



*Report of the Comptroller and Auditor
General of India*

on the State Finances

For the Year ended 31 March 2009

Government of Himachal Pradesh



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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.
5. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

BACKGROUND

In April 2005, Himachal Pradesh Government responded to the Twelfth Finance Commission's recommendation by legislating its "Fiscal Responsibilities and Budget Management Act (FRBM)." It sets out a reform agenda through fiscal correction path in the medium term with the long-term goal of securing growth stability for its economy. The State Government's commitment to carry forward these reforms is largely reflected in certain policy initiatives announced in the budgets subsequently. While the benefits of FRBM legislation have been realised to a great extent already, in terms of reduction in major deficit indicators, etc., the State Government's resolve to implement VAT, introduction of New Pension Scheme will go a long way in building up the much needed 'fiscal space' for improving the quality of public expenditure and to promote fiscal stability.

The State Government has done well in establishing an institutional mechanism on fiscal transparency and accountability as evident from the year-on-year presentation of outcome budgets. These outcome indicators tend to serve the limited purpose of measuring the department-wise performance against the targets. They do not, however, give the 'big picture' of the status of financial management including debt position and cash management, etc., for the benefit of the State Legislature and other stakeholders.

The Comptroller and Auditor General's civil audit reports step in to fill this gap. C&AG's reports have been commenting upon the Government's finances for over three years since the FRBM legislation and have published three reports already. Since these comments formed part of the civil audit report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to center-stage once again, a stand-alone report on State Government finances is considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, C&AG has decided to bring out a separate volume titled "Report on State Finances."

THE REPORT

Based on the audited accounts of the Government of Himachal Pradesh for the year ending March 2009, this Report provides an analytical review of the Annual Accounts of the State Government.

The Report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of Himachal Pradesh Government's fiscal position as on 31 March 2009. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

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

Chapter 3 is an inventory of Himachal Pradesh Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

AUDIT FINDINGS AND RECOMMENDATIONS

Return to fiscal correction: Himachal Pradesh Government's early gains in achieving deficit targets, suffered a setback in the current year as the State has gone under deficit in all key fiscal parameters i.e. revenue (Rs 130 crore), fiscal (Rs 2,278 crore) and primary (Rs 384 crore) due to marginal increase in revenue receipts (1.8 per cent) against the steep increase in revenue expenditure (13.8 per cent). Both the Non-tax revenue and GIA received from GOI decreased which accounted for less realization of revenue receipts during 2008-09. The Sixth Pay Commission award also put pressure on the committed expenditure. Given the robustness of the economy, the State can still achieve the FRBM targets with a concerted effort through better tax compliance, reductions in tax-collection costs, focusing on collection of revenue arrears and by pruning unproductive expenditure.

Adequate thrust to development expenditure: The ratio of development expenditure to aggregate expenditure in Himachal Pradesh is lower than the national average and therefore needs higher fiscal priority. This calls for a re-look at the capacity of the State to utilize expenditure for developmental outcomes to assess if it can be improved by better design of schemes, reducing administration costs, timely implementation, closer monitoring etc. Cost and time overruns of incomplete projects are inevitable by-products of weak control systems. The State can work towards further improvements in this area so that people derive envisaged benefits in the quickest possible time.

Review of Government investments: The average return on Himachal Pradesh Government's investments in Statutory Corporations/Boards, Rural Banks, Joint Stock Companies and

Co-operatives was 1.1 per cent in the past five years, whereas its average interest outgo was 9.5 per cent. This is obviously an unsustainable proposition. The State Government should therefore hasten to seek better value for money in investments. Otherwise high-cost borrowed funds invested in projects with low financial return will continue to strain the economy. Projects which are justified on account of low financial but high socio-economic return may be identified and prioritized with full justification for the high-cost borrowings. The State Government needs to revisit the working of state-owned public sector undertakings incurring huge losses and work out either a revival strategy (for those that are strategic in nature and can be made viable) or close down (if they are not likely to be viable given current market conditions).

Prudent cash management: The cost of holding surplus cash balances is reported high. In 2008-09, interest received on investment of cash balances in RBI's Treasury Bills and Auction Bills was only 1.2 per cent while the Government borrowed on an average rate at 9.19 per cent. Proper debt management through advanced planning could minimise the need to hold large cash surpluses.

Debt sustainability: The Government of Himachal Pradesh should endeavour to achieve the debt-GSDP ratio of 31 per cent by 2009-10 as specified in TFC/Fiscal Reform legislation. Borrowed funds should be used as far as possible only to fund capital expenditure and revenue expenditure should be met from revenue receipts. Efforts should be made to return to the state of primary surpluses and zero revenue deficit at the earliest. Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

Oversight of funds transferred directly from the GoI to the State implementing agencies: Funds flowing directly to the implementing agencies through off-budget routing inhibits FRBM requirements of transparency and therefore by-pass accountability. There is no single agency monitoring its use and there is no readily available data on the amounts spent in any particular year on major flagship and other important schemes. A system has to be urgently put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (A&E).

Financial management and budgetary control: Slow pace of programme implementation in the State left an overall saving of Rs 801.61 crore offset by excess of Rs 556.52 crore; this requires regularisation under Article 205 of the Constitution of India. 'Public Works' and 'Animal Husbandry, Dairy Development and Fisheries' sectors posted large excesses persistently for the last five

years. There were also instances of inadequate provision of funds and unnecessary/ excessive re-appropriations. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management. In many cases, the savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. Budgetary controls should be strictly observed to avoid such deficiencies in financial management.

Financial reporting: State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delays in furnishing utilization certificates against the loans and grants from various grantee institutions. Delays also figured in submission of annual accounts by some autonomous bodies. There were instances of losses and misappropriations, therefore internal controls in all the organisations should be strengthened to prevent such cases in future.

CHAPTER-I
FINANCES OF THE STATE
GOVERNMENT

1. FINANCES OF THE STATE GOVERNMENT

This chapter provides a broad perspective of the finances of the Government of Himachal Pradesh during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years.

1.1 Summary of Current Year's Fiscal Transactions

Table-1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) vis-à-vis the previous year while *Appendix-1.4* provides details of receipts and disbursements as well as overall fiscal position during the current year.

Table-1.1: Summary of Current Year's Fiscal Operations

(Rupees in crore)

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
					Non Plan	Plan	Total
Section-A: Revenue							
9,142	Revenue receipts	9,308	8,292	Revenue expenditure	8,561	877	9,438
1,958	Tax revenue	2,242	3,429	General services	3,887	31	3,918
1,823	Non-tax revenue	1,756	2,876	Social services	2,898	434	3,332
794	Share of Union Taxes/ Duties	838	1,984	Economic services	1,772	412	2,184
4,567	Grants from Government of India	4,472	3	Grants-in-aid and Contributions	4	--	4
Section-B: Capital							
--	Misc. Capital Receipts	--	1,414	Capital Outlay	87	1,992	2,079
26	Recoveries of Loans and Advances	21	14	Loans and Advances disbursed	76	14	90
1,849	Public Debt receipts	2,249	936	Repayment of Public Debt	885	--	885
--	Contingency Fund	--	--	Contingency Fund	--	--	--
6,223	Public Account receipts	6,760	5,737	Public Account disbursements	5,690	--	5,690
(-) ²⁴	Opening Cash Balance	823	823	Closing Cash Balance			979
17,216	Total	19,161	17,216	Total			19,161

Following are the significant changes in receipts and expenditure/disbursements during 2008-09 over the previous year (2007-08):

- Revenue receipts grew by Rs 166 crore (1.8 per cent) over the previous year. The marginal increase was mainly contributed by tax revenue (Rs 284 crore) and Central tax transfers (Rs 44 crore) which was offset by a decrease under non-tax revenue (Rs 67 crore) and grants-in-aid from GOI (Rs 95 crore). The revenue receipts at Rs 9,308 crore is however, higher by Rs 2,283 crore than the assessment made by the State Government in its FCP^α (Rs 7,025 crore), but lower by Rs 90 crore than the assessment made in its MTFPS[#] (Rs 9,398 crore) for the year 2008-09.

^α Fiscal correction path.

[#] Medium term fiscal plan statement.

- Revenue expenditure and Capital expenditure increased by Rs 1,146 crore (14 per cent) and Rs 665 crore (47 per cent) respectively during 2008-09 over the previous year. The NPRE component increased by Rs 1,471 crore (21 per cent) while the PRE decreased by Rs 325 crore (27 per cent) in 2008-09 relative to the previous year.
- Recoveries of loans and advances decreased by Rs 5 crore while its disbursement increased by Rs 76 crore over the previous year.
- Public Debt receipts increased by Rs 400 crore while its repayments decreased by Rs 51 crore.
- Public Account receipts increased by Rs 537 crore and disbursements decreased by Rs 47 crore during 2008-09 over the previous year.
- The closing cash balance increased by Rs 156 crore (19 per cent) from Rs 823 crore (2007-08) to Rs 979 crore at the end of 2008-09.

The performance of the State during 2008-09 in terms of key fiscal targets set for selected variables laid down in HPFRBM Act, 2005 as well as projections made in FCP and MTFPS vis-à-vis achievements for 2008-09 are summarised in the Table-1.1A.

Table-1.1A

(Rupees in crore)

Fiscal forecasts	Projections in FRBM Act/ TFC	Projections made by State Government in		Actual	Percentage variation of actual over		
		MTFPS	FCP		TFC ¹	MTFPS	FCP
Own Tax Revenue	2,203	2301	1783	2242	*	2.56	*
Own Non Tax Revenue	592	1232	732	1756	*	*	*
NPRE	5507	8541	6088	8561	55	*	41
Capital Expenditure	--	1779	915	2079	--	17	127
Revenue Deficit (-) Surplus (+) as per cent of RRs	0.0 (By 2008-09)	(+) 0.74	(-) 6.19	(-) 1.40	1.40	2.14	7.59
Fiscal Deficit(-)/ Surplus (+) as per cent of GSDP	3.0 (By 2008-09)	5.37	4.09	(-) 6.17	9.17	11.54	10.26
Consolidated debt (including Guarantees) as per cent of GSDP	31 (By 2009-10)	63	78	65	34	2	*
Outstanding guarantees as percentage of the State's RRs of preceding financial year	80	23	70	25	*	*	*

* Targets were achieved.

Though the State has achieved targets for revenue and fiscal deficits as laid down in HPFRBM Act as well as in MTFPS, FCP and TFC in the year 2007-08 earlier than the timeline with revenue surplus of Rs 850 crore,

1 TFC: Twelfth Finance Commission.

however, in the current year (2008-09), revenue of the State has gone under deficit (Rs 130 crore) i.e. (-) 1.40 *per cent* of revenue receipts and fiscal deficit increased by Rs 1726 crore from Rs 552 crore in 2007-08 to Rs 2,278 crore in current year i.e. 6.17 *per cent* of GSDP which is much higher than the projections and a set back to the State that was heading towards achieving the target set forth in the HPFRBM Act. The consolidated debt as percentage of GSDP of the State at 65 per cent was much higher than the target set by the TFC upto 2009-10 which seems unlikely to be achieved. Non-plan revenue expenditure (NPRE) has increased by 55 and 41 *per cent* over the projections made in the TFC and FCP respectively.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters.

Chart 1.1: Selected Fiscal Parameters: Budget Estimates vis-a-vis Actuals

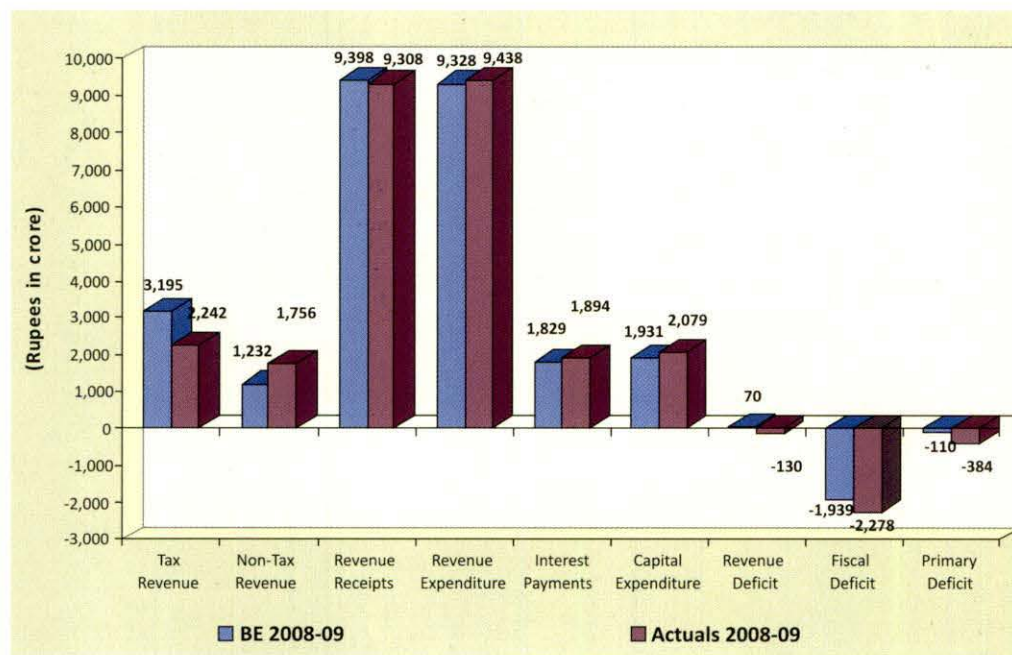


Chart 1.1 depicts that actual tax revenue fell short by Rs 953 crore (43 *per cent*) and revenue receipts by Rs 90 crore against the estimated budget. Revenue expenditure was Rs 9,438 crore during 2008-09 against the estimated Rs 9,328 crore (1.18 *per cent*). Against the estimation of revenue surplus of Rs 70 crore, there was deficit of Rs 130 crore during current year. Fiscal deficit and primary deficit were Rs 2,278 crore and Rs 384 crore against the estimated fiscal deficit and primary deficit of Rs 1,939 crore and Rs 110 crore respectively.

1.2 Resources of the State

1.2.1 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 Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union

taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. Table-1.1 presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while Chart 1.2 depicts the trends in various components of the receipts of the State during 2004-09. Chart 1.3 depicts the composition of resources of the State during the current year.

Chart 1.2: Trends in Receipts

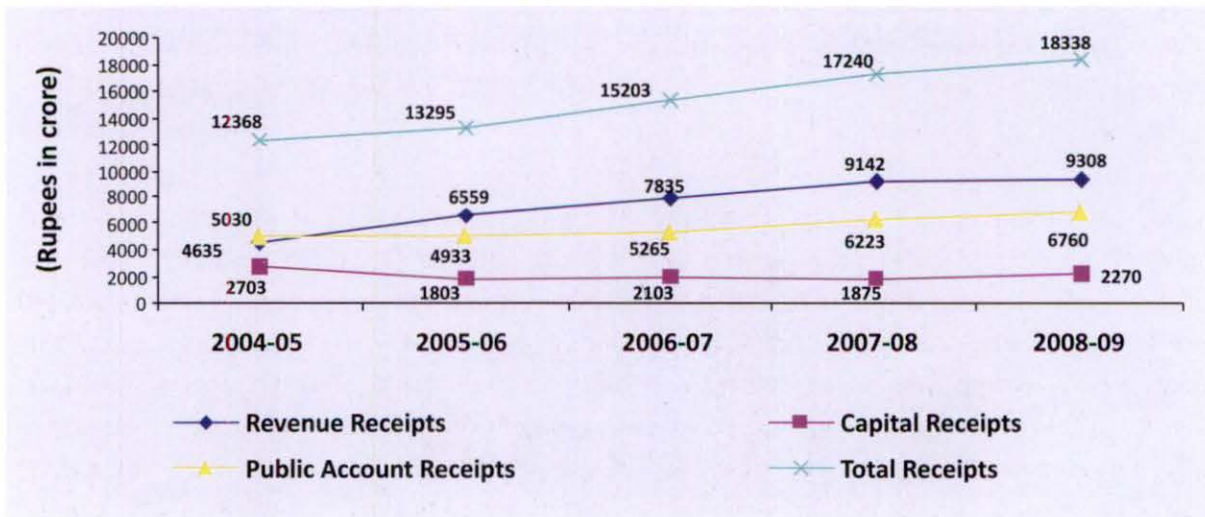
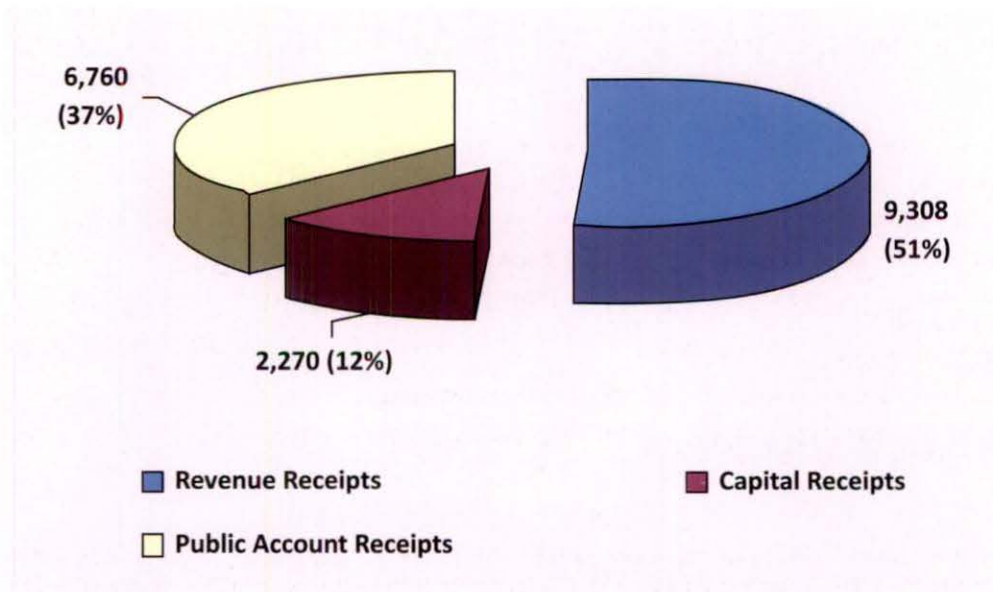


Chart 1.3: Composition of Receipts during 2008-09



The above charts show that the total receipts of the State Government increased by 6 per cent from Rs 17,240 crore to Rs 18,338 crore in 2008-09 over the previous year. Of which, 51 per cent (Rs 9,308 crore) came from revenue receipts, the balance 49 per cent from borrowings (12 per cent) and Public Account (37 per cent). The share of Revenue receipts in the total receipts of the State increased from 37 per cent in 2004-05 to 51 per cent in 2008-09. On the other hand, the Capital receipts (market borrowings and special securities issued to NSSF) together with Public account receipt ranged between 47 and 63 per cent of total receipts during 2004-09. Revenue receipts increased steadily by 101 per cent from Rs 4,635 crore in 2004-05 to Rs 9,308 crore in 2008-09, whereas the debt Capital receipts which create future repayment obligation displayed inter year fluctuation and decreased from Rs 2,703 crore (22 per cent of total receipts) in 2004-05 to Rs 2,270 crore (12 per cent of total receipts) in 2008-09. Except during 2005-06, Public account receipts increased steadily from Rs 5,030 crore in 2004-05 to Rs 6,760 crore in 2008-09 ranging between 35 and 41 per cent of total receipts.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budgets

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies² for the implementation of various schemes/programmes in social and economic sectors recognized as critical. As these funds are not routed through the State Budget/ State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are underestimated. During 2008-09, the Government of India has transferred an amount of Rs 977.66 crore directly to State Implementing Agencies (detailed in *Appendix-1.5*). This data is yet to be verified by the Implementing Agencies. Significant amounts given to the major programme/ scheme are presented in Table-1.2.

Table-1.2: Funds Transferred Directly to State Implementing Agencies

(Rupees in crore)

Sl. No.	Name of the Programme/ Scheme	Name of the Implementing Agency in the State	Total fund released by the Government of India during 2008-09
1.	Sarva Siksha Abhiyan (SSA)	Mission Director, SSA	85.53
2.	Ayush and Public Health	Department of Indian System of Medicines and Homeopathy	26.31
3.	National Rural Health Mission (NRHM)	Mission Director, NRHM	57.79
4.	National Rural Employment Guarantee Scheme (NREGA)	Project Director, District Rural Development Agency	411.15
5.	Indira Awas Yojana (IAY)	Project Director, District Rural Development Agency	21.91
6.	Swaran Jayanti Gram Swarojgar Yojana (SGSY)	Project Director, District Rural Development Agency	13.67

² State Implementing Agency includes any Organization/Institution including Non-Governmental Organization which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.

7.	DRDA Administration	Project Director, District Rural Development Agency	5.72
8.	Members of Parliament Local Area Development Scheme (MPLADS)	Deputy Commissioners	14.00
9.	Accelerated Rural Water Supply Programme (ARWSP)	Engineer-in-Chief	14.82
10.	National E-Governance Action Plan (NEGAP)	Government of Himachal Pradesh	88.94
11.	National Institute Of Technology NIT	NIT, Hamirpur	25.66
12.	Package For Special Category State Other Than North East	Himachal Pradesh State Industrial Development Corporation	65.23
13.	National Afforestation Programme	Forest Development Agency	7.83
14.	Rashtriya Gram Swaraj Yojana	Panchayati Raj Training Institute Mashobra Shimla	7.54
15.	Pradhan Mantri Gram Sadak Yojana	Engineer-in-Chief	33.58
16.	Integrated Watershed Management Program DPAP/DDP/IWDP/DLR	Project Director, District Rural Development Agency	39.03
		Total	918.71

Source: CPSMS of CGA's website.

Table 1.2 shows that an amount of Rs 411.15 crore (42 per cent of the total funds transferred) was given for National Rural Employment Guarantee Programme, Rs 85.53 crore (9 per cent) for Sarva Siksha Abhiyan and Rs 88.94 crore (9 per cent) for National E-Governance Action Plan (NEGAP). Thus, with the transfer of Rs 977.66 crore during 2008-09 by GOI to the State Implementing Agencies, the total availability of State resources increased from Rs 18,338 crore to Rs 19,316 crore.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in Appendix 1.3 and also depicted in Chart 1.4 and 1.5 respectively.

Chart 1.4: Trends in Revenue Receipts

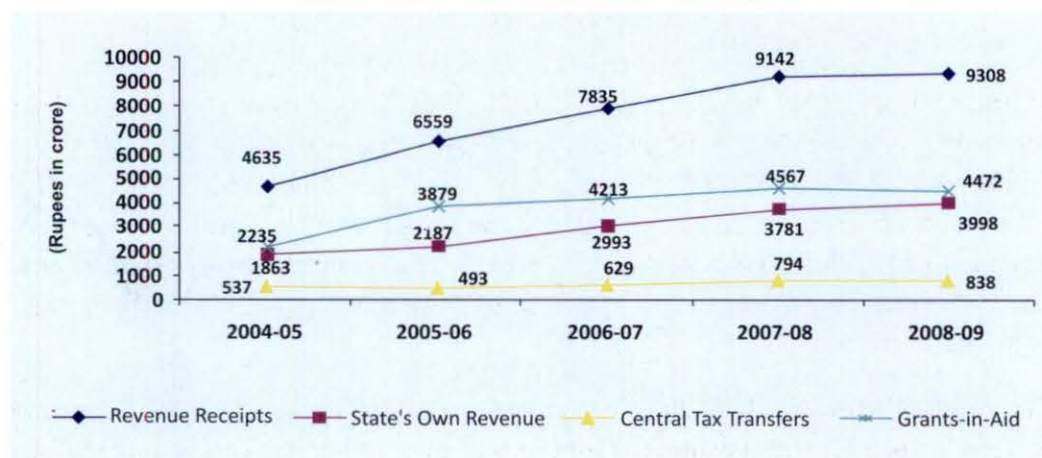
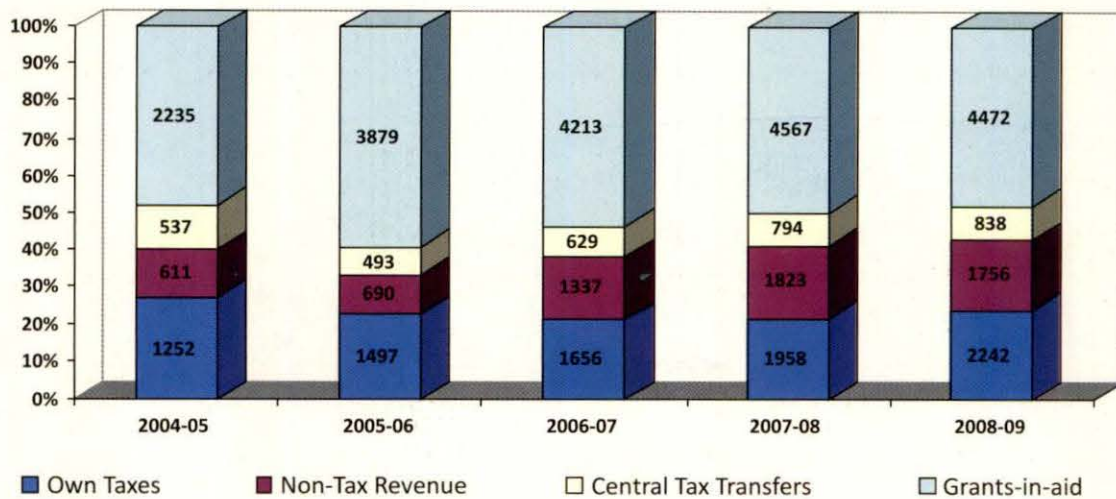


Chart 1.5: The Composition of Revenue Receipts during 2004-09



Although Revenue receipts steadily increased from Rs 4,635 crore in 2004-05 to Rs 9,142 crore in 2007-08 at an annual average rate of 24 per cent, during 2008-09, it recorded only an increase of 1.8 per cent over the previous year. The share of non-tax revenue and grants-in-aid from GOI exhibited decrease of 4 per cent and 2 per cent respectively over the previous year. While 43 per cent of the revenue receipts during 2008-09 have come from the State's own resources comprising taxes and non-taxes, the remaining 57 per cent were contributed by Central transfers comprising the State's share in Central taxes and duties (9 per cent) and grants-in-aid from GOI (48 per cent).

Tax revenue: The percentage of tax revenue to total revenue receipts ranged between 21 and 27 per cent during 2004-09. Tax revenue has increased by 15 per cent from Rs 1,958 crore in 2007-08 to Rs 2,242 crore during 2008-09. The increase in tax revenue during 2008-09 over the previous year was mainly due to increase in Sales tax (Rs 154 crore), State Excise (Rs 43 crore). Sales tax contributed a major share (56 per cent) of the tax revenue. Although the value added tax (VAT) had enhanced the buoyancy of sales tax revenue and generated higher collection but the target which was projected in the budget estimate was not achieved.

Non-tax revenue: The non-tax revenue of the State constituted 19 per cent of total revenue receipts but recorded a decrease of Rs 67 crore (4 per cent) over the previous year. It is observed that 81 per cent of the non-tax revenue was received from economic services and within this category, power sector alone contributed 88 per cent (Rs 1,255 crore) during the current year. This year revenue from power sector was less by Rs 159 crore due to less generation of electricity due to shortage of water and failure of machinery. The interest receipts increased during 2008-09 due to release of dividend by Satluj Jal Vidyut Nigam (Rs 89 crore).

Central Tax transfers: Central tax transfers increased by Rs 44 crore from Rs 794 crore in 2007-08 to Rs 838 crore in 2008-09 and constituted 9 per cent of the revenue receipts during the year. The

increase was mainly due to increase in Corporation tax (Rs 22.76 crore), Service tax (Rs 11.70 crore), and Customs (Rs 10.09 crore).

Grants-in-aid: Grants-in-aid from the GOI decreased by Rs 95 crore from Rs 4,567 crore in 2007-08 to Rs 4,472 crore in 2008-09 mainly due to less receipt of Revenue Deficit grants and also less receipt of Annual Central Assistance (ACA) for Externally Aided Projects.

The trends in revenue receipts relative to GSDP are presented in Table 1.3 below:

Table-1.3: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	4,635	6,559	7,835	9,142	9,308
Rate of growth of RR (per cent)	16.43	41.51	19.45	16.68	1.82
R R/GSDP (per cent)	20.09	25.75	27.63	28.59	25.20
Buoyancy Ratios³					
Revenue Buoyancy w.r.t GSDP	1.451	3.980	1.717	1.308	0.117
State's Own Tax Buoyancy w.r.t GSDP	2.45	1.87	0.94	1.43	0.93

Revenue receipts of the State grew by only 1.8 *per cent* during 2008-09 over the previous year (16.7 *per cent*) due to decrease in non-tax revenue and grants received from GOI. Besides this, buoyancy ratio of revenue and State's own taxes with reference to GSDP also decreased from 1.3 to 0.1 and from 1.4 to 0.9 respectively during 2008-09 over the previous year. For every one *per cent* increase in GSDP, revenue increased only by 0.1 *per cent* and State's own taxes increased by 0.93 *per cent*, indicating that tax efforts need to be stepped up in the State.

1.3.1 State's Own Resources

As the State's share in central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of central tax receipts and central assistance for plan schemes etc, the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

Tax Revenue

Tax revenue of the State increased from Rs 1,252 crore in 2004-05 to Rs 2,242 crore in 2008-09 at an annual average rate of 23 *per cent*. The major contributors in the State's own tax during 2008-09 are taxes on Sales, Trades, etc: Rs 1,246 crore (56 *per cent* of tax revenue), State Excise: Rs 432 crore (19 *per cent* of tax revenue), taxes on Vehicles: Rs 136 crore (six *per cent* of tax revenue), Stamps and Registration fees: Rs 98 crore (four *per cent* of tax revenue) and taxes on goods and passengers:

³ 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 per cent.

Rs 62 crore (three *per cent* of tax revenue). Collection of Sales tax, trade etc., has increased by Rs 154 crore in 2008-09 over the previous year, mainly due to more receipt under VAT, sale of liquor and sale of land.

Non-tax revenue

Non-tax revenue on the other hand shown consistent increase from Rs 611 crore in 2004-05 to Rs 1,823 crore in 2007-08 at an annual average rate of 15 *per cent* but decreased during 2008-09 to Rs 1,756 crore by four *per cent* over the previous year. The major contributors in State's non-tax revenue during 2008-09 are power sector: Rs 1,255 crore (72 *per cent* of non-tax revenue), interest receipts, dividends and profits: Rs 167 crore (10 *per cent* of non-tax revenue). This decrease in non-tax revenue was mainly due to less receipt under Power Sector.

The performance of State in regard to the mobilization of its own resources vis-à-vis assessment made by the TFC and the State Government in its FCP and MTFPS for 2008-09 was as under:

Table-1.4

(Rupees in crore)

Parameters	Assessment made by TFC	FCP	MTFPS	Actual
Tax Revenue	2,203	1,783	2,301	2,242
Non-Tax Revenue	592	732	1,232	1,756

The actual realisation of State's own taxes was less by 3 *per cent* (Rs 2,301 crore) and non-tax revenue receipts was higher by 43 *per cent* (Rs 1,232 crore) than the projection made in MTFPS by the State Government for 2008-09. The State's own tax revenue was higher by 2 and 26 *per cent* and the non-tax revenue by 197 and 140 *per cent* over the normative assessments made by the TFC (Rs 2,203 crore and Rs 592 crore) and FCP (Rs 1,783 crore and Rs 732 crore) respectively.

Current level of cost recovery: The current levels of cost recovery (revenue receipts as a percentage of revenue expenditure) in supply of goods and services by Government are 1.71 *per cent* in 2008-09 as compared to 1.56 *per cent* in 2005-06 for Health and Family Welfare, 0.33 *per cent* in 2008-09 as compared to 0.64 *per cent* in 2005-06 for Minor Irrigation, 0.62 *per cent* in 2008-09 as compared to 7.54 *per cent* in 2005-06 for Secondary Education, 4.62 *per cent* in 2008-09 as compared to 3.83 *per cent* in 2005-06 for University and Higher Education, 1196.29 *per cent* in 2008-09 as compared to 208.38 *per cent* in 2005-06 for power and 0.18 *per cent* in 2008-09 as compared to 0.03 *per cent* in 2005-06 for road transport.

1.3.2 Loss of Revenue due to Evasion of Taxes, Write off/Waivers and Refunds

Evasion of taxes: The details of cases of evasion of tax in the Excise and Taxation Department during 2008-09 are mentioned below:

Sr. No.	Head of revenue	Cases pending as on 31 March 2008	Cases detected during 2008-09	Total cases	Cases in which assessments/ investigations completed and additional demand including penalty etc. raised		Number of cases pending as on 31 March 2009
					Number of cases	Amount of demand (Rupees in lakh)	
1.	Taxes on sales, trade etc.	50	5,812	5,862	5,765	391.27	97
2.	State excise	4	384	388	388	7.51	--
3.	Passengers and goods tax	300	2,184	2,484	2,210	58.39	274
4.	Other taxes and duties on commodities and services	7	593	600	592	23.29	8
Total		361	8,973	9,334	8,955	480.46	379

Source: Audit Report (Revenue-Receipts) 2008-09

Refunds: The number of refund cases pending at the beginning of the year 2008-09, claims received, refunds allowed during the year in the Excise and Taxation Department are mentioned as under:

Sr. No.	Particulars	Sales tax		State Excise	
		Number of cases	Amount (Rupees in crore)	Number of cases	Amount (Rupees in crore)
1.	Claims outstanding at the beginning of the year	29	0.74	--	--
2.	Claims received during the year	20	0.77	33	0.40
3.	Refunds made during the year	26	0.90	33	0.40
4.	Balance outstanding at the end of the year	23	0.61	--	--

Source: Audit Report (Revenue-Receipts) 2008-09

1.3.3 Revenue arrears

The arrears of revenue increased by Rs 171.60 crore from Rs 397 crore in 2005-06 to Rs 568.60 crore at the end of 2008-09. Of these, Rs 159.39 crore was outstanding for a period of more than five years. The arrears of revenue increased by Rs 56.17 crore from Rs 512.43 crore in 2007-08 to Rs 568.60 crore in 2008-09. Arrears were mainly in respect of taxes on duties on electricity (Rs 120.38 crore), taxes on sales, trade/VAT, etc. (Rs 120.38 crore), taxes on vehicles (Rs 109.10 crore), Water supply, sanitation and minor irrigation (Rs 64.59 crore), forestry and wildlife (Rs 61.57 crore), taxes on goods and passengers (Rs 13.21 crore), Police (Rs 10.67 crore), State excise (Rs 7.87 crore), Industries (Rs 5.78 crore).

1.4 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is therefore important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

1.4.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2004-09) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in Charts 1.7 and 1.8.

Chart 1.6: Total Expenditure : Trends and Composition



Statement-12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs 6,471 crore in 2004-05 to Rs 11,607 crore in 2008-09 at an annual average rate of 14 *per cent* and increased by 19 *per cent* (Rs 1,887 crore) in 2008-09 over the previous year. Of this, revenue expenditure increased from Rs 5,793 crore in 2004-05 to Rs 9,438 crore in 2008-09 at an annual average rate of 11 *per cent*.

Of the Revenue expenditure, non-plan revenue expenditure (NPRE) increased from Rs 4,815 crore in 2004-05 to Rs 8,561 crore in 2008-09 at an annual average rate of 13 *per cent* and the Plan revenue expenditure showed inter year fluctuation and decreased from Rs 1,202 crore in 2007-08 to Rs 877 crore in 2008-09. Capital expenditure increased from Rs 654 crore in 2004-05 to Rs 2,079 crore in 2008-09 at an annual average rate of 24 *per cent* and increased by 47 *per cent* in 2008-09 over the previous year.

The break up of total expenditure during 2008-09 in terms of Plan and Non-Plan expenditure reveals that Non-Plan expenditure contributed a dominant share of Rs 8,724 crore (75 *per cent*) while the remaining Rs 2,883 crore (25 *per cent*) was in the form of plan expenditure. The increase of Rs 1,887 crore in total expenditure during 2008-09 over the previous year was due to increase in revenue expenditure by Rs 1,146 crore; capital expenditure by Rs 665 crore and disbursements of loans and advances by Rs 76 crore.

The increase in revenue expenditure during 2008-09 over the previous year was mainly due to expenditure on Education, Sports, Art and Culture (Rs 1,722.18 crore), Water Supply, Sanitation, Housing and Urban Development (Rs 582 crore), Health and Family Welfare (Rs 482.46 crore), Social Welfare and Nutrition (Rs 434.60 crore), Welfare of Scheduled Castes, Scheduled Tribes & Other Backward Classes (Rs 49.82 crore), Labour and Labour Welfare (Rs 36.36 crore) in Social sector and Agriculture and Allied activities (Rs 823.18 crore), Transport (Rs 715.02 crore), Rural Development (Rs 250.10 crore), Irrigation and Flood Control (Rs 201.28 crore) in Economic Sector.

Though no specific norms for prioritisation of capital expenditure have been laid down in FRBM Act, the increase was due to expenditure on Water Supply and Sanitation, Housing and Urban Development (Rs 427.60 crore), General Education (Rs 262.82 crore) in Social sector and Transport (Rs 517 crore), Irrigation and Flood Control (Rs 230.40 crore) and Power Projects (Rs 299.25 crore) in Economic sector were the beneficiary sectors where capital expenditure was made. Loans and advances constituted Rs 90 crore (0.78 *per cent* of the total expenditure) and increased by Rs 76 crore over the previous year due to loans advanced to Power Projects (Rs 75 crore).

1.4.2 Trends in Total Expenditure by activities

In terms of activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. The relative share of these components in total expenditure is indicated in Table-1.5.

Table-1.5: Components of Expenditure – Relative Share

	2004-05	2005-06	2006-07	2007-08	2008-09
Total Expenditure (In crore)	6,471	7,301	8,780	9,720	11,607
Revenue Expenditure (In crore)	5,793 (89.52)	6,466 (88.56)	7,644 (87.06)	8,292 (85.31)	9,438 (81.31)
Capital Expenditure (In crore)	654 (10.11)	821 (11.25)	1,110 (12.64)	1,414 (14.55)	2,079 (17.91)

(In per cent)

Loans and Advances (In crore)	24 (0.37)	14 (0.19)	26 (0.30)	14 (0.14)	90 (0.78)
General Services	42.54	39.31	38.28	35.88	34.31
Of which, Interest payments	25.36	21.41	19.01	17.52	16.32
Social Services	34.31	36.68	35.99	35.62	35.88
Economic Services	22.73	23.74	25.40	28.32	29.00
Grants-in-aid	0.05	0.08	0.03	0.03	0.03

Chart 1.7: Total Expenditure: Trends in Share of its Components

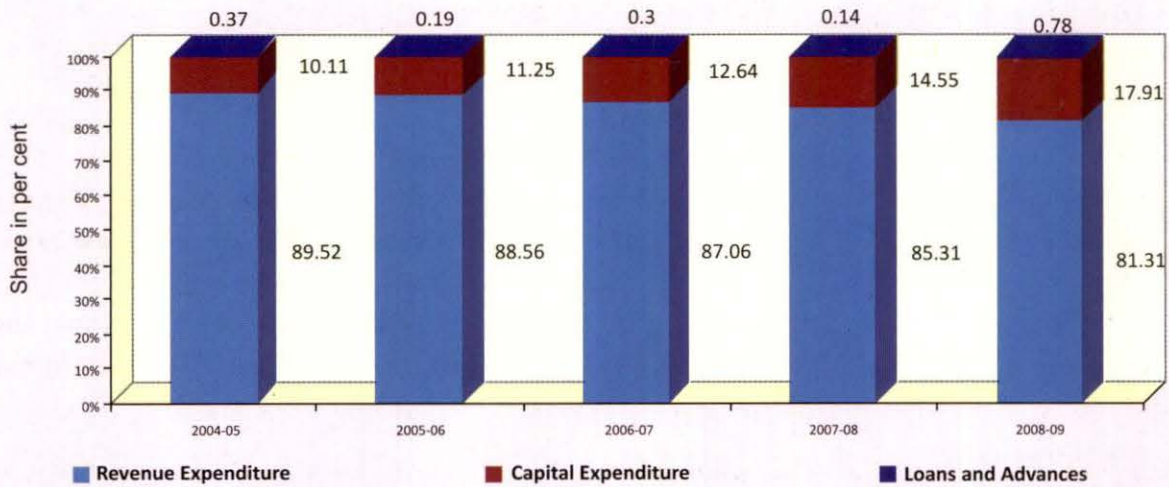
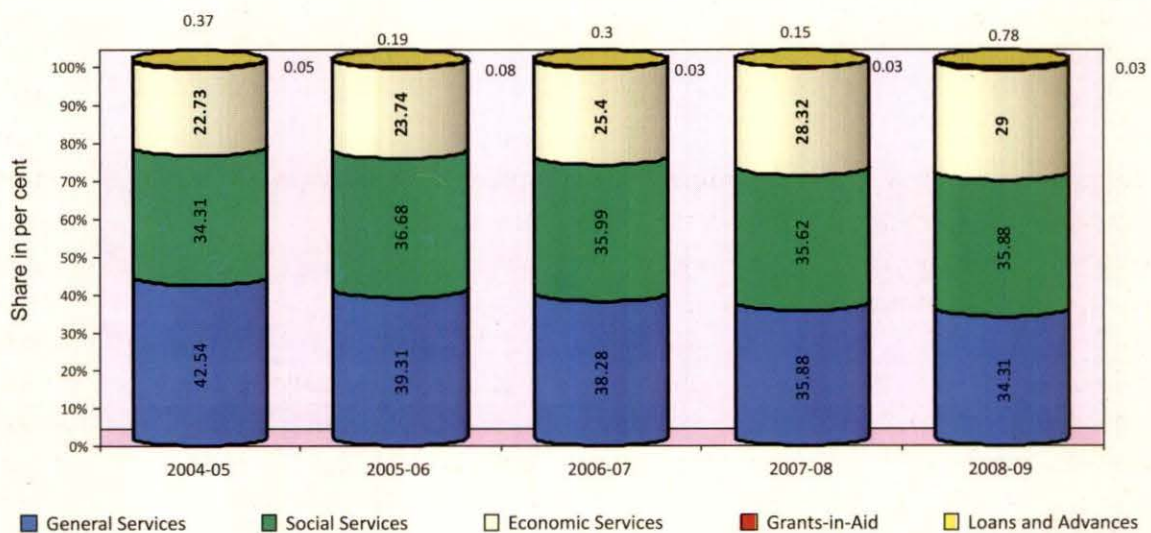


Chart 1.8: Total Expenditure: Trends by 'Activities'



The movement of relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. But expenditure on General Services (including interest payments) which is considered as non-developmental, together consistently decreased from 42.54 per cent in 2004-05 to 34.31 per cent in 2008-09. On the other hand, developmental expenditure i.e. on Social and Economic Services together accounted for 65 per cent in 2008-09 as against 64 per cent in 2007-08. The marginal increase in share of Economic Services and Social Services was mainly on account of increase in expenditure on General Education (Rs 233 crore), Transport (Rs 56 crore), Agriculture and Allied Activities (Rs 192 crore) and Roads and Bridges (Rs 49 crore). This indicates that there was decrease in non-developmental expenditure and increase in developmental expenditure in comparison to the previous year.

1.4.3 Incidence of Revenue Expenditure

Revenue expenditure had the predominant share in the total expenditure. It is incurred to maintain the current level of services and payments, for the past obligations, and, as such, does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in Table-1.6.

Table-1.6: Revenue Expenditure: Basic Parameters

(Rupees in crore)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-09
Revenue Expenditure (RE)	5,793	6,466	7,644	8,292	9,438
Rate of Growth (per cent) RE	3.67	11.62	18.22	8.48	13.82
Non-Plan Revenue Expenditure (NPRE)	4,815	5,284	6,319	7,090	8,561
Rate of Growth (per cent) NPRE	1.41	9.74	19.59	12.20	20.75
Plan Revenue Expenditure (PRE)	978	1,182	1,325	1,202	877
Rate of Growth (per cent) PRE	16.43	20.86	12.10	(-) 9.28	(-) 27.04
NPRE/GSDP (per cent)	20.87	20.75	22.28	22.17	23.17
RE/TE ⁴ (per cent)	89.86	88.73	87.32	85.43	81.95
NPRE as per cent of TE	74.41	72.37	71.97	72.94	74.33
NPRE as per cent of RR	103.88	80.56	80.65	77.55	91.97
Percentage of NPRE to RE	83.12	81.72	82.67	85.50	90.70
PRE to RE	16.88	18.28	17.33	14.50	9.30
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.32	1.11	1.61	0.67	0.89
RRs (ratio)	0.22	0.28	0.94	0.51	7.59
NPRE (ratio)	2.60	1.19	0.93	0.70	0.67
PRE (ratio)	0.22	0.56	1.51	(-) 0.91	(-) 0.51

⁴ Total expenditure excludes loan and advances.

The revenue expenditure increased by 14 *per cent* from Rs 8,292 crore in 2007-08 to Rs 9,438 crore in 2008-09. The NPRE has shown a consistent increase at an average rate of 12.7 *per cent* over the periods 2004-09 and continued to share a dominant proportion varying in the range of 82-91 *per cent* of the revenue expenditure. The increase in NPRE by Rs 1,471 crore during the current year was mainly due to increase in Education (Rs 267 crore), Interest payments (Rs 191 crore), pension (Rs 205 crore), salaries and wages (Rs 363 crore) and assistance to Local Bodies (Rs 115 crore).

The ratio of NPRE to GSDP increased from 20.87 *per cent* to 23.17 *per cent* during 2004-09. The buoyancy of revenue expenditure to NPRE decreased from 2.6 *per cent* in 2004-05 to 0.67 *per cent* in 2008-09, while with reference to Revenue Receipts it increased from 0.51 in 2007-08 to 7.59 in 2008-09. In other words, in 2008-09 for every one *per cent* increase in Revenue receipt, NPRE increased by 7.59 *per cent*. The NPRE not only exceeded the assessment made by the State Government in FCP (Rs 6,088 crore) and MTFPS (Rs 8,541 crore), but also exceeded the normative assessment made by TFC (Rs 5,507 crore) by Rs 3,054 crore (55 *per cent*) for 2008-09.

The plan revenue expenditure (PRE) on the other hand has displayed fluctuations varying from 16.43 *per cent* in 2004-05 to an increase of 20.86 *per cent* in 2005-06, which turned negative (9.28 *per cent*) in 2007-08 and consistently decreased to (-) 27.04 *per cent* during 2008-09. The PRE decreased by Rs 325 crore during 2008-09 mainly on account of fall in expenditure under Tribal Area Sub plan, water supply programmes and assistance given to Planning Board.

1.4.4 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. Table 1.7 and Chart 1.9 present the trends in the expenditure on these components during 2004-09 and 2006-09 respectively.

Table-1.7: Components of Committed Expenditure

(Rupees in crore)

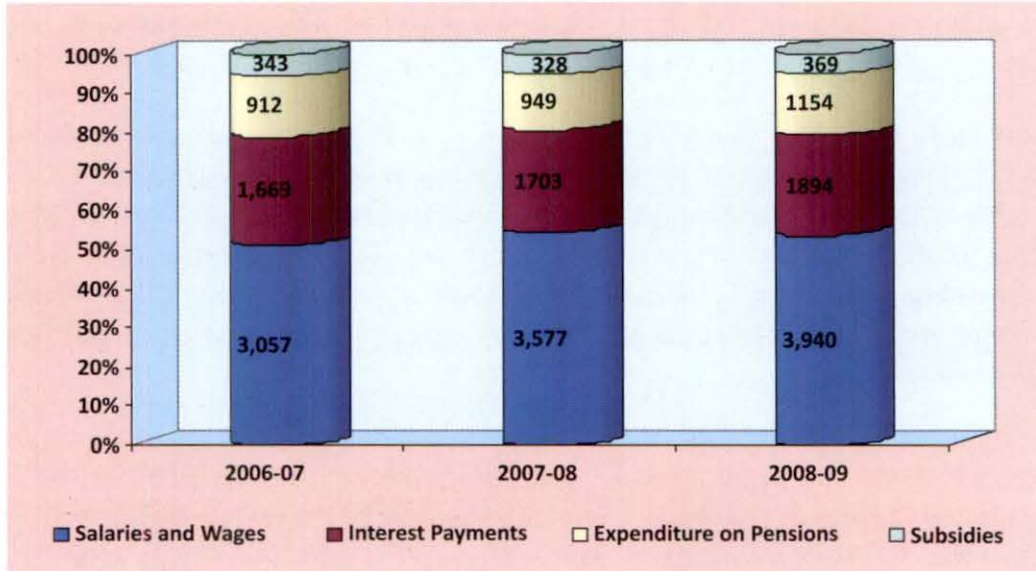
Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Salaries & Wages , Of which	2,204 (48)	2,515 (38)	3,057 (39)	3,577 (39)	3,505	3,940 (42)
Non-Plan Head	Not available	2,115 (32)	2,577 (33)	3,173 (35)	N.A.	3,813 (41)
Plan Head*		400 (6)	480 (6)	404 (4)	N.A.	127 (1)
Interest Payments	1641 (35)	1,563 (24)	1,669 (21)	1,703 (17)	1,834	1,894 (20)
Expenditure on Pensions	591 (13)	670 (10)	912 (12)	949 (10)	1,206	1,154 (12)
Subsidies	159 (3)	142 (2)	343 (4)	328 (4)	328	369 (4)
Total	4,595	4,890	5,981	6,557		7,357

Source: Accountant General (A&E) office

Figures in the parentheses indicate percentage to Revenue Receipts.

*Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes.

**Chart 1.9: Share of Committed Expenditure in Non-Plan Revenue Expenditure during 2006-09
(Value in labels in Rupees crore)**



The expenditure on salaries and wages alone accounted for more than 42 *per cent* of revenue receipts of the State during 2008-09. It increased by about 10 *per cent* from Rs 3,577 crore in 2007-08 to Rs 3,940 crore in 2008-09. Salary expenditure under Non-plan head during 2008-09 increased by Rs 640 crore (20 *per cent*) over the previous year whereas the salary expenditure on plan head decreased by Rs 277 crore (68.56 *per cent*) over the previous year. Non-plan salary expenditure ranged between 84.10 and 96.78 *per cent* of total expenditure during 2005-09. The increase in non-plan salary expenditure was stated to be due to release of installments of dearness allowances and interim relief on the pattern of Central Government Pay Commission, enhancement in the rate of daily wages and transfer of committed liabilities under Plan schemes to Non-plan side. The salary expenditure during the current year exceeded the projections made in MTFPS (Rs 3,345 crore) and the Fiscal Correction Path (Rs 2,627 crore). *The salary expenditure is 62 per cent of revenue expenditure net of interest and pension payments, which is much higher than the norm of 35 per cent recommended by the TFC requiring attention of the State Government.*

- **Pension Payments**

The expenditure on pension payments increased by 95 *per cent* from Rs 591 crore in 2004-05 to Rs 1,154 crore in 2008-09 and by Rs 205 crore during the current year, recording a growth rate of 22 *per cent* over the previous year. Pension payments accounted for nearly 12 *per cent* of revenue receipts of the State during 2008-09. The actual expenditure on Pension Payments for the current year exceeded the projections made in the TFC (Rs 968 crore) and FCP (Rs 814 crore) but was less than the projection made in the MTFPS (Rs 1,206 crore).

The State Government introduced Contributory Pension Scheme for employees recruited on or after May 2003 to mitigate the impact of rising pension liabilities in future.

● Interest Payments

The interest payments increased by 21 *per cent* from Rs 1,563 crore in 2005-06 to Rs 1,894 crore in 2008-09 and by Rs 191 crore during the current year, recording a growth rate of 11 *per cent* over the previous year. The major source of borrowings is market loans at interest rates varying from 7.74 to 8.82 *per cent*. The increase of 11 *per cent* over the previous year in interest payments was mainly due to payment of interest on special GOI securities issued against net collection of small savings, insurance, pension fund, etc. Interest payments exceeded the TFC projections (Rs 1,645 crore) as well as the projections made by the State Government in MTFPS (Rs 1,834 crore) and FCP (Rs 1,838 crore) for the year 2008-09. *The interest payments relative to revenue receipts stands at 20 per cent was higher than the norms of 15 per cent as recommended by TFC to be achieved during the award period.*

● Subsidies

The State Government has been paying subsidies to various institutions/bodies/Corporations, etc. The subsidies increased by 132 *per cent* from Rs 159 crore in 2004-05 to Rs 369 crore in 2008-09 and by 12.5 *per cent* over the previous year and constituted about 4 *per cent* and 3.18 *per cent* of the revenue receipts and total expenditure respectively. The major components of subsidies were food items (Rs 140 crore); transport (Rs 48 crore) and electricity (Rs 102 crore). The power subsidy at Rs 369 crore in 2008-09 was higher than the projections made both in FCP (Rs 94 crore) and MTFPS (Rs 140 crore).

1.4.5 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in Table-1.8.

Table-1.8: Financial Assistance to Local Bodies etc.

(Rupees in crore)

Financial Assistance to Institutions	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	94.58	103.24	132.81	117.50	176.49	203.49
Municipal Corporation and Municipalities	19.50	28.83	32.68	46.74	70.66	82.46
Zilla Parishads and other Panchayati Raj Institutions	48.82	63.28	70.08	100.58	134.13	188.45
Development Agencies	77.47	52.62	112.10	93.44	37.74	44.45
Hospitals and other charitable Institutions	0.21	0.06	0.40	0.12	0.10	4.85
Other Institutions ⁵	32.83	27.50	31.56	41.11	47.65	58.55
Total	273.41	275.53	379.63	399.49	466.77	582.25
Assistance as per percentage of Revenue Expenditure	4.89	4.76	5.87	5.23	5.63	6.17

Source: Accountant General (A&E) office

⁵ Other institutions include those institutions, which received *ad hoc* or one time grants during the year.

The grants extended to local bodies and other institutions consistently showed an increasing trend over the years 2004-09. It increased by Rs 115 crore (25 per cent) during current year over the previous year. The share of grants in revenue expenditure indicated inter-year variations ranging between 4.76 per cent and 6.17 per cent during the period 2004-09. Another important trend emerging from Table-1.8 is that the share of other institutions has consistently increased from Rs 27.50 crore in 2004-05 to Rs 58.55 crore in 2008-09 indicating that huge financial assistance is being given on *ad hoc* basis to various State Government institutions. The sharp increase under different components during 2008-09 was mainly due to release of more grant to Municipal Corporation/Municipalities (Rs 11.80 crore), to Educational Institutions (Rs 27 crore) and to Zilla Parishads and Panchayati Raj Institutions (Rs 54.32 crore).

1.5 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the 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 the effectiveness (assessment of outlay-outcome relationships for select services).

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like, education and health etc. The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while the low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average even after having a fiscal priority that is more than or equal to the national average. Table 1.9 analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table-1.9: Fiscal Priority and Fiscal capacity of the State during 2008-09

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Himachal Pradesh' Average (Ratio) 2005-06	32.61	60.61	36.68	11.25
All States/National Average* (Ratio) 2008-09	19.16	67.68	33.90	16.87
Himachal Pradesh' Average (Ratio) 2008-09	31.42	65.56	35.88	17.91
Fiscal Capacity of the State	DE	SSE	CE	
All States' Average Per capita expenditure (Amount in Rs) 2005-06	3,010	1,490	692	
Himachal Pradesh' Per Capita Expenditure (Amount in Rs) in 2005-06	6,914	4,184	1,283	

Adjusted Per Capita** Expenditure (Amount in Rs) in 2005-06	7,009	NR	1,612
All States' Average Per Capita Expenditure (Amount in Rs) 2008-09	5,030	2,520	1,254
Himachal Pradesh' Per Capita Expenditure (Amount in Rs) in 2008-09	11,530	6,311	3,150
Adjusted Per Capita** Expenditure (Amount in Rs) in 2008-09	11,902	NR	NR

*As per cent to GSDP

**Calculated as per the methodology explained in the Appendix 1.2

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

Population of Himachal Pradesh: 0.64 crore in 2005-06 and 0.66 crore in 2008-09.

Development expenditure includes Developmental Revenue Expenditure, Developmental Capital Expenditure and Loans and Advances disbursed

Source: (1) for GSDP, the information was collected from the State's Directorate of Economics and Statistics (2) Population figures were taken from Projection 2001-2026 of the Registrar, General and Census Commissioner, India (Website: <http://www.censusindia.gov.in>) Population= Average of Projected population for 2005 and 2006.

NR= No adjustment required since the State is giving adequate fiscal priority. Data for Arunachal Pradesh has not been included.

In Table 1.9, we are comparing the fiscal priority given to different categories of expenditure and fiscal capacity of Himachal Pradesh in 2005-06 (the first year of the Award period of the TFC) and the current year 2008-09. In 2005-06, the Himachal Government gave adequate fiscal priority to AE and SSE since AE/GSDP and SSE/AE ratios in the case of Himachal was higher than the States/National Average. However, the fiscal priority given to DE and CE was lower than the all States Average in 2005-06. In the current year also the priority given to DE was lower than the all States Average. However, adequate priority for all such categories of expenditure compared to the national average showed a marked improvement in the priority given to CE.

Since Himachal is a special category State, with a relatively small population base, the per capita expenditure of DE, SSE and CE in 2005-06 as well as 2008-09, was higher than the national average. Had the State Government spent as much as the national average for DE and CE in 2005-06 and for DE in 2008-09, the per capita expenditure would have been even higher as indicated by the adjusted per capita expenditure figures, using the methodology explained in Appendix-1.2.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods⁶.

⁶ *Core public goods* are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

Apart from improving the allocation towards development expenditure⁷, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While Table 1.10 presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years, Table 1.11 provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table-1.10: Development Expenditure

(Rupees in crore)

Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Development Expenditure (a to c)	3,708 (57)	4,414 (60)	5,403 (61)	6,219 (64)	7,175	7,610 (66)
Development Revenue Expenditure	3,067 (47)	3,642 (50)	4,341 (49)	4,860 (50)	5,303	5,516 (48)
Development Capital Expenditure	624 (10)	769 (11)	1,049 (12)	1,355 (14)	1,872	2,015 (17)
Development Loans and Advances	17 (0.26)	3 (0.04)	13 (0.15)	4 (0.04)	--	79 (0.7)

Figures in parentheses indicate percentage to aggregate expenditure

The allocation to development expenditure, the share of revenue expenditure shows inter-year variations during the period 2004-09 at an average rate of 48.8 per cent. Capital expenditure consistently increased from 10 per cent in 2004-05 to 17 per cent in 2008-09 and by three percentage points over the previous year. Thus, the overall allocation to development expenditure increased by 105 per cent from Rs 3,708 crore in 2004-05 to Rs 7,610 crore during 2008-09 and Rs 1,391 crore (22 per cent) during 2008-09 over the previous year indicating Government's commitment to improve social and economic well being of the society.

⁷ The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Table- 1.11: Efficiency of expenditure use in selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2007-08			2008-09		
	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
Social Services (SS)						
General Education	7.86	85.75	--	13.46	82.91	--
Health and Family Welfare	6.98	81.56	0.06	14.18	83.52	0.30
WS, Sanitation, & Housing and Urban Development	41.02	42.95	57.20	42.35	42.82	64.39
Total (SS)	18.18	75.27	32.08	21.85	74.55	35.34
Economic Services (ES)						
Agriculture & Allied Activities	5.93	50.57	0.65	4.50	47.37	0.60
Irrigation and Flood Control	53.34	73.66	53.58	53.37	70.22	58.34
Power & Energy	42.88	1.05	--	73.48	1.45	--
Transport	36.28	76.62	52.97	41.96	67.31	62.29
Total (ES)	31.51	58.34	30.69	37.01	54.89	32.64
Total (SS+ES)	24.13	68.45	31.25	28.74	67.20	33.66

Source: VLC and Finance Accounts

TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance

Table 1.11 depicts the various component-wise percentages of Revenue and Capital expenditure, percentage of expenditure on salary and wages and operation and maintenance cost in relation to revenue expenditure in Social and Economic Services for the year 2007-08 and 2008-09.

Though no specific norms for prioritisation of capital expenditure have been laid down in FRBM Act, the capital expenditure both in Social and Economic sectors of the above mentioned services increased by 4.61 per cent from 24.13 per cent in 2007-08 to 28.74 per cent in 2008-09.

The Capital expenditure as a percentage of total expenditure in Social sector increased from 18.18 to 21.85 per cent during 2008-09 over the previous year. In the case of General Education, ratio of Capital expenditure to total expenditure increased by 5.6 per cent, in Health and Family Welfare by 7.2 per cent and in Water Supply, Sanitation & Housing and Urban Development sector showed an increase of 1.33 per cent indicating that in all sub-sectors of social services, there was a higher priority given to Capital expenditure in 2008-09 over the previous year. This improvement was more significant in the case of Health and Family Welfare and Water Supply, Sanitation & Housing and Urban Development. Similarly, share of capital expenditure as percentage to total expenditure in Economic Services increased from 31.51 per cent to 37.01 per cent during 2008-09 over the previous year. In the case of Power and Energy component ratio of Capital expenditure to total expenditure showed an increase of 30.60 per cent, in Transport by 5.68 per cent while in Agriculture and Allied Activities it decreased and in Irrigation and Flood Control component this ratio remained static.

During 2008-09, salaries and wages as a percentage of revenue expenditure on Social Services remained almost static while in Economic services this ratio decreased by 3.45 *per cent* as compared to the previous year. In operation and maintenance expenditure as a percentage of revenue expenditure this ratio increased in both Social and Economic Services by 3.26 and 1.95 *per cent* respectively in 2008-09 over the previous year indicating more priorities towards their maintenance and better quality of services.

1.5.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship

Besides stepping up the expenditure on key social and economic services, enhancing human development requires the State to improve the delivery mechanism to achieve the desired outcomes. The State Government is expected to relate expenditure to outcomes in terms of quality, reach and the impact of government expenditure. Three reviews under Social and Economic Services were taken up and the main highlights of the two performance reviews which figure in the separate Report of the Comptroller and Auditor General of India ended 31 March 2009 are as under:

(a) Accelerated Irrigation Benefits Programme (AIBP)

The Government of India (GOI) launched Accelerated Irrigation Benefits Programme (AIBP) in 1996-97 with the objective of accelerating the completion of ongoing selected major and medium irrigation projects which were in an advanced stage of completion by assisting the State Governments through Central Loan Assistance (CLA). The performance audit covered implementation of two medium irrigation projects and 205 out of 451 minor irrigation schemes taken up during 2004-09. Against admissible Central assistance of Rs 321.03 crore, grant/assistance released during 2004-09 by GOI was only Rs 270.50 crore. While there was no major excess or saving except for the year 2006-07 over the budget provided for construction of schemes under AIBP, there was overall savings of Rs 16.72 crore during 2004-09. The objective of speedy development of irrigation potential and its eventual utilisation for the benefit of the farmers was not achieved to the desired extent in the State due to inherent deficiencies in planning, execution and monitoring. In the absence of a time bound strategy for systematic harnessing of estimated irrigation potential, only 17,053 hectares (22 *per cent*) irrigation potential could be created by the Department during 2005-09 against the target of 77,880 hectares under Bharat Nirman. Even the irrigation potential created under various schemes was not utilised optimally and the shortfall in utilisation during 2004-09 ranged between 56 and 100 *per cent*. Non-completion of projects/schemes within the prescribed time limits of two to four years resulted in time/cost overruns.

(b) National Rural Health Mission (NRHM)

The National Rural Health Mission (NRHM) was launched by the Government of India (GOI) on 12 April 2005. The main objectives of the Mission, to be met during the period 2005-2012 is to provide accessible, affordable, accountable, effective and reliable health care facilities in the rural areas, especially to the poor and vulnerable sections of the society. A mid-term review of the implementation

of the programme during 2005-09 revealed that out of the total available funds ranging between Rs 16.25 crore and Rs 55.75 crore received from GOI (including State share of Rs 10.65 crore) remained unutilised with the State during 2005-09. Upgradation of Community Health Centres, Primary Health Centres and Sub-Centres to the level of Indian Public Health Standards has not been achieved. The review highlighted gaps in planning, implementation and monitoring activities. Absence of a household survey and perspective plan and lack of inputs from the community at the grass roots level in the annual plans rendered the planning process an exercise in futility. While the number of health centres exceeded the norms, these could not ensure reliable and accessible health care to the targeted beneficiaries due to inadequate infrastructure and insufficient manpower. Some of the key initiatives of NRHM like ASHA and village health and sanitation committees have not received the required attention and public spending on health sector also remained constant during the last four years. Acute shortage of manpower in all the health institutions adversely affected the availability of health care services.

1.6 Financial Analysis of Government Expenditure and Investments

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

1.6.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31st March 2009 is given in Table-1.12.

Table-1.12: Department-wise Profile of Incomplete Projects

(Rupees in crore)

Department	Number of incomplete Projects	Initial budgeted cost	Revised Total Cost of Projects*	Cumulative actual expenditure as on 31.03.2009	Cost overrun
1.	2.	3.	4.	5.	6 (5-3)
Irrigation and Public Health	14	29.82	46.23	92.24	62.42
Public Works	03	3.55	--	4.18	0.63
Total:	17	33.37		96.42	63.05

Source: Departmental figures

* Indicates the revised total cost of the projects as per the last revision by the State Government.

The details of incomplete projects pertaining to two main departments are presented in Table-1.12. Moreover, the details of revised costs of the incomplete projects relating to both these

above departments are not captured in the Finance Accounts. In respect of eight incomplete projects, revised costs of which are available, the cost overrun was Rs 63.05 crore. An analysis of the delays in completion of these 17 incomplete projects reveal time overruns ranging between 2 to 12 years in case of major and medium irrigation projects and between 3 to 8 years in respect of the Public Works projects. These projects were lying incomplete due to dispute over site, non-availability of adequate funds, court cases, limited working seasons due to hilly terrain, etc.

1.6.2 Investment and returns

As of 31 March 2009, Government had invested Rs 2,369 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (Table-1.13). The average return on this investment was 1.1 per cent in the last five years while the Government paid an average interest rate of 9.5 per cent on its borrowings during 2004-09.

Table-1.13: Return on Investment

Investment/Return/cost of Borrowing	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rs in crore)	1,943	1,842	1,861	2,033	2,369
Return (Rs in crore)	0.58	28.61	1.80	0.52	89.58
Return (per cent)	0.03	1.55	0.10	0.03	3.78
Average rate of interest on Government borrowings (per cent)	10.60	9.20	9.40	9.09	9.19
Difference between interest rate and return (per cent)	10.57	7.65	9.30	9.06	5.41

Major investments were made in six Statutory Corporations/Boards (Rs 753.25 crore), 19 Government Companies (Rs 492.40 crore) and a Central PSU Himachal Pradesh Satluj Jal Vidyut Nigam (Rs 1,027.20 crore). The two Statutory Corporations/Boards had incurred accumulated loss of Rs 742.69 crore (Himachal Pradesh Road Transport Corporation: Rs 512.33 crore and Himachal Pradesh State Electricity Board: Rs 230.36 crore) at the end of March 2009. The major recipients amongst Government Companies, which incurred accumulated losses upto 31 March 2009 were, Himachal Pradesh Agro-Industrial Packaging India Limited (Rs 74.57 crore), Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited (Rs 43 crore), Himachal Pradesh Forest Corporation (Rs 44.79 crore) and Himachal Pradesh Handicrafts and Handloom Corporation Limited (Rs 11.77 crore).

1.6.3 Loans and advances by State Government

In addition to investments in co-operative societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/ organizations. Table 1.14 presents the outstanding loans and advances as on 31 March 2009, interest receipts vis-à-vis interest payments during the last three years.

Table-1.14: Average Interest Received on Loans Advanced by the State Government*(Rupees in crore)*

Quantum of Loans/Interest Receipts/Cost of Borrowings	2006-07	2007-08	2008-09
Opening Balance	234	237	225
Amount advanced during the year	26	14	90
Amount repaid during the year	23	26	21
Closing Balance	237	225	294
Of which Outstanding balance for which terms and conditions have been settled	--	--	--
Net addition	03	(-) 12	69
Interest Receipts	11	16	11
Interest receipts as per cent to outstanding Loans and advances	4.7	6.9	4.2
Interest payments as per cent to outstanding fiscal liabilities of the State Government.	9.6	9.4	9.8
Difference between interest payments and interest receipts (per cent)	(-) 4.9	(-) 2.5	(-) 5.6

Total amount of outstanding loans and advances as on 31 March 2009 was Rs 294 crore. Against Rs 90 crore advanced, only Rs 21 crore was repaid during 2008-09, recording a decrease of Rs 5 crore in repayment over the previous year. Major recipients of loans during 2008-09 were Power projects (Rs 75 crore). There was a huge variation in the average rate of interest being paid by the Government on borrowings vis-à-vis the percentage of interest received on outstanding loans and advances. The shortfall ranged between 2.5 per cent and 5.6 per cent during 2006-09. During 2008-09, the Government received 4.2 per cent return of interest receipts as percentage to outstanding loans against the targeted receipt of 7 per cent fixed by TFC. It, however, paid 9.8 per cent interest on borrowings during this period.

1.6.4 Cash Balances and Investment of Cash balances

Table 1.15 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.15: Cash Balances and Investment of Cash balances*(Rupees in crore)*

Particulars	As on 1st April 2008	As on 31st March 2009	Increase (+)/ Decrease(-)
Cash Balances	(-) 298.96	(-) 150.14	(-) 148.82
Investments from Cash Balances			
a. GOI Treasury Bills	1,121.75	1,129.18	(+) 7.43
b. GOI Securities	3,828.92	3,889.22	(+) 60.30
Funds-wise break-up of Investment from Earmarked balances (a to b)	--	--	--
Interest realized	48.62	60.45	(+) 11.83

Cash balances of the State Government at the end of the current year decreased by Rs 148.82 crore from Rs 298.96 crore in 2007-08 to Rs 150.14 crore in 2008-09. The State Government has invested Rs 1,129.18 crore in GOI Treasury Bills and Rs 3,889.22 crore in GOI Securities and earned an interest of Rs 60.45 crore during 2008-09. The interest realized against investment on cash balance was 1.2 per cent during 2008-09 while Government paid interest at the average rate of 9.19 per cent on its borrowings during the year.

The efficiency of handling the cash balances by the State can also be assessed by monitoring the trends in monthly daily average of cash balances held by the State to meet its normal banking transactions. Table 1.16 presents the trends in monthly average daily cash balances and the investments in Auction Treasury Bills for the last three years (2006-09).

Table-1.16: Trends in Monthly Average Daily Cash Balances and the Investments in Auction Treasury Bills

Month	Monthly Average Daily Cash Balances			Investment in 14 days Treasury Bills			Investment in Auction Treasury Bills		
	(Rupees in lakh)			(Rupees in crore)			(Rupees in crore)		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	282.31	103.81	89.10	897.57	622.04	2379.93	944.10	441.30	2699.63
May	249.47	148.94	347.46	1262.37	1051.01	1883.35	1080.24	797.34	1809.01
June	55.45	55.56	55.54	1165.77	1399.93	2169.56	1362.61	1263.85	2060.27
July	55.17	55.59	55.54	794.77	1454.74	1843.31	788.23	1401.95	1874.91
August	55.53	190.79	98.01	1064.34	1900.27	2285.25	1061.60	1641.50	2239.14
September	55.40	483.94	1034.05	798.54	1878.15	2281.86	892.02	1681.52	2183.45
October	55.48	55.55	56.13	628.28	2958.34	2795.06	686.99	2962.49	2595.44
November	55.49	55.51	55.51	1152.40	2317.09	3058.59	744.64	2416.88	2909.56
December	351.86	55.51	2930.75	2057.82	2798.48	3220.30	2005.24	2573.79	3288.59
January	203.74	55.43	55.55	1296.09	2664.37	3396.21	1413.40	2765.46	3177.75
February	55.53	55.52	55.46	977.31	3094.91	3010.24	1196.03	2666.66	3237.96
March	128.25	87.83	490.19	1412.81	3190.09	3193.78	1667.85	3594.93	3424.30

Source: Accountant General (A&E) Office and Finance Department

The State Government had maintained a minimum cash balance of Rs 55 lakh as per agreement with the Reserve Bank of India during the last three years.

1.7 Assets and Liabilities

1.7.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. Appendix 1.4 gives an abstract of such liabilities and the assets as on 31 March 2009, compared with

the corresponding position on 31 March 2008. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

1.7.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in *Appendix 1.3*. However, the composition of fiscal liabilities during the current year vis-à-vis the previous years are presented in Table-1.17, Chart 1.10 and 1.11.

Table-1.17: Fiscal Liabilities – Basic Parameters

	2004-05	2005-06	2006-07	2007-08	2008-09
Fiscal Liabilities (Rupees in crore)	16,533	17,432	18,071	19,419	21,819
Rate of Growth (per cent)	14.52	5.44	3.67	7.46	12.36
Ratio of Fiscal Liabilities to					
GSDP (per cent)	71.68	68.44	63.72	60.73	59.07
Revenue Receipts (per cent)	356.70	265.77	230.64	212.42	234.41

Chart 1.10: Composition of Outstanding Liabilities as on 01.04.2008 (Rs in crore)

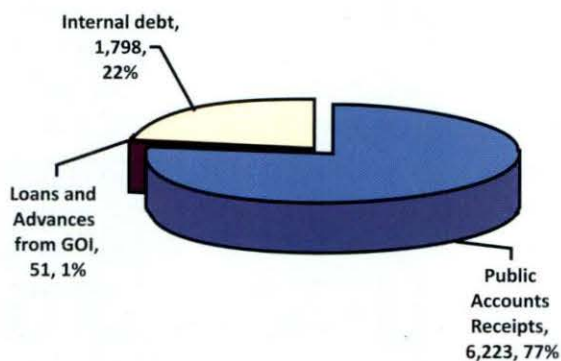
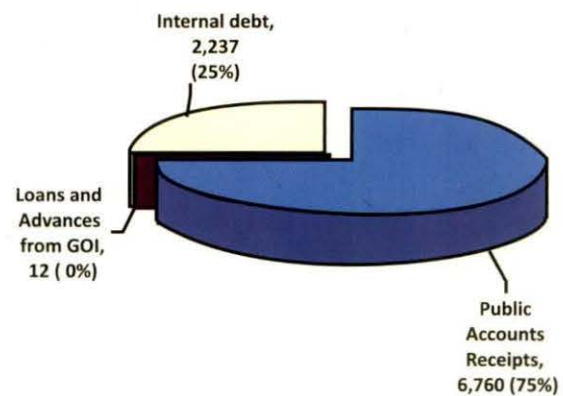


Chart 1.11: Composition of Outstanding Liabilities as on 31.03.2009 (Rs in crore)



The overall fiscal liabilities of the State increased from Rs 16,533 crore in 2004-05 to Rs 21,819 crore in 2008-09. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liability (Rs 15,427 crore) comprised market loans (Rs 7,658 crore), loans from GOI (Rs 971 crore) and other loans (Rs 6,798 crore which includes Rs 3,889 crore on Special Security issued to NSSF of the GOI). The Public Account liabilities (Rs 6,392 crore) comprise Small Savings and Provident Funds (Rs 4,668 crore), interest bearing obligations and non-interest bearing obligations like deposits (Rs 983 crore) and reserve funds (Rs 741 crore). The rate of growth of fiscal liabilities was 12.36 per cent during 2008-09. The ratio of fiscal liabilities to GSDP consistently decreased to 59.07 per cent from 71.68 per cent during 2004-09. These liabilities stood at 2.34 times the revenue

receipts at the end of 2008-09. The State Government was required to set up a Consolidated Sinking Fund as recommended by the TFC for amortisation of market borrowings as well as other loans and debt obligations. The State Government has not yet set up the sinking fund.

1.7.3 Status of Guarantees – Contingent liabilities

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 maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years as shown in Statement-6 of the Finance Accounts, is given in Table 1.18.

Table-1.18: Guarantees given by the Government of Himachal Pradesh

(Rupees in crore)

Guarantees	2006-07	2007-08	2008-09
Max amount guaranteed	6,347	6,450	6,076
Outstanding amount of guarantees	2,976	2,632	2,291
Percentage of maximum amount guaranteed to total revenue receipts	81	70.6	65

No law has been passed by the State Legislature under Article 293(1) of the Constitution laying down the limits within which Government may give guarantees on the security of the Consolidated Funds of the State. However, the HPFRBM Act, 2005 provides that the total outstanding guarantees are to be limited to 80 *per cent* of revenue receipts in the year preceding the current year. Since the enactment of the FRBM Act, 2005, the outstanding guarantees given by the State Government were within the limit prescribed by the Act. The outstanding guarantees on the loans raised by various corporations and others stood at Rs 2,291 crore at the end of 2008-09 which were 25.06 *per cent* of the revenue receipts of the previous year and maximum amount guaranteed to total revenue receipts was 65 *per cent* which is within the permissible limits. The major recipients of guarantees against which amounts were outstanding as of 31st March 2009 were 17 Statutory Boards/Corporations (Rs 1,648 crore), eight Government companies (Rs 294 crore), three Co-operative Banks and one Society (Rs 300 crore) and two Local/Autonomous Bodies (Rs 49 crore). The State Government was required to set up the Guarantee Redemption Fund as recommended by the TFC to meet the contingent liabilities arising from the guarantees given. However, the State Government has not set up such a Fund so far.

1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyze various indicators that determine the debt sustainability⁸ of the State. This section assesses the sustainability of debt of

⁸ The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

the State Government in terms of debt stabilization⁹; sufficiency of non-debt receipts¹⁰; net availability of borrowed funds¹¹; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. Table-1.19 analyzes the debt sustainability of the State according to these indicators for the period of three years beginning from 2006-07.

Table-1.19: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2006-07	2007-08	2008-09
Debt Stabilization (Quantum Spread + Primary Deficit)	1,083	1,812	1,054
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 202	370	(-) 1,726
Net Availability of Borrowed Funds	(-) 1,071	(-) 79	507
Burden of Interest Payments (IP/RR Ratio)	0.213	0.186	0.203
Maturity Profile of State Debt (In Years)*			
0 – 1	Not available	1,793.89	387.20 (2.47)
1 – 3		3,519.01	3,654.02 (23.26)
3 – 5		2,802.05	2,733.06 (17.40)
5 – 7		2,019.54	2,167.37 (13.80)
7 and above		4,830.94	6,766.17 (43.07)

Figures in parenthesis indicate percentages

Table-1.19 reveals that quantum spread together with primary deficit was positive during 2006-09 indicating declining trend of debt-GSDP ratio. These trends indicate that the State is moving towards debt stabilisation, which in turn may improve the debt sustainability position of the State. However, the negative resource gap during 2008-09 indicates a risk of worsening of the fiscal and debt instability of the State provided this trend continues. During 2008-09, net borrowed funds available was positive indicating that Rs 507 crore of total debt receipts were utilized for other purposes rather than for discharging past debt obligations. The maturity profile of the State Government indicates that 42.13 per cent (Rs 6774.28 crore) of the total Public Debt is repayable within the next five years while the remaining 57.87 per cent (Rs 8933.54 crore) loans are required to be paid in more than five years time.

⁹ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

¹⁰ 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.

¹¹ 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.

1.9 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2008-09.

1.9.1 Trends in Deficits

Chart 1.12 and 1.13 present the trends in deficit indicators over the period 2004-09:

Chart 1.12: Trends in Deficit Indicators (Rupees in crore)

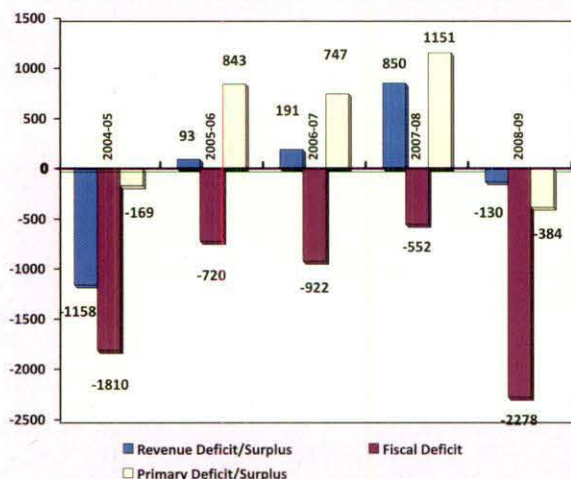


Chart 1.13: Trends in Deficit Indicators relative to GSDP (figures in Per cent to GSDP)

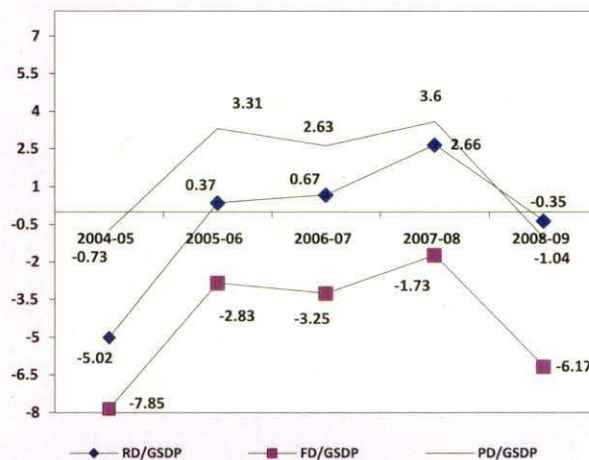


Chart 1.12 and 1.13 reveal that all accounts of revenue, fiscal and primary experienced a situation of huge deficit during current year. The State had continued to experience revenue surplus from 2005-06 to 2007-08 and showed a revenue surplus of Rs 93 crore in 2005-06, Rs 191 crore in 2006-07, Rs 850 crore in 2007-08, which sharply decreased to a deficit of Rs 130 crore by 115 per cent in 2008-09. The deterioration situation in revenue account was mainly on account of marginal increase in revenue receipts (1.8 per cent) against the steep increase in revenue expenditure (13.8 per cent). The Non-tax revenue decreased by Rs 67 crore and GIA received from GOI reduced by Rs 95 crore which accounted for less realization of revenue receipts during 2008-09. Further, fiscal deficit sharply increased by Rs 1,726 crore from Rs 552 crore in 2007-08 to Rs 2,278 crore during 2008-09 due to sharp increase of Rs 665 crore in Capital expenditure and increase of Rs 81 crore in loans and advance disbursed. The primary surplus of 2007-08 turned into deficit due to sharp increase in fiscal deficit during current year,

however, it was offset to some extent by the increase in interest payments (Rs 191 crore). Thus revenue deficit and fiscal deficit was 0.35 and 6.17 per cent of GSDP which were higher than the projections made by TFC i.e. 0 and 3 per cent respectively which is a set back to the State that was heading towards achieving the target set forth in the FRBM Act.

1.9.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the Table 1. 20.

Table-1.20: Components of Fiscal Deficit and its Financing Pattern

(Rupees in crore)

	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit						
1	Revenue Deficit	(-) 1,158 ((-) 5.02)	(+) 93 (0.37)	(+) 191 (0.67)	(+) 850 (2.66)	(-) 130 ((-) 0.35)
2	Capital Expenditure	654 (2.8)	821 (3.22)	1,110 (3.91)	1,414 (4.42)	2,079 (5.63)
3	Net Loans and Advances	2 (--)	8 (--)	(-) 3 (--)	12 (0.04)	(-) 69 ((-) 0.19)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	852	425	467	1,322	1,752
2	Loans from GOI	(-) 750	(-) 38	(-) 91	(-) 5	(-) 44
3	Special Securities Issued to NSSF	785	813	670	134	60
4	Loans from Financial Institutions	343	(-) 739	(-) 309	(-) 599	(-) 406
5	Small Savings, PF, etc.	261	310	322	540	515
6	Deposits and Advances	886	103	(-) 500	(-) 366	217
7	Suspense and Misc.	(-) 29	9	(-) 7	2	53
8	Remittances	(-) 48	119	73	50	(-) 2
9	Others	(-) 490	(-) 279	297	(-) 526	151
10	Overall Surplus/Deficit	(-) 1,810	(-) 720	(-) 92	(-) 552	(-) 2,278

Figures in brackets indicate the per cent to GSDP.

*All these figures are net of disbursements/outflows during the year.

Table-1.20 reveals that fiscal position of the State has plunged to a huge deficit during the current year. Given a shift from revenue surplus to a revenue deficit of Rs 980 crore and Rs 81 crore in loans and advances disbursements combined together with an increase of Rs 665 crore in Capital expenditure, the Fiscal deficit sharply increased by Rs 1,726 crore during 2008-09 as compared to previous year. The State Government raised major portion of the internal debt through Market borrowings and Small Savings, PF, etc. Market borrowings increased by 106 per cent from Rs 852 crore in 2004-05 to Rs 1,752 crore during 2008-09 and Small Savings, PF, etc., increased by 97 per cent during the same period.

1.9.3 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (Table-1.21) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table-1.21: Primary deficit/Surplus – Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Total Primary Expenditure	Primary revenue deficit (-) / surplus (+)	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2004-05	4,661	4,152	654	24	4,830	509	(-) 169
2005-06	6,581	4,903	821	14	5,738	1,678	843
2006-07	7,858	5,975	1,110	26	7,111	1,883	747
2007-08	9,168	6,589	1,414	14	8,017	2,579	1,151
2008-09	9,329	7,544	2,079	90	9,713	1,785	(-) 384

The non-debt receipt of the State during 2004-05 to 2008-09 was sufficient to meet the primary revenue expenditure. The non-debt receipts of the State increased by 100 per cent from Rs 4,661 crore to Rs 9,329 crore in 2008-09. The primary revenue expenditure, however, increased by 82 per cent from Rs 4,152 crore in 2004-05 to Rs 7,544 crore in 2008-09. Against the increase in primary revenue expenditure of 14.49 per cent, the realization of non-debt receipts increased only by 1.76 per cent during 2008-09 over the previous year.

1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of the correction in deficit indicators. Table-1.22 presents the change in revenue receipts of the State and the correction of the deficit during the last three years.

Table-1.22: Change in revenue Receipts and Correction of Deficit

(Per cent of GSDP)

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
Revenue Receipts (a to d)	27.6	28.6	26	25.2
State's Own Tax Revenue	5.8	6.1	8.8	6.1
State's Own Non- tax Revenue	4.7	5.7	3.4	4.8
State's Share in Central Taxes and Duties	2.2	2.5	--	2.2

Grants-in-Aid	14.9	14.3	13.8	12.1
Revenue Expenditure	27.0	25.9	25.8	25.5
Revenue Deficit/Surplus	(+) 0.7	(+) 2.7	(+) 0.2	(-) 0.4
Fiscal Deficit/Surplus	(-) 3.3	(-) 1.7	(-) 5.4	(-) 6.2

Revenue receipts comprised not only of the tax and non-tax resources but also transfers from the Government of India. The ratio of revenue receipts to GSDP during current year was 25.2 *per cent*, a decrease of three percentage points over the previous year. During 2007-09, the ratio of State's own taxes as a *per cent* of GSDP remained stable. The decrease of three percentage points in revenue receipts was due to decrease in non-tax revenue receipt and grants received from the GOI during current year.

1.10 Conclusion and Recommendations

The fiscal position of State viewed in terms of key fiscal parameters has indicated a significant improvement, as the State was able to maintain revenue and primary surpluses during 2005-08. The State has eliminated the revenue deficit before the target date set in the HPFRBM Act 2005 and was on the trajectory of achieving the fiscal deficit target. But during 2008-09, the position changed and the State has gone under deficit in all key fiscal parameters i.e. revenue (Rs 130 crore), fiscal (Rs 2,278 crore) and primary (Rs 384 crore) due to steep increase in revenue expenditure (13.8 *per cent*) as against the marginal increase in revenue receipts (1.8 *per cent*).

The Non-tax revenue decreased by Rs 67 crore and GIA received from GOI reduced by Rs 95 crore which accounted for less realization of revenue receipts during 2008-09. Further, fiscal deficit sharply increased by Rs 1,726 crore from Rs 552 crore in 2007-08 to Rs 2,278 crore during 2008-09 i.e. 6.17 *per cent* of GSDP which is much higher than the projections and a set back to the State which was heading towards achieving the target set forth in the HPFRBM Act.

The expenditure pattern of the state revealed that the revenue expenditure as a percentage of the total expenditure indicated an increasing trend. It constituted 81 *per cent* of the total expenditure during 2008-09. The NPRES not only exceeded the assessment made by the State Government in FCP and MTFPS, but also exceeded the normative assessment made by TFC by Rs 3,054 crore (55 *per cent*) for 2008-09. Moreover, within the NPRES, three components viz. salary expenditure, pension payments and interest payments constituted 82 *per cent* (Rs 6,988 crore) during 2008-09. These trends in expenditure indicated the need for changing allocation priorities.

The salary expenditure during the current year exceeded the projections made in MTFPS (Rs 3,345 crore) and the FCP (Rs 2,627 crore). The salary and wages expenditure at 62 *per cent* of revenue expenditure net of interest and pension payments is much higher than the norm of 35 *per cent* recommended by the TFC. The expenditure on pension and interest payments exceeded the projections made in the TFC by 19 and 15 *per cent* and FCP by 42 and three *per cent* respectively. The ratio of salaries, interest payments, pensions and subsidies to revenue receipts show an increase of seven percentage points over the previous year.

The ratio of fiscal liabilities to GSDP was 59 *per cent*, stood at 2.34 times the revenue receipts at the end of 2008-09, needed attention of the State Government.

The State Government has yet to set up the Sinking Fund and Guarantee Redemption Fund with RBI as recommended by TFC to mitigate the impact of these liabilities.

The interest realized against investment from cash balances was 1.1 *per cent* while Government paid interest at the average rate of 9.19 *per cent* on its borrowings. Besides, the huge accumulated losses by the Statutory Government Corporations and companies especially in power and transport sectors resulting in negligible average return of 1.1 *per cent* in the last five years on the investment continued to be a cause of concern and needed attention of the State Government.

Adequate thrust to development expenditure: The ratio of development expenditure to aggregate expenditure in Himachal Pradesh is lower than the national average and therefore needs higher fiscal priority. This calls for a re-look at the capacity of the State to utilize expenditure for developmental outcomes to assess if it can be improved by better design of schemes, reducing administration costs, timely implementation, closer monitoring etc. Cost and time overruns of incomplete projects are inevitable by-products of weak control systems. The State can work towards further improvements in this area so that people derive envisaged benefits in the quickest possible time.

Review of Government investments: The average return on Himachal Pradesh Government's investments in Statutory Corporations/Boards, Rural Banks, Joint Stock Companies and Co-operatives was 1.1 *per cent* in the past five years, whereas its average interest outgo was 9.5 *per cent*. This is obviously an unsustainable proposition. The State Government should therefore hasten to seek better value for money in investments. Otherwise high-cost borrowed funds invested in projects with low financial return will continue to strain the economy. Projects which are justified on account of low financial but high socio-economic return may be identified and prioritized with full justification for the high-cost borrowings. The State Government needs to revisit the working of state-owned public sector undertakings incurring huge losses and work out either a revival strategy (for those that are strategic in nature and can be made viable) or close down (if they are not likely to be viable given current market conditions).

Prudent cash management: The cost of holding surplus cash balances is reported high. In 2008-09, interest received on investment of cash balances in RBI's Treasury Bills and Auction Bills was only 1.2 *per cent* while the Government borrowed on an average rate at 9.19 *per cent*. Proper debt management through advanced planning could minimise the need to hold large cash surpluses.

Debt sustainability: The Government of Himachal Pradesh should endeavour to achieve the debt-GSDP ratio of 31 *per cent* by 2009-10 as specified in TFC/Fiscal Reform legislation. Borrowed funds should be used as far as possible only to fund capital expenditure and revenue expenditure should be met from revenue receipts. Efforts should be made to return to the state of primary surpluses and zero revenue deficit at the earliest. Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

Oversight of funds transferred directly from the GoI to the State implementing agencies: Funds flowing directly to the implementing agencies through off-budget routing inhibits FRBM requirements of transparency and therefore bypass accountability. There is no single agency monitoring its use and there is no readily available data on the amounts spent in any particular year on major flagship and other important schemes. A system has to be urgently put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (A&E).

CHAPTER-II
FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL



2. FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 32 grants/appropriations was as given in Table-2.1:

Table-2.1: Summarized Position of Actual Expenditure vis-à-vis Original/Supplementary provisions
(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	8,335.22	363.06	8,698.28	8,771.51*	(+) 73.23
	II Capital	1,950.05	250.61	2,200.66	2,185.41*	(-) 15.25
	III Loans and Advances	101.76	5.37	107.13	89.61	(-) 17.52
Total Voted		10,387.03	619.04	11,006.07	11,046.53	(+) 40.46
Charged	IV Revenue	1,846.16	55.02	1,901.18	1,912.09	(+) 10.91
	V Capital	---	0.08	0.08	0.08	---
	VI Public Debt- Repayment	1,182.00	--	1,182.00	885.54	(-) 296.46
Total Charged		3,028.16	55.10	3,083.26	2,797.71	(-) 285.55
Appropriation to Contingency Fund (If any)		---	---	---	---	---
Grand Total		13,415.19	674.14	14,089.33	13,844.24	(-) 245.09

*These are gross figures except in respect of Grant Nos. 10,13 and 31 in which certain suspense heads are operated.

The overall saving of Rs 245.09 crore was the result of saving of Rs 801.61 crore in 24 grants and two appropriations under Revenue Section, 21 grants and one appropriation under Capital Section and offset by excess of Rs 556.52 crore in eight grants and three appropriations under Revenue Section and five grants under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (July 2009) to the Controlling Officers requesting them to explain the significant variations. Besides, the Finance Department was also intimated (September 2009). Out of 769 sub-heads, explanations for variation were not received (September 2009) in respect of 296 sub-heads (Saving: 115 sub-heads and Excess: 181 sub-heads). 10 departments have substantial excess of more than Rs one crore in each case and five departments have savings more than Rs one crore in each case.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 24 cases, savings exceeded Rs one crore in each case and by more than 20 per cent of total provision in six cases (Appendix 2.1). Against the total savings of Rs 801.61 crore, savings of Rs 578.82 crore¹² (72 per cent) occurred in three cases relating to two grants and one appropriation as indicated in Table-2.2.

Table-2.2: List of Grants with savings of Rs 50 crore and above

(Rupees in crore)

Sr. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1.	08-Education	1,763.65	44.20	1,807.85	1,582.49	225.36
2.	29-Finance	1,234.01	---	1,234.01	1,177.01	57.00
Capital-Charged						
3.	29-Finance	1,182.00	---	1,182.00	885.54	296.46
Total		4,179.66	44.20	4,223.86	3,645.04	578.82

Reasons for savings were awaited (September 2009).

2.3.2 Excess Expenditure

In 12 cases, expenditure aggregating Rs 6,244.67 crore exceeded the approved provisions by Rs 554.27 crore and more than Rs one crore in each case and more than 20 per cent of the total provision in two cases. Details are given in Appendix 2.2. Of these, in the following grants/heads (Table-2.3), excess expenditure has been observed consistently for the last five years:

¹² Exceeding Rs 50 crore in each case.

Table-2.3: List of Grants indicating Persistent Excess expenditure during 2004-09

(Rupees in crore)

Sr. No.	No. and Name of the Grant	Amount of Excess Expenditure				
		2004-05	2005-06	2006-07	2007-08	2008-09
	Revenue-Voted					
1.	10-Public Works-Roads, Bridges and Buildings	73.61	120.02	161.42	126.38	134.46
2.	14-Animal Husbandry, Dairy Development and Fisheries	1.13	1.89	4.63	7.76	4.08

Reasons for persistent excess were awaited (December 2009).

2.3.3 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 465.38 crore was incurred in three cases as detailed in Table-2.4 without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.4: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Number and Name of Grants/Appropriations	Amount of Expenditure without provision	Reasons/Remarks
13-Irrigation, Water Supply and Sanitation	62.10	Reasons were awaited.
29-Finance	372.85	Reasons were awaited.
31-Tribal Development	30.43	Reasons were awaited.
Total	465.38	

2.3.4 Drawal of funds to avoid lapse of budget grant

As per provisions of Treasury Rules read with Rule 2.10 of Financial Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. During test-check, in few cases mentioned below the amounts drawn were neither fully spent for the specific purposes nor remitted to Government Accounts before closure of financial year 2008-09 as detailed below:

- (i) Director of Panchayati Raj, Himachal Pradesh had drawn Rs 8.55 crore for computerization of PRIs and deposited the same in the saving bank account which is lying unutilised as of May 2009.
- (ii) Rupees 0.04 crore were drawn by Sub-Divisional Soil Conservation Officer(SDSCO), Rampur between November 2005 and May 2009 for the execution of various schemes which were to be completed during 2008-09 had been lying unspent in the bank.
- (iii) Rupees one crore were drawn by SDSCO, Ghumarwin during 2007-08 and 2008-09 for execution of various developmental work have been kept unutilised as of June 2009.

- (iv) DC, Hamirpur drew Rs 1.01 crore on 25.03.2009 out of Sectoral Decentralised Planning head without any immediate requirement which were lying unutilised.
- (v) Director of Transport, Himachal Pradesh, Shimla drew (March 2008) Rs 1.25 crore for installation of Weigh bridges and deposited the same in the account of E-Governance Society, the Mall Shimla which were still lying unutilised as of March 2009.

2.3.5 Undue aid to a Corporation and loss of interest

Advance payments of Rs 9.51 crore made by Executive Engineers, Shimla Division No. I and Sundernagar to the Himachal Pradesh State Civil Supplies Corporation without assessing the requirement of material, resulted in undue aid of Rs 9.39 crore to the Corporation and loss of interest of Rs 24.21 lakh to the Government

Financial rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take a considerable time. Rules further stipulate that advance payments made to the firms/suppliers for the procurement of material should be placed under the suspense head "Miscellaneous Works Advances" pending receipt of material. As such, advance payments should not be debited to the final head of account of works.

Scrutiny of records of two divisions¹³ revealed (February 2009) that advance payments of Rs 9.51 crore were made to the Himachal Pradesh State Civil Supplies Corporation, Shimla (Corporation) on 29 February 2008 (Rs 1.50 crore) and 31 March 2008 (Rs 8.01 crore) for procurement of material. The advance payments were charged to the final head of account of various works instead of keeping the amount under the suspense head "Miscellaneous Works Advances" pending receipt of material. It was, however, noticed that there was nothing on the records of the divisions to show whether any requirement of the material was ever assessed before making the huge advance payments to the Corporation for procurement of material.

Scrutiny of records further revealed that in Shimla Division No. I, cement valuing Rs 12.43 lakh only was supplied by the Corporation between April 2008 and July 2008 against the advance payment of Rs 3.51 crore. The balance amount of Rs 3.39 crore was refunded by the Corporation in May 2008 (Rs 2.51 crore) and August 2008 (Rs 87.57 lakh) respectively. In respect of Sundernagar Division, the entire amount of Rs six crore was refunded by the Corporation in May 2008 (Rs 1.50 crore) and August 2008 (Rs 4.50 crore). The whole amount after its refund by the Corporation was credited to "Public Works Deposits" by both the Divisions for utilisation in the subsequent financial years.

The Executive Engineers confirmed (February 2009) the facts and stated that funds were received at the fag end of the financial year 2007-08 and had to be shown utilised by depositing the same with the Corporation to avoid lapse/surrender.

¹³ Shimla Division No. I and Sundernagar.

The action of the Department to show expenditure without actual utilisation on works and further parking of funds under "Public Works Deposits" resulted in depiction of incorrect picture of accounts. Besides, the Corporation was extended undue financial aid of Rs 9.39 crore from 43 to 134 days for which loss of interest of Rs 24.21 lakh¹⁴ (worked out on average rate of interest of 9.09 per cent on Government borrowing paid during 2007-08) was sustained by the State Government.

2.3.6 Excess over provisions relating to previous years requiring regularisation

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. Although no time limit for regularisation of expenditure has been prescribed under the Article, but the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to Rs 9,898.62 crore for the years 2003-2008 was yet to be regularised as detailed in Appendix 2.3. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in Table-2.5.

Table-2.5: Excess over provisions relating to previous years requiring regularisation

(Rupees in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2003-04	15	7	4,515.60	Discussed by PAC, regularisation awaited.
2004-05	21	4	3,095.14	Discussed by PAC, regularisation awaited.
2005-06	16	3	846.35	PAC Report prepared on 24.08.2009 for presentation in Vidhan Sabha.
2006-07	24	3	896.59	PAC Report prepared on 24.08.2009 for presentation in Vidhan Sabha.
2007-08	18	3	544.94	<i>Suo moto</i> replies received from the Finance Department and audit comments sent to the Finance Department/Vidhan Sabha. Not yet discussed by the PAC.
Total			9,898.62	

¹⁴

(i) Shimla Division No. I

On Rs one crore from 1.04.2008 to 13.05.2008 (43 days)
On Rs 1.51 crore from 1.04.2008 to 30.05.2008 (60 days)
On Rs 0.88 crore from 1.04.2008 to 31.07.2008 (122 days)

= $1 \times 43 / 365 \times 9.09$ =Rs 1.07 lakh
= $1.51 \times 60 / 365 \times 9.09$ =Rs 2.26 lakh
= $0.88 \times 122 / 365 \times 9.09$ =Rs 2.67 lakh
Total (i) =Rs 6 lakh

(ii) Sundernagar

On Rs 1.50 crore from 1.03.2008 to 25.05.2008 (86 days)
On Rs 4.50 crore from 1.04.2008 to 12.08.2008 (134 days)

= $1.50 \times 86 / 365 \times 9.09$ =Rs 3.21 lakh
= $4.50 \times 134 / 365 \times 9.09$ =Rs 15 lakh
Total (ii) =Rs 18.21 lakh

Grand Total (i&ii)

=Rs 6 lakh+Rs 18.21 lakh =Rs 24.21 lakh

2.3.7 Excess over provisions during 2008-09 requiring regularisation

Table 2.6 contains the summary of total excess in 16 grants/appropriations amounting to Rs 556.52 crore over authorization from the CFS during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table-2.6: Excess over provisions requiring regularisation during 2008-09

(In Rupees)

Sr. No.	Number and title of Grant/ Appropriation (Revenue and Capital)	Total grant	Expenditure	Excess
1.	07-Police and Allied Organisations	335,84,86,170	336,37,50,022	52,63,852
2.	10-Public Works-Roads, Bridges and Buildings	1172,23,41,000	1306,69,00,035	134,45,59,035
3.	12-Horticulture	80,31,77,667	81,50,22,467	1,18,44,800
4.	13-Irrigation, Water Supply and Sanitation	895,23,53,000	1235,99,31,244	340,75,78,244
5.	14-Animal Husbandry, Dairy Development and Fisheries	106,84,80,350	110,93,18,283	4,08,37,933
6.	16-Forest and Wild Life	245,43,25,000	265,84,68,657	20,41,43,657
7.	28-Urban Development, Town and Country Planning and Housing	80,76,45,000	81,65,00,373	88,55,373
8.	30-Miscellaneous General Services	32,87,49,000	33,89,20,166	1,01,71,166
9.	10-Public Works-Roads, Bridges and Buildings	328,09,45,000	332,23,92,780	4,14,47,780
10.	13-Irrigation, Water Supply and Sanitation	460,68,02,000	486,37,47,896	25,69,45,896
11.	20-Rural Development	1,34,00,000	1,96,66,000	62,66,000
12.	31-Tribal Development	112,34,21,000	113,28,38,664	94,17,664
13.	32-Scheduled Caste Sub-Plan	371,95,08,000	382,40,35,551	10,45,27,551
14.	02-Governor and Council of Ministers	2,43,39,000	2,56,09,515	12,70,515
15.	03-Administration of Justice	11,56,63,000	12,25,35,264	68,72,264
16.	29-Finance	1883,05,73,000	1893,57,32,002	10,51,59,002
	Total	6121,02,08,187	6677,53,68,919	556,51,60,732 or 556.52 crore

Reasons for the excesses had not been furnished by the Government as of September 2009.

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs 48.81 crore obtained in five cases, Rs 25 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in *Appendix 2.4*. In nine cases, supplementary provision of Rs 222.85 crore proved insufficient by more than Rs One crore in each leaving an aggregate uncovered excess expenditure of Rs 527.01 crore (*Appendix 2.5*). Of the uncovered excess of Rs 527.01 crore, Rs 340.75 crore (65 per cent) were incurred by the Irrigation and Public Health Department.

2.3.9 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over Rs 10 lakh in 161 sub-heads. The excess/saving was more than Rs two crore in 36 sub-heads as detailed in *Appendix 2.6*. Of these, in five¹⁵ sub-heads the savings/expenditure exceeded Rs 25 crore and above for which no reasons had been furnished by the Government as of September 2009.

2.3.10 Unexplained re-appropriations

According to Paragraph 13.3 (b) of Himachal Pradesh Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vaguely worded phrases such as “due to over estimating” “re-appropriation proved unnecessary or inadequate”, etc., should be avoided. Further, if an excess occurs under “travelling allowances” it should be explained why additional travelling allowance could not have been foreseen and provision made to cover its cost and why it was necessary. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 387 items out of 2,732 (14 *per cent*), reasons given for additional provision/withdrawal of provision in re-appropriation orders were of general nature like “more touring by staff”, “purchase of more equipments”, “more expenditure under other schemes” and more expenditure than anticipated.

2.3.11 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 25 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs 165.77 crore in these 25 schemes, Rs 161.92 crore (98 *per cent*) were surrendered, which included cent *per cent* surrender in 11 schemes (Rs 142.81 crore). The details of selected such cases audited/verified by the Audit are given in *Appendix 2.7*.

Similarly, out of total savings of Rs 59.98 crore under six other grants (savings of Rs one crore and above were indicated in each grant) amount aggregated Rs 12.69 crore (21 *per cent* of total savings) were not surrendered, details of which are given in *Appendix 2.8*. Besides, in 10 cases (surrender of funds in excess of Rs 10 crore) Rs 751.35 crore were surrendered (*Appendix 2.9*) on the last working day of March 2009 indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

2.3.12 Surrender in excess of actual saving

In 13 cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings

¹⁵ Grant No. 13: 4 Sub-heads ; Grant No. 29 : One Sub-head.

of Rs 676.80 crore, the amount surrendered was Rs 738.69 crore resulting in excess surrender of Rs 61.89 crore. Details are given in *Appendix 2.10*. Reasons for surrender of more than the savings were awaited (September 2009).

2.3.13 Rush of expenditure

According to the Himachal Pradesh Financial Rules (Rule 19.5 read with Rule 1 (5)), the expenditure should be regulated in a phased manner and rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 31 sub-heads listed in *Appendix 2.11*, expenditure exceeding Rs 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2009. Table-2.7 also presents the major heads where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

Table-2.7: Cases of Rush of Expenditure towards the end of the financial year 2008-09

(Rupees in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2245	171.71	86.47	50	36.47	21
2.	4059	19.98	11.90	60	11.18	56
3.	4202	211.69	147.80	70	60.77	29
4.	4210	71.16	39.94	56	24.27	34
5.	4215	328.31	217.53	66	187.18	57
6.	4402	15.00	10.74	72	10.74	72
7.	4700	15.51	11.53	74	10.55	68
8.	4701	63.55	45.61	72	37.56	59
9.	4702	147.73	81.39	55	52.93	36
	Total	1,044.64	652.91	63	431.65	41

Source: Accountant General (A&E) office

In the following few test-checked cases uniform flow of expenditure during the year was not maintained, indicating deficient financial management.

(Rupees in crore)

Sr. No.	Name of DDO	Total Expenditure	Expenditure (percentage)			
			1st quarter	2nd quarter	3rd quarter	4th quarter
1.	Block Elementary Education Officer Banikhet, Chamba	4.45	0.63 (14)	1.03 (23)	1.10 (25)	1.69 (38)
2.	Principal GSSS Gharvarsara, Mandi	0.5	0.06 (12)	0.12 (24)	0.13 (26)	0.19 (38)
3.	Sub-Divisional Soil Conservation Officer, Kullu	1.43	0.07 (5)	0.20 (14)	0.50 (35)	0.66 (46)

4.	District Agriculture Officer, Keylong (L&S)	0.70	0.20 (28)	0.20(29)	0.10 (14)	0.20 (29)
5.	BDO, Hamirpur	0.45	0.06 (13)	0.10 (22)	0.10 (22)	0.19 (43)
6.	Director , Animal Husbandry, Shimla	8.76	0.46 (5)	1.84 (21)	1.91(22)	4.55 (52)

Source: Departmental figures

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per rule, every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General.

Scrutiny of the records of 14 DDOs under Agriculture, Food and Civil Supplies and Tourism Departments revealed that the total amount of DCC bills received during the period 2005-2009 was only Rs 0.54 crore against the amount of AC bills of Rs 0.95 crore leading to an outstanding balance of DCC bills of Rs 0.41 crore as on 31 March 2009.

Department-wise pending DCC bills for the years 2005-09 is detailed in *Appendix 2.12*. It was further noticed that majority of the AC bills were being drawn for POL expenditure, repair of vehicles, travelling allowance expenditure, purchase of kerosene oil, stationery/postage stamps and on camps/training. No reasons for non-submission of DCC bills were furnished by the concerned DDOs.

2.4.2 Non-adjustment of Temporary Advances

Drawing and Disbursing Officers (DDOs) draw temporary advances for the purpose of meeting contingent expenditure either on the authority of standing orders or specific sanction of the State Government. As per Rule 2.10 of Himachal Pradesh Financial Rules Vol-I the Treasury Officer may authorise advance drawal to the extent of Rs 10,000 only for each head of office and no subsequent drawal of advance shall be permitted by him unless first advance is duly accounted for.

Test-check of records of 12¹⁶ Drawing and Disbursing Officers in the State revealed non-adjustment of temporary advances and Rs 11.62 crore were pending adjustment as of March 2009. Age wise analysis of advances pending is given in Table-2.8.

¹⁶ (i) BDO, Tissa under DRDA, Chamba (Rs 10.13 lakh) (ii) Chaudhary Sarwan Kumar Krishi Vishva Vidyalaya, Palampur (Rs 124.65 lakh) (iii) Chief Medical Officer, Chamba (Rs 0.15 lakh) (iv) Director, Labour and Employment, Shimla (Rs 0.10 lakh) (v) Director, Sarv Shiksha Abhiyan (Rs 260.47 lakh) (vi) District Panchayat Officer, Keylong (Rs 0.14 lakh) (vii) Executive Engineer (Design), Dr. Y.S Parmar University, Solan (Rs 756.91 lakh) (viii) Project Director, Aids Control Society, Kasumpti (Rs 2.62 lakh) (ix) Project Officer, DRDA, Nahan (Rs 0.56 lakh) (x) Project Officer, DRDA, Lahual and Spiti at Keylong (Rs 0.41 lakh) (xi) Social Justice and Empowerment, Shimla (Rs 0.90 lakh) and (xii) Soil Testing Officer, Reckong Peo (Rs 5.00 lakh).

Table-2.8

Sr. No.	Pendency	No of Advances	Amount (Rupees in crore)
1.	More than five years up to 10 years	1	0.05 (0.43)
2.	More than one year but less than five years	109	11.57 (99.57)
Total		110	11.62 (100)

Figures in parenthesis indicate percentage to total amount.

Source: Departmental figures

No reasons for non-adjustment of temporary advances were furnished by the concerned DDOs. Non-adjustment of temporary advances for long periods is fraught with the risk of misappropriation and fraud. The Controlling Officers of the concerned departments need to exercise the prescribed financial control over authorization and timely adjustment of temporary advances, scrupulously.

2.5 Operation of Personal Deposit Accounts

Operation of Personal Deposit Accounts (PDA) were reviewed and the following points were noticed:

- (i) There were 137 PDAs in operation in 14 district treasuries as of March 2009. None of these PDAs was closed at the end of financial year and a balance of Rs 209.57 crore in the accounts was not transferred to the respective service heads. This resulted in overstatement of expenditure to that extent.
- (ii) Information collected from the Accountant General (A&E) office revealed that 54 PDAs involving an amount of Rs 203 crore remained inoperative for a period up to 20 years. Of these, 22 PDAs having balance of Rs 202.66 crore were not operated for more than 5 years.
- (iii) PDAs should normally close with credit balance, as the payment against deposit should not exceed deposits received. Scrutiny of PDAs revealed that there were adverse balances of Rs 62.13 lakh in nine cases (*Appendix-2.13*) which could be due to misclassification, excess payments, non-reconciliation of the accounts or some other reasons which required investigation and rectification.

The funds meant for various development works were thus parked in the PDAs without undertaking the work for which these were sanctioned and released. The practice of retaining funds in the PD Account after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

2.6 Errors in Budgeting Process

Lapses or errors observed in the process of budgeting by the State Government for the year 2008-09 were as under:

- There was a difference of Rs 0.70 lakh in the supplementary budget for the year 2008-09 under the Major Head 2210-05-105-04. Total figure of budget was shown as Rs 44.05 lakh in the supplementary budget whereas the total of figures actually worked out to Rs 43.35 lakh.

- Expenditure of Rs 538.73 crore was incurred by the DDOs without budget during the year 2008-09 in 47 items. Out of 47 items, expenditure of Rs 50.59 crore was incurred in 19 cases through re-appropriation without any token provision in the budget by the State Government in original/supplementary budget. In nine cases the expenditure of Rs 464 crore was incurred without any provision in original/supplementary budget. Although in 19 cases the entire original provision was surrendered at the end of the year yet the expenditure of Rs 24.14 crore was incurred by the DDOs during the year.
- Original budget provision was made under 5 unauthorised Major Heads due to correction slips being not taken into account amounting to Rs 154.41 crore.

2.7 Outcome of Review of Selected Grant

Review of one grant (Grant No. 13- Irrigation, Water Supply and Sanitation) was conducted and following irregularities were noticed:

(i) Excess over the budget provisions due to unrealistic estimation awaiting regularisation

During 2008-09 there was a total excess of Rs 405.98 crore (Revenue section: Rs 344.87 crore and Capital section: Rs 61.11 crore) under nine major heads of the Grant as per details given below:

Table- 2.9

(Rupees in crore)

Sr. No.	Major Head	Total budget provision				Expenditure	Excess	Percentage
		Original	Supplementary	Re-Appropriation	Total			
1.	2059-Public Works	0.50	0.24	0.00	0.74	0.75	0.01	1.35
2.	2215-Water Supply & Sanitation	636.19	7.41	1.59	645.19	966.46	321.27	49.79
3.	2700-Major Irrigation	7.62	0.00	-1.80	5.82	12.10	6.28	107.90
4.	2702-Minor Irrigation	228.57	5.16	-2.31	231.42	244.18	12.76	5.51
5.	2711-Flood Control & Drainage	4.52	0.00	-0.60	3.92	8.47	4.55	116.07
	Total	877.40	12.81	-3.12	887.09	1,231.96	344.87	
	Capital (Voted)							
6.	4700-C.O on Major Irrigation	43.50	0.00	-28.00	15.50	15.51	0.01	0.06
7.	4701-C.O. on Medium Irrigation	54.00	0.00	-22.00	32.00	32.10	0.10	0.31
8.	4702-C.O. on Minor Irrigation	97.03	0.00	-10.29	86.74	147.73	60.99	70.31
9.	4705-C.O. on Command Area Development	6.60	0.00	-4.85	1.75	1.76	0.01	0.57
	Total	201.13	0.00	-65.14	135.99	197.10	61.11	

Source: Accountant General (A&E) office

Against the total provision of Rs 1,023.08 crore under nine major heads (Revenue section: Rs 887.09 crore and Capital section: Rs 135.99 crore), expenditure of Rs 1,429.06 crore (Revenue section: Rs 1,231.96 crore and Capital section: Rs 197.10 crore) had been incurred during 2008-09. The excesses of Rs 405.85 crore pertained to five major heads (Major Head 2215-Rs 321.27 crore, Major Head 2700-Rs 6.28 crore, Major Head 2702-Rs 12.76 crore, Major Head 2711-Rs 4.55 crore and Major Head 4702-Rs 60.99 crore). Excess expenditure of Rs 405.98 crore had not been regularised (September 2009).

(ii) Inadequate supplementary provisions

Against the additional requirement of Rs 346.13 crore under three major heads, the supplementary provision of Rs 12.81 crore had only been obtained as per details given below:

Table- 2.10

(Rupees in crore)

Sr. No	Major Head	Total budget provision				Expenditure	Excess	Difference in original provision and expenditure
		Revenue (Voted)	Original	Supplementary	Re-Appropriation			
1	2059-Public Works	0.50	0.24	0.00	0.74	0.75	0.01	0.25
2	2215-Water Supply & Sanitation	636.19	7.41	1.59	645.19	966.46	321.27	330.27
3	2702-Minor Irrigation	228.57	5.16	-2.31	231.42	244.18	12.76	15.61
	Total	865.26	12.81	-0.72	877.35	1,211.39	334.04	346.13

Source: Accountant General (A&E) office

Thus, the meagre supplementary provision in above cases proved inadequate leaving an uncovered excess expenditure of Rs 334.04 crore. This is indicative of unrealistic estimation.

(iii) Injudicious re-appropriation

Under six major heads of the Grant against original appropriation of Rs 213.27 crore, an expenditure of Rs 217.67 crore was incurred. There was necessity of Rs 4.40 crore for the supplementary provision, but in these cases no such provision had been provided. Instead, Rs 67.54 crore were withdrawn by making re-appropriation and as a result, there were excesses to the tune of Rs 71.94 crore against aforesaid major heads as per detail below:

Table-2.11

(Rupees in crore)

Sr. No.	Major Head	Total budget provision				Expenditure	Excess over provisions
		Revenue (Voted)	Original	Supplementary	Reappropriation		
1.	2700-Major Irrigation	7.62	0.00	-1.80	5.82	12.10	6.28
2.	2711-Flood Control & Drainage	4.52	0.00	-0.60	3.92	8.47	4.55
	Total	12.14	0.00	-2.40	9.74	20.57	10.83

	Capital (Voted)						
3.	4700-C.O on Major Irrigation	43.50	0.00	-28.00	15.50	15.51	0.01
4.	4701-C.O. on Medium Irrigation	54.00	0.00	-22.00	32.00	32.10	0.10
5.	4702-C.O. on Minor Irrigation	97.03	0.00	-10.29	86.74	147.73	60.99
6.	4705-C.O. on Command Area Development	6.60	0.00	-4.85	1.75	1.76	0.01
	Total	201.13	0.00	-65.14	135.99	197.10	61.11
	Grand Total	213.27	0.00	-67.54	145.73	217.67	71.94

Source: Accountant General (A&E) office

Thus, re-appropriation in above cases was unnecessary and injudicious.

(iv) Rush of expenditure

Government has prescribed (September 1995) quarter-wise percentages for incurring expenditure. In the case of Grant No. 13, the quarter-wise flow of expenditure was not maintained during 2008-09 as per prescribed norms as per details tabulated below:

Table-2.12

(Rupees in crore)

Month	Expenditure	Quarter	Quarterly expenditure	Percentage of actual expenditure	Percentage as per prescribed norms
4/2008	15.11	1st quarter	204.90	11.90	20
5/2008	76.01				
6/2008	113.78				
7/2008	86.87	2nd quarter	246.14	14.29	25
8/2008	75.65				
9/2008	83.62				
10/2008	116.82	3rd quarter	349.23	20.28	30
11/2008	123.89				
12/2008	108.52				
1/2009	116.60	4th quarter	922.09	53.53	25
2/2009	185.13				
3/2009 (Normal)	626.05				
3/2009 (Sup. 1)	-1.98				
3/2009 (Sup. 2)	-4.15				
3/2009 (Final)	0.44				
Total	1,722.36		1,722.36	100.00	100

Source: Accountant General (A&E) office

The rush of expenditure in the last quarter of the financial year was more than 50 *per cent* of the total expenditure of the grant. This indicates lack of planning and also prudence in allocation of funds.

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure. The departments should ensure that the funds are expended uniformly as prescribed throughout the year as far as practicable to avoid rush of expenditure at the end of the financial year.

(v) Non- submission of liability statements to the Finance Department

Liability statements to exercise effective control over expenditure and preparation of correct budget estimates were not sent by the Engineer-in-Chief (E-in-C) to the Finance Department during 2008-09 as required under budget manual.

Liability register to keep track of undisclosed/undischarged liabilities, required to be maintained as per budget manual, was not maintained by the E-in-C.

2.8 Conclusion and Recommendations

Slow pace of programme implementation in the State left an overall saving of Rs 801.61 crore offset by excess of Rs 556.52 crore; this requires regularisation under Article 205 of the Constitution of India. 'Public Works' and 'Animal Husbandry, Dairy Development and Fisheries' sectors posted large excesses persistently for the last five years. Supplementary provision aggregating Rs 48.81 crore obtained in five cases, Rs 25 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision. In 13 cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. There were also instances of inadequate provision of funds and unnecessary/ excessive re-appropriations. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management. In many cases, the savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. Budgetary controls should be strictly observed to avoid such deficiencies in financial management.

CHAPTER-III
FINANCIAL REPORTING

3. FINANCIAL REPORTING

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

3.1 Delay in furnishing Utilization Certificates

Financial Rules provide that for the grants provided for specific purposes, Utilization Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within one year from the date of their sanction unless specified otherwise. However, of the 26,978 utilization certificates (UC) due in respect of grants and loans aggregating Rs 886.89 crore paid up to 2008-09, 21,695 UCs (80 per cent) for an aggregate amount of Rs 675.49 crore were in arrears. The department-wise break-up of outstanding UCs is given in *Appendix 3.1* and age-wise delays in submission of UCs are summarized in Table-3.1.

Table-3.1: Age-wise arrears of Utilization Certificates

(Rupees in crore)

Sr. No.	Range of delay (In number of years)	Total grants paid		Utilization Certificates Outstanding	
		Number of Cases	Amount	Number	Amount
1.	0 – 1	15,369	466.78	14,331	340.03
2.	1 – 3	9,911	273.98	6,236	226.53
3.	3 – 5	1,072	95.97	822	77.63
4.	5 – 7	517	40.62	281	23.20
5.	7 – 9	103	7.88	22	6.44
6.	9 & above	6	1.66	3	1.66
	Total	26,978	886.89	21,695	675.49

Source: Accountant General (A&E) office

Out of 21,695 UCs worth Rs 675.49 crore pending as of March 2009, 306 UCs involving Rs 31.30 crore were pending for more than five years. Pendency of UCs mainly pertained to Education Department (15,496 UCs: Rs 193.20 crore), Rural Development Department (3,293 UCs: Rs 318.87 crore), Industries Department (1,270 UCs: Rs 6.17 crore), Art and Culture (670 UCs: Rs 4.90 crore), Social Justice and Empowerment Department (490 UCs: Rs 39.83 crore), Urban Department (18 UCs: Rs 33.18 crore), Sports and Youth (44 UCs: Rs 4.23 crore) and Tourism Department (3 UCs: Rs 1.46 crore).

In the absence of the UCs it could not be ascertained whether the recipients had utilized the grants for the purposes for which these were given.

3.2 Delays in submission of Accounts/Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government. A large number of these bodies are audited by the CAG with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinized in audit, review of internal management and financial control, review of systems and procedures etc. The audit of accounts

of 13 bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature are indicated in *Appendix-3.2*. The frequency distribution of autonomous bodies according to the delays in submission of accounts to Audit and placement of Separate Audit Reports in the legislature after the entrustment of Audit to CAG is summarized in Table-3.2.

Table-3.2: Delays in Submission of Accounts and tabling of Separate Audit Reports

Delays in submission of Accounts (In Months)	Number of Autonomous Bodies	Reasons for the Delay	Delays in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies	Reasons for the Delay
0 – 1	--		0 – 1	1	Reasons not furnished by the Department
1 – 6	1	Reasons not furnished by the Department	1 – 2	--	--
6 – 12	--	--	2 – 3	1	Reasons not furnished by the Department
Total	1			2	

Only one account is in arrears from two months as of October 2009. The State Government disbursed regular funds to these autonomous bodies. In the absence of accounts and subsequent audit, it could not be verified whether the funds received and expenditure incurred had been properly accounted for and the purpose for which the funds were disbursed were achieved. Besides, delay in finalisation of accounts carries the risk of financial irregularities going undetected apart from violation of the provisions of the respective legislations under which the bodies were constituted.

Two SARs of the two Autonomous Bodies were not placed before the legislature even after delays ranging from one to three years, thereby violating the statutory responsibility of keeping the State legislature informed about the financial status of the bodies.

3.3 Misappropriations, losses, defalcations, etc.

As per the provisions of Himachal Pradesh financial rules, State Government reported 51 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs 77.34 lakh up to the period June 2009 on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in *Appendix-3.3* and nature of these cases is given in *Appendix-3.4*. The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss as emerged from these appendices are summarized in Table-3.3.

Table-3.3: Profile of Misappropriations, losses, defalcations, etc.

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount Involved (Rs in lakh)	Nature/Characteristics of the Cases	Number of Cases	Amount Involved (Rs in lakh)
0 – 5	9	17.49	Theft	5	3.21
5 – 10	11	37.66			
10 – 15	11	14.89	Misappropriation/Loss of material	49	125.13
15 – 20	3	2.10			
20 – 25	6	1.13	Total	54	128.34

25 & above	11	4.07	Cases of Losses Written off during the Year	3	51.00
Total	51	77.34	Total Pending cases	51	77.34

A further analysis indicates that the reasons for which the cases were outstanding could be classified, for example, in the categories listed in Table-3.4.

Table 3.4: Reasons for Outstanding cases of Misappropriations, losses, defalcations, etc.

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (Rs in lakh)
i)	Awaiting departmental and criminal investigation	23	51.06
ii)	Departmental action initiated but not finalized	4	3.15
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	--	--
iv)	Awaiting orders for recovery or write off	17	11.75
v)	Pending in the courts of law	--	--
vi)	Other reasons	7	11.38
Total		51	77.34

3.4 Conclusion

Pendency of utilization certificates (UCs) (80 per cent) for an aggregate amount of Rs 675.49 crore to the Accountant General as per provision of financial rules has increased year after year and needs urgent attention of the Government. There was a delay of 1 to 3 years in submission of Separate Audit Reports (SARs) of Autonomous Bodies in Legislature thereby violating the statutory responsibility of keeping the State legislature informed about the financial status of the bodies. Out of 51 cases, involving Rs 77.34 lakh during last more than 25 years, departmental proceedings and criminal investigation were not even initiated in 23 cases involving Rs 51.06 lakh (66 per cent), indicating lack of initiative on the part of the Government. The delay is fraught with the risk of loss of Government money due to non-conviction and non-recovery as a result of loss of evidence and want of witnesses.

Shimla
The

12 MAR 2010

Rita Mitra
(Rita Mitra)

Principal Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The

17 MAR 2010

Vinod Rai
(Vinod Rai)

Comptroller and Auditor General of India

APPENDICES

APPENDIX - 1.1

Part-A: Structure and Form of Government Accounts

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: 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 the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

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	Layout
Statement No. 1	Presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements, etc., in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No. 2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2008-09.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No. 4	Indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in the arrears, etc.
Statement No. 6	Gives the summary of guarantees given by the Government for repayment of loans, etc., raised by the statutory corporations, local bodies and other institutions.
Statement No. 7	Gives the summary of cash balances and investments made out of such balances.
Statement No. 8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
Statement No. 9	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure.
Statement No. 10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No. 11	Indicates the detailed account of revenue receipts by minor heads.
Statement No. 12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head-wise.
Statement No. 13	Depicts the detailed capital expenditure incurred during and to the end of 2008-09.
Statement No. 14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, cooperative banks and societies, etc., up to the end of 2008-09.
Statement No. 15	Depicts the capital and other expenditure to end of 2008-09 and the principal sources from which the funds were provided for that expenditure.
Statement No. 16	Gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No. 17	Presents the detailed account of debt and other interest bearing obligations of the Government of Himachal Pradesh.
Statement No. 18	Provides the detailed account of loans and advances given by the Government of Himachal Pradesh, the amount of loans repaid during the year, the balances as on 31 March 2009.
Statement No. 19	Gives the details of earmarked balances of reserve funds.

APPENDIX - 1.2

(Reference: Paragraph 1.5.1; Page 18)

Methodology adopted for the Assessment of Fiscal Position

Part-A

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts were analyzed wherever necessary over the period 2004-09 and observations have been made on their behaviour. In its Restructuring Plan of State finances, the TFC recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five-year period (2005-10) so that the fiscal position of State could be improved as committed in their respective FR Acts/Rules covering medium to long term. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their FR Acts and in other Statements required to be laid in the legislature under the Act, have been used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP¹ at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc., with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 1999-2000 as base as published by the Director of Economics and Statistics of the State Government in Economic Survey 2008-09 have been used in estimating these percentages and buoyancy ratios.

The trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs in crore)	23,066	25,471	28,358	31,974	36,940
Growth rate of GSDP	11.32	10.43	11.33	12.75	15.53

Source: Department of Economics and Statistics, Government of Himachal Pradesh GSDP figure for the year 2008-09 is provisional.

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

¹ 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.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AEGSDP less than the national average, *i.e.*, if

$$AE/GSDP = x$$

$$AE = x * GSDP \dots\dots\dots(1)$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, *i.e.*, if

$$DE/AE = y$$

$$DE = y * AE \dots\dots\dots(2)$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$DE = y * x * GSDP \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, *i.e.*,

$$PCDE = DE/P \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as per cent to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005

Part-B

The Government of Himachal Pradesh enacted the Fiscal Responsibility and Budget Management (HPFRBM) Act, 2005 in April 2005 to ensure prudence in fiscal management and fiscal stability, by progressive reduction in revenue deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles as laid down in the Act and the rules framed thereunder, the Act prescribed the following fiscal targets for the State Government:

- reduce revenue deficit as a percentage of total revenue receipts by at least two percentage points each financial year, compared to previous year, to eliminate revenue deficit by 31st March 2009;
- progressively reduce fiscal deficit to bring it to three *per cent* of Gross State Domestic Product (GSDP) by 31st March 2009; and
- progressively reduce its outstanding guarantees on long term debt, until it can cap outstanding risk weighted guarantees at 80 *per cent* of the total revenue receipts in the preceding financial year.

Part-C: Outcome Indicators of the State's Own Fiscal Correction Path

(Rupees in crore)

	Base year estimates 2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
A. STATE REVENUE ACCOUNT :							
1. Own Tax Revenue	984.32	1251.89	1416.76	1505.62	1637.56	1782.78	1942.75
2. Own Non-Tax Revenue	275.00	600.00	623.10	683.44	712.61	732.49	828.12
3. Own Tax +Non-Tax Revenue (1+2)	1259.32	1851.89	2039.86	2189.06	2350.17	2515.27	2770.87
4. Share in Central Taxes and Duties	449.55	537.32	496.00	496.00	496.00	496.00	496.00
5. Plan-Grants	1320.64	1215.16	1264.80	1393.20	1530.62	1681.78	1848.06
6. Non-Plan Grants	765.31	816.12	2270.69	2318.15	2334.26	2207.35	2036.74
6.a. Centrally Sponsored Schemes	186.10	214.02	261.94	124.82	124.82	124.82	124.82
7. Total Central Transfer (4 to 6a)	2721.60	2782.62	4293.43	4332.17	4485.70	4509.95	4505.62
8. Total Revenue Receipts (3+7)	3980.92	4634.51	6333.29	6521.23	6835.87	7025.22	7276.49
9. Plan Expenditure	718.68	818.32	935.53	1011.26	1112.39	1223.62	1345.99
10. Non-Plan Expenditure	4744.85	4807.05	5339.24	5615.52	5787.67	6088.38	6436.59
11. Salary Expenditure	2073.50	2177.18	2272.64	2294.45	2455.06	2626.92	2810.80
12. Pension	532.78	626.00	727.93	698.25	754.11	814.44	879.59
13. Interest Payments	1472.78	1641.00	1670.13	1754.56	1736.18	1837.76	1977.98
14. Subsidies-General	91.06	91.06	53.53	79.20	82.37	85.66	89.09
15. Subsidies-Power	81.00	81.00	91.00	86.45	89.91	93.50	97.24
15.a.Centrally Sponsored Schemes	124.55	167.56	151.97	148.54	148.54	148.54	148.54
16. Total Revenue Expenditure (9+10 +15a))	5588.08	5792.93	6426.74	6775.32	7048.60	7460.54	7931.12
17.Salary+Interest+ Pensions (11+12+13)	4079.06	4444.18	4670.70	4747.26	4945.35	5279.11	5668.37
18. as % of Revenue Receipt (17/8)	1.02	0.96	0.74	0.73	0.72	0.75	0.78
19. Revenue surplus/deficit (8-16)	-1607.16	-1158.42	-93.45	-254.09	-212.73	-435.32	-654.63
B. CONSOLIDATED REVENUE ACCOUNT:							
1. Power Sector loss/profit net of actual subsidy transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Increase in debtors during the year in power utility account (increase (-))	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest payment on Off Budget Borrowings and SPV borrowings made by PSUs/SPUs outside budget	----	----	----	----	----	----	----
4. Total (1 to 3)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidated Revenue Deficit (A.19+B4)	-1607.16	-1158.42	-93.45	-254.09	-212.73	-435.32	-654.63

	Base year estimates 2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
C. CONSOLIDATED DEBT:							
1. Outstanding Debt and liability	14437.32	16532.89	17504.74	18493.00	19527.86	20867.48	22516.89
2. Total Outstanding Guarantee of which (a) guarantee on account of off budget borrowing and (b) SPV borrowings	4682.43	4751.05	4751.05	4751.05	4751.05	4751.05	4751.05
D. CAPITAL ACCOUNT:							
1. Capital Outlay	784.84	653.99	716.17	756.06	831.67	914.83	1006.32
2. Centrally Sponsored Schemes	60.98	46.46	119.37	3.95	3.95	3.95	3.95
3. Disbursement of Loans and Advances	19.91	23.78	37.79	11.52	11.52	11.52	11.52
4. Recovery of Loans and Advances	28.29	25.79	28.53	23.67	25.00	26.00	27.00
5. Other capital receipts						-	
E. GROSS FISCAL DEFICIT (GFD) :	-2444.60	-1856.86	-938.25	-1001.95	-1034.87	-1339.62	-1649.42
GSDP (Rs in crores) at Current Prices	18062.00	20234.06	22824.02	25745.49	29040.92	32758.15	36951.20
F. FISCAL DEFICIT :							
Actual/Assumed Nominal Growth Rate (per cent)	----	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%
Fiscal Deficit/GSDP (per cent) as per the para 19 of the guidelines	----	9.18%	4.11%	3.89%	3.56%	4.09%	4.46%

APPENDIX - 1.3

(Reference: Paragraphs 1.3 and 1.7.2; Pages 6 and 27)

Time Series Data on the State Government Finances

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Part-A: Receipts					
1. Revenue Receipts	4,635	6,559	7,835	9,142	9,308
(i) Tax Revenue	1,252 (27)	1,497 (23)	1,656 (21)	1,958 (21)	2,242 (24)
Taxes on Agricultural Income	--	--	--	--	--
Taxes on Sales, Trade, etc.	542 (43)	727 (49)	914 (55)	1,092 (56)	1,246 (56)
State Excise	300 (24)	329 (22)	342 (21)	389 (20)	432 (19)
Taxes on Vehicles	108 (9)	102 (7)	106 (6)	114 (6)	136 (6)
Stamps and Registration fees	75 (6)	82 (5)	93 (6)	87 (4)	98 (4)
Taxes and Duties on electricity	88 (7)	89 (6)	30 (2)	82 (4)	79 (4)
Land Revenue	3 (--)	1 (--)	2 (--)	2 (--)	20 (1)
Taxes on Goods and Passengers	38 (3)	43 (3)	50 (3)	55 (3)	62 (3)
Other Taxes	98 (8)	124 (8)	119 (7)	137 (7)	169 (7)
(ii) Non Tax Revenue	611 (13)	690 (11)	1,337 (17)	1,823 (20)	1,756(19)
(iii) State's share of Union taxes and duties	537 (12)	493 (7)	629 (8)	794 (9)	838 (9)
(iv) Grants in aid from Government of India	2,235 (48)	3,879 (59)	4,213 (54)	4,567(50)	4,472(48)
2. Miscellaneous Capital Receipts	--	--	--	--	----
3. Recoveries of Loans and Advances	26	22	23	26	21
4. Total Revenue and Non debt capital receipts (1+2+3)	4661	6581	7858	9168	9,329
5. Public Debt Receipts	2,677	1,781	2,080	1,849	2,249
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,444 (91)	1,753 (98)	2,042 (98)	1,798 (97)	2,237 (99)
Net transactions under Ways and Means Advances and Overdrafts	--	--	--	--	--
Loans and Advances from Government of India	233 (9)	28 (2)	38 (2)	51 (3)	12 (1)
6. Total Receipts in the Consolidated Fund (4+5)	7,338	8,362	9,938	11,017	11,578
7. Contingency Fund Receipts	--	--	--	--	--
8. Public Account Receipts	5,030	4,933	5,265	6,223	6,760
9. Total Receipts of the State (6+7+8)	12,368	13,295	15,203	17,240	18,338

Part B. Expenditure/Disbursement					
10. Revenue Expenditure	5,793	6,466	7,644	8,292	9,438
Plan	978 (17)	1,182 (18)	1,325 (17)	1,202 (14)	877 (9)
Non Plan	4,815 (83)	5,284 (82)	6,319 (83)	7,090 (86)	8,561 (91)
General Services (including interest payments)	2,723 (47)	2,818 (43)	3,300 (43)	3,429 (41)	3,918 (42)
Social Services	1,890 (33)	2,309 (36)	2,586 (34)	2,876 (35)	3,332 (35)
Economic Services	1,177 (20)	1,333 (21)	1,755 (23)	1,984 (24)	2,184 (23)
Grants-in-aid and contributions	3 (-)	6 (-)	3 (-)	3 (-)	4 (-)
11. Capital Expenditure	654	821	1,110	1414	2079
Plan	630 (96)	820 (100)	1,043 (94)	1,313 (93)	1,992 (96)
Non Plan	24 (4)	1 (-)	67 (6)	101 (7)	87 (4)
General Services	30 (5)	52 (6)	61 (5)	59 (4)	64 (3)
Social Services	330 (50)	369 (45)	575 (52)	586 (42)	833 (40)
Economic Services	294 (45)	400 (49)	474 (43)	769 (54)	1,182 (57)
12. Disbursement of Loans and Advances	24	14	26	14	90
13. Total (10+11+12)	6,471	7,301	8,780	9,720	11,607
14. Repayments of Public Debt	1,659	1,308	1,311	937	885
Internal Debt (excluding Ways and Means Advances and Overdrafts)	581 (35)	1219 (93)	1,182 (90)	839	829
Net transactions under Ways and Means Advances and Overdraft	95 (6)	23 (2)	--	42	--
Loans and Advances from Government of India	983 (59)	66 (5)	129 (10)	56	56
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	8,130	8,609	10,091	10,657	12,492
17. Contingency Fund disbursements	--	--	--	--	--
18. Public Account disbursements	4,027	4,387	5,370	5,737	5,690
19. Total disbursement by the State (16+17+18)	12,157	12,996	15,461	16,394	18,182
Part C. Deficits					
20. Revenue Deficit(-)/ Revenue Surplus (+) (1-10)	(-) 1,158	(+) 93	(+) 191	(+) 850	(-) 130
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 1,810	(-) 720	(-) 922	(-) 552	(-) 2,278
22. Primary Deficit (21+23)	(-) 169	(+) 843	(+) 747	(+) 1,151	(-) 384

	2004-2005	2005-2006	2006-2007	2007-2008	2008-09
Part D: Other data					
23. Interest Payments (included in revenue expenditure)	1,641	1,563	1,669	1,703	1,894
24. Financial Assistance to local bodies etc.,	275	380	399	467	582
25. Ways and Means Advances/Overdraft availed (days)	120	13	01	--	--
Ways and Means Advances availed (days)	93	13	01	--	--
Overdraft availed (days)	27	--	--	--	--
26. Interest on Ways and Means Advances/ Overdraft	2.34	0.32	0.89	--	--
27 Gross State Domestic Product (GSDP)@	23,066	25,471	28,358	31,974	36,940
28 Outstanding Fiscal liabilities (year end)	16,533	17,432	18,071	19,419	21,819
29. Outstanding guarantees (year end) (including interest)	4,751	3,587	2,976	2,632	2,291
30. Maximum amount guaranteed (year end)	6,409	5,526	6,347	6,450	6,076
31. Number of incomplete projects	39	15	30	20	17
32. Capital blocked in incomplete projects	58	25	160	121	96
Part E: Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	0.05	0.06	0.06	0.06	0.06
Own Non-Tax Revenue/GSDP	0.03	0.03	0.05	0.06	0.05
Central Transfers/GSDP	0.10	0.15	0.15	0.14	0.14
II Expenditure Management					
Total Expenditure/GSDP	0.28	0.29	0.31	0.30	0.31
Total Expenditure/Revenue Receipts	1.40	1.11	1.12	1.06	1.25
Revenue Expenditure/Total Expenditure	0.90	0.89	0.87	0.85	0.81
Expenditure on Social Services/Total Expenditure	0.29	0.32	0.29	0.30	0.29
Expenditure on Economic Services/Total Expenditure	0.18	0.18	0.20	0.20	0.19
Capital Expenditure/Total Expenditure	0.10	0.11	0.13	0.15	0.18
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.10	0.11	0.12	0.14	0.17

	2004-2005	2005-2006	2006-2007	2007-2008	2008-09
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-) 0.050	0.004	0.006	0.027	(-) 0.004
Fiscal deficit/GSDP	(-) 0.078	(-) 0.028	(-) 0.033	(-) 0.017	(-) 0.062
Primary Deficit (surplus) /GSDP	(-) 0.007	0.033	0.026	0.036	(-) 0.010
Revenue Deficit/Fiscal Deficit	(-) 0.640	(-) 0.129	(-) 0.207	(-) 1.540	(-) 0.057
Primary Revenue Balance/GSDP				0.284	0.247
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.72	0.68	0.64	0.61	0.59
Fiscal Liabilities/RR	3.57	2.66	2.31	2.12	2.34
Primary deficit vis-à-vis quantum spread	(-) 1.625	4.153	2.223	1.741	(-) 0.364
Debt Redemption (Principal +Interest)/ Total Debt Receipts	0.88	1.18	1.27	1.02	0.92
V Other Fiscal Health Indicators					
Return on Investment	0.58	28.61	1.80	0.52	89.58
Balance from Current Revenue (Rs in crore)	(-) 1,585	(-) 191	(-) 281	(+) 113	(-) 1,423
Financial Assets/Liabilities	0.51	0.54	0.57	0.60	0.68

Figures in brackets represent percentages (rounded) to total of each sub-heading.

@ GDP figures communicated by the Government adopted.

APPENDIX - 1.4

(Reference: Paragraphs 1.1 and 1.7.1; Pages 1 and 26)

Part-A: Abstract of Receipts and Disbursements for the year 2008-09

(Rupees in crore)					(Rupees in crore)					
Receipts					Disbursements					
2007-08			2008-09		2007-08			2008-09		
1.	2.	3.	4.	5.	6.	7.	Non-Plan 8.	Plan 9.	Total 10.	11.
Section – A Revenue										
	9,141.55	I-Revenue Receipts		9,307.99	8,291.75	I-Revenue Expenditure				9,438.13
1,958.18		(i) Tax revenue	2242.49			General Services	3,887.17	30.55	3917.72	3917.72
1,822.43		(ii) Non-tax revenue	1756.24			Social Services	2,897.61	434.57	3332.18	3332.18
793.64		(iii) State's share of Union Taxes and Duties	837.49			Education, Sports, Art and Culture	1,611.14	111.04	1,722.18	
2,402.59		(iv) Non-Plan Grants	2310.43			Health and Family Welfare	441.25	41.21	482.46	
1,846.53		(v) Grants for State Plan Schemes	1700.38			Water Supply, Sanitation, Housing and Urban Development	509.00	73.01	582.01	
318.18		(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	460.96			Information and Broadcasting	15.10	0.60	15.70	
						Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	6.70	43.12	49.82	
	--					Labour and Labour Welfare	24.20	12.16	36.36	
						Social Welfare and Nutrition	284.26	150.34	434.60	
						Others	5.96	3.09	9.05	
						Economic Services	1771.90	412.36	2184.26	2184.26
						Agriculture and Allied Activities	560.11	263.07	823.18	
						Rural Development	152.06	98.04	250.10	
						Special Area Programme	--	--	--	
						Irrigation and Flood Control	187.03	14.25	201.28	
						Energy	104.58	3.45	108.03	
						Industry and Minerals	25.95	25.94	51.89	
						Transport	713.01	2.01	715.02	
						Science, Technology and Environment	2.02	0.40	2.42	
						General Economic Services	27.14	5.20	32.34	
						Grants-in-aid and Contributions	3.97	--	3.97	3.97
						Total	8560.65	877.48	9438.13	9438.13
					849.80	II-Revenue surplus carried over to Section-B				
9,141.55					9,141.55	Total:				9,438.13

2007-08			2008-09		2007-08			2008-09		
1.	2.	3.	4.	5.	6.	7.	Non-Plan	Plan	Total	11.
Section-B-Capital										
	(-) 24.14	III-Opening cash balance including Permanent Advances and Cash Balance Investment		822.99		III- Opening overdraft from Reserve Bank of India	--	--	--	--
		IV- Misc. Capital Receipts			1,413.49	IV- Capital Outlay				
						General Services	--	64.28	64.28	64.28
						Social Services	41.99	791.03	833.02	833.02
						Education, Sports, Art and Culture	--	301.20	301.20	
						Health and Family Welfare	--	79.72	79.72	
						Water Supply, Sanitation, Housing and Urban Development	41.99	385.61	427.60	
						Information and Broadcasting	--	0.10	0.10	
						Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	9.09	9.09	
						Social Welfare and Nutrition	--	15.21	15.21	
						Others	--	0.10	0.10	
						Economics Services	45.15	1136.62	1181.77	1181.77
						Agriculture and Allied Activities	(-) 22.37	61.12	38.75	
						Rural Development	--	0.67	0.67	
						Special Areas Programmes	--	--	--	
						Irrigation and Flood Control	--	230.40	230.40	
						Energy	--	299.25	299.25	
						Industry and Minerals	--	14.08	14.08	
						Transport	67.52	449.48	517.00	
						General Economic Services	--	81.62	81.62	
						Total	87.14	1,991.93	2,079.07	2,079.07
	26.04	V-Recoveries of Loans and Advances		20.98	13.93	V- Loans and Advances disbursed				89.61
1.73		From Power Projects	0.76		1.33	For Power Projects	70.00	5.00	75.00	
16.08		From Government Servants	14.97		10.34	To Government Servants	2.31	8.08	10.39	
8.23		From Others	5.25		2.26	To others	3.56	0.66	4.22	
	849.80	VI-Revenue surplus brought down		--	--	VI-Revenue deficit brought down			--	130.14
	1,849.12	VII-Public Debt Receipts		2,248.74	936.60	VII-Repayment of Public Debt				885.54

2007-08			2008-09		2007-08			2008-09		
1.	2.	3.	4.	5.	6.	7.	Non-Plan	Plan	Total	11.
1,798.47		Internal Debt other than Ways and Means Advances and Overdraft	2236.75			Internal debt other than Ways and Means Advances and Overdraft		829.66		
---		Net transactions under Ways and Means Advances including Overdraft	--			Net transactions under Ways and Means Advances and Overdraft		--		
50.65		Loans and Advances from the Central Government	11.99			Repayment of Loans and Advances to Central Government		55.88		
		VIII-Appropriation to Contingent Fund		--		VIII-Appropriation to Contingent Fund				--
		IX- Amount transferred to Contingent Fund		--		IX-Expenditure from Contingent Fund				--
	6,223.40	X- Public Account Receipts		6,760.47	5,737.21	X- Public Account disbursements				5,689.58
1,449.63		Small Savings and Provident Funds	1,571.83			Small Savings and Provident Funds		1,056.95		
391.29		Reserve Funds	464.13			Reserve Funds		158.72		
985.96		Deposits and Advances	1,111.32			Deposits and Advances		894.64		
183.05		Suspense and Miscellaneous	257.28			Suspense and Miscellaneous		203.45		
3,213.47		Remittances	3,355.91			Remittances		3,375.82		
		XI- Closing overdraft from Reserve Bank of India		--	822.99	XI-Cash Balance at end				979.24
						Cash in Treasuries and Local Remittances		3.74		
						Departmental Cash Balance including Permanent Advances		0.19		
						Deposits with Reserve Bank		(-) 153.87		
						Cash Balance investment		1,129.18		
	8,924.22	Total		9,853.18	8,924.22	Total				9,853.18

Appendix 1.4 (Continued)

(Reference: Paragraphs 1.1 and 1.7; Pages 1 and 26)

(Rupees in crore)

Part-B			
Summarized financial position of the Government of Himachal Pradesh as on 31 March, 2009			
As on 31.03.2008	Liabilities		As on 31.03.2009
1,3049.17	Internal Debt -		14,456.27
5,905.45	Market Loans bearing interest	7,657.85	
0.16	Market Loans not bearing interest	0.17	
469.71	Loans from Life and General Insurance Corporation of India	428.51	
	Loans from the NABARD	764.18	
	Loans from National Co-operative Development Corporation	19.29	
	Special securities issued to NSSF of the Central Government	3,889.21	
	Compensation and other bonds	(-) 21.07	
2,202.54	Loans from other Institutions	1,718.13	
--	Ways and Means Advances	--	
--	Overdrafts from Reserve Bank of India	--	
1,014.87	Loans and Advances from Central Government -		970.96
0.13	Pre 1984-85 Loans	0.13	
14.24	Non-Plan Loans	13.72	
953.62	Loans for State Plan Schemes	914.26	
0.17	Loans for Central Plan Schemes	0.15	
46.71	Loans for Centrally Sponsored Plan Schemes	42.70	
5.00	Contingency Fund		5.00
4,153.56	Small Savings, Provident Funds, etc.		4,668.44
765.69	Deposits		982.64
435.24	Reserve Funds		740.65
424.57	Remittance Balances		404.66
			22,228.62
	Assets		
11,635.34	Gross Capital Outlay on Fixed Assets -		13,714.41
2,033.44	Investments in shares of Companies, Corporations, etc.	2,369.24	
9,601.90	Other Capital Outlay	11,345.17	
224.86	Loans and Advances -		293.49
79.04	Loans for Power Projects	153.28	
80.40	Other Development Loans	79.37	
65.42	Loans to Government servants and Miscellaneous loans	60.84	

As on 31.03.2008	Assets		As on 31.03.2009
--	Reserve Fund Investments		--
0.26	Advances		0.53
	Suspense and Miscellaneous Balances		(-) 54.05
1,126.26	Cash -		979.23
4.32	Cash in Treasuries and Local Remittances	3.74	
	Deposits with Reserve Bank of India	(-) 153.88	
0.16	Departmental Cash Balance including	0.16	
0.03	Permanent Advances	0.03	
1,121.75	Cash Balance Investments	1,129.18	
7,166.04	Deficit on Government Account -		7,295.01
	(i) Add Revenue Deficit of the current year	128.97 [@]	
	(ii) Miscellaneous Deficit	14.96 [*]	
	Accumulated deficit at the beginning of the year	7,166.04	
			22,228.62

@ Differs from the figures shown in the Appendices-1.3 (Sr.No.20) and 1.4 as an amount of Rs 1.17 crore was adjusted under the Head '8680-Misc. Government Accounts'.

* This amount has already been included in the figure of total deficit on Government Account of Rs 7,295.01 crore. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix-1.4, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of Rs 1.12 crore (Net credit) between the figures reflected in the Accounts Rs 153.88 crore (credit) and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank" Rs 152.76 crore (debit). A net difference to the extent of Rs 1.67 crore (Net debit) had been reconciled leaving a balance of net debit of Rs 55.51 lakh which was under reconciliation.

APPENDIX - 1.5

(Reference: Paragraph 1.2.2; Page 5)

Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2008-09

Sr. No.	Programmes/ Schemes	Implementing Agency in the State	Amount (In Rupees)
1.	2.	3.	4.
1.	Scheme : (0132) Ayush and Public Health	Dept of Indian System of Medicine Homeopathy HP	6,000,000
2.	Scheme : (0141) Development of Institutions	Govt Ay College Paprola HP	15,000,000
		Rajiv Gandhi PG Ayurved Paprola	20,000,000
			35,000,000
3.	Scheme : (0143) Drugs Quality Control	Licensing Authority Govt of Himachal Pradesh	1,400,000
4.	Scheme : (0142) Hospitals and Dispensaries under NRHM	society for the development of ayush institutions	217,250,000
5.	Scheme : (0136) HRD Training Programme Fellowship exposure visit upgradation of skills etc	Rajiv Gandhi PG Ayurved Paprola	4,850,000
6.	Scheme : (0131) Information Education and Communications	Grant-in-aid	1,000,000
7.	Scheme : (0135) Medicinal Plants	Principal Chief Conservator of Forests HP Shimla	16,000,000
		CSK HP Krishi Vishwavidyalaya Plampur	200,000
		Dr YS Parmar University of Horticulture Forestry	122,294
		Himachal Pradesh University Shimla	503,356
		Pin Valley National Park Kaza Himachal Pradesh	297,445
		Director JAGRITI Kullu HP	200,000
		Jaypee University	700,000
		Himalayan Forest Research Institute	2,200,000
		Director Institute of Himalayan Bioresource Techno	1,011,400
		Kasturba Sewa Samithi Solan	400,000
			21,634,495
8.	Scheme : (0127) Strengthening of Department of AYUSH	Sh Sandeep Sharma Asstt Solicitor Gen India HC HP	4,920
9.	Scheme : (0031) Development of market infrastructure grading and standardization	HPSA Marketing Board Shimla	21,677,000
10.	Scheme : (0046) National Bamboo Mission	Dr Y S Parmar Univ of Hort and Forestry Solan HP	932,000
		Conservator of forests projects Shimla	25,616,000
		Himalayan Forest Research Institute Shimla	1,014,000
			27,562,000
11.	Scheme : (0009) National project on management of soil and health fertility	State Agri Managem and Exten Trg Institute Himacha	3,500,000
12.	Scheme: (0010) National Project on Promotion of Organic Farming	Government of Himachal Pradesh	3,805,000
		Krishi Vigyan Kendra YS Parmar University HP	2,500
			3,807,500

Appendix 1.5 continued.....

1.	2.	3.	4.
13.	Scheme: (0034) Strengthening promoting agricultural information system	SITEG Himachal Pradesh	57,052,000
14.	Scheme : (0027) Studies in Agricultural Economic Policy and Development	HP University summer Hills Shimla CCPC	14,537,000
		AER Centre H P University Shimla HP	4,963,000
			19,500,000
15.	Scheme : (0048) Support To State Extension Programme For Extension Reforms	SAMETI Himachal Pradesh	11,200,000
16.	Scheme : (0149) Bioinformatics	Dr Y S Parmar University of Horticulture and Forestry	2,182,927
		HP University Simla	665,000
		CSK HP Krishi Vishvavidyalaya Palampur	1,882,000
			4,729,927
17.	Scheme : (0153) Biotechnology For Societal Development	Yumadha Nahan	233,000
		Social Awareness Through Human Involvement	310,000
		Himachal Pradesh Krishi Vishwavidyalaya Palampur	83,000
			626,000
18.	Scheme : (0146) Human Resource Development Biotechnology	CSK HP Krishi Vishvavidyalaya Palampur	468,000
		HP University Simla	79,540
		Vallabh Govt College	30,000
		Govt College Bilaspur	1,200,000
			1,777,540
19.	Scheme : (0150) Research And Development Department Of Biotechnology	Institute of Himalayan Bioresource Technology	22,530,000
		CSK HP Krishi Vishvavidyalaya Palampur	4,990,600
		Jaypee University of Information Technology	3,599,000
		Dr Y S Parmar University of Horticulture and Fores	1,162,000
		Himalayan Forest Research Institute Shimla	2,125,000
		HP University Simla	1,255,000
			35,661,600
20.	Scheme : (0211) ASIDE assistance to states for developing export infrastructure and allied activities	Himachal Pradesh State Industrial Dev Corpn Ltd	114,000,000
21.	Scheme : (0241) Accelerated Rural Water Supply Programme	DWSM Deputy Commissioner-Cum-Chief Executive Officer	13,035,000
		State Water & Sanitation Mission	21,300,000
			34,335,000
22.	Scheme : (0242) Central Rural Sanitation Programme	State Water & Sanitation Mission	34,300,000
		DWSM The Chief Executive Officer Shimla	79,617,000
			113,917,000
23.	Scheme : (0380) Computerisation of PDS Operations	Strengthening of Public Distribution System	992,700
24.	Scheme : (0411) E Health Including Telemedicine	State Health and FW Society Himachal Pradesh	5,000,000
25.	Scheme : (0405) National Aids Control Including STD control	Himachal Pradesh State AIDS Control Society	65,313,000

Appendix 1.5 continued.....

1.	2.	3.	4.
26.	Scheme : (0392) National Rural Health Mission NRHM	Himachal University Shimla	3,273,877
27.	Scheme : (0404) National Rural Health Mission NRHM CSP	State Health and FW Socieity Himachal Pradesh	305,169,130
		Indira Gandhi Medical College Shimla Himachal	150,000
		State Blindness Control Society Himachal Pradesh	18,640,000
		H P State TB Control Society Himachal Pradesh	24,000,000
		Indira Gandhi Medical College Shimla HP	1,907,000
		State HFW Society Leprosy Cell H P Shimla	7,497,000
			357,363,130
28.	Scheme : (0921) National Institute Of Technology NIT DHE	NIT Hamirpur	255,500,000
29.	Scheme : (0916) Polytechnic For Disabled DHE	Govt Polytechnic Sundernagar HP	300,000
		CSK Himachal Pradesh Krishi Vishwavidyalaya	17,678
			317,678
30.	Scheme : (0947) Strengthening Of Existing Polytechnics	Secretary dealing with Technical Education	20,000,000
31.	Scheme : (0501) Central Capital Investment Subsidy Scheme DIPP	Himachal Pradesh State Industrial Development Corp	25,700,000
32.	Scheme : (0505) Package For Special Category State Other Than North East DIPP	Himachal Pradesh State Industrial Development Corp	250,000,000
33.	Scheme : (0537) Electronic Governance	SETAL	12,207,000
		SITEG	139,975,000
			152,182,000
34.	Scheme : (0542) Manpower Development Dit	National Institute of Technology Hamirpur	1,110,000
35.	Scheme : (0621) Integrated Watershed Management Program DPAP DDP IWDP DLR	DRDA Project Directors	385,150,184
		The Comptrollers, SGO	5,183,268
			390,333,452
36.	Scheme : (0826) DRDA Administration RD	Project Directors, DRDA	57,151,000
37.	Scheme : (0821) Management Support To RD Programs And Strengthening Of District Planning Process In Lieu Of Programmes	Project Directors, DRDA	525,000
		SGO The Director Shimla	4,337,000
		Panchayati Raj Training Instituteprincipal	2,086,000
			6,948,000
38.	Scheme : (0822) National Rural Employment Guarantee Scheme	Project Director, DRDAs	4,111,483,000
39.	Scheme : (0828) Pradhan Mantri Gram Sadak Yojana	SGO HP307 Update Description SHIMLA	335,750,000
40.	Scheme : (0827) Rural Housing IAY RD	Project Officer, DRDAs	219,085,500
41.	Scheme : (0825) Swarnjayanti Gram Swarozgar Yojana	Project Director, DRDAs	136,722,000
42.	Scheme : (0279) Sarva Shiksha Abhiyan	Himachal Pradesh Primary Education Society	855,300,000

Appendix 1.5 continued.....

1.	2.	3.	4.
43.	Scheme : (0287) Support to NGOs Institutions SRCs for adult education and skill development merged schemes of NGOs JSS SRCs	State Resource Centre Shimla	3,102,237
		Rinchen Zangoo Society for Spiti Development	1,500,000
		State Resource Centre Shimla	494,101
			5,096,338
44.	Scheme : (1012) International Cooperation	CSK Himachal Pradesh Agricultural University	300,000
45.	Scheme : (1009) Research and Development Support Serc	CSK Himachal Pradesh Krishi Vishvavidyalaya Palampur	3,769,892
		Institute of Himalayan Bioresource Technology	3,400,000
		GB Pant Institute of Himalayan Environ and Dev	1,300,000
		Jaypee Univ of Info Tech Waknaghat HP	318,686
		National Research Centre for Mushroom	300,000
		YS Parmar Uni of Horticulture and forestry	3,100,000
		State Council for Sci Tech and Environment Shimla	743,606
		NIT Hamirpur	100,000
		Punjabi University Patiala	1,900,000
		Chitkara University Solan	200,000
		Himachal Pradesh University Shimla	1,933,384
			17,065,568
46.	Scheme : (1011) Science and Technology Programme for Socio Economic Development	CSK HP Krishi Vishvavidyalaya Palampur	1,998,756
		Samaj Kalyan Avem Vikas Mandal Karsog Mandi	400,000
		Himcon Shimla	689,250
		Himachal Consultancy Organization Ltd Shimla	57,880
		Himalaya Research Group Shimla	2,921,475
		Institute of Himalayan Bioresources Technology	292,000
		Sadprayas Raghunathpur	475,000
		Rural Centre for Human Interests Solan	200,000
		Society for Advancement of Village Economy	900,000
		Manav Vikas Sansthan District Bilaspur	545,000
		Himachal Pradesh University Shimla	550,000
		Social Awareness Through Human Involvement Sirmour	420,000
		Himachal Gyan Vigyan Samiti Shimla	205,000
		Society for Technology and Development Mandi	1,312,064
		Vmit Educational Trust Shimla	80,000
		Jagriti Kullu Himachal Pradesh	725,000
		Dr YS Parmar Uni of Horticulture and forestry	1,148,765
		Mountain Research and Development Associate Shimla	300,000
		Jawahar Navodaya Vidyalaya Hamirpur	80,000
		Paryavaran Avam Gramin Vikas Sansthan	650,000
		Himachal Consultancy Organization Ltd Shimla	125,000
		Himachal State and Technology Department Chandigarh	327,400
			14,402,590

Appendix 1.5 continued.....

1.	2.	3.	4.
47.	Scheme : (1013) State Science And Technology Programme	State Council for Sci Tech Env HP Shimla	4,800,000
48.	Scheme : (1010) Technology Development Programme	National Research Technology Consortium Parwanoo	34,000
		Inst of Himalyan Bioresource Tech Palampur	905,000
		G B Pant Institute	170,000
		CSK HPKV Palampur HP	1,100,000
		Himachal Pradesh Uni Agricultural	200,000
		Mountain Research and Development Associate Shimla	5,554
		NBPGR Regional Center Shimla	250,000
		National Research Technology Consortium Parwanoo	175,000
		State Council for Sci Tech Env HP Shimla	314,460
			3,154,014
49.	Scheme : (1025) Water Technology Initiative	State Council Of Sc Tech Environ Meghalaya	540,000
		State Council for Sci Tech and Environment Shimla	270,000
			810,000
50.	Scheme : (0853) Technology promotion development and utilization programme TPDU DSIR	Institute of Himalayan Bioresource Technology HP	2,400,000
51.	Scheme : (0054) National Project For Livestock Development	State Implementing Agency Himachal Pradesh	15,546,000
52.	Scheme : (0709) DFID project for capacity building for poverty reduction PPG	Himachal Institute of Pub Administration Shimla	400,000
53.	Scheme : (0702) Training For All Support For Training Activities And Capacity Building For Project Appraisal PPG	Himachal Institute of Pub Administration Shimla	4,963,500
		Institute of Hotel Management Shimla	48,000
			5,011,500
54.	Scheme : (0708) UNDP Capacity Building For Access To Information	Himachal Institute of Pub Administration Shimla	800,000
55.	Scheme : (1261) MPs Local Area Development Scheme MPLADS	Deputy Commissioners	140,000,000
56.	Scheme : (0209) Buddhist And Tibetan Studies	Buddhist and Tibetan Culture Society	3,962,500
		Library of Tibetan Works and Archives	7,000,000
			10,962,500
57.	Scheme : (0202) Promotion And Dissemination Of Art And Culture	Puran Singh Negi Loktus	250,000
		Himachal Cul Res Forum A Nd Theatre Repertory	1,488,000
		Asara Ho Jalag Distt Sirmour Himachal Pradesh	100,000
		Ramesh Jasrotia Chandni Cottage Shimla	50,000
		Little Group	150,000
		Shri VK Sharma	110,000
		The Institute of Studies in Buddhist Philosophy	150,000
		Sourabh Shimla HP	40,000
		Samaj Seva Parishad	48,500
		Hareep Tribal Folk Art Music And Spitian Cultural	250,000
			2,636,500

Appendix 1.5 continued.....

1.	2.	3.	4.
58.	Scheme : (0248) North Eastern Council	Indian Mushroom Growers Association	1,600
59.	Scheme : (0328) Marine Research And Technology Development	CSK Himachal Pradesh Krishi Viswa Vidyalaya Palampur	36,750
		DR Y S Parmar University Of Horticulture And Forestry	36,750
			73,500
60.	Scheme : (0362) Research And Development In Earth And Atmospheric Science	State Council For Science Tech Environment Shimla	79,887
61.	Scheme : (0253) Conservation Of Natural Resources And Ecosystems	Forest Department Himachal Pradesh	1,682,927
62.	Scheme : (0266) Environment Information Education And Awareness	Social Environmental and Rural Development	332,000
		HP State Council for Science Technology AND Environmental	9,411,389
			9,743,389
63.	Scheme : (0273) National Afforestation And Eco Development Board	Jan Jagran Gram Kalyan Samiti	274,510
		University Of Horticulture And Forestry Solan	5,200,000
			5,474,510
64.	Scheme : (0261) National Afforestation Programme	Forest Development Agency	78,300,000
65.	Scheme : (0265) Research And Development For Conservation And Development	Instt of Himalayan Bioresource Technology Palampur	700,000
		Great Himalayan National Park Shamshi	648,780
		CSK Himachal Pradesh Krishi Vishvavidalaya	210,000
		Himalayan Forest Research Institute	585,000
		Univ of Horticulture and Forestry	401,000
		Himalayan Forest Research Institute	585,000
		Jaypee University of Information Technology	1,060,000
		Himachal Pradesh University Shimla	56,388
		CSK Himachal Pradesh Krishi Vishvavidalaya	1,270,981
		DR Y S Parmar University Solan	548,800
		DR Y S Parmar University Solan	97,270
			6,163,219
66.	Scheme : (0390) Scheme For Human Resource Development FPI	Himachal Consultancy Organization HP	704,900
		Rampur Samaj Seva Samiti sonapat Haryana	15,000
			719,900
67.	Scheme : (0386) Scheme For Infrastructure Development FPI	Shimla Municipal Corporation	11,420,000
68.	Scheme : (0389) Scheme For Quality Assurance Codex Standards And Research And Development Promotional Activities	Institute of Himalayan Bioresource Technology	13,522,000
69.	Scheme : (0391) Scheme For Strengthening Of Institutions Including NIFTEM	Himachal Pradesh centre for entrepreneurship development	750,000
70.	Scheme : (0387) Scheme For Technology Upgradation Establishment Modernization Of Food Processing Industries	Shivambhu International	1,513,000
		Bagrrys India	3,750,000
		Hamirpur Supplement Foods	274,500
		KCL Foods	3,750,000
			9,287,500

Appendix 1.5 continued.....

1.	2.	3.	4.
71.	Scheme : (1160) SJSRY Swarna Jayanti Shahari Rojgar Yojana	SJSRY	1,164,000
		Himachal Pradesh	79,000
			1,243,000
72.	Scheme : (1154) Urban Statistics For HR And Assessment USHA	USHA	200,000
73.	Scheme : (0616) Externally Aided Project For Reforms And Investment In Vocation Training Services Rendered By Central And State Governments	Dir of Tech Edu Voc Ind Trg Himachal Pradesh Sund	35,000,000
74.	Scheme : (0618) Health Insurance For Unorganised Sector Workers Rashtriya Swasthya Bima Yojana	National Rural Health Mission	17,531,335
			52,731,335
75.	Scheme : (0614) Skill Development Initiative	Dir of Tech Edu Voc Ind Trg Himachal Pradesh Sund	10,000,000
		ITI Shamsi Kullu	1,064,700
			11,064,700
76.	Scheme : (0611) Upgradation Of 100 Itis Into Centres Of Excellence L And E	Dir of Tech Edu Voc Ind Trg Himachal Pradesh Sund	9,054,000
77.	Scheme : (0615) Upgradation Of 1396 Govt Itis Through PPP	Dir of Tech Edu Voc Ind Trg Himachal Pradesh Sund	864,000
78.	Scheme : (0646) MSME clusters development programme and msme growth poles	MSMEDI Solan	360,000
		Govt Of Himachal Pradesh	168,000
			528,000
79.	Scheme : (0644) Promotional Services Institutions And Programme Revenue	MSMEDI Solan	1,971,432
80.	Scheme : (0643) Quality Of Technology Support Institutions And Programme	MSMEDI Solan	8,255,000
81.	Scheme : (0660) Rajiv Gandhi Udyami Mitra Yojana	Director of Industries H P	259,000
82.	Scheme : (0649) Upgradation Of Database	MSMEDI Solan	50,000
83.	Scheme : (0682) Grid Interactive Renewable Power Mnre	Himachal Pradesh State Electricity Board	66,562,500
84.	Scheme : (0691) Information Publicity And Extension	Himachal Pradesh Urja Agency HIMURJA	42,007,226
85.	Scheme : (0690) Institutions Centres Including Mnre Institutions Sec CWET Nire	Himachal Pradesh Urja Agency HIMURJA	1,491,812
		State Council For Science Technology And Envir	300,000
			1,791,812
86.	Scheme : (0689) R And D In New And Renewable Energy Technologies	Chief Executive Officer HIMURJA	19,515,000
		Himachal Pradesh Kirshi Vishwavidhyalay CSK	400,000
			19,915,000
87.	Scheme : (0686) Solar Thermal Systems Water Heating	Himachal Pradesh Urja Agency HIMURJA	787,850
88.	Scheme : (0761) Panchayat Empowerment And Accountability Incentive Scheme	Government of Himachal Pradesh	7,500,000

Appendix 1.5 continued.....

1.	2.	3.	4.
89.	Scheme : (0772) Rashtriya Gram Swaraj Yojana	Panchayati Raj Training Institute Mashobra Shimla	67,940,000
90.	Scheme : (0976) Assistance To Panchayati Raj Institutions Voluntary Organizations Self Help Groups For Programmes Related To Aged SJE	Indira Ladies Club Sirmor	57,008
91.	Scheme : (0975) Assistance To Voluntary Organisation For Providing Social Defence Services Including Prevention Of Alcoholism And Drug Abuse SJE	Indian Red cross society Kangra	565,889
		National Council for the Development of Nature	584,640
			1,150,529
92.	Scheme : (0971) Deen Dayal Disabled Rehabilitation Scheme SJE	CHETNA	1,577,380
		HP State Council for Child Welfare	1,219,922
		National Association for the Blind	817,227
		Indian Red Cross Society	468,345
			4,082,874
93.	Scheme : (0983) Free Coaching For SCs and OBCs SJE	NIIT Shimla CCT	776,250
94.	Scheme : (0960) GIA To Research Training Information And Miscellaneous SJE	Manav Kalyan Seva Samiti Chopal Shimla HP	617,030
95.	Scheme : (0969) Scheme Of Assistance To Disabled Persons For Purchase Fitting Of Aids And Appliances SJE	Viklang OPCAR Kendra	3,412,000
96.	Scheme : (0982) Secheduled Castes Development Corporations SJE	Him Pradesh SchCastes SchTribes Development Corpn	19,408,000
97.	Scheme : (1072) Handicrafts	Bhuti Weavers Cooperative Society Ltd	180,500
		HP Tribal Coop Tourism and Allied Activities Ind	90,000
		Mahadev Handloom and Handicraft PCS Coop Society	254,662
		Ganapati HL HC Weavers Upliftment ICS Ltd Kullu	78,000
		The Hill Queen HL HC Weav Welf Coop Ind Society	54,000
		The Himshakti HL HC coopertive soicet ltd Kullu	991,500
		HP State Handloom and Handicrats Development Cooperation	7,735,609
		The Manu Weavers HL HC PCS CIW Society Ltd kullu	90,000
		H P State HL andHC Weavers Apex Coop Fedr Kullu	475,874
		District Rural Development Agency Chamba	195,098
		The Gahar Mahila HL HC Weavr Sheep and Rabbet wool	50,000
		Assistant Director HMSEC Kullu HP	513,861
	HP Tribal Coop Tourism and Allied Activities Ind	165,000	

Appendix 1.5 continued.....

1.	2.	3.	4.
		New Manali HL HC P C S Coop Ind Welf Society Kullu	165,000
		The HP State HL HC Dev Coop Federation Ltd Kullu	361,000
		New Humalayan Organisation for Peoples Education	85,380
			11,485,484
98.	Scheme : (1071) Handlooms	HP State Handloom And Handicrats Development Coope	5,049,098
			5,049,098
99.	Scheme : (1094) ASSISTANCE TO IHMS FCIS ETC	IHM Shimla HP	14,411,000
		HP Tourism Secy HP Govt DS	20,000,000
		Secretary Himachal Pradesh	20,000,000
		Institute of Hotel Management Society	2,564,308
			56,975,308
101.	Scheme : (1095) Capacity Building For Service Providers	Government Of Himachal Pradesh	2,000,000
102.	Scheme : (1097) Domestic Promotion And Publicity Including Hospitality	Government Of Himachal Pradesh	1,800,000
103.	Scheme : (1098) Incentive To Accomodation Infrastructure	Programme Division HNR	5,143,371
104.	Scheme : (1106) Product Infrastructure Development For Destinations And Circuits	Government Of Himachal Pradesh	262,612,000
105.	Scheme : (1107) Grant In Aid To NGOs And For Coaching ST Students For Competitive Exams	Rinchen Zangpo District Kangra Himchal Pradesh	500,000
		Himalayan Budhist Cultural Assn Himachal Pradesh	2,035,080
		Rinchen Zangpo Society for Spiti Dev Kangra HP	3,795,900
		The Inst of Stu Budd Phil Trib Cul Society HP	500,000
			6,830,980
106.	Scheme : (1122) Research And Mass Education Tribal Festivals And Others	Org for Social and Rural Dev Shimla	117,500
107.	Scheme : (1117) Scheme of Institute of Excellence TOP CLASS Institute	National Institute of Technology Hamirpur HP	109,950
108.	Scheme : (1166) Research and Development	Comptroller CSKHPKV Palampur	1,750,000
109.	Scheme : (1194) GIA for research publication and monitoring	RUCHI	303,056
110.	Scheme : (1237) Panchayat Yuva Krida And Khel Abhiyan PYKKA	Himachal Pradesh Sports Council	16,380,000
111.	Scheme : (1212) Promotion Of National Integration	MDV Jeev Sewa Sansthan	113,474
		Youth Hostel Dalhousie Himachal Pradesh	66,000
112.	Scheme : (1364) National E-Governance Action Plan NEGAP	Himachal Pradesh	737,222,000
	Total		9,776,610,528

APPENDIX - 2.1

(Reference: Paragraph 2.3.1; Page 36)

Statement of various grants/appropriations where saving was more than Rs one crore each or more than 20 per cent of the total provision

(Rupees in crore)

Sr. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
1.	2.	3.	4.	5.	6.
1.	03	Administration of Justice (Revenue-Voted)	56.00	3.66	---
2.	05	Land Revenue and District Administration (Revenue-Voted)	336.47	9.24	---
3.	06	Excise and Taxation (Revenue-Voted)	33.56	10.10	30
4.	08	Education (Revenue-Voted)	1,807.85	225.35	---
5.	09	Health and Family Welfare (Revenue-Voted)	448.42	11.29	---
6.	11	Agriculture (Revenue-Voted)	115.29	5.78	---
7.	15	Planning and Backward Area Sub-Plan (Revenue-Voted)	42.63	15.06	35
8.	18	Industries, Minerals Supplies and Information Technology (Revenue-Voted)	49.98	2.43	---
9.	20	Rural Development (Revenue-Voted)	216.53	8.48	---
10.	21	Co-operation (Revenue-Voted)	15.97	2.03	---
11.	22	Food and Civil Supplies (Revenue-Voted)	152.70	2.40	---
12.	23	Power Development (Revenue-Voted)	142.91	37.93	27
13.	25	Road and Water Transport (Revenue-Voted)	59.07	1.53	---
14.	27	Labour, Employment and Training (Revenue-Voted)	52.40	4.32	---
15.	29	Finance (Revenue-Voted)	1,234.01	57.00	---
16.	31	Tribal Development (Revenue-Voted)	395.69	12.32	---
17.	32	Scheduled Caste Sub-Plan (Revenue-Voted)	235.58	18.18	---
18.	9	Health and Family Welfare (Capital-Voted)	69.94	16.24	---
19.	11	Agriculture (Capital-Voted)	44.15	1.13	---
20.	23	Power Development (Capital-Voted)	309.25	15.00	---
21.	25	Road and Water Transport (Capital-Voted)	73.72	35.71	48
22.	27	Labour, Employment and Training (Capital-Voted)	26.25	2.52	---
23.	29	Finance (Capital-Voted)	10.66	2.32	22
24.	29	Finance (Capital-Charged)	1,182.00	296.46	25

APPENDIX - 2.2

(Reference: Paragraph 2.3.2; Page 36)

Statement of various grants/appropriations where expenditure was more than Rs one crore each or more than 20 per cent of the total provision

(Rupees in crore)

Sr. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Expenditure	Percentage of Excess Expenditure
1.	2.	3.	4.	5.	6.
Revenue-Voted					
1.	10	Public Works-Roads, Bridges and Buildings	1,172.23	1,306.69	---
2.	12	Horticulture	80.32	81.50	---
3.	13	Irrigation, Water Supply and Sanitation	895.24	1,235.99	38
4.	14	Animal Husbandry, Dairy Development and Fisheries	106.85	110.93	---
5.	16	Forest and Wild Life	245.43	265.85	---
6.	30	Miscellaneous General Services	32.87	33.89	---
Revenue-Charged					
7.	29	Finance	1,883.06	1,893.57	---
Capital-Voted					
8.	10	Public Works-Roads, Bridges and Buildings	328.09	332.24	---
9.	13	Irrigation, Water Supply and Sanitation	460.68	486.37	---
10.	20	Rural Development	1.34	1.96	46
11.	31	Tribal Development	112.34	113.28	---
12.	32	Scheduled Caste Sub-Plan	371.95	382.40	---
Total			5,690.40	6,244.67	

APPENDIX - 2.3

(Reference: Paragraph 2.3.6; Page 39)

Excess over provision of previous years requiring regularisation

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/ appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2003-04	15 Grants 7 Appropriations	3,4,7,10,12,13,15,16,17,23,25, 26, 28, 30 and 31 1,2,4,5,9,19 and 29	4,515.60	Discussed by PAC, regularisation awaited.
2004-05	21 Grants 4 Appropriations	3,5,7,8,9,10,11,12,13,14,15,16,17,18, 20, 23,25, 26, 28, 30 and 31 15,17,19 and 29	3,095.14	Discussed by PAC, regularisation awaited.
2005-06	16 Grants 3 Appropriations	5,7,8,9,10,11,12,14,15,16,21,25, 26, 28,29 and 31 2,3 and 29	846.35	PAC Report prepared on 24.08.2009 for presentation in Vidhan Sabha.
2006-07	24 Grants 3 Appropriations	1,2,4,5,6,7,8,9,10,11,13,14,17,18,19, 20,21,22,24,26,27,28,29 and 31 2,4 and 29	896.59	PAC Report prepared on 24.08.2009 for presentation in Vidhan Sabha.
2007-08	18 Grants 3 Appropriations	1,4,5,6,7,8,9,10,12,13,14,15,16,18, 22,25,27 and 31 2,3 and 31	544.94	Suo moto replies received from the Finance Department and audit comments sent to the Finance Department/ Vidhan Sabha. Not yet discussed by the PAC.
		Total	9,898.62	

APPENDIX - 2.4

(Reference: Paragraph 2.3.8; Page 40)

Cases where supplementary provision (Rs 10 lakh or more in each case)
proved unnecessary

(In thousands of Rupees)

Sr. No	Number and Name of the Grant	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
Revenue (Voted)					
1.	08-Education	1,76,36,427	1,58,24,920	18,11,507	4,42,041
2.	20-Rural Development	21,37,049	20,80,497	56,552	28,252
3.	21-Co-Operation	1,57,117	1,39,426	17,691	2,569
4.	23-Power Development	14,25,131	10,49,834	3,75,297	3,983
5.	31-Tribal Development	39,45,620	38,33,649	1,11,971	11,269
Total		2,53,01,344	2,29,28,326	23,73,018	4,88,114
Grand Total		2,53,01,344	2,29,28,326	23,73,018	4,88,114 or 48.81 crore

APPENDIX - 2.5

(Reference: Paragraph 2.3.8; Page 40)

Statement of various grants/appropriation where supplementary provision proved insufficient by more than Rs one crore each

(Rupees in crore)

Sr. No.	Grant Number	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
1.	10	Public Works-Roads, Bridges and Buildings	1,167.50	4.74	1,172.24	1,306.69	134.45
2.	12	Horticulture	68.20	12.12	80.32	81.50	1.18
3.	13	Irrigation, Water Supply and Sanitation	882.42	12.82	895.24	1,235.99	340.75
4.	14	Animal Husbandry, Dairy Development and Fisheries	104.80	2.05	106.85	110.93	4.08
5.	16	Forest and Wild Life	236.81	8.62	245.43	265.85	20.42
6.	30	Miscellaneous General Services	30.15	2.72	32.87	33.89	1.02
7.	29	Finance	1,829.10	53.96	1,883.06	1,893.57	10.51
8.	10	Public Works-Roads, Bridges and Buildings	209.80	118.29	328.09	332.24	4.15
9.	32	Scheduled Caste Sub-Plan	364.42	7.53	371.95	382.40	10.45
		Total	4,893.20	222.85	5,116.05	5,643.06	527.01

APPENDIX - 2.6

(Reference: Paragraph 2.3.9; Page 41)

Excess/Unnecessary/Insufficient re-appropriation of funds

(Rupees in lakh)

Sr. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	08	Education Department	2202-01-101-03	(-) 7,874.59	694.12
2.	09	Health and Family Welfare Department	2210-01-001-01	(-) 492.89	290.70
3.			2210-03-110-01	278.09	(-) 303.05
4.			4210-02-110-01	(-) 1,016.00	(-) 310.02
5.	10	Public Works-Roads, Bridges and Buildings	2059-80-053-05	461.90	456.82
6.			3054-03-103-10	5.20	699.74
7.			2059-80-053-03	(-) 1,097.90	(-) 1,757.60
8.			5054-03-337-01	(-) 484.33	296.43
9.	13	Irrigation, Water Supply and Sanitation	2215-01-001-01	24.50	326.29
10.			2215-01-001-02	257.50	2,870.97
11.			2215-01-001-02	6,812.00	333.74
12.			2215-01-102-03	10,625.00	1,197.61
13.			2215-01-799-03	240.00	16,314.78
14.			2702-80-001-02	23.00	1,763.64
15.			2215-01-101-03	6,800.00	238.37
16.			2702-80-001-01	41.00	(-) 807.87
17.			4215-01-102-01	2,859.30	2,956.92
18.			4215-01-102-08	3,600.00	(-) 3,060.66
19.	14	Animal Husbandry, Dairy Development and Fisheries	2403-101-01	81.75	325.58
20.	16	Forest and Wild Life	2406-01-001-02	777.45	2,041.51
21.	29	Finance	2071-01-101-03	1,889.89	877.26
22.			2071-01-101-04	1,088.79	1,047.88
23.			2049-01-101-40	(-) 0.01	606.65
24.			2049-01-101-82	1,873.77	(-) 253.16
25.			2049-01-200-21	(-) 498.37	(-) 37,201.63
26.	31	Tribal Development	2059-01-796-11	318.02	(-) 504.62
27.			2210-03-796-02	(-) 278.84	211.33
28.			2210-03-796-02	(-) 294.31	211.23
29.			2210-04-796-02	(-) 292.61	223.88
30.			2215-01-796-09	(-) 489.99	207.37
31.			2702-80-796-04	(-) 295.18	204.12
32.			2059-80-796-02	318.02	(-) 206.87
33.			2215-01-796-01	(-) 235.12	245.69
34.			2215-01-796-02	(-) 489.99	875.32
35.			2702-80-796-06	(-) 188.98	312.84
36.	32	Scheduled Caste Sub-Plan	4711-01-789-01	9.81	409.10

APPENDIX - 2.7

(Reference: Paragraph 2.3.11; Page 41)

Results of review of substantial surrenders made during the year

Sr. No.	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
	08-Education	Construction of Rooms in Elementary Education under Sarv Shiksha Abhiyan (4210-01-201-01)	3,000.00	100
The entire provision was surrendered due to non-completion of codal formalities.				
	13- Irrigation, Water Supply and Sanitation	Canals (4700-17-800-01)	4,350.00	100
Due to change of classification in Head of Account, the entire provision was surrendered.				
		Command Area Development under Minor Irrigation Schemes-Centrally Sponsored Scheme (4705-313-01)	330.00	100
Due to non-release of funds from Government of India, the entire provision was surrendered.				
	15-Planing and Backward Area Sub-Plan	Headquarters (3451-101-01)	100.00	100
Due to conversion of Plan liabilities to Non-Plan scheme, the entire provision was surrendered.				
	19-Social Justice and Empowerment	Upliftment of Women (2235-02-103-02)	283.00	100
Due to cut in plan ceiling, the entire provision was surrendered.				
	20-Rural Development	Rajiv Gandhi Awas Yojna (2216-03-102-02)	623.00	100
Due to non-execution of the scheme, the entire provision was surrendered.				
	23-Power Development	Rajiv Gandhi Gramin Vidut Yojna/Regulatory Electricity Commission Loan (6801-01-800-02)	1,500.00	100
Due to reduction in plan ceiling, the entire provision was surrendered.				
	25-Road and Water Transport	Rail Transport (5055-800-02)	3,700.00	100
The entire provision was surrendered due to cut in plan ceiling.				
	31-Tribal Development	Rajiv Gandhi Awas Yojna (2216-03-796-07)	114.70	100
Due to change in scheme, the entire provision was surrendered.				
		Expenditure on Rural Electrification (2801-80-796-01)	155.00	100
The entire provision was surrendered due to non-completion of codal formalities.				
		Expenditure on Rural Water Supply Schemes under ARWSP (4215-01-796-09)	125.00	100
Due to non-execution of the scheme, the entire provision was surrendered.				

APPENDIX - 2.8

(Reference: Paragraph 2.3.11; Page 41)

Details of saving of Rs one crore and above not surrendered

(Rupees in crore)

Sr. No.	Number and Name of Grants	Saving	Surrender	Saving which remained to be surrendered
1.	2.	3.	4.	5.
1.	09-Health and Family Welfare	16.24	11.60	4.64
2.	11-Agriculture	5.78	4.72	1.06
3.	15-Planning and Backward Area Sub-Plan	15.06	13.80	1.26
4.	22-Food and Civil Supplies	2.40	2.31	0.09
5.	29-Finance	2.32	2.27	0.05
6.	32-Scheduled Caste Sub-Plan	18.18	12.59	5.59
	Total	59.98	47.29	12.69

APPENDIX - 2.9

(Reference: Paragraph 2.3.11; Page 41)

Cases of surrender of funds in excess of Rs 10 crore on 31 March, 2009

(Rupees in crore)

Sr. No.	Grant No.	Major Head	Amount of Surrender	Percentage of Total Provision
1.	08	2202 General Education	231.96	13
2.	09	4210 Capital Outlay on Medical and Public Health	11.60	17
3.	13	4702 Capital Outlay on Minor Irrigation	26.24	6
4.	23	2801 Power	38.01	27
5.	23	6801 Loans for Power Projects	15.00	5
6.	25	5055 Capital outlay on Road Transport	35.71	48
7.	29	2049 Interest Payments	13.67	1
8.	29	2071 Pensions and other Retirement Benefits	71.13	6
9.	29	6003 Internal Debt of the State Government	295.88	25
10	31	2215 Water Supply and Sanitation	12.15	3
		Total	751.35	

APPENDIX - 2.10

(Reference: Paragraph 2.3.12; Page 41)

Surrenders in excess of actual savings (Rs 50 lakh or more)

(Rupees in crore)

Sr. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
	Revenue-Voted				
1.	05-Land Revenue and District Administration	336.47	9.24	12.12	2.88
2.	06-Excise and Taxation	33.56	10.10	10.34	0.24
3.	08-Education	1,807.85	225.35	232.43	7.08
4.	09-Health and Family Welfare	448.42	11.29	11.42	0.13
5.	18- Industries, Mineral Supplies and Information Technology	49.48	2.43	2.46	0.03
6.	19-Social Justice and Empowerment	226.62	0.75	1.65	0.90
7.	20-Rural Development	216.53	8.48	8.75	0.27
8.	23-Power Development	142.91	37.93	38.22	0.29
9.	27-Labour, Employment and Training	52.41	4.32	4.38	0.06
10.	29-Finance	1,234.01	57.00	75.73	18.73
11.	31-Tribal Development	395.69	12.32	43.34	31.02
	Capital-Charged				
12.	29-Finance	1,182.00	296.46	296.70	0.24
	Capital-Voted				
13.	11-Agriculture	44.15	1.13	1.15	0.02
	Total	6,170.10	676.80	738.69	61.89

APPENDIX - 2.11

(Reference: Paragraph 2.3.13; Page 42)

Rush of Expenditure

(Rupees in crore)

Sr. No.	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
						Jan-March 2009	March 2009
1.	03-Administration of Justice	4059-01-051-15	11.18	11.18	19.23	58	58
2.	08-Education	2202-01-111-01	16.12	16.12	29.80	54	54
3.	08-Education	2202-01-800-01	24.64	24.64	37.93	65	65
4.	09-Health and Family Welfare	2211-800-04	10.65	10.65	10.65	100	100
5.	10-Public Works-Roads, Bridges and Buildings	2059-80-053-06	15.79	12.86	24.40	65	53
6.	10-Public Works-Roads, Bridges and Buildings	5054-03-101-01	12.22	12.22	21.64	56	56
7.	10-Public Works-Roads, Bridges and Buildings	5054-337-01	17.64	17.64	26.08	68	68
8.	10-Public Works-Roads, Bridges and Buildings	5054-337-06	41.25	41.25	71.25	58	58
9.	11-Agriculture	4402-102-02	10.74	10.74	14.00	77	77
10.	13-Irrigation, Water Supply and Sanitation	2215-102-12	60.74	54.54	104.05	58	52
11.	13-Irrigation, Water Supply and Sanitation	4215-01-102-01 (COON)	20.61	20.61	28.57	72	72
12.	13-Irrigation, Water Supply and Sanitation	4215-01-102-01 (SONM)	84.49	79.69	99.71	85	80
13.	13-Irrigation, Water Supply and Sanitation	4701-12-800-02	13.05	13.05	14.00	93	93
14.	13-Irrigation, Water Supply and Sanitation	4702-101-06	27.77	18.18	34.33	81	53
15.	18-Industries, Minerals, Supplies and Information Technology	2851-102-19	13.27	13.27	16.25	82	82
16.	19-Social Justice and Empowerment	2235-60-102-02	13.26	13.26	17.44	76	76

(Rupees in crore)

Sr. No.	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
						Jan-March 2009	March 2009
17.	29-Finance	2049-01-101-25	11.62	11.62	11.62	100	100
18.	29-Finance	2049-01-101-35	13.41	13.41	19.25	70	70
19.	29-Finance	2049-01-101-40	12.16	12.16	18.25	67	67
20.	29-Finance	2049-01-101-42	12.16	12.16	18.25	67	67
21.	29-Finance	2049-01-101-49	11.00	11.00	11.00	100	100
22.	29-Finance	2049-01-101-52	15.47	15.47	15.47	100	100
23.	29-Finance	2049-01-101-54	16.00	16.00	16.00	100	100
24.	29-Finance	2049-01-101-60	22.55	22.55	22.55	100	100
25.	29-Finance	2049-01-101-82	65.21	65.21	75.61	86	86
26.	29-Finance	2071-01-101-04	30.00	30.00	33.37	90	90
27.	29-Finance	6003-01-109-18	101.30	101.30	141.06	72	72
28.	29-Finance	6003-01-109-24	116.67	116.67	199.17	59	59
29.	32-Scheduled Caste Sub-Plan	4210-02-789-01	10.89	10.89	16.39	66	66
30.	32-Scheduled Caste Sub-Plan	4215-01-789-04	19.87	19.87	24.48	81	81
31.	32-Scheduled Caste Sub-Plan	4701-01-789-01	22.07	16.07	31.44	70	51

APPENDIX - 2.12**(Reference : Paragraph 2.4.1; Page 43)****Pending DCC bills for the years 2005-09**

Sr. No.	Department	Number of AC bills	Amount (Rupees in crore)
1.	Agriculture	32	0.16
2.	Food and Civil Supplies	2	0.13
3.	Tourism	3	0.12
	Total	37	0.41

APPENDIX - 2.13

(Reference: Paragraph 2.5 (iii); Page 44)

Statement showing adverse/negative balances as on 31 March, 2009

(In Rupees)

Major Head/Minor Head	Treasury/DDO	Opening Balance	Credit	Debit	Closing Balance
8848 Deposit of Local Fund					
102-Municipal Fund	MC Bilaspur	(-) 73,612	0	0	(-) 73,612
	NAC Chopal	106	0	50,00,000	(-) 49,99,894
	MC Una	1,22,573	0	1,99,960	(-) 77,387
8848-Deposit of Local Fund					
109-Panchayat Body Fund	PS Jhanduta	(-) 11,976	0	0	(-)11,976
	PS Sujampur	(-) 23,418	7,114	42,746	(-) 59,050
	PS Chopal	0	19,210	38,420	(-) 19,210
	PS Gohar	11,966	0	67,570	(-) 55,604
	PS Chamba	1,73,634	0	10,86,358	(-) 9,12,724
	PS Una	21,684	14,942	39,800	(-) 3,174
	Total	2,20,957	41,266	64,74,854	(-) 62,12,631

APPENDIX - 3.1

(Reference: Paragraph 3.1; Page 49)

Utilisation certificates outstanding as on 31 March, 2009

(In Rupees)

Sr. No.	Department	Year of Payment of Grant	Total Grants Paid		Utilization Certificates			
			Number	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Rural Development							
	2505	2001-02	36	26566406	7	4621000	29	21945406
		2002-03	21	25304650	10	2182913	11	23121737
		2003-04	74	71003021	15	19089639	59	51913382
		2004-05	47	67012220	18	25672852	29	41339368
		2005-06	40	62913089	9	14300530	31	48612559
		2006-07	52	101796676	4	5841378	48	95955298
		2007-08	66	201800930	17	25808229	49	175992701
	2515	2000-01	95	35646602	76	12912457	19	22734145
		2001-02	264	160596874	93	97453804	171	63143070
		2002-03	158	183413854	108	61370674	50	122043180
		2003-04	299	203972512	115	85714990	184	118257522
		2004-05	355	208252976	7	5671438	348	202581538
		2005-06	618	335532627	48	22370666	570	313161961
		2006-07	707	669889545	127	179435951	580	490453594
	2007-08	918	958246108	233	140020543	685	818225565	
	2216	2000-01	5	1437160	5	1437160	0	0
		2001-02	6	36196	6	36196	0	0
		2002-03	1	5580000	1	5580000	0	0
		2003-04	16	19381568	10	8368500	6	11013068
		2004-05	36	27131838	13	16788600	23	10343238
		2005-06	40	52143897	20	24550500	20	27593397
		2006-07	53	103209968	22	61156200	31	42053768
	2007-08	104	181394255	21	65532300	83	115861955	
	2501	2000-01	2	41578032	0	0	2	41578032
		2004-05	52	72232178	14	6623400	38	65608778
		2005-06	72	55681198	22	11373200	50	44307998
		2006-07	96	127032633	30	17110200	66	109922433
		2007-08	142	127071100	31	16108900	111	110962200
2.	Education							
	2202	2004-05	38	261736111	4	1219891	34	260516220
		2005-06	55	377625274	5	2743206	50	374882068
		2006-07	3169	398378917	106	3422125	3063	394956792
		2007-08	12780	1149057630	431	247393909	12349	901663721
3.	Urban Development							
	2217		47	625147889	31	393394000	16	231753889
	3054		1	50000000	0	0	1	50000000
			1	50000000	0	0	1	50000000
4.	Animal Husbandry							
	2403		1	2000000	0	0	1	2000000
			9	50789000	0	0	9	50789000
	2404		7	102200000	6	99200000	1	3000000

5.	Co-operation							
	2408	2003-04	4	860369	4	860369	0	0
		2004-05	34	1363508	26	1128000	8	235508
		2005-06	39	1336507	2	199000	37	1137507
		2006-07	65	3928885	42	1417592	23	2511293
		2007-08	21	2738364	10	606475	11	2131889
	2425	2004-05	13	390000	13	390000	0	0
		2005-06	68	789229	68	789229	0	0
		2006-07	130	6651000	123	6579932	7	71068
		2007-08	217	9867590	132	8463492	85	1404098
6.	Sports & Youth Welfare							
	2204	2005-06	4	11642964	0	0	4	11642964
		2006-07	28	20986596	13	9980250	15	11006346
		2007-08	28	25993126	3	6313000	25	19680126
7.	Tourism							
	3452	1998-99	1	13700000	0	0	1	13700000
		2004-05	1	515000	0	0	1	515000
		2005-06	1	430000	0	75000	1	355000
8.	Industries							
	2851	1998-99	1	865516	0	0	1	865516
		2000-01	1	149660	0	79660	1	70000
		2001-02	14	902350	0	0	14	902350
		2002-03	17	3828574	11	2939580	6	888994
		2003-04	26	1297472	2	323177	24	974295
		2004-05	44	16091376	7	10040949	37	6050427
		2005-06	48	17120573	2	7855413	46	9265160
		2006-07	3958	24214398	2987	11359228	971	12855170
		2007-08	178	63818627	8	33962400	170	29856227
9.	Agriculture							
	2415	2006-07	8	4580000	8	4580000	0	0
		2007-08	97	590053000	18	81200000	79	508853000
	2401	2007-08	9	12000000	9	12000000	0	0
10.	Forests							
	2406	2006-07	6	44942088	5	44436741	1	505347
		2007-08	12	108956049	2	55175760	10	53780289
11.	Art & Culture							
	2205	2004-05	21	6625193	0	900000	21	5725193
		2005-06	105	13066800	4	100000	101	12966800
		2006-07	298	39129950	7	17789500	291	21340450
		2007-08	267	16313250	10	7314000	257	8999250
12.	Medical & Public Health							
	2210	1997-98	3	50000	3	50000	0	0
		2003-04	7	1294525	2	650000	5	644525
		2004-05	5	556000	0	0	5	556000
		2005-06	5	3450000	1	3000000	4	450000
		2006-07	7	1150000	0	0	7	1150000
		2007-08	6	1050000	0	0	6	1050000

13.	Other Administrative Services							
	2070	2007-08	14	20000000	0	0	14	20000000
14.	Vidhan Sabha							
	2011	2007-08	4	722077	0	0	4	722077
15.	General Administrative Services							
	2075	2006-07	9	12824750	0	0	9	12824750
		2007-08	18	21154626	0	0	18	21154626
16.	Social Justice & Empowerment							
	2225	2006-07	29	85147000	0	0	29	85147000
		2007-08	38	115990559	0	0	38	115990559
	2235	2006-07	166	69739893	3	906448	163	68833445
		2007-08	290	148166767	32	19909454	258	128257313
	2250	2005-06	1	102511	1	102511	0	0
		2006-07	1	88741	0	0	1	88741
		2007-08	1	26470	0	0	1	26470
17.	Fisheries							
	2405	2007-08	11	2405000	11	2405000	0	0
18.	Planning							
	3451	2006-07	3	3622261	0	0	3	3622261
		2007-08	3	4000000	0	0	3	4000000
19.	Excise & Taxation Department							
	3604	2005-06	3	7267138	3	7267138	0	0
		2006-07	12	15523684	12	15523684	0	0
		2007-08	16	31530000	16	31530000	0	0
20.	Power							
	2801	2007-08	2	5099751	0	0	2	5099751
	2810	2007-08	2	11200000	2	11200000	0	0
21.	Science & Technology							
	3425	2005-06	1	8000000	0	0	1	8000000
		2006-07	4	9066000	0	0	4	9066000
		2007-08	10	8898000	4	2846000	6	6052000
22.	Civil Supplies							
	3456	2006-07	1	210000	1	210000	0	0
23.	Ecology Environment							
	3435	2006-07	8	600000	0	0	8	600000
		2007-08	8	5061000	0	0	8	5061000
24.	Labour & Employment							
	2230	2007-08	2	2375179	2	2375179	0	0
25.	Secretariat Social Services							
	2052	2007-08	9	4700000	9	4700000	0	0
	2251	2007-08	2	9425500	0	0	2	9425500
26.	Census, Surveys & Statistics							
	3454	2007-08	30	545634	0	0	30	545634
			26978	8868984014	5283	2114039512	21695	6754944502

APPENDIX - 3.2

(Reference: Paragraph 3.2; Page 49)

Statement showing performance of the autonomous bodies

Sr. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature	Delay in submission of accounts	Period of delay
1.	Himachal Pradesh State Veterinary Council, Shimla	2005-06	2007-08	2007-08	Upto the year 2004-05	2008-09	Delay for about three months.
2.	Himachal Pradesh State Legal Services Authority, Shimla	2007-08 (period from 1998-99 to 2006-07 covered under audit)	2008-09	2007-08	SAR not yet placed.	No delay	No delay.
3.	District Legal Services Authority, Shimla		2008-09	First audit	--	--	Audit of all the District Legal Services Authorities is being conducted for the first time and audit is in progress.
4.	District Legal Services Authority, Solan		2008-09	First audit	--	--	
5.	District Legal Services Authority, Hamirpur		2008-09	First audit	--	--	
6.	District Legal Services Authority, Dharamshala		2008-09	First audit	--	--	
7.	District Legal Services Authority, Una		2008-09	First audit	--	--	
8.	District Legal Services Authority, Mandi		2008-09	First audit	--	--	
9.	District Legal Services Authority, Nahan		2008-09	First audit	--	--	
10.	District Legal Services Authority, Bilaspur		2008-09	First audit	--	--	
11.	District Legal Services Authority, Chamba		2008-09	First audit	--	--	
12.	District Legal Services Authority, Reckong Peo		2008-09	First audit	--	--	
13.	District Legal Services Authority, Kullu and Lahaul Spiti at Kullu		2008-09	First audit	--	--	

APPENDIX - 3.3

(Reference: Paragraph 3.3; Page 50)

Department wise/duration wise break-up of the cases of misappropriation, defalcation, etc.

Sr. No.	Name of the Department	Up to 5 years		5 to 10 years		10 to 15 years		15 to 20 years		20 to 25 years		25 years to More		Total No. of Cases.	
		C	A	C	A	C	A	C	A	C	A	C	A	C	A
1.	Education	2	2.19	1	0.71	3	1.00	--	--	1	0.59	1	0.14	8	4.63
2.	Rural Development	--	--	1	--	--	--	--	--	--	--	--	--	1	--
3.	Agriculture	2	9.46	--	--	--	--	--	--	--	--	--	--	2	9.46
4.	Land Revenue	--	--	--	--	1	2.57	--	--	--	--	--	--	1	2.57
5.	Police	1	0.85	1	0.66	--	--	--	--	--	--	--	--	2	1.51
6.	Revenue	--	--	1	0.30	--	--	--	--	--	--	1	0.02	2	0.32
7.	Home Guard	--	--	2	25.37	--	--	--	--	--	--	1	0.05	3	25.42
8.	Animal Husbandry	1	0.17	--	--	1	0.42	--	--	--	--	2	0.94	4	1.53
9.	Director Planning	1	2.97	--	--	--	--	--	--	--	--	--	--	1	2.97
10.	Himachal Pradesh Public Service Commission	--	--	1	2.96	--	--	--	--	--	--	--	--	1	2.96
11.	Health	1	0.95	--	--	--	--	--	--	--	--	--	--	1	0.95
12.	Forest	--	--	1	2.38	--	--	--	--	1	0.20	1	0.20	3	2.78
13.	Public Works	--	--	2	5.27	5	3.21	2	1.85	3	0.28	5	2.72	17	13.33
14.	Irrigation and Public Health	1	0.89	1	0.02	1	7.69	1	0.25	1	0.06	--	--	5	8.91
	Total:	9	17.48	11	37.67	11	14.89	3	2.10	6	1.13	11	4.07	51	77.34

C: Number of cases

A: Amount (Rupees in lakh)

APPENDIX - 3.4

(Reference: Paragraph 3.3; Page 50)

Department/category wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount (Rs. in lakh)	Number of Cases	Amount (Rs. in lakh)	Number of Cases	Amount (Rs. in lakh)
Education	2	2.19	6	2.44	8	4.63
Rural Development	--	--	1	--	1	--
Agriculture	--	--	2	9.46	2	9.46
Land Revenue	--	--	1	2.57	1	2.57
Police	--	--	2	1.51	2	1.51
Revenue	--	--	2	0.32	2	0.32
Home Guard	--	--	3	25.42	3	25.42
Animal Husbandry	--	--	4	1.53	4	1.53
Director Planning	--	--	1	2.97	1	2.97
Himachal Pradesh Public Service Commission	--	--	1	2.96	1	2.96
Health	--	--	1	0.95	1	0.95
Forests	--	--	3	2.78	3	2.78
Public Works	2	0.77	15	12.56	17	13.33
Irrigation and Public Health	1	0.25	4	8.66	5	8.91
Total	5	3.21	46	74.13	51	77.34