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**Report of the
Comptroller and Auditor General of India
on
State Finances
for the year ended 31 March 2017**



**Government of Gujarat
Report No.2 of the year 2018**

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**GOVERNMENT OF GUJARAT
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Preface

1. This Report has been prepared for submission to the Governor of Gujarat under Article 151 of the Constitution.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts respectively of the State Government for the year ended 31 March 2017. Information has also been obtained from the Government of Gujarat wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various rules, procedures and directives relating to financial reporting during the current year.
4. The Reports containing the findings of performance audit and audit of transactions in various Departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

Background

In response to the Twelfth Finance Commission's recommendations, the Gujarat Government enacted the Gujarat Fiscal Responsibility Act, 2005 which incorporated the objectives of prudence in fiscal management, fiscal stability by progressive elimination of revenue deficit, sustainable debt management and greater transparency in the fiscal operations of the Government.

To maintain a stable and sustainable fiscal environment consistent with equitable growth, the Thirteenth Finance Commission recommended a fiscal consolidation roadmap for the State by amending their Fiscal Responsibility Legislations. The State Legislature in March 2011 amended the Fiscal Responsibility Act in line with the recommendations.

Recognising that the fiscal environment should be conducive to equitable growth, the 14th Finance Commission recommended the State should target improving the quality of fiscal management encompassing receipts and expenditures while adhering to the roadmap outlined by 14th Finance Commission.

The Report

Based on the audited accounts of the Government of Gujarat for the year ending March 2017, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2017. It provides an insight into trends of different components of the Government's receipts, expenditure and borrowing pattern, besides giving a brief account of fiscal imbalances.

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

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

The Report also has additional data collated from several other sources in support of the findings.

Audit findings

Fiscal position

The State achieved the target of reduction of revenue deficit to zero in 2011-12 with a revenue surplus of ₹ 3,215 crore. The revenue surplus in 2016-17 stood at ₹ 5,947 crore, which was significantly higher than the projection in Medium Term Fiscal Policy Statement (MTFPS) of ₹ 3,236 crore.

At the end of 2016-17, the fiscal deficit as a percentage of GSDP was 1.46 *per cent*, which was almost half the target of three *per cent* recommended by 14th Finance Commission and also within limit of Government's own projections in MTFPS.

The State Government maintained the percentage of public debt to GSDP at 17.71 during 2016-17 against the target of 18.55 *per cent* set in MTFPS. In the fiscal consolidation roadmap, the 14th Finance Commission had recommended a percentage of outstanding liabilities¹ to GSDP at 25.87 for 2016-17. However, the percentage of outstanding liabilities to GSDP stood at 21.60 during 2016-17.

The fiscal deficit increased from ₹ 16,492 crore in 2012-13 to ₹ 23,015 crore in 2015-16 which declined to ₹ 16,480 crore in 2016-17. The significant decrease in fiscal deficit during current year was mainly on account of substantial growth of revenue surplus of ₹ 5,947 crore and decrease of ₹ 1,814 crore in capital expenditure compared to the previous year.

A decrease of ₹ 6,535 crore in fiscal deficit together with an increase of ₹ 1,497 crore in interest payment in 2016-17 turned the primary deficit of ₹ 6,715 crore in 2015-16 to primary surplus of ₹ 1,317 crore in 2016-17.

Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of grants-in-aid prescribes that expenditure on grants-in-aid and subsidies should be booked under revenue expenditure in accounts. However, during 2016-17, the Government of Gujarat incorrectly budgeted and booked expenditure of ₹ 89.66 crore relating to Grants-in-aid under the capital section instead of revenue section. This has resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus to the extent of ₹ 89.66 crore.

The investment held in 'Cash Balance Investment Account' by the State Government stood at ₹ 8,946 crore and ₹ 12,750 crore at the end of 2015-16 and 2016-17 respectively. High level of investment held in 'Cash Balance Investment Account' at the end of financial year indicated the need for better cash management.

¹ Total outstanding debt includes public debt and public account liabilities. Public debt includes only internal debt and Loans from Government of India. Public account liability includes liabilities under small saving funds, GPF, reserve funds *etc.*

State's own resources

The tax revenue of the State in 2016-17 stood lower by a significant margin of ₹ 34,447 crore than the 14th Finance Commission projections of ₹ 98,890 crore. It also did not achieve the target set by the Budget and MTFPS. However, actual non-tax revenue at ₹ 13,345.66 crore was higher than MTFPS projection, budget estimates as well as 14th Finance Commission projections.

Revenue expenditure

The share of revenue expenditure in total expenditure increased continuously from 75.91 *per cent* in 2012-13 to 81.98 *per cent* in 2016-17. The share of capital expenditure to total expenditure remained almost constant during 2012-13 to 2013-14, but it declined to 17.64 *per cent* in 2016-17.

Revenue expenditure continuously increased from ₹ 69,659 crore in 2012-13 to ₹ 1,03,895 crore in 2016-17. The year on year growth rate of revenue expenditure fluctuated widely from 16.60 *per cent* in 2012-13 to 8.04 *per cent* in 2013-14. In 2016-17, it had increased by 8.47 *per cent* over the previous year. Revenue expenditure as a *per cent* of GSDP decreased to 9.23 in 2016-17 from 9.63 in 2015-16.

Quality of expenditure

Development expenditure of the State comprises revenue and capital expenditure including loans and advances on socio-economic services. The development expenditure increased from ₹ 66,707 crore in 2012-13 to ₹ 89,822 crore in 2016-17. As a percentage of the total expenditure, the development expenditure of the State decreased from 71.56 *per cent* in 2015-16 to 70.88 *per cent* in 2016-17.

Investment and returns

As of 31 March 2017, Government had invested ₹ 77,833.26 crore in Statutory Corporations, Government Companies, Rural Banks, Joint Stock Companies, Co-operative Institutions and Local Bodies. The average return on the investments (₹ 62,744.20 crore) was 0.21 *per cent* in the last five years while the Government paid an average 7.68 *per cent* as interest on its borrowings during the same period.

As per the latest finalised accounts (up to September 2017) of State Public Sector Undertakings (PSUs), of the 77 working PSUs, 54 PSUs earned a profit of ₹ 3,647.96 crore. However, the State Government received only ₹ 110.10 crore as dividend from the profit-making PSUs during 2016-17.

Further analysis of investment and accumulated losses revealed that 11 of 77 working PSUs had registered an erosion in networth which was negative at ₹ 13,277.57 crore at the end of March 2017.

The investment in PSUs increased from ₹ 1,02,689.21 crore in 2012-13 to ₹ 1,49,499.29 crore in 2016-17. The return on investment ranged between 4.95 *per cent* and 6.82 *per cent* during 2012-13 to 2015-16. The return on equity ranged between 0.27 *per cent* and 4.53 *per cent* during 2012-13 to 2015-16. However, in the year 2016-17, the net loss before interest was ₹ 14,764.43 crore.

Funds and other liabilities

There were 15 reserve funds earmarked for specific purposes of which, seven funds were inoperative. The total accumulated balance as on 31 March 2017 in these funds was ₹ 15,679.53 crore (₹ 15,676.48 crore in operational funds and ₹ 3.05 crore in non-operational funds) of which, only ₹ 10,966.25 crore was invested.

Debt sustainability

Outstanding liabilities increased from ₹ 1,66,667 crore in 2012-13 to ₹ 2,43,146 crore in 2016-17. The outstanding liabilities at the end of year 2016-17 comprised internal debt (₹ 1,92,772 crore), loans and advances from the Central Government (₹ 6,566 crore), small savings and provident fund *etc.* (₹ 43,808 crore). The net funds available from borrowings for current operations after providing for the interest and repayment increased from ₹ 2,477 crore in 2015-16 to ₹ 4,259 crore in 2016-17.

Financial management and budgetary control

Against total provision of ₹ 1,60,351.06 crore during 2016-17, an expenditure of ₹ 1,36,765.39 crore was incurred. This resulted in net savings of ₹ 23,585.67 crore (savings of ₹ 23,863.78 crore offset by excess of ₹ 278.11 crore). Of the excess expenditure of ₹ 278.11 crore during 2016-17, an expenditure of ₹ 275.64 crore was incurred in excess under six voted grants, indicating lack of budgetary control in providing for essential items.

At the close of 2016-17, there were 13 grants/appropriations under which savings exceeded 10 *per cent* of the total provisions but the same had not been surrendered by the concerned Departments. The total amount involved in these cases was ₹ 1,482.18 crore.

Substantial surrenders (more than 50 *per cent* of the total provision or ₹ one crore or more) were made in respect of 822 sub-heads under 85 grants. Of the total provision of ₹ 70,883.62 crore made under these 822 sub-heads, ₹ 21,751.43 crore (30.69 *per cent*) was surrendered, which included 100 *per cent* surrender in 234 cases involving ₹ 6,444.58 crore.

Financial reporting

As on March 2017, there were 3,586 utilisation certificates aggregating ₹ 2,140.41 crore in respect of grants disbursed up to 2015-16 were outstanding, indicating lack of proper monitoring by the Departments in utilisation of grants given for specific purposes. Of ₹ 2,140.41 crore, 41 *per cent* (₹ 870.23 crore) pertained to Urban Development and Urban Housing Department while 18 *per cent* (₹ 383.13 crore) pertained to Industries and Mines Department.

There was pendency in submission of 8,442 detailed contingent bills amounting to ₹ 494.85 crore drawn on abstract contingent bills by the Departmental authorities. The Departments having maximum pendency of DC bills were Education (3,783 AC bills amounting to ₹ 120.75 crore); Panchayat, Rural Housing and Rural Development Department (1,436 AC bills amounting to ₹ 41.71 crore); and Social Justice and Empowerment Department (673 AC bills amounting to ₹ 61.34 crore).

There were 478 personal deposit accounts in operation in treasuries with a closing balance of ₹ 395.27 crore. Of the 478 accounts, 23 accounts having a balance of ₹ 2.02 crore were inoperative. There were instances of irregular use of personal deposit accounts.

Pendency of utilisation certificates, detailed contingent bills for long periods and irregular operation of PD accounts was fraught with the risk of fraud and misappropriation.

There were delays in submission/non-submission of accounts by autonomous bodies/authorities. In respect of 27 Autonomous bodies/ authorities auditable under section 14 of CAG's (DPC) Act, 1971, accounts were in arrears for more than five years. None of the 56 autonomous bodies auditable under Section 19(2), 19(3) and 20(1) submitted its accounts in time.

The State Government reported 158 cases of misappropriations, losses, defalcation, *etc.* involving Government money of ₹ 14.41 crore (up to March 2017) on which final action was pending. Non-recovery of amounts indicated lack of adequate efforts by the concerned Departments to make good the losses and fix responsibility.

During 2016-17, expenditure aggregating ₹ 8,608.12 crore constituting 6.34 *per cent* of the total expenditure was classified under Minor Head '800-other expenditure'. Similarly, revenue receipts aggregating ₹ 16,471.60 crore constituting 15 *per cent* of total receipts were classified under omnibus Minor Head '800 – Other Receipts'. Accounting of various important items of expenditure and revenue receipts under omnibus Minor Head –800 resulted in non-classification of diverse activities of the Government under available Minor Heads.

MAIN REPORT

Profile of Gujarat

Gujarat is situated on the west coast of India, bound by the Arabian Sea in the west and the States of Rajasthan in the north, Madhya Pradesh in the east and Maharashtra in the south. The State also shares an international border with Pakistan on the north western fringe. It has a coastline of about 1,600 kilometres, which is one third of India's mainland coastline. It is the seventh largest State in terms of geographical area (1,96,024 sq. km.) and the ninth largest by population. The State's population increased from 5.07 crore in 2001 to 6.04 crore in 2011 recording a decadal growth of 19.13 *per cent*. The percentage of population below the poverty line was 16.6 *per cent* in 2011-12 as compared to the all-India average of 21.9 *per cent*. The State's Gross State Domestic Product (GSDP) in 2016-17 at current prices was ₹ 11,25,654 crore¹. The State's literacy rate increased from 69.14 *per cent* (as per 2001 census) to 78 *per cent* (as per 2011 census). General data relating to the State is given in **Appendix 1.1 Part A**.

Gross State Domestic Product

The GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of the State's GSDP as compared to India's GDP at current prices are indicated below.

Table 1.1: Trends- Annual growth of State's GSDP as compared to India's GDP

	2012-13	2013-14	2014-15	2015-16	2016-17
India's GDP ^S (₹ in crore)	9944013	11233522	12445128	13682035	15183709
Growth rate of GDP (percentage)	13.82	12.97	10.79	9.94	10.98
State's GSDP* (₹ in crore)	724495	807623	895027(P)	994316(Q)	1125654(A)
Growth rate of GSDP (percentage)	17.69	11.47	10.82	11.09	13.21

^S Source: Ministry of Statistics and Programme Implementation, Central Statistical Organisation

*Directorate of Economics and Statistics, Gandhinagar

^{*}Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2017-18)

Estimates: (P) = Provisional, (Q) = Quick and (A) = Advance

¹Advance estimates by Directorate of Economics and Statistics, Gandhinagar

1.1 Introduction

This chapter provides a broad perspective on the finances of the Government of Gujarat during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year and the overall trends during the preceding five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.1 Part B and Part C**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.2**.

1.1.1 Summary of fiscal transactions in 2016-17

Table 1.2 presents the summary of the State Government's fiscal transactions during the current year (2016-17) *vis-à-vis* the previous year while **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.2: Summary of fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2015-16	2016-17		2015-16	2016-17		
					Non- Plan	Plan	Total
Section-A: Revenue							
Revenue receipts	97482.58	109841.81	Revenue expenditure	95778.54	67185.61	36709.22	103894.83
Tax revenue	62649.41	64442.71	General services	32876.05	34312.51	1491.84	35804.35
Non-tax revenue	10193.52	13345.66	Social services	42119.90	22092.05	22833.97	44926.02
Share of Union taxes/ duties	15690.43	18835.39	Economic services	20223.86	10365.10	12383.41	22748.51
Grants from Government of India	8949.22	13218.05	Grants-in-aid and Contributions	558.73	415.95	0.00	415.95
Section-B: Capital							
Misc. Capital receipts	0.00	240.05	Capital Outlay	24169.44	53.41	22301.98	22355.39
Recoveries of Loans and Advances	125.46	165.77	Loans and Advances disbursed	675.19	62.35	415.21	477.56
Public Debt receipts*	23486.19	27668.31	Repayment of Public Debt*	6194.26	-	-	9073.17
Contingency Fund	14.16	3.75	Contingency Fund	3.75	-	-	0.00
Public Account receipts	65131.92	58958.90	Public Account disbursements	61936.12	-	-	56388.19
Opening Cash Balance	21076.47	18559.48	Closing Cash Balance	18559.48	-	-	23248.93
Total	207316.78	215438.07		207316.78			215438.07

Source: Finance Accounts for the year 2015-16 and 2016-17

*Excluding net transactions under ways and means advances and overdrafts

The following are the significant changes during 2016-17 over the previous year:

- Revenue receipts grew by ₹ 12,359.23 crore (12.68 *per cent*) over the previous year. All the components of revenue receipts showed an increasing trend during 2016-17. The grants from Government of India (GoI) increased by ₹ 4,268.83 crore (47.70 *per cent*), non-tax revenue by ₹ 3,152.14 crore (30.92 *per cent*), State's share of union taxes by ₹ 3,144.96 crore (20.04 *per cent*) while State's tax revenue increased by ₹ 1,793.30 crore (2.86 *per cent*).
- Revenue expenditure increased by ₹ 8,116.29 crore (8.47 *per cent*) over the previous year mainly due to increase in expenditure on General Services by ₹ 2,928.30 crore (8.91 *per cent*), Social Services by ₹ 2,806.12 crore (6.66 *per cent*) and Economic Services by ₹ 2,524.65 crore (12.48 *per cent*). The grants-in-aid released by the State Government decreased by ₹ 142.78 crore (25.55 *per cent*) over the previous year.
- Capital outlay decreased by ₹ 1,814.05 crore (7.51 *per cent*) over the previous year and the disbursement of loans and advances also decreased by ₹ 197.62 crore (29.27 *per cent*).
- Public debt receipts increased significantly by ₹ 4,182.12 crore and repayment of public debt increased by ₹ 2,878.91 crore.
- The public account receipts and disbursements decreased significantly by ₹ 6,173.02 crore and ₹ 5,547.93 crore respectively.

1.1.2 Review of fiscal situation

In pursuance of recommendations of the Twelfth Finance Commission (12th FC), the State Government enacted the 'Gujarat Fiscal Responsibility Act, 2005', with a view to ensuring prudence in fiscal management and to maintain fiscal stability in the State. This was amended in the year 2011.

To maintain a stable and sustainable fiscal environment consistent with equitable growth, the Thirteenth Finance Commission (13th FC) had recommended a fiscal consolidation roadmap for the States by amending their Fiscal Responsibility Legislations. This required the States to reduce the revenue deficit to zero from 2011-12 onwards, reduce the fiscal deficit to three *per cent* of the estimated GSDP of the year beginning 2011-12 and maintain it thereafter and to cap the total outstanding debt of the State Government from the level of 28.8 *per cent* in 2011-12 to 27.1 *per cent* at the end of 2014-15 of the estimated GSDP for the respective financial year.

The Fourteenth Finance Commission (14th FC) also recommended (December 2014) a revised fiscal roadmap to consolidate the finances of the State Government from the financial year 2015-16 onwards. Major fiscal variables provided in the recommendations of the 14th FC and the projections made in the Medium Term Fiscal Policy Statement (MTFPS) - 2017 by the State Government are depicted in **Table 1.3**.

Table 1.3: Major fiscal variables

Fiscal variables	2016-17		Actual Achievement
	14 th FC targets for the State	Targets proposed in the Budget and Projections made in MTFPS	
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	(+)15081	(+)3236	(+)5947
Fiscal Deficit/GSDP (in <i>per cent</i>)	3.00	2.25	1.46
Ratio of total outstanding liabilities to GSDP (in <i>per cent</i>)	25.87	-	21.60
Ratio of Public debt to GSDP (in <i>per cent</i>)	-	18.55	17.71

The State achieved the target of reduction of revenue deficit to zero in 2011-12 as it reported a revenue surplus of ₹ 3,215 crore in that year. The revenue surplus stood at ₹ 5,947 crore in 2016-17 which was significantly higher than the projection in MTFPS of ₹ 3,236 crore. Indian Government Accounting Standard (IGAS)-2 prescribes that grants-in-aid should be booked under revenue expenditure. However, in 2016-17, the State Government incorrectly budgeted and booked expenditure of ₹ 89.66 crore² relating to grants-in-aid under the capital section instead of revenue section. This resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus by ₹ 89.66 crore. Even after taking into consideration the impact of this misclassification on the revenue surplus, the State Government exceeded the projected revenue surplus as per MTFPS.

At the end of 2016-17, the fiscal deficit as percentage to GSDP was 1.46 *per cent*, which was within the limit of three *per cent* as recommended by 14th FC and also within limit of Government's own projections of 2.25 *per cent* in MTFPS. The State Government maintained the percentage of public debt to GSDP at 17.71 during 2016-17 against the target of 18.55 *per cent* set in MTFPS. In the fiscal consolidation roadmap, the 14th FC had recommended a percentage of outstanding liabilities³ to GSDP at 25.87 for 2016-17. However, the percentage of outstanding liabilities to GSDP stood at 21.60 during 2016-17.

The State had non-debt capital receipts of ₹ 405.82 crore and revenue surplus of ₹ 5,947 crore available during 2016-17. During the year, the State expended ₹ 31,906 crore for capital outlay, disbursement of loans and repayment of loans and advances which necessitated the need for borrowings to meet capital expenditure.

1.1.3 Budget estimates, revised estimates and actuals

The budget papers presented by the State Government provide projections or estimations of receipts and expenditure for a particular fiscal year. The

² Details of booked expenditure are shown in Table 2.10 under paragraph 2.6; Chapter - II

³ Total Outstanding Liabilities include Public Debt and Public Account Liabilities. Public Debt includes only Internal Debt and Loans from Government of India. Public Account Liability includes liabilities under small saving funds, GPF, Reserve funds *etc.*

importance of accuracy in the estimation of receipts and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the budget estimates (BE) are indicative of non-attainment/non-optimisation of the desired fiscal objectives due to various reasons, some within the control of the Government and some beyond its control. The State Government presented its revised estimates (RE) of financial year 2016-17 along with BE of 2017-18 on 21 February 2017.

A comparison of actuals with BE and RE for the year 2016-17 is given in **Table 1.4** below and detailed comparison is shown in **Appendix 1.4**.

Table 1.4: Budget estimates, revised estimates and actual for the year 2016-17

(₹ in crore)					
Fiscal Parameters	Budget estimates	Revised estimates	Actuals	Difference between actuals and BE	Difference between actuals and RE
Tax revenue	71369.88	64759.46	64442.71	(-)6927.17	(-)316.75
Non-tax revenue	12428.04	14378.20	13345.66	(+)917.62	(-)1032.54
State's share of Union taxes and duties	18520.00	18835.39	18835.39	(+)315.39	0
Grants-in-aid from Gol	14048.06	14548.06	13218.05	(-)830.01	(-)1330.01
Revenue receipts	116365.98	112521.11	109841.81	(-)6524.17	(-)2679.30
Revenue expenditure	113129.90	109009.47	103894.83	(-)9235.07	(-)5114.64
Interest payments	17465.81	17916.35	17796.83	(+)331.02	(-)119.52
Capital expenditure	27035.22	23751.27	22355.39	(-)4679.83	(-)1395.88
Revenue deficit (-)/surplus (+)	(+3236.08)	(+3511.64)	(+5946.98)	(+2710.90)	(+2435.34)
Fiscal deficit (-)	(-)24608	(-)20224	(-)16480.17	(+8127.83)	(+3743.83)
Primary deficit (-)/surplus(+)	(-)7142.19	(-)2307.65	(+1316.66)	(+8458.85)	(+3624.31)

Source: Finance Accounts of the State and the budget publication of the State

Analysis of the important parameters is given below:

1.1.3.1 Revenue receipts

Revenue receipts were lower by ₹ 6,524.17 crore (5.61 per cent) and ₹ 2,679.30 crore (2.38 per cent) over BE and RE respectively mainly due to less collection of tax revenue by the State Government than BE and RE on account of less collection of land revenue, goods and passenger tax and taxes on immovable property other than agricultural land.

1.1.3.2 Revenue expenditure

Revenue expenditure was less than BE and RE by ₹ 9,235 crore (8.16 per cent) and ₹ 5,115 crore (4.69 per cent) respectively. The revenue expenditure was less than BE mainly due to less expenditure in education, arts, sports and culture (₹ 639 crore); social welfare and nutrition (₹ 1,114 crore); agriculture and allied activities (₹ 738 crore); rural development (₹ 999 crore) and industry and minerals (₹ 207 crore). In all the above components of revenue expenditure, the actuals were also lower than the projections made in RE.

1.1.3.3 Capital expenditure

During 2016-17, the capital expenditure was lower by ₹ 4,679.83 crore (17.31 per cent) and ₹ 1,395.88 crore (5.88 per cent) than BE and RE respectively. The capital expenditure was less than projections made in BE mainly due to less expenditure on education, arts, sports and culture (₹ 754 crore); irrigation and flood control (₹ 820 crore); transport (₹ 665 crore). In all these components of capital expenditure, the actuals were also lower than the projection made in the RE.

1.1.3.4 Deficit/surplus

Against the projected revenue surplus of ₹ 3,236.08 crore and ₹ 3,511.64 crore as projected in BE and RE respectively, the State had actual revenue surplus of ₹ 5,946.98 crore, mainly due to decrease (₹ 9,235 crore than BE) in revenue expenditure set off by decrease in revenue receipt (₹ 6524.17 crore). Against primary deficit⁴ of ₹ 7,142 crore and ₹ 2,307 crore as projected in BE and RE respectively, the State had primary surplus at ₹ 1,317 crore. In 2016- 17, fiscal deficit stood at ₹ 16,480 crore (1.46 per cent of GSDP) which was lower than that estimated in BE and RE by ₹ 8,127 crore and ₹ 3,744 crore respectively.

1.2 Resources of the State

1.2.1 Resources of the State as per annual finance accounts

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the GoI. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestment, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI as well as accruals from the public account. **Table 1.2** presents the receipts and disbursements of the State during the current year as recorded in its annual finance accounts. **Chart 1.1** depicts the components and sub-components of resources during the year 2016-17.

⁴ Primary Deficit = Fiscal Deficit - Interest payments

Chart 1.1: Components and sub-components of resources in 2016-17

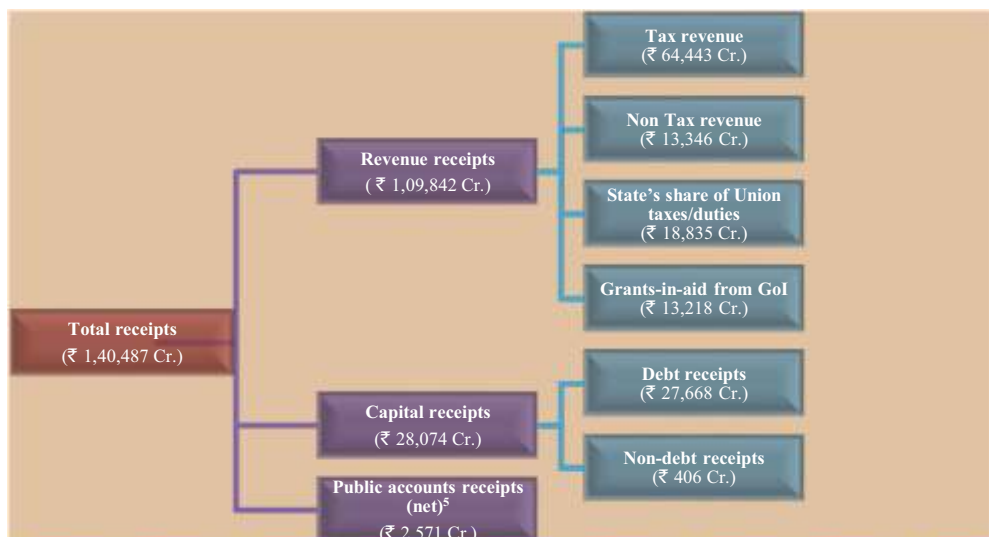


Chart 1.2 depicts the trends of various components of the State's receipts during 2012-13 to 2016-17.

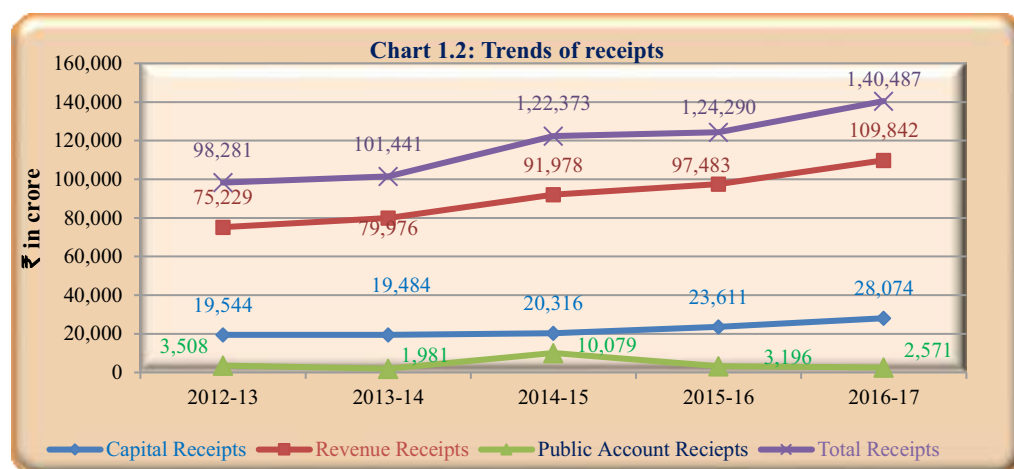
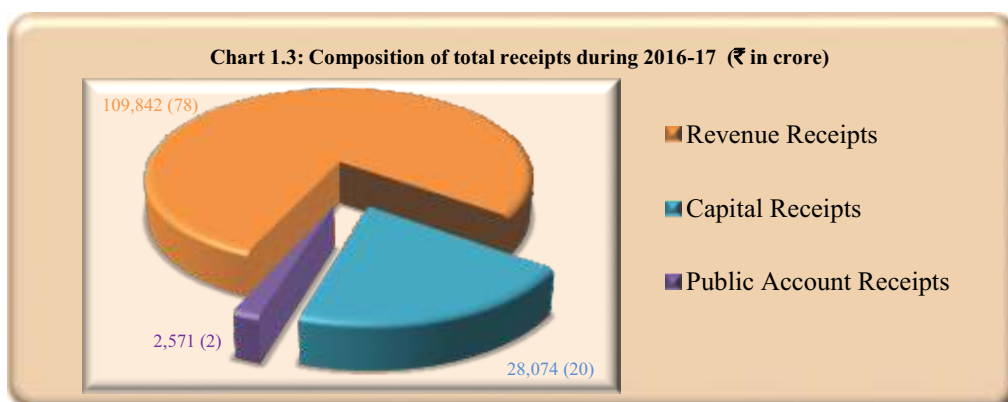


Chart 1.3 depicts the composition of resources of the State in total receipts during the current year 2016-17.



Figures in parenthesis indicate percentage share

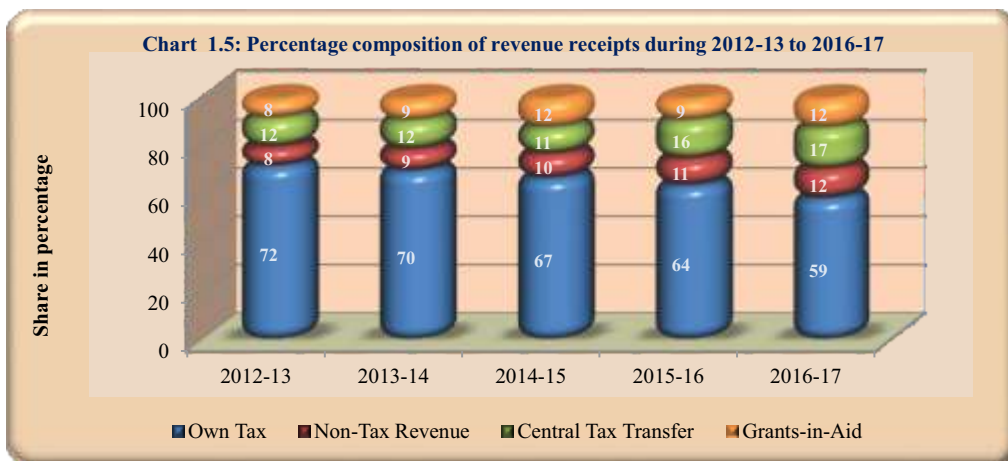
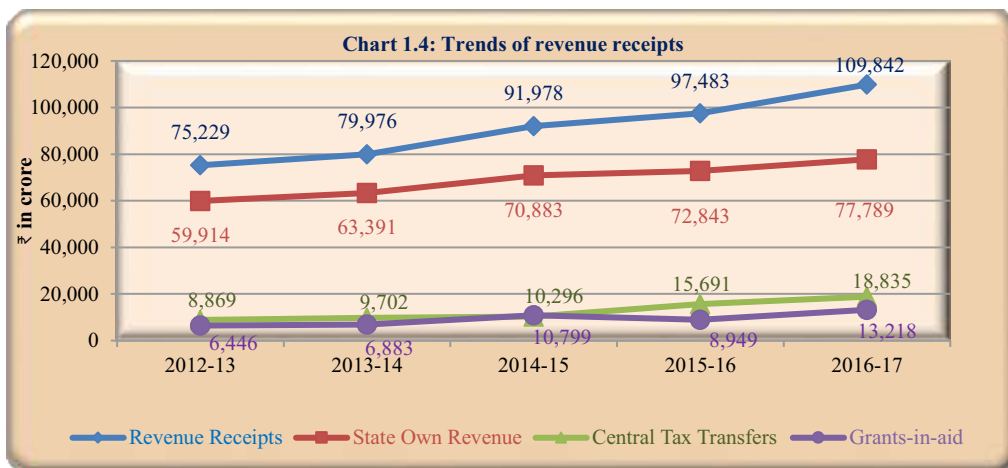
⁵ Public account receipts were ₹ 58,958.90 crore (gross). However, ₹ 2,571 crore (net) was available with the Government for use during 2016-17.

The total receipts of the State Government show a steady increase from ₹ 98,281 crore in 2012-13 to ₹ 1,40,487 crore in 2016-17. The total receipts increased by ₹ 16,197 crore in 2016-17 over the previous year. The increase was mainly due to increased growth in both revenue and capital receipts despite a decrease in net public account receipts.

The revenue receipts remained the highest contributor (over three-fourth) of the total receipts over the five-year period. The share of capital receipt in total receipts remained least in 2014-15. The share of public account receipts to total receipt remained highest in 2014-15. The relative share of net public account receipts decreased significantly from 8.24 per cent in 2014-15 to 1.83 per cent in 2016-17.

1.3 Revenue Receipts

Statement-14 of the Finance Accounts details the revenue receipts of the Government. Revenue receipts consist of the State's own tax and non-tax revenues; central tax transfers and grants-in-aid from GoI. The trends and percentage composition of revenue receipts over the period 2012-13 to 2016-17 are presented in the **Charts 1.4 and 1.5** and also given in *Appendix 1.5*.



Revenue receipts grew by ₹ 12,359.23 crore (12.68 per cent) in 2016-17 over the previous year. The increase was mainly due to increase in Grants from GoI

by ₹ 4,268.83 crore (47.70 *per cent*) and increase in non-tax revenue by ₹ 3,152.14 crore (30.92 *per cent*). The central tax transfers increased significantly in 2016-17 by ₹ 3,144.96 crore (20.04 *per cent*) crore over the previous year. The State's own revenue grew by ₹ 4,945.44 crore (6.79 *per cent*) over the previous year.

Chart 1.5 shows that 71 *per cent* of revenue came from State's own resources during 2016-17 and the balance was from GoI in the form of State's share of taxes and grants-in-aid. The share of own tax revenue decreased steadily from 72 *per cent* from 2012-13 to 59 *per cent* in 2016-17.

Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. As the GSDP grows, the State's own tax revenue should increase. The trends of revenue receipts relative to GSDP are presented in **Table 1.5** below:

Table 1.5: Trends of revenue receipts relative to GSDP

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue receipts (RR) (₹ in crore)	75229	79976	91978	97483	109842
Rate of growth of RR (<i>per cent</i>)	19.49	6.31	15.01	5.99	12.68
Rate of growth of State's own tax (<i>per cent</i>)	20.97	5.80	11.82	2.77	6.79
RR/GSDP (<i>per cent</i>)	10.38	9.90	10.28	9.80	9.76
Buoyancy Ratios					
Revenue buoyancy with respect to GSDP ⁶	1.10	0.55	1.39	0.54	0.96
State's own tax buoyancy with respect to GSDP	1.19	0.51	1.09	0.25	0.51
Revenue buoyancy with respect to State's own taxes	0.89	1.37	1.70	2.16	1.87

Source: Finance Accounts of the respective years

The GSDP at current prices increased from ₹ 9,94,316 crore in 2015-16 to ₹ 11,25,654 crore in 2016-17 representing growth of 13.21 *per cent*. The growth rate of revenue receipts fluctuated during 2012-13 to 2016-17 ranging between a high of 19.49 *per cent* in 2012-13 and to a low of 5.99 *per cent* in 2015-16. The revenue receipts grew by 12.68 *per cent* in 2016-17 over the previous year. The growth in revenue receipts in 2016-17 was more due to tax transfers and grants-in-aid by the Central Government. It is evident from **Table 1.5** that the buoyancy of revenue receipts with respect to GSDP was less than one during 2013-14 to 2016-17, except in 2014-15, indicating that revenue receipts grew at a lower rate than the growth rate of GSDP. The decline in revenue buoyancy with respect to State's own taxes in 2016-17 was on account of low growth rate of State's own taxes (4.02 *per cent*) *vis-à-vis* rate of growth of revenue receipts (6.69 *per cent*) in 2016-17 over the previous year. The State's own tax buoyancy with respect to GSDP stood at 0.51 in 2016-17, indicating the need to ensure better tax compliance.

⁶ Figures differ from last year's Report due to change in GSDP figures of 2011-12 to 2015-16

1.3.1 State's own resources

As the State's share in central taxes and grants-in-aid from GoI are determined on the basis of recommendations of the Central Finance Commission, collection of central tax receipts, central assistance for 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 gross collection in respect of major taxes and duties as well as the components of non-tax receipts, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during 2012-13 to 2016-17 along with the respective all-India average are presented in **Appendix 1.6**.

The State's actual tax and non-tax receipts for the year 2016-17 *vis-à-vis* assessment made by 14th FC and MTFPS (February 2016) are presented in **Table 1.6** below.

Table 1.6: Projections and actuals of tax and non-tax revenue

(₹ in crore)					
	14 th FC projections	MTFPS projection	Budget estimates	Revised estimates	Actuals
Tax revenue	98890	71271	71370	64760	64443
Non-tax revenue	12878	12780	12428	14378	13346

Source: Finance Accounts of State for the year 2016-17 and Budget publication No. 30 of the State

The tax revenue of the State in 2016-17 stood lower by a significant margin of ₹ 34,447 crore than the 14th FC projections of ₹ 98,890 crore. Also, it could not achieve the target of budget estimates and MTFPS projection. Actual non-tax revenue was higher than MTFPS projection, budget estimates as well as 14th FC projections. The actual non-tax revenue in 2016-17 was more than the budget estimates by ₹ 918 crore, which was mainly due to increase in interest receipts on investment of cash balance and other interest receipts. However, the actual non-tax revenue was less than the revised estimates by ₹ 1,032 crore.

1.3.1.1 Tax revenue

The main components of State's tax revenue during 2012-13 to 2016-17 are given in **Table 1.7**.

Table 1.7: Main components of State's tax revenue

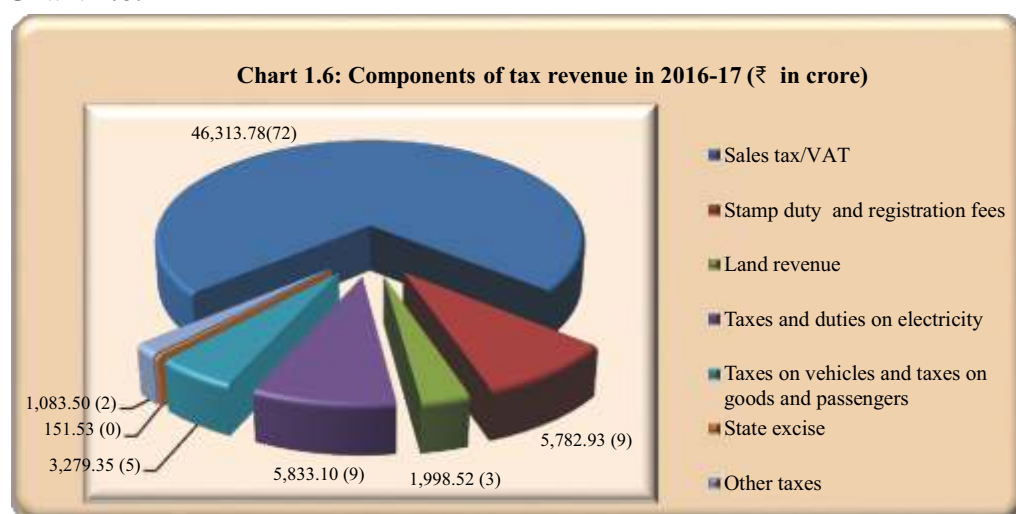
(₹ in crore)						
Revenue Head	2012-13	2013-14	2014-15	2015-16	2016-17	Percentage change over previous year
Sales tax/VAT	39464.67	40976.06	44145.26	44091.05	46313.78	(+) 5.04
Stamp duty and registration fees	4426.93	4749.35	5503.34	5549.42	5782.93	(+) 4.21
Land revenue	2207.85	1727.41	1892.65	2528.50	1998.52	(-) 20.96
Taxes and duties on electricity	4406.60	4692.77	5877.65	5999.66	5833.10	(-) 2.78

Revenue Head	2012-13	2013-14	2014-15	2015-16	2016-17	Percentage change over previous year
Taxes on vehicles and taxes on goods and passengers	2486.84	3116.37	2905.44	3273.17	3279.35	(+) 0.19
State excise	84.91	109.82	140.27	123.32	151.53	(+) 22.88
Other taxes	818.89	1000.59	875.20	1084.29	1083.50	(-) 0.07
Total	53896.69	56372.37	61339.81	62649.41	64442.71	(+) 2.86

Source: Finance Accounts of the respective years

The State's tax revenue increased by ₹ 7,443.12 crore during 2012-13 to 2014-15 (13.81 *per cent*) however, it increased by only ₹ 3,102.90 crore during 2014-15 to 2016-17 (5.06 *per cent*).

The components of tax revenue for the year 2016-17 are presented in **Chart 1.6**.



Figures in parenthesis indicate percentage share in total tax revenue

The State's tax revenue increased by 2.86 *per cent* during 2016-17 over the previous year. Except land revenue, taxes and duties on electricity and other taxes, all other components of tax revenue grew during 2016-17. Land revenue decreased by ₹ 530 crore registering 20.96 *per cent* decrease during 2016-17 over the previous year. The decrease was mainly due to less receipts on survey and settlement operations, land revenue/tax and rates and cesses on land. The receipt from State excise increased by 22.88 *per cent* over 2015-16 due to increase in receipts from 'foreign liquor and spirits' and 'medicines and toilet preparations containing alcohol, opium etc.'

From the year 2012-13 to 2016-17, only stamp duty and registration fees has shown a consistent increasing trend. There was negative growth in taxes on vehicles and taxes on goods and passengers (2014-15), sales tax/VAT and State excise (2015-16) and taxes and duties on electricity (2016-17).

The 14th FC projected the tax-GSDP ratio of 9.36 *per cent* for 2016-17. However, it actually stood lower at 5.72 *per cent*. Thus, to achieve the target as

projected by the 14th FC, the State Government needs to take necessary and urgent steps to augment the tax revenue especially through better tax compliance.

1.3.1.2 Non-tax revenue

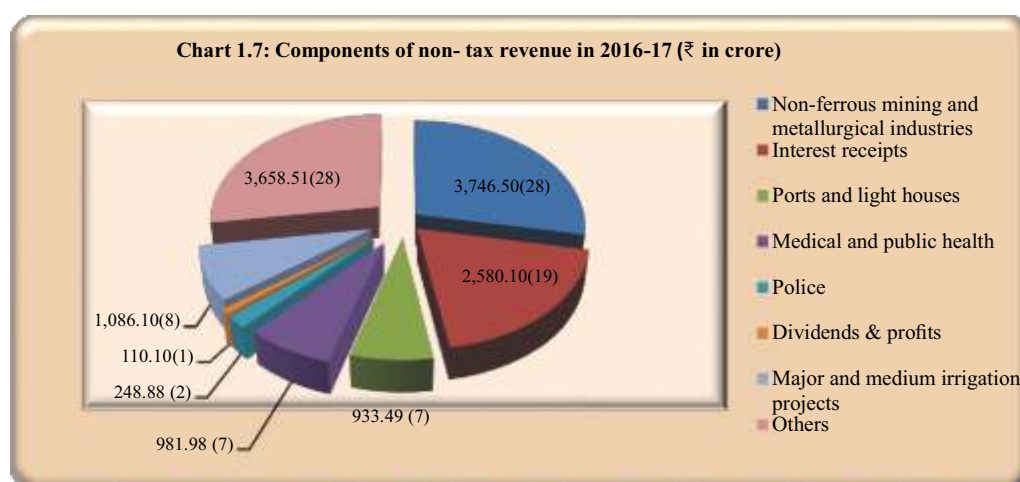
The main components of State's non-tax revenue during 2012-13 to 2016-17 are given in **Table 1.8**.

Table 1.8: Main components of State's non-tax revenue

						(₹ in crore)
Revenue Head	2012-13	2013-14	2014-15	2015-16	2016-17	Percentage increase over previous year
Interest receipts	1325.84	1267.18	1011.47	843.00	2580.10	(+)206.06
Non-ferrous mining and metallurgical industries	1847.16	1578.34	4285.85	3350.19	3746.50	(+)11.83
Major and medium irrigation projects	714.13	897.51	1034.91	1028.42	1086.10	(+)5.61
Ports and light houses	577.68	636.84	742.08	922.24	933.49	(+)1.22
Medical and public health	126.34	111.88	243.57	171.51	981.98	(+)472.55
Police	163.84	177.81	214.20	219.82	248.88	(+)13.22
Dividends & profits	54.31	277.44	89.54	96.06	110.10	(+)14.62
Others	1207.69	2071.31	1920.99	3,562.27	3658.51	(+)2.70
Total	6016.99	7018.31	9542.61	10193.51	13345.66	(+)30.92

Source: Finance Accounts of the respective years

The components of non-tax revenue for the year 2016-17 are presented in **Chart 1.7** below.



Figures in parenthesis indicate percentage share in total non-tax revenue

The non-tax revenue of the State during 2016-17 increased by ₹ 3,152 crore (30.92 per cent) over the previous year mainly due to increased growth in interest receipts and revenue generated in medical and public health. The interest receipts increased by ₹ 1,737 crore (206.06 per cent) over the previous year due to increased booking of ₹ 1,867.41 crore under Minor Head '800'

Other receipts. Similarly, the receipts in medical and public health increased by ₹ 810 crore (472.55 *per cent*) over the previous year due to more receipts under fees and fines and other receipts. The dividends and profits improved by ₹ 14.04 crore (14.62 *per cent*) during 2016-17 over the previous year. The Government received dividends mainly from Gujarat State Mineral Development Corporation Limited (₹ 70.60 crore), Gujarat State Petroleum Gas Company Limited (₹ 2.24 crore) and Gujarat State Financial Services Limited. (₹ 17.39 crore).

During 2012-13 to 2016-17, only ports and light houses receipts and police receipts have shown an increasing trend. Receipts from non-ferrous mining and metallurgical industries and medical and public health have shown inconsistent growth. Interest receipts showed a decreasing trend during initial four years which turned around during 2016-17.

As pointed out earlier in the **Chart 1.5**, the share of non-tax revenue in revenue receipt ranged between eight to 12 *per cent* during five years period from 2012-13 to 2016-17, indicating that non-tax revenue did not contribute significantly in financing the State expenditure.

1.3.2 Central tax transfers

The 14th FC had recommended the States' share of central taxes to be increased to 42 *per cent* from 32 *per cent* as recommended by 13th FC. The State's share in the net proceeds of central tax and net proceeds of service tax were fixed at 3.084 *per cent* and 3.172 *per cent* respectively. The central tax transfer stood at ₹ 18,835 crore in 2016-17 registering growth of 20.04 *per cent* over the previous year.

In 2015-16, the State Government received ₹ 15,690 crore as share of Union taxes and duties which was ₹ 5,394 crore more than the devolution in 2014-15. However, capital expenditure incurred in 2015-16 was only ₹ 11 crore more than the previous year, while there was an increase of ₹ 9,127 crore in revenue expenditure over the previous year. In 2016-17, the State Government received ₹ 18,835 crore as share of Union taxes and duties which was ₹ 3,145 crore more than the devolution in 2015-16. However, capital expenditure incurred in 2016-17 was ₹ 1,814 crore less than the previous year, while there was an increase of ₹ 8,116 crore revenue expenditure over the previous year. Thus, the increase in capital expenditure was not commensurate to increase in share of union taxes and duties during 2015-16 and 2016-17.

1.3.3 Grants-in-aid from Government of India

The components of grants-in-aid received from the GoI during 2012-13 to 2016-17 are given in **Table 1.9**.

Table 1.9: Main components of grants-in-aid from GoI

Particulars	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Non-plan grants	1230.30	2079.21	2668.94	2179.28	3192.93
Grants for State plan schemes	3466.74	2604.46	7341.11	6064.11	8505.95
Grants for Central plan schemes	83.41	58.21	104.78	104.28	53.41
Grants for Centrally Sponsored Schemes	1665.35	2141.25	684.18	601.55	1465.76
Total	6445.80	6883.13	10799.01	8949.22	13218.05
Percentage of increase over previous year	14.09	6.78	56.89	(-17.13)	47.70
Total grants as a percentage of revenue receipts	8.57	8.61	11.74	9.18	12.03

Source: Finance Accounts of the respective years

The grants-in-aid from GoI increased continuously from ₹ 6,446 crore in 2012-13 to ₹ 13,218 crore in 2016-17 except a decrease in 2015-16. The grants for State plan Schemes in 2014-15 increased due to changed classification of plan assistance under Centrally Sponsored Schemes (CSS) and routing of direct transfers to State implementing units through consolidated fund of the State. In 2015-16, the discontinuation of grants-in-aid by 14th FC except post-devolution revenue deficit, disaster relief and local bodies grants resulted in lower receipts in 2015-16 than that of previous year.

Among all the constituents of revenue receipts, the growth of grants-in-aid from GoI was the highest with an increase of ₹ 4,269 crore (47.70 per cent) in 2016-17 over the previous year. This increase was mainly due to an increase of allocation by GoI in the Accelerated Power Development Reform Programme (₹ 588.17 crore), Urban Development (₹ 482.80 crore) and Urban Housing (₹ 271.89 crore).

1.3.4 Funds transferred by the Central Government to State implementing agencies

The Central Government had been transferring a sizeable quantum of funds directly to the State implementing agencies⁷ for the implementation of various Schemes/programmes in the social and economic sector. As these funds were not routed through the State budget/State treasury system, the annual finance accounts did not capture these fund flows and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

In 2014-15, GoI decided to transfer the central assistance through the consolidated fund of the State in a phased manner from 2014-15 onwards. However, direct transfers to State implementing agencies by GoI had been continuously increasing from ₹ 1,201.89 crore in 2014-15 to ₹ 2,542.77 crore in 2015-16 and to ₹ 3,392.86 crore in 2016-17. Major component (₹ 541 crore)

⁷ See Glossary, Appendix 4.1

was for Metro Link Express for Gandhinagar and Ahmedabad Company Limited (MEGA) for Ahmedabad Metro.

1.3.5 Grants awarded by the 14th Finance Commission

The 14th FC had recommended devolution of funds under only three types of grants-in-aid to States viz. local Government, disaster management and post-devolution revenue deficit. The 14th FC had desisted from recommending specific-purpose grants and suggested a separate institutional arrangement for the purpose. Other GIA viz. State-specific grants, environment related grants, roads and bridges *etc.* have not been recommended by the 14th FC. For the period 2016-17, the State received two types of grants from GoI *i.e.* grants for local Government and disaster management amounting ₹ 3,117.92 crore. The State Government had not received post-devolution revenue deficit grants, being a revenue surplus State. The details of amounts awarded and received for the year 2016-17 are shown in **Table 1.10**.

Table 1.10: Details of amounts awarded and received for the award period 2016-17

(₹ in crore)			
Sl. No.	Transfers	Amount awarded	Amount received
1.	Local bodies		
	Grants to PRIs	1290.86	1290.86
	General performance grants to PRI	169.32	169.32
	Grants to ULBs	851.45	851.45
	General performance grants to ULBs	251.29	251.29
2	State disaster relief fund	555.00	555.00
	Total	3117.92	3117.92

Source: Finance Department of Government of Gujarat

1.4 Capital Receipts

Trends in growth and composition of capital receipts of the State are given in the **Table 1.11**.

Table 1.11: Details of capital receipts

(₹ in crore)					
Sources of State's receipts	2012-13	2013-14	2014-15	2015-16	2016-17
Capital receipts (CR)	19544	19484	20316	23611	28074
Non-debt capital receipts	47	141	862	125	406
<i>Miscellaneous capital receipts</i>	0	0	241	0	240
<i>Recovery of loans and advances</i>	47	141	621	125	166
Public debt receipts	19497	19,343	19454	23486	27668
Rate of growth of non-debt capital receipts	(-) 73.14	200.00	511.35	(-) 85.50	224.80
Rate of growth of public debt receipts	11.19	(-) 0.79	0.57	20.73	17.81
Rate of growth of GSDP	17.69	11.47	10.82	11.09	13.21
Rate of growth of CR (<i>per cent</i>)	10.36	(-) 0.30	4.27	16.22	18.90

Source: Finance Accounts of the respective years

The capital receipts of the State increased from ₹ 19,544 crore in 2012-13 to ₹ 28,074 crore in 2016-17. The share of public debt receipts stood at almost 98.55 *per cent* of capital receipts in 2016-17. During 2016-17, the growth rate of capital receipt was 18.90 *per cent* mainly due to 17.81 *per cent* increase in public debt receipts over the previous year. The trends in the public debt receipts are given in **Table 1.12**.

Table 1.12: Public debt receipts

Components	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Market borrowings	15546	15493	14920	16260	24720
NSSF (National Small Saving Fund)	1659	1912	2774	4269	0
Loans from other financial institutions	1700	1777	1437	2704	2,757
Total internal debt	18905	19182	19131	23233	27477
Loans and advances from GoI	592	161	323	253	191
Total public debt receipts	19497	19343	19454	23486	27668

Source: Finance Accounts of the respective years

During 2016-17, the internal debt receipt increased by ₹4,244 crore over 2015-16 on account of increase in market borrowings and loans from other financial institutions. The State Government did not resort to any borrowings under NSSF for the first time in the last five years. Instead, there was a repayment of ₹ 3,447.44 crore in 2016-17 under NSSF. This was because the 14th FC had recommended discontinuing the release of NSSF loans from the Centre to the States. Market borrowings remained the highest contributor of internal debt during the last five years.

The total internal debt increased continuously from 2012-13 to 2016-17, except a marginal decrease in 2014-15. During 2012-13 to 2016-17, the internal debt of the State Government grew at 45.34 *per cent*.

In 2016-17, the loans and advances from GoI decreased by 24.51 *per cent* over 2015-16 while, the total public debt receipts increased by 41.91 *per cent* from 2012-13 to 2016-17.

1.5 Public Accounts Receipts

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 accounts set up under Article 266(2) of the Constitution of India and are not subject to vote by the State legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. The resources under various heads of public account receipts are given in **Table 1.13**.

Table: 1.13: Public accounts receipts (net)

Resources under various heads	₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Public account receipts					
a. Small savings, provident fund <i>etc.</i>	589	507	502	478	533
b. Reserve fund	488	84	5568	(-)295	1416
c. Deposits and advances	1844	2242	3107	2476	2270
d. Suspense and miscellaneous	656	(-)1033	843	256	(-) 1579
e. Remittances	(-)69	181	59	281	(-) 69
Total	3508	1981	10079	3196	2571

Source: Finance Accounts of the respective years

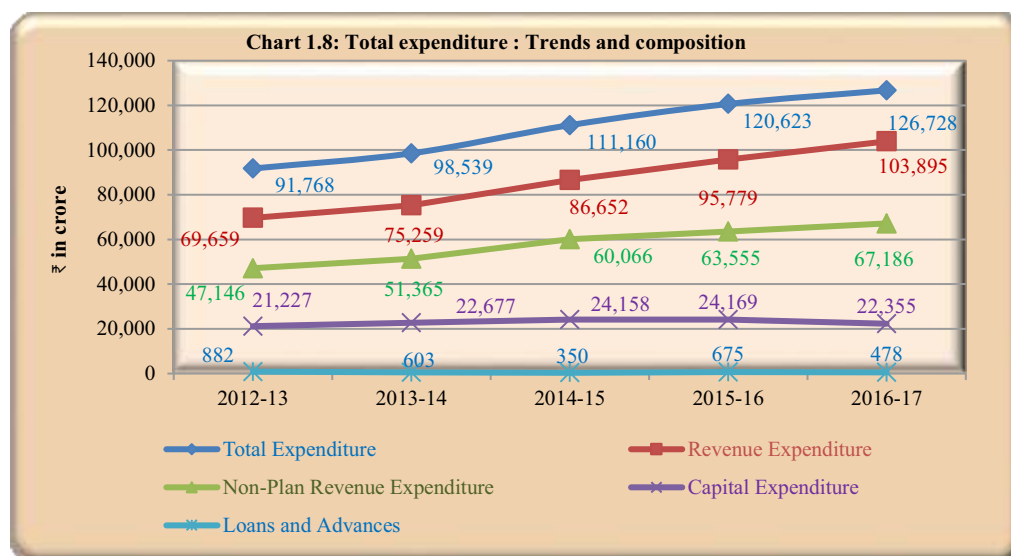
The net public account receipts decreased from ₹ 10,079 crore in 2014-15 to ₹ 3,196 crore in 2015-16 and further to ₹ 2,571 crore in 2016-17. In reserve fund, the increase was mainly on account of increase in balances under sinking fund and state disaster response fund. In deposits and advances, the decrease was on account of withdrawal of deposits for work done for public/private bodies. In suspense and miscellaneous, the decrease was on account of treasury cheques and pre-audit cheques held in the suspense account pending final classification.

1.6 Application of Resources

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

1.6.1 Total expenditure

Chart 1.8 presents the trends in total expenditure over a period of five years (2012-13 to 2016-17) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Tables 1.14** and **Table 1.15** respectively.



The total expenditure during 2016-17 increased by 5.06 per cent over the previous year, mainly due to an increase of 8.47 per cent in revenue expenditure. The growth rate of total expenditure continuously declined from 12.81 per cent in 2014-15 to 8.51 per cent in 2015-16 and to 5.06 per cent in 2016-17. The share of revenue expenditure to total expenditure in 2016-17 stood at 81.98 per cent. The non-plan revenue expenditure was 64.67 per cent of the total revenue expenditure in 2016-17. The plan revenue expenditure grew at 13.92 per cent while the non-plan revenue expenditure grew at 5.71 per cent in 2016-17.

Table 1.14: Total expenditure- Trends of share of its components

(Share in per cent)

Components of total expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue expenditure	75.91	76.38	77.95	79.40	81.98
Capital expenditure	23.13	23.01	21.73	20.04	17.64
Loans and advances	0.96	0.61	0.32	0.56	0.38

Source: Finance Accounts of the respective years

The share of revenue expenditure in total expenditure increased continuously from 75.91 per cent in 2012-13 to 81.98 per cent in 2016-17. The share of capital expenditure to total expenditure remained almost constant during 2012-13 to 2013-14, but it declined to 17.64 per cent in 2016-17.

Table: 1.15: Total expenditure- Trends by activities

(Share in per cent)

	2012-13	2013-14	2014-15	2015-16	2016-17
General services	27.07	28.05	27.79	27.93	28.74
Social services	38.81	39.61	39.49	40.24	40.35
Economic services	32.98	31.40	31.92	30.81	30.20
Loans and advances	0.96	0.61	0.32	0.56	0.38
Grants-in-aid	0.18	0.33	0.48	0.46	0.33

Source: Finance Accounts of the respective years

The movement of relative share of general, social and economic services exhibited stability from 2012-13 to 2016-17 with marginal inter year variations. The share of social services improved by 1.54 *per cent* in five year period and stood at 40.35 *per cent* in 2016-17. The share of loans and advances indicated decline of 18 basis points in 2016-17 over previous year.

The share of social services and general services (except in 2014-15) had increased whereas it decreased in economic services (except in 2014-15) during the period 2012-13 to 2016-17.

1.6.2 Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services. The overall revenue expenditure, its rate of growth and ratio of revenue expenditure to GSDP are indicated in **Table 1.16**.

Table 1.16: Trends of revenue expenditure relative to GSDP

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue expenditure (RE) (₹ in crore)	69659	75259	86652	95779	103895
Rate of growth of RE (<i>per cent</i>)	16.60	8.04	15.14	10.53	8.47
RE/ GSDP ratio (<i>per cent</i>)	9.61	9.32	9.68	9.63	9.23

Source: Finance Accounts of the respective years

Revenue expenditure continuously increased from ₹ 69,659 crore in 2012-13 to ₹ 1,03,895 crore in 2016-17. The revenue expenditure grew by ₹ 8,116 crore during 2016-17 over the previous year. The increase in revenue expenditure in 2016-17 was mainly due to more expenditure on interest payments (₹ 1,497 crore), pension and other retirement benefits (₹ 1,340 crore), medical and public health (₹ 818 crore), urban development (₹ 701 crore) and power (₹ 604 crore) than in the previous year.

The growth rate of revenue expenditure fluctuated widely from a low of 8.04 *per cent* in 2013-14 to a high of 16.60 *per cent* in 2012-13. In 2016-17, it increased by 8.47 *per cent* over the previous year. Revenue expenditure as a *per cent* of GSDP decreased to 9.23 in 2016-17 from 9.63 in 2015-16.

1.6.3 Capital expenditure

The capital expenditure increased continuously from ₹ 21,227 crore in 2012-13 to ₹ 24,169 crore in 2015-16, but decreased to ₹ 22,355 crore in 2016-17. In 2016-17, capital expenditure declined by 7.51 *per cent* (₹ 1,814 crore) over previous year. The decrease was mainly due to decrease in capital outlay on public works: ₹ 129 crore; capital outlay of education, sports, arts and culture: ₹ 114 crore; capital account of health and family welfare: ₹ 438 crore; capital account of water supply and sanitation, housing and urban development: ₹ 717 crore. The percentage share of capital expenditure to total expenditure decreased from 20.04 *per cent* in 2015-16 to 17.64 *per cent* in 2016-17.

1.6.4 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.17** and **Chart 1.9** present the trends in the expenditure on these components during 2012-13 to 2016-17.

Table 1.17: Components of committed expenditure

(₹ in crore)

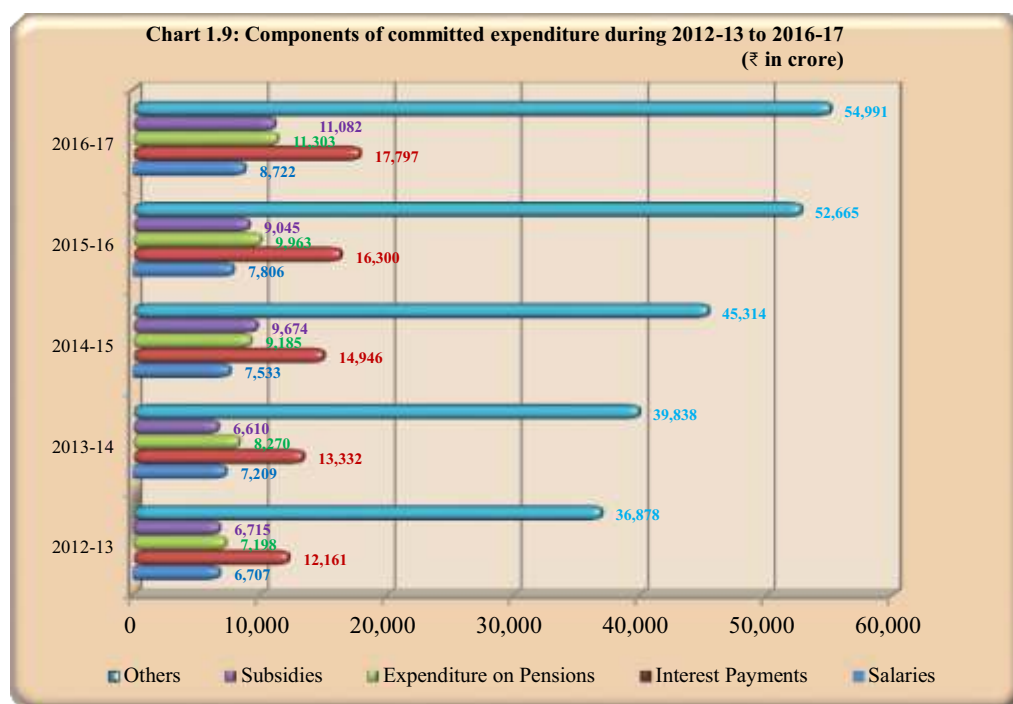
Components of committed expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
Salaries	6707 (8.92)	7209 (9.01)	7533 (8.19)	7806 (8.01)	8722 (7.94)
Non-plan head	5174	5497	5702	5886	6451
Plan head*	1533	1,712	1831	1920	2,271
Interest payments	12161 (16.17)	13332 (16.67)	14946 (16.25)	16300 (16.72)	17797 (16.21)
Expenditure on pension	7198 (9.57)	8270 (10.34)	9185 (9.99)	9963 (10.22)	11303 (10.29)
Subsidies	6715 (8.93)	6610 (8.26)	9674 (10.52)	9045 (9.27)	11082 (10.09)
Total committed expenditure	32781 (43.57)	35421 (44.29)	41338 (44.94)	43114 (44.23)	48904 (44.52)
Other components	36878 (49.02)	39838 (49.81)	45314 (49.27)	52665 (54.02)	54991 (50.06)
Total revenue expenditure	69659	75259	86652	95779	103895
Total revenue receipts	75229	79976	91978	97483	109842
Committed expenditure as <i>per cent</i> of revenue expenditure	47.06	47.07	47.71	45.01	47.07

Source: Finance Accounts of the respective years

*Plan head includes salaries and wages under Centrally Sponsored Schemes

Figures in parenthesis indicate percentage to revenue receipts

The share of committed expenditure to revenue receipts increased from 43.57 *per cent* in 2012-13 to 44.52 *per cent* in 2016-17. The committed expenditure amounted to 48,904 crore in 2016-17, which was 47.07 *per cent* and 44.52 *per cent* of the revenue expenditure and revenue receipts respectively.



1.6.4.1 Salaries and wages

In 2016-17, expenditure on salaries increased by 11.73 per cent over 2015-16, as compared to an increase of 3.62 per cent in 2015-16 over 2014-15. As a percentage of the revenue receipts, expenditure on salaries decreased from 8.01 per cent in 2015-16 to 7.94 per cent in 2016-17. The rise in expenditure on salary was mainly due to implementation of seventh pay commission in the year 2016-17. The expenditure on salaries (₹ 8,722 crore) in 2016-17 remained higher by ₹ 190 crore against its own projections in budget estimates (₹ 8,532 crore).

1.6.4.2 Interest payments

Interest payments increased steadily from ₹ 12,161 crore in 2012-13 to ₹ 17,797 crore in 2016-17. In percentage terms, it increased by 9.18 per cent in 2016-17 over the previous year. The increase was mainly due to increased interest liability (16.65 per cent) on market loans. During 2016-17, interest payment on market borrowings stood at 57.57 per cent while it was 27.04 per cent on special securities issued to NSSF. During 2012-13 to 2016-17, ₹ 74,536 crore had been spent on interest payments, indicating that 16.40 per cent of the total revenue receipts of last five years had been utilised on interest payments.

1.6.4.3 Pension payments

The expenditure on pension (₹ 11,303 crore) in 2016-17 increased by 13.45 per cent over the previous year (₹ 9,963 crore). This expenditure accounted for 10.29 per cent of the total revenue receipts of the State. The increase in pension payment liabilities over the previous year was mainly on account of increase in payment of superannuation and retirement allowances

along with family pensions. The estimated yearly pension liabilities were prepared on the basis of trend growth rates instead of actuarial basis.

In its disclosure in compliance of Gujarat Fiscal Responsibility Act, 2005, the State Government estimated the pension payment as percentage of revenue receipts at 9.48 *per cent*. However, it stood higher at 10.29 *per cent* in 2016-17.

1.6.4.4 Migration to new pension Scheme

The State Government introduced the New Defined Contribution Pension Scheme (NPS) with effect from 01 April 2005. The State Government signed (January 2009) agreements with the NPS trust for the fund management of the Scheme and adopted (May 2009) the central architecture designed for this Scheme. The State Government contributed ₹ 415.89 crore as matching contribution in 2016-17 as compared to ₹ 315.77 crore in 2015-16. The funds kept in public accounts, which were to be transferred to the trustee, stood at ₹ 20.57 crore at the end of the financial year 2016-17.

1.6.4.5 Expenditure on subsidies

The expenditure on subsidies increased by 65.03 *per cent* from ₹ 6,715 crore in 2012-13 to ₹ 11,082 crore in 2016-17. The expenditure on subsidies increased during the current year by 22.52 *per cent* over the previous year. However, it stood more than two-fold when compared to the budget estimates for 2016-17.

The subsidy to Agriculture and Co-operation Department was ₹ 1,082.18 crore in 2016-17 while it was ₹ 705.96 crore in 2015-16. An amount of ₹ 4,466.55 crore was given in 2016-17 to *Urja Vikas Nigam Limited* on account of supply free electricity to water works in villages, fuel price and power purchase adjustment charges, compensation in Gujarat Electricity Regulatory Commission (GERC) agriculture tariff and horse-power based tariff to agriculturists. The Energy and Petrochemical Department received the highest amount of subsidy of ₹ 5,038.72 crore in 2016-17 while the subsidy in 2015-16 was ₹ 4,438.83 crore.

1.6.5 Financial assistance by the State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.18**.

Table 1.18: Financial assistance to local bodies etc.

	(₹ in crore)				
Financial assistance to institutions	2012-13	2013-14	2014-15	2015-16	2016-17
<i>Panchayati Raj</i> Institutions (PRIs)	14464.38	17295.00	17503.96	22085.57	16123.76
Urban local bodies	3100.74	2914.06	8289.19	8479.84	7336.19
Public sector undertakings	4.05	27.55	59.60	54.93	76.98
Autonomous bodies	644.45	650.77	2912.78	3090.62	4720.06

Financial assistance to institutions	2012-13	2013-14	2014-15	2015-16	2016-17
Others	12910.99	15273.20	11198.62	10337.45	19798.39
Total	31124.61	36160.58	39964.15	44048.41	48055.38
Assistance as percentage of revenue expenditure	44.68	48.05	46.12	45.99	46.25

Source: Finance Accounts of the respective years

Financial assistance to local bodies and other institutions continuously increased from ₹ 31,124.61 crore in 2012-13 to ₹ 48,055.38 crore in 2016-17. As a percentage of the revenue expenditure, it ranged from the low of 44.68 *per cent* in 2012-13 to a high of 48.05 *per cent* in 2013-14.

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, *viz.* adequacy of the expenditure, efficiency of expenditure use and its effectiveness.

1.7.1 Adequacy of public expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure are assigned to the State Governments as these are largely State subjects. Enhancing human development levels require the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority is attached to a particular sector, if the ratio of expenditure under a category to aggregate expenditure is below the respective national average. **Table 1.19** shows the fiscal priority of the State with regard to development expenditure, social expenditure and capital expenditure in 2012-13 and 2016-17.

Table 1.19: Fiscal priority of the State in 2012-13 and 2016-17

Fiscal Priority by the State	AE /GSDP	DE# /AE	SSE /AE	ESE /AE	CE /AE	Education /AE	Health/ AE
General Category States' Average (Ratio) 2012-13	14.80	70.00	38.20	29.80	13.70	17.70	4.60
Gujarat's Average (Ratio) 2012-13	12.67	72.69	38.83	33.86	23.13	15.28	5.04
General Category States' Average (Ratio) 2016-17	16.70	70.90	32.20	35.10	19.70	15.20	4.80
Gujarat's Average (Ratio) 2016-17	11.30	70.90	40.50	30.40	17.60	15.60	6.10

Source: Finance Accounts of the respective years

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

Development expenditure includes development revenue expenditure, development capital expenditure and loans and advances disbursed

Table 1.19 reveals the following:

- Gujarat spent a smaller proportion of its GSDP on aggregate expenditure in 2012-13 as well as in 2016-17 as compared to the General Category States' (GCS) average.

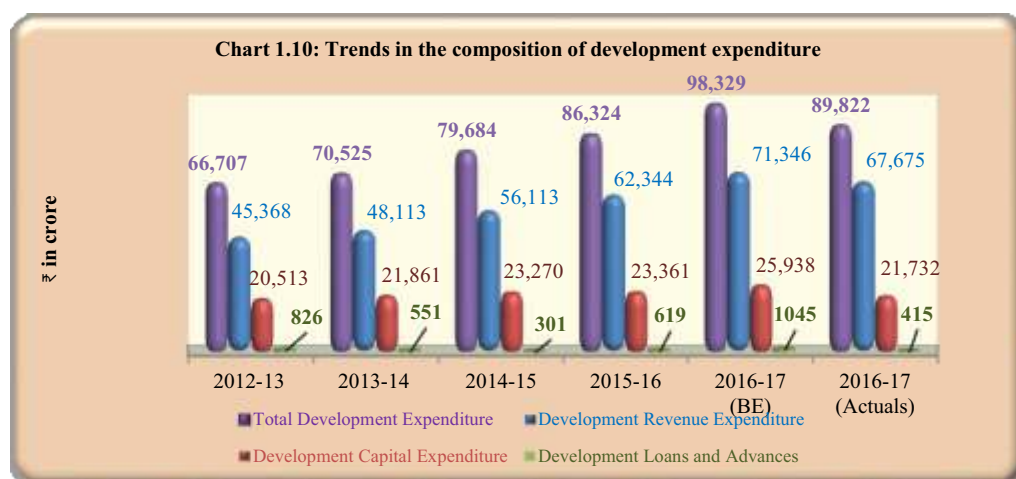
- Development expenditure as a proportion of aggregate expenditure in Gujarat was higher than the GCS average during 2012-13 but was equal to GCS in the current year. Development expenditure consists of both economic services expenditure and social sector expenditure. The expenditure on social sector as a proportion of aggregate expenditure in the State was higher than that of the GCS average in 2012-13 and 2016-17. The expenditure on economic sector as a proportion of aggregate expenditure in the State was higher in 2012-13 but lower in 2016-17 than that of GCS average.
- A higher ratio of capital expenditure to aggregate expenditure indicates that the State Government had adequately prioritised the capital expenditure in 2012-13 as compared to GCS average. However, CE as a percentage of AE which was 23.13 *per cent* in the year 2012-13, declined to 17.6 *per cent* in 2016-17.
- Gujarat's spending on education sector as a proportion of its aggregate expenditure was less as compared to GCS average in 2012-13 but increased marginally in 2016-17 when compared to GCS average. Gujarat had given adequate priority to health sector in 2012-13 and 2016-17 as compared to GCS average.

1.7.2 Efficiency of expenditure

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁸. Apart from improving the allocation towards development expenditure⁹, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure 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. **Chart 1.10** presents the trends in development expenditure relative to the aggregate expenditure *vis-à-vis* budget estimates during the current year *i.e.* 2016-17. **Table 1.20** provides the details of capital expenditure and the components of revenue expenditure under selected social and economic services.

⁸ See Glossary, Appendix 4.1

⁹The aggregate expenditure data is segregated into development and non-development expenditure. All expenditure relating to revenue account, capital outlay and loans and advances is categorised into social services, economic services and general services. Broadly, the expenditure on social and economic services constitutes development expenditure, while expenditure on general services is treated as non-development expenditure.



Development expenditure of the State comprises revenue and capital expenditure including loans and advances on socio-economic services. The development expenditure increased from ₹ 66,707 crore in 2012-13 to ₹ 89,822 crore in 2016-17. As a percentage of the total expenditure, the development expenditure of the State decreased from 71.56 per cent in 2015-16 to 70.88 per cent in 2016-17. The capital expenditure component decreased from ₹ 23,361 crore in 2015-16 to ₹ 21,732 crore in 2016-17. In the five years period from 2012-13 to 2016-17, the development revenue expenditure grew by 49.17 per cent while the development capital expenditure grew by 5.94 per cent. However, in 2016-17 the development revenue expenditure grew by 8.55 per cent but development capital expenditure declined by 6.97 per cent over the previous year. The disbursement of loans and advances for development purposes also decreased by 32.96 per cent in 2016-17 over the previous year. Thus, development expenditure in the State in 2016-17 was largely revenue expenditure driven.

Table 1.20: Efficiency of expenditure under selected social and economic services

(In per cent)

Social/economic infrastructure	2015-16		2016-17	
	Share of capital expenditure to total expenditure	Share of salaries in revenue expenditure	Share of capital expenditure to total expenditure	Share of salaries in revenue expenditure
Social services (SS) (absolute figures- ₹ in crore)	6417	2580	6215	2605
Education	6.65	3.76	5.91	3.84
Health and family welfare	26.61	24.58	18.93	21.50
Water supply, sanitation, housing and urban development	19.58	0.45	21.46	0.39
Total (SS)	13.18	6.13	12.10	5.80
Economic services (ES) (absolute figures- ₹ in crore)	16944	1030	15517	1013
Agriculture & allied activities	17.98	12.11	13.81	10.28
Irrigation and flood control	89.24	27.55	85.63	21.84
Power & energy	41.62	0.92	34.29	0.59
Transport	38.62	0.86	38.91	0.76
Total (ES)	45.02	5.09	40.34	4.46
Total (SS+ES)	27.06	5.79	24.19	5.35

Source: Finance Accounts of the respective years

Expenditure on social services

Capital expenditure on the social services decreased by ₹ 202 crore from ₹ 6,417 crore in 2015-16 to ₹ 6,215 crore in 2016-17. The capital expenditure on education decreased mainly due to less expenditure on projects related to technical education (₹ 32 crore), art and culture (₹ 10 crore). In health and family welfare, the capital expenditure decreased mainly due to less expenditure on urban health services (₹ 294 crore), medical education and training and research (₹ 165 crore). In water supply, sanitation, housing and urban development, the capital expenditure increased on account of more expenditure on water supply (₹ 684 crore). The share of salaries in revenue expenditure under social services decreased from 6.13 per cent in 2015-16 to 5.80 per cent in 2016-17.

Expenditure on economic services

Capital expenditure on economic services decreased from ₹ 16,944 crore in 2015-16 to ₹ 15,517 crore in 2016-17, registering a decline of 8.42 per cent. In agriculture and allied activities, the capital expenditure during current year decreased by ₹ 138.92 crore due to less expenditure on forestry and wild life (₹ 59 crore) and food storage and warehousing (₹ 63 crore). In Power & Energy, the capital expenditure decreased during the year due to rural electrification (₹ 177 crore) and transmission and distribution (₹ 200 crore). The share of salaries in revenue expenditure under economic services decreased from 5.09 per cent to 4.46 per cent.

1.8 Financial Analysis of Government Expenditure and Investments

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

1.8.1 Financial results of irrigation projects

At the end of March 2017, ₹ 2,360.85 crore was spent on 33 major and medium irrigation projects. The revenue realized from these completed irrigation projects during the year was ₹ 618.10 crore, against which the maintenance expenditure was ₹ 128.71 crore, indicating a revenue surplus of ₹ 489.39 crore. When compared with the investment on these projects, the return was 20.73 per cent.

1.8.2 Incomplete projects

At the end of March 2017, there were 65 incomplete capital works involving an expenditure of ₹ 6,059.85 crore. The Department-wise details of incomplete works (each valuing ₹ 10 crore or more) are given in **Table 1.21**.

Table 1.21: Department-wise profile of incomplete works

(₹ in crore)			
Department	Number of incomplete works	Initial budgeted cost	Cumulative actual expenditure as on 31 March 2017
Road and buildings	59	5942.00	5456.35
Narmada, Water Resources, Water Supply and Kalpsar	6	673.01	603.50
Total	65	6615.01	6059.85

Source: Finance Accounts of the year 2016-17

It can be seen from the **Table 1.21** that Road and Buildings Department could incur expenditure to the extent of 91.83 per cent on the 59 incomplete projects when compared to the initial budgeted cost. In Narmada, Water Resources, Water Supply and Kalpsar Department, six projects remained incomplete and expenditure to the extent of 89.67 per cent of the initial budgeted cost was incurred.

In view of involvement of large financial cost, the State Government needs to redirect its efforts and resources to complete these projects so that intended benefits flow to users without further delay.

1.8.3 Investment and returns

Statement No. 19 of the Annual Finance Accounts of the State Government contains the details of investments made by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. As of 31 March 2017, the State Government invested ₹ 77,833.26 crore in these companies/corporations/institutions (**Table 1.22**).

The average return on investments in these companies/corporations/institutions was 0.21 *per cent* on an average investment of ₹ 62,744.20 crore during 2012-17. The Government paid an average 7.68 *per cent* as interest on its borrowings during the same period.

During 2012-17, the State Government's investments increased by ₹ 30,662 crore. During 2016-17, the State Government made an additional investment of ₹ 7,103 crore over the previous year which included ₹ 537.15 crore in statutory corporations, ₹ 6,561.22 crore in Government companies and ₹ 5.22 crore in co-operative institutions. Of the additional ₹ 7,103 crore, 58 *per cent* (₹ 4,104 crore) was invested in *Sardar Sarovar Narmada Nigam Limited*.

Continued use of borrowed funds to fund investments which do not have sufficient returns may lead to an unsustainable financial position. The State Government may examine the rationale for investment in high cost funds in low yielding investments.

Table 1.22: Return on investment

Investment/Return/Cost of Borrowings	2012-13	2013-14	2014-15	2015-16	2016-17
Investment at the end of the year (₹ in crore)	47,171	55,058	62,929	70,730	77,833
Return (₹ in crore)	54.31	277.44	89.54	96.06	110.10
Return (<i>per cent</i>)	0.12	0.50	0.14	0.14	0.14
Average rate of interest on Government borrowings (<i>per cent</i>)	7.66	7.62	7.76	7.69	7.67
Difference between average interest rate on Government borrowings and rate of return (<i>per cent</i>)	7.54	7.12	7.62	7.55	7.53

Source: Finance Accounts of the respective years

As per the latest finalised accounts (up to September 2017) of State Public Sector Undertakings (PSUs), of the 77 working PSUs, 54 PSUs earned a profit of ₹ 3,647.96 crore while 14 PSUs incurred a loss of ₹ 18,412.39 crore. Of the remaining nine PSUs, one had not commenced commercial operations, five had not finalised their first accounts, one PSU's excess of expenditure over income was adjusted against capital reserve non-plan grants, one PSU's excess of expenditure over income was transferred to works completed while one PSU's expenditure incurred was set off from grant income.

The State Government received only ₹ 110.10 crore as dividend from 54 profit-making PSUs in financial year 2016-17. In view of negligible return (3.02 per cent) from PSUs, the State Government may consider formulation of a suitable dividend policy to be applicable to the State PSUs.

Erosion of capital in State PSUs due to losses

As per the latest finalised accounts (September 2017), the investment¹⁰ and accumulated losses of the 77 working PSUs was ₹ 1,49,499.29 crore and ₹ 11,366.47 crore respectively. As on 31 March 2017, the aggregate networth¹¹ of these PSUs was positive. A further analysis of investment and accumulated losses revealed that 11 of 77 working PSUs had registered an erosion in networth which was negative at ₹ 13,277.57 crore at the end of March 2017. Five of these 11 PSUs engaged in manufacturing sector had registered a negative networth of ₹ 9,829.29 crore at the end of March 2017. The networth of the entire manufacturing sector comprising eight PSUs consequently eroded to ₹ 5,862.43 crore. The remaining six PSUs engaged in agriculture, finance, infrastructure, services and miscellaneous sectors registered a negative networth of ₹ 3,448.28 crore at the end of March 2017. The networth erosion in these six PSUs did not impact the aggregate networth of the PSUs in their respective sectors.

The investment in working PSUs increased from ₹ 1,02,689.21 crore in 2012-13 to ₹ 1,49,499.29 crore in 2016-17. The return on investment ranged between 4.95 per cent and 6.82 per cent during 2012-13 to 2015-16. Similarly, the total equity of the PSUs increased from ₹ 59,130.71 crore in 2012-13 to ₹ 85,112.91 crore in 2016-17. The return on equity ranged between 0.27 per cent and 4.53 per cent during 2012-13 to 2015-16. However, in 2016-17, net loss was ₹ 14,764.43 crore.

Investment in joint stock companies and partnerships

The Finance Accounts (Statement No. 19) revealed investment (₹ 32.56 crore) of the State Government in shares of 28 other Joint Stock Companies (JSC) and partnerships. The investment in seven of 28 JSC dated prior to the formation of the State of Gujarat in 1960. Three of 28 JSC were under liquidation, one had already been dissolved while shares of one was yet to be transferred to the State Government. No dividend was received by the State Government from these 28 JSC during 2016-17.

Audit enquired (October 2017) from the State Government about the existence of these JSC along with the reasons for non-payment of dividend and steps taken to write-off the investment of the Government in JSC under liquidation. The State Government stated (January 2018) that the concerned Administrative Departments have been requested to provide the required information.

¹⁰ Investment comprises paid up capital plus long term borrowings plus free reserves.

¹¹ Networth comprises the sum total of paid-up share capital and free reserves and surplus less accumulated losses and deferred revenue expenditure.

Investment in PPP projects

Public Private Partnership (PPP) is formed by the Government agencies and bodies usually to promote and develop infrastructure facilities.

The status of PPP projects in infrastructure sector at various stages is presented in **Table 1.23**.

Table 1.23: Status of PPP projects in infrastructure sector (As on 31 March 2017)

(₹ in crore)

Sl. No.	Sector /Project name	Projects completed		Projects under implementation		Projects in pipeline	
		No.	Estimated cost	No.	Estimated cost	No.	Estimated cost
1.	Road sector	21	2703.21	14	4450.11	10	3575.32
2.	Urban infrastructure	110	2150.47	15	992.06	33	984.62
3.	Water sector	0	0.00	0	0.00	7	5853.00
4.	Power sector	4	7,600.00	0	0.00	11	22245.00
5.	Ports	62	56896.63	32	20444.95	32	21695.00
6.	Logistic parks	0	0.00	0	0.00	3	2200.00
7.	Aviation	0	0.00	0	0.00	6	2500.00
8.	IT, ITES and Biotech	5	230.00	1	80.00	1	100.00
9.	Railways	1	395.00	2	1262.25	0	0.00
10.	Agriculture	2	23.18	0	0.00	0	0.00
11.	Health	1	5.12	0	0.00	0	0.00
	Total	206	70003.61	64	27229.37	103	59152.94

Source: Gujarat Infrastructure Development Board

Table 1.23 shows that out of 373 PPP projects valuing ₹ 1,56,386 crore in infrastructure sector in Gujarat, 206 projects valuing ₹ 70,004 crore were completed at the end of 2016-17. The ports sector involved maximum investment in completed projects and maximum number of projects under implementation while urban infrastructure sector has maximum number of completed projects and maximum number of projects in pipeline.

1.8.4 Loans and advances by State Government

In addition to investments in co-operative institutions, corporations and companies, the State Government had also been providing loans and advances to many of these institutions/organisations. **Table 1.24** presents the position of loans and advances and interest receipts *vis-à-vis* interest payments during last three years.

Table 1.24: Average interest received on loans and advances given by State Government

(₹ in crore)

Quantum of loans and advances /Interest receipts/ Cost of borrowings	2014-15	2015-16	2016-17
Opening balance	7048	6777	7327
Amount advanced during the year	350	675	477
Amount repaid during the year	621	125	166

Quantum of loans and advances /Interest receipts/ Cost of borrowings	2014-15	2015-16	2016-17
Closing Balance	6777	7327	7638
Balance for which terms and conditions have been settled	6517	6811	7459
Net addition	(-)271	550	311
Interest receipts	142	172	117
Interest receipts as percentage of outstanding loans and advances	2.10	2.35	1.53
Interest payments as percentage of outstanding fiscal liabilities of the State Government	7.39	7.37	7.32
Difference between interest receipts and interest payments (per cent)	(-)5.29	(-)5.02	(-)5.79

Source: Finance Accounts of the respective years

The total amount of outstanding loans and advances increased from ₹ 6,777 crore in 2014-15 to ₹ 7,638 crore in 2016-17. The loans advanced during the year decreased by ₹ 198 crore over the previous year. Of the total loans advanced and disbursed during the year, ₹ 216.87 crore was under social services, ₹ 198.25 crore under economic services and ₹ 62 crore as personal advances to Government and local self-Government employees. The loans advanced under social services were used for urban development and welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities. Major portion of the loan advanced for economic services went to road transport (₹ 84.44 crore), power (₹ 61.79 crore) and engineering industries (₹ 39.49 crore).

Audit conducted a study (August 2016 to February 2017) of the system of sanction of loans by the FD and the monitoring of recovery of loans granted by two Administrative Departments namely, Industries and Mines (IMD) and Social Justice and Empowerment (SJED). The findings of the study are as under:

1.8.4.1 Finalization and adherence to terms and conditions of loans

As per Rule 71 of the Gujarat Financial Rules, 1971, an authority competent to sanction a loan shall, while sanctioning a loan, specify terms and conditions of loan including the terms and conditions of repayment of loan and rate of interest in the sanction order. The above provision was reiterated *vide* FD circular dated 08 July 2010 by laying down the procedure for finalisation of terms and conditions for these loans. This circular also required the Administrative Departments to maintain a register of loans so sanctioned, in accordance with Rule 78 of Gujarat Financial Rules. The circular also envisaged monitoring of repayment of loans and interest recovery by the concerned Administrative Departments. The Departments were also required to send a return in a prescribed format to the FD of the status of all their loans at the end of each financial year. Audit observed the following instances of violation in compliance to the above requirements:

Non-monitoring of loan repayment and interest recovery

For implementing various State Government Schemes, the State Government provides loans to various Departmental commercial undertakings, PSUs, local bodies, co-operative societies as per terms and conditions mentioned in the sanction orders. Audit observed that IMD and SJED did not maintain any register of loans nor did they send any returns to FD, despite the fact that both these Departments had disbursed loans amounting to ₹ 172.03 crore and ₹ 186.03 crore respectively during 2014-15 to 2016-17. Therefore, it was not possible to ascertain in audit the extent of loans or interest overdue in the various loan accounts of IMD and SJED.

Further test-check of records of four¹² loanees of IMD revealed that loans aggregating ₹ 622.01 crore were disbursed to Gujarat State Financial Corporation (GSFC) during 2003-04 to 2011-12. However, only ₹ 0.65 crore had been repaid during 2007 leaving an outstanding balance of 621.36 crore (March 2016). The interest of ₹ 1,384.02 crore worked out till March 2016 on these loans was also outstanding. The GSFC requested (October 2012) the Government to treat these loans as interest free loans from 1 July 2012. In case of another loanee namely, Alcock Ashdown (Gujarat) Limited, the moratorium period for the loans sanctioned (₹ 93.50 crore) during 2008-09 to 2010-11 was up to 31 March 2013. However, neither repayment of instalments of loan were made after completion of moratorium period nor interest due on loans worked out. Thus, IMD was not in a position to effectively monitor the repayment of outstanding loans.

Sanction of loans without finalisation of terms and conditions

During 2013-14 to 2015-16, the SJED sanctioned a loan of ₹ 15.30 crore to State Channelising Agencies¹³ being matching share of 10 *per cent* of the loan sanctioned by the National Backward Class Finance and Development Corporation and National Minorities Finance and Development Corporation, New Delhi. Audit observed that no terms and conditions for repayment of loans, rate of interest, period of repayment of loans *etc.* were finalised by SJED.

Further scrutiny of records of IMD revealed that an interest free loan of ₹ 39.50 crore was sanctioned (April 2013) to Gujarat Industrial Investment Corporation Limited (GIIC) under Golden Gujarat Growth Fund for the financial year 2013-14. However, no terms and conditions for the repayment of loan by GIIC were specified.

1.8.5 Cash balances and investment of cash balances

Details of cash balances and investments made by the State Government during 2016-17 are shown in **Table 1.25**.

¹² Gujarat State Khadi Gramodyog Board; Gujarat State Handloom and Handicrafts Development Corporation Limited; Gujarat State Financial Corporation; and Alcock Ashdown (Gujarat) Limited

¹³ Gujarat Thakor and Koli Vikas Nigam Limited (₹ 1.80 crore); Gujarat Gopalak Vikas Nigam Limited (₹ 3.00 crore); Gujarat Backward Class Development Corporation Limited (₹ 6.00 crore); and Gujarat Minorities Finance and Development Corporation (₹ 4.50 crore)

Table 1.25: Cash balances and investment of cash balances

(₹ in crore)		
Cash balances and investment of cash balances	Opening balance on 1/4/2016	Closing balance on 31/3/2017
(a) General cash balance -		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank ¹⁴	(-)598.63	(-)471.82
Remittances in transit - Local	4.19	4.19
Investments held in Cash balance investment account	8945.52	12749.99
Total (a)	8351.08	12282.36
(b) Other Cash balances and investments		
Cash with Departmental officers viz. Public Works Department Officers, Forest Department Officers, District Collectors	(-)0.38	(-)0.28
Permanent advances for contingent expenditure with departmental officers	0.27	0.27
Investment of earmarked funds	10208.51	10966.58
Total (b)	10208.40	10966.57
Grand total (a)+ (b)	18559.48	23248.93

Source: Finance Accounts of the respective years

Due to large surplus cash balance during 2016-17, the State Government did not avail of any Ways and Means Advance from the RBI for maintenance of its minimum cash balance.

Outstanding balances under the head ‘Cheques and Bills’

The Major Head ‘8670 – Cheques and Bills’ is an intermediary account head for initial record of transactions which are to be cleared eventually. The outstanding balance under the Major Head ‘8670 – Cheques and Bills’ represents the amount of un-encashed cheques. Cheques amounting to ₹ 1,818.50 crore remained un-encashed as on 31 March, 2017.

Fresh borrowings despite availability of large cash balances

The 13th FC had suggested that there should be a directed effort by States with large balances to utilise their existing cash balances before resorting to fresh borrowings. Further, such States should consider utilising their surplus cash balances for lump sum repayment of market borrowings raised during the period 2002-05 onwards, which would be due for repayment during the next few years. The Reserve Bank of India also reiterated the fact and advised the States to manage their cash balance more efficiently. The investment held in ‘Cash Balance Investment Account’ by the State Government stood at ₹ 8,946 crore and ₹ 12,750 crore at the end of 2015-16 and 2016-17 respectively.

The high level of investment held in ‘Cash Balance Investment Account’ at the end of 2015-16 and 2016-17 indicated the need for a better cash management.

¹⁴The balance under the head ‘Deposits with Reserve Bank’ is arrived at after taking into account the Inter-Government monetary settlements pertaining to transactions of the Financial Year 2014-15 advised to the RBI till 15 April-2015.

In view of availability of resources under Public Accounts of the State, the Government could have curtailed the market borrowings to avoid interest burden for the coming years. The State Government may consider the policy of need-based borrowing and maintain only minimum surplus cash balance.

1.9 Assets and Liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of the fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such liabilities and the assets as on 31 March 2017 compared with the corresponding position on 31 March 2016. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

As per the disclosure form B-2(A) under the Gujarat Fiscal Responsibility Act, 2005, the State Government liabilities comprise the following components:

- (i) Special securities issued to the National Small Savings Fund
- (ii) Loans and advances from Central Government
- (iii) Market loans
- (iv) Loans from financial institutions/banks
- (v) Ways and means advances/overdraft from RBI
- (vi) Small savings, provident fund of Government employees *etc.*
- (vii) Pension liabilities
- (viii) Reserve fund/deposits and provident fund of other employees
- (ix) Other liabilities

1.9.2 Fiscal liabilities

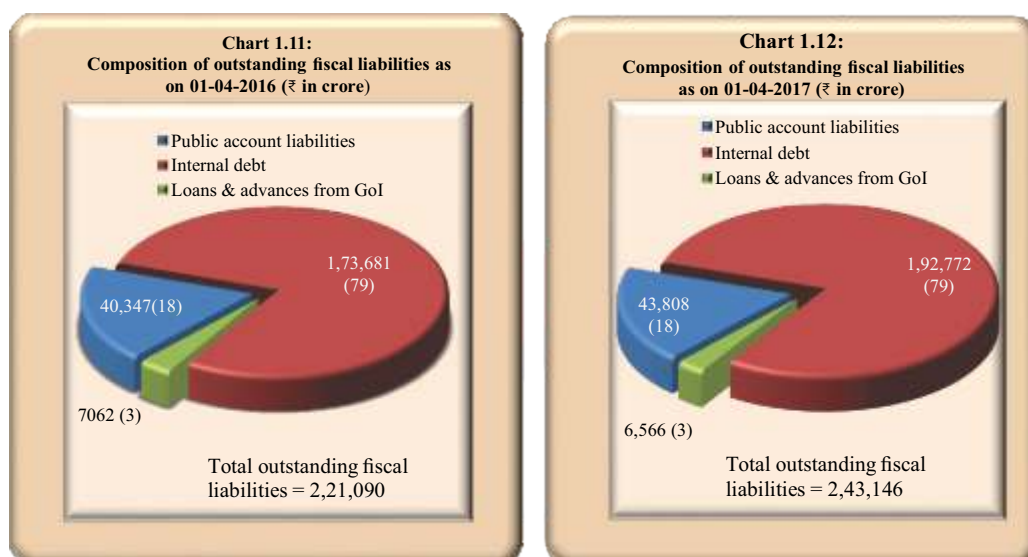
The outstanding fiscal liabilities of the State increased from ₹ 1,66,667 crore in 2012-13 to ₹ 2,43,146 crore at the end of 2016-17 at an average annual rate of 10.02 *per cent*. In 2016-17, the fiscal liabilities grew at 9.98 *per cent* over the previous year. The trends in fiscal liabilities relative to GSDP, revenue receipts and own resources are shown in **Table 1.26**.

Table 1.26: - Fiscal liabilities – Basic parameters

	2012-13	2013-14	2014-15	2015-16	2016-17
Fiscal liabilities (₹ in crore)	166667	183057	202313	221090	243146
Rate of growth (<i>per cent</i>)	10.53	9.83	10.52	9.28	9.98
Ratio of Fiscal liability to					
GSDP (<i>per cent</i>)	23.00	22.67	22.60	22.24	21.60
Revenue receipts (<i>per cent</i>)	222	229	220	227	221
Own resources (<i>per cent</i>)	278	289	285	304	313
Buoyancy of Fiscal liability to					
GSDP (ratio)	0.60	0.86	0.97	0.84	0.76
Revenue receipts (ratio)	0.54	1.56	0.70	1.55	0.79
Own resources (ratio)	0.50	1.69	0.89	3.35	1.47

Source: Finance Accounts of the respective years

The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is as presented in the **Charts 1.11** and **1.12** below:



Figures in parenthesis indicate percentage share

The fiscal liabilities comprised internal debt of ₹ 1,92,772 crore (79 *per cent*), public account of ₹ 43,808 crore (18 *per cent*) and loans and advances from GoI of ₹ 6,566 crore (three *per cent*) as at the end of 2016-17. The internal debt comprised mainly of market loans (₹ 1,36,102 crore) and special securities issued to National Small Savings Fund (₹ 46,370 crore). The fiscal liabilities at the end of 2016-17 stood at 221 *per cent* of the revenue receipts. The outstanding liabilities to GSDP ratio at 21.60 *per cent* in the current year was in line with the projected ratio of 25.87 *per cent* in the fiscal consolidation roadmap of 14th FC.

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.5**.

1.9.3 Transactions under reserve funds

There were 15 reserve funds earmarked for specific purposes of which, seven funds were inoperative. The total accumulated balance as on 31 March 2017 in these funds was ₹ 15,679.53 crore (₹ 15,676.48 crore in operational funds and ₹ 3.05 crore in non-operational funds). However, the investment out of these funds was only ₹ 10,966.25 crore.

1.9.4 Ujwal DISCOM Assurance Yojana

The *Ujwal DISCOM Assurance Yojana* (UDAY) was launched by the GoI in November 2015 for operational and financial turnaround of State owned power distribution companies (DISCOMs). The Scheme aimed to reduce the interest burden, cost of power, power losses in distribution sector and improve operational efficiency of DISCOMs.

The UDAY envisaged signing of an agreement between State Governments, DISCOMs and GoI for stipulating the respective responsibilities of the parties for achieving operational and financial milestones as described in the Scheme, after which, the State Governments were to take over 75 per cent of outstanding debt of DISCOMs as on 30 September 2015 over two years *i.e.* 50 per cent in 2016-17 and 25 per cent in 2017-18.

The Government of Gujarat entered (February 2016) into a tripartite Memorandum of Understanding with four State owned DISCOMs and Ministry of Power (GoI). Since all the four DISCOMs of Gujarat had already achieved financial turn-around in 2005-06, the State Government decided to participate in the Scheme without the component of financial turnaround and financing of future losses and working capital. In view of this, no financial assistance had been provided by the State Government to the State DISCOMs during 2016-17 under UDAY Scheme.

1.9.5 Contingent liabilities

Status of guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of defaults by borrowers for whom the guarantees have been extended by the State Government. The maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years is given in **Table 1.27**.

Table 1.27: Guarantees given by the Government of Gujarat

Guarantees	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Ceiling limit on Government guarantees under Gujarat State Guarantees Act, 1963	20,000	20,000	20,000	20,000	20,000
Maximum amount guaranteed	10,525	11,175	11,235	11,333	11,333
Outstanding amount of guarantees	6,195	6,549	5,984	5,236	4,804
Percentage of outstanding amount of guarantees to total revenue receipts	8.23	8.19	6.51	5.37	4.37

Source: Finance Accounts of the respective years

The Gujarat Fiscal Responsibility Act, 2005 prescribed capping of outstanding guarantees within the limit of ₹ 20,000 crore as provided for in Gujarat State Guarantees Act, 1963. During 2016-17, the State Government extended guarantees amounting ₹ 80 crore to co-operatives. Of the total outstanding guarantees of ₹ 4,804 crore, 31 *per cent* (₹ 1,469 crore) were in respect of *Sardar Sarovar Narmada Nigam Limited* and 14 *per cent* (₹ 650 crore) in respect of Gujarat Water Infrastructure Limited. The outstanding guarantees (₹ 4,804 crore) accounted for 4.37 *per cent* of the revenue receipts (₹ 1,09,842 crore) of the State Government and were well within the limit prescribed under the Gujarat Fiscal Responsibility Act, 2005.

The 12th FC recommended setting up of guarantee redemption Fund (GRF) to meet the contingent liabilities arising from the guarantees given by the State Government. Consequently, the GRF was set up in February 2006. In terms of the guidelines of the RBI, which administers the fund, the corpus of the fund is to be gradually increased to the desired level of five *per cent* of outstanding guarantees. Against the minimum requirement of ₹ 240.20 crore, the balance in GRF was ₹ 640.23 crore. The State Government made a contribution of ₹ 24.84 crore to the fund during 2016-17. The State Government received ₹ 9.01 crore as guarantee fees against ₹ 15 crore received in previous year.

As per IGAS-1: Guarantee given by Governments, when a guarantee is invoked and payment is made by Government, the payment is to be treated as loan to the concerned entity/beneficiary on the behalf of which the guarantee was given and recoveries there-against are monitored. Further, the expenditure, loan and recoveries are required to be distinctly clarified in the financial statement. Hence, it is required to be depicted in the Statement of 'loans and advances made by Government'. During 2016-17, a guarantee of ₹ 7.39 crore given for National Co-operative Tobacco Growers Federation, Anand was invoked. An amount of ₹ 6.39 crore was paid by the State Government in the above case during 2015-16. Necessary adjustments have been made in the GRF but necessary entry showing the same as recoverable under 'loans and advances' had not been done in the Finance Accounts.

1.10 Debt Management

Debt sustainability

Debt sustainability¹⁵ implies State's ability to service the debt. Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability of the State. The analysis of various debt sustainability indicators of the State for the period of five years beginning from 2012-13 is given by **Table 1.28**.

¹⁵ See Glossary, Appendix 4.1

Table 1.28: Debt sustainability: Indicators and trends

(₹ in crore)					
Indicators of debt sustainability	2012-13	2013-14	2014-15	2015-16	2016-17
Outstanding debt (₹ in crore)	1,66,667	1,83,057	2,02,313	2,21,090	2,43,146
Rate of Growth of outstanding debt	10.53	9.83	10.52	9.28	9.98
Rate of growth of GSDP	17.69	11.47	10.82	11.09	13.21
Average rate of interest of outstanding debt	7.66	7.62	7.76	7.69	7.67
Interest/revenue receipt (<i>per cent</i>)	16.17	16.67	16.25	16.72	16.20
Debt repayment/debt receipts	0.70	0.71	0.70	0.73	0.69
Public debt repayment/tax revenue (<i>per cent</i>)	0.12	0.11	0.9	0.10	0.14
Net availability of borrowed funds	3,722	3,058	4,310	2,477	4,259

Source: Finance Accounts of the respective years

Table 1.28 reveals that total outstanding liabilities increased from ₹ 1,66,667 crore in 2012-13 to ₹ 2,43,146 crore in 2016-17. The outstanding liabilities at the end of year 2016-17 comprised of internal debt (₹ 1,92,772 crore), loans and advances from the Central Government (₹ 6,566 crore), small savings and provident fund *etc.* (₹ 43,808 crore). The net funds available from borrowings for current operations after providing for the interest and repayment increased from ₹ 2,477 crore in 2015-16 to ₹ 4,259 crore in 2016-17.

Debt maturity profile

From the outstanding liabilities of ₹ 2,43,146 crore as at the close of 2016-17, ₹ 43,808 crore pertains to other liabilities. The maturity profile of the remaining public debt is shown in **Table 1.29**.

Table 1.29: Maturity profile of public debt

(₹ in crore)		
Maturity profile (in years)	Amount	Per cent
0 – 1	13624.95	6.83
1 – 3	31893.74	16.00
3 – 5	40636.51	20.39
5 – 7	38939.01	19.53
7 and above	74243.74	37.25
Total	199337.95	100.00

Source: Finance Accounts of the State Government for the year 2016-17

The maturity profile of the public debt indicates that the liability of the State to repay the debt during the periods 2018-20, 2020-22 and 2022-24 would be ₹ 31,893.74 crore, ₹40,636.51 crore and ₹38,939.01 crore respectively which may put a strain on the Government budget during that period. Further, ₹1,25,094.21 crore *i.e.* 62.75 *per cent* of the total public debt would be repayable within next seven years. Therefore, the State Government would have to work out a well-thought out debt repayment strategy.

As per 12th FC recommendations, the ratio of interest payments to revenue receipts should decline to 15 *per cent* by 2009-10. However, the average interest payments on the total liabilities as a percentage of revenue receipts of the State during 2012-13 to 2016-17 stood at 16.40 *per cent* which was more than the recommended 15 *per cent*. In 2016-17, this percentage stood at 16.20 *per cent* due to higher growth rate of interest payment than that of revenue receipts.

1.11 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government 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 deficits are financed and the resources raised and 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 Gujarat Fiscal Responsibility Act, 2005/Rules for the financial year 2016-17.

1.11.1 Trends in deficits

Chart 1.13 shows the trends in deficit indicators over the period 2012-13 to 2016-17.

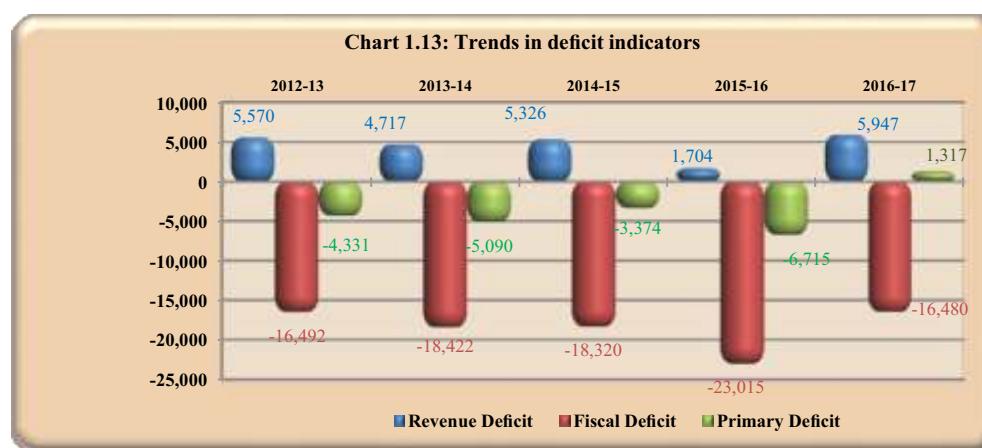
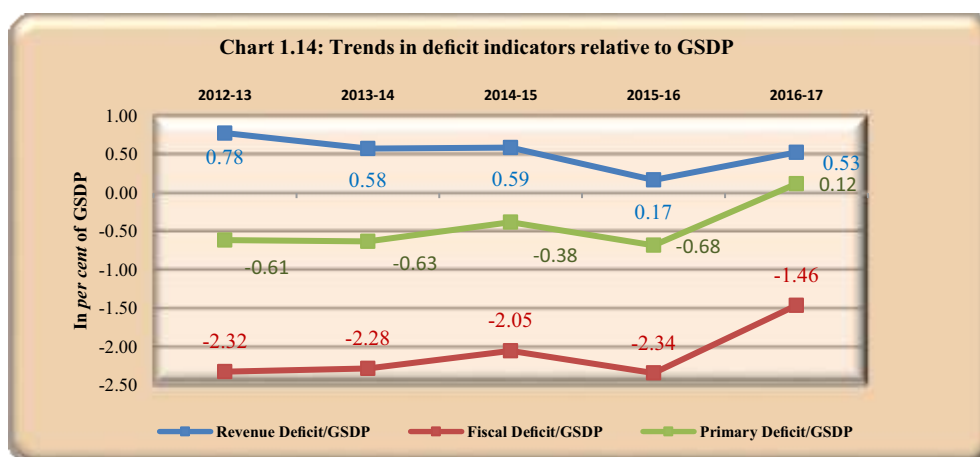


Chart 1.14 present the trends in deficit indicators relative to GSDP over the period 2012-13 to 2016-17.



The revenue surplus of ₹ 5,326 crore in 2014-15 reduced to ₹ 1,704 crore in 2015-16 and again increased to ₹ 5,947 crore in 2016-17. The increase in revenue surplus during the current year was on account of increase of ₹ 12,359 crore (12.68 per cent) in revenue receipts against an increase of ₹ 8,116 crore (8.47 per cent) in revenue expenditure over the previous year.

The fiscal deficit increased from ₹16,492 crore in 2012-13 to ₹23,015 crore in 2015-16 but decreased by 28.39 per cent to ₹ 16,480 crore in 2016-17. The significant decrease in fiscal deficit during current year was mainly on account of substantial growth of revenue surplus of ₹ 5,947 crore compared to the previous year (₹ 1,704 crore) and decrease of ₹1,814 crore in capital expenditure compared to the previous year.

A decrease of ₹6,535 crore in fiscal deficit together with an increase of ₹ 1,497 crore in interest payment in 2016-17 turned the primary deficit of ₹6,715 crore in 2015-16 to primary surplus of ₹1,317 crore in 2016-17. The fiscal deficit at 1.46 per cent remained within the targeted level of three per cent of GSDP as prescribed under the Gujarat Fiscal Responsibility Act, 2005 and 14th FC target for the year 2016-17.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.30**.

Table 1.30: Components of fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars		2012-13	2013-14	2014-15	2015-16	2016-17
Decomposition of fiscal deficit *		16492	18422	18320	23015	16480
1.	Revenue deficit (-)/surplus(+)	5570	4,717	5326	1704	5947
2.	Net capital expenditure	(-)21227	(-)22677	(-)23917	(-)24169	(-)22115
3.	Net loans and advances	(-)835	(-)462	(-)271	(-)550	(-)312
Financing pattern of fiscal deficit *						
1.	Market borrowings	12846	13047	13246	14565	20944
2.	Loans from GoI	(-) 150	(-)495	(-)337	(-)408	(-)496
3.	Special securities issued to NSSF	(-) 561	(-)353	475	1501	(-)3447
4.	Loans from financial institutions	826	940	561	1633	1594
5.	Small savings, PF <i>etc.</i>	589	507	502	478	533
6.	Deposits and advances	1844	2242	3107	2476	2270
7.	Suspense and miscellaneous	656	(-)1033	843	256	(-)1579
8.	Remittances	(-) 69	181	59	281	(-)69
9.	Reserve Fund	488	84	5568	(-)294	1416
10.	Contingency fund	81	0	(-)14	10	4
Total		16550	15119	24010	20498	21170
(+)/Increase/(-)decrease in Cash balance		(+) 58	(-)3303	(+)5690	(-)2517	(+)4690

*All these figures are net of disbursements/outflows during the year
Source: Finance Accounts of the respective years

Table 1.30 reveals that during the last five years, market borrowings and net accretions in small savings, PF *etc.*, deposits and advances along with reserve fund were main sources used by the State Government to finance the fiscal deficit. In 2016-17, the fiscal deficit of ₹ 16,480 crore was mainly met from net market borrowings of ₹ 20,944 crore. There was repayment of ₹3,447 crore in NSSF in 2016-17 against receipt of ₹1,501 crore in 2015-16. The contribution from market borrowings improved significantly in current year as compared to the previous year by 43.80 *per cent* which led to an increase of ₹4,690 crore in cash balance in 2016-17, after financing the deficit. In such situation, the Government could have curtailed the market borrowings to avoid interest burden for the coming years.

1.11.3 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 State's finances. The ratios of revenue deficit to fiscal deficit indicate the extent to which borrowed funds were used for current consumption. Further, persistently high ratios of revenue deficit to fiscal deficit also indicate that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (**Table 1.31**) would indicate the extent to which the deficit had been on account of increase

in capital expenditure, which may have been desirable to improve the productive capacity of the State's economy.

Table 1.31: Primary deficit/surplus – Bifurcation of factors

							(₹in crore)
Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure ¹⁶	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2012-13	75276	57498	21227	882	79607	(+) 17778	(-) 4331
2013-14	80117	61927	22677	603	85207	(+)18190	(-)5090
2014-15	92840	71706	24158	350	96214	(+)21134	(-)3374
2015-16	97608	79479	24169	675	104323	(+)18129	(-)6715
2016-17	110248	86098	22355	478	108931	(+)24150	(+)1317

Source: Finance Accounts of the respective years

During the period 2012-13 to 2016-17, primary expenditure increased by 37 *per cent* from ₹79,607 crore to ₹1,08,931 crore against the increase of non-debt receipt from ₹ 75,276 crore to ₹ 1,10,248 crore (46 *per cent*) during the same period. Further, during 2012-13 to 2015-16, the non-debt receipts did not cover the primary expenditure resulting in primary deficit in each year. However, the non-debt receipts exceeded the primary expenditure, resulting in primary surplus of ₹1,317 crore in 2016-17.

1.12 Conclusion and Recommendations

The revenue receipts of the State increased steadily from ₹75,229 crore in 2012-13 to ₹1,09,842 crore in 2016-17. The growth rate of revenue receipts fluctuated significantly during the period from 2012-13 to 2016-17 ranging between 5.99 *per cent* in 2015-16 to 19.49 *per cent* in 2012-13. During 2016-17, revenue receipts grew by 12.68 *per cent* due to increase in all its constituents. State's revenue receipts were more responsive to GSDP compared to the own tax revenue of the State for the year 2016-17. The tax revenue of the State in 2016-17 could not achieve the target of budget estimates or Medium Term Fiscal Policy Statement (MTFPS) projection but non-tax revenue achieved the target of MTFPS and budget.

As per the 14th FC award, during 2016-17, the State received ₹ 3,117.92 crore as grants-in-aid from Government of India.

The State Government may explore mobilising additional resources through tax revenues by ensuring better tax compliance.

Revenue expenditure continuously increased from ₹69,659 crore in 2012-13 to ₹1,03,895 crore in 2016-17. However, the growth rate fluctuated widely from a low of 8.04 *per cent* in 2013-14 to a high of 16.60 *per cent* in 2012-13. In 2016-17, it increased by 8.47 *per cent* over the previous year. Revenue expenditure as a *per cent* of GSDP decreased to 9.23 *per cent* in 2016-17 from 9.63 *per cent*

¹⁶ Primary expenditure is total expenditure except interest payments of the concerned year

in 2015-16. However, the Non Plan Revenue Expenditure (NPRE) has also shown consistent increase over the period from ₹47,146 crore in 2012-13 to ₹ 67,186 crore in 2016-17 and stood at 64.67 per cent of revenue expenditure. The expenditure on salaries, interest payments, pensions and subsidies increased continuously from ₹ 32,781 crore in 2012-13 to ₹48,904 crore in 2016-17.

Whereas major chunk of the non-plan revenue expenditure is on salaries, pension and interest payments which is obligatory in nature, the State Government may explore suitable measures for containing the other components of non-plan revenue expenditure so that revenue surplus could be maintained for allowing scope for assets creation and sustainable development of the State.

During 2016-17, Government invested ₹537.15 crore in Statutory Corporations, ₹6,561.22 crore in Government Companies and ₹5.22 crore in Co-operative institutions etc. The average return on the investments was 0.21 per cent in the last five years while the Government paid an average 7.68 per cent as interest on its borrowings during 2012-13 to 2016-17. As per the latest finalised accounts, out of 77 working PSUs, 54 PSUs earned a profit of ₹3,647.96 crore and 14 PSUs incurred a loss of ₹18,412.39 crore. However, the State Government received only ₹110.10 crore as dividend from these PSUs in financial year 2016-17. The State could only receive a minuscule return of 3.02 per cent from PSUs for the year 2016-17. The Finance Department, Social Justice and Empowerment Department; and Industries and Mines Department were not in a position to effectively monitor the repayment of outstanding loan and interest, if any. Further, sanction of loans was done without finalisation of terms and conditions.

The State Government may consider formulation of a dividend policy for the payment of a reasonable return from the profit earning PSUs on the paid up share capital contributed by the State Government. The Government may issue strict instructions to all its Departments to ensure recovery of principal and interest as per the terms and conditions of sanction and intimate the current position of outstanding as regards overdue principal and interest on a regular basis, for monitoring centrally. The Government may establish a system of fixing terms and conditions of repayment of loan and recovery of interest before sanctioning loans.

The investment held in 'Cash Balance Investment Account' by the State Government stood at ₹ 8,946 crore and ₹ 12,750 crore at the end of 2015-16 and 2016-17 respectively. The high level of investment held in 'Cash Balance Investment Account' at the end of these financial years indicates that there is need for better cash management. In view of availability of resources under Public Accounts of the State, the Government could have curtailed the market borrowings to avoid interest burden for the coming years.

The State Government may consider need-based borrowings and utilise the existing cash balances before resorting to fresh borrowing.

2.1 Introduction

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

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

2.1.3 As per the Gujarat Budget Manual, 1983, it is the responsibility of the Finance Department to prepare the annual statement of estimated receipts and expenditure and the supplementary estimates of expenditure for presentation to the Legislature. For the purpose of such preparation, the Finance Department shall obtain from the administrative Department concerned the material on which to base the estimates. The Heads of the Departments, on the basis of material furnished by their subordinate officers, prepare the estimates for which they are responsible and forward to the appropriate administrative Department of the Secretariat on prescribed dates. The Finance Department consolidates the estimates approved by Government. The exercise requires utmost foresight both in estimating revenue and anticipating expenditure. The estimation should be as close and accurate as possible. The provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year, including arrears of the previous year and should not merely be confined to the liabilities pertaining to the year.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2016-17 against 108 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised 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 (+)	Amount of surrender	Amount surrendered on 31 st March	Per cent of savings surrendered by 31 st March
Voted	I Revenue	97131.19	2550.16	99681.35	86538.82	(-)13142.53	12114.05	50.18	92.17
	II Capital	27256.92	651.39	27908.31	22638.20	(-)5270.11	4669.53	39.99	88.60
	III Loans and advances	1105.50	0.58	1106.08	477.57	(-)628.51	609.98	0.00	97.05
Total Voted		125493.61	3202.13	128695.74	109654.59	(-)19041.15	17393.57	65.78	91.35
Charged	IV Revenue	17678.96	484.17	18163.13	17990.74	(-)172.39	97.63	0.00	56.64
	V Capital	57.60	0.45	58.05	46.89	(-)11.16	11.71	0.00	104.93
	VI Public debt- repayment	8621.77	4812.38	13434.15	9073.17	(-)4360.97	4360.97	0.00	100.00
Total charged		26358.32	5297.00	31655.32	27110.80	(-)4544.52	4470.31	0.00	98.37
Grand total		151851.93	8499.13	160351.06	136765.39	(-)23585.67	21863.88	65.78	92.70

Source: Appropriation Accounts and Appropriation Act of the State Government

Overall savings of ₹ 23,585.67 crore were the result of savings of ₹ 23,863.78 crore in 90 grants and 21 appropriations under the revenue section and 55 grants and 6 appropriations under the capital section offset by excess of ₹ 278.11 crore in four grants and three appropriations under the revenue section and two grants and one appropriation under the capital section.

It can be seen from **Table 2.1** that against the original estimates of ₹ 1,51,851.93 crore, the actual expenditure incurred was of ₹ 1,36,765.39 crore.

2.3 Financial accountability and budget management

2.3.1 Expenditure without provision

Article 266 (3) of the Constitution of India prohibits withdrawal of money from the Consolidated Fund of the State unless relevant Appropriation Acts under Articles 204 and 205 of the Constitution of India are passed by the Legislature. As per Paragraph 125(5) of the Gujarat Budget Manual, 1983 expenditure should not be incurred on a Scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 0.49 crore was incurred during 2016-17 in three cases under two grants without any provision in the original estimates/supplementary demand as detailed in **Appendix 2.1**.

Compared to the year 2015-16, when there was excess of ₹ 1,608.24 crore in 18 cases under nine grants, the instances and amount of expenditure without provision has significantly reduced during 2016-17.

2.3.1.1 Excess of expenditure over appropriation during 2016-17 requiring regularisation

Table 2.2 contains the summary of total excess of expenditure over appropriations in respect of 10 grants amounting to ₹ 278.11 crore during 2016-17.

Table 2.2: Excess of expenditure over appropriations

(₹ in crore)					
Sl. No.	Number and Title of grants		Total grant	Expenditure	Excess
1.	9	Education – Revenue Voted	21112.64	21263.13	150.49
2.	10	Other expenditure pertaining to education Department- Capital Voted	40.63	41.18	0.55
3.	41	Other expenditure pertaining to Health and Family Welfare Department – Capital Voted	0.70	0.73	0.03
4.	67	Water Supply – Revenue Voted	121.92	123.92	2.00
5.	73	Other expenditure pertaining to Panchayats, Rural Housing and Rural Development Department – Revenue Voted	774.82	897.06	122.24
6.	74	Transport – Revenue Charged	0.17	0.17 ¹	0.00
7.	83	Roads and Buildings Department – Revenue Voted	18.54	18.87	0.33
8.	96	Tribal Area Sub-Plan – Revenue Charged	6.00	7.65	1.65
9.	96	Tribal Area Sub-Plan – Capital Charged	3.00	3.59	0.59
10.	106	Other expenditure pertaining to Women and Child Development Department – Revenue Charged	0.90	1.13	0.23
Total			22079.32	22357.43	278.11

Source : Appropriation Accounts of the State Government

Of the total excess expenditure of ₹ 278.11 crore, expenditure of ₹ 275.64 crore incurred in excess under six voted grants required regularisation under Article 205 of the Constitution. The reasons for the same were not provided by the concerned Departments. The budget estimates are supposed to be prepared keeping in view the requirement of the ensuing financial year.

2.3.1.2 Excess expenditure relating to previous years not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over appropriations regularised by the State Legislature. However, excess expenditure (voted) for the years 2007-08 to 2015-16 was yet to be regularised, as detailed in **Appendix 2.2**.

¹ ₹ 1,000

2.3.2 Persistent excesses

On test-check of grant files, Audit observed that there was persistent excess expenditure over provision by more than ₹ 10 crore during the last three years in respect of seven Schemes under five different grants (**Appendix 2.3**) indicating that budgetary estimates were not reviewed properly as the provisions proved to be consistently insufficient. Some cases of excess expenditure under various Schemes/purposes are discussed below:

- Against a provision of ₹ 6,183.32 crore towards superannuation and retirement allowances to primary *panchayat* teachers during the period 2014-17, ₹ 7,116.54 crore were expended by the Education Department resulting in excess of ₹ 933.22 crore. While no reasons were attributed for the persistent excess during 2014-15 and 2015-16, regarding 2016-17, the Department stated that expenditure of ₹ 114.83 crore was anticipated due to (i) revision of pension as per Seventh Pay Commission, and (ii) increase in number of pensioners owing to more retirements. Similar excess was observed under other Schemes *viz.*, 'Gratuities and Family pension to *panchayat* Teachers' and 'Superannuation and retirement allowances to *panchayat* employees'.
- A sum of ₹ 503.38 crore was spent during 2014-17 against a provision of ₹ 355.22 crore for Canals and Branches. Excess of ₹ 12.08 crore and ₹ 119.17 crore during 2015-16 and 2016-17 respectively, was attributed to good progress of work. No reasons were provided for the year 2014-15.

2.3.3 Rush of expenditure

According to paragraph 109 of the Gujarat Budget Manual, 1983, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 14 Major Heads listed in **Table 2.3**, expenditure in excess of ₹ 100 crore was incurred, of which, 50 *per cent* or more was incurred during the last quarter of the financial year. Expenditure during the last month of the financial year ranged from 15.46 *per cent* to 100 *per cent* in these cases.

Table 2.3: Cases of rush of expenditure towards the end of the financial year 2016-17

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of 2016-17		Expenditure during March 2017	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2211	1033.70	531.93	51.46	218.89	21.18
2.	2515	2335.54	1293.49	55.38	361.19	15.46
3.	2853	152.00	101.83	67.00	66.15	43.52
4.	3055	304.10	174.34	57.33	174.05	57.23
5.	3456	613.33	346.75	56.54	268.41	43.76
6.	3604	415.43	356.35	85.78	345.85	83.25

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of 2016-17		Expenditure during March 2017	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
7.	4055	218.05	139.15	63.82	130.89	60.03
8.	4216	654.07	349.95	53.50	268.97	41.12
9.	4250	267.09	184.50	69.08	166.26	62.25
10.	4515	1182.54	637.18	53.88	359.19	30.37
11.	5054	2198.61	1279.44	58.19	802.34	36.49
12.	5055	531.00	406.35	76.53	406.35	76.53
13.	5452	440.10	240.33	54.61	207.53	47.16
14.	6217	113.00	113.00	100.00	113.00	100.00
Total		11460.91	6915.79	60.34	4639.71	40.48

Source: Information provided by Accountant General (A&E), Gujarat, Rajkot

Audit observed that under Major Heads 2515 and 6217, 100 *per cent* funds were released in the month of March 2017 for Smart Village Scheme (₹ 61 crore) and for Loans and Advances in Urban Housing and Urban Development Department (₹ 113 crore) respectively

Further test-check of vouchers from monthly accounts of eight offices/divisions under two Departments² revealed that ₹ 326.43 crore was booked under six Major Heads³ towards advance payments of ₹ two crore or more during the month of March 2017 (**Appendix 2.4**) for desilting and cleaning of river, construction, maintenance and repairs, procurement of petroleum products, *etc.*

2.3.4 Appropriation vis-à-vis allocative priorities

Audit of the appropriation accounts revealed that in 63 cases, savings exceeded ₹ 100 crore in each case or by more than 50 *per cent* of the total provision (**Appendix 2.5**). Summarised position of savings is indicated in **Table 2.4**.

Table 2.4: Summarised position of Savings

Sl. No.	Range of savings	Number of cases	Total grant (₹ in crore)	Savings (₹ in crore)	Percentage savings
1.	Up to ₹ 10 crore	23	19.85	13.30	67.00
2.	More than ₹ 10 crore and up to ₹ 25 crore	3	64.13	46.11	71.90
3.	More than ₹ 25 crore and up to ₹ 100 crore	2	184.01	118.76	64.54
4.	Above ₹ 100 crore	35	114718.23	22036.88	19.33
Total		63	115046.46	22238.78	19.33

Source: Appropriation accounts of the State Government for the year 2016-17

² Roads and Buildings; Narmada, Water Resources, Water Supply and Kalpsar Department

³ 2701, 2702, 3054, 4701, 4702 and 5054

The Departments that had major savings were Finance; Roads and Buildings; *Panchayats*, Rural Housing and Rural Development; and Narmada, Water Resources, Water supply and Kalpsar. Reasons furnished by the Departments for the major savings, as reported in the appropriation accounts are given below:

Finance Department

- Grant No. 19 (Other expenditure pertaining to Finance Department) - Saving of ₹ 1,200 crores under Major Head '2048 – Gujarat State Sinking Fund' was due to the balance in the said fund being within the limit of State's financial net outstanding liability as recommended by RBI and hence, further transfer was not required.
- Grant No. 19 (Other expenditure pertaining to Finance Department) - Saving of entire budget provision of ₹ 4,500 crores under Major Head '2075 – Liability on Account of increase in the rate of Dearness Allowance (DA)' was due to the decision of the State Government to take provision for payment of dearness allowance for the respective Departments under their various subheads.

Large savings were mainly due to provisions made by the Finance Department for payment of DA in respect of other Departments. As per paragraph 38 of the Gujarat Budget Manual, 1983, such provisions were required to be made by the respective Departments in their budget estimates.

Roads and Buildings Department

- Grant No. 84 (Non Residential Buildings) - the reason for Saving of ₹ 222.48 crores under Major Head '4250 –EMP – 1 Buildings Plan' was excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanctions, tender process *etc.*

Panchayat, Rural Housing and Rural Development Department

- Grant No. 70 (Community Development) - the reasons for savings of ₹ 225.40 crore under the Major Head '2515– CDP-3 Strengthening of the Block Level Agencies (Plan)' were delay in tender process and non-receipt of the technical approvals by the District offices.

Narmada, Water Resources, Water Supply and Kalpsar Department

- Grant No. 66 (Irrigation and Soil Conservation) - the reasons for savings of ₹ 154.73 crore under the Major Head '4702 - Minor Irrigation (Plan)' were non-receipt of the sanction by the Department and non-carrying out of dewatering in tanks.

2.3.5 Excess of provisions leading to persistent savings

In 17 cases during the last five years, there were persistent savings of more than ₹ 50 crore in each case. The details are given in **Table 2.5** below:

Table 2.5: List of grants indicating persistent savings during 2012-13 to 2016-17

(₹ in crore)

Sl. No.	No. and name of the grant	Amount of savings				
		2012-13	2013-14	2014-15	2015-16	2016-17
Revenue- Voted/Charged						
1.	19 - Other Expenditure Pertaining to Finance Department	3535.42	4027.49	4222.63	3514.15	5717.16
2.	39 - Medical and Public Health	94.53	198.97	350.02	156.08	260.49
3.	43 – Police	263.90	286.51	143.58	216.22	145.19
4.	49- Industries	110.35	188.46	72.05	350.01	148.10
5.	60 - Administration of Justice	175.16	315.72	136.68	295.66	302.23
6.	70 - Community Development	266.29	86.52	455.75	159.17	673.13
7.	71- Rural Housing and Rural Development	191.81	460.29	1102.04	255.68	333.15
8.	77 - Tax Collection Charges (Revenue Department)	138.99	139.99	190.37	102.07	68.66
9.	78 - District Administration	67.53	162.60	90.93	76.27	54.19
10.	79 - Relief on Account of Natural Calamities	361.27	160.80	546.52	195.81	606.58
11.	95 - Scheduled Castes Sub-Plan	143.72	286.06	481.91	367.76	466.18
12.	96 - Tribal Area Sub-Plan	311.25	617.92	1346.99	767.40	562.31
Capital- Voted/Charged						
13.	9 – Education	176.70	133.22	1583.22	484.19	233.51
14.	20 - Repayment of Debt Pertaining to Finance Department and its Servicing	402.93	473.69	453.93	332.76	117.63
15.	84 - Non-Residential Buildings	294.39	677.53	706.08	544.60	917.26
16.	85 - Residential Buildings	66.52	125.10	134.30	68.40	51.79
17.	95 - Scheduled Castes Sub-Plan	153.07	108.36	232.46	264.95	334.17

Source: Appropriation Accounts of the State Government for the period 2012-13 to 2016-17

Persistent savings during the last five years indicate a need to review the formulation of budget estimates and provisions in these grants. On test-check of grant files, Audit further observed that there were persistent savings of more than ₹ 25 crore during last three years (2014-17) in respect of 46 Schemes under 21 grants (**Appendix 2.6**), indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations. Some cases of the savings under different Schemes/purposes are briefly discussed below:

- Under the provision for ‘Educational facilities/Maintenance’ under Education Department, against provision of ₹ 8,234.58 crore during 2014-17, only ₹ 7,830.55 crore could be spent. The Department attributed the savings to non-recruitment of teachers and non-implementation of 7th Pay Commission recommendations in secondary schools receiving GIA.

- Under the provision for ‘Gratuities’ under Finance Department, against a provision of ₹ 3,477.13 crore during 2014-17, only ₹ 2,385.54 crore could be spent. The Department attributed the savings to finalisation of less pension cases than anticipated and less retirement of employees on voluntary basis. The Department also stated that the expenditure under this head was of fluctuating nature and it was mainly dependent upon the finalisation of pension cases.
- Under the provision for ‘Contribution to Gujarat Green Revolution Company Limited for Drip Irrigation’ under *Narmada*, Water Resources, Water Supply and *Kalpsar* Department, against provision of ₹ 1,247.52 crore during 2014-17, only ₹ 1,040.51 crore could be spent. The Department attributed the savings to cut imposed by the Finance Department during 2016-17.

2.3.6 Supplementary provisions

A supplementary provision is an addition to the total original authorised provision and is obtained in the same manner in which the original provision is obtained.

Unnecessary supplementary provisions

- Supplementary provisions (₹ five crore or more in each case) aggregating ₹ 994.59 crore were made and obtained in 10 cases during 2016-17, which proved unnecessary. The expenditure incurred did not even reach the levels of the original provision as detailed in **Appendix 2.7**. Some cases are briefly discussed below:
- Under the Grant No. 39- Medical and Public Health –Revenue Voted under Health and Family Welfare Department, a provision of ₹ 4,528.28 crore was made. However, at the end of the year, the expenditure fell short of the original provision by ₹ 96.40 crore resulting in unnecessary supplementary provision of ₹ 164.09 crore.
- Under *Narmada*, Water Resources, Water Supply, and *Kalpsar* Department, supplementary provision of ₹ 536.73 crore under Grant No. 65 was made. However, at the end of the year, there were savings of ₹ 57.53 crore from the original provision of ₹ 3,918 crore. Hence, the supplementary provision for branch canal works was not used.

Evidently, the Departments need to strengthen the estimation of requirement of funds and review the basis for supplementary provisions.

2.3.7 Insufficient/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation of funds proved injudicious in many cases in view of final excesses and savings over the grants. Instances of

re-appropriation resulting in final excesses or savings of ₹ five crore or more in each case are detailed in **Appendix 2.8**.

2.3.8 Surrender of unspent provisions

As per Paragraph 103 of the Gujarat Budget Manual, 1983, spending Departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Sums surrendered by Administrative Departments after 15 March are not to be accepted, except in the case of Supplementary grants obtained after 15 March.

2.3.8.1 Substantial surrenders

Substantial surrenders (more than 50 *per cent* of the total provision or ₹ one crore or more) were made in respect of 822 sub-heads under 85 Grants, mainly on account of either non-implementation or slow implementation of Schemes/programmes. Of the total provision of ₹ 70,883.62 crore made under these 822 sub-heads, ₹ 21,751.43 crore (30.69 *per cent*) was surrendered, which included 100 *per cent* surrender in 234 cases involving ₹ 6,444.58 crore. The details of 10 selected cases are given in **Appendix 2.9**.

2.3.8.2 Surrender in excess of actual savings

In 33 of 189 grants/appropriations, the amounts surrendered (₹ two crore or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these Departments. As against savings of ₹ 2,853.90 crore, the amount surrendered was ₹ 3,293.69 crore, resulting in excess surrender of ₹ 439.79 crore. Details are given in **Appendix 2.10**. Some cases are briefly discussed below:

- In Grant No 9: Education (Revenue-Voted), ₹ 240.71 crore were surrendered. However, there was an excess expenditure of ₹ 150.48 crore.
- In Grant No. 66: Irrigation and Soil conservation (Revenue-Voted), ₹ 28.28 crore were surrendered. However, savings of ₹ 4.55 crore only were effected resulting in excess surrender of ₹ 23.73 crore.
- In Grant No. 108: Other expenditure pertaining to climate change Department (Revenue-Voted), ₹ 26.10 crore were surrendered. However, savings of ₹ 17 crore only were effected resulting in excess surrender of ₹ 9.10 crore.

2.3.8.3 Savings not surrendered/partly surrendered

At the close of 2016-17, there were 13 grants/appropriations under which savings exceeded 10 *per cent* of the total provisions but the same had not been surrendered by the concerned Departments. The total amount involved in these cases was ₹ 1,482.18 crore as shown in **Table 2.6**.

**Table 2.6: Grants/appropriations in which savings occurred but were not surrendered
(More than 10 per cent of total provisions)**

(₹ in crore)

Sl. No.	Grant No.	Name of grant/appropriation	Total provision	Saving	Percentage savings not surrendered
1.	1	Agriculture and Co-operation Department – Capital Voted	0.40	0.40	100.00
2.	1	Agriculture and Co-operation Department – Revenue Voted	18.69	4.24	22.69
3.	2	Agriculture – Capital Voted	131.50	110.40	83.95
4.	2	Agriculture – Revenue Voted	2847.07	312.69	10.98
5.	3	Minor Irrigation, Soil Conservation and Area Development – Revenue Voted	103.73	17.51	16.88
6.	4	Animal Husbandry – Revenue Voted	615.80	158.70	25.77
7.	5	Co-Operation – Capital Voted	98.86	29.41	29.75
8.	6	Fisheries – Capital Voted	268.00	236.99	88.43
9.	7	Other expenditure pertaining to Agriculture and Co-operation Department – Capital Voted	0.26	0.06	23.08
10.	26	Forests – Revenue Charged	0.29	0.03	10.34
11.	40	Family Welfare – Capital Voted	23.10	5.00	21.65
12.	79	Relief on account of natural calamities – Revenue Voted	1609.37	606.58	37.69
13.	107	Climate Change Department – Revenue Voted	0.94	0.17	18.09
Total			5718.01	1482.18	25.92

Source: Appropriation Account of the State Government for the year 2016-17

In 23 grants/appropriations, there were savings of more than ₹ five crore of which, more than 10 per cent was not surrendered. In these grants/appropriations, total savings of ₹ 3,561.53 crore were noticed. However, only ₹ 1,398.50 crore was surrendered, leaving ₹ 2,163.03 crore un-surrendered as shown in **Appendix 2.11**.

2.4 Review of Budget Control Mechanism

The Gujarat Budget Manual, 1983 provides that the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities include preparing the estimates in time and accurately and also to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test-checked records of the Administrative Department/controlling officers relating to Grant No. 02 (Agriculture) and Grant No. 102 (Urban Development) for the period 2014-17. The audit findings are discussed in the succeeding paragraphs.

2.4.1 Review of Grant No. 02 – Agriculture (Agriculture and Co-operation Department)

The Agriculture and Co-operation Department (Agriculture Department) takes care of agriculture and related matters and implementation, monitoring and supervision of related Schemes. The key objective of the Department is to meet the needs and increase the income of farmers through agricultural and horticulture productivities, disseminating knowledge of scientific methods of agriculture and horticulture and implementing various Schemes. The Department transfers funds to the Controlling Offices⁴ online via Integrated Financial Management System. The Department is headed by the Principal Secretary.

2.4.1.1 Budget trends

The details of the budget and expenditure of Grant- 02 during 2014-17 are shown in **Table 2.7**.

Table 2.7: Budget and expenditure under Grant No. 02

Year	Voted/ Charged	Budget provision			Expenditure	Excess (+) Savings (-) /(percent)
		Original	Supple- mentary	Total		
(₹ in crore)						
Revenue Voted						
2014-15	Voted	2785.99	15.65	2801.64	1831.05	(-) 970.59 /(34.64)
2015-16	Voted	2709.58	0.00	2709.58	2438.01	(-) 271.57 /(10.02)
2016-17	Voted	2847.07	0.00	2847.07	2534.38	(-) 312.69/(10.98)
Revenue Charged						
2014-15	Charged	0.00	0.01	0.01	0.01	-
2015-16	Charged	0.00	0.13	0.13	0.12	(-) 0.01/(7.69)
2016-17	Charged	-	-	-	-	-
Capital Voted						
2014-15	Voted	210.09	0.00	210.09	24.00	(-) 186.09 /(88.58)
2015-16	Voted	105.00	0.00	105.00	25.00	(-) 80.00 /(76.19)
2016-17	Voted	131.50	0.00	131.50	21.10	(-) 110.40 /(83.95)

Source: Appropriations Accounts of the State Government for the period 2014-15 to 2016-17

Audit scrutiny of surrenders/saving orders in case of revenue expenditure revealed major savings as follows:

In case of Direction and Administration (Minor Head – 001), there were surrenders/savings under Director of Horticulture (₹ 7.36 crore) and Administration Extension and Infrastructure Facility for Agriculture Development (₹ 107.39 crore) during 2014-17, due to non-filling up of vacant posts.

⁴ Director of Agriculture; Director of Horticulture; and Agriculture Universities

During 2014-17, savings were observed in National Food Security Mission (₹ 83.15 crore), Integrated Development of vegetable crop (₹ 147.17 crore), *Rashtriya Krishi Vikas Yojana* (₹ 514.34 crore), and National Mission for Sustainable Agriculture (₹ 361.82 crore). The savings were attributed to less release of grants by Government of India (GoI) under these Schemes during 2014-15 and 2015-16. Reasons for savings during 2016-17 have not been furnished (August 2017) to Audit. In case of Fruit Nurseries, surrenders/savings amounting to ₹ 73.52 crore were due to non-implementation of the Scheme and receipt of duplicate applications from the farmers in *i-khedut* portal during 2014-16.

Further, supplementary demand of ₹ 15.65 crore for GIA to Gujarat Agricultural Universities was not utilized during 2014-15 and ₹ 17.18 crore was surrendered from original demand, due to non-filling up of vacant posts and non-acceptance of bills by the Treasury.

Audit scrutiny of surrenders/saving orders in case of capital expenditure revealed major savings under Rural Infrastructure Development Fund (RIDF) Scheme during 2014-17. The surrender was due to late receipt of administrative approval for construction of Godowns (₹ 186.09 crore) and change in method of construction of Godowns (₹ 80 crore).

2.4.1.2 Rush of expenditure

During 2016-17, more than 50 *per cent* of the total expenditure was incurred in the last quarter of the year in seven Schemes, while in five of these seven Schemes, more than 50 *per cent* of expenditure was incurred in last month of the year (March 2017), as shown in **Table 2.8**.

Table 2.8: Rush of expenditure under various Schemes

(₹ in crore)

Sl No.	Scheme	Expenditure				
		(April 2016 to March 2017)	During last quarter (January 2017 to March 2017)		During March 2017	
			Amount	<i>per cent</i> of total expenditure	Amount	<i>per cent</i> of total expenditure
1.	2401.00.103.21 Strengthening of State seed agency	1.25	0.63	50.40	0.63	50.40
2.	2401.00.105.30 National project on organic farming	1.06	0.53	50.00	0.53	50.00
3.	2401.00.105.33 Corpus for chemical fertilisers	20.00	10.00	50.00	10.00	50.00
4.	2401.00.119.01 Fruit nurseries	132.11	67.39	51.01	47.56	36.00
5.	2401.00.797.01 National agriculture insurance	100.00	100.00	100.00	100.00	100.00

Sl No.	Scheme	Expenditure				
		(April 2016 to March 2017)	During last quarter (January 2017 to March 2017)		During March 2017	
			Amount	per cent of total expenditure	Amount	per cent of total expenditure
6.	2810.00.102.01 Gobar gas plant	1.25	1.25	100.00	0.04	3.40
7.	4401.00.103.01 RIDF Scheme	5.50	3.27	59.45	3.27	59.45

Source: Information provided by Director of Agriculture and Director of Horticulture

Reasons for rush of expenditure in the last quarter especially in the last month of financial year were not furnished to audit (August 2017).

2.4.1.3 Non-surrender of unspent balances for Krushi Mahotsav

Krushi Mahotsav was introduced by the State Government in 2005-06 for the welfare of farmers and is organized every year. Funds are released to implementing agencies under the Scheme AGR-1: Administration Extension and Infrastructure facility for Agriculture Development. As per condition of grant release order, unspent balances were to be surrendered to Government.

Audit observations based on review of records are as under:

- The Director of Agriculture (DoA) released a grant of ₹ 3.70 crore to Gujarat State Seeds Corporation Limited (GSSCL) during 2014-15 for the *Krushi Mahotsav (Rabi)*. The GSSCL incurred an expenditure of ₹ 3.15 crore during the year but did not surrender the unspent balance of ₹ 0.55 crore (July 2017). The GSSCL incurred an expenditure of ₹ 0.39 crore from this unspent balance during 2015-16.

During 2015-16, DoA released ₹ 50 crore to GSSCL for organisation of *Krushi Mahotsav*. Though an expenditure of ₹ 34.37 crore was incurred, GSSCL surrendered (March 2016) only ₹ 3.63 crore instead of entire unspent balance of ₹ 15.63 crore. Of this unspent balance, GSSCL surrendered (March 2017) ₹ 10.05 crore and retained ₹ 1.95 crore (July 2017).

Thus, GSSCL retained unspent balances of the year 2014-15 as well as 2015-16 till July 2017.

- The DoA released grants of ₹ 5.99 crore to Gujarat Agro Industries Corporation Limited (GAICL) for *Krushi Mahotsav* 2014-15. The unspent balance of ₹ 0.68 crore was not surrendered by GAICL to the State Government as of May 2017.

2.4.1.4 Blocking of funds

The National E-Governance Plan in Agriculture (NeGP-A) is a Centrally Sponsored Scheme (60:40) introduced (March 2011) to achieve rapid development of agriculture in India in a mission mode through use of

Information and Communication Technology. The GoI released ₹ 1.76 crore and ₹ 1.21 crore to GoG during 2014-15 and 2015-16 respectively. Audit scrutiny revealed that neither the State share was released nor any expenditure was incurred by the Agriculture Department on NeGP-A till July 2017.

The Deputy DoA stated (July 2017) that the State share could not be released, as the relevant budget head was opened only in March 2017 and that the proposal for revalidation of grant would be sent to GoI.

Evidently, the Agriculture and Co-operation Department did not monitor the proper utilisation of grants.

2.4.2 Review of Grant No. 102 -Urban Development (Urban Development and Urban Housing Department)

Urban Development and Urban Housing Department (UD&UHD) monitors implementation, provides guidance and issues orders related to urban development and urban housing. There are nine institutions⁵ functioning under UD&UHD. The Department is headed by the Additional Chief Secretary.

2.4.2.1 Deviation from budgetary provisions

The budgetary allocation and expenditure under revenue and capital heads of Grant No. 102 during 2014-17 is given in **Table 2.9**.

Table 2.9: Deviation from budget for revenue and capital expenditure

(₹ in crore)

Year	Budget including supplementary		Expenditure		Unutilized provision		Percentage of unutilized provision	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
Revenue expenditure								
2014-15	4558.65	2745.56	4012.34	2736.39	546.31	9.16	11.98	0.33
2015-16	4812.73	3059.08	4444.60	3014.71	368.12	44.36	7.65	1.45
2016-17	4918.61	3438.76	4624.86	3382.18	293.75	56.57	5.97	1.65
Capital expenditure								
2014-15	250.00	0.00	150.00	0.00	100.00	0.00	40.00	0.00
2015-16	791.00	0.00	267.00	0.00	524.00	0.00	66.24	0.00
2016-17	727.01	0.00	123.00	0.00	604.01	0.00	83.08	0.00

Source: Appropriation Accounts of the State Government for the period 2014-17

The percentage of unutilized provision in case of capital expenditure was 40 per cent during 2014-15, which increased to 66 per cent in 2015-16 and to 83 per cent in 2016-17.

⁵ Directorate of Municipalities; Gujarat Municipal Finance Board; Gujarat Housing Board; Gujarat Urban Development Company; Gujarat Urban Development Mission; Urban/Area Development Authorities; Municipal Corporations; Municipalities; Town Planning and Valuation Department

The UD&UHD attributed the savings under capital expenditure to the following:

- (i) 2014-15: Due to less demand of funds from Metro Link Express for Gandhinagar and Ahmedabad Company Limited (MEGA), only ₹ 150 crore was released to MEGA and the balance ₹ 100 crore was surrendered by UD&UHD.
- (ii) 2015-16: In view of GoI decision (March 2015) to turn a wholly State owned company (MEGA) to a jointly owned company of GoI and GoG with equity share of ₹ 1,412 crore each, the provision of ₹ 611 crore for State share capital was reduced to ₹ 162 crore only and the remaining ₹ 449 crore was surrendered. Further, ₹ 75 crore meant for share capital of Diamond Research and Mercantile City Company Limited (Dream CCL) remained unutilised due to non-acceptance of bills on 31 March 2016 by the Treasury.
- (iii) 2016-17: MEGA availed of loan from Japan International Co-operation Agency (JICA), hence, provision of loan of ₹ 452 crore was surrendered. Further, as the State Government did not have any share capital liability to MEGA, the provision of ₹ 152 crore was also surrendered.

Audit observed that during 2016-17, a provision for share capital of ₹ 152 crore in MEGA was made despite it not being required in view of GoI decision in March 2015 to turn it into a jointly owned company. Audit is of the view that the provisions in the budget may be made more realistically taking into account various developments.

In case of revenue expenditure, major savings were on account of the following:

In case of Direction and Administration expenditure (Minor Head- 001), surrenders relating to Chief Town Planner (₹ 16.64 crore) and Development and Implementation of Perspective Urban Planning (₹ 43.27 crore) during 2014-17 were due to non-filling up of vacant posts.

During 2014-15, major non-utilisation was due to closure of GoI Schemes- Jawharlal Nehru National Urban Renewal Mission (₹ 541.14 crore), Urban Infrastructure Development Scheme (₹ 55.24 crore) and low demand for GIA by Urban Development Authorities under *Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana* (₹ 31.75 crore).

During 2015-16, major non utilisation was due to non-release of grants by GoI to Urban Development Authorities (₹ 151.50 crore), Urban Development Mission for Smart Cities (₹ 331.50 crore) and low demand for GIA by Urban Development Authorities under *Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana* (₹ 470 crore).

During 2016-17, there was low demand for GIA by Urban Development Authorities under *Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana* (₹ 631.99 crore), less release of funds by GoI to Municipalities/Corporations

for *Atal* Mission for Rejuvenation and Urban Transformation (AMRUT) (₹ 204.52 crore) and upgradation of standards of administration recommended by Fourteenth Finance Commission (₹ 232.05 crore).

Provision for salary and allowances year on without taking steps for filling of vacant posts and persistent low demand under *Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana* needs to be reviewed.

2.4.2.2 Non-Submission of utilisation certificates

Rule 154 and 155 of the Gujarat Financial Rules, 1971, provide that for the grants provided for specific purpose, utilization certificates (UCs) should be submitted within 12 months of the closure of the financial year by the institution or organization concerned to the Head of Department concerned and after verification, these should be forwarded to the Accountant General.

During the review of records it was observed found that UCs under Major Head-2217 (Urban Development) amounting to ₹ 439.74 crore for the period June 2005 to August 2016 were not submitted by the Department till August 2017. A review of delay in furnishing UCs by UD&UHD was included in paragraph 3.1 of State Finances Report for the year ended 2014. The continued pendency in submission of UCs indicated that proper steps have not been taken by the UD&UHD.

The UD&UHD informed (July 2017) that it would issue necessary instructions to the Controlling Officers for submitting UCs in time.

In the absence of UCs, it could not be ascertained whether the expenditure was incurred for the intended purpose within the prescribed time.

2.4.2.3 Parking of funds

(i) Parking of funds allocated for Technological Innovations and E-Nagar Yojana

The duties and responsibilities of the Controlling authorities as envisaged vide Paragraph 99 of Gujarat Budget Manual, 1983 warrant that such authorities have to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

Scrutiny of records revealed that UD&UHD made a budget allocation of ₹ five crore for Technological Innovations for Urban Development (new item) and ₹ 20 crore for *E-Nagar yojana*. The UD&UHD at the time of releasing funds (30 March 2017), directed Gujarat Urban Development Mission (GUDM), the nodal agency, to park the same with the Gujarat State Financial Services Limited (GSFS), a wholly owned subsidiary of GoG having 100 per cent holding and is registered with Reserve Bank of India as a Non-Banking Finance Company.

The UD&UHD stated (August 2017) that due to lack of proposals from urban local bodies (ULBs) for technological innovations, ₹ five crore were parked in GSFS. The reply is not acceptable as any new item is introduced in budget after comprehensive review. Further, release of funds on 30 March 2017 clearly indicated that the funds were not intended to be utilised during the 2016-17. The UD&UHD did not furnish any reasons for parking ₹ 20 crore meant for *E- Nagar Yojana* in GSFS as of August 2017.

(ii) Parking of funds allocated for Nirmal Gujarat

Funds amounting to ₹ 83 crore allocated for *Nirmal Gujarat* were initially parked in GSFS during 2016-17. Of this, ₹ 19.44 crore was spent while ₹ 63.56 crore remained parked with GSFS as of 31 March 2017.

The UD&UHD stated (July 2017) that the funds were parked due to receipt of funds from the State Government in March 2017. The reply is not acceptable as the unspent funds were required to be surrendered at the end of the financial year.

2.4.2.4 Blocking of funds

Under the *Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana*, GoG appointed Gujarat Urban Development Company Limited, Gandhinagar (GUDCL) as nodal agency for assisting the ULBs in the State for construction of railway over bridges (ROB)/ railway under bridges (RUB).

Under the Scheme, GUDCL released ₹ 13.77 crore to Chief Officer, *Vijalpore Nagarpalika* for construction of ROB on level-crossing No.126 on Mumbai-Delhi track in Navsari district during 2013-15. The work did not commence due to non-approval of designs by the Railways. Subsequently, Roads and Buildings Department was entrusted with this work in March 2017. Even after passage of more than four years from the date of release of grant, the work had not commenced (July 2017). Transfer of entire funds to the local body before approval of designs and selection of implementing agency lacked justification and resulted in blocking of funds of ₹ 13.77 crore.

Under the same Scheme, ₹ four crore was released (March 2011) by GUDCL to *Bavala Nagarpalika* for construction of RUB near culvert No.62/A of the *Nagarpalika*. The work was cancelled (June 2015) as the area of proposed RUB was included in expansion of *Bavala* Railway Station and ₹ four crore was returned to GUDCL (January 2017).

2.5 Advances from Contingency Fund

The Contingency Fund of the State had been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267(2) and 283 (2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is ₹ 200 crore. During the year 2016-17, an amount of ₹ 12.83 crore was spent out of the contingency fund for meeting unforeseen expenditure. The entire amount was recouped during the year.

2.6 Misclassification of ‘Grants-in-aid’ as capital expenditure

Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of Grants-in-aid prescribes that the Grants-in-aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of the purpose for which the funds were disbursed. Only in cases specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, can these be debited to a capital head of account in the Financial Statements of the Government. Further, Rule 30(1) of Government Accounting Rule, 1990 states that the expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the objective of increasing concrete assets of a material and permanent character. Also, the assumptions underlying the Fiscal Indicators for the Gujarat Fiscal Responsibility Rules, 2006 stipulate inclusion of “Major Subsidies” as expenditure on revenue account.

During 2016-17, an amount of ₹ 89.66 crore was disbursed as Grants-in-aid under the following capital Major Heads of expenditure against approved budgetary provision in violation of IGAS-2 as detailed in **Table 2.10**.

Table 2.10: Misclassification of grants-in-aid under capital Major Heads

(₹ in crore)		
Sl. No.	Classification-Major Head	Grants-in-aid
1.	4059- Capital outlay on public works	23.28
2.	4210- Capital outlay on medical and public health	25.00
3.	4236- Capital outlay on nutrition	2.80
4.	4401- Capital outlay on crop husbandry	5.50
5.	4402- Capital outlay on soil and water conservation	33.04
6.	4408- Capital outlay on food storage and warehousing	0.04
	Total	89.66

Source: Finance Accounts of the State Government for the year 2016-17

The FD may take effective measures to scrutinise the issue of misclassification at the time of finalisation of budget estimates.

2.7 Conclusion and Recommendations

During 2016-17, expenditure of ₹ 1,36,765.39 crore was incurred against total grants and appropriations of ₹ 1,60,351.06 crore resulting in overall savings of ₹ 23,585.67 crore. The overall savings of ₹ 23,585.67 crore were the result of savings of ₹ 23,863.78 crore, offset by an excess of ₹ 278.11 crore.

The excess expenditure of ₹ 278.11 crore included ₹ 275.64 crore expended during 2016-17 under voted grants indicating lack of budgetary control in providing for essential items, resulting in excess expenditure. The excess of ₹ 275.64 crore requires regularization under Article 205 of the Constitution of India.

In 17 cases, there were persistent savings of more than ₹ 50 crore in each case during the last five years in respect of grants pertaining mainly to Finance Department; *Panchayats*, Rural Housing and Rural Development Department; Legal Department; Roads and Buildings Department *etc.*, indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations.

There was also persistent excess expenditure over provision of more than ₹ 10 crore for the last three years in respect of seven Schemes under five different grants.

The Controlling/Disbursing Officers may keep a close and constant watch over the progress of expenditure against the sanctioned provision in order to avoid saving/excess especially in Departments where persistent savings/excesses were noticed. They may also specifically strengthen monthly expenditure control and monitoring mechanism.

Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of grants-in-aid prescribes that the grants-in-aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the financial statements of the grantor irrespective of the purpose for which the funds were disbursed. However, during the year 2016-17, ₹ 89.66 crore was disbursed as Grants-in-aid under the capital Major Heads of expenditure in violation of IGAS-2.

The Government may ensure compliance to IGAS in budget formulation so that the expenditure under grants-in-aid is accounted for as revenue expenditure in the Government Accounts.

A sound financial reporting with relevant, reliable and timely information contributes to efficient and effective governance by the State Government and is important for the Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. It also forms the basis of sound internal controls. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives applicable to financial reporting during the year 2016-17.

3.1 Delay in furnishing utilisation certificates

The Gujarat Financial Rules, 1971¹ read with General Financial Rules, 2005² provide that for the grants provided for specific purposes, utilisation certificates (UCs) should be submitted within 12 months of the closure of the financial year by the institution or organisation concerned to the related Head of Department and after verification, these should be forwarded to the Accountant General. However, 3,586 UCs aggregating ₹ 2,140.41 crore due in respect of grants paid during the period 2001-02 to 2015-16, were outstanding as on 31 March 2017. The age-wise position of pendency of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of utilisation certificates

Sl. No.	Pendency in number of years	Utilisation certificates outstanding	
		Number	Amount
1.	1-2	592	942.45
2.	2-4	215	552.47
3.	4-6	157	166.50
4.	6-8	64	250.96
5.	8 and above	2558	228.03
	Total	3586	2140.41

Source: Information compiled by Accountant General (A&E), Gujarat

Of the total amount of outstanding UCs, 41 *per cent* amounting to ₹ 870.23 crore pertained to the Urban Development and Urban Housing Department while 18 *per cent i.e.* ₹ 383.13 crore pertained to Industries and Mines Department. Further, 3,337 UCs aggregating ₹ 10,134.13 crore in respect of grants disbursed during 2016-17 (pending as on August 2017), will become due for submission by 31 March 2018. The Department-wise pendency of UCs in respect of grants paid up to 2015-16 has been given in **Appendix 3.1**.

¹ Rule 154 and 155

² Rule 212

3.1.1 Review of utilisation certificates in Education Department

As per the Gujarat Financial Rules, 1971³, Administrative Departments may sanction grants-in-aid (GIA) to an institution or body, subject to the condition that the sanction is in accordance with the Rules or principles prescribed in these rules or prescribed with the previous consent of the Finance Department (FD). As per Note (ii) below Rule 155 of the Gujarat Financial Rules, “Utilisation certificate of grants-in-aid should be furnished in every case of grant paid for specific purpose even if no conditions are specifically attached to the grant”. The competent officer should furnish the UC within 12 months of the closure of the financial year to the Head of the Department concerned.”

With a view to ascertaining whether the rules relating to release of GIA and submission of UCs were adhered to, Audit test-checked the records of the Education Department (ED), Government of Gujarat, Gandhinagar and nine Controlling Officers⁴ (COs) in the ED for the period 2014-17.

Audit observed that the ED transferred the GIA on-line to these nine COs through Integrated Financial Management System without any specific conditions attached. No separate sanction orders with conditions were issued. The ED informed Audit that the utilisation certificates would be collected by the COs.

The systems in place for release of funds and follow-up actions taken by the various COs are discussed in the succeeding paragraphs.

Commissioner of Schools, Gandhinagar

3.1.1.1 Excess release of GIA to Bal Bhavan

Bal Bhavan, Rajkot, a GIA institution covered under Saurashtra Grant-in-Aid Code, 1954 (Code), receives GIA from Commissioner of Schools. As per the provision envisaged in the Code, the institution was entitled for maximum financial assistance of 50 *per cent* of the expenditure incurred on admissible items. As per the conditions mentioned in sanction orders, GIA was to be released to *Bal Bhavan* subject to submission of monthly expenditure statements by the grantee by 10th of succeeding month.

As per Rule 56 of the Code, the inspection of the grantee institution was to be conducted every year by the officer nominated by Commissioner of Schools to ensure operation of the institution as per the Code after which the demand for GIA was to be sent by the institution.

The Commissioner of Schools could not provide the monthly expenditure statements to Audit for examination. Inspection of *Bal Bhavan* accounts conducted (April 2017) by the CO for the years 2014 to 2017 revealed that

³ Rule 153

⁴ Commissioner of Schools; Director of Gujarat Council of Education Research and Training (GCERT); State Project Director of *Sarva Shiksha Abhiyan* (SSA); Director of Primary Education (DPE); Director of Mid-Day Meal (MDM); Director of Literacy and Continuing Education (DLCE); Commissioner of Higher Education; Commissioner of Technical Education; and Director of National Cadet Corps (NCC)

against the total entitlement of GIA of ₹ 2.31 crore during 2010-11 to 2015-16, GIA of ₹ 4.14 crore was released, implying excess GIA of ₹ 1.63 crore.

The ED (July 2017) stated that the excess GIA would be adjusted against next ad-hoc grant. Evidently, the system of internal controls in ED was weak as it failed to enforce submission of monthly expenditure statements and carry out regular inspections.

Director of Gujarat Council of Education Research and Training

3.1.1.2 Distance Mode Education Programme

Distance Mode Education Programme (DMEP) is mainly aimed at providing access to experts in Mathematics, Science and English to primary students of class 6 to 8 studying in rural areas through teleconferencing, use of information technology and arranging educational visit to Gandhinagar and Ahmedabad.

The ED released GIA of ₹ 1.50 crore to Gujarat Council of Education Research and Training (GCERT) for DMEP during 2016-17. As per sanction conditions, the GIA was not be spent for any purpose other than the activities envisaged in DMEP and unspent balance, if any, was to be surrendered to ED at the end of the year.

Audit observed that GCERT parked (November 2016) ₹ 0.95 crore of ₹ 1.50 crore with Gujarat State Financial Services Limited (GSFS) and the same was shown as spent in the cash book. Of the remaining ₹ 0.55 crore, GCERT spent only ₹ 0.49 crore during 2016-17 for which no UCs were submitted to ED.

The GCERT stated (June 2017) that funds were parked in GSFS in accordance with the instructions of Finance Department and the unspent balance of ₹ 0.06 crore was surrendered (May 2017) to ED.

Director of Primary Education

3.1.1.3 Free Text Books Scheme

The State Government has a Scheme of distributing text books, free of cost, to the students studying in Primary school (class 1 to 8) run by *Jilla Shikshan Samiti* and *Nagar Shikshan Samiti* of the State. The Director of Primary Education (DPE) is the nodal agency to incur expenditure under this Scheme for books printed through Gujarat State Board of School Textbooks (GSBST).

During 2014-17, DPE released ₹ 303 crore to GSBST under the Scheme. Audit observed that GSBST submitted UCs for entire ₹ 303 crore received during 2014-17 at one go in June 2017, instead of submitting the UCs year-wise. Further, an unspent balance of ₹ 7.37 crore (pertaining to year 2016-17) remained with the GSBST (June 2017) and was not surrendered.

3.1.1.4 Biometric Attendance System

To increase literacy rate in tribal areas of the State by ensuring 100 per cent enrolment of children, the State Government introduced biometric attendance

in schools from 2006-07. The DPE received GIA of ₹ 74.21 crore during 2014-16 and the same was released to Gujarat State Tribal Development Residential Education Society (GSTDRES).

It was observed that GSTDRES did not submit any UC till June 2017. The DPE stated (June 2017) that UCs would be obtained from the GSTDRES as early as possible but did not furnish any reasons for not obtaining the UCs.

3.1.1.5 GIA given to District Development Officers

The DPE releases the District Development Officers (DDOs) of various districts grants for promotion of education amongst educationally backward classes. The grant is provided to meet expenditure on pay and allowances, maintenance and food bill expenses in school hostels. During 2014-17, DPE released ₹ 1.20 crore to the DDOs without collecting the UCs for previous years.

Director of Literacy and Continuing Education

3.1.1.6 Saakshar Bharat assistance and its account maintenance

The National Literacy Mission Authority approved (December 2009) a proposal of the State Literacy Mission Authority, Gujarat (SLMA) for implementation of *Saakshar Bharat* programme in 13 of 33 districts. The programme had four broader objectives, namely imparting functional literacy and numeracy to non-literates; acquiring equivalency to formal educational system; imparting relevant skill development programme; and promote a learning society by providing opportunities for continuing education. The expenditure was to be shared between the Central and the State Governments (75:25). As per sanction, the subsequent instalment of GIA was to be released only after receipt of expenditure statement to the extent of 75 per cent of the grants released both by Central and State Governments in earlier instalment(s) and submission of physical progress reports by SLMA. Since the inception of the Scheme in 2009-10 up to 2016-17, SLMA received ₹ 118.77 crore (Central and State's share including interest) of which, it spent ₹ 72.63 crore, leaving an unspent balance of ₹ 46.11 crore at the end of March 2017.

Audit observed that the funds were released to SLMA even as 75 per cent of expenditure was not incurred in four of eight years. Further, the unspent balance of ₹ 46.11 crore included ₹ 10.82 crore received during 2009-10 as non-recurring grant from GoI for creating infrastructure for Adult Education Centres. However, this unspent balance was used for other purposes such as, paying honorarium to *Preraks*.

Director of Literacy and Continuing Education (DLCE) stated (June 2017) that the funds could not be utilised due to delay in decision-making regarding mode of purchase, deficiency in enrolment of learners and shortage of regular staff.

Commissioner of Higher Education

3.1.1.7 Poor utilisation of grants-in-aid and parking of funds

Knowledge Consortium of Gujarat (KCG), a Society registered under the Societies' Registration Act, 1860 provides a robust platform for the extensive sharing and dissemination of knowledge across all stakeholders of education in general and higher education in particular and connects all universities, colleges, research institutions and libraries of the State with national and international knowledge networks. The KCG receives GIA from the Commissioner of Higher Education for implementing various Schemes.

As on 01 April 2014, KCG had an opening balance of ₹ 103.50 crore. During 2014-17, it received ₹ 857.85 crore from the Commissioner of Higher Education of which, it spent ₹ 460.21 crore (54 per cent) and had an unspent balance of ₹ 596.25 crore at the end of March 2017, which included an interest element of ₹ 95.12 crore received on the funds parked with GSFS during the same period. As on 31 March 2017, funds amounting to ₹ 500.69 crore were parked with GSFS.

Director, Higher Education attributed (July 2017) low spending and parking of funds with GSFS to non-receipt of instructions from ED in case of some Schemes, less number of applicants under Chief Minister Scholarship Scheme and *Mukhyamantri Yuva Swavalamban Yojana* and slow progress of work under *Rashtriya Uchchar Shiksha Abhiyan*.

3.1.1.8 Unadjusted advances

During 2016-17, KCG disbursed ₹ 14.24 crore as financial assistance to 234 colleges and universities for implementation of 16 programmes⁵. Of ₹ 71.31 crore (including an opening balance of ₹ 57.07 crore) available with these educational institutions, only ₹ 4.92 crore was spent, leaving an unutilised balance of ₹ 66.39 crore at the end of March 2017. Further, these institutions were not submitting UCs in the prescribed format and there appeared to be no mechanism with KCG to certify that GIA was used for the intended purposes.

The Director, Higher education stated (July 2017) that advances remained unadjusted mainly because the colleges and universities had submitted UCs very late and grants were released to KCG at the end of the financial year.

Conclusion

The Education Department, Government of Gujarat transferred funds to the Controlling Officers online via Integrated Financial Management System,

⁵ All India Survey on Higher Education (AISHE); All round excellence activities- Saptadhara; Housekeeping, Cleaning & Maintenance; Life skill workshop – Udisha; New courses; National Mission on Education through ICT (NMEICT); Swami Vivekanand Birthday Garden; Furniture & equipment; Mukhyamantri Yuva Swavalamban Yojana (MYSY); Placement Grant – Udisha; Security services; World class universities; Technical Education Quality Improvement Programme (TEQIP); University renovation & maintenance; Electricity deposit with Torrent Power ; and Roads and Buildings

without any conditions attached to it. No separate sanction orders with conditions were being issued. The Department did not have any proper mechanism to monitor the utilisation of funds, submission of UCs by the grantees, check on incorrect or inadequate financial reporting, non-surrender of unspent grants by the grantees, *etc.* Huge amounts of grants provided for implementation of the programmes had been parked with Gujarat State Financial Services Limited and in some cases, funds lay idle due to non-receipt of clear instructions from Education Department for utilisation.

High pendency of Utilisation Certificates was fraught with the risk of misappropriation and fraud.

3.2 Non-receipt of information pertaining to bodies/authorities substantially financed by the Government

Under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, where any body or authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State, the Comptroller and Auditor General of India (C&AG) shall, subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority and report on the receipts and expenditure audited by him.

Under Section 15 of the CAG's (DPC) Act, 1971, where any grant or loan is given for any specific purpose from the Consolidated Fund of India or of any State to any authority or body, the C&AG shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which grants or loans were given.

In order to identify institutions which attract Audit under Sections 14 and 15 of the CAG's (DPC) Act, the Government/Heads of Department (HsOD) are 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 Regulations on Audit and Accounts, 2007 provide that the Governments and HsOD which sanction grants and/or loans to bodies or authorities shall furnish to the Audit Office by the end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the purpose for which the assistance was sanctioned, and (b) the total expenditure of the body or authority.

On taking up the issue with the State Government, only two⁶ of 26 Departments furnished the details of grants-in-aid given to various bodies and authorities during 2016-17. Based on this, two new bodies/authorities⁷ under these two Departments were identified for Audit. In the absence of information from 24 Departments, reasonable assurance to that extent could not be provided to the Legislature/Government about the manner in which the grants

⁶ Agriculture and Co-operation Department; and Industries and Mines Department

⁷ Gujarat Livestock Development Board; and Industrial Extension Cottage

sanctioned/released by them had been utilised. This dilutes the legislative control over the Government expenditure system.

3.3 Non-submission/delay in submission of accounts by autonomous bodies/authorities

There are 195 autonomous bodies/ authorities covered by Section 14 of the CAG's (DPC) Act, 1971. These are audited with regard to their transactions, operational activities and accounts, review of systems/procedures, internal controls, *etc.*

A total of 156 accounts (including accounts of earlier years) relating to 83 bodies/authorities were audited during the year 2016-17. However, 664 annual accounts of 194 autonomous bodies/ authorities due up to 2016-17 were not received as on 31 July 2017 by the offices of Accountant General (Economic and Revenue Sector Audit) and the Accountant General (General and Social Sector Audit).

The details of such accounts are given in **Appendix 3.2** and their age-wise pendency is shown in **Table 3.2**.

Table 3.2: Age-wise arrears of annual accounts due from Government bodies

Sl. No.	Pendency in number of years	No. of the bodies/authorities
1.	Less than one year	63
2.	1-3	59
3.	3-5	45
4.	5-10	12
5.	Above 10	15
Total		194

Source: Information compiled by O/o Accountant General (E&RS Audit) and O/o Accountant General (G&SS Audit), Gujarat

Table 3.2 above shows that the accounts of 27 autonomous bodies/authorities were in arrears for more than five years. Of these, the accounts of Gujarat University, Ahmedabad were in arrears since 1999-2000 while accounts of *Akshar Purushottam Arogya Mandir*, Vadodara and Institute of Kidney Diseases & Research Centre Ahmedabad were in arrears since 2004-05. In the absence of annual accounts, the accounting/utilisation of the grants and loans disbursed to these bodies/authorities could not be verified by Audit.

3.4 Delay in submission of accounts/placement of separate audit reports of autonomous bodies

Several autonomous bodies have been set up by the State Government in the fields of development, housing, *etc.* These bodies attract audit under Section 19(2), 19(3) and 20(1) of the CAG's (DPC) Act, 1971. The accounts of 56 such autonomous bodies in the State are audited by the C&AG. These are audited with regard to their transactions, operational activities and accounts, review of systems and procedures, internal management and financial controls, *etc.* The separate audit reports (SARs) in respect of each of the 56 autonomous bodies

are required to be submitted to the Government while 32 of 56 SARs are required to be placed in the Legislature. However, none of the bodies had rendered (August 2017) the accounts for the year 2016-17. The period of delay in respect of accounts not submitted to Audit up to August 2017 ranged from two months to 110 months. The details of pendency of accounts and the periods of delay⁸ in respect of such autonomous bodies are shown in **Appendix 3.3**.

The details of delay in submission of accounts of autonomous bodies to Audit and the delay in placement of SARs in the Legislature in respect of these autonomous bodies after audit are provided in **Table 3.3**.

Table 3.3: Delay in Submission of accounts and tabling of separate audit reports

Period of delay in respect of accounts not submitted to Audit up to August 2017 (in years)	Number of autonomous bodies	Delay in placement of last SAR in Legislature (in years)	Number of autonomous bodies
1 year	37	Up to 1 year	9
2 years	10	1 – 2 years	7
More than 2 years	9	More than 2 years	4
Total	56	Total	20

Source: Information compiled by offices of Accountant General (E&RS Audit) and Accountant General (G&SS Audit), Gujarat

One autonomous body (Ambaji Area Development Authority) did not submit the accounts since its inception in 2008-09.

3.5 Failure to account for amounts drawn on abstract contingent bills

As per Rule 211 of the Gujarat Treasury Rules, 2000, the drawing officers are required to furnish the detailed contingent (DC) bills in respect of all abstract contingent (AC) bills within three months from the date of drawal of AC Bills to the Accountant General (Accounts & Entitlements).

Audit observed that the State Government did not furnish (July 2017) DC bills in respect of 8,442 AC bills amounting to ₹ 494.85 crore, drawn up to March 2017. Year-wise details of outstanding DC bills are given in **Table 3.4**.

Table 3.4: Pendency in submission of detailed contingent bills

Year	Outstanding DC bills	Amount of DC bills
Up to March 2015	2727	155.92
2015-16	683	42.26
2016-17 ⁹	5032	296.67
Total	8442	494.85

Source: Finance Accounts of Gujarat Government for the year 2016-17

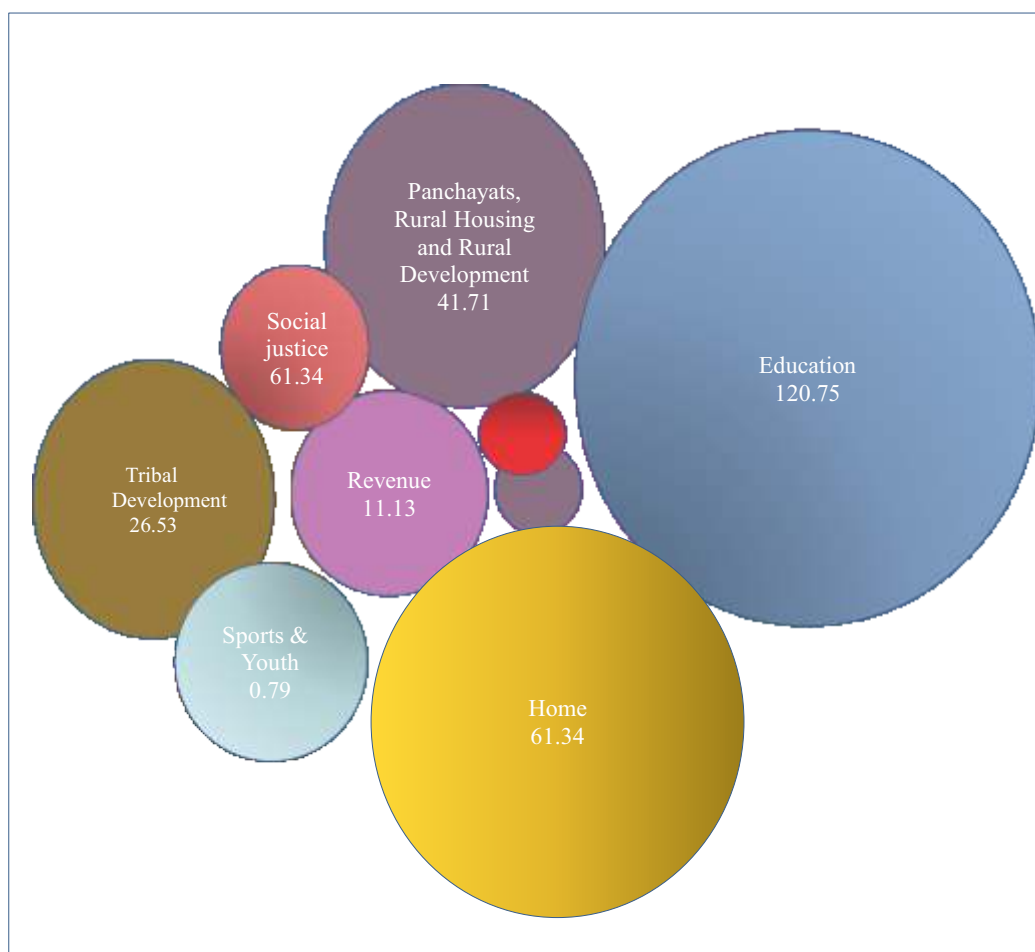
⁸ Accounts are to be submitted by concerned autonomous body within three months of the closure of the financial year (30 June every year)

⁹ Includes 3,310 AC bills amounting to ₹ 177.21 crore were drawn during 2016-17 but were not due for submission during 2016-17

As evident from the **Table 3.4**, DC bills amounting to ₹ 155.92 crore (32 per cent) were pending for more than two years. A large number of DC bills were pending from Education Department (3,783 AC bills amounting to ₹ 120.75 crore); Panchayat, Rural Housing and Rural Development Department (1,436 AC bills amounting to ₹ 41.71 crore); and Social Justice and Empowerment Department (673 AC bills amounting to ₹ 61.34 crore). Some of the major Departments where large number of DC Bills were pending are depicted in **Chart 3.1** below:

Chart 3.1 Departments having significant pendency of DC Bills

(₹ in crore)



During 2016-17, of the 12,329 AC bills (₹ 635.25 crore) drawn, 2,157 AC bills (₹ 205.82 crore) were drawn during March 2017 while 109 AC bills (₹ 18.08 crore) were drawn on the last day of the financial year. Of the ₹ 18.08 crore, significant amounts were drawn by the Home Department (23 AC bills amounting to ₹ 13.71 crore); Ports and Transport Department (One AC bill amounting to ₹ 1.40 crore); Panchayat, Rural Housing and Rural Development (21 AC Bills amounting to ₹ 0.86 crore); and Sports, Youth and Culture Department (19 AC bills amounting to ₹ 0.79 crore).

Along with the audit of Grant No.02 (Agriculture) and Grant No. 102 (Urban Development and Urban Housing) reported in Chapter II of this report, the audit of drawal, utilization and submission of AC/DC bills in these Departments was also taken up. For this purpose, Audit selected three Departmental units/offices

under Agriculture Department and one office under Urban Development and Urban Housing Department. The findings based on test-checks are summarized below:

3.5.1 Delay in submission of detailed contingent bills

The quantum of delay in furnishing DC bills by the four offices under Agriculture Department and Urban Development and Urban Housing Department during 2016-17 is shown in **Table 3.5**.

Table 3.5: Quantum of delay in submission of DC bills

Sl. No.	Name of the Office	No. of DC bills submitted with delay	Period of delay	Reasons for delay
1.	Agriculture, Farmers Welfare & Co-operation Department, Gujarat, Gandhinagar	02 (out of 09 DC bills test-checked)	33 and 144 days	No reasons were furnished by the office concerned.
2.	Office of the Accounts Officer Commissioner of Fisheries, Gandhinagar	06 (out of 12 DC bills test-checked)	34 to 80 days	No reasons were furnished by the office concerned.
3.	Office of the Dy. Director, Integrated Poultry Development Block, Surat	02 (out of 10 DC bills test-checked)	15 and 23 days	No reasons were furnished by the office concerned.
4.	Urban Development and Urban Housing Department	02 (out of 02 DC bills test-checked)	144 days	No reasons were furnished by the office concerned.

Source: Information furnished by four offices

It was further observed that office of the Deputy Director, Integrated Poultry Development Block, Surat (refer Sl. No. 3 of **Table 3.5** above) had drawn 10 AC bills amounting to ₹ 4.60 lakh for purchasing diesel for vehicles. However, ₹ 2.25 lakh of ₹ 4.60 lakh was spent for other purposes such as, electrical items, stationery, photocopy charges *etc.*

The Deputy Director, Integrated Poultry Development Block informed (January 2018) that the matter would be taken up with the Joint Director (Animal Husbandry) and Audit would be informed accordingly.

Significant expenditure against AC bills in March indicated that drawal was primarily to exhaust the budget provisions and revealed inadequate budgetary control. Non-submission of DC Bills within prescribed time breaches financial discipline and entails risk of misappropriation and fraud.

3.6 Personal deposit accounts

A personal deposit account (PD Account) is a device intended to facilitate the administrator thereof to credit receipts into and effect withdrawals directly from the treasury account for a specific purpose. The administrators thereof shall only be Government officers acting in their official or any other capacity. Every PD

account so authorised to be opened will form part of the Government account and be located in the public account portion thereof.

There were 478 PD accounts in operation in district treasuries with a closing balance of ₹ 395.27 crore as on 31 March 2017. During 2016-17, ₹ 1,378.19 crore was credited to PD accounts from the Consolidated Fund of the State and expenditure of ₹ 1,393.76 crore was incurred therefrom. Of these 478 PD/PL accounts, 23 PD accounts having a balance of ₹ 2.02 crore were inoperative.

Of the 33 treasuries in the State, all PD accounts were reconciled by the administrators in respect of 32 treasuries and the administrator of one treasury carried out partial reconciliation.

3.6.1 Audit of personal deposit account of the Dean, B. J. Medical College, Ahmedabad

Audit test-checked (July/August 2017) the operation of the PD Account of the Dean, B. J. Medical College, Ahmedabad (Administrator) for the period 2014-17, in order to examine the compliance with the relevant rules. The Administrator was to use the PD account for receipt/refund of deposits for Under-graduate and Post-graduate courses, All India first year MBBS admission fees and earnest money deposit from the students at the time of admission. The account statement of the PD account for the period 2014-17 is as shown in the **Table 3.6**:

Table 3.6: Balances in the PD account

Year	(₹ in crore)			
	Opening Balance	Deposit/Fees Received	Deposit/Fees Refunded	Closing Balance
2014-15	4.99	2.87	2.63	5.23
2015-16	5.23	1.87	1.71	5.39
2016-17	5.39	3.23	2.46	6.16

Source: Information provided by Dean, B. J. Medical College, Ahmedabad

The major findings on audit of PD Account operated by the Administrator are discussed in the succeeding paragraphs.

3.6.1.1 Operation of the personal deposit account

The PD account can be operated only with the authorisation by the Accountant General (A&E) and it should be operated as per the conditions mentioned in the authorisation letter. However, no authorisation letter was available with the Administrator. The Administrator stated (July 2017) that nearly 50 years have passed since opening of the PD account and all the conditions would have been observed while operating the PD account. The account was being regularly reconciled with treasury. In absence of relevant records, Audit could not ascertain whether the applicable conditions were being observed by the Administrator during operation of PD Account.

3.6.1.2 Irregular retention of All India fees in personal deposit account

As per Rule 25 of Gujarat Treasury Rules, 2000, all kind of fees in Government Institutes must be credited into Government account within two or three days of their receipt. During 2014-17, the PD account was in receipt of All India admission fees amounting to ₹ 8.90 lakh. However, this amount had not been credited into the Government account as of July 2017.

The Administrator stated (July 2017) that the admission fees were to be credited into the Government account after accounting for refunds (in case of cancellation of admissions).

The reply is not acceptable because normally, the third round of counselling is completed around September each year after which admission process for the year is closed. Therefore, All India admission fees for at least 2014-15 and 2015-16 could have been credited to the Government account within a reasonable time period upon completion of admission process.

3.6.1.3 Operation of personal deposit account for other purposes

The PD account should be operated only for the purpose for which it has been opened and should not be used to park funds. Scrutiny of cash book and relevant records revealed that ₹ 87.64 lakh was credited to the PD account during January 2014 to April 2014 for purchase of instruments and furniture, which was not the purpose for which the PD account was opened. Of the ₹ 87.64 lakh, ₹ 80.93 lakh was expended on the said purpose and balance ₹ 6.71 lakh was lying in the PD account as of July 2017.

The Administrator stated (July 2017) that the unspent balance would be deposited into the Government account.

3.6.1.4 Lapsed/unclaimed deposit not credited to Government account

Rule 386 of Gujarat Treasury Rules, 2000 stipulates that all balances unclaimed for more than three complete account years shall, at the close of March in each year, be credited to the Government account.

Scrutiny of the PD account revealed that deposits of ₹ 0.94 lakh and ₹ 0.22 lakh received in 2006 and 2007 respectively as hostel fees were not refunded/claimed as of August 2017. However, these were not credited into Government account despite being lapsed deposits.

The Administrator accepted the audit observation and stated (July 2017) that the unclaimed balances in the PD account would be deposited into the Government account.

3.6.2 Audit of personal deposit accounts in Agriculture Department

Audit selected two Administrators¹⁰ under Agriculture Department. The findings based on test-check of relevant records are summarised below.

¹⁰District Registrar of Co-operative Societies, Paldi, Ahmedabad; and Project Officer, Intensive Poultry Development Block, Makarba, Ahmedabad

3.6.2.1 Deposit of funds other than those specified for deposit in PD account

The PD account of District Registrar of Co-operative Societies (City), Paldi, Ahmedabad, was opened for specific purposes such as, collection and refund of arbitration fees, inquiry fees, audit fees and other receipts. However, ₹ 12.60 lakh being interest amount on fixed deposits was credited into the PD account during 2010-17, which was not the purpose for which this PD account was opened.

The District Registrar stated (January 2018) that the interest amount of ₹ 12.60 lakh on fixed deposits was a carry-forward from previous years and records of opening and closing of fixed deposits were not available.

The PD account of the Project Officer, Intensive Poultry Development Block (IPDB), Makarba, Ahmedabad was to be used for the management of high-laying strain of chicks, balanced poultry feeds, feed additive and medicines *etc.* Audit observed that ₹ 54.47 lakh in respect of nine other projects were parked in this PD account during the period 2013-17. Of these nine projects, funds pertaining to three projects *viz.*, Kankrej Project (₹ 10.20 lakh), Gir Project (₹ 15 lakh) and Castration Aid (₹ 6.24 lakh) were lying unutilized for more than three years.

The Deputy Director, IPDB stated (December 2017) that the concerned Controlling Officers would be requested to take the funds back.

3.6.3 Opening of personal ledger account without approval

The personal ledger account (PLA) can be opened only after obtaining permission from the Finance Department and concurrence of the Accountant General (Accounts and Entitlements).

The Forests and Environment Department accorded (31 March 2016) administrative approval for ₹ 53.52 crore for 17 road works falling under forest areas. The Principal Chief Conservator of Forests, Gandhinagar allotted the grant on 31 March 2016 to the Chief Conservator of Forests, Valsad (CCF) who issued a letter of credit to the Deputy Conservator of Forests, South Division, Ahwa, Dang (DCF) on the same day.

The DCF opened (31 March 2016) a PLA in Bank of Baroda and credited the grant of ₹ 53.52 crore into it. Subsequently, the DCF deposited (October 2016) ₹ 53.52 crore into the PLA of DDO, District *Panchayat*, Dang for initiating the tender process. However, the PLA opened by the DCF did not have the prior concurrence of the Finance Department (FD) and the AG (A&E). Further, the interest earned¹¹ on the deposit from March 2016 to October 2016 was not fully credited to Government account.

The DCF stated (January 2017) that as the grant order came on 31 March 2016, the matter was immediately taken up with District authorities and CCF for

¹¹ Bank credited interest of ₹ 1.08 crore in saving account while the DCF remitted interest amount of ₹ 53.81 lakh only in the Government account

seeking guidance regarding the next course of action. The amount was deposited in PLA and request for *post facto* approval was submitted to Finance Department. The DCF further stated that remaining interest had been credited to the Government account.

The fact remained that the PLA was opened without obtaining prior approval of the Finance Department and funds were credited in the PLA just to avoid lapse of grant.

The irregular operation of PD/PL accounts and the use of PD/PL account for purposes other than mandated entails the risk of fraud and misappropriation.

3.7 Misappropriations, losses and defalcations

The State Government reported 158 cases of misappropriation, defalcation, *etc.*, involving Government money of ₹ 14.41 crore (up to March 2017) on which final action was pending. The Department-wise break up of pending cases and age analysis of such cases is given in **Appendix 3.4**. The nature of these cases is shown in **Appendix 3.5**. The age profile of pending cases and the number of cases pending under categories of theft and misappropriation/loss as emerged from these appendices is summarised in **Table 3.7**.

Table 3.7: Age profile of misappropriations, losses and defalcations

Age-profile of the pending cases		
Range in years	Number of cases	Amount involved (₹ in crore)
Up to 5	44	6.34
5 – 10	13	0.32
10 – 15	17	6.61
15 – 20	15	0.25
20 – 25	16	0.50
25 and above	53	0.39
Total	158	14.41

Source: Information compiled by offices of Accountant General (E&RS Audit) and Accountant General (G&SS Audit), Gujarat

Reasons for which these cases are outstanding are given in **Table 3.8**.

Table 3.8: Reasons for pendency of misappropriations, losses and defalcations

Reasons for the delay/outstanding pending cases		Number of cases	Amount (₹ in crore)
1.	Awaiting Departmental and criminal investigation	27	0.89
2.	Departmental action initiated but not finalised	20	0.29
3.	Criminal proceedings finalised but execution of certificate for the recovery of the amount pending	3	0.66
4.	Awaiting orders for recovery or write off	34	0.26
5.	Pending in the courts of law	72	12.26
6.	Others	2	0.05
Total		158	14.41

Source: Information compiled by offices of Accountant General (E&RS Audit) and Accountant General (G&SS Audit), Gujarat

Of the total 158 outstanding cases involving ₹ 14.41 crore, 27 cases involving ₹ 0.89 crore were awaiting Departmental and criminal investigation while in 20 cases involving ₹ 0.29 crore, Departmental action was initiated but not finalised. Further, Narmada, Water Resources, Water Supply and Kalpsar Department had 21 cases and Land Revenue Department had 16 cases which were pending for more than 25 years.

3.7.1 Misappropriation of Government money in Forest and Environment Department

During audit of the office of Deputy Conservator of Forests (DCF), Junagadh (June 2017), it was noticed that a leave encashment bill of ₹ 4.21 lakh of a retired employee was approved and sent to the bank for payment twice (May 2016 and August 2016). Cross-verification of records with the bank revealed that in the first instance, the amount was rightly credited in the bank account of the retired beneficiary, while in the second instance, the amount of ₹ 4.21 lakh was again credited into the bank accounts of two other officials— one dealing with establishment bills in the office of DCF (₹ 2.22 lakh) and the other, a retired employee of the office of the DCF (₹ 1.99 lakh). The misappropriation was committed by raising a second leave encashment bill in favour of the original beneficiary and obtaining a cheque from the treasury for an amount of ₹ 4.21 lakh in the second instance. However, while forwarding the cheque along with Statement -2¹² to the bank for payment, the officials forged Statement-2 and entered their own names, account numbers and amounts to be credited. This clearly indicated lack of an appropriate oversight mechanism in the office of DCF as well as in the concerned treasury for their failure to check raising of duplicate claims.

The DCF informed (September 2017) that after preliminary investigations, an FIR has been lodged against the erring officials and they have been directed to deposit the amount (₹ 4.21 lakh) into Government account.

The DCF further stated that upon detailed investigation, a case of total misappropriation of ₹ 1.80 crore¹³ had been detected. Both the officials had been directed to remit this amount into Government account with applicable interest. Police investigation in the case was under progress (September 2017).

3.8 Operation of omnibus Minor Head 800

The omnibus Minor Head 800 accommodates the expenditure which could not be classified under the available programme Minor Heads.

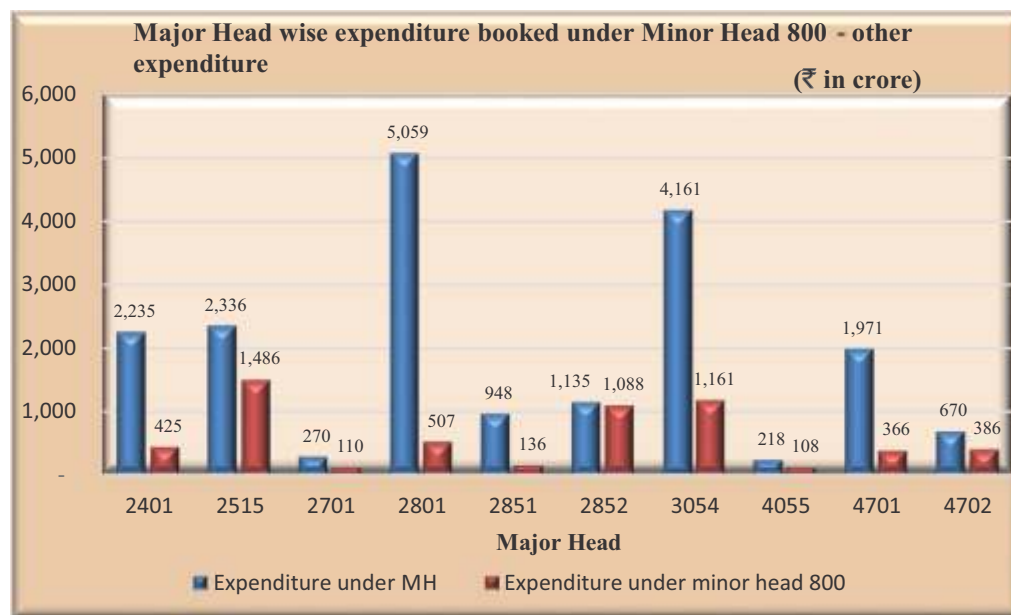
During 2016-17, expenditure aggregating ₹ 8,608.12 crore constituting 6.34 per cent of the total expenditure was classified under Minor Head 800—other expenditure under 68 Major Heads under revenue and capital sections. 100 per cent expenditure on miscellaneous general services (Major

¹²Statement-2 contains the name of the person, his account number and the amount to be credited

¹³Serving employee of DCF: ₹ 1.76 crore; and other retired official: 0.04 crore

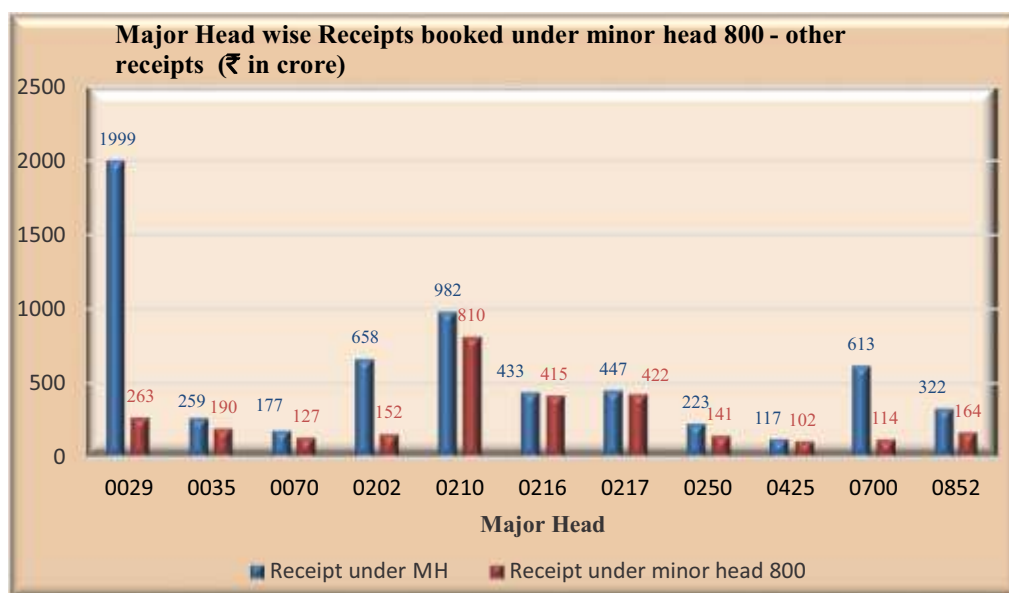
Head 2075), Other general economic services (3475), Capital outlay on miscellaneous general services (Major Head 4075) was classified under omnibus Minor Head – 800. The cases where expenditure of more than ₹ 100 crore was booked under Minor Head -800 under a particular Major Head have been illustrated in **Chart 3.2**:

Chart 3.2: Major Heads where expenditure of more than ₹ 100 crore was booked under Minor Head 800



Similarly, revenue receipts aggregating ₹ 16,471.60 crore, constituting 15 per cent of total receipts were classified under omnibus Minor Head ‘800-Other Receipts’ under 66 Major Heads under Revenue Section. 100 per cent receipts of Family Welfare (Major Head 0211), Food Storage and Warehousing (Major Head-0408), Non-Conventional Sources of Energy (Major Head-0810), Tourism (Major Head-1452), Other Special Areas Programmes (Major Head-0575), Other Scientific Research (Major Head-1425), Civil Supplies (Major Head-1456) were classified under omnibus Minor Head-800.

The cases where receipts of more than ₹ 100 crore were booked under Minor Head -800 under a particular Major Head have been illustrated in **Chart 3.3**:

Chart 3.3: Major Heads where revenue of more than ₹ 100 crore was booked under Minor Head 800

Source: Finance Accounts of Gujarat Government for the year 2016-17

Budgeting of large amounts under the omnibus Minor Head 800-Other Expenditure/Receipts affects the transparency in financial reporting, as it fails to indicate disaggregated information on different activities of the Government separately in the accounts.

It is observed that the expenditure under the Minor Head 800 has decreased from ₹ 13,071 crore in 2015-16 to ₹ 8,608.12 crore in 2016-17 while the revenue receipts under the same Minor Head have increased during the same period from ₹ 10,836.96 crore to ₹ 16,471.60 crore. More efforts are required on the part of Finance Department to classify the expenditure/receipts under correct respective Minor Heads instead of Minor Head-800.

3.9 Comments on Accounts

3.9.1 Transparency in accounts

To bring out greater transparency and to enable informed decision making in Government Accounts, the Twelfth Finance Commission had recommended inclusion of certain statements/appendices in the Finance Accounts which would give details of subsidies given, both explicit and implicit, expenditure on salaries by various Departments/units, detailed information on pensioners and expenditure on Government pensions, data on committed liabilities in the future, statement on debt and other liabilities as well as repayment schedule, accretion to or erosion in financial assets held by the Government including those arising out of changes in the manner of spending by the Government, implications of major policy decisions taken by the Government during the year or new Schemes proposed in the budget for future cash flows and statement on maintenance expenditure with segregation of salary and non-salary portions.

Further, Thirteenth Finance Commission had recommended inclusion of comprehensive data on all subsidies, consolidated information on the number of employees at each level, along with the commitment on salary including information on employees and their salary where such expenditure is shown as grants or booked under other expenditure to be provided with Finance Accounts of the State.

Presently, in the Finance Accounts of the State, the appendix on subsidy does not provide information regarding implicit subsidies. Regarding details of salary, the data captured in accounts is related to State sector only as details of salary in case of aided institutions are included under the grants released to them. Accounting reforms are required to be undertaken to bring the data available in the Finance Accounts to make it more transparent.

3.9.2 Important factors affecting accuracy of accounts

The accounts of the Government are kept on cash basis. Certain transactions that arise in Government Account, the receipts and payments of which cannot at once be taken to a final head of receipt or expenditure owing to lack of information as to the nature or for any other reasons, are to be booked temporarily under the 'Suspense Head'. On the receipt of relevant details/information, these heads of accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government's receipts and expenditure accurately. Debt, Deposit and Remittances heads account for such transactions where the Government, as a custodian of public money, receives and holds such money in trust.

The accuracy of the Finance Accounts 2016-17 of the State has been adversely affected by large number of transactions under suspense heads awaiting final classification. A general review of the transactions showed the following:

3.9.2.1 Outstanding balances under major suspense accounts

The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by Accountant General (Accounts and Entitlement), are indicated in **Table 3.9**.

Table 3.9: Suspense Head (8658 – Suspense Accounts)

(₹ in crore)

Name of Minor Head	2014-15		2015-16		2016-17	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts office Suspense	119.18	(-) 5.94	147.20	0.00	166.13	30.00
	Net Dr. 125.12		Net Dr. 147.20		Net Dr. 136.13	
102- Suspense Accounts (Civil)	121.45	50.38	67.26	0.05	90.93	0.11
	Net Dr. 71.07		Net Dr. 67.21		Net Dr. 90.82	
110- Reserve Bank suspense Central Accounts Office	152.11	(-) 91.44	243.56	0.00	352.96	110.73
	Net Dr. 243.55		Net Dr. 243.56		Net Dr. 242.23	

Source: Finance Accounts

The Finance Accounts reflect the net balances under these heads. The outstanding balances are worked out by aggregating the outstanding debit and credit separately. The implications of the balances under these heads are discussed in the succeeding paragraphs.

(i) Pay and Accounts Office (PAO) Suspense

This Minor Head is operated for the settlement of inter-Departmental and inter-governmental transactions arising in the books of PAOs and the Accountant General. Transactions under this Minor Head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer, against whom the Minor Head “PAO Suspense” has been operationalised. Credit under the head is cleared by ‘minus credit’ when Cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under ‘PAO Suspense’ is cleared by ‘minus debit’ on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under this head would mean that payments have been made by the Accountant General on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the Accountant General on behalf of a PAO, which are yet to be repaid/adjusted. The net debit balance under this head has increased from 2014-15 to 2015-16 while decreased in 2016-17. On clearance/settlement of this, the cash balance of the State Government will increase.

(ii) Suspense Account (Civil)

This transitory Minor Head is operated for accounting of the transactions, which for want of certain information/documents viz., vouchers, challans, etc. cannot be taken to the final head of expenditure or receipt. This Minor Head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents etc., the Minor Head is cleared by minus debit

or minus credit by per contra debit or credit to the concerned Major/Sub-major/Minor Heads of accounts.

Outstanding debit balance under this head would mean payments were made which could not be debited to final expenditure head for want of details like vouchers etc. Outstanding credit balance would mean amounts were received which could not be credited to the final receipt head for want of details. The net debit balance under this is ₹ 90.82 crore, indicating that necessary details for classification of final expenditure head were not available. Steps need to be taken for obtaining the requisite details.

3.10 Conclusion and Recommendations

Non-submission of utilisation certificates of ₹ 2,140.21 crore indicated lack of adequate monitoring by the Departments in utilisation of grants given for specific purposes. Audit noticed instances of non-submission/ incomplete submission of utilisation certificates and parking of funds in Gujarat State Financial Services Limited in detailed scrutiny of records of Education Department.

The sanctioning authority/ concerned Department may evolve a mechanism to gather UCs promptly, verify their genuineness, including by way of sample inspection, and look into the delays in submission to identify the bottlenecks and address them for sound internal control and financial reporting. The parking of funds by autonomous bodies needs review as intended benefit of the Scheme is not achieved.

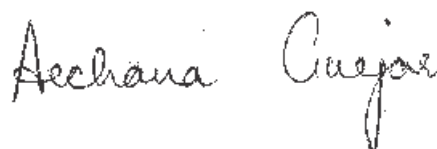
There has been non-submission/delay in submission of accounts of autonomous bodies/authorities. In respect of 27 Autonomous bodies/ authorities auditable under section 14 of CAG's (DPC) Act, 1971, accounts were in arrears for more than five years. None of the 56 autonomous bodies auditable under Section 19(2), 19(3) and 20(1) submitted its accounts in time.

The Controlling Departments may identify the reasons for delay in finalisation of accounts of autonomous bodies/ authorities for suitable remedial measures so that backlog of arrears in accounts is cleared in a time bound manner.

The personal deposit account of the Dean, B.J. Medical College, Ahmedabad revealed that deposits, fees and earnest money from the students of under- graduate/post-graduate/MBBS courses for the years 2014-16 and lapsed/unclaimed deposits pertaining to 2006 and 2007 were not credited into Government account. The personal deposit account of District Registrar of Co-operative Societies (City), Paldi, Ahmedabad was being used to deposit funds for other purposes.

The concerned Departments may ensure that personal deposit accounts are maintained as per provisions contained in Gujarat Treasury Rules, 2000 and

the operations of such accounts may be restricted to the purpose for which such accounts are opened.



(ARCHANA GURJAR)

Accountant General

Ahmedabad

The 22 March 2018

(Economic & Revenue Sector Audit), Gujarat

Countersigned



(RAJIV MEHRISHI)

New Delhi

The 23 March 2018

Comptroller and Auditor General of India

APPENDICES

APPENDIX 1.1
(Reference: Paragraphs- Profile of Gujarat and 1.1, Page 1 and 2)
PART-A State Profile

A. General Data							
				Particulars		Figures	
Area						1,96,024 sq. km.	
Population							
a.	As per 2001 Census					5.07 crore	
b.	As per 2011 Census					6.04 crore	
a.	Density of population (as per 2001 census) (All India Density = 325 persons per sq. km)					258 persons per sq. km.	
b.	Density of population* (as per 2011 census) (All India Density = 382 persons per sq. km)					308 persons per sq. km.	
Population Below Poverty Line (BPL) [†] (2011-12) (All India Average = 21.9 per cent)						16.6 per cent	
a	Literacy rate (as per 2001 census) (All India Average = 64.8 per cent)					69.14 per cent	
b	Literacy rate [‡] (as per 2011 census) (All India Average = 73.00 per cent)					78.0 per cent	
Life Expectancy at birth [§] (All India Average = 68.3 years)						69.1 years	
Infant Mortality Rate ^{**} (per 1000 live births) (All India Average = 37 per 1000 live births)						33	
Gini –Coefficient ^{††}							
a.	Rural (All India = 0.29)					0.25	
b.	Urban (All India = 0.38)					0.33	
Gross State Domestic Product (GSDP) 2016-17 at current prices						₹ 11,25,654 crore	
Per capita GSDP CAGR (2007-08 to 2016-17)				Gujarat		13.2 per cent	
				General Category States		13.2 per cent	
GSDP CAGR (2007-08 to 2016-17)				Gujarat		14.6 per cent	
				General Category States		14.6 per cent	
Population Growth Rate ^{‡‡} (2007-08 to 2016-17)				Gujarat		12.4 per cent	
				General Category States		11.9 per cent	
B. Financial Data							
		CAGR		Growth during 2016-17 over 2015-16			
		2007-2008 to 2015-16					
		GCS[@]	Gujarat	GCS[@]	Gujarat		
Sr. No.	Particulars	(in per cent)					
a.	Revenue Receipts	14.58	13.38	11.52	12.68		
b.	Own Tax Revenue	14.80	14.05	13.50	2.86		
c.	Non Tax Revenue	9.45	10.43	12.10	30.92		
d.	Total Expenditure	15.84	14.52	15.31	5.06		
e.	Capital Expenditure	14.53	17.18	17.91	(-)-7.51		
f.	Revenue Expenditure on Education	16.86	16.13	9.86	3.25		
g.	Revenue Expenditure on Health	18.43	19.18	14.92	19.37		
h.	Salary and Wages	14.89	12.81	13.06	10.66		
i.	Pension	17.17	16.29	10.63	13.45		

* CensusInfo India 2011 Final Population Totals

† Economic Survey 2016-17 (August 2017), Vol. II, Page A 154.

‡ Economic Survey 2016-17 (August 2017), Vol. II, Page A 149.

§ Economic Survey 2016-17 (August 2017), Vol. II, Page A 146

** Economic Survey 2016-17 (August 2017), Vol. II, Page A 156.

†† http://planningcommission.nic.in/data/datatable/data_2312/DatabookDec2014%2016pdf

‡‡ Population Projections for India and States 2001-2026 (revised December 2006) - Report of the Technical Group on Populations constituted by the National Commission on Population: Table -14 (Projected Total Population by sex as on 01 October 2001-2026)

@Based on 16 General Category States – Financial data is based on Finance Accounts of the State Government

Part B: Structure and Form of Government Accounts

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

(i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

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

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

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

PART C: Layout of Finance Accounts

Statement	Layout
Statement No.1	Statement of Financial Position: Cumulative figures of Assets and Liabilities of the Government as they stand at the end of the year.
Statement No.2	Statement of Receipts and Disbursements: Contains the summarized Statement showing all receipts and disbursements of the Government during the year in all the three parts in which Government Accounts are kept.
Statement No.3	Statement of Receipts (Consolidated Fund): Contains revenue and capital receipts and receipts from borrowings of the Government consisting of loans from GOI, Market loans etc.
Statement No.4	Statement of Expenditure (Consolidated Fund) - By function and nature: Gives expenditure by function and summarized expenditure by nature of activity.
Statement No. 5	Statement of Progressive Capital Expenditure
Statement No.6	Statement of Borrowings and other Liabilities: Contains borrowings of the Government comprising Market Loans raised by it and loans and advances received from GOI along with other liabilities which are the balances under various sectors in the Public Account.
Statement No.7	Statement of Loans and Advances given by the Government.
Statement No.8	Statement of Investments of the Government.
Statement No.9	Statement of Guarantees given by the Government: Guarantees given by the State Government for repayment of loans etc. raised by Statutory Corporations, Government Companies, Local Bodies etc.
Statement No.10	Statement of Grants-in-aid given by the Government
Statement No.11	Statement of Voted and Charged Expenditure
Statement No.12	Statement on Sources and Application of funds for expenditure other than revenue account
Statement No.13	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
Statement No.14	Detailed Statement of Revenue and Capital Receipts by Minor heads
Statement No.15	Detailed Statement of Revenue Expenditure by Minor heads.
Statement No.16	Detailed Statement of Capital Expenditure by Minor heads and Sub heads
Statement No.17	Detailed Statement of Borrowings and Other Liabilities
Statement No.18	Detailed Statement of Loans and Advances given by the Government
Statement No.19	Detailed Statement of Investments of the Government
Statement No. 20	Detailed Statement of Guarantees given by the Government
Statement No. 21	Detailed Statement on Contingency Fund and Other Public Account Transactions
Statement No. 22	Detailed Statement on Investments of Earmarked Funds

APPENDIX 1.2

(Reference: Paragraph 1.1; Page 2)

Part A: Methodology adopted for the assessment of Fiscal Position

The norms/ceilings prescribed by the TwFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that the GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by the GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than the GSDP.

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

Trends in Gross State Domestic Product (GSDP)

	2012-13	2013-14	2014-15	2015-16	2016-17
Gross State Domestic Product at current prices (₹ in crore)	7,24,495	8,07,623	8,95,027(P)	9,94,316(Q)	11,25,654(A)
Growth rate of GSDP (<i>per cent</i>)	17.69	11.47	10.82	11.09	13.21

Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2017-18)

P= Provisional Estimates, Q= Quick Estimates, A= Advanced Estimates

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

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

PART B: Fiscal Responsibility Act

The Gujarat Fiscal Responsibility Act, 2005

The State Government enacted the Gujarat Fiscal Responsibility Act, 2005 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. The State Government had enacted the amendments to give effect to various milestones of the fiscal consolidation roadmap as recommended by the Thirteenth Finance Commission (ThFC). To give effect to the fiscal management principles as laid down in the Act and/or the rules framed thereunder, the Government prescribed the following fiscal management targets:

- a) Eliminate the revenue deficit by 31st March 2012 and maintain it at that level or generate revenue surplus thereafter.
- b) Reduce fiscal deficit to not more than three *per cent* of GSDP beginning 1st April 2011.
- c) Cap the total public debt of the State Government from the level of 28.8 *per cent* in FY 2011-12 to 27.1 *per cent* at the end of FY 2014-15 of the estimated GSDP of respective year.
- d) Cap outstanding guarantees within the limit provided in the Gujarat State Guarantees Act, 1963.

As prescribed in the Act, the State Government was required to lay the following statements of Fiscal policy along with the budget before the Legislature:

- a) The Medium Term Fiscal Policy Statement (MTFPS)
- b) The Fiscal Policy Strategy Statement

Keeping in view the fiscal targets laid down in the Fiscal Responsibility Act and/or the rules made thereunder and the anticipated annual rate of reduction of fiscal deficit of the States worked out by the Government of India for the ThFC award period following its recommendation, the State Government has developed its own Fiscal Correction Path indicating the milestones of outcome indicators with target dates of implementation during the period from 2013-14 to 2016-17 as given below.

Fiscal indicators of Medium Term Fiscal Policy Statement

(₹ in crore)

Sl.No.	Item	Previous year		Current Year		Ensuing Year	Targets for next two years	
		2013-14	2014-15	2015-16(BE)	2015-16 (RE)	2016-17 (BE)	2017-18	2018-19
1	2	3	4	5	6	7	8	9
1	Revenue Deficit (-)/ Surplus (+)	+4717	5326	+7308	+3657	+3236	+5000	+6000
2	Fiscal Deficit (-) / Surplus(+)	-18423	-18320	-22049	-22167	-24608	-31002	-35131
3	Public Debt	149506	163451	184667	182098	202978	222978	242978
4	GSDP**	806745	895202	982626	984971	1094303	1240064	1405240
5	Fiscal Deficit as percentage of GSDP	2.28	2.05	2.24	2.25	2.25	2.50	2.50
6	Public Debt as percentage of GSDP	18.53	18.26	18.79	18.49	18.55	17.98	17.29
7	Government guarantees outstanding	6583	6017	16000*	5850 [#]	16000*	16000*	16000*

Source: Finance Accounts & Budgets of the relevant years

[#] Outstanding guarantees as on 31st January, 2016.

*New guarantees will be given subject to vacation of guarantees and will be kept below ₹ 16,000 crore.

**The GSDP estimates for 2014-15 are based on quick estimates and for 2015-16(RE) are based on advanced estimates while the growth for 2016-17 has been estimated at the rate of 11.1 *per cent* and thereafter as per the projections of the Fourteenth Finance Commission on advance estimates of GSDP for 2015-16.

APPENDIX 1.3
(Reference: Paragraphs 1.1.1 and 1.9.1; Pages 2 and 34)

Part – I: Abstract of Receipts and Disbursement for the year 2016-17

Section-A: Revenue

(₹ in crore)

Receipts			Disbursement							
2015-16		2016-17	2015-16			Non-Plan	Plan	Total	2016-17	
97482.58	I	Revenue Receipts	109841.81	95778.54	I	Revenue Expenditure	67185.61	36709.22	103894.83	103894.83
62649.41		Tax Revenue	64442.71	32876.05		General Services	34312.51	1491.84	35804.35	
				42119.90		Social Services	22092.05	22833.97	44926.02	
10193.52		Non-Tax Revenue	13345.66	17976.02		Education, Sports, Art and Culture	14808.01	3751.75	18559.76	
				5229.09		Health and Family Welfare	1802.07	4439.76	6241.83	
15690.43		State's share of Union Taxes	18835.39	10404.22		Water Supply, Sanitation, Housing and Urban Development	3969.87	7906.46	11876.33	
				106.68		Information and Broadcasting	31.83	87.42	119.25	
2179.28		Non-Plan grants	3192.93	2782.46		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	235.59	3013.23	3248.82	
6064.11		Grants for State Plan schemes	8505.95	960.96		Labour and Labour Welfare	261.07	581.22	842.29	
				4599.73		Social Welfare and Nutrition	928.85	3038.05	3966.90	
705.83		Grants for Central and Centrally sponsored schemes	1519.17	60.74		Others	54.76	16.08	70.84	
				20223.86		Economic Services	10365.10	12383.41	22748.51	
				4313.01		Agriculture and Allied Activities	1167.79	3867.41	5035.20	
				3367.07		Rural Development	1959.74	1463.76	3423.50	
				67.54		Special Areas Programmes	49.55	24.98	74.53	
				981.72		Irrigation and Flood Control	603.26	642.93	1246.19	
				4481.78		Energy	4470.62	612.55	5083.17	
				1965.92		Industry and Minerals	163.84	2070.53	2234.37	
				4103.62		Transport	1763.40	2764.81	4528.21	
				229.31		Science, Technology and Environment	1.50	247.78	249.28	
				713.89		General Economic Services	185.40	688.66	874.06	
				558.73		Grants-in-aid and Contributions	415.95	-	415.95	
-	II	Revenue Deficit carried over to Section B		1704.04	II	Revenue Surplus carried over to Section B			5946.98	5946.98
97482.58		Total	109841.81	97482.58		Total				109841.81

Appendices

Section B: Others

(₹ in crore)

Receipts				Disbursements						
2015-16			2016-17	2015-16			Non-Plan	Plan	Total	2016-17
21076.47	III	Opening cash balance including permanent advances and cash balance investments	18559.48	0.00	III	Opening Overdraft from Reserve Bank of India	0.00	0.00	0.00	0.00
0.00	IV	Miscellaneous capital receipts	240.05	24169.44	IV	Capital Outlay	53.41	22301.98	22355.39	22355.39
				808.21		General Services	34.36	558.53	622.89	
				6417.14		Social Services	18.78	6196.22	6215.00	
				1280.66		Education, Sports, Art and Culture	0.00	1166.54	1166.54	
				1896.01		Health and Family Welfare	0.00	1457.69	1457.69	
				2558.42		Water Supply, Sanitation, Housing and Urban Development	18.78	3256.23	3275.01	
				1.01		Information and Broadcasting	0.00	0.00	0.00	
				318.36		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.00	158.44	158.44	
				70.90		Social Welfare and Nutrition	0.00	(-109.77)	(-109.77)	
				291.78		Others	0.00	267.09	267.09	
				16944.08		Economic Services	0.27	15517.23	15517.50	
				945.78		Agriculture and Allied Activities	0.00	806.86	806.86	
				1204.49		Rural Development	0.00	1182.54	1182.54	
				23.60		Special Areas Programmes	0.00	36.64	36.64	
				8141.85		Irrigation and Flood Control	0.00	7423.60	7423.60	
				3297.11		Energy	0.00	2685.10	2685.10	
				128.65		Industry and Minerals	0.27	4.28	4.55	
				2743.59		Transport	0.00	2938.11	2938.11	
				0.00		Science, Technology and Environment	0.00	0.00	0.00	
				0.00		Communication	0.00	0.00	0.00	
				459.02		General Economic Services	0.00	440.10	440.10	
125.46		Recoveries of loans and advances	165.77	675.19	V	Loans and Advances disbursed	62.35	415.21	477.56	477.56
53.70		From power projects	57.20	143.12		For Power Projects	0.00	61.79	61.79	
34.92	V	From Government servants	20.28	12.58		To Government Servants	19.78	0.00	19.78	
36.84		From others	88.29	519.49		To Others	42.57	353.42	395.99	
1704.04	VI	Revenue surplus brought down	5946.98	0.00	VI	Revenue Deficit brought down	0.00	0.00	0.00	1704.04
23486.19		Public debt receipts	27668.31	6194.26	VII	Repayment of Public debt			9073.17	9073.17
23233.63		Internal debt other than ways and means advances and overdrafts	27477.24	5534.06		Internal debt other than Ways and Means Advances and Overdrafts	0.00	8386.27	8386.27	
0.00	VII	Net transaction under ways and means advances	0.00	0.00		Net transactions under Ways and Means Advances	0.00	0.00	0.00	
252.56		Loans and	191.07	660.20		Repayment of Loans	0.00	686.90	686.90	

Section B: Others

(₹ in crore)

Receipts				Disbursements						
2015-16			2016-17	2015-16			Non-Plan	Plan	Total	2016-17
		Advances from Central Government				and Advances to Central Government				
0.00	VIII	Appropriation to Contingency Fund	0.00	0.00	VIII	Appropriation to Contingency Fund	0.00	0.00	0.00	0.00
14.16	IX	Amount transferred to Contingency Fund	3.75	3.75	IX	Expenditure from Contingency Fund	0.00	0.00	0.00	0.00
65131.92		Public Account receipts	58958.90	61936.12	X	Public Account disbursements			56,388.19	56388.19
2255.08		Small Savings and Provident Funds	2279.87	1777.39		Small Savings and Provident Funds	1747.33			
2025.60	X	Reserve Funds	1706.17	2320.28		Reserve Funds	290.37			
452.65		Suspense and Miscellaneous	(-)1367.56	196.79		Suspense and Miscellaneous	211.59			
17684.77		Remittances	15770.94	17404.02		Remittances	15839.46			
42713.82		Deposits and Advances	40569.48	40237.64		Deposits and Advances	38299.44			
0.00		Closing overdraft from Reserve Bank of India	0.00	18559.48	XI	Cash Balance at end			23248.93	23248.93
				4.19		Cash in Treasuries and Local Remittances	4.19			
	XI			(-)598.63		Deposits with Reserve Bank	(-)471.82			
				10208.40		Departmental Cash Balance and investment including permanent Advances	10966.57			
				8945.52		Cash Balance Investment	12749.99			
111538.24		Total	111543.24	111538.24		Total				111543.24

Part II: Summarised financial position of the Government of Gujarat as on 31 March 2017			
As on 31.03.2016	Liabilities		As on 31.03.2017
173680.67	Internal Debt -		192771.64
115157.07	Market Loans bearing interest	136101.55	
0.55	Market Loans not bearing interest	0.52	
0.00	Loans from Life Insurance Corporation of India	0.00	
58523.05	Loans from Other Institutions	56669.57	
	Ways and Means Advances	0.00	
	Overdrafts from Reserve Bank of India	0.00	
7062.15	Loans and Advances from Central Government -		6566.32
2.53	Pre 1984-85 Loans, 6004	2.53	
39.69	Non-Plan Loans	36.15	
7019.75	Loans for State Plan Schemes	6527.46	
-	Loans for Central Plan Schemes	-	
0.18	Loans for Centrally Sponsored Plan Schemes	0.18	
196.25	Contingency Fund		200
9527.31	Small Savings, Provident Funds, etc.		10059.86
26764.43	Deposits		29034.48
14263.74	Reserve Funds		15679.53
1604.89	Suspense and Miscellaneous Balances		25.84
829.13	Remittance Balances		760.61
233928.57	Total		255098.28
	Assets		
188390.11	Gross Capital Outlay on Fixed Assets -		210745.50
70729.67	Investments in shares of Companies, Corporations, etc.	77833.26	
117660.44	Other Capital Outlay	132912.24	
7326.40	Loans and Advances -		7638.20
608.89	Loans for Power Projects	613.49	
6480.14	Other Development Loans	6782.81	
237.37	Loans to Government servants and Miscellaneous loans	241.90	
10208.17	Reserve Fund Investments		10966.24
0.80	Advances		0.80
0.00	Suspense and Miscellaneous Balances		0.00
8350.97	Cash -		12282.35
4.19	Cash in Treasuries and Local Remittances	4.19	
-598.63	Deposits with Reserve Bank	(-)471.82	
-0.11	Departmental Cash Balance including Permanent Advances	(-)0.01	
8945.52	Cash Balance Investments	12749.99	
19652.12	Deficit on Government Account -		13465.19
	Less	5946.98	
1704.04	(i) Revenue Surplus /Add Revenue deficit of the current year		
0.00	(ii) Miscellaneous Deficit	240.05	
0.00	(iii) Other adjustment	(-)0.10	
21356.16	Accumulated deficit at the beginning of the year	19652.12	
233928.57	Total		255098.28

Appendix 1.4
(Reference: Paragraphs 1.1.3; Pages 4)
Actuals vis-à-vis Budget Estimates and Revised Estimates 2016-17

(₹ in crore)

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease (-)		Increase/ Decrease (-)	
						(In per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
(1) Revenue receipts (a+b+c+d)	116366	112521	109842	-6524	-2679	-5.61	-2.38
(a) Tax revenue	71370	64760	64443	-6927	-317	-9.71	-0.49
Taxes on sales, trade etc.	50500	45632	46314	-4186	682	-8.29	1.49
State excise	154	157	152	-2	-5	-1.30	-3.18
Taxes on immovable property other than agricultural land	518	308	259	-259	-49	-50.00	-15.91
Stamps and registration fees	6550	5700	5783	-767	83	-11.71	1.46
Taxes on vehicles	3502	3505	3213	-289	-292	-8.25	-8.33
Taxes on goods and passengers	251	279	66	-185	-213	-73.71	-76.34
Land revenue	2665	2586	1999	-666	-587	-24.99	-22.70
Taxes and duties on electricity	6506	5800	5833	-673	33	-10.34	0.57
Other taxes and duties on commodities and services	724	793	824	100	31	13.81	3.91
(B) Non-tax revenue	12428	14378	13346	918	-1032	7.39	-7.18
Interest receipts	1549	3200	2580	1031	-620	66.56	-19.38
Dividend and profit	142	99	110	-32	11	-22.54	11.11
Police	273	254	249	-24	-5	-8.79	-1.97
Public works	413	189	53	-360	-136	-87.17	-71.96
Other administrative services	247	216	177	-70	-39	-28.34	-18.06
Miscellaneous general services	720	195	29	-691	-166	-95.97	-85.13
Education, sports, art and culture	616	559	658	42	99	6.82	17.71
Medical and public health	275	981	982	707	1	257.09	0.10
Water supply and sanitation	4	19	8	4	-11	100.00	-57.89
Urban development	190	384	447	257	63	135.26	16.41
Labour and employment	509	468	434	-75	-34	-14.73	-7.26
Fisheries	150	13	15	-135	2	-90.00	15.38
Forestry and wildlife	63	53	46	-17	-7	-26.98	-13.21
Major irrigation	817	680	613	-204	-67	-24.97	-9.85
Medium irrigation	475	440	473	-2	33	-0.42	7.50
Minor irrigation	30	14	15	-15	1	-50.00	7.14
Non-ferrous mining and metallurgical industries	4102	4212	3747	-355	-465	-8.65	-11.04

Appendices

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease (-)		Increase/ Decrease (-)	
						(In per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Ports and light houses	965	1034	933	-32	-101	-3.32	-9.77
Roads and bridges	98	204	192	94	-12	95.92	-5.88
Other general economic services	42	36	50	8	14	19.05	38.89
Other non-tax revenue	748	1128	1535	787	407	105.21	36.08
(c) State's share of union taxes and duties	18520	18835	18835	315	0	1.70	0.00
(d) Grants-in-aid from GoI	14048	14548	13218	-830	-1330	-5.91	-9.14
(2) Miscellaneous capital receipts	10	240	240	-230	0	2300.00	0.00
(3) Recoveries of loans and advances	286	286	166	-120	-120	-41.96	-41.96
(4) Total receipts (1+2+3)	116662	113047	110248	-6414	-2799	-5.50	-2.48
(5) Revenue expenditure (a+b+c+d)	113130	109010	103895	-9235	-5115	-8.16	-4.69
(a) General services	41358	38260	35804	-5554	-2456	-13.43	-6.42
Administration of justice	1123	878	769	-354	-109	-31.52	-12.41
Elections	100	93	90	-10	-3	-10.00	-3.23
Land revenue	164	126	116	-48	-10	-29.27	-7.94
Stamps and registration	110	123	112	2	-11	1.82	-8.94
State excise	18	16	15	-3	-1	-16.67	-6.25
Taxes on sales, trade etc.	297	256	235	-62	-21	-20.88	-8.20
Interest payments	17466	17916	17797	331	-119	1.90	-0.66
Secretariat- general services	415	334	313	-102	-21	-24.58	-6.29
District administration	418	394	364	-54	-30	-12.92	-7.61
Treasury and accounts administration	157	138	133	-24	-5	-15.29	-3.62
Police	3597	3547	3494	-103	-53	-2.86	-1.49
Jails	115	109	109	-6	0	-5.22	0.00
Public works	150	331	274	124	-57	82.67	-17.22
Other administrative services	322	327	325	3	-2	0.93	-0.61
Pension and other retirement benefits	10800	11597	11303	503	-294	4.66	-2.54
Miscellaneous general services	4526	553	43	-4483	-510	-99.05	-92.22
Others	1580	1522	312	-1268	-1210	-80.25	-79.50
(b) Social services	46914	46870	44926	-1988	-1944	-4.24	-4.15
General education	18061	17750	17651	-410	-99	-2.27	-0.56
Technical education	669	621	578	-91	-43	-13.60	-6.92
Sports and youth services	363	275	265	-98	-10	-27.00	-3.64
Medical and public health	5436	5412	5208	-228	-204	-4.19	-3.77
Family welfare	901	1139	1034	133	-105	14.76	-9.22

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease (-)		Increase/ Decrease (-)	
						(In per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Water supply and sanitation	985	1710	1458	473	-252	48.02	-14.74
Housing	1396	2067	1792	396	-275	28.37	-13.30
Urban development	9311	8925	8626	-685	-299	-7.36	-3.35
Welfare of scheduled castes, scheduled tribes, other backward classes and minorities	3391	3440	3249	-142	-191	-4.19	-5.55
Labour and employment	978	910	842	-136	-68	-13.91	-7.47
Social security and welfare	983	906	820	-163	-86	-16.58	-9.49
Nutrition	3229	2573	2356	-873	-217	-27.04	-8.43
Relief on account of natural calamities	869	868	791	-78	-77	-8.98	-8.87
Others	342	274	256	-86	-18	-25.15	-6.23
(c) Economic services	24431	23461	22749	-1682	-712	-6.88	-3.03
Crop husbandry	2569	2481	2235	-334	-246	-13.00	-9.92
Animal husbandry	558	496	437	-121	-59	-21.68	-11.90
Forestry and wildlife	583	491	478	-105	-13	-18.01	-2.65
Agricultural research and education	664	625	625	-39	0	-5.87	0.00
Co-operation	743	721	730	-13	9	-1.75	1.25
Special programmes for rural development	513	600	508	-5	-92	-0.97	-15.33
Rural employment	810	657	580	-230	-77	-28.40	-11.72
Other rural development programmes	3099	2408	2336	-763	-72	-24.62	-2.99
Major irrigation	364	318	318	-46	0	-12.64	0.00
Medium irrigation	236	256	270	34	14	14.41	5.47
Minor irrigation	433	622	611	178	-11	41.11	-1.77
Power	4989	5059	5059	70	0	1.40	0.00
New and renewable energy	24	24	24	0	0	0.00	0.00
Industries	1266	1160	1135	-131	-25	-10.35	-2.16
Non-ferrous mining and metallurgical industries	220	176	152	-68	-24	-30.91	-13.64
Roads and bridges	3907	4120	4161	254	41	6.50	1.00
Road transport	303	304	304	1	0	0.33	0.00
Secretariat- economic services	125	113	96	-29	-17	-23.20	-15.04
Census surveys and statistics	32	44	43	11	-1	34.38	-2.27
Civil supplies	792	721	613	-179	-108	-22.60	-14.98
Others	2201	2065	2034	-167	-31	-7.59	-1.50
(d) Grants-in-aid and contributions	427	419	416	-11	-3	-2.58	-0.72
(6) Capital expenditure	27035	23751	22355	-4680	-1396	-17.31	-5.88
Capital outlay on police	305	236	218	-87	-18	-28.52	-7.63

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease (-)		Increase/ Decrease (-)	
						(In per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Capital outlay on public works	787	431	402	-385	-29	-48.92	-6.73
Capital outlay on education, sports, art and culture	1921	1436	1167	-754	-269	-39.25	-18.73
Capital outlay on medical and public health	1787	1445	1440	-347	-5	-19.42	-0.35
Capital outlay on water supply and sanitation	2558	2558	2503	-55	-55	-2.15	-2.15
Capital outlay on housing	736	648	654	-82	6	-11.14	0.93
Capital outlay on urban development	360	166	118	-242	-48	-67.22	-28.92
Capital outlay on welfare of scheduled castes, scheduled tribes, other backward classes and minorities	383	182	158	-225	-24	-58.75	-13.19
Capital outlay on nutrition	83	64	(-)112	-195	-176	-234.94	-275.00
Capital outlay on other social services	640	393	267	-373	-126	-58.28	-32.06
Capital outlay on crop husbandry	138	26	25	-113	-1	-81.88	-3.85
Capital outlay on forestry and wildlife	666	589	584	-82	-5	-12.31	-0.85
Capital outlay on other rural development programmes	1212	1186	1183	-29	-3	-2.39	-0.25
Capital outlay on other special areas programmes	26	37	37	11	0	42.31	0.00
Capital outlay on major irrigation	4602	5244	4719	117	-525	2.54	-10.01
Capital outlay on medium irrigation	2371	2043	1971	-400	-72	-16.87	-3.52
Capital outlay on minor irrigation	1124	704	670	-454	-34	-40.39	-4.83
Capital outlay on flood control projects	147	75	64	-83	-11	-56.46	-14.67
Capital outlay on power projects	2667	2635	2685	18	50	0.67	1.90
Capital outlay on ports and light houses	293	34	32	-261	-2	-89.08	-5.88
Capital outlay on civil aviation	205	177	176	-29	-1	-14.15	-0.56
Capital outlay on roads and bridges	2573	2222	2200	-373	-22	-14.50	-0.99
Capital outlay on road transport	531	531	531	0	0	0.00	0.00
Capital outlay on tourism	443	440	440	-3	0	-0.68	0.00
Other capital outlays	477	249	111	-366	-138	-76.73	-55.42
(7) Repayment of public debt	8622	13434	9073	451	-4361	5.23	-32.46

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease (-)		Increase/ Decrease (-)	
						(In per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
(7) Disbursement of loans and advances	1105	510	478	-627	-32	-56.74	-6.27
(8) Total expenditure (5+6+7)	141270	133271	126728	-14542	-6543	-10.29	-4.91
(9) Revenue surplus (+)/deficits (-) (1-5)	3236	3512	5947	2711	2435	83.78	69.33
(10) Fiscal deficits (-) (4-8)	24608	20224	16480	-8128	-3744	-33.03	-18.51
(11) Primary surplus (+)/deficits(-) (10+ interest payment)	-7142	-2308	1317	8459	3625	-118.44	-157.06

APPENDIX 1.5
Time series data on the State Government finances
(Reference: Paragraph 1.3 and 1.9.2; Page 8 and 34)

	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
PART A-Receipts					
1. Revenue receipts	75229	79976	91978	97483	109842
(i) Tax Revenue	53897	56373	61340	62649	64443
Taxes on agricultural income	-	-	-	-	-
Taxes on sales, trade, etc	39465	40976	44145	44091	46314
State excise	85	110	140	123	152
Taxes on vehicles	2276	2283	2695	3008	3213
Stamps and registration fees	4427	4749	5503	5549	5783
Land revenue	2208	1727	1893	2529	1999
Taxes on goods and passengers	211	834	211	265	66
Other taxes	5225	5694	6753	7084	6916
(ii) Non tax revenue	6017	7018	9543	10194	13346
(iii) State's share of Union taxes and duties	8869	9702	10296	15691	18835
(iv) Grants in aid from Government of India	6446	6883	10799	8949	13218
2. Miscellaneous capital receipts	-	-	241	0.00	240
3. Recoveries of loans and advances	47	141	621	125	166
4. Total revenue and non debt capital receipts (1+2+3)	75276	80117	92840	97608	110248
5. Public debt receipts	19497	19343	19454	23486	27668
Internal debt (excluding ways and means advances and overdrafts)	18905	19182	19131	23234	27477
Net transactions under ways and means advances and overdrafts	-	-	-	-	-
Loans and advances from Government of India	592	161	323	253	191
6. Total receipts in the Consolidated Fund (4+5)	94773	99460	112294	121094	137916
7. Contingency fund receipts	81	0	0	14	4
8. Public account receipts (Gross)	50046	52020	62388	65132	58959
9. Total receipts of the State (6+7+8)	144900	151480	174682	186240	196879
PART B-Expenditure/Disbursement					
10. Revenue Expenditure	69659	75259	86652	95779	103895
Plan	22513	23894	26586	32224	36709
Non plan	47146	51365	60066	63555	67186
General services (including interest payments)	24128	26820	30003	32876	35804
Social services	29529	32382	36714	42120	44926
Economic services	15839	15731	19399	20224	22749
Grants-in-aid and contributions	163	326	536	559	416
11. Capital expenditure	21227	22677	24158	24169	22355
Plan	21151	22511	24074	24093	22302
Non plan	76	166	84	76	53
General services	714	816	888	808	623
Social services	6083	6650	7186	6417	6215
Economic services	14430	15211	16084	16944	15517
12. Disbursement of loans and advances	882	603	350	675	478
13. Total expenditure (10+11+12)	91768	98539	111160	120623	126728
14. Repayments of public debt	6536	6204	5509	6194	9073
Internal debt (excluding Ways and Means Advances and Overdrafts)	5794	5548	4849	5534	8386

	2012-13	2013-14	2014-15	2015-16	2016-17
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and advances from Government of India	742	656	660	660	687
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	98304	104743	116669	126817	135801
17. Contingency fund disbursements	-	-	14	4	-
18. Public account disbursements	46538	50039	52309	61936	56388
19. Total disbursement by the State (16+17+18)	144842	154782	168992	188757	192189
Part C- Deficits					
20. Revenue deficit(-) / revenue surplus (+) (1-10)	(+)5570	(+)4717	(+)5326	(+)1704	(+)5947
21. Fiscal deficit (-)/fiscal surplus (+) (4-13)	(-)16492	(-)18422	(-)18320	(-)23015	(-)16480
22. Primary deficit(-)/primary surplus(+)(21+23)	(-)4331	(-)5090	(-)3374	(-)6715	(+)1317
Part D- Other data					
23. Interest payments (included in revenue expenditure)	12161	13332	14946	16300	17797
24. Financial assistance to local bodies etc.	31125	36161	39964	44048	48055
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means advances/ overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP)F	724495	807623	895027(P)	994316(Q)	1125654(A)
28. Outstanding fiscal liabilities (year end)	166667	183057	202313	221090	243146
29. Outstanding guarantees (year end)	6195	6549	5984	5236	4804
30. Maximum amount guaranteed (during the year)	10525	11175	11235	11333	11333
Part E- Fiscal Health Indicators					
Own tax revenue/GSDP (<i>per cent</i>)	7.57	6.99	6.85	6.36	5.72
Own non-tax revenue/GSDP (<i>per cent</i>)	0.84	0.87	1.07	1.03	1.19
Central transfers/GSDP (<i>per cent</i>)	2.15	2.06	2.36	2.50	2.85
II. Expenditure Management					
Total expenditure/GSDP (<i>per cent</i>)	12.89	12.21	12.42	12.25	11.26
Total expenditure/revenue receipts	1.22	1.23	1.21	1.24	1.15
Revenue expenditure/total expenditure	0.76	0.76	0.78	0.79	0.82
Expenditure on social services/total expenditure	0.39	0.40	0.39	0.40	0.41
Expenditure on economic services/total expenditure	0.33	0.31	0.32	0.31	0.30
Capital expenditure/total expenditure	0.23	0.23	0.22	0.20	0.18
Capital expenditure on social and economic services/total expenditure.	0.22	0.22	0.21	0.19	0.17
III. Management of fiscal imbalances					
Revenue deficit or surplus/GSDP (<i>per cent</i>)	0.78	0.58	0.59	0.17	0.53
Fiscal deficit/GSDP (<i>per cent</i>)	2.32	2.28	2.05	2.34	1.46
Primary deficit (-) or surplus(+)/GSDP (<i>per cent</i>)	(-)0.61	(-)0.63	(-)0.38	(-)0.68	(+)0.12
Revenue deficit/fiscal deficit	(+)0.34	(+)0.26	(+)0.29	(+)0.07	(+)0.36
Primary revenue balance/GSDP (<i>per cent</i>)	2.49	2.24	2.26	1.83	2.11
IV. Management of fiscal liabilities					
Fiscal liabilities/GSDP	0.23	0.23	0.23	0.22	0.22

	2012-13	2013-14	2014-15	2015-16	2016-17
Fiscal liabilities/RR (<i>per cent</i>)	222	229	220	227	221
Primary deficit vis-à-vis quantum spread (<i>per cent</i>)	(-)28.64	(-)79.24	(-)60.19	(-)97.52	10.75
Debt redemption (principal +interest) / total debt receipts	0.93	0.95	0.93	0.96	0.94
V. Other Fiscal Health Indicators					
Return on investment	0.12	0.50	0.14	0.14	0.14
Balance from current revenue (₹ in crore)	22,867	23,807	23,782	27,658	49517
Financial assets/liabilities	0.82	0.86	0.90	0.92	0.95

F Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2017-18)

P= Provisional Estimates, Q= Quick Estimates, A= Advanced Estimates

APPENDIX 1.6
Comparison of main components of tax revenue during 2012-13 to 2016-17
(Reference Paragraph 1.3.1, page 10)

(₹ in crore)

Heads of revenue	Year	Revenue collected	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of cost of collection
Sales tax/ commercial tax	2012-13	39464.67	164.13	0.42	0.83
	2013-14	40976.06	227.22	0.55	0.88
	2014-15	44145.26	212.25	0.48	0.91
	2015-16	44091.05	204.99	0.46	0.66
	2016-17	46317.78	234.86	0.51	N.A.
Taxes on vehicles and taxes on goods and passengers	2012-13	2486.84	83.44	3.36	2.96
	2013-14	3116.37	94.98	3.05	6.25
	2014-15	2905.44	124.07	4.27	6.08
	2015-16	3273.17	138.53	4.23	4.99
	2016-17	3279.35	134.94	4.11	N.A.
Stamp duty and registration fees	2012-13	4426.93	70.13	1.58	1.89
	2013-14	4749.35	79.61	1.67	3.37
	2014-15	5503.34	81.75	1.49	3.59
	2015-16	5549.42	84.76	1.53	2.87
	2016-17	5782.93	111.56	1.93	N.A.
State excise	2012-13	84.91	11.38	13.40	2.98
	2013-14	109.82	12.44	11.33	1.81
	2014-15	140.27	13.43	9.57	2.09
	2015-16	123.32	14.49	11.75	3.21
	2016-17	151.53	15.31	10.10	N.A.

Source: Finance Accounts of respective years

N.A.: Not Available

APPENDIX 2.1
Statement of expenditure without provision
(Reference: Paragraph 2.3.1; Page 46)

(₹ in crore)

Sl. No.	Grant No.	Major Head and details of the Grant/ Appropriation	Expenditure	Reasons
1.	96	4701.80.796 43 IRG-59 Link Canal Ukai to Godhara Wier (Plan)	0.25	No reasons intimated
2.	96	4701.80.796 62 Tapi-Karjan Link-Pipeline Project (Plan)	0.20	No reasons intimated
3.	60	2014.00.102 02 Registrar	0.04	No reasons intimated
Total			0.49	

Source: Appropriation Accounts and Appropriation Act of the State Government for the year 2016-17

APPENDIX 2.2
Excess over provision in previous years requiring regularisation
(Reference: Paragraph 2.3.1.2; Page 47)

(₹ in crore)

Year	Grant/ Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2007-08	3,5,8,9,11,12,13,15,18,21,22,23,25,26,31,32,38,39,40,41,44,50,51,53,55,57,61,62,64,66,73,74,75,78,80,81,82,84 (Revenue voted and charge), 86,87,88, 95	1055.38	Yet to be regularised
2008-09	5,8,9,13,21,22,23,26,38,39,41,43,44,55,58,62,66, 73, 79, 80, 81, 86 (Revenue and Capital), 87,104,106.	347.05	Yet to be regularised
2009-10	1, 3, 5, 9, 10, 12, 17, 18, 21, 23, 26, 32, 39, 41, 43, 45, 46, 48, 55, 57, 61, 62, 64, 66, 69, 73, 75, 80, 84, 86, 87, 88, 96, 97, 101, 102 (Revenue Voted); 20, 32, 43, 68, 84 (Revenue Charged);65, 93 (Capital Voted); 86 (Capital Charged).	1010.86	Yet to be regularised
2010-11	10, 41, 51, 62, 66, 72, 73, 82, 86, 87, 88, 105 (Revenue Voted); 13 (Capital Voted); 71 (Revenue Charged); 81 (Capital Charged)	120.25	Yet to be regularised
2011-12	10, 18, 51, 82, 86 (Revenue Voted); 87 (Capital Voted); 26, 96 (Revenue Charged); 20, 81, 96 (Capital Charged)	660.62	Yet to be regularised
2012-13	9,12,18,73,88 (Revenue Voted); 26 (Capital Voted); 26, 86,88 (Revenue Charged); 81 (Capital Charged)	247.59	Yet to be regularised
2013-14	9,73,88 (Revenue Voted); 26, 87 (Capital Voted); 26, 68, (Revenue Charged); 66 (Capital Charged)	1026.35	Yet to be regularised
2014-15	73,85,88 (Revenue Voted); 26 (Capital Voted); 19 ,43, 81 (Revenue Charged)	144.45	Yet to be regularised
2015-16	20 (Capital Charged), 26 (Revenue Charged), 39 (Revenue Charged), 73 (Revenue Voted)	299.09	Yet to be regularised
Total		4911.64	

Source: Appropriation Accounts for the years 2007-08 to 2015-16

APPENDIX 2.3
Cases where persistent excess of more than ₹ 10 crore was noticed
consistently during 2014-17
(Reference: Paragraph 2.3.2; Page 48)

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Excess	Reasons
2071-01-101-01 Superannuation and retirement allowances to primary <i>panchayat</i> teachers					
9	2014-15	1,940.00	2156.38	216.38	No reasons intimated.
9	2015-16	2052.00	2295.45	243.45	No reasons intimated.
9	2016-17	2191.32	2664.71	473.39	Due to revision of pension as per 7th Pay Commission and increase in number of pensioners owing to more retirements.
2071-01-104-01 Gratuities to Primary <i>panchayat</i> Teachers					
9	2014-15	280.00	369.44	89.44	No reasons intimated.
9	2015-16	370.00	397.85	27.85	No reasons intimated.
9	2016-17	320.00	437.26	117.26	Due to revision of pension as per 7th Pay Commission and increase in number of pensioners owing to more retirements.
2071-01-105 - 01 Family Pension to Primary Panchayats Teachers					
9	2014-15	300.00	322.30	22.30	No reasons intimated.
9	2015-16	275.00	337.91	62.91	No reasons intimated.
9	2016-17	250.00	358.33	108.33	Due to revision of pension as per 7th Pay Commission and increase in number of pensioners owing to more retirements.
3456-00-190-14 Subsidy Scheme on domestic Subsidized LPG cylinders (Plan)					
22	2014-15	6.96	56.85	49.89	Introduction of new scheme, VAT subsidy to domestic LPG customers.
22	2015-16	50.17	99.08	48.91	No reasons intimated.
22	2016-17	91.30	104.85	13.55	7.30 lakh additional LPG gas connections given by Oil Marketing Companies under the PM Ujjwala Yojana.
4700-11-800-43 Canals and Branches (Plan)					
66	2014-15	106.55	123.46	16.91	No reasons intimated.
66	2015-16	83.75	95.83	12.08	More progress at field by agencies
66	2016-17	164.92	284.09	119.17	More progress of Canal and Branches work than anticipated.
2071-01-101-01 Superannuation and retirement allowances to panchayat employees					
73	2014-15	480.00	518.23	38.23	No reasons intimated.
73	2015-16	540.00	581.30	41.30	No reasons intimated.
73	2016-17	540.00	648.52	108.52	No reasons intimated.

Grant No.	Year	Provision	Expenditure	Excess	Reasons
3054-80-796- 02 RBD-10 Special Provision for Roads and Bridges under Tribal Area Sub Plan					
96	2014-15	29.20	54.93	25.73	More planning by the State level committee
96	2015-16	29.20	56.65	27.45	More Planning in this Head at State Level
96	2016-17	32.00	54.63	22.63	Due to more State level planning in this head

Source: Appropriation Accounts of the State Government for the years 2014-15 to 2016-17

APPENDIX 2.4

Payments of ₹ two crore or more in the month of March 2017 (Reference: Paragraph 2.3.3; Page 48)

Sl. no.	Division/ office which made advance payment through hand receipts	Major head	Description	Paid to whom	(₹ in crore)	
					Amount	
1.	Salinity Control Division Porbandar	4701	Desilting and cleaning to river at Triveni Ghat Somnath Bandhara at Somnath-Veraval	Gujarat Maritime Board		2.65
2.	Executive Engineer, Irrigation Division, Dahod	2701	Payment of forest department for NPN forest area director for Hadaf, Kabutari and Edalwada project	Forest Department		37.29
3.	Executive Engineer, Irrigation Division, Porbandar	4701	Deposit Gate and other works for Ranakhirsar W.R. project	Irrigation project division 7, Ahmedabad		2.00
4.	Drainage Division, Gandhinagar	4702	29 m.n.r, 251 lift irrigation scheme 796 tribal area	M.D.G.W.R.D.C ltd, Gandhinagar		15.00
5.	Drainage Division, Gandhinagar	4702	Drilling of tubewells and installation of machinery.	M.D.G.W.R.D.C ltd, Gandhinagar		7.25
6.	Drainage Division, Gandhinagar	4701	N.M.C. S.S.C. from Diff. chlinge	M.D.G.W.R.D.C ltd, Gandhinagar		10.00
7.	Drainage Division, Gandhinagar	4701	N.M.C. Dharoi Various line	M.D.G.W.R.D.C ltd, Gandhinagar		44.60
8.	Drainage Division, Gandhinagar	4702	34, construction of 226 exploratory tube wells.	M.D.G.W.R.D.C ltd, Gandhinagar		2.25
9.	Drainage Division, Gandhinagar	4702	02 contribution of pressurize irrigation network system	M.D.G.W.R.D.C ltd, Gandhinagar		8.50
10.	Drainage Division, Gandhinagar	2702	Ssc-1/1c/64 irrigation 2702 minus	M.D.G.W.R.D.C ltd, Gandhinagar		8.00
11.	Drainage Division, Gandhinagar	2702	84 maintenance and repairs	M.D.G.W.R.D.C ltd, Gandhinagar		2.25
12.	Drainage Division, Gandhinagar	4701	57 Augmentation of surface water recharge	M.D.G.W.R.D.C ltd, Gandhinagar		4.90
13.	Drainage Division, Gandhinagar	2702	84, M.N.R, 245 maintenance and repairs	M.D.G.W.R.D.C ltd, Gandhinagar		39.78
14.	District R&B Division, Ahmedabad	3054	Area wise work done constitute area of female M.L.A in Ahmedabad	Municipal Commissioner Ahmedabad		2.00
15.	District R&B Division, Junagadh	5054	Procurement of petroleum products for H.M.P	Manager IOCL, Rajkot		6.50
16.	Executive Engineer, National highway division, Rajkot	5054	P.R. to km. 85/8 to 115/0, (Up & Down Lane) km. 171/0 to 181/925 (Up Lane) and km. 171/0 to 175/6 (Down Lane) on N.H. 8A Bagodra Bamanbore section. (Patchwork from department plant)	Universal associates, Bhavnagar		2.24
17.	Executive Engineer, R&B Division, Mehsana	5054	Flyover work at Mehsana	GRICL		27.50
18.	Executive Engineer, R&B Division, Mehsana	5054	Asphalt 60/70 for Paloda plant	Self		5.50
19.	Executive Engineer, Capital City Project, Division No. 2, Gandhinagar	5054	Central Road Fund, Privatisation of Roads & Bridges Work, Road works, Payment to Concessioners in lieu of toll tax	GSRDC Ltd.		98.22
						326.43

APPENDIX 2.5

**Statement of various grants/appropriations where savings were more than ₹ 100 crore in each case or more than 50 per cent of the total provision
(Reference: Paragraph 2.3.4; Page 49)**

(₹ in crore)

Sl. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
1.	2	Agriculture - Revenue Voted	2847.07	312.69	10.98
2.	2	Agriculture - Capital Voted	131.50	110.40	83.95
3.	4	Animal Husbandry and Dairy Development - Revenue Voted	615.80	158.70	25.77
4.	6	Fisheries- Capital Voted	268.00	236.99	88.43
5.	9	Education- Capital Voted	892.15	233.51	26.17
6.	13	Power Project- Capital Voted	2271.24	126.25	5.56
7.	14	Other Expenditure pertaining to Energy and Petrochemicals Department- Capital Voted	0.13	0.13	100.00
8.	18	Pension and Other Retirement Benefits- Revenue Voted	8063.30	1146.63	14.22
9.	19	Other Expenditure pertaining to Finance Department- Revenue Voted	5768.55	5717.16	99.11
10.	19	Other Expenditure pertaining to Finance Department- Capital Voted	0.68	0.67	98.53
11.	19	Other Expenditure pertaining to Finance Department - Capital Charged	0.01	0.01	100.00
12.	20	Payment of Debt pertaining to finance department and its servicing- Revenue Charged	17064.85	117.63	0.69
13.	20	Payment of Debt pertaining to finance department and its servicing- Capital Charged	13434.13	4360.95	32.46
14.	22	Civil Supplies- Revenue Voted	680.26	163.80	24.08
15.	23	Food- Capital Voted	135.63	111.65	82.32
16.	24	Other Expenditure Pertaining to Food, Civil Supplies and Consumer Affairs Department- Capital Voted	0.01	0.01	100.00
17.	25	Forests and Environment Department- Revenue Voted	18.60	10.44	56.13
18.	28	Other Expenditure pertaining to Forests and Environment Department- Capital Voted	0.44	0.24	54.55
19.	37	Loans and Advances to Govt. Servant in Gujarat Legislature Secretariat- Capital Voted	0.34	0.33	97.06
20.	39	Medical and Public Health- Revenue Voted	4692.37	260.49	5.55
21.	39	Medical and Public Health- Capital Voted	1519.84	301.27	19.82

Appendices

Sl. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
22.	43	Police- Revenue Voted	3641.39	145.19	3.99
23.	46	Other Expenditure pertaining to Home Department- Revenue Charged	0.35	0.21	60.00
24.	49	Industries- Revenue Voted	2131.88	148.10	6.95
25.	49	Industries- Capital Voted	153.77	102.52	66.67
26.	50	Mines and Minerals- Capital Voted	2.55	1.30	50.98
27.	55	Other Expenditure pertaining to Information and Broadcasting Department- Revenue Voted	20.52	11.28	54.97
28.	55	Other Expenditure pertaining to Information and Broadcasting Department- Capital Voted	0.30	0.17	56.67
29.	57	Labour and Employment- Capital Voted	100.12	72.25	72.16
30.	58	Other Expenditure pertaining to Labour and Employment Department- Capital Voted	0.32	0.32	100.00
31.	60	Administration of Justice- Revenue Voted	972.67	302.23	31.07
32.	61	Other Expenditure pertaining to Legal Department- Capital Voted	1.77	1.37	77.40
33.	63	Other Expenditure pertaining to Legislative and Parliamentary Affairs Department- Capital Voted	0.09	0.09	100.00
34.	65	Narmada Development Scheme- Capital Voted	4454.73	594.27	13.34
35.	66	Irrigation and Soil Conservation- Revenue Charged	0.35	0.28	80.00
36.	66	Irrigation and Soil Conservation- Capital Voted	3473.63	663.57	19.10
37.	68	Other Expenditure pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department- Capital Voted	0.85	0.73	85.88
38.	70	Community Development Department- Revenue Voted	2530.26	673.13	26.60
39.	71	Rural Housing and Rural Development Department- Revenue Voted	2357.97	333.15	14.13
40.	75	Other Expenditure pertaining to Ports and Transport Department- Capital Voted	25.01	24.39	97.52
41.	79	Relief on account of natural calamities- Revenue Voted	1609.37	606.58	37.69
42.	81	Compensation and Assignment- Capital Voted	0.03	0.03	100.00
43.	81	Compensation and Assignment- Capital Charged	0.02	0.02	100.00

Sl. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
44.	82	Other Expenditure pertaining to Revenue Department- Capital Voted	0.26	0.21	80.77
45.	84	Non Residential Buildings- Capital Voted	1464.47	917.26	62.63
46.	86	Roads and Bridges- Revenue Voted	3337.80	116.41	3.49
47.	86	Roads and Bridges- Capital Voted	2208.17	252.15	11.42
48.	87	Gujarat Capital Construction Scheme- Capital Charged	0.09	0.09	100.00
49.	88	Other Expenditure pertaining to Roads and Bridges Department- Capital Voted	5.68	3.71	65.32
50.	90	Other Expenditure pertaining to Science and Technology Department- Capital Voted	5.20	3.02	58.08
51.	92	Social Security and Welfare- Revenue Voted	1465.47	202.36	13.81
52.	94	Other Expenditure pertaining to Social Justice and Empowerment Department- Capital Voted	0.16	0.16	100.00
53.	95	Scheduled Castes Sub-plan Revenue Voted	3337.33	466.18	13.97
54.	95	Scheduled Castes Sub-plan- Capital Voted	1065.79	334.17	31.35
55.	96	Tribal Areas Sub-plan- Revenue Voted	7068.94	562.31	7.95
56.	96	Tribal Areas Sub-plan- Capital Voted	3728.08	646.48	17.34
57.	98	Youth Services and Cultural Activities- Revenue Voted	382.80	119.06	31.10
58.	99	Other Expenditure pertaining to Sports, Youth and Cultural Activities Department- Capital Voted	0.11	0.10	90.91
59.	102	Urban Development- Revenue Voted	8357.37	350.26	4.19
60.	102	Urban Development- Capital Voted	727.01	604.01	83.08
61.	104	Other Expenditure pertaining to Urban Development and Urban Housing Department- Capital Voted	0.11	0.11	100.00
62.	106	Other Expenditure pertaining to Women and Child Development Department- Revenue Voted	1864.65	539.35	28.92
63.	106	Other Expenditure pertaining to Women and Child Development Department- Capital Voted	83.89	46.51	55.44
Total			114986.23	22215.04	19.32

Source: Appropriation Accounts and Appropriation Act of the State Government for the year 2016-17

APPENDIX 2.6
Cases where persistent savings were noticed during 2014-17
(Reference: Paragraph 2.3.5; Page 51)

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Savings	Reasons
2401-00-119P 11 HRT-9 Integrated Development of Vegetable crop					
2	2014-15	153.40	73.13	80.27	Less Release by GoI
2	2015-16	131.04	102.76	28.28	Less Release by GoI
2	2016-17	131.04	92.42	38.62	Reasons not intimated.
2202-02-110 05 Provision of Educational facilities-Maintenance					
9	2014-15	2581.81	2527.38	54.42	Due to vacant post of teachers
9	2015-16	2778.51	2618.31	160.21	Due to non-recruitment of teachers in GIA secondary schools
9	2016-17	2874.26	2684.86	189.40	Non implementation of recommendations of 7th CPC in GIA secondary schools
2202-03-102 09 EDN-30, Development and Expansion of Universities					
9	2014-15	147.13	98.35	48.78	Due to availability of previous year's unspent balance under scheme of Knowledge Consortium of Gujarat.
9	2015-16	134.01	89.98	44.03	No Reason has been assigned
9	2016-17	202.25	147.42	54.83	Due to non-commencement of construction work in university as Administrative Approval was not received.
2236-02-102P 01 MDM-1, Mid-Day Meal Scheme for Children in Public Primary School					
9	2014-15	897.63	717.12	180.51	Non-filling up of the vacant posts, less demand from the districts on account of less beneficiaries, non-increase in the honorarium for cook-cum-helper and late start of Mid-Day Meal in Model School.
9	2015-16	647.67	574.11	73.56	Due to vacant posts, non-filling up of posts, less number of demand from districts
9	2016-17	698.87	563.69	135.18	Due to non-filling up of vacant posts in districts and less number of beneficiaries
4202-01-201 06 EDN-113 Sarva Shiksha Abhiyan (including support from 13th Finance Commission) (60-40 Centrally Sponsored Schemes)					
9	2014-15	1599.79	530.81	1068.98	due to non-release of the grant by the Government of India under the Scheme
9	2015-16	621.50	174.30	447.21	due to non-release of the grant by the Government of India under the scheme owing to change of funding pattern between Central and State
9	2016-17	333.18	152.68	180.51	due to less release of grant by GoI

Grant No.	Year	Provision	Expenditure	Savings	Reasons
					under the scheme
2202-03-102 16 EDN-148 Rashtriya Uchcharat Shiksha Abhiyan(60-40 Centrally Sponsored Scheme) (Plan)					
9	2014-15	120.90	53.65	67.25	Reasons not intimated
9	2015-16	172.54	47.21	125.33	Approval from PAB (Project Approval Board) was sanctioned, but expenditure was not incurred.
9	2016-17	77.50	51.82	25.68	Due to less release of grant by GoI under the scheme
2071-01-102 02 Commuted Value of pensions					
18	2014-15	650.00	434.91	215.09	Due to finalisation of less pension cases than anticipated
18	2015-16	600.00	443.10	156.90	The expenditure under this head is of fluctuating nature and it mainly depends upon the finalisation of pension cases and demand for commuted value of pension from pensioners.
18	2016-17	764.78	456.77	308.01	Expenditure under this head is not fixed and is of changing nature. Authorisation of Commuted Value of pension is done centrally, but actual payment takes place at treasury/ Sub treasury level.
2071-01-104 01 Gratuities					
18	2014-15	1100.00	745.58	354.42	Due to finalisation of less pension cases than anticipated
18	2015-16	1073.13	802.03	271.10	The expenditure under this head is of fluctuating nature and it is mainly dependent upon the finalisation of pension cases.
18	2016-17	1304.00	837.93	466.07	Due to less retirement of employees on voluntary basis and the number of employees expired while in service, cannot be anticipated exactly. Authorisation of gratuity is done centrally but actual payment is done by treasury and sub-treasury.
2049-01-101 99 Loans to be raised					
20	2014-15	4,333.41	3,808.78	524.63	The composite provision has been re-appropriated to newly opened sub heads for new loans in accordance with the requirement.
20	2015-16	5,404.41	5,065.41	339.00	Rate of interest on market loan cannot be predicted in advance.
20	2016-17	6688.46	6605.85	82.61	Rate of interest on market loan cannot be predicted in advance.
2210-06-101 23 National AIDS control (100% Centrally Sponsored Schemes) (Plan)					
39	2014-15	77.46	46.70	30.76	No reasons intimated.

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons
39	2015-16	85.00	43.10	41.90	Due to compulsory cut by the FD in revised estimates and non-release of sanctioned CSS fund by Government of India.
39	2016-17	40.83	0.00	40.83	Due to non-release of grant through treasury by Government of India under the Scheme and cut imposed by Finance Department in the Revised Estimates.
4210-01-110 42 HLT-72 Hospitals and Dispensaries – 13 th Finance Commission- NABH/NABL					
39	2014-15	537.36	491.42	45.94	Reasons not found.
39	2015-16	733.28	636.78	96.50	Cut-imposed by the Finance Department in Revised Estimate
39	2016-17	413.39	322.71	90.69	Cut-imposed by the Finance Department in Revised Estimates
2210-01-001 02 HLT-11 Directorate of medical education and research finance commission - NABH/NABL					
39	2014-15	335.56	269.53	66.03	Due to cut-imposed by the Finance Department in Revised Estimates.
39	2015-16	482.37	421.91	60.47	Due to compulsory cut by the FD in revised estimates.
39	2016-17	710.90	666.91	43.98	No reasons intimated.
2055-00-109 01 MEP-6 District Police Proper					
43	2014-15	1,574.18	1,510.81	63.37	Reasons not furnished.
43	2015-16	1,750.54	1,637.72	112.82	Non-filling up of the vacant posts
43	2016-17	1908.92	1821.12	87.80	Due to vacant posts
2852-80-800 30 Scheme to meet expenses of Regional Development Authority for development of Dholera special investment region					
49	2014-15	45.00	0.00	45.00	Entire budget provision was anticipated for surrender due to non-finalisation of Dholera project owing to non-receipt of the clearance from Ministry of Environment and Forest.
49	2015-16	30.00	5.00	25.00	The work was transferred to new Scheme SPV- Dholera Industrial City Development Limited.
49	2016-17	30.00	0.00	30.00	Due to non-utilisation of the fund owing to High Court matter
6858-04-800 01 Loan to Mega Project to Implement - State Support Agreement (Plan)					
49	2014-15	300.00	59.96	240.04	Non-payment of loan to the institute owing to non-fulfilling of terms and conditions
49	2015-16	100.00	62.01	37.99	Due to less claim under the Scheme
49	2016-17	80.00	39.49	40.51	Due to no further requirement of funds under the Scheme
2230-03-101 01 EMP-1 Craftsman Training Scheme in Government Industrial Training					

Grant No.	Year	Provision	Expenditure	Savings	Reasons
Institutes					
57	2014-15	337.80	295.04	42.76	Due to cut imposed by the FD in the revised estimates
57	2015-16	321.42	285.36	36.06	Non-filling up of vacant posts and higher pay scales for Supervisor Instructor not paid, less expenditure under loan subsidy and expenditure not incurred under soft skill training.
57	2016-17	340.42	296.33	44.09	Decrease due to vacant posts not filled up, agency for KVK centres could be finalised only in October 2016.
4250-00-800 01 EMP-1 Craftsman Training Scheme in Government Industrial Training Institutes					
57	2014-15	118.49	77.34	41.15	Less demand for machinery owing to less enrollment in new KVK course and non-receipt of administrative approval for purchase of furniture.
57	2015-16	124.13	83.22	40.91	Receipt of lower price tender for purchase of Machinery and Equipment and delay at State Level Committee
57	2016-17	100.12	27.87	72.25	Due to non-purchase of the machinery owing to short period for the tender procedure and non-possibility of arranging the machinery till the end of the financial year
4700-33-190 01 IRG-1 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited					
65	2014-15	302.23	172.18	130.05	Due to non-receipt of contribution from the concerned beneficiary States, less matching share of the State Government was provided.
65	2015-16	2698.22	2135.12	563.11	Cut imposed by the FD in revised estimates
65	2016-17	1899.62	1711.00	188.62	Due to considering expenditure under respective component of SSP, figures of revised budget estimates have been increased.
4700-33-190 01 IRG-1 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (CSS)					
65	2014-15	4054.33	3121.56	932.77	Due to cut-imposed by the Finance Department in Revised Estimates and less release of grant by the Government of India
65	2015-16	1166.71	791.85	374.86	Due to less release of grant by the GoI
65	2016-17	1777.73	1652.49	125.24	Considering increase of receipt of grant under CSS, revised budget estimates have been increased.

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons
2700-80-005 11 IRG-47 Survey and Investigation					
66	2014-15	39.00	5.43	33.57	Delay in approval of project, designing work and late receipt of clearance and approval from various authorities
66	2015-16	46.00	20.11	25.89	Due to delay in approval of projects, designing works and late receipt of clearance and approval from various authorities
66	2016-17	39.85	4.85	35.00	Due to slow work
4701-72-800 80 Other Expenditure (Plan)					
66	2014-15	55.83	22.35	33.47	Due to non-completion of ongoing work of Sujalam Sufnam canal.
66	2015-16	80.78	28.83	51.95	Due to continuous water in Sujlam Sufnam Canal, completion of work was not possible.
66	2016-17	110.14	25.49	84.65	Due to non-completion of ongoing work of Sujalam Sufnam Canal.
4702-00-101 02 Minor Irrigation (Plan)					
66	2014-15	197.75	162.63	35.12	Due to non-carrying out of the work by the contractor owing to non-receipt of sanction from the department.
66	2015-16	186.13	129.59	56.54	As the contractor has not carried out the work as per plan, the sanction of flood damage work is awaited.
66	2016-17	320.40	165.16	155.24	Due to non-carrying out of the work by the contractor owing to non-receipt of the sanction by the department. Deepening work under the Scheme not carried out owing to big tank remaining filled with water.
4702-00-101 03 Construction of Barrage on River Narmada Near village Bhadbhut (Plan)					
66	2014-15	52.50	0.00	52.50	Non-commencement of work under the Scheme owing to delay in approval, clearance and design by various authorities
66	2015-16	52.50	0.00	52.50	Delay in approval, design and clearance from various authorities and certain site-specific reasons.
66	2016-17	57.00	0.00	57.00	Due to non-commencement of the work under the Scheme owing to delay in design clearance from various authorities etc
4702-00-800 01 MNR-251 Contribution to Gujarat Green Revolution Company Limited for Drip Irrigation.					
66	2014-15	407.27	336.06	71.21	Mainly due to increase of beneficiaries

Grant No.	Year	Provision	Expenditure	Savings	Reasons
66	2015-16	428.75	384.61	44.14	No reason intimated
66	2016-17	411.50	319.84	91.66	Cut imposed by the Finance Department in the Revised Estimates
2515-00-101 09 CDP-3 Strengthening of the Block Level Agencies					
70	2014-15	53.34	10.53	42.81	Non-release of funds to Taluka Panchayat as the issues of "Unit Cost" was under consideration of the Government
70	2015-16	168.44	117.94	50.50	Due to decrease in revised unit of T.P. Buildings
70	2016-17	238.40	13.00	225.40	Delay in tender process owing to non-receipt of technical approval by the District Office.
2041-00-102 01 Inspection of Motor Vehicles					
74	2014-15	197.78	124.12	73.66	Non-filling of vacant posts, non starting of system integration project, non-completion of work of check posts-upgradation and automated driving test track
74	2015-16	202.25	138.61	63.64	Non-filling of the vacant posts; Regional Transport Office could not be started at Surat, Vadodara and Bavla; non-completion of work of check post upgradation and automated driving test track by agencies and non-completion of installation of weigh bridges etc
74	2016-17	194.57	134.82	59.75	(i) Non-filling of vacant posts, (ii) System integration project is yet to be implemented in various check posts on account of delay in civil work.
2029-00-103 03 LND-3Strengthening of Revenue Administration and Updating of Land Records (50% Centrally Sponsored Scheme)					
77	2014-15	144.10	38.81	105.29	(i) only 155 machines were sanctioned by the Government of India against the demand of 310 machines, and (ii) Re-survey work remained suspended for Two months in all 33 districts owing to Lok Sabha election.
77	2015-16	100.00	51.24	48.76	(i) non utilization of grant by the Government of Gujarat owing to variation in account head classification and revised order was not issued.(ii) non completion of tender process for commencement of works owing to local municipality election. Reasons for final saving have not been intimated.

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons
77	2016-17	52.22	20.00	32.22	Due to change in sharing of funding pattern from 100% centrally funded instead of 50% centrally funded
2245-02-113 03 Assistant for repair / restoration of damaged houses					
79	2014-15	40.00	0.78	39.22	No reasons intimated
79	2015-16	174.00	134.47	39.53	No reasons intimated
79	2016-17	105.00	1.10	103.90	No reasons intimated
4059-01-051P 51 Administration of Justice Buildings for Legal Department (PCSS)					
84	2014-15	409.66	104.21	305.45	Due to excessive original provision made for new works and time consuming procedure for land allotment, drawing, administrative approval, technical sanction, tender process etc.
84	2015-16	204.04	73.82	130.22	Due to excessive original provision made for new works and time consuming procedure for land allotment, drawing, administrative approval, technical sanction, tender process etc.
84	2016-17	146.82	52.85	93.97	Due to less receipt of Grant than anticipated from GoI
4202-01-202 42 EDN-21 Building					
84	2014-15	81.90	39.66	42.24	Excessive original provision made for new works and also due to more time taken for completing procedures like land allotment, drawings, Administrative Approval, Technical Sanction, Tender process etc.
84	2015-16	87.25	41.34	45.91	Excessive original provision made for new works and also due to more time taken for completing procedures like and allotment, drawings, Administrative Approval, Technical Sanction, Tender process etc.
84	2016-17	84.17	34.27	49.90	Excessive original provision made for new works and also due to more time taken for completing procedures like and allotment, drawings, Administrative Approval, Technical Sanction, Tender process etc.
4202-02-104 42 TED-22 Building					
84	2014-15	85.33	52.23	33.10	Excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Drawings, Administrative Approval, Technical

Grant No.	Year	Provision	Expenditure	Savings	Reasons
					Sanction and Tender process etc.
84	2015-16	75.25	49.20	26.05	Excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Drawings, Administrative Approval, Technical Sanction and Tender process etc.
84	2016-17	85.01	50.20	34.81	Excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Drawings, Administrative Approval, Technical Sanction and Tender process etc.
4202-02-105 42 TED-23 Buildings (Plan)					
84	2014-15	125.33	54.88	70.45	Excessive original provision made for new work and also due to time consuming procedure like land allotment, drawings, Administrative Approval, Technical, Sanction, tender process etc.
84	2015-16	117.81	55.31	62.50	Excessive original provision made for new work and also due to time consuming procedure like land allotment, drawings, Administrative Approval, Technical, Sanction, tender process etc.
84	2016-17	130.99	23.53	107.46	Excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Drawings, Administrative Approval, Technical Sanction and Tender process etc.
4250-00-203 42 EMP-1 Buildings					
84	2014-15	216.33	125.61	90.72	No machinery could be purchased
84	2015-16	142.16	34.88	107.28	Excessive original provision made for new works and also due to more time taken for completing procedure like Land Allotment, Drawings, Administrative Approval, technical Sanction and Tender process etc.
84	2016-17	291.40	67.36	224.04	Excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Drawings, Administrative Approval, Technical Sanction and Tender process etc.
4216-01-106P 05 Construction of Residential Building for Legal Department					
85	2014-15	78.85	19.95	58.90	High provision in new works and non-receipt of Administrative Approval from the concerned department for works entrusted to

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons
					Roads and Buildings Department.
85	2015-16	116.10	25.17	90.93	Excessive provision in new works and non-receipt of grant from Government of India under Centrally
85	2016-17	78.82	41.91	36.91	Receipt of less grant from the Government of India
3054-04-337 RBD-4 Roads and Bridges (Plan)					
86	2014-15	817.87	151.00	666.87	Reasons not intimated
86	2015-16	46.00	3.62	42.38	Due to receipt of less grant under this Scheme from the Government of India
86	2016-17	649.84	0.00	649.84	Reasons not intimated
3054-80-001 05 Expenditure transferred on pro-rata basis to Major Head "3054"					
86	2014-15	108.31	7.78	100.53	Reasons not furnished
86	2015-16	107.71	71.93	35.78	Actual Pro-rata Transfer
86	2016-17	103.77	56.80	46.96	Actual Pro-rata Transfer
3054-80-800 02 13th Finance Commission					
86	2014-15	1225.84	666.27	559.56	Due to vacant post and retirement of Rojanddar Employees
86	2015-16	1264.86	1133.80	131.06	Due to less receipt of Grant from GoI.
86	2016-17	1188.65	1158.73	29.92	Due to retirement and transfer of staff from this department; Moreover reduction in provision by FD in revised estimates considering the progress of work
5054-03-337 14 World Bank					
86	2014-15	340.00	223.33	116.67	Tender process could not be completed in stipulated time
86	2015-16	407.00	247.44	159.56	Excessive original provision made for new works and also due to more time taken for completing procedure like land Allotment, drawings, Administrative Approval, Technical Sanction and tender process etc.
86	2016-17	257.05	75.28	181.77	Excessive Original Provision made for new works and also due to more time taken for completing procedure like Administrative Approval, Technical Sanction and Tender process etc.
2210-06-112-03 National Rural Health Mission (Partially centrally sponsored scheme)					
95	2014-15	138.27	64.81	73.45	Reasons have not been intimated
95	2015-16	178.27	72.44	105.83	Cut imposed by Finance Department

Grant No.	Year	Provision	Expenditure	Savings	Reasons
					in the revised Estimates.
95	2016-17	88.47	52.91	35.56	Cut imposed by Finance Department in Revised Estimates and non-release of funds by Government of India.
4225-01-277 03 BCK-26 Scheduled Castes Sub-Plan, Construction of Government Hostel for Boys and Girls at Rajkot, Junagadh and Mahesana (Plan)					
95	2014-15	158.40	88.32	70.08	Due to non-release of Grant by the Government of India.
95	2015-16	45.15	19.51	25.64	Excessive original provision was made for new works and also due to time consuming procedure like land allotment, drawing, Administrative approval, Technical Sanction, Tender process etc.
95	2016-17	59.00	18.60	40.40	Due to non release of sufficient fund under the Scheme by the Government of India.
2210-06-796 12 National Rural Health Mission(75-25 Centrally Sponsored Schemes) (Plan)					
96	2014-15	301.93	145.53	156.41	Due to less release of grant by the GoI under the scheme
96	2015-16	301.93	112.83	189.10	Due to non release of the fund by the Government of India
96	2016-17	214.79	127.02	87.77	Due to non-release of grant by the Government of India and cut-imposed by the Finance Department in the Revised Estimates.
2236-02-796P 02 NTR-2-Introduction of Integrated Child Development Service scheme					
96	2014-15	225.54	181.39	44.15	Due to delay in implementation of new items and discontinuance of Premix to beneficiaries for five months.
96	2015-16	265.13	237.99	27.14	Due to non-submission of final bills and tendering procedure could not be completed in time
96	2016-17	330.89	223.16	107.73	Due to (i) non-purchase of Nutry Candy owing to non-completion of tender process,(ii) rate of various components fixed was lower than estimated under the Dudh Sanjivani Yojana and (iii) non-payment of Premix Bill owing to non-submission of final bill
4202-01-796 42 EDN-21 Building					
96	2014-15	171.46	82.94	88.53	Due to excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Administrative Approval, Technical Sanction and Tender process etc.

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Grant No.	Year	Provision	Expenditure	Savings	Reasons
96	2015-16	88.45	46.67	41.78	Due to excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Administrative Approval, Technical Sanction and Tender process etc.
96	2016-17	88.59	25.12	63.47	Due to excessive Original Provision made for new works and also due to more time taken for completing procedure like Land Allotment, Administrative Approval, Technical Sanction and Tender process etc.
2216-02-191P 03 HSG-Slum Free City Planning Scheme Under Rajiv Awas Yojana for Municipal Corporations (Plan)					
101	2014-15	328.63	71.29	257.34	Due to all new projects being put on hold as RAY Mission was curtailed and New Housing mission was not announced
101	2015-16	289.50	0.10	289.40	Due to release of less grant by the Government of India owing to restrictions on submission of projects under the Scheme
101	2016-17	80.57	36.21	44.36	Due to (i) Non-release of sufficient funds against UC sent in year 16-17 by GoI
2236-02-800P 01 NTR-18 Integrated Child Development Scheme (Plan)					
106	2014-15	568.35	487.88	80.47	Non-receipt of approval by Government of India for implementation of new scheme viz. Nutrition Counseling Volunteers and due to vacant posts.
106	2015-16	526.00	485.12	40.88	Due to vacant posts of CVN, NCV, Urban Program Officer under urban unit, ICDS mission, saving available under creche component at district.
106	2016-17	554.05	401.64	152.41	Due to (i) non-approval of Annual Programme Implementation Plan (APIP) Scheme by Government of India, (ii) non-filling up of the vacant posts (iii) non-organisation of the training as per sanction
2236-02-800P 14 NTR-13 Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)					
106	2014-15	93.85	65.40	28.45	Due to delay in implementation of scheme and discontinuation of Premix (ready to cook raw food material) to beneficiaries for five months
106	2015-16	110.16	61.06	49.09	Due to non-payment of the premix bills owing to non-submission of the final bills

Grant No.	Year	Provision	Expenditure	Savings	Reasons
106	2016-17	111.54	56.42	55.12	Due to non-receipt of extension of DA allotment in time, (ii) take home ration expenditure is less than anticipated, (iii) non-submission of final bill on time.

Source: Appropriation Accounts and Grant files of the State Government for the years 2014-15 to 2016-17

APPENDIX 2.7
Cases where supplementary provision (₹ five crore or more in each case)
proved unnecessary
(Reference: Paragraph 2.3.6; Page 52)

(₹ in crore)

Sl. No.	Number and name of the grant/appropriation	Original provision	Actual expenditure	Savings out of original provision	Unnecessary supplementary provision
1.	39- Medical and Public Health- Revenue Voted	4528.28	4431.88	96.40	164.09
2.	43- Police- Revenue Voted	3599.50	3496.19	103.31	41.89
3.	65- Narmada Development Scheme- Capital Voted	3918.00	3860.47	57.53	536.73
4.	67- Water Supply- Capital Voted	1917.17	1913.06	4.11	27.95
5.	70- Community Development- Revenue Voted	2441.14	1857.12	584.02	89.12
6.	77- Tax Collection Charges (Revenue Department)- Revenue Voted	288.83	235.60	53.23	15.44
7.	85- Residential Buildings- Revenue Voted	172.11	162.84	9.27	18.04
8.	95- Scheduled Caste Sub-Plan- Revenue Voted	3325.35	2871.15	454.20	11.98
9.	96- Tribal Areas Sub-Plan- Revenue Voted	6998.02	6506.63	491.39	70.93
10.	102- Urban Development- Revenue Voted	8338.95	8,007.11	331.84	18.42
Total		35527.35	33342.05	2185.30	994.59

Source: Appropriation Account of the State Government for the year 2016-17

APPENDIX 2.8
Excess/saving (more than ₹ five crore) in respect of
unnecessary/insufficient re-appropriation of funds
(Reference: Paragraph 2.3.7; Page 52)

(₹ in crore)					
Sl. No.	Grant No.	Description	Re-appropriation (+/-)	Final excess (+)	Final saving (-)
1.	9	2203-00-112 04 TED-6 Grant-in-aid to Private Engineering College	-2.04	-	5.39
2.	9	2071-01-104 01 Gratuities to Primary Panchayat Teachers	70.00	47.26	-
3.	9	2071-01-105 01 Family pension to Primary Panchayat Teachers	80.00	28.33	-
4.	9	2071-01-101 01 Superannuation and Retirement Allowances to Primary Panchayat Teachers	114.83	358.56	-
5.	39	2210-03-104 01 HLT-31 Community Health Centres (Plan)	-22.00	-	9.59
6.	39	2210-01-110 01 HLT-2 Civil Hospital Administration (Medical)	-3.02	-	5.76
7.	39	2210-06-101P 25 National Programme for prevention and control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (67-33 Centrally Sponsored Scheme)	10.18	-	22.61
8.	39	2210-06-101P 24 National Health Mission	26.37	-	21.76
9.	66	2700-80-001 02 Direction and Administration	-1.10	8.66	-
10.	67	4215-01-102P 24 Rural Water Supply Programme (50-50 Partially Central Sponsored Scheme)	-9.62	-	167.02
11.	70	2515-00-800 01 Panchayats Elections (Plan)	10.12	-	15.19
12.	73	2071-01-105 01 Family pension to Panchayat Employees	2.54	13.71	-
13.	79	4250-00-101 01 UDP-42 Assistance to Disaster Management Authority	0.20	-	6.33
14.	85	2216-80-001 05 Expenditure	-2.12	-	25.14

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Sl. No.	Grant No.	Description	Re-appropriation (+/-)	Final excess (+)	Final saving (-)
		transferred on Pro-rata basis to major head 2216			
15.	86	5054-03-337 14 World Bank (Plan)	-142.57	-	8.98
16.	86	3054-80-799 01 Stock (Roads and Building Department)	-0.61	5.53	-
17.	86	3054-04-337P 11 RBD-4 Roads and Bridges (Partly Centrally Sponsored Scheme)z	3.00	649.84	-
18.	95	2235-02-200P 01 National Old-age Pension Scheme (Vyavandana Yojana) (Centrally Sponsored 50-50 Scheme)	-14.64	8.53	-
19.	95	2215-02-105P 04 WSS-33 Rural Sanitation Programme (Plan)	62.14	-	6.72
20.	96	4202-01-796 43 Works (Education Department) (Plan)	-36.14	-	119.88
21.	96	2702-80-796 10 Special Provision for Minor Irrigation under TSP	-6.60	6.47	-
22.	96	2210-06-796P 13 National Programme for prevention and control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (Plan)	2.37	-	5.27
23.	96	2501-06-796P 03 WSS-33 Rural Sanitation Programme (67-33 Centrally Sponsored Scheme) Plan	56.04	-	12.34
		Total	197.33	1126.89	431.98

Source: Appropriation Account and Grant files of the State Government for the year 2016-17

APPENDIX 2.9
Substantial surrenders of more than 50 per cent of
total provision or ₹ one crore or more
(Reference: Paragraph 2.3.8.1; Page 53, selected top 10 cases)

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme (Head of account)	Provision	Amount surrendered	Percentage surrender	Reasons
1.	19	207500001 01 Liability on account of increase in rate of Dearness Allowance	4500.00	4500.00	100.00	Due to the decision of the Government to take provision for the payment of DA for the respective departments under their various Sub-Heads of Pay and Allowances after the rates of additional Dearness Allowances were declared.
2.	19	204800101 01 Gujarat State Sinking Fund	1200.00	1200.00	100	Due to outstanding balance in Consolidated Sinking Fund is within the limit of State's Financial Net outstanding liability as recommended by RBI.
3.	20	600300111 01 Repayment of loans received from National Small Savings Fund	7820.91	4360.95	55.76	Due to less disbursement of loan by the Ministry of Finance, GoI.
4.	39	221006101C 23 National Aids (100% Centrally Sponsored Schemes)	40.83	40.83	100	Due to compulsory cut by Finance Department in the revised estimates. GoI has not released Grant.
5.	49	285280800 30 Scheme for to meet expenses of Regional Development authority for the development Dholera special investment region	30.00	30.00	100	Due to high court matter fund not utilized and grant was surrendered in revised budget.
6.	66	470200101 03 Barrage on River Narmada near Village Bhadbhut	57.00	57.00	100	Work are delayed due to various reasons such as delay in approval, delay in design, clearance from various authorities and approval and certain site specific reason.
7.	70	251500101 09 CDP-3 Strengthening of the Block Level Agencies	238.40	225.40	94.55	Due to delay in tender process, owing to non-receipt of the technical approvals by the District offices.
8.	89	205200090P 08 Additional Central Assistance under National E-Governance Action Plan	30.00	30.00	100	Due to Non-release of the Grant by the GoI.

Appendices

Sl. No.	Grant No.	Name of the Scheme (Head of account)	Provision	Amount surrendered	Percentage surrender	Reasons
9.	102	621760800 08 UDP- Loans to Metro Link Express for Gandhinagar and Ahmedabad (MEGA) company limited	560.00	452.00	80.71	MEGA Company Limited has availed loan from Japan International Co-operation Agency (JICA).
10.	106	423602800P 03 Repairing of Anganwadis	26.40	26.40	100	Due to cut imposed by the Finance Department in revised estimates.

Source: Appropriation Account and Grant files of the State Government for the year 2016-17

APPENDIX 2.10
Amount surrendered (₹ two crore or more) in excess of actual savings
(Reference: Paragraph 2.3.8.2; Page 53)

(₹ in crore)

Sl. No.	Grant No.	Number and name of the grant or appropriation	Total grant/ appropriation	Excess(-)/ Savings(+)	Amount surrendered	Excess amount surrendered
1.	9	Education- Revenue Voted	21112.64	(+)150.48	240.71	391.19
2.	16	Tax Collection Charges (Finance Department)- Revenue Voted	297.75	(-)62.64	62.71	0.07
3.	17	Treasury and Accounts Administration- Revenue Voted	157.40	(-)23.72	23.83	0.11
4.	21	Food Civil Supplies and Consumer Affairs Department- Revenue Voted	27.83	(-)3.31	3.36	0.05
5.	22	Civil Supplies- Revenue Voted	680.26	(-)163.80	164.29	0.49
6.	23	Food- Revenue Voted	60.31	(-)23.74	23.82	0.08
7.	23	Food- Capital Voted	135.63	(-)111.65	111.67	0.02
8.	26	Forests -Revenue Voted	486.24	(-)87.08	87.11	0.03
9.	36	State Legislature- Revenue Voted	30.66	(-)3.69	3.80	0.11
10.	42	Home Department- Revenue Voted	14.99	(-)3.85	3.87	0.02
11.	44	Jails -Revenue Voted	117.60	(-)8.86	8.87	0.01
12.	45	State Excise-Revenue Voted	17.60	(-)2.28	2.29	0.01
13.	46	Other Expenditure pertaining to Home Department- Revenue Voted	217.58	(-)3.68	3.86	0.18
14.	47	Industries and Mines Department-Revenue Voted	14.28	(-)3.98	3.99	0.01
15.	49	Industries – Capital Voted	153.77	(-)102.52	102.53	0.01
16.	50	Mines and Minerals- Revenue Voted	219.77	(-)67.74	67.75	0.01
17.	51	Tourism – Revenue Voted	109.62	(-)17.99	18	0.01
18.	54	Information and Publicity-Revenue Voted	126.41	(-)27.20	27.24	0.04
19.	56	Labour and Employment Department- Revenue Voted	18.44	(-)5.26	5.27	0.01
20.	57	Labour and Employment- Revenue Voted	825.87	(-)99.61	99.85	0.24
21.	59	Legal Department- Revenue Voted	14.25	(-)6.30	6.31	0.01
22.	60	Administration of	972.67	(-)302.23	304.69	2.46

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Sl. No.	Grant No.	Number and name of the grant or appropriation	Total grant/ appropriation	Excess(-)/ Savings(+)	Amount surrendered	Excess amount surrendered
		Justice- Revenue Voted				
23.	60	Administration of Justice- Revenue Charged	148.24	(-)51.06	52.78	1.72
24.	61	Other Expenditure pertaining to Legal Department- Revenue Voted	62.71	(-)12.77	14.92	2.15
25.	62	Legislative and Parliamentary Affairs Department-Revenue Voted	7.82	(-)1.98	2.00	0.02
26.	66	Irrigation and Soil Conservation- Revenue Voted	1107.46	(-)4.55	28.28	23.73
27.	66	Irrigation and Soil Conservation- Capital Voted	3473.63	(-)663.57	669.56	5.99
28.	69	Panchayats Rural Housing and Rural Development Department-Revenue Voted	11.25	(-)3.84	3.85	0.01
29.	91	Social Justice and Empowerment Department-Revenue Voted	7.03	(-)2.68	2.69	0.01
30.	96	Tribal Area Sub-Plan-Capital Voted	3728.08	(-)646.48	646.92	0.44
31.	98	Youth Services and Cultural Activities- Revenue Voted	382.80	(-)119.06	120.47	1.41
32.	102	Urban Development- Revenue Voted	8357.37	(-)350.26	350.30	0.04
33.	108	Other Expenditure pertaining to Climate Change Department- Revenue Voted	95.60	(-)17.00	26.10	9.10
		Total	43193.56	2853.90	3293.69	439.79

Source: Appropriation Account and Grant files of the State Government for the year 2016-17

APPENDIX 2.11
Savings of more than ₹ five crore of which more than 10 per cent
was not surrendered
(Reference: Paragraph 2.3.8.3; Page 53)

(₹ in crore)

Sl. No.	Grant No.	Name of the grant/appropriation	Savings	Surrender	Savings which remained to be surrendered	Percentage savings not surrendered
1.	2	Agriculture- Revenue Voted	312.69	0.00	312.69	100.00
2.	2	Agriculture- Capital Voted	110.40	0.00	110.40	100.00
3.	3	Minor Irrigation, Soil Conservation and Area Development- Revenue Voted	17.51	0.00	17.51	100.00
4.	4	Animal Husbandry- Revenue Voted	158.70	0.00	158.70	100.00
5.	5	Co-operation- Capital Voted	29.41	0.00	29.41	100.00
6.	5	Co-operation- Revenue Voted	22.36	0.00	22.36	100.00
7.	6	Fisheries- Revenue Voted	16.18	0.00	16.18	100.00
8.	6	Fisheries- Capital Voted	236.99	0.00	236.99	100.00
9.	9	Education- Capital Voted	233.51	99.79	133.72	57.27
10.	13	Power Project- Capital Voted	126.25	102.63	23.62	18.71
11.	20	Repayment of Debt pertaining to Finance Department and its servicing- Revenue Charged	117.63	41.50	76.13	64.72
12.	39	Medical and Public Health- Revenue Voted	260.49	147.57	112.92	43.35
13.	40	Family Welfare- Revenue Voted	72.76	0.00	72.76	100.00
14.	74	Transport- Revenue Voted	58.44	51.27	7.17	12.27
15.	77	Tax Collection Charges (Revenue Department)- Revenue Voted	68.66	54.24	14.43	21.01
16.	78	District Administration- Revenue Voted	54.19	40.07	14.13	26.07
17.	79	Relief on account of Natural calamities- Revenue Voted	606.58	0.00	606.58	100.00
18.	79	Relief on account of Natural calamities- Capital Voted	6.35	0.00	6.35	100.00
19.	84	Non-Residential Buildings- Revenue Voted	12.22	6.80	5.42	44.33
20.	85	Residential Buildings- Revenue Voted	27.31	0.11	27.20	99.60
21.	86	Roads and Bridges- Revenue Voted	116.41	63.45	52.97	45.50
22.	95	Scheduled Caste Sub-plan- Capital Voted	334.17	299.35	34.83	10.42
23.	96	Tribal Area Sub-plan- Revenue Voted	562.31	491.73	70.58	12.55
Total			3561.53	1398.50	2163.03	60.73

Source: Appropriation Account and Grant files of the State Government for the year 2016-17

APPENDIX 3.1
Pending Utilisation certificates in respect of grants paid up to 2015-16
(Reference: Paragraph 3.1; Page 65)

Sl. No.	Department	Period of payment of grant	No. of UCs pending	Amount of UCs pending (₹ in crore)	Percentage of UCs pending
(1)	(2)	(3)	(4)	(5)	(6)
1.	Agriculture & Co-operation	2001-16	85	81.93	3.83
2.	Women & Child development	2002-16	214	157.58	7.36
3.	Education	2001-16	139	40.94	1.91
4.	Food, Civil Supplies & Consumer affairs	2001-16	1	0.02	0.00
5.	Finance	2011-12	2	0.28	0.02
6.	Forest & Environment	2001-16	17	17.00	0.79
7.	General Administration	2001-16	15	12.96	0.61
8.	Health & Family Welfare	2001-16	117	123.35	5.76
9.	Home	2001-16	7	1.13	0.05
10.	Industries & Mines	2001-16	148	383.13	17.90
11.	Labour & Employment	2001-16	23	0.44	0.02
12.	Legal	2001-16	13	4.36	0.20
13.	Narmada, Water Resources, Water Supply and Kalpsar	2001-16	9	2.42	0.11
14.	Ports & Transport	2001-16	1	0.16	0.01
15.	Panchayats, Rural Housing and Rural Development	2001-16	180	80.72	3.77
16.	Revenue	2001-16	11	4.83	0.23
17.	Social Justice & Empowerment	2001-16	2001	347.10	16.22
18.	Sports, Youth & Cultural Activities	2001-16	516	11.84	0.55
19.	Urban Development & Urban Housing	2001-16	87	870.23	40.66
Total			3586	2140.41	100.00

Source: Information provided by office of Accountant General (A&E), Gujarat

APPENDIX 3.2
Statement showing names of bodies and authorities, the accounts of which
had not been received for audit
(Reference: Paragraph 3.3; Page 71)

Sl. No.	Year for which accounts had not been received
1999-2000 onwards	
1.	Gujarat University, Ahmedabad
2004-05 onwards	
1.	Akshar Purushottam ArogyaMandir, Vadodara;
2.	Institute of Kidney Diseases & Research Centre (IKDRC), Ahmedabad
2005-06 onwards	
1.	K J Mehta TB Hospital, Bhavnagar;
2.	Sheth Vadilal Sarabhai General Hospital and Sheth Chinai Maternity Hospital, Ahmedabad;
3.	Self Employed Women's Association(SEWA), Ahmedabad;
4.	Electronic Quality Development Centre, Ahmedabad
2006-07 onwards	
1.	Arya Kanya Shuddha Ayurvedic Mahavidyalaya, Vadodara;
2.	Gujarat Backward Classes Development Corporation, Gandhinagar;
3.	Gujarat Sahitya Academy, Gandhinagar;
4.	G.K. General Hospital, Kutchh;
5.	Forest Development Agency, Junagadh;
6.	Forest Development Agency, Surendernagar;
7.	Forest Development Agency S.K. Himmatnagar (North);
8.	Forest Development Agency, Bhavnagar
2008-09 onwards	
1.	Narayan Eye Hospital (Arogya Dham Sanchalit) Halol Panchmahal;
2.	State Literacy Mission Authority, Gandhinagar;
3.	Smt. A.J. Savla Homeopathic Medical College, Mehsana;
4.	Forest Development Agency, Jamnagar;
5.	Forest Development Agency, Rajkot;
6.	Forest Development Agency, S.K. Himmatnagar (South);
2009-10 onwards	
1.	J.S. Ayurved Mahavidyalaya & P.T. Patel Ayurved Hospital, Nadiad
2.	Mandvi Taluka Kshaya Nivaran Sangh, Kutch
2010-11 onwards	
1.	Bhavan's Shri C T Sutaria ITI, Kheda;
2.	Gujarat Rural Workers Welfare Board, Gandhinagar;
3.	Gujarat Tribal Development Corporation, Gandhinagar
2011-12 onwards	
1.	Gujarat State Lalit Kala Academy, Ahmedabad;
2012-13 onwards	
1.	Bhavan's Shri Swaminarayan Technical institute, Kheda;
2.	Chikhali Education Societies Grant in Aid Industrial Training Centre, Navsari.
3.	Forest Development Agency, Vyara;
4.	Forest Development Agency, Dang;
5.	Forest Development Agency, Banaskantha;
6.	Forest Development Agency, Gandhinagar;
7.	Forest Development Agency, Patan;
8.	Forest Development Agency, Kheda;
9.	Forest Development Agency, Gir (East);
10.	Forest Development Agency, Gir (West);

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Sl. No.	Year for which accounts had not been received
11.	Forest Development Agency, Valsad South;
12.	Gandhidham Development Authority, Kutch;
13.	Gujarat Urban Development Mission (GUDM), Gandhinagar;
14.	Unorganised Labour Welfare Board, Gandhinagar;
2013-14 onwards	
1.	GIA Industrial Training Centre Morva-Rena (Panchmahal);
2.	Gujarat State Lion Conservation Society, Junagadh;
3.	Gujarat Council of Secondary Education, Gandhinagar;
4.	Gujarat Medicinal Plants Board, Gandhinagar;
5.	Gujarat Landless Laborers & Halpati Housing Board, Gandhinagar
6.	ITI College (Swaminarayan Sanchalit), Panchmahal;
7.	Jan Shikshan Sansthan, Surat;
8.	Mahatma Gandhi Labour Institute, Ahmedabad;
9.	Medical College Development Committee, Surat;
10.	Medical College Development Society, Vadodara;
11.	Rogi Kalyan Samiti, Sir T. General Hospital, Bhavnagar;
12.	Rogi Kalyan Samiti, Civil Hospital Asarwa Ahmedabad;
13.	Rogi Kalyan Samiti, Government Spine Institute, New Civil Hospital Ahmedabad;
14.	Rogi Kalyan Samiti, Pt. Deen Dayal Upadhyay College Rajkot;
15.	Sentinel Surveillance Unit, Surat;
16.	Bhailalbai & Bhikhabhai Institute of Technology, Vidyana gar;
17.	School of Architecture, CEPT University, Ahmedabad;
18.	School of Planning, CEPT University, Ahmedabad;
19.	School of Building Science & Technology, CEPT University, Ahmedabad;
20.	School of Interior Design, CEPT University, Ahmedabad;
21.	Dr. Dayaram Patel Pharmacy College, Ahmedabad;
22.	Gujarat Technological University;
23.	Maniben Pithawala I.T.I Navyug College, Surat;
24.	Rogi Kalyan Samiti, New Civil Hospital, Surat.
25.	Rogi Kalyan Samiti Guru Gobindsinh, Jamnagar;
26.	Rajesh Mehta Technical School for Blind, C/o Blind People's Association, Ahmedabad;
27.	Sanjivani Hospital At & Post chaithan, Surat;
28.	State Health Society, Commissionerate of Health, Medical Services and Medical Education, Gandhinagar
29.	Sardar Vallabhbhai Patel Memorial Society Ahmedabad;
30.	Veraval People's Cooperative Bank Silver Jubilee Industrial Training centre, Veraval;
31.	Gujarat Matikam Kalakari& Rural Technology Institute
2014-15 onwards	
1.	Bhavnagar University
2.	Shamlaji Hospital, Aravali
3.	Forest Development Agency, Chhota Udepur;
4.	Forest Development Agency, Kutch (East);
5.	Forest Development Agency, Kutch (West);
6.	Gujarat Pollution Control Board, Gandhinagar;
7.	Gujarat State Biotechnology Mission;
8.	Sardar Patel Institute of Economic & Social Research, Ahmedabad;
9.	Water and Land Management Institute, (Gujarat Irrigation Management Society), Anand;
10.	Gujarat Energy Development Agency, Gandhinagar;
11.	Gujarat Council of Science & Technology
12.	Hemchandracharya North Gujarat University Patan
2015-16 onwards	
1.	B.V. Patel Pharmaceutical Education Research Development (PERD) Centre, Ahmedabad;
2.	Blind Men's/Peoples Association, Ahmedabad;
3.	Gujarat School Quality Accreditation Council, Gandhinagar
4.	Gujarat State Non-Resident Gujarati's Foundation, Gandhinagar;
5.	Gujarat State Tribal Development Residential Educational Institutions Society, Gandhinagar;
6.	Gujarat Homoeopathic Medical College, Savli, Vadodara;

Sl. No.	Year for which accounts had not been received
7.	Gujarat Institute of Educational Technology Gujarat University Campus, Ahmedabad
8.	Gujarat Knowledge Society, Directorate of Technical Education, Gandhinagar
9.	Krantiguru Shyamji Krishna Verma Kutch University, Bhuj-Kutch;
10.	O.H. Nazar Ayurved Mahavidalaya and Ayurved Hospital Surat
11.	R.B. Patel Technical Institute, Navsari
12.	R.K. Patel Technical Institute, Petlad, Anand
13.	R.K. Technical I.T.I, Sunav, Nadiad, Kheda
14.	Revabai General Hospital, Sardhav, Gandhinagar
15.	S.K. Patel Industrial Training Institute, Kadi
16.	Society for Education Welfare & Action (Rural), Jhagadia, Dist: Bharuch
17.	Sharda School for the Mentally Retarded Children, Ahmedabad
18.	Sardar Smarak Hospital Bardoli, Surat
19.	Sarvajanik Hospital & Maternity Home, Gozaria, Mehsana
20.	Navsari Agriculture University
21.	Gujarat Pavitra Yatraddham Vikas Board
22.	Industrial Extension Cottage
23.	Gujarat Livestock Development Board
24.	Industrial Extension Bureau
25.	Forest Development Agency, Godhra
26.	Gujarat Ecology Education & Research (GEER) Foundation, Gandhinagar
27.	Forest Development Agency, Surat
28.	Gujarat Council of Science City
29.	Institute of Seismological Research
30.	Gujarat State Social Welfare Board, Ahmedabad
31.	Indian Institute of Teachers Education, Gujarat
32.	Maharaja Sayajirao University, Fatehgunj, Vadodara
33.	Methodist Technical Institute, Vadodara
34.	Ravishankar Maharaj Eye Hospital, Gujarat Blind Relief & Health Association, Anand
35.	Sabarmati Ashram Preservation & Memorial Trust Gandhi Smarak, Ahmedabad
36.	Saurashtra University, University Road, Rajkot
37.	School for Deaf - Mutes Society, Ahmedabad
38.	Seth J.B. Upadhyay Deaf - Mute School, Talod, Sabarkantha
39.	Shivanand Mission, Saurashtra Central Hospital, Virnagar, Rajkot.
40.	Shrimant Fatehsinh Rao Gaekwad General Hospital, Bayad, Sabarkantha
41.	Smt. B.H. Shah Karjanwala Industrial Training Institute, Surat
42.	Tolani Foundation Gandhidham Polytechnic, Adipur, Kutch.
43.	Trimurti Hospital, Bavla, Ahmedabad.
44.	U.N. Mehta Institute of Cardiology and Research, Centre, Civil Hospital Campus, Ahmedabad
45.	Veer Narmad South Gujarat University, Surat
46.	Vitthalbhai Patel & Rajratna P.T. Patel Science College, Anand
47.	Xavier Technical Institute, Sevasi, Vadodara
2016-17 onwards	
1.	Gujarat Industrial Research and Development Agency;
2.	Gau Sewa & Gaucher Development Board;
3.	Gujarat Mineral and Research Development Society;
4.	Sardar Krushinagar Dantiwada Agriculture University;
5.	Gujarat Rajya Khadi Gramodyog Board;
6.	Centre for Entrepreneurship Development;
7.	Gujarat Infrastructure Development Board;
8.	Electrical Research and Development Association;
9.	Gujarat Horticulture Mission;
10.	Anand Agriculture University;
11.	Junagadh Agriculture University;
12.	Gujarat Ecology Commission, Gandhinagar;
13.	Forest Development Agency, Rajpipla;
14.	Forest Development Agency, Valsad (North);
15.	Forest Development Agency, Dahod;
16.	Forest Development Agency, Ahwa (Dang South);
17.	Gujarat State Biodiversity Board;

Sl. No.	Year for which accounts had not been received
18.	Gujarat Environment Management Institute;
19.	Sardar Vallabhbhai Patel Rashtriya Ekta Trust (SVPRET), Gandhinagar;
20.	A.R. College of Pharmacy & G.H. Patel Institute of Pharmacy, Vallabh Vidya nagar-Anand;
21.	Anand Homoeopathic Medical College & Research Institute, Anand;
22.	Adult Training Centre (Trust) for the Blind, Ahmedabad;
23.	AIDS Control Society (Ahmedabad Municipal Corporation) Ahmedabad;
24.	Andh Apang Kalyan Kendra, Ahmedabad;
25.	Andh Kanya Prakash Gruh, Ahmedabad;
26.	Apang Manav Mandal, Ahmedabad;
27.	Birla Vishwakarma Mahavidalaya Engg. College, Vallabh Vidyanagar ;
28.	Bhagwat Vidyapith Ashok ITI Krishnadhham Ahmedabad-380060;
29.	Bhagubhai Mafatlal Hospital (Seva Shram), Bharuch;
30.	Bala Hanuman Ayurved Mahavidalaya, Masa, Gandhinagar;
31.	B.M. Institute of Mental Health, Ahmedabad;
32.	B.S. Nathwani T.B. Hospital, Keshod, Junagadh;
33.	Cambay General Hospital, Khambhat;
34.	Centre for Social Studies, Veer Narmad South Gujarat University Campus, Surat;
35.	Children's University, Gandhinagar;
36.	Chimanlal Nagindas Technical Centre, Ahmedabad;
37.	C.L. Patel, Technical Institute, Pij, Nadiad;
38.	Dr. Rasiklal Shah Sarvajanic Hospital, Sabarkantha;
39.	Dharmsinh Desai Institute of Technology, Nadiad;
40.	Dr. V.H. Dave Homoeopathic Medical College & Hospital, Anand ;
41.	Development support Agency of Gujarat, Tribal Development Department, Gandhinagar;
42.	D.S. Patel Technical Institute, Sunav, Anand;
43.	Gujarat Cancer & Research Centre, Civil Hospital Campus, Asarwa, Ahmedabad;
44.	Gujarat National Law University, Gandhinagar;
45.	Gujarat press Academy, Gandhinagar;
46.	Gujarat Social Infrastructure Development Society (GSIDS), Gandhinagar;
47.	Gujarat State AIDS Control Society, Meghaninagar, Ahmedabad;
48.	Gujarat State Council for Blood Transfusion, Ahmedabad;
49.	Gujarat State Watershed Management Agency (GSWMA), Gandhinagar;
50.	Gurjaraeshwar Kumarpal Jain Sarvodaya Tech. Institute, Dabhoi Vadodara;
51.	Gujarat Ayurved University Institute for Post Graduate Teaching & Research, Jamnagar;
52.	Gujarat Water Supply & Sewerage Board (GWSSB), Gandhinagar;
53.	Gandhi Lincoln Hospital, Deesa, Palanpur;
54.	Gujarat Council of Elementary Education, Gandhinagar;
55.	International Centre for Entrepreneurship and Career Development, Ahmedabad;
56.	Janak Smarak Hospital, Vyara Tapi;
57.	K.V. Patel I.T.I, Chansama, Patan ;
58.	Kacheria Mojilal Gordhandas General Hospital, Balasinor;
59.	L.M. College of Pharmacy, Navrangpura, Ahmedabad;
60.	Lions Cancer Detection Centre Trust, Surat;
61.	M.N. College of Pharmacy, Khambhat, Anand;
62.	Raksha Shakti University, Ahmedabad;
63.	Tribal Research & Training Institute Gujarat Vidyapith Ahmedabad;

Source: Information compiled by offices of Accountant General (E&RS Audit) and Accountant General (G&SS Audit) Gujarat

APPENDIX 3.3
Statement showing pendency of accounts and delay in
placement of separate audit reports in the State Legislature
(Reference: Paragraph 3.4; Page 71)

Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature required/ Date of issue of SAR/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2017 (in months) #
Under Section 19(2)						
1.	Gujarat State Legal Service Authority, Ahmedabad	Not required	2015-16	2015-16	Yes/ 30-12-2016/ Not placed	2016-17(2)
2.	District Legal Services Authority, Navsari	Not required	2015-16	2014-15	Yes/ 29-09-2016/ Not placed	2016-17(2)
3.	District Legal Services Authority, Valsad	Not required	2015-16	2013-14	Yes/ 12-09-2016/ Not placed	2016-17(2)
4.	District Legal Services Authority, Rajkot	Not required	2015-16	2011-12	Yes/ 16-09-2014/ Not placed	2016-17(2)
5.	District Legal Services Authority, Patan	Not required	2015-16	2015-16	Yes/ 02-11-2016/ Not placed	2016-17(2)
6.	District Legal Services Authority, Jamnagar	Not required	2014-15	2014-15	Yes/ 24-06-2015/ Not placed	2015-16 (14) 2016-17 (2)
7.	District Legal Services Authority, Mehsana	Not required	2015-16	2014-15	Yes/ 21-05-2015/ Not placed	2016-17(2)
8.	District Legal Services Authority, Palanpur	Not required	2014-15	2014-15	Yes/ 13-10-2016/ Not placed	2015-16 (14) 2016-17(2)
9.	Gujarat State Human Rights Commission, Gandhinagar	Not required	2006-07	2006-07	Yes/ 10-02-2010/ Not placed	2007-08(110) 2008-09(98) 2009-10(86) 2010-11(74) 2011-12(62) 2012-13(50) 2013-14(38) 2014-15 (26) 2015-16 (14) 2016-17(2)
10.	Gujarat Building and other Construction Workers' Welfare Board, Ahmedabad	Not required	2012-13	2012-13	Yes/ 14-09-2016/ Not placed	2013-14(38) 2014-15 (26) 2015-16 (14) 2016-17(2)

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Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature required/ Date of issue of SAR/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2017 (in months) #
Under Section 19(2)						
11.	District Legal Services Authority, Bharuch	Not required	2015-16	2015-16	Yes/ 06-12-2016/ Not placed	2016-17(2)
12.	District Legal Services Authority, Junagarh	Not required	2015-16	2015-16	Yes/ 11-01-2017/ Not placed	2016-17(2)
13.	District Legal Services Authority, TapiVyara	Not required	2015-16	2014-15	Yes/ 21-02-2017/ Not placed	2016-17(2)
14.	District Legal Services Authority, Anand	Not required	2015-16	---	Yes/ ---/ Not placed	2016-17(2)
15.	District Legal Services Authority, Kheda Nadiad	Not required	2015-16	2015-16	Yes/ 01-02-2017/ Not placed	2016-17(2)
16.	District Legal Services Authority, Gandhinagar	Not required	2015-16	--	Yes/ ---/ Not placed	2016-17(2)
17.	District Legal Services Authority, Athwalines, Surat	Not required	2015-16	---	Yes/ ---/ Not placed	2016-17(2)
18.	District Legal Services Authority, Himmatnagar	Not required	2015-16	2015-16	Yes/ 07-04-2017/ Not placed	2016-17(2)
19.	District Legal Services Authority, Dahod	Not required	2015-16	2015-16	Yes/ 13-12-2016/ Not placed	2016-17(2)
20.	District Legal Services Authority, Amreli	Not required	2015-16	---	Yes/ ---/ Not placed	2016-17(2)
21.	District Legal Services Authority, Kutch, Bhuj	Not required	2015-16	---	Yes/ ---/ Not placed	2016-17(2)
22.	District Legal Services Authority, Bhavnagar	Not required	2015-16	---	Yes/ ---/ Not placed	2016-17(2)
23.	District Legal Services	Not required	2015-16	---	Yes/ ---/ Not placed	2016-17(2)

Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature required/ Date of issue of SAR/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2017 (in months) #
Under Section 19(2)						
	Authority, Vadodara					
24.	District Legal Services Authority, Godhra	Not required	2015-16	---	Yes/---/Not placed	2016-17(2)
25.	District Legal Services Authority, Surendranagar	Not required	2015-16	---	Yes/---/Not placed	2016-17(2)
26.	Gujarat Electricity Regulatory Commission	Not required	2015-16	2015-16	Yes/10.01.2017/24.03.2017	2016-17(2)
Under Section 19(3)						
1.	Gujarat Rural Housing Board, Gandhinagar	2017-18	2015-16	2014-15	Yes/24-02-2016/Not placed	2016-17(2)
2.	Gujarat Housing Board, Ahmedabad	2016-17	2014-15	2013-14	Yes/20-06-2016/Not placed	2016-17(2)
3.	Slum Clearance Board, Ahmedabad	2016-17	2010-11	2010-11	Yes/09.06.2016/Not placed	2011-12(62) 2012-13(50) 2013-14(38) 2014-15 (26) 2015-16 (14) 2016-17(2)
Under Section 20(1)						
1.	Gujarat Maritime Board	2016-17	2015-16	2015-16	Yes/07.02.2017/21.03.2017	2016-17(2)
2.	Gujarat Municipal Finance Board, Gandhinagar	2018-19	2015-16	2014-15	Yes/23-03-2016/Not placed	2016-17(2)
3.	Water and Sanitation Management Organisation, Gandhinagar	2015-16	2015-16	2013-14	No/09-06-2016/Not required	2016-17(2)
4.	Ahmedabad Urban Development Authority	2016-17	2015-16	2014-15	No/11-03-2016/Not required	2016-17(2)
5.	Vadodara Urban Development Authority	2016-17	2015-16	2015-16	No/21-02-2017/Not required	2016-17(2)
6.	Rajkot Urban Development Authority	2016-17	2015-16	2014-15	No/06-10-2016/Not Required	2016-17(2)
7.	Surat Urban Development Authority	2016-17	2014-15	2014-15	No/08-02-2017/Not required	2015-16(14) 2016-17(2)

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Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature required/ Date of issue of SAR/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2017 (in months) #
Under Section 19(2)						
8.	Jamnagar Area Development Authority	2016-17	2015-16	2014-15	No/ 21-02-2017/ Not required	2016-17(2)
9.	Bhavnagar Area Development Authority	2016-17	2014-15	2013-14	No/ 20-01-2016/ Not required	2015-16(14) 2016-17(2)
10.	Bhuj Area Development Authority	2016-17	2008-09	2008-09	No/ 23-08-2010/ Not required	2009-10 (86) 2010-11(74) 2011-12(62) 2012-13(50) 2013-14(38) 2014-15 (26) 2015-16 (14) 2016-17(2)
11.	Rapar Area Development Authority	2016-17	2015-16	2015-16	No/ 08-02-2017/ Not required	2016-17(2)
12.	Gandhinagar Urban Development Authority	2016-17	2015-16	2013-14	No/ 28-01-2016/ Not required	2016-17(2)
13.	Anjar Area Development Authority	2016-17	2008-09	2008-09	No/ 19-08-2010/ Not required	2009-10 (86) 2010-11(74) 2011-12(62) 2012-13(50) 2013-14(38) 2014-15 (26) 2015-16 (14) 2016-17(2)
14.	Bhachau Area Development Authority	2016-17	2015-16	2015-16	No/ 08-02-2017/ Not required	2016-17(2)
15.	Vadinar Area Development Authority	2016-17	2014-15	2014-15	No/ 01-03-2017/ Not required	2015-16(14) 2016-17(2)
16.	Junagadh Area Development Authority	2016-17	2014-15	2014-15	No/ 09-06-2016/ Not required	2015-16(14) 2016-17(2)
17.	Ambaji Area Development Authority	2016-17	--	--	No/ ---/ Not required	Accounts not received since beginning from 2008-09
18.	Alang Area Development Authority	2016-17	2015-16	2014-15	No/ 22-09-2016/ Not required	2016-17(2)
19.	Bharuch / Ankleshwar Urban	2016-17	2014-15	--	No/ ---/ Not required	2015-16(14) 2016-17(2)

Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature required/ Date of issue of SAR/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2017 (in months) #
Under Section 19(2)						
	Area Development Authority.					
20.	Morbi / Vankaner Urban Area Development Authority	2016-17	2015-16	2014-15	No/ 17-08-16/ Not required	2016-17(2)
21.	Anand /Vallabh Vidyannagar / Karamsad Urban Area Development Authority.	2016-17	2014-15	2014-15	No/ 06-03-2017/ Not required	2015-16(14) 2016-17(2)
22.	Surendranagar / Dudhrej / Wadhavan Urban Area Development Authority.	2016-17	2014-15	2014-15	No/ 10-01-2017/ Not required	2015-16(14) 2016-17(2)
23.	Himmatnagar Urban Area Development Authority	2016-17	2011-12	--	No/ ---/ Not required	2012-13(50) 2013-14(38) 2014-15 (26) 2015-16 (14) 2016-17(2)
24.	G.I.F.T. Urban Area Development Authority	2016-17	2015-16	2014-15	No/ 02-05-16/ Not required	2016-17(2)
25.	Shamlaji Urban Area Development Authority	2016-17	2014-15	--	No/ ---/ Not required	Accounts prior to 2014-15 have not been received 2014-15 (19) 2015-16 (14) 2016-17(2)
26.	Khambhalia Urban Area Development Authority	2016-17	2014-15	2014-15	No/ 26-11-2015/ Not required	2015-16 (14) 2016-17(2)
27.	Gujarat State CAMPA	2013-14	2013-14	2010-11	Yes/ 02.02.2016/ Not placed	2014-15 (19) 2015-16 (14) 2016-17(2)

Source: Information compiled by offices of Accountant General (E&RS Audit) and Accountant General (G&SS Audit) Gujarat

Accounts of the Financial Year are to be submitted latest by 30 June every year.

APPENDIX 3.4
Department-wise/age-wise break-up of pending cases of
misappropriation, defalcation etc.
(Reference: Paragraph 3.7; Page 78)

Sl. No.	Name of Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years and more	Total No. of Cases
1.	Ports, Transport & Fisheries	0	0	0	1	0	1	2
2.	Agriculture, Co-op. & R.D.D.	2	0	0	0	2	0	4
3.	Legal (A.J)	2	1	1	2	0	1	7
4.	Labour and Employment	1	0	0	0	0	0	1
5.	Education	4	4	2	4	0	0	14
6.	Industries, Mines & Power	0	0	2	1	0	0	3
7.	Health & Family Welfare	2	1	1	1	1	3	9
8.	Home	3	0	3	1	5	0	12
9.	Social Justice	1	0	0	0	0	0	1
10.	Forest & Environment	26	5	0	2	1	2	36
11.	Food & Civil Supply	1	0	0	0	0	0	1
12.	Revenue	0	0	2	0	2	3	7
13.	Irrigation	0	0	2	0	0	0	2
14.	Tribal Development	0	0	1	0	0	0	1
15.	Gujarat Maritime Board	0	1	0	0	0	0	1
16.	Narmada Water Resources, Water Supply and Kalpsar	1	1	2	1	2	21	28
17.	Roads and Buildings	0	0	1	0	2	6	9
18.	Land Revenue	0	0	0	2	1	16	19
19.	Science & Technology	1	0	0	0	0	0	1
TOTAL		44	13	17	15	16	53	158

Source: Information compiled by offices of Accountant General (E&RS Audit) and Accountant General (G&SS Audit) Gujarat

APPENDIX 3.5
Department-wise/category-wise details of cases of loss to Government due to theft, misappropriation/loss of Government material
(Reference: Paragraph 3.7; Page 78)

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Fire/Accident cases		Total	
	No. of Cases	Amount (₹ in lakh)	No. of Cases	Amount (₹ in lakh)	No. of Cases	Amount (₹ in lakh)	No. of Cases	Amount (₹ in lakh)
Ports, Transport and Fisheries	1	3.21	1	2.56	0	0	2	5.77
Agriculture, Co-operation and Rural Development	0	0	4	35.35	0	0	4	35.35
Legal (A.J.)	1	11.67	6	11.53	0	0	7	23.2
Labour and Employment	1	4.00	0	0	0	0	1	4.00
Education	7	3.83	7	385.75	0	0	14	389.58
Industries, Mines and Power	1	0.46	2	77.62	0	0	3	78.08
Health and Family Welfare	2	2.24	7	18.73	0	0	9	20.97
Home	1	31.8	11	96.41	0	0	12	128.21
Social Justice	0	0	1	14.87	0	0	1	14.87
Forest & Environment	8	3.57	7	8.69	21	91.56	36	103.82
Food and Civil Supply	0	0	1	61.65	0	0	1	61.65
Revenue	0	0	7	10.88	0	0	7	10.88
Irrigation	0	0	2	3.69	0	0	2	3.69
Tribal Development	0	0	1	147.19	0	0	1	147.19
Gujarat Maritime	0	0	1	3.23	0	0	1	3.23
Roads and Buildings	3	1.57	6	351.87	0	0	9	353.44
Narmada, Water Resources and Water Supply	13	7.14	15	34.12	0	0	28	41.26
Land Revenue	0	0	19	3.58	0	0	19	3.58
Science & Technology	0	0	1	12.68	0	0	1	12.68
Total	38	69.49	99	1280.40	21	91.56	158	1441.45

Source: Information compiled by offices of Accountant General (E&RS Audit) and Accountant General (G&SS Audit) Gujarat

APPENDIX 4.1
Glossary

Terms	Description
Gini- coefficient	It is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closer to one inequality is higher.
State Implementing Agencies	These include any organizations/institutions including non-Governmental organizations which are authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA, State Health Mission for NRHM etc.
Core public goods	Goods which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of those goods, e.g. enforcement of law and order, security and protection of our rights, pollution free air and other environmental goods, road infrastructure etc.
Merit goods	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 the ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
Debt sustainability	It 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 the sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings and returns from such borrowings. It means that a rise in fiscal deficit should match the increase in capacity to service the debt.
Debt stabilization	A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate-interest rate) and quantum spread (Debt* rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, the debt-GSDP ratio would eventually be falling.
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.
Net availability of borrowed funds	Defined as the ratio of 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.

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