4
3	Gujarat Sheep and Wool Development Corporation Limited	GCC	2019-20	4.31	2020-21	1
4	Gujarat State Handloom and Handicrafts Development Corporation Limited	GCC	2017-18	12.06	2018-19 to 2020-21	3
5	Gujarat Women Economic Development Corporation Limited	GCC	2017-18	7.02	2018-19 to 2020-21	3
6	Gujarat Minorities Finance and Development Corporation Limited	GCC	2018-19	20.00	2019-20 to 2020-21	2
7	Gujarat Safai Kamdar Vikas Nigam Limited	GCC	2017-18	14.09	2018-19 to 2020-21	3
8	Gujarat Thakor and Koli Vikas Nigam Limited	GCC	2018-19	14.11	2019-20 to 2020-21	2

<sup>1</sup> The Standalone and Consolidated Financial Statements are submitted simultaneously, hence it is counted as single for purpose of Table 4.17

Sr. No.	Name of the Company	GCC/ GCOC	Last finalised FS	Paid-up Capital#	FSs in arrears	No. of FSs in arrears
1	2	3	4	5	6	7
9	Gujarat Livelihood Promotion Company Limited	GCC	2018-19	0.05	2019-20 to 2020-21	2
10	Dr. Ambedkar Antyodaya Development Corporation	GCC	2018-19	5.00	2019-20 to 2020-21	2
11	Gujarat Water Resources Development Corporation Limited	GCC	2017-18	31.49	2018-19 to 2020-21	3
12	Gujarat State Forest Development Corporation Limited	GCC	2019-20	6.32	2020-21	1
13	Gujarat State Civil Supplies Corporation Limited	GCC	2018-19	70.00	2019-20 to 2020-21	2
14	Gujarat Medical Services Corporation Limited (Standalone)	GCC	2018-19	2.50	2019-20 to 2020-21	2
	Gujarat Medical Services Corporation Limited (Consolidated)	GCC	2018-19		2019-20 to 2020-21	
15	Sarigam Clean Initiative	GCOC	2019-20	50.80	2020-21	1
16	Gujarat Unreserved Education & Economical Development Corporation	GCC	-	-	2018-19 to 2020-21	3
17	Gujarat Student Startup and Innovation Hub	GCC	2019-20	0.01	2020-21	1
18	Gujarat Industrial Investment Corporation Limited (Standalone)	GCC	2019-20	256.98	2020-21	1
	Gujarat Industrial Investment Corporation Limited (Consolidated)	GCC	2019-20		2020-21	
19	Tourism Corporation of Gujarat Limited	GCC	2019-20	20.00	2020-21	1
20	Gujarat Informatics Limited (Standalone)	GCC	2018-19	18.51	2019-20 to 2020-21	2
	Gujarat Informatics Limited (Consolidated)	GCC	2018-19		2019-20 to 2020-21	
21	Guj-Tour Development Company Limited	GCC	2019-20	18.40	2020-21	1
22	Gujarat Fibre Grid Network Limited	GCC	2019-20	0.10	2020-21	1

Sr. No.	Name of the Company	GCC/ GCOC	Last finalised FS	Paid-up Capital#	FSs in arrears	No. of FSs in arrears
1	2	3	4	5	6	7
23	Gujarat ISP Services Limited	GCC	2019-20	0.10	2020-21	1
24	Sardar Sarovar Narmada Nigam Limited	GCC	2019-20	63,990.11	2020-21	1
25	Gujarat State Police Housing Corporation Limited	GCC	2019-20	50.00	2020-21	1
26	Gujarat Urban Development Company Limited (Standalone)	GCC	2019-20	26.00	2020-21	1
	Gujarat Urban Development Company Limited (Consolidated)	GCC	2019-20		2020-21	
27	Gujarat Water Infrastructure Limited	GCC	2019-20	155.02	2020-21	1
28	Gujarat State Aviation Infrastructure Company Limited	GCC	2018-19	0.05	2019-20 to 2020-21	2
29	Gujarat Power Corporation Limited	GCC	2019-20	505.03	2020-21	1
30	Gujarat State Handicapped (Divyang) Finance and Development Corporation	GCC	-	-	2020-21	1
	<b>Total A (Active Government Companies)</b>			<b>65,292.02</b>		<b>53</b>
<b>B</b>	<b>Inactive Government Companies</b>					
1	Gujarat Fisheries Development Corporation Limited	GCC	1998-99	1.94	1999-00 to 2020-21	22
2	Gujarat Dairy Development Corporation Limited	GCC	2019-20	10.46	2020-21	1
3	Gujarat Small Industries Corporation Limited (under liquidation)	GCC	2006-07	4.00	2007-08 to 2020-21	14
4	Gujarat State Rural Development Corporation Limited	GCC	2016-17	0.58	2017-18 to 2020-21	4
5	Gujarat Foundation for Mental Health and Allied Sciences	GCC	2010-11	0.02	2011-12 to 2020-21	10
6	BISAG Satellite Communication	GCC	2014-15	39.08	2015-16 to 2020-21	6
7	Infrastructure Finance Company Gujarat Limited	GCOC	2010-11	2.50	2011-12 to 2020-21	10
8	Gujarat Leather Industries Limited (under liquidation)	GCC	2001-02	1.50	2002-03 to 2020-21	19
9	Gujarat State Construction Corporation Limited (under liquidation)	GCC	2019-20	5.00	2020-21	1

Sr. No.	Name of the Company	GCC/ GCOC	Last finalised FS	Paid-up Capital#	FSS in arrears	No. of FSSs in arrears
1	2	3	4	5	6	7
10	Gujarat State Textile Corporation Limited (under liquidation)	GCC	1996-97	46.46	1997-98 to 2020-21	24
11	Gujarat Communications and Electronics Limited (under liquidation)	GCC	2000-01	12.45	2001-02 to 2020-21	20
12	Gujarat Trans-Receiver Limited	GCOC	2018-19	0.29	2019-20 to 2020-21	2
13	Naini Coal Company Limited	GCOC	2011-12	0.05	2012-13 to 2020-21	9
14	Alcock Ashdown (Gujarat) Limited (under liquidation)	GCC	2019-20	51.00	2020-21	1
15	Gujarat Industrial Corridor Corporation Limited	GCC	2019-20	10.00	2020-21	1
	<b>Total B (Arrears Inactive Government Companies)</b>			<b>185.33</b>		<b>144</b>
<b>C</b>	<b>Active Statutory Corporations</b>					
1	Gujarat State Warehousing Corporation	GCC	2014-15	4.00	2015-16 to 2020-21	6
2	Gujarat Industrial Development Corporation	GCC	2019-20	0.00	2020-21	1
3	Gujarat State Road Transport Corporation	GCC	2017-18	3,209.74	2018-19 to 2020-21	3
	<b>Total C (Active Statutory Corporations)</b>			<b>3,213.74</b>		<b>10</b>
	<b>Grand Total (A+B+C)</b>			<b>68,691.09</b>		<b>207</b>

Source: The Appendix has been prepared on the basis of financial statements submitted by the SPSUs.

FSS= Financial Statements

# Paid-up capital includes share application money pending allotment.

**Appendix 4.6**  
**Statement showing details of pendency in finalisation of Accounts by**  
**various Bodies and Authorities**  
**(Reference: Paragraph 4.14)**

Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
<b>2004-05 onwards</b>		
1	Akshar Purushottam Arogya Mandir, Vadodara	Health and Family Welfare
<b>2005-06 onwards</b>		
1	K J Mehta TB Hospital, Bhavnagar	Health and Family Welfare
<b>2006-07 onwards</b>		
1	Forest Development Agency, S.K. Himatnagar (North)	Forests and Environment
2	Forest Development Agency, Surendranagar	Forests and Environment
3	G.K. General Hospital, Kutch	Health and Family Welfare
4	Gujarat Council of Education Research & Technology, Gandhinagar	Education
5	Gujarat Sahitya Academy, Gandhinagar	Sports, Youth and Cultural Activities
<b>2007-08 onwards</b>		
1	Gujarat State Sangeet Natak Academy, Gandhinagar	Sports, Youth and Cultural Activities
<b>2008-09 onwards</b>		
1	Forest Development Agency, Jamnagar;	Forests and Environment
2	Forest Development Agency, Rajkot	Forests and Environment
3	Forest Development Agency, S.K. Himatnagar (South)	Forests and Environment
4	Narayan Eye Hospital (Arogya Dham Sanchalit) Halol Panchmahal	Health and Family Welfare
5	Sports Authority of Gujarat, Gandhinagar	Sports, Youth and Cultural Activities
6	Sureksha Setu Society, Bhavnagar	Home
<b>2009-10 onwards</b>		
1	Mandvi Taluka Kshaya Nivaran Sangh, Kutch	Health and Family Welfare
<b>2010-11 onwards</b>		
1	Bhavan's Shri C T Sutaria ITI, Kheda	Labour and Employment
<b>2011-12 onwards</b>		
1	Gujarat State Lalit Kala Academy, Ahmedabad	Sports, Youth and Cultural Activities
2	Navsari Agriculture University, Navsari	Agriculture, Farmer's Welfare and Co-operation
<b>2012-13 onwards</b>		
1	Bhavan's Shri Swaminarayan Technical Institute, Kheda	Education
2	Forest Development Agency, Gandhinagar	Forests and Environment
3	Forest Development Agency, Vyara	Forests and Environment
4	Forest Development Agency, Patan	Forests and Environment
5	Forest Development Agency, Kheda	Forests and Environment;

Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
6	Forest Development Agency, Gir (East)	Forests and Environment
7	Forest Development Agency, Gir (West)	Forests and Environment
8	Forest Development Agency, Valsad South	Forests and Environment
<b>2013-14 onwards</b>		
1	Bala Hanuman Ayurved Mahavidyalaya, Mansa, Gandhinagar	Education
2	Gujarat Landless Laborers & Halpati Housing Board, Gandhinagar	Panchayats, Rural Housing and Rural Development
3	Gujarat Medicinal Plants Board, Gandhinagar	Health and Family Welfare
4	Gujarat Scheduled Castes Development Corporation, Gandhinagar	Social Justice and Empowerment
5	ITI College (Swaminarayan Sanchalit), Panchmahal Lunawada	Labour and Employment
6	Rogi Kalyan Samiti, Civil Hospital Asarwa Ahmedabad	Health and Family Welfare
7	Rogi Kalyan Samiti Guru Gobindsinh, Jamnagar	Health and Family Welfare;
8	Rogi Kalyan Samiti, New Civil Hospital, Surat	Health and Family Welfare
9	Rogi Kalyan Samiti, Sir T. General Hospital, Bhavnagar	Health and Family Welfare
10	Sardar Vallabhbhai Patel Memorial Society Ahmedabad	Sports, Youth and Cultural Activities
11	School of Architecture, CEPT University, Ahmedabad	Education
12	School of Building Science & Technology, CEPT University, Ahmedabad	Education
13	School of Interior Design, CEPT University, Ahmedabad	Education
14	School of Planning CEPT University Ahmedabad	Education
15	Sentinel Surveillance Unit, Surat	Health and Family Welfare
16	State Health Society, Commissionerate of Health, Medical Services and Medical Education, Gandhinagar	Health and Family Welfare
17	Sureksha Setu Society, Narmada	Home
18	Sureksha Setu Society State level, Gandhinagar	Home
19	Veraval People's Cooperative Bank Silver Jubilee Industrial Training Centre, Veraval	Labour and Employment
20	Non Resident Gujarati Foundation, Gandhinagar	General Administration
<b>2014-15 onwards</b>		
1	Anand Agriculture University, Anand	Agriculture, Farmer's Welfare and Co-operation
2	Forest Development Agency, Chhota Udepur	Forests and Environment
3	Forest Development Agency, Kutch (East)	Forests and Environment
4	Forest Development Agency, Kutch (West)	Forests and Environment
5	Gujarat University, Ahmedabad	Education
6	Sureksha Setu Society, Kheda	Home
7	Sureksha Setu Society, Vadodara	Home
8	Gujarat Rajya Khadi Gramodhyog Board	Industries and mines
9	Junagadh Agricultural University, Junagadh	Agriculture, Farmer's Welfare and Co-operation



Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
<b>2015-16 onwards</b>		
1	Apang Manav Mandal, Ahmedabad	Social Justice and Empowerment
2	Forest Development Agency, Godhra	Forests and Environment
3	Forest Development Agency, Surat	Forests and Environment
4	Gujarat State Social Welfare Board, Ahmedabad	Social Justice and Empowerment
5	Gujarat State Tribal Development Residential Educational Institutions Society, Gandhinagar	Tribal Development
6	Krantiguru Shyamji Krishna Verma Kutch University, Kachchh	Education
7	Gujarat Secondary and Higher Secondary Education Examination Board, Gandhinagar	Education
8	Gujarat State Biodiversity Board	Forests and Environment
<b>2016-17 onwards</b>		
1	Bhagwat Vidyapith Ashok ITI, Ahmedabad	Labour and Employment
2	Dr. V.H. Dave Homoeopathic Medical College & Hospital, Anand	Education
3	Forest Development Agency, Ahwa (Dang South)	Forests and Environment
4	Forest Development Agency, Dang North	Forests and Environment
5	Forest Development Agency, (Devgadhbaria) Dahod	Forests and Environment
6	Forest Development Agency, Junagadh	Forests and Environment
7	Forest Development Agency, Narmada	Forests and Environment
8	Forest Development Agency, Valsad (North)	Forests and Environment
9	Gandhi Lincoln Hospital, Deesa, Palanpur	Health and Family Welfare
10	Gau Sewa & Gaucher Development Board	Agriculture, Farmer's Welfare and Co-operation
11	Gujarat Mineral Research & Development Society	Industries and Mines
12	Gujarat State Biotechnology Mission	Science & Technology
13	Medical College Development Society, Vadodara	Health and Family Welfare
14	Methodist Technical Institute, Vadodara	Education
15	P.D. Malviya College of Commerce, Rajkot	Education
16	Gujarat Council of Science & Technology, Gandhinagar	Science & Technology
17	Gujarat State Watershed Management Agency (GSWMA), Gandhinagar	Panchayats, Rural Housing and Rural Development
18	Gurjareshwar Kumarpal Jain Sarvoday Technical Institute, Vadodara	Labour and Employment
19	K.V. Patel I.T.I, Chansama, Patan	Labour and Employment
20	S.K. Patel Industrial Training Institute, Mehsana	Labour and Employment
21	Sabarmati Ashram Preservation & Memorial Trust Gandhi Smarak, Ahmedabad	Sports, Youth and Cultural Activities
22	Sanjivani Hospital, Surat	Health and Family Welfare
23	Seth J.B. Upadhyay Deaf – Mute School, Sabarkantha	Social Justice and Empowerment
24	Smt. A.J. Savla Homeopathic Medical College, Mehsana	Health and Family Welfare
25	Society for Education Welfare & Action (Rural), Bharuch	Social Justice and Empowerment

Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
26	Gujarat Rural Welfare Board Gandhinagar	Labour and Emploment
27	Unorganised Labour Welfare Board Gandhinagar	Labour and Emploment
28	Gujarat Pavitra Yatra Dham Board (pending 2016-17 to 2018-19, 2020-21)	Industries and Mines
29	INDEXT C	Industries and Mines
30	Gujarat State Haj Committee, Gandhinagar	General Administration
31	Gandhinagar Gymkhana	General Administration
32	Gujarat State Social Security Board, Gandhinagar	Labour & Employment
<b>2017-18 onwards</b>		
1	Gujarat Forensic Sciences University, Gandhinagar	Home
2	Gujarat Medical Education and Research Society (GMERS), Gandhinagar	Health and Family Welfare
3	Gujarat Livestock Development Board, Gandhinagar	Agriculture, Farmer's Welfare and Co-operation
4	Gujarat Pollution Control Board, Gandhinagar	Forests and Environment
5	Development support Agency of Gujarat, Tribal Development Department, Gandhinagar	Tribal Development
6	Electronic Quality Development Centre, Ahmedabad	Industries and Mines
7	Forest Development Agency, Banaskantha	Forests and Environment
8	Forest Development Agency, Bhavnagar	Forests and Environment
9	Institute of Kidney Diseases & Research Centre, Ahmedabad	Health and Family Welfare
<b>2018-19</b>		
1	Gujarat Council of Science City, Ahmedabad	Science and Technology
2	Institute for Post Graduate Teaching & Research in Ayurveda (IPGTRA), Jamnagar	Education
3	Indian Institute of Teachers Education, Gandhinagar	Education
4	State Literacy Mission Authority, Gandhinagar	Education
5	Gujarat Council of Vocational Training, Gandhinagar	Education
<b>2019-20</b>		
1	Adult Training Centre (Trust) for the Blind, Ahmedabad	Social Justice and Empowerment
2	Andh Kanya Prakash Gruh, Ahmedabad	Social Justice and Empowerment
3	B.S. Nathwani T.B. Hospital, Keshod, Junagadh	Health and Family Welfare
4	B.V. Patel Pharmaceutical Education Research Development (PERD) Centre, Ahmedabad	Education
5	Blind Men's/Peoples Association, Ahmedabad	Social Justice and Empowerment
6	Employment Extension Bureau, Gandhinagar	Labour and Employment
7	Gujarat Backward Classes Development Corporation, Gandhinagar	Social Justice and Empowerment
8	Gujarat State AIDS Control Society, Ahmedabad	Health and Family Welfare
9	Gujarat State Council for Blood Transfusion, New Mental Hospital Complex, Ahmedabad	Health and Family Welfare
10	Gujarat Horticulture Mission, Gandhinagar	Agriculture, Farmer's Welfare and Co-operation

Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
11	Maharaja Sayajirao University, Fatehgunj, Vadodara	Education
12	Mahatma Gandhi Labour Institute, Ahmedabad	Labour & Employment Department
13	Maniben Pithawala I.T.I Navyug College, Surat	Labour and Employment
14	Ravishankar Maharaj Eye Hospital, Gujarat Blind Relief & Health Association, Anand	Health and Family Welfare
15	Sardar Patel University, Vallabh Vidyanagar, Anand	Education
16	Shree Kathiawar Nirashrit Balashram, Rajkot	Social Justice and Empowerment
17	Saurashtra University, University Road, Rajkot	Education
18	Tribal Research & Training Institute Gujarat Vidyapith, Ahmedabad	Tribal Development
19	Veer Narmad South Gujarat University, Surat	Education
20	Vitthalbhai Patel & Rajratna P.T. Patel Science College, Anand	Education
21	Knowledge Consortium of Gujarat, Ahmedabad	Education Department
22	R.K. Patel Technical (ITI), Anand	Labour and Employment
23	Gujarat School Quality Accreditation Council Gandhinagar	Education
24	Gujarat State Board Text book Gandhinagar	Education
25	Rajesh Mehta Technical School for Blind, C/o Blind People's Association, Ahmedabad	Social Justice and Empowerment
26	Gujarat Technological University Ahmedabad	Education
27	Sarvajanic Hospital & Maternity Home, Mehsana	Health and Family Welfare
28	Shivanand Mission, Saurashtra Central Hospital, Rajkot	Health and Family Welfare
29	Gujarat Water Supply and Sewerage Board, Gandhinagar	Narmada, Water Resources, Water Supply & Kalpsar
30	Bhagubhai mafatlal hospital( sevashram), Bharuch	Health and Family Welfare
31	International Centre for Entrepreneurship and Career Development, Ahmedabad	Education
32	Rogi Kalyan Samiti, Pandit Deen Dayal Upadhya Hospital, Rajkot	Health and Family Welfare
33	Gujarat Homoeopathic Medical College, Vadodara.	Education
34	Gujarat Institute of Educational Technology, Ahmedabad.	Education
35	Gujarat Knowledge Society, Directorate of Technical Education, Gandhinagar	Education
36	Hemchandracharya North Gujarat University, Patan	Education
37	Shri Pragna Chakshu Mahila Sevakunj, Surendranagar	Health & Family Welfare
38	Shrimant Fatehsinh Rao Gaekwad General Hospital, Sabarkantha	Health & Family Welfare
39	Gujarat Social Infrastructure Development Society (GSIDS), Gandhinagar	General Administration
40	Gujarat Information Commission, Gandhinagar	General Administration
41	Gujarat State Disaster Management Agency GSDMA	Revenue
42	Gujarat Press Academy, Gandhinagar	Information and Broadcasting
43	Seth Vadilal Sarabhai General Hospital & Seth Chinai Maternity Hospital, Ahmedabad	Health & Family Welfare

Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
<b>2020-21</b>		
1	Gujarat Tribal Development Corporation Gandhinagar	Tribal Development
2	Gujarat Energy Development Agency Gandhinagar	Climate Change
3	GEER Gandhinagar	Forests and Environment
4	Institute of Seismological Research	Science and Technology
5	Gujarat Environment Management institute	Forests and Environment
6	Water & land management institute Anand	Narmada, Water Resources, Water Supply & Kalpsar
7	Center for Entrepreneurship Development Gandhinagar	Industries and Mines
8	Electrical Research & Dev. Association (ERDA)Vadodara	Industries and Mines
9	Gujarat Industrial Research & Development Agency, Vadodara	Industries and Mines
10	Gujarat Infrastructure Development Board	Industries and Mines
11	Gujarat Matikam Kalakari & Rural Technology institute Gandhinagar	Industries and Mines
12	INDEXT B	Industries and Mines
13	Gujarat National law university, Gandhinagar	Legal
14	A. R. College of Pharmacy & G. H. Patel Institute of Pharmacy, Anand	Education
15	Anand Homoeopathic Medical College & Research Institute, Anand	Health & Family Welfare
16	Andh Apang Kalyan Kendra, Ahmedabad	Social Justice & Empowerment
17	B. M. Institute of Mental Health, Ahmedabad	Social Justice & Empowerment
18	Bhailalbhai & Bhikhabhai Institute of Technology, Anand	Education
19	Bhavnagar University, Sardar Vallabhbhai Patel Campus, Bhavnagar	Education
20	Birla Vishwakarma Mahavidalaya Engineering College, Anand	Education
21	Blind Welfare Council, Dahod	Social Justice & Empowerment
22	C. L. Patel Technical Institute, Kheda	Education
23	C. U. Shah T. B. Hospital, Surendranagar	Health & Family Welfare
24	Cambay General Hospital, Khambhat	Health & Family Welfare
25	Centre for Social Studies, Veer Narmad South Gujarat University, Surat	Education
26	Chikhli Education Society, Chikhali	Labour & Employment
27	Children's University, Gandhinagar	Education
28	Chimanlal Nagindas Technical Centre, Ahmedabad	Education
29	D. S. Patel Technical Institute, Sunav, Taluka,Anand	Education
30	Dharmsinh Desai Institute of Technology, , Nadiad	Education
31	Disable Welfare Trust of India, Unara, Surat	Social Justice & Empowerment
32	Dr. Dayaram Patel Pharmacy College, Surat	Education
33	Dr. Rasiklal Shah Sarvajanic Hospital, Sabarkantha	Health & Family Welfare
34	Gujarat Ayurved University, Jamnagar	Education

Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
35	Gujarat Cancer & Research Centre, Ahmedabad	Health & Family Welfare
36	Gujarat Social Infrastructure Development Society (GSIDS), Gandhinagar	Urban Development & Urban Housing
37	Gujarat State Child Protection Society, Gandhinagar.	Social Justice & Empowerment
38	Gujarat Urban Development Mission, Gandhinagar	Urban Development & Urban Housing
39	Jan Shikshan Sansthan, Rander, Surat	Education
40	Janak Smarak Hospital, Vyara, Tapi	Health & Family Welfare
41	Kacheria Mojilal Gordhandas General Hospital, Kheda	Health & Family Welfare
42	L. M. College of Pharmacy, Ahmedabad.	Education
43	Lions Cancer Detection Centre Trust, Surat	Health & Family Welfare
44	M. N. College of Pharmacy, Anand	Education
45	Medical College Development Committee, Government, Surat	Health & Family Welfare
46	O. H. Nazar Ayurved Mahavidalaya and Ayurved Hospital, Surat	Health & Family Welfare
47	R. B. Patel Technical Institute, Navsari	Education
48	R. K. Patel Technical Institute, Kheda	Education
49	Revabai General Hospital, Sardhav, Gandhinagar	Health & Family Welfare
50	Rogi Kalyan Samiti, Government Spine Institute & Physiotherapy College, New Civil Hospital, Ahmedabad	Health & Family Welfare
51	Sardar Patel Institute of Economic & Social Research, Thaltej Road, , Ahmedabad	Education
52	Sardar Smarak Hospital, Bardoli, Surat	Health & Family Welfare
53	School for Deaf - Mutes Society, Ashram Road, Ahmedabad	Social Justice & Empowerment
54	Shamlaji Hospital, CHC Shamlaji, Taluka Bhiloda, Dist Arvalli	Health & Family Welfare
55	Shanti Lal Shah College of Pharmacy, Bhavnagar	Education
56	Sharda School for the Mentally Retarded Children, Ashram Road, Ahmedabad	Social Justice & Empowerment
57	Smt. B. H. Shah (Karjanwala) Industrial Training Institute, Kamrej Char Rasta, Surat	Labour & Employment
58	Tolani Foundation Gandhidham Polytechnic, Adipur, Kutch	Education
59	Trimurti Hospital, Bavla, Ahmedabad	Health & Family Welfare
60	U. N. Mehta Institute of Cardiology and Research Centre, Ahmedabad	Health & Family Welfare
61	Water and Land Management Institute, (Gujarat Irrigation Management Society), Anand	Narmada, Water Resources, Water Supply & Kalpsar
62	Xavier Technical Institute, Sevasi, Vadodara	Education
63	Junagadh Agriculture University, Junagadh, Gujarat	Agriculture, Farmer's Welfare and Co-operation
64	Sardar Krushinagar Agriculture University, NH 8, Sardarkrushinagar, Dantiwada	Agriculture, Farmer's Welfare and Co-operation
65	Gujarat Skill Development Society, Gandhinagar	Labour & Employment

Sr. No.	Name of AB and year from which Accounts have not been received up to 2020-21	Grants-in-aid releasing Department
66	Society for creation of Opportunity through Proficiency in English (SCOPE), Ahmedabad	Education

Source: Information compiled by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II)

## APPENDIX 4.7

**Department-wise/category-wise details of losses due to theft, misappropriation/loss of Government material and fire/accidents as on 30 June 2021**

**(Reference: Paragraph 4.16)**

Name of Department	Theft cases		Misappropriation/ Loss of Government material		Fire/Accident cases		Total	
	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)
Agriculture, Farmer's Welfare and Co-operation	1	3.21	1	1.41	0	0	2	4.62
Education	8	4.75	9	478.98	0	0	17	483.73
Food, Civil Supplies and Consumer Affairs	1	0.11	1	61.65	0	0	2	61.76
Forests & Environment	8	3.47	8	188.92	20	196.36	36	388.75
Health and Family Welfare	6	2.93	6	147.38	0	0	12	150.31
Home	0	0	13	128.34	0	0	13	128.34
Industries and Mines	1	0.46	2	77.62	0	0	3	78.08
Labour Employment	1	5.13	1	4.00	0	0	2	9.13
Legal	1	11.68	5	3.53	1	8	7	23.21
Narmada, Water Resources, Water Supply and Kalpsar	11	6.46	17	37.70	0	0	28	44.16
Ports and Transport	1	3.21	4	69.08	0	0	5	72.29
Roads and Buildings	3	1.57	4	347.38	0	0	7	348.95
Revenue	0	0	26	14.46	0	0	26	14.46
Panchayats, Rural Housing and Rural Development	0	0	6	68.62	0	0	6	68.62
Social Justice and Empowerment	0	0	1	14.87	0	0	1	14.87
Tribal Development	0	0	1	147.19	0	0	1	147.19
Urban Development and Urban Housing	0	0	2	24.4	0	0	2	24.40
<b>Total</b>	<b>42</b>	<b>42.98</b>	<b>107</b>	<b>1,815.53</b>	<b>21</b>	<b>204.36</b>	<b>170</b>	<b>2,062.87</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II) from data furnished by concerned Departments.





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