



सत्यमेव जयते

**State Finances Audit Report  
of the  
Comptroller and Auditor General of India  
for the year ended 31 March 2019**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Punjab**  
*Report No. 1 of the year 2020*



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## PREFACE

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

Chapters I and II of the Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2019. Information has been obtained from the Government of Punjab wherever necessary.

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

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



# **Executive Summary**





## EXECUTIVE SUMMARY

### Background

This Report on the finances of the Government of Punjab is brought out to assess the financial performance of the State during the year 2018-19 *vis-à-vis* the Budget Estimates, the targets as recommended by the Fourteenth Finance Commission (FFC) and analyses the dominant trends and structural profile of Government's receipts and disbursements. Recommendations of the Thirteenth Finance Commission have also been referenced, wherever required.

Based on the audited accounts of the Government of Punjab for the year ended 31 March 2019 and additional data collated from several sources such as the Economic Survey brought out by the State Government and Census, this report provides an analytical review of the Annual Accounts of the State Government in three Chapters.

**Chapter-I** is based on the Finance Accounts and makes an assessment of Punjab Government's fiscal position as on 31 March 2019. It provides an account of time series of receipts and disbursements, market borrowings, quality of expenditure, financial analysis of government expenditure and investment, debt sustainability and the fiscal imbalances.

**Chapter-II** is based on Appropriation Accounts and it gives the grant-wise description of appropriations. It elaborates on financial accountability and budget management, deficiencies in working of treasuries and outcome of review of selected grants.

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

### Audit findings

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

The State is on a fiscal correction path. However, the State has not yet amended the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 as recommended by Fourteenth Finance Commission.

##### [Paragraph 1.1.3]

During the period 2014-15 to 2018-19, revenue receipts and capital receipts increased from ₹39,023 crore and ₹11,501 crore to ₹62,269 crore and ₹23,788 crore respectively. The revenue receipts increased at an annual average growth rate of 12.21 *per cent* during the same period. The net public account receipts also exhibited an increasing trend during 2014-19, as it increased from ₹1,698 crore in 2014-15 to ₹1,827 crore in 2018-19. Overall, the total receipts increased by 68.29 *per cent*, from ₹52,222 crore in 2014-15 to ₹87,884 crore in 2018-19.

##### [Paragraphs 1.2.1 & 1.3]

The revenue expenditure increased by ₹12,939 crore (20.71 per cent) during the current year over the previous year. It continued to constitute a dominant proportion (85 to 95 per cent) of the total expenditure during 2014-19, except for in 2016-17 (55 per cent), and grew at an annual average growth rate of 12.69 per cent during this period.

**[Paragraph 1.6.1]**

Share of committed expenditure in total revenue expenditure of the State has been high. During the current year committed expenditure accounted for 80.42 per cent of the total revenue expenditure.

**[Paragraph 1.6.2]**

The share of development expenditure in aggregate expenditure (50.24 per cent) was below the General Category States (GCS) average (67.04 per cent). Further, there was decline in this share from 52.04 per cent in 2014-15 to 50.24 per cent in 2018-19. Proportion of expenditure on education and health was also below the GCS average. Expenditure on education declined from 15.25 per cent in 2014-15 to 12.99 per cent in 2018-19 while the share of expenditure on health in aggregate expenditure decreased from 4.73 per cent to 4.10 per cent during the period 2014-15 and 2018-19.

The ratio of capital expenditure to aggregate expenditure was far below the GCS average during the period 2014-15 to 2018-19 and declined from the already low level of 6.24 per cent in 2014-15 to 3.05 per cent in 2018-19.

**[Paragraph 1.7.1]**

Cess amounting to ₹1,018.78 crore collected under Building and Other Construction Workers' Welfare Cess Act, 1996 was lying unspent as on 31 March 2019.

**[Paragraph 1.7.3 (iii)]**

Nine major irrigation projects caused the State Government to suffer a net loss of ₹390.90 crore during 2018-19. Fifty three projects, scheduled for completion between 2008-09 and 2018-19 were incomplete. The expenditure of ₹892.33 crore incurred on these incomplete projects was yet to yield the intended benefits.

**[Paragraphs 1.8.1 & 1.8.2]**

The return on investment (on historical cost and not on net present value basis) from Co-operative Banks and Societies, Joint Stock Companies and Government Companies was only between 0.04 per cent and 0.11 per cent during 2014-19 while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.48 per cent and 8.35 per cent during the same period.

**[Paragraph 1.8.3]**

Cash balance of ₹1,324.83 crore at the close of the year 2018-19 was far less than the earmarked reserve funds amounting to ₹6,402.59 crore which indicates that reserve funds were used for other than intended purpose.

**[Paragraph 1.8.5]**

Overall fiscal liabilities of the State were ₹2,11,917 crore as on 31 March 2019. Fiscal liabilities were 40.61 *per cent* of GSDP and 340.33 *per cent* of the revenue receipts.

**[Paragraph 1.9.2]**

The State Government had not invested funds of ₹6,263.50 crore lying in balance under State Disaster Response Fund (SDRF) as on 31 March 2019.

**[Paragraph 1.9.3.1]**

Total public debt increased by 106.33 *per cent* from ₹86,818 crore in 2014-15 to ₹1,79,130 crore in 2018-19. The ratio of interest payments to revenue receipts ranged between 17.79 *per cent* and 25.08 *per cent* during 2014-19. The percentage of debt repayments to debt receipts decreased from 73.90 *per cent* in 2014-15 to 72.50 *per cent* in 2018-19. Availability of net debt to State increased from ₹1,208 crore in 2014-15 to ₹41,462 crore in 2016-17. However, net debt available during 2017-18 was negative ((-) ₹2,263 crore), which was ₹212 crore during 2018-19.

**[Paragraph 1.10.2]**

The State continued to be a revenue deficit State. The revenue deficit increased to ₹13,135 crore (2.52 *per cent* of GSDP) in the current year from ₹7,591 crore (2.14 *per cent* of GSDP) in the year 2014-15. There was an increase of ₹3,565 crore (29 *per cent*) in fiscal deficit during the current year over the previous year. However, there was primary surplus of ₹247 crore (0.05 *per cent* of GSDP) during the current year.

**[Paragraph 1.11.1]**

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

The State Government's budgetary process has not been sound during the year and there were savings under several grants. During 2018-19, expenditure of ₹1,17,455.28 crore was incurred against total budget provision of ₹1,34,355.89 crore resulting in net savings of ₹16,900.61 crore. The net savings was the result of gross savings of ₹17,225.65 crore set off by excess of ₹325.04 crore. Out of the total savings of ₹17,225.65 crore, an amount of ₹8,086.13 crore (46.94 *per cent* of savings) was surrendered during the year and out of total surrender, an amount of ₹3,156.16 crore (39.03 *per cent*) was surrendered on the last day of the year.

**[Paragraphs 2.2 & 2.2.1]**

Excess expenditure of ₹37,269.28 crore incurred during 2015-19 required regularisation. Expenditure of ₹2,964.65 crore was incurred without making budget provision. In 62 cases, augmentation of provision of funds by re-appropriation orders proved unnecessary because expenditure did not come even to the level of the budget provisions. Anticipated savings of ₹9,139.52 crore were not surrendered leaving no scope for utilising these funds for other developmental purposes.

**[Paragraphs 2.3.1, 2.3.5, 2.3.7 & 2.3.8]**

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

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

**[Paragraph 3.1]**

Forty five utilisation certificates in respect of grants amounting to ₹292.42 crore were pending for submission by the Departmental Officers. The State Government may review whether they should continue to give more grants to the departments with high pendency of utilisation certificates.

**[Paragraph 3.2]**

There were delays in submission of 17 annual accounts by five Autonomous Bodies to Audit; and Separate Audit Reports to the Legislature by six Autonomous Bodies.

**[Paragraph 3.3]**

Eighteen instances of misappropriation, losses, theft, etc involving an amount of ₹3.91 crore were pending.

**[Paragraph 3.5]**

As many as 789 Abstract Contingent bills for ₹3,083.31 crore were awaiting adjustment as on 31 March 2019. Advances drawn and not accounted for increased the possibility of wastage/ misappropriation/ malfeasance, etc.

**[Paragraph 3.6]**

# **Chapter I**

## **Finances of the State Government**



## CHAPTER I

### FINANCES OF THE STATE GOVERNMENT

#### 1.1 Introduction

This chapter provides an overview of the finances of the State Government during the financial year 2018-19 and analyses changes observed in the movement of major fiscal aggregates in relation to the previous year, keeping in view the overall trends during the last five years. *Appendix 1.1* contains socio-economic profile of Punjab and *Appendix 1.2* contains the structure of the Government Accounts and layout of the Finance Accounts of the State Government.

##### 1.1.1 Profile of the State

Punjab is an agrarian State. The State is located in the north-western corner of India. It spreads over a geographical area of 50,362 sq km and ranks 19<sup>th</sup> among States in terms of area. It has been organized into 22 districts. The districts have further been divided into 91 sub-divisions, 150 blocks and 12,581 inhabited villages.

As per 2011 Census, the State's population increased from 2.44 crore in 2001 to 2.77 crore in 2011 recording a decadal growth of 13.52 *per cent*. The population of the State accounts for 2.29 *per cent* of the country's population and ranks 15<sup>th</sup> among States in terms of population. The population density of the State increased from 484 persons per sq. km in 2001 to 551 persons per sq km in 2011 which is higher than the national average population density of 382 persons per sq km. The State's Gross State Domestic Product (GSDP) in 2018-19 at current prices was ₹5,21,861 crore. The State's literacy rate increased from 69.70 *per cent* (as per 2001 Census) to 75.80 *per cent* (as per 2011 Census) (*Appendix 1.1*). The per capita income of the State for the year 2018-19 was ₹1,54,598.

##### 1.1.2 Gross State Domestic Product

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

**Table 1.1: Comparative statement of GDP vis-à-vis GSDP**

Year	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Current Prices</b>					
India's GDP (₹ in crore)	1,24,67,959	1,37,71,874	1,53,62,386	1,70,95,005	1,90,10,164
Growth rate of GDP ( <i>per cent</i> )	10.99	10.46	11.55	11.28	11.20
State's GSDP (₹ in crore)	3,55,102	3,90,087	4,26,988	4,79,141	5,21,861
Growth rate of GSDP ( <i>per cent</i> )	6.91	9.85	9.46	12.21	8.92

Year	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Growth rate of GSDP of Neighbouring States</b>					
Haryana*	9.49	13.29	12.33	12.53	12.95
Himachal Pradesh*	9.51	10.09	9.53	9.13	11.20
<b>Constant Prices (Base year - 2011-12)</b>					
India's GDP (₹ in crore)	1,05,27,674	1,13,69,493	1,22,98,327	1,31,79,857	1,40,77,586
Growth rate of GDP (per cent)	7.41	8.00	8.17	7.17	6.81
State's GSDP (₹ in crore)	3,12,125	3,30,052	3,53,041	3,75,535	3,97,711
Growth rate of GSDP (per cent)	4.23	5.74	6.97	6.37	5.91

Source: Official website of Economic & Statistical Organization, Government of Punjab ([www.esop.gov.in](http://www.esop.gov.in)) and Ministry of Statistics and Programme Implementation, Government of India ([www.mospi.nic.in](http://www.mospi.nic.in)) as of August 2019

\* Offices of the AG (Audit) Haryana and Pr. AG (Audit) Himachal Pradesh.

### **1.1.3 Salient features of financial management of the State Government**

All receipts of the State Government are required to be accounted for in the Consolidated Fund of the State constituted under Article 266 (1) of the Constitution of India. Expenditure therefrom is authorised by the State Legislature through Appropriation Act. The accounts of the State Government are kept in three parts viz. (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account. The annual accounts of the State Government consist of the Finance Accounts and the Appropriation Accounts. The Finance Accounts of the Government of Punjab are laid out in twenty two statements.

In May 2003, the State Government enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudent debt management. Subsequently, in March 2011, the State Government amended the FRBM Act on the recommendations of the Thirteenth Finance Commission (TFC) and enacted FRBM (Amendment) Act, 2011, on the basis of which fiscal targets up to the year 2014-15 were fixed.

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

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

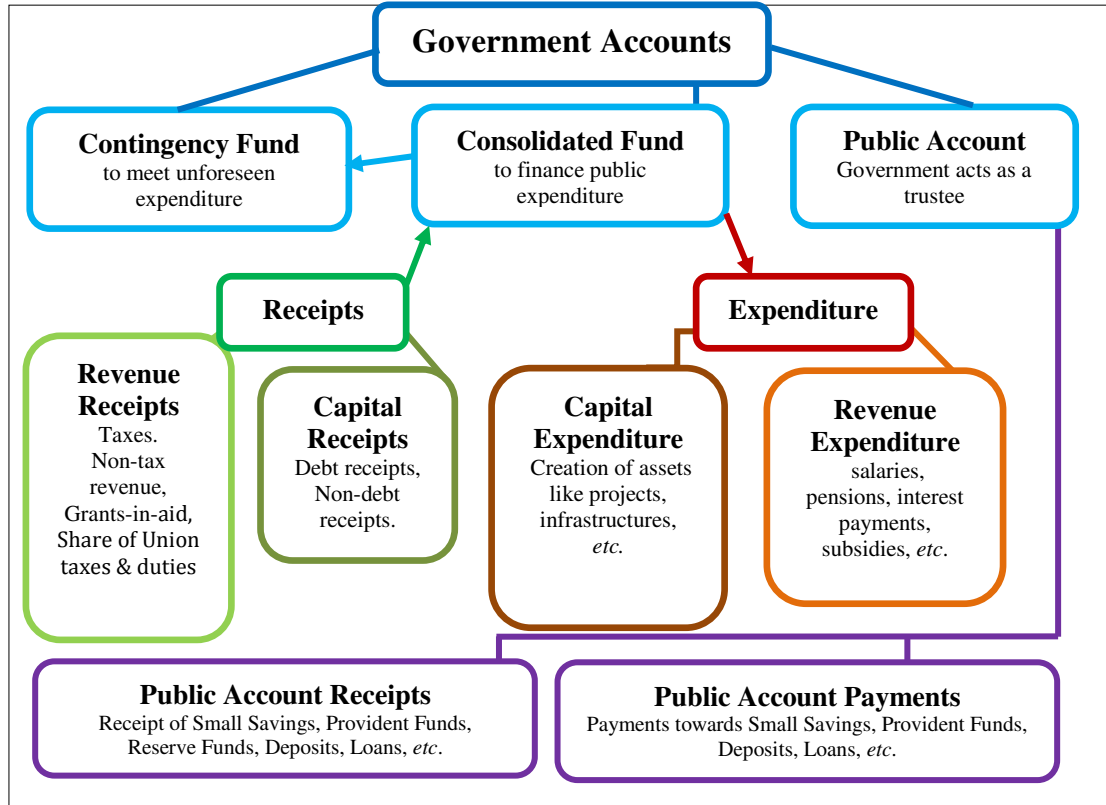


As of March 2019, the State Government had not amended its FRBM Act as per recommendations of the FFC. However, the Fiscal Consolidation Roadmap (FCR) for 2015-20 was prepared in 2017-18.

#### 1.1.4 Summary of fiscal transactions

Government finances generally comprise the following:

**Chart 1.1: Structure of Government Accounts**



Source: Finance Accounts

**Table 1.2** presents the summary of the State Government's fiscal transactions during the year 2018-19 *vis-à-vis* those of 2017-18. **Appendix 1.3 (Part A and B)** provides the abstract of receipts and disbursements for the year 2018-19 *vis-à-vis* those of 2017-18 as well as the summarized financial position of the State Government as on 31 March 2019.

**Table 1.2: Summary of fiscal transactions**

(₹ in crore)

	Receipts		Disbursements		
	2017-18	2018-19	2017-18	2018-19	
<b>Section A: Revenue</b>					
<b>Revenue receipts</b>	<b>53,009.58</b>	<b>62,269.08</b>	<b>Revenue expenditure</b>	<b>62,464.85</b>	<b>75,403.71</b>
Tax revenue	30,423.25	31,574.28	General services	34,499.50	36,930.51
Non-tax revenue	4,318.39	7,582.29	Social services	15,469.74	18,320.37
State's share of Union taxes/ duties	10,616.94	12,005.14	Economic services	11,194.41	17,888.17
Grants from GoI	7,651.00	11,107.37	Grants-in-aid and contributions	1,301.20	2,264.66

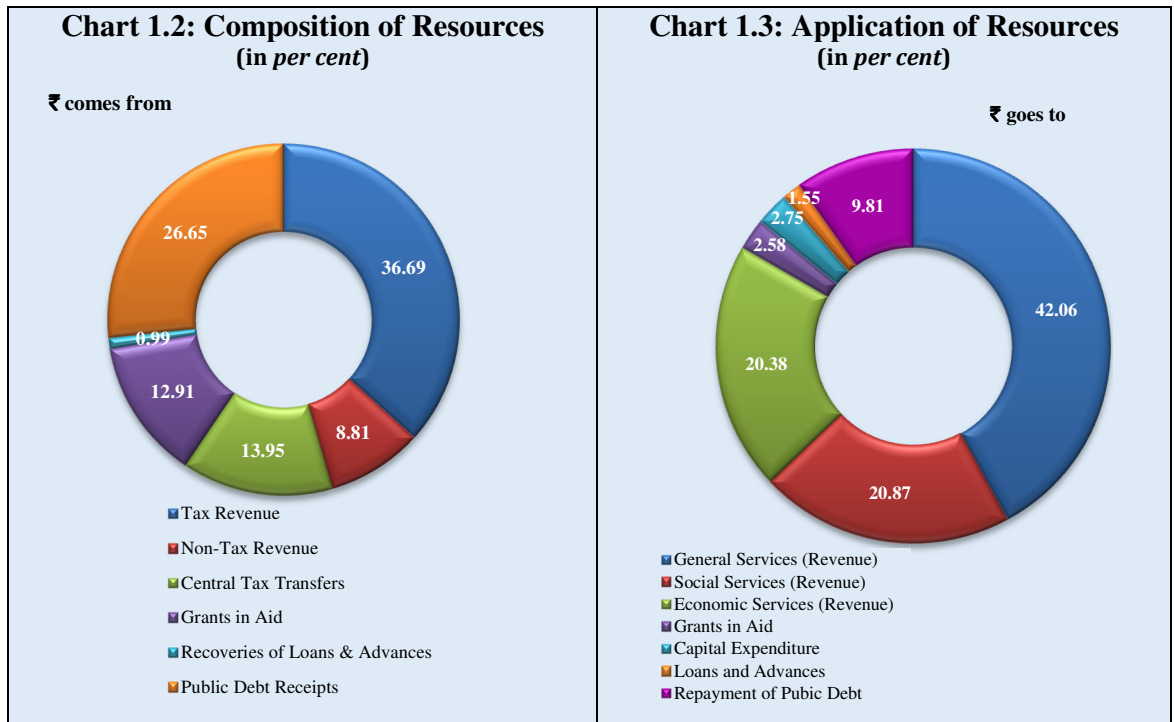
Receipts			Disbursements		
	2017-18	2018-19		2017-18	2018-19
<b>Section B: Capital and Public Account</b>					
Misc. Capital Receipts	0.12	0.02	Capital Outlay	2,352.08	2,412.24
Recoveries of Loans and Advances	73.07	848.67	Disbursement of Loans and Advances	760.05	1,361.05
Public Debt receipts	18,516.74	22,938.51*	Public Debt Repayment	7,486.90	8,611.05
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00
Public Account receipts#	47,083.44	64,839.91	Public Account disbursements#	45,525.90	62,271.76
Opening Cash Balance	395.28	488.45	Closing Cash Balance	488.45	1,324.83
<b>Total</b>	<b>1,19,078.23</b>	<b>1,51,384.64</b>	<b>Total</b>	<b>1,19,078.23</b>	<b>1,51,384.64</b>

Source: Finance Accounts of the respective years

\* Includes net transaction of ₹(-) 704 crore under Ways and Means Advances.

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

Composition and application of resources in the Consolidated Fund of the State during 2018-19 is given in **Chart 1.2** and **Chart 1.3**.



Source: Finance Accounts

The following are the major changes in fiscal transactions during 2018-19 over the previous year:

- Revenue receipts increased by ₹9,260 crore (17.47 per cent) which is due to increase in tax revenue (₹1,151 crore: 3.78 per cent), non-tax revenue (₹3,264 crore: 75.58 per cent), share of Union taxes and duties (₹1,388 crore: 13.08 per cent) and grants from GoI (₹3,456 crore: 45.17 per cent). Grants-in-aid of ₹11,107 crore include compensation of ₹7,129 crore for loss of revenue arising out of implementation of Goods and Services Tax.

- Revenue expenditure increased by ₹12,939 crore (20.71 per cent), primarily due to increase in revenue expenditure on economic services by ₹6,694 crore (59.80 per cent) followed by social services by ₹2,851 crore (18.43 per cent) and grants-in-aid and contributions by ₹963 crore (74.04 per cent).
- Public debt receipts in 2018-19 increased by ₹4,422 crore (23.88 per cent) as compared to the previous year. Public debt repayments showed an increase of ₹1,124 crore (15.01 per cent).
- Public account receipts and disbursements increased by ₹17,756 crore (37.71 per cent) and ₹16,746 crore (36.78 per cent) respectively.
- Closing cash balance increased by ₹836 crore (171.23 per cent).

### **1.1.5 One time transactions affecting fiscal parameters**

The public debt receipts and the disbursement of loans and advances by the State Government increased significantly due to transactions that occurred during 2015-16 and 2016-17. These transactions involved issuing of Bonds for clearing debts of Punjab State Power Corporation Limited (PSPCL) in compliance with the implementation of Ujwal DISCOM Assurance Yojana (UDAY) and raising of long term loans for one time settlement of Legacy Cash Credit Accounts for food procurement operations as discussed below:

#### **1.1.5.1 Ujwal DISCOM Assurance Yojana**

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal DISCOM Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOMs.

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

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

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

During 2016-17, against the commitment of ₹5,209.42 crore, GoP transferred ₹5,768.54 crore as loan, which included balance amount of ₹559.12 crore of 2015-16. However, ₹10,031.19 crore were booked to accounts as public debt, which included ₹4,262.65 crore pertaining to the previous year's accounts. This overstated the loans and fiscal deficit<sup>1</sup> of the State in 2016-17 to this extent.

The outstanding debt of Punjab DISCOM carried interest ranging between 8.00 *per cent* and 12.50 *per cent*. Of this, 75 *per cent* of debt amounting to ₹15,628.26 crore was replaced with debts bearing lower interest rates ranging between 7.21 *per cent* and 8.72 *per cent*.

### **1.1.5.2 Settlement of Cash Credit Limit**

In order to maintain buffer stock under National Food Security and to ensure remunerative prices through Minimum Support Price (MSP) to the farmers for their produce, Government of India (GoI) procures food-grains from State Governments for Central Pool through Food Corporation of India (FCI).

Punjab is the highest contributor to Central Pool. Five State Procurement Agencies (SPAs) are performing the activity of procurement of food-grains on 'No Profit No Loss' basis on behalf of the State.

The State procuring agencies obtains cash credit limit<sup>2</sup> (CCL) carrying interest rates ranging from 9.10 *per cent* to 13.05 *per cent* from the consortium of banks led by SBI before the start of every procurement season. On delivery of food-grains to FCI, the expenses incurred by SPAs on procurement, storage and delivery of food-grains are reimbursed, which are credited against CCL. However, the actual expenditure incurred by the SPAs were higher than the rates finalised by GoI. Further, the SPAs incurred expenditure on different items<sup>3</sup> which were not eligible for reimbursement like losses on disposal of damaged/rejected wheat, loss on account of open market sale of damaged paddy, difference between simple interest (as paid by GoI) and quarterly compound interest on incidental charges (as charged by RBI). As a result, there is difference between actual cost incurred by SPAs on procurement operations and amounts reimbursed by GoI which results in liabilities under CCL remaining unsettled. Difference between actual expenditure incurred and expenditure reimbursed by GoI works out to ₹376.60<sup>4</sup> per metric tonne.

As per calculation of the State Government, there was accumulation of unsettled CCL amounting to ₹31,003.91 crore.

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

<sup>2</sup> A Cash Credit is a short-term source of financing for a company. It enables a company to withdraw money from a bank account without keeping a credit balance. The account is limited to only borrowing up to the borrowing limit.

<sup>3</sup> Loss on account of damaged food-grains, custody and maintenance charges, administrative charges and interest borne due to time gap between procurement and reimbursement of cost of procurement.

<sup>4</sup> The rate per metric tonne has been worked out by dividing difference between actual expenditure and rates finalized by GoI (₹8,482.19 crore) by total food-grains procured during 2003-04 and 2014-15 (2,252.25 LMTs).

**Table 1.3: Details of accumulation of unsettled CCL***(₹ in crore)*

Particulars	KMS	RMS	Principal	Interest	Amount
Difference between actual expenditure and rates finalized by GoI	2003-04 to 2014-15	2004-05 to 2014-15	8,482.19	9,244.15	17,726.34
Loss on account of damaged wheat & storage gain deducted on wheat		1995-96 to 2003-04 & 1993-94 to 2000-01	817.96	2,292.45	3,110.41
Transportation charges on paddy	2003-04 to 2014-15		1,878.40	2,280.74	4,159.14
Administrative charges	1997-98 to 2003-04		322.55	1,364.09	1,686.64
Non/short reimbursement of ID Cess	Nov. 1998 to June 2002 and 2012-13 to 2013-14		415.49	1,501.81	1,917.30
Non-payment of interest on sale of damaged paddy, difference of purchase tax/VAT, difference between simple and compound interest on incidental charges	1994-95, 1997-98 to 2000-01 and Oct. 2016 to Dec. 2016		244.41	2,159.67	2,404.08
<b>Total</b>			<b>12,161.00</b>	<b>18,842.91</b>	<b>31,003.91</b>

Source: State Government information

KMS : Kharif Marketing Season

RMS : Rabi Marketing Season

Government of Punjab (GoP) entered into a long term loan agreement of ₹31,000 crore at interest rate of 8.25 per cent per annum with State Bank of India on 31 December 2016 for one-time settlement of outstanding CCL accounts. The loan is to be repaid by September 2034. Against this agreement, a loan of ₹30,584 crore was raised during 2016-17 against which ₹29,920 crore<sup>5</sup> was given as loans to SPAs in 2016-17 for the purpose. Rate of interest to be charged from SPAs on these loans has not yet been fixed/charged. Recoveries of ₹26 crore and ₹61 crore were effected by the State Government from the SPAs during 2017-18 and 2018-19 respectively.

As per agreement, this loan is being repaid by the State Government in monthly instalments of ₹270 crore<sup>6</sup> including interest. Total loan to be repaid by September 2034 worked out to ₹57,358 crore including interest. Against the outstanding amount, the State Government repaid ₹3,240 crore (Principal: ₹810 crore and Interest: ₹2,430 crore) during 2017-18 and ₹3,240 crore (Principal: ₹875 crore and Interest: ₹2,365 crore) during 2018-19. Thus, the State had to bear financial burden of ₹3,214 crore (₹3,240 crore - ₹26 crore repaid by the SPAs) during 2017-18 and ₹3,179 crore (₹3,240 crore - ₹61 crore repaid by the SPAs) during 2018-19.

Repayment of interest amount on additional borrowings under CCL impacted the revenue deficit and fiscal deficit by ₹2,430 crore during 2017-18 and ₹2,365 crore during 2018-19.

### 1.1.6 Review of the fiscal situation

The Fourteenth Finance Commission (FFC) and the State Government set fiscal targets to be achieved during 2018-19. Though, the State Government did not amend its FRBM Act during 2017-18 as per recommendations of the FFC, the targets set by FFC and proposed in the State budget *vis-à-vis*

<sup>5</sup> Net loan raised (₹30,584 crore - ₹664 crore repaid during January–March 2017).

<sup>6</sup> Except for last installment of ₹115 crore which is to be paid in September 2034.



achievements in respect of major fiscal aggregates with reference to the GSDP are given in **Table 1.4**.

**Table 1.4: Targets vis-à-vis achievements in respect of major fiscal aggregates for the year 2018-19**

Fiscal Variables	Targets as prescribed by FFC	Targets in the Budget	Actuals (as per GSDP)	Percentage variation of actuals over	
				Targets of FFC	Targets in Budget
Revenue Deficit/GSDP ( <i>per cent</i> )	(-)1.18	(-)2.42	(-)2.52	(-)1.34	(-)0.10
Fiscal Deficit/GSDP ( <i>per cent</i> )	(-)3.00	(-)3.81	(-)3.08	(-)0.08	0.73
Total outstanding debt/GSDP ( <i>per cent</i> )	30.49	40.82	40.61	10.12	(-)0.21

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

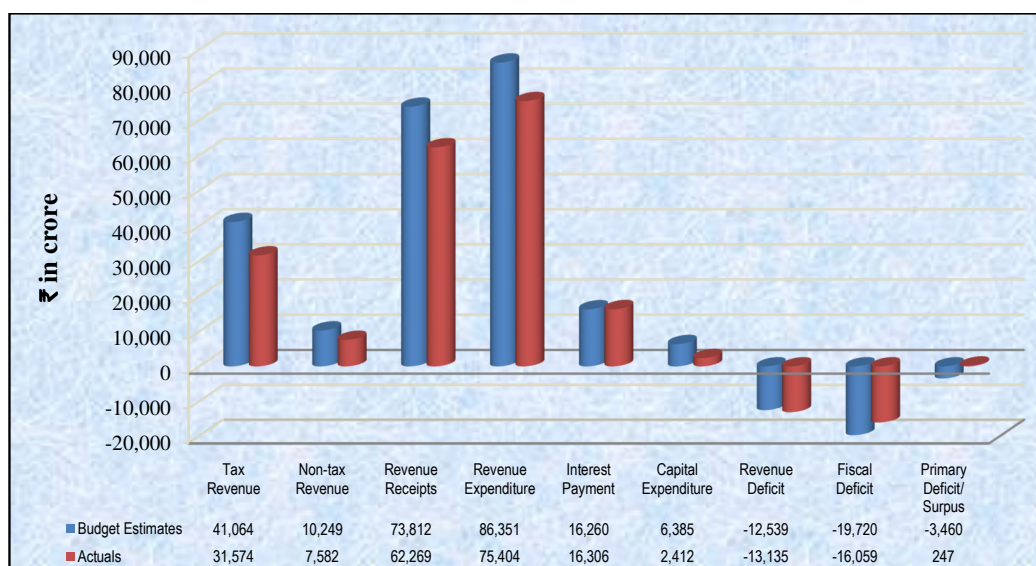
Note : Deficit figures have been shown in minus.

- During the year 2018-19, the Government was unable to contain the revenue deficit within the level projected in the budget estimates and that fixed by the FFC.
- The fiscal deficit-GSDP and total outstanding debt-GSDP ratios remained within the norms projected in the State budget estimates but were higher than those prescribed by the FFC.

### 1.1.7 Budget estimates and actuals

The budget presented by the State Government provides description of projections or estimates of revenue and expenditure for a particular fiscal year. It is desirable that the estimation of revenue and expenditure should be made as accurately as possible so that reasons for variations can be analysed. The budget estimates vis-à-vis actuals in respect of various important fiscal parameters for the year 2018-19 are given in **Appendix 1.4 and Chart 1.4**.

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



Source: Budget Estimates and Finance Accounts

- During the year 2018-19, total revenue receipts (₹62,269 crore) remained lower than the budget estimates by ₹11,543 crore (15.64 per cent). This was primarily on account of tax revenue being

lower by ₹9,490 crore (23.11 per cent) and non-tax revenue by ₹2,667 crore (26.02 per cent) than the budget estimates. This shortfall was partially compensated by ₹7,129 crore as grant-in-aid from GoI on account of loss of revenue arising from implementation of Goods and Services Tax (GST).

- The revenue expenditure and the capital expenditure remained lower by ₹10,947 crore (12.68 per cent) and ₹3,973 crore (62.22 per cent) respectively, whereas the interest payments were slightly higher than projected in the budget estimates by ₹46 crore (0.28 per cent).
- The actual revenue deficit was higher by ₹596 crore (4.75 per cent), whereas the fiscal deficit was less by ₹3,661 crore (18.56 per cent) than those anticipated in the budget. The primary deficit (₹3,460 crore) projected in the budget turned into primary surplus (₹247 crore) during the year.

The Government may consider examining reasons for the shortfall in mobilisation of tax receipts and take measures for improving resource mobilisation.

### 1.1.8 Buoyancy Ratios

Buoyancy Ratios indicate the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The Buoyancy Ratios of Revenue Receipts, State's Own Tax Receipts, Total Expenditure and Fiscal Liabilities with respect to GSDP are given in **Table 1.5**.

**Table 1.5: Buoyancy Ratios of Receipts, Expenditure and Fiscal Liabilities in comparison to GSDP**

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>GSDP (₹ in crore)</b>	3,55,102	3,90,087	4,26,988	4,79,141	5,21,861
Rate of Growth of GSDP (in per cent)	6.91	9.85	9.46	12.21	8.92
<b>Revenue Receipts (RR)</b>					
RR during the year (₹ in crore)	39,023	41,523	47,985	53,010	62,269
Rate of growth of RR (in per cent)	11.16	6.41	15.56	10.47	17.47
Buoyancy of RR with GSDP	1.62	0.65	1.64	0.86	1.96
<b>Own Tax Revenue</b>					
Own Tax Revenue during the year (₹ in crore)	25,570	26,690	27,747	30,423	31,574
Rate of Growth of Own Tax Revenue (in per cent)	6.19	4.38	3.96	9.64	3.78
Buoyancy of Own Tax Revenue with GSDP	0.90	0.44	0.42	0.79	0.42
<b>Total Expenditure (TE)</b>					
TE during the year (₹ in crore)	50,002	59,101	1,01,006	65,577	79,177
Rate of Growth of TE (in per cent)	13.62	18.20	70.90	(-)35.08	20.74
Buoyancy of TE with GSDP	1.97	1.85	7.23	(-)3.50	2.33
<b>Fiscal Liabilities</b>					
Fiscal Liabilities (₹ in crore)	1,12,366	1,28,835	1,82,526	1,95,152	2,11,917
Rate of Growth (in per cent)	9.91	14.66	41.67	6.92	8.59
Buoyancy of Fiscal liabilities with GSDP	1.43	1.49	4.40	0.57	0.96

Source: Finance Accounts of respective years

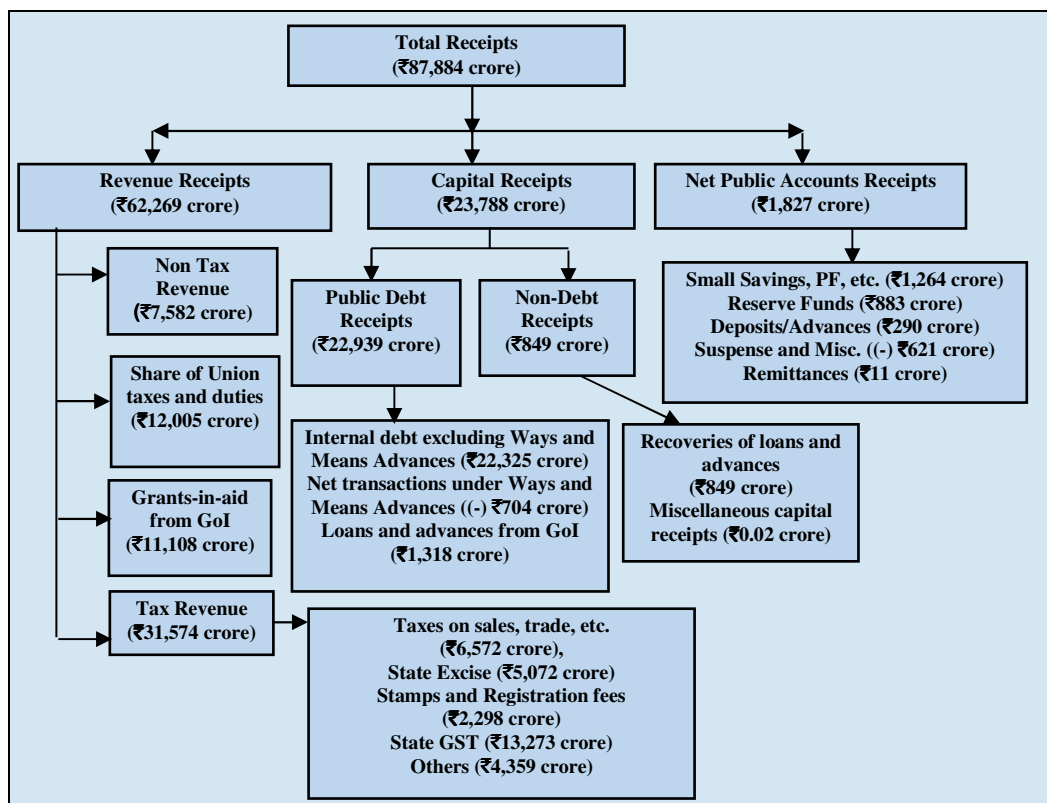
Table 1.5 shows that during 2018-19, the buoyancy of revenue receipts with respect to GSDP was higher, while that of own tax revenue was lower as compared to the previous year. The growth rate of total expenditure was higher whereas the growth rate of fiscal liabilities was slightly less than that of GSDP during the current year.

## 1.2 Resources of the State

### 1.2.1 Receipts of the State

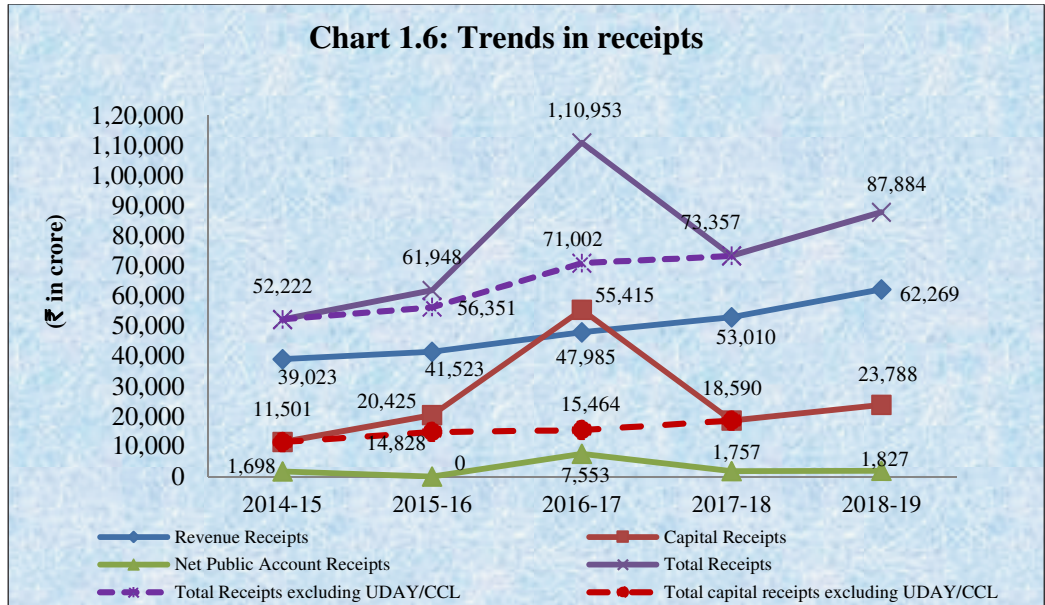
Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes & duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital 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. Besides, there are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. The composition of total receipts of the State is depicted in **Chart 1.5**. **Chart 1.6** depicts the trends in various components of receipts of the State during 2014-15 to 2018-19.

**Chart 1.5: Composition of receipts of the State during 2018-19**



Source: Finance Accounts

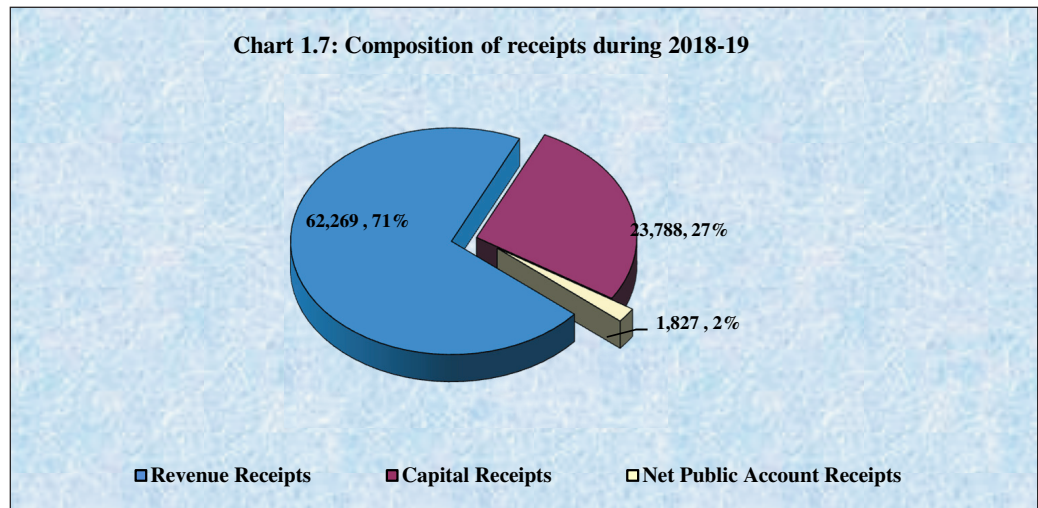




Source: Finance Accounts

- During the period 2014-15 to 2018-19, revenue receipts increased from ₹39,023 crore to ₹62,269 crore.
- The net public account receipts also increased from ₹1,698 crore to ₹1,827 crore during the same period.
- Capital receipts had a fluctuating trend as it increased from ₹11,501 crore in 2014-15 to ₹55,415 crore in 2016-17 but again decreased to ₹18,590 crore in 2017-18 and further increased to ₹23,788 crore in 2018-19. Major increase in capital receipts over the previous year was due to increase in internal debt by ₹4,703 crore and loans and advances from GoI by ₹858 crore during the current year.

The composition of resources of the State during the current year is given in **Chart 1.7**.



Source: Finance Accounts

During the year 2018-19, contribution of revenue receipts, capital receipts and net public account receipts towards total receipts of the State was 71 per cent, 27 per cent and 2 per cent respectively as compared to 72 per cent, 25 per cent and 3 per cent in 2017-18.

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

The Government of India (GoI) had been transferring sizeable amount of funds directly to the State implementing agencies for implementation of various schemes/programmes in the social and economic sectors. The GoI decided (May 2014) to route these funds through State budget from 2014-15 onwards. During the year 2018-19, an amount of ₹2,508.36 crore was released directly to the State implementing agencies/organizations (**Table 1.6**), which was an increase of 22.50 per cent over the previous year (₹2,047.59 crore).

**Table 1.6: Funds transferred directly to State implementing agencies**

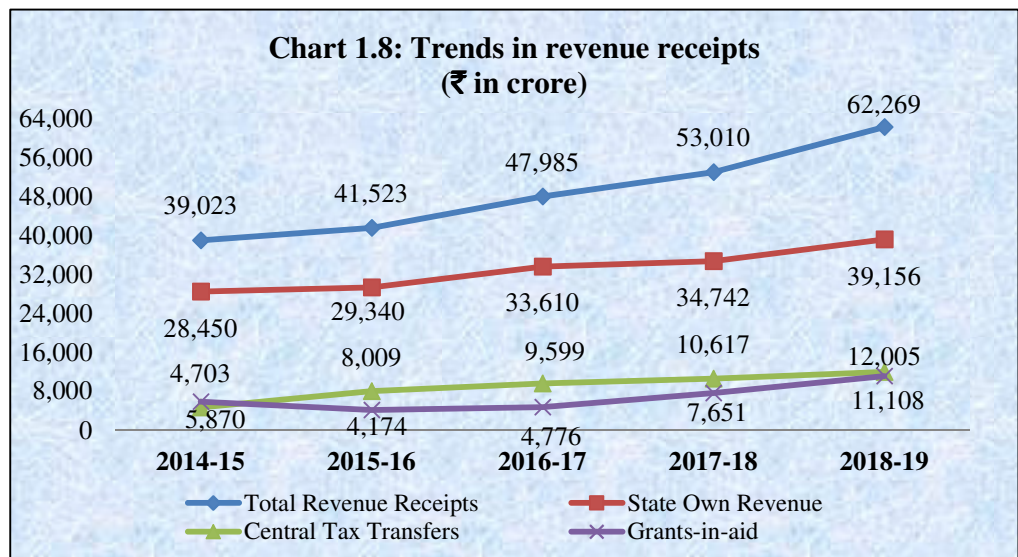
(₹ in crore)			
Sr. No.	Government of India Scheme	Implementing agency	Amount
1	Food Subsidy	Punjab State Grains Procurement Corporation Limited	1,722.33
2	Mahatma Gandhi National Rural Employment Guarantee Programme	The Punjab State Rural Employment Guarantee Society	480.76
3	Sub-Mission on Agriculture Mechanisation	Department of Agriculture, Punjab	269.38
4	National Policy for Prevention of Alcoholism and Substance (Drugs) abuse	State Mental Health Authority, Punjab	10.07
5	Other Schemes	Miscellaneous Agencies	25.82
<b>Total</b>			<b>2,508.36</b>

Source: Finance Accounts

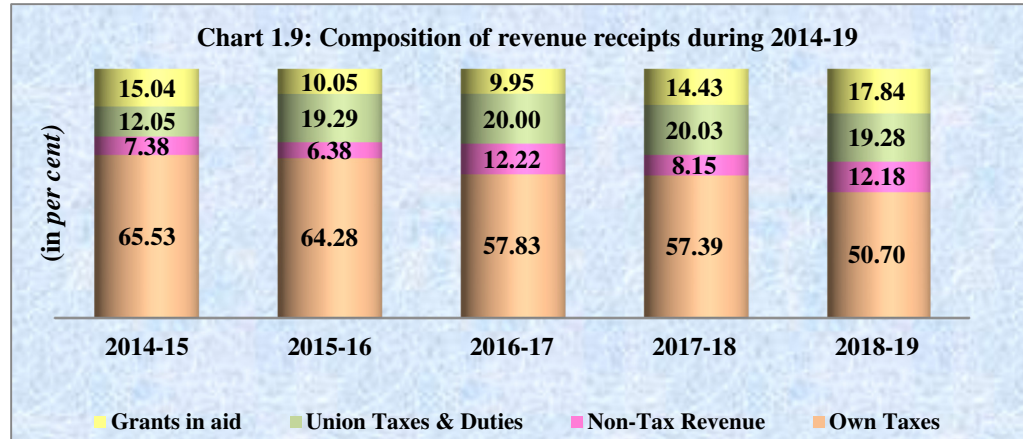
### 1.3 Revenue receipts

The revenue receipts consist of the State's own tax and non-tax revenues, share of Union taxes/duties and grants-in-aid from GoI.

The trends and composition of revenue receipts during the period 2014-15 to 2018-19 are presented in **Appendix 1.5** and also depicted in **Charts 1.8** and **1.9** respectively.



Source: Finance Accounts



Source: Finance Accounts

The trends in revenue receipts relative to GSDP are presented in **Table 1.7**.

**Table 1.7: Trends in revenue receipts**

	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue Receipts (RR) (₹ in crore)	39,023	41,523	47,985	53,010	62,269
Rate of growth of RR (per cent)	11.16	6.41	15.56	10.47	17.47
RR/GSDP (per cent)	10.99	10.64	11.24	11.06	11.93
Own tax revenue (₹ in crore)	25,570	26,690	27,747	30,423	31,574
Rate of growth of own tax revenue (per cent)	6.19	4.38	3.96	9.64	3.78
<b>Buoyancy Ratios<sup>7</sup></b>					
Revenue buoyancy w.r.t GSDP	1.62	0.65	1.64	0.86	1.96
State's own tax buoyancy w.r.t GSDP	0.90	0.44	0.42	0.79	0.42

Source: Finance Accounts

- The revenue receipts increased from ₹39,023 crore in 2014-15 to ₹62,269 crore in 2018-19. During the period of five years, it increased at an annual average growth rate of 12.21 per cent. The ratio of revenue receipts to GSDP increased from 10.99 in 2014-15 to 11.93 per cent in 2018-19.
- The revenue buoyancy with reference to GSDP fluctuated between 0.65 and 1.96 during 2014-19. The increase in revenue buoyancy with respect to GSDP in 2018-19 *vis-à-vis* the previous year was primarily due to increase in non-tax revenue of the State by 76 per cent.
- The State's own tax buoyancy with reference to GSDP decreased from 0.90 in 2014-15 to 0.42 in 2018-19.

### 1.3.1 State's own resources

The State's share in Union taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission. The State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources.

The State's actual tax and non-tax receipts for the year 2018-19 *vis-à-vis* assessment made by Fourteenth Finance Commission (FFC) and Budget Estimates are given in **Table 1.8**.

<sup>7</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable.

**Table 1.8: Tax and non-tax receipts vis-à-vis projections**(*₹ in crore*)

	FFC projections	Budget Estimates	Actual	Percentage variation of actual over	
				FFC projections	Budget estimates
Own Tax revenue	49,142	41,064	31,574	(-)35.75	(-)23.11
Non-tax revenue	4,140	10,249	7,582	83.14	(-)26.02

Source: Report of FFC, Annual Financial Statement 2018-19 and Finance Accounts

Own-tax revenue of the State Government fell short of projections made by FFC and the budget estimates by 35.75 per cent and 23.11 per cent respectively. Whereas, non-tax revenue was higher by 83.14 per cent than the projections made by FFC and was lower by 26.02 per cent from the budget estimates.

**1.3.1.1 Tax revenue**

The collections in respect of major taxes and duties are given in **Table 1.9**.

**Table 1.9: Components of State's own tax revenue**(*₹ in crore*)

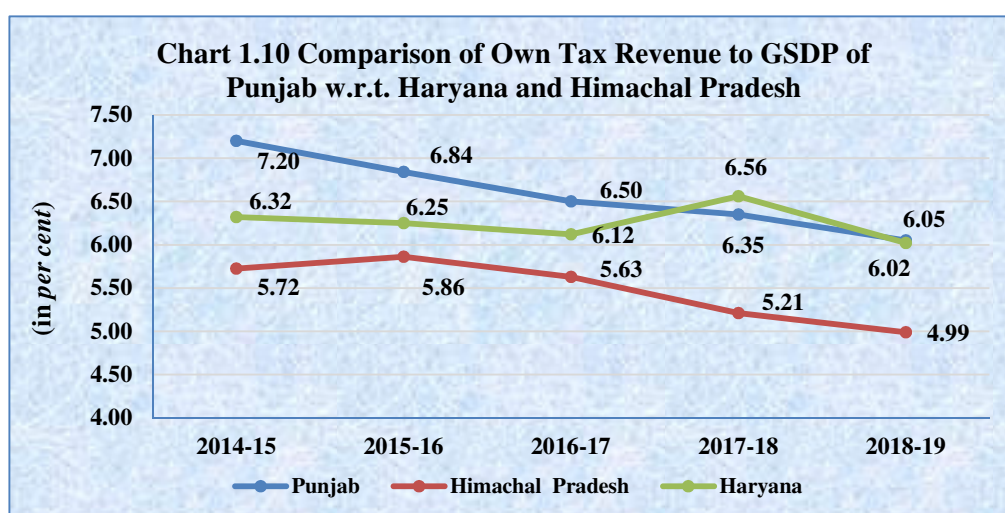
Revenue Head	2014-15	2015-16	2016-17	2017-18	2018-19
Taxes on Sales, Trade, etc.	15,455 (4)	15,857 (3)	17,587 (11)	11,160*	6,572*
State Goods and Services Tax	-	-	-	7,901*	13,273*
State Excise	4,246 (13)	4,796 (13)	4,406 (-8)	5,136 (17)	5,072 (-1)
Taxes on Vehicles	1,394(22)	1,475(6)	1,548 (5)	1,911 (23)	1,861(-3)
Stamp Duty and Registration fees	2,474(-1)	2,449(-1)	2,044(-17)	2,135(4)	2,298(8)
Land Revenue	47(12)	55(17)	68(24)	91(34)	69(-24)
Taxes and Duties on Electricity	1,875(10)	1,968(5)	1,993(1)	2,053(3)	2,330(13)
Other taxes and duties on commodities and services <sup>8</sup>	79(14)	90(14)	101(12)	36*	99*
<b>Total Own Tax Revenue</b>	<b>25,570(6)</b>	<b>26,690(4)</b>	<b>27,747(4)</b>	<b>30,423(10)</b>	<b>31,574 (4)</b>

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

\* Tax realized being not of full year (2017-18); rate of growth is not comparable.

The total own tax revenue increased by ₹1,151 crore (3.78 per cent) during the current year over the previous year. Additionally, the State Government received an amount of ₹7,129 crore as compensation on account of loss of revenue arising out of implementation of GST (July 2017), which was provided by GoI as grant-in-aid, as discussed in paragraph 1.3.1.3.



Source: Finance Accounts and Offices of the AG (A) Haryana and PAG (A) Himachal Pradesh

<sup>8</sup> Entertainment tax, betting tax, luxury tax, taxes on advertisements exhibited in cinema theatres, etc. subsumed in GST w.e.f. 01.07.2017.



Ratio of own tax revenue to GSDP of Punjab remained higher than that of Haryana and Himachal Pradesh during 2014-19. However, during 2017-18, it was marginally lower at 6.35 per cent as compared to Haryana (6.56 per cent).

### (i) Goods and Services Tax

The State Government implemented Goods and Services Tax (GST) Act which became effective from 1 July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. A base year (2015-16) revenue figure was finalised under GST Act. In case of Punjab, the revenue was ₹14,975.46 crore during the base year (2015-16). The protected revenue for any year in a State shall be calculated by applying the projected growth rate (14 per cent per annum) cumulatively over the base year revenue of that State.

The protected revenue for the year 2018-19 in accordance with the base year figure was ₹22,186.80 crore. Revenue figure under GST for the year 2018-19 has been depicted in Finance Accounts as per nature of receipts i.e. State Goods and Services Tax (SGST), Input Tax Credit cross utilisation of SGST and Integrated Goods & Services Tax (IGST), apportionment of IGST-transfer-in of tax component to SGST and advance apportionment from IGST. Against the protected revenue of ₹22,186.80 crore, the revenue receipt of the State Government under GST during the year 2018-19 was ₹12,482.76 crore as given in **Table 1.10**.

**Table 1.10: Month-wise impact of GST and compensation received**

Month	Monthly revenue to be protected	Pre-GST taxes collected <sup>#</sup>	Total SGST		Total amount received	Compensation received	Deficit (-)/ Surplus (+)
			SGST collected	Provisional apportionment of IGST			
	1	2	3	4	5=(2+3+4)	6	7={1-(5+6)}
April 2018	1,848.90	(-)250.02	498.62	516.89	765.49	0.00	(-)1,083.41
May 2018	1,848.90	18.44	368.34	382.57	769.35	581.00	(-) 498.55
June 2018	1,848.90	19.81	437.97	472.63	930.41	944.00	(+) 25.51
July 2018	1,848.90	(-)61.58	424.72	1,408.50	1,771.64	0.00	(-) 77.26
August 2018	1,848.90	(-)10.36	409.40	474.05	873.09	0.00	(-) 975.81
September 2018	1,848.90	(-)137.43	359.32	750.61	972.50	0.00	(-) 876.40
October 2018	1,848.90	17.99	423.87	499.61	941.47	1,306.00	(+) 398.57
November 2018	1,848.90	(-)122.12	432.50	988.81	1,299.19	0.00	(-) 549.71
December 2018	1,848.90	(-)61.73	439.22	836.07	1,213.56	1,454.00	(+) 818.66
January 2019	1,848.90	(-)140.35	499.38	486.34	845.37	0.00	(-) 1,003.53
February 2019	1,848.90	2.22	430.93	512.91	946.06	1,466.00	(+) 563.16
March 2019	1,848.90	(-)65.26	379.14	840.75	1,154.63	1,378.00	(+) 683.73
<b>Total</b>	<b>22,186.80</b>	<b>(-)790.39</b>	<b>5,103.41</b>	<b>8,169.74</b>	<b>12,482.76</b>	<b>7,129.00</b>	<b>(-) 2,575.04</b>

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

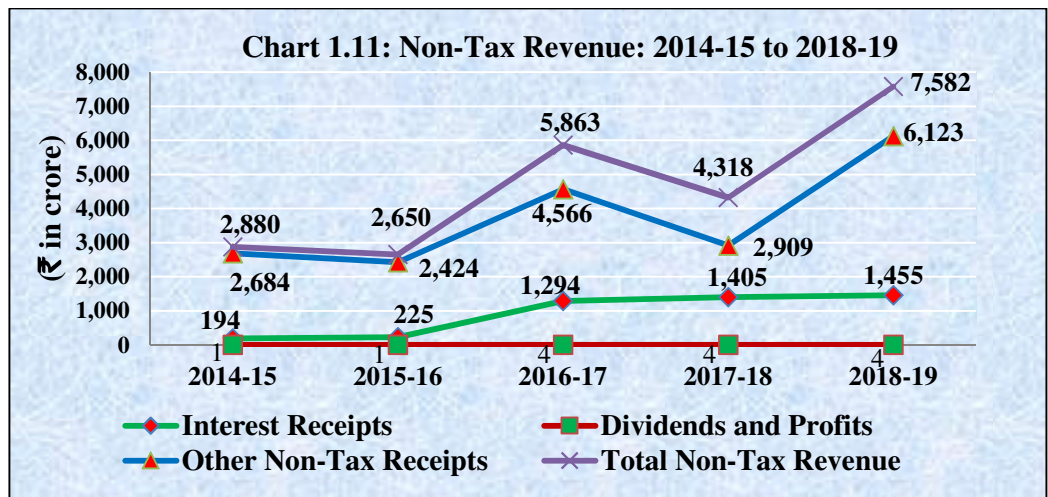
# includes VAT and CST (net of refunds) and revenue from taxes subsumed in GST by excluding VAT and CST on petroleum products and liquor.

As against the loss of revenue of ₹9,704.04 crore (Protected revenue: ₹22,186.80 crore–revenue realised: ₹12,482.76 crore), the State Government received compensation of ₹7,129 crore from GoI. However, the basis for compensation received during 2018-19 were not available (June 2020).

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfill the CAG's Constitutional mandate of certifying the Accounts. The required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions has come in the way of comprehensively auditing the GST receipts. The accounts for the year 2018-19 are, therefore, certified on the basis of test audit, as was done when records were manually maintained, as a one-time exception.

### 1.3.1.2 Non-tax revenue

In the year 2018-19, the share of non-tax revenue in total revenue receipts went up to 12.18 per cent from 8.15 per cent in the previous year. The non-tax revenue increased by 75.59 per cent during the current year over the previous year. The composition and growth in State's non-tax revenue is given in Chart 1.11 and Table 1.11.



Source: Finance Accounts

Table 1.11: Components of State's non-tax revenue

Revenue Head	2014-15	2015-16	2016-17	2017-18	2018-19
Interest Receipts	193.88 (11)	225.28 (16)	1,293.80 (474)	1,404.94 (9)	1,455.26 (4)
Dividends and Profits	1.48 (1)	1.46 (-1)	3.88 (166)	4.45 (15)	4.24 (-5)
Miscellaneous General Services <sup>9</sup>	1,473.47 (-10)	999.84 (-32)	3,028.08 (203)	1,478.97 (-51)	4,851.58 (228)
Road Transport	161.67 (-19)	148.49 (-8)	213.89 (44)	158.69 (-26)	208.99 (32)
Other Non-Tax Receipts <sup>10</sup>	1,049.23 (-11)	1,275.20 (22)	1,323.55 (4)	1,271.34 (-4)	1,062.22 (-16)
<b>Total Non-Tax Revenue</b>	<b>2,879.73</b> <b>(-10)</b>	<b>2,650.27</b> <b>(-8)</b>	<b>5,863.20</b> <b>(121)</b>	<b>4,318.39</b> <b>(-26)</b>	<b>7,582.29</b> <b>(76)</b>

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

<sup>9</sup> Unclaimed deposits, State lotteries, Sale of land and property, Guarantee fees and other receipts.

<sup>10</sup> Medical and Public Health, Social Security and Welfare, Civil Supplies, Non-Ferrous Mining and Metallurgical Industries, etc.

During the current year, the increase of ₹3,263.90 crore in total non-tax revenue over the previous year was mainly due to increase of ₹3,372.61 crore in Miscellaneous General Services partially compensated by decrease in Other Non-Tax Receipts (₹209.12 crore). The major increase in Miscellaneous General Services during the current year was due to substantial increase in Other Receipts by ₹3,312.78 crore over previous year, which was attributed to deposit of receipts of ₹4,528<sup>11</sup> crore collected by Punjab Agricultural Marketing Board and Punjab Rural Development Board for giving debt relief to the farmers as per the scheme announced by the State Government in 2017-18.

### 1.3.1.3 Grants-in-aid from GoI

The position of grants-in-aid received during the period 2014-15 to 2018-19 is presented in **Table 1.12**.

**Table 1.12: Grants-in-aid from Government of India**

Particulars	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Non-plan Grants	2,003.87	1,274.64	1,610.35	0.00 <sup>12</sup>	0.00
Grants for State Plan Schemes	3,597.61	2,320.12	2,523.14	162.81	241.34
Grants for Central Plan Schemes	80.06	341.76	78.65	3,096.13	3,091.70
Grants for Centrally sponsored Plan Schemes	188.41	237.20	563.69	(-0.63)	(-74.21)
Finance Commission Grants	-	-	-	355.69	719.54
Other Transfer/Grants to States (GST Compensation)	-	-	-	4,037.00	7,129.00
<b>Total</b>	<b>5,869.95</b>	<b>4,173.72</b>	<b>4,775.83</b>	<b>7,651.00</b>	<b>11,107.37</b>
Percentage of increase over previous year	72.58	(-)28.90	14.43	60.20	45.18
Percentage of Total Grants to Revenue Receipts	15.04	10.05	9.95	14.43	17.84

Source: Finance Accounts

**Table 1.12** shows that the grants-in-aid from GoI increased at an annual average rate of 32.70 per cent during the period 2014-15 to 2018-19. Though the grants-in-aid decreased by 28.90 per cent in 2015-16 over 2014-15, it increased by 60.20 per cent and 45.18 per cent during 2017-18 and 2018-19 respectively over the previous years. The increase in grants-in-aid during 2018-19 was due to substantial increase in GST compensation by ₹3,092 crore (76.59 per cent) over the previous year. Further, the contribution of grants-in-aid towards revenue receipts decreased from 15.04 per cent in 2014-15 to 9.95 per cent in 2016-17 and again increased to 17.84 per cent in 2018-19.

### 1.3.1.4 Central tax transfer

The actual release of share in Union taxes and duties to State Government during 2010-19 vis-à-vis projections made by Thirteenth Finance Commission (TFC) and Fourteenth Finance Commission (FFC) is tabulated in **Table 1.13**.

<sup>11</sup> In normal course, receipts of these Boards are not a part of the State accounts.

<sup>12</sup> Non-plan and plan grants merged with effect from 01 April 2017.

**Table 1.13: State's share in Union taxes and duties: Actual devolution vis-à-vis Finance Commission projections**

(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1	2	3	4	5. (4-3)
2010-11	1.389 per cent of net proceeds of all shareable taxes excluding service tax and 1.411 per cent of net proceeds of sharable service tax (As per recommendations of TFC).	3,207	3,051	(-) 156
2011-12		3,665	3,554	(-) 111
2012-13		4,398	4,059	(-) 339
2013-14		5,278	4,432	(-) 846
2014-15		6,333	4,703	(-) 1,630
2015-16	1.577 per cent of net proceeds of all shareable taxes excluding service tax and 1.589 per cent of net proceeds of sharable service tax (As per recommendations of FFC).	8,009*	8,009	--
2016-17		9,600*	9,600	--
2017-18	As per Fiscal Consolidation Roadmap of the State Government.	10,651	10,617	(-)34
2018-19		12,429	12,005	(-)424

Source: Reports of the TFC & FFC, Finance Accounts and Annual Financial Statement

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

State Government's share in Union taxes increased by ₹1,388 crore (13.07 per cent) during 2018-19 over the previous year.

### 1.3.1.5 Cost of collection

The figures of major own tax receipts, expenditure incurred on collection of these own taxes and percentage of such expenditure to components of own tax revenue receipts vis-à-vis All India Average percentage are given in **Appendix 1.6**. During the period 2014-15 to 2017-18, the percentage of cost of collection to total collection in respect of various components of State's own tax revenue is lower than the All India average<sup>13</sup> except in case of Taxes on Sales, Trade, etc. during 2015-16 and State Excise during 2016-17.

## 1.4 Capital receipts

Sources of Capital receipts of a State can be divided into non-debt capital receipts and debt capital receipts. Non-debt capital receipts are proceeds from disinvestment of equity in Government companies/corporations and recoveries of loans and advances. The public debt receipts fall broadly under two categories - (a) loans/advances from the Union Government; and (b) Internal Debt consisting of borrowings from banks, financial institutions through negotiated loans or open market borrowings through issue of State Development Loans. The share of non-debt capital receipts and loans/advances from the Union Government was insignificant and capital receipts were mainly on account of borrowing from banks, financial institutions and open market, as detailed in **Table 1.14**.

<sup>13</sup> Data in respect of All India average for the year 2018-19 was not available.



**Table 1.14: Trends in growth and composition of capital receipts***(₹ in crore)*

Source of State Receipts	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Capital Receipts</b>	<b>11,501</b>	<b>20,425</b>	<b>55,415</b>	<b>18,590</b>	<b>23,788</b>
Miscellaneous Capital Receipts	1	0	0	0	0
Recovery of Loans and Advances	137	218	181	73	849
<b>Public Debt Receipts</b>	<b>11,363</b>	<b>20,207</b>	<b>55,234</b>	<b>18,517</b>	<b>22,939</b>
<i>Internal Debt*</i>	<i>10,796</i>	<i>19,942</i>	<i>54,579</i>	<i>18,057</i>	<i>21,621</i>
<i>Growth rate</i>	<i>0.62</i>	<i>84.72</i>	<i>173.69</i>	<i>(-)66.92</i>	<i>19.74</i>
<i>Loans and advances from GoI</i>	<i>567</i>	<i>265</i>	<i>655</i>	<i>460</i>	<i>1,318</i>
<i>Growth rate</i>	<i>50.00</i>	<i>(-)53.26</i>	<i>147.17</i>	<i>(-)29.77</i>	<i>186.52</i>
Rate of growth of debt Capital Receipts	2.30	77.83	173.34	(-)66.48	23.88
Rate of growth of non-debt capital receipts	22.12	57.97	(-)16.97	(-)59.67	1,063.01
Rate of growth of GSDP	6.91	9.85	9.46	12.21	8.92
Rate of growth of Capital Receipts (per cent)	2.50	77.59	171.31	(-)66.45	27.96

Source: Finance Accounts and for GSDP – Official website of Economic & Statistical Organization, GoP ([www.esop.gov.in](http://www.esop.gov.in))

\* Includes net transactions under Ways and Means Advances, which was ₹(-)704 crore during 2018-19.

During the current year, the public debt receipts increased by ₹4,422 crore (23.88 per cent) over the previous year. Besides, recovery of loans and advances increased by ₹776 crore (1,063.01 per cent) over the previous year mainly due to recovery of ₹747 crore from Punjab State Civil Supplies Corporation.

### 1.5 Public Account receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund of the State, are kept in the Public Account set up under Article 266 (2) of the Constitution of India and are not subject to vote by the State Legislature. Here, the State Government acts as a banker. The balance after disbursements is the fund available with the State Government for use, as given in **Table 1.15**.

**Table 1.15: Trends in Public Account Receipts and Disbursements during 2017-18 and 2018-19***(₹ in crore)*

Source of State Receipts	Public Account Receipts		Disbursement from Public Account		Excess of receipts over disbursements	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Small Savings, Provident Funds, etc.	3,521.99	3,565.08	2,395.79	2,301.26	1,126.20	1,263.82
Reserve Funds	729.95	923.82	79.84	40.72	650.11	883.10
Deposits and Advances	3,112.08	4,567.43	3,291.54	4,277.02	(-)179.46	290.41
Suspense and Miscellaneous*	48,010.70	73,582.14	47,838.10	74,203.33	172.60	(-)621.19
Remittances	109.50	81.00	121.70	70.32	(-)12.20	10.68
<b>Total</b>	<b>55,484.22</b>	<b>82,719.47</b>	<b>53,726.97</b>	<b>80,892.65</b>	<b>1,757.25</b>	<b>1,826.82</b>

Source: Finance Accounts of respective years

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

The receipts exceeded the disbursement in Public Account by ₹1,826.82 crore during 2018-19. The excess in public account receipt was due to substantial

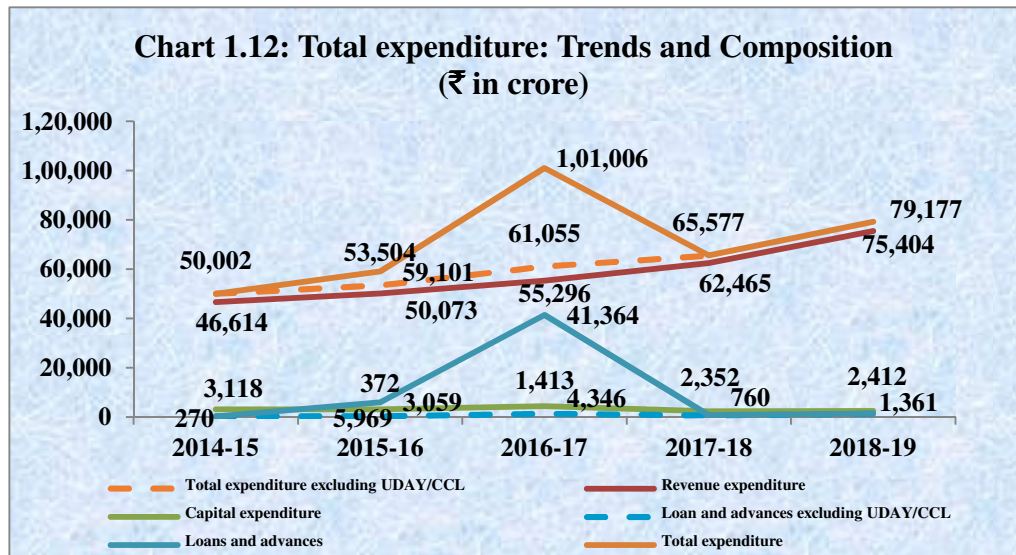
increase in Small Savings, Provident Funds, Reserve Funds and Deposits & Advances.

## 1.6 Application of resources

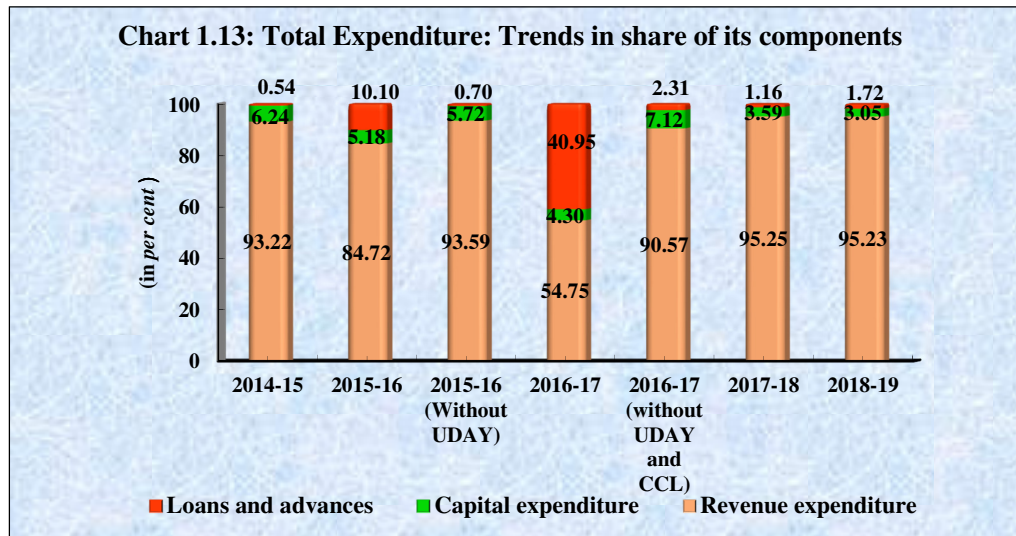
The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development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

### 1.6.1 Growth and composition of expenditure

**Chart 1.12** presents the trends of total expenditure over the period of the last five years (2014-19). Its composition in terms of 'economic classification' and 'expenditure by activities' is depicted in **Chart 1.13** and **1.15** respectively.



Source: Finance Accounts



Source: Finance Accounts

The total expenditure of the State Government increased by ₹29,175 crore (58.35 per cent) from ₹50,002 crore in 2014-15 to ₹79,177 crore in 2018-19. It increased by ₹13,600 crore (20.74 per cent) from the previous year.

The revenue expenditure increased by ₹28,790 crore (61.76 per cent), whereas the capital expenditure decreased by ₹706 crore (22.64 per cent) during the period 2014-19. The revenue expenditure constituted dominant proportion (85 to 95 per cent) during 2014-19 except for the year 2016-17 when it was 55 per cent of the total expenditure (Chart 1.12 and Appendix 1.5). Table 1.16 presents the growth of revenue expenditure over five years (2014-19).

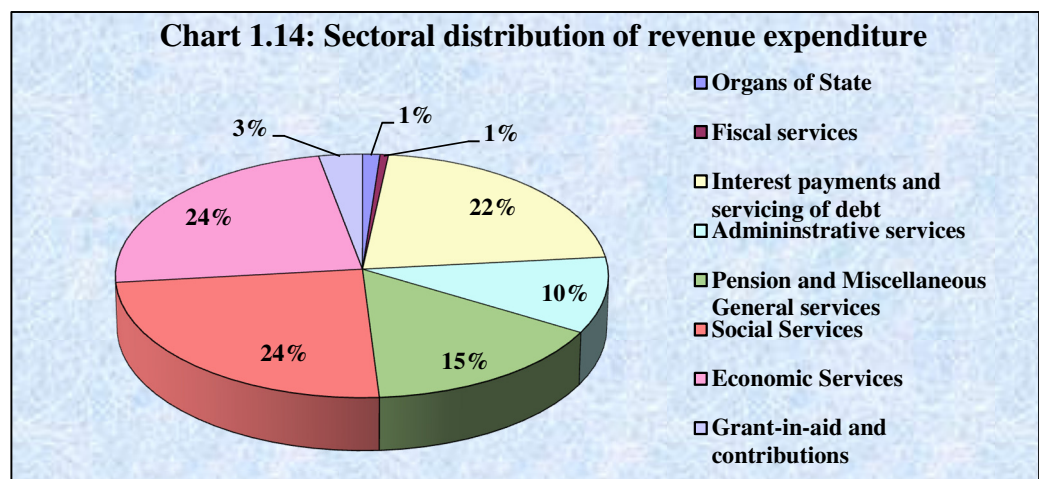
**Table 1.16: Growth of Revenue Expenditure**

	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue expenditure	46,614	50,073	55,296	62,465	75,404
Growth rate (per cent)	11.94	7.42	10.43	12.96	20.71
Revenue expenditure as percentage of GSDP	13.13	12.84	12.95	13.04	14.45

Source: Finance Accounts of respective years

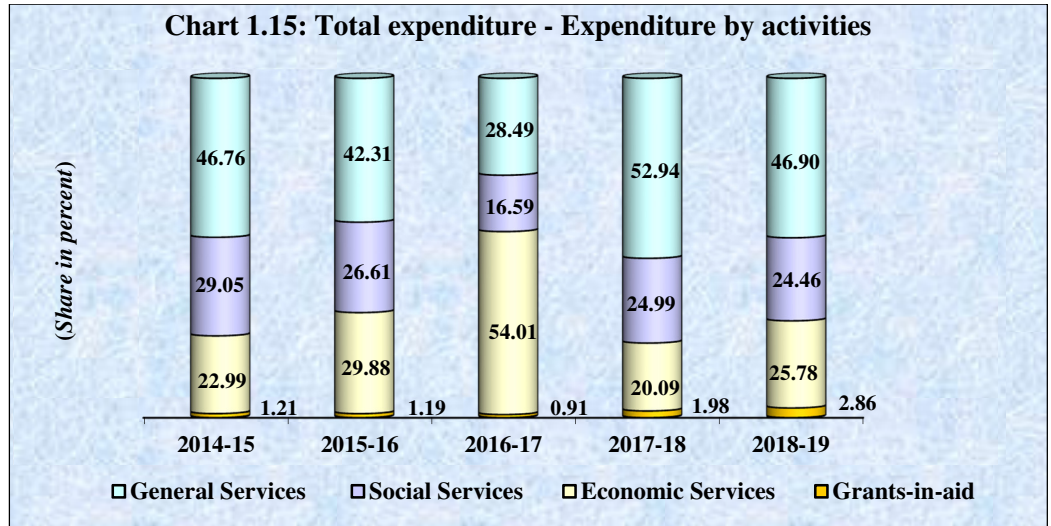
The revenue expenditure increased by ₹28,790 crore (61.76 per cent) from ₹46,614 crore in 2014-15 to ₹75,404 crore in 2018-19. It increased at an annual average growth rate of 12.69 per cent, whereas as percentage of GSDP, it ranged between 12.84 per cent and 14.45 per cent during the period 2014-19.

The revenue expenditure increased by ₹12,939 crore (20.71 per cent) from ₹62,465 crore in 2017-18 to ₹75,404 crore in 2018-19. The overall increase is the result of significant increase mainly under the Heads-Crop Husbandry (₹4,773.43 crore: 75.55 per cent), Miscellaneous General Services (₹966.13 crore: 148.93 per cent), Compensation and assignments to local bodies and Panchayati Raj Institutions (₹963.46 crore: 74.04 per cent), Social Security and Welfare (₹908.33 crore: 52.50 per cent), Power (₹879.07 crore: 66.71 per cent) and Industries (₹618.52 crore: 11,993.98 per cent. This included an amount of ₹241.41 crore transferred notionally to Punjab State Power Corporation Limited on account of subsidy given for rural electrification in the State). However, there was decrease in revenue expenditure mainly under Taxes on Sales, Trade, etc. (₹101.04 crore: 77.57 per cent). The sector-wise distribution of revenue expenditure is shown in Chart 1.14.



Source: Finance Accounts

During the current year, the capital expenditure increased marginally by ₹60 crore (2.55 per cent) over the previous year. Loans and Advances increased by ₹601 crore (79.08 per cent) mainly due to increase in loans to Government companies by ₹454 crore (73.83 per cent) over the previous year.



Source: Finance Accounts

**Chart 1.15** shows that the relative share of various components of expenditure in the total expenditure fluctuated during 2014-19. The share of general services in total expenditure increased from 46.76 per cent in 2014-15 to 46.90 per cent and that of economic services, it increased from 22.99 per cent to 25.78 per cent; whereas, the expenditure on social services in total expenditure decreased from 29.05 per cent to 24.46 per cent during the last five years. The development expenditure i.e. 'combined expenditure on social and economic services' too decreased from 52.04 per cent in 2014-15 to 50.24 per cent in 2018-19.

### 1.6.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.17** presents the trends in expenditure on these components during 2014-15 to 2018-19.

**Table 1.17: Components of committed expenditure**

(₹ in crore)

Components of committed expenditure	2014-15	2015-16	2016-17	2017-18	2018-19	
					BE	Actuals
Salaries and Wages	16,304 (42)	17,437 (42)	18,504 (39)	20,030 (38)	21,506 (29)	20,885# (34)
<i>Under Non-Plan Head</i>	15,615	17,032	17,959	0 <sup>14</sup>	0	0
<i>Under Plan Head*</i>	689	405	545	20,030	21,506	20,885
Interest Payments	8,960 (23)	9,782 (24)	11,642 (24)	15,334 (29)	16,260 (22)	16,306 (26)
Pensions	7,249 (19)	7,833 (19)	8,773 (18)	10,208 (19)	10,305 (14)	10,089 (16)
Subsidies	4,772 (12)	5,080 (12)	5,823 (12)	6,982 (13)	14,924 (20)	13,361 (21)
<b>Total Committed Expenditure</b>	<b>37,285</b>	<b>40,132</b>	<b>44,742</b>	<b>52,554</b>	<b>62,995</b>	<b>60,641</b>
<b>Total Revenue Expenditure</b>	<b>46,614</b>	<b>50,073</b>	<b>55,296</b>	<b>62,465</b>	<b>86,351</b>	<b>75,404</b>
<b>Total Committed Expenditure to Revenue Expenditure (per cent)</b>	<b>79.99</b>	<b>80.15</b>	<b>80.91</b>	<b>84.13</b>	<b>72.95</b>	<b>80.42</b>
<b>Revenue Receipts</b>	<b>39,023</b>	<b>41,523</b>	<b>47,985</b>	<b>53,010</b>	<b>73,812</b>	<b>62,269</b>

Source: Finance Accounts Figures in parenthesis indicate percentage to Revenue Receipts

# Salaries: ₹20,299.95 crore + Wages: ₹585.47 crore.

\*Plan Head includes centrally sponsored schemes.

<sup>14</sup> Non-plan and Plan grants merged with effect from 01 April 2017.



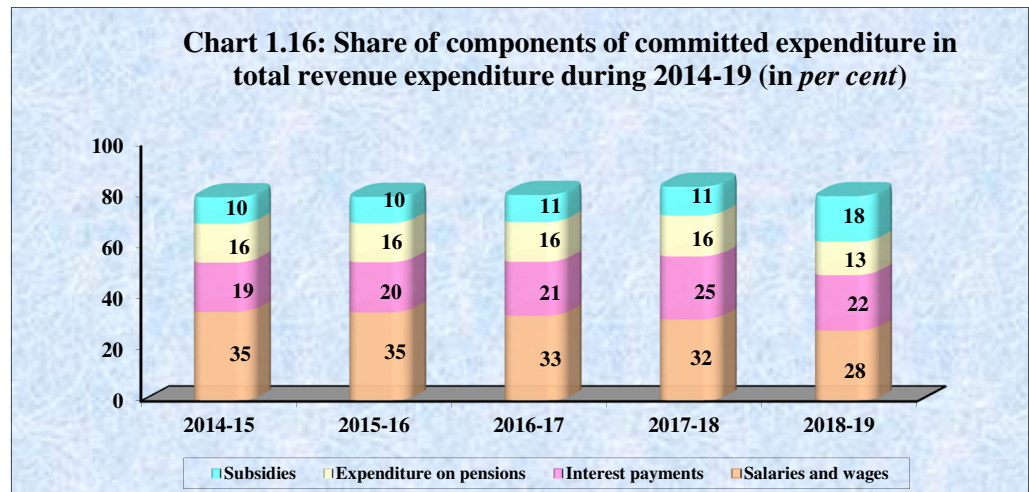
**Table 1.17** shows that the share of committed expenditure in total revenue expenditure was very high-around 80 *per cent*. During 2018-19, it accounted for 80.42 *per cent* of the total revenue expenditure.

**Table 1.18** presents the targets of various components of committed expenditure *vis-à-vis* actuals during 2018-19.

**Table 1.18: Committed expenditure *vis-à-vis* targets during 2018-19**

Component	FFC	2018-19	
		BE	Actuals
Salaries	--	20,900	20,300
Interest payments	12,696	16,260	16,306
Pensions	10,082	10,305	10,089
Subsidies	--	14,924	13,361
<i>Of which Power Subsidy</i>	--	12,950 (87)	8,435 (63)

Source: Report of FFC, Annual Financial Statement and Finance Accounts  
Figures in parenthesis indicate percentage of power subsidy to total subsidy



Source: Finance Accounts

### 1.6.2.1 Salaries

**Table 1.17** shows that during 2018-19, expenditure on salaries and wages marginally increased by ₹855 crore (four *per cent*) over the previous year. Actuals of salaries almost met the budget estimates, as it was only three *per cent* less than the budget estimates during the current year. It accounted for 34 *per cent* of revenue receipts. Committed expenditure on salaries and wages constituted 28 *per cent* of the revenue expenditure (**Chart 1.16**).

### 1.6.2.2 Interest payments

**Table 1.17** shows that during the period from 2014-15 to 2018-19, interest payments consumed 23 to 29 *per cent* of revenue receipts. Interest payments increased over the previous year by ₹972 crore (six *per cent*). These also exceeded the targets fixed by FFC and State Budget by ₹3,610 crore and ₹46 crore (**Table 1.18**) respectively. The committed expenditure on interest payments constituted 22 *per cent* of the revenue expenditure (**Chart 1.16**).

### 1.6.2.3 Pension payments

**Table 1.17** shows that during 2018-19, pension payments recorded a marginal decrease of ₹119 crore (1.17 per cent) over the previous year. Pension payment exceeded the projections of FFC only by ₹ seven crore (0.07 per cent) while the same remained less than the budget estimates by ₹216 crore (2.10 per cent). The committed expenditure on pension payments constituted 13 per cent of the revenue expenditure (**Chart 1.16**).

#### (i) Defined Contribution Pension Scheme

The State Government introduced a Defined Contribution Pension Scheme (DCPS) in December 2006 to cover employees, who entered Punjab Government Service<sup>15</sup> on or after 1 January 2004. Under the scheme, contribution at the rate of 10 per cent of the basic pay plus Dearness Allowance was to be recovered from the salary of the employees as employee's share, which, after adding matching Government's contribution, was to be invested in a pension fund regulated by Pension Fund Regulatory and Development Authority (PFRDA).

Though the State Government implemented DCPS with effect from January 2004, it started deducting the contribution from employees largely with effect from April 2008<sup>16</sup>. The arrears of employees' share for the period from January 2004 to March 2008 was also deducted in 36 installments from April 2008 to March 2011. Though the State Government started receiving the contribution from 2008-09, it started transferring the same to Pension Fund from 2010-11 onwards.

Under the Defined Contribution Pension Scheme, during 2018-19, against the balance of ₹801.71 crore lying in the Public Account, the State Government transferred only ₹618.34 crore to NSDL/Trustee Bank from fund, leaving a balance of ₹183.37 crore as on 31 March 2019, which could not be transferred to the fund managers for want of complete particulars of the employees. The State Government is liable to pay interest on delayed transfer of NPS balances at the corresponding interest rates applicable to the General Provident Fund subscribers. However, no interest has been paid by the State Government for the period from 2011-12 to 2018-19 on the fund balance which could not be transferred to NSDL/Trustee Bank within the stipulated period. Thus, the State Government has created interest liability on the amount not transferred to NSDL; incorrectly used the funds that belong to its employees and created uncertainty in respect of benefits due to the employees affected, thus leading to possible failure of the scheme itself.

The details of the receipts from employees' share, Government's contribution, interest accrued thereon and investment in Pension Fund are given in **Table 1.19**.

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<sup>15</sup> For categories mentioned in Rule 1.2 of Punjab Civil Service Rules, Volume-I Part-I.

<sup>16</sup> Meagre amount of ₹ 0.59 crore was collected during 2006-08.

**Table 1.19: Details of contribution and investment under NPS***(₹ in crore)*

Year	Receipts				Disbursement (Transferred to Pension Fund)	Short transfer (-)/ Excess transfer (+)
	Employees' share	Government contribution	Interest	Total		
1	2	3	4	5 (2+3+4)	6	7 (6-5)
2008-09	38.76*	33.60	0.00	72.36	0.00	(-)72.36
2009-10	45.38	36.26	0.00	81.64	0.00	(-)81.64
2010-11	54.19	51.90	26.86	132.95	2.33	(-)130.62
2011-12	79.19	85.00	22.45	186.64	26.45	(-)160.19
2012-13	181.48	196.78	24.01	402.27	286.17	(-)116.10
2013-14	242.81	230.00	22.78	495.59	481.53	(-)14.06
2014-15	282.86	290.00	21.35	594.21	804.90	(+)210.69
2015-16	389.39	390.00	18.48	797.87	902.69	(+)104.82
2016-17	436.28	435.81	17.19	889.28	957.69	(+)68.41
2017-18	532.59	520.55	15.55	1,068.69	1,058.51	(-)10.18
2018-19	585.78	584.94	14.70	1,185.42	1,203.28	(+)17.86
<b>Total</b>	<b>2,868.71</b>	<b>2,854.84</b>	<b>183.37</b>	<b>5,906.92*</b>	<b>5,723.55</b>	<b>(-)183.37</b>

Source: Finance Accounts

\* Includes amount ₹0.59 crore collected/received during the period 2006-08 which was yet to be transferred to Pension Fund as on 01.04.2008.

During the period 2008-19, against total receipts of ₹5,906.92 crore (employees' share: ₹2,868.71 crore, State Government contribution: ₹2,854.84 crore and interest: ₹183.37 crore), amount of ₹5,723.55 crore was transferred to the Pension Fund. Thus, there was short transfer of ₹183.37 crore, which is a deferred liability of the State Government.

Due to delay in release of Government's contribution and transfer to Pension Fund, the State Government had to suffer an avoidable interest of ₹183.37 crore, of which only ₹10.83 crore has so far been transferred to the Pension Fund.

The Government may credit the outstanding amount along with interest at a rate which should not be less than GPF rate.

#### **1.6.2.4 Subsidies**

**Table 1.17** shows that the subsidies during the current year rose by ₹6,379 crore (91.36 per cent) over the previous year, which was mainly due to increase of ₹3,890 crore in subsidy payment on debt relief to farmers, ₹930 crore on rural electrification, ₹927 crore on power subsidy to farmers and ₹618 crore incentive under various industrial policies. The committed expenditure on subsidies constituted 18 per cent of the revenue expenditure (**Chart 1.16**).

##### **(i) Power subsidy**

Subsidies constituted 13 to 22 per cent of the total committed expenditure of the State Government on revenue account. Of these, power subsidy accounted for 63 to 97 per cent of the total subsidy during 2014-19, as detailed in **Table 1.20**.

**Table 1.20: Impact of power subsidy on fiscal position of the State***(₹ in crore)*

Year	Total subsidy	Power subsidy (percentage to total subsidy)	Power subsidy to farmers (percentage to power subsidy)	Power subsidy to PSPCL for rural electrification (percentage to power subsidy)	Revenue Deficit (percentage of power subsidy to revenue deficit)	Net borrowings <sup>#</sup> available for revenue expenditure (percentage of power subsidy to net available borrowings)
2014-15	4,772	4,642 (97)	2,137 (46)	2,505 (54)	7,591 (61)	6,596 (70)
2015-16	5,080	4,847 (95)	4,337 (89)	510 (11)	8,550 (57)	7,567 (64)
2016-17	5,823	5,601 (96)	3,986 (71)	1,615 (29)	7,311 (77)	18,977 (30)
2017-18	6,982	6,578 (94)	5,402 (82)	1,176 (18)	9,455 (70)	9,748 (67)
2018-19	13,361	8,435 (63)	6,329 (75)	2,106 (25)	13,135 (64)	13,230 (64)

Source: Finance Accounts

PSPCL = Punjab State Power Corporation Limited

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

During 2014-19, revenue deficit ranged between ₹7,311 crore and ₹13,135 crore and power subsidy constituted a significant portion of revenue deficit, which ranged between 57 and 77 per cent. As much as 30 to 70 per cent of the net borrowings available with the State for incurring revenue expenditure during this period were consumed for meeting power subsidy.

During 2018-19, power subsidy increased by ₹1,857 crore (28 per cent) over previous year, which was due to increase of power subsidy to Agriculture Sector (Farmers) by ₹927 crore and ₹930 crore to PSPCL for rural electrification. The power subsidy to farmers decreased from 82 per cent in 2017-18 to 75 per cent in 2018-19 of the total power subsidy, whereas in case of PSPCL (rural electrification), it increased from 18 per cent to 25 per cent during the same period.

**(ii) Implicit subsidies**

Implicit subsidies arise when the Government provides social and economic goods/services at a price lesser than the cost of goods and services incurred by the Government. It can be indirect or in kind or can be given as concessions. Some implicit subsidies extended during 2018-19 are detailed in the **Table 1.21**.

**Table 1.21: Details of implicit subsidies during the year 2018-19***(₹ in crore)*

Sr. No.	Scheme	Amount
1.	Ashirwaad scheme to Scheduled Castes girls/widows/divorcees and daughters of widows at the time of their marriage	84.24
2.	Reimbursement to Transport Department in respect of facility to physically handicapped and blind persons in Government/ Punjab Road Transport Corporation buses	11.87
3.	Reimbursement to Transport Department in lieu of free concessional travel facility to women above the age of 60 years in Government/ Punjab Road Transport Corporation buses	1.74
<b>Total</b>		<b>97.85</b>

Source: Detailed Appropriation Accounts



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

Assistance provided by way of grants and loans to the local bodies and other institutions during the period 2014-15 to 2018-19 is presented in **Table 1.22**.

**Table 1.22: Financial assistance to local bodies and other institutions**

Institutions	2014-15	2015-16	2016-17	2017-18	2018-19
Educational Institutions including Aided Schools, Aided Colleges, Universities, etc.	689.66	864.67	732.08	626.35	718.44
Urban Local Bodies including Municipal Corporations, Municipalities and Municipal Councils	302.77	336.17	475.50	1,091.64	1,747.28
Panchayati Raj Institutions including Zila Parishads, Panchayat Samitis and Gram Panchayats	790.54	719.36	544.97	230.36	530.18
Development agencies	1,107.74	422.39	220.13	297.86	372.61
Hospitals and other charitable institutions	266.91	107.97	85.43	100.71	99.34
<b>Total</b>	<b>3,157.62</b>	<b>2,450.56</b>	<b>2,058.11</b>	<b>2,346.92</b>	<b>3,467.85</b>
Assistance as percentage of RE	6.77	4.89	3.72	3.76	4.60

Source: Finance Accounts

During the current year, financial assistance to the local bodies and other institutions increased by ₹1,120.93 crore (47.76 per cent) over the previous year. The increase was mainly due to increase in assistance to Urban Local Bodies (₹655.64 crore: 60.06 per cent), Panchayati Raj Institutions (₹299.82 crore: 130.15 per cent) and Development Agencies (₹74.75 crore: 25.10 per cent). The overall quantum of financial assistance to the local bodies and other institutions as percentage to revenue expenditure marginally increased to 4.60 per cent during the current year from 3.76 per cent of the previous year.

## 1.7 Quality of expenditure

Availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. Improvement in the quality of expenditure basically involves three aspects, viz. adequacy of the expenditure (i.e. adequate provision for providing public services); efficiency of expenditure (use) and its effectiveness (assessment of outlay-outcome relationships for selected services).

### 1.7.1 Adequacy of public expenditure

Enhancement of human development levels requires States to step up their expenditure on key social services like education, health, etc. Fiscal priority<sup>17</sup> of the State Government with regard to development expenditure, expenditure on social and economic sector and capital expenditure, etc. is shown in **Table 1.23**.

<sup>17</sup> Ratio of expenditure in that category to Aggregate Expenditure (AE).

**Table 1.23: Fiscal priority of the State in 2014-15 and 2018-19**

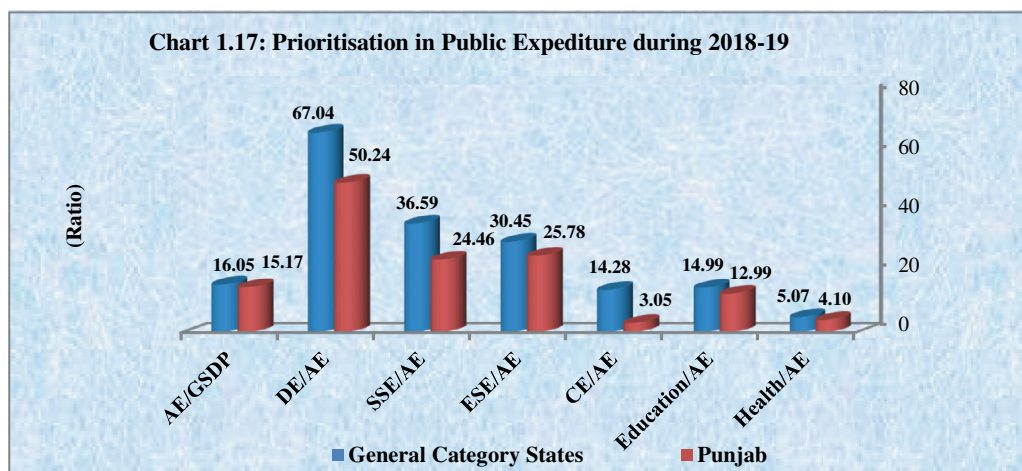
(In per cent)

Fiscal Priority of the State (Ratio)	AE/GSDP	DE/AE	SSE/AE	ESE/AE	CE/AE	Education*/AE	Health/AE
<b>General Category States Average 2014-15</b>	15.99	68.51	36.15	32.36	14.02	16.54	4.92
<b>Punjab 2014-15</b>	14.08	52.04	29.05	22.99	6.24	15.25	4.73
<b>General Category States Average 2018-19</b>	16.05	67.04	36.59	30.45	14.28	14.99	5.07
<b>Punjab 2018-19</b>	15.17	50.24	24.46	25.78	3.05	12.99	4.10

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

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

\*Expenditure on Education includes expenditure on Sports, Art and Culture.



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

**Table 1.23** shows that:

- The State Government's aggregate expenditure as proportion of GSDP, increased from 14.08 per cent in 2014-15 to 15.17 per cent in 2018-19 whereas for General Category States (GCS) it increased from 15.99 per cent to 16.05 per cent during the same period.
- Development expenditure<sup>18</sup> refers to the expenditure on social and economic sector. Increased priority to development expenditure results in better human and physical asset formation which has potential for further increasing the growth prospects of the State. In Punjab, the ratio of development expenditure to aggregate expenditure has been lower than the GCS average. This ratio decreased from 52.04 per cent in 2014-15 to 50.24 per cent in 2018-19, whereas for GCS from 68.51 per cent in 2014-15 to 67.04 per cent in 2018-19.
- The ratio of social sector expenditure incurred by the State to aggregate expenditure decreased from 29.05 per cent in 2014-15 to 24.46 per cent in 2018-19. The corresponding GCS average figures were 36.15 per cent and 36.59 per cent.
- The ratio of State's economic sector expenditure to aggregate expenditure increased from 22.99 per cent in 2014-15 to 25.78 per cent in 2018-19, whereas for GCS, it decreased from 32.36 per cent in 2014-15 to 30.45 per cent in 2018-19.

<sup>18</sup> Please refer the glossary (Appendix 4.1).

- Capital expenditure facilitates asset creation which generates opportunities for higher growth. The ratio of capital expenditure to aggregate expenditure was far below the GCS average during the period 2014-15 and 2018-19. The GCS average of capital expenditure to aggregate expenditure increased from 14.02 *per cent* in 2014-15 to 14.28 *per cent* in 2018-19. However, this ratio declined in Punjab from the already low level of 6.24 *per cent* in 2014-15 to 3.05 *per cent* in 2018-19.
- The ratio of expenditure on education to the aggregate expenditure in Punjab came down from 15.25 *per cent* in 2014-15 to 12.99 *per cent* in 2018-19. The GCS average also exhibited a decrease from 16.54 *per cent* to 14.99 *per cent* during the same period.
- The ratio of expenditure on health to aggregate expenditure in Punjab decreased from the already low level of 4.73 *per cent* to 4.10 *per cent* during the period 2014-15 and 2018-19, whereas it showed an increase in GCS average from 4.92 *per cent* to 5.07 *per cent* during the same period.

The Government may consider according higher priority to asset creation by increasing level of capital expenditure and raising the outlay on social services, education and health for enhancing the level of human development.

### 1.7.2 Efficiency of public expenditure

In view of the importance of development expenditure for bringing about social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods<sup>19</sup>. Apart from increasing the allocation of funds towards development expenditure, the efficiency of expenditure is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent in operation and maintenance of the existing social and economic services. The higher the ratio of capital expenditure to total expenditure (and/or GSDP) better would be the quality of expenditure. While **Table 1.24** presents the proportion of capital expenditure in various sectors during the year 2018-19, **Table 1.25** presents the composition and trends of development expenditure relative to the aggregate expenditure of the State during the period 2014-19.

**Table 1.24: Expenditure incurred in various sectors**

(₹ in crore)

Sector	Total expenditure	Capital expenditure	Capital expenditure as per cent of total expenditure
General Services	37,133.90	169.34	0.46
Social Services	19,367.62	1,047.25	5.41
Economic Services	20,410.81	1,195.65	5.86

Source: Calculated on the basis of Finance Accounts

<sup>19</sup> Please refer the glossary (Appendix 4.1).

**Table 1.25: Development expenditure**

(₹ in crore)

Components of Development expenditure	2014-15	2015-16	2016-17	2017-18	2018-19	
					BE	Actuals
<b>Total Development expenditure (a to c)</b>	<b>26,019</b> (52.04)	<b>33,388</b> (56.49)	<b>71,310</b> (70.60)	<b>29,558</b> (45.08)	<b>50,938</b> (61.19)	<b>39,778</b> (50.24)
a. Development revenue expenditure	22,967 (45.93)	24,654 (41.71)	25,890 (25.63)	26,664 (40.66)	44,032 (52.89)	36,208 (45.73)
b. Development capital expenditure	2,866 (5.73)	2,806 (4.75)	4,097 (4.06)	2,172 (3.31)	6,107 (7.34)	2,243 (2.83)
c. Development loans and advances	186 (0.37)	5,928 (10.03)	41,323 (40.91)	722 (1.10)	799 (0.96)	1,327 (1.68)

Source: Calculated on the basis of Finance Accounts and Annual Financial Statement 2018-19  
Figures in parenthesis indicate percentage to Aggregate Expenditure

**Table 1.25** shows that the total development expenditure increased by ₹13,759 crore (52.88 per cent) from 2014-15 to 2018-19 though it increased by ₹10,220 crore (34.58 per cent) during the current year over the previous year. However, the total development expenditure was less by ₹11,160 crore (21.91 per cent) when compared to the budget estimates of the State for the year 2018-19.

The development revenue expenditure increased from ₹22,967 crore in 2014-15 to ₹36,208 crore in 2018-19. It increased by ₹9,545 crore (35.80 per cent) during the current year over the previous year.

The development capital expenditure decreased from ₹2,866 crore in 2014-15 to ₹2,243 crore in 2018-19. It is only 2.83 per cent of aggregate expenditure (₹79,177 crore) in the current year whereas it was 5.73 per cent in 2014-15.

By including one-time transactions of disbursement of loan of ₹29,920 crore for settlement of Legacy Cash Credit Accounts for food procurement operations and taking over debts of ₹10,031 crore of DISCOMs under UDAY, the expenditure on development loans and advances had increased manifold from ₹186 crore in 2014-15 to ₹41,323 crore in 2016-17, else it would have been ₹1,372 crore. The same was ₹722 crore and ₹1,327 crore during the years 2017-18 and 2018-19 respectively.

During 2018-19, loans and advances for development purposes increased by ₹605 crore (83.80 per cent) over the previous year mainly due to increase in loans to Government companies by ₹454 crore (73.83 per cent).

**Table 1.26: Efficiency of expenditure on selected Social and Economic Services vis-à-vis respective total expenditure**

(in per cent)

Social/Economic Infrastructure	2017-18		2018-19	
	Ratio of CE to TE	In RE, the share of	Ratio of CE to TE	In RE, the share of
		S & W		S & W
<b>Social Services (SS) expenditure on major components</b>				
General Education	0.49	76.27	0.82	75.31
Health and Family Welfare	0.05	68.69	3.10	61.00
Water Supply, Sanitation & Housing and Urban development	51.82	48.45	44.04	39.11
<b>Total SS</b>	<b>6.48</b>	<b>72.91</b>	<b>6.32</b>	<b>69.56</b>

Social/Economic Infrastructure	2017-18		2018-19	
	Ratio of CE to TE	In RE, the share of	Ratio of CE to TE	In RE, the share of
		S & W		S & W
<b>Economic Services(ES) expenditure on major components</b>				
Agriculture & Allied Activities	1.43	10.86	0.65	5.69
Irrigation and Flood Control	21.03	78.34	17.77	76.73
Power & Energy	0.17	0.60	0.00	0.00
Transport	55.00	33.97	41.02	24.54
<b>Total ES</b>	<b>9.45</b>	<b>18.29</b>	<b>17.40</b>	<b>10.83</b>
<b>Total (SS + ES)</b>	<b>7.86</b>	<b>47.96</b>	<b>9.07</b>	<b>37.69</b>
<i>TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&amp;W: Salaries and Wages.</i>				

Source: Calculated on the basis of Finance Accounts

**Table 1.26** shows that in 2018-19, the ratio of capital expenditure (CE) to the total expenditure (TE) decreased by 0.16 percentage points on the social services (SS), whereas it increased by 7.95 percentage points on economic services (ES) over the previous year.

The share of salaries and wages components in revenue expenditure on SS decreased from 72.91 *per cent* to 69.56 *per cent* and on ES, it decreased from 18.29 *per cent* to 10.83 *per cent* during the current year over the previous year.

The combined ratio of CE to TE on SS and ES increased by 1.21 percentage points during 2018-19 over the previous year and the share of salaries and wages in revenue expenditure on SS and ES decreased from 47.96 *per cent* to 37.69 *per cent*.

### 1.7.3 Cesses imposed by State Government

The State Government imposed various cesses for meeting expenditure for specific purposes. Status of some of the major cesses imposed by the State Government is as under:

#### (i) Cultural Cess

The State Government imposed (April 2013) a cultural cess at the rate of one *per cent* on construction cost of roads, bridges, flyovers, road over bridges/road under bridges, etc. costing more than ₹50 crore (revised to ₹15 crore with effect from December 2013) under the Punjab Ancient, Historical Monuments, Archaeological Sites and Cultural Heritage Maintenance Board Act, 2013. The proceeds of the cess were to be credited by the concerned agencies directly into the Consolidated Fund of the State (CFS). The cess so collected was to be released by the State Government under the Plan Scheme to the Board established under the Act for meeting expenditure on:

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

During the period 2013-19, the State collected ₹288.93 crore<sup>20</sup> on account of cultural cess. Of these, the O/o the Director, Cultural Affairs, Archaeology and Museums, Punjab, the head of which is a member secretary of the Board, spent ₹335.90 crore<sup>21</sup> for meeting the intended expenses. The excess expenditure of ₹46.97 crore was contributed by the State Government out of its own budget.

**(ii) Social Infrastructure Cess**

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

The Department of Revenue and Rehabilitation collected ₹231.29 crore during 2018-19 on account of social infrastructure cess. Reply of the Finance Department regarding amount expended was awaited (June 2020). Thus, Audit could not ascertain as to whether the cess collection was utilized for the intended purpose.

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

The Building and Other Construction Workers' (Regulation of Employment and Condition of Service) Act, 1996 and the Building and Other Construction Workers' Welfare Cess Act, 1996 provide that in order to provide basic amenities and welfare facilities to workers engaged in construction activities, the State Government shall collect a cess on the cost of construction incurred by an employer at the rates notified by the Central Government and deposit it with the Board constituted for carrying out the welfare schemes for construction workers. The State Government instructed (November 2008) all the heads of the Departments/Boards/Autonomous Bodies/Local Authorities to collect cess at the rate of one *per cent* of cost of construction, as notified (September 1996) by the Central Government, and deposit it with the Punjab Building and Other Construction Workers' Welfare Board.

The cess so collected was required to be spent for the social security schemes and welfare measures adopted by the Board for the benefit of building and other construction workers in the State. The amount of cess collected by various departments could not be ascertained. However, the details of cess available with the Board and expenditure incurred therefrom are given in the **Table 1.27**.

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<sup>20</sup> 2013-14: ₹39.14 crore; 2014-15: ₹47.32 crore; 2015-16: ₹88.57 crore; 2016-17: ₹94.08 crore; 2017-18: ₹7.80 crore; and 2018-19: ₹12.02 crore.

<sup>21</sup> 2013-14: ₹5.80 crore; 2014-15: ₹69.48 crore; 2015-16: ₹78.87 crore 2016-17: ₹109.25 crore; 2017-18: ₹24.50 crore and 2018-19: ₹48 crore.



**Table 1.27: Details of cess available and its utilisation***(₹ in crore)*

Year	Actual receipts				Actual expenditure		
	Cess available	Beneficiaries contribution	Interest earned	Total receipts	Administrative expenditure	Expenditure on schemes	Total expenditure
2009-10	37.68*	0.13	0.69	38.50	1.28	--	1.28
2010-11	92.69	0.00	2.98	95.67	1.06	0.14	1.20
2011-12	112.95	0.02	4.92	117.89	1.47	1.15	2.62
2012-13	122.03	0.87	25.92	148.82	1.34	1.23	2.57
2013-14	120.52	1.60	43.48	165.60	2.60	79.18	81.78
2014-15	155.49	1.90	47.50	204.89	3.43	61.73	65.16
2015-16	145.97	3.13	55.95	205.05	4.00	122.79	126.79
2016-17	201.16	5.23	55.51	261.90	4.89	164.39	169.28
2017-18	163.82	4.76	56.64	225.22	4.51	162.29	166.80
2018-19	176.98	7.13	67.38	251.49	4.08	74.69	78.77
<b>Total</b>	<b>1,329.29</b>	<b>24.77</b>	<b>360.97</b>	<b>1,715.03</b>	<b>28.66</b>	<b>667.59</b>	<b>696.25</b>

Source: Departmental figures

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

**Table 1.27** showed that against the available cess of ₹1,715.03 crore, the Board could utilize only ₹696.25 crore (40.60 per cent) (including administrative expenditure of ₹28.66 crore) during 2009-19 on the welfare activities, with the result that an unspent amount of ₹1,018.78 crore (59.40 per cent) was lying with the Board as on 31 March 2019.

## 1.8 Analysis of Government expenditure and investments

In the post-FRBM framework, the State is expected to not only keep its fiscal deficit (and borrowings) at low levels, but also meet its requirements under capital expenditure and investments including loans and advances. In addition, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital works undertaken by the State Government during the current year *vis-à-vis* the previous years.

### 1.8.1 Financial results of irrigation works

The financial results of nine<sup>22</sup> major irrigation projects involving a capital expenditure of ₹550.45 crore at the end of March 2019 showed that revenue realised from these projects during 2018-19 (₹17.52 crore) was only 3.18 per cent of the capital expenditure on these projects. This return was not sufficient to cover even the total working expenses and maintenance charges (₹407.97 crore) and interest charges (₹0.45 crore) during the year 2018-19. These projects suffered a net loss of ₹390.90 crore.

The State Government may compile working results of major irrigation projects to assess benefits of persistently heavy outlays in irrigation sector. These working results should guide future investments in the sector.

<sup>22</sup> (i) Upper Bari Doab Canal; (ii) Sirhind canal; (iii) Sutlej valley project (Eastern canal); (iv) Shah Nahar Canal Project; (v) Madhopur Beas Link Project; (vi) Harike Project; (vii) Installation of 96 tubewells in Shahkot block of Jalandhar district; (viii) Installation of 150 tubewells along main branch to augment irrigation supplies from Upper Bari Doab Canal tracts; and (ix) Installation of 108 tubewells in Mahilpur block of Hoshiarpur district.

**1.8.2 Incomplete projects**

The department-wise information pertaining to the incomplete projects (scheduled to be completed between 2008-09 and 2018-19) as on 31 March 2019 is given in the **Table 1.28**.

**Table 1.28: Department-wise profile of incomplete projects***(₹ in crore)*

Department	Number of incomplete Projects	Initial Budgeted Cost (No. of Projects)	Revised Total Cost of Projects	Expenditure during the year	Progressive expenditure
Public Works Department (B&R)	14	101.40 (13)	--	43.53	61.88
		35.19 (1)	51.99	10.98	21.62
Irrigation	34	2,594.26 (17)	--	71.90	706.09
		81.59 (17)	97.97	30.84	82.20
Water Supply and Sanitation	5	16.15 (2)	--	0.68	5.69
		17.97 (3)	20.39	0.00	14.85
<b>Total</b>	<b>53</b>	<b>2,846.56</b>		<b>157.93</b>	<b>892.33</b>

Source: Finance Accounts

Out of total 53 incomplete projects, 14 projects budgeted for ₹136.59 crore were in Public Works Department (B&R), 34 projects budgeted for ₹2,675.85 crore were in Irrigation Department and five projects budgeted for ₹34.12 crore were in Water Supply and Sanitation Department. The expenditure of ₹892.33 crore incurred on these 53 incomplete projects was yet to yield the intended benefits.

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

**1.8.3 Investment and return**

(i) The details of investment in share capital and return thereon during the period 2014-19 are given in **Table 1.29**.

**Table 1.29: Return on investment in share capital**

Investment/return/cost of borrowings	2014-15	2015-16	2016-17	2017-18	2018-19
Investment at the end of the year (₹ in crore)	3,977.48	4,064.56	4,091.32	4,189.27	4,263.25
Return*(₹ in crore)	1.48	1.46	3.88	4.45	4.24
Return*(per cent)	0.04	0.04	0.09	0.11	0.10
Average rate of interest on Government borrowings (per cent)	8.35	8.09	7.48	8.12	8.00
Difference between interest rate and return (per cent)	8.31	8.05	7.39	8.01	7.90
Difference between interest on Government borrowings and return on investment (₹ in crore) <sup>#</sup>	330.53	327.20	302.35	335.56	336.80

Source: Finance Accounts

\* on historical value

<sup>#</sup>  $\frac{\text{Investment at the end of the year} \times \text{Difference between interest rate and return}}{100}$

During 2018-19, the return on investment was ₹4.24 crore<sup>23</sup> (0.10 per cent)

<sup>23</sup> Co-operative Banks and Societies (₹ 0.02 crore), Joint Stock Companies (₹ 0.10 crore) and Government Companies (₹ 4.12 crore).



(based on historical cost and not on net present value basis). The return was only between 0.04 per cent and 0.11 per cent during 2014-19 while the average rate of interest paid by the State Government on its borrowings was between 7.48 per cent and 8.35 per cent during the same period. Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹1,632.44 crore.

(ii) The figures in respect of State Government equity, loans and guarantees outstanding as per records of State PSUs should ideally agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. However, this has not been done. The position in this regard as on 31 March 2019 is given in **Table 1.30 (a)**.

**Table 1.30(a): Equity, loans, guarantees outstanding as per Finance Accounts vis-a-vis records of PSUs**

(₹ in crore)

Particulars	Amount as per Finance Accounts	Amount as per records of PSUs	Difference for the year 2018-19	Differences recorded in the year 2017-18
Equity	3,604.23	7,746.57	(-)4,142.34	(-)4,240.32
Loans	42,057.67	39,913.28	2,144.39	1,891.64
Guarantees	12,673.55	12,518.16	155.39	49.82

Source: Finance Accounts and Information provided by PSUs

The above differences occurred in respect of 33 PSUs. The differences between the figures are persisting since last many years. The issue of reconciliation of differences has been taken up by the Principal Accountant General (Audit) Punjab with the PSUs and the Departments from time to time. Major differences in balances were observed in Punjab Water Resources Management and Development Corporation Limited, the State food-grains procuring agencies and the Power Sector Undertakings. The State Government and the respective PSUs should reconcile the differences in a time-bound manner.

(iii) During 2018-19, financial support of ₹1,498.09 crore by way of grants/subsidy was provided to five loss making PSUs whose accounts were in arrears, as detailed in **Table 1.30 (b)**.

**Table 1.30 (b): Financial support provided to loss making PSUs during 2018-19 whose accounts were in arrears**

(₹ in crore)

Sl. No.	Name of PSU	State	Centre	Total	Accumulated losses	Year for which accounts finalized
1.	Punjab State Grains Procurement Corporation Limited	0.00	1,251.76	1,251.76	(-) 3,497.86	2016-17
2.	Punjab Water Resources Management and Development Corporation Limited	150.14	0.00	150.14	(-) 181.57	2017-18
3.	Punjab Agri Export Corporation Limited	30.09	5.48	35.57	(-) 6.85	2017-18
4.	PEPSU Road Transport Corporation	55.62	0.00	55.62	(-) 390.58	2016-17
5.	Punjab Financial Corporation	5.00	0.00	5.00	(-) 258.92	2017-18
<b>Total</b>		<b>240.85</b>	<b>1,257.24</b>	<b>1,498.09</b>	<b>(-) 4,335.78</b>	

Source: Information provided by the respective PSUs

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

In addition to the investments in Co-operative Societies, Corporations and Companies, the State Government has also been providing loans and advances to many institutions/organizations. **Table 1.31** presents the position of outstanding loans and advances as on 31 March 2019 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

**Table 1.31: Position of loans and advances and interest received/paid by the State Government**

	(₹ in crore)				
Quantum of loans/interest receipts/cost of borrowings	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Balance of loans outstanding	2,482	2,615	8,299	49,482	50,169
Amount advanced during the year	270	5,968	41,364	760	1,361
Amount recovered during the year	137	218	181	73	849
Closing Balance of the loans outstanding	2,615	8,365	49,482	50,169	50,681
Interest received	55	30	1,131	1,339	1,341
Interest rate on Loans and Advances given by the Government	2.10	0.36	2.29	2.67	2.65
Rate of interest paid on outstanding borrowings of the Government	8.35	8.09	7.48	8.12	8.00
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	(-6.25)	(-7.73)	(-5.19)	(-5.45)	(-5.35)

Source: Finance Accounts

During 2018-19, amount of ₹1,361 crore was advanced as loans against ₹760 crore during previous year. The loans advanced during the current year included ₹1,069 crore<sup>24</sup> extended to five SPAs for clearing outstanding CCL. The Indian Government Accounting Standards-3 (IGAS-3) requires that loans sanctioned without specific terms and conditions should be specifically disclosed. However, disclosure in respect of loans advanced during 2018-19 (₹1,361 crore) could not be made as the requisite information was not provided by the State Government.

The total outstanding loans advanced by the State Government increased from ₹50,169 crore in 2017-18 to ₹50,681 crore in the year 2018-19. However, the recovery of outstanding loans declined from 5.5 *per cent* in 2014-15 to 0.1 *per cent* in 2017-18 and 1.7 *per cent* in 2018-19. During the current year the interest receipts increased by ₹ two crore (0.15 *per cent*) over the previous year. The interest received was only 2.65 *per cent* of the outstanding loans and advances during 2018-19.

The outstanding loans (₹50,681 crore) included the long term loans of ₹47,591 crore out of ₹48,425 crore advanced by the State Government for –

- clearing debts of Punjab State Power Corporation Limited (PSPCL) i.e. Punjab DISCOM in compliance with the implementation of Ujwal Discom Assurance Yojana (UDAY) during 2015-17 (₹15,628 crore);

<sup>24</sup> (i) Punjab State Civil Supplies Corporation Limited (PUNSUP) (₹354.57 crore); (ii) Punjab Agro Foodgrains Corporation: Limited (PAFC) (₹46.07 crore); (iii) Punjab State Co-operative Supply and Marketing Federation Limited (Markfed) (₹403.87 crore); (iv) Punjab Grains Procurement Corporation Limited (PUNGRAIN) (₹220.70 crore); and (v) Punjab State Warehousing Corporation (PSWC) (₹43.45 crore).

- one time settlement of Legacy Cash Credit Accounts for food procurement operations during 2016-17 (₹29,920 crore), of which ₹29,833 crore was outstanding; and
- clearing outstanding CCL extended afresh to five State Procurement Agencies (SPA) during 2016-19 (₹2,877 crore), of which ₹2,130 crore<sup>25</sup> was outstanding.

The loan of ₹15,628 crore extended to the Punjab DISCOM was not to be recovered as the State Government committed to convert the whole amount into grant-in-aid (₹11,728 crore) and equity (₹3,900 crore) during 2019-20, as discussed in paragraph 1.1.5.1, though the interest of ₹3,691 crore<sup>26</sup> on this account had been recovered during 2016-19.

Thus, against the total amount of ₹32,797 crore advanced for clearing old and fresh CCL to SPAs during 2016-19, recovery of ₹834 crore<sup>27</sup> had only been effected.

### 1.8.5 Cash balances and investment of cash balances

Comparative figures of cash balances and investment of cash balances for the years 2017-18 and 2018-19 are given in **Table 1.32**.

**Table 1.32: Details of cash balances and investment of cash balances**

		(₹ in crore)	
		Opening balance as on 1 April 2018	Closing balance as on 31 March 2019
<b>(A)</b>	<b>General Cash Balances</b>		
1.	Deposits with Reserve Bank of India	(-)74.95	20.10
2.	Investment held in the Cash balance Investment Account	0.04	468.56
	<b>Total (A)</b>	<b>(-)74.91</b>	<b>488.66</b>
<b>(B)</b>	<b>Other Cash Balances and Investments</b>		
1.	Cash with departmental officers viz. Forest and Public Works	562.40	835.21
2.	Permanent advances for contingent expenditure with departmental officers	0.26	0.26
3.	Investments of earmarked fund	0.70	0.70
	<b>Total (B)</b>	<b>563.36</b>	<b>836.17</b>
	<b>Total (A) and (B)</b>	<b>488.45</b>	<b>1,324.83</b>

Source: Finance Accounts

The closing cash balance at the end of the current year (₹1,324.83 crore) increased by ₹836.38 crore over the previous year (₹488.45 crore).

The cash balance included investment of ₹0.70 crore only from earmarked funds. During the year 2018-19, the State Government had to resort to

<sup>25</sup> Besides, ₹41 crore pertaining to the period prior 2010-11 was also outstanding from PUNSUP.

<sup>26</sup> 2016-17 (₹1,073 crore); 2017-18 (₹1,307 crore); and 2018-19 (₹1,311 crore).

<sup>27</sup> ₹87 crore (2017-18: ₹26 crore and 2018-19: ₹61 crore) against ₹29,920 crore; and ₹747 crore (2018-19) against ₹2,877 crore.

overdraft facility on 63 days. The Government was able to maintain a minimum cash balance of ₹1.56 crore for 132 days and had also to maintain the minimum balance by taking ordinary Ways and Means Advances (WMA) on 170 days during the year. The State had to pay ₹26.54 crore as interest on WMA during the year 2018-19.

During 2018-19, the State had an opening general cash balance of (-) ₹74.91 crore at the beginning of the year and Government borrowed ₹22,115 crore from open market for meeting its obligations. The general cash balance at the close of the year was ₹488.66 crore. The closing cash balance for the year 2018-19 was not even equal to the earmarked reserve funds of ₹6,402.59 crore which means that reserve funds were used for other than intended purpose.

### **1.8.6 Cash with divisional officers**

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

As per instructions (March 2015) of Finance Department, the Public Works (PWD) Drawing and Disbursing Officers (DDO) will keep funds of deposit works related to non-Government agencies under head '8443-Civil Deposits 108-PW Deposit'. The PWD DDOs can draw funds from their deposit accounts by presenting bills to the treasury under the same head of account. It was further directed that all bank accounts should be closed and unspent amounts kept under head '8671-Departmental Balances 101-Civil' should be remitted into Government account (under head '8443-Civil Deposits) by 31 March 2015 and no bank accounts would be operated w.e.f. April 2015.

In contravention of the instructions *ibid*, as on 31 March 2019, an amount of ₹835.21 crore was still lying in bank accounts under Major Head 8671-Departmental Balances with Departmental Officers' in 188 Public Works Divisions (**Appendix 1.7**). Of this, amount of ₹811.54 crore was lying in 637 bank accounts, ₹22.85 crore in cash chest and ₹0.82 crore cash-in-transit. These bank accounts remained operative as is evident from the transactions *viz.* ₹621.12 crore (credit) and ₹893.92 crore (debit) made during 2018-19. There were cash balances of ₹474.65 crore, ₹596.67 crore, ₹575.34 crore, ₹611.23 crore, ₹762.12 crore and ₹562.40 crore at the close of financial years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 respectively. Had these funds been deposited in the Government account (under head '8443-Civil Deposits), borrowings to this extent could have been avoided.

## **1.9 Assets and liabilities**

### **1.9.1 Growth and composition of assets and liabilities**

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts capture the fiscal liabilities and the assets created out of the expenditure incurred. **Appendix 1.3-Part B** gives an abstract of such liabilities and assets as on 31 March 2019, compared with the corresponding position as on 31 March 2018. The liabilities consist mainly of internal borrowings; loans and advances from GoI; and receipts from the

Public Account and Reserve Funds. The assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

In real terms, during 2018-19, the assets grew by ₹3,699.43 crore (3.83 per cent) whereas the liabilities increased by ₹16,834.06 crore (8.63 per cent) over the previous year. The ratio of Financial Assets to Liabilities declined to 47.29 per cent in 2018-19 from 49.47 per cent in the previous year.

### 1.9.2 Fiscal liabilities

Fiscal liabilities comprise Public Debt and Other Liabilities. The Public Debt consists of market loans, loans from banks/financial institutions, and loans and advances from GoI. The other liabilities include deposits under small savings scheme, provident funds and other deposits. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The trends in outstanding fiscal liabilities, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts of the State and State's own resources as also the buoyancy of fiscal liabilities with respect to revenue receipts parameters during the period 2014-19 are presented in **Table 1.33**.

**Table 1.33: Fiscal liabilities–Basic Parameters**

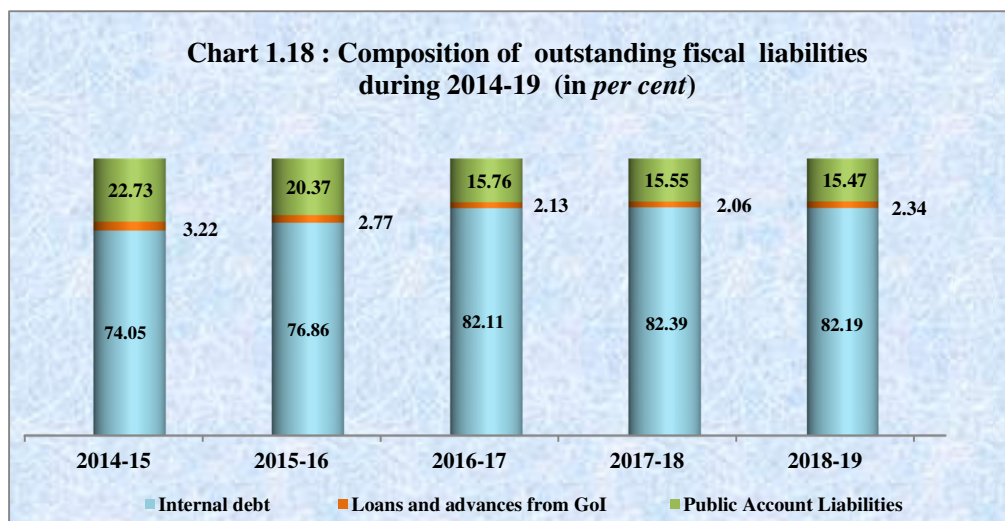
(₹ in crore)					
Components of Fiscal Liabilities	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Fiscal Liabilities (₹ in crore)</b>	<b>1,12,366</b>	<b>1,28,835</b>	<b>1,82,526</b>	<b>1,95,152</b>	<b>2,11,917</b>
<i>Rate of Growth (per cent)</i>	9.91	14.66	41.67	6.92	8.59
<b>Public Debt</b>	<b>86,818</b>	<b>1,02,589</b>	<b>1,53,773</b>	<b>1,64,803</b>	<b>1,79,130</b>
Internal debt	83,203	99,023	1,49,880	1,60,785	1,74,172
Loans and advances from the GoI	3,615	3,566	3,893	4,018	4,958
<b>Public Accounts Liabilities</b>	<b>25,548</b>	<b>26,246</b>	<b>28,753</b>	<b>30,349</b>	<b>32,787</b>
<b>Ratio of Fiscal liabilities to</b>					
<i>GSDP (per cent)</i>	31.64	33.03	42.75	40.73	40.61
<i>Revenue receipts (per cent)</i>	287.95	310.27	380.38	368.14	340.33
<i>Own resources (per cent)</i>	394.96	439.10	543.07	561.72	541.21
<b>Buoyancy of Fiscal liabilities to</b>					
Revenue receipts	0.89	2.29	2.68	0.66	0.49

Source: Finance Accounts

There was an increase of ₹16,765 crore (8.59 per cent) in fiscal liabilities during the current year over the previous year, which is attributed to increase of ₹14,327 crore (8.69 per cent) under Public debt and ₹2,438 crore (8.03 per cent) under public account liabilities.

- Public debt increased mainly on account of raising of interest bearing market loans of ₹17,053.48 crore which was partially offset by repayment of ₹1,801.47 crore under Special Securities issued to National Small Savings Fund of the Central Government.
- Public account liabilities increased due to increase of ₹1,263.82 crore in Small Savings, Provident Funds, etc. and ₹883.10 crore in Reserve Funds.

The composition of outstanding fiscal liabilities during the year 2014-15 to 2018-19 is presented in **Chart 1.18**.



Source: Finance Accounts

The overall fiscal liabilities of the State Government had been on the rise and it increased from ₹1,12,366 crore as on 31 March 2015 to ₹2,11,917 crore as on 31 March 2019. The internal debt accounted for 74.05 per cent of the fiscal liabilities in 2014-15 which increased to 82.19 per cent during 2018-19. During the current year, the Public Account Liabilities and Loans and advances from GoI accounted for 15.47 per cent and 2.34 per cent respectively of the fiscal liabilities.

At the end of the current year, the public debt liabilities (₹1,79,130 crore) comprised of internal debt of ₹1,74,172 crore and loans of ₹4,958 crore from GoI. The Public Account liabilities during the current year (₹32,787 crore) comprised of small savings, provident fund (₹22,994 crore) and interest bearing and non-interest bearing obligations<sup>28</sup> (₹9,793 crore). The total fiscal liabilities went up at an annual average growth rate of 16.35 per cent during the period 2014-15 to 2018-19.

### 1.9.3 Reserve Funds

Reserve Funds exist for specific and well-defined purpose and are fed by contributions or grants from the Consolidated Fund or from outside agencies. It comprises of interest bearing reserve funds and non-interest bearing reserve funds.

There were five Reserve Funds earmarked for specific purposes. At the beginning of 2018-19, Reserve Funds stood at ₹5,520.17 crore. There was addition of ₹923.82 crore and disbursement of ₹40.72 crore during the year leading to a closing balance of ₹6,403.27 crore, of which only ₹0.68 crore (0.01 per cent) had been invested.

<sup>28</sup> Reserve funds bearing interest (₹6,402 crore), Reserve funds not bearing interest (₹1 crore), Deposits bearing interest (₹808 crore) and Deposits not bearing interest (₹2,582 crore).



### 1.9.3.1 State Disaster Response Fund

The GoI, Ministry of Home Affairs constituted (September 2010) the State Disaster Response Fund (SDRF) at State level for providing immediate relief to the victims of natural calamities and issued guidelines for administration of this fund. In terms of the guidelines of SDRF (September 2010 and July 2015), the Centre and the State Governments were contributing to the Fund in the proportion of 75:25 (revised to 90:10 during 2018-19 and 2019-20). Further, paragraph 19 of the guidelines stipulates that the accretions to the SDRF together with the income earned on the investment of the SDRF is required to be invested in one or more of the instruments *viz.* (a) Central Government dated securities; (b) auctioned treasury bills; and (c) interest earning deposits and certificates of deposits with scheduled commercial banks.

As per Finance Accounts, as on 1 April 2018, ₹5,382.21 crore was lying in the SDRF. During the year 2018-19, ₹919.51 crore (₹321.99 crore as Centre share, ₹96.05 crore as State share, ₹16.64 crore towards refund of previous year's unspent balance lying with the Drawing and Disbursing Officers and ₹484.83 crore towards payment of interest by the State Government) were transferred to the Fund. An amount of ₹38.22 crore was spent from the Fund during the current year leaving a balance of ₹6,263.50 crore. The entire balance of ₹6,263.50 crore was lying un-invested in SDRF as on 31 March 2019, in violation of GoI guidelines *ibid.*

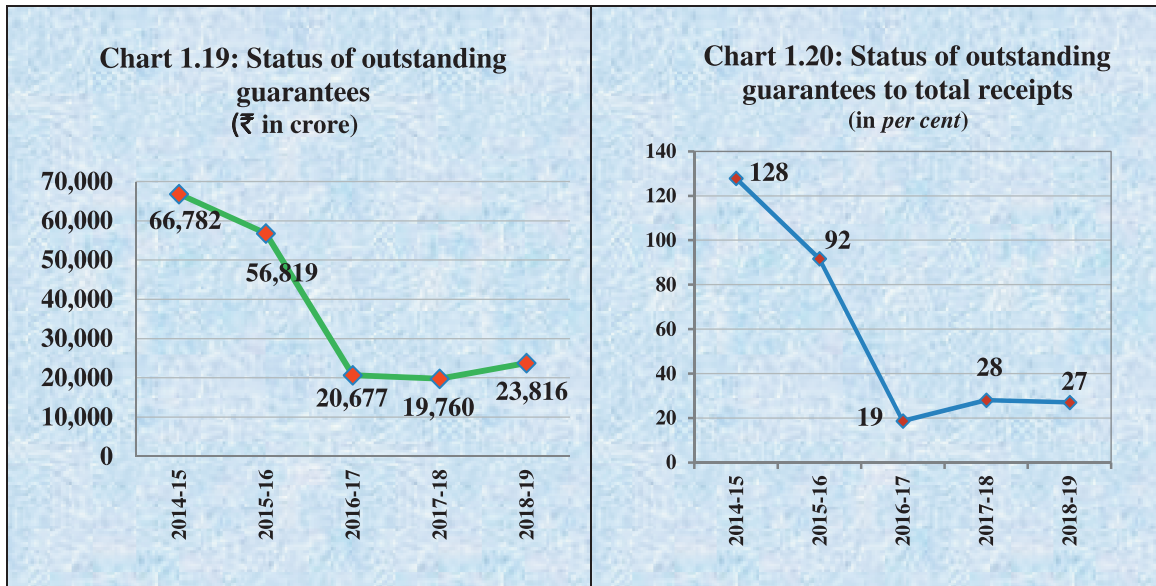
### 1.9.3.2 Consolidated Sinking Fund

The Government of Punjab constituted (December 2006) a Consolidated Sinking Fund with the objective to redeem its outstanding liabilities commencing from the financial year 2011-12. The State Government is to contribute every year minimum 0.50 *per cent* of the outstanding liabilities at the end of the previous financial year. Contribution to this Fund out of borrowings from the Reserve Bank is not permissible. As on 31 March 2018, the outstanding liabilities of the Government of Punjab were ₹1,95,152.45 crore. Accordingly, the State Government was required to contribute a minimum of ₹975.76 crore (0.50 *per cent*) during 2018-19. However, the State Government has not made the minimum contribution of ₹6,300.40 crore<sup>29</sup> during 2011-19 to the said Fund since its inception.

### 1.9.4 Status of guarantees

The State Government gives guarantees for repayments of loans raised by statutory corporations/boards, local bodies, cooperative banks and societies, etc. Guarantees, in case of defaults by borrowers for whom the guarantees have been extended, are liabilities contingent on the Consolidated Fund of the State. As per Statement 9 of the Finance Accounts, details of the guarantees and status of outstanding guarantees to total receipts for the last five years is given in **Chart 1.19 and Chart 1.20.**

<sup>29</sup> Up to 2015-16: ₹3,764.81 crore; 2016-17: ₹647.20 crore; 2017-18: ₹912.63 crore, and 2018-19; ₹975.76 crore.



Source: Finance Accounts

Note: Opening Balance differs from previous year's closing balance during the period 2013-14 to 2017-18. The matter has been referred to the State Government.

The outstanding guarantees for ₹23,816 crore as on 31 March 2019 was in respect of Power (₹10,495 crore); Co-operatives (₹1,945 crore); State Finance Companies/Corporations (₹815 crore); Food and Supplies (₹950 crore); and Others (₹9,611 crore).

The significant decrease in outstanding guarantees in 2016-17 over 2015-16 was mainly due to one-time settlement of ₹29,919.96 crore of cash credit account of state procuring agencies.

#### 1.9.4.1 Guarantee Redemption Fund

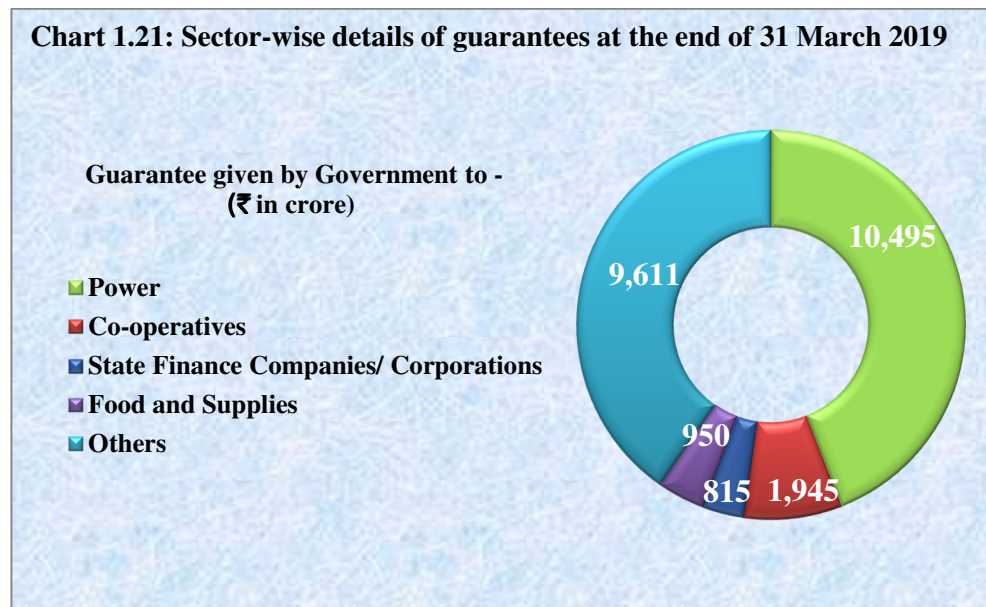
In terms of recommendation of the Twelfth Finance Commission, the State Government introduced the 'Guarantee Redemption Fund Scheme' (GRF) in December 2007 (revised on 8 January 2014 with effect from the financial year 2013-14) with the objective of meeting its obligations arising out of the guarantees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

Accordingly, the State Government was required to make a minimum contribution of ₹600.61 crore for the year 2013-14 (one per cent of outstanding guarantees of ₹60,061.25 crore at the end of 2012-13), ₹307.06 crore for the year 2014-15 (0.50 per cent of outstanding guarantee of ₹61,411 crore at the end of 2013-14), ₹333.91 crore for the year 2015-16 (0.50 per cent of outstanding guarantee of ₹66,782.36 crore at the end of 2014-15), ₹284.09 crore for the year 2016-17 (0.50 per cent of outstanding guarantee of ₹56,819 crore at the end of 2015-16).

The State Government has further revised the 'Guarantee Redemption Fund Scheme' on 23 October 2017 with effect from the financial year 2017-18.



In terms of the Scheme, State Government was required to make a minimum contribution of ₹206.77 crore for the year 2017-18 (1.00 per cent of outstanding guarantee of ₹20,676.88 crore at the end of 2016-17) and ₹98.80 crore for the year 2018-19 (0.50 per cent of outstanding guarantee of ₹19,760.46 crore at the end of 2017-18). Total amount required to be contributed to the Fund during the period 2013-19 works out to ₹1,831.24 crore. However, the State Government has not contributed anything to the Fund during this period. Non-contribution to GRF has also resulted in understatement of revenue expenditure by ₹98.80 crore during 2018-19 with consequent impact on revenue deficit and fiscal deficit of the State Government.



Source: Finance Accounts

The State Government may ensure that the contributions to Funds are made annually as stipulated for ensuring a firm funding stream for the purpose of the Funds.

## 1.10 Debt management

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

### 1.10.1 Debt profile of the State

#### (i) Growth of public debt and other liabilities

Total debt of the State Government constitutes internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.) and loans and advances from the Central Government.

**Table 1.34: Debt Growth Rate***(₹ in crore)*

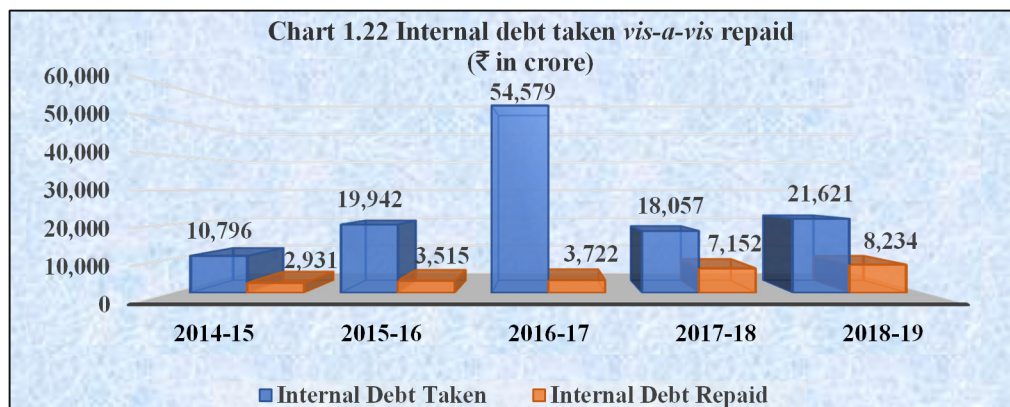
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>1. Internal debt (Percentage of internal debt to total public debt)</b>	<b>83,203</b> (96)	<b>99,023</b> (97)	<b>1,49,880</b> (97)	<b>1,60,785</b> (98)	<b>1,74,172</b> (97)
(i) Market Loans ( <i>Percentage of market loans to total public debt</i> )	58,003 (67)	67,202 (66)	79,346 (51)	92,694 (56)	1,09,748 (61)
(ii) Ways and Means Advances from RBI	0	0	268 (1)	703 (1)	(-2)
(iii) Loans from Financial Institutions	2,895 (3)	7,937 (8)	48,187 (31)	47,051 (29)	45,891 (26)
(iv) Special Securities issued to National Small Savings Fund (NSSF)	22,305 (26)	23,884 (23)	22,079 (14)	20,337 (12)	18,535 (10)
<b>2. Loans from Government of India</b>	<b>3,615</b> (4)	<b>3,566</b> (3)	<b>3,893</b> (3)	<b>4,018</b> (2)	<b>4,958</b> (3)
<b>Total public debt</b>	<b>86,818</b>	<b>1,02,589</b>	<b>1,53,773</b>	<b>1,64,803</b>	<b>1,79,130</b>
<b>Other liabilities*</b>	<b>25,548</b>	<b>26,246</b>	<b>28,753</b>	<b>30,349</b>	<b>32,787</b>
<b>Total debt</b>	<b>1,12,366</b>	<b>1,28,835</b>	<b>1,82,526</b>	<b>1,95,152</b>	<b>2,11,917</b>

Source: Finance Accounts Figures in parenthesis indicate percentage to public debt

\* Excludes balances under Suspense & Miscellaneous and Remittances.

During the period from 2014-15 to 2018-19, total public debt increased from ₹86,818 crore to ₹1,79,130 crore (106.33 per cent) which included outstanding long term loans raised by the State Government for (i) one time settlement of Legacy Cash Credit Accounts for food procurement operations during 2016-17 (₹28,235 crore out of ₹29,920 crore); and (ii) issuing of Bonds for clearing debts of Punjab State Power Corporation Limited (PSPCL) in compliance with the implementation of Ujwal Discom Assurance Yojana (UDAY) during 2015-16 (₹5,597 crore) and 2016-17 (₹10,031 crore).

During the current year, public debt increased by ₹14,327 crore (8.69 per cent) over the previous year. This increase was due to increase in internal debt by ₹13,387 crore (8.33 per cent) and loans from Central Government by ₹940 crore (23.40 per cent). The share of market borrowings in total public debt was between 51 to 67 per cent during 2014-19. Share of loans from financial institutions in total public debt decreased to 26 per cent in 2018-19 from 29 per cent in 2017-18.



Source: Finance Accounts

Internal debt of the State Government increased by ₹90,969 crore (109.33 per cent) from ₹83,203 crore in 2014-15 to ₹1,74,172 crore in 2018-19. An amount of ₹13,934 crore was paid towards interest on internal debt during 2018-19.

**(ii) Maturity profile of public debt**

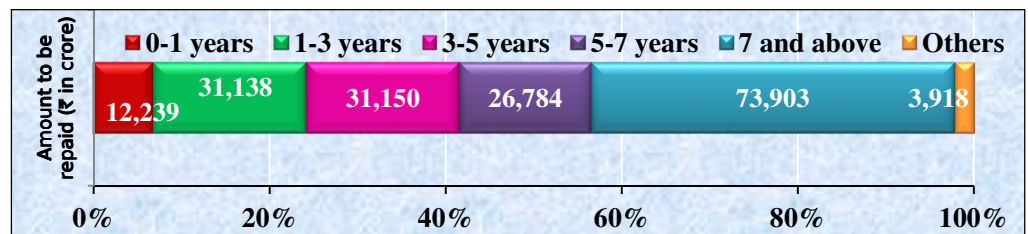
Debt maturity profile indicates commitment on the part of the Government for debt repayment or debt servicing.

**Table 1.35: Debt maturity profile of repayment of State debt as on 31 March 2019**

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	12,238.76	6.83
1 – 3	31,138.46	17.38
3 – 5	31,149.80	17.39
5 – 7	26,784.03	14.95
7 and above	73,902.98	41.26
Others <sup>30</sup>	3,918.04	2.19
<b>Total</b>	<b>1,79,132.07*</b>	<b>100.00</b>

Source: Calculated on the basis of Finance Accounts

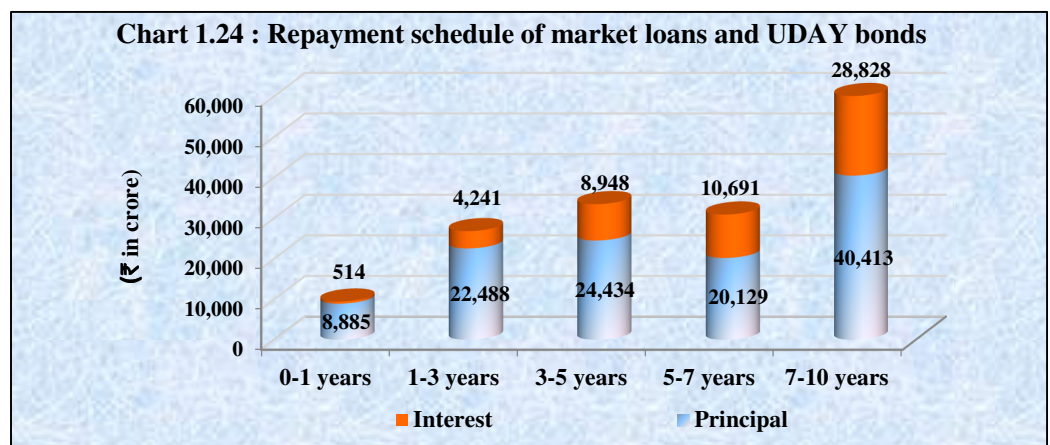
\*Excludes ₹(-) 1.64 crore on account of Ways and Means Advances that remained unpaid during the current year.

**Chart 1.23: Debt Maturity Profile**

Source: Finance Accounts

Table 1.35 indicates that the State Government has to repay 24.21 per cent (₹43,377 crore) of its debt within the next three years, 17.39 per cent (₹31,150 crore) between 3-5 years and 14.95 per cent (₹26,784 crore) between 5-7 years. It signifies that the State has to repay 56.55 per cent of its debt (₹1,01,311 crore) in the next seven years.

Repayment schedule of market loans (including UDAY bonds) along with interest has been given in Chart 1.24.



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

Note: The maturity profile has been evolved for outstanding market loans and UDAY bonds as on 31 March 2019 and interest has been calculated upto the financial year in which the loans are going to retire.

<sup>30</sup> Payment schedule of this amount is not maintained by office of the Accountant General (A&E), Punjab.

As on 31 March 2019, market loans (including UDAY bonds) along with interest amounting to ₹1,69,571 crore were due for repayment during next 10 years. The State will have to repay market loans (including UDAY bonds) of ₹69,510 crore (41 per cent) (₹55,807 crore as principal and ₹13,703 crore as interest) during the next five years i.e. up to 2023-24. Balance market loans (including UDAY bonds) of ₹1,00,061 crore (59 per cent) (₹60,542 crore as principal and ₹39,519 crore as interest) will have to be repaid in subsequent five years' period up to 2028-29. This means that in the next five years (2019-24), on an average, the State will have to make repayment of ₹13,902 crore annually of the market loans (including UDAY bonds), which will go up to ₹20,012 crore per year in subsequent period of five years (2024-29) from the current annual repayment of ₹14,500 crore.

The revenue receipts and revenue expenditure have grown at an annual average rate of 11.94 per cent and 12.04 per cent respectively in the past ten years. Applying these growth rates, the Revenue Deficit during 2019-20 works out to ₹12,329 crore. However, as the State is committed to convert UDAY bonds of ₹11,728 crore into grants-in-aid to State DISCOMs in 2019-20, the Revenue Deficit would increase to ₹24,057 crore. Borrowings during that year projected at the average annual growth rate of last ten years (14.81 per cent), would be ₹26,336 crore. After meeting the debt liability of ₹12,239 crore falling due for repayment in 2019-20, borrowed funds would fall short of meeting the revenue deficit by ₹9,960 crore. The State would thus have to resort to additional borrowings to meet its liabilities.

**Table1.36: Utilisation of borrowed funds**

(₹in crore)

Year	Total Borrowings	Repayment of earlier borrowings (Principal) (percentage)	Net capital expenditure (Percentage)	Net loans and advances (Percentage)	Portion of Revenue expenditure met out of net available borrowings (Percentage)
1	2	3	4	5	6=2-3-4-5
2014-15	32,922	23,075 (70)	3,118 (10)	133 (0)	6,596 (20)
2015-16	38,428	22,051 (57)	3,059 (8)	5,751 (15)	7,567 (20)
2016-17	91,180*	32,443 (35)	4,346 (5)	35,414 (39)	18,977 (21)
2017-18	47,757	34,970 (73)	2,352 (5)	687 (1)	9,748 (21)
2018-19	53,925	37,771 (70)	2,412 (4)	512 (1)	13,230 (25)

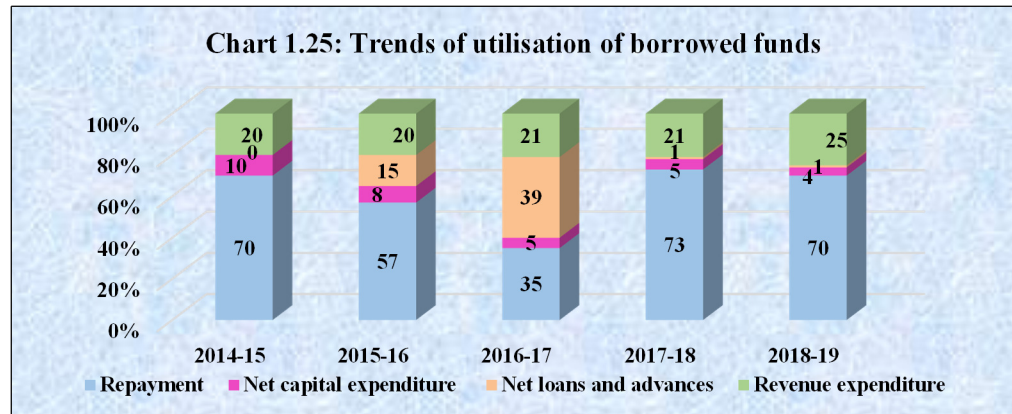
Source: Finance Accounts

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

**Table 1.36** shows that during 2014-15 to 2018-19, the State Government utilized 35-73 per cent of its current borrowings for repayment of earlier borrowings. Revenue expenditure met out of net available borrowings ranged between 20-25 per cent. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of capital creation/development activities.



Trend of utilization of borrowed funds during the period 2014-19 is depicted in **Chart 1.25**.



Source: Finance Accounts

### 1.10.2 Debt sustainability

Debt sustainability refers to the ability of the State to service its debt obligation in future. A falling debt/GSDP ratio can be considered as leading towards stability. The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. Analysis of variations in debt sustainability indicators is given in the **Table 1.37**.

**Table 1.37: Debt Sustainability: Indicators and Trends**

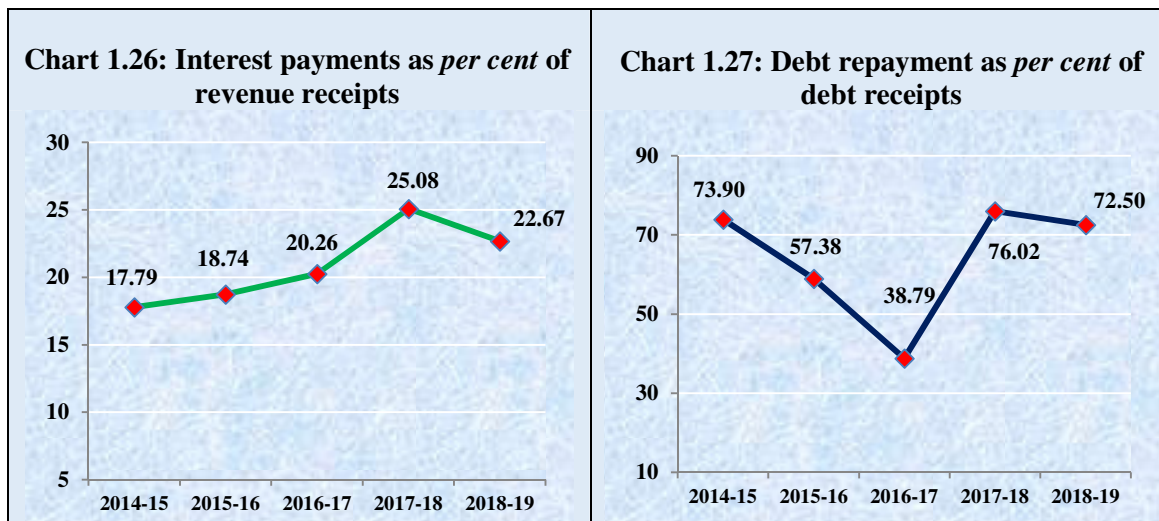
	(₹ in crore)				
Debt Sustainability	2014-15	2015-16	2016-17	2017-18	2018-19
Outstanding Public Debt*	86,818.03	1,02,589.32	1,53,773.15	1,64,802.98	1,79,130.45
Rate of Growth of Outstanding Public Debt (in per cent)	10.36	18.17	49.89	7.17	8.69
GSDP	3,55,102	3,90,087	4,26,988	4,79,141	5,21,861
Rate of Growth of GSDP (in per cent)	6.91	9.85	9.46	12.21	8.92
Public Debt to GSDP (in per cent)	24.45	26.30	36.01	34.40	34.33
Interest Payment	6,941	7,781	9,722	13,293	14,115
Average interest rate of Outstanding Public Debt (Interest Paid/OB of Public Debt+ CB of Public Debt/2)(in per cent)	8.39	8.22	7.58	8.35	8.21
Revenue Receipts	39,023	41,523	47,985	53,010	62,269
Percentage of Interest Payment to Revenue Receipts	17.79	18.74	20.26	25.08	22.67
Debt Repayment (including WMA)	23,075	22,051	32,443	34,970	37,771
Debt receipts (including WMA)	31,224	38,428	83,627	46,000	52,098
Percentage of Debt Repayment to Debt Receipts	73.90	57.38	38.79	76.02	72.50
Net Debt available to the State#	1,208	8,596	41,462	(-),2,263	212

Source: Finance Accounts

\* Outstanding Public Debt is the sum of outstanding balances under the Heads 6003-Internal Debt and 6004-Loans and Advances from the Central Government.

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

- Increase of interest payments at higher rate than the revenue receipts is not a good indicator of debt sustainability. The percentage of interest payments to revenue receipts has risen during 2014-19. It increased from 17.79 per cent in 2014-15 to 25.08 per cent in 2017-18 and then decreased to 22.67 per cent during the current year.



Source: Finance Accounts

- The percentage of debt repayments to debt receipts declined from 73.90 per cent in 2014-15 to 38.79 per cent in 2016-17. It increased to 76.02 per cent in 2017-18 and again decreased to 72.50 per cent in 2018-19.

An analysis on debt sustainability was carried out based on a study by E.D Domar<sup>31</sup> [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

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

$g-r$ (g - real economic growth rate; r - real interest rate)	$s < 0$ (primary deficit)	$s > 0$ (primary surplus)
$g-r > 0$ (strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than zero.	Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
$g-r < 0$ (slow economic growth)	Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.	Undefined situation.

<sup>31</sup> Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

The results of applying the analysis to Punjab is shown in **Table 1.38**.

**Table 1.38: Debt sustainability analysis based on Domar Model**

Year	Real Growth (g)	Real Interest (r)	g-r (Domar gap)	Primary Deficit (-)/ Surplus (s) (₹ in crore)	Remarks
2014-15	4.2	2.6	1.6	(-) 1,881	As g-r>0 and s<0; Public Debt as percentage of GSDP should converge to a stable level
2015-16	5.7	4.6	1.1	(-) 7,578	
2016-17	7.0	3.1	3.9	(-) 35,429	
2017-18	6.4	4.4	2.0	2,840	g-r>0 and s>0; Public Debt as percentage of GSDP should converge to a stable level less than zero leading to Public savings
2018-19	5.9	4.2	1.7	247	

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

Real Interest rate is the nominal interest rate adjusted for inflation.

The debt to GSDP ratio stood at 40.61 *per cent* and the fiscal deficit to GSDP ratio at 3.08 *per cent* in 2018-19. The corresponding Fourteenth Finance Commission (FFC) fiscal target of debt limit was 30.49 *per cent*, and fiscal deficit ceiling was 3.00 *per cent* of GSDP. The capital expenditure of the State has hovered between 3 and 6 *per cent* during 2014-19.

In the initial three years of the subject period i.e. 2014-15 to 2016-17, the State had primary deficit which later got converted to primary surplus in the years 2017-18 and 2018-19. Although the Domar gap (g-r) has not been registering a stable or steadily rising trend, it has remained positive during the entire period 2014-15 to 2018-19. Therefore, as per the Domar model, the public debt would converge to a stable level.

Sustainability of public debt was further analysed by using a model based on the guidelines established by Hamilton and Flavin (1986) which states that public debt is sustainable if the present value of the current and future primary expenses is not higher than the present value of the present and future income, net of any initial indebtedness. The formula established to assess the solvency is as under:-

$$\sum_{i=0}^{\infty} \frac{E_{t+i}}{\prod_{j=1}^i (1+r_{t+j})} \leq \sum_{i=0}^{\infty} \frac{Y_{t+i}}{\prod_{j=1}^i (1+r_{t+j})} - (1+r_t)D_{t-1}$$

Where :

$\sum E_{t+i}$  is the sum of current and future primary expenditure;

$\sum Y_{t+i}$  is the sum of current and future revenues;

D is the initial public debt stock;

$\prod (1+r_j)$  is the product of the discount rates of revenues and expenditure

**Table 1.39 (a)** shows the projections and analysis of present values (PV) of current and future primary expenditure and revenues (non-debt receipts); and debt stock (including interest) during the period 2019-20 to 2028-29. The projections of these indicators have been made using semi-log model of regression on the basis of trends during the last 12 years i.e. from 2007-08 to 2018-19. The PV of these indicators have been calculated using discount rate of 8.26 per cent<sup>32</sup>. Detailed calculations are given at *Appendix 1.8*.

**Table 1.39 (a): Debt sustainability based on the guidelines established by Hamilton and Flavin (1986) (taking into account discount rate of 8.26 per cent)**

(₹ in crore)

Year	Projected primary expenditure	Projected non-debt receipts	Projected outstanding public debt	PV of sum of current and future primary expenditure* ( $Et + i$ )	PV of sum of current and future non-debt receipts* ( $Yt + i$ )	PV of initial debt $(1+r)D_{t-1}$ , where $r = 8.26$ per cent	PV of current and future non-debt receipts net of initial debt	Sustainable  If $5 \leq 8$ , "Yes", otherwise "No"
1	2	3	4	5	6	7	8 (6-7)	9
<b>2018-19</b>	<b>62,871</b>	<b>63,118</b>	<b>1,79,130</b>					
2019-20	77,118	65,364	1,93,659	19,79,320	15,00,245	1,93,926	13,06,319	No
2020-21	86,267	72,338	2,20,903	20,65,694	15,58,800	2,09,656	13,49,145	No
2021-22	96,501	80,055	2,51,980	21,50,053	16,15,220	2,39,150	13,76,070	No
2022-23	1,07,949	88,595	2,87,429	22,31,147	16,68,582	2,72,794	13,95,788	No
2023-24	1,20,755	98,047	3,27,864	23,07,490	17,17,812	3,11,170	14,06,642	No
2024-25	1,35,081	1,08,506	3,73,988	23,77,333	17,61,657	3,54,946	14,06,711	No
2025-26	1,51,106	1,20,082	4,26,600	24,38,620	17,98,663	4,04,879	13,93,784	No
2026-27	1,69,032	1,32,893	4,86,614	24,88,944	18,27,151	4,61,838	13,65,313	No
2027-28	1,89,085	1,47,070	5,55,071	25,25,499	18,45,181	5,26,809	13,18,372	No
2028-29	2,11,516	1,62,759	6,33,159	25,45,020	18,50,523	6,00,920	12,49,603	No

Source: Calculated on the basis of actual figures appearing in the Finance Accounts for the years 2007-08 to 2018-19

\* Current and future expenditure and non-debt receipts have been taken for next 11-20 years for the period from 2019-20 to 2028-29.

Analysis of data in **Table 1.39(a)** revealed that the sum of current and future primary expenditure ( $Et + i$ ) (Column No. 5) is higher than the sum of current and future revenues i.e. non-debt receipts ( $Yt + i$ ), net of initial debt stock  $((1+r)D_{t-1})$  (Column No. 8), thereby making the debt unsustainable during next 10 years i.e. 2019-20 to 2028-29.

The analysis, as shown in **Table 1.39 (b)**, has been extended by factoring in interest rates of 2019-20 and first quarter of 2020-21 for reflecting changes in interest rate, particularly in the post COVID scenario. Interest rate has declined from 8 per cent in 2018-19 to 7 per cent in 2019-20 and further to 6.79 per cent in the first quarter of the current year. The discount rate for calculating the PV of the indicators has accordingly been taken as 8.06 per cent<sup>33</sup>.

<sup>32</sup> Average rate of interest paid on public debt for the last twelve years i.e. from 2007-08 to 2018-19.

<sup>33</sup> Average rate of interest paid on public debt from 2007-08 to 2019-20 and first quarter of 2020-21.



**Table 1.39 (b): Debt sustainability based on the guidelines established by Hamilton and Flavin (1986) (taking into account discount rate of 8.06 per cent)**

(₹ in crore)

Year	Projected primary expenditure	Projected non-debt receipts	Projected outstanding public debt	PV of sum of current and future primary expenditure* ( $E_t + i$ )	PV of sum of current and future non-debt receipts* ( $Y_t + i$ )	PV of initial debt $(1+r_t)D_{t-1}$ , where $r = 8.06$ per cent	PV of current and future non-debt receipts net of initial debt	Sustainable  If $5 \leq 8$ , "Yes", otherwise "No"
1	2	3	4	5	6	7	8 (6-7)	9
2018-19	62,871	63,118	1,79,130					
2019-20	77,118	65,364	1,93,659	20,22,276	15,31,808	1,93,568	13,38,240	No
2020-21	86,267	72,338	2,20,903	21,08,153	15,89,907	2,09,268	13,80,638	No
2021-22	96,501	80,055	2,51,980	21,91,803	16,45,716	2,38,708	14,07,007	No
2022-23	1,07,949	88,595	2,87,429	22,71,962	16,98,306	2,72,290	14,26,016	No
2023-24	1,20,755	98,047	3,27,864	23,47,132	17,46,594	3,10,595	14,35,999	No
2024-25	1,35,081	1,08,506	3,73,988	24,15,556	17,89,323	3,54,290	14,35,033	No
2025-26	1,51,106	1,20,082	4,26,600	24,75,169	18,25,036	4,04,131	14,20,905	No
2026-27	1,69,032	1,32,893	4,86,614	25,23,561	18,52,052	4,60,984	13,91,067	No
2027-28	1,89,085	1,47,070	5,55,071	25,57,928	18,68,435	5,25,836	13,42,599	No
2028-29	2,11,516	1,62,759	6,33,159	25,75,012	18,71,961	5,99,810	12,72,151	No

Source: Calculated on the basis of actual figures appearing in the Finance Accounts for the years 2007-08 to 2018-19 and information obtained from office of the Accountant General (A&E), Punjab.

\* Current and future expenditure and non-debt receipts have been taken for next 11-20 years for the period from 2019-20 to 2028-29.

Thus, it is evident that even after taking into consideration the lower discount rate due to decline in interest rates during 2019-20 and the first quarter of 2020-21, the debt would remain unsustainable during next 10 years i.e. 2019-20 to 2028-29. The State would therefore either have to increase its income or raise additional borrowings to service debt.

In addition to above, other factors such as public account liabilities and *force majeure* events<sup>34</sup> and/or any other unanticipated loss of revenue also have to be reckoned in assessing the debt sustainability/stability of the State<sup>35</sup>.

### 1.10.3 Performance of the State Government with respect to raising of loans according to limit fixed by Government of India

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

The GoI, Ministry of Finance, Department of Expenditure fixed (March 2018) the net borrowing ceiling of the State Government for the financial year 2018-19 as ₹15,200 crore and instructed the State Government to ensure that its incremental borrowings from all sources remained within this ceiling. Further, if the State Government was not able to fully utilize its net borrowing ceiling (i.e. sanctioned fiscal deficit of three per cent of GSDP) of 2017-18, it had the option of availing this unutilized borrowing ceiling in 2018-19.

As per Statement 6 of the Finance Accounts *viz.* statement of borrowings and other liabilities, incremental borrowings of the State Government were ₹16,765 crore (including other liabilities) during the financial year 2018-19 which exceeded the net borrowing ceiling of ₹16,677 crore<sup>36</sup> by ₹88 crore (0.53 per cent).

<sup>34</sup> Like current Coronavirus crisis and its effect on GSDP.

<sup>35</sup> As these cannot be anticipated or determined statistically, they have not been factored in the analysis.

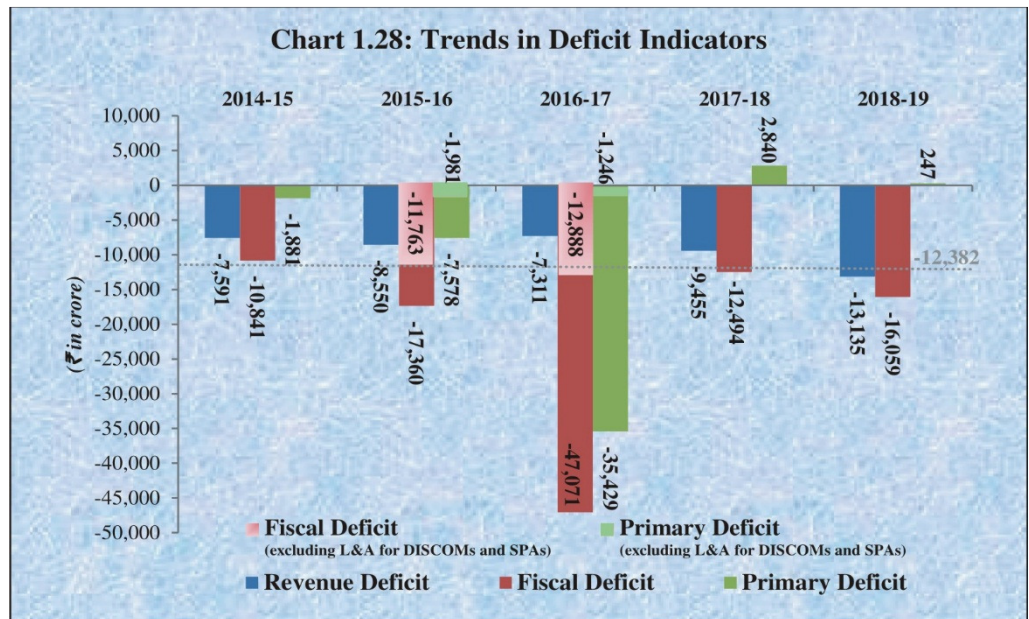
<sup>36</sup> Includes net borrowing ceiling of ₹15,200 crore for the year 2018-19 and unutilised borrowing ceiling of ₹1,477 crore for the year 2017-18.

### 1.11 Fiscal imbalances

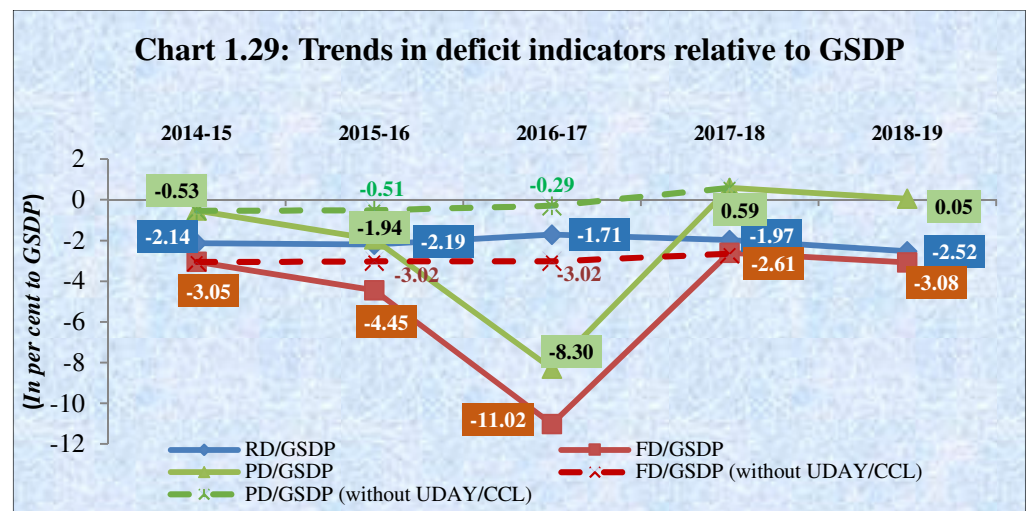
Three key fiscal parameters—revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the application of raised resources are important pointers to its fiscal health.

#### 1.11.1 Trends in deficits

Charts 1.28 and 1.29 present the trends in deficit indicators over the period 2014-19.



Source: Finance Accounts



Source: Finance Accounts

**Revenue deficit**, which indicates the excess of revenue expenditure over the revenue receipts, increased to ₹13,135 crore (2.52 per cent of GSDP) in 2018-19 from ₹7,591 crore (2.14 per cent of GSDP) in 2014-15. Revenue deficit as per cent of GSDP was higher in 2018-19 (2.52 per cent) as compared to previous year (1.97 per cent).

Punjab Urban Development Agency (PUDA) raised loans of ₹2,000 crore<sup>37</sup>, which were passed on to the State Government. The responsibility to repay the same was taken by the State Government. The State Government booked this amount under the Major Head “0075-Miscellaneous General Services” instead of booking it under Major Head “6003-Internal Debt”. Repayment of ₹1,868.25 crore<sup>38</sup> was made during 2013-18 and this has been mentioned in the Reports of the Comptroller and Auditor General of India on State Finances for the years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18.

During the year 2018-19, the State Government repaid ₹518 crore by booking it as revenue expenditure under the Major Head 2216-Housing, 02-Urban Housing, 190-Assistance to Public Sector and Other Undertakings, 01-Assistance to PUDA, 50-Other charges thereby overstating the revenue expenditure and revenue deficit as well.

**Fiscal deficit**, which represents the total borrowings of the State i.e. its total resource gap, increased significantly by ₹3,565 crore (29 per cent) during the current year over the previous year. Fiscal deficit increased to ₹16,059 crore (3.08 per cent of GSDP) during the current year against ₹12,494 crore (2.61 per cent of GSDP) of the previous year. However, Fiscal deficit of the State during 2015-16 and 2016-17 excluding borrowings for taking over debts of DISCOMs and State procuring agencies worked out to 3.02 per cent and 3.01 per cent respectively.

**Primary deficit**, which indicates the excess of primary expenditure (*total expenditure net of interest payments*) over non-debt receipts was ₹1,881 crore (0.53 per cent of GSDP) in 2014-15 which increased to ₹35,429 crore<sup>39</sup> (8.30 per cent of GSDP) in 2016-17. However, in 2017-18 and 2018-19, there was primary surplus of ₹2,840 crore (0.59 per cent of GSDP) and ₹247 crore (0.05 per cent of GSDP) respectively. This indicates excess of non-debt receipts over primary expenditure.

#### 1.11.1.1 Effective revenue and fiscal deficit

Audit observed that both revenue and fiscal deficit were understated by ₹556.56 crore on account of non-contribution to Consolidated Sinking Fund, Guarantee Redemption Fund and wrong booking of repayment of loan under revenue expenditure, as shown in **Table 1.40**.

**Table 1.40: Effective revenue and fiscal deficit**

Particulars	Impact on revenue deficit (Understated(+)/overstated(-)) (₹ in crore)	Impact on fiscal deficit (Understated(+)/overstated(-)) (₹ in crore)	Ratio before taking the net impact (in per cent)		Ratio after taking the net impact (in per cent)	
			RD/GSDP	FD/GSDP	RD/GSDP	FD/GSDP
Non-contribution to Consolidated Sinking Fund	975.76	975.76	2.52	3.08	2.62	3.18
Non-contribution to Guarantee Redemption Fund	98.80	98.80				
Wrong booking of repayment of loan under revenue expenditure (PUDA)	(-518.00)	(-518.00)				
<b>Total</b>	<b>556.56</b>	<b>556.56</b>				

Source: Finance Accounts

<sup>37</sup> ₹1,000 crore in 2012-13 and ₹1,000 crore in 2013-14.

<sup>38</sup> ₹176.88 crore in 2013-14, ₹466.68 crore in 2014-15, ₹495.26 crore in 2015-16, ₹362.49 crore in 2016-17 and ₹366.94 crore in 2017-18.

<sup>39</sup> Excluding borrowings of ₹5,769 crore under UDAY to take over DISCOM debt, as per GoI's letter No. 40(6) PF-1/2009 Vol. II dated 29 March 2016, which were not to be counted towards fiscal deficit limits of the State during 2016-17.

Above impacted the revenue and fiscal deficit of the State Government, which have been understated each by 0.10 percentage points.

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

The financing pattern of the fiscal deficit is reflected in the **Table 1.41**.

**Table 1.41: Components of fiscal deficit and its financing pattern**

Particulars		2014-15	2015-16	2016-17	2017-18	2018-19
<b>Composition of fiscal deficit</b>		<b>(-10,841)</b>	<b>(-17,360)</b>	<b>(-47,071)</b>	<b>(-12,494)</b>	<b>(-16,059)</b>
1.	Revenue Deficit	(-7,591)	(-8,550)	(-7,311)	(-9,455)	(-13,135)
2.	Net Capital Expenditure	(-3,117)	(-3,059)	(-4,346)	(-2,352)	(-2,412)
3.	Net Loans and Advances	(-133)	(-5,751)	(-35,414)	(-687)	(-512)
<b>Financing Pattern of fiscal deficit</b>						
1.	Market Borrowings	7,685	9,199	12,144	13,349	17,053
2.	Loans from GoI	283	(-49)	327	125	940
3.	Special Securities issued to NSSF	925	1,579	(-1,804)	(-1,742)	(-1,801)
4.	Loans from Financial Institutions	(-745)	5,648	34,749	(-702)	(-1,865)
5.	Small Savings, PF, etc.	1,735	1,110	1,233	1,126	1,264
6.	Deposits and Advances	(-402)	114	115	(-180)	290
7.	Suspense and Miscellaneous	(-288)	5	17	(-27)	120
8.	Remittances	3	3	0	(-12)	11
9.	Reserve Funds	650	(-126)	758	650	883
<b>10.</b>	<b>Overall Deficit</b>	<b>9,846</b>	<b>17,483</b>	<b>47,539</b>	<b>12,587</b>	<b>16,895</b>
11.	Increase/Decrease in cash balance	995	(-123)	(-410)	(-93)	(-836)
<b>12.</b>	<b>Gross Fiscal Deficit</b>	<b>10,841</b>	<b>17,360</b>	<b>47,071</b>	<b>12,494</b>	<b>16,059</b>

Source: Finance Accounts

During 2018-19, the fiscal deficit of the State was met mainly from market borrowings (₹17,053 crore), small savings, provident fund, etc. (₹1,264 crore) and Reserve Funds (₹883 crore).

### 1.11.3 Quality of deficit/surplus

The contribution of revenue deficit and net capital expenditure (including loans and advances) to fiscal deficit indicates the quality of deficit in the State finances. The share of revenue deficit in fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State is continuously being eroded and a part of borrowings (fiscal liabilities) does not have any asset backup. The bifurcation of the primary deficit (**Table 1.43**) would indicate the extent to which the deficit is on account of deficit in capital account which may be desirable to improve the productive capacity of the State's economy.



**Table 1.42: Components of fiscal deficit during 2014-19***(₹ in crore)*

Particulars	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2018-19
<b>Composition of fiscal deficit</b>	<b>10,841</b>	<b>17,360</b>	<b>11,763*</b>	<b>47,071#</b>	<b>12,888\$</b>	<b>12,494</b>	<b>16,059</b>
1. Revenue deficit	(-7,591 (70.02)	(-) 8,550 (49.25)	(-)8,550 (72.69)	(-)7,311 (15.53)	(-)7,311 (56.73)	(-)9,455 (75.68)	(-)13,135 (81.79)
2. Net capital expenditure	(-)3,117 (28.75)	(-)3,059 (17.62)	(-)3,059 (26.00)	(-)4,346 (9.23)	(-)4,346 (33.72)	(-) 2,352 (18.83)	(-)2,412 (15.02)
3. Net loans and advances	(-)133 (1.23)	(-)5,751 (33.13)	(-)154 (1.31)	(-) 35,414 (75.24)	(-)1,231 (9.55)	(-) 687 (5.49)	(-)512 (3.19)

Source: Finance Accounts

Figures in parenthesis indicate contribution to fiscal deficit in per cent

\* Excluding loans of ₹5,597 crore on account of taking over debts of DISCOM under UDAY.

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

\$ Excluding loans of ₹4,263 crore on account of taking over debts of DISCOM under UDAY and ₹29,920 crore on account of Cash Credit Accounts of State Procuring Agencies.

Contribution of revenue deficit to fiscal deficit decreased from 70.02 per cent in 2014-15 to 15.53 per cent in 2016-17 and then increased significantly to 81.79 per cent in 2018-19. However, by excluding the one-time transaction of loans and advances on account of taking over debts of DISCOMs and settlement of Cash Credit Accounts of State Procuring Agencies during 2016-17, the contribution of revenue deficit to fiscal deficit was 56.73 per cent during 2016-17.

Contribution of net capital expenditure to fiscal deficit declined from 28.75 per cent in 2014-15 to 15.02 per cent in 2018-19.

During 2018-19, contribution of net loans and advances to fiscal deficit remained at 3.19 per cent, which was 1.23 per cent during 2014-15.

An analysis of fiscal deficit for the last 10 years (after excluding transactions under UDAY and CCL during 2015-16 and 2016-17) showed that revenue deficit contributed from 57 per cent to 85 per cent in fiscal deficit. The main cause of such high proportion of revenue deficit was substantial expenditure in subsidy component, which constituted 47 per cent to 102 per cent of the revenue deficit during 2009-19. Thus, increase in fiscal deficit during last 10 years can be attributed to rise in subsidy, which constituted 38 per cent to 83 per cent of the fiscal deficit. Power subsidy constituted 63 per cent to 97 per cent of the total subsidy during 2014-19.

**Table 1.43: Details of primary deficit during 2014-19***(₹ in crore)*

Year	Non-debt receipts	Revenue receipts	Primary revenue expenditure	Capital expenditure	Loans and advances	Total primary expenditure	Primary revenue deficit (-) /surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6	7=(4+5+6)	8=(3-4)	9=(2-7)
2014-15	39,161	39,023	37,654	3,118	270	41,042	(+)1,369	(-)1,881
2015-16	41,741	41,523	40,291	3,059	5,969	49,319	(+)1,232	(-)7,578
2016-17	48,166	47,985	43,654	4,346	41,364	89,364	(+)4,331	(-)35,429*
2017-18	53,083	53,010	47,131	2,352	760	50,243	(+)5,879	(+)2,840
2018-19	63,118	62,269	59,098	2,412	1,361	62,871	(+)3,171	(+)247

Source: Finance Accounts

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

Non-debt receipts increased by 61.18 *per cent* during 2014-19 and were sufficient to meet the primary revenue expenditure during 2014-19.

The primary deficit of 1,881 crore in 2014-15 turned into a primary surplus of ₹2,840 crore in 2017-18 which stood at ₹247 crore in 2018-19.

### 1.12 Salient features

Comparison of key elements of State Finances in 2018-19 with that of the previous year 2017-18 is summarized in **Table 1.44**.

**Table 1.44: Key parameters**

Positive Indicators	Parameters requiring close watch
↑ Increase in tax and non-tax revenue by 13 <i>per cent</i>	↓ Increase in public debt receipts by 24 <i>per cent</i>
↑ Increase in recovery of loans and advances by ₹ 776 crore (1,063 <i>per cent</i> )	↓ Fiscal deficit increased by 29 <i>per cent</i> over the previous year, which was 3.08 <i>per cent</i> of GSDP
↑ Development expenditure increased by ₹ 10,220 crore (34.58 <i>per cent</i> )	↓ Impact of subsidies on revenue deficit increased by 28 <i>per cent</i>

### 1.13 Conclusions

The revenue receipts increased by ₹9,260 crore (17.46 *per cent*) over the previous year. This increase was mainly due to increase in Grants-in-aid from GoI which included compensation of ₹7,129 crore arising on account of implementation of GST. Total expenditure during the year was ₹79,177 crore. Revenue expenditure constituted 95 *per cent* of total expenditure. Capital expenditure increased marginally by three *per cent* as compared to 2017-18.

The ratio of social sector expenditure incurred by the State to aggregate expenditure decreased from 29.05 *per cent* in 2014-15 to 24.46 *per cent* in 2018-19. The expenditure on key social services like Education and Health remained below the General Category States' average.

Major portion of borrowings was utilised for repayment of earlier borrowings (35-73 *per cent*) and revenue expenditure (20-25 *per cent*) during 2014-19. Only 5-10 *per cent* of the borrowings were utilized for capital expenditure during 2014-19. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of capital creation/development activities.

Revenue deficit during 2018-19 was ₹13,135 crore which was 2.52 *per cent* of GSDP. This was higher than 2017-18 when revenue deficit constituted 1.97 *per cent* of GSDP. The fiscal deficit was 3.08 *per cent* of GSDP during the current year. There was primary surplus of ₹247 crore which was 0.05 *per cent* of GSDP during 2018-19.

# **Chapter II**

## **Financial Management and Budgetary Control**





## CHAPTER II

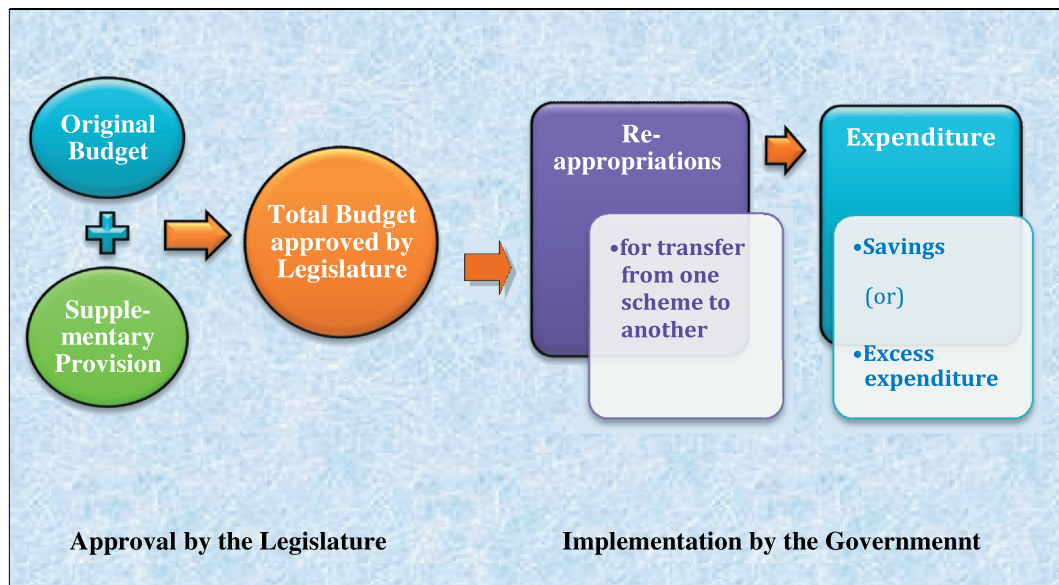
# FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

### 2.1 Introduction

This Chapter analyses the Appropriation Accounts of the Government for the year 2018-19. Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of voted grants and appropriations charged for different purposes, as specified in the schedules appended to the Appropriation Act. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual revenue and capital expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Appropriation Accounts captures the data along the entire process of budget formulation and implementation (**Chart 2.1**).

**Chart 2.1: Flow chart of budget implementation**



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

Audit of appropriation accounts by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 2.1.1 Categories under Budget

- **Charged and voted:** The Government expenditure is classified into two categories, viz., charged expenditure and voted expenditure. Charged expenditure is not subject to the vote of the Legislature.
- The Government income and expenditure is categorised into three sections (i) Capital account<sup>1</sup>, (ii) Revenue account<sup>2</sup> and (iii) Public Debt<sup>3</sup>.

### 2.2 Summary of the Appropriation Accounts

The summarised position of actual expenditure *vis-à-vis* budgetary provision during 2018-19 for the total 42 grants/appropriations is given in the Table 2.1.

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

(₹ in crore)

Nature of expenditure		Grant/ Appropriation		Total budget provision	Actual expenditure <sup>4</sup>	Saving (-)/ Excess (+)	Saving surrendered		
		Original	Supplementary				During the year	Of which, on 31 March 2019	
								Amount	Percentage
1	2	3	4=(2+3)	5	6=(4-5)	7	8	9=(8/7x100)	
Voted	Revenue	69,914.06	1,003.89	70,917.95	59,243.24	(-)11,674.71	6,279.70	2,007.46	31.97
	Capital	6,385.32	289.79	6,675.11	2,591.97	(-)4,083.14	1,772.00	1,119.93	63.20
	Loans and Advances	851.05	780.04	1,631.09	1,361.05	(-)270.04	28.45	28.45	100.00
<b>Total Voted</b>		<b>77,150.43</b>	<b>2,073.72</b>	<b>79,224.15</b>	<b>63,196.26</b>	<b>(-) 16,027.89</b>	<b>8,080.15</b>	<b>3,155.84</b>	<b>39.06</b>
Charged	Revenue	16,437.21	71.21	16,508.42	16,488.09	(-)20.33	5.98	0.32	5.35
	Capital	0	0	0	0	0	0	0	0
	Public Debt Repayment	36,109.99	2,513.33	38,623.32	37,770.93	(-)852.39	0	0	0
<b>Total Charged</b>		<b>52,547.20</b>	<b>2,584.54</b>	<b>55,131.74</b>	<b>54,259.02</b>	<b>(-)872.72</b>	<b>5.98</b>	<b>0.32</b>	<b>5.35</b>
Appropriation to Contingency Fund		0	0	0	0	0	0	0	0
<b>Grand Total</b>		<b>1,29,697.63</b>	<b>4,658.26</b>	<b>1,34,355.89</b>	<b>1,17,455.28</b>	<b>(-) 16,900.61</b>	<b>8,086.13</b>	<b>3,156.16</b>	<b>39.03</b>

Source: Appropriation Accounts

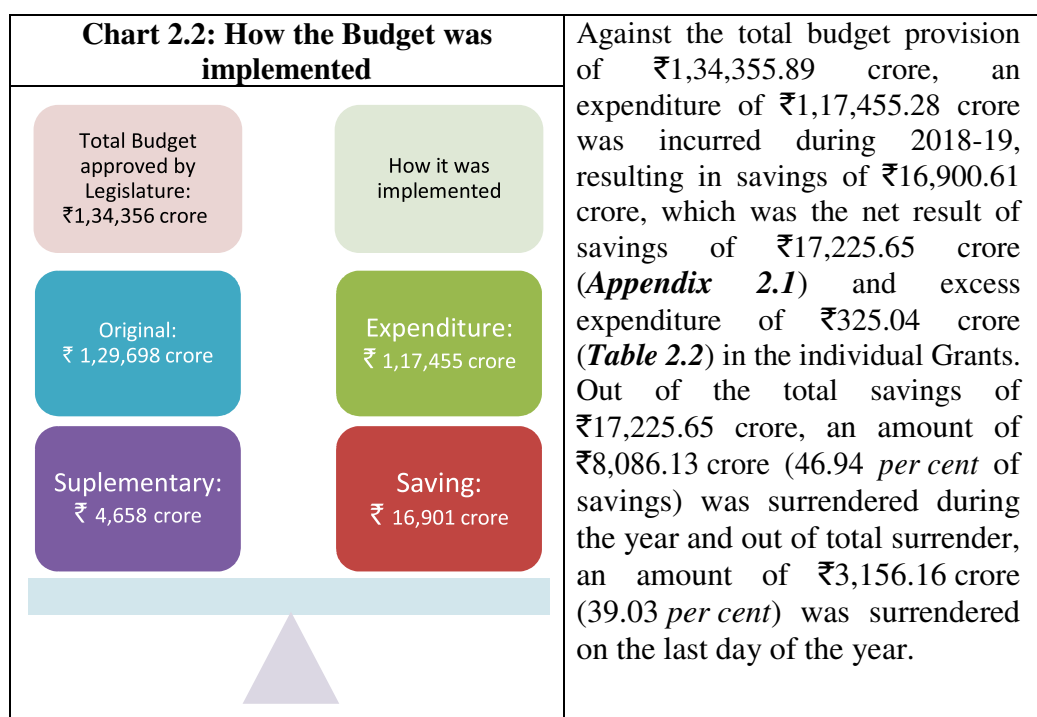
<sup>1</sup> Capital account is the account of expenditure of Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads, irrigation and electricity projects, etc.

<sup>2</sup> Revenue account is the account of the current income of Government, derived mainly from taxes and duties, fees for service rendered, fines and penalties, etc. and the expenditure met from that income.

<sup>3</sup> Public Debt is the account of public debt incurred and discharged and loans and advances made by the State Government to local bodies, employees and others and recovered from them.

<sup>4</sup> The expenditure is without adjustment of the recoveries of ₹327.62 crore adjusted as reduction of expenditure under Revenue heads and ₹179.74 crore under Capital heads in the Appropriation Accounts.

### 2.2.1 Analysis of Appropriation Accounts: 2018-19

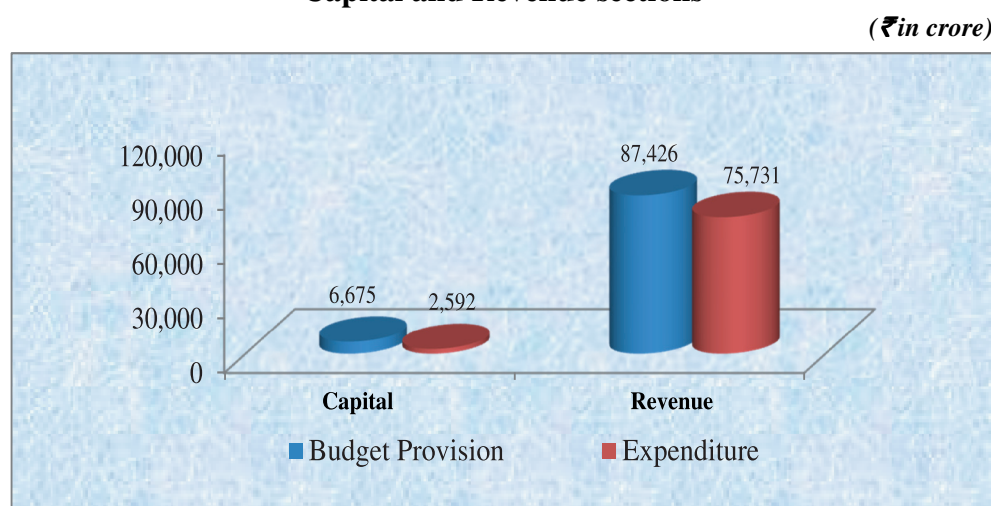


Source: Appropriation Accounts

### 2.2.2 Capital and Revenue

Savings were observed in both Capital and Revenue Account (**Chart 2.3**). In Capital Account, less than 40 per cent of the budget provision was actually spent. In Revenue Account, expenditure (₹75,731.33 crore) was lower than the Budget Estimates (₹87,426.37 crore) by 13.38 per cent.

**Chart 2.3: Budget provision and expenditure under Capital and Revenue sections**

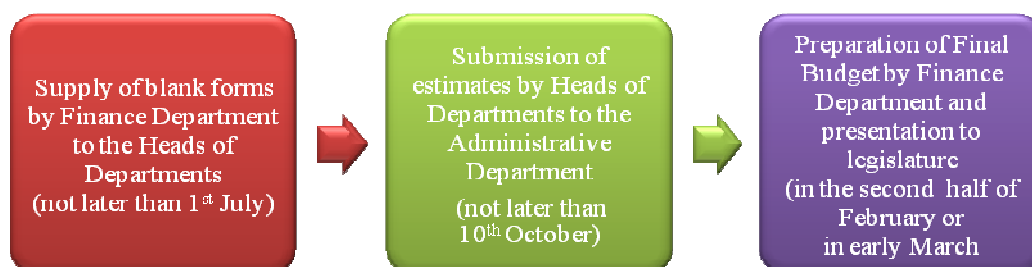


Source: Appropriation Accounts

### 2.3 Financial accountability and budget management

The flow chart of budget preparation process is given below:

**Chart 2.4: Flow chart of Budget preparation process**



Source: Punjab Budget Manual

Some of the inconsistencies noticed in budget management are discussed below:

#### 2.3.1 Excess expenditure over provisions requiring regularisation

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

**Table 2.2: Excess of expenditure over budget provision during 2018-19 requiring regularisation**

(₹ in crore)					
Sr. No.	Grant No.	Title of grant	Total grant/ Appropriation	Expenditure	Excess expenditure
<b>Voted Grant</b>					
1	10	General Administration (Capital)	0.00	7.77	7.77
2	21	Public Works (Revenue)	659.68	975.43	315.75
<b>Charged Appropriation</b>					
3	9	Food and Supplies (Revenue)	0.04	0.57	0.53
4	21	Public Works (Revenue)	1.84	2.83	0.99
<b>Total</b>			<b>661.56</b>	<b>986.60</b>	<b>325.04</b>

Source: Appropriation Accounts

There was an excess disbursement of ₹325.04 crore over the authorisation made by the State Legislature under two Grants and two Appropriations during the financial year 2018-19. Excess disbursements of ₹36,944.24 crore under eight Grants and nine Appropriations pertaining to the years 2015-16 to 2017-18 are yet to be regularised by the State Legislature. 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.

### 2.3.2 Persistent excess expenditure

In three cases (**Table 2.3**), there was persistent excess expenditure of more than ₹10 crore in each case during the last five years. In two cases (Sr. No. 2 and 3), the expenditure was incurred without any budget provision during 2014-19.

**Table 2.3: List of cases having persistent excess expenditure during 2014-19**

(₹ in crore)

Sr. No	Number and Name of the grant/ case	Amount of excess expenditure				
		2014-15	2015-16	2016-17	2017-18	2018-19
<b>Revenue-Voted</b>						
<b>08-Finance</b>						
1	2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	407.74	664.92	697.98	616.95	290.39
<b>21-Public Works</b>						
2	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Works done by that Department	97.77	108.53	136.71	146.84	97.58
3	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	19.79	135.53	94.10	141.29	169.87

Source: Appropriation Accounts

The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on a realistic basis. Such repeated excess expenditure over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the State Legislative Assembly, and, therefore, need to be viewed seriously. All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such un-voted expenditure may be completely stopped, except in case(s) of dire and extreme emergency, the cost of which cannot be met from the Contingency Fund.

### 2.3.3 Outcome of analysis of budgetary assumptions

#### 2.3.3.1 Unrealistic budget estimates

The original budget of ₹1,29,697.63 crore prepared by the State Government for the year 2018-19 was revised to ₹1,27,415.49 crore. Against this, an actual expenditure of ₹1,16,947.93 crore was incurred during 2018-19. Details of the

original budget, revised estimate and actual expenditure for the period 2014-19 is given in **Table 2.4**.

**Table 2.4: Original budget, revised estimate and actual expenditure during 2014-19**

	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Original Budget</b>	73,592.76	79,313.87	86,386.96	1,18,237.90	1,29,697.63
<b>Revised Estimate</b>	74,930.95	78,599.78	1,44,513.99	1,12,797.42	1,27,415.49
<b>Actual Expenditure*</b>	73,076.92	81,152.63	1,33,449.76	1,00,546.55	1,16,947.93
<b>Savings/Excess (-)</b>	1,854.03	(-),2,552.85	11,064.23	12,250.87	10,467.56

Source: Annual Financial Statements and Finance Accounts

\* The expenditure is after adjustment of the recoveries adjusted as reduction of expenditure in the Appropriation Accounts.

Similarly, the estimated receipts of ₹1,22,922.58 crore were revised to ₹1,25,089.59 crore against which only ₹1,15,216.15 crore were actually realized during 2018-19 as per details given in **Table 2.5**.

**Table 2.5: Details of Receipts**

	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Original Budget</b>	71,751.86	78,085.37	85,595.27	1,05,514.84	1,22,922.58
<b>Revised Estimate</b>	72,595.75	77,263.65	1,35,402.81	1,02,679.77	1,25,089.59
<b>Actual Receipt</b>	70,384.06	80,170.13	1,31,793.88	99,082.19	1,15,216.15
<b>Variation</b>	2,211.69	(-),2,906.48	3,608.93	3,597.58	9,873.44

Source: Annual Financial Statements and Finance Accounts

### 2.3.3.2 Unrealistic forecasting of resources

As per Rule 4.2 of the Punjab State Budget Manual, the revised estimates are forecast, as accurate as it is possible to make at the time, of what the actual receipts of the year will be; and the most important guide to their preparation will, therefore, ordinarily be found in the actual receipts of those months of the year which have already elapsed. If an officer observes that the actual receipts from a particular source of revenue reveal a growth or a diminution compared to those of the corresponding period of the previous year, he will be justified in assuming a continuance of the growth or decline at the same rate during the remaining months. Thus, estimates should always be prepared after taking into account all the factors affecting the receipts and expenditure of the Government and should be as accurate as possible. However, it was noticed that the revised estimates for 2018-19 for Non-tax revenue were ₹9,929.97 crore while actual realization was ₹7,582.29 crore resulting in downward variation of ₹2,347.68 crore. Similarly, tax revenue for the year 2018-19 was projected at ₹44,750.72 crore while actual realization was ₹31,574.28 crore resulting in variation of ₹13,176.44 crore below the projection. The projections for the last five years are detailed below in the **Table 2.6**.



**Table 2.6: Projections of Tax Revenue and Non-Tax Revenue vis-à-vis actual***(₹ in crore)*

Year	Description	Revised estimates	Actual	Variation
2014-15	Tax Revenue	33,960.89	30,273.17	3,687.72
	Non-Tax Revenue	2,973.05	2,879.73	93.32
2015-16	Tax Revenue	36,523.50	34,699.38	1,824.12
	Non-Tax Revenue	4,061.88	2,650.27	1,411.61
2016-17	Tax Revenue	39,851.55	37,346.39	2,505.16
	Non-Tax Revenue	6,260.58	5,863.20	397.38
2017-18	Tax Revenue	46,107.34	30,423.25	15,684.09
	Non-Tax Revenue	5,096.18	4,318.39	777.79
2018-19	Tax Revenue	44,750.72	31,574.28	13,176.44
	Non-Tax Revenue	9,929.97	7,582.29	2,347.68

Source: Annual Financial Statements and Finance Accounts

### 2.3.3.3 Non-making of budget provision for recording Grant-in-Aid received from the Central Government

Government of India provides grant from the Central Road Fund to State for specific road projects. Under the accounting procedure, the grants received are booked under Revenue Receipt Major head '1601-Grants-in-Aid from Central Government' and are simultaneously transferred to Public Account Major Head '8449-Other Deposit, 103-Subvention from Central Road Fund' through debit to Revenue Expenditure Major Head '3054-Road and Bridges' as prescribed in Rule 3.4 of the General Direction forming part of list of Major Heads and Minor Heads of Account of Union and States. The paired operation of Major Heads 1601 and 3054 is in keeping with the principle that Grants-in-Aid will be recorded in the Revenue Section irrespective of the end utilization.

It was observed that no budget provision was made under Major Head 3054 for recording the Grants-in-Aid received from the Central Government as discussed in paragraph 2.3.5 (*Sr. No. 21 of Appendix 2.2*).

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

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

the Manual, expenditure on a new service not covered by the vote of the Vidhan Sabha, unless the requisite funds have been arranged by obtaining an advance from the contingency fund before incurring expenditure is a financial irregularity. Two instances (**Table 2.7**) of new items not previously voted by the Legislature having provision of funds amounting to ₹30.48 crore during 2018-19 were not classified as new services in the budget estimates, which is in contravention of the above provisions of the Punjab Budget Manual.

**Table 2.7: Non-inclusion of expenditure relating to a new service in Schedule of New Expenditure in Annual Financial Statements during 2018-19.**

(₹ in crore)			
Sr. No.	Grant No.	Classification	Amount
1	11	2210-01-001-01-31-Grant-in-Aid General (Salary)	29.48
2	33	2052-092-35-99-36- Grant-in-Aid General (Non-Salary)	1.00
<b>Total</b>			<b>30.48</b>

Source: Demand for grants

### 2.3.3.5 Non-disclosure of list of grantees

Paragraph 1.5 of Punjab Budget Manual (Manual) lays down that, in the budget, separate provisions for individual grant-in-aid to be paid/paid to an institution need not be exhibited. The entire provision for grant-in-aid under the sub-head will be grouped together and shown under the standard object of classification "Grant-in-Aid". However, the detailed provision will be shown in the form of statement at the end of each grant. Further note to the above paragraph says that grant-in-aid to the tune of ₹5,000 and above would be shown individually in the statement and the amount less than ₹5,000 will be grouped together and shown accordingly at the end of statement.

It was noticed that no such statement was attached at the end of any Grant.

### 2.3.4 Savings vis-à-vis allocations

The audit of grants and appropriations showed that in 13 cases (11 grants out of 42 grants), the savings (excluding surrenders) exceeded the total provision by 10 per cent and ₹100 crore in each case. In three cases (Sr. No. 1, 7 and 10), the savings exceeded the total provisions by more than 50 per cent. Details are given in **Table 2.8**.

**Table 2.8: List of grants having large savings during 2018-19**

(₹ in crore)						
Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrender	Savings excluding surrender
1	2	3	4	5 (3-4)	6	7 (5-6)
	<b>Revenue-Voted</b>					
1	13-Industries	1,652.50	706.84	945.66	101.20	844.46 (51.10)
2	17-Local Government	2,370.98	1,803.53	567.45	23.91	543.54 (22.92)
3	20-Power	2,960.41	2,202.18	758.23	0	758.23 (25.61)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrender	Savings excluding surrender
1	2	3	4	5 (3-4)	6	7 (5-6)
4	22-Revenue and Rehabilitation	1,422.28	1,172.23	250.05	93.58	156.47 (11.00)
5	23-Rural Development and Panchayats	2,727.79	937.01	1,790.78	873.67	917.11 (33.62)
6	41-Water Supply and Sanitation	572.24	440.03	132.21	0	132.21 (23.10)
	<b>Capital-Voted</b>					
7	5-Education	318.83	80.86	237.97	72.40	165.57 (51.93)
8	9-Food and Supplies	1,268.77	1,068.73	200.04	0	200.04 (15.77)
9	15-Water Resources	838.46	261.37	577.09	233.85	343.24 (40.94)
10	17-Local Government	1,404.99	495.35	909.64	147.01	762.63 (54.28)
11	28-Tourism	384.13	143.44	240.69	69.68	171.01 (44.52)
12	38-Medical Education and Research	358.80	98.79	260.01	149.90	110.11 (30.69)
13	41-Water Supply and Sanitation	915.11	257.55	657.56	504.99	152.57 (16.67)
	<b>Total</b>	<b>17,195.29</b>	<b>9,667.91</b>	<b>7,527.38</b>	<b>2270.19</b>	<b>5,257.19 (30.57)</b>

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total budget provision

Such large savings indicate that assessment of funds requirement was not made correctly.

The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

### 2.3.5 Expenditure without provision of funds

Paragraph 14.1 of the Punjab Budget Manual provides that expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹2,964.65 crore (**Appendix 2.2**), was incurred in 25 cases (₹ one crore or more in each case) under various components of nine grants during the year 2018-19 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

### 2.3.6 Supplementary grants

Audit analysis showed that Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹888.34 crore obtained in 24 cases under 21 grants, during the year 2018-19 proved unnecessary as the expenditure did not come up even to the level of original provision (**Appendix 2.3**).

The Government may consider preparing realistic budget estimates to avoid unnecessary and excessive supplementary provisions.

### **2.3.7 Unnecessary re-appropriation of funds**

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2018-19, 40 re-appropriation orders for ₹11,309.91 crore were issued, of which 13 re-appropriation orders for ₹3,851.72 crore (34.06 per cent) were issued on 31 March 2019.

Further, in 13 cases out of 75 (**Appendix 2.4- Sr. No. 2, 8, 17, 19, 23, 27, 35, 39, 50, 51, 55, 67, and 71**), reduction of provision by re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In the remaining 62 cases augmentation of provision also proved unnecessary because expenditure was either equal to or did not come up to the level of original/supplementary budget provision.

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

### **2.3.8 Non-surrender of anticipated savings**

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2018-19, savings of ₹9,139.52 crore (53.06 per cent of total savings of ₹17,225.65 crore; **Appendix 2.1**) were not surrendered by the concerned departments which indicate inadequate budgetary control as these could not be utilized for other developmental purposes. Details of grants/appropriations in which savings of ₹10 crore or more were not surrendered and grants/appropriations in which there were savings of ₹10 crore and above even after partial surrender have been given in **Appendix 2.5** and **Appendix 2.6** respectively.

The Government may consider monitoring expenditure and anticipated savings so that the unutilised amounts are surrendered on time to enable utilization on other schemes.

## **2.4 Deficiencies noticed in working of treasuries**

Some of the significant deficiencies noticed in the working of treasuries during inspection for the year 2018-19 conducted by the Accountant General (Accounts and Entitlement), Punjab are discussed below:

### **2.4.1 Delay in submission of monthly accounts by treasuries**

As per Rule 61 of Punjab Treasury Rules (PTR) Volume-I, District Treasuries are required to submit first list of payment along with vouchers/schedules complete in all respect between 13<sup>th</sup> and 15<sup>th</sup> of the same month and second list by 7<sup>th</sup> of the following month. During the period from April 2018 to March 2019, accounts were received late in 98 cases as detailed in **Table 2.9**.

**Table 2.9: Detail of delay in submission of monthly accounts**

List	Number of cases	Delay (in days)
I	55	1-17
II	43	1-9

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

The delay in submission of initial accounts caused consequent delay in compiling Monthly Civil Accounts by the AG (A&E).

#### 2.4.2 Non-closing of in-operative Personal Deposit Accounts

As per Rule 380 (2) of Punjab Treasury Rules Volume-I, if a Personal Deposit Account (PDA), not being a PDA created by debit to Consolidated Fund of the State is not operated for the period of complete five years, the same shall be closed by the Treasury Officer by credit to the receipt head of the department concerned in the account for March. Seven inoperative PDAs since March 2013 involving ₹9.05 lakh in respect of four District Treasuries have not been closed by the treasuries concerned as detailed in **Table 2.10**.

**Table 2.10: Detail of inoperative PDA not closed**

Sr. No.	Treasury	PDA holder name	Amount
1	Amritsar	Principal, ITI, Amritsar	3.02
2	Amritsar	Government Industrial School for Girls, Rayya	1.19
3	Amritsar	Art & Craft Institute, Amritsar	1.22
4	Amritsar	I.C.C.O.-II	0.35
5	Tarn Taran	Government college, Tarn Taran	1.79
6	Gurdaspur	General Manager, Punjab Roadways, Pathankot	0.38
7	Muktsar	Divisional Forest Officer, Muktsar	1.10
<b>Total</b>			<b>9.05</b>

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

#### 2.5 Outcome of review of selected grants

A review of budgetary procedures followed, and expenditure control exercised, in respect of two selected grants i.e. 13-Industries and 41-Water Supply and Sanitation over a three year period 2016-17 to 2018-19 showed the following:

##### 2.5.1 Grant No. 13 – Industries

###### 2.5.1.1 Introduction

Grant 13-Industries includes Major Heads 2057-Supplies and Disposals, 2230-Labour and Employment, 2851-Village and Small Industries, 2852-Industries, 2853-Non-ferrous Mining and Metallurgical Industries, 4851-Capital Outlay on Village and Small Industries and 6801-Loans for Power Projects.

### 2.5.1.2 Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the functional Heads of the grant for the last three years (2016-17 to 2018-19) is given in **Table 2.11**.

**Table 2.11: Budget and Expenditure**

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Un-utilized provision and its percentage
2016-17	Revenue-Original (V)	210.37	210.52	60.89	149.63
	Supplementary	0.15			(71.08)
	Revenue-Original (C)	0.00	1.74	1.46	0.28
	Supplementary	1.74			(16.09)
	Capital-Original (V)	13.01	13.01	0.00	13.01
	Supplementary	0.00			(100)
2017-18	Revenue-Original (V)	313.95	317.25	56.24	261.01
	Supplementary	3.30			(82.27)
	Revenue-Original (C)	12.00	12.00	0.04	11.96
	Supplementary	0.00			(99.67)
	Capital-Original (V)	10.34	10.90	0.00	10.90
	Supplementary	0.56			(100)
2018-19	Revenue-Original (V)	1,652.50	1,652.50	706.84	945.66
	Supplementary	0.00			(57.23)
	Revenue-Original (C)	6.00	6.00	0.20	5.80
	Supplementary	0.00			(96.67)
	Capital-Original (V)	17.14	17.14	0.00	17.14
	Supplementary	0.00			(100)

Source: Appropriation Accounts

During 2016-17 to 2018-19, as a percentage of total provision, unutilized provision ranged between 16.09 per cent and 99.67 per cent under Revenue Section and under Capital Section, it was 100 per cent.

### 2.5.1.3 Non-surrender of savings

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. This provision was violated as no savings were surrendered during 2016-17 and 2017-18 despite having savings under all sections during both years. The position of surrender of unutilized provision is brought out in **Table 2.12**.

**Table 2.12: Non-surrender of savings**

(₹ in crore)

Year	Savings			Amount surrendered (percentage)		
	Revenue(V)	Revenue(C)	Capital(V)	Revenue(V)	Revenue(C)	Capital(V)
2016-17	149.63	0.28	13.01	0.00	0.00	0.00
2017-18	261.01	11.96	10.90	0.00	0.00	0.00
2018-19	945.66	5.80	17.14	101.20 (10.70)	5.00 (86.21)	13.07 (76.25)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

### 2.5.1.4 Excess expenditure over provisions requiring regularisation

Article 205 (1) (b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess.

Audit observed that excess expenditure of ₹251.43 crore (Table 2.13) during the year 2018-19 was incurred under one scheme which may be got regularised under the above mentioned provision.

**Table 2.13: Excess of expenditure over budget provision during 2018-19 requiring regularisation**

(₹ in crore)

Sr. No.	Major/Minor head	Total grant/ Appropriation	Expenditure	Excess expenditure
1	2852-80-800-01-Incentive under Various Industrial Policies	5.44	256.87	251.43
	<b>Total</b>	<b>5.44</b>	<b>256.87</b>	<b>251.43</b>

Source: Appropriation Accounts

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

## 2.5.2 Grant No. 41-Water Supply and sanitation

### 2.5.2.1 Introduction

Grant 41-Water Supply and sanitation was bifurcated from Grant 21-Public Works with effect from the year 2018-19 and includes Major Heads 2215- Water Supply and sanitation and 4215-Capital Outlay on Water Supply and sanitation.

### 2.5.2.2 Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the functional Heads of the grant for the last three years (2016-17 to 2018-19) is given in Table 2.14.

**Table 2.14: Budget and Expenditure**

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Un-utilized provision and its percentage
2016-17	Revenue-Original (V)	480.38	540.16	501.29	38.87 (7.20)
	Supplementary	59.78			
	Revenue-Original (C)	0.05	0.05	0.07	Excess expenditure over budget provision
	Supplementary	0.00			
	Capital-Original (V)	407.51	407.51	486.15	Excess expenditure over budget provision
	Supplementary	0.00			
2017-18	Revenue-Original (V)	570.23	570.23	507.03	63.20 (11.08)
	Supplementary	0.00			
	Revenue-Original (C)	5.00	5.00	2.90	2.10 (42.00)
	Supplementary	0.00			
	Capital-Original (V)	877.85	938.05	541.62	396.43 (42.26)
	Supplementary	60.20			



Year	Section	Budget provision	Total	Expenditure	Un-utilized provision and its percentage
2018-19	Revenue-Original (V)	572.24	572.24	440.03	132.21
	Supplementary	0.00			(23.10)
	Revenue-Original (C)	2.00	8.00	5.50	2.50
	Supplementary	6.00			(31.25)
	Capital-Original (V)	915.11	915.11	257.55	657.56
	Supplementary	0.00			(71.86)

Source: Appropriation Accounts

During 2016-17 to 2018-19, unutilised budget provision ranged between 7.20 per cent and 42 per cent under Revenue Section and under Capital Section it was 42.26 per cent and 71.86 per cent during 2017-18 and 2018-19 respectively. During 2016-17, there was excess expenditure over budget provision.

### 2.5.2.3 Non-surrender of savings

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. This provision was violated as no savings were surrendered during 2016-17 and 2017-18 and only 76.80 per cent under Capital Section was surrendered during 2018-19. The position of surrender of unutilised provision is brought out in **Table 2.15**.

**Table 2.15: Non-surrender of savings**

(₹ in crore)

Year	Savings			Amount surrendered (percentage)		
	Revenue(V)	Revenue(C)	Capital(V)	Revenue(V)	Revenue(C)	Capital(V)
2016-17	38.87	-	-	0	0	0
2017-18	63.20	2.10	396.43	0	0	0
2018-19	132.21	2.50	657.56	0	0	504.99 (76.80)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

### 2.5.2.4 Persistent savings

It was observed that a substantial portion of the budget allocation remained unutilized every year under certain heads of accounts during 2016-17 to 2018-19, indicating non-achievement of the projected financial outlays in the respective years as shown in the **Table 2.16**.

**Table 2.16: Persistent savings under Grant No. 41**

(₹ in crore)

Sr. No.	Head of Account	2016-17	2017-18	2018-19
1	2215-01-001-01-Direction and Administration	46.83 (10.75)	19.94 (4.40)	33.78 (7.37)
2	2215-01-800-01-Maintenance of works	0.48 (0.46)	46.65 (39.70)	100.93 (96.58)
3	4215-01-789-16-Natoinal Rural Drinking Water Programme	1.60 (6.67)	17.04 (43.25)	31.50 (78.75)

Sr. No.	Head of Account	2016-17	2017-18	2018-19
4	4215-01-789-17-Second Punjab Rural Water Supply and Sanitation Sector Improvement Programme- World Bank Assisted Project	1.40 (1.40)	74.98 (41.66)	23.07 (28.84)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions

### 2.5.2.5 Excess expenditure over provisions requiring regularization

Article 205 (1) (b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess.

Audit observed that excess expenditure of ₹4.96 crore (Table 2.17) during the year 2018-19 was incurred under two schemes which may be got regularized under the above mentioned provisions.

**Table 2.17: Excess of expenditure over budget provision during 2018-19 requiring regularization**

Sr. No.	Major/Minor head	Total grant/ Appropriation	Expenditure	Excess expenditure
1	2215-01-799-Suspense	0.00	3.69	3.69
2	4215-01-102-32- National Rural Drinking Water Programme	60.00	61.27	1.27
	<b>Total</b>	<b>60.00</b>	<b>64.96</b>	<b>4.96</b>

(₹ in crore)

Source: Appropriation Accounts

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

## 2.6 Conclusions

During 2018-19, expenditure of ₹1,17,455.28 crore was incurred against total budget provision of ₹1,34,355.89 crore resulting in net savings of ₹16,900.61 crore. The net savings was the result of gross savings of ₹17,225.65 crore set off by excess of ₹325.04 crore. An amount of ₹8,086.13 crore (46.94 per cent of savings) was surrendered during the year and out of total surrender, an amount of ₹3,156.16 crore (39.03 per cent) was surrendered on the last day of the year.

Excess expenditure of ₹37,269.28 crore during 2015-19 required regularisation under Article 205 (1) (b) of the Constitution of India. There were persistent excesses of more than ₹10 crore in three cases. Augmentation of budget provisions by re-appropriation orders proved unnecessary in 62 cases because expenditure did not come up even to the level of original/supplementary budget provisions.



# **Chapter III**

## **Financial Reporting**



## CHAPTER III

### FINANCIAL REPORTING

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

#### 3.1 Compliance to Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Punjab as well as deficiencies therein during 2018-19 are detailed in **Table 3.1:**

**Table 3.1: Compliance to Accounting Standards**

S. No.	Accounting Standards	Compliance by State Government	Compliance/Deficiency
1.	<b>IGAS-1:</b> <i>Guarantees Given by the Government – Disclosure requirements</i>	Complied (Statements 9 and 20 of Finance Accounts)	NIL
2.	<b>IGAS-2:</b> <i>Accounting and Classification of Grants-in- Aid</i>	Not complied (Statement 10 of Finance Accounts)	No information was available in respect of total value of Grants-in-Aid given in kind by the State Government.
3.	<b>IGAS-3:</b> <i>Loans and Advances made by Government</i>	Not complied (Statement 7 and 18 of Finance Accounts)	Disclosure on loans sanctioned without specific terms and conditions, rate of interest and moratorium period (if any) in respect of fresh loans and advances given during the year, those given to the loanee entities from whom repayments of earlier loans are in arrears could not be made as the requisite information was not provided by the State Government. ( <i>Refer to paragraph 1.8.4 for further audit findings on Loans and Advances</i> ).

Source: Indian Government Accounting Standards and information supplied by office of the Accountant General (A & E), Punjab.



### 3.2 Delay in submission of Utilisation Certificates

Rule 8.14 (b) of the Punjab Financial Rules Volume-I prescribes that the Utilisation Certificate (UC) should be submitted by the sanctioning authority to Accountant General (A&E) not later than eighteen months from the date of sanction of Grants-in-aid.

It was observed that 45 Utilisation Certificates (UC) amounting to ₹292.42 crore (grant drawn up to September 2017) in respect of 13 Departments were not furnished to the Accountant General (A&E) as on 31 March 2019.

The age-wise position of pendency in submission of UCs is summarised in **Table 3.2**.

**Table 3.2: Age-wise pendency of utilisation certificates**

(₹ in crore)

Period of Grant	Year in which UC become due <sup>1</sup>	No. of UCs	Amount
Up to September 2015	2016-17	1	0.04
October 2015 to September 2016	2017-18	3	61.11
October 2016 to September 2017	2018-19	41	231.27
	<b>Total</b>	<b>45</b>	<b>292.42</b>

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

As much as ₹235.32 crore (80.47 per cent) of the total outstanding amount of ₹292.42 crore pertained to Departments of Rural Development and Panchayats (₹81.49 crore), Revenue, Rehabilitation and Disaster Management (₹53.83 crore) and Excise and Taxation (₹50 crore) and Local Government (₹50.00 crore).

The State Government may review whether they should continue to give more grants to the departments with high pendency of UCs.

Further, a comparison with earlier year revealed that there was an increase in number and decrease in amount of pending UCs during 2018-19 as compared to 2017-18 as depicted in **Table 3.3**.

**Table 3.3: Position of pending UCs during 2014-19**

(₹ in crore)

Year	Number of pending UCs	Amount
2014-15	29	24.21
2015-16	32	66.71
2016-17	05	4.47
2017-18	13	587.80
2018-19	45	292.42

Source: Finance Accounts

High pendency of UCs was fraught with the risk of misappropriation of funds and fraud.

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

The Finance Department stated (February 2020) that efforts were being made to bring down the number of outstanding UCs.

The Government may ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.

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

As on 31 March 2019, 17 accounts from 2006-07 to 2017-18 were pending in respect of five<sup>2</sup> out of eight autonomous bodies. Separate Audit Reports (SARs) which were required to be placed before Legislature were also pending in respect of six<sup>3</sup> autonomous bodies. The details of delay in submission of accounts by the autonomous bodies to Audit and placement of the SARs in the Legislature as on March 2019 are given in *Appendix 3.1*.

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

The Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.

### 3.4 Departmental Commercial Undertakings

The departmental undertakings performing activities of commercial/quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually, showing the working results of operations so that the Government can assess their working. In the absence of timely finalization of accounts, the results of the investment of the Government remained outside the purview of State Legislature and escaped scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency could not be taken in time. Besides, the delay in all likelihood also has the risk of fraud and mis-utilisation of public money.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Principal Accountant General (Audit) within a specified time frame. However, the Punjab Roadways (Transport Department) had not prepared its accounts since 2004-05 (as of September 2019), despite repeated comments in the earlier Reports of the CAG on State Finances about the arrears in preparation of accounts.

<sup>2</sup> (i) Punjab Legal Services Authority; (ii) Punjab Khadi and Village Industries Board; (iii) Punjab Labour Welfare Board; (iv) Punjab Building and Other Construction Workers Welfare Board; and (v) Punjab Bus Metro Society

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

### 3.5 Misappropriations, losses, thefts, etc.

Rules 2.33 to 2.35 of the Punjab Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/Accountant General.

As on 31 March 2019, 18 cases of misappropriation, losses, theft, etc. involving an amount of ₹3.91 crore were pending. Of these, First Information Report (FIR) had been lodged in only four cases. In remaining cases, the department may consider lodging of FIR, wherever feasible. The department-wise break-up of pending cases is given in *Appendix 3.2*. The age-wise profile of pending cases and nature of these cases is summarized in **Table 3.4**.

**Table 3.4: Age-Profile of misappropriation, losses, theft, etc.**

(₹ in lakh)

Age profile of the pending cases			Nature of pending cases		
Range in years	Number	Amount	Nature of cases	Number	Amount
0-5	10	378.29	Misappropriation/Losses	10	378.29
			Theft	0	0
10 and above <sup>4</sup>	8	12.25	Misappropriation/Losses	7	12.19
			Theft	1	0.06
<b>Total</b>	<b>18</b>	<b>390.54</b>	<b>Misappropriation/Losses</b>	<b>17</b>	<b>390.48</b>
			<b>Theft</b>	<b>1</b>	<b>0.06</b>
			<b>Total</b>	<b>18</b>	<b>390.54</b>

Source: Departmental records.

The reasons for the delay in finalization of these pending cases have been given in **Table 3.5**.

**Table 3.5: Reasons for the delay in finalization of pending cases of misappropriation, losses, theft, etc.**

(₹ in lakh)

Reasons	Number of cases	Amount
Awaiting departmental and criminal investigation	8	359.09
Departmental action initiated but not finalised	2	5.83
Criminal Proceedings finalised but recovery of the amount pending	1	3.14
<b>Total</b>	<b>11*</b>	<b>368.06</b>

Source: Information as provided by concerned Sectors

\* information in respect of remaining seven cases was awaited (November 2019) from the departments.

The State Government may devise an effective mechanism to ensure speedy and time-bound investigation and finalisation of cases relating to misappropriation/loss, theft, etc.

<sup>4</sup> No outstanding cases of misappropriation/losses and theft were noticed for the period from 5 and 10 years.

### 3.6 Abstract Contingent bills

Drawing and Disbursing officers are authorized to draw sums of money by preparing Abstract Contingent (AC) bills by debiting Service Heads. They are required to present Detailed Countersigned Contingent (DC) bills duly countersigned by the Controlling Officer in all these cases within six months under Rule 274 of Punjab Treasury Rules as amended vide instructions issued by State Government on 11 November and 19 December 2016. Prolonged non-submission of supporting DC bills renders the expenditure under AC Bills opaque.

Twenty two Government Departments did not submit 320 Detailed Contingent (DC) bills amounting to ₹1,975.94 crore before closing of the accounts for the financial year 2018-19 and, therefore, there is no assurance that the expenditure of ₹1,975.94 crore has actually been incurred during the financial year for the purpose for which it was authorised by the Legislature. In addition to this, 469 AC bills amounting to ₹1,107.37 crore drawn upto 2017-18 were also outstanding as on 31 March 2019. Thus, a total of 789 AC bills involving ₹3,083.31 crore were outstanding as of March 2019. Advances drawn and not accounted for increased the possibility of wastage/ misappropriation/ malfeasance, etc.

Year-wise details of AC bills drawn upto September 2018, which remained unadjusted as on 31 March 2019 are given in **Table 3.6**.

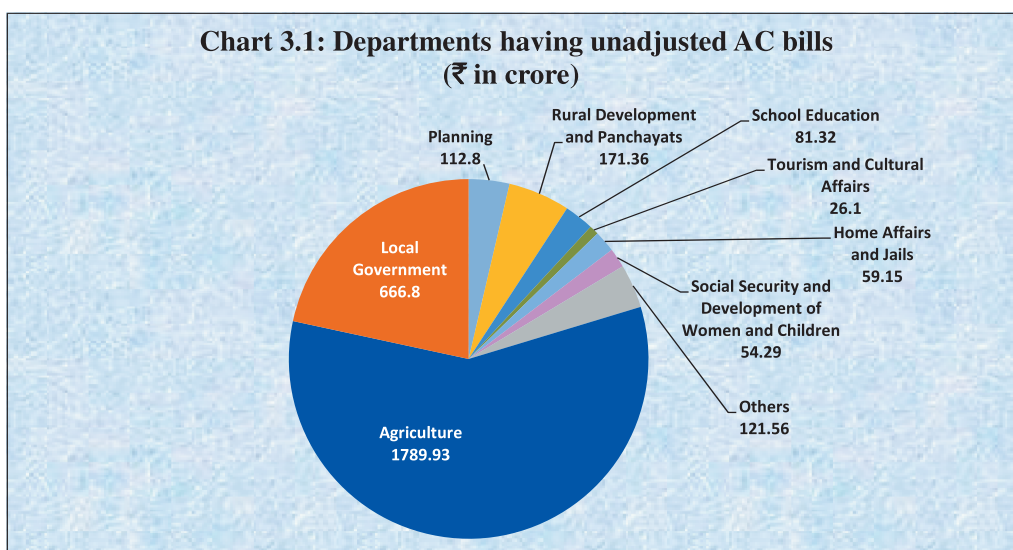
**Table 3.6: Details of unadjusted AC bills as on 31 March 2019**

(₹ in crore)

Year	Unadjusted AC bills	
	No. of Bills	Amount
Up to 2016-17	246	394.68
2017-18	223	712.69
2018-19 (drawn upto September 2018)	320	1,975.94
<b>Total</b>	<b>789</b>	<b>3,083.31</b>

Source: Finance Accounts

Out of 789 unadjusted AC bills amounting to ₹3,083.31 crore, 574 AC bills amounting to ₹2,961.75 crore (96.06 per cent) pertained to eight Departments as depicted in **Chart: 3.1**.



Source: Finance Accounts

The Finance Department stated (February 2020) that efforts were being made to bring down the number of outstanding AC bills.

The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.

### **3.7 Outstanding balance under major suspense account affecting accuracy of accounts**

Certain intermediary/adjusting heads of accounts known as 'Suspense heads' are opened in Government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balance under the suspense heads would accumulate and would not reflect Government's receipt and expenditure accurately.

The Finance Accounts reflect the net balances under these heads. The outstanding balance is worked out by aggregating the outstanding debit and credit separately. Suspense head 8658-101-Pay and Accounts Office suspense is intended for settlement of transactions between the Accountant General (AG) and the various separate Pay and Accounts Officers (PAO). The transactions initially recorded under this head in the books of the AG are cleared on receipt of the cheques/Demand Drafts in respect of amounts received in the PAOs on behalf of the State and on the issue of cheques/Demand Drafts in respect of amounts received in State on behalf of the PAOs. Outstanding debit balance under this head would mean that payments have been made by the State on behalf of a PAO, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the State on behalf of a PAO, which were yet to be paid.

It was observed that there was a net debit balance of ₹55.21 crore under suspense head 8658-101-Pay and Accounts Office suspense at the close of the year 2018-19. On clearance/settlement of the debit balance, the cash balance of the State Government will increase.

### **3.8 Follow up action on Audit Report**

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

As regards the Audit Reports relating to the period up to 2016-17 which have been laid before the State Legislature, the PAC took up (August 2015) Audit Report on State Finances for the year 2013-14 for discussion and directed the Finance Department for submission of reply to all paragraphs within three

weeks. However, no detailed note has been received in the Audit Office. The PAC has again directed (July 2019) the Finance Department for submission of reply.

### 3.9 Conclusions

As on 31 March 2019, 45 utilisation certificates in respect of grants amounting to ₹292.42 crore were pending for submission by the Departmental Officers. There was delay in submission of accounts to Audit and submission of Separate Audit Reports to the Legislature by the Autonomous Bodies. As on 31 March 2019, 18 cases of theft, loss and misappropriation involving an amount of ₹3.91 crore were pending finalisation. As many as 789 AC bills for ₹3,083.31 crore were pending for adjustment, most of which are more than a year old.

The above points were reported to the State Government in January 2020; reply was awaited (June 2020).

CHANDIGARH  
The 29 July 2020

  
(PUNAM PANDEY)  
Principal Accountant General (Audit), Punjab

Countersigned

NEW DELHI  
The 31 July 2020

  
(RAJIV MEHRISHI)  
Comptroller and Auditor General of India





# **Appendices**



## APPENDICES

### Appendix 1.1

(Referred to in paragraph 1.1, page 1)

#### Profile of Punjab

A. General Data			
Sr. No.	Particulars	Figures	
1.	Area	50,362 sq. km.	
2.	Population as per 2011 Census	2.77 crore	
3.	Density of Population (as per 2011 Census) (All India Density = 382 <sup>1</sup> persons per sq.km.)	551 persons per sq. km.	
4.	Population below poverty line (All India Average = 21.9 per cent)	8.3 per cent	
5.	Literacy (as per 2011 Census) (All India Average = 73 per cent)	75.80 per cent	
6.	Infant mortality (per 1000 live births) (All India Average = 33 per 1000 live births )	21	
7.	Life expectancy at birth (in years) (All India Average = 68.7 years)	72.5 years	
8.	Gini Coefficient <sup>2</sup> (a measure of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa).  (All India Average = Rural : 0.28; Urban : 0.37)	Rural: 0.29 Urban: 0.36	
9.	Human Development Index 2007-08 (All India Average = 0.467)	0.605	
10.	Gross State Domestic Product (GSDP) 2018-2019 at current prices	₹ 5,21,861 crore	
11.	Per Capita GSDP CAGR <sup>3</sup> (2011-12 to 2018-19)	General Category States Average	10.99
		Punjab	8.65
		All India Average (GDP)	10.35
12.	GSDP CAGR (2011-12 to 2018-19)	General Category States Average	12.23
		Punjab	10.07
13.	Population Growth (2009 to 2019)	General Category States Average	12.46
		Punjab	10.17
14.	Total cropped area	78.25 lakh hectares	
15.	Gross Irrigated area	77.67 lakh hectares	
16.	Percentage of total irrigated area to cropped area	99.26 per cent	

Source: Economic Surveys of India and Punjab 2018-19

<sup>1</sup> www.censusindia.gov.in (Census Info India 2011 Final Population Totals).

<sup>2</sup> [http://planningcommission.nic.in/data/datatable/data\\_2312/DatabookDec2014%20106.pdf](http://planningcommission.nic.in/data/datatable/data_2312/DatabookDec2014%20106.pdf).

<sup>3</sup> Compounded Annual Growth Rate.

<b>B. Financial Data</b>							
<b>Sr. No.</b>	<b>Particulars</b>	<b>Figures (in per cent)</b>					
		<b>2009-10 to 2017-18</b>		<b>2013-14 to 2017-18</b>		<b>2017-18 to 2018-19</b>	
	<b>CAGR</b>	<b>General Category States</b>	<b>Punjab</b>	<b>General Category States</b>	<b>Punjab</b>	<b>General Category States</b>	<b>Punjab</b>
a.	Of Revenue Receipts	15.03	11.52	13.54	10.85	12.77	17.47
b.	Of Own Tax Revenue	14.84	12.29	11.17	6.02	12.72	3.78
c.	Of Non-Tax Revenue	9.88	(-) 3.31	7.48	7.85	19.78	75.58
d.	Of Total Expenditure	14.20	10.45	13.86	10.49	12.73	20.74
e.	Of Capital Expenditure	13.53	1.03	15.35	1.68	11.93	2.56
f.	Of Revenue Expenditure on Education	13.44	12.44	10.69	9.73	9.38	8.49
g.	Of Revenue Expenditure on Health	16.50	13.74	17.59	9.84	11.09	14.45
h.	Of Salary and Wages	11.72	11.77	10.47	7.76	11.03	4.27
i.	Of Pension	16.12	14.91	13.83	12.93	14.31	(-) 1.17

Source: Finance Accounts

## Appendix 1.2

(Referred to in paragraph 1.1, page 1)

<b>Structure of the Government Accounts</b>	
<p>The accounts of the State Government are kept in three parts:</p> <p><b>Part I: Consolidated Fund:</b> All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled 'The Consolidated Fund of the State ' established under Article 266(1) of the Constitution of India.</p> <p><b>Part II: Contingency Fund:</b> Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorization by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.</p> <p><b>Part III: Public Account:</b> Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by State Legislature.</p>	
<b>Layout of the Finance Accounts</b>	
Statement Number	Subject
1.	Statement of Financial Position
2.	Statement of Receipts and Disbursements
3.	Statement of Receipts in Consolidated Fund
4.	Statement of Expenditure out of Consolidated Fund by function and nature
5.	Statement of Progressive Capital Expenditure
6.	Statement of Borrowings and Other Liabilities
7.	Statement of Loans and Advances given by the Government
8.	Statement of Investments of the Government
9.	Statement of Guarantees given by the Government
10.	Statement of Grants-in-aid given by the Government
11.	Statement of Voted and Charged Expenditure
12.	Statement of Sources and Application of Funds for Expenditure other than on Revenue Account
13.	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14.	Detailed Statement of Revenue and Capital Receipts by minor heads
15.	Detailed Statement of Revenue Expenditure by minor heads
16.	Detailed Statement of Capital Expenditure by minor heads and sub heads
17.	Detailed Statement of Borrowings and Other Liabilities
18.	Detailed Statement of Loans and Advances given by the Government
19.	Detailed Statement of Investments of the Government
20.	Detailed Statement of Guarantees given by the Government
21.	Detailed Statement of Contingency Fund and Public Account transactions
22.	Detailed Statement on Investments of Earmarked Balances

Source: Finance Accounts

## Appendix 1.3

(Referred to in paragraph 1.1.4, page 3)

## Abstract of receipts and disbursements for the year 2018-19 and summarized financial position of the Government of Punjab as on 31 March 2019

## Part A - Abstract of receipts and disbursements for the year 2018-19

(₹ in crore)

Receipts	2017-18	2018-19	Disbursements	2017-18	2018-19
1	2	3	4	5	6
<b>Section-A: Revenue</b>					
<b>I-Revenue receipts</b>	<b>53009.58</b>	<b>62269.08</b>	<b>I-Revenue expenditure</b>	<b>62464.85</b>	<b>75403.71</b>
(i) Tax revenue	30423.25	31574.28	<b>General Services</b>	<b>34499.50</b>	<b>36930.51</b>
(ii) Non-tax revenue	4318.39	7582.29	<b>Social Services-</b>	<b>15469.74</b>	<b>18320.37</b>
(iii) State's share of Union Taxes and Duties	10616.94	12005.14	-Education, Sports, Art and Culture	9312.39	10102.59
(iv) Non-Plan Grants	0.00	0.00	-Health and Family Welfare	2746.45	3143.38
(v) Grants for State Plan Schemes	0.00	0.00	-Water Supply, Sanitation, Housing and Urban Development	764.72	957.98
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	-0.63	-74.21	-Information and Broadcasting	38.72	45.45
(vii) Centrally Sponsored Schemes	3096.13	3091.70	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	293.05	610.93
(viii) Finance Commission Grants	355.69	719.54	-Labour and Labour Welfare	219.88	226.58
(ix) Other Transfer/Grants to States/Union Territories with Legislatures	4199.81	7370.34	-Social Welfare and Nutrition	2055.18	3199.61
			-Others	39.35	33.85
			<b>Economic Services-</b>	<b>11194.41</b>	<b>17888.17</b>
			-Agriculture and Allied Activities	7487.13	12343.28
			-Rural Development	321.79	435.84
			-Irrigation and Flood Control	1183.19	1169.63
			-Energy	1318.60	2196.88
			-Industry and Minerals	56.97	707.43
			-Transport	551.86	740.82
			-Science, Technology and Environment	4.56	4.28
			-General Economic Services	270.31	290.01
			<b>Grants-in-aid and Contributions</b>	<b>1301.20</b>	<b>2264.66</b>
<b>II- Revenue Deficit carried over to Section-B</b>	<b>9455.27</b>	<b>13134.63</b>	<b>II-Revenue Surplus carried over to Section-B</b>	--	--
<b>Total Section-A</b>	<b>62464.85</b>	<b>75403.71</b>		<b>62464.85</b>	<b>75403.71</b>



Receipts	2017-18	2018-19	Disbursements	2017-18	2018-19
1	2	3	4	5	6
<b>Section-B Others</b>					
<b>III-Opening Cash Balance including Permanent Advances and Cash Balance Investment</b>	<b>395.28</b>	<b>488.45</b>	<b>III- Opening Overdraft from Reserve Bank of India</b>	--	--
<b>IV- Misc Capital Receipts</b>	<b>0.12</b>	<b>0.02</b>	<b>IV-Capital Expenditure</b>	<b>2352.08</b>	<b>2412.24</b>
			<b><u>General Services</u></b>	<b>179.67</b>	<b>169.34</b>
			<b><u>Social Services-</u></b>	<b>916.55</b>	<b>1047.25</b>
			-Education, Sports, Art and Culture	69.67	178.72
			-Health and Family Welfare	1.39	100.47
			Water Supply, Sanitation, Housing and Urban Development	822.57	753.82
			-Information and Broadcasting	0.00	0.00
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	5.15	0.00
			-Social Welfare and Nutrition	0.00	8.72
			-Other Social Services	17.77	5.52
			<b><u>Economic Services-</u></b>	<b>1255.86</b>	<b>1195.65</b>
			-Agriculture and Allied Activities	108.37	80.18
			-Rural Development	67.42	200.94
			-Irrigation and Flood Control	315.13	252.85
			Energy	2.25	0.00
			Industry and Minerals	0.00	0.00
			Transport	674.55	515.19
			Science, Technology and Environment	0.00	2.94
			General Economic Services	88.14	143.55
<b>V-Recoveries of Loans and Advances</b>	<b>73.07</b>	<b>848.67</b>	<b>V-Loans and Advances disbursed</b>	<b>760.05</b>	<b>1361.05</b>
-From Power Projects	6.31	6.31	-For Power Projects	0.00	0.00
-From Government Servants	39.72	34.95	-To Government Servants	37.78	34.06
-From others	27.04	807.41	-To Others	722.27	1326.99

Receipts	2017-18	2018-19	Disbursements	2017-18	2018-19
1	2	3	4	5	6
<b>VI-Revenue surplus brought down</b>	--	--	<b>VI-Revenue Deficit brought down</b>	<b>9455.27</b>	<b>13134.63</b>
<b>VII- Public debt receipts</b>	<b>18516.74</b>	<b>22938.51</b>	<b>VII-Repayment of Public Debt</b>	<b>7486.90</b>	<b>8611.05</b>
-External Debt	--	--	-External Debt	--	--
-Internal debt other than Ways and Means Advances and Overdrafts	17621.98	22325.28	-Internal debt other than Ways and Means Advances and Overdrafts	7151.81	8234.08
-Net transactions under Ways and Means Advances	434.45	(-)704.22	-Net transactions under Ways and Means Advances	0.00	0
-Net transactions under Overdraft	0.00	0.00	-Net transactions under Overdraft	0.00	0
-Loans and Advances from Central Government	460.31	1317.45	-Repayment of Loans and Advances to Central Government	335.09	376.97
<b>VIII- Appropriation to Contingency fund</b>	<b>Nil</b>	<b>Nil</b>	<b>VIII- Appropriation to Contingency fund</b>	<b>Nil</b>	<b>Nil</b>
<b>IX-Amount transferred to Contingency fund</b>	<b>Nil</b>	<b>Nil</b>	<b>IX-Expenditure from Contingency fund</b>	<b>Nil</b>	<b>Nil</b>
<b>X-Public Account Receipts<sup>#</sup></b>	<b>47083.44</b>	<b>64839.91</b>	<b>X-Public Account Disbursement<sup>#</sup></b>	<b>45525.90</b>	<b>62271.76</b>
-Small Savings and Provident Funds	3521.99	3565.08	-Small Savings and Provident Funds	2395.79	2301.26
-Reserve Funds	729.95	923.82	-Reserve Funds	79.85	40.72
-Deposits and Advances	3112.09	4567.43	-Deposits and Advances	3291.53	4277.02
-Suspense and Miscellaneous <sup>#</sup>	39609.91	55702.58	-Suspense and Miscellaneous <sup>#</sup>	39637.03	55582.44
-Remittances	109.50	81.00	-Remittances	121.70	70.32
<b>XI-Closing Overdraft from Reserve Bank of India</b>	<b>Nil</b>	<b>Nil</b>	<b>XI - Cash Balance at end</b>	<b>488.45</b>	<b>1324.83</b>
			Cash in Treasuries and Local Remittances	--	--
			Deposits with Reserve Bank of India	(-)74.95	20.10
			Other Cash Balance and Investment	563.36	836.17
			Cash Balance Investment	0.04	468.56
<b>Total Section-B</b>	<b>66068.65</b>	<b>89115.56</b>		<b>66068.65</b>	<b>89115.56</b>
<b>Total (A+B)</b>	<b>128533.50</b>	<b>164519.27</b>		<b>128533.50</b>	<b>164519.27</b>

Source: Finance Accounts

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

**Appendix 1.3 (continued)***(Referred to in paragraphs 1.1.4 & 1.9.1, pages 3 & 38)***Part - B - Summarized financial position of the Government of Punjab  
as on 31 March 2019***(₹ in crore)*

<b>LIABILITIES</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2019</b>
<b>Internal Debt -</b>	<b>160784.77</b>	<b>174171.75</b>
Market Loans bearing interest	92694.19	109747.67
Market Loans not bearing interest	0.04	0.04
Loans from Life Insurance Corporation of India	0.00	0.00
Loans from other Institutions	67387.96	64425.68
Ways and Means Advances and Overdrafts from Reserve Bank of India	702.58	(-)1.64
<b>Loans and Advances from Central Government-</b>	<b>4018.23</b>	<b>4958.70</b>
Non-Plan Loans	25.24	20.92
Loans for State Plan Schemes	3532.37	3159.25
Pre 1984-85 Loans	0.31	0.31
Other loans for State	460.31	1778.22
<b>Contingency Fund</b>	<b>25.00</b>	<b>25.00</b>
<b>Small Savings, Provident Funds, etc.</b>	<b>21729.73</b>	<b>22993.55</b>
<b>Deposits</b>	<b>3099.54</b>	<b>3389.96</b>
<b>Reserve Funds</b>	<b>5520.18</b>	<b>6403.28</b>
<b>Suspense and Miscellaneous Balances</b>	<b>--</b>	<b>69.27</b>
<b>Remittance Balances</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>195177.45</b>	<b>212011.51</b>
<b>ASSETS</b>		
<b>Gross Capital Outlay on Fixed Assets -</b>	<b>45835.84</b>	<b>48248.06</b>
Investments in shares of Companies, Corporations, etc.	4189.25	4263.23
Other Capital Expenditure	41646.59	43984.83
<b>Loans and Advances -</b>	<b>50169.35</b>	<b>50681.72</b>
Loans for Power Projects	16402.11	16395.80
Other Development Loans	33757.29	34276.87
Loans to Government servants and miscellaneous loans	9.95	9.05
<b>Advances with Departmental officers</b>	<b>0.42</b>	<b>0.42</b>
<b>Remittance Balances</b>	<b>13.59</b>	<b>2.91</b>
<b>Cash</b>	<b>488.45</b>	<b>1324.83</b>
Cash in Treasuries and local remittances	--	--
Departmental Cash Balance	562.40	835.21
Permanent Advances/ Cash Imprest	0.26	0.26
Cash Balance Investments	0.04	468.56
Deposits with Reserve Bank of India	(-)74.95	20.10
Investments from Earmarked Funds	0.70	0.70
<b>Suspense and Miscellaneous Balances</b>	<b>51.52</b>	<b>0.66</b>
<b>Deficit on Government Account -</b>	<b>98618.28</b>	<b>111752.91</b>
Add Revenue Deficit of the current year	9455.27	13134.63
Accumulated deficit at the beginning of the year	89163.01	98618.28
<b>Total</b>	<b>195177.45</b>	<b>212011.51</b>

Source: Finance Accounts

## Appendix 1.4

(Referred to in paragraph 1.1.7, page 8)

## Budget estimates vis-à-vis actuals for the year 2018-19

(₹ in crore)

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
<b>Revenue Receipts</b>	<b>62269</b>	<b>73812</b>	<b>(-11543)</b>	<b>(-15.64)</b>
<i>Of which</i>				
<b>Tax Revenue</b>	<b>31574</b>	<b>41064</b>	<b>(-9490)</b>	<b>(-23.11)</b>
<b>State Goods and Services Tax</b>	<b>13273</b>	<b>21441</b>	<b>(-8168)</b>	<b>(-38.10)</b>
<i>Taxes on Sales, Trade, etc.</i>	6572	6333	239	3.77
<i>State Excise</i>	5072	6000	(-928)	(-15.46)
<i>Taxes on vehicles</i>	1861	2140	(-279)	(-13.02)
<i>Stamp duty and Registration fees</i>	2298	2500	(-202)	(-8.10)
<i>Land Revenue</i>	69	110	(-41)	(-37.05)
<b>Non-Tax Revenue</b>	<b>7582</b>	<b>10249</b>	<b>(-2667)</b>	<b>(-26.02)</b>
<b>State's share of Union taxes and duties</b>	<b>12005</b>	<b>12429</b>	<b>(-424)</b>	<b>(-3.41)</b>
<b>Grants in aid from GOI</b>	<b>11108</b>	<b>8570</b>	<b>2538</b>	<b>29.62</b>
<b>Revenue Expenditure</b>	<b>75404</b>	<b>86351</b>	<b>(-10947)</b>	<b>(-12.68)</b>
<i>Of which</i>				
2040-Taxes on Sales, Trade, etc.	29	35	(-6)	(-16.51)
2043-State Goods and Services Tax	105	106	(-1)	(-0.94)
2049-Interest Payments	16306	16260	46	0.28
2055-Police	5582	5654	(-72)	(-1.28)
2070-Other Administrative Services	523	664	(-141)	(-21.21)
2071-Pensions and Other Retirement Benefits	10089	10305	(-216)	(-2.10)
2075-Misc General Services	1615	2221	(-606)	(-27.29)
2202-General Education	9759	10792	(-1033)	(-9.57)
2210-Medical and Public Health	2906	3286	(-380)	(-11.57)
2211-Family Welfare	237	280	(-43)	(-15.21)
2215-Water Supply and Sanitation	342	574	(-232)	(-40.50)
2225-Welfare of SCs, STs & OBCs	611	1196	(-585)	(-48.92)
2230-Labour and Employment	227	369	(-142)	(-38.60)
2235-Social Security and Welfare	2638	2657	(-19)	(-0.70)
2236-Nutrition	118	160	(-42)	(-26.03)
2245-Relief on account of Natural Calamities	443	684	(-241.15)	(-35.26)
2401-Crop Husbandry	11092	14019	(-2927.49)	(-20.88)
2801-Power	2197	2953	(-756.12)	(-25.61)

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
3456-Civil Supplies	225	226	(-)0.78	(-)0.35
3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions	2265	4269	(-)2004.34	(-)46.95
Salaries and Wages	20885	21506	(-)621	(-)2.89
Subsidies	13361	14924	(-)1564	(-)10.48
<b>Capital Outlay</b>	<b>2412</b>	<b>6385</b>	<b>(-)3973</b>	<b>(-)62.22</b>
4055-Capital outlay on Police	91	153	(-)62	(-)40.76
4210- Capital outlay on Medical and Public Health	100	361	(-)261	(-)72.17
4215-Capital outlay on Water Supply and Sanitation	258	915	(-)657	(-)71.82
4217-Capital outlay on Urban Development	495	1405	(-)910	(-)64.74
4225-Capital outlay on Welfare of SCs, STs and OBCs	0	65	(-)65	(-)100.00
4515-Capital outlay on Other Rural Development Programmes	201	292	(-)91	(-)31.18
<b>Disbursement of Loans and Advances</b>	<b>1361</b>	<b>851</b>	<b>510</b>	<b>59.94</b>
<b>Revenue Deficit</b>	<b>13135</b>	<b>12539</b>	<b>596</b>	<b>4.75</b>
<b>Fiscal Deficit</b>	<b>16059</b>	<b>19720</b>	<b>(-)3661</b>	<b>(-)18.56</b>
<b>Primary Deficit</b>	<b>247</b>	<b>(-)3460</b>	<b>3707</b>	<b>(-)107.13</b>
<b>Revenue Deficit/GSDP</b>	<b>2.52</b>	<b>2.42</b>	<b>0.10</b>	<b>4.00</b>
<b>Fiscal Deficit/GSDP</b>	<b>3.08</b>	<b>3.81</b>	<b>(-)0.73</b>	<b>(-)19.23</b>
<b>Primary Deficit/GSDP</b>	<b>0.05</b>	<b>0.67</b>	<b>(-)0.62</b>	<b>(-)92.95</b>
<b>Revenue Deficit/Fiscal Deficit</b>	<b>81.79</b>	<b>63.59</b>	<b>18.20</b>	<b>28.63</b>

Source: Finance Accounts and Annual Financial Statement

## Appendix 1.5

(Referred to in paragraphs 1.3 &amp; 1.6.1, pages 12 &amp; 21)

## Time Series data on State Government Finances

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>39023</b>	<b>41523</b>	<b>47985</b>	<b>53010</b>	<b>62269</b>
<b>(i) Tax Revenue<sup>4</sup></b>	<b>25570(66)</b>	<b>26690(64)</b>	<b>27747(58)</b>	<b>30423(57)</b>	<b>31574(51)</b>
State Goods and Services Tax	0	0	0	7901(26)	13273(42)
Taxes on Sales, Trade, etc. <sup>5</sup>	15455(60)	15857(59)	17587(63)	11160(37)	6572(21)
State Excise <sup>5</sup>	4246(17)	4796(18)	4406(16)	5136(17)	5072(16)
Taxes on vehicles <sup>5</sup>	1394(5)	1475(6)	1548(6)	1911(6)	1861(6)
Stamp Duty and Registration fees <sup>5</sup>	2474(10)	2449(9)	2044(7)	2135(7)	2298(7)
Land Revenue	47	55	68	91	69
Other Taxes <sup>5</sup>	1954(8)	2058(8)	2094(8)	2089(7)	2429(8)
<b>(ii) Non-Tax Revenue<sup>4</sup></b>	<b>2880(7)</b>	<b>2650(7)</b>	<b>5863(12)</b>	<b>4319(8)</b>	<b>7582(12)</b>
<b>(iii) State's share of Union taxes and duties<sup>4</sup></b>	<b>4703(12)</b>	<b>8009(19)</b>	<b>9599(20)</b>	<b>10617(20)</b>	<b>12005(19)</b>
<b>(iv) Grants in aid from GOI<sup>4</sup></b>	<b>5870(15)</b>	<b>4174(10)</b>	<b>4776(10)</b>	<b>7651(14)</b>	<b>11108(18)</b>
<b>2. Misc Capital Receipts</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. Recoveries of Loans and Advances</b>	<b>137</b>	<b>218</b>	<b>181</b>	<b>73</b>	<b>849</b>
<b>4. Total revenue and Non-debt capital receipts (1+2+3)</b>	<b>39161</b>	<b>41741</b>	<b>48166</b>	<b>53083</b>	<b>63118</b>
<b>5. Public Debt Receipts</b>	<b>11363</b>	<b>20207</b>	<b>55234</b>	<b>18517</b>	<b>22939</b>
Internal Debt (excluding Ways & Means Advances and Overdrafts)	11389	19942	54311	17622	22325
Net transactions under Ways and Means Advances and Overdrafts	(-)593	0	268	435	(-)704
Loans and Advances from Government of India	567	265	655	460	1318
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>50524</b>	<b>61948</b>	<b>103400</b>	<b>71600</b>	<b>86057</b>
<b>7. Contingency Fund Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>8. Public Account Receipts<sup>6</sup></b>	<b>1698</b>	<b>0</b>	<b>7553</b>	<b>1757</b>	<b>1827</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>52222</b>	<b>61948</b>	<b>110953</b>	<b>73357</b>	<b>87884</b>

<sup>4</sup> Figures in parenthesis indicate percentage to Revenue Receipts.

<sup>5</sup> Figures in parenthesis indicate percentage to Tax Revenue.

<sup>6</sup> These figures are net of disbursements out of Public Account. During 2015-16, against receipts of ₹ 66,018 crore in Public Account, disbursements were ₹ 70,236 crore, rendering net Public Account as (-) ₹ 4,218 crore. Therefore, net Public Account Receipts are shown as NIL and the excess of disbursements has been depicted at Sr. No. 18.

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Part B.</b>					
<b>Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure<sup>7</sup></b>	<b>46614(93)</b>	<b>50073(85)</b>	<b>55296(55)</b>	<b>62465(95)</b>	<b>75404(95)</b>
Plan <sup>8</sup>	4913(11)	5311(11)	5966(11)	62465(100)	75404(100)
Non-Plan <sup>8</sup>	41701(89)	44762(89)	49330(89)		
General Services including interest payments <sup>8</sup>	23043(49)	24713(49)	28488(52)	34500(55)	36931(49)
Social Services <sup>8</sup>	13729(29)	14898(30)	15672(28)	15470(25)	18320(24)
Economic Services <sup>8</sup>	9238(20)	9756(20)	10218(18)	11194(18)	17888(24)
Grants in aid and Contributions <sup>8</sup>	604(1)	706(1)	918(2)	1301(2)	2265(3)
<b>11. Capital Expenditure<sup>7</sup></b>	<b>3118(6)</b>	<b>3059(5)</b>	<b>4346(4)</b>	<b>2352(4)</b>	<b>2412(3)</b>
Plan <sup>9</sup>	2939(94)	2733(89)	3929(90)	2352(100)	2412(100)
Non-Plan <sup>9</sup>	179(6)	326(11)	417(10)		
General Services <sup>9</sup>	252(8)	253(8)	249(6)	180(8)	169(7)
Social Services <sup>9</sup>	795(26)	828(27)	1087(25)	916(39)	1047(43)
Economic Services <sup>9</sup>	2071(66)	1978(65)	3010(69)	1256(53)	1196(50)
<b>12. Disbursement of Loans and Advances<sup>7</sup></b>	<b>270(0.54)</b>	<b>5969(10)</b>	<b>41364(41)</b>	<b>760(1)</b>	<b>1361(2)</b>
<b>13. Total of revenue expenditure, capital expenditure and disbursement of loans and advances (10+11+12)</b>	<b>50002</b>	<b>59101</b>	<b>101006</b>	<b>65577</b>	<b>79177</b>
<b>14. Repayments of Public Debt</b>	<b>3214</b>	<b>3830</b>	<b>4050</b>	<b>7487</b>	<b>8611</b>
Internal Debt (excluding Ways and Means Advances and Overdraft)	2931	3515	3722	7152	8234
Net transactions under Ways and Means advances and Overdraft	0	0	0	0	0
Loans and Advances from Government of India	283	315	328	335	377
<b>15. Appropriation to Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>53216</b>	<b>62931</b>	<b>105056</b>	<b>73064</b>	<b>87788</b>
<b>17. Contingency Fund disbursements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>18. Public Account disbursements</b>	<b>0</b>	<b>4218</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>19. Total disbursements by the State (16+17+18)</b>	<b>53216</b>	<b>67149</b>	<b>105056</b>	<b>73064</b>	<b>87788</b>

<sup>7</sup> Figures in parenthesis indicate percentage to Total Expenditure.

<sup>8</sup> Figures in parenthesis indicate percentage to Revenue Expenditure.

<sup>9</sup> Figures in parenthesis indicate percentage to Capital Expenditure.



Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Part C. Deficits</b>					
20. Revenue Deficit (1-10)	(-7591)	(-8550)	(-7311)	(-9455)	(-13135)
21. Fiscal Deficit (4 - 13)	(-10841)	(-17360)	(-47071) <sup>10</sup>	(-12494)	(-16059)
22. Primary Deficit (21-23)	(-1881)	(-7578)	(-35429) <sup>10</sup>	2840	247
<b>Part D. Other data</b>					
23. Interest Payments (included in the revenue expenditure)	8960	9782	11642	15334	16306
24. Financial assistance to local bodies, etc.	2158	1395	2058	2347	3468
25. Ways and Means Advances/Overdraft availed (days)	315	275	344	313	233
Ways and Means Advances availed (days)	177	218	165	213	170
Overdraft availed (days)	138	57	179	100	63
26. Interest on Ways and Means Advances/ Overdraft	41	28	59	48	27
27. Gross State Domestic Product (GSDP)	355102	390087	426988	479141	521861
28. Outstanding fiscal liabilities (year end)	112366	128835 <sup>11</sup>	182526	195152	211917
29. Outstanding Guarantees (year end)	66782	56819	20677	19760 <sup>12</sup>	23816
30. Maximum amount guaranteed (year end)	45347	31066	15534	14214	14287
31. Number of incomplete projects	34	11	12	40	53
32. Capital blocked in incomplete projects	654	447	435	118	158
<b>Part E. Fiscal Health Indicators (per cent)</b>					
<b>I Resource Mobilization</b>					
Own Tax revenue/GSDP	7.20	6.84	6.50	6.35	6.05
Non-tax revenue/GSDP	0.81	0.68	1.37	0.90	1.45
Central Transfers/GSDP	1.32	2.05	2.25	2.22	2.30
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	14.08	15.15	23.66	13.69	15.17
Total Expenditure/Revenue Receipts	128.13	142.33	210.49	123.71	127.15
Revenue Expenditure/Total Expenditure	93.22	84.72	54.75	95.25	95.23
Expenditure on Social Services/ Total Expenditure	29.05	26.61	16.59	24.99	24.46

<sup>10</sup> Excluding borrowings of ₹ 5,769 crore under UDAY to take over DISCOM debt, as per GoI's letter No. 40(6) PF-1/2009 Vol. II dated 29 March 2016, which were not to be counted towards fiscal deficit limits of the State during 2016-17.

<sup>11</sup> Decreased by ₹ 606 crore through proforma adjustment in respect of the loan already repaid by PUNGRAIN to the State Bank of India in 2003-04 and 2004-05.

<sup>12</sup> Opening Balance differs from previous year's Closing Balance. Reason for difference awaited from the State Government (June 2020).

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Expenditure on Economic Services/ Total Expenditure	22.62	19.85	13.10	20.09	25.78
Capital Expenditure/Total Expenditure	6.24	5.18	4.30	3.59	3.05
Capital Expenditure on Social & Economic Services/ Total Expenditure	5.73	4.75	4.06	3.31	2.83
<b>III Management of Fiscal Imbalances</b>					
Revenue Deficit /GSDP	(-)2.14	(-)2.19	(-)1.71	(-)1.97	(-)2.52
Fiscal Deficit/GSDP	(-)3.05	(-)4.45	(-)11.02*	(-)2.61	(-)3.08
Primary Deficit (surplus)/GSDP	(-)0.53	(-)1.94	(-)8.30*	0.59	0.05
Revenue Deficit/Fiscal Deficit	70.02	49.25	15.53	75.68	81.79
Primary revenue balance/GSDP	0.42	0.37	1.06	1.24	0.77
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	31.64	33.03	42.75	40.73	40.61
Fiscal Liabilities/RR	287.95	310.27	380.38	368.14	340.33
<b>V Other Fiscal Health Indicators</b>					
Return on Investment (per cent)	0.04	0.04	0.09	0.11	0.10
Financial Assets/Liabilities	34.21	36.49	51.16	49.47	47.29

Source: Finance Accounts

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

**Appendix 1.6**

(Referred to in paragraph 1.3.1.5, page 18)

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

Head	Year	Collection	Expenditure on collection	Percentage of expenditure on collection	All India average
		(₹ in crore)			
<b>State Goods and Services Tax</b>	2018-19	13273.15	105.24	0.79	NA
<b>Taxes on Sales, Trade, etc.</b>	2014-15	15455.17	111.01	0.72	0.91
	2015-16	15856.64	119.06	0.75	0.66
	2016-17	17586.71	117.41	0.67	0.69
	2017-18	19061.44	130.26	0.68*	0.69*
	2018-19	6571.92	29.22	0.44	NA
<b>Taxes on Vehicles</b>	2014-15	1393.32	38.15	2.74	6.08
	2015-16	1474.83	45.84	3.11	4.99
	2016-17	1548.12	15.31	0.99	2.61
	2017-18	1911.20	15.21	0.80	2.61
	2018-19	1861.39	14.36	0.77	NA
<b>State Excise</b>	2014-15	4246.11	35.05	0.83	2.09
	2015-16	4796.45	84.55	1.76	3.21
	2016-17	4406.01	111.99	2.54	2.01
	2017-18	5135.68	40.67	0.79	1.83
	2018-19	5072.40	47.77	0.94	NA
<b>Stamp duty and Registration fees</b>	2014-15	2474.15	13.91	0.56	3.59
	2015-16	2448.98	23.31	0.95	2.87
	2016-17	2043.61	16.54	0.81	2.99
	2017-18	2135.13	6.36	0.30	2.96
	2018-19	2297.54	18.44	0.80	NA

Source: Finance Accounts of relevant years

NA = Not Available

\* Includes VAT and GST

## Appendix 1.7

(Referred to in paragraph 1.8.6, page 38)

## Statement showing division-wise details in respect of funds amounting to ₹ 835.21 crore lying in various bank accounts as on 31 March 2019

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
1.	Provincial Division, Jalandhar	83969684	6	SBI, HDFC (4) OBC	106	0	83969790
2.	Construction Division No. I, Jalandhar	21531027	5	SBI, PNB, IndusInd, Allahabad Bank (2)	0	0	21531027
3.	Construction Division No. II, Jalandhar	90759807	3	HDFC (2) SBI	0	0	90759807
4.	Electrical Division, Jalandhar	1326942	3	SBI, OBC, IDBI	0	0	1326942
5.	Central Works Division III, Ludhiana	404394	3	SBI, PNB, HDFC	117662006	0	118066400
6.	Central Works Division, Jalandhar	50938691	2	ICICI, HDFC	228	0	50938919
7.	Construction Division No. II, Kapurthala	192118489	10	SBI (4), ICICI, Axis, OBC, HDFC, Kotak Mahindra (KM) (2)	151	0	192118640
8.	Construction Division No. I, Kapurthala	47570402	7	SBI, OBC, Allahabad Bank, IndusInd, Axis, HDFC, ICICI,	0	0	47570402
9.	Provincial Division, Ludhiana	209493676	12	SBI, OBC, ICICI, PNB, HDFC (5), Axis Bank (3),	171	0	209493847
10.	Construction Division No. I, Ludhiana	78690518	9	OBC, ICICI, Allahabad Bank, DCB, HDFC (3), SBI, KM	415	0	78690933
11.	Construction Division No. III, Ludhiana	41912753	10	SBI, HDFC (5), Axis (2) KM, ICICI	1545	0	41914298
12.	Electrical Division, Ludhiana	4796388	1	OBC	0	0	4796388
13.	Horticulture Division, Ludhiana	833762	2	SBI, IDBI	0	0	833762
14.	Provincial Division I, Patiala	361937553	6	SBI, IndusInd, ICICI, HDFC (2), OBC	44159	56000	362037712

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
15.	Construction Division, Patiala	148493478	9	SBI, OBC, Axis, ICICI (2), DCB, HDFC, KM, AU Finance,	30905	0	148524383
16.	Provincial Division II, Patiala	103314228	8	Axis, OBC, SBI, ICICI (2) HDFC, Allahabad Bank, AU Finance,	3575	0	103317803
17.	Construction Division, Nabha	80676159	3	Axis Bank, HDFC, OBC	16604	0	80692763
18.	Construction Division, Sirhind	166057595	7	OBC, ICICI, HDFC (2), KM, Allahabad Bank, SBI	11533	0	166069128
19.	Construction Division IV, Ludhiana	725588	2	Allahabad Bank, ICICI	0	0	725588
20.	Construction Division, Muktsar	47921867	9	OBC, HDFC (3), Axis, Federal, Yes Andhra, ICICI,	137	0	47922004
21.	Construction Division, Moga	95857841	6	Canara Bank (CB), Axis, Equites (2), Allahabad Bank, KM,	4344	0	95862185
22.	Provincial Division, Gurdaspur	288356077	10	PGB, HDFC (5), KM, IndusInd, SBI, Punjab & Sind Bank (P&SB)	0	0	288356077
23.	Construction Division, Pathankot	105620082	7	Allahabad Bank (2) HDFC (2), UBI, SBI, KM	0	0	105620082
24.	Construction Division, Gurdaspur at Batala	155759130	10	Axis, OBC(3), SBI, IDBI (2), ICICI, KM, P&SB	0	0	155759130
25.	Construction Division, Mukerian	97505571	4	SBI, Axis, OBC, HDFC	0	0	97505571
26.	Provincial Division, Mansa	2042668	4	HDFC, SBI (2), Axis	4175	0	2046843
27.	Provincial Division, Faridkot	34135929	7	OBC(3), Axis (2), Allahabad Bank, SBI,	6522	0	34142451
28.	Electrical Division, Faridkot	2853598	1	OBC	0	0	2853598
29.	Construction Division, Gidderbaha	3629813	6	ICICI, Axis (2), HDFC (2), SBI	56	0	3629869

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
30.	Construction Division I, Amritsar	139927009	7	HDFC(2), Axis, KM, SBI, Equitas, IDBI	2534	0	139929543
31.	Provincial Division, Amritsar	64267303	15	HDFC, Punjab Gramin Bank (PGB), IDBI (3), KM, IndusInd (3), ICICI, Equitas, OBC (2), SBI, Bandhan Bank,	22776	0	64290079
32.	Central Works Division, No. I, Amritsar	55813652	6	SBI (2), HDFC (3),Allahabad Bank,	4924	0	55818576
33.	Construction Division No. II, Amritsar	132710224	10	IDBI (2), HDFC(2), KM, SBI, ING Bank, IndusInd, Allahabad Bank, ICICI	0	0	132710224
34.	Electrical Division, Amritsar	6179740	3	HDFC, SBI, IOB	0	0	6179740
35.	Central Works Division No. II, Amritsar	31975624	17	IDBI (2), KM, PNB, HDFC (2), DCB, SBI, IndusInd, ICICI, Equitas (7)	163203	0	32138827
36.	Provincial Division, Bhatinda	199264516	6	HDFC, OBC, Axis, IndusInd (2), AU Small Finance	20875	0	199285391
37.	Construction Division II, Bhatinda	144406965	8	OBC (2), HDFC (5), IndusInd	10888	0	144417853
38.	Central Works, Division, Bhatinda	27271710	2	HDFC (2)	0	0	27271710
39.	Central Works Division, Abohar	22442989	3	SBI, HDFC, AUI Small Finance	0	0	22442989
40.	Provincial Division, Nawanshahr	20502887	2	HDFC, SBI	2700	0	20505587
41.	Electrical Division, Bhatinda	4906777	2	SBI (2)	0	0	4906777
42.	Central Works Division No 2, Bhatinda	11090794	1	HDFC	0	0	11090794

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
43.	Provincial Division, Sangrur	152647071	8	Indian Bank, Axis, HDFC, IndusInd, KM, SBI, DCB, AU Small Finance Bank	15201	0	152662272
44.	Construction Division, Sangrur	8244598	2	PNB, OBC	0	0	8244598
45.	Electrical Division 1, Patiala	6711336	3	IDBI, SBI, IndusInd	0	0	6711336
46.	Central Works Division, Sangrur at Patiala	328494284	4	HDFC, SBI, Axis, HDFC	0	0	328494284
47.	Central Works Division, Patiala	44222566	3	HDFC (2), SBI,	0	0	44222566
48.	Construction Division No. 2, Mohali at Fatehgarh Sahib	187513853	4	OBC, Allahabad Bank, SBI, KM	0	0	187513853
49.	Provincial Division, Mohali	306978623	11	HDFC (5), ING Vyas Bank, Axis, SBI (2), IndusInd Bank, OBC	357	0	306978980
50.	Construction Division No. 1, Mohali	278136990	14	OBC (2), HDFC (4), Axis, ING Vyas Bank, IndusInd, IDBI, SBI, ICICI (2), Allahabad Bank	1959	2500000	280638949
51.	Central Works Division, Ropar	6584558	2	HDFC, SBI	0	0	6584558
52.	Electrical Division, Chandigarh	8173287	1	Indian Bank	0	0	8173287
53.	Horticulture Division, Mohali	12190300	2	HDFC, Axis	16000	0	12206300
54.	Construction Division, Malerkotla	134480976	11	SBI, SBOP, HDFC(2), Axis (2), Allahabad Bank, DCB, ING-KM, IndusInd, ICICI	144	0	134481120
55.	Construction Division, Barnala	70199234	7	SBI (2), HDFC (2), OBC, ICICI, Yes	0	0	70199234
56.	Central Works Division No. 1, Ludhiana	643570	2	OBC, ICICI	0	0	643570



Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
57.	Central Works Division, Mohali	56790491	5	HDFC(2), PNB, Allahabad Bank, KM	0	0	56790491
58.	Electrical Division No. 2, Patiala	7212230	3	OBC, HDFC, IndusInd	0	0	7212230
59.	Construction Division, Ropar	231694110	9	AXIS, OBC (3), HDFC (3), SBI, YES	3520	0	231697630
60.	Central Works Division, Amritsar at Ferozepur	3507895	2	OBC, HDFC	96	0	3507991
61.	Central Works Division, Pathankot	6826439	2	PGB, SBI	0	0	6826439
62.	Provincial Division, Hoshiarpur	154387935	4	IDBI, HDFC (2), PNB	8	0	154387943
63.	Construction Division No. 1, Hoshiarpur	102093911	9	Allahabad Bank, ICICI, IDBI (2), HDFC, SBI, PNB, CB, Axis	363	0	102094274
64.	Construction Division No. 2, Hoshiarpur	100641474	6	SBI, HDFC (2), IDBI, PNB, CB	130	0	100641604
65.	Central Works Division, Hoshiarpur	3251274	1	HDFC	17780	0	3269054
66.	Provincial Division, Ferozepur	91876759	2	ICICI, HDFC	24722	0	91901481
67.	Construction Division No. 1, Ferozepur	150980396	5	HDFC, Axis (2), OBC, ICICI	122	0	150980518
68.	Construction Division No. 2, Ferozepur at Fazilka	51464559	5	CB, OBC (2), HDFC, Central Cooperative Bank	8	0	51464567
69.	Central Works Division, Ferozepur	86208364	2	OBC, Axis	34366	0	86242730
70.	Provincial Division, Chandigarh	20392314	1	HDFC Bank Ltd.	0	0	20392314

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
71.	Panchayati Raj Division, Ferozepur	46406234	3	HDFC, Axis (2)	21106	0	46427340
72.	Panchayati Raj Division, Hoshiarpur	58943009	3	IDBI, HDFC, Axis	0	0	58943009
73.	Panchayati Raj Division, Gurdaspur	74289473	1	HDFC	17534	0	74307007
74.	Panchayati Raj Division, Faridkot at Faridkot	6644173	2	IDBI, OBC	0	106	6644279
75.	Panchayati Raj Division, Fatehgarh Sahib	15663934	3	Andhra Bank(2), HDFC,	172	0	15664106
76.	Panchayati Raj Division, Kapurthala	29277763	2	HDFC (2)	0	0	29277763
77.	Panchayati Raj Division, Ropar	20040862	1	Bank of Baroda (BOB)	1857	0	20042719
78.	Panchayati Raj Division, Sangrur	77950818	3	IDBI, HDFC, Axis	29067	0	77979885
79.	Panchayati Raj Division, Patiala	88959828	1	Axis	39838	0	88999666
80.	Panchayati Raj Division, Tarn Taran	30563649	2	Axis, HDFC	21	0	30563670
81.	Panchayati Raj Division, Jalandhar	20028029	2	Axis, HDFC	2519	0	20030548
82.	Panchayati Raj Division, Bathinda	16374783	1	IDBI Bank	14435	0	16389218
83.	Panchayati Raj Division, Amritsar	33278999	1	BOB	4960	0	33283959
84.	Panchayati Raj Division, Ludhiana	33890230	1	IOB	0	0	33890230
85.	Panchayati Raj Division, Moga	16807805	2	Axis, IOB	0	0	16807805
86.	Panchayati Raj Division, Nawanshahr	9590662	1	BOB	0	0	9590662

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
87.	Panchayati Raj Division, Mohali	198778810	4	PNB, OBC, HDFC, ICICI	7330	0	198786140
88.	Panchayati Raj Division, Muktsar	51702133	2	Axis, HDFC	0	0	51702133
89.	Panchayati Raj Division, Fazilka	48298585	2	Axis, IndusInd	9456	0	48308041
90.	Kotra Canal Lining Division, Sangrur	0		NIL	2	0	2
91.	B.M.L Division, Patiala	64167260	2	HDFC, OBC	0	0	64167260
92.	Devigarh I.B Division, Patiala	6919560	3	HDFC (2), OBC	0	0	6919560
93.	Sidhwan Canal Division, Ludhiana	30972755	1	HDFC	4232	0	30976987
94.	Faridkot Canal Division, Faridkot	730803	2	HDFC (2)	63951	0	794754
95.	Ropar Headworks Division, Ropar	3878910	2	SBI, HDFC	0	0	3878910
96.	Bathinda Canal Division, Bathinda	31483786	3	HDFC, OBC, ICICI	0	0	31483786
97.	Bist Doab Division, Jalandhar	4098474	2	SBI, HDFC	0	0	4098474
98.	Discharge Division, Mohali	0		NIL	60	0	60
99.	Lehal I.B Division, Patiala	6203861	2	Central Co-op Bank, HDFC	0	0	6203861
100.	Mansa I.B Division, Mansa	3551320	2	HDFC (2)	0	0	3551320
101.	Patiala Drainage Division, Patiala	30332198	1	HDFC BANK	0	0	30332198
102.	Drainage Const. Division, Gidderbaha	0		NIL	53509	0	53509
103.	Drainage Const. Division, Faridkot	463826	1	HDFC	0	0	463826

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
104.	Mansa Drainage Division, Mansa	7	2	HDFC (2)	0	0	7
105.	Jalandhar Drainage Division, Jalandhar	3247041	1	HDFC	0	0	3247041
106.	Phagwara Drainage Division, Jalandhar	0	1	HDFC	0	0	0
107.	Sangrur Drainage Const. Division, Sangrur	0	1	HDFC	0	0	0
108.	Sangrur I.B Division, Sangrur	7513817	2	HDFC (2)	0	0	7513817
109.	Canal Lining Division, Muktsar	1380443	1	HDFC	0	0	1380443
110.	Ludhiana Drainage Division, Ludhiana	1259	1	IDBI	0	0	1259
111.	Amritsar Drainage Const. Division, Amritsar	80532022	1	HDFC	0	0	80532022
112.	Eastern Canal Division, C.C. , Ferozepur	4216611	2	P&SB , Oriental Bank of Commerce (OBC)	0	0	4216611
113.	Gurdaspur Drainage Division, Gurdaspur	1963	1	HDFC	0	0	1963
114.	Gurdaspur U.B.D.C Division, Gurdaspur	62844388	2	SBI, HDFC	58981	0	62903369
115.	Harike Canal Division, Ferozepur	138346749	2	OBC (2)	0	-1	138346748
116.	Jalandhar Mech. Drainage Division, Nangal Township	3780571	1	SBI	0	0	3780571
117.	Jandiala U.B.D.C Division, Amritsar	1579712	3	PNB (2), SBI	46418	0	1626130
118.	Janauri Chauhal Division, Hoshiarpur	209414	2	PGB (2)	0	0	209414

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
119.	Madhopur U.B.D.C Division, Gurdaspur	794856	1	IDBI	99738	0	894594
120.	W.M.I Division, Ropar	1797835	3	HDFC, Axis, IDBI	55565	0	1853400
121.	Bari Doab Division, Amritsar	20502679	1	HDFC	0	0	20502679
122.	Majitha U.B.D.C Division, Amritsar	449062	1	PNB	0	0	449062
123.	Shah Nehar Division (Civil), Hoshiarpur	452578	1	SBI	0	0	452578
124.	Shah Nehar Division (Headworks), Talwara	3245863	2	P&SB, SBI	0	0	3245863
125.	Golewala Drainage Division, Ferozepur	28964813	1	IDBI	0	0	28964813
126.	Mechanical Drainage Const. Division, Ferozepur	8822	1	Axis	0	0	8822
127.	Drainage Const. Division, Ferozepur	22201931	4	HDFC (4)	0	0	22201931
128.	D.I.P.R Division, Amritsar	0		NIL	150149	0	150149
129.	Abohar Canal Division, Abohar	6661421	2	Axis (2)	5031	0	6666452
130.	Ranjit Sagar Dam Project	108583	1	SBI	55660000	0	55768583
131.	Shahpur Kandi Dam Project	0	0	Nil	46050852	0	46050852
132.	Hoshiarpur Drainage Division, Hoshiarpur	2	1	HDFC	0	0	2
133.	Kandi Area Dam Maintenance, Hoshiarpur	289237	1	Indian Bank	0	0	289237

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
134.	LAO, Patiala	9339386	3	SBI, HDFC, Vijaya Bank	0	0	9339386
135.	WSSD No.3, Amritsar	5631110	3	PNB (2), SBI	0	0	5631110
136.	WSSD No. I, Amritsar	6463248	6	PNB (5), SBI	45	0	6463293
137.	WSSD No.2, Amritsar.	4257722	2	PNB, SBI	163	0	4257885
138.	WSSD, Tarn Taran	12913050	2	PNB, SBI	18352	0	12931402
139.	WSSD No.1, Bathinda	29204328	2	PNB, SBI	0	0	29204328
140.	WSSD No.3, Bathinda	9234537	5	Axis (2), HDFC, SBI, PNB	17449	7164	9259150
141.	WSSD No.2, Bathinda	21873482	2	SBI, PNB	0	-122820	21750662
142.	WSSD, Faridkot	51858316	3	PNB, SBI, Axis	6802	41560	51906678
143.	WSSD No.2, Muktsar	11123165	2	SBI, PNB	92884	-114	11215935
144.	WSSD, Malerkotla	4830096	4	OBC, SBI (2), PNB	0	0	4830096
145.	WSSD, Malout	1741104	2	PNB, SBI	0	0	1741104
146.	WSSD, Fatehgarh Sahib	6455544	3	SBI, PNB (2)	0	0	6455544
147.	WSSD No.1, Ferozepur	22458370	3	PNB, SBI, OBC	0	598148	23056518
148.	WSSD, Fazilka	20880480	3	PNB (2), SBI	0	0	20880480
149.	WSSD, Abohar	15678092	2	SBI, PNB	2	0	15678094
150.	WSSD No.2, Ferozepur	2454489	2	SBI, PNB	59	0	2454548
151.	WSSD, Pathankot	30406711	6	Axis, PNB, UBI (2), SBI, HDFC	35	0	30406746
152.	WSSD, Batala	5702118	2	PNB, SBI	544	0	5702662
153.	WSSD, Gurdaspur	16017845	2	PNB, SBI	1400	0	16019245
154.	WSSD No.2, Hoshiarpur	22311677	2	SBI, PNB	23009	0	22334686
155.	WSSD No.1, Hoshiarpur	18559248	2	PNB, SBI	0	0	18559248

Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
156.	WSSD, Talwara	32146889	3	SBI (2), PNB	1115	0	32148004
157.	WSSD, Garhshankar	5530719	2	PNB, SBI	0	0	5530719
158.	WSSD No.1, Jalandhar	10204264	3	SBI, PNB, IDBI	0	0	10204264
159.	WSSD No.2, Jalandhar	9073573	2	PNB, SBI	0	0	9073573
160.	WSSD, Kapurthala	4478680	4	SBI, IDBI, Axis, PNB	0	0	4478680
161.	WSSD No.3, Ludhiana	3368580	3	SBI, PNB, IDBI	0	0	3368580
162.	WSSD No.1, Ludhiana	3981558	3	PNB, SBI (2)	0	0	3981558
163.	WSSD No.2, Ludhiana	7192239	2	PNB, SBI	0	-6750	7185489
164.	WSSD, Khanna	761678	1	SBI	118	0	761796
165.	WSSD No.1, Mansa	3224974	2	PNB, SBI	7662220	0	10887194
166.	WSSD No.2, Mansa	4114631	2	PNB, SBI	6969	0	4121600
167.	WSSD No.2, Patiala	21717815	4	Axis (2), PNB, SBI	0	2	21717817
168.	WSSD, Rajpura	3303830	3	SBI (2), PNB	0	0	3303830
169.	Mechanical Division, Patiala	520588	3	PNB (3)	0	0	520588
170.	WSSD No.1, Patiala	40684944	2	SBI, PNB	0	4953450	45638394
171.	WSSD No.1, Mohali	1518370	1	PNB	0	0	1518370
172.	WSSD No.1, Ropar at Anandpur Sahib	12011948	3	SBI, PNB, Axis	568	0	12012516
173.	WSSD No.2, Mohali	48770748	3	PNB, SBI, Axis	0	0	48770748
174.	WSSD No.2, Ropar	1931459	6	PNB (5), SBI	0	0	1931459
175.	WSSD No.3, Mohali	29581607	3	PNB (2), SBI	0	0	29581607



Sr. No.	Name of division	Balance as per cash book	No. of bank accounts in which amount is lying	Name of bank	Amount lying in Chest as on 31.03.2019	Cash in transit	Closing balance of division
176.	WSSD, Barnala	8110449	4	SBI (2), PNB, OBC	81	0	8110530
177.	WSSD, Sangrur	27514814	3	SBI, PNB, Indian Bank	0	0	27514814
178.	WSSD, Moga	13038759	4	SBI (2), PNB (2)	0	0	13038759
179.	WSSD No.1, Muktsar	339341	2	PNB, SBI	6430	0	345771
180.	WSSD, Nawanshahar	13590558	3	SBI, PNB, SBOP	141	225960	13816659
181.	WSSD No.2 (EE 2), Jalandhar	1247636	2	PNB, SBI	0	0	1247636
182.	WSSD (EE2), Gurdaspur	5377746	2	SBI, PNB	762	0	5378508
183.	WSSD (EE 2), Kapurthala	825033	3	PNB, UCO, SBI	0	0	825033
184.	WSSD (EE 2), Pathankot	13439002	3	Axis, SBI, PNB,	0	0	13439002
185.	WSSD (EE 2), Patiala	451784	2	SBI, PNB	0	0	451784
186.	WSSD (EE 2), Tarn Taran	6171621	2	PNB, SBI	0	0	6171621
187.	WSSD (EE 2), Ferozepur at Zira	6049808	2	SBI, PNB	96200	0	6146008
188.	WSSD (EE 2), Batala	3731890	2	PNB, SBI	0	220	3732110
<b>Grand Total</b>		<b>8115369161</b>	<b>637</b>	<b>-</b>	<b>228461439</b>	<b>8252925</b>	<b>8352083522</b>
<b>Grand Total (₹in Crore)</b>		<b>811.54</b>	<b>637</b>	<b>-</b>	<b>22.85</b>	<b>0.82</b>	<b>835.21</b>

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

**Appendix 1.8**

(Referred to in paragraph 1.10.2, page 50)

**Write-up on Debt Sustainability Analysis based on the guidelines established by Hamilton and Flavin (1986)**

As per the debt sustainability model based on the guidelines established by Hamilton and Flavin (1986), public debt is sustainable if *the present value of the current and future primary expenses is not higher than the present value of the current and future income, net of any initial indebtedness*. The formula is as under:-

$$\sum_{i=0}^{\infty} \frac{E_{t+i}}{\prod_{j=1}^i (1+r_{t+j})} \leq \sum_{i=0}^{\infty} \frac{Y_{t+i}}{\prod_{j=1}^i (1+r_{t+j})} - (1+r_t)D_{t-1}$$

Where :

$\sum E_{t+i}$  is the sum of current and future primary expenditure;

$\sum Y_{t+i}$  is the sum of current and future revenues;

D is the initial public debt stock;

$\prod (1+r_j)$  is the product of the discount rates of revenues and expenditure

**Working of the Model**

For projecting future primary expenditure and future revenues (non-debt receipts), estimates have been worked out using semi-log model of regression on the basis of trends during the last 12 years, i.e. from 2007-08 to 2018-19.

Suppose the initial year public expenditure at current prices (PECP) is  $P_0$  that grows at the compound growth rate  $g$  over  $t$  years. Then the last period expenditure would be:

$$P_t = P_0(1+g)^t \quad (1)$$

Let,  $P_0 = a$ , and  $(1+g) = b$ . Then, equation (1) can be written as:

$$P_t = ab^t \quad (2)$$

Equation (2) is an exponential function. Taking natural log (i.e.,  $\text{Log}_e$  of both sides),

$$\text{Log}_e P_t = \text{Log}_e a + (\text{Log}_e b \times t)$$

Let  $\text{Log}_e a = \alpha$  and  $\text{Log}_e b = \beta$

$$\text{Log}_e P_t = \alpha + \beta t; \quad t = 1, 2, \dots, 10 \quad (3)$$

Values of  $\alpha$  and  $\beta$  can be estimated using the method of Ordinary Least Square (OLS).

OLS method is used to predict (estimate) values of the dependent variable by minimising deviation from the actual value.

Let OLS estimates (numerical values) of these parameters be  $\hat{\alpha}$  and  $\hat{\beta}$ , respectively.

To predict the expenditure in 11<sup>th</sup> period (for example) the following formula will be used:

$$\text{Anti log}(\text{Log}_e P_t) = \text{Anti log}(\hat{\alpha} + \hat{\beta} \times 11)$$

$$\text{i.e., } e^{(\text{Log}_e P_t)} = e^{(\hat{\alpha} + \hat{\beta} \times 11)}$$

Similarly, the prediction for 12<sup>th</sup> year would be:

$$\text{Anti log}(\text{Log}_e P_t) = \text{Anti log}(\hat{\alpha} + \hat{\beta} \times 12)$$

$$\text{i.e., } e^{(\text{Log}_e P_t)} = e^{(\hat{\alpha} + \hat{\beta} \times 12)}$$

And so on, the prediction for all further years have been made.

The same process has been used for the prediction of non-debt receipts and public debt.

### Calculations

#### Primary expenditure:

By running the regressions, values of  $\hat{\alpha}$  and  $\hat{\beta}$  for primary expenditure are obtained as:

	<i>Coefficients</i>
Intercept	9.795704
X Variable	0.112107

The regression coefficient of 0.112107 in above table is the average annual growth rate of PECP which is 11.2107 *per cent* per annum; the compound annual growth (*g*) is thus  $(e^{0.112107} - 1) \times 100 = 11.86325$ . Assuming the PECP to grow along this compound growth rate, the projections of primary expenditure using semi-log linear regression model are as follows:

#### **Primary expenditure projections**

<b>Year</b>	<b>PECP</b>	<b>time</b>	<b>lnPECP</b>
2007-08	20761	1	9.940832
2008-09	22580	2	10.02482
2009-10	24592	3	10.11018
2010-11	29834	4	10.3034
2011-12	28540	5	10.25906
2012-13	34740	6	10.45565
2013-14	36187	7	10.49646
2014-15	41042	8	10.62235
2015-16	49320	9	10.80608
2016-17	89364	10	11.40047
2017-18	50243	11	10.82463
2018-19	62871	12	11.04884
2019-20	77118	13	11.2531

Year	PECP	time	lnPECP
2020-21	86267	14	11.3652
2021-22	96501	15	11.47731
2022-23	107949	16	11.58942
2023-24	120755	17	11.70152
2024-25	135081	18	11.81363
2025-26	151106	19	11.92574
2026-27	169032	20	12.03784
2027-28	189085	21	12.14995
2028-29	211516	22	12.26206
2029-30	236609	23	12.37417
2030-31	264679	24	12.48627
2031-32	296078	25	12.59838
2032-33	331203	26	12.71049
2033-34	370494	27	12.82259
2034-35	414447	28	12.9347
2035-36	463614	29	13.04681
2036-37	518613	30	13.15891
2037-38	580138	31	13.27102
2038-39	648961	32	13.38313

### **Non-debt receipts:**

Similarly, the values of  $\hat{\alpha}$  and  $\hat{\beta}$  for non-debt receipts at current prices are obtained as:

	<i>Coefficients</i>
Intercept	9.769976
X Variable	0.101366

The receipts have grown at an average rate of 10.1366 *per cent* i.e., a compound annual growth of 10.66816 *per cent* per annum. This growth rate is lower than that of its primary expenditure which is growing at an annual average rate of 11.2107 *per cent*. Assuming the non-debt receipts grow at the said rate  $g$  in coming future, non-debt receipts are projected using semi-log linear regression model as follows.:

### **Non-debt receipts projections**

Year	NDRCP	time	lnPECP
2007-08	20684	1	9.937116
2008-09	20792	2	9.942324
2009-10	23433	3	10.0619
2010-11	28206	4	10.24729
2011-12	26329	5	10.17843
2012-13	32225	6	10.3805
2013-14	35217	7	10.46928
2014-15	39161	8	10.57544
2015-16	41741	9	10.63924
2016-17	48166	10	10.78241

Year	NDRCP	time	lnPECP
2017-18	53083	11	10.87961
2018-19	63118	12	11.05276
2019-20	65364	13	11.08773
2020-21	72338	14	11.1891
2021-22	80055	15	11.29047
2022-23	88595	16	11.39183
2023-24	98047	17	11.4932
2024-25	108506	18	11.59456
2025-26	120082	19	11.69593
2026-27	132893	20	11.7973
2027-28	147070	21	11.89866
2028-29	162759	22	12.00003
2029-30	180123	23	12.10139
2030-31	199339	24	12.20276
2031-32	220604	25	12.30413
2032-33	244139	26	12.40549
2033-34	270184	27	12.50686
2034-35	299008	28	12.60822
2035-36	330906	29	12.70959
2036-37	366208	30	12.81096
2037-38	405275	31	12.91232
2038-39	448511	32	13.01369

### **Public Debt:**

Following same semi-log regression model, values of  $\hat{\alpha}$  and  $\hat{\beta}$  for public debt are obtained as:

	<i>Coefficients</i>
Intercept	10.46274
X Variable	0.131624

An average annual growth rate of 13.1624 *per cent* has been observed with a compound growth  $g$  at the rate of 14.06793. It is thus evident that the debt of Punjab is growing at a rate higher than that of its expenditure and non-debt receipts. Thus liabilities of Punjab have grown at higher rate than its assets.

It is worth noting here that to compute debt sustainability for a given year, the past period debt stock ( $D_{t-1}$ ) is needed and no future projections are required. Hence debt prediction up to 10 years is sufficient. However, for working out the present value of receipts and expenditure a flow of variables for at least 10 future periods is required. Thus, to calculate present value of expenditure and receipt in 2028-29, data upto 2038-39 would be needed and has therefore been generated using semi-log model. The projections of public debt using semi-log linear regression model are as follows:

### Debt Projections

Year	Debt	time	In Debt
2007-08	44309	1	10.698943
2008-09	48453	2	10.788350
2009-10	53252	3	10.882791
2010-11	58237	4	10.972276
2011-12	64161	5	11.069151
2012-13	71211	6	11.173403
2013-14	78669	7	11.273004
2014-15	86818	8	11.371569
2015-16	102589	9	11.538486
2016-17	153773	10	11.943233
2017-18	164803	11	12.012506
2018-19	179130	12	12.095867
2019-20	193659	13	12.173857
2020-21	220903	14	12.305481
2021-22	251980	15	12.437105
2022-23	287429	16	12.568730
2023-24	327864	17	12.700354
2024-25	373988	18	12.831979
2025-26	426600	19	12.963603
2026-27	486614	20	13.095227
2027-28	555071	21	13.226852
2028-29	633159	22	13.358476

For calculating the present value of the projected primary expenditure, non-debt receipts and initial debt (including interest), the projected values have been discounted using the average rate of interest on public debt of the Government of Punjab for the last 12 years which has been worked out as 8.26 *per cent*. The analysis has been extended by factoring in interest rates of 2019-20 and the first quarter of 2020-21. Interest rates have declined from 8 *per cent* in 2018-19 to 7 *per cent* in 2019-20 and further to 6.79 *per cent* in the first quarter of the current year. The analysis has therefore been carried out as per the lower discounted rate of 8.06 *per cent*.

**Appendix 2.1***(Referred to in paragraphs 2.2.1 & 2.3.8, pages 59 & 66)***Statement of grants/appropriations where savings and surrenders occurred***(₹ in crore)*

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2018-19	Surrendered on 31 March 2019
<b>Voted (Revenue)</b>				
1.	1-Agriculture	2968.09	2592.03	0.00
2.	2-Animal Husbandry and Fisheries	41.40	21.22	0.00
3.	3-Co-operation	34.77	32.00	0.00
4.	4-Defence Services Welfare	19.08	0.00	0.00
5.	5-Education	941.43	10.12	0.00
6.	6-Elections	19.88	0.34	0.34
7.	7-Excise and Taxation	7.92	0.00	0.00
8.	8-Finance	1014.75	936.84	936.84
9.	9-Food and Supplies	51.36	3.94	0.00
10.	10-General Administration	14.31	0.06	0.00
11.	11-Health and Family Welfare	331.02	201.84	0.00
12.	12- Home Affairs	193.10	40.99	0.00
13.	13- Industries	945.66	101.20	0.00
14.	14- Information and Public Relations	18.04	0.10	0.00
15.	15- Water Resources	107.65	69.80	69.80
16.	16- Labour	4.26	2.39	0.00
17.	17-Local Government	567.45	23.91	23.91
18.	18-Personnel	1.89	0.62	0.00
19.	19-Planning	104.99	93.38	93.38
20.	20-Power	758.23	0.00	0.00
21.	21-Public Works	0.00	0.04	0.00
22.	22-Revenue and Rehabilitation	250.05	93.58	0.00
23.	23-Rural Development and Panchayats	1790.78	873.68	0.00
24.	24- Science, Technology and Environment	13.09	11.89	11.89
25.	25-Social Security, women and Child Welfare	239.57	89.02	89.02
26.	26-State Legislature	3.96	0.00	0.00
27.	27-Technical Education and training	107.03	76.86	0.00
28.	28-Tourism and Cultural Affairs	10.03	2.93	0.00
29.	29-Transport	59.41	23.84	0.00
30.	30-Vigilance	3.59	2.00	2.00



Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2018-19	Surrendered on 31 March 2019
31.	31-Employment	73.68	66.71	0.00
32.	32-Forestry and Wild Life	30.87	15.84	0.00
33.	33-Governance Reforms	6.39	0.21	0.21
34.	34-Horticulture	5.75	4.17	0.00
35.	35-Housing and Urban Development	291.34	287.56	287.56
36.	36-Jails	15.27	0.92	0.92
37.	37-Law and Justice	49.11	32.73	0.00
38.	38-Medical Education and Research	79.56	73.02	0.00
39.	39-Printing and Stationery	5.86	0.61	0.00
40.	40-Sports and Youth Services	75.76	1.72	0.00
41.	41-Water Supply and Sanitation	132.21	0.00	0.00
42.	42-Welfare of SC, ST, OBC and Minorities	601.86	491.59	491.59
<b>Total</b>		<b>11990.45</b>	<b>6279.70</b>	<b>2007.46</b>
<b>Charged (Revenue)</b>				
43.	1-Agriculture	0.02	0.00	0.00
44.	2-Animal Husbandry and Fisheries	0.01	0.00	0.00
45.	5-Education	0.14	0.00	0.00
46.	7-Excise and Taxation	0.20	0.19	0.00
47.	8-Finance	5.38	0.00	0.00
48.	9-Food and Supplies	0.00	0.01	0.00
49.	10-General Administration	0.31	0.00	0.00
50.	11-Health and Family Welfare	0.30	0.02	0.00
51.	12- Home Affairs	0.07	0.00	0.00
52.	13- Industries	5.80	5.00	0.00
53.	18-Personnel	0.81	0.30	0.00
54.	20-Power	0.02	0.00	0.00
55.	22-Revenue and Rehabilitation	0.39	0.00	0.00
56.	25-Social Security, Women and Child Welfare	0.04	0.01	0.01
57.	26-State Legislature	0.38	0.14	0.00
58.	27-Technical Education and Training	0.01	0.00	0.00
59.	30-Vigilance	0.34	0.30	0.30
60.	32-Forestry and Wild Life	0.03	0.00	0.00
61.	36-Jails	0.03	0.00	0.00
62.	37-Law and Justice	4.88	0.00	0.00
63.	38-Medical Education and Research	0.05	0.00	0.00

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2018-19	Surrendered on 31 March 2019
64.	39-Printing and Stationery	0.13	0.00	0.00
65.	40-Sports and Youth Services	0.04	0.00	0.00
66.	41-Water Supply and Sanitation	2.50	0.00	0.00
67.	42-Welfare of SC, ST, OBC and Minorities	0.01	0.01	0.01
<b>Total</b>		<b>21.89</b>	<b>5.98</b>	<b>0.32</b>
<b>Voted (Capital)</b>				
68.	1-Agriculture	0.14	0.09	0.00
69.	2-Animal Husbandry and Fisheries	7.81	2.28	0.00
70.	3-Co-operation	65.40	0.00	0.00
71.	4-Defence Services Welfare	0.27	0.00	0.00
72.	5-Education	237.97	72.40	0.00
73.	8-Finance	40.64	28.45	28.45
74.	9-Food and Supplies	200.04	0.00	0.00
75.	11-Health and Family Welfare	0.11	0.40	0.00
76.	12- Home Affairs	68.99	17.67	0.00
77.	13- Industries	17.14	13.07	0.00
78.	15- Water Resources	577.09	233.85	233.85
79.	16- Labour	0.01	0.00	0.00
80.	17-Local Government	909.64	147.01	147.01
81.	18-Personnel	0.44	0.00	0.00
82.	19-Planning	188.19	157.21	157.21
83.	20-Power	52.90	0.00	0.00
84.	21-Public Works	506.67	238.28	0.00
85.	22-Revenue and Rehabilitation	0.01	0.00	0.00
86.	23-Rural Development and Panchayats	90.91	58.15	0.00
87.	24- Science, Technology and Environment	19.59	16.65	16.65
88.	25-Social Security, Women and Child Welfare	43.21	41.19	41.19
89.	27-Technical Education and Training	28.93	24.31	0.00
90.	28-Tourism and Cultural Affairs	240.69	69.68	0.00
91.	29-Transport	1.17	0.06	0.00
92.	31-Employment	12.99	4.99	0.00
93.	33-Governance Reforms	36.28	0.00	0.00
94.	34-Horticulture	0.75	0.75	0.00
95.	35-Housing and Urban Development	0.02	0.00	0.00
96.	36-Jails	10.26	0.00	0.00
97.	37-Law and Justice	10.00	0.00	0.00

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2018-19	Surrendered on 31 March 2019
98.	38-Medical Education and Research	260.01	149.90	0.00
99.	39-Printing and Stationery	0.04	0.04	0.00
100.	40-Sports and Youth Services	10.50	0.00	0.00
101.	41-Water Supply and Sanitation	657.56	504.99	504.99
102.	42-Welfare of SC, ST, OBC and Minorities	64.55	19.03	19.03
<b>Total</b>		<b>4360.92</b>	<b>1800.45</b>	<b>1148.38</b>
<b>Charged (Capital)</b>				
103.	8-Finance	852.39	0.00	0.00
<b>Total</b>		<b>852.39</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total</b>		<b>17225.65</b>	<b>8086.13</b>	<b>3156.16</b>

Source: Appropriation Accounts

**Appendix 2.2***(Referred to in paragraph 2.3.5, page 65)***Statement showing expenditure incurred without budget provision**

Sr. No.	Number and Name of grant	Expenditure without provision (₹ in crore)	Head of Account
1.	2-Animal Husbandry and Fisheries	1.07	2405-00-101-20-Integrated Development and Management of Fisheries
2.	8-Finance	13.20	2235-60-200-02-Ex-Gratia Payments to Families of Ministers, Government Servants etc. dying in Harness
3.		2364.88	2049-01-200-22-Interest on loans from State Bank of India and other banks for food procurement Operations, 01-Interest on Legacy Cash Credit Accounts
4.	10-General Administration	5.00	4070-00-003-03- Implementation of recommendations made by Punjab Governance Reforms Commission in respect of various Departments
5.		2.75	4070-00-003-800-98-Computerisation in the State-12-Infrastructure and Construction of Building for e-Governance Project
6.	11-Health and Family Welfare	1.49	2210-06-101-26-National Rural Health Mission-01-National TB Control Programme
7.		15.25	2211-00-109-01-National Component-01-Routine Immunization Programme under NRHM
8.		3.41	2211-00-109-01-National Component-02- Pulse polio Programme under NRHM
9.		3.58	2211-00-789-09-National Rural Health Mission-01-Routine Immunization Programme under NRHM
10.		3.76	2211-00-789-09-National Rural Health Mission-02-Pulse Polio Programme under NRHM
11.	15-Water Resources	4.05	4705-00-800-30-Construction of Field Channels of Kandi Canal stage-I by Laying Under Ground Pipe Line in the Outlets of Canal (PMKSY)
12.		1.98	4700-02-799-Suspense
13.		34.78	4701-15-800-08-Works Expenditure
14.		18.04	4701-42-800-08- Works Expenditure
15.		8.37	4705-00-800-09-Construction of Field Channels on Sirhind Feeder Phase-II Canal System on Matching Grant Basis-08- Works Expenditure
16.		23.18	4711-01-001-01-Direction and Administration
17.	17-Local Government	4.23	3604-00-200-10-Grants for Service Provider to Elementary Teachers Training Teachers as Regular Services in their Pay Scales in Rural Areas
18.	21-Public Works	97.58	2059-80-001-07-Establishment Charges paid to Public Health Department for works done by the department

Sr. No.	Number and Name of grant	Expenditure without provision (₹ in crore)	Head of Account
19.		6.63	2059-80-799-Suspense
20.		169.87	3054-80-001-01-Establishment Charges Transferred on Pro-rata Basis to the Major Head 3054 Roads and Bridges
21.		170.11	3054-80-797-01-Amount Transferred to Subvention from Central Road Fund
22.		3.54	5054-01-337-01-Road Works
23.		1.73	5054-03-337-01- Road Works
24.	29-Transport	2.48	3055-00-797-02-Amount transferred to General Reserve Fund
25.	41-Water Supply and Sanitation	3.69	2215-01-799-Suspense
	<b>Total</b>	<b>2964.65</b>	

Source: Appropriation Accounts

**Appendix 2.3***(Referred to in paragraph 2.3.6, page 65)***Statement showing cases where supplementary provision  
(₹ one crore or more in each case) proved unnecessary***(₹ in crore)*

Sr. No.	Number and Name of grant	Original provision	Actual expenditure	Supplementary provision
<b>A-Revenue (Voted)</b>				
1.	3-Co-operation	149.59	117.17	2.35
2.	5-Education	10830.17	9979.03	90.29
3.	7-Excise and Taxation	188.04	182.18	2.05
4.	9-Food and Supplies	229.85	229.23	50.73
5.	12-Home Affairs	6285.10	6120.69	28.68
6.	15-Water Resources	1269.21	1169.79	8.22
7.	17-Local Government	2200.23	1803.53	170.75
8.	22-Revenue and Rehabilitation	1416.79	1172.24	5.49
9.	25-Social Security, Women and Child Welfare	2501.72	2409.17	147.02
10.	29-Transport	382.93	340.12	16.60
11.	30-Vigilance	50.73	48.47	1.34
12.	33-Governance Reforms	231.66	227.07	1.80
13.	35-Housing and Urban Development	737.75	564.45	118.04
14.	36-Jails	242.92	235.10	7.45
15.	37-Law and Justice	536.01	496.17	9.27
16.	40-Sports and Youth Services	159.75	128.07	44.09
17.	42-Welfare of SC, ST, OBC and Minorities	1195.69	610.93	17.11
<b>Total</b>		<b>28608.14</b>	<b>25833.41</b>	<b>721.28</b>
<b>B-Capital (Voted)</b>				
18.	2-Animal Husbandry and Fisheries	11.17	6.18	2.82
19.	12-Home Affairs	154.14	88.28	3.14
20.	19-Planning	267.36	80.75	1.58
21.	21-Public Works	1148.42	752.58	110.84
22.	27-Technical Education and Training	35.17	19.92	13.68
23.	33-Governance Reforms	15.02	3.74	25.00
24.	37-Law and Justice	0.00	0.00	10.00
<b>Total</b>		<b>1631.28</b>	<b>951.45</b>	<b>167.06</b>
<b>Grand Total</b>		<b>30239.42</b>	<b>26784.86</b>	<b>888.34</b>

*Source: Appropriation Accounts*

## Appendix 2.4

(Referred to in paragraph 2.3.7, page 66)

## Statement showing unnecessary re-appropriation of funds

(`in crore)

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
	<b>01-Agriculture</b>						
1.	2401-00-102-10-National Food Security Mission	5.90	0	2.50	8.40	2.40	- 6.00
2.	2401-00-104-02-Scheme for Power subsidy to Farmers	88.56	0	-36.86	51.70	63.29	+ 11.59
3.	2401-00-789-19-Rashtriya Krishi Vikas Yojana	33.00	0	4.13	37.13	14.31	- 22.82
4.	2401-00-789-42-Debt Relief to Farmers	255.00	0	75.00	330.00	254.29	- 75.71
5.	2401-00-800-22-Debt Relief to Farmers	39.95	0	11.75	51.70	39.84	- 11.86
6.	2402-00-102-23-Project for Promotion of Micro Irrigation in the State ( National Bank for Agriculture and Rural Development) Assistance-Rural Infrastructure Development Fund-XIII	9.40	0	4.70	14.10	7.88	- 6.22
7.	2401-00-113-15-Sub Mission on Agriculture Mechanization	60.00	0	6.83	66.83	0	-66.83
	<b>02-Animal Husbandry and Fisheries</b>						
8.	2405-00-101-20-Integrated Development and Management of Fisheries	3.75	0	-3.75	0	1.07	+1.07
	<b>05-Education</b>						
9.	2202-01-101-26-Provision of Green Boards in Schools	2.10	0	2.90	5.00	1.22	- 3.78
10.	2202-01-111-01-Education Guarantee Scheme-01- National Programme for Education of Girls of Elementary Level and Kasturba Gandhi Balika Vidyalaya	292.60	10.37	54.96	357.93	229.90	- 128.03
11.	2202-01-112-01-Mid Day Meal	117.88	0	22.54	140.42	83.74	- 56.68
12.	2202-01-789-10- Sarv Shiksha Abhiyan (including Education Guarantee Scheme), National Programme for Education of Girls at Elementary Level and Kasturba Gandhi Balika Vidyalaya	477.40	0	69.58	546.98	319.57	- 227.41
13.	2202-80-001-01-Direction and Administration	34.87	0	3.67	38.54	33.57	- 4.97
14.	2202-03-103-21-Rashtriya Uchchar Shiksha Abhiyan	23.83	0	9.17	33.00	0	-33.00
15.	2203-03-789-08- Rashtriya Uchchar Shiksha Abhiyan	7.94	0	3.06	11.00	0	-11.00
16.	4202-01-203-22-Rashtriya Uchchar Shiksha Abhiyan	43.67	0	14.83	58.50	38.08	- 20.42
17.	4202-01-203-25-Construction of New Colleges-01-5 New Colleges in Educationally Backward Areas	30.00	0	-24.60	5.40	7.16	+1.76
18.	4202-01-789-21—Rashtriya Uchchar Shiksha Abhiyan	14.56	0	4.94	19.50	0	-19.50
	<b>08- Finance</b>						
19.	2071-01-105-01-Family Pensions	1500.00	0	-100.00	1400.00	1414.61	+14.61
	<b>10-General Administration</b>						
20.	2052-00-090-01-General Services Secretariat	103.31	2.58	2.59	108.48	100.03	- 8.45



Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
	<b>11-Health and Family Welfare</b>						
21.	2210-01-001-72-Bhagat Puran Singh Medical Insurance Scheme for Poor People	76.84	0	25.16	102.00	76.84	- 25.16
	<b>12-Home Affairs and Justice</b>						
22.	2055-00-114-98-Computerisation in the State-02-Purchase of Software (System software and Data Base Software)	7.00	0	2.50	9.50	0.56	- 8.94
23.	4055-00-207-08-Modernisation of Police Forces	57.66	0	-39.51	18.15	20.39	+2.24
24.	4055-00-207-18-Better Policing-01- National Emergency Response System	8.00	0	6.28	14.28	5.28	- 9.00
25.	4055-00-207-18-Better Policing-03-Setting up of Police Control Room to Dial No. 112	10.00	0	10.00	20.00	0.62	- 19.38
26.	4055-00-207-18-Better Policing-04-Setting up of Cyber Forensic Lab cum Training Centre for Project Cyber Crime Prevention against Women and Children	0	0	2.55	2.55	0	-2.55
	<b>13-Industries</b>						
27.	2852-80-800-01-Incentives Under Various Industrial Policies	25.00	0	-19.56	5.44	256.87	+251.43
	<b>15-Water Resources</b>	0	0	0	0	0	0
28.	4700-01-800-08-Works Expenditure	11.16	0	6.84	18.00	5.93	- 12.07
29.	4700-05-001-08-Works Expenditure	23.75	0	37.40	61.15	6.50	- 54.65
30.	4701-46-800-08-Works Expenditure	47.00	0	3.00	50.00	13.20	- 36.80
31.	4701-53-800-08-Works Expenditure	25.38	0	36.56	61.94	0.09	- 61.85
32.	4700-05-789-01-Construction of Shahpur Kandi Dam project	1.25	0	1.97	3.22	0	-3.22
33.	4701-57-800-01-Concrete lining of Distributaries and minors-01-concrete Lining of Bathinda Distributary System Bibiwala Minor, Mehta Minor and Jai Sing Wala Minor	1.00	0	12.00	13.00	0	-13.00
34.	4711-01-001-08- Works Expenditure	31.00	0	10.25	41.25	0	-41.25
35.	4705-00-800-30-Construction of Field Channels of Kandi Canal Stage-I by Laying Under Ground Pipe Line in the Outlets of Canal (PMKSY)	1.62	0	-1.62	0	4.05	+4.05
	<b>17- Local Government</b>						
36.	2217-05-051-01-Swachh Bharat Mission (Urban)	38.50	0	7.63	46.13	15.40	- 30.73
37.	3604-00-200-23-Grants-in-aid to Local Urban Bodies recommended by 14th Finance Commission-01-General Basic Grant	376.62	170.75	7.13	554.50	337.15	- 217.35
38.	3604-00-200-20-Grants for service providers to Elementary teachers Training Teachers as Regular Service in their Pay Scales in Urban Areas	2.42	0	2.23	4.65	0	-4.65
39.	3604-00-200-12-Grants-in-Aid to Municipal Committees/ Corporations Notified Area Committees in Lieu of Abolition of Octroi on Liquor in the State	170.00	0	-27.04	142.96	171.63	+28.67

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
40.	4217-60-051-13-Swachh Bharat Mission (Urban)	29.50	0	13.99	43.49	17.26	- 26.23
41.	4217-60-051-15- Urban Rejuvenation Mission-500 Habitations-AMRUT	340.00	0	3.34	343.34	257.96	- 85.38
42.	4217-60-789-36-Swachh Bharat Mission (Urban)	32.00	0	10.17	42.17	12.60	- 29.57
	<b>19- Planning</b>						
43.	3451-00-101-10-Assistance to Non-Government Organization	6.80	0	3.20	10.00	4.79	- 5.21
44.	3451-00-101-13-Border Area Development Programme	4.76	0.14	2.21	7.11	4.58	- 2.53
45.	3451-00-789-03-Border Area Development Programme	2.24	0.07	1.04	3.35	0.83	- 2.52
46.	5475-00-112-11-Border Area Development Programme	34.91	1.08	16.18	52.17	32.11	- 20.06
47.	5475-00-789-07-Border Area Development Programme	16.43	0.50	7.62	24.55	15.12	- 9.43
	<b>21-Public Works</b>						
48.	3054-03-337-04-Maintenance of Roads under PMGSY	4.50	3.06	2.94	10.50	5.04	- 5.46
49.	4059-80-051-02-Courts	75.00	0	2.00	77.00	51.77	- 25.23
50.	5054-03-337-45-57 Number Roads and 7 Number Bridges under (Rural Infrastructure Development Fund-XXI)-	37.00	0	-30.42	6.58	34.75	+28.17
51.	5054-04-337-05-Strengthening of Rural roads to be Financed out of RDF funds	35.00	0	-5.00	30.00	32.74	+2.74
52.	4059-80-051-65-Completion of Circuit Houses (Ferozepur and Gurdaspur)	0.50	0	3.50	4.00	0	-4.00
53.	5054-03-789-02-Central Road Fund	15.00	1.02	3.98	20.00	0	-20.00
54.	5054-03-789-06-World Bank Scheme for Road Infrastructure-99- No Detailed Head-	1.00	0	7.00	8.00	0	-8.00
55.	5054-03-337-34-101 Rural Roads Projects (Rural Infrastructure Development Fund-XIX)-	4.40	0	-2.40	2.00	15.42	+13.42
	<b>22-Revenue and Rehabilitation</b>						
56.	2235-60-200-08-Directorate for Relief to Persons affected by Riots	43.05	0	1.68	44.73	37.41	- 7.32
	<b>23-Rural Development and Panchayats</b>						
57.	2501-06-102-02-National Rural Livelihood Mission	7.50	0	5.99	13.49	6.84	- 6.65
58.	2501-06-789-02- National Rural Livelihood Mission	7.50	0	5.99	13.49	6.84	- 6.65
59.	2515-00-001-01-Administration	140.93	0	4.94	145.87	129.81	- 16.06
60.	2515-00-101-07-Traning of Elected Representative and Functionaries of Panchayati Raj Institution under Rashtriya Gram Swaraj Yojana	0	0	7.18	7.18	0	-7.18
61.	2515-00-789-10-Rajiv Gandhi Panchayat Sashaktikaran Abhiyan	0	0	3.37	3.37	0	-3.37
	<b>25-Social Security, Women and Child Welfare</b>						
62.	2235-60-200-12- Reimbursement to Transport Department Facility to Physically Handicapped and Blinds in Government/Pepsu Road Transport Corporation Buses	10.40	3.15	4.67	18.22	11.87	- 6.35

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
63.	2236-80-1001-01-National Nutrition Mission	12.00	0	4.01	16.01	10.82	- 5.19
	<b>29-Transport</b>						
64.	3055-00-800-03-Workshop Facilities Punjab Roadways 1-18-01-Punjab Roadways 1-18-	0	16.60	3.67	20.27	0	-20.27
	<b>35-Housing and Urban Development</b>						
65.	2216-02-789-01-Pradhan Mantri Awas Yojana Housing for all (Urban)-03-Assistance to PUDA-Affordable Housing in Partnership (AHP Vertical-III)	0	0	3.70	3.70	0	-3.70
	<b>36-Jails</b>						
66.	2056-00-101-98-Computerisation in the State-01-Purchase of Computer Related Hardware	0	1.35	1.34	2.69	0.05	- 2.64
	<b>38-Medical Education and Research</b>						
67.	2210-01-001-44-Guru Gobind Singh Medical College/Hospital, Faridkot	124.70	0	-36.10	88.60	97.44	+8.84
68.	4210-03-105-22-Upgradation of Infrastructure in Government Medical Colleges and Hospitals (Patiala)-01-Upgradation due to increase in MBBS seats	24.93	0	7.38	32.31	14.53	- 17.78
69.	4210-03-789-23- Upgradation of Infrastructure in Government Medical Colleges and Hospitals (Patiala)-01-Upgradation due to increase in MBBS seats	11.74	0	3.47	15.21	1.43	- 13.78
	<b>40-Sports and Youth Services</b>						
70.	2204-00-001-01-Direction and Administration	110.44	4.09	7.43	121.96	100.45	- 21.51
	<b>41-Water Supply and Sanitation</b>						
71.	4215-01-102-32-National Rural Drinking Water Programme	130.00	0	-70.00	60.00	61.27	+1.27
72.	4215-.1-789-16- National Rural Drinking Water Programme	20.00	0	20.00	40.00	8.50	- 31.50
73.	4215-01-102-15-Provision/Augmentation of Water Supply and Sewerage Facilities in Specific Towns-01-Bahadurgarh (10 Nos) Patiala	0	0	1.67	1.67	0	-1.67
74.	4215-01-789-02-Provision/Augmentation of Water Supply and Sewerage Facilities in Specific Towns-01-Bahadurgarh (10 Nos) Patiala	0	0	1.12	1.12	0	-1.12
	<b>42-Welfare of SC, ST, OBC and Minorities</b>						
75.	2225-01-789-66-Pre-Matric Scholarship for Scheduled Caste Students Studying in Class IX & X	46.42	17.11	1.31	64.84	18.43	- 46.41
	<b>Total</b>	<b>5386.57</b>	<b>231.87</b>	<b>233.88</b>	<b>5852.32</b>	<b>4516.13</b>	<b>-1336.19</b>

Source: Appropriation Accounts

### Appendix 2.5

(Referred to in paragraph 2.3.8, page 66)

#### Detail of grants in which savings of ₹ 10 crore or more were not surrendered

(₹ in crore)

Sr. No.	Number and Name of Grant/Appropriation	Saving
<b>Revenue (Voted)</b>		
1.	4-Defence Services Welfare	19.07
2.	20-Power	758.23
3.	41-Water Supply and Sanitation	132.21
<b>Total</b>		<b>909.51</b>
<b>Capital (Voted)</b>		
4.	3-Co-operation	65.40
5.	20-Power	52.90
6.	36-Jails	10.26
7.	37-Law and Justice	10.00
8.	40-Sports and Youth Services	10.50
9.	9-Food and Supplies	200.04
10.	33-Governance Reforms	36.28
<b>Total</b>		<b>385.38</b>
<b>Capital (Charged)</b>		
11.	8-Finance	852.39
<b>Total</b>		<b>852.39</b>
<b>Grand Total</b>		<b>2147.28</b>

Source: Appropriation Accounts

**Appendix 2.6***(Referred to in paragraph 2.3.8, page 66)***Detail of grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender***(₹ in crore)*

Sr. No.	Number and Name of grant/ Appropriation	Savings	Savings surrendered	Savings not surrendered
1	2	3	4	5 (3-4)
<b>Revenue (Voted)</b>				
1.	1-Agriculture	2968.09	2592.03	376.06
2.	2-Animal Husbandry and Fisheries	41.40	21.22	20.18
3.	5-Education	941.43	10.12	931.31
4.	6-Elections	19.88	0.34	19.54
5.	8-Finance	1014.75	936.84	77.91
6.	9-Food and Supplies	51.36	3.94	47.42
7.	10-General Administration	14.31	0.06	14.25
8.	11-Health and Family Welfare	331.02	201.84	129.18
9.	12-Home Affairs	193.10	40.99	152.11
10.	13-Industries	945.66	101.20	844.46
11.	14-Information and Public Relations	18.04	0.10	17.94
12.	15-Water Resources	107.65	69.80	37.85
13.	17-Local Government	567.45	23.91	543.54
14.	19-Planning	104.99	93.38	11.61
15.	22-Revenue and Rehabilitation	250.05	93.58	156.47
16.	23-Rural Development and Panchayats	1790.78	873.67	917.11
17.	25-Social Security, Women and Child Welfare	239.57	89.02	150.55
18.	27-Technical Education and Training	107.03	76.86	30.17
19.	29-Transport	59.41	23.84	35.57
20.	32-Forestry and Wild life	30.87	15.84	15.03
21.	36-Jails	15.27	0.92	14.35
22.	37-Law and Justice	49.11	32.73	16.38
23.	40-Sports and Youth Services	75.76	1.71	74.05
24.	42-Welfare of SC, ST, OBC and Minorities	601.86	491.59	110.27
<b>Capital (Voted)</b>				
25.	5-Education	237.97	72.40	165.57
26.	8-Finance	40.64	28.45	12.19
27.	12-Home Affairs	68.99	17.67	51.32
28.	15-Water Resources	577.09	233.85	343.24
29.	17-Local Government	909.64	147.01	762.63
30.	19-Planning	188.19	157.21	30.98
31.	21-Public Works	506.67	238.28	268.39
32.	23-Rural Development and Panchayats	90.91	58.15	32.76
33.	28-Tourism and Cultural Affairs	240.69	69.68	171.01
34.	38-Medical Education and Research	260.01	149.90	110.11
35.	41-Water Supply and Sanitation	657.56	504.99	152.57
36.	42- Welfare of SC, ST, OBC and Minorities	64.55	19.03	45.52
<b>Total</b>		<b>14381.75</b>	<b>7492.15</b>	<b>6889.60</b>

Source: Appropriation Accounts

## Appendix 3.1

(Referred to in paragraph 3.3, page 75)

**Status of the Accounts and the Separate Audit Reports of the  
Autonomous Bodies as on 31 March 2019**

Sr. No.	Name of Body	Period of entrustment	Years for which accounts not rendered	Delay in submission of accounts			Period upto which SARs issued and date of issue		Position of placement of SARs in the Legislature
				Delayed Account	Date of Receipt	Delay (in Months)	Year	Date of issue	
1	2.	3.	4.	5.	6.	7.	8.	9.	10.
1.	Punjab Legal Services Authority, Chandigarh	Not available	2017-18 No. of account =1	2014-15 2015-16 2016-17	14.06.18 14.06.18 14.06.18	35 23 11	2016-17	06.08.19	SAR for the year 2010-11 placed in Legislature
2.	Punjab Khadi and Village Industries. Board, Chandigarh	Upto 2020-21	2016-17 and 2017-18 No. of accounts= 2	2015-16	12.11.18	28	2015-16	03.07.19	SAR for the year 2011-12 placed in Legislature.
3.	Punjab State Human Rights Commission, Chandigarh	Not available	Nil	2017-18	17.10.18	3	2017-18	21.02.2019	SAR for the year 2015-16 placed in Legislature.
4.	Punjab Labour Welfare Board, Chandigarh	Not available	2006-07 to 2017-18 No. of accounts= 12	2005-06	10.03.17	128	2005-06	30.05.17	SAR for the year 2002-03 placed in Legislature.
5.	Pushpa Gujral Science City, Kapurthala	Not available	Nil	2017-18	28.02.19	07	2017-18	09.05.19	Not to be placed in State Legislature.
6.	Punjab Building and Other Construction Workers Welfare Board	Not available	2017-18 No. of account =1	2016-17	27.02.18	07	2016-17	05.06.18	SAR for the year 2012-13 placed in Legislature.
7.	Punjab Bus Metro Society	Not available	2017-18 No. of accounts= 1	2016-17	27.03.18	8	2016-17	17.10.18	Not to be placed in State Legislature.
8.	Punjab State Electricity Regulatory Commission	Not available	Nil	2017-18	22.10.18	3	2017-18	12.02.19	SAR for the year 2015-16 placed in Legislature.

Source: Departmental records

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

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

**Appendix 3.2***(Referred to in paragraph 3.5, page 76)***Statement showing department-wise profile of cases of misappropriation, losses, thefts, etc.***(₹ in lakh)*

Name of Department	Cases of misappropriation/ losses of Government material		Cases of theft		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Education	7	27.37	1	0.06	8	27.43
Elections	1	0	0	0	1	0
Home Affairs and Justice	1	6.00	0	0	1	6.00
Health and Family Welfare	5	25.48	0	0	5	25.48
Rural Development	2	328.49	0	0	2	328.49
Water Supply and Sanitation	1	3.14	0	0	1	3.14
<b>Total</b>	<b>17</b>	<b>390.48</b>	<b>1</b>	<b>0.06</b>	<b>18</b>	<b>390.54</b>

*Source: Information as provided by concerned Sectors*



## Appendix 4.1

### Glossary of terms

Sr. No.	Terms	Description
1.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
2.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
3.	Debt sustainability	The Debt sustainability is defined as the ability of the State to service its debt obligation in future and maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.
4.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
5.	Fiscal Liabilities	Fiscal liabilities comprise Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GoI and the liabilities arising from the transactions in the Public Account of the State.
6.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.
7.	Net Debt available	Excess of Public Debt receipts over Public Debt repayment and interest payment on Public Debt.





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