

# Report of the Comptroller and Auditor General of India on

State Finances Audit Report for the year ended 31 March 2020



लोकहितार्थ सत्यनिष्टा Dedicated to Truth in Public Interest



Government of Andhra Pradesh Report No. 3 of the year 2021

## Report of the Comptroller and Auditor General of India

## **State Finances Audit Report** for the year ended 31 March 2020





## **Government of Andhra Pradesh**

Report No. 3 of the year 2021

## **Table of Contents**

	Reference to	
	Paragraph	Page
Preface		v
Executive Summary		vii
Chapter – 1 Overview		
Profile of the State	1.1	1
Basis and approach to State Finances Audit report	1.2	3
Report Structure	1.3	4
Overview of Government Accounts structure	1.4	5
Budgetary Process	1.5	7
Snapshot of Finances of the State	1.6	8
Snapshot of assets and Liabilities of the Government	1.7	9
Fiscal Balance: Achievement of Deficit and total debt targets	1.8	10
Conclusion	1.9	15
Chapter – 2 Finances of the State		
Introduction	2.1	17
Major changes in Key fiscal aggregates during 2019-20 vis-à-vis 2018-19	2.2	17
Sources and Application of Funds	2.3	17
Resources of the State	2.4	18
Application of resources	2.5	28
Public Account	2.6	41
Debt Management	2.7	45
Guarantees-Contingent Liabilities	2.8	51
Management of Cash Balances	2.9	53
Apportionment of balances between Andhra Pradesh and Telangana	2.10	55
Conclusion	2.11	55
Recommendations	2.12	56
Chapter – 3 Budgetary Management		
Introduction	3.1	57
Budget Preparation process	3.2	57
Financial Accountability and Budget Review	3.3	59
Appropriation Accounts	3.4	60

	Referen	ce to
	Paragraph	Page
Utilisation of Budgeted Funds	3.5	62
Missing/Incomplete explanation for variation from Budget	3.6	63
Comments on integrity of budgetary and accounting process	3.7	64
Supplementary budget and opportunity cost	3.8	65
Re-appropriations	3.9	67
Large and Persistent savings in Grants/ Appropriations	3.10	69
Excess expenditure and its regularisation	3.11	71
Review of selected Grants	3.12	73
Conclusion	3.13	76
Recommendations	3.14	77
Chapter – 4 Quality of Accounts and Financial Reportir	g Practices	5
Introduction	4.1	79
Funds outside Consolidated Fund of the State	4.2	79
Pending liabilities during the financial year	4.3	81
Funds transferred directly to State Implementing Agencies	4.4	82
Abstract Contingent bills	4.5	83
Utilisation Certificates	4.6	84
Personal Deposit Accounts	4.7	85
Indiscriminate use of Omnibus Minor Head 800	4.8	89
Suspense and Remittance Balances	4.9	91
Non-Reconciliation of receipts and expenditure	4.10	94
Compliance to Indian Government Accounting Standards	4.11	95
Submission of Annual Accounts by Autonomous Bodies and Public Sector Undertakings (PSUs)	4.12	97
Deposits of Local Funds	4.13	98
Timeliness and Quality of Accounts	4.14	99
Underutilisation of GoI share in respect of centrally sponsored schemes	4.15	99
Follow up action on Audit Reports	4.16	99
Conclusion	4.17	100
Recommendations	4.18	100

### Appendices

Sl. No.	Name of the Appendix	Page No.
140.		INO.
1.1	Profile of the State of Andhra Pradesh	105
1.2	Time Series Data on State Government Finances	106
1.3	Off-Budget Borrowings to the end of the year March 2020	109
2.1	Summarised Position of Apportionment of Balances between Andhra Pradesh and Telangana as on 31 March 2020	110
3.1	Cases of misclassification of revenue expenditure as capital expenditure during 2019-20 (₹ one crore and above in each case)	111
3.2	Cases of un-utilised Supplementary provision (₹ one crore or more in each case)	112
3.3	Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary	114
3.4	Cases where Supplementary provision (more than ₹ one crore) proved insufficient	115
3.5	Cases where re-appropriation (more than ₹ one crore) proved unnecessary	116
3.6	Cases where re-appropriation (more than ₹ one crore) proved excessive	119
3.7	Cases where re-appropriation (more than ₹ one crore) proved in-sufficient	120
3.8	Cases where anticipated savings not surrendered (short surrender of ₹ one crore or more in each case)	122
3.9	Excess expenditure during 2019-20	123
3.10	Excess over provision of previous years requiring regularisation	124
3.11	Amount of excess expenditure relating to the years 2014-15 to 2018-19 for which Explanatory Notes were not furnished	126
4.1	Statement showing submission of accounts and status of Audit of Autonomous Bodies (Section 19,20 of DPC Act 1971)	127
4.2	Statement of PSUs whose accounts have not been received	129
4.3	Statement of Bodies and Authorities whose accounts have not been received (Section 14, 15 of DPC Act 1971)	131
4.4	Details of expenditure of Centrally Sponsored Schemes during 2018-19	137
4.5	Details of expenditure of Centrally Sponsored Schemes during 2019-20	140
5.1	Glossary of terms	143
5.2	Acronyms and Abbreviations	145

## Preface

- 1. This Report has been prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India.
- 2. Chapter I of this Report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, snapshot of finances, compliance with APFRBM targets, trends in key fiscal parameters like revenue surplus/ deficit, fiscal surplus/ deficit, etc.
- 3. Chapters II & III of this Report contain audit findings on matters arising from an examination of the Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2020. Information has been obtained from Government of Andhra Pradesh, wherever necessary.
- 4. Chapter IV provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
- 5. The Reports containing the findings of Performance audit and Compliance audit in various Government departments, observations arising out of audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts are presented separately.
- 6. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

### **Executive Summary**

#### 1 The Report

Based on the audited accounts of the Government of Andhra Pradesh for the year ended March 2020, this Report provides an analytical review of the finances of the State Government.

#### 2 Audit Findings

#### 2.1 Fiscal Position

Government of Andhra Pradesh amended the FRBM Act with regard to the targets for the five-year period 2015-16 to 2019-20 retrospectively, during December 2020. However, the targets prescribed in the amended FRBM Act were at variance with the projections made by XIV Finance Commission for fiscal balance.

The fiscal parameters of the State as reflected in its Revenue, Fiscal and Primary Deficits, were negative throughout the five-year period 2015-20. There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have pushed up the Deficits to a further extent, as brought out in the Report, as well as in the State Finances Audit Report of the CAG over the last few years.

Although the outstanding liabilities were within the targets of the revised APFRBM Act, these would be way above the targets, if the liabilities of the State Government with regard to its extra-budgetary borrowings are taken in to account. The liabilities of the State have been increasing year-on-year and over 80 per cent of the borrowings during the year 2019-20 were utilised to balance Revenue Account of the State affecting the asset creation in the State.

(Chapter 1)

#### 2.2 Finances of the State

The State witnessed a decrease of 3.17 per cent in Revenue Receipts during the year 2019-20 as compared to the previous year, due primarily, to decrease in collection of Own Tax Revenue and tax transfers from Government of India.

Revenue Expenditure increased by 6.93 per cent during 2019-20, mainly due to implementation of new welfare schemes during the year. This resulted in increase of Revenue Deficit of the State by 90.24 per cent as compared to the previous year. Simultaneously, State Government has reduced the expenditure on asset creation by 38.72 per cent over the previous year.

Committed expenditure on Interest payments, Pensions, Administrative expenses etc., was higher than the average for General Category States (GCS) and quality of expenditure on physical infrastructure was lower than the average of GCS.

State Government transferred ₹ 1,100 crore funds relating to State Disaster Relief Fund to Personal Deposit Account in violation of the extant Rules and accounting procedure. Transferring funds from SDRF to Personal Deposit Account for management of cash violated the basic principle of constitution of SDRF and defeated the purpose of calamity relief.

Outstanding Public Debt at the end of the year has increased by 17.20 per cent (₹32,373 crore) over the previous year. State Government has also a liability for off-budget borrowings of ₹ 26,096.98 crore, which it has not disclosed appropriately as part of its budget documents. This has the impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

(Chapter 2)

#### 2.3 Budgetary Management

Government of Andhra Pradesh tabled the supplementary budget estimates for the financial year 2019-20 in the State Legislature in June 2020, that is, after the closure of the financial year and after the funds provided for in supplementary estimates have been expended. This is not an acceptable practice, as it violates the provisions of the Constitution of India, undermines the principle of legislative sanction and control over budget and encourages financial indiscipline in management of public resources.

Sound budgetary management requires advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or large savings with reference to provisions made during the year, which point to flaws in expenditure monitoring and control. A majority of Controlling Officers did not explain the reasons for variations in expenditure vis-à-vis allocations, to the Principal Accountant General (A&E), which affects the accountability mechanism of Government and weakens legislative control over expending public finances.

Persistent excess expenditure over grants approved by the State Legislature is violative of the will of the Legislature and needs to be viewed seriously. There has been a persistent excess over authorisation during the last five years on account of seeking Ways and Means Advances beyond anticipated levels. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds. Despite flagging this issue every year over the last five years, the State Government had failed to take corrective measures in this regard.

(Chapter 3)

#### 2.4 Quality of Accounts and Financial Reporting practices

Indiscriminate operation of omnibus Minor Head 800 – Other Expenditure affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

Operation of PD Accounts lacked clarity and transparency as huge amounts were shown to have been transferred to these accounts during the year but were not actually made available to the departmental officials for incurring expenditure. About one third of budgeted funds were shown as closing balance in PD Accounts while the State had huge Revenue Deficit. Further, there was a big gap in the number of PD Accounts and the amount lying in these as per CFMS and Finance Accounts, primarily due to transferring of balances from old structure to the new structure outlined in Government Order of August 2019. This requires reconciliation, as significant variations were observed between the balances of CFMS and of Finance Accounts. Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts without incurring actual expenditure, resulted in inflation of Expenditure. It is imperative to curtail the usage of Personal Deposit Accounts to maintain the sanctity of budgetary process.

Non-submission of accounts by Autonomous Bodies, Development Bodies/ Authorities and PSUs was in violation of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government Departments.

Diversion of Grants-in-Aid provided by the Government of India for implementation of Centrally Sponsored schemes for other than intended purposes defeats the envisaged objectives of implementation of the schemes and could affect release of further grants from the GoI.

(Chapter 4)

Chapter 1 Overview

#### 1.1 Profile of the State

Andhra Pradesh is the eighth largest State in the country in terms of geographical area (1,62,970 sq. kms). The State has a long coastline, spanning 974 kms. In terms of population, the State accounts for  $4.10 \ per \ cent$  (4.93 crore) of the total population of the country, as per Census 2011. The per capita income of the State at current prices was ₹ 1,69,519 in 2019-20, which was higher than the all India average of ₹ 1,34,432. General and financial data relating to the State is given in *Appendix 1.1*.

#### 1.1.1 Gross State Domestic Product of Andhra Pradesh

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

Trends in annual growth rate of Gross Domestic Product (GDP) of India and GSDP of the State at Current Prices (Base Year 2011-12) are given in **Table 1.1**.

Year	2015-16	2016-17 (TRE)	2017-18 (SRE)	2018-19 (FRE)	2019-20 (PE)	
India's GDP (₹ in crore)	1,37,71,874	1,53,91,669	1,70,98,304	1,89,71,237	2,03,39,849	
Growth rate (per cent)	10.46	11.76	11.09	10.95	7.21	
State's GSDP (₹ in crore)	6,04,229	6,84,416	7,93,186	8,62,957	9,72,782	
Growth rate (per cent)	15.10	13.27	15.89	8.80	12.73	

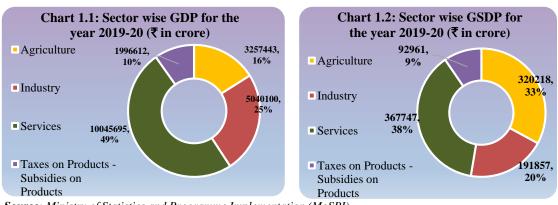
Table 1.1: Trends in growth rate of GSDP vis-à-vis GDP

Source: Ministry of Statistics and Programme Implementation, Government of India (MoSPI); TRE: Third Revised Estimates; SRE: Second Revised Estimates; FRE: First Revised Estimates; PE: Provisional Estimates;

As can be seen from the table above, the GSDP of Andhra Pradesh grew at a higher rate during the period from 2015-16 to 2017-18 and in 2019-20 compared to the national growth rate.

The GDP and GSDP are generally classified in to primary, secondary and tertiary sectors, broadly corresponding to Agriculture, Industries and Services sectors respectively.

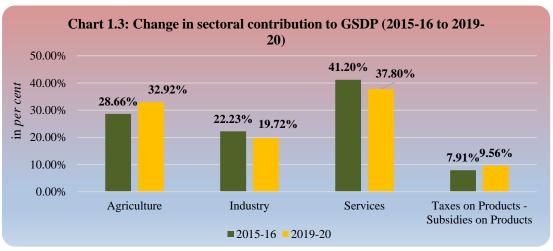
Sector wise GDP and GSDP for the year 2019-20 are depicted in *Charts 1.1* and *1.2* respectively.



Source: Ministry of Statistics and Programme Implementation (MoSPI)

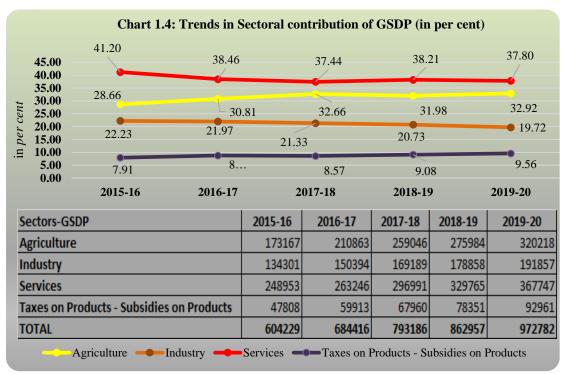
As can be seen from the above charts, Services sector was the major contributor to the GSDP of the State, as it is with the GDP of the country.

The contribution of various sectors to GSDP of the State during 2015-16 and 2019-20 is shown in *Chart 1.3*. While there has been an increase in the relative share of Agriculture in GSDP from 28.66 *per cent* in 2015-16 to 32.92 *per cent* in 2019-20, the contribution of Industry and Services sectors witnessed a decline during this period.

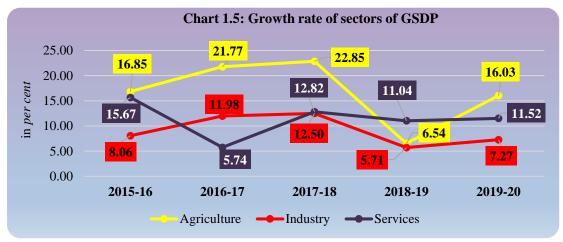


Source: Ministry of Statistics and Programme Implementation (MoSPI)

The annual change in the contribution of various sectors to the GSDP over the five-year period 2015-16 to 2019-20 is depicted in *Chart 1.4*.



Source: Ministry of Statistics and Programme Implementation (MoSPI)



The Sector wise growth rate of GSDP is depicted in *Chart 1.5* below.

Source: Ministry of Statistics and Programme Implementation (MoSPI)

Agricultural sector has registered a growth rate of 16.03 *per cent* during 2019-20 as compared to 2018-19 mainly due to increase in production of food grains from 149.56 lakh tonnes during 2018-19 to 171.37 lakh tonnes in 2019-20. Also, there was a commendable growth in horticulture, livestock and fishing sectors during 2019-20. However, the growth rate of the sector was lower than the growth registered during 2015-16, 2016-17 and 2017-18.

Although there was an increase in the share of Industry Sector in GSDP during 2019-20 compared to 2018-19, this growth has to be viewed in the light of the fact that the growth rate of this Sector in the State has slackened and registered a lower growth rate of 5.71 *per cent* during 2018-19 from a higher growth rate of 12.50 *per cent* during 2017-18.

The growth rate of Services sector witnessed a mixed trend during the period 2015-20 with a dip during 2016-17 to 5.74 *per cent* from the five year high of 15.67 *per cent* during 2015-16.

#### 1.2 Basis and approach to State Finances Audit report

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

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

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

- Budget of the State: for assessing the fiscal parameters and allocative priorities *visàvis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General (Audit);
- Other data (accounting as well as MIS) with Departmental Authorities and Treasuries; and
- GSDP data and other State related statistics from Ministry of Statistics, Programme and Implementation.

The analysis is also carried out in the context of recommendations of the XIV Finance Commission (FC), Andhra Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2012, best practices and guidelines of the Government of India. An entry conference was held in November 2020 with the Principal Secretary to Government of Andhra Pradesh, Finance Department, wherein the audit approach followed in the preparation of SFAR was explained. Draft audit findings were discussed with the Principal Secretary, Finance Department in April 2021 and the responses of the Government have been incorporated in the Report appropriately.

#### 1.3 Report Structure

The SFAR is structured into the following four Chapters:

Chapter - 1	Overview						
	This Chapter describes the basis and approach to the Report and the underlying						
	data, provides an overview of structure of government accounts, budgetary						
	processes, macro-fiscal analysis of key indices and State's fiscal position						
	including the deficits/ surplus.						
Chapter - II	Finances of the State						
	This chapter provides a broad perspective of the finances of the State, analyses						
	the critical changes in major fiscal aggregates relative to the previous year,						
	overall trends during the period from 2015-16 to 2019-20, debt profile of the						
	State and key Public Account transactions, based on the Finance Accounts of						
	the State.						
Chapter - III	Budgetary Management						
	This chapter is based on the Appropriation Accounts of the State and reviews						
	the appropriations, allocative priorities of the State Government and reports on						
	deviations from Constitutional provisions relating to budgetary management.						
Chapter - IV	Quality of Accounts & Financial Reporting Practices						
	This chapter comments on the quality of accounts rendered by various						
	authorities of the State Government and issues of non-compliance with						
	prescribed financial rules and regulations by various departmental officials of						
	the State Government.						

#### 1.4 Overview of Government Accounts structure

The Accounts of the Government are kept in three Parts:

#### 1. Consolidated Fund of the State

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

#### 2. Contingency Fund of the State

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

#### 3. Public Account of the State

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

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

**Revenue receipts** consists of tax revenue, non-tax revenue, share of Union Taxes/Duties, and grants from Government of India.

**Revenue expenditure** consists of all the expenditure of the Government which does not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions

(even though some of the grants may be meant for creation of assets).

Capital receipts consist of:

**Debt receipts:** Market Loans, Bonds, Loans from financial institutions, Net transactions under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;

Non-debt receipts: Proceeds from disinvestment, Recoveries of loans and advances;

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

The accounts classification system in Government is both functional and economic as explained below.

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

Functional classification involves arranging the receipts and expenditure by economic categories, distinguishing the Government transactions into Sections like Revenue and Capital (including Public Debt, Loans and Advances), Sectors like Tax Revenue from other revenue and Grants-in-Aid, Sub-sectors like Taxes on Income and Expenditure, fiscal services, *etc*. On the expenditure side also, the transactions are classified into Sectors *viz.*, General Services, Economic Services, Social Services and Grants-in-Aid and contributions and sub-divided into Major Heads of account below these Sectors. Major Heads of account falling within the Consolidated Fund generally correspond to 'Functions' of Government, such as 'Education', while Minor Heads subordinate to them identify the 'Programme' undertaken to achieve the objectives of the function represented by the Major Head. A programme may consist of a number of schemes or activities and these generally correspond to 'Sub-heads' below the Minor head. 'Detailed head' below the Sub-head, is primarily meant for itemised control over expenditure and indicates the object or nature of expenditure on a scheme or activity in terms of inputs such as 'Salaries', 'Office Expenses', 'Grants-in-Aid', *etc*.

A pictorial depiction of the structure of Government Accounts is given in **Chart 1.6**:

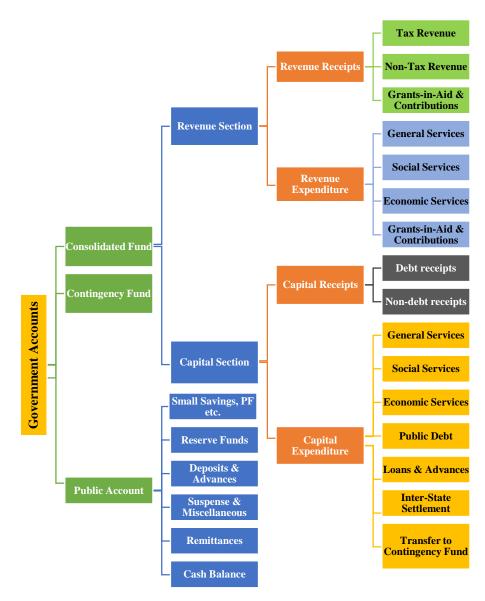


Chart 1.6: Pictorial depiction of the structure of Government Accounts

#### 1.5 Budgetary Process

In terms of Article 202 of the Constitution of India, the Governor of Andhra Pradesh caused to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year 2019-20, in the form of an **Annual Financial Statement** as a part of Budgetary Process.

In terms of Article 203, the above was submitted to the State Legislature in the form of 40 Demands for Grants/Appropriations and after approval of these, the Appropriation Bill was passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

As mentioned in **Paragraph 1.2** *ante*, the Finance Accounts and Appropriation Accounts encompass the core data for preparation of the SFAR. These Accounts are based on actual receipts and expenditure of the State during the year 2019-20, including various inter-governmental and other adjustments carried out by the Reserve Bank of

India (RBI). Considering that these receipts and expenditure are estimated in the budget and the expenditure has been approved by the State Legislature, it is important to study the budget of the State for 2019-20 closely and analyse the actual receipts and expenditure during the year with reference to the projections made in the budget.

#### 1.6 Snapshot of Finances of the State

The following table provides the details of actual financial position *vis-à-vis* Budget Estimates for the year 2019-20 and actuals of 2018-19. The time series data of Finances of the State is given in *Appendix 1.2*.

**Table 1.2: Snapshot of Finances of the State** 

(₹ in crore)

Sl.	Components	2018-19	1	2019-20	
No		Actual	BE	Actual (Percentage of Actual to B.E.)	of Actual to GSDP (in per cent)
1	Tax Revenue	58,031	75,438	57,601 (76.36)	5.92
2	Non-Tax Revenue	4,396	7,355	3,315 (45.07)	0.34
3	Share of Union taxes/duties	32,787	34,833	28,242 (81.08)	2.90
4	Grants-in-aid from GoI	19,457	61,072	21,876 (35.82)	2.25
5	Revenue Receipts (1+2+3+4)	1,14,671	1,78,697	1,11,034 (62.14)	11.41
6	Recovery of Loans and Advances	277	600	4,355 (725.83)	0.45
7	Other Receipts	0	0	0	0.00
8	Borrowings and other Liabilities (a)	35,467	35,261	39,687 (12.55)	5.38
9	Capital Receipts (6+7+8)	35,744	35,861	44,042 (22.81)	5.82
10	Total Receipts (5+9)	1,50,415	2,14,558	1,55,076 (72.28)	15.94
11	Revenue Expenditure, of which	1,28,570	1,80,476	1,37,475 (76.17)	14.13
12	Interest payments	15,342	17,244	17,653 (102.37)	1.81
13	Grant in Aid for creation of capital assets	3,301	2,018	655 (32.46)	0.07
14	Capital Expenditure, of which	21,819	34,082	17,598 (51.63)	1.81
15	Capital outlay	19,976	32,293	12,242 (37.91)	1.26
16	Loans and advances	1,843	1,789	5,356 (299.39)	0.55
17	Inter State Settlement	26	0	3	0.00
18	Total Expenditure (11+14+17)	1,50,415	2,14,558	1,55,076 (72.28)	15.94
19	Revenue Deficit (5-11)	-13,899	-1,779	-26,441 (1486.28)	2.72
20	Effective Revenue Deficit / Surplus (19-13)	-10,598	239	-25,786 (11019.70)	2.65
21	<b>Fiscal Deficit {18-(5+6+7)}</b>	-35,467	-35,261	-39,687 (12.55)	4.08
22	Primary Deficit (21-12)	-20,125	-18,017	-22,034 (122.30)	2.27

<sup>(</sup>a) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

The increase in the Revenue, Fiscal and Primary deficits of the State as compared to budget estimates, despite the expenditure being lower than the estimates, was primarily due to decrease in receipt of grants-in-aid from GoI by 64.18 *per cent* than budgeted, as detailed in **Table 1.3**.

<sup>(</sup>b) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed

Table 1.3: Budget and Actual receipts from GoI for major schemes during 2019-20

(₹ in crore)

Name of the Scheme/Grant	Budget Estimates	Actual Receipt	Difference
Polavaram Project	11,677.00	1,780.00	9,897.00
Sardar Patel Urban Housing Scheme	2,252.85	78.07	2,174.78
Externally Aided projects	9,766.06	1.29	9,764.77
Revenue Deficit grant for 2014-15	12,099.50	0	12,099.50
TOTAL	35,795.41	1,859.36	33,936.05

Source: Finance Accounts 2019-20 and Budget Estimates 2019-20

XIV FC has decided the amounts to be released as Revenue Deficit Grant in its report of 2014-15. Budgeting more than the amount already fixed by XIV Finance Commission, on the basis of data made available to the XIV FC by the State Government, shows lack of awareness on the part of the State Government. Similar is the case with all the other items listed in **Table 1.3**.

#### 1.7 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from Public Account and Reserve Funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

The Summarised position of Assets and Liabilities of the Government is given in **Table 1.4**:

Table 1.4: Summarised position of Assets and Liabilities of the State

		Liabilit	ies				Assets		
		2018-19 (₹ in crore)	2019-20 (₹ in crore)	Increase /Decrease (in per cent)			2018-19 (₹ in crore)	2019-20 (₹ in crore)	Increase /Decrease (in per cent)
				Consolid	ateo	d Fund			
A	Internal Debt	1,83,274	2,15,617	17.65	a	Gross Capital Outlay	2,20,652	2,32,894	5.55
В	Loans and Advances from GoI	10,223	10,943	7.04	b	Loans and Advances	31,768	32,769	3.15
Co Fu	ntingency nd	50	50	0.00		Contingency Fund	0	0	0.00
				Public	Acc	ount			
A	Small Savings, Provident Fund etc.,	15,730	16,745	6.45	a	Advances	31	31	0.00
В	Deposits	45,600	54,570	19.67	b	Remittances	554	611	10.29
C	Reserve Funds	11,044	13,002	17.73	С	Suspense and Miscellaneous	268	236	-11.94

Liabilities			Assets					
		2018-19 (₹ in crore)	2019-20 (₹ in crore)	Increase /Decrease (in per cent)		2018-19 (₹ in crore)	2019-20 (₹ in crore)	Increase /Decrease (in per cent)
D	Remittances	0	0		Cash Balance (including investment in Earmarked Funds)	8,389	14,694	75.16
					Total	2,61,662	2,81,235	7.48
					Deficit in Revenue Account	4,259	30,702	620.87
TC	TAL	2,65,921	3,11,937	17.30	TOTAL	2,65,921	3,11,937	17.30

Source: Finance Accounts of respective years

#### 1.8 Fiscal Balance: Achievement of Deficit and total debt targets

The State Government has passed Fiscal Responsibility and Budget Management Act (FRBM) in the year 2012 with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium term framework. In this context, the Act provides quantitative targets to be adhered to by the State with regard to deficit measures and debt level.

#### 1.8.1 AP FRBM targets on key Fiscal Parameters

Government of Andhra Pradesh amended the State FRBM Act in December 2020 which was deemed to have come into force with effect from 30 August 2020. The projections on fiscal parameters were however, amended by Government of Andhra Pradesh retrospectively with effect from the financial years 2015-16 to 2019-20. Further, the targets prescribed in the amended FRBM Act were at variance with the projections made by XIV Finance Commission for fiscal balance.

State Government stated that the State's economy changed structurally due to bifurcation in 2014-15, which led to Andhra Pradesh becoming a revenue deficit state. It was further stated that the State could not meet the XIV FC targets for this reason and in the new circumstances post bifurcation, it was felt necessary to set targets that were appropriate to overcome the constraints.

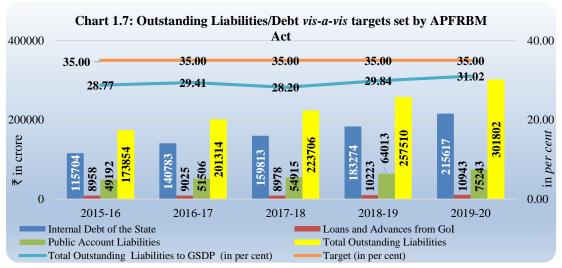
The response of the State Government is not acceptable, as the fiscal projections, by their very nature, are generally for future years. Clearly, the Government of Andhra Pradesh amended the FRBM Act relating to the targets for the five-year period 2015-16 to 2019-20 retrospectively, during December 2020 to showcase that the State managed to keep the vital fiscal parameters within the ceilings prescribed under APFRBM Act 2020 as can be seen from the details of compliance of key fiscal indicators with the targets set in the revised APFRBM Act, 2020 as shown in **Table 1.5**.

Table 1.5: Compliance with provisions of APFRBM Act

Fiscal Parameters	Fiscal	Fiscal	Achievement (₹ in crore)					
	projections as per XIV FC	projections set in revised FRBM Act	2015-16	2016-17	2017-18	2018-19	2019-20	
Revenue Deficit (-) / Surplus (+) (as percentage of GSDP)	Revenue Surplus	2.5 per cent of GSDP	-7,302 (-1.21)	-17,231 (-2.52)	-16,152 (-2.04)	-13,899 (-1.61)	-26,441 (-2.72)	
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three per cent of GSDP	Five per cent of GSDP	-22,057 (-3.65)	-30,908 (-4.52)	-32,381 (-4.08)	-35,467 (-4.11)	-39,687 (-4.08)	
Ratio of total outstanding liabilities to GSDP (in per cent)	Less than 25.22 per cent of GSDP	35 per cent of GSDP	28.77 ✓	28.86	27.63 ✓	27.59 ✓	31.02 ✓	

Revenue Deficit of the State during the years 2016-17 and 2019-20 was more than the targets envisaged in APFRBM Act, 2020 and the remaining fiscal parameters were within the targets set in FRBM Act 2020. The ratio of Fiscal Deficit to GSDP and Outstanding liabilities to GSDP were in compliance with the APFRBM targets only due to retrospective amendment of FRBM Act.

The details of outstanding liabilities and their ratio to GSDP *vis-à-vis* the revised APFRBM targets are depicted in *Chart 1.7*.



Source: Finance Accounts; XIV FC report (targets)

The outstanding debt of the State displayed an increasing trend during the five-year period 2015-20 with ₹ 1,73,854 crore during 2015-16 increasing to ₹ 3,01,802 crore during 2019-20 (an increase of 73.60 *per cent*).

Public Debt (Internal Debt and Loans and Advances from GoI) of the composite State of Andhra Pradesh was ₹ 1,66,522.32 crore as of 01 June 2014. Post bifurcation of the State with effect from 2 June 2014, the residual state of Andhra Pradesh was allocated a debt of ₹ 97,123.93 crore on population basis (58.32:41.68 ratio between AP and

Telangana). Consequently, as can be seen from the above chart, the Public Debt has increased and stood at  $\stackrel{?}{\underset{?}{?}}$  2,15,617 crore as of end of March 2020 (an increase of 122 *per cent* over that of 2014-15).

A comparison of the major fiscal variables of the State with the targets set under State's Medium Term Fiscal Policy Statement (MTFPS) is given in **Table 1.6**.

Table 1.6: Actuals vis-à-vis projection in MTFP for 2019-20

*(*₹ in crore)

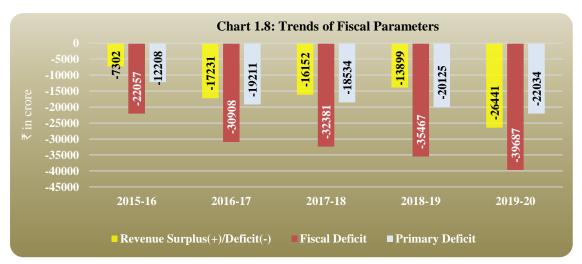
Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2019-20)	Variation (in <i>per cent</i> )
1	Own Tax Revenue	57,447	57,601	0.27
2	Non-Tax Revenue	3,324	3,315	-0.27
3	Share of Central Taxes	28,224	28,242	0.06
4	Grants -in-aid from GoI	21,876	21,876	0.00
5	Revenue Receipts (1+2+3+4)	1,10,871	1,11,034	0.15
6	Revenue Expenditure	1,37,518	1,37,475	-0.03
7	Revenue Deficit (-)/ Surplus (+) (5-6)	-26,647	-26,441	-0.77
8	Fiscal Deficit (-)/ Surplus (+)	-40,493	-39,867	-1.55
9	Debt-GSDP ratio (per cent)	25.22	31.02	23.00
10	GSDP growth rate at current prices (per cent)	12.73	12.73	0.00

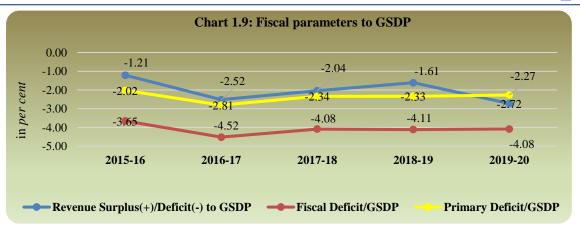
**Source**: Finance Accounts and MTFPS of the State of Andhra Pradesh 2019-20; **Note**: MTFPS for 2019-20 was placed in legislature during the budget session of 2020-21 based on the Revised Estimates of 2019-20.

The MTFPS was prepared during December 2020 based on the Revised Estimates of 2019-20. Therefore, the actuals of the above parameters were close to the projections made in the MTFPS. However, as shown in **Table 1.2**, there were huge variations in these parameters *vis-à-vis* Budget Estimates.

#### 1.8.2 Trends of Deficit/Surplus

The trends of Deficit/Surplus and its percentage in GSDP of the State for the years 2015-16 to 2019-20 are shown in *Charts 1.8* and *1.9*.





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

There was a mixed trend in the Revenue, Fiscal and Primary Deficits during the last five years. The increase in Revenue Deficit during 2016-17 when compared to 2015-16 was mainly due to the expenditure incurred towards takeover of loans of DISCOMs as per the guidelines of Ujwal DISCOMs Assurance Yojana (UDAY) Scheme.

As a percentage to GSDP, the trends in deficits had witnessed a mixed trend during the period 2015-20 with highest recorded during 2016-17 and lowest in 2015-16. The ratio of Fiscal Deficit to GSDP during the year 2019-20 increased to 4.08 *per cent* from 3.80 *per cent* during 2018-19 although the GSDP has also increased, primarily due to huge increase in Revenue Deficit in 2019-20 to the tune of ₹ 12,542 crore (90.24 *per cent*) over 2018-19.

Audit observations with regard to the deficits indicated in *Chart 1.8* above are as follows:

#### 1.8.2.1 Revenue Deficit

The XIV FC assessed the post-devolution Revenue Deficit and sanctioned ₹ 22,112 crore of Revenue Deficit grant for the period 2015-20 in order to eliminate the projected Revenue Deficit.

The details of post-devolution Revenue Deficit Grant (PDRDG) received and Revenue Deficit for the years 2015-16 to 2019-20 are given in **Table 1.7**.

Table 1.7: Revenue Deficit - Actuals vis-à-vis Targets for the years 2015-20

(₹ in crore)

Year	Projections of Revenue Deficit made in Macro Economic Framework Statement	Revenue Deficit projected by XIV FC	PDRDG received as per the recommendations of XIV FC	Revenue Deficit (After receipt of Post- devolution Grant)
2015-16	4,140	6,609	6,609	7,302
2016-17	4,598	4,930	4,930	17,231*
2017-18	4,018	4,430	4,430	16,152
2018-19	11,654	3,644	3,644	13,899
2019-20	26,647	2,499	2,499	26,441

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

The State failed to contain the Revenue Deficit during 2015-20 despite the receipt of post-devolution Revenue Deficit Grants from GoI as per the recommendations of XIV FC.

Revenue Deficit as a percentage of Total Revenue Receipts (TRR)¹ increased from 12.12 *per cent* in 2018-19 to 23.81 *per cent* during 2019-20. Further, it also increased by 90.24 *per cent* when compared to 2018-19. Revenue Deficit during 2019-20 (₹ 26,441 crore) was substantially higher than the Budget Estimates (₹ 1,779 crore) projected by the State Government due to the introduction of new schemes like "Amma Vodi (₹ 6,349.47 crore)" and "YSR Nine Hours free supply (₹ 4,919.84 crore)" during 2019-20 and a decrease in State's Own Revenue (₹ 1,511 crore) over the previous year. Consequently, Revenue Deficit increased during 2019-20 over the previous year.

Thus, the State Government's failure to assess its revenues realistically and not containing the Revenue Expenditure resulted in continued increase in Revenue Deficit, despite receipt of post-devolution Revenue Deficit grant from GoI.

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

The components and financing patterns of fiscal deficit are shown in **Table 1.8**.

Table 1.8: Components of fiscal deficit and its financing pattern

(₹ in crore)

(vinctore)							
Particulars	2015-16	2016-17	2017-18	2018-19		2019-20	
					Receipts	Disbursements	Net
<b>Components of Fiscal</b>	(-)22,057	(-)30,908*	(-)32,381	(-)35,467	1,15,389	1,55,076	-39,687
Deficit (1 to 4)							·
Revenue deficit	<b>(-)</b> 7302	(-)17,231*	(-)16,152	(-)13,899	1,11,034	1,37,475	-26,441
Net Capital	<b>(-)</b> 14,171	<b>(-)</b> 15,143	(-)13,491	(-)19,976	0	12,242	-12,242
Expenditure							
Net Loans and	<b>(-)</b> 389	1,465	(-)2,730	(-)1,566	4,355	5,356	-1,001
Advances							
Net Inter-State	(-)195	1	(-)8	(-)26	0	3	-3
settlement							
Financing Pattern of Fi	scal Deficit						
Net Public Debt#	15,236	25,146	18,982	24,706	1,12,428	79,366	33,062
Net Public Account	11,078	7,522	9,973	12,628	1,95,579	1,82,650	12,929
Small Savings, PF etc.	1,253	1,888	1,643	2,221	4,110	3,094	1,015
Reserve Funds	947	1,296	728	2,181	3,655	1,698	1,957
Deposits and Advances	8,570	4,597	4,608	10,160	97,490	88,520	8,970
Suspense and Misc.	(-) 128	(-) 98	337	(-)69	90,315	89,272	1,043
Remittances	436	(-) 161	2,657	(-)1,865	9	65	-57
Contingency Fund	0	0	0	0	9	9	0
Increase/Decrease in	(-) 4,259	(-) 1,760	3,426	(-)1,867	8,389	14,693	(-)6,304
Cash Balance							
Total (1 to 4)	22,057	30,908*	32,381	35,467	-	-	39,687

Source: Finance Accounts of respective years. # Includes borrowings from other Institutions and Ways and Means Advances. \* Includes an amount of ₹8,256 crore expended towards implementation of UDAY scheme

Borrowed funds used for meeting revenue expenditure create liability for future years without creating any assets. It is evident that in 2019-20, 80 *per cent* of borrowings were

 $<sup>^1</sup>$  Revenue Deficit to Total Revenue Receipts during 2019-20 = (26441/111034)\*100 = 23.81 per cent Revenue Deficit to Total Revenue Receipts during 2018-19 = (13899/114671)\*100 = 12.12 per cent

used to finance the deficit on Revenue account, thereby, impeding asset creation in the State. Net receipts under Public Account during the year (₹ 12,929 crore) financed 32.58 *per cent* of the fiscal deficit when compared to 35.61 *per cent* during the previous year.

#### 1.8.4 Deficits after examination in Audit

Misclassification of revenue expenditure as capital and off budget fiscal operations impact deficit figures. During the year 2019-20, the State Government misclassified minor works and grants-in-aid amounting to ₹ 1,007.74 crore and revenue expenditure amounting to ₹ 3,371.60 crore under capital section, leading to an overall understatement of Revenue Deficit by ₹ 4,379.34 crore as detailed below.

Table 1.9: Understatement of Revenue Deficit and Fiscal Deficit

(₹ in crore)

Particulars	Impact on Revenue Deficit (Understated (+) / overstated(-))
Minor works and Grants-in-Aid budgeted/ booked under Capital Section instead of Revenue	(+) 1,007.74
Misclassification of revenue expenditure as capital expenditure	(+) 3,371.60
Total	(+) 4,379.34

Source: Finance Accounts;

Effectively, therefore, there was a Revenue Deficit of ₹ 30,820.11 crore (₹ 26,440.77 crore plus ₹ 4,379.34 crore). The effective Revenue Deficit was 3.17 *per cent* of GSDP instead of 2.72 *per cent* shown in the accounts.

#### 1.8.5 Post audit – Total Public Debt

Various Government entities have obtained loans to the extent of ₹ 26,096.98 crore as of end of March 2020 on behalf of the State Government. These are in the nature of off-budget borrowings (OBB) by the Government and the latter has provided guarantees for these loans. Since these borrowings did not form part of the borrowings of the Government directly, these were not included in the Public Debt of the State Government in the Finance Accounts; nor did these figure in calculation of Fiscal Deficit of the State. To that extent, the Public Debt of the State and consequently, its Fiscal Deficit for the year stands understated.

Fiscal Deficit of the State would increase to ₹ 65,784 crore if the OBBs of ₹ 26,096.98 crore are taken in to consideration, and FD would constitute 6.76 *per cent* of GSDP. The details of OBBs are given in Paragraph 2.7.4 of Chapter 2 and in *Appendix 1.3*.

#### 1.9 Conclusion

State Government amended the APFRBM Act in December 2020 which was deemed to have come into force with effect from 30 August 2020. The projections on fiscal parameters were however, amended by Government of Andhra Pradesh retrospectively with effect from the financial years 2015-16 to 2019-20. Further, the targets prescribed

in the amended FRBM Act were at variance with the projections made by XIV Finance Commission for fiscal balance.

The fiscal parameters of the State as reflected in its Revenue, Fiscal and Primary Deficits, were negative throughout the five-year period 2015-20. There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have pushed up the Deficits to a further extent, as brought out in the Report, as well as in the State Finances Audit Report of the CAG over the last few years.

Although the outstanding liabilities were within the targets of the revised APFRBM Act, these would be way above the targets, if the liabilities of the State Government with regard to its extra-budgetary borrowings are taken in to account. The liabilities of the State have been increasing year-on-year and over 80 per cent of the borrowings during the year 2019-20 were utilised to balance Revenue Account of the State affecting the asset creation in the State.

#### 2.1 Introduction

This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period 2015-16 to 2019-20, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

## 2.2 Major changes in Key fiscal aggregates during 2019-20 vis-à-vis 2018-19

This section gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year, compared to the previous year. Each of these indicators would be analysed in the succeeding paragraphs.

Table 2.1: Changes in key fiscal aggregates in 2019-20 compared to 2018-19

D D 4	( B
Revenue Receipts	✓ Revenue receipts of the State decreased by 3.17 <i>per cent</i>
	✓ Own Tax receipts of the State decreased by 0.74 <i>per cent</i>
	✓ Own Non-tax receipts decreased by 24.59 per cent
	✓ State's Share of Union Taxes and Duties decreased by 13.86 per cent
	✓ Grants-in-Aid from Government of India increased by 12.43 per cent
Revenue	✓ Revenue expenditure increased by 6.93 <i>per cent</i>
Expenditure	✓ Revenue expenditure on General Services increased by 10.87 <i>per cent</i>
	✓ Revenue expenditure on Social Services increased by 5.94 <i>per cent</i>
	✓ Revenue expenditure on Economic Services increased by 2.89 per cent
	✓ Expenditure on Grants-in-Aid decreased by 60.89 per cent
Capital	✓ Capital expenditure decreased by 38.72 per cent
Expenditure	✓ Capital expenditure on General Services increased by 1264.36 per cent
	✓ Capital expenditure on Social Services decreased by 28.26 <i>per cent</i>
	✓ Capital expenditure on Economic Services decreased by 61.78 per cent
Loans and	✓ Disbursement of Loans and Advances increased by 190.61 <i>per cent</i>
Advances	✓ Recoveries of Loans and Advances increased by 1,472.20 <sup>2</sup> per cent
Public Debt	✓ Public Debt Receipts increased by 14.75 <i>per cent</i>
	✓ Repayment of Public Debt increased by 8.31 <i>per cent</i>
Public Account	✓ Public Account Receipts increased by 96.16 per cent
	✓ Disbursement of Public Account increased by 109.76 per cent
Cash Balance	✓ Cash balance increased by ₹ 6,305 crore (75.16 per cent) during
	2019-20 compared to the previous year

#### 2.3 Sources and Application of Funds

**Table 2.2** compares the sources and application of funds of the State during 2019-20 with 2018-19 figures.

 $<sup>^2</sup>$  The high percentage of recoveries during the year 2019-20 as compared to 2018-19 was due to the base effect i.e. less recoveries of Loans and Advances during 2018-19 (₹ 51 crore only)

Table 2.2: Sources and Application of funds during 2018-19 and 2019-20

(₹ in crore)

	Particulars	2018-19	2019-20	Increase/ Decrease
Sources	Opening Cash Balance with RBI	6,522	8,389	28.63
	Revenue Receipts	1,14,671	1,11,034	-3.17
	Recoveries of Loans and Advances	277	4,355	1472.20
	Public Debt Receipts (Net)	24,706	33,062	33.82
	Public Account Receipts (Net)	12,628	12,929	2.38
	Total	1,58,804	1,69,769	6.90
Application	Revenue Expenditure	1,28,570	1,37,475	6.93
	Capital Expenditure	19,976	12,242	-38.72
	Disbursement of Loans and	1,843	5,356	
	Advances			190.61
	Inter State Settlement	26	3	-88.46
	Closing Cash Balance with RBI	8,389	14,693	75.15
	Total	1,58,804	1,69,769	6.90

Source: Finance Accounts 2019-20

The components of sources and application of funds in terms of percentage are shown in *Charts 2.1* and *2.2*.

Rupee comes from

Tax Revenue

Non-tax Revenue

Share of Union
Taxes/Duties

Grants from GOI

Recoveries of
Loans and
Advances
Public Debt
Receipts

**Chart 2.2: Application of Funds** General Services Rupee goes to (Revenue) Social Services (Revenue) 0.001 Economic Services 19 (Revenue) Grants-in-aid and 34 Contributions (0.01) Capital Outlay Loans and Advances 29 disbursed **5**.01 10 Repayment of Public Debt ■ Inter State Settlement (0.001)

Source: Finance Accounts 2019-20

#### 2.4 Resources of the State

The components and sub-components of resources of the State are given in **Chart 2.3**.

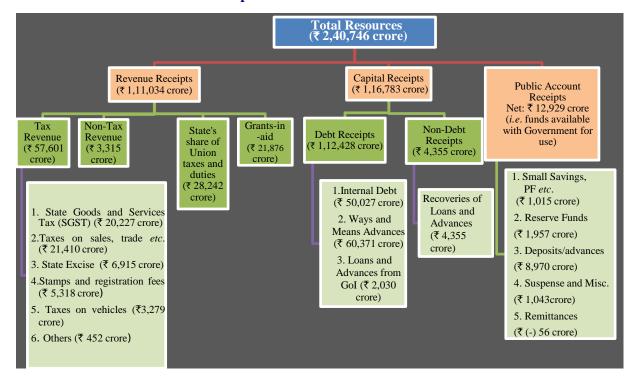


Chart 2.3: Composition of Resources in 2019-20

Source: Finance Accounts 2019-20

**NOTE:** Debt Receipts include an amount of ₹ 60,371 crore availed as Ways and Means Advances/Special Drawing Facility/Overdraft

Out of the total resources of ₹ 2,40,746 crore of the State Government during the year 2019-20, Revenue Receipts (₹ 1,11,034 crore) constituted 46.12 *per cent*. Capital Receipts (₹ 1,16,783 crore) and net Public Account Receipts (₹ 12,929 crore) constituted 48.51 *per cent* and 5.37 *per cent* of the total resources, respectively.

#### 2.4.1 Revenue Receipts

Statement 14 of the Finance Accounts gives details of Revenue Receipts of the Government. Revenue Receipts ( $\gtrsim$  1,11,034 crore) of the State decreased by  $\gtrsim$  3,637 crore (3.17 *per cent*) over the previous year ( $\gtrsim$  1,14,671 crore) and constituted 11.41 *per cent* of GSDP ( $\gtrsim$  9,72,782 crore).

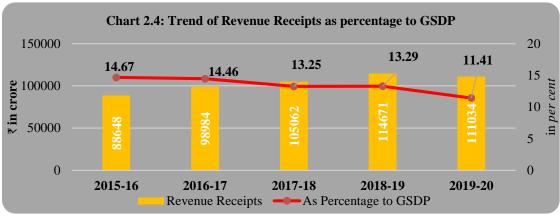
**Table 2.3** provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2015-20. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in *Charts 2.4* and *2.5* respectively.

**Parameters** 2015-16 2016-17 2017-18 2018-19 2019-20 Revenue Receipts (RR) (₹ in crore) 88,648 98,984 1,05,062 1,14,671 1,11,034 Rate of growth of RR (per cent) -2.2311.66 6.14 9.15 -3.17**Own Tax Revenue** 39,907 44,181 49,486 58,031 57,601 Non-Tax Revenue 4,920 5,193 3,814 4,396 3,315 Rate of growth of Own Revenue (Own -16.36 10.14 7.95 17.12 -2.42 Tax and Non-tax Revenue) (per cent)

**Table 2.3: Trends in Revenue Receipts** 

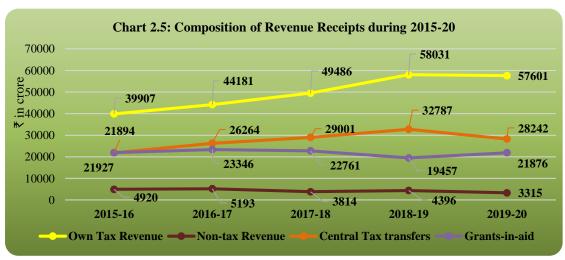
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Gross State Domestic Product (₹ in	6,04,229	6,84,416	7,93,186	8,62,957	9,72,782
crore) (2011-12 Series)					
Rate of growth of GSDP (per cent)	15.10	13.27	15.89	8.80	12.73
RR/GSDP (per cent)	14.67	14.46	13.25	13.29	11.41
Buoyancy Ratios <sup>3</sup>					
Revenue Buoyancy w.r.t GSDP	-0.15	0.88	0.39	1.04	-0.25
State's Own Revenue Buoyancy w.r.t	-1.08	0.76	0.50	1.95	-0.19
GSDP					

**Source:** Finance Accounts of respective years



Source: Finance Accounts of respective years

During the period 2015-19, Revenue Receipts of the State Government displayed an increasing trend, although there was a slump during 2019-20. Further, despite the increase in revenue receipts during four years out of the five-year period 2015-16 to 2019-20, as a percentage of GSDP, these displayed a decreasing trend with an exception during 2018-19 where the percentage was marginally high compared to the previous year.



Source: Finance Accounts of respective years

<sup>&</sup>lt;sup>3</sup> 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 with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one *per cent*.

#### General trends relating to Revenue Receipts of the State are as follows:

- 1. Revenue Receipts increased by 25.25 per cent from ₹ 88,648 crore in 2015-16 to ₹ 1,11,034 crore in 2019-20. However, receipts under Revenue Account have declined by 3.17 per cent during 2019-20 over those of the previous year. Receipts from State Own Tax Revenue, Non-tax revenue and State share of Union Taxes decreased from the previous year causing the dip in Revenue Receipts during 2019-20.
- 2. The share of State's Own tax revenue in Revenue Receipts has increased during the period 2015-20. State's own Tax revenue was the major contributor to Revenue Receipts for the past five years, accounting for more than 50 *per cent* of receipts during the past two years.
- 3. There was a wide fluctuation in the Revenue and Own Tax buoyancy of the State. While the negative buoyancy during the year 2015-16 was due to the bifurcation of the State during 2014-15, the negative buoyancy in 2019-20 was due to decrease of ₹ 1,511 crore in State's Own Revenue and State's share of Union Taxes over 2018-19.

State Government replied that the decrease in its own tax receipts was marginal considering the overall situation of the country's economy.

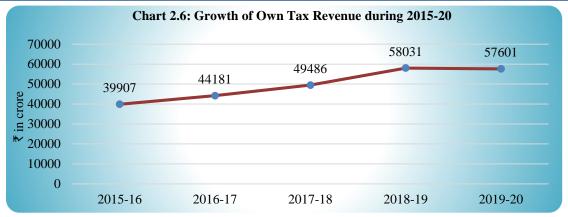
Justification offered by the State Government for decrease in its revenue receipts was not borne out by facts, since no such negative impact was noticed in similarly placed neighbouring States such as Telangana and Chhattisgarh, where there was an increase in own tax revenue by 4.5 *per cent* and 3.22 *per cent* respectively during 2019-20 over 2018-19.

#### 2.4.1.1 State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from Central Government is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes. 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.

#### A. Own Tax Revenue

Own tax revenues of the State consist of State GST, State excise, taxes on vehicles, Stamp duty and Registration fees, Land revenue, taxes on goods and passengers, *etc*. Own Tax Revenue (OTR) during the year was ₹ 57,601 crore and constituted 51.88 *per cent* of the Revenue Receipts (₹ 1,11,034 crore). Taxes on sales and trade contributed 37.17 *per cent* to OTR in 2019-20. The trends of growth of OTR during 2015-20 is shown in *Chart 2.6* and the major taxes and duties which contributed to OTR during 2015-20 are given in **Table 2.4**.



Source: Finance Accounts of respective years

**Table 2.4: Components of State's Own Tax Revenue** 

(₹ in crore)

(,						
	2015-	2016-17	2017-	2018-	2019-20	
	16		18	19	(ACTUALS)	
State Goods and Services Tax	-	-	10,820	20,611	20,227	
(SGST)						
Taxes on Sales, trades etc.	29,104	32,484	25,335	21,914	21,410	
State Excise	4,386	4,645	5,460	6,220	6,915	
Taxes on Vehicles	2,082	2,467	3,039	3,341	3,279	
Stamp duty and Registration fees	3,527	3,476	4,271	5,428	5,318	
Land Revenue	52	167	107	57	21	
Taxes on Goods and Passengers	10	12	5	26	36	
Other Taxes <sup>4</sup>	746	930	449	434	395	
Total	39,907	44,181	49,486	58,031	57,601	

Source: Finance Accounts of respective years;

During the period 2015-20, Taxes on Sales, Trades and State Goods and Services Tax (SGST) were the major contributors to OTR of the State with more than 70 *per cent* share. Although OTR decreased during 2019-20 compared to the previous year, it increased by 44.34 *per cent* from the year 2015-16 to 2019-20.

The decrease in tax revenue during the year 2019-20 was marginal by  $\stackrel{?}{=}$  430 crore (2.42 *per cent*) over the previous year 2018-19 and was mainly under (a) State Goods and Services Tax (SGST) by  $\stackrel{?}{=}$  384 crore (1.86 *per cent*) and (b) Taxes on Sales, Trades *etc.*, by  $\stackrel{?}{=}$  504 crore (2.30 *per cent*).

State Government replied that, the State of Andhra Pradesh was mainly dependent on Agricultural sector; therefore the share of SGST in the receipts and its growth was comparatively low when compared to other neighbouring States, where Industry and Services are main drivers of growth.

Reasons stated by the State Government for lower receipts under SGST are not based on facts since GST is a consumption based tax *i.e.* tax accrues to the State where goods and / or services are finally consumed and the growth rate of GSDP of the State (12.73 per cent during 2019-20) was higher than that of the national rate of growth of

<sup>&</sup>lt;sup>4</sup> Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income

GDP (7.21 *per cent*). Further, Services sector contributes the maximum to the GSDP of the State (38 *per cent*).

#### (i) Goods and Services Tax (GST)

State Government implemented Andhra Pradesh Goods and Services Tax (GST) Act with effect from 01 July 2017. The GST has four components *viz.*, (i) GST receipts by the Centre (*i.e.*, Central GST or CGST; (ii) GST receipts by the State (*i.e.*, State GST or SGST); (iii) Integrated GST (IGST)<sup>5</sup>, a tax on inter-State supply of Goods or Services or both by the Central Government and (iv) GST Compensation Cess<sup>6</sup>. SGST is levied on intra-State supply of goods or services (except alcohol for human consumption and five specified petroleum products<sup>7</sup>).

Table 2.5: Components of State Goods and Services Tax (SGST)

(₹ in crore)

			` '
State Goods and Services Tax (SGST)	2017-18	2018-19	2019-20
Tax	5,035	8,187	9,482
Input Tax Credit	4,469	8,817	9,729
Apportionment of IGST – Transfer-in of Tax Component	692	964	1,514
Others <sup>8</sup>	2,008	2,643	(-) 498
TOTAL	10,820	20,611	20,227

Source: Finance Accounts of respective years

GST Compensation: According to GST (Compensation to the States) Act, 2017, the Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State is to be calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. The projected revenue for any year of a State is to be calculated by applying the projected growth rate (14 per cent per annum) over the base year (2015-16) revenue of the State.

In the case of Andhra Pradesh, the revenue in the base year (2015-16) was ₹ 13,449.62 crore. Accordingly, Protected Revenue for the year 2019-20 was ₹ 22,715.87 crore<sup>9</sup>.

The State received ₹ 20,227.04 crore as SGST during the year. Against this shortfall from protected revenue, an amount of ₹ 1,840.76 crore has been received as GST compensation from GoI during the year 2019-20.

#### B. Non-Tax Revenue

Non-tax revenue accounts for receipts from services rendered and supplies made by various Departments of Government and interest receipts. The Non-tax revenue of

<sup>&</sup>lt;sup>5</sup> in respect of inter-State supply of Goods and Services, Integrated GST (IGST) is levied and collected by Government of India (GoI). The IGST so collected is apportioned between the Centre and the State where the goods and services are consumed

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

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

Others include Receipts awaiting transfer to other Minor heads, Advance apportionment from IGST, Fees, Interest and penalty.

<sup>9</sup> Calculated at compounding increase of 14 *per cent* per annum for four years *viz.*, 2016-20 from the base year revenue of ₹ 13,449.62 crore (*i.e.*, ₹ 13,449.62 X 1.14 X 1.14 X 1.14X1.14 = ₹ 22,715.87 crore)

₹ 3,315 crore during the year constituted 2.99 *per cent* of the total revenue receipts (₹ 1,11,034 crore) of the year. The overall decrease of ₹ 1,081 crore in Non-Tax Revenue over the previous year was mainly under 'other non-tax receipts'. The composition of non-tax revenue is detailed in **Table 2.6**.

**Table 2.6: Composition of Non-Tax Revenue** 

(₹ in crore)

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	Spark Line
Interest Receipts	133	113	96	50	37	
Dividends & Profits	9	4	1	1	4	
Other Non-Tax Receipts	4,778	5,076	3,717	4,345	3,274	~~
a) Major Irrigation	145	166	161	94	122	
b) Forestry and Wild life	471	234	342	426	36	$\overline{}$
c) Non-Ferrous Mining & Metallurgical Industries	1,523	1,628	2,156	2,211	1,897	
Total	4,920	5,193	3,814	4,396	3,315	~~

Source: Finance Accounts of respective years

## (i) Interest receipts

Against the budgeted estimates of ₹ 150 crore during 2019-20, actual interest receipts were ₹ 37 crore. Interest receipts included ₹ 22 crore received from investment of Cash Balance, ₹ 15 crore received from various sources *viz.*, Andhra Pradesh Transmission Corporation (APTRANSCO) and Credit Cooperatives, *etc*.

## (ii) Dividend Receipts

Against the budgeted estimates of ₹ five crore during 2019-20, actual receipts on account of Dividends & Profits was ₹ 4.46 crore.

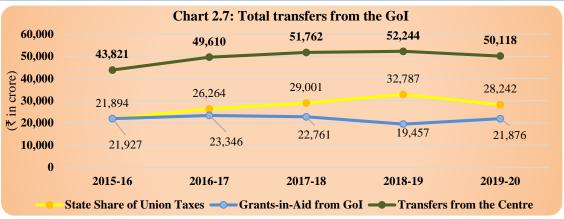
Government investments in Statutory Corporations, Government Companies and others were ₹ 9,500.61 crore as on 31 March 2020, out of which, un-apportioned investments were ₹ 8,401.21 crore, constituting 88.43 *per cent* of the total investments. Further, out of these un-apportioned investments, ₹ 49.11 crore was invested in 10 non-working Companies.

# (iii) Other Non-Tax Receipts

Non-Ferrous Mining & Metallurgical Industries (₹ 1,897 crore – Mineral Concession Fee, Rents & Royalties, Mines Department *etc.*,), Police (₹ 212 crore), Education, Sports, Art and Culture (₹ 147 crore) were the main contributors to Non-tax revenue.

#### 2.4.1.2 Central Transfers

The trend of transfers from Government of India during the period 2015-16 to 2019-20 is given in *Chart 2.7*:



Source: Finance Accounts of respective years

#### A. State's share of Union taxes

Central tax transfers of ₹ 28,242 crore in 2019-20, while contributing 25.44 *per cent* to the State's total revenue receipts, decreased by ₹ 4,545 crore (13.86 *per cent*) when compared to previous year (₹ 32,787 crore). Over the period 2015-20, the State's share of Union Taxes increased by 29 *per cent from* ₹ 21,894 core in 2015-16 to ₹ 28,242 crore in 2019-20.

Components of State's share of Union Taxes during 2015-20 are given in **Table 2.7**.

**Table 2.7: Components of State's share of Union Taxes** 

(₹ in crore)

Component of State's share of Union		XIV	FC award j	period	eriod				
taxes	2015-16	2016-17	2017-18	2018-19	2019-20				
Corporation Tax	6,890	8,414	8,880	11,401	9,630				
Customs	3,498	3,619	2,926	2,324	1,790				
Income Tax	4,792	5,848	7,498	8,397	7,545				
Other Taxes and Duties on commodities and services	15	-	327	17	18				
Service Tax	3,788	4,231	2,975	303	0				
Wealth Tax	2	19	-	4	0				
Union Excise Duties	2,909	4,133	3,059	1,544	1,245				
CGST	NA	NA	409	8,092	8,014				
IGST	NA	NA	2,927	646	0				
Other Taxes on Income and Expenditure	-	-	-	59	0				
Grand total	21,894	26,264	29,001	32,787	28,242				
Devolution as percentage of Revenue Receipts of the State	24.70	26.53	27.60	28.59	25.44				

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

## B. Grants-in-Aid from Government of India

The details of Grants-in-Aid from GoI and their composition during 2015-20 are given in **Table 2.8**.

Table 2.8: Grants-in-Aid from Government of India

(₹ in crore)

Particulars Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Non-Plan Grants/Finance Commission	9,944	10,839	6,975	5,548	5,881
Grants					
Grants for State Plan Schemes*	10,325	12,507	0	327	1
Grants for Central Plan Schemes*	1,658	0	(-)200#	0	0
Grants for Centrally Sponsored Schemes	0	0	15,482	12,510	13,562
Other Transfers/Grants to States			504	1,072	2,432
(i) Compensation for loss of revenue			382	0	1,841
arising out of implementation of GST					
(ii) Other Receipts <sup>10</sup>			122	67	20
(iii) National Disaster Response Fund			0	1,005	571
Total	21,927	23,346	22,761	19,457	21,876
Percentage of increase (+)/decrease(-) over	0.68	6.47	(-)2.51	(-)14.52	12.43
previous year					
Total grants as a percentage of Revenue	24.73	23.59	21.66	16.97	19.70
Receipts					

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

Out of the Grants of ₹ 13,562 crore for Centrally Sponsored Schemes during 2019-20, the major amounts were given to:

- ➤ Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 2,713 crore- 24.96 *per cent* increase over previous year),
- ➤ Polavaram Project (₹ 1,780 crore-28.52 per cent increase over previous year),
- ➤ National Health Mission (₹ 1,044 crore 7.30 *per cent* increase over previous year).

#### (i) XIV Finance Commission (FC) grants

The XIV FC had recommended devolution of funds under only three types of grants-in-aid to States *viz.*, Local Government, Disaster Management and Post-devolution Revenue Deficit. The details of amounts awarded, received and releases of State Government to Local Bodies during the period 2015-20 are shown in **Table 2.9**.

**Table 2.9: XIV Finance Commission Grants** 

(₹ in crore)

Transfers	Recom mendat	Recomme of XI		Actual	Actual Release by GoI			Release by State Government		
	ion of the XIV- FC 2015-20	2015-16 to 2018-19	2019-20	2015-16 to 2018-19	2019-20	Total	2015-16 to 2018-19	2019-20	Total	
				Local E	odies					
i) Grants to PRIs	8,654.09	6,031.96	2,622.13	4,917.35	2,038.52	6,955.87	4,605.89	2,038.52	6,644.41	
ii) Grants to ULBs	3,635.78	2,523.26	1112.52	2,034.95	1,019.26	3,054.20	1,864.38	1,019.26	2,883.64	

<sup>&</sup>lt;sup>10</sup> Additional Central Assistance for Left Wing Extremist (LWE) Districts and Compensation for loss of revenue on account of phasing out of Central Sales Tax (CST)

Transfers	Recom mendat	Recomme of XI		Actual Release by GoI			Release by State Government		
	ion of	2015-16	2019-20	2015-16	2019-20	Total	2015-16	2019-20	Total
	the	to		to			to		
	XIV-	2018-19		2018-19			2018-19		
	FC								
	2015-20								
Total	12,289.87	8,555.22	3,734.65	6,952.30	3,057.78	10,010.07	6,470.27	3,057.78	9,528.05
Local									
Bodies									
State	2,430.00	1,896	534	1,896	534	2,430	1,896	534.00	2,430
Disaster									
Response									
Fund									
PDRDG	22,112.00	19,613	2,499	19,613	2,499	22,112.00	-	-	-
Grand	36,831.87	30,064.22	6,767.65	11,347.30	6,090.78	34,552.07	8,366.27	3,591.78	11,958.05
Total									

Source: Finance Accounts and XIV Finance Commission report.

State Government has not released ₹ 311.46 crore and ₹ 170.57 crore of Finance Commission grants to Panchayat Raj Institutions and Urban Local Bodies respectively over the period 2015-20.

# 2.4.2 Capital Receipts

Growth and composition of Capital Receipts of the State during 2015-20 are given in **Table 2.10**.

**Table 2.10: Composition of Capital Receipts** 

(₹ in crore)

Sources of State's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
Capital Receipts (CR)*	53,966	61,952	74,114	98,257	1,16,783
Non-debt capital receipts	285	2,029	51	277	4,355
(i) Miscellaneous Capital Receipts	0	0	0	0	0
(ii) Recovery of Loans and Advances	285	2,029	51	277	4,355
Public Debt Receipts*	53,681	59,923	74,063	97,980	1,12,428
Internal Debt	52,996	59,109	73,117	95,990	1,10,398
Growth rate	64.03	11.53	23.70	31.28	15.01
Loans and advances from GoI	685	814	946	1,990	2,030
Growth rate	-1.72	18.83	16.22	110.36	2.01
Rate of growth of debt Capital Receipts	62.65	11.63	23.60	32.29	14.75
Rate of growth of non-debt capital receipts	-94.40	611.93	-97.49	443.14	1472.20
Rate of growth of GSDP	15.10	13.27	15.89	8.80	12.73
Rate of growth of Capital Receipts (per cent)	41.65	14.80	19.63	32.58	18.85

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

During 2019-20, Capital Receipts (₹ 1,16,783 crore) constituted 48.50 *per cent* of the total receipts (₹ 2,40,746 crore) of the State. State Government borrowed ₹ 50,027 crore from open market and other financial institutions and took loans of ₹ 2,030 crore from GoI. Apart from these borrowings, State Government availed of ₹ 60,371 crore<sup>11</sup> as Ways and Means Advances and Overdraft from the Reserve Bank of India.

<sup>&</sup>lt;sup>11</sup> Special Drawing Facility (₹ 16,055 crore) Ways and Means Advances (₹ 26,685 crore) and Overdraft (₹ 17,632

# 2.4.3 State's performance in mobilisation of resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising Own-tax and non-tax sources. The XIV FC projection of state resource mobilisation capacity, budget estimates *vis-à-vis* actuals during the year 2019-20 is given in **Table 2.11**.

Table 2.11: Tax and Non-tax receipts vis-à-vis projections

	XIV FC projections	Budget Estimates	Actuals	Percentage var	iation of actual	
	(₹	(in crore)		FFC Budget estimates		
Own Tax revenue	82,847	75,438	57,601	(-) 30.47	(-) 23.64	
Non-tax revenue	17,946	7,355	3,315	(-) 81.06	(-) 54.94	

Source: Finance Accounts 2019-20; BE 2019-20; XIV Finance Commission Report

It is evident from above that the actual revenue of the State was much less compared to its own budgetary estimates and XIV FC projections for the year 2019-20.

State Government replied that, it will try to achieve the targets set in budget estimates in coming years.

# 2.5 Application of resources

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

# 2.5.1 Growth and Composition of expenditure

The total expenditure in 2019-20 was ₹ 1,55,076 crore. *Chart* 2.8 and **Table 2.12** presents the trends and composition of total expenditure during the years 2015 to 2020.

Table 2.12: Total Expenditure and its composition

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
					(₹ in crore)
Total Expenditure (TE)	1,10,990	1,31,921	1,37,494	1,50,415	1,55,076
Revenue Expenditure (RE)	95,950	1,16,215	1,21,214	1,28,570	1,37,475
Capital Expenditure (CE)	14,171	15,143	13,491	19,976	12,242
Loans and Advances	674	564	2781	1843	5356
Inter State Settlement	195	(-)1	8	26	3
	As a perc	entage of GS	DP		
TE/GSDP	18.37	19.27	17.33	17.43	15.94
RE/GSDP	15.88	16.98	15.28	14.90	14.13
CE/GSDP	2.35	2.21	1.70	2.31	1.26
Loans and Advances/GSDP	0.11	0.08	0.35	0.21	0.55

Page | 28



Source: Finance Accounts of respective years

Total Expenditure over the past five years exhibited an increasing trend, mainly on account of increase in Revenue Expenditure. Total Expenditure of the State has increased by ₹ 44,086 crore from 2015-16 to 2019-20, registering a rise of 39.72 *per cent*.

As is evident from the above Chart, Capital Expenditure constituted less than 15 *per cent* of the Total Expenditure during the period 2015-20, decreasing from 12.77 *per cent* in 2015-16 to 7.89 *per cent* in 2019-20. This reflects poorly on the State's commitment towards infrastructure creation.

In terms of activities, Total Expenditure is composed of expenditure on General Services (including Interest Payments), Social Services, Economic Services and others. Relative share of these components in the Total Expenditure of ₹ 1,55,076 crore during 2019-20 is given in **Table 2.13**.

Table 2.13: Relative shares of various sectors of expenditure

(in per cent)

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
General Services	25.91	25.08	28.63	27.30	31.58
Social Services	44.02	39.92	45.13	44.64	45.24
<b>Economic Services</b>	29.18	34.51	24.15	26.79	19.71
Others (Grants to Local Bodies, Inter State	0.89	0.50	2.09	1.27	3.47
Settlement and Loans and Advances)					

Source: Finance Accounts of respective years

The expenditure of the State was mainly focused on Social Services, which includes Education, Health and welfare activities *etc*. The major areas under Social Services Sector where the expenditure was concentrated is given in **Table 2.14**.

Table 2.14: Major areas of Expenditure under Social Services sector

(₹ in crore)

					(VIII CIOIC)
Area of Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Education, Sports, Art and Culture</b>	16453	17357	20017	19587	26643
Welfare of SCs, STs and other BCs,	20560	21136	25893	28334	28146
Social Welfare and Nutrition					
Health and Family Welfare	5207	6438	6389	7400	7538

Source: Finance Accounts of respective years

The above table indicates that, in 2019-20, welfare activities constituted 18 *per cent* of Total Expenditure in the State and around 13 *per cent* was spent on Education, Sports, Art and Culture.

# 2.5.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and for payment of past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

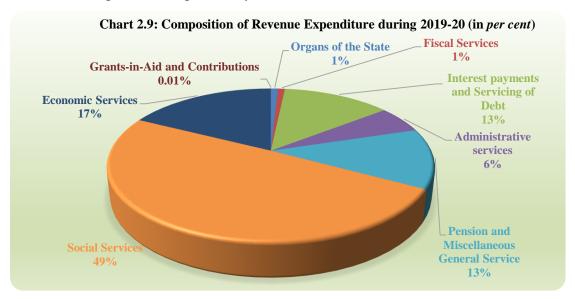
Revenue Expenditure (₹ 1,37,475 crore) was 14.13 *per cent* of GSDP and was within the budget provision (₹ 1,80,476 crore) made for the year 2019-20. It increased by 6.93 *per cent* during the year compared to 2018-19 (₹ 1,28,570 crore).

**Table 2.15: Revenue Expenditure-Basic parameters** 

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE) (₹ in crore)	1,10,990	1,31,921	1,37,494	1,50,415	1,55,076
Revenue Expenditure (RE) (₹ in crore)	95,950	1,16,215	1,21,214	1,28,570	1,37,475
Rate of Growth of RE (in per cent)	-16.47	21.12	4.30	6.07	6.93
Revenue Expenditure as percentage of TE	86.45	88.09	88.16	85.48	88.65
RE/GSDP (per cent)	15.88	16.98	15.28	14.90	14.13
RE as percentage of RR	108.24	117.41	115.37	112.12	123.81
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	-1.09	1.59	0.27	0.69	0.54
Revenue Receipts (ratio)	7.39	1.81	0.70	0.66	-2.18

Source: Finance Accounts of respective years

The buoyancy of Revenue Expenditure w.r.t GSDP shows that the rise of one *per cent* of GSDP led to the rise of 0.54 *per cent* of Revenue Expenditure. The negative buoyancy of Revenue Expenditure w.r.t Revenue Receipts was due to decrease in Revenue Receipts over the previous year.



During the year 2019-20, Revenue Expenditure (₹ 1,37,475 crore) accounted for 88.65 per cent of the State's total expenditure (₹ 1,55,706 crore), which is in the nature of current consumption, leaving only 11.35 per cent for investment in infrastructure and asset creation. Further, 80.77 per cent of the Revenue Expenditure in 2019-20 was met from Revenue Receipts (₹ 1,11,034 crore). The balance 19.23 per cent (₹ 26,441 crore) of Revenue Expenditure for day to day activities of Government was, however, financed from borrowed funds.

**Table 2.16** highlights the cases of significant increase or decrease in various Revenue Heads of Account during 2019-20 *vis-à-vis* the previous year.

Table 2.16: Revenue Expenditure during 2019-20 compared to 2018-19

Major Heads of Accounts	2018-19 2019-20 (₹ in crore)		Increase (+)/ Decrease (-) (in per cent)
2225 – Welfare of Scheduled Castes, Scheduled Tribes, Other Backward classes and Minorities.	5,446.98	21,601.38	296.57
2202 – General Education	18,779.33	25,498.46	35.78
2801 – Power	1,901.63	6,840.24	259.70
2435 - Other Agricultural Programmes	509.90	3,970.48	678.67
2515 – Other Rural Development Programmes	3,600.13	5,313.28	47.59
2505 – Rural Employment	3,608.87	2,021.79	-43.98
3451 - Secretariat - Economic Services	2,145.51	535.23	-75.05
2415 – Agricultural Research and Education	2,300.12	571.84	-75.14
2216 - Housing	3,466.99	941.09	-72.86
2401 – Crop Husbandry	4,046.51	1,021.47	-74.76
2235 – Social Security and Welfare	20,282.75	3,843.20	-81.05

Source: Finance Accounts;

The substantial increase and decrease of Revenue Expenditure under the Major Heads 2225 and 2235 respectively was due to transfer of expenditure from Major Heads 2235 to 2225 by way of Transfer Entries during the month of March 2020 by the State Government. The increase in expenditure during the year 2019-20 under the Major Heads 2202, 2801, 2435 was due to implementation of New Schemes "Amma Vodi", "YSR Nine Hours free power supply" and "YSR Rythu Bharosa" by the State Government respectively. Further, the increase in expenditure under the Major Head 2515 was mainly due to introduction of system of Gram Sachivalayas and Village volunteers under Rural Development and increase in assistance to Panchayats under XIV Finance Commission grants.

The decrease in Revenue expenditure under the Major Head 2415 was due to discontinuation of the Scheme "Annadata Sukhibhava" which was being implemented as "YSR Rythu Bharosa" under Major Head 2435 during 2019-20. Further, the dip in the expenditure under the Major Heads 3451, 2401, 2505 and 2216 was mainly due to non – implementation of Special Development Packages, increased recoveries of unspent balances, reduction of expenditure under MNREGS and PMAY schemes respectively.

#### 2.5.2.1 Committed Expenditure

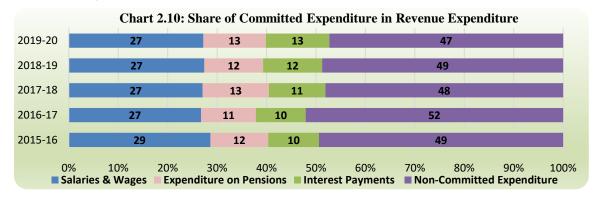
The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. Upward trend in committed expenditure leaves the Government with less flexibility for development sector. **Table 2.17** presents the expenditure on these components during 2015-20.

Table 2.17: Components of committed expenditure

(₹ in crore)

<b>Components of Committed Expenditure</b>	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries & Wages	27,474	31,125	32,816	35,240	36,934
Expenditure on Pensions	11,238	12,873	16,236	15,291	17,385
Interest Payments	9,849	11,697	13,847	15,342	17,653
Total	48,561	55,695	62,899	65,873	71,972
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	30.99	31.44	31.23	30.73	33.26
Expenditure on Pensions	12.68	13.01	15.45	13.33	15.66
Interest Payments	11.11	11.82	13.18	13.38	15.90
Total	54.78	56.27	59.87	57.45	64.82
As a percentage of Revenue Expenditure (	RE)				
Salaries & Wages	28.63	26.78	27.07	27.41	26.87
Expenditure on Pensions	11.71	11.08	13.39	11.89	12.65
Interest Payments	10.26	10.06	11.42	11.93	12.84
Total	50.61	47.92	51.89	51.24	52.35

**Source:** O/o AG (A&E) Andhra Pradesh; **Note**: Salaries and wages also includes the salaries paid out of grants-in-aid and work charged establishment.



#### Salaries and wages

Expenditure on salaries and wages (₹ 36,934 crore) increased by 4.81 *per cent* during 2019-20 over the previous year (₹ 35,240 crore) and constituted 27 *per cent* of revenue expenditure.

#### **Interest payments**

During 2019-20, interest payments were to the tune of ₹ 17,653 crore (15.90 per cent of revenue receipts of ₹ 1,11,034 crore), and were higher than the target of 11.30 per cent set by the XIV FC, which was not a positive fiscal health indicator. Interest on Market Borrowings (₹ 14,154 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹ 1,203 crore) continued to be the major components of interest payments.

The State Government budgeted and expended an amount of ₹ 1,078.39 crore during 2019-20 towards interest payments on Off-Budget borrowings obtained through PSUs/SPVs etc. The total quantum of interest payments made by the State Government during 2019-20 were effectively ₹ 18,731.39 crore (₹ 17,653 crore booked under Major Head 2049 and ₹ 1,078.39 crore paid on off-budget borrowings). Interest payments constituted 16.87 *per cent* of revenue receipts of the State.

#### **Pensions**

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 17,385 crore, and constituted 15.66 *per cent* of revenue receipts. Superannuation and Retirement Allowances (₹ 8,791 crore) increased by ₹ 1,099 crore from 2018-19, Family Pensions (₹ 3,085 crore) increased by ₹ 191 crore over that in 2018-19 and Gratuities (₹ 1,394 crore) increased by ₹ 93 crore from 2018-19.

#### 2.5.2.2 Subsidies

Subsidies provided by the State Government constituted around six *per cent* of Revenue Expenditure every year during the period 2015-20, except during 2018-19, when it was reduced to two *per cent*. The details of department-wise subsidies during the five-year period 2015-16 to 2019-20 are given in **Table 2.18**.

**Table 2.18: Department wise Subsidies** 

(₹ in crore)

Departments	2015-16	2016-17	2017-18	2018-19	2019-20
Civil Supplies	2,380	2,470	3,056	340	396
Energy	3,186	2,750	3,000	1,250	5,248
Agricultural and other Allied activities	633	652	838	408	381
Others <sup>12</sup>	161	374	252	354	318
Total subsidy	6,360	6,246	7,146	2,352	6,343
<b>Total Revenue Expenditure (RE)</b>	95,950	1,16,215	1,21,214	1,28,570	1,37,475
Subsidy as a percentage of RE	6.63	5.37	5.90	1.83	4.61

Source: Finance Accounts of respective years

# 2.5.2.3 Financial Assistance to local bodies and other institutions

The quantum of financial assistance provided by the State Government to Local Bodies and other institutions by way of grants during 2015-20 is given in **Table 2.19**.

Table 2.19: Financial assistance to Local Bodies and other institutions

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
(A) Local Bodies	6,474	13,814	11,217	12,132	14,566
Municipal Corporations and Municipalities	2,750	4,462	2,976	3,775	4,157
Zilla Parishads and other PR Institutions	3,724	9,352	8,241	8,357	10,409
(B) Others	33,220	40,165	41,874	48,663	45,349
Educational Institutions (Aided Schools, Aided Colleges, Universities, <i>etc.</i> )	6,965	7,625	9,974	9,613	10,048
Hospitals and Other Charitable Institutions	1,888	2,106	2,556	3,411	3,224

<sup>&</sup>lt;sup>12</sup> Industries and Commerce, Minority Welfare, Information Technology & Communication, Panchayat Raj, Social Welfare, Women, Child and Disabled Welfare and Backward Classes Welfare Departments

	2015-16	2016-17	2017-18	2018-19	2019-20
Development Authorities	13	5	21	6	5
Co-operative Institutions	146	143	564	543	9,487
Others <sup>13</sup>	24,208	30,286	28,759	35,090	22,585
Total*	79,388	53,979	53,091	60,795	59,915
Assistance as percentage of R.E	41.37	46.45	43.80	47.25	43.58

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

Financial assistance extended to local bodies and other institutions in 2019-20 constituted 43.58 *per cent* of revenue expenditure. The major schemes/recipients (above ₹ 1,000 crore) of grants during the year are given in **Table 2.20**.

**Table 2.20: Major schemes/recipients (above ₹ 1,000 crore)** 

(₹ in crore)

Scheme/Recipients	Amount
Financial Assistance to Andhra Pradesh State Backward Classes Co-operative Finance	9,155.81
Corporation	
Teaching Grants to Zilla Praja Parishads	5,459.14
YSR Rythu Bharosa	3,615.60
Economic Support Schemes - APSCCF Ltd.	2,905.09
Finance Commission grants to PR Bodies	2,038.51
Mahatma Gandhi National Employment Guarantee Act	1,957.67
Welfare of Kapus	1,474.89
Jagananna Vidya Deevena Economically Backward Classes (EBC) Students	1,435.86
Financial Assistance to DWCRA (SHG) Groups	1,333.57
Finance Commission Grants ULBs	1,312.79
Dr. Y.S.R Aarogyasri	1,305.00
Samagra Shiksha	1,302.28
Assistance to Andhra Pradesh State Minorities Finance Corporation Ltd.,	1,296.65
Cash Doles under Calamity Relief	1,198.08
Smart Cities	1,123.00
Assistance to Andhra Pradesh Transmission Corporation ltd. for servicing of Vidyut Bonds	1,100.63

Source: VLC Data, O/o PAG (A&E)

# 2.5.2.4 National Pension System

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

Post bifurcation of the erstwhile composite State of Andhra Pradesh in 2014, there was an un-apportioned balance under NPS. After apportionments in the past years, the balance at the end of 2019-20 was ₹ 365.43 crore. There was no apportionment during the year 2019-20.

<sup>&</sup>lt;sup>13</sup> Others includes Development Agencies, Autonomous Bodies, Public Sector Undertakings, Non-Governmental Institutions, Institutions receiving one time grant *etc*.

Details of contributions by employees and Government and transfers to NSDL are shown in **Table 2.21**:

Table 2.21: Details of Contribution to NPS Deposit Account and transfer to NSDL

(₹ in crore)

Opening	Employees'	Government	Transfer to	Closing
Balance	contribution	Contribution	NSDL	Balance
(A)	<b>(B)</b>	(C)	<b>(D)</b>	(A+B+C-D)
663.63	782.05	969.93	1,694.11	721.50

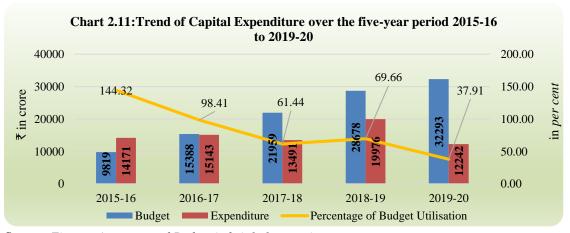
Source: Finance Accounts

As the Principal Accountant General (Accounts and Entitlements) does not maintain the accounts of individual employee's contribution, the correctness of recovery from the employee's salary bills cannot be verified. No reconciliation of the amounts transferred has been carried out with NSDL/ Trustee Bank.

# 2.5.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, *etc.* and is met from budgetary support and extra budgetary resources/off budget borrowings.

The trend of Capital Expenditure over the five-year period 2015-20 is shown in *Chart 2.11*.



Source: Finance Accounts and Budget in brief of respective years

Capital Expenditure (₹ 12,242 crore) constituted 7.89 *per cent* of total expenditure during 2019-20 and fell short of the Budget Estimates (₹ 32,293 crore) by 62.09 *per cent*. It accounted for 1.26 *per cent* of GSDP and decreased by ₹ 7,734 crore (38.72 *per cent*) from the previous year. Out of the total Capital Expenditure, during 2019-20, 14.96 *per cent* (₹ 1,830.93 crore) was funded by the Government of India (CSS/CS/GIA).

The decrease in capital expenditure in the State during 2019-20 points to a need to review the fiscal strategy and create the fiscal space for increased capital expenditure, which in turn, would help in promoting and accelerating equitable growth.

State Government replied that, considerable capital expenditure was being incurred through SPVs/Corporations (such as Andhra Pradesh Water Resources Development Corporation (APWRDC), Andhra Pradesh Road Development Corporation (APRDC), Amaravati Development Corporation Limited (ADCL) etc.,) outside the budget, which resulted in decrease in the capital expenditure in the accounts of State Government. However, details of such expenditure were not provided to Audit.

Further, capital expenditure during the year 2019-20 was overstated to an extent of ₹ 5,243.49 crore due to misclassifications and transferring to Public Account as detailed below:

## Mis-classification of Revenue Expenditure as Capital Expenditure:

As per Government Accounting Rules, capital expenditure is incurred with the objective of increasing concrete assets of a material and permanent character and expenditure on a temporary asset or on grants-in-aid cannot ordinarily be considered as a capital expenditure. Ownership of assets is the key factor in determining whether the expenditure incurred on its acquisition can qualify to be classified as capital expenditure.

Government of AP planned to construct 25 lakh houses (14 lakh in rural areas including Urban Development Authorities and 11 lakh in urban areas) during the period 2019-20 to 2023-24 as part of "Navaratnalu" at an estimated project cost of ₹ 61,000 crore to provide pucca houses to all eligible beneficiaries. As part of this, Government has taken steps for acquiring land and proposed to distribute house site pattas to 25 lakh beneficiaries on 08 July 2020. An amount of ₹ 3,371.60 crore has been booked as Capital Expenditure in Accounts for 2019-20 under YSR Gruha Vasathi scheme for this purpose.

As per the Socio-Economic Survey Report of Government of AP for the year 2019-20, the Government has planned to provide house sites to all the poor and needy and also register the land along with the house in the name of women of the household, for the above scheme. As the land along with the house would be registered in the name of the beneficiary, the asset would belong to beneficiary, not the State Government and hence the expenditure was to be booked under Revenue expenditure Head.

Further, an expenditure of ₹ 1,007.74 crore incurred towards Minor works and Grants-in-Aid, which was not in the nature of asset creation, was also booked under Capital Heads.

## **Unspent Capital Expenditure:**

During the year 2019-20, an amount of ₹ 938.85 crore was transferred to Personal Deposit Accounts from Capital Heads. Out of this amount, ₹ 864.18 crore (92.04 *per cent* of total transfers to PD Accounts from Capital Heads) was lying unspent as of end of March 2020. Clearly, funds were transferred to PD Accounts to avoid lapse of budget

Nine welfare schemes promised during election and implemented by cross cutting nine themes covering Agriculture, Health, Education, Housing, Welfare and other sectors.

during the year and capital expenditure was inflated to that extent.

Hence, the effective Capital Expenditure of the State during the year 2019-20 was ₹ 6,998.51 crore, which amounts to only 0.72 *per cent* of GSDP of the State.

## 2.5.3.1 Major changes in Capital Expenditure

**Table 2.22** highlights the cases of significant increase or decrease under various Heads of Account under Capital Expenditure during 2019-20 *vis-à-vis* the previous year.

Table 2.22: Capital Expenditure during 2019-20 compared to 2018-19

Major Heads of Accounts	2018-19	2019-20	Increase
	(₹ in crore)		(+)/
			Decrease (-)
			(in per cent)
4070 - Capital Outlay on other Administrative Services	50.22	3414.32	6699.06
4055 - Capital Outlay on Police	166.08	289.17	74.11
4202 - Capital Outlay on Education, Sports, Art and	244.86	339.94	38.83
Culture			
4211 - Capital Outlay on Family Welfare	6.17	84.67	1271.71
4217 - Capital Outlay on Urban Development	1227.93	536.48	-56.31
5475 - Capital Outlay on other General Economic	780.83	-48.04	-106.15
Services			
4702 - Capital Outlay on Minor Irrigation	2728.21	628.41	-76.97
4700 - Capital Outlay on Major Irrigation	10317.80	3629.62	-64.82

Source: Finance Accounts of respective years

The substantial increase of Capital Expenditure under Major Head 4070 – Other Administrative Services was due to implementation of New Scheme "YSR Gruha Vasathi' under which an amount of ₹ 3,371.60 crore was expended for acquisition of land. The decrease of Capital expenditure under Major Head 4700- Major Irrigation was mainly due to lesser expenditure under "Handri Neeva Sujala Sravanthi" (by 1,402 crore) and "Polavaram Project" (by ₹ 1,865 crore). The negative expenditure under the Major Head 5475 – Other General Economic Services was due to lapsing of unspent balances from deposit accounts.

## 2.5.4 Quality of Capital Expenditure

#### 2.5.4.1 Investments and returns

As of 31 March 2020, the State Government had invested ₹ 9,500.61 crore in Statutory Corporations (₹ 205.57 crore), Rural Banks (₹ 26.96 crore), Government Companies (₹ 6,793.35 crore), Joint Stock Companies (₹ 57.70 crore) and Co-operatives (₹ 2,417.03 crore). Out of this investment, ₹ 1,099.40 crore was invested after 02 June 2014 by Government of Andhra Pradesh and ₹ 8,401.21 crore (88.43 *per cent*) was yet to be apportioned among the two successor States.

The status of return on the amount invested in these Corporations/Companies is given in **Table 2.23**.

Table 2.23: Return on Investment

Investment/Return/Cost of Borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Investment at the end of the year (₹ in crore)	8,709	8,975	9,472	9,501	9,501
Return in the form of Dividend (₹ in crore)	9	4	1	1	4
Rate of Return (per cent)	0.10	0.05	0.01	0.01	0.04
Average rate of interest on Government	6.11	6.31	6.52	6.37	6.31
borrowing (in per cent)					
Difference between Rate of return and	(-) 6.01	(-) 6.26	(-) 6.51	(-) 6.36	(-) 6.27
interest rate (in per cent)					
Difference between interest on Government	9,840	11,693	13,846	15,341	17,649
borrowing and return on investment (₹ in					
crore)					

Source: Finance Accounts of respective years

Government earned a return of  $\mathbb{T}$  four crore in the form of dividend in 2019-20 on its investments of  $\mathbb{T}$  9,501 crore in various Corporations/Companies. The return on Government investment was also negligible at 0.04 *per cent* during the last five years as against the average rate of interest of 6.31 *per cent* paid by the Government on its borrowings during the same period and has proved to be a drag on the finances of the State.

# 2.5.4.2 Loans and Advances given by the State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government also provided loans and advances to institutions/organisations like PSUs, Universities/ Academic Institutions, PRIs, ULBs and Urban Development Authorities, *etc.* **Table 2.24** presents the details of outstanding loans and advances during the last five years.

Table 2.24: Details of loans advanced by State Government

(₹ in crore)

Quantum of Loans/Interest Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance (₹ in crore)	28,549	28,938	27,472	30,202	31,768
Amount advanced during the year (₹ in crore)	674	564	2,781	1,843	5,356
Amount recovered during the year (₹ in crore)	285	2,029	51	277	4,355
Closing Balance (₹ in crore)	28,938	27,472	30,202	31,768	32,769
Net addition (₹ in crore)	389	(-)1465	2,730	1,566	1,001
Interest Receipts on Loans and Advances (₹ in crore)	1	35	9	12	13
Interest receipts as percentage of outstanding loans and advances (in <i>Per cent</i> ) (a)	0.003	0.13	0.03	0.04	0.04
Interest payments (₹ in crore)	9,849	11,697	13,847	15,342	17,653
Total Outstanding Liabilities (₹ in crore)	1,73,854	2,01,314	2,23,706	2,57,510	3,01,802
Interest payments as percentage to total Outstanding Liabilities of the State Government (b)	5.67	5.81	6.19	5.96	5.85
Difference between (a) and (b) (in Per cent)	(-) 5.67	(-) 5.68	(-) 6.16	(-) 5.92	(-) 5.81

Source: Finance Accounts of respective years;

Loans outstanding as of 31 March 2020 amounted to ₹ 32,769 crore which included ₹ 5,356 crore of loans disbursed during 2019-20. Energy (₹ 4,812.99 crore) and Transport (₹ 337.50 crore) sectors were the major recipients of loans during the year. Out of the loans repaid (₹ 4,355 crore) to the State Government, ₹ 4,300 crore (99 *per cent*) was by the Energy Sector.

During 2019-20, loans and advances of  $\stackrel{?}{\stackrel{?}{?}}$  5,327 crore were provided to six<sup>15</sup> entities without committing them to any terms and conditions like schedule of repayment, rate of interest, number of instalments, *etc.*, and from whom repayments of earlier loans ( $\stackrel{?}{\stackrel{?}{?}}$  22,351 crore) were overdue. The earliest period to which arrears related was 2002.

State Government provided loans amounting to ₹ 1,200 crore and ₹ 300 crore to Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL) and Andhra Pradesh Eastern Power Distribution Company Limited (APEPDCL) respectively through Andhra Pradesh Transmission Corporation (APTRANSCO) on 31 March 2020 and the said amount has been repaid to State Government on the same day. The loans and advances of ₹1500 crore provided by the State Government on the last day of the financial year and its repayment by the DISCOMs on the same day inflated the disbursement and repayment of loans to that extent.

Further, the repayment of remaining loan amount of ₹ 2,800 crore during the year 2019-20 was made by APTRANSCO from the loans taken from Power Finance Corporation. Department replied that due to cash flow deficit and to overcome the previous debt repayments of DISCOMs, the State Government has provided loans. It further stated that the loans given by State Government have been repaid after the receipt of fresh loan from Power Finance Corporation.

It is evident that loans and advances to the tune of ₹ 4,300 crore were provided to APTRANSCO on temporary basis to avoid cash flow deficit and for repayment of previous debts lying with DISCOMs. In view of the precarious financial position of the State Government, given the fact that the State resorted to Ways and Means advances for 221 days (₹ 60,371 crore in total) during the year, provision of loans amounting to ₹ 4,300 crore to the DISCOMs to service their previous loans was not prudent.

#### 2.5.4.3 Capital Locked in Incomplete Projects

Blocking of funds on incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to extra financial burden in terms of servicing of debt and interest liabilities.

Age-wise and Department-wise details of ongoing projects are given in **Tables 2.25** and **2.26** respectively.

<sup>&</sup>lt;sup>15</sup> Loans for water supply and sanitation (₹ 2,311.37 crore was outstanding), Housing (₹ 15,114.98 crore), Cooperative societies (₹ 326.44 crore), AP TRANSCO (₹ 2,149.60 crore), Civil Aviation (₹ 247.88 crore) and Road Transport (₹ 2,200.80 crore)

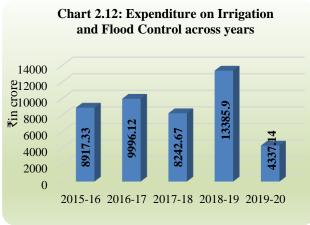
Table 2.25: Age profile of ongoing projects as on 31 March 2020 (₹ in crore)					
Year of commence- ment of Project / work	No of incomplete Projects / cost works		Expenditure (as on 31 March 2020)		
up to 2013- 14	62	16,702.61	20,796.33		
2014-15	NIL	NIL	NIL		
2015-16	10	2,537.40	1,363.31		
2016-17	47	2,537.40	1,125.68		
2017-18	49	2,017.21	483.05		
2018-19	48	3,850.29	131.59		
2019-20	13	6,780.78	108.23		
Total	229	32,281.84	24,008.19		

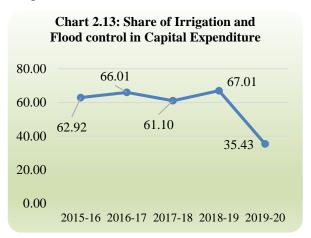
Table 2.26: Department-wise profile of ongoing projects as on 31 March 2020 (₹ in crore)					
Department	No. of incomplete projects / works	Estimated cost	Expenditure		
Roads	55	10,066.25	807.25		
Bridges	12	145.69	11.99		
Buildings	5	145.64	1.33		
Irrigation	73	15,855.33	20,779.03		
Water Supply Schemes and others	84	6,068.94	2,408.59		
Total	229	32,281.85	24,008.19		

Source: Finance Accounts

Capital Expenditure accounted for 35.43 *per cent* to 67.01 *per cent* of the Total Expenditure in the last five years. During the years 2015-20, an amount of ₹ 75,024.42 crore was spent on capital projects.

Within the capital projects, the major share of expenditure was on Irrigation and Flood Control. An amount of ₹ 44,879.16 crore was spent on Irrigation and Flood Control during the last five years. Capital outlay on Irrigation and Flood Control and its share in total Capital Expenditure of the Government are given in *Charts 2.12* and *Chart 2.13*.





Source: Finance Accounts

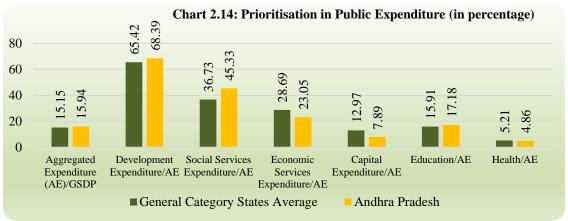
There were 73 irrigation projects which were taken up between 2003 and 2017 and were still ongoing as of March 2020. An expenditure of ₹ 20,779.03 crore was incurred on these projects as of date of audit (June 2020).

Irrigation projects are taken up and approved on the basis of data that supports an implicit assumption that the benefits of the project will outweigh the costs. Non-completion of projects not only affects the quality of the expenditure adversely, but also deprives the State of intended benefits of economic growth. Further, the State Government did not disclose financial results of any of the irrigation projects. As a

result, there was no assurance of returns from public investments on irrigation and flood control.

# 2.5.5 Expenditure Priorities

Enhancing human development levels require the State to step up its expenditure on key social services like education, health, *etc*. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) for a particular sector can be inferred if the ratios fall way below the respective National averages. *Chart 2.14* analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2019-20, *vis-à-vis* the average of the General Category States.



Source: Finance Accounts of 2019-20;

Audit observations in this regard are as follows:

- ➤ Development expenditure and expenditure on Social Services as a proportion of total expenditure were higher in the State compared to the GCS average and the expenditure on Economic Services as a proportion of Total Expenditure was lower than GCS average. The share of expenditure on education in the State as a proportion of total expenditure was higher than the corresponding GCS average while State's average in respect of expenditure on health was marginally lower than GCS average.
- ➤ The share of capital expenditure was lower in the State compared to the GCS average affecting physical capital formation, with a cascading impact on economic growth in the long run.

#### 2.6 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 Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of the Public Account. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

#### 2.6.1 Net Public Account Balances

Component-wise net balances in Public Account of the State as of end of March of the year during the five-year period 2015-16 to 2019-20 are as follows:

**Table 2.27: Public Account Balances (As on 31 March of the year)** 

(₹ in crore)

Sector	Sub Sector	2015-16	2016-17	2017-18	2018-19	2019-20
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-16,075	-13,568	-13,509	-15,730	-16,745
J. Reserve Funds	(a) Reserve Funds bearing Interest	-50	-305	-32	-576	-1863
	(b) Reserve Funds not bearing Interest	-2,353	-2,323	-1,455	-2,107	-2,065
K. Deposits and Advances	(a) Deposits bearing Interest	-5,326	-6,246	-7,058	-7,275	-7,662
	(b) Deposits not bearing Interest	-25,387	-29,064	-32,861	-38,325	-46,907
	(c) Advances	30	30	30	31	31
L. Suspense and	(b) Suspense	174	331	46	105	938
Miscellaneous	(c) Other Accounts	3,416	3,863	166	166	5,298
	(d) Accounts with Governments of Foreign Countries	0	0	0	0	0
	(e) Miscellaneous	0	0	0	0	0
M. Remittances	(a) Money Orders, and other Remittances	193	84	-1,383	500	510
	(b) Inter Governmental Adjustment Account	993	1263	71	53	100
TOTAL		-44,385	-45,935	-55,985	-63,158	-70,241

Note: +ve denotes Debit Balances and -ve denotes credit balances; Source: Finance Accounts of 2019-20

#### 2.6.1.1 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State. Out of the gross accumulated balance of ₹ 13,001.77 crore lying in these Funds as on 31 March 2020, ₹ 9,073.71 crore was invested in the GoI Securities, leaving a net accumulated balance of ₹ 3,928.07 crore as on 31 March 2020. The transactions during the year 2019-20 under major reserve funds are detailed below:

#### Consolidated Sinking Fund

Sinking Fund was created in the year 1999-2000 for amortisation of State's liabilities. As per guidelines, the State Government may contribute annually to the Sinking Fund at 0.5 *per cent* of the outstanding liabilities at the end of the previous financial year. Accordingly, ₹ 1,265.44 crore was to be contributed in 2019-20 on the Outstanding

Liabilities of ₹ 2,53,087 crore<sup>16</sup> at the end of 2018-19. The State Government however, did not make any contribution to the Fund during 2019-20. However, the interest accrued out of the investment of Consolidated Sinking Fund balances, amounting to ₹ 667.78 crore was re-invested and as such reckoned as contribution by the State Government.

## Guarantee Redemption Fund

As per guidelines of Reserve Bank of India, post bifurcation, the Government of Andhra Pradesh constituted<sup>17</sup> (April 2018) the Guarantee Redemption Fund (GRF) to meet its obligation pertaining to the guarantees given by it on loans raised by bodies such as Public Sector Undertakings, Special Purpose Vehicles, *etc.*, outside of the State budget. In case of default by the borrower, these guarantees become liabilities of the State Government. As such, guarantees, generally, are contingent liabilities. As per guidelines, the Fund shall be setup by the State Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of previous year. Thereafter, a minimum of 0.5 *per cent* of outstanding guarantees was envisaged as annual contribution to raise the Fund to a minimum level of three *per cent* in next five years and eventually to a level of five *per cent*.

The outstanding Guarantees as on 01 April 2019 were ₹ 49,442.36 crore. Against this, the Fund balance to the end of the year was ₹ 808.29 crore which was 1.63 *per cent* of outstanding Guarantees. The State Government has not contributed to the Fund during 2019-20.

# State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. In terms of the guidelines of the Fund, the Centre and States are required to contribute to the Fund in a certain proportion. The contributions are to be transferred to the Public Account to 'Major Head – 8121 – General and other reserve funds'. Expenditure during the year is incurred by operating 'Major Head – 2245 – Relief on account of Natural Calamities'.

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

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

<sup>&</sup>lt;sup>16</sup> Excluding un-apportioned balance of ₹4422.59 crore

<sup>&</sup>lt;sup>17</sup> G.O. Ms. No. 46, Finance (CM) Department, dated 17.04.2018

The State Government released its share of ₹ 209.85 crore during 2019-20 in addition to the funds received from GoI of ₹ 324.15 crore. The total accumulated balance of ₹ 534 crore was fully expended as per Finance Accounts for relief on natural calamities with no closing balance at the end of the year.

The details of expenditure charged to State Disaster Response Fund are given in **Table 2.28**.

Table 2.28: Details of Expenditure charged to SDRF

(₹ in crore)

Major Head of	Minor Head of Account	Expenditure during 2019-
Account		20
2245- Relief on	101-Gratuitous Relief	1,108
Account of Natural	102-Drinking water Supply	120
Calamities 01-	104-Supply of Fodder	11
Drought	282-Public Health	161
	Sub Total	1,398
2245- Relief on	101-Gratuitous Relief	105
Account of Natural	114-Assistance to Farmers for purchase of	30
Calamities 02- Floods,	Agricultural inputs	
Cyclones etc.	282-Public Health	14
	911- Deduct-Recoveries of Overpayments	-3
	Sub Total	146
2245- Relief on	001 Direction and Administration	2
Account of Natural	102-Management of Natural Disasters,	7
Calamities	Contingency Plans in disaster prone areas	
80- General	911- Deduct-Recoveries of Overpayments	-2
	Sub-Total	7
	Grand Total	1,552
2245-05-State	901- Deduct - Amount met from State	1,553
Disaster Response	Disaster Response Fund	
Fund		

Source: Finance Accounts of 2019-20

During the year 2019-20, Government of Andhra Pradesh has received ₹ 1,104.91 crore towards SDRF (₹ 534 crore) and NDRF (₹ 570.91 crore) from Government of India. Out of this, an amount of ₹ 1,100 crore was transferred to Deposit Account of Directorate of Agriculture, Andhra Pradesh towards payment of Input Subsidy to farmers for Kharif as Gratuitous relief by booking expenditure under Consolidated Fund of the State (2245-01-101). The entire amount of ₹1,100 crore was again transferred to Personal Deposit Account of Commissioner, Directorate of Agriculture, Andhra Pradesh on 31 March 2020.

Audit observed that the State Government transferred ₹1,100 crore to Personal Deposit Account by showing expenditure under Major Head 2245 – Disaster Relief and Rehabilitation in violation of the Appropriation Act. Further, the entire expenditure transferred to PD Account was adjusted from SDRF, by showing it as deduct expenditure under Minor Head 901 in violation of SDRF accounting procedure. Thus,

<sup>&</sup>lt;sup>18</sup> Gratuitous relief in drought affected areas, Repairs and restoration of damaged roads and bridges, Assistance to farmers for purchase of Agricultural inputs *etc*.

<sup>&</sup>lt;sup>19</sup> 8443-00-111-15-27-009-002

 $<sup>^{20}\ 8443\</sup>text{-}00\text{-}106\text{-}02\text{-}27\text{-}009\text{-}001$ 

booking the expenditure without actually incurring it raises questions about the accuracy of expenditure figures of the State.

State Government stated that these funds were demarcated for pandemic related expenditure and were utilised in the following financial year. However, the guidelines<sup>21</sup> of State Disaster Response Fund allow adjustment of expenditure from the fund only for expenditure incurred on providing 'immediate relief'. The State Government has however, transferred the funds from SDRF to Personal Deposit Account without spending for immediate relief.

# 2.7 Debt Management

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

The total outstanding debt of the State Government at the end of 2019-20 was ₹ 3,01,803 crore. The trend of outstanding debt and ratio of debt to GSDP during the period 2015-20 is given in *Chart 2.15*.



Source: Finance Accounts of respective years

# 2.7.1 Debt profile

Total debt of the State Government constitutes of Internal debt of the State (market loans, Ways and Means Advances from RBI, Special securities issued to NSSF and loans from financial institutions etc.), loans and advances from the Central Government and Public Account liabilities of the State.

The details relating to total debt received, repaid, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2015-20 are given in **Table 2.29** and also in *Chart 2.15*.

<sup>&</sup>lt;sup>21</sup> OM No. 33-5/2015-NDM-I, Disaster Management dated 30 July 2015

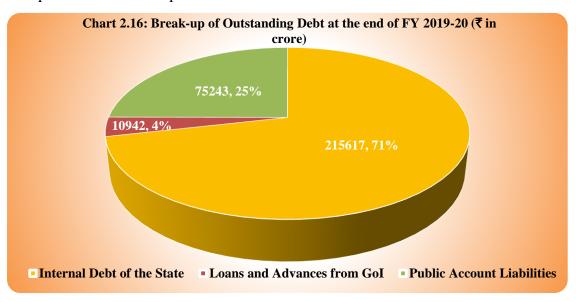
**Table 2.29: Component wise Debt trends** 

		2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding Debt (₹ in	Outstanding Debt (₹ in crore)		2,01,314	2,23,706	2,57,510	3,01,802
Public Debt (₹ in	Internal Debt	1,15,704	1,40,783	1,59,813	1,83,274	2,15,617
crore)	Loans from GoI	8,958	9,025	8,978	10,223	10,942
Public Account Liabilit	ties (₹ in crore)	49,192	51,506	54,915	64,013	75,243
Rate of growth of outs	standing debt (in <i>per</i>	16.88	15.79	11.12	15.11	17.20
cent)						
<b>Gross State Domestic Product (GSDP)</b>		6,04,229	6,84,416	7,93,186	8,62,957	9,72,782
Debt/GSDP (in per cent)		28.77	29.41	28.20	29.84	31.02
Total Debt Receipts (₹ in crore)		77,265	93,619	1,33,687	1,36,084	1,57,859
<b>Total Debt Repayments (₹ in crore)</b>		50,859	61,763	1,08,853	97,940	1,13,197
Total Debt Available (₹ in crore)		26,406	31,856	24,834	38,144	44,662
Debt Repayments/Debt Receipts (in per		65.82	65.97	81.42	71.97	71.71
cent)						

Source: Finance Accounts of respective years

The outstanding Public Debt at the end of the year has increased by 73.60 *per cent* (₹ 1,27,949 crore) from 2015-16 to 2019-20. Post bifurcation, the State has raised loans of ₹ 1,18,494 crore which was an increase of 122 *per cent* under Public Debt.

Component-wise break-up of debt is shown below in *Chart 2.16*.

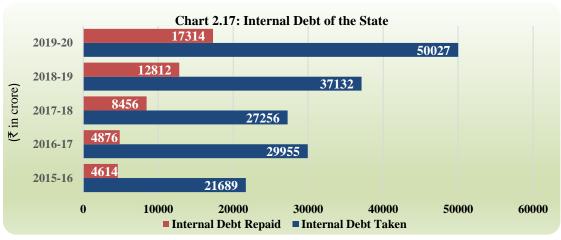


Source: Finance Accounts of 2019-20

#### 2.7.1.1 Internal Debt

Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), loans from financial institutions and special securities issued to NSSF, accounts for 71 *per cent* of the total outstanding debt.

The details of receipt and repayment of internal debt during the years 2015-20 are given in *Chart 2.17*.



Source: Finance Accounts of respective years

As on 31 March 2020, market borrowings (₹ 1,88,820 crore) formed a major portion (87.57 *per cent*) of the outstanding internal debt (₹ 2,15,617 crore) of the State Government, with interest rates ranging from 6.00 to 9.99 *per cent*. State Government paid an interest of ₹ 15,920.23 crore on Internal Debt. From the year 2015-16 to 2019-20, the borrowings under Internal Debt have increased by 130.66 *per cent*.

# 2.7.1.2 Loans from GoI

Loans from GoI (₹ 10,942 crore) accounted for 3.63 *per cent* of the total outstanding debt. During the year State Government has availed of ₹ 2,030.42 crore from GoI and paid an interest of ₹ 541.39 crore at interest rates ranging from 7.00 to 13.99 *per cent*.

# 2.7.2 Debt Maturity profile

Debt maturity profile indicates commitment on the part of the Government for debt repayment or debt servicing in future years. The details of debt maturity profile are given in **Table 2.30** and *Chart 2.18*:

**Table 2.30: Maturity Profile of State Debt** 

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 - 1	13,427	5.93
1 – 3	27,251	12.03
3-5	32,435	14.31
5 – 7	36,897	16.28
7 years and above	1,07,732	47.54
Others <sup>22</sup>	8,818	3.89
Total	2,26,610	

Page | 47

Payment schedule of this amount is not being maintained by the Accountant General (A&E) and reconciliation issues have been raised due to payments being accounted for under MH 6003 without credits (₹ 50 crore).



Source: Finance Accounts 2019-20;

The maturity profile of Debt as on 31 March 2020 indicated that State would have to repay 48.55 *per cent* of debt (₹ 1,10,010 crore) within the next seven years. State Government has to mobilise additional revenue resources and a well thought out debt strategy to meet this debt burden. Unless there is a definite plan to meet this liability, the resources available for development will shrink further.

# 2.7.3 Debt Sustainability Analysis

Debt is considered sustainable if the borrower, in this case the State, is in a position to service its debt now, and in future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

This section assesses the sustainability of debt of the State Government in terms of debt/GSDP ratio, Fiscal Deficit, burden of interest payments (measured by ratio of interest payments to Revenue Receipts) and maturity profile of the State Government debt.

**Table 2.31** shows the debt sustainability of the State according to these indicators for the five-year period beginning from 2015-16.

**Debt Sustainability Indicators** 2015-16 2016-17 2017-18 2018-19 2019-20 Outstanding Public Debt\* (₹ in crore) 1,73,854 2,01,314 2,23,706 2,57,510 3,01,802 Rate of Growth of Outstanding Public 16.88 15.79 11.12 15.11 17.20 Debt (in per cent) GSDP (₹ in crore) 6,04,229 6,84,416 7,93,186 8,62,957 9,72,782 Rate of Growth of GSDP (in per cent) 15.10 13.27 15.89 8.80 12.73 28.77 29.41 28.20 29.84 31.02 Debt/GSDP (in per cent) Average interest Rate of Outstanding 6.11 6.31 6.52 6.37 6.31 Public Debt (in per cent) of Interest payment to 11.11 11.82 13.18 13.38 15.90 Percentage Revenue Receipt (in per cent) Percentage of Debt Repayment to Debt 65.82 65.97 81.42 71.97 71.71 Receipt (in per cent) 16,557 20,159 10,987 22,802 27,009 **Net Debt available to the State**<sup>#</sup> (₹ in crore) 21.43 21.53 8.22 16.76 17.11 Net Debt available as per cent to Debt Receipts (in per cent)

Table 2.31: Trends in Debt Sustainability Indicators

Source Finance Accounts; \*Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government; \*Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt

- a. Debt to GSDP ratio has been increasing rapidly (except during 2017-18), pointing to the probability of debt not being sustainable.
- b. Ratio of Interest payments to Revenue Receipts has also been increasing year-byyear, leaving less funds for priority areas. Predominant part of borrowed funds are utilised for interest payments, thereby curtailing the scope of utilising the borrowed funds for productive expenditure.
- c. Approximately 65 to 81 per cent of borrowed funds were used for repayment of debt during the period 2015-16 to 2019-20, indicating that the State is borrowing primarily for restructuring of previous debts rather than for infrastructure creation.

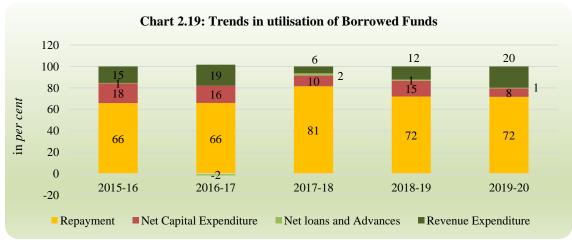
State Government attributed the increase in debt to its resource constraints pursuant to bifurcation of the State and inadequate assistance from GoI.

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. The trends in utilisation of borrowed funds are depicted in **Table 2.32** and *Chart 2.19*.

Table 2.32: Trends in utilisation of borrowed funds

(₹ in crore)

Year		2015-16	2016-17	2017-18	2018-19	2019-20
Total Borrowings	2	77,265	93,619	1,33,687	1,36,084	1,57,859
Repayment of earlier borrowings	3	50,859	61,763	1,08,853	97,940	1,13,197
(Principal) (per cent)		(65.82)	(65.97)	(81.42)	(71.97)	(71.71)
Net capital expenditure (Per cent)	4	14171	15143	13491	19976	12242
		(18.34)	(16.18)	(10.09)	(14.68)	(7.76)
Net loans and advances	5	389	(-)1465	2,730	1,566	1,001
Portion of Revenue expenditure	6=2-	11,846	18,178	8,613	16,602	31,419
met out of net available borrowings	3-4- 5					



Source Finance Accounts of respective years

During the period 2015-20, the borrowed funds were mostly utilised for Debt repayment and filling the gap of Revenue account, which reduces the productivity of the borrowed funds.

# 2.7.4 Off-Budget Borrowings

Off-budget borrowings or off-budget financing generally refer to use of those financial resources by the Government for meeting expenditure requirements in a particular year or years, which are not reflected in the budget for that year/ those years for seeking grant/appropriation, hence remaining outside legislative control. These are financed through Government owned or controlled public sector enterprises or departmental commercial undertakings, which raise the resources through market borrowings on behalf of the Government. However, the Government is to repay the debt and/or service the debt from its budget. Therefore, off-budget borrowings/financing involve (a) payment of interest on recurrent basis and (b) repayment of the borrowings from budget as and when it is due.

The FRBM Act provides debt management framework through containing revenue and fiscal deficits. Prudential borrowing norms suggest that borrowed funds should be deployed in such a manner that return from deployment of borrowed funds is more than borrowing cost of debt to be sustainable. It is therefore essential that there should be a policy framework for deployment of borrowed funds keeping in mind cost of borrowing and potential of increase in income.

Government of Andhra Pradesh disclosed while tabling its Budget for 2019-20 in the Legislature that about ₹10,000 crore has been obtained through off-budget borrowings (OBB) to the end of 2018-19. However, the Government has not given the details of its OBB or the entities through which it has obtained these loans. It was observed that State Government also budgeted the funds under the Revenue Expenditure heads to provide as assistance to Corporations to service the principal or interest for these borrowings to the tune of ₹ 1,506.44 crore during the year 2019-20. There was however, no disclosure relating to these off-budget borrowings in Government's report under APFRBM Act.

State Government has resorted to such off-budgetary borrowings to the tune of ₹ 26,097 crore to the end of 31 March 2020 through the Corporations/PSUs/SPVs as detailed in **Table 2.33**.

Table 2.33: Off-Budget Borrowings to the end of March 2020

(₹ in crore)

Name of the	Borrowings	Borrowings as of March 2020		Guarantees	Funds released
Institution	of the	By	By Institution on	provided by	by Government
	Institution	Institution	behalf of State	the	during 2019-20
	during		Government	Government as	to service OBB
	2019-20		(OBB)	on March 2020	
AP State	1,274.28	12,643.15	3,138.67	3,778.63	0
Housing					
Corporation					
AP Capital	3,013.60	5,013.60	4,849.20	5,013.60	0
Region					
Development					
Authority					
AP Industrial	0	2,000.00	2,000.00	2,000.00	336.00
Infrastructure					
Corporation					

Name of the	Borrowings	Borrowin	gs as of March 2020	Guarantees	Funds released
Institution	of the Institution during 2019-20	By Institution	By Institution on behalf of State Government (OBB)	provided by the Government as on March 2020	by Government during 2019-20 to service OBB
AP Road Development Corporation	0	3,098.23	3,098.23	3,023.05	260.00
AP State Road Transport Corporation	1,660.95	4,770.87	1,860.00	1,828.75	0
AP State Ware Housing Corporation	11.40	135.17	87.15	87.15	0
AP Township and Infrastructure Development Corporation	1,450.00	5,282.87	4,083.73	3,997.65	430.39 <sup>23</sup>
AP Drinking Water Supply Corporation	0	980.00	980.00	980.00	0
AP Rythu Saadhikaara Samstha	0	2,000.00	2,000.00	2,000.00	120.05
AP Water Resources Development Corporation	2,819.00	6,819.00	4,000.00	4,000.00	360.00
Total	10,229.23	42,742.89	26,096.98	26,708.83	1,506.44

Government has not made available its policy, if any, with respect to either rate of return, creation of assets, potential of increase in income, socio-economic or regional disparities for deployment of borrowed funds. In the absence of any policy guidelines with regard to deployment of borrowed funds, there is a risk of utilising these funds in areas which do not generate enough returns to cover future debt servicing needs.

Being off-budget in nature, these borrowings do not find mention in the Finance Accounts nor are included as part of guarantees given by the Government. State Government has also not disclosed these borrowings appropriately as part of its budget documents. This has the impact of placing major sources of funding of Government's crucial infrastructure projects beyond the oversight and control of legislature.

# **2.8** 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 trends of outstanding Guarantees during the years 2015-16 to 2019-20 is given in *Chart 2.20*.

<sup>&</sup>lt;sup>23</sup> Includes an amount of ₹ 428.05 crore provided by the State Government for servicing Principal amount.



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

Source: Finance Accounts of respective years

The outstanding guarantees (₹ 67,171 crore) were 58.58 *per cent* of revenue receipts of previous year (₹ 1,14,671 crore) which is within the prescribed limits.

Table 2.34: Ceiling vis-à-vis actual Guarantees

(₹ in crore)

Guarantees	2015-	2016-	2017-	2018-	2019-20
	16	17	18	19	
Ceiling applicable to the outstanding amount of guarantees (90 per cent of the total revenue receipts in the year preceding the current year)	81,605	79,783	89,086	94,556	1,03,204
Actual amount of outstanding guarantees	7,059	9,665	35,964	49,442	67,171

Source: Finance Accounts of respective years

The outstanding Guarantees increased by ₹ 17,729 crore from 2018-19 mainly due to the new guarantees issued by the State Government to AP Power Finance Corporation (₹ 7,418 crore), AP State Civil Supplies corporation (₹ 3,000 crore), AP TRANSCO (₹ 2,540 crore), *etc*.

State Government guaranteed an amount of  $\stackrel{?}{\stackrel{?}{?}}$  2,000 crore (2.98 *per cent* of total outstanding guarantees) to one entity<sup>24</sup> which does not have specific revenue source (100 per cent risk weighted guarantees), thus creating direct liability on State Government.

The Government Orders of  $2003^{25}$  stipulated that the guarantee shall cover only the principal portion of the loan and not the interest thereon. Guarantees were, however, extended by the Government for the interest portion also on the loan amounting to  $\mathbb{Z}$  18.18 crore in respect of one borrowing entity<sup>26</sup>. No reasons were found on record or furnished to Audit for extending guarantees for the interest portion.

Guarantee commission is to be charged at 0.5 per cent per annum or two per cent consolidated for the entire guarantee period. During the year 2019-20, State Government received  $\stackrel{?}{\underset{?}{?}}$  39,000 only as guarantee fees as against the minimum receivable amount of  $\stackrel{?}{\underset{?}{?}}$  335.86 crore.

<sup>25</sup> G.O.Ms.No.446, dated 29 September 2003

<sup>&</sup>lt;sup>24</sup> Rythu Saadhikaara Samstha

<sup>26</sup> Director of Sugar and Cane Commissioner

# 2.9 Management of Cash Balances

As per an agreement with the Reserve Bank of India, the State Government has to maintain a minimum daily cash balance of ₹ 1.94 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

**Table 2.35** depicts the cash balances and investments thereof by the State Government during the year.

Table 2.35: Cash Balances and their Investment

(₹ in crore)

	Opening balance on 01/04/2019	Closing Balance on 31/03/2020
(a) General Cash Balance		
Cash in Treasuries		
Deposits with Reserve Bank	20.90	480.36
Deposits with other Banks	1.34	1.34
Remittances in transit - Local	2.90	2.90
Total	25.14	484.60
Investments held in Cash Balance investment account	0	5,132.71
Total (a)	25.14	5,617.31
(b) Other Cash Balances and Investments		
Cash with Departmental officers <i>viz.</i> , Public Works Department Officers, Forest Department Officers, District Collectors	0.90	0.90
Permanent advances for contingent expenditure with Departmental officers	1.62	1.62
Investment out of Earmarked Funds	8,361.59	9,073.71
Total (b)	8,364.11	9,076.25
Grand Total (a)+ (b)	8,389.25	14,693.56

Source: Finance Accounts 2019-20;

During the year 2019-20, the State Government maintained the minimum daily cash balance of ₹ 1.94 crore with the RBI for 145 days out of 365 days.

As on 01 April 2019, an amount of ₹ 369.73 crore was outstanding towards WMA drawn during 2018-19. During the year 2019-20, State Government had resorted to WMA, SDF and OD of ₹ 60,371.10 crore on 221 days to maintain its minimum cash balance (₹ 1.94 crore) with the RBI and repaid an amount of ₹ 60,740.83 crore along with an interest of ₹ 66.17 crore during the year 2019-20. State Government needs to strengthen its cash management system in a manner that would obviate the need to resort to WMA/SDF/OD frequently and also reduce its interest expenditure.

Cash Balances of the State Government at the end of the current year increased significantly by ₹ 6,304.21 crore from ₹ 8,389.25 crore in 2018-19 to ₹ 14,693.56 crore in 2019-20. This was mainly due to investment in Treasury Bills by ₹ 5,132.71 crore during 2019-20.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the Head '0049-Interest Receipts'. The State Government has earned an interest of ₹ 21.65 crore during 2019-20 from its investments in GoI Securities and Treasury Bills.

Out of the investment of ₹ 9,073.71 crore in earmarked funds, ₹ 8,260.16 crore was invested in Consolidated Sinking Fund and ₹ 808.29 crore in Guarantee Redemption Fund at the end of the year.

#### 2.9.1 Cash balance Investment Account

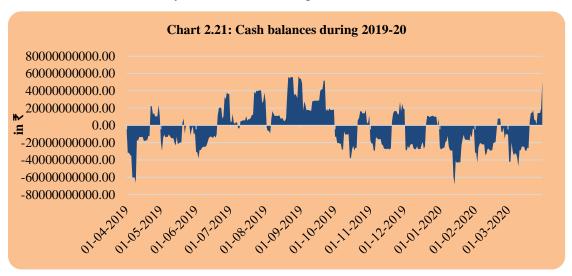
The details of Cash Balance Investment Account for the period 2015-20 are given in **Table 2.36**.

Table 2.36: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening	Closing	Increase (+) /	Interest earned
	Balance	Balance	decrease (-)	
2015-16	0	3,193.28	3,193.28	89.25
2016-17	3,193.28	3,697.92	504.64	66.18
2017-18	3,697.92	0	(-) 3,697.92	45.29
2018-19	0	0	0	15.30
2019-20	0	5,132.71	5,132.71	21.65

*Chart 2.21* shows the daily cash balance during 2019-20 of the State.





Source: Data provided by O/o PAG (A&E)

The above charts indicate that the negative cash balances led the State Government to resort to market loans as shown in *Chart 2.22* on several occasions during the year ranging from ₹ 722 crore (December 2019) to ₹ 6,084 crore (April 2019) as well as WMA throughout the year.

# 2.10 Apportionment of balances between Andhra Pradesh and Telangana

As per the Andhra Pradesh State Reorganisation Act, 2014, the balances under Cumulative Capital Expenditure, Loans and Advances, Public Debt and the balances under Public Account are to be apportioned between Andhra Pradesh and Telangana States. The status of apportionment as on 31 March 2020 is as under (details are at *Appendix 2.1*):

• As of end of March 2020, an amount of ₹ 1,51,349.67 crore under Capital Heads, ₹ 28,099.69 crore under Loans and Advances, ₹ 4,474.04 crore under Deposits and Advances, ₹ 238 crore under Suspense and Miscellaneous and ₹ 310.24 crore under Remittances was yet to be apportioned between the two States even after more than five years of bifurcation/re-organisation of the State. The whopping amount under Capital Head pertains to Major Irrigation (₹ 87,707.44 crore) and Roads and Bridges (₹ 17,182.87 crore). Amount under Loans and Advances pertains primarily to Loans for Housing (₹ 13,182.17 crore).

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

### 2.11 Conclusion

The State witnessed a decrease of 3.17 per cent in Revenue Receipts during the year 2019-20 as compared to the previous year, due primarily, to decrease in collection of Own Tax Revenue and tax transfers from Government of India.

Revenue Expenditure increased by 6.93 per cent during 2019-20, mainly due to implementation of new welfare schemes during the year. This resulted in increase of Revenue Deficit of the State by 90.24 per cent as compared to the previous year. Simultaneously, State Government has reduced the expenditure on asset creation by

38.72 per cent over the previous year.

Committed expenditure on Interest payments, Pensions, Administrative expenses etc., was higher than the average for General Category States (GCS) and quality of expenditure on physical infrastructure was lower than the average of GCS.

Transfer of  $\ge$  1,100 crore funds relating to State Disaster Relief Fund to Personal Deposit Account violated the extant Rules and accounting procedure.

Outstanding Public Debt at the end of the year has increased by 17.20 per cent (₹32,373 crore) over the previous year. State Government has also a liability for off-budget borrowings of ₹26,096.98 crore, which it has not disclosed appropriately as part of its budget documents. This has the impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

#### 2.12 Recommendations

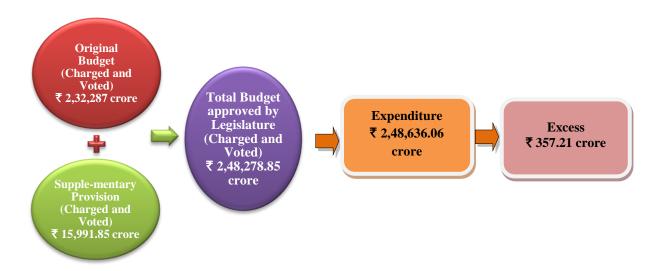
- 1. State Government needs to make stringent efforts to mobilise additional revenue resources to fund its various socio-economic developmental schemes rather than through debt financing its revenue expenditure.
- 2. Capital expenditure needs to be increased significantly for asset creation and provide stimulus for economic growth.
- 3. State Government may place on record the debt servicing capacity of the institutions before providing guarantees / loans. Future guarantees / loans may be predicated on furnishing of the audited accounts of the concerned entities to whom guarantees are provided.
- 4. State Government needs to disclose properly its off-budget borrowings by way of loans taken through Special Purpose Vehicles/ Public Sector Undertakings/ Autonomous Bodies for implementation of Government schemes, to ensure transparency and accountability with regard to fund management and compliance with FRBM norms.

### 3.1 Introduction

Effective Budgeting ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during the year 2019-20 is depicted below:

Chart 3.1: Summary of Budget and Expenditure of Andhra Pradesh for 2019-20



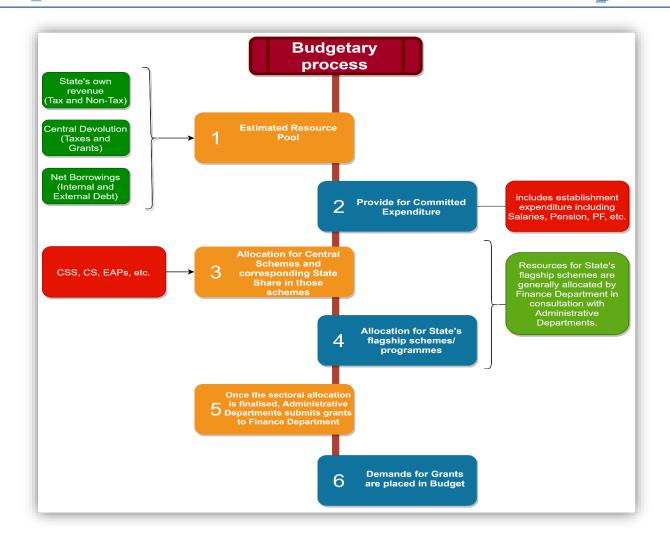
Approval by the Legislature

**Implementation by the Governmennt** 

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

# **3.2 Budget Preparation Process**

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



The Andhra Pradesh Financial Code (APFC), Andhra Pradesh Budget Manual (APBM) and other instructions<sup>27</sup> lay down the procedure to be followed with regard to all matters concerning finance and budget.

The State Government secured legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands for Grants/ Appropriations. Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

The Government presents *Supplementary demands* (Para 15.24 of the APBM) before the Legislature, when the initial allocation is found to be inadequate or expenditure has to be incurred on a new item. Further, Re-appropriation is a mechanism which allows the State Government to transfer Savings from one sub-head (usually a scheme) to another, provided such transfers occur within the same Grant<sup>28</sup> and under the same section<sup>29</sup>.

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

<sup>&</sup>lt;sup>28</sup> Grant means the amount voted by the Legislative Assembly in respect of a demand for grant

<sup>&</sup>lt;sup>29</sup> Capital, Revenue or Loans

#### 3.3 Financial Accountability and Budget Review

Article 205 of the Constitution of India states that the Governor of a State will cause to lay before the State Legislature supplementary budget estimates 'if the amount authorised by any law made in accordance with the provisions of Article 204 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the annual financial statement for that year'. Further, Article 204(3) states that 'subject to the provisions of Articles 205 and 206, no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this article'.

## 3.3.1 Approval of Supplementary budget estimates after the closure of financial year

The supplementary budget estimates for a given year are normally laid before the State Legislature before the close of that financial year. The Government of Andhra Pradesh tabled the supplementary budget estimates for the financial year 2019-20 in the State Legislature in June 2020, that is, after the closure of the financial year. The amount of ₹15,991.85 crore (Voted: ₹15,867.26 crore; Charged: ₹124.59 crore) proposed for legislative approval in the supplementary budget estimates was already expended by the Government before the end of the financial year, that is, 31 March 2020.

This is not an acceptable practice, as it violates the provisions of the Constitution of India, undermines the principle of legislative sanction and control over budget and encourages financial indiscipline in management of public resources.

The State Government attributed the delay in tabling the supplementary estimates in Legislature to unseen and unavoidable circumstances (pandemic).

While it is true that there was a sudden lockdown necessitated by COVID-19 pandemic towards the last week of March 2020, the State Government got the 'Vote on Account' for the financial year 2020-21 approved through an Ordinance by the Governor; it however, failed to include the supplementary budget estimates for 2019-20 in this Ordinance.

However, considering the pandemic situation, it was decided by the Principal Accountant General (A&E) as a one-time measure, to take the supplementary estimate figures passed by the State Legislature in June 2020 into account for the compilation of annual accounts of 2019-20, with a condition that it shall not be quoted as a precedent in the future.

#### 3.3.2 Outcome/performance Budget

As per Budget Manual, Performance Budget is a comprehensive operational document, conceived, presented and implemented in terms of programmes, projects and activities with their financial and physical aspects closely interwoven. Performance budget seeks to present the purpose and objectives for which funds are requested, the cost of various

programmes and activities proposed for achieving these objectives and quantitative data measuring the work performed, services rendered or results accomplished under each programme and activity.

Since the introduction of the Outcome Budget 2005-06 by the Union Government, several State Governments have followed suit to link their outlays to outputs and outcomes. The Thirteenth Finance Commission has suggested preparing outcome budgets at the level of actual spending and its consideration at the relevant level of Government. It also suggested the State Government could prepare Outcome Budgets in respect of expenditures incurred directly by them.

Government of Andhra Pradesh prepares an Outcome Budget every year, indicating the outputs expected to be achieved with regard to the outlays. However, the extent of achievement of these outputs is not intimated to the Legislature while presenting the budget for the following year. Therefore, there is no real budgetary review and allocation to various activities/ socio-economic developmental schemes based on achievement of specified targets. Budget for the year 2019-20 was no exception in this regard and the Government has not stated the achievement of any of the performance parameters specified in the budget of the previous year; nor did it review the outcome indicators targeted for achievement in 2019-20 during its budget presentation during the subsequent year.

## 3.4 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of Grants voted and Appropriation Act passed under Article 204 and 205 of the Constitution of India. These Accounts list the original budget provisions, supplementary grants, surrenders and re-appropriations distinctly. They also 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. Thus, the Appropriation Accounts facilitate the understanding of utilization of funds, the management of finances and monitoring of budgetary provisions, and are, therefore, complementary to the Finance Accounts.

#### 3.4.1 Audit of Appropriations

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.

#### 3.4.2 Summary of total provisions and actual expenditure during 2019-20

The summarised position of actual expenditure during 2019-20 against 40 demands (96 grants/ appropriations is given in **Table 3.1**.

Table 3.1: Position of actual expenditure vis-à-vis allocation for the year 2019-20

(₹ in crore)

Sectio n	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Provision	Actual Expenditure	Savings (-) / Excess (+)	Surrender Marc	U
	1	2	3	4= (2+3)	5	6=(5-4)	Amount	Percent
Voted	Revenue	1,67,620.28	10,683.96	1,78,304.24	1,33,427.35	(-)44,876.89	52,128.02	100
	Capital	32,849.88	400.95	33,250.83	12,636.74	(-)20,614.09	20,542.17	99.97
	Loans and Advances	1,810.68	4,782.35	6,593.03	5,358.95	(-)1,234.08	860.89	100
Tot	tal Voted	2,02,280.84	15,867.26	2,18,148.10	1,51,423.04	(-)66,725.06	73,531.08	99.99
Charged	Revenue	16,554.92	32.47	16,587.39	17,763.63	1,176.24	38.05	100
	Capital	56.24	68.85	125.09	83.22	(-)41.87	41.87	100
	Public Debt Repayment	13,395.00	23.27	13,418.27	79,366.17*	65,947.90	0	NA
Tota	l Charged	30,006.16	124.59	30,130.75	97,213.02	67,082.27	79.92	100
Gra	and Total	2,32,287.00	15,991.85	2,48,278.85	2,48,636.06	357.21	73,611.00	99.99

Source: Appropriation Accounts of 2019-20. \* Including Ways and Means Advances (Budget Provision: NIL and repayments during the year: ₹60,740.83 crore)

As per the details given in the above Table of summarised position of actual expenditure vis-à-vis budgetary allocation, the total budget of 2019-20 was ₹ 2,48,278.85 crore and the actual gross expenditure during the year was ₹ 2,48,636.06 crore leaving an overall excess of ₹ 73,983.26 crore and savings of ₹ 73,626.05 crore, resulting in a net excess of ₹ 357.21 crore in 2019-20. However, except for the Charged item of Public Debt repayment, there was a saving in almost every other Head of expenditure. The total saving in all the Heads other than Public Debt repayment amounted to ₹66,766.93 crore compared to the allocation of ₹2,48,278.85 crore. Public Debt repayment includes an amount of ₹60,740.83 crore towards repayment of Ways and Means Advances obtained during 2019-20 (₹60,371.10 crore) as well as the balance pertaining to the previous year (₹362 crore). The State Government incurred ₹ 60,740.83 crore without any provision in the Budget during 2019-20. This excess payment was not supported by budgetary provision (neither original nor supplementary budget) and was, thus, unauthorised. Details in this regard are given in Paragraph 3.11.2.

The Net excess expenditure for the years 2015-16, 2017-18 and 2019-20 was also due, primarily to repayment of Ways and Means Advances.

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

## 3.4.3 Summary of total provisions, actual disbursements and savings during the year

The summarised position of total budget provision, disbursement and savings/excess with its further bifurcation into voted/charged is given in **Table 3.2**.

Table 3.2: Budget provision, disbursement and savings/excess during the financial year

(₹ in crore)

Total Budget provision		Disburse	ements	Savings (-) /Excess (+)		
Voted Charged		Voted Charged		Voted	Charged	
2,18,148.10	30,130.75	1,51,423.04	97,213.02	(-) 66,725.06	67,082.27	

Source: Appropriation Accounts of 2019-20

#### 3.4.4 Charged and voted disbursements

The summarised position of disbursements and savings/ excess with further bifurcation into voted/charged for the last five years is given in **Table 3.3**.

Table 3.3: Disbursement and savings/excess during the last five years

(₹ in crore)

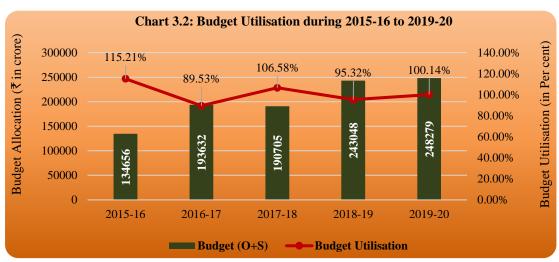
Year	Disburse	ments	Savings (-) /Excess (+)			
	Voted Charged		Voted	Charged		
2015-16	1,06,438.15	48,698.91	(-)11,747.93	32,229.03		
2016-17	1,26,798.59	46,552.81	(-)21,253.96	973.73		
2017-18	1,34,239.65	69,008.25	(-)33,512.20	46,054.63		
2018-19	1,42,964.84	88,697.50	(-) 73,951.20	62,566.03		
2019-20	1,51,423.04	97,213.02	(-) 66,725.06	67,082.27		

Source: Appropriation Accounts of respective years.

It is evident from the table that persistent savings occurred in voted section and persistent excess in charged section. Further, the persistent excess under charged section is mainly because of repayment of Ways and Means Advances to the Reserve Bank of India under loans section of Grant IX- Fiscal Administration, Planning, Surveys and Statistics.

## 3.5 Utilisation of Budgeted Funds

Utilisation of budgeted funds by the State during the five-year period from 2015-16 to 2019-20 is given in *Chart 3.2*.



As can be seen from the Chart above, utilisation of budget had exceeded the Budget provision during three years i.e. 2015-16, 2017-18 and 2019-20, and has shown underutilisation during 2016-17 and 2018-19. However, the above figures have to be read in conjunction with the analysis given in paragraph 3.4.2.

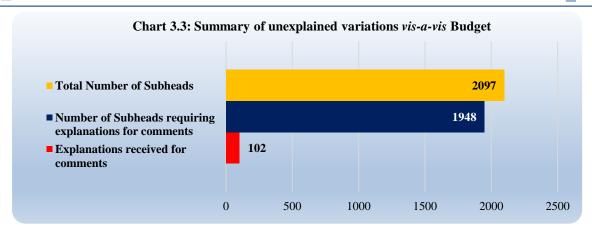
## 3.6 Missing/ Incomplete Explanation for variation from Budget

Appropriation Accounts provide comments on excess expenditure or savings where the excess or savings at Sub-Head level varies beyond the limits set by the Public Accounts Committee (PAC).

The following norms which have been approved by the PAC of Andhra Pradesh State Legislature in January 2013, have been adopted for comments on the Appropriation Accounts.

## (a) When the overall savings under a grant/charged appropriation is less than 5 per cent of total provision, no comment is necessary. However, if the total provision under a grant/appropriation is ₹500 crore and **Savings** above, comments on savings/excess under individual subheads are included when the savings/excess under individual subheads exceeds 10 per cent of the provision or ₹100 lakh whichever is higher. (b) When the overall saving under a grant or charged appropriation is 5 per cent or above of the total provision, comments on savings/excess against individual subheads are included when the savings/excess under individual subheads exceeds 10 per cent of the provision or ₹50 lakh whichever is higher. (a) When there is overall excess under a grant/appropriation even by a rupee, it requires regularisation by the Legislature. (b) Comments on excess under individual subheads are included only **Excess** when the excess under individual sub-heads is ₹25 lakh and above. (c) Comments on savings (in excess grant) under individual sub-heads are included when the savings under individual sub-heads exceeds 10 per *cent* of the provision or ₹50 lakh whichever is higher.

Principal Accountant General (A&E) provided the draft Appropriation Accounts to the Departments and sought the reasons/explanations for the excess/savings at Sub-head level. Audit of Appropriation Accounts of 2019-20 and an analysis of the underlying accounting data revealed that the Controlling Officers have not provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 94.76 *per cent* of cases. Of the 96 Grants/ Appropriations, reasons for variation were required in respect of 95 Grants/ Appropriations. However, in respect of 91 Grants/ Appropriations reasons were not furnished by the Controlling Officers of Government Departments. In terms of the Sub-Heads involved, the total number of Sub-Heads in the accounts, those requiring explanation for variation, and the Sub-Heads where explanation were received for variations from allocations, are given below in **Chart 3.3.** 



Source: Appropriation Accounts

Absence of explanation for variation between the budgeted allocation and its utilisation limits legislative control over budget as a means of ensuring financial accountability of the Government.

State Government assured that the reasons for re-appropriations would be provided from the ensuing year.

## 3.7 Comments on integrity of budgetary and accounting process

#### 3.7.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the article 204 of the constitution. As per paragraph 17.3.1 and 17.6.1(c) of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. An expenditure of ₹ 62,069.48 crore was incurred in seven cases (₹ one crore and above in each case) without budget provision. This undermined the sanctity of budgeting process and legislative control.

The grant-wise cases of one crore and above in which expenditure was incurred without budget provision (either original or supplementary) are detailed in **Table 3.4**.

Table 3.4: Cases where expenditure was incurred without budget provision ( $\overline{*}$  one crore and above)

(₹ in crore)

Sl.	Grant No. and Name of the	Head of Account and Description	Expenditure
No	grant		
1		2071-01-111-24- Pensions to	11.63
1		legislators	11.03
		6003-00-110-05- Ways and Means	
2		Advances from the Reserve Bank of	60,740.83*
	IX-Fiscal Administration	India	
3	Planning, Surveys and Statistics	6004-01-115-04- Loans for	2.96
3		Modernisation of Police Force	2.90
4		6004-02-101-01- Block Loans	101.83
5		6004-02-101-02- Back to Back Loans	795.53
6		6004-02-105-01- State loans	410.45

Sl. No	Grant No. and Name of the grant	Head of Account and Description	Expenditure
		Consolidated in terms of the	
		recommendations of 12th FC	
7	XXXVII- Tourism, Art and	5452-01-800-07- New Tourism	6.25
,	Culture	Projects	0.23
	Tota	l	62,069.48

**Source**: Appropriation Accounts of 2019-20 and Grant Audit Register of 2019-20 compiled by O/o the AG (A&E); \* Expended towards repayment of Ways and Means Advances of the State.

#### 3.7.2 Misclassification of Revenue expenditure as capital expenditure

Misclassification of expenditure and receipts has an impact on the integrity of the financial statements. State financial rules categorise the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only. However, there are instances involving a total amount of ₹ 1,006.01 crore where object heads of revenue nature were incorrectly operated with capital major heads. The details of these instances are presented in *Appendix 3.1*.

The cases where revenue expenditure was misclassified as capital expenditure (₹ one crore and above in each case) are detailed grant-wise in **Table 3.5**.

Table 3.5: Grant-wise cases of misclassification of revenue expenditure as capital expenditure during 2019-20 (₹ one crore and above in each case)

(₹ in crore)

S. No.	Grant No. and Name	No. of cases	Expenditure
1	V- Revenue, Registration and Relief	1	4.05
2	XXXIII Major and Medium Irrigation	13	999.64
3	XXXIV Minor Irrigation	1	2.32
	Total	15	1,006.01

**Source**: Appropriation Accounts of 2019-20 and Grant Audit Register of 2019-20 compiled by O/o the AG (A&E), AP.

As can be seen from the above table, most of the cases (13) of misclassification of revenue expenditure as capital expenditure occurred in Grant XXXIII- Major and Medium Irrigation involving an amount of ₹ 999.64 crore.

Classification of expenditure of revenue nature as capital expenditure results in understatement of revenue expenditure and revenue deficit.

## 3.8 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments report large additional requirement for different purposes under various schemes/activities to legislature; but are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. As a result, the unutilised funds cannot be utilised for other schemes, where there is a requirement. Some of the instances noticed in audit are shown in *Appendix 3.2*.

The details of grants in which the supplementary provision remained un-utilised are presented in **Table 3.6**.

Table 3.6: No. of grants/ appropriations in which supplementary provision (₹ one crore and above) remained un-utilised

(₹ in crore)

S. No.	Nature of the grant	No. of cases	Original	Supplementary	Total Grant	Expenditure	Un-utilised supplementary grant
1	Revenue (Voted)	17	88,616.64	3,670.24	92,286.88	62,945.93	3,099.80
2	Revenue (Charged)	4	17.16	22.57	39.73	23.35	15.52
3	Capital (Voted)	5	7,128.00	400.17	7,528.17	2,492.55	400.17
4	Capital (Charged)	1	54.18	68.60	122.78	82.42	40.36
5	Loan (Voted)	3	684.39	4,663.40	5,347.79	4,876.12	108.28
	Total	30	96,500.37	8,824.98	1,05,325.35	70,420.37	3,664.13

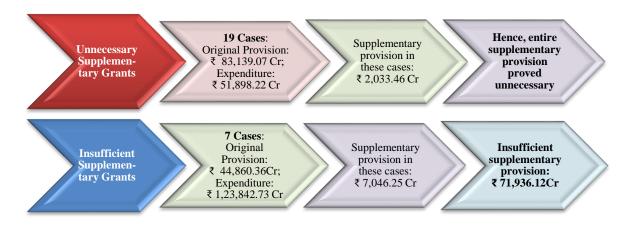
Source: Appropriation Accounts of 2019-20

It is evident that out of the total supplementary provision of  $\mathbb{Z}$  15,991.85 crore,  $\mathbb{Z}$  3,664.13 crore (22.91 *per cent*) remained unutilised. State Government needs to examine the reasons for poor utilisation of allocated funds and take appropriate corrective action.

#### 3.8.1 Unnecessary/ Insufficient supplementary grants

The details of Unnecessary/ Insufficient Supplementary provisions, where Supplementary provision is more than or equal to ₹ one crore, are as detailed in *Chart 3.4*.

Chart 3.4: Unnecessary/ Insufficient Supplementary provision



Source: Appropriation Accounts of 2019-20

Details of unnecessary/ insufficient Supplementary provision are shown in *Appendix 3.3 and Appendix 3.4* respectively.

Further, in seven cases, the supplementary grant of  $\ref{7,046.25}$  crore was insufficient as the total provision ( $\ref{51,906.61}$  crore) was not adequate to meet the requirement ( $\ref{1,23,842.73}$  crore).

## 3.9 Re-appropriations

Re-appropriations are meant for transfer of savings from one scheme / unit to another within the same grant and under same section (*i.e.*, Capital, Revenue or Loans).

The details of Re-appropriations for the year 2019-20 are depicted in *Chart 3.5*.

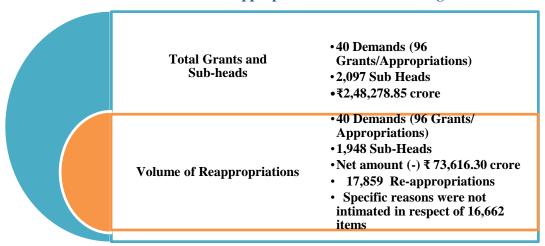


Chart 3.5: Re-appropriation in the overall budget

**Source**: Appropriation Accounts of 2019-20 and Grant Audit Register 2019-20 compiled by O/o the AG (A&E), AP.

## 3.9.1 Unnecessary/ Excessive/ In-sufficient Re-appropriations

Details of unnecessary/excessive/insufficient re-appropriations are shown in *Appendix 3.5*, *Appendix 3.6* and *Appendix 3.7* respectively.

The cases in which the provision was excessive or unnecessary are presented in **Table 3.7**.

Table 3.7: Cases in which re-appropriation was excessive or unnecessary

(₹ in crore)

Grant No. and Name	No. of	Original	Supplementary	Re- appropriation	Net Provision	Expenditure	Unnecessary/ Excessive Re-
rvaine	cases			арргоргацон	TTOVISION		appropriation
IX-Fiscal Administration Planning Surveys and Statistics	11	9,212.13	0.00	302.31	9,514.44	8,594.24	299.83
X- Home Administration	1	41.93	0.00	5.86	47.79	43.64	4.15
XI-Roads, Buildings	1	0.00	0.00	5.77	5.77	0.00	5.77
XVII- Municipal Administration and Urban Development	1	41.18	0.00	112.11	153.29	108.21	45.08

Grant No. and Name	No. of cases	Original	Supplementary	Re- appropriation	Net Provision	Expenditure	Unnecessary/ Excessive Re- appropriation
XXI- Social Welfare	1	10.45	0.00	164.88	175.33	7.71	164.88
XXII- Tribal Welfare	1	61.46	0.00	31.49	92.95	33.73	31.49
XXIII- Backward Classes Welfare	1	717.75	0.00	1,029.74	1,747.49	1,586.74	160.74
XXXI- Panchayat Raj	1	600.00	548.46	404.93	1,553.39	953.39	404.93
Total	18	10,684.90	548.46	2,057.09	13,290.45	11,327.66	1,116.87

Source: Appropriation Accounts of 2019-20 and Grants Audit Register of 2019-20 compiled by O/o AG (A&E), AP.

From the above table, it is evident that re-appropriation of₹1,116.87 crore was unnecessary/ excessive in 18 cases. Further, in nine cases, the re-appropriation of ₹ 3,034.65 crore was insufficient as the net provision (₹8,884.56 crore) was not adequate to meet the requirement (₹18,313.21 crore).

#### 3.9.2 Surrender in excess of savings

In two grants, there were savings of  $\mathbb{T}$  1,023.41crore. The amount surrendered was  $\mathbb{T}$  2,153.33 crore, resulting in excess surrender ( $\mathbb{T}$  one crore or more in each case) of  $\mathbb{T}$  1,129.92 crore as detailed in **Table 3.8**.

Table 3.8: Surrender in excess of savings during 2019-20

(₹ in crore)

Sl. No.	Number and name of the grant/appropriation	Total grant/ appropriation	Savings	Amount surrendered	Amount surrendered in excess					
Reve	Revenue Voted									
1	IX-Fiscal Administration, Planning, Surveys and Statistics	19,767.38	0	814.92	814.92					
2	XI- Roads, Buildings	2,964.80	1,023.41	1,338.41	315.00					
	Total	22,732.18	1,023.41	2,153.33	1,129.92					

Source: Appropriation Accounts of 2019-20.

#### 3.9.3 Anticipated savings not surrendered

As per paragraph 17.2.2 of Budget Manual, controlling officers are required to surrender to the Finance department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known. A review of savings of grants and appropriations and surrender thereof showed that out of total savings of ₹36,395.92 crore in 12 cases, only ₹35,257.48 crore was surrendered (short surrender by ₹ one crore and above in each case), leaving a balance aggregating ₹1,138.44 crore. Details are given in *Appendix 3.8*.

The details of the nature of grants in which anticipated savings were not surrendered are detailed in **Table 3.9**.

Table 3.9: No. of grants/ appropriations in which savings were not surrendered

(₹ in crore)

Sl. No.			Total grant/ appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
1	Revenue (Voted)	8	70,721.28	34,443.09	33,744.45	698.64
2	Capital (Voted)	3	2,096.03	1,579.64	1,513.03	66.61
3	Loan (Voted)	1	405.19	373.19	0.00	373.19
	Total	12	73,222.50	36,395.92	35,257.48	1,138.44

Source: Appropriation Accounts of 2019-20

## 3.10 Large and Persistent savings in Grants/ Appropriations

There were huge savings during 2019-20, with 45 out of 96 Grants/ Appropriations showing utilisation of less than or equal to 50 per cent of the budget allocation. The distribution of the number of Grants/Appropriations grouped by the extent of savings is as follows.

100 above(Excess) 90-100% 80-90% 11 11 70-80% 60-70% 9 50-60% 40-50% 9 30-40% 9 20-30% 8 10-20% 13 0 2 10 12 14 No. of Grants/ Appropriations

Chart 3.6: Utilisation of budget allocation

Source: Appropriation Accounts of 2019-20

As is evident from the above chart, out of 96 Grants/ Appropriations, 81 Grants/ Appropriations showed savings of more than 10 per cent of the budget allocation.

Of the 45 Grants/ Appropriations with budget utilisation of less than or equal to 50 per cent, 15 had shown similar low utilisation in at least four out of the last five years (2015-16 to 2019-20), which is indicative of systemic lacunae that warrants a close review by the Government to enable initiation of expeditious corrective measures. Utilisation of budgetary allocation in these 45 Grants/ Appropriations for the five-year period from 2015-16 to 2019-20 is shown in **Table 3.10**.

Table 3.10: Grants/ Appropriations where utilisation of budget was less than or equal to 50 per cent

	Utilisa	tion of bu	dget provi	sion(in per	cent)	(₹ in crore)			
Grant Details								Expenditure	
	2015-16	2016-17	2017-18	2018-19	2019-20	No. of years	Budget 2019-20	during 2019-20	
VI Excise	0.07	3.42	0.00	0.45	0.00	5	50.00	0.00	
Administration (CV) XI Roads Buildings (RC)	0.00	28.86	16.20	0.00	17.34	5	2.71	0.47	
XXIV Minority Welfare (CV)	0.00	0.00	0.00	1.76	6.94	5	40.05	2.78	
XXXVI Industries and	2.70	0.00	23.48	40.52	32.98	5	1,449.52	478.05	
Commerce (CV) III Administration of	84.63	47.59	38.89	28.81	37.67	4	70.00	26.37	
Justice (CV) IV General	01.03	17.52	30.07	20.01	37.07		70.00	20.37	
Administration and Elections (CV)	29.15	13.86	84.58	39.61	26.98	4	11.60	3.13	
VII Commercial Taxes Administration (CV)	34.39	88.38	2.07	5.17	1.08	4	12.00	0.13	
VIII Transport Administration (CV)	54.66	28.50	36.93	2.60	13.50	4	10.00	1.35	
IX Fiscal Administration Planning Surveys and Statistics (CV)	17.76	25.38	42.91	56.40	4.65	4	624.08	29.02	
XII School Education (CV)	94.22	38.90	36.19	28.18	8.96	4	1,684.26	150.91	
XV Sports and Youth Services (CV)	85.31	9.48	29.77	18.88	47.62	4	51.20	24.38	
XX Labour and Employment (CV)	71.32	3.43	23.25	0.03	8.74	4	134.02	11.71	
XXV Women Child and Disabled Welfare (CV)	66.19	39.34	41.84	22.52	10.77	4	169.57	18.26	
XXX Cooperation (CV)	100.00	0.00	0.00	2.85	0.00	4	50.00	0.00	
XXXVII Tourism Art and Culture (CV)	26.42	47.47	98.88	23.52	41.91	4	22.43	9.40	
IX Fiscal Administration Planning Surveys and Statistics (LV)	350.91	41.92	47.95	161.70	7.90	3	405.19	32.01	
XI Roads and Buildings (CV)	77.51	89.76	25.05	24.89	33.78	3	2,883.86	974.17	
XIV Technical Education (CV)	36.58	124.33	88.41	13.54	28.17	3	126.00	35.49	
XVI Medical and Health (CV)	56.44	77.88	36.21	30.10	7.65	3	2,670.64	204.30	
XVII Municipal Administration and Urban Development (CV)	67.72	23.04	25.25	62.36	31.93	3	1,693.02	540.58	
XXI Social Welfare (CV)	79.20	36.13	51.57	21.16	31.89	3	130.51	41.62	
XXII Tribal Welfare (CV)	52.26	41.39	64.79	40.88	47.87	3	187.75	89.88	
XXXIV Minor Irrigation (CC)	50.04	22.95	76.03	0.00	21.43	3	0.98	0.21	
XXXVII Tourism Art and Culture (RV)	67.74	36.05	81.23	48.79	40.39	3	223.01	90.07	
XI Roads and Buildings (CC)	92.26	99.95	3.40	50.69	44.36	2	1.33	0.59	
XVI Medical and Health (RC)	99.03	100.00	NA	0.00	47.37	2	0.38	0.18	
XVIII Housing (RV)	99.99	38.51	68.66	52.87	26.45	2	3,543.09	937.15	
XIX Information and Public Relations (CV)	NA	NA	99.61	0.00	0.00	2	1.00	0.00	
XXVII Agriculture (RV)	47.42	87.16	97.00	51.51	38.74	2	17,568.00	6,805.84	
XXVII Agriculture (CV)  XXVIII Animal  Husbandry and Fisheries (CV)	54.39 57.17	91.45 54.60	70.35 59.74	43.45	22.02 14.94	2	562.83 334.29	123.94 49.94	
XXXIII Major and Medium Irrigation (RC)	100.00	NA	100.00	37.50	0.00	2	0(₹14,000 )	0.00	
XXXIII Major and	97.77	80.54	42.83	51.73	32.69	2	11,193.95	3,659.30	

	Utilisa	ation of bu	dget provi	sion(in per	cent)		(₹ in cr	ore)
Grant Details	2015-16	2016-17	2017-18	2018-19	2019-20	No. of years	Budget 2019-20	Expenditure during 2019-20
Medium Irrigation (CV)								
XXXVI Industries and Commerce (RV)	55.45	66.90	78.21	21.51	32.92	2	2,484.52	817.90
XXXVIII Civil Supplies Administration (RV)	100.06	92.75	93.68	19.00	11.24	2	4,466.95	502.09
XXXVIII Civil Supplies Administration (CV)	NA	NA	NA	0.00	50.00	2	0.02	0.01
XXXIX Information Technology and Communications (RV)	66.26	82.17	76.71	41.67	23.64	2	350.76	82.92
I State Legislature (RC)	62.21	55.57	62.50	72.39	41.58	1	4.93	2.05
VIII Transport Administration (RV)	94.82	84.79	84.61	58.35	22.90	1	643.35	147.33
XI Roads Buildings (LV)	100.00	69.05	95.82	NA	30.00	1	1,000.00	300.00
XVIII Housing (LV)	85.83	94.64	100.00	100.00	35.51	1	74.29	26.38
XX Labour and Employment (RV)	101.97	83.78	89.54	81.69	45.61	1	854.68	389.82
XX Labour and Employment (RC)	NA	NA	NA	100.00	0.00	1	0(₹10,000 )	0.00
XXXII Rural Development (RV)	94.52	85.15	79.06	81.65	19.31	1	23,273.18	4,494.05
XXXIX Information Technology and Communications (CV)	NA	NA	103.05	61.58	0.00	1	102.80	0.00

Source: Appropriation Accounts of respective years.

(CV: Capital Voted, RV: Revenue Voted, LV: Loans Voted, RC: Revenue Charged, CC: Capital Charged)

Low utilisation of budget under the grants relating to Major Irrigation (XXXIII), Roads and Buildings (XI) which pertain mainly to capital expenditure in the state, affects infrastructure creation. Similarly, underutilisation in the grants relating to Education (XII) and Medical & Health (XVI) affects human development and quality of life in the State.

Underutilisation in grants pertaining to essential and infrastructure creation needs an indepth analysis by the State Government and initiation of prompt remedial action.

#### 3.11 Excess expenditure and its regularisation

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

## 3.11.1 Excess expenditure in current year

Excess expenditure, over budget provision of ₹ 73,983.26 crore, occurred in five grants and four appropriations during the year, as shown in *Appendix 3.9*.

The excess expenditure under Grant IX – Fiscal Administration, Planning, Surveys and Statistics was mainly on account of repayment of Ways and Means Advances<sup>30</sup> (₹ 60,740.83crore) to the Reserve Bank of India and under Loans section.

<sup>&</sup>lt;sup>30</sup>Total Budget Provision: NIL and Expenditure during the year: ₹60,740.83 crore

#### 3.11.2 Persistent Excess expenditure in certain grants

Cases of excess expenditure are reported every year through Audit Reports on State Finances. There was, however, a grant in which excess expenditure has occurred persistently during the last five years as shown in **Table 3.11**.

Table 3.11: Grant/Appropriation with persistent excess during the period 2015-20

(₹in crore)

No. and Name of the	Amount of Excess				
Grant/Appropriation	2015-16	2016-17	2017-18	2018-19	2019-20
IX-Fiscal Administration, Planning,	33,357.36	1,568.14	47,071.84	62,397.00	65,947.90#
Surveys and Statistics (PDC)	#		#	#	

**Source**: Appropriation Accounts of respective years; PDC-Public Debt Charged <sup>#</sup>Including excess on account of Ways and Means Advance of ₹ 31,602.66 crore during 2015-16, ₹ 44,130.29 crore in 2017-18,₹ 58,229.01 in 2018-19 and ₹ 60,740.83 crore in 2019-20 respectively.

Persistent excess expenditure over grants approved by the State Legislature is in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the House of the People/State Legislative Assembly, and therefore, need to be viewed seriously. It is pertinent to note that the persistent excess has mainly occurred in Finance Department, primarily on account of seeking Ways and Means Advances. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds.

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

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

The excess expenditure over the allocation amounting to  $\mathbf{\xi}$  1,66,510.23 crore pertaining to the years from 2004-05 to 2018-19 was yet to be regularized as detailed in **Table 3.12.** Grant wise details are given in *Appendix 3.10*.

Table 3.12: Excess expenditure relating to previous years requiring regularisation

Year	Number of		Amount of
	Grants	Appropriation	Excess over Provision (₹ in crore)
2004-05	5	1	14.83
2005-06	10	3	585.82
2006-07	7	1	198.72
2007-08	7	3	201.30
2008-09	11	3	709.24
2009-10	10	2	109.74
2010-11	11	5	867.54
2011-12	5	2	188.59
2012-13	5	1	275.63

After bifurcation of the State, an excess expenditure of ₹ 1,62,828.70 crore pertaining to the years 2014-15 to 2018-19 occurred which was yet to be regularized. Explanatory Notes (ENs) were furnished for only an amount of ₹ 51,677.74 crore against ₹ 1,62,828.70 crore by the concerned Administrative Departments/Finance

2013-14	4	1	530.12
2014-15	26	2	13,134.68
2015-16	15	2	36,856.98
2016-17	4	1	1,686.83
2017-18	3	2	47,144.53
2018-19	2	2	64,005.68
Total	126	31	1,66,510.23

Department to Audit for excess expenditure requiring regularisation relating to the years 2014-15 to 2018-19 as detailed in *Appendix 3.11*.

Source: Appropriation Accounts of respective years

The PAC had discussed and recommended (February 2019) regularisation of the excess expenditure partially for the years 2014-15 and 2015-16 for an amount ₹ 272.91 crore and ₹ 55.98 crore respectively under Article 205 of the Constitution.

State Government replied that, the Finance Department was rigorously following up with the administrative departments and had brought down the arrears by four years. Further, it was also assured that, Explanatory Notes would be submitted for the excess expenditure incurred during 2017-18 and 2018-19.

#### 3.12 Review of selected Grants

Two grants *viz.*,(i) Home Administration and (ii) Information and Public Relations were selected for detailed audit scrutiny to ascertain compliance with budgeting processes, utilization of funds, expenditure control mechanisms and implementation of schemes/programmes within these grants. Audit findings in this regard are discussed below:

#### 3.12.1 Budget and Expenditure trends

Details of budgetary provisions, actual expenditure and savings/ excess in these grants during the years 2015-16 to 2019-20 are given in **Table 3.13**.

Table 3.13: Expenditure vis-à-vis Budget under 'Home Administration' and 'Information and Public Relations' Grants during 2015-20

(₹in crore)

Year	Revenue				Ca	pital
	В	E	Savings(-)/	В	Е	Savings(-)/ Excess(+)
			Excess(+)			
Home A	dministration					
2015-16	3,990.31	3,946.57	(-)43.74 <b>(1.10</b> )	253.17	133.10	(-)120.07 <b>(47.43)</b>
2016-17	4,709.72	4,524.28	(-)185.44 <b>(3.94)</b>	336.13	202.34	(-)133.89 <b>(39.83)</b>
2017-18	5,158.71	4,891.15	(-)267.56 ( <b>5.19</b> )	359.67	212.33	(-)147.34 ( <b>40.97</b> )
2018-19	5,654.30	5,462.93	(-)191.37 <b>(3.38)</b>	813.03	175.68	(-)637.35 ( <b>78.39</b> )
2019-20	6,936.49	6,042.81	(-)893.68 <b>(12.88)</b>	526.98	314.19	(-)212.79 ( <b>40.38</b> )
Informa	tion and Public	c Relations				
2015-16	165.62	168.94	(+)3.32 ( <b>2.00</b> )	-	-	-
2016-17	173.98	125.86	(-)48.12 ( <b>27.66</b> )	-	-	-
2017-18	201.77	183.74	(-)18.03 ( <b>8.94</b> )	3.00	2.99	(-)0.01( <b>0.33</b> )
2018-19	518.30	184.15	(-)334.15 <b>(64.47</b> )	3.00	-	(-)3.00 ( <b>100</b> )
2019-20	187.29	144.99	(-)42.30 ( <b>22.59</b> )	1.00	-	(-)1.00 ( <b>100</b> )

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

Test check of schemes/ programmes under the above grants revealed the following with regard to utilisation of budget/funds provided for the year 2019-20.

#### 3.12.2 Home Administration

#### (i) Surrender of Entire Provision

In respect of schemes listed in **Table 3.14**, entire provision amounting to ₹ 8.49 crore was Surrendered/Re-appropriated without incurring any expenditure.

Table 3.14: Details of schemes where entire provision was surrendered

(₹ in crore)

Sl. No.	Head of Account and description	Total Budget	Re- appropriation/ Surrender	Reasons for surrender of entire provision
1.	2055-00-101-07-Criminal Investigation and Vigilance- NIRBHAYA - Mahila Police Volunteers	6.39	6.39	Specific reasons have not been intimated.
2.	2235-60-200-08-Rehabilitation of Ex-Servicemen	0.10	0.10	Specific reasons have not been intimated.
3.	4055-00-207-19-State Police- Construction of Buildings under Commissioner of Police, Vijayawada City	2.00	2.00	Specific reasons have not been intimated.
	Total	8.49	8.49	

Source: Grant Audit Register (GAR) prepared by O/o PAG(A&E)

## (ii) Anticipated savings not surrendered before 31st March

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

However, an amount of ₹1,102.06 crore was surrendered on 31 March 2020 which indicates poor budgetary control.

#### (iii) Substantial surrenders

Surrender of ₹ 1,099.67 crore occurred in eight cases exceeding ₹10 crore and by 50 per cent or more of the budget provision provided in each case during 2019-20, as indicated in **Table 3.15**.

**Table 3.15: Schemes with substantial Surrenders (more than ₹ 10 crore)** 

(₹ in crore)

Head of Account and description	Total provision	Re- appropriation	Net appropriation	Expenditure	Reasons for surrender
2055-00-800-04- Expenditure in connection with Elections	33.78	30.16	3.62	3.62	
2235-60-200-09- Financial Support to Agri gold Victims	1,150.00	886.01	263.99	263.99	
4055-00-207-04- State Police- Construction of Buildings for	42.50	31.42	11.08	11.08	

Head of Account and description	Total provision	Re- appropriation	Net appropriation	Expenditure	Reasons for surrender
Police Department for Front Offices					
4055-00-207-06- State Police- Construction of Buildings for	25.00	23.16	1.84	1.84	Specific Reasons for
Grey Hounds Units 4055-00-207-11- State Police-	27.61	22.73	4.89	4.89	surrenders had not
Police Communications and Computer Services					been intimated
4055-00-207-15- State Police- Special Infrastructure Scheme(SIS) for up gradation- of Special Intelligence	76.30	73.82	2.47	2.47	
4055-00-207-16- State Police- Nation-wide Emergency Response System (NERS)	11.92	10.42	1.50	1.50	
4055-00-800-05- Construction of buildings for Organisation of Counter Terrorist Operations (OCTOPUS)	23.00	21.95	1.05	1.05	
Total	1,390.11	1,099.67	290.45	290.45	

**Source:** Grant Audit Register (GAR) prepared by O/o AG(A&E)

#### 3.12.3 Information and Public Relations

#### (i) Surrender of Entire Provision

In respect of schemes listed in **Table 3.16**, entire provision amounting to ₹ 24.68 crore was Surrendered/Re-appropriated without incurring any expenditure.

Table 3.16: Details of schemes where entire provision was surrendered

(₹in crore)

Sl. No.	Head of Account and description	Total Budget	Re- appropriation/ Surrender	Reasons for surrender of entire provision
1.	2220-60-101-15- Advertising and Visual Publicity-Digital Media Unit	1.45	1.45	
2.	2220-60-103-09-Press Information Services-Digitalisation of Old News Papers	0.01	0.01	Specific reasons have not been intimated.
3.	2235-60-200-31- Working Journalists Housing Scheme	22.22	22.22	
4.	4220-60-052-06- Purchase of Equipment	1.00	1.00	
	Total	24.68	24.68	

**Source:** Grant Audit Register (GAR) prepared by O/o AG(A&E)

#### (ii) Anticipated savings not surrendered before 31st March

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

However, an amount of ₹ 43.30 crore was surrendered on 31 March 2020 which indicates poor budgetary control.

#### (iii) Substantial surrenders

Surrender of ₹ 30.10 crore occurred in six cases exceeding 50 *per cent* or more of budget provision provided in each case, as indicated in **Table 3.17**.

**Table 3.17: Schemes with substantial Surrenders** 

(₹ in crore)

Head of Account and description	Total provision	Re- appropriation	Net appropriation	Expenditure	Reasons for surrender
2220-60-003-05- Research and Training in Mass Communication- Purchase of Books	7.12	4.29	2.83	2.83	Surrence
2220-60-101-15- Advertising and Visual Publicity- Digital Media Unit	1.45	1.45	0	0	Specific
2220-60-103-08- Press Information Services- Press Academy of Andhra Pradesh	1.30	1.14	0.16	0.16	Reasons for surrenders had not
2220-60-103-09- Press Information Services- Digitalisation of Old News Papers	0.01	0.01	0	0	been intimated
2235-60-200-31- Working Journalists Housing Scheme	22.22	22.22	0	0	
4220-60-052-06- Purchase of Equipment	1.00	1.00	0	0	
Total	33.10	30.10	3.00	3.00	

**Source:** Grant Audit Register (GAR) prepared by O/o PAG(A&E)

#### 3.13 Conclusion

Government of Andhra Pradesh tabled the supplementary budget estimates for the financial year 2019-20 in the State Legislature in June 2020, that is, after the closure of the financial year and after the funds provided in supplementary estimates have been expended. This is not an acceptable practice, as it violates the provisions of the Constitution of India, undermines the principle of legislative sanction and control over budget and encourages financial indiscipline in management of public resources.

Sound budgetary management requires advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or

large savings with reference to provisions made during the year, which point to flaws in expenditure monitoring and control. A majority of Controlling Officers did not explain the reasons for variations in expenditure vis-à-vis allocations, to the Principal Accountant General (A&E), which affects the accountability mechanism of Government and weakens legislative control over expending public finances.

Persistent excess expenditure over grants approved by the State Legislature is violative of the will of the Legislature and needs to be viewed seriously. There has been a persistent excess over authorisation during the last five years on account of seeking Ways and Means Advances beyond anticipated levels. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds. Despite flagging this issue every year over the last five years, the State Government had failed to take corrective measures in this regard.

#### 3.14 Recommendations

- 1. State Government should ensure scrupulous compliance with Constitutional provisions relating to Legislative authorisation of expenditure.
- 2. State Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources. Departments need to be cautioned against persistent savings; and their budgets should be reviewed and varied in accordance with their ability to absorb the allocations.
- 3. An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/Appropriation are controlled, and anticipated savings are identified and surrendered within the specified time frame.
- **4.** Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation, to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.

# **Chapter 4 Quality of Accounts and Financial Reporting Practices**

#### 4.1 Introduction

A sound internal financial reporting system and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate 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.

#### 4.2 Funds outside Consolidated Fund of the State

## 4.2.1 Building and other Construction Workers Welfare Cess

Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 aimed at providing safety, health and welfare measures for the benefit of building and other construction workers. GoI also enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess at the rate of one *per cent* of the cost of construction, as stipulated under the BOCW Act, with the aim of improving the working conditions of workers and to provide financial aid to them. GoI also framed the relevant Rules under the above Acts. The Act, inter alia, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by all State Governments to exercise the powers conferred under the Act.

Accordingly, the Andhra Pradesh Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 1999 have been framed under the Act and AP Building & Other Construction Workers Welfare Board (Board) was constituted on 30 April 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits.

Since the Board is an autonomous Body, total cess details are not depicted in Government Accounts. However, Labour Cess collected from the bills of Government Works executed by the Irrigation and Public Works departments is remitted by respective Pay and Accounts Officers (Works) to the Public Deposit Head of Account of the Labour Board.

The Labour Cess was depicted under two heads of account, *viz.*, 8342-00-120-00-09-000 (Deposits of Andhra Pradesh Building & Other Construction Workers Welfare Board) and 8443-00-800-00-03-000 (Miscellaneous Deposits) during 2018-19. The State Government clarified that the balances under the latter head of account do not relate to Labour Cess. A new head of account, *viz.*, 8443-00-116-01-09-001 (Deposits of Building and other Construction Workers Welfare Board) was opened in Public Account to account for the amount collected towards Labour Cess during 2019-20.

Further, the labour cess was also being collected directly into the bank account maintained by the Labour board.

The details of labour cess collected during the period 2015-20 are given in **Table 4.1**.

Table 4.1: Amount of Labour cess collected during 2015-20

(₹ in crore)

Year	Amount of cess collected by the State Government (As per Finance Accounts)	Amount of Cess collected directly by the Board	Total Amount of Cess collected
2015-16	140.00	101.26	241.26
2016-17	0	256.8	256.80
2017-18	30.65	229.04	259.69
2018-19	155.28	162.43	317.71
2019-20	62.49	280.5	342.99
Total	388.42	1,424.28	1,812.70

The details of expenditure incurred by the Board on various welfare activities for the construction workers during the five-year period 2015-16 to 2019-20 are given in **Table 4.2**.

Table 4.2: Expenditure incurred by APBOCWW Board during 2015-20

(₹ in crore)

Year	Welfare Activities <sup>31</sup>	Administrative Expenses	Publicity	Loans and Advances	Total
2015-16	74.08	4.52	15.47	9.38	103.45
2016-17	110.54	5.15	12.54	249.36	377.59
2017-18	78.89	5.33	14.92	260.20	359.33
2018-19	70.04	6.47	52.40	209.63	338.53
2019-20	20.53	3.71	0.08	208.30	232.63
Total	354.08	25.18	95.41	936.87	1,411.53

During the period 2015-20, an amount of ₹ 1,812.70 crore was collected as Labour Cess by the APBOCWW Board and spent ₹ 1,411.53 crore on various welfare schemes, Publicity and Loans &Advances etc. as detailed above.

Further, as per the figures in the Government accounts, the Cess collected during the year 2019-20 under two different heads of accounts and the balances to the end of 31 March 2020 is given in **Table 4.3**.

Table 4.3: Deposit Accounts operated for APBOCWW

(₹ in crore)

Head of Account	Opening	Receipts	Payments	Closing Balance	
	Balance				
8342-00-120-00-09-000	237.10	51.62	0.00	288.72	
8443-00-116-01-09-001	0.00	10.87	0.00	10.87	
Total				299.59	

As per Labour and Employment Department's G.O.Ms.No.112, dated 15 December 2009, the cess collected shall be transferred to the Board within 30 days of its collection.

<sup>&</sup>lt;sup>31</sup> Marriage Gift, Maternity gift, Fatal Accident relief, Disability relief, Natural Death relief, Hospitalisation relief, Funeral Expenses, Relief to unregistered workers, Vocational training to workers, Atal Pension yojana, Scholarships to children of BOC workers etc.

State Government did not transfer any amount to the Board during the year. The untransferred balance of ₹ 299.59 crore represents the liability of the State Government.

#### 4.2.2 State Compensatory Afforestation Fund

The Compensatory Afforestation Fund Act, 2016 and Compensatory Afforestation Fund Rules, 2018 provide for the establishment of a State level authority called "State Compensatory Afforestation Fund Management and Planning Authority". The Authority is to administer the amount received and utilise the monies for undertaking compensatory afforestation activities.

#### **Accounting Arrangements:**

The money received from the user agencies towards compensatory afforestation activities are to be credited in "State Compensatory Afforestation Deposits" under interest bearing section in Public Account to Major Head 8336-103 (Civil Deposits). 90 per cent of the money collected is to be transferred to the "State Compensatory Afforestation Fund (SCAF)" under Major Head 8121-129 and the balance 10 per cent is to be credited into the National Fund i.e. National Compensatory Afforestation Deposits under MH 8336-102. The applicable rate of interest on balances available under 'State Compensatory Afforestation Deposits' and' State Compensatory Afforestation Fund' will be as per the rate declared by the Central Government on a year-to-year basis. The expenditure on various activities as envisaged in the Act is to be met from Major Head 2406.

#### **Status of State Compensatory Afforestation Fund:**

The Government of Andhra Pradesh established State Compensatory Afforestation Fund under Major Head 8121-General and other Reserve Funds under Public Account of Andhra Pradesh in terms of Compensatory Afforestation Act, 2016. Government of India transferred an amount of ₹ 1,734.81 crore from National Ad-hoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA) to the State Compensatory Afforestation Fund, and the same was adjusted in the accounts of 2019-20. During the year 2019-20, the State Government has not received any deposits for credit to the CAMPA fund and hence no amount has been transferred to the National Fund either. The State Government has not credited any interest on the outstanding balance of ₹ 1,734.81 crore as of 31 March 2020.

## 4.3 Pending liabilities during the financial year

Appendix IX of the Finance Accounts depicts the commitments of the Government and list of incomplete capital works, which, *inter-alia*, include pending payments to the end of March 2020 to the extent of information furnished by the Departments concerned. As per this information, an amount of ₹ 1,300.03 crore was pending payment from the State Government as of March 2020. Details are as follows:

Table 4.4: Pending payments as of March 2020

Sl. No.	Particulars	No. of Works / Projects	Amount pending payment (₹ in crore)
1	Irrigation	73	267.59
2	Water Supply Schemes and Others	84	373.25
3	Roads	55	634.84
4	Bridges	12	11.73
5	Buildings	5	12.62
	Total	229	1,300.03

Source: Finance Accounts

## 4.4 Funds transferred directly to State Implementing Agencies

Government of India transfers substantial funds directly to State Implementing Agencies/ Non-Governmental Organizations for implementation of various schemes and programmes. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts. As these funds are not routed through the State budget/ State Treasury system, Finance Accounts do not capture the flow of these funds or the related expenditure.

During the year 2019-20, GoI transferred ₹ 8,607.11 crore directly to State Implementing Agencies/Non-Governmental organisations concerning various Central Schemes/programmes, without routing these funds through the State budget.

The details of direct transfer of funds to implementing agencies during the period 2015-20 are given in *chart 4.1*.



The substantial increase in funds released to implementing agencies directly by GoI from the year 2017-18 onwards was mainly "Food due to Subsidy" scheme implemented by State Civil Supplies Corporation, which received more than 50 per cent of the released funds.

Source: Finance Accounts 2019-20

The agencies that have received funds more than ₹ 100 crore directly from GoI for implementing various developmental schemes and the quantum of such funds during 2019-20 are shown in **Table 4.5**.

Table 4.5: Agencies that received funds directly from GoI during 2019-20 (above ₹ 100 crore)

(₹ in crore)

Sl. No.	Schemes of Government of India	Implementing Agencies	GoI releases during 2019-20
1	Food, sugar Subsidy and Assistance to State Agencies for intra state movement of food grains and FPS dealers margin under NFSA	State Civil Supply corporation limited, Andhra Pradesh	4,992.96
2	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	Department of Real Time Governance, Andhra Pradesh	2,677.75
3	MPs Local Area Development Scheme (MPLADS)	District Collector (eight Districts)	137.50
4	Pradhan Mantri Matru Vandana Yojana	Department of Health, Medical and Family welfare	101.25

Source: Finance Accounts 2019-20

## 4.5 Abstract Contingent bills

Financial Rules<sup>32</sup> permit drawal of advances on Abstract Contingent bills (AC bills) for the purpose of meeting contingent expenditure for specified purposes. Treasury rules<sup>33</sup> and Government orders<sup>34</sup> stipulate that all advances drawn on AC bills should be adjusted by submitting the Detailed Countersigned Contingent bills (DCC Bills) with supporting vouchers within 90 days.

The position of pending DCC bills pertaining to the State as of end of March 2020 is shown in **Table 4.6.** 

Table 4.6: Pendency in submission of DC Bills

(₹ in crore)

Year	AC bills drawn		DCC bills submitted		DCC bills pending	
	Number	Amount	Number	Amount	Number	Amount
Up to 2017-18	1,15,392	6,114.67	1,14,960	5,933.90	432	180.77
2018-19	2,592	1,186.37	1,683	289.14	909	897.23
2019-20	917	237.76	408	52.49	509	185.27
Total	1,18,901	7,539	1,17,051	6,276	1,850	1,263

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

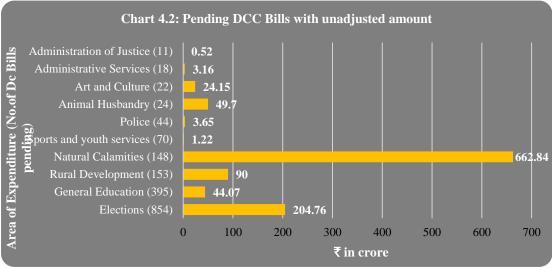
The Departments had drawn 917 Abstract Contingent (AC) bills for an amount of ₹237.76 crore in the financial year 2019-20 and submitted 408 DCC bills for an amount of ₹52.49 crore. Thus, 509 DC bills amounting to ₹185.27 crore were not submitted (as on 30 June 2020). Moreover, out of ₹237.76 crore drawn on AC bills during 2019-20, bills amounting to ₹106.01 crore (44.59 *per cent*) were drawn in March 2020 alone.

Department-wise status of pending DCC bills as of end of June 2020 is given in *Chart 4.2*.

Article 102,108 and Appendix 8 of AP Financial code

<sup>&</sup>lt;sup>33</sup> SR18 (d) below TR 16

<sup>&</sup>lt;sup>34</sup> GO No.391, dt.22-03-2002 and 507, dt.10-04-2002



Source: Finance Accounts of respective years

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

Audit verification of a sample DCC bills revealed instances of expenditure out of funds drawn on AC bills for other than intended purposes as specified in the AC bills such as, (1) renovation of personal office space with the funds provided to meet election expenditure, (2) purchase of stationery and other office expenditure using the funds allocated for professional services (3) transfer of funds to savings bank accounts (₹ 4 lakh) to meet election expenditure *etc*. These instances indicate absence of probity and propriety in public expenditure management. Considering that these instances came to light during a test check, delays in submission/non-submission of DCC bills is a matter of concern and the possibility of misappropriation of funds drawn on AC bills cannot be ruled out.

#### 4.6 Utilisation Certificates

Government gives grants to various bodies for specific purposes. Financial rules<sup>35</sup> stipulate that where Grants-in-Aid are given for specific purposes, departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees, which after verification, should be forwarded to the Principal Accountant General (A&E), to ensure that the funds have been utilised for intended purposes. Non-submission/delay in submission of UCs weakens the control on utilization of funds and provides scope for mis-utilisation / misappropriation / diversion of funds.

State Government has not provided the Utilisation Certificates to Principal Accountant General (A&E) in respect of the grants received from GoI nor the grants given by it to various entities or pass through grants from GoI to various entities within the State as shown in **Tables 4.7** and **4.8**, despite specific from this office. Further, there was no mechanism in the State Government to watch the flow of pass through grants provided by the GoI. In the absence of such a mechanism, it is not possible to ascertain the

\_

<sup>&</sup>lt;sup>35</sup> Article 211-A of Andhra Pradesh Financial Code

amounts for which the State Government has to provide the utilization certificates.

#### 4.6.1 Grants-in-Aid received by the State Government from GoI

The details of Grants-in-Aid (GIA) received by the State Government from GoI during the period 2015-20 are given in **Table 4.7**.

Table 4.7: Details of Grants received by the State

					(₹ in crore)
Year	2015-16	2016-17	2017-18	2018-19	2019-20
Grants received by the State	21,927	23,346	22,761	19,457	21,876
%age of GIA to Revenue	24.73	23.59	21.66	16.97	19.70
Receipts of the State					

Source: Finance Accounts of respective years

#### 4.6.2 Grants-in-Aid given by the State Government

The details of Grants-in-Aid given by the State Government during the period 2015-20 are given in **Table 4.8**.

Table 4.8: Details of Grants given by the State

					(₹ in crore)
Year	2015-16	2016-17	2017-18	2018-19	2019-20
Grants given by the State	79,388	53,979	53,091	60,795	59,915
%age of GIA to Revenue Expenditure of	41.37	46.45	43.80	47.25	43.58
the State					

Source: Finance Accounts of respective years

In the absence of UCs, it could not be ascertained whether the grantees had utilised the grants for the purposes for which those were given. Non-explanation by the Departmental authorities as to how the Grants-in-Aid were spent over the years is a matter of concern, as it involves public funds provided to them for implementation of specific programmes/schemes and there is no assurance that the intended objectives of providing these funds have been achieved. In the absence of accountability for expenditure relating to funds provided as far back as five years, the possibility of fraud and/or misappropriation of these funds cannot be ruled out.

Despite drawing attention of the State Government to this issue year after year in the Audit Reports of the CAG, there has been no improvement.

### 4.7 Personal Deposit Accounts

#### 4.7.1 Personal Deposit Account framework

Personal Deposits (PD) are established in two ways:

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

As per the AP Financial Code, the purpose of PD Accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State. As per Article 271 (iii) (4)<sup>36</sup> of the AP Financial Code, Personal Deposit Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State<sup>37</sup>. The account may be opened again in the following year, if necessary, in the usual manner<sup>38</sup>.

State Government issued Orders<sup>39</sup> in 2019 regarding the mechanism for opening and operation of PD accounts. These orders specified that PD accounts are virtual bank accounts that were conceptualized by the Government to facilitate smooth operations at the field level for scheme implementation. Funds were given under the PD Accounts for specific purposes by debiting the service heads in the Consolidated Fund of the State and crediting the Personal Deposits under Major Head 8443-106-Personal Deposits. Unspent balances in the PD accounts, if any, at the end of the financial year should be lapsed by minus debiting the relevant service heads and debiting the PD accounts. Government (Cash and Debt Management section of Finance Department) sanctions the opening of a PD Account (copied to Accountant General (A&E)).

Article 202 of the Constitution of India provides for Legislative financial control over public expenditure through the Annual Financial Statement/Budget. Not transferring the unspent balances lying in PD accounts to Consolidated Fund before the closure of the financial year violates Legislative intent, which is to ensure that funds approved by it for the financial year are spent during the financial year itself. While Government orders indicate that ₹ 93,122.02 crore was transferred to PD Accounts during 2019-20, the amount actually made available in these accounts during the year was ₹ 38,599.99 crore. Of this, ₹ 6,727.92 crore was transferred in the month of March 2020.

Operation of PD Accounts lacked clarity and transparency as huge amounts were shown to have been transferred to these accounts during the year but were not actually made available to the departmental officials for incurring expenditure. The gap in the number of PD Accounts and the amount lying in these as per CFMS and Finance Accounts was stated by the Government to be primarily due to transferring of balances from old structure to the new structure outlined in Government Order of August 2019.

<sup>&</sup>lt;sup>36</sup> Memo. No. 1596/Accts./5y-4, Dt. 31-12-1959

<sup>37</sup> except, where personal deposits are created by Law or rules having the force of law for discharging the liabilities arising out of special enactments

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

<sup>&</sup>lt;sup>39</sup> G.O.Ms.No.99 of Finance Department, dated 14 August 2019

#### 4.7.2 Status of PD Accounts

#### 4.7.2.1 Status of PD Accounts as per Finance Accounts

The details of PD accounts operated during 2019-20 as per Finance Accounts are given in **Table 4.9**.

Table 4.9: Details of PD Accounts during 2019-20

(₹in crore)

Opening Balance as on 01 April 2019	Total amount transferred to PD accounts during 2019-20	Total withdrawals from PD Accounts during 2019-20	Closing Balance as on 31 March 2020
545.39	38,599.99	31,868.27	7,277.11

Source: Finance Accounts 2019-20; Note: Administrator wise details are not available in Finance Accounts

#### 4.7.2.2 Status of PD Accounts as provided by DTA

The details of PD accounts operated during 2019-20 as per the information provided by Director, Treasury and Accounts (DTA) are given in **Table 4.10**.

Table 4.10: Details of PD Accounts operated during 2019-20 as per DTA

Opening Balance as on 01 April 2019*		New PD Accounts opened during 2019-20	Total amount transferred to PD accounts during 2019- 20	No. of PD Accounts closed during 2019-20	Total withdrawals from PD Accounts during 2019- 20	Balar	osing nce as on arch 2020
Number	Amount ₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
297	425.07	1441	93,122.02	247	68,070.71	1491	25,476.38

Source: Data provided by Directorate of Treasury and Account (DTA);\* Difference of ₹38,072.44 crore in OB from CB of 2018-19 was due to clarification from the State Government that only the accounts under the head of Account 8443-106 shall constitute PD Account and all other deposit accounts have been omitted in the above table.

#### Significant variations between CFMS and Finance Accounts

As per the Comprehensive Financial Management System (CFMS) of Government of Andhra Pradesh, the total transfers and withdrawals from Personal Deposit Accounts for the year 2019-20 were ₹ 93,122.02 crore and ₹ 68,070.71 crore respectively, while Finance Accounts 2019-20 show these as ₹ 38,599.99 crore and ₹ 31,868.27 crore respectively resulting in huge variations to the extent of ₹ 54,522.03 crore in receipts and ₹ 36,202.44 crore in payments. The matter was taken up with the State Government for clarification in December 2020; reply is awaited (February 2021).

#### 4.7.3 Transfer of funds from Consolidated Fund to Personal Deposit Accounts

An amount of ₹ 38,599.99 crore was transferred to Personal Deposit Accounts from Consolidated Fund of the State during 2019-20 as per Finance Accounts. Out of this amount, ₹ 37,661.14 crore was transferred from Revenue Heads and ₹ 938.85 crore was transferred from Capital Heads of Consolidated Fund of the State.

Test check of PD Accounts revealed that, ₹ 3,806.20 crore was lying unspent at the end of 31 March 2020 (₹864.18 crore of this was transferred from Capital Heads). Clearly,

the unspent amount lying to the end of the year was not lapsed to Consolidated Fund of the State, resulting in overstatement of expenditure of the State to that extent.

Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts, without incurring actual expenditure, resulted in inflation of expenditure. Further, the drawals in the subsequent years from the PD Accounts would not require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism.

#### 4.7.4 Audit of Personal Deposit Accounts

As per Article 271(3) of AP Financial Code, Personal Deposit Accounts in connection with the working of schemes of commercial and quasi-commercial nature and schemes whose transactions spread over more than one financial year, need not be closed at the end of the financial year. Such Deposit Accounts should be closed when the need for them ceases. Test check of Personal Deposit Accounts of State Public Sector Undertakings revealed the following:

#### 4.7.4.1 Andhra Pradesh State Civil Supplies Corporation

During the year, State Government received an amount of ₹ 4,968.05 crore from Government of India towards implementation of Food Subsidy in Andhra Pradesh. Out of this amount, ₹ 3,343.69 crore was lapsed to Consolidated Fund of the State (as minus expenditure under the Major Head 2236- Nutrition) at the end of the financial year. This amounts to diverting the funds released by GoI for food subsidy for other than intended purposes.

#### 4.7.4.2 Andhra Pradesh State Housing Corporation Limited (APSHCL)

During the year 2019-20, ₹ 64.27 crore and ₹ 472.75 crore received as central and matching State share respectively, was credited to the PD Account of APSHCL for implementation of Pradhan Mantri Awas Yojana (PMAY). The entire amount, however, was lapsed to Consolidated Fund of the State (as minus expenditure under the Major Head 2216 - Housing) at the end of 2019-20. Thus the amount released by GoI for implementing a Centrally Sponsored Scheme was diverted by the State Government for other than intended purposes.

APSHCL raised a loan to the tune of ₹ 1,274.28 crore during 2019-20, from Housing Development Corporation (HUDCO) on the guarantee provided by the State Government (*Refer Para 2.7.4 on Off Budget Borrowings*). Out of the total loan amount, APSHCL deposited an amount of ₹ 900 crore in PD Account of APSHCL and thus the amount was made available for the utilisation of the State Government.

### 4.7.4.3 Andhra Pradesh Industrial Infrastructure Corporation

During the year 2019-20, APIIC credited (October 2019 and March 2020) ₹ 44.63 crore into PD Accounts on the orders of Finance Department to manage the ways and means position of the State and the same was lying unspent to the end of the year.

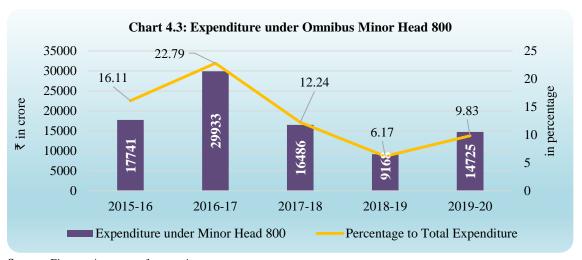
#### 4.7.4.4 Swachha Andhra Corporation

During the year 2019-20, Government of Andhra Pradesh credited an amount of ₹668.52 crore in the PD account of the Corporation out of which, ₹ 305.61 crore was GIA from GoI. Out of the total amount received, an amount of ₹ 194.52 crore was lapsed to Consolidated Fund (as minus expenditure under Major Head 2215- Water Supply and Sanitation) and the amount was diverted for other than intended purposes.

#### 4.8 Indiscriminate use of Omnibus Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions, and renders the accounts opaque.

During 2019-20, the State Government booked an expenditure of ₹ 14,725 crore under Minor Head 800 under 44 Major Heads of Revenue and Capital sections, constituting 9.83 *per cent* of total expenditure. The extent of operation of Minor Head 800 Other Expenditure, as a percentage of Total Expenditure during 2015-20 is given in *Chart 4.3*.



Source: Finance Accounts of respective years

The usage of Minor Head 800 – other expenditure during 2015-20 shows a mixed trend ranging from 22.79 *per cent* during 2016-17 to 6.17 *per cent* during 2018-19, before increasing to 9.83 *per cent* in 2019-20. Instances (₹ 300 crore and above) of substantial proportion of the expenditure within a given Major Head, classified under the Minor Head 800 – 'Other Expenditure', are given in **Table 4.11**.

Table 4.11: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2019-20

(₹ in crore)

Major Head	Expenditure under Minor Head 800	Total Expenditure under Major Head	Percentage of MH 800 to total expenditure under Major Head
2801 - Power	5,895.21	6,840.25	86.18
4070 - Capital Outlay on other Administrative Services	3,391.94	3,427.43	98.96
2401 - Crop Husbandry	983.78	1,021.47	96.39
4875 - Capital Outlay on other Industries	442.53	441.49	100.23
2875 - Other Industries	366.99	145.74	251.81

Source: Finance Accounts 2019-20

In the case of receipts, the operation of Minor Head 800 was lower compared to expenditure, and ranged between 5.80 *per cent* of total receipts in 2015-16 to a low of 1.16 *per cent* of total receipts during 2019-20. During 2019-20, the State Government classified receipts of ₹ 1,290.17 crore, pertaining to 41 Major Heads, under Minor Head '800 - Other Receipts'. Cases (₹ 50 crore and above) where substantial portion of receipts were classified under Minor Head 800 - 'Other Receipts', are given in **Table 4.12**.

Table 4.12: Significant receipts booked under Minor Head 800 – Other receipts during 2019-20

(₹ in crore)

Major Head	Receipts under Minor Head 800	Total Receipts under Major Head	Percentage of Total Receipts under Major Head
0075-Miscellaneous General Services	145.41	166.71	87.22
0070-Other Administrative services	148.12	237.02	62.50
1051-Ports and Light houses	99.60	99.60	100
0700-Major Irrigation	91.72	122.38	74.94

Source: Finance Accounts of respective years

## 4.8.1 Use of Omnibus Minor Head 800 despite availability of specific Minor Heads

The Omnibus Minor Head -800 was operated despite the availability of Specific Minor Head in the cases detailed in **Table 4.13**.

Table 4.13: Use of Omnibus Minor Head 800 despite availability/ instruction to open specific Minor Heads

Classification	Description of Sub-	Related	Related Specific	Amount			
under Minor	head used	specific Minor	Minor Head	(₹ in crore)			
Head 800		Head to be	Description				
		used					
Receipts	Receipts						
0700-01-800-02	Sale of water for other	0700-01-103	Sale of water for	0.47			
	purposes		other purposes				

Classification under Minor Head 800	Description of Sub- head used	Related specific Minor Head to be used	Related Specific Minor Head Description	Amount (₹ in crore)
0202-04-800-01	Receipts of the Department of Archaeology	0202-04-101	Archives and Museums	0.17
Expenditure				
2875-60-800-11- 16/17	AP Industrial Infrastructure Corporation and AP Handicrafts Development Coporation	2875-60-190	Assistance to Public Sector and other Undertakings	366.99
2801-05-800	YSR Nine hours free power Supply	2801-05	Under 2801-05: Each scheme should have separate minor head	4,031.56
6801-800-05	Loans to APTRANSCO for servicing loans taken by DISCOMs	6801-190	Loans to Public Sector Undertakings	4,689.67

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting as it would not indicate disaggregated information on different activities of the Government separately in the accounts and distorts proper analysis of allocative priorities and quality of expenditure.

State Government assured that corrective measures would be taken in ensuing budgets, to further reduce the usage of Minor Head 800.

## 4.9 Suspense and Remittance Balances

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. The position of balances under major suspense and remittance heads for the last three years is given in **Table 4.14**.

**Table 4.14: Balances under Suspense and Remittance Heads** 

(₹ in crore)

Minor Head	2017-18		2018-19		2019-20		
Major Head 8658 - Suspense	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
101 - PAO suspense	100.81	12.94	65.72	6.60	91.64	4.66	
Net	Dr. 87.87		Dr. 59.12		Dr. 86.98		
102 - Suspense Account-Civil	72.57	118.52	244.23	145.62	101.95	257.72	
Net	Cr. 45.95		Dr. 98.62		Cr. 155.57		
107 - Cash Settlement Suspense	0	0.45	0	0.45	0	0.45	
Account							
Net	Cr. 0.45		Cr. 0.45		Cr. 0.45		
109 - Reserve Bank Suspense -	21.16	7.36	14.64	7.92	13.71	7.92	
Headquarters							
Net	Dr.13.80		Dr. 6.71		Dr. 5.78		
110 - Reserve Bank Suspense -	295.76	141.83	252.37	82.73	216.97	83.03	
CAO							
Net	Dr. 153.93		Dr. 169.64		Dr. 133.93		
112 - Tax Deducted at Source	0	162.76	886.67	1114.9	886.67	1,907.2	
(TDS) Suspense				9		1	
Net	Cr. 162.76		Cr. 228.32		Cr. 1,020.54		
123 - A.I.S Officers' Group	0	0.45	0	0.45	0	0.48	
Insurance Scheme							
Net	Cr. 0.45		Cr. 0.45		Cr. 0.48		
Major Head 8782-Cash Remittances							
102 - P.W. Remittances	836.01	2,040.40	973.25	294.20	973.10	284.34	
Net	Cr. 1,204.39		Dr. 679.05		Dr. 688.76		
103 - Forest Remittances	483.96	617.41	438.96	617.55	439.12	617.44	
Net	Cr. 178.46		Cr. 178.59		Cr. 178.32		

Source: Finance Accounts of respective years

#### 4.9.1 PAO Suspense

This Minor Head is intended for the initial record of inter-Governmental transactions arising in the books of a Central PAO, Separate Accounts Officers of Union Territories and by Accountants General where the other party involved is a PAO. Separate subheads are opened under this Minor Head for each Accounts Officer with whom transactions are to be settled. This Minor Head is operated for settlement of amounts received by State from the Central Ministries/other Union Territories through Reserve Bank of India. Outstanding debit balances under this head indicate that payments have been made by the PAO on behalf of others which are yet to be recovered and credit balances represent the amounts yet to be paid.

As on 31 March 2020, there was a debit balance of ₹ 86.98 crore under this head of account. PAO Central Pensions, M/o Finance (₹ 48.65 crore Dr.), Regional PAO, M/o Shipping and Transport (₹ 50.95 crore Dr.) are the major entities from where State Government has to receive the funds.

#### 4.9.2 Suspense Account (Civil)

This Minor Head is operated by the Accountants General to accommodate provisionally the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents *viz.*, challans, vouchers etc. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively. Outstanding debit balance under this head implies 'payment made' but could not be debited to the final head of expenditure for want of certain particulars and outstanding credit balance represents the 'receipts' which could not be credited to final receipt head of account for want of details.

Major debit balance outstanding under this head was in respect of FA & CAO, South Central Railway (₹ 69.43 crore). Major Credit balance was shown towards unclassified receipts of ₹ 108.78 crore.

#### 4.9.3 Reserve Bank Suspense - CAO

Whenever transfer of substantial balances between Central and State Governments takes place on account of sanction of loan, Grants-in-aid etc., this Minor Head is operated to record the transactions before taking them to their final Head of Account. In case of sanction of loan to the State Government, on receipt of sanction from the PAO of the Ministry concerned, the State Accountant General gives credit to MH 6004 – Loans and Advances from the Central Government by debiting MH 8658 Suspense Account 110 RBS (CAO) and awaits adjustment memo from CAS, RBI, Nagpur. After receiving the adjustment memo from CAS, RBI, Nagpur the Suspense Account (MiH 110 – RBS (CAO) is cleared by minus debit to MH 8675-RBD-MiH 106 of the State. A credit balance under this Minor Head would mean that repayment of loan has not been taken to its final head and a debit balance means loan received from GoI was not booked under the concerned loan head (MH 6004).

As on 31 March 2020, there was debit balance of ₹ 133.93 crore under this suspense head, awaiting adjustment under Major Head 6004.

#### 4.9.4 Tax deducted at Source (TDS) suspense

This Minor Head is intended to accommodate receipts on account of Income tax deducted at source *viz.*, interest payments on State Government securities, salary bills of State Government employees and pension bills etc., by State Treasury officers/State Pay and Accounts Officers/ other Departmental officers who render compiled accounts of State Government as well as from interest payments on State Government securities made at Public Debt offices of the RBI in the books of State Accountant General to enable them to settle transactions with Zonal Accounts Officers concerned of Central Board of Direct Taxes by means of Cheques/Bank Drafts.

As on 31 March 2020, the State Government had a credit balance of ₹ 1,020.54 crore under '8658-112 – TDS Suspense', which indicates that, the tax recovered by the State Government is yet to be passed to Central Government.

#### 4.9.5 Remittance Heads

The departmental officers in the Public Works Departments and Forest Departments in the State Government are empowered to handle the receipts and disbursements in the divisions. For that purpose, they are operating the head '8782-Cash Remittances'. The net debit balances under this head indicates more deposits of the money in the treasury/bank by the Public Work divisions whereas the net credit balance under this head indicates the un-encashed cheques or items of adjustments to be carried out by the divisions with other Accounts officers.

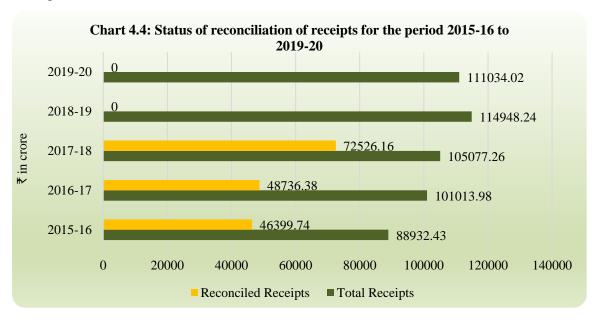
As on 31 March 2020, there was a debit balance of ₹ 688.76 crore under Public Works divisions and a credit balance of ₹ 178.32 crore under Forest Remittances.

## 4.10 Non-Reconciliation of receipts and expenditure

Generally Accepted Accounting Principles state that the purpose of 'account reconciliation' is to provide accuracy and consistency in financial accounts for which it is necessary to carry out periodic and regular reconciliation of accounts. Hence, Financial Rules/ instructions<sup>40</sup> stipulate that expenditure and receipts recorded in the books of Chief Controlling Officers (CCOs) be reconciled with Treasury by 4<sup>th</sup> of every month and every quarter during a financial year with those recorded in the books of the AG (A&E) to exercise effective control over budget and expenditure.

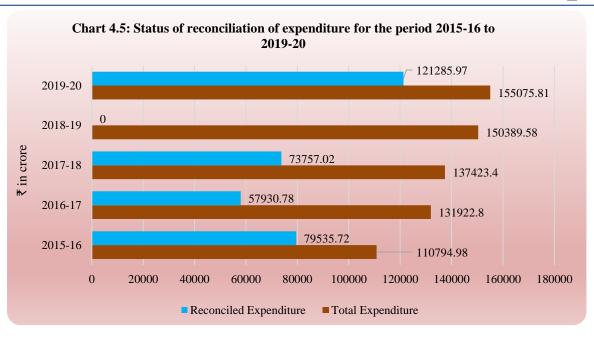
As of November 2020, expenditure amounting to ₹1,21,285.97 crore relating to the financial year 2019-20 was reconciled, which constituted 78.21 *per cent* of total expenditure<sup>41</sup> of the year. However, receipts were not reconciled during 2019-20.

The status of reconciliation of receipts and expenditure for the years 2015-16 to 2019-20 is given in *Charts 4.4* and *4.5*.



<sup>41</sup> Includes Revenue, Capital and Loans &Advances (₹ 1,55,075.81 crore)

<sup>&</sup>lt;sup>40</sup> Article 9 of Andhra Pradesh Financial Code and GO.Ms No. 42 of Finance Department Dated 13 April 2015



Source: Finance Accounts of respective years

It is evident that, more than 50 *per cent* of Receipts and Expenditure was reconciled during 2015-16 and 2017-18. During the year 2018-19, none of the CCOs have reconciled the receipts and Expenditure stating that CFMS being single source of truth, departmental reconciliation can be dispensed with. However, as CFMS is in the initial stage of implementation, AG (A&E) has proposed to continue departmental reconciliation. Although the State Government agreed to the proposal, they did not take any action for reconciliation of figures with the AG (A&E) during the year 2018-19.

During 2019-20, though 78 *per cent* of the expenditure was reconciled, CCOs have not reconciled their receipts with O/o AG (A&E).

Non-reconciliation of receipts and expenditure booked by the Controlling Officers of the State with the figures of the Accountant General (A&E) reflects poorly on the internal control system within the Government and raises concerns relating to accuracy of accounts.

#### 4.11 Compliance to Indian Government Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Andhra Pradesh in 2018-19 and deficiencies therein are detailed in **Table 4.15**:

**Table 4.15: Compliance to Accounting Standards** 

	Table 4.15: Compliance	to Accounting Sta	muarus
Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
IGAS 1: Guarantees given by the Government – Disclosure requirements	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Not complied (Statement Nos. 9 and 20 of Finance Accounts)	While the government has disclosed the maximum amount of guarantees given during the year, detailed information like number of guarantees for each institution was not furnished. The Statements are incomplete to that extent.  (Refer to Paragraph 2.8 for further audit findings on Guarantees)
IGAS 2: Accounting and Classification of Grants-in- Aid	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Not complied (Statement No. 10 of Finance Accounts)	State Government made budgetary provision and classified GIA amounting to ₹ 0.43 crore under Capital Major Heads of Account, instead of under the Revenue Section. It did not also furnish any information regarding GIA paid in kind during the year. (Refer to Table 1.9 of Paragraph 1.8.4 for further audit findings on impact of classifying Grants in Aid under Capital Section)  Non-compliance led to understatement of Revenue Deficit and overstatement of capital expenditure.
IGAS 3: Loans and Advances made by Governments	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Not complied (Statement No. 18 of Finance Accounts)	While the State government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the details of overdue Principal and interest was not furnished. Confirmation of balances of individual Loanee was not furnished. ( <i>Refer to Paragraph 2.5.4.2</i> for further audit findings on Loans and Advances)

Source: Indian Government Accounting Standards and Finance Accounts

# 4.12 Submission of Annual Accounts by Autonomous Bodies and Public Sector Undertakings (PSUs)

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

There were 35 ABs coming under the audit purview as per Section 19 or 20 of the CAG's DPC Act, which were required to submit their Annual Accounts to CAG before 30 June every year. There was a delay in submission of accounts by such entities to Audit ranging from one to eight years as of September 2020. Details of the periods up to which accounts were due and rendered are given in *Appendix 4.1*. Age-wise details are shown in **Table 4.16**.

Sl.No	Delay in Number of Years	No. of Bodies / Authorities
1	0-1	02
2	2-3	20
3	4-5	06
4	6-7	04
5	8 or more	03
	Total	35

**Table 4.16: Age-wise arrears of Annual Accounts** 

Further, in order to identify the institutions<sup>42</sup> which attract audit under Sections 14 of the CAG's (DPC) Act 1971, Rule 83 of the Regulations on Audit and Accounts (2007) mandates the Government/Heads of Department to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose of such assistance and the total expenditure of the institutions. However, the same was not being furnished by the State Government/HoDs. In the absence of such information, the bodies/authorities which attract audit under Section 14 of CAG's (DPC) Act, 1971 could not be ascertained by audit.

Apart from these authorities/bodies, Public Sector Undertakings established by the State are also to be audited by the C&AG<sup>43</sup>. Annual accounts of 210 such authorities/bodies (1623 Accounts) and 93 PSUs (185 Accounts) were not submitted to Audit as of September 2020. Details of the periods up to which accounts were due and rendered, based on the previous accounts received, are given in *Appendix 4.2* and *Appendix 4.3*.

Delay in submission of Accounts is being brought to the notice of the State Government periodically through Audit Reports. In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those Bodies/ Authorities and their accounting cannot be vouched. Apart from reflecting on the inadequate monitoring

<sup>&</sup>lt;sup>42</sup>Educational Institutions, Government Organisations, Autonomous bodies, etc.,

<sup>&</sup>lt;sup>43</sup> As per Section 19 of CAG's DPC act 1971

by the State Government, absence of accounts indicates lack of accountability from these bodies/authorities for the funds released by Government of Andhra Pradesh.

#### 4.13 Deposits of Local Funds

Andhra Pradesh Panchayat Act, 1994 provides that Zilla Praja Parishad (ZPP), Mandal Praja Parishad (MPP) and Gram/Village Panchayat (GP) would maintain ZPP, MPP and GP funds respectively (under the classification 8448 – Deposits of Local Funds – 109 – Panchayat Bodies Funds) which would include all the money realized or realizable under the Act and all money otherwise received by the PRIs, such as grants received from Central Finance Commission and State Government as part of the State Finance Commission award and its own revenue, which includes tax and non-tax receipts of a Panchayat.

Andhra Pradesh Municipalities Act, 1965 envisages that the Municipal Fund is to be held by the Municipality. All the money realized or realizable under the Act and all money otherwise received by the municipalities are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds – 102-Municipal Funds. The details of balances, receipts and payments under these funds are given in **Table 4.17**.

**Table 4.17: Deposits of Local Funds** 

(₹ in crore)

Year	Sl.No		2015-16	2016-17	2017-18	2018-19	2019-20
Gram Panchayat/	1	OB	1,827.46	1,646.46	2,104.93	1,825.39	1,540.04
Village Panchayat Fund	2	Receipts	1,737.16	2,166.62	2,185.08	1,764.20	322.50
(8448-109-01)	3	Payments	1,918.17	1,708.16	2,061.19	2,049.55	860.18
	4	СВ	1,646.46	2,104.93	2,228.82	1,540.04	1,002.37
Mandal Praja	5	OB	394.79	290.32	261.92	297.18	326.32
Parishad Funds (8448-109-02)	6	Receipts	228.33	219.02	789.06	1,036.60	271.60
(8446-109-02)	7	Payments	332.80	247.42	674.23	1,007.47	434.20
	8	СВ	290.32	261.92	376.75	326.32	163.72
Zilla Praja Parishad	9	OB	900.09	780.07	886.67	786.09	437.69
Funds (8448-109-03)	10	Receipts	329.93	525.11	475.16	194.63	62.23
(8446-109-03)	11	Payments	449.95	418.52	313.74	543.03	154.79
	12	СВ	780.07	886.67	1,048.09	437.69	345.13
Total PRI Funds	13 (4+8+12)		2,716.85	3,253.51	3,653.65	2,304.05	1,511.21
Municipal Funds	14	OB	1,691.39	1,875.87	3,670.50	3,434.47	2,806.92
(8448-102)	15	Receipts	1,824.40	4,181.94	4,236.34	4,431.57	4,021.78
	16	Payments	1,639.92	2,387.31	4,276.79	5,059.12	2,618.64
	17	СВ	1,875.87	3,670.50	3,630.05	2,806.92	4,210.06

Source: Finance Accounts of respective years

As is evident from the above table, there were huge funds lying unspent under Municipal Funds. During the year 2019-20, the closing balance of ₹ 4,210.06 crore under Municipal Funds includes ₹ 1,126.97 crore of XIV FC grants and ₹ 1,098.47 crore of unspent amount of Centrally Sponsored Schemes. An amount of ₹ 614.72 crore of XIV FC grants was lying unspent under the funds pertaining to Panchayat Raj Institutions. Further, under the classification 8448-04-109-05 under Deposits of Local Funds, there was also an amount of ₹ 1,770.61 crore pertaining to XIV FC grants to PRIs lying unspent to the end of 2019-20.

#### 4.14 Timeliness and Quality of Accounts

Principal Accountant General (A&E) receives the compiled accounts of the State from 13 District Treasuries, 19 Public Works Pay and Accounts Offices (PAOs) (out of which 16 PAOs also render Forest Accounts), other PAOs and Advices of the Reserve Bank of India. There was no exclusion of primary accounts during 2019-20.

Non-Submission of Utilisation Certificates, pendency in Detailed Contingent Bills, Non-Reconciliation of Receipts/Expenditure of the State, Discrepancies in Personal Deposit Accounts and Non-adherence to Indian Government Accounting Standards by the State Government affected the completeness, transparency and disclosure of Accounts.

# 4.15 Underutilisation of GoI share in respect of centrally sponsored schemes

Government of India released ₹ 16,608.72 crore and ₹ 11,781.33 crore towards implementation of 72 and 59 Centrally Sponsored Schemes during 2018-19 and 2019-20 respectively, to Andhra Pradesh as detailed in *Appendix 4.4* and *4.5*.

In respect of 30 of these schemes during 2018-19 and 32 schemes during 2019-20, the State Government expended 43.38 *per cent* and 59.68 *per cent* out of total GoI releases (₹ 4,514.95 crore and ₹ 5,961.71 crore respectively) towards implementation of the schemes, leaving the balance amount unutilised. The expenditure on these schemes was less than the contribution of GoI, which suggests that these schemes were not implemented as envisaged and Government of Andhra Pradesh did not contribute its matching share for these schemes.

State Government stated that a majority of GoI grants were received at the fag end of the year, which had resulted in underutilisation of those grants in the same financial year.

#### 4.16 Follow up action on Audit Reports

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

As on 31 March 2020, Finance Department has not furnished the Explanatory Notes (ENs) for the State Finances Audit Reports for the years 2016-17 and 2017-18. Recommendations of Public Accounts Committee (PAC) on Audit Reports on State Finances for the years 2014-15 and 2015-16 were placed before State Legislature on 06 February 2019.

#### 4.17 Conclusion

Operation of PD Accounts lacked clarity and transparency as huge amounts were shown to have been transferred to these accounts during the year but were not actually made available to the departmental officials for incurring expenditure. About one third of budgeted funds were shown as closing balance in PD Accounts while the State had huge Revenue Deficit. Further, there was a big gap in the number of PD Accounts and the amount lying in these as per CFMS and Finance Accounts, primarily due to transferring of balances from old structure to the new structure outlined in Government Order of August 2019. This requires reconciliation, as significant variations were observed between the balances of CFMS and of Finance Accounts. Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts without incurring actual expenditure, resulted in inflation of Expenditure. It is imperative to curtail the usage of Personal Deposit Accounts to maintain the sanctity of budgetary process.

Non-submission of accounts by Autonomous Bodies, Development Bodies/Authorities and PSUs was in violation of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government Departments.

Diversion of Grants-in-Aid provided by the Government of India for implementation of Centrally Sponsored schemes for other than intended purposes defeats the envisaged objectives of implementation of the schemes and could affect release of further grants from the GoI.

#### 4.18 Recommendations

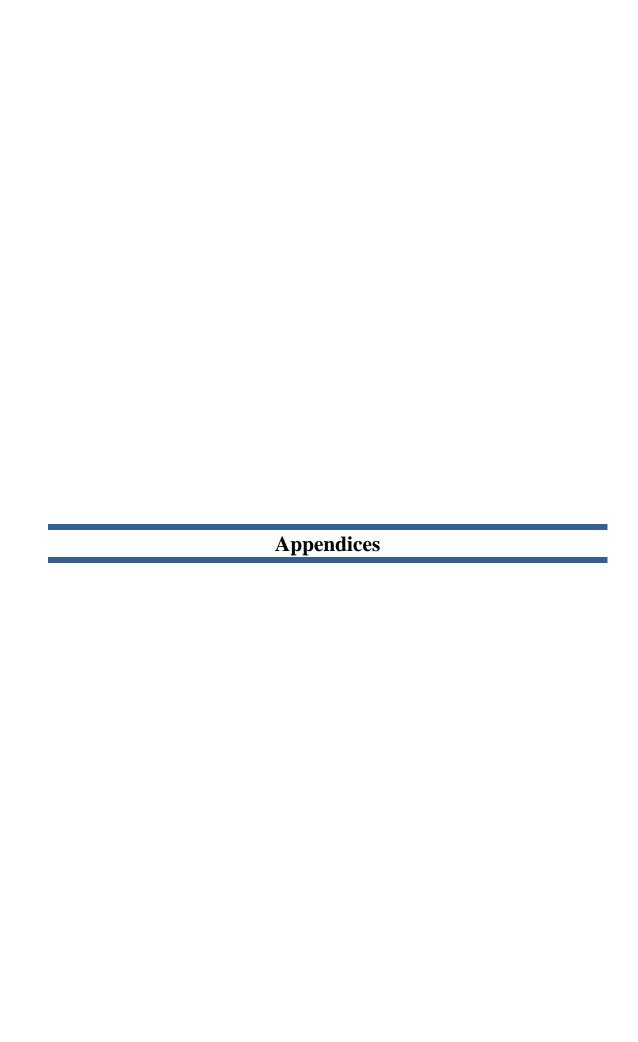
- 1. State Government should review all PD accounts to ensure that the funds lying unutilised in these accounts are immediately remitted to the Consolidated Fund of the State and initiate appropriate action against departmental officers who fail to comply with the rules.
- 2. State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission of UCs and DCC bills.
- 3. State Government should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in a time bound manner, to assess their financial position.

- 4. Internal control mechanism needs to be strengthened and the Government needs to formulate an action plan expeditiously to ensure that the Controlling Officers reconcile their figures of receipts and expenditure with those of the Principal Accountant General (A&E) at prescribed intervals, to provide transparency and accuracy in accounting of Government transactions.
- 5. State Government should discourage the use of omnibus Minor Head 800 and in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under this Head and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.

Hyderabad The 22-7-2021 (HEMA MUNIVENKATAPPA)
Accountant General (Audit)
Andhra Pradesh

Countersigned

New Delhi The 26-7-2021 (GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India



#### **Profile of State of Andhra Pradesh**

(Refer Para 1.1, Page 1)

A	General Data		
Sl.No	Particulars		Figures
1	Area		1,62,970
			Sq.Km.
2	Population		
	a. As per 2001 Census (Composite State)		7.62 crore
	b. As per 2011 Census(After re-organisation of	f the State on 02 June	5.27 crore
	2014)		
3	a. Density of Population (as per 2001 Census)		277 persons
	(All India Density = 325 persons per Sq. Km		per Sq.Km.
	b. Density of Population (as per 2011 Census) (	(After re-organisation	308 persons
	of the State on 02 June 2014)		per Sq.Km.
	(All India Density = 382 persons per Sq.Km		
4	Population Below Poverty Line (BPL) (All Indi	a Average=21.90 <i>per</i>	9.2 per cent
-	cent)	72.00	<b>67.00</b>
5	Literacy (as per 2011 Census) (All India Average	e=/3.00 per cent)	67.00 per cent
6	Infant Mortality (per 1000 live births)		32
7	(All India Average = 33 per 1,000 live births)	10	(0.40 *
7 8	Life Expectancy at birth (All India Average = 69		69.40 years*
8	Gross State Domestic Product (GSDP) 2019-20 a	at current price	₹ 9,72,782
9	Per capita GSDP CAGR (2011-12 to 2019-20)	Andhra Pradesh	11.83
)	in per cent	General Category	10.53
	in per cent	States Category	10.55
10	GSDP CAGR (2011-12 to 2019-20) in per cent	Andhra Pradesh	12.49
10	GSB1 CHOR (2011 12 to 2017 20) in per cent	General Category	11.98
		States	11.50
11	Population Growth (2011-20) rate in per cent	Andhra Pradesh	5.79
	, , , ,	General Category	10.98
		States	
В	Financial Data		
	Particulars	S	
	CAGR**	2018-19 to 20	019-20
		General Category	Andhra
		States	Pradesh
		(in <i>per ce</i>	
a.	of Revenue Receipts	2.08	-3.17
b.	of Own Tax Revenue	2.12	-0.74
c.	of Non Tax Revenue	23.44	-24.59
d.	of Total Expenditure	4.09	3.10
e.	of Capital Expenditure	-3.86	-38.72
f.	of Revenue Expenditure on Education	11.81	35.99
g.	of Revenue Expenditure on Health	9.48	1.51
h.	of Salary and Wages	9.51	6.17
i.	of Pension	9.74	13.69

**Source**: Economic Survey of Andhra Pradesh 2019-20; Data available in website of Ministry of Statistics and Programme implementation; Data provided by Economic Advisor to C&AG of India;

<sup>\*</sup> Figures pertain to Composite State of Andhra Pradesh

<sup>\*\*</sup> Compounded Annual Growth Rate

# Appendix 1.2 Time Series Data on State Government Finances (Refer Para 1.6, Page 8)

						(₹ in crore
		2015-16	2016-17	2017-18	2018-19	2019-20
Part	A. Receipts					
1	Revenue Receipts	88648	98984	105062	114671	111034
	(i) Tax Revenue	39907	44181	49486	58031	57601
	State Goods and Services Tax	-	-	10820	20611	20227
	Taxes on Sales, Trade, etc.	29104	32484	25335	21914	21410
	State Excise	4386	4645	5460	6220	6915
	Taxes on Vehicles	2082	2467	3039	3341	3279
	Stamps and Registration fees	3527	3476	4271	5428	5318
	Land Revenue	52	167	107	57	21
	Other Taxes	756	942	454	460	413
	(ii) Non Tax Revenue	4920	5193	3814	4396	3315
	(iii) State's share in Union taxes and duties	21894	26264	29001	32787	28242
	(iv) Grants in aid from GOI	21927	23346	22761	19457	21876
2	Misc. Capital Receipts	0	0	0	0	0
3	Recovery of Loans and Advances	285	2029	51	277	4355
4	Total revenue and Non-debt capital receipts (1+2+3)	88933	101013	105113	114948	115389
5	Public Debt Receipts	53681	59923	74063	97980	112428
	Internal Debt (excluding Ways and Means Advances and Overdraft)	21689	29955	27256	36122	50027
	Transactions under Ways and Means Advances and Overdraft	31307	29154	45861	59868	60371
	Loans and Advances from Government of India	685	814	946	1990	2030
6	Total receipts in the Consolidated Fund (4+5)	142614	160936	179176	212928	227817
7	Contingency Fund receipts	0	0	0	0	9
8	Public Account receipts	90912	98781	156918	99704	195579
9	Total receipts of Government (6+7+8)	233526	259717	336094	312632	423405
Part	B. Expenditure/Disbursements					
10	Revenue Expenditure	95950	116215	121214	128570	137475
	General Services (including interest payments)	28573	32786	39075	40790	45222
	Social Services	46449	50228	59159	64280	68101
	Economic Services	20812	33108	22894	23459	24136
	Grants-in-aid and contributions	116	93	86	41	16
11	Capital Expenditure	14171	15143	13491	19976	12242
	General Services	180	295	283	275	3752
	Social Services	2414	2431	2891	2866	2056
	Economic Services	11577	12417	10317	16835	6434
12	Disbursement of Loans and Advances	674	564	2781	1843	5356
13	Inter State Settlement	195	(-)1	8	26	3
14	Total (10+11+12+13)	110990	131921	137494	150415	155076

		2015-16	2016-17	2017-18	2018-19	2019-20
15	Repayment of Public debt	38445	34777	55081	73274	79366
	Internal Debt (excluding Ways and Means Advances and Overdraft)	4614	4876	8456	12800	17314
	Transactions under Ways and Means Advances and Overdraft	32603	29154	45630	59729	60741
	Loans and Advances from Government of India	1228	747	995	745	1311
16	Appropriation to Contingency Fund	0	0	0	0	0
17	Total disbursement out of Consolidated Fund (14+15+16)	149435	166698	192575	223689	234442
18	Contingency Fund disbursements	0	0	0	0	9
19	Public Account disbursements	79833	91259	146945	87076	182650
20	Total disbursements by the State (17+18+19)	229268	257957	339520	310765	417101
Part	C. Deficits					
21	Revenue Deficit (-)/Surplus (+) (1-10)	(-)7302	(-)17231	(-)16152	(-)13899	(-)26441
22	Fiscal Deficit (-)/Surplus (+) (4-14)	(-)22057	(-)30908	(-)32381	(-)35467	(-)39687
23	Primary Deficit (-)/Surplus (+) (22-24)	(-)12208	(-)19211	(-)18534	(-)20125	(-)22034
Part	D. Others	· · ·				
24	Interest Payments (included in revenue expenditure)	9849	11697	13847	15342	17653
25	Arrears of Revenue	0	0	0	0	0
	Percentage of Tax & Non Tax Revenue receipts	0	0	0	0	0
26	Financial Assistance to local bodies, other institutions <i>etc</i> .	39694	53979	53091	60795	59915
27	Ways and Means Advances/Overdraft availed (days)	267	259	231	250	221
28	Interest on Ways and Means Advances/ Overdraft	54	27	44	65	66
29	Gross State Domestic Product (GSDP)§	604229	684416	793186	862957	972782
30	Total Outstanding liabilities (year end)	173854	201314	223706	257510	301802
31	Outstanding guarantees^ (year end)	7059	9665	35964	49442	67171
32	Number of incomplete projects	274	271	*	N.A	100#
33	Capital blocked in incomplete projects	71154	54,132	43,032*	N.A	60,910#
Part	E: Fiscal Health Indicators (in per cent)					
I	Resource Mobilisation					
	Own Tax Revenue/GSDP	6.60	6.46	6.24	6.72	5.92
	Own Non-Tax Revenue/GSDP	0.81	0.76	0.48	0.51	0.34
	Central Transfers/GSDP	7.25	7.25	6.53	6.05	5.15
II	Expenditure Management					
	Total Expenditure/GSDP	18.37	19.27	17.33	17.43	15.94
	Total Expenditure/Revenue Receipts	125.20	133.28	130.87	131.17	139.67
	Revenue Expenditure/Total Expenditure	86.45	88.09	88.16	85.48	886.39
	Revenue Expenditure on Social Services/Total Expenditure	41.85	38.07	43.03	42.74	43.91

		2015-16	2016-17	2017-18	2018-19	2019-20
	Revenue Expenditure on Economic Services/Total Expenditure	18.75	25.10	16.65	15.60	15.56
	Capital Expenditure/Total Expenditure	12.77	11.48	9.81	13.28	7.89
	Capital Expenditure on Social and Economic Services/Total Expenditure	12.61	11.26	9.61	13.10	5.47
Ш	Management of Fiscal Imbalances					
	Revenue deficit (surplus)/GSDP	-1.21	-2.52	-2.04	-1.61	-2.72
	Fiscal deficit/GSDP	-3.65	-4.52	-4.08	-4.11	-4.08
	Primary deficit /GSDP	-2.02	-2.81	-2.34	-2.33	-2.27
	Revenue deficit/Fiscal deficit	33.11	55.75	49.88	39.19	66.62
	Primary Revenue Deficit(-) or Surplus (+)/GSDP	0.47	-0.51	-0.28	-0.20	-0.46
IV	Management of total Outstanding Liabilities	S				
	Total Outstanding Liabilities/GSDP	28.77	29.41	28.20	29.84	31.02
	Total Outstanding Liabilities/RR	196.12	203.38	212.93	224.56	271.81
V	Other Fiscal Health Indicators					
	Return on Investment	0.10	0.05	0.01	0.01	0.04
	Financial Assets/Liabilities	1.82	1.09	1.02	0.98	0.90

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

<sup>#</sup> State Government had furnished details only in respect of 97 Major and Medium Irrigation Projects and 3 Housing projects. The information is not exhaustive but is as furnished by the Departmental authorities.

<sup>^</sup> as disclosed in Budget documents.

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

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

### Appendix 1.3 Off-Budget Borrowings to the end of the year March 2020

(Refer Para 1.8.5, Page 16)

Sl.No	Name of the Institution	Amount as on 31 March 2020
1	AP State Housing Corporation	3,138.67
2	AP Capital Region Development Authority	4,849.20
3	AP Industrial Infrastructure Corporation	2,000.00
4	AP Road Development Corporation	3,098.23
5	AP State Road Transport Corporation	1,860.00
6	AP State Ware Housing Corporation	87.15
7	AP Township and Infrastructure Development Corporation	4,083.73
8	AP Drinking Water Supply Corporation	980.00
9	AP Rythu Saadhikaara Samstha	2,000.00
10	AP Water Resources Development Corporation	4,000.00
	Total	26,096.98

### Summarised position of Apportionment of Balances between Andhra Pradesh and Telangana as on 31 March 2020

(Refer Para 2.8, Page 55)

(₹ in crore)

Sl. No	Head of Account	Balance as on 01 June 2014	Balance allocated to Telangana	Balance allocated to Andhra Pradesh	Balance yet to be apportioned as on 31 March 2020
1	Capital Heads	1,51,349.67	0	0	1,51,349.67
2	Public Debt	1,66,522.32	69,479.48	97,123.93	(-)81.09
3	Loans and Advances	28,099.69	0	0	28,099.69
4	Small Savings, Provident Funds	14,077.84	6,097.54	7,980.30	0
5	Reserve Funds	2,459.06	1,008.81	1,450.25	0
6	Deposits and Advances	17,082.77	4,478.89	8,129.84	4,474.04
7	Suspense and Miscellaneous	6,234.24	2,495.81	3,500.43	238.00
8	Remittances	339.47	2.32	26.92	310.23

Source: Finance Accounts of respective years.

Appendix 3.1

### Cases of misclassification of revenue expenditure as capital expenditure during 2019-20 (₹ one crore and above in each case)

(Refer Para 3.7.2, Page 65)

(₹ in crore)

Sl. No	Grant No. and Name of the Grant	Classification	Budget Provision (O+S)	Expenditure	
Object Head 270- Minor works					
1	V Revenue, Registration Relief	4250-00-101-06-24-270	2.02	4.05	
2	XXXIII Major and Medium Irrigation	4700-01-112-11-26-270	2.19	1.53	
3	XXXIII Major and Medium Irrigation	4700-01-112-11-27-270	2.52	2.60	
4	XXXIII Major and Medium Irrigation	4700-01-120-11-27-270	500.00	283.74	
5	XXXIII Major and Medium Irrigation	4700-01-123-11-26-270	2.49	2.05	
6	XXXIII Major and Medium Irrigation	4700-01-123-11-27-270	2.47	1.80	
7	XXXIII Major and Medium Irrigation	4700-01-135-11-26-270	65.00	48.16	
8	XXXIII Major and Medium Irrigation	4700-01-137-11-26-270	541.89	541.32	
9	XXXIII Major and Medium Irrigation	4700-01-147-11-28-270	28.50	7.65	
10	XXXIII Major and Medium Irrigation	4700-01-157-11-27-270	15.00	14.32	
11	XXXIII Major and Medium Irrigation	4700-01-158-11-26-270	20.00	5.58	
12	XXXIII Major and Medium Irrigation	4700-01-161-11-26-270	2.00	2.00	
13	XXXIII Major and Medium Irrigation	4700-01-181-11-27-270	100.00	87.09	
14	XXXIII Major and Medium Irrigation	4801-01-101-11-26-270	3.11	1.80	
15	XXXIV Minor Irrigation	4702-00-101-11-12-270	3.10	2.32	
	Total (Object Head 270 –	Minor works)	1290.29	1006.01	

Source: Appropriation Accounts of 2019-20 and Grants Audit Register of 2019-20 compiled by O/o AG (A&E), AP.

# Appendix 3.2 Cases of un-utilised Supplementary provision (₹ one crore or more in each case) (Refer Para 3.8, Page 65)

Grant No.	Name of the Grant	Original	Supplementary	Total	Expenditure	Savings	Un-utilised
				Grant	F 2	Suvings	Supplementary Provision
enue Voted							
II	Governor and Council of Ministers	24.01	10.13	34.14	29.85	4.29	4.29
IV	General Administration and Elections	882.71	13.00	895.71	672.97	222.74	13.00
V	Revenue Registration and Relief	4,008.34	1,320.55	5,328.89	4,103.57	1,225.32	1,225.32
VI	Excise Administration	424.93	30.00	454.93	443.15	11.78	11.78
VIII	Transport Administration	641.97	1.38	643.35	147.30	496.05	1.38
XI	Roads, Buildings	2,322.41	642.39	2,964.80	1,941.39	1,023.41	642.39
XII	School Education	28,088.53	1.00	28,089.53	24,668.64	3,420.89	1.00
XVI	Medical and Health	8,958.25	366.83	9,325.08	7,224.42	2,100.66	366.83
XIX	Information and Public Relations	185.84	1.45	187.29	144.99	42.30	1.45
XXII	Tribal Welfare	1,965.93	444.94	2,410.87	2,179.76	231.11	231.11
XXV	Women Child and Disable Welfare	2,519.79	5.67	2,525.46	2,472.51	52.95	5.67
XXVI	Administration of religious endowments	430.28	26.42	456.70	394.04	62.66	26.42
XXVIII	Animal Husbandry and Fisheries	1,578.39	1.49	1,579.88	989.07	590.81	1.49
XXX	Cooperation	174.64	4.65	179.29	142.72	36.57	4.65
XXXI	Panchayat Raj	6,550.41	553.46	7,103.87	6,071.89	1,031.98	553.46
XXXII	Rural Development	23,271.30	1.88	23,273.18	4,493.43	18,779.75	1.88
XXXV	Energy Infrastructure and investment	6,588.91	245.00	6,833.91	6,826.23	7.68	7.68
nue Charg	ed						
II	Governor and Council of Ministers	5.98	14.46	20.44	11.56	8.88	8.88
	IV  VI  VIII  XII  XIII  XVIII  XXIVI  XXVIII  XXVV  XXVIII  XXXXII  XXXXII  XXXXII  XXXVIII  XXXXII  XXXVIII	II Council of Ministers  IV Administration and Elections  Revenue Registration and Relief  VI Excise Administration  VIII Transport Administration  XI Roads, Buildings  XII Education  XVI Medical and Health  Information and Public Relations  XXII Tribal Welfare  XXVI Women Child and Disable Welfare  XXVI Administration of religious endowments  XXVII Husbandry and Fisheries  XXX Cooperation  XXXII Panchayat Raj  XXXII Panchayat Raj  XXXII Rural Development  Energy  Infrastructure and investment  THUE Charged  Governor and Council of	II Council of Ministers  IV Administration and Elections Revenue Registration and Relief  VI Excise Administration VIII Transport Administration XI Roads, Buildings XII Education XII Medical and Health XII Information and Public Relations  XXII Tribal Welfare XXII Tribal Welfare XXVI Momen Child and Disable Welfare XXVI Administration XXVI Administration XXVI Tribal Welfare XXVI Tribal Welfare XXVI Administration of religious endowments XXVI Animal Husbandry and Fisheries XXX Cooperation XXXII Panchayat Raj XXXII Rural Development XXXII Rural Development XXXVI Energy Infrastructure and investment  THUE Charged  II Governor and Council of 5.98	II	II	II	II

Sl. No	Grant No.	Name of the Grant	Original	Supplementary	Total Grant	Expenditure	Savings	Un-utilised Supplementary Provision
19	V	Revenue Registration and Relief	11.16	3.87	15.03	10.30	4.73	3.87
20	X	Home Administration	0.00	1.55	1.55	1.02	0.53	0.53
21	XI	Roads Buildings	0.02	2.69	2.71	0.47	2.24	2.24
Cap	ital Voted							
22	XI	Roads Buildings	2,740.09	143.77	2,883.86	974.28	1,909.58	143.77
23	XVI	Medical and Health	2,440.68	229.96	2,670.64	204.41	2,466.23	229.96
24	XX	Labour and Employment	124.02	10.00	134.02	11.72	122.30	10.00
25	XXXI	Panchayat Raj	1,805.61	11.61	1,817.22	1,292.74	524.48	11.61
26	XXXVII	Tourism Art and Culture	17.60	4.83	22.43	9.40	13.03	4.83
Cap	ital Charge	d						
27	XXXIII	Major and Medium Irrigation	54.18	68.60	122.78	82.42	40.36	40.36
Loa	ns Voted						'	
28	IX	Fiscal Administration Planning, Surveys and Statistics	395.39	9.80	405.19	32.00	373.19	9.80
29	XXX	Cooperation	10.00	43.78	53.78	31.13	22.65	22.65
30	XXXV	Energy Infrastructure and investment	279.00	4,609.82	4,888.82	4,812.99	75.83	75.83
	To	tal	96,500.37	8,824.98	1,05,325.35	70,420.37	34,904.98	3,664.13

### Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary

(Refer Para 3.8.1, Page 66)

(₹ in crore)

		ı	I		(₹ in crore
Sl. No	No. and Name of the Grant	Original	Expenditure	Savings out of Original Provision	Supplementary Provision
Reve	enue Voted				
1	IV- General Administration and Elections	882.71	672.97	209.74	13.00
2	VIII- Transport Administration	641.97	147.30	494.67	1.38
3	XI- Roads, Buildings	2,322.41	1,941.39	381.02	642.39
4	XII- School Education	28,088.53	24,668.64	3,419.89	1.00
5	XVI- Medical and Health	8,958.25	7,224.42	1,733.83	366.83
6	XIX- Information and Public Relations	185.84	144.99	40.85	1.45
7	XXV-Women Child and Disable Welfare	2,519.79	2,472.51	47.28	5.67
8	XXVI- Administration of religious endowments	430.28	394.04	36.24	26.42
9	XXVIII-Animal Husbandry and Fisheries	1,578.39	989.07	589.32	1.49
10	XXX-Cooperation	174.64	142.72	31.92	4.65
11	XXXI-Panchayat Raj	6,550.41	6,071.89	478.52	553.46
12	XXXII- Rural Development	23,271.30	4,493.43	18,777.87	1.88
Reve	nue Charged				
13	V-Revenue Registration and Relief	11.16	10.30	0.86	3.87
Capi	tal Voted				
14	XI- Roads Buildings	2,740.09	974.28	1,765.81	143.77
15	XVI- Medical and Health	2,440.68	204.41	2,236.27	229.96
16	XX- Labour and Employment	124.02	11.72	112.30	10.00
17	XXXI- Panchayat Raj	1,805.61	1,292.74	512.87	11.61
18	XXXVII- Tourism Art and Culture	17.60	9.40	8.20	4.83
Loan	s Voted				
19	IX- Fiscal Administration Planning, Surveys and Statistics	395.39	32.00	363.39	9.80
	Total	83,139.07	51,898.22	31,240.85	2,033.46

Appendix 3.4

Cases where Supplementary provision (more than ₹ one crore) proved insufficient (Refer Para 3.8.1, Page 66)

(₹ in crore)

(₹ in										
Sl. No	No. and Name of the Grant	Original	Supplementary Provision	Total Grant	Expenditure	Excess				
Reve	Revenue Voted									
1	IX-Fiscal Administration Planning Surveys and Statistics	19,667.51	99.87	19,767.38	24,059.24	4,291.86				
2	XXI-Social Welfare	3,634.88	1,484.35	5,119.23	5,331.35	212.12				
3	XXIII- Backward Classes Welfare	7,215.86	4,900.75	12,116.61	13,460.28	1,343.67				
4	XXIV-Minority Welfare	912.42	528.20	1,440.62	1,569.60	128.98				
Reve	nue Charged									
5	III- Administration of Justice	34.69	4.76	39.45	50.88	11.43				
6	XXXVI-Industries and Commerce	0.00	5.05	5.05	5.21	0.16				
Publi	c Debt Charged									
7	IX-Fiscal Administration Planning Surveys and Statistics	13,395.00	23.27	13,418.27	79,366.17	65,947.90				
	Total	44,860.36	7,046.25	51,906.61	1,23,842.73	71,936.12				

#### Cases where re-appropriation (more than ₹ one crore) proved unnecessary

(Refer Para 3.9.1, Page 67)

Sl. No	Grant No. and Name of the Grant	Head of Account and nomenclature	Original	Supplementary	Expenditure		Re- appropriation
1	IX-Fiscal Administration Planning Surveys and Statistics	2049-01-200- 13- Interest on loans from the NABARD for RIDF Schemes	329.05	0.00	315.22	13.83	125.06
2	IX-Fiscal Administration Planning Surveys and Statistics	2049-01-200- 15- Interest on loans from LIC of India for execution of weaker sections Housing Schemes	7.50	0.00	7.26	0.24	4.06
3	IX-Fiscal Administration Planning Surveys and Statistics	2049-01-200- 42- Interest on NABARD Loans for Long Term Irrigation Fund (LTIF)	41.56	0.00	36.68	4.88	14.56
4	IX-Fiscal Administration Planning Surveys and Statistics	2052-00-090- 06- Finance Department	30.22	0.00	19.86	10.36	1.27
5	IX-Fiscal Administration Planning Surveys and Statistics	2071-01-101- 04- Service Pensions — Pension allocable between successor states of AP and Telangana in the ratio of 58.32:41.68	7,076.42	0.00	6,774.35	302.07	30.75
6	IX-Fiscal Administration Planning Surveys and Statistics	2071-01-109- 04- Pensions to Non- Government School Teachers – Pensions allocable	991.50	0.00	721.74	269.76	3.21

SI No		Head of Account and nomenclature	Original	Supplementary	Expenditure		Re- appropriation
		between successor States of Andhra Pradesh and Telangana in the ratio of 58.32 : 41.68					
,	6	6003-00-105- 02- Loans from RIDF for completion of Irrigation Projects and other schemes	700.00	0.00	684.74	15.26	111.91
\$	IX-Fiscal Administration Planning Surveys and Statistics	6003-00-109- 17- Loans from Andhra Pradesh State Rural Roads Development Agency (HUDCO)	6.25	0.00	6.23	0.02	1.56
٩	IX-Fiscal Administration Planning Surveys and Statistics	6003-00-109- 18- Loans fro Andhra Pradesh State water and sanitary Mission (HUDCO)	12.00	0.00	8.05	3.95	2.01
10	Ü	6003-00-109- 19- Loans fro Andhra Pradesh Road Development Corporation (HUDCO)	16.25	0.00	16.24	0.01	4.06
11	XI-Roads, Buildings	5054-04-337- 40-Andhra Pradesh Road Sector Project (PPP – Facilitation Support)	0.00	0.00	0.00	0.00	5.77
12	XXI- Social Welfare	2225-01-001- 01- Headquarters office	10.45	0.00	7.71	2.74	164.88
13	XXII- Tribal Welfare	2225-02-190- 05- Financial	61.46	0.00	33.73	27.73	31.49

Sl. No	Grant No. and Name of the Grant	Head of Account and nomenclature	Original	Supplementary	Expenditure	_	Re- appropriation
		Assistance to Public sector and other Undertakings					
14	XXXI- Panchayat Raj	2515-00-198- 53- Grama Sachivalayam	600.00	548.46	953.39	195.07	404.93
	Total		9,882.66	548.46	9,585.20	845.92	905.52

Source: Appropriation Accounts of 2019-20 and Grants Audit Register of 2019-20 compiled by O/o AG (A&E), AP.

#### Cases where re-appropriation (more than $\overline{\P}$ one crore) proved excessive

(Refer Para 3.9.1, Page 67)

(₹ in crore)

S	I. Grant No. o and Name of the Grant	Head of Account and nomenclature	Original	Supplemen tary	Re- appropriation	Net Provision	Expenditure	Final Saving i.e Excessive Re- appropriat on
-	IX-Fiscal Administrat ion Planning Surveys and Statistics	2071-01-117- 05- Contribution to Contribution pension scheme of Andhra Pradesh Aided Educational Institution Employees	1.38	0.00	3.86	5.24	3.87	1.37
2	X- Home Administrat ion	2055-00-117- 06- Organisation of Counter Terrorist Operations (OCTOPUS)	41.93	0.00	5.86	47.79	43.64	4.15
	XVII- Municipal Administrat ion and Urban Developme nt	2217-80-193- 05- Finance Commission Grants	41.18	0.00	112.11	153.29	108.21	45.08
4	XXIII- Backward Classes Welfare	2225-03-277- 24- Jagananna Vidya Deevena Economically Backward Classes (EBC) Students	717.75	0.00	1,029.74	1,747.49	1,586.74	160.75
	То	tal	802.24	0.00	1,151.57	1,953.81	1,742.46	211.35

Source: Appropriation Accounts of 2019-20 and Grants Audit Register of 2019-20 compiled by O/o AG (A&E), AP.

# Cases where re-appropriation (more than ₹ one crore) proved in-sufficient (Refer Para 3.9.1, Page 67)

Sl. No	Grant No. and Name of the Grant	Head of Account and nomenclature	Original	Supplement ary	Re- appropriation	Net Provision	Expenditure	Final Excess(+)/ Savings(-)
1	IX-Fiscal Administratio n Planning Surveys and Statistics	2071-01- 101-24- Pension Allocable to Successor state of Andhra Pradesh	65.54	0.00	37.19	102.73	3,709.47	3,606.74
2	IX-Fiscal Administratio n Planning Surveys and Statistics	varue or	97.34	0.00	38.78	136.12	610.77	474.65
3	IX-Fiscal Administratio n Planning Surveys and Statistics	anocaoic to	106.72	0.00	52.38	159.10	653.48	494.38
4	IX-Fiscal Administratio n Planning Surveys and Statistics	pension	224.63	0.00	4.37	229.00	1,269.41	1,040.41
5	IX-Fiscal Administratio n Planning Surveys and Statistics	anocaoic to	3.03	0.00	2.46	5.49	6.67	1.18
6	IX-Fiscal Administratio n Planning Surveys and Statistics	Circustifficit	138.65	0.00	38.08	176.73	487.94	311.21

Sl. No	Grant No. and Name of the Grant	Head of Account and nomenclature	Original	Supplement ary	Re- appropriation	Net Provision	Expenditure	Final Excess(+)/ Savings(-)
		state of Andhra Pradesh						
7	XVII- Municipal Administrati on and Urban Developmen t	2217-80- 191-10- Smart Cities	150.00	0.00	54.48	204.48	1,123.00	918.52
8	XXIII- Backward classes welfare	2225-03- 190-04- Financial Assistance to Andhra Pradesh State Backward Classes Co- operative Finance Corporation	315.00	4,225.00	2,244.99	6,784.99	9,155.82	2,370.83
9	XXIV- Minority welfare	2225-04- 190-05- Assistance to Andhra Pradesh State Minorities Finance Corporation Ltd.	15.00	509.00	561.92	1,085.92	1,296.65	210.73
	Tota	l	1,115.91	4,734.00	3,034.65	8,884.56	18,313.21	9,428.65

Source: Appropriation Accounts of 2019-20 and Grants Audit Register of 2019-20 compiled by O/o AG (A&E), AP.

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

(Refer Para 3.9.3, Page 68)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
Rev	enue Voted				
1	X-Home Administration	6,934.94	893.15	888.74	4.41
2	XVI-Medical and Health	9,325.08	2,100.66	2,070.66	30.00
3	XXII-Tribal Welfare	2,410.87	231.11	199.15	31.96
4	XXV-Women Child and Disable Welfare	2,525.46	52.95	48.11	4.84
5	XXVII-Agriculture	17,568.00	10,762.68	10,753.71	8.97
6	XXVIII-Animal Husbandry and Fisheries	1,579.88	590.81	580.81	10.00
7	XXXI-Panchayat Raj	7,103.87	1,031.98	424.52	607.46
8	XXXII- Rural Development	23,273.18	18,779.75	18,778.75	1.00
Cap	ital Voted				
9	IX-Fiscal Administration Planning Surveys and Statistics	624.08	595.09	566.09	29.00
10	XXXVI-Industries and Commerce	1,449.52	971.52	938.38	33.14
11	XXXVII- Tourism, Art and Culture	22.43	13.03	8.56	4.47
Loa	ns Voted				
12	IX-Fiscal Administration Planning Surveys and Statistics	405.19	373.19	0.00	373.19
	Total	73,222.50	36,395.92	35,257.48	1,138.44

#### Appendix 3.9 Excess Expenditure during 2019-20 (Refer Para 3.11.1, Page 71)

(₹ in crore)

Sl.	Grant	Name of the Grant/Appropriation	Total	Expenditure	Excess	Reasons for
No.	No.		Grant			excess expenditure
						expenditure
1	III	Administration of Justice (RC)	39.45	50.88	11.43	
2	IX	Fiscal Administration Planning Surveys and Statistics (RV)	19,767.38	24,059.24	4,291.86	
3	IX	Fiscal Administration Planning Surveys and Statistics (RC)	16,452.35	17,655.00	1,202.65	Specific
4	IX	Fiscal Administration Planning Surveys and Statistics (PDC)	13,418.27	79,366.17	65,947.90#	reasons for excess were not intimated
5	XVII	Municipal Administration and Urban Development (RV)	4,894.07	5,738.56	844.49	by Government.
6	XXI	Social Welfare (RV)	5,119.23	5,331.35	212.12	
7	XXIII	Backward Classes Welfare (RV)	12,116.61	13,460.28	1,343.67	
8	XXIV	Minority Welfare (RV)	1,440.62	1,569.60	128.98	
9	XXXVI	Industries and Commerce (RC)	5.05	5.21	0.16	
		Total	2,48,278.85	2,48,636.06	73,983.26	

**Source:** Appropriation Accounts of 2019-20; RV-Revenue Voted; RC- Revenue Charged, PDC-Public Debt Charged. #Including excess on account of Ways and Means of Advance of ₹ 60,740.83 crore.

## ${\bf Appendix~3.10} \\ {\bf Excess~over~provision~of~previous~years~requiring~regularisation}$

(Refer Para 3.11.3; page 72)

Year	Number of Grants/	Section	Grant/Appropriation numbers	Amount of excess	
	Appropriations			CACCSS	
2004-05	5 Grants	Revenue:	VIII, XIX and XL		
		Capital:	XVI		
		Loans:	XXXVI	14.83	
	1 Appropriation	Revenue:	XXXVI		
2005-06	10 Grants	Revenue:	X, XI, XIX and XXXI		
		Capital:	VIII, XIII, XVII, XXXII and XXXIII	585 82	
		Loans:	XVII	585.82	
	3 Appropriations	Revenue:	II, XVI and XXVIII		
2006-07	7 Grants	Revenue:	IX, X, XI and XIV		
		Capital:	XVII and XXIX	100.72	
		Loans:	XXVII	198.72	
	1 Appropriation	Revenue:	III		
2007-08	7 Grants	Revenue:	X, XI and XXXII		
		Capital:	XVII, XXXIII and XXXV	204.20	
		Loans:	XXXVI	201.30	
	3 Appropriations	Revenue:	II, IV and XIV		
2008-09	11 Grants	Revenue:	II,V, XI, XXIV, XXVI and XXXI		
Capital: XVII and XXXIX Loans: XIX, XXVII and XXXVI		XVII and XXXIX	700.24		
		Loans:	XIX, XXVII and XXXVI	709.24	
	3 Appropriations	Revenue:	II, III and XIII		
2009-10	10 Grants	Revenue:	III and XIX		
		Capital:	IV, VII, X, XVII and XXIX	100.74	
		Loans:	XI, XVI and XVII	109.74	
	2 Appropriations	Revenue:	VII and XIII		
2010-11	11 Grants	Revenue:	X and XXIV		
	Capital: X, XVII, XXVII and XXXVI		X, XVII, XXVII and XXXVI		
5 Appropriations		Loans:	XI, XV, XVI, XVII and XXXV	867.54	
		Revenue:	IV, V, X and XVII	331.51	
		Capital:	XI		
2011-12	5 Grants	Revenue:	X and XXIV		
		Capital:	XVII	10	
		Loans:	IX and XV	188.59	
	2 Appropriations	Revenue:	XXIII and XXV		
2012-13	5 Grants	Revenue:	X, XI, XVII and XXXIX		
		Capital:	XXIX	275.63	
	1 Appropriation	Revenue:	XVI		
2013-14	4 Grants	Revenue:	X, XI		
		Capital:	XVII and XXIX	530.12	
	1 Appropriation	Revenue:	XVI		
2014-15	26 Grants	Revenue:	II,V,VI, XI, XIX, XX,		
			XXV,XXVI,XXVII, XXXI, XXXII,	13,134.68	
		0 : :	XXXIV, XXXV and XXXVI	15,154.08	
		Capital:	V,VIII,X,XI,XII,XVI,XVIII and XXXV		

Year	Number of Grants/	Section	Grant/Appropriation numbers	Amount of	
	Appropriations			excess	
		Loans:	IX,XVII,XXIX and XXXVI		
	2 Appropriations	Revenue:	III		
		Loans:	IX		
2015-16	15 Grants	Revenue	II,V,VII,IX,XI,XV, XIX, XX, XXX and XXXVIII		
		Capital	XXIX and XXXIV	36,856.98	
		Loans	IX,XVII and XXVIII		
	2 Appropriations	PDC	IX and XL		
2016-17	4 Grants	Revenue	XI and XL		
		Capital	XIV and XXIX	1,686.83	
	1 Appropriation	PDC	IX		
2017-18	3 Grants	Revenue	II and XI		
		Capital	XXXIX	47 144 52	
	2 Appropriations	Capital	XXXI	47,144.53	
		PDC	IX		
2018-19	2 Grants	Revenue:	IX		
	2 Grants	Loans	IX	64.005.69	
	2 Ammonwiations	Revenue	IX	64,005.68	
2 Appropriations		PDC	IX		
Total 1					

Source: Appropriation Accounts of respective years

### Amount of excess expenditure relating to the years 2014-15 to 2018-19 for which ENs were not furnished

(Refer Para 3.11.3; page 73)

#### (₹in crore)

Year	Number of Grants/ Appropriations			Amount of Excess expenditure reported	Amount for which ENs furnished	Amount for which ENs are yet to be furnished to Audit
2014-15	26 Grants Appropriations	and	2	13,134.68	13,134.68	0
2015-16	15 Grants Appropriation	and	one	36,856.98	36,856.98	0
2016-17	4 Grants Appropriation	and	one	1,686.83	1,686.08	0.75
2017-18	Three Grants Appropriations	and	two	47,144.53	0	47,144.53
2018-19	Two Grants Appropriations	and	Two	64,005.68	0	64,005.68
Total			1,62,828.70	51,677.74	1,11,150.96	

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

# Statement showing submission of accounts and status of Audit of Autonomous Bodies (Section 19, 20 of DPC Act 1971)

(Refer Para 4.12, Page 97)

Sl. No.	Name of Body/Authority	Period of entrustment up to	Year up to which accounts were rendered	Placement of SAR in the Legislature	No. of accounts to be submitted to Audit
1.	AP State Legal Services Authority, Hyderabad	Not required as per	2014-15	Not placed in the Legislature	5 (2015-16 to 2019-20)
2.	District Legal Services Authority, Anantapur	Section 18 of Legal	2017-18		2 (2018-19 & 2019-20)
3.	District Legal Services Authority, chittoor	Services Act, 1987	2017-18		2 (2018-19 & 2019-20)
4.	District Legal Services Authority, East Godavari		2017-18		2 (2018-19 & 2019-20)
5.	District Legal Services Authority, Guntur		2017-18		2 (2018-19 & 2019-20)
6.	District Legal Services Authority, Krishna		2016-17		3 (2017-18 to 2019-20)
7.	District Legal Services Authority, Kadapa		2018-19		1 (2019-20)
8.	District Legal Services Authority, Kurnool		2017-18		2 (2018-19 & 2019-20)
9.	District Legal Services Authority, Nellore		2017-18		2 (2018-19 & 2019-20)
10.	District Legal Services Authority, Prakasam		2016-17		3 (2017-18 to 2019-20)
11.	District Legal Services Authority, Srikakulam		2016-17		3 (2017-18 to 2019-20)
12.	District Legal Services Authority, Visakhapatnam		2015-16		4 (2016-17 to 2019-20)
13.	District Legal Services Authority, Vizianagaram		2016-17		3 (2017-18 to 2019-20)
14.	District Legal Services Authority, West Godavari		2016-17		3 (2017-18 to 2019-20)
15.	AP Building and Other Construction Workers Welfare Board, Hyderabad		2014-15 (Up to 01.06.2014)	Not placed in the Legislature	6 {(2014-15 (2.6.2014 to 31.03.2015) to 2019-20}
16.	AP Real Estate Regulatory Authority		2018-19	First Audit	1 ( 2019-20)
17.	Visakhapatnam Urban Development Authority	Up to 2021-22	2016-17	2014-15	3 (2017-18 to 2019-20)
18.	Tirupathi Urban Development Authority	Up to 2021-22	2017-18	2015-16	2 (2018-19 & 2019-20)
19.	Capital Region Development Authority (CRDA) (Formerly VGTMUDA),Vijayawada#	Up to 2018-19	2016-17	2010-11	2 (2018-19 & 2019-20)
20.	Putaparthi Urban Development Authority	2005-06 Onwards	*	*	15 (2005-06 to 2019-20)
21.	Godavari Urban Development Authority (GUDA)	2017-18 to 2021-22	Entrustment orders received in		3 (2017-18 to 2019-20)

Sl. No.	Name of Body/Authority	Period of entrustment up to	Year up to which accounts were rendered	Placement of SAR in the Legislature	No. of accounts to be submitted to Audit
22.	Kurnool Urban Development Authority (KUDA)	2017-18 to 2021-22	the year 2019-20 and want of accounts		3 (2017-18 to 2019-20)
23.	Machilipatnam Urban Development Authority (MUDA)	2017-18 to 2021-22	called for, Accounts not		3 (2017-18 to 2019-20)
24.	Nellore Urban Development Authority (NUDA)	2017-18 to 2021-22	received in complete shape.		3 (2017-18 to 2019-20)
25.	Anantapuramu- Hindupur Urban Development Authority (AHUDA)	2017-18 to 2021-22			3 (2017-18 to 2019-20)
26.	Integrated Tribal Development Agency, Kotaramachandrapuram	2012-13 onwards	2014-15		5 (2015-16 to 2019-20)
27.	Integrated Tribal Development Agency, Parvathipuram	2012-13 onwards	2015-16		4 (2016-17 to 2019-20)
28.	Integrated Tribal Development Agency, Seethampeta	2012-13 onwards	2011-12		8 (2012-13 to 2019-20)
29.	Integrated Tribal Development Agency, Paderu	2012-13 onwards	2014-15		5 (2015-16 to 2019-20)
30.	Integrated Tribal Development Agency, Rampachodavaram	2012-13 onwards	2014-15		5 (2015-16 to 2019-20)
31.	Integrated Tribal Development Agency, Srisailam	2012-13 onwards	2013-14		6 (2014-15 to 2019-20)
32.	Integrated Tribal Development Agency, SPSR Nellore	2012-13 onwards	2011-12		8 (2012-13 to 2019-20)
33.	Andhra Pradesh Vaidya Vidhana Parishad, Guntur	2015-16 to 2019-20	2013-14	2007-08	6 (2014-15 to 2019-20)
34.	Andhra Pradesh Khadi and Village Industries Board(APKVIB), Guntur	2014-15 to 2019-20	2013-14	2013-14	6 (2014-15 to 2019-20)
35.	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority (AP CAMPA), Guntur	2014-15 to 2018-19	2016-19	No Provision of placement in legislature as per CAMPA guidelines	3 (2017-18 to 2019-20)

<sup>\*</sup>Note- In respect of PUDA, though the accounts were submitted, details regarding constitution of Board Resolutions passed etc have not been received. The same was communicated to the Authority for furnishing and the same are awaited. Till such time this is treated as non submission of Accounts

<sup>#</sup> APCAMPA-Central Government notified that the CAMPA Act, 2016 come into force w.e.f 30.09.2018 the arrears of accounts is treated due till the year 2019-20. In this regard, the audit entrusted as such by the Parliament in nature and does not require re-entrustment.

### **Appendix 4.2 Statement of PSUs whose accounts have not been received**

(Refer Para 4.12, Page 97)

Sl.	Name of the PSU	Years for which	No. of annual
No.	Name of the FSO	accounts had not	accounts in
		been received	arrears as of
			September 2020
1.	Andhra Pradesh Aviation Corporation Limited	2006-07 to 2019-20	14
2.	Vijayawada Urban Transport Company Limited	2012-13 to 2019-20	08
3.	Andhra Pradesh Forest Development Corporation Limited	2014-15 to 2019-20	06
4.	Andhra Pradesh Handicrafts Development Corporation Limited	2014-15 to 2019-20	06
5.	Andhra Pradesh Industrial Development Corporation Limited	2014-15 to 2019-20	06
6.	Andhra Pradesh State Christian (Minorities) Finance Corporation	2014-15 to 2019-20	06
7.	Andhra Pradesh State Housing Corporation Limited	2014-15 to 2018-19	05
8.	Andhra Pradesh Rajiv Swagruha Corporation Limited	2014-15 to 2019-20	06
9.	Andhra Pradesh Mineral Development Corporation Limited	2015-16 to 2019-20	05
10	Andhra Pradesh State Warehousing Corporation	2015-16 to 2019-20	05
11	Andhra Pradesh Tourism Development Corporation Limited, Vijayawada	2016-17 to 2019-20	04
12	Andhra Pradesh Beverages Corporation Limited, Guntur	2016-17 to 2019-20	04
13	Andhra Pradesh Kapu Welfare and Development Corporation Ltd., Vijayawada	2017-18 to 2019-20	03
14	Leather Industries Development Corporation of Andhra Pradesh, Guntur	2016-17 to 2019-20	04
15	Ongole Iron Ore Mining Company Limited, Hyderabad	2019-20	01
16	Rythu Sadhikara Samstha	2018-19 & 2019-20	02
17	Kakinada Smart City Corporation Limited	2016-17 to 2019-20	04
18	Andhra Pradesh State Police Housing Corporation Limited	2018-19 & 2019-20	02
	Andhra Pradesh Tribal Power Company Limited	2017-18 to 2019-20	03
	AP Airports Development Corp Ltd.	2018-19 & 2019-20	02
21	Eluru Smart City Corporation Limited	2017-18 to 2019-20	03
22	Development Corp Ltd	2015-16 to 2019-20	05
	Amaravati Development Corporation Limited	2019-20	01
24	Livestock Limited.	2018-19 & 2019-20	02
25	Corporation Limited	2019-20	01
	Andhra Pradesh State Civil Supplies Corporation Limited	2018-19 & 2019-20	02
	Swachha Andhra Corporation Limited	2018-19 & 2019-20	02
	Andhra Pradesh Medtech Zone Limited	2018-19 & 2019-20	02
29	Andhra Pradesh State Minorities Finance Corporation Limited	2019-20	01
	Andhra Pradesh Technological Services Limited	2018-19 & 2019-20	02
	Andhra Pradesh Towers Limited	2018-19 & 2019-20	02
32	Corporation Ltd	2018-19 & 2019-20	02
33	Krishnapatnam international Leather complex Private	2018-19 & 2019-20	02

Sl. No.	Name of the PSU	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2020
2.4	Limited	2010.20	
34	New and Renewable energy Development Corp of AP Limited	2019-20	
35	Vizag Apparel park for Exports	2018-19 & 2019-20	02
	ABCNEXT (India) Pvt Ltd.	2019-20	
	Andhra Pradesh Content Corporation Ltd.	2018-19 & 2019-20	02
38	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited.	2018-19 & 2019-20	02
39	Andhra Pradesh Mahila Sadhikara Samstha	2018-19 & 2019-20	02
40	Andhra Pradesh State Mega Seeds Park Limited	2018-19 & 2019-20	02
41	Bhavani Island Tourism corporation Ltd.	2018-19 & 2019-20	02
42	Infrastructure corporation of Andhra Pradesh Limited	2019-20	01
	Andhra Pradesh State Financial corporation (Corp)	2019-20	01
44	Andhra Pradesh State Skill development Corporation Limited	2019-20	01
45	Greater Visakhapatnam Smart City Corporation Ltd	2019-20	01
46	Andhra Pradesh Brahmin Welfare Corporation Limited	2019-20	01
47	Andhra Pradesh Center for Financial System & Services	2019-20	01
48	Andhra Pradesh State Agro Industries Corporation	2019-20	01
49	Foundation of Leadership, Excellence and Governance	2019-20	01
50	AIC-AMTZ Medi Valley Incubation Council	2019-20	01
51	Bio Valley Incubation council	2019-20	01
52	.,	2019-20	01
53	Overseas Manpower Corporation of Andhra Pradesh	2019-20	01
54	Amaravati Smart and Sustainable City Corporation Ltd	2017-18 to 2019-20	03
55	Andhra Pradesh Drinking Water Supply	2017-18 to 2019-20	03
56	Andhra Pradesh MSME Development Corporation	2018-19 & 2019-20	02
57		2018-19 & 2019-20	02
58		2017-18 to 2019-20	03
59	•	2017-18 to 2019-20	03
60	1 1 1	2017-18 to 2019-20	03
61	Zone Ltd	2016-17 to 2019-20	04
62	8	2019-20	01
63	Chittoor Industrial Node Development corporation Ltd	2018-19 & 2019-20	02
64	Vishakhapatnam Industrial Node Development corporation Ltd	2018-19 & 2019-20	02
65	APIIC Food Park (Krishna Dist) Ltd	2016-17 to 2019-20	04
66	C. C	2016-17 to 2019-20	04
67	Andhra Pradesh State Energy efficiency Development Corporation Ltd	2019-20	01
68	Andhra Pradesh State Road Transport Corporation	2019-20	01
	Total		185

#### Appendix 4.3

#### Statement of Bodies and Authorities whose accounts have not been received (Section 14, 15 of DPC Act 1971)

(Refer Para 4.12, Page 97)

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2020
1.	Andhra University, Visakhapatnam	2019	1
2.	Dravidian University, Kuppam	2018-19 & 2019-20	2
3.	Nagarguna University, Guntur	2016-17 to 2019-20	4
4.	Sri Krishna Devaraya University, Anantapur	2011-12 to 2013-14, 2018-19 & 2019-20	5
5.	Sri Padmavathi Mahila Viswa Vidyalayam, Triupati	2018-19 & 2019-20	2
6.	Sri Venkateshwara University, Tirupati	2019-20	1
7.	Dr. B.R. Ambedkar University, Etcherla	2015-16 to 2019-20	5
8.	Adikavi Nannaya University, Rajamahendravaramu	2019-20	1
9.	Yogi Vemana University, Kadapa	2018-19 & 2019-20	2
10.	Krishna University, Machilipatnam	2016-17, 2018-19 & 2019-20	3
11.	Adoni Arts and Science College, Adoni	2012-13 to 2019-20	8
12.	AG and SG Degree College, Vuyyuru	2016-17 to 2019-20	4
13.	Akkineni Nageswar Rao College, Gudiwada	2015-16 to 2019-20	5
14.	AMAL College, Anakapalli	2011-12 to 2019-20	9
15.	Andhra Jateeya Kalasala Machilipatanam	2014-15 to 2019-20	6
16.	Andhra Loyola College, Vijayawada	2010-11 & 2017-18 to 2019-20	4
17.	AVN College, Visakhapatnam ( II Shift )	2019-20	1
18.	AVN College, Visakhapatnam	2018-19 & 2019-20	2
19.	Bandla Bapaiah Hindu College, Vetapalem	2018-19 & 2019-20	2
20.	BAS College, Bapatla	2010-11 to 2019-20	10
21.	Besant Theosophical college ( Day), Madanapalli	2017-18 to 2019-20	3
22.	Besant Theosophical college ( Evening), Madanapalli	2017-18 to 2019-20	3
23.	BGBS Women's College, Narsapur	2001-02 to 2019-20	19
24.	Ch SD teresa's College for women, Eluru	2019	1
25.	JNTU, Kakinada	2019	1
26.	Chundi Ranganayakulu College, Chilakaluripet	2006-07 to 2019-20	14
27.	CR Reddy college, Eluru	2018-19 & 2019-20	2
28.	CSR Sarma College, Ongole	2014-15 to 2019-20	6
29.	Dharma Apparao College, Nuzvid, Krishna Dist.	2012-13 to 2019-20	8
30.	Dr KVK Murthi Sanskrit College, Guntur	2010-11 to 2019-20	10
31.	DRN and SVS College, Chilakaluripet	2006-07 to 2019-20	14
32.	Duvvuru Ramanamma Degree College, Gudur	2018-19 & 2019-20	2
33.	Goluguru Bapiraju Degree College, Anaparthi	2018-19 & 2019-20	2
34.	JNTU Anantapur	2018-19 & 2019-20	2

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2020
35.	Islamiah Colloge, Kurnool	2001-02 to 2019-20	19
36.	J Kuppuswamy Chowdary Degree College, Guntur	2018-19 & 2019-20	2
37.	Jawahar Bharathi College, Kavali	2019	1
38.	KBN College Vijayawada	2018-19 & 2019-20	2
39.	KGR Lutheran College, Bhimavaram	2018-19 & 2019-20	2
40.	Kondapalli Thati Reddy Women's College, Gudiwada	2018-19 & 2019-20	2
41.	Maharaja College Vizianagaram (Women)	2006-07 to 20011-12 & 2013-14 to 2019-20	13
42.	Maharajah Autonomous College, Vizianagaram	1997-98 to2019-20	23
43.	Marystella College Vijayawada	2017-18 to 2019-20	3
44.	MVNJS and RVR College of Arts and Science, Malkipuram	2010-11 to 2019-20	10
45.	Neelam Sanjiva Reddy Arts and Science College, Velgode	2018-19 & 2019-20	2
46.	Noble College, Machilipatanam	2003-04 to 2019-20	17
47.	Osmania College, Kurnool	2007-08 to 2019-20	13
48.	PBN College, Nidubrolu	2017-18 to 2019-20	3
49.	PBS Degree College, Vijayawada	2011-12 to 2019-20	9
50.	PBS junior College, Vijayawada	2018-19 & 2019-20	2
51.	Pedanadipadu College of Arts and Science, Pedanadipadu	2018-19 & 2019-20	2
52.	PVRK Truct college, Kakinada	2016-17 to 2019-20	4
53.	Rajasivareddy Venkatadri Nayudu College, Dharanikonda	2015-16 to 2019-20	5
54.	RSRK Rangarao college, Bobbili	2018-19 & 2019-20	2
55.	Ideal Junior college, Kakinada	2016-17,2018-19 & 2019-20	3
56.	Sathavahana College, Vijayawada	2006-07 to 2019-20	14
57.	SBSYM College, Srikakulam	2012-13 to 2019-20	8
58.	SDS College Hindupur	2009-10 to 2019-20	11
59.	SDPS College, Sri Ramnagar	2011-12 to 2019-20	9
60.	SGS College, Jaggayapet	2007-08 to 2019-20	13
61.	SMBTAV and SN Degree College, Veeravasaram	2012-13 to 2019-20	8
62.	Smt. Kasuraghavamma Brahmanandha Reddy College, Kurnool		5
63.	Sri Balasiva Yogindra Maharaja Degree College, Kurnool	2007-08 to 2019-20	13
64.	Sri Chaparla Satyanarayana College, Gudlavalleru	Sri Chaparla Satyanarayana College, Gudlavalleru 2002-03 to 2019-20	
65.	Sri DMS Mahilia Kalasala, Vijayawada	2006-07 to 2019-20	14
66.	Sri Govindaraja Swamy Arts And Science, Tirupathi	1995-96 to 2019-20	25
67.	Smt. Kandukuri Rajyalakshmi College For Women, Rajamundry	2012-13, 2015-16 and 2018-19 & 2019-20	4
68.	STBC College Kurnool	1995-96 to 2019-20	25

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2020
69.	Sri KSDM Kalasala, Tanuku	2018-19 & 2019-20	2
70.	Sri KVT College Rajahmundry	2018-19 & 2019-20	2
71.	Sri Padmanvathi Mahila Hindu Kalasala Machilipatnam	2014-15 to 2019-20	6
72.	Sri Sai Babanational Degree College Ananthapur	2018-19 & 2019-20	2
73.	Sri Subbaraya And Narayana College Narsaraopet	2000-01 to 2019-20	20
74.	Sri Venkateswara Degree College Kadapa	2006-07 to 2019-20	14
75.	Sri Vkp Degree College, Podili	2015-16 to 2019-20	5
76.	Sri Vss Arts And Science College, Attili	2013-14 to 2019-20	7
77.	Sri Yerlamilli Narayana Muthy College, Narsapur, W.G Dist.	2011-12 to 2019-20	9
78.	SRVS And JB Maharani College, Peddapuram	2013-14 to 2019-20	7
79.	SV Arts, Commerce And Science College, Chagalmarri	2016-17 to 2019-20	4
80.	St. Joseph's College For Women, Visakhapatnam	2018-19 & 2019-20	2
81.	SV Arts and Science College, Giddalur	2003-04, 2005-06, 2008- 09 and 2011-12 to 2019- 20	13
82.	SVKP and Dr. KS Raju Arts & Science College, Penugonda	2019	1
83.	SVKP College, Markapur	2018-19 & 2019-20	2
84.	KVR, KVR and MKR College, khazipalem	2016-17 to 2019-20	4
85.	BVK College, Visakhapatnam	2015-16 to 2019-20	5
86.	The Hindu College, Machilipatanam	2015-16 to 2019-20	5
87.	TJPS College, Guntur	2009-10 and 2018-19 & 2019-20	3
88.	Venkatagiri raja college (day), Nellore	2017-18 to 2019-20	3
89.	Vkr college buddhavaram	2018-19 & 2019-20	2
90.	VR college (Evening), Nellore	2012-13 to 2019-20	8
91.	VSM College, Ramchandrapuram	2017-18 to 2019-20	3
92.	VSR and NVR college, Tenali	2015-16 to 2019-20	5
93.	VTJM and TVTR College, Mangalagiri	2005-06 to 2019-20	15
94.	VVM Degree college, Ongole	1995-96 to 2019-20	25
95.	YS Raja Reddy Degree College, Pulivendula	2004-05 to 2019-20	16
96.	Andhra muslim college, Guntur	2018-19 & 2019-20	2
97.	Zilla Grandhalaya Samstha, Ananthapur	2018-19 & 2019-20	2
98.	Zilla Grandhalaya Samstha, Chittor	2018-19 & 2019-20	2
99.	Zilla Grandhalaya Samstha, Kakinada	2014-15 to 2019-20	6
100.	Zilla Grandhalaya Samstha, Guntur	2014-15, 2018-19 & 2019-20	3
101.	Zilla Grandhalaya Samstha, Kadapa	2014-15 to 2019-20	6
102.	Zilla Grandhalaya Samstha, Machilipatanam	2015-16 to 2019-20	5
103.	Zilla Grandhalaya Samstha, Kurnool	2018-19 & 2019-20	2
104.	Zilla Grandhalaya Samstha, Nellore	2018-19 & 2019-20	2
105.	Zilla Grandhalaya Samstha, Ongole	2015-16 to 2019-20	5
106.	Zilla Grandhalaya Samstha, Srikakulam	2018-19 & 2019-20	2
107.	Zilla Grandhalaya Samstha, Visakhapatnam	2016-17 to 2019-20	4

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2020
108.	Zilla Grandhalaya Samstha, Vizianagaram	2014-15 to 2019-20	6
109.	Zilla Grandhalaya Samstha, Eluru	2014-15 to 2019-20	6
110.	Zilla Saksharatha Samstha, Ananthapur	<b>Zilla Saksharatha Samstha, Ananthapur</b> 1997-98 to 2008-09 and 2016- 2019-20	
111.	Zilla Saksharatha Samstha, Chittor	2018-19 & 2019-20	2
112.	Zilla Saksharatha Samstha, Kakinada	2017-18 to 2019-20	3
113.	Zilla Saksharatha Samstha, Guntur	2006-07 to 2019-20	14
114.	Zilla Saksharatha Samstha, Kadapa	2001-01 to 2009-10 and 2016-17 to 2019-20	11
115.	Zilla Saksharatha Samstha, Machilipatanam	2013-14 to 2019-20	7
116.	Zilla Saksharatha Samstha, Kurnool	2004-05 to 2009- 10 and 2018-19 & 2019-20	8
117.	Zilla Saksharatha Samstha, Nellore	1988-89 to 2009-10 and 2018-19 & 2019-20	14
118.	Zilla Saksharatha Samstha, Ongole	2018-19 & 2019-20	2
119.	Zilla Saksharatha Samstha, Srikakulam	2001-02 to 2005-06 and 2018-19 & 2019-20	7
120.	Zilla Saksharatha Samstha, Visakhapatnam	2001-02 to 2019-20	19
121.	Zilla Saksharatha Samstha, Vizianagaram	2001-02 to 2019-20	19
122.	Zilla Saksharatha Samstha, West Godavari	2018-19 & 2019-20	2
123.	CR Reddy college(Evening), Eluru	2018-19 & 2019-20	2
124.	SSGS Degree college, Guntakal	2017-18 to 2019-20	3
125.	AP Residential Degree College, Nagarjunasagar	2018-19 & 2019-20	2
126.	S V Degree College, Parvathipuram	2008-09 to 2019-20	12
127.	Dr. L B Degree College, Visakhapatnam	2008-09 to 2019-20	12
128.	Adinaryana Women Degree College, Anakapally	2008-09 to 2019-20	12
129.	Sri Venkateshwara Vidyapeeth VMC Degree college, Visakhapatanam	2008-09 to 2019-20	12
130.	Montessori Mahila Degree College	2016-17 to 2019-20	4
131.	SAS College, Vijayawada	2008-09 to 2019-20	12
132.	Sri Sarada Degree College, Vijayawada	2008-09 to 2019-20	12
133.	Sri Goutu Lachanna College, Vijayawada	2008-09 to 2019-20	12
134.	Saptagiri College, Vijayawada	2008-09 to 2019-20	12
135.	DRG Women Degree College, Tadepalligudem	2008-09 to 2019-20	12
136.	AC College, Guntur	2008-09 to 2019-20	12
137.	ACKN College, Guntur	2008-09 to 2019-20	12
138.	AGKN College, Satennapalli	2008-09 to 2019-20	12
139.	SGHR and MCMR College, Guntur	2008-09 to 2019-20	12
140.	Dr. KRR College, Guggirala	2018-19 & 2019-20	2
141.	MVGRR College, Bhattiprolu	2013-14 to 2019-20	7
142.	Smt. NBR Rao College, Vidyanagar	2008-09 to 2019-20	12
143. 144.	NBKR College, Narsaraopet Dr. SRJ College Atmakur	2008-09 to 2019-20 2008-09 to 2019-20	12 12
144.	Sri Venugopalaswami College	2008-09 to 2019-20 2008-09 to 2019-20	12
145.	ABM College, Ongole	2008-09 to 2019-20 2008-09 to 2019-20	12
146.	S V Day College, Tirupathi	2008-09 to 2019-20 2008-09 to 2019-20	12
148.	Sri Padmavathi Women College, Tirupathi	2008-09 to 2019-20	12

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2020	
149.	Sri Balasiva Yogindra Maharaja College, Mydukur	2008-09 to 2019-20	12	
150.	Sri B Veerareddy College, Badvel	2008-09 to 2019-20	12	
151.	SKS College, Proddatur	2008-09 to 2019-20	12	
152.	VRS College, Veerapanayanapally	2008-09 to 2019-20	12	
153.	Sri YSR Memorial College, Kadapa	2017-18 to 2019-20	3	
154.	DA College for Women, Proddatur	2008-09 to 2019-20	12	
155.	SV college, Kadapa	2008-09 to 2019-20	12	
156.	SLS College, Pullareddypeta	2008-09 to 2019-20	12	
157.	Sri Ankalreddy college allagadda	2017-18 to 2019-20	3	
158.	Sri Ramakrishna Degree College Nandyal	2008-09 to 2019-20	12	
159.	Telugu Academy	2016-17 to 2019-20	4	
160.	AP Hindi Academy	2015-16, 2018-19 & 2019-20	3	
161.	AP Open School Society	2012-13 to 2019-20	8	
162.	AP Residential Educational Institutional Society	2018-19 & 2019-20	2	
163.	AP School Educational Society( Sarva Siksha Abhiyan)	2018-19 & 2019-20	2	
164.	AP Educational Welfare Infrastructure Development Corporation	2014-15 to 2019-20	6	
165.	Ap State Council Of Higher Education	2019-20	1	
166.	Ap State Literacy Mission Authority	2018-19 & 2019-20	2	
167.	Sri sarvodaya college, Nellore	2019-20	1	
168.	SKBR College Amalapuram	2019-20	1	
169.	Vikrama Simhapuri University Nellore	2018-19 & 2019-20	2	
170.	Rayalaseema University	2017-18 to 2019-20	3	
171.	Sate institute of educational technology	2018-19 & 2019-20	2	
172.	SMVM Polytechnic, Tanuku	2018-19 & 2019-20	2	
173.	Ideal Degree College, Kakinada	2019-20	1	
174.	Damodaram Sanjivaiah National Law University, Visakhapatnam	2018-19 & 2019-20	2	
175.	BSSB College, Tadikonda	2019-20	1	
176.	Society for Training and Employment Promotion (14 STEPs)	2019-20	14	
177.	Sports Authority of Andhra Pradesh, Vijayawada	2019-20	1	
178.	AP Sports School	2013-14 to 2019-20	7	
179.	Rajiv udyogasri Society	2010-11 to 2019-20	10	
180.	AP AIDS Control Society	2010-11 to 2019-20	10	
181.	AP Medical Services Infrastructure Development Corporation	2019-20	1	
182.	AP Medicinal and Aromatic Plants Board	2013-14 to 2019-20	7	
183.	AP Right to Sight Society	2013-14 to 2019-20	7	
184.	AP State TB Society	2011-12 to 2019-20	9	
185.	AP Yogadhayana Parishad	2014-15 to 2019-20	6	
186.	NTR University of Health Sciences	2017-18 to 2019-20	3	
187.	NTR Vaidya Seva Trust	2018-19 & 2019-20	2	
188.	Sri Mullapudi Venkata Raja Memorial Medical &	2001-02 to 2019-20	19	

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2020
	Educational Trust, Tanuku		
189.	Sri Venkateshwara Institute of Medical Sciences	2016-17 to 2019-20	4
190.	State Blindness Control Society, Hyderabad	2006-07 to 2019-20	14
191.	RIMS, Srikakuklam	2015-16 to 2019-20	5
192.	RIMS, Ongole	2015-16 to 2019-20	5
193.	RIMS, Kadapa	2015-16 to 2019-20	5
194.	AP BC Finance Corporation	2019-20	1
195.	AP Study Circle, Ananthapur	2016-17 to 2019-20	4
196.	AP Study Circle, Guntur	2019-20	1
197.	AP Study Circle, Kurnool	2016-17 to 2019-20	4
198.	AP Washermen Cooperative Society	2005-06 to 2019-20	15
199.	BC Service Cooperative Societies (10)	Range 2004-05 to 2019- 20	106
200.	Mahatma Jyothibha Phule AP BC Welfare Residential Educational Institutions Society	2019-20	1
201.	AP Haj Committee	2019-20	1
202.	AP SC Finance Corporation	2019-20	1
203.	AP Social Welfare Fund	2001-02 to 2019-20	19
204.	AP Social Welfare Residential Educationals Society	2019-20	1
205.	SC Service Cooperative Societies (13)	Range 2001-02 to 2019- 20	90
206.	AP Schedule Tribes Finance Corporation	2015-16 to 2019-20	5
207.	AP Tribal Welfare Residential Educational Institutions Society	2018-19 & 2019-20	2
208.	Girijan Cooperative Corporation, Visakhapatnam	2018-19 & 2019-20	2
209.	District Rural Development Agencies (DRDA)(13)	Range 2008-09 to 2019- 20	78
210.	District Water Management Agencies (DWMA) (13)	Range 2008-09 to 2019- 20	84
	Total		1623

Appendix 4.4

### Details of expenditure of Centrally Sponsored Schemes during 2018-19 (Refer Para 4.15, Page 99)

(₹ in crore)

Sl. No	Scheme	GoI Releases	Total Expenditure on	Difference
		( )	the scheme <sup>44</sup>	( ) (7 )
		(a)	(b)	(a)-(b)
1.	Sardar Patel Urban Housing Scheme	394.97		
2.	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	83.54		
3.	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	2171.25	2911.42	-740.17
4.	National Health Mission (NHM)	973.17	1582.88	-609.71
5.	Swatch Bharat Mission Rural	562.99	979.53	-416.54
6.	Integrated Child Development Service (ICDS)	801.95	1181.41	-379.47
7.	Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	689.10	975.80	-286.70
8.	National Mission on Agriculture Extension and Technology	185.92	423.75	-237.83
9.	Swatch Bharat Mission Urban	52.87	226.95	-174.08
10.	Pradhan Mantri Gram Sadak Yojana (PMGSY)	232.98	385.52	-152.54
11.	Grants for State Roads	326.88	468.99	-142.11
12.	National Mission on Sustainable Agriculture	124.51	264.42	-139.90
13.	Pradhan Mantri Awas Yojana - Gramin (PMAY-G)	186.05	310.09	-124.04
14.	Consumer Protection and Public Distribution System	133.32	252.57	-119.26
15.	National Rural Drinking Water Programme (NRDWP)	185.85	289.30	-103.45
16.	Rashtriya Krushi Vikasa Yojana (RKVY)	253.48	336.67	-83.19
17.	Multi Sectoral Development Programme for Minorities	30.09	103.47	-73.39
18.	Mid Day Meal (MDM)	257.48	326.62	-69.14
19.	National Horticulture Mission	102.93		
20.	National Rural Livelihood Mission (NRLM)	191.69		
21.	National Food Security Mission	62.55	104.24	-41.70
22.	National Urban Livelihood Mission	30.20	68.37	-38.17
23.	Cyclone Risk Mitigation Scheme	38.91	73.92	-35.01
24.	National Oilseed and Oil Palm Mission	41.65	68.78	-27.13

<sup>&</sup>lt;sup>44</sup> Cumulative of central and state shares

Sl.	Scheme	GoI	Total	Difference
No		Releases	Expenditure on the scheme <sup>44</sup>	
25.	Road Connectivity Project for Left Wing Extremism Affected Areas	24.99	50.24	-25.25
26.	Promotion of Inter Caste Marriages and 003 Monetary Relief and Legal Aid to the victims of Atrocities on Scheduled Castes	37.01	62.04	-25.03
27.	Development of Infrastructure Facilities for Judiciary including Gram Nyayalayas	10.00	28.24	-18.24
28.	National Livestock Management Programme	16.68	34.44	-17.76
29.	National Livestock Health and Disease Control Programme	18.60	31.01	-12.41
30.	Rashtriya Uchhtar Shiksha Abhiyan	100.10	111.80	-11.70
31.	Support for Educational Development including Teachers Training & Adult Education	4.34	15.59	-11.24
32.	Grants under the provision to Article 275(1) of the Constitution	63.91	71.19	-7.28
33.	Blue Revolution — Integrated Development and Management of Fisheries	13.02	18.04	-5.01
34.	Umbrella Scheme for Development of Scheduled Tribes	32.96	36.06	-3.10
35.	National Mission for Empowerment of Women including Indira Gandhi Mattritav Sahyog Yojana (IGMSY)	2.77	4.46	-1.69
36.	Project Tiger	2.18	3.20	-1.02
37.	Strengthening of District Disaster Management Authorities of Hazard Prone Districts out of 115 identified backward districts	0.32	1.00	-0.68
38.	DRDA Administration	5.17	5.68	-0.51
39.	Conservation of Natural Resources and Ecosystems	2.84	3.31	-0.47
40.	Project Elephant	0.29	0.52	-0.23
41.	National Service Scheme (NSS)	0.26	0.47	
42.	Grants to Cover Deficits on Non-Plan and Plan in Revenue Account	3644.00	3644.00	0.00
43.	Grants for Rural Local Bodies	858.99	858.82	0.18
44.	Special Court set up for criminal cases involving elected MPs and MLAs of Andhra Pradesh	0.60	0.00	
45.	Model Career Center at Employment Exchange National Career Service Project Kurnool ST	0.79	0.00	0.79
46.	Integrated Development of Wild Life Habitats	1.60	0.15	1.45

Sl. No	Scheme	GoI Releases	Total Expenditure on	Difference
			the scheme <sup>44</sup>	
47.	NAPDDR National Action Plan for Drug Demand Reduction	2.97	0.00	2.97
48.	NIRBHAYA Mahila PoliceVolunteers	4.46	0.15	4.30
49.	Krishonnati Yojana	11.07	6.53	4.54
50.	Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)	10.12	4.01	6.11
51.	Scheme for Implementation of Persons with Disabilities Act. 1995 Total	7.18	0.34	6.84
52.	National Afforestation Programme (National Mission for a Green India)	9.05	1.62	7.43
53.	National Mission on Ayush including Mission on Medicinal Plants	12.80	5.31	7.50
54.	Scheme for Development of (OBC) Other Backward Classes and denotified, Nomadic and Semi-nomadic Tribes	50.12	42.07	8.05
55.	National Rurban Mission	8.10	0.00	8.10
56.	Tribal Sub Plan	56.17	46.38	9.79
57.	Integrated Child Protection Scheme (ICPS)	18.70	4.17	14.53
58.	Special Assistance-General	15.81	0.00	15.81
59.	cash incentive voluntary cut in kerosene allocation Direct benefit transfer in kerosene	23.04	0.00	23.04
60.	Skill Development Mission	25.06	0.35	24.71
61.	Rashtriya Gram Swaraj Abhiyan (RGSA)	67.69	41.48	26.21
62.	Urban Rejuvenation Mission-500 Habitations	166.87	139.80	
63.	National Scheme for Modernization of Police and Other Forces	128.71	89.46	39.25
64.	Human Resource in Health and Medical Education	48.47	0.46	48.00
65.	Accelerated Irrigation Benefit Programme (AIBP - LTIF)	67.36	0.00	67.36
66.	Umbrella Scheme for Development of Scheduled Castes	142.53	27.81	114.72
67.	Umbrella scheme for Education of ST students.	151.56		
68.	National Social Assistance Programme	306.64	20.00	286.64
69.	Grants for Urban Local Bodies	587.06	293.53	
70.	implementation of revision of pay scales of University and college teachers	300.35	0.00	300.35
71.	Mission for Development of 100 Smart Cities	568.00	150.00	
72.	Sarva Shiksha Abhiyan (SSA)	863.08		
	Total	16,608.72	21,471.01	-4,862.28

#### Appendix 4.5

## Details of expenditure of Centrally Sponsored Schemes during 2019-20 (Refer Para 4.15, Page 99)

(₹ in crore)

Sl.No	Scheme	GOI Release	Total Expenditure on the Scheme <sup>45</sup>	Difference
		(a)	<b>(b)</b>	(a)-(b)
1	Dr. Ambedkar Post Matric Scholarship for Economically Backward Class Students	5.75	1586.74	-1580.99
2	Integrated Child Development Services (ICDS)	831.62	1848.31	-1016.68
3	Mission for Development of 100 Smart Cities	302.20	1123.00	-820.80
4	Andhra Pradesh Samagra Shiksha Abhiyan	1059.96	1302.29	-242.32
5	Nirmal Bharat Abhiyan(NBA)/Swachh Bharat Mission- Gramin	248.11	476.45	-228.34
6	National Health Mission (NHM)	1044.46	1252.62	-208.16
7	Mid Day Meal (MDM)	285.64	458.86	-173.22
8	Pradhan Mantri Awas Yojana Urban Sardar Patel Urban Housing Scheme	78.07	235.11	-157.04
9	Urban Rejuvenation Mission-500 Habitations	286.57	394.76	-108.18
10	Swachh Bharat Mission Urban	57.50	164.89	-107.39
11	Rashtriya Uchhtar Shiksha Abhiyan	52.08	122.15	-70.07
12	Rashtriya Krushi Vikasa Yojana (RKVY)	267.70	313.88	-46.18
13	National Scheme for Modernization of Police and Other Forces	124.62	162.43	-37.81
14	Human Resource in Health and Medical Education	21.04	47.51	-26.47
15	National Mission on Agriculture Extension and Technology	173.87	199.24	-25.37
16	National Urban Livelihood Mission	98.45	123.73	-25.28
17	Integrated Child Protection Scheme (ICPS)	13.74	30.68	-16.94
18	National Livestock Health and Disease Control Programme	26.34	38.43	-12.09
19	Umbrella Scheme for Development of Scheduled Tribes	42.13	52.57	-10.44
20	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) AWC Buildings under MGNREGA	0.00	8.07	-8.07
21	National Mission on Sustainable Agriculture (NMSA)	28.05	34.55	-6.50

<sup>&</sup>lt;sup>45</sup> Cumulative of central and state shares

Sl.No	Scheme	GOI Release	Total Expenditure on the Scheme <sup>45</sup>	Difference
22	Strengthening of District Disaster Management Authorities of Hazard Prone Districts out of 115 identified backward districts	0.55	5.65	-5.09
23	Conservation of Natural Resources and Ecosystems	2.16	5.38	-3.22
24	National Rural Livelihood Mission (NRLM)	169.28	172.39	-3.11
25	Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)	1.27	3.11	-1.84
26	Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	597.30	599.07	-1.76
27	Project Tiger	1.14	2.90	-1.76
28	National Mission for Empowerment of Women including Indira Gandhi Mattritav Sahyog Yojana (IGMSY)	2.12	1.66	0.46
29	DRDA Administration	5.62	5.05	0.57
30	Consumer Protection and Public Distribution System	0.67	0.06	0.61
31	Special Court set up for trial of criminal cases involving elected MPs and MLAs of Andhra Pradesh	0.65	0.00	0.65
32	Model Career Centres MCCs at Employment Exchanges under National Career Service Project	0.86	0.00	0.86
33	Project Elephant	1.27	0.36	0.91
34	National Action Plan for Senior Citizens (NAPSrC)	1.00	0.00	1.00
35	National Livestock Management Programme	21.41	19.67	1.74
36	National Action Plan for Drug Demand Reduction NAPDDR	2.67	0.00	2.67
37	Grants for State Roads	350.08	340.29	9.79
38	NIRBHAYA Fund	10.40	0.00	10.40
39	National Horticulture Mission	79.38	68.55	10.83
40	National Mission on Ayush including Mission on Medicinal Plants	19.01	3.15	15.85
41	National Food Security Mission (NFSM)	44.12	27.47	16.65
42	Monetary Relief and Legal Aid to the victims of Atrocities on Scheduled Castes	48.14	28.55	19.59
43	Development of Infrastructure Facilities for Judiciary including Gram Nyayalayas	20.00	0.00	20.00
44	National Social Assistance Programme	317.77	295.96	21.81
45	Blue Revolution - Integrated Development and Management of Fisheries	25.56	2.45	23.11
46	National Oilseed and Oil Palm Mission	31.71	1.99	29.72

Sl.No	Scheme	GOI Release	Total Expenditure on the Scheme <sup>45</sup>	Difference
47	Pradhan Mantri Gram Sadak Yojana (PMGSY)	282.74	247.91	34.83
48	Krishonnati Yojana / Paramparagat Krishi Vikas Yojana	131.10	61.01	70.10
49	Multi Sectoral Development Programme for Minorities	83.62	7.90	75.72
50	Umbrella scheme for Education of ST students.	85.33	5.91	79.43
51	Scheme for Development of (OBC) Other Backward Classes and denotified, Nomadic and Semi-nomadic Tribes	83.94	3.87	80.07
52	Grants under the provision to Article 275(1) of the Constitution	89.42	6.18	83.25
53	Deen Dayal Upadhyaya Grameen Kaushalya Yojana / Skill Development Mission	102.06	17.78	84.28
54	National Rural Drinking Water Programme (NRDWP)	372.64	263.31	109.34
55	Tribal Sub Plan	124.71	12.92	111.78
56	Road Connectivity Project for Left Wing Extremism Affected Areas	193.53	79.33	114.20
57	Umbrella Scheme for Development of Scheduled Castes	366.90	99.43	267.46
58	Special Assistance-Capital	350.00	0.00	350.00
59	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	2713.27	1957.67	755.60
	Total	11,781.33	14,323.18	-2,541.85

# Appendix 5.1 Glossary of terms

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

Terms	Description			
Average interest rate	Average interest rate is defined as the percentage of interest payment made to average financial liabilities of the State during the year (sum of opening and closing balances of total Outstanding Liabilities/2) X 100			
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>			
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices			
Development expenditure	The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.			
Debt sustainability	Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It means that rise in fiscal deficit should match with the increase in the State's capacity to service the incremental debt from additional revenues generated from the use of such debt in creating income generating capital assets.			
Inter-State Settlement	This is intended to provide for the accounting of sums due by one State Government to another under the financial settlement on the setting up of new States or under the States Re-organisation Acts as well as the financial settlement between the centre and foreign countries.			
Net availability of	Defined as the ratio of the debt redemption (Principal + Interest Payments)			

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

## Appendix 5.2 Acronyms and Abbreviations

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

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

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

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

# ©COMPTROLLER AND AUDITOR GENERAL OF INDIA

www.cag.gov.in

# © COMPTROLLER AND AUDITOR GENERAL OF INDIA

www.cag.gov.in

https://www.cag.gov.in/ag/andhra-pradesh