



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

# Report of the Comptroller and Auditor General of India on State Finances for the year 2023-24



उत्तराखण्ड शासन

**Government of Uttarakhand**  
**Report No. 1 of 2025**  
**(State Finances Audit Report)**



**Report of the  
Comptroller and Auditor General of India  
on State Finances for the year 2023-24**

**Government of Uttarakhand  
Report No. 1 of 2025**



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## PREFACE

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

**Chapter-1** of this Report is an overview on profile of the State and fiscal status of the State, pre and post audit.

**Chapters-2** and **3** of this Report contain audit observations on matters arising from the examination of the Finance Accounts and the Appropriation Accounts respectively, of the State Government for the year ended 31 March 2024.

**Chapter-4** on Quality of Accounts and Financial Reporting provides an overview and status of the State Government's compliance with various financial rules, procedures and directives relating to financial reporting.

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



## **EXECUTIVE SUMMARY**



## EXECUTIVE SUMMARY

### About the Report

*This Report of the CAG of India is on the State Finances for the year 2023-24. 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 8.85 *per cent* from ₹ 2,39,263 crore in 2019-20 to ₹ 3,46,206 crore in 2023-24. Budget Outlay of the State grew at an average growth rate of 13.23 *per cent* from ₹ 51,198 crore in 2019-20 to ₹ 88,728 crore in 2023-24.

There was 13.97 *per cent* growth in GSDP in 2023-24 over 2022-23. The revenue receipts grew at 3.12 *per cent* and the percentage of revenue receipts over GSDP decreased from 16.16 *per cent* in 2022-23 to 14.62 *per cent* in 2023-24. The tax revenue increased by 14.99 *per cent* during the period and the State's own tax revenue increased by 12.53 *per cent*. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Uttarakhand increased from ₹ 52,061 crore in 2022-23 to ₹ 58,380 crore, increasing by 12.14 *per cent*. Of this, revenue expenditure showed 8.00 *per cent* increase from 2022-23. Revenue surplus decreased from ₹ 5,310 crore to ₹ 3,341 crore registering 37.08 *per cent* decrease over 2022-23, while fiscal deficit increased from ₹ 2,949 crore in 2022-23 to ₹ 7,749 crore in 2023-24 increasing by 162.77 *per cent*.

### Receipt vis-à-vis Expenditure

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 2019-20 to 2023-24, revenue receipts grew from ₹ 30,723 crore to ₹ 50,615 crore, with an average growth rate of 10.52 *per cent*. Capital receipts also increased from ₹ 6,167 crore to ₹ 9,928 crore during this period. The share of Grants-in-aid in revenue receipts rose from 27.04 *per cent* in 2019-20 to 28.30 *per cent* in 2023-24, indicating increased reliance on support from the Government of India. The State Government received ₹ 5,675.90 crore as Grants-in-Aid for the Centrally Sponsored Schemes (CSSs) during the year 2023-24.

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 2019-20 and 2023-24, revenue expenditure increased from ₹ 32,859 crore (13.73 *per cent* of GSDP) to ₹ 47,274 crore (13.65 *per cent* of GSDP). It consistently made up a significant portion (81 to 86 *per cent*) of the total expenditure during this period, growing at an average growth rate of 8.07 *per cent*.

### **Expenditure analysis**

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The revenue deficit of the State of ₹ 2,136 crore (0.89 *per cent* of GSDP) in the year 2019-20, however, changed to revenue surplus of ₹ 3,341 crore (0.97 *per cent* of GSDP) in the current year.

The State Government spent ₹ 10,982 crore on capital account. This was 18.81 *per cent* of the total expenditure in the year 2023-24.

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 ₹ 7,749 crore (2.24 *per cent* of GSDP) in 2023-24 from ₹ 2,949 crore (0.97 *per cent* of GSDP) in 2022-23.

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 57 to 66 *per cent* of revenue expenditure during 2019-20 (66.12 *per cent*) and 2023-24 (57.39 *per cent*). The Committed expenditure increased at an average rate of 4.89 *per cent* i.e. from ₹ 21,725 crore in 2019-20 to ₹ 27,130 crore in 2023-24 {an increase of 5.16 *per cent* over 2022-23 (₹ 25,800 crore)}.

In addition to the committed expenditure, inflexible expenditure increased from 6.10 *per cent* to 7.93 *per cent* of revenue expenditure during 2019-20 to 2023-24, indicating a rising trend. The inflexible expenditure increased from ₹ 2,549 crore in 2022-23 to ₹ 3,750 crore in 2023-24 registering an increase of 47.12 *per cent*. The average growth of inflexible expenditure during the period from 2019-20 (₹ 2,004 crore) to 2023-24 (₹ 3,750 crore) was 17.57 *per cent*.

Taken together, the committed and inflexible expenditure in 2023-24 was ₹ 30,880 crore, 65 *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 in the non-committed expenditure**

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 35 crore in 2019-2020 to ₹ 428 crore in 2023-24 i.e., from 0.11 *per cent* of the total revenue expenditure in 2019-20 to 0.91 *per cent* in 2023-24. Food subsidy under Food Storage and Warehousing (₹ 104 crore) constituted 24.30 *per cent* of the total subsidies during current year. Apart from this, the State Government also spent ₹ 76.54 crore on implicit subsidies.

### Contingent Liabilities on account of Guarantees

In 2023-24, the Government provided guarantees against borrowings of ₹ 167 crore. No guarantee was invoked during the year. The State Government received ₹ 0.23 crore as Guarantee Commission.

### 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 outstanding guarantees are capped within one *per cent* of the GSDP of that particular year and new guarantee given during any year should not be more than 0.30 *per cent* of the GSDP of that year.

As per FRBM Act, Revenue Deficit should be Nil. Against this target, the state Government experienced revenue surplus of ₹ 3,341 crore in 2023-24 which was 0.97 *per cent* of GSDP, fiscal deficit was 2.24 *per cent* as against the limit of 3.00 *per cent* of GSDP, debt was 23.18 *per cent* (excluding back-to-back loan in lieu of GST compensation from GoI amounting to ₹ 5,649 crore received till 2021-22) as against limit of 33.10 *per cent* of GSDP as prescribed under FRBM Act. Similarly, total outstanding guarantees as on 31 March 2024 was ₹ 119 crore which is 0.03 *per cent* of GSDP for the year and hence was within the FRBM ceiling. Further, guarantees given during the year were 0.05 *per cent* as against the target of 0.30 *per cent* of the GSDP.

As per the debt stabilization analysis, The State's debt burden, measured by the total liabilities to GSDP ratio, has started improving after showing an upward trend till 2020- 21, while a consistent decline has been observed in the last three years of the period (2019- 2024) considered for debt sustainability analysis. The debt-GSDP ratio increased from 25.20 *per cent* in 2018- 19 to 27.58 *per cent* in 2019-20 and to 31.66 *per cent* in 2020- 21 as compared to the previous year. After registering a historic increase of 4.08 percentage points in 2020- 21 due to the impact of the pandemic, when nominal growth contracted by 5.70 *per cent*, it declined to 26.72 *per cent* in the post-pandemic year (2021-22), registering a significant improvement of 4.94 *per cent* points as compared to the previous year. Following a downward trend, the overall liabilities-GSDP ratio reached to 23.98 *per cent* in 2022-23 and 23.18 *per cent* in 2023-24. The steady decline in the state's debt burden, measured by the overall liabilities-GSDP ratio, since 2021-22 indicates that it has started stabilizing.

As per the Domar criterion, despite the fluctuating trend, the real interest rate remained favourable during 2019-2024 except for the pandemic year (2020-21) given a

significant contraction of 12.10 *per cent* registered in real growth. Both the nominal growth and effective rate of interest largely remained driven by inflation. Despite the 5-year low real rate of interest, when CPI inflation almost intensified to the level of the effective nominal rate of interest, the GID turned unfavourable in 2020-21. Thereafter, consistent economic growth supported by the easing of CPI inflation helped the GID to remain favourable over the next three years. On average, the CPI inflation during the period 2019-2024 remained above tolerance band of 2-6 *per cent* determined by the RBI.

A substantial proportion of public debt receipts was being used for repayment for borrowings, which ranged between 30 *per cent* and 81 *per cent* during the period 2019- 2024.

## **Budget performance**

### **Aggregate expenditure outturn**

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In the Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 10.38 *per cent*. This was due to deviation up to  $\pm 25$  *per cent* in 20 grants, between  $\pm 25$  *per cent* and  $\pm 50$  *per cent* in nine grants and between  $\pm 50$  *per cent* and  $\pm 100$  *per cent* in two grants. In the Capital section, deviation in outturn compared with BE was (+) 39.24 *per cent*. This was due to deviation equal to zero *per cent* in one grant, up to  $\pm 25$  *per cent* in 15 grants, between  $\pm 25$  *per cent* to  $\pm 50$  *per cent* in six grants; and between  $\pm 50$  *per cent* to  $\pm 100$  *per cent* in seven grants and equal to 100 *per cent* and above in two grants. No provision was made in respect of two 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 (-) 8.36 *per cent*. This was due to deviation up to  $\pm 25$  *per cent* in 25 grants, between  $\pm 25$  *per cent* to  $\pm 50$  *per cent* in five 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 (+) 30.54 *per cent*. This was due to deviation up to  $\pm 25$  *per cent* in 18 grants, between  $\pm 25$  *per cent* and  $\pm 50$  *per cent* in five grants, between  $\pm 50$  *per cent* to  $\pm 100$  *per cent* in four grants and equal to 100 *per cent* and above in two grants. No provision was, however, made in respect of two grant in Capital section.

It was noticed that supplementary provisions of ₹ 4,183.84 crore during the year 2023-24 in 24 cases (more than ₹ ten 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 was more than 5.43 *per cent* and between the actual expenditure and the final budget were more than 4.78 *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.

### **Regularization of Excess over Grants/ Appropriations**

The State Government has to get excesses over grants/appropriations regularized by the State Legislature as per article 204 and 205 (1) (b) of the constitution. It was observed that in 2023-24 there was excess expenditure of ₹ 7,302.10 crore under one grant which required regularization. Further, excess disbursements of ₹ 48,654.69 crore pertaining to 2005-06 to 2022-23 were yet to be regularized.

### **Reconciliation**

In terms of paragraph 109 of the Uttarakhand Budget Manual 2012, all the Controlling Officers are required to reconcile the Receipts and Expenditure of the Government with the figures recorded in the office of the Accountant General (Accounts and Entitlement) every month.

The State Government did not reconcile 13.00 *per cent* of the total expenditure and 4.94 *per cent* of the receipts.

### **Misclassification in accounts**

It was noticed that an expenditure of ₹ 62.66 crore had been booked under Revenue section. This expenditure should have been booked under the Capital section as this expenditure pertains to major works and land purchase. Further, an expenditure of ₹ 605.82 crore had been booked under Capital section. This expenditure should have been booked under the Revenue section as this expenditure pertains to Grants-in-aid.

### **Compliance with IGAS**

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government partially complied the IGAS-1: Guarantees given by the Government; IGAS-2: Accounting and Classification of Grants-in-Aid; and IGAS-3: Loans and Advances made by the Government.

### **Funds to Single Nodal Agency**

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23 March 2021 had notified procedure for release of funds under Centrally Sponsored

Scheme (CSS) and monitoring utilization of the funds released through SNA. For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorized to conduct Government business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA's account along with corresponding State share.

As per information available on the PFMS portal, the State Government received ₹ 4,509.85 crore, being Central share during the year, in its treasury accounts against which it transferred Central share of ₹ 4,907.20 crore, State share of ₹ 1,400.43 crore and ₹ 258.57 crore as unclassified amount and top-up to the SNAs. The total transfer of ₹ 6,566.20 crore was through Fully Vouched Contingent Bills. Detailed vouchers and supporting documents of actual expenditure were not received by AG office from the SNAs. As per information available on PFMS portal ₹ 2,773.16 crore are lying unspent in the bank accounts of SNAs as on 31 March 2024.

### **Utilisation Certificates against conditional grants**

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 210 outstanding UCs of ₹ 1,395.68 crore were pending as on 31 March 2024.

In the absence of UCs, it could not be ascertained whether the recipients had utilized the grants for the intended purpose for which these were sanctioned. The pendency of UCs was fraught with the risk of misappropriation of funds.

### **DC bills against AC bills**

Similarly, despite the requirement of submitting Detailed Countersigned Contingency (DCC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 164 AC bills of ₹ 17.92 crore were pending for submission of DCC bills as on 31<sup>st</sup> March 2024, out of which 27 AC Bills amounting to ₹ 7.05 crore pertained to the period 2021-22 and 2022-23.

Advances drawn and not accounted for, increase the possibility of wastage/misappropriation/malfeasance, *etc.* and, therefore, requires close monitoring for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

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 DCC bills against AC bills; non-compliance with IGAS-1, 2 & 3; and non-supply of details of expenditure from SNAs have impacted the quality of accounts adversely.

\*\*\*

# **CHAPTER-1**

## **OVERVIEW**



## CHAPTER-1

### OVERVIEW

#### 1.1 Profile of the State

Uttarakhand is spread over an area of 53,483 sq km out of which 46,035 sq km is hilly and 7,448 sq km is plain. The State has a forest area of 38,117 sq km (71 *per cent*). The State has been organized into 13 districts, which is further divided into 95 blocks, 110 sub-divisions and 15,745 inhabited villages. According to the 2011 Census of India, Uttarakhand has a population of 1.01 crore, making it the 20<sup>th</sup> most populous State in India. The population density of the State at 189 persons per sq.km. was lower than the national average of 382 persons per sq.km.

The social indicators, *viz.* literacy rate and rate of infant mortality at birth indicate that the State had better literacy rate (78.80 *per cent*) and infant mortality rate (24 per 1,000 live birth) in 2023-24 than the All-India average (73.00 *per cent* and 28 per 1,000 live births). The percentage of Below Poverty Line (BPL) population in the State at 11.26 *per cent* was also well below the All-India Average (21.92) (*Appendix-1.1*).

#### 1.1.1 Gross State Domestic Product of Uttarakhand

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of 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 are 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.

The State has seen considerable economic growth in the past decade and the Compound Annual Growth Rate (CAGR) of its Gross State Domestic Product (GSDP) and Per Capita GSDP at current prices for the period 2014-15 to 2023-24 has been 8.85 *per cent* and 7.61 *per cent* respectively. It, however, was below the CAGR of All India GDP (10.06 *per cent*) and All India per capita GDP (8.89 *per cent*) (*Appendix-1.1*).

Trends in annual growth of Uttarakhand's GSDP (nominal) *vis-à-vis* GDP of the country are given in **Table-1.1**.

**Table-1.1: Trends in growth of GDP and GSDP at Current Prices**

(₹ in crore)

Year	2019-20	2020-21	2021-22	2022-23	2023-24
<b>INDIA</b>					
GDP (2011-12 Series)	2,01,03,593	1,98,54,096	2,35,97,399	2,69,49,646	2,95,35,667#
GVA	1,83,81,117	1,82,10,997	2,16,35,584	2,46,59,041	2,67,62,147
Growth rate of GDP over previous year at current prices ( <i>per cent</i> )	6.37	-1.24	18.85	14.21	9.60
Growth rate of GVA over previous year at current prices ( <i>per cent</i> )	7.02	-0.93	18.81	13.97	8.53
Per Capita GDP (in ₹)	1,49,915	1,46,480	1,72,422	1,94,879	2,11,725

Year	2019-20	2020-21	2021-22	2022-23	2023-24
<b>UTTARAKHAND</b>					
GSDP (2011-12 Series)	2,39,263	2,25,617	2,67,143♥	3,03,781♠	3,46,206♣
GSVA	2,23,452	2,12,183	2,51,960	2,86,799	3,27,114
Growth rate of GSDP over previous year at current prices ( <i>per cent</i> )	3.88	-5.70	18.41	13.71	13.97
Growth rate of GSVA over previous year at current prices ( <i>per cent</i> )	4.73	-5.04	18.75	13.83	14.06
Per Capita GSDP (in ₹)	2,13,304	1,98,851	2,32,947	2,62,174	2,95,751

*Source: SFAR compilation containing data from Ministry of Statistics and Programme Implementation. \$ First Revised Estimate, # Provisional Estimate ♥provisional Estimate, ♠Quick Estimate ♣Advance Estimate*

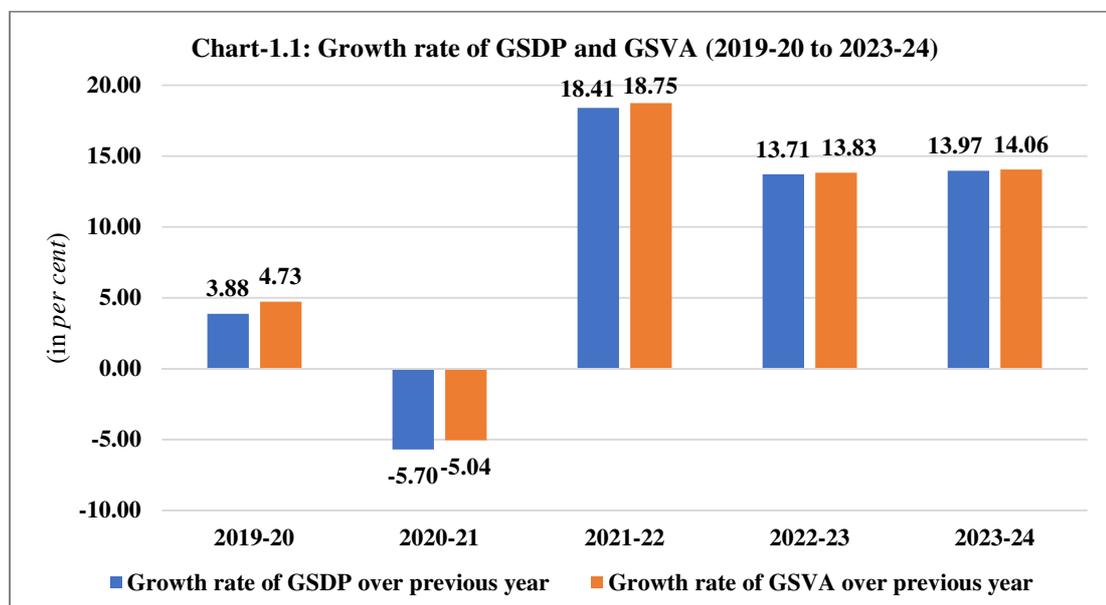
During the period 2019-20 to 2023-24, the Gross State Domestic Product (GSDP) at current prices increased by 44.70 per cent while as National GDP at current prices witnessed an increase of 46.92 *per cent* during the same period. Further, GSDP at current prices grew at a rate of 13.97 *per cent* from ₹ 3,03,781 crore in 2022-23 to ₹ 3,46,206 crore in 2023-24 while as the GDP at current prices grew at a growth rate of 9.60 *per cent* from ₹ 2,69,49,646 crore in 2022-23 to ₹ 2,95,35,667 crore in 2023-24. Per capita GSDP of the State for the year 2023-24 was ₹ 2,95,751 while that of the country was ₹ 2,11,725. However, the growth in per Capita GSDP of the State (38.65 *per cent*) during the period 2019-20 to 2023-24 was less than that of increase in per capita GDP of the country (41.23 *per cent*) during the same period. Per capita measures (GDP and GSDP) have been steadily increasing for both India and Uttarakhand, during 2019-20, 2021-22, 2022-23 and 2023-24 indicating an improvement in average income levels. However, during 2020-21 it declined. This could be due to the impact of Covid-19 pandemic in the country.

Gross Value Added (GVA) is being used for economic analysis by Gol and international organizations like IMF and World Bank as 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 differences 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 the GVA and Gross State Value Added (GSVA) data for better analysis and making policy interventions.

The GVA of India and GSVA of Uttarakhand show a fluctuating pattern of growth over the given years. During the period 2019-20 to 2023-24, the GVA growth rate of India was in the range of -0.93 *per cent* to 18.81 *per cent* while GSVA growth rate of Uttarakhand was in the range of -5.04 *per cent* to 18.75 *per cent*. There is a variation in growth rates both in GVA and GSVA, with some years experiencing higher growth compared to others. The years 2021-22, 2022-23 and 2023-24 stand out as periods of significant growth in both GVA (2021-22: 18.81 *per cent*, 2022-23: 13.97 *per cent* and 2023-24: 8.53 *per cent*) and GSVA (2021-22: 18.75 *per cent*, 2022-23: 13.83 *per cent*

and 2023-24: 14.06 *per cent*), possibly indicating increased economic activity during these years. The year 2020-21 had negative growth rates in both GVA and GSVA, which could be attributed to the impact of COVID-19 pandemic, or other local factors.

The trends of GSDP and GSVA for the period from 2019-20 to 2023-24 are indicated in the **Chart-1.1** below:

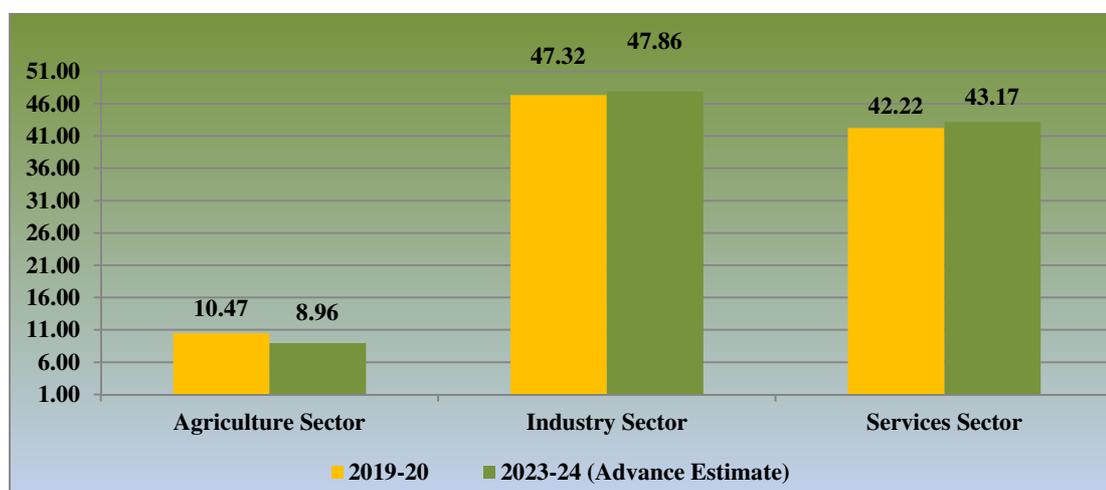


Source: SFAR Compilation containing data from MOSPI.

### 1.1.2 Sectoral contribution to GSVA

**Chart-1.2** reveals that during the five-year period from 2019-20 to 2023-24, there has been an increase in the relative shares of Industry and Service Sector and decrease in Agriculture Sector in GSVA. The share of Agriculture Sector decreased from 10.47 *per cent* in 2019- 20 to 8.96 *per cent* in 2023-24. The share of Industry Sector showed a meagre growth from 47.32 *per cent* in 2019- 20 to 47.86 *per cent* in 2023-24. Further, share of Service Sector also appreciated from 42.22 *per cent* in 2019-20 to 43.17 *per cent* in 2023- 24.

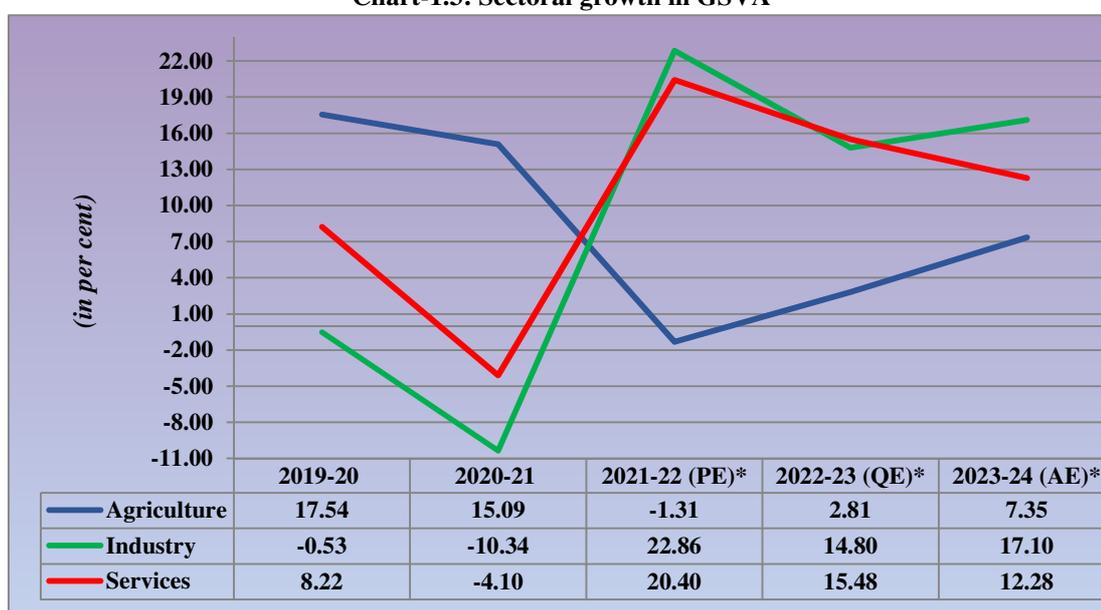
**Chart-1.2: Change in sectoral contribution to GSVA (2019-20 to 2023-24)**



Source: SFAR Compilation containing data from MOSPI.

**Chart-1.3** shows that during 2023-24, the Services sectors saw decrease in growth rate, while Agriculture sector and Industry sector saw increase in growth rate as compared to previous year. The Agriculture sector showed increasing growth rate in crops sub-sector, while it shows decrease in other sub-sectors i.e. forestry & logging and fishing & aquaculture and also showed a meagre decline in livestock sub-sector. In Industry sector manufacturing, construction and electricity, gas, water supply and others sub-sectors shows increasing growth as compared to the previous year. In service sector, four sub-subsectors namely (i) transport, storage, communication & services related to broadcasting, (ii) trade, repair, hotels and restaurants and (iii) public administration and (iv) real estate and financial services showed sharp decline in growth as compared to previous year. However, sub-sector ‘other services’ under service sector showed increasing trend as compared to previous year.

**Chart-1.3: Sectoral growth in GSVA**



Source: Directorate of Economics and Statistics, Uttarakhand.

\* PE- Provisional Estimate, QE-Quick Estimates, AE-Advance Estimates.

## 1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) of Uttarakhand for the year ending 31 March 2024 has been prepared for submission to the Governor of Uttarakhand under Article 151 (2) of the Constitution of India.

Accountant General (Accounts & 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 for the year 2023-24 constitute the core data for this report. Other sources include the following:

- Budget of the State for the year 2023-24 forms an important source of data – both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures,
- Results of audit carried out by the Office of the Principal Accountant General (Audit), Uttarakhand,
- Other data with Departmental Authorities and Treasuries (Accounting as well as Management Information System),
- GSDP data and other State related statistics,
- Various Audit Reports of the CAG of India during 2019-24 have also been used to prepare this analysis/ commentary as appropriate; and
- Information was also obtained from the State Government, where necessary.

The analysis has been carried out in the context of recommendations of the Fifteenth Finance Commission (FFC), Uttarakhand Fiscal Responsibility and Budget Management (UFRBM) Act 2023, best practices, and guidelines of the Government of India. An entry conference was held in September 2024 with the Secretary Finance, Government of Uttarakhand, wherein the audit approach was explained. The draft Report was forwarded to the State Government in January 2025 for comments and Exit Conference was held in February 2025 wherein the audit findings were discussed. Replies of the Government have been incorporated in this Report at appropriate places.

### **1.3 Overview of Government Accounts Structure and Budgetary Processes**

It is necessary to understand the structure of Government Accounts in order to appreciate the analysis of the finances of the State Government given in **Chapter-2** of this report. The Accounts of the State Government are kept in three parts:

#### ***1. Consolidated Fund of the State {Article 266 (1) of the Constitution of India}***

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), Ways and Means advances extended by the 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 law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments, *etc.*), constitute a charge on the Consolidated Fund of the State (Charged Expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted Expenditure) is voted by the Legislature.

## **2. Contingency Fund of the State {Article 267(2) of the Constitution of India}**

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

## **3. Public Accounts of the State {Article 266(2) of the Constitution of India}**

Apart from the above, all other public money 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**

A statement of estimated receipts and expenditures of the government in respect of every financial year is to be presented before the House or Houses of the Legislature of the State (Article 202). 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 taken 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:

- **Public Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*
- **Non-Debt Receipts:** Proceeds from disinvestment, recoveries of loans and advances.

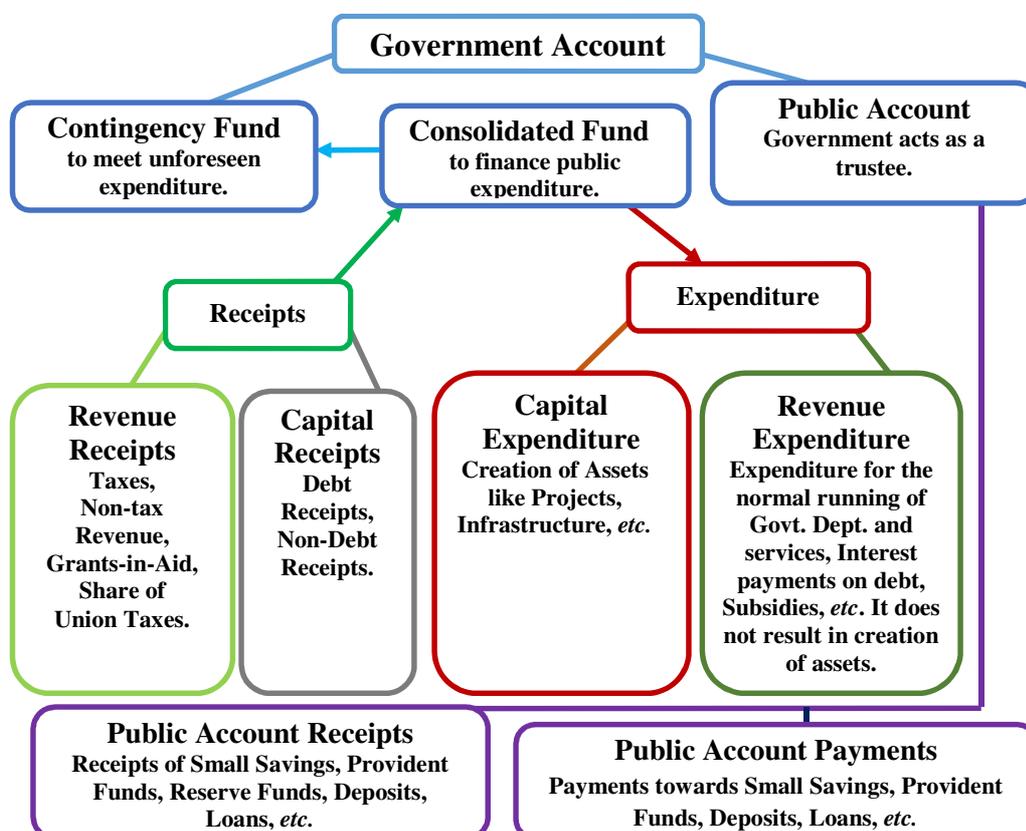
**Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances given by the government to Public Sector Undertakings (PSUs) and other parties.

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

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

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

### Structure of Government 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, includes 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 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 Uttarakhand State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter-3** of this Report.

#### 1.3.1 Snapshot of Finances

**Table-1.2** provides the details of actual financial results *vis-à-vis* Budget Estimates for the year 2023-24 *vis-à-vis* actual of 2022-23.

**Table-1.2: Comparison of Budget *vis-à-vis* Actuals**

(₹ in crore)						
Sl. No.	Components	2022-23 (Actuals)	2023-24 (Budget Estimate)	2023-24 (Actuals)	Percentage of Actual to B.E.	Percentage of Actuals to GSDP
1.	Tax Revenue	27,719	31,403	31,873	101.50	9.21
(i)	Own Tax Revenue	17,102	19,983	19,245	96.31	5.56
(ii)	Share of Union Taxes/Duties	10,617	11,420	12,628	110.58	3.65
2.	Non-Tax Revenue	4,367	4,762	4,418	92.78	1.28
3.	Grants-in-aid and Contributions	16,997	20,893	14,324	68.56	4.14
4.	<b>Revenue Receipts (1+2+3)</b>	<b>49,083</b>	<b>57,058</b>	<b>50,615</b>	<b>88.71</b>	<b>14.62</b>
5.	Recovery of Loans and Advances	17	75	16	21.33	0.00

Sl. No.	Components	2022-23 (Actuals)	2023-24 (Budget Estimate)	2023-24 (Actuals)	Percentage of Actual to B.E.	Percentage of Actuals to GSDP
6.	Other Receipts	12	0	0	0.00	0.00
7.	Borrowings and other Liabilities (a)	2,949	9,047	7749	85.65	2.24
8.	<b>Capital Receipts (5+6+7)</b>	<b>2,978</b>	<b>9,122</b>	<b>7,765</b>	<b>85.12</b>	<b>2.24</b>
9.	<b>Total Receipts (4+8)</b>	<b>52,061</b>	<b>66,180</b>	<b>58,380</b>	<b>88.21</b>	<b>16.86</b>
10.	<b>Revenue Expenditure</b>	<b>43,773</b>	<b>52,748</b>	<b>47,274</b>	<b>89.62</b>	<b>13.65</b>
11.	Interest payments	5,104	6,161	5,192	84.27	1.50
12.	<b>Capital Expenditure</b>	<b>8,288</b>	<b>13,432</b>	<b>11,106</b>	<b>82.68</b>	<b>3.21</b>
13.	Capital outlay	8,194	13,134	10,982	83.62	3.17
14.	Loan and advances	94	298	124	41.61	0.04
15.	<b>Total Expenditure (10+12)</b>	<b>52,061</b>	<b>66,180</b>	<b>58,380</b>	<b>88.21</b>	<b>16.86</b>
16.	<b>Revenue Deficit/ Surplus (-/+) (4-10)</b>	<b>5,310</b>	<b>4,310</b>	<b>3,341</b>	<b>77.52</b>	<b>0.97</b>
17.	<b>Fiscal Deficit {15-(4+5+6)}</b>	<b>2,949</b>	<b>9,047</b>	<b>7,749</b>	<b>85.65</b>	<b>2.24</b>
18.	<b>Primary Deficit/Surplus (-/+) (17-11)</b>	<b>2,155</b>	<b>2,886</b>	<b>(-) 2,557</b>	<b>88.60</b>	<b>(-) 0.74</b>

Source: Finance Accounts.

(a) 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.

During the year 2023-24, the revenue receipts of the State, though increased by three per cent over the previous year, fell short by 11 per cent than the budget estimates. During the current year, there was excess of revenue receipts (₹ 50,615 crore) over revenue expenditure (₹ 47,274 crore), thereby resulting in a revenue surplus of ₹ 3,341 crore.

### 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 2024, compared with the corresponding position of previous year. The liabilities consist mainly of internal borrowings, loans, and advances from GoI, receipts from Public Account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. Summarized position of Assets and Liabilities of the State is given in **Table-1.3** below:

**Table-1.3: Summarized position of Assets and Liabilities**

(₹ in crore)

Liabilities				Assets					
	2022-23	2023-24	Change in per cent		2022-23	2023-24	Change in per cent		
<b>Consolidated Fund</b>									
<b>A</b>	Internal Debt	53,558.43	57,378.79	7.13	<b>a</b>	Gross Capital Outlay	80,053.48	91,035.28	13.72
<b>B</b>	Loans and Advances from GoI*	8,600.36	10,581.95	23.04	<b>b</b>	Loans and Advances	2,454.61	2,562.89	4.41
	Contingency Fund	321.50	191.19	-40.53					

Liabilities					Assets			
		2022-23	2023-24	Change in per cent		2022-23	2023-24	Change in per cent
<b>Public Account</b>								
A	Small Savings, Provident Funds, etc.	9,453.58	9,671.23	2.30	Advances	0.42	0.42	0.00
B	Deposits	3,880.65	4,463.33	15.02	Cash balance (Including investment in Earmarked Fund)	2,318.65	1,804.76	-22.16
C	Reserve Funds	4,824.64	5,738.12	18.93				
D	Suspense and Miscellaneous	208.80	60.95	-70.81	<b>Total</b>	<b>84,827.16</b>	<b>95,403.35</b>	<b>12.47</b>
E	Remittances	88.23	85.74	-2.82	Cumulative excess of Receipt over Expenditure	-3,890.97	-7,232.05	-85.87
<b>Total</b>		<b>80,936.19</b>	<b>88,171.30</b>	<b>8.94</b>	<b>Total</b>	<b>80,936.19</b>	<b>88,171.30</b>	<b>8.94</b>

Source: Finance Accounts.

\* It includes back-to-back loan of ₹ 5,649 crore, in lieu of GST compensation shortfall received from GoI till the financial year 2021-22.

#### 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 adds to the stock of debt. If the government continues to borrow year after year, it leads to the accumulation of debt and the government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

By borrowing, the government transfers 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 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 its 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 was towards reduction in government expenditure. This could be achieved through making government activities more efficient through better planning of programmes and better administration.

### 1.4.1 FRBM Targets on Key Fiscal Parameters and Achievements thereon

With the objective of ensuring prudence in fiscal management, the State Government had passed Fiscal Responsibility and Budget Management Act, 2005 (FRBM), amended in 2011, 2016, 2020 and 2023. This was to be done by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium-term framework. In this context, the FRBM Act provides quantitative targets to be adhered by the State with regard to deficit measures and debt level.

As per GoI FRBM Act, the Union Government expanded its definition of Debt. Debt as per amendments in 2018 in the FRBM Act now includes public debt (internal and external debt), total outstanding liabilities on public account and 'such financial liabilities of any-body corporate or other entity owned or controlled by the Central Government, which the Government has to repay or service from the Annual Financial Statement (AFS), reduced by cash balance at the end of that date'.

As per Uttarakhand FRBM Act, 2005 the total outstanding debt/liabilities includes only liabilities upon the Consolidated Fund of the State and Public Account of the State.

As per the amendment to the FRBM Act in 2011 the State Government was required to reduce Fiscal Deficit to three *per cent* of the estimated GSDP by 2013-14 and maintain the same level thereafter. The FRBM Act amended in 2016 did not mention any target for Revenue Deficit. Further, the Act also envisaged that the State Government would limit the total outstanding debt to 25 *per cent* of GSDP.

The amendment to the FRBM Act in July 2020 incorporated the recommendations of the Fifteenth Finance Commission (FFC) relating to limit of Fiscal Deficit recommended for the State during its award for the year 2020-21. As per the Act, The Fiscal deficit of the State will provide stability of the annual limit of three *per cent* of GSDP. The State may get an additional limit of 0.50 *per cent* of GSDP for the year 2020-21

To ensure compliance to the recommendations of FFC and instructions of Government of India, the State Government further amended its FRBM Act in April 2023 to follow the indicative path of fiscal deficit given by FFC. The FRBM Act included the recommendations of the FFC relating to limit of Fiscal Deficit recommended for the State during its award period for the year 2021-22 to 2025-26. The Fiscal Deficit of the State as percentage of the GSDP shall reduce with consistent compliance with the goals set up in the FRBM Act.

The Fiscal Deficit of the State as a *per cent* of Gross State Domestic Product (GSDP) for the financial year 2021-22, 2022-23 and 2023-24 shall not exceed 4.00, 3.50 and 3.00 respectively. Further, the FRBM (Amendment) Act, 2023 provides that the total liabilities as a *per cent* of GSDP for the financial Year 2021-22, 2022-23 and 2023-24, shall not exceed 32.60, 33.30 and 33.10 respectively.

The targets relating to key fiscal parameters envisaged in the FRBM (Amendment) Act, 2023 and their achievement during the five-year period from 2019-20 to 2023-24 are given in **Table-1.4**

Table-1.4: Compliance with provisions of FRBM Act

Fiscal Parameters <sup>1</sup>		Achievement (₹ in crore)				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	0	0	0	0	0
	A	(-) 2,136	(+) 1,114	(+) 4,128	(+) 5,310	(+) 3,341
		X	✓	✓	✓	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	T	3.00	3.50	4.00	3.50	3.00
	A	(-) 7,657 (-3.20)	(-) 5,439 (-2.41)	(-) 3,736 (-1.40)	(-) 2,949 (-0.97)	(-)7,749 (-2.24)
		X	✓	✓	✓	✓
Ratio of total outstanding liability to GSDP (in per cent)	T	25	25	32.60	33.30	33.10
	A	27.58	31.66*	26.72*	23.98*	23.18*
		X	X	✓	✓	✓

Source: Finance Accounts and FRBM Act & XVth Finance Commission Report.

\* it excludes Back- to-back loans of ₹ 5,649 crore received till 2021-22, in lieu of GST compensation shortfall received from GoI which was not to be treated as debt of the State for any norms as per GoI clarification<sup>2</sup>.

The State did not achieve the target of revenue surplus in 2019-20 but was successful during 2020-21 to 2023-24. Similarly, the target of fiscal deficit was not achieved during 2019-20 but was successful in 2020-21 to 2023-24.

During the years 2019-20 and 2020-21 the outstanding debt of the State remained above the FRBM target of 25 per cent of GSDP i.e., it was above the norms prescribed in the FRBM Act, by 2.58 per cent and 6.66 per cent respectively. However, during the years 2021-22, 2022-23 and 2023-24 outstanding debt as percentage of GSDP was below the FRBM target of 32.60 per cent, 33.30 per cent and 33.10 per cent by 5.88 per cent, 9.32 per cent and 9.92 per cent respectively.

During exit conference, The Government accepted the facts and figures.

#### 1.4.2 Medium Term Fiscal Plan

As per the FRBM Act, the State Government has to lay before the State Legislature, a Five-Year Fiscal Plan along with the Annual Budget. The Medium-Term Fiscal Policy Statement (MTFPS) has to set forth a five-year rolling target for the prescribed fiscal indicators.

**Table-1.5** indicates the variation between the projections made for 2023-24 in MTFPS presented to the State Legislature and Actuals of the year.

<sup>1</sup> Para 1.5 of the report depicts post audit factors of RD, FD and Outstanding Liabilities after considering misclassification between Revenue and Capital, non-transfer of Cess and short contribution to Reserve Funds, etc.

<sup>2</sup> Government of India, Ministry of Finance, Department of Expenditure letter no. F.No.40 (1) PF-S/ 2021-22 dated 10 December 2021.

Table-1.5: Actuals vis-à-vis projection in MTFP for 2023-24

(*₹ in crore*)

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2023-24)	Variation (in per cent)
1.	Own Tax Revenue	19,620	19,245	-1.91
2.	Non-Tax Revenue	4,175	4,418	5.82
3.	Share of Central Taxes	12,348	12,628	2.27
4.	Grants-in-Aid from GoI	18,483	14,324	-22.50
5.	Revenue Receipts (1+2+3+4)	54,626	50,615	-7.34
6.	Revenue Expenditure	51,585	47,274	-8.36
7.	Revenue Deficit (-)/ Surplus (+) (5-6)	3,041	3,341	9.87
8.	Fiscal Deficit (-)/ Surplus (+)	-7,459	-7,749	-3.89
9.	Fiscal Deficit as percentage of GSDP	2.15	2.24	0.09
10.	Debt-GSDP ratio (per cent)	24.91	23.18*	-1.73
11	GSDP growth rate at current prices (per cent)	13.97	13.97	0.00

Source: Finance Accounts and Budget document of Uttarakhand 2023-24.

\* It excludes Back- to-back loans of ₹ 5,649 crore, in lieu of GST compensation shortfall received from GoI during 2020-21 and 2021-22.

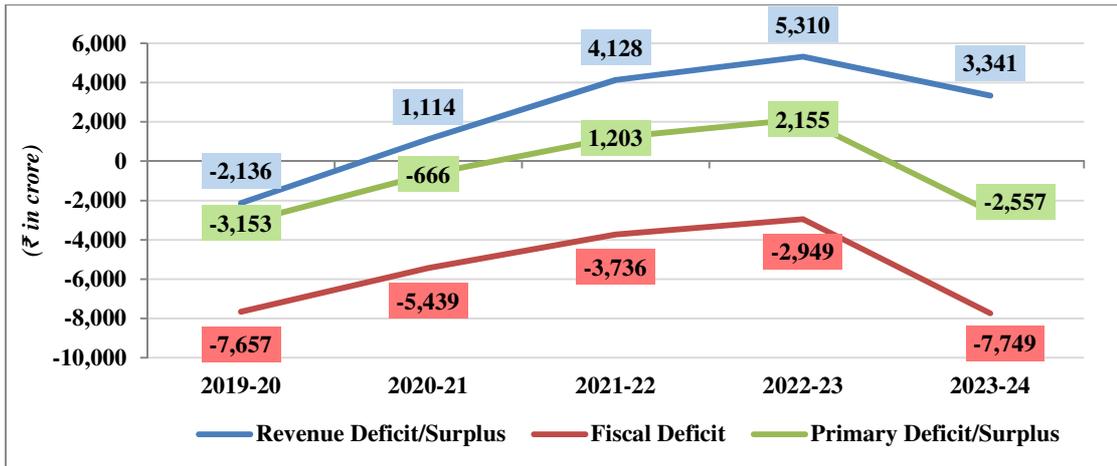
As can be seen from the above table, the State had projected Revenue Surplus of ₹ 3,041 crore in MTFPS during 2023-24, against which the State generated a surplus of ₹ 3,341 crore exceeding the anticipation by 9.87 per cent. Similarly, the target of Fiscal Deficit projected in MTFPS was ₹ 7,459 crore against which ₹ 7,749 crore Fiscal Deficit was achieved and was above the targets fixed in MTFPS by 3.89 per cent. Further, Fiscal Deficit as percentage of GSDP during 2023-24 was also above the targets fixed in MTFPS by 0.09 percentage points. Projection relating to Debt-GSDP ratio was also met, as the year ended with a lower Debt to GSDP ratio and was below the targets projected in the MTFPS by 1.73 percentage points.

### 1.4.3 Trends of Deficit/Surplus

The State was able to achieve the targets specified by the FFC during 2023-24 with regard to the key fiscal parameters. It had a fiscal deficit of ₹ 7,749 crore during the year 2023-24, representing 2.24 per cent of the GSDP. The Primary Surplus<sup>3</sup> of ₹ 2,155 crore during 2022-23 turned to primary deficit of ₹ 2,557 crore during the current year and the Revenue Surplus of ₹ 5,310 crore in 2022-23 decreased to ₹ 3,341 crore during 2023-24. The trend of these Surplus/Deficit over the five-year period from 2019-20 to 2023-24 is depicted in **Chart-1.4** and trend in deficit relative to GSDP is given in **Chart-1.5**. Component and trend of Fiscal Liabilities and its percentage to GSDP is also given the **Chart-1.6**.

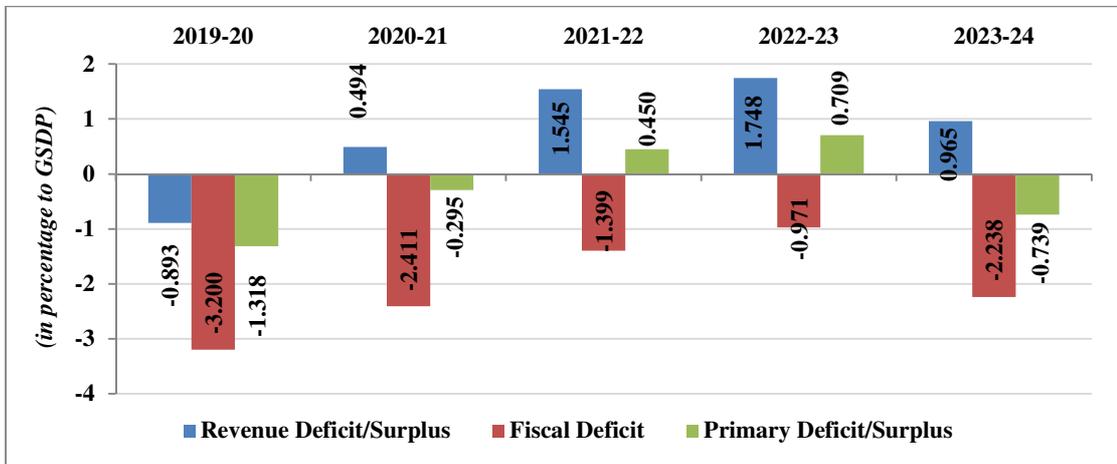
<sup>3</sup> The **primary surplus** is the difference between government revenues and government outlays, excluding interest payments on the debt.

Chart-1.4: Trends in Deficit Parameters



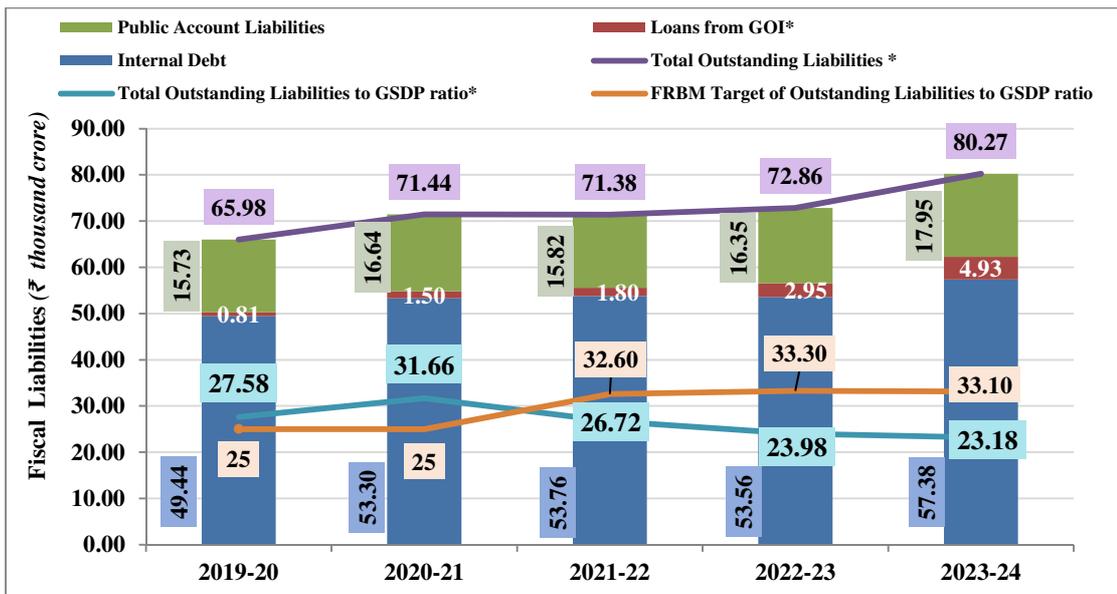
Source: Finance Accounts.

Chart-1.5: Trends in Deficit relative to GSDP



Source: Finance Accounts.

Chart-1.6: Trends in Fiscal Liabilities and GSDP



Source: Finance Accounts.

\* It excludes Back- to-back loans of ₹ 5,649 crore received till 2021-22, in lieu of GST compensation shortfall received from GoI.

As can be seen from the graph above, total Outstanding Liabilities grew by 21.65 *per cent* (excluding Back-to-Back loan from GoI in lieu of GST compensation) during the past five years and was above FRBM target during the period from 2019-20 and 2020-21. However, it was below the FRBM target of 32.60 *per cent*, 33.30 *per cent* and 33.10 *per cent* during 2021-22 to 2023-24.

#### **1.4.4 Performance of the State Government with respect to borrowings according to the limits fixed by the GoI**

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

The GoI, Ministry of Finance, Department of Expenditure fixed (March 2023) the net borrowing ceiling of the Uttarakhand State Government for the financial year 2023-24 as ₹ 9,871 crore and instructed the State Government to ensure that its incremental borrowings from all sources remained within this ceiling.

Additional borrowing ceiling of 0.50 *per cent*<sup>4</sup> over and above the aforementioned ceiling of 3.00 *per cent* of GSDP was to be allowed to the State based on certain performances criteria in the Power Sector.

The said Net Borrowing Ceiling (NBC) covers all sources of borrowings, including Open Market Borrowings, Negotiated Loans from financial institutions, National Small Saving Fund Loans, Central Government loans including EAP loans, other liabilities arising out of Public Account transfer under Small Savings, Provident funds, Reserve Funds, Deposits etc. as reflected in Statement 6 of the State's Finance Accounts.

As per Statement 6 (Statement of Borrowings and Other Liabilities) of the Finance Accounts, incremental borrowings and other liabilities of the State Government were ₹ 7,406 crore (2.14 *per cent* of revised GSDP) during the financial year 2023-24 which remained within the borrowing ceiling of 3.00 *per cent* of GSDP (₹ 3,46,206 crore).

### **1.5 Deficits and Total Debt after Examination in 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.

#### **1.5.1 Post Audit - Deficits**

In order to present a better picture of State Finances, States sometimes may classify revenue expenditure as capital expenditure and conduct off budget fiscal operations. Besides, deferment of clear-cut liabilities, non-recoupment of the Contingency Fund, not depositing Cess /royalty to Consolidated Fund, short contribution to New Pension

<sup>4</sup> The State Government did not avail this additional borrowing limit of 0.50 *per cent* of GSDP, because while forwarding the component wise break up of consent sought under Article 293(3) of the Constitution of India to the Government of India in (May 2023) the State government did not mention this additional borrowing of 0.50 *per cent* of GSDP.

Scheme, redemption funds, *etc.*, also impact 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: Impact on Revenue and Fiscal Deficit, post examination by Audit during 2023-24**

(₹ in crore)

Particulars	Impact on Revenue Surplus {Understated (+)/ overstated (-)}	Impact on Fiscal Deficit {Understated (+)/ overstated (-)}	Para Reference
Non-Transfer of Guarantee Commission fee to Public Account.	(-) 0.23	(+) 0.23	2.8.2.4
Misclassification between Revenue and Capital expenditure	(-) 543.16	--	2.6.3.2 (iii)
Non-payment of Interest liabilities against Reserve Funds and Deposit and Advances.	(-) 5.43	(+) 5.43	4.1
Less Contribution Towards NPS.	(-) 25.36	(+) 25.36	2.6.2.4
Non-accounting of Central Road and Infrastructure Fund.	(-) 109.70	(-) 153.56	4.3.1 (C)
Non-Transfer of Green Energy Cess to Green Energy Fund.	(-) 80.00	(+) 80.00	Para 5(B) (vii) of NTFA
Non-Recoupment of Contingency Fund during 2023-24.	(-) 228.33	(+) 308.81	Para 4 of NTFA
Improper booking of Special Assistance to States for Capital Expenditure/Investments (SASCI) amount	(-) 76.25	(-) 76.25	Para 5(B) (xi) of NTFA
<b>Total</b>	<b>(-) 1,068.46</b>	<b>(+) 190.02</b>	

Source: Finance Accounts and audit analysis.

After considering all the factors mentioned above, the Revenue Surplus would decrease from ₹ 3,341 crore to ₹ 2,273 crore and Fiscal Deficit would increase from ₹ 7,749 crore (Refer para 1.4.1) to ₹ 7,939 crore (2.29 per cent of GSDP), which would still be within mandated target of 3.00 per cent in FRBM act, 2005 (amended in 2023).

During exit conference, the Government agreed and stated to take appropriate action. Regarding Central Road Fund, Green Energy Cess Government stated that necessary action will be taken in future. Regarding Non-payment of Interest liabilities against Reserve Funds and Deposit and Advances and less Contribution towards NPS, the Government agreed and noted for compliance after verification of the figures.

### 1.5.2 Post Audit – Total Public Debt

Public sector debt in its broadest definition comprises debt from:

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

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

As intimated by the State Government there were no cases of off-budget fiscal operations such as borrowings by State PSUs, Special Purpose Vehicles (SPVs), *etc.*, on behalf of the State Government where principal and / or interest are to be serviced out of the State budgets.

As per Uttarakhand FRBM Act, the total outstanding debt/liabilities means only the liabilities under the Consolidated Fund and Public Account of the State. 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 2024**

Borrowings and other liabilities as per Finance Accounts	Amount (₹ in crore)	
	Pre-Audit	Post-Audit
<b>Internal Debt (A)</b>	<b>57,378.79</b>	<b>57,378.79</b>
Market Loans bearing interest	48,710.00	48,710.00
Market Loans not bearing interest	0.02	0.02
Compensation and other Bonds	0.77	0.77
Loans from other Institutions etc.	4,136.31	4,136.31
Special Securities issued to the National Small Savings Fund of the Central Government	4,531.69	4,531.69
<b>Loans and Advances from Central Government (B)</b>	<b>10,581.95</b>	<b>4,932.92</b>
Non-Plan Loans	1.37	1.37
Loans for State Plan Schemes	326.00	326.00
Others	10,254.58	4,605.55 <sup>5</sup>
<b>Liabilities upon Public Accounts (C)</b>	<b>17,954.06</b>	<b>17,954.06</b>
Small Savings, Provident Funds etc.	9,671.23	9,671.23
Deposits	4,463.33	4,463.33
Reserve Funds	3,819.50	3,819.50
<b>Total (A+B+C)</b>	<b>85,914.80</b>	<b>80,265.77</b>

Source: Finance Accounts.

The Total borrowing and liabilities at the end of the financial year 2023-24 mainly comprises of Internal Debt (67 per cent), Loans and Advances from Government of India (12 per cent) and liabilities under Public Account (21 per cent). Further, at the end of the year 2023-24, the overall liabilities of the State was 24.82 per cent of the GSDP which were within the normative assessment of 24.91 per cent under MTFP statement and within the norms of 33.10 per cent prescribed under FRBM Act of the State for the year 2023-24.

As can be seen from the **Table 1.7** above, total borrowing and liabilities during the year 2023-24 was overstated by ₹ 5,649 crore (1.63 per cent of GSDP). This was due to inclusion of Back-to-Back Loan of ₹ 5,649 crore received from GoI (during 2020-21 and 2021-22) in lieu of GST Compensation, which was not to be treated as debt of the

<sup>5</sup> The difference of ₹ 5,649.03 crore is due to accumulation of back-to-back loan (₹ 5,649.03 crore) in lieu of GST Compensation Shortfall up to FY 2021-22.

State as its repayment is to be borne from the collection of Cess in the GST compensation fund by GoI and hence, the repayment will not be borne on the resources of the State. Further, non-accounting of Back-to-Back loan also let the overstatement of total borrowing and liabilities to the extent of ₹ 5,649 crore. By excluding this, Debt-GSDP ratio would reduce to 23.18 *per cent* of GSDP.

## 1.6 Conclusion

- The State had a Revenue Deficit of ₹ 2,136 crore in 2019-20 which improved to Revenue Surplus of ₹ 1,114 crore in 2020-21. Revenue Surplus further improved in the year 2021-22 and 2022-23 to ₹ 4,128 crore and ₹ 5,310 crore respectively. During the current year the state experienced revenue surplus of ₹ 3,341 crore (0.97 *per cent* of GSDP). Revenue Surplus was overstated by ₹ 1,068 crore (31.97 *per cent*) on account of less contribution towards NPS, non-accounting of Central Road Fund, non-transfer of Green Energy Cess to Green Energy Fund, non-recoupment of Contingency Fund, Short/Non-transfer of royalty to Public Account, Improper use of SASCI *etc.*
- During the current year, the fiscal deficit at ₹ 7,749 crore (2.24 *per cent* of GSDP) was within the normative target of 3.00 *per cent* of GSDP as fixed by the State Government in the FRBM Act for the year 2023-24. During the year, the Fiscal Deficit increased on account of decrease in Revenue Surplus during the year. Fiscal Deficit was understated by ₹ 190 crore (2.45 *per cent*), on account of less contribution towards NPS, non-transfer of Green Energy Cess to Green Energy Fund, non-recoupment of Contingency Fund, Short/Non-transfer of royalty to Public Account, Improper use of SASCI *etc.* After considering understatement of ₹ 190 crore, the Fiscal Deficit would increase from ₹ 7,749 crore to ₹ 7,939 crore (2.29 *per cent* of GSDP), which would still be within mandated target of 3.00 *per cent* in FRBM act, 2005 (amended in 2023).

## 1.7 Recommendation

- *The State Government may take appropriate steps in avoiding misclassification of revenue expenditure/capital outlay, start proper accounting of Central Road Fund as per provisions, make mandated contribution to the reserve fund, and transfer Cess to its designated fund so that the correct financial position is depicted.*

**CHAPTER-2**  
**FINANCES OF THE STATE**



## CHAPTER-2

### FINANCES OF THE STATE

This chapter provides a broad perspective of the finances of the State and analyses the critical changes in major fiscal aggregates relative to the previous year. It discusses the overall trend during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

#### 2.1 Major changes in Key Fiscal Aggregates during 2023-24 vis-à-vis 2022-23

**Table-2.1** gives a bird's eye view of the major changes in key fiscal aggregates of the State during the Financial Year 2023-24, compared to the previous year. Each of these indicators has been analysed in the succeeding paragraphs.

**Table-2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23**

<b>Revenue Receipts</b> Increased by 3.12 per cent	<ul style="list-style-type: none"><li>➤ Own Tax Receipts of the State increased by 12.53 per cent</li><li>➤ Own Non-Tax Receipts increased by 1.17 per cent</li><li>➤ State's Share of Union Taxes and Duties increased by 18.94 per cent</li><li>➤ Grants-in-Aid from Government of India decreased by 15.73 per cent</li></ul>
<b>Revenue Expenditure</b> Increased by 8.00 per cent	<ul style="list-style-type: none"><li>➤ Revenue Expenditure on General Services increased by 4.09 per cent</li><li>➤ Revenue Expenditure on Social Services increased by 8.25 per cent</li><li>➤ Revenue Expenditure on Economic Services increased by 11.93 per cent</li><li>➤ Expenditure on Grants-in-Aid increased by 25.28 per cent</li></ul>
<b>Capital Receipts</b> Increased by 96.01 per cent	<ul style="list-style-type: none"><li>➤ Non-Debt Capital Receipt decreased by 44.83 per cent</li><li>➤ Debt Capital Receipts increased by 96.82 per cent</li></ul>
<b>Capital Expenditure</b> Increased by 34.02 per cent	<ul style="list-style-type: none"><li>➤ Capital Expenditure on General Services increased by 46.77 per cent</li><li>➤ Capital Expenditure on Social Services increased by 73.67 per cent</li><li>➤ Capital Expenditure on Economic Services increased by 12.09 per cent</li></ul>
<b>Loans and Advances</b> Increased by 40.26 per cent	<ul style="list-style-type: none"><li>➤ Disbursements of Loans and Advances increased by 31.91 per cent</li><li>➤ Recoveries of Loans and Advances decreased by 5.88 per cent</li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>➤ Public Debt Receipts increased by 96.82 per cent</li><li>➤ Repayment of Public Debt increased by 0.76 per cent</li></ul>
<b>Public Account</b>	<ul style="list-style-type: none"><li>➤ Public Account Receipts increased by 11.06 per cent</li><li>➤ Public Account Disbursements increased by 9.12 per cent</li></ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"><li>➤ Cash Balance decreased by 22.16 per cent</li></ul>

## 2.2 Sources and Application of Funds

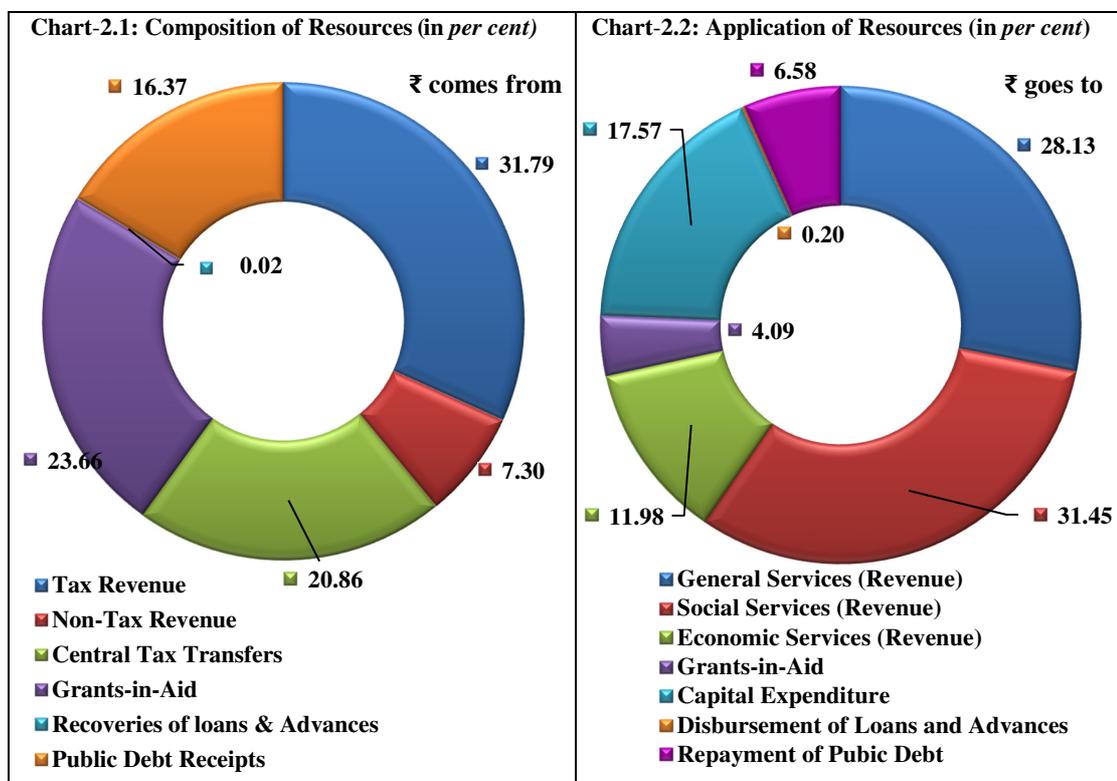
**Table-2.2** compares the component of the sources and application of funds of the State during the Financial Year 2023-24 with 2022-23 in figures, while Growth of composition of resources is given in **Table-2.2(A)**. **Charts-2.1** and **2.2** give the details of where the “Receipts comes from” and “Expenditure goes to” during 2023-24 in terms of percentages.

**Table-2.2: Details of Sources and Application of funds during 2022-23 and 2023-24**

(₹ in crore)

	Particulars	2022-23	2023-24	Increase/Decrease (in per cent)
Sources	Opening Cash Balance	3,837.19	2,318.65	-39.57
	Revenue Receipts	49,082.70	50,615.01	3.12
	Misc. Capital Receipt	11.83	0.00	-100.00
	Recoveries of Loans & Advances	17.30	15.82	-8.55
	Public Debt Receipts (Net)	956.30	5,801.96	506.71
	Public Account Receipts (Net)	384.04	1,563.48	307.11
	Contingency Fund (Net)	90.16	-130.31	-244.53
	<b>Total</b>	<b>54,379.52</b>	<b>60,184.61</b>	<b>10.68</b>
Application	Revenue Expenditure	43,772.73	47,273.96	8.00
	Capital Expenditure	8,194.51	10,981.80	34.01
	Disbursements of Loans & Advances	93.63	124.09	32.53
	Closing Cash Balance with RBI	2,318.65	1,804.76	-22.16
	<b>Total</b>	<b>54,379.52</b>	<b>60,184.61</b>	<b>10.68</b>

Source: Finance Accounts.



Source: Finance Accounts.

Table-2.2 (A): Growth rate of Composition of Resources

Component	2022-23	2023-24	Rate of Growth (in per cent)
Tax Revenue	17,102	19,245	12.53
Non-tax Revenue	4,367	4,418	1.17
Central Tax Transfer	10,617	12,628	18.94
Grants-in-Aid	16,997	14,324	-15.73
Misc. Capital Receipt	12	00	-100.00
Recovery of Loans & Advances	17	16	-5.88
Public Debt Receipts	5,036	9,912	96.82

Source: Finance Accounts.

## 2.3 Resources of the State

Resources of the State are described below:

**1. Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).

**2. Capital receipts (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.

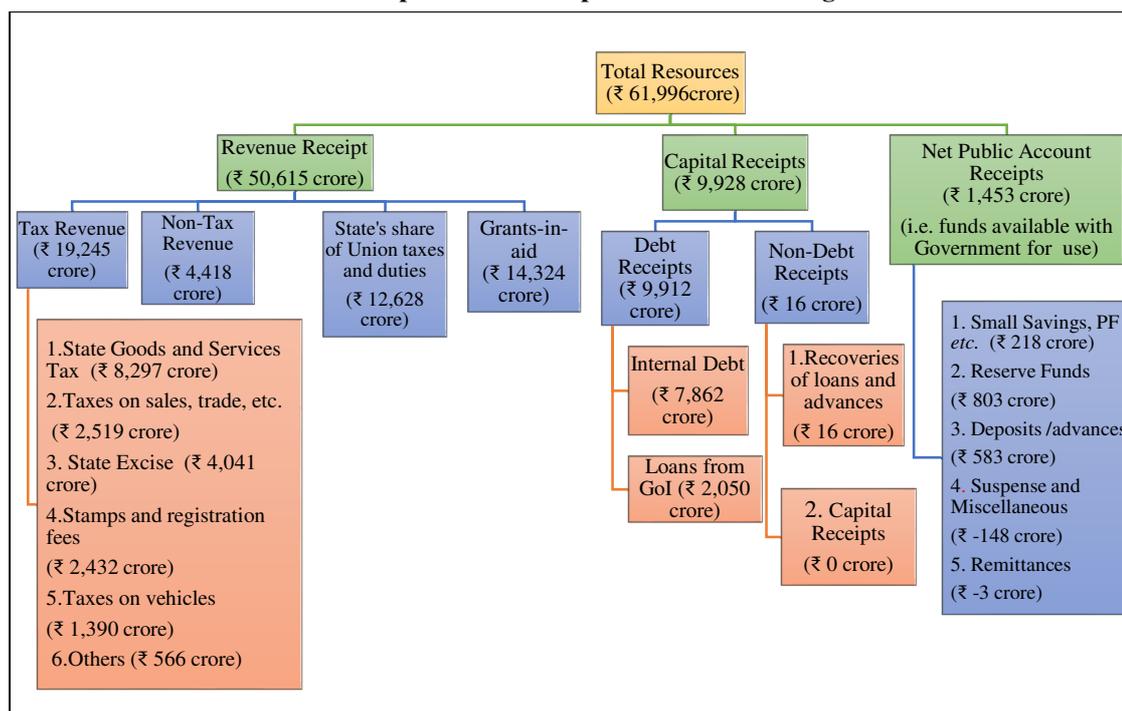
**3. Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc., which do not form part of the Consolidated Fund.

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

### 2.3.1 Receipts of the State

Composition of receipts of the State during 2023-24 is given in **Chart-2.3**.

**Chart-2.3: Composition of receipts of the State during 2023-24**



Out of total resources of ₹ 61,996 crore of the State Government during the year 2023-24, Revenue Receipts (₹ 50,615 crore) constituted 81.64 *per cent*, Capital Receipt (₹ 9,928 crore) constituted 16.02 *per cent* and net Public Account Receipts (₹ 1,453 crore) Constituted 2.34 *per cent*.

### 2.3.2 State's Revenue Receipts

#### 2.3.2.1 Trends and Growth of Revenue Receipts

Table-2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2019-24. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in Charts-2.4 and 2.5 respectively.

Table-2.3: Trend in Revenue Receipts

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR) (₹ in crore)	30,723	38,205	43,057	49,083	50,615
Budget Estimates (BE) (₹ in crore)	38,955	42,439	44,151	51,474	57,057
Rate of growth of RR ( <i>per cent</i> )	(-) 1.58	24.35	12.70	14.00	3.12
State's Own Revenue (₹ in crore)	15,512	16,109	16,932	21,469	23,663
(i) Own Tax Revenue (₹ in crore)	11,513	11,938	14,176	17,102	19,245
(ii) Non-Tax Revenue (₹ in crore)	3,999	4,171	2,756	4,367	4,418
Grants-in aid from GoI	8,309	15,527	16,219	16,997	14,324
State's share of Union Tax and Duties (₹ in crore)	6,902	6,569	9,906	10,617	12,628
Rate of growth of Own Revenue ( <i>per cent</i> )	0.09	3.85	5.11	26.80	10.22
Rate of growth of GIA ( <i>per cent</i> )	7.81	86.87	4.46	4.80	-15.73
Gross State Domestic Product (₹ in crore)	2,39,263	2,25,617	2,67,143	3,03,781	3,46,206
Rate of growth of GSDP ( <i>per cent</i> )	3.88	(-)5.70	18.41	13.71	13.97
RR/BE ( <i>per cent</i> )	78.87	90.02	97.52	95.35	88.71
RR/GSDP ( <i>per cent</i> )	12.84	16.93	16.12	16.16	14.62
Buoyancy Ratios <sup>1</sup>					
Revenue Buoyancy <i>w.r.t</i> GSDP	NA	NA	0.69	1.02	0.22
State's Own Revenue Buoyancy <i>w.r.t</i> GSDP	0.02	NA <sup>2</sup>	0.28	1.95	0.73

Source: Finance Accounts, GSDP data has been obtained from SFAR Compilation by Economic Division, C&AG.

<sup>1</sup> Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

<sup>2</sup> NA represents negative figures due to negative growth.

Chart-2.4: Trend of Revenue Receipts as percentage of GSDP

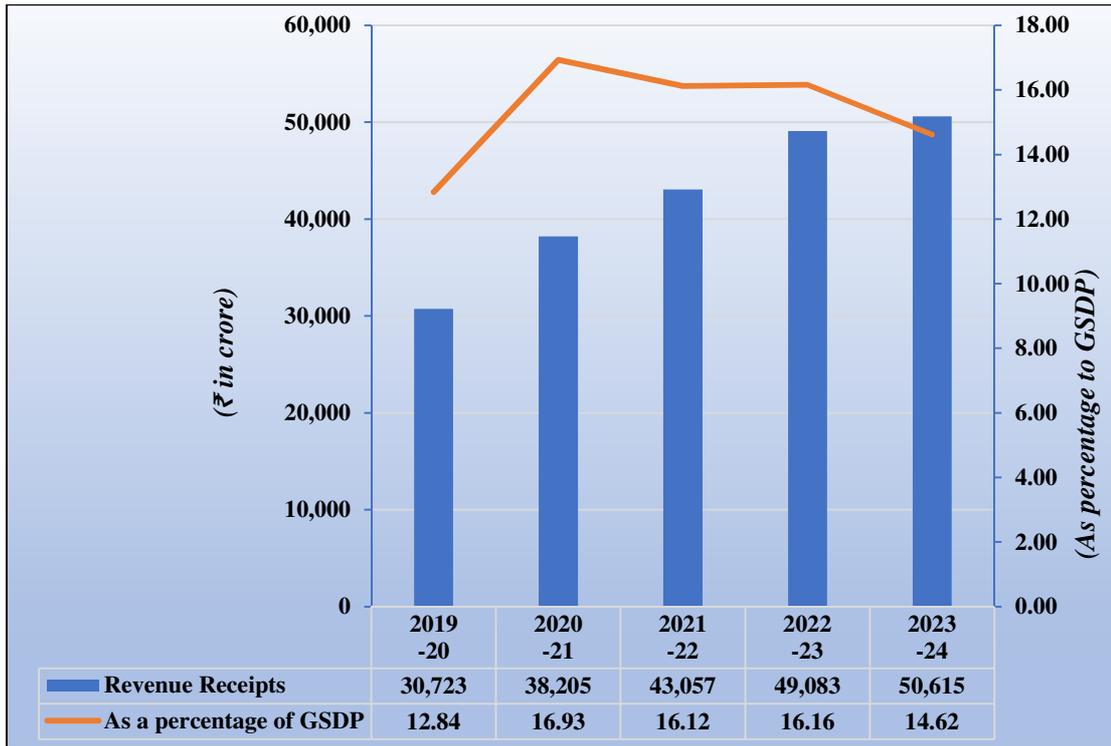
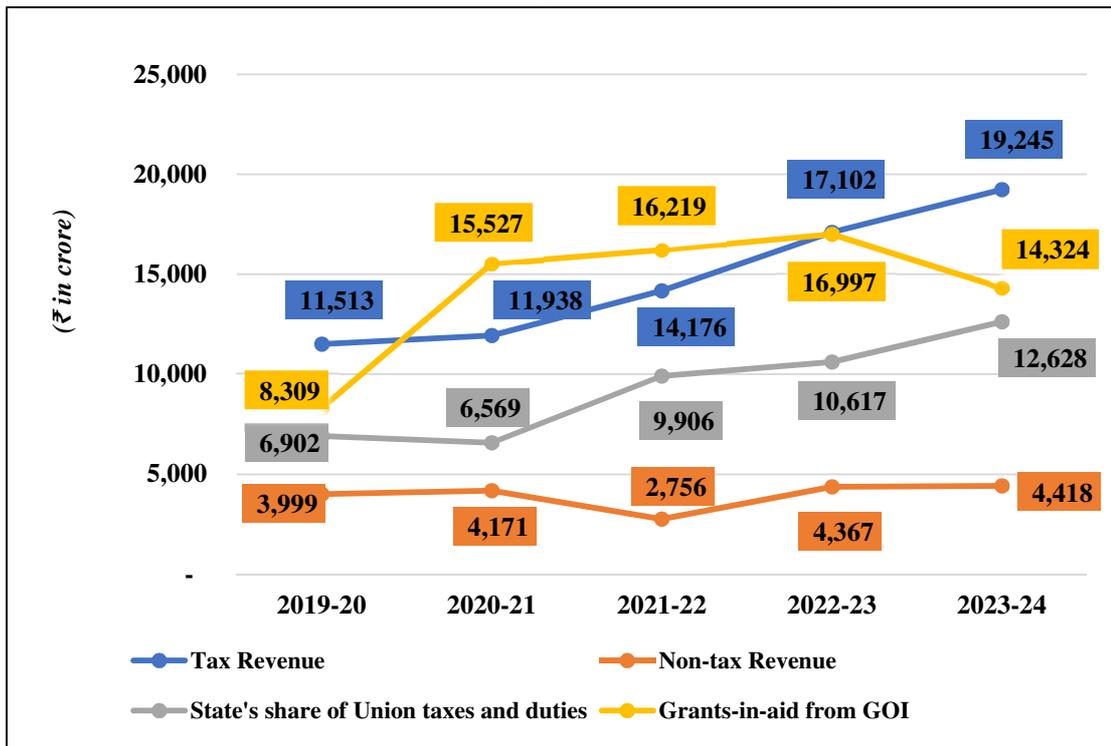


Chart-2.5: Trend of components of Revenue Receipts



- Revenue Receipts increased by 64.75 per cent from ₹ 30,723 crore in 2019-20 to ₹ 50,615 crore in 2023-24 at an annual average growth rate of 10.52 per cent. During 2023-24, Revenue Receipts increased by ₹ 1,532 crore (3.12 per cent) over the previous year, on account of increase in State's share of Union taxes and duties (₹ 2,011 crore), Own Tax Revenue (₹ 2,143 crore) and State's Non-Tax Revenue

(₹ 51 crore) and decrease in Grants-in-Aid (₹ 2,673 crore). Revenue Receipt as percentage of Budget Estimates increased from 78.87 per cent in 2019-20 to 88.71 per cent in 2023-24. However, it decreased partially by 6.64 per cent during 2023-24 as compared to previous year 2022-23.

- Grant-in-aid from GoI on the other hand increased by 72.39 per cent during the period 2019-20 to 2023-24. It, however, decreased by ₹ 2,673 Crore (15.73 per cent) as compared to 2022-23.
- About 46.75 per cent of the Revenue Receipts during 2023-24 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 53.25 per cent. Thus, Uttarakhand's fiscal position is largely dependent upon Central tax transfers and GIA.
- During the current year, there was an increase of 3.12 per cent (₹ 1,532 crore) in Revenue Receipts. The Revenue Expenditure on the other hand increased by 8.00 per cent (₹ 3,501 crore). This resulted in a decrease of Revenue surplus during the year. There was wide fluctuation in the revenue buoyancy w.r.t. GSDP of the State, over the period 2019-20 to 2023-24. The revenue buoyancy with reference to GSDP was negative in 2019-20 and 2020-21 which turned positive in 2021-22 and remained positive till 2023-24 whereas the State's own revenue buoyancy ratio with reference to GSDP increased from 0.02 in 2019-20 to 0.73 in 2023-24.
- Diversifying revenue sources and strengthening the local tax base are essential for sustainable fiscal stability and development.

### **2.3.3 State's Own Resources**

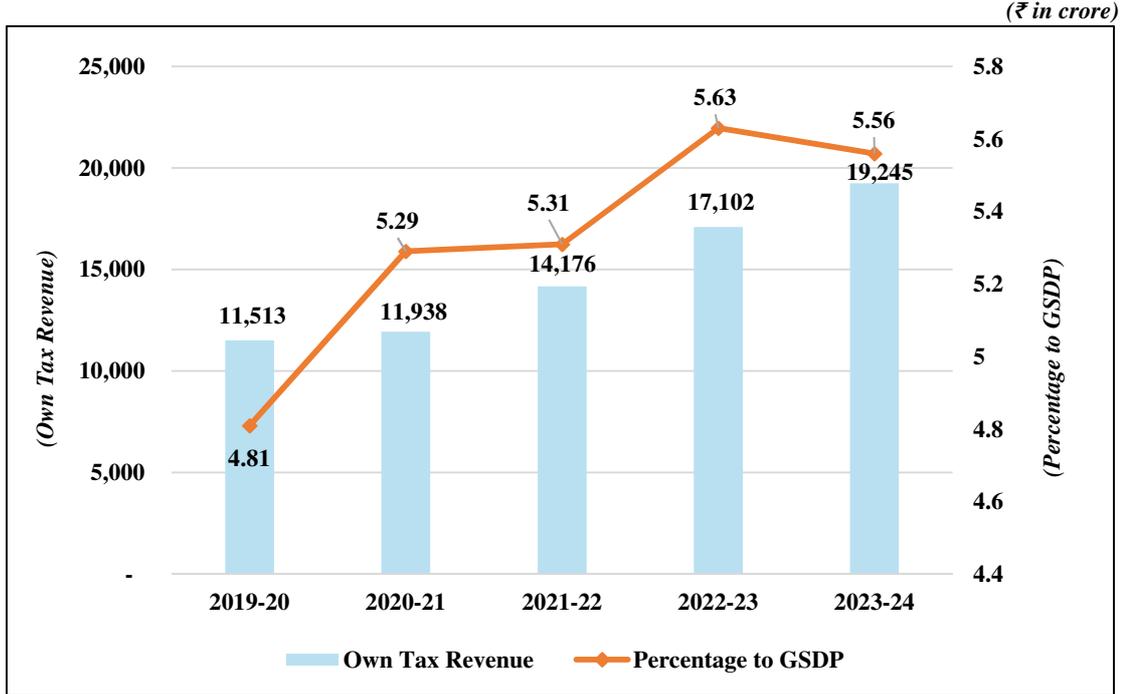
State's share in Central taxes is determined on the basis of recommendations of the Finance Commission; share of Grants-in-Aid is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, etc. State's performance in mobilization of additional resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collections in respect of Tax Revenue and Non-Tax Revenue and their relative share in GSDP during 2019-24 are given in **Appendix-2.1**.

#### **2.3.3.1 Own Tax Revenue**

Own tax revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, etc. Figures of Own Tax Revenue of the State and its percentage to GSDP during the five-year period 2019-24 are given in the **Chart-2.6**.

Chart-2.6: Growth of Own Tax Revenue during 2019-24



The component-wise details of Own Tax Revenue collected during the years 2019-24 are in **Table-2.4**.

Table-2.4: Component-wise Own Tax Revenue during 2019-24

Heads	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
1.Taxes on Sales, Trades, etc.	1,811	1,858	2,302	2,555	2,519	
2.State Goods and Services Tax	4,931	5,053	5,973	7,341	8,297	
3.State Excise	2,727	2,966	3,258	3,526	4,041	
4.Taxes on Vehicle	908	741	889	1,211	1,390	
5.Stamps and Registration Fees	1,072	1,107	1,488	1,987	2,432	
6.Land Revenue	24	17	40	65	14	
7.Other Taxes	40	196	226	417	552	
<b>Total</b>	<b>11,513</b>	<b>11,938</b>	<b>14,176</b>	<b>17,102</b>	<b>19,245</b>	
Percentage of Own Tax Revenue to State's Own Revenue	74.22	74.11	83.72	79.66	81.33	
Percentage of Own Tax Revenue to Total Revenue Receipts	37.47	31.25	32.92	34.84	38.02	

Source: Finance Accounts.

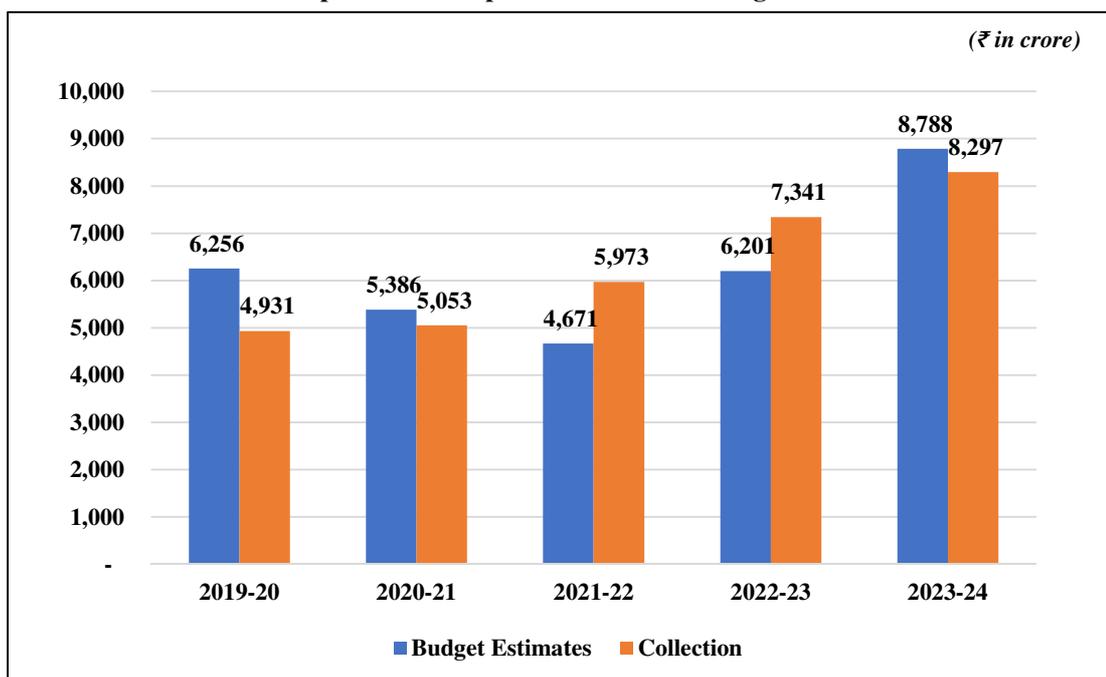
Own Tax Revenue of the State increased by ₹ 7,732 crore from ₹ 11,513 crore in 2019-20 to ₹ 19,245 crore in 2023-24 at an annual average rate of 10.01 per cent. During the current year, major contributors of Tax Revenue were State Goods and Services Tax (43.11 per cent), State Excise (21.00 per cent), Taxes on Sales, Trade, etc. (13.09 per cent) and Stamp and Registration Fee (12.64 per cent). The Own Tax Revenue increased by ₹ 2,143 crore during the current year over the previous year. This increase was mainly on account of increase in State Goods and Services Tax (₹ 956 crore), State Excise (₹ 515 crore), Stamp and Registration Fee (₹ 445 crore) and

Taxes on Vehicles (₹ 179 crore). The percentage of Own Tax Revenue to Total Revenue Receipts also increased from 37.47 to 38.02 *per cent* during last five years (2019-20 to 2023-24).

### 2.3.3.2 State Goods and Services Tax (SGST)

Twelve years after the implementation of Value Added Tax (VAT) in 2005, the Central Government rolled out the Goods and Services Tax (GST) on July 01, 2017. The Uttarakhand Goods and Services Tax (GST) Act, 2017 was passed by the State Legislature in May 2017 and came into effect from 01 July 2017.

Chart-2.7: Comparative receipts under SGST during 2019-20 to 2023-24



As is evident from the above chart collection of SGST increased by ₹ 3,366 crore (68.26 *per cent*) from ₹ 4,931 crore in 2019-20 to ₹ 8,297 crore<sup>3</sup> in 2023-24 at an average annual Growth Rate of 11.86 *per cent*. It increased by ₹ 956 crore (13.02 *per cent*) during the current year over previous year 2022-23.

### 2.3.3.3 Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realization 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 affect ultimately the revenue deficit.

#### Arrears of Revenue

The arrears of revenue as on 31 March 2024 under different Heads of Revenue amounted to ₹ 9,515.46 crore, of which ₹ 3,713.26 crore (39.02 *per cent*) was outstanding for more than five years as detailed in **Table-2.5** below.

<sup>3</sup> During the year 2023-24, there was no difference between the RBI's figures and figures booked in the Finance Accounts for State GST.

Table-2.5: Arrears of Revenue

Head of Revenue <sup>4</sup>	Total amount outstanding as on 31 March of (₹ in crore)					Amount outstanding for more than five years as on 31 March of (₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
Commercial Taxes/VAT	10,205.69	11,821.59	11,457.98	8,061.87	7,669.96	3,227.82	3,968.17	4,495.01	3,592.19	3,577.00
Commercial Taxes/GST	NA	NA	NA	NA	1,570.71	NA	NA	NA	NA	0.00
State Excise	67.51	NA	160.47	NA	NA	67.29	NA	114.16	NA	NA
Police (Other Services)	NA	NA	NA	NA	1.73	NA	NA	NA	NA	0.12
Water Charges	NA	NA	NA	NA	273.07	NA	NA	NA	NA	136.14
<b>Total</b>	<b>10,273.20</b>	<b>11,821.59</b>	<b>11,618.45</b>	<b>8,061.87</b>	<b>9,515.47</b>	<b>3,295.11</b>	<b>3,968.17</b>	<b>4,609.17</b>	<b>3,592.19</b>	<b>3,713.26</b>

Source: Commercial Tax, State Excise, Police and Jal Sansthan Departments, Govt of Uttarakhand.

Total arrears of revenue have decreased from ₹ 10,273.20 crore in 2019-20 to ₹ 9,515.47 crore in 2023-24 while showing a fluctuating trend during 2019-24. However, in the current year, it has increased by ₹ 1,453.60 crore (18.03 per cent) over previous year. Amount of revenue outstanding for more than five years has also shown a fluctuating trend and increased by ₹ 418.15 crore compared to 2019-20 and increased by ₹ 121.07 crore (3.37 per cent) in current year 2023-24 from previous year. Thus, the State Government has to augment its efforts for recovery of revenue.

In this regard, the Government stated during exit conference that matter is already under consideration and necessary steps are being taken up for early recovery of revenue. The State Government further intimated that a web application is being developed for monitoring the arrears of revenue.

#### Arrears in assessment

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and the number of cases pending for finalisation at the end of the year as furnished by the State Tax Department are given in Table-2.6 below:

Table-2.6: Arrears in Assessment

Head of revenue	Year	Opening balance (Nos. of Cases)	New cases due for assessment during the year	Total assessment due	Cases disposed off during the year	Balance at the end of the year	Percentage of disposal
VAT	2019-20	60,504	1,28,105	1,88,609	73,885	1,14,724	39
	2020-21	1,14,724	33,426	1,48,150	79,304	68,846	54
	2021-22	68,846	11,825	80,671	79,781	890	99
	2022-23	890	9,106	9,996	8,677	1,319	87
	2023-24	1,319	2,289	3,608	2,449	1,159	68
GST	2019-20	NA					
	2020-21	NA					
	2021-22	0	4,175	4,175	3,564	611	85
	2022-23	611	12,457	13,068	5,524	7,544	42
	2023-24	7,544	21,751	29,295	22,950	6,345	78

Source: Commercial Tax Department, Govt of Uttarakhand.

<sup>4</sup> Based on information furnished by Commercial Tax, State Excise, Police and Jal Sansthan Department.

As is evident from the table above, cases balanced for disposal under VAT and GST have reduced considerably during 2019-24. The percentage of disposal under VAT decreased from 87 per cent to 68 per cent during the previous year whereas under GST, it increased from 42 per cent to 78 per cent during the previous year.

***Evasion of tax detected by Department, refund cases, etc.***

The cases of evasion of tax detected by the Taxation Department, cases finalized 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 the performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money, etc. The details of evasion of tax detected by the State Tax Department are given in **Table-2.7** below:

**Table-2.7: Evasion of Tax Detected**

Head of revenue	Cases pending as on 31 March 2023	Cases detected during 2023-24	Total	No. of cases in which assessment/ investigation completed and additional demand with penalty etc.		No. of cases pending for finalization as on 31 March 2024
				No. of cases	Amount of demand (₹ in crore)	
VAT	0	18	18	9	4.64	9
GST	141	33	174	153	160.06	21
Water Charges	01	01	02	-	-	02

Source: Commercial Tax and Jal Sansthan Departments, Govt of Uttarakhand.

***Refund Cases***

The details of refund cases in some principal heads of Revenue are given in **Table-2.8**.

**Table-2.8: Details of Refund cases as on 31 March 2024**

(₹ in crore)

Sl. No	Particular	GST		Commercial Tax/Vat	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	81	13.39	530	7.41
2.	Claims received during the year	1,382	1,278.92	643	29.46
3.	Refunds made during the year	1,267	1,183.13	676	28.49
4.	Refunds rejected during the year	97	44.26	40	3.43
5.	Balance outstanding at the end of year	99	64.92	457	4.95

Source: Commercial Tax Department, Govt of Uttarakhand.

As is evident from the table above, under GST 1,382 claims were received and 1,364 claims (including 97 claims rejected during the year) were settled during the year after paying ₹ 1,183.13 crore as refund, while under Commercial Tax/VAT 643 claims were received and 716 refund cases (including 40 claims rejected during the year) were settled after paying ₹ 28.49 crore as refund.

**2.3.3.4 Non-Tax Revenue**

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. The component-wise details of Non-Tax Revenue collected during the years 2019-20 to 2023-24 are given in **Table-2.9**.

Table-2.9: Component-wise Non-Tax Revenue during 2019-20 to 2023-24

(*₹ in crore*)

Heads	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
Non-Ferrous Mining and Metallurgical Industries	396.75	506.41	575.01	472.13	645.84	
Forestry and Wild Life	410.16	512.27	511.55	474.93	551.53	
Interest receipts	47.81	98.52	403.55	759.04	125.77	
Education Sports Art and Culture	198.83	259.59	268.57	227.19	246.90	
Urban Development	35.57	15.08	190.98	30.99	7.27	
Medical and Public Health	183.84	168.75	177.85	188.50	207.16	
Power	0.30	70.35	111.23	72.46	205.64	
Contribution and Recoveries towards Pension and Other Retirement Benefits	2,492.90	2,109.78	61.57	1,711.37	1,662.02	
Dividend and Profit	14.08	41.02	35.05	25.07	25.20	
Others	218.57	388.80	420.60	404.87	740.75	
<b>Total</b>	<b>3,998.81</b>	<b>4,170.57</b>	<b>2,755.96</b>	<b>4,366.55</b>	<b>4,418.08</b>	
<b>Percentage of Non-Tax Revenue to State's Own Revenue</b>	<b>25.78</b>	<b>25.89</b>	<b>16.28</b>	<b>20.34</b>	<b>18.67</b>	
<b>Percentage of Non-Tax Revenue to Total Revenue Receipts</b>	<b>13.02</b>	<b>10.92</b>	<b>6.40</b>	<b>8.90</b>	<b>8.73</b>	

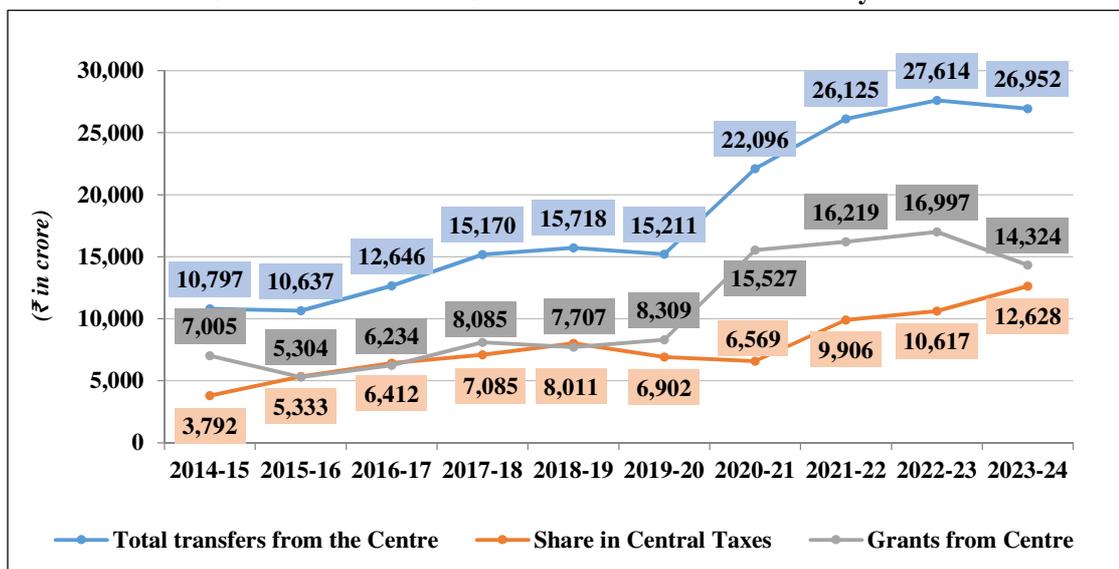
Source: Finance Accounts of respective years.

Non-Tax Revenue, ranged between 06 and 13 *per cent* of Total Revenue Receipts of the State during the five-year period from 2019-20 to 2023-24.

### 2.3.4 Central Transfers

The Central transfers mainly constitute (i) share in the net proceeds of Union Taxes and Duties and (ii) the Grants-in-aid. Consequent upon the recommendations of the Fourteenth Finance Commission, the grants for centrally sponsored schemes and centrally sponsored plan schemes are now being routed through State Budget. The transfers from Centre are dependent on Finance Commission recommendations. The trends in Central transfers for the last 10 years are shown in **Chart-2.8** given below.

Chart-2.8: Trends in Central Transfers for the last 10 years



### 2.3.4.1 Central Tax Transfer

The Fourteenth Finance Commission had recommended that the States' share of central taxes be increased to 42 per cent from 2015-16 onwards. Further, the share of Uttarakhand in the net proceeds of Central Taxes (excluding Service Tax) had been fixed at 1.052 per cent. However, the share was increased to 1.104 per cent for the year 2020-21 and to 1.118 per cent for the year 2021-22, 2022-23 and 2023-24 by the Fifteenth Finance Commission (FFC). The actual devolution vis-à-vis Finance Commission projections is given in **Table-2.10**.

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

(₹ in crore)

Year	Finance Commission projections	Projections in Finance Commission Report	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2013-14	1.120 per cent of net proceeds of all shareable taxes excluding service tax and 1.138 per cent of net proceeds of shareable service tax (As per recommendations of Thirteenth FC)	3,727.00	3,573.38	(-) 153.62
2014-15		4,396.00	3,792.30	(-) 603.70
2015-16	1.052 per cent of net proceeds of all shareable taxes excluding service tax and 1.068 per cent of net proceeds of shareable service tax (As per recommendations of Fourteenth FC)	6,112.00	5,333.19	(-) 778.81
2016-17		7,053.00	6,411.55	(-) 641.45
2017-18		8,150.00	7,084.91	(-) 1,065.09
2018-19		9,429.00	8,011.59	(-) 1,417.41
2019-20		10,921.00	6,901.54	(-) 4,019.46
2020-21	1.104 per cent of net proceeds of all shareable taxes (As per recommendations of Fifteenth FC)	9,441.00	6,568.72	(-) 2,872.28
2021-22	1.118 per cent of net proceeds of all shareable taxes (As per recommendations of Fifteenth FC's 2021-26 report)	7,363.05	9,906.25	2,543.20
2022-23		8,190.78	10,617.01	2,426.23
2023-24		9,216.62 <sup>5</sup>	12,627.75	3,411.13

Source: XV FC and Finance Accounts.

The details of Central tax transfers to the State during 2019-20 to 2023-24 are given in **Table-2.11**.

**Table-2.11: Central Tax Transfers**

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Corporation Tax	2,353.14	1,981.20	2,985.75	3,559.58	3,790.28
Customs	437.46	349.64	676.32	417.39	442.54
Income Tax	1,843.85	2,031.05	2,938.64	3,474.95	4,377.28
Other Taxes and Duties on commodities and services	4.37	4.69	9.47	17.47	15.48
Service Tax	0.00	28.21	127.78	16.62	2.34
Wealth Tax	0.10	0.00	0.62	0.00	0.00
Union Excise Duties	304.15	220.89	337.81	130.97	167.46
Other Taxes on Income and Expenditure	0.00	0.00	0.02	0.00	0.00
CGST	1,958.47	1,953.04	2,829.84	3,000.03	3,832.37
<b>Total Central Tax Transfer</b>	<b>6,901.54</b>	<b>6,568.72</b>	<b>9,906.25</b>	<b>10,617.01</b>	<b>12,627.75</b>

<sup>5</sup> Tax devolution to States ₹ 8,24,385\*1.118% = ₹ 9,216.62 crore.

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Percentage of (+) increase/ (-) decrease over previous year	(-) 13.86	(-) 4.82	50.81	7.17	18.94
Percentage of Central tax transfers to Revenue Receipts	22.46	17.19	23.01	21.63	24.95

Source: Finance Accounts of respective years.

Over the five-year period (2019-20 to 2023-24), Central tax transfers increased by 82.97 per cent from ₹ 6,902 crore in 2019-20 to ₹ 12,628 crore in 2023-24. During the current year, it increased by ₹ 2,011 crore (18.94 per cent) from previous year, mainly due to increased receipts in Corporation Tax (₹ 231 crore), Income Tax (₹ 902 crore) and CGST (₹ 832 crore). During the year, Central Tax transfer constituted 24.95 per cent of the Revenue Receipts. Further, as detailed in **Table-2.10**, the State did not receive its share of Union Taxes and Duties as per projections in the Finance Commissions Reports (XIII, XIV & XV) from the period 2013-14 to 2020-21. However, during the year 2021-22, 2022-23 and 2023-24, the share in central taxes exceeded by ₹ 2,543 crore, ₹ 2,426 crore and ₹ 3,411 crore respectively from the XV FC projection.

#### 2.3.4.2 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2019-20 to 2023-24 are detailed in **Table-2.12**.

**Table-2.12: Grants-in-Aid from GoI**

Head	2019-20	2020-21	2021-22	2022-23	2023-24
1.Grants for Centrally Sponsored Schemes	4,477	6,166	5,219	5,969	5,676
2. Finance Commission Grants	975	6,865	9,424	8,501	8,050
3. Other transfers/Grants to States	2,857	2,496	1,576	2,527	598
<b>Total (1+2+3)</b>	<b>8,309</b>	<b>15,527</b>	<b>16,219</b>	<b>16,997</b>	<b>14,324</b>
Percentage of increase/decrease over the previous year	8	87	4	5	-16
Percentage of GIA to Revenue Receipts	27	41	38	35	28

Source: Finance Accounts of respective years.

Grants-in-Aid from GoI increased by ₹ 6,015 crore (72.39 per cent) from 2019-20 to 2023-24. However, it decreased by ₹ 2,673 crore (15.73 per cent) during the year compared to the previous year. GIA constituted 28 per cent of Revenue Receipts during the year 2023-24. Finance Commission Grants (₹ 8,050 crore) provided during 2023-24 includes Revenue Deficit Grant (₹ 6,223 crore), grant for Local Bodies (₹ 696 crore), State Disaster Response Fund (SDRF) (₹ 826 crore) and State Disaster Mitigation Fund (₹ 305 crore). This constituted 56.20 per cent of total grants during the year. Grants for Centrally Sponsored Schemes (₹ 5,676 crore) to the State constituted 39.63 per cent of the total grants during the year. Other grants received by the State during the year was mainly in respect of compensation for loss of revenue arising out of implementation of GST (₹ 477 crore).

### 2.3.4.3 Single Nodal Agency

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23 March 2021 had notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilization of the funds released through SNA. For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorized to conduct Government business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA's account along with corresponding State share.

Examination of the reports of the PFMS Portal for the year 2023-24, audit noted the following:

- (i) Against ₹ 4,509.85 crore received from GoI during 2023-24 as Central Share, the State Government transferred Central share of ₹ 4,907.20 crore, State share of ₹ 1,400.43 crore and ₹ 258.57 crore as unclassified amount and top-up to the bank accounts of SNAs.
- (ii) Under 32 CSS, the State released funds of ₹ 667.17 crore in excess of its proportionate state share whereas under 18 CSS, it released funds of ₹ 12.17 crore lesser than its proportionate state share.
- (iii) There were unspent balances of ₹ 2,773.16 crore available in the bank accounts of the SNAs under 134 State linked schemes during 2023-24.

Detailed vouchers and supporting documents of actual expenditure were not received by Accountant General (A&E) office from SNAs.

During exit conference, the State Government stated that SNA SPARSH was being developed by the State through which e-vouchers of end utilisation shall be made available to the Accountant General through online portal.

### 2.3.4.4 Fifteenth Finance Commission Grants

As mentioned in the previous paragraph, FFC Grants were provided to the States for local bodies and State Disaster Response Fund. Details of grants provided by the GoI to the State in this regard during the year 2023-24 are given in **Table-2.13**.

**Table-2.13: Grants-in-Aid released by GoI as per recommendation of XVFC**

(₹ in crore)		
Transfers	Recommendations of the FFC for 2023-24	Actual Release from GoI during 2023-24
<b>1. Local Bodies</b>	<b>674</b>	<b>696</b>
(A) Grants to PRIs	445	472
(B) Grants to ULBs	229	224
<b>2. Revenue Deficit Grant</b>	<b>6,223</b>	<b>6,223</b>
<b>3. Disaster Response Fund (Central Share)</b>	<b>1,033</b>	<b>1,131</b>
<b>5. Health Sector Grant</b>	<b>158</b>	<b>0.00</b>
<b>Grand Total</b>	<b>8,088</b>	<b>8,050</b>

Source: XVFC Report and Finance Accounts.

It is clear from the above table that the State received less share than recommendations of FFC grants in ULBs. However, State received its complete share of Finance Commission in Revenue Deficit Grant. State did not receive ₹ 158 crore grant for Health Sector as recommended by the FFC.

#### 2.3.4.5 Refund of Revenue booked as Revenue Expenditure

As per Para 2.2 of List of Major and Minor Head of Accounts, 'Refunds of Revenue' shall be taken as reduction of the Revenue Receipts in order to ascertain the actual Revenue figures under 'A. Tax Revenue'. During the year, refunds amounting to ₹ 15.98 crore were booked under respective revenue expenditure Major Heads (2040, 2853 and 3055) instead of Revenue Receipt heads.

This improper booking of revenue refunds resulted in overstatement of revenue receipts as well as revenue expenditure to that extent.

During exit conference, the Government agreed with the findings and said that corrective measures will be taken in due course.

## 2.4 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. **Table-2.14** shows the trends in growth and composition of net Capital Receipts.

**Table-2.14: Trends in growth and composition of net Capital Receipts**

Sources of State's Capital Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
<b>1. Capital Receipts (Total)</b>	<b>6,167</b>	<b>9,810</b>	<b>7,490</b>	<b>5,065</b>	<b>9,928</b>
<i>1.1 Miscellaneous Capital Receipts</i>	<b>00</b>	<b>0.20</b>	<b>00</b>	<b>12</b>	<b>00</b>
<i>1.2 Recovery of Loans and Advance</i>	<b>19</b>	<b>23</b>	<b>17</b>	<b>17</b>	<b>16</b>
<i>1.3 Public Debt Receipts</i>	<b>6,148</b>	<b>9,787</b>	<b>7,473</b>	<b>5,036</b>	<b>9,912</b>
Internal Debt	6,078	6,728	3,787	3,817	7,862
Growth Rate	(-) 15.23	10.69	(-) 43.71	0.79	105.97
Loans and Advance from GoI	70	3,059	3,686	1,219	2050
Growth Rate	(-) 33.33	4,270.00	20.50	(-) 66.93	68.17
Rate of growth of debt Capital Receipts	(-) 15.49	59.19	(-) 23.64	(-)32.61	96.82
Rate of growth of non-debt capital receipts	(-) 29.63	22.11	(-) 26.72	70.59	(-) 44.83
Rate of growth of GSDP	3.88	(-)5.70	18.41	13.71	13.97
Rate of growth of Capital Receipts (per cent)	(-) 15.54	59.08	(-) 23.65	(-)32.38	96.01
Percentage of CR to Total Receipts	16.72	20.43	14.82	9.35	16.40

Source: Finance Accounts of respective years.

Capital Receipts increased by ₹ 3,761 crore (60.99 per cent) from ₹ 6,167 crore in 2019-20 to ₹ 9,928 crore in 2023-24. It increased by ₹ 4,863 crore (96.01 per cent) during the current year as compared to previous year mainly due to increase in Public Debt Receipts (₹ 4,876 crore).

Public debt receipts create future repayment obligation, and these are taken from Market, Financial Institutions and Central Government. During the five-year period 2019-24, Public debt receipt of ₹ 38,356 crore taken during the period were utilised for repayment of Public Debt ₹ 16,314 crore (42.53 per cent) and the remaining 57.47 per cent was utilised for other purposes.

## 2.5 State's Performance in Mobilization of Resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The Fifteenth Finance Commission (FFC) projections, the BEs and the Medium-Term Fiscal Policy Statement (MTFPS) projections *vis-à-vis* actual in respect of State's own resources during 2023-24 are given in **Table-2.15**.

**Table-2.15: States Own resources: Projection *vis-à-vis* actual**

(₹ in crore)

States Own resources	FFC projections	Budget Estimates	MTFPS projections	Actual	Percentage variation of actual over		
					FFC projections	Budget Estimates	MTFPS projection
Own Tax Revenue	15,346	19,983	19,620	19,245	25.41	-3.69	-1.91
Non-Tax Revenue	4,362	4,762	4,175	4,418	1.28	-7.22	5.82

Source: FFC Report, Budget Document and Finance Accounts.

As shown in **Table 2.15**, the State's own tax revenue during 2023-24 was higher against the FFC projections by ₹ 3,899 crore whereas it was lower against the BEs and MTFPS by ₹ 738 crore and ₹ 375 crore respectively. Thus, the State was not able to achieve its own targets of Own Tax Revenue, projected in the Budget and MTFPS.

The Non-tax revenue (NTR) during 2023-24 was higher by ₹ 56 crore and ₹ 243 crore as compared to the FFC and MTFPS projections respectively. However, it was less by ₹ 344 crore as against BEs.

## 2.6 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.

**Revenue Expenditure:** Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organization, including establishment and administrative expenses shall be 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 not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital expenditure.

**Loans and Advances:** Loans and advances by the Government to Public Sector Undertakings (PSU) and other parties.

The Total Expenditure, its composition and relative share in GSDP during the years 2019-20 to 2023-24 is presented in **Table-2.16**.

**Table-2.16: Total Expenditure and its composition**

Parameters	( $\text{₹}$ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	38,399	43,667	46,810	52,061	58,380
Revenue Expenditure (RE)	32,859	37,091	38,929	43,773	47,274
Capital Expenditure (CE)	5,414	6,538	7,534	8,194	10,982
Loans and Advances	126	38	347	94	124
<b>As a percentage of GSDP</b>					
TE/GSDP	16.05	19.35	17.52	17.14	16.86
RE/GSDP	13.73	16.44	14.57	14.41	13.65
CE/GSDP	2.26	2.90	2.82	2.70	3.17
Loans and Advances/GSDP	0.05	0.02	0.13	0.03	0.04

Source: Finance Accounts.

The above table shows that Total Expenditure of the State increased by 52 per cent from ₹ 38,399 crore in 2019-20 to ₹ 58,380 crore in 2023-24. During the current year, it increased by 12.14 per cent over the previous year. As a percentage of GSDP, the Total Expenditure showed a fluctuating trend and remained in the range of 16 per cent to 19 per cent during 2019-20 to 2023-24.

**Chart-2.9** depicts the trend of the share of components in Total Expenditure whereas **Chart-2.10** shows composition of total disbursement from Consolidated Fund for the year 2023-24.

**Chart-2.9: Total Expenditure: Trends in share of its components**

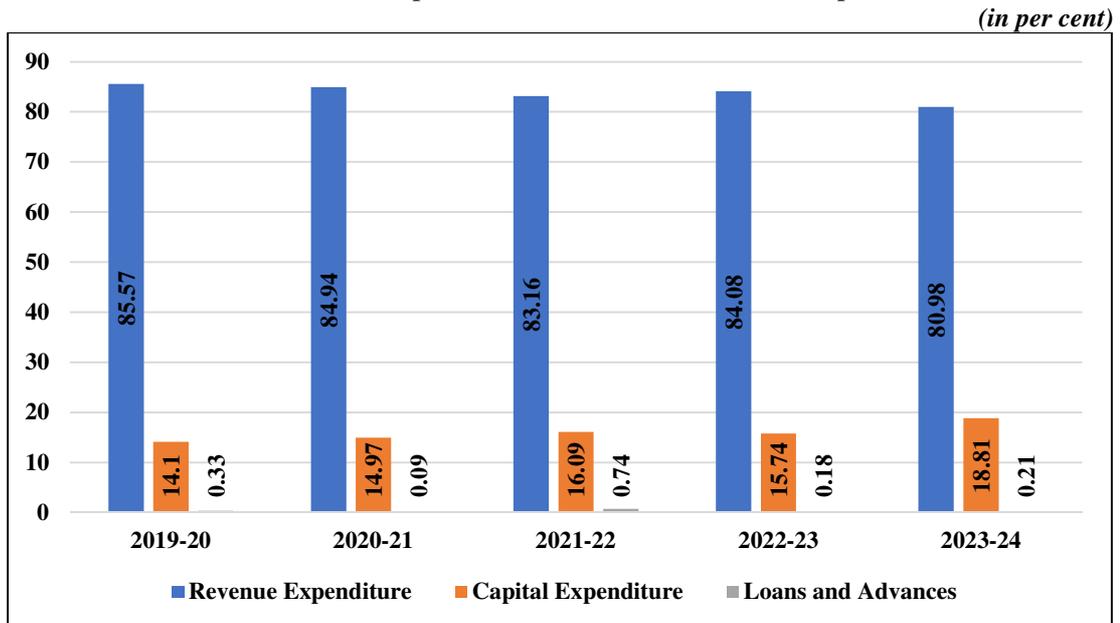
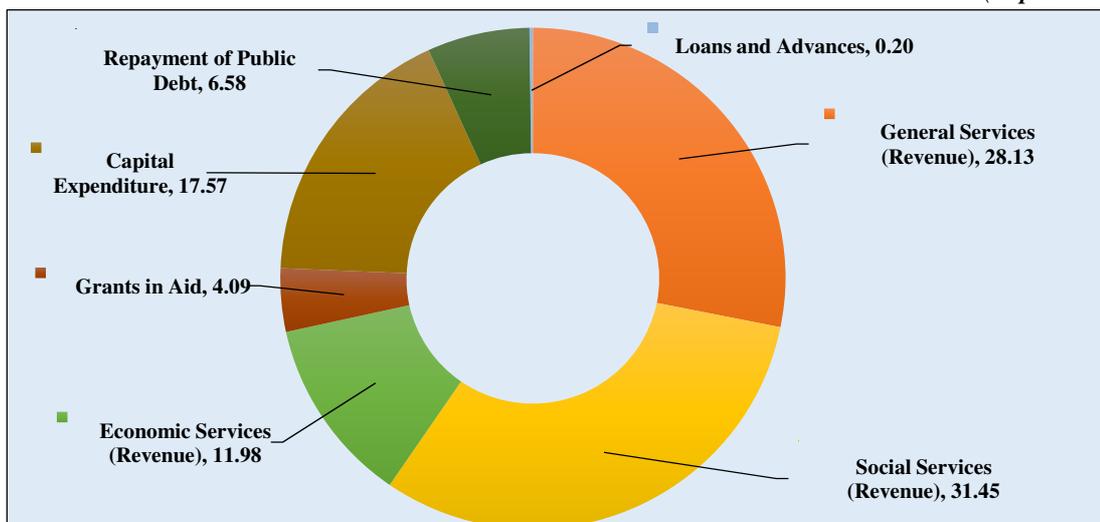


Chart-2.10: Composition of total disbursement from Consolidated Fund during 2023-24

(in per cent)



In terms of activities, the Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components in the Total Expenditure of ₹ 58,380 crore (refer *Appendix-2.1*) during 2023-24 is given in **Table-2.17**.

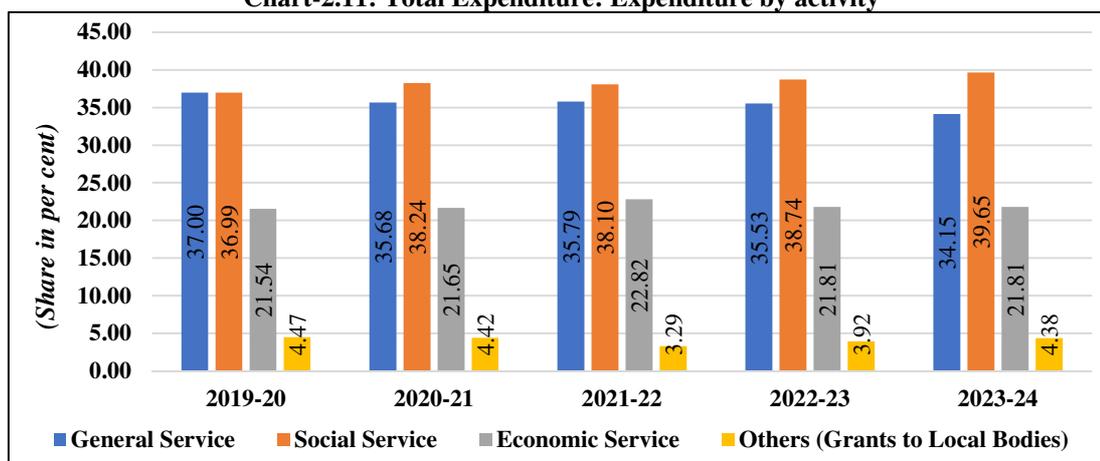
Table-2.17: Relative share of various sectors of expenditure

(in percentage)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	37.00	35.68	35.79	35.53	34.15
Social Services	36.99	38.24	38.10	38.74	39.65
Economic Services	21.54	21.65	22.82	21.81	21.81
Others (Grants to Local Bodies and Loans and Advances to Government Servants)	4.47	4.43	3.29	3.92	4.38

**Chart-2.11** depicts trends of sectoral component in Total Expenditure for the period 2019-20 to 2023-24.

Chart-2.11: Total Expenditure: Expenditure by activity



The relative share of the above components of expenditure indicates that the shares of General Services in the Total Expenditure were partially decreased during 2023-24 over the previous year. However, the respective share of Social Services and others increased during the current year.

### 2.6.1 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.

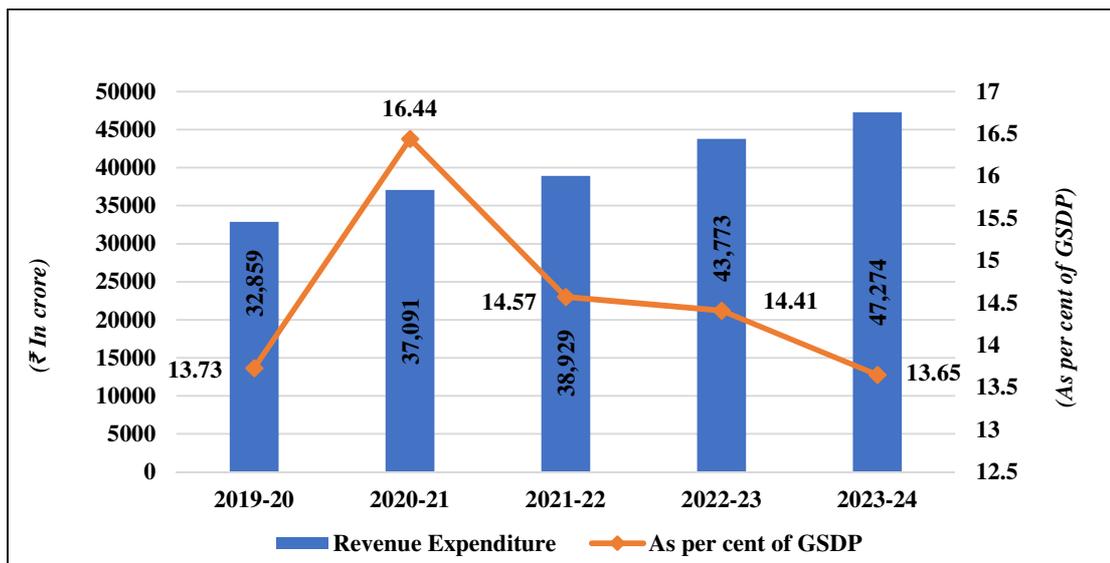
Revenue Expenditure formed on an average 84 per cent (ranging from 81 *per cent* to 86 *per cent*) of the total expenditure during the period 2019-20 to 2023-24. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five-year period 2019-20 to 2023-24. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy vis-à-vis GSDP and Revenue Receipts are indicated in Table-2.18. Trend of Revenue Expenditure and its percentage to GSDP is shown in Chart-2.12 whereas the sectoral distribution of Revenue Expenditure pertaining to 2023-24 is given in **Chart-2.13**.

Table-2.18: Revenue Expenditure – basic parameters

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	38,399	43,667	46,810	52,061	58,380
Revenue Expenditure (RE)	32,859	37,091	38,929	43,773	47,274
Rate of Growth of RE ( <i>per cent</i> )	2.06	12.88	4.96	12.44	8.00
Revenue Expenditure as percentage of TE	85.57	84.94	83.16	84.08	80.98
RE/GSDP ( <i>per cent</i> )	13.73	16.44	14.57	14.41	13.65
RE as percentage of RR	106.95	97.09	90.41	89.18	93.40
Buoyancy <sup>6</sup> of Revenue Expenditure with					
GSDP (ratio)	0.53	(-)-2.26	0.27	0.91	0.57
Revenue Receipts (ratio)	(-)-1.30	0.53	0.39	0.89	2.56

Source: Finance Accounts.

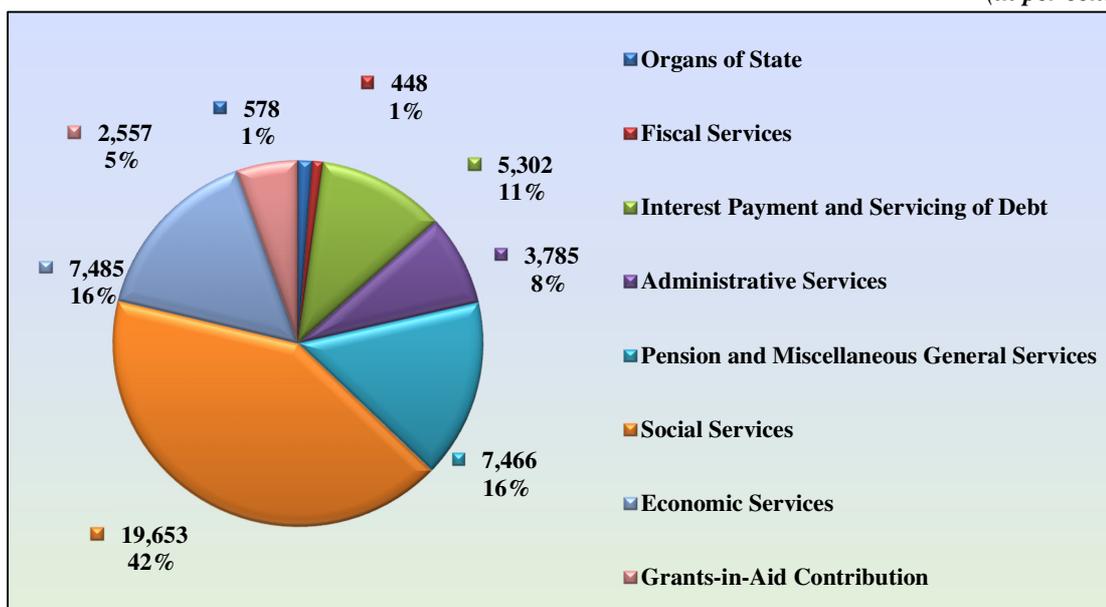
Chart-2.12: Trend of Revenue Expenditure during 2019-20 to 2023-24



<sup>6</sup> Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Chart-2.13: Sector wise distribution of Revenue Expenditure during 2023-24

(in per cent)



During 2023-24, Revenue Expenditure as a percentage of GSDP was lower than the previous year. It witnessed a significant increase of ₹ 3,501 crore (8.00 per cent) over the previous year. Revenue Expenditure was lower by ₹ 4,311 crore from the assessment made in Medium Term Fiscal Plan Statement (MTFPS) (₹ 51,585 crore).

### 2.6.1.1 Major Changes in Revenue Expenditure

Table-2.19 details significant variations (more than ₹ 30 crore and 30 per cent) under various Heads of Account with regard to Revenue Expenditure of the State during the current year in comparison to the previous year. Some of the major heads with positive variations were (i) Public Service Commission, (ii) Treasury and Accounts Administration, (iii) Sports and Youth services, (iv) Water Supply and Sanitation, (v) Urban Development, (vi) Information and Publicity, (vii) Labour, Employment and Skill Development, (viii) Relief on account of Natural Calamities, (ix) Fisheries, (x) Special programmes for Rural Development, (xi) Other Rural Development programmes and (xii) Roads and Bridges whereas Revenue Expenditure under Rural Employment showed negative variation.

Further, it was found during scrutiny that revenue expenditure of ₹ 111.30 crore was made out of Contingency Fund for routine nature of transactions like Salary, Office Expenditure, Honorarium, Wages, Advertisement and Publicity, etc. which was against the provisions of Uttarakhand Contingency Fund Act, 2001. This reflects poor budgeting by the State Government as routine nature of establishment expenditure was not forecasted and budgeted at the initial stage of preparation of Budget.

**Table-2.19: Significant Variation in Revenue Expenditure during 2023-24 as compared to 2022-23***(₹ in crore)*

Major Heads of Account		Expenditure		Variation	
		2022-23	2023-24	In amount	In percentage
2515	Other Rural Development Programmes	1,581.44	2,109.40	527.96	33.38
3054	Roads and Bridges	419.11	886.56	467.45	111.53
2245	Relief on account of Natural Calamities	1,049.96	1,369.55	319.59	30.44
2215	Water Supply and Sanitation	608.75	812.74	203.99	33.51
2217	Urban Development	302.77	417.67	114.90	37.95
2220	Information and Publicity	167.85	260.17	92.32	55.00
2230	Labour, Employment and Skill Development	178.68	264.75	86.07	48.17
2501	Special Programmes for Rural Development	59.51	117.41	57.90	97.29
2051	Public Service Commission	59.97	103.63	43.66	72.80
2204	Sports and Youth Services	100.63	142.63	42.00	41.74
2054	Treasury and Accounts Administration	89.92	130.42	40.50	45.04
2405	Fisheries	21.38	52.92	31.54	147.52
2505	Rural Employment	530.41	215.75	-314.66	-59.32

Source: Finance Accounts of respective years.

### 2.6.2 Committed Expenditure

The Committed Expenditure of the State Government on revenue account consists mainly of expenditure on salaries and wages, interest payments and pensions. It has the first charge on Government resources. An upward trend in Committed Expenditure leaves the Government with lesser flexibility for overall development of various sectors. The FRBM Act of the State prescribes that there should be a Revenue Surplus; it is challenging to achieve it, given that a large proportion of Revenue Expenditure goes into committed items like salaries and wages, interest payments and pensions.

Apart from above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike variable transactions such as capital expenditure, etc. 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 the 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 lesser flexibility for 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-2.14**.

**Table-2.20** presents the trends in the components of committed expenditure during 2019-20 to 2023-24. Share of Committed and Non-Committed Expenditure in total Revenue Expenditure is depicted through **Chart-2.14** during 2019-24.

**Table-2.20: Components of Committed Expenditure**

(₹ in crore)

Year	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Components of Committed Expenditure</b>					
Salaries & Wages	11,714	11,755	12,417	13,515	14,341
Interest Payments	4,504	4,773	4,939	5,104	5,192
Expenditure on Pensions	5,507	6,168	6,364	7,181	7,597
<b>Total</b>	<b>21,725</b>	<b>22,696</b>	<b>23,720</b>	<b>25,800</b>	<b>27,130</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	38.13	30.77	28.84	27.53	28.33
Interest Payments	14.66	12.49	11.47	10.40	10.26
Expenditure on Pensions	17.92	16.14	14.78	14.63	15.01
<b>Total</b>	<b>70.71</b>	<b>59.41</b>	<b>55.09</b>	<b>52.56</b>	<b>53.60</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	35.65	31.69	31.90	30.88	30.34
Interest Payments	13.71	12.87	12.69	11.66	10.98
Expenditure on Pensions	16.76	16.63	16.35	16.41	16.07
<b>Total</b>	<b>66.12</b>	<b>61.19</b>	<b>60.93</b>	<b>58.94</b>	<b>57.39</b>
Non-committed RE	11,134	14,395	15,209	17,973	20,144
<b>Percentage of Non-committed Expenditure to RE</b>	<b>33.88</b>	<b>38.81</b>	<b>39.07</b>	<b>41.06</b>	<b>42.61</b>
<b>Percentage of Non-committed Expenditure to TE</b>	<b>29.00</b>	<b>32.97</b>	<b>32.49</b>	<b>34.52</b>	<b>34.50</b>
Subsidies	35	139	145	289	428
Subsidies as percentage of non-committed expenditure	0.31	0.97	0.95	1.61	2.12
<b>Components of Inflexible Expenditure</b>					
Statutory devolution to local bodies	1,717	1,932	1,390	1,492	1,795
Contribution to Reserve Funds	150	150	210	110	110
Recoupment of Contingency Fund	94	02	436	269	179
Transfer of Cess to Reserve Fund/Other body	00	70	72	72	80
Share contribution of CSS against the Central Fund received	NA	548	1,047	728	1,581
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**	43	156	156	(-) 122	05
<b>Total</b>	<b>2,004</b>	<b>2,858</b>	<b>3,311</b>	<b>2,549</b>	<b>3,750</b>
<b>Inflexible Expenditure as a percentage of RR</b>	<b>6.52</b>	<b>7.48</b>	<b>7.69</b>	<b>5.19</b>	<b>7.41</b>
<b>Inflexible Expenditure as a percentage of RE</b>	<b>6.10</b>	<b>7.71</b>	<b>8.51</b>	<b>5.82</b>	<b>7.93</b>

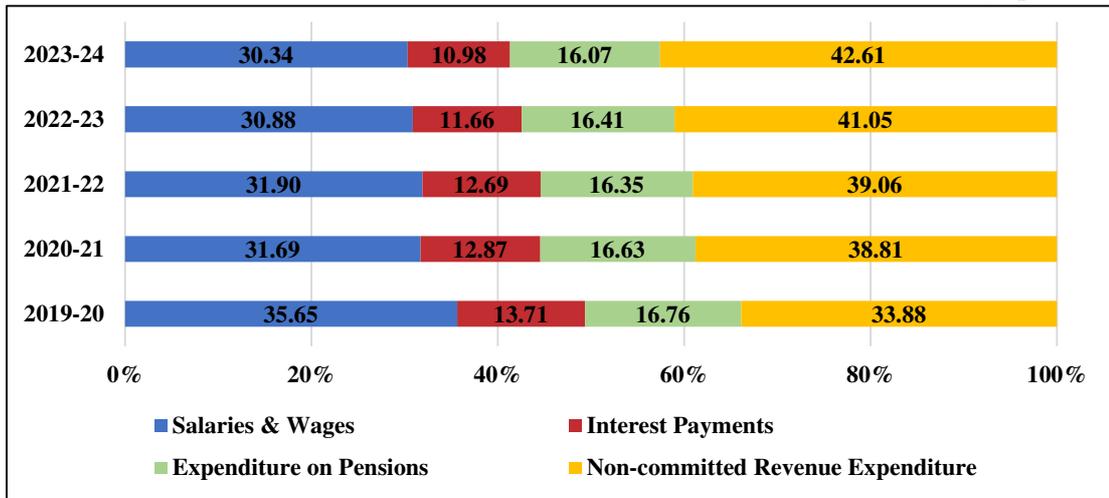
Source: Finance Accounts of respective years.

\*\*Only Interest-Bearing Funds Liability is provided. Public Debt interest liability if any due is not available.

**Table-2.20** shows that percentage of non-committed expenditure to revenue expenditure increased from 33.88 per cent in 2019-20 to 42.61 per cent in 2023-24 to which subsidies constituted proportion ranging from 0.31 per cent to 2.12 per cent.

Chart-2.14: Share of Committed and Non-Committed Expenditure in Revenue Expenditure

(in per cent)



Source: Finance Accounts.

The Committed Expenditure as percentage of Revenue Expenditure decreased to 57.39 per cent in 2023-24 from 66.12 per cent in 2019-20. Accordingly, more funds were available for developmental and maintenance work. Similarly, Committed Expenditure as percentage of Revenue Receipts decreased from 70.71 per cent in 2019-20 to 53.60 per cent in 2023-24. Further, Non-Committed Expenditure as percentage of Revenue Expenditure increased from 33.88 per cent in 2019-20 to 42.61 per cent in current year.

### 2.6.2.1 Other Committed Expenditure

Other Committed Expenditure of the State Government, on revenue account, consists of expenditure under Social Security and Welfare schemes such as old age pension scheme, Pension under social security scheme in addition to welfare of handicapped, child, women and aged infirm and destitute etc. Further, expenditure against payment of utility bills which includes expenses on electricity, water charges and telephone charges are also other committed expenditure. The following **Table-2.21** indicates other committed expenditure during last five years up to 2023-24.

Table-2.21: Components of Other Committed Expenditure

(₹ in crore)

Components of Other Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Social Security and Welfare	1,607.08	1,671.37	1,814.44	2,615.42	2,810.84
Utility Bill Payment	271.84	290.58	344.87	460.81	482.46
<b>Total</b>	<b>1,878.92</b>	<b>1,961.95</b>	<b>2,159.31</b>	<b>3,076.23</b>	<b>3,293.30</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Social Security and Welfare	5.23	4.37	4.21	5.33	5.55
Utility Bill Payment	0.88	0.76	0.80	0.94	0.95
<b>Total</b>	<b>6.11</b>	<b>5.13</b>	<b>5.01</b>	<b>6.27</b>	<b>6.50</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Social Security and Welfare	4.89	4.51	4.66	5.97	5.95
Utility Bill Payment	0.83	0.78	0.89	1.05	1.02
<b>Total</b>	<b>5.72</b>	<b>5.29</b>	<b>5.55</b>	<b>7.03</b>	<b>6.97</b>

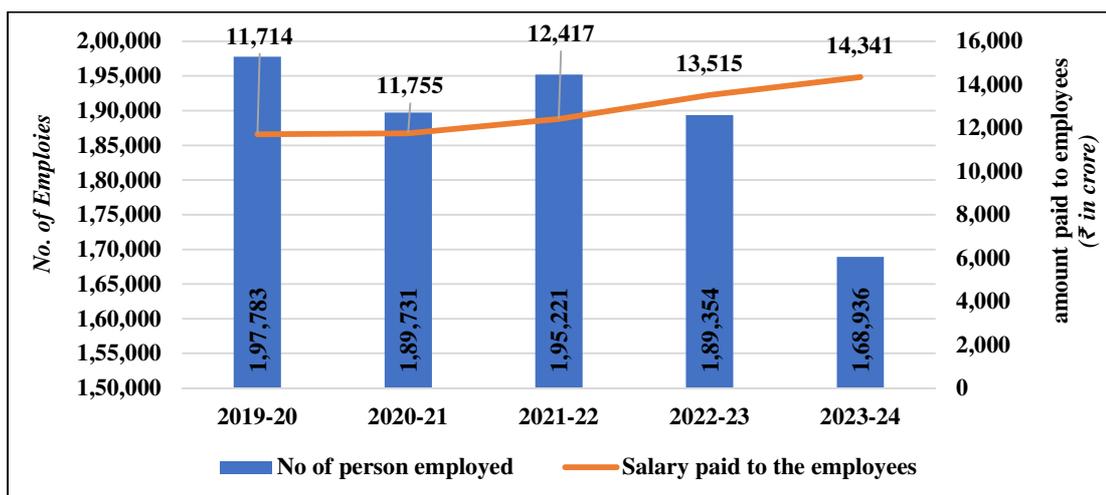
As is evident from above table that Other Committed Expenditure as percentage of Revenue Expenditure remained in the range of five *per cent* to seven *per cent* during 2019-20 to 2023-24.

### 2.6.2.2 Salaries and Wages

Share of salaries in the Revenue Expenditure was low during the current year relative to the previous year. Expenditure on salaries and wages accounted for 30.34 *per cent* of Revenue Expenditure during 2023-24 with a slight reduction (0.54 *per cent*) over previous year. Over the five-year period 2019-20 to 2023-24, it increased by ₹ 2,627 crore (22.43 *per cent*) from ₹ 11,714 crore in 2019-20 to ₹ 14,341 crore in 2023-24. Expenditure on salaries (₹ 14,341 crore) during 2023-24 was less by ₹ 3,489 crore compared to the projection of ₹ 17,830 crore made in MTFPS. In addition to salary expenditure, the State Government incurred ₹ 192.48 crore on professional and specialized services and ₹ 1,352.41 crore was given as grants-in-aid for Pay and Allowances and Other Expenses.

Comparison of number of employees and amount of salary paid during the period 2019-20 to 2023-24 is given in the **Chart-2.15**:

**Chart-2.15: Comparison of number of employees and amount of salary paid**



Source: Volume VI of Uttarakhand Budget and Finance Accounts.

The number of employees in the State has shown a decreasing trend during the period 2021-24. The number of employees decreased by 28,847 (14.59 *per cent*) from 1,97,783 in 2019-20 to 1,68,936 in 2023-24 whereas salary expenditure increased by ₹ 2,627 crore (22.43 *per cent*) from 11,714 crore to 14,341 crore for the respective years.

### 2.6.2.3 Interest Payments

Interest Payments increased by ₹ 88 crore (1.72 *per cent*) from ₹ 5,104 crore in 2022-23 to ₹ 5,192 crore in 2023-24 mainly due to increase in interest payment on Internal Debt by ₹ 26 crore, interest on Reserve Funds by ₹ 97 crore which was counterbalanced by decrease in Interest on Other Obligations by ₹ 40 crore. During the current year, the Interest Payments were made on internal debt (₹ 4,154 crore), Small Savings, Provident Fund, etc., (₹ 662 crore), Loans and Advances from Central Government (₹ 76 crore), Reserve Funds (₹ 97 crore) and interest on Other Obligations (₹ 204 crore). The State

government had to pay an amount of ₹ 39.07 crore as interest on GPF pertaining to Class IV employees during the current year.

Interest on Class-IV GPF accounts is being calculated notionally by the Accountant General (A&E), Uttarakhand in the absence of rendition of actual interest credited in each subscriber's account by all DDOs.

Interest Payments with reference to the projections of the State Government in its Budget and MTFPS are given in **Table-2.22**.

**Table-2.22: Interest Payments vis-à-vis State's Projections**

(₹ in crore)

Year	Actuals	Assessment made by the State Government in			
		Budget		MTFPS	
		Projection	Variation (per cent)	Projection	Variation (per cent)
2023-24	5,192	6,161	969 (15.73)	6,059	867 (14.31)

Source: Budget Document and Finance Accounts.

Above table indicates that the interest payments by State Government were well below its own projections made in Budget and MTFPS.

#### 2.6.2.4 Pensions

Expenditure on pension payments was ₹ 7,597 crore in 2023-24, which constituted 15.01 per cent of the revenue receipts. During the current year, it increased by (₹ 416 crore) 5.79 per cent over the previous year and was below the projection made by the State Government in its Budget (₹ 7,602 crore) by ₹ 5 crore, however, it was above the projected amount in MTFPS (₹ 7,421 crore) by ₹ 176 crore. During the year, Pensions to Employees of State Aided Educational Institutions (₹ 1,310.37 crore) increased by ₹ 136.44 crore, Superannuation and Retirement Allowances (₹ 2,353.45 crore) increased by ₹ 169.39 crore, Family Pension (₹ 1,422.42 crore) increased by ₹ 88.83 crore and Government Contribution for Defined Contribution Pension Scheme (₹ 899.45 crore) increased by ₹ 77.31 crore, from those in 2022-23. This increase was counterbalanced by decrease in Leave Encashment Benefits (₹ 324.47 crore) by ₹ 5.98 crore, Gratuities (₹ 713.64 crore) by ₹ 25.00 crore and Commuted value of Pensions (₹ 558.30 crore) by ₹ 22.62 crore.

Pension payments vis-à-vis salary increased from 47.01 per cent in 2019-20 to 52.97 per cent in 2023-24. However, It slightly decreased from 53.13 per cent in 2022-23 to 52.97 per cent in 2023-24 as given in **Table-2.23**.

**Table-2.23: Pension payments as percentage of salary**

Components	2019-20	2020-21	2021-22	2022-23	2023-24
Pension payments (₹ in crore)	5,507	6,168	6,364	7,181	7,597
Expenditure on Salary (₹ in crore)	11,714	11,755	12,417	13,515	14,341
Percentage of pension vis-a-vis salary	47.01	52.47	51.25	53.13	52.97

#### Liability under National Pension System

State Government employees recruited on or after 1 October 2005 are covered under the National Pension System (NPS), which is a Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 per cent of his basic pay and

dearness allowance and the Government contributes 14 *per cent* of the basic pay and dearness allowance. The State Government is responsible to deposit both employee's and employer's share with the designated authority *i.e.*, National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS.

During the year, total contribution to Defined Contribution Pension Scheme was ₹ 1,560.03 crore (Employee's contribution ₹ 660.58 crore and Government contribution ₹ 899.45 crore). The Government transferred ₹ 1,580.03 crore (including interest payment ₹ 20 crore) to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government contribution to NPS was less by ₹ 25.36 crore, which resulted in overstatement of Revenue surplus and understatement of Fiscal deficit to that extent.

During the year, ₹ 1,548.95 crore was transferred to NSDL/Trustee Bank. However, an amount of ₹ 98.09 crore was still lying un-transferred at the end of 2023-24 which resulted in overstatement of Cash Balance to that extent. Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities of the Government under the Scheme.

#### 2.6.2.5 Subsidies

There was a significant increase in expenditure on subsidies during the year 2023-24 as compared to previous year as can be seen from the details given in **Table-2.24**. Subsidies as a percentage of Revenue Receipts have seen a steady increase from 0.11 *per cent* in 2019-20 to 0.85 *per cent* in 2023-24 except for the year 2021-22 in which it showed a nominal decrease. Further, subsidies as a percentage to Revenue Expenditure increased from 0.11 *per cent* in 2019-20 to 0.91 *per cent* in 2023-24. Further, the expenditure on subsidies increased by ₹ 139 crore (48.10 *per cent*) in 2023-24 over previous year.

**Table-2.24: Expenditure on subsidies during 2019-24**

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Subsidies (₹ in crore)</b>	35	139	145	289	428
<b>Subsidies as a percentage of Revenue Receipts</b>	0.11	0.36	0.34	0.59	0.85
<b>Subsidies as a percentage of Revenue Expenditure</b>	0.11	0.37	0.37	0.66	0.91

During 2023-24, the major schemes in which expenditure on subsidy was incurred were Deen Dayal Upadhyay Cooperative Farmer Welfare Scheme (₹ 81 crore), Food subsidy under Food Security Act (₹ 104 crore), Mega Textile Policy (₹ 15 crore), Mukhya Mantri Swarojgar Yojna (₹ 60 crore), Grant for EWS's Houses (₹ 75 crore), Deen Dayal Upadhyay (Home stay) Development Plan (₹ 15 crore), Grant to poor families for cooking gas (₹ 27 crore), Solar Photovoltaic Programme (₹ 18 crore) and Veer Chandra Singh Garhwali Prayatan Swarojgar Yojana (₹ 10 crore). State Government had made a projection for subsidy of ₹ 493 crore in its Budget Estimates during 2023-24.

### 2.6.2.6 Implicit Subsidy

Implicit subsidy arises when the government provides social and economic goods/ services at a price lesser than the cost of goods and services incurred by the government. It can be indirect or in kind or can be given as concession. Implicit subsidy indirectly provided by the Government during 2019-24 is given in **Table-2.25**.

**Table-2.25: Expenditure on implicit subsidies during 2019-24**

(₹ in crore)					
Implicit Subsidies	2019-20	2020-21	2021-22	2022-23	2023-24
Crop Insurance	3.99	1.89	2.16	3.24	0.00
Assistance to Public Sector and other Undertakings	45.19	123.90	85.70	79.93	76.54
<b>Total</b>	<b>49.18</b>	<b>125.79</b>	<b>87.86</b>	<b>83.17</b>	<b>76.54</b>

The above **table-2.25** indicates that the State Government also provided subsidy in implicit form under Crop Husbandry for crop insurance amounting to ₹ 11.28 crore during 2019-20 to 2022-23 and assistance to public sector and other undertakings under Road Transport as compensation and Direct Benefit Transfer of free travel facility and reimbursement of equivalent amount of loss due to bus operation in mountain routes by UTC amounting to ₹ 411.26 crore during 2019-20 to 2023-24.

### 2.6.2.7 Inflexible Expenditure

The components of Inflexible expenditure which include others Statutory devolution to local bodies and contribution to Reserve Funds showed a continued increase during the period 2019-20 to 2023-24 except 2021-22. As a percentage of revenue expenditure, the inflexible expenditure remained in the range of six *per cent* to nine *per cent* during 2019-24. Further, the inflexible expenditure (₹ 3,750 crore) increased by 47.12 *per cent* during 2023-24 over the previous year (₹ 2,549 crore).

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

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of grants to local bodies and other institutions during the period 2019-20 to 2023-24 is presented in **Table-2.26**.

**Table-2.26: Financial Assistance to Local Bodies etc.**

(₹ in crore)						
Sl. No.	Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Educational Institutions (Aided Schools & Colleges, Universities)	573.62	1,531.82	901.68	1,079.12	1,156.09
2.	Municipal Corporations and Municipalities	902.05	976.91	734.27	1,044.05	1,308.34
3.	Zila Parishads and Other Panchayati Raj Institutions	814.62	955.29	655.97	996.62	1,249.06
4.	Development Agencies	494.84	539.27	483.71	523.97	712.04
5.	Hospitals and Other Charitable Institutions	353.03	552.66	630.04	1,068.47	118.40
6.	Energy (Non-conventional source of energy)	13.30	9.17	13.81	11.07	18.83
7.	Agriculture Research and Educational Institution, Land Reforms for updating land records and Wildlife Preservation	585.49	915.03	902.30	947.26	657.20

Sl. No.	Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
8.	Co-operatives	1.55	15.18	14.26	16.85	3.61
9.	Animal Husbandry, Dairy Development and Fisheries	51.17	55.77	70.97	76.63	85.72
10.	Secretariat Economic Services & Tourism	47.27	56.38	64.19	98.14	140.30
11.	Social Security & Welfare of Scheduled Castes, Scheduled Tribes & Other Backward Classes	238.66	250.85	178.48	433.53	448.89
12.	Other Institutions	724.60	582.44	1208.77	1,335.60	1,102.22
<b>Total</b>		<b>4,800.18</b>	<b>6,440.77</b>	<b>5,858.45</b>	<b>7,631.31</b>	<b>7,000.70</b>
Assistance as per percentage of RE		14.61	17.36	15.05	17.43	14.81
<b>GIA on Salary (OH-05)</b>		<b>1,071.71</b>	<b>1,179.53</b>	<b>1,181.65</b>	<b>1,391.96</b>	<b>1,352.41</b>
<b>GIA for Creation of Capital Assets (OH-55)</b>		<b>383.01</b>	<b>(-)431.63<sup>7</sup></b>	<b>706.10</b>	<b>450.47</b>	<b>538.99</b>
<b>GIA for non-salary (OH-56)</b>		<b>3,129.89</b>	<b>3,409.34</b>	<b>3,312.13</b>	<b>4,747.80</b>	<b>3,314.36</b>
<b>GIA Devolution (OH-69)</b>			<b>1,932.20</b>	<b>1,390.23</b>	<b>1,491.55</b>	<b>1,794.94</b>
<b>GIA given in kind</b>		<b>Information not provided by Government</b>				

Source: Finance Accounts & V.L.C. data of Accountant General (A&E), Uttarakhand.

The assistance during the current year decreased by ₹ 630.61 crore over the previous year. Municipal Corporations, Municipalities, Zila Parishads and other Panchayati Raj Institutions together accounted for 36.53 per cent of the total financial assistance during the current year. In May 2016, the Fourth State Finance Commission had recommended 11 per cent of State's Own Tax Revenue as the devolution amount to the Local Bodies. The amount to be devolved and the actual amount devolved during 2019-20 to 2023-24 is given in Table-2.27.

Table-2.27: Financial Assistance to Local Bodies vis-à-vis amount to be devolved

Particulars	₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
State Own tax Revenue (OTR)	11,513	11,938	14,176	17,103	19,245
Amount to be devolved (11 per cent of OTR for 2016-17 onwards)	1,266.43	1,313.18	1,559.36	1,881.33	2,116.95
<b>Total amount devolved to Local Bodies</b>	<b>1,716.67</b>	<b>1,932.20</b>	<b>1,390.24</b>	<b>1,491.55</b>	<b>2,557.39</b>
Actual Devolution to Local Bodies as percentage of OTR	14.91	16.19	9.81	8.72	13.29

Source: V.L.C. data of Accountant General (A&E), Uttarakhand and State Finance Commission's Recommendations.

It can be seen from above table that the actual devolution to Local Bodies steadily increased from 2019-20 to 2023-24 except during 2021-22. The actual devolution during 2023-24 was more than the amount recommended by the State Finance Commission.

### 2.6.3 Capital Expenditure

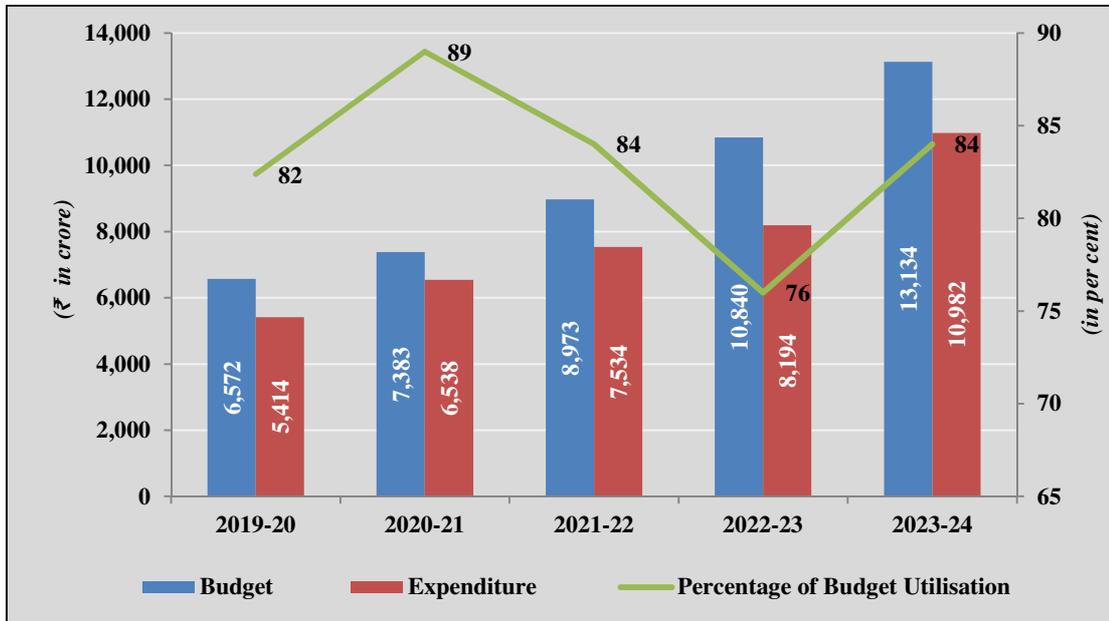
Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc.

Total Capital Expenditure increased from ₹ 5,414 crore in 2019-20 to ₹ 10,982 crore in 2023-24. During the current year, it increased by ₹ 2,788 crore (34.02 per cent). The Capital Expenditure incurred by the State during the year 2023-24 was higher

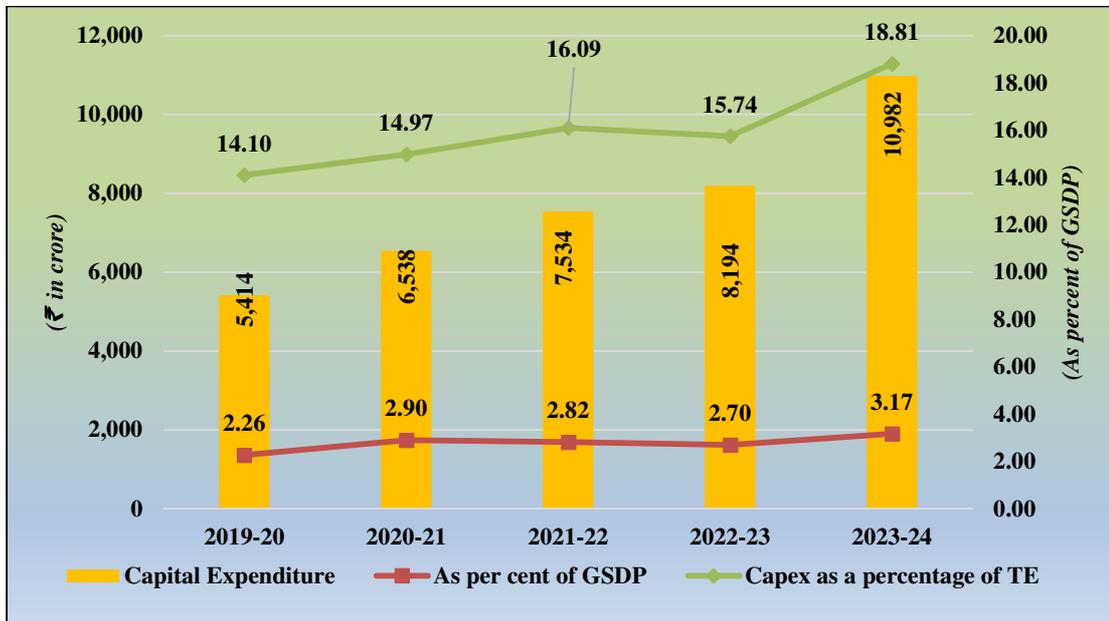
<sup>7</sup> Minus figure represents expenditure on account of SDRF transferred to Public Account.

than the projections made in the MTFPS targets (₹ 10,403 crore) by ₹ 579 crore whereas it was lower than budget projections (₹ 13,134 crore) by ₹ 2,152 crore. Details of Capital Expenditure *vis-à-vis* budget during the five-year period 2019-20 to 2023-24 are given in **Chart-2.16** and Trend of Capital Expenditure as *per cent* of GSDP and Total Expenditure is given in **Chart-2.17**.

**Chart-2.16: Trend of Capital Expenditure over the five-year period from 2019-20 to 2023-24**



**Chart-2.17: Trend of Capital Expenditure as per cent of GSDP and Total Expenditure**



### 2.6.3.1 Major changes in Capital Expenditure

**Table-2.28** highlights the cases of significant increase or decrease (more than ₹ 30 crore and 30 *per cent*) in various Heads of Account in Capital Expenditure during 2023-24 *vis-à-vis* the previous year. Further, trend of expenditure under these heads during 2019-24 is also depicted in table below:

Table-2.28: Capital Expenditure during 2019-24

₹ in crore)

Major Heads of Account	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
4059 Capital Outlay on Public Works	339.32	733.66	1,050.30	1,554.94	2,296.86	
4210 Capital Outlay on Medical and Public Health	97.60	172.94	313.19	299.37	807.71	
4215 Capital Outlay on Water Supply and Sanitation	638.64	648.18	1,059.87	550.20	918.46	
4216 Capital Outlay on Housing	16.25	42.09	73.79	66.37	263.85	
4217 Capital Outlay on Urban Development	469.43	574.95	385.89	511.90	717.94	
4225 Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes & Minorities	28.25	94.80	60.02	57.00	95.05	
4235 Capital Outlay on Social Security and Welfar	39.90	6.77	5.73	43.57	167.73	
4401 Capital Outlay on Crop Husbandry	12.48	2.33	2.6	27.02	134.47	
4408 Capital Outlay on Food Storage and Warehousing	569.19	71.29	493.97	285.32	628.94	
4700 Capital Outlay on Major Irrigation	200.67	132.28	118.59	136.90	351.26	
4702 Capital Outlay on Minor Irrigation	31.52	43.96	41.92	53.56	163.99	
4801 Capital Outlay on Power Projects	133.20	147.59	100.90	151.49	568.59	
4515 Capital Outlay on Other Rural Development Programmes	1,270.19	2,000.43	1,706.32	1,917.54	1,257.36	
4711 Capital Outlay on Flood Control Projects	105.75	82.10	118.59	178.28	120.53	

The major heads where substantial increase/ decrease over previous year was noticed were under Public Works, Food Storage and Warehousing, Medical and Public Health and Other Rural Development Programmes.

### 2.6.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are limited chances of return on investment. Similarly, experience has shown the inevitability of write-off of the loans given to loss making corporations and other poorly run bodies in sectors such as sugar mills, financial corporations, etc. Requisite steps must be taken to infuse transparency in such financial operations. This section presents an analysis of investments undertaken by the Government during the current year.

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

Investments made and loan given to companies (e.g. Power Distribution Companies), corporations (e.g. Scheduled Caste and Scheduled Tribe Financial Corporations), and cooperatives (e.g. sugar mills), which are loss making and those where net worth is completely eroded, is not sustainable. Return on investment in share capital invested in Public Sector Undertakings and history of repayment of loans given to various bodies are important indicators of quality of capital expenditure.

As per the Finance Accounts 2023-24, Government of Uttarakhand had invested ₹ 4,527.50 crore in one Statutory Corporation and 16 Government Companies, in the State as of 31 March 2024. The State Government earned a return of ₹ 25.20 crore on these investments during 2023-24. Year-wise details of investment by Government of Uttarakhand over the five-year period 2019-20 to 2023-24 are given in the **Table-2.29**.

**Table-2.29: Details of Investment and return on Investment**

(₹ in crore)

Investments/ Returns/Cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year	3,534.95	3,683.54	3,818.94	4,043.90	4,527.50
Return on investment	14.08	40.02	35.05	25.07	25.20
Return on investment ( <i>per cent</i> )	0.40	1.09	0.92	0.62	0.56
Average rate of interest on Government borrowings ( <i>per cent</i> )	7.26	6.83	6.55	6.56	6.32
Difference between return on investment ( <i>per cent</i> ) and average rate of interest	(-)6.86	(-)5.74	(-)5.63	(-)5.94	(-)5.76
Notional loss due to difference between interest rate of Government borrowings and return on investments	242.50	211.44	215.01	240.21	260.78

The average return on Uttarakhand Government's investment was negligible and ranged from 0.40 to 1.09 *per cent* of the investment (at historical cost) during 2019-20 to 2023-24. It decreased to 0.56 *per cent* during the year from 0.62 *per cent* of previous year. However, the Government paid an average interest rate of 6.70 *per cent* on its borrowings during 2019-20 to 2023-24.

During exit conference, the Government agreed with the facts and assured to revisit the efforts to augment return on investments.

### (ii) **Reconciliation of balances**

The figures in respect of equity, loans and guarantees outstanding as per records of SPSEs should agree with that of the figures appearing in the Finance Accounts of the GoU. In case the figures do not agree, the concerned SPSEs and the Finance Department should carry out reconciliation of the differences. The differences in figures of equity, loans and guarantees as on 31 March 2024 are given below in **Table-2.30**.

**Table-2.30: Equity, Loans and Guarantees outstanding as per Finance Accounts vis-à-vis as per records of SPSEs**

(₹ in crore)

Outstanding in respect of	As per Finance Accounts	As per records of SPSEs	Difference
A	B	C	(B-C)
Equity	4,527.50	4,176.67	350.83
Loan	831.99	1,401.44	(-) 569.45
Guarantee	117.88	185.00	(-) 67.12

*Source: Compilation based on information received from SPSEs and Finance Accounts.*

The differences between the figures are persisting since last many years. The differences have arisen primarily due to the investment transactions being booked in Government accounts based on the vouchers received in the Office of the Principal Accountant General (A&E) and the details given in the Audit Reports obtained from the individual PSUs.

During exit conference, the Government stated that the balances would be reconciled.

**(iii) Misclassification between Revenue and Capital Expenditure**

During the year 2023-24, Government of Uttarakhand incorrectly booked expenditure of ₹ 0.70 crore (Major Works) and ₹ 61.96 crore (Land Purchase) under Revenue Section instead of Capital Section and ₹ 605.82 crore (Grants-in-aid) under Capital Section instead of Revenue Section as has been determined from the purpose of expenditure. This led to overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

During exit conference, the Government agreed with the findings and stated that corrective measures will be taken.

**(iv) Quantum of Loans disbursed and recovered during five years**

In addition to investments in Co-operative societies, Corporations and Companies, the State Government also provided loans and advances to many institutions/organisations. **Table-2.31** presents the outstanding loans and advances as on 31 March 2024 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2019-20 to 2023-24.

**Table-2.31: Details of quantum of loans disbursed and recovered during 2019-24**

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loan outstanding	1,926.54	2,033.40	2,047.91	2,378.28	2,454.61
Amount advanced during the year	125.78	37.56	347.45	93.63	124.10
Amount recovered during the year	18.92	23.05	17.08	17.30	15.82
Closing Balance of loan outstanding	2,033.40	2,047.91	2,378.28	2,454.61	2,562.89
Net Addition	106.86	14.51	330.37	76.33	108.28
Interest Received	25.65	58.78	359.22	34.72 <sup>8</sup>	65.90
Interest received as a percentage of outstanding Loans and Advances	1.33	2.89	17.54	1.46	2.68
Average rate of interest paid on Government borrowing ( <i>per cent</i> )	7.26	6.83	6.55	6.56	6.32
Difference between Interest Payments and Interest Received ( <i>per cent</i> )	(-)5.93	(-)3.94	10.99	(-)5.10	(-)3.64

The total amount of outstanding loans and advances as on 31 March 2024 was ₹ 2,562.89 crore. The amount of loans disbursed during the current year increased by 32.54 per cent from ₹ 93.63 crore in 2022-23 to ₹ 124.10 crore in 2023-24. Within the Economic Services, the major recipient was Energy Sector ₹ 112.00 crore followed by the Agriculture Sector ₹ 8.00 crore.

Scrutiny of the total outstanding loans revealed that there was no repayment by four sectors namely General Services (other Loans), Special Area Programmes, Water Supply, Sanitation, Housing and Urban Development and Transport sector as detailed in **Table-2.32** over last five years (up to March 2024). In one sector (Transport),

<sup>8</sup> Excludes an amount of ₹ 660.16 crore pertaining to MH-6003-111 (Special Securities issued to NSSF) which was inadvertently booked/debited under MH-2049 during 2017-18 & 2018-19. The same was corrected through a TE by crediting MH-0049-800 during 2022-23.

additional loans (₹ 2.87 crore) had been extended despite no repayments, while, in Agriculture and Allied Activities additional loans (₹ 8.00 crore) had been extended despite minor repayments. The overall outstanding balance has increased over the years.

**Table-2.32: Loan and Advances rolling for a long time**

						(₹ in crore)
Sl. No.	Name of the Sector	2019-20	2020-21	2021-22	2022-23	2023-24
1.	General Services (Other Loans)	19.47	19.47	19.47	19.47	19.47
2.	Water Supply, Sanitation, Housing and Urban Development	42.09	42.09	42.09	42.09	42.09
3.	Agriculture and Allied Activities	1,119.57	1,117.47	1,116.47	1,188.91	1,195.88
4.	Special Area Programme	503.16	503.16	503.16	503.16	503.16
5.	Transport	153.80	158.09	215.47	233.23	236.10
<b>Total</b>		<b>1,838.09</b>	<b>1,840.28</b>	<b>1,896.66</b>	<b>1,986.86</b>	<b>1,996.70</b>

During the period 2019-20 to 2023-24, an amount of ₹ 728.52 crore was advanced to different sectors by the Government while recoveries amounted to ₹ 92.17 crore. Recovery declined from 0.92 per cent of the amount outstanding at the beginning of the year and amount advanced during the year in 2019-20 to 0.61 per cent in 2023-24. During the current year, the amount repaid was ₹ 15.82 crore which stood at 0.64 per cent of the outstanding loans (₹ 2,454.61 crore) as on 31 March 2023.

During exit conference, the Government agreed with the facts and stated that old/legacy loan balances shall be reviewed and necessary steps taken to bring down the total outstanding loans.

**(v) Capital Blocked in Incomplete/ongoing Projects**

An assessment of trends in capital blocked in incomplete capital works would also indicate the quality of capital expenditure. Blocking of funds on 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 an extra burden in terms of servicing of debt and interest liabilities.

As per Finance Accounts of the State for the year 2023-24, there were 154 (135 + 19) incomplete/ ongoing projects of Public Works and Irrigation Departments as on 31 March 2024. Age profile of incomplete projects based on the year of sanction/year of start of these projects as on 31 March 2024 is given in **Table-2.33**.

**Table-2.33: Age profile of incomplete projects as on 31 March 2024**

					(₹ in crore)
Year	No of incomplete projects	Estimated cost	Expenditure	Financial Progress (in per cent)	
<b>Sanctioned Upto 2018-19</b>	42	248.48	199.60	80.33	
<b>2019-20</b>	08	51.32	47.17	91.91	
<b>2020-21</b>	12	122.82	98.26	80.00	
<b>2021-22</b>	31	288.39	197.44	68.46	
<b>2022-23</b>	13	81.28	42.35	52.10	
<b>2023-24</b>	42	116.80	50.63	43.35	
<b>Sanction/Start date not available</b>	06	12.74	6.08	47.72	
<b>Total</b>	<b>154</b>	<b>921.83</b>	<b>641.53</b>	<b>69.59</b>	

Source: Finance Accounts.

Effective steps need to be taken to complete these projects without further delay to avoid cost overruns.

During exit conference, the Government agreed with the facts and stated that instructions will be issued to the implementing agencies for early completion of the incomplete projects.

(vi) **Resource availability of the State under Public Private Partnership Projects**

Public Private Partnership 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. Details of the projects running in the State are given **Table-2.34** below.

**Table-2.34: Sector/Department wise details of PPP Projects**

(₹ in crore)

Sl. No.	Sector	Completed		Ongoing	
		No.	Estimated Cost	No.	Estimated Cost
1.	Transport	3	71.42	3	63.76
2.	Energy	0	0	2	117.50
3.	Urban	6	721.73	5	364.55
4.	Tourism	3	25.00	2	201.81
5.	Health	6	84.40	0	0
6.	Agriculture	0	0	1	380.00
<b>Total</b>		<b>18</b>	<b>902.55</b>	<b>13</b>	<b>1,127.62</b>

Source: Uttarakhand Public Private Partnership Cell Dashboard (<http://www.upppc.org/projects/projects>).

## 2.7 Expenditure Priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate 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.

**Table-2.35** compares the fiscal priority of the State Government with that of NE & Himalayan States with regard to development expenditure, expenditure on Social and Economic Sectors, and Capital Expenditure during 2023-24, taking 2019-20 as the base year.

**Table-2.35: Fiscal Priority of the State in 2019-20 and 2023-24**

(in per cent)

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health & FW/ AE
<b>Average (ratio) in 2019-20 of</b>							
NE & Himalayan	26.21	35.50	28.72	64.22	14.94	17.08	6.37
Uttarakhand	16.05	36.99	21.21	58.20	14.10	20.16	5.47
<b>Average (ratio) in 2023-24 of</b>							
NE & Himalayan	25.19	37.02	25.52	62.54	17.61	15.93	6.43
Uttarakhand	16.86	39.65	21.60	61.25	18.81	17.19	7.87

*AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.*

Source: SFAR compilation based on data of NSO, MoSPI, etc.

A comparative study of Average Expenditure of Uttarakhand State in 2023-24 with that of 2019-20 indicates the following:

- The State Government's Aggregate Expenditure as a proportion of the GSDP in 2023-24 increased nominally by 0.81 percentage points as compared to 2019-20.

- Social Sector Expenditure as a proportion of AE in 2023-24 was higher by 2.66 percentage points as compared to 2019-20.
- Economic Sector Expenditure as proportion of AE was nominally higher by 0.39 percentage points in 2023-24 as compared to 2019-20.
- The proportion of Development Expenditure (DE), Capital Expenditure (CE) and Health Sector Expenditure in AE increased by 3.05, 4.71 and 2.40 percentage points respectively in 2023-24 as compared to 2019-20.
- The proportion of Education Expenditure in AE decreased by 2.97 percentage points in 2023-24 as compared to 2019-20.

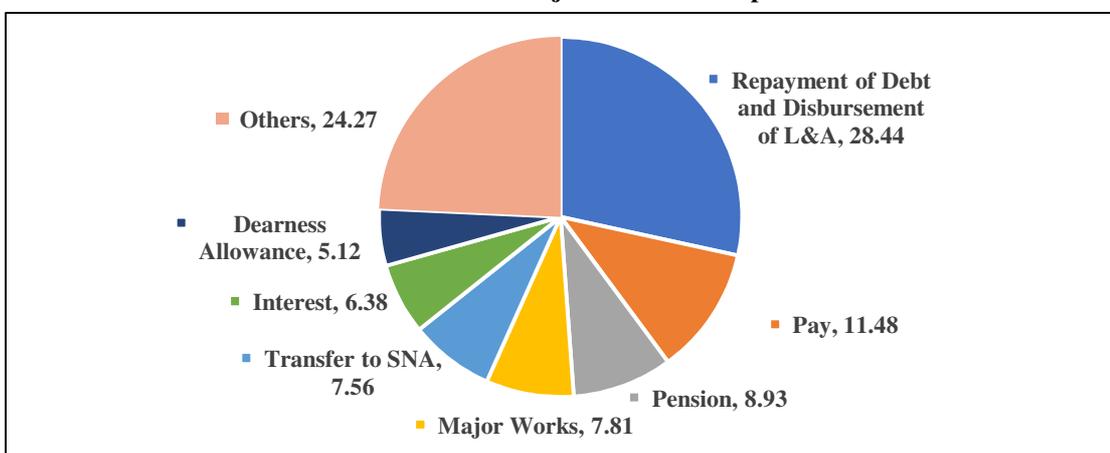
Further comparative study of NE & Himalayan States Average and Uttarakhand's Average in 2023-24 with that of 2019-20 revealed the following:

- Aggregate Expenditure (AE) as a proportion of GSDP in the State remained well below NE & Himalayan State's average during both the years.
- Development Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of the NE & Himalayan state's average during both the years.
- Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was higher than that of the NE & Himalayan state's average during both the years.
- The Economic Sector Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of NE & Himalayan state's during both the years.
- Priority was accorded by the State Government to Education Expenditure and the ratio of Education Expenditure to Aggregate Expenditure was higher than that of the NE & Himalayan state's average in both years.
- Expenditure under Health and Family Welfare Sector as a proportion to Aggregate Expenditure was lower than NE & Himalayan average in 2019-20, however, it improved a lot and was higher by 1.44 percentage points in 2023-24.

### Object Head wise Expenditure

Object head wise expenditure gives information about the object/purpose of the expenditure. Details of Object head wise expenditure are provided in **Chart-2.18**.

**Chart-2.18: Details of Object Head wise expenditure**



Source: Finance Accounts.

## 2.8 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.

### 2.8.1 Net Balances in Public Account

The component-wise net balances in Public Account of the State during the years (2019-20 to 2023-24) are given in **Table-2.36** below.

**Table-2.36: Component-wise net balances in Public Account as of 31 March of each year**

(₹ in crore)

Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
<b>I. Small Savings, Provident Funds, etc.</b>		<b>665.79</b>	<b>431.46</b>	<b>333.88</b>	<b>122.95</b>	<b>217.65</b>
<b>J. Reserve Funds</b>	(a) Reserve Funds bearing Interest	2,759.12	89.90	(-)467.57	58.04	803.43
	(b) Reserve Funds not bearing Interest	149.48	150.00	210	113.59	110.06
	Investment from RF	(-)150.00	(-)150.00	(-)210	(-)110	(-)110
	<b>Total</b>	<b>2,758.60</b>	<b>89.90</b>	<b>(-) 467.57</b>	<b>61.63</b>	<b>803.49</b>
<b>K. Deposits and Advances</b>	(a) Deposits bearing Interest	(-)2.77	3.57	(-)7.36	(-)12.79	51.62
	(b) Deposits not bearing Interest	504.35	378.43	(-)673.73	357.25	531.05
	(c) Advances	0	0	0	0	0
	<b>Total</b>	<b>501.58</b>	<b>382.00</b>	<b>(-)681.09</b>	<b>344.46</b>	<b>582.67</b>
<b>L. Suspense and Miscellaneous</b>	(a) Suspense	(-)124.82	(-)103.72	285.28	13.22	(-)167.59
	(b) Other Accounts*	(-)1,039.63	(-)490.83	(-)7.46	(-)285.41	19.76
	(c) Accounts with Governments of Foreign countries	0.04	0	0	0	0
	(d) Miscellaneous	0	0	0	0	0
	<b>Total</b>	<b>(-)1,164.41</b>	<b>(-)594.55</b>	<b>277.82</b>	<b>-272.19</b>	<b>-147.83</b>
<b>M. Remittances</b>	(a) Money Orders, and other Remittances	(-) 4.38	0	(-) 0.04	(-)0.32	0.09
	(b) Inter- Governmental Adjustment Account	3.76	(-)6.41	12.33	17.54	(-)2.58
	<b>Total</b>	<b>(-)0.62</b>	<b>(-)6.41</b>	<b>12.29</b>	<b>17.22</b>	<b>(-)2.49</b>
<b>Grand Total</b>		<b>2,760.94</b>	<b>302.40</b>	<b>(-)524.67</b>	<b>274.07</b>	<b>1,453.49</b>

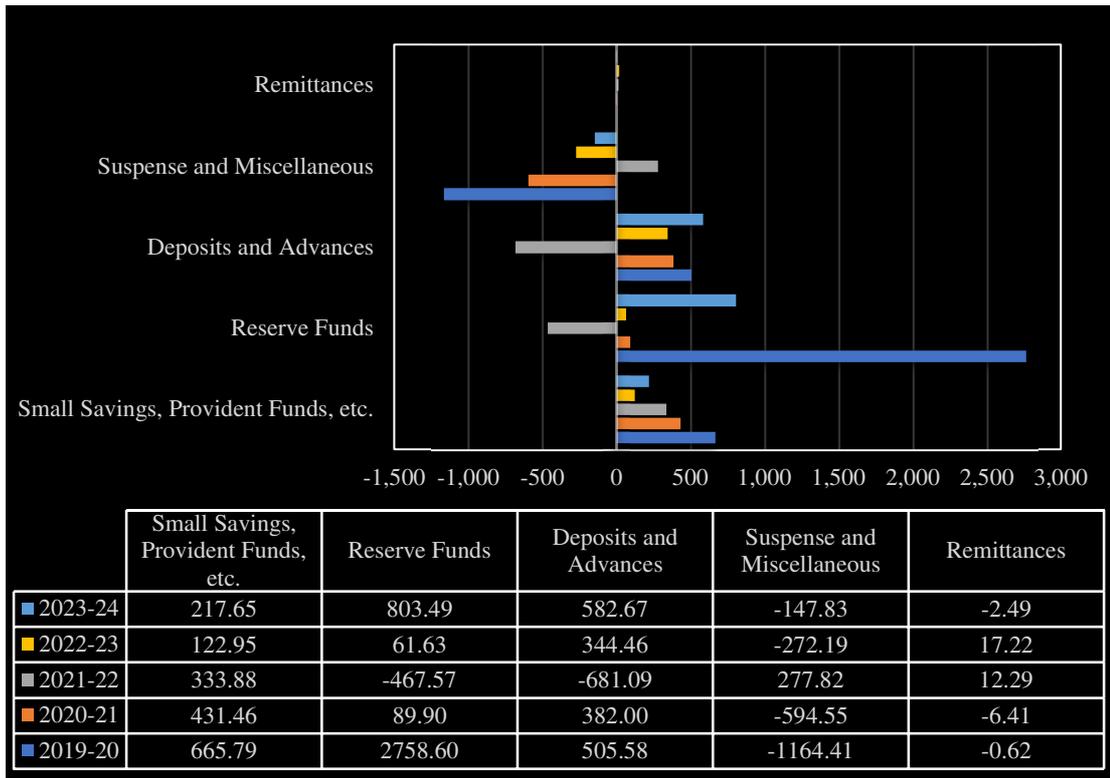
Note: -ve denotes debit balance and +ve denotes credit balances.

\*Other Accounts under L. Suspense and Miscellaneous exclude Departmental Balance, Permanent Cash Imprest & Cash Balance Investment Account.

The yearly changes in composition of balances in Public Account over the five-year period 2019-24 are given in **Chart-2.19**.

Chart-2.19: Yearly changes in composition of Public Account balances

₹ in crore)



As has been highlighted in **Table-2.36**, the net public account balance decreased steadily from 2019-20 to 2021-22 whereas it increased from 2022-23 onwards. It increased by ₹ 1,179.42 crore, from ₹ 274.07 crore in 2022-23 to ₹ 1,453.39 crore in 2023-24. This was due to increase in net Reserve Funds (₹ 741.86 crore), net Deposit and Advances (₹ 238.21 crore), net Suspense and Miscellaneous (₹ 124.36 crore) and net Small Savings, Provident Fund, etc. (₹ 94.70 crore).

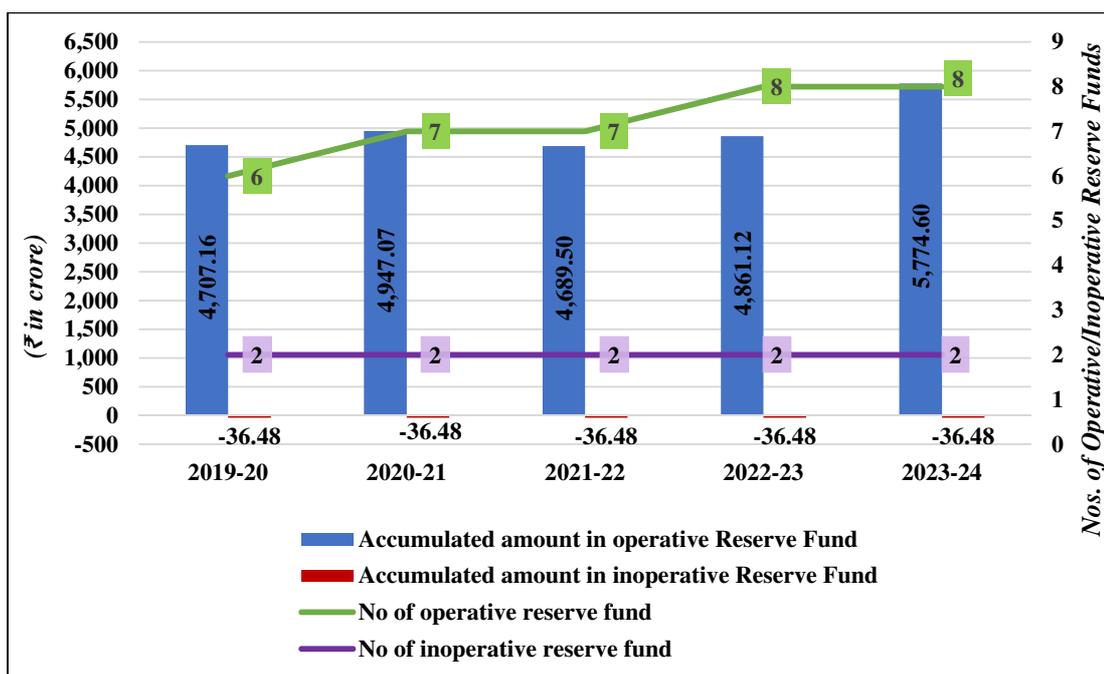
### 2.8.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

State Government operated ten Reserve Funds as on 31 March 2024 out of which three Reserve Funds are interest bearing (₹ 3,737.35 crore credit) and seven Reserve Funds are non-interest-bearing funds (₹ 2,000.77 crore credit). Out of these ten funds, two funds were inoperative (balance ₹ 36.48 crore debit) and eight funds are operative (balance ₹ 5,774.60 crore credit), of which ₹ 1,918.62 crore (33.23 per cent) was invested.

Trend of accumulated balances under operative and inoperative Reserve funds is shown in **Chart-2.20** below:

Chart-2.20: Trend of Operative and Inoperative reserve funds



Note: Accumulation in inoperative Reserve Fund is debit figure hence shown in negative.

Details of transactions during the year in the Reserve Funds (active-inactive) are discussed below.

### 2.8.2.1 In-operative Reserve Funds

There are two Reserve Funds, which are in-operative since long. These two funds have a balance of ₹ 36.48 crore (Debit). The details of these in-operative funds are given in Table-2.37.

Table-2.37: Details of inoperative Reserve Funds

Sl. No.	Name of the Fund	Amount as on 31 <sup>st</sup> March 2024 (₹ in crore)	Year of Establishment	Inoperative since
1.	Development Funds for Educational Purposes	0.01 (Cr.)	2000-01	2007-08
2.	Electricity Development Funds	36.49 (Dr.)	2005-06	2015-16
<b>Total</b>		<b>36.48 (Dr.)</b>		

### 2.8.2.2 State Disaster Response Fund

Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Centre and Special Category States like Uttarakhand are required to contribute to the Fund in the proportion of 90:10. As per the guidelines, these contributions are to be transferred to the Public Account under Major Head 8121. Expenditure during the year is incurred by operating Major Head 2245. Expenditure incurred during the year on disaster response is adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head 2245. Government of India provides additional assistance from the National Disaster Response Fund (NDRF) - when the balances available under

SDRF are insufficient to meet the expenditure on account of natural calamities. The entire funds provided under the NDRF are incurred directly against the expenditure on natural calamities. Details of expenditure charged to SDRF for the year 2023-24 is given in the **Table-2.38** as well as details of SDRF are provided in the **Table-2.39**.

**Table-2.38: Details of expenditure charged to SDRF***(₹ in crore)*

Major Head of Account	Minor Head of Account	Expenditure during 2023-24
2245- Relief on Account of Natural Calamities 05- State Disaster Response Fund	101-Transfer to Reserve Funds and Deposit Accounts	1,120.40
	901- Deduct- Amount met from State Disaster Response Fund	(-) 200.00
	<b>Sub Total</b>	<b>920.40</b>
2245- Relief on Account of Natural Calamities 80- General	102- Management of Natural Disaster, Contingency Plans in disaster prone areas	121.15
	800-Other Expenditure	...
	<b>Sub-Total</b>	<b>121.15</b>
<b>Grand Total</b>		<b>1,041.55</b>

*Source: Finance Accounts.***Table-2.39: Details of SDRF***(₹ in crore)*

Opening balance (01 April 2023)	Contribution by Centre	State Share	Total	Amount set off (MH 2245-05)	Balance in the fund (31 March 2024)	Amount invested through RBI during the year
2.27	826.40	92.00	918.40	200.00	720.67	Nil

*Source: Finance Accounts.*

The State Government during the year neither made any investment from the SDRF nor provided any interest on the fund balance, in violation of SDRF guidelines.

During exit conference, the Government intimated that efforts would be made to comply with the guidelines.

### 2.8.2.3 State Disaster Mitigation Fund (SDMF)

The State Disaster Mitigation Fund (SDMF) is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation project in respect of disaster 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 State Government has created the SDMF, vide Notification No. 710/XVIII (2)/08-3(15)/2007 dated 05 May 2008 under Major Head 8121-130- State Disaster Mitigation Fund. During the year 2023-24, the State Government received ₹ 305.00<sup>9</sup> crore from the Central Government. The State Government's share during the year is ₹ 23.00 crore. The State Government transferred ₹ 328.00 crore to the Fund. However, State withdrew an amount of ₹ 218.60 crore from the fund, by leaving balance of ₹ 21.48 crore (credit balance). Moreover, central grant of ₹ 187.40 crore received during the year 2021-22, with matching state share was not transferred to the fund till date.

<sup>9</sup> This includes ₹ 206.60 crore for the year 2023-24 and ₹ 98.40 crore for the year 2022-23.

During exit conference, the Government intimated that efforts would be made to comply with the guidelines.

#### 2.8.2.4 Guarantee Redemption Fund

The Government of Uttarakhand constituted 'Guarantee Redemption Fund' in 2006-07 for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf the guarantee was issued.

In terms of guidelines of Uttarakhand Gazette Notification dated December 2006, the State Government is required to contribute an amount equivalent to at least 1/5th of the outstanding invoked guarantees plus amount of guarantees likely to be invoked as a result of the incremental guarantees issued during the year. The funds are invested by the Reserve Bank of India.

The State Government informed that no Guarantee was invoked during 2023-24. An amount of ₹ 10.00 crore was contributed from the Consolidated Fund to the Guarantee Redemption Fund during the current year. Further, against the receivable Guarantee commission fee of ₹ 35.15 crore, an amount of ₹ 0.23 crore was received resulting in short receipt of ₹ 34.92 crore as guarantee commission fees. Also, as per Uttarakhand Gazette Notification dated 19 December 2016, guarantee fee received has to be deposited in Public Account under Guarantee Redemption Fund. However, the State Government booked all the Guarantee Commission amounting to ₹ 0.23 crore as Revenue Receipts. This resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

During exit conference, the Government agreed with the facts and instructed the concerned officers to examine the matter carefully and take it up on priority.

Average return from investments made out of Guarantee Redemption Fund during past five years was 7.52 per cent. Details of Guarantee Redemption Fund is provided in the **Table-2.40**.

**Table-2.40: Details of Guarantee Redemption Fund**

(₹ in crore)					
Opening balance (01 April 2023)	Additions to the Fund (Contribution and interest)	Payments out of the Fund	Total balance in the Fund	Amount invested by RBI during the year	Closing balance (31 March 2024)
176.75 (105.00 Principal & 71.75 Interest)	22.69 (10.00 Principal & 12.69 Interest)	Nil	199.44 (115.00+84.44)	199.44	Nil

Source: Finance Accounts.

#### 2.8.2.5 State Compensatory Afforestation Funds

The Uttarakhand State Compensatory Afforestation Fund was created in September 2018 by the Government of Uttarakhand to administer the amount received and utilize the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure

development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. Detailed guidelines for accounting under this Fund have been issued vide Ministry of Environment, Forest and Climate Change, Government of India in November 2018. The State Government has not so far adopted these guidelines and not followed the accounting procedure<sup>10</sup> given in the guidelines. During 2023-24, the State Government did not receive any amount from National Compensatory Afforestation Deposit, as the share of Uttarakhand. During the year 2023-24, the State Government booked an amount of ₹ 213.01 crore (₹ 212.96 crore of interest + ₹ 0.05 crore of user charges) in State Compensatory Afforestation Fund under Major Head '8121-General and Other Reserve Fund'. An amount of ₹ 237.39 crore has been withdrawn from the fund leaving balance of ₹ 2,995.20 crore as on 31 March 2024.

### 2.8.3 Interest liabilities against Reserve Funds and Deposits Bearing Interest not discharged

Government is liable to pay/adjust interest in respect of balances under category J-Reserve Funds (a. Reserve Funds bearing interest) and K-Deposit and Advances (a. Deposits bearing interest), and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Accounts.

Accordingly, ₹ 5.43 crore was the interest liabilities that the State Government is required to pay during the year 2023-24 as detailed in **Table-2.41**.

**Table-2.41: Details of un-discharged liability of interest due in Reserve Funds and Deposits**

(₹ in crore)					
Sector	Sub-sector	Rate of interest	Balance at the beginning of 2023-24	Interest due	Interest paid
J-Reserve Funds	(a) Reserve Funds bearing interest-SDRF	8.5 per cent (2 % above the average WMA)	(Cr.) 2.27	5.28	--
	(c) Reserve Funds bearing interest-SDMF	8.5 per cent (2 % above the average WMA)	(Dr.) 87.92	0.15	--
<b>Total</b>				<b>5.43</b>	<b>--</b>

Source: NTFAs to Finance Accounts 2023-24 Government of Uttarakhand.

During the current year 2023-24, the State Government did not pay any interest as against interest due of ₹ 5.43 crore. The non-payment of ₹ 5.43 crore impacted the Revenue Surplus and Fiscal Deficit to that extent.

During exit conference, the Government agreed and noted for compliance after verification of the figures.

## 2.9 Public Liability Management

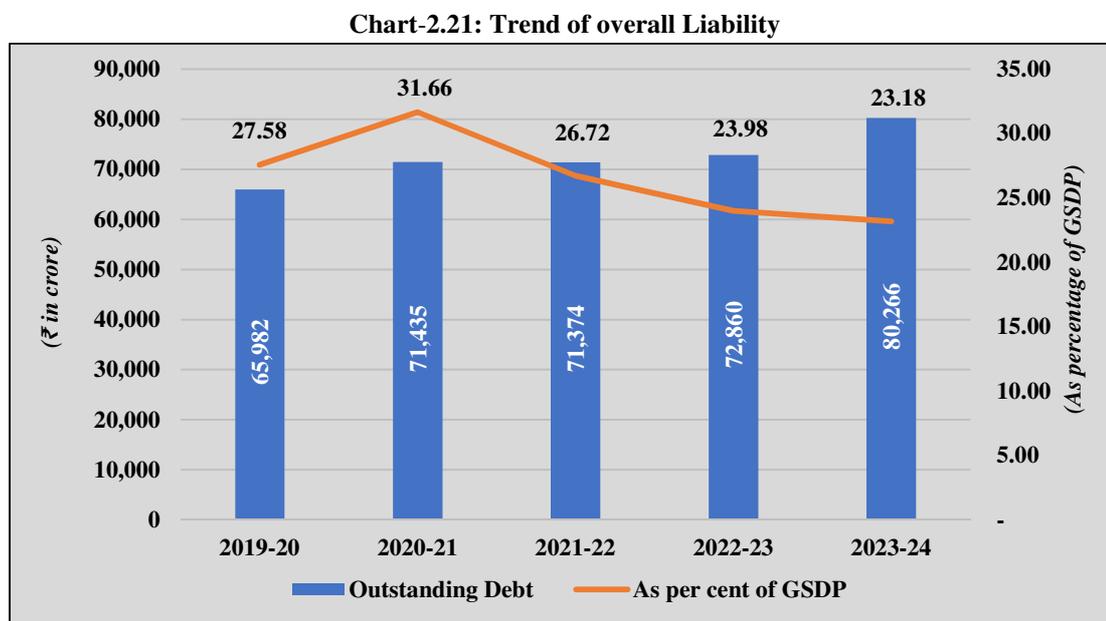
Management of public liability is the process of establishing and executing a strategy for managing the Government's liabilities in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign liability

<sup>10</sup> These guidelines inter-alia states that the monies received by the State government from the user agencies shall be credited in "State Compensatory Afforestation Deposits" at Minor Head level below Major Head 8336 Civil Deposits. Out of it 90 per cent shall be transferred to the Major Head 8121-129 in Public Account of the State and 10 per cent in the National Fund. Similarly, the expenditure shall initially be booked under Major Head-2406 and then transferred to the Major Head 8121-129 in the Public Account by deduct entry in the concerned Major Head of account 2406.

management goals that the Government may have set through enactment or any other annual budget announcements.

### 2.9.1 Trend of overall liability

The effective outstanding liability at the end of 2023-24 was ₹ 80,266 crore. Year wise overall liability during 2019-20 to 2023-24 is given in **Chart-2.21**.



*Note: Accumulation of back-to-back loan of ₹ 5,649 crore (₹ 2,316 crore and ₹ 3,333 crore in respect of 2020-21 and 2021-22 respectively) in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification<sup>11</sup> this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.*

### 2.9.2 Liability profile: Components

Total debt of the State Government typically constitutes of 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. Total Liabilities as per FRBM Act of the Uttarakhand means the liabilities under the Consolidated Fund of the State and the Public Account of the State. The component wise debt trends are shown in **Table-2.42**.

**Table-2.42: Component wise Debt Trends**

	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Outstanding Total Liability</b>	<b>65,982</b>	<b>71,435</b>	<b>71,375</b>	<b>72,860</b>	<b>80,266</b>
<b>Public Debt</b>	<b>50,250</b>	<b>54,799</b>	<b>55,554</b>	<b>56,510</b>	<b>62,312</b>
(i) Internal Debt	49,437	53,302	53,759	53,559	57,379
(ii) Loans from GoI	813	1,497	1,795	2,951	4,933
<b>Liabilities on Public Account</b>	<b>15,732</b>	<b>16,636</b>	<b>15,821</b>	<b>16,350</b>	<b>17,954</b>
(i) Small Savings, Provident Fund etc.	8,565	8,997	9,331	9,453	9,671

<sup>11</sup> Government of India, Ministry of Finance, Department of Expenditure letter no. F.No.40 (1) PF-S/2021-22 dated 10 December 2021.

	2019-20	2020-21	2021-22	2022-23	2023-24
(ii) Reserve Fund	3,332	3,422	2,954	3,016	3,820
(iii) Deposit	3,835	4,217	3,536	3,881	4,463
Rate of growth of Outstanding Total Liability	13.69	8.26	(-) 0.09	2.08	10.16
Gross State Domestic Product (GSDP)	2,39,263	2,25,617	2,67,143	3,03,781	3,46,206
Liability/GSDP ( <i>per cent</i> )	27.58	31.66	26.72	23.98	23.18
<b>Borrowings and other Liabilities (as per Statement 6 of Finance Accounts)</b>					
Total Receipts	22,194	23,327	16,326	18,188	38,573
Total Repayments	14,251	15,558	13,053	16,703	31,168
Net Funds Available	7,943	7,769	3,273	1,485	7,405
Repayment/Receipts (percentage)	64.21	66.70	79.95	91.84	80.80

Source: Finance Accounts.

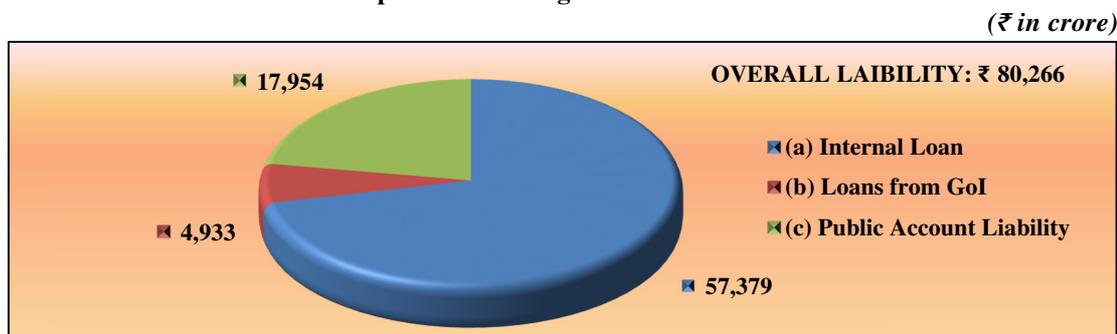
Note: Accumulation of back-to-back loan of ₹ 5,649 crore (₹ 2,316 crore and ₹ 3,333 crore in respect of 2020-21 and 2021-22 respectively) in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

Total liabilities of the State Government have increased by ₹ 14,284 crore (21.65 *per cent*) from ₹ 65,982 crore in 2019-20 to ₹ 80,266 crore in 2023-24. However, it increased by ₹ 7,406 crore (10.16 *per cent*) over the previous year. Further, Internal Debts and Loans from GoI increased by ₹ 3,820 crore (7.13 *per cent*) and ₹ 1,982 crore (67.16 *per cent*) respectively over the previous year. Liabilities on Public Account increased by ₹ 2,222 crore (14.12 *per cent*) during the period 2019-24. Further, liabilities on Public Account increased ₹ 1,604 crore (9.81 *per cent*) over the previous year due to increase in all components of Public Account liabilities.

### 2.9.3 Break up of Outstanding Overall Liability at the end of 2023-24

The total outstanding liability of the State Government at the end of 2023-24 was ₹ 80,266 crore. Internal debt, which is (₹ 57,379 crore), accounts for 72 *per cent* of the total outstanding debt. Component-wise break-up of debt is shown below in **Chart-2.22**.

Chart-2.22: Break-up of Outstanding Liabilities at the end of FY 2023-24



Note: Outstanding Total Liability excludes back-to-back loan of ₹ 5,649 crore, received from GoI up to FY 2021-22, in lieu of GST compensation shortfall.

### 2.9.4 Component wise debt trends

The debt trends comprising of internal debt, Loans from GoI, Public Account over the period 2019-20 to 2023-24 are highlighted in **Table-2.43** and **Chart-2.23** below:

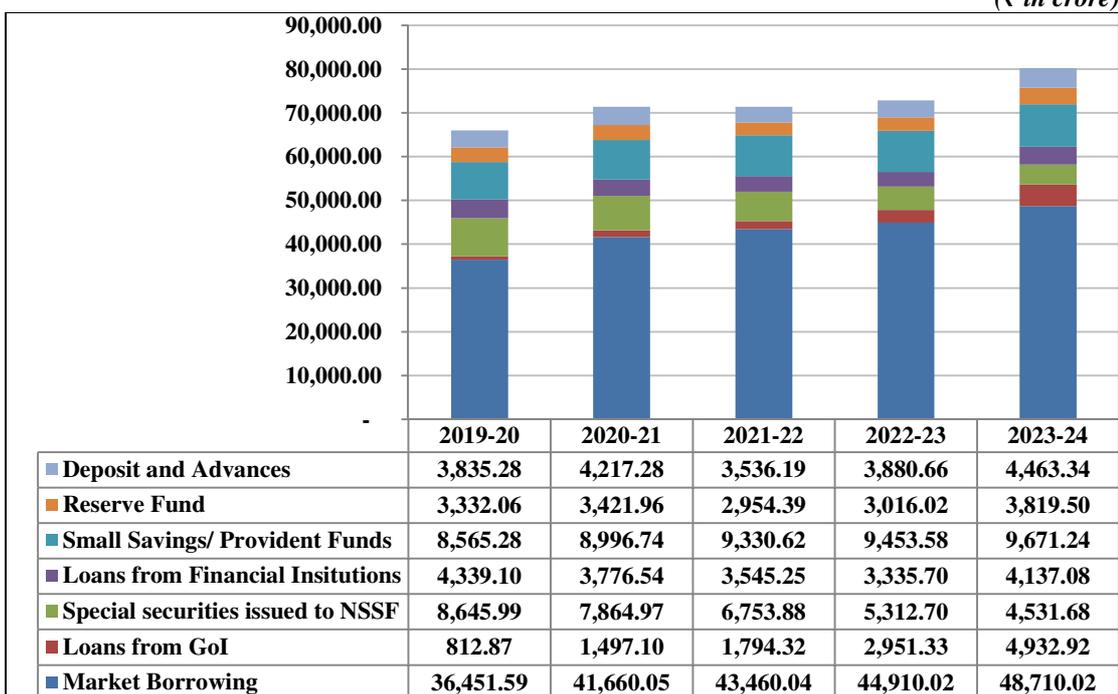
Table-2.43: Component wise debt trends

(₹ in crore)

Year	Market Borrowing	Loals from GOI	Special securities issued to NSSF	Loans from Financial Institutions	Small Savings/ Provident Funds	Reserve Fund	Deposit and Advances
2019-20	36,451.59	812.87	8,645.99	4,339.10	8,565.28	3,332.06	3,835.28
2020-21	41,660.05	1,497.10	7,864.97	3,776.54	8,996.74	3,421.96	4,217.28
2021-22	43,460.04	1,794.32	6,753.88	3,545.25	9,330.62	2,954.39	3,536.19
2022-23	44,910.02	2,951.33	5,312.70	3,335.70	9,453.58	3,016.02	3,880.66
2023-24	48,710.02	4,932.92	4,531.68	4,137.08	9,671.24	3,819.50	4,463.34

Chart-2.23: Component wise debt trends

(₹ in crore)



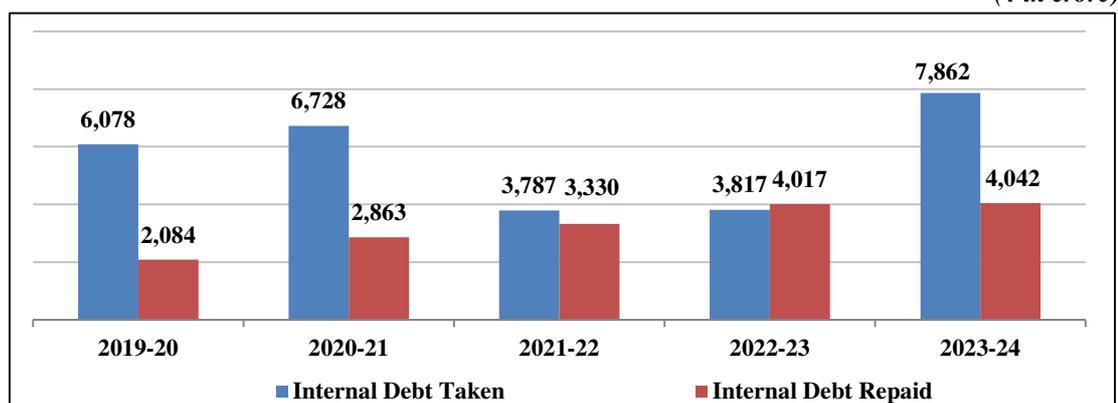
Note: Outstanding Total Liability excludes accumulation of back-to-back loan of ₹ 5,649 crore (₹ 3,333 crore and ₹ 2,316 crore i.r.o FY 2021-22 and 2020-21 respectively) in lieu of GST compensation shortfall.

### 2.9.5 Internal Debt taken vis-à-vis repaid

Composition of Internal Debt taken and repaid during 2019-20 to 2023-24 is given in Chart-2.24.

Chart-2.24: Internal Debt taken vis-à-vis repaid

(₹ in crore)



The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table-2.44**.

**Table-2.44: Components of Fiscal Deficit and its Financing Pattern**

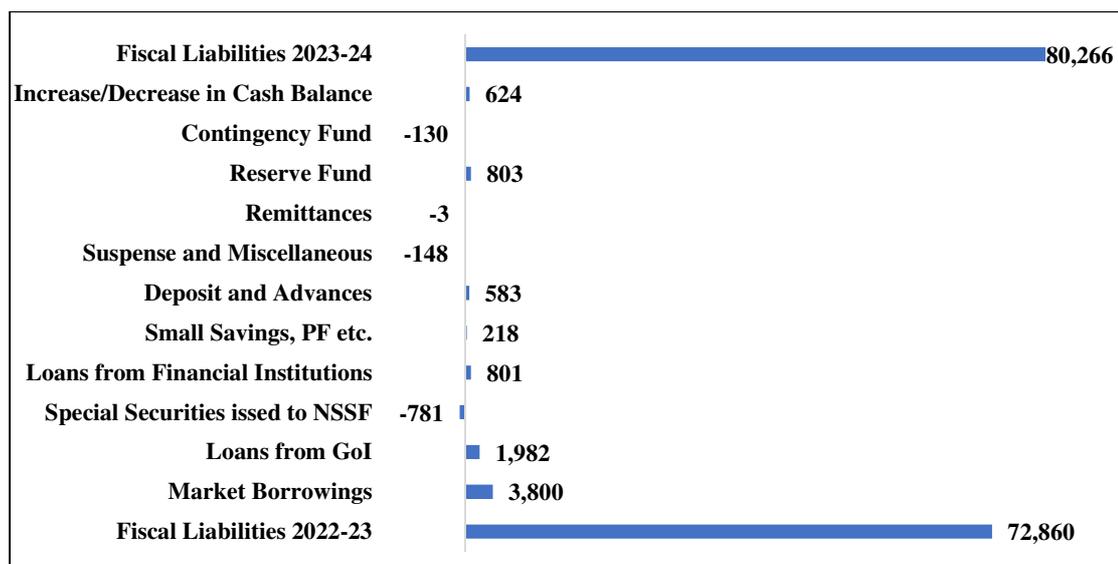
(₹ in crore)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>A</b>	<b>Components of Fiscal Deficit (1 to 3)</b>	<b>(-) 7,657</b>	<b>(-) 5,439</b>	<b>(-) 3,736</b>	<b>(-)2,949</b>	<b>(-)7,749</b>
1.	Revenue Deficit (-)/ Surplus (+)	(-) 2,136	(+) 1,114	(+) 4,128	(+)5,310	(+)3,341
2.	Net Capital Expenditure	(-) 5,414	(-) 6,538	(-) 7,534	(-)8,183	(-)10,982
3.	Net Loans and Advances	(-) 107	(-) 14	(-) 330	(-)76	(-)108
<b>B</b>	<b>Financing Pattern of Fiscal Deficit</b>					
1.	<b>Net Public Debt</b>	<b>(+) 4,017</b>	<b>(+) 6,865</b>	<b>(+) 4,088</b>	<b>(+)956</b>	<b>(+)5,802</b>
a.	Net Market Borrowings	(+) 4,500	(+) 5,209	(+) 1,800	(+)1,450	(+)3,800
b.	Net Loans from GoI	(+) 23	(+) 3,000	(+) 3,630	(+)1,157	(+)1,982
c.	Net Special Securities issued to NSSF	(-) 781	(-) 781	(-) 1,111	(-)1,441	(-)781
d.	Net Loans from Financial Institutions <sup>12</sup>	(+) 275	(-)563	(-) 231	(-)210	(+)801
2.	<b>Net Public Account</b>	<b>(+) 2,761</b>	<b>(+) 302</b>	<b>(-) 525</b>	<b>(+) 274</b>	<b>(+)1,453</b>
a.	Net Small Savings, PF, etc.	(+) 666	(+) 431	(+) 334	(+)123	(+)218
b.	Net Deposits and Advances	(+) 501	(+) 382	(-) 681	(+)344	(+)583
c.	Net Suspense and Misc.	(-) 1,164	(-) 595	(+) 278	(-)272	(-)148
d.	Net Remittances	(-) 01	(-) 6	(+) 12	(+)17	(-)3
e.	Net Reserve Fund	(+) 2,759	(+) 90	(-) 468	(+)62	(+)803
3.	<b>Net Contingency Fund</b>	<b>(+) 68</b>	<b>(-) 225</b>	<b>(+) 224</b>	<b>(+)90</b>	<b>(-)130</b>
4.	<b>Accretion to Cash Balance</b>	<b>(+) 811</b>	<b>(-) 1,503</b>	<b>(-) 51</b>	<b>(+)1,629</b>	<b>(+)624</b>

Source: Finance Accounts of Government of Uttarakhand.

The fiscal deficit in 2023-24 was largely managed by Market Borrowings (49.04 per cent), Loans from GoI (25.58 per cent), Reserve Fund (10.36 per cent) and Accretion to Cash Balance (8.05 per cent). This was counterbalanced by a decline in Net Special Securities issued to NSSF (10.08 per cent). Financing of Fiscal Deficit during the year is depicted in **Chart-2.25** below:

**Chart-2.25: Financing of Fiscal Deficit**



<sup>12</sup> Includes Net Ways and Means Advances.

### 2.9.6 Debt profile: Maturity and Repayment

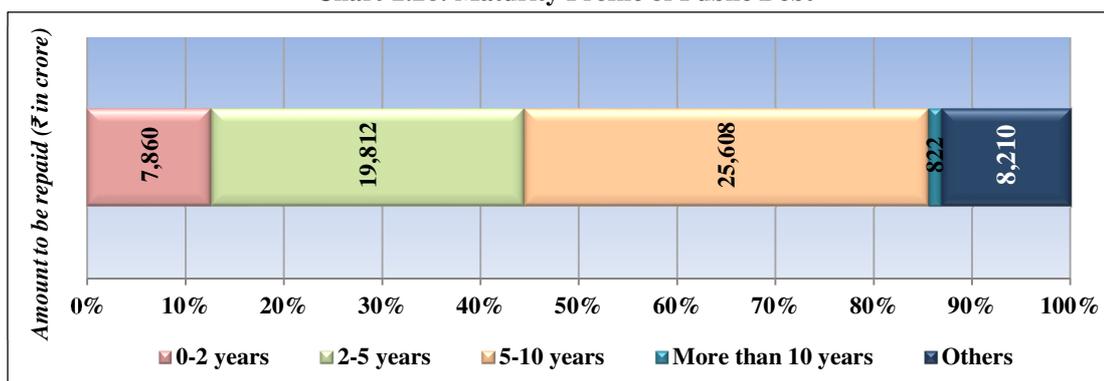
Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. The maturity profile of the State's outstanding loans and advances (public debt) is given in **Table-2.45** and **Chart-2.26**.

**Table-2.45: Debt Maturity Profile of Repayment of Public Debt**

Year of maturity	Maturity Profile (in years)	Amount			Per cent of total Public Debt
		Internal Debt	Loans & Advances from GoI	Total	
By 2025-26	0-2	7,746.90	113.21	7,860.11	12.61
Between 2026-27 & 2028-29	2-5	19,642.31	170.13	19,812.44	31.80
Between 2029-30 & 2033-34	5-10	25,313.36	294.40	25,607.76	41.10
2034-35 onwards	Above 10	539.12	282.38	821.50	1.32
Others <sup>13</sup>	NA	4,137.08	4,072.80	8,209.88	13.17
<b>Total</b>		<b>57,378.77</b>	<b>4,932.92</b>	<b>62,311.69</b>	<b>100.00</b>

Note: Loan from GoI excludes back to back loan of ₹ 5,649 crore, received from GoI till the year 2021-22, in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State.

**Chart-2.26: Maturity Profile of Public Debt**



The maturity profile of outstanding stock of public debt as on 31 March 2024 indicates that out of the outstanding public debt of ₹ 62,311.69 crore<sup>14</sup>, 85.51 per cent (₹ 53,280.31 crore) is payable within the next ten year while 1.32 per cent (₹ 821.50 crore) is in the maturity bracket of more than ten years. The maturity profile of the remaining 13.17 per cent (₹ 8,209.88 crore) is not available. It constitutes mainly Internal loans from financial institutions (GIC, LIC, SBI, NABARD, NCDC etc.) of ₹ 3,530.02 crore and loans from GoI as Scheme for Special Assistance as Loan to State for Capital Expenditure ₹ 4,031.10 crore. Of the total outstanding public debt, internal debt (₹ 57,378.77 crore) consisting of market borrowings, loans from NABARD and special securities issued to NSSF etc. constituted 92.08 per cent.

<sup>13</sup> Maturity profile of these loans are not available.

<sup>14</sup> Excludes accumulation of back-to-back loan of ₹ 5,649 crore (₹ 3,333 crore and ₹ 2,316 crore i.r.o 2021-22 and 2020-21 respectively) in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State.

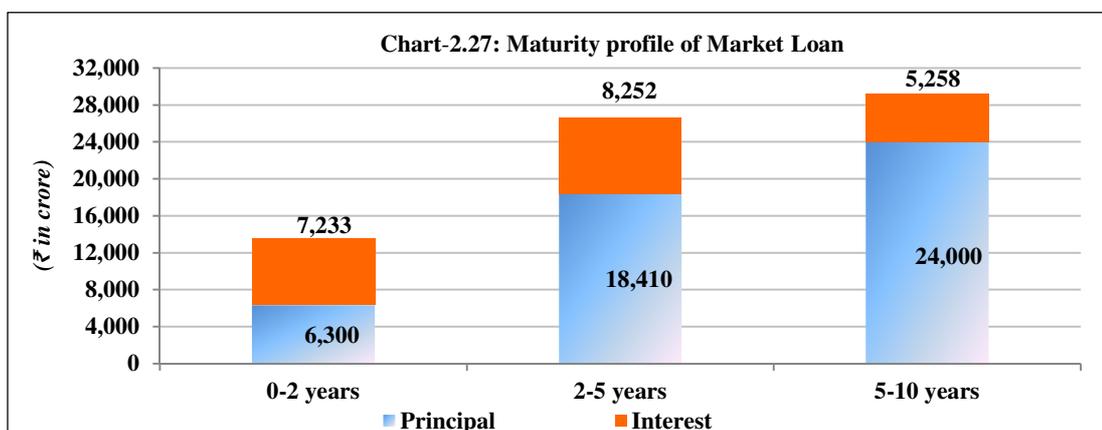
The amount of outstanding market loans and interest to be paid there on over the period of next 10 years is detailed in **Table-2.46** and **Chart-2.27** below:

**Table-2.46: Repayment of Debt and Interest**

(₹ in crore)

Year	Repayment of		
	Public Debt (Market Loan) **	Interest	Total
2024-25	2,400.00	3,714.45	6,114.45
2025-26	3,900.00	3,518.84	7,418.84
2026-27	5,450.00	3,194.30	8,644.30
2027-28	6,660.00	2,786.34	9,446.34
2028-29	6,300.00	2,271.45	8,571.45
2029-30	5,100.00	1,742.51	6,842.51
2030-31	6,200.00	1,374.54	7,574.54
2031-32	3,200.00	948.46	4,148.46
2032-33	3,200.00	719.98	3,919.98
2033-34	6,300.00	472.73	6,772.73
<b>Total</b>	<b>48,710.00</b>	<b>20,743.60</b>	<b>69,453.60</b>

\*\* Calculation of interest in respect of public debt components other than market loan is not feasible due to non-availability of information i.e. maturity profile and rate of interest in Finance Account.



Note: The maturity profile has been evolved for outstanding market loans as on 31 March 2024 and interest has been calculated up to the financial year in which the loans are going to be retired.

The State will have to repay ₹ 24,710 crore of market loans and pay interest of ₹ 15,485 crore in next five financial years i.e., up to 2028-29. In next five years up to 2033-34, ₹ 24,000 crore principal and interest of ₹ 5,258 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 6,945 crore during next ten years up to 2033-34. During the current year, an amount of ₹ 5,978 crore (₹ 2,500 crore principal + ₹ 3,478 crore interest) was repaid as Market Loan.

### 2.9.7 Debt Sustainability Analysis

A comprehensive indicator-based approach, which is a combination of some important indicators (growth rate of GSDP, effective interest rate, Primary Balance etc.) and Domar Model, has been used for Debt sustainability analysis. This approach takes into account all types of debt including Public Debt as well as liabilities arising from Public Accounts such as Small savings, Provident funds, Reserve funds, Deposits etc., hence, providing a holistic view of the finances of the State Government.

However, the higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a higher debt requires a higher primary surplus to sustain it. A high level of debt raises a number of challenges:

- large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- a high level of debt heightens an economy's vulnerability to interest rate and growth shocks.
- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (*i.e.*, being unable to fulfil borrowing requirements from private sources or being able to do so only at very high interest rates).
- high levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. Sustainability of Public debt ensures that it does not explode, and governments are not forced to significantly increase taxes, or decrease spending.

The results of the analysis are given in the following paragraphs:

(A) Debt sustainability is defined as the ability of the State to service its debt now and in future. Analysis of variations in debt sustainability indicators is given in **Table-2.47** and **Chart-2.28**.

**Table-2.47: Debt Sustainability: Indicators and Trends**

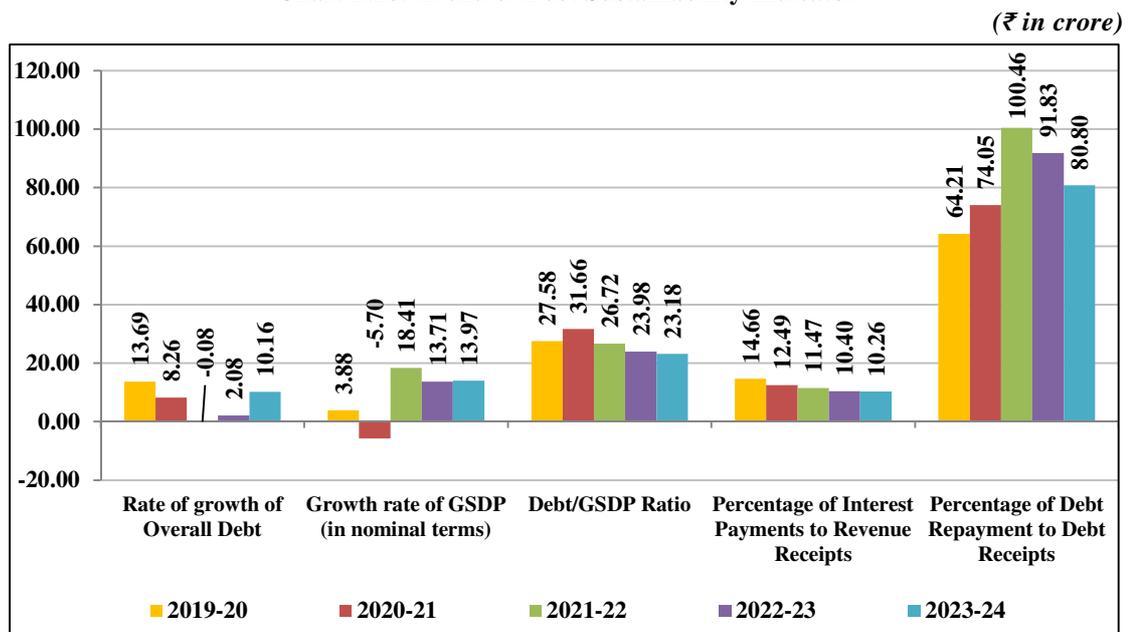
(₹ in crore)						
Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	Overall Liabilities or Overall Debt	65,982.17	71,434.64	71,374.68	72,860.02	80,265.78
2	Rate of growth of Overall Debt ( <i>per cent</i> )	13.69	8.26	(-)0.08	2.08	10.16
3	GSDP (in nominal terms)	2,39,263	2,25,617	2,67,143	3,03,781	3,46,206
4	Nominal GSDP Growth ( <i>per cent</i> )	3.88	(-)5.70	18.41	13.71	13.97
5	Overall Debt/GSDP ( <i>per cent</i> )	27.58	31.66	26.72	23.98	23.18
6	Maturity profile of all kinds of borrowings <sup>#</sup>					
6a	0-2 years	3,670.63	4,827.84	5,940.47	6,590.78	7,860.11
6b	2-5 years	8,672.21	11,301.66	14,225.36	17,652.11	1,98,212.44
6c	5-10 years	30,399.20	33,418.29	30,594.28	25,771.43	25,607.76
6d	Over 10 years	3,168.34	757.57	267.44	1,055.08	821.50
7	Repayment to Gross Borrowings ( <i>per cent</i> )	64.21	74.05	100.46	91.83	80.80
8	Net borrowings available as a percentage of Gross Borrowings	35.79	25.95	(-)0.46	8.17	19.20
9	Interest payments on Overall Debt	4,504.02	4,773.07	4,938.83	5,103.63	5,192.45
10	Effective rate of interest on Overall Debt ( <i>per cent</i> )	7.66	7.37	7.36	7.59	7.45
11	Interest payment to Revenue Receipts ( <i>per cent</i> )	14.66	12.49	11.47	10.40	10.26
12	Revenue Deficit / Surplus	-2,136.23	1,113.33	4,128.04	5,309.97	3,341.05
13	Primary Revenue Balance (PRB)	2,367.79	5,886.40	9,066.87	10,413.60	8,533.50

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
14	Primary Balance (PB)	(-)3,153.25	(-)666.11	1,202.99	2,154.59	(-)2,556.57
15	PB/GSDP (per cent)	(-)1.32	(-)0.30	0.45	0.71	(-)0.74
16	Difference between RoI* and effective rate of interest on Overall Debt	(-)6.36	(-)4.49	8.87	(-)6.15	(-)4.82
17	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	140	96	6	39	137
18	Debt Stabilisation (Quantum Spread + Primary Balance)	(-)5,516.34	(-)9,418.33	8,633.53	6,277.55	2,148.92
19	Domar Criteria					
a	GSDP (in constant terms)	1,89,740	1,66,786	1,84,274	1,98,341	2,13,378
b	Real Growth (in constant terms)	1.97	(-)12.10	10.49	7.63	7.58
c	Inflation based on CPI (per cent)	5.89	7.29	5.58	6.51	5.55
d	Effective rate of interest	7.66	7.37	7.36	7.59	7.45
e	Real effective rate of interest (Effective rate of interest – inflation)	1.77	0.08	1.78	1.08	1.90
f	Growth Interest Differential (Real growth – Real effective rate of interest)	0.20	(-)12.18	8.70	6.56	5.68

# Includes liabilities on Public Debt where maturity profile was available. Public Account was not included as its Maturity Profile was not available.

\* Return on Investment (RoI) as measured by effective rate of interest receipts. i.e.  $RoI = (\text{Interest Receipts} / \text{Average of Outstanding L\&A of Previous and Current Financial Year}) * 100$ .

Chart-2.28: Trend of Debt Sustainability Indicator



- Debt stabilization condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant, or debt would stabilize

eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

- **Table-2.47** shows that The State's debt burden, measured by the total liabilities to GSDP ratio, has started improving after showing an upward trend till 2020-21, while a consistent decline has been observed in the last three years of the period (2019-2024) considered for debt sustainability analysis. The debt-GSDP ratio increased from 25.20 *per cent* in 2018-19 to 27.58 *per cent* in 2019-20 and to 31.66 *per cent* in 2020-21 as compared to the previous year. After registering a historic increase of 4.08 percentage points in 2020-21 due to the impact of the pandemic, when nominal growth contracted by 5.70 *per cent*, it declined to 26.72 *per cent* in the post-pandemic year (2021-22), registering a significant improvement of 4.94 percentage points as compared to the previous year. Following a downward trend, the overall liabilities-GSDP ratio reached to 23.98 *per cent* in 2022-23 and 23.18 *per cent* in 2023-24. The steady decline in the state's debt burden, measured by the overall liabilities-GSDP ratio, since 2021-22 indicates that it has started stabilizing.
- Year-wise analysis shows that while there has been a steady decline in the growth interest gap (GID), which is already in the negative territory in 2018-19, the debt-GSDP ratio has increased in 2019-20 and 2020-21 due to persistent primary deficit. With less appetite for borrowing requirements by making significant reduction in the primary deficit, the State could not prevent the debt-GSDP ratio from registering a rise of 4.08 percentage points in 2020-21 compared to an increase of 2.38 percentage points in the last fiscal. However, recovering from the pandemic effect as evident from the significant nominal growth of 18.41 *per cent* in 2021-22 owing to base effect and steady nominal growth supported by primary balance which continued to remain in the positive territory leading to improvement in debt burden of the State by 4.94 percentage points in 2021-22 and 2.74 percentage points in 2022-23 over the previous year. Despite the primary deficit, the state's debt-GSDP ratio continued to decline and improved from 23.98 *per cent* in 2022-23 to 23.18 *per cent* in 2023-24. The reduction in the debt-GSDP ratio can be attributed to the favorable GID which was sufficient to offset the impact of the primary deficit.
- As per the Domar criterion, despite the fluctuating trend, the Growth Interest Differential (GID) in real terms remained favourable during 2019-2024 except for the pandemic year (2020-21) given a significant contraction of 12.10 *per cent* registered in real growth. Both the nominal growth and effective rate of interest largely remained driven by inflation. Despite the 5-year low real rate of interest, when CPI inflation almost intensified to the level of the effective nominal rate of interest, the GID turned unfavourable in 2020-21. Thereafter, consistent economic growth supported by the easing of CPI inflation helped the GID to remain favourable over the next three years. On average, the CPI inflation during the

period 2019-2024 remained above tolerance band of 2-6 *per cent* determined by the RBI.

- Interest payments as a percentage to Revenue Receipts and Revenue Expenditure has declined constantly over the last five years which is an indication of sustainable debt as more resources are left for other productive purposes.
  - During the current fiscal year, the State Government resorted to financial accommodation instruments available with RBI on 137 occasions which warrants poor fiscal management and hinders short-term debt sustainability.
- (B) Details of the achievements *vis-à-vis* targets set in the Central Finance Commission Report (FCR) are shown below:

**Table-2.48: Achievements *vis-à-vis* Targets set in the FCR**

(in *per cent* of GSDP)

Fiscal Parameters		Achievements <i>vis-à-vis</i> Targets set in the FCR				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit	T	00	00	00	00	00
Revenue Deficit (-)/ Surplus (+)	A	(-) 0.89	0.49	1.55	1.75	0.97
Fiscal Deficit (-)/Surplus (+)	T	(-) 3.25	(-) 4.50	(-) 4.00	(-) 3.50	(-) 3.00
	A	(-) 3.20	(-) 2.41	(-) 1.40	(-) 0.97	(-)2.24
Ratio of total outstanding liability to GSDP	T	22.52	33.20	33.10	33.90	34.00
	A	27.58	31.66	26.72	23.98	23.18

The State was unable to keep its debt burden within target set under the FRBM Act in 2019-20 and 2020-21. However, the State's debt burden remained within the ceilings prescribed by the Finance Commission during last five years except 2019-20.

### 2.9.8 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 sustainable. Trend of utilization of borrowed funds during past five years are shown in the **Table-2.49** and **Chart-2.29** below:

**Table-2.49: Utilisation of borrowed funds**

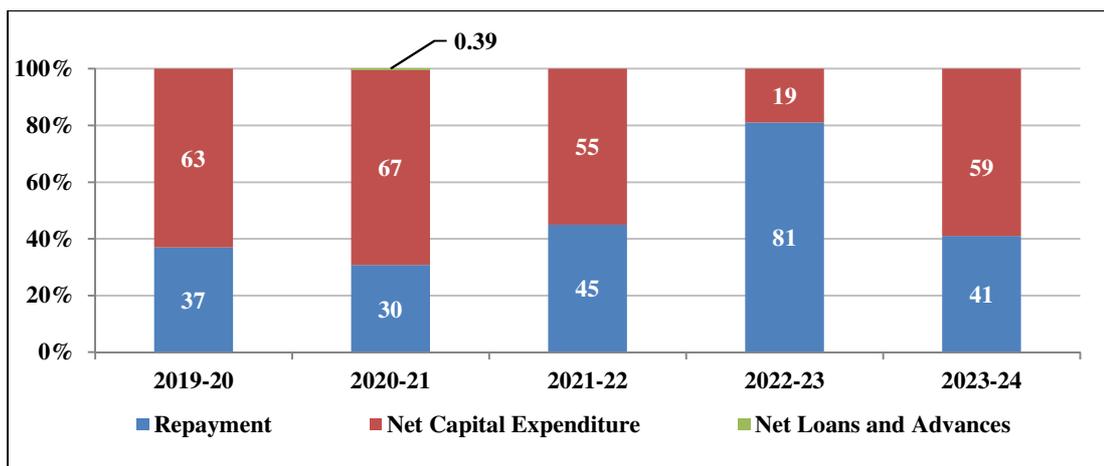
(₹ in crore)

Year	Total Borrowings	Repayment of earlier borrowings (percentage)	Net Capital expenditure* (percentage)	Net Loans and Advances disbursed. (percentage)	Portion of Revenue expenditure met out of total borrowings. (percentage)
2019-20	5,834	2,131 (37)	3,703 (63)	NA	NA
2020-21	9,787	2,921 (30)	6,538 (67)	38 (0.39)	NA <sup>15</sup>
2021-22	7,473	3385 (45)	4,088 (55)	NA	NA
2022-23	5,036	4,079 (81)	957 (19)	NA	NA
2023-24	9,912	4,110 (41)	5,802 (59)	NA	NA

\*Net Capital Expenditure = Total Capital Expenditure – Misc. Capital Receipts. NA- Not Applicable.

<sup>15</sup> No Revenue Expenditure was met from borrowings as State had Revenue Surplus during 2020-21.

Chart-2.29: Trend of Utilisation of Borrowed Funds



In the Period 2019-24, State utilised 30 to 81 *per cent* of borrowings for repayment of earlier principal leaving less space for capital expenditure and net capital expenditure ranged between 19 *per cent* and 67 *per cent* of available borrowings. Further, expenditure on net capital expenditure came down from 63 *per cent* in 2019-20 to 59 *per cent* in 2023-24. As per the Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for capital expenditure. In 2023-24 which is the third year of the Finance Commission period, the State has a Revenue Surplus of ₹ 3,341 crore. During the current year 2023-24, the Government has resorted to high borrowings in the year compared to previous year.

## 2.10 Status of Guarantees–Contingent Liabilities

The statutory corporations, government companies, co-operatives institutions, financial institutions, autonomous bodies and authorities are distinct legal entities and responsible for their debts. Their financial obligations may be guaranteed by a government and thus the Government has a commitment to see that these are fulfilled. When these entities borrow directly from the market, it reduces a government's budgetary support to them and the magnitude of the Government borrowings. However, it adds to the level of guarantees given by the government. Thus, Guarantees normally constitute contingent liabilities of the Government and are contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

The FRBM Act, 2005 prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of coming into force of such rule or law. However, the State Legislature (under Article 293 of the Constitution fixing the maximum limit within which the government could give guarantees on the security of the Consolidated Fund of the State) made the relevant provision in the amended FRBM, Act only in December 2016.

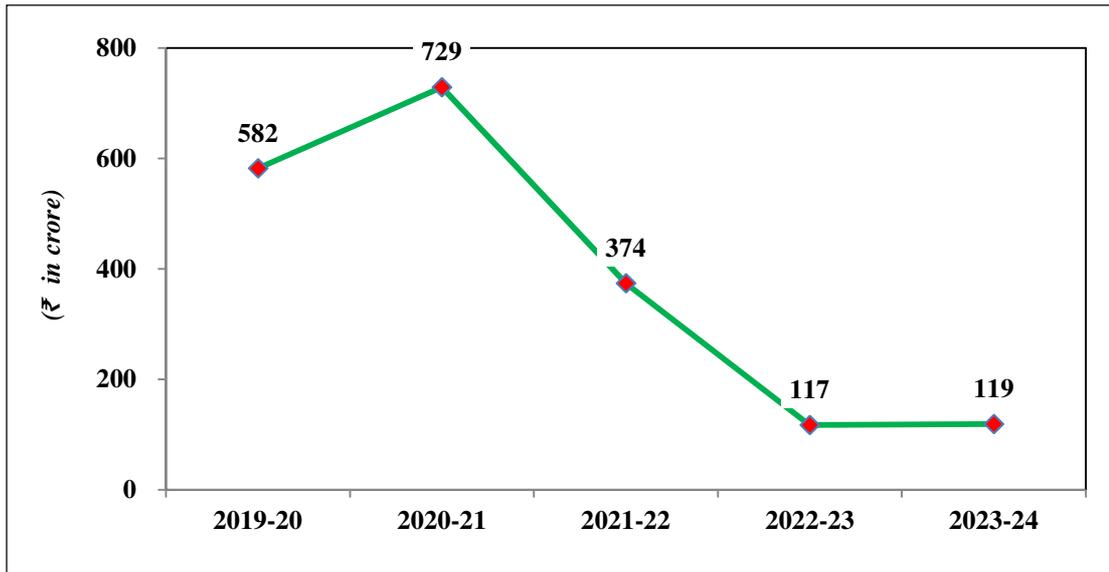
As per **Statement-9 & 20** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table-2.50** and **Chart-2.30**.

Table-2.50: Guarantees given by the Government of Uttarakhand

Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding amount of guarantees as on 31 <sup>st</sup> March*	582	729	374	117	119
Ceiling fixed by the State Government Act	Outstanding guarantees capped within one <i>per cent</i> of the GSDP of that particular year. New guarantees given during any year should not be more than 0.3 <i>per cent</i> of the GSDP for that year.				
Additions during the year*	402	400	418	386	167
Deletions during the year*	712	525	760	643	238

\* Based on available information and State Budget Document.

Chart-2.30: Status of Outstanding Guarantees



Source: Finance Accounts.

The amount of guarantees outstanding as on 31 March 2024 is ₹ 119 crore which comprises Co-operatives (₹ 117 crore) and others (₹ two crore). Total outstanding guarantees as on 31 March 2024 was ₹ 119 crore which is 0.03 *per cent* of GSDP for the year and hence was within the FRBM ceiling of 0.30 *per cent* of GSDP.

As on 31 March 2024, out of the total outstanding guarantees of ₹ 119 crore, a majority of the share amounting to ₹ 117.25 crore was given to the Sugar and Sugarcane Department whereas an amount of ₹ 1.53 crore and ₹ 0.63 crore were given to the Uttarakhand Minority Welfare and Wakf Development Corporation and Uttarakhand Multipurpose Financial and Development Corporation respectively.

No guarantee was invoked during the year. The information regarding maximum amount of guarantees has been made available partially by the State Government and hence, the statement is incomplete to that extent. The requirements of IGAS-1 have not been fully met in these statements. The State Government received ₹ 0.23 crore as Guarantee commission. Out of this ₹ 0.23 crore was received under Revenue Receipts instead of Guarantee Redemption Fund as per 'The Uttarakhand Ceiling on Government Guarantee Act, 2016' requiring that the guarantee commission received be taken to the corpus of the Fund.

## 2.11 Management of Cash Balances

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

Under the agreement, State Government has to maintain a minimum daily cash balance of ₹ 0.16 crore with the Bank. The limit for ordinary WMA to the State Government was ₹ 602.00 crore with effect from 01 April 2023 and the limit of SWMA is revised by the bank from time to time. During the year 2023-24, the limit of SWMA varied from ₹ 310.58 crore to ₹ 586.23 crore. The government availed WMA of ₹ 19,526.71 crore and repaid ₹ 18,919.65 crore during the year and ₹ 607.06 crore of WMA remained unpaid as on 31 March 2024. During the year 2023-24, on 228 days, the State Government maintained the minimum daily cash balance with the Reserve Bank of India without taking any advance. WMA, SWMA and overdraft were availed on 45 days, 64 days and 28 days respectively during the year.

### 2.11.1 Investment of Cash Balances

**Table-2.51** depicts the cash balances and investments made out of these by the State Government during the year.

**Table-2.51: Cash Balances and their investment**

	(₹ in crore)	
	Opening balance on 01 April 2023	Closing balance on 31 March 2024
<b>A. General Cash Balance</b>		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	(-)131.82	(-)102.34
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
<b>Total</b>	<b>(-)131.82</b>	<b>(-)102.34</b>
Investments held in Cash Balance investment account	653.37	0.00
<b>Total (A)</b>	<b>521.55</b>	<b>(-)102.34</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., PWD, Forest Officers	(-) 10.71	(-) 10.71
Permanent advances for contingent expenditure with department officers	(-) 0.81	(-) 0.81
Investment in earmarked funds	1,808.62	1,918.62
<b>Total (B)</b>	<b>1,797.10</b>	<b>1,907.10</b>
<b>Total (A + B)</b>	<b>2,318.65</b>	<b>1,804.76</b>
<b>Interest realised</b>	<b>44.17</b>	<b>23.97</b>

Source: Finance Accounts.

Cash Balances of the State Government at the end of the current year decreased by ₹ 513.89 crore (22.16 per cent) from ₹ 2,318.65 crore in 2022-23 to ₹ 1,804.76 crore in 2023-24. This was mainly due to decrease in Investment held in Cash Balance Investment

Account (₹ 653.37 crore), which was partially counter balanced by increase in investment in earmarked fund (₹ 110 crore).

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of ₹ 23.97 crore during 2023-24 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 1,918.62 crore in earmarked funds, the whole amount was invested in the securities of GoI. The cash balance investments of the State during the five year period 2019-20 to 2023-24 are given in **Table-2.52**.

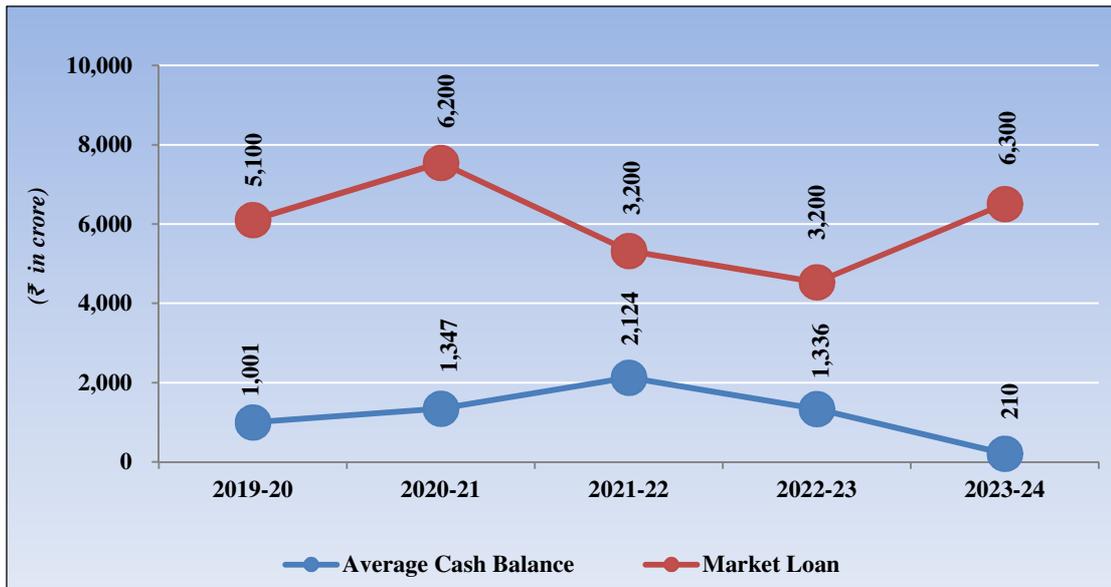
**Table-2.52: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2019-20	247.48	00	(-) 247.48	21.73
2020-21	00	1,931.57	(+) 1,931.57	32.01
2021-22	1,931.57	2,037.62	(+) 106.05	34.23
2022-23	2,037.62	653.37	(-)1,384.25	44.17
2023-24	653.37	00	(-)653.37	23.97

The trend analysis of the cash balance investment of the State Government during 2019-20 to 2023-24 revealed that investment was decreasing from 2022-23. During the current year there was a nil closing balance under the major head Cash Balance Investment Account with a decrease of ₹ 653.37 crore (100 per cent).

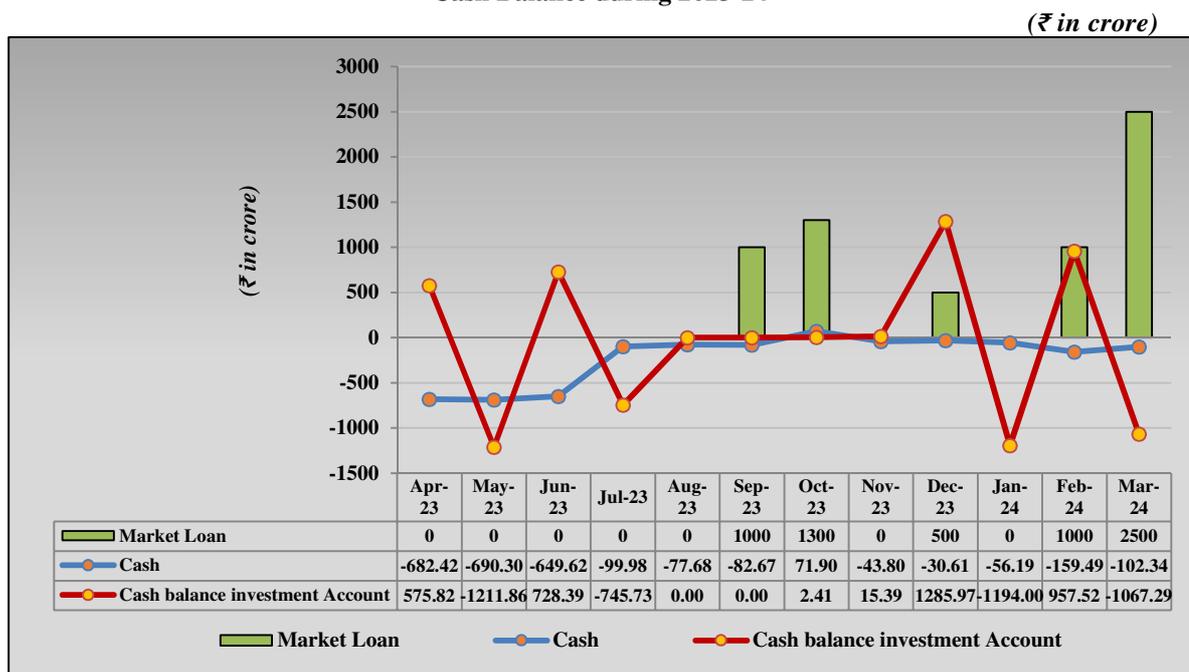
**Chart-2.31** compares the balances available in the Average Cash Balance and the Market Loans taken by the State during the period 2019-20 to 2023-24. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

**Chart-2.31: Market loans vis-à-vis Average Cash Balance**



**Chart-2.32** compares the month-wise Cash Balance Investment Account with the Cash Balances during 2023-24.

Chart-2.32: Month-wise movement of Cash Balances Investment Account and Cash Balance during 2023-24



The preceding chart indicates that the State Government had taken recourse to market loans on five occasions (September, October, December, 2023 and February and March 2024). In December 2023 and February 2024, there were funds available but still the state government took recourse to Market Loans. During the year 2023-24, the State Government raised ₹ 6,300 crore from the market.

## 2.12 Conclusion

- During 2023-24, Revenue Receipts increased by ₹ 1,532 crore (3 per cent) over the previous year, on account of increase in Own Tax Revenue (₹ 2,143 crore), State's Share in Union Taxes and Duties (₹ 2,011 crore) and decrease in Grants-in-Aid (₹ 2,673 crore).
- Revenue Expenditure formed on an average 84 per cent (ranging from 81 per cent to 86 per cent during 2019-24) of the total expenditure during the period 2019-24. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five year period 2019-24. The Committed Expenditure ranged between 57 per cent and 66 per cent of Revenue Expenditure, while it accounted for 53 per cent to 71 per cent of the Revenue Receipts of the State during the five year period 2019-24.
- Inflexible Expenditure ranged between six per cent and nine per cent of Revenue Expenditure, while it accounted for five per cent to eight per cent of the Revenue Receipts of the State during the five-year period 2019-24.
- Capital Expenditure increased by ₹ 2,788 crore (34.02 per cent) during the current year. The Capital Expenditure incurred by the State during the year 2023-24 was higher than the projections made in the MTFPS targets (₹ 10,403 crore) by ₹ 579 crore whereas it was lower than budget projections (₹ 13,134 crore) by ₹ 2,152 crore.
- The average return on the Uttarakhand Government's investment was negligible. During the current year, the amount recovered against the outstanding loans was

₹ 15.82 crore which stood at 0.64 *per cent* of the outstanding loans (₹ 2,454.61 crore) as on 31 March 2023.

- In the Education, Social and Health & Family Welfare Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE & Himalayan States average during 2023-24. Whereas, in Development and Economic Sector, expenditure as a proportion of Aggregate Expenditure in the State was lower than the NE & Himalayan States during 2023-24.
- As per Finance Accounts for the Year 2023-24, there were 154 incomplete/ongoing projects worth ₹ 921.83 crore under various divisions of Public Works as on 31 March 2024. Out of these 154 projects, 48 projects (estimated cost ₹ 308.13 crore) have a time overrun of two to eight years from their target years of completion whereas 106 projects (estimated cost ₹ 613.70 crore) which were to be completed by 2023-24 are still incomplete.
- The total fiscal liabilities to GSDP ratio in 2023-24 decreased by 0.80 *per cent* over the previous year and stood at 23.18 *per cent*, which was below the Fiscal Responsibility and Budget Management (FRBM) target of 33.10 *per cent*.

### 2.13 Recommendations

- *The State Government needs to settle the pending tax claims timely, settle arrears in assessment of taxes and recover the arrears of revenue and improve non-tax revenues towards better resource mobilization;*
- *The State Government may explore ways of ensuring reasonable return on capital invested in profit making State Public Sector Undertakings in view of the substantial high cost of borrowings made by it;*
- *The State may increase allocation of resources on Development sector so as to bring it at par with NE & Himalayan States average;*
- *The State Government may ensure time-bound completion of the incomplete projects and ensure that there are no further cost overruns;*
- *The State Government may ensure the recoveries of Guarantee Commission fees and deposit it in the Guarantee Redemption Fund.*



**CHAPTER-3**  
**BUDGETARY MANAGEMENT**



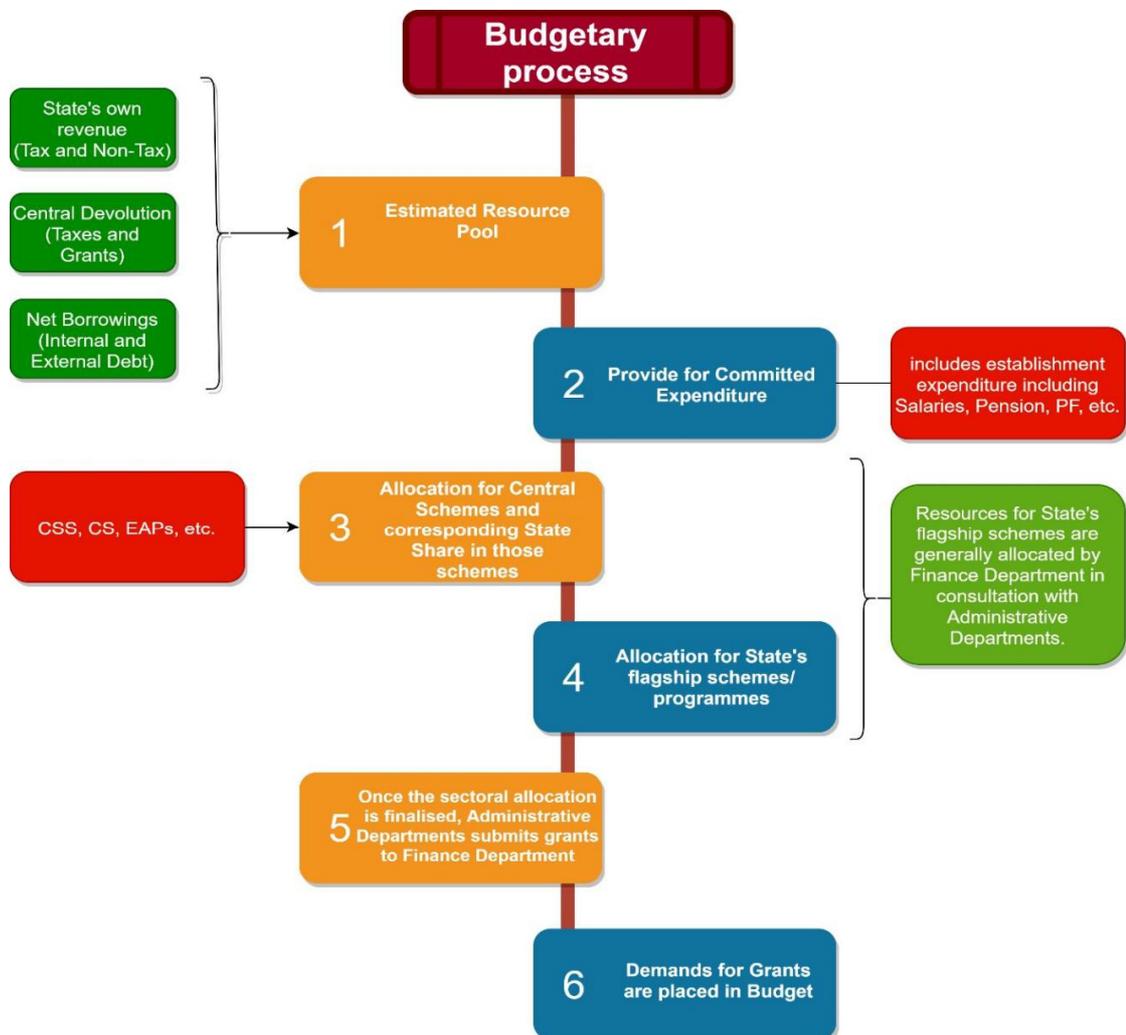
## CHAPTER-3

### BUDGETARY MANAGEMENT

This chapter deals with the review of integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants and the concomitant financial management.

#### 3.1 Budget Process

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



#### 3.2 Budget Preparation Process

The Finance Bill, Annual Financial Statement (Budget) and Demands for Grants are mandated by Article 199, 202 and 203 of the Constitution of India respectively.

Article 202 of Constitution of India requires laying of a statement of the estimated receipts and expenditure of the State for that year, as the "Annual Financial Statement" before the Legislature of the State. The Annual Financial Statement should show expenditure charged on consolidated fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure.

The annual financial statement also called general budget is placed prior to the commencement of the financial year in the State Legislature in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demand for Grants are shown according to the classification under Article 150 of the Constitution.

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with provisions of Article 204 of the constitution. Supplementary or Additional Grant or Appropriation is provided during the course of a financial year, in accordance with Article 205 of the Constitution. It is the provision for meeting expenditure in excess of the budgeted amount.

In Uttarakhand, Finance Department has the responsibility for preparing the Budget:

- Under the rules made by the Governor under Article 166 (2) and (3) of the Constitution and the instructions issued there-under, the Finance Department has been charged with the responsibility to prepare a statement of estimated receipts and expenditure, to be laid before the Legislature in each year. Although the material is supplied by the Heads of Departments and other officers, the actual preparation of the estimates and the budget thus falls upon the Finance Department, and it is solely the business and responsibility of that department to finalize the estimates of receipts and disbursements.
- The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands<sup>1</sup> for Grants/Appropriations.
- Supplementary or additional Grant/Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount.
- Further, the State Government also re-appropriates/re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant/Appropriation) during the year.

Finance Department, Government of Uttarakhand every year issues letter thereby giving outline for Budget preparation. For preparation of Budget for the year 2023-24, a letter was issued on 09 December 2022 which inter-alia provides that:

- The correctness of budget estimates and responsibility thereof is clearly described in Para 16 (Chapter 3) of Budget Manual. State Government accounts are generally prepared on cash basis; therefore, the estimates should be framed

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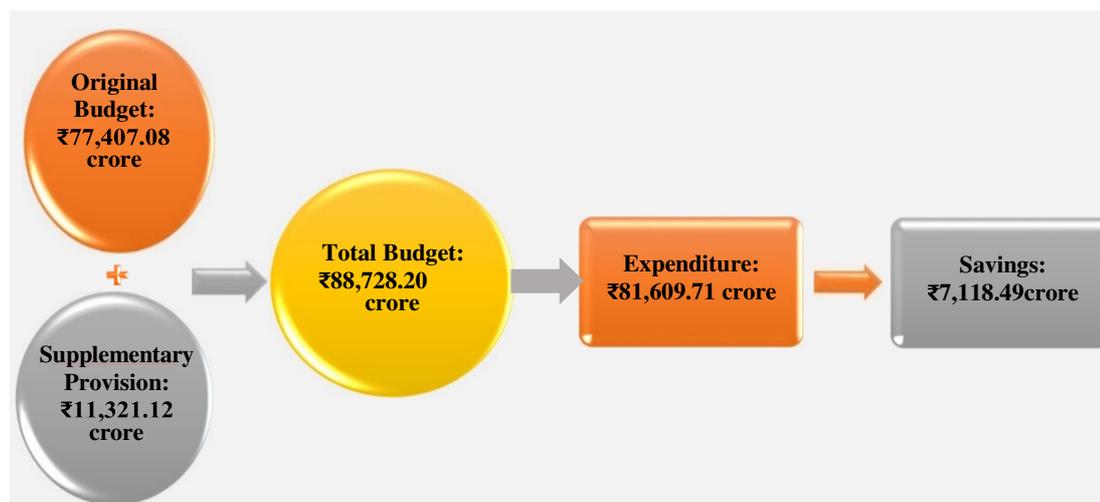
<sup>1</sup> There are 31 demands for Grants/Appropriations for 2023-24.

after a careful and thorough consideration of all items of expenditure and of all sources of income and of every factor likely to affect the actual results.

- Para 17 (Chapter 3) of Budget Manual specifically provides that the budget estimates should, as a rule, be prepared on a gross and not on a net basis. The gross transactions in the case of both receipts and charges in each department should be entered separately. Receipts should be estimated on the receipt side and the expenditure on the expenditure side.
- The Heads of Departments and other estimating officers should prepare the estimates for each head of account with which they are concerned on the basis of the material obtained by them from subordinate officers and forward estimates to Administrative Departments with a copy to the Accountant General by the prescribed dates. The Accountant General furnishes the past actual, offers his comments, if any, and renders such assistance as may be reasonably asked for by the Finance Department.
- According to Para 31 (Chapter 5) of Budget Manual, lump sum provision should not be generally made but where lump sum provision is unavoidable, description of principal working head and related estimates should be given in remarks of the budget estimates.
- While estimating Capital Receipts, Recovery of Loan and Advances is a principal head. Therefore, while preparing these estimates, instalments of loans and advances given should be considered. The balance amount pending for recovery against previous outstanding loans and advances should be kept in view and their estimates should also be provided.
- Creation of new posts should not be made as far as possible and if it is unavoidable then creation of new posts should be limited to maximum one *per cent*.

The various components of budget are depicted in **Chart-3.1** below:

**Chart-3.1: Summary of Budget and Expenditure of Uttarakhand for the year 2023-24**



**Authorization by the Legislature**

**Implemented by the Government**

*Source: Based on the procedure prescribed in Uttarakhand Budget Manual and Appropriation Accounts.*

### 3.2.1 Gender Budgeting

Gender Budgeting is the segmentation of Budgets to find out the gender-based outcomes of the Government Budget and it is the process of converting gender commitments into budgetary commitments. Gender Budget plays an important role in budgetary policy to fulfill the objective of equality. The allocation of resources for women and the quantification adequacy in the provisioned budget is assessed through gender budgeting. From the point of view of ensuring the participation of women in departmental schemes under the budget, it has been divided into two categories. The schemes which set the budget for 100 *per cent* women have been kept in category-1 and the schemes having more than 30 *per cent* have been kept in category-2.

Details of Gender Budget allocation during 2019-20 to 2023-24 is given in **Table-3.1** below:

**Table-3.1: Provisions under Gender Budget during 2019-20 to 2023-24**

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Gender Budget	6,193	6,205	7,784	13,771	13,920
Total Budget	51,198	57,591	65,012	71,012	88,728

Source: Budget & Gender Budget Uttarakhand Government.

Budget allocation under Gender Budget increased by ₹ 7,727 crore from ₹ 6,193 crore in 2019-20 to ₹13,920 crore in 2023-24. However, it increased by only ₹ 149 crore in 2023-24 as compared to 2022-23. This allocation was made across 21 Grants on schemes designed specifically to benefit women under Category 1 and Category 2. Year-wise allocation and expenditure in respect of categories 1 and 2 for the period 2019-20 to 2023-24 is given in **Table-3.1 (A)**:

**Table-3.1(A): Category wise Gender Budget Allocation during 2019-20 to 2023-24**

(₹ in crore)

Year	Category 1			Category 2		
	Budget	Expenditure	Percentage of Expenditure To Budget	Budget	Expenditure	Percentage of Expenditure To Budget
2019-20	1,126.30	890.13	79.03	5,066.59	4,056.84	80.07
2020-21	1,125.96	1,010.16	89.72	5,078.60	8,080.44	159.11
2021-22	1,364.47	988.51	72.45	6,419.04	7,924.22	123.45
2022-23	2,068.21	1,205.52	58.29	11,703.10	9,791.67	83.67
2023-24	2,022.88	1,477.72	73.05	11,897.25	12,460.01	104.73

Source: Uttarakhand Budget.

It is evident from the above that in Category-1 (**100 *per cent* Budget fully for women**), there has been fluctuation in the percentage of the budget utilized over the years. The utilisation in 2019-20, 2020-21, 2021-22 and 2023-24 was in the range of 72 to 89 *per cent* indicating effective utilization. However, in 2022-23, the expenditure was only 58 *per cent* of the budget, suggesting underutilization. The State Government should implement mechanisms to track and ensure that allocated budgets are fully utilized, especially in Category I, to meet gender equality objectives.

**3.2.1(a) Scheduled Caste (SC) and Scheduled Tribe (ST) Budget**

SC and ST Budget of the State discloses the expenditure proposed to be incurred within the overall budget on schemes and programmes, which are targeted to benefit SC and ST communities in order to ensure accelerated development of these communities with emphasis on achieving equality, focusing economic, educational and human development along with ensuring security and social dignity and promoting equality among SC and ST. Year-wise allocation and expenditure on SC and ST (Grant No. 30 and 31) during 2019-20 to 2023-24 is given in **Table-3.1 (b)**

**Table-3.1 (b): SC & ST Budget**

Particulars	₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Total Budget allocation</b>	51,198	57,591	65,012	71,012	88,728
<b>Allocation for SC</b>	1,536	1,640	2,124	2,095	2,463
<b>Allocation for ST</b>	517	550	640	619	733
<b>Allocation of SC as compared to Total Budget (per cent)</b>	3.00	2.85	3.27	2.95	2.78
<b>Allocation of ST as compared to Total Budget (per cent)</b>	1.01	0.96	0.98	0.87	0.83
<b>Expenditure for SC</b>	1,068	1,236	1,184	1,338	1,697
<b>Expenditure for ST</b>	337	366	406	379	465
<b>Percentage utilisation of SC allocation</b>	70	75	56	64	69
<b>Percentage utilisation of ST allocation</b>	65	67	63	61	63

Source: Uttarakhand Budget.

As can be seen from above table, the absolute allocation for SC has increased from ₹ 1,536 crore in 2019-20 to ₹ 2,463 crore in 2023-24. Despite this increase, the percentage of total budget allocated to SC has decreased from 3.00 *per cent* to 2.78 *per cent* during this period. This indicates that while the nominal amount has increased, the relative proportion compared to the total budget is slightly declining. Similarly, the absolute allocation for ST has increased from ₹ 517 crore in 2019-20 to ₹ 733 crore in 2023-24, however, the percentage of total budget allocated to ST has decreased from 1.01 *per cent* to 0.83 *per cent*. This also suggests a decline in the relative proportion of the total budget allocated to ST.

The percentage utilization of the SC allocation shows variability but maintains a general trend of around 56 *per cent* to 75 *per cent*. The highest utilization was in 2020-21 (75 *per cent*), and the lowest was in 2021-22 (56 *per cent*). Further, the percentage utilization for ST allocations remains relatively stable, ranging from 61 *per cent* to 67 *per cent*. The highest utilization was in 2020-21 (67 *per cent*) and the lowest was in 2022-23 (61 *per cent*).

**3.2.1(b) Outcome Budget**

Outcome budgeting is being practiced as a budgeting strategy for linking outlays/allocations to concrete outputs and outcomes. The most commonly used tool, in this regard, has been the publication of the outcome budget statements annually along with the budget. In Uttarakhand, the preparation of outcome budgets was started in 2017-18. These outcome budget statements indicate Department wise Sector/ Scheme/

Programme name, objective of the Schemes, SDG goals, current physical status, projected physical status, projected output and projected outcome and time limit. During 2023-24, 36 departments reported the outcome budget.

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

A summarized position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/charged is given in **Table-3.2**.

**Table-3.2: Budget provision, disbursement and savings/excess during the financial year (2023-24)**

(₹ in crore)

Total Budget provision		Disbursements		Saving (-) /Excess (+)*	
Voted	Charged	Voted	Charged	Voted	Charged
66,261.66	22,466.54	53,087.65	28,522.06	(-) 13,174.01	(+)6,055.53

Source: Appropriation Accounts. \*Difference of 0.01 in saving due to rounding off in comparison with Chart 3.1.

### 3.2.3 Charged and voted disbursements

Break-up of total disbursement into charged and voted during 2019-20 to 2023-24 is given in **Table-3.3**.

**Table-3.3: Disbursement and Savings/Excess during 2019-20 to 2023-24**

(₹ in crore)

Year	Disbursements		Saving/Excess	
	Voted	Charged	Voted	Charged
2019-20	34,147.37	13,825.82	(-) 8,395.33	(+) 5,170.72
2020-21	38,726.01	13,274.10	(-)9,201.42	(+)3,610.77
2021-22	41,619.58	9,074.77	(-)12,480.40	(-)1,837.65
2022-23	46,779.83	13,813.07	(-)10,030.65	(-)388.37
2023-24	53,087.65	28,522.06	(-) 13,174.01	(+)6,055.53

Source: Appropriation Accounts.

As it can be seen from above, there are consistent savings in the Voted segment during last five years 2019-20 to 2023-24 and excesses in the Charged segment during the years 2019- 20, 2020-21 and 2023-24. However, there is saving in the Charged segment for two years 2021-22 to 2022-23.

### 3.2.4 Budget marksmanship

#### Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved.

**Table-3.4: Aggregate Budget Outturn against Budget Estimates**

(₹ in crore)

Description	Original Budget approved (BE)	Actual Outturn	Difference between actual and BE*
(1)	(2)	(3)	(4)
Revenue	52,747.71	47,273.96	(-) 5,473.75
Capital	24,659.38	34,335.76	(+) 9,676.38
<b>Total</b>	<b>77,407.09</b>	<b>81,609.72</b>	<b>(+) 4,202.63</b>

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

In Revenue section, deviation in outturn compared with BE was (-) 10.38 per cent. This was due to deviation between 0 and  $\pm 25$  per cent in 20 grants, between  $\pm 25$  per cent and  $\pm 50$  per cent in nine grants, between  $\pm 50$  per cent and  $\pm 100$  per cent in two grants. In Capital section, deviation in outturn compared with BE was (+) 39.24 per cent. This was due to deviation equal to 0 per cent in one grants, between 0 and  $\pm 25$  per cent in 15 grants, between  $\pm 25$  per cent and  $\pm 50$  per cent in six grants, between  $\pm 50$  per cent and  $\pm 100$  per cent in seven grants and equal to 100 per cent and above in two grants. However, no provision was made in respect of two grants (Grant No. 2 and 5) of the Capital section, though there was expenditure in Grant No. 5.

### 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.

Table-3.5: Expenditure composition outturn against BE and RE

(₹ in crore)					
Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference Between BE and RE	Difference Between Actual and RE*
(1)	(2)	(3)	(4)	(5)	(6)
Revenue	52,747.71	51,585.20	47,273.96	(-)1,162.51	(-) 4,311.24
Capital	24,659.38	26,302.64	34,335.76	(+)1,643.26	(+)8,033.12
<b>Total</b>	<b>77,407.09</b>	<b>77,887.84</b>	<b>81,609.72</b>	<b>(+)480.75</b>	<b>(+)3,721.88</b>

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

In Revenue section. deviation in outturn compared with RE was (-) 8.36 per cent. This was due to deviation between 0 and  $\pm 25$  per cent in 25 grants, between  $\pm 25$  per cent and  $\pm 50$  per cent in five grants, between  $\pm 50$  per cent and  $\pm 100$  per cent in one grant.

In Capital section, deviation in outturn compared with RE was (+)30.54 per cent. This was due to deviation between 0 and  $\pm 25$  per cent in 18 grants, between  $\pm 25$  per cent and  $\pm 50$  per cent in five grants, between  $\pm 50$  per cent and  $\pm 100$  per cent in four grants and equal to 100 per cent and above in two grants. No provision was, however, made in respect of two grant (Grant no. 2 and 8) of the Capital section.

### 3.3 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 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilization 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 authorization 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.

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

#### 3.3.1.1 Expenditure incurred with 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 the Article 204 of the Constitution. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was observed that during 2023-24 no scheme existed on which expenditure was incurred without budget provisions.

#### 3.3.2 Misclassification of capital expenditure as revenue expenditure and vice versa

Misclassification of expenditures and receipts has a direct impact on the integrity of the financial statements. Article 202 of the Constitution prescribes that, 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" (or the "budget"), is to be laid before both the Houses of the State Legislature. The estimates of expenditure are classified under 'charged' (such expenditure as is not to be submitted to the vote of the Legislative Assembly under the provisions of the Constitution) and 'voted' items of expenditure separately. Annual Financial Statement distinguishes expenditure on revenue accounts from other expenditure as explained in *Chapter-2*.

State financial rules categorize the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only.

Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus. Details of misclassification of expenditure during the year 2023-24 are given in **Table-3.6** below:

**Table-3.6: Details of misclassification of expenditure**

Sl. No.	Number of the Grant and Head of Account	Type of Misclassification	Amount (₹ in crore)	Remarks
1.	04, 2014	Booking of Capital into Revenue	0.70	Expenditure on Major Works and Land Purchase met from Revenue Expenditure.
2.	13, 2217		61.96	
	<b>Sub Total</b>		<b>62.66</b>	
3.	11,4202	Booking of Revenue into Capital	28.57	Expenditure on Grants-in-aid met from Capital Expenditure.
4.	13, 4215		12.94	
5.	13, 4217		1.77	
6.	17&29, 4401		29.82	

Sl. No.	Number of the Grant and Head of Account	Type of Misclassification	Amount (₹ in crore)	Remarks
7.	28, 4405		4.18	
8.	27, 4406		4.00	
9.	19, 4515		350.00	
10.	21, 4801		65.00	
11.	21, 4810		66.83	
12.	23, 4859		40.46	
13.	24, 5055		2.00	
14.	26, 5452		0.25	
	<b>Sub Total</b>		<b>605.82</b>	

Analysis of data revealed that an expenditure of ₹ 62.66 crore had been booked under Revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works and land purchase. Similarly, an expenditure of ₹ 605.82 crore had been booked under capital section. This expenditure should have been booked under the revenue section as this expenditure pertained to Grants-in-aid.

During exit conference, the government agreed with the findings and stated that corrective measures will be taken.

### 3.3.3 Unnecessary or excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year as is necessary to meet-

- Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- Inadequacy of provision.
- Fresh expenditure but not technically Schemes of New Expenditure.
- Omissions of provision.

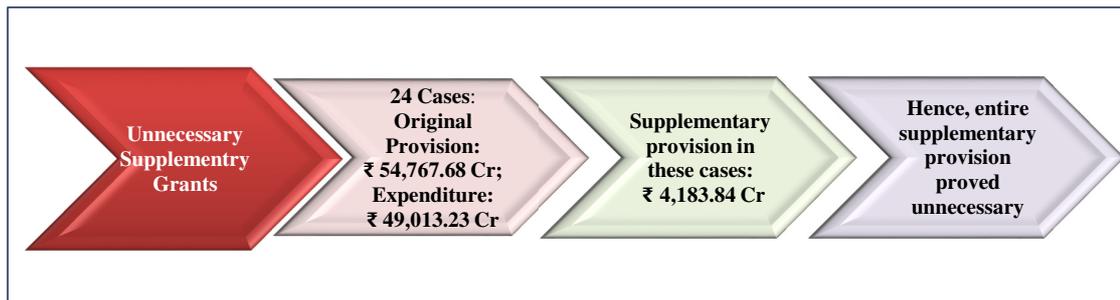
When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation. In deserving cases which are unforeseen, and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularized by a Supplementary Grant or Appropriation and recouped to the Contingency Fund. Considerable Re-Appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economy or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year. However, in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

During the current year 2023-24, against total appropriation of ₹ 88,728.20 crore there was saving of ₹ 7,118.49 crore (8.02 per cent).

Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary are detailed in **Table-3.7** below:

**Table-3.7: Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary**

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Provisions
<b>Revenue (Voted)</b>					
1.	04-Judicial Administration	444.58	12.48	318.74	138.32
2.	06- Revenue and General Administration	2,071.25	325.44	2,022.21	374.48
3.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	12,548.17	209.03	11,436.30	1320.90
4.	10- Police & Jail	2,495.73	36.02	2,347.38	184.37
5.	11 Education, Sports, Youth Welfare & Culture	9,905.12	243.22	9,514.13	634.21
6.	12-Medical, Health & Family Welfare	3,768.25	598.81	3,506.45	860.61
7.	15-Welfare Schemes	2,659.27	153.50	2,439.29	373.48
8.	18- Cooperative	144.18	32.72	110.15	66.75
9.	19-Rural Development	1,438.03	354.12	1,190.52	601.63
10.	22-Public Works	1,432.23	300.00	1,365.61	366.62
11.	23-Industries	404.89	61.20	353.33	112.76
12.	25-Food	278.12	289.43	200.29	367.26
13.	27-Forest	1,010.86	122.02	745.40	387.48
14.	28-Animal Husbandry	552.19	24.40	498.57	78.02
15.	30-Welfare of Scheduled Castes	1,670.57	121.43	1,195.23	596.77
16.	31-Welfare of Scheduled Tribes	468.98	33.32	307.11	195.19
<b>Total</b>		<b>41,292.42</b>	<b>2,917.14</b>	<b>37,550.71</b>	<b>6,658.85</b>
<b>Revenue (Charged)</b>					
1	04-Judicial Administration	103.23	19.05	72.46	49.82
2	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	6390.40	72.96	5302.91	1160.45
<b>Total</b>		<b>6,493.63</b>	<b>92.01</b>	<b>5,375.37</b>	<b>1,210.27</b>
<b>Capital (Voted)</b>					
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,754.80	701.14	2,241.78	214.16
2	11-Education, Sports, Youth Welfare & Culture	554.43	138.10	459.05	233.48
3	19-Rural Development	1,834.50	16.94	1,191.56	659.88
4	21-Energy	1,215.60	50.00	730.59	535.01
5	22-Public Works	1,348.30	256.51	1,299.50	305.31
6	24 Transport	274.00	12.00	164.67	121.33
<b>Total</b>		<b>6,981.63</b>	<b>1,174.69</b>	<b>6,087.15</b>	<b>2,069.17</b>
<b>Grand Total</b>		<b>54,767.68</b>	<b>4,183.84</b>	<b>49,013.23</b>	<b>9,938.29</b>



During exit conference, the Government agreed with the findings and stated that due caution will be taken in future.

Details of cases where supplementary provision at scheme level (₹ 10 crore or more in each case) proved unnecessary are detailed in **Table-3.7(a)** below:

**Table-3.7(a): Details of cases where supplementary provision at scheme level (₹ 10 crore or more in each case) proved unnecessary**

(₹ in crore)									
Grant No.	Name of the Scheme	Original	Supplemen- tary	Re- appropriation	Total	Actual Expenditure	Saving out of Provisions	Surrender as on 31 March 2024	Balance after surrender
4	Land Purchase & Insurance Policy and Premium etc.	103.23	19.05	0.00	122.28	72.46	49.82	41.94	7.88
7	G-20 Summit	30.00	10.00	0.00	40.00	15.69	24.31	12.70	11.61
7	Estate Department	106.98	15.31	0.00	122.29	92.57	29.72	15.77	13.95
7	State finance commission	1,924.34	156.99	0.00	2,081.33	1,808.08	273.25	0.00	273.25
7	G-20 summit	70.00	30.00	-30.00	70.00	34.21	35.79	21.43	14.36
11	SAMAGRA SHIKSHA	192.59	68.28	0.00	260.87	155.76	105.11	0.00	105.11
11	NABARD Funded (Construction of School and Hostel)	45.00	20.00	0.00	65.00	41.92	23.08	0.00	23.08
12	Establishment of Srinagar Medical College	528.14	26.94	-8.90	546.18	437.51	108.67	103.78	4.89
13	Swachchh Bharat Mission (Gramin) (90% CSS)	60.00	13.37	0.00	73.37	43.32	30.05	0.00	30.05
13	NABARD funded (Construction of Parking (RIDF/UIDF Funded)	0.10	135.26	0.00	135.36	0.00	135.36	0.00	135.36
19	MANAREGA & Uttarakhand Social Audit, Accountability and Transparency Agency	302.00	41.49	0.00	343.49	136.07	207.42	0.00	207.42
30	Samagra Shiksha & PM Shree Scheme 90%	55.03	30.97	0.00	86.00	49.43	36.57	0.00	36.57
30	Pradhan Mantri Gram Sadak yojana	0.00	15.00	0.00	15.00	0.00	15.00	0.00	15.00
30	Excess payment under PMGSY	50.00	41.00	-46.92	44.08	0.00	44.08	0.00	44.08
31	RCH Flexipul and Health System Strengthening, National Health Program and National Urban Health Mission	0.00	10.71	0.00	10.71	0.00	10.71	0.00	10.71
31	Ongoing construction work	28.50	15.00	-15.00	28.50	10.65	17.85	1.85	16.00
<b>Total</b>		<b>3,495.91</b>	<b>649.37</b>	<b>-100.82</b>	<b>4,044.46</b>	<b>2,897.67</b>	<b>1,146.79</b>	<b>197.47</b>	<b>949.32</b>

Source: Budget Document and Appropriation Account.

During the current year 2023-24, against total appropriation of ₹ 4,044.46 crore in these schemes there was saving of ₹ 1,146.79 crore (28.35 per cent). Against original appropriation of ₹ 3,495.91 crore, there was already saving of ₹ 598.24 crore, therefore, supplementary provision of ₹ 649.37 crore proved unnecessary as saving of ₹ 1,146.79 crore was more than the supplementary provision of ₹ 649.37 crore.

### 3.4 Re-appropriations undertaken which require prior Legislative authorization

Re-appropriation is the transfer of funds within a grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. No cases of Re-appropriation, which require prior Legislative authorization, were noticed in Uttarakhand during the year 2023-24.

#### 3.4.1 Unnecessary/excessive re-appropriation

There were five cases where Re-appropriation was ₹ five crore and above and final savings were ₹ five crore or more than re-appropriated amount as shown in **Table-3.8:**

**Table-3.8: Excess/unnecessary re-appropriation**

(₹ in crore)

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Savings	Surrender as on 31 March 2024	Balance after surrender
		Original	Supplementary	Re-appropriation	Total				
1	12-Medical and Family Welfare 2210-Medical and Public Health 03-Rural Health Services-Allopathy 103- Primary Health Centers 03-Establishment of Primary Health Centers	136.88	7.00	5.00	148.88	124.75	24.13	20.64	3.49
2	13 Water Supply, Housing and Urban Development 4217-Capital Outlay on Urban Development 03 Integrated Development of Small and Medium Towns 051 Construction 01 Centrally Sponsored Schemes	305.00	0.00	10.49	315.49	118.48	197.01	0.00	197.01
3	13 Water Supply, Housing and Urban Development 4216 Capital Outlay on Housing 80 General 800 Other expenditure 02 Development of infrastructure facilities	100.00	50.00	40.00	190.00	151.13	38.87	1.51	37.36
4	22 Public Works 3054 Roads and Bridges 04 District and Other Roads 337 Road Works 03 Maintenance and Repairs	508.00	100.00	55.75	663.75	620.52	43.23	42.42	0.81
5	30 Welfare of Scheduled Castes 2515 Other Rural Development Programmes 102 Community Development 01 Centrally Sponsored Schemes	253.64	20.51	6.84	280.99	210.58	70.41	0.00	70.41

Source: Appropriation Account.

During 2023-24, the State Government re-appropriated ₹ 2,230.78 crore within the grants as provided in the Uttarakhand Budget Manual. Out of this, an amount of ₹ 31.04 crore was re-appropriated on the last two working days of the financial year 2023-24 (30 & 31 March 2024). These Re-appropriations in five cases (of savings more than ₹ five crore) proved unnecessary. However, no case of re-appropriation from Capital to Revenue and vice-versa and from Voted to Charged and vice-versa was noticed during the year 2023-24.

During exit conference, the Government agreed with the findings.

### 3.5 Unspent amount and surrendered appropriations 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 slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be 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, in checking the estimates, apply unrelentingly the proven and well-tried check of average of previous actuals with known or reasonably foreseeable facts which may modify that average.

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

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

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts.

Details of grants having large savings (₹100 crore & above) are given below in **Table-3.9:**

**Table-3.9: Details of Grants having large savings (₹ 100 crore & above) during the year**

(₹ in crore)

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Surrender as on 31 March 2024	Savings excluding surrender
<b>Revenue (Voted)</b>									
1	4, Judicial Administration	444.58	12.48	457.06	318.74	138.32	30.26	120.36	17.96
2	6, Revenue & General Administration	2,071.25	325.44	2,396.69	2,022.22	374.47	15.62	41.02	333.45
3	7, Finance, Tax, Planning, Secretariat & Miscellaneous Services	12,548.17	209.03	12,757.20	11,436.30	1,320.90	10.35	175.77	1,145.13
4	10, Police & Jail	2,495.73	36.02	2,531.75	2,347.38	184.37	7.28	150.65	33.72
5	11 Education, Sports, Youth Welfare & Culture	9,905.12	243.22	10,148.34	9,514.13	634.21	6.25	450.32	183.89

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Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Surrender as on 31 March 2024	Savings excluding surrender
6	12 Medical Health & Family Welfare	3,768.25	598.81	4,367.06	3,506.45	860.61	19.71	216.00	644.61
7	13 Water Supply, Housing & Urban Development	1,127.53	256.59	1,384.12	1,188.96	195.16	14.10	16.25	178.91
8	15 Welfare schemes	2,659.27	153.50	2,812.77	2,439.30	373.47	13.28	83.31	290.16
9	17 Crop Husbandry & Research	1,216.57	6.03	1,222.60	806.10	416.50	34.07	41.54	374.96
10	19 Rural Development	1,438.03	354.12	1,792.15	1,190.52	601.63	33.57	88.84	512.79
11	22 Public Works	1,432.23	300.00	1,732.23	1,365.61	366.62	21.16	190.74	175.88
12	23 Industries	404.89	61.20	466.09	353.33	112.76	24.19	10.44	102.32
13	25 Food	278.12	289.43	567.55	200.29	367.26	64.71	4.91	362.35
14	27 Forest	1,010.86	122.02	1,132.88	745.40	387.48	34.20	211.99	175.49
15	30 Welfare of Scheduled Castes	1,670.57	121.43	1,792.00	1,195.23	596.77	33.30	22.14	574.63
16	31 Welfare of Scheduled Tribes	468.98	33.32	502.30	307.11	195.19	38.86	17.69	177.50
<b>Total</b>		<b>42,940.15</b>	<b>3,122.64</b>	<b>46,062.79</b>	<b>38,937.07</b>	<b>7,125.72</b>	<b>15.47</b>	<b>1,841.97</b>	<b>5,283.75</b>
<b>Revenue (Charged)</b>									
1	7, Finance, Tax, Planning, Secretariat & Miscellaneous Services	6,390.40	72.96	6,463.36	5,302.91	1,160.45	17.95	3.54	1,156.91
<b>Total</b>		<b>6,390.40</b>	<b>72.96</b>	<b>6,463.36</b>	<b>5,302.91</b>	<b>1,160.45</b>	<b>17.95</b>	<b>3.54</b>	<b>1,156.91</b>
<b>Capital (Voted)</b>									
1	4, Judicial Administration	172.00	0.00	172.00	19.08	152.92	88.91	0.00	152.92
2	6, Revenue & General Administration	1,109.60	2.16	1,111.76	109.46	1,002.30	90.15	2.46	999.84
3	7, Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,754.80	701.14	2,455.94	2,241.78	214.16	8.72	73.60	140.56
4	11 Education, Sports, Youth Welfare & Culture	554.43	138.10	692.53	459.05	233.48	33.71	0.00	233.48
5	13 Water Supply, Housing & Urban Development	1,398.16	1,320.75	2,718.91	1,605.53	1,113.38	40.95	1.51	1,111.87
6	15 Welfare schemes	190.97	120.85	311.82	191.63	120.19	38.54	12.77	107.42
7	18 Co-operative	200.00	3.00	203.00	8.00	195.00	96.06	100.00	95.00
8	19 Rural Development	1,834.50	16.94	1,851.44	1,191.56	659.88	35.64	0.00	659.88
9	20 Irrigation and Flood	853.07	8.50	861.57	604.55	257.02	29.83	11.04	245.98
10	21 Energy	1,215.60	50.00	1,265.60	730.59	535.01	42.27	0.00	535.01

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Surrender as on 31 March 2024	Savings excluding surrender
11	22-Public Works	1,348.30	256.51	1,604.81	1,299.50	305.31	19.02	52.17	253.14
12	24 Transport	274.00	12.00	286.00	164.67	121.33	42.42	0.00	121.33
13	30 Welfare of Scheduled Castes	410.04	261.19	671.23	501.90	169.33	25.23	4.15	165.18
<b>Total</b>		<b>11,315.47</b>	<b>2,891.14</b>	<b>14,206.61</b>	<b>9,127.30</b>	<b>5,079.31</b>	<b>35.75</b>	<b>257.70</b>	<b>4,821.61</b>
<b>Grand Total</b>		<b>60,646.02</b>	<b>6,086.74</b>	<b>66,732.76</b>	<b>53,367.28</b>	<b>13,365.48</b>	<b>20.03</b>	<b>2,103.21</b>	<b>11,262.27</b>

Source: Appropriation Account.

As it is evident from table above, Government sought supplementary budget of ₹ 6,086.74 crore in 30 cases under 20 grants which proved unnecessary as there was already a saving of ₹ 7,278.74 crore (12.00 per cent) against the Original Budget. The Government also surrendered amount of ₹ 2,103.21 under 18 grants. The reasons for savings were not given by the State Government.

### 3.5.1 Grants/Appropriations with budget utilization of less than 50 per cent

Details of Grants/Appropriation with budget utilization of less than 50 per cent during 2023-24 are given in the **Table-3.10**.

**Table-3.10: Grants/Appropriations with budget utilization of less than 50 per cent (in 2023-24)**

Sl. No.	Grant No & Name	2019-20 (percentage)	2020-21 (percentage)	2021-22 (percentage)	2022-23 (percentage)	2023-24 (percentage)	Number of Years	Budget 2023-24 (in crore)	Total Budget of last 5 Years (in crore)
1	01 Legislature (Capital Voted)	76.93	17.29	15.00	8.33	24.02	4	7.50	58.70
2	04 Judicial Administration (Capital Voted)	44.15	47.68	25.37	60.53	11.09	4	172.00	497.15
3	06 Revenue and other administration (Capital Voted)	48.24	50.22	92.49	85.37	9.85	2	1,111.76	2,550.47
4	08 Excise (Revenue Voted)	85.71	83.44	80.84	84.54	41.98	1	81.76	219.76
5	09 Public Service commission (Capital Voted)	100.00	17.42	0.00	20.30	29.37	4	2.60	16.88
6	14 Information (Capital Voted)	2.79	0.00	52.78	0.00	0.00	4	1.00	4.13
7	18 Co-operative (Capital Voted)	99.98	0.00	0.00	83.91	3.94	3	203.00	570.00
8	20 Irrigation and Flood (Revenue Charged)	No Budget allocated, hence, no utilisation.			13.87	15.03	2	3.00	6.00
9	25 Food (Revenue Voted)	21.51	41.29	63.01	68.91	35.29	3	567.55	1,443.16
10	29 Horticulture (Capital Voted)	74.04	119.26	76.12	43.28	38.65	2	236.40	317.29

As has been detailed in **Table-3.10** above, underutilization (less than 50 per cent) of budgetary provision was noticed in ten grants. Further analysis revealed that four departments were not able to utilise 50 per cent of the budget allocations in four out of the last five years.

**3.5.2 Details of surrenders of funds in excess of ₹ 10 crore and above**

Details of surrender of funds in excess of ₹ 10 crore and above at the end of March are given in **Table-3.11**.

**Table-3.11: Details of surrender of funds in excess of ₹ 10 crore and above till 31 March 2024**

(₹ in crore)							
Sl. No.	Grant Number and Name	Original	Supplementary	Total provisions	Actual Expenditure	Saving (-)/ Excess (+)	Amount Surrendered
<b>Revenue Voted</b>							
1	01-Legislature	85.40	0.00	85.40	63.05	22.35	20.30
2	04-Judicial Administration	444.57	12.49	457.06	318.74	138.32	120.36
3	05-Election	81.71	4.30	86.01	65.81	20.20	10.42
4	06- Revenue and General Administration	2,071.25	325.44	2,396.69	2,022.22	374.47	41.02
5	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	12,548.17	209.03	12,757.20	11,436.30	1,320.90	175.77
6	10- Police & Jail	2,495.73	36.02	2,531.75	2,347.38	184.37	150.65
7	11 Education, Sports, Youth Welfare & Culture	9,905.12	243.22	10,148.34	9,514.13	634.21	450.32
8	12-Medical, Health & Family Welfare	3,768.25	598.81	4,367.06	3,506.45	860.61	216.00
9	13-Water Supply, Housing and Urban Development	1,127.53	256.59	1,384.12	1,188.96	195.16	16.25
10	15-Welfare Schemes	2,659.27	153.50	2,812.77	2,439.30	373.47	83.32
11	16-Labour and Employment	475.86	82.46	558.32	523.76	34.56	20.34
12	17- Crop Husbandry and Research	1,216.57	6.03	1,222.60	806.10	416.50	41.54
13	18- Cooperative	144.18	32.72	176.90	110.15	66.75	44.98
14	19-Rural Development	1,438.03	354.12	1,792.15	1,190.52	601.63	88.84
15	20- Irrigation and Flood	587.35	5.50	592.85	520.52	72.33	64.55
16	22-Public Works	1,432.23	300.00	1,732.23	1,365.61	366.62	190.74
17	23-Industries	404.89	61.20	466.09	353.33	112.76	10.44
18	27-Forest	1,010.86	122.02	1,132.88	745.40	387.48	211.99
19	28-Animal Husbandry	552.18	24.40	576.58	498.57	78.01	24.33
20	29- Horticulture Development	580.96	8.41	589.37	354.60	234.77	50.62
21	30-Welfare of Scheduled	1,670.57	121.43	1,792.00	1,195.23	596.77	22.14

Sl. No.	Grant Number and Name	Original	Supplementary	Total provisions	Actual Expenditure	Saving (-)/ Excess (+)	Amount Surrendered
	Castes						
22	31-Welfare of Scheduled Tribes	468.98	33.32	502.30	307.11	195.19	17.69
<b>Total</b>		<b>45,169.66</b>	<b>2,991.01</b>	<b>48,160.67</b>	<b>40,873.24</b>	<b>7,287.43</b>	<b>2,072.61</b>
<b>Revenue Charged</b>							
1	04-Judicial Administration	103.23	19.05	122.28	72.46	49.82	41.94
<b>Total</b>		<b>103.23</b>	<b>19.05</b>	<b>122.28</b>	<b>72.46</b>	<b>49.82</b>	<b>41.94</b>
<b>Capital Voted</b>							
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,754.80	701.14	2,455.94	2,241.78	214.16	73.60
2	15-Welfare Schemes	190.97	120.85	311.82	191.63	120.19	12.77
3	18-Cooperative	200.00	3.00	203.00	8.00	195.00	100.00
4	20- Irrigation and Flood	853.07	8.50	861.57	604.55	257.02	11.04
5	22-Public Works	1,348.30	256.51	1,604.81	1,299.50	305.31	52.17
<b>Total</b>		<b>4,347.14</b>	<b>1,090.00</b>	<b>5,437.14</b>	<b>4,345.46</b>	<b>1,091.68</b>	<b>249.58</b>
<b>Grand Total</b>		<b>49,620.03</b>	<b>4,100.06</b>	<b>53,720.09</b>	<b>45,291.16</b>	<b>8,428.93</b>	<b>2,364.13</b>

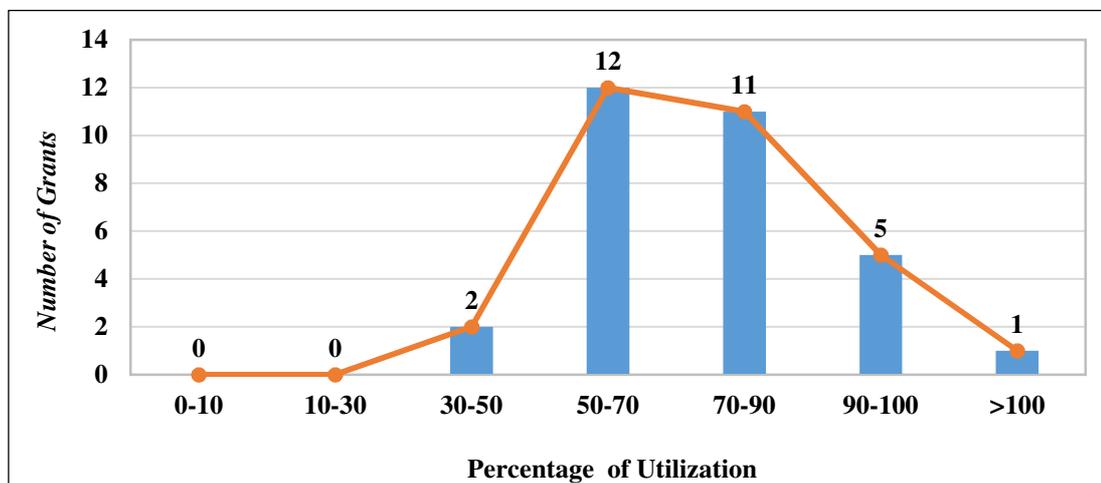
Source: Appropriation Account.

The Government of Uttarakhand surrendered ₹ 2,477.40 crore of funds during the financial year 2023-24. Out of this surrender of ₹ 2,477.40 crore, ₹ 40.00 crore of surrender was not included in Grant No. 23-Industries, due to the reasons that the surrender of ₹ 40.00 crore was more than the Original and Supplementary Budget of ₹ 39.58 crore. The matter was referred by A&E office to the State Government and they assured that scrutiny will be done in this regard.

### 3.5.3 Distribution of the number of Grants/Appropriations grouped by the percentage of utilization

Details of distribution of the number of Grants/Appropriations grouped by the percentage of utilization are given in the **Chart-3.2** below:

Chart-3.2: Distribution of the number of Grants/Appropriations grouped by the percentage of utilization



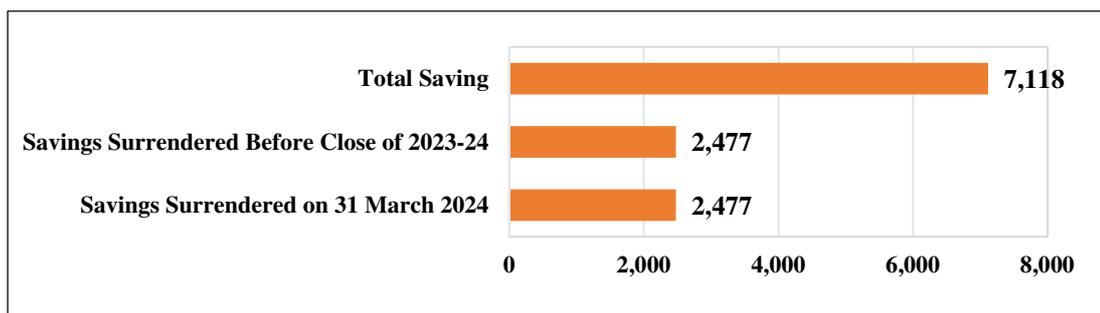
As is evident from chart above, in 11 Grants/Appropriations, the utilization was between 70 to 90 per cent and in 12 grants, the utilization was between 50 to 70 per cent, in two Grants/Appropriations utilization was below 50 per cent, in five Grants/Appropriations, the utilization was between 90 to 100 per cent, and in one Grant/Appropriation namely, 07- Finance, Tax, Planning, Secretariat & Miscellaneous Services, utilization was above 100 per cent of the budget allocations.

### 3.5.4 Details of savings and surrenders before close of financial year 2023-24

Details of savings and surrenders before close of financial year 2023-24 are given in Chart-3.3:

Chart-3.3: Savings and surrenders before close of financial year 2023-24

(₹ in crore)

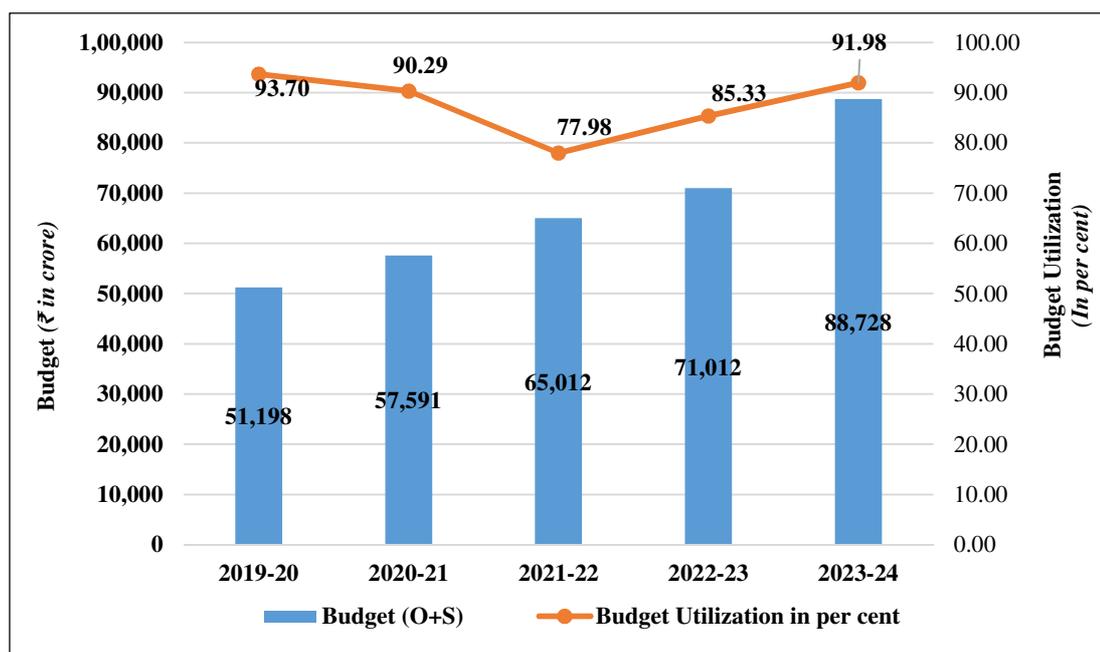


As it is evident from above, there was a saving of ₹ 7,118.00 crore as compared to budget figures during the year 2023-24. However, the various Government departments proposed ₹ 2,477.00 crore for surrender and ₹ 2,477.00 crore was surrendered by the Government departments during 2023-24 (on 31 March 2024).

### 3.5.5 Budget allocation and its utilization

Budget allocation (original & supplementary) and its utilization (percentage) is given in Chart-3.4 below:

Chart-3.4: Budget allocation and utilization during 2019-20 to 2023-24



### 3.6 Excess expenditure and its regularization

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 regularized by the State Legislature for the Financial year.

Although no time limit for regularization of excess expenditure has been prescribed under the Article, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilization of public money.

#### 3.6.1 Excess expenditure relating to 2023-24

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. The summary of excess expenditure over the provision of the financial year is given in **Table-3.12**.

**Table-3.12: Summary of excess disbursement over Grant/Appropriation during 2023-24**

(₹ in crore)

	Name of department/Grant	
	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	
Capital Charged	7,302.10	
<b>Total Excess</b>	<b>7,302.10</b>	

Source: Appropriation Account.

#### 3.6.2 Details of Major Head wise disbursement over the authorization

According to para 151 of Uttarakhand Budget Manual, Under sub-clauses (b) of clause (1) and (2) of Article 205 of the Constitution of India, 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, demand for such excess amount has to be presented to the Legislative Assembly and is to be dealt with in the same way as if it were a demand for a grant.

Details of Major Head-wise disbursement over the authorization from the Consolidated Fund of the State during the financial year 2023-24 are given in **Table-3.13**

**Table-3.13: Major Head wise excess disbursement over the authorization from the Consolidated Fund of State**

(₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Re-appropriation	Total	Expenditure	Excess	Reasons for excess stated by the Department
1	2	3	4	5	6	7 = 5+6	8	9= 8-7	10
1.	7	2071	Pensions and Other Retirement Benefits	2,422.00	193.01	2,615.01	2,656.46	41.45	Reasons not provided by the Department.

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Re-appropriation	Total	Expenditure	Excess	Reasons for excess stated by the Department
1	2	3	4	5	6	7 = 5+6	8	9= 8-7	10
2	7	2049	Interest Payments	1,597.00	62.96	1,659.96	1,878.88	218.92	Reasons not provided by the Department.
3	7	4059	Capital outlay on Public Works	3.00	0.00	3.00	3.09	0.09	
4	7	6003	Internal Debt of the State Government	12,250.00	0.00	12,250.00	19,700.67	7,450.67	
5	7	6004	Loans and Advances from the Central Government	10.00	0.00	10.00	16.32	6.32	
6	11	2202	General Education	352.95	0.00	352.95	827.57	474.62	
7	13	2217	Urban Development	6.42	0.00	6.42	6.62	0.20	
8	31	2235	Social security and welfare	12.20	0.00	12.20	13.29	1.09	
<b>Total</b>								<b>8,193.36</b>	

Source: Detailed Appropriation Accounts.

### 3.6.3 Persistent excesses in certain Grants

A number of grants witness excess expenditure year after year. The persistent excess expenditure indicates that the budgetary control in the department as well as oversight by the Finance Department were ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a single rupee can be spent without prior legislative authorization and, therefore, this has been a serious lapse on part of executives. Persistent excesses may be due to improper estimation at the time of preparation of budget. Persistent excesses were noticed in one grant during 2019-20 to 2023-24 is given in **Table-3.14** below:

**Table-3.14: Details of excess noticed in one grants during 2019-20 to 2023-24**

(₹ in crore)

Sl. No.	Description of Grant/Appropriation	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Grant No.-07: Finance, Tax, Planning, Secretariat &amp; Miscellaneous Services (Capital Charged)</b>						
1	Total Grant	2,876.31	3,503.31	No Excess	7,578.24	15,727.63
2	Expenditure	9,096.03	8,269.59		8,474.77	23,029.73
3	Total Excess	6,219.72	4,766.28		896.53	7,302.10
4	Excess under WMA	5,865.36	4,561.42		1,195.47	7,419.65

Source: Appropriation Accounts.

As is evident from the table above, persistent excess were noticed in the Grant no. 07 Finance, Tax, Planning, Secretariat and Miscellaneous Services over the period 2019-20 to 2020-21 and 2022-23 to 2023-24. It was noticed that this persistent excess occurred due to major portion of excess in Ways and Means Advances during these years. The Government has not furnished any reasons for this.

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

Paragraph 121 of Chapter XIII of the Uttarakhand Budget Manual envisages that if after the close of the year, it is revealed, through the Appropriation Accounts, that any expenditure was incurred under any Grant or Charged Appropriation in excess of the final appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly, demands for excess grants as required under Article 205 (1) (b) of the Constitution. However, excess expenditure amounting to ₹ 48,654.69 crore pertaining to previous years from 2005-06 to 2022-23 was yet to be regularised by the State Legislature. Out of ₹ 48,654.69 crore, ₹ 28,618.93 crore pertains to excess under Ways and Means Advances and ₹ 19,041.88 crore pertains to excess under Grant number 17, 25 and 29. The excess expenditure in Ways and Means Advances under Grant No. 7 (Finance, Tax, Planning, Secretariat and Miscellaneous Services) was due to repayment of Loans under Ways and Means Advances more than the Budget estimates. Further, excess expenditure reflected under Grant No. 17 (Agriculture Works and Research), Grant No. 25 (Food) and Grant No. 29 (Horticulture Development) was due to the fact that Budget estimates were prepared after netting of recoveries ( budget estimates were prepared on net basis rather than on gross basis).

During exit conference, the Government stated that Finance Department will take appropriate action. However, this has to be done by PAC/State Legislature.

The year-wise amount of excess expenditure pending regularization is summarized in **Table-3.15, Table-3.15 (A) and Table-3.15 (B)**.

**Table-3.15: Details of year-wise amount of excess expenditure pending regularisation**

(₹ in crore)

Year	No. of Grant/ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularization	
2005-06	07	7,8,17,20,22,25 & 29	663.50	Not yet regularised	
2006-07	06	7,17,20,22,25 & 29	935.92		
2007-08	06	7,17,20, 22,25 & 29	733.79		
2008-09	06	7,17,20,22,25 & 29	1,146.41		
2009-10	07	7,17,18,21,22,25 & 29	1,007.49		
2010-11	09	10,12,15,17,20,21,22,25 & 29	1,295.40		
2011-12	05	7,17,22,25 & 29	1,611.40		
2012-13	07	12,14,17,21,22,25 & 29	1,835.34		
2013-14	03	22,25 & 29	1,837.15		
2014-15	04	17,22, 25 & 29	1,922.80		
2015-16	04	17, 22, 25 & 29	2,334.24		
2016-17	04	07, 17, 25 & 29	5,457.33		
2017-18	06	07,17,20,22,25 & 27	6,413.38		
2018-19	03	07,19 & 25	8,464.98		
2019-20	03	07,17 & 25	7,214.48		
2020-21	06	07,17,18,19,25 & 29	4,884.55		
2021-22	--	---	0.00		
2022-23	01	7	896.53		
<b>Total</b>			<b>48,654.69</b>		

Source: Appropriation Accounts.

**Table-3.15 (A): Details of year-wise amount of excess expenditure under Grant no. 17, 25 & 29 pending regularisation**

(₹ in crore)

Year	No. of Grants	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularization
2005-06	03	17,25 and 29	492.66	Not yet regularised
2006-07	02	17, and 25	408.31	
2007-08	03	17,25 and 29	386.78	
2008-09	03	17,25 and 29	580.44	
2009-10	03	17,25 and 29	931.04	
2010-11	03	17,25 and 29	1,240.96	
2011-12	03	17,25 and 29	1,306.09	
2012-13	03	17,25 and 29	1,828.36	
2013-14	02	25 and 29	1,780.56	
2014-15	03	17,25 and 29	1,763.02	
2015-16	03	17,25 and 29	2,218.20	
2016-17	03	17,25 and 29	2,270.88	
2017-18	02	17, and 25	1,326.11	
2018-19	01	25	1,414.04	
2019-20	02	17, and 25	994.76	
2020-21	03	17,25 and 29	99.67	
2021-22	-	-	-	
2022-23	-	-	-	
2023-24	-	-	-	
<b>Total</b>			<b>19,041.88</b>	

**Table-3.15 (B): Details of year-wise amount of excess expenditure under WMA pending regularisation.**

(₹ in crore)

Year	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularization
2006-07	07	376.14	Not yet regularised
2007-08	07	311.94	
2008-09	07	475.86	
2009-10	07	199.81	
2010-11	07	5.87	
2011-12	07	431.17	
2016-17	07	3,291.28	
2017-18	07	5,130.91	
2018-19	07	7,072.64	
2019-20	07	5,865.36	
2020-21	07	4,561.42	
2021-22	-	0.00	
2022-23	07	896.53	
2023-24	-	-	
<b>Total</b>		<b>28,618.93</b>	

Source: Appropriation Accounts.

The State Government has not furnished any reasons for these excesses. Therefore, this is in violation of Articles 204 and 205 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

It's essential for the Government to address excesses through transparent and accountable fiscal management practices while ensuring long-term planning and budgetary discipline.

### 3.7 Grant-in-aid for creation of capital asset

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per Indian Government Accounting Standards 2 (IGAS 2), Grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorized by President on the advice of the Comptroller and Auditor General of India.

It has been noticed that Grants-in-aid for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit.

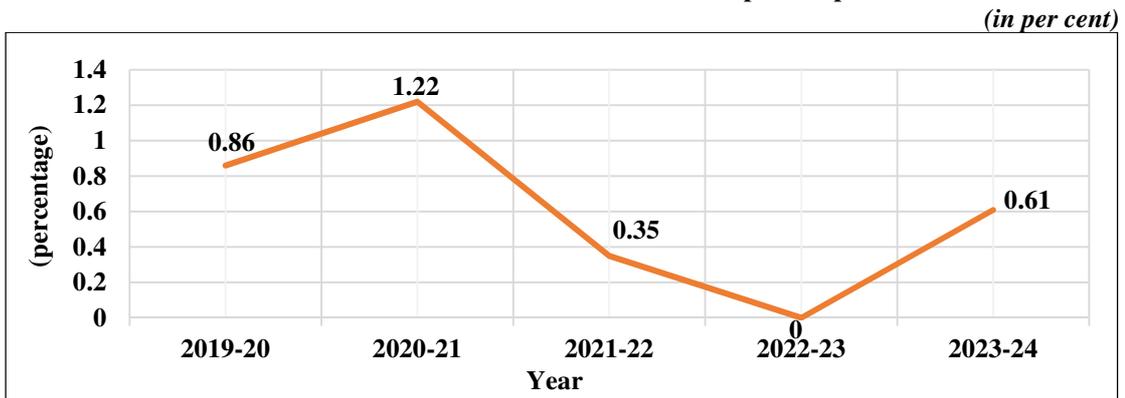
Details of Grants-in-aid classified as Capital Expenditure for the period 2019-20 to 2023-24 are given in the **Table-3.16**.

**Table-3.16: Details of Grants-in-aid classified as Capital Expenditure**

Particulars	₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
GIA booked as Capital Expenditure	46.00	80.00	26.00	0.00	66.83
Total Capital Expenditure	5,414.00	6,538.00	7,533.00	8,195.00	10,981.80
Share of GIA in Capital Expenditure (In per cent)	0.86	1.22	0.35	0.00	0.61
Impact on Revenue Deficit (-)/Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-) 2,182	(+)1,034	(+)4,102	(+)5,310	(+)3,274.22

Details of share of Grants-in-aid in Capital Expenditure is given in the **Chart-3.5** below:

**Chart-3.5: Details of share of Grants-in-aid in Capital Expenditure**



The State Government has continued to book Grants-in-aid as capital expenditure over the period 2019-20 to 2021-22 and 2023-24. This has resulted in understatement of revenue deficit for the year 2019-20 and overstatement of revenue surplus for the year 2020-21 and 2021-22 and 2023-24. However, no Grants-in-aid was booked as capital expenditure during 2022-23.

**Comments on transparency of budgetary and accounting process:- Lump Sum budgetary provisions**

As per Para 31 (Chapter 5) of Budget Manual, it is provided that Lump Sum provisions should not, as a rule, be made in the estimates. However, Uttarakhand Government made Lump Sum Budgetary provision of ₹ 981.09 crore during 2023-24 for schemes like Lump Sum Grant for Chief Minister’s announcement, Lump Sum amount for implementation of District Plan etc.

Further, the Government incurred an expenditure of ₹ 2,923.43 crore under object head “Other Departmental Expenditure” despite availability of 24 object heads.

**3.8 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 competing developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilized.

The summarised position of original and supplementary provision *vis-à-vis* actual expenditure during 2023-24 in respect of 31 Grants/Appropriations is given in **Table-3.17**.

**Table-3.17: Summarised position of Original/Supplementary Provisions *vis-à-vis* Actual Expenditure during 2023-24**

							(₹ in crore)	
	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Net of Savings (-) Excess (+)	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	46,100.92	3,438.80	49,539.72	41,781.63	(-)7,758.09		
	II. Capital	13,133.79	3,290.21	16,424.00	11,181.93	(-)5,242.07		
	III. Loans & Advances	297.95	0.00	297.95	124.09	(-)173.86		
	<b>Total</b>	<b>59,532.66</b>	<b>6,729.01</b>	<b>66,261.67</b>	<b>53,087.65</b>	<b>13,174.02</b>		
Charged	IV. Revenue	6,646.79	92.11	6,738.90	5,492.33	(-)1,246.57	0	0
	V Capital	0	0	0	0	0		
	VI Public Debt- Repayment	11,227.63	4,500.00	15,727.63	23,029.73	(+)7,302.10		
	<b>Total</b>	<b>17,874.42</b>	<b>4,592.11</b>	<b>22,466.53</b>	<b>28,522.06</b>	<b>(+)6,055.53</b>		
Appropriation to Contingency Fund (if any)	0	0	0	0	0			
<b>Grand Total</b>	<b>77,407.08</b>	<b>11,321.12</b>	<b>88,728.20</b>	<b>81,609.71</b>	<b>(-)7,118.49</b>			

Source: Appropriation Accounts.

As shown above, there was an overall net saving of ₹ 7,118.49 crore from budgetary figures which was the result of saving of ₹ 14,420.59 crore in Grants and Appropriations, offset by excess of ₹ 7,302.10 crore. Further, surrender of ₹ 2,477.40 crore was made in all 31 Grants/ Appropriation on 31 March 2024 during the year 2023-24.

Details of Original Budget, Revised Estimate and Actual Expenditure during 2019-20 to 2023-24 are given in **Table-3.18**.

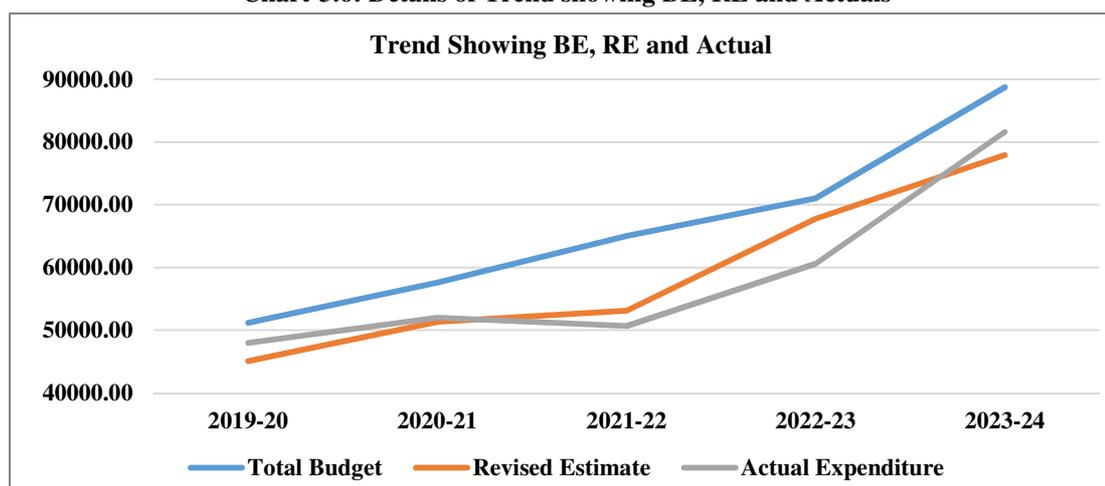
**Table-3.18: Original Budget, Revised Estimate and Actual Expenditure during 2019-20 to 2023-24**

	2019-20	2020-21	2021- 22	2022-23	2023-24
	(₹ in crore)				
Original Budget	48,663.90	53,526.97	57,937.83	65,571.49	77,407.08
Supplementary Budget	2,533.90	4,063.79	7,074.57	5,440.43	11,321.12
Total Budget (TB)	51,197.80	57,590.76	65,012.40	71,011.92	88,728.20
Revised Estimate (RE)	45,081.50	51,343.15	53,130.62	67,753.65	77,887.84
Actual Expenditure (AE)	47,973.19	52,000.11	50,694.35	60,592.90	81,609.71
Saving (-) /Excess(+)	(-)3,224.61	(-)5,590.65	(-)14318.05	(-)10,419.02	(-)7,118.49
Percentage of Supplementary to the Original Provision	5.21	7.59	12.21	8.30	14.63
Percentage of overall Saving/Excess to the overall provision	6.30	9.71	22.02	14.67	8.02
TB-RE	6,116.30	6,247.61	11,881.78	3,258.27	10,840.36
RE-AE	(+)2,891.69	(+)656.96	(-)2,436.27	(-)7,160.75	(+)3,721.87
(TB-RE) as per cent of TB	11.95	10.85	18.28	4.59	12.22
(RE-AE) as per cent of TB	(+) 5.65	(+)1.14	(-)3.75	(-)10.08	(+)4.19

Source: Appropriation Accounts and Budget documents of respective years.

**Table-3.18** shows that supplementary provision of ₹ 11,321.12 crore during 2023-24 constituted 14.63 per cent of the original provision as against 8.30 per cent in the previous year.

**Chart-3.6: Details of Trend showing BE, RE and Actuals**



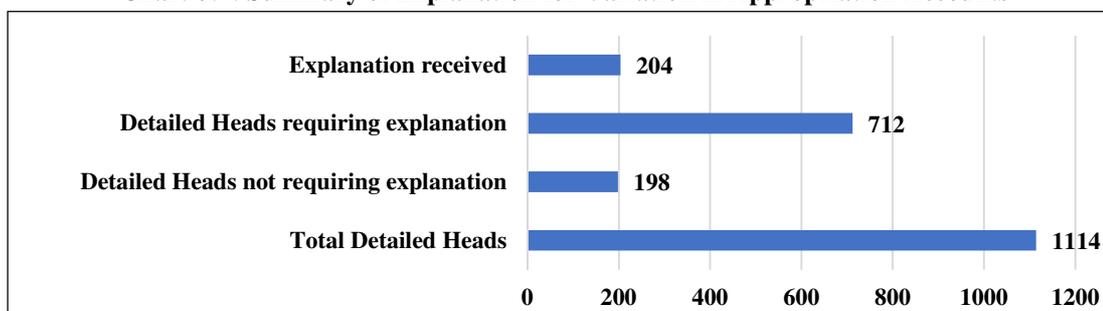
From the above **Table-3.18**, it can be seen that over the years from 2019-20 to 2023-24, the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. The gap between the RE and the TB showed an increasing trend. During the period 2019-20 to 2021-22 it increased from 11.95 per cent to 18.28 per cent, however in the year 2022-23 it decreased to 4.59 per cent indicating larger/smaller estimation error. During the current year 2023-24 it again increased to 12.22 per cent.

Further, the percentage of Actual Expenditure (AE) during the period 2019-20 and 2020-21 was higher than the RE and it was 5.65 per cent and 1.14 per cent respectively. Further, the percentage of AE during the years 2021-22 and 2022-23 was lower than RE by 3.75 per cent and 10.08 per cent respectively and during 2023-24 the percentage of AE was 4.19 per cent higher than the RE. As such, the supplementary provision was required in the year 2023-24 because AE was higher than the original provision. However, during the years 2019-20 to 2022-23 supplementary provisions proved unnecessary since the expenditure did not come up even to the level of original budget provisions.

This reflects that budgetary allocations were based on unrealistic proposals as Budget Estimates of the State were always inflated, and the Actual Expenditure was less than the budgetary provisions during the previous four years.

A summary of Explanation for variation in Appropriation accounts is given in the **Chart-3.7** below:

**Chart-3.7: Summary of Explanation for Variation in Appropriation Accounts**



During 2023-24, the State Government booked the expenditure under 1,114 detailed heads below different Major Heads of accounts under 31 Grants and Appropriations. Out of 1,114 detailed heads, variation (20 per cent or more) against the total budget provision was noticed in 916 detailed heads. Out of 916 detailed heads explanation was received only in 204 detailed heads. However, 712 detailed heads further required explanation. Further, out of 1,114 detailed heads justification was not required in respect of 198 detailed heads, as the variation in these detailed heads were below 20 per cent.

### 3.9 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments report to legislature for large additional requirement for different purposes under various schemes/activities; but finally, they are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. At the same time, some of the schemes remain incomplete for want of funds. Thus, the intended benefits of the unfinished schemes are not extended to the public in such cases. Further, this leads to escalation of project cost.

The Government also announces several new policies/schemes for implementation through the Finance Minister (FM) Budget Speech and other budget documents which are either for that Financial Year *i.e.*, one-time activity or are of recurring nature.

Details of un-utilised funds under capital voted section are given in **Table-3.19**.

Table-3.19: Details of un-utilised funds under capital voted section

(₹ in crore)

Sl. No.	Number/ Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds	Surrender on 31 March 2024
<b>Capital (Voted)</b>							
1	06-Revenue and General Administration	1,109.60	2.16	1,111.76	109.46	1,002.30	2.46
2	11-Education, Sports, Youth Welfare & Culture	554.43	138.10	692.53	459.05	233.48	-
3	16- Labour & Employment	77.00	7.00	84.00	72.16	11.84	-
4	18- Co-operative	200.00	3.00	203.00	8.00	195.00	100.00
5	19/Rural Development	1,834.50	16.94	1,851.44	1,191.56	659.88	-
6	21- Energy	1,215.60	50.00	1,265.60	730.59	535.01	-
7	22- Public Works	1,348.30	256.51	1,604.81	1,299.50	305.31	52.17
8	24-Transport	274.00	12.00	286.00	164.67	121.33	-
9	27- Forest	70.73	3.98	74.71	58.67	16.04	9.59
10	29- Horticulture Development	232.40	4.00	236.40	91.38	145.02	-
<b>Total</b>		<b>6,916.56</b>	<b>493.69</b>	<b>7,410.25</b>	<b>4,185.04</b>	<b>3,225.21</b>	<b>164.22</b>

Source: Appropriation Account.

Due to unavailability of data from the State Government in respect of schemes/projects which could not be completed for want of funds during the year, it could not be ascertained in audit whether savings of ₹ 3,225.21 crore under capital section could have been utilized for the completion of those schemes/projects. Out of total unutilized fund of ₹ 3,225.21 crore under Capital Section in above mentioned ten Grants, only ₹164.22 crore was surrendered during the year 2023-24.

### 3.10 Adherence of Financial Power in relation to re-appropriation

Audit analysis of re-appropriation orders revealed that all the re-appropriations were issued by the Finance Department, Government of Uttarakhand. Re-appropriations to the tune of ₹2,230.78 crore was made within the Grant and within the schemes contemplated in the Original Budget. However, no case of re-appropriation from Capital to Revenue and vice-versa and from Voted to Charged and vice-versa was noticed during the year 2023-24. No case of re-appropriation was made after the close of the financial year.

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

Several policy initiatives taken up by the Uttarakhand 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.

It was observed that under ten schemes under seven grants (₹10 crore or more in each scheme) there was revised outlay of ₹ 388.93 crore but no expenditure was incurred resulting in non-implementation of schemes as shown in **Table-3.20** below.

**Table-3.20: Details of the scheme for which provision (₹ 10 crore and above) was made but was either withdrawn or no expenditure was incurred**

(₹ in crore)

Sl. No	Grant No.	Name of the Scheme	Approved Outlay (O+S)	Revised Outlay (after re-appropriation)
1	07-Finance, Tax, Planning, Secretariat, and Miscellaneous Services	Market Loan received in the financial Year 2023-24	300.00	300.00
2	11-Education, Sports, Youth Welfare & Culture	Construction/Strengthening of Govt. Polytechnic institutes and Hostels (90% CSS)	10.59	7.83
3	13-Water Supply Housing & Urban Development	K F W Scheme	10.00	5.00
		To Develop Haridwar as a Tourist City	27.00	2.00
		Green city/Brown city Construction	10.00	1.00
		Unity Mall/Plaza Construction	50.10	0.10
4	17-Crop Husbandry and Research	Integrated Agricultural Village Scheme	12.00	5.00
5	21-Energy	Investment in Govt Sectors and other Sectors (Externally Aided Scheme)	163.44	35.00
6	24-Transport	Purchase of Helicopter/Airplane	50.00	28.00
7	29-Horticulture Development	Externally Assisted Projects of the Horticulture Development	40.00	5.00
<b>Total</b>			<b>673.13</b>	<b>388.93</b>

Source: Budget document 2023-24 & 2024-25.

Further, under eight schemes, there was approved outlay of ₹ 180.00 crore which was fully withdrawn in revised outlay as shown in **Table-3.21** below. This reflects that budgetary allocations were based on unrealistic proposals.

**Table-3.21: Details of the schemes for which provisions (₹ five crore and above) was made but were withdrawn fully through re-appropriation**

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme	Approved Outlay	Reasons for withdrawal
1	01-Legislature	Construction of Legislative Assembly during Summer in Gairsen	5.00	Saving under the Scheme
2	07- Finance, Tax, Planning, Secretariat, and Miscellaneous Services	Development of infrastructure facilities with funds received from schemes	50.00	Saving in Major Works
3		Climate change mitigation	65.00	Saving in Major Works
4		Construction of Secretary/Additional Secretary Level residential building	6.00	Saving under the Scheme
5		Construction of state Guest House at Rudraprayag And Haridwar	20.00	Saving in Major Works and Saving under the Scheme
6		Demolition/Renovation of Non-Residential building in Sachivalaya Campus	5.00	Due to Saving under the Scheme
7		19- Rural Development	C M women self-help group empowerment scheme.	5.00
8	24-Transport	NABARD FUNDED	24.00	Due to saving in Major Works
<b>Total</b>			<b>180.00</b>	

### 3.12 Rush of expenditure

Paragraph 183 of chapter XVII of Uttarakhand Budget Manual stipulates that rush of expenditure in the closing month of the financial year should be avoided. For sound financial management, uniform pace of expenditure should be maintained. Contrary to this, expenditure exceeding 50 per cent of the total expenditure for the year 2023-24 was incurred in March 2024 in respect of 9 Major Heads as listed in **Table-3.22** below:

**Table-3.22: Major Heads where more than 50 per cent of expenditure was incurred in March alone (in percentage)**

(₹ in crore)									
Sl. No.	Major Head	Description	Ist Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	2030	Stamps and Registration	2.70	3.18	3.95	21.58	31.41	18.57	59.12
2	2216	Housing	0.00	0.23	0.91	8.56	9.70	7.82	80.62
3	4059	Capital Outlay on Public Works	302.31	358.92	233.24	1,402.39	2,296.86	1,186.99	51.68
4	4225	Capital Outlay on Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	2.95	4.47	7.77	79.86	95.05	64.71	68.08
5	4401	Capital Outlay on Crop Husbandry	-3.49	30.06	16.05	91.85	134.47	86.39	64.24
6	4406	Capital Outlay on Forestry and Wild Life	0.00	12.97	8.70	41.48	63.15	37.37	59.18
7	4700	Capital Outlay on Major Irrigation (1)	4.57	48.07	12.25	286.36	351.25	250.61	71.35
8	4810	Capital Outlay on Non-Conventional sources of Energy	0.00	0.00	0.00	66.83	66.83	66.83	100
9	4859	Capital Outlay on Telecommunication and Electronic Industries	0.00	0.00	0.00	40.46	40.46	40.46	100
<b>Total</b>			<b>309.04</b>	<b>457.90</b>	<b>282.87</b>	<b>2,039.37</b>	<b>3,089.18</b>	<b>1,759.75</b>	<b>56.96</b>

The monthly pace of expenditure was not uniform as was required under the Uttarakhand Budget Manual, as 66.02 per cent of expenditure under nine Major Heads was incurred in the last quarter of the financial year 2023-24 while as 56.96 per cent of expenditure was incurred in the month of March 2024.

The quarterly details of expenditures incurred across all Grants are shown in the following table:

**Table-3.23: Statement showing Quarter Wise Expenditure for all Major Heads in all Grants during 2023-24**

(₹ in crore)										
Grant no.	Description	Allocation during 23-24	Expenditure					Total Expenditure during 23-24	Expenditure in 4 <sup>th</sup> Qtr as percentage of Total Expenditure	Expenditure in March 24 as percentage of Total Expenditure
			1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	In March			
1	Legislature	95.94	15.75	17.81	15.15	18.21	6.65	66.92	27.21	9.94
2	Governor	16.22	2.63	3.85	3.43	4.18	0.85	14.09	29.67	6.03
3	Council of Ministry	124.73	9.28	24.62	17.51	49.88	30.51	101.29	49.24	30.12

**State Finances Audit Report for the year 2023-24**

Grant no.	Description	Allocation during 23-24	Expenditure					Total Expenditure during 23-24	Expenditure in 4 <sup>th</sup> Qtr as percent age of Total Expenditure	Expenditure in March 24 as percentage of Total Expenditure
			1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	In March			
4	Judicial Administration	751.35	97.59	83.48	65.63	163.58	88.03	410.28	39.87	21.46
5	Election	86.52	5.08	16.93	7.58	36.61	19.01	66.20	55.30	28.72
6	Revenue and General Administration	3,512.15	402.75	273.90	380.51	1,076.56	926.12	2,133.72	50.45	43.40
7	Finance, Tax, Planning, Secretariat & Miscellaneous Services	37,404.13	5,515.23	9,460.80	9,952.47	16,950.52	8,321.85	41,879.02	40.47	19.87
8	Excise	83.76	8.67	8.80	8.44	10.42	5.55	36.33	28.68	15.28
9	Public Service Commission	134.13	41.67	15.87	17.75	29.11	13.35	104.40	27.88	12.79
10	Police & Jail	2,627.90	565.78	639.13	476.78	761.76	300.29	2,443.45	31.18	12.29
11	Education, Sports, Youth Welfare & Culture	10,840.87	2,254.01	2,463.24	2,186.19	3,069.74	1,063.07	9,973.18	30.78	10.66
12	Medical, Health & Family Welfare	5,042.66	573.37	1,439.93	849.49	1,306.82	451.05	4,169.61	31.34	10.82
13	Water Supply, Housing & Urban Development	4,103.03	586.06	867.67	293.93	1,046.83	408.39	2,794.49	37.46	14.61
14	Information	273.42	47.83	53.64	125.54	32.11	16.84	259.12	12.39	6.50
15	Welfare Schemes	3,124.60	564.48	536.37	470.70	1,059.37	453.39	2,630.92	40.27	17.23
16	Labour & Employment	642.33	123.02	164.80	104.66	203.44	78.59	595.92	34.14	13.19
17	Crop Husbandry & Research	1,312.64	253.06	217.71	125.69	259.50	154.54	855.96	30.32	18.05
18	Co-Operative	379.91	9.77	57.59	18.31	32.49	24.83	118.16	27.50	21.01
19	Rural Development	3,643.59	227.03	776.75	447.51	910.86	701.78	2,362.15	38.56	29.71
20	Irrigation & Flood	1,457.42	99.22	230.01	169.28	627.00	413.55	1,125.51	55.71	36.74
21	Energy	1,301.84	53.00	267.27	16.21	424.73	303.44	761.21	55.80	39.86
22	Public Works	3,348.34	376.25	539.66	508.54	1,249.74	778.21	2,674.19	46.73	29.10
23	Industries	522.51	71.67	37.04	139.45	155.63	95.11	403.79	38.54	23.55
24	Transport	477.97	56.45	129.19	44.31	114.97	31.71	344.92	33.33	9.19
25	Food	1,219.55	16.16	558.84	64.92	189.30	158.36	829.22	22.83	19.10
26	Tourism	312.05	38.00	71.22	54.98	117.71	47.92	281.91	41.75	17.00
27	Forest	1,207.59	131.83	196.81	245.06	230.37	1.25	804.07	28.65	0.16
28	Animal Husbandry	656.34	130.63	156.81	76.43	202.85	103.17	566.72	35.79	18.20
29	Horticulture Development	828.08	61.48	140.22	73.27	166.08	126.24	441.05	37.66	28.62
30	Welfare of Scheduled Castes	2,463.23	221.48	520.48	426.96	528.21	297.41	1,697.13	31.12	17.52
31	Welfare of Scheduled Tribes	733.40	79.59	132.08	96.47	156.51	105.02	464.65	33.68	22.60
<b>Total</b>		<b>88,728.20</b>	<b>12,638.82</b>	<b>20,102.52</b>	<b>17,483.15</b>	<b>31,185.09</b>	<b>15,526.08</b>	<b>81,409.58<sup>2</sup></b>		

Source: VLC Data provided by A & E office.

The above table revealed that out of 31 Grants, in four Grants, expenditure of 50 per cent and above was incurred in the fourth quarter as percentage of Total Expenditure, while as in five Grants, expenditure of 40 per cent to 50 per cent was incurred in the fourth quarter as percentage of Total Expenditure during 2023-24.

<sup>2</sup> This excludes an amount of ₹ 200.13 crore towards recoveries.

Out of 31 Grants, in 12 Grants expenditure of 20 *per cent* or more was incurred in March 2024 as percentage of Total Expenditure incurred during 2023-24.

Due to non-availability of quarter wise expenditure limit prescribed by the State Government, compliance to the quarterly expenditure could not be commented upon.

### 3.13 Review of selected grants

#### 3.13.1 Outcome of Review of Selected Grants

A review of receipts and expenditure under Grant Number 12: Medical and Family Welfare & 29: Horticulture Development for the period 2021-22 to 2023-24 revealed the following position.

#### Grant Number 12 Medical and Family Welfare

Medical and Family Welfare – The Government of Uttarakhand is committed to improve the health status and quality of life of its people, by focusing on health issues with the objectives of reducing disease burden, creating an enabling environment, influencing direct and indirect health determinants such as nutrition, water, sanitation and other factors like education and employment in the state. The Government intends to reach the replacement level of fertility, population stability with due attention to disadvantaged sections, inaccessible and remote areas.

#### A. Revenue Expenditure

The overall revenue expenditure showed increase by 17.76 *per cent*, 17.90 *per cent*, 40.95 *per cent* and 0.53 *per cent* from 2020-21 to 2023-24 respectively over the previous years, as summarized in the **Table-3.24**.

**Table-3.24: Summarized position of actual expenditure vis-à-vis original provision during 2019-20 to 2023-24**

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
2210-Medical and Public Health 2211-Family Welfare	2019-20	2,251.00	51.24	2,302.24	1,782.43	519.81	22.58	
	2020-21	2,271.59	111.83	2,383.42	2,099.04	284.38	11.93	17.76
	2021-22	2,746.31	452.15	3,198.46	2,474.75	723.71	22.63	17.90
	2022-23	3,609.09	422.84	4,031.93	3,488.09	543.84	13.49	40.95
	2023-24	3,768.25	598.81	4,367.06	3,506.45	860.61	19.71	0.53
<b>Total</b>		<b>14,646.24</b>	<b>1,636.87</b>	<b>16,283.11</b>	<b>13,350.76</b>	<b>2,932.35</b>	<b>18.01</b>	

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2019-20 to 2023-24. There was unnecessary supplementary provision of ₹ 1,636.87 crore from 2019-20 to 2023-24, as against the original allotment of ₹ 14,646.24 crore, the actual expenditure was ₹ 13,350.76 crore as such there was already a saving of ₹ 1,295.48 crore in these years.

Test check of expenditure incurred under certain Major Heads below this grant for the last three years showed that the pattern of expenditure varied during these years. The variation of more than ₹ 20 crore has been taken as base. The details are shown in **Table-3.25** below:

**Table-3.25: Trends of major variations in expenditure over previous years in grant**

Sl. No.	Scheme Name <sup>3</sup>	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
		2021-22	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
1	Hospitals and Dispensaries (EAD)	20,000.00	16,283.00	9,450.00	(-)3,717.00	(-) 6,833.00	(-) 18.59	(-) 41.96
2	Hospitals and Dispensaries (CSS)	37,300.69	77,266.00	57,316.00	39,965.31	(-) 19,950.00	107.14	(-) 25.82
3	Hospitals and Dispensaries (State Share in CSS)	4,241.06	13,353.74	8,646.58	9,112.68	(-) 4,707.16	214.87	(-) 35.25
4	Allopathy (Medical college)	31,257.93	36,610.73	43,751.14	5,352.80	7,140.41	17.12	19.50
5	Prevention and Control of diseases (Public Health)	16,747.87	47,890.04	61,732.00	31,142.17	13,841.96	185.95	28.90
6	Rural family Welfare Services (CSS)	9,405.26	11,952.84	14,741.04	2,547.58	2,788.20	27.09	23.33

Source: Detailed Appropriation Accounts.

### B. Capital Expenditure

The overall Capital expenditure showed increase by 77.21 per cent during 2020-21, further, increase by 81.10 per cent during 2021-22, decrease by (-) 4.73 per cent during 2022-23 and increased by 122.26 per cent during 2023-24 over the previous years, as summarized in the **Table-3.26**.

**Table-3.26: Summarized position of actual expenditure vis-à-vis original /supplementary provision during 2019-20 to 2023-24**

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
4210- Capital outlay on Medical and Public Health 4211- Capital outlay on family Welfare	2019-20	176.72	11.50	188.22	97.60	90.62	48.15	
	2020-21	205.43	100.00	305.43	172.94	132.49	43.38	77.21
	2021-22	442.64	38.00	480.64	313.19	167.45	34.84	81.10
	2022-23	385.07	10.00	395.07	298.37	96.70	24.48	-4.73
	2023-24	449.63	225.98	675.61	663.16	12.45	1.84	122.26
<b>Total</b>		<b>1,659.49</b>	<b>385.48</b>	<b>2,044.97</b>	<b>1,545.26</b>	<b>499.72</b>	<b>24.44</b>	

Source: Appropriation Accounts.

<sup>3</sup> (2210-01-110-97, 2210-03-110-01, 2210-03-110-95, 2210-05-105-04, 2210-06-101-03, 2211-00-101-01).

It is evident from the above table, that there were persistent savings in the years from 2019-20 to 2023-24. During the period 2019-20 to 2022-23, supplementary provisions of ₹ 159.50 crore proved unnecessary as the original provision ₹ 1,209.86 crore was far more than the actual expenditure of ₹ 882.10 crore. However, 94.49 per cent of supplementary provision of ₹ 225.98 crore during the year 2023-24 was utilized.

Test check of expenditure incurred under certain Major Heads below this grant for the last three years showed that the pattern of expenditure varied during these years. The variation of more than ₹ 20 crore has been taken as base. The details are shown in **Table-3.27** below:

**Table-3.27: Trends of major variations in expenditure over previous years in grant**

Sl. No.	Scheme Name <sup>4</sup>	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
		2021-22	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
1	Allopathy (CSS)	22,263.04	16,561.22	40,045.63	(-) 5,701.82	23,484.41	(-) 25.61	141.80

Source: Detailed Appropriation Accounts.

### C. Non-utilization of entire provision

Test check of sub-heads/schemes revealed that there was persistent savings during the period 2022-23 to 2023-24 in one Public Health Scheme as the department had not been able to utilize the entire budget allocation during these two years. Details are given in **Table-3.28**.

**Table-3.28: Summarized position of non-utilization of entire provision during 2022-23 to 2023-24**  
(₹ in lakh)

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1	2022-23	Public Health, Other expenditure, Incentive amount to increase Female sex ratio in Districts	2210-06-800-17	10.00	0.00	10.00
2	2023-24	Public Health, Other expenditure, Incentive amount to increase Female sex ratio in Districts	2210-06-800-17	5.00	0.00	5.00
<b>Total</b>						<b>15.00</b>

Source: Detailed Appropriation Accounts.

### D. Central and State Schemes under the Grant:

Expenditure under Central and State Schemes under the Grant (₹ 20.00 crore and more) is given in **Table-3.29**.

<sup>4</sup> (4210-03-105-01)

Table-3.29: Central Scheme Expenditure (₹ 20.00 crore and more)

(₹ in crore)

Sl. No.	Name of Scheme	Head of Account	Amount received from GoI (PFMS)	Budget Provision (O+S)	Amount Released To H.O.D	Expenditure	Saving (-)/ Excess (+) against budget provision
1	RCH Flexipool and Health System Strengthening, National Health Program and National Urban Health Mission	2210-03-110-01-04	611.04	905.51	573.16	573.16	(-) 332.35
2	Construction of Medical colleges at Rudrapur, Pithoragarh and Haridwar by the Government of India (90%CSS)	4210-03-105-01-09	372.47	304.00	318.47	318.47	(+) 14.47
3	State Cancer Institute Haldwani	4210-03-105-01-10	Information not furnished by the State Govt.	40.00	20.00	20.00	(-) 20.00

Source: Budget, BM-8 and Appropriation Account.

In RCH Flexipool and Health System Strengthening Scheme, against the budget provision of ₹ 905.51 crore only ₹ 573.16 crore was disbursed to the Head of the Department by 31 March 2024, and this entire sum was utilized, leaving no unspent balance by year-end. However, while the Central Government released a total of ₹ 611.04 crore throughout the year, a lesser amount was actually disbursed to the Head of the Department.

In respect of construction of Medical Colleges at Rudrapur, Pithoragarh and Haridwar against the budget provision of ₹ 304.00 crore, ₹ 318.47 crore was released to the HOD, and this entire amount was utilised by the end of the year leaving no unspent balance. Similarly, under State Cancer Institute Haldwani, against the budget provision of ₹ 40.00 crore an amount of ₹ 20.00 crore was released to the HOD, and this entire amount was spent by the during the year leaving no unspent balance at the end of the year.

During exit conference, the Government agreed with the facts and stated that the funds were received at the fag end of the financial year (31 March 2024), so, the funds couldn't be released during the year.

The following State schemes (₹ 20.00 crore and more) were analysed for intent of budget and expenditure during 2023-24.

Table-3.30: State Scheme Expenditure (₹ 20.00 crore and more)

(₹ in crore)

Sl. No.	Name of Scheme	Head of Account	Budget Provision	Amount Released to H.O.D	Expenditure	Saving
1	Hospitals and Dispensaries (EAP), Health System Projects (World Bank Assisted) & Chardham Yatra (ADB)	2210-01-110-97	150.92	94.50	94.50	(-)56.42
2	Establishment of Doon Medical College (SPA))	4210-03-105-08	50.00	50.00	50.00	0.00
<b>Total</b>			<b>200.92</b>	<b>144.50</b>	<b>144.50</b>	<b>(-)56.42</b>

Source: Budget document & Appropriation Account.

In the State scheme under the grant, against the budget provision of ₹ 200.92 crore only ₹ 144.50 crore was disbursed to the head of the department by 31 March 2024, and the entire sum was utilized. There were a saving of ₹ 56.42 crore against the budget provision by the year end.

#### E. DDO Designated Bank Account Transfer

Every expenditure booked in the Annual Accounts needs to be checked for assurance of final execution of the fund. Upon reviewing of IFMS data and other documents, it was revealed that an amount of ₹ 31.23 crore (2210-₹ 31.23 crore) was transferred by DDO's into their designated bank accounts under this Grant during 2023-24. These DDO's designated bank account transfers are also required to be monitored.

#### F. Receipts

The overall position of revenue receipts under Major Head 0210 and 0211 of the selected grant during 2021-22 to 2023-24 is summarized in **Table-3.31**.

Table-3.31: Position of revenue receipts under Major Head 0210 &amp; 0211 of the Grant

(₹ in crore)

Head of Account	Year	BE	RE	Actual Receipts	RE-Actual	Per cent variation to RE
					Excess (+)/Shortfall (-)	
0210-Medical and Public Health	2021-22	131.67	161.67	177.85	16.18	10.01
	2022-23	145.29	209.17	188.50	(-)20.67	(-)9.88
	2023-24	202.29	211.09	207.17	(-)3.92	(-)1.86
0211- Family Welfare	2021-22	0.02	0.02	0.09	0.07	350.00
	2022-23	0.02	0.07	27.03	26.96	38,514.29
	2023-24	0.10	0.10	0.08	(-)0.02	(-)20.00

Source: Budget and Finance Accounts.

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years based on Receipt ₹ five crore and above as given in **Table-3.32**.

**Table-3.32: Summarised position of Receipts during 2021-22 to 2023-24**

(₹ in crore)

Sl. No.	Head of Account	Year	BE	RE	Actual Receipts	RE-Actual	Percentage variation to RE
						Excess (+)/	
						Shortfall (-)	
1	0210-01-020 Urban health Services- Receipts from Patients for Hospital and dispensary service	2021-22	11.25	11.25	9.97	(-)1.28	(-)11.38
		2022-23	12.38	11.25	12.09	0.84	7.47
		2023-24	12.38	12.38	14.47	2.09	16.88
2	0210-01-101 Urban health Services- Receipts from Employees State Insurance Scheme	2021-22	70.20	77.20	123.93	46.73	60.53
		2022-23	77.22	120.20	95.62	(-)24.58	(-)20.45
		2023-24	125.22	125.22	117.07	(-)8.15	(-)6.51
3	0210-01-800 Urban health Services- Other Receipts	2021-22	2.54	2.54	11.48	8.94	351.97
		2022-23	3.24	7.04	13.42	6.38	90.63
		2023-24	12.24	12.24	10.07	(-)2.17	(-)17.73
4	0210-03-105 Medical Education, Training and Research Allopathy	2021-22	42.00	55.00	19.77	(-)35.23	(-)64.05
		2022-23	46.20	55.00	55.29	0.29	0.53
		2023-24	46.20	55.00	43.11	(-)11.89	(-)21.62
5	0210-04-104 public Health Fees and Fines etc	2021-22	0.00	10.00	9.12	(-)0.88	(-)8.80
		2022-23	0.00	10.00	7.02	(-)2.98	(-)29.80
		2023-24	0.00	0.00	17.15	17.15	0.00
6	0211-00-800 Other Receipts	2021-22	0.02	0.02	0.09	0.07	350.00
		2022-23	0.02	0.07	27.03	26.96	38514.29
		2023-24	0.10	0.10	0.08	(-)0.02	(-)20.00

Source: Budget and Finance Accounts.

Analysis of receipts under Grant Number 12 showed that there are only six Minor Head i.e. -01-020 Urban health Services- Receipts from Patients for Hospital and dispensary service, 01-101 Urban health Services- Receipts from Employees State Insurance Scheme, 01-800 Urban health Services- Other Receipts, 03-105 Medical Education, Training and Research Allopathy, 04-104 public Health Fees and Fines etc. and 00-800 Other Receipts under which the receipts are booked.

### Grant Number 29: Horticulture Development

This Grant Plays as a vital role in the economic development of the state. This sector is the biggest source of income in the state's economy. The creditability of horticulture crop including fruits, vegetables, floriculture, spices, mushroom and medicinal & aromatic plants; has been well established in improving productivity of land, generating employment, economic condition of the farmers and entrepreneurs, enhancing exports and above all provided nutritional security to the people. The department is also focusing on the adoption of improved and appropriate technologies for ensuring quality, including genetic upgradation of all horticulture crop with the adoption of following activities;-

- i. Production of planting material
- ii. Establishment of New Gardens (Area Expansion)
- iii. Rejuvenation
- iv. Creation of water resources
- v. Protected Cultivation
- vi. Pollination Support through Bee Keeping

- vii. Horticulture Mechanization
- viii. Human resource development (HRD)
- ix. Post – Harvest Management (PHM), Marketing and Processing Infrastructure

#### A. Revenue Expenditure

The overall revenue expenditure showed increase by 24.01 per cent, by 2.73 per cent and by 18.89 per cent during 2020-21, 2021-22 and 2022-23 respectively whereas it decreased by 10.26 per cent in 2023-24 over the previous years, as summarized in the Table-3.33.

**Table-3.33: Summary of actual expenditure vis-à-vis original provision during 2019-20 to 2023-24**  
(₹ in crore)

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
2401-Crop Husbandry	2019-20	313.04	15.82	328.86	260.87	67.99	20.67	
	2020-21	380.86	39.81	420.67	323.51	97.16	23.10	24.01
	2021-22	367.23	34.63	401.86	332.34	69.52	17.30	2.73
	2022-23	499.38	37.36	536.74	395.12	141.62	26.39	18.89
	2023-24	580.97	8.41	589.38	354.60	234.78	39.84	(-)10.26
<b>Total</b>		<b>2,141.48</b>	<b>136.03</b>	<b>2,277.51</b>	<b>1,666.44</b>	<b>611.07</b>	<b>26.83</b>	<b>-</b>

Source: Appropriation Accounts.

It is evident from the above table that there were persistent savings during 2019-20 to 2023-24 except in 2020-21. During this period, supplementary provision of ₹ 136.03 crore proved unnecessary as the original provision ₹ 2,141.48 crore was more than the actual expenditure of ₹ 1,666.44 crore. There was no inappropriate expenditure pattern at sub head level within the Minor Heads of the Grant for schemes outlays of more than ₹ 20 crore.

#### B. Capital Expenditure

The overall capital expenditure showed increase by 63.17 per cent during 2020-21, increased by 11.39 per cent during 2021-22, decreased by 1.94 per cent during 2022-23 and increased by 484.64 per cent in 2023-24 over the previous years, as summarized in the Table-3.34.

**Table-3.34: Summarized position of actual expenditure vis-à-vis original provision during 2019-20 to 2023-24**  
(₹ in crore)

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving (+) / Excess (-)	In per cent	
							Saving (+) / Excess (-)	Variation in expenditure over last year
4401-Capital Outlay on Crop Husbandry	2019-20	11.50	0.35	11.85	8.77	3.08	25.99	
	2020-21	12.00	0.00	12.00	14.31	(-)2.31	(-)19.25	63.17
	2021-22	20.50	0.44	20.94	15.94	5.00	23.88	11.39
	2022-23	36.10	0.00	36.10	15.63	20.47	56.70	(-)1.94
	2023-24	232.40	4.00	236.40	91.38	145.02	61.35	484.64
<b>Total</b>		<b>312.50</b>	<b>4.79</b>	<b>317.29</b>	<b>146.03</b>	<b>171.26</b>	<b>53.98</b>	<b>-</b>

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2019-20 to 2023-24. During this period, supplementary provision of ₹ 4.79 crore proved unnecessary as the original provision ₹ 312.50 crore was more than the actual expenditure of ₹ 146.03 crore. There was no inappropriate expenditure pattern at sub head level within the Minor Heads of the Grant for schemes outlays of more than ₹ 20 crore.

**C. Non-utilization of the entire provision**

Test check of certain sub-heads revealed that the Department did not utilize the entire provision during 2021-22 to 2023-24 at the end of the year (₹one crore and above) as given in **Table-3.35**.

**Table-3.35: Summarized position of non-utilization of entire provision during 2021-22 to 2023-24**  
(₹ in lakh)

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1	2021-22	Capital out lay on crop husbandry-Horticulture and vegetable crops – External Aided schemes	4401-00-119-97	500.00	0.00	500.00
2	2022-23	Capital out lay on crop husbandry-Horticulture and vegetable crops – External Aided schemes	4401-00-119-97	2,000.00	0.00	2,000.00
3	2023-24	Capital out lay on crop husbandry-Horticulture and vegetable crops – External Aided schemes	4401-00-119-97	2,000.00	0.00	2,000.00

Source: Detailed Appropriation Accounts.

During exit conference, the Government instructed the Budget Officer to look into the issue and consider for removing from budget provision in coming Budget.

**D. Central and State Schemes under the Grant:**

Expenditure under Central and State Schemes under the Grant (₹ 20.00 crore and more) is given in **Table-3.36**.

**Table-3.36: Central Scheme Expenditure (₹ 20.00 Crore and more)**

(₹ in crore)

Sl. No.	Name of Scheme	Head of Account	Amount received from GoI (PFMS)	Budget Provision	Amount Released To H.O.D	Expenditure	Saving
1	CSS Scheme (Prime Minister Formalisation of Micro Food Processing Enterprises Scheme (90:10),	2401-00-119-01-14	8.24	15.00	7.54	7.54	7.46
2	Per Drop More Crop (PMKSY)	2401-00-119-01-15	0.00	30.00	0.00	0.00	30.00
3	National Horticulture Mission)	2401-00-119-01-16	0.00	42.66	34.73	34.73	7.93

In the Prime Minister formalisation of Micro Food processing enterprises scheme, against the budget provision of ₹ 15.00 crore, only ₹ 7.54 crore was released to the Head of the Department and this entire amount was utilised. There was saving of ₹ 7.46 crore against the budget provisions by the year end. However, while the central Government released a total of ₹ 8.24 crore during the year, a lesser amount was actually disbursed to the Head of the Department. In per drop more crop scheme, although there was a budget provision of ₹ 30.00 crore, however, no amount was received from Government of India during the year. In National Horticulture Mission no amount was received from GoI, however against the budget provisions of ₹ 42.66 crore, ₹ 34.73 crore was released by the State Government and this entire amount was spent by the HOD.

The following State schemes (₹ 10 crore and more) were analysed for intent of budget and expenditure during 2023-24.

**Table-3.37: State Scheme Expenditure (₹ Ten Crore and more)**

(₹ in crore)						
Sl. No.	Name of Scheme	Head of Account	Budget Provision	Amount Released To H.O.D	Expenditure	Saving (-)/ Excess (+)
01	Mission Apple scheme	2401-00-119-31	35.00	10.78	10.78	(-)24.22
2	Grant to Udyaan Department under NABARD EAP Scheme	4401-00-119-98	200.00	77.74	77.74	(-)122.26
<b>Total</b>			<b>235.00</b>	<b>88.52</b>	<b>88.52</b>	<b>(-)146.48</b>

Source: Budget document & Appropriation Account.

In the State Scheme under the Grant, against the budget provision of ₹ 235.00 crore only ₹ 88.52 crore was disbursed to the Head of the Departments by 31 March 2024, and this entire sum was utilized. There was a saving of ₹ 146.48 crore against the budget provisions by the year-end.

#### E. DDO designated Bank Account Transfer

Every expenditure booked in the Annual Accounts needs to be checked for assurance of final execution of the fund. Upon reviewing of IFMS data and other documents, it was revealed that an amount of ₹ 87.07 crore (2401- ₹ 10.78 crore and 4401- ₹ 76.29 crore) was transferred by DDO's into their designated bank accounts under this Grant during 2023-24. These DDO's designated bank account transfers are also required to be monitored.

#### F. Receipts

The overall position of revenue receipts under Major Head 0401 of the grant during 2021-22 to 2023-24 is summarised in **Table-3.38**.

**Table-3.38: Position of revenue receipts under 0401 Major Head of the grant**

(₹ in crore)						
Head of Account		BE	RE	Actual Receipts	RE-Actual	Percentage variation to RE
					Excess (+) / Shortfall (-)	
0401-Crop Husbandry	2021-22	1.31	7.21	6.81	(-)0.40	(-)5.55
	2022-23	3.44	5.15	7.03	1.88	36.50
	2023-24	5.71	5.71	8.05	2.34	40.98

Source: Budget and Finance Accounts.

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years based on receipt ₹ 5.00 crore and above as given in **Table-3.39**.

**Table-3.39: Position of Receipts under Major Head-0401**

(₹ in crore)

SI No.	Head of Account	Year	BE	RE	Actual Receipts	RE-Actual	Percentage variation to RE
						Excess (+)/	
						Shortfall (-)	
1.	0401-00-800 (Other Receipts)	2021-22	0.20	6.09	5.06	(-)1.03	(-)16.91
		2022-23	2.21	3.34	4.98	1.64	49.10
		2023-24	3.80	3.80	6.03	2.23	58.68

Source: Budget and Finance Accounts.

Analysis of receipts under Grant Number 29 showed that there is one Minor Head i.e. 800 Other receipts under one Major Head in which the receipts are booked.

### 3.14 Central and State Schemes Expenditure

The following Central and State programmes/ Schemes were chosen and checked to assess budget intent for the year 2023-24.

**Table-3.40: Central Scheme Expenditure**

(₹ in crore)

Sl. No.	GoI Scheme Name	Budget	Release from GoI	Allocation to DDO in State	Total Allocation	Expenditure	Savings (-)/ Excess (+)
1	Flexible pool for RCH & health system strengthening, national health programme and national urban health mission	1,012.97	611.04	546.28	1,157.32	651.77	505.55
2	Human resources for health and medical education	570.52	502.50	514.47	1,016.97	568.06	448.91
3	Pradhan Mantri Gram Sadak Yojna	1,285.00	551.05	686.58	1,237.63	684.59	553.04
4	Pradhan Mantri Awas Yojna (PMAY)-Rural	510.42	388.19	422.28	810.47	431.61	378.86
5	SAMAGRA SHIKSHA	572.24	440.57	647.54	1,088.11	647.54	440.57
6	PMKSY-accelerated irrigation benefit programme and national/special projects	417.93	165.56	305.91	471.47	305.91	165.56
7	Saksham, Anganwadi and poshan 2.0 (umbrella ICDS Anganwadi services, Poshan Abhiyan scheme for adolescent girls and national creche scheme)	224.99	288.24	524.79	813.03	567.80	245.23
<b>Total</b>		<b>4,594.07</b>	<b>2,947.15</b>	<b>3,647.85</b>	<b>6,595.00</b>	<b>3,857.28</b>	<b>2,737.72</b>

Source: PFMS Data.

During the year 2023-24, the State Government received ₹ 2,947.15 crore from Central Government against budget estimate of ₹ 4,594.07 crore in respect of seven major Schemes and ₹ 3,647.85 crore was allocated to DDOs from State funds. Expenditure of ₹ 3,857.28 crore was incurred which was 58.49 *per cent* of the total allocation of ₹ 6,595.00 crore during the year.

Table-3.41: State Scheme Expenditure

(₹ in crore)

State Programmes/Schemes				
Sl. No	Name of Scheme	Budget Provision	Expenditure	Percentage of Expenditure
1	Grant to Aromatic plant centre and cluster development of aromatic plants	24.50	6.40	26.12
2	Integrated agricultural Village Scheme	12.00	0.00	0.00
3	Purchase of Helicopter/Plane	50.00	0.00	0.00
4	State Food Scheme	19.23	0.00	0.00

Source: Finance Accounts.

The data in above table in respect of State Programmes/Schemes show varying levels of expenditure, with the Grant to Aromatic plant centre and cluster development of aromatic plants having a notable utilization of funds, while as Integrated Agricultural Village Scheme, Purchase of Helicopter/Plane and State Food Scheme reported nil expenditure, which needs to be addressed. Further, the State Government should periodically collect, analyse and use information to actively manage performance, maximize positive impacts of these programs and minimize the risk of adverse impacts. In summary, the analysis of budget provisions and expenditures suggests that most GoI programs and schemes are adequately funded, indicating a strong budgetary intent in various sectors. However, some state schemes have not utilized their allocated funds fully, which may require further attention and monitoring.

### 3.15 Conclusion

- During 2023-24, there was an overall saving of ₹ 7,118.49 crore against the total grants and appropriations of ₹ 88,728.20 crore.
- Supplementary provision of ₹ 4,183.83 crore obtained in 24 cases proved unnecessary. Re-appropriation of funds in five cases was made injudiciously resulting in savings of more than five crore over provisions.
- Out of total saving of ₹ 7,118.49 crore, surrender of only ₹ 2,477.40 crore was done on the last day of the financial year. In Grant Number 23-Industries, an amount of ₹ 40.00 crore was surrendered but was not incorporated in the Appropriation Account as the surrender amount of ₹ 40.00 crore was more than the original and supplementary budget of ₹ 39.58 crore.
- Excess expenditure amounting to ₹ 48,654.69 crore (including Ways and Means Advance ₹ 28,618.93 crore and ₹19,041.88 crore of Grant No. 17, 25 and 29) pertaining to the years 2005-06 to 2022-23 was done without Legislative approval, yet to be regularised by the State Legislature.
- Expenditure of ₹ 62.26 crore had been booked under revenue section. This

expenditure should have been booked under the capital section as this expenditure pertained to the major works and land purchase, which ordinarily ought to have been booked under the capital section. Similarly, Expenditure of ₹ 608.82 crore had been booked under capital section. This expenditure should have been booked under the revenue section as this expenditure pertained to the expenditure on grants-in-aid and other departmental expenditure, which ordinarily ought to have been booked under the revenue section.

### **3.16 Recommendations**

- *The State Government should be more realistic in its budgetary estimates and ensure efficient control mechanisms to curtail savings;*
- *The State Government may assess the savings and surrender the amount well before the close of the financial year so that they can be effectively utilised in other areas/ schemes.*

**CHAPTER-4**

**QUALITY OF ACCOUNTS AND FINANCIAL  
REPORTING PRACTICES**



## CHAPTER-4

### QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

This chapter provides an overview on the quality of accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures, and directives with regard to completeness, transparency, measurement and disclosure.

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, therefore, 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.

#### 4.1 Issues related to completeness of accounts

##### 4.1.1 Status and Impact of discharged liability of interest towards interest bearing deposits and reserve funds

The Government has a liability to provide and pay interest on the amounts in the interest-bearing deposits and reserve funds. During 2023-24 the Government has interest liability against State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF) under reserve funds as detailed in **Table-4.1** below.

**Table-4.1: Discharge of liability in respect of interest towards interest bearing deposits**

(₹ in crore)

Sl. No.	Name of the Interest-bearing deposit	Balance as on 01 April 2023	Rate of Interest	Interest due <sup>1</sup>	Amount of Interest paid
1.	Reserve Funds bearing Interest State Disaster Response Fund (SDRF) under MH 8121-122	2.27	Two per cent above average WMAs (6.5% +2%) i.e. 8.50 per cent (as per guidelines of SDRF)	5.28	--
2	Reserve Funds bearing Interest State Disaster Mitigation Fund (SDMF) under MH 8121-130	87.92	Same as for SDRF	0.15	--
<b>Total</b>		<b>90.19</b>		<b>5.43</b>	<b>--</b>

Source: Notes to Finance Accounts 2023-24 Government of Uttarakhand.

During current year 2023-24, the State Government did not pay any interest amount in lieu of ₹ 5.43 crore. The less payment of ₹ 5.43 crore impacted the Revenue Surplus and Fiscal Deficit to that extent.

<sup>1</sup> The Interest Due has been calculated based on the progressive balance at the end of each month in view of the directions issued by GA Wing vide NTFA Template for the year 2023-24.

#### 4.1.2 Funds transferred directly to implementing agencies in the State

The Union Government transfers substantial funds directly to Implementing Agencies (IAs)/ Non-Governmental Organizations for implementation of various schemes and Programmes. These transfers are exhibited in Appendix-VI of Volume-II of the Finance Accounts.

As per the Public Finance Management System (PFMS) portal of the Controller General of Accounts, GoI transferred ₹ 4,127.98 crore directly under 146 schemes to 499 Implementing Agencies (IAs) in Uttarakhand during 2023-24 for implementing various CSS and other schemes. The direct transfers of funds to IAs decreased by 4.78 per cent from ₹ 4,335.37 crore in 2022- 23 to ₹ 4,127.98 crore in 2023-24. Out of 146 schemes, there were nine schemes under which IAs received funds more than ₹ 50 crore which was the 95.79 per cent (₹ 3,954.20 crore) of the total amount transferred during the year. The details are given in the **Table-4.2** below.

**Table-4.2: Implementing agencies which received funds (more than ₹ 50 crore) directly from GoI during 2023-24**

(₹ in crore)			
Sl. No.	Name of the Scheme of GoI	Name of the Implementing Agency	Fund transferred by GoI during 2023-24
1.	Jal Jivan Mission/National Rural Drinking Water Mission Dehradun	State Water and Sanitation Mission Uttarakhand, Himalayan Institute for Environment Ecology & Development, Indian Institute of Technology Roorkee, Roorkee, Uttarakhand, Himalayan Institute Hospital Trust, Dev Rishi Educational Society, Center for Good Governance.	1,892.06
2.	Food Subsidy for Decentralized Procurement of Food grains under National Food Security Act	Commissioner, Food & Civil Supplies Department, Uttarakhand	724.39
3.	Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	Department of Agriculture, Uttarakhand	508.69
4.	Mahatma Gandhi National Rural Guarantee Program	Uttarakhand Rajya Rozgar Guarantee Sanstha	390.00
5.	Industrial Development Scheme for Himachal Pradesh and Uttarakhand, 2017	State Infrastructure and Industrial Development Corporation of Uttarakhand Ltd.	138.63
6.	National Highway Authority of India	Heyday Communications, Hillways Construction Company Pvt. Ltd., Prabhagiya Logging Parbhandhak, Uttarakhand Van Vikas Nigam etc.	101.75
7.	Environmental Education, Awareness Research and Skill Development.	G. B. Pant Institute of Himalayan, Environment & Development	77.65
8.	Rashtriya Gokul Mission	Uttarakhand Livestock Development Board	60.82
9.	Ayushman Bharat -Pradhan Mantri Jan Arogya Yojna (PMJAY)	Atal Ayushman Uttarakhand Yojna	60.21
<b>Total</b>			<b>3,954.20</b>

The details of the aggregate amount transferred to implementing agencies in the State during the last three years are indicated in the **Table-4.3**.

**Table-4.3: Funds transferred to Implementing Agencies**

Direct transfers to implementing agencies	2021-22	2022-23	2023-24
Funds transferred (₹ in crore)	4,825.65	4,335.37	4,127.98

### 4.1.3 Deposit of Local Funds

The Uttarakhand Panchayati Raj Act, 2016 (section 40, 80 and 119) provides for keeping the Panchayat Bodies Fund in Government Treasury and sub-treasury or in any Nationalized Bank, Local Bank, Cooperative Bank and Post office. Similarly, the Uttar Pradesh Municipalities Act, 1916 (Section 115) as adopted by Uttarakhand also provides for keeping the Municipal Fund (for ULBs) in Government Treasury or sub-treasury or in State Bank of India or Cooperative Bank or Scheduled Bank. On review of the Finance Accounts, it was noticed that there were transactions under the Municipal Fund as detailed in **Table-4.4** below.

**Table-4.4: Deposit of Local Funds**

Year		(₹ in crore)				
		2019-20	2020-21	2021-22	2022-23	2023-24
Panchayat Bodies Fund (8448-109)	Opening Balance	14.79	14.79	14.79	14.79	14.79
	Receipt	0.00	0.00	0.00	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	<b>Closing Balance</b>	<b>14.79</b>	<b>14.79</b>	<b>14.79</b>	<b>14.79</b>	<b>14.79</b>
	<b>Per cent Utilization</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Municipal Fund (8448-102)	Opening Balance	340.59	441.61	495.41	211.56	235.01
	Receipt	835.76	941.81	660.00	906.40	1148.62
	Expenditure	734.74	888.01	943.86	882.95	977.06
	<b>Closing Balance</b>	<b>441.61</b>	<b>495.41</b>	<b>211.56</b>	<b>235.01</b>	<b>406.57</b>
	<b>Per cent Utilization</b>	<b>62.46</b>	<b>64.19</b>	<b>81.69</b>	<b>78.98</b>	<b>70.62</b>

Source: Finance Accounts 2023-24 prepared by Accountant General (A&E) Uttarakhand.

As it is evident from **Table-4.4** above, these funds are being operated in Government Treasury. Further, the Panchayat Bodies Fund has been almost inoperative since inception. However, Municipal Fund is in operation and had an accumulated balance of ₹ 406.57 crore as on 31 March 2024.

## 4.2 Issues related to transparency

### 4.2.1 Delay in submission of Utilisation Certificates<sup>2</sup>

Rule 369 (D)(f) of Uttarakhand Financial Handbook Volume 5 Part-1 provides that for the conditional grants provided for specific purpose, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees in such form as agreed by the Accountant General (Accounts and Entitlement) and should be forwarded to the Accountant General (Accounts and Entitlement) within 12 months from the date

<sup>2</sup> Status of UCs against ₹ 3,633.33 crore (Grants-in-aid for creation of capital assets = ₹ 538.99 crore and grants-in-aid other than salary ₹ 3,094.34 crore) pertaining to 2023-24 was awaited from Grant Controlling Officers.

of their sanction unless specified otherwise. Only those UCs under Object Head 56 and 69, pertaining to Major Head 3604 are watched by AG (A&E) in which sanction order specifically provides him to watch the UCs.

A total number of 432 UCs amounting to ₹ 3,410.64 crore was pending as of March 2024. The year-wise position as regards submission of UCs has been summarized in **Table-4.5**.

**Table-4.5: Year-wise arrears in submission of Utilisation Certificates**

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2021-22	457	1,888.97	301	1,180.92	136	498.89	622	2,571.00
2022-23	622	2,571.00	268	1,383.06	354	1,706.67	536	2,247.39
2023-24	536	2,247.39	222*	2,014.96	326	851.71	432	3,410.64

Source: AG (A&E), Uttarakhand.

\*Except where the sanction order specifies otherwise, UCs in respect of Grants-in-aid drawn during 2023-24 become due only in 2024-25.

The Departmental officers did not submit 210 UCs due for submission by March 2024 in respect of which grants amounting to ₹ 1,395.68 crore was given up to March 2023 for specific purposes. Out of 210 pending UCs, 55 UCs amounting to ₹ 628.86 crore were received up to 31 August 2024. All the UCs which were pending related to the Panchayati Raj Institutions/Urban Local Bodies. The age-wise break-up of outstanding UCs as on 31 March 2024 is given in **Table-4.6** below.

**Table-4.6: Age-wise break up of outstanding UCs as on 31 March 2024**

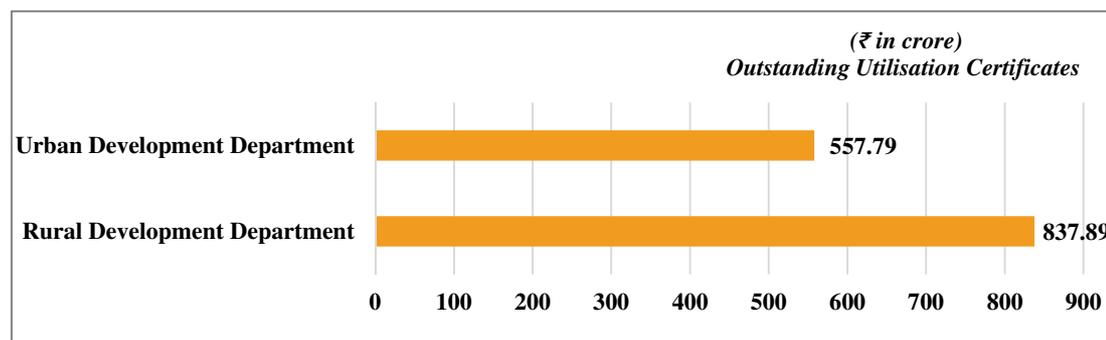
Year in which GIA is due for submission by departmental officers	No. of Outstanding UCs	Amount (₹ in crore)
2022-23	04	120.72
2023-24	206	1,274.96
<b>Total</b>	<b>210</b>	<b>1,395.68</b>

Pending UCs as on 31 March 2024 includes an amount of ₹ 483.55 crore pertaining to Centrally Sponsored Schemes and ₹ 912.13 crore pertaining to State Schemes.

In the absence of UCs, it could not be ascertained whether the recipients had utilized the grants for the intended purpose for which these were sanctioned. The pendency of UC was fraught with the risk of misappropriation of funds.

During exit conference, the Government agreed with the findings and apprised that necessary instructions would be issued to the departments concerned for early submission of Utilization Certificates to Accountant General (A&E).

**Chart-4.1: Department wise outstanding UCs as on 31 March 2024**



In addition to above grants, grants-in -aid as detailed in **Table 4.7** below were also given to various institutions. The Controlling Officers were supposed to watch utilization/end use of said grants. The Controlling Officers have not furnished status of receipt of UCs by them against above grants.

**Table-4.7: Grant -In -Aid (Other than ULB/PRI)**

(₹ in crore)						
Sl.No.	Object Head	Object of Expenditure	2020-21	2021-22	2022-23	2023-24
1.	05	Grants in Aid for Pay, Allowance and Other Expenses	1,179.53	1,181.65	1,391.96	1,352.41
2.	55	Grants in Aid for Capital Asset	-----	706.10	450.47	538.99
3.	56	Grants in Aid other than Salary	34,09.34	3,312.13	4,747.80	3,094.34 <sup>3</sup>
<b>Total</b>			<b>4,588.87</b>	<b>5,199.88</b>	<b>6,590.23</b>	<b>4,985.74</b>

Utilisation Certificates (UCs) serve as crucial accountability documents submitted by recipients of government funds to certify that the allocated funds have been utilized for the intended purpose. These certificates are essential for financial transparency, ensuring that public resources are spent effectively and efficiently. However, instances of submitting unrealistic UCs in respect of Special Assistance to States for Capital Investment (SASCI) were noticed during 2023-24.

#### 4.2.2 Abstract Contingent Bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers are not available at the time of drawal are made on Abstract Contingent (AC) Bills. As per para 183 of Financial Handbook (Volume V) Part I, in the case of contingent charges countersigned after payment, Detailed Countersigned Contingent (DCC) bills are required to be submitted by the Head of the Office to the controlling officer or if there is no controlling officers, to the Accountant General directly by the end of the next month. Delayed submission or prolonged non-submission of supporting DCC bills renders expenditure through AC Bills opaque.

Year-wise details of pendency of Detailed Countersigned Contingent (DCC) bills against the Abstract Contingent (AC) bills for the years up to 2023-24 are given in **Table-4.8** below.

**Table-4.8: Pendency in submission of DCC bills against the AC bills**

Year	Opening Balance		Addition		Clearance		Closing Balance	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Up to 2021-22	77	3.44	321	93.46	155	69.57	243	27.33
2022-23	243	27.33	271	8.97	440	24.94	74	11.36
2023-24	74	11.36	306	17.56	216	11.00	164	17.92

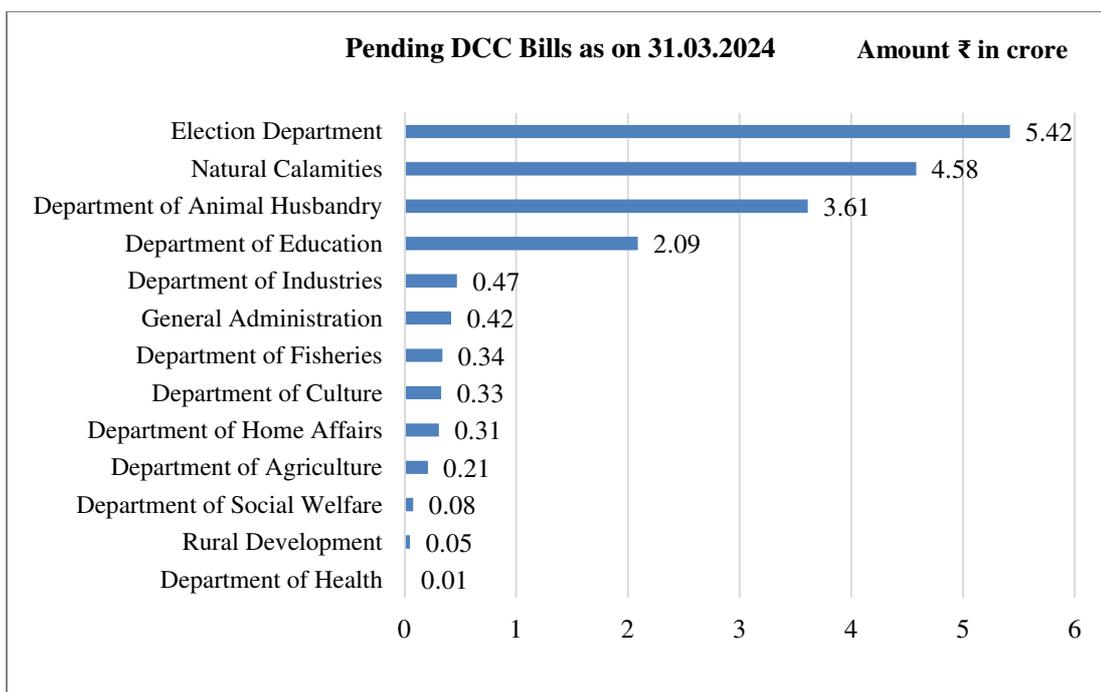
Source: Data compiled by the office of the AG (A&E), Uttarakhand.

<sup>3</sup> Excludes an amount of ₹ 220.02 crore pertaining to Object Head 56 under Major Head 3604 which is included in **Table-4.5**.

**Table- 4.8** reveals that during 2023-24, 306 AC bills were drawn for an amount of ₹ 17.56 crore and 216 DCC bills for an amount of ₹ 11.00 crore were submitted during the year. There were 164 AC Bills amounting to ₹ 17.92 crore outstanding as on March 2024. Outstanding 164 DCC Bills include 17 bills (₹ 6.96 crore) pertaining to the year 2021-22 and ten bills (₹ 0.09 crore) pertaining to the year 2022-23. However, 26 DCC bills amounting to ₹ 0.40 crore were received up to 31 August 2024 which includes one DCC bill<sup>4</sup> for the year 2022-23 and 25 DCC bills amounting to ₹ 0.39 crore (out of ₹ 10.87 crore) for the year 2023-24.

The status of pending DCC bills in respect of major departments is given in **Chart-4.2**.

**Chart-4.2: Pending DCC bills**



Advances drawn and not accounted for, increase the possibility of wastage/misappropriation/malfeasance, etc. and, therefore, requires close monitoring for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

During exit conference, the Government agreed with the facts and intimated that early disposal would be ensured.

#### **4.2.3 Funds transferred to DDO's designated bank accounts and working agencies**

Normal expenditure takes place on fully vouched contingent bills which establish receipt of material or utilization of resources. In this context, the transfer of funds from treasury to DDO's designated bank account or that of working agencies represent notional expenditure which requires close monitoring similar to Abstract Contingent bills and Grants-in-Aid bills. As of now there is no check in the government accounting system to identify and flag such transactions. **Table-4.9** below gives the details.

<sup>4</sup> One DCC bill amounting to ₹ 4,876.00 for the year 2022-23 was cleared up to 31-08-2024.

**Table-4.9: Funds transferred to DDO's designated account and working agencies**

(₹ in crore)

Particular	2023-24
Transferred to DDOs designated bank accounts	1,341.28
Transferred to working agencies	5,032.99
<b>Total</b>	<b>6,374.27</b>

Source: NTFA 2023-24 and Data calculated by Audit from IFMS database.

As per information provided by 5 CCOs, out of total transfer to DDO's designated bank accounts (₹ 1,341.28 crore), ₹ 177.06 crore was still lying unspent in the designated bank accounts of nine DDO's as on 31 March 2024.

During exit conference, the Government intimated that utilisation of funds transferred to DDO's designated Bank accounts would be monitored and appropriate mechanism in IFMS would be developed to monitor such transfer of funds.

#### 4.2.4 Personal Deposit Accounts/Personal Ledger Account

The government is authorized to open Personal Deposit (PD) Accounts in order to deposit money by transferring funds from the Consolidated Fund for discharging liabilities of the Government. The provisions of para 340 (a) of Financial Handbook Volume-5 (Part-1) authorises the departmental officers to open personal deposit accounts. However, the funds shall be withdrawn only if required for immediate payment and shall not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Besides, the practice of withdrawing funds with a view to avoiding lapse of Budget grant and placing such moneys as deposits in the Public Account or with Bank is forbidden.

During the year, 25 PD Accounts with an amount of ₹ 131.80 crore balance were closed and the funds were adjusted in Consolidated Fund of the State. The status of PD Accounts during 2023-24 is given in **Table-4.10**:

**Table-4.10: Status of PD Accounts (MH 8443-106) during 2023-24**

(₹ in crore)

Opening Balance as on 01 April 2023		Addition during the year		Closed/Withdrawal during the year		Closing Balance as on 31 March 2024	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
25	129.28	0	0.05	25	131.80	00	(-)2.47

Source: NTFA 2023-24.

The negative balance of ₹ 2.47 crore at the end of 2023-24 was under reconciliation.

#### 4.2.5 Use of Minor head 800

Minor Head 800 relating to Other Receipts/Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. Routine operation of Minor Head 800 should be discouraged since it renders the accounts opaque.

During 2023-24, an amount of ₹ 2,874.32 crore under 29 Major Heads of accounts, constituting 4.93 per cent of the total Revenue and Capital expenditure (₹ 58,255.75 crore) was classified under the Minor Head-800 'Other Expenditure' in the

accounts. Similarly, ₹ 1,339.13 crore<sup>5</sup> under 47 Major Heads of Account, constituting 2.65 per cent (excluding 2.98 per cent of pension apportionment) of the total Revenue Receipts (₹ 50,615.01 crore) was classified under the Minor Head-800 'Other Receipts' in the accounts.

Meanwhile, classification of expenditure under Minor Head-800 has sharply come down in the last ten years. In 2011-12, 26.50 per cent of expenditure was booked under Minor Head 800- Other Expenditure, while it has come down to 4.93 per cent of the total expenditure in 2023-24. Similarly, in 2011-12, 9.25 per cent of the total receipts were booked under Minor Head 800-Other Receipts, while it has come down to 2.65 per cent (excluding 2.98 per cent of pension apportionment) of the total receipts in 2023-24.

Sub head wise details of expenditure and receipts (more than ₹ 20 crore) booked under Minor Head '800-Other Receipts' and Minor Head-800 'Other Expenditure' are depicted in **Table-4.11-:**

**Table 4.11-: Details of Minor Head 800 -Other Receipts and Other Expenditure at Sub Head level (more than ₹ 20 crore)**

(₹ in crore)

"800-Other Receipts"					"800-Other Expenditure"				
Sl.No.	Major Head	Minor Head	Sub Head	Amount	Grant	Major Head	Minor Head	Sub Head	Amount
1	0039	800	00	153.63	12	2210	800	11	55.38
2	0039	800	05	38.96	18	2425	800	31	60.00
3	0039	800	06	21.41	03	4059	800	02	59.87
4	0041	800	00	79.09	07	4059	800	01	1,953.88
5	0049	800	12	40.90	07	4059	800	17	34.35
6	0059	800	99	59.52	07	4059	800	19	34.21
7	0070	800	06	64.84	07	4216	800	03	51.13
8	0235	800	01	87.86	13	4216	800	02	151.13
9	0406	800	01	23.34	30	4225	800	03	37.61
10	0406	800	03	119.91	15	4235	800	04	24.15
11	0425	800	03	61.62	17	4401	800	98	22.20
12	0801	800	01	30.91	20	4702	800	98	40.84
13	0801	800	03	159.67	21	4801	800	97	90.00
14	0851	800	02	31.85					
15	0853	800	01	22.38					
16	1055	800	01	50.03					
17	1055	800	02	24.01					
<b>Total</b>				<b>1,069.93</b>		<b>Total</b>			<b>2,614.75</b>

Instances where significant amount (20 per cent or more and exceeding ₹ 5.00 crore) of the receipts and expenditure was classified under Minor Head '800-Other Receipts' and '800-Other Expenditure' during the year 2023-24 are depicted in **Table-4.12.**

<sup>5</sup> Excludes ₹ 1,510.45 crore (2.98 per cent of Total Receipts) as apportionment of Pension from Uttar Pradesh State for the year 2019-20 booked under 800-Other Receipts during 2023-24.

**Table-4.12: Significant amount booked under Minor Head- ‘800-Other Receipts/Expenditure’ during 2023-24**

(₹ in crore)

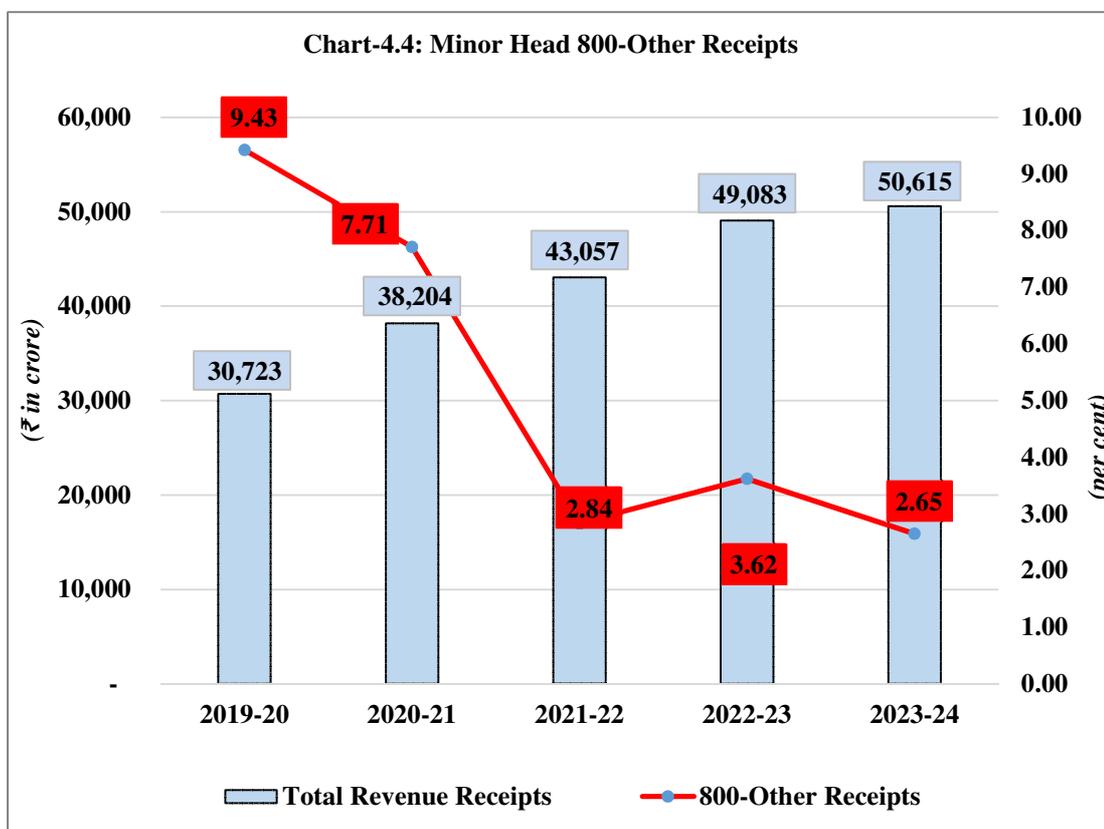
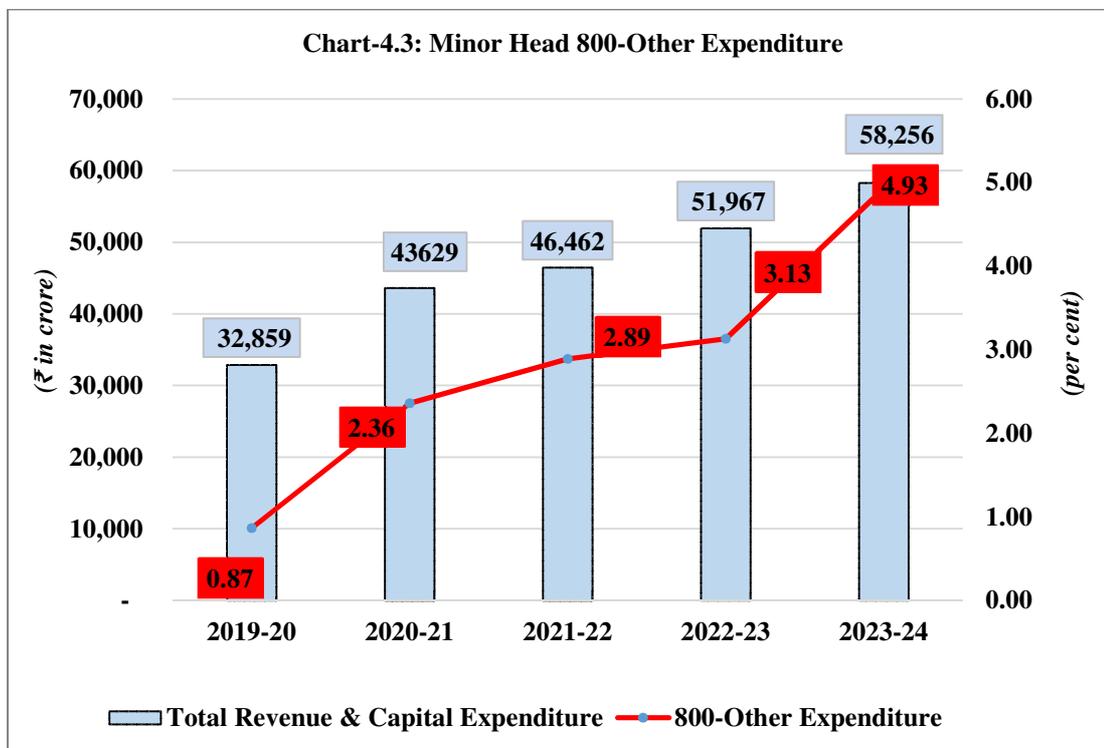
Sl. No.	“800-Other Receipts”				“800-Other Expenditure”			
	Major Head	Total Receipts	Booking under Minor Head 800	Percentage of Receipts	Major Head	Total Expenditure	Booking under Minor Head 800	Percentage of Expenditure
1.	0029-Land Revenue	13.92	7.33	52.66	2040- Taxes on Sales, Trade etc.	15.30	13.20	86.27
2.	0049-Interest Receipts	125.76	65.90	52.40	2425-Co-operation	130.97	83.34	63.63
3.	0055-Police	43.58	13.50	30.98	2810-New and Renewable Energy	37.28	9.91	26.58
4.	0059-Public Works	81.02	74.08	91.43	4059-Capital outlay on Public Works	2,296.86	2,082.33	90.66
5.	0070-Other Administrative Services	119.46	83.37	69.79	4216-Capital Outlay on Housing	263.85	228.69	86.67
6.	0235-Social Security and Welfare	105.60	105.60	100.00	4225-Capital Outlay on Welfare of SC, ST, OBC & Minorities	95.05	65.50	68.91
7.	0401- Crop Husbandry	8.05	6.03	74.91	4702-Capital Outlay on Minor Irrigation	163.99	40.84	24.90
8.	0406- Forestry and Wildlife	551.53	158.98	28.83	4859-Capital Outlay on Telecommunication and Electronic Industries	40.46	12.02	29.71
9.	0425-CO-Operation	64.82	64.82	100.00				
10.	0701-Medium Irrigation	11.81	5.66	47.93				
11.	0801-Power	205.64	205.64	100.00				
12.	0851-Village and Small Industries	32.21	31.91	99.07				
13.	1055-Road Transport	74.03	74.03	100.00	-	-	-	-
14.	1452-Tourism	16.36	16.36	100.00	-	-	-	-
15.	1456-Civil Supplies	9.30	9.30	100.00				
	<b>Total</b>	<b>1,463.09</b>	<b>922.51</b>	<b>63.05</b>	<b>Total</b>	<b>3,043.76</b>	<b>2,535.83</b>	<b>83.31</b>

Source: Finance Accounts 2023-24 prepared by Accountant General (A&E) Uttarakhand.

As is evident from above table, around 63.05 per cent of receipts in respect of 15 Major Heads pertaining to Department of Finance, Police, Public Works, Social Welfare, Forest, Co-operation, Irrigation, Energy, Transport, tourism and Civil Supplies were booked under ‘800- Other Receipts’. Similarly, 83.31 per cent of total expenditure pertaining to Eight Major Heads pertaining to Department of Commercial Tax, Co-operation, Energy, Public works, Housing, Minority Welfare, Irrigation and Telecommunication was booked under the ‘800-Other Expenditure’. Classification of large amounts booked under the Minor Head ‘800-Other Receipts/Expenditure’ affects the transparency/fair picture in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During exit conference, the Government stated that appropriate action would be taken in consultation with Accountant General (A&E).

The extent of operation of Minor Head-800, as a percentage of Total Expenditure and Receipts during 2019-20 to 2023-24 is given in **Chart-4.3** and **Chart-4.4**.



### 4.3 Issues related to measurement

#### 4.3.1 Outstanding balance under major Suspense and Remittance heads

##### a) Suspense and Remittance Balances

Table below gives nature of transactions of debit and credit balances under the Major Head 8658-Suspense Account.

Name of Minor Head	Debit side	Credit side
	Nature of transactions	Nature of transactions
101-Pay and Accounts Office-Suspense	When Pay and Accounts offices of States and Union Territories makes payments on behalf of Central Government.	When Central Government's Pay and Accounts Office makes payment on behalf of the State Government
102-Suspense Accounts (Civil)	This meant to be operated upon in the books of AG to incorporate difference noticed between figures in Treasury Lists of Payments/Cash Accounts, and the schedules of payments/receipts accompanying thereto.	The amounts initially kept under this sub-head will be cleared and taken to the heads of accounts concerned when the differences are settled on receipts of necessary clarifications/wanting schedules etc. from the Treasury Officers.
107- Cash Settlement Suspense Account	This minor head will be used for settlement or transactions between public works divisions rendering accounts to the same Accountant General	When one Public Works Division gives material to another Division of the State Government
110-Reserve Bank Suspense-Central Accounts Office	On receipt of the advice the Central Accounts Office of the Reserve Bank of India, Nagpur debits the balances of State Government and passes on the credit to the Central Government under intimation to the Principal Accounts Office concerned	This minor head is used by the Principal Accounts Office etc at the time of issuing advice to the RBI, Central Accounts Section, Nagpur to effect transfer from the balances of Central Government (Civil) to that of the State Government
112-Tax Deducted at Source (TDS) Suspense	When Accounting Authority (AG, Uttarakhand) will make the payment to Central Government	When TDS in accordance with Income Tax is deducted by DDOs of Uttarakhand Government
113-Provident Fund Suspense	This head is cleared on tracing of original transaction	When a credit or debit is given to a GPF subscriber pending tracing of original transaction
117-Transactions on behalf of Reserve Bank	Receipts and payments relating to RBI appearing in Government accounts should be debited in the first instance to this minor head	Receipts and payments relating to RBI appearing in Government accounts should be credited in the first instance to this minor head
123-All India Service (A.I.S.) Officers Group Insurance Scheme	Payments towards Central Government Employees Group Insurance Scheme made to A.I.S. Officers of a State cadre shall be classified under the subhead	Deductions/recoveries towards Central Government Employees Group Insurance Scheme made from A.I.S. Officers of a State cadre shall be classified under the subhead
129-Material Purchase Settlement Suspense Account	This Minor Head will be operated for direct purchases of stores in cases where payment has not been made in the same month in which stores have been received	When a Public Works Division/ Office of the State Government procured material through erstwhile Directorate of Supplies and Disposal of the Government of India. Such transactions have stopped taking place since 1993.
102-Public Works Remittances /103-	When a Public Works Division/ Forest Division deposits money	When a Public Works Division /Forest Division makes any payment

Name of Minor Head	Debit side		Credit side	
	Nature of transactions		Nature of transactions	
Forest Remittances	into a treasury. With implementation of IFMS from April 2019 this head is no longer being operated.		through treasury. With implementation of IFMS from April 2019 this head is no longer being operated.	
8793-Inter State Suspense Account	When Uttarakhand Government receives payment for pensions paid to Pensioners of other states		When Uttarakhand Government makes payment to Pensioners of other states	

The Finance Accounts reflect the net balances under Suspense and Remittance heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of Suspense and Remittance items depends upon the details furnished by the State Treasuries/Works and Forest Division, etc. The position of gross figures under major Suspense and Remittance heads for the last three years is given in **Table-4.13**.

**Table-4.13: Balances under Suspense and Remittance Heads**

(₹ in crore)

Name of Minor Head	2021-22		2022-23		2023-24	
	Dr	Cr	Dr	Cr	Dr	Cr
<b>8658-Suspense Accounts</b>						
101-Pay and Accounts Office-Suspense	189.51	89.34	331.63	186.11	437.39	288.83
<b>Net</b>	<b>(Dr) 100.17</b>		<b>(Dr) 145.52</b>		<b>(Dr) 148.56</b>	
102-Suspense Accounts (Civil)	289.18	386.82	295.03	392.38	289.06	301.28
<b>Net</b>	<b>(Cr) 97.64</b>		<b>(Cr) 97.35</b>		<b>(Cr) 12.22</b>	
107- Cash Settlement Suspense Account	99.71	0.26	1233.79	1133.42	2,777.12	2,664.64
<b>Net</b>	<b>(Dr) 99.45</b>		<b>(Dr) 100.37</b>		<b>(Dr) 112.48</b>	
110-Reserve Bank Suspense-Central Accounts Office	221.31	219.61	224.32	219.61	214.67	219.61
<b>Net</b>	<b>(Dr) 1.70</b>		<b>(Dr) 4.71</b>		<b>(Cr) 4.94</b>	
112-Tax Deducted at Source (TDS) Suspense	28.03	267.44	28.03	330.23	28.03	253.28
<b>Net</b>	<b>(Cr) 239.41</b>		<b>(Cr) 302.20</b>		<b>(Cr) 225.25</b>	
113-Provident Fund Suspense	24.75	24.64	24.75	24.64	24.75	24.64
<b>Net</b>	<b>(Dr) 0.11</b>		<b>(Dr) 0.11</b>		<b>(Dr) 0.11</b>	
117-Transaction on behalf of Reserve Bank	18.12	20.33	18.12	20.33	18.12	20.33
<b>Net</b>	<b>(Cr) 2.21</b>		<b>(Cr) 2.21</b>		<b>(Cr) 2.21</b>	
123-I.A.S. Officers Group Insurance Scheme	0.34	0.61	0.36	0.64	0.40	0.67
<b>Net</b>	<b>(Cr) 0.27</b>		<b>(Cr) 0.28</b>		<b>(Cr) 0.27</b>	
129-Material Purchase Settlement Suspense Account	0.03	(-)0.73	0.03	(-)0.73	0.03	(-)0.73
<b>Net</b>	<b>(Dr) 0.76</b>		<b>(Dr) 0.76</b>		<b>(Dr) 0.76</b>	
<b>8782- Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer</b>						
102-Public Works Remittances	296.13	372.70	296.45	372.70	296.46	372.75
<b>Net</b>	<b>(Cr) 76.57</b>		<b>(Cr) 76.24</b>		<b>(Cr) 76.29</b>	

Name of Minor Head	2021-22		2022-23		2023-24	
	Dr	Cr	Dr	Cr	Dr	Cr
103- Forest Remittances	107.23	166.95	107.23	166.95	107.23	166.95
<b>Net</b>	<b>(Cr) 59.72</b>		<b>(Cr) 59.72</b>		<b>(Cr) 59.72</b>	
8793-Inter State Suspense Account	2083.81	2015.19	2067.53	2016.45	2,072.27	2,018.61
	<b>(Dr) 68.62</b>		<b>(Dr) 51.08</b>		<b>(Dr) 53.66</b>	

*Source: Finance Accounts 2023-24 prepared by Accountant General (A&E) Uttarakhand.*

Analysis of various minor heads under Suspense has been discussed below:

The Suspense balances (Debit/Credit) under the Minor Heads 101-PAO Suspense, 102-Suspense Account (Civil) and 112-Tax Deducted at Source (TDS) Suspense under Major Head 8658-Suspense Account appearing in the Finance Accounts for the year 2023-24 are detailed below:

**Pay and Accounts Office - Suspense (Minor Head 101):** This Minor Head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of Pay and Accounts Offices (PAOs) under the Union Government, PAOs of the Union Territories and the Accountants General (Accounts and Entitlement) of the states. The outstanding net debit balance (31 March 2024) under this head was ₹ 148.56 crore against debit balance of ₹ 145.52 crore at end of the previous year. The receipts constituted 39.77 *per cent* and disbursements constituted 60.23 *per cent* during the year 2023-24. Outstanding debit balance under this head means that payments have been made by the PAO on behalf of other PAO, which are yet to be recovered.

**Suspense Account - Civil (Minor Head 102):** The transactions which cannot be taken to final head of expenditure/receipt accounts for want of certain information/documents (challans, vouchers, etc.) are initially booked under this suspense head. During the year, an amount of ₹ 289.06 crore (48.97 *per cent*) had been made out of the minor head and an amount ₹ 301.28 crore (51.03 *per cent*) had been booked under this minor head, there by leaving a credit balance of ₹ 12.22 crore outstanding as of 31 March 2024 against a credit balance of ₹ 97.35 crore during 2022-23.

**Tax Deducted at Source (TDS) Suspense - (Minor Head 112):** This Minor Head is intended to accommodate receipts on account of Income tax deducted at source These credits are to be cleared by the end of each financial year and credited to the Income Tax (IT) Department. During the year 2023-24, an amount of ₹ 28.03 crore (9.96 *per cent*) was released from the Minor Head 112 against a credit of ₹ 253.28 crore (90.04 *per cent*). This means that an amount of ₹ 225.25 crore was lying un-credited to the IT department as of March 2024. However, the credit balance at end of the year 2023-24 was less as compared to the year 2022-23 (₹ 302.20 crore).

**b) Major Head Cheques and Bills (MH 8670)**

This head is used to record transactions relating to issue of Cheques and their encashment subsequently. With implementation of e-payment system of RBI (e-Kuber) this head is being used to record value of e-payment advice and its subsequent clearance.

Credit balance under MH 8670 Cheques and Bills indicates Cheques issued but remaining un-encashed. The opening balance as on 01 April 2023 was ₹ 64.31 crore (Credit). During 2023-24, Cheques worth ₹ 54,799.15 crore were issued, against which Cheques worth ₹ 54,779.39 crore were encashed, leaving a closing balance of ₹ 84.07 crore (Credit) as on 31 March 2024. The closing balance represents expenditure originally booked in various financial years under different functional Major Heads, which has not resulted in any cash outflow to the Government of Uttarakhand till 31 March 2024.

**c) Central Road and Infrastructure Fund (CRIF)**

Government of India provides annual grants under the CRIF to the State Government to incur expenditure on specific road projects. In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601 Grants-in-Aid”. Thereafter the amount so received is to be transferred by the State Government to the Public Account under Major Head “8449-Other Deposits-103 Subvention from Central Road Fund”, through functional Major Head”. This process ensures that receipt of the grants do not result in overstatement of Revenue Surplus or understatement of Revenue Deficit in the accounts. The expenditure on prescribed road works under CRF will first be accounted for under the relevant Capital or Revenue Expenditure section (Major Heads 5054 or 3054) and reimbursed out of the Public Account under Major Head 8449 as a deduct expenditure to the concerned Major Head (5054 or 3054 as the case may be).

During the year 2023-24, Government of India released ₹ 109.70 crore from Central Road Fund to State Government. However, prescribed accounting procedure of booking the amount under the Major Head 8449-103 through the functional Major Head was not followed and during the year the state government incurred expenditure of ₹ 263.26 crore under Major Head 5054-04-337 which was ₹ 153.56 crore more than the amount received under Major Head 1601-08-108 Grant from Central Road and Infrastructure Fund. This resulted in overstatement of Revenue surplus by ₹ 109.70 crore and overstatement of Fiscal Deficit to the extent of 153.56 crore. Due to non-accounting of Central Road Fund, there is opaqueness in actual utilization of the grant received from Government of India for Central Road Fund.

**d) Adverse Balance of Loans and Advances**

Minus balances appearing in the accounts during the year are given in **Table-4.14** below.

**Table-4.14: Minus balances appearing under Major Heads 6801, 6851, 7610, 8009, 8010, 8011, 8229, 8443, 8448, 8671 and 8672**

(₹ in crore)

Major Heads	Major Head Description	Minus balance
6801	Other Loans to Electricity Boards	(-) 168.84
6851	Small scale Industries	(-) 0.18
7610	Loans to Government Servants	(-) 21.87
8009	Contributory Provident Pension Fund	(-) 5.11
8010	Other Trusts	(-) 0.31

Major Heads	Major Head Description	Minus balance
8011	Insurance and Pension Funds	(-) 100.90
8229	Electricity Development Fund	(-) 36.48
8443	Civil Deposits	(-) 22.98
8448	Deposit of Local Funds	(-) 14.41
8671	Departmental Balances	(-) 10.71
8672	Permanent Cash Imprest	(-) 0.81

*Source: NTFA 2023-24.*

The reasons for adverse balances under Major Heads 6801, and 8009 is due to misclassification. Under Major Head 6851 and 7610 the adverse balances is due to loans were disbursed by Government of Uttar Pradesh before formation of Uttarakhand State and recoveries effected by Uttarakhand State. Adverse balances under Major Head 8010 is since bifurcation of Uttarakhand State. The Reasons for adverse balances under Major Head 8011 is due to non-payment of interest and excess payment over receipts and under Major Head 8229 it is due to excess expenditure during 2014-15. Under Major Heads 8443 and 8448, the adverse balance is due to apportionment still pending between States of Uttar Pradesh and Uttarakhand. The adverse balances under Major Heads 8671 and 8672 is non operation of these heads due to change in the accounting of works divisions These adverse balances are under review.

### **4.3.2 Non-reconciliation of Departmental figures**

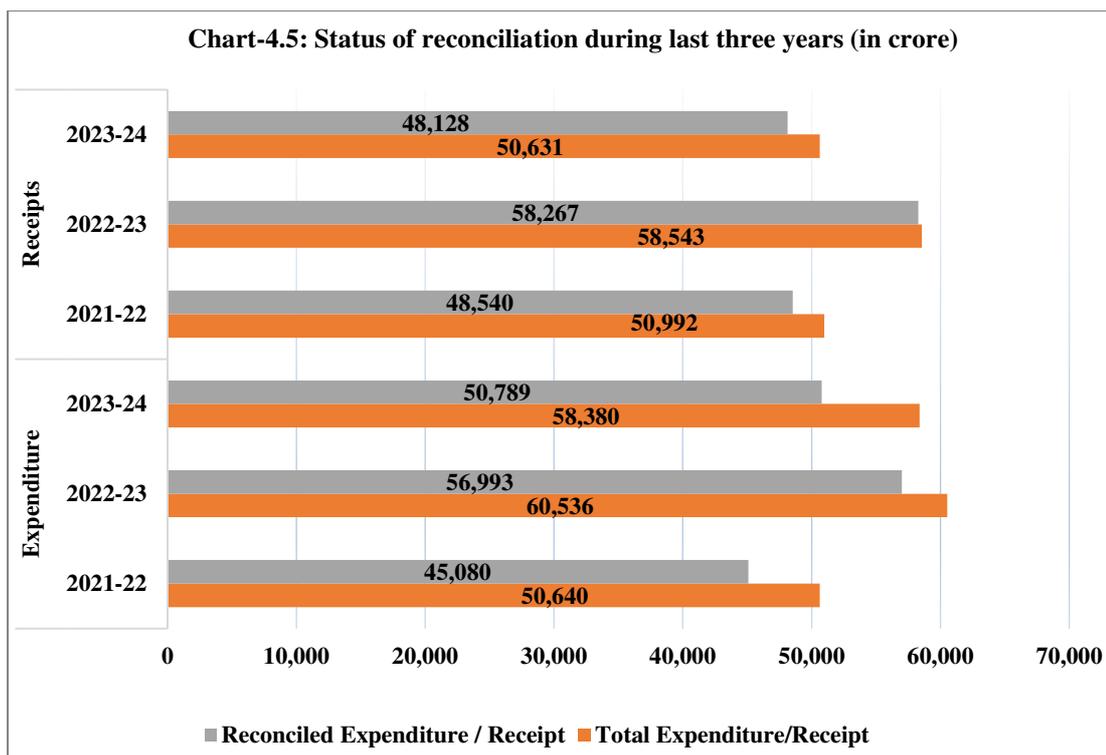
In terms of paragraph 109 of the Uttarakhand Budget Manual 2012, all the Controlling Officers are required to reconcile the Receipts and Expenditure of the Government with the figures recorded in the office of the Accountant General (Accounts and Entitlement) every month. This is to enable the Controlling Officers to exercise effective control over expenditure and manage their budgetary allocation efficiently and ensure accuracy of their accounts.

During the year 2023-24, in respect of expenditure, reconciliation was completed by 62 Chief Controlling Officers (CCOs) (fully by 49 CCOs and partially by 13 CCOs). Out of 62 CCOs, reconciliation covering expenditure of ₹ 50,789.27 crore (87.00 per cent of total Revenue, Capital Expenditure and Loans and Advances of ₹ 58,379.85 crore<sup>6</sup>) was carried out. Further, in respect of receipts, out of 48 CCOs, reconciliation was carried out by 45 CCOs (fully by 33 CCOs, partially by 12 CCOs and Nil by 03 CCOs). Reconciliation of revenue receipts covering ₹ 48,128.07 crore (95.06 per cent of total receipts of ₹ 50,630.83 crore<sup>7</sup>) was carried out during the year 2023-24.

The status of reconciliation of receipts and expenditure figures by the Controlling Officers during the period 2021-22 to 2023-24 is shown in **Chart-4.5**.

<sup>6</sup> Total Expenditure ₹ 58,379.84 crore includes Revenue Expenditure of ₹ 47,273.96 crore, Capital Expenditure of ₹ 10,981.80 crore and Loans and Advances of ₹ 124.09 crore.

<sup>7</sup> Total Receipt ₹ 50,630.83 includes Revenue Receipts of ₹ 50,615.01 crore and Recoveries of Loans and Advances ₹ 15.82 crore.



The details relating to the number of Controlling Officers and the extent of reconciliation during the last three years are given in **Table-4.15**.

**Table-4.15: Status of Reconciliation of Receipts and Expenditure figures**

(₹ in crore)

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Receipts/ Expenditure	Reconciled Receipts/ Expenditure	Percentage of Reconciliation
<b>Receipts</b>							
2021-22	48	03	29	16	50,992.06	48,540.27	95.19
2022-23	48	37	07	04	58,542.90	58,266.57	99.53
2023-24	48	33	12	03	50,630.83	48,128.07	95.06
<b>Expenditure</b>							
2021-22	62	11	46	05	50,640.06	45,079.86	89.02
2022-23	62	56	06	00	60,535.64	56,992.72	94.15
2023-24	62	49	13	00	58,379.85	50,789.27	87.00

Source: Finance Accounts 2023-24 prepared by Accountant General (A&E) Uttarakhand and information furnished by Accountant General (A&E) Uttarakhand.

Reconciliation and verification of figures is an important tool of financial management. Failure to adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process. The reconciliation during 2023-24 in respect of expenditure figures was 87.00 per cent as against 94.15 per cent in 2022-23.

### 4.3.3 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2024 as per books of Accounts of the Accountant General (Accounts and Entitlement), Uttarakhand was ₹ 102.34<sup>8</sup> (Credit) crore and that reported by the RBI was ₹ 6.34 crore (Debit). There was a net difference of ₹ 96.00 crore (Credit) between the Cash balance as worked out by the Accountant General (Accounts and Entitlement), Uttarakhand and as reported by the Reserve Bank of India (RBI). This difference was mainly due to pending reconciliation. The office of the Accountant General (Accounts and Entitlement), Uttarakhand stated that the matter was under consideration with the RBI and Treasuries for the reconciliation of the same.

## 4.4 Issues related to disclosure

### 4.4.1 Compliance with Accounting Standards

Government of India has notified three Indian Government Accounting Standards (IGAS). The compliance of the existing Accounting Standards by the State Government is detailed in the **Table-4.16**.

**Table-4.16: Compliance to Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
1.	<b>IGAS- 1:</b> <i>Guarantees given by the Government</i>	This Standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially complied (Statement 9 and 20 of Finance Accounts)	The information regarding maximum amount of guarantees has not been made available by the State Government. Further, detailed information like number of guarantees for each institution was not furnished. Hence, the statement is incomplete to that extent.
2.	<b>IGAS- 2:</b> <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partially complied (Statement 10 and Appendix-III of Finance Accounts)	The State Government gives Grants-in-Aid to various bodies for various purposes and schemes. Details of Grants-in-Aid given by the State Government are shown in Statement 10 and Appendix-III of the Finance Accounts as per the requirement of IGAS-2. However,

<sup>8</sup> Cash Balance is Overstated by ₹ 98.09 crore due to Non-transfer of NPS amount to NSDL.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
				information on the Grants-in-Aid in kind and type of Grant (whether TSP/SCSP/Normal/FC/EAP) has not been provided by the State Government. Hence, the requirement of IGAS-2 has not been fulfilled to that extent.
3.	<b>IGAS- 3:</b> <i>Loans &amp; Advances made by the Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices	Partially complied (Statement 7 and 18 of Finance Accounts)	Statements 7 and 18 of the Finance Accounts on Loans and Advances given by the Government have been prepared as per the requirements of IGAS 3, to the extent furnished by the State Government except for loans, if any, that were sanctioned in perpetuity.

#### 4.4.2 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, 1971 the Governor/Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of anybody or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Audit Certificate is issued in case of above-mentioned autonomous bodies and authorities provided CAG is the sole auditor. Thus, these bodies and authorities are

required to prepare annual accounts and submit these to the Accountant General (Audit). Apart from Audit Certificate, on the completion of financial audit, the audit office issues Separate Audit Report (SAR) that is part of the Audit Certificate on the accounts. These SARs are to be placed before the State Legislature.

Details of arrears of accounts of authorities are given in the **Table-4.17** below.

**Table-4.17: Arrears of accounts of Bodies or Authorities**

Sl. No.	Name of Body or Authority	Accounts Pending Since	No. of accounts pending up to 2023-24
1.	Uttarakhand Jal Sansthan	2020-21	04
2.	Uttarakhand Real Estate Regulatory Authority	2023-24	01
3.	Uttarakhand Electricity Regulatory Commission (Quasi-Judicial Body)	2023-24	01

It can be seen from **Table-4.17** that accounts of three authorities are pending for one to four years.

#### **4.4.3 Non-submission of details of grants/loans given to bodies and authorities**

To identify the institutions, which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/ Heads of the Departments are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose for which the assistance was granted and the total expenditure of the institutions. Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Government and the Heads of Departments which sanction grants and/or loans to bodies or authorities, shall furnish to the Audit Office, by the end of July every year, a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

The Government, however, did not furnish the information pertaining to grants aggregating ₹ 10 lakh or more for the Autonomous Bodies/Authorities in the State of Uttarakhand. Non-furnishing of information was in violation of Regulations on Audit and Accounts, (Amendments) 2020. On review of Statement number 4 of the Finance Account for the year 2023-24, it was observed that the various Departments had given Grants-in-aid for Pay allowances and Other Expenses (object head 05), Grant-in-aid for Capital Assets (object head 55) and Grants-in-aid other than salary (object head 56) amounting to ₹ 1,352.41 crore, ₹ 538.99 crore and ₹ 3,314.36 crore respectively during 2023-24.

#### **4.4.4 Timeliness and Quality of Accounts**

During 2023-24, all the account rendering entities (Treasuries, Public Works and Forest Divisions and Pay and Account Office, New Delhi), who render their monthly accounts to Accountant General (Accounts and Entitlement), had rendered their accounts in time and there was no case of exclusion.

## 4.5 Other issues

### 4.5.1 Misappropriations, losses, thefts, etc.

As per the provisions of Financial Handbook Vol-V part-I Rule 82 & Appendix XIX B DDOs are supposed to intimate offices of the Accountants General (Audit) and (A& E) the details of losses. During the year 2023-24 no case of misappropriations, losses, theft, etc. were reported by the DDOs.

### 4.5.2 Follow up Action on State Finances Audit Report

Public Accounts Committee of the State Legislature had not discussed the State Finances Audit Reports since their preparation.

## 4.6 Conclusion

- The departmental officers did not submit 210 Utilisation Certificates (due for submission by March 2024) to the Accountant General (Accounts and Entitlement), Uttarakhand in respect of the grants of ₹ 1,395.68 crore given up to March 2023 for specific purposes. As of March 2024, 164 Abstract Contingent bills amounting to ₹ 17.92 crore were outstanding. Non-submission of Utilisation Certificates and Detailed Countersigned Contingent bills drawn for specific purposes and non-submission of Accounts by Autonomous Bodies/Public Sector Undertakings were violative of prescribed financial rules and directives. These point to lack of internal controls and deficient monitoring mechanism of the State Government.
- The State Government did not follow the accounting procedure of CRIF resulting in overstatement of Revenue Surplus and Fiscal Deficit to the extent of ₹ 109.10 crore and ₹ 153.56 crore respectively.
- During 2023-24, reconciliation of receipts and expenditure by the Chief Controlling Officers was 95.06 and 87.00 per cent respectively.
- Expenditure of ₹ 2,874.32 crore and receipts of ₹ 1,339.13<sup>9</sup> crore were booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' under various Major Heads affecting the transparency in financial reporting. Routine operation of Minor Head 800- Other Expenditure/Other Receipts should be discouraged since it renders the accounts opaque.
- The State Government has yet not fully implemented the notified Indian Government Accounting Standards in the State, thereby, compromising on the quality of financial reporting.

## 4.7 Recommendations

- *The Government should ensure timely submission of Utilisation Certificates by the grantees in respect of grants released for specific purposes and furnishing of Detailed Countersigned Contingent bills by the departments;*
- *The Government should follow the accounting procedures in respect of Central Road and Infrastructure Fund to ensure that funds are properly accounted for;*

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<sup>9</sup> Excludes ₹ 1,510.45 crore as apportionment of Pension from Uttar Pradesh State for the year 2019-20 booked under 800-Other Receipts.

- *The Government should strengthen its internal control mechanism to ensure that the controlling officers reconcile their figures of expenditure with those of Accountant General (Accounts and Entitlement) at prescribed intervals;*
- *The State Government should discourage the operation of Minor Head 800 and chalk out a specific time frame in consultation with the Accountant General (Accounts and Entitlement), to identify appropriate heads of account to classify the transaction correctly in the books of accounts; and*
- *The State Government should take steps to fully implement the Indian Government Accounting Standards in the State to improve the quality of financial reporting.*

Dehradun  
The 30 April 2025

  
(MOHD. PARWEZ ALAM)  
Accountant General (Audit),  
Uttarakhand

Countersigned

New Delhi  
The 07 May 2025

  
(K SANJAY MURTHY)  
Comptroller and Auditor General of India



## **APPENDICES**



**Appendix-1.1**  
(Reference: Paragraph 1.1 & 1.1.1; Page 1)  
**State Profile**

Sl. No.	Particulars	Figures
1.	<b>Area</b>	53,483 Sq km
	a. Hill	46,035 Sq km
	b. Plain	7,448 Sq km
	c. Forest	38,117 Sq km
2.	Districts (10 Hilly area and 3 Plain area)	13 Districts
3.	<b>Population*</b>	
	a. As per 2001 Census	84.89 lakh
	b. As per 2011 Census	100.86 lakh
4.	a. Density of Population (as per 2001 Census) (All India Density = 324 persons per Sq Km)	159 person per Sq km
	b. Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq Km)	189 person per Sq km
5.	Population Below Poverty Line (BPL) 2011-12 (All India Average = 21.92 per cent)	11.26 per cent
6.	a. Literacy (as per 2001 Census) (All India Average = 64.80 per cent)	71.62 per cent
	b. Literacy (as per 2011 Census) (All India Average = 73.00 per cent)	78.80 per cent
7.	Infant mortality (per 1,000 live births) (All India Average = 28 per 1,000 live births)	24
8.	Life Expectancy at Birth (All India Average = 70.00)	70.60
9.	HDI Value Uttarakhand (HDR 2022) (All India Average = 0.644)	0.681
10.	Gross State Domestic Product (GSDP) 2023-24 at current prices (₹ in crore)	3,46,206
11.	Per capita GSDP CAGR (2014-24) at current prices	Uttarakhand 7.61
	Per capita GDP CAGR (2014-24) at current prices	All India 8.89
12.	GSDP CAGR (2014-24) at current price	Uttarakhand 8.85
	GDP CAGR (2014-24) at current price	All India 10.06
13.	Population Growth (2014-2024)	Uttarakhand 12.09
		All India 11.26

\*Source: Statistical Diary from Directorate of Economics and Statistics, Uttarakhand.

**Population Projections for India and States by National Commission on Population, Ministry of H&FW**

**Literacy Rate: Census 2011**

**IMR: SRS Bulletin (2020)**

**Life Expectancy: SRS based Abridged life Tables (2016-20)**

**HDI: UNDP Human Development Report 2023/2024**

**GSDP: NSO, (Ministry of Statistical and Programme Implementation).**

**Population Growth: Population Projection for India and States (2011-2016) MoH&FW.**

**Per Capita GDP CAGR and GSDP CAGR: NSO (MoSPI)**

**Appendix-1.2**  
(Referred to in paragraphs 1.3.2; page 9)  
**Summarised financial position of the Government of Uttarakhand as on 31 March 2024**

(₹ in crore)

LIABILITIES	As on 31 March 2023	As on 31 March 2024
<b>Internal Debt</b>	<b>53,558.43</b>	<b>57,378.79</b>
Market Loans bearing interest	44,910.00	48,710.00
Market Loans not bearing interest	0.02	0.02
Loans from Life Insurance Corporation of India	1.50	1.50
Loans from Other institutions	8,646.91	8,060.21
Ways and Means Advances and Overdraft from Reserve Bank of India	--	607.06
<b>Loans and Advances from Government of India</b>	<b>8,600.36</b>	<b>10,581.95</b>
Non-Plan Loans	1.80	1.37
Loans for State Plan Schemes	377.36	326.00
Pre 1984-85 Loans	0.53	0.53
Other Loans for State	8,220.67	10,254.05
<b>Contingency Fund (Corpus)</b>	<b>500.00</b>	<b>500.00</b>
<b>Small Savings, Provident Fund etc.</b>	<b>9,453.58</b>	<b>9,671.23</b>
<b>Deposits</b>	<b>3,880.66</b>	<b>4,463.33</b>
<b>Reserve Funds</b>	<b>4,824.64</b>	<b>5,738.12</b>
<b>Suspense and Miscellaneous Balances</b>	<b>--</b>	<b>--</b>
<b>Remittance Balances</b>	<b>--</b>	<b>--</b>
<b>Cumulative excess of Receipts over Expenditure</b>	<b>3,890.97</b>	<b>7,232.04</b>
<b>Total</b>	<b>84,708.64</b>	<b>95,565.46</b>
<b>ASSETS</b>		
<b>Gross Capital Outlay on Fixed Assets -</b>	<b>80,053.48</b>	<b>91,035.28</b>
Investments in shares of Companies, Corporations, etc.	4,043.90	4,527.50
Other Capital Expenditure	76,009.58	86,507.78
<b>Contingency Fund (Un-recouped)</b>	<b>178.50</b>	<b>308.81</b>
<b>Loans and Advances -</b>	<b>2,454.61</b>	<b>2,562.89</b>
Loans for Power Projects	484.58	582.55
Other Development Loans	1,986.69	1,996.52
Loans to Government servants and miscellaneous loans	(-)16.66	(-) 16.18
<b>Advances with Departmental Officers</b>	<b>0.42</b>	<b>0.42</b>
<b>Remittance Balances</b>	<b>(-)88.23</b>	<b>(-)85.74</b>
<b>Cash</b>	<b>2,318.65</b>	<b>1,804.76</b>
Cash in Treasuries and local remittances	--	
Departmental Cash Balance	(-)10.71	(-)10.71
Permanent Advances/Cash Imprest	(-)0.81	(-)0.81
Cash Balance Investments	653.37	--
Deposits with Reserve Bank of India	(-)131.82	(-)102.34
Investments from Earmarked Funds	1,808.62	1,918.62
<b>Suspense and Miscellaneous Balances</b>	<b>(-)208.79</b>	<b>(-)60.95</b>
<b>Cumulative excess of Expenditure over Receipts</b>	<b>--</b>	<b>(-)0.01</b>
<b>Total</b>	<b>84,708.64</b>	<b>95,565.46</b>

**Appendix-2.1**  
(Reference: Paragraphs 2.3.3 and 2.6; Pages 24 and 36)  
Time series data on the State Government Finances

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>30,723</b>	<b>38,205</b>	<b>43,057</b>	<b>49,083</b>	<b>50,615</b>
<b>(i) Tax Revenue</b>	<b>11,513 (37)</b>	<b>11,938 (31)</b>	<b>14,176 (33)</b>	<b>17,102(35)</b>	<b>19,245(38)</b>
SGST	4,931 (43)	5,053 (42)	5,973 (42)	7,341(43)	8,297(43)
Taxes on Sales, Trade etc.	1,811 (16)	1,858 (16)	2,302 (16)	2,555(15)	2,519(13)
State Excise	2,727 (24)	2,966 (25)	3,258 (23)	3,526(21)	4,041(21)
Taxes on Vehicles	908 (8)	741 (6)	889 (6)	1,211(7)	1,390(7)
Stamps and Registration fees	1,072 (9)	1,107 (9)	1,488 (10)	1,987(12)	2,432(13)
Land Revenue	24 (--)	17 (0)	40 (0)	65(0)	14(0)
Taxes on Goods and Passengers	--	00 (0)	00 (0)	00(0)	00(0)
Others	40 (--)	196 (2)	226 (2)	417(2)	552(3)
<b>(ii) Non Tax Revenue</b>	<b>3,999 (13)</b>	<b>4,171 (11)</b>	<b>2756 (6)</b>	<b>4,367(9)</b>	<b>4,418(9)</b>
<b>(iii) State's share of Union taxes and duties</b>	<b>6,902 (22)</b>	<b>6,569 (17)</b>	<b>9906 (23)</b>	<b>10,617(22)</b>	<b>12,628(25)</b>
<b>(iv) Grants in aid from Government of India</b>	<b>8,309 (27)</b>	<b>15,527 (41)</b>	<b>16,219 (38)</b>	<b>16,997(35)</b>	<b>14,324(28)</b>
<b>2. Miscellaneous Capital Receipts</b>	<b>--</b>	<b>0.20</b>	<b>--</b>	<b>11.83</b>	<b>--</b>
<b>3. Recoveries of Loans and Advances</b>	<b>19</b>	<b>23</b>	<b>17</b>	<b>17</b>	<b>16</b>
<b>4. Total Revenue and Non debt capital receipts (1+2+3)</b>	<b>30,742</b>	<b>38,228</b>	<b>43,074</b>	<b>49,112</b>	<b>50,631</b>
<b>5. Public Debt Receipts</b>	<b>6,148</b>	<b>9,787</b>	<b>7,473</b>	<b>5,036</b>	<b>9,912</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	5,765 (94)	6,728 (69)	3,787 (51)	3,817(76)	7,255(73)
Net transactions under Ways and Means Advances and Overdrafts	313 (05)	--	--	--	607(6)
Loans and Advances from Government of India	70 (01)	3,059 (31)	3,686 (49)	1,219(24)	2,050(21)
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	<b>36,890</b>	<b>48,015</b>	<b>50,547</b>	<b>54,148</b>	<b>60,543</b>
<b>7. Contingency Fund Receipts</b>	<b>94</b>	<b>02</b>	<b>436</b>	<b>269</b>	<b>179</b>
<b>8. Public Account Receipts</b>	<b>45,330</b>	<b>47,563</b>	<b>52,779</b>	<b>59,433</b>	<b>66,009</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>82,314</b>	<b>95,580</b>	<b>1,03,762</b>	<b>1,13,850</b>	<b>1,26,731</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>32,859</b>	<b>37,091</b>	<b>38,929</b>	<b>43,773</b>	<b>47,274</b>
State Fund Expenditure	28,893 (88)	32,678 (88)	35,870 (92)	39,452(90)	41,691(88)
Central Assistance	3,966 (12)	4,413 (12)	3059 (8)	4,321(10)	5,583(12)
General Services (Including interest payments)	13,844 (42)	14,826 (40)	15,668 (40)	16,889(39)	17,579(37)
Social Services	12,593(39)	14,762 (40)	15,573 (40)	18,156(41)	19,653(42)
Economic Services	4,704(14)	5,571 (15)	6,148 (16)	6,687(15)	7,485(16)
Grants-in-aid and contributions	1,717 (5)	1,932 (5)	1,540 (4)	2,041(5)	2,557(5)
<b>11. Capital Expenditure</b>	<b>5,414</b>	<b>6,538</b>	<b>7,534</b>	<b>8,194</b>	<b>10,982</b>
State Fund Expenditure	3,055 (56)	3,192 (49)	4,335 (58)	4,398(54)	6,267(57)
Central Assistance	2,359 (44)	3,346 (51)	3,199 (42)	3,797(46)	4,715(43)
General Services	362 (7)	755 (11)	1,085 (14)	1,608(20)	2,360(21)
Social Services	1,610 (30)	1,938 (30)	2,262 (30)	2,013(24)	3,496(32)
Economic Services	3,442 (63)	3,845 (59)	4,187 (56)	4,573(56)	5,126(47)

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>12. Disbursement of Loans and Advances</b>	126	38	347	94	124
<b>13. Total Expenditure of the State (10+11+12)</b>	38,399	43,667	46,810	52,061	58,380
<b>14. Repayments of Public Debt</b>	2,131	2,921	3,386	4,079	4,110
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,084	2,550	3,330	4,017	4,042
Net transactions under Ways and Means Advances and Overdraft	--	313	--	--	--
Loans and Advances from Govt. of India	47	58	56	62	68
<b>15. Appropriation to Contingency Fund</b>	0	0	0	0	0
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	40,530	46,588	50,196	56,140	62,490
<b>17. Contingency Fund disbursements</b>	26	226	212	179	309
<b>18. Public Account disbursements</b>	42,569	47,261	53,304	59,159	64,556
<b>19. Total disbursement by the State (16+17+18)</b>	83,125	94,075	1,03,712	1,15,478	1,27,355
<b>Part C. Deficits/Surplus</b>					
<b>20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)</b>	(-) 2,136	(+) 1,114	(+) 4,128	(+)5,310	(+)3,341
<b>21. Fiscal Deficit (4-13)</b>	7,657	5,439	3,736	2,949	7,749
<b>22. Primary Deficit(-)/Primary Surplus (+) (21+23)</b>	(-) 3,153	(-) 666	1,203	2,155	(-) 2,557
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	4,504	4,773	4,939	5,104	5,192
<b>24. Financial Assistance to local bodies etc.</b>	4,800	6,441	5,858	7,631	7,001
<b>25. Ways and Means Advances/Overdraft availed (days)</b>	140	96	6	39	137
<b>26. Interest on Ways and Means Advances/ Overdraft</b>	5.18	5.21	0.06	2.23	14.26
<b>27. Gross State Domestic Product (GSDP)<sup>@</sup></b>	2,39,263	2,25,617	2,67,143	3,03,781	3,46,206
<b>28. Outstanding Fiscal liabilities* (year-end)</b>	65,982	71,435	71,375	72,860	80,266
<b>29. Outstanding guarantees (year-end) (excluding interest)</b>	854	729	374	117	119
<b>30. Maximum amount guaranteed (year-end)</b>	NA	NA	717	407	409
<b>31. Number of incomplete projects (in numbers)</b>	210	143	75	143	154
<b>32. Capital blocked in incomplete projects (₹ in crore)</b>	627.08	437.61	357.00	564.00	641.53
<b>Part E. Fiscal Health Indicators (in ratios)</b>					
<b>I Resource Mobilization</b>					
Own Tax revenue/GSDP	0.048	0.053	0.053	0.056	0.056
Own Non-Tax Revenue/GSDP	0.017	0.018	0.010	0.014	0.013
Central Transfers/GSDP	0.064	0.098	0.098	0.091	0.078
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	0.160	0.194	0.175	0.171	0.169
Total Expenditure/Revenue	1.25	1.14	1.09	1.06	1.15

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Receipts</b>					
<b>Revenue Expenditure/Total Expenditure</b>	<b>0.86</b>	<b>0.85</b>	<b>0.83</b>	<b>0.84</b>	<b>0.81</b>

\*Note: Excludes Back-to-Back Loans amounting to ₹ 5,649 crore (₹ 2,316 crore (2020-21) + ₹ 3,333 crore (2021-22)) received from GoI in lieu of GST compensation shortfall.

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Expenditure on Social Services/Total Expenditure</b>	<b>0.37</b>	<b>0.38</b>	<b>0.38</b>	<b>0.39</b>	<b>0.40</b>
<b>Expenditure on Economic Services/Total Expenditure</b>	<b>0.22</b>	<b>0.22</b>	<b>0.23</b>	<b>0.22</b>	<b>0.22</b>
<b>Capital Expenditure/Total Expenditure</b>	<b>0.14</b>	<b>0.15</b>	<b>0.16</b>	<b>0.16</b>	<b>0.19</b>
<b>Capital Expenditure on Social and Economic Services/Total Expenditure</b>	<b>0.13</b>	<b>0.13</b>	<b>0.14</b>	<b>0.13</b>	<b>0.15</b>
<b>III Management of Fiscal Imbalances</b>					
<b>Revenue deficit (surplus)/GSDP</b>	<b>(-)0.009</b>	<b>0.005</b>	<b>0.015</b>	<b>0.017</b>	<b>0.010</b>
<b>Fiscal deficit/GSDP</b>	<b>0.032</b>	<b>0.024</b>	<b>0.014</b>	<b>0.010</b>	<b>0.022</b>
<b>Primary Deficit (surplus) /GSDP</b>	<b>(-)0.013</b>	<b>(-)0.003</b>	<b>0.005</b>	<b>0.007</b>	<b>(-)0.007</b>
<b>Revenue Surplus (Deficit) /Fiscal Deficit</b>	<b>0.279</b>	<b>(-) 0.205</b>	<b>(-) 1.105</b>	<b>(-)1.800</b>	<b>(-)0.431</b>
<b>Net Primary Revenue Balance/GSDP</b>	<b>0.010</b>	<b>0.026</b>	<b>0.034</b>	<b>0.034</b>	<b>0.025</b>
<b>IV Management of Fiscal Liabilities</b>					
<b>Fiscal Liabilities/GSDP</b>	<b>0.28</b>	<b>0.32</b>	<b>0.27</b>	<b>0.24</b>	<b>0.23</b>
<b>Fiscal Liabilities/RR</b>	<b>2.15</b>	<b>1.87</b>	<b>1.66</b>	<b>1.48</b>	<b>1.59</b>
<b>Debt Repayment to Debt Receipts (in per cent)</b>	<b>34.66</b>	<b>29.85</b>	<b>45.31</b>	<b>81.00</b>	<b>41.46</b>
<b>V Other Fiscal Health Indicators</b>					
<b>Return on Investment</b>	<b>14.08</b>	<b>40.02</b>	<b>35.05</b>	<b>25.07</b>	<b>25.20</b>
<b>Financial Assets/Liabilities</b>	<b>0.90</b>	<b>0.93</b>	<b>0.98</b>	<b>1.05</b>	<b>1.08</b>

Figures in brackets represent percentages (rounded) to total of each sub-heading.

© GSDP at current price figures taken from SFAR Compilation by Economic Division, C&AG.

**Appendix-3.1**  
(Reference: Paragraph 3.1; Page 77)  
**Glossary of important Budget related terms**

Sl. No.	Terms	Description
1.	Accounts' or 'actuals' of a year	The amounts of receipts and disbursements for the financial year beginning on April 1st and ending on March 31st following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2.	'Administrative approval' of a scheme, proposal, or work	The formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3.	Annual Financial Statement	Referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4.	Appropriation	The amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5.	Charged Expenditure	Such expenditure which is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6.	Consolidated Fund of India/ State	All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7.	Contingency Fund	It is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive/Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/State Legislature. The amount drawn from the Contingency Fund is recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8.	Controlling Officer (Budget)	An officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9.	Drawing and Disbursing Officer	Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10.	Excess Grant	Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularization by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.
11.	Public Accounts	Means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
12.	Re-Appropriation	Means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

Sl. No.	Terms	Description
13.	Revised Estimate	An estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
14.	Supplementary Demands for Grants	Means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
15.	Major Head	Means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
16.	Sub-Major Head	Means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head
17.	Minor Head	Means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
18.	Sub-Head	Means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
19.	Major Work	Means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
20.	Minor Work	Means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
21.	Modified Grant or Appropriation	Means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
22.	Supplementary or Additional Grant or Appropriation	Means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
23.	Schedule of New Expenditure	Means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.

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

Sl. No.	Terms	Description
1.	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, <i>e.g.</i> State Implementation Society for SSA and State Health Mission for NRHM <i>etc.</i>
2.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by <i>one per cent</i>
4.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, <i>e.g.</i> enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure <i>etc.</i> <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation <i>etc.</i>
6.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a current debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
8.	Debt Stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are

Sl. No.	Terms	Description
		either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be current or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
9.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
10.	Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
11.	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
12.	Net Debt Available	Excess of Public Debt receipts and Loans and Advances receipt over Public Debt repayment, Loans and Advances Disbursements and Interest Payment on Public debt.





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