



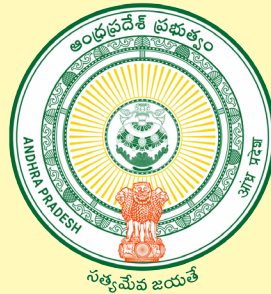
सत्यमेव जयते

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



लोकहितार्थं सत्यनिष्ठा

Dedicated to Truth in Public Interest



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**Government of Andhra Pradesh
Report No. 4 of the year 2020**

**Report of the
Comptroller and Auditor General of India**

**State Finances Audit Report
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Government of Andhra Pradesh

Report No.4 of the year 2020

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Preface

This Report has been prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India.

The State Finances Audit Report of the Government of Andhra Pradesh intends to assess the financial performance of the State during 2018-19 and to provide the State Legislature with inputs based on audit analysis of financial data. The Report attempts to analyse the financial performance against the targets envisaged by the Andhra Pradesh Fiscal Responsibility and Budget Management (Amendment) Act, 2011, the 14th Finance Commission Report and Budget Estimates of 2018-19. The Report contains three Chapters.

Chapter 1 is based on the Audit of Finance Accounts and makes an assessment of the Andhra Pradesh Government's fiscal position as on 31 March 2019. It provides an insight into the trends in revenue, expenditure, repayment of debt and borrowing patterns.

Chapter 2 is based on audit of the Appropriation Accounts and gives grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of Government of Andhra Pradesh's compliance to various reporting requirements and financial rules.

Entry Conference with Secretary, Finance Department, Government of Andhra Pradesh was held in March 2020 wherein the issues to be taken up for review for the State Finances Audit Report were discussed.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

Fiscal situation of the State

Revenue Receipts (₹ 1,14,671 crore) of the Government constituting 12.29 *per cent* of the Gross State Domestic Product (GSDP) (₹ 9,33,402 crore), increased by ₹ 9,609 crore (9.15 *per cent*) over the previous year (₹ 1,05,062 crore). The corresponding increase in the Revenue Expenditure during the year 2018-19 (₹ 1,28,570 crore) was 6.07 *per cent* over 2017-18 (₹ 1,21,214 crore). The Revenue Expenditure was 13.77 *per cent* of GSDP.

(Paragraphs 1.4.2 & 1.5.2)

The Revenue Deficit during the year 2018-19 was ₹ 13,899 crore. Revenue Deficit had exceeded the ceiling (Zero Revenue Deficit) prescribed by the 14th Finance Commission (FC) during the last four years, despite release of Post-devolution Revenue Deficit Grant by 14th FC.

Fiscal Deficit during the year was ₹ 35,467 crore, an increase of ₹ 3,086 crore (9.53 *per cent*) from ₹ 32,381 crore in 2017-18. The percentage of Fiscal Deficit to GSDP decreased from 4.00 in the previous year to 3.80 in 2018-19, but exceeded the 14th FC target of 3.00 and the target of 3.00 as per Medium Term Fiscal Policy Statement (MTFPS) of the State Government.

The Revenue Deficit and Fiscal Deficit, however, were understated by ₹ 1,544.78 crore and ₹ 462.91 crore respectively on account of misclassifications, short contribution of Government matching share towards NPS and non-discharge of interest liability on untransferred NPS Opening balance. Effectively, therefore, there was a Revenue Deficit of ₹ 15,443.85 crore (₹ 13,899.07 crore plus ₹ 1,544.78 crore) and Fiscal Deficit of ₹ 35,930.37 crore (₹ 35,467.46 crore plus ₹ 462.91 crore). The effective Fiscal Deficit of ₹ 35,930.37 crore was 3.85 *per cent* of GSDP.

Outstanding Public debt to GSDP ratio was 27.59 *per cent*. This was more than the ceiling of 25.16 *per cent* fixed by the 14th Finance Commission.

Non-Debt receipts were sufficient to meet Primary Revenue Expenditure.

(Paragraph 1.3.1)

Mobilisation and Application of resources

Revenue Receipts (₹ 1,14,671 crore) in 2018-19 increased by ₹ 9,609 crore (9.15 *per cent*) over 2017-18. They were, however, lower than the budget estimates by ₹ 40,836 crore.

Own Tax Revenue during the year was ₹ 58,031 crore constituting 50.61 *per cent* of the actual Revenue Receipts (₹ 1,14,671 crore) and increased by 17.27 *per cent* over previous year (₹ 49,486 crore). Non-Tax Revenue during the year was ₹ 4,396 crore, constituting 3.83 *per cent* of Revenue Receipts and increased by 15.26 *per cent* from previous year (₹ 3,814 crore).

(Paragraphs 1.3.2 & 1.4.2)

Revenue Expenditure for the year 2018-19 was ₹ 1,28,570 crore and had increased by ₹ 7,356 crore over 2017-18 and was within the budget provision (₹ 1,50,272 crore) made for the year 2018-19.

Capital expenditure (₹ 19,976 crore) during 2018-19, which constituted 13.27 *per cent* of total expenditure (₹ 1,50,415 crore) and accounted for 2.14 *per cent* of GSDP (₹ 9,33,402 crore), increased by ₹ 6,485 crore over the previous year (₹ 13,491 crore).

Recommendation: *The Finance Department should rationalise the budget preparation exercise, so that the gaps between the budget estimates and actuals are bridged.*

(Paragraph 1.5)

Committed Expenditure

The committed expenditure of the State (₹ 68,225 crore) during the year 2018-19 was 53 *per cent* of Revenue Expenditure (₹ 1,28,570 crore), and was decreased mainly due to decrease in subsidies.

(Paragraph 1.5.2.1)

National Pension System

As on 31 March 2019 there was, a total short transfer of ₹ 663.63 crore to the National Securities Depository Limited (NSDL). The current liability stands deferred to future year(s). Further, the State Government has created interest liability on the amount not transferred to NSDL, has incorrectly used the funds that belongs to its employees, leading to possible uncertainty in the rate of return to the employees/ avoidable financial liability to the Government, and thus increasing risk of failure of the Scheme itself.

(Paragraph 1.5.2.3)

Review of Government Investments

Government investments in Statutory Corporations, Government Companies and others were ₹ 9,500.51 crore as on 31 March 2019, out of which un-apportioned investments were ₹ 8,401.21 crore, constituting 88.43 *per cent* of the total investments.

The average rate of return on investment was negligible at 0.01 *per cent* during 2018-19, far lower than the average rate of interest, the Government paid on its borrowings (6.37 *per cent*).

(Paragraph 1.6.1.2)

Loans and Advances by State Government

As of 31 March 2019, Loans and Advances given by the Government to Autonomous Bodies, and Corporations were ₹ 31,768 crore. While the average rate of interest on Government borrowing was 6.37 *per cent*, the interest receipts as percentage of outstanding Loans and Advances was only 0.04 *per cent*.

Government loans amounting to ₹ 1,588 crore in 2018-19 did not specify any terms and conditions, like schedule of repayment, rate of interest, number of instalments *etc.*

The current level of recovery of loans was low. In the Budget estimates, an amount ₹ 500 crore

was estimated to be recovered in 2018-19. The actual recovery (₹ 277 crore), however, was 55.40 per cent of the estimated recovery.

(Paragraph 1.6.1.3)

Ways and Means Advances

State Government maintained the mandatory minimum daily cash balance of ₹ 1.94 crore with Reserve Bank of India for only 115 days during the year. The State Government depended on Special Drawing Facility (SDF) (₹ 11,096 crore), Ways and Means Advances (WMA) (₹ 29,117 crore) and Overdraft (OD) (₹ 19,655 crore) for maintaining the minimum balance with RBI. The interest payment on WMA (including SDF and OD) during 2018-19 was ₹ 64 crore as against ₹ 44 crore in 2017-18.

(Paragraph 1.6.1.4)

Guarantees

Guarantees (₹ 49,442 crore) given by the Government to the end of 2018-19 stood at 47 per cent of total Revenue Receipts of the preceding year (₹ 1,05,062 crore) and was within the ceiling of 90 per cent. The State Government received only ₹ 53,000 during the year 2018-19 as Guarantee Fee for such huge guaranteed amount. The Government extended Guarantees for the interest portion also on the loan amounting to ₹ 21.42 crore in respect of two entities.

(Paragraph 1.6.2.3)

Debt Management

The Outstanding debt to the end of the year (₹ 2,57,510 crore) has been increasing every year due to increased borrowings. During the year 2018-19, the outstanding debt increased by ₹ 33,804 crore, i.e., 15.11 per cent over previous year. Debt repayment as a percentage of Debt receipts decreased from 81.42 per cent in 2017-18 to 71.97 per cent during the year, indicating decrease in utilisation of Debt receipts for repayment of earlier Debt.

The maturity profile of Debt as on 31 March 2019 indicated that State had to repay 54 per cent of debt (₹ 1,03,550 crore) within the next seven years. State Government has to ensure additional revenue resources and well thought out debt strategy to meet this debt burden. Unless there is a definite plan to meet this liability, the resources available for development may shrink further.

(Paragraph 1.6.2.4)

Fiscal Reform Path

The State Government (combined State), in compliance with the recommendations of the Twelfth Finance Commission (TFC), enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 (amended in 2011). Important targets relating to fiscal variables are to be amended from time to time in accordance with the Central Finance Commissions' recommendations. Government of Andhra Pradesh, however, is yet to amend its FRBM Act in accordance with the recommendations of the 14th Finance Commission.

FRBM Act, 2005 also requires the State Government to make disclosures and statements under

Section 10 of FRBM Act, 2005 together with Rule 6 of Fiscal Responsibility and Budget Management Rules, 2006. The State Government, however, did not make four out of 10 disclosures required to be made.

(Paragraph 1.7)

Apportionment of assets and liabilities between Andhra Pradesh and Telangana

An amount of ₹ 1,51,349.67 crore under Capital Heads and an amount of ₹ 28,099.68 crore under Loans and advances were yet to be apportioned between Andhra Pradesh and Telangana even after more than five years of State Re-organisation.

(Paragraph 1.8)

Excess expenditure

Excess expenditure of ₹ 64,005.68 crore was incurred in grants/appropriations. Majority of the excess expenditure in 2018-19 occurred in Fiscal Administration mainly on account of repayment of Ways and Means Advances (₹ 59,729.01 crore). A total expenditure of ₹ 2,790.08 crore was incurred without any budget provision in 11 cases. Persistent excess expenditure occurred in Fiscal Administration grant.

Recommendation: State Government may analyse the reasons for persistent excess expenditure, placing Grant IX – Fiscal Administration on priority. The Finance Department should ensure that no Departmental controlling officers resort to excess expenditure over the regular allocations approved by the State Legislature.

(Paragraphs 2.2.2.1 & 2.2.2.2)

Excess Expenditure requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess expenditure over a grant/appropriation regularised by the State Legislature. State Government did not get the excess expenditure of ₹ 1,02,504.55 crore, over and above the allocation pertaining to the years 2004-05 to 2017-18 regularised.

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

(Paragraph 2.2.2.3)

Savings

In the year 2018-19, the total savings were ₹ 75,390.85 crore. Of which, ₹ 61,475.00 crore (81.54 per cent) pertain to 24 grants with savings of more than ₹ 500 crore each and also by more than 20 per cent of the total provision.

(Paragraph 2.2.2.4)

Personal Deposit Accounts

There were Personal Deposit (PD) Accounts with minus and zero balances, and also variation in amounts of PD Accounts as per Accountant General (A&E) records and Comprehensive

Financial Management System (CFMS), which indicated that reconciliation and review of all the PD Accounts require immediate attention of the State Government.

Recommendation: *Finance Department is required to review all the PD Accounts and ensure that amounts unnecessarily lying in these accounts are immediately remitted to the consolidated fund and all the inoperative deposit accounts are closed.*

(Paragraph 3.1)

Pendency of Detailed Contingent bills

There were 3,122 Abstract Contingent (AC) bills for an amount of ₹ 1,299.82 crore pertaining to the years from 2003-04 to 2018-19, which were pending for adjustment for want of submission of Detailed Contingent (DC) bills. Advances drawn and not accounted for increases the possibility of wastage/ misappropriation/ malfeasance *etc.* Further, out of ₹ 1,101.76 crore drawn against AC bills in 2018-19, AC bills amounting to ₹ 337.03 crore (28.41 *per cent*) were drawn in March 2019 alone.

(Paragraph 3.5)

This Chapter provides an audit perspective of the finances of the State Government during 2018-19 and analyses critical changes in the major fiscal aggregates relative to 2017-18 keeping in view overall trends during the preceding four years.

The analysis is based on the details contained in the Finance Accounts of the Government of Andhra Pradesh. A profile of the State with demographic and other details is in *Appendix 1.1*. The structure of the Government Accounts is explained in **Part A** and the layout of the Finance Accounts in **Part B** of *Appendix 1.2*.

The State of Andhra Pradesh was bifurcated into two States, *i.e.*, Andhra Pradesh and Telangana with effect from 02 June 2014. The receipts and expenditure for the year 2014-15 includes the particulars relating to composite State of Andhra Pradesh from 01 April 2014 to 01 June 2014.

1.1 Gross State Domestic Product (GSDP)

The Gross State Domestic Product (GSDP)¹ of Andhra Pradesh in 2018-19 at current prices was ₹ 9,33,402 crore. The trends in annual growth rate of Gross Domestic Product (GDP) of India and GSDP of the State at Current and Constant prices (Base Year 2011-12) are given in **Table 1.1**. Growth in Andhra Pradesh was higher than the All-India average at both current and constant prices.

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

Year	2014-15	2015-16 (TRE)	2016-17 (SRE)	2017-18 (FRE)	2018-19 (AE)
Current Prices					
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 (per cent)	10.99	10.46	11.55	11.28	11.20
State's GSDP (₹ in crore)	5,24,976	6,04,229	6,97,508	8,09,547	9,33,402
Growth rate (per cent)	13.08	15.10	15.44	16.06	15.30
Constant Prices (Base year – 2011-12)					
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 (per cent)	7.41	8.00	8.17	7.17	6.81
State's GSDP (₹ in crore)	4,44,564	4,98,606	5,50,468	6,12,794	6,80,332
Growth rate (per cent)	9.20	12.16	10.40	11.32	11.02

Source: Ministry of Statistics and Programme Implementation, Government of India (MoSPI); Economic Survey of Andhra Pradesh 2018-19; TRE: Third Revised Estimates; SRE: Second Revised Estimates; FRE: First Revised Estimates; AE: Advanced Estimates; GSDP figures of State of Andhra Pradesh for the year 2014-15 pertain to the residual State of Andhra Pradesh.

1.2 Summary of fiscal transactions in 2018-19

Summary of the State Government's fiscal transactions during the current year (2018-19) *vis-à-vis* the previous year (2017-18) is given in **Table 1.2** and details of receipts and disbursements as well as overall fiscal position during the current year and previous year is provided in *Appendix 1.3*. Time series data of Government Finances for the years 2014-19 is in *Appendix 1.4*.

¹ Gross Domestic Product (GDP) and Gross State Domestic Product (GSDP) refers to the market value of all officially recognised final goods and services produced within the Country and the State respectively in a given period of time, accounted without duplication and are an important indicator of the Country and State's economy.

Table 1.2: Summary of Receipts and Disbursements for the year 2018-19 vis-à-vis 2017-18

(₹ in crore)

Receipts			Disbursements		
	2017-18	2018-19		2017-18	2018-19
Section A – Revenue Account²					
Revenue Receipts	1,05,062	1,14,671	Revenue Expenditure	1,21,214	1,28,570
<i>Tax Revenue</i>	49,486	58,031	<i>General Services</i>	39,075	40,790
<i>Non-tax Revenue</i>	3,814	4,396	<i>Social Services</i>	59,159	64,280
<i>Share of Union Taxes/Duties</i>	29,001	32,787	<i>Economic Services</i>	22,894	23,459
<i>Grants from GOI</i>	22,761	19,457	<i>Grants-in-Aid and Contributions</i>	86	41
Section B – Capital Account³ & Others					
Misc. Capital Receipts	0	0	Capital Outlay	13,491	19,976
Recoveries of Loans and Advances	51	277	Loans and Advances disbursed	2,781	1,843
Public Debt Receipts ⁴	74,063 [#]	97,980 [@]	Repayment of Public Debt	55,081 [§]	73,274 [^]
Inter State Settlement ⁵	0	0	Inter State Settlement	8	26
Contingency Fund	0	0	Contingency Fund	0	0
Public Account Receipts	1,56,918	99,704	Public Account Disbursements	1,46,945	87,076
Opening Cash Balance	9,948	6,522	Closing Cash Balance	6,522	8,389
Total	3,46,042[#]	3,19,154[@]	Total	3,46,042[§]	3,19,154[^]

Source: Finance Accounts of respective years. [#] Includes Ways and Means Advances availed: ₹ 45,861 crore during 2017-18; [§]Includes Ways and Means Advances repaid: ₹ 45,630 crore during 2017-18; [@]Includes Ways and Means Advances availed: ₹ 59,868 crore during 2018-19; [^]Includes Ways and Means Advances repaid: ₹ 59,729 crore during 2018-19.

Composition of resources and application of funds of the Consolidated Fund of the State in the year 2018-19 is in **Appendix 1.5**.

1.3 Review of Fiscal situation

1.3.1 Fiscal Parameters

Three key fiscal parameters viz., (i) Revenue Surplus⁶ / Deficit, (ii) Fiscal Deficit⁷ and (iii) Primary Deficit⁸ help in assessing the fiscal situation of the Government. The way these deficits are financed assist in assessing the fiscal health of the Government. Trends in fiscal parameters are indicated in **Chart 1.1** and **Chart 1.2**. Trends in Debt Sustainability (Ratio between debt and GSDP in *per cent*) is shown in **Chart 1.3**.

² Revenue Account is the account of the current income and expenditure of the State. The income is derived mainly from taxes and duties, fees for services rendered, fines and penalties, revenue from Government estates such as forests and other miscellaneous items

³ Capital Account is the account of expenditure of a capital nature such as construction of buildings, laying of roads, irrigation and electricity projects. Such expenditure is met from sources other than current revenues, e.g. loans, surplus revenue of previous years, if any, and capital receipts. Capital Receipts include Miscellaneous Capital Receipts, Recoveries of Loans and Advances etc

⁴ Comprises loans raised by Government such as market loans, loans from the Life Insurance Corporation of India, etc., and the borrowings from the Central Government

⁵ Inter-State Settlement is intended to provide for the accounting of sums due by one State Government to another under the financial settlement, on the setting up of new States or under the States Reorganisation Acts as well as the financial settlement between the Central Government and foreign countries

⁶ Revenue Surplus/Deficit = Revenue Receipts – Revenue Expenditure

⁷ Fiscal Deficit = Revenue Expenditure + Capital Expenditure + Net Loans and Advances (-) Revenue Receipts (-) Miscellaneous Capital Receipts

⁸ Primary Deficit = Fiscal Deficit – Interest Payments

Chart 1.1: Trends of Fiscal Parameters

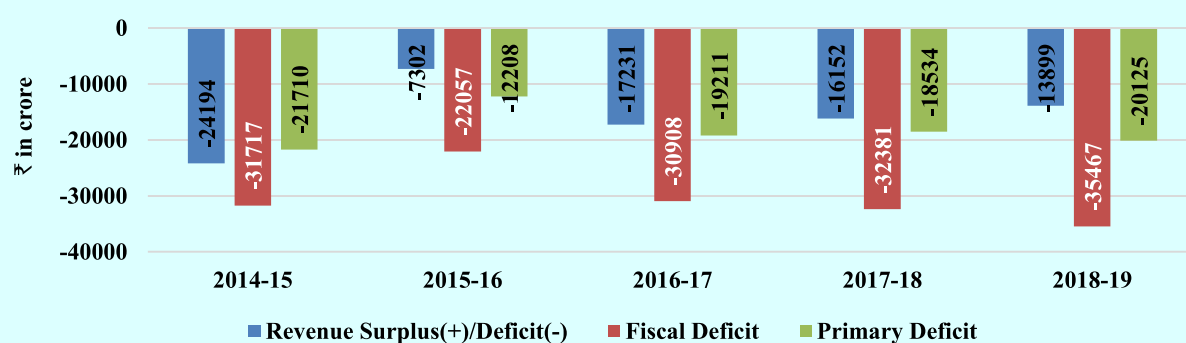
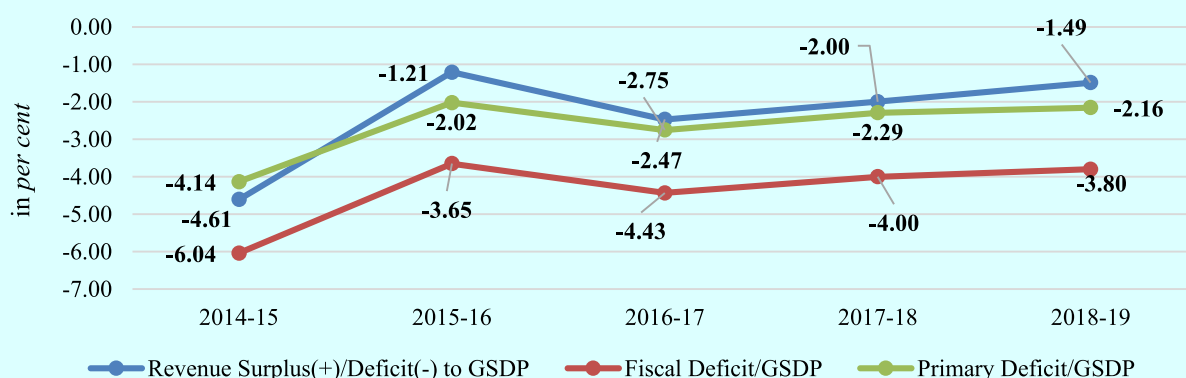
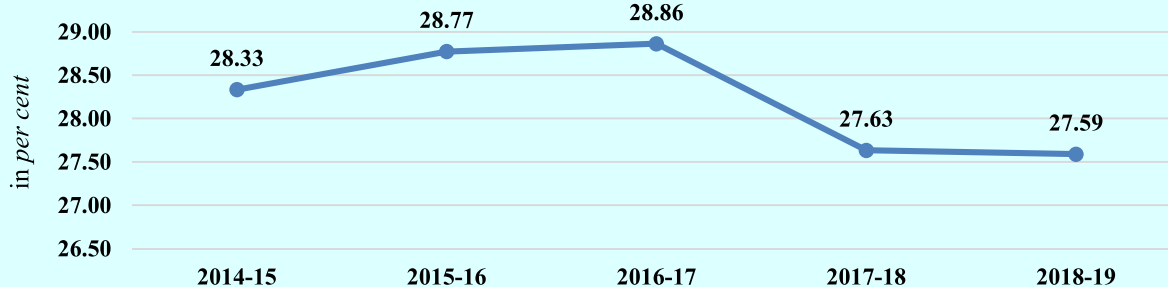


Chart 1.2: Fiscal parameters to GSDP



Source: Finance Accounts of respective years; * Deficits for the year 2016-17 includes an amount of ₹ 8,256 crore expended towards implementation of UDAY scheme

Chart 1.3: Outstanding Debt/GSDP



Source: Finance Accounts of respective years

The following are observed from the above charts with regard to the fiscal parameters:

1.3.1.1 Revenue Deficit

Fourteenth Finance Commission assessed the Post-Devolution Revenue Deficit and accordingly sanctioned ₹ 22,113 crore of Revenue Deficit grant for the period 2015-20 in order to eliminate the Revenue Deficit. As per the recommendations of 14th FC, the State was awarded post-devolution Revenue Deficit Grant during 2015-20.

The details of post-devolution Revenue Deficit Grant received and Revenue Deficit for the years from 2015-16 to 2018-19 are given in **Table 1.3**.

Table 1.3: Revenue Deficit - Actuals vis-à-vis Targets for the years 2015-19

(₹ in crore)

Year	Projections of Revenue Deficit made in MEFS	Post-devolution Revenue Deficit Grant received as per the recommendations of 14 th Finance Commission	Revenue Deficit (After receipt of Post-devolution Grant)
2015-16	4,140	6,609	7,302
2016-17	4,598	4,930	17,231*
2017-18	4,018	4,430	16,152
2018-19	11,654	3,644	13,899

Source: Finance Accounts of respective years, 14th FC report; Macro Economic Framework Statement (MEFS) *Including an amount of ₹8,256 crore expended towards implementation of UDAY scheme during 2016-17;

The Revenue Deficit of the State during 2015-19 had not been contained despite the receipt of post-devolution Revenue Deficit Grants from GoI as per the recommendations of 14th FC.

The State Government replied (July 2020) that the bifurcation of Andhra Pradesh has severely dented the state's fiscal balance and added that the true impact of bifurcation was not adequately reflected in the projections of the 14th Finance Commission.

The Revenue Deficit as percentage of Total Revenue Receipts (TRR) decreased to 12.12 per cent during 2018-19 from 15.37 per cent in 2017-18. Further, Revenue Deficit to TRR was not meeting the target of 3.37 per cent set in Medium Term Fiscal Policy Statement (MTFPS) under the AP FRBM Act. The Revenue Deficit (₹ 13,899 crore) was more than the Budget Estimates (BE) projected by the State Government. Thus, the State Government's failure to assess its revenues realistically and not containing the Revenue Expenditure resulted in continued increase in Revenue Deficit, despite receipt of Post-devolution Revenue Deficit grant from GoI.

1.3.1.2 Fiscal Deficit

Fiscal Deficit is the excess of total expenditure over non-debt receipts⁹. The Fiscal Deficit for the year was ₹ 35,467 crore and stood at 3.80 per cent to GSDP. Fiscal deficit along with basic parameters for the 14th FC period is given in **Table 1.4**.

Table 1.4: Fiscal Deficit-parameters for the years 2015-19

(₹ in crore)

Year (1)	Non-Debt Receipts (2)	Total Expenditure (3)	Fiscal Deficit (4) = (2-3)	GSDP	Fiscal Deficit as per cent of GSDP		
					14 th FC ceiling	Targets of MTFPS	Actuals
2015-16	88,933	1,10,990	(-)22,057	6,04,229	3.00	3.00	3.65
2016-17	1,01,013	1,31,921	(-)30,908	6,97,508	3.00	3.00	4.43
2017-18	1,05,113	1,37,494	(-)32,381	8,09,547	3.00	3.00	4.00
2018-19	1,14,948	1,50,415	(-)35,467	9,33,402	3.00	3.00	3.80

Source: Finance Accounts of respective years, MoSPI data for revised GSDP figures, 14th FC report; Medium Term Fiscal Policy Statement (MTFPS) 2018-19

During the years from 2015-16 to 2018-19, the State Government had failed to contain the Fiscal Deficit within the ceiling prescribed by 14th FC and exceeded the target set in its own MTFPS.

⁹ Non-Debt receipts constitute Revenue Receipts, Miscellaneous Capital receipts and Recovery of Loans and Advances during the year.

Increasing Fiscal Deficit led to corresponding increase in borrowings of the State and this trend needs to be arrested with sound fiscal management policy.

1.3.1.3 Understatement of Revenue and Fiscal Deficits

It was observed that the Revenue Deficit was understated by ₹ 1,544.78 crore and Fiscal Deficit was understated by ₹ 462.91 crore on account of (i) Misclassification, (ii) short contribution of Government matching share towards NPS and (iii) Non discharge of Interest liability on untransferred NPS opening Balance as detailed in **Table 1.5**.

Table 1.5: Understatement of Revenue Deficit and Fiscal Deficit

(₹ in crore)

Particulars	Impact on Revenue Deficit (Understated)	Impact on Fiscal Deficit (Understated)
(i) Misclassification		
Grants-in-Aid and Minor works booked under Capital section	1,081.87	---
(ii) Short contribution of Government matching share towards NPS	444.44	444.44
(iii) Non discharge of Interest liability on untransferred NPS opening Balance	18.47	18.47
Total	1,544.78	462.91

Source: Finance Accounts;

Effectively, therefore, there was a Revenue Deficit of ₹ 15,443.85 crore (₹ 13,899.07 crore plus ₹ 1,544.78 crore) and Fiscal Deficit of ₹ 35,930.37 crore (₹ 35,467.46 crore plus ₹ 462.91 crore). The effective Fiscal Deficit of ₹ 35,930.37 crore was 3.85 per cent of GSDP.

State Government replied (July 2020) that appropriate measures will be taken for a more accurate estimation of finances by avoiding such misclassifications.

1.3.1.4 Revenue Deficit to Fiscal Deficit

The percentage of Revenue Deficit (RD) to Fiscal Deficit (FD) indicates the extent to which borrowed funds were used for current consumption instead of asset creation in the State. The percentage of Revenue Deficit to Fiscal Deficit for the years 2015-16 to 2018-19 is shown in the **Table 1.6**.

Table 1.6: Revenue Deficit as percentage of Fiscal Deficit for the years 2015-19

Period	Revenue Deficit (RD)/Fiscal Deficit (FD) as per cent
2015-16	33.11
2016-17	55.75
2017-18	49.88
2018-19	39.19

Though the Revenue Deficit to Fiscal Deficit ratio was decreasing over the years 2016-17 to 2018-19, the borrowed funds are being utilised for current consumption instead of asset creation in the State, which is a matter of concern.

1.3.1.5 Components of fiscal deficit and its financing pattern

The decomposition and financing of fiscal deficit are shown in **Table 1.7**.

Table 1.7: Components of fiscal deficit and their financing pattern

Sl No	Particulars	2014-15	2015-16	2016-17	2017-18	(₹ in crore)		
						Receipts	Disbursements	Net
A	Components of Fiscal Deficit (1 to 4)	(-)31,717	(-)22,057	(-)30,908*	(-)32,381	1,14,948	1,50,415	(-)35,467
1	Revenue deficit	(-)24,194	(-)7302	(-)17,231*	(-)16,152	1,14,671	1,28,570	(-)13,899
2	Net Capital Expenditure	(-)11,405	(-)14,171	(-)15,143	(-)13,491	0	19,976	(-)19,976
3	Net Loans and Advances	3,882	(-)389	1,465	(-)2,730	277	1,843	(-)1,566
4	Net Inter-State settlement	0	(-)195	1	(-)8	0	26	(-)26
Financing Pattern of Fiscal Deficit								
1	Net Borrowings	22,161	15,236	25,146	18,982	97,980	73,274	24,706
a	Market Borrowings [#]	22,719	15,779	25,079	19,031	95,990	72,529	23,461
b	Loans from GoI	(-)588	(-)543	67	(-)49	1,990	745	1,245
2	Net Public Account	5,348	11,078	7,522	9,973	99,704	87,076	12,628
a	Small Savings, PF etc.	1,303	1,253	1,888	1,643	4,466	2,245	2,221
b	Reserve Funds	556	947	1,296	728	3,397	1,216	2,181
c	Deposits and Advances	5,348	8,570	4,597	4,608	89,849	79,689	10,160
d	Suspense and Misc.	(-) 499	(-) 128	(-) 98	337	1,985	2,054	(-)69
e	Remittances	(-) 1,360	436	(-) 161	2,657	7	1,872	(-)1,865
3	Contingency Fund	3	0	0	0	0	0	0
4	Increase/Decrease in Cash Balance	3,659	(-) 4,259	(-) 1,760	3,426	6,522	8,389	(-)1,867
	Total (1 to 4)	31,717	22,057	30,908*	32,381	-	-	35,467

Source: Finance Accounts of respective years. [#] Includes borrowings from other Institutions and Ways and Means Advances.

* Includes an amount of ₹8,256 crore expended towards implementation of UDAY scheme

Borrowed funds used for meeting revenue expenditure create liability for future years without creating any assets. It is evident that, 37.23 per cent of borrowings were used to finance the deficit on Revenue account thereby impeding the asset creation in the State. Net receipts under Public Account during the year (₹ 12,628 crore) financed 35.61 per cent of the fiscal deficit when compared to 30.80 per cent during the previous year.

1.3.1.6 Quality of Deficit/Surplus

The bifurcation of Primary Deficit indicates the extent to which deficit has been on account of enhancement of Capital Expenditure, which may be desirable to improve productive capacity of the Government.

The primary deficit and its parameters for the last four years are indicated in **Table 1.8**.

Table 1.8: Primary Deficit/Surplus – bifurcation of factors

								(₹ in crore)
Year	Non-debt receipts	Primary Revenue Expenditure ¹⁰	Capital Expenditure	Loans and Advances and Inter-State settlements	Primary Expenditure	Primary Revenue deficit (-) / Surplus (+) ¹¹	Primary deficit (-) / Surplus (+)	Primary Revenue Surplus / Capital Expenditure (<i>per cent</i>)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)	9
2015-16	88,933	86,101	14,171	869	1,01,141	2,832	(-)12,208	19.98
2016-17	1,01,013	1,04,518*	15,143	563	1,20,224	(-) 3,505	(-)19,211*	---
2017-18	1,05,113	1,07,367	13,491	2,789	1,23,647	(-) 2,254	(-)18,534	---
2018-19	1,14,948	1,13,228	19,976	1,869	1,35,073	1,720	(-)20,125	8.61

Source: Finance Accounts of respective years; * Including an amount of ₹8,256 crore expended towards implementation of UDAY scheme

It is evident from above that in 2018-19, the Non-debt receipts were sufficient to meet Primary Revenue Expenditure. The Primary Revenue Surplus constituted 8.61 *per cent* of the Capital Expenditure (₹ 19,976 crore). However, the State had a Primary Deficit indicating that the non-debt receipts were insufficient to meet the Primary Expenditure. The Primary Deficit had increased by 8.58 *per cent* over the previous year from ₹ 18,534 crore to ₹ 20,125 crore.

Percentage of Primary Deficit to GSDP increased from 2.02 *per cent* in 2015-16 to 2.16 *per cent* in 2018-19.

1.3.1.7 Outstanding Debt to GSDP ratio

The outstanding Debt¹² to GSDP ratio (in *per cent*) stood at 27.59 *per cent* which was more than the 14th FC limit of 25.16 *per cent* for the year 2018-19.

During 2018-19, outstanding debt (₹ 2,57,510 crore) grew by 15.11 *per cent* over the previous year (₹ 2,23,706 crore).

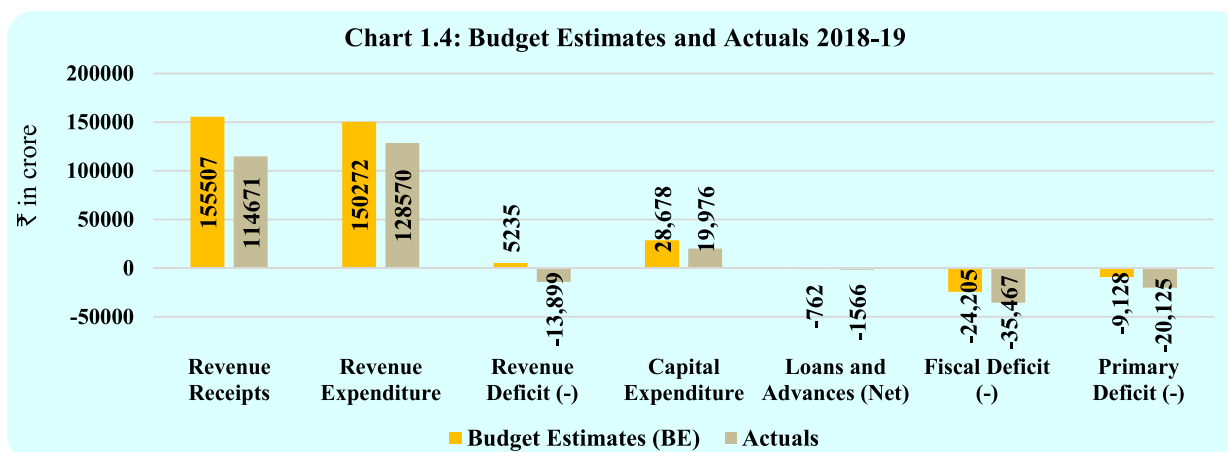
1.3.2 Budget estimates and actuals

Shortfall of actual receipts and expenditure against budget estimates, either due to unanticipated and unforeseen events or under/over estimation of expenditure or revenue at the stage of budget preparation, adversely impacts the desired fiscal objectives. Comparison of State's Budget Estimates vis-à-vis actuals for key fiscal parameters for the year 2018-19 is given in **Chart 1.4**.

¹⁰Primary Revenue Expenditure = Revenue Expenditure – Interest payments

¹¹Primary Revenue deficit (-) /Surplus (+) = Non-Debt Receipts(Revenue Receipts + Miscellaneous Capital Receipts + Recovery of Loans and Advances) – Primary Revenue Expenditure

¹² Outstanding Debt includes Public Debt and Public Account Liabilities



Source: AP Budget in brief for 2018-19 and Finance Accounts 2018-19

Revenue Receipts (₹ 1,14,671 crore) fell short of the Budget Estimates by 26.26 per cent. The decrease in Revenue Receipts during 2018-19 when compared to budget estimates was mainly due to decrease in State's Own Tax Revenue by 11.45 per cent, Non-Tax Revenue by 17.78 per cent and decrease in Grants-in-Aid from Government of India (GoI) by 61.62 per cent.

Under State's Own Tax Revenue, major taxes where there was shortfall when compared to Budget Estimates were Taxes on Sales, Trade etc., and GST by 7.43 per cent (₹ 3,414.27 crore), State Excise by 15.46 per cent (₹ 1,137.30 crore), Taxes on Vehicles by 9.40 per cent (₹ 346.68 crore) and Taxes and Duties on Electricity by 96.73 per cent (₹ 338.53 crore).

Under Non-Tax Revenue, the shortfall when compared to Budget Estimates were mainly under Non-ferrous mining & metallurgical industries by 11.58 per cent (₹ 289 crore), receipts under Police Department by 51.13 per cent (₹ 235.19 crore) and Interest receipts by 81.80 per cent (₹ 225 crore).

The Revenue Expenditure was less by ₹ 21,702.07 crore (14.44 per cent) from the budget estimates, mainly because of less expenditure under Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes and Minorities by ₹ 7,652.85 crore (58.42 per cent), General Education by ₹ 4,657.39 crore (19.87 per cent), Nutrition by ₹ 3,505.58 crore (78.61 per cent) and Urban Development by ₹ 2,661.45 crore (42.15 per cent), which was partly offset by excess expenditure mainly under Social Security and Welfare by ₹ 5,325.79 crore (35.61 per cent), Agricultural Research and Education by ₹ 1,708.90 crore (289.04 per cent) and Relief on Account of Natural Calamities by ₹ 941.61 crore (182.40 per cent).

Actual Revenue Deficit of ₹ 13,899 crore was more than the budgeted Revenue Surplus of ₹ 5,235 crore due to shortfall in Revenue Receipts by ₹ 40,836 crore from Budgeted receipts and over estimation of Grants-in-Aid from Government of India.

The actual Capital Expenditure was less by ₹ 8,702.15 crore (30.34 per cent) against the budget estimates of 2018-19. The decrease was mainly under Major Irrigation by ₹ 3,912.06 crore (27.49 per cent), Roads and Bridges by ₹ 1,829.26 crore (70.31 per cent) and Other Rural Development Programmes by ₹ 823.22 crore (48.47 per cent).

Fiscal deficit (₹ 35,467 crore) was more than the assessment made in the budget estimates

(₹ 24,205 crore) by 46.53 *per cent*, mainly due to decrease in revenue receipts by ₹ 40,836 crore, decrease in recovery of Loans and Advances by ₹ 223 crore and increase in disbursement of Loans and Advances by ₹ 581 crore from the budget estimates.

Recommendation 1: The Finance Department should rationalise the budget preparation exercise, so that the gaps between the budget estimates and actuals are bridged.

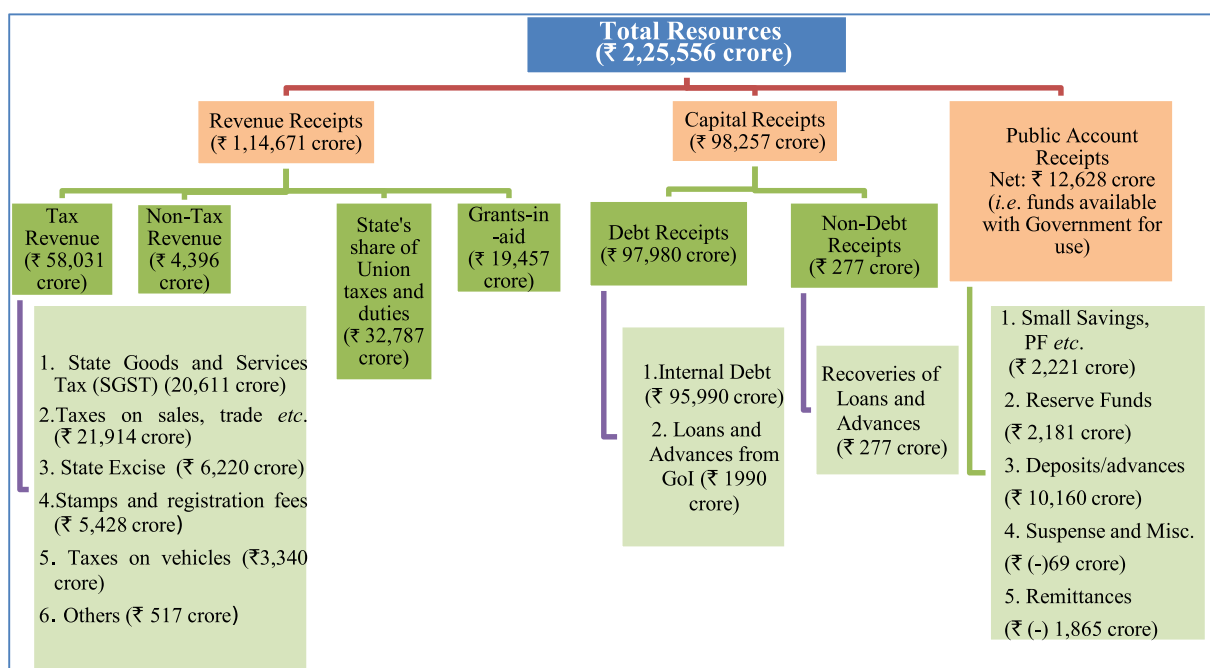
1.4 Financial Resources of the State

1.4.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams of receipts that constitute the resources of the State into the Consolidated Fund apart from the net receipts of Public Account. Revenue Receipts consist of Tax Revenue, Non-Tax Revenue, State's share of Union taxes & duties and Grants-in-Aid from the 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. The net of Public Account comprises the balance after disbursements in small savings, provident funds, reserve funds deposits, suspense and remittances, *etc.* The balance, after disbursements in the Public Account is the fund available with the Government for use.

The components and sub-components of resources of the State are given in **Chart 1.5**.

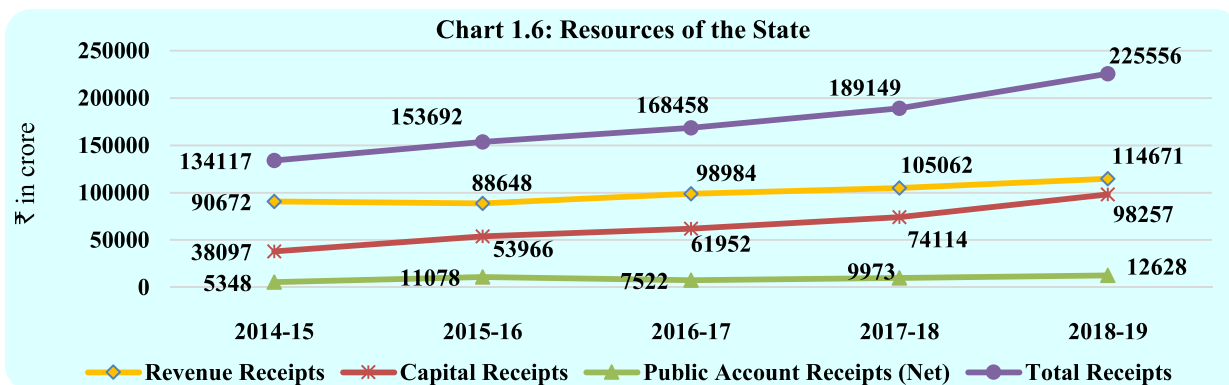
Chart 1.5: Composition of Resources in 2018-19



Source: Finance Accounts.

NOTE: Debt Receipts include an amount of ₹ 59,868 crore availed as Ways and Means Advances/Special Drawing Facility/Overdraft

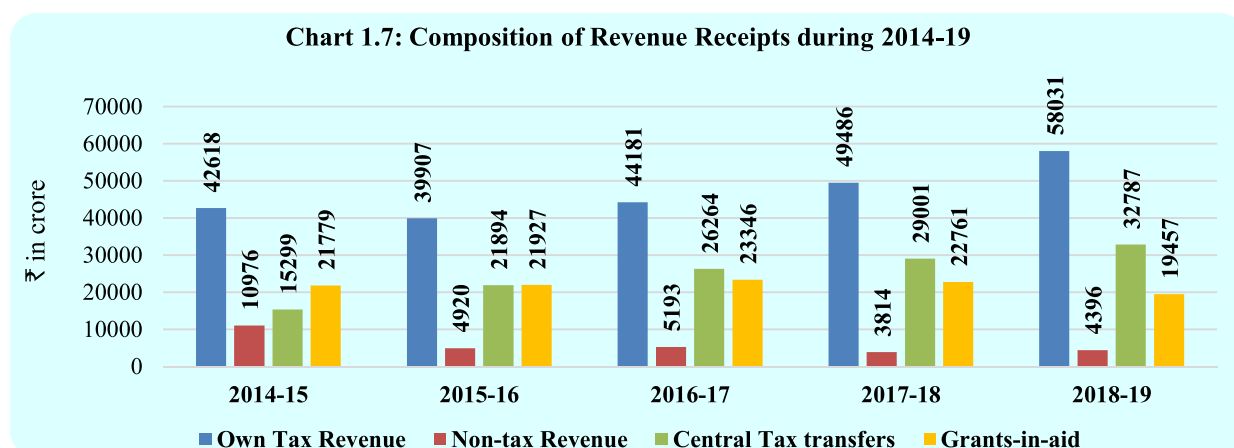
Out of the total resources of ₹ 2,25,556 crore of the State Government during the year 2018-19, Revenue Receipts (₹ 1,14,671 crore) constituted 50.84 *per cent*. Capital Receipts (₹ 98,257 crore) and net Public Account Receipts (₹ 12,628 crore) constituted 43.56 *per cent* and 5.60 *per cent* of the total resources, respectively. **Chart 1.6** depicts the details under various components of the total resources of the State during 2014-19.



Source: Finance Accounts of respective years.

1.4.2 Revenue Receipts

Statement 14 of the Finance Accounts gives details of Revenue Receipts of the Government. Revenue Receipts (₹ 1,14,671 crore) of the Government constituting 12.29 per cent of the Gross State Domestic Product (GSDP) (₹ 9,33,402 crore), increased by ₹ 9,609 crore (9.15 per cent) over the previous year (₹ 1,05,062 crore). The trends and composition of the Revenue Receipts during the years 2014-15 to 2018-19 are depicted in **Chart 1.7**.



Source: Finance Accounts

The State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission and guidelines on Central assistance for plan schemes *etc.* As can be seen, the Own Tax revenue and Central tax transfers have been increasing since 2015-16. Non-Tax Revenue increased from last year while Grants-in-Aid in 2018-19 was lower than the previous year.

1.4.2.1 State's own resources

The State's performance in mobilisation of resources is assessed in terms of Tax Revenue and Non-Tax Revenue, not including the State's share in Central Taxes and Grant-in-Aid which is based on the recommendations of the Finance Commission.

Own Tax Revenue

Own Tax Revenue (OTR) during the year was ₹ 58,031 crore and constituted 50.61 per cent of the actual Revenue Receipts (₹ 1,14,671 crore). Taxes on sales and trade contributed 37.76 per cent to OTR in 2018-19. The major taxes and duties which contributed to OTR during

2014-19 are given in Table 1.9.

Table 1.9: Components of State's Own Tax Revenue

	2014-15	2015-16	2016-17	2017-18	2018-19
					(₹ in crore)
State Goods and Services Tax (SGST)	-	-	-	10,820	20,611
Taxes on Sales, trades etc.	30,524	29,104	32,484	25,335	21,914
State Excise	4,352	4,386	4,645	5,460	6,220
Taxes on Vehicles	3,687	2,082	2,467	3,039	3,341
Stamp duty and Registration fees	3,249	3,527	3,476	4,271	5,428
Land Revenue	62	52	167	107	57
Taxes on Goods and Passengers	14	10	12	5	26
Other Taxes¹³	729	746	930	449	434
Total	42,618	39,907	44,181	49,486	58,031

Source: Finance Accounts of respective years;

The increase in tax revenue by ₹ 8,545 crore (17.27 per cent) over the previous year 2017-18 was mainly under (a) State Goods and Services Tax (SGST) by ₹ 9,791 crore (90.50 per cent), (b) Stamp Duty and Registration fees by ₹ 1,156 crore (27.02 per cent) on account of higher receipts towards duty on impressing of document fee for registering documents and other fees, (c) State Excise by ₹ 760 crore (13.92 per cent) due to increase in collection under “Malt Liquors, Foreign Liquors and Spirits”.

(i) Goods and Services Tax (GST)

The State Government implemented Andhra Pradesh Goods and Services Tax (GST) Act with effect from 01 July 2017. The GST has four components viz., (i) GST receipts by the Centre (i.e., Central GST or CGST); (ii) GST receipts by the State (i.e., State GST or SGST); (iii) Integrated GST (IGST)¹⁴, a tax on inter-State supply of Goods or Services or both by the Central Government and (iv) GST Compensation Cess¹⁵. SGST is levied on intra-State supply of goods or services (except alcohol for human consumption and five specified petroleum products¹⁶).

- CGST:** The State received ₹ 8,091.86 crore as share of net proceeds assigned to States under CGST during the year 2018-19.
- SGST:** The receipts of the State through SGST was ₹ 20,611.27 crore¹⁷.
- IGST:** Andhra Pradesh State received ₹ 64.58 crore as IGST for ten months in 2018-19 up to January 2019 totalling to ₹ 645.80 crore. IGST for the months of February 2019 and March 2019 was not received.
- GST Compensation:** According to GST (Compensation to the States) Act, 2017, the 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

¹³ Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income

¹⁴ in respect of inter-State supply of Goods and Services, Integrated GST (IGST) is levied and collected by Government of India (GoI). The IGST so collected is apportioned between the Centre and the State where the goods and services are consumed

¹⁵ as per GST Compensation Cess Act, GST Compensation Cess is paid by GoI for a period of five years to the State in case the share of a State falls short of the revenue earned in the pre-GST regime

¹⁶ Petroleum crude, High speed diesel, Motor spirit (Petrol), Natural gas and Aviation turbine fuel

¹⁷ Includes (i) ₹ 17,578.59 crore as SGST, (ii) ₹ 2,068.86 crore as advance apportionment of IGST and (iii) ₹ 963.82 crore as apportionment of IGST-Transfer-in of Tax Component to SGST

by the Comptroller and Auditor General of India. The projected revenue for any year of a State shall be calculated by applying the projected growth rate of (14 per cent per annum) over the base year (2015-16) revenue of the State.

In case of Andhra Pradesh, the revenue in the base year (2015-16) was ₹ 13,449.62 crore. Accordingly, Protected Revenue for the year 2018-19 was ₹ 19,926.20 crore¹⁸.

The State received ₹ 20,611.27 crore as SGST during the year. As the collection of the State under SGST were more than the protected revenues for the year 2018-19, no GST Compensation was to be received.

With automation of collection of GST having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfil 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.

(ii) Efficiency in Tax collection

The gross collection of taxes on motor vehicles, taxes on sales, trade *etc.*, stamp and registration fees and state excise, expenditure incurred on their collections and its percentage to gross collections during the period 2014-19 are indicated in the **Table 1.10**.

Table 1.10: Cost of collection of Tax Revenue

		(₹ in crore)				
		2014-15	2015-16	2016-17	2017-18	2018-19
Taxes on Sales, Trade etc., and SGST	Gross Revenue collection	30,524	29,104	32,484	36,155	42,525
	Cost of Collection	273.73	269.84	277.50	327.90	321.69
	Percentage to Gross collection	0.90	0.93	0.85	0.91	0.76
State Excise	Gross Revenue collection	4,352	4,386	4,645	5,460	6,220
	Cost of Collection	485.57	278.03	306.58	333.54	340.20
	Percentage to Gross collection	11.16	6.34	6.60	6.11	5.47
Taxes on Vehicles	Gross Revenue collection	3,687	2,082	2,467	3,039	3,341
	Cost of Collection	106.32	111.12	123.18	150.94	107.17
	Percentage to Gross collection	2.88	5.34	4.99	4.97	3.21
Stamps and Registration fees	Gross Revenue collection	3,250	3,527	3,476	4,271	5,427
	Cost of Collection	112.69	129.07	129.17	139.23	126.93
	Percentage to Gross collection	3.47	3.66	3.72	3.26	2.34

Source: Finance Accounts of respective years

In 2018-19, State Government expended ₹ 340.20 crore (5.47 per cent of gross collection) in collecting State Excise of ₹ 6,220 crore. This was higher than the expenditure incurred (₹ 321.69 crore) in collecting taxes of ₹ 42,525 crore under Taxes of Sales, trade and GST *etc.*, which was only 0.76 per cent of gross collection.

¹⁸ Calculated at compounding increase of 14 per cent per annum for three years viz., 2016-17, 2017-18 and 2018-19 from the base year revenue of ₹ 13,449.62 crore (i.e., ₹ 13,449.62 X 1.14 X 1.14 X 1.14 = ₹ 19,926.20 crore)

Non-Tax Revenue

Non-tax revenue accounts for receipts from services rendered and supplies made by various Departments of Government and interest receipts. The Non-tax revenue of ₹ 4,396 crore during the year constituted 3.83 *per cent* of the total revenue receipts (₹ 1,14,671 crore) of the year. The overall increase of ₹ 582 crore in Non-Tax Revenue over the previous year was mainly under other non-tax receipts. The composition of non-tax revenue is detailed in **Table 1.11**.

Table 1.11: Composition of Non-Tax Revenue

(₹ in crore)						
Revenue Head	2014-15	2015-16	2016-17	2017-18	2018-19	Variation in 2018-19 over previous year (in <i>per cent</i>)
Interest Receipts	4,796	133	113	96	50	(-)47.92
Dividends & Profits	8	9	4	1	1	0.00
Other Non-Tax Receipts	6,172	4,778	5,076	3,717	4,345	16.90
Total	10,976	4,920	5,193	3,814	4,396	15.26

Source: Finance Accounts of respective years

(i) Interest receipts

Against the budgeted estimates of ₹ 275.30 crore during 2018-19, actual interest receipts was ₹ 50 crore. Interest receipts included ₹ 15 crore received from investment of Cash Balance, ₹ 7 crore was received from various sources *viz.*, Andhra Pradesh Transmission Corporation (APTRANSCO) and Credit Cooperatives *etc.* The remaining amount of ₹ 28 crore was booked under omnibus Minor Head-800 Other Receipts, which had no details on the source of the receipts.

The sharp decline of Interest Receipts in 2015-16 and onwards as compared to the years 2014-15 was due to dispensing of the practice of charging notional interest on cumulative Capital Outlay on Irrigation/ Power Projects by the Government on being duly highlighted by Audit in its reports.

(ii) Dividend Receipts

Against the budgeted estimates of ₹ 17 crore during 2018-19, actual receipts on account of Dividends & Profits was ₹ one crore.

Government investments in Statutory Corporations, Government Companies and others were ₹ 9,500.51 crore as on 31 March 2019, out of which un-apportioned investments was ₹ 8,401.21 crore, constituting 88.43 *per cent* of the total investments. Further, out of un-apportioned investments of ₹ 8,401.21 crore, an amount of ₹ 49.11 crore, were lying in 10 non-working Companies.

(iii) Other Non-Tax Receipts

Non-Ferrous Mining & Metallurgical Industries (₹ 2,211 crore – Mineral Concession Fee, Rents & Royalties, Mines Department *etc.*), other Administrative Services (₹ 275 crore), Forestry and Wild Life (₹ 426 crore-Sale of Timber and other forest produce) were the main contributors to Non-tax revenue.

1.4.2.2 State's share of Union taxes and Grants-in-Aid

State's share of Union taxes

Central tax transfers of ₹ 32,787 crore in 2018-19, while contributing 28.59 per cent to the State's total revenue receipts increased by ₹ 3,786 crore (13.05 per cent) when compared to previous year (₹ 29,001 crore).

Major components of central tax transfers were Corporation Tax (₹ 11,401 crore), Taxes on Income other than Corporation Tax (₹ 8,397 crore), Central Goods and Services Tax (₹ 8,092 crore), Customs Duty (₹ 2,324 crore) and Union Excise Duties (₹ 1,544 crore).

Different components of State's share of Union Taxes during four years of 14th FC is given in **Table 1.12**.

Table 1.12: Different components of State's share of Union Taxes

Component of State's share of Union taxes	14 th FC award period			
	2015-16	2016-17	2017-18	2018-19
Corporation Tax	6,890	8,414	8,880	11,401
Customs	3,498	3,619	2,926	2,324
Income Tax	4,792	5,848	7,498	8,397
Other Taxes and Duties on commodities and services	15	-	327	17
Service Tax	3,788	4,231	2,975	303
Wealth Tax	2	19	-	4
Union Excise Duties	2,909	4,133	3,059	1,544
CGST	NA	NA	409	8,092
IGST	NA	NA	2,927	646
Other Taxes on Income and Expenditure	-	-	-	59
Grand total	21,894	26,264	29,001	32,787
Devolution as percentage of Revenue Receipts of the State	24.70	26.53	27.60	28.59

Source: Finance Accounts of respective years; NA: Not Applicable due to implementation of GST Act w.e.f. 01.07.2017

As can be seen from the above, the State's share of Union Taxes as a percentage of Revenue Receipts of the State has been increasing over the past four years.

Grants-in-Aid from Government of India

The details of Grants-in-Aid from GoI and its composition during 2014-19 are given in **Table 1.13**.

Table 1.13: Grants-in-Aid from Government of India

Particulars	₹ in crore				
	2014-15	2015-16	2016-17	2017-18	2018-19
Non-Plan Grants/Finance Commission Grants	4,676	9,944	10,839	6,975	5,548
Grants for State Plan Schemes*	16,533	10,325	12,507	0	327
Grants for Central Plan Schemes*	55	1,658	0	(-)200 [#]	0
Grants for Centrally Sponsored Schemes	515	0	0	15,482	12,510
Other Transfers/Grants to States				504	1,072
(i) Compensation for loss of revenue arising out of implementation of GST				382	0
(ii) Other Receipts ¹⁹				122	67
(iii) National Disaster Response Fund				0	1,005
Total	21,779	21,927	23,346	22,761	19,457
Percentage of increase (+)/decrease(-) over previous year	142.23	0.68	6.47	(-)2.51	(-)14.52
Total grants as a percentage of Revenue Receipts	24.02	24.73	23.59	21.66	16.97

Source: Finance Accounts of respective years. [#]Minus figure due to clearing of outstanding amount under the head '8658-Suspense' pertaining to the year 2015-16 with reference to RBI's advice No.2334 dated 31 March 2016. This amount pertains to Grants towards Polavaram Project inadvertently given credit by the GoI in 2015-16 and also debited in the same year. AG (A&E), however, had given credit adjustment in 2015-16 and debit in 2017-18. * Grants under State and Central Plan Schemes were replaced by Centrally Sponsored Schemes from 2017-18 onwards.

Out of the Grants of ₹ 12,510 crore for Centrally Sponsored Schemes, the major amounts were given to Mahatma Gandhi National Rural Employment Guarantee Act (₹ 2,171 crore- 11.16 per cent), Polavaram Project (₹ 1,385 crore-7.12 per cent), National Health Mission (₹ 973 crore – 5.00 per cent), Integrated Child Development Service (ICDS) (₹ 802 crore – 4.12 per cent) and Swachh Bharat Mission – Gramin (₹ 616 crore - 3.17 per cent). Further, the State Government received an amount of ₹ 5,548 crore as Finance Commission Grants (detailed in **Table 1.14**) during the year 2018-19.

1.4.2.3 Transfer of funds directly to implementing agencies without routing through Consolidated Fund of the State

The Government of Andhra Pradesh had stated (November 2014) that the system of releasing funds directly to Implementing Agencies by the GoI has been discontinued from the year 2014-15. Despite this, GoI has, however been transferring sizeable quantum of funds directly to the State implementing agencies for implementation of various schemes/programmes²⁰ in social and economic sectors. During the year 2018-19, GoI transferred ₹ 6,589 crore directly to State Implementing Agencies concerning various Central Schemes/Programmes, without routing these funds through the State budget. Out of the total transferred amount, 68.95 per cent (₹ 4,542.57 crore) was transferred to State Civil Supplies Corporation Limited for implementation of Food Subsidy.

1.4.2.4 14th Finance Commission (FC) grants

The 14th FC had recommended devolution of funds under only three types of grants-in-aid to States viz., Local Government, Disaster Management and Post-devolution Revenue Deficit. For the year 2018-19, the State received a total amount of ₹ 5,548.16 crore under these three types.

¹⁹ Additional Central Assistance for Left Wing Extremist (LWE) Districts and Compensation for loss of revenue on account of phasing out of Central Sales Tax (CST)

²⁰ Food Subsidy, Pradhan Mantri Matru Vandana Yojana, Swadesh Darshan-Integrated Development of theme based Tourism Circuits, Sugar Subsidy, National Aids and STD Control Programme (NACO) etc.,

The details of amounts awarded, received and shortfall for the year 2018-19 are shown in **Table 1.14**.

Table 1.14: 14th Finance Commission Grants

(₹ in crore)					
Sl. No.	Purpose of Grant	Total Amount recommended for the award period (2015-20)	Amount recommended by 14 th FC during 2018-19	Actual Releases	Shortfall
1	Local Bodies	12,289.89	2,776.34	1,446.06	1,330.28
	Panchayat Raj Institutions (PRI)	8,654.09	1,947.32	859.00	1,088.32
	Urban Local Bodies (ULB)	3,635.80	829.02	587.06	241.96
2	Disaster Management	2,429.00	458.10	458.10	0
3	Post-devolution Revenue Deficit Grant	22,113.00	3,644.00	3,644.00	0
	Total	36,831.89	6,878.44	5,548.16	1,330.28

Source: Finance Accounts 2018-19 and 14th Finance Commission report.

State Government replied that GoI had not released funds to ULBs and PRIs where elections were not conducted due to Court orders, resulting in short release of ₹ 1,330.28 crore to Local Bodies.

1.4.3 Buoyancy Ratio

Buoyancy Ratios indicate the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, Revenue Buoyancy with respect to GSDP at 1.25 implies that Revenue Receipts tend to increase by 1.25 percentage points, if the GSDP increases by one percent. The value more than one indicates high degree of responsiveness of the fiscal variable to the base variable. As GSDP grows, the ability of Government to mobilise revenue should also increase. The Buoyancy Ratios of Revenue Receipts and State's Own Tax Revenue are given in **Table 1.15**.

Table.1.15: Buoyancy of Revenue Receipts and Own Tax Revenue w.r.t GSDP

(₹ in crore)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
GSDP at Current prices (₹ in Crore)	5,24,976	6,04,229	6,97,508	8,09,547	9,33,402
Rate of Growth of GSDP (in per cent)	13.08	15.10	15.44	16.06	15.30
Revenue Receipts (RR)					
RR during the year (₹ in crore)	90,672	88,648	98,984	1,05,062	1,14,671
Rate of growth of RR (in per cent)	N.C	N.C	11.65	6.14	9.15
Buoyancy of RR with GSDP	N.C	N.C	0.75	0.38	0.60
State's Own Tax Revenue (SOTR)					
SOTR during the year (₹ in crore)	42,618	39,907	44,181	49,486	58,031
Rate of growth of SOTR (in per cent)	N.C	N.C	10.71	12.01	17.27
Buoyancy of SOTR with GSDP	N.C	N.C	0.69	0.75	1.13

As can be seen from table above, the Revenue Receipts during the years 2016-19 could not keep pace with the growth rate of GSDP. While the State's Own tax Revenue was less buoyant during the years 2016-18, the growth rate was higher than that of the growth of GSDP during 2018-19.

1.4.4 Receipts under the Capital Section

Growth and composition of Capital Receipts of the State during 2014-19 are given in **Table 1.16**.

Table.1.16: Composition of Capital Receipts

		(₹ in crore)				
Sources of State's Receipts	2014-15	2015-16	2016-17	2017-18	2018-19	
Capital Receipts (CR)*	38,097	53,966	61,952	74,114	98,257	
Non-debt capital receipts	5,092	285	2,029	51	277	
(i) Miscellaneous Capital Receipts	0	0	0	0	0	
(ii) Recovery of Loans and Advances	5,092	285	2,029	51	277	
Public Debt Receipts*	33,005	53,681	59,923	74,063	97,980	

Source: Finance Accounts of respective years. *Includes Ways and Means Advances and Overdraft facility availed by the Government.

During 2018-19, Capital Receipts (₹ 98,257 crore) constituted 43.56 per cent of the total receipts (₹ 2,25,556 crore) of the State. The State Government borrowed ₹ 36,122 crore from open market and other financial institutions and took loans of ₹ 1,990 crore from GoI. Apart from these borrowings State Government availed ₹ 59,868 crore²¹ as Ways and Means Advances and Overdraft from the Reserve Bank of India.

1.4.5 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, 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 Public Account receipts and disbursements from 2014-19 is given in **Table 1.17**.

Table 1.17: Composition of Public Account receipts and disbursements during 2014-19

		(₹ in crore)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	
A. Public Account Receipts						
Small Savings, Provident Fund etc.	2,881	2,543	3,541	3,785	4,466	
Reserve Funds	1,842	2,151	2,548	1,784	3,397	
Deposits and Advances	48,388	50,137	56,571	99,726	89,849	
Suspense and Miscellaneous	2,37,671	21,293	19,710	22,971	1,985	
Remittances	10,847	14,788	16,411	28,652	7	
Total (A)	3,01,629	90,912	98,781	1,56,918	99,704	
B. Public Account Disbursements						
Small Savings, Provident Fund etc.	1,578	1,290	1,653	2,142	2,245	
Reserve Funds	1,286	1,204	1,252	1,056	1,216	
Deposits and Advances	43,040	41,566	51,974	95,118	79,689	
Suspense and Miscellaneous	2,38,170	21,421	19,808	22,634	2,054	
Remittances	12,207	14,352	16,572	25,995	1,872	
Total (B)	2,96,281	79,833	91,259	1,46,945	87,076	
Public Account Net (A)-(B)	5,348	11,078	7,522	9,973	12,628	

Source: Finance Accounts of respective years

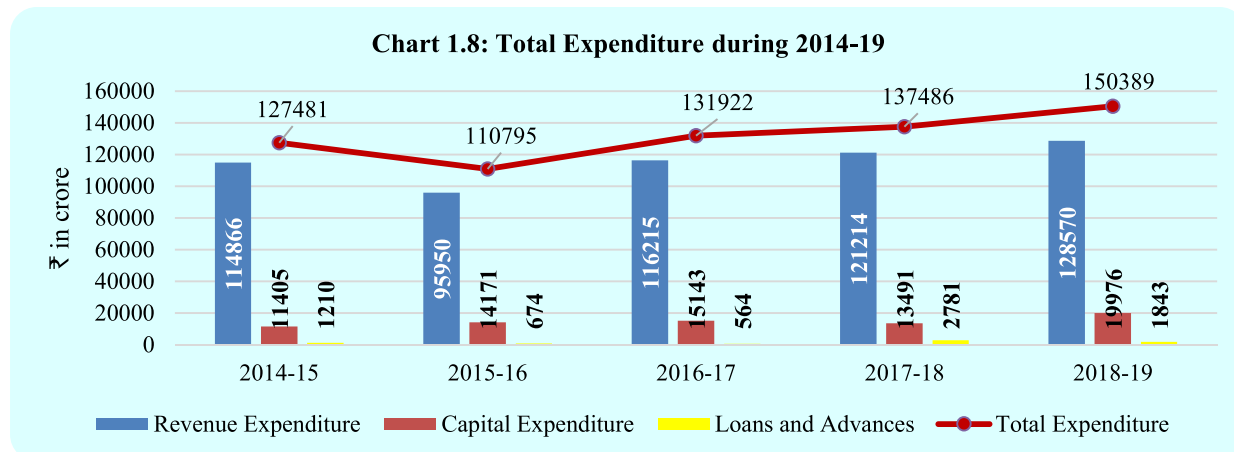
During the year 2018-19, net Public Account receipts (₹ 12,628 crore) contributed 5.60 per cent of the total resources (₹ 2,25,556 crore) of the State. The net Public Account receipts increased by ₹ 2,655 crore (26.62 per cent) over the previous year (2017-18) mainly due to increase in Deposits and Advances (Net) by ₹ 5,552 crore over previous year.

²¹ Special Drawing Facility (₹ 11,096 crore) Ways and Means Advances (₹ 29,117 crore) and Overdraft (₹ 19,655 crore)

1.5 Application of resources

1.5.1 Growth and Composition of expenditure

The total expenditure in 2018-19 was ₹ 1,50,389 crore. **Chart 1.8** presents the trends and composition of total expenditure during 2014 to 2019.

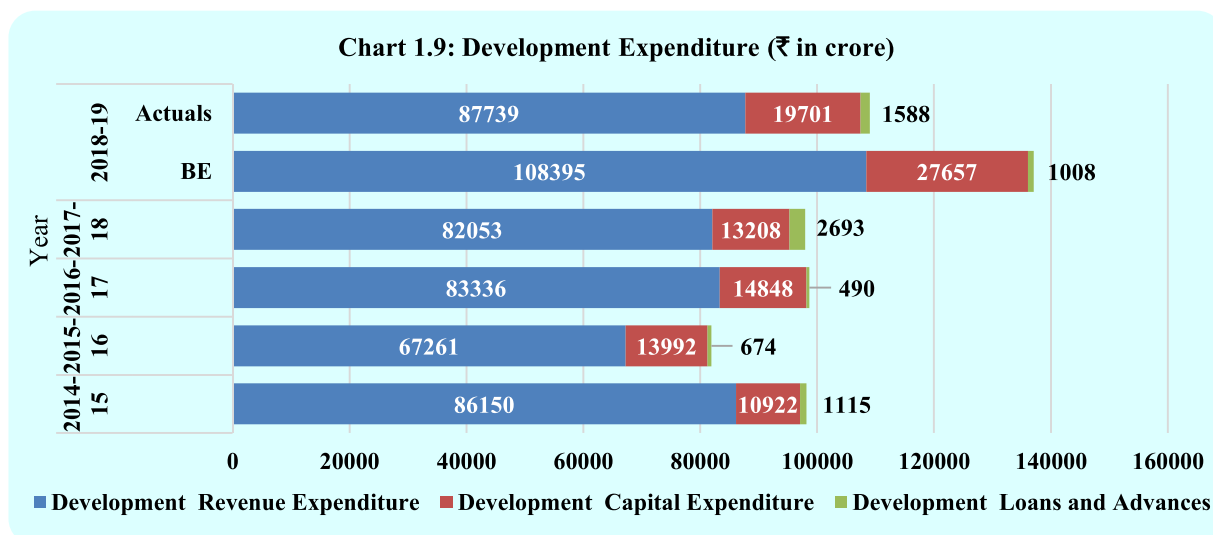


Source: Finance Accounts of respective years; *Note:* Total expenditure excludes Inter-State Settlement.

Total Expenditure (₹ 1,50,389 crore) has increased by ₹12,903 crore (9.38 per cent) in 2018-19 over the previous year (₹ 1,37,486 crore) due to increase in Revenue and Capital expenditure to an extent of ₹ 7,356 crore and ₹ 6,485 crore respectively.

1.5.1.1 Development Expenditure of the State

Development expenditure of the State is the expenditure incurred on Social and Economic Services under Revenue, Capital and Loans and Advances sections. The details are given in **Chart 1.9**.



Source: Finance Accounts of respective years

During 2018-19, the total development expenditure (₹ 1,09,028 crore) was 72.50 per cent of the total expenditure and 11.68 per cent of the GSDP. During the year, developmental revenue expenditure (₹ 87,739 crore) and development capital expenditure (₹ 19,701 crore) constituted 58.34 per cent and 13.10 per cent of total expenditure (₹ 1,50,389 crore) respectively, while the

development loans and advances constituted 1.06 per cent of total expenditure.

The share of social services (₹ 68,383 crore) and economic services (₹ 40,645 crore) constituted 45.47 per cent and 27.03 per cent of the total expenditure, respectively. The details of sector-wise revenue expenditure and capital expenditure incurred by the State are indicated in *Appendix 1.3*.

1.5.2 Revenue Expenditure

Revenue Expenditure (₹ 1,28,570 crore) was 13.77 per cent to GSDP and was within the budget provision (₹ 1,50,272 crore) made for the year 2018-19. The Revenue Expenditure during the year was increased by 6.07 per cent as compared to 2017-18 (₹ 1,21,214 crore)

In 2018-19, 89.19 per cent of the Revenue Expenditure was met from Revenue Receipts (₹ 1,14,671 crore). The balance 10.81 per cent (₹ 13,899 crore) of revenue expenditure for day to day activities of Government was, however, financed from borrowed funds. During the year 2018-19, Revenue Expenditure (₹ 1,28,570 crore) accounted for 85.49 per cent of the State's total expenditure (₹ 1,50,389 crore), which is in the nature of current consumption, leaving only 14.51 per cent for investment in infrastructure and asset creation.

1.5.2.1 Committed Expenditure

Committed expenditure of Government on revenue account consisted mainly of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.18** presents the expenditure on these components during 2014-19.

Table 1.18: Components of committed expenditure

Components of Committed Expenditure	2014-15	2015-16	2016-17	2017-18	2018-19		
					Budget estimates (BE)	Actuals	Percentage variation to BE
Salaries *& Wages	27,686(24)	27,474(29)	31,125(27)	32,816(27)	39,598	35,240 (27)	(-) 11.01
Interest payments	10,007(9)	9,849(10)	11,697(10)	13,847(12)	15,077	15,342 (12)	1.76
Pensions	9,971(9)	11,238(12)	12,873(11)	16,236(13)	15,221	15,291 (12)	0.46
Subsidies	14,037(12)	6,360(7)	6,246(5)	7,146(6)	7,387	2,352 (2)	(-) 68.16
Total	61,701(54)	54,921(58)	61,941(53)	70,045(58)	77,283	68,225 (53)	(-) 11.72

Source: O/o AG (A&E) Andhra Pradesh; *Note:* Figures in parenthesis indicate percentage to Revenue Expenditure rounded off to higher value. *It also includes the salaries paid out of grants-in-aid and work charged establishment.

Salaries and wages

Expenditure on salaries and wages (₹ 35,240 crore) during the current year increased by 7.39 per cent over the previous year (₹ 32,816 crore). During 2018-19, expenditure on Salaries and wages constituted 27 per cent of revenue expenditure which was same as the previous year.

Interest payments

During 2018-19, interest payments was to the tune of ₹ 15,342 crore, which was 13.38 per cent of the revenue receipts (₹ 1,14,671 crore), which was higher than the target of 11.64 per cent set by the 14th FC and was not a positive fiscal health indicator. Interest on Market Borrowings (₹ 12,013 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹ 1,315 crore) continued to be the major contributors to interest payments.

Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 15,291 crore, and constituted 13.33 per cent of revenue receipts. Superannuation and Retirement Allowances (₹ 7,692 crore, decreased by 392 crore from 2017-18), Family Pensions (₹ 2,894 crore, increased by ₹ 99 crore from 2017-18) and Gratuities (₹ 1,301 crore, decreased by ₹ 250 crore from 2017-18) were the major areas of expenditure under this head.

Subsidies

The total expenditure of ₹ 2,352 crore on subsidies during the year was less than the projections (₹ 7,387 crore) made in the Budget by 68.16 per cent, and decreased by ₹ 4,794 crore (67.09 per cent) compared to previous year (₹ 7,146 crore). Andhra Pradesh Transmission Corporation received ₹ 1,250 crore (53.14 per cent) of subsidy payment towards implementation of free power supply for Agriculture, Department of Agriculture and Civil Supplies Department accounted of subsidies of ₹ 398 crore (16.93 per cent) and ₹ 340 crore (14.46 per cent) respectively. The percentage of subsidies to revenue expenditure was 1.83 per cent. Department-wise subsidies are given in **Table 1.19**.

Table 1.19: Department wise Subsidies

Departments	2014-15	2015-16	2016-17	2017-18	2018-19
Civil Supplies	2,118	2,380	2,470	3,056	340
Power	10,092	3,186	2,750	3,000	1,250
Agricultural and other Allied activities	522	633	652	838	408
Others ²²	1,305	161	374	252	354
Total subsidy	14,037	6,360	6,246	7,146	2,352
Total Revenue Expenditure (RE)	1,14,866	95,950	1,16,215	1,21,214	1,28,570
Subsidy as a percentage of RE	12.22	6.63	5.37	5.90	1.83

Source: Finance Accounts of respective years

1.5.2.2 Financial Assistance to local bodies and other institutions

The quantum of financial assistance provided by the State Government to Local Bodies and other institutions by way of grants during 2014-19 is given in **Table 1.20**.

Table 1.20: Financial assistance to Local Bodies and other institutions

	2014-15	2015-16	2016-17	2017-18	2018-19
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	8,054	6,965	7,625	9,974	9,613
Municipal Corporations and Municipalities	4,275	2,750	4,462	2,976	3,775
Zilla Parishads and other PR Institutions	8,679	3,724	9,352	8,241	8,357
Hospitals and Other Charitable Institutions	1,416	1,888	2,106	2,556	3,411
Co-operative Institutions	79	146	143	564	543
Others ²³	34,623	24,221	30,291	28,780	35,096
Total*	57,126	39,694	53,979	53,091	60,795
Assistance as percentage of R.E	49.73	41.37	46.45	43.80	47.25

Source: Finance Accounts of respective years; * Includes Salaries paid out of Grants-in-Aid.

²² Industries and Commerce, Minority Welfare, Information Technology & Communication, Panchayat Raj, Social Welfare, Women, Child and Disabled Welfare and Backward Classes Welfare Departments

²³ Others includes Development Agencies, Autonomous Bodies, Public Sector Undertakings, Non-Governmental Institutions, Institutions receiving one time grant etc.

Financial assistance extended to local bodies and other institutions in 2018-19 constituted 47.25 per cent of revenue expenditure. The major schemes/recipients of grants during the year were teaching grants to Zilla Praja Parishads (₹ 5,327.59 crore; ₹ 4,902.98 crore in 2017-18), NTR Pension to old age persons and widows (₹ 6,803.41 crore; ₹ 4,904.19 crore in 2017-18), and Capital infusion to DWACRA²⁴ Women Groups (₹ 8,905.53 crore; ₹ 2,417.27 crore in 2017-18).

1.5.2.3 National Pension System

State Government employees recruited on or after 01 September 2004 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. It is mandatory for employees to contribute 10 per cent of basic pay and dearness allowance every month. The State Government has to make equal contribution. The Government has to transfer these contribution amounts along with details to the National Securities Depository Limited (NSDL) and to the fund managers appointed by the NPS Trust, respectively.

On the bifurcation of the erstwhile combined State of Andhra Pradesh in 2014, a balance of ₹ 730.64 crore was available in the NPS Deposit Account of the combined Andhra Pradesh State, pending transfer to NSDL. This amount was to be apportioned between the States of Andhra Pradesh and Telangana. Of this amount, ₹ 365.21 crore was apportioned in 2018-19, with Andhra Pradesh State being allocated ₹ 230.61 crore, leaving an amount of ₹ 365.43 crore pending apportionment.

Details of contributions by employees and Government and transfers to NSDL are shown below in **Table 1.21**:

Table 1.21: Details of Contribution to NPS Deposit Account and transfer to NSDL

Opening Balance (A)	Apportionment carried out in 2018-19		Employees' contribution (C)	Government Contribution (D)	Transfer to NSDL (E)	(₹ in crore)
	Andhra Pradesh (B)	Telangana				Closing Balance (A+B+C+D-E)
0.30	230.61	134.60	765.02	320.58	652.89	663.63

Source: Finance Accounts;

As on 01 April 2018, the NPS Account had an opening balance of ₹ 230.91 crore. Receipts to the NPS Account during the year were Employee contribution (₹ 765.02 crore), the Government contribution (₹ 320.58 crore). Of the total receipts of ₹ 1,316.21 crore (inclusive of all receipts, apportionment amount and opening balance) the Government transferred an amount of ₹ 652.89 crore to NSDL, leaving a closing balance of ₹ 663.63 crore in the NPS Account.

The interest liability on the opening balance of ₹ 230.91 crore was ₹ 18.47 crore (calculated at a rate of eight per cent²⁵), for which the Government did not make any provision. Further, interest will also be due on the amount to be apportioned to Andhra Pradesh out of the ₹ 365.43 crore which is pending apportionment.

As the Principal Accountant General (Accounts and Entitlements) does not maintain the accounts

²⁴ Self Help Groups maintained for Development of Women and Children in Rural Areas.

²⁵ Interest rate on General Provident Fund (State Government)

of individual employee's contribution, the correctness of recovery from the employee's salary bills cannot be verified. No reconciliation of the amounts transferred has been carried out with NSDL/ Trustee Bank.

As per provisions of the NPS, the Government has to match the contribution of the Employees. As seen from the table above, Employees contributed an amount of ₹ 765.02 crore to the NPS Deposit Account, while the Government contributed an amount of ₹ 320.58 crore to the NPS Deposit Account, resulting in an overall short contribution of ₹ 444.44 crore by the Government. Thus, the current liability stands deferred to future years.

Further, the State Government has created an interest liability on the amount of ₹ 663.63 crore, incorrectly used the funds that belong to its employees and created uncertainty in respect of benefits due to the employees affected / avoidable financial liability to Government in future, and, thus leading to possible failure of the scheme itself.

1.5.3 Capital Expenditure

Capital expenditure (₹ 19,976 crore) during 2018-19 constituted 13.27 *per cent* of total expenditure and fell short of the Budget Estimates (₹ 28,678 crore) by 30.34 *per cent*. Capital expenditure accounted for 2.14 *per cent* of GSDP and increased by ₹ 6,485 crore (48.07 *per cent*) from the previous year.

The major areas under Capital section in which State Government invested were Irrigation and Flood Control (₹ 13,386 crore), Water Supply & Sanitation (₹ 1,742 crore) and Rural Development (₹ 875 crore) *etc.*

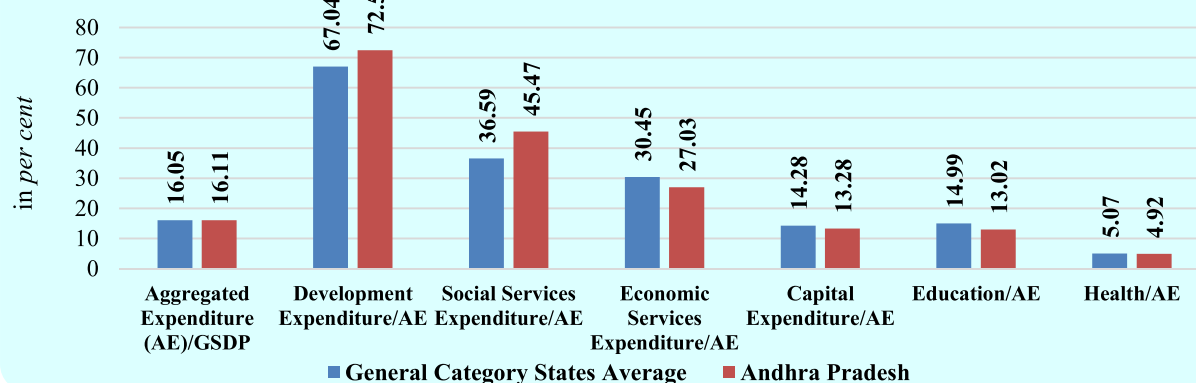
1.5.4 Quality of Expenditure

Quality of expenditure basically involves three aspects, *viz.*, adequacy of the expenditure (*i.e.* adequate provisions for providing public services), efficiency of expenditure use and effectiveness (assessment of outlay - outcome relationships for services).

1.5.4.1 Adequacy of public expenditure

Enhancing human development levels require the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) for a particular sector can be inferred if the ratios fall way below the respective National averages. **Chart 1.10** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2018-19, vis-à-vis the average of the General Category States.

Chart 1.10: Prioritisation in Public Expenditure (in percentage)



Source: Finance Accounts of 2018-19;

Findings are as follows:

- Development expenditure and expenditure on Social Services as a proportion of total expenditure was higher in the State compared to the GCS average and the expenditure on Economic Services as a proportion of Total Expenditure was lower than GCS average. The share of expenditure on education in the State as a proportion of total expenditure was lower than the corresponding GCS average while State's average in respect of expenditure on health was marginally lower than GCS average. Lower expenditure on Education Sector affects human capital formation and indicates it as a low priority area.
- The share of capital expenditure was lower in the State than the GCS average affecting physical capital formation which affects economic growth in the long run.

1.5.4.2 Per capita expenditure in some major socio economic sectors

The per capita expenditure for 2018-19 of Andhra Pradesh in some major socio economic sectors and its comparison with the previous year 2017-18 is given in **Table 1.22**.

Table 1.22: Per capita spending of the State towards major socio economic sectors

Sector	2017-18 (Population: 5.19 crore)		2018-19 (Population: 5.22 crore)		Percentage increase /decrease
	Expenditure (₹ in crore)	Per capita expenditure (in Rupees)	Expenditure (₹ in crore)	Per capita expenditure (in Rupees)	
Health and Family Welfare	6,389	1,231	7,400	1,418	15.16
Education, Sports, Arts & Culture	20,017	3,857	19,587	3,752	-2.71
Agriculture	7,616	1,467	8,802	1,686	14.91
Rural Development	8,859	1,707	8,335	1,597	-6.46
Transport	2,328	449	2,005	384	-14.37

Source: Expenditure figures from Finance Accounts and population figures from National Commission on Population 2019.

From the above table the following can be observed:

- The per capita expenditure in Health and Family Welfare increased by 15.16 per cent over the previous year. There was a considerable increase (14.91 per cent) in the per capita expenditure on Agriculture also over the previous year.

- The Per Capita expenditure saw a considerable dip in respect of Transport (14.37 per cent), Rural Development (6.46 per cent) and Education, Sports, Arts and Culture (2.71 per cent).

1.5.4.3 Efficiency of expenditure use

Details of Capital and Revenue Expenditure on maintenance of social and economic services are in **Table 1.23** below:

Table 1.23: Efficiency of expenditure use in selected Social and Economic Services

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	O&M		S&W	O&M
<i>(in per cent)</i>						
Social Services (SS)						
Education	1.81	80.41	0.05	1.25	87.79	0.02
Health and Family Welfare	3.15	45.07	0.20	2.36	40.83	0.07
Water supply, Sanitation, Housing & Urban Development	12.45	14.05	1.98	16.67	13.18	0.47
Total (SS)	4.66	36.39	0.52	4.27	35.35	0.15
Economic Services (ES)						
Agriculture & Allied Activities	3.21	20.80	1.22	3.17	18.92	0.35
Irrigation and Flood Control	92.86	45.80	18.18	95.70	53.29	13.88
Power & Energy	0.67	0.60	0.13	0.11	1.29	0.17
Transport	23.50	2.45	56.89	42.58	3.43	32.46
Total (ES)	31.07	15.34	4.60	41.78	16.06	2.09
Total (SS+ES)	13.86	30.52	1.66	18.34	30.19	0.67

Source: Finance Accounts of respective years; RE: Revenue Expenditure; CE: Capital Expenditure; TE: Total Expenditure; S&W: Salaries and Wages; O&M: Operation and Maintenance

The ratio of Capital Expenditure to Total Expenditure in all major areas under Social and Economic Services decreased over the previous year with the exception of Water Supply, Sanitation, Housing and Urban Development, Irrigation and Flood Control and Transport.

In respect of Revenue Expenditure, the share of salaries and wages in respect of Education under Social Services; and Irrigation and Flood control under Economic Services has grown considerably over preceding year.

1.6 Composition of Assets and Liabilities

Government accounts reflect the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.6** gives an abstract of such liabilities and the assets as on 31 March 2019, compared with the corresponding position as on 31 March 2018. While liabilities consist mainly of internal borrowings, loans and advances from GoI, balances in the Public Account; assets mainly comprise of capital outlay and loans and advances given by the State Government and cash balances.

1.6.1 Government Assets

Government Assets mainly comprise of Capital Outlay, Investments, Loans and Advances given by the State Government, Cash Balances and Investments in Reserve Funds.

1.6.1.1 Capital outlays

During past four years, Irrigation and Flood control constituted 60 *per cent* of Capital Expenditure. An amount of ₹ 13,386 crore (67.01 *per cent* of total Capital Expenditure) was spent on Irrigation and Flood control during 2018-19.

The financial results for the years up to 1985-86 in respect of irrigation works costing more than one crore each had been included in the Finance Accounts of 1990-91. State Government has not disclosed financial results²⁶ of any of its irrigation projects for the years since 1986-87. As a result there was no assurance of return on the heavy public investments in the sector.

1.6.1.2 Investment and Return

As of 31 March 2019, the State Government had invested ₹ 9,500.51 crore in Statutory Corporations (₹ 205.57 crore), Rural Banks (₹ 26.96 crore), Government Companies (₹ 6,793.25 crore), Joint Stock Companies (₹ 57.70 crore) and Co-operatives (₹ 2,417.03 crore). Out of ₹ 9,500.51 crore, Investments of ₹ 1,099.30 crore were made after 02 June 2014 by Government of Andhra Pradesh and ₹ 8,401.21 crore were yet to be apportioned among two successor States which were 88.43 *per cent* of the total investments.

The status of return on the amount invested in these Corporations/Companies is given in **Table 1.24**.

Table 1.24: Return on Investment

Investment/Return/Cost of Borrowings	2014-15	2015-16	2016-17	2017-18	2018-19
Investment at the end of the year (₹ in crore)	8,455	8,709	8,975	9,472	9,501
Return in the form of Dividend (₹ in crore)	8	9	4	1	1
Rate of Return (<i>per cent</i>)	0.09	0.10	0.05	0.01	0.01
Average rate of interest on Government borrowing (in <i>per cent</i>)	5.91	6.11	6.31	6.52	6.37
Difference between Rate of return and interest rate (in <i>per cent</i>)	(-) 5.82	(-) 6.01	(-) 6.26	(-) 6.51	(-) 6.36

Source: Finance Accounts of respective years

The Government earned a meagre return of ₹ one crore in 2018-19 on its investments of ₹ 9,501 crore in various Corporations/Companies. The return on investment was negligible at 0.01 *per cent* during 2018-19, far lower than the average rate of interest, the Government paid on its borrowings.

1.6.1.3 Loans and Advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government also provided loans and advances to institutions/organisations like Universities/Academic Institutions, PRIs, ULBs and Urban Development Authorities *etc.* **Table 1.25** presents the details of outstanding loans and advances during the last five years.

²⁶ Remission of Revenue, Total Revenue during the year, Direct and Indirect Working Expenses and Maintenance during the year, Net Revenue excluding the interest, Net profit or loss after meeting interest *etc.*

Table 1.25: Details of loans advanced by State Government

(₹ in crore)

Quantum of Loans/Interest Receipts	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Balance (₹ in crore)	32,430	28,549	28,938	27,472	30,202
Amount advanced during the year (₹ in crore)	1,210	674	564	2,781	1,843
Amount recovered during the year (₹ in crore)	5,092	285	2,029	51	277
Closing Balance (₹ in crore)	28,548	28,938	27,472	30,202	31,768
Net addition (₹ in crore)	(-)3,882	389	(-)1465	2,730	1,566
Interest Receipts on Loans and Advances (₹ in crore)	54	1	35	9	12
Interest receipts as percentage of outstanding loans and advances (in <i>Per cent</i>)	0.19	0.003	0.13	0.03	0.04
Interest payments (₹ in crore)	10,007	9,849	11,697	13,847	15,342
Total Outstanding Liabilities (₹ in crore)	1,48,743	1,73,854	2,01,314	2,23,706	2,57,510
Interest payments as percentage to total Outstanding Liabilities of the State Government	6.73	5.67	5.81	6.19	5.96
Difference between interest receipts and interest payments (in <i>Per cent</i>)	(-) 6.54	(-) 5.67	(-) 5.68	(-) 6.16	(-) 5.92

Source: Finance Accounts of respective years;

Loans outstanding as of 31 March 2019 amounted to ₹ 31,768 crore. Housing (₹ 1,078.78 crore), and Energy (₹ 300.33 crore) were the major recipients of loans during the year.

The current level of recovery of loans was low. In the Budget estimates, an amount ₹ 500 crore was estimated to be recovered in 2018-19. The actual recovery (₹ 277 crore), however, was 55.40 *per cent* of the estimated recovery. Out of the loans repaid (₹ 277 crore) to the State Government ₹ 265.38 crore (95.81 *per cent*) were repaid by the Government Servants to whom loans were disbursed.

Out of the loans disbursed (₹ 1,843 crore) during 2018-19, fresh loans and advances of ₹ 1,587.64 crore were made to the entities from whom repayments of earlier loans (₹ 23,653.51 crore) were overdue; among them Housing Department (₹ 14,040.67 crore) was the major entity to whom the Government had disbursed an amount of ₹ 1,078.78 crore during 2018-19. The earliest period to which arrears were related was from the year 2002.

State Government extended loan of ₹ 1,588 crore to eleven entities in 2018-19 without committing them to any terms and Conditions like schedule of repayment, rate of interest, number of installments, *etc.*. Further, for an amount of ₹ 25,232 crore of outstanding loan amount to the end of March 2019, the terms and conditions are yet to be settled.

1.6.1.4 Cash balances and investment of Cash balances

Table 1.26 depicts the cash balances and investments thereof made by the State Government during the year.

Table 1.26: Cash Balances and their Investment

	(₹ in crore)	
	Opening balance on 01/04/2018	Closing Balance on 31/03/2019
(a) General Cash Balance		
Cash in Treasuries	--	--
Deposits with Reserve Bank	(-)859.70	20.90
Deposits with other Banks	1.34	1.34
Remittances in transit - Local	2.90	2.90
Total	(-)855.46	25.14
Investments held in Cash Balance investment account	0	0
Total (a)	(-)855.46	25.14
(b) Other Cash Balances and Investments		
Cash with Departmental officers <i>viz.</i> , Public Works Department Officers, Forest Department Officers, District Collectors	0.90	0.90
Permanent advances for contingent expenditure with Departmental officers	1.62	1.62
Investment out of Earmarked Funds	7,375.49	8,361.59
Total (b)	7,378.01	8,364.11
Grand Total (a)+ (b)	6,522.55	8,389.25

Source: Finance Accounts 2018-19;

Investments out of Earmarked Funds

At the beginning of the year 2018-19, the State Government had an investment of ₹ 7,375.49 crore out of Earmarked Funds in GoI securities which earned ₹ 670.23 crore as interest, finally holding a balance of ₹ 8,361.59 crore at the end of the year.

Maintenance of daily cash balance with the RBI

As per an agreement with the RBI, State Government has to maintain a minimum daily cash balance of ₹ 1.94 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Drawing Facility (SDF – nomenclature changed from Special Ways and Means Advances)/Overdrafts (OD) from time to time. During the year 2018-19, the State Government maintained the minimum daily cash balance with the Bank for 115 days out of 365 days.

As on 01 April 2018, an amount of ₹ 230.46 crore was outstanding towards WMA. During the year 2018-19, State had resorted to WMA, SDF and OD from the Reserve Bank of India on 250 occasions amounting to ₹ 59,868.28 crore (an increase of 30.54 *per cent* over 2017-18) for various purposes and to maintain its minimum cash balance (₹ 1.94 crore) with the RBI. State Government repaid an amount of ₹ 59,729.01 crore along with an interest of ₹ 64.43 crore leaving a balance of ₹ 369.73 crore. In view of this, the State Government may consider strengthening their cash management system in a manner that would obviate the need to resort to WMA/SDF/OD frequently and also reduce their interest expenditure.

1.6.2 Liabilities

The total liabilities of the State represent the liabilities under the Consolidated Fund of the State which consists Internal Debt of the State and Loans and advances from GoI and balances in the Public Account of the State.

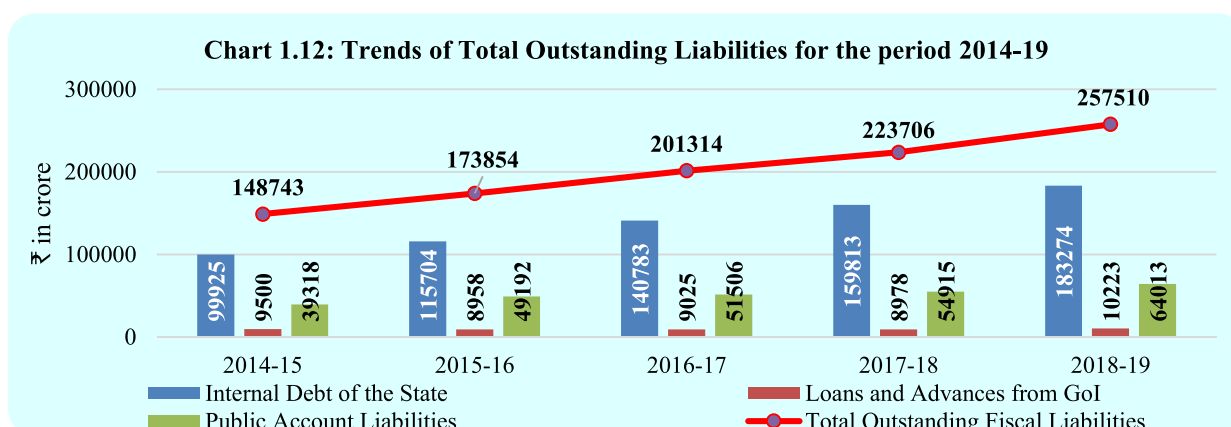
1.6.2.1 Outstanding Liabilities

The components of Outstanding Liabilities are given in **Chart 1.11**.

Chart 1.11: Components of Outstanding Liabilities of the State Government

Total Liabilities (₹2,57,510 crore)		
Internal Debt from Market, financial institutions, etc. (₹ 1,83,274 crore)	Loans and Advances from Government of India (₹ 10,223 crore)	Public Account Liabilities where Government acts as a banker (₹ 64,013 crore)
Market Loans (₹1,55,376 crore)	Loans for Central Plan Schemes (₹ 4 crore)	Small Savings, Provident Fund, etc.(₹ 15,730 crore)
Bonds (₹ 9,756 crore)	Loans for State Plan Schemes (₹ 7,249 crore)	Reserve Fund bearing interest (₹ 576 crore)
Loans from Financial Institutions (₹ 5,320 crore)	Non Plan Loans (₹ 25 crore)	Reserve Fund not bearing interest (₹ 2,107 crore)
Special Securities issued to NSSF (₹ 12,504 crore)	other loans (₹ 2,765 crore)	Deposits bearing interest (₹ 7,275 crore)
Other Loans (₹ 318 crore)		Deposits not bearing interest (₹ 38,325 crore)

The trends of Outstanding Liabilities during the last five years are presented in **Chart 1.12**.



Source: Finance Accounts of respective years

The total Outstanding Liabilities of the State at the end of 2018-19 were ₹ 2,57,510 crore and stood at 2.25 times of revenue receipts and 27.59 per cent of GSDP which exceeded the target of 25.09 per cent made in Medium Term Fiscal Policy Statement (MTFPS) of the State Government. The Outstanding Liabilities grew by 15.11 per cent over previous year and the liabilities are on an ascending trend since 2014-15.

1.6.2.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of India or State. Out of the gross accumulated balance of ₹ 11,044.29 crore lying in these Funds as on 31 March 2019, ₹ 8,361.58 crore was invested in the GoI Securities, leaving the total net accumulated balance ₹ 2,682.71 crore as on 31 March 2019. The transactions during the year 2018-19 under major reserve funds are detailed below:

Consolidated Sinking Fund

Sinking Fund was created in the year 1999-2000 for amortisation of State's liabilities. As per guidelines, the State Government may contribute annual contributions to the Sinking Fund at 0.5 *per cent* of the outstanding liabilities at the end of the previous financial year. Accordingly, ₹ 1,118.53 crore was to be contributed in 2018-19 on the Outstanding Liabilities of ₹ 2,23,706 crore at the end of 2017-18. Against the requirement of ₹ 1,118.53 crore, the State Government contributed ₹ 350 crore to the Fund and earned an interest of 606.78 crore. Thus the total addition to CSF was ₹ 956.78 crore.

Guarantee Redemption Fund

As per guidelines of Reserve Bank of India, post bifurcation of the State Government of Andhra Pradesh constituted ²⁷(April 2018) the Guarantee Redemption Fund (GRF) to meet its obligation pertaining to the Guarantees given by the Government on loans raised by bodies such as Public Sector Undertakings, Special Purpose Vehicles, *etc.*, outside of the State budget. In case of default by the borrower, these guarantees become liabilities of the State Government. As such, guarantees, generally, are contingent liabilities. As per the latest guidelines, the fund shall be setup by the State Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of previous year. Thereafter, a minimum of 0.5 *per cent* of outstanding guarantees was envisaged as annual contribution to raise the Fund to a minimum level of three *per cent* in next five years and eventually to a level of five *per cent*. Therefore, as per the latest guidelines the fund balances to the end of the year 31 March 2019 should be 1.5 *per cent* of Outstanding Guarantees of previous year.

The outstanding Guarantees as on 01 April 2018 were ₹ 35,964.06 crore. Against this, the Fund balance to the end of the year was ₹ 741.77 crore. Thus the fund balance was 2.06 *per cent* of outstanding Guarantees, which was more than the limit of fund for that year.

State Disaster Response Fund

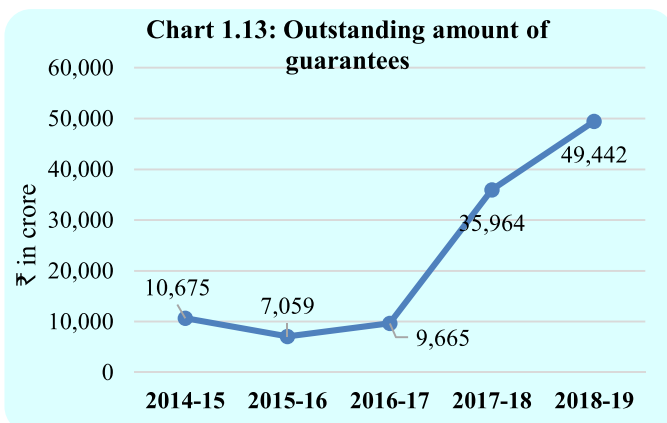
The State Government during 2018-19 released their share of ₹ 50.90 crore in addition to the funds received from GoI of ₹ 458.10 crore. The total accumulated balance of ₹ 509 crore was fully expended for relief on natural calamities²⁸ with no closing balance at the end of the year.

1.6.2.3 Guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The trends of Outstanding Guarantees for the years 2014-15 to 2018-19 was given in **Chart 1.13**.

²⁷ G.O. Ms. No. 46, Finance (CM) Department, dated 17.04.2018

²⁸ Gratuitous relief in drought affected areas, Repairs and restoration of damaged roads and bridges, Assistance to farmers for purchase of Agricultural inputs *etc.*

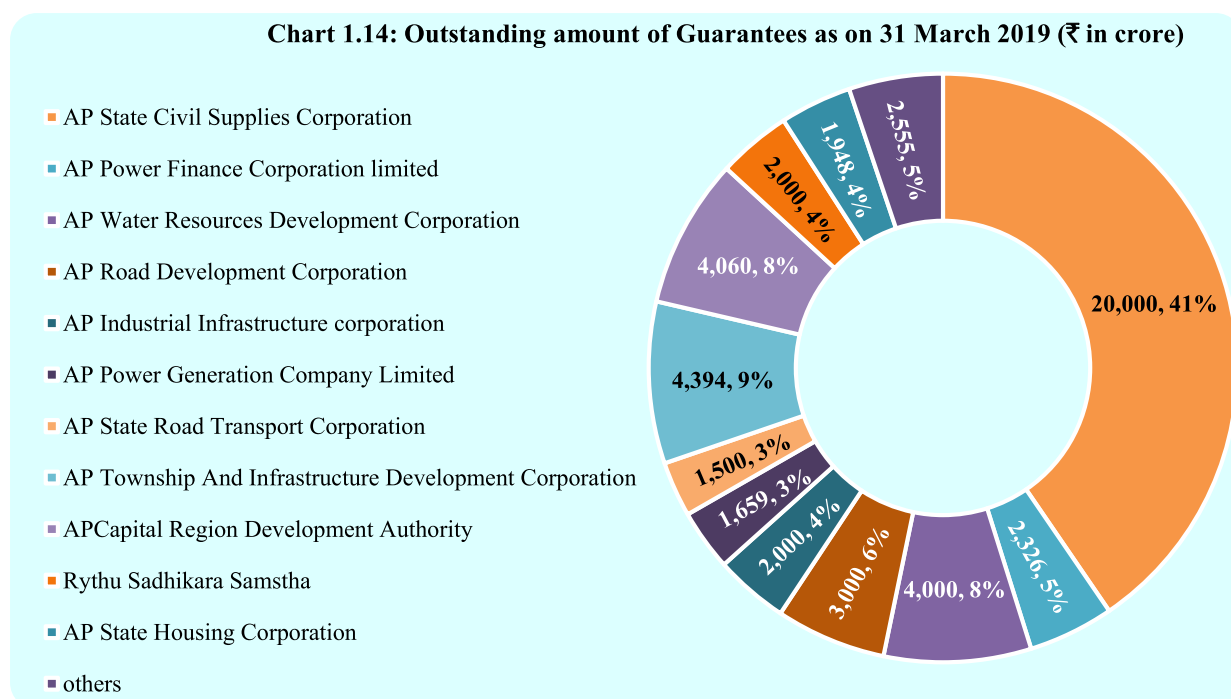


The State Government, in its FRBM Act, had committed to limit the amount of annual incremental guarantees to 90 per cent of the total revenue receipts in the year preceding the current year.

The outstanding guarantees (₹ 49,442 crore) were 47.06 per cent of revenue receipts of previous year (₹ 1,05,062 crore) which is within the prescribed limits.

Source: Finance Accounts of respective years

The Institutions for which the State Government stood guarantee as on 31 March 2019 are shown in **Chart 1.14**.



The outstanding Guarantees increased by ₹ 13,478 crore from 2017-18 mainly due to the new guarantees issued by the State Government to AP State Civil Supplies corporation (₹ 7,500 crore), AP Town Ship and Infrastructure Development Corporation (₹ 3,494 crore) and AP Capital region Development Authority (₹ 4,060 crore) etc.

The Government Orders of 2003²⁹ stipulated that the guarantee shall cover only the principal portion of the loan and not the interest thereon. In case, interest was also to be guaranteed, the reason for the same shall be detailed by the borrowing entity, and the same shall be examined by the Government. Guarantees were, however, extended by the Government for the interest portion also on the loan amounting to ₹ 21.42 crore in respect of two borrowing entities³⁰. No reasons

²⁹ G.O.Ms.No.446, dated 29 September 2003

³⁰ AP Township and Infrastructure Development Corporation (₹ 19.42 crore) and AP SC Co-operative Finance Corporation Limited (₹ 2.00 crore)

were found on record or furnished to audit for extending guarantees for the interest portion.

Guarantee commission shall be charged at 0.5 *per cent* per annum or two *per cent* consolidated for the entire guarantee period. During the year 2018-19, State Government received ₹ 53,000 only as Guarantee Fees as against minimum receivable of ₹ 67.39 crore.

1.6.2.4 Debt Management

Outstanding Debt of the State Government (Comprising Internal Debt, Loans & Advances from GoI and Public Account Liabilities) as on 31 March 2019 is ₹ 2,57,510 crore. The Outstanding debt increased by 15.11 *per cent* over the preceding year.

Net availability of borrowed funds

Net availability of borrowed funds is defined as the ratio of the debt redemption (Debt Repayments + Interest payments) to the total Debt Receipts and indicates the extent to which the Debt Receipts are used for redemption of old debt.

The Net availability (₹ 22,802 crore) of borrowed³¹ funds (₹ 1,36,084 crore) after providing for interest payments (₹ 15,342 crore; 11.27 *per cent*) and repayment of borrowings (₹ 97,940 crore; 71.97 *per cent*) was positive (16.76 *per cent*). The net availability of borrowed funds was higher in 2018-19 in comparison to 2017-18, when it was ₹10,987 crore.

Public Debt Sustainability

The Public debt sustainability is defined as the ability of the State to service its debt in future. **Table 1.27 and Charts 1.15, 1.16 and 1.17** analyses the debt sustainability of the State during the five-year period 2014-19.

Table 1.27: Debt sustainability: Indicators during 2014-19

Indicators of Public Debt* Sustainability	2014-15	2015-16	2016-17	2017-18	2018-19
Outstanding Debt (₹ in crore)	1,48,743	1,73,854	2,01,314	2,23,706	2,57,510
Rate of growth of Outstanding Debt (in <i>per cent</i>)	N.C	16.88	15.79	11.12	15.11
GSDP (₹ in crore)	5,24,976	6,04,229	6,97,508	8,09,547	9,33,402
Debt/GSDP ratio (in <i>per cent</i>)	28.33	28.77	28.86	27.63	27.59
Debt Receipts ^{&} (₹ in crore)	80,146	77,265	93,619	1,33,687	1,36,084
Debt repayments ^{&} (₹ in crore)	52,922	50,859	61,763	1,08,853	97,940
Interest payment	10,007	9,849	11,697	13,847	15,342
Net Availability of Debt (₹ in crore)	17,217	16,557	20,159	10,987	22,802
(in <i>per cent</i>)	(21.48)	(21.43)	(21.53)	(8.22)	(16.76)
Tax Revenue (₹ in crore)	42,618	39,907	44,181	49,486	58,031

Source: Finance Accounts of respective years; [&] Excludes Ways and Means Advances availed and repaid by the State Government; *Internal Debt and Loans from GoI; N.C: Not Comparable due to bifurcation of the State

³¹Excluding Ways and Means advances

Chart 1.15: Interest Payment as a per cent of Revenue Receipts

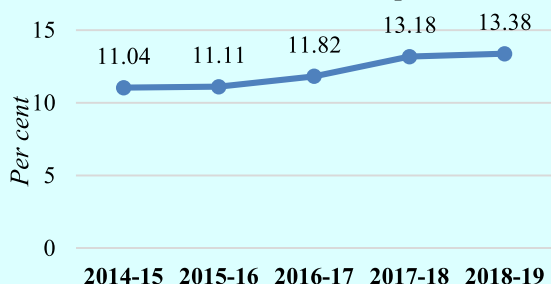


Chart 1.16: Trend of Debt Repayment versus Tax Revenue (in per cent)

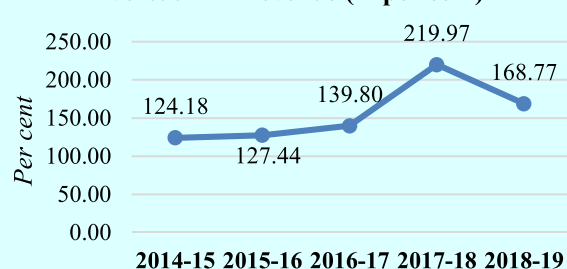
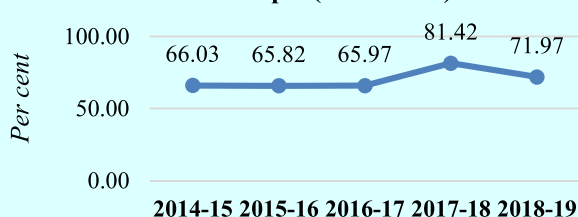


Chart 1.17: Trend of Debt Repayment to Debt Receipts (in Per cent)



The interest payments relative to Revenue Receipts were much higher at 13.38 per cent as compared to the target of 11.64 per cent fixed by 14th Finance Commission.

The Debt Repayment as a percentage of Tax revenue decreased from 219.97 per cent during 2017-18 to 168.77 per cent in 2018-19.

Source: Finance Accounts of respective years; *Note:* Excludes Ways and Means Advances availed and repaid by the State Government;

Debt repayment as a percentage of Debt Receipts decreased from 81.42 per cent in 2017-18 to 71.97 per cent during the year 2018-19 indicating decrease in utilisation of Debt Receipts for repayment of earlier Debt.

Domar Model of Debt Sustainability

Fiscal Deficit of the State as a proportion of GSDP ranged from 3.65 per cent in 2015-16 to 3.80 per cent in 2018-19. The Fiscal Deficit to GSDP ratio was 4.43 per cent in 2016-17 and 4.00 per cent in 2017-18. The State registered Revenue and Primary Deficits during 2015-16 to 2018-19.

There are various approaches at assessing the debt sustainability. One such approach is Domar model³².

An analysis on debt sustainability was carried out using this approach. The details are as follows:

g-r (g: real economic growth rate; r : real interest rate)	s<0 (primary deficit) (s: Primary Balance)	s>0 (primary surplus) (s: Primary Balance)
g-r > 0 (strong economic growth)	public debt will converge to a stable level greater than zero	public debt will converge to a stable level less than zero leading to public savings
g-r < 0 (slow economic growth)	public debt will increase indefinitely, without converging to a stable level	undefined situation

The results of applying the analysis to Andhra Pradesh are shown in **Table 1.28** below:

³² E.D. Domar, 1914-1997

Table 1.28: Debt Sustainability as per Domar model

Year	Real Growth rate (g)	Real Interest rate (r)	g-r	Primary Deficit / Surplus (s) (₹ in crore)
2015-16	12.16	1.00	11.16	(-) 12,208
2016-17	10.40	3.23	7.17	(-) 19,211
2017-18	11.32	5.29	6.03	(-) 18,534
2018-19	11.02	5.26	5.76	(-) 20,125

Source: Finance Accounts

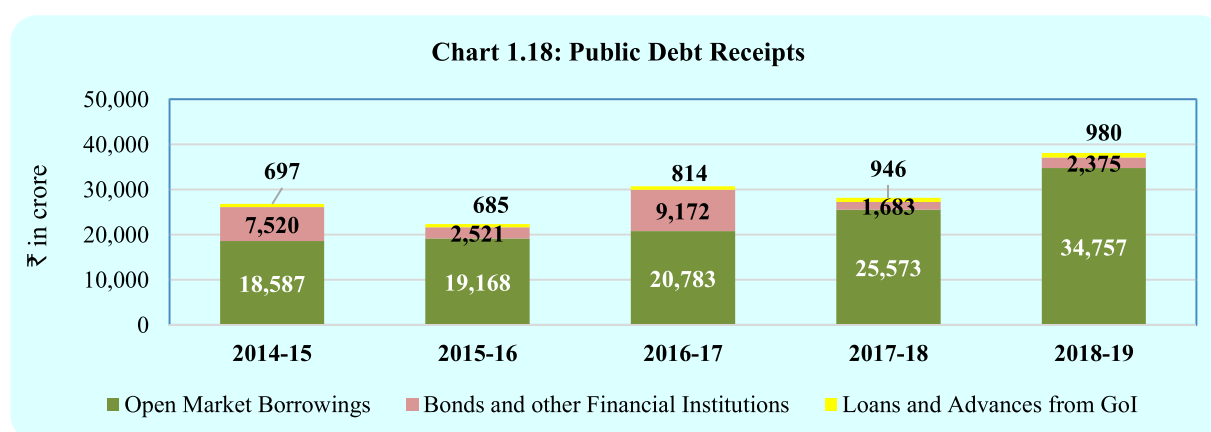
Further, Debt to GSDP ratio stood at 27.59 per cent and the Fiscal Deficit to GSDP ratio at 3.80 per cent in 2018-19. As per the Medium Term Fiscal Policy Statement (MTFPS) of Andhra Pradesh, Fiscal target of Debt limit was 25.09 per cent, and Fiscal Deficit ceiling was 3.00 per cent of GSDP. Fiscal target of Debt limit as per XIV FC was 25.16 per cent and Fiscal Deficit ceiling was 3.00 per cent of GSDP.

During 2014-15 to 2018-19, the State has registered primary deficit. However, it is seen that the Domar gap (g-r) is positive during the entire period from 2015-16 to 2018-19. Therefore, as per the Domar model, the public debt is expected to converge at a stable level. Moreover, other factors such as public account liabilities and force majeure events³³ and/or any other un-inventoried losses of revenue also have to be reckoned in assessing the debt sustainability/stability of the State³⁴.

Internal Debt of the State

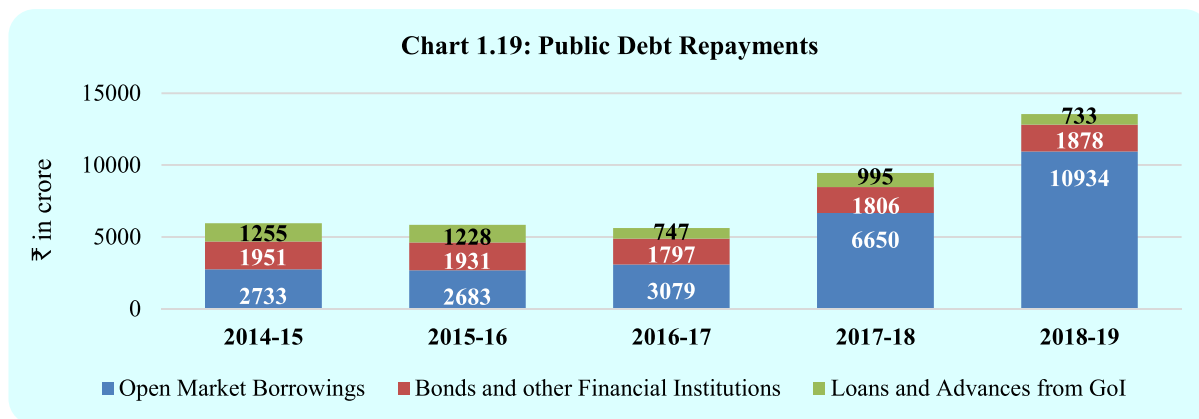
During 2018-19, Market borrowings (₹ 1,55,376 crore) formed a major portion (80.30 per cent) of the Outstanding Public debt (₹ 1,93,497 crore) of the State Government, with interest rates ranging from 5.00 to 13.99 per cent. Loans from GoI (₹ 10,223 crore) was 5.28 per cent of total Outstanding Public debt to the end of March 2019 with interest rates ranging from 7.00 to 13.99 per cent.

The details of Receipts and Repayments of Public Debt for the years 2014-19 is given in **Charts 1.18** and **1.19**.



³³ Like current Coronavirus crisis & its effect on GSDP.

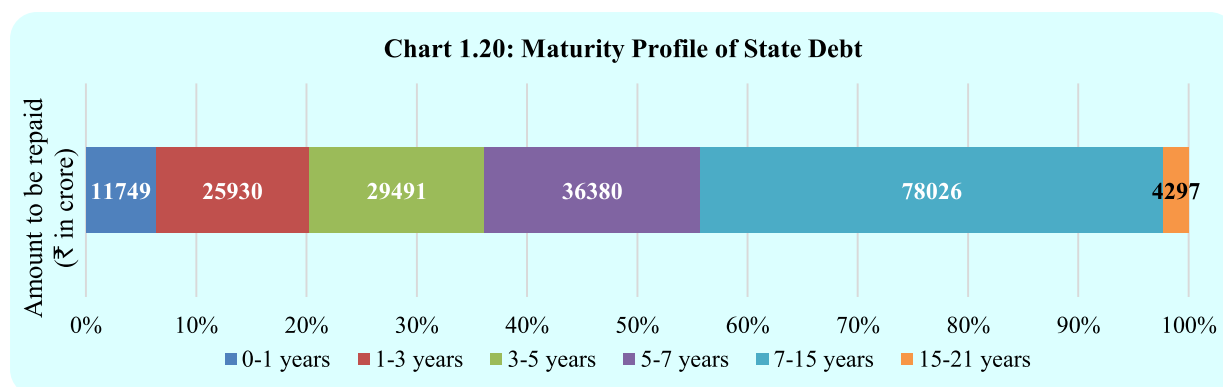
³⁴ As these cannot be anticipated or determined statistically, these have not been factored in the analysis



Source: Finance Accounts of respective years

Debt Repayment Schedule

Debt maturity profile (**Chart 1.20**) indicates commitment on the part of the Government for debt repayment or debt servicing in the coming years.



Source: Finance Accounts 2018-19; Note: The total of ₹ 1,85,873 crore above varies with total outstanding debt of ₹ 1,93,497 crore due to (i) non-availability of maturity details for debt servicing for ₹ 7,664 crore in the Finance Accounts and (ii) bifurcation of Andhra Pradesh and Telangana (₹ 40 crore)

The maturity profile of Debt as on 31 March 2019 indicated that State would have to repay more than 53.51 per cent of debt (₹ 1,03,550 crore) within the next seven years. State Government has to ensure additional revenue resources and a well thought out debt strategy to meet this debt burden. Unless there is a definite plan to meet this liability, the resources available for development may shrink further.

1.7 Fiscal Reform Path

The State Government in compliance with the recommendations of the Twelfth Finance Commission (TFC), enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 (amended in 2011). Important targets relating to fiscal variables are to be amended from time to time in accordance with the Central Finance Commissions' recommendations.

Government of Andhra Pradesh, however, is yet to amend its FRBM Act in accordance with the recommendations of the 14th Finance Commission, especially on fiscal imbalances of the State Government viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.7.1 Disclosures not made

Fiscal Responsibility and Budget Management (FRBM) Act, 2005 places an onus on the State Government to monitor and control the fiscal deficit. It also requires the State Government to make disclosures and statements under Section 10 of FRBM Act, 2005 together with Rule 6 of Fiscal Responsibility and Budget Management Rules, 2006.

The State Government, however, did not make the following four out of 10 disclosures required to be made:

- Statement of Assets;
- Claims and commitments made by the Government on revenue demands raised but not realised;
- Liability in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on State Government in respect of unpaid bills on works and supplies;
- Details of number of employees in Government, public sector and aided institutions and related salaries and pensions in the forms prescribed under FRBM legislation.

The State Government replied that specific instructions would be issued to adhere to the provisions of the Act from 2020-21 onwards duly explaining the importance of these disclosures. Regarding amendment to FRBM Act, the State Government assured that appropriate action would be initiated including amendments to the existing FRBM considering post-bifurcation financial position of the State Finances.

1.7.2 14th Finance Commission Ceiling and achievements

Achievement of Government in key indicators in terms of targets prescribed by the 14th Finance Commission with regards to fiscal reform path is as below:

Table 1.29: Targets of 14th FC vis-à-vis achievements

Parameter	Projections made by 14 th FC	Actuals
Total Outstanding Debt to GSDP (in <i>per cent</i>)	25.16	27.59
Interest Payments/Revenue Receipts (in <i>per cent</i>)	11.64	13.38
Fiscal Deficit/GSDP (in <i>per cent</i>)	3.00	3.80

The State Government did not maintain the Fiscal Deficit/GSDP and IP/RR ratios within the limits prescribed by the 14th FC.

1.7.3 Crediting the loan amounts raised by the corporations in PD Accounts for maintaining Ways and Means of the State Government

State Government issued instructions to remit the loan amounts raised by following Corporations to their PD Accounts to maintain Ways and Means position of the State Government are detailed in **Table 1.30**.

Table 1.30: Details of Loans raised corporations

Sl. No.	Name of the Corporation	PD Account No.	Year	Loan Amount raised (₹ in crore)	Amount credited to the PD Account (₹ in crore)
1	AP Drinking Water Supply Corporation	8449-00-120-00-34-000-000	2018-19	980	979.00*
2	AP State Civil Supplies Corporation Limited	8449-00-120-00-53-000-000	2017-18 and 2018-19 ³⁵	20,500	9,701.44
3	AP Industrial Infrastructure Corporation	8449-00-120-00-19-000-000	2017-18	2,000	1,480.00
4	AP Rythu Saadhikara Samstha (RySS)	8449-00-120-00-43-000-000	2017-18	2,000	800.00
Total				25,480	12,960.44

* The balance at the end of the year in the PD Account was ₹ 943.02 Crore.

The diversion of loans raised by the Corporations into Government Accounts (PD Accounts) resulted in understatement of the borrowings of the State Government. Effectively, the borrowings (₹ 2,57,510 crore) after inclusion of above loans will be 28.98 per cent of GSDP.

1.8 Apportionment of balances between Andhra Pradesh and Telangana

As per the Andhra Pradesh State Reorganisation Act, 2014, the balances under Cumulative Capital Expenditure, Loans and Advances, Public Debt and the balances under Public Accounts are to be apportioned between Andhra Pradesh and Telangana States. The status of apportionment as on 31 March 2019 is as under (details are at *Appendix 1.7*):

- Out of the outstanding un-apportioned balance of ₹ 17,082.77 crore available under Deposits and Advances, an amount of ₹ 4,478.89 crore was apportioned to Telangana and ₹ 8,129.83 crore was apportioned to Andhra Pradesh in 2018-19 leaving un-apportioned balance of ₹ 4,474.04 crore.
- An amount of ₹ 1,51,349.67 crore under Capital Heads, ₹ 28,099.69 crore under Loans and Advances, ₹ 4,474.04 crore under Deposits and Advances, ₹ 238 crore under Suspense and Miscellaneous and ₹ 310.24 crore under Remittances was yet to be apportioned even after more than five years of State Re-organisation. Major amounts under Capital Head pertain to Major Irrigation (₹ 87,707.44 crore) and Roads and Bridges (₹ 17,182.87 crore). Major amount under Loans and Advances pertain to Loans for Housing (₹ 13,182.17 crore).

As such the depicted assets and liabilities of the State Government in the Finance Accounts are affected to that extent.

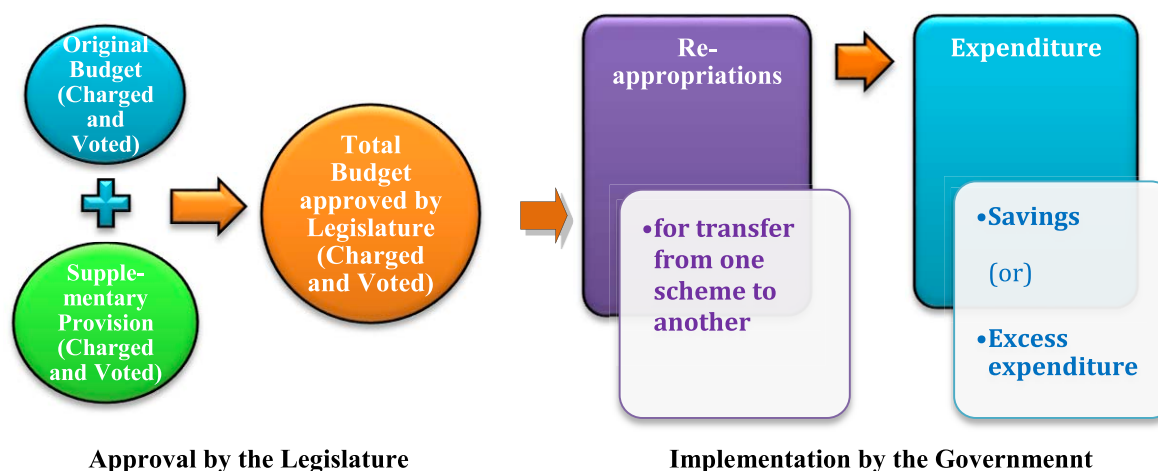
³⁵2017-18: ₹ 3,501.44 crore; 2018-19: ₹ 6,200 crore

The Comptroller and Auditor General of India performs the audit of appropriations to ascertain whether the expenditure actually incurred under various grants underlying the budget is within authorisations given under the Appropriation Act for the year, that expenditure required to be charged under provisions of the Constitution is so charged, and whether, expenditure is incurred in conformity with the law, relevant rules, regulations and instructions. This chapter analyses the Appropriation Accounts of the Government for the year 2018-19.

2.1 Financial Accountability and Budget Management

The Andhra Pradesh Financial Code (APFC), Andhra Pradesh Budget Manual (APBM) and other instructions¹ lay down the procedure to be followed with regard to all matters concerning finance and budget. The State Legislature initially approves the annual budget. The Government presents *Supplementary demands* (Para 15.24 of the Budget Manual) before the Legislature, when the initial allocation is found to be inadequate or expenditure has to be incurred on a new item. Further, Re-appropriation is a mechanism which allows the State Government to transfer Savings from one sub-head (usually a scheme) to another, provided such transfers occur within the same Grant² and under the same section³. 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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2018-19 against 40 grants/appropriations is given in **Table 2.1**.

¹ GO Ms No.657 Finance (BG) Department dated 23 September 2004

² Grant means the amount voted by the Legislative Assembly in respect of a demand for grant

³ Capital, Revenue or Loans

Table 2.1: Position of actual expenditure vis-à-vis allocation for the year 2018-19

(₹ in crore)

Section	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Provision	Actual Expenditure	Savings (-) / Excess (+)	Savings ⁴ / Excess ⁵ in percentage
	1	2	3	4= (2+3)	5	6=(5-4)	
Voted	Revenue	1,37,106.09	35,277.31	1,72,383.40	1,20,621.55	(-)51,761.85	(-)30.03
	Capital	29,522.37	12,496.16	42,018.53	20,473.85	(-)21,544.68	(-)51.28
	Loans and Advances	1,261.96	1,252.15	2,514.11	1,869.44	(-)644.67	(-)25.65
Total Voted		1,67,890.42	49,025.62	2,16,916.04	1,42,964.84	(-)73,951.20	(-) 34.10
Charged	Revenue	15,156.72	33.81	15,190.53	15,407.08	216.55	1.43
	Capital	25.69	38.51	64.20	16.68	(-)47.52	(-)74.02
	Public Debt Repayment	10,851.17	25.57	10,876.74	73,273.74*	62,397.00	573.68
Total Charged		26,033.58	97.89	26,131.47	88,697.50	62,566.03	239.43
Grand Total		1,93,924.00	49,123.51	2,43,047.51	2,31,662.34	(-)11,385.17	(-) 4.69

Source: Appropriation Accounts. * Including Ways and Means Advances (Budget Provision: ₹ 1,500 crore and repayments during the year: ₹ 59,729.01 crore)

The total provision for expenditure in 2018-19 was ₹ **2,43,047.51 crore**. The actual gross expenditure during the year was ₹ **2,31,662.34 crore**. There was an overall excess of ₹ 64,005.68 crore and savings of ₹ 75,390.85 crore which resulted in net savings of ₹ 11,385.17 crore in 2018-19.

2.2.1 Revenue, Capital and Loans and Advances

As per para 15.10 of the Budget Manual, the Government expenditure is categorised into three sections (i) Revenue expenditure⁶, (ii) Capital expenditure⁷ and (iii) Loans and advances⁸. Savings occurred in Revenue, Capital Account and Loans & Advances, while excess expenditure occurred in Public Debt repayment (**Chart 2.2**).

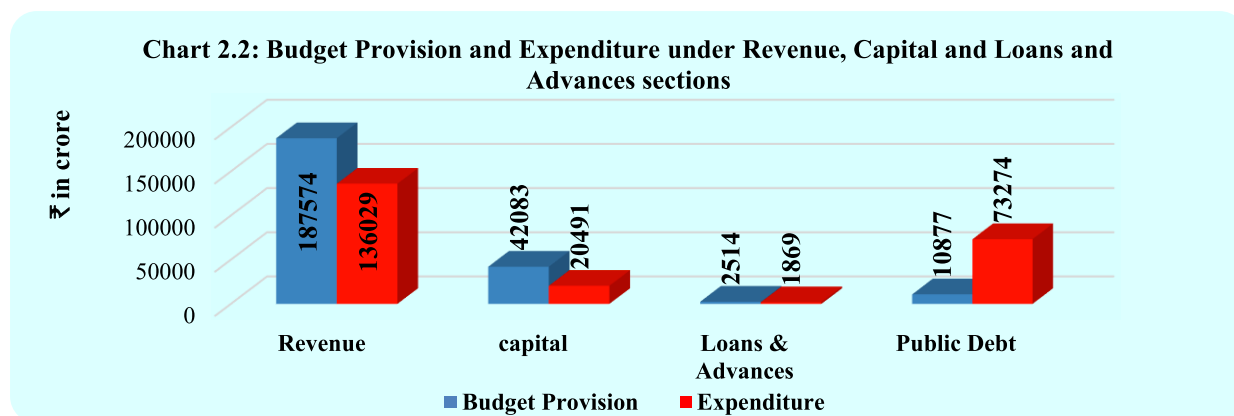
⁴Savings is the term used for indicating the amount that could not be spent out of Total provision

⁵Excess is the term used for indicating the amount spent more than the Total provision

⁶ Revenue expenditure is the account of current expenditure of the State. For example, wages, salaries, maintenance works, repairs *etc.*

⁷ Capital Expenditure means expenditure of a Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads, irrigation and electricity projects *etc.*

⁸ Loan account 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



Source: Appropriation Accounts 2018-19

Expenditure on Revenue Account was 72.52 per cent of Budget Provision. In Capital Account, only 48.69 per cent of budget provision was utilised.

Non-utilisation of allocated budget for capital expenditure optimally delays infrastructure growth of the State and also consequent asset creation.

Expenditure on Public Debt (₹ 73,273.74 crore) was in excess (₹ 62,397 crore) of budget provision (₹ 10,876.74 crore) which was mainly on account of repayment of Ways and Means Advances (WMA) to the tune of ₹ 59,729.01 crore under Public Debt.

State Government replied (July 2020) that under Public Debt Repayment an amount of ₹ 59,729.01 crore has to be excluded as the Ways and Means Advances was a facility provided by RBI to manage the State Finances mismatch in day to day administration.

Reply of the Government needs to be viewed in the light of the following:

- i) As per the prescribed format of Finance Accounts, Public Debt includes Gross and not Net figures (Net of Receipts and Expenditure) on account of Ways and Means Advances and their Repayment during the year.
- ii) The Appropriation Accounts captures the Gross expenditure figures and not the Net expenditure figures and hence gross provision was required to be made for Ways and Means Advances in the budget.
- iii) The State Government could have anticipated the extent of Ways and Means Advances required at the time of making Supplementary Demands for Grants and made a supplementary provision accordingly.

2.2.2 Grant-wise analysis

As per the Budget Manual, the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned Grant or appropriation. The expenditure of Andhra Pradesh Government is incurred through 40 different Grants. For determining excess expenditure or savings, Revenue (voted), Revenue (charged), Capital (voted), Capital (charged) and Loans (voted) are treated as independent grants/appropriations. Savings and Excess expenditures for grants/ appropriations under Revenue, Capital and Loans and Advances section are in **Table 2.2**:

Table 2.2: Total excess or savings under different grants

Description	Revenue		Capital		Loans and Advances		Amount (₹ in crore)
	Number of grants ⁹	Number of appropriations ¹⁰	Number of grants	Number of appropriations	Number of grants	Number of appropriations	
Savings occurred in	39	8	35	3	04	--	75,390.85
Excess expenditure occurred in	1	1	0	0	1	1	64,005.68

Source: Appropriation Accounts

Excess expenditures were in Grants that provide funds for day to day administration whereas savings were in Grants under which major schemes are implemented.

2.2.2.1 Excess expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article. As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature.

(i) Excess expenditure in current year

Excess expenditure over budget provision of ₹ 64,005.68 crore, occurred in grants/ appropriations during the year, as shown in **Appendix 2.1**.

The excess expenditure under Grant IX – Fiscal Administration, Planning, Surveys and Statistics was mainly on account of repayment of Ways and Means Advances¹¹ (₹ 58,229.01 crore) to the Reserve Bank of India and under Loans section.

State Government replied (July 2020) that ₹ 58,229.01 crore of the excess amount was on account of repayment of Ways and Means Advances from RBI under the Loan Section of Grant IX. It was also replied that action will be taken to regularize the excess expenditure incurred.

(ii) Persistent Excess expenditure

Cases of excess expenditure are reported every year through Audit Reports on State Finances. There was, however, one grant in which excess expenditure has occurred persistently during the last four years as shown in **Table 2.3** below:

Table 2.3: Grant/Appropriation with persistent excess during the period 2015-19

Sl.No.	No. and Name of the Grant/Appropriation	Amount of Excess (₹in crore)			
		2015-16	2016-17	2017-18	2018-19
1	IX-Fiscal Administration, Planning, Surveys and Statistics (PDC)	33,357.36 [#]	1,568.14	47,071.84 [#]	62,397.00 [#]

Source: Appropriation Accounts of respective years; RV-Revenue Voted; PDC-Public Debt Charged (i) [#]Including excess on account of Ways and Means of Advance of ₹ 31,602.66 crore during 2015-16, ₹ 44,130.29 crore in 2017-18 and ₹ 58,229.01 in 2018-19 respectively.

⁹ Grants are the provisions voted by the Legislature for incurring voted expenditure

¹⁰ Appropriation is the provision made in the budget for incurring expenditure which is directly charged and not subject to the voting of the Legislature

¹¹ Total Budget Provision: ₹ 1,500 crore and Expenditure during the year: ₹59,729.01 crore

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 legislative control over expenditure that not a rupee can be spent without the approval of the House of the People/State Legislative Assembly, and, therefore, need to be viewed seriously. It is important to note that the persistent excess have mainly occurred in Finance Department.

State Government replied (July 2020) that action would be taken to prevent recurrence of such instances in future.

Recommendation 2: *State Government may analyse the reasons for persistent excess expenditure, placing Grant IX – Fiscal Administration on priority. The Finance Department should ensure that no Departmental controlling officers, resort to excess expenditure over the regular allocations approved by the State Legislature.*

2.2.2.2 Expenditure incurred without Budget Provision

As per paragraph 17.3.1 and 17.6.1(c) of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. An expenditure of ₹ 2,790.08 crore was incurred in 11 cases (₹ one crore and above in each case) without budget provision as detailed in **Appendix 2.2**. In all these cases, budget provision (either original or supplementary) was not made and expenditure was met from the funds obtained by way of re-appropriation which undermined the sanctity of budgeting process and legislative control.

State Government replied (July 2020) that on account of decisions taken in the middle of financial year 2018-19, the expenditure under the schemes was being met by way of re-appropriation and added that action will be taken to prevent recurrence of such instances.

Recommendation 3: *The Finance Department may ensure that whenever requirement of budget provision could not be anticipated at the time of preparation of budget estimates, such cases may be covered by providing adequate Supplementary Provision to avoid expenditure without provision in future as it undermines Legislative authority.*

2.2.2.3 Excess expenditure over provision relating to previous years not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure needs to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department.

As of May 2020, excess expenditure amounting to ₹ 1,02,504.55 crore over the allocation pertaining to the years from 2004-05 to 2017-18 was yet to be regularised (**Appendix 2.3**). After bifurcation of the State an excess expenditure of ₹ 98,823.02 crore pertaining to the years 2014-15 to 2017-18 occurred which was yet to be regularized. Explanatory Notes (ENs) were furnished by the concerned Administrative Departments/Finance Department to Audit for excess expenditure requiring regularisation relating to the years 2014-15 to 2017-18 only as detailed in **Appendix 2.4**. This is in violation of Article 204 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.

State Government stated (July 2020) that consolidated Explanatory Notes would be submitted to Public Accounts Committee (PAC) for approval of State Legislature for regularisation.

Recommendation 4: All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such expenditure may be completely stopped.

2.2.2.4 Savings

In the year 2018-19, the total savings were ₹ 75,390.85 crore. Of these, ₹ 61,475.00 crore (81.54 per cent) pertains to 24 grants with savings of more than ₹ 500 crore each and also by more than 20 per cent of total provision in each case (Appendix 2.5).

Savings of ₹ 47,670.66 crore (63.23 per cent of total savings) occurred in 11 cases exceeding ₹2000 crore and by more than 20 per cent of the outlay in each case, as indicated in Table 2.4.

Table 2.4: Grants with substantial savings (more than ₹ 2000 crore)

(₹ in crore)							
Sl. No	Grant No.	Name of the Grant	Total Grant	Expenditure	Savings	Percentage of savings to total grant	Reasons for savings
Revenue Voted							
1	V	Revenue Registration and Relief	6,942.26	3,886.61	3,055.65	44.02	Specific reasons for savings were not intimated.
2	XII	School Education	23,192.58	17,479.25	5,713.33	24.63	
3	XVII	Municipal Administration and Urban Development	8,629.99	5,243.03	3,386.96	39.25	
4	XXI	Social Welfare	4,221.64	2,121.06	2,100.58	49.76	
5	XXIII	Backward Classes Welfare	6,278.36	2,804.39	3,473.97	55.33	
6	XXVII	Agriculture	15,569.41	8,020.53	7,548.88	48.49	
7	XXXI	Panchayat Raj	7,367.03	4,880.90	2,486.13	33.75	The reason for savings of ₹ 344 crore was stated to be non-receipt of requisition from unit offices
8	XXXVI	Industries and Commerce	4,696.67	1,010.12	3,686.55	78.49	Specific reasons for savings were not intimated.
9	XXXVIII	Civil Supplies Administration	3,673.00	6,97.69	2,975.31	81.00	
Capital Voted							
10	XI	Roads Buildings	4,369.72	1,087.60	3,282.12	75.11	Savings of ₹ 1,717 crore was stated to be due to non-commencement of works for want of administrative orders
11	XXXIII	Major and Medium Irrigation	20,638.50	10,677.32	9,961.18	48.27	The reason for savings of ₹ 176 crore was stated to be non-commencement of works for want of Administrative orders.
Total			1,05,579.16	57,908.50	47,670.66	45.15	

Source: Appropriation Accounts 2018-19

2.2.2.5 Persistent Savings

There were savings of more than 20 per cent of the total grant in 11 cases (exceeding ₹ 20 crore in each case) during last four years. The details are given in **Table 2.5**.

Table 2.5: Grants with persistent savings of more than ₹ 20 crore during 2015-19

Sl.No.	No. and Name of the Grant	Amount of Savings			
		2015-16	2016-17	2017-18	2018-19
(₹ in crore)					
Revenue Voted					
1	XXXVI-Industries and Commerce	306.05	351.87	399.56	3686.55
Capital Voted					
2	V-Revenue, Registration and Relief	101.06	141.82	436.58	877.33
3	IX-Fiscal Administration, Planning ,Surveys and Statistics	411.22	526.33	314.37	264.20
4	X-Home Administration	120.07	133.89	147.34	637.35
5	XVII-Municipal Administration and Urban Development	433.17	1,438.12	1,584.74	744.71
6	XXI-Social Welfare	63.91	343.70	183.71	150.05
7	XXII-Tribal Welfare	60.70	89.09	54.92	117.95
8	XXIV-Minority Welfare	23.00	84.70	100.00	89.44
9	XXV-Women, Child and Disabled Welfare	53.24	125.54	122.11	168.96
10	XXVIII-Animal Husbandry and Fisheries	35.98	55.51	45.24	92.27
11	XXXVI-Industries and Commerce	102.85	123.53	325.21	959.52

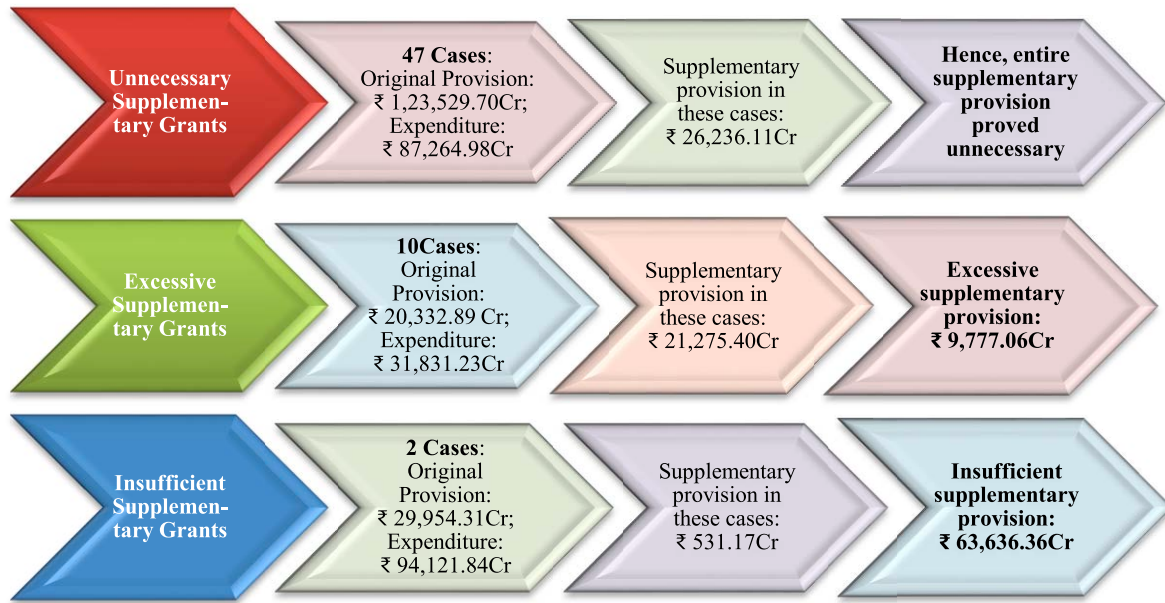
Source: Appropriation Accounts of respective years

State Government attributed persistent savings to non-commencement of works for want of administrative orders, non- receipt of requisition from unit offices, non-filling up of vacancies, non-finalisation of Infrastructure creation plans *etc.* Persistent savings in these Grants for the past four years indicated that the estimating officers were not reviewing the budget formulations and also not ensuring prerequisites for proposed expenditure before submitting the final estimates to the Finance Department.

2.2.3 Supplementary provision

The details of Unnecessary/Excessive/Insufficient Supplementary provisions are detailed in **Chart 2.3**.

Chart 2.3: Unnecessary/Excessive/Insufficient Supplementary provision



Source: Appropriation Accounts 2018-19

Details of Unnecessary/Excessive/Insufficient Supplementary provision are given in **Appendix 2.6, Appendix 2.6 (a) and 2.6 (b)** respectively.

From the above chart, it is evident that supplementary grant of ₹ 36,013.17 crore¹² i.e., 73 per cent of total supplementary grant (₹ 49,123.51 crore) was unnecessary/ excessive in 57 cases. On the other hand, in two cases under Grant IX- Fiscal Administration, Planning, Surveys and Statistics, the supplementary grant of ₹ 531.17 crore was insufficient as the total provision (₹ 30,485.48 crore) was not adequate to meet the expenditure requirement (₹ 94,121.84 crore).

State Government replied (July 2020) that the Comprehensive Financial Management System (CFMS) would avoid these discrepancies from the year 2019-20.

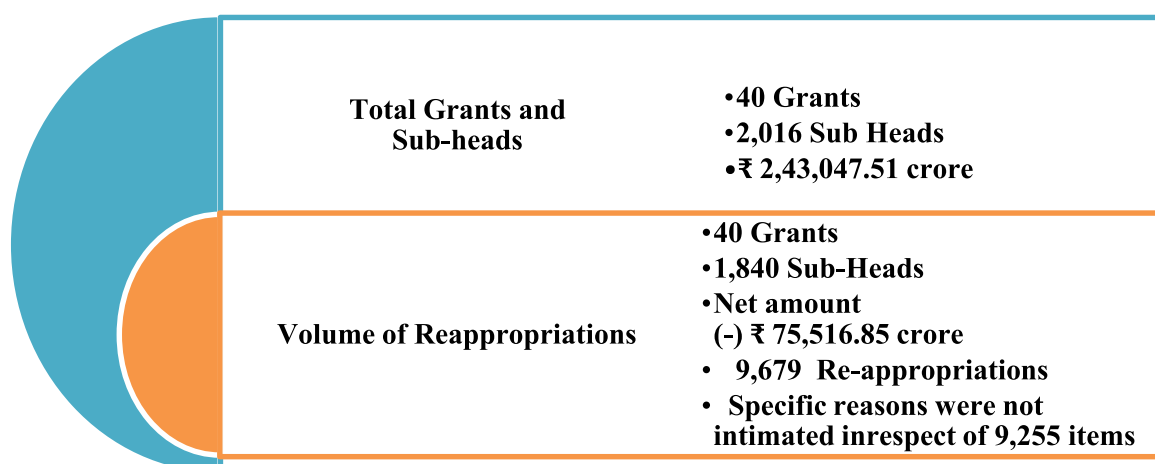
2.2.4 Re-appropriations

By definition, Re-appropriations are meant for transfer of savings from one scheme / unit to another within the same grant and under same section (i.e., Capital, Revenue or Loans). Finance Department, however, issued re-appropriation orders mainly to withdraw the budget provisions, on the last day of the financial year.

The analysis of Re-appropriations is depicted in **Chart 2.4**.

¹² ₹26,236.11 crore+₹ 9,777.06 crore

Chart 2.4: Re-appropriation in the overall budget



Source: Appropriation Accounts 2018-19

State Government stated (July 2020) that due to receipt of surrender/re-appropriation proposals from Chief Controlling Officers during the month of March, the re-appropriation orders were issued at the end of financial year. It was further stated that all re-appropriations will be issued with remarks against each detailed Head/sub detailed Heads in future in Finance department.

2.2.4.1 Surrender in excess of savings

In three grants and one appropriation, there were savings of ₹ 3,311.70 crore. The amount surrendered was ₹ 3,766.70 crore, resulting in excess surrender (₹ one crore or more in each case) amounting to ₹ 455 crore as detailed in **Table 2.6**.

Table 2.6: Surrender in excess of savings during 2018-19

(₹ in crore)					
Sl. No	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Amount surrendered in excess
Revenue Voted					
1	XXI- Social Welfare	4,221.64	2,100.58	2,115.58	15.00
2	XXV- Women Child and Disable Welfare	3,152.17	1,141.36	1,163.99	22.63
Capital Voted					
3	III- Administration of Justice	98.00	69.76	98.00	28.24
Public Debt Charged					
4	IX-Fiscal Administration, Planning, Surveys and Statistics	10,876.74	0	389.13	389.13
Total		18,348.55	3,311.70	3766.70	455.00

Source: Appropriation Accounts 2018-19.

The excess surrender indicated that these departments had failed to exercise necessary budgetary controls by watching flow of expenditure through monthly expenditure statements.

2.2.4.2 Anticipated savings not surrendered

As per paragraph 17.2.2 of Budget Manual, controlling officers are to surrender all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known. A review of savings of grants and appropriations and surrender thereof showed that out of total savings of ₹ 30,307.09 crore in 15 cases, only ₹ 29,980.10 crore was surrendered (short surrender

by ₹ one crore and above in each case), leaving balances not surrendered aggregating ₹ 326.99 crore. Details are given in *Appendix-2.7*.

2.3 Review of Selected Grants

Two grants viz.,(i) Panchayat Raj and (ii) Energy, Infrastructure & Investment were selected for detailed audit scrutiny to ascertain compliance with budgeting processes, utilisation of funds, expenditure control mechanisms and implementation of schemes/programmes within these grants. Audit findings in this regard are discussed below:

Budget and Expenditure trends

Details of budgetary provisions, actual expenditure and savings/ excess in these grants during the years 2014-15 to 2018-19 are given in **Table 2.7**.

Table 2.7: Budget vis-à-vis Expenditure under Panchayat Raj and Energy, Infrastructure & Investment Grants during 2014-19

Year	Revenue			Capital			Loans		
	B	E	Savings(-)/ Excess(+)	B	E	Savings(-)/ Excess(+)	B	E	Savings(-)/ Excess(+)
Panchayat Raj									
2014-15	5,871.17	6,445.97	(+)574.80 (9.79)	232.69	77.99	(-)154.70 (66.48)	-	-	-
2015-16	5,650.63	4,946.77	(-)703.86 (12.46)	86.29	59.90	(-)26.39 (30.58)	-	-	-
2016-17	5,339.90	5,260.13	(-)79.77 (1.49)	655.73	542.18	(-)113.55 (17.32)	-	-	-
2017-18	7,490.82	7,046.75	(-)444.07 (5.93)	1,900.81	1,164.21	(-)736.60 (38.75)	-	-	-
2018-19	7,367.03	4,880.90	(-)2,486.13 (33.75)	2,731.27	1,501.09	(-)1,230.18 (45.04)	-	-	-
Energy, Infrastructure & Investment									
2014-15	7,096.80	12,368.71	(+)5,271.91 (74.29)	0.84	2,046.69	(+)2,045.85 (243553.57)	81.00	69.77	(-)11.23 (13.95)
2015-16	4,271.70	3,794.53	(-)477.17 (11.17)	-	-	-	94.12	62.07	(-)32.05 (34.05)
2016-17	12,119.52	11,605.43	(-)514.09 (4.24)	261.82	119.94	(-)141.88 (54.19)	120.31	116.43	(-)3.88 (3.22)
2017-18	3,862.24	3,475.54	(-)386.70 (10.01)	168.45	131.78	(-)36.67 (21.77)	405.33	342.89	(-)62.44 (15.40)
2018-19	3,496.83	2,146.26	(-)1,350.57 (38.62)	664.16	422.83	(-)241.33 (36.34)	998.90	316.00	(-)682.90 (68.37)

Source: Appropriation Accounts of respective years, B: Budget {Original (+) Supplementary}, E: Expenditure; Figures in parenthesis indicates percentage of Savings/Excess to budget provision.

From the above table it can be seen that at an aggregate level, there were savings under both grants. During 2018-19, more than 30 per cent of budget under all sections remained unspent in both the grants.

Test check of schemes/ programmes under the above grants revealed the following with regard to utilisation of budget/funds provided for the year 2018-19:

2.3.1 Panchayat Raj

2.3.1.1 Swachh Bharath Mission

(i) Release of funds at the end of the year

Article 39 of the APFC requires that expenditure should be evenly distributed throughout the year and no attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March end.

The GoI and GoAP had released (February and March 19) ₹ 940.53¹³ crore to Swachh Andhra Corporation at the fag end of the financial year 2018-19. Release of funds at the fag end of financial year is not only against prudent financial management but also against the codal provisions.

Department replied that the funds were non-lapsable and hence, the funds released at the fag end of the year would be utilised in 2019-20. The reply was not convincing since these funds pertaining to 2018-19 remained unutilised even after three quarters of the next financial year *i.e.*, December 2019.

(ii) Non submission of Utilisation Certificates for the year 2018-19:

The GoI released (January and February 2019) Extra Budget Resources (EBR) funds of ₹ 818.12 crore directly to Swachh Andhra Corporation for implementation of Swachh Bharath Mission-Gramin (SBM-G). Out of this, ₹ 21 crore was released (March 2019) to the implementing agencies for which no Utilisation Certificate were furnished as of December 2019, though required.

The Department replied that finalisation of Utilisation Certificates was under progress and would be furnished to GoI.

(iii) Non-release of Matching State share for EBR funds:

The GoI released (February 2019) ₹ 690.53 crore of EBR funds to the State Government of AP towards 2nd installment of grants-in-aid under SBM-G during 2018-19. As per SBM-G guidelines, the State Government had to release ₹ 460.35 crore towards matching State share against the Central share of ₹ 690.53 crore. However, the GoAP had not released the matching State share as of December 2019.

The Department stated that the matter was pursued with the Finance Department.

(iv) Non-release of penal interest of ₹ 8.64 crore on delayed release of GoI Share

The GoI released (7th May 2018) ₹562.99 crore towards 1st installment under SBM-G for the year 2018-19 and instructed the GoAP to transfer these funds along with matching State share of ₹ 375.33 crore to Swachha Andhra Corporation (implementing Agency) within 15 working days positively from date of receipt of funds. In case of delay in transfer of funds by the State

¹³ GoI share of ₹ 690.53 crore directly transferred to savings account of Swachh Bharat Mission on 28.02.2019 and GoAP share of ₹ 250 crore deposited in PD Account of Swachh Bharat Mission on 19.03.2019.

Government beyond the stipulated period, a penal interest @ 12 per cent per annum for the period of delay shall be transferred by the State Government to the Implementing Agency concerned along with principal amount of the fund.

GoAP transferred (20th June 2018) the funds to Swachha Andhra Corporation with a delay of 28 days beyond specified period of 15 days. However, the GoAP did not release penal interest of ₹ 8.64 crore¹⁴ to the Corporation.

Department stated that soon after receipt of the proposal from the Swachha Andhra Corporation, the matter would be taken up with the Finance Department for release of interest of ₹ 8.64 crore.

2.3.1.2 Rural roads

(i) Shortfall in achievement of the intended targets

The details of scheme wise targets and achievements for the year 2018-19 are given in **Table 2.8**.

Table 2.8: Details of scheme wise targets and achievements for the year 2018-19

S. No.	Name of the scheme	Financial (₹ in crore)			Physical (Kms)			Reasons for not achieving intended targets
		Target	Achievement	Shortfall	Target	Achievement	Shortfall	
1	Prime Minister Gramin Sadak Yojana (PMGSY)	600.00	235.72	364.28 (61 per cent)	500.00	336.73	163.27 (33 per cent)	The Department stated that due to left wing extremism, want of forest clearance, rains etc., the intended laying of roads could not completed
2	Panchayat Raj Engineering Department (PRED) road assets	105.00	10.82	94.18 (90 per cent)	210.00	46.47	163.53 (78 per cent)	The Department stated that due to delay in administrative sanctions coupled with freezing of funds and election code, intended physical and financial targets could not be achieved.
3	Assistance to PRIs for maintenance of rural roads- Revenue	100.00	28.80	71.20 (71 per cent)	361.77	41.71	320.06 (88 per cent)	The Department stated that due to delay in administrative sanctions coupled with freezing of funds and election code, the intended physical and financial targets could not be achieved.
Total		805.00	275.34	529.66 (66 per cent)	1,071.77	424.91	646.86 (60 per cent)	

2.3.1.3 Pradhan Mantri Gram Sadak Yojana (PMGSY)

(i) Non-payment of interest of ₹ 3.82 crore on delayed release of GoI share

The GoI released (31st August 2018) ₹ 97.75 crore towards 1st instalment under PMGSY for 2018-19 and instructed the GoAP to transfer these funds to Andhra Pradesh State Rural Roads Development Agency (APSRRDA) within three working days positively from the date of receipt

¹⁴₹ 938.32crore X 12% X 28/365 = ₹ 8.64 crore

of funds. In case of non-transfer, the GoAP should be liable to pay interest @ 12 per cent for the period of delay beyond the specified period.

GoAP transferred (3rd January 2019) the funds to APSRRDA with a delay of 119 days. However, GoAP did not release interest of ₹ 3.82 crore¹⁵ to the APSSRDA.

The Department stated that two to three weeks were required for the procedural compliances at Government, HoD and PAO levels. Reply of the Department is not acceptable as the GoAP had not adhered to the instructions of GoI regarding release of interest for delay in release of funds.

(ii) Non-release of GoI share of ₹ 97.75 crore and GoAP share of ₹ 65.17 crore

The GoI released (24th January 2019) ₹ 97.75 crore towards 2nd instalment under PMGSY for 2018-19. However, the GoAP did not transfer ₹ 162.92 crore [GoI share of ₹ 97.75 crore (60 per cent) and GoAP share of ₹ 65.17 crore (40 per cent)] as of December 2019.

The Department stated that adjustment of funds was pending for clearance from the Finance Department.

2.3.1.4 National Rural Drinking Water Programme

Short release of GoI share of ₹ 132.68 crore along with matching State share of ₹ 130.80 crore

The GoI released (May 2018 to January 2019) ₹ 185.85 crore towards implementation of National Rural Drinking Water Programme (NRDWP) for 2018-19 and instructed the GoAP to transfer these funds to the implementing agency (Office of the Engineer-in-Chief, Rural Water Supply Schemes) within 15 days of its receipt along with equal amount of State share. In aggregate, out of ₹ 371.70 crore¹⁶ to be released to NRDWP account, the GoAP released only ₹ 108.22 crore¹⁷ (29 per cent) leaving a balance of ₹ 263.48 crore (71 per cent) untransferred.

The department replied that the funds were being adjusted to Green Channel¹⁸ PD account of the department. However, no records in support of such transfer were submitted.

2.3.2 Energy, Infrastructure and Investment

(i) Surrender of Entire Provision

In respect of certain schemes as listed in **Table 2.9**, entire provision amounting to ₹128.02 crore was Surrendered/Re-appropriated without incurring any expenditure.

¹⁵ ₹97.75 crore X 12% X 119/365 = ₹ 3.82 crore

¹⁶ GoI share (₹ 185.85 crore) + matching State share (₹ 185.85 crore)

¹⁷ GoI Share (₹ 53.17 crore) + matching State share (₹ 55.05 crore)

¹⁸ As per G.O.Ms. No. 147 dated 11.07.2011 Green channel scheme was introduced to implement various schemes/ Programmes that extend direct benefit to poorer sections of population.

Table 2.9: Details of schemes where entire provision was surrendered

(₹ in crore)

Sl. No.	Head of Account and description	Total Budget	Re-appropriation/ Surrender	Reasons for surrender of entire provision
1.	2801-05-800-10 - Assistance to Andhra Pradesh TRANSCO/ DISCOMS towards reimbursement under INDIRAMMA Scheme	26.84	26.84	Specific reasons have not been intimated.
2.	3053-02-102-05 - Aerodromes- Regional Airports	0.81	0.81	Specific reasons have not been intimated.
3.	5053-02-190-11-26 - Investments in Public Sector and Other Undertakings- Tirupathi Airport	5.00	5.00	Reasons were stated to be non-commencement of works for want of administrative orders
4.	5425-00-800-40 - Andhra Pradesh Science city, Amaravathi	27.37	27.37	Reasons were stated to be non-commencement of works for want of administrative orders
5.	6801-00-789-03-13 - Green Energy Corridors Intra State Transmission System in Andhra Pradesh	51.00	51.00	Specific reasons have not been intimated.
6.	6801-00-796-13 - Green Energy Corridors Intra State Transmission System in Andhra Pradesh	17.00	17.00	Specific reasons have not been intimated.
Total		128.02	128.02	

Source: Grant Audit Registers (GARs) prepared by O/o Accountant General (A&E)

(ii) Anticipated savings not surrendered before 31 March 2019

As per paragraph 17.2.2 of Budget Manual, controlling officers are required to surrender to the Finance department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known.

However, an amount of ₹2,205.45 crore was surrendered on 31 March 2019, which indicates poor financial controls.

(iii) Substantial surrenders due to Improper Planning while preparing Budget

In seven cases, there was surrender of ₹ 1,936.63 crore, exceeding ₹10 crore and by 50 per cent or more of the budget provision provided in each case, as indicated in **Table 2.10**.

Table 2.10: Schemes with substantial Surrenders (more than ₹ 10 crore)

(₹ in crore)

Sl. No	Head of Account and description	Total provision	Re-appropriation	Net appropriation	Expenditure	Reasons for surrender
1	2801-05-800-06 - Assistance to APTRANSCO for Agricultural and allied Subsidy	2,500.00	(-) 1,250.00	1,250.00	1,250.00	Specific Reasons for surrenders had not been intimated
2	5053-02-190-25 - Investments in Public Sector and Other Undertakings- Rajahmundry Airport	40.00	(-) 37.88	2.12	2.12	Surrender of ₹10 crore was stated to be due to non-commencement of works for want of administrative orders. Reasons for remaining decrease had not been intimated.

Sl. No	Head of Account and description	Total provision	Re-appropriation	Net appropriation	Expenditure	Reasons for surrender
3	5053-02-190-29 - Investments in Public Sector and Other Undertakings- Bhogapuram Airport	50.00	(-) 39.08	10.92	10.92	Surrender of ₹10 crore was stated to be due to non- commencement of works for want of administrative orders. Reasons for remaining decrease had not been intimated.
4	6801-00-205-11 - Loans for APTRANSCO for 24X7 Power for all Schemes	530.00	(-) 345.44	184.56	184.56	Specific Reasons for surrenders had not been intimated
5	6801-00-205-13 - Green Energy Corridors Intra State Transmission System in Andhra Pradesh	240.00	(-) 177.59	62.41	62.41	
6	6801-00-789-11 - Loans for APTRANSCO for 24X7 Power for all Scheme	107.00	(-) 66.32	40.68	40.68	
7	6801-00-796-11- Loans for APTRANSCO for 24X7 Power for all Scheme	33.00	(-) 20.32	12.68	12.68	
Total		3,500.00	(-) 1,936.63	1,563.37	1,563.37	

Source: Appropriation Accounts 2018-19

2.4 Opening of new Sub- Heads

Article 150 of the Constitution mandates the prescription of the form of accounts by the President on the advice of the Comptroller and Auditor General of India (CAG). Accordingly, the State Government has to take prior concurrence of the Principal Accountant General (Accounts & Entitlement) (PAG (A&E)) Andhra Pradesh before opening any new sub head. It was, however observed that during 2018-19, the State Government had opened 308 new Sub-Heads without prior concurrence of the PAG (A&E). Total provision made under these Sub-Heads was ₹ 10,393.14 crore against which expenditure of ₹ 10,021.02 crore was incurred, disregarding the statutory provision.

Such opening of new Sub-Head without concurrence of the PAG (A&E) was a persistent feature, as ₹ 12,515.88 crore was provided under 209 new Sub-Heads in 2017-18, ₹ 268 crore was provided under 11 new Sub-Heads in 2016-17 and ₹ 1,512 crore was provided under 43 new Sub-Heads in 2015-16.

A reliable financial reporting mechanism aids exercise of controls on utilisation of funds. This Chapter provides an overview and status of compliance to various financial rules, procedures and directives during the year.

3.1 Personal Deposit Accounts

3.1.1 Personal Deposit Account framework

Personal Deposits (PD) are maintained in the treasuries in the nature of banking accounts. These are commonly known as Personal Ledger (PL) Accounts or Personal Deposit Accounts. PD Accounts are established in two ways:

- Under statutory provisions of the Government or created under any law or rule having the force of law by transferring funds from the Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments.
- Personal Deposit Accounts may also be opened, in favour of specified Government Officers, by transferring fund from the Consolidated Fund of the State for discharging the liabilities of the State Government in respect of execution of various projects, schemes *etc.*

As per the AP Financial Code, the purpose of PD Accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State.

Ordinarily, Government sanctions the opening of a banking deposit or of PD Account after consultation with the Accountant General (A&E). Except where the PD Accounts are created by law or rules having the force of law for discharging liabilities arising out of special enactments, other PD Accounts shall be closed at the end of the financial year.

As per, Article 271 (iii) (4)¹ of the AP Financial Code, Personal Deposit Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State². The account may be opened again in the following year, if necessary, in the usual manner³.

(i) The Government Orders (April 2000), however, stipulated that the funds released during a particular financial year shall lapse by 31 March of the next financial year. This was at variance with the provisions of the AP Financial Code, which stipulated that Personal Deposit Accounts, created by transferring funds by debit to the Consolidated Fund should be closed at the end of the financial year.

(ii) Article 202 of the Constitution of India provides for Legislative financial control over public

¹ Memo. No. 1596/Accts./5y-4, Dt. 31-12-1959

² except, where personal deposits are created by Law or rules having the force of law for discharging the liabilities arising out of special enactments

³ Personal Deposit Accounts in connection with the working of schemes of commercial and quasi-commercial nature and schemes whose transactions spread over more than one financial year, need not be closed at the end of the financial year. Such Deposit Accounts should be closed when the need for them ceases

expenditure through the Annual Financial Statement/Budget. Not transferring the unspent balances lying in PD accounts to Consolidated Fund before the closure of the financial year violates Legislative intent, which is to ensure that funds approved by it for the financial year are spent during the financial year itself. Such a practice also entails the risk of misuse of public funds, fraud and misappropriation. An amount of ₹ 52,204.11 crore was transferred from Consolidated Fund to the Deposit Accounts in 2018-19, of which ₹ 4,589.39 crore was in the month of March 2019.

(iii) Government also issued Orders⁴ in 2005 regarding mechanism of opening of PD accounts. These orders specified that PD accounts are to be opened in the name of Designated Drawing Officers (known as PD Administrators) based on the request forwarded through Administrative Department. On receipt of Government Orders for opening of a PD account, the Director of Treasuries and Accounts (DTA) authorises the District Treasury Officer to assign a PD account number to the PD Administrator and notify the Accountant General (Accounts & Entitlements). As such, prior concurrence of AG (A&E) was not being sought.

3.1.2 Status of PD Accounts

The details of PD accounts operated during 2018-19 as per the information provided by Director, Treasury and Accounts (DTA) is given in **Table 3.1**.

Table 3.1: Details of PD Accounts operated during 2018-19

Opening Balance as on 01 April 2018*		New PD Accounts opened during the year 2018-19	Total transfers to PD accounts during the year 2018-19	PD Accounts closed during the year 2018-19	Total withdrawals from the PD Accounts during the year 2018-19	Closing Balance as on 31 March 2019	
Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
33,601	31,085.76	201	79,178.38	Nil	71,766.63	33,801	38,497.51

Source: Finance Accounts 2018-19; * Difference in OB from CB of 2017-18 have not been communicated by the DTA

3.1.3 Operation of PD Accounts

The following were observed in operation of PD accounts.

3.1.3.1 PD Accounts with minus balances

The Receipts under PD accounts are either credited into PD accounts by debit to Consolidated Fund or remitted from other sources. Expenditure is incurred from out of the available balances under PD accounts. As such there should not be any adverse balance in PD accounts.

There were however, 320 PD Accounts with adverse balances (*i.e.*, those with minus balances) of ₹ 7.71 crore.

3.1.3.2 Inoperative PD Accounts

As per Article 271 (iii) (4) of Andhra Pradesh Financial Code, Vol I, if a Personal Deposit Account is not operated upon for a considerable period and there is a reason to believe that the

⁴ G.O.Ms.No.140 of Finance (BG) Department, dated 02 June 2005

need for the deposit account has ceased, the same should be closed in consultation with the officer in whose favor the deposit account has been operated.

Audit observed that, there were 794 deposit accounts which had no transactions during the financial years 2016-17 to 2018-19 as detailed in **Table 3.2**.

Table 3.2: Inoperative Deposit Accounts operated during 2018-19

Inoperative Deposit Accounts as on 31 March 2019	Number	Amount (₹ in crore)
With Minus Balance	6	(-)0.03
With Zero Balance	506	0
With Positive Balance	282	12.24

Source: Comprehensive Financial Management System (CFMS), Government of Andhra Pradesh

3.1.3.3 Depositing of funds relating to an institution in PD Account of another institution

Indira Gandhi Centre for Advanced Research on Livestock (IGCARL) established in January 2008 was initially under Sri Venkateswara Veterinary University (SVVU), Tirupathi. The State Government issued orders⁵(June 2016) directing the DTA, Andhra Pradesh to assign PD Account number in favour of the Chief Executive Officer, IGCARL. IGCARL was subsequently renamed as Andhra Pradesh Centre for Advanced Research on Livestock (APCARL) during March 2017. During check of deposit account of SVVU, Audit observed that an amount of ₹ 81.82 crore relating to Indira Gandhi Centre for Advanced Research on Livestock (IGCARL) was lying in PD Account of SVVU.

3.1.3.4 Maintenance of PD Accounts

a. Variation in Opening balances as per PD Account Cash Book of the Auditee Unit with PD Pass Books/CFMS balances

Table 3.3: Variations in balances shown in Cash books and CFMS

Name of the Deposit account Administrator	Gist of the observation	Reply of the deposit administrator
Principal District Judge, Visakhapatnam	The closing balance as on 31 March 2018 as per the cash book is ₹ 29.53 crore. However, the opening balance as on 1 April 2018 (as per CFMS) is ₹ 33.72 crore reflecting a variation of ₹ 4.19 crore.	The department replied that the reconciliation with the CFMS is pending and reply will be submitted after completion of the reconciliation.
AP Medical Services and Infrastructure Development Corporation (APMSIDC)	It was observed from records that there was a difference of ₹ 7.21 crore between the PD account Cash Book and PD Account Statement (DTA) as of 31 March 2019.	Difference would be rectified.

⁵vide Finance(CM)Department vide Memo No.21025/E-file/CM/2016 dated 06.06.2016

b. Variation between PD Account Cash Book /PD Account Statement and Ledger figures:

Audit noticed variations between the balances as per the records of the Auditee Units and the office of the PAG (A&E). Details are furnished in **Table 3.4:**

Table 3.4: Variations in balances shown in PD Account Statements and Ledger

(in ₹)					
Sl. No	Name of the Auditee Unit	Balance as per ledger accounts of O/o PAG(A&E) as of 31 March 2019	Balance as per the Auditee Units as of 31 March 2019	Variation	Reply of the Department
1	AP State Housing Corporation Limited(APSHCL)	(-)94,42,74,731.06	75,67,53,500	170,10,28,231.06	It was replied that a letter would be addressed to PAG (A&E) for reconciliation.
2	AP Capital Region Authority(APCRDA)	130,88,23,114	126,58,80,614	4,29,42,500	It was replied that the difference could be due to double payment in the month of September 2018 which was subsequently adjusted.
3	AP Mahila Saadhikara Samstha(SERP) ⁶	(-)63,29,044.33	NIL	(-)63,29,044.33	Reply awaited
4	AP Board of Construction and Other Workers Welfare (APBCOWW)	237,10,58,511	67,71,66,307	169,38,92,204	It was replied that a letter would be addressed to PAG (A&E) for reconciliation.

c. Improper maintenance/Non-Maintenance of Deposit Account Cash Books

As per Subsidiary Rule 3 of Treasury Rule 10 and Subsidiary Rule 2 under Treasury Rule 11 of AP Treasury Code Volume I, as far as possible a single cash book is to be maintained. Subsidiary registers may, however be opened if need be, taking their totals to the Cash book. At the close of business on each working day, the cash book should be closed duly verifying the cash on hand and the closing balance arrived at in the cash book. A memorandum of verification should be recorded in the cashbook duly counting the cash and verified with the book balance as shown in the cash book and all other sub-cash registers after they have been closed for the day and then signed by the Drawing Officer.

During test check of PD Accounts Cash books, there were instances of improper maintenance of Cash books by the PD Administrator as detailed in **Table 3.5.**

⁶ There was nomenclature difference between O/o PAG (A&E) (*Deposits of Fish Farmers Development Agencies*) and CFMS (*AP Mahila Saadhikara Samstha*) which is also to be reconciled by the State Government.

Table 3.5: Improper maintenance of PD Administrator Cash Books

Sl.No	Name of the office	Audit observation	Departments' reply
1	CPO, Ananthapur amu	The office did not maintain Main Cash Book but was maintaining more than 50 subsidiary cash books. Due to non-maintenance of abstracts of month wise/Cash Book wise, the correctness of the scheme wise receipts/utilization and unspent balances could not be ascertained in Audit. On test check of Cash Books, Audit noticed that there was variation in the balances of the Cash books compared to the Treasury as well as CFMS balances ranging from ₹ two lakh to ₹ 2.86 crore for the Financial Years 2016-17 to 2018-19.	The office assured to maintain consolidated Cash Book in future.
2	JD Agriculture Ananthapura mu	The reconciliation registers were maintained up to the end of November 2017 only. For the year 2018-19, there was a variation of ₹ 13.85 crore in the Closing balances of Cash Book (₹ 35.30 crore) and as per the CFMS portal (₹ 49.16 crore)	The department replied (February 2020) that the DTO, Ananthapuramu has been requested to furnish the scheme wise details of lapsed amount for the FY 2017-18 and 2018-19 respectively. Soon after receipt detailed report would be furnished.

3.1.4 Non-receipt of Certificate of Acceptance of Balances (CABs)

As per Article 126 of Account Code (Volume II) and Government Orders, the administrators operating Personal Deposit Accounts in the Treasury were required to verify quarterly balances in the deposit accounts and furnish a Certificate of Acceptance of balance to the Treasury after reconciling the differences, if any.

It was, however, noticed during test check of records by PAG (A&E) in Two District Treasury Offices and 12 Sub Treasury Offices that 1,371 CABs were pending from various PD Administrators.

Non-Reconciliation of balances in PD Accounts is fraught with the risk of fraudulent drawals and therefore needs immediate attention.

Opening PD Accounts as a matter of routine with weak accounting controls, transferring funds to PD Accounts to avoid lapse and keeping large balances in the PD accounts without lapsing within the stipulated period entails dilution of legislative controls, inflation of expenditure figures and overstating the liabilities of the Government and enhances the risk of misuse and misappropriation of funds.

State Government (July 2020) replied that PD accounts were streamlined during 2019-20.

However, as stated in the Notes to Accounts to the Finance Accounts, the State Government neither furnished information about the exact number of PD accounts in operation nor did they reconcile their balances with the balances in the books of PAG (A&E). Such huge transfers to these PD accounts and spending them in subsequent years result in inadequate control over budget and expenditure. Also non-transfer of unspent balances lying in PD accounts to Consolidated Fund of the State entails the risk of misuse of public fund, fraud and misappropriation.

Recommendation 5: Finance Department is required to review all the PD Accounts and ensure that amounts unnecessarily lying in these accounts are immediately remitted to the Consolidated Fund and all the inoperative deposit accounts are closed.

3.2 Utilisation Certificates

The Government gives grants to various bodies for specific purposes. The financial rules stipulate that where Grants-in-Aid are given for specific purposes, departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees, which after verification, should be forwarded to the Principal Accountant General (A&E), to ensure that the funds have been utilised for intended purposes. Non-submission/delay in submission of the Utilisation Certificates (UCs) weakens the control on utilization and provides scope for mis-utilisation / misappropriation / diversion of funds.

During the year 2018-19, the State Government released Grants-in-Aid of ₹ 60,794.71 crore. Out of the total releases an amount of ₹ 47,246.67 crore were released under 312-Other Grants-in-Aid and ₹ 3,301.23 crore under 319-Grants for creation of Capital Assets for which Utilisation Certificates have to be submitted by grantees.

However, the status of submission of UCs was not made available.

Non-submission of UCs defeats the very purpose of Legislative control over the public purse and is fraught with the risk of fraud and misappropriation of funds.

Recommendation 6: The State Government and the departments who were in receipt of Grants-in-Aid should ensure that a copy of Utilisation Certificate along with the Statement of Expenditure has been submitted to O/o PAG (A&E).

3.3 Non-submission of Annual Accounts by Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Sections 19 or 20 of “Comptroller and Auditor General of India (Duties, Powers and Conditions of Service Act) 1971” (CAG’s DPC Act).

The ABs coming under the audit purview as per Section 19 or 20 of CAG’s DPC Act are required to submit the annual accounts to audit before 30 June every year. In respect of 31 ABs which were to render annual accounts to C&AG, there were delays in submission of accounts ranging from one to 5 years (**Table 3.6** and **Appendix 3.1**).

Table 3.6: Age-wise arrears of Annual Accounts

Sl.No	Delay in Number of Years	No. of Bodies / Authorities
1	0-1	09
2	2-3	16
3	4-5	06
Total		31

Non-submission of Accounts was being brought to the notice of the State Government periodically through Audit Reports. Though, Government assured compliance to the Audit observation in the previous Audit Report and that all the departments/ bodies/ authorities would be directed to address the issues, delay in compilation & submission of Accounts persisted.

3.4 Compliance to Indian Government 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 Andhra Pradesh in 2018-19 and deficiencies therein are detailed in **Table 3.7**:

Table 3.7: Compliance to Accounting Standards

Sl. No.	Accounting Standard	Compliance by State Government	Deficiencies noticed in compliance
1	IGAS 1: Guarantees Given by the Government – Disclosure requirements	Not complied (Statements 9 and 20 of Finance Accounts)	Detailed information like number of guarantees for each institution was not furnished. The Statements are incomplete to that extent. (Refer to paragraph 1.6.2.3 for further audit findings on Guarantees)
2	IGAS 2: Accounting and Classification of Grants-in- Aid	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid classified under Capital Section (Refer to Table 1.5 of paragraph 1.3.1.3 for further audit findings on impact of classifying Grants in Aid under Capital Section) (ii) No information was available in respect of Grants-in-Aid given in kind by the State Government.
3	IGAS 3: Loans and Advances made by Governments	Not complied (Statement 18 of Finance Accounts)	Details not confirmed by the State Government. Detailed information of overdue Principal and interest was not furnished. Confirmation of balances of individual Loanee was not furnished. (Refer to paragraph 1.6.1.3 for further audit findings on Loans and Advances)

Source: Indian Government Accounting Standards and Finance Accounts

3.5 Pendency of Detailed Contingent bills

Financial Rules⁷ permit drawal of advances on Abstract Contingent bills (AC bills) for the purpose of meeting contingent expenditure for specified purposes. Treasury rules⁸ and Government orders⁹ stipulate that all advances drawn on AC bills should be adjusted by submitting the Detailed Contingent bills (DC Bills) with supporting vouchers within 90 days. The position of pending DC bills pertaining to the State of Andhra Pradesh as of September 2019 is shown in **Table 3.8**.

Table 3.8: Pendency in submission of DC Bills

Year	AC bills drawn		DC bills submitted		DC bills pending	
	Number	Amount	Number	Amount	Number	Amount
From 2003-04 to 2016-17	1,14,658	5,986.26	1,14,300	5,877.79	358	108.47
2017-18	734	128.41	484	38.82	250	89.59
2018-19	2,592	1,186.36	78	84.60	2,514	1,101.76
Total	1,17,984	7,301.03	1,14,862	6,001.21	3,122	1,299.82

Source: Information furnished by O/o PAG (A&E).

⁷ Article 102,108 and Appendix 8 of AP Financial code

⁸ SR18 (d) below TR 16

⁹ GO No.391, dt.22-03-2002 and 507, dt.10-04-2002

The Departments had drawn 2,592 Abstract Contingent (AC) bills for an amount of ₹ 1,186.36 crore in the financial year 2018-19 and submitted only 78 Detailed Contingent (DC) bills for an amount of ₹ 84.60 crore. Thus, 2,514 DC bills amounting to ₹ 1,101.76 crore were not submitted before close of the financial year. There is, therefore, no assurance that the amount of ₹ 1,101.76 crore had actually been incurred during the year for the purpose for which it was sanctioned/authorised by the Legislature. This is a possible overstatement of expenditure in the year 2018-19. Moreover, out of ₹ 1,186.36 crore drawn against AC bills in 2018-19, AC bills amounting to ₹ 337.03 crore (28.41 per cent) were drawn in March 2019 alone.

Further, 358 DC bills amounting to ₹ 108.47 crore for the years up to 2016-17 and 250 DC bills amounting to ₹ 89.59 crore pertaining to the year 2017-18 were yet to be submitted by the Departments. Out of total pending 3,122 DC bills for the period from 2003-04 to 2018-19, Revenue Department with ₹ 930.85 crore had the highest pendency in submission of 1,874 DC bills (*Appendix 3.2*).

Advances drawn and not accounted for increases the possibility of wastage/misappropriation/malfeasance etc.

3.6 Parking of Funds outside Government Account

Government instructions¹⁰ during February 2012 stipulated that there should not be any transfer of funds from Bank accounts to FDR's from out of the withdrawals made from the PD accounts. The funds shall not lie unspent in an intermediate state in a commercial Bank account in the name of any Government Agency. The State Government issued orders¹¹ not to park the Government Funds outside Treasury and remit back all the bank balances into Government Account/PD Accounts. It was also ordered that all the agencies and government departments shall withdraw all the balances which are in the form of Fixed/term deposits or Saving bank or Current Accounts and deposit them in the PD accounts. Further, as per DTA Circular Memo(November 2009)¹² the funds should be with the Government or it should be disbursed to an end beneficiary.

Despite the above instructions, there were instances of parking the amounts outside the Government Account in Saving Banks/Current Account/ Term Deposits and Fixed Deposits as detailed in **Table 3.9**:

Table 3.9: Parking of Funds outside Government Account

PD Administrator/Scheme	Amount (₹ in crore)
AP SC Cooperative Finance Corporation	135.34
AP BC Cooperative Finance Corporation	162.83
AP Minorities Finance Corporation	63.18
NTR Jalasiri	65.74
Chief Planning Officer, Anantapuramu	1.73
Joint Director, Agriculture, Anantapuramu	2.03
Rashtriya Krishi Vikas Yojana	3.25
Total	434.10

¹⁰Para 6 of Memo No.351/81/DCM II/2018 dated 04.02.2012

¹¹G.O.MS. No. 196, Finance Department(CM) Department dated 14.10.2016

¹²DTA Circular Memo No. M2/17836/2009, dated 16.11.2009

3.7 Follow up action on Audit Reports

As per the instructions issued by Finance and Planning Department in November 1993, administrative Departments are required to submit Explanatory Notes within three months of presentation of Audit Reports to Legislature, without waiting for any notice or call from Public Accounts Committee, duly indicating action taken or proposed to be taken.

As on 31 March 2019, Finance Department has not furnished the Explanatory Notes (ENs) for the State Finances Audit Reports for the years 2016-17 and 2017-18. Further, recommendations of Public Accounts Committee (PAC) on Audit Reports on State Finances for the years 2014-15 and 2015-16 were placed before State Legislature on 06 February 2019.



(L V SUDHIR KUMAR)
Principal Accountant General (Audit)
Andhra Pradesh

Hyderabad
The 29-07-2020

Countersigned



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The 31-07-2020

Appendices

Appendix 1.1
Profile of State of Andhra Pradesh
(Refer Introductory para)

A			
General Data			
Sl.No	Particulars		Figures
1	Area		1,62,970 Sq.Km.
2	Population		
	a.	As per 2001 Census (Composite State)	7.62 crore
	b.	As per 2011 Census(After re-organisation of the State on 02 June 2014)	4.95 crore
3	a.	Density of Population (as per 2001 Census) (Composite State) (All India Density = 325 persons per Sq. Km.)	277 persons per Sq.Km.
	b.	Density of Population (as per 2011 Census) (After re-organisation of the State on 02 June 2014) (All India Density = 382 persons per Sq.Km.)	308 persons per Sq.Km.
4	Population Below Poverty Line (BPL) (All India Average=21.92per cent)		9.2 per cent
5	a.	Literacy (as per 2001 Census) (All India Average=64.80 per cent)	62.07 per cent
	b.	Literacy (as per 2011 Census) (All India Average=73.00 per cent)	67.00 per cent
6	Infant Mortality (per 1000 live births) (All India Average = 33 per 1,000 live births)		32
7	Life Expectancy at birth (All India Average = 68.70 years)		69.60 years*
8	Gini Coefficient		
	a.	Rural (All India-0.29)	0.28*
	b.	Urban (All India-0.38)	0.38*
9	Gross State Domestic Product (GSDP) 2018-19 at current price		₹ 9,33,402 crore
10	Per capita GSDP CAGR (2011-12 to 2018-19) in per cent		
		Andhra Pradesh	12.96
		General Category States	10.99
11	GSDP CAGR (2011-12 to 2018-19) in per cent		
		Andhra Pradesh	13.72
		General Category States	12.23
12	Population Growth (2009-19) rate in per cent		
		Andhra Pradesh	8.43*
		General Category States	12.46
B			
Financial Data			
		Particulars	
		CAGR**	
		2017-18 to 2018-19	
		General Category States	Andhra Pradesh
		(in per cent)	
a.	of Revenue Receipts	12.77	9.15
b.	of Own Tax Revenue	12.72	17.27
c.	of Non Tax Revenue	19.78	15.26
d.	of Total Expenditure	12.73	9.40
e.	of Capital Expenditure	11.93	48.07
f.	of Revenue Expenditure on Education	9.38	(-) 1.59
g.	of Revenue Expenditure on Health	11.09	16.76
h.	of Salary and Wages	11.03	7.39
i.	of Pension	14.31	(-) 5.82

Source: Economic Survey of Andhra Pradesh 2018-19; Data available in website of Ministry of Statistics and Programme implementation; Data provided by Economic Advisor to C&AG of India;

* Figures pertain to Composite State of Andhra Pradesh

** Compounded Annual Growth Rate

Appendix 1.2

Structure of Government Accounts and layout of Finance Accounts

(Refer Introductory para)

Part A: Structure of Government Accounts

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund: 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 entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: The 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 authorisation by 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.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature.

Part B: Layout of Finance Accounts

Statement No.	Layout
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts (Consolidated Fund)
4	Statement of Expenditure (Consolidated Fund)
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 on 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 on Contingency Fund and other Public Account transactions
22	Detailed Statement on Investments of Earmarked Funds
Appendices	In addition to the above 22 statements, Finance Accounts also contain 13 appendices giving the details on salaries, subsidies, grants-in-aid – scheme-wise and institution –wise, details of externally aided projects, scheme-wise expenditure in respect of major Central Schemes and State Schemes <i>etc.</i>

Appendix 1.3
Abstract of Receipts and Disbursements in 2018-19
(Refer paragraphs 1.2 & 1.5.1.1)

(₹ in crore)

Receipts		Disbursements			
2017-18	2018-19	2017-18	2018-19		
Section-A: Revenue					
105062	I. Revenue receipts	114671	121214	I. Revenue expenditure	128570
49486	Tax revenue	58031	39075	General Services	40790
			59159	Social Services	64280
3814	Non-tax revenue	4396	19654	Education, Sports, Art and Culture	19342
			6188	Health and Family Welfare	7225
29001	State's share of Union Taxes	32787	7687	Water Supply, Sanitation, Housing and Urban Development	8709
0	Non-Plan grants	0	183	Information and Broadcasting	184
0	Grants for State Plan Schemes	327	9746	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	5447
(-200)	Grants for Central Plan Schemes	0	208	Labour and Labour Welfare	553
15482	Grants for Centrally Sponsored Schemes	12510	15380	Social Welfare and Nutrition	22694
6975	Finance Commission Grants	5548	113	Others	126
504	Other Grants	1072	22894	Economic Services	23459
			7326	Agriculture and Allied Activities	8489
			7990	Rural Development	7460
			635	Irrigation and Flood Control	602
			3417	Energy	1902
			1536	Industry and Minerals	1008
			1475	Transport	1142
			(-5)	Science, Technology and Environment	10
			520	General Economic Services	2846
			86	Grants-in-aid and Contributions	41
16152	II. Revenue deficit carried over to Section B	13899		II. Revenue Surplus carried over to Section B	0
Section-B: Others					
9948	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	6522	0	III. Opening Overdraft from RBI	0
0	IV. Miscellaneous Capital Receipts	0	13491	IV. Capital Outlay -	19976
			283	General Services	275
			2891	Social Services	2866
			363	Education, Sports, Art and Culture	245
			201	Health and Family Welfare	175
			1093	Water Supply, Sanitation, Housing and Urban Development	1742
			678	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	144
			89	Social Welfare and Nutrition	49
			467	Others	511

Receipts		Disbursements			
2017-18		2018-19	2017-18		2018-19
			10317	Economic Services	16835
			243	Agriculture and Allied Activities	278
			869	Rural Development Programme	875
			8242	Irrigation and Flood Control	13386
			23	Energy	2
			100	Industry and Minerals	653
			453	Transport	847
			387	General Economic Services	794
51	V. Recoveries of Loans and Advances	277	2781	V. Loans and Advances disbursed	1843
2	From Power Projects	5	322	For Power Projects	300
35	From Government Servants	265	62	To Government Servants	256
14	From others	7	2397	To Others	1287
	VI. Revenue surplus brought down	0	16152	VI. Revenue deficit brought down	13899
74063	VII. Public Debt Receipts	97980	55081	VII. Repayment of Public Debt	73274
27256	Internal Debt other than Ways and Means Advances and Overdraft	36122	8456	Internal debt other than Ways and Means Advances and Overdraft	12800
45861	Transactions of Ways and Means Advances including Overdraft	59868	45630	Transactions of Ways and Means Advances including Overdraft	59729
946	Loans and Advances from Central Government	1990	995	Repayment of Loans and Advances to Central Government	745
0	VIII. Net of Inter-State Settlement	0	8	VIII. Net of Inter-State Settlement	26
0	IX. Appropriation to Contingency Fund	0	0	IX. Appropriation to Contingency Fund	0
0	X. Amount recouped to Contingency Fund	0	0	X. Expenditure from Contingency Fund	0
156918	XI. Public Account Receipt	99704	146945	XI. Public Account Disbursements	87076
3785	Small Savings and Provident Funds	4466	2142	Small Savings and Provident Funds	2245
1784	Net Reserve Funds	3397	1056	Net Reserve Funds	1216
22971	Net Suspense and Miscellaneous	1985	22634	Net Suspense and Miscellaneous	2054
28652	Remittances	7	25995	Remittances	1872
99726	Deposits and Advances	89849	95118	Deposits and Advances	79689
0	XII. Closing Overdraft from Reserve Bank of India	0	6522	XII. Closing Cash Balance	8389
			3	Cash in Treasuries and Local Remittances	3
			-858	Deposits with Reserve Bank and other Banks	22
			2	Departmental Cash Balance including Permanent Advances	2
			7375	Cash Balance Investment and investment of Earmarked Funds	8362
362194	Total	333053	362194	Total	333053

Appendix 1.4
Time Series Data on State Government Finances
(Refer Paragraph 1.2)

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19	
Part A. Receipts						
1	Revenue Receipts	90672	88648	98984	105062	114671
	(i) Tax Revenue	42618	39907	44181	49486	58031
	State Goods and Services Tax	-	-	-	10820	20611
	Taxes on Sales, Trade, etc.	30524	29104	32484	25335	21914
	State Excise	4352	4386	4645	5460	6220
	Taxes on Vehicles	3687	2082	2467	3039	3341
	Stamps and Registration fees	3250	3527	3476	4271	5428
	Land Revenue	62	52	167	107	57
	Other Taxes	743	756	942	454	460
	(ii) Non Tax Revenue	10976	4920	5193	3814	4396
	(iii) State's share in Union taxes and duties	15299	21894	26264	29001	32787
	(iv) Grants in aid from GOI	21779	21927	23346	22761	19457
2	Misc. Capital Receipts	0	0	0	0	0
3	Recovery of Loans and Advances	5092	285	2029	51	277
4	Total revenue and Non-debt capital receipts (1+2+3)	95764	88933	101013	105113	114948
5	Public Debt Receipts	33005	53681	59923	74063	97980
	Internal Debt (excluding Ways and Means Advances and Overdraft)	26107	21689	29955	27256	36122
	Transactions under Ways and Means Advances and Overdraft	6201	31307	29154	45861	59868
	Loans and Advances from Government of India	697	685	814	946	1990
6	Total receipts in the Consolidated Fund (4+5)	128769	142614	160936	179176	212928
7	Contingency Fund receipts	3	0	0	0	0
8	Public Account receipts	301629	90912	98781	156918	99704
9	Total receipts of Government (6+7+8)	430401	233526	259717	336094	312632
Part B. Expenditure/Disbursements						
10	Revenue Expenditure	114866	95950	116215	121214	128570
	Plan	19938	31978	36422	Plan and Non-Plan was merged	
	Non-plan	94328	63972	79793		
	General Services (including interest payments)	28590	28573	32786	39075	40790
	Social Services	42259	46449	50228	59159	64280
	Economic Services	43891	20812	33108	22894	23459
	Grants-in-aid and contributions	127	116	93	86	41
11	Capital Expenditure	11405	14171	15143	13491	19976
	Plan	12026	14145	15114	Plan and Non-Plan was merged	
	Non-plan	(-)621	26	29		
	General Services	483	180	295	283	275
	Social Services	2382	2414	2431	2891	2866
	Economic Services	8540	11577	12417	10317	16835

		2014-15	2015-16	2016-17	2017-18	2018-19
12	Disbursement of Loans and Advances	1210	674	564	2781	1843
13	Inter State Settlement	0	195	(-1)	8	26
14	Total (10+11+12+13)	127481	110990	131921	137494	150415
15	Repayment of Public debt	10844	38445	34777	55081	73274
	Internal Debt (excluding Ways and Means Advances and Overdraft)	4684	4614	4876	8456	12800
	Transactions under Ways and Means Advances and Overdraft	4905	32603	29154	45630	59729
	Loans and Advances from Government of India	1255	1228	747	995	745
16	Appropriation to Contingency Fund	0	0	0	0	0
17	Total disbursement out of Consolidated Fund (14+15+16)	138325	149435	166698	192575	223689
18	Contingency Fund disbursements	5	0	0	0	0
19	Public Account disbursements	296281	79833	91259	146945	87076
20	Total disbursements by the State (17+18+19)	434611	229268	257957	339520	310765
Part C. Deficits						
21	Revenue Deficit (-)/Surplus (+) (1-10)	(-)24194	(-)7302	(-)17231	(-)16152	(-)13899
22	Fiscal Deficit (-)/Surplus (+) (4-14)	(-)31717	(-)22057	(-)30908	(-)32381	(-)35467
23	Primary Deficit (-)/Surplus (+) (22-24)	(-)21710	(-)12208	(-)19211	(-)18534	(-)20125
Part D. Others						
24	Interest Payments (included in revenue expenditure)	10007	9849	11697	13847	15342
25	Arrears of Revenue	0	0	0	0	0
	Percentage of Tax & Non Tax Revenue receipts	0	0	0	0	0
26	Financial Assistance to local bodies, other institutions etc.	0	39694	53979	53091	60795
27	Ways and Means Advances/Overdraft availed (days)	15	267	259	231	250
28	Interest on Ways and Means Advances/Overdraft	0.41	54	27	44	65
29	Gross State Domestic Product (GSDP)^S	524976	604229	697508	809547	933402
30	Total Outstanding liabilities (year end)	148743	173854	201314	223706	257510
31	Outstanding guarantees[^] (year end)	10675	7059	9665	35964	49442
32	Number of incomplete projects	274	274	271	*	N.A
33	Capital blocked in incomplete projects	32646	71154	54,132	43,032*	N.A
Part E: Fiscal Health Indicators (in per cent)						
I	Resource Mobilisation					
	Own Tax Revenue/GSDP	8.12	6.60	6.33	6.11	6.22
	Own Non-Tax Revenue/GSDP	2.09	0.81	0.74	0.47	0.47
	Central Transfers/GSDP	7.06	7.25	7.11	6.39	5.60
II	Expenditure Management					
	Total Expenditure/GSDP	24.28	18.37	18.91	16.98	16.11
	Total Expenditure/Revenue Receipts	140.60	125.20	133.28	130.87	131.17
	Revenue Expenditure/Total Expenditure	90.10	86.45	88.09	88.16	85.48
	Revenue Expenditure on Social Services/Total Expenditure	33.15	41.85	38.07	43.03	42.74

	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue Expenditure on Economic Services/Total Expenditure	34.43	18.75	25.10	16.65	15.60
Capital Expenditure/Total Expenditure	8.95	12.77	11.48	9.81	13.28
Capital Expenditure on Social and Economic Services/Total Expenditure	8.57	12.61	11.26	9.61	13.10
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-)4.61	(-)1.21	(-)2.47	(-)2.00	(-)1.49
Fiscal deficit/GSDP	(-)6.04	(-)3.65	(-)4.43	(-)4.00	(-)3.80
Primary deficit /GSDP	(-)4.14	(-)2.02	(-)2.75	(-)2.29	(-)2.16
Revenue deficit/Fiscal deficit	76.28	33.11	55.75	49.88	39.19
Primary Revenue Deficit(-) or Surplus (+)/GSDP	(-)1.73	0.47	(-)0.50	(-)0.28	(-)0.18
IV Management of total Outstanding Liabilities					
Total Outstanding Liabilities/GSDP	28.33	28.77	28.86	27.63	27.59
Total Outstanding Liabilities/RR	164.05	196.12	203.38	212.93	224.56
V Other Fiscal Health Indicators					
Return on Investment	0.09	0.10	0.05	0.01	0.01
Financial Assets/Liabilities	1.25	1.82	1.09	1.02	0.98

* State Government had furnished details only in respect of 27 Major and Medium Irrigation Projects. The information is not exhaustive but is as furnished by the Departmental authorities.

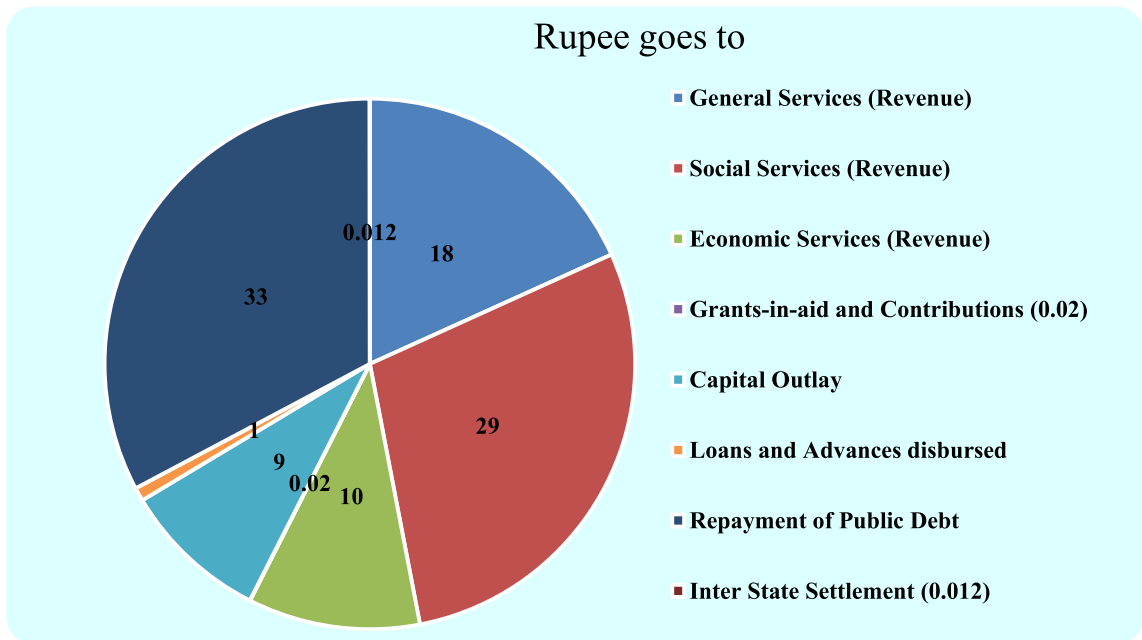
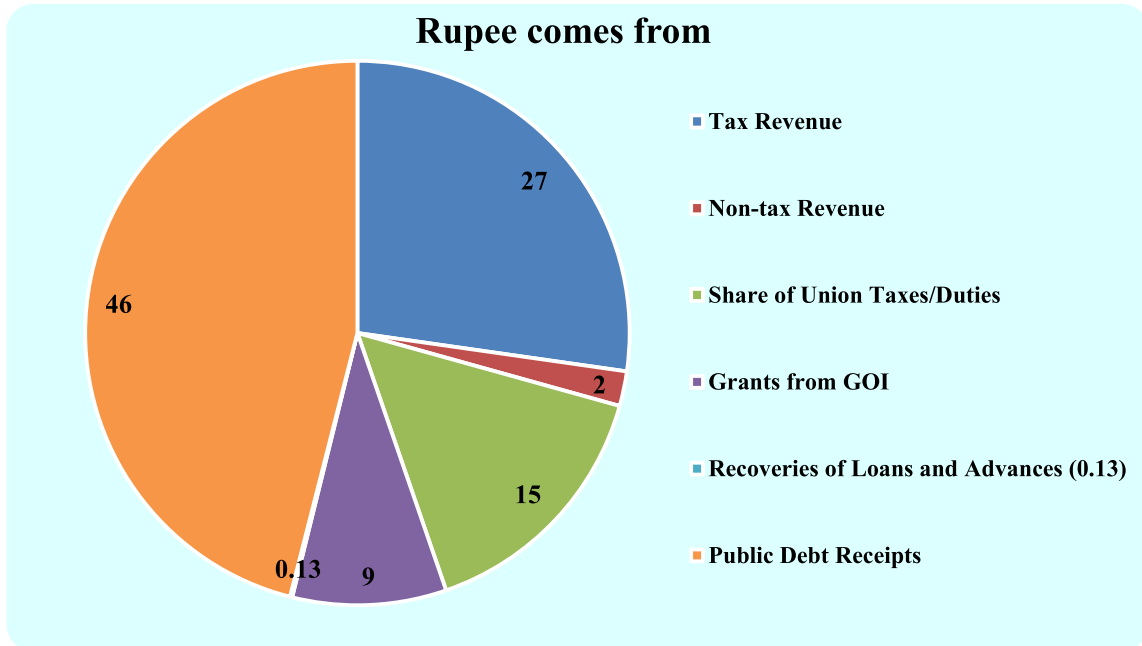
^ as disclosed in Budget documents.

\$ GSDP data from Data available in website of Ministry of statistics and Programme implementation and Data provided by Economic Advisor to C&AG of India;

N.A: Not Available as State Government has not provided the data on Incomplete Projects

Appendix 1.5

**Composition of sources and application of funds in the Consolidated Fund of the State
(Refer Paragraph 1.2)**



Source: Finance Accounts 2018-19

Appendix 1.6
Summarised Financial position of the Government of Andhra Pradesh
as on 31 March 2019

(Refer Paragraph 1.6)

(₹ in crore)

As on 31 March 2018	Liabilities		As on 31 March 2019	
1,59,813.31		Internal Debt		1,83,274.02
	1,31,552.78	Market Loans bearing interest	1,55,376.31	
	0.24	Market Loans not bearing interest	0.17	
	---	Market Loans Suspense	---	
	102.68	Loans from LIC	81.19	
	24.25	Loans from GIC	19.79	
	4,468.20	Loans from NABARD	5,081.12	
	9,776.03	Loans from other Institutions	9,841.43	
	13,658.67	Special securities issued to NSSF	12,504.28	
	230.46	Ways and Means Advances	369.73	
	0	Overdraft from Reserve Bank of India	0	
8,977.41		Loans and Advances from Central Government		10,223.01
	8.74	Pre 1984-85 Loans	8.74	
	28.15	Non-Plan Loans	24.91	
	8936.93	Loans for State Plan Schemes	7,248.61	
	3.59	Loans for Central Plan Schemes	3.59	
	---	Loans for Centrally Sponsored Plan Schemes	---	
	---	Other Loans for State/Union territory with Legislature schemes	2,937.16	
	---	Other Ways and Means Advances	---	
50		Contingency Fund		50
13,508.84		Small Savings, Provident Funds, etc.		15,729.99
39,919.06		Deposits		45,600.18
8,862.84		Reserve Funds		11,044.29
46.99		Suspense and Miscellaneous Balances		0
1,621.87		Remittance Balances		0
5,197.47		Surplus on Government Account		0
2,37,997.79		Total		2,65,921.49

(₹ in crore)

As on 31 March 2018		Assets	As on 31 March 2019	
2,00,675.94		Gross Capital Outlay on Fixed Assets		2,20,652.28
	9,468.37	Investments in shares of Companies, Corporations, Cooperatives, etc.	9,496.58	
	1,91,207.57	Other Capital Outlay	2,11,155.70	
30,202.37		Loans and Advances		31,768.31
	1,854.00	Loans for Power Projects	2,149.60	
	27,919.04	Other Development Loans	29,199.06	
	429.33	Loans to Government Servants and Miscellaneous loans	419.65	
0		Contingency Fund (un-recouped)		0.15
30.49		Advances		30.52
310.23		Remittance Balances		554.11
256.21		Suspense and Miscellaneous Balances		268.10
6,522.55		Cash		8,389.25
	2.90	Cash in Treasuries and Local Remittances	2.90	
	-858.36	Deposits with Reserve Bank and other Banks	22.24	
	2.52	Departmental Cash Balance	2.52	
	0	Cash Balance Investments	0	
	7,375.49	Investment of Earmarked Funds	8,361.59	
--		Deficit on Government Account		42,58.77
	--	Accumulated deficit up to 31 March 2019	---	
	--	Revenue deficit of the Current Year	42,58.77	
	--	Amount closed to Government Account	---	
	---	Proforma corrections to opening balances under capital expenditure	---	
2,37,997.79		Total		2,65,921.49

Appendix 1.7
Summarised position of Apportionment of Balances between Andhra Pradesh and Telangana
as on 31 March 2019
(Refer Paragraph 1.8)

(₹ in crore)

Sl. No	Head of Account	Balance as on 01 June 2014	Balance allocated to Telangana	Balance allocated to Andhra Pradesh	Balance yet to be apportioned as on 31 March 2019
1	Capital Heads	1,51,349.67	0	0	1,51,349.67
2	Public Debt	1,66,522.32	69,479.48	97,123.93	(-)81.09
3	Loans and Advances	28,099.69	0	0	28,099.69
4	Small Savings, Provident Funds	14,077.84	6,097.54	7,980.30	0
5	Reserve Funds	2,459.06	1,008.81	1,450.25	0
6	Deposits and Advances	17,082.77	4,478.89	8,129.84	4,474.04
7	Suspense and Miscellaneous	6,234.24	2,495.81	3,500.43	238.00
8	Remittances	339.47	2.32	26.92	310.23

Source: Finance Accounts of respective years.

Appendix 2.1
Excess Expenditure during 2018-19
(Refer Paragraph 2.2.2.1)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Excess	Reasons for excess expenditure
1	IX	Fiscal Administration, Planning, Surveys and Statistics (RV)	19,608.74	20,848.10	1,239.36	Specific reasons for excess were not intimated by Government.
2	IX	Fiscal Administration, Planning, Surveys and Statistics (RC)	15,083.48	15,345.27	261.79	
3	IX	Fiscal Administration, Planning, Surveys and Statistics (LV)	174.28	281.81	107.53	
4	IX	Fiscal Administration, Planning, Surveys and Statistics (PDC)	10,876.74	73,273.74	62,397.00 [#]	
Total			45,743.24	1,09,748.92	64,005.68	

Source: Appropriation Accounts of 2018-19; RV-Revenue Voted; RC- Revenue Charged, LV- Loan Voted; PDC-Public Debt Charged. [#]Including excess on account of Ways and Means of Advance of ₹ 58,229.01 crore.

Appendix 2.2
Expenditure without budget provision during 2018-19
(Refer Paragraph 2.2.2.2)

(₹ in crore)

Sl. No	Grant No. and Name of the Department	Head of Account and Description	Re-appropriation	Expenditure
1	IX-Fiscal Administration Planning, Surveys and Statistics	6004-01-115-04- Loans for Modernisation of Police Force	2.99	2.99
2	IX-Fiscal Administration Planning, Surveys and Statistics	6004-02-101-01- Block Loans	58.28	58.28
3	IX-Fiscal Administration Planning, Surveys and Statistics	6004-02-101-02- Back to Back Loans	442.92	442.92
4	IX- Fiscal Administration Planning, Surveys and Statistics	6004-02-105-01- State loans Consolidated in terms of the recommendations of 12th Finance Commission	240.34	240.34
5	XVII- Municipal Administration and Urban Development	2217-80-191-57-Hussain Sagar Lake and Catchment Area Improvement Project	2.32	2.32
6	XVII- Municipal Administration and Urban Development	2217-80-191-68- Assistance to New Municipalities / Corporations for Developmental Works	25	25
7	XVII- Municipal Administration and Urban Development	6217-01-800-05- Loans to HMDA for Outer Ring Road Project	5.45	5.45
8	XXVII- Agriculture	2415-80-800-05- Annadata Sukhibhava	2,000	2,000
9	XXXI- Panchayat Raj	2235-60-104-04- Deposit Linked Insurance Scheme	1.34	1.34
10	XXXI- Panchayat Raj	2702-03-101-10- Construction of New Minor Irrigation Tanks under APILIP	1.74	1.74

Sl. No	Grant No. and Name of the Department	Head of Account and Description	Re-appropriation	Expenditure
11	XXXV-Energy, Infrastructure and Investments	2801-01-104-80- Other Expenditure	9.7	9.7
Total			2,790.08	2,790.08

Source: Appropriation Accounts of 2018-19 and Grants Audit Register of 2018-19 compiled by O/o AG (A&E), AP.

Appendix 2.3
Excess over provision of previous years requiring regularisation
(Refer Paragraph 2.2.2.3)

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of excess
2004-05	5 Grants	Revenue:	VIII, XIX and XL	14.83
		Capital:	XVI	
		Loans:	XXXVI	
	1 Appropriation	Revenue:	XXXVI	
2005-06	10 Grants	Revenue:	X, XI, XIX and XXXI	585.82
		Capital:	VIII, XIII, XVII, XXXII and XXXIII	
		Loans:	XVII	
	3 Appropriations	Revenue:	II, XVI and XXVIII	
2006-07	7 Grants	Revenue:	IX, X, XI and XIV	198.72
		Capital:	XVII and XXIX	
		Loans:	XXVII	
	1 Appropriation	Revenue:	III	
2007-08	7 Grants	Revenue:	X, XI and XXXII	201.30
		Capital:	XVII, XXXIII and XXXV	
		Loans:	XXXVI	
	3 Appropriations	Revenue:	II, IV and XIV	
2008-09	11 Grants	Revenue:	II, V, XI, XXIV, XXVI and XXXI	709.24
		Capital:	XVII and XXXIX	
		Loans:	XIX, XXVII and XXXVI	
	3 Appropriations	Revenue:	II, III and XIII	
2009-10	10 Grants	Revenue:	III and XIX	109.74
		Capital:	IV, VII, X, XVII and XXIX	
		Loans:	XI, XVI and XVII	
	2 Appropriations	Revenue:	VII and XIII	
2010-11	11 Grants	Revenue:	X and XXIV	867.54
		Capital:	X, XVII, XXVII and XXXVI	
		Loans:	XI, XV, XVI, XVII and XXXV	
	Revenue:	IV, V, X and XVII		
	5 Appropriations	Capital:	XI	
2011-12	5 Grants	Revenue:	X and XXIV	188.59
		Capital:	XVII	
		Loans:	IX and XV	
	2 Appropriations	Revenue:	XXIII and XXV	
2012-13	5 Grants	Revenue:	X, XI, XVII and XXXIX	275.63
		Capital:	XXIX	

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of excess
	1 Appropriation	Revenue:	XVI	
2013-14	4 Grants	Revenue:	X, XI	530.12
		Capital:	XVII and XXIX	
	1 Appropriation	Revenue:	XVI	
2014-15	26 Grants	Revenue:	II, V, VI, XI, XIX, XX, XXV, XXVI, XXVII, XXXI, XXXII, XXXIV, XXXV and XXXVI	13,134.68
		Capital:	V, VIII, X, XI, XII, XVI, XVIII and XXXV	
		Loans:	IX, XVII, XXIX and XXXVI	
	2 Appropriations	Revenue:	III	
		Loans:	IX	
2015-16	15 Grants	Revenue	II, V, VII, IX, XI, XV, XIX, XX, XXX and XXXVIII	36,856.98
		Capital	XXIX and XXXIV	
		Loans	IX, XVII and XXVIII	
	2 Appropriations	PDC	IX and XL	
2016-17	4 Grants	Revenue	XI and XL	1,686.83
		Capital	XIV and XXIX	
	1 Appropriation	PDC	IX	
2017-18	3 Grants	Revenue	II and XI	47,144.53
		Capital	XXXIX	
		Capital	XXXI	
	2 Appropriations	PDC	IX	
Total				1,02,504.55

Source: Appropriation Accounts of respective years

Appendix 2.4
Amount of excess expenditure relating to the years 2014-15 to 2017-18
for which Explanatory Notes (ENs) were furnished
(Refer Paragraph 2.2.2.3)

(₹ in crore)

Year	Number of Grants/ Appropriations	Amount of Excess expenditure reported	Amount for which ENs furnished	Amount for which ENs are yet to be furnished to Audit
2014-15	26 Grants and 2 Appropriations	13,134.68	13,134.68	0
2015-16	15 Grants and one Appropriation	36,856.98	36,856.98	0
2016-17	4 Grants and one Appropriation	1,686.83	1,686.08	0.75
2017-18	Three Grants and two Appropriations	47,144.53	0	47,144.53
Total		98,823.02	51,677.74	47,145.28

Source: Appropriation Accounts of respective years and information compiled by O/o PAG(Audit), AP.

Appendix 2.5
Statement of Grants where savings was more than ₹ 500 crore each and
by more than 20 per cent of the total provision
(Refer Paragraph 2.2.2.4)

(₹ in crore)						
Sl. No	Grant No.	Name of the Grant	Total Grant	Expenditure	Savings	Percentage of savings to total grant
Revenue Voted						
1	V	Revenue Registration and Relief	6,942.26	3,886.61	3,055.65	44.02
2	XI	Roads Buildings	3,024.58	1,741.18	1,283.40	42.43
3	XII	School Education	23,192.58	17,479.25	5,713.33	24.63
4	XIII	Higher Education	2,433.80	1,591.03	842.77	34.63
5	XV	Sports and Youth Services	1,471.56	345.30	1,126.26	76.54
6	XXVII	Municipal Administration and Urban Development	8,629.99	5,243.03	3,386.96	39.25
7	XVIII	Housing	3,993.76	2,111.62	1,882.14	47.13
8	XXI	Social Welfare	4,221.64	2,121.06	2,100.58	49.76
9	XXII	Tribal Welfare	2,100.87	1,055.02	1,045.85	49.78
10	XXIII	Backward Classes Welfare	6,278.36	2,804.39	3,473.97	55.33
11	XXV	Women Child and Disable Welfare	3,152.17	2,010.81	1,141.36	36.21
12	XXVII	Agriculture	15,569.41	8,020.53	7,548.88	48.49
13	XXXI	Panchayat Raj	7,367.03	4,880.90	2,486.13	33.75
14	XXXV	Energy Infrastructure and investment	3,496.83	2,146.26	1,350.57	38.62
15	XXXVI	Industries and Commerce	4,696.67	1,010.12	3,686.55	78.49
16	XXXVII I	Civil Supplies Administration	3,673.00	697.69	2,975.31	81.00
Capital Voted						
17	V	Revenue Registration and Relief	1,418.53	541.20	877.33	61.85
18	X	Home Administration	813.04	175.69	637.35	78.39
19	XI	Roads Buildings	4,369.72	1,087.60	3,282.12	75.11
20	XVII	Municipal Administration and Urban Development	1,978.36	1,233.65	744.71	37.64
21	XXXI	Panchayat Raj	2,731.27	1,501.09	1,230.18	45.04
22	XXXIII	Major and Medium Irrigation	20,638.50	10,677.32	9961.18	48.27
23	XXXVI	Industries and Commerce	1,613.13	653.61	959.52	59.48
Loan Voted						
24	XXXV	Energy, Infrastructure and Investment	998.90	316.00	682.90	68.37
Total			1,34,805.96	73,330.96	61,475.00	45.60

Source: Appropriation Accounts of 2018-19

Appendix 2.6**Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary
(Refer Paragraph 2.2.3)**

(₹ in crore)

Sl.No	No. and Name of the Grant	Original	Expenditure	Savings out of Original Provision	Supplementary Provision
Revenue Voted					
1	I-State Legislature	123.70	107.05	16.65	2.69
2	II-Governor and Council of Ministers	23.87	20.72	3.15	2.39
3	III-Administration of Justice	790.72	686.87	103.85	10.00
4	VI-Excise Administration	400.82	340.38	60.44	8.78
5	X-Home Administration	5,625.78	5,462.85	162.93	28.44
6	XI-Roads Buildings	2,531.17	1,741.18	789.99	493.41
7	XII-School Education	21,436.27	17,479.25	3,957.02	1,756.31
8	XIII-Higher Education	2,395.10	1,591.03	804.07	38.70
9	XIV-Technical Education	662.02	427.22	234.80	4.25
10	XVI-Medical and Health	7,996.47	7,082.99	913.48	804.11
11	XVII-Municipal Administration and Urban Development	6,762.44	5,243.03	1,519.41	1,867.55
12	XVIII-Housing	3,600.76	2,111.62	1,489.14	393.00
13	XIX-Information and Public Relations	217.96	184.15	33.81	300.34
14	XXI-Social Welfare	4,088.47	2,121.06	1,967.41	133.17
15	XXII-Tribal Welfare	1,929.63	1,055.02	874.61	171.24
16	XXIII-Backward Classes Welfare	6,105.71	2,804.39	3,301.32	172.65
17	XXIV-Minority Welfare	1,010.85	652.07	358.78	108.74
18	XXV-Women Child and Disable Welfare	2,958.77	2,010.81	947.96	193.40
19	XXVII-Agriculture	9,574.29	8,020.53	1,553.76	5,995.12
20	XXVIII-Animal Husbandry and Fisheries	1,591.32	1,272.69	318.63	103.52
21	XXIX-Forest Science and Technology and Environment	376.18	301.13	75.05	21.82
22	XXX-Cooperation	208.12	187.44	20.68	4.83
23	XXXI-Panchayat Raj	6,372.34	4,880.90	1,491.44	994.69
24	XXXIII-Major and Medium Irrigation	975.30	906.42	68.88	46.71
25	XXXIV-Minor Irrigation	101.45	94.43	7.02	8.02
26	XXXV-Energy Infrastructure and investment	3,484.05	2,146.26	1,337.79	12.78

Sl.No	No. and Name of the Grant	Original	Expenditure	Savings out of Original Provision	Supplementary Provision
27	XXXVI-Industries and Commerce	1,600.79	1,010.12	590.67	3,095.88
28	XXXVII-Tourism Art and Culture	344.87	175.58	169.29	15.00
29	XXXVIII-Civil Supplies Administration	3,578.23	697.69	2,880.54	94.77
30	XXXIX-Information Technology and Communications	801.17	337.34	463.83	8.40
Capital Voted					
31	III-Administration of Justice	95.00	28.24	66.76	3.00
32	V-Revenue Registration and Relief	1,116.28	541.20	575.08	302.25
33	IX-Fiscal Administration Planning Surveys and Statistics	600.70	341.72	258.98	5.22
34	X-Home Administration	600.77	175.69	425.08	212.27
35	XI-Roads Buildings	2,613.15	1,087.60	1,525.55	1,756.57
36	XII-School Education	176.03	64.13	111.90	51.55
37	XIII-Higher Education	135.48	120.86	14.62	312.04
38	XVI-Medical and Health	467.04	174.93	292.11	114.07
39	XX-Labour and Employment	150.08	0.05	150.03	5.16
40	XXV-Women Child and Disable Welfare	49.20	49.11	0.09	168.87
41	XXVII-Agriculture	397.87	187.54	210.33	2.22
42	XXVIII-Animal Husbandry and Fisheries	152.37	70.91	81.46	10.81
43	XXXI-Panchayat Raj	2,499.62	1,501.09	998.53	231.65
44	XXXIII-Major and Medium Irrigation	14,657.32	10,677.32	3,980.00	5,981.18
45	XXXV-Energy Infrastructure and investment	661.56	422.83	238.73	2.60
46	XXXVI-Industries and Commerce	1,464.08	653.61	810.47	149.05
Capital Charged					
47	XXXIII-Major and Medium Irrigation	24.53	15.93	8.60	36.89
Total		1,23,529.70	87,264.98	36,264.72	26,236.11

Source: Appropriation Accounts of 2018-19

Appendix 2.6 (a)
Cases where Supplementary provision (₹ one crore or more in each case) proved excessive
(Refer Paragraph 2.2.3)

(₹ in crore)							
Sl.No	Grant No.	Name of the Grant	Original	Supplementary	Total Grant	Expenditure	Savings
Revenue Voted							
1	IV	General Administration and Elections	646.17	216.72	862.89	806.52	56.37
2	V	Revenue Registration and Relief	2,084.41	4,857.85	6,942.26	3,886.61	3,055.65
3	XX	Labour and Employment	664.75	156.87	821.62	671.17	150.45
4	XXXII	Rural Development	14,704.35	12,648.77	27,353.12	22,333.07	5,020.05
Revenue Charged							
5	III	Administration of Justice	0.00	32.86	32.86	11.31	21.55
Capital Voted							
6	XVII	Municipal Administration and Urban Development	978.36	1,000.00	1,978.36	1,233.65	744.71
7	XXX	Cooperation	0.00	73.45	73.45	2.09	71.36
8	XXXIV	Minor Irrigation	1,254.85	2,114.20	3,369.05	2,728.21	640.84
Capital Charged							
9	XI	Roads Buildings	0.00	1.48	1.48	0.75	0.73
Loans Voted							
10	XVII	Municipal Administration and Urban Development	0.00	173.20	173.20	157.85	15.35
Total			20,332.89	21,275.40	41,608.29	31,831.23	9,777.06

Source: Appropriation Accounts of 2018-19

Appendix 2.6 (b)

Case where Supplementary provision proved insufficient (more than ₹ 10 crore)

(Refer Paragraph 2.2.3)

(₹ in crore)						
Sl. No	No. and Name of the Grant	Original	Supplementary Provision	Total Grant	Expenditure	Excess
1	IX-Fiscal Administration Planning Surveys and Statistics(RV)	19,103.14	505.60	19,608.74	20,848.10	1,239.36
2	IX-Fiscal Administration Planning Surveys and Statistics(PDC)	10,851.17	25.57	10,876.74	73,273.74	62,397.00
Total		29,954.31	531.17	30,485.48	94,121.84	63,636.36

Source: Appropriation Accounts of 2018-19. RV: Revenue Voted, PDC: Public Debt Charged

Appendix 2.7

Cases where anticipated savings not surrendered (short surrender of ₹ one crore or more in each case)

(Refer Paragraph 2.2.4.2)

(₹ in crore)					
Sl. No	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
Revenue Voted					
1	IV-General Administration and Elections	862.89	56.37	48.22	8.15
2	V-Revenue Registration and Relief	6,942.26	3,055.65	2,953.86	101.79
3	XIII-Higher Education	2,433.80	842.77	817.81	24.96
4	XIV-Technical Education	666.27	239.05	237.35	1.70
5	XXVI-Administration of Religious Endowments	163.83	21.02	3.44	17.58
6	XXVII-Agriculture	15,569.41	7,548.88	7,547.84	1.04
7	XXXI-Panchayat Raj	7,367.03	2,486.13	2,482.12	4.01
8	XXXV-Energy Infrastructure and investment	3,496.83	1,350.57	1,345.77	4.80
Revenue Charged					
9	II-Governor and Council of Ministers	9.53	9.53	0	9.53
Capital Voted					
10	X-Home Administration	813.04	637.35	622.85	14.50
11	XI-Roads Buildings	4,369.72	3,282.12	3,272.01	10.11
12	XVI-Medical and Health	581.11	406.18	381.49	24.69
13	XXV-Women Child and Disable Welfare	218.07	168.96	167.17	1.79
14	XXXIII-Major and Medium Irrigation	20,638.50	9,961.18	9,908.86	52.32
15	XXXV-Energy Infrastructure and investment	664.16	241.33	191.31	50.02
Total		64,796.45	30,307.09	29,980.10	326.99

Source: Appropriation Accounts of 2018-19

Appendix 3.1

Statement showing non-submission of accounts and status of Audit of Autonomous Bodies

(Refer Paragraph 3.3)

Sl. No.	Name of Body/Authority	Period of entrustment upto	Year upto which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	No.of accounts to be submitted to audit
1.	AP State Legal Services Authority, Hyderabad	Not required as per Section 18 of Legal Services Act, 1987	2014-15	2014-15	Not placed in the Legislature	4 (2015-16 to 2018-19)
2.	District Legal Services Authority, Anathapuram		2017-18	2017-18		1 (2018-19)
3.	District Legal Services Authority, Chittoor		2017-18	2017-18		1 (2018-19)
4.	District Legal Services Authority, East Godavari		2016-17	2016-17		2(2017-18 & 2018-19)
5.	District Legal Services Authority, Guntur		2017-18	2016-17		1 (2018-19)
6.	District Legal Services Authority, YSR		2017-18	2017-18		1 (2018-19)
7.	District Legal Services Authority, Krishna		2016-17	2016-17		2 (2017-18 & 2018-19)
8.	District Legal Services Authority, Kurnool		2017-18	2016-17		1 (2018-19)
9.	District Legal Services Authority, SPSR Nellore		2017-18	2015-16		1 (2018-19)
10.	District Legal Services Authority, Prakasam		2016-17	2016-17		2(2017-18 & 2018-19)
11.	District Legal Services Authority, Srikakulam		2016-17	2016-17		2(2017-18 & 2018-19)
12.	District Legal Services Authority, Visakapatnam		2015-16	2015-16		3 (2016-17 to 2018-19)
13.	District Legal Services Authority, Vizianagaram		2016-17	2016-17		2(2017-18 & 2018-19)
14.	District Legal Services Authority, West Godavari		2015-16	2015-16		3 (2016-17 to 2018-19)
15.	AP Building and Other Construction Workers Welfare Board		2014-15 (Up to bifurcation of the State)	2014-15 (Up to bifurcation of the State)	Not placed in the Legislature	5 (2014-15 to 2018-19)
16.	Visakhapatnam Urban Development Authority	Upto 2021-22	2016-17	2016-17	2014-15	2 (2017-18 & 2018-19)
17.	Tirupathi Urban Development Authority	Upto 2021-22	2017-18	2015-16		1 (2018-19)
18.	Capital Region Development Authority	Upto 2018-19	2016-17	No SAR issued in the name of CRDA	...	2 (2017-18 & 2018-19)
19.	Putaparthi Urban Development Authority	No copies of entrustment orders available /received.	2004-05	Accounts from 2005-06 onwards were not produced to Audit. (*)
*It was stated by the institution that the accounts could not be rendered due to fire accident. Though the accounts were submitted in March 2017, details regarding constitution of Board, Resolutions passed etc. have not been enclosed.						

Sl. No.	Name of Body/Authority	Period of entrustment upto	Year upto which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	No.of accounts to be submitted to audit
	Hence, treated as non-production.					
20.	Andhra Pradesh Khadi and Village Industries Board(APKVIB)	Upto 2019-20	2013-14	2013-14	Not required as per by laws	5 (2014-15 to 2018-19)
21.	Environment Protection Training and Research Institute (EPTRI)	Upto 2017-18	2014-15	2011-12		3 (2015-16 to 2017-18)
22.	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority (AP CAMPA)	Upto 2018-19	2016-17	2014-15		2 (2017-18 & 2018-19)
23.	Integrated Tribal Development Agency, Parvathipuram	Upto 2016-17	2015-16	2015-16	Not required as per by laws	1(2016-17).
24.	Integrated Tribal Development Agency, Seethampet	Upto 2016-17	2011-12	2011-12		5 (2012-13 to 2016-17)
25.	Integrated Tribal Development Agency, Paderu	Upto 2016-17	2014-15	2014-15		2 (2015-16 & 2016-17)
26.	Integrated Tribal Development Agency, Rampachodavaram	Upto 2016-17	2014-15	2014-15		2 (2015-16 & 2016-17)
27.	Integrated Tribal Development Agency, Kotaramachandrapuram	Upto 2016-17	2014-15	2014-15		2 (2015-16 & 2015-16)
28.	Integrated Tribal Development Agency, SPSR Nellore	Upto 2016-17	2011-12	2011-12		5 (2012-13 to 2016-17)
29.	Integrated Tribal Development Agency, Srisailam	Upto 2016-17	2013-14	2013-14		3 (2014-15 to 2016-17)
30.	Integrated Tribal Development Agency Plain Areas, Vijayawada	Upto 2016-17	2014-15 (upto 01.06.2014)	2014-15 (upto 01.06.2014)		3 (2014-15 & 2016-17)
31.	AP Vaidya Vidhana Parishad, Guntur	Upto 2019-20	2013-14	2013-14		5 (2014-15 to 2018-19)

Appendix 3.2**Statement showing Department-wise details of pending DC bills at the end of 2018-19
(Refer Paragraph 3.5)**

Sl. No.	Department	(₹ in crore)	
		No. of Bills	Amount
1	Revenue	1,874	930.85
2	Education	431	46.79
3	Home	420	191.86
4	Youth Advancement, Tourism and Culture	153	8.44
5	Animal Husbandry, Dairy Development and Fisheries	33	61.14
6	Panchayat Raj and Rural Development	32	2.38
7	Social Welfare	23	0.7
8	Law	22	0.02
9	Health, Medical and Family Welfare	21	0.09
10	General Administration	20	2.76
11	Women, Children, Disabled and Senior Citizens	12	0.31
12	Municipal Administration & Urban Development	11	0.38
13	Agriculture & Cooperation	10	3.52
14	Transport, Roads and Buildings	6	0.39
15	Irrigation	5	49.03
16	Backward Classes welfare	5	0.01
17	Legislature	2	0.13
18	Information and Public Relations	2	0.01
19	Water Resources	1	0.01
20	Others	39	1.00
Toal		3,122	1,299.82

Source: Information from O/o AG (A&E), AP.

Appendix 4.1

Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Total Outstanding Liabilities} + \text{Current year's Total Outstanding Liabilities}) / 2] * 100$
Buoyancy of a parameter	Rate of Growth of parameter / GSDP Growth Rate
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of parameter (X) / Rate of Growth of parameter (Y)
Development Expenditure	Social Services + Economic Services
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Primary Deficit	Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State during the course of the year (Fiscal Deficit – Interest payments)
Rate of growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure

Terms	Description
Average interest rate	Average interest rate is defined as the percentage of interest payment made to average financial liabilities of the State during the year (sum of opening and closing balances of total Outstanding Liabilities/2) X 100
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy 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>
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
Development expenditure	The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are 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.
Debt sustainability	Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It means that rise in fiscal deficit should match with the increase in the State's capacity to service the incremental debt from additional revenues generated from the use of such debt in creating income generating capital assets.
Inter-State Settlement	This is intended to provide for the accounting of sums due by one State Government to another under the financial settlement on the setting up of new States or under the States Re-organisation Acts as well as the financial settlement between the centre and foreign countries.
Net availability of Borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Primary revenue deficit	Primary revenue deficit defined as gap between non-interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.
Primary expenditure	Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

Appendix 4.2

Acronyms and Abbreviations

Acronym	Full Form
A&E	Accounts & Entitlement
AC	Abstract Contingent
AE	Aggregate Expenditure
AP	Andhra Pradesh
APBCOWW	Andhra Pradesh Board of Construction and other workers welfare
AP CAMPA	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority
APCRDA	Andhra Pradesh Capital Region Development Authority
APBM	Andhra Pradesh Budget Manual
APFC	Andhra Pradesh Financial Code
APIIC	Andhra Pradesh Industrial Infrastructure Development Corporation
APILIP	Andhra Pradesh Irrigation and Livelihood Improvement Project
APKVIB	Andhra Pradesh Khadi and Village Industries Board
APMSIDC	Andhra Pradesh Medical Service and Infrastructure Corporation
APSHCL	Andhra Pradesh State Housing Corporation Limited
APSRDA	Andhra Pradesh State Rural Roads Development Agency
APST	Andhra Pradesh Scheduled Tribe
APTRANSCO	Andhra Pradesh Transmission corporation
APTSIDCO	Andhra Pradesh Township and Infrastructure Development Corporation
BC	Backward Class
BE	Budget Estimates
BPL	Below Poverty Line
CAB	Certificate of Acceptance of Balances
CAG	Comptroller and Auditor General
CAGR	Compound Annual Growth Rate
CASP	Centrally Assisted State Plan
CC	Capital Charged
CCO	Chief Controlling Officer
CE	Capital Expenditure
CEO	Chief Executive Officer
CFMS	Comprehensive Financial Management System
CGST	Central Goods and Services Tax
CPO	Chief Planning Officer
CR	Capital Receipts
CSS	Centrally Sponsored Schemes
CST	Central Sales Tax
CV	Capital Voted
DC	Detailed Contingent

Acronym	Full Form
DE	Development Expenditure
DISCOMS	Distribution Companies
DPC	Duties , Powers and Conditions
DTA	Directorate of Treasuries and Accounts
DTO	District Treasury Officer
DWCRA	Development of Women and Children in Rural Areas
EBR	Extra Budget Resources
EN	Explanatory Note
EPTRI	Environment Protection Training and Research Institute
FC	Finance Commission
FRBM	Fiscal Responsibility and Budget Management
FY	Financial Year
GCS	General Category States
GDP	Gross Domestic Product
GIC	General Insurance Corporation
GO	Government Order
GoAP	Government of Andhra Pradesh
GoI	Government of India
GP	Gram Panchayat
GPF	General Provident Fund
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
HoD	Head of Department
ICDS	Integrated Child Development Scheme
IGCARL	Indira Gandhi Centre for Advanced Research on Livestock
IGAS	Indian Government Accounting Standards
IGST	Integrated Goods and Services Tax
LIC	Life Insurance Corporation
LMMH	List of Major and Minor Heads
LWE	Left Wing Extremist
MD	Managing Director
MEFS	Macro-Economic Framework Statement
MTFPS	Medium Term Fiscal Policy Statement
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
Min H	Minor Head
NA	Not Available
NABARD	National Bank for Agriculture and Rural Development
NC	Not Comparable
NCDC	National Co-operative Development Corporation
NPS	National Pension System

Acronym	Full Form
NRDWP	National Rural Drinking Water Programme
NSDL	National Securities Depository Limited
NSSF	National Small Savings Fund
NTR	Nandamuri Taraka Ramarao
O&M	Operation & Maintenance
OD	Overdrafts
OTR	Own Tax Revenue
PAC	Public Accounts Committee
PAO	Pay and Accounts Office
PD	Personal Deposits
PDC	Public Debt Charged
PF	Provident Fund
PMGSY	Pradhan Mantri Gram Sadak Yojana
PR	Panchayat Raj
Pr.AG	Principal Accountant General
PRED	Panchayat Raj Engineering Department
PRI	Panchayat Raj Institution
PSU	Public Sector Units
RBI	Reserve Bank of India
RC	Revenue Charged
RE	Revenue Expenditure
RR	Revenue Receipts
RV	Revenue Voted
RySS	Rythu Saadhikaara Samstha
S&W	Salaries and Wages
SBM-G	Swachh Bharath Mission - Gramin
SC	Scheduled Caste
SGST	State Goods and Services Tax
SCSP	Scheduled Castes Sub-Plan
SERP	Society for Elimination of Rural Poverty
SSE	Social Sector Expenditure
ST	Scheduled Tribes
STD	Sexually Transmitted Disease
STO	State Treasury Officer
SVVU	Sri Venkateswara Veterinary University
SWMA	Special Ways and Means Advances
TE	Total Expenditure
TFC	Twelfth Finance Commission
TRR	Total Revenue Receipts
TSP	Tribal Sub Plan

Acronym	Full Form
UC	Utilisation Certificate
UDAY	Ujwal DISCOM Assurance Yojana
ULB	Urban Local Bodies
VAT	Value Added Tax
VLC	Voucher Level Computerisation
w.e.f	with effect from
WMA	Ways and Means Advances
WMA/SDF/OD	Ways and Means Advances/Special Drawing Facility/Overdraft
WSHG s	Women Self Help Groups

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