



सत्यमेव जयते

**State Finances Audit Report
of the
Comptroller and Auditor General of India
for the year ended 31 March 2023**



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Punjab
Report No. 2 of the year 2024

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of the
Comptroller and Auditor General of India

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Preface

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

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

Chapters II and III of this Report contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2023. Information has been obtained from the Government of Punjab wherever necessary.

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

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

The Report containing the findings of performance audit and audit of transactions in various departments, Report containing the observations on audit of Statutory Corporations, Boards and Government Companies and the Report on Revenue Sector are presented separately.

Executive Summary

Executive Summary

About the Report

This Report of the CAG of India is on the State Finances for the year 2022-23. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 7.49 per cent from ₹ 5,12,510 crore in 2018-19 to ₹ 6,73,107 crore in 2022-23. Budget Outlay of the State grew at an average annual growth rate of 10.17 per cent from ₹ 1,34,355.89 crore in 2018-19 to ₹ 1,92,655.66 crore in 2022-23.

There was 9.59 per cent growth in GSDP over 2021-22. The revenue receipts grew at 12.09 per cent and the percentage of revenue receipts over GSDP improved from 12.73 per cent in 2021-22 to 13.02 per cent in 2022-23. The tax revenue increased by 12.91 per cent during the period and the State's own tax revenue increased by 13.17 per cent. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Punjab increased from ₹ 1,06,222 crore in 2021-22 to ₹ 1,21,710 crore in 2022-23 increasing by 14.58 per cent. Of this, revenue expenditure showed 17.62 per cent increase from 2021-22. Revenue deficit increased from ₹ 18,468 crore to ₹ 26,045 crore registering 41.03 per cent increase over 2021-22, while fiscal deficit increased from ₹ 27,847 crore in 2021-22 to ₹ 33,930 crore in 2022-23 increasing by 21.84 per cent.

Receipt-Expenditure Mismatch

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of States' share in taxes, Grants-in-aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, etc.).

From 2018-19 to 2022-23, revenue receipts grew from ₹ 62,269 crore to ₹ 87,616 crore, with an average annual growth rate of 10.76 per cent. Capital receipts also increased from ₹ 23,788 crore to ₹ 47,427 crore during this period.

The share of Grants-in-aid in revenue receipts rose from 17.84 *per cent* in 2018-19 to 25.08 *per cent* in 2022-23, indicating increased reliance on support from the Government of India. The State Government received ₹ 3,776.79 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2018-19 and 2022-23, revenue expenditure increased from ₹ 75,404 crore (14.71 *per cent* of GSDP) to ₹ 1,13,661 crore (16.89 *per cent* of GSDP). It consistently made up a significant portion (80 to 95 *per cent*) of the total expenditure during this period, growing at an average annual rate of 13 *per cent*.

Result of expenditure beyond means

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The revenue deficit of the State increased to ₹ 26,045 crore (3.87 *per cent* of GSDP) in the current year from ₹ 13,135 crore (2.56 *per cent* of GSDP) in the year 2018-19.

The State Government spent ₹ 6,667 crore only on capital account. This was 5.48 *per cent* of the total expenditure in the year 2022-23. Capital expenditure was just 7 *per cent* of the total borrowings. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State increased to ₹ 33,930 crore (5.04 *per cent* of GSDP) in 2022-23 from ₹ 16,059 crore (3.13 *per cent* of GSDP) in 2018-19.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 62-69 *per cent* of revenue expenditure during 2018-19 (67 *per cent*) and 2022-23 (62 *per cent*). The Committed expenditure increased at an average rate of 7.63 *per cent* i.e. from ₹ 50,771 crore in 2018-19 to ₹ 70,290 crore in 2022-23 {an increase of 13.52 *per cent* over 2021-22 (₹ 61,918 crore)}.

In addition to the committed expenditure, inflexible expenditure increased from 4.58 *per cent* to 10.32 *per cent* of revenue expenditure during 2018-19 to 2022-23, indicating a rising trend. The inflexible expenditure increased from ₹ 9,721 crore in 2021-22 to ₹ 11,734 crore in 2022-23 registering an increase of 20.71 *per cent*.

Taken together, the committed and inflexible expenditure in 2022-23 was ₹ 82,024 crore; 72 *per cent* of the revenue expenditure. Upward trend on

committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Subsidies constitute major portion of the non-committed expenditure

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 13,361 crore in 2018 -19 to ₹ 20,607 crore in 2022-23 i.e., from 17.72 *per cent* of the total revenue expenditure in 2018-19 to 18.13 *per cent* in 2022-23. Power subsidies constituted a significant portion, ranging from 68 *per cent* to 99 *per cent* of the total subsidies during this period. Apart from this, the State Government also spent ₹ 811.19 crore on implicit subsidies.

Off-budget borrowings

The State Government, through Public Sector Undertakings and parastatals, raised ₹ 3,243.48 crore as off-budget borrowings; which did not flow into the Consolidated Fund of the State but are required to be repaid and serviced through budget.

Contingent Liabilities on account of Guarantees

In 2022-23, the Government provided guarantees against borrowings of ₹ 3,507 crore. During the year, Government paid ₹ 0.97 crore against the guarantee of ₹ 12.97 crore invoked i.e. the State did not pay an amount of ₹ 12 crore against the guarantees invoked.

The State Government had also notified reversion to the Old Pension Scheme (OPS) vide Notification dated 18 November 2022. The imminent financial burden on account of implementation of OPS also needs to be reckoned while assessing debt sustainability of the State.

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, etc. So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, etc. and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, etc.

FRBM requirements and compliance with fiscal parameters

The FRBM Act / Rules prescribes certain limits within which revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be, and similarly for guarantees as a percentage of revenue receipts of the previous year. In compliance with the provisions of State Fiscal Consolidation Roadmap under FRBM Act, the target of revenue deficit of the State was 1.99 *per cent* of GSDP, whereas the target for fiscal deficit was

3.78 per cent against which the revenue deficit was 3.87 per cent and fiscal deficit of the State was 5.04 per cent respectively. Debt was 43.64 per cent as against limit of 45.23 per cent and guarantees given were 25.85 per cent as against the prescribed limit of 80 per cent.

Further, if the quantum of the off-budget borrowings is included as part of debt, the overall liability (includes Public Debt and Public Account Liabilities) of the Government was 44.12 per cent of the GSDP. Going by the fiscal trends, the State finances are heavily stressed.

As per the debt stabilisation analysis, the public debt of the Government of Punjab has grown on an average at a rate of 9.25 per cent annually of the outstanding public debt between 2018-19 to 2022-23. Public debt-GSDP ratio of Punjab has increased from 34.95 per cent in 2018-19 to 38.03 per cent in 2022-23, which indicates that debt stabilisation may not be possible in near future.

During the years 2021-22 and 2022-23, though the Domar gap (expressed as $g-r$) was positive and its value also increased from the preceding years (the increase was due to increase in GSDP attributed to economic recovery post Covid-19 pandemic), the primary deficit was not stable and kept on increasing sharply till 2022-23. Therefore, the trends of strong economic growth (expressed as $g-r > 0$) by only observing the Domar gap in 2021-22 and 2022-23 cannot be conclusively generalized. Further, substantial proportion of total debt receipts was being used for repayment for borrowings, which ranged between 68.37 per cent and 73.54 per cent during the period 2018-2023. Thus, it becomes evident that depending solely on economic growth (expressed as $g-r > 0$ from 2021-2023) would not suffice to cover the debt obligations of the State.

Going by the analysis and results as discussed above, the finances of the State of Punjab is marked by increasing trend of liabilities (debt, guarantees, implicit subsidies, off-budget borrowings, etc.) which pose risk to target of debt stabilisation and debt sustainability. Implementation of the Old Pension Scheme shall further add to this fiscal stress.

Budget performance

Aggregate expenditure outturn

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate (BE) originally approved, both in terms of less than (-) and in excess (+) of approval. In the Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 4.46 per cent. This was due to deviation up to (\pm) 25 per cent in 30 grants, between (-) 25 per cent and (-) 50 per cent in nine grants; and between (-) 50 per cent and (-) 100 per cent in three grants. In the Capital section, deviation in outturn compared with BE was (-) 9.68 per cent. This was due to deviation up to (-) 25 per cent in 11 grants, between (-) 25 per cent and

(-) 50 per cent in 9 grants; and between (-) 50 per cent and (-) 100 per cent in 17 grants. No provision was made in respect of five grants of the Capital section.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In the Revenue section, deviation in outturn compared with Revised Estimates (RE) was (-) 3.16 per cent. This was due to deviation up to (\pm) 25 per cent in 38 grants, between (\pm) 25 per cent and (\pm) 50 per cent in three grants and between (\pm) 50 per cent and (\pm) 100 per cent in one grant. In the Capital section, deviation in outturn compared with RE was (-) 4.84 per cent. This was due to deviation up to (\pm) 25 per cent in 20 grants, between (-) 25 per cent and (-) 50 per cent in five grants, between (-) 50 per cent and (-) 100 per cent in six grants and equal to 100 per cent in four grants.

It was noticed that supplementary provisions of ₹ 2,249.49 crore during the year 2022-23 in 17 cases (more than ₹ one crore in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were less than 10 per cent, there were deviations up to 25 per cent and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should need to deal with such deviations.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short-discharging of liabilities and misclassification of transactions and data gaps.

Regularisation of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per article 204 and 205(1)(b) of the Constitution. It was observed that in 2022-23, there was excess expenditure of ₹ 1,475.11 crore under three grants which required regularisation.

Misclassification in accounts

It was noticed that budget provision of ₹ 388.71 crore under six schemes (exceeding ₹ one crore in each scheme) was made under the wrong head of account.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government did not make compliance with IGAS-3: Loans and Advances made by the Government.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account. As per information available on the PFMS portal, ₹ 7,714.30 crore (₹ 4,559.39 crore share of the Government of India and ₹ 3,154.91 crore share of the State Government) was transferred to the SNAs during 2022-23. However, the State Government intimated that ₹ 8,083.83 crore were transferred to the SNAs during 2022-23, out of which, ₹ 4,158.32 crore were transferred through AC Bills, ₹ 2,956.16 crore through GIA bills, ₹ 921.39 crore through Fully Vouched Contingent Bills, ₹ 47.71 crore through Payment against works and ₹ 0.25 crore through Arrears Bills. As per data available on PFMS Portal, ₹ 3,993.38 crore¹ was lying unspent in the bank accounts of SNAs as on 31 March 2023. Detailed vouchers and supporting documents of actual expenditure were not received by the office of Accountant General (A&E) Punjab from the SNAs. The State Government has been requested to make the details of the bills drawn, as it is of importance for completeness of the accounts, financial reporting and transparent financial control.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 792 outstanding UCs of ₹ 3,674.05 crore were pending as on 31 March 2023.

DC bills against AC bills

Similarly, despite the requirement of submitting Detailed Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 2,074 AC bills of ₹ 5,768.04 crore were pending for submission of DC bills as on 31 March 2023, out of which 1,006 AC Bills amounting to ₹ 1,962.63 crore pertained to the period upto 2021-22.

¹ The unspent balance as on 31 March 2023 updated to ₹ 3,951.32 crore on PFMS portal (22 November 2023).

Funds outside Government Account

It was noticed that ₹ 736.10 crore collected on account of cess/levies etc. was not deposited into the Government Account by the DDOs.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS-3; funds remaining outside Government accounts; and non-supply of details of expenditure from SNAs have impacted the quality of accounts adversely.

Working of State Public Sector Undertakings

As on 31 March 2023, there were 49 State Public Sector Enterprises (SPSEs) in Punjab, including four Statutory Corporations and 42 Government Companies (including 16 inactive Government Companies) and three Government Controlled Other Companies under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by 43 SPSEs whose 229 accounts were in arrears. Out of the total profit of ₹ 319.97 crore earned by 11 working SPSEs, 91.57 per cent was contributed by three SPSEs only. Out of total loss of ₹ 5,129.73 crore incurred by 18 working SPSEs, loss of ₹ 5,049.88 crore was incurred by three SPSEs. The financial impact of CAG's comments issued during October 2022 to September 2023 on financial statements of SPSEs was ₹ 67.30 crore on profitability and ₹ 519.92 crore on the financial position.

The State Government may impress upon the managements of SPSEs to ensure timely submission of their financial statements. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature. The State Government may also analyse the reasons of losses in loss making SPSEs and initiate steps to make their operations efficient and profitable.

Chapter-I

Overview

Chapter-I

Overview

1.1 Profile of the State

Punjab is predominantly an agrarian State. The State is located in the north-western corner of India. It is spread over a geographical area of 50,362 sq. km. and ranks 20th among States/UTs in terms of area. It has been organised into 23 districts. The districts have further been divided into 97 sub-divisions, 153 blocks and 12,581 inhabited villages.

As per Population Projections by National Commission on Population, Ministry of Health & Family Welfare, Government of India, the State's projected population was 3.07 crore as on March 2023 which accounts for 2.21 *per cent* of the country's projected population (138.82 crore) and ranks 16th among States in terms of population. The population density of the State at 610.18 persons per sq. km. was higher than the national average of 422.26 persons per sq. km. The State's literacy rate is 75.80 *per cent* (as per 2011 Census) (*Appendix 1.1*).

1.1.1 Gross State Domestic Product of the State

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

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

Trends in GSDP compared to GDP are shown in **Table 1.1**.

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

Year	2018-19	2019-20	2020-21	2021-22	2022-23
<i>(₹ in crore)</i>					
INDIA					
GDP (2011-12 Series)	1,88,99,668	2,01,03,593 3 rd RE	1,98,29,927 2 nd RE	2,34,71,012 1 st RE	2,72,40,712 PE
GVA	1,71,75,128	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over previous year (in per cent)	10.59	6.37	(-).1.36	18.36	16.06
Growth rate of GVA over previous year (in per cent)	10.77	7.02	(-).1.05	17.87	15.41
Per Capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983
PUNJAB					
GSDP (2011-12 Series)	5,12,510	5,37,031	5,40,853	6,14,227	6,73,107
GSVA	4,63,988	4,90,095	4,86,839	5,48,754	5,99,595
Growth rate of GSDP over previous year (in per cent)	8.81	4.78	0.71	13.57	9.59
Growth rate of GSVA over previous year (in per cent)	8.66	5.63	(-).0.66	12.72	9.26
Per Capita GSDP (in ₹)	1,67,378	1,73,119	1,72,098	1,92,919	2,08,679

Source: Ministry of Statistics and Programme Implementation (MoSPI), GoI.

RE- Revised Estimates, PE- Provisional Estimates 2017-18 : GVA: ₹ 1,55,05,665 crore, GDP : ₹ 1,70,90,042 crore, GSVA : ₹ 4,27,010 crore, GSDP : ₹ 4,71,013 crore.

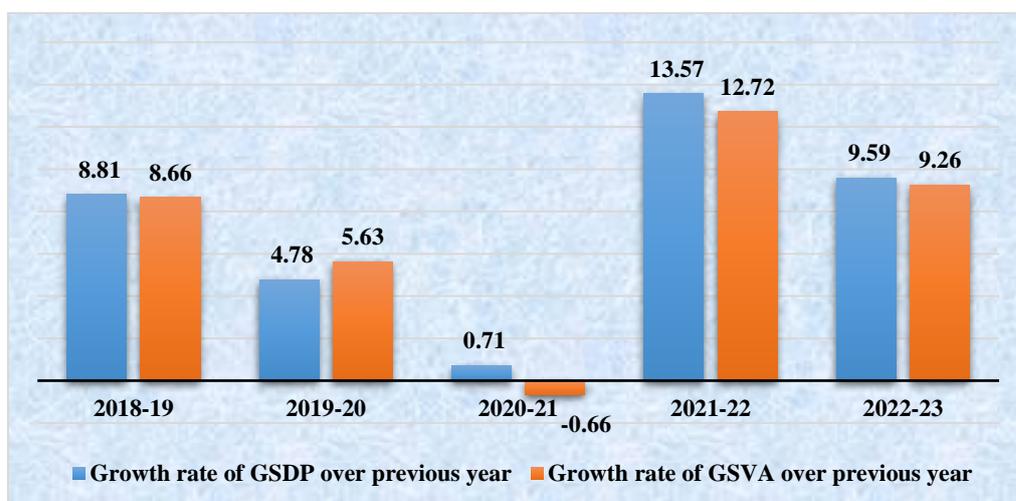
The Gross State Domestic Product (GSDP) and the Gross Domestic Product (GDP) in 2022-23 were ₹ 6,73,107 crore and ₹ 2,72,40,712 crore respectively at current prices. Further, the per capita GSDP of the State for the year 2022-23 was ₹ 2,08,679 while per capita GDP of the country was ₹ 1,96,983. However, the growth in per capita GSDP of the State (24.68 per cent) during the period 2018-19 to 2022-23 could not keep pace with the growth in per capita GDP of the country (38.31 per cent) during the same period. This is evidenced from the fact that the percentage of per capita GSDP of the State which was 17.52 per cent more than the per capita GDP of the country in 2018-19, decreased to 5.94 per cent of the per capita GDP as at the end of 2022-23.

Gross Value Added (GVA) is being used for economic analysis by Government of India (GoI) and international organisations like IMF and World Bank. GVA is considered a better indicator of economic growth compared to GDP as it ignores the impact of taxes and subsidies, while GDP can be and is also computed as the sum total of the various expenditures incurred in the economy including private consumption spending, government consumption

spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both measures have difference in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective it is therefore vital to have a comparison of GVA and GSVA data for better analysis and making policy interventions.

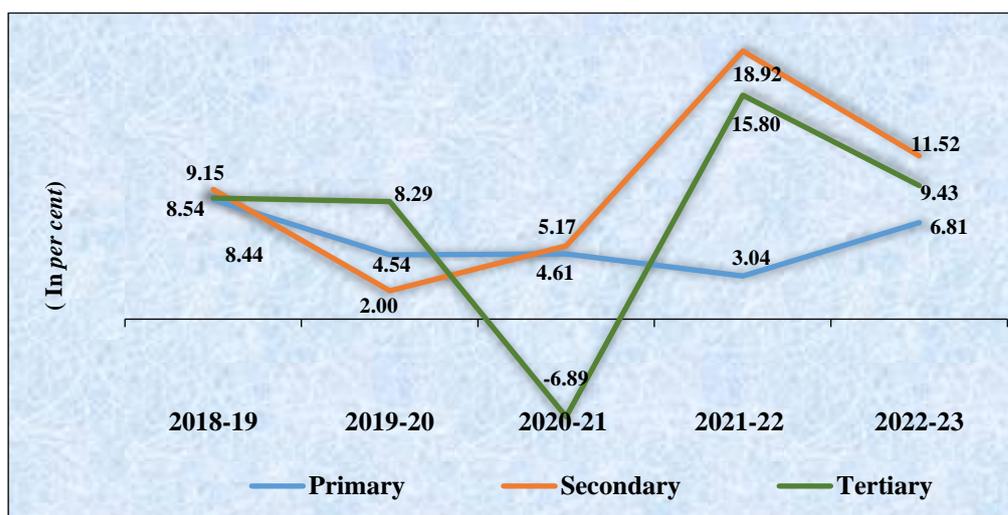
Trends in growth of GSVA compared to GSDP and sectoral growth in GSDP during the period 2018-19 to 2022-23 are depicted in **Chart 1.1** and **Chart 1.2** respectively.

Chart 1.1: Growth rate of GSDP vs GSVA (2018-19 to 2022-23)



Source: Ministry of Statistics and Programme Implementation, GoI.

Chart 1.2: Sectoral growth in GSDP



Source: Ministry of Statistics and Programme Implementation, GoI.

Chart 1.2 shows that during 2021-22, there was significant growth in two sectors contributing to GSDP viz. industry (part of secondary sector) and service (part of tertiary sector), which was attributed to recovery of economic activity post COVID-19 pandemic. However, during the year 2022-23, there was

significant decline in industry and service sectors, whereas growth was noticed in agriculture sector (part of primary sector).

1.2 Basis and Approach to State Finances Audit Report

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

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

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

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

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

The audit analysis/findings of Chapters I to IV of the Report were discussed in a meeting held (December 2023) with the Secretary, Department of Finance, Government of Punjab. The replies received as per discussion in the meeting and those received from the State Government in November 2023 have been suitably incorporated in the Report.

1.3 Overview of Government Accounting Structure and Budgetary Processes

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

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

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

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

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

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

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

Budget Document

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated

receipts and expenditures of the Government in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

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

Revenue expenditure consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

Capital receipts consist of:

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

Capital expenditure includes expenditure on the acquisition of land, building, machinery, equipment and investment by the Government in shares of Public Sector Undertakings (PSUs).

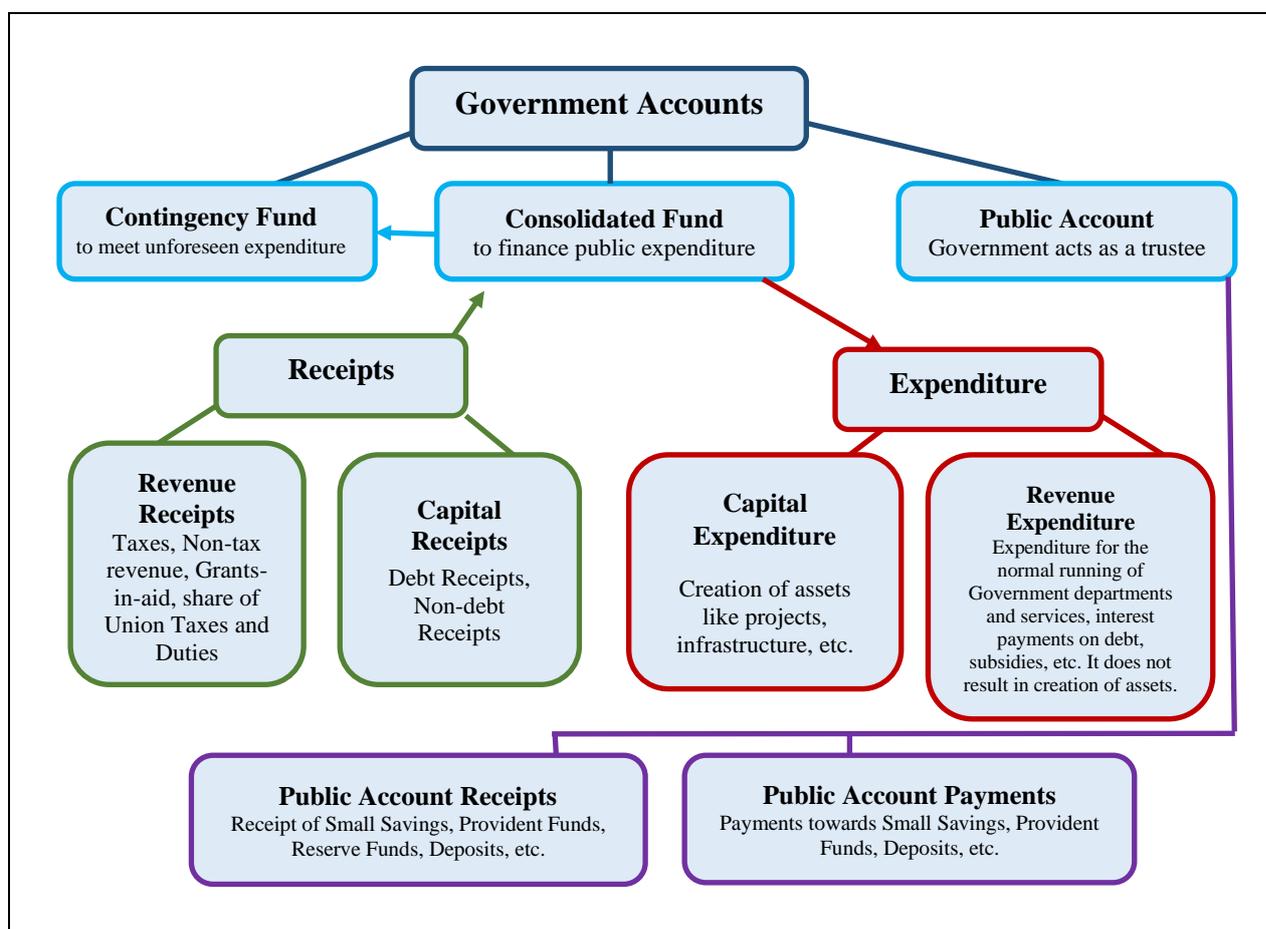
At present, there is an accounting classification system in Government that is both functional and economic.

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

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

capital expenditure. Object head is the primary unit of appropriation in the budget documents.

Chart 1.3: Structure of Government Accounts



Source: Finance Accounts

Public Debt and Public Liability: In this Report, 'Public Debt' has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loans given by Central Government etc. For this purpose, the major heads 6003 and 6004 - Public Debt have been taken into consideration.

Further, the transactions relating to 'Small Savings, Provident Fund, etc.', 'Reserve Funds' and 'Deposit and Advances' under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to 'Remittances' and 'Suspense' under Public Account, include merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, 'Public Liability' has been taken to include the transactions under major heads 8001 to 8554 relating to 'Small Savings, Provident Fund, etc.', 'Reserve Funds' and 'Deposit and Advances' along with the transactions under major heads 6003 and 6004.

Budgetary Processes

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

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

1.3.1 Snapshot of Finances

Table 1.2 shows the details of actual financial results for the years 2021-22 and 2022-23 *vis-à-vis* Budget Estimates (BE) and GSDP for the year 2022-23.

Table 1.2: Snapshot of Finances

(₹ in crore)						
Sl. No.	Components	2021-22 (Actuals)	2022-23 (BE)	2022-23 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1.	Tax Revenue	52,615.65	60,345.03	59,406.82	98.45	8.83
	<i>Own Tax Revenue</i>	<i>37,326.86</i>	<i>45,588.17</i>	<i>42,243.17</i>	<i>92.66</i>	<i>6.28</i>
	<i>Share of Union taxes/duties</i>	<i>15,288.79</i>	<i>14,756.86</i>	<i>17,163.65</i>	<i>116.31</i>	<i>2.55</i>
2.	Non-Tax Revenue	4,783.77	6,302.21	6,231.94	98.88	0.93
3.	Grants-in-aid and Contributions	20,768.89	28,731.04	21,976.84	76.49	3.26
4.	Revenue Receipts (1+2+3)	78,168.31	95,378.28	87,615.60	91.86	13.02
5.	Recovery of Loans and Advances	206.73	700.00	163.67	23.38	0.02
6.	Other Receipts	0.00	0.00	0.21	0.00	0.00
7.	Borrowings and other liabilities*	27,847.26 [§]	23,835.13	33,930.04	142.35	5.04
8.	Capital Receipts (5+6+7)	28,053.99	24,535.13	34,093.92	138.96	5.07
9.	Total Receipts (4+8)	1,06,222.30	1,19,913.41	1,21,709.52	101.50	18.08
10.	Revenue Expenditure	96,636.51	1,07,932.08	1,13,660.63	105.31	16.89
11.	Interest payments [#]	19,063.51	20,122.30	19,905.13	98.92	2.96
12.	Capital Expenditure	8,009.98	10,981.09	6,667.21	60.72	0.99
13.	Loans and advances	1,575.81	1,000.24	1,381.68	138.13	0.21
14.	Total Expenditure (10+12+13)	1,06,222.30	1,19,913.41	1,21,709.52	101.50	18.08
15.	Revenue Deficit (4-10)	(-18,468.20)	(-12,553.80)	(-26,045.03)	207.47	3.87
16.	Fiscal Deficit {(4+5+6)-14}	(-27,847.26)	(-23,835.13)	(-33,930.04)	142.35	5.04
17.	Primary Deficit(-)/ Surplus(+) (16-11)	(-8,783.75)	(-3,712.83)	(-14,024.91)	377.74	2.08

Source: Finance Accounts and Annual Financial Statement.

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

§ Includes ₹ 12,132.41 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Included in the Revenue Expenditure shown at Sl. No. 10.

During the year 2022-23, though the revenue receipts of the State increased by 12 per cent over the previous year, these fell short by eight per cent of the budget estimates. During the current year, there was excess of revenue expenditure (₹ 1,13,661 crore) over revenue receipts (₹ 87,616 crore), thereby resulting in revenue deficit of ₹ 26,045 crore.

Goods and Services Tax (GST) compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. During the current year, GoP received ₹ 7,869 crore as GST compensation.

1.3.2 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.2* gives an abstract of such liabilities and assets as on 31 March 2023, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly of the capital expenditure and loans and advances given by the State Government and cash balances. Summarised position of assets and liabilities is depicted in **Table 1.3**.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
	2021-22	2022-23	Per cent increase/decrease		2021-22	2022-23	Per cent increase/decrease		
Consolidated Fund									
A	Internal Debt	2,20,196.34	2,50,971.66	13.98	a	Gross Capital Expenditure	78,467.77	85,134.74	8.50
B	Loans and Advances from GoI*	25,094.25	25,487.39	1.57	b	Loans and Advances	37,669.67	38,887.68	3.23
Contingency Fund		25.00	25.00	0.00					
Public Account									
A	Small Savings, Provident Funds, etc.	22,187.70	22,404.33	0.98	a	Advances with Departmental officers	0.42	0.42	0.00
B	Deposits	4,785.10	4,913.27	2.68	b	Remittances	75.45	44.26	(-)41.34
C	Reserve Funds	12,636.52	16,795.71	32.91	c	Suspense and Miscellaneous	130.37	0.66	(-)99.49
D	Remittances	--	--	--		Cash balance (including investment in Earmarked Funds)	6,871.64	9,009.46	31.11
E	Suspense and Miscellaneous	92.86	327.36	252.53		Total	1,23,215.32	1,33,077.22	8.00
						Difference on account of rounding-off	0.02	0.04	
						Deficit in Revenue Account	1,61,802.43	1,87,847.46	16.10
Total		2,85,017.77	3,20,924.72	12.60			2,85,017.77	3,20,924.72	12.60

Source: Finance Accounts

* Includes back-to-back loans of ₹ 20,491.41 crore (₹ 8,359 crore and ₹ 12,132.41 crore received from the GoI during 2020-21 and 2021-22 respectively), in lieu of GST Compensation shortfall, which are not to be repaid by the State Government from its resources.

1.4 Fiscal Balance: Achievement of deficit and total debt targets

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

Deficits are financed by borrowing giving rise to Government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which add to the stock of debt. If the Government continues to borrow year after year, it leads to accumulation of debt and the Government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

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

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

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

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

In May 2003, the State Government enacted the Punjab FRBM Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudent debt management. Subsequently, in March 2011, the State Government amended the FRBM Act on the recommendations of the

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

The Fourteenth Finance Commission (14th FC) recommended that the State Government may amend its FRBM Act to provide for statutory flexible limits on fiscal deficit and also to provide a statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision for ensuring that liabilities of incomplete and ongoing capital projects do not accumulate.

The 14th FC also recommended to the State Government to adopt a template for collating, analysing and annually reporting the total extended public debt in the budget, as a supplement to the budget, to assess the debt position of the State in the context of risks arising from guarantees, off-budget borrowings and accumulated losses from financially weak public sector enterprises. In order to accord greater sanctity and legitimacy to fiscal management legislation, the State Government was recommended to replace the existing FRBM Act with a Debt Ceiling and Fiscal Responsibility Legislation, specifically invoking Article 293(1) of the Constitution of India.

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

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

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

The weightage of each reform was 0.25 *per cent* of GSDP totaling to one *per cent*.

The State Government further amended its FRBM Act in January 2022. The statutory flexible limit on fiscal deficit had been fixed at 3.50 *per cent* of GSDP and additional 0.50 *per cent* of GSDP on the basis of capital expenditure incurred by the State, in the year 2021-22, and maintain thereafter at three *per cent* or as allowed by Government of India, from time to time. Additional ceiling of 0.50 *per cent* of the projected GSDP was to be allowed if the State Government

had spent at least 70 *per cent* of the targeted capital outlay of ₹ 5,421 crore fixed by the GoI for the year 2021-22, by December 2021. The State Government spent ₹ 6,039.61 crore on capital outlay by December 2021 and hence was eligible for additional ceiling of 0.50 *per cent* of the projected GSDP. Accordingly, statutory flexible limit for the fiscal deficit for the year 2021-22 works out to ₹ 24,569 crore (four *per cent* of GSDP of ₹ 6,14,227 crore).

As per the instructions of GoI, the State Government further amended its FRBM Act in July 2022. In accordance with the Net Borrowing Ceiling¹ (NBC) of the State fixed (March 2022) by the Ministry of Finance, Department of Expenditure, GoI:

- the statutory flexible limit on fiscal deficit for the year 2022-23 was fixed at 3.50 *per cent* of GSDP;
- an additional amount equivalent to the employer's and employee's share of contribution of its employees pertaining to the financial year 2022-23 actually deposited with the designated authority i.e. the National Securities Depository Limited (NSDL)/trustee bank as per the guidelines of the National Pension System (NPS);
- an additional amount equivalent to carried forward unutilised borrowing out of the Borrowing Ceiling allowed for the previous years; and
- an additional amount equivalent to interest free loan availed under the "Scheme for Special Assistance to States for Capital Investment for 2022-23", in the financial year 2022-23, and maintain thereafter at 3.0 *per cent* or as allowed by the Government of India from time to time.

Accordingly, the statutory ceiling for the Government of Punjab for the year 2022-23 worked out to ₹ 40,764 crore as follows:

- (i) ₹ 23,559 crore (3.50 *per cent* of GSDP of ₹ 6,73,107 crore²);
- (ii) additional ceiling of ₹ 2,926 crore equivalent to the employer's and employee's share of contribution of its employees pertaining to the financial year 2022-23 actually deposited with the designated authority i.e. the National Securities Depository Limited (NSDL)/trustee bank;
- (iii) additional ceiling of ₹ 12,961 crore³ on account of carry forward of unutilised borrowing out of the Borrowing Ceiling allowed for the year 2021-22; and

¹ The State Government did not opt for the option i.e., 0.50 *per cent* of GSDP for the participating States on certain performance criteria in the power sector.

² As per the methodology prescribed by the 15th FC, the GoI fixed the projected GSDP (₹ 6,29,834 crore) of the year 2022-23, however, the GSDP for the year 2022-23 was revised to ₹ 6,73,107 crore as on 01 August 2023, as per *Ministry of Statistics and Programme Implementation (MoSPI), GoI*.

³ Allowed NBC of ₹ 24,569 crore minus utilised ceiling of ₹ 11,608 crore during 2021-22.

- (iv) additional ceiling of ₹ 1,318 crore equivalent to the amount of interest free loan availed under the "Scheme for Special Assistance to States for Capital Investment for 2022-23".

Further, the Fiscal Consolidation Roadmap (FCR) under FRBM Act for the period 2015-2020 was prepared and implemented from the year 2017-18. The targets under FCR for the years 2020-21 to 2022-23 have been taken from the Annual Financial Statement (AFS) for the respective years. Compliance with the targets fixed in the FCR during the period 2018-19 to 2022-23 is shown in **Table 1.4 (a)**.

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

Fiscal Parameters		Achievement <i>vis-à-vis</i> targets set in the FCR				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	(-)11,919	(-)11,687	(-)7,712	(-)8,622	(-)12,554
	A	(-)13,135 X	(-)14,285 X	(-)17,296 X	(-)18,468 X	(-)26,045 X
Fiscal Deficit (-) / Surplus (+) (₹ in crore) <i>Figures in parenthesis represent percentage of FD to GSDP.</i>	T	(-)17,650 (3.44)	(-)17,039 (3.17)	(-)21,634 (4.00)	(-)24,569 (4.00)	(-)40,764 (6.06)
	A	(-)16,059 (3.13) ✓	(-)16,826 (3.13) ✓	(-)22,584 (4.18) X	(-)27,847 (4.53) X	(-)33,930 (5.04) ✓
Ratio of total outstanding liability to GSDP (in per cent)	T	40.96	39.74	38.53	45.05	45.23
	A*	41.35 X	42.71 X	46.16 X	42.54 ✓	43.64 ✓

Source: Annual Financial Statements and Finance Accounts for the years 2018-19 to 2022-23.

T: Target; A: Achievement

* During the years 2020-21 and 2021-23, it excludes back-to-back loans of ₹ 8,359 crore and ₹ 20,491.41 crore (₹ 8,359 crore + ₹ 12,132.41 crore) respectively, in lieu of GST Compensation shortfall received from GoI which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

The targets set by 15th FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2022-23 are given in **Table 1.4(b)**.

Table 1.4(b): Targets *vis-à-vis* achievements in respect of major fiscal aggregates for the year 2022-23

Fiscal Variables	Targets as prescribed by 15 th FC	Targets in the Budget	Actuals*	Percentage variation of actuals over	
				Targets of 15 th FC	Targets in Budget
Revenue Deficit/GSDP (per cent)	(-)1.26	(-)1.99	(-)3.87	(-)2.61	(-)1.88
Fiscal Deficit/GSDP (per cent)	(-)3.50	(-)3.78	(-)5.04	(-)1.54	(-)1.26
Total outstanding liability/GSDP (per cent)	45.40	45.23 [§]	43.64 [§]	(-)1.76	(-)1.59

Source: Recommendations of 15th FC (indicative deficit and debt path for award period 2021-26), Annual Financial Statement and Finance Accounts

Note : Deficit figures have been shown in minus.

* Calculated on the basis of GSDP figures of ₹ 6,73,107 crore published by Ministry of Statistics and Programme Implementation, GoI.

§ Excluding back-to-back loans of ₹ 20,491.41 crore received from GoI in lieu of GST Compensation shortfall during 2020-22.

During the year 2022-23, the Government was unable to contain the revenue deficit-GSDP and fiscal deficit-GSDP within the levels fixed by 15th FC and those projected in the budget estimates. In addition to the liabilities shown in the accounts, the State Government also resorted to off-budget borrowings of ₹ 3,243.48 crore as explained in **Paragraph 2.8(C)**. If off-budget borrowings were also taken into account, the actual total outstanding liability to GSDP ratio would have increased to 44.12 *per cent*.

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

Table 1.5: Actuals *vis-à-vis* projections in Medium Term Fiscal Policy for the year 2022-23

(₹ in crore)

Sr. No.	Fiscal Variables	Projection as per MTFP	Actuals (2022-23)	Variation (in per cent)
1.	Own Tax Revenue	45,588	42,243	(-)7.34
2.	Non-Tax Revenue	6,302	6,232	(-)1.11
3.	Share of Central Taxes and Duties	14,757	17,164	16.31
4.	Grants-in-aid from GoI	28,731	21,977*	(-)23.51
5.	Revenue Receipts (1+2+3+4)	95,378	87,616	(-)8.14
6.	Revenue Expenditure	1,07,932	1,13,661	5.31
7.	Revenue Deficit (-)/ Surplus (+) (5-6)	(-)12,554	(-)26,045	(-)107.46
8.	Fiscal Deficit (-)/ Surplus (+)	(-)23,835	(-)33,930	(-)42.35
9.	Fiscal Deficit-GSDP ratio (per cent)	3.78	5.04	(-)1.26
10.	Debt-GSDP ratio (per cent)[#]	45.23	43.64	(-)1.59
11.	GSDP growth rate at current prices (per cent)	9.77	9.59	(-)0.18

Source: Finance Accounts and Annual Financial Statements

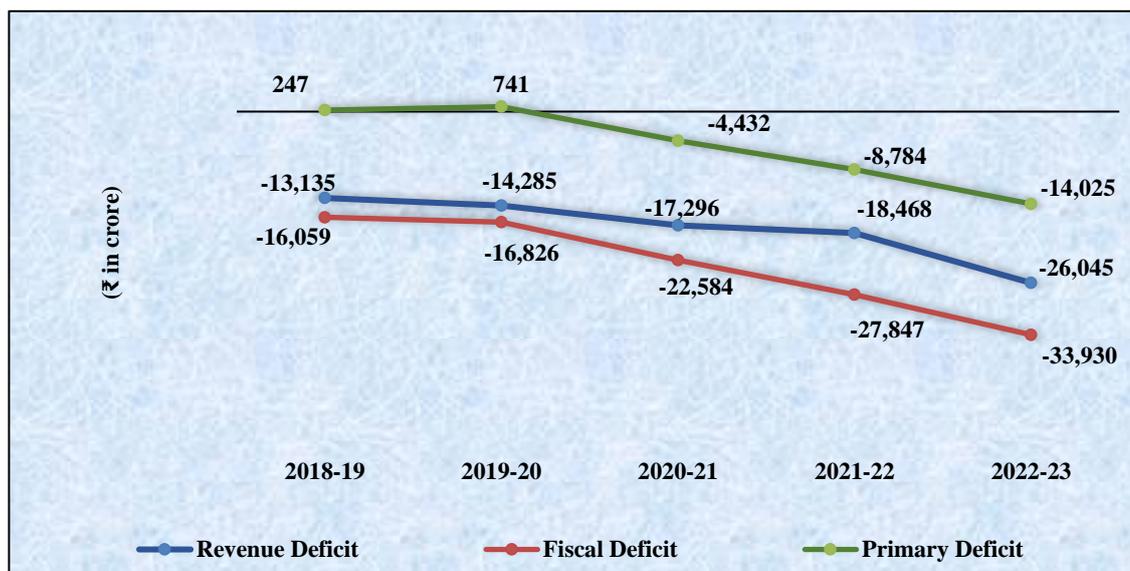
* Includes post devolution revenue deficit grant of ₹ 8,274 crore recommended by 15th FC for the year 2022-23.

Excluding back-to-back loans of ₹ 20,491 crore received from GoI in lieu of GST Compensation shortfall during 2020-22, which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

During the year 2022-23, the Government was unable to contain the revenue deficit within the level projected in the MTFP due to shortfall ranging between 1.11 *per cent* and 23.51 *per cent* in all the components of revenue receipts except in Share of Central Taxes and Duties which registered increase of 16.31 *per cent*. Consequently, the fiscal deficit and the fiscal deficit-GSDP ratio also exceeded the target projected in the MTFP by 42.35 *per cent* and 1.26 *per cent* respectively. However, if we take overstatement of ₹ 154.25 crore on account of post examination of deficits (as depicted in **Paragraph 1.5**), the fiscal deficit would exceed the target by 41.71 *per cent*.

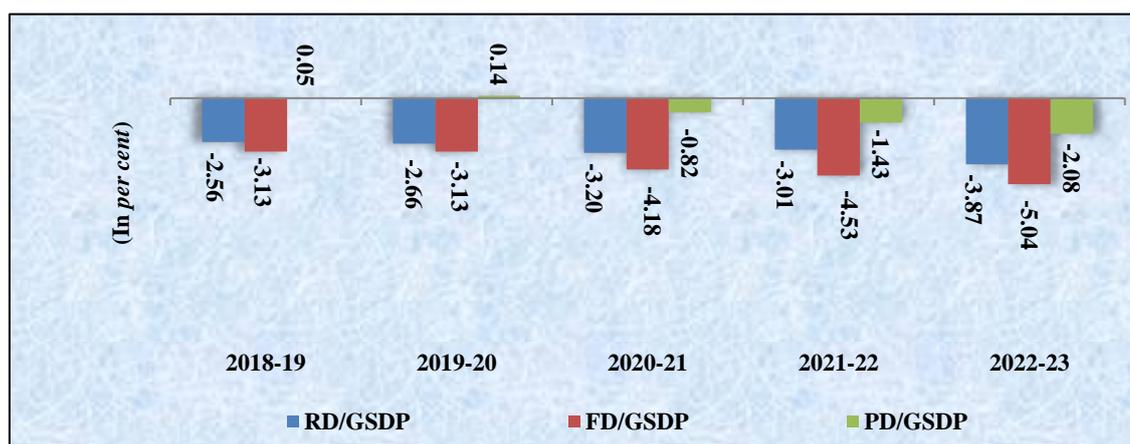
Chart 1.4 and **Chart 1.5** present the trends in deficit parameters and trends relative to GSDP respectively over the period 2018-23.

Chart 1.4: Trends in deficit parameters



Source: Finance Accounts

Chart 1.5: Trends in Deficit/Surplus relative to GSDP



Source: Finance Accounts

Revenue deficit which indicates excess of revenue expenditure over revenue receipts was to be brought down to zero by 2008-09 in terms of FRBM Act, 2003. It however, increased to ₹ 26,045 crore (3.87 per cent of GSDP) in 2022-23 from ₹ 13,135 crore (2.56 per cent of GSDP) in 2018-19. The revenue deficit as percentage of GSDP increased in 2022-23 (3.87 per cent) as compared to the previous year (3.01 per cent).

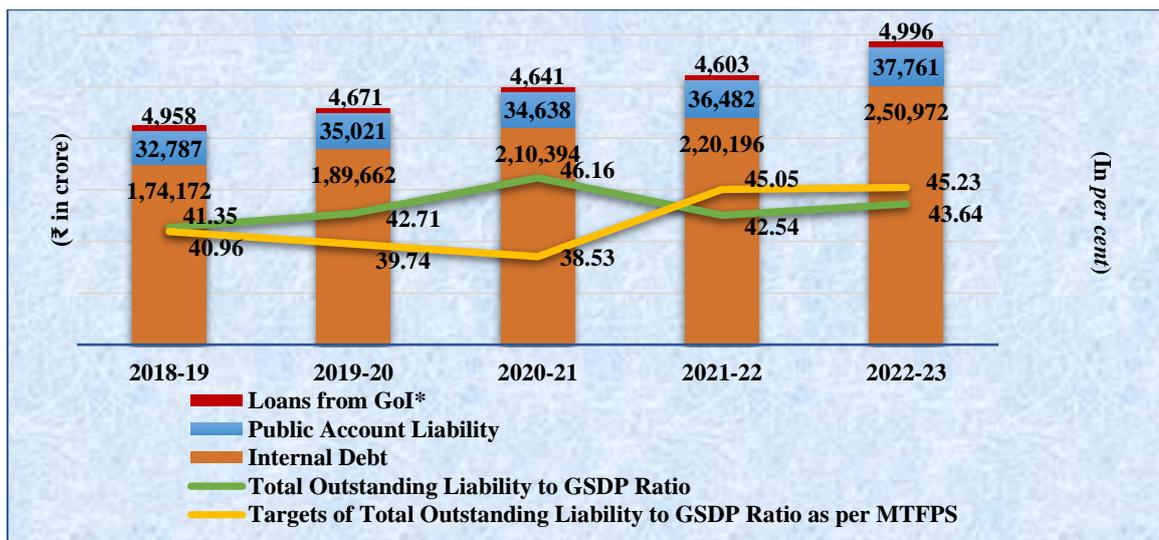
The State Government attributed (November 2023) the reasons for high revenue expenditure to committed liabilities and welfare schemes. It also added that the impact of Sixth Punjab Pay Commission was felt on salaries and pensions in 2022-23.

Fiscal deficit, which represents total borrowings of the State i.e. its total resource gap, increased substantially to ₹ 33,930 crore (5.04 per cent of GSDP) in 2022-23 from ₹ 27,847 crore (4.53 per cent of GSDP) in 2021-22. Fiscal

liabilities had been on rise as it increased by 38.61 per cent from ₹ 2,11,917 crore in 2018-19 to ₹ 2,93,729 crore in 2022-23. The ratio of total outstanding liability to GSDP could not be contained within the FRBM targets during the period 2018-2021 though it remained within the targets during 2021-22 and 2022-23.

Trends in components of fiscal liabilities during the past five years are shown in **Chart 1.6**.

Chart 1.6: Trends in Fiscal Liabilities and GSDP



Source: Finance Accounts and Ministry of Statistics and Programme Implementation (MoSPI), GoI.

* During the years 2020-21 and 2021-22, it excludes back-to-back loans of ₹ 8,359 crore and ₹ 20,491.41 crore (₹ 8,359 crore + ₹ 12,132.41 crore) respectively, in lieu of GST Compensation shortfall received from GoI which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

Primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipts, was ₹ 4,432 crore (0.82 per cent of GSDP) in 2020-21, ₹ 8,784 crore (1.43 per cent of GSDP) in 2021-22 and ₹ 14,025 crore (2.08 per cent of GSDP) in 2022-23. In 2018-19 and 2019-20, there was primary surplus of ₹ 247 crore (0.05 per cent of GSDP) and ₹ 741 crore (0.14 per cent of GSDP) respectively. This indicated excess of non-debt receipts over primary expenditure.

1.4.1 Performance of the State Government with respect to borrowings according to the limits fixed by Government of India

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

As per Statement 6 of the Finance Accounts *viz.* statement of borrowings and other liabilities, incremental borrowings and other liabilities of the State

Government were ₹ 32,448 crore during the financial year 2022-23 which remained within the borrowing ceiling of ₹ 40,764 crore⁴.

1.5 Deficits post examination by Audit

As per the FRBM Act, the State Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits, ceiling on debt and on guarantees, etc. The revenue deficit and the fiscal deficit as worked out for the State gets impacted due to various circumstances such as misclassification of revenue expenditure as capital and off-budget fiscal operations. Besides, deferment of clear-cut liabilities, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking Fund and Guarantee Redemption Fund, etc. also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification of revenue expenditure/capital outlay and/or any such misclassification needs to be included and the impact of such irregularities needs to be reversed. Analysis of deficits after examination in audit are given in **Table 1.6**.

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

Particulars	Impact on Revenue Deficit (Understated (+) / overstated(-)) (₹ in crore)	Impact on Fiscal Deficit (Understated (+) / overstated(-)) (₹ in crore)	Paragraph Reference
Short transfer to State Disaster Response Fund (SDRF)	(+) 277.07	(+) 277.07	2.5.2.2(i)
Inadmissible expenditure met from SDRF (MH-2245)	(+) 21.45	(+) 21.45	2.5.2.2(i)
Non contribution and Non-transfer of Guarantee fee to Guarantee Redemption Fund	(+) 162.22	(+) 162.22	2.5.2.3
Short payment in respect of discharge of guarantee invoked	(+) 12.00	(+) 12.00	2.8.2
Non-deposit of State levies in the Consolidated Fund of the State	(-) 736.10	(-) 736.10	2.6
Non-transfer of Labour Cess to the Punjab Building and Other Construction Workers Welfare Board	(+) 10.53	(+) 10.53	2.6.5
Non-discharge of liability in respect of interest towards interest bearing Deposits/Reserve Funds	(+) 98.58	(+) 98.58	4.1
Total	(-) 154.25	(-) 154.25	

Source: Finance Accounts

⁴ Worked out on the parameters of NBC of the State fixed (March 2022) by the Ministry of Finance, Department of Expenditure, GoI, as detailed in the preceding paragraph.

During 2022-23, the revenue deficit and fiscal deficit was ₹ 26,045 crore (3.87 per cent of GSDP) and ₹ 33,930 crore (5.04 per cent of GSDP) respectively, as shown in Charts 1.4 and 1.5. If the above transactions were taken into account, the actual revenue deficit and fiscal deficit would work out to ₹ 25,891 crore (3.85 per cent of GSDP) and ₹ 33,776 crore (5.02 per cent of GSDP) respectively and the actual revenue deficit and fiscal deficit would have exceeded the MTFP targets by ₹ 13,337 crore (106.24 per cent) and ₹ 9,941 crore (41.71 per cent) respectively. This also resulted in overstatement of the revenue deficit by 0.59 per cent and fiscal deficit by 0.45 per cent.

1.6 Post Audit – Total Outstanding Debt

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

Table 1.7: Components of outstanding debt/liabilities as on 31 March 2023

(₹ in crore)	
Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debt (A)	2,50,971.66
Market Loans bearing interest	2,00,898.53
Market Loans not bearing interest	0.03
Compensation and other Bonds	12,502.74
Loans from other Institutions, etc.	26,397.34
Special Securities issued to the National Small Savings Fund of the Central Government	11,173.02
Loans and Advances from Central Government (B)	25,487.39
Non-plan Loans	9.58
Loans for State Plan Schemes	1,215.06
Others	24,262.75*
Liabilities upon Public Accounts (C)	37,761.68
Small Savings, Provident Funds, etc.	22,404.33
Deposits	4,913.27
Reserve Funds	10,444.08
Total (A+B+C)	3,14,220.73

Source: Finance Accounts

* Includes back-to-back loans of ₹ 20,491 crore (₹ 8,359 crore in 2020-21 and ₹ 12,132 crore in 2021-22) from GoI in lieu of GST Compensation shortfall.

At the end of the year 2022-23, the overall outstanding debt/liabilities of the State were understated by ₹ 3,525.92 crore by not accounting for the Suspense and Miscellaneous: ₹ 326.70 crore (credit balance), Remittances: ₹ 44.26 crore (debit balance) and off-budget borrowings: ₹ 3,243.48 crore (credit balance) thereby understating the same with respect to GSDP by 0.52 per cent. Liabilities to GSDP were more at 44.16 per cent⁵ against the normative assessment of 45.23 per cent under MTFP statement during the current year.

⁵ Excluding back-to-back loans of ₹ 20,491.41 crore received from GoI during 2020-22 in lieu of GST Compensation shortfall, which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

Chapter-II

Finances of the State

Chapter-II

Finances of the State

2.1 Major changes in key fiscal aggregates in 2022-23 vis-à-vis 2021-22

Major changes in key fiscal aggregates of the State during the financial year 2022-23, compared to the previous year, are given in **Table 2.1**.

Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22

Revenue Receipts	<ul style="list-style-type: none">• Revenue receipts of the State increased by 12.09 <i>per cent</i>• Own tax receipts of the State increased by 13.17 <i>per cent</i>• Own Non-tax receipts increased by 30.27 <i>per cent</i>• State's Share of Union Taxes and Duties increased by 12.26 <i>per cent</i>• Grants-in-aid from Government of India increased by 5.82 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none">• Revenue expenditure increased by 17.62 <i>per cent</i>• Revenue expenditure on General Services increased by 14.32 <i>per cent</i>• Revenue expenditure on Social Services increased by 13.87 <i>per cent</i>• Revenue expenditure on Economic Services increased by 33.62 <i>per cent</i>• Expenditure on Grants-in-aid and Contributions decreased by 1.20 <i>per cent</i>
Capital Receipts	<ul style="list-style-type: none">• Debt Capital Receipts increased by 74.80 <i>per cent</i>• Non-debt Capital Receipts decreased by 20.77 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none">• Capital expenditure decreased by 16.76 <i>per cent</i>• Capital outlay on General Services decreased by 14.92 <i>per cent</i>• Capital outlay on Social Services increased by 38.84 <i>per cent</i>• Capital outlay on Economic Services decreased by 50.34 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none">• Recoveries of Loans and Advances decreased by 20.83 <i>per cent</i>• Disbursement of Loans and Advances decreased by 12.32 <i>per cent</i>
Public Debt	<ul style="list-style-type: none">• Public Debt Receipts increased by 74.80 <i>per cent</i>*• Repayment of Public Debt decreased by 6.83 <i>per cent</i>
Public Account	<ul style="list-style-type: none">• Public Account Receipts increased by 12.37 <i>per cent</i>• Disbursement of Public Account increased by 11.36 <i>per cent</i>
Cash Balance	<ul style="list-style-type: none">• Cash balance increased by 31.11 <i>per cent</i>

Source: Finance Accounts

* Excluding ₹ 12,132.41 crore as back-to-back loans from GOI during 2021-22, in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

2.2 Sources and Application of Funds

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

Table 2.2: Details of sources and application of funds during 2021-22 and 2022-23

(₹ in crore)

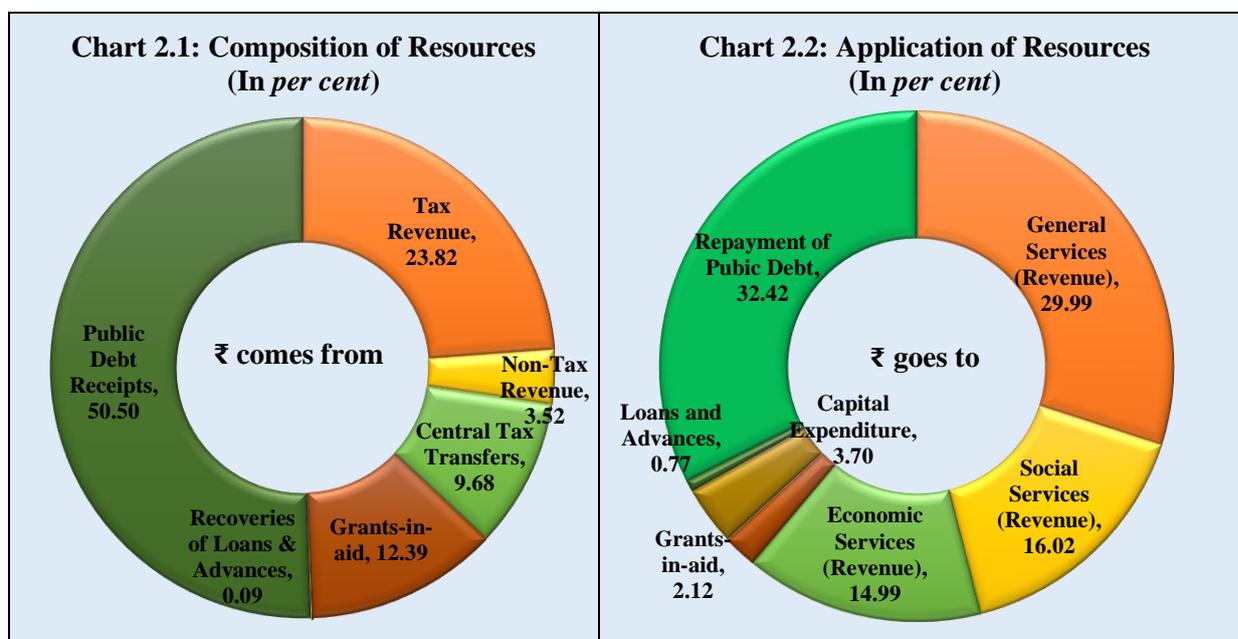
	Particulars	2021-22	2022-23	Increase (+)/ Decrease (-) (per cent)
Sources	Opening Cash Balance	9,248	6,872	(-)2,376 (26)
	Revenue Receipts	78,168	87,616	(+)9,448 (12)
	Recoveries of Loans and Advances	207	164	(-)43 (21)
	Public Debt Receipts (Net)	21,897*	31,168	(+)9,271 (42)
	Public Account Receipts (Net)	3,574	4,899	(+)1,325 (37)
	Total	1,13,094	1,30,719	(+)17,625 (16)
Application	Revenue Expenditure	96,636	1,13,661	(+)17,025 (18)
	Capital Expenditure	8,010	6,667	(-)1,343 (17)
	Disbursement of Loans and Advances	1,576	1,382	(-)194 (12)
	Closing Cash Balance	6,872	9,009	(+)2,137 (31)
	Total	1,13,094	1,30,719	(+)17,625 (16)

Source: Finance Accounts

* Includes ₹ 12,132 crore received during 2021-22 as back-to-back loans from GoI in lieu of GST Compensation shortfall.

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

Composition and application of resources in the Consolidated Fund of the State during 2022-23 is given in **Chart 2.1** and **Chart 2.2** respectively.



Source: Finance Accounts

2.3 Resources of the State

The resources of the State are described below:

1. **Revenue receipts** consist of tax revenue (Own Tax revenue plus share of Union taxes/duties), non-tax revenue and Grants-in-aid from the Government of India (GoI).
2. **Capital receipts** (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

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

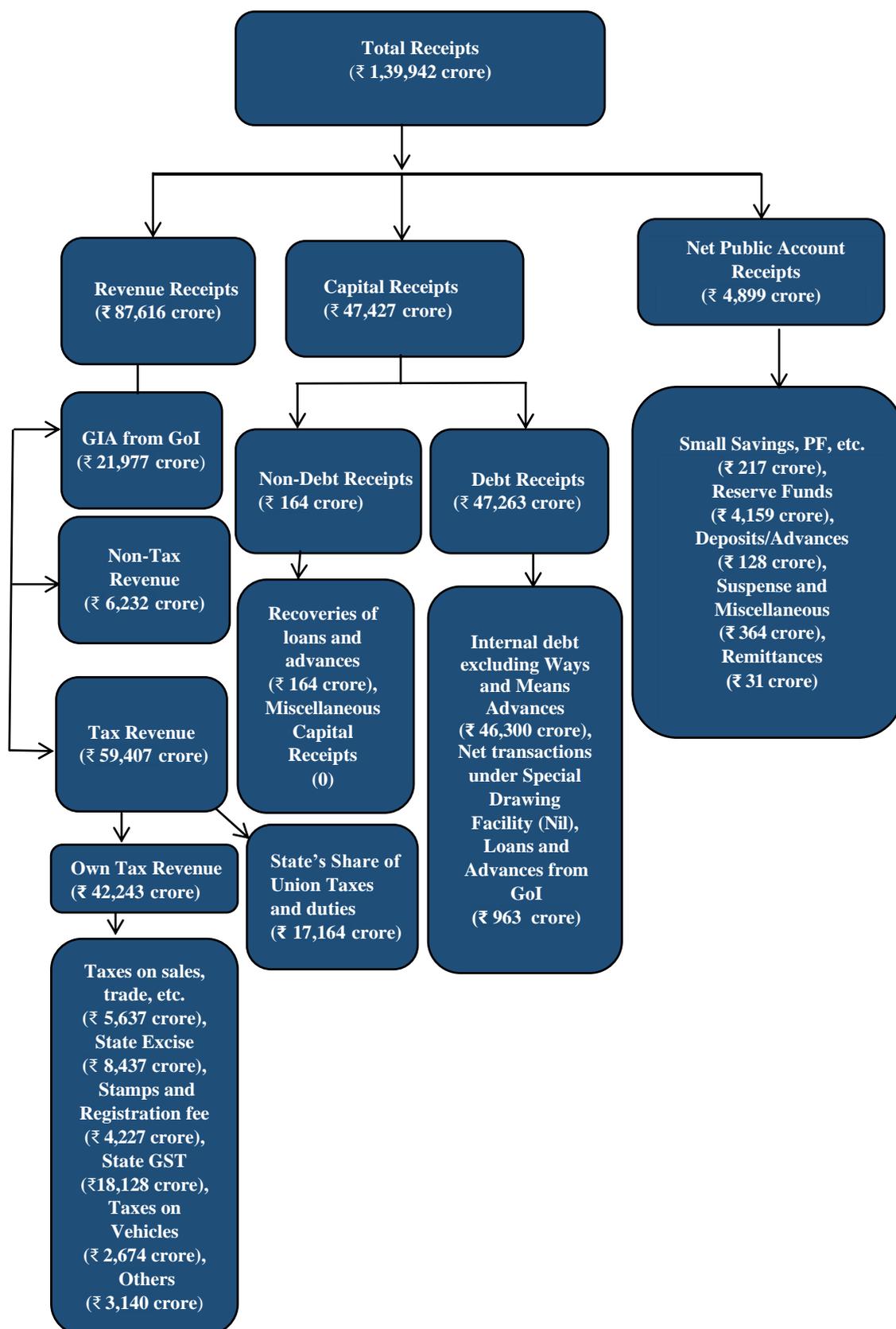
3. **Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

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

2.3.1 Receipts of the State

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

Chart 2.3: Composition of receipts of the State during 2022-23



Source: Finance Accounts

Out of the total resources of ₹ 1,39,942 crore of the State Government during the year 2022-23, Revenue Receipts (₹ 87,616 crore) constituted 62.61 *per cent* while Capital Receipts (₹ 47,427 crore) and net Public Account Receipts (₹ 4,899 crore) constituted 33.89 *per cent* and 3.50 *per cent* of the total resources respectively.

2.3.2 State's Revenue Receipts

2.3.2.1 Trends and growth of Revenue Receipts

Trends and growth of revenue receipts with respect to Gross State Domestic Product (GSDP) over the five-year period (2018-2023) are shown in **Table 2.3**. The trends and composition of revenue receipts over the same period are presented in **Appendix 2.2**.

Table 2.3: Trends in Revenue Receipts

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Receipts (RR)	62,269	61,575	69,048	78,168	87,616
Rate of growth of RR (<i>per cent</i>)	17.47	(-1.11)	12.14	13.21	12.09
Tax Revenue	43,579	40,341	40,691	52,616	59,407
<i>Own Tax Revenue</i>	<i>31,574</i>	<i>29,995</i>	<i>30,053</i>	<i>37,327</i>	<i>42,243</i>
<i>State's share in Union taxes and duties</i>	<i>12,005</i>	<i>10,346</i>	<i>10,638</i>	<i>15,289</i>	<i>17,164</i>
Rate of growth of tax revenue (<i>per cent</i>)	6.19	(-7.43)	0.87	29.31	12.91
Non-Tax Revenue	7,582	6,654	4,152	4,783	6,232
Grants-in-aid from GoI	11,108	14,580	24,205	20,769	21,977
Rate of growth of Grants-in-aid from GoI (<i>per cent</i>)	45.18	31.26	66.01	(-14.20)	5.82
Own Revenue (Own Tax and Non-tax Revenue)	39,156	36,649	34,205	42,110	48,475
Rate of growth of Own Revenue (<i>per cent</i>)	12.71	(-6.40)	(-6.67)	23.11	15.12
GSDP (2011-12 Series)	5,12,510	5,37,031	5,40,853	6,14,227	6,73,107
Rate of growth of GSDP (<i>per cent</i>)	8.81	4.78	0.71	13.57	9.59
RR/GSDP (<i>per cent</i>)	12.15	11.47	12.77	12.73	13.02
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t GSDP	1.98	--*	17.06	0.97	1.26
State's Own Revenue Buoyancy w.r.t GSDP	1.44	--*	--*	1.70	1.58
State's tax revenue Buoyancy w.r.t Revenue receipts	0.35	--*	0.07	2.22	1.07

Source: Finance Accounts for Revenue Receipts and Ministry of Statistics and Programme Implementation, GOI for GSDP figures.

* Buoyancy ratio was not calculated as one of the variables was negative.

¹ Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

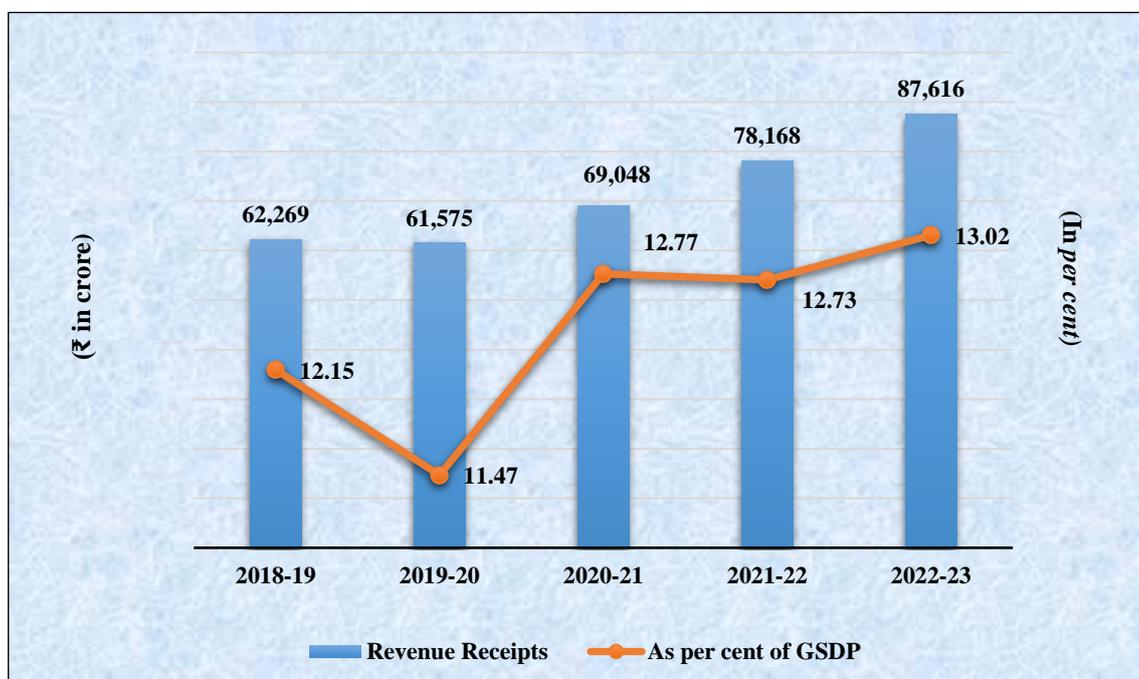
Table 2.3 shows that the revenue receipts increased by 40.71 per cent from ₹ 62,269 crore in 2018-19 to ₹ 87,616 crore in 2022-23. During the period of five years, it increased at an annual average growth rate of 10.76 per cent. Tax revenue and non-tax revenue increased by ₹ 6,791 crore (12.91 per cent) and ₹1,449 crore (30.29 per cent) respectively in 2022-23 as compared to 2021-22.

Grants-in-aid from GoI on the other hand increased by 97.85 per cent during the period 2018-19 to 2022-23. It however, increased by ₹1,208 crore (5.82 per cent) in 2022-23 as compared to 2021-22. The increase in GIA during the current year over the previous year was mainly due to increase in GST Compensation, as discussed in paragraph 2.3.2.3(ii).

The revenue buoyancy with reference to GSDP decreased from 1.98 per cent in 2018-19 to 1.26 per cent in 2022-23. The State's own revenue buoyancy with reference to GSDP, however, increased from 1.44 per cent in 2018-19 to 1.58 per cent in 2022-23. State's tax revenue buoyancy with respect to revenue receipts increased from 0.35 per cent in 2018-19 to 1.07 per cent in 2022-23 though it decreased from previous year (2.22 per cent). Trends in components of own tax revenue and non-tax revenue are discussed in paragraphs 2.3.2.2 (i) and 2.3.2.2 (ii) respectively.

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

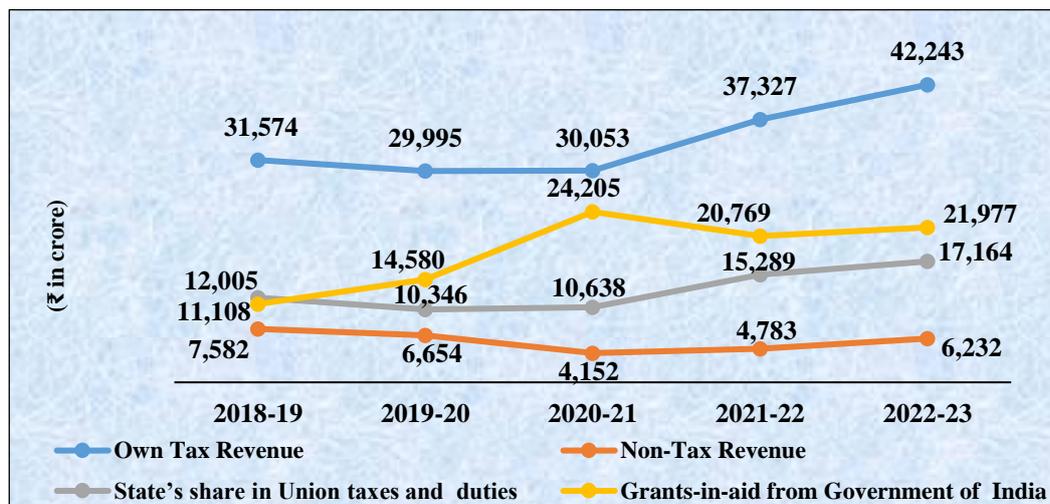
Chart 2.4: Trends of Revenue Receipts



Source: Finance Accounts

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

Chart 2.5: Trend of components of Revenue Receipts



Source: Finance Accounts

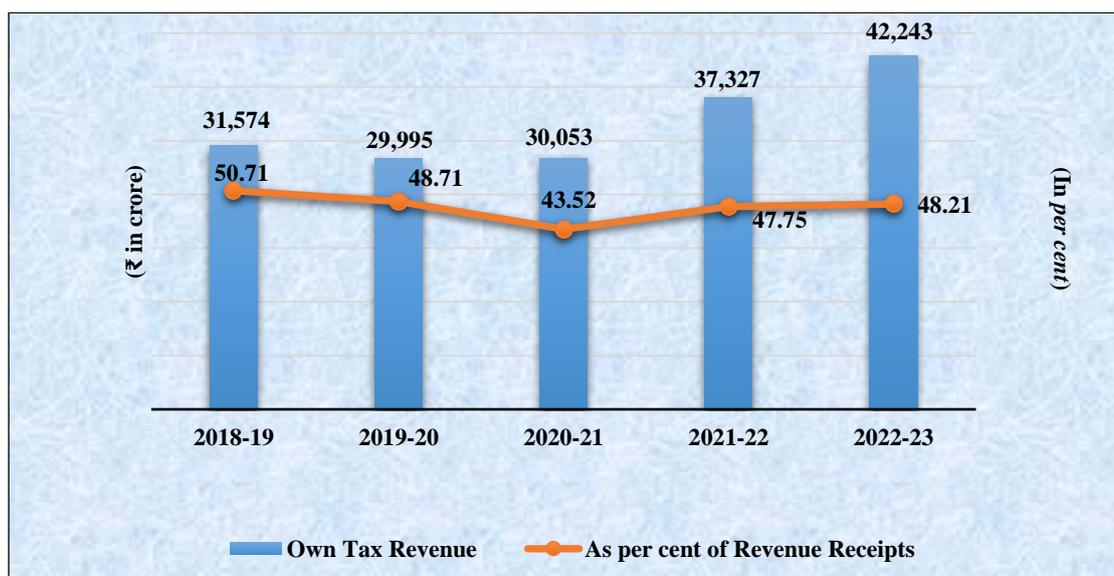
2.3.2.2 State's Own Resources

(i) Own tax revenue

Own tax revenue of the State consists of State Goods and Services Tax (SGST), State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, etc.

Trends of own tax revenue and analysis of its components during the period 2018-23 are shown in **Chart 2.6** and **Table 2.4** respectively.

Chart 2.6: Trends of Own Tax Revenue during 2018-23



Source: Finance Accounts

Table 2.4: Components of State's Own Tax Revenue

(₹ in crore)

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Taxes on Sales, Trade etc.	6,572	5,223	5,372	6,869	5,637	
SGST	13,273	12,751	11,819	15,542	18,128	
State Excise	5,072	4,865	6,164	6,157	8,437	
Taxes on Vehicles	1,861	1,994	1,472	2,359	2,674	
Stamp Duty and Registration fees	2,298	2,258	2,470	3,308	4,227	
Land Revenue	69	66	68	84	93	
Taxes on Goods and Passengers	0	0	3	0	0	
Other taxes	2,429	2,838	2,685	3,008	3,047	
Total	31,574	29,995	30,053	37,327	42,243	

Source: Finance Accounts

The total own tax revenue increased by ₹ 4,916 crore (13.17 per cent) during the current year over the previous year. The major increase was in receipts under SGST (₹ 2,586 crore), State Excise (₹ 2,280 crore), Stamp duty & Registration fee (₹ 919 crore) and Taxes on Vehicles (₹ 315 crore). The increase was partly set-off by decrease in Taxes on Sales, Trade etc. (₹ 1,232 crore).

(a) State Goods and Services Tax (SGST)

As per the books of RBI, the amount of SGST receipts during 2022-23 was ₹ 7,660.20 crore while as per the Finance Accounts, the amount of SGST receipts was ₹ 6,366.29 crore. The difference of ₹ 1,293.91 crore was due to recovery from State towards the SGST refunds made by Centre to the taxpayers on behalf of the State (₹ 1,283.12 crore) and refunds made by the State Government (₹ 10.79 crore).

(b) Audit of GST Receipts

The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. In case of Punjab, which is a Model-II State², role-based access to back-end application was provided to the office of the Principal Accountant General (Audit), Punjab in December 2020. However, the access was limited to GSTN premises only and the matter of providing remote access was under consideration. The accounts for the year 2022-23 have, therefore, been certified on the basis of test audit, as was being done when records were being maintained manually, pending full implementation of the GoI's decision to provide Audit access to GSTN data.

² State which has opted for development of backend system by GSTN.

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

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

Arrears of revenue

As on 31 March 2023, the arrears of revenue in respect of principal heads of revenue were ₹ 19,102.55 crore, of which ₹ 5,729.83 crore were outstanding for more than five years, as depicted in **Table 2.5**.

Table 2.5: Arrears of revenue*(₹ in crore)*

Sr. No.	Head of revenue	Amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023
1.	Taxes/VAT on Sales, Trade, etc.	16,499.30	5,534.22
2.	Goods and Services Tax [#]	1,457.53	0.00
3.	Forests and Wildlife*	46.24	27.59
4.	State Excise	NA	NA
5.	Taxes on Vehicles	252.66	61.66
6.	Land Revenue	676.21	0.003
7.	Stamps and Registration Fee	170.61	106.36
Total		19,102.55	5,729.83

Source: Departmental Information

NA=Not available, as the requisite information was not provided by the Department.

[#] The position of arrears of revenue as on 31-03-2023 has been prepared by the Department after compilation of information received from the districts, as the information available on GST Portal is not comprehensive.

* Figures are provisional as the calculations of royalty have not been finalised by the Department.

Arrears in assessment

The information on number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed during the year and number of cases pending for finalisation at the end of the year, as furnished by the Department of Excise and Taxation in respect of Sales Tax/VAT is depicted in **Table 2.6**.

Table 2.6: Arrears of assessment

Sr. No.	Head of Revenue	Cases pending at the beginning of 2022-23	New cases due for assessment during 2022-23	Total cases due for assessment	Cases disposed of during 2022-23	Balance at the end of the year	Percentage of disposal
1.	Taxes/VAT on Sales, Trade, etc.	32,624*	19,624	52,248	19,064	33,184	36.49

Source: Departmental information

* Opening balance differs by 4,498 cases from the closing balance of 2021-22 due to revised figures received from the department.

During the period 2018-23, the number of pending cases at the end of the respective years were 94,069 (2018-19); 72,667 (2019-20); 44,577 (2020-21) 32,624 (2021-22) as against 33,184 cases at the end of 2022-23. Disposal of cases during this period ranged between 23.24 per cent and 64.73 per cent.

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

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

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised, demand for additional taxes raised are given in **Table 2.7**. Details of refund cases during the year 2022-23, as reported by the departments concerned, are depicted in **Table 2.8**.

Table 2.7: Evasion of tax detected

Sr. No.	Head of revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		No. of cases pending for finalisation as on 31 March 2023
					No. of cases	Amount of demand (₹ in crore)	
1.	Goods and Services Tax	44	184	228	131	18.01	97

Source: Departmental information

Table 2.8: Details of refund cases

(₹ in crore)

Sr. No.	Particulars	GST		Sales Tax/VAT		State Excise		Taxes on Vehicles	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,039	201.27	506*	63.65*	209	26.82	4	0.02
2.	Claims received during the year	10,172	2,089.34	1,555	747.31	1	0.30	2	0.01
3.	Refunds made during the year	8,447	1,378.42	1,387	894.25	1	0	6	0.03
4.	Refunds rejected during the year	1,047	221.81	404	126.84	0	0	0	0
5.	Balance outstanding at the end of year	1,717	690.38	270	184.41	209	27.12	0	0

Source: Departmental information

* Differs from closing balance of 2021-22 due to correction of information in respect of one district by the department.

(ii) Non-tax revenue

Non-tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. Trends in components of the State's non-tax revenue during 2018-23 are shown in **Table 2.9**.

Table 2.9: Components of State's Non-tax Revenue

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Interest Receipts	1,455.26	2,105.51	144.38	181.08	242.76	
Dividends and Profits	4.24	4.24	1.26	6.66	3.11	
Other non-tax receipts	6,122.79	4,544.33	4,006.49	4,596.03	5,986.07	
a) Major and Medium Irrigation	24.22	92.49	91.92	108.14	134.08	
b) Road Transport	208.99	176.35	110.17	99.77	69.34	
c) Urban Development	65.31	44.53	49.78	92.52	134.12	
d) Education, Sports, Art and Culture	56.75	196.22	137.70	155.19	326.94	
e) Non-ferrous mining	36.13	90.88	120.56	136.53	248.80	
f) Pensions and Other Retirement Benefits	26.03	121.88	209.90	148.35	159.42	
g) Miscellaneous General Services	4,851.58	2,743.87	2,208.41	2,375.91	2,827.63	
h) Other or Miscellaneous	853.78	1,078.11	1,078.05	1,479.62	2,085.74	
Total	7,582.29	6,654.08	4,152.13	4,783.77	6,231.94	

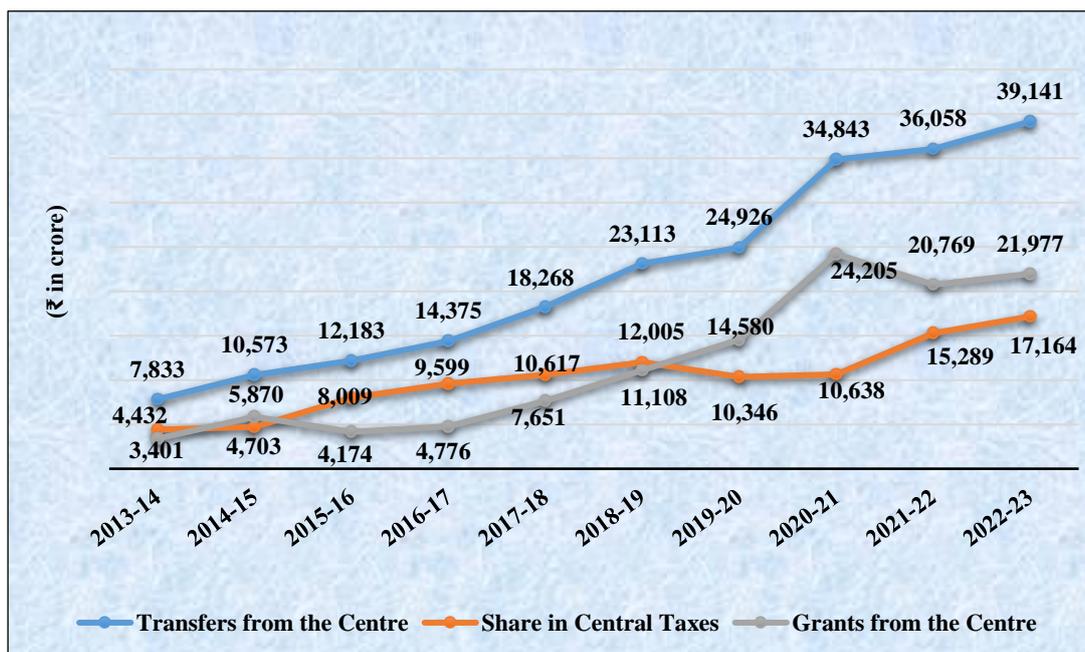
Source: Finance Accounts

During the year 2022-23, there was increase of ₹ 1,448.17 crore (30.27 per cent) in total non-tax revenue over the previous year which was mainly due to increase of ₹ 61.68 crore in interest receipts and ₹ 1,390.04 crore in other non-tax receipts. The increase in other non-tax receipts was mainly under Other or Miscellaneous (₹ 606.12 crore), Miscellaneous General Services (₹ 451.72 crore), Education, Sports, Art and Culture (₹ 171.75 crore) and Non-ferrous Mining (₹ 112.27 crore). However, receipts of road transport decreased by ₹ 30.43 crore which was mainly due to decrease in the fleet of Punjab Roadways as no new buses were added to its fleet since 1995 and due to free/concessional travel.

2.3.2.3 Transfers from the Centre

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

Chart 2.7: Trends in transfers from Centre



Source: Finance Accounts

(i) Central tax transfer

The actual release of share in Union taxes and duties to State Government *vis-à-vis* projections made by 14th Finance Commission and 15th Finance Commission during the period from 2015-16 to 2022-23 is tabulated in Table 2.10.

**Table 2.10: State's share in Union taxes and duties:
Actual devolution *vis-à-vis* Finance Commission projections**

Year	Finance Commission projections	Projections as per Finance Commission	Actual tax devolution	Difference
1	2	3	4	5 (4-3)
2015-16		9,146	8,009	(-)1,137
2016-17	1.577 per cent of net proceeds of all shareable taxes excluding service tax and 1.589 per cent of net proceeds of shareable service tax (as per recommendations of 14 th FC)	10,554	9,600	(-)954
2017-18		12,194	10,617	(-)1,577
2018-19		14,108	12,005	(-)2,103
2019-20		16,340	10,346	(-)5,994
2020-21		15,291	10,638	(-)4,653
2021-22	1.807 per cent of the net proceeds of the taxes (divisible pool) (as per recommendations of 15 th FC)	11,901	15,289	(+)3,388
2022-23		13,239	17,164	(+)3,925

Source: Reports of the 14th FC, 15th FC, and Finance Accounts

The State Government's share in Union taxes and duties increased by ₹ 1,875 crore (12.26 per cent) during 2022-23 over the previous year.

During the first three years (2020-2023) of the period of 15th Finance Commission (2020-2026), State's share in Union taxes and duties amounting to ₹ 43,091 crore was 85.20 per cent of the total share during period of Fourteenth Finance Commission (2015-2020).

Trends in components of Central tax transfers are shown in **Table 2.11**.

Table 2.11: Central Tax transfers

(₹ in crore)					
Head	2018-19	2019-20	2020-21	2021-22	2022-23
Central Goods and Services Tax (CGST)	2,964.16	2,935.85	3,179.01	4,580.49	4,848.76
Integrated Goods and Services Tax (IGST)	236.60	--*	--#	--	--
Corporation Tax	4,176.53	3,527.47	3,197.28	4,161.71	5,757.06
Taxes on Income other than Corporation Tax	3,075.85	2,764.01	3,276.09	4,714.62	5,616.52
Customs	851.31	655.78	576.80	1,091.09	674.54
Union Excise Duties	565.74	455.97	359.30	557.39	211.69
Service Tax	109.29	--	42.87	166.80	26.84
Other Taxes ³	25.66	6.77	7.03	16.69	28.24
Total	12,005.14	10,345.85	10,638.38	15,288.79	17,163.65
Percentage of increase/decrease over previous year	13.08	(-)13.82	2.83	43.71	12.26
Percentage of total Central tax transfers to Revenue Receipts	19.28	16.80	15.41	19.56	19.59

Source: Finance Accounts

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

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

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

Trends of Grants-in-aid (GIA) from GoI and its components are shown in **Table 2.12**.

Table 2.12: Grants-in-aid from Government of India

(₹ in crore)					
Head	2018-19	2019-20	2020-21	2021-22	2022-23
Grants for Centrally Sponsored Plan Schemes	(-)74.21	(-)68.84	(-)0.48	(-)4.03	(-)47.34
Grants for Centrally Sponsored Schemes	3,091.70	2,864.31	2,880.41	3,678.16	3,776.79
Finance Commission Grants [#]	719.54	2,710.13	11,481.23	12,435.61	10,258.45
Other transfers/Grants to States/Union Territories with Legislature	7,370.34	9,074.43	9,843.85	4,659.15	7,988.94
Total	11,107.37	14,580.03	24,205.01	20,768.89	21,976.84
Percentage of increase/decrease over the previous year	45.18	31.26	66.01	(-)14.20	5.82
Percentage of GIA to Revenue Receipts	17.84	23.68	35.06	26.57	25.08

Source: Finance Accounts

During 2020-21, 2021-22 and 2022-23, it includes post-devolution Revenue Deficit Grant of ₹ 7,658.90 crore, ₹ 10,080.99 crore and ₹ 8,274 crore respectively, as recommended by 15th FC.

³ Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on Commodities and Services.

Table 2.12 shows that the GIA from GoI increased at an annual average rate of 26.81 *per cent* during the period 2018-19 to 2022-23. Other transfers to State during 2022-23 include GST Compensation of ₹ 7,868.93 crore. The increase in GIA during the current year of ₹ 1,207.95 crore (5.82 *per cent*) over the previous year was mainly due to increase in Other transfers/Grants to States/Union Territories with Legislature by ₹ 3,329.79 crore (71.47 *per cent*) which was attributed to increase in GST Compensation by ₹ 3,426.59 crore (77.13 *per cent*) partially offset by decrease of ₹ 86.51 crore (44.74 *per cent*) in Grants for Central Road Fund in 2022-23 as compared to the previous year. The increase of ₹ 3,329.79 crore in Other transfers/Grants to States/Union Territories with Legislature was partially compensated by decrease of ₹ 2,177.16 crore (17.51 *per cent*) in Finance Commission Grants mainly due to decrease in Post Devolution Revenue Deficit Grant by ₹ 1,807 crore (17.92 *per cent*) and in Grants for Health Sector ₹ 399.66 crore (100 *per cent*). Further, the contribution of GIA towards revenue receipts increased from 17.84 *per cent* in 2018-19 to 25.08 *per cent* in 2022-23.

(a) Grants for Centrally Sponsored Schemes

Out of the grants of ₹ 3,777 crore for Centrally Sponsored Schemes during 2022-23, major amounts received were for:

- National Education Mission - Samagra Shiksha Abhiyan (erstwhile Sarva Shiksha Abhiyan) (₹ 605 crore-19.53 *per cent* increase over previous year);
- Urban Rejuvenation Mission : AMRUT (Atal Mission for Rejuvenation and Urban Transformation and Smart Cities Mission) - Mission for Development for:
 - 100 Smart Cities (₹ 441 crore-19.19 *per cent* increase over previous year);
 - 500 Cities (₹ 255 crore- 60.74 *per cent* decrease over previous year);
- Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 390 crore-45.33 *per cent* increase over previous year);
- National Health Mission (NHM) - National Urban Health Mission (₹ 328 crore-3,547.77 *per cent* increase over previous year);
- Pradhan Mantri Gram Sadak Yojana (₹ 231 crore- 236.86 *per cent* increase over previous year);
- Pradhan Mantri Krishi Sinchai Yojana- Accelerated Irrigation Benefit Programme (₹ 213 crore- 34.90 *per cent* decrease over previous year);
- National Programme of Mid Day Meal in Schools (₹ 187 crore- 2.26 *per cent* decrease over previous year);
- Swachh Bharat Mission (SBM)- Urban (₹ 184 crore-1,745.66 *per cent* increase over previous year);

- Pradhan Mantri Awas Yojana (PMAY) - Urban (₹ 124 crore-562.10 *per cent* increase over previous year); and
- Umbrella Scheme for Development of Minorities- Pradhan Mantri Jan Vikas Karyakaram (₹ 105 crore-100 *per cent* increase over previous year).

(b) Single Nodal Agency

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No.1(13)/PFMS/FCD/2020 dated 23 March 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency.

As per reports available on PFMS portal, the State Government received ₹ 3,552.82 crore being Central share during 2022-23. The State Government transferred ₹ 4,559.39 crore being Central share and corresponding State share of ₹ 3,154.91 crore to the SNAs.

However, the State Government intimated that ₹ 8,083.83 crore were transferred to the SNAs during 2022-23, out of which, ₹ 4,158.32 crore were transferred through AC Bills, ₹ 2,956.16 crore through GIA bills, ₹ 921.39 crore through Fully Vouched Contingent Bills, ₹ 47.71 crore through Payment against works and ₹ 0.25 crore through Arrears Bills. Detailed vouchers and supporting documents of actual expenditure were not received by the office of the Accountant General (A&E) Punjab from the SNAs. As per data available on PFMS Portal, ₹ 3,993.38 crore⁴ was lying unspent in the bank accounts of SNAs as on 31 March 2023.

(c) Fifteenth Finance Commission Grants

The 15th Finance Commission (15th FC) grants were provided to the States for local bodies, State Disaster Response Fund (SDRF), post devolution revenue deficit and health sector. Details of grants provided by GoI are given in **Table 2.13**.

⁴ The unspent balance as on 31 March 2023 updated to ₹ 3,951.32 crore on PFMS portal (22 November 2023).

Table 2.13: Recommended amount, actual release and transfers of Grants-in-aid*(₹ in crore)*

Transfers		Recommendation of 15 th FC for 2022-23	Actual release by GoI for 2022-23	Release by State Government	
				Total (%age of release by GoI)	
(i) Grants to Panchayati Raj Institutions (PRIs)		1,062.00	743.40	531.00 (71)	
(a) Tied Grants		637.20	318.60	318.60 (100)	
(b) Untied Grants		424.80	424.80	212.40 (50)	
(ii) Grants to Urban Local Bodies (ULBs)		523.00	418.25	226.75 (54)	
(a) One million plus cities (for ambient air quality)		47.00	35.25*	35.25 (100)	
(b) One million plus cities (for SWM and sanitation)		93.00	--	--	
(c) Non-million plus cities (un-tied grants for local needs)		153.20	153.20	76.60 (50)	
(d) Non-million plus cities (tied grants for drinking water, rain water harvesting, SWM and Sanitation)		229.80	229.80	114.90 (50)	
(iii) Grants for Health Sector		401.00	--	--	
Total for Local Bodies		1,986.00	1,161.65	757.75 (65)	
SDRMF	SDRF	Centre share	416.00	416.00	208.00 (50)
		State share	138.40	--	69.33
	Total for SDRF		554.40	416.00	277.33
	SDMF	Centre share	104.00	--	--
		State share	34.60	--	--
	Total for SDMF		138.60	--	--
Post Devolution Revenue Deficit Grant		8,274	8,274	--	

Source: 15th FC Report and departmental information

PRIs - Panchayati Raj Institutions and ULBs - Urban Local Bodies.

* ₹ 35.25 crore were released by GoI against recommended amount of ₹ 47 crore, based on the performance assessment and recommendation from the Ministry of Environment, GoI.

- As against the amount of ₹ 1,062 crore recommended by the 15th FC in respect of PRIs, GoI released ₹ 743.40 crore⁵ during 2022-23. Out of this sum, GoP released ₹ 531 crore during the same period and the remaining ₹ 212.40 crore during 2023-24.
- In respect of ULBs, against the recommended amount of ₹ 523.00 crore, GoI released ₹ 418.25 crore during 2022-23 and the remaining sum of ₹ 93 crore during 2023-24. Out of ₹ 418.25 crore released by the GoI, the State Government released an amount of ₹ 226.75 crore during 2022-23 and the remaining ₹ 191.50 crore was released in 2023-24. Besides, an amount of ₹ 201 crore released by GoI during 2021-22, was also released by the State during 2022-23.

⁵ Differs by ₹ 307.80 crore from that appearing in Statement No.14 of the Finance Accounts, which pertained to the year 2021-22 but released by GoI in 2022-23.

- In respect of Grants for Health Sector, GoI did not release funds against ₹ 401 crore recommended by 15th FC for the year 2022-23.
- In respect of State Disaster Risk Management Fund (SDRMF), 15th Finance Commission recommended that State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF) would receive funds in the ratio of 80:20 of the total funds received under SDRMF. The details of the funds received during the year are as under:
 - In respect of SDRF, 15th FC recommended Centre and State share in the ratio of 75:25. Accordingly, GoI released ₹ 416 crore during the year 2022-23 for SDRF. GoP released ₹ 277.33 crore (GoI share: ₹ 208 crore and State share: ₹ 69.33 crore) during the same year.
 - In respect of SDMF, 15th FC recommended Centre and State share in the ratio of 75:25. GoI did not release funds against ₹ 104 crore recommended by 15th FC for the year 2022-23. However, during the year 2022-23, GoP received ₹ 99 crore as Central share pertaining to the year 2021-22. Accordingly, GoP released ₹ 132 crore (GoI share: ₹ 99 crore and State share: ₹ 33 crore) for the year 2021-22. Further, the State Government also transferred Central share of ₹ 99 crore and matching contribution of State share of ₹ 33 crore to the Fund pertaining to the year 2020-21, which was earlier transferred to SDRF.

2.3.3 Capital receipts

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

Trends of capital receipts and its components during 2018-19 to 2022-23 are shown in **Table 2.14**.

Table 2.14: Trends in growth and composition of capital receipts

(₹ in crore)

Sources of State's Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
Capital Receipts	23,788	43,891	34,077	27,244	47,427
Miscellaneous Capital Receipts	0	0	0	0	0 [^]
Recovery of Loans and Advances	849	16,070	50	207	164
Public Debt Receipts	22,939	27,821	34,027	27,037	47,263
<i>Internal Debt*</i>	21,621	27,676	33,595	26,584	46,300
<i>Growth rate (per cent)</i>	19.74	28.01	21.39	(-)20.87	74.16
<i>Loans and advances from GoI[#]</i>	1,318	145	432	453	963
<i>Growth rate (per cent)</i>	186.52	(-)89.00	197.93	4.86	112.58
Rate of growth of debt Capital Receipts (<i>per cent</i>)	23.88	21.28	22.31	(-)20.54	74.81
Rate of growth of Non-debt Capital Receipts (<i>per cent</i>)	1,063.01	1,792.82	(-)99.69	314.00	(-)20.77
Rate of growth of GSDP (<i>per cent</i>)	8.81	4.78	0.71	13.57	9.59
Rate of growth of Capital Receipts (<i>per cent</i>)	27.96	84.51	(-)22.36	(-)20.05	74.08

Source: Finance Accounts

* Including net figure under Ways and Means Advances/Overdraft/Special Drawing Facility, which was Nil during 2022-23.

[#] During the year 2020-21 and 2021-22, it excludes ₹ 8,359 crore and ₹ 12,132 crore respectively as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

[^] ₹ 0.21 crore

During the current year, the public debt receipts increased substantially by ₹ 20,226 crore (74.81 per cent) over the previous year mainly due to increase of ₹ 19,716 crore (74.16 per cent) in Internal debt receipts.

2.3.4 State's performance in mobilisation of resources

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

The State's actual own tax and non-tax revenue for the year 2022-23 *vis-à-vis* assessment made by Fifteenth Finance Commission (15th FC) and Budget Estimates are given in **Table 2.15**.

Table 2.15: Tax and non-tax revenue *vis-à-vis* projections during 2022-23

(₹ in crore)

Resources	15 th FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				15 th FC projections	Budget estimates
Own Tax revenue	39,424	45,588	42,243	7.15	(-)7.34
Non-tax revenue	5,357	6,302	6,232	16.33	(-)1.11

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

Own tax revenue of the State Government was higher than projections made by 15th FC by 7.15 per cent but fell short of budget estimates by 7.34 per cent

mainly due to shortfall by ₹ 2,422 crore (11.79 per cent) in SGST collection of ₹ 18,128 crore against budget estimates of ₹ 20,550 crore. Non-tax revenue was higher by 16.33 per cent than the projections made by 15th FC but was lower by 1.11 per cent than the budget estimates.

2.4 Application of resources

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

Growth and composition of expenditure

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

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

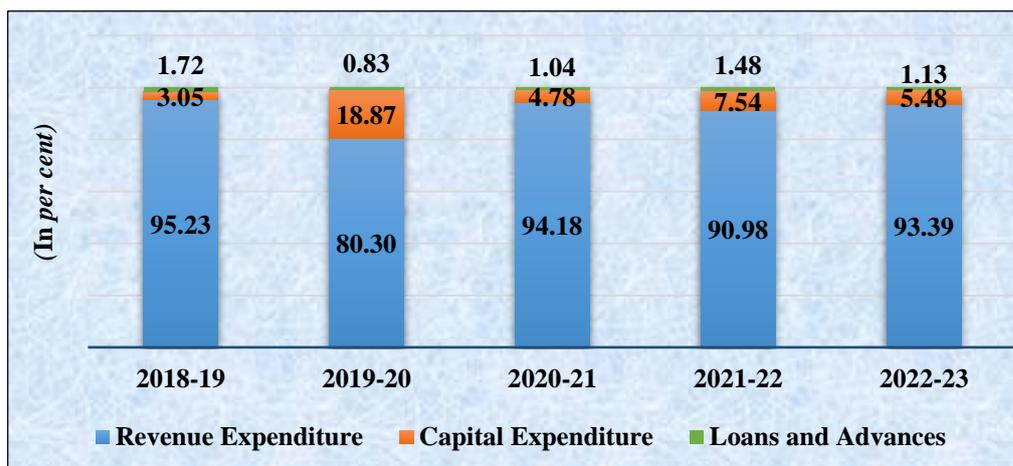
Loans and Advances: There are loans and advances made by the Government to Public Sector Undertakings (PSUs) and other parties.

Trends of overall expenditure and its components are shown in **Table 2.16** and **Chart 2.8**.

Table 2.16: Total expenditure and its composition

(₹ in crore)					
Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	79,177	94,471	91,682	1,06,222	1,21,710
Revenue Expenditure (RE)	75,404	75,860	86,344	96,636	1,13,661
Capital Expenditure (CE)	2,412	17,828	4,382	8,010	6,667
Loans and Advances	1,361	783	956	1,576	1,382
As a percentage of GSDP					
TE/GSDP	15.45	17.59	16.95	17.29	18.08
RE/GSDP	14.71	14.13	15.96	15.73	16.89
CE/GSDP	0.47	3.32	0.81	1.30	0.99

Source: Finance Accounts

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

Source: Finance Accounts

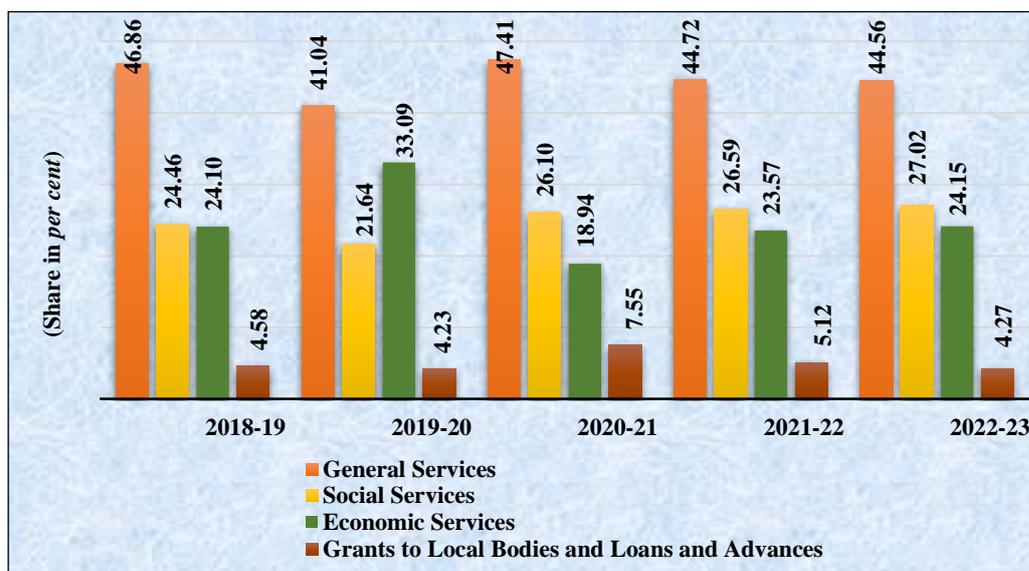
Table 2.16 shows that the total expenditure increased by ₹ 42,533 crore (53.72 per cent) from ₹ 79,177 crore in 2018-19 to ₹ 1,21,710 crore in 2022-23, which ranged between 15.45 per cent and 18.08 per cent of GSDP during the period of five years. **Chart 2.8** shows that revenue expenditure constituted the dominant proportion (80 to 95 per cent) during 2018-2023 of the total expenditure. Capital expenditure, on the other hand, constituted a meagre three to eight per cent except for the year 2019-20 when it was 19 per cent due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited (PSPCL), as discussed in Paragraph 2.4.2.2(v) of the State Finances Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2020.

Relative share of various sectors of expenditure during 2018-2023 is depicted in **Table 2.17** and **Chart 2.9**.

Table 2.17: Relative share of various sectors of expenditure

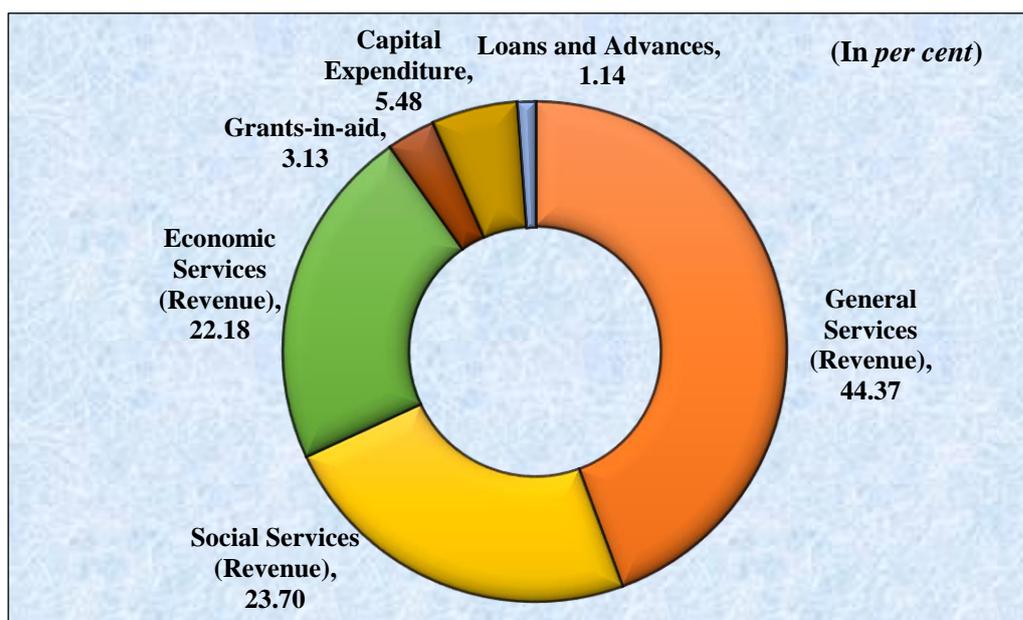
Parameters	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	37,100	38,769	43,464	47,504	54,228
Social Services	19,367	20,449	23,926	28,245	32,890
Economic Services	19,084	31,260	17,365	25,039	29,398
Others (Grants to Local Bodies and Loans and Advances)	3,626	3,993	6,927	5,434	5,194

Source: Finance Accounts

Chart 2.9: Total expenditure - Expenditure by activities

Source: Finance Accounts

Chart 2.9 shows that the relative share of various components of expenditure in total expenditure fluctuated during 2018-2023. The share of Social Services and Economic Services in total expenditure increased from 24.46 per cent and 24.10 per cent in 2018-19 to 27.02 per cent and 24.15 per cent in 2022-23 respectively, while that of General Services and Grants to Local Bodies and Loans and Advances decreased from 46.86 per cent and 4.58 per cent to 44.56 per cent and 4.27 per cent respectively during the same period. **Chart 2.10** shows composition of expenditure by function.

Chart 2.10: Composition of expenditure by function during 2022-23

Source: Finance Accounts

2.4.1 Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network. Growth of revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts is shown in **Table 2.18** and sectoral distribution of revenue expenditure is shown in **Chart 2.11**.

Table 2.18: Revenue Expenditure – Basic Parameters

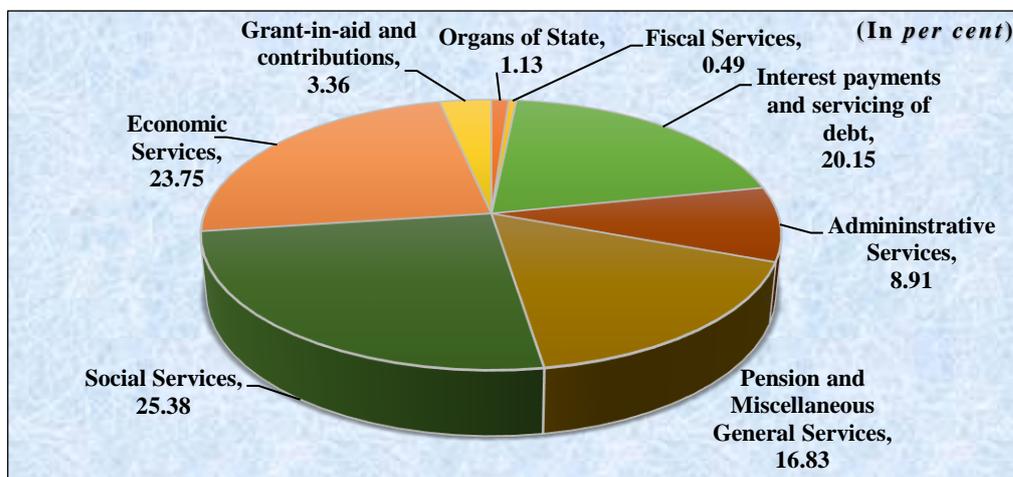
Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	79,177	94,471	91,682	1,06,222	1,21,710
Revenue Expenditure (RE)	75,404	75,860	86,344	96,636	1,13,661
Rate of growth of RE (per cent)	20.71	0.60	13.82	11.92	17.62
Revenue Expenditure as percentage of TE	95.23	80.30	94.18	90.98	93.39
RE/GSDP (per cent)	14.71	14.13	15.96	15.73	16.89
Revenue Receipts	62,269	61,575	69,048	78,168	87,616
Rate of growth of RR (per cent)	17.47	(-).11	12.14	13.21	12.09
RE as percentage of RR	121.09	123.20	125.05	123.63	129.73
Rate of growth of GSDP (per cent)	8.81	4.78	0.71	13.57	9.59
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	2.35	0.13	19.46	0.88	1.84
Revenue Receipts (ratio)	1.19	--*	1.14	0.90	1.46

Source: Finance Accounts

* Buoyancy ratio was not calculated as the growth of revenue receipts was negative.

Revenue expenditure increased by ₹ 38,257 crore (50.74 per cent) from ₹ 75,404 crore in 2018-19 to ₹ 1,13,661 crore in 2022-23. It increased at an annual average growth rate of 13 per cent, whereas as a percentage of GSDP, it increased from 14.71 per cent to 16.89 per cent during the same period. Buoyancy of revenue expenditure with reference to revenue receipts also increased in 2022-23, which was a concern.

Chart 2.11: Sector-wise distribution of revenue expenditure during 2022-23



Source: Finance Accounts

2.4.1.1 Major changes in revenue expenditure

Revenue expenditure increased substantially by ₹ 17,025 crore (17.62 per cent) from ₹ 96,636 crore in 2021-22 to ₹ 1,13,661 crore in 2022-23. Significant variations under various Major Heads of Accounts with regard to revenue expenditure of the State during the current year as compared to the previous year are depicted in **Table 2.19**.

Table 2.19: Significant variations in revenue expenditure during 2022-23 compared to 2021-22

(₹ in crore)

Major Heads of Account	2021-22	2022-23	Increase (+)/ Decrease (-)
2801-Power	4,382.98	8,225.89	3,842.91
2071-Pensions and Other Retirement Benefits	14,729.94	18,214.25	3,484.31
2202-General Education	12,339.27	14,037.36	1,698.09
2235-Social Security and Welfare	5,487.65	7,071.10	1,583.44
2401-Crop Husbandry	8,568.18	10,032.83	1,464.65
2048-Appropriation for Reduction or Avoidance of Debt	1,820.02	3,000.00	1,179.98
2055-Police	7,021.71	7,894.71	873.00
2425-Co-operation	230.66	1,075.16	844.50
2049-Interest Payments	19,063.50	19,905.13	841.63
2852-Industries	2,381.85	3,036.43	654.58
2245-Relief on account of Natural Calamities	1,427.76	461.43	(-)966.33

Source: Finance Accounts

Table 2.19 shows:

- increase of ₹ 3,843 crore (87.68 per cent) in 'Power' was mainly due to increase of 'Assistance to Electricity Boards' by ₹ 2,503 crore and by ₹ 1,340 crore on account of Special Component Plan for Scheduled Castes on account of subsidy under rural electrification of Punjab State Electricity Board;
- increase of ₹ 3,484 crore (23.65 per cent) under 'Pensions and Other Retirement Benefits', which was mainly due to increase of ₹ 1,848 crore in 'Superannuation and Retirement Allowances', ₹ 422 crore in 'Family Pensions', ₹ 374 crore in 'Government Contribution for Defined Contribution Pension Scheme', ₹ 331 crore in 'Gratuities', ₹ 299 crore in 'Commutated Value of Pensions' and ₹ 167 crore in 'Leave Encashment Benefits';
- increase of ₹ 1,698 crore (13.76 per cent) in 'General Education' was primarily due to increase of ₹ 900 crore in 'Secondary Education' and ₹ 835 crore in 'Elementary Education' partially offset by decrease of ₹ 49 crore in 'University and Higher Education';
- increase of ₹ 1,583 crore (28.85 per cent) under 'Social Security and Welfare' was mainly due to increase of ₹ 568 crore in 'Pensions under Social Security Schemes' which was due to revision of rates of pension to

old age persons/ widows and destitute/ handicapped persons, ₹ 544 crore in 'Special Component plan for Scheduled Castes', ₹ 272 crore in 'Other Programmes' and ₹ 150 crore in 'Child Welfare';

- increase of ₹ 1,465 crore (17.09 per cent) in 'Crop Husbandry' was mainly due to increase of ₹ 1,855 crore in 'Agricultural Farms' for power subsidy to farmers and ₹ 319 crore in 'Special Component Plan for Scheduled Castes', partially set-off by decrease of ₹ 687 crore in 'Other Expenditure';
- increase of ₹ 1,180 crore (64.83 per cent) in 'Appropriation for Reduction or Avoidance of Debt' was due to increase of ₹ 1,180 crore in contribution to Consolidated Sinking Fund;
- increase of ₹ 873 crore (12.43 per cent) in 'Police' was primarily due to increase of ₹ 458 crore in 'District Police', ₹ 189 crore in 'Special Police' and ₹ 79 crore in 'Wireless and Computers';
- increase of ₹ 845 crore (366 per cent) in 'Co-operation' was primarily due to increase of ₹ 738 crore in 'Assistance to other co-operatives'⁶, ₹ 36 crore in 'Audit of Co-operatives', ₹ 36 crore in 'Assistance to Co-operatives' due to payment of remunerative milk procurement prices to dairy farmers and ₹ 25 crore in 'Assistance to Credit Co-operatives';
- increase of ₹ 842 crore (4.41 per cent) in 'Interest Payments' was primarily due to increase of ₹ 1,234 crore in 'Interest on Market Loans', ₹ 131 crore in 'Interest on General and Other Reserve Funds' partially offset by decrease of ₹ 446 crore in 'Interest on Other Internal Debts' and ₹ 179 crore in 'Interest on Special Securities issued to National Small Savings Fund of Central Government by State Government';
- increase of ₹ 655 crore (27.48 per cent) in 'Industries' was primarily due to increase of ₹ 528 crore in 'Other Expenditure' which was attributed to increase in expenditure on power subsidy to industry and ₹ 123 crore in 'Special Component Plan for Scheduled Castes; and
- decrease of ₹ 966 crore (67.68 per cent) in 'Relief on account of Natural Calamities' was primarily due to decrease of ₹ 708 crore in 'Transfer to Reserve Funds and Deposit Accounts- State Disaster Response Fund', ₹ 390 crore in 'Other Expenditure', ₹ 368 crore in 'Repairs and restoration of damaged irrigation and flood control works' and ₹ 166 crore in 'Gratuitous Relief' partially offset by increase of ₹ 600 crore in 'Deduct-Amount met from State Disaster Response Fund'.

⁶ Mainly due to assistance to Punjab State Co-operative Agricultural Development Bank for repayment of loan to NABARD and payment of Pension and Pension arrears to its retirees and assistance to SUGARFED for payment to cane growers.

2.4.1.2 Committed expenditure

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

Apart from the above, there are certain items of *inflexible expenditure* which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure, etc. For example, the following items may be considered as inflexible expenditure:

- (i) Devolution to local bodies – statutory devolutions to local bodies for pay and allowances (devolution / transfer for capital expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds – Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation / Response Fund (SDMF/SDRF), etc.
- (iii) Recoupment of Contingency Fund – Amount recouped within the year.
- (iv) Transfer of cess to reserve fund / other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received – Amount of State share to be transferred to SNAs/spent by the State.
- (vi) Payment of interest on the balances of interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure – Interest payment.

Upward trend on committed expenditure leaves the Government with less flexibility for the development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.20** and share of committed expenditure in revenue expenditure is shown in **Chart 2.12**.

Table 2.20: Components of Committed and Inflexible Expenditure*(₹ in crore)*

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries & Wages ⁷	24,376	24,729	25,607	28,124	32,171
Expenditure on Pensions	10,089	10,294	13,680	14,730	18,214
Interest Payments	16,306	17,567	18,153	19,064	19,905
Total	50,771	52,590	57,440	61,918	70,290
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	39.15	40.16	37.09	35.98	36.72
Expenditure on Pensions	16.20	16.72	19.81	18.84	20.79
Interest Payments	26.19	28.53	26.29	24.39	22.72
Total	81.54	85.41	83.19	79.21	80.23
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	32.33	32.60	29.66	29.10	28.30
Expenditure on Pensions	13.38	13.57	15.84	15.24	16.03
Interest Payments	21.62	23.16	21.02	19.73	17.51
Total	67.33	69.33	66.52	64.07	61.84
Non-committed RE	24,633	23,270	28,904	34,718	43,371
Percentage of RE	32.67	30.67	33.48	35.93	38.16
Percentage of TE	31.11	24.63	31.53	32.69	35.63
Components of Inflexible Expenditure					
Statutory devolution to local bodies	2,265	3,210	5,971	3,859	3,812
Contribution to Reserve Funds (including interest)	924	2,251	2,046	3,503	4,487
Recoupment of Contingency Fund	0	0	0	0	0
Cess transferred /required to be transferred to reserve fund /other body	NA	290	185	156	152
Share contribution of CSS against the Central Fund received*	NA	NA	NA	2,121	3,155
Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure – Interest payment.	264	277	563	82	128
Total of Inflexible Expenditure	3,453	6,028	8,765	9,721	11,734
Inflexible Expenditure as a percentage of Revenue Expenditure (RE)	4.58	7.95	10.15	10.06	10.32
Subsidies	13,361	10,161	9,748	14,516	20,607
Subsidies as percentage of non-committed revenue expenditure	54.24	43.67	33.72	41.81	47.51

Source: Finance Accounts

* Obtained from SNA module of PFMS portal which started functioning from the year 2021-22.

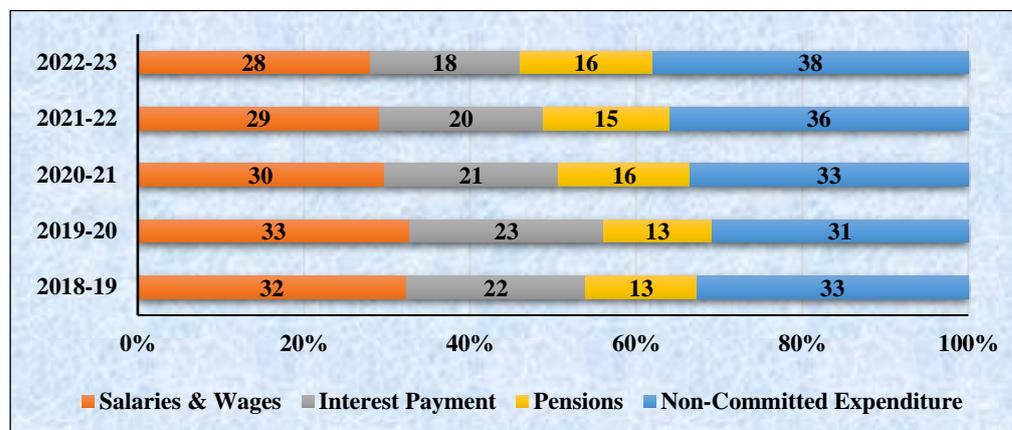
Table 2.20 shows that percentage of other than committed expenditure to revenue expenditure increased from 32.67 per cent in 2018-19 to 38.16 per cent in 2022-23 in which subsidies constituted dominant proportion ranging from 34 per cent to 54 per cent during the period 2018-2023.

Table 2.20 shows that the total of components of inflexible expenditure which include among others, Statutory devolution to local bodies and contribution to Reserve Funds, showed a continued increase during the period 2018-19 to

⁷ Includes Grants-in-aid (Salary): 2018-19 (₹ 3,491 crore); 2019-20 (₹ 3,248 crore); 2020-21 (₹ 3,795 crore); 2021-22 (₹ 3,899 crore); and 2022-23 (₹ 3,997 crore).

2022-23. As a percentage of revenue expenditure, the inflexible expenditure ranged between 4.58 *per cent* and 10.32 *per cent* during the period 2018-2023.

Chart 2.12: Share of committed expenditure in revenue expenditure



Source: Finance Accounts

Salaries and wages

Expenditure on salaries and wages (₹ 32,171 crore) increased by 14.39 *per cent* during 2022-23 over the previous year (₹ 28,124 crore) and constituted 28.30 *per cent* of revenue expenditure.

Interest payment

During 2022-23, interest payments were to the tune of ₹ 19,905 crore (17.51 *per cent* of revenue expenditure). Interest on Market Borrowings (₹ 13,171 crore), Loans from the State Bank of India and other Banks (₹ 1,787 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹ 1,253 crore) continued to be the major components of interest payments.

Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 18,214 crore and constituted 16.03 *per cent* of the revenue expenditure. During the year, Superannuation and Retirement Allowances (₹ 10,645 crore) increased by ₹ 1,848 crore, Family Pensions (₹ 2,327 crore) increased by ₹ 422 crore and Commuted Value of Pensions (₹ 713 crore) increased by ₹ 299 crore, from those in 2021-22. Further, the State Government had notified (November 2022) reversion to the Old Pension Scheme (OPS), wherein it was mentioned that the detailed scheme and Standard Operating Procedures pursuant to the notification would be issued in due course. Thus, reversion of OPS would further increase the committed expenditure of the State.

The State Government, while admitting to the fact of committed liabilities being on the higher side, stated (November 2023) that the impact of Sixth Pay Commission on salaries/pensions was felt in 2022-23.

(i) Undischarged liabilities in National Pension System

The State Government introduced (December 2006) the ‘National Pension System’ (NPS), in the name of Defined Contribution Pension Scheme (DCPS), applicable to all new entrants joining State Government service⁸ on or after 1 January 2004. Under this system, employees contribute 10 *per cent* of basic pay and dearness allowance, which is matched by the State Government (Government’s share has been increased to 14 *per cent* with effect from 1 April 2019). The employees’ contribution is booked in Public Account under Major Head ‘8342-Other Deposits, 117-Defined Contribution Pension Scheme’ and the employer’s contribution is transferred to the designated authority i.e. National Securities Depository Limited (NSDL), debiting Major Head ‘2071-Pension and Other Retirement Benefits, 01-Civil, 117-Defined Contributory Pension Scheme’. The State Government further revised the procedure in February 2021. As per the revised procedure, the State Government’s share would be transferred by debiting Major Head ‘2071-Pension and Other Retirement Benefits, 01-Civil, 117-Defined Contributory Pension Scheme’ to Major Head ‘8342-Other Deposits, 117-Defined Contribution Pension Scheme’ in the Public Account instead of transferring directly to NSDL. The employer’s share along with employees’ share would then be transferred to NSDL from the Public Account. The State Government has the responsibility to deposit both employees’ and employer’s share with NSDL for further investment as per the guidelines of NPS.

Though the State Government implemented DCPS with effect from January 2004, it started deducting the contribution from employees largely from April 2008⁹. The arrears of employees’ share for the period from January 2004 to March 2008 was also deducted in 36 installments from April 2008 to March 2011. Though the State Government started receiving the contribution from 2008-09, it started transferring the same to the pension fund from 2010-11 onwards.

As per provisions of the scheme, during 2022-23, employees’ contribution of ₹ 1,199.49 crore was booked under Major Head ‘8342-Other Deposits 117-Defined Contribution Pension Scheme for Government Employees’ in Public Account’ as per the prescribed procedure. Government’s share of ₹ 1,699.93 crore towards New Pension Scheme was transferred from Major Head ‘2071-Pension and Other Retirement Benefits, 01-Civil, 117-Defined Contributory Pension Scheme’ to Major Head ‘8342-Other Deposits, 117-Defined Contribution Pension Scheme’ in the Public Account as per revised procedure adopted by the State Government.

During 2022-23, against the balance of ₹ 3,048.42 crore lying in the Public Account, the State Government transferred ₹ 2,925.92 crore to NSDL, leaving a balance of ₹ 122.50 crore as on 31 March 2023, which could not be transferred to the fund managers for want of complete particulars of the employees.

⁸ For categories mentioned in Rule 1.2 of Punjab Civil Service Rules, Volume-I, Part-I.

⁹ Meagre amount of ₹ 0.59 crore was collected during 2006-2008.

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

The details of the receipts from employees' share, Government's contribution, interest accrued thereon and investment in pension fund are given in **Table 2.21**.

Table 2.21: Details of contribution and investment under DCPS

(₹ in crore)

Years	Receipts				Disbursement (Transferred to Pension Fund)	Short transfer (-)/ Excess transfer (+)
	Employees' share	Government contribution	Interest	Total		
1	2	3	4	5 (2+3+4)	6	7 (6-5)
2008-09	38.76*	33.60	0.00	72.36	0.00	(-)72.36
2009-10	45.38	36.26	0.00	81.64	0.00	(-)81.64
2010-11	54.19	51.90	26.86	132.95	2.33	(-)130.62
2011-12	79.19	85.00	22.45	186.64	26.45	(-)160.19
2012-13	181.48	196.78	24.01	402.27	286.17	(-)116.10
2013-14	242.81	230.00	22.78	495.59	481.53	(-)14.06
2014-15	282.86	290.00	21.35	594.21	804.90	(+)210.69
2015-16	389.39	390.00	18.48	797.87	902.69	(+)104.82
2016-17	436.28	435.81	17.19	889.28	957.69	(+)68.41
2017-18	532.59	520.55	15.55	1,068.69	1,058.51	(-)10.18
2018-19	585.78	584.94	14.70	1,185.42	1,203.28	(+)17.86
2019-20	746.67	707.69	0.00	1,454.36	1,436.41	(-)17.95
2020-21	791.35	1,356.26	0.00	2,147.61	2,196.72	(+)49.11
2021-22	961.47	1,325.67	0.00	2,287.14	2,290.36	(+)3.22
2022-23	1,199.49	1,699.93	0.00	2,899.42	2,925.91	(+)26.49
Total	6,567.69	7,944.39	183.37	14,695.45	14,572.95	(-)122.50

Source: Finance Accounts

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

During the period 2008-23, against total receipts of ₹ 14,695.45 crore (employees' share: ₹ 6,567.69 crore, State Government contribution: ₹ 7,944.39 crore and interest: ₹ 183.37 crore), substantial amount of ₹ 14,572.95 crore (99 per cent) was transferred to the pension fund leaving a balance of ₹ 122.50 crore only as on 31 March 2023. It was noticed that during the last three years, the State Government contributed/transferred additional funds to minimise the shortfall.

The short contribution/transfer of funds of ₹ 122.50 crore to NSDL is a deferred liability of the State Government, which would impact the pensionary yield of the employees. Besides, due to delay in release of Government's contribution and transfer to pension fund, the State Government had to suffer an avoidable interest of ₹ 183.37 crore.

2.4.1.3 Subsidies

Table 2.22 depicts the expenditure on subsidies during the period 2018-23. Subsidies during the current year increased by ₹ 6,091 crore (41.96 per cent)

over the previous year. The increase was mainly due to increase of ₹ 6,757 crore (50.26 per cent) on account of power subsidy, partially set-off by decrease of ₹ 590 crore on account of debt relief to farmers, ₹ 100 crore on account of pilot project of Solarisation in Bathinda and ₹ 51 crore on account of subsidy scheme for cane price payment to cane farmers.

Table 2.22: Expenditure on subsidies during 2018-23

	2018-19	2019-20	2020-21	2021-22	2022-23
Subsidies (₹ in crore)	13,361	10,161	9,748	14,516	20,607
Power subsidy (₹ in crore)	9,036	9,394	9,657	13,443	20,200
Subsidies as percentage of Revenue Receipts	21.46	16.50	14.12	18.57	23.52
Subsidies as percentage of Revenue Expenditure	17.72	13.39	11.29	15.02	18.13
Subsidies as percentage of Total Expenditure	16.87	10.76	10.63	13.67	16.93
Subsidies as percentage to Revenue Deficit	101.72	71.13	56.36	78.60	79.12
Power subsidy as percentage to total subsidy	67.63	92.45	99.07	92.61	98.02

Source: Finance Accounts

Power subsidy constituted the major portion of the total subsidies ranging between 68 per cent and 99 per cent; and the subsidies contributed between 56 per cent and 102 per cent of the revenue deficit during 2018-2023.

(i) *Implicit subsidies*

Implicit subsidies arise when the Government provides social and economic goods/services at a price less than the cost of goods and services incurred by the Government. It can be indirect or in kind or can be given as concessions. Some implicit subsidies extended during 2022-23 are detailed in **Table 2.23**.

Table 2.23: Details of implicit subsidies during the year 2022-23

Sr. No.	Scheme	Amount
1.	Reimbursement to Transport Department in lieu of free concessional travel facility to Women above the age of 60 years in Government/ PEPSU Road Transport Corporation (PRTC) buses	494.99
2.	Ashirwad to Scheduled Caste girls/widows/divorcees and daughters of widows at the time of their marriages	149.14
3.	Ashirwad to Backward Classes and Christian girls/widows/ divorcees and daughters of widows of any caste at the time of marriage	79.97
4.	Free travel facility from the rank of Constable to Inspector in Government/ PEPSU Road Transport Corporation (PRTC) Buses	30.96
5.	Reimbursement to Transport Department/ PEPSU Road Transport Corporation (PRTC) in lieu of free/concessional facilities to students of colleges and universities in Government/ PEPSU Road Transport Corporation (PRTC) buses	24.04
6.	Reimbursement to PEPSU Road Transport Corporation (PRTC) in lieu of concessional bus passes to the students of medical education (pass holder)	11.70
7.	Reimbursement to Transport Department/ PEPSU Road Transport Corporation (PRTC) in lieu of free concessional travel facility to students of Engineering Colleges/Polytechnics	10.53
8.	Reimbursement to Transport Department/ PEPSU Road Transport Corporation (PRTC) in lieu of free concessional travel facility to students	9.86
Total		811.19

Source: Detailed Appropriation Accounts

During the current year payment under the scheme “Reimbursement to Transport Department in lieu of free concessional travel facility to Women above the age of 60 years in Government/ PEPSU Road Transport Corporation (PRTC) buses” has increased by ₹ 248.20 crore (100.57 per cent) over the previous year. Reasons for the huge increase were called for from the State Government; their reply was awaited (December 2023).

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

Assistance provided by way of grants to local bodies and other institutions during the period 2018-2023 is presented in **Table 2.24**.

Table 2.24: Financial assistance to Local Bodies and other institutions

(₹ in crore)					
Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Local Bodies					
Municipal Corporations and Municipalities	1,747.28	2,365.48	2,694.56	2,424.13	2,345.70
Panchayati Raj Institutions	530.18	885.81	3,313.12	1,463.61	1,529.97
Total (A)	2,277.46	3,251.29	6,007.68	3,887.74	3,875.67
(B) Others					
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	2,824.52	3,196.94	3,586.92	3,380.66	3,312.94
Development Authorities	0.00	1,309.29	1,518.84	1,184.78	1,115.63
Hospitals and Other Charitable Institutions	967.34	1,211.06	1,348.71	1,371.46	1,074.35
Other Institutions	2,795.04	914.70	2,560.30	2,075.40	3,461.59
Total (B)	6,586.90	6,631.99	9,014.77	8,012.30	8,964.51
Total (A+B)	8,864.36	9,883.28	15,022.45	11,900.04	12,840.18
GIA on Salary	3,490.95	3,247.85	3,795.42	3,898.89	3,996.92
GIA for non-salary	5,034.47	5,921.09	8,482.86	7,745.91	8,033.32
GIA for creation of Capital assets	338.94	714.34	2,744.17	255.24	809.95
GIA given in kind	<i>Information not provided by the State government</i>				0
Revenue Expenditure	75,404	75,860	86,344	96,636	1,13,661
Assistance as percentage of Revenue Expenditure	11.76	13.03	17.40	12.31	11.30

Source: Finance Accounts

During the current year, financial assistance to local bodies and other institutions increased by ₹ 940.14 crore (7.90 per cent) over the previous year. The increase was mainly due to increase in assistance to Other Institutions (₹ 1,386.19 crore: 66.79 per cent) partially set-off by decrease in Municipal Corporations and Municipalities (₹ 78.43 crore: 3.24 per cent), Hospitals and Other Charitable Institutions (₹ 297.11 crore: 21.66 per cent) and Development Authorities (₹ 69.15 crore: 5.84 per cent). The overall quantum of financial assistance to local bodies and other institutions as percentage of revenue expenditure decreased to 11.30 per cent during the current year from 12.31 per cent of the previous year.

The financial assistance for salary, non-salary and creation of capital assets had shown an increasing trend during the last five years (except for the year 2019-20 for salary, 2021-22 for non-Salary and 2021-22 and 2022-23 for creation of capital assets). Share of financial assistance on salary, non-salary and for creation of capital assets contributed an average of 32.28 per cent, 60.17 per cent and 7.55 per cent respectively.

Major recipients of financial assistance are shown in **Table 2.25**.

Table 2.25: Major recipients of financial assistance during the year 2022-23

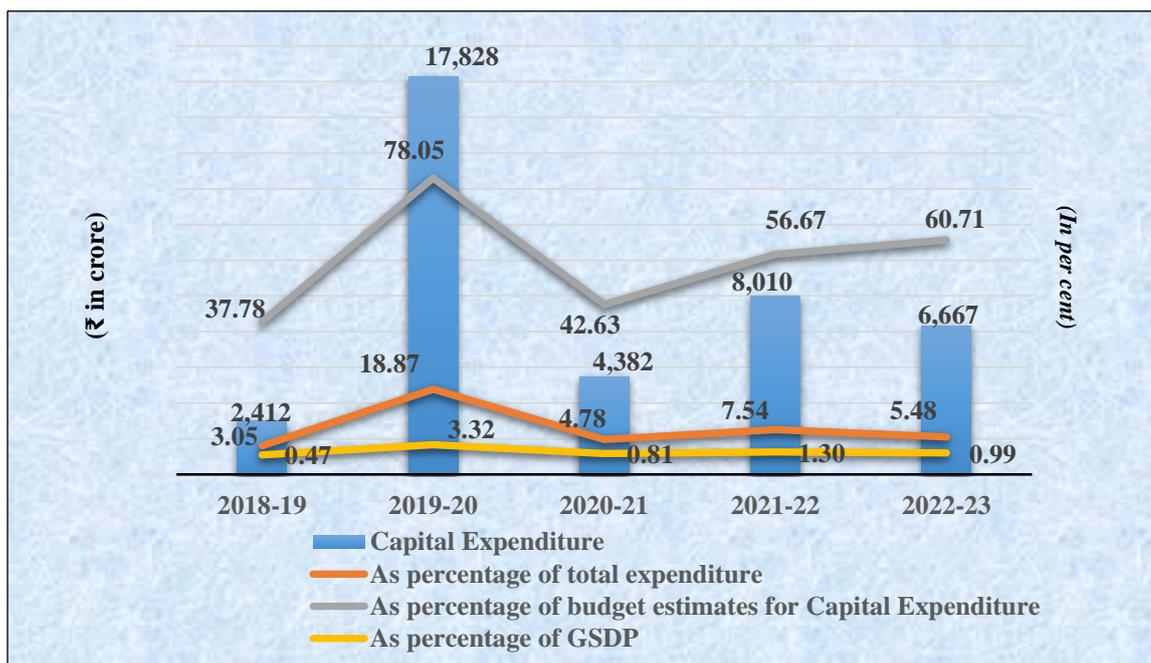
(₹ in crore)		
Recipient	Scheme	Amount
Director, Local Bodies	Punjab Municipal Fund - Assistance to Municipalities/ Municipal Councils /Urban Local Bodies	1,500.00
Gram Panchayat Samitis	Grants-in-aid to PRIs	1,194.70
Punjab Infrastructure Development Board	Assistance	808.19
Government Secondary Schools	Information and Communication Technology	538.44
Government Secondary Schools	Samagra Shiksha Abhiyaan/ Rashtriya Madhyamik Shiksha Abhiyan	536.57
Gram Panchayat Samities	Mahatma Gandhi National Rural Employment Guarantee Scheme	535.26
Government Primary Schools	Samagra Shiksha Abhiyaan including Education Guarantee Scheme - National Programme for education of girls of elementary level and Kasturba Gandhi Balika Vidyalaya	526.07
National Health Mission	National Rural Health Mission	480.04
Government Primary Schools	Mid-day Meal	479.57
Local Urban Bodies	Grants-in-aid	448.00
Punjab Agriculture University, Ludhiana	Assistance	403.93
Punjab Health System Corporation	Assistance	364.56
Non-Government Colleges and Institutes	Assistance	221.69
Punjabi University, Patiala	Grants-in-aid	200.00

Source: Finance Accounts

2.4.2 Capital Expenditure

Capital expenditure is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. Capital expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/ off-budget. It also includes investments made by the State Government in Companies/Corporations. Trends of capital expenditure in the State over the last five years i.e. 2018-2023 is given in **Chart 2.13**.

Chart 2.13: Capital Expenditure in the State



Source: Finance Accounts and Annual Financial Statements of respective years

Chart 2.13 shows that capital expenditure fluctuated during the five years' period. It increased by ₹ 4,255 crore (176.41 per cent) from ₹ 2,412 crore (3.05 per cent of total expenditure) in 2018-19 to ₹ 6,667 crore (5.48 per cent of total expenditure) in 2022-23. Besides, the State Government also gave Grants-in-aid of ₹ 4,863 crore¹⁰ during the period 2018-23 for creation of assets. Utilisation of budget for capital expenditure ranged between 38 per cent and 61 per cent during 2018-2023 except in the year 2019-20 when it was 78 per cent due to conversion of UDAY loans of ₹ 15,628 crore into equity in PSPCL, as discussed in Paragraph 2.4.2.2(v) of the State Finances Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2020. During this period, capital expenditure ranged between 0.47 per cent and 1.30 per cent of GSDP except for the year 2019-20 when it was 3.32 per cent due to conversion of UDAY loans.

2.4.2.1 Major changes in capital expenditure

Major changes in capital expenditure during 2022-23 compared to 2021-22 are depicted in **Table 2.26**.

¹⁰ 2018-19: ₹ 338.94 crore; 2019-20: ₹ 714.34 crore; 2020-21: ₹ 2,744.17 crore; 2021-22: ₹ 255.24 crore; and 2022-23: ₹ 809.95 crore.

Table 2.26: Capital expenditure during 2022-23 compared to 2021-22

Major Head of Accounts	(₹ in crore)		
	2021-22	2022-23	Increase (+)/ Decrease (-)
5475-Capital Outlay on Other General Economic Services	2,311.59	143.25	(-)2,168.34
5054-Capital Outlay on Roads and Bridges	1,014.67	659.29	(-)355.38
4210-Capital Outlay on Medical and Public Health	82.86	654.60	571.74
4217-Capital Outlay on Urban Development	1,918.93	2,270.02	351.09
4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	35.77	193.55	157.78
4425-Capital Outlay on Co-operation	--	135.00	135.00

Source: Finance Accounts

Chart 2.13 shows that capital expenditure decreased by ₹ 1,343 crore (16.77 per cent) from ₹ 8,010 crore in 2021-22 to ₹ 6,667 crore in 2022-23. The decrease in overall capital expenditure was mainly due to decrease in Capital Outlay on Other General Economic Services (₹ 2,168 crore) primarily on account of decrease in State Level Initiative (Punjab Nirman Programme) (₹ 1,361 crore); and in Capital Outlay on Roads and Bridges (₹ 355 crore) mainly on account of decrease in Construction of Rural Roads and Bridges Project under State Highways (₹ 392 crore). The decrease was partially off-set by increase in Capital Outlay on Medical and Public Health: ₹ 572 crore, Capital Outlay on Urban Development: ₹ 351 crore, Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities: ₹ 158 crore and Capital Outlay on Co-operation: ₹ 135 crore, as detailed in **Table 2.26**.

2.4.2.2 Quality of capital expenditure

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

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

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

Investments made and loans given to companies (e.g. DISCOMs), corporations (e.g. SC & ST Financial Corporations), and co-operatives (e.g. sugar mills), which are loss making and those where net worth has completely eroded, affect

the quality of capital expenditure. Return on investment in share capital invested in Public Sector Undertakings (PSUs) and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

Total paid up capital of 33 working State PSUs stood at ₹ 23,469.02 crore at the end of 2022-23, of which the State Government's investment (equity) was ₹ 23,316.35 crore (99.35 per cent) in 24 State PSUs.

Twelve State PSUs in which the State Government held investment of ₹ 22,503.28 crore had aggregated accumulated losses of ₹ 18,113.60 crore (*Appendix 2.3*).

Net worth of nine out of the above 12 PSUs with accumulated losses had completely eroded and had become negative. The net worth of these nine PSUs was (-) ₹ 6,943.57 crore against equity investment of ₹ 462.86 crore (GoP investment: ₹ 423.41 crore) in these PSUs as on 31 March 2023. In five out of nine PSUs whose capital had eroded, Government loans outstanding as on 31 March 2023 amounted to ₹ 20,779.50 crore (*Appendix 2.4*).

The long term loans amounting to ₹ 26,603.90 crore extended by the State Government in respect of nine PSUs were outstanding as on 31 March 2023 (*Appendix 2.5*).

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

Table 2.27: Return on investment

Investment/return/ cost of borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year (₹ in crore)	4,263.25	19,898.08	19,911.84	19,899.69	20,038.52
Return (₹ in crore) ^{\$}	4.24	4.24	1.26	6.66	3.11
Return (<i>per cent</i>) ^{\$}	0.10	0.02	0.01	0.03	0.02
Average rate of interest on Government Borrowings (<i>per cent</i>)	8.01	7.96	7.58	7.46	7.17
Difference between return and interest rate (<i>per cent</i>)	(-)7.91	(-)7.94	(-)7.57	(-)7.43	(-)7.15
Difference between cost of Government borrowings and return on investment (₹ in crore) [#]	(-)337.22	(-)1,579.65	(-)1,508.06	(-)1,477.86	(-)1,432.75

Source: Finance Accounts

^{\$} on historical cost

[#] (Investment at the end of the year * Difference between interest rate and return)/100.

During 2022-23, the return on investment was ₹ 3.11 crore¹¹ (0.02 per cent) (based on historical cost and not on net present value basis). The return was only between 0.01 per cent and 0.10 per cent during 2018-2023 while the average rate of interest paid by the State Government on its borrowings was between 7.17 per cent and 8.00 per cent during the same period. Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹ 6,335.54 crore. The State Government stated (November 2023) that many of these organisations were established with social welfare in mind. However, efforts were being made to improve the financial position of these entities by their respective managements.

(ii) Reconciliation of Government Investments with Accounts of Companies

The figures of Government investments as equity in State Public Sector Undertakings (PSU) should agree with those appearing in the accounts of the PSUs. Reconciliation of figures is necessary to figure out the differences in accounts of PSUs and Finance Accounts of the State Government. Scrutiny of both the accounts revealed that as per Finance Accounts, Government investment as equity in 16 PSUs was ₹ 19,014.14 crore whereas as per records of PSUs, it was ₹ 23,106.49 crore. There was a difference of ₹ 4,092.35 crore as detailed in **Appendix 2.6**. Reconciliation should be carried out in a time bound manner to resolve the difference. The State Government stated (December 2023) that Punjab Government had a dedicated Directorate namely the Directorate of Disinvestment and Public Enterprises (DPED) to deal with matters of PSUs, which was looking into this issue.

(iii) Loans and advances by State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to many institutions/organisations. **Table 2.28** presents the position of outstanding loans and advances as on 31 March 2023 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

¹¹ Government Companies (₹ 2.62 crore); Joint Stock Companies (₹ 0.48 crore); and Co-operative Banks and Societies (₹ 0.01 crore).

Table 2.28: Quantum of loans disbursed and recovered during 2018-23*(₹ in crore)*

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Opening balance of loans outstanding	50,169	50,681	35,394	36,301	37,670
Amount advanced during the year	1,361	783	956	1,576	1,382
Amount recovered during the year	849	16,070	50	207	164
Closing balance of the loans outstanding	50,681	35,394	36,300	37,670	38,888
Net addition	512	(-15,287)	906	1,369	1,218
Interest received	1,341	1,336	25	19	15
Interest received <i>vis-à-vis</i> loans outstanding (<i>per cent</i>)	2.66	3.10	0.07	0.05	0.04
Average rate of interest paid on the outstanding borrowings of the Government	8.00	7.96	7.58	7.46	7.17
Difference between the rate of interest received and interest paid (<i>per cent</i>)	(-)5.34	(-)4.86	(-)7.51	(-) 7.41	(-) 7.13

Source: Finance Accounts

During 2022-23, an amount of ₹ 1,382 crore was advanced as loans against ₹ 1,576 crore given during the previous year. The loans advanced during the current year included ₹ 500 crore extended to the Punjab State Civil Supplies Corporation (PUNSUP) for procurement and supply of essential commodities and ₹ 376 crore to other procurement agencies against liability of Atta Dal Scheme. Loans amounting to ₹ 2,296 crore were outstanding at the beginning of the year against Co-operative Sugar Mills. It was noticed that despite recovery of only ₹ 21 crore of earlier loans, subsequent loans of ₹ 425 crore were given to these sugar mills.

The total outstanding loans advanced by the State Government increased by ₹ 1,218 crore from ₹ 37,670 crore in 2021-22 to ₹ 38,888 crore in the year 2022-23. Recovery of loans decreased by ₹ 42 crore (20 *per cent*) and interest receipts decreased by ₹ 4.00 crore (21 *per cent*) in 2022-23 as compared to 2021-22. The interest received was only 0.04 *per cent* of the outstanding loans and advances during 2022-23.

The outstanding loans (₹ 38,888 crore) at the close of the year 2022-23 included long-term loans of ₹ 33,040 crore out of ₹ 34,474 crore advanced by the State Government for –

- one-time settlement of Legacy Cash Credit Accounts for food procurement operations during 2016-17 (₹ 29,920 crore¹²), of which ₹ 29,233 crore were outstanding; and
- clearing outstanding Cash Credit Limit (CCL) extended afresh to five State Procurement Agencies (SPA) during 2016-2023 (₹ 4,554 crore), of which ₹ 3,807 crore¹³ were outstanding.

¹² This loan is to be repaid by the State Government in equated monthly instalments of ₹ 270 crore (including interest) except for last installment of ₹ 115 crore which is to be paid in September 2034.

¹³ Besides, ₹ 41 crore pertaining to the period prior 2010-11 was also outstanding from PUNSUP.

Thus, against the total amount of ₹ 34,474 crore advanced for clearing old and fresh CCL to SPAs during 2016-2023, recovery of only ₹ 1,434 crore¹⁴ had been effected.

The State Government stated (November 2023) that they provided loans to SPSEs to support and carry out activities of commercial nature keeping in view the welfare of the people as the SPSEs occupy an important place in the State economy. It was assured that the Government would maximise efforts to recover the pending loans.

(iv) Capital locked in incomplete projects

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to extra burden in terms of servicing of debt and interest liabilities. Details of age-wise and department-wise incomplete projects, which were to be completed upto 2022-23 are shown in **Table 2.29** and **Table 2.30** respectively.

Year of commencement	No of incomplete projects	Estimated cost	Expenditure (as on 31 March 2023)
Upto 2012-13	3	2,543.96	1,169.70
2013-14	0	0.00	0.00
2014-15	0	0.00	0.00
2015-16	2	51.15	0.00
2016-17	3	50.66	34.90
2017-18	0	0.00	0.00
2018-19	4	30.03	19.29
2019-20	4	150.06	109.60
2020-21	12	199.00	144.77
2021-22	24	268.26	84.13
2022-23	17	97.55	62.48
Total	69	3,390.67	1,624.87

Source: Finance Accounts

Department	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2023)
Public Works	39	615.97	328.92
Irrigation	20	2,704.83	1,246.01
Water Supply and Sanitation	10	69.87	49.94
Total	69	3,390.67	1,624.87

The expenditure of ₹ 1,625 crore incurred on 69 incomplete projects was yet to yield the intended benefits. Out of 69 incomplete projects, 16 projects on which expenditure of ₹ 1,333.49 crore had been incurred, pertained to the period prior to the year 2020-21.

Punjab being a deficit State, funds spent on these projects were borrowed at a very high cost. Delay in completion of projects not only adversely affected the

¹⁴ ₹ 687 crore (2017-18: ₹ 26 crore, 2018-19: ₹ 61 crore, 2019-20: ₹ 405 crore, 2020-21: ₹ 11 crore, 2021-22: ₹ 172 crore and 2022-23: ₹ 12 crore) against ₹ 29,920 crore; and ₹ 747 crore (2018-2023) against ₹ 4,554 crore.

quality of expenditure but also deprived the State of intended benefits and economic growth.

The State Government stated (November 2023) that the matter would be taken up with line departments during the finalisation of revised estimates for the year 2023-24 and as per the status of these projects, budget for the year 2024-25 would be opted/disbursed.

2.4.2.3 Resource availability of the State under Public Private Partnership projects

Public Private Partnership (PPP) is an arrangement between the government or statutory entity and a private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development. Sector-wise details of PPP projects are given in **Table 2.31**.

Table 2.31: Sector-wise details of PPP projects as on 31 March 2023

(₹ in crore)

Sl. No.	Sector	Completed			Ongoing			Planned for future	
		No.	Estimated Cost	Revenue generated upto 31 March 2023	No.	Estimated Cost	Revenue generated upto 31 March 2023	No.	Estimated Cost
1.	Roads	14	1,046.17	110.12	--	--	--	--	--
2.	Health and Family Welfare	--	--	--	3 ¹⁵	240.64	153.59	--	--
3.	Technical Education and Industrial Training	--	--	--	2 ¹⁶	23.50	0.45	--	--
4.	Revenue, rehabilitation and disaster management	--	--	--	1 ¹⁷	51.75	57.92		
Total		14	1,046.17	110.12	06	315.89	211.96		

Source: Departmental information

2.4.3 Expenditure priorities

Enhancing human development levels requires the State to step up its expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to total expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. Fiscal priority¹⁸ of the State Government

¹⁵ (i) Development of Green Field Super Specialty Hospital on DBOT at Mohali; (ii) Development of Green Field Super Specialty Hospital on DBOT at Bathinda and (iii) Development of Mother and Child Hospital Fatehgarh Sahib.

¹⁶ (i) Government Polytechnic College, Chokhra, PO Rohon, Distt. Shaheed Bhagat Singh Nagar and (ii) Government College, Anandpur Shaib, Distt. Ropar.

¹⁷ Computerization of Land Records Management System and provisioning of Citizen and Backend Services through establishment and operation and Management of citizen services Centres.

¹⁸ Ratio of expenditure in that category to Total Expenditure (TE).

with regard to expenditure on social and economic sectors, etc. is shown in **Table 2.32**.

Table 2.32: Expenditure priority of the State with regard to health, education and capital expenditure

	(In per cent)			
	TE/GSDP	CE/TE	Education*/TE	Health/ TE
General Category States Average (2018-19)	16.38	15.58	14.76	5.07
Punjab (2018-19)	15.45	4.77	12.99	4.10
General Category States Average (2022-23)	15.79	15.22	14.85	5.68
Punjab (2022-23)	18.08	6.61	12.04	3.93

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

TE: Total Expenditure and CE: Capital Expenditure (includes Loans and advances disbursed)

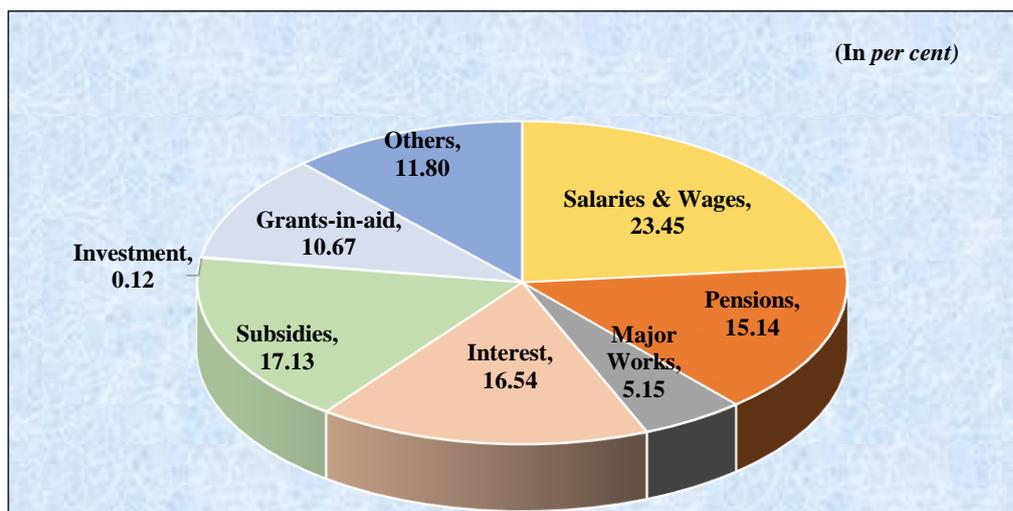
*Expenditure on education includes expenditure on sports, art and culture.

Table 2.32 shows that:

- The State Government's total expenditure as proportion of GSDP, increased from 15.45 *per cent* in 2018-19 to 18.08 *per cent* in 2022-23 whereas for General Category States (GCS), it decreased from 16.38 *per cent* to 15.79 *per cent* during the same period.
- Capital expenditure facilitates asset creation which generates opportunities for higher growth. Though the ratio of capital expenditure to total expenditure increased from 4.77 *per cent* in 2018-19 to 6.61 *per cent* in 2022-23, it was far below the ratio for GCS. This ratio for GCS decreased from 15.58 *per cent* to 15.22 *per cent* during the same period.
- The ratio of expenditure on education to total expenditure in Punjab decreased from 12.99 *per cent* in 2018-19 to 12.04 *per cent* in 2022-23 whereas it increased from 14.76 *per cent* to 14.85 *per cent* in case of GCS during the same period.
- The ratio of expenditure on health to total expenditure in Punjab decreased from 4.10 *per cent* in 2018-19 to 3.93 *per cent* in 2022-23 whereas it increased from 5.07 *per cent* to 5.68 *per cent* in case of GCS during the same period.

2.4.4 Object head-wise expenditure

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

Chart 2.14: Object head-wise expenditure during 2022-23

Source: Finance Accounts

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

2.5 Public Account

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

2.5.1 Net Public Account balances

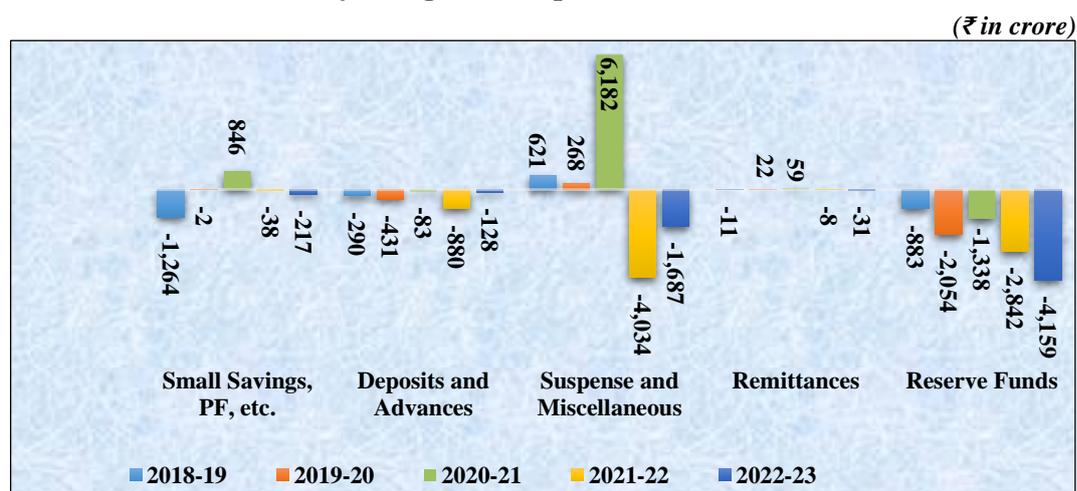
The component-wise net balances in Public Account of the State are given in **Table 2.33** and yearly changes in composition of Public Account balances are depicted in **Chart 2.15**.

Table 2.33: Component-wise net balances in Public Account

		(₹ in crore)				
Sector	Sub-Sector	2018-19	2019-20	2020-21	2021-22	2022-23
Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	(-)22,993.55	(-)22,995.06	(-)22,149.54	(-)22,187.70	(-)22,404.33
Reserve Funds	(a) Reserve Funds bearing Interest	(-)6,402.59	(-)8,203.96	(-)8,583.58	(-)9,508.56	(-)10,443.38
	(b) Reserve Funds not bearing Interest	(-)0.68	(-)253.20	(-)1,211.33	(-)3,127.96	(-)6,352.33
Deposits and Advances	(a) Deposits bearing Interest	(-)808.08	(-)776.16	(-)880.98	(-)1,400.28	(-)1,379.35
	(b) Deposits not bearing Interest	(-)2,581.87	(-)3,045.22	(-)3,023.68	(-)3,384.82	(-)3,533.92
	(c) Advances	0.42	0.42	0.42	0.42	0.42
Suspense and Miscellaneous	(a) Suspense	(-)38.05	(-)8.47	(-)102.69	129.71	(-)232.45
	(b) Other Accounts	1,272.82	1,511.04	7,787.14	3,521.09	2,196.36
	(c) Accounts with Governments of Foreign Countries	0.66	0.66	0.66	0.66	0.66
	(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
Remittances	(a) Money Orders, and other Remittances	(-)9.02	2.68	40.85	18.04	8.40
	(b) Inter-Governmental Adjustment Account	11.93	22.59	43.05	57.40	35.85
Total		(-)31,548.01	(-)33,744.68	(-)28,079.68	(-)35,882.00	(-)42,104.07

Source: Finance Accounts

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

Chart 2.15: Yearly changes in composition of Public Account balances

Source: Finance Accounts

Public account liabilities increased by ₹ 6,222 crore mainly due to increase of ₹ 3,224 crore in reserve funds not bearing interest. This included contribution of ₹ 3,000 crore to Consolidated Sinking Fund during the current year, which

had been invested in Government of India securities, as discussed in **Paragraph 2.5.2.1**.

2.5.2 Reserve Funds

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

Details of reserve funds are available in Statements 21 and 22 of the Finance Accounts. There were seven interest bearing funds and two reserve funds not bearing interest as on 31 March 2023. The balances lying in these reserve funds as on 31 March 2023 are given in **Table 2.34**.

Table 2.34: Details of Reserve Funds

(₹ in crore)

Sr. No.	Name of Reserve Fund	Balance as on 31 March 2023
A	Reserve Funds bearing Interest	10,443.38
1.	Depreciation Reserve Fund-Motor Transport	117.03
2.	Depreciation Reserve Fund-Government Presses	30.09
3.	General Reserve Fund-Motor Transport	15.31
4.	Punjab Road Safety Fund	61.01
5.	State Disaster Response Fund	9,041.74
6.	State Compensatory Afforestation Fund	899.30
7.	State Disaster Mitigation Fund	278.90
B	Reserve Funds not bearing Interest	6,352.33
1.	Sinking Funds	6,351.61
2.	Other Development and Welfare Fund	0.72
	Grand Total	16,795.71

Source: Finance Accounts

2.5.2.1 Consolidated Sinking Fund

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

There was an opening balance of ₹ 3,127.26 crore in the Fund at the beginning of the current year. As on 31 March 2022, the outstanding liabilities of the

Government of Punjab were ₹ 2,61,281.23 crore¹⁹. Accordingly, the State Government was required to contribute a minimum of ₹ 1,306.41 crore (0.50 per cent) during 2022-23 against which the State Government had made contribution of ₹ 3,000 crore to the Fund, which had been invested and an interest of ₹ 224.35 crore was earned. Resultantly, there was a balance of ₹ 6,351.61 crore at the end of the current year.

Though the State Government contributed more than the required share during 2021-22 and 2022-23, there was still a short contribution of ₹ 5,073.51 crore²⁰ during 2011-2023 to the said Fund in line with the recommendations *ibid* to meet the objective of redeeming its outstanding liabilities.

The State Government stated (December 2023) that they were actively investing in the Consolidated Sinking Fund since the financial year 2020-21 and till date an amount of ₹ 7,738 crore had been invested in the Fund.

2.5.2.2 State Disaster Risk Management Fund

The Fifteenth Finance Commission (15th FC) recommended creation of a State Disaster Risk Management Fund (SDRMF) at State level, which would include State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF). The total State allocation for SDRMF would be divided into SDRF and SDMF, which together address the full cycle of disaster management needs – response and relief, recovery and reconstruction, preparedness and capacity-building and mitigation. SDRF would receive 80 per cent of the total SDRMF, while SDMF would get 20 per cent of the allocation.

(i) State Disaster Response Fund

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

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

¹⁹ Excluding ₹ 20,491.41 crore as back-to-back loans from GoI in 2020-22 in lieu of GST Compensation shortfall, which were not to be repaid by the State from its sources.

²⁰ Up to 2015-16: ₹ 3,764.81 crore; 2016-17: ₹ 647.20 crore; 2017-18: ₹ 912.63 crore; 2018-19: ₹ 975.76 crore; 2019-20: ₹ 816.59 crore; 2020-21: ₹ 221.76 crore; 2021-22: (-) ₹ 571.65 crore; and 2022-23: (-) ₹ 1,693.59 crore.

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

As per Finance Accounts, as on 1 April 2022, an amount of ₹ 8,194.07 crore was lying in SDRF. During the year 2022-23, ₹ 908.85 crore (₹ 208 crore as Central share and ₹ 69.33 crore as State share for the year 2022-23; ₹ 125.95 crore towards refund of previous year's unspent balance lying with the Drawing and Disbursing Officers and ₹ 637.57 crore towards payment of interest by the State Government less ₹ 132 crore transferred to State Disaster Mitigation Fund (SDMF)) were transferred to the Fund. An amount of ₹ 61.18 crore was spent from the Fund during the current year leaving a balance of ₹ 9,041.74 crore. The entire balance of ₹ 9,041.74 crore was lying uninvested in SDRF as on 31 March 2023, in violation of GoI guidelines *ibid*. The State Government did not transfer ₹ 277.07 crore (₹ 208 crore as Central share and ₹ 69.07 crore as State share for the year 2022-23) to the Fund and as such, the revenue expenditure was understated to that extent.

The State Government stated (November 2023) that the matter regarding investment of funds of SDRF was under consideration.

Details of expenditure charged to SDRF during 2022-23 are given in **Table 2.35**.

Table 2.35: Details of expenditure charged to SDRF during 2022-23

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure
2245-Relief on Account of Natural Calamities 02-Floods, Cyclones, etc.	101-Gratuitous Relief	39.73
	104-Supply of Fodder	0.00
	111-Ex-gratia payments to bereaved families	15.66
	113-Assistance for repairs/ reconstruction of Houses	5.31
	117-Assistance to farmers for purchase of livestock	0.04
	122-Repairs and restoration of damaged irrigation and flood control works	0.44
	Total	61.18
2245- Relief on Account of Natural Calamities 05-State Disaster Response Fund	901- Deduct - Amount met from State Disaster Response Fund	(-)61.18
Expenditure charged to SDRF in violation of SDRF guidelines		21.45

Source: Finance Accounts

As per the SDRF guidelines, only the amount booked under 2245-02-101 is admissible expenditure to be met from SDRF. Hence, expenditure of ₹ 21.45 crore out of ₹ 61.18 crore met from SDRF (other than minor head 101-

Gratuitous Relief) was in contravention of the guidelines. This led to understatement of revenue expenditure to the extent of ₹ 21.45 crore during 2022-23 with consequent impact on revenue deficit and fiscal deficit of the State.

(ii) State Disaster Mitigation Fund

In accordance with Section 48(1)(c) of the Disaster Management Act, 2005, the State Government constituted (March 2023) under Major Head 8121-130-State Disaster Mitigation Fund (SDMF). This Fund is exclusively for the purpose of mitigation project in respect of disasters covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disaster notified by the State Government from time to time. The Central and the State Governments are required to contribute to the fund in the proportion of 75:25.

During the year 2022-23, the State Government received ₹ 99 crore as Central share pertaining to the year 2021-22. Accordingly, during the current year, the State Government transferred ₹ 132 crore (GoI share: ₹ 99 crore and State share: ₹ 33 crore) for the year 2021-22 to the Fund. Further, the State Government also transferred ₹ 132 crore (GoI share: ₹ 99 crore and State share: ₹ 33 crore) pertaining to the year 2020-21, to the Fund, which was earlier transferred to SDRF under Major Head 8121-122-State Disaster Response Fund. The interest amounting to ₹ 14.90 crore has also been credited to the Fund.

2.5.2.3 Guarantee Redemption Fund

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

In terms of recommendations of the Twelfth Finance Commission, the State Government constituted 'Guarantee Redemption Fund' (GRF) in December 2007 (revised in January 2014 with effect from the financial year 2013-14) with the objective of meeting its obligations arising out of the guarantees issued on behalf of the State bodies. As per the guidelines, the State Government was required to make an initial contribution of at least one *per cent* of outstanding guarantees at the end of the previous year (2012-13) and thereafter at least 0.50 *per cent* of outstanding guarantees at the close of the previous year to achieve a minimum level of three *per cent* of outstanding

guarantees in the next five years. However, the State Government had not contributed anything to the Fund.

The State Government further revised (October 2017) the ‘Guarantee Redemption Fund Scheme’ with effect from the financial year 2017-18. In terms of the Scheme, the State Government was required to make a minimum contribution of one *per cent* and thereafter at the rate of 0.50 *per cent* of outstanding guarantees at the end of the previous year to achieve a minimum level of three *per cent* in next five years. The Fund shall be gradually increased to a desirable level of five *per cent*.

During the year 2022-23, the Government did not make any contribution as against ₹ 100.82 crore (0.50 *per cent* of outstanding guarantees of ₹ 20,164.54 crore at the end of the previous year) it was required to contribute to the Fund. Besides, guarantee fee of ₹ 61.40 crore²¹ was also received during the current year which was not transferred to GRF. Non contribution to the fund and non-transfer of guarantee fee to GRF has resulted in understatement of revenue expenditure by ₹ 162.22 crore during 2022-23 with consequent impact on revenue deficit and fiscal deficit of the State.

The State Government stated (December 2023) that investment in Consolidated Sinking Fund was more beneficial than GRF. However, the reply was not in line with the provisions *ibid*.

Balances in Reserve funds are either held in cash or are required to be invested in various securities stipulated in the respective fund guidelines. Investment of ₹ 6,351.61 crore (from the Consolidated Sinking Fund) was made upto the end of 2022-23. The general cash balance of ₹ 1,278.57 crore at the close of the year (Table 2.46) was not even equal to the balance of ₹ 10,443.38 crore shown in cash in earmarked reserve funds, which means that reserve funds were being used for other than intended purpose.

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

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

²¹ Power: ₹ 61.18 crore and Food and Supplies: ₹ 0.22 crore.

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

The State Government imposed various cesses for meeting expenditure for specific purposes. Audit collected information/data of some cesses being levied by the Departments concerned which are discussed below:

2.6.1 Cultural Cess

The State Government imposed (April 2013) cultural cess at the rate of one *per cent* on construction cost of roads, bridges, flyovers, road over bridges/road under bridges, irrigation works, etc. and on buildings costing more than ₹ 50 crore (revised to ₹ 15 crore with effect from December 2013) under the Punjab Ancient, Historical Monuments, Archeological Sites and Cultural Heritage Maintenance Board Act, 2013. The proceeds of the cess were to be credited by the concerned agencies directly into the Consolidated Fund of the State.

It was, however, noticed that an amount of ₹ 4.72 crore which was required to be deposited in the Consolidated Fund of the State was lying with the collecting agencies²² as on 31 March 2023. This was in addition to the total amount deposited (₹ 27.55 crore) under Major Head 0202-Education, Sports, Art and Culture, 04-Art and Culture, 800-Other Receipts during the year 2022-23.

2.6.2 Cancer and Drug Addiction Treatment Fund

The State Government notified (April 2013) the Punjab State Cancer and Drug Addiction Treatment Infrastructure Fund Act, 2013 under which Cancer and Drug Addiction Treatment Fund was constituted. The contribution to the Fund would be made as specified under Section 6 of the Act and will be credited to the Consolidated Fund of the State. The fund would be administered by a Board²³ constituted under the Act and it could be utilised for specific purposes as mentioned under Section 5 of the Act.

It was, however, noticed that an amount of ₹ 3.05 crore which was required to be deposited in the Consolidated Fund of the State was lying with the collecting agencies²⁴ as on 31 March 2023. This was in addition to the total amount

²² (i) Public Works Department: ₹ 4.25 crore; and (ii) Secretary Punjab Mandi Board: ₹ 0.47 crore.

²³ Punjab State Cancer and Drug Addiction Treatment Infrastructure Board.

²⁴ (i) PWD: ₹ 1.44 crore; (ii) Registrar Cooperative Societies Sugarfed: ₹ 0.01 crore; (iii) Punjab Small Industries and Export Corporation Limited: ₹ 0.37 crore; (iv) PUDA: ₹ 0.03 crore; (v) PDA Patiala: ₹ 1.17 crore; and (vi) JDA Estate officer: ₹ 0.03 crore.

deposited (₹ 84.06 crore) under Major Head 0210-Medical and Public Health, 80-General, 800-Other Receipts during the year 2022-23.

2.6.3 Education Cess

Government of Punjab, Punjab Urban Planning and Development Authority (PUDA) issued (March 2008) instructions that Education Cess at the rate of five *per cent* of the total money collected from bidders be imposed on all properties auctioned by six development authorities²⁵ after 1 April 2007 and be deposited into Government Account.

It was, however, noticed that an amount of ₹ 1.32 crore which was required to be deposited in the Consolidated Fund of the State was lying with the Jalandhar Development Authority (JDA) (₹ 1.27 crore) and Greater Ludhiana Area Development Authority (₹ 0.05 crore) as on 31 March 2023.

2.6.4 Receipts Collected by Punjab State Power Corporation Limited

The Punjab State Power Corporation Limited (PSPCL) was collecting Dedicated Social Security Fund (DSSF), Electricity Duty (ED), and Infrastructure Development Funds (IDF) under the provisions of notifications issued in January 2005, March 2011 and November 2015 respectively. As per these notifications, the said receipts collected by PSPCL were required to be deposited into the Consolidated Fund of the State.

It was observed that as on 31 March 2023, an amount ₹ 706.58 crore²⁶ was lying with PSPCL which was not deposited into the Consolidated Fund of the State as required under the provisions of notifications *ibid*.

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

The State Government instructed (November 2008) all the heads of the Department/Boards/Autonomous Bodies/Local Authorities to collect cess at the rate of one *per cent* of cost of all construction and also from individuals who got approved building plan for own residence having cost of ₹ 10 lakh or more, as notified (September 1996) by the Central Government, and deposit it with the Punjab Building and Other Construction Workers' Welfare Board. The cess so collected was required to be spent for the social security schemes and welfare measures adopted by the Board for the benefit of the building and other construction workers in the State.

²⁵ (i) Greater Mohali Area Development Authority; (ii) Greater Ludhiana Area Development Authority; (iii) Jalandhar Development Authority; (iv) Amritsar Development Authority; (v) Bathinda Development Authority; and (vi) PUDA, Patiala.

²⁶ (i) Electricity Duty: ₹ 358.73 crore; (ii) Dedicated Social Security Fund (DSSF): ₹ 144.01 crore; and (iii) Infrastructure Development Funds (IDF): ₹ 203.84 crore.

However, it was noticed that labour cess amounting to ₹ 7.05 crore, though collected by the collecting agencies²⁷, was not transferred to the concerned Board as on 31 March 2023, in violation of the instructions *ibid*, which would ultimately hamper the implementation of social security schemes and welfare measures for the benefit of the building and other construction workers in the State.

Further, it was also noticed that there was un-transferred amount of Labour Cess from Major Head 0230-Labour and Employment of ₹ 28.13 crore as on 31 March 2022. During the year 2022-23, the Government collected ₹ 10.53 crore as Labour Cess under Major Head 0230-Labour and Employment but did not transfer any amount to Building and other Construction Workers Welfare Board. Thus, the un-transferred amount from Major Head 0230-Labour and Employment was ₹ 38.66 crore as on 31 March 2023.

2.6.6 Royalty

As per Rule 23 of Punjab Minor Mineral Rules, 2013 the holder of the mining lease shall pay royalty in respect of any mineral removed by him from the lease area. Further, as per notification (June 2013), the royalty will be deposited into the Consolidated Fund of the State.

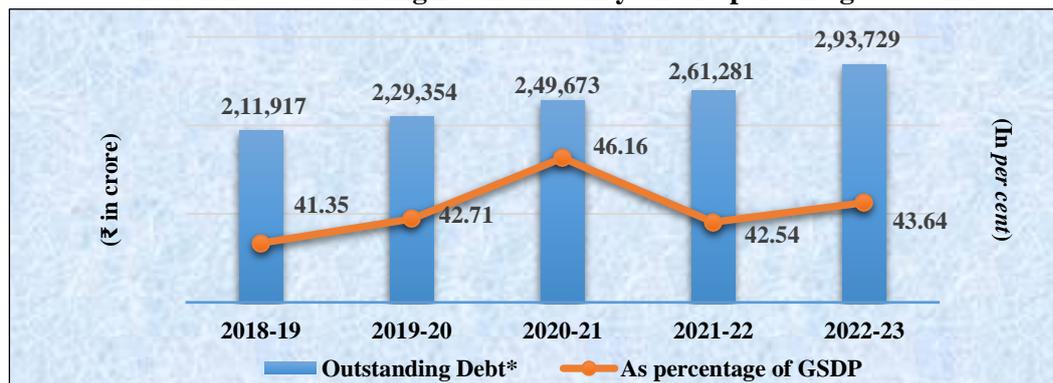
The Water Resources Department (WRD) collects royalty for mining activities. It was, however, noticed that out of ₹ 191.85 crore (inclusive of interest earned amounting to ₹ 0.23 crore) collected as royalty, an amount of ₹ 171.36 crore was deposited in the Consolidated Fund of the State and ₹ 0.06 crore was transferred to the designated authority/body during the year 2022-23, thereby leaving a balance of ₹ 20.43 crore lying with WRD as on 31 March 2023.

2.7 Public Liability Management

Management of Public Liability is the process of establishing and executing a strategy for managing the Government's liabilities in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

Outstanding liability of the State along with its percentage to GSDP for the years 2018-19 to 2022-23 is depicted in **Chart 2.16**.

²⁷ (i) Public Works Department: ₹ 2.59 crore; (ii) Water Supply and Sanitation Department: ₹ 0.57 crore; (iii) Secretary, Punjab Mandi Board: ₹ 0.04 crore; (iv) Punjab State Transmission Corporation Limited: ₹ 0.46 crore; (v) Department of Soil and Water Conservation: ₹ 0.41 crore; (vi) Greater Ludhiana Area Development Authority: ₹ 0.59 crore; (vii) Jalandhar Development Authority: ₹ 0.17 crore; (viii) Amritsar Development Authority: ₹ 0.19 crore; (ix) Bathinda Development Authority: ₹ 0.06 crore; (x) PUDA: ₹ 0.21 crore; and (xi) PDA Patiala: ₹ 1.76 crore.

Chart 2.16: Outstanding Public Liability and its percentage to GSDP

Source: Finance Accounts

* During the years 2020-21 and 2021-23, it excludes ₹ 8,359 crore and ₹ 20,491 crore (₹ 8,359 crore+₹ 12,132 crore) respectively, as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

2.7.1 Liability profile: Components

Total liabilities of the State Government typically constitute Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account liabilities. The component-wise liability trends of the State for the period of five years beginning from 2018-19 are presented in **Table 2.36**.

Table 2.36: Component-wise outstanding liability trends

(₹ in crore)					
Components of fiscal liability	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Total liability	2,11,917	2,29,354	2,49,673	2,61,281	2,93,729
Public Debt	1,79,130	1,94,333	2,15,035	2,24,799	2,55,968
<i>Internal Debt</i>	1,74,172	1,89,662	2,10,394	2,20,196	2,50,972
<i>Loans from GoI*</i>	4,958	4,671	4,641	4,603	4,996
Public Account Liabilities	32,787	35,021	34,638	36,482	37,761
<i>Small Savings, Provident Funds, etc.</i>	22,993	22,995	22,149	22,188	22,404
<i>Reserve Funds bearing interest</i>	6,403	8,204	8,583	9,508	10,443
<i>Reserve Funds not bearing interest</i>	1	1	1	1	1
<i>Deposits bearing interest</i>	808	776	881	1,400	1,379
<i>Deposits not bearing interest</i>	2,582	3,045	3,024	3,385	3,534
Rate of growth of outstanding total liability (per cent)	8.59	8.23	8.86	4.65	12.42
Gross State Domestic Product (GSDP)	5,12,510	5,37,031	5,40,853	6,14,227	6,73,107
Liability/GSDP (per cent)	41.35	42.71	46.16	42.54	43.64
Borrowings and Other Liabilities					
(As per Statement 6 of Finance Accounts)					
Total Receipts (including WMA)#	61,155	65,907	64,248	43,605	1,04,434^
Total Repayments (including WMA)	44,390	48,470	43,928	31,997	71,986^
Net funds available	16,765	17,437	20,320	11,608	32,448
Repayments/Receipts (per cent)	72.59	73.54	68.37	73.38	68.93

Source: Finance Accounts

* During the years 2020-21 and 2021-23, it excludes ₹ 8,359 crore and ₹ 20,491 crore (₹ 8,359 crore+₹ 12,132 crore) respectively, as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

During the years 2020-21 and 2021-22, these have been calculated after excluding ₹ 8,359 crore and ₹ 12,132 crore respectively, as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

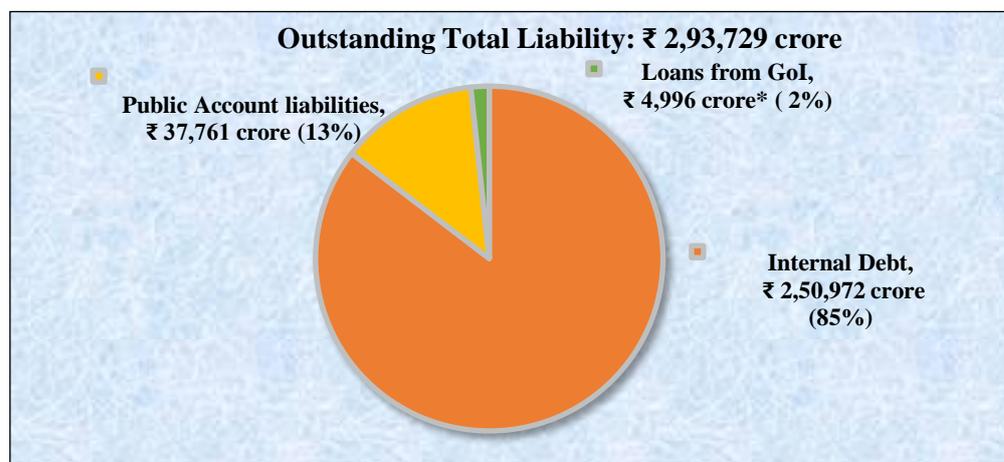
^ No Ways and Means advances were taken in 2022-23.

The total liabilities of the State Government had been on the rise as it increased by 38.61 per cent from ₹ 2,11,917 crore in 2018-19 to ₹ 2,93,729 crore in 2022-23, which included outstanding long term loans raised by the State Government for (i) one-time settlement of Legacy Cash Credit Accounts for food procurement operations during 2016-17 (₹ 23,653 crore out of ₹ 29,920 crore); and (ii) issuing of Bonds for clearing debts of Punjab State Power Corporation Limited (PSPCL) in compliance with the implementation of Ujwal Discom Assurance Yojana (UDAY) during 2015-17 (₹ 12,503 crore out of ₹ 15,628 crore).

Public Debt increased by ₹ 76,838 crore (42.90 per cent) during the period 2018-2023 wherein Internal debt increased by ₹ 76,800 crore (44.09 per cent) and Loans from GoI increased by only ₹ 38 crore (0.77 per cent). Public Account liabilities increased by ₹ 4,974 crore (15.17 per cent) during the period 2018-2023. Major increase was under ‘Reserve Funds bearing Interest’ (₹ 4,040 crore: 63.10 per cent) and ‘Deposits not bearing Interest’ (₹ 952 crore: 36.87 per cent).

Break-up of outstanding total liabilities at the end of 2022-23 is shown in **Chart 2.17**.

Chart 2.17: Break-up of outstanding total liabilities at the end of 2022-23

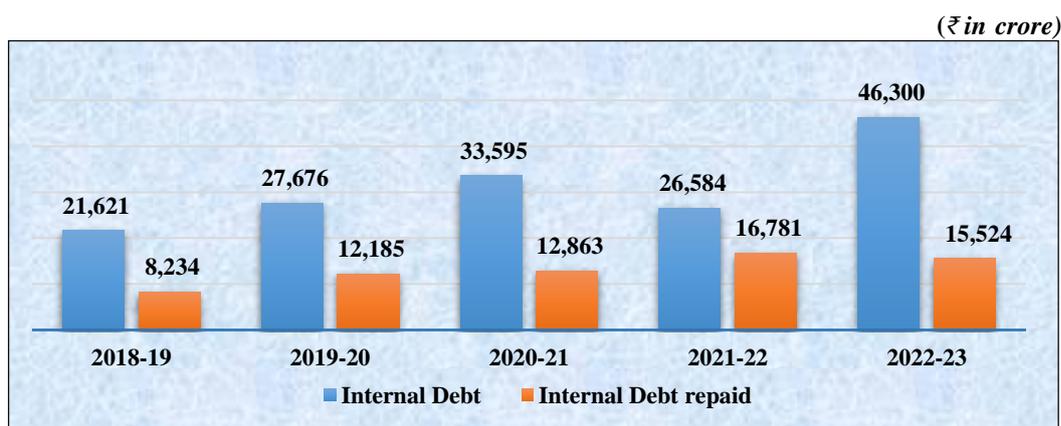


Source: Finance Accounts

* Excludes back-to-back loans of ₹ 20,491 crore received from GoI in lieu of GST Compensation shortfall during 2020-2022, which are not to be repaid by the State from its sources.

Chart 2.18 depicts the quantum of internal debt taken vis-à-vis repaid during the period of five years i.e. 2018-23.

Chart 2.18: Internal debt vis-a-vis debt repaid



Source: Finance Accounts

Internal debt of the State Government increased by ₹ 76,800 crore (44.09 per cent) from ₹ 1,74,172 crore in 2018-19 to ₹ 2,50,972 crore in 2022-23 (Table 2.36). An amount of ₹ 17,499 crore was paid towards interest on internal debt during 2022-23.

Table 2.37 depicts financing pattern of the fiscal deficit during 2018-23 and the financing of fiscal deficit during 2022-23 is expressed through a water flow chart (Chart 2.19).

Table 2.37: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Composition of Fiscal Deficit	(-)16,059	(-)16,826	(-)22,584	(-)27,847	(-)33,930
1 Revenue Deficit	(-)13,135	(-)14,285	(-)17,296	(-)18,468	(-)26,045
2 Net Capital expenditure	(-)2,412	(-)17,828	(-)4,382	(-)8,010	(-)6,667
3 Net Loans and Advances	(-)512	15,287	(-)906	(-)1,369	(-)1,218
Financing Pattern of Fiscal Deficit					
1 Market Borrowings	17,053	18,470	23,467	13,414	33,660
2 Loans from GoI	940	(-)288	8,329	12,095	393
3 Special Securities issued to NSSF	(-)1,801	(-)1,841	(-)1,838	(-)1,841	(-)1,841
4 Loans from Financial Institutions	(-)1,865	(-)1,138	(-)898	(-)1,770	(-)1,043
5 Small Savings, PF, etc.	1,264	2	(-)845	38	217
6 Reserve Funds	883	2,054	1,338	2,842	4,159
7 Deposits and Advances	290	431	83	880	128
8 Suspense and Miscellaneous	120	(-)41	130	(-)195	364
9 Remittances	11	(-)23	(-)59	8	30
10 Overall Deficit	16,895	17,626	29,707	25,471	36,067
11 Increase (-)/Decrease (+) in cash balance	(-)836	(-)800	(-)7,123	(+)2,376	(-)2,137
12 Gross Fiscal Deficit	16,059	16,826	22,584	27,847	33,930

Source: Finance Accounts

Chart 2.19: Financing of fiscal deficit during 2022-23

Source: Finance Accounts

The components of receipts and disbursements financing the fiscal deficit during the year 2022-23 are depicted in **Table 2.38**.

Table 2.38: Receipts and Disbursements under various components financing the fiscal deficit during 2022-23

(₹ in crore)

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	45,500	11,840	33,660
2	Loans from GoI	963	570	393
3	Special Securities issued to NSSF	--	1,841	(-)1,841
4	Loans from Financial Institutions	800	1,843	(-)1,043
5	Small Savings, PF, etc.	3,350	3,133	217
6	Reserve Funds	4,487	328	4,159
7	Deposits and Advances	7,053	6,925	128
8	Suspense and Miscellaneous	87,562	87,198	364
9	Remittances	66	36	30
10	Overall Deficit			36,067
11	Increase (-)/Decrease (+) in cash balance	9,009	6,872	(-)2,137
12	Gross Fiscal Deficit			33,930

Source: Finance Accounts

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. Debt maturity profile of the State is depicted in **Table 2.39** and **Chart 2.20**.

Table 2.39: Maturity Profile of repayment of Public debt of the State

Period of repayment (Years)	Principal Amount	Interest Amount [#]	Public Debt (including interest)	Percentage (w.r.t. total public debt)
	(₹ in crore)			
0 – 1	17,404.88	19,751.41	37,156.29	8.25
1 – 3	29,390.91	35,838.87	65,229.78	14.49
3 – 5	34,915.44	31,297.58	66,213.02	14.71
5 – 7	32,135.87	25,331.63	57,467.50	12.76
7-10	45,646.07	28,030.72	73,676.79	16.36
Above 10	91,797.06	54,029.44	1,45,826.50	32.39
Others ²⁸	4,677.42*	--	4,677.42	1.04
Total	2,55,967.65	1,94,279.65	4,50,247.30	100.00

Source: Calculated on the basis of Finance Accounts

Approximate interest calculated at average interest rate of 7.86 per cent (average of interest rates for the last five years as given in Table 2.41).

* Excluding ₹ 20,491.41 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall received during 2020-22, which are not to be repaid by the State from its sources.

Table 2.39 indicates that the State Government has to repay 22.74 per cent (₹ 1,02,386.07 crore) of its public debt (including approximate interest) within the next three years, 14.71 per cent (₹ 66,213.02 crore) between 3-5 years, 12.76 per cent (₹ 57,467.50 crore) between 5-7 years and 16.36 per cent (₹ 73,676.79 crore) between 7-10 years. It signifies that the State has to repay 66.57 per cent of its debt (₹ 2,99,743.38 crore) in the next ten years.

Chart 2.20: Maturity Profile of Public Debt

Source: Finance Accounts

* Excluding ₹ 20,491 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall received during 2020-22, which are not to be repaid by the State from its sources.

Table 2.40 and **Chart 2.21** show the year-wise repayment schedule during the next ten years of the Public Debt outstanding as on 31 March 2023.

²⁸ Includes loans of ₹ 0.32 crore, repayment of which is on the basis of actual recoveries; and ₹ 4,677.10 crore representing loans on back-to-back basis, recoveries of which are being made by the Central Government itself.

Table 2.40: Repayment Schedule of Public Debt (including interest) during next 10 years i.e. upto 2032-33*(₹ in crore)*

Year	Repayment of		
	Principal	Interest [#]	Total
2023-24	17,404.88	19,751.41	37,156.29
2024-25	11,805.46	18,383.39	30,188.85
2025-26	17,585.45	17,455.48	35,040.93
2026-27	10,800.86	16,073.26	26,874.12
2027-28	24,114.58	15,224.31	39,338.89
2028-29	16,872.62	13,328.91	30,201.53
2029-30	15,263.25	12,002.72	27,265.97
2030-31	17,174.46	10,803.03	27,977.49
2031-32	21,355.49	9,453.12	30,808.61
2032-33	7,116.12	7,774.58	14,890.70
Total	1,59,493.17	1,40,250.21	2,99,743.38

[#] Approximate interest calculated at average interest rate of 7.86 per cent (average of interest rates for the last five years as given in Table 2.41).

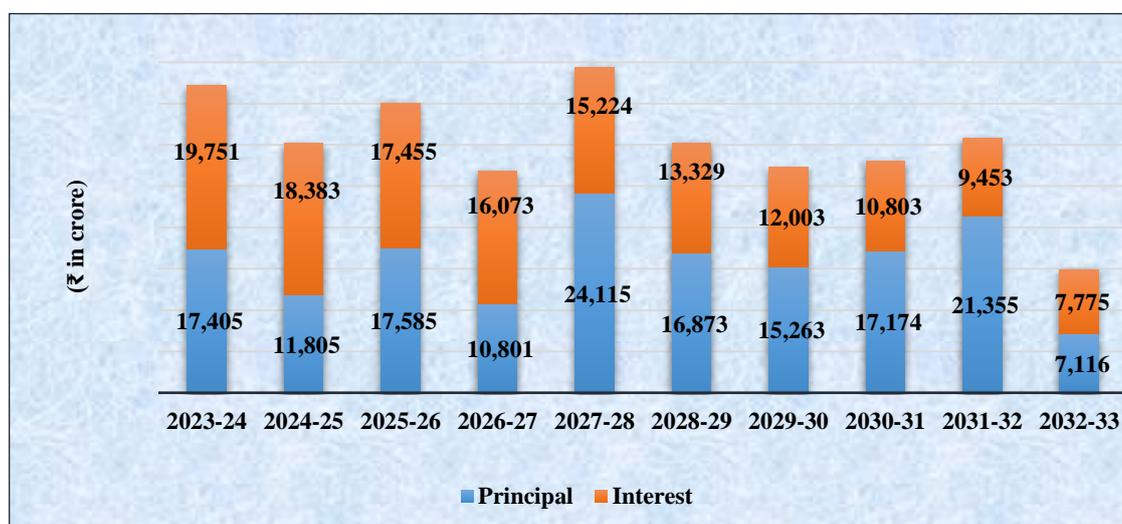
Chart 2.21: Repayment Schedule of Public Debt (including interest) during next 10 years i.e. upto 2032-33

Table 2.40 shows that on an average, the State will have to repay public debt of ₹ 29,974 crore (including approximate interest in respect of debt outstanding at the end of 2022-23) annually till 2032-33. In addition to the debt outstanding at the end of 2022-23, the State would have to resort to further borrowings every year to cover the resource gap, which would result in increase in debt and more funds being utilised for repayment of earlier borrowings. Taking the past trends into account, by the year 2032-33, the projected outstanding debt stock (principal+interest) would increase to ₹ 23,43,203 crore approximately, as depicted in **Appendix 2.7(A)**. Resultantly, revenue deficit would increase to

₹ 59,141 crore and ratio of interest payment to revenue deficit would increase to 100 per cent approximately (**Appendix 2.7(B)**).

In addition to above, other factors such as public account liabilities and *force majeure*²⁹ events and/or any other unanticipated loss of revenue also have to be reckoned.

Repayment schedule of market loans (including UDAY bonds) along with interest is given in **Chart 2.22**.

Chart 2.22: Repayment schedule of market loans



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

Note: The maturity profile has been evolved for outstanding market loans and UDAY bonds as on 31 March 2023 and interest has been calculated up to the financial year in which the loans are going to retire.

As on 31 March 2023, market loans amounting to ₹ 3,73,346 crore (including UDAY bonds) along with interest were due for repayment. The State will have to repay market loans of ₹ 78,201 crore (21 per cent) (₹ 64,197 crore as principal and ₹ 14,004 crore as interest) during the next five years i.e. up to 2027-28. Market loans of ₹ 96,433 crore (26 per cent) (₹ 62,591 crore as principal and ₹ 33,842 crore as interest) will have to be repaid in subsequent five years period up to 2032-33. This means that in the next five years (2023-28), on an average, the State will have to make repayment of ₹ 15,640 crore annually of the market loans which will go up to ₹ 19,287 crore in the subsequent five years (2028-33). The remaining ₹ 1,98,712 crore (53 per cent) (₹ 86,613 crore as principal and ₹ 1,12,099 crore as interest) will be repayable after 2033.

The State Government stated (December 2023) that a Debt Management Unit incorporated in the Department of Finance had been actively looking at the maturity profile of the debt and taking proactive steps to avoid regions of high concentration. The State had been extending the yield curve by issuing long-term securities. It was added that concentration risk of the State was being monitored actively and was being mitigated while keeping the credit cost in check.

²⁹ Like COVID-19 pandemic and its effect on GSDP.

2.8 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters, Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability refers to the ability of the State to service its debt obligation now and in the future. Analysis of variations in debt sustainability indicators is given in **Table 2.41** and **Chart 2.23**.

Table 2.41: Trends in Debt Sustainability Indicators

(₹ in crore)

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Public Debt* (As on 31 March of the year)	1,79,130.45	1,94,332.64	2,15,034.65	2,24,799.18	2,55,967.65
Rate of growth of Outstanding Public Debt	8.69	8.49	10.65	4.54	13.87
GSDP	5,12,510	5,37,031	5,40,853	6,14,227	6,73,107
Rate of growth of GSDP	8.81	4.78	0.71	13.57	9.59
Public Debt/GSDP	34.95	36.19	39.76	36.60	38.03
Debt maturity profile of repayment of State debt – including default history, if any	8,318.37	12,238.76	12,525.98	17,975.59	16,483.29
Average interest rate on Public Debt (per cent)**	8.21	8.17	7.87	7.71	7.33
Interest payment on Public Debt	14,114.89	15,254.34	16,104.99	16,956.97	17,631.68
Revenue deficit/surplus without interest payment	979.89	969.34	(-)1,191.01	(-)1,511.03	(-)8,413.35
Percentage of interest payment to Revenue Deficit	107.46	106.79	93.11	91.82	67.70
Percentage of interest payment to Revenue Receipts	22.67	24.77	23.32	21.69	20.12
Percentage of Debt Repayment to Debt Receipts	72.50	72.25	62.59	67.07	65.19
Net Debt available to the State [#]	212.00	(-)52.15	4,597.02	(-)7,492.45	13,536.80
Net Debt available as per cent to Debt Receipts	0.41	(-)0.10	8.31	(-)26.07	15.12
Primary deficit (-)/ Primary surplus (+)	247	741	(-)4,432	(-)8,784	(-)14,025
Debt Stabilisation (Quantum spread ^{\$} + Primary Deficit)	1,321.78	(-)5,846.88	(-)19,828.48	(-)4,389.23	(-)8,240.13

Source Finance Accounts

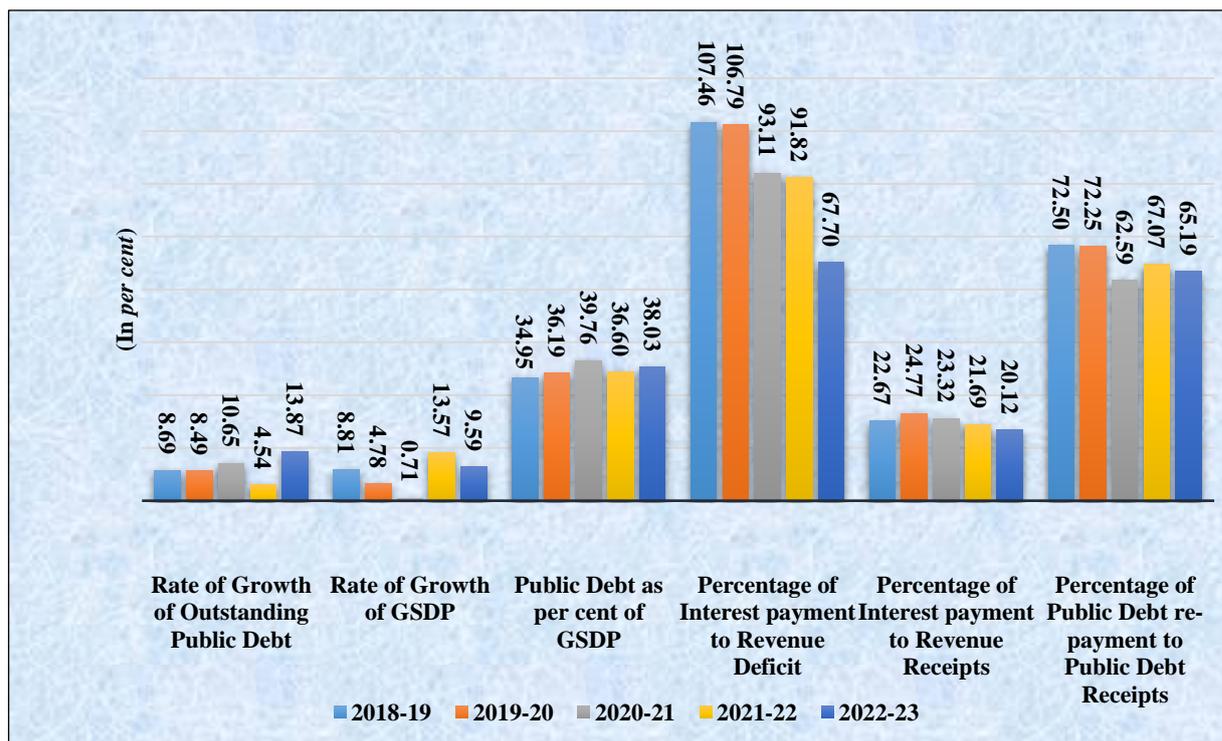
* Outstanding Public Debt is the sum of outstanding balances under the Heads 6003- 'Internal Debt' and 6004- 'Loans and Advances from the Central Government'. During the years 2020-21 and 2021-2023, it excluded ₹ 8,359 crore and ₹ 20,491.41 crore (₹ 8,359 crore + ₹ 12,132.41 crore) respectively as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

** Interest paid/(OB of Public Debt+CB of Public Debt/2) (in per cent).

[#] Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public debt.

^{\$} Quantum spread=(Debt*(GSDP growth rate –average interest rate)/100).

Chart 2.23: Trends of Debt Sustainability Indicators



Source: Finance Accounts

Note: During 2020-21 and 2021-2023, Public debt excluded ₹ 8,359 crore and ₹ 20,491 crore (₹ 8,359 crore + ₹ 12,432 crore) respectively as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

- A falling debt-GSDP ratio can be considered as leading towards stability. Debt-GSDP ratio rose from 34.95 per cent in 2018-19 to 38.03 per cent in 2022-23 which cannot be considered as leading towards stability. In 2021-22, however, it went down marginally to 36.60 per cent. Also, debt stabilisation condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. **Table 2.41** shows that this trend had been negative since 2019-20 which indicates that debt-GSDP ratio would eventually be rising.
- Interest payments on public debt ranged between 67.70 per cent and 107.46 per cent of the revenue deficit during 2018-2023, which was substantially high.
- The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 20.12 per cent and 24.77 per cent during the period 2018-2023, which was substantially high.

- Higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayments to public debt receipts ranged between 62.59 per cent and 72.50 per cent during the period 2018-2023, which means that most of the public borrowings were used for repayment of earlier borrowings leaving less space for productive use.
- Maturity profile captures redemption pressure on the State's debt; higher maturity means lower redemption pressure in near future. As detailed in **Paragraph 2.7.2**, the State Government has to repay 67 per cent (₹ 2,99,743 crore) of its outstanding debt of ₹ 4,50,247 crore (including approximate interest in respect of the debt outstanding as on 31 March 2023) in the next ten years, thereby reflecting greater redemption pressure in near future.

(B) An analysis on debt sustainability was carried out based on a study by E.D Domar³⁰ [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

PB	PB (Primary Balance) <0	PB (Primary Balance) >=0
g-r		
If g-r>0 (strong economic growth)	Real economic growth exceeds real interest rate provided that the PD registered is stable and consistent with debt/GSDP then the debt is sustainable.	Real economic growth exceeds real interest rate and records PS then debt/GSDP ratio shall decrease and debt tends towards stable level therefore sustainable.
If g-r<0 (slow economic growth)	Real economic growth is lower than real interest rate and records PD. Then debt tends to increase without limitations and becomes unsustainable.	Real economic growth is lower than real interest rate and records PS. Then debt is no longer sustainable provided that it is not decreased in the medium or long run.

g: Real economic growth rate; r: Real interest rate

PB: Primary Balance, PB<0: Primary Deficit, PB>0: Primary Surplus

³⁰ Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

The results of applying the above parameters in the case of Punjab, are shown in **Table 2.42**.

Table 2.42: Debt sustainability analysis based on Domar Model

Year	Real Growth (g)	Average Rate of Interest	Inflation rate*	Real Interest (r)	Domar gap (g-r)	Primary Deficit (-)/ Surplus (+) (₹ in crore) (s)	Remarks
2018-19	5.76	8.21	3.77	4.44	1.32	247.00	g-r>0, s>0 Public debt tends towards stable level and becomes sustainable.
2019-20	4.10	8.17	5.01	3.16	0.94	741.00	
2020-21	(-)1.46	7.87	4.60	3.27	(-)4.73	(-) 4,432	g-r<0, s<0 Public debt tends to increase without limitation and becomes unsustainable.
2021-22	6.51	7.71	4.83	2.88	3.63	(-) 8,784	g-r>0, s<0 Public debt is sustainable provided that the PD registered is stable and consistent with debt/GSDP.
2022-23	6.40	7.33	6.08	1.25	5.15	(-) 14,025	

Note: Real Growth rate calculated for GSDP at constant prices.

Real Interest rate is the nominal interest rate adjusted for inflation (Source for inflation: Ministry of Statistics and Program Implementation)

* Average CPI for ten months has been taken due to unavailability of CPI data for the months of April and May 2020.

In the initial two years of the subject period i.e. 2018-19 to 2019-20, the State had primary surplus and the Domar gap (expressed as $g-r>0$) also remained positive, which supported the debt sustainability as per Domar model. However, during the year 2020-21, the primary surplus turned into deficit and the Domar gap also remained negative, showing that debt would increase without limitation and become unsustainable. Further, during the years 2021-22 and 2022-23 though the Domar gap was positive³¹ and its value also increased from the preceding years, the primary deficit was not stable which kept on increasing sharply till 2022-23. Therefore, the trends of strong economic growth (expressed as $g-r>0$) by only observing the Domar gap in 2021-22 and 2022-23 cannot be generalised. Further, substantial proportion of public debt receipts was being used for repayment for borrowings along with interest, which ranged between 62.59 per cent and 72.50 per cent during the period 2018-2023, thereby implying that economic growth is not robust enough to service the debt. Thus, it becomes evident that depending solely on economic growth (expressed as $g-r>0$ from 2021-2023) would not suffice to cover the debt obligations of the State.

(C) Details of achievements *vis-à-vis* targets set in the FCR are shown in **Table 2.43**:

³¹ The main reason for the Domar gap turning positive was increase in GSDP, which in turn was attributed to significant economic recovery post-COVID-19 pandemic.

Table 2.43: Achievements vis-à-vis targets set in the FCR

Fiscal Parameters		Achievement vis-à-vis targets set in the FCR				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue deficit (-) / Surplus (+) to GSDP (in per cent)	T	(-)2.42	(-)2.02	(-)1.20	(-)1.42	(-)1.99
	A	(-)2.56	(-)2.66	(-)3.20	(-)3.01	(-)3.87
Fiscal deficit (-) / Surplus (+) to GSDP (in per cent)	T [^]	(-)3.81	(-)3.40	(-)2.92	(-)3.99	(-)3.78
	A	(-)3.13	(-)3.13	(-)4.18	(-)4.53	(-)5.04
Ratio of total outstanding liability to GSDP (in per cent)	T	40.96	39.74	38.53	45.05	45.23
	A*	41.35	42.71	46.16	42.54	43.64
Guarantees in terms of percentage of revenue receipts of previous year	T	80	80	80	80	80
	A	44.74	40.71	38.25	29.20	25.85

Source: Annual Financial Statements for the years 2018-19 to 2022-23

T: Target; A: Achievement

* During the years 2020-21 and 2021-22, it excludes back-to-back loans of ₹ 8,359 and ₹ 20,491.41 crore (₹ 8,359 crore + ₹ 12,132.41 crore) respectively, in lieu of GST Compensation shortfall received from GoI which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

[^] Taken from the Annual Financial Statement without considering the FRBM amendments during the respective years as given in Table 1.4 (a).

During the period 2018-2023, the ratios of revenue deficit-GSDP increased from 2.56 to 3.87, fiscal deficit-GSDP from 3.13 to 5.04 and outstanding liability-GSDP from 41.35 to 43.64. The Government was unable to meet the targets of RD-GSDP in any of the years during 2018-19 to 2022-23. It was also not able to contain FD-GSDP during the period 2020-2023. Ratio of total outstanding liability to GSDP could not be contained within the targets during the period 2018-2021 but remained within the targets during 2021-22 and 2022-23. However, the guarantees given by the State Government were within the limits prescribed in the FRBM Act during 2018-2023.

Further, there has been a decrease in the committed expenditure as a percentage of the revenue receipts from 82 per cent in 2018-19 to 80 per cent in 2022-23. However, it has been consistently around 80 per cent, thereby showing the limited availability of revenue resources for other purposes including debt servicing.

The State Government had also notified reversion to the Old Pension Scheme (OPS) vide Notification dated 18 November 2022, wherein it was mentioned that the detailed scheme and Standard Operating Procedures pursuant to the notification would be issued in due course. The imminent financial burden on account of implementation of OPS also needs to be reckoned while assessing debt sustainability of the State.

In addition to the public borrowings shown in **Table 2.41**, the State Government also resorted to off-budget borrowings amounting to ₹ 3,243.48 crore as on 31 March 2023, where principal/interest were to be serviced through the State

budget and/or by assignment of state revenues. So, the actual public liability of the State Government amounts to ₹ 2,59,211.13 crore.

Breaching the levels of the fiscal indicators continuously may lead to the risk of the fiscal situation becoming unmanageable especially when the State Government is yet to contribute to mandatory reserve funds like Guarantee Redemption fund, payment of implicit subsidies, etc.

Fiscal sustainability risk:

- i) As per various fiscal and debt parameters depicted in **Table 2.43** above, debt stabilisation trend is increasing.
- ii) As per the Domar model analysis, the growth of rate of interest is generally lower than the rate of growth of GSDP. This indicates that the GSDP rate and the interest rate would converge in the medium term.
- iii) As per the macro fiscal parameters, such as ceiling on public debt, revenue and fiscal deficit and ceiling on guarantees given by the State Government in a particular year and as on 31 March of that year, the government's fiscal sustainability is a concern as indicated by the rising ratios of revenue deficit-GSDP, fiscal deficit-GSDP, and outstanding liability-GSDP. During the period 2018-2021, the outstanding liability-GSDP ratio did not remain within targets. However, it was contained within the targets during 2021-22 and 2022-23. The government failed to meet the targets for revenue deficit-GSDP in all the years during that period. Fiscal deficit-GSDP ratio could also not be maintained during 2020-2023. However, the guarantees provided by the government were within prescribed limits. These trends highlight the need for the government to address fiscal imbalances and work towards sustainable financial management.

On the basis of the above, it is inferred that the State fiscal sustainability has risks in the short to medium term unless remedial measures are taken to rationalise expenditure, explore further sources of income, expand the revenue base, and invest in revenue generating assets.

2.8.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 2.44** depicts the utilisation of borrowed funds during 2018-2023.

Table 2.44: Utilisation of borrowed funds(*₹ in crore*)

Sr. No.	Year	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Total borrowings*	53,925	57,200	55,982	32,617	94,443
2.	Repayment of borrowings (Principal) (percentage)	37,771 (70)	39,574 (70)	34,634 (62)	19,279 (59)	58,376 (62)
3.	Net capital expenditure (percentage)	2,412 (4)	17,828 (31)	4,382 (8)	8,010 (25)	6,667 (7)
4.	Net loans and advances (percentage)	512 (1)	(-)15,287 (-27)	906 (2)	1,369 (4)	1,218 (1)
5.	Portion of Revenue expenditure met out of net available borrowings (percentage) (1-2-3-4)	13,230 (25)	15,085 (26)	16,060 (28)	3,959 (12)	28,182 (30)
6.	Total budget of the State	1,34,356	1,62,060	1,61,329	1,79,405	1,92,656
7.	Expenditure against total budget	1,17,455	1,34,882	1,27,409	1,26,570	1,80,224
8.	Repayment of borrowings (Principal) to total expenditure (per cent)	32.16	29.34	27.18	15.23	32.39

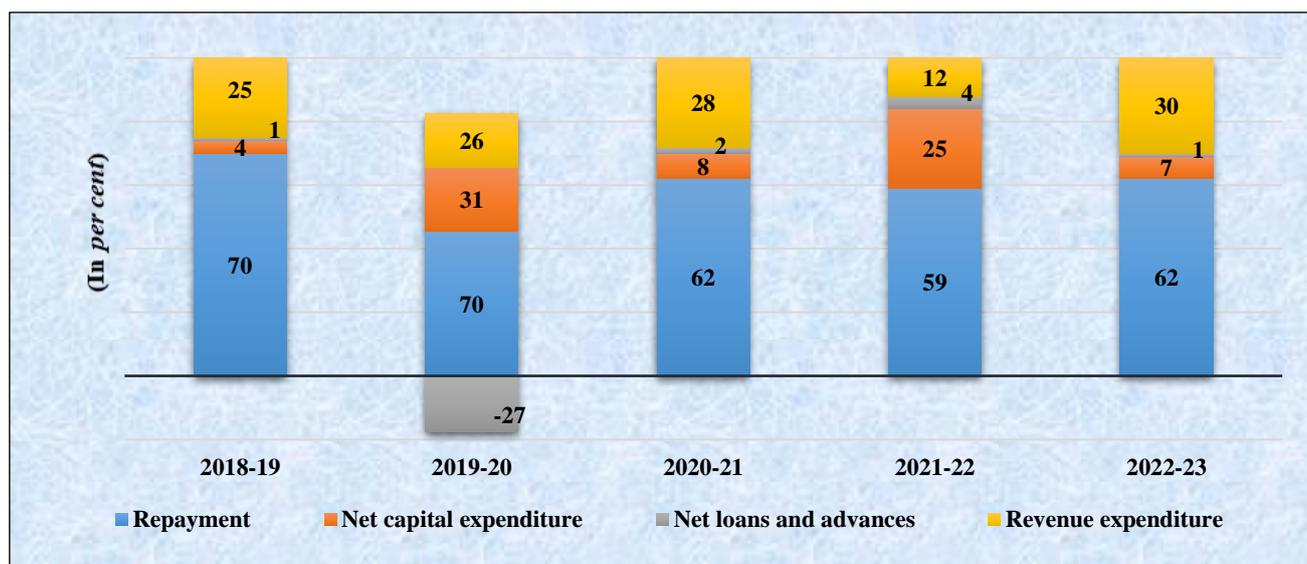
Source: Finance Accounts

* Includes Public Debt receipts and net of Public Accounts receipts. These exclude ₹ 8,359 and ₹ 12,132 crore as back-to-back loans from Gol during 2020-21 and 2021-22 respectively, in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

Table 2.44 shows that the repayment of borrowings (principal) to total expenditure of the State ranged between 15 per cent and 32 per cent of the total expenditure during the period 2018-2023. During this period, the State Government utilised 59-70 per cent of its current borrowings for repayment of borrowings (principal). Revenue expenditure met out of net available borrowings ranged between 12 per cent and 30 per cent. Net capital expenditure ranged between 4 per cent and 31 per cent during the period 2018-2023. Higher net capital expenditure (31 per cent) during 2019-20 was mainly due to conversion of UDAY loans of ₹ 15,628 crore into equity in PSPCL, as discussed in Paragraph 2.4.2.2(v) of the State Finances Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2020. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities. Though during 2021-22, the State Government spent ₹ 8,010 crore (25 per cent of the borrowed funds) on capital expenditure which showed notable improvement in utilisation of borrowed funds towards creation of concrete assets, the expenditure decreased to 7 per cent during 2022-23.

Trends of utilisation of borrowed funds during the period 2018-23 is depicted in **Chart 2.24**.

Chart 2.24: Trends of utilisation of borrowed funds



Source: Finance Accounts

As per the 15th Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and enable all borrowings to be used for capital expenditure. In 2022-23, which is the second year of the Fifteenth Finance Commission period, the State Government has not been able to reduce the revenue deficit but has borrowed to meet its revenue deficit.

2.8.2 Status of Guarantees – Contingent Liabilities

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

Table 2.45: Guarantees given by the State Government

Guarantees	₹ in crore				
	2018-19	2019-20	2020-21	2021-22	2022-23
Ceiling applicable to the outstanding amount of guarantees (i.e. 80 per cent of revenue receipts of previous year)	42,408	49,815	49,260	55,238	62,534
Outstanding amount of guarantees	23,719	25,352	23,552	20,165	20,208

Source: Finance Accounts and Annual Financial Statements

The outstanding guarantees for ₹ 20,208 crore as on 31 March 2023 were in respect of Power (₹ 14,759 crore); Co-operatives (₹ 960 crore); State Finance

Companies/Corporations (₹ 349 crore); Food and Civil Supplies (₹ 961 crore); and Others (₹ 3,179 crore).

The Government gave guarantees within the limits prescribed in the FRBM Act during 2018-2023.

Out of the outstanding guarantees for ₹ 20,208 crore as on 31 March 2023, the State Government had given guarantees amounting to ₹ 1,227.17 crore³² to five PSUs whose net worth had become negative. This means that the actual liability lies with the State Government to repay their loans.

In 2022-23, the Government provided guarantees against borrowings of ₹ 3,507 crore. During 2022-23, the State Government paid only ₹ 0.97 crore out of discharge of guarantee invoked of ₹ 12.97 crore in respect of Punjab State Industrial Development Corporation Limited (PSIDC). Hence, revenue and fiscal deficits were understated to the tune of ₹ 12 crore.

2.8.3 Management of Cash Balances

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

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The cash balances in the earmarked reserve funds such as State Disaster Response Fund, Consolidated Sinking Fund, Guarantee Redemption Fund, etc. are also invested in these instruments. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'.

It is not desirable that the State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. Details of cash balances and their investment during 2021-22 and 2022-23 are given in **Table 2.46**.

³² (i) Punjab State Civil Supplies Corporation Limited: ₹ 538.86 crore; (ii) Punjab Agro Foodgrains Corporation Limited: ₹ 324.95 crore; (iii) Punjab State Industrial Development Corporation Limited: ₹ 201.05 crore; (iv) Punjab State Warehousing Corporation: ₹ 97.40 crore and (v) Punjab Financial Corporation: ₹ 64.91 crore.

Table 2.46: Cash Balances and their investment

(₹ in crore)

	Opening balance as on 1 April 2022	Closing balance as on 31 March 2023
A. General Cash Balances		
Deposits with Reserve Bank of India	129.76	365.90
Investments held in Cash Balance Investment Account	2,237.59	912.67
Total (A)	2,367.35	1,278.57
B. Other Cash Balances and Investments		
Cash with departmental officers viz. Forest and Public Works	1,376.09	1,378.34
Permanent advances with departmental officers for contingent expenditure	0.26	0.26
Investment of earmarked funds	3,127.94	6,352.29
Total (B)	4,504.29	7,730.89
Total (A + B)	6,871.64	9,009.46
Interest realised	35.08	2.69

Source: Finance Accounts

The closing cash balance at the end of the current year (₹ 9,009.46 crore) increased by ₹ 2,137.82 crore over the previous year (₹ 6,871.64 crore).

The cash balance included investment of ₹ 6,352.29 crore from earmarked funds. During the year 2022-23, the State Government was able to maintain a minimum cash balance of ₹ 1.56 crore for 144 days and had to maintain the minimum balance by availing SDF on 221 days. The State had to pay ₹ 27.37 crore as interest on SDF during the year 2022-23.

The general cash balance of ₹ 1,278.57 crore at the close of the year was not even equal to the balance of ₹ 10,443.38 crore shown in cash in earmarked reserve funds, which means that reserve funds were used for other than intended purpose.

Details of Cash Balance Investment Account during the last five years; and month-wise movement of cash balance and net cash balance investments at the end of month during the year 2022-23 are depicted in **Table 2.47** and **Chart 2.25** respectively.

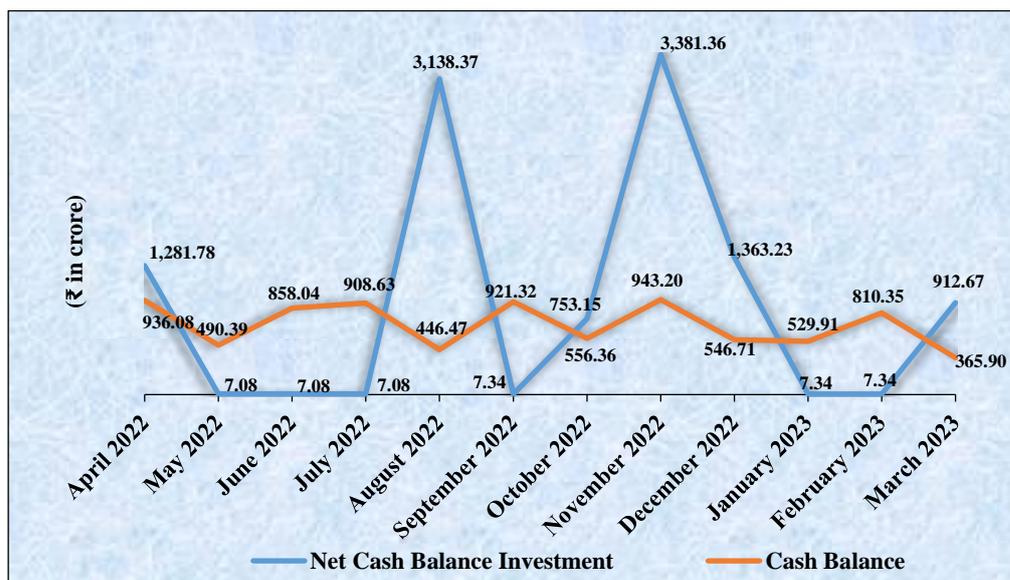
Table 2.47: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2018-19	0.04	468.56	(+) 468.52	4.92
2019-20	468.56	805.39	(+) 336.83	5.60
2020-21	805.39	6,710.25	(+) 5,904.86	10.30
2021-22	6,710.25	2,237.59	(-)4,472.66	35.08
2022-23	2,237.59	912.67	(-)1,324.92	2.69

Source: Finance Accounts

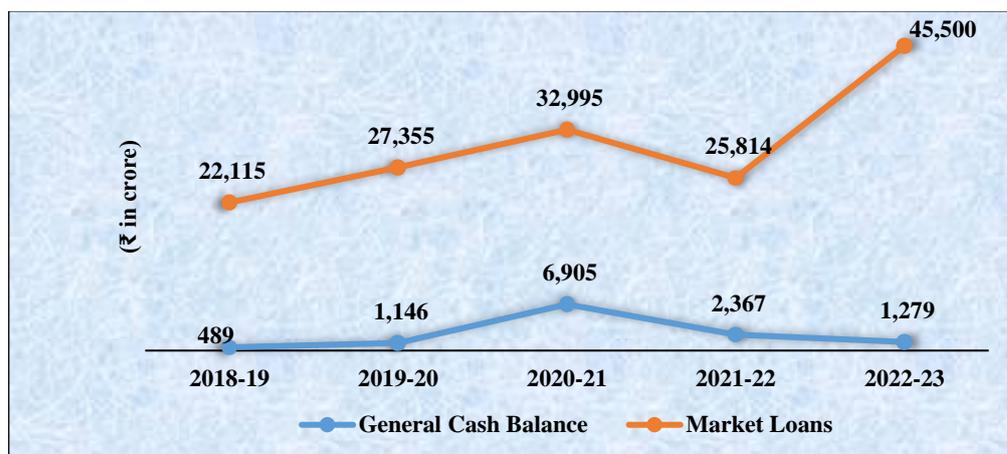
Chart 2.25: Month-wise movement of net cash balance investments and cash balance at the end of month during 2022-23



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

Details of market loans *vis-à-vis* cash balances during the last five years are shown in **Chart 2.26**.

Chart 2.26: Market Loans *vis-à-vis* Cash Balance



Source: Finance Accounts

During the year 2022-23, the State could have avoided market borrowings to the extent of the general cash balance (₹ 1,279 crore). The general cash balance of ₹ 1,279 crore included cash balance investment of ₹ 913 crore. Interest of ₹ 2.69 crore (0.15 *per cent*) was earned on these investments whereas the State Government paid average rate of interest of 7.20 *per cent* on market borrowings during 2022-23.

2.9 Salient features

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Comparison of key parameters of State Finances during 2022-23 with that of

the previous year i.e. 2021-22 is summarised in **Table 2.48**.

Table 2.48: Key parameters

Positive Indicators	Parameters requiring close watch
↑ Increase in revenue receipts by 12.09 <i>per cent</i> .	↑ Increase in expenditure on subsidies by 41.96 <i>per cent</i> .
↑ Increase in Own non-tax revenue by 30.27 <i>per cent</i>	↓ Increase in fiscal deficit by 21.84 <i>per cent</i> .
↑ Increase in revenue expenditure on Social Services by 13.87 <i>per cent</i> .	↓ Decrease in capital expenditure by 16.76 <i>per cent</i> .

2.10 Conclusion

The State passed the FRBM Act, 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit. The State continued to be a revenue deficit State. The revenue deficit was ₹ 26,045 crore during 2022-23 against ₹ 18,468 crore during 2021-22.

Revenue deficit which was to be brought down to zero by 2008-09, increased to ₹ 26,045 crore during 2022-23, which indicates that the State had borrowed funds for meeting current consumption.

Subsidies constituted 11 *per cent* to 18 *per cent* of the revenue expenditure and contributed 56 *per cent* to 102 *per cent* to the revenue deficit during 2018-2023. Power subsidy constituted the major portion of total subsidies ranging between 68 *per cent* and 99 *per cent*.

Fiscal deficit of the State was ₹ 33,930 crore during 2022-23 which was 5.04 *per cent* of the GSDP and exceeded the target of ₹ 23,835 crore fixed by the State Government in Medium Term Fiscal Policy. The fiscal deficit was mainly financed through market borrowings.

Out of total borrowings of ₹ 94,443 crore during 2022-23, the State Government incurred capital expenditure of only ₹ 6,667 crore (7 *per cent*).

Revenue receipts increased by ₹ 9,448 crore (12.09 *per cent*) during the current year over the previous year whereas revenue expenditure grew by ₹ 17,025 crore (17.62 *per cent*). Further, the State's own revenue registered a positive growth of 15.12 *per cent* over the previous year.

The State incurred 62 *per cent* of the total revenue expenditure on committed liabilities like salaries and wages, pensions, interest payments, leaving only 38 *per cent* for priority sector expenditure.

There was a difference of ₹ 4,092 crore in equity investment figures as per State Finance Accounts and as per the accounts of 16 PSUs. The difference was under reconciliation (September 2023).

The State Government earned a meagre 0.02 *per cent* return on its total investment (₹ 20,039 crore) in Statutory Corporations, Government Companies and Co-operatives up to 31 March 2023.

The State Government received ₹ 15 crore (0.04 *per cent*) as interest on outstanding loans during 2022-23 while it paid interest at 7.17 *per cent* on outstanding debt.

Loans amounting to ₹ 2,296 crore were outstanding at the beginning of 2022-23 against co-operative sugar mills. Despite recovery of only ₹ 21 crore of earlier loans, subsequent loans of ₹ 425 crore were given to these sugar mills.

Total outstanding liabilities including public debt and public account liabilities were 43.64 *per cent*³³ of GSDP. The total liability grew by 12.42 *per cent* over the previous year. During the year, outgo because of interest payments was equal to 18 *per cent* of revenue expenditure and 23 *per cent* of revenue receipts.

The State Government had not invested funds of ₹ 9,041.74 crore available under State Disaster Response Fund, which means that the funds were used for other than intended purpose.

As many as 69 projects scheduled for completion up to 31 March 2023 were incomplete. The expenditure of ₹ 1,625 crore incurred on these incomplete projects was yet to yield the intended benefits.

The State Government had given guarantees amounting to ₹ 1,227.17 crore to five PSUs whose net worth had become negative. This means that the actual liability lies with the State Government to repay their loans.

2.11 Recommendations

In light of the audit observations, the State Government may:

- (i) *assess the reasons for insufficient return on investment from statutory corporations, Government companies, cooperative banks and societies and take remedial measures;*
- (ii) *ensure time bound completion of incomplete projects;*
- (iii) *mobilise its resources to minimise dependence on borrowings; and*
- (iv) *assess the debt servicing capacity of the institutions before providing guarantees/ loans.*

³³ Excluding back-to-back loans of ₹ 20,491 crore received from GoI in lieu of GST Compensation shortfall during 2020-22, which are not to be repaid by the State from its sources.

Chapter-III
Budgetary Management

Chapter-III

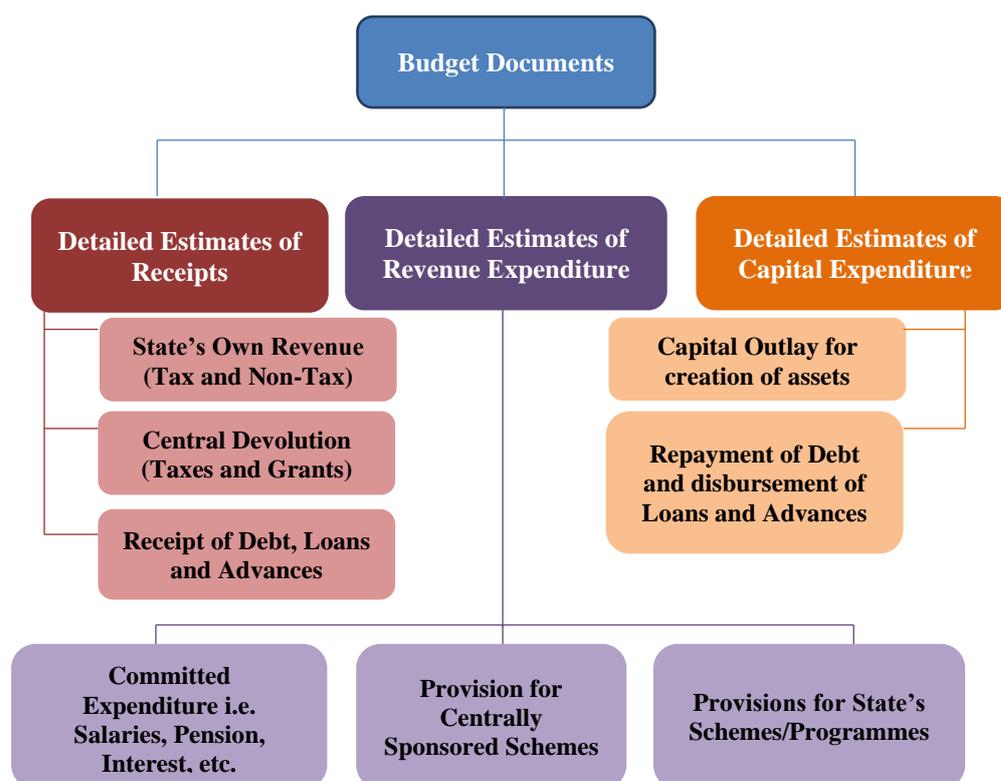
Budgetary Management

3.1 Budget Process

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

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

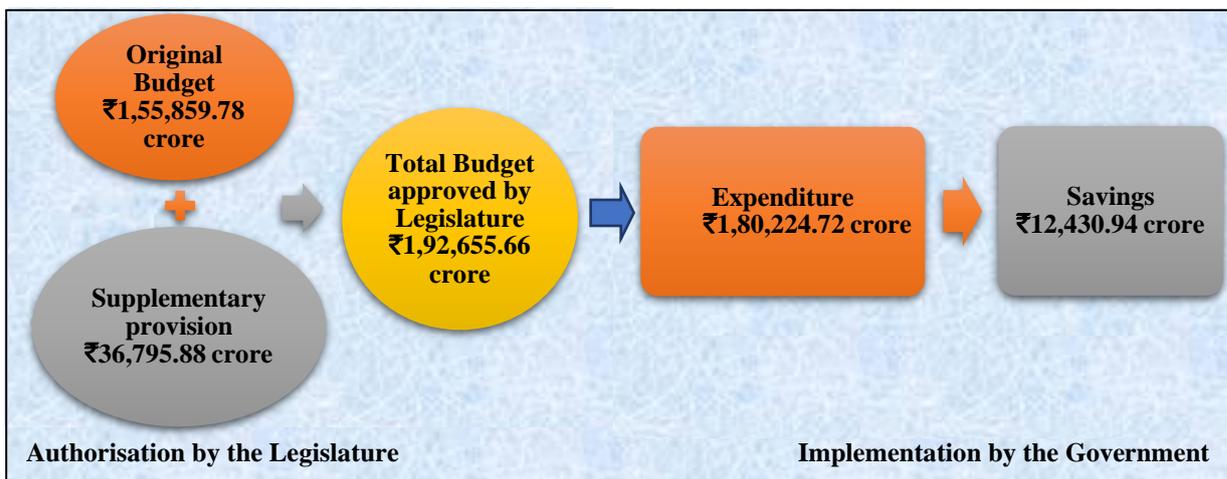
Chart 3.1: Details of State Budget Documents



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

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

Chart 3.2: Flow chart of budget implementation



Source: Appropriation Accounts

3.1.1 Summary of total provisions, actual disbursements and savings during financial year 2022-23

A summarised position of total budget provisions, disbursements and savings with its further bifurcation into voted/charged during 2022-23 for total 42 grants/appropriations is given in **Table 3.1**.

Table 3.1: Budget provisions, disbursements and savings during the financial year 2022-23

(₹ in crore)

Description	Total Budget provisions		Disbursements		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	95,606.62	23,439.75	90,502.11	23,235.70	5,104.51	204.05
Capital	12,239.21	0.00	6,729.52	0.00	5,509.69	0.00
Loans and Advances	1,424.08	0.00	1,381.68	0.00	42.40	0.00
Public Debt	0.00	59,946.00	0.00	58,375.71	0.00	1,570.29
Total	1,09,269.91	83,385.75	98,613.31	81,611.41	10,656.60	1,774.34

Source: Appropriation Accounts

3.1.2 Charged and voted disbursements

Table 3.2: Break-up of total disbursements into Charged and Voted during the last five years (2018-2023)

(₹ in crore)

Year	Disbursements		Savings	
	Voted	Charged	Voted	Charged
2018-19	63,196.26	54,259.02	16,027.89	872.72
2019-20	77,284.43	57,597.68	22,051.09	5,126.89
2020-21	73,489.75	53,919.66	20,175.01	13,744.55
2021-22	86,173.21	40,397.27	23,236.63	29,597.87
2022-23	98,613.31	81,611.41	10,656.60	1,774.34

Source: Appropriation Accounts

3.1.3 Budget marksmanship

3.1.3.1 Aggregate Expenditure Outturn

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate (BE) originally approved, both in terms of less than and in excess of approval, as given in **Table 3.3**.

Table 3.3: Comparison of Budget Estimates and Actual Outturn during the year 2022-23

(₹ in crore)

Description	Approved Budget (Original + Supplementary) (BE)	Actual Outturn	Difference between Actual and BE*
(1)	(2)	(3)	(4=2-3)
Revenue	1,19,046.37	1,13,737.81	(-) 5,308.56
Capital	73,609.29	66,486.91	(-) 7,122.38
Total	1,92,655.66	1,80,224.72	(-) 12,430.94

Source: Appropriation Accounts

* Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

In the Revenue section, there was saving of 4.46 per cent compared with Budget Estimates (BE). This was due to excess/saving up to 25 per cent in 30 grants, between 25 per cent and 50 per cent in nine grants; and between 50 per cent and 100 per cent in three grants (**Appendix 3.1**).

In the Capital section, there was saving of 9.68 per cent compared with BE. This was due to saving up to 25 per cent in 11 grants, between 25 per cent and 50 per cent in 9 grants; and between 50 per cent and 100 per cent in 17 grants. No provision was made in respect of five grants of the Capital section. (**Appendix 3.2**).

3.1.3.2 Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition as given in **Table 3.4**.

Table 3.4: Comparison of Budget Estimates, Revised Estimates and Actual Outturn during the year 2022-23

(₹ in crore)

Description	Budget Estimates (BE)	Revised Estimates (RE)	Actual Outturn	Difference between BE & RE	Difference between Actual and RE*
(1)	(2)	(3)	(4)	(5=2-3)	(6=3-4)
Revenue	1,19,046.37	1,17,453.98	1,13,737.81	1,592.39	(-)3,716.17
Capital	73,609.29	69,871.34	66,486.91	3,737.95	(-)3,384.43
Total	1,92,655.66	1,87,325.32	1,80,224.72	5,330.34	(-)7,100.60

Source: Appropriation Accounts (2022-23) and Demand for Grants (2023-24)

* Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

In the Revenue section, there was saving of 3.16 *per cent* compared with Revised Estimates (RE). This was due to excess/saving up to 25 *per cent* in 38 grants, between 25 *per cent* and 50 *per cent* in three grants and between 50 *per cent* and 100 *per cent* in one grant. (**Appendix 3.3**).

In the Capital section, there was saving of 4.84 *per cent* compared with RE. This was due to saving up to 25 *per cent* in 20 grants, between 25 *per cent* and 50 *per cent* in five grants, between 50 *per cent* and 100 *per cent* in six grants and equal to 100 *per cent* in four grants. Revised provision of ₹ 1,000 was made in Grant No. 7 while no provision was, however, made in respect of six grants (Grant Nos. 10, 14, 18, 26, 32 and 37) of the Capital section (**Appendix 3.4**).

3.2 Appropriation Accounts

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

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

3.3 Integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Paragraph 14.1 of the Punjab Budget Manual provides that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorised by the Appropriation Act for a financial year, except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund. It was, however, observed that an expenditure of ₹ 364.78 crore (**Appendix 3.5**) was incurred in 16 schemes (more than ₹ one crore in each scheme) under eight grants during the year 2022-23

without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

The State Government, while attributing the reasons for expenditure without budget to failure of the departments concerned to obtain supplementary budget provisions, stated (November 2023) that requisite changes would be made in IFMS to eliminate such instances.

3.3.2 Incorrect classification of Head of Account in Budget Estimates

During scrutiny of the budget, it was noticed that an amount of ₹ 388.71 crore under six schemes (exceeding ₹ one crore in each scheme) was booked under the wrong head of account as given in **Table 3.5**.

Table 3.5: Budget provision under wrong Head of Account during 2022-23

Sr. No.	Head of Account printed in budget document	Amount (₹ in crore)	Head of Account approved by PAG (A&E) office
1.	2202-01-101-35-Government Aid to Primary Schools	22.55	2202-01-101-30-Government Aid to Primary Schools
2.	2202-01-101-34-EDS-57-Attendance Scholarship to SC Primary Girls Students	6.28	2202-01-789-19-EDS-57-Attendance Scholarship to SC Primary Girls Students
3.	2202-03-103-50-Internet Allowance to the Students Studying in Higher Education in the State	43.00	2202-03-102-25-Internet Allowance to the Students Studying in Higher Education in the State
4.	4217-60-051-20-Punjab Municipal Services Improvement Project (PMSIP) World Bank Project -99-53-Major Works	300.00	4217-60-051-18-Punjab Municipal Services Improvement Project (PMSIP) World Bank Project -99-53-Major Works
5.	4515-00-789-41-Modernization and Improvement of SC villages having more than 50 per cent SC population-99-53-Major Works	10.00	4515-00-789-08-Modernization and Improvement of SC villages having more than 50 per cent SC population-99-53-Major Works
6.	4515-00-789-44-RDO (S) 18-To make one joint cremation ground in a village-99-53-Major Works	6.88	4515-00-789-21-RDO(S) 18-To make one joint cremation ground in a village-99-53-Major Works
Total		388.71	

Source: O/o the Accountant General (Accounts & Entitlement), Punjab and Demand for Grants

The State Government stated (December 2023) that the observation had been noted and necessary changes would be made in the budget estimates for the year 2024-25, if feasible.

3.3.3 Unnecessary/excessive supplementary grants

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

It was noticed that supplementary provisions of ₹ 2,249.49 crore during the year 2022-23 in 17 cases (more than ₹ one crore in each case) proved unnecessary (**Appendix 3.6**) as the expenditure did not come up even to the level of original provisions. Similarly, supplementary provisions of ₹ 3,207.85 crore in 21 cases (more than ₹ one crore in each case) proved excessive (**Appendix 3.7**) as full amount of supplementary provisions could not be utilised.

The State Government stated (November 2023) the departments were unable to utilise the sanctioned amount due to various reasons. It was ensured that due diligence would be made while preparing budget estimates for the financial year 2024-25.

3.3.4 Unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During 2022-23, re-appropriation orders under 40 grants (for grant no. 19, no amount was proposed) amounting to ₹ 27,218.91 crore were issued. All re-appropriation orders were issued on 31 March 2023.

Further, in nine schemes (**Appendix 3.8 - Sr. Nos. 2, 3, 5, 6, 7, 8, 10, 13 and 14**), reduction of provision (exceeding ₹ one crore in each scheme) through re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In 20 schemes, augmentation of provision proved unnecessary because expenditure did not come up to the level of original/supplementary budget provision.

3.3.5 Unspent amount and surrendered appropriation and/or large savings/surrenders

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

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

Analysis of grants and appropriations showed that in 19 cases (under 15 grants) during the year 2022-23, savings (excluding surrenders) exceeded ₹ 100 crore in each case (**Appendix 3.9**). It was further noticed that

in three grants, no expenditure *vis-à-vis* total grant amounting to ₹ 94.70 crore (Table 3.6) was incurred during the current year.

Table 3.6: Entire grant remaining unutilised during the year 2022-23

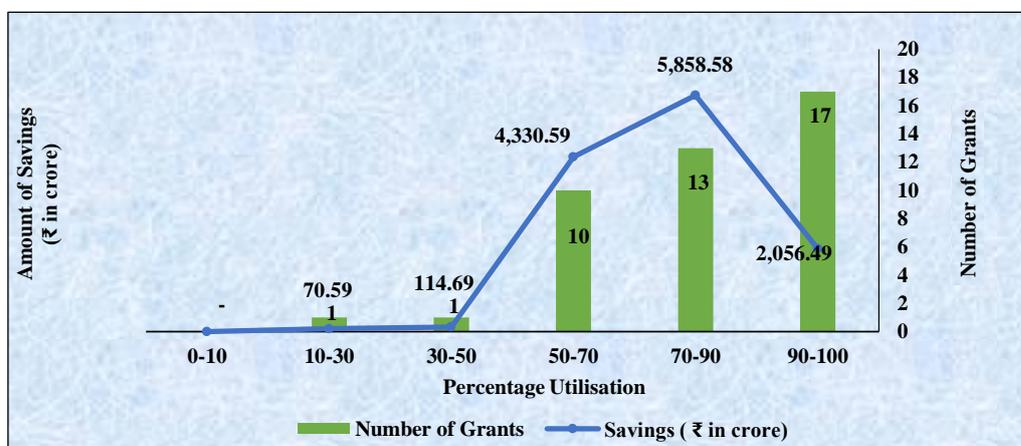
(₹ in crore)		
Sr. No.	Number and Name of grant	Amount
1.	04-Defence Services Welfare (Capital – Voted)	25.78
2.	16-Labour (Capital – Voted)	67.21
3.	39-Printing and Stationery (Capital – Voted)	1.71
Total		94.70

Source: Appropriation Accounts

Further, it was also observed that in 16 cases under 13 grants, there were persistent savings exceeding ₹ 100 crore in each case during 2020-21 to 2022-23 (Appendix 3.10).

Details of grants grouped by percentage of utilisation along with total savings during 2022-23 is shown in Appendix 3.11 and Chart 3.3.

Chart 3.3: Distribution of number of Grants/Appropriations grouped by percentage of utilisation along with total savings



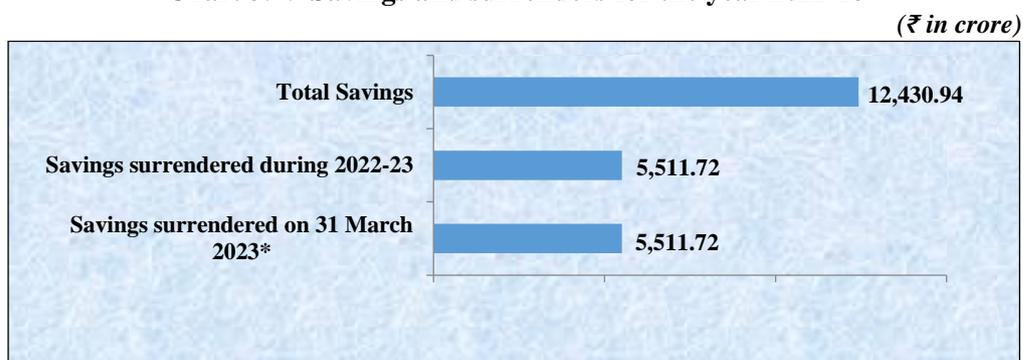
Source: Appropriation Accounts

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

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

It was noticed that savings (exceeding ₹ one crore in each case) under 18 Grants and two Appropriations amounting to ₹ 3,865.67 crore (**Appendix 3.12**) were not surrendered at all. Details of savings (exceeding ₹ 10 crore in each case) surrendered on the last day of March 2023 are given in **Appendix 3.13**. Further, it was also noticed that an amount of ₹ 61.42 crore was surrendered under Grant 21-Public Works (Revenue-Voted) though there was an excess expenditure of ₹ 52.93 crore thereunder.

Chart 3.4: Savings and surrenders for the year 2022-23



Source: Appropriation Accounts

* the entire savings were surrendered on last day of 31 March 2023

Chart 3.4 shows that only 44.34 per cent of the savings were surrendered and that too on the last day of the financial year i.e. 31 March 2023.

As regards audit observations raised under paragraphs 3.3.3, 3.3.4 and 3.3.5, the State Government stated (November 2023) that necessary checks would be incorporated in IFMS to restrain such cases of expenditure without provision, unnecessary supplementary provisions, etc. in future.

3.3.6 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article *ibid*. Further, Article 205(1)(b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

3.3.6.1 Excess expenditure

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

The details of excess expenditure during the year 2022-23 requiring regularisation by the Legislature are given in **Table 3.7**.

Table 3.7: Excess expenditure during 2022-23 requiring regularisation

(₹ in crore)		
Grant No./ Appropriation	Grant/Appropriation details	Excess expenditure requiring regularisation
08	Finance (Revenue – Voted)	1,405.65
21	Public Works (Revenue – Voted)	52.93
41	Water Supply and Sanitation (Revenue – Voted)	16.53
Total		1,475.11

Source: Appropriation Accounts

Table 3.7 shows that there was an excess disbursement of ₹ 1,475.11 crore over the authorisation made by the State Legislature under three Grants during 2022-23.

3.3.6.2 Persistent excesses in certain Grants

Despite Public Accounts Committee's recommendations to minimise the cases of excesses, persistent excesses were noticed in one grant. Persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on a realistic basis. Such repeated excess expenditure is in violation of the will of the Legislature. Strictly, not a rupee can be spent without prior legislative authorisation and, therefore, this is to be viewed seriously. Persistent excesses may be due to improper estimation at the time of preparation of budget.

Audit noticed that in one scheme under Grant-08-Finance, there was persistent excess expenditure of more than ₹ 10 crore during the last five years, as detailed in **Table 3.8**.

Table 3.8: Persistent excess expenditure during 2018-19 to 2022-23

(₹ in crore)						
Sr. No.	Description of Grant/ Appropriation	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Grant No.-08-Finance					
	2071-Pensions and other Retirement benefits					
	01-Civil, 101-Superannuation and Retirement Allowances					
	01-Pension and other Retirement Benefits					
	Grant	6,000.00	6,300.00	7,400.00	8,100.00	10,180.00
	Expenditure	6,290.39	6,487.05	8,031.84	8,796.77	10,644.66
	Excess	290.39	187.05	631.84	696.77	464.66

Source: Appropriation Accounts

The State Government attributed (November 2023) the reason for excess expenditure mainly to increase in number of pension cases, exact estimate of which was not possible and ensured that due care would be taken in this regard while preparing the revised estimates in the next financial year.

3.4 Effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

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

The total provision for expenditure in 2022-23 was ₹ 1,92,655.66 crore. The actual gross expenditure during the year was ₹ 1,80,224.72 crore. This resulted in savings of ₹ 12,430.94 crore in 2022-23 of which only ₹ 5,511.72 crore (44.34 per cent) was surrendered and that too on the last day of the financial year i.e. 31 March 2023. The details are given in **Table 3.9**.

Table 3.9: Actual expenditure vis-à-vis budget provisions during the year 2022-23

(₹ in crore)

Nature of expenditure		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Budget	Actual expenditure	Savings	Surrenders	
							Amount	Per cent
Voted	I. Revenue	8,6591.84	9,014.78	95,606.62	90,502.11	5,104.51	2,314.68	45.35
	II. Capital	10,981.09	1,258.12	12,239.21	6,729.52	5,509.69	3,184.12	57.79
	III. Loans & Advances	1,000.24	423.84	1,424.08	1,381.68	42.40	11.93	28.14
Total		98,573.17	10,696.74	1,09,269.91	98,613.31	10,656.60	5,510.73	51.71
Charged	V. Revenue	21,340.24	2,099.51	23,439.75	23,235.70	204.05	0.99	0.49
	VII. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	VIII. Public Debt-Repayment	35,946.37	23,999.63	59,946.00	58,375.71	1,570.29	0.00	0.00
Total		57,286.61	26,099.14	83,385.75	81,611.41	1,774.34	0.99	0.06
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total		1,55,859.78	36,795.88	1,92,655.66	1,80,224.72	12,430.94	5,511.72	44.34

Source: Appropriation Accounts

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 77.16 crore) and Capital Heads (₹ 62.30 crore).

Composition of expenditure is given in **Table 3.10**.

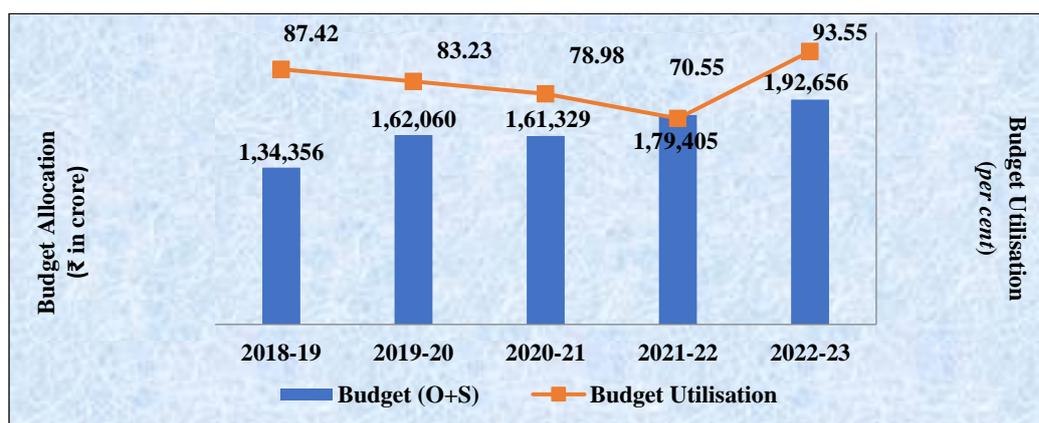
Table 3.10: Composition of expenditure

Parameters	Amount	Percentage
Revenue expenditure	1,13,737.81	63.11
Capital expenditure	6,729.52	3.73
Loans and Advances	1,381.68	0.77
Public Debt	58,375.71	32.39
Total expenditure	1,80,224.72	100.00

Source: Appropriation Accounts.

The position of budget utilisation during the previous five years is given in **Chart 3.5**.

Chart 3.5: Budget utilisation during 2018-19 to 2022-23



Source: Appropriation Accounts

('O'-Original; 'S'-Supplementary)

Trends in the original and supplementary budget, revised estimate and actual expenditure for the period 2018-19 to 2022-23 are given in **Table 3.11**.

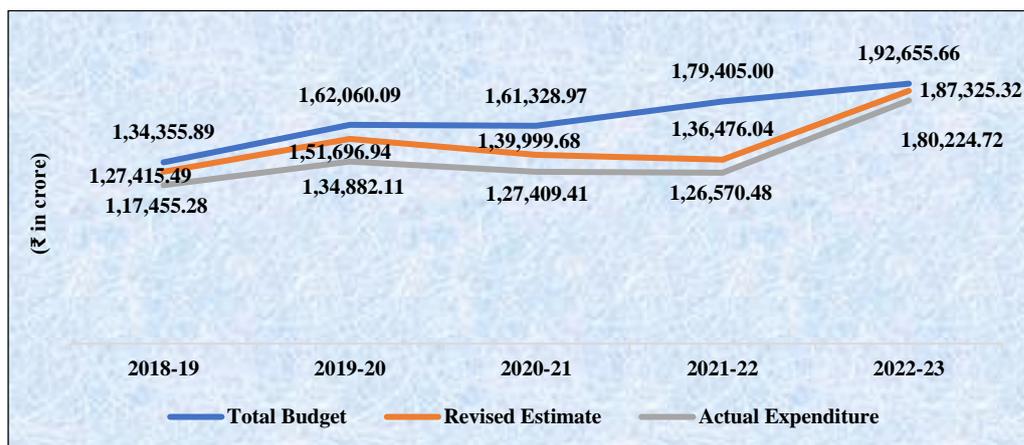
Table 3.11: Original Budget, Supplementary Budget, Revised Estimate and Actual Expenditure during 2018-2023

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Original Budget	1,29,697.63	1,58,492.66	1,54,805.29	1,68,015.19	1,55,859.78
Supplementary budget	4,658.26	3,567.43	6,523.68	11,389.81	36,795.88
Total budget (TB)	1,34,355.89	1,62,060.09	1,61,328.97	1,79,405.00	1,92,655.66
Revised Estimate (RE)	1,27,415.49	1,51,696.94	1,39,999.68	1,36,476.04	1,87,325.32
Actual Expenditure (AE)	1,17,455.28	1,34,882.11	1,27,409.41	1,26,570.48	1,80,224.72
Savings	16,900.61	27,177.98	33,919.56	52,834.52	12,430.94
Percentage of supplementary to the original provision	3.59	2.25	4.21	6.78	23.61
Percentage of overall savings to the overall provisions	12.58	16.77	21.02	29.45	6.45
TB-RE	6,940.40	10,363.15	21,329.29	42,928.96	5,330.34
RE-AE	9,960.21	16,814.83	12,590.27	9,905.56	7,100.60
(TB-RE) as per cent of TB	5.17	6.39	13.22	23.93	2.77
(RE-AE) as per cent of TB	7.41	10.38	7.80	5.52	3.69

Source: Annual Financial Statement and Appropriation Accounts

Trend showing budget estimates (BE), revised estimates (RE) and actuals is depicted in **Chart 3.6**.

Chart 3.6: Trend showing BE, RE and Actuals during 2018-2023



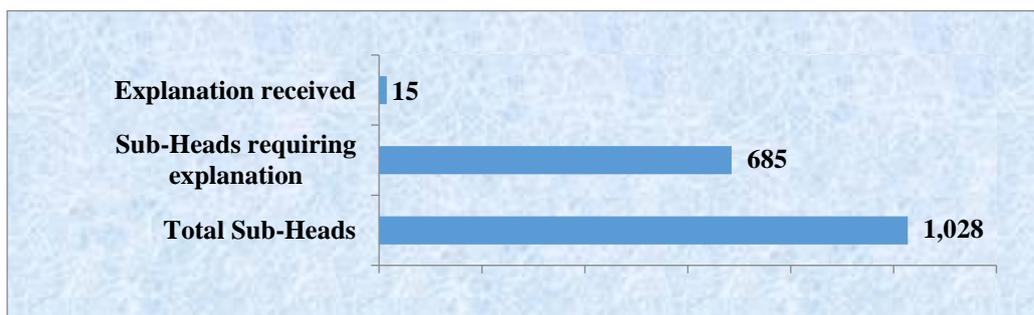
Source: Annual Financial Statement and Appropriation Accounts

Table 3.11 and **Chart 3.6** show that over the years from 2018-19 to 2022-23, RE was always lower than TB of the State. The gap between RE and TB showed an increasing trend during the first four years i.e. 2018-19 (5.17 per cent) to 2021-22 (23.93 per cent) though it came down to 2.77 per cent during the current year. The supplementary provisions during the years 2018-19 to 2022-23 constituted 2.25 per cent to 23.61 per cent of the original provisions. However, the supplementary provisions proved unnecessary as the expenditure did not come up even to the level of original budget provisions during the same period except for the year 2022-23 when 66.22 per cent of the supplementary budget was utilised during this year. The overall savings remained between 6.45 per cent and 29.45 per cent of the budget provisions during the period 2018-2023.

This reflects that the budgetary allocations were based on unrealistic proposals. The State Government stated (November 2023) that the Finance Department would make efforts to minimise the difference between RE and AE.

Status of explanations received in case of variations in Appropriation Accounts is depicted in **Chart 3.7**.

Chart 3.7: Status of explanations for variation in Appropriation Accounts



Source: Office of the Accountant General (Accounts & Entitlement), Punjab

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

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

It was observed that under three schemes², there was a budget provision of ₹ 20,296.96 crore (₹ 100 crore or more in each scheme) which was further revised to ₹ 4,214.06 crore through re-appropriation (*Appendix 3.14*). However, no expenditure was incurred in these schemes.

As regards Grant No. 8-Finance, the State Government stated (November 2023) that earlier they were availing Ways and Means Advances and Overdraft from RBI for which budget provision was being made under head of account '6003-00-110-01'. From the current year, the State Government had started obtaining short term loans from RBI under Special Drawing Facility. Accordingly, a new head of account '6003-00-112-01' was opened and an amount of ₹ 16,000 crore was re-appropriated to this head of account from '6003-00-110-01'. However, the State Government did not furnish reasons for non-utilisation of the entire charged appropriation under Grant No. 8 (Finance). As regards Grant Nos. 17 and 23, it was stated (November 2023) that the matter would be taken up with the departments concerned to obtain their justification.

Further, under 11 schemes, there was approved outlay of ₹ 618.19 crore which was fully withdrawn in the revised outlay, as shown in *Appendix 3.15*. This reflects that budgetary allocations were based on unrealistic proposals.

The State Government stated (November 2023) the Finance Department would monitor the sanctions of re-appropriation orders before sending these to the office of the Accountant General (A&E), Punjab. It was added that necessary checks would also be incorporated in IFMS to avoid such instances/lapses.

Audit further noticed that out of total 16 schemes i.e. two³ core of core schemes and 14 core schemes⁴ (as categorised by GoI) were being implemented by the State Government during 2022-23. Of these, 11 schemes had original budget

² (i) Grant No. 8-Finance (6003-00-110-01-Loans and Advances from Reserve Bank of India); (ii) Grant No. 17-Local Government (4217-60-051-14-Mission for Development of 100 Smart Cities 03-Development of Sultanpur Lodhi); and (iii) Grant No. 23-Rural Development and Panchayats (3604-00-200-29- Grants-in-aid to PRIs as per recommendations of 15th Central Finance commission 01-Health Sector Grant for Public health Units at Block level.

³ (i) Mahatma Gandhi National Rural Employment Guarantee Program; and (ii) National Social Assistance Program.

⁴ Ayushman Bharat Health Infrastructure Mission Scheme is a sub-component of Assistance to National Health Mission Scheme and therefore, it has not been considered as a separate scheme.

provisions of ₹ 100.00 crore or more. The position of budget allotment under these 11 schemes showed that original budget provisions ranging between 23 per cent and 98 per cent were withdrawn through re-appropriation under nine schemes (**Appendix 3.16 - Scheme No. II to VII and IX to XI**). This shows lack of budget intent on the part of the State Government, thereby affecting the implementation of the respective schemes.

3.4.3 New Schemes

The details of amounts to be spent on 11 new schemes as per Annual Financial Statement (₹ 100 crore or more in each scheme), budget provisions made and expenditure incurred there against during 2022-23 are given in **Appendix 3.17**.

It was noticed that less expenditure than the amount envisaged in the Annual Financial Statement was incurred under these new schemes during the year 2022-23. This was due to the fact that either budget provision was withdrawn through re-appropriation and/or budget provision was not fully utilised.

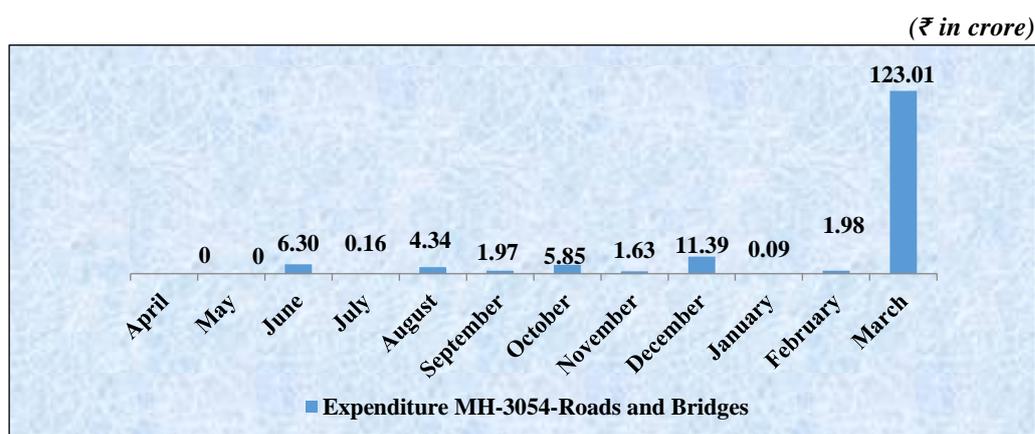
3.4.4 Rush of expenditure

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

Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

Audit noticed that under nine major heads expenditure incurred during the month of March 2023 ranged between 50.63 per cent and 100 per cent of the total expenditure, as detailed in **Appendix 3.18**. Month-wise expenditure under Major Head 3054-Roads and Bridges during 2022-23 is detailed in **Chart 3.8**.

Chart 3.8: Month-wise expenditure under Major Head 3054-Roads and Bridges during 2022-23



Source: Office of the Accountant General (Accounts & Entitlement), Punjab

Chart 3.8 shows that under Major Head-3054, 78.49 *per cent* (₹ 123.01 crore) of the total expenditure of ₹ 156.72 crore was incurred in the month of March 2023.

Further, the entire expenditure of ₹ 6,453.44 crore in 27 sub-heads (exceeding ₹ 10 crore in each case) was incurred in the month of March 2023 (*Appendix 3.19*).

The State Government stated (November 2023) that the Finance Department had issued (July 2022) comprehensive directions for better management of financial resources to all the departments. It was further stated (December 2023) that the Department of Finance would maximise its efforts to balance the expenditure throughout the financial year.

3.4.5 Review of selected grants

A review of budgetary procedure and control over expenditure in respect of two selected grants i.e. '22-Revenue and Rehabilitation' and '23-Rural Development and Panchayats' was conducted wherein the magnitude of variations in original grants, supplementary demands and actual expenditure were analysed.

3.4.5.1 Grant No. 22-Revenue and Rehabilitation

(i) Introduction

Grant No. '22-Revenue and Rehabilitation includes Major Heads '2029-Land Revenue', '2030- Stamps and Registration', '2052-Secretariat-General Services', '2053-District Administration', '2235-Social Security and Welfare', '2245-Relief on account of Natural Calamities', '2250-Other Social Services' and '4059- Capital Outlay on Public Works'.

(ii) Budget and Expenditure

The overall position of budget provisions, expenditure and savings under Grant No. 22 for the last three years (2020-21 to 2022-23) is given in **Table 3.12**.

Table 3.12: Budget and Expenditure under Grant No. 22 during 2020-2023

(₹ in crore)					
Year	Section	Budget provision	Total	Expenditure	Unutilised provision (percentage)
2020-21	Revenue-Original (V)	1,756.23	2,829.73	1,955.05	874.68
	Supplementary	1,073.50			(30.91)
	Revenue-Original (C)	0.25	0.25	0.16	0.09
	Supplementary	0.00			(36.00)
	Capital-Original (V)	0.02	3.71	3.70	0.01
	Supplementary	3.69			(0.27)

Year	Section	Budget provision	Total	Expenditure	Unutilised provision (percentage)
2021-22	Revenue-Original (V)	1,715.12	2,966.02	2,776.34	189.68 (6.40)
	Supplementary	1,250.90			
	Revenue-Original (C)	0.13	0.20	0.17	0.03 (15.00)
	Supplementary	0.07			
	Capital-Original (V)	0.02	0.02	0.00	0.02 (100)
	Supplementary	0.00			
2022-23	Revenue-Original (V)	1,884.86	1,983.86	1,384.36	599.50 (30.22)
	Supplementary	99.00			
	Revenue-Original (C)	0.30	0.30	0.18	0.12 (40.00)
	Supplementary	0.00			
	Capital-Original (V)	0.00	3.10	3.10	0.00 (0.00)
	Supplementary	3.10			

Source: Appropriation Accounts

Table 3.12 shows that unutilised budget provision under Revenue (Voted) ranged between 6 per cent and 31 per cent during the period 2020-2023.

The overall position of budget provisions, expenditure and savings under seven programmes (having original budget provisions or total budget provisions of ₹ 10 crore or more) implemented under Grant No. 22 (**Appendix 3.20**) shows that there were substantial savings of more than 20 per cent in four programmes and no expenditure was incurred in one programme (**Sr. No. 1 of Appendix 3.20**).

(iii) Non-surrender of savings

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. The position of savings and surrenders under Grant No. 22-Revenue and Rehabilitation during 2020-2023 is depicted in **Table 3.13**.

Table 3.13: Non-surrender of savings under Grant No. 22 during 2020-2023

Year	Savings			Amount surrendered (percentage)		
	Revenue(V)	Revenue(C)	Capital(V)	Revenue(V)	Revenue(C)	Capital(V)
2020-21	874.68	0.09	0.01	0 (0)	0 (0)	0 (0)
2021-22	189.68	0.03	0.02	0 (0)	0 (0)	0 (0)
2022-23	599.50	0.12	0.00	0 (0)	0 (0)	0 (0)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings.

Table 3.13 shows that no amount was surrendered during three years period i.e. 2020-2023 despite having large savings under Revenue (Voted) section of the Grant.

(iv) Entire provision remained unutilised

It was observed that the entire budget allocation (₹ one crore or more in each case) remained unutilised under three schemes (Grant No. 22) during 2022-23, indicating non-implementation of the schemes as shown in **Table 3.14**.

Table 3.14: Entire provision (₹ one crore or more) remained unutilised under Grant No. 22 during 2022-23

(₹ in crore)

Sr. No.	Head of Account	Original Budget	Re-appropriation/ Supplementary	Net Budget
1.	2029-00-103-04-National Land Records Modernisation Programme	49.64	-31.65	17.99
2.	2245-02-122-01-Repairs and restoration of damaged irrigation and flood control works	2.00	0.00	2.00
3.	4059-01-051-06-Division offices and District Tehsil Complexes	0.00	2.00	2.00

Source: Appropriation Accounts

(v) Excessive re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During 2022-23, it was observed that augmentation of provision of ₹ 170.92 crore under four schemes proved excessive as there were savings under all these schemes as detailed in **Table 3.15**.

Table 3.15: Statement showing excessive re-appropriation of funds under Grant No. 22 during 2022-23

(₹ in crore)

Sr. No.	Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Savings
1.	2053-00-093-01-District Establishments	391.18	0.00	36.11	427.29	400.99	26.30
2.	2245-02-111-01-Ex-gratia payments to bereaved families	0.65	0.00	19.84	20.49	15.66	4.83
3.	2245-02-113-01-Assistance for repairs/reconstruction of Houses	2.50	0.00	4.00	6.50	5.31	1.19
4.	2245-08-797-01-State Disaster Mitigation Fund	0.00	99.00	171.60	270.60	132.00	138.60
Total		394.33	99.00	231.55	724.88	553.96	170.92

Source: Appropriation Accounts

3.4.5.2 Grant No. 23-Rural Development and Panchayats**(i) Introduction**

Grant No. '23-Rural Development and Panchayats' includes Major Heads '2202-General Education', '2415-Agricultural Research and Education', '2501-Special Programmes for Rural Development', '2515-Other Rural Development Programmes', '3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions' and '4515-Capital Outlay on Other Rural Development Programmes'.

(ii) Budget and Expenditure

The overall position of budget provisions, expenditure and savings under the Grant for the last three years is given in **Table 3.16**.

Table 3.16: Budget and Expenditure under Grant No. 23 during 2020-2023*(₹ in crore)*

Year	Section	Budget provision	Total budget provision	Expenditure	Unutilised provision (percentage)
2020-21	Revenue-Original (V)	2,330.38	4,700.01	3,774.16	925.85 (19.70)
	Supplementary	2,369.63			
	Revenue-Original (C)	0.00	0.04	0.04	0.00 (0.00)
	Supplementary	0.04			
	Capital-Original (V)	1,499.57	1,499.57	214.37	1,285.20 (85.70)
	Supplementary	0.00			
2021-22	Revenue-Original (V)	2,019.23	2,947.74	1,994.98	952.76 (32.32)
	Supplementary	928.51			
	Revenue-Original (C)	0.00	0.33	0.24	0.09 (27.27)
	Supplementary	0.33			
	Capital-Original (V)	1,724.49	1,724.49	356.00	1,368.49 (79.36)
	Supplementary	0.00			
2022-23	Revenue-Original (V)	2,405.43	3,107.72	2,295.07	812.65 (26.15)
	Supplementary	702.29			
	Revenue-Original (C)	0.09	0.19	0.19	0.00 (0.00)
	Supplementary	0.10			
	Capital-Original (V)	597.27	597.27	297.88	299.39 (50.13)
	Supplementary	0.00			

Source: Appropriation Accounts

Table 3.16 shows that unutilised budget provision under Capital (Voted) ranged between 50 per cent and 86 per cent during 2020-21 to 2022-23, which reflected inadequate performance on the part of the State Government.

The overall position of budget provisions, expenditure and savings under 21 programmes (having original budget provisions or total budget provisions of ₹ 10 crore or more) implemented under Grant No. 23 (**Appendix 3.21**)

shows that there were substantial savings of more than 20 per cent in nine programmes and no expenditure was incurred in one programme (Sr. No. 16 of Appendix 3.21).

(iii) Non-surrender of savings

Rule 17.20 of the Punjab Financial Rules provides that the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. The position of surrender of unutilised provision is depicted in **Table 3.17**.

Table 3.17: Non-surrender of savings under Grant No. 23 during 2020-2023

(₹ in crore)

Year	Savings			Amount surrendered (percentage)		
	Revenue (V)	Revenue (C)	Capital (V)	Revenue (V)	Revenue (C)	Capital (V)
2020-21	925.85	0.00	1,285.20	45.24 (4.89)	0.00 (0.00)	74.14 (5.77)
2021-22	952.76	0.09	1,368.49	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2022-23	812.65	0.00	299.39	0.00 (0.00)	0.00 (0.00)	196.85 (65.75)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings.

Table 3.17 shows that only 4.89 per cent and 5.77 per cent savings were surrendered during 2020-21 under Revenue-Voted and Capital-Voted section respectively. No savings were surrendered during the year 2021-22 while 65.75 per cent of the savings under Capital-Voted section were surrendered during 2022-23.

(iv) Persistent savings

A substantial portion of the budget allocation remained unutilised (exceeding ₹ one crore in each case) under four schemes during 2020-21 to 2022-23, indicating non-achievement of the projected financial outlays in the respective years, as detailed in **Table 3.18**.

Table 3.18: Persistent savings (exceeding ₹ one crore) under Grant No. 23 during 2020-2023

(₹ in crore)

Sr. No.	Head of Account	2020-21	2021-22	2022-23
Revenue (V)				
1.	2515-00-101- 10-Rashtriya Gram Swaraj Abhiyan	52.75 (77.57)	55.78 (82.03)	2.91 (8.73)
2.	2515-00-104- 01-Strengthening/ Administration of District Rural Development Agencies/Zila Parishads	29.72 (74.43)	32.05 (80.27)	3.68 (46.70)

Sr. No.	Head of Account	2020-21	2021-22	2022-23
3.	2515-00-789-06-Mahatma Gandhi National Rural Employment Guarantee Scheme	66.25 (22.08)	155.17 (35.27)	91.77 (17.69)
4.	2515-00-789-11-Strengthening/ Administration of District Rural Development Agencies in the State	9.81 (73.70)	10.33 (77.63)	1.23 (46.67)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions.

(v) Entire provision remained unutilised

The entire budget allocation (exceeding ₹ one crore in each case) remained unutilised under two schemes during 2022-23, indicating non-implementation of schemes as shown in **Table 3.19**.

Table 3.19: Entire provision (exceeding ₹ one crore in each case) remained unutilised under Grant No. 23 during 2022-23

(₹ in crore)					
Sr. No.	Head of Account	Original Budget	Supplementary	Re-appropriation	Net Budget
1.	2515-00-800-29-Mahatma Gandhi National Rural Employment Guarantee Scheme- 01-Social Audit	0.00	3.00	0.00	3.00
2.	3604-00-200-29-Grants-in-aid to PRIs as per recommendations of 15th Central Finance Commission- 01-Health Sector Grant for Public Health Units at Block Level	83.77	85.29	0.00	169.06

Source: Appropriation Accounts

(vi) Entire provision withdrawn

The entire budget allocation of ₹ 1.50 crore was withdrawn under the scheme 2515-00-102-04-Friends of Punjab-NRI-Mukh Mantri "Garima Gram Yojana" during 2022-23 due to non-release of funds by the Finance Department, indicating non-implementation of the scheme in the current year.

(vii) Unnecessary supplementary provisions/re-appropriation

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

It was observed that under Grant No. 23, supplementary provisions of ₹ 387.62 crore under six schemes as well as re-appropriation of ₹ 40.43 crore under the head of account '3604-00-200-29-Grants-in-aid to PRI's as per Recommendations of 15th Central Finance Commission-04-Tied Grant (Sr.No.6) during the year 2022-23 proved unnecessary, as the expenditure was either equal or did not come up even to the level of the original budget provisions, as shown in **Table 3.20**.

Table 3.20: Unnecessary/excessive supplementary provisions under Grant No. 23 during 2022-23

(₹ in crore)							
Sr. No.	Head of Account	Original grant	Supplementary provision	Re-appropriation	Total	Expenditure	Savings
1.	2515-00-104- 01- Strengthening/ Administration of District Rural Development Agencies/Zila Parishads	10.50	3.68	-6.30	7.88	4.20	3.68
2.	2515-00-789-06- Mahatma Gandhi National Rural Employment Guarantee Scheme	480.00	38.70	0.00	518.70	426.93	91.77
3.	2515-00-789-11- Strengthening/ Administration of District Rural Development Agencies in the State	3.50	1.23	-2.10	2.63	1.40	1.23
4.	2515-00-800- 29- Mahatma Gandhi National Rural Employment Guarantee Scheme	120.00	9.68	0.00	129.68	108.34	21.34
5.	3604-00-200-29-Grants-in-aid to PRIs as per recommendations of 15th Central Finance Commission- 02-Health Sector Grant for Building-less Sub-Centers, PHCs & CHCs	66.93	66.96	0.00	133.89	66.93	66.96
6.	3604-00-200-29-Grants-in-aid to PRIs as per recommendations of 15th Central Finance Commission- 04-Tied Grant	637.20	267.37	40.43	945.00	626.40	318.60
Total		1,318.13	387.62	32.03	1,737.78	1,234.20	503.58

Source: Appropriation Accounts

The State Government stated (November and December 2023) that unnecessary supplementary provisions, excessive supplementary provisions and savings occurred due to various issues in line departments. For example, in Revenue Department, the budget provision made under State Disaster Response Fund remained unutilised as no natural calamity occurred. It was

added that the Finance Department would take up the matter with the departments concerned to obtain their justification.

3.5 Conclusion

The overall utilisation of budget was 93.55 *per cent* of total grants and appropriations during 2022-23.

Expenditure of ₹ 364.78 crore was incurred in 16 schemes under eight grants during the year 2022-23 without having any provision in the original budget estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

Supplementary provisions were also not on a realistic basis as in 17 cases, the supplementary provisions of ₹ 2,249.49 crore proved unnecessary as the expenditure did not come up even to the level of the original provisions. Budgetary allocations were based on unrealistic proposals as in 15 out of 42 grants, savings excluding surrenders were more than ₹ 100 crore.

The excess expenditure of ₹ 1,475.11 crore for the current year 2022-23 was required to be regularised by the State Legislature.

Under three schemes, there was an approved outlay of ₹ 20,296.96 crore (₹ 100 crore or more in each scheme) which was revised to ₹ 4,214.06 crore, but no expenditure was incurred. Further, under 11 schemes, there was approved outlay of ₹ 618.19 crore which was fully withdrawn through re-appropriation orders, thereby depriving the beneficiaries of the intended benefits.

There was rush of expenditure at fag end of the year. In nine major heads, more than 50 *per cent* of the expenditure under each major head was incurred in the month of March 2023.

3.6 Recommendations

In light of the audit observations, the State Government should:

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

Chapter-IV

Quality of Accounts and Financial Reporting Practices

Chapter-IV

Quality of Accounts and Financial Reporting Practices

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

Issues related to completeness of accounts

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

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

Audit observed that ₹ 98.58 crore was required to be paid as interest on the balance of ₹ 2,714.77 crore lying under interest bearing deposits/Reserve Funds as on 1 April 2022 as shown in **Table 4.1**. Non-payment of interest liability has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent.

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

(₹ in crore)				
Sr. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2022	Basis for calculation of interest	Amount of Interest not provisioned
1.	Defined Contribution Pension Scheme for Government employees	149.00	Interest calculated at the rate of 7.10 per cent as per interest payable to General Provident Fund.	10.58
2.	State Compensatory Afforestation Fund	1,108.00	Interest calculated at the rate of 3.35 per cent as per Ministry of Environment, Forest and climate change, Government of India letter (10 October 2022).	37.12
3.	Depreciation Reserve Fund (Motor Transport)	116.70	Interest calculated at the rate of 3.49 per cent taking into account conservative estimate of the borrowing cost during the year 2022-23 taking average Special Drawing Facility interest rate as 3.49 per cent for the year 2022-23.	4.07
4.	Depreciation Reserve Fund (Government Presses)	28.05		0.98
5.	General Reserve Fund (Motor Transport)	0.72		0.03

Sr. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2022	Basis for calculation of interest	Amount of Interest not provisioned
6.	Punjab Road Safety Fund	61.01	Interest calculated at the rate of 3.49 per cent taking into account conservative estimate of the borrowing cost during the year 2022-23 taking average Special Drawing Facility interest rate as 3.49 per cent for the year 2022-23.	2.13
7.	Deposits of Municipal Corporations and other Autonomous Bodies	0.15		0.01
8.	Deposits of Government companies, corporations, etc. and Miscellaneous Deposits	1,251.14		43.66
Total		2,714.77		98.58

Source: Finance Accounts

The State Government stated (December 2023) that the Finance Department would take up the matter with concerned quarters and necessary action would be taken as per their justification/reasons.

4.2 Funds transferred directly to State implementing agencies

The Government of India (GoI) has been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. GoI decided to route these funds through the State Budget from 2014-15 onwards. However, during the year 2022-23, Central share of ₹ 3,546.60 crore (12 Central Schemes exceeding ₹ ten crore each and 60 Central Schemes less than ₹ ten crore each) was transferred directly to the implementing agencies bypassing the Consolidated Fund of the State as detailed in **Appendix 4.1**. Of this, Central share of ₹ 1,194.33 crore under nine Centrally Sponsored Schemes (CSS) as detailed in **Appendix 4.2** was transferred directly to the implementing agencies. This constituted 4.05 per cent and 16.14 per cent of total revenue receipts (₹ 87,615.60 crore) and Grants-in-aid (₹ 21,976.84 crore) respectively. The direct transfer of funds to the implementing agencies has decreased by 36.87 per cent as compared to 2021-22 (from ₹ 5,617.90 crore in 2021-22 to ₹ 3,546.60 crore in 2022-23).

The State Government accounts for the year 2022-23 depicts only ₹ 3,776.79 crore under Central share of Centrally Sponsored Schemes. Thus, budget and expenditure to the extent of ₹ 3,546.60 crore remained outside the accounts of the State, thereby depicting an incomplete picture of the State's financial position. In all the nine Centrally Sponsored Schemes, the amount of direct transfer to the Implementing Agencies ranged from 4.22 per cent to 100 per cent of the total transfers under these schemes.

Issues related to transparency

4.3 Delay in submission of Utilisation Certificates

Rule 8.14 (b) of the Punjab Financial Rules, Volume-1 prescribes that where grants are sanctioned and cases in which conditions are attached to the utilisation of grant in the form of specification of particular objects of expenditure or the time within which the money must be spent or otherwise, the departmental officer on whose signature or countersignature the Grants-in-aid bill was drawn should be primarily responsible for certifying to the Accountant General, the fulfilment of the conditions attached to the grant. Utilisation Certificates (UCs) outstanding beyond the specified periods (i.e. 18 months from the sanction of grant) indicate absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent cannot be treated as final.

During the year 2022-23, UCs amounting to ₹ 7,037.12 crore became due for submission (Grants-in-aid bills drawn during October 2020 to September 2021). In addition to that, UCs amounting to ₹ 1,800.45 crore were outstanding at the beginning of the year. During the year, outstanding UCs amounting to ₹ 5,163.52 crore were cleared, leaving outstanding UCs of ₹ 3,674.05 crore as on 31 March 2023 as given in **Table 4.2**.

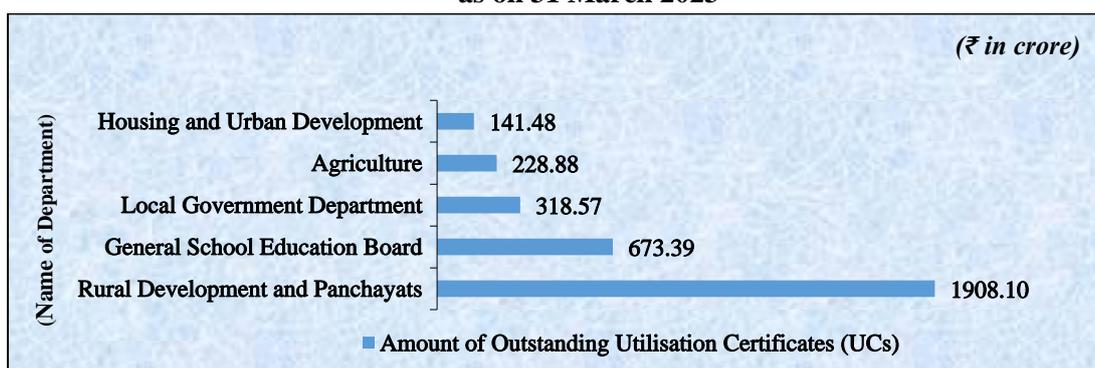
Table 4.2: Age-wise pendency of Utilisation Certificates

UC due year*	No. of UCs	Amount (₹ in crore)
2017-18	1	50.00
2018-19	4	1.52
2019-20	18	54.12
2020-21	79	55.94
2021-22	92	199.79
2022-23 (Drawn upto September 2021)	598	3,312.68
Total	792	3,674.05

Source: Finance Accounts and O/o the Accountant General (A&E) Punjab

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

**Chart 4.1: Outstanding UCs in respect of five major Departments
as on 31 March 2023**



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

From **Chart 4.1**, it is evident that ₹ 3,270.42 crore i.e. 89.01 *per cent* of the total outstanding UCs (₹ 3,674.05 crore) pertain to five Departments viz. Rural Development and Panchayats (₹ 1,908.10 crore), General School Education Board (₹ 673.39 crore), Local Government (₹ 318.57 crore), Agriculture (₹ 228.88 crore) and Housing and Urban Development (₹ 141.48 crore). It was further noticed that outstanding UCs in respect of Rural Development and Panchayats Department has increased by 135.27 *per cent* in 2022-23 as compared to the year 2021-22¹.

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

The State Government stated (November 2023) that a technical solution in IFMS for UCs was under process to bring transparency in the system and to make submission of UCs possible in a time bound manner.

4.4 Abstract Contingent bills

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

The details of AC bills, pending adjustment, as on 31 March 2023 is given in **Table 4.3**.

Table 4.3: Age-wise pending adjustment of AC bills

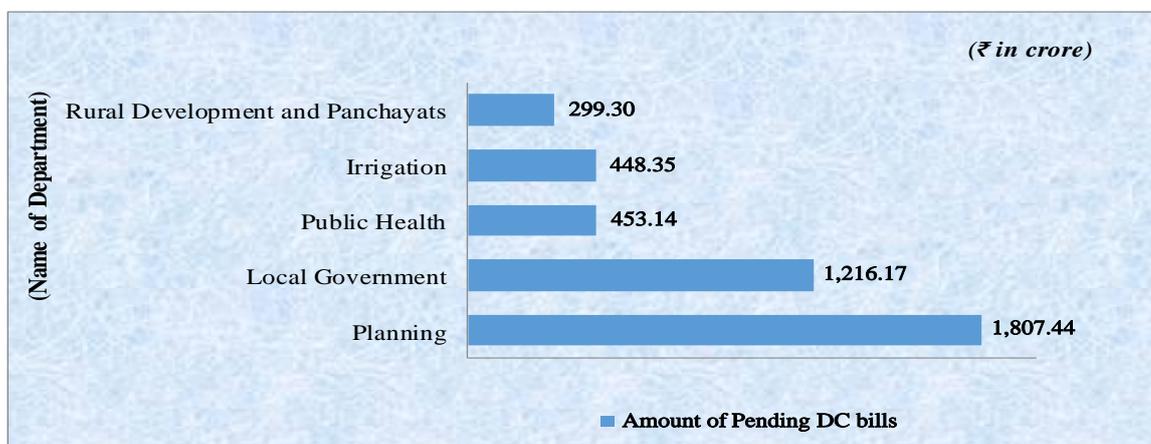
Due Year	No. of AC bills	(₹ in crore)
		Amount
2014-15	6	12.85
2015-16	11	1.72
2016-17	7	3.84
2017-18	13	4.94
2018-19	19	29.23
2019-20	75	52.59
2020-21	89	100.96
2021-22	786	1,756.50
2022-23 (drawn upto September 2022)	1,068	3,805.41
Total	2,074	5,768.04

Source: Finance Accounts and O/o the Accountant General (A&E) Punjab

¹ Outstanding UCs at the end of 2021-22 were ₹ 811.02 crore.

It was observed that a total of 1,749 AC bills amounting to ₹ 6,073.26 crore were drawn during 2022-23, out of which 1,068 AC bills though due were not adjusted as on 31 March 2023. Further, it was noticed that 551 AC bills amounting to ₹ 1,921.18 crore (31.63 per cent) were drawn in March 2023. Expenditure against AC bills at the end of the financial year indicates poor management of public expenditure as it could be that AC bills were being drawn primarily to exhaust the budget provision.

Chart 4.2: Pending DC Bills in respect of five major Departments



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

It is evident from the above chart that ₹ 4,224.40 crore i.e. 73.23 per cent of the total outstanding AC bills amounting to ₹ 5,768.04 crore pertained to five 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 as correct or final.

The State Government stated (November 2023) that regular meetings were being held with the line departments for clearance of pending AC bills. It was added that a requisite check had also been incorporated in IFMS to make sure that in case of non-submission of DC bill within six months of drawing of AC bill of a particular scheme, no new AC bill would be allowed to be drawn in that scheme by the department.

4.5 Indiscriminate use of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the

omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

It was observed that during the year 2022-23, ₹ 5,308.09 crore under 46 Major Heads of account, constituting 4.41 *per cent* of the total Revenue and Capital expenditure (₹ 1,20,327.84 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Of these, ₹ 539.05 crore under two Major Heads i.e. '4700-Capital Outlay on Major Irrigation' and '4701-Capital Outlay on Medium Irrigation' was classified under Minor Head-800-Other Expenditure despite availability of appropriate Minor Heads thereunder. Details of substantial expenditure (more than ₹ 10 crore and 50 *per cent* or above of the total expenditure under each Major Head) booked under Minor Head-800-Other Expenditure are given at **Appendix 4.3**.

Similarly, ₹ 8,098.88 crore under 49 Major Heads of Account, constituting 9.24 *per cent* of the total Revenue and Capital Receipts (₹ 87,615.81 crore) was classified under 800-Other Receipts in the accounts. Details of substantial receipts (more than ₹ 10 crore and 50 *per cent* or above of the total receipts under each Major Head) booked under the Minor Head 800-Other Receipts are given in **Appendix 4.4**.

The State Government stated (December 2023) that due diligence would be taken while preparing budget estimates for the financial year 2024-25.

Issues related to measurement

4.6 Outstanding balance under major Suspense and DDR Heads

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

Table 4.4: Balances under Suspense and Remittance Heads*(₹ in crore)*

Head of Account		2020-21		2021-22		2022-23	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
	1						
8658	Suspense Account						
101	Pay and Accounts Office-Suspense	110.53	106.87	113.19	0.07	60.45	0.05
	Net Debit (Dr.) / Credit (Cr.)	3.66 Dr.		113.12 Dr.		60.40 Dr.	
102	Suspense Account-(Civil)	53.13	..	147.49	57.09	108.83	16.10
	Net Debit (Dr.) / Credit (Cr.)	53.13 Dr.		90.40 Dr.		92.73 Dr.	
109	Reserve Bank Suspense-(Headquarters)	0.28	..	0.42	..	0.01	..
	Net Debit (Dr.) / Credit (Cr.)	0.28 Dr.		0.42 Dr.		0.01 Dr.	
110	Reserve Bank Suspense- (Central Accounts Office)	151.86	..	32.11	..	45.52	..
	Net Debit (Dr.) / Credit (Cr.)	151.86 Dr.		32.11 Dr.		45.52 Dr.	
112	Tax Deducted at Source (TDS) Suspense	..	311.47	..	106.12	..	430.84
	Net Debit (Dr.) / Credit (Cr.)	311.47 Cr.		106.12 Cr.		430.84 Cr.	
123	AIS Officers' Group Insurance Scheme	..	0.15	..	0.22	..	0.26
	Net Debit (Dr.) / Credit (Cr.)	0.15 Cr.		0.22 Cr.		0.26 Cr.	
8782	Cash Remittance and adjustments between officers rendering account to the same Accounts Officer						
102	Public Works Remittances	19.55	..	0.12	..	2.87	..
	Net Debit (Dr.) / Credit (Cr.)	19.55 Dr.		0.12 Dr.		2.87 Dr.	
103	Forest Remittances	21.30	..	17.93	..	5.54	..
	Net Debit (Dr.) / Credit (Cr.)	21.30 Dr.		17.93 Dr.		5.54 Dr.	
8793	Inter-State Suspense Account	43.05	..	57.40	..	35.85	..
	Net Debit (Dr.) / Credit (Cr.)	43.05 Dr.		57.40 Dr.		35.85 Dr.	

Source: Finance Accounts

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

4.7 Reconciliation of Cash Balances

As per accounts of the Accountant General (A&E) Punjab, the Cash Balance of the State Government as on 31 March 2023 was ₹ 365.90 crore (Debit) while the same was reported as ₹ 13.47 crore (Debit) by the Reserve Bank of India. As such, there was an un-reconciled difference of ₹ 379.37 crore (Debit).

After integration of e-Kuber system (of the RBI) with State Integrated Financial Management System (IFMS) for payments in the State, the difference in reported transactions has increased as the State IFMS reports are on transaction date basis whereas the e-Kuber system reports the transactions on scroll date basis.

4.8 Unspent amount lying with divisional officers

As per Codal provisions, funds received by Public Works Divisions towards Deposit Works from non-government agencies are required to be credited under Minor Head '108 - Public Works Deposits' below Major Head '8443 -

Civil Deposits'. The expenditure for related Deposit Works is also met from the same head of account. In the Monthly Divisional Accounts un-remitted amount of such deposits are classified under Major Head '8671 -Departmental Balances, 101 – Civil', by the PW Divisions, under Public Account of the State and then form part of the Government Accounts. However, the funds received towards Deposits Works are being kept in the bank accounts of Divisional Officers operated by PW Divisions instead of remitting them into the Government Accounts and thus are not forming part of cash balance of the State with Reserve Bank of India.

The State Government directed (2 March 2015) Public Works Divisions to deposit the funds in the accounts to be opened at the Treasury under the head 8443 - Civil Deposits 108 - Public Works Deposits. However, despite above order, the Divisional Officers are still depositing the funds in their bank accounts. As on 31 March 2023, an amount of ₹ 1,311.70 crore was lying in the bank accounts of 177 Public Works Divisional Officers as per their cashbooks. Had the funds been deposited in the treasury, the same would have impacted on the daily Cash Balance of the State Government.

Department-wise details of the amounts lying in bank accounts being operated by Divisional Officers is detailed in **Table 4.5**.

Table 4.5: Details showing unspent amount lying with Divisional Officers

(₹ in crore)			
Sr. No.	Name of Department	Number of Divisional Officers operating Bank Accounts	Amount lying in Bank Accounts
1.	Public Works (Building and Roads Divisions)	69	580.38
2.	Rural Development and Panchayats (Panchayati Raj Divisions)	19	182.06
3.	Water Resources	36	443.44
4.	Water Supply and Sanitation	53	105.82
Total		177	1,311.70

Source: Finance Accounts

The State Government stated (November 2023) that the Finance Department had issued instructions in this regard time and again to the departments concerned.

Issues related to disclosure

4.9 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Punjab as well as deficiencies therein during 2022-23 is detailed in **Table 4.6**.

Table 4.6: Compliance to Accounting Standards

Sr. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1.	IGAS-1:	Guarantees Given by the Government – Disclosure requirements	Complied (Statements 9 and 20 of Finance Accounts)	-
2.	IGAS-2:	Accounting and Classification of Grants-in-aid	Complied (Statement 10 of Finance Accounts)	-
3.	IGAS-3:	Loans and Advances made by Government	Not complied (Statement 7 and 18 of Finance Accounts)	The closing balances of Loans and Advances made by the State Government as on 31 March 2023 need to be reconciled by the Loanee Entities/State Government.

Source: Finance Accounts

The State Government stated (December 2023) that necessary action in this regard would be taken in consultation with the Accountant General (A&E), Punjab office.

4.10 Submission of accounts of Autonomous Bodies

As on 31 March 2023, 18 accounts in respect of six Autonomous Bodies (ABs) were pending from 2017-18 to 2021-22 as detailed in **Table 4.7**.

Table 4.7: Arrears of accounts of Autonomous Bodies as on 31 March 2023

Sr. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
1.	Punjab Building and Other Construction Workers Welfare Board, SAS Nagar	2020-21	2
2.	Punjab Bus Metro Society	2018-19	4
3.	Punjab Labour Welfare Board, Chandigarh	2017-18	5
4.	Punjab Khadi and Village Industries, Board, Chandigarh	2017-18	5
5.	Real Estate Regulatory Authority, Chandigarh	2021-22	1
6.	Punjab State Human Rights Commission, Chandigarh	2021-22	1
Total			18

Source: Departmental data/information

Pendency in submission of accounts ranged between one to five years, of which the Punjab Labour Welfare Board and Punjab Khadi and Village Industries, Board had not submitted their accounts since 2017-18. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

Further, it was also noticed that audit of Punjab State Co-operative Supply and Marketing Federation (MARKFED), Regional Spinal Injuries Centre (RSIC) SAS Nagar and Punjab Land Records Society (PLRS) Jalandhar could not be taken up due to non-entrustment to The Comptroller and Auditor General of India despite repeated requests.

The State Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies, besides entrustment of audit of three bodies/authorities viz. MARKFED, RSIC and PLRS in order to assess their financial position.

The State Government stated (December 2023) that Punjab Government had a dedicated Directorate of Disinvestment and Public Enterprises (DPED) to deal with matters of PSUs. The DPED was continuously monitoring the matter and it was expected that submission of accounts would improve.

4.11 Departmental Commercial Undertakings/Corporations/Companies

According to Sections 394 and 395 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report should be laid before the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Similar provisions exist in the respective Acts regulating Statutory Corporations. The above mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies and corporations from the Consolidated Fund of the State.

It was observed that 43 Public Sector Undertakings (PSUs)/Corporations whose accounts were in arrears (accounts of year ended 31 March 2023 were not received upto 30 September 2023), of which 12 were non-working and four were under-liquidation. Out of the remaining 27 working PSUs, 12² were loss making. Further, audit noticed that budgetary support of ₹ 4,355.63 crore was provided to 14 working PSUs/Corporations during each of the last three years despite their accounts being in arrears as detailed in **Table 4.8**.

² (i) Punjab State Grains Procurement Corporation Limited; (ii) Gulmohar Tourist Complex (Holiday Home) Limited; (iii) Punjab State Civil Supplies Corporation Limited; (iv) Punjab State Warehousing Corporation; (v) PEPSU Road Transport Corporation; (vi) Ludhiana Smart City Limited; and (vii) Punjab Financial Corporation; (viii) Punjab Agro Foodgrains Corporation Limited; (ix) Punjab Water Resources Management and Development Corporation Limited; (x) Punjab State Industrial Development Corporation Limited; (xi) Punjab Schedule casts Land development and Finance Corporation; and (xii) Jalandhar Smart City Limited.

Table 4.8: Year-wise details of budgetary support to loss making Commercial Undertakings/Corporations/Companies*(₹ in crore)*

Sr. No.	Name of Company/Corporation	Budgetary support			
		2020-21	2021-22	2022-23	Total
1.	Punjab State Grains Procurement Corporation Limited (PUNGRAIN)	155.45	250.47	202.00	607.92
2.	Punjab Small Industries and Export Corporation Limited	20.00	38.00	45.25	103.25
3.	Punjab State Civil Supplies Corporation Limited (PUNSUP)	247.02	571.07	487.10	1,305.19
4.	Punjab State Warehousing Corporation	67.47	60.08	59.00	186.55
5.	PEPSU Road Transport Corporation	65.62	353.11	74.12	492.85
6.	Amritsar Smart City Limited	36.40	95.24	143.36	275.00
7.	Ludhiana Smart City Limited	25.00	222.76	152.24	400.00
8.	Punjab Financial Corporation	8.00	8.00	92.41	108.41
9.	Punjab Agro Industries Corporation Limited	3.28	5.22	19.25	27.75
10.	Punjab Water Resources Management & Development Corporation Limited	120.56	130.35	145.44	396.35
11.	Punjab Agri Export Corporation Limited	23.44	28.82	22.71	74.97
12.	Punjab Information & Communication Technology Corporation Limited	11.27	13.00	8.70	32.97
13.	Punjab State Industrial Development Corporation Limited	17.38	49.00	254.09	320.47
14.	Punjab Scheduled Castes Land Development and Finance	5.42	41.48	2.05	48.95
Total		806.31	1866.60	1682.72	4355.63

Source: Information provided by PSUs

Age profile of PSUs/Corporations having accounts in arrears is given in **Table 4.9**.

Table 4.9: Age profile of PSUs/Corporations having accounts in arrears

Range in years	Number of PSUs/Corporations
0-1	17
1-3	13
3-5	4
>5	9
Total	43

Source: Information supplied by PSUs

Table 4.9 shows that accounts in respect of nine PSUs were in arrears for more than five years. In the absence of timely finalisation of accounts, results of investments of the Government remain outside the purview of the State Legislature and escape scrutiny by Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out.

It is recommended that the State Government should evolve a system and direct the authorities of the PSUs/Corporations to complete their up-to

date accounts (i.e., last preceding year) for making them eligible for financial support of the State Government, if required.

Other Issues

4.12 Misappropriations, losses, thefts, etc.

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

As on 31 March 2023, 36 cases of misappropriation, losses, theft, etc. involving ₹ 97.56 crore were pending. The department-wise break-up of pending cases is given in **Table 4.10**.

Table 4.10: Details of pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

Name of Department/ Corporation	Cases of misappropriation/ losses /theft		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending	
			Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Punjab Agro Foodgrains Corporation Limited	5	6.97	5	6.97	0	0	0	0
Punjab State Warehousing Corporation	11	12.23	10	11.89	1	0.34	0	0
Punjab State Seeds Corporation Limited	1*	4.10	0	0	0	0	0	0
PUNSUP	9	31.74	7	19.99	2	11.75	0	0
PUNGRAIN	8	41.87	6	19.18	2	22.69	0	0
Municipal Corporation, Patiala	2	0.65	0	0	2	0.65	0	0
Total	36	97.56	28	58.03	7	35.43	0	0

Source: Departmental data/information

* Status in respect of one case was not available.

Out of the total 36 cases, in respect of seven cases (₹ 35.43 crore), departmental action had been initiated but not finalised, while in 28 cases (₹ 58.03 crore) departmental and criminal proceedings were pending.

The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss of Government material is summarised in **Table 4.11**.

Table 4.11: Profile of misappropriations, losses, defalcations, etc.

(₹ in crore)

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
0-5	26	79.08	Theft cases	9	0.88
			Misappropriation/ loss of Government material	17	78.20
5-10	8	15.57	Theft cases	2	0.77
			Misappropriation/ loss of Government material	6	14.80
10-15	2	2.91	Misappropriation/ loss of Government material	2	2.91
Total	36	97.56	Total	36	97.56

Source: Departmental data/information

Out of the total cases, 11 cases amounting to ₹ 1.65 crore were related to theft of Government money/stores, whereas two cases involving ₹ 2.91 crore pertaining to misappropriation/loss of Government material were pending for more than ten years.

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

The State Government stated (November 2023) that instructions would be issued by the Finance Department to all the concerned departments to take necessary action.

4.13 Follow up action on State Finances Audit Report

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

The matter regarding non submission of replies was discussed by PAC in different meetings who directed the Finance Department for submission of replies of State Finances Audit Reports for the years 2017-18 and 2019-20 to 2021-22. Replies for State Finances Audit Report for the years 2015-16, 2016-17 and 2018-19 have been received. The State Finances Audit Report for the year 2016-17 was discussed in a PAC meeting but discussion on State Finances Audit Report for the years 2015-16 and 2018-19 is still pending.

4.14 Implementation of Recommendations of Sixth Punjab Finance Commission on fiscal devolution

The Sixth Punjab Finance Commission was constituted by the State Government under section 3 (1) of the Punjab Finance Commission for Panchayats and Municipalities Act, 1994. The Commission submitted its report for the years 2021-22 to 2025-26 on 29 March 2022. The Commission recommended for devolution of 3.5 *per cent* share of State's Net Own Tax Revenues to the Local Bodies. The State Government has accepted the recommendation. On this basis, ₹ 1,316 crore and ₹ 1,353 crore for the years 2021-22 and 2022-23 respectively were required to be devolved to local bodies. However, no amount was devolved during 2021-22 and 2022-23.

The State Government attributed (December 2023) the reasons for this to laying of Report of the Sixth PFC on the table of Punjab Vidhan Sabha on 20 June 2023.

4.15 Conclusion

Utilisation Certificates (UCs) amounting to ₹ 3,674.05 crore (792 UCs) were awaited which indicates lack of internal control of administrative departments and tendency on the part of the Government to disburse fresh grants without ascertaining proper utilisation of earlier grants. Similarly Detailed Contingent (DC) bills amounting to ₹ 5,768.04 crore (2,074 DC bills) were also awaited. There was an un-reconciled difference of ₹ 379.37 crore (Debit) in the Cash Balance of the State Government for 2022-23. An amount of ₹ 1,311.70 crore was still lying in the bank accounts of Divisions pertaining to four Departments.

Six autonomous bodies and 43 Public Sector Undertakings/Corporations did not submit their final accounts for considerable periods. As a result, their financial position could not be assessed and results of investments of the Government remained outside the purview of the State Legislature.

Further, in 36 cases of theft, misappropriation and loss of Government material departmental action was pending for long periods. An amount of ₹ 2,669 crore was not devolved to the Local Bodies despite acceptance of recommendations of 6th Finance Commission by the State Government.

4.16 Recommendations

In light of the audit observations, the State Government may:

- (i) *ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes;*
- (ii) *ensure adjustment of Abstract Contingent bills within the stipulated period, as required under the Rules;*

- (iii) *put in place a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position; and*
- (iv) *consider preparing a time bound framework for taking prompt action in cases of misappropriation, losses, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.*

Chapter-V

State Public Sector Enterprises

Chapter-V

State Public Sector Enterprises

This chapter discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). Impact of significant comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) has also been discussed.

5.1 Definition of Government Companies

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

Besides, any other Company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.2 Mandate of Audit

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

5.3 SPSEs and their contribution to the GSDP of the State

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

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

view the welfare of people and occupy an important place in the State economy. As on 31 March 2023, there were 49 SPSEs in Punjab, including four² Statutory Corporations and 42 Government Companies (including 16 inactive Government companies³) and three⁴ Government Controlled Other Companies (GCOCs) under the audit jurisdiction of the CAG. During the year, the supplementary audit of a new SPSE *i.e.* Punjab Rural Water Utility⁵ has been entrusted to this office. Further, Punjab Agro Juices Limited has been merged⁶ with Punjab Agri Export Corporation Limited during the year. The names of these SPSEs are given in **Appendix 5.1**. One SPSE (Punjab Communications Limited) was listed on the stock exchange.

There are 16 inactive SPSEs (including four under liquidation) in the State. These inactive SPSEs have investment of ₹ 60.73 crore. This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State.

A ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. The details of turnover of working SPSEs are given in **Appendix 5.2**. Turnover of working SPSEs and GSDP for a period of three years ending 31 March 2023 are given in **Table 5.1**.

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

Particulars	(₹ in crore)		
	2020-21	2021-22	2022-23 ⁷
Turnover			
Power sector SPSEs	33,113.25	35,478.80	39,092.14
Agriculture and Allied sector SPSEs	36,595.60	35,144.11	33,276.04
Other SPSEs	1,315.79	1,333.23	1,174.15
Total	71,024.64	71,956.14	73,542.33
GSDP of Punjab	5,40,853.00	6,14,227.00	6,73,107.00
Percentage of turnover to GSDP of Punjab			
Power sector SPSEs	6.12	5.77	5.81
Agriculture and Allied sector SPSEs	6.77	5.72	4.94
Other SPSEs	0.24	0.22	0.17
Total	13.13	11.71	10.92

Source: Compilation based on Turnover figures as per latest financial statements of SPSEs and GSDP figures as per Ministry of Statistics and Programme Implementation (MoSPI).

The contribution of SPSEs to the GSDP of Punjab reduced from 11.71 per cent in 2021-22 to 10.92 per cent in 2022-23. The contribution of Power sector SPSEs to GSDP was 5.81 per cent while Agriculture and Allied sector SPSEs contributed 4.94 per cent in the year 2022-23.

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

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

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

⁵ Registered with Registrar of Companies in March 2022.

⁶ Accounts of Punjab Agri Export Corporation after merger with Punjab Agro Juices Limited have not been received yet. As such, latest available finalised accounts of both SPSEs have been taken.

⁷ Turnover as per financial statement received up to September 2023.

Though other sector SPSEs contribution to GSDP was minimal (ranging from 0.17 to 0.24 *per cent* during the last three years), they were having staff of 9,121⁸ employees (Permanent/on deputation/contract basis) including staff in district offices. As on 31 March 2023, State Government had investment of ₹ 650.33 crore (Equity ₹ 616.74 crore and long-term loans ₹ 33.59 crore) in these SPSEs. In addition to these, ₹ 2,167.40 crore of grants and subsidies were provided to ten of these SPSEs by the State Government during the period 2020-23.

5.4 Investment in SPSEs and Budgetary Support

5.4.1 Equity holding and Loans in SPSEs

The sector-wise Total Equity, Equity Contribution by State Government and Long Term Loans including loans given by the State Government in 33 working SPSEs as on 31 March 2023 are given below in **Table 5.2**.

Table 5.2: Sector-wise investment in SPSEs

Name of sector	Investment ⁹ (₹ in crore)					Percentage of Total Equity and Long Term Loans
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans	
Power sector SPSEs	22,338.61	22,315.61	16,634.81	3.64	38,973.42	56.53
Agriculture and Allied sector SPSEs	402.86	384.00	27,419.12	26,566.67	27,821.98	40.36
Other SPSEs	727.55	616.74	1,416.00	33.59	2,143.55	3.11
Total	23,469.02	23,316.35	45,469.93	26,603.90	68,938.95	100.00

Source: Information provided by the SPSEs

The thrust of SPSEs investment was mainly on Power sector SPSEs which had received as much as 56.53 *per cent* (₹ 38,973.42 crore) of total investment of ₹ 68,938.95 crore as on 31 March 2023. The State Government share was 72.41 *per cent* (₹ 49,920.25 crore) of total investment of ₹ 68,938.95 crore. Out of the total loans of ₹ 45,469.93 crore, an amount of ₹ 25,029.82 crore was outstanding for a period of more than five years due to paucity of funds, pending reconciliation etc. Of ₹ 25,029.82 crore, ₹ 24,541.88 crore (98.05 *per cent*) pertains to four¹⁰ PSUs.

⁸ Includes 7,948 employees in two SPSEs of transport sector (PEPSU Road Transport Corporation and Punjab State Bus Stand Management Company Limited).

⁹ Investment includes equity and long-term loans.

¹⁰ Punjab Grains Procurement Corporation Limited, Punjab State Civil Supplies Corporation, Punjab Agro Foodgrains Corporation and Punjab State Warehousing Corporation.

5.4.2 Market Capitalisation of equity investment in SPSEs

Market Capitalisation represents market value of shares of companies which are listed. As on 31 March 2023, shares of only one SPSE (Punjab Communications Limited) was listed on the Bombay Stock Exchange (BSE) in India. This SPSE having total equity investment of ₹ 12.05 crore is a subsidiary of Punjab Information & Communication Technology Corporation Limited (₹ 8.57 crore *i.e.* 71.12 *per cent* of total equity investment of ₹ 12.05 crore) and has no investment of equity either by the State Government or the Central Government. The total market value of shares of the above listed SPSE stood at ₹ 34.28 crore¹¹ as on 31 March 2023 as compared to ₹ 43.28 crore¹² as on 31 March 2022.

5.4.3 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was no case of disinvestment or privatisation of working as well as inactive SPSEs. However, Punjab Agro Juices Limited was merged (January 2023) with Punjab Agri Export Corporation Limited.

5.5 Returns from SPSEs

5.5.1 Profit earned by SPSEs

The number of working SPSEs¹³ that earned profit was 11¹⁴ in 2022-23 as compared to 12 in 2021-22. The profit earned decreased to ₹ 319.97 crore in 2022-23 from ₹ 1,710.77 crore in 2021-22 mainly due to loss of ₹ 4,775.93 crore incurred by Punjab State Power Corporation Limited in 2022-23 which earned profit of ₹ 1,069.21 crore in 2021-22.

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

Table 5.3: Top three SPSEs which contributed maximum profit

Name of SPSE	Net profit (₹ in crore)	Percentage of profit to total profit of SPSEs
Punjab State Warehousing Corporation	163.02	50.95
Punjab State Transmission Corporation Limited	100.90	31.53
Punjab Small Industries and Export Corporation Limited	29.09	9.09
Total	293.01	91.57

Source: Latest Financial Statements of SPSEs

These three SPSEs alone had contributed as much as 91.57 *per cent* of the

¹¹ 1,20,23,565 shares * ₹ 28.51 per share against face value of ₹ 10 per share.

¹² 1,20,23,565 shares * ₹ 36 per share against face value of ₹ 10 per share.

¹³ Accounts received upto 30 September 2023.

¹⁴ Including one SPSE (Amritsar Smart City Limited) which earned Zero profit/loss but having accumulated profits.

total profit (₹ 319.97 crore) earned by 11 SPSEs during 2022-23.

Net profit ratio¹⁵ of SPSEs is depicted in **Table 5.4**.

Table 5.4: Net Profit Ratio of SPSEs

(₹ in crore)

Sector	Net Profit	Turnover	Net profit Ratio (in per cent)
Power sector SPSEs	(-)4,674.92	39,092.14	-
Agriculture and Allied sector SPSEs	(-)144.95	33,276.04	-
Other SPSEs	10.11	1,174.15	0.86
Total	(-)4,809.76	73,542.33	-

Source: Latest Financial Statements of SPSEs

5.5.2 Dividend paid by SPSEs

The Thirteenth Finance Commission had recommended (December 2009) that a minimum dividend of five *per cent* on Government equity should be paid by all enterprises. The State Government adopted the recommendations and directed (July 2011) all its Public Sector Enterprises (PSEs) to pay a minimum return of five *per cent* on the funds invested by the State Government. The dividend paid by working SPSEs during the period 2020-21 to 2022-23 is shown in **Table 5.5**.

Table 5.5: Dividend Payout by SPSEs

(₹ in crore)

Year	Sector	No. of SPSEs which declared dividend	Paid Up Capital	Net Profit	Dividend Declared
1	2	3	4	5	6
2020-21	Power sector SPSEs	-	-	-	-
	Agriculture and Allied sector SPSEs	2	25.25	4.96	1.38
	Other SPSEs	1	50.01	76.15	2.50
	Total	3	75.26	81.11	3.88
2021-22	Power sector SPSEs	1	22.90	1.73	1.83
	Agriculture and Allied sector SPSEs	2	25.25	4.80	1.38
	Other SPSEs	1	50.01	76.15	2.50
	Total	4	98.16	82.68	5.71
2022-23	Power sector SPSEs	-	-	-	-
	Agriculture and Allied sector SPSEs	2	25.25	12.90	1.38
	Other SPSEs	1	50.01	29.09	2.50
	Total	3	75.26	41.99	3.88

Source: Latest Financial Statements of SPSEs

¹⁵ Net Profit/Turnover*100

During 2022-23, out of 11 SPSEs which earned profits as per the latest finalised accounts, only three SPSEs declared dividend, four¹⁶ SPSEs did not earn enough profit to declare dividend and the remaining four SPSEs which earned aggregate profit of ₹ 275.82 crore had not declared/paid dividend. In case of two major profit earning SPSEs (Punjab State Warehousing Corporation: ₹ 163.02 crore and Punjab State Transmission Corporation Limited: ₹ 100.90 crore) during the year 2022-23, minimum dividend payable as per guidelines worked out to ₹ 30.69 crore¹⁷. However, no dividend was declared/ paid by them.

5.6 Debt Servicing

5.6.1 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a Company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the Company to pay interest on debt. An interest coverage ratio of below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in working SPSEs which had long-term loans and interest burden during the period 2020-21 to 2022-23 are given below in **Table 5.6**.

Table 5.6: Interest coverage ratio of SPSEs

Year	Sector	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of SPSEs having interest burden and liability of long term loans	Number of SPSEs having interest coverage ratio more than 1	Number of SPSEs having interest coverage ratio less than 1
2020-21	Power sector SPSEs	2,004.42	3,471.29	2	2	0
	Agriculture and Allied sector SPSEs	360.12	480.16	2	1	1
	Other SPSEs	32.29	46.14	5	2	3
	Total	2,396.83	3,997.59	9	5	4
2021-22	Power sector SPSEs	1,684.84	2,969.15	2	2	0
	Agriculture and Allied sector SPSEs	193.23	369.68	2	1	1
	Other SPSEs	30.96	57.91	5	2	3
	Total	1,909.03	3,396.74	9	5	4
2022-23	Power sector SPSEs	1,674.08	(-)3,000.95	2	1	1
	Agriculture and Allied sector SPSEs	89.07	202.19	2	1	1
	Other SPSEs	33.22	36.66	5	2	3
	Total	1,796.37	(-)2,762.10	9	4	5

Source: Latest Financial Statements of SPSEs

¹⁶ Punjab Genco Limited, Punjab Agro Industries Corporation Limited, Punjab State Industrial Development Corporation Limited and Amritsar Smart City Limited.

¹⁷ PSTCL: ₹ 30.29 crore (₹ 605.88 crore * five per cent) and PSWC: ₹ 0.40 crore (₹ 8.00 crore * five per cent).

It was observed that out of two¹⁸ SPSEs pertaining to Power sector which had the liability of loans, one¹⁹ had interest coverage ratio of more than one and other had interest coverage ratio of less than one during 2022-23. Also, in case of Agriculture and Allied sector SPSEs and other SPSEs, which have the liability of loans, only three²⁰ SPSEs had interest coverage ratio of more than one and remaining four²¹ SPSEs had interest coverage ratio of less than one. Thus, these SPSEs were not generating sufficient revenues to meet their expenses on interest.

5.7 Financial Performance of SPSEs

5.7.1 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a Company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a Company's earnings before interest and taxes (EBIT) by the capital employed²². The details of RoCE in working SPSEs during the period from 2020-21 to 2022-23 are given below in **Table 5.7**.

Table 5.7: Return on Capital Employed

Year	Sector	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (in per cent)
2020-21	Power sector SPSEs	3,474.72	33,799.47	10.28
	Agriculture and Allied sector SPSEs	199.34	11,521.74	1.73
	Other SPSEs	140.76	872.08	16.14
	Total	3,814.82	46,193.29	8.26
2021-22	Power sector SPSEs	2,971.50	35,203.79	8.44
	Agriculture and Allied sector SPSEs	104.91	12,357.09	0.85
	Other SPSEs	147.15	980.98	15.00
	Total	3,223.56	48,541.86	6.64
2022-23	Power sector SPSEs	(-)2,974.97	29,385.42	-
	Agriculture and Allied sector SPSEs	819.37	14,134.74	5.80
	Other SPSEs	57.92	1,681.61	3.44
	Total	(-)2,097.68	45,201.77	-

Source: Latest Financial Statements of working SPSEs

It was observed that RoCE was positive during 2020-21 to 2021-22, but during 2022-23, RoCE could not be calculated as total EBIT was negative

¹⁸ Punjab State Power Corporation Limited and Punjab State Transmission Corporation Limited

¹⁹ Punjab State Transmission Corporation Limited

²⁰ Punjab State Warehousing Corporation, Punjab State Bus Stand Management Company Limited and Punjab State Industrial Development Corporation Limited

²¹ Punjab Agro Foodgrains Corporation Limited, PEPSU Road Transport Corporation, Punjab Financial Corporation and Punjab Scheduled Castes Land Development and Finance Corporation

²² Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

mainly due to heavy losses incurred by one major Power sector SPSE *i.e.* Punjab State Power Corporation Limited.

5.7.2 Return on Equity by SPSEs

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

The Return on Equity (RoE) of the profit earning 11 working SPSEs stood at 22.49 *per cent* in 2022-23. The RoE in all the 29²³ working SPSEs including 18 loss making SPSEs could not be calculated as net income was negative in 2022-23.

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

The details of Shareholders' Fund and RoE relating to working SPSEs are given below in **Table 5.8**.

Table 5.8: Return on Equity relating to SPSEs

Year	Sector	Net Income (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (Percentage)
2020-21	Power sector SPSEs	1,469.08	16,144.56	9.10
	Agriculture and Allied sector SPSEs	(-)175.91	(-)7,052.96	--
	Other SPSEs	80.21	(-)281.80	--
	Total	1,373.38	8,809.80	15.59
2021-22	Power sector SPSEs	1,286.04	17,425.53	7.38
	Agriculture and Allied sector SPSEs	(-)103.40	(-)6,881.87	--
	Other SPSEs	87.26	(-)254.99	--
	Total	1,269.90	10,288.67	12.34
2022-23	Power sector SPSEs	(-)4,674.92	12,750.61	--
	Agriculture and Allied sector SPSEs	(-)144.95	(-)6,781.06	--
	Other SPSEs	10.11	(-)251.57	--
	Total	(-)4,809.76	5,717.98	--

Source: Latest Financial Statements of SPSEs

²³ Excluding four SPSEs working on no profit/no loss basis: Punjab Police Security Corporation Limited, Punjab Municipal Infrastructure Development Company, Punjab State Biotech Corporation and Punjab Police Housing Corporation Limited.

Overall RoE was positive during 2020-21 to 2021-22 due to profits earned by Power sector SPSEs. However, net income was negative during 2022-23 due to heavy losses incurred by one major Power sector SPSE *i.e.* Punjab State Power Corporation Limited and RoE could not be calculated.

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

In order to bring the Historical Cost of investment to its Present Value (PV) at the end of each year upto 31 March 2023, the past investments/ year-wise funds infused by the State Government in the SPSEs have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds to the Government for the year concerned. Therefore, PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free loans and grants/subsidies for operational and management expenses, if any less disinvestments since inception of these companies till 31 March 2023.

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

- Interest-free loans have been considered as investment infusion by the State Government as no amount of interest free loans have been repaid by SPSEs. Further, in those cases where interest free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.
- The average rate of interest on Government borrowings for the concerned financial year²⁴ was adopted as compounded rate for arriving at PV since it represents the cost incurred by the Government towards investment of funds for the year and is therefore considered as the minimum expected rate of return on investments made by the Government.

SPSE-wise position of State Government investment in 22 SPSEs (Other than GCOCs) in the form of equity and interest-free loans on historical cost basis for the period from 2010-11 to 2022-23 has been given in **Appendix 5.3**. The consolidated position of the PV of the State Government investment and the total earnings relating to 22 SPSEs for the same period is indicated below in **Table 5.9**.

²⁴ The average rate of interest on Government borrowings was adopted from the Reports of the CAG on State Finances (Government of Punjab) for the concerned year wherein the average rate for interest paid = Interest payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/ 2] *100.

Table 5.9: Year-wise details of investment by the State Government and its Present Value for the period from 2010-11 to 2022-23(*₹ in crore*)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Interest free loans given by the State Government during the year	Grants/ Subsidies given by State Government for operational and management expenses	Total investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year ²⁵
i	ii	iii	iv	v	vi= iii + iv + v	vii = ii + vi	viii	ix={vii*(1 + viii/100)}	x= ix-vii	xi
Upto 2010-11	789.79 ²⁶	6,687.35 ²⁷	-	-	6,687.35	7,477.14	7.73	8,055.12	577.98	(-)1,696.24
2011-12	8,055.12	196.93	-	108.48	305.41	8,360.53	7.96	9,026.03	665.50	(-)779.63
2012-13	9,026.03	15.91	30.00	190.29	236.20	9,262.23	7.79	9,983.76	721.53	43.23
2013-14	9,983.76	22.35	-	242.25	264.60	10,248.36	8.04	11,072.33	823.97	(-)55.02
2014-15	11,072.33	72.07	-	337.75	409.82	11,482.15	8.35	12,440.91	958.76	(-)673.78
2015-16	12,440.91	32.24	-	324.21	356.45	12,797.36	8.09	13,832.67	1,035.31	(-)2,315.70
2016-17	13,832.67	10.83	-	504.28	515.11	14,347.78	7.48	15,420.99	1,073.21	(-)4,327.30
2017-18	15,420.99	-	-	168.62	168.62	15,589.61	8.12	16,855.49	1,265.88	(-)2,799.39
2018-19	16,855.49	(-) 97.97 ²⁸	-	205.76	107.79	16,963.28	8.00	18,320.34	1,357.06	(-)604.73
2019-20	18,320.34	15,629.35	-	160.28	15,789.63	34,109.97	7.93	36,814.89	2,704.92	(-)1,228.59
2020-21	36,814.89	(-)44.58	-	145.59	101.01	36,915.90	7.44	39,662.44	2,746.54	1,503.72
2021-22	39,662.44	-	-	439.14	439.14	40,101.58	7.05	42,928.74	2,827.16	1,421.97
2022-23	42,928.74	2.06	-	165.19	167.25	43,095.99	6.66	45,966.18	2,870.19	(-)4,732.54
Total			30.00	2,991.84	25,548.38					

The balance of investment by the State Government in the SPSEs at the end of the year 2022-23 increased to ₹ 43,095.99 crore from ₹ 7,477.14 crore at the end of 2010-11. The State Government made further investments in the shape of equity (₹ 15,839.19 crore) and interest-free loans (₹ 30 crore) and grants/subsidies for operational and management expenses (₹ 2,991.84 crore) during the period 2011-12 to 2022-23 in these SPSEs. The PV of funds infused by the State Government upto 31 March 2023 amounted to ₹ 45,966.18 crore. During all the years 2011-12 to 2022-23, total earnings remained below the minimum expected return to recover cost of funds infused in these SPSEs.

²⁵ Total Earnings for the year depicts total of net earnings (profit/loss) as per latest finalised Accounts relating to those 22 SPSEs (excluding GCOCs) where funds were infused by State Government.

²⁶ ₹ 789.79 crore is the investment, on historical cost basis, by Government of Punjab upto financial year 2010-11.

²⁷ It represents equity of PSPCL and PSTCL created out of transfer of assets and liabilities on unbundling erstwhile Punjab State Electricity Board. No accumulated losses were transferred to Power sector SPSEs as accumulated losses of ₹ 10,180.35 crore were set off against capital reserve created on land revaluation.

²⁸ While finalising the accounts for the year 2017-18, Punjab Water Resources Management & Development Corporation Limited (PWRMDC) treated the capital grant amounting to ₹ 97.97 crore received from the State Government for sinking and installation of tubewells as deferred revenue which was earlier being treated as 'Share application money pending allotment'.

5.8 SPSEs incurring losses

5.8.1 Losses incurred

There were 18 working SPSEs that incurred losses as per their latest finalised accounts. The losses incurred by SPSEs increased to ₹ 5,129.73 crore as per their latest finalised accounts from ₹ 446.35 crore in 2020-21 as given below in **Table 5.10**.

Table 5.10: Number of SPSEs that incurred losses during 2020-21 to 2022-23

(₹ in crore)					
Year	Sector	No. of loss making SPSEs	Net loss for the year	Accumulated loss	Net worth ²⁹
2020-21	Power sector SPSEs	2	-	(-)0.10	-
	Agriculture and Allied sector SPSEs	6	(-)423.56	(-)6,907.27	(-)6,541.87
	Other SPSEs	8	(-)22.79	(-)714.65	(-)194.39
	Total	16	(-)446.35	(-)7,622.02	(-)6,736.26
2021-22	Power sector SPSEs	2	-	(-)0.11	(-)0.01
	Agriculture and Allied sector SPSEs	7	(-)420.71	(-)7,060.18	(-)6,689.78
	Other SPSEs	8	(-)20.16	(-)731.80	(-)199.76
	Total	17	(-)440.87	(-)7,792.09	(-)6,889.55
2022-23	Power sector SPSEs	3	(-)4,775.95	(-)10,420.10	11,309.81
	Agriculture and Allied sector SPSEs	7	(-)322.88	(-)7,157.62	(-)6,787.22
	Other SPSEs	8	(-)30.90	(-)759.45	(-)227.38
	Total	18	(-)5,129.73	(-)18,337.17	4,295.21

Source: Latest Financial Statements of SPSEs

In 2022-23, out of total loss of ₹ 5,129.73 crore incurred by 18 SPSEs, loss of ₹ 5,049.88 crore (98.44 per cent) was attributed to three SPSEs (Punjab State Power Corporation Limited, Punjab State Grains Procurement Corporation Limited and Punjab Agro Foodgrains Corporation Limited).

As on 31 March 2023, out of total equity investment of ₹ 22,554.01 crore in loss making SPSEs, the share of the State Government and the Central Government was ₹ 22,432.24 crore and ₹ 98.86 crore respectively.

5.8.2 Erosion of Capital in SPSEs

As on 31 March 2023, there were 17 working SPSEs with accumulated losses of ₹ 19,425.68 crore as given in **Appendix 5.4**. Of these, 15 SPSEs incurred losses amounting to ₹ 5,120.67 crore as per latest finalised accounts as of 30 September 2023.

The net worth of 14 out of these 17 SPSEs had been completely eroded by

²⁹ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write back of depreciation provision.

accumulated losses and their net worth was either zero or negative. Out of these 14 SPSEs, the net worth of 11 SPSEs has remained negative for a period ranging from 0 to 22 years and in case of three SPSEs, the erosion is prior to 1999-2000 as given in *Appendix 5.4*. The net worth of these 14 SPSEs was (-) ₹ 8,179.54 crore against equity investment of ₹ 530.01 crore. Out of 14 SPSEs, whose capital had eroded, two³⁰ had earned profit of ₹ 163.04 crore as per latest finalised accounts. Out of 14 SPSEs, there were seven SPSEs with outstanding Government loans of ₹ 26,378.00 crore as on 31 March 2023 (*Referred to in para 2.4.2.2 under Chapter II*).

Out of 14 SPSEs whose net worth had been eroded, an amount of ₹ 420.62 crore was given as grants/ subsidies to three³¹ SPSEs during the year 2022-23 for meeting operational expenses/ funding of liabilities.

The age wise analysis of arrear in submission of accounts by SPSEs whose net worth had been eroded has been given in *Para 5.11.2 and 5.11.3*.

5.9 Audit of State Public Sector Enterprises

CAG appoints the Statutory Auditors of a Government Company and Government Controlled Other Company under Sections 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the Statutory Auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

5.10 Appointment of Statutory Auditors of State Public Sector Enterprises by CAG

Section 139 (5) of the Companies Act, 2013 provides that the Statutory Auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

The Statutory Auditors of the above companies for the year 2022-23 were appointed by the CAG up to September 2023.

5.11 Submission of accounts by State Public Sector Enterprises

5.11.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three

³⁰ Punjab State Warehousing Corporation and Punjab State Industrial Development Corporation Limited.

³¹ PEPSU Road Transport Corporation, Punjab Financial Corporation and Punjab State Industrial Development Corporation Limited.

months of its Annual General Meeting³² (AGM). As soon as, may be after such preparation, the Annual Report must be laid before the Legislature, together with a copy of the Audit Report and comments of the CAG upon or as a supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every Company to hold the AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the Company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were pending as on 30 September 2023, as detailed in the following paragraph:

5.11.2 Timeliness in preparation of accounts by SPSEs

As of 31 March 2023, there were 45 SPSEs³³ under the purview of CAG's audit. Of these, accounts for the year 2022-23 were due from 44 SPSEs including four under liquidation. However, only five SPSEs submitted their accounts for the year 2022-23 for audit by CAG by 30 September 2023. 217 accounts of 39 SPSEs were in arrears, as detailed in **Appendix 5.5**, for various reasons. Details of arrears in submission of accounts of SPSEs are given in **Table 5.11**.

Table 5.11: Details of arrears in submission of accounts

Particulars	SPSEs	Number of Accounts
Total number of Companies under the purview of CAG's audit as on 31 March.2023	45	--
Less: New Companies from which accounts for 2022-23 were not due	01	01
Number of companies from which accounts for 2022-23 were due	44	44
Number of companies which presented the accounts for the year 2022-23 for CAG's audit by 30 September 2023	05	05

³² In case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the Company and in any other case within a period of six months, from the date of closing of the financial year *i.e.* 30 September.

³³ Excluding four Statutory Corporations as discussed in paragraph 5.11.3.

Particulars		SPSEs	Number of Accounts
Number of accounts in arrears		39	217
Break- up of Arrears	(i) Under Liquidation	04	91
	(ii) Inactive	12	79
	(iii) Others	23	47
Age-wise analysis of arrears against 'Others' category	One year (2022-23)	13	13
	Two years (2021-22 and 2022-23)	03	06
	Three years and more	07	28
Age-wise analysis of arrears against Companies whose net worth has been eroded	One year (2022-23)	02	02
	Two years (2021-22 and 2022-23)	01	02
	Three years and more	04	14

Source: Compiled on the basis of annual accounts received in the office of Pr. Accountant General (Audit), Punjab.

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of four³⁴ Statutory Corporations is conducted by the CAG and out of these, for two³⁵ Statutory Corporations, CAG is the sole auditor. No Statutory Corporation presented the accounts for the year 2022-23 for audit before 30 September 2023. As on 30 September 2023, 12 accounts of four Statutory Corporations were pending out of which 11 accounts (arrear ranging between three to five years) pertained to three Statutory Corporations whose net worth has been eroded.

The State Government stated (November 2023) that the matter was continuously being monitored and it was expected that the submission would improve.

5.12 CAG's oversight- Audit of accounts and supplementary audit

5.12.1 Financial Reporting Framework

Companies are required to prepare the Financial Statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards renamed as National Financial Reporting Authority³⁶. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

³⁴ Punjab State Warehousing Corporation, PEPSU Road Transport Corporation, Punjab Financial Corporation and Punjab Scheduled Castes Land Development and Finance Corporation.

³⁵ Punjab Scheduled Castes Land Development and Finance Corporation and PEPSU Road Transport Corporation.

³⁶ Effective from 01 October 2018.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The Statutory Auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the Statutory Auditors in audit of Public Sector Enterprises with the overall objective that the Statutory Auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- issue directions to the Statutory Auditors under Section 143 (5) of the Companies Act, 2013; and
- supplement or comment upon the Statutory Auditor's Report under Section 143 (6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The primary responsibility for preparation of Financial Statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The Statutory Auditors appointed by the CAG under Section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the Financial Statements under Section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of the Institute of Chartered Accountants of India and directions given by the CAG. The Statutory Auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the Report of the Statutory Auditors are reviewed by the CAG by carrying out a Supplementary Audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

5.13 Result of CAG's oversight role

5.13.1 Audit of accounts of SPSEs

Thirty seven Financial Statements (including five Consolidated Financial Statements) for the year 2022-23 and previous years were received from 29 SPSEs from 01 October 2022 to 30 September 2023. Twenty two Financial Statements of 18 SPSEs were reviewed in audit by the CAG and Non-Review

Certificate³⁷ was issued for 15 accounts of 14³⁸ SPSEs. Financial impact of comments issued during October 2022 to September 2023 on Financial Statements of SPSEs was ₹ 67.30 crore on profitability and ₹ 519.92 crore on the financial position.

5.13.2 Amendment of Financial Statements

During 2022-23, there was no case of SPSEs amending their Financial Statements before laying the same in the AGM.

5.13.3 Revision of Auditors Report

During 2022-23, there was no case of revision of Statutory Auditors' Report as a result of supplementary audit of the Financial Statements conducted by the CAG.

5.14 Conclusion

As on 31 March 2023, there were 49 SPSEs including four Statutory Corporations. Out of 49 SPSEs, there are 16 inactive SPSEs. Forty three SPSEs did not adhere to the prescribed timeline regarding submission of their Financial Statements. There were 229 accounts of 43 SPSEs in arrears.

Out of total profit of ₹ 319.97 crore earned by 11 SPSEs, 91.57 per cent was contributed by three SPSEs. Out of total loss of ₹ 5,129.73 crore incurred by 18 SPSEs, loss of ₹ 5,049.88 crore was incurred by three SPSEs. Out of 11 SPSEs which earned profits as per the latest finalised accounts, only three SPSEs declared dividend. Four SPSEs did not earn enough profit to declare dividend and the remaining four SPSEs which earned aggregate profit of ₹ 275.82 crore had not declared/paid dividend.

Financial impact of comments issued during October 2022 to September 2023 on Financial Statements of SPSEs was ₹ 67.30 crore on profitability and ₹ 519.92 crore on the financial position.

5.15 Recommendations

The State Government may:

- (i) *impress upon the managements of SPSEs to ensure timely submission of their Financial Statements. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature;*
- (ii) *take a policy decision regarding commencement of liquidation process in respect of the remaining 12 inactive SPSEs;*

³⁷ Financial Statements received but not selected for audit.

³⁸ One account was audited and NRC was issued for another account in case of three SPSEs.

- (iii) *ensure for declaration/payment of dividend (minimum return of five per cent) from the profit making SPSEs for compliance of the directives of the State Government; and*
- (iv) *analyse the reasons for losses in those SPSEs whose net worth has been eroded and initiate steps to make their operations efficient and profitable.*



Chandigarh
The 7 June 2024

(NAZLI J. SHAYIN)
Principal Accountant General (Audit), Punjab

Countersigned



New Delhi
The 11 June 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Referred to in paragraph 1.1)

Profile of Punjab

A. General Data			
Sr. No.	Particulars	Figures	
1.	Area	50,362 Sq. km.	
2.	Population	3.07 crore	
3.	Density of Population (All India Density= 422.26 persons per Sq. km.)	610.18 persons per Sq. km.	
4.	Population below poverty line (All India Average = 21.92 per cent)	8.26 per cent	
5.	Literacy (as per 2011 census) (All India Average = 73 per cent)	75.80 per cent	
6.	Infant mortality (per 1000 live births) (All India Average = 28 per 1000 live births)	18	
7.	Life Expectancy at birth (All India Average = 70 years)	72.5	
8.	Gross State Domestic Product (GSDP) 2022-23 at current prices	₹ 6,73,107 crore	
9.	Per capita GSDP CAGR* (2013-14 to 2022-23)	General Category States Average	9.38
		Punjab	6.77
		All India Average	9.12
10.	GSDP CAGR (2013-14 to 2022-23)	General Category States Average	10.57
		Punjab	8.16
		All India Average	10.34
11.	Population Growth (2013 to 2023)	General Category States Average	10.77
		Punjab	8.58
		All India Average	11.68
12.	Total cropped area	78.26 lakh hectares	
13.	Gross Irrigated area	77.30 lakh hectares	
14.	Percentage of total irrigated area to cropped area	99.0 per cent	

* *Compounded Annual Growth Rate*

Source: (i) Economic and Statistical Organisation, Government of Punjab, (ii) Population projections by National Commission on Population, Ministry of Health & Family Welfare, GoI, (iii) Ministry of Statistics and Programme Implementation (MoSPI), GoI, (iv) Office of the Registrar General & Census Commissioner, India (ORGI) and (v) Statistical Abstract of Punjab 2022.

B. Financial Data									
Sr. No.	Particulars	Figures (in per cent)							
		2013-14 to 2016-17		2017-18 to 2020-21		2020-21 to 2021-22		2021-22 to 2022-23	
		General Category States	Punjab	General Category States	Punjab	General Category States	Punjab	General Category States	Punjab
	<u>CAGR</u>								
a.	Of Revenue Receipts	14.30	10.98	3.41	09.21	25.59	13.21	13.41	12.08
b.	Of Own Tax Revenue	8.51	04.84	3.52	(-)0.41	25.62	24.20	19.78	13.17
c.	Of Non Tax Revenue	8.62	22.47	(-)1.04	(-)1.31	44.81	15.22	12.94	30.27
d.	Of Total Expenditure	17.18	31.91	7.17	11.82	14.00	15.86	12.53	14.58
e.	Of Capital Expenditure*	28.89	168.33	1.13	19.71	25.62	79.58	18.93	(-)16.03
f.	Of Revenue Expenditure on Education	12.20	11.13	6.72	8.54	11.47	06.63	13.21	13.75
g.	Of Revenue Expenditure on Health	18.84	14.97	12.25	11.04	19.71	02.64	0.88	06.96
h.	Of Salary and Wages	11.04	7.55	7.63	02.90	11.82	11.08	8.52	16.48
i.	Of Pension	11.71	11.81	10.39	10.25	11.88	07.73	11.38	23.64

Source: Finance Accounts

* Includes Capital Outlay and Loans and Advances disbursed.

Appendix 1.2*(Referred to in paragraph 1.3.2)***Summarised financial position of the Government of Punjab
as on 31 March 2023***(₹ in crore)*

LIABILITIES	As on 31.03.2022	As on 31.03.2023
Internal Debt -	220196.34	250971.66
Market Loans bearing interest	165099.00	200898.53
Market Loans not bearing interest	0.03	0.03
Loans from Life Insurance Corporation of India	--	--
Loans from other Institutions	55097.31	50073.10
Ways and Means Advances and Overdrafts from Reserve Bank of India	--	--
Loans and Advances from Central Government-	25094.25	25487.39
Non-Plan Loans	12.24	9.58
Loans for State Plan Schemes	1782.21	1215.06
Pre 1984-85 Loans	0.30	0.30
Other loans for State*	23299.50	24262.45
Contingency Fund	25.00	25.00
Small Savings, Provident Funds, etc.	22187.70	22404.33
Deposits	4785.10	4913.27
Reserve Funds	12636.52	16795.71
Suspense and Miscellaneous Balances	92.86	327.36
Remittance Balances	--	--
TOTAL	285017.77	320924.72
ASSETS		
Gross Capital Outlay on Fixed Assets -	78467.77	85134.74
Investments in shares of Companies, Corporations, etc.	19899.69	20038.52
Other Capital Expenditure	58568.08	65096.22
Loans and Advances -	37669.67	38887.68
Loans for Power Projects	739.70	734.48
Other Development Loans	36917.86	38145.10
Loans to Government servants and miscellaneous loans	12.11	8.10
Advances with Departmental Officers	0.42	0.42
Remittance Balances	75.45	44.26
Cash	6871.64	9009.46
Cash in Treasuries and local remittances	--	--
Departmental Cash Balance	1376.09	1378.34
Permanent Advances/Cash Imprest)	0.26	0.26
Cash Balance Investments	2237.59	912.67

ASSETS		
Deposits with Reserve Bank of India	129.76	365.90
Investments from Earmarked Funds	3127.94	6352.29
Suspense and Miscellaneous Balances	130.37	0.66
Add difference on account of rounding-off	0.02	0.04
Deficit on Government Account -	161802.43	187847.46
Add Revenue Deficit of the current year	18468.20	26,045.03
Accumulated deficit at the beginning of the year	143334.23	161802.43
TOTAL	285017.77	320924.72

Source: Finance Accounts

* Includes ₹20,491.41 crore as back-to-back loans from GoI during 2020-22 in lieu of GST Compensation shortfall, which are not to be paid by the State out of its sources.

Appendix 2.1

(Referred to in paragraph 2.2)

Abstract of receipts and disbursements for the year 2022-23

(₹ in crore)

Receipts	2021-22	2022-23	Disbursements	2021-22	2022-23
1	2	3	4	5	6
<u>Section-A:</u>					
<u>Revenue</u>					
I-Revenue receipts	78168.31	87615.60	I-Revenue expenditure-	96636.51	113660.67
(i) Tax revenue	37326.86	42243.17	<u>General services</u>	47239.77	54002.90
(ii) Non-tax revenue	4783.77	6231.94	<u>Social Services-</u>	25334.31	28849.10
(iii) State's share of Union Taxes and Duties	15288.79	17163.65	Education, Sports, Art and Culture	12712.39	14465.34
(iv) Non-Plan Grants	0.00	0.00	Health and Family Welfare	3859.61	4127.75
(v) Grants for State Plan Schemes	0.00	0.00	Water Supply, Sanitation, Housing and Urban Development	517.70	1319.29
(vi) Grants for Centrally Sponsored Plan Schemes	(-)4.03	(-)47.34	Information and Broadcasting	255.27	228.35
(vii) Grants for Centrally Sponsored Schemes	3678.16	3776.79	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	670.82	615.88
(viii) Finance Commission Grants	12435.61	10258.45	Labour and Labour Welfare	274.94	283.28
(ix) Other Transfer/ Grants to States/ Union Territories with Legislatures	4659.15	7988.94	Social Welfare and Nutrition	7005.83	7762.35
			Others	37.75	46.86
			<u>Economic Services-</u>	20203.74	26996.39
			Agriculture and Allied Activities	10231.78	12457.81
			Rural Development	560.58	858.07
			Irrigation and Flood Control	1036.79	1067.33
			Energy	4382.98	8225.89

Receipts	2021-22	2022-23	Disbursements	2021-22	2022-23
1	2	3	4	5	6
			Industry and Minerals	2519.08	3450.03
			Transport	1054.73	500.96
			Science, Technology and Environment	20.31	31.97
			General Economic Services	397.49	404.33
			<u>Grants-in-aid and Contributions</u>	3858.69	3812.28
Difference on account of rounding-off		0.04			
II. Revenue deficit carried over to Section B	18468.20	26045.03	II. Revenue Surplus carried over to Section-B	--	--
Total Section A	96636.51	113660.67		96636.51	113660.67
<u>Section-B : Others</u>					
III-Opening Cash balance including Permanent Advances and Cash Balance Investment	9247.83	6871.64	III Opening Overdraft from Reserve Bank of India	--	--
IV – Misc. Capital Receipts	0.00	0.21	IV-Capital Outlay	8009.98	6667.21
			<u>General Services</u>	264.42	224.98
			<u>Social Services-</u>	2910.80	4041.21
			Education, Sports, Art and Culture	195.74	183.23
			Health and Family Welfare	82.86	654.60
			Water Supply, Sanitation, Housing and Urban Development	2580.09	2903.41
			Information and Broadcasting	0.00	0.00
			Welfare of Scheduled Castes, Scheduled Tribes and	35.77	193.55

Receipts	2021-22	2022-23	Disbursements	2021-22	2022-23
1	2	3	4	5	6
			Other Backward Classes		
			Social Welfare and Nutrition	16.12	52.84
			Other Social Services	0.22	53.58
			<u>Economic Services-</u>	4834.76	2401.02
			Agriculture and Allied Activities	0.81	142.75
			Rural Development	356.00	297.88
			Irrigation and Flood Control	935.14	1002.98
			Energy	154.41	65.73
			Industry and Minerals	16.83	60.01
			Transport	1016.08	681.65
			Science, Technology and Environment	7.20	6.00
			General Economic Services	2348.29	144.02
V Recoveries of Loans and Advances	206.73	163.67	V-Loans and Advances Disbursed	1575.81	1381.67
From Power Projects	5.21	5.21	For Power Projects	0.00	0.00
From Government Servants	29.00	31.91	To Government Servants	30.97	27.90
From others	172.52	126.55	To Others	1544.84	1353.77
VI-Revenue surplus brought down	--	--	VI-Revenue Deficit Brought down	18468.20	26045.03
VII- Public debt receipts	39169.85	47262.48	VII- Repayment of Public Debt	17272.92	16094.00
External Debt	--	--	External Debt	--	--

Receipts	2021-22	2022-23	Disbursements	2021-22	2022-23
1	2	3	4	5	6
Internal debt other than Ways and Means Advances and Overdraft	26584.33	46299.53	Internal debt other than Ways and Means Advances and Overdraft	16781.74	15524.19
Net transactions under Ways and Means Advances	0.00	0.00	Net transactions under Ways and Means Advances	0.00	0.00
Net transactions under overdraft	0.00	0.00	Net transactions under overdraft	0.00	0.00
Loans and Advances from Central Government	12585.52 ¹	962.95	Repayment of Loans and Advances to Central Government	491.18	569.81
VIII- Appropriation to Contingency fund	Nil	Nil	VIII- Appropriation to Contingency fund	Nil	Nil
IX-Amount transferred to Contingency fund	Nil	Nil	IX- Expenditure from Contingency fund	Nil	Nil
X-Public Account Receipts#	91233.63	102519.38	X-Public Account Disbursement#	87659.49	97620.01
Small Savings and Provident Funds	3152.78	3349.65	Small Savings and Provident Funds	3114.62	3133.02
Reserve Funds	3503.06	4487.48	Reserve Funds	661.45	328.3
Deposits and Advances	7906.11	7052.95	Deposits and Advances	7025.67	6924.79
Suspense and Miscellaneous [#]	76619.49	87562.41	Suspense and Miscellaneous [#]	76814.01	87198.20
Remittances	52.19	66.89	Remittances	43.74	35.70
XI-Closing Overdraft from Reserve Bank of India	Nil	Nil	XI Cash Balance at end	6871.64	9009.46
			Cash in Treasuries and Local Remittances	--	--
			Deposits with Reserve Bank	129.76	365.90

¹ Includes ₹12,132.41 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Receipts	2021-22	2022-23	Disbursements	2021-22	2022-23
1	2	3	4	5	6
			Other cash balance and Investments	4504.29*	7730.89*
			Cash Balance Investment	2237.59	912.67
Total Section-B	139858.04	156817.38		139858.04	156817.38
Total (A+B)	236494.55	270478.05	Total	236494.55	270478.05

Source: Finance Accounts

Excluding transactions under Major Heads '8671-Departmental Balances' and "8673- Cash Balance Investment Account', which forms part of Cash Balance.

* It includes investment made from consolidated sinking fund.

Appendix 2.2

(Referred to in paragraph 2.3.2.1)

Time Series data on State Government Finances

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Part A: Receipts					
1. Revenue Receipts	62269	61575	69048	78168	87616
(i) Tax Revenue²	31574 (51)	29995 (49)	30053 (44)	37327 (48)	42243 (48)
State's Goods and Service Tax ³	13273 (42)	12751 (43)	11819 (39)	15542 (42)	18128 (43)
Taxes on Sales, Trade, etc. ³	6572 (21)	5223 (17)	5372 (18)	6869 (18)	5637 (13)
State Excise ³	5072 (16)	4865 (16)	6164 (20)	6157 (16)	8437 (20)
Taxes on vehicles ³	1861 (6)	1994 (7)	1472 (5)	2359 (6)	2674 (6)
Stamps and Registration fees ³	2298 (7)	2258 (8)	2470 (8)	3308 (9)	4227 (10)
Land Revenue	69	67	68	84	93
Other Taxes ³	2429 (8)	2837 (9)	2688 (9)	3008 (8)	3047 (7)
(ii) Non-Tax Revenue²	7582 (12)	6654 (11)	4152 (6)	4783 (6)	6232 (7)
(iii) State's share of Union taxes and duties²	12005 (19)	10346 (17)	10638 (15)	15289 (20)	17164 (20)
(iv) Grants-in-aid from GoI²	11108 (18)	14580 (23)	24205 (35)	20769 (27)	21977 (25)
2. Misc. Capital Receipts	0	0	0	0	0
3. Recoveries of Loans and Advances	849	16070	50	207	164
4. Total revenue and Non-debt capital receipts (1+2+3)	63118	77645	69098	78375	87780
5. Public Debt Receipts	22939	27821	42386⁴	39170⁵	47263
Internal Debt (excluding Ways & Means Advances and Overdrafts)	22325	27674	33595	26584	46300
Net transactions under Ways and Means Advances and Overdrafts	(-)704	2	0	0	0
Loans and Advances from Government of India	1318	145	8791	12586	963
6. Total receipts in the Consolidated Fund (4+5)	86057	105466	111484	117545	135043
7. Contingency Fund Receipts	0	0	0	0	0
8. Public Account Receipts	64840	66752	75117	91234	102519
9. Total receipts of the State (6+7+8)	150897	172218	186601	208779	237562

² Figures in parenthesis indicate percentage to Revenue Receipts.³ Figures in parenthesis indicate percentage to Tax Revenue.⁴ Includes ₹8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.⁵ Includes ₹12,132 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Part B: Expenditure/ Disbursement					
10. Revenue Expenditure⁶	75404 (95)	75860 (80)	86344 (94)	96636 (91)	113661 (93)
General Services including interest payments ⁷	36931 (49)	38615 (51)	43253 (50)	47240 (49)	54003 (48)
Social Services ⁷	18320 (24)	19484 (26)	21675 (25)	25334 (26)	28849 (25)
Economic Services ⁷	17888 (24)	14551 (19)	15445 (18)	20204 (21)	26997 (24)
Grants-in-aid and Contributions ⁷	2265 (3)	3210 (4)	5971 (7)	3858 (4)	3812 (3)
11. Capital Outlay⁶	2412 (3)	17828 (19)	4382 (5)	8010 (8)	6667 (5)
General Services ⁸	169 (7)	154 (1)	211 (5)	264 (4)	225 (3)
-Social Services ⁸	1047 (43)	965 (5)	2251 (51)	2911 (36)	4041 (61)
Economic Services ⁸	1196 (50)	16709 (94)	1920 (44)	4835 (60)	2401 (36)
12. Disbursement of Loans and Advances⁶	1361 (2)	783 (1)	956 (1)	1576 (1)	1382 (1)
13. Total of revenue expenditure, capital expenditure and disbursement of loans and advances (10+11+12)	79177	94471	91682	106222	121710
14. Repayments of Public Debt	8611	12618	13325	17273	16094
Internal Debt (excluding Ways and Means Advances and Overdraft)	8234	12185	12863	16782	15524
Net transactions under Ways and Means advances and Overdraft	0	0	0	0	0
Loans and Advances from Government of India	377	433	462	491	570
15. Appropriation to Contingency Fund	0	0	0	0	0
16. Total disbursement out of Consolidated Fund (13+14+15)	87788	107089	105007	123495	137804
17. Contingency Fund disbursements	0	0	0	0	0
18. Public Account disbursements	62272	64328	74471	87659	97620
19. Total disbursements by the State (16+17+18)	150060	171417	179478	211154	235424
Part C: Deficits					
20. Revenue Deficit (1-10)	(-)13135	(-)14285	(-)17296	(-)18468	(-)26045

⁶ Figures in parenthesis indicate percentage to total expenditure.

⁷ Figures in parenthesis indicate percentage to revenue expenditure.

⁸ Figures in parenthesis indicate percentage to capital outlay.

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
21. Fiscal Deficit (4 – 13)	(-)16059	(-)16826	(-)22584	(-)27847	(-)33930
22. Primary Deficit (-)/ Surplus (+) (21-23)	247	741	(-)4432	(-)8784	(-)14025
Part D: Other data					
23. Interest Payments (included in the revenue expenditure)	16306	17567	18152	19063	19905
24. Financial Assistance to local bodies etc.	8864	9883	15022	11900	12840
25. Ways and Means Advances/Overdraft/Special Drawing Facility availed (days)	233	227	145	12	221
Ways and Means Advances availed (days)	170	183	145	0	0
Overdraft/Special Drawing Facility availed (days)	63	44	0	12	221
26. Interest on Ways and Means Advances/Overdraft	27	24	6	0	27.37
27. Gross State Domestic Product (GSDP)	512510	537031	540853	614227	673107
28. Total Outstanding Debt (year end)	211917	229354	249673 ⁹	261281 ¹⁰	293729 ¹⁰
29. Outstanding Guarantees (year end)	23719	25352	23552	20165	20208
30. Maximum amount guaranteed (year end)	14287	14434	23170	25850	27809
31. Number of incomplete projects	53	52	96	86	69
32. Capital blocked in incomplete projects	158	1201	1209	1564	1625
Part E: Fiscal Health Indicators (per cent)					
I Resource Mobilization					
Own Tax revenue/GSDP	6.16	5.59	5.56	6.08	6.28
Own Non-tax revenue/GSDP	1.48	1.24	0.77	0.78	0.93
Central Tax Transfers/GSDP	2.34	1.93	1.97	2.49	2.55
II Expenditure Management					
Total Expenditure/GSDP	15.45	17.59	16.95	17.29	18.08
Total Expenditure/Revenue Receipts	127.15	153.42	132.78	135.89	138.91
Revenue Expenditure/Total Expenditure	95.23	80.30	94.18	90.98	93.39
Expenditure on Social Services/ Total Expenditure	24.46	21.65	26.10	26.59	27.02

⁹ Excluding ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be paid by the State out of its sources.

¹⁰ Excluding ₹ 20,491 crore as back-to-back loans from GoI during 2020-2022 in lieu of GST Compensation shortfall, which are not to be paid by the State out of its sources.

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Expenditure on Economic Services/ Total Expenditure*	25.78	33.88	19.96	25.06	25.29
Capital Outlay/ Total Expenditure	3.05	18.87	4.78	7.54	5.48
Capital Outlay on Social & Economic Services/ Total Expenditure	2.83	18.71	4.55	7.29	5.29
III Management of fiscal Imbalances					
Revenue Deficit /GSDP	(-)2.56	(-)2.66	(-)3.20	(-)3.01	(-)3.87
Fiscal Deficit/GSDP	(-)3.13	(-)3.13	(-)4.18	(-)4.53	(-)5.04
Primary Deficit (surplus)/GSDP	0.05	0.14	(-)0.82	(-)1.43	(-)2.08
Revenue Deficit/Fiscal Deficit	81.79	84.90	76.59	66.32	76.76
IV Management of Fiscal Liabilities					
Total Outstanding Debt/GSDP	41.35	42.71	46.16	42.54	43.64
Total Outstanding Debt/RR	340.33	372.48	361.59	334.26	335.25
V Other Fiscal Health Indicators					
Return on Investment (per cent)	0.10	0.02	0.01	0.033	0.016
Financial Assets/Liabilities	47.29	45.12	42.91 ^{\$}	38.83 [#]	37.47 [#]

Source: Finance Accounts

* Including Loans and Advances disbursed.

^{\$} Calculated after excluding ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be paid by the State out of its sources.

[#] Calculated after excluding ₹ 20,491 crore as back-to-back loans from GoI during 2020-2022 in lieu of GST Compensation shortfall, which are not to be paid by the State out of its sources.

Appendix 2.3*(Referred to in paragraph 2.4.2.2 (i))***Statement showing accumulated losses in PSUs in which State Government has equity investment***(₹ in crore)*

Sr. No.	Name of the PSU	GoP equity at close of the year 2022-23	Accumulated Losses
1.	Ludhiana Smart City Limited	0.005	0.20
2.	Jalandhar Smart City Limited	0.005	6.63
3.	Gulmohar Tourist Complex (Holiday Home) Limited	0.02	5.48
4.	Punjab Scheduled Castes Land Development and Finance Corporation	70.14	32.06
5.	Punjab Water Resource Management and Development Corporation Limited	300.00	228.64
6.	Punjab Financial Corporation	29.31	257.39
7.	PEPSU Road Transport Corporation	307.08	396.20
8.	Punjab State Industrial Development Corporation Limited	78.21	661.60
9.	Punjab State Warehousing Corporation	4.00	369.46
10.	Punjab State Civil Supplies Corporation Limited	3.73	2014.04
11.	Punjab State Grains Procurement Corporation Limited	1.05	3721.91
12.	Punjab State Power Corporation Limited	21709.73	10419.99
Total		22503.28	18113.60

Source: Finalised accounts of the PSUs upto September 2023 and information provided by PSUs.

Appendix 2.4*(Referred to in paragraph 2.4.2.2 (i))***PSUs with negative net worth and accumulated losses in which
Government of Punjab invested as equity***(₹ in crore)*

Sr. No.	Name of Company	Total paid up capital	GoP equity	Net profit after interest, tax and dividend	Accumulated losses	Net worth	GoP loans as on 31 March 2023
1.	Punjab State Grains Procurement Corporation Limited	1.05	1.05	(-)224.05	(-)3721.91	(-)3720.86	6715.74
2.	Gulmohar Tourist Complex (Holiday Home) Limited	0.02	0.02	(-)0.27	(-)5.48	(-)5.46	0
3.	Punjab State Civil Supplies Corporation Limited	3.73	3.73	(-)28.48	(-)2014.04	(-)2010.31	10343.70
4.	Punjab State Industrial Development Corporation Limited	78.21	78.21	0.02	(-)661.60	(-)583.39	0
5.	PEPSU Road Transport Corporation	331.44	307.08	(-)2.67	(-)396.20	(-)64.76	23.75
6.	Ludhiana Smart City Limited	0.01	0.005	(-)0.04	(-)0.20	(-)0.19	0
7.	Punjab State Warehousing Corporation	8.00	4.00	163.02	(-)369.46	(-)334.98	3686.47
8.	Punjab Financial Corporation	40.39	29.31	(-)0.29	(-)257.39	(-)217.00	9.84
9.	Jalandhar Smart City Limited	0.01	0.005	(-)6.57	(-)6.63	(-)6.62	0.00
	Total	462.86	423.41	(-)99.33	(-)7432.91	(-)6943.57	20779.50

Source: Finalised accounts of the PSUs upto September 2023 and information provided by the PSUs.

Note: Net Profit, Accumulated losses, Net Worth and Paid up Capital is as per latest finalised accounts.

Appendix 2.5

(Referred to in paragraph 2.4.2.2 (i))

**Position of outstanding long-term loans extended by
Government of Punjab to State PSUs as on 31 March 2023**

(₹ in crore)

Sr. No.	Name of the PSU	Amount of outstanding loan
1.	Punjab Agro Foodgrains Corporation Limited	5568.50
2.	Punjab State Grains Procurement Corporation Limited	6715.74
3.	Punjab Water Resources Management and Development Corporation Limited	222.26
4.	Punjab State Civil Supplies Corporation Limited	10343.70
5.	Punjab State Warehousing Corporation	3686.47
6.	PEPSU Road Transport Corporation	23.75
7.	Punjab Financial Corporation	9.84
8.	Punjab State Power Corporation Limited	3.64
9.	Punjab Agri Export Corporation Limited	30.00
Total		26603.90

Source: Information provided by the PSUs

Appendix 2.6*(Referred to in paragraph 2.4.2.2 (ii))***Government Investment as per Finance Accounts *vis-à-vis* records of Public Sector Undertakings***(₹ in crore)*

Sr. No.	Name of the PSU	As per Finance Accounts	As per records of PSUs	Difference
1.	Punjab Agro Industries Corporation Limited	46.23	45.46	(-)0.77
2.	Punjab State Seeds Corporation Limited	3.70	4.51	0.81
3.	Punjab Small Industries and Export Corporation Limited	4.77	49.86	45.09
4.	Punjab Water Resources Management & Development Corporation Limited	206.90	300.00	93.10
5.	Punjab Tourism Development Corporation Limited	5.34	6.66	1.32
6.	Punjab State Warehousing Corporation	3.92	4.00	0.08
7.	Punjab Scheduled Castes Land Development and Finance Corporation	84.30	70.14	(-)14.16
8.	PEPSU Road Transport Corporation	255.05	307.08	52.03
9.	Punjab Poultry Development Corporation Limited	2.88	3.09	0.21
10.	Punjab Police Housing Corporation Limited	0.00	0.05	0.05
11.	Amritsar Smart City Limited	0.00	0.005	0.005
12.	Jalandhar Smart City Limited	0.00	0.005	0.005
13.	Ludhiana Smart City Limited	0.00	0.005	0.005
14.	Punjab State Power Corporation Limited	18401.05	21709.73	3308.68
15.	Punjab State Transmission Corporation Limited	0.00	605.88	605.88
16.	Punjab Rural Water Utility	0.00	0.01	0.01
	Total	19014.14	23106.49	4092.35

Source: Finance Accounts and information obtained from the PSUs

Appendix 2.7 (A)

(Referred to in paragraph 2.7.2)

Actuals and projections of Public Debt

(₹ in crore)

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Actuals										
Borrowings	11108	11363	9013*	15283**	18517	22939	27821	34027@	27038#	47263
Growth Rate (per cent)	3.58	2.30	-20.68	69.57	21.16	23.88	21.28	22.31	-20.54	74.80
Repayment of Principal [§]	3650	3214	3830	4050	6677	7736	11672	12285	15145	12501
Growth Rate (per cent)	-0.65	-11.95	19.17	5.74	64.86	15.86	50.88	5.25	23.28	-17.46
Interest Payment	6183	6941	7781	9722	13293	14115	15254	16105	16957	17632
Growth Rate (per cent)	13.28	12.26	12.10	24.95	36.73	6.18	8.07	5.58	5.29	3.98
Projected										
Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Opening Debt Stock	450247	515541	595738	694058	814395	961452	1140916	1359649	1625936	1949770
Projected Fresh Borrowings	56607	67798	81202	97256	116482	139511	167093	200127	239692	287079
Growth Rate (per cent)	<i>Projected at annual average growth rate of 19.77 per cent (average of annual growth rates of the last ten years)</i>									
Projected Interest on fresh borrowings	43021	51527	61713	73914	88526	106029	126990	152096	182166	218180
Growth Rate (per cent)	<i>Calculated at 76 per cent of the projected fresh borrowings on the basis of interest to principal ratio at the end of 2022-23</i>									
Projected Repayment of Principal	14438	16677	19262	22247	25695	29678	34278	39591	45728	52815
Growth Rate (per cent)	<i>Projected at annual average growth rate of 15.50 per cent (average of annual growth rates of the last ten years)</i>									
Projected Interest Payment	19896	22451	25333	28586	32256	36398	41072	46345	52296	59011
Growth Rate (per cent)	<i>Projected at annual average growth rate of 12.84 per cent (average of annual growth rates of the last ten years)</i>									
Closing Debt Stock	515541	595738	694058	814395	961452	1140916	1359649	1625936	1949770	2343203

Source: Finance Accounts for actuals

* Excludes additional borrowings of ₹ 5,597 crore, advanced to PSPCL for taking DISCOMs debt under UDAY.

** Excludes additional borrowings of ₹ 39,951 crore, advanced to food procuring agencies against the legacy amount in the food procurement (₹29,920 crore) and to PSPCL for taking DISCOMs debt under UDAY (₹10,031 crore).

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

Excludes ₹ 12,132 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be paid by the State out of its sources.

§ During 2017-23, it excludes repayments of borrowings on account of UDAY during 2015-17 and CCL during 2016-17.

Appendix 2.7 (B)

(Referred to in paragraph 2.7.2)

Actuals and projections of Revenue Receipts, Revenue Expenditure, Revenue Deficit and Interest Payments on Debt

(₹ in crore)

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Actuals										
Revenue Receipts	35104	39023	41523	47985	53010	62269	61575	69048	78168	87616
Growth Rate (per cent)	9.53	11.16	6.41	15.56	10.47	17.47	-1.11	12.14	13.21	12.09
Revenue Expenditure	41641	46614	50073	55296	62465	75404	75860	86344	96636	113661
Growth Rate (per cent)	5.53	11.94	7.42	10.43	12.96	20.71	0.60	13.82	11.92	17.62
Revenue Deficit	-6537	-7591	-8550	-7311	-9455	-13135	-14285	-17296	-18468	-26045
Interest Payment	6183	6941	7781	9722	13293	14115	15254	16105	16957	17632
Growth Rate (per cent)	13.28	12.26	12.10	24.95	36.73	6.18	8.07	5.58	5.29	3.98
Interest Payment/ Revenue Deficit (per cent)	-95	-91	-91	-133	-141	-107	-107	-93	-92	-68
Projected										
Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Revenue Receipts	98130	109906	123094	137865	154409	172938	193691	216934	242966	272122
Growth Rate (per cent)	<i>Projected at annual average growth rate of 12 per cent (average of annual growth rates of the last ten years)</i>									
Revenue Expenditure	126493	140774	156668	174356	194040	215948	240328	267461	297657	331263
Growth Rate (per cent)	<i>Projected at annual average growth rate of 11.29 per cent (average of annual growth rates of the last ten years)</i>									
Revenue Deficit	-28363	-30869	-33574	-36490	-39631	-43009	-46637	-50527	-54691	-59141
Interest Payment	19896	22451	25333	28586	32256	36398	41072	46345	52296	59011
Growth Rate (per cent)	<i>Projected at annual average growth rate of 12.84 per cent (average of annual growth rates of the last ten years)</i>									
Interest Payment/ Revenue Deficit (per cent)	-70	-73	-75	-78	-81	-85	-88	-92	-96	-100

Source: Finance Accounts for actuals

Appendix 3.1

(Referred to in paragraph 3.1.3.1)

Budget Estimates and Actual Outturn under Revenue Section

(₹ in crore)

Grant No.	Budget Estimate			Actual Outturn			Deviation	Percentage
	Revenue Voted	Revenue Charged	Total	Revenue Voted	Revenue Charged	Total		
1.	11069.73	0.52	11070.25	10516.91	0.47	10517.38	-552.87	-4.99
2.	554.02	0.01	554.03	542.99	0.00	542.99	-11.04	-1.99
3.	1096.57	0.03	1096.60	1075.14	0.02	1075.16	-21.44	-1.96
4.	105.06	0.00	105.06	78.30	0.00	78.30	-26.76	-25.47
5.	15142.68	0.67	15143.35	14300.52	0.60	14301.12	-842.23	-5.56
6.	203.08	0.00	203.08	126.34	0.00	126.34	-76.74	-37.79
7.	290.01	0.26	290.27	281.44	0.26	281.70	-8.57	-2.95
8.	17611.79	23100.01	40711.80	19017.44	22905.13	41922.57	1210.77	2.97
9.	797.28	0.00	797.28	370.93	0.00	370.93	-426.35	-53.48
10.	293.62	14.80	308.42	287.74	14.18	301.92	-6.50	-2.11
11.	4626.84	0.53	4627.37	3700.52	0.28	3700.80	-926.57	-20.02
12.	8432.72	22.83	8455.55	8403.54	22.33	8425.87	-29.68	-0.35
13.	3506.03	0.40	3506.43	3448.51	0.20	3448.71	-57.72	-1.65
14.	292.13	0.00	292.13	228.40	0.00	228.40	-63.73	-21.82
15.	1145.43	0.34	1145.77	1068.07	0.26	1068.33	-77.44	-6.76
16.	30.87	0.00	30.87	27.49	0.00	27.49	-3.38	-10.95
17.	3241.30	0.00	3241.30	2623.73	0.00	2623.73	-617.57	-19.05
18.	43.63	11.57	55.20	40.93	11.04	51.97	-3.23	-5.85
19.	52.87	0.00	52.87	36.93	0.00	36.93	-15.94	-30.15
20.	8230.23	0.00	8230.23	8228.74	0.00	8228.74	-1.49	-0.02
21.	604.72	0.10	604.82	657.65	0.01	657.66	52.84	8.74
22.	1983.86	0.30	1984.16	1384.36	0.19	1384.55	-599.61	-30.22
23.	3107.72	0.19	3107.91	2295.07	0.19	2295.26	-812.65	-26.15
24.	32.86	0.00	32.86	31.97	0.00	31.97	-0.89	-2.71
25.	7258.69	0.10	7258.79	6849.69	0.00	6849.69	-409.10	-5.64
26.	58.76	1.16	59.92	56.97	0.46	57.43	-2.49	-4.16
27.	509.04	0.02	509.06	422.36	0.02	422.38	-86.68	-17.03
28.	146.35	0.00	146.35	38.96	0.00	38.96	-107.39	-73.38
29.	404.41	0.00	404.41	393.69	0.00	393.69	-10.72	-2.65
30.	75.03	0.49	75.52	73.86	0.40	74.26	-1.26	-1.67
31.	197.10	0.00	197.10	82.75	0.00	82.75	-114.35	-58.02
32.	251.13	0.30	251.43	208.32	0.30	208.62	-42.81	-17.03
33.	55.66	0.00	55.66	32.49	0.00	32.49	-23.17	-41.63
34.	150.28	0.00	150.28	93.18	0.00	93.18	-57.10	-38.00

Grant No.	Budget Estimate			Actual Outturn			Deviation	Percentage
	Revenue Voted	Revenue Charged	Total	Revenue Voted	Revenue Charged	Total		
35.	182.43	0.00	182.43	175.84	0.00	175.84	-6.59	-3.61
36.	300.1	0.00	300.10	289.49	0.00	289.49	-10.61	-3.54
37.	796.14	282.50	1078.64	750.80	278.87	1029.67	-48.97	-4.54
38.	622.33	0.06	622.39	607.16	0.04	607.20	-15.19	-2.44
39.	28.63	0.05	28.68	22.04	0.00	22.04	-6.64	-23.15
40.	223.34	0.00	223.34	138.93	0.00	138.93	-84.41	-37.79
41.	859.52	2.50	862.02	876.05	0.45	876.50	14.48	1.68
42.	992.63	0.01	992.64	615.87	0.00	615.87	-376.77	-37.96
Total	95606.62	23439.75	119046.37	90502.11	23235.70	113737.81	-5308.56	-4.46

Source: Appropriation Accounts

Appendix 3.2

(Referred to in paragraph 3.1.3.1)

Budget Estimates and Actual Outturn under Capital Section

(₹ in crore)

Grant No.	Budget Estimate			Actual Outturn			Deviation	Percentage
	Capital Voted	Capital Charged	Total	Capital Voted	Capital Charged	Total		
1.	81.34	0	81.34	5.62	0.00	5.62	-75.72	-93.09
2.	6.83	0	6.83	4.66	0.00	4.66	-2.17	-31.77
3.	642.58	0	642.58	612.68	0.00	612.68	-29.90	-4.65
4.	25.78	0	25.78	0.00	0.00	0.00	-25.78	-100.00
5.	834.48	0	834.48	56.71	0.00	56.71	-777.77	-93.20
6.	17.00	0	17.00	3.18	0.00	3.18	-13.82	-81.29
7.	0.01	0	0.01	0.00	0.00	0.00	-0.01	-100.00
8.	40.40	59946.00	59986.40	27.90	58375.71	58403.61	-1582.79	-2.64
9.	876.35	0	876.35	876.35	0.00	876.35	0.00	0.00
10.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
11.	312.25	0	312.25	180.63	0.00	180.63	-131.62	-42.15
12.	296.76	0	296.76	106.62	0.00	106.62	-190.14	-64.07
13.	101.01	0	101.01	60.01	0.00	60.01	-41.00	-40.59
14.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
15.	1401.69	0	1401.69	1011.17	0.00	1011.17	-390.52	-27.86
16.	67.21	0	67.21	0.00	0.00	0.00	-67.21	-100.00
17.	3459.99	0	3459.99	2270.02	0.00	2270.02	-1189.97	-34.39
18.	0.40	0	0.40	0.00	0.00	0.00	-0.40	-100.00
19.	169.97	0	169.97	143.00	0.00	143.00	-26.97	-15.87
20.	66.40	0	66.40	65.73	0.00	65.73	-0.67	-1.01
21.	1497.30	0	1497.30	744.37	0.00	744.37	-752.93	-50.29
22.	3.10	0	3.10	3.10	0.00	3.10	0.00	0.00
23.	597.27	0	597.27	297.88	0.00	297.88	-299.39	-50.13
24.	11.87	0	11.87	6.00	0.00	6.00	-5.87	-49.45
25.	115.33	0	115.33	52.84	0.00	52.84	-62.49	-54.18
26.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
27.	166.23	0	166.23	53.90	0.00	53.90	-112.33	-67.58
28.	157.48	0	157.48	126.28	0.00	126.28	-31.20	-19.81
29.	43.16	0	43.16	22.11	0.00	22.11	-21.05	-48.77
30.	0.39	0	0.39	0.35	0.00	0.35	-0.04	-10.26
31.	1.02	0	1.02	0.68	0.00	0.68	-0.34	-33.33
32.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
33.	83.91	0	83.91	76.82	0.00	76.82	-7.09	-8.45
34.	30.27	0	30.27	0.07	0.00	0.07	-30.20	-99.77
35.	33.60	0	33.60	33.58	0.00	33.58	-0.02	-0.06

Grant No.	Budget Estimate			Actual Outturn			Deviation	Percentage
	Capital Voted	Capital Charged	Total	Capital Voted	Capital Charged	Total		
36.	75.70	0	75.70	1.60	0.00	1.60	-74.10	-97.89
37.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
38.	547.98	0	547.98	473.98	0.00	473.98	-74.00	-13.50
39.	1.71	0	1.71	0.00	0.00	0.00	-1.71	-100.00
40.	0.01	0	0.01	0.00	0.00	0.00	-0.01	-100.00
41.	1594.57	0	1594.57	599.81	0.00	599.81	-994.76	-62.38
42.	301.94	0	301.94	193.55	0.00	193.55	-108.39	-35.90
Total	13663.29	59946.00	73609.29	8111.20	58375.71	66486.91	-7122.38	-9.68

Source: Appropriation Accounts

Appendix 3.3*(Referred to in paragraph 3.1.3.2)***Revised Estimates and Actual Outturn under Revenue Section***(₹ in crore)*

Grant No.	Revised Estimate			Actual Outturn			Deviation	Percentage
	Revenue Voted	Revenue Charged	Total	Revenue Voted	Revenue Charged	Total		
1.	10767.06	0.52	10767.58	10516.91	0.47	10517.38	-250.20	-2.32
2.	554.26	0.01	554.27	542.99	0.00	542.99	-11.28	-2.04
3.	1093.61	0.03	1093.64	1075.14	0.02	1075.16	-18.48	-1.69
4.	79.73	0.00	79.73	78.30	0.00	78.30	-1.43	-1.79
5.	15114.82	0.66	15115.48	14300.52	0.60	14301.12	-814.36	-5.39
6.	150.17	0.00	150.17	126.34	0.00	126.34	-23.83	-15.87
7.	285.80	0.26	286.06	281.44	0.26	281.70	-4.36	-1.52
8.	18218.93	23100.01	41318.94	19017.44	22905.13	41922.57	603.63	1.46
9.	617.44	0.00	617.44	370.93	0.00	370.93	-246.51	-39.92
10.	317.70	0.00	317.70	287.74	14.18	301.92	-15.78	-4.97
11.	3981.27	0.39	3981.66	3700.52	0.28	3700.80	-280.86	-7.05
12.	8431.67	22.84	8454.51	8403.54	22.33	8425.87	-28.64	-0.34
13.	3506.03	0.40	3506.43	3448.51	0.20	3448.71	-57.72	-1.65
14.	247.46	0.00	247.46	228.40	0.00	228.40	-19.06	-7.70
15.	1114.98	0.34	1115.32	1068.07	0.26	1068.33	-46.99	-4.21
16.	27.87	0.00	27.87	27.49	0.00	27.49	-0.38	-1.36
17.	3201.96	0.00	3201.96	2623.73	0.00	2623.73	-578.23	-18.06
18.	42.59	11.48	54.07	40.93	11.04	51.97	-2.10	-3.88
19.	38.85	0.00	38.85	36.93	0.00	36.93	-1.92	-4.94
20.	8229.58	0.00	8229.58	8228.74	0.00	8228.74	-0.84	-0.01
21.	543.71	0.02	543.73	657.65	0.01	657.66	113.93	20.95
22.	1911.78	0.26	1912.04	1384.36	0.19	1384.55	-527.49	-27.59
23.	3107.70	0.19	3107.89	2295.07	0.19	2295.26	-812.63	-26.15
24.	33.16	0.00	33.16	31.97	0.00	31.97	-1.19	-3.59
25.	7238.69	0.10	7238.79	6849.69	0.00	6849.69	-389.10	-5.38
26.	58.76	0.93	59.69	56.97	0.46	57.43	-2.26	-3.79
27.	427.06	0.02	427.08	422.36	0.02	422.38	-4.70	-1.10
28.	41.26	0.00	41.26	38.96	0.00	38.96	-2.30	-5.57
29.	407.65	0.00	407.65	393.69	0.00	393.69	-13.96	-3.42
30.	75.03	0.49	75.52	73.86	0.40	74.26	-1.26	-1.67
31.	194.10	0.00	194.10	82.75	0.00	82.75	-111.35	-57.37
32.	221.35	0.30	221.65	208.32	0.30	208.62	-13.03	-5.88
33.	39.16	0.00	39.16	32.49	0.00	32.49	-6.67	-17.03
34.	108.53	0.00	108.53	93.18	0.00	93.18	-15.35	-14.14
35.	177.43	0.00	177.43	175.84	0.00	175.84	-1.59	-0.90

Grant No.	Revised Estimate			Actual Outturn			Deviation	Percentage
	Revenue Voted	Revenue Charged	Total	Revenue Voted	Revenue Charged	Total		
36.	309.63	0.00	309.63	289.49	0.00	289.49	-20.14	-6.50
37.	796.14	282.49	1078.63	750.80	278.87	1029.67	-48.96	-4.54
38.	622.33	0.06	622.39	607.16	0.04	607.20	-15.19	-2.44
39.	28.64	0.00	28.64	22.04	0.00	22.04	-6.60	-23.04
40.	166.27	0.00	166.27	138.93	0.00	138.93	-27.34	-16.44
41.	859.52	1.75	861.27	876.05	0.45	876.50	15.23	1.77
42.	640.75	0.00	640.75	615.87	0.00	615.87	-24.88	-3.88
Total	94030.43	23423.55	117453.98	90502.11	23235.70	113737.81	-3716.17	-3.16

Source: Appropriation Accounts and Demand for Grants 2023-24

Appendix 3.4

(Referred to in paragraph 3.1.3.2)

Revised Estimates and Actual Outturn under Capital Section(*₹ in crore*)

Grant No.	Revised Estimate			Actual Outturn			Deviation	Percentage
	Capital Voted	Capital Charged	Total	Capital Voted	Capital Charged	Total		
1.	80.26	0	80.26	5.62	0.00	5.62	-74.64	-93.00
2.	4.66	0	4.66	4.66	0.00	4.66	0.00	0.00
3.	642.57	0	642.57	612.68	0.00	612.68	-29.89	-4.65
4.	2.21	0	2.21	0.00	0.00	0.00	-2.21	-100.00
5.	133.06	0	133.06	56.71	0.00	56.71	-76.35	-57.38
6.	5.50	0	5.50	3.18	0.00	3.18	-2.32	-42.18
7.	0.00*	0	0.00	0.00	0.00	0.00	0.00	0.00
8.	28.47	59946	59974.47	27.90	58375.71	58403.61	-1570.86	-2.62
9.	876.35	0	876.35	876.35	0.00	876.35	0.00	0.00
10.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
11.	312.25	0	312.25	180.63	0.00	180.63	-131.62	-42.15
12.	139.33	0	139.33	106.62	0.00	106.62	-32.71	-23.48
13.	61.01	0	61.01	60.01	0.00	60.01	-1.00	-1.64
14.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
15.	1165.39	0	1165.39	1011.17	0.00	1011.17	-154.22	-13.23
16.	67.21	0	67.21	0.00	0.00	0.00	-67.21	-100.00
17.	2801.52	0	2801.52	2270.02	0.00	2270.02	-531.50	-18.97
18.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
19.	136.48	0	136.48	143.00	0.00	143.00	6.52	4.78
20.	66.39	0	66.39	65.73	0.00	65.73	-0.66	-0.99
21.	951.29	0	951.29	744.37	0.00	744.37	-206.92	-21.75
22.	3.10	0	3.10	3.10	0.00	3.10	0.00	0.00
23.	400.42	0	400.42	297.88	0.00	297.88	-102.54	-25.61
24.	11.87	0	11.87	6.00	0.00	6.00	-5.87	-49.45
25.	114.77	0	114.77	52.84	0.00	52.84	-61.93	-53.96
26.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
27.	154.12	0	154.12	53.90	0.00	53.90	-100.22	-65.03
28.	148.97	0	148.97	126.28	0.00	126.28	-22.69	-15.23
29.	43.16	0	43.16	22.11	0.00	22.11	-21.05	-48.77
30.	0.39	0	0.39	0.35	0.00	0.35	-0.04	-10.26
31.	0.81	0	0.81	0.68	0.00	0.68	-0.13	-16.05
32.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
33.	83.91	0	83.91	76.82	0.00	76.82	-7.09	-8.45
34.	0.31	0	0.31	0.07	0.00	0.07	-0.24	-77.42
35.	33.60	0	33.60	33.58	0.00	33.58	-0.02	-0.06

Grant No.	Revised Estimate			Actual Outturn			Deviation	Percentage
	Capital Voted	Capital Charged	Total	Capital Voted	Capital Charged	Total		
36.	10.63	0	10.63	1.60	0.00	1.60	-9.03	-84.95
37.	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
38.	506.91	0	506.91	473.98	0.00	473.98	-32.93	-6.50
39.	1.40	0	1.40	0.00	0.00	0.00	-1.40	-100.00
40.	0.01	0	0.01	0.00	0.00	0.00	-0.01	-100.00
41.	704.43	0	704.43	599.81	0.00	599.81	-104.62	-14.85
42.	232.58	0	232.58	193.55	0.00	193.55	-39.03	-16.78
Total	9925.34	59946.00	69871.34	8111.20	58375.71	66486.91	-3384.43	-4.84

Source: Appropriation Accounts and Demand for Grants 2023-24.

* Considered as ₹ 0.00 crore as the revised provision of only ₹ 1,000 was made.

Appendix 3.5*(Referred to in paragraph 3.3.1)***Statement showing expenditure incurred without budget provision
(exceeding ₹ one crore)***(₹ in crore)*

Sr. No.	Number and Name of grant	Expenditure without provision	Head of Account
1.	08-Finance	1.98	2071-01-109-01-Pension to Employees of State aided Educational Institutions (Schools)
2.		34.85	2235-60-200-02-Ex-Gratia Payments to Families of Ministers, Government Servants etc. dying in Harness
3.		27.37	2049-01-131-01-Interest on Internal Debt.
4.		14.90	2049-05-105-03-Interest on General Reserve Fund (SDMF)
5.	09-Food and Supplies	30.70	3456-00-190-04-01-Repayment of Loans of various Banks
6.	11-Health and Family Welfare	8.82	2210-06-101-26-01-National TB Control Programme
7.		1.27	2210-06-101-26-02-National Viral Hepatitis Control Programme (NVHCP)
8.		5.25	2210-06-789-18-01-National TB Control Programme
9.		3.17	2210-06-789-18-02-National Viral Hepatitis Control Programme (NVHCP)
10.		21.47	2211-00-109-01-01-Routine Immunization Programme under NRHM
11.		1.56	2211-00-109-01-02-Pulse Polio Programme under NRHM
12.		10.29	2211-00-789-09-01-Routine Immunization Programme under NRHM
13.		22.07	4711-03-103-69-06-Laying of Pipe, Concrete Side Lining, Bed to Drain out Flood/Rainy Water of Adjoining Colonies of Patiala City and Widening of Road
14.	17- Local Government	34.24	4217-60-051-20-Building Fiscal and Institutional Resilience for Growth of Punjab (World Bank Assisted)
15.	21-Public Works	106.84	3054-80-797-01-Amount transferred to Subvention from Central Road Fund
16.	29-Transport	40.00	3055-00-190-05-02-Payment of MVT/ SRT/Token Tax/Passenger Tax
Total		364.78	

Source: Appropriation Accounts

Appendix 3.6*(Referred to in paragraph 3.3.3)***Statement showing cases where supplementary provisions
(exceeding ₹ one crore in each case) proved unnecessary***(₹ in crore)*

Sr. No.	Number and Name of grant	Original provision	Supplementary provision	Actual expenditure	Savings out of original Provision
1	2	3	4	5	6 (3-5)
A-Revenue (Voted)					
1.	02-Animal Husbandry and Fisheries	552.74	1.28	542.99	9.75
2.	5-Education	14374.35	768.33	14300.52	73.83
3.	17- Local Government	3237.81	3.49	2623.73	614.08
4.	22- Revenue and Rehabilitation	1884.86	99.00	1384.36	500.50
5.	23-Rural Development and Panchayats	2405.43	702.29	2295.07	110.36
6.	29- Transport	396.21	8.20	393.69	2.52
7.	31- Employment	168.81	28.29	82.75	86.06
8.	36- Jails	295.52	4.58	289.49	6.03
9.	39- Printing and Stationery	27.07	1.56	22.05	5.02
10.	42- Welfare of SC, ST, OBC and Minorities	946.69	45.94	615.88	330.81
Total		24289.49	1662.96	22550.53	1738.96
B-Capital (Voted)					
11.	01- Agriculture	8.36	72.97	5.62	2.74
12.	16- Labour	0.00	67.21	0.00	0
13.	17- Local Government	3098.19	361.80	2270.02	828.17
14.	24- Science, Technology and Environment	8.12	3.76	6.00	2.12
15.	25- Social Security, Women and Child Welfare	105.40	9.93	52.84	52.56

Sr. No.	Number and Name of grant	Original provision	Supplementary provision	Actual expenditure	Savings out of original Provision
1	2	3	4	5	6 (3-5)
16.	27-Technical Education and Training	131.84	34.39	53.90	77.94
17.	42-Welfare of SC, ST, OBC and Minorities	265.47	36.47	193.55	71.92
Total		3617.38	586.53	2581.93	1035.45
Grand Total		27906.87	2249.49	25132.46	2774.41

Source: Appropriation Accounts

Appendix 3.7

(Referred to in paragraph 3.3.3)

Statement showing cases where supplementary provisions (exceeding ₹ one crore in each case) proved excessive

(₹ in crore)

Sr. No.	Number and Name of grant	Original provision	Supplementary provision	Total budget	Actual expenditure	Excessive supplementary provision (savings)
1	2	3	4	5 (3+4)	6	7 (5-6)
A-Revenue (Voted)						
1.	01- Agriculture	9389.64	1680.09	11069.73	10516.91	552.82
2.	03-Co-operation	835.30	261.27	1096.57	1075.14	21.43
3.	12-Home Affairs	7943.06	489.66	8432.72	8403.54	29.18
4.	13-Industries	3062.11	443.92	3506.03	3448.51	57.52
5.	18-Personnel	30.04	13.59	43.63	40.93	2.70
6.	20-Power	6399.97	1830.26	8230.23	8228.74	1.49
7.	25- Social Security, Women and Child Welfare	6119.54	1139.15	7258.69	6849.69	409.00
8.	26- State Legislature	55.50	3.26	58.76	56.97	1.79
9.	30- Vigilance	71.55	3.48	75.03	73.86	1.17
10.	35- Housing and Urban Development	71.11	111.32	182.43	175.84	6.59
11.	37- Law and Justice	652.49	143.65	796.14	750.80	45.34
12.	38- Medical Education and Research	593.51	28.82	622.33	607.16	15.17
Total		35223.82	6148.47	41372.29	40228.09	1144.20
B-Revenue (Charged)						
13.	08- Finance	21122.31	1977.70	23100.01	22905.13	194.88
14.	37- Law and Justice	182.62	99.87	282.49	278.87	3.62
Total		21304.93	2077.57	23382.50	23184.00	198.50
C-Capital (Voted)						
15.	03- Co-operation	334.85	307.72	642.57	612.68	29.89

Sr. No.	Number and Name of grant	Original provision	Supplementary provision	Total budget	Actual expenditure	Excessive supplementary provision (savings)
1	2	3	4	5 (3+4)	6	7 (5-6)
16.	11- Health and Family Welfare	103.97	208.28	312.25	180.63	131.62
17.	28- Tourism and Cultural Affairs	113.11	44.37	157.48	126.28	31.20
18	29- Transport	3.50	39.66	43.16	22.11	21.05
19.	33- Governance Reforms	9.28	74.63	83.91	76.82	7.09
20.	38- Medical Education and Research	439.53	108.45	547.98	473.97	74.01
Total		1004.24	783.11	1787.35	1492.49	294.86
D-Capital (Charged)						
21.	08- Finance	35946.37	23999.63	59946.00	58375.71	1570.29
Total		35946.37	23999.63	59946.00	58375.71	1570.29
Grand Total		93479.36	33008.78	126488.14	123280.29	3207.85

Source: Appropriation Accounts

Appendix 3.8

(Referred to in paragraph 3.3.4)

Injudicious/unnecessary re-appropriation of funds (where amount of re-appropriation and savings/excess exceeded ₹ one crore in each case)

(₹ in crore)

Sr. No.	Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Savings(-)/ Excess(+)
Grant No. 05- Education							
1.	2202-02-789-36-Samagra Shiksha Abhiyan-01- Assistance to Samagra Shiksha Abhiyan	261.30	4.18	3.17	268.65	169.48	-99.17
2.	2202-01-112-01-Mid Day Meal	179.74	0	-5.73	174.01	182.23	+8.22
3.	2202-01-789-02 Mid Day Meal	293.26	0	-9.34	283.92	297.33	+13.41
4.	4202-01-789-26-Upgradation of Infrastructure in Government Schools	0.68	0	1.13	1.81	0	-1.81
Grant No. 08-Finance							
5.	2071-01-111-01-Pensions to Legislators	50.00	0	-14.00	36.00	37.12	+1.12
6.	2075-00-190-01-Assistance to Punjab Infrastructure Development Board	1279.36	0.18	-822.80	456.74	808.19	+351.45
Grant No. 10-General Administration							
7.	2235-60-107-01-Pension and Other benefits to the Freedom Fighters and their Wards	16.03	0	-10.97	5.06	11.58	+6.52
Grant No. 11-Health and Family Welfare							
8.	2210-01-190-02-02-COVID-19 Emergency Response and Health System Preparedness Package	331.48	0	-330.48	1.00	12.08	+11.08
9.	4210-01-110-55-Punjab Urban Infrastructure	26.52	208.28	54.72	289.52	158.02	-131.50
Grant No. 12-Home Affairs							
10.	2055-00-104-01-Special Police	1497.68	130.30	-3.62	1624.36	1635.02	+10.66
Grant No. 15- Water Resources							
11.	4711-03-103-69-01-Channelisation/Lining of Sukhna Choe from Zirakpur-Kalka Road Bridge to Punjab and UT boundary RD 19800-26800	0.01	0	32.31	32.32	0	-32.32
Grant No. 17- Local Government							
12.	3604-00-200-28-Grants-in-aid to Urban Local Bodies as per recommendations of 15th Central Finance Commission-01-General Basic Grant	771.96	0	201.00	972.96	427.75	-545.21
13.	2216-02-800-01-Pradhan Mantri Awas Yojana Housing for all (Urban)-02-Capacity Building	5.44	0	-2.77	2.67	16.15	+13.48
14.	3604-00-200-12-Grants-in-aid to Municipal Committees/Corporations Notified Area Committees in Lieu of Abolition of Octroi on Liquor in the State	200.00	0	-40.00	160.00	232.07	+72.07
15.	4217-60-14-Mission for Development of 100 Smart Cities-04-Smart City Ludhiana	270.99	78.70	84.01	433.70	277.00	-156.70

Sr. No.	Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Savings(-)/ Excess(+)
16.	4217-60-789-11-Municipal Development Fund	50.00	0	32.80	82.80	33.28	-49.52
Grant No. 21- Public Works							
17.	5054-03-101-Bridges	9.00	0	9.00	18.00	3.50	-14.50
18.	5054-03-337-47-Construction of Roads and Bridges-05-Construction of Rural Roads and Bridges Project under Rural Infrastructure Development Fund-XXVI (State Share)	5.00	0	1.00	6.00	4.18	-1.82
Grant No. 23-Rural Development and Panchayats							
19.	3604-00-200-29-Grants-In-Aid to PRI's as per Recommendations of 15th Central Finance Commission-04-Tied Grant	637.20	267.37	40.43	945.00	626.40	-318.60
Grant No. 24-Science, Technology and Environment							
20.	5425-00-600-02-Bio-Technology Incubator-Agriculture Food Testing Laboratories	3.07	3.76	2.17	9.00	6.00	-3.00
Grant No. 25-Social Security, Women and Child Welfare							
21.	2235-02-103-29-Setting up One Stop Centre in Punjab	0	10.65	3.15	13.80	0	-13.80
22.	4235-02-102-06-Integrated Child Protection Scheme (ICPS)	1.75	1.97	1.32	5.04	1.15	-3.89
23.	4235-02-789-04-Integrated Child Protection Scheme	1.75	1.97	1.32	5.04	1.15	-3.89
Grant No. 27- Technical Education and Training							
24.	4250-0-789-10-New and Upgradation of Industrial Training Institutes/Skill Development Centres	13.79	10.89	2.88	27.56	10.17	-17.39
25.	4250-00-800-03-Upgradation of Infrastructure Machinery-Equipment and Construction of New Buildings for Existing Government Industrial Training Institutes	6.80	0.68	23.12	30.60	1.56	-29.04
26.	4250-00-800-21-Industrial Training Institutes/Skill Development Centres-01-Opening of New ITIs in State of Punjab	24.82	11.58	11.56	47.96	21.82	-26.14
27.	4250-00-800-21-Industrial Training institutes/Skill Development Centres-02-Upgradation of Existing ITI's	3.33	0	7.28	10.61	0	-10.61
Grant No. 28- Tourism and Culture Affairs							
28.	4202-04-106-11-Setting up of Memorials of Ghallugharas and Other Art Academies	50.00	44.37	5.63	100.00	79.69	-20.31
Grant No. 31- Employment							
29.	2501-06-102-01-Assistance to Punjab Skill Development Mission Society01-Deen Dayal Upadhayay Grameen Kaushal Yojana	25.00	8.56	30.77	64.33	14.11	-50.22
Total		6015.96	783.44	-690.94	6108.46	5067.03	-1041.43

Source: Appropriation Accounts

Appendix 3.9

(Referred to in paragraph 3.3.5)

Details of grants having large savings excluding surrenders (exceeding ₹ 100 crore) during the year 2022-23

(₹ in crore)

Sr. No.	Number and Name of grant	Total budget provision	Actual expenditure	Savings	Surrender	Savings excluding surrender
1	2	3	4	5 (3-4)	6	7 (5-6)
Revenue (Voted)						
1.	01- Agriculture	11069.73	10516.91	552.82	302.67	250.15
2.	05-Education	15142.68	14300.52	842.16	120.25	721.91
3.	09- Food and Supplies	797.28	370.93	426.35	211.64	214.71
4.	11-Health and Family Welfare	4626.84	3700.52	926.32	597.10	329.22
5.	17-Local Government	3241.30	2623.73	617.57	35.84	581.73
6.	22-Revenue and Rehabilitation	1983.86	1384.36	599.50	0	599.50
7.	23-Rural Development and Panchayats	3107.72	2295.07	812.65	0	812.65
8.	25-Social Security, Women and Child Welfare	7258.69	6849.69	409.00	20.00	389.00
9.	31- Employment	197.10	82.75	114.35	5.49	108.86
Total		47425.20	42124.48	5300.72	1292.99	4007.73
Revenue (Charged)						
10.	08- Finance	23100.01	22905.13	194.88	0	194.88
Total		23100.01	22905.13	194.88	0	194.88
Capital (Voted)						
11.	11-Health and Family Welfare	312.25	180.63	131.62	0	131.62
12.	15-Water Resources	1401.69	1011.17	390.52	236.29	154.23
13.	17-Local Government	3459.99	2270.02	1189.97	296.67	893.30
14.	21-Public Works	1497.30	744.37	752.93	546.26	206.67
15.	23-Rural Development and Panchayats	597.27	297.88	299.39	196.85	102.54
16.	27-Technical Education and Training	166.23	53.90	112.33	12.11	100.22
17.	41-Water Supply and Sanitation	1594.57	599.81	994.76	890.14	104.62
18.	42- Welfare of SC, ST, OBC and Minorities	301.95	193.55	108.40	0	108.40
Total		9331.25	5351.33	3979.92	2178.32	1801.60
Capital (Charged)						
19.	08- Finance	59946.00	58375.71	1570.29	0	1570.29
Total		59946.00	58375.71	1570.29	0	1570.29
G Total (Revenue + Capital)		139802.46	128756.65	11045.81	3471.31	7574.50

Source: Appropriation Accounts

Appendix 3.10*(Referred to in paragraph 3.3.5)***Details of grants having persistent savings
(exceeding ₹ 100 crore) during the years 2020-2023***(₹ in crore)*

Sr. No.	Name of Grant	2020-21	2021-22	2022-23
Revenue (V)				
1.	01-Agriculture	4354.29	1699.60	552.82
2.	05-Education	880.87	1050.15	842.16
3.	11-Health and Family Welfare	382.09	854.86	926.32
4.	17-Local Government	358.44	846.79	617.57
5.	22-Revenue and Rehabilitation	874.68	189.68	599.50
6.	23-Rural Development and Panchayats	925.85	952.76	812.65
7.	25-Social Security, Women and Child Welfare	443.25	612.95	409.00
8.	31-Employment	149.96	343.78	114.35
9.	42-Welfare of SC, ST, OBC and Minorities	575.05	570.62	376.75
Revenue (C)				
10.	08-Finance	435.99	356.99	194.87
Capital (V)				
11.	15-Water Resources	555.93	1154.50	390.52
12.	17-Local Government	751.64	1930.85	1189.97
13.	21-Public Works	791.33	606.67	752.93
14.	23-Rural Development and Panchayats	1285.20	1368.49	299.39
15.	41-Water Supply and Sanitation	689.62	811.17	994.76
Capital (C)				
16.	08-Finance	13294.32	29234.36	1570.29

Source: Appropriation Accounts

Appendix 3.11

(Referred to in paragraph 3.3.5)

Grant-wise utilisation and savings

(₹ in crore)

Sr. No.	Grant No.	Total Budget	Total Expenditure	Savings	Utilisation (Per cent)	Range of utilisation (Per cent)
1.	16	98.08	27.49	70.59	28.03	10 to 30
Total		98.08	27.49	70.59	28.03	
2.	31	198.12	83.43	114.69	42.11	30 to 50
Total		198.12	83.43	114.69	42.11	
3.	4	130.84	78.30	52.54	59.84	50 to 70
4.	6	220.08	129.52	90.56	58.85	
5.	21	2102.12	1402.03	700.09	66.70	
6.	22	1987.26	1387.65	599.61	69.83	
7.	23	3705.18	2593.14	1112.04	69.99	
8.	28	303.83	165.24	138.59	54.39	
9.	34	180.55	93.25	87.30	51.65	
10.	40	223.35	138.93	84.42	62.20	
11.	41	2456.59	1476.31	980.28	60.10	
12.	42	1294.58	809.42	485.16	62.52	
Total		12604.38	8273.79	4330.59		
13.	5	15977.83	14357.83	1620.00	89.86	
14.	9	1673.63	1247.28	426.35	74.53	
15.	11	4939.62	3881.43	1058.19	78.58	
16.	14	292.13	228.40	63.73	78.18	
17.	15	2547.46	2079.50	467.96	81.63	
18.	17	6701.29	4893.75	1807.54	73.03	
19.	19	222.84	179.93	42.91	80.74	
20.	24	44.73	37.97	6.76	84.89	
21.	27	675.29	476.28	199.01	70.53	
22.	32	251.43	208.62	42.81	82.97	
23.	33	139.57	109.31	30.26	78.32	
24.	36	375.80	291.09	84.71	77.46	
25.	39	30.39	22.04	8.35	72.52	
Total		33872.01	28013.43	5858.58		
26.	1	11151.59	10523.00	628.59	94.36	90 to 100
27.	2	560.86	547.65	13.21	97.64	
28.	3	1739.18	1687.84	51.34	97.05	
29.	7	290.28	281.70	8.58	97.05	
30.	8	100698.20	100326.18	372.02	99.63	
31.	10	308.42	301.92	6.50	97.89	
32.	12	8752.31	8532.49	219.82	97.49	
33.	13	3607.44	3508.72	98.72	97.26	

Sr. No.	Grant No.	Total Budget	Total Expenditure	Savings	Utilisation (Per cent)	Range of utilisation (Per cent)
34.	18	55.60	51.97	3.63	93.45	
35.	20	8296.63	8294.47	2.16	99.97	
36.	25	7374.12	6902.53	471.59	93.60	
37.	26	59.92	57.43	2.49	95.84	
38.	29	447.57	415.80	31.77	92.90	
39.	30	75.91	74.61	1.30	98.29	
40.	35	216.03	209.42	6.61	96.94	
41.	37	1078.64	1029.67	48.97	95.46	
42.	38	1170.37	1081.18	89.19	92.38	
Total		145883.07	143826.58	2056.49		

Source: Appropriation Accounts

Appendix 3.12

(Referred to in paragraph 3.3.5)

Details of Appropriations/Grants in which savings (exceeding ₹ one crore in each case) not surrendered at all

(₹ in crore)

Sr. No.	Number and Name of Grant	Revenue/ Capital	Total Grant Appropriation	Actual expenditure	Savings 6 (4-5)
1	2	3	4	5	6 (4-5)
Voted Grant					
1.	02-Animal Husbandry and Fisheries	Revenue	554.02	542.99	11.03
2.	03-Co-operation	Revenue	1096.57	1075.14	21.43
		Capital	642.57	612.67	29.90
3.	11-Health and Family Welfare	Capital	312.25	180.63	131.62
4.	13-Industries	Revenue	3506.03	3448.51	57.52
		Capital	101.01	60.01	41.00
5.	16-Labour	Revenue	30.87	27.49	3.38
		Capital	67.21	0	67.21
6.	19-Planning	Revenue	52.87	36.94	15.93
		Capital	169.97	143.00	26.97
7.	20- Power	Revenue	8230.23	8228.74	1.49
8.	22-Revenue and Rehabilitation	Revenue	1983.86	1384.36	599.50
9.	23-Rural Development and Panchayats	Revenue	3107.72	2295.07	812.65
10.	24-Science, Technology and Environment	Capital	11.87	6.00	5.87
11.	26-State Legislature	Revenue	58.76	56.97	1.79
12.	30-Vigilance	Revenue	75.03	73.86	1.17
13.	35-Housing and Urban Development	Revenue	182.43	175.84	6.59
14.	36-Jails	Revenue	300.10	289.49	10.61
15.	37- Law and Justice	Revenue	796.14	750.80	45.34
16.	38-Medical Education and Research	Revenue	622.33	607.16	15.17
		Capital	547.98	473.97	74.01
17.	39- Printing and Stationery	Revenue	28.64	22.05	6.59
		Capital	1.71	0	1.71
18.	42-Welfare of SC, ST, OBC and Minorities	Capital	301.95	193.55	108.40
Total			22782.12	20685.24	2096.88
Charged Appropriation					
19.	08-Finance	Revenue	23100.01	22905.13	194.88
		Capital	59946.00	58375.71	1570.29
20.	37-Law and Justice	Revenue	282.49	278.87	3.62
Total			83328.50	81559.71	1768.79
Grand Total			106110.62	102244.95	3865.67

Source: Appropriation Accounts

Appendix 3.13

(Referred to in paragraph 3.3.5)

**Details of surrender of funds in excess of ₹ 10 crore
on the last day of March 2023**

(₹ in crore)

Sr. No.	Grant Number	Total Provision	Actual expenditure	Savings (-)/ Excess (+)	Amount surrendered
A- Revenue (Voted)					
1.	1-Agriculture	11069.73	10516.91	-552.82	302.67
2.	04-Defence Services Welfare	105.06	78.30	-26.76	25.33
3.	05-Education	15142.68	14300.52	-842.16	120.25
4.	6-Elections	203.08	126.34	-76.74	52.92
5.	9-Food and Supplies	797.28	370.93	-426.35	211.64
6.	11-Health and Family Welfare	4626.84	3700.52	-926.32	597.10
7.	14- Information and Public Relations	292.13	228.40	-63.73	44.67
8.	15- Water Resources	1145.43	1068.07	-77.36	30.52
9.	17-Local Government	3241.30	2623.73	-617.57	35.84
10.	21-Public Works	604.72	657.65	+52.93	61.42
11.	25-Social Security, Women and Child welfare	7258.69	6849.69	-409.00	20.00
12.	27-Technical Education and Training	509.04	422.36	-86.68	81.98
13.	28-Tourism and Culture Affairs	146.35	38.96	-107.39	105.09
14.	29-Tansport	404.41	393.69	-10.72	36.76
15.	32-Forestry and Wildlife	251.13	208.32	-42.81	107.78
16.	33-Governance Reforms	55.66	32.49	-23.17	16.50
17.	34-Horticulture	150.28	93.18	-57.10	41.68
18.	40-Sports and Youth Services	223.34	138.93	-84.41	57.07
19.	42-Welfare of SC, ST, OBC and Minorities	992.63	615.88	-376.75	351.88
Total		47219.78	42464.87	-4754.91	2301.10
B- Capital (Voted)					
20.	04-Defence Services Welfare	25.78	0.00	-25.78	23.57
21.	05-Education	834.48	56.70	-777.78	701.42
22.	06-Elections	17.00	3.18	-13.82	11.80
23.	08-Finance	40.40	27.90	-12.50	11.93
24.	12-Home Affairs	296.76	106.62	-190.14	157.43
25.	15-Water Resources	1401.69	1011.17	-390.52	236.29
26.	17-Local Government	3459.99	2270.02	-1189.97	296.67
27.	21-Public Works	1497.30	744.37	-752.93	546.26

Sr. No.	Grant Number	Total Provision	Actual expenditure	Savings (-)/ Excess (+)	Amount surrendered
28.	23- Rural Development and Panchayats	597.27	297.88	-299.39	196.85
29.	27-Technical Education and Training	166.23	53.90	-112.33	12.11
30.	34-Horticulture	30.27	0.07	-30.20	29.97
31.	36-Jails	75.70	1.60	-74.10	65.07
32.	41-Water Supply and Sanitation	1594.57	599.81	-994.76	890.14
Total		10037.44	5173.22	4864.22	3179.51
Grand Total (A+B)		57257.22	47638.09	9619.13	5480.61

Source: Appropriation Accounts

Appendix 3.14

(Referred to in paragraph 3.4.2)

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

(₹ in crore)

Sr. No.	Grant No.	Head of Account	Approved Outlay (Original + Supplementary)	Revised Outlay (after re-appropriation)
1.	08-Finance	6003-00-110-01-Loans and Advances from Reserve Bank of India	20000.00	4000.00
2.	17-Local Government	4217-60-051-14-Mission for Development of 100 Smart Cities-03-Development of Sultanpur Lodhi	127.90	45.00
3.	23-Rural Development and Panchayats	3604-00-200-29- Grants-in-aid to PRIs as per recommendations of 15th Central Finance Commission-01-Health Sector Grant for Public Health Units at Block Level	169.06	169.06
Total			20296.96	4214.06

Source: Appropriation Accounts.

Appendix 3.15

(Referred to in paragraph 3.4.2)

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

(₹ in crore)

Sr. No.	Grant No.	Head of Account	Approved Outlay	Reason for Withdrawal
1.	01-Agriculture	2401-00-115-02-Compensation for Stubble Management	180.00	Due to non- release of funds by the Finance Department under other charges.
2.		2401-00-789-44-Compensation for Stubble Management	20.00	Due to non- release of funds by the Finance Department under other charges.
3.	11-Health and Family Welfare	4210-01-789-15-Setting up of Mohalla Clinics in Punjab	47.39	Withdrawal of the entire provision through re-appropriation in March 2023 was due to non-implementation of the scheme.
4.	15-Water Resources	4701-51-789-01-Relining of Rajasthan Feeder	35.00	Withdrawal of the entire provision through re-appropriation in March 2023 was due to non-release of funds by the Finance Department for major works.
5.		4701-53-789-01-Relining of Sirhind Feeder (AIBP)	16.00	
6.		4701-53-800-08-Works Expenditure	214.00	
7.	22-Revenue and Rehabilitation	2245-02-122-03-Procurement and Equipment	50.00	Withdrawal of the entire provision through re-appropriation in March 2023 was due to less receipt of bills of other charges.
8.	32-Forestry and Wild Life	2406-01-102-32-Implementation of Sub-Mission on Agro Forestry	14.00	Withdrawal of the entire provision through re-appropriation in March 2023 was due to non-release of funds by the Finance Department under Grants-in-aid general (non-salary).
9.	34-Horticulture	4401-00-119-04-Scheme to give Impetus to Diversification of Horticulture	19.80	Withdrawal of the entire provision through re-appropriation in March 2023 was due to non-implementation of the scheme.
10.	36-Jails	4055-00-800-23-Construction of District Jail Complex-01-Construction of District Jail Complex at SAS Nagar (Mohali)	10.00	Withdrawal of the entire provision through re-appropriation in March 2023 was due to non-release of funds by the Finance Department for major works.
11.	41-Water Supply and Sanitation	4215-01-102-32-National Rural Drinking Water Programme renamed Jal Jeevan Mission-02-Support Activities	12.00	Withdrawal of the entire provision through re-appropriation in March 2023 was due to non-receipt of bills of machinery and equipment.
Total			618.19	

Source: Appropriation Accounts

Appendix 3.16

(Referred to in paragraph 3.4.2)

**Details of the budget provisions under Core of Core schemes and Core schemes
(having original budget provisions of ₹ 100 crore or more in each case)**

(₹ in crore)

Sr. No.	Name of Scheme	Original Budget	Supplementary	Re-Appropriation (percentage of original budget)	Total	Expenditure	Savings (-)/ Excess (+)
I - Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)							
1.	2515-789-06- Mahatma Gandhi National Rural Employment Guarantee Scheme	480.00	38.70	0.00	518.70	426.93	-91.77
2.	2515-800-29- Mahatma Gandhi National Rural Employment Guarantee Scheme	120.00	12.68	0.00	132.68	108.34	-24.34
Total		600.00	51.38	0.00	651.38	535.27	-116.11
II - Swachh Bharat Mission							
3.	4215-02-102-02- Swachh Bharat Mission (Gramin)	240.00	0.00	-162.05 (67.52)	77.95	100.75	22.80
4.	4215-02-789-01- Swachh Bharat Mission (Gramin)	160.00	0.00	-107.95 (67.47)	52.05	67.04	14.99
Total		400.00	0.00	-270.00 (67.50)	130.00	167.79	37.79
III - Modernisation of Police Forces							
5.	4055-207-08- Modernisation of Police Forces	108.20	0.00	-63.62 (58.80)	44.58	44.58	0.00
6.	2049-04-104-04- Modernisation of Police Forces	1.19	0.00	0.00	1.19	1.19	0.00
Total		109.39	0.00	-63.62 (58.16)	45.77	45.77	0.00
IV - National Rural Drinking Water Programme Renamed Jal Jeevan Mission							
7.	4215-01-102-32- National Rural Drinking Water Programme Renamed Jal Jeevan Mission	240.00	0.00	-235.01 (97.92)	5.01	5.01	0.00

Sr. No.	Name of Scheme	Original Budget	Supplementary	Re-Appropriation (percentage of original budget)	Total	Expenditure	Savings (-)/ Excess (+)
8.	4215-01-789-16-National Rural Drinking Water Programme Renamed Jal Jeevan Mission	160.00	0.00	-156.66 (97.91)	3.34	3.34	0.00
Total		400.00	0.00	-391.67 (97.82)	8.35	8.35	0.00
V- Pradhan Mantri Awas Yojana							
9.	4515-103-04-Pradhan Mantri Awas Yojana	58.44	0.00	-8.04 (13.76)	50.40	33.40	-17.00
10.	4515-789-10-Pradhan Mantri Awas Yojana	233.75	0.00	-104.15 (44.56)	129.60	85.88	-43.72
Total		292.19	0.00	-112.19 (38.40)	180.00	119.28	-60.72
VI - Urban Rejuvenation Mission (AMRUT)							
11.	4217-60-789-38-Urban Rejuvenation Mission	253.00	0.00	-57.79 (22.84)	195.21	195.21	0.00
12.	4217-60-051-15-Urban Rejuvenation Mission	847.00	0.00	-193.49 (22.84)	653.51	653.51	0.00
Total		1100.00	0.00	-251.28 (22.84)	848.72	848.72	0.00
VII - Rashtriya Gram Swaraj Abhiyan							
13.	2515-101-10-Rashtriya Gram Swaraj Abhiyan	68.00	0.00	-34.67 (50.99)	33.33	30.42	-2.91
14.	2515-789-13-Rashtriya Gram Swaraj Abhiyan	32.00	0.00	-5.33 (16.66)	26.67	26.67	0.00
Total		100.00	0.00	-40.00 (40.00)	60.00	57.09	-2.91
VIII - Swachh Bharat Mission (Urban)							
15.	4217-60-789-36-Swachh Bharat Mission (Urban)	41.40	20.03	18.42 (44.49)	79.85	64.67	-15.18
16.	4217-60-051-13-Swachh Bharat Mission (Urban)	138.60	67.07	65.37 (47.16)	271.04	216.52	-54.52
Total		180.00	87.10	83.79 (46.55)	350.89	281.19	-69.70

Sr. No.	Name of Scheme	Original Budget	Supplementary	Re-Appropriation (percentage of original budget)	Total	Expenditure	Savings (-)/ Excess (+)
IX - Assistance to National Health Mission							
17.	2210-01-789-26- Assistance to National Health Mission	48.52	0.00	-32.00 (65.95)	16.52	12.32	-4.20
18.	2210-01-190-02- Assistance to National Health Mission	498.83	0.00	-398.48 (79.88)	100.35	90.50	-9.85
Total		547.35	0.00	-430.48 (78.65)	116.87	102.82	-14.05
X - Pradhan Mantri Gram Sadak Yojana							
19.	5054-03-337-46- Pradhan Mantri Gram Sadak Yojana	15.00	0.00	-9.00 (60.00)	6.00	0.00	-6.00
20.	5054-04-337-04 - Pradhan Mantri Gram Sadak Yojana	40.64	0.00	-40.62 (99.95)	0.02	0.00	-0.02
21.	5054-04-337-07 - Pradhan Mantri Gram Sadak Yojana	580.00	0.00	-272.72 (47.02)	307.28	306.51	-0.77
22.	5054-04-789-03 - Pradhan Mantri Gram Sadak Yojana	88.65	0.00	-49.65 (56.01)	39.00	39.00	0.00
Total		724.29	0.00	-371.99 (51.36)	352.30	345.51	-6.79
XI - Rashtriya Krishi Vikas Yojana							
23.	2401-109-14- Rashtriya Krishi Vikas Yojana	360.00	0.00	-274.34 (76.21)	85.66	25.86	-59.80
24.	2401-789-19- Rashtriya Krishi Vikas Yojana	40.00	0.00	-26.06 (65.15)	13.94	0.00	-13.94
Total		400.00	0.00	-300.40 (75.10)	99.60	25.86	-73.74

Source: Annual Detailed Appropriation Accounts

Appendix 3.17

(Referred to in paragraph 3.4.3)

Details of budget provisions, expenditure and amount to be spent as per Annual Financial Statement on New Schemes during 2022-23

(₹ in crore)

Sr. No.	Name of the scheme	Amount to be spent as per Annual Financial Statement	Original Budget	Supplementary	Reappropriation	Total	Expenditure	Savings (-)/ Excess (+)
1.	Incentivising Direct Seeding of Rice	450.00	378.00	0.00	-351.29	26.71	26.71	0.00
			72.00	0.00	-66.91	5.09	5.09	0.00
2.	SMART City Amritsar	430.00	430.00	99.00	-17.00	512.00	298.00	-214.00
3.	SMART City Jalandhar	430.00	430.00	97.00	-14.00	513.00	286.00	-227.00
4.	Upgradation of Infrastructure including Boundary Walls in Government Schools	423.89	423.89	0.00	-422.89	1.00	1.00	0.00
5.	COVID-19 Emergency Response and Health System Preparedness Package	331.48	331.48	0.00	-330.48	1.00	12.08	11.08
6.	SMART City Ludhiana	270.99	270.99	78.70	84.01	433.70	277.00	-156.70
7.	Schools of Eminence	200.00	200.00	0.00	-175.00	25.00	8.53	-16.47
8.	Ayushman Bharat Health Infrastructure Mission	151.62	103.10	0.00	-68.00	35.10	14.17	-20.93
			48.52	0.00	-32.00	16.52	12.32	-4.20
9.	Financial Support for upkeeping of Government Schools	123.00	123.00	0.00	-122.00	1.00	0.00	-1.00
10.	Promotion of Pulses in Punjab	100.00	16.00	0.00	-9.60	6.40	6.40	0.00
			84.00	0.00	-50.40	33.60	33.60	0.00
11.	Installation of Roof top Solar panel System in remaining Government Schools	100.00	100.00	0.00	-99.00	1.00	1.00	0.00
Total		3010.98	3010.98	274.70	-1674.56	1611.12	981.90	-629.22

Source: Appropriation Accounts and Annual Financial Statement

Appendix 3.18

(Referred to in paragraph 3.4.4)

Statement showing Major Heads where more than 50 per cent of expenditure was incurred in March 2023 alone

(₹ in crore)

Sr. No.	Major Head	Description	Total expenditure during 2022-23	Expenditure of 4 th Quarter	Expenditure during March 2023	Expenditure in 4 th Quarter as percentage of total expenditure	Expenditure in March 2023 as percentage of total expenditure
1.	4425	Capital Outlay on Co-operation	135.00	135.00	135.00	100.00	100.00
2.	5055	Capital Outlay on Road Transport	6.11	6.08	6.04	99.51	98.85
3.	4070	Capital outlay on other Administrative services	77.16	75.22	75.09	97.49	97.32
4.	3054	Road and Bridges	156.72	125.08	123.01	79.81	78.49
5.	4250	Capital Outlay on other Social Services	53.58	47.38	37.03	88.43	69.11
6.	4702	Capital outlay on Minor Irrigation	34.61	23.21	23.21	67.06	67.06
7.	5475	Capital Outlay on other General Economic Services	143.25	132.55	92.39	92.53	64.50
8.	3435	Ecology and Environment	14.08	10.97	7.46	77.91	52.98
9.	4810	Capital Outlay on new and Renewable Energy	65.73	33.28	33.28	50.63	50.63

Source: Office of the Accountant General (Accounts & Entitlement), Punjab

Appendix 3.19

(Referred to in paragraph 3.4.4)

Details of sub-heads where entire expenditure (exceeding ₹ 10 crore in each case) was incurred in March 2023

(₹ in crore)

Sr. No.	Major Head	Sub Major head	Minor Head	Sub-head/scheme	Details of sub heads	Expenditure in month of March 2023
1.	2014	00	102	01	High Court	278.87
2.	2049	01	200	01	Interest on temporary loans obtained from the State Bank of India and other banks for purchase of food grains	1786.77
3.	2049	01	200	21	Interest on Compensation and Other bonds	1176.19
4.	2049	03	104	01	Interest on General Provident Fund	1468.79
5.	2049	03	104	02	Interest on Contributory Provident Fund	17.73
6.	2049	03	108	01	Interest on Punjab Government Employees Group Insurance Scheme	43.56
7.	2049	05	105	01	Interest on General and other Reserve Funds (Natural Calamity Fund)	637.57
8.	2049	05	105	03	Interest on General Reserve Fund (SDMF)	14.90
9.	2210	01	110	69	Operationalisation of Mohalla Clinics	14.61
10.	2210	06	101	26	National Rural Health Mission	10.09
11.	2211	00	109	01	National Component	23.03
12.	2211	00	789	09	National Rural Health Mission	10.29
13.	2225	01	277	10	Free Books to Scheduled Caste Students (1 st to 10 th Classes)	25.00
14.	2245	08	797	01	State Disaster Mitigation Fund	132.00
15.	2401	00	800	24	Grants-in-aid to Punjab Rural Development Board	300.00
16.	2425	00	108	05	Assistance to Sugarfed	60.00
17.	2501	06	789	01	Assistance to Punjab Skill Development Mission Society	13.73
18.	2515	00	101	10	Rashtriya Gram Swaraj Abhiyan	30.42
19.	3054	80	797	01	Amount transferred to subvention from Central Road Fund	106.84
20.	3055	00	797	03	Punjab State Road Safety Fund	14.59
21.	3456	00	103	04	Smart Ration Card Scheme	18.15
22.	3456	00	789	02	Smart Ration Card Scheme	42.43
23.	3604	00	200	31	Grant-in-aid to Urban Local Bodies from Cow Cess collected in urban areas of Punjab on Liquor	20.25
24.	4055	00	207	18	Better Policing	22.01

Sr. No.	Major Head	Sub Major head	Minor Head	Sub-head/scheme	Details of sub heads	Expenditure in month of March 2023
25.	4210	03	105	25	Upgradation of Infrastructure in Guru Gobind Singh Medical College and Hospital, Faridkot (Under the Control of Baba Farid University of Health Sciences)	11.62
26.	4425	00	190	08	Re-Capitalisation of Central Co-operative Banks	135.00
27.	5054	04	789	03	Pradhan Mantri Gram Sadak Yojana	39.00
Total						6453.44

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

Appendix 3.20

(Referred to in paragraph 3.4.5.1)

Budget provision and expenditure on various programmes (having original budget provisions or total budget provisions of ₹ 10 crore or more) being implemented under Grant No. 22

(₹ in crore)

Sr. No.	Major Head and Description	Original Budget	Supplementary	Re-appropriation	Total Budget	Expenditure	Savings (Percentage)
1.	2029-103-04- National Land Record Modernisation Programme	49.64	0.00	-31.65	17.99	0.00	17.99 (100)
2.	2053-800-05- Honorarium to Lambardars	52.55	0.00	2.45	55.00	48.60	6.40 (12)
3.	2235-01-800-03- Compensation to the Farmers of Border Area whose land is situated between Border Fence and International Border	53.50	0.00	0.04	53.54	53.54	0.00 (0)
4.	2235-60-200-08- Directorate for Relief to persons affected by Riots	36.54	0.00	0.00	36.54	32.59	3.95 (11)
5.	2245-02-101-01- Gratuitous Relief	100.00	0.00	-16.18	83.82	39.73	44.09 (53)
6.	2245-02-111-01- Ex- Gratia Payment to Bereaved Families	0.65	0.00	19.84	20.49	15.65	4.84 (24)
7.	2245-80-800-02- Expenditure for Calamities Which do not fall under the norms of Government of India or in excess of norms of GoI	70.00	0.00	0.00	70.00	51.98	18.02 (26)

Source: Annual Detailed Appropriation Accounts

Appendix 3.21

(Referred to in paragraph 3.4.5.2(ii))

Budget provision and expenditure on various programmes (having original budget provisions or total budget provisions of ₹ 10 crore or more) being implemented under Grant No. 23

(₹ in crore)

Sr. No.	Major Head and Description	Original Budget	Supplemen- tary	Re- appropri- ation	Total Budget	Expendi- -ture	Savings (Percentage)
1.	2501-01-001-09- Integrated Watershed Management Programme	13.74	0.00	0.00	13.74	7.70	6.04 (47)
2.	2501-06-102-02- National Rural Livelihood Mission	38.70	3.34	-6.70	35.34	33.38	1.96 (6)
3.	2501-06-789-02- National Rural Livelihood Mission	38.70	3.34	-6.70	35.34	35.32	0.02 (0)
4.	2515-101-10-Rashtriya Gram Swaraj Abhiyan	68.00	0.00	-34.67	33.33	30.42	2.91 (9)
5.	2515-104-01- Strengthening/ Administration of District Rural Development Agencies/Zila Parishads	10.50	3.68	-6.30	7.88	4.20	3.68 (47)
6.	2515-789-06-Mahatma Gandhi National Rural Employment Guarantee Scheme	480.00	38.70	0.00	518.70	426.93	91.77 (18)
7.	2515-800-29-Mahatma Gandhi National Rural Employment Guarantee Scheme	120.00	12.68	0.00	132.68	108.34	24.34 (19)
8.	2515-789-13-Rashtriya Gram Swaraj Abhiyan	32.00	0.00	-5.33	26.67	26.67	0.00 (0)
9.	3604-200-08- Compensations to Gram Panchayat Samitis in lieu of Tax on the sale of Country Liquor	130.00	12.49	23.51	166.00	166.00	0.00 (0)
10.	3604-200-09- Grants for Service Provider Doctors in Rural Dispensaries	105.00	2.00	0.00	107.00	105.89	1.11 (1)
11.	3604-200-29-Grants-in- Aid to PRIs as per recommendations of 15th Central Finance Commission	1212.70	624.82	40.43	1877.95	1194.70	683.25 (36)
12.	4515-103-04-Pradhan Mantri Aawas Yojana	58.44	0.00	-8.04	50.40	33.40	17.00 (34)

Sr. No.	Major Head and Description	Original Budget	Supplementary	Re-appropriation	Total Budget	Expenditure	Savings (Percentage)
13.	4515-103-33- To Make one Point Cremation Ground in a Village	10.32	0.00	-9.12	1.20	1.17	0.03 (3)
14.	4515-103-37-Shyama Prasad Mukherji Rurban Mission	87.00	0.00	-17.97	69.03	51.36	17.67 (26)
15.	4515-103-40-Waste Management	19.80	0.00	0.00	19.80	19.80	0.00 (0)
16.	4515-789-08- Modernisation and Improvement of Scheduled Castes Villages having more than 50 per cent Scheduled Castes population	10.00	0.00	0.00	10.00	0.00	10.00 (100)
17.	4515-789-10-Pradhan Mantri Awas Yojana	233.75	0.00	-104.15	129.60	85.88	43.72 (34)
18.	4515-789-21-To Make one Joint Cremation Ground in a Village	13.76	0.00	-6.08	7.68	0.78	6.90 (90)
19.	4515-789-28- Shyama Prasad Mukherji Rurban Mission	58.00	0.00	-11.98	46.02	30.62	15.40 (33)
20.	4515-789-30- Waste Management	13.20	0.00	0.00	13.20	13.20	0.00 (0)
21.	4515-800-01- Discretionary Grants for Development Purposes by Ministers	61.00	0.00	-35.00	26.00	25.68	0.32 (1)

Source: Annual Detailed Appropriation Accounts

Appendix 4.1

(Referred to in paragraph 4.2)

Details of Central Scheme Funds transferred by Government of India directly to State implementing agencies

(₹ in crore)

Sr. No.	Name of the Schemes of Government of India (Code of schemes)	Names of the Implementing Agencies	Government of India direct releases of funds during 2022-23
1.	Food Subsidy for Decentralised Procurement of Foodgrains under NFSA (9533)	Punjab State Grains Procurement Corporation limited	1202.49
2.	Mahatma Gandhi National Rural Employment Guarantee Programme (9178) (9219)	The Punjab State Rural Employment Guarantee Society	895.46
3.	Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) (3624)	Department of Agriculture, Punjab	665.02
4.	Rashtriya Krishi Vikas Yojna (9145)	1. Punjab Agricultural University 2. Department of Agriculture, Punjab	280.78
5.	Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (3685)	State Health Agency, Punjab	111.38
6.	Works under Roads Wing (0833)	1. Competent Authority for Land Acquisition-cum-SDM Zira, Jalalabad, Budhlada, Dharmkot, Lehragagga, Patti 2. Greening Punjab Mission 3. Government Contractors	90.98
7.	National AIDS and STD Control Programme (NACO) (9316)	Punjab State AIDS Control Society	63.33
8.	Member of Parliament Local Area Development Scheme (MPLADS) (1261)	Deputy Commissioners	55.50
9.	Amended Technology Upgradation Fund Scheme (ATUFS) (1878)	Miscellaneous Agencies	24.02
10.	National Programme for Dairy Development (9148)	The Punjab State Cooperative Milk Producers Federation Limited (Milkfed)	22.34
11.	SAMARTHYA (Shakti Sadan (Swadhar Ujjawala Widow Home) Shakhi Niwas Palna PMMVY Naional Hub for Women Empowerment Gender Budgeting Research Skilling Training Media etc) (3980)	Department of Social Security and Development of Women and Children	15.17
12.	Agriculture Marketing (9006)	Punjab State Agricultural Marketing Board	12.91
Total			3439.38
13.	Other Schemes (60) having a release below ₹ 10.00 crore in each case	Miscellaneous Agencies	107.22
Total			107.22
Grand Total			3546.60

Source: Finance Accounts

Appendix 4.2

(Referred to in paragraph 4.2)

Statement showing details of Centrally Sponsored Scheme Funds transferred by Government of India directly to State implementing agencies

(₹ in crore)

Sr. No.	Name of the Schemes (Code of Scheme)	Government of India direct releases to implementing agencies during 2022-23	Release through State Government	Per cent of direct release to total release
1.	Seed and Planting Material (3031)	0.03	0.00	100.00
2.	Food and Nutrition Security (Krishionnati Yojana) (9140)	0.09	0.00	100.00
3.	Rashtriya Krishi Vikas Yojna (9145)	280.78	3.75	98.68
4.	Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) (3991)	1.02	23.14	4.22
5.	National Livestock Mission (9008)	0.76	3.70	17.04
6.	Development of Skills (3212)	0.97	19.46	4.75
7.	Mahatma Gandhi National Rural Employment Guarantee Programme (9219)	895.46	299.03	74.97
8.	Atal Vayo Abhyuday Yojana (AVYAY) (3968)	0.05	0.00	100.00
9.	SAMARTHAYA (Shakti Sadan Swadhar Ujjawala Widow Home) Shakti Niwas Plan PMMVY National Hub for Women Empowerment Gender Budgeting Research Skilling Training Media etc.) (3980)	15.17	5.54	73.25
Total		1,194.33	354.62	77.11

Source: PFMS Portal

Appendix 4.3*(Referred to in paragraph 4.5)***Details of substantial expenditure (more than ₹ 10 crore and 50 per cent or above of the total expenditure under Major Head) booked under Minor Head-800-Other Expenditure***(₹ in crore)*

Sr. No.	Description of Major Head	Expenditure under Minor Head 800	Total Major Head Expenditure	Percentage
1.	2013-Council of Ministers	33.56	38.29	87.65
2.	2851-Village and Small Industries	346.51	413.60	83.78
3.	2852-Industries	2455.78	3036.43	80.88
4.	3053-Civil Aviation	20.81	25.09	82.94
5.	4070-Capital Outlay on Other Administrative Services	77.16	77.16	100
6.	4216-Capital Outlay on Housing	33.39	33.58	99.43
7.	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	164.58	193.55	85.03
8.	4250-Capital Outlay on Other Social Services	36.35	53.58	67.84
9.	4701- Capital Outlay on Medium Irrigation	543.98	594.35	91.53
10.	4702- Capital Outlay on Minor Irrigation	25.05	34.61	72.38
11.	4705-Capital Outlay on Command Area Development	31.33	37.46	83.64
12.	4851- Capital Outlay on Village and Small Industries	59.12	60.01	98.52
Total		3827.62	4597.71	83.25

Source: Finance Accounts

Appendix 4.4*(Referred to in paragraph 4.5)***Details of substantial receipts (more than ₹ 10 crore and 50 per cent or above of the total receipts under Major Head) booked under Minor Head-800-Other Receipts***(₹ in crore)*

Sr. No.	Major Head	Receipts under Minor Head 800	Total Major Head Receipts	Percentage
1.	0029-Land Revenue	92.74	92.94	99.78
2.	0049-Interest Receipts	236.38	242.76	97.37
3.	0055-Police	70.32	130.54	53.88
4.	0059-Public Works	13.04	18.87	69.10
5.	0070-Other Administrative Services	70.32	116.65	60.28
6.	0075-Miscellaneous General Service	2407.65	2827.63	85.15
7.	0217-Urban Development	131.78	134.12	98.26
8.	0235-Social Security and Welfare	91.01	92.35	98.54
9.	0401-Crop Husbandry	171.66	177.81	96.54
10.	0406-Forestry and Wildlife	135.44	186.66	72.56
11.	0515-Other Rural Development Programmes	45.01	57.02	78.94
12.	0701-Medium Irrigation	13.21	13.21	100
13.	0810-Non-Conventional Sources of Energy	99.89	99.89	100
14.	0851-Village and Small Industries	19.78	25.29	78.25
15.	1456-Civil Supplies	206.92	206.92	100
16.	1475-Other General Economic Services	378.46	402.40	94.05
Total		4211.88	4855.68	86.74

Source: Finance Accounts

Appendix-5.1

(Referred to in paragraph 5.3)

List of State Public Sector Enterprises

Sr. No.	State Public Sector Enterprises	Remarks
Power Sector SPSEs		
1.	Gidderbaha Power Limited	Working
2.	Punjab Genco Limited	Working
3.	Punjab State Power Corporation Limited	Working
4.	Punjab Thermal Generation Limited	Working
5.	Punjab State Transmission Corporation Limited	Working
Agriculture and Allied Sector SPSEs		
6.	Punjab State Grains Procurement Corporation Limited	Working
7.	Punjab State Civil Supplies Corporation Limited	Working
8.	Punjab State Warehousing Corporation	Working
9.	Punjab Agro Foodgrains Corporation Limited	Working
10.	Punjab Agro Industries Corporation Limited	Working
11.	Punjab State Seeds Corporation Limited	Working
12.	Punjab Agri Export Corporation Limited	Working
13.	Punjab State Container and Warehousing Corporation Limited	Working
14.	Punjab State Forest Development Corporation Limited	Working
15.	Punjab Water Resources Management & Development Corporation Limited	Working
16.	Punjab Land Development and Reclamation Corporation Limited	Inactive
17.	Punjab Poultry Development Corporation Limited	Inactive
18.	Punjab Micro Nutrients Limited	Inactive-under liquidation
Other SPSEs		
19.	Gulmohar Tourist Complex (Holiday Home) Limited	Working
20.	Punjab Police Security Corporation Limited	Working
21.	Punjab State Bus Stand Management Company Limited	Working
22.	Punjab Tourism Development Corporation Limited	Working
23.	Punjab State Biotech Corporation (Mohali Biotechnology Park)	Working
24.	PEPSU Road Transport Corporation	Working
25.	Punjab Small Industries and Export Corporation Limited	Working
26.	Punjab Information & Communication Technology Corporation Limited	Working
27.	Punjab Police Housing Corporation Limited	Working
28.	Amritsar Smart City Limited	Working
29.	Jalandhar Smart City Limited	Working
30.	Ludhiana Smart City Limited	Working

Sr. No.	State Public Sector Enterprises	Remarks
31.	Punjab Municipal Infrastructure Development Company	Working
32.	Punjab Communications Limited	Working
33.	Punjab State Industrial Development Corporation Limited	Working
34.	Punjab Financial Corporation	Working
35.	Punjab Scheduled Castes Land Development and Finance Corporation	Working
36.	Punjab Rural Water Utility	Working
37.	Punjab Venture Capital Limited	Inactive
38.	Punjab Venture Investors Trust Limited	Inactive
39.	Punjab Film and News Corporation Limited	Inactive
40.	Amritsar Hotel Limited	Inactive
41.	Neem Chameli Tourist Complex Limited	Inactive
42.	Punjab State Handloom and Textile Development Corporation Limited	Inactive
43.	Punjab State Hosiery and Knitwear Development Corporation Limited	Inactive
44.	Punjab State Leather Development Corporation Limited	Inactive
45.	Punjab Recorders Limited	Inactive
46.	Punjab Footwears Limited	Inactive
47.	Electronic Systems Punjab Limited	Inactive-under liquidation
48.	Punjab Bio-Medical Equipments Limited	Inactive-under liquidation
49.	Punjab Power Packs Limited	Inactive-under liquidation

Source: Information provided by SPSEs.

Appendix-5.2

(Referred to in paragraph 5.3)

**Summarised financial position and working results of Government Companies and Statutory Corporations
as per their latest finalised accounts as on 30 September 2023**

(₹ in crore)

Sr. No.	Name of SPSE	Period of accounts	Paid up capital	Long Term Loans	Net profit/loss before interest and tax	Net profit/loss after interest and tax	Turnover	Net worth	Capital employed	Accumulated profit(+)/ Loss (-)
A	Power Sector SPSEs									
1.	Gidderbaha Power Limited	2022-23	0.05	12.03	(-)0.01	(-)0.01	D	(-)0.01	12.02	(-)0.06
2.	Punjab Genco Limited	2021-22	22.90	0.00	0.27	0.13	6.79	151.38	151.38	128.48
3.	Punjab State Power Corporation Limited	2022-23	21,709.73	12,851.77	(-)3,422.10	(-)4,775.93	37,490.92	11,309.82	24,161.59	(-)10,419.99
4.	Punjab Thermal Generation Limited	2022-23	0.05	0.00	(-)0.005	(-)0.005	D	0.00	0.00	(-)0.05
5.	Punjab State Transmission Corporation Limited	2022-23	605.88	3,771.01	446.88	100.90	1,594.43	1,289.42	5,060.43	681.54
	Total A		22,338.61	16,634.81	(-)2,974.97	(-)4,674.92	39,092.14	12,750.61	29,385.42	(-)9,610.08
B	Agriculture and Allied Sector SPSEs									
6.	Punjab State Grains Procurement Corporation Limited	2017-18	1.05	6,873.58	(-)224.05	(-)224.05	15,587.31	(-)3,720.86	3,152.72	(-)3,721.91
7.	Punjab State Civil Supplies Corporation Limited	2019-20	3.73	0.00	841.41	(-)28.48	10,386.18	(-)2,010.31	(-)2,010.31	(-)2,014.04
8.	Punjab State Warehousing Corporation	2019-20	8.00	7,798.47	163.67	163.02	6,656.93	(-)334.98	7,463.49	(-)369.46
9.	Punjab Agro Foodgrains Corporation Limited	2021-22	5.00	5,981.21	38.52	(-)49.90	414.24	(-)1,156.50	4,824.71	(-)1,161.50
10.	Punjab Agro Industries Corporation Limited	2021-22	49.21	3.08	2.82	2.01	121.23	68.82	71.90	19.61
11.	Punjab State Forest Development Corporation Limited	2021-22	0.25	0.00	1.06	0.78	35.36	63.01	63.01	58.57
12.	Punjab State Seeds Corporation Limited	2021-22	5.62	0.00	(-)2.86	(-)2.85	18.02	11.60	11.60	5.98
13.	Punjab Water Resources Management & Development Corporation Limited	2021-22	300.00	229.46	(-)6.36	(-)6.36	0.00	71.36	300.82	(-)228.64

Sr. No.	Name of SPSE	Period of accounts	Paid up capital	Long Term Loans	Net profit/loss before interest and tax	Net profit/loss after interest and tax	Turnover	Net worth	Capital employed	Accumulated profit(+)/ Loss (-)
14.	Punjab Agri Export Corporation Limited	2021-22	5.00	0.00	(-)6.78	(-)6.19	8.68	42.50	42.50	37.50
15.	Punjab Agro Juices Limited	2021-22	50.00	30.00	(-)5.03	(-)5.05	16.69	(-)25.01	4.99	(-)75.01
16.	Punjab State Container and Warehousing Corporation Limited	2021-22	25.00	0.00	16.97	12.12	31.40	209.31	209.31	184.31
	Total B		452.86	20,915.80	819.37	(-)144.95	33,276.04	(-)6,781.06	14,134.74	(-)7,264.59
C	Other SPSEs									
17.	Punjab Small Industries and Export Corporation Limited	2020-21	50.01	0.00	38.91	29.09	159.98	429.71	429.71	379.70
18.	Gulmohar Tourist Complex (Holiday Home) Limited	2019-20	0.02	1.04	(-)0.27	(-)0.27	0.01	(-)5.46	(-)4.42	(-)5.48
19.	Punjab Information & Communication Technology Corporation Limited	2021-22	19.23	0.00	5.02	3.99	11.99	50.94	50.94	31.71
20.	Punjab Police Security Corporation Limited	2021-22	0.05	0.00	B	B	B	0.05	0.05	B
21.	Punjab State Bus Stand Management Company Limited	2015-16	56.15	22.13	13.07	7.91	455.89	78.40	100.53	22.25
22.	Punjab Tourism Development Corporation Limited	2018-19	6.66	0.00	(-)0.02	(-)0.02	0.00	22.01	22.01	13.97
23.	Punjab Municipal Infrastructure Development Company	2019-20	0.05	948.70	B	B	B	0.05	948.75	B
24.	Punjab State Biotech Corporation (Mohali Biotechnology Park)	2021-22	0.00	0.00	B	B	B	0.00	0.00	B
25.	Punjab State Industrial Development Corporation Limited	2021-22	78.21	554.64	15.45	0.02	5.08	(-)583.39	(-)28.75	(-)661.60
26.	Punjab Communications Limited	2022-23	12.05	0.00	(-)15.77	(-)15.77	10.59	(-)54.45	(-)54.45	(-)75.46
27.	Punjab Police Housing Corporation Limited	2021-22	0.05	140.63	B	B	B	0.05	140.68	B

Sr. No.	Name of SPSE	Period of accounts	Paid up capital	Long Term Loans	Net profit/loss before interest and tax	Net profit/loss after interest and tax	Turnover	Net worth	Capital employed	Accumulated profit(+)/ Loss (-)
28.	Punjab Scheduled Castes Land Development and Finance Corporation	2021-22	131.15	17.03	(-)4.89	(-)5.27	8.72	99.09	116.12	(-)32.06
29.	PEPSU Road Transport Corporation	2017-18	331.44	73.38	13.19	(-)2.67	518.55	(-)64.76	8.62	(-)396.20
30.	Punjab Financial Corporation	2019-20	40.39	175.48	(-)0.16	(-)0.29	3.30	(-)217.00	(-)41.52	(-)257.39
31.	Amritsar Smart City Limited	2020-21	0.01	0.00	0.00	0.00	0.00	0.15	0.15	0.14
32.	Jalandhar Smart City Limited	2020-21	0.01	0.00	(-)6.57	(-)6.57	0.04	(-)6.62	(-)6.62	(-)6.63
33.	Ludhiana Smart City Limited	2019-20	0.01	0.00	(-)0.04	(-)0.04	0.00	(-)0.19	(-)0.19	(-)0.20
34.	Punjab Rural Water Utility	First accounts not received								
	Total C		725.49	1,933.03	57.92	10.11	1,174.15	(-)251.42	1,681.61	(-)987.25
	Grand Total (A+B+C)		23,516.96	39,483.64	(-)2,097.68	(-)4,809.76	73,542.33	5,718.13	45,201.77	(-)17,861.92

Source: Latest financial statements

- Note: 1.** 'B' represents SPSEs working on no profit/no loss basis.
2. 'D' represents SPSEs which have not commenced commercial operations.
3. Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Appendix-5.3

(Referred to in paragraph 5.7.3)

Statement showing State Government funds infused in SPSEs during the period from 2010-11 to 2022-23

(` in crore)

Sr. No.	1		2		3		4		5		6		7		8	
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
Year	Punjab Agro Industries Corporation Limited (11 February 1966)		Punjab Agri Export Corporation Limited (17 January 1997)		Punjab State Forest Development Corporation Limited (23 May 1983)		Punjab State Grains Procurement Corporation Limited (10 March 2003)		Punjab State Seeds Corporation Limited (27 March 1976)		Punjab Small Industries and Export Corporation Limited (17 March 1962)		Punjab Water Resources Management and Development Corporation Limited (26 December 1970)		Gulmohar Tourist Complex (Holiday Home) Limited (09 July 2003)	
Upto 2010-11	45.46	0.00	0.00	0.00	0.25	0.00	1.05	0.00	4.51	0.00	49.86	0.00	296.16	0.00	0.02	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	30.00 ¹¹	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.93	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.65	0.00	0.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26.82	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.41	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(-)97.97	0.00	0.00	0.00
2019-20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021-22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022-23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	45.46	0.00	00.00	30.00	0.25	0.00	1.05	0.00	4.51	0.00	49.86	0.00	300.00	0.00	0.02	0.00

¹¹ Interest free loan (IFL) of ₹ 30.00 crore was given to Punjab Agro Juices Limited during the year 2012-13. As Punjab Agro Juices limited has been merged with Punjab Agri Export Corporation Limited, as such, loan has been shown against Punjab Agri Export Corporation Limited.

Sr. No.	9		10		11		12		13		14		15		16	
Year	Punjab Information & Communication Technology Corporation Limited (27 March 1976)		Punjab State Bus Stand Management Company Limited (07 March 1995)		Punjab State Civil Supplies Corporation Limited (14 February 1974)		Punjab State Container and Warehousing Corporation Limited (26 April 1995)		Punjab Tourism Development Corporation Limited (26 March 1979)		Punjab State Warehousing Corporation (01 November 1967)		Punjab Scheduled Castes Land Development and Finance Corporation (18 January 1971)		PEPSU Road Transport Corporation (07 January 1956)	
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
Upto 2010-11	19.23	0.00	56.15	0.00	3.73	0.00	25.00	0.00	6.66	0.00	4.00	0.00	33.32	0.00	86.82	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.67	0.00	195.26	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.91	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	25.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2019-20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.09	0.00	0.00	0.00
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2021-22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022-23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.05	0.00	0.00	0.00
Total	19.23	0.00	56.15	0.00	3.73	0.00	25.00	0.00	6.66	0.00	4.00	0.00	70.14	0.00	307.08	0.00

Sr. No.	17		18		19		20		21		22		Total		Grand Total
Year	Punjab State Industrial Development Corporation Limited (31 January 1966)		Punjab Financial Corporation (01 February 1953)		Punjab Police Housing Corporation Limited (30 March 1989)		Punjab State Power Corporation Limited (16 April 2010)		Punjab State Transmission Corporation Limited (16 April 2010)		Punjab Rural Water Utility (11 March 2022)		Total		
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	
Upto 2010-11	78.21	0.00	29.31	0.00	0.05	0.00	6,081.47	0.00	605.88	0.00	0.00	0.00	7,477.14	0.00	7,477.14
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	196.93	0.00	196.93
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.91	30.00	45.91
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.35	0.00	22.35
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72.07	0.00	72.07
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.24	0.00	32.24
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.83	0.00	10.83
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(-)97.97	0.00	(-)97.97
2019-20	0.00	0.00	0.00	0.00	0.00	0.00	15,628.26	0.00	0.00	0.00	0.00	0.00	15,629.35	0.00	15,629.35
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(-)44.58	0.00	(-)44.58
2021-22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022-23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	2.06	0.00	2.06
Total	78.21	0.00	29.31	0.00	0.05	0.00	21,709.73	0.00	605.88	0.00	0.01	0.00	23,316.33	30.00	23,346.33

Source: Information provided by SPSEs

Appendix-5.4

(Referred to in Paragraph 5.8.2)

Statement showing details of SPSEs having accumulated losses and status of erosion of capital as per their latest finalised accounts upto September 2023

(₹ in crore)

Sr. No.	Name of SPSE	Period of accounts	Year in which finalised	Net profit/loss after interest and tax	Paid up capital	Long Term Loans	Free Reserves	Accumulated Losses (-)	Capital employed	Net worth	Period since when Net worth has remained negative (no. of years)	State Government Equity as on 31 March 2023	Long Term Loans of State Government in SPSEs as on 31 March 2023
i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv
(A) Government Companies													
A1 Power Sector SPSEs													
1.	Punjab State Power Corporation Limited	2022-23	2023-24	(-)4,775.93	21,709.73	12,851.77	20.08	(-)10,419.99	24,161.59	11,309.82	Not eroded	21,709.73	3.64
2.	Punjab Thermal Generation Limited	2022-23	2023-24	(-)0.005	0.05	0.00	0.00	(-)0.05	0.00	0.00	2022-23(0)	0.00	0.00
3.	Gidderbaha Power Limited	2022-23	2023-24	(-)0.01	0.05	12.03	0.00	(-)0.06	12.02	(-)0.01	2021-22 (1)	0.00	0.00
Total A1				(-)4,775.95	21,709.83	12,863.80	20.08	(-)10,420.10	24,173.61	11,309.81		21,709.73	3.64
A2 Agriculture and Allied Sector SPSEs													
4.	Punjab Water Resources Management & Development Corporation Limited	2021-22	2023-24	(-)6.36	300.00	229.46	0.00	(-)228.64	300.82	71.36	Not eroded	300.00	222.26
5.	Punjab State Grains Procurement Corporation Limited	2017-18	2019-20	(-)224.05	1.05	6,873.58	0.00	(-)3,721.91	3,152.72	(-)3,720.86	2003-04 (19)	1.05	6,715.74

Sr. No.	Name of SPSE	Period of accounts	Year in which finalised	Net profit/ loss after interest and tax	Paid up capital	Long Term Loans	Free Reserves	Accumulated Losses (-)	Capital employed	Net worth	Period since when Net worth has remained negative (no. of years)	State Government Equity as on 31 March 2023	Long Term Loans of State Government in SPSEs as on 31 March 2023
i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv
6.	Punjab State Civil Supplies Corporation Limited	2019-20	2023-24	(-)28.48	3.73	0.00	0.00	(-)2,014.04	(-)2,010.31	(-)2,010.31	Prior to 1999-00	3.73	10,343.70
7.	Punjab Agro Foodgrains Corporation Limited	2021-22	2022-23	(-)49.90	5.00	5,981.21	0.00	(-)1,161.50	4,824.71	(-)1,156.50	2014-15 (8)	0.00	5,568.50
8.	Punjab Agro Juices Limited	2021-22	2022-23	(-)5.05	50.00	30.00	0.00	(-)75.01	4.99	(-)25.01	2014-15 (8)	0.00	30.00
Total A2				(-)313.84	359.78	13,114.25	0.00	(-)7,201.10	6,272.93	(-)6,841.32		304.78	22,880.20
A3 Other SPSEs													
9.	Gulmohar Tourist Complex (Holiday Home) Limited	2019-20	2021-22	(-)0.27	0.02	1.04	0.00	(-)5.48	(-)4.42	(-)5.46	2003-04 (19)	0.02	0.00
10.	Punjab State Industrial Development Corporation Limited	2021-22	2022-23	0.02	78.21	554.64	0.00	(-)661.60	(-)28.75	(-)583.39	2000-01 (22)	78.21	0.00
11.	Punjab Communications Limited	2022-23	2023-24	(-)15.77	12.05	0.00	8.96	(-)75.46	(-)54.45	(-)54.45	2018-19 (4)	0.00	0.00
12.	Jalandhar Smart City Limited	2020-21	2023-24	(-)6.57	0.01	0.00	0.00	(-)6.63	(-)6.62	(-)6.62	2019-20 (3)	0.005	0.00
13.	Ludhiana Smart City Limited	2019-20	2022-23	(-)0.04	0.01	0.00	0.00	(-)0.20	(-)0.19	(-)0.19	2018-19 (4)	0.005	0.00
Total A3				(-)22.63	90.30	555.68	8.96	(-)749.37	(-)94.43	(-)650.11		78.24	0.00

Sr. No.	Name of SPSE	Period of accounts	Year in which finalised	Net profit/ loss after interest and tax	Paid up capital	Long Term Loans	Free Reserves	Accumulated Losses (-)	Capital employed	Net worth	Period since when Net worth has remained negative (no. of years)	State Government Equity as on 31 March 2023	Long Term Loans of State Government in SPSEs as on 31 March 2023
i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv
Total A (A1+A2+A3)				(-5,112.42	22,159.91	26,533.73	29.04	(-18,370.57	30,352.11	3,818.38		22,092.75	22,883.84
(B) Statutory Corporations													
B1 Agriculture and Allied Sector SPSEs													
14.	Punjab State Warehousing Corporation	2019-20	2023-24	163.02	8.00	7,798.47	26.48	(-369.46	7,463.49	(-334.98	2004-05 (18)	4.00	3,686.47
Total B1				163.02	8.00	7,798.47	26.48	(-369.46	7,463.49	(-334.98		4.00	3,686.47
B2 Other SPSEs													
15.	Punjab Scheduled Castes Land Development and Finance Corporation	2021-22	2022-23	(-5.27	131.15	17.03	0.00	(-32.06	116.12	99.09	Not eroded	70.14	0.00
16.	PEPSU Road Transport Corporation	2017-18	2020-21	(-2.67	331.44	73.38	0.00	(-396.20	8.62	(-64.76	Prior to 1999-00	307.08	23.75
17.	Punjab Financial Corporation	2019-20	2021-22	(-0.29	40.39	175.48	0.00	(-257.39	(-41.52	(-217.00	Prior to 1999-00	29.31	9.84
Total B2				(-8.23	502.98	265.89	0.00	(-685.65	83.22	(-182.67		406.53	33.59
Total B (B1+B2)				154.79	510.98	8,064.36	26.48	(-1,055.11	7,546.71	(-517.65		410.53	3,720.06
Grand Total (A+B)				(-4,957.63	22,670.89	34,598.09	55.52	(-19,425.68	37,898.82	3,300.73		22,503.28	26,603.90
Total of SPSEs whose net worth has eroded (excluding SPSEs at Sr. No. 1, 4 and 15)				(-170.07	530.01	21,499.83	35.44	(-8,744.99	13,320.29	(-8,179.54		423.41	26,378.00

Sr. No.	Name of SPSE	Period of accounts	Year in which finalised	Net profit/loss after interest and tax	Paid up capital	Long Term Loans	Free Reserves	Accumulated Losses (-)	Capital employed	Net worth	Period since when Net worth has remained negative (no. of years)	State Government Equity as on 31 March 2023	Long Term Loans of State Government in SPSEs as on 31 March 2023
i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv
	Seven SPSEs (Sr. No. 5,6,7,8,14,16 and 17) whose Capital has eroded and where Government loans are			(-147.42)	439.61	20,932.12	26.48	(-7,995.51)	13,402.70	(-7,529.42)		345.17	26,378.00

Source: Information provided by SPSEs (Column xiii and xiv) and their latest finalised accounts

Appendix 5.5*(Referred to in paragraph 5.11.2)***Information regarding accounts in arrear of
State Public Sector Enterprises**

Sr. No.	Name of the SPSE	Year for which Accounts are in arrears	No. of accounts in arrears	Status of the SPSE
1.	Punjab Genco Limited	2022-23	01	Working
2.	Punjab State Grains Procurement Corporation Limited	2018-19 to 2022-23	05	Working
3.	Punjab State Civil Supplies Corporation Limited	2020-21 to 2022-23	03	Working
4.	Punjab Agro Foodgrains Corporation Limited	2022-23	01	Working
5.	Punjab Agro Industries Corporation Limited	2022-23	01	Working
6.	Punjab State Forest Development Corporation Limited	2022-23	01	Working
7.	Punjab State Seeds Corporation Limited	2022-23	01	Working
8.	Punjab Water Resources Management & Development Corporation Limited	2022-23	01	Working
9.	Punjab Agri Export Corporation Limited	2022-23	01	Working
10.	Punjab State Container and Warehousing Corporation Limited	2022-23	01	Working
11.	Punjab Small Industries and Export Corporation Limited	2021-22 to 2022-23	02	Working
12.	Gulmohar Tourist Complex (Holiday Home) Limited	2020-21 to 2022-23	03	Working
13.	Punjab Information & Communication Technology Corporation Limited	2022-23	01	Working
14.	Punjab Police Security Corporation Limited	2022-23	01	Working
15.	Punjab State Bus Stand Management Company Limited	2016-17 to 2022-23	07	Working

Sr. No.	Name of the SPSE	Year for which Accounts are in arrears	No. of accounts in arrears	Status of the SPSE
16.	Punjab Tourism Development Corporation Limited	2019-20 to 2022-23	04	Working
17.	Punjab Municipal Infrastructure Development Company	2020-21 to 2022-23	03	Working
18.	Punjab State Biotech Corporation (Mohali Biotechnology Park)	2022-23	01	Working
19.	Punjab State Industrial Development Corporation Limited	2022-23	01	Working
20.	Punjab Police Housing Corporation Limited	2022-23	01	Working
21.	Amritsar Smart City Limited	2021-22 to 2022-23	02	Working
22.	Jalandhar Smart City Limited	2021-22 to 2022-23	02	Working
23.	Ludhiana Smart City Limited	2020-21 to 2022-23	03	Working
Total			47	
24.	Punjab Land Development and Reclamation Corporation Limited	1995-96 to 2022-23	28	Inactive
25.	Punjab Poultry Development Corporation Limited	2016-17 to 2022-23	07	Inactive
26.	Punjab Venture Capital Limited	2022-23	01	Inactive
27.	Punjab Venture Investors Trust Limited	2022-23	01	Inactive
28.	Punjab Film and News Corporation Limited	2015-16 to 2022-23	08	Inactive
29.	Amritsar Hotel Limited	2020-21 to 2022-23	03	Inactive
30.	Neem Chameli Tourist Complex Limited	2020-21 to 2022-23	03	Inactive
31.	Punjab State Handloom and Textile Development Corporation Limited	2019-20 to 2022-23	04	Inactive
32.	Punjab State Hosiery and Knitwear Development Corporation Limited	2006-07 to 2022-23	17	Inactive

Sr. No.	Name of the SPSE	Year for which Accounts are in arrears	No. of accounts in arrears	Status of the SPSE
33.	Punjab State Leather Development Corporation Limited	2020-21 to 2022-23	03	Inactive
34.	Punjab Recorders Limited	2022-23	01	Inactive
35.	Punjab Footwears Limited	2020-21 to 2022-23	03	Inactive
Total			79	
36.	Punjab Micro Nutrients Limited	Under liquidation		
37.	Electronic Systems Punjab Limited	Under liquidation		
38.	Punjab Bio-Medical Equipments Limited	Under liquidation		
39.	Punjab Power Packs Limited	Under liquidation		

Source: Compiled on the basis of annual accounts received in the office of Pr. Accountant General (Audit) Punjab

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