

Presented to
Punjab Vidhan Sabha
19 MAR 2012

Report of the
Comptroller and Auditor General of India
on
State Finances

for the year 2011-12

Government of Punjab
Report No.1 of the year 2012

1. The first part of the document discusses the importance of maintaining accurate records of all transactions.

2. It is essential to ensure that all entries are supported by appropriate documentation and receipts.

3. Regular audits should be conducted to verify the accuracy of the records and identify any discrepancies.

4. The second part of the document outlines the procedures for handling cash and credit transactions.

5. All cash receipts should be recorded immediately and deposited in a secure bank account.

6. Credit sales should be recorded at the time of sale, and the corresponding receivables should be tracked.

7. The third part of the document details the methods for calculating and recording expenses.

8. Expenses should be categorized according to their nature and recorded in the appropriate accounts.

9. It is important to maintain separate records for different types of expenses, such as salaries and utilities.

10. The fourth part of the document describes the process of reconciling the accounts and preparing financial statements.

11. Reconciliation should be performed regularly to ensure that the books are balanced and accurate.

12. Financial statements, including the balance sheet and income statement, should be prepared at the end of each period.

13. The fifth part of the document discusses the role of the accountant in providing financial advice to the business owner.

14. Accountants should analyze the financial data and provide recommendations to improve the company's financial performance.

15. The sixth part of the document concludes with a summary of the key points discussed throughout the document.

16. It is hoped that this document will provide a comprehensive overview of the accounting process and its importance to the business.

17. The seventh part of the document provides a list of references and resources for further study.

18. The eighth part of the document contains a glossary of key accounting terms and definitions.

19. The ninth part of the document includes a series of practice questions to test the reader's understanding of the material.

20. The tenth part of the document provides a list of additional resources and contact information for the author.

21. The eleventh part of the document contains a list of acknowledgments and a thank you note to the readers.

22. The twelfth part of the document includes a list of appendices and a table of contents.

23. The thirteenth part of the document contains a list of footnotes and a list of references.

24. The fourteenth part of the document includes a list of additional resources and contact information for the author.

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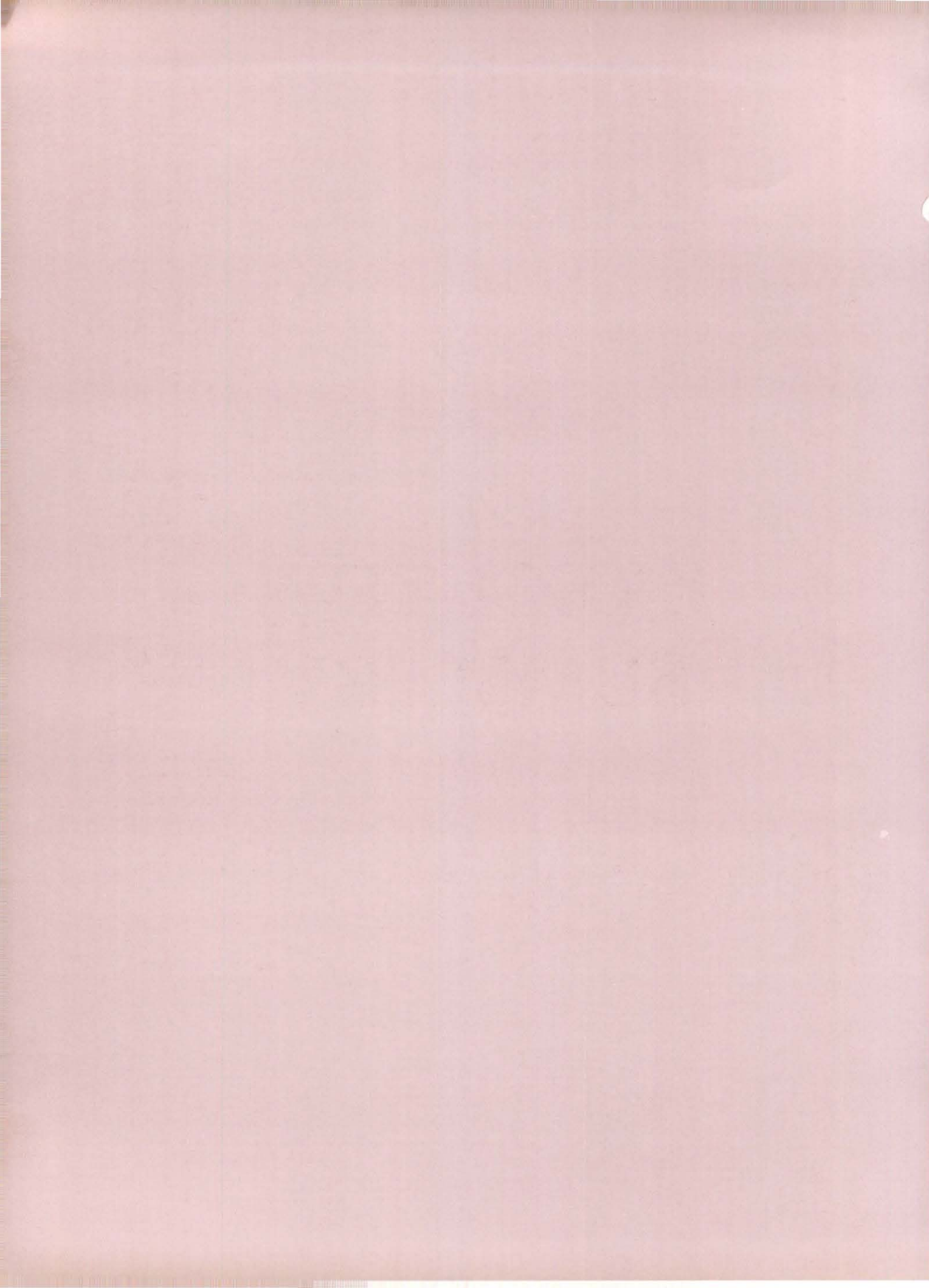
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PREFACE

1. This Report has been prepared for submission to the Governor of Punjab under Article 151 of the Constitution of India.
2. Chapter 1 of this Report contains audit observations on matters arising from examination of the Finance Accounts of the State Government for the year ended 31 March 2012.
3. Chapter 2 of this Report contains audit observations on matters arising from examination of the Appropriation Accounts of the State Government for the year ended 31 March 2012.
4. Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives in the departments relating to Social, Economic, Revenue and General Sectors during the current year.

EXECUTIVE SUMMARY



Background

This report on the Finance of the Government of Punjab is being brought out to assess the financial performance of the State during the year 2011-12. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in the Fiscal Responsibility and Budget Management Act, 2003 as amended further by Fiscal Responsibility and Budget Management (Amendment) Act, 2011 as well as in the Budget estimates of 2011-12.

Earlier (i.e. upto report year 2008), comments of the Comptroller and Auditor General of India on the Government's finances formed part of the Audit Report (Civil). It was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The inevitable fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. A stand-alone report on the State Government finances was considered an appropriate audit response to bring State finances to center-stage. Accordingly, from the report year 2009 onwards, Comptroller and Auditor General of India has decided to bring out a separate volume titled "Report on State Finances". This is the fourth edition of this endeavor.

The Report

Based on the audited accounts of the Government of Punjab for the year ended 31 March 2012, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Punjab Government's fiscal position as on 31 March 2012. It provides an insight into the trends in receipts and expenditure, committed expenditure, borrowing pattern, fiscal imbalances etc., besides a brief account of central funds released directly to the State implementing agencies through off-budget route.

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

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

Audit findings and recommendations

Fiscal Correction Path: Punjab is the earliest State to have passed the Fiscal Responsibility and Budget Management Act in 2003. But the State could not contain its revenue deficit as per targets fixed by the Fiscal Responsibility and Budget Management Act. It has been going up each

passing year. During the current year it was 2.74 *per cent* as against the target of 1.80 *per cent* of GSDP in Fiscal Responsibility and Budget Management Act. However, the fiscal deficit at 3.42 *per cent* of Gross State Domestic Product in the current year was within the target of 3.50 *per cent* fixed under the Fiscal Responsibility and Budget Management (Amendment) Act, 2011.

Low priority to capital expenditure: No specific norms regarding prioritization of capital expenditure have been laid in Fiscal Responsibility and Budget Management Act. However, the State Government in its Mid Term Fiscal Policy Statement presented to State Legislature along with the Budget 2011-12 has committed to increase the capital expenditure every year over the previous year during the period 2010-11 to 2014-15. However, during the current year the capital expenditure decreased by 33 *per cent*. The net capital expenditure as *per cent* of Gross State Domestic Product declined from 1.44 *per cent* in 2007-08 to 0.64 *per cent* in the current year which indicates that instead of using borrowed funds for creation of assets it was used to meet the revenue expenditure.

Efforts should be made to check the tendency of meeting revenue expenditure out of borrowed funds.

Review of Government investments: The average return on Punjab Government's investments in Statutory Corporations, Joint Stock Companies, Cooperative Societies etc., was almost negligible (0.01 to 0.05 *per cent*) during the period 2007-12, while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.72 and 8.46 *per cent* during the same period.

Debt sustainability: Though the debt-GSDP ratio at 33.47 *per cent* was within the target fixed (41.80 *per cent*) under Fiscal Responsibility and Budget Management Act, yet the borrowed funds were mostly used for redemption of past debts leaving relatively a smaller portion for other purposes. As much as 24 *per cent* of the revenue receipts were used to meet the burden of interest payments.

Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

Non-deposit of revenue receipts into the consolidated fund of the State: The Government of Punjab established various funds as mentioned through enactment of Acts/issuance of notifications. The revenue receipts collected under these Acts by various bodies were credited to these Funds. Neither the collections credited to these funds nor the expenditure met from these funds form part of either the annual budget of the State Government or the consolidated fund of the State. They remained outside the scrutiny of State Legislature.

Oversight of funds transferred directly from the Government of India to the State implementing agencies outside the State budget: There is no single agency monitoring the funds directly transferred by the Government of India to the State Implementing Agencies in the State for various schemes/programmes in social and economic sectors instead of routing through State budget. Besides, there is no readily available data to ascertain how much is actually spent in any particular year on these schemes/programmes.

The funds released by Government of India directly to the State implementing agencies need to be monitored by appointing a nodal agency.

Financial Management and Budgetary Control

The State Government's budgetary processes have not been sound during the year, with errors in budgeting, persistent savings¹, excess expenditure and expenditure without provision. In many cases, anticipated savings were either not surrendered or surrendered at the end of the year in the month of March leaving no scope for utilizing these funds for other development purposes. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriation without proper explanation and expending without provisions of funds. Surrender of substantial funds at the end of the year is a matter of concern, since funds could not be utilized fruitfully.

Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Issuance of re-appropriation/surrender orders at the end of the financial year should be avoided. A close and rigorous monitoring mechanism should be put in place by the Drawing and Disbursing Officers to ensure adjustment of Abstract Contingent bills during the stipulated time frame.

Financial reporting

Departmental officers' compliance with various rules, procedures and directives was unsatisfactory as evident from the extent of inordinate delays in furnishing utilization certificates against the grants released by Punjab Government. Delays were also noted in submission of annual accounts by some of the autonomous bodies set up by the State Government in the field of legal services, science, human rights, labour welfare and industries. There were instances of theft, loss and misappropriation.

Government departments may take urgent action for finalization of outstanding annual accounts of autonomous bodies. Departmental enquiries in misappropriation cases may be expedited to bring the defaulters to book.

¹ Savings means shortage in utilization of funds.

CHAPTER 1

CHAPTER 1

Finances of the State Government

Profile of Punjab

Punjab is an agrarian State. It is a General Category State as per the categorization of states made by the Government of India. It gets central aid in the ratio of 70 *per cent* grant and 30 *per cent* loan unlike special category states which gets central aid in the ratio of 90 *per cent* grant and 10 *per cent* loan. The State has seen moderate economic growth in the past decade and the Compounded Annual Growth Rate of its Gross State Domestic Product (GSDP) at current prices for the period 2002-03 to 2011-12 has been around 13.05 *per cent* (*Appendix 1.1*).

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Punjab during 2011-12 and analysis of the critical changes in major fiscal parameters relating to the previous year, keeping in view the overall trends during the last five years. The analysis has been made based on the State's Finance Accounts and information obtained from the State Government.

All receipts of the State Government are required to be accounted for in the Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India. Expenditure therefrom is authorised by the State Legislature through Appropriation Act. Money so authorised by the Appropriation Act is spent as per provisions contained in the Punjab Financial Rules, the Departmental Financial Rules and instructions issued by the Finance Department from time to time. The Punjab Financial Rules contain the financial regulations of general nature issued by the Finance Department for the guidance of various offices and departments. The Departmental Financial Rules are the Rules relating to the Public Works and the Forest Departments. The accounts of the State Government are kept in three parts viz. (i) Consolidated fund (ii) Contingency fund and (iii) Public account. The annual accounts of the State Government consist of the Finance Accounts and the Appropriation Accounts. The Finance Accounts of the Government of Punjab are laid out in nineteen statements. The structure of the Government Accounts and the layout of the Finance Accounts are shown in the *Appendix 1.2*.

Apart from the above, in May 2003, the Government of Punjab enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudential debt management. Subsequently, in March 2011, the State Government amended the FRBM Act on the recommendations of the Thirteenth Finance Commission (ThFC) and enacted the FRBM (Amendment) Act, 2011. The salient features of the FRBM Act, 2003 (amended upto March 2011) are given in *Appendix 1.3*.

Keeping in view the fiscal targets fixed by the FRBM (Amendment) Act, 2011, the Government of Punjab in its budget estimates for the year ended 31 March 2012, pegged the revenue deficit at 1.36 per cent and fiscal deficit at 3.54 per cent of GSDP. However, at the close of financial year 2011-12, revenue deficit and fiscal deficit were 2.74 per cent and 3.42 per cent of GSDP respectively. The fiscal deficit at 3.42 per cent was within the budgetary assumptions as well as ceiling of 3.50 per cent fixed under the FRBM (Amendment) Act, 2011. However, the revenue deficit was higher than the budgetary assumption as well as ceiling of 1.80 per cent fixed under the FRBM Act.

1.2 Summary of the current year's fiscal transactions

Table 1.1 presents the summary of the Government of Punjab's fiscal transactions during the year 2011-12 vis-à-vis those of 2010-11. *Appendix 1.4* provides the details of receipts and disbursements as well as the summarized financial position of the Government of Punjab as on 31 March 2012.

Table 1.1: Summary of the current year's fiscal transactions

(₹ in crore)

Receipts	2010-11	2011-12	Disbursements	2010-11	2011-12		
Section A: Revenue			Section A: Revenue		Non-Plan	Plan	Total
Revenue receipts	27608.47	26234.41	Revenue expenditure	32897.18	31040.50	2004.82	33045.32
Tax revenue	16828.18	18841.01	General services	18597.73	16767.04	20.91	16787.95
Non-tax revenue	5330.17	1398.45	Social services	7260.85	7441.42	1805.08	9246.50
Share of Union taxes/ duties	3050.87	3554.31	Economic services	6398.94	6085.24	178.83	6264.07
Grants from Government of India	2399.25	2440.64	Grants-in-aid and Contributions	639.66	746.80	0.00	746.80
Section B: Capital			Section B: Capital				
Misc. Capital Receipts	0.45	0.24	Capital Outlay	2384.09	238.60	1359.52	1598.12
Recoveries of Loans and Advances	597.45	94.50	Disbursement of Loans and Advances	68.40	176.61	0.00	176.61
Public Debt receipts*	7321.36	8598.85	Public Debt repayments*	2339.87	2675.22	0.00	2675.22
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00	0.00	0.00
Public Account receipts	27654.86	31278.88	Public Account disbursements	25836.98	28771.75	0.00	28771.75
Opening Cash Balance	225.77	-118.16	Closing Cash Balance	-118.16	-178.30	0.00	-178.30
TOTAL	63408.36	66088.72	TOTAL	63408.36	62724.38	3364.34	66088.72

Source: Finance Accounts

*Excluding net transactions under ways and means advances

1.2.1 Significant changes over the previous year

Revenue receipts	Revenue receipts decreased by 4.98 per cent. Non-tax revenue decreased by 73.76 per cent. Whereas Tax revenue increased by 11.96 per cent and share of union taxes/duties increased by 16.50 per cent.
Revenue expenditure	Revenue expenditure increased by 0.45 per cent. Plan expenditure decreased by 13.61 per cent. Non-plan expenditure increased by 1.52 per cent.
Capital expenditure	Decreased by 32.97 per cent.
Public debt	Receipts increased by 17.45 per cent and disbursements increased by 14.33 per cent.
Public account	Receipts increased by 13.10 per cent and disbursements increased by 11.36 per cent.
Cash balances	Net cash balances decreased by 50.90 per cent.
Revenue Deficit	The State Government was in revenue deficit for the consecutive fifth year.

1.2.2 Assessment of the fiscal position

The norms/ceilings prescribed by the ThFC for selected fiscal variables and the commitments/projections made by the State Government in their FRBM Act and in other statements required to be laid in the legislature under the Act were used to make qualitative assessment of the trend and pattern of major fiscal aggregates. State Government prepared a Fiscal Consolidation Roadmap for the State for the financial years 2010-11 to 2014-15 (*Appendix 1.5*) as per the recommendations of the ThFC. Assuming that GSDP is a good indicator of the performance of the State's economy, the major fiscal aggregates like tax and non-tax revenue, capital and revenue expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current prices (New series 2004-05). The buoyancy coefficients for the relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess whether the mobilization of resources, pattern of expenditure etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The trends in GSDP (at current prices) and sectoral growth of GSDP (at current prices) for the last five years are indicated in **Table 1.2**.

Table 1.2: Trends in Gross State Domestic Product*(₹ in crore)*

S.No.	Sector	2007-08 (R)	2008-09 (R)	2009-10 (P)	2010-11(Q)	2011-12(A)
1	Agriculture	45658	52431	57430	63573	69921
2	Forestry & Logging	1835	2731	4053	5547	7768
3	Fishing	339	380	484	537	628
	Agriculture & Allied activities (1+2+3)	47831	55541	61967	69657	78316
	<i>Growth rate of Agriculture & Allied activities</i>	20.77	16.12	11.57	12.41	12.43
4	Mining & Quarrying	29	54	30	33	36
A.	Sub Total of Primary sector	47860 (31.44)	55595 (31.94)	61997 (31.25)	69690 (30.98)	78352 (31.56)
	<i>Growth Rate of Primary Sector</i>	20.77	16.16	11.52	12.42	12.43
5	Manufacturing	28336	29894	34384	37956	42861
6	Construction	11616	13240	15208	16306	17604
7	Electricity, Gas and Water Supply	3105	3562	4087	4313	4452
B.	Sub Total of Secondary sector	43057 (28.28)	46696 (26.83)	53680 (27.06)	58575 (26.04)	64917 (26.14)
	Industry (4+5+6+7)	43086(28.30)	46750(26.86)	53710(27.07)	58608(26.05)	64953(26.16)
	<i>Growth rate of Industry</i>	25.14	8.50	14.89	9.12	10.83
8	Transport, Storage & Communication	8846	9849	11629	13061	14549
9	Trade, Hotels & Restaurants	18238	21315	23015	24797	26745
10	Banking & Insurance	6543	7753	8950	11608	12947
11	Real Estate, Ownership	7968	9342	10907	12863	14627
12	Public Administration	6479	8146	9005	10538	11648
13	Other Services	13254	15342	19210	23843	24515
C.	Sub total of Tertiary (Service) Sector	61328 (40.28)	71748 (41.23)	82716 (41.69)	96710 (42.99)	105032 (42.30)
	<i>Growth rate of Tertiary Sector</i>	15.52	16.99	15.29	16.92	8.60
14	Calculated GSDP at current prices (A+B+C)	152245	174039	198393	224975	248301
	<i>Growth Rate of GSDP at current prices</i>	19.76	14.31	13.99	13.40	10.37
15	Calculated GSDP at constant prices	123223	130431	138629	148069	156483
	<i>Growth rate of GSDP at constant prices</i>	9.05	5.85	6.29	6.81	5.68
16	GDP of All India (at current prices)	4582086	5303567	6091485	7157412	8232652
	<i>Growth rate of all India GDP (at current prices)</i>	15.91	15.75	14.86	17.50	15.02
17	GDP of All India (at constant prices)	3896636	4158676	4507637	4885954	5202514
	<i>Growth rate of all India GDP (at constant prices)</i>	9.32	6.72	8.39	8.39	6.48

*Source: Economic and Statistical Organisation, Government of Punjab
(Figures in parentheses indicate percentage to calculated GSDP at current prices)
R= Revised, P= Provisional, Q= Quick and A= Advance estimates*

The GSDP at current prices has increased to ₹ 2,48,301 crore in 2011-12 from ₹ 1,52,245 crore in 2007-08. The GSDP grew at the rate of 19.76, 14.31, 13.99, 13.40 and 10.37 per cent during the years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 respectively. The corresponding figures for national growth are 15.91, 15.75, 14.86, 17.50 and 15.02 per cent. However, GSDP of Punjab at constant prices grew at the rate of 9.05, 5.85, 6.29, 6.81 and 5.68 per cent during the years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12

respectively. The corresponding figures for national growth are 9.32, 6.72, 8.39, 8.39 and 6.48 *per cent*. Decreasing trend in the growth of GSDP is a matter of concern as the State is weighed down by high committed expenditure (79.13 *per cent* of total expenditure). The average ratio of committed expenditure to GSDP has been 10.47 *per cent* as discussed in *para 1.5.2* during the period 2007-08 to 2011-12.

Contribution of Primary Sector remained stagnant around 31 *per cent* during the period 2007-08 to 2011-12. The rate of growth of Agriculture and allied activities has come down from 20.77 during 2007-08 to 12.43 *per cent* in 2011-12. The economic survey of Punjab for the year 2011-12 has also expressed concern over deteriorating health of soil in the State with continuation of rice-wheat rotation by the farmers due to assured profits as compared to other crops, cropping intensity reaching a saturation point and dwindling ground water resources and recommended to develop a concrete programme of diversification and raising value addition in each agro-climatic region of Punjab depending on the health of soil and water availability. The need for revitalizing agriculture sector assumes significance in view of the fact that rural population which comprises about 62.51 *per cent* of the total population is still mainly dependent on agriculture for their living.

Rate of growth of Industry has come down from 25.14 *per cent* in 2007-08 to 10.83 *per cent* in 2011-12. However, contribution of industry towards GSDP remained between 26.05 *per cent* and 28.30 *per cent* during 2007-12.

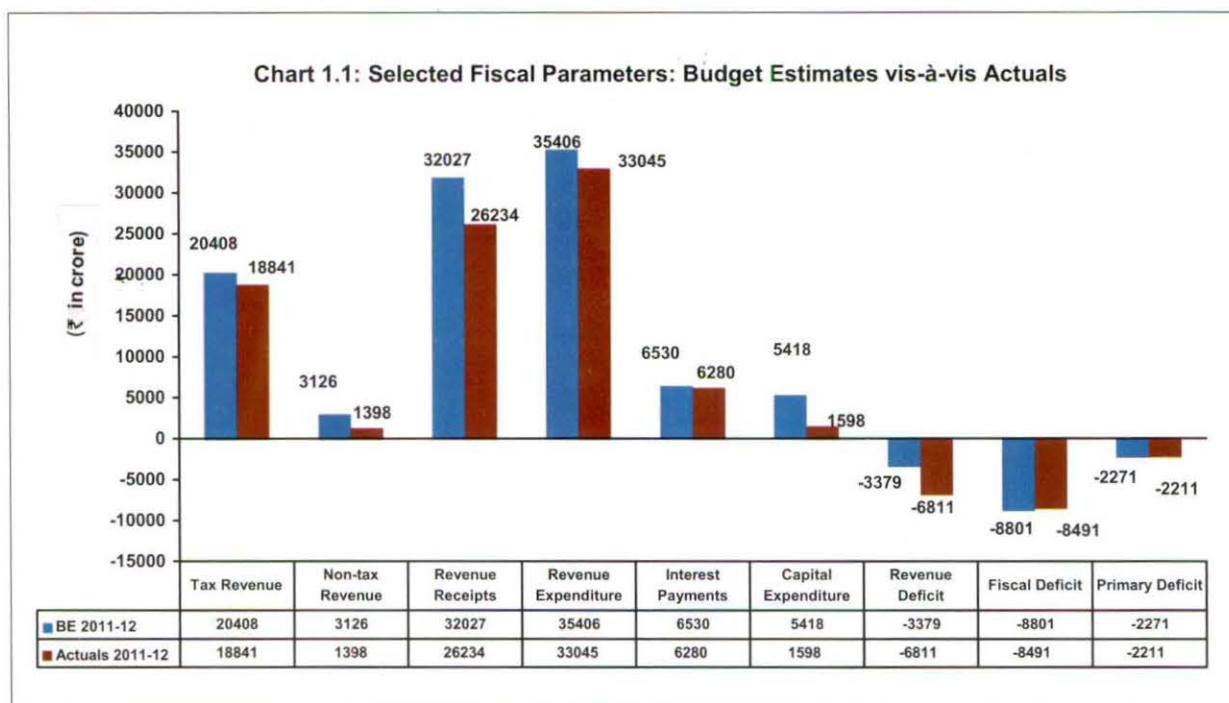
Rate of growth of Service Sector came down from 15.52 *per cent* in 2007-08 to 8.60 *per cent* in 2011-12. However, its contribution towards GSDP remained between 40.28 and 42.30 *per cent* during the period 2007-12.

Thus, rate of growth of various sectors is coming down year by year whereas contribution of various sectors towards GSDP remained almost stagnant.

1.2.3 Budget estimates and actuals

As per the State Budget Manual, the Finance Department is responsible for the preparation of the annual budget by obtaining material from the various departments to base its estimates. The departmental estimates of receipts and expenditure are prepared by the Controlling Officers on advice of the Heads of Departments and submitted to the Finance Department by the prescribed dates. The Finance Department then processes and consolidates the estimates and prepares the Budget Estimates.

The budgeted and the actual figures of various fiscal parameters and receipts and expenditure heads are given in *Appendix 1.6*. The budgeted and the actual figures of selected fiscal parameters are given in **Chart 1.1**.



The revenue deficit at ₹ 6,811 crore increased by ₹ 3,432 crore (101.57 per cent) whereas the fiscal deficit and primary deficit at ₹ 8,491 crore, ₹ 2,211 crore respectively decreased by ₹ 310 crore (3.52 per cent) and ₹ 60 crore (2.64 per cent) respectively over the budget estimates of the current year. Total revenue receipts decreased by ₹ 5,793 crore (18.09 per cent) over the budget estimates of the current year. There was huge difference between the budgeted and actual figures of non-tax revenue. Actual receipts under non-tax revenue amounted to only 44.72 per cent of budgeted receipts. The capital expenditure incurred during 2011-12 amounted to only 29.49 per cent of budgeted capital expenditure which indicates that asset creation was not given as much priority as intended in the budget estimates. Variations between the budget estimates and actuals in some of the tax and non-tax revenue heads are given in **Table 1.3**.

Table 1.3: Variation between the budget estimates and actuals during 2011-12

(₹ in crore)

S. No.	Revenue head	Budget estimates	Actual receipts	Variations increase (+) Shortfall (-)	Percentage
Tax revenue					
1	Taxes/VAT on sales, trade etc.	11800.00	11171.67	-628.33	-5.32
2	Sate excise	3250.00	2754.60	-495.40	-15.24
3	Stamp duty and registration fees	2900.00	3079.13	179.13	6.18
4	Taxes on vehicles	800.00	850.06	50.06	6.26
5	Taxes and duties on electricity	1400.00	928.28	-471.72	-33.69
6	Land revenue	19.00	24.65	5.65	29.74
7	Other taxes and duties on commodities and services including entertainment tax	238.70	32.62	-206.08	86.33
Non- tax revenue					
1	Road transport	133.00	183.35	50.35	37.86
2	Forestry and Wild Life	32.00	5.22	-26.78	-83.69
3	Interest receipts	176.62	170.16	-6.46	-3.66
4	Medium irrigation	1.51	4.08	2.57	170.20
5	Major irrigation	297.91	21.11	-276.80	-92.91
6	Crop husbandry	35.00	31.59	-3.41	-9.74
7	Miscellaneous general services	1657.10	323.72	-1333.38	-80.46
8	Police	78.00	51.91	-26.09	-33.45
9	Public works	23.00	15.83	-7.17	-31.17

Source: Finance Accounts and Annual Financial Statement

The actual receipts were more than the budget estimates by 170.20 per cent in the case of Medium irrigation whereas the actual receipts were lower than the budget estimates in case of Major irrigation (92.91 per cent), Other taxes and duties on commodities and services (86.33 per cent), Forestry and Wild Life (83.69 per cent), Miscellaneous general services (80.46 per cent), Taxes and duties on electricity (33.69 per cent), Police (33.45 per cent) and Public works (31.17 per cent).

The reasons for the variation as furnished by some of the departments are as follows:

The Additional Secretary to Government of Punjab, Department of Revenue stated (July 2012) that income from Stamp duty and registration fee on account of market value of the properties cannot be anticipated with exactness. This varies with the number and quantum of transactions.

The Chief Electricity Inspector, Patiala stated (September 2012) that the decrease of 33.69 per cent for the year 2011-12 was due to non-deposit of electricity duty by Powercom/Electricity Department in the Punjab Government Account.

The Controller (Finance and Accounts), office of the Director General of Police, Punjab stated (July 2012) that the variation between estimates and actual for the year 2011-12 is due to non-payment of deployment charges by other states/departments.

The Director of Agriculture, Punjab stated (September 2012) that the decrease of 9.74 per cent for the year 2011-12 was due to less renewal of licenses for sale of fertilizer, plant protection equipment, pesticides and weedicides.

The other departments did not intimate (December 2012) the reasons for variations in receipts when compared to the budget estimates.

Thus, the huge variations under many tax/non-tax revenue heads indicate that the budget estimates were not prepared with due care and/or the collection of revenue was not monitored closely. There is a necessity to review and streamline formulation of the budget for receipts so that the estimates and the actuals do not differ widely.

1.3 Resources of the State

1.3.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. The revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). The capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from the GoI as well as accruals in the Public Account.

Table 1.1 (para 1.2) presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts, while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2007-12. **Chart 1.3** depicts the composition of receipts of the State during the current year.

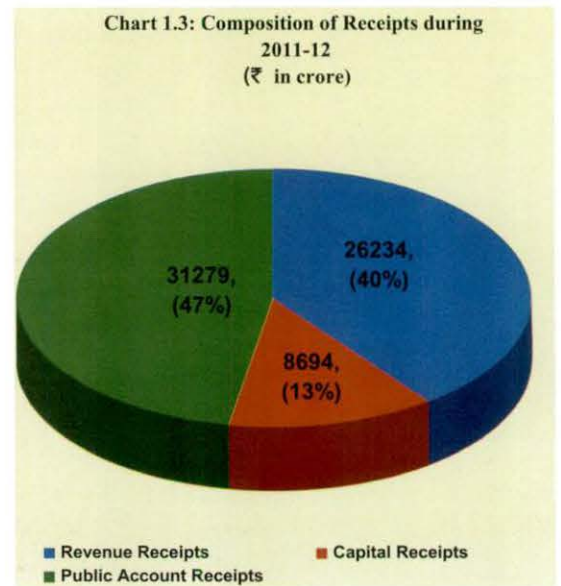
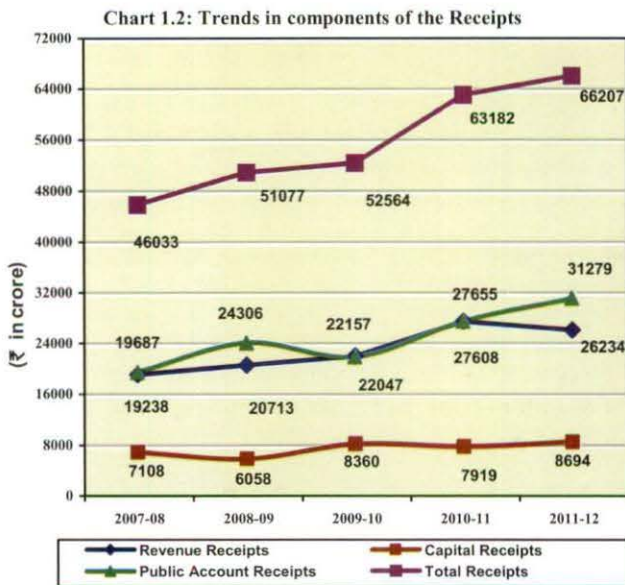


Chart 1.2 shows that out of the total receipts of ₹ 66,207 crore in the year 2011-12, the revenue receipts were ₹ 26,234 crore. The balance came from capital receipts and Public Account receipts. The total receipts of the State increased from ₹ 46,033 crore in 2007-08 to ₹ 66,207 crore in 2011-12.

Chart 1.3 shows that out of the total receipts of ₹ 66,207 crore, the Revenue receipts were ₹ 26,234 crore (39.63 per cent), Public Account receipts were ₹ 31,279 crore (47.24 per cent) and the Capital receipts of ₹ 8,694 crore accounted for 13.13 per cent.

1.3.2 Non-deposit of revenue receipts into the Consolidated Fund of the State

Article 266 (1) of the Constitution of India provides that all revenues received by the State Government, all loans raised by the Government by the issue of treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans shall form one Consolidated Fund to be entitled "the Consolidated Fund of the State".

The Thirteenth Finance Commission also expressed concern over the tendency to divert public expenditure from the budget to nominated funds which are operated outside the authority of the legislature and recommended that the expenditure incurred through these irregular arrangements not only bypassed the oversight of the State Legislature but also the audit of the Comptroller and Auditor General of India and hence should be discouraged.

The Government of Punjab established various funds as mentioned in **Appendix 1.7** through enactment of Acts/issuance of notifications. The revenue receipts collected under these Acts by various bodies were credited to these Funds. During 2011-12, revenue receipts amounting to ₹ 1,634.62 crore¹ were credited to these funds and an expenditure of ₹ 3,194.84 crore (**Appendix 1.7**) was incurred from the accumulated receipts of these funds which is in violation of the constitutional provisions. Since these funds are neither part of annual budget proposals nor are their expenditure reported to the Pr. Accountant General (A&E), the legislature has no opportunity to exercise its oversight over such funds.

1.3.3 Funds released to the State implementing agencies outside the State budget

Huge funds are being released by Government of India directly to the implementing agencies in the State for various schemes/programmes in social and economic sectors instead of routing through State budget. During 2011-12, ₹ 916.92 crore (3.50 *per cent* of revenue receipts) were released by the GoI directly to the implementing agencies (as detailed in **Table 1.4**).

¹ Total revenue receipts during the year do not include revenue receipts of Punjab Rural Development Fund as the same was not furnished by the Department.

Table 1.4: Funds released directly to the State implementing agencies*(₹ in crore)*

S.No.	Programme/Scheme	Implementing agency	2011-12
1	Mahatma Gandhi National Rural Employment Guarantee Scheme	Joint Development Commissioner, Rural Development, Punjab, SAS Nagar	48.77
2	Swaranjayanti Gram Swarozgar Yojana (SGSY)		9.79
3	Indira Awas Yojana (New Construction)		23.98
4	District Rural Development Agency (Administration)		12.34
5	Swarn Jayanti Shahri Rozgar Yojana	Deputy Director, Urban Local Bodies, Ludhiana	0.11
6	Member Parliament Local Area Development Scheme	Deputy Director, Urban Local Bodies, Amritsar, Bathinda, Ferozpur, Jalandhar, Ludhiana and Patiala.	4.12
7	National Rural Health Mission Reproductive Child Health-II	State Health Society- Director, Health and Family Welfare, Punjab, Chandigarh	65.01
8	National Rural Health Mission-Additionalities		92.70
9	National Programme for Control of Blindness		5.53
10	National Leprosy Eradication Programme		0.45
11	Revised National Tuberculosis Control Programme		6.39
12	Sarv Shiksha Abhiyan	Director, Sarv Shiksha Abhiyan, Punjab, Chandigarh	481.12
13	Pradhan Mantri Gram Sadak Yojana	Punjab Roads and Bridges Development Board, SAS Nagar.	166.61
		Total	916.92

Source: Finance Accounts

It is evident from the above table that there is no single agency monitoring the funds directly transferred by Government of India and data is not readily available as to how much money has actually been spent in a particular year on major flagship programmes and other important schemes which are being implemented by State implementing agencies and funded directly by the GoI. On this being pointed out (October 2012), the Finance Department stated (November 2012) that the funds were released directly by GoI and as such the State Government had no control over the manner GoI released the funds. *The funds released by Government of India directly to the State implementing agencies need to be monitored by appointing a nodal agency.*

1.4 Revenue receipts

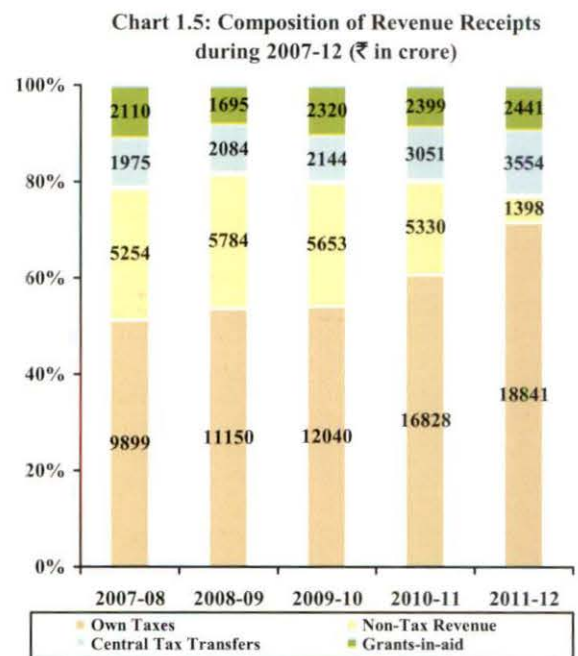
Statement 11 of the Finance Accounts details the revenue receipts of the State. The revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and grants-in-aid from the GoI. The trends and composition of revenue receipts over the period 2007-12 are presented in Time Series data on State Finances in *Appendix 1.8* and also depicted in **Charts 1.4** and **1.5**.

The trends in revenue receipts are presented in **Table 1.5**.

Table 1.5: Trends in Revenue receipts

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Receipts (RR) (₹ in crore)	19238	20713	22157	27608	26234
<i>of which</i>					
Own Taxes	9899	11150	12040	16828	18841
Non-Tax Revenue	5254	5784	5653	5330	1398
Grants in aid from Government of India	2110	1695	2320	2399	2441
State's share of Union taxes and duties	1975	2084	2144	3051	3554
Rate of growth of RR (per cent)	-6.46	7.67	6.97	24.61	-4.98
Rate of growth of own taxes (percent)	9.78	12.64	7.98	39.77	11.96
RR/GSDP (per cent)	12.64	11.90	11.17	12.27	10.57
Buoyancy Ratios²					
Revenue buoyancy w.r.t. GSDP	-0.33	0.54	0.50	1.84	-0.48
State's own tax buoyancy w.r.t. GSDP	0.50	0.88	0.57	2.97	1.15
Revenue buoyancy w.r.t. State's own taxes	-0.66	0.61	0.87	0.62	-0.42
GSDP Growth rate (per cent)	19.76	14.31	13.99	13.40	10.37

Source: Finance Accounts



The revenue receipts increased from ₹ 19,238 crore in 2007-08 to ₹ 26,234 crore in 2011-12 at an annual average growth rate of 7.27 per cent. The ratio of revenue receipts to GSDP during the current year (10.57 per cent) decreased by 1.70 per cent when compared to the previous year. The revenue buoyancy with reference to GSDP increased from minus 0.33 in 2007-08 to 1.84 in 2010-11 and in 2011-12 it came down to minus 0.48. The State's own tax buoyancy with reference to GSDP increased from 0.50 in 2007-08 to 1.15 in 2011-12.

² Please see the glossary (Appendix 4.1).

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

The revenue receipts decreased by ₹ 1,374 crore (4.98 per cent) in 2011-12 over the previous year which was due to decrease in non-tax revenue (₹ 3,932 crore: 73.77 per cent) as compared to previous year. The revenue receipts at ₹ 26,234 crore were less by 18.09 per cent as compared to projections in the Fiscal Consolidation Roadmap for the State (FCR) (₹ 32,027 crore) for the year 2011-12 (Appendix 1.5). On this being pointed out (October 2012), the Finance Department stated (November 2012) that measures were being taken to mobilize additional revenue.

1.4.1 Tax revenue

As shown in Table 1.6, the increase in tax-revenue was mainly due to increase of ₹ 196 crore (29.97 per cent) and ₹ 761 crore (32.83 per cent) under the heads 'Taxes on Vehicles' and Stamps and registration fees'. The Additional State Transport Commissioner, Punjab stated (August 2012) that increase under the head 'Taxes on vehicles' was due to upward revision of Motor vehicle tax on personalized vehicles and on line collection of taxes and fees.

The Additional Secretary to Government of Punjab, Department of Revenue stated (July 2012) that the reason for shortfall in income from stamp duty and registration fee during the year 2010-11 as compared to the fiscal year 2011-12 was due to global recession in the real estate sector, as sale/purchase of properties was less in 2010-11.

Table 1.6: Tax revenue of current year vis-à-vis previous year

(₹ in crore)					
S. No.	Revenue head	2010-11	2011-12	Variation	Percentage
1	Taxes on Sales, Trade etc.	10017	11172	1155	11.53
2	State excise	2373	2755	382	16.10
3	Taxes on Vehicles	654	850	196	29.97
4	Stamps and registration fees	2318	3079	761	32.83
5	Taxes and duties on electricity	1423	928	-495	-34.79
6	Other tax revenue	43	57	14	32.56
Total Tax Revenue		16828	18841	2013	11.96

Source: Finance Accounts

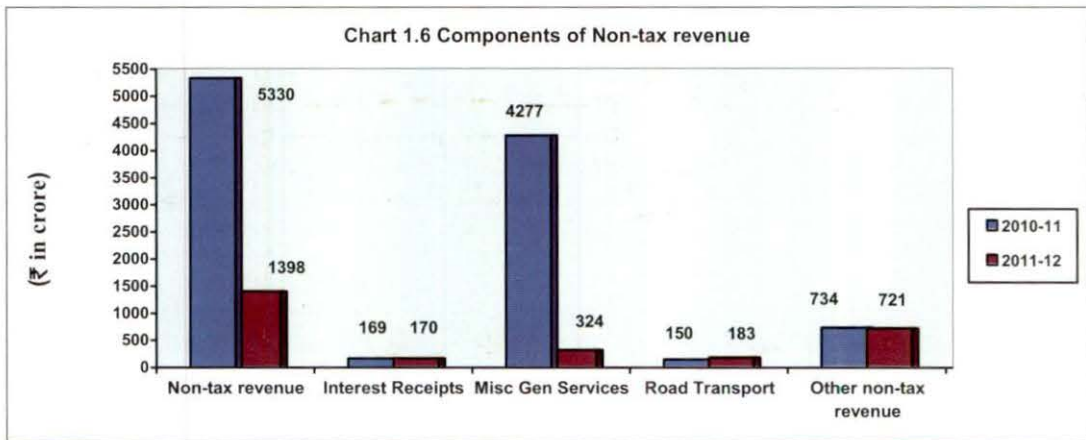
The State's own tax revenue during the current year was ₹ 18,841 crore, which was less by ₹ 1,711 crore (8.33 per cent) compared to the norms of ₹ 20,552 crore fixed by ThFC and less by ₹ 1,567 crore (7.68 per cent) against ₹ 20,408 crore projected in the FCR for the State.

The share of Central transfers in revenue receipts increased from 10 to 14 per cent during the period 2007-12. It increased by three per cent during the current year over the previous year. The share of grants-in-aid from GoI decreased from 11 per cent in 2007-08 to nine per cent in the current year.

1.4.2 Non-tax revenue

In the current year, the share of non-tax revenue in total revenue receipts came down sharply to five per cent from 19 per cent in the previous year as it came down from ₹ 5,330 crore in the previous year to meager ₹ 1,398 crore in the current year (**chart 1.6**). The percentage decrease in non-tax revenue during the current year was 73.77 per cent over the previous year.

The decrease in non-tax revenue was due to discontinuance of weekly lottery scheme which was a major contributor of revenue under the head Miscellaneous General Services. Non-tax revenue was less by ₹ 2,130 crore (60.37 per cent) than projections made in the ThFC (₹ 3,528 crore) and by ₹ 1,728 crore (55.28 per cent) than those in FCR (₹ 3,126 crore).

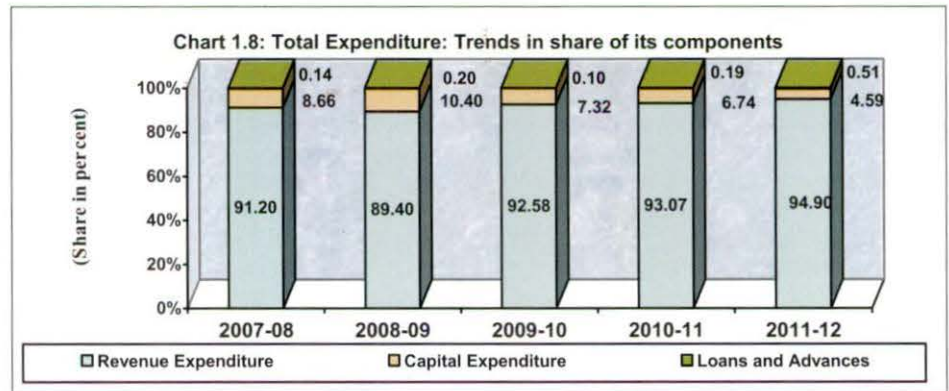
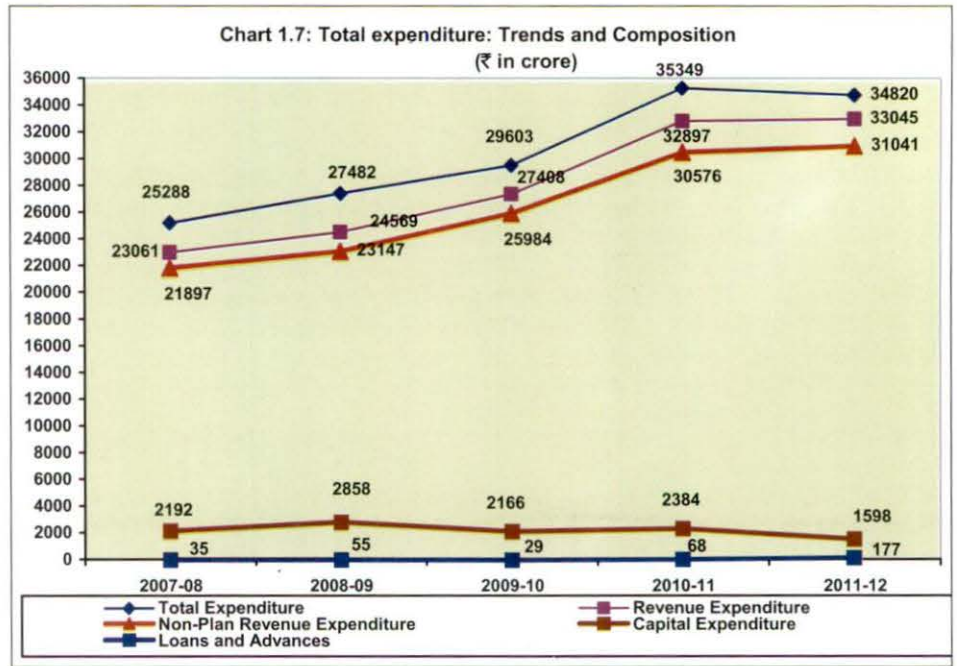


1.5 Application of resources

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

1.5.1 Growth and composition of expenditure

Chart 1.7 presents the trends of total expenditure over a period of five years (2007-12). Its composition in terms of 'economic classification' is depicted in **Chart 1.8**.



The Government raises resources to perform their sovereign functions, to maintain the existing nature of delivery in social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased by 37.69 per cent from ₹ 25,288 crore in 2007-08 to ₹ 34,820 crore in 2011-12. It decreased by ₹ 529 crore (1.50 per cent) over the previous year. The revenue expenditure increased by ₹ 148 crore (0.45 per cent), the capital expenditure decreased steeply by ₹ 786 crore (32.97 per cent) and disbursement of loans and advances increased by ₹ 109 crore (160.29 per cent) during the current year over the previous year.

Similarly, the non-plan revenue expenditure (NPRE) at ₹ 31,041 crore in 2011-12 increased by ₹ 465 crore (1.52 per cent) as compared to the previous year. The NPRE also exceeded the normative assessment made by ThFC at ₹ 24,627 crore by 26.04 per cent.

The movement of relative share of various components of expenditure (Table 1.7) indicates that the share of General Services in total expenditure increased from 51.52 per cent in 2007-08 to 53.14 per cent in 2010-11 and

came down to 48.78 per cent during the current year, Social Services increased from 19.07 to 27.70 per cent and Economic Services decreased from 27.86 to 20.87 per cent during the same period. The development expenditure i.e. 'expenditure on social and economic services' together remained between 45 and 49 per cent during the period 2007-12.

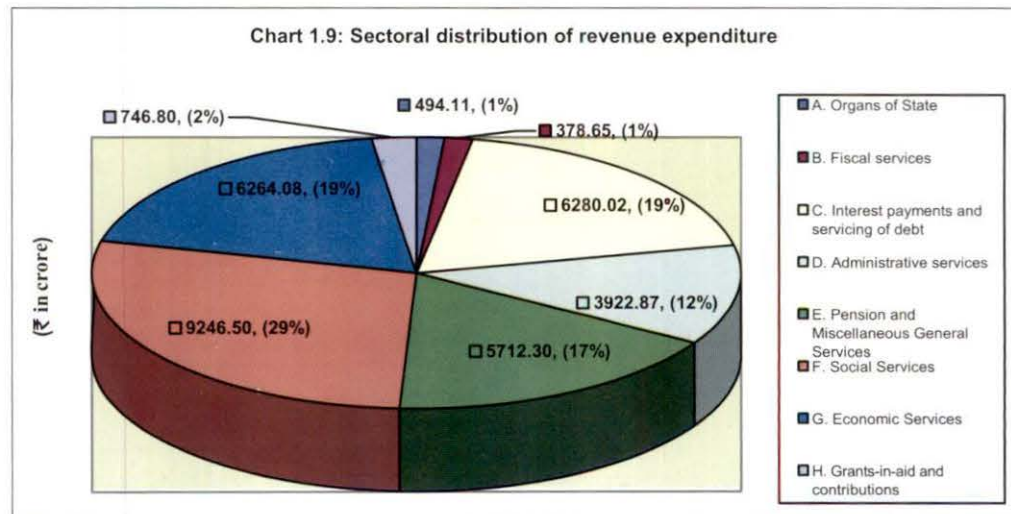
Table 1.7: Components of Expenditure – Relative Share

	(in per cent)				
	2007-08	2008-09	2009-10	2010-11	2011-12
General Services	51.52	51.74	52.87	53.14	48.78
<i>Of which Interest payments</i>	17.90	17.84	16.93	15.60	18.04
Social Services	19.07	24.12	23.36	22.42	27.70
Economic Services	27.86	22.82	22.16	22.45	20.87
Grants-in-aid	1.41	1.13	1.51	1.81	2.15
Loans and Advances	0.14	0.20	0.10	0.19	0.51

Source: Finance Accounts

The revenue expenditure continued to constitute a dominant proportion (89 to 95 per cent) of the total expenditure during the years 2007-12 (**Chart 1.8 and Appendix 1.8**). During this period, it grew at an annual average growth rate of 8.66 per cent. The plan revenue expenditure contributed just five to seven per cent of the total revenue expenditure, whereas the non-plan revenue expenditure was 93 to 95 per cent during the period 2007-12 (**Appendix 1.8**). On this being pointed out (October 2012), the Finance Department stated (November 2012) that efforts were being made to curtail expenditure.

The revenue expenditure increased by ₹ 148 crore (0.45 per cent) over the previous year. The increase was mainly under 'General Education' (₹ 1,140.58 crore: 28.94 per cent), 'Interest Payments' (₹ 764.91 crore: 13.87 per cent), 'Police' (₹ 568.97 crore: 24.90 per cent) and 'Pensions and other Retirement benefits' (₹ 347.89 crore: 6.55 per cent), partly offset by decline under the heads 'Miscellaneous General Services' (₹ 3,745.97 crore: 98.55 per cent), 'Crop Husbandry' (₹ 372.35 crore: 63.08 per cent) and 'Power' (₹ 175.48 crore: 5.20 per cent). The revenue expenditure was less by ₹ 2,361 crore (6.67 per cent) than the projections in FCR (₹ 35,406 crore) for the year 2011-12. The sector-wise distribution of revenue expenditure is shown in **Chart 1.9:-**



The Capital Expenditure (CE) decreased from 8.66 per cent of the total expenditure in 2007-08 to 6.74 per cent in 2010-11 and further to 4.59 per cent in 2011-12. During the current year the CE decreased by ₹ 786 crore (32.97 per cent) over the previous year and it was 0.64 per cent of the GSDP as against 1.06 per cent of the previous year. The decrease was mainly under capital outlay on Command Area Development (₹ 201.09 crore: 100 per cent), 'Roads and Bridges' (₹ 180.65 crore: 31.86 per cent), Urban Development (₹ 150.96 crore: 43.63 per cent), 'Other Rural Development Programme' (₹ 113.72 crore: 37.42 per cent) and 'Education, Sports, Art and Culture' (₹ 106.65 crore: 42.07 per cent). The CE during the current year was only 29.49 per cent of the projections made in the FCR (₹ 5,418 crore). This shows that due priority was not accorded to CE.

On this being pointed out (October 2012), the Finance Department stated (November 2012) that in order to compensate low CE, funds like PIDB and RDF had been constituted exclusively for capital projects. The reply is not convincing as neither the department disclosed the extent to which these funds had helped to compensate the low CE nor the Audit could verify the position as these funds had been established outside the Consolidated Fund of the State and thus bypassed the audit of the C&AG, as discussed in *para 1.3.2*.

1.5.2 Committed expenditure

The committed expenditure of the Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.8** presents the trends in expenditure on these components during 2007-12.

Table 1.8: Trends in components of committed expenditure

Sr. No	Components of committed expenditure	2007-08	2008-09	2009-10	2010-11	2011-12	
						Budget Estimate	Actuals
						(₹ in crore)	
1	Salaries and Wages ⁵ , of which	6379 (33)	6835 (33)	8225 (37)	9750 (35)	12663 (40)	12403 (47)
	<i>Under Non-Plan Head</i>	6244	6677	8034	9525	12333	12081
	<i>Under Plan Head*</i>	135	158	191	225	330	322
2	Interest Payments	4527 (24)	4902 (24)	5011 (23)	5515 (20)	6530 (20)	6280 (24)
3	Pensions	2433 (13)	2830 (14)	3357 (15)	5309 (19)	4822 (15)	5657 (22)
4	Subsidies	3021 (16)	2806 (14)	2919 (13)	3480 (13)	3407 (11)	3215 (12)
	Total Committed expenditure	16360	17373	19512	24054	27422	27555
	Total Revenue expenditure #	23061	24569	27408	32897	35406	33045
	Revenue Receipts	19238	20713	22157	27608	32027	26234

Source: Finance Accounts
(Figures in parentheses indicate percentage to Revenue Receipts)
 * Plan Head includes Centrally sponsored schemes
⁵ Salaries (2011-12): ₹ 12203.99 crore + Wages (2011-12): ₹ 198.65 crore
 # includes expenditure other than committed expenditure

Salaries and Wages

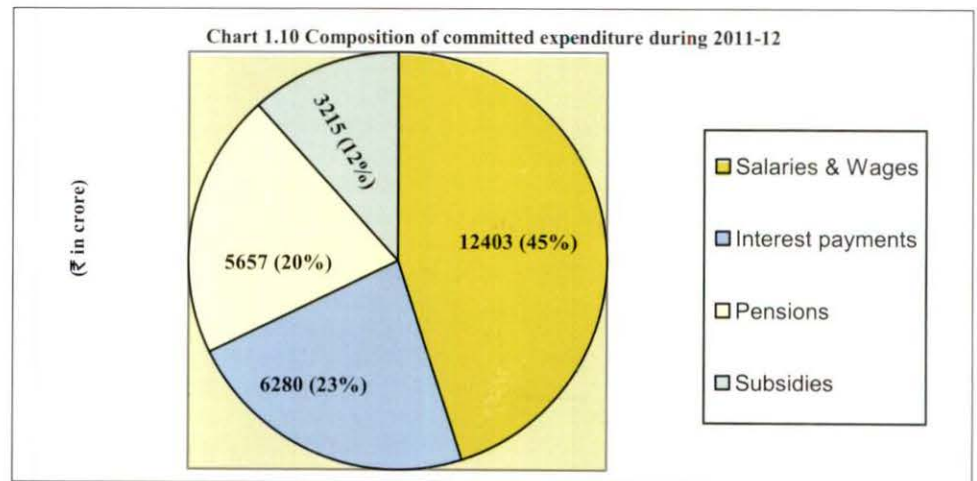
Table 1.8 shows that the expenditure on salaries and wages increased from 33 per cent of revenue receipts in 2007-08 to 47 per cent in 2011-12 and it increased by ₹ 2,653 crore (27.21 per cent) in 2011-12 over the previous year.

Table 1.9: Committed expenditure vis-à-vis targets during 2011-12
(₹ in crore)

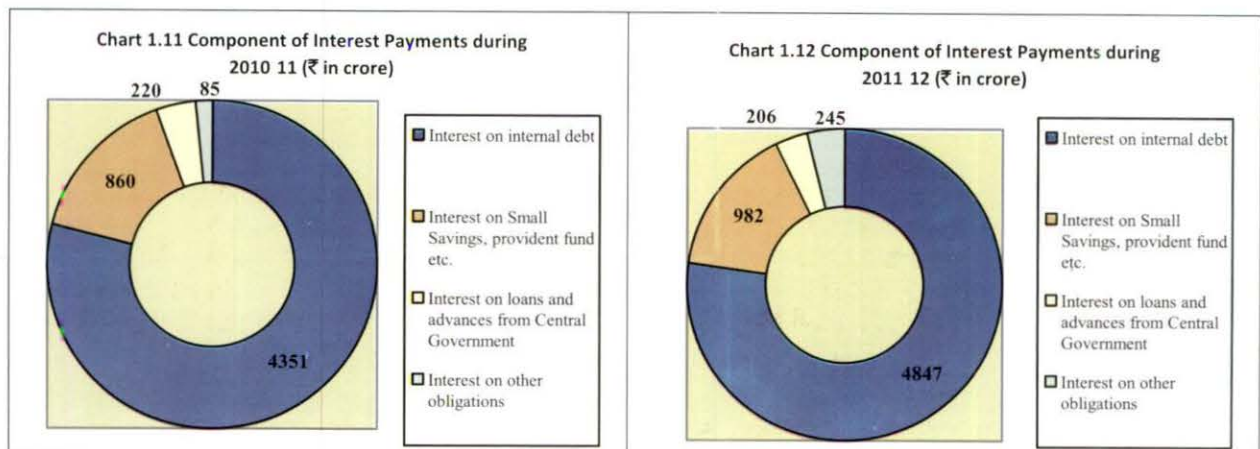
Item	ThFC	FCR for State	2010-11	2011-12	
				Budget estimates	Actuals
Salaries	9278	11067	9589	12417	12204
Interest payments	6074	6530	5515	6530	6280
Pensions	4024	4822	5309	4822	5657
Subsidies	-	-	3480	3407	3215
of which Power subsidy	-	3020	3376	3207	3200

Source: Figures of actual expenditure from Finance Accounts

Table 1.9 shows that although the expenditure on salaries increased during the current year over the previous year yet it remained less than the budget estimates (₹ 12,417 crore). The expenditure on salaries was ₹ 12,204 crore exceeding the norm of ₹ 9,278 crore as envisaged by ThFC as well as target of ₹ 11,067 crore fixed under fiscal consolidation roadmap for the State.



Out of total revenue expenditure of ₹ 33,045 crore, ₹ 27,555 crore (83 per cent) were spent on committed expenditure which was 79.13 per cent of total expenditure. The average ratio of committed expenditure to GSDP has been 10.47 per cent during the period 2007-08 to 2011-12. **Chart 1.10** shows that 65 per cent of the total committed expenditure was spent on Salaries & Wages (45 per cent) and Pensions (20 per cent).



Interest payments

The interest payments increased by 13.87 per cent from ₹ 5,515 crore in 2010-11 to ₹ 6,280 crore in 2011-12 and consumed 24 per cent of revenue receipts which was mainly due to increase of ₹ 496 crore (11.40 per cent) under 'Interest on internal debt' as shown in **Charts 1.11 and 1.12**. It was higher than the projection of ₹ 6,074 crore made by ThFC, whereas it was within budget estimates (₹ 6,530 crore) and FCR of State (₹ 6,530 crore) for the year 2011-12.

Subsidies

The subsidies during the current year decreased by ₹ 265 crore (7.61 per cent) over the previous year. The actual expenditure on subsidies (₹ 3,215 crore) was less than the projection made in the BE (₹ 3,407 crore). However, expenditure on power subsidy was excess by ₹ 180 crore as compared to projections made in FCR (₹ 3,020 crore).

Analysis of the committed expenditure (Table 1.8) of the State Government revealed that interest payments and subsidies together constituted 29 per cent of the total revenue expenditure and consumed 36 per cent of the revenue receipts.

Pension payments

The pension payments recorded a growth of ₹ 348 crore (6.55 per cent) during the current year over the previous year. The expenditure at ₹ 5,657 crore during 2011-12 was higher than the projection made by the Government in its FCR (₹ 4,822 crore), envisaged by ThFC (₹ 4,024 crore) and BE (₹ 4,822 crore).

The State Government introduced a new Contributory Pension Scheme in December, 2006 to cover all employees who entered Punjab Government Service against the categories mentioned in Rule 1.2 of Punjab Civil Service Rules, Volume-I Part-I on or after 1 January, 2004. Under this scheme, contribution at the rate of 10 per cent of his basic pay plus Dearness Allowance will be recovered from the salary of the employees and matching contribution paid by the Government will be invested in a pension fund regulated by Pension Fund Regulatory and Development Authority. At the time of exit, the Government employee will have to invest 40 per cent of pension wealth to purchase an annuity from an Insurance Regulatory Development Authority regulated Life Insurance Company which will provide for pension for the life time of the employee and his dependents.

The Government of Punjab established (July, 2010) Principal Accounts Office (New Pension Scheme), headed by the Deputy Director (Pension) for implementation of New Pension Scheme. **Table 1.10** shows the year-wise detail of employees' contribution collected, amount of matching contribution contributed by the Government and amount transferred to the Fund Managers for investment in pension fund.

Table 1.10: Detail of employees' contribution collected alongwith State's matching contribution and funds transferred to the Fund Managers*(₹ in crore)*

Year	Amount of employees contribution collected	Matching contribution contributed by the Government	Total	Amount transferred to the Fund Managers
(1)	(2)	(3)	(4)=(2)+(3)	(5)
2008-09	33.59	33.59	67.18	-
2009-10	40.67	40.67	81.34	-
2010-11	54.06	54.06	108.12	3.44
2011-12	103.40	103.40	206.80	135.82
Total	231.72	231.72	463.44	139.26

Source: Departmental records

The balance amount (₹ 324.18 crore) is lying in the State Public Account on which the Government had paid ₹ 49.31 crore as interest to the employees covered under the scheme. On this being pointed out (October 2012), the Finance Department stated (November 2012) that care would be taken to release funds at the time of registration of employees under the New Pension Scheme. The reply is not in consonance with the audit observation as it did not explain reasons for non-transfer of the amount already lying in State Public Account.

The Thirteenth Finance Commission recommended (November 2010) a grant of ₹ 10 crore to assist states to build the database of their employees and pensioners which should be integrated with an electronic payroll and pension payment system to facilitate error free and real time updates. Out of this, the states were to draw ₹ 2.50 crore during 2010-11. The balance amount of ₹ 7.50 crore was to be released after the creation of database. The ThFC recommended to complete this database in three years i.e. by 2012-13.

Out of ₹ 2.50 crore released by the GoI for this purpose, the Deputy Director (Pension) drew (June 2012) only ₹ 50 lakh and kept these funds in a bank account opened in the name of 'Data Base Cell'. As regards progress of work, the Deputy Director (Pension) intimated (September 2012) that matter regarding preparation of database and its functional integration with the treasury is under consideration with higher authorities.

The Punjab Government should ensure speedy transfer of amount of employees' contribution alongwith the State's matching contribution to the Fund Manager so as to relieve the State exchequer of the burden of interest.

1.5.3 Financial assistance to the local bodies/other institutions

The Seventy-third and Seventy-fourth amendment of Constitution of India gave constitutional status to the Local Self Government Institutions. The constitutional amendments established a system of uniform structure, regular election, regular flow of funds etc. for these institutions.

The State Government enacted the Punjab Panchayati Raj Act, 1994 to establish a three-tier Panchayati Raj system in the State of Punjab with elected

bodies at the village, block and district levels, in keeping with the provisions of the Constitution (Seventy-third Amendment) Act, 1992 for greater participation of the people and more efficacy of rural development and Panchayati Raj system.

The Urban Local Bodies (ULBs) in Punjab are governed by the Punjab Municipal Act (PMA), 1911 and the Punjab Municipal Corporation Act (PMCA), 1976. These were amended in 1994 to bring the two Acts in conformity with the Constitution (74th Amendment) Act, 1992.

The 73rd and 74th Constitutional Amendment Acts, 1992 supplemented by legislation/resolutions in the State in 1994 changed the structure of governance permanently to three-tier system in local bodies. The classification of local bodies in State of Punjab is as follows:

Table 1.11: Classification of local bodies in Punjab

Category of local body	Panchayati Raj Institutions (PRIs)			Urban Local Bodies (ULBs)		
	Zila Parishad	Panchayat Samities	Gram Panchayats	Municipal Corporation	Municipal Council	Nagar Panchayats
Number of local bodies as on 31.03.2012	20	141	12775	5	102	33

Source: Departmental records

The local bodies in Punjab are responsible for the implementation of various centrally sponsored and state funded schemes for poverty alleviation, employment generation, sanitation, capacity building, women's social and economic empowerment, apart from provision of basic amenities and services.

The main sources of income are grant-in-aid from Government, percentage of state net tax collection & share of auction money and excise duty from state, compensation for abolished octroi, donation, taxes, duties, cess and fees, fines and penalties, income from village common lands, and sale proceeds of dust, dirt and dung, etc.

The Examiner, Local Fund and Accounts, Punjab is the statutory auditor of Local Bodies. However, in view of the recommendations of ThFC, Punjab Government entrusted (August 2011) the test audit of the ULBs and PRIs to the Comptroller and Auditor General of India (CAG) under Section 20(1) of CAG (Duties, Powers and Conditions of Service) Act, 1971 and also for providing technical guidance and support over the work of the Examiner, Local Fund and Accounts, Punjab.

The quantum of assistance provided by way of grants and loans to the local bodies and other institutions during the current year and the previous years is presented in **Table 1.12**.

Table 1.12: Financial assistance to local bodies, etc.

Institutions	2007-08	2008-09	2009-10	2010-11	2011-12	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities etc.)	454.93	452.12	748.02	683.84	826.80	905.58
Municipal corporations and Municipalities	28.75	1.93	18.87	155.05	80.00	71.90
Zila Parishads and Other Panchayati Raj Institutions	145.11	73.34	116.93	87.02	638.89	131.48
Development Agencies	2.77	28.21	10.41	3.59	32.17	0.43
Hospitals and Other Charitable Institutions	62.19	55.00	46.45	63.27	86.53	90.14
TOTAL	693.75	610.60	940.68	992.77	1664.39	1199.53
Assistance as percentage of revenue expenditure	3.01	2.49	3.43	3.62	4.70	3.63

Source: Finance Accounts

The financial assistance to the local bodies and other institutions increased from ₹ 693.75 crore in 2007-08 to ₹ 1,199.53 crore in 2011-12. The increase of ₹ 206.76 crore (20.83 per cent) over the previous year was mainly due to increase in assistance to the Educational Institutions (₹ 221.74 crore: 32.43 per cent), Zila Parishads & other Panchayati Raj Institutions (₹ 44.46 crore: 51.09 per cent) and Hospitals and other charitable institutions (₹ 26.87 crore: 42.47 per cent) partly offset by decrease in financial assistance to Municipal Corporations and Municipalities (₹ 83.15 crore: 53.63 per cent).

Against the total budget provision of ₹ 1,664.39 crore during 2011-12, financial assistance of ₹ 1,199.53 crore was released. In case of Zila Parishads and other Panchayati Raj Institutions, decrease in the actual release vis-à-vis the BE was ₹ 507.41 crore (79.42 per cent). This decrease was due to non-release of any grant to PRIs against the recommendations of third State Finance Commission. Decrease of ₹ 31.74 crore (98.66 per cent) in case of development agencies was due to less financial assistance to local bodies, corporations, etc.

The overall quantum of financial assistance to the local bodies and other institutions remained between 2.49 and 3.63 per cent of the revenue expenditure during 2007-12.

1.6 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves adequacy and efficiency of the expenditure.

1.6.1 Adequacy of public expenditure

Adequacy of public expenditure means whether there are enough provisions for providing public services. The responsibilities to incur expenditure on social sector and economic infrastructure are largely assigned to the State Governments. For enhancing the levels of human development, the States are required to step up their expenditure on key social services like education,

health etc. The fiscal priority (ratio of expenditure on a particular category to the aggregate expenditure) to a particular sector is considered low, if it is below the respective national average. In **Table 1.13**, the fiscal priority of the State Government with regard to development expenditure, expenditure on social sector and capital expenditure etc. is shown.

Table 1.13: Fiscal Priority of the State in 2008-09 and 2011-12

Fiscal Priority	<i>(In per cent)</i>					
	AE/GSDP	DE [#] /AE	SSE/AE	CE/AE	Education/AE	Health/AE
General Category States Average* (Ratio) 2008-09	17.00	67.09	34.28	16.47	15.41	3.97
Punjab (Ratio) 2008-09	15.79 (92.88)	47.05 (70.13)	24.12 (70.36)	10.40 (63.15)	11.82 (76.70)	3.10 (78.09)
General Category States Average (Ratio) 2011-12	16.09	66.44	36.57	13.25	17.18	4.30
Punjab (Ratio) 2011-12	14.02 (87.13)	48.94 (73.66)	27.70 (75.75)	04.59 (34.64)	15.61 (90.86)	4.59 (106.74)

**General category (GC) States represents States other than 11 states termed as Special Category States (Arunachal Pradesh, Assam, Jammu & Kashmir, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Utranchal). Average of General Category States has been calculated on the basis of figures provided by 16 GC States (excluding Delhi, Goa and Puducherry).*

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

Development Expenditure comprises Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

Figures in parenthesis indicate percentage to General Category States Average.

Source: Finance Accounts and for GSDP, the information was collected from the Economic and Statistical Organisation, Punjab

From the **Table 1.13**, it is clear that during the years 2008-09 and 2011-12:

- Public expenditure as indicated by the ratio of aggregate expenditure to GSDP was lower in 2008-09 in the state as compared to the General Category States Average and the trend continues in the year 2011-12. The ratio of expenditure incurred by Punjab to the General Category States Average has come down from 92.88 *per cent* in 2008-09 to 87.13 *per cent* in 2011-12 which indicates that gap between expenditure by Punjab and General Category States Average is widening.
- Development expenditure refers to the expenditure on economic and social sector. Increased priority to Development expenditure will result in better human and physical asset formation which will further increase the growth prospects of the State. In the case of Punjab, lower priority was given to the Development expenditure, as lower proportion of the aggregate expenditure as compared to General Category States Average was spent under this head. However, the ratio of expenditure incurred by Punjab to the General Category States Average has gone up from 70.13 *per cent* in 2008-09 to 73.66 *per cent* in 2011-12.
- Similarly, lower priority had been given to the expenditure in Social Sector as lower proportion of aggregate expenditure was spent on this sector as compared to the General Category States in the country. However, priority to expenditure on education and health, which are main constituents of Social Sector, has improved during the year 2011-12. In the case of education, the ratio of expenditure incurred by the Government of Punjab with General Category States Average has gone up from 76.70 *per cent* in 2008-09 to 90.86 *per cent* in 2011-12 whereas in the case of health, higher proportion (106.74 *per cent*) of aggregate expenditure was spent by the Government of Punjab as compared to General Category States Average.

- Capital expenditure increases the asset creation which will generate opportunities for higher growth. In Punjab, the ratio of capital expenditure to the aggregate expenditure was also low as compared to the General Category States Average. The ratio of expenditure incurred by Punjab to the General Category States Average has come down from 63.15 per cent in 2008-09 to 34.64 per cent in 2011-12 which indicates that gap between expenditure by Punjab and General Category States Average is widening.

1.6.2 Efficiency of expenditure

In view of the importance of public expenditure on development items, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision for core public and merit goods³. Apart from improving the allocation towards development expenditure, the efficiency of expenditure is reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure.

Table 1.14: Development expenditure

Components of Development expenditure	2007-08	2008-09	2009-10	2010-11	2011-12	
					BE	Actuals
Total Development expenditure (a to c)	11878 (46.97)	12929 (47.04)	13476 (45.52)	15890 (44.95)	22129 (54.09)	17042 (48.94)
a. Development Revenue expenditure	9812 (38.80)	10227 (37.21)	11436 (38.63)	13660 (38.64)	16908 (41.33)	15511 (44.54)
b. Development Capital expenditure	2056 (8.13)	2671 (9.72)	2041 (6.89)	2199 (6.22)	5174 (12.65)	1402 (4.03)
c. Development Loans and Advances	10 (0.04)	31 (0.11)	0 (Nil)	31 (0.09)	47 (0.11)	129 (0.37)

(Figures in parentheses indicate percentage to aggregate expenditure)

Source: Finance Accounts

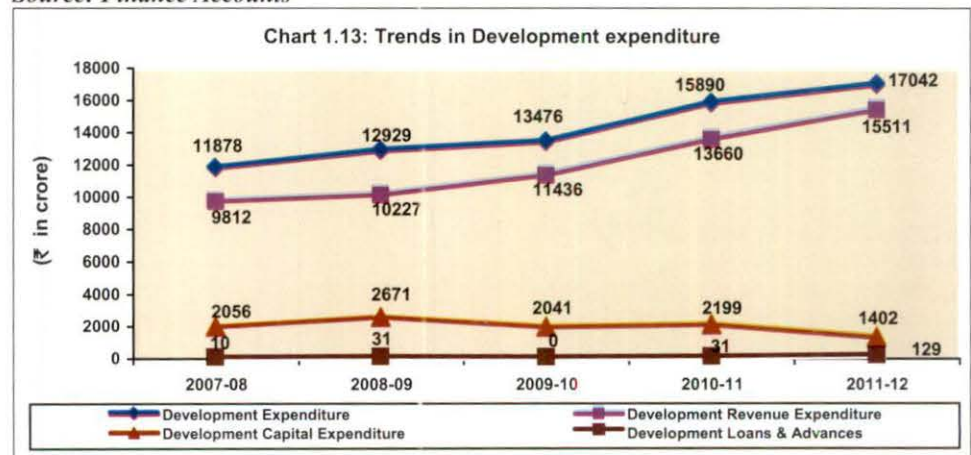


Table 1.14 and Chart 1.13 show that the total development expenditure increased by ₹ 5,164 crore (43.48 per cent) during 2007-12 and by ₹ 1,152 crore (7.25 per cent) during the current year over the previous year.

³ Please see the glossary (Appendix 4.1)

The development revenue expenditure increased consistently from ₹ 9,812 crore in 2007-08 to ₹ 15,511 crore in 2011-12. The development revenue expenditure increased by ₹ 1,851 crore (13.55 per cent) during the current year over the previous year, whereas it was less by ₹ 1,397 crore (8.26 per cent) when compared with the BE of the State for the year 2011-12.

The development capital expenditure decreased from ₹ 2,056 crore in 2007-08 to ₹ 1,402 crore in 2011-12. It decreased by ₹ 797 crore (36.24 per cent) during the current year over the previous year and was less by ₹ 3,772 crore (72.90 per cent) as compared to the BE. The less development capital expenditure during 2011-12 as compared to 2007-08 implies that the State Government was giving less priority to capital expenditure for development as only 4.03 per cent of the aggregate expenditure as against 8.13 per cent in 2007-08 was incurred on development capital expenditure.

Table 1.15: Expenditure on selected Social and Economic Services vis-à-vis respective total expenditure

(In per cent)

Social/Economic Infrastructure	2010-11		2011-12	
	Ratio of CE to TE	In RE, the share of S & W	Ratio of CE to TE	In RE, the share of S & W
Social Services (SS)				
General Education	3.84	80.57	2.26	81.78
Health and Family Welfare	3.27	88.19	2.98	86.87
WS, Sanitation, HUD	51.82	64.21	31.62	69.58
Total (SS)	8.37	66.19	4.13	68.22
Economic Services (ES)				
Agri. and Allied Activities	1.41	39.43	0.11	69.88
Irrigation & Flood Control	36.69	75.33	23.36	76.20
Power and Energy	0.00	0.02	0.00	0.02
Transport	53.41	34.96	36.36	30.38
Total (ES)	19.36	25.13	13.81	29.37
Total (SS+ES)	13.87	46.95	8.29	52.53
<i>WS: Water Supply, HUD: Housing and Urban Development; Agri: Agriculture; CE: Capital Expenditure; TE: Total Expenditure; RE: Revenue Expenditure; S&W: Salary and Wages.</i>				

Source: Finance Accounts

Table 1.15 shows that in 2011-12, the ratio of the capital expenditure (CE) to total expenditure (TE) on the Social Services (SS) and the Economic Services (ES) decreased by 4.24 and 5.55 respectively over the previous year.

The share of salaries and wages components in revenue expenditure on SS increased from 66.19 to 68.22 per cent and in case of ES from 25.13 to 29.37 per cent during the current year over the previous year.

The combined ratio of CE to TE on SS and ES decreased by 5.58 during 2011-12 over the previous year, while the share of salaries & wages in revenue expenditure on SS and ES increased from 46.95 to 52.53 per cent.

1.7 Analysis of Government expenditure and investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low level but also meet its capital expenditure/ investment including loans and advances. In addition, the State Government

needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital works undertaken by the Government during the current year vis-à-vis the previous years.

1.7.1 Financial results of Irrigation works

The financial results of nine major irrigation projects involving a capital expenditure of ₹ 488.41 crore at the end of March 2012 showed that revenue realised from these projects during 2011-12 (₹ 16.30 crore) was only 3.34 per cent of the capital expenditure. This return was not sufficient to cover even the direct working expenses (₹ 287.47 crore). After meeting the direct working expenditure and interest charges (₹ 24.88 crore), the projects suffered a net loss of ₹ 296.05 crore.

Besides, Punjab Government has established 'Punjab Water Resources Management and Development Corporation Limited' which was incorporated in 1970 as a wholly owned Government Company to provide irrigation facilities to the farmers by installation of deep tubewells. The Company is presently engaged in installation, operation and maintenance of tubewells, sale of water to the farmers at the rates fixed by the State Government and lining of watercourses by executing the projects approved by the Government of India under the Command Area Development and Water Management Programme. As on 31 March 2012, investment of Government in the Company stood at ₹ 206.90 crore. Accumulated losses of the Company upto 2009-10 (upto which the accounts were finalized) were ₹ 79.57 crore.

As on 31 March 2012, water charges amounting to ₹ 476.50 crore (Department of Irrigation: ₹ 470.69 crore and Company: ₹ 5.81 crore) were in arrears.

1.7.2 Incomplete projects

The department-wise information pertaining to the incomplete projects as on 31 March 2012 is given in the **Table 1.16**.

Table 1.16: Department-wise profile of incomplete projects

(₹ in crore)

Department	Number of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost of Projects	Expenditure	Cost Overrun
Water Supply and Sanitation	9	59.52	Not available	27.91	Not available
	2	5.43	5.81	3.26	0.38
Irrigation Department	2	2485.81	Not available	318.97	Not available
	1	58.15	74.14	26.51	15.99
Public Works (B & R)	5	37.59	Not available	23.95	Not available
TOTAL	19	2646.50	-	400.60	16.37

Source: Finance Accounts

Out of three incomplete projects in the Irrigation Department, cost of one project namely 'Banur Canal System-Non-perennial to Perennial' was revised, which resulted in increase in the estimated cost by ₹ 15.99 crore (27.50 per cent).

There were 11 incomplete projects in the Water Supply and Sanitation Department on which an expenditure of ₹ 31.17 crore was incurred.

There are three incomplete infrastructural projects viz. 'Construction of high level bridge over Muradpur Drain, Widening and strengthening of Kartarpur to Kapurthala road' and 'Upgradation of Kohlian Bamial Pallah Road upto Jammu and Kashmir boundary' in PWD (B&R) Department.

The targeted year of completion of most of the incomplete projects was upto 2011-12 but the works have not been completed as of 31 March 2012. The reasons for non-completion of projects were called for (August 2012) from the Chief Engineers but no reply was received (December 2012).

Efforts should be made by the concerned departments to complete all the incomplete projects as early as possible, as ₹400.60 crore had already been spent on these incomplete projects and full benefits are yet to be realized.

1.7.3 Investment and return

(a) Investment

As of 31 March 2012, the Government of Punjab had invested ₹ 3,831.73 crore.

Table 1.17: Return on investment

Investment/return/cost of borrowings	2007-08	2008-09	2009-10	2010-11	2011-12
Investment at the end of the year (₹ in crore)	3835.65	3841.36	3832.41	3831.96	3831.73
Return (₹ in crore)	0.40	0.78	0.91	0.62	1.73
Return (<i>per cent</i>)	0.01	0.02	0.02	0.02	0.05
Average rate of interest on Government Borrowing (<i>per cent</i>)	8.46	8.32	7.72	7.73	7.96
Difference between interest rate and return (<i>per cent</i>)	8.45	8.30	7.70	7.71	7.91

Source: Finance Accounts

As per statement 14 of the Finance Accounts, out of total amount invested (₹ 3,831.73 crore), ₹ 167.27 crore were invested in nine Statutory Corporations (four working and five non-working), ₹ 3,435.41 crore in 24 Government Companies (13 working and 11 non-working), ₹ 227.65 crore in 7653 Co-operative Banks and Societies and ₹ 1.40 crore in 15 Joint Stock Companies. The return on investment from Statutory Corporations, Cooperative Banks and Societies, Joint Stock Companies and Government companies was ₹ one crore (0.60 *per cent*), ₹ 42.04 lakh (0.18 *per cent*), ₹ 18.68 lakh (13.39 *per cent*) and ₹ 12.50 lakh (0.004 *per cent*) respectively aggregating to ₹ 1.73 crore (0.05 *per cent*). The return was between only 0.01 and 0.05 *per cent* during 2007-12, while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.72 and 8.46 *per cent* (Table 1.17) during the same period.

Out of four working Statutory Corporations/Boards, three were incurring losses and their accumulated losses amounted to ₹ 1,079.52 crore (upto the year 2009-10 and 2010-11 for which their accounts were finalized).

In 13 working Government Companies, ₹ 3,409.93 crore were invested. Out of these, five were incurring losses of ₹ 11,398.78 crore and eight companies have accumulated profits of ₹ 206.07 crore (up to 2007-08 to 2010-11 for which their accounts were finalized).

Out of four working Statutory Corporations and 13 working Government Companies, three Statutory Corporations and four Government Companies have negative net worth (*Appendix 1.9*).

The State Government may ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns to justify if high cost borrowings are worth being channelized there.

(b) Accounts

Section 210 of the Companies Act, 1956, read with sections 166 and 216 casts the duty on the Board of Directors of a Company to place the accounts alongwith auditor's report (including supplementary comments of the Comptroller and Auditor General of India (C&AG)) in the Annual General Meeting of the shareholders within six months of the close of its financial year.

Similarly, in the case of Statutory Corporations, their accounts are to be finalized, audited and presented to the Legislature as per the provisions of their respective Acts. Out of the four working Statutory Corporations, the C&AG is the sole auditor for the Punjab Scheduled Castes Land Development and Finance Corporation and PEPSU Road Transport Corporation. In respect of the Punjab State Warehousing Corporation and Punjab Financial Corporation, the audit is conducted by the Chartered Accountants and supplementary audit is conducted by the CAG.

In spite of the above provisions in the Act, there were arrears in finalization of the accounts of the Government Companies and Corporations (PSUs) (*Appendix 1.10*). **Table 1.18** indicates the position of arrear in finalization of accounts of Public Sector Undertakings (PSUs) as of June 2012.

Table 1.18: Position of arrears in finalization of Accounts of PSUs

S. No.	Particulars	
1	Number of working PSUs	17
2	Number of working PSUs where accounts are in arrear	09
3	Number of accounts in arrear	13
4	Extent of arrear (Number of accounts)	1 to 3

Source: Finance Accounts

In the absence of accounts and their subsequent audit, it could not be ensured whether investment made and expenditure incurred had been properly accounted for and the purpose, for which the amount was invested, was achieved or not. Government's investment in the Companies, thus, remained outside the scrutiny of the State Legislature. Further, delay in finalization of the accounts may result in risk of fraud and leakage of public money, apart from violation of the provisions of the Companies Act, 1956.

Though the concerned Administrative Departments of the Government were informed half yearly, by Audit, of the arrears in finalization of accounts, no remedial measures were taken (December 2012).

The Government may set up a cell to oversee the clearance of arrears and set targets for individual companies which should be monitored by the cell.

1.7.4 Departmental commercial undertakings

Activities of quasi-commercial nature are performed by the Punjab Roadways, a departmental undertaking (Transport Department). ₹ 42.72 crore had been invested by the State Government in the Punjab Roadways upto 2000-01 (upto which its accounts were prepared) (Non-preparation of accounts by Punjab Roadways since 2001-02 has been commented upon in *para 3.3* of this Report). The Punjab Roadways had been incurring losses continuously for more than five years and its accumulated losses upto 2000-01 were ₹ 731.46 crore as against the total investment of ₹ 42.72 crore.

1.7.5 Loans and advances by the Government of Punjab

In addition to the investments in Co-operative Societies, Corporations and Companies, the Government of Punjab has also been providing loans and advances to many institutions/organizations. **Table 1.19** presents the position of outstanding loans and advances as on 31 March 2012, interest receipts vis-à-vis interest payments by the State Government on its borrowings during last four years.

Table 1.19: Position of outstanding loans and advances and interest received/paid

(₹ in crore)

Quantum of loans/interest receipts/cost of borrowings	2008-09	2009-10	2010-11	2011-12	
				BE	Actual
Opening Balance of loans outstanding	4123	4100	2853	-	2324
Amount advanced during the year	55	29	68	84	177
Amount recovered during the year	78	1276	597	80	95
Closing Balance of the loans outstanding	4100	2853	2324	-	2406
Interest received	46	42	51	-	40
Interest received as <i>per cent</i> to the outstanding Loans and Advances	1.12	1.47	2.19	-	1.66
Rate of Interest paid as <i>per cent</i> to the outstanding fiscal liabilities of the Government	8.32	7.72	7.73	-	7.96
Difference between the rate of, interest paid and interest received (<i>per cent</i>)	(-)7.20	(-)6.25	(-)5.54	-	(-)6.30

Source: Finance Accounts

During 2011-12, ₹ 177 crore were advanced as loans against the BE of ₹ 84 crore. Further, recovery of loans amounting to ₹ 95 crore was made against the BE of ₹ 80 crore. The interest receipt of ₹ 40 crore during the current year decreased by ₹ 11 crore (21.57 *per cent*) over the last year. While the interest payment during 2011-12 was 7.96 *per cent* of its outstanding fiscal liabilities, the interest received was only 1.66 *per cent* of the outstanding loans and advances.

The Government needs to analyse the reasons for inadequate return from the loans and advances made by it.

1.7.6 Cash balances and investment of cash balances

Table 1.20 depicts the cash balances and investments made by the Government of Punjab out of the cash balances during the year 2011-12. Total investment out of cash balances during 2011-12 were ₹ 102.03 crore, major portion of which was in Government of India Securities (₹ 101.99 crore). On these investments, the Government earned interest of ₹ 9.95 crore during the current year. The cash balances at the close of the current year decreased from ₹ (-)118.16 crore of the previous year to ₹ (-)178.30 crore mainly due to increase in *minus* balance of Deposits with Reserve Bank of India from ₹ 694.28 crore to ₹ 729.82 crore. Huge amount of cash was lying with departmental officers. Had this amount been deposited into treasury the minus deposits would have reduced to that extent.

Table 1.20: Cash balances and investment of cash balances

		(₹ in crore)		
Overall Cash Position of the Government		As on 31st March 2011	As on 31st March 2012	Increase(+)/ Decrease(-)
(A)	General Cash Balances -			
1	Deposits with Reserve Bank of India	(-694.28)	(-729.82)	(-35.54)
2	Investment held in the Cash balance Investment Account (a to c)	102.03	102.03	0.00
a.	GOI Treasury Bills	0.00	0.00	0.00
b.	GOI Securities	101.99	101.99	0.00
c.	Punjab State Power Corporation Bonds	0.04	0.04	0.00
2	Total (A)	(-592.25)	(-627.79)	(-35.54)
(B)	Other Cash Balances and Investments -			
1	Cash with departmental officers viz; Forest and Public Works	473.17	448.57	(-24.60)
2	Permanent advances for contingent expenditure with departmental officers	0.22	0.22	0.00
3	Investments of earmarked fund	0.70	0.70	0.00
	Total (B)	474.09	449.49	(-24.60)
	Total (A) and (B)	(-118.16)	(-178.30)	(-60.14)
	Interest realised on investment	0.28	9.95	9.67

Source: Finance Accounts

Under an agreement with the Reserve Bank of India, the Government of Punjab has to maintain with the bank a minimum balance of ₹ 1.56 crore on all days. If the balance falls below the agreed minimum balance on any day, the deficiency is made good by taking ways and means advances/overdraft from the Reserve Bank of India.

As per statement 6 of the Finance Accounts, ₹ 353.27 crore were outstanding as ways and means advances at the end of the year 2010-11. During 2011-12, the Government obtained ₹ 4,834.02 crore as ways and means advances from RBI on 84 occasions out of which ₹ 5,080.54 crore were re-paid during the year leaving a balance of ₹ 106.75 crore. ₹ 9.03 crore were paid as interest on these advances.

At the end of the year 2010-11, ₹ 14.56 crore were outstanding as shortfall/overdraft. During 2011-12, the Government had availed shortfall of ₹ 7.80 crore on seven occasions and overdraft of ₹ 1,169.12 crore on 14 occasions. During the year, ₹ 1,191.48 crore were repaid leaving nil balance. ₹ 1.04 crore were paid as interest on these shortfalls/overdrafts.

1.8 Assets and liabilities

1.8.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities⁴ of the Government and the assets created out of the expenditure incurred. **Appendix 1.4–Part B** gives an abstract of such liabilities and the assets as on 31 March 2012, compared with the corresponding position as on 31 March 2011. The liabilities consist mainly of internal borrowings, loans and advances from the GoI, receipts from the 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.

In real terms, during 2011-12, the assets grew by ₹ 1,521.45 crore (5.19 per cent) whereas the liabilities increased by ₹ 8,332.37 crore (11.12 per cent) over the previous year. The ratio of Financial Assets to Liabilities came down to 37.04 per cent in 2011-12 from 44.38 per cent in 2007-08 which was 39.12 per cent in the previous year which indicates that most of the debt was spent for purpose other than asset creation.

1.8.2 Fiscal liabilities

There are two sets of liabilities namely, Public Debt and Other Liabilities. The Public Debt consists of Internal Debt of the State and is accounted for under the Consolidated Fund. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may, from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The Other liabilities, which are part of the Public Account, include deposits under small savings scheme, provident funds and other deposits. The trends in outstanding fiscal liabilities, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts of the State and State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters during the period 2007-12 are presented in **Table 1.21**.

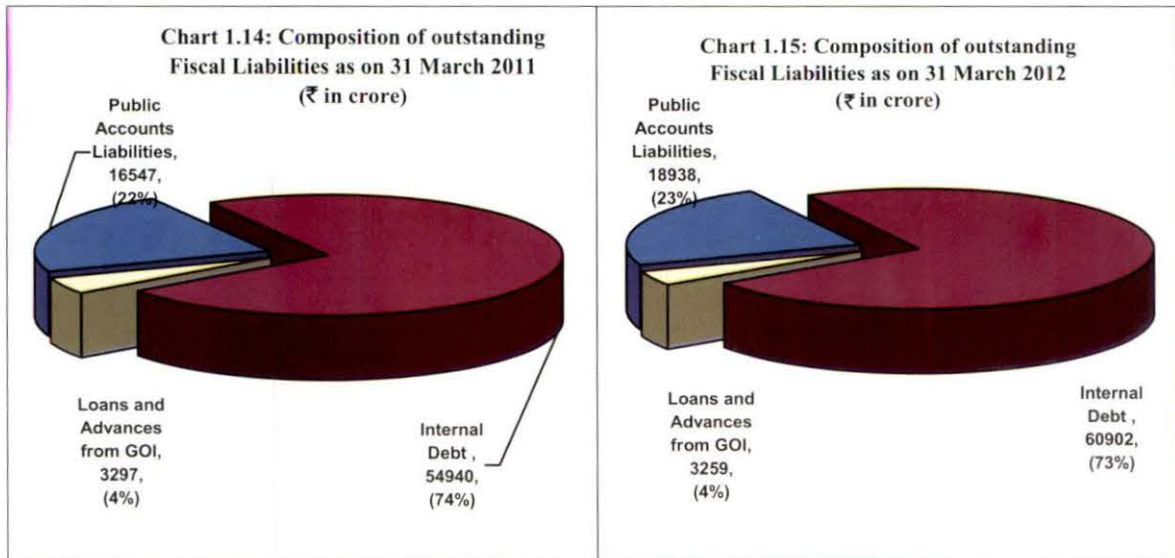
Table 1.21: Fiscal liabilities – Basic Parameters

	2007-08	2008-09	2009-10	2010-11	2011-12
Fiscal Liabilities (₹ in crore)	55982	61850	67967	74784	83099
Rate of Growth (per cent)	9.69	10.48	9.89	10.03	11.12
Ratio of Fiscal liabilities to					
GSDP (per cent)	36.77	35.54	34.26	33.24	33.47
Revenue receipts (per cent)	291.00	298.61	306.75	270.87	316.76
Own resources (per cent)	369.44	365.24	384.16	337.50	410.59
Buoyancy of Fiscal liabilities to					
GSDP (ratio)	0.49	0.73	0.71	0.75	1.07
Revenue receipts (ratio)	(-)1.50	1.37	1.42	0.41	-2.23
Own resources (ratio)	(-) 1.01	0.89	2.21	0.40	-1.28

Source: Finance Accounts

The compositions of fiscal liabilities at the end of the current year vis-à-vis the previous year are presented in **Charts 1.14** and **1.15**.

⁴ Please see the glossary (Appendix 4.1).



The overall fiscal liabilities of the Government had been on the rise and it increased from ₹ 55,982 crore in 2007-08 to ₹ 83,099 crore in 2011-12. The Consolidated Fund liabilities (₹ 64,161 crore) comprised of internal debt of ₹ 60,902 crore and loans of ₹ 3,259 crore from GoI. The Public Account liabilities (₹ 18,938 crore) comprises of small savings, Provident fund (₹ 12,997 crore) and interest bearing obligations and non-interest bearing obligations like deposits and other earmarked funds (₹ 5,941 crore). The fiscal liabilities of the Government have increased by ₹ 8,315 crore (11.12 per cent) during 2011-12 over the previous year mainly due to increase of ₹ 5,962 crore (10.85 per cent) in the internal debt.

Though the ratio of fiscal liabilities to GSDP had been declining from 36.77 in 2007-08 to 33.47 per cent in 2011-12, it was still on the higher side as compared to the target of bringing down the ratio to 25 per cent by 2014-15, as envisaged by the ThFC. The ratio of fiscal liabilities to revenue receipts increased from 291.00 in 2007-08 to 316.76 per cent in 2011-12.

1.8.3 Arrangements for amortization of liability

Government has constituted a Sinking Fund for loans raised by it in the open market. This Fund consists of two components i.e. Sinking Fund (Depreciation) and Sinking Fund (Amortisation). The rate of contribution to these two components of sinking fund was prescribed by the State Government as under:

- (a) **Sinking Fund (Depreciation)**-A sum not exceeding 1.5 per cent of the total amount of loans could, if necessary, be set apart from the revenue each year to a depreciation Fund for purchasing securities to be redeemed for payment of loans.
- (b) **Sinking Fund (Amortization)**-In addition to the annual contribution to the respective depreciation fund, annual contributions are to be made to the Sinking fund from revenues for amortization of loans at such rates as Government may decide from time to time.

It was observed that no contributions were made during 2011-12 and there were no balances in these two components of the sinking fund at the commencement and end of 2011-12. In the absence of these funds, the Government has no option but to raise new borrowings every year to repay the borrowings of earlier years. **Table 1.22** gives the position of utilisation of borrowings for repayment of borrowings of preceding years.

Table 1.22: Utilisation of borrowings for repayment*(₹ in crore)*

Year	Borrowings	Repayments during the year
2007-08	6050.64	2107.65 (34.83)
2008-09	6432.25	2288.52 (35.58)
2009-10	10107.84	5308.36 (52.52)
2010-11	10934.37	5952.88 (54.44)
2011-12	14870.88	8947.23 (60.17)

Source: Finance Accounts

Note: Figures in brackets indicate the percentage to total borrowings

It is clear from the above table that 60.17 per cent of current borrowings were utilized for repayment of earlier borrowings during 2011-12. The percentage of utilisation of borrowing for repayment of earlier borrowings is increasing year by year. It went up from 34.83 per cent in 2007-08 to 60.17 per cent in 2011-12.

1.8.4 Government guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower to whom the guarantee has been extended.

The Government of Punjab had given guarantees for repayment of loans, etc. raised by statutory corporations/boards, local bodies, co-operative banks/societies and other institutions. **Table 1.23** shows the maximum amount guaranteed by the State during 2008-12.

Table 1.23: Guarantees given by the Government of Punjab*(₹ in crore)*

Guarantees	2008-09	2009-10	2010-11	2011-12	
				BE	Actual
Maximum amount guaranteed	46815	51357	Not Available	55262	48382

Source: Finance Accounts

In consideration of the guarantees given by the State, the Government has been charging guarantee fees at the rate of 0.125 per cent. The total amount of guarantee fees receivable and received during 2011-12 was ₹ 101.68 crore and ₹ 51.39 crore respectively.

The Government of Punjab has set up a Guarantee Redemption Fund, but no amount has been transferred to the fund during 2011-12. On this being pointed out (October 2012), the Finance Department stated (November 2012) that the matter regarding transfer of guarantee fees to Guarantee Redemption Fund is in active consideration of the State Government.

In view of the above, *the Government of Punjab should ensure recovery of the guarantee fee due to it and transfer the funds to the Guarantee Redemption Fund.*

1.9 Debt sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability⁵ of the State. Sustainability of debt of the Government can be measured in terms of debt stabilization⁶, sufficiency of non-debt receipts⁷, net availability of borrowed funds⁸, burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of the Government debt. **Table 1.24** analyses the debt sustainability of the Government according to these indicators for the years 2007-12.

Table 1.24: Debt sustainability

(₹ in crore)

Indicators of Debt Sustainability	2007-08	2008-09	2009-10	2010-11	2011-12
Debt Stabilization (Quantum Spread + Primary Deficit)	1434	1845	3975	3102	-409
Sufficiency of Non-debt receipts (Resource Gap)	(-) 3992	(-) 2087	521	-975	-1348
Net availability of borrowed funds	3810	971	1114	1299	2042
Burden of Interest Payments (IP/RR Ratio)	24	24	23	20	24

Source: Finance Accounts

Audit analysis revealed the following:

- The sum of quantum spread and primary deficit was positive during the period 2007-08 to 2010-11 which decreased by ₹ 3,511 crore in 2011-12 and thus became negative. This indicates that the State's journey towards debt stabilization has been jeopardized.
- The negative resource gap indicates the non-sustainability of debt, while the positive resource gap indicates the capacity to sustain the debt. The positive resource gap between the non-debt receipts and the total expenditure of the State indicates enhancement in the capacity of the Government to sustain the debt. The Government experienced huge negative resource gap in 2007-08 and 2008-09, though it turned into a positive resource gap in 2009-10. However, it again turned into

⁵ Please see glossary (Appendix 4.1)

⁶ Please see glossary (Appendix 4.1)

⁷ Please see glossary (Appendix 4.1).

⁸ Please see glossary (Appendix 4.1).

negative of ₹ 975 crore which increased to ₹ 1,348 crore in 2010-11 indicating non-sustainability of debt which needs to be addressed.

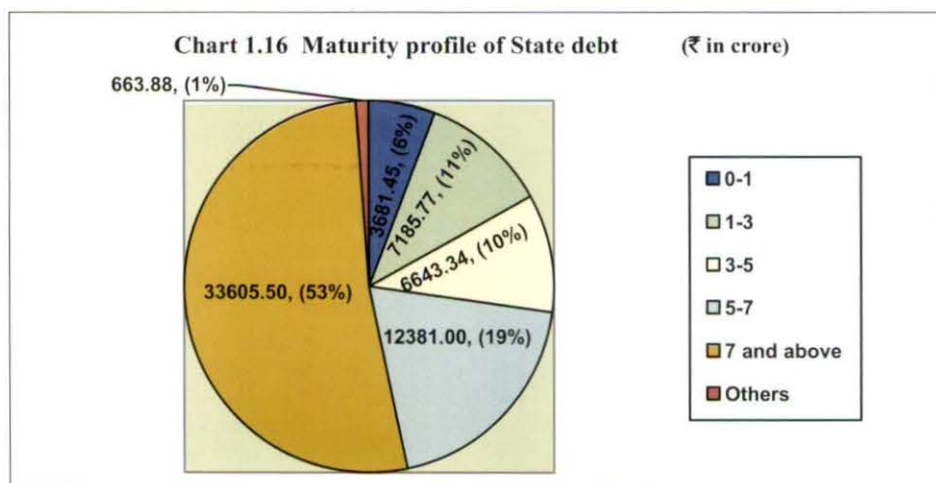
- The net funds available from the internal debt and loans and advances from the GoI and other sources after providing for repayments (including interest) decreased from ₹ 3,810 crore in 2007-08 to ₹ 1,299 crore in 2010-11. The expenditure pattern of the State Government during the last three years indicated that the borrowed funds were mostly used for redemption of past debts leaving only small fund for other purposes. However, in the current year the position has improved to some extent and net availability of funds has increased to ₹ 2,042 crore.

Table 1.25 and Chart 1.16 presents maturity profile of the State debt.

Table 1.25: Maturity Profile of repayment of State Debt as on 31 March 2012

Period of repayment (Years)	Amount (₹ in crore)	Percentage
0 – 1	3681.45	5.74
1 – 3	7185.77	11.20
3 – 5	6643.34	10.35
5 – 7	12381.00	19.30
7 and above	33605.50	52.38
Others ⁹	663.88	1.03
TOTAL	64160.93	100.00

Source: Finance Accounts



- The Maturity profile of the State's debt during the current year (**Chart 1.16**) indicates that 5.74 per cent of the debt is payable in the next year, 11.20 per cent in 1-3 years time, 10.35 per cent in 3-5 years time, 19.30 per cent in 5-7 years and 52.38 per cent is payable after

⁹ Represents ₹ 663.41 crore representing loans of back to back basis recoveries of which are being made by Central Government itself, ₹ 31.92 lakh repayment of which is on the basis of actual recoveries and ₹ 15.48 lakh representing market loans not bearing interest for which maturity profile was not available.

seven years. Thus, there would be a bunching of repayments around 5-7 years' time.

A well thought out debt repayment strategy would have to be worked out by the State Government to ensure that no additional borrowings, which mature in these critical years, is taken.

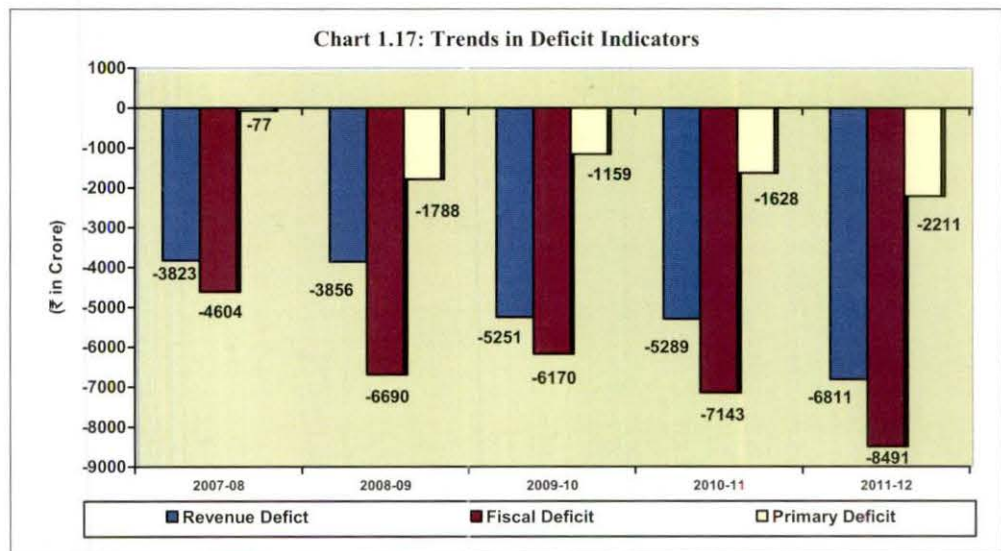
All the above mentioned parameters lead to a conclusion that unless borrowings are restricted, the State will have serious problem of servicing the debt.

1.10 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis the targets set under the FRBM Act/Rules for the financial year 2011-12.

1.10.1 Trends in deficits

Charts 1.17 and 1.18 present the trends in deficit indicators over the period 2007-12.



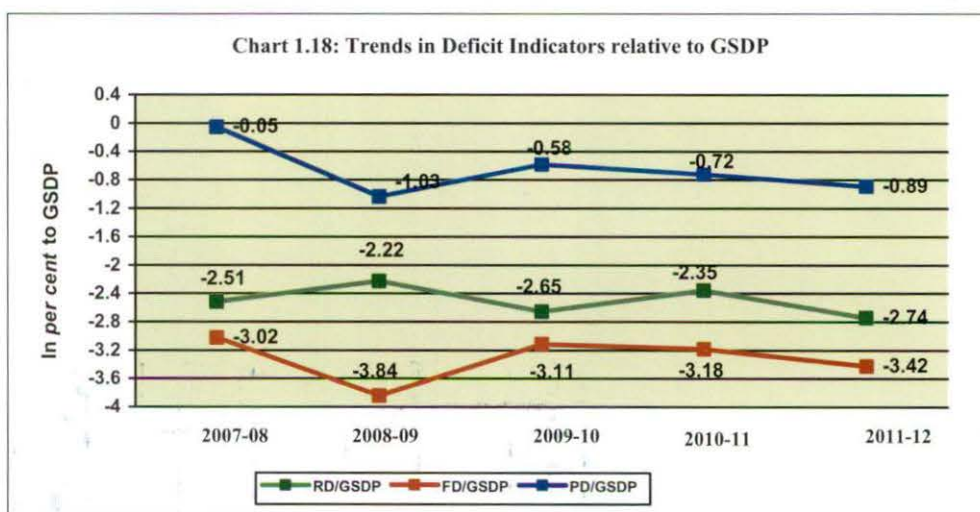
The revenue deficit which indicates the excess of revenue expenditure over the revenue receipts rose to the level of ₹ 6,811 crore (2.74 per cent of GSDP) in 2011-12 from a deficit of ₹ 3,823 crore (2.51 per cent of GSDP) in 2007-08. It shows that the revenue receipts in the State were not enough to meet the burgeoning and structurally rigid revenue expenditure. As per the FRBM (Amendment) Act, 2011 the State should bring down its revenue deficit to 1.80 per cent of GSDP by 2011-12 and finally bring it down to zero by the year 2014-15. *Instead of coming down, the percentage of revenue*

deficit to GSDP has gone up during 2011-12 as compared to 2010-11 and was not within the limit of 1.80 per cent earmarked by ThFC.

The fiscal deficit, which represents the total borrowing of the State and its total resource gap, increased from ₹ 4,604 crore (3.02 per cent of GSDP) in 2007-08 to ₹ 8,491 crore (3.42 per cent of GSDP) in 2011-12. However, the fiscal deficit as percentage of GSDP in the current year was within the target of 3.50 per cent fixed by FRBM (Amendment) Act, 2011.

The primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipt, was ₹ 77 crore (0.05 per cent of GSDP) in 2007-08 and increased to the level of ₹ 2,211 crore (0.89 per cent of GSDP) in the current year.

On this being pointed out (October 2012), the Finance Department stated (November 2012) that efforts were being made to achieve the target of FRBM (Amendment) Act, 2011 by taking measures to increase revenue receipts and observing austerity in revenue expenditure.



The State Government should work in the direction to bring down its revenue deficit to zero by the year 2014-15 as per target fixed under the FRBM (Amendment) Act, 2011.

1.10.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.26**.

Table 1.26: Components of Fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2007-08	2008-09	2009-10	2010-11	2011-12
Composition of Fiscal Deficit (1+2+3)		4604	6690	6170	7143	8491
		(3.02)	(3.84)	(3.11)	(3.18)	(3.42)
1	Revenue Deficit	3823	3856	5251	5289	6811
		(2.51)	(2.22)	(2.65)	(2.35)	(2.74)
2	Net Capital Expenditure	2191	2857	2166	2383	1598
		(1.44)	(1.64)	(1.09)	(1.06)	(0.64)
3	Net Loans and Advances	-1410	-23	-1247	-529	82
		(-0.93)	(-0.01)	(-0.63)	(-0.24)	(0.03)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	3794	4645	4361	4529	7740
2	Loans from GOI	71	105	-103	8	-37
3	Special Securities issued to NSSF	463	-213	1004	693	-924
4	Loans from Financial Institutions	-385	-393	-463	-248	-855
5	Small Savings, PF etc	636	720	849	1174	1640
6	Deposits and Advances	66	645	264	642	436
7	Suspense and Miscellaneous	38	2	-34	8	105
8	Remittances	12	-11	39	-19	11
9	Others (Reserve Fund)	184	359	208	12	315
10	Increase/Decrease in cash balance	-275	831	44	344	60
11	Overall Deficit	4604	6690	6170	7143	8491

(Figures in parentheses indicate the percentage to GSDP)

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

Source: Finance Accounts

The fiscal deficit of the State increased from ₹ 4,604 crore in 2007-08 to ₹ 8,491 crore in 2011-12. It was mainly met from market borrowings (₹ 7,740 crore) and small savings, provident funds, etc. (₹ 1,640 crore). **Table 1.26** indicates that inspite of increasing trend of fiscal deficit in the last five years, the net capital expenditure as *per cent* of GSDP declined from 1.44 in 2007-08 to 0.64 *per cent* in the current year, which indicates that the borrowed money was used to meet the revenue expenditure instead of using it for creation of assets. **Table 1.27** gives the details as to how the borrowed money was utilized.

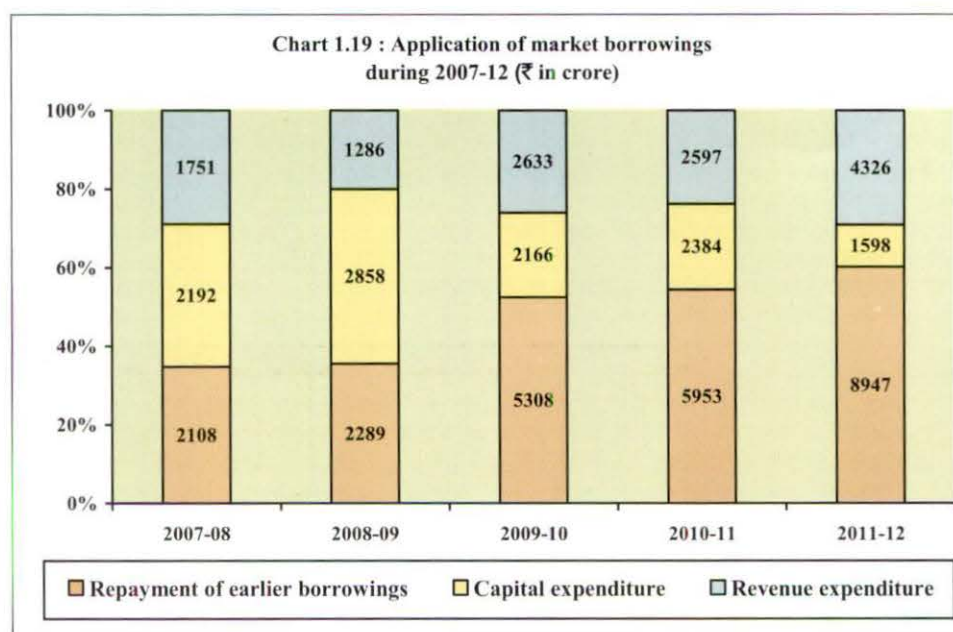
Table 1.27: Application of market borrowings

(₹ in crore)

Year	Total Borrowings	Repayment of earlier borrowings (Principal portion)	Capital expenditure	Balance
1	2	3	4	5=2-(3+4)
2007-08	6050.64	2107.65 (34.83)	2191.60 (36.22)	1751.39 (28.95)
2008-09	6432.25	2288.52 (35.58)	2857.93 (44.43)	1285.80 (19.99)
2009-10	10107.84	5308.36 (52.52)	2166.41 (21.43)	2633.07 (26.05)
2010-11	10934.37	5952.88 (54.44)	2384.09 (21.80)	2597.40 (23.75)
2011-12	14870.88	8947.24 (60.17)	1598.12 (10.75)	4325.52 (29.09)

(Figures in parenthesis indicate the percentage to total borrowings)

Source: Finance Accounts



The **Table 1.27 and chart 1.19** shows that major portion of borrowings was utilized for repayment of earlier borrowings. The percentage of utilisation of borrowing for repayment of earlier borrowings is increasing year by year. It went up from 34.83 *per cent* in 2007-08 to 60.17 *per cent* in 2011-12, whereas the percentage of utilisation of borrowings for capital expenditure came down to 10.75 *per cent* in 2011-12 from 36.22 *per cent* in 2007-08. The balance amount is utilized for meeting revenue expenditure.

Table 1.28 shows the detail of receipts and disbursements of components financing the fiscal deficit during 2011-12.

Table 1.28: Receipts and disbursements under various components financing the fiscal deficit during 2011-12

(₹ in crore)				
Sr. No.	Particulars	Receipts	Disbursements	Net Balance
1	Market Borrowings	8200	460	7740
2	Loans from GOI	150	187	-37
3	Special Securities issued to NSSF	0	924	-924
4	Loans from Financial Institutions	6521	7376	-855
5	Small Savings, Provident Fund etc.	3106	1466	1640
6	Deposits and Advances	4282	3846	436
7	Suspense and Miscellaneous	22040	21935	105
8	Remittances	1376	1365	11
9	Reserve Funds	475	160	315
10	Total (1 to 9)	46150	37719	8431
11	Increase(-)/Decrease (+) in Cash Balance	-	-	60
12	Overall deficit (10 + 11)	46150	37719	8491

Source: Finance Accounts

On this being pointed out (October 2012), the Finance Department stated (November 2012) that efforts were being made to achieve balance in revenue account so that debt receipts and borrowed funds could be utilized for asset creation and capital expenditure.

1.10.3 Quality of deficit/surplus

The ratio of Revenue deficit to Fiscal deficit and the decomposition of Primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The ratio of revenue deficit to fiscal deficit increased from 74.04 *per cent* in 2010-11 to 80.22 *per cent* in 2011-12 (*Appendix 1.8*).

The bifurcation of the factors resulting into primary deficit or surplus of the Government during the period 2007-12 reveals (**Table 1.29**) that the primary deficit during this period was on account of slow rise in non-debt receipts as compared to primary revenue expenditure. Therefore, non-debt receipts of the State were not enough to meet the primary revenue expenditure requirements. If this trend continues, debt sustainability will be in serious jeopardy as ideally incremental non-debt receipts every year should cover not only the primary expenditure but also incremental interest burden.

Table 1.29: Primary deficit/surplus

(₹ in crore)

Year	Non-debt receipts	Primary Revenue expenditure	Capital expenditure	Loans and advances disbursed	Primary expenditure	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-6)
2007-08	20684	18534	2192	35	20761	-77
2008-09	20792	19667	2858	55	22580	-1788
2009-10	23433	22397	2166	29	24592	-1159
2010-11	28206	27382	2384	68	29834	-1628
2011-12	26329	26765	1598	177	28540	-2211

Source: Finance Accounts

1.11 Conclusion

The fiscal position of the state is viewed in terms of key fiscal parameters viz. fiscal and revenue deficits. During the year revenue deficit increased to the level of ₹ 6,811 crore from ₹ 5,289 crore in 2010-11. It was 2.74 *per cent* of GSDP as against the target of 1.80 *per cent* of GSDP fixed by the FRBM (Amendment) Act, 2011. The fiscal deficit of ₹ 8,491 crore (3.42 *per cent* of GSDP) was within the target of 3.50 *per cent* fixed by the FRBM (Amendment), Act 2011.

The revenue expenditure constituted 94.90 *per cent* of the total expenditure while the capital expenditure was only 4.59 *per cent* of the total expenditure. The revenue receipts grew at an annual average of 7.27 *per cent* during 2007-12 and revenue expenditure grew by 8.66 *per cent* during the same period.

Low rate of return on Government investments in statutory corporations and companies etc. was cause of concern. The ratio of financial assets to liabilities

came down to 37.04 *per cent* in 2011-12 from 44.38 *per cent* in 2007-08 which indicates that most of the debt was spent for purposes other than asset creation.

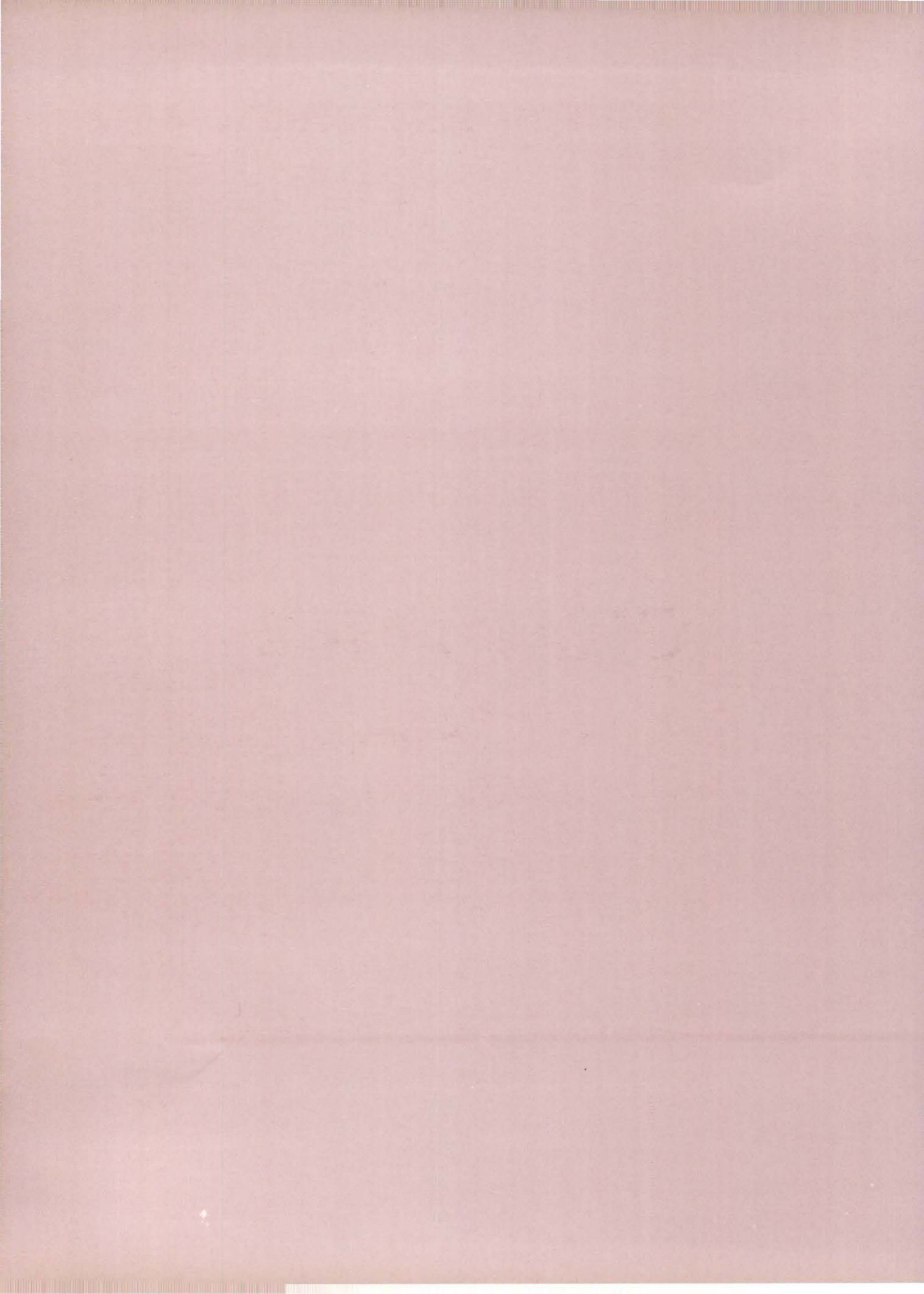
During 2011-12 GoI directly transferred ₹ 916.92 crore to the State implementing agencies without routing through the budget. There is no single agency monitoring expenditure out of these funds.

As on 31 March 2012 there were 19 incomplete projects in which ₹ 400.60 crore were blocked.

1.12 Recommendations

- *In order to improve the State's finances, the Government should make concerted efforts to reduce the increasing gap between revenue receipts and revenue expenditure.*
- *Appropriate action at Government's level should be initiated to improve the ratio of development expenditure as well as capital expenditure to total expenditure.*
- *The State Government should ensure utilization of debt receipts for asset creation; use the borrowed funds towards capital expenditure and endeavour to obtain better value for the investments.*
- *The State Government should make all out efforts to bring down its revenue deficit to zero by the year 2014-15 and meet the target fixed under the Fiscal Responsibility and Budget Management (Amendment) Act, 2011.*

CHAPTER 2



CHAPTER 2

Financial Management and Budgetary Control

This chapter outlines the Government's financial accountability and budgetary practices.

Appropriation Accounts are accounts of the expenditure voted and charged of the Government for each financial year compared with the amounts of the voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate the 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. The Appropriation Accounts thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

2.1 Summary of the Appropriation Accounts

The summarized position of actual expenditure vis-à-vis budgetary provisions during 2011-12 for the total 30 grants/appropriations is given in the **Table 2.1**.

Table 2.1: Summarized position of actual expenditure vis-à-vis original/supplementary provisions

(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	28779.35	2655.37	31434.72	27289.98	(-)4144.74
	II Capital	5465.34	231.73	5697.07	1874.35	(-)3822.72
	III Loans and Advances	37.35	9.76	47.11	47.61	(+)0.50
Total Voted		34282.04	2896.86	37178.90	29211.94	(-)7966.96
Charged	IV Revenue	6626.38	13.76	6640.14	6382.69	(-)257.45
	V Capital	0	0	0	0	0
	VI Public Debt- Repayment	7686.41	938.51	8624.92	8947.24	(+)322.32
Total Charged		14312.79	952.27	15265.06	15329.93	(+)64.87
Appropriation to Contingency Fund		0	0	0	0	0
Grand Total		48594.83	3849.13	52443.96	44541.87	(-)7902.09

Source: Appropriation Accounts

Note: The expenditure includes the recoveries of ₹ 627.36 crore adjusted as reduction of expenditure under Revenue expenditure and ₹ 147.22 crore under Capital expenditure.

The actual expenditure during 2011-12 was ₹ 44,541.87 crore against the original budgetary provisions of ₹ 48,594.83 crore. The supplementary

provisions of ₹ 3,849.13 crore were, thus, found unnecessary. The overall saving of ₹ 7,902.09 crore (15.07 per cent of total budget provision) was the net result of savings of ₹ 8,803.45 crore in all the 30 grants (*Appendix 2.1*) set off by excess of ₹ 901.36 crore in three grants (**Table 2.5**).

On this being pointed out (October 2012), the Finance Department stated (November 2012) that necessary action was being taken to prepare accurate budget estimates to avoid savings.

2.2 Financial accountability and budget management

2.2.1 Appropriation vis-à-vis allocative priorities

The outcome of audit of the appropriations reveals that in 18 cases (13 out of the total 30 grants), the savings (excluding surrenders) exceeded by ₹ 100 crore or by more than 50 per cent of the total provision in each case (**Table-2.2**). Against net savings of ₹ 7,902.09 crore in all the 30 grants, savings of ₹ 5,353.37 crore (67.75 per cent) occurred in five grants¹ only.

¹ Grant No. 5-Education (₹ 871.66 crore+ ₹ 395.89 crore), 15-Irrigation and Power (₹ 157.62 crore + ₹ 483.00 crore), 17-Local Government, Housing and Urban Development (₹ 299.34 crore + ₹ 1,270.48 crore), 23-Rural Development and Panchayats (₹ 816.28 crore + ₹ 351.04 crore) and 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes (₹ 708.06 crore)= ₹ 5,353.37 crore.

Table 2.2: List of grants having large savings

							(₹ in crore)
Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrenders	Savings excluding surrender	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	(Revenue-Voted) 1-Agriculture and Forests	781.60	457.58	324.02	167.06	156.96	20.08
2.	5-Education	6067.20	5192.08	875.12	3.46	871.66	14.37
3.	9-Food and Supplies	489.45	252.99	236.46	10.78	225.68	46.11
4.	11-Health and Family Welfare	1855.37	1612.60	242.77	0	242.77	13.08
5.	12-Home Affairs and Justice	3594.09	3416.40	177.69	8.75	168.94	4.70
6.	13-Industries	174.28	53.36	120.92	0	120.92	69.38
7.	15-Irrigation and Power	4430.39	4210.12	220.27	62.65	157.62	3.56
8.	17-Local Government, Housing and Urban Development	417.34	118.00	299.34	0	299.34	71.73
9.	22-Revenue and Rehabilitation	1231.68	989.20	242.48	0	242.48	19.69
10.	23-Rural Development and Panchayats	1615.05	798.77	816.28	0	816.28	50.54
11.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	1958.85	1250.79	708.06	0	708.06	36.15
12.	(Capital-Voted) 5-Education	504.25	108.36	395.89	0	395.89	78.51
13.	11-Health and Family Welfare	202.76	47.59	155.17	0	155.17	76.53
14.	15-Irrigation and Power	1148.94	358.59	790.35	307.35	483.00	42.04
15.	17-Local Government, Housing and Urban Development	1306.34	35.86	1270.48	0	1270.48	97.25
16.	21-Public Works	1086.37	780.19	306.18	0	306.18	28.18
17.	23-Rural Development and Panchayats	541.22	190.18	351.04	0	351.04	64.86
18.	27-Technical Education and Industrial Training	138.04	22.62	115.42	34.58	80.84	58.56
	Total	27543.22	19895.28	7647.94	594.63	7053.31	25.61

Source: Appropriation Accounts

Such large savings in these grants reflect weak budgetary control. On this being pointed out to the concerned departments (September 2012) and the Finance Department (October 2012) for intimating the reasons for these large savings; no reply was received (December 2012).

2.2.2 Persistent savings

In eight cases, during the last five years, there were persistent savings of more than ₹ five crore in each case (Table 2.3). Under one Centrally Sponsored Scheme at Sr. No. 7, there was 100 per cent saving during all the last five years which shows non-implementation of schemes as well as weak financial control.

Table 2.3: List of grants having persistent savings during 2007-12

Sr. No.	Number and Name of the grant/Head of Account	Amount of savings (percentage of savings in bracket)				
		2007-08	2008-09	2009-10	2010-11	2011-12
<i>(₹ in crore)</i>						
Revenue-voted						
1	05-Education 2202-General Education 02-Secondary Education 105-Teachers Training 01-Teachers Education Establishment of (DIETS) (CSS)	18.60 (100.00)	13.96 (75.05)	42.86 (89.74)	29.34 (83.26)	21.08 (73.65)
2	12-Home Affairs and Justice 2055-Police 109-District Police 01-District Police (Proper)	9.08 (1.04)	18.39 (1.82)	30.23 (2.54)	24.37 (1.72)	28.36 (1.59)
3	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction and Administration	108.81 (43.55)	60.12 (27.15)	58.26 (20.69)	50.84 (17.09)	58.65 (16.94)
4	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	5.32 (14.60)	82.02 (95.31)	96.75 (97.41)	110.92 (99.99)	131.61 (99.26)
5	21-Public Works 2215-Water Supply and Sanitation 01-Water Supply 001- Direction and Administration	43.62 (23.25)	71.89 (32.60)	54.53 (23.69)	80.54 (29.57)	83.08 (23.18)
6	22-Revenue and Rehabilitation 2245-Relief on Account of National Calamities 02-Floods, Cyclones etc. 101-Gratutious Relief 01-Gratutious Relief	17.96 (44.74)	42.10 (59.30)	43.81 (87.62)	5.54 (10.45)	5.30 (8.15)
Capital-Voted						
7	15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects- 01-Flood Control 103-Civil Works 08-Works Expenditure Counter Protective Measures on Left Side of River Ravi (CSS)	10.00 (100.00)	8.00 (100.00)	7.00 (100.00)	5.00 (100.00)	5.00 (100.00)
8	21-Public Works 5054-Capital Outlay on Roads and Bridges 03-State Highways 101-Bridges 08-World Bank Scheme for Road Infrastructure (Plan)	275.00 (100.00)	120.67 (43.88)	32.50 (18.90)	32.62 (25.68)	215.00 (95.56)

Source: Appropriation Accounts

The matter was taken up with the concerned Administrative Secretaries (September 2012) and Finance Department (October 2012) requesting them to explain the reasons for persistent savings. No reply was received (December 2012).

2.2.3 Excess over provisions requiring regularization

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, The Governor shall cause to be laid before the House or the Houses of the Legislature of the State, another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

The excess expenditure amounting to ₹ 3,691.21 crore for the years 2007-11 had yet not been regularized under the provision of Article 205 (b) of the Constitution of India. The year-wise detail of excess expenditure requiring regularization is summarized in **Table 2.4**.

Table 2.4: Excess over provisions requiring regularization

(₹ in crore)			
Year	Total number of Grants/ appropriations	Grant/ appropriation number	Amount of excess over provision
2007-08	6	8, 9, 12, 15, 19, 21	895.34
2008-09	4	3, 8, 12, 21	506.14
2009-10	4	3, 5, 8, 21	460.77
2010-11	6	8, 11, 18, 21, 22, 28	1828.96
Total			3691.21

Source: Appropriation Accounts

The excess expenditure of ₹ 901.36 crore in three grants (**Table 2.5**) during the year 2011-12 also require regularization under the above mentioned provisions.

Table 2.5: Excess over provisions requiring regularization during 2011-12

(₹ in crore)					
Sr. No.	Number and title of grant		Total grant/ appropriation	Expenditure	Excess
Voted Grants					
1	8	Finance (Revenue)	5539.37	5772.92	233.55
2	8	Finance (Capital)	47.11	47.61	0.50
3	21	Public Works (Revenue)	1188.77	1526.03	337.26
Charged Appropriation					
4	8	Finance (Capital)	8624.92	8947.24	322.32
5	12	Home Affairs and Justice (Revenue)	57.63	65.36	7.73
Total			15457.80	16359.16	901.36

Source: Appropriation Accounts

On this being pointed out (October 2012), the Finance Department stated (November 2012) that all out efforts would be made to get the excess expenditure regularised during the ensuing budget session.

2.2.4 Persistent excess expenditure exceeding ₹ 200 crore and also by more than 20 per cent of the provisions in a single grant

In Grant No. 21-Public Works (Revenue-Voted), there was excess expenditure by more than ₹ 200 crore and also by more than 20 per cent of the total provision consistently for the last five years (Table 2.6), depicting another example of poor budgeting.

Table 2.6: Excess expenditure of more than ₹ 200 crore and also by more than 20 per cent of the provisions

(₹ in crore)

Year	Provision	Expenditure	Excess expenditure	
			Amount	Percentage
2007-08	725.72	1018.68	292.96	40.37
2008-09	772.49	1056.13	283.64	36.72
2009-10	792.62	1242.40	449.78	56.75
2010-11	892.39	1366.32	473.93	53.11
2011-12	1188.77	1526.03	337.26	28.37

Source: Appropriation Accounts

The matter was taken up with the concerned Administrative Secretaries (September 2012) and the Finance Department (October 2012); no reply was received (December 2012).

2.2.5 Persistent excess expenditure

In six cases (Table 2.7), there was persistent excess expenditure of more than ₹ five crore in each case during the last five years. Under five schemes (Sr. No. 2, 3, 4, 5, and 6), there was 100 per cent or more excess expenditure during the last five years.

Table 2.7: List of grants having persistent excess expenditure during 2007-12

(₹ in crore)

Sr. No.	Number and Name of the grant	Amount of excess expenditure (percentage of excess expenditure in brackets)				
		2007-08	2008-09	2009-10	2010-11	2011-12
Revenue-Voted						
08-Finance						
1	2071-Pensions and other Retirement benefits 01-Civil 105-Family Pensions	69.24 (48.90)	54.71 (24.28)	31.31 (9.98)	144.34 (35.45)	100.80 (16.93)
21-Public Works						
2	2059-Public Works 80-General 799-Suspense	120.60 (100.00)	167.91 (100.00)	184.98 (100.00)	219.13 (100.00)	157.79 (100.00)
3	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department	28.54 (100.00)	22.02 (100.00)	27.29 (100.00)	45.73 (100.00)	45.23 (100.00)
4	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	214.21 (100.00)	176.18 (100.00)	149.38 (100.00)	106.37 (100.00)	73.19 (100.00)
5	2215-Water Supply and Sanitation 01-Water Supply 800-Other Expenditure 01-Maintenance of Works	71.28 (184.19)	100.10 (301.51)	107.98 (325.24)	127.08 (385.09)	118.88 (312.84)
6	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	48.13 (100.00)	42.62 (100.00)	74.72 (100.00)	6.29 (100.00)	91.27 (100.00)

Source: Appropriation Accounts

Despite the matter having been taken up with the concerned Chief Controlling Officers (September 2012) and Finance Department (October 2012) for intimating the reasons for persistent excess and for not providing adequate budget; no reply was received (December 2012).

2.2.6 Expenditure without provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation on an advance from the Contingency Fund of the State. It was, however, noticed that an expenditure of ₹ 673.45 crore, was incurred in 29 cases (₹ one crore or more in each case) under four grants during 2011-12

(**Appendix 2.2**) without making any provision in the original estimates/supplementary demands and without issuing any re-appropriation orders to this effect. On this being pointed out (October 2012), the Finance Department assured (November 2012) to get the expenditure regularised from the Vidhan Sabha and to avoid such irregularity in future.

2.2.7 Unnecessary supplementary provisions

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 1,250.08 crore obtained in 21 cases, during the year 2011-12 proved unnecessary as the expenditure did not come up to the level of the original provisions (**Appendix 2.3**). Some of the departments which obtained huge amount of unnecessary supplementary provisions were Health and Family Welfare, Revenue and Rehabilitation, Rural Development and Panchayats and Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes. On this being pointed out (October 2012), the Finance Department stated (November 2012) that the matter would be looked into and corrective measures would be taken in future.

2.2.8 Unnecessary/Insufficient re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2011-12, 30 re-appropriation orders for ₹ 3,064.21 crore were issued. All these re-appropriation orders were issued in the month of March 2012 and as many as 12 orders on 31st March, 2012. Besides, five out of the 30 re-appropriation orders for ₹ 216.53 crore were found inappropriate and hence had to be ignored by the Accountant General (A&E), Punjab (**Appendix 2.4**).

During 2011-12, under 42 cases out of 48 cases (**Appendix 2.5**, excluding Sr. No. 7, 8, 9, 15, 31 and 48), re-appropriation orders effected by the departments proved unnecessary because expenditure did not come even up to the level of budget provisions. In six² cases, reduction of provisions through re-appropriation proved insufficient as there was excess expenditure under these cases.

Despite the matter having been taken up with the concerned Chief Controlling Officers (September 2012) and Finance Department (October 2012) for intimating the reasons for unnecessary re-appropriation of funds, no reply was received so far (December 2012).

2.2.9 Anticipated savings not surrendered

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2011-12, in 25 cases, savings of ₹ 5,416.91 crore (61.53 per cent of overall savings of ₹ 8,803.45 crore) (**Appendix 2.6**) ranging between ₹ 10.14 crore and ₹ 1,270.48 crore, was not surrendered by the concerned departments. Rural Development and Panchayats, Local Government, Housing

² Sr. No. 7, 8, 9, 15, 31, and 48.

and Urban Development and Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes were some of the departments which had not surrendered the huge anticipated savings (more than ₹ 700 crore) which indicated the inadequate budgetary control. On this being pointed out (October 2012), the Finance Department stated (November 2012) that appropriate action would be taken to avoid such situation in future.

Similarly, in 13 cases, after effecting partial surrender (₹ 671.51 crore out of ₹ 3,058.16 crore), savings ranging between ₹ 12.04 crore and ₹ 871.66 crore aggregating to ₹ 2,386.65 crore were not surrendered (*Appendix 2.7*). Moreover, all the surrenders have been made in the month of March 2012 i.e. last month of the financial year. Had the amount been surrendered as and when it was anticipated, it could have been utilized for other purposes. Some of the departments which surrendered the savings partially were Education, Food and Supplies, Home Affairs and Justice, Irrigation and Power and Agriculture and Forests.

2.2.10 Surrender in excess of the actual savings

Under Grant No. 8-Revenue (Charged), the amount surrendered (₹ 260.05 crore) was in excess of the actual savings (₹ 250.01 crore) indicating inadequate budgetary control in Finance Department. Moreover in the same grant, an amount of ₹ 619.36 crore (Revenue-Voted) and ₹ 1.10 crore (Capital-Voted) had been surrendered even though there was an excess of ₹ 233.55 crore and ₹ 0.50 crore respectively under this grant.

On this being pointed out (October 2012), the Finance Department stated (November 2012) that the variation in excess-surrender was approximately four *per cent*, which was ignorable. The reply of the department is not in line with the audit observation as the department did not furnish the specific reasons for surrender of amount in excess of savings.

2.2.11 Rush of expenditure

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Scrutiny of expenditure incurred by the State Government in the year 2011-12 revealed that in 10 cases, the expenditure during the 4th quarter of the year ranged between 63.94 and 100 *per cent* of the total expenditure under the concerned head of accounts and the expenditure incurred during the month of March 2012 alone constituted 45.01 *per cent* of the total expenditure under the concerned head of accounts during the year. The details are given in **Table 2.8**.

Table 2.8: Rush of expenditure towards the end of the financial year 2011-12

(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2012	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2015	101.27	80.52	79.51	21.39	21.12
2.	3425	2.70	1.94	71.85	1.68	62.22
3.	3435	2.16	2.04	94.44	1.87	86.57
4.	3451	43.46	33.22	76.44	31.36	72.16
5.	4070	4.25	3.94	92.71	3.75	88.23
6.	4210	47.59	31.84	66.90	30.69	64.49
7.	4235	2.15	1.60	74.42	1.04	48.37
8.	4250	5.63	3.60	63.94	2.87	50.98
9.	4402	1.30	1.30	100.00	1.30	100.00
10.	4851	2.68	2.67	99.63	0	0
	Total	213.19	162.67	76.30	95.95	45.01

Source: Monthly Accounts compiled by the Pr. A.G. (A&E)

2.2.12 Wrong classification

(a) Disbursement of Grant-in-aid under Capital Heads of expenditure as per budget provision is against the rule provided in Indian Government Accounting Standard-2 (IGAS-2) issued by Government of India (May 2011). An amount of ₹ 166.63 crore, under 20 cases (*Appendix 2.8*) has been disbursed by the State Government as Grant-in-aid which has been classified under the capital heads instead of revenue heads. Budgetary allocation of Grant-in-aid under capital heads violates the provisions of IGAS-2. The matter was taken up with the Finance Department (September/October 2012), no reply was received (December 2012).

(b) In Grant No. 12, funds of ₹ 16.09 crore (*Appendix-2.9*) were provided in the revised budget estimates for the year 2011-12 under head “4055-Capital Outlay on Police” to meet with the expenditure of purely revenue nature³ items, in contravention of the provisions of Punjab Budget Manual.

On this being pointed out (August/October 2012), no reply was furnished by the Finance Department/Principal Secretary (December 2012).

2.2.13 Unadjusted abstract contingent bills

Under Rule 262 of Punjab Treasury Rules (PTR), a Drawing and Disbursing Officer (DDO) may draw money from treasury for contingent expenses. Further, as per Rule 274 and Note 4 there under read with Rule 276 *ibid*, on producing an Abstract Contingent (AC) bill during the month, the DDO will have to certify that the Detailed Contingent (DC) bills have been submitted to the Controlling Officer (CO) in respect of AC bills drawn more than a month before the date of that bill. On no account may an AC bill be cashed by treasury officer without this certificate. The CO may send the countersigned

³ Clothing & Tentage, Minor Works & Maintenance and Material & Supplies for manufacturing.

DC bill to AG (A&E) for adjustment of corresponding AC bills. However, 1661 AC bills⁴ for ₹ 1,287.98 crore were drawn during the period 2010-12 by different departments from various treasuries of the State, but no adjustment bills (DC bills) thereagainst were sent to Pr. AG (A&E) Punjab, as required under the Rules *ibid*.

In the absence of timely submission of DC bills for corresponding AC bills, possibility of irregular classification, mis-utilisation of funds etc. can not be ruled out. This requires close monitoring by the respective DDOs.

On this being pointed out (October 2012), the Finance Department stated (November 2012) that the matter had been taken up with the concerned departments.

2.3 Preparation of unrealistic budget estimates

As per Para 1.7 of Punjab Budget Manual, it is the duty of Finance Department (FD) to prepare the Budget and for its preparation, it has powers to require Heads of Departments (HoDs) and other authorities to furnish materials on which to base its estimates. In framing estimates, it is necessary to exercise utmost foresight. Revised estimates are required to be the best possible forecast of the actual income and expenditure of the year. The FD is responsible for its submission to the legislative assembly on a fixed day. The discrepancies noticed during the scrutiny of budgetary process for the year 2011-12, are as under:-

2.3.1 Delay in calling for budget proposals

Rule 3.1 of the Punjab Budget Manual required the FD to call for budget proposals (both original and revised) from all the HoDs of the State Government by 1st July of each year so as to reach the FD latest by 25th October after getting the same routed through Accountant General and the Administrative Heads to ensure its correctness.

Audit observed that the FD, instead of calling the budget proposals for the financial year 2011-12 from HoDs on 1st July 2010, initiated the process on 13th September 2010 with a delay of 74 days. As against the date of 25th October 2010 to receive the budget proposals from HoDs, the FD fixed it as 1st November 2010, thereby allowing only 49 days (42 *per cent*) to HoDs against the envisaged time of 116 days.

Similarly, the FD called for the revised budget proposals from HoDs on 3rd October 2011 instead of 1st July, 2011 with a delay of 94 days. As against the envisaged date of 25th October, 2011 for submission of revised budget proposals, the FD again fixed it as 1st November 2011, thereby allowing only 29 days (25 *per cent*) to HoDs against the envisaged time of 116 days.

Thus, delay in starting the processes of budget proposals (original and revised) for the year 2011-12 by the FD resulted into non-providing of sufficient time to the departments for assessment, compilation, analysis and carrying out corrections, if any, to enable them to submit accurate revised budget

⁴ 2010-11: 1106 AC bills (₹ 828.80 crore) and 2011-12: 555 AC bills (₹ 459.18 crore).

proposals, as discussed in the succeeding paragraph. Further, the budget proposals were received by the FD without the same routing through the Administrative Heads and the Accountant General, as envisaged in the Punjab Budget Manual.

On this being pointed out (August/October 2012), no justification for the delay was received from the Finance Department (December 2012).

2.3.2 Unrealistic Budget Estimates

The original budget of ₹ 48,594.83 crore prepared by the State Government for the year 2011-12 was revised to ₹ 49,360.85 crore which was unwarranted, as against this, an expenditure of ₹ 43,767.29 crore only was incurred during 2011-12, which did not come even to the level of original budget provisions. Further, not only the provision of Annual Plan was subsequently reduced from ₹ 11,520.00 crore to ₹ 9,702.47 crore, but the actual expenditure of ₹ 7,457.45 crore could only be incurred, which worked out to only 65 per cent of the projected plan outlay, whereas it was 91 per cent in the previous year (2010-11). Similarly, the estimated receipts of ₹ 48,638.86 crore were revised to ₹ 50,378.44 crore, against which, only ₹ 41,200.02 crore were actually realized.

It was observed that the revenue expenditure of ₹ 33,045.32 crore was incurred during 2011-12 against the actual revenue receipts of ₹ 26,234.41 crore, thereby revenue deficit of ₹ 6,810.91 crore (202 per cent of the estimated revenue deficit of ₹ 3,379⁵ crore). However, after taking into account the capital savings of ₹ 4,243.64 crore, the deficit in consolidated fund came down to ₹ 2,567.27 crore. The details are given in the **Table 2.9**.

Table 2.9: Details of actual receipts and actual expenditure under capital and revenue heads

(₹ in crore)			
	Actual Receipts	Actual Expenditure	Saving(-) Excess(+)
Revenue	26234.41	33045.32	(+) 6810.91*
Capital	14965.61	10721.97	(-) 4243.64
Net Deficit in consolidated fund	41200.02	43767.29	(+) 2567.27

* Revenue Deficit

On this being enquired (July-October 2012) from the Finance Department; no reply was received (December 2012).

2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants i.e. Grant No 11-Health and Family Welfare and Grant No-24 Science, Technology and Environment revealed the following:

⁵ Estimated Revenue Expenditure ₹ 35,406 crore minus Estimated Revenue Receipt ₹ 32,027 crore = ₹ 3,379 crore.

(i) Unrealistic budget provisions

Scrutiny revealed that under Grant No11, the department either made unrealistic budget provisions or did not disburse the amount during 2011-12, as savings of ₹ one crore or more and also more than 20 per cent of the total provision in each case aggregating ₹ 367.46 crore were found in 35 minor heads/schemes (**Appendix 2.10**). Moreover, there was saving of 100 per cent in 22 schemes (Sr. No. 14 to 35). Thus, the original budgetary provisions proved excessive or unnecessary or the departments did not bother to use the funds at all.

The matter was taken up with the concerned Administrative Secretaries (September 2012) and the Finance Department (October 2012); no reply was received (December 2012).

(ii) Excess over provisions requiring regularization

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause that to be laid before the House or the Houses of the Legislature of the State another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

The excess expenditure of ₹ 51.55 crore in 10 cases exceeding ₹ one crore in each case (**Appendix 2.11**) under grant No. 11 during the year 2011-12 require regularization under the above mentioned provisions. On being enquired from Health Department (September 2012) and the Finance Department (October 2012) regarding the reasons for excess expenditure over budget provision and source from where the funds for the excess expenditure was met and details of diversion of funds; no reply was received (December 2012).

(iii) Withdrawal of whole budget provision through re-appropriation

Under Grant-24, in 10 minor heads/schemes, whole budget provision amounting to ₹ 17.14 crore (₹ one crore or more in each case) was withdrawn (**Appendix 2.12**) through re-appropriation. Withdrawal of whole provision through re-appropriation dilutes the process of budget making and control.

(iv) Other interesting points

- The budget estimates for the year 2011-12 due on 1 November 2010 were sent by the Administrative departments to the Finance Department with delays ranging from 17 to 74 days (**Appendix 2.13**). It resulted into non-providing of sufficient time to the departments for assessment, compilation, analysis and carrying out corrections, if any, to enable them to submit accurate revised budget proposals, as discussed in the paragraphs 2.4(i) to 2.4(iii).
- As per para 12.11 of Punjab Budget Manual, the Departments were to maintain liability register to keep watch over the undischarged liabilities. It was noticed that no such register was maintained by the Drawing and Disbursing Officers operating these grants.

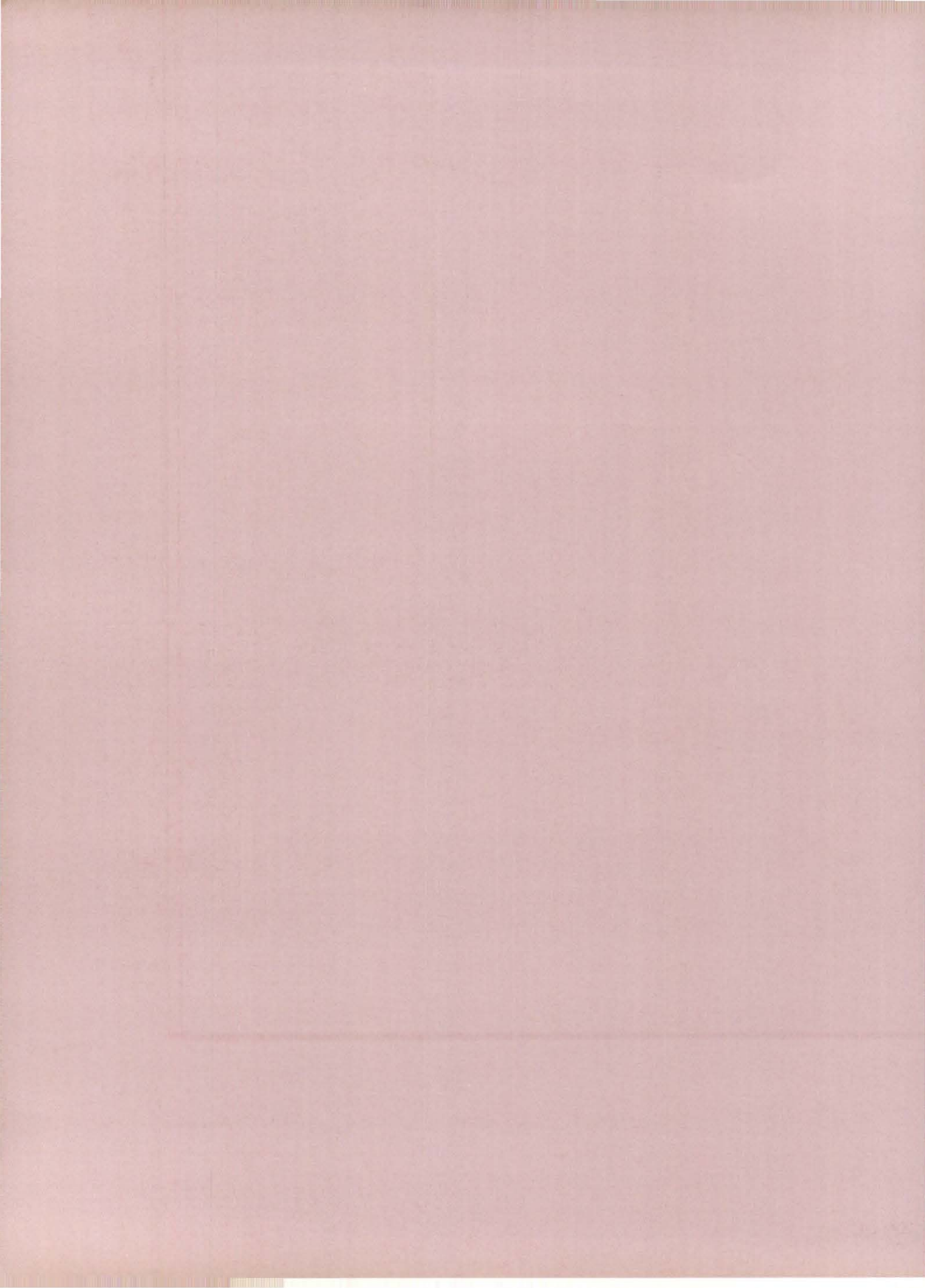
2.5 Conclusion

During 2011-12, expenditure of ₹ 44,541.87 crore was incurred against total grants and appropriations of ₹ 52,443.96 crore resulting in savings of ₹ 7,902.09 crore. An expenditure of ₹ 673.45 crore was incurred without making any budget provision in the budget estimates. Supplementary provisions of ₹ 1,250.08 crore proved unnecessary as the expenditure did not come up to the level of original provisions. As against 1661 Abstract Contingent bills amounting to ₹ 1,287.98 crore drawn during 2010-12, no adjustment bills (Detailed Contingent Bills) were submitted to Pr. Accountant General (A&E) Punjab. Under grant No. 8-Finance, the amount of ₹ 260.05 crore was surrendered in excess of the actual savings of ₹ 250.01 crore, indicating inadequate budgetary control by the concerned department.

2.6 Recommendations

- *Budgetary control should be strengthened in all the Government departments, particularly in those departments where savings/excesses have been observed for the last four years regularly.*
- *Budget estimates should be prepared with due care and on realistic basis so that there are no huge savings/surrenders or excesses over the budget estimates.*
- *Anticipated savings should be surrendered as and when these are expected so that the amount could be got utilized on other schemes.*

CHAPTER 3



CHAPTER 3

Financial Reporting

Sound internal controls 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 of the State Government's compliance with various financial rules, procedures and directives during the year 2011-12.

3.1 Utilization certificates

3.1.1 Delay in submission of utilization certificates

Rule 8.14 of the Punjab Financial Rules Volume I stipulates that every order sanctioning a grant should specify its object clearly and time limit within which the grant is to be spent. The departmental officer drawing the grant-in-aid should be primarily responsible for certifying to the Accountant General (AG) where necessary, the fulfillment of the conditions attached to the grant and furnish the certificate (Utilization Certificate) in such form and at such interval as may be agreed between the Accountant General (Accounts & Entitlement) and the Head of the Department concerned.

It was noticed that out of the 202 Utilization Certificates (UCs) due in respect of grants amounting to ₹ 530.70 crore paid during 2006-07 to 2011-12, 202 UCs (100 per cent) amounting to ₹ 506.82 crore¹, were not furnished to the Pr. AG (A&E) as on 31 March 2012. The department-wise break-up of the outstanding UCs is given in *Appendix 3.1*. The age-wise position of pendency in submission of UCs is summarized in **Table 3.1**.

Table 3.1: Age-wise pendency of utilization certificates

(₹ in crore)

Range of delay in number of years	Total grants paid upto 31 March 2012		Utilization certificates pending as on 31 March 2012	
	Number of sanctions	Amount	Number of UCs	Amount
0-1	173	350.03	173	350.03
1-3	20	134.87	20	134.87
3-5	8	20.80	8	20.80
5-7	1	25.00	1	1.12
Total	202	530.70	202	506.82

Source: Office of the Pr AG (A&E), Punjab

¹ Interim UC in respect of ₹ 23.88 crore (partial expenditure) has been received from Rural Development and Panchayats Department, however, final UC of the full grant is still outstanding. Reason for submission of UC for partial expenditure was asked (July and October 2012) from the department. However, reply was awaited (December 2012).

Out of the 202 outstanding UCs, 28 UCs involving ₹ 155.67 crore (30.72 per cent) were pending for period ranging between one and five years and one UC involving ₹ 1.12 crore pertaining to the Rural Development and Panchayats Department was outstanding since 2006-07. In the absence of UCs, it could not be ascertained whether the grants had been spent for the purposes for which they were given. On this being pointed out (October 2012), the Finance Department stated (November 2012) that all the departments were being directed to send the UCs to AG office in time on monthly basis.

3.2 Delay in submission of Accounts/Audit Reports of autonomous bodies

Five Autonomous Bodies have been set up by the State Government in the field of Legal Services, Science, Human Rights, Labour Welfare and Industries. In order to identify the institutions which attract audit under section 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971, the Government/Head of the Department is required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Reports (SARs) and their placement in the State Legislature is indicated in *Appendix 3.2*. The age-wise delays in submission of accounts by the Autonomous Bodies to Audit and placement of the SARs in the Legislature are given in **Table 3.2**.

Table 3.2: Detail of pending accounts/delays in submission of accounts and tabling of SARs in the Legislature as on 31 March 2012

Sr. No.	Name of the Autonomous Body	Accounts received with delay	Extent of delay in submission of accounts (in months)	Number of pending accounts	Pendency of submission of the SARs to the Legislature
1.	Punjab Legal Services Authority	2009-10	16	--	SARs for the years 2006-07 to 2008-09 were pending.
		2010-11	4		
2.	Punjab Khadi and Village Industry Board	-	-	2 (2009-10 to 2010-11)	SAR for the year 2008-09 was pending.
3.	Punjab State Human Rights Commission	2009-10	11	--	SARs for the years 2001-02 and 2004-05 to 2008-09 were pending.
		2010-11	--		
4.	Punjab Labour Welfare Board	-	-	9 (2002-03 to 2010-11)	SARs for the years 2000-01 and 2001-02 were pending.
5.	Pushpa Gujral Science City	2009-10	11	--	SARs for the years 2009-10 and 2010-11 were pending. As per MoU/PGSCA Society Rules SAR is not required to be placed in the State Legislature.
		2010-11	6		

The Accounts of two² Autonomous Bodies for the year 2010-11 were awaited as of 31 March 2012. The Punjab Labour Welfare Board has not rendered its

² Punjab Khadi & Village Industry Board and Punjab Labour Welfare Board.

accounts since the financial year 2002-03 despite repeated comments in the Report on State Finances of the Comptroller and Auditor General of India (CAG). There were delays ranging between 4 months and 16 months in submission of accounts of three³ Autonomous Bodies. As many as 12 SARs in respect of four⁴ Autonomous Bodies issued between May 2008 and January 2011 were pending to be placed before the Legislature. On this being pointed out (October 2012), the Finance Department stated (November 2012) that the instructions were being issued to the concerned bodies.

3.3 Departmental commercial undertakings

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

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General for Audit within a specified time frame. As of 31 March 2012, the Punjab Roadways (Transport Department) has not prepared its accounts since 2001-02. Despite repeated comments in the earlier Reports on State Finances of the CAG about the arrears in preparation of accounts, there is no improvement so far in preparation of the proforma accounts by this undertaking. On this being pointed out (October 2012), the Finance Department stated (November 2012) that the instructions were being issued to the concerned Government undertakings.

3.4 Misappropriations, losses, thefts etc.

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

Out of 101 cases of misappropriation, theft, loss of material, etc. involving an amount of ₹ 1.50 crore pending upto 31 March 2012 or reported during 2011-12, 15 cases (₹ 3.52 lakh) have been settled during the year 2011-12 leaving 86 cases (₹ 1.46 crore) pending as on 31 March 2012. These 86 cases (₹ 1.46 crore) were pending for the last 25 years. Department-wise detail of outstanding cases upto 2011-12 is given in **Table 3.3** and age-wise profile is given in *Appendix 3.3*.

³ Punjab Legal Services Authority, Punjab State Human Rights Commission and Pushpa Gujral Science City.

⁴ Punjab Legal Services Authority, Punjab Khadi & Village Industry Board, Punjab State Human Rights Commission and Punjab Labour Welfare Board.

Table 3.3: Pending cases of misappropriation, loss, theft etc.

(₹ in lakh)

Name of Department	Cases of theft		Cases of Misappropriation/ Loss of Government material		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Education	2	0.08	6	12.39	8	12.47
Elections	2	0.21	--	--	2	0.21
Home Affairs and Justice	1	6.00	71	31.13	72	37.13
Health and Family Welfare	1	0.42	--	--	1	0.42
Printing and Stationery	--	--	1	80.30	1	80.30
General Administration	--	--	1	10.00	1	10.00
DIG, BSF	--	--	1	5.92	1	5.92
Total	6	6.71	80	139.74	86	146.45

Source: Information as provided by the departments

Out of 86 cases, four cases involving amount of ₹ 0.27 lakh were sub-judice. The reasons for the delay in finalisation of pending cases of thefts, misappropriations, losses, etc. are given in **Table 3.4**.

Table 3.4: Reasons for the delay in finalisation of pending cases of misappropriation, loss, theft, etc.

(₹ in lakh)

Reasons	Number of cases	Amount
Awaiting departmental and criminal investigation	7	6.49
Departmental action initiated but not finalised	10	107.86
Awaiting orders for recovery or write off	64	30.72
Pending in the courts of law	4	0.27
Criminal proceeding finalized but execution of certificated cases for the recovery of the amount pending	1	1.11
Total	86	146.45

Source: Information as provided by the departments

On this being pointed out (October 2012), the Finance Department stated (November 2012) that the instructions were being issued to the concerned departments.

3.5 Opaqueness in Government Accounts

Finance Accounts of the State Government for 2011-12 revealed that expenditure of ₹ 4,617.32 crore (13.97 per cent of the total revenue expenditure) in 62 Major Heads and receipts of ₹ 2,243.66 crore (8.55 per cent of the total Revenue Receipts) in 47 Major Heads were classified under Minor Head-800- Other Expenditure and Other Receipts. An illustrative statement in respect of 11 Major Heads (expenditure) and seven Major Heads (receipts) with substantial amounts of ₹ 4,166.07 crore and ₹ 861.38 crore respectively classified under Minor Head-800 is given in **Appendix 3.4**. The major schemes are not depicted distinctly in the Finance Accounts, though the details of these expenditure are depicted in the sub-head (scheme) level or below in the Detailed Demands for Grants and corresponding head-wise Appropriation Accounts forming part of the State Government's Accounts.

Classification of large amounts booked under the minor heads '800-Other receipts/expenditure' affects the transparency/fair picture in the financial reporting.

On this being pointed out (October 2012), the Finance Department stated (November 2012) that the matter had been taken up with all the departments to take corrective measures.

3.6 Conclusion

Internal controls within the State Government Departments are not functioning as envisaged with regard to compliance with various rules and procedures instituted by the Government. In the absence of compliance with the basic requirement of compilation of accounts by the Government undertakings and autonomous bodies, financial reporting cannot be taken as accurate and reliable. Classification of large amounts booked under the minor heads '800-Other receipts/expenditure' affected the transparency/fair picture in the financial reporting.

3.7 Recommendations

- *Submission of Utilization Certificates should be ensured.*
- *Submission of the pending accounts by the autonomous bodies should be expedited.*
- *Departmental enquiries in cases of mis-appropriation, theft, etc. need to be expedited and the internal control system should be strengthened to prevent recurrence of such cases.*
- *In order to ensure greater transparency in financial reporting, large amount received or expended under various schemes should be depicted in accounts distinctly instead of clubbing the same under minor head '800-Other receipts' or '800-Other expenditure'.*

CHANDIGARH
The 5 MAR 2013

(AMANDEEP CHATHA)
Accountant General (Audit), Punjab

Countersigned

NEW DELHI
The 7 MAR 2013

(VINOD RAI)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Referred to in profile of Punjab, page 1)

Profile of Punjab

A. General Data			
S. No.	Particulars	Figures	
1	Area	50362 sq km	
2	Population		
	a. As per 2001 Census.	2.44 crore	
	b. As per 2011 Census	2.77 crore	
3	Density of Population (as per 2001 Census). (All India Density = 325 persons per Sq. Km)	484 persons per Sq. Km.	
	Density of Population (as per 2011 Census). (All India Density = 382 persons per Sq. Km)	550 persons per Sq. Km.	
4	*Population below poverty line (BPL) (All India Average = 27.5 per cent)	15.90 per cent	
5	a. Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	69.95 per cent	
	b. Literacy (as per 2011 Census) (All India Average = 74.0 per cent)	76.70 per cent	
6	Infant mortality** (per 1000 live births). (All India Average = 47 per 1000 live births)	34	
7	Life Expectancy at birth*** (All India Average = 63.5 years)	69 years	
8	Gini Coefficient ¹		
	a. Rural**** (All India = 0.30)	0.28	
	b. Urban**** (All India = 0.37)	0.39	
9	Gross State Domestic Product (GSDP) 2011-2012 at current price	₹ 248301 crore	
10	Per capita GSDP CAGR (2002-03 to 2011-12)	10.64 per cent	
11	GSDP CAGR (2002-03 to 2011-12)	Punjab	13.05 per cent
		Other General Category States ²	14.46 per cent
12	Population Growth (2002-03 to 2011-12)	Punjab	13.29 per cent
		Other General Category States	13.90 per cent

B. Financial Data				
Sr. No.	Particulars	Figures (In per cent)		
		2002-03 to 2010-11		2002-03 to 2011-12
		General Category States	Punjab	Punjab
a.	Of Revenue Receipts.	16.86	12.10	10.05
b.	Of Own Tax Revenue.	16.74	14.46	14.17
c.	Of Non Tax Revenue.	12.84	3.54	-11.10
d.	Of Total Expenditure.	14.58	10.78	9.33
e.	Of Capital Expenditure.	21.25	24.22	15.98
f.	Of Revenue Expenditure on Education.	15.41	8.76	10.83
g.	Of Revenue Expenditure on Health.	14.00	8.10	10.38
h.	Of Salary and Wages.	13.43	8.95	10.83
i.	Of Pension.	16.89	18.61	17.18

Source: 1. Financial data from Finance Accounts of the State Governments

2. General data: * BPL (Planning Commission & NSSO data, 61st Round)

** Infant mortality rate (SRS Bulletin December, 2011)

*** Life Expectancy at birth (Economic Survey, Government of India 2011-12)

**** Gini Coefficient (Unofficial estimates of Planning Commission & NSSO data, 61st Round 2004-05 MRP)

¹ Please see glossary (Appendix 4.1).

² Excluding three General Category States i.e. Delhi, Goa and Puducherry.

Appendix 1.2

(Referred to in paragraph 1.1, page 1)

Structure of the Government Accounts

The accounts of the State Government are kept in three parts:

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

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

Layout of the Finance Accounts

Statement Number	Subject
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts in Consolidated Fund
4	Statement of Expenditure out of Consolidated Fund by function and nature
5	Statement of Progressive Capital expenditure
6	Statement of Borrowings and other Liabilities
7	Statement of Loans and Advances given by the Government
8	Statement of Grants-in-aid given by the Government
9	Statement of Guarantees given by the Government
10	Statement of Voted and Charged Expenditure
11	Detailed Statement of Revenue and Capital Receipts by minor heads
12	Detailed Statement of Revenue Expenditure by minor heads
13	Detailed Statement of Capital Expenditure
14	Detailed Statement of Investments of the Government
15	Detailed Statement of Borrowings and other Liabilities
16	Detailed Statement of Loans and Advances made by the Government
17	Detailed Statement of Sources and Application of funds for expenditure other than revenue account
18	Detailed Statement of Contingency Fund and other Public Account transactions
19	Detailed Statement of Investments of earmarked funds

Appendix 1.3
(Referred to in paragraph 1.1, page 1)

**Punjab Fiscal Responsibility and Budget Management (FRBM) Act 2003
(amended upto March 2011)**

The Government of Punjab had enacted the Punjab Fiscal Responsibility and Budget Management Act, 2003 (amended upto March 2011) to ensure prudence in fiscal management and to achieve fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of the revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. The Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto.

The Thirteenth Finance Commission (ThFC) in its report has recommended a revised roadmap for Fiscal Consolidation for States to reduce its fiscal deficit to three *per cent* of Gross State Domestic Product (GSDP) by the year 2014-15, maintain it at that level thereafter, reduce revenue deficit to zero or surplus by 2014-15 and bring down its debt at 38.7 *per cent* of GSDP by 2014-15. The State was also asked to amend FRBM Act, 2003 to conform to these targets. The State Government as per recommendations/guidelines of the ThFC has amended the FRBM Act, 2003 in 2011 and also prepared the Fiscal Consolidation Roadmap (**Appendix 1.5**) for the years 2010-11 to 2014-15 incorporating therein year-wise annual targets for revenue deficit, fiscal deficit and debt outstanding. The Act, as amended, *inter-alia*, prescribed the following fiscal targets for the State:

- a) contain fiscal deficit as *per cent* of Gross State Domestic Product (GSDP) at 3.5 *per cent* in the financial years 2010-11, 2011-12, 2012-13 and at three *per cent* in the financial years 2013-14 and 2014-15 and maintain thereafter;
- b) reduce the revenue deficit as *per cent* of GSDP so as to bring it down to 1.8 *per cent* in the financial year 2011-12, 1.2 *per cent* in the financial year 2012-13, 0.6 *per cent* in the financial year 2013-14 and zero *per cent* or surplus in the financial year 2014-15 and maintain surplus thereafter;
- c) bring down its debt as *per cent* of GSDP to 42.5 *per cent* in the financial year 2010-11, 41.8 *per cent* in the financial year 2011-12, 41.00 *per cent* in the financial year 2012-13, 39.8 *per cent* in the financial year 2013-14 and 38.7 *per cent* in the financial year 2014-15;
- d) cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year. Guarantees on short term debt were to be given only for working capital or food credit in which case this must be fully backed by physical stocks.

Appendix I.4

(Referred to in paragraph 1.2, page 2)

Abstract of receipts and disbursements for the year 2011-12 and summarised financial position of the Government of Punjab as on 31 March 2012

Part A—Abstract of receipts and disbursements for the year 2011-12

(` in crore)

Receipts	2010-11	2011-12	Disbursements	2010-11	2011-12		
					Non-plan	Plan	Total
1	2	3	4	5	6	7	8
Section-A: Revenue							
I-Revenue receipts	27608.47	26234.41	I-Revenue expenditure-	32897.18	31040.50	2004.82	33045.32
(i)-Tax revenue	16828.18	18841.01	General services	18597.73	16767.04	20.91	16787.95
(ii)-Non-tax revenue	5330.17	1398.45	Social Services-	7260.85	7441.42	1805.08	9246.50
(iii) State's share of Union Taxes and Duties	3050.87	3554.31	-Education, Sports, Art and Culture	4086.06	4768.86	520.71	5289.57
(iv) Non-Plan Grants	720.81	874.11	-Health and Family Welfare	1189.84	1337.60	213.19	1550.79
(v) Grants for State Plan Schemes	954.65	694.06	Water Supply, Sanitation, Housing and Urban Development	321.70	421.67	0.00	421.67
(vi) Grants for Central and Centrally Sponsored Plan Schemes	723.79	872.47	-Information and Broadcasting	23.96	19.36	11.66	31.02
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	239.78	141.42	144.37	285.79
			-Labour and Labour Welfare	109.29	126.40	17.04	143.44
			-Social Welfare and Nutrition	1273.85	605.90	898.11	1504.01
			-Others	16.37	20.21	0.00	20.21
			Economic Services-	6398.94	6085.24	178.83	6264.07
			-Agriculture and Allied Activities	1205.99	753.03	110.83	863.86
			-Rural Development	117.39	110.99	27.98	138.97
			-Special Areas Programmes	0.00	0.00	0.00	0.00
			-Irrigation and Flood Control	920.9	990.04	0.00	990.04
			-Energy	3376.24	3200.90	0.00	3200.90
			-Industry and Minerals	103.22	50.28	2.58	52.86
			-Transport	508.91	693.06	0.00	693.06
			-Science, Technology and Environment	3.43	1.86	3.00	4.86
			-General Economic Services	162.86	285.08	34.44	319.52
			Grants-in-aid Contributions	639.66	746.80	0.00	746.80
			Total		31040.50	2004.82	33045.32
II. Revenue deficit carried over to Section B	5288.71	6810.91	Revenue Surplus carried over to Section-B	--	--	--	--
Total Section A	32897.18	33045.32		32897.18	31040.50	2004.82	33045.32

Receipts	2010-11	2011-12	Disbursements	2010-11	2011-12		
					Non-plan	Plan	Total
1	2	3	4	5	6	7	8
Section-B Others							
III-Opening Cash balance including Permanent Advances and Cash Balance Investment	225.77	(-)118.16	III Opening Overdraft from Reserve Bank of India	Nil	--	--	--
IV – Misc Capital Receipts	0.45	0.24	IV-Capital Outlay	2384.09	238.60	1359.52	1598.12
			<u>General Services</u>	184.76	68.82	127.22	196.04
			<u>Social Services-</u>	663.46	6.97	391.38	398.35
			-Education, Sports, Art and Culture	253.48	0.00	146.83	146.83
			-Health and Family Welfare	40.21	4.71	42.88	47.59
			Water Supply, Sanitation, Housing and Urban Development	345.99	1.07	193.96	195.03
			-Information and Broadcasting	0.30	0.40	0.00	0.40
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	3.50	0.00	0.00	0.00
			-Social Welfare and Nutrition	0.70	0.79	2.08	2.87
			-Others	19.28	0.00	5.63	5.63
			<u>Economic Services-</u>	1535.87	162.81	840.92	1003.73
			-Agriculture and Allied Activities	17.31	0.02	0.92	0.94
			-Rural Development	303.89	78.06	112.11	190.17
			-Special Areas Programmes	0.00	0.00	0.00	0.00
			-Irrigation and Flood Control	533.61	75.52	226.30	301.82
			Energy	0.00	0.00	0.00	0.00
			Industry and Minerals	25.01	2.68	0.00	2.68
			Transport	583.40	6.50	389.41	395.91
			Science Technology and Environment	0.00	0.00	0.00	0.00
			General Economic Services	72.65	0.03	112.18	112.21
TOTAL	226.22	(-)117.92	TOTAL	2384.09	238.60	1359.52	1598.12
V Recoveries of Loans and Advances	597.45	94.50	V-Loans and Advances Disbursed	68.40	176.61	0.00	176.61
-From Power Projects	526.38	6.31	-For Power Projects	0.00	0.00	0.00	0.00
-From Government Servants	69.52	78.70	-To Government Servants	37.40	47.61	0.00	47.61
-From others	1.55	9.49	-To Others	31.00	129.00	0.00	129.00
VI-Revenue surplus brought down	--	--	VI-Revenue Deficit Brought down	5288.71	--	--	6810.91

Receipts	2010-11	2011-12	Disbursements	2010-11	2011-12		
					Non-plan	Plan	Total
1	2	3	4	5	6	7	8
VII- Public debt receipts-	10934.37	14870.87	VII-Repayment of Public Debt	5952.88	8947.24	--	8947.24
-External Debt	--	-	-External Debt	--	--	--	--
-Internal debt other than ways and means Advances and Overdraft	6760.60	8710.43	-Internal debt other than ways and means Advances and Overdraft	2154.56	2487.84	--	2487.84
-Net transactions under Ways and Means Advances	3980.84	6010.94	-Net transactions under Ways and Means Advances	3613.01	6272.02	--	6272.02
-Net transactions under overdraft	-	-	-Net transactions under overdraft	--	--	--	--
-Loans and Advances from Central Government	192.93	149.50	-Repayment of Loans and Advances to Central Government	185.31	187.38	--	187.38
VIII- Appropriation to Contingency fund	Nil	Nil	VIII- Appropriation to Contingency fund	Nil	--	--	Nil
IX-Amount transferred to Contingency fund	Nil	Nil	IX-Expenditure from Contingency fund	Nil	--	--	Nil
X-Public Account Receipts	27654.86	31278.88	X-Public Account Disbursement	25836.98	28771.75	--	28771.75
-Small Savings and Provident funds	2533.13	3105.72	-Small Savings and Provident funds	1358.47	1465.54	--	1465.54
-Reserve funds	199.68	475.61	-Reserve funds	188.01	160.47	--	160.47
-Suspense and Miscellaneous	19449.59	22039.72	-Suspense and Miscellaneous	19441.97	21934.65	--	21934.65
-Remittances	1596.19	1376.03	-Remittances	1614.86	1365.38	--	1365.38
-Deposits and Advances	3876.27	4281.80	-Deposits and Advances	3233.67	3845.71	--	3845.71
XI Closing Overdraft from Reserve Bank of India	NIL	Nil	XI Cash Balance at end	(-)118.16	(-)178.30	--	(-)178.30
			Cash in Treasuries and Local Remittances	--	--	--	--
			Deposits with Reserve Bank	(-)694.28	(-)729.82	0.00	(-)729.82
			Departmental cash balance including permanent advances	474.09	449.49	0.00	449.49
			Cash Balance Investment	102.03	102.03	0.00	102.03
Total Section-B	39412.90	46126.33	Total Section-B	39412.90			46126.33
Total	72310.08	79171.65	Total	72310.08			79171.65

Appendix 1.4 (continued)
(Referred to in paragraph 1.8.1, page 30)

Part - B - Summarized financial position of the Government of Punjab as on 31 March 2012		
Liabilities	As on 31.03.2011	As on 31.03.2012
Internal Debt -	54940.33	60901.84
Market Loans bearing interest	26763.92	34504.30
Market Loans not bearing interest	0.15	0.15
Loans from Life Insurance Corporation of India	1.75	1.10
Loans from other Institutions	27806.68	26289.54
Ways and Means Advances and Overdrafts from Reserve Bank of India	367.83	106.75
Loans and Advances from Central Government -	3296.96	3259.09
Non-Plan Loans	40.17	37.33
Loans for State Plan Schemes	3215.40	3186.59
Loans for Centrally Sponsored Plan Schemes	41.07	34.85
Pre 1984-85 Loans	0.32	0.32
Contingency Fund	25.00	25.00
Small Savings, Provident Funds, etc.	11357.09	12997.26
Deposits	2882.35	3325.12
Reserve Funds	2300.86	2616.00
Remittance Balances	97.26	107.91
Total	74899.85	83232.22
Assets		
Gross Capital Outlay on Fixed Assets -	27082.90	28687.54
Investments in shares of Companies, Corporations, etc.	3831.96	3831.73
Other Capital Outlay	23250.94	24855.81
Loans and Advances -	2323.85	2405.95
Loans for Power Projects	1040.43	1034.11
Other Development Loans	1201.07	1320.58
Loans to Government servants and Miscellaneous loans	82.35	51.26
Reserve Fund Investments	0.68	0.68
Advances	0.76	0.68
Suspense and Miscellaneous Balances	14.95	-90.12
Cash (excluding investments RF)	(-118.86)	(-179.00)
Cash in Treasuries and Local Remittances	--	--
Deposits with Reserve Bank	(-694.28)	(-729.82)
Departmental Cash Balance	473.17	448.57
Permanent Advances	0.22	0.22
Cash Balance Investments	102.03	102.03
Deficit on Government Account -	45595.57	52406.49
Add Revenue Deficit of the current year	5288.71	6810.92
Accumulated deficit at the beginning of the year	40306.86	45595.57
Total	74899.85	83232.22

Appendix 1.5

(Referred to in paragraphs 1.2.2 & 1.4, pages 3 & 12)

Fiscal Consolidation Roadmap for the State for the financial year 2010-11 to 2014-15 as per recommendations of the Thirteenth Finance Commission

(`in crore)

Item	2010-11 (Actuals)	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6	7
i) Revenue Deficit as percentage of GSDP	2.35		1.80	1.20	0.60	0.00
ii) Fiscal Deficit as percentage of GSDP	3.18	3.50	3.50	3.50	3.00	3.00
iii) Outstanding Debt to GSDP ratio	33.24	42.50	41.80	41.00	39.80	38.70
B. Fiscal Consolidation Roadmap for the State	2010-11 (Actuals)	2010-11	2011-12	2012-13	2013-14	2014-15
I. Revenue Receipts	27608.47	30475.00	32027.00	35631.00	40194.00	45416.00
i) Share of Central taxes	3050.87	3207.00	3665.00	4398.00	5278.00	6333.00
ii) State's Own Taxes and Duties	16828.18	17396.00	20408.00	23103.00	26170.00	29665.00
a) Sales Tax/VAT (State Share)	10016.91	10000.00	11800.00	13570.00	15606.00	17946.00
b) State Excise	2373.07	2640.00	3250.00	3510.00	3790.00	4094.00
c) Stamps and Registration	2318.46	2500.00	2900.00	3335.00	3835.00	4411.00
d) Motor Vehicle Tax	653.91	700.00	800.00	864.00	933.00	1008.00
e) Electricity Duty	1422.90	1520.00	1400.00	1540.00	1694.00	1863.00
f) Land Revenue	19.24	17.00	19.00	21.00	23.00	25.00
g) Entertainment Tax	23.69	19.00	239.00	263.00	289.00	318.00
iii) Non Tax Revenue	5330.17	6568.00	3126.00	3277.00	3439.00	3610.00
a) Interest Receipts	169.37	412.00	177.00	177.00	177.00	177.00
b) Police	61.89	71.00	78.00	86.00	94.00	104.00
c) Other Administrative Services	61.61	72.00	72.00	79.00	87.00	90.00
d) Misc. General Services	4277.23	4923.00	1657.00	1681.00	1699.00	1718.00
i) Lotteries	3800.79	3851.00	81.00	89.00	98.00	108.00
ii) Deposits/Contributions	32.00	1000.00	1500.00	1500.00	1500.00	1500.00
iii) Guarantee Fee	70.05	71.00	75.00	82.00	91.00	100.00
iv) Others	374.39	1.00	1.00	10.00	10.00	10.00
e) Education, Sports, Art & Culture	30.15	42.00	45.00	49.00	54.00	60.00
f) Medical and Public Health	71.88	68.00	72.00	79.00	87.00	96.00
g) Water Supply and Sanitation	49.30	45.00	50.00	55.00	60.00	67.00
h) Urban Development	74.60	83.00	94.00	103.00	114.00	125.00
i) Major and Medium Irrigation	29.60	300.00	300.00	330.00	363.00	399.00
j) Mining	61.98	60.00	65.00	71.00	79.00	87.00
k) Punjab Roadways	150.39	121.00	133.00	146.00	161.00	177.00
l) Civil Supplies	41.21	50.00	55.00	60.00	67.00	73.00
m) Others	250.96	321.00	328.00	361.00	397.00	437.00
iv) Grants from Centre	2399.25	3304.00	4328.00	4853.00	5307.00	5808.00
a) Non Plan	720.81	634.00	656.00	851.00	942.00	1046.00
i) 13th Finance Commission	362.15	366.00	626.00	818.00	906.00	1006.00
ii) Govt of India	358.66	268.00	30.00	33.00	36.00	40.00
b) State Plan	954.65	1614.00	1949.00	2107.00	2281.00	2469.00
i) 13th Finance Commission	39.31	42.00	414.00	419.00	424.00	426.00
ii) Govt of India	915.34	1572.00	1535.00	1688.00	1857.00	2043.00
c) Centrally Sponsored Schemes	659.39	723.00	1469.00	1616.00	1777.00	1955.00
d) Central Plan	64.40	333.00	254.00	279.00	307.00	338.00
v) ARM	0.00	0.00	500.00	0.00	0.00	0.00
Total Revenue Receipts(i+ii+iii+iv+v)	27608.47	30475.00	32027.00	35631.00	40194.00	45416.00

	2010-11 (Actuals)	2010-11	2011-12	2012-13	2013-14	2014-15
2. Revenue Expenditure	32897.18	34180.00	35406.00	38882.00	42171.00	44906.00
a) Interest Payments	5515.11	5499.00	6530.00	7130.00	7630.00	8130.00
b) Pension and Retirement benefits	5309.32	4048.00	4822.00	5304.00	5835.00	6418.00
c) Salaries	9589.28	10309.00	11067.00	12174.00	13391.00	14730.00
Arrears of Pay Commission	0.00	0.00	1500.00	1125.00	1125.00	0.00
d) Power Subsidy	3375.55	3376.00	3020.00	4020.00	4520.00	5020.00
e) Devolution to Local Bodies	639.66	1319.00	1474.00	1804.00	2029.00	2294.00
f) Civil Supplies	77.73	433.00	481.00	500.00	200.00	200.00
g) Natural Calamities	219.42	228.00	239.00	251.00	263.00	276.00
h) Lotteries	3798.29	3805.00	48.00	53.00	58.00	64.00
i) State Plan Expenditure	1959.78	2082.00	2623.00	2885.00	3174.00	3491.00
j) CSS Expenditure	360.94	662.00	854.00	939.00	1033.00	1136.00
k)Others	2052.10	2419.00	2748.00	2697.00	2913.00	3146.00
I. Revenue Surplus (+)/Deficit (-) {1-2}	(-)5288.71	(-) 3705	(-) 3379	(-) 3251	(-) 1977	(+) 510
3. Capital Expenditure	2384.09	4029.00	5418.00	6502.00	7802.00	9362.00
i) Non Plan	218.06	287.00	254.00	305.00	366.00	439.00
ii) State Plan	2089.00	3178.00	4160.00	4992.00	5990.00	7188.00
iii) CSS	77.03	565.00	1004.00	1205.00	1446.00	1735.00
4) Loans and Advances (net)	529.50	546.00	(-)4.00	(-) 4.00	(-) 4.00	(-) 4.00
i) Advances	68.40	68.00	80.00	80.00	80.00	80.00
ii) Recoveries	597.46	614.00	84.00	84.00	84.00	84.00
iii) Other Capital Receipts	0.44	0.00	0.00	0.00	0.00	0.00
II. Fiscal Deficit (I-3+4)	(-)7143.30	(-) 7189	(-) 8801	(-) 9757	(-) 9783	(-) 8856
5. Outstanding Debt (including GPF)	69594	69549	77585	87342	97125	105981
6. Other liabilities (Reserve Funds and Deposits)	5183	4623	5404	6362	7362	8362
7. Outstanding Debt (including other liabilities) (5+6)	74777	74172	82989	93704	104487	114343
8. GSDP at current prices	224975	228754	254931	290621	331308	377691
9. Revenue Deficit as percentage of GSDP	(-)2.35	(-) 1.62	(-) 1.33	(-) 1.12	(-) 0.6	(+)0.14
10. Fiscal Deficit as percentage of GSDP	(-)3.18	(-) 3.14	(-) 3.45	(-) 3.36	(-)2.95	(-) 2.34
11. Outstanding Debt(including GPF) as percentage of GSDP	30.93	30.40	30.43	30.05	29.32	28.06
12. Outstanding Debt (including other liabilities) as percentage of GSDP.	33.24	32.42	32.55	32.24	31.54	30.27

Appendix 1.6
(Referred to in paragraph 1.2.3, page 5)

**Budget estimates vis-à-vis actuals of various fiscal parameters and
receipt and expenditure heads for the year 2011-12**

(₹ in crore)

	Actuals (2011-12)	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Revenue Receipts	26234	32027	-5793	-18.09
<i>Of which</i>				
Tax Revenue	18841	20408	-1567	-7.68
<i>Taxes on Sales, Trades etc.</i>	11172	11800	-628	-5.32
<i>State Excise</i>	2755	3250	-495	-15.23
<i>Taxes on vehicles</i>	850	800	50	6.25
<i>Stamps and Registration fees</i>	3079	2900	179	6.17
<i>Land Revenue</i>	25	19	6	31.58
Non-Tax Revenue	1398	3126	-1728	-55.28
State's share of Union taxes and duties	3554	3665	-111	-3.03
Grants in aid from GOI	2441	4328	-1887	-43.60
Revenue Expenditure	33045	35406	-2361	-6.67
<i>Of which</i>				
2040-Taxes on Sales, Trade etc.	100	126	-26	-20.63
2049-Interest Payments	6280	6530	-250	-3.83
2055-Police	2854	2792	62	2.22
2070-Other Administrative Services	231	838	-607	-72.43
2071-Pensions and Other Retirement Benefits	5657	4822	835	17.32
2075-Misc General Services	55	60	-5	-8.33
2202-General Education	5082	4932	150	3.04
2210-Medical and Public Health	1398	1513	-115	-7.60
2215-Water Supply and Sanitation	398	396	2	0.51
2225-Welfare of SC, ST & OBC	286	475	-189	-39.79
2236-Nutrition	129	167	-38	-22.75
2245-Relief on account of Natural Calamities	365	490	-125	-25.51
2401-Crop Husbandry	218	473	-255	-53.91
2801-Power	3200	3020	180	5.96
3456-Civil Supplies	251	481	-230	-47.82
3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions	747	1474	-727	-49.32
Salary and Wages	12403	12663	-260	-2.05
Subsidies	3215	3407	-192	-5.64
Capital Expenditure	1598	5418	-3820	-70.51
4055-Capital outlay on Police	62	95	-33	-34.74
4210- Capital outlay on Medical and Public Health	48	203	-155	-76.35
4215 Capital outlay on Water Supply and Sanitation	159	337	-178	-52.82
4217-Capital outlay on Urban Development	36	1215	-1179	-97.04
4225-Capital outlay on Welfare of SCs, STs and OBCs	0	62	-62	-100.00
4515-Capital outlay on other Rural Development Programmes	190	536	-346	-64.55
Disbursement of Loans and Advances	177	84	93	110.71
Revenue Deficit	6811	3379	3432	101.57
Fiscal Deficit	8491	8801	-310	-3.52
Primary Deficit	2211	2271	-60	-2.64
Financial Assistance to local bodies etc.	1200	1664	-464	-27.88
Revenue deficit/GSDP	2.74	1.36	1.38	101.47
Fiscal deficit/GSDP	3.42	3.54	-0.12	-3.39
Primary deficit (surplus)/GSDP	0.89	0.91	-0.02	-2.20
Revenue Deficit/Fiscal Deficit	80.22	38.39	41.83	108.96

Appendix 1.7

(Referred to in paragraph 1.3.2, page 9)

Statement showing the details of revenue receipts credited to funds outside the Consolidated Fund of the State and expenditure therefrom

(*₹ in crore*)

Sr. No.	Name of Fund/ Account	Name of Board	Name of Act under which the Fund/ Board was established	Nature of Receipts to be credited to the fund	Receipts during the year	Expenditure out of the accumulated receipts
1	Punjab Infrastructure Development Fund	Punjab Infrastructure Development Board (PIDB)	PIDB Act 2002	Development fee levied on sale or purchase of all agriculture produce except fruit, vegetable, pulses and on petrol/diesel not exceeding six per cent of the value of the goods.	618.24	1452.08
2	Punjab Municipal Fund	Director, Local Government, Punjab	PMF Act, 2006	10 per cent of the amount of VAT collected by Excise and Taxation Department.	949.91	939.58
3	Punjab Rural Development Fund	Punjab Rural Development Board	PRD Act, 1987	Two per cent fee on advalorem basis in respect of the agriculture produce bought or sold in the notified market area.	Not supplied	724.66
4	Punjab Education Development Fund	Punjab Education Development Board (PEDB)	PED Act, 1998	A cess not exceeding ₹ 10 per proof liter on the sale of Punjab Medium Liquor, Indian made Foreign Liquor and Beer in the State.	55.54	74.20
5	Account of Punjab Livestock Development Board	Punjab Livestock Development Board (PLDB), a Registered Society under the Registration of Societies Act, 1860	Notification No. 18/ 24/99-AH-9(5)/4402 dated 8 June, 2001 of Punjab Government	Purchase Fee levied for providing artificial insemination services, GIA from GOI, State Government or any other agency meant for Livestock Development in Punjab	10.93	4.32
Total					1634.62	3194.84

Source: Departmental records and Annual Plan (2012-13) of Punjab Government

Appendix 1.8

(Referred to in paragraphs 1.4, 1.5.1 and 1.10.3, pages 10, 15 and 39)

Time Series Data on State Government finances

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Part A. Receipts					
1. Revenue Receipts	19238	20713	22157	27608	26234
(i) Tax Revenue	9899(51)	11150 (54)	12040(54)	16828(61)	18841 (72)
Taxes on Sales, Trades etc.	5342(54)	6436 (58)	7578(63)	10017(60)	11172 (59)
State Excise	1862(19)	1810 (16)	2101(17)	2373(14)	2755 (15)
Taxes on vehicles	499(5)	524 (5)	555(5)	654(4)	850 (5)
Stamps and Registration fees	1568(16)	1730 (16)	1551(13)	2318(14)	3079 (16)
Land Revenue	17	16	15	19	25
Other Taxes	611 (6)	634 (5)	240(2)	1447(8)	960 (5)
(ii) Non-Tax Revenue	5254(27)	5784 (28)	5653(26)	5330(19)	1398 (5)
(iii) State's share of Union taxes and duties	1975(10)	2084 (10)	2144(10)	3051(11)	3554 (14)
(iv) Grants in aid from GOI	2110(11)	1695 (8)	2320(10)	2399(9)	2441 (9)
2. Miscellaneous Capital Receipts	1	1	1	1	0
3. Recoveries of Loans and Advances	1445	78	1276	597	95
4. Total revenue and Non-debt capital receipts (1+2+3)	20684	20792	23434	28206	26329
5. Public Debt Receipts	5662	5979	7083	7321	8599
Internal Debt (excluding Ways & Means Advances and Overdrafts)	5232	5701	7011	6760	8710
Net transactions under Ways and Means advances and Overdrafts	-	-	-	368	-261
Loans and Advances from Government of India	430	278	72	193	150
6. Total receipts in the Consolidated Fund (4+5)	26346	26771	30517	35527	34928
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts	19687	24306	22047	27655	31279
9. Total receipts of the State (6+7+8)	46033	51077	52564	63182	66207
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	23061(91)	24569 (89)	27408(93)	32897(93)	33045 (95)
Plan	1164(5)	1422 (6)	1424(5)	2321(7)	2005 (6)
Non-Plan	21897(95)	23147 (94)	25984(95)	30576(93)	31041 (94)
General Services including interest payments	12892(56)	14032 (57)	15525(56)	18598(57)	16788 (51)
Social Services	4333(19)	5483 (22)	6217(23)	7261(22)	9247 (28)
Economic Services	5479(24)	4744 (19)	5219(19)	6399(19)	6264 (19)
Grants in aid and Contributions	357(2)	310 (2)	447(2)	640(2)	747 (2)
11. Capital Expenditure	2192(9)	2858 (10)	2166(7)	2384(7)	1598 (5)
Plan	1920(88)	2603 (91)	1980(91)	2166(91)	1359 (85)
Non-Plan	272(12)	255 (9)	186(9)	218(9)	239 (15)
General Services	135(6)	187 (7)	126(6)	185(8)	196 (12)
Social Services	490(22)	1145 (40)	699(32)	663(28)	398 (25)
Economic Services	1567(72)	1526 (53)	1341(62)	1536(64)	1004 (63)
12. Disbursement of Loans and Advances	35(0.14)	55 (0.20)	29(0.10)	68(0.19)	177 (0.51)
13. Total Expenditure (10+11+12)	25288	27482	29603	35349	34820
14. Repayments of Public Debt	1719	1835	2283	2340	2675
Internal Debt (excluding Ways and Means Advances and Overdraft)	1361	1662	2109	2155	2488
Net transactions under Ways and Means advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	358	173	174	185	187
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	27007	29317	31886	37689	37495
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	18751	22591	20721	25837	28772

19. Total disbursements by the State (16+17+18)	45758	51908	52607	63526	66267
Part C. Deficits					
20. Revenue Deficit (1-10)	-3823	-3856	-5251	-5289	-6811
21. Fiscal Deficit (4 – 13)	-4604	-6690	-6170	-7143	-8491
22. Primary Deficit (21-23)	-77	-1788	-1159	-1628	-2211
Part D. Other data					
23. Interest Payments (included in the revenue expenditure)	4527	4902	5011	5515	6280
24. Financial Assistance to local bodies etc.	694	611	941	993	1200
25. Ways and Means Advances/Overdraft availed(days)	40	23	141	121	178
Ways and Means Advances availed (days)	40	23	141	121	153
Overdraft availed (days)	-	-	29	14	25
26. Interest on Ways and Means Advances/Overdraft	1	1	7	5	10
27. Gross State Domestic Product at current prices	152245	174039	198393	224975	248301
28. Outstanding fiscal liabilities (year end)	55982	61850	67967	74784[§]	83099
29. Outstanding Guarantees (year end) (Including interest)	11014	25868	33295	40332*	45714*
30. Maximum amount guaranteed	26094	46815	51357	Nil[#]	48382
31. Number of incomplete projects	11	13	34	19	19
32. Capital blocked in incomplete projects	956	1177	1630	358	401
Part E. Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	6.50	6.41	6.07	7.48	7.59
Own Non-tax revenue/GSDP	3.45	3.32	2.85	2.37	0.56
Central Transfers/GSDP	1.30	1.20	1.08	1.36	1.43
II Expenditure Management					
Total Expenditure/GSDP	16.61	15.79	14.92	15.71	14.02
Total Expenditure/Revenue Receipts	131.45	132.68	133.61	128.04	132.73
Revenue Expenditure/Total Expenditure	91.19	89.40	92.59	93.06	94.90
Expenditure on Social Services/ Total Expenditure	19.07	24.12	23.36	22.42	27.70
Expenditure on Economic Services/Total Expenditure	27.86	22.82	22.16	22.45	20.87
Capital Expenditure/Total Expenditure	8.66	10.40	7.32	6.74	4.59
Capital Expenditure on Social & Economic Services/ Total Expenditure	8.13	9.72	6.89	6.22	4.03
III Management of fiscal Imbalances					
Revenue deficit (surplus)/GSDP	-2.51	-2.22	-2.65	-2.35	-2.74
Fiscal deficit/GSDP	-3.02	-3.84	-3.11	-3.18	-3.42
Primary deficit (surplus)/GSDP	-0.05	-1.03	-0.58	-0.72	-0.89
Revenue Deficit/Fiscal Deficit	83.04	57.64	85.11	74.04	80.22
Primary revenue balance/GSDP	1.41	0.65	0.52	0.37	-0.18
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	36.77	35.54	34.26	33.24	33.47
Fiscal Liabilities/RR	291.00	298.61	306.75	270.88	316.76
Primary deficit vis-à-vis quantum spread	(-)5.09	(-)49.21	(-)22.57	(-)34.43	(-)122.70
Debt Redemption (Principal + Interest)/Total Debt Receipts	65.9	92.51	92.72	92.58	91.00
V Other Fiscal Health Indicators					
Return on Investment	0.01	0.02	0.02	0.02	0.05
Balance from Current Revenue (Rupees in crore)	(-)3656	(-)3637	(-)5757	(-)4650	(-)6373
Financial Assets/Liabilities	44.38	43.42	40.82	39.12	37.04

* This figure does not include interest.

Information was not supplied by State Government.

§ Differs by ₹6.76 crore (Increased) from the figure given in Audit Report on State Finances for the year 2010-11 due to proforma adjustment carried out by the Pr. AG (A&E) to rectify the misclassification of earlier years.

Appendix 1.9

(Referred to in paragraph 1.7.3(a), page 27)

List of working Government Companies/Corporations
having negative network

Sr. No.	Name of the Company/Corporation	Investment as per Finance Accounts as on 31.03.2012 (₹ in crore)	Year of Accounts	Net Worth as per Annual Accounts of the Company/ Corporation (₹ in crore)	Earning per share (₹)
(A) Working Government Corporations					
1	Punjab State Warehousing Corporation	4.00	2008-09	(-) 247.41	(-) 1151.13
2	Punjab Financial Corporation	29.31	2010-11	(-) 283.12	(-) 10.70
3	PEPSU Road Transport Corporation	86.82	2010-11	(-) 240.65	Negative but amount not available
(B) Working Government Companies					
4	Punjab State Grains Procurement Corporation Limited	1.05	2009-10	(-) 605.50	Negative but amount not available
5	Punjab State Industrial Development Corporation Limited	78.22	2010-11	(-) 472.32	(-) 364.76
6	Punjab State Power Corporation Limited	2946.11	2009-10	(-) 6744.48	Negative but amount not available
7	Punjab State Civil Supplies Corporation Limited	3.73	2010-11	(-)445.65	13.40

Source: Annual Accounts of concerned Corporations/Companies

Appendix I.10

(Referred to in paragraph 1.7.3(b), page 27)

Arrear in finalisation of Accounts of working Public Sector Undertakings

Sr. No.	Name	Year upto which accounts were finalised as on June 2012	Year for which accounts are awaited	No. of Accounts in arrear
(A) Working Statutory Corporations				
1	Punjab State Warehousing Corporation	2009-10	2010-11	1
2	Punjab Financial Corporation	2010-11	Nil	Nil
3	Punjab Scheduled Castes Land Development and Finance Corporation	2008-09	2009-10 2010-11	2
4	PEPSU Road Transport Corporation	2010-11	Nil	Nil
(B) Working Government Companies				
5	Punjab Agro Industries Corporation Limited	2010-11	Nil	Nil
6	Punjab State Forest Development Corporation Limited	2010-11	Nil	Nil
7	Punjab State Grain Procurement Corporation Limited	2009-10	2010-11	1
8	Punjab State Seeds Corporation Limited	2008-09	2009-10 2010-11	2
9	Punjab Water Resource Management & Development Corporation Limited	2009-10	2010-11	1
10	Punjab State Industrial Development Corporation Limited	2010-11	Nil	Nil
11	Punjab Small Industries and Export Corporation Limited	2009-10	2010-11	1
12	Punjab State Power Corporation Ltd.	2009-10	2010-11	1
13	Punjab Informations and communications Technology Corporation Limited	2010-11	Nil	Nil
14	Punjab State Bus Stand Management Company Limited	2009-10	2010-11	1
15	Punjab State Civil Supplies Corporation Limited	2010-11	Nil	Nil
16	Punjab State Container and warehousing corporation Limited	2010-11	Nil	Nil
17	Punjab State Tourism Development Corporations	2007-08	2008-09 2009-10 2010-11	3
			Total	13

Source: Finance Accounts

Appendix 2.1

(Referred to in Paragraph 2.1, page 42)

Statement of grants/appropriations where savings occurred
(₹ in crore)

Sr. No.	No. of the grant or appropriation	Savings
Voted (Revenue)		
1	1	324.02
2	2	93.85
3	3	83.49
4	4	7.89
5	5	875.12
6	6	40.41
7	7	50.65
8	9	236.46
9	10	19.50
10	11	242.77
11	12	177.69
12	13	120.92
13	14	7.52
14	15	220.27
15	16	26.22
16	17	299.34
17	18	11.38
18	19	53.57
19	22	242.48
20	23	816.28
21	24	13.37
22	25	708.06
23	26	5.47
24	27	17.18
25	28	8.55
26	29	10.25
27	30	2.88
Charged (Revenue)		
28	1	0.06
29	2	0.04
30	3	0.47
31	5	0.33
32	7	0.19
33	8	250.01
34	9	0.05
35	10	2.08
36	11	0.08

37	18	0.86
38	19	0.02
39	21	10.14
40	22	0.11
41	25	0.07
42	26	0.55
43	27	0.02
44	29	0.01
45	30	0.08
Voted (Capital)		
46	1	15.01
47	2	20.38
48	3	0.72
49	4	6.60
50	5	395.89
51	9	0.34
52	10	23.06
53	11	155.17
54	12	54.72
55	13	71.02
56	14	0.01
57	15	790.35
58	17	1270.48
59	19	57.10
60	21	306.17
61	22	7.64
62	23	351.04
63	24	12.36
64	25	73.13
65	27	115.42
66	28	76.94
67	29	19.13
68	30	0.01
Total		8803.45

Note: Though there were savings of ₹ 10,000 (Grant No. 4), ₹ 11,000 (Grant No. 6), ₹ 10,000 (Grant No. 23) and ₹ 30,000 (Grant No. 28) under Revenue-Charged, yet these were taken as zero due to rounding off.

Appendix 2.2
(Referred to in paragraph 2.2.6, page 48)

Statement showing expenditure incurred without budget provision

Sr. No.	Number and name of grant	Amount of expenditure without provision (₹ in crore)	Head of Account
1	15-Irrigation and Power	23.40	2700-19-800-07-Other Expenditure including Interest
2		17.45	2700-03-800-07-Other Expenditure including Interest
3		7.42	2700-01-800-07-Other Expenditure including Interest
4		5.89	2700-04-799-Suspense
5		1.95	2700-11-800-07-Other Expenditure including Interest
6		18.65	2701-05-800-07-Other Expenditure including Interest
7		16.40	2701-13-800-07-Other Expenditure including Interest
8		12.73	2701-39-800-07-Other Expenditure including Interest
9		7.28	2701-40-800-07-Other Expenditure including Interest
10		4.58	2701-26-800-07-Other Expenditure including Interest
11		1.04	2701-38-800-07-Other Expenditure including Interest
12		19.93	4700-05-799-Suspense(Plan)
13		3.25	4700-04-799-Suspense
14		1.85	4700-01-799-Suspense
15		4.39	4701-06-799-Suspense (Plan)
16		13.70	4711-03-799-Suspense (Plan)
17		9.45	4711-01-799-Suspense (Plan)
18		13.00	4700-02-799-Suspense
19	21-Public Works	45.23	2059-001-07-Establishment Charges paid to Public Health Department for work done by that Department
20		73.19	2215-01-799-Suspense
21		65.73	2515-799-Suspense
22		3.28	3054-80-799-Suspense
23		91.27	3054-80-001-01-Establishment Charges transferred on pro-rata basis to the Major Head "3054" Roads and Bridges
24		29.51	5054-80-797-01-Amount transferred to Subvention from Central Road Fund (Plan)
25		157.79	2059-80-799-Suspense
26		1.90	5053-02-102-05-Upgradation of Flying Training Facilities at Patiala Aviation Club, Patiala
27		19.12	4202-01-202-14-Infrastructure Development of Scheme in the Rural Areas of the State with Assistance of (RIDF XIII) (Plan)

28	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	3.07	2215-01-277-02-Award of Scholarship under the State Government-Post Matric Scholarship to Scheduled Castes Student
29	29-Transport	1.00	2041-800-98-01-Purchase of Computer related Hardware
Total		673.45	

Appendix 2.3

(Referred to in paragraph 2.2.7, page 48)

Statement showing cases where supplementary provisions
(₹ one crore or more in each case) proved unnecessary

(₹ in crore)

Sr. No.	Number and name of grant	Original provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A-Revenue (Voted)					
1	1-Agriculture and Forests	761.88	457.58	304.30	19.72
2	2-Animal Husbandry and Fisheries	394.81	324.75	70.06	23.78
3	3-Co-operation	97.90	89.16	8.74	74.75
4	7-Excise and Taxation	156.04	129.89	26.15	24.50
5	9-Food and Supplies	484.19	252.99	231.20	5.26
6	10-General Administration	164.06	158.31	5.75	13.75
7	11-Health and Family Welfare	1742.34	1612.60	129.74	113.03
8	19-Planning	108.67	56.70	51.97	1.60
9	22-Revenue and Rehabilitation	1017.00	989.20	27.80	214.68
10	23-Rural Development and Panchayats	1292.96	798.77	494.19	322.09
11	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	1672.07	1250.79	421.28	286.78
12	26-State Legislature	30.23	26.31	3.92	1.55
Total of Revenue (Voted)		7922.15	6147.05	1775.10	1101.49
B-Capital (Voted)					
13	2-Animal Husbandry and Fisheries	10.87	0.10	10.77	9.62
14	5-Education	499.51	108.36	391.15	4.74
15	10-General Administration	22.44	1.28	21.16	1.90
16	12-Home Affairs and Justice	101.35	67.90	33.45	21.27
17	13-Industries	71.03	2.68	68.35	2.67
18	15-Irrigation and Power	1141.94	358.59	783.35	7.00
19	17-Local Government, Housing and Urban Development	1215.31	35.86	1179.45	91.03
20	19-Planning	163.75	111.45	52.30	4.80
21	23-Rural Development and Panchayats	535.66	190.18	345.48	5.56
Total of Capital (Voted)		3761.86	876.40	2885.46	148.59
Grand Total		11684.01	7023.45	4660.56	1250.08

Appendix 2.4
(Referred to in paragraph 2.2.8, page 48)

**List of re-appropriation orders which were not accepted by
the Pr. Accountant General (A&E), Punjab**

Sr. No.	Grant Number	Gross amount of re-appropriation order (₹ in crore)	Authority by which order was issued	Brief reasons for rejections
1	5-Education	21.99	Secretary to Government of Punjab, Sports & Youth Services, Chandigarh.	(i) Re-appropriation order has not been properly classified. Capital head '4202-Capital Outlay on Education, Sports, Art & Culture' has not been shown separately. (ii) Scheme-wise/Minor/Major head wise total at last page are not correct. (iii) Total 'From' and 'To' sides of the Re-appropriation order do not tally. (iv) Reason for saving as well as excess are not cogent and convincing. (v) Funds provided through Supplementary demands for grant have been included on 'To' side of re-appropriation order.
2	11-Health and Family Welfare	143.62	Principal Secretary to Government of Punjab, Department of Health and Family Welfare, Chandigarh.	(i) Total 'From' and 'To' sides of the Re-appropriation order do not tally. (ii) Saving of Revenue side has been used in capital side. (iii) Reason for saving as well as excess are not cogent and convincing. (iv) Charged figures have not been shown separately.
3	11-Health and Family Welfare	28.11	Director, Research & Medical Education, Punjab, Chandigarh.	(i) Total 'From' and 'To' sides of the Re-appropriation order do not tally. (ii) Reason for saving as well as excess are not cogent and convincing. (iii) Salary has been appropriated to other SOEs. (iv) Surrender/withdrawal used without prior permission of Finance Department. (v) Charged figures have not been shown separately.
4	13-Industries	9.24	Additional Secretary to Government of Punjab, Department of Industries and Commerce, Chandigarh.	(i) Total 'From' and 'To' sides of the Re-appropriation order do not tally. (ii) Surrender/withdrawal used without prior permission of Finance Department. (iii) Salary has been appropriated to other SOEs in violation of Para 14.9 (i)(b) of Punjab Budget Manual. (iv) Reason for saving as well as excess are not cogent and convincing. (v) Re-appropriation order has not been properly classified.

5	27-Technical Education and Industrial Training	13.57	Principal Secretary, Technical Education and Industrial Training, Punjab, Chandigarh.	(i) Total 'From' and 'To' sides of the Re-appropriation order do not tally. (ii) Surrender/withdrawal used without prior permission of Finance Department. (iii) Salary has been appropriated to other SOEs in violation of Para 14.9 (i)(b) of Punjab Budget Manual. (iv) Funds relating to Non-Plan/Plan schemes have been re-appropriated in violation of para 14.9(i)(e) of Punjab Budget Manual. (v) Funds have been re-appropriated to the new scheme not authorised by an Appropriation Act in violation of para 14.5 (iii) of Punjab Budget Manual.
	Total	216.53		

Appendix 2.5
(Referred to in paragraph 2.2.8, page 48)

Statement showing unnecessary re-appropriation of funds

(₹ in crore)

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appn.	Total	Expenditure	Saving(-)/ Excess(+)
1-Agriculture and Forests							
1	2401-001-09-State Plan for Rejuvenation of State Agriculture Growth/National Agriculture Development Programme- Rashtriya Krishi Vikas Yojana (Plan)	95.00	0.00	36.93	131.93	65.97	(-) 65.96
2	2401-789-19-Rashtriya Krishi Vikas Yojana (Plan)	5.00	0.00	1.94	6.94	3.47	(-) 3.47
3	2401-789-22-State Share of National Horticulture Mission (Plan)	0.00	0.00	1.44	1.44	0.00	(-) 1.44
4	2415-01-120-06-Establishment of Diagnostic Laboratory and Strengthening Pesticides Residue Analysis Laboratory Centre of Excellence in Agriculture (Plan)	0.00	0.00	1.62	1.62	0.00	(-) 1.62
6-Elections							
5	2015-102-01-Electoral Officers	24.40	12.54	3.10	40.04	29.15	(-) 10.89
8-Finance							
6	2054-095-03-13th Finance Commission-Grant for Database of Employees and Pensioners	0.00	0.00	2.50	2.50	0.00	(-) 2.50
7	2071-01-102-01-Commuted Value of Pensions	286.82	0.00	(-) 55.74	231.08	242.20	(+) 11.12
8	2071-01-104-01-Gratuities	822.95	0.00	(-) 274.08	548.87	659.68	(+) 110.81
9	2071-01-115-01-Leave Encashment Benefits	351.22	0.00	(-) 51.12	300.10	362.17	(+) 62.07
10-General Administration							
10	2052-90-01-General Services Secretariat	69.36	5.01	2.41	76.78	72.97	(-) 3.81
11	4070-800-98-12-Infrastructure and Construction of Building for e-governance Projects (Plan)	4.00	1.90	7.41	13.31	1.00	(-) 12.31
12	4070-800-98-19-Additional Central Assistance under National e-governance Action Plan (Plan)	3.07	0.00	2.46	5.53	0.00	(-) 5.53

13	2052-092-98-18-Additional Central Assistance for Bandwidth Charges with Swan Component (Plan)	0.20	0.49	1.21	1.90	0.00	(-) 1.90
12-Home Affairs and Justice							
14	2055-104-01- Special Police	615.63	54.38	1.66	671.67	666.54	(-) 5.13
15-Irrigation and Power							
15	4700-01-800-08-Works Expenditure	25.10	0.00	(-) 5.10	20.00	28.01	(+) 8.01
16	4700-05-001-02-Supervision (Plan)	12.68	0.00	2.36	15.04	12.26	(-) 2.78
17	4700-02-800-08-Works Expenditure	15.45	7.01	2.07	24.53	12.89	(-) 11.64
18	4701-50-800-08-Works Expenditure (Plan)	0.00	0.00	27.21	27.21	0.00	(-) 27.21
19	4701-11-800-08-Works Expenditure (Plan)	0.00	0.00	1.50	1.50	0.00	(-) 1.50
20	4701-13-789-01-Remodelling/ Construction of New Distributaries/ Minors (Commercial) (Plan)	2.50	0.00	2.00	4.50	0.00	(-) 4.50
21	4702-800-13-Installation of 280 deep Tubewells in Kandi Area (RIDF-XV) (Plan)	18.00	0.00	10.00	28.00	0.00	(-) 28.00
22	4702-800-14-Tubewells and Other Schemes for Deep Tubewells in Kandi Area (NABARD) (RIDF-X) (Plan)	0.90	0.00	1.50	2.40	0.00	(-) 2.40
23	4705-800-18-Project for Lining of Abohar Branch (U) Canal System (RIDF-XV) (Plan)	9.00	0.00	63.00	72.00	0.00	(-) 72.00
24	4705-800-14-Construction of Field Channel of Eastern System on Matching Grant Basis	0.00	0.00	3.90	3.90	0.00	(-) 3.90
25	4705-789-05-Project for Lining of Abohar Branch (U) Canal System (RIDF-XV) (Plan)	1.00	0.00	7.00	8.00	0.00	(-) 8.00
26	4705-800-19-Lining of Water Courses on Bhakra Main Branch Canal System (RIDF-XVI) (Plan)	5.00	0.00	15.00	20.00	0.00	(-) 20.00
27	4711-01-001-01-Direction and Administration	30.00	0.00	3.50	33.50	23.10	(-) 10.40
28	4711-03-001-03-Execution (Plan)	10.00	0.00	1.00	11.00	9.80	(-) 1.20

29	4711-03-103-49-Project for capital Expenditure and Carrying out Anti-water Logging Operation in Mukatsar District (Plan)	0.00	0.00	1.25	1.25	0.00	(-) 1.25
30	4711-03-103-55-Providing Emergent Flood Protection Works on River Sutlej, Beas and Ravi (RIDF-XVII) (Plan)	0.00	0.00	7.00	7.00	0.00	(-) 7.00
31	4711-03-103-39-Project for AWLD and FC Works with River Ravi, Beas, Sutluj, Ghaggar and Choes Nadies and Khads (RIDF-XIII) (Plan)	1.90	0.00	(-) 1.00	0.90	4.39	(+) 3.49
21-Public Works							
32	2059-60-051-07-Other Administrative Services	3.58	0.00	1.32	4.90	0.02	(-) 4.88
25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes							
33	2225-03-277-10-Pre-Matric Scholarship for Students belonging to Minority Communities (CSS)	36.00	9.42	7.42	52.84	25.69	(-) 27.15
34	2225-03-277-07-Merit-cum Means Based Scholarship to Students Belonging to Minority Communities (CSS)	12.50	0.00	4.50	17.00	1.59	(-) 15.41
35	2225-03-277-10-Pre-Matric Scholarship for Students belonging to Minority Communities (Plan)	12.00	0.00	5.61	17.61	8.56	(-) 9.05
36	2225-01-789-61-Shagun Scheme (Social Security Welfare) (ii) Shagun to Christian Girls/Widows/Divorcees and Daughter of Widows of any Castes at the time of their marriage (Plan)	5.00	0.00	15.02	20.02	4.00	(-) 16.02
37	2235-02-102-09-Integrated Child Development Service Scheme (CSS)	167.27	59.86	3.78	230.91	202.51	(-) 28.40
38	2235-789-19-01-13th Finance Commission's Grant for measures to Improve Adverse Sex Ratio (Plan)	0.00	15.01	22.49	37.50	0.00	(-) 37.50
39	2235-60-789-09-01-Indira Gandhi National Old Age Pension (Plan)	26.40	0.00	12.10	38.50	17.24	(-) 21.26

40	2235-60-102-03-01-Indira Gandhi National Old Age Pension (Plan)	21.60	0.01	9.89	31.50	15.73	(-) 15.77
41	2235-789-19-02-State Initiative for Implementing Bebe Nanki Ladli Beti Kalyan Scheme (Plan)	0.00	0.02	15.98	16.00	0.00	(-) 16.00
42	2235-102-21-01-13th Finance Commission's Grant for measures to improve Adverse Sex Ratio (Plan)	0.00	0.01	24.99	25.00	0.00	(-) 25.00
43	2235-102-21-02-State Initiative for implementing Bebe Nanki Ladli Beti Kalyan Scheme (Plan)	0.00	0.01	13.00	13.01	0.00	(-) 13.01
44	2235-800-11-Assistance to various Homes/Institutions run by Social Security Department (Plan)	0.00	0.01	1.15	1.16	0.00	(-) 1.16
45	2225-01-789-34-Grant-in-aid to Punjab Scheduled Castes Land Development and Finance Corporation under one time Settlement Scheme (Plan)	1.00	0.00	1.50	2.50	0.00	(-) 2.50
46	2225-01-789-62-Attendance Scholarship to BC/EWS Primary Girl Students (Plan)	0.00	0.01	4.99	5.00	0.00	(-) 5.00
47	2225-01-789-63-Grant-in-aid to Students Belonging to BC and EWS Families Studying in Class (Ist to 8th) for Purchase of School Uniforms (Plan)	0.00	0.01	3.99	4.00	0.00	(-) 4.00
27-Technical Education and Industrial Training							
48	4250-800-02-Creation of ITIs of Excellence in Punjab (Plan)	6.75	0.00	(-) 1.97	4.78	5.58	(+) 0.80
Total		2701.28	165.70	(+) 358.70	2836.67	2474.52	(+) 196.30
				(-) 389.01			(-) 558.45
			Net	(-) 30.31			(-) 362.15

Appendix 2.6
(Referred to in paragraph 2.2.9, page 48)

Statement of grants in which savings exceeding ₹ 10 crore were not surrendered
(₹ in crore)

Sr. No.	Number and Name of grant/appropriation	Savings
Revenue (Voted)		
1	3-Co-operation	83.49
2	7-Excise and Taxation	50.65
3	11-Health and Family Welfare	242.77
4	13-Industries	120.92
5	16-Labour and Employment	26.22
6	17-Local Government, Housing and Urban Development	299.34
7	18-Personnel and Administrative Reforms	11.38
8	19-Planning	53.57
9	22-Revenue and Rehabilitation	242.48
10	23-Rural Development and Panchayats	816.28
11	25-Social and Women's Welfare and Welfare of Scheduled castes and Backward Classes	708.06
12	27-Technical Education and Industrial Training	17.18
13	29-Transport	10.25
Capital (Voted)		
14	2-Animal Husbandry and Fisheries	20.39
15	5-Education	395.89
16	10-General Administration	23.06
17	11-Health and Family Welfare	155.17
18	12-Home Affairs and Justice	54.72
19	13-Industries	71.02
20	17-Local Government, Housing and Urban Development	1270.48
21	19-Planning	57.10
22	21-Public Works	306.18
23	23-Rural Development and Panchayats	351.04
24	29-Transport	19.13
(Revenue-Charged)		
25	21-Public Works	10.14
Total		5416.91

Appendix 2.7

(Referred to in paragraph 2.2.9, page 49)

Details of grants/appropriations in which even after partial surrender there were savings of ₹ 10 crore and above in each case

(₹ in crore)

Sr. No.	Number and Name of grant/ Appropriation	Savings	Savings surrendered	Savings not surrendered
Revenue (Voted)				
1	1-Agriculture and Forests	324.02	167.06	156.96
2	2-Animal Husbandry and Fisheries	93.84	18.98	74.86
3	5-Education	875.12	3.46	871.66
4	6-Elections	40.41	0.20	40.21
5	9-Food and Supplies	236.46	10.78	225.68
6	10-General Administration	19.50	4.47	15.03
7	12-Home Affairs and Justice	177.69	8.75	168.94
8	15-Irrigation and Power	220.27	62.65	157.62
Capital (Voted)				
9	1-Agriculture and Forests	15.01	2.97	12.04
10	15-Irrigation and Power	790.35	307.35	483.00
11	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	73.13	1.54	71.59
12	27-Technical Education and Industrial Training	115.42	34.58	80.84
13	28-Tourism and Cultural Affairs	76.94	48.72	28.22
Total		3058.16	671.51	2386.65

Appendix 2.8
(Referred to in paragraph 2.2.12(a), page 50)

Statement showing wrong classification of grant-in-aid

		(₹ in crore)
Sr.No.	Head of Account/Scheme	Amount
1	4070-003-01-Establishment of Administrative Training Institute	2.32
2	4202-01-201-04-Sarv Shiksha Abhiyan National Programme for Education of Girls at Elementary	19.06
3	4202-01-201-12-Implementation of EDUSAT Project In the state(NABARD) RIDF XV	39.30
4	4202-01-203-07-Establishment of Rajiv Gandhi National University of Law, Punjab (ACA)	25.00
5	4202-01-789-02-Sarvshiksha Abhiyan including Education Guarantee Scheme National Programme	15.04
6	4202-03-102-05-Rashtriya Madhyamik Shiksha Abhiyan for Universalization of Secondary Education	5.40
7	4202-01-789-02-Rashtriya Madhaymik Shiksha Abhiyan for Universalization of Secondary Education	4.50
8	4202-04-106-09-Grant-in-aid for specific project	2.43
9	4210-01-110-55-Punjab Urban Infrastructure	1.00
10	4210-01-110-56-Setting up of Mobile Cancer Detection Units in The State	0.40
11	4210-03-105-31-Upgradation of Facilities in the State Institute of Nursing and Paramedical	0.68
12	4210-03-789-05-National Rural Health Mission	9.56
13	4210-03-789-13-Upgradation of Facilities in the State Institute of Nursing and Paramedical	0.25
14	4210-03-789-15-Strengthening of Logistic Services in the State of Punjab	1.00
15	4210-03-789-17-Strengthening of Fire Safety Services in the State	2.00
16	4217-60-800-60Grant-in-aid to Local Bodies for Maintenance of Civic Services recommended	29.08
17	4403-107-03Extension and Development of Fodder Resources in the State	0.10
18	4515-800-08-Contribution to Villages Development Fund out of Grant-in-aid recommended	4.73
19	5452-01-800-22-Development of Tourists Infrastructure in the State to be funded by Asian Development Bank	0.66
20	5475-112-15-India Statistical Strengthening Project	4.12
Total		166.63

Appendix-2.9

(Referred to in paragraph 2.2.12(b), page 50)

**Detail of the items of revenue expenditure provided under Head of Account 4055-
Capital Outlay on Police under Grant No. 12 (Home Affairs and Justice) of Non-Plan
Schemes for the year 2011-12**

(₹ in crore)

S.No	Head of Account/ Minor Head/ Sub-head	Clothing & Tentage		Minor Works & Maintenance		Supplies & Materials	
		Budget Estimate	Revised Estimate	Budget Estimate	Revised Estimate	Budget Estimate	Revised Estimate
1	4055-207-01- Criminal Investigation Department	0.27	0.27	0.00	0.00	0.00	0.00
2	4055-207-02- Agency Police.	0.01	0.01	0.00	0.00	0.00	0.00
3	4055-207-03- District Police (Proper)	5.04	5.04	0.05	0.05	0.00	0.00
4	4055--208-01 Special Police	2.45	2.45	0.08	0.08	0.00	0.00
5	4055-209-01- Railway Police	0.11	0.11	0.00	0.00	0.00	0.00
6	4055-210-01- Police Training College	0.05	0.05	0.00	0.00	0.00	0.00
7	4055-800-01- Police Hospitals.	0.00	0.00	0.02	0.02	0.00	0.00
8	4055-800-02- Central Jails.	0.70	0.75	4.32	4.32	0.00	0.00
9	4055-800-03- District Jails.	0.07	0.07	0.53	0.05	0.00	0.00
10	4055-800-04- Police Wireless & Computer Staff	0.15	0.15	0.00	0.00	0.00	0.00
11	4055-800-08- District Jails (Manufacture).	0.00	0.00	0.00	0.00	0.05	0.05
12	4055-800-09- Direction & Administration.	0.00	0.00	0.00	1.62	0.00	0.00
13	4055-800-10- Central Jails (Manufacture).	0.00	0.00	0.00	0.00	1.50	1.00
	Total	8.85	8.90	5.00	6.14	1.55	1.05

Note:-Figures of Budget/Revised estimates taken from the State Budget for 2012-13.

Clothing and Tentage= 8.90 crore
 Minor Works= 6.14 crore
 Supplies and Material= 1.05 crore
 Total= 16.09 crore

Appendix 2.10
(Referred to in paragraph 2.4(i), page 53)

Statement showing savings in Grant No. 11 – Health and Family Welfare

(₹ in crore)

Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Saving per cent
1	2210 -Medical and Public Health 03-Rural Health Services - Allopathy 102- Subsidiary Health Centres- 01- Subsidiary Health Centres-	136.55	107.19	29.36	21.50
2	2210 -Medical and Public Health 04- Rural Health Services - Other Systems of Medicines - 101- Ayurveda- 01- Rural Dispensaries -	47.42	31.02	16.40	34.58
3	2210 -Medical and Public Health 02- Urban Health Services - Other Systems of Medicine - 101- Ayurveda- 03- Other Hospitals and Dispensaries (Aushdhalaya)	14.34	10.46	3.88	27.06
4	2210 -Medical and Public Health 06- Public Health 789- Special Component Plan for Scheduled Castes 11 - Emergency Response Services) (Plan)	5.00	2.46	2.54	50.80
5	2210 -Medical and Public Health 29- Rural Family Welfare Service(s)	7.88	6.15	1.73	21.95
6	2210 -Medical and Public Health 05-Medical Education , Training and Research 105- Allopathy 06 Training of Nursing Para Medical Staff (DME)	3.13	1.54	1.59	50.80
7	2211-Family Welfare 101- Rural Family Welfare Services - 01- Rural Family Welfare Services	24.71	13.43	11.28	45.65
8	2211-Family Welfare 001- Direction and Administration 03- Revamping of Organisation of Service of Delivery - (Centrally Sponsored Scheme)	8.30	0.01	8.29	99.88
9	2211-Family Welfare 01- Direction and Administration (Centrally Sponsored Scheme)	11.62	7.90	3.72	32.01
10	2211-Family Welfare 003- training - 05- Special Training to Scheduled Castes Candidates M.P.W(Male) at Kharar , Amritsar and Nabha-(Centrally Sponsored Scheme)	1.73	0.69	1.04	60.12

11	4210- Capital Outlay on Medical and Public Health - 01 - Urban health services - 110- Hospitals and Dispensaries - 55- Punjab Urban Infrastructure - (Plan)	18.75	1.00	17.75	94.67
12	4210- Capital Outlay on Medical and Public Health 03- Medical Education , Training and Research - 105- Allopathy- 25 - Up gradation of Infrastructure in Guru Gobind Singh Medical College and Hospital, Faridkot (Under the control of BFUHS)-(Plan)	19.72	13.35	6.37	32.30
13	4210- Capital Outlay on Medical and Public Health 789 -Special Component Plan for Scheduled Castes- 15 - Strengthening of Logistic Services in State of Punjab (plan)	2.00	1.00	1.00	50.00
14	2210 Medical and Public Health 05-Medical Education , Training and Research 105- Allopathy 28- Assistance to Non Government Institutions	62.39	0.00	62.39	100.00
15	2210 Medical and Public Health 01 Urban Health Services - Allopathy 001-Direction and Administration 57- Grant recommended by the 13th Finance Commission for measures to improve Sex Ratio (Plan)	46.87	0.00	46.87	100.00
16	2210 Medical and Public Health 06- Public Health 789 -Special Component Plan for Scheduled Castes 09 -Grant recommended by the 13th Finance Commission for measure to improve Sex Ratio (Plan)	15.63	0.00	15.63	100.00
17	2210 Medical and Public Health 05-Medical Education, Training and Research 105- Allopathy 20- Institute of Mental Health, Amritsar-(Centrally Sponsored Scheme)	3.00	0.00	3.00	100.00

18	2210 Medical and Public Health 23- Up gradation of Infrastructure in Government Medical Colleges and Hospitals, Amritsar and Patiala-(Plan)	2.59	0.00	2.59	100.00
19	2210 Medical and Public Health 02 Urban Health Service-Other Systems of Medicine 101-Ayurveda 26-National Tobacco Control Programme (Centrally Sponsored Scheme)	2.00	0.00	2.00	100.00
20	2210 Medical and Public Health 04 Rural Health Services-Other Systems of Medicines 101- Ayurveda 04- Up gradation of Infrastructure of Government Ayurvedic College/Hospital, Patiala	1.85	0.00	1.85	100.00
21	2210 Medical and Public Health 02- Urban Health Services-Other Systems of Medicine 101- Ayurveda 16-Specialty Clinics of ISM (Ayurveda) in District Hospitals- (Centrally Sponsored Scheme)	1.20	0.00	1.20	100.00
22	4210 -Capital Outlay on Medical and Public Health 03-Medical Education , Training and Research 105- Allopathy 23-Establishment of Baba Farid University of Health Science, Faridkot(Plan)	35.00	0.00	35.00	100.00
23	4210 - Capital Outlay on Medical and Public Health 22- Up gradation of Infrastructure in Government Medical Colleges and Hospital Patiala-(Plan)	20.35	0.00	20.35	100.00
24	4210 -Capital Outlay on Medical and Public Health 01- Urban Health Services- 110 - Hospitals and Dispensaries 44- National Rural Health Mission(Plan)	17.76	0.00	17.76	100.00

25	4210 -Capital Outlay on Medical and Public Health 03- Medical Education, Training and Research 105-Allopathy 24- Up gradation of Infrastructure in Government Dental Colleges and Hospitals, Amritsar and Patiala-(Plan)	10.48	0.00	10.48	100.00
26	4210 -Capital Outlay on Medical and Public Health 28- Establishment of Guru Ravi Dass Ayurvedic University, Hoshiarpur-(Centrally Sponsored Scheme)	10.00	0.00	10.00	100.00
27	4210 -Capital Outlay on Medical and Public Health 28- Establishment of Guru Ravi Dass Ayurvedic University, Hoshiarpur-(Plan)	7.50	0.00	7.50	100.00
28	4210 -Capital Outlay on Medical and Public Health 789- Special Component Plan for Scheduled Castes 06- Upgradation of Infrastructure in Guru Gobind Singh Medical College and Hospital, Faridkot (under the control of B.F.U.H.S.) (Plan)	6.57	0.00	6.57	100.00
29	4210 -Capital Outlay on Medical and Public Health 08- Punjab Urban Health Infrastructure-(Plan)	6.25	0.00	6.25	100.00
30	4210 -Capital Outlay on Medical and Public Health 105- Allopathy- 30-Construction of Medical and Research Education Bhawan	3.75	0.00	3.75	100.00
31	4210 -Capital Outlay on Medical and Public Health 789-Special Component Plan for Scheduled Castes- 04- Up gradation of Infrastructure in Government Dental Colleges and Hospitals, Amritsar and Patiala-(Plan)	3.50	0.00	3.50	100.00
32	4210 -Capital Outlay on Medical and Public Health 10- Establishment of Guru Ravi Dass Ayurvedic University, Hoshiarpur-(Plan)	2.50	0.00	2.50	100.00
33	4210 -Capital Outlay on Medical and Public Health 18-Construction of Medical Education and Research Bhawan (Plan)	1.25	0.00	1.25	100.00

34	4210 -Capital Outlay on Medical and Public Health 03-Upgradation of Infrastructure in Government Ayurvedic College and Hospital, Patiala-(Plan)	1.07	0.00	1.07	100.00
35	4210 -Capital Outlay on Medical and Public Health 16-Strengthening of Hospital Management of Information System(Plan)	1.00	0.00	1.00	100.00
Total		563.66	196.20	367.46	65.19

Appendix 2.11

(Referred to in paragraph 2.4(ii), page 53)

**Statement showing excess expenditure over budget provision under
Grant No. 11 – Health and Family Welfare***(₹ in crore)*

Sr. No.	Head of account	Total provision	Expenditure	Excess
	Grant No. 11			
1	2210- Medical and Public Health 01- Urban Health Services - Allopathy 001 Direction and Administration 58 - Seed Corpus of Cancer Relief Fund(Plan)	0.00	20.00	20.00
2	2210- Medical and Public Health 59-Mata Kaushalaya Kalyan Scheme(Plan)	4.94	12.00	7.06
3	2210- Medical and Public Health 05-Medical Education , Training and Research 105- Allopathy 23 Up gradation of Infrastructure in Govt. Medical Colleges & Government Hospitals, Amritsar & Patiala	60.23	65.50	5.27
4	2210 -Medical and Public Health 01 Urban Health Services – Allopathy 001-Direction and Administration 44 -Guru Gobind Singh Medical College/ Hospital, Faridkot	11.29	15.40	4.11
5	2210- Medical and Public Health 02 - District Administration	28.29	31.87	3.58
6.	2210 -Medical and Public Health 03-Rural Health Services- Allopathy 103-Primary Health Centres 01- Primary Health centres	152.46	154.41	1.95
7	2210 -Medical and Public Health 01-Urban Health Services - Allopathy 001-Direction and Administration 03- Direction (D.R.M.E).	3.37	5.00	1.63
8	2210- Medical and Public Health 110- Hospitals and Dispensaries 06- Medical Relief to T.B Clinic and Sanatorium , Amritsar and Patiala	8.28	9.32	1.04
9	2211- Family Welfare - 102-Urban Family Welfare Services 02- Revamping of Organisation of Services (Centrally Sponsored Scheme)	0.23	5.97	5.74
10	4210- Capital Outlay on Medical and Public Health - 01 - Urban Health Services - 110- Hospitals and Dispensaries - 24 Medical Relief to other Hospitals and Dispensaries	1.44	2.61	1.17
	Total	270.53	322.08	51.55

Appendix 2.12

(Referred to in paragraph 2.4(iii), page 53)

Statement showing withdrawal of whole provision through re-appropriation under Grant No. 24 – Science, Technology and Environment

(₹ in crore)

Sr. No.	Minor head/Scheme	Total provision	Re-appropriation
1	3435- Ecology and Environment 03- Ecological and Environmental Research 800 -other expenditure 22- Bio Diversity conservation in Punjab (Plan)	2.00	2.00
2	3435- Ecology and Environment 24- Continuous Ambient Air monitoring Stations (plan)	1.03	1.03
3	3435- Ecology and Environment 28- Centre of Excellence for Technology Assessment and Transfer (Plan)	1.00	1.00
4	3425- Other Scientific Research 60 -Others 200- Assistance to other Scientific Bodies 44- Subsidy to students of Govt Schools visiting the Science City (Plan)	1.50	1.50
5	5425- Capital outlay on other scientific and Environmental Research 800- Other expenditure 29 Water Pumping Programme under Jawahar Lal Nehru Solar Mission (Plan)	5.33	5.33
6	5425- Capital outlay on other scientific and Environmental Research 208- Ecology and Environment 40 -Implementation of Energy Conservation Act 2001(Plan)	1.75	1.75
7	5425- Capital outlay on other scientific and Environmental Research 789- Special component for scheduled castes 02- water pumping Programme under Jawahar Lal Nehru Solar Mission (Plan)	1.33	1.33
8	5425- Capital outlay on other scientific and Environmental Research 800-Other expenditure 03 Solar Photo Voltic Demonstration Programme in Punjab(Plan)	1.20	1.20
9	5425- Capital outlay on other scientific and Environmental Research 208- Ecology & Environment 09- Setting up of Science City at Jalandhar Kapurthala Road(Plan)	1.00	1.00
10	5425- Capital outlay on other scientific and Environmental Research 800- Other expenditure 13- Power Generation from Agro Waste(Plan)	1.00	1.00
	Total	17.14	17.14

Appendix 2.13
(Referred to in paragraph 2.4 (iv), page 53)

Statement showing delay in submission of budget estimates to Finance Department

Sr. No.	Name of Department	Due date of submission	Actual date of submission	Delay (Days)
1	Health Services Punjab Parivar Kalyan Bhawan Sector 34, Chandigarh	1.11.2010	21.12-2010	50
2	Health and Family Welfare Punjab Parivar kalian Bhawan Sector 34, Chandigarh	1.11.2010	04.01-2011	64
3	Health Services (Social Insurance) Punjab Parivar kalian Bhawan Sector 34 Chandigarh	1.11.2010	12.01-2011	72
4	Research and Medical Education SCO-87, Sector - 40-C, Chandigarh	1.11.2010	14.01-2011	74
5	Ayurveda Punjab Chandigarh SCO 823-24, Sector 22-A, Chandigarh	1.11.2010	31.12-2010	60
6	Homeopathy Department Punjab SCO-3027-28, Sector 22-D, Chandigarh	1.11.2010	18.11-2010	17
7	Science Technology and Environment Mini Secretariat Punjab Chandigarh	1.11.2010	04.01.2011	64

Source: Departmental figures

Appendix 3.1
(Referred to in Paragraph 3.1.1 page 55)

Outstanding utilisation certificates as on 31 March 2012

(₹ in lakh)

Sr. No.	Department	Year of payment of grant	Total grants paid		Utilization Certificates			
			Number of UCs	Amount	Received		Outstanding	
					Number of UCs	Amount	Number of UCs	Amount
1	2	3	4	5	6	7	8	9
1	Rural Development and Panchayats	2006-07	1	2500.00	0	2387.67	1	112.33
		2009-10	3	3340.13	0	0	3	3340.13
		2010-11	3	6675.50	0	0	3	6675.50
		2011-12	12	18747.48	0	0	12	18747.48
2	Education	2007-08	4	1469.86	0	0	4	1469.86
		2008-09	4	610.13	0	0	4	610.13
		2010-11	8	3011.25		0	8	3011.25
		2011-12	114	12009.70	0	0	114	12009.70
3	Technical Education	2011-12	19	485.42	0	0	19	485.42
4	Health & Family Welfare	2010-11	1	1.20	0	0	1	1.20
		2011-12	6	302.73	0	0	6	302.73
5	Animal Husbandry	2009-10	1	5.00	0	0	1	5.00
6	Administration of Justice	2011-12	7	117.33	0	0	7	117.33
7	Fisheries	2010-11	2	263.00	0	0	2	263.00
8	Public Relation	2010-11	2	191.00	0	0	2	191.00
9	Irrigation	2011-12	5	3171.34	0	0	5	3171.34
10	Science & Technology	2011-12	10	168.91	0	0	10	168.91
Total			202	53069.98		2387.67	202	50682.31

Appendix 3.2
(Referred to in Paragraph 3.2, page 56)

Status of the Accounts and the Separate Audit Reports of the autonomous bodies as on 31 March 2012

Sr. No.	Name of Body	Period of entrustment	Years for which accounts not rendered (Grant released) ₹ in lakh	Delay in submission of accounts			Period upto which SARs issued and date of issue		Position of placement of SARs in the Legislature
				Delayed Account	Date of Receipt	Delay (in Months)	Year	Date of issue	
1	2	3	4	5	6	7	8	9	10
1	Punjab Legal Service Authority Chandigarh	As per Act	-	2009-10-	11.11.2011	16	2006-07	15.05.2008	SAR for 2006-07 to 2008-09 not presented
				2010-11	11.11.2011	4	2007-08	02.09.2009	
							2008-09	15.12.2009	
							2009-10	01.02.2012	SAR for 2009-10 and 2010-11 not due
			2010-11	16.02.2012					
2	Punjab Khadi & Village Ind. Board, Chandigarh	2008-12	2009-10 (338.80) and 2010-11 (580.00)	---	---	--	2008-09	03.11.2010	SAR for 2008-09 not presented
3	Punjab State Human Right Commission Chandigarh.	As per Act	--	2009-10	03.06.2011	11	2001-02	28.07.2009	SAR for 2001-02 and 2004-05 to 2008-09 not presented as on 31.03.2012. However, SAR for 2001-02 and 2004-05 to 2008-09 placed on 25.06.2012.
				2010-11	24.06.2011	-	2004-05	11.11.2010	
							2005-06	18.11.2010	
							2006-07	24.11.2010	
							2007-08	10.01.2011	
							2008-09	24.01.2011	
							2009-10	04.10.2011	SAR for 2009-10 and 2010-11 not due
			2010-11	17.11.2011					
4	Punjab Labour Welfare Board Chandigarh	2000-01 to 2009-10	2002-03 to 2010-11 (284.20)*	-	-	-	2000-01	26.11.2009	SAR for 2000-01 and 2001-02 not presented
							2001-02	24.02.2010	
5	Pushpa Gujral Science City Kapurthala	2009-10 to 2014-15	-	2009-10	16.05.2011	11	2009-10	13.07.2011	Not to be placed in State Legislature
				2010-11	05.01.2012	6	2010-11	23.02.2012	

Note: Delay in submission of Accounts worked out from 30 June of respective Balance Sheet Year. Reasons for delay were not intimated by the Department.

* 2002-03: ₹ 56.20 lakh; 2003-04: ₹ 16.00 lakh; 2004-05: ₹ 16.00 lakh; 2005-06: ₹ 16.00 lakh; 2006-07: ₹ 116.00 lakh; 2007-08: ₹ 16.00 lakh; 2008-09: ₹ 16.00 lakh and 2009-10: ₹ 16.00 lakh, 2010-11-₹ 16.00 lakh.

Appendix 3.3
(Referred to in Paragraph 3.4, page 57)

Statement showing age-wise profile of cases of misappropriation, loss, theft, etc.

(₹ in lakh)

Age profile of the pending cases			Nature of pending cases		
Range in years	Number of cases	Amount	Nature of cases	Number of cases	Amount
0 to5	50	119.47	Theft	4	6.63
			Misappropriation/ Loss of material etc.	46	112.84
5 to 10	28	14.51	Theft	-	-
			Misappropriation/ Loss of material etc.	28	14.51
15to20	4	0.67	Theft	2	0.07
			Misappropriation/ Loss of material etc.	2	0.60
20to25	2	7.29	Theft	-	-
			Misappropriation/ Loss of material etc.	2	7.29
25 and above	2	4.51	Theft	-	-
			Misappropriation/ Loss of material etc.	2	4.51
Total	86	146.45	Theft	6	6.70
			Misappropriation/ Loss of material etc.	80	139.75

Appendix 3.4
(Referred to in Paragraph 3.5, page 58)

**Statement of the expenditure and receipts booked under
Minor Head-800- Other Expenditure/Receipts**

(₹ in crore)

Sr. No.	Major Head of Account	Expenditure/receipts booked under Minor Head-800- Other Expenditure/ Receipts (₹ in crore)	Total Expenditure/ receipts under Major Head (₹ in crore)	Percentage of (3) to (4)
1	2	3	4	5
EXPENDITURE				
1	2013-Council of Ministers	29.82	34.13	87.37
2	2215-Water Supply & Sanitation	156.88	398.04	39.41
3	2245 Relief on account of Natural Calamities	136.62	365.24	37.41
4	2801-Power	3200.07	3200.07	100.00
5	3053-Civil Aviation	16.64	18.62	89.37
6	3456- Civil Supplies	159.27	250.83	63.50
7	4217-Capital outlay on Urban Development	31.58	35.66	88.56
8	4250-Capital outlay on Other Social services	5.63	5.63	100.00
9	4515-Capital outlay on other Rural Development programme	156.29	190.17	82.18
10	4702-Capital outlay on Minor Irrigation	16.45	16.46	99.94
11	5054-Capital outlay on Roads & Bridges	256.82	386.31	66.48
	TOTAL	4166.07	4901.16	
RECEIPTS				
1	0029-Land Revenue	24.08	24.65	97.69
2	0043- Taxes and Duties on Electricity	432.85	928.28	46.63
3	0075- Miscellaneous General Services	184.22	323.72	56.91
4	0217-Urban Development	148.34	149.79	99.03
5	0230 Labour and Employment	5.12	9.43	54.29
6	0401-Crop Husbandry	25.11	31.59	79.49
7	0435-Other Agricultural Programmes	41.66	42.11	98.93
	TOTAL	861.38	1509.57	

Appendix 4.1
Glossary of terms used in the Report

Terms	Definition
Appropriation Accounts	Appropriation Accounts present the total amount of funds (original and supplementary) authorized by the Legislative Assembly in the budget grants under each voted grant and charged appropriation <i>vis-a-vis</i> the actual expenditure incurred against each and the unspent provision or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularization by the Legislature.
Autonomous bodies	Autonomous bodies (usually registered societies or statutory corporations) are set up whenever it is felt that certain functions need to be discharged outside the governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Average interest paid by the State	Interest payment/[(Amount of previous year's fiscal liabilities + current year's fiscal liabilities)/2]x100
Balance from current revenue	Revenue receipts minus all plan grants and non-plan revenue expenditure excluding expenditure recorded under the major head 2048–Appropriation for reduction of avoidance of debt
Buoyancy of a parameter	Rate of growth of the 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)
Buoyancy Ratios	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 0.60 implies that revenue receipts tend to increase by 0.60 percentage points, if the GSDP increases by one <i>per cent</i> .
Committed expenditure	The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies on which the executive has limited control.
Consolidated fund of the State	The fund constituted under Article 266 (1) of the Constitution of India, into which all receipts, revenue and loans flow. All expenditure from the CFS is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans etc.).
Contingency fund	Legislative Assembly has by law established a contingency fund in the nature of an imprest into which such sums as may be determined by such law are paid from time to time and the said fund is placed at the disposal of the Governor to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorization of such expenditure by Legislative Assembly by law under Article 115 or Article 116 of the Constitution of India.
Contingent liability	Contingent liabilities may or may not be incurred by an entity depending on the outcome of a future event such as a court case.
Core public and merit goods	Core public goods are goods and services which all citizens enjoy in common in the sense that each individual's consumption of such a goods leads to no subtractions from any other individual's consumption of that goods, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road

	infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation.
Debt stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the Debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate- interest rate) and quantum spread (debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, Debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, Debt-GSDP ratio would be rising and in case it is positive, Debt-GSDP ratio would eventually be falling.
Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Financial liabilities	Financial liabilities of the Government means the total liabilities under the Consolidated Fund and the Public Account of the State referred to in Article 266 of the Constitution of India.
Fiscal deficit	Revenue expenditure + Capital expenditure + Net loans and advances- Revenue receipts- Miscellaneous Capital receipts.
Fiscal liabilities	Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GOI, the liabilities arising from the transactions in the Public Account of the State.
Gini Coefficient	Gini-coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero indicates that inequality is lesser and closer to one indicates that inequality is higher.
Interest received as <i>per cent</i> to loans outstanding	Interest received [(opening balance + closing balance of loans and advances)2]x100
Interest spread	GSDP growth rate-average interest rate.
Internal debt	Internal debt comprises of regular loans from the public in India, also termed 'Debt raised in India' and credited to the consolidated fund.
Net availability of borrowed funds	Ratio of the debt redemption (Principal+Interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
Primary deficit	Fiscal deficit-interest payments
Primary expenditure	Primary expenditure of the State defined as the total expenditure net of the interest payments. It indicates the expenditure incurred on the transactions undertaken during the year.

Public Accounts committee	A committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India, the appropriation accounts of the State, the annual finance accounts of the State or such other reports/accounts or financial matters as are laid before it or which the committee deems necessary to scrutinize.
Quantum spread	Debt stock x Interest spread
Rate of growth	$[(\text{Current year amount} / \text{Previous year amount}) - 1] \times 100$
Re-appropriation	The transfer of funds from one primary unit of appropriation to another such unit.
Revenue deficit	Revenue receipt – Revenue expenditure
Sinking fund	A fund for which the government sets aside money over time, in order to retire its debt.
State implementing agency	Any organization/institution including non-governmental organization which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State implementation society for Sarva Siksha Abhiyan and State Health Mission for National Rural Health Mission, etc.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Supplementary grants	If the amount authorized by any law made in accordance with the provisions of Article 114 of the Constitution of India to be expended for a particular service for the current financial year is found to be insufficient for the purpose or when a need has arisen during the current financial year for additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution of India.
Surrenders of unspent provision	Departments of the State Government are to surrender to the Finance Department, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Department is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head "8658-Suspense Account" in the sector "L-Suspense and Miscellaneous" of the Accounts. A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Other Receipt" under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars. (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance).

