

सत्यमेव जयते

**State Finances Audit Report
of
the Comptroller and Auditor General of India**

for the year ended 31 March 2018



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Himachal Pradesh
Report No. 1 of the year 2019

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PREFACE

This Report is prepared for submission to the Governor of the State of Himachal Pradesh under Article 151 of the Constitution of India.

Chapters I and II of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts, respectively, of the State Government for the year ended 31 March 2018. Information has been obtained from the Government of Himachal Pradesh wherever necessary.

Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives relating to Financial Reporting during the current year.

The Report containing the findings of performance audit and audit of transactions in various departments, Report containing observations on audit of Statutory Corporations, Boards, Government Companies and Report on Revenue Receipts are presented separately.

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Himachal Pradesh is brought out to assess the financial performance of the State during the year 2017-18 *vis-à-vis* the Budget Estimates, the targets set under the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 amended further by Act No. 25 of 2011 and analyses the dominant trends and structural profile of Government's receipts and disbursements.

Based on the audited accounts of the Government of Himachal Pradesh for the year ended 31 March 2018 and additional data collated from several sources such as the Economic survey brought out by the State government and Census, this Report provides an analytical review of the Annual Accounts of the State Government in three Chapters.

Chapter-I is based on the audit of Finance Accounts and makes an assessment of the Himachal Pradesh Government's fiscal position as on 31 March 2018. It provides an account of time series of receipts and disbursements, market borrowings, quality of expenditure, financial analysis of government expenditure and investment, debt sustainability and fiscal imbalances.

Chapter-II is based on the audit of Appropriation Accounts and gives a grant-wise description of appropriations. It elaborates on financial accountability and budget management, deficiencies in working of treasuries and outcome of review of selected grant.

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

Audit findings

Chapter I: Finances of the State Government

The State is on a fiscal correction path. However, the State has not yet amended the FRBM Act as recommended by 14th FC. The State had a revenue deficit during the period 2013-14 and 2014-15 and thereafter, it maintained a revenue surplus during the last three years (2015-18). However, the surplus consistently declined from ₹ 1,137 crore (2015-16) to ₹ 920 crore (2016-17) and ₹ 314 crore (2017-18) despite heavy devolution from the GoI.

Fiscal deficit increased by ₹ 922 crore from ₹ 2,948 crore in 2016-17 to ₹ 3,870 crore in 2017-18. Primary surplus of ₹ 990 crore and ₹ 411 crore during 2015-16 and 2016-17 respectively turned to primary deficit of ₹ 82 crore in 2017-18.

During 2017-18, the State's revenue receipts (₹ 27,367 crore) increased by 4 *per cent* over the previous year (₹ 26,264 crore). Only 35 *per cent* of the Revenue receipts came from the State's own resources comprising taxes and non-taxes, while the

remaining 65 per cent were contributed by central transfers comprising the State's share in central taxes and duties (17 per cent) and grants-in-aid from GoI (48 per cent).

Substantial funds amounting to ₹ 901.83 crore were still being transferred by GoI directly to the State Implementing agencies during 2017-18 in spite of Central Government decision to route these funds through the State budget from 2014-15.

During 2017-18, total expenditure (₹ 31,312 crore) of the State decreased by ₹ 821 crore (3 per cent) over the previous year primarily on account of disbursement of loan of ₹ 2,890.50 crore during 2016-17 to DISCOM under UDAY Scheme.

The revenue expenditure increased by ₹ 1,709 crore (7 per cent) from ₹ 25,344 crore in 2016-17 to ₹ 27,053 crore in 2017-18 and its share in total expenditure increased from 79 per cent in 2016-17 to 86 per cent in 2017-18.

Overall fiscal liabilities at the end of the year were ₹ 51,030 crore with growth of 8 per cent over the previous year. Fiscal liabilities were 37.55 per cent of GSDP and 1.86 times of the revenue receipts.

During next ten years (2028-29) State has to repay market loan of ₹ 20,874 crore (96.75 per cent) out of total outstanding loan of ₹ 21,574 crore along with interest amounting to ₹ 9,483 crore.

Chapter II

Financial management and budgetary control

During 2017-18, expenditure of ₹ 37,811.09 crore was incurred against total grants and appropriations of ₹ 41,267.45 crore. Overall savings of ₹ 3,456.36 crore were the result of savings of ₹ 3,843.12 crore in various grants/appropriations offset by excess expenditure of ₹ 386.76 crore in two grants and one appropriation which required regularisation of the State Legislature under Article 205 of the Constitution of India in addition to excess expenditure of ₹ 9,402.18 crore for the period 2011-12 to 2016-17.

Supplementary provision of ₹ 1,340.08 crore in 21 sub-heads proved unnecessary/inadequate as either expenditure did not come up to the level of original provision or leaving an aggregate uncovered excess expenditure and re-appropriation of funds in 20 sub-heads (₹ one crore or more in each case) was made injudiciously which resulted in excess/savings. In 60 cases (₹ 10 crore or more in each case) ₹ 2,558.50 crore were surrendered at the end of the financial year. In 70 cases/sub-heads, 100 per cent grant amounting to ₹ 661.87 crore was surrendered.

In six cases, the expenditure incurred during the last quarter of the year ranged between 65 and 97 per cent and the expenditure incurred during the month of March 2018 alone under these heads of accounts constituted 58 to 88 per cent of the total expenditure.

Chapter III

Financial reporting

Substantial delays in submission of utilisation certificates occurred and as a result proper utilisation of grants could not be ensured. In the absence of annual accounts, it could not be ascertained whether certain autonomous bodies/authorities attract the provision of Section 14 of the CAG's Act 1971. A large number of autonomous bodies did not prepare their final accounts for considerable periods. As a result, their financial position could not be assessed. Further, there were cases of temporary advances pending for adjustment, cases of theft of Government money, misappropriation, loss of Government material and defalcation, departmental action was pending for long periods.

CHAPTER-I
FINANCES OF THE STATE GOVERNMENT

CHAPTER -I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter provides a broad overview of the finances of the State Government during the current year (2017-18) and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. **Himachal Pradesh is a Special Category State (SCS)**. The special privileges given to Himachal Pradesh include financial assistance from GoI in the ratio of 90 *per cent* grant and 10 *per cent* loan unlike Non-Special Category States which get central aid in the ratio of 30 *per cent* grant and 70 *per cent* loan.

Profile of State

The State of Himachal Pradesh is the 17th largest State in terms of geographical area (55,673 sq. km.) and the 20th largest by population. As indicated in **Appendix 1**, the State's population increased from 0.61 crore in 2001 to 0.73 crore in 2018 (projected) recording a growth of 20 *per cent*. The percentage of population (as per census 2011) below the poverty line was eight *per cent* which was less than the all-India average (22 *per cent*).

Gross State Domestic Product (GSDP)

The trends in the annual growth of State's and India's GDP at current and constant prices are indicated in **Table 1.1**.

Table 1.1: Trends in Annual growth of India's GDP and GSDP of Himachal Pradesh (Current and Constant Prices)

Year	2013-14	2014-15	2015-16*	2016-17*	2017-18*
Current Prices (Base year – 2011-12)					
India's GDP (₹ in crore)	112,33,522	124,67,959	137,64,037	152,53,714	167,73,145
Growth rate of GDP (<i>per cent</i>)	12.97	10.99	10.40	10.82	9.96
State's GDP (₹ in crore)	94,764	103,772	113,355	124,235	135,914
Growth rate of GSDP (<i>per cent</i>)	14.42	9.51	9.23	9.60	9.40
Growth Rate of Neighbouring States					
Uttarakhand	13.27	8.29	8.88	11.28	11.25
Jammu & Kashmir	9.73	2.88	19.13	8.24	11.07
Constant Prices (Base year – 2011-12)					
India's GDP (₹ in crore)	98,01,370	105,27,674	113,86,145	121,96,006	130,10,843
Growth rate (<i>per cent</i>)	6.39	7.41	8.15	7.11	6.68
State's GSDP (₹ in crore)	82,847	89,060	96,274	1,02,954	1,09,440
Growth rate (<i>per cent</i>)	7.1	7.5	8.1	6.9	6.3

Source: Economics and Statistics Department, Himachal Pradesh and Central Statistics Office.

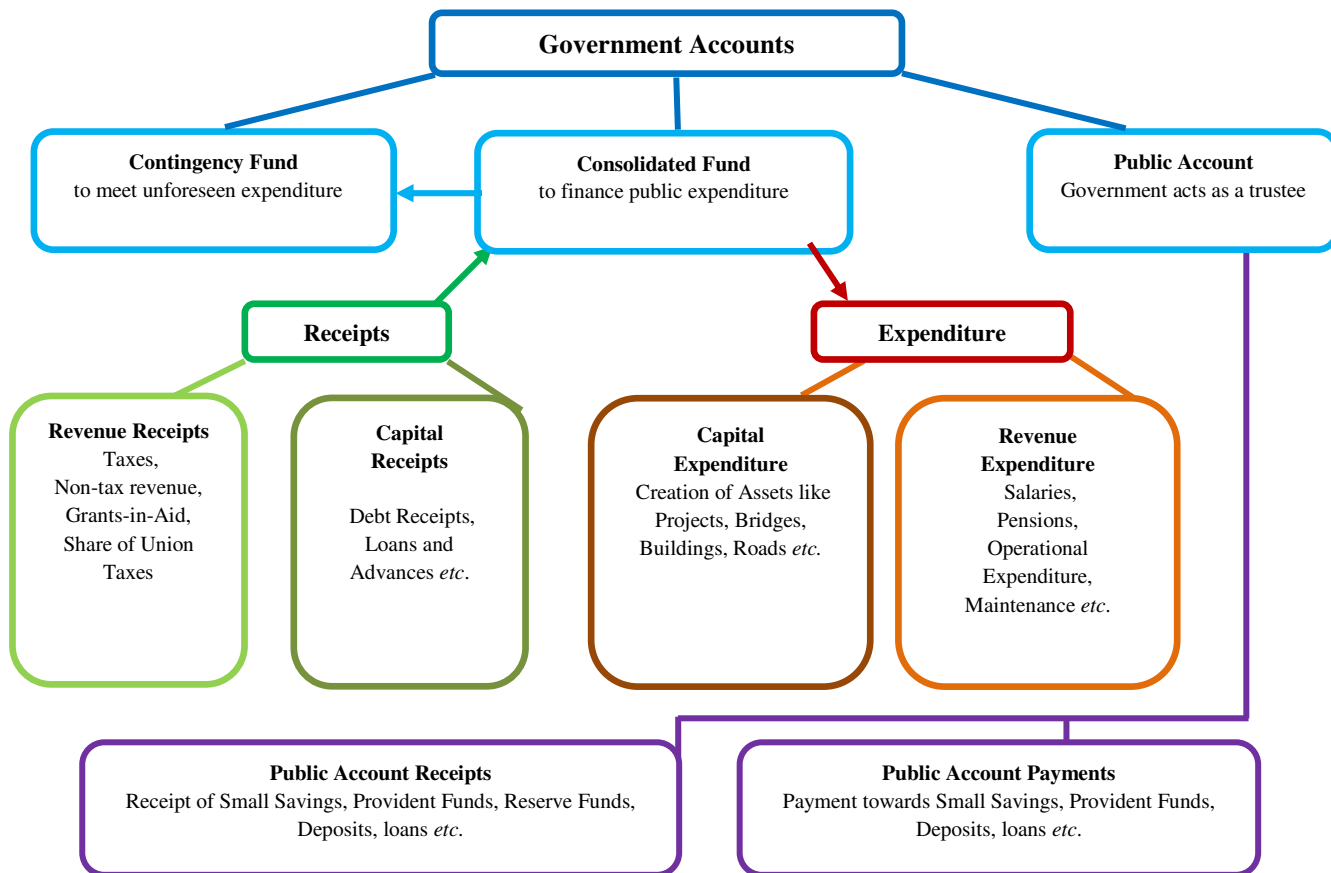
* Provisional * Quick * Advance estimates.

The growth rate of GSDP of Himachal Pradesh for 2017-18 was lower than the growth rate of GSDP of the two neighbouring Special Category States Uttarakhand and Jammu & Kashmir. Also the annual growth rate of State's GSDP at both current and constant prices was marginally below the India's GDP.

1.1.1 Summary of Financial Transactions

Government finances generally comprise the following:

Chart 1.1: Structure of Government Accounts



Source: Budget provisions

Table 1.2 presents the summary of the State Government's fiscal transactions during the current year (2017-18) vis-à-vis the previous year (2016-17).

Table 1.2: Summary of Fiscal operations in 2017-18

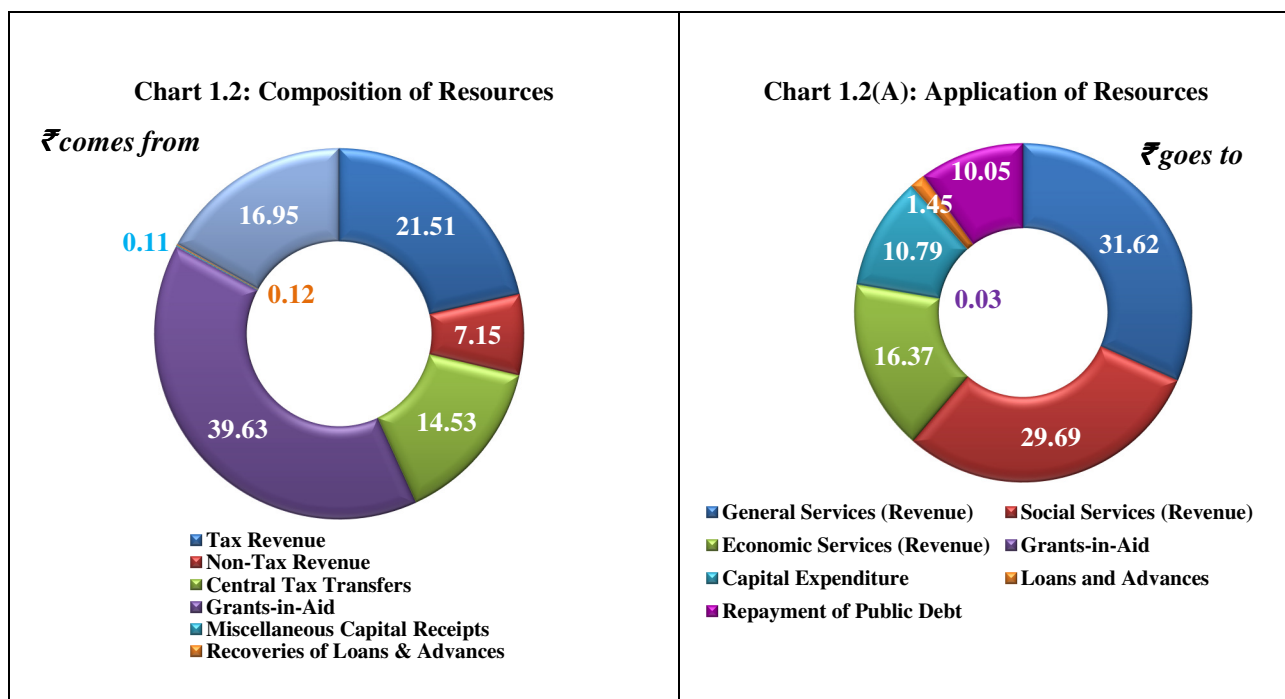
(₹ in crore)					
Receipts	2016-17	2017-18	Disbursements	2016-17	2017-18
Section-A: Revenue					
Revenue receipts	26,264	27,367	Revenue expenditure	25,344	27,053
Tax revenue	7,039	7,108	General Services	9,728	11,009
Non-tax revenue	1,717	2,364	Social Services	9,610	10,337
Share of union Taxes/Duties	4,344	4,801	Economic Services	5,996	5,697
Grants from Government of India	13,164	13,094	Grants-in-aid and Contributions	10	10
Section-B: Capital and others					
Misc. Capital Receipts	Nil	35	Capital outlay	3,499	3,756
Recoveries of Loans and Advances	30	40	Loans and advances disbursed	3,290*	503
Public Debt receipts	8,603*	5,600	Repayment of Public Debt	3,943	3,500
Contingency Fund	Nil	Nil	Contingency Fund	Nil	Nil
Public account receipts#	13,630	14,680	Public account disbursements	12,351	13,043
Opening Cash Balance	216	316	Closing cash balance	316	183
Total	48,743	48,038	Total	48,743	48,038

Source: Finance Accounts

* Includes ₹2,890.50 crore to DISCOM under UDAY Scheme.

Appendix 1.4 provides details of receipts and disbursements as well as the overall fiscal position during the current year as compared to previous year.

Composition of sources and application of funds in the Consolidated Fund of the State during 2017-18 is given in **Chart 1.2 and 1.2 (A)**.



1.1.2 Review of the fiscal situation

Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005

The Government of Himachal Pradesh enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 in April 2005 which was further amended by Act No. 25 of 2011 to ensure prudence in fiscal management and fiscal stability (**Appendix-1.2 Part B**). The FRBM Act was required to be amended as per recommendation of 14th Finance Commission (2015-20). **However, the State Government has not yet amended the FRBM Act.**

The outcome indicators of the State's own Fiscal Correction Path through the Medium Term Fiscal Plan Statement (MTFPS) prepared on 10 March 2017 are also given in **Appendix-1.2 (Part B)**.

Performance of the State Government on major fiscal variables against the recommendations of 14th Finance Commission (14thFC) and against the targets of the FRBM Act is depicted in **Table 1.3**.

Table 1.3: Major Fiscal Variables

Fiscal variables	2017-18				
	Targets/ Projections as prescribed in FRBM Act/ 14 th FC	Projections/ Targets proposed in the Budget/MTFPS#	Actual	Percentage variation of actual over	
				Targets/Projec- tions of FRBM Act/14 th FC	Projections/ Targets proposed in the Budget/MTFPS#
Revenue Surplus(+)/ Deficit(-) (₹ in crore)	Maintain revenue surplus	(-) 1,041.32	313.90	Target achieved	Target achieved
Fiscal Deficit/GSDP (in per cent)	(-) 3.00 or less	(-) 3.50	(-)2.85	Target achieved	Target achieved
Ratio of total outstanding debt* of the government to GSDP (in per cent)	32.99	32.92	37.55	(-) 4.56	(-) 4.63

Source: Finance Department and Finance Accounts

#Medium Term Fiscal Plan Statement

*This includes public debt and other obligations of the State Government

- **The State achieved the targets of eliminating the revenue deficit and maintained surplus provided in the FRBM Act/14th FC during last three years (2015-18) due to increase in central devolutions on the recommendations of 14th Finance Commission.**
- **Fiscal Deficit was 2.85 per cent of the GSDP which was well within the target.**
- **The Debt/GSDP ratio of the State was 37.55 per cent during 2017-18 which exceeded the targets.**

1.1.3 Ujwal DISCOM Assurance Yojna (UDAY)

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal DISCOM Assurance Yojna (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to take over 75 per cent of DISCOM debt as on 30 September 2015 over two years i.e. 50 per cent of DISCOM debt shall be taken over in 2015-16 and 25 per cent in 2016-17.

The DISCOM shall be under obligation to discharge the liability of interest as well as repayment of principal amount to the Government of Himachal Pradesh (GoHP) (15 days before the date of payment of interest and principal by the GoHP to the bond holders under UDAY) as per repayment schedule. In case the DISCOM fails to make payment of interest/principal on due dates, then the DISCOM shall be liable to pay penal interest @ 2 per cent per annum on the defaulted amount for the period of delay.

The UDAY bonds carried an interest element of an average rate of 7.88 per cent per annum. These Bonds have a moratorium period of 5 years for repayment of Principal and repayment shall start from the year 2022-23. The Principal has to be redeemed in 10 equal installments of ₹ 289.05 crore per annum till 2031-32. Annual interest liability is ₹ 227.78 crore, payable on half yearly basis on 28th of August and February of every year beginning from year 2017-18.

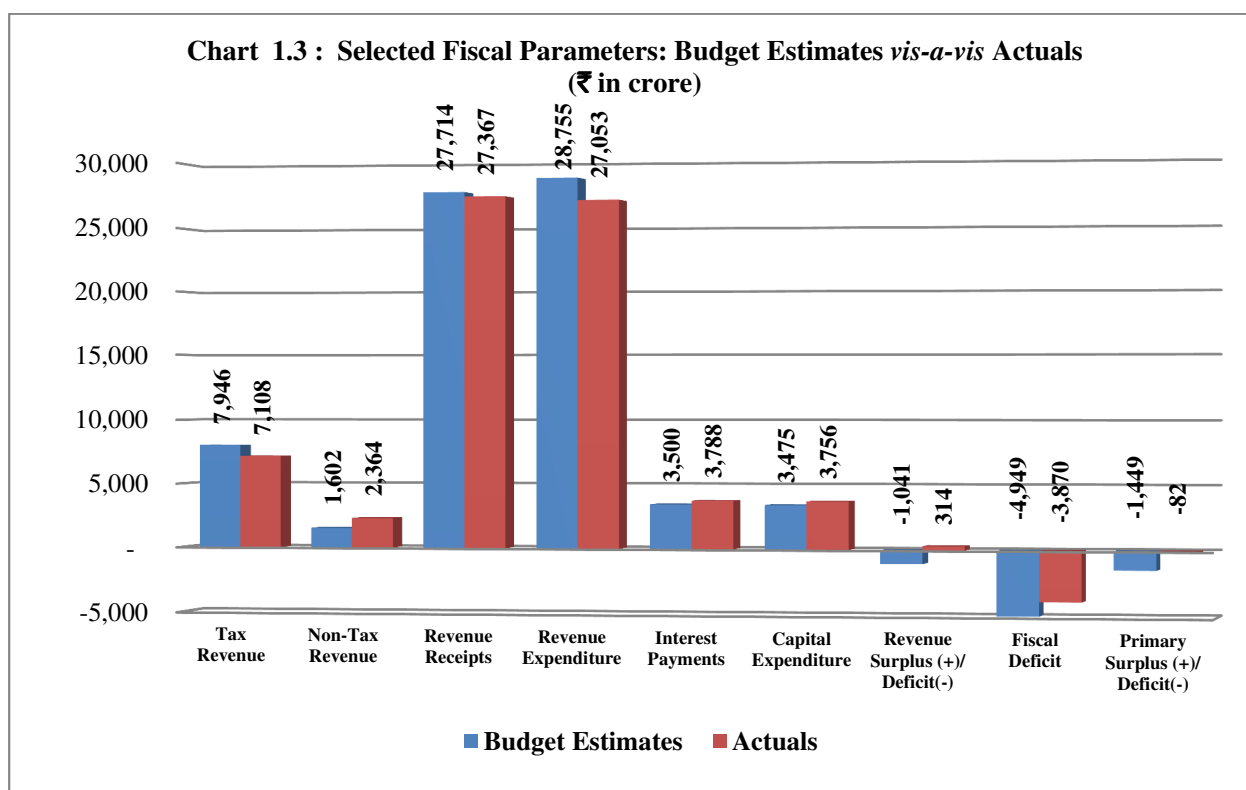
Himachal Pradesh entered into a tripartite Memorandum of Understanding (MoU) between GoI, GoHP and Himachal Pradesh State Electricity Board Limited (DISCOM) on 8th December 2016 to take over the entire 75 per cent (₹ 2,890.50

crore) of the outstanding debt of Himachal Pradesh DISCOM (₹ 3,854 crore) as on 30th September 2015 in the year 2016-17. After signing of the Tripartite Agreement, the GoHP raised funds amounting to ₹ 2,890.50 crore through issuing of UDAY Bonds (7.88 per cent) and transferred these funds to the DISCOM during 2016-17. This outstanding debt of ₹ 2,890.50 crore given to the DISCOM, is to be converted into Grants (₹ 2,167.50 crore) and Equity (₹ 723 crore) in the year 2020-21.

During 2017-18, the State Government paid ₹ 238.91 crore towards interest on bonds issued under UDAY Scheme whereas it received ₹ 227.78 crore as interest on the loan extended to the DISCOM.

1.1.4 Budget estimates and actual

The budget estimates and actuals for some important fiscal parameters for 2017-18 are given in **Chart 1.3**.



Source: MTFPS (March 2017) and Finance Accounts 2017-18

- Revenue receipts (₹ 27,367 crore) fell short by ₹ 347 crore (one per cent) of the Budget estimates (₹ 27,714 crore). The collections of own tax revenue fell short by ₹ 838 crore (11 per cent) whereas non-tax revenue was above the budget estimate by ₹ 762 crore (48 per cent). Shortfall in revenue receipts was mainly under Taxes on Sales, Trades etc.
- Revenue expenditure (₹ 27,053 crore) fell short by ₹ 1,702 crore (six per cent) of the Budget Estimates (₹ 28,755 crore). The major shortfall in expenditure was noticed under Water Supply, Sanitation, Housing and Urban Development by ₹ 438.28 crore under Social Services. Within Economic Services, the shortfall was mainly under Energy sector by ₹ 449.69 crore. Interest payments increased by ₹ 288 crore of the budget estimates under General Services. Capital

expenditure exceeded budget estimates by ₹ 281 crore mainly due to higher expenditure under Economic services.

- Against the Revenue deficit estimate of ₹ 1,041 crore the State generated a revenue surplus of ₹ 314 crore, whereas Fiscal deficit estimate (₹ 4,949 crore) decreased by ₹ 1,079 crore and stood at ₹ 3,870 crore. The Primary deficit (₹ 82 crore) was less than the budget estimates (₹ 1,449 crore) by ₹ 1,367 crore during 2017-18.

1.1.5 Buoyancy Ratios

Buoyancy Ratios indicate the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The Buoyancy Ratios of Revenue Receipts, State's Own Tax Receipts, Total Expenditure and Fiscal Liabilities w.r.t. the GSDP are given in Table 1.4.

Table 1.4: Buoyancy Ratios of Receipts, Expenditure and Fiscal Liabilities in comparison to GSDP

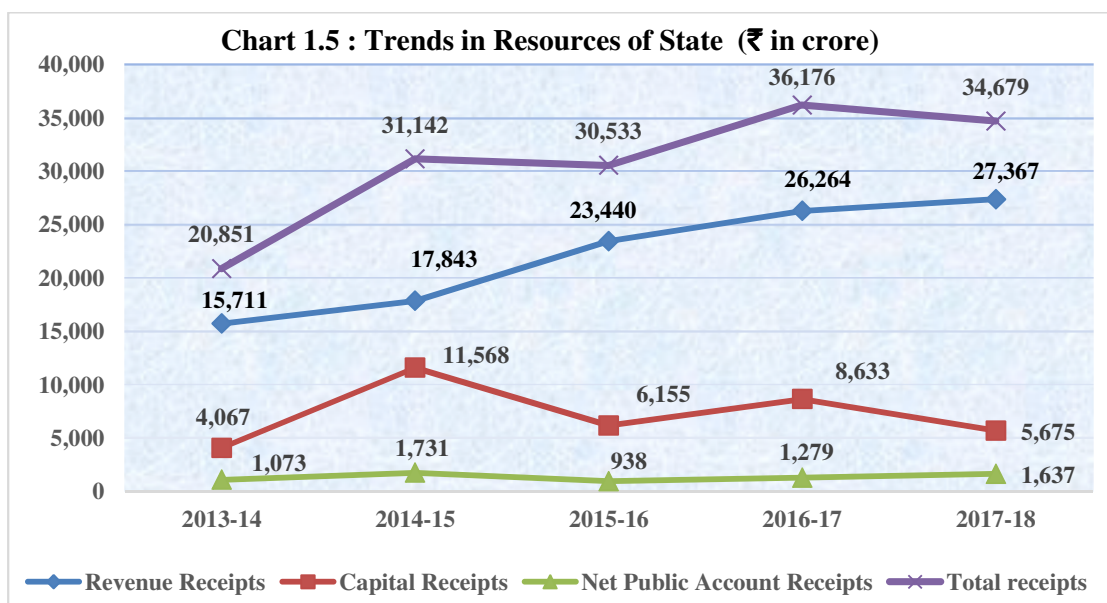
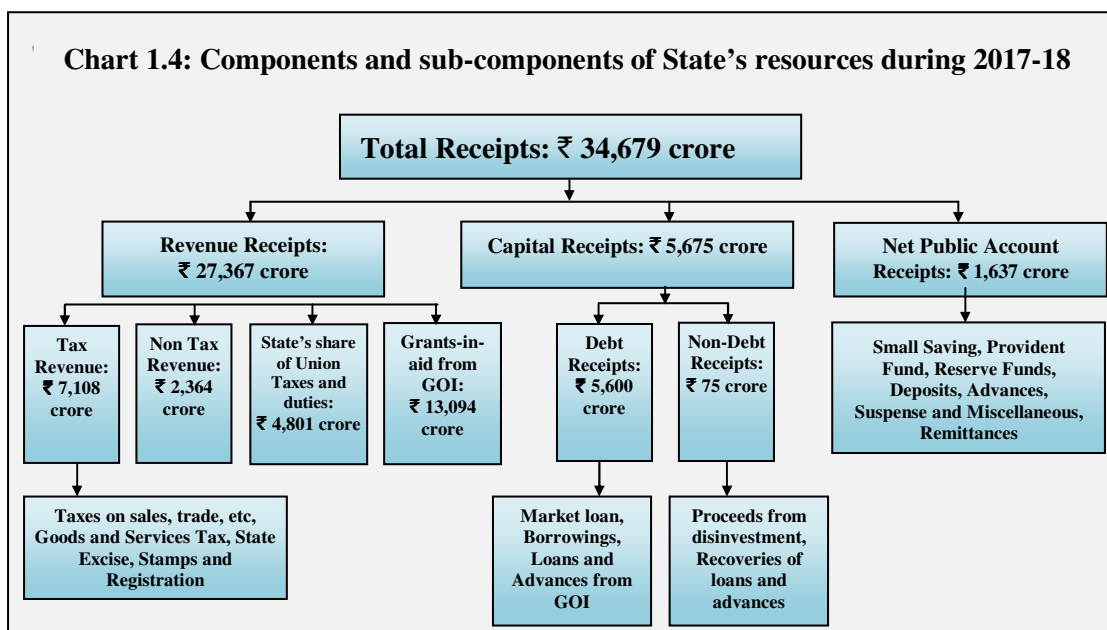
	2013-14	2014-15	2015-16	2016-17	2017-18
GSDP (₹ in crore)	94,764	1,03,772	1,13,355	1,24,235	1,35,914
Rate of Growth of GSDP (in per cent)	14.42	9.51	9.23	9.60	9.40
Revenue Receipts (RR)					
Revenue Receipts (RR) (₹ in crore)	15,711	17,843	23,440	26,264	27,367
Rate of growth of RR (in per cent)	0.72	13.57	31.36	12.05	4.20
Buoyancy of RR with respect to GSDP	0.05	1.43	3.40	1.26	0.45
State's Own Tax Revenue (SOTR)					
SOTR during the year (₹ in crore)	5,121	5,940	6,696	7,039	7,108
Rate of Growth of SOTR (in per cent)	10.70	15.99	12.73	5.12	0.98
Buoyancy of SOTR with GSDP	0.74	1.68	1.38	0.53	0.10
Total Expenditure (TE)					
TE during the year (₹ in crore)	19,739	22,734	25,630	32,133	31,312
Rate of Growth of TE (in per cent)	6.14	15.17	12.74	25.37	(-)2.56
Buoyancy of TE with GSDP	0.43	1.60	1.38	2.64	(-)0.27
Fiscal Liabilities (FL)					
FL at the end of the year (₹ in crore)	33,884	38,192	41,197	47,244	51,030
Rate of Growth of FL (in per cent)	11.31	12.71	7.87	14.68	8.01
Buoyancy of FL with GSDP	0.78	1.34	0.85	1.53	0.85

Source: Finance Accounts of respective years

The Buoyancy of RR and SOTR with reference to GSDP was lower during 2017-18 which indicates that during 2017-18 the growth rate of RR was lower than the growth rate of GSDP which is a matter of concern. Decline in growth rate of revenue receipts was primarily due to decline in growth rate of State own tax receipts. The growth rate of total expenditure and fiscal liabilities was less than the growth rate of GSDP during 2017-18.

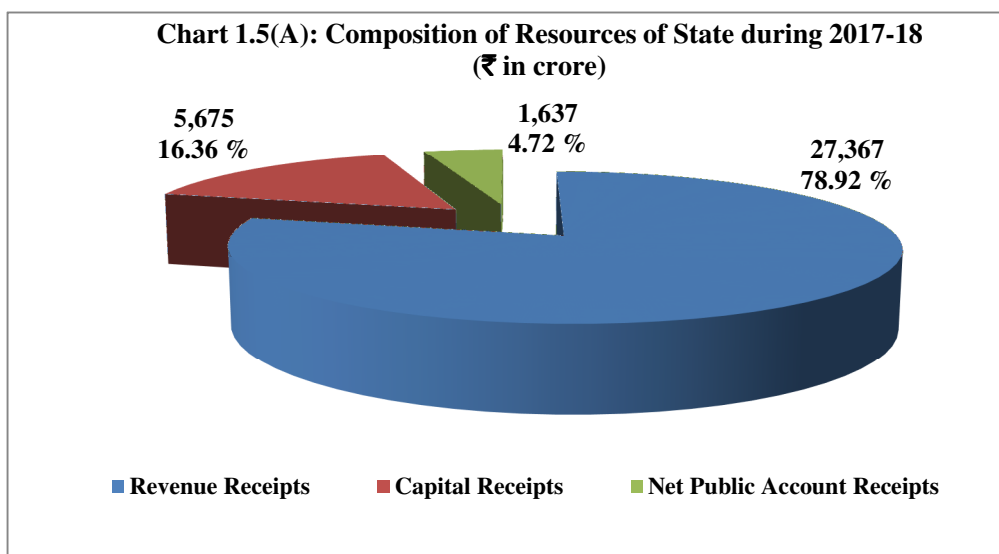
1.2 Resources of the State

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 of miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowing from financial institutions/commercial banks) and loans and advances from GoI as well as accruals from Public Account. **Table 1.2** presents the receipts and disbursements of the State during the year 2017-18 as recorded in its Annual Finance Accounts while **Chart 1.5** depicts the trends in various components of the receipts of the State during 2013-18. **Chart 1.4** and **1.5(A)** depict the composition of resources of the States during the current year.



The total receipts of the State increased by ₹ 13,828 crore (66.32 per cent) during 2013-18. Revenue receipts increased by ₹ 11,656 crore (74.19 per cent), Capital

receipts, which includes recovery of loans and advances and public debt, increased by ₹ 1,608 crore (39.54 per cent) and Net Public Account receipts increased by ₹ 564 crore (52.56 per cent) during the same period.



Total receipts decreased from ₹ 36,176 crore in 2016-17 to ₹ 34,679 crore in 2017-18. This was primarily due to receipt of ₹ 2,890.50 crore during 2016-17 as loan under capital receipts on account of UDAY scheme.

The share of revenue receipts in the total receipts increased from 75.35 per cent (2013-14) to 78.92 per cent (2017-18). The share of net Public Account receipts slightly decreased from 5.15 per cent to 4.72 per cent and share of capital receipts (including debt) also decreased from 19.51 per cent to 16.36 per cent during 2013-18.

1.2.1 Funds transferred by the GoI directly to State Implementing Agencies outside the State Budget

The GoI has been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes/programs in the social and economic sectors without routing through the State budget/treasury.

In spite of Central Government decision to route these funds through budget from 2014-15, funds were still transferred directly to the State Implementing agencies during 2014-18. During 2017-18, these direct fund transfers increased to ₹ 901.83 crore from ₹ 457.18 crore compared to previous year. These funds were transferred mainly under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) (₹ 436.20 crore) to Himachal Pradesh Rural Development and Employment Guarantee Society, package for special category state (₹ 40.37 crore) and transport subsidy scheme (₹ 17.12 crore) to Himachal Pradesh State Industrial Development corporation and MPLAD (₹ 32.50 crore) (**Appendix 1.5**).

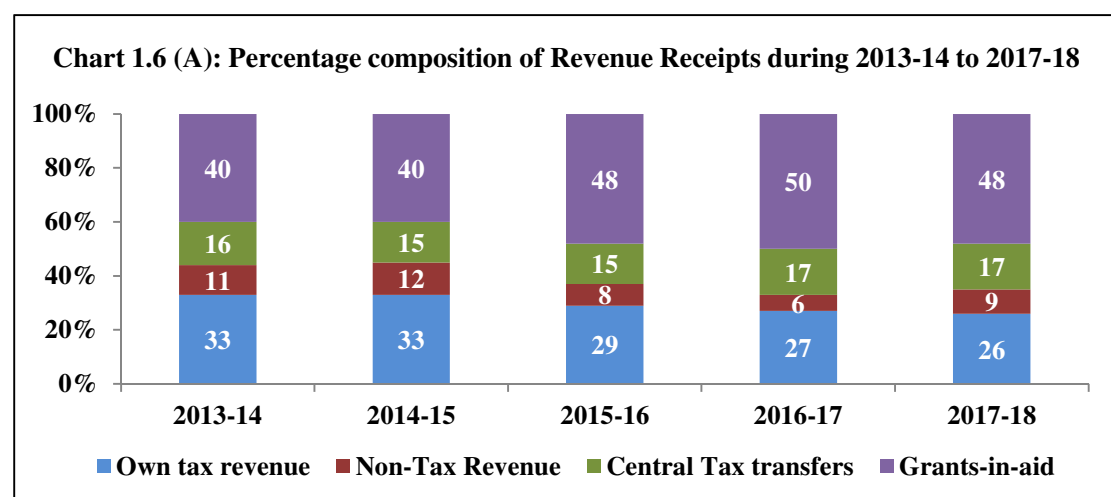
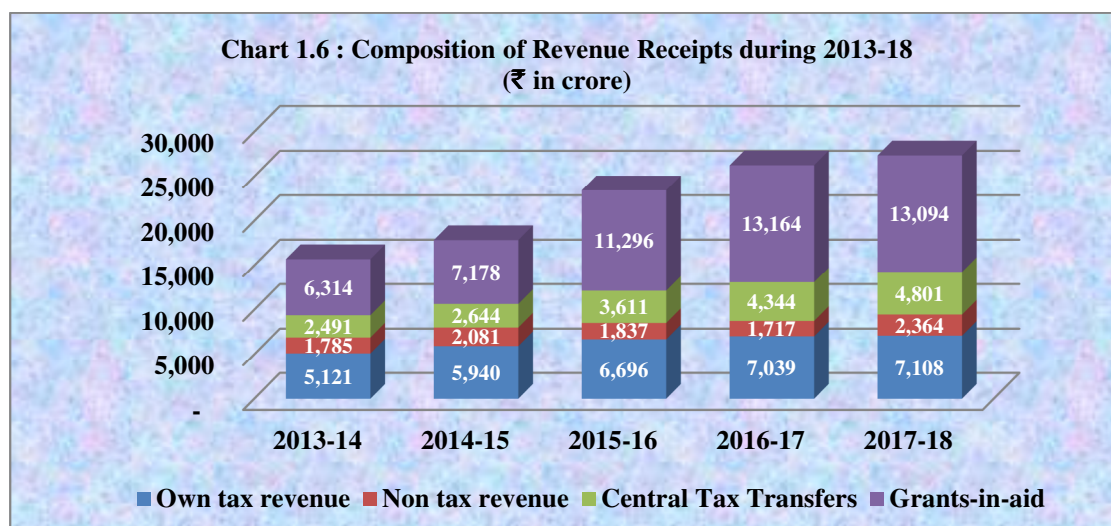
Thus, with the transfer of ₹ 901.83 crore funds during 2017-18 by GoI directly to the State implementing agencies, the total availability of the State resources was understated to that extent.

1.2.2 Building and Other Construction Workers' Welfare Cess

The State Government collects cess on the cost of construction incurred by employers under the Building and other Construction Workers Welfare's Cess Act, 1966. The collected cess is to be spent on welfare schemes for construction workers. For this purpose, Building and Other Construction Workers' Welfare Board has been constituted. As per accounts of the Board, the total funds available with the Board as on 31 March 2017 were ₹ 458.59 crore. The Board received ₹ 95.66 crore during 2017-18 as labour cess, interest, etc., and spent ₹ 38.49 crore including ₹ 30.29 crore on labour welfare schemes during the year. As on 31 March 2018, the Board had funds of ₹ 515.76 crore.

1.3 Revenue Receipts

The trends and composition of revenue receipts over the period 2013-18 are presented in **Appendix 1.3** and also depicted in **Chart 1.6** and **1.6 (A)**:



- Revenue receipts steadily increased from ₹ 15,711 crore in 2013-14 to ₹ 27,367 crore in 2017-18 at an annual average growth rate of 12.38 per cent. However, during 2017-18 it increased by only four per cent over the previous year as the share of tax revenue in revenue receipts decreased by one per cent and share of grants-in-aid from GoI decreased by two per cent.

- During 2017-18, only 35 per cent of the Revenue receipts came from the State's own resources comprising taxes and non-taxes, while the remaining 65 per cent were contributed by central transfers comprising the State's share in central taxes and duties (17 per cent) and grants-in-aid from GoI (48 per cent). The trends in revenue receipts relative to GSDP are presented in **Table 1.5**.

Table 1.5: Trends in Revenue Receipts relative to GSDP

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (RR) (₹ in crore)	15,711	17,843	23,440	26,264	27,367
Rate of growth of RR (per cent)	0.72	13.57	31.36	12.05	4.20
State's Own Taxes (₹ in crore)	5,121	5,940	6,696	7,039	7,108
Rate of growth of Own Taxes (per cent)	10.70	15.99	12.73	5.12	0.98
State's GDP (₹ in crore)	94,764	1,03,772	1,13,355	1,24,235	1,35,914
Growth rate of GSDP (per cent)	14.42	9.51	9.23	9.60	9.40
R R/GSDP (per cent)	16.58	17.19	20.68	21.14	20.14
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t. GSDP	0.05	1.43	3.40	1.26	0.45
State's Own Taxes Buoyancy w.r.t. GSDP	0.74	1.68	1.38	0.53	0.10
Revenue buoyancy w.r.t. State's own taxes	0.07	0.85	2.46	2.35	4.29

- **The rate of growth of revenue receipts is falling since 2016-17 and has come down to 4.20 per cent in 2017-18 despite high devolution of central transfers. This was due to decline in growth rate of State's own taxes from 5.12 per cent to 0.98 per cent.**
- Similarly revenue buoyancy ratio w.r.t. GSDP has come down from 3.40 in 2015-16 to 0.45 in 2017-18 due to decrease in growth rate of State's own resources.
- **Continuous fall in the State's own tax buoyancy ratio with reference to GSDP has been observed since 2014-15 which is indicative of declining efficiency of revenue mobilization. The State Government may examine reasons thereby and take corrective action for augmenting its resources.**

1.3.1 State's Own Resources

As the State's share in Central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of resources was assessed in terms of its own resources comprising own tax and non-tax sources.

The State's actual tax and non-tax receipts for the year 2017-18 *vis-à-vis* projection made by 14th FC and MTFPS are given in **Table 1.6**.

¹ Refer glossary in Appendix 4.

Table 1.6: Percentage variation of actual over projections/estimates for the year 2017-18
(₹ in crore)

	14 th FC projections	Budget estimates/ MTFPS projection	Actuals	Percentage variation of actual over	
				14 th FC projections	Budget estimates/ MTFPS projection
Tax revenue	11,390	7,946	7,108	(-) 37.59	(-) 10.55
Non tax revenue	2,102	1,602	2,364	Target Achieved	Target Achieved

Source: Finance Department and Finance Accounts

The actual realisation of tax revenue was less by ₹ 4,282 crore (37.59 per cent) and ₹ 838 crore (10.55 per cent) from 14th Finance Commission's and MTFPS projections respectively. Targets set out for Non-tax Revenue in both the documents were achieved during 2017-18.

1.3.1.1 Tax revenue

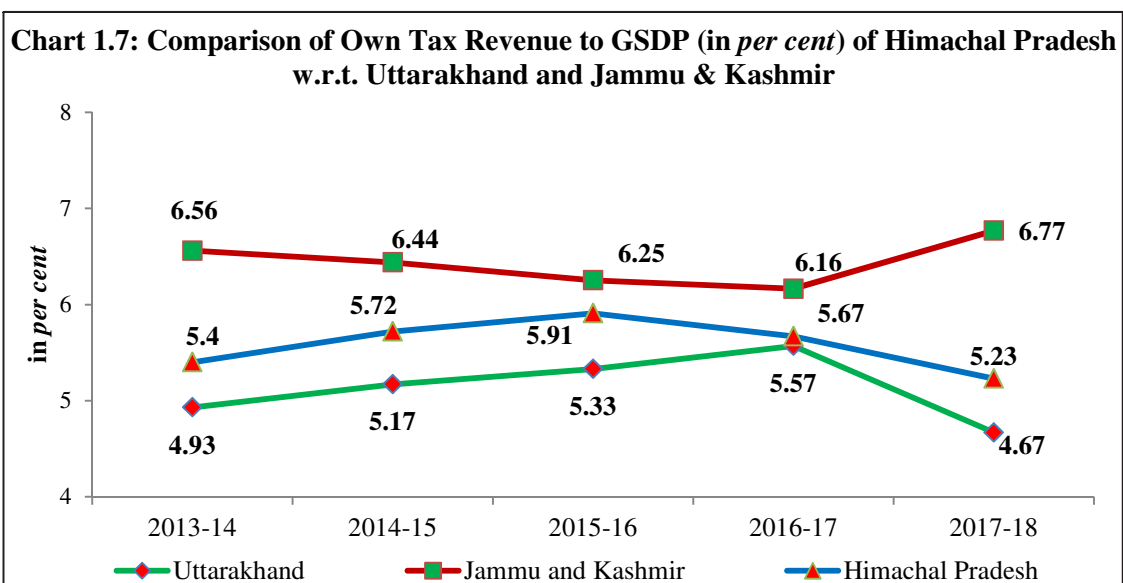
The gross collection in respect of major taxes and duties are given in **Table 1.7**.

Table 1.7: Components of Tax Revenue

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
State Goods and Services Tax (SGST)	-	-	-	-	1,833
Taxes on sales, trades etc.	3,141(15)	3,661(17)	3,993(9)	4,382(10)	2,526(-42)
State excise	952 (18)	1,044(10)	1,131(8)	1,308(16)	1,311(-)
Taxes on vehicles	208 (6)	220 (6)	317(44)	280(-12)	367(31)
Stamp duty and registration fees	188 (9)	190(1)	206(8)	209(1)	229(10)
Taxes and duties on electricity	191(27)	333 (74)	551(65)	372 (-32)	361(-3)
Land revenue	10 (-58)	17(70)	7(-59)	8 (14)	17(112.5)
Taxes on goods and passengers	105 (4)	110(5)	115(5)	121(5)	112(-24)
Other taxes	326 (-2)	365(12)	376(3)	359 (-5)	352(-2)
Total	5,121 (11)	5,940 (16)	6,696(13)	7,039(5)	7,108(1)

Figures in the parenthesis indicate the percentage growth over the previous year

Tax revenue recorded lowest increase of ₹ 69 crore (one per cent) during 2017-18. All the major taxes and duties recorded increasing trend except taxes on sales, trades etc. (after roll out of GST from 1st July 2017), Taxes and duties on Electricity and Taxes on goods and passengers. During 2017-18, the Taxes on vehicles increased due to new initiatives such as Green Tax and Cess on taxes on vehicles. During 2015-16, receipts under Taxes on vehicles increased due to payment of arrears of road tax from HP Road Transport Corporation. In the same period, receipt under taxes and duties on electricity increased due to deposit of arrears of electricity duty of previous years by HPSEB.



During 2017-18, the ratio of tax revenue to GSDP of Himachal Pradesh was 5.23 per cent which was below the projection (7.31 per cent) made by the 14th FC. **The ratio of own tax to GSDP of Himachal Pradesh was lower than the ratio of Jammu & Kashmir and higher than the ratio of Uttarakhand.**

Goods and Services Tax

State government implemented the Goods and Services Tax (GST) Act which became effective from 1st July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. A base year (2015-16) revenue figure was finalised under GST Act. In case of Himachal Pradesh, the revenue was ₹ 3,634 crore during the base year (2015-16). The projected revenue for any year in a State shall be calculated by applying the projected growth rate (14 per cent per annum) cumulatively over the base year revenue of that State.

The projected revenue for the year 2017-18 (1st July 2017 to 31st March 2018) in accordance with the base year figure was ₹ 3,546 crore. Revenue figure under GST for the year 2017-18 has been depicted in Finance Accounts as per nature of receipts i.e. State Goods and Services Tax (SGST), Input Tax Credit, cross utilization of SGST and Integrated Goods & Services Tax (IGST), Apportionment of IGST-transfer-in of Tax component to SGST and Advance apportionment from IGST. Against the projected revenue of ₹ 3,546 crore, the revenue receipt of the State Government under GST during the year 2017-18 remained at ₹ 2,321 crore and compensation of ₹ 1,059 crore was received as given in **Table 1.8:**

Table 1.8: Pre-GST and SGST collected, provisional apportionment of IGST and compensation received from GoI against the protected revenue of the State for the period July 2017 to March 2018

(₹ in crore)

Month	Monthly revenue to be protected*	Pre-GST taxes collected**	SGST collected	Provisional apportionment of IGST	Total amount received	Compensation received	Deficit/ Surplus
	1	2	3	4	5=(2+3+4)	6	7={1-(5+6)}
Jul-17	394	484.97	0.08	00	485.05	00	-91.05
Aug-17	394	53.17	131.7	63.52	248.39	00	145.61
Sep-17	394	-26.02	135.31	68.6	177.89	00	216.11
Oct-17	394	60.44	134.73	75.95	271.12	00	122.88
Nov-17	394	-15.68	116.35	107.98	208.65	269.50	-84.15
Dec-17	394	54.45	110.39	91.65	256.49	269.50	-131.99
Jan-18	394	7.74	125.66	105.62	239.02	168 [#]	-13.02
Feb-18	394	12.47	106.62	89.39	208.48	168 [#]	17.52
Mar-18	394	15.29	120.74	89.88	225.91	184 [#]	-15.91
Total	3,546	646.83	981.58	692.59	2,321.00	1,059	166.00

* Revenue is to be calculated considering the revenue figures of 2015-16 as base year by adding 14 per cent per annum

** Includes VAT & CST (net of refund) and revenue from the taxes subsumed in GST by excluding VAT and CST on petroleum products and liquor.

Received in the month of April-June during 2018-19.

Advance apportionment from IGST

The GoI was to apportion IGST to State Governments under section 17 of the IGST Act, 2017. The State Tax Division, Ministry of Finance, Department of Revenue (GoI) sanctioned (February 2018) provisional/advance settlement of apportionment of ₹ 159 crore with the condition that amount will be adjusted in the year 2018-19 from the regular settlement of IGST on the basis of monthly returns in ten equal installments starting from April 2018. However, the GoI adjusted these ₹ 159 crore against the bi-monthly compensation due to State for November-December 2017. In addition to one-time adjustment of ₹ 159 crore, ₹ 31.80 crore (two instalments of ₹ 15.90 crore each) were also adjusted in the month of April 2018 and May 2018.

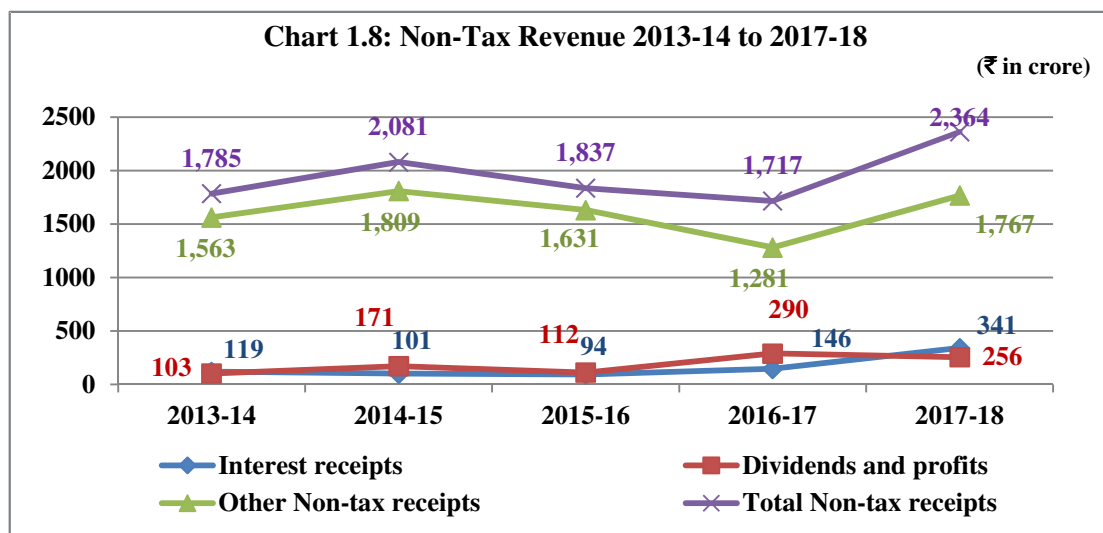
1.3.1.2 Non-tax revenue

The position of non-tax revenue (NTR) is given in Table 1.9.

Table 1.9: Components of Non-Tax Revenue (NTR)

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Interest receipts	119 (70)	101(-15)	94(-7)	146(55)	341(134)
Dividends and profits	103 (3)	171(66)	112(-35)	290(159)	256(-12)
Other non-tax receipts, of which-	1,563 (29)	1,809(16)	1,631(-10)	1,281(-21)	1,767(38)
Misc. General Services	6(-33)	3(-50)	19(533)	2(-89)	5(-)
Education, Sports, Arts and Culture	157(40)	161(3)	206(28)	112(-46)	181(62)
Forestry and Wild life	358(459)	116(-68)	34(-71)	19(-44)	47(147)
Other Administrative Services	26(-43)	36(38)	33(-8)	43((30)	40(-7)
Non-ferrous mining and metallurgical Industries	111(-25)	162(46)	155(-4)	176(14)	441(151)
Power	696(9)	1,122(61)	924(-18)	651(-30)	688(6)
Others	209(9)	209 (-)	260(24)	278(7)	365(32)
Total	1,785 (30)	2,081(17)	1,837(-12)	1,717(-7)	2,364(38)

Figures in the parenthesis indicate percentage growth/deficit over the previous year



The receipts under non-tax revenue increased by ₹ 579 crore (32.44 per cent) during 2013-18. **Non-Tax Revenue (₹ 2,364 crore) constituted 8.64 per cent of the revenue receipt during 2017-18 registering increase of ₹ 647 crore (37.68 per cent) over the previous year mainly due to increase in interest receipts (₹ 231 crore) accrued on account of loan given to DISCOM under UDAY scheme.**

Receipts under Non-ferrous mining and metallurgical industries increased due to upfront payment of ₹ 194.20 crore on account of transfer of mining leases and interest of ₹ 14.72 crore on delayed payment of royalty from M/s Ultratech Limited.

1.3.2 Grants-in-aid from GoI

The GoI discontinued Plan and Non-Plan classification and operated new Sub-Major Heads under Major Head-1601-Grants-in-aid (GIA) for providing GIA to States during 2017-18. The position of grants-in-aid from GoI is given in **Table 1.10**.

Table 1.10: Grants-in-aid from GoI

Particulars	₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	2,025	1,199	8,524	8,877	--
Grants for State Plan Schemes	3,765	4,333	756	1,188	--
Grants for Central Plan Schemes	17	31	38	44	--
Grants for Centrally Sponsored Plan Schemes	507	1,615	1,978	3,055	--
Centrally Sponsored Schemes	--	--	--	--	3,590
Finance Commission Grants*	--	--	--	--	8,889
Other Transfer/Grants to State/ Union Territories with Legislatures	--	--	--	--	615
Total	6,314	7,178	11,296	13,164	13,094
Percentage of increase over previous year	(-) 13.66	13.68	57.37	16.54	(-) 0.53
Percentage of Revenue Receipts	40	40	48	50	48

*Finance Commission Grants includes post devolution revenue deficit grant, grants for local bodies and SDRF which was earlier depicted as Non-plan grants in State Accounts.

The Grants-in-aid from GoI decreased by ₹ 70 crore from ₹ 13,164 crore (2016-17) to ₹ 13,094 crore (2017-18). The GIA included ₹ 539 crore received during 2017-18 as compensation in lieu of loss of revenue arising out of implementation of GST. Its share in State's revenue receipts ranged between 40 per cent and 50 per cent during 2013-18.

1.3.3 Central tax transfers

Central tax transfers (CTT) increased by ₹ 457.61 crore (10.54 per cent) from ₹ 4,343.70 crore in 2016-17 to ₹ 4,801.31 crore in 2017-18 and constituted 17 per cent of State's revenue as given in **Table 1.11**.

Table 1.11: Central tax transfers during 2016-17 and 2017-18

Name of Tax	Recommendation of 14 th FC	₹ in crore)		
		Actual for 2016-17	Actual for 2017-18	Variation
Integrated Goods and Services Tax (IGST)	42 per cent of the shareable amount of Central Taxes to States.	-	484.84	484.84
Central Goods and Services Tax (CGST)		-	68.36	68.36
Corporation Tax		1,393.48	1,470.67	77.19
Income Tax		968.47	1,241.88	273.41
Wealth Tax		3.19	(-)0.04	(-) 3.23
Customs		599.42	484.70	(-) 114.72
Union Excise Duty		684.49	506.50	(-) 177.99
Other Taxes and Duties on Commodities and Services		0.01	-	(-) 0.01
Service Tax		694.64	544.40	(-) 150.24
Total			4,343.70	4,801.31

The 14th FC recommended increasing the States' share of Central taxes from 32 per cent to 42 per cent. Accordingly, the State's share in the net proceeds of Central Taxes (excluding Service Tax) and net proceeds of Service Tax was fixed at 0.713 and 0.722 per cent, respectively.

Increase of CTT in 2017-18 over the previous year was mainly under IGST (₹ 484.84 crore), Income tax (₹ 273.41 crore), Corporation Tax (₹ 77.19 crore) and CGST (₹ 68.36 crore).

1.4 Capital Receipts

The trends in growth and composition of capital receipts are presented in **Table 1.12**.

Table 1.12: Trends in growth and composition of capital receipts

(₹ in crore)					
Sources of State's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
Capital Receipts (CR)	4,067	11,568	6,155	8,633	5,675
Rate of growth of CR (in per cent)	19.89	184.44	(-) 46.79	40.26	(-)34.26
Miscellaneous Capital Receipts	Nil	650*	Nil	Nil	35
Recoveries of Loans and Advances	17	41	26	30	40
Rate of growth of non-debt capital receipts (in per cent)	(-) 19.05	3,964.71	(-) 96.23	15.38	150.00
Public Debt Receipts	4,050	10,877	6,129	8,603	5,600
Debt Receipts from internal sources	3,991	10,752	6,079	8,502	5,518
Loans and Advances from GoI	59	125	50	101	82
Rate of growth of debt capital receipts	20.14	168.57	(-) 43.65	40.37	(-)34.91

* Proceeds from capital disinvestment of Himachal Pradesh Power Corporation.

Capital receipts shows fluctuating trends during 2013-18. It increased from ₹ 4,067 crore in 2013-14 to ₹ 11,568 crore in 2014-15 due to more ways and means advances and overdrafts (₹ 6,860 crore) taken during 2014-15 on 125 days to maintain minimum cash balances with the RBI. In 2015-16 it decreased substantially and stood at ₹ 6,155 crore while in 2016-17 it again increased due to inclusion of loan of ₹ 2,890.50 crore given to DISCOM on account of UDAY scheme. **During 2017-18, capital receipts decreased by ₹ 2,958 crore and stood at ₹ 5,675 crore from ₹ 8,633 crore in 2016-17.** Non-debt capital receipts increased by ₹ 45 crore (150 per cent) during 2017-18 over the previous year due to increase in recovery of loans and advances and miscellaneous capital receipts received as compensation from GoI on account of widening of National Highways.

The details of sources of capital receipts are discussed in following paragraphs:-

1.4.1 Recoveries of loans and advances

The State Government had provided loans and advances to various institutions/organizations such as Himachal Pradesh Private Institutional Regulatory Commission, Himachal Pradesh State Co-operative, Himachal Pradesh Marketing and Consumer Federation Corporation Ltd. (HIMFED), Himachal Pradesh Power Corporation Ltd., Himachal Pradesh Power Transmission, Municipal Corporation Dharamshala, Municipal Council Solan, etc. As on 31 March 2018, the total

outstanding loans and advances amounted to ₹ 6,507 crore. Against this, the State Government recovered only ₹ 40 crore during 2017-18. Besides, ₹ 256 crore was received as interest on loans and advances. The detailed position of loans and advances has been discussed in **Paragraph 1.8.3**.

1.4.2 Debt receipts from internal sources

Debt receipts from internal sources i.e. market loans/borrowings from different financial institutions and banks over the period 2013-14 to 2017-18 continued to be a major source of receipts of the State Government.

Table 1.13: Details of debt receipts from internal sources

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
i) Market Loans	2,367 (59)	2,345 (22)	2,450 (40)	3,400 (40)	4,600(84)
ii) Special Securities issued to National Small Savings fund of the Central Government (NSSF)	617 (15)	1,102 (10)	1,307 (22)	Nil	Nil
iii) Ways and means advances (including overdrafts) (WMA including OD)	629(16)	6,860 (64)	1,785 (29)	1,671 (20)	400(7)
iv) Loans from National Bank for Agricultural and Rural Development (NABARD)	350 (9)	400 (4)	500 (8)	500 (6)	500(9)
v) Loans from Other Financial Institutions	28 (1)	45 (*)	37 (1)	2,931 [#] (34)	18(*)
Internal Debt Receipts (Total (i to v))	3,991	10,752	6,079	8,502	5,518
Internal Debt Repayment	1,639 (41)	8,193 (76)	3,876 (64)	3,869 (46)	3,421 (62)

Figures in brackets indicate the percentage of internal debt receipts

*Less than one per cent.

Includes ₹2,890.50 crore on account of loans raised for disbursement to DISCOM under UDAY Scheme.

Market loans were the major components of internal debt over the last five years. In 2017-18, market loans increased by ₹ 1,200 crore since the State Government continued to borrow directly from market as it had stopped borrowing from Special Securities issued to NSS Fund of the GOI from 2016-17 onwards.

1.4.3 Loans and advances from GoI

Total outstanding loans and advances from GoI increased by ₹ 27 crore during 2017-18 over the previous year. Loans of ₹ 82 crore were received from GoI and repayment of ₹ 79 crore was made during the year (2017-18). The position of loans and advances from GoI to State for the last five years is given in the **Table 1.14**.

Table 1.14: Position of Loans and advances from GoI

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Opening Balance	1,018	1,012	1,070	1,049	1,076
Addition during the year	59	125	50	101	82
Discharge during the year	65	67	71	74	79
Closing Balance	1,012	1,070	1,049	1,076	1,079

1.5 Public Account 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 Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here the government acts as a banker. The balance after disbursements is the fund available with the government for use. The trends in public account receipts and disbursements during the year 2016-17 and 2017-18 are given in **Table 1.15**.

Table 1.15: Trends in Public Accounts Receipts and Disbursements during 2016-17 and 2017-18

(₹ in crore)

Resources under various heads	Public Account Receipts		Public Account Disbursements		Excess of Receipts over Disbursements	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Small Savings, Provident Fund etc.	3,403	3,768	2,198	2,376	1,205	1,392
Reserve funds	249	420	249	315	--	105
Deposits and Advances	2,727	2,874	2,546	2,685	181	189
Suspense and Miscellaneous	800	763	872	882	(-72)	(-) 119
Remittances	6,451	6,854	6,486	6,785	(-35)	69
Total	13,630	14,679	12,351	13,043	1,279	1,636

Net Public Account Receipts=Public Account Receipts-Public Account Disbursements

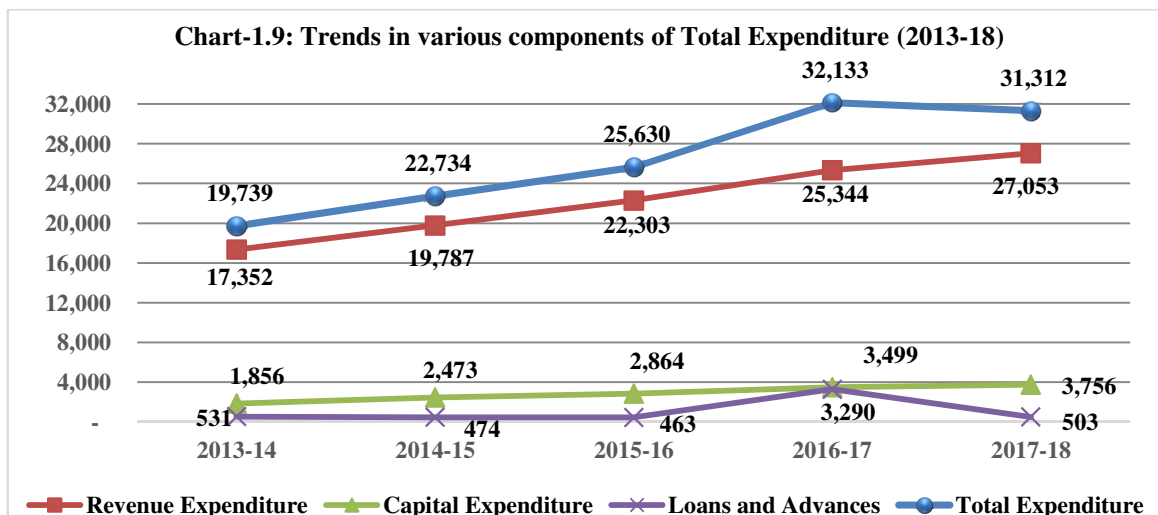
Net public account receipts (excess of receipts over disbursements) increased by ₹ 357 crore from ₹ 1,279 crore in 2016-17 to ₹ 1,636 crore in 2017-18. The increase was mainly under Small Savings, Provident Fund, etc. by ₹ 187 crore, Reserve funds by ₹ 105 crore and under Remittances by ₹ 104 crore during 2017-18. Net availability of funds under these heads had a major share in financing the fiscal deficit.

1.6 Application of Resources

The application of resources are analysed under various headings such as growth and composition of expenditure, revenue expenditure, capital expenditure, committed expenditure (expenditure on salaries, interest payments, subsidies, pension payments) and financial assistance to local bodies and other institutions.

1.6.1 Growth and Composition of Expenditure

Chart 1.9 presents the trends and composition of total expenditure over the last five years (2013-18) and **Chart 1.10**, **Chart 1.11** depicts its composition both in terms of 'economic classification' and 'expenditure by activities' respectively.



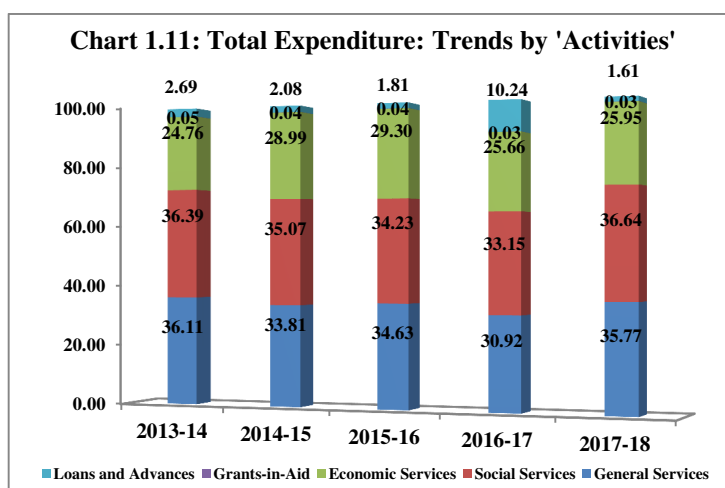
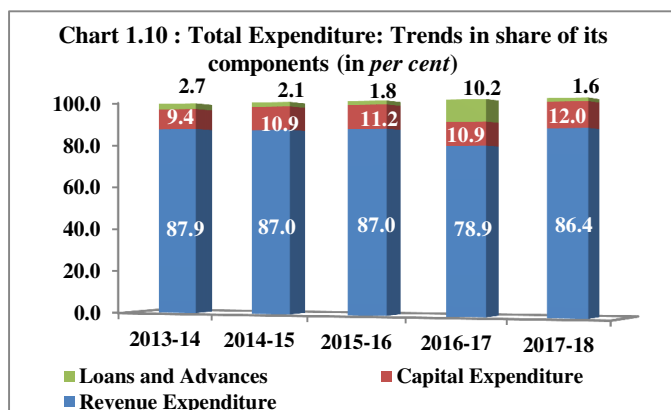
Total Expenditure

Total Expenditure of the State increased from ₹ 19,739 crore in 2013-14 to ₹ 31,312 crore in 2017-18 at an annual average rate of 11 per cent. During current year it decreased by ₹ 821 crore (three per cent) over the previous year. The decrease in total expenditure was on account of loans and

advances which decreased by ₹ 2,787 crore from the previous year as in 2016-17 included ₹ 2,890.50 crore given as loans to DISCOM under UDAY scheme.

The movement of relative share of these components of expenditure indicated that major components of expenditure had inter-year variations. Expenditure on General Services (including interest payments) which is considered as non-developmental expenditure as a per cent of total expenditure increased from 30.92 per cent in 2016-17 to 35.77 per cent in 2017-18. The expenditure under

General Services was mainly on account of Interest Payments (34 per cent) and Pension and Other Retirement Benefits (42 per cent). On the other hand, developmental expenditure² i.e. on Social and Economic Services together accounted



² Refer Glossary in Appendix 4.

for 62.59 per cent in 2017-18 against 58.81 per cent during 2016-17. **The share of loans and advances remained almost static except during 2016-17 (10.24 per cent) in which loan amounting to ₹ 2,890.50 crore was disbursed to DISCOM under UDAY Scheme. During 2017-18 it was 1.61 per cent of total expenditure.**

1.6.1.1 Revenue Expenditure

The revenue expenditure increased by ₹ 1,709 crore (seven per cent) from ₹ 25,344 crore in 2016-17 to ₹ 27,053 crore in 2017-18. The increase in expenditure was mainly on General Services by ₹ 1,281 crore (13 per cent) and Social Services by ₹ 727 crore (eight per cent). The overall increase in revenue expenditure was the result of significant increase under the heads Education, Sports, Art and Culture (₹ 754 crore), Interest payments (₹ 429 crore) and Health and Family Welfare (₹ 242 crore). The revenue expenditure continued to consume a dominant proportion (79 to 88 per cent) of total expenditure during the years 2013-18 and increased at an annual average rate of 11 per cent. **During 2017-18, the revenue expenditure consumed 86.4 per cent of the total expenditure.**

The percentage of State's revenue receipts and revenue expenditure to GSDP stood at 20.14 per cent and 19.90 per cent respectively during 2017-18. The State had revenue surplus of ₹ 314 crore during 2017-18 which was 0.23 per cent of GSDP.

1.6.1.2 Capital Expenditure

Continuous growth has been observed in the capital expenditure for the last five years. During 2017-18, capital expenditure (₹ 3,756 crore) increased by ₹ 257 crore (seven per cent) over the previous year 2016-17 (₹ 3,499 crore).

Education, Sports, Arts and Culture (₹ 342 crore) and Water Supply, Sanitation, Housing and Urban Development (₹ 516 crore) under Social Services, Power Projects (₹ 187 crore), Irrigation and Flood Control (₹ 251 crore) and Transport (₹ 1,694 crore) under Economic Services were the major beneficiary sectors where capital expenditure was made during 2017-18. The share of capital expenditure to total expenditure has increased from 10.9 per cent in 2016-17 to 12 per cent in 2017-18.

1.6.2 Committed Expenditure

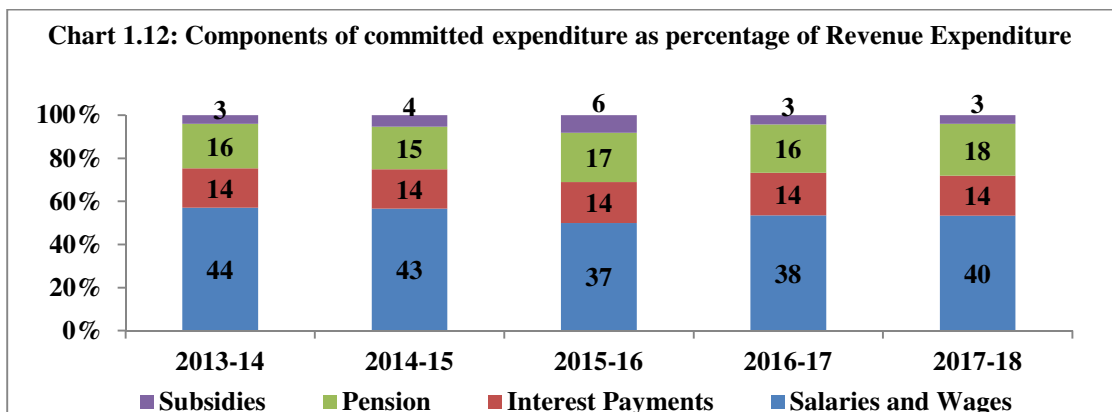
The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies.

Table 1.16: Components of Committed Expenditure

Components of Committed Expenditure	(₹ in crore)					
	2013-14	2014-15	2015-16	2016-17	2017-18 BE	2017-18
Salaries and Wages, of which	7,545 (48)	8,418 (47)	8,174 (35)	9,682(37)	9,627.61	10,766(39)*
Non-Plan Head	7,289	8,159	7,826	9,345	-	10,462
Plan Head	256	259	348	337	-	304
Interest Payments	2,481 (16)	2,849 (16)	3,155 (13)	3,359(13)	3,500.00	3,788(14)
Pensions	2,855 (18)	2,914 (16)	3,836 (16)	4,114(16)	4,950.00	4,709(17)
Subsidies	467 (3)	801 (4)	1,346 (6)	764(3)	1,037.52	907(3)
Total	13,348	14,982	16,511	17,919	19,115.13	20,170
Percentage to RE	77	76	74	71		75

* Salary: ₹ 10,519 crore; wages: ₹ 247 crore.

Figures in parenthesis indicate per cent to Revenue Receipts



There was a consistent rise in committed expenditure of the State. The increase in committed expenditure was ₹ 2,251 crore (13 per cent) during 2017-18 over the previous year. **It consumed a dominant share of revenue expenditure and ranged between 71 and 77 per cent during 2013-18 leaving little scope for the Government to spend on developmental activities.**

Salaries and Wages

The expenditure on salaries and wages increased from ₹ 7,545 crore in 2013-14 to ₹ 10,766 crore in 2017-18. It increased by ₹ 1,084 crore (11 per cent) over the previous year due to dearness allowance installments and other benefits paid to the staff. It consumed 39 per cent of revenue receipts of the State during 2017-18. The salary expenditure in the current year (₹ 10,519 crore) was more than the projections made in Medium Term Fiscal Plan Statement (MTFPS) (₹ 9,628 crore).

Pension Payments

The expenditure on pension payments increased from ₹ 2,855 crore in 2013-14 to ₹ 4,709 crore in 2017-18 and by ₹ 595 crore (14 per cent) during the current year over the previous year. Salary and pension payments together accounted for 58 per cent of the revenue expenditure (**Chart-1.12**). The actual expenditure on pension payments for the current year was within the projections made in Medium Term Fiscal Plan Statement (MTFPS) (₹ 4,950 crore).

New Pension Scheme

State Government employees recruited with effect from 15 May 2003 are covered under the New Pension Scheme, which is a defined contribution scheme. In terms of the Scheme, the employee contributes 10 per cent of his basic pay and dearness allowance, which is matched by the State Government and the entire amount, is transferred to the designated fund manager through the National Securities Depository Limited (NSDL/Trustee Bank).

During the year 2017-18, the State Government received ₹ 260.99 crore towards Employees contribution. Considering a matching grant of ₹ 260.99 crore as State Government share and taking into account the opening balance of ₹ 8.05 crore available in Public Account under the head 8342, a total amount of ₹ 530.03 crore was to be transferred to NSDL. As per information received from NSDL and Deputy Director (NPS) Treasury and Accounts, a total amount of ₹ 529.66 crore

(₹ 264.85 crore as employee and ₹ 264.85 crore employer share including legacy amounts) was credited during the year.

Interest Payments

The interest payments increased by 53 per cent from ₹ 2,481 crore in 2013-14 to ₹ 3,788 crore in 2017-18 and increased by ₹ 429 crore (13 per cent) during 2017-18 over the previous year. It consumed 14 per cent share of revenue receipts. **Interest payments was more than the normative assessment made by the 14th FC (₹ 3,736 crore) and the projections made by State Government in MTFPS (₹ 3,500 crore).** It was noticed that increased outgo on account of interest payments was due to increased commercial borrowing as detailed in **Para 1.9.2.**

Subsidies

The State Government has been paying subsidies to various institutions/bodies/corporations. It is clear from the **Table 1.16** that after rising for two consecutive years 2014-15 and 2015-16 there was decline in subsidies given during 2016-17. **Subsidies increased by ₹ 143 crore during 2017-18 and consumed about 3 per cent of the revenue receipts. The major components of subsidies were Energy (₹ 360 crore), Transport (₹ 160 crore), Food and Supply (₹ 218 crore) and Horticulture (₹ 68 crore).**

Some of the implicit subsidies given (in kind) during 2016-17 and 2017-18 are as under:

Table 1.17: Implicit subsidies during 2016-17 and 2017-18

(₹ in crore)		
Name of the scheme	2016-17	2017-18
Marriage Assistance Scheme	9.92	8.46
Free supply of uniform to School Children	42.97	49.23
Free distribution of books, laptops, bicycle etc. to students	43.44	37.58

Source: Finance Department, Himachal Pradesh.

1.6.3 Financial Assistance to Local bodies and other institutions

The detailed position of grants-in-aid released to various institutions during the period 2013-14 to 2017-18 by the State Government is given in **Table 1.18.**

Table 1.18: Detail of Grants-in-aid released to Local Bodies and other institutions

(₹ in crore)					
Name of Institution	2013-14	2014-15	2015-16	2016-17	2017-18
Panchayati Raj Institutions	327.13(25)	780.89(139)	427.34(-45)	696.64(63)	567.75(-19)
Urban Local Bodies	281.55(63)	202.24(-28)	319.54(58)	544.66(70)	257.78(-53)
Public Sector Undertakings	64.16(-24)	53.81(-16)	125.63(133)	150.84(20)	164.01(9)
Autonomous Bodies	356.99(7)	502.17(41)	641.87(28)	759.23(18)	799.08(5)
Education	222.24(13)	341.89(54)	341.40(-)	479.47(40)	492.21(3)
Other Institutions	185.82(21)	275.18(48)	756.50(175)	726.14(-4)	614.62(-15)
Total	1,437.89(20)	2,156.18 (50)	2,612.28 (21)	3,356.98(29)	2,895.46(-14)
Assistance as percentage of Revenue Expenditure	8.28	10.90	11.71	13.25	10.70
Assistance as percentage of Revenue Receipts	9.15	12.08	11.14	12.78	10.58

Source: Finance Accounts of respective years.

Figures in parenthesis indicate the per cent increase/decrease over previous year

The grants extended to local bodies and other institutions consistently showed an increasing trend during the year 2013-17. However, it decreased by ₹ 461.52 crore (14 per cent) during current year (2017-18) over the previous year mainly under plan grants. The decrease in grants-in-aid during 2017-18 was mainly due to less grants to Municipal Corporations and Municipalities (₹ 286.88 crore), Panchayati Raj Institutions (₹ 128.89 crore), other Development Agencies (₹ 111.52 crore), etc. Grants to local bodies and other institutions consumed 8 to 13 per cent of Revenue expenditure of the State during 2013-18.

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 expenditure (i.e. adequate provisions for providing public services), efficiency of expenditure use and its effectiveness (assessment of outlay-outcome relationships for selected services).

1.7.1 Adequacy of Public Expenditure

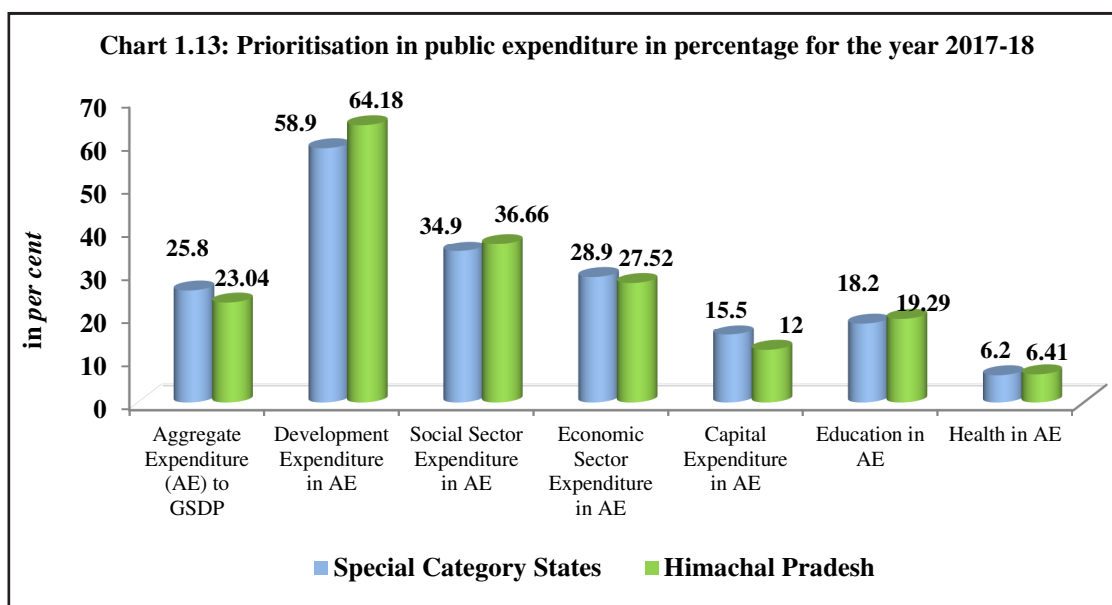
Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure category to aggregate expenditure) can be stated to have been attached to a particular sector if the priority given to that particular head of expenditure is below the Special Category States' average for that year.

The fiscal priorities of the State Government with regard to development expenditure (DE), social sector expenditure (SSE) and capital expenditure (CE) relative to Special Category States (SCS) during current year 2017-18 taking 2013-14 as the base year is analysed in **Table 1.19**.

Table-1.19: Fiscal Priority of the State during 2013-14, 2016-17 and 2017-18

Priority Indicator	(in per cent)					
	2013-14		2016-17		2017-18	
	SCS	HP	SCS	HP	SCS	HP
Aggregate expenditure/GSDP	23.5	20.83	27.4	25.8	25.8	23.04
Development expenditure#/ Aggregate expenditure	64.0	63.80	61.4	69.03	58.9	64.18
Social Sector expenditure/ Aggregate expenditure	37.6	36.41	34.2	33.15	34.9	36.66
Economic Sector expenditure/ Aggregate expenditure	29.3	27.39	30	35.88	28.9	27.52
Capital expenditure/ Aggregate expenditure	13.8	9.40	13.6	10.89	15.5	12.00
Education/Aggregate expenditure	18.3	19.21	16.6	16.31	18.2	19.29
Health/Aggregate expenditure	5.4	5.44	5.4	5.56	6.2	6.41

Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed under Social and Economic sectors.



- **Aggregate expenditure of the State as a ratio of GSDP was less in all years (2013-14, 2016-17 and 2017-18) as compared to Special Category States (SCS).**
- **The State has not given adequate fiscal priority to Development Expenditure in 2017-18 as its percentage to Aggregate Expenditure decreased by 5 percentage points (64.18 per cent) over the previous year (69.03 per cent).** It was mainly due to less expenditure in Economic sector (less by 8.36 percentage points).
- The ratio of Capital expenditure to Aggregate expenditure of the State slightly increased (one percentage point) during 2017-18 (12 per cent) over the previous year (10.89 per cent) but was less (3.5 percentage points) than the ratio of SCS (15.5 per cent).

The State Government is required to give more priority to Development Expenditure especially Capital Expenditure to give stimulus to economic development.

1.7.2 Efficiency of expenditure use

The share of Developmental Revenue Expenditure (DRE) in the Total Expenditure (TE) remained on an average of 52 per cent during the period 2013-14 to 2017-18. DRE increased by 2.74 per cent over the previous year and its share in the TE also increased by 2 per cent during the current year. The Development Capital Expenditure (DCE) had shown an increasing trend from 2013-14 to 2017-18 and increased by ₹ 1,790 crore from ₹ 1,774 crore in 2013-14 to ₹ 3,564 crore in 2017-18 and its share in TE increased by one per cent during 2017-18 over previous year. The overall Development Expenditure increased by 59.49 per cent over the period 2013-14 to 2017-18 and its share in TE declined from 69 per cent in 2016-17 to 64 per cent in 2017-18.

Table-1.20: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18
Aggregate Expenditure	19,739	22,734	25,630	32,133*	31,312
Development Expenditure	12,601 (64)	15,038 (66)	16,729 (65)	22,180* (69)	20,097 (64)
(a) Development Revenue Expenditure	10,296 (52)	12,174(54)	13,505 (53)	15,606 (49)	16,034 (51)
(b) Development Capital Expenditure	1,774 (9)	2,390 (11)	2,776 (11)	3,291 (10)	3,564 (11)
(c) Development Loans and Advances	531 (3)	474 (2)	448 (2)	3,283* (10)	499 (2)

Figures in parentheses indicate percentage to aggregate expenditure.

*includes loans of ₹2,890.50 crore given to DISCOM on account of UDAY scheme.

Salary and wages expenditure increased by ₹ 783 crore (14 per cent) and ₹ 159 crore (seven per cent) in social services and economic services respectively during the current year 2017-18 as compared to previous year, whereas operation and maintenance expenditure decreased by ₹ 51 crore (four per cent) in social services and increased by ₹ 249 crore (19 per cent) in economic services.

Table 1.21: Expenditure incurred in various sectors

(₹ in crore)

Year	Total Expenditure	Sector	Revenue Expenditure	Capital Expenditure	Ratio of Capital expenditure to Total expenditure	Revenue expenditure	
						Salaries and wages	Operation and maintenance
2016-17	32,133	Social Services (SS)	9,610	1,041	3.24	5,656 (59)	1,176 (12)
		Economic Services (ES)	5,996	2,250	7.00	2,166 (36)	1,280 (21)
Total (SS+ES):			15,606	3,291		7,822	2,456
2017-18	31,312	Social Services	10,337	1,135	3.62	6,439 (62)	1,125 (11)
		Economic Services	5,697	2,429	7.76	2,325 (41)	1,529 (27)
Total (SS+ES):			16,034	3,564		8,764	2,654

Figures in parentheses indicate percentage to revenue expenditure in the service.

Source: Finance Accounts and Voucher level computerization data of respective years.

It was further seen that the percentage ratio of capital expenditure to total expenditure in social services and economic services was restricted to four and eight per cent respectively during 2017-18. However, during 2017-18, it increased slightly by less than one per cent in both the services over the previous year.

The share of salaries and wages to Revenue expenditure (₹ 8,764 crore) in both the services (social and economic) increased by ₹ 942 crore in 2017-18 as compared to 2016-17 (₹ 7,822 crore). The increases in Salaries and Wages in Social services were 13.84 per cent and in Economic services 7.34 per cent. There was significant increase of ₹ 618.50 crore (66 per cent) in Education during 2017-18 as compared to the previous year.

The share of O&M expenditure to Revenue expenditure in both the services (social and economic) increased by ₹ 198 crore in 2017-18 (₹ 2,654 crore) as compared to 2016-17 (₹ 2,456 crore).

1.8 Financial analysis of Government expenditure and investments

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

1.8.1 Incomplete projects/works

The department-wise information pertaining to incomplete projects/works depicted in **Appendix-IX** of Finance Account as on 31 March 2018 is given in **Table 1.22**.

Table 1.22: Department-wise Profile of Incomplete Projects/works

Department	Number of incomplete projects/works	Initial budgeted cost	Revised total cost of projects/works	(₹ in crore)
				Total expenditure as on 31 March 2018
Irrigation and Public Health	08	58.23	108.63*	87.91
Public Works (Building and Roads)	03	182.53	NA	88.23
Total	11	240.76		176.14

Source: Finance Accounts.

* Revised cost of 4 projects/works only.

NA: Not Available

An expenditure of ₹ 176.14 crore (March 2018) incurred on 11 incomplete projects/works did not deliver envisaged benefits. These projects/works were to be completed between July 2005 and March 2018.

Delays in completion of projects not only affected the quality of the expenditure but also deprived the state of intended benefits and economic growth.

The State Government should formulate guidelines for timely completion of incomplete projects and physical and financial progress of execution of works to be closely monitored to minimize the slippage, time and cost overrun.

1.8.2 Investment and returns

The Government as on 31 March 2018 had invested ₹ 3,533 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operative Societies (**Table 1.23**). The average return on investment was 5.88 *per cent* while the government paid an average rate of interest as 7.78 *per cent* on its borrowings during 2013-18.

Table 1.23: Return on Investments

Investment/ Return/ cost of Borrowing	2013-14	2014-15	2015-16	2016-17	2017-18
Opening balance(₹ in crore)	2,764	3,025	2,732	3,041	3,294
Investments during the year (₹ in crore)	261	(-) 293	309	253	239
Investments at the end of the year (₹ in crore)	3,025	2,732	3,041	3,294	3,533
Return (Dividend/interest) (₹ in crore)	103.42	171.00	111.94	289.63	255.58
Return (<i>per cent</i>)	3.42	6.26	3.68	8.79	7.23
Average rate of interest on government borrowings (IP/average of fiscal liabilities of last 2 years)(<i>per cent</i>)	7.71	7.91	7.95	7.60	7.71
Difference between interest rate and return (<i>per cent</i>)	4.29	1.65	4.27	(-)1.19	0.48
Difference between interest rate on Government borrowings and return on investments (₹ in crore)	129.77	45.08	129.85	NA	16.96

Source: Finance Accounts

NA: Not applicable

Over the past five years, the difference in cost of Government borrowings and return on investments in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operative Societies was to the tune of ₹ 321.66 crore.

While the Government investments increased by 7.26 *per cent* in 2017-18 (₹ 3,533 crore) over the previous year 2016-17 (₹ 3,294 crore), the return from investments decreased by 11.76 *per cent* in 2017-18 (₹ 255.58 crore) from 2016-17 (₹ 289.63 crore) due to less receipt of dividend of ₹ 33.76 crore from Satluj Jal Vidyut Nigam during 2017-18 over the previous year. The main contributor of dividend was Satluj Jal Vidyut Nigam over the last five years. Out of total dividend of ₹ 255.58 crore received during the year, ₹ 253.20 crore (99 *per cent*) came from Satluj Jal Vidyut Nigam. During 2017-18, nearly 86 *per cent* investments were made in loss making PSUs viz. Himachal Pradesh Power Corporation (₹ 137.13 crore), Himachal Road Transport Corporation (₹ 50 crore), Himachal Pradesh State Electricity Board Limited (₹17.27 crore). These Government Companies/Corporations had accumulated losses as per latest finalised accounts - Himachal Pradesh Power Corporation (₹ 5.70 crore upto 2015-16), Himachal Road Transport Corporation (₹ 1,113.91 crore upto 2016-17), Himachal Pradesh State Electricity Board Ltd. (₹ 1,999.64 crore upto 2015-16).

1.8.2.1 Investment in Public Sector Undertakings

i. Investment in State Public Sector Undertakings (SPSUs)

As on 31 March 2018, the investment (paid up capital and long term loans) in 25 PSUs was ₹ 13,643.29 crore as given in **Table 1.24** and **Appendix 1.6**.

Table 1.24: Investment in State PSUs in paid up share Capital

Type of PSUs	Government companies			Statutory corporations*			Grand Total
	Paid up capital	Long Term Loans	Total	Paid up capital	Long Term Loans	Total	
Working	3,332.04	9,077.67	12,409.71	820.06	334.73	1,154.79	13,564.50
Non-working	18.64	60.15	78.79	-	-	-	78.79
Total	3,350.68	9,137.82	12,488.50	820.06	334.73	1,154.79	13,643.29

*Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation

As on 31 March 2018, out of the total investment, 99.42 per cent was in working PSUs and the remaining 0.58 per cent in non-working PSUs. This total investment consisted of 30.57 per cent towards paid up capital and 69.43 per cent in long-term loans.

The State Government had formulated (April 2011) a dividend policy under which all profit making PSUs (except those in welfare and utility sector) are required to pay a minimum return of five per cent on the paid up capital contributed by the State Government subject to a ceiling of 50 per cent of profit after tax. As per their latest finalized accounts, seven PSUs³ earned an aggregate profit of ₹ 20.13 crore out of which only two PSUs (Himachal Pradesh State Civil Supply Corporation and Himachal Pradesh State Industrial Development Corporation Ltd.) declared/paid a dividend of ₹ 1.89 crore during 2015-16. The remaining five profit making PSUs had not paid any dividend to the State Government.

ii. Investments made/budgetary support provided by the State Government to loss making PSUs/PSUs whose accounts are in arrears:

The State Government had invested ₹ 4,370.71 crore in 22 PSUs (including six loss making PSUs detailed in Appendix 1.8 for which accounts had not been finalized, as detailed in Appendix 1.7). In the absence of finalization of accounts and their audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and whether the purpose for which the amount was invested had been achieved or not. Thus, Government's investment in such PSUs has remained outside the scrutiny of the State Legislature.

The State Government may consider reviewing the working of State PSUs which are incurring huge losses, formulate a strategic plan for their revival or closure, as the case may be.

Winding up of non-working PSUs

As on 31 March 2018, Agro Industrial Packaging India Limited and Himachal Worsteds Mills Limited were the two non-working companies. The Himachal Worsteds Mills Limited had been under liquidation since 2000-01 while the liquidation process in respect of Himachal Pradesh Agro Industrial Packaging India Limited was yet to be started.

³ Himachal Backward Classes Finance and Development Corporation, Himachal Pradesh Mahila Vikas Nigam, Himachal Pradesh State Industrial Development Corporation Ltd, Himachal Pradesh General Industries Corporation Ltd., Himachal Pradesh State Civil Supplies Corporation Ltd., Himachal Pradesh State Handicrafts and Handloom Corporation Ltd. and Himachal Pradesh Kaushal Vikas Nigam.

The non-working companies are neither contributing to the State's economy nor meeting their intended objectives and therefore Government may consider closing these companies at an early date.

1.8.2.2 Investment in Public Private Partnership projects

Public Private Partnership (PPP) projects offer a unique and innovative method of involving the private sector in the nation building activity and in accelerating the delivery of public goods and services of high quality through joint enterprises. As of March 2018, out of 25 PPP projects undertaken, 8 PPP projects (cost ₹ 166.50 crore) had been completed and under operation and 17 projects (estimated cost ₹ 1,209 crore) were awarded and under implementation as detailed in **Appendix 1.9**.

1.8.3 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to institutions/ organizations working in areas such as Education, Sports, Art and Culture, Animal Husbandry, etc. The details of outstanding loans and advances as on 31 March 2018, interest receipts *vis-à-vis* interest payments during the last five years is given in **Table 1.25**.

Table 1.25: Average interest received on loans advanced by the State Government
(₹ in crore)

Quantum of loans/interest receipts/cost of borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Opening Balance	1,399	1,913	2,346	2,784	6,044
Amount advanced during the year	531	474	463	3,290*	503
Amount recovered during the year	17	41	25	30	40
Closing Balance	1,913	2,346	2,784	6,044*	6,507
Net addition	514	433	438	3,260	463
Interest Receipts	15	65	53	80	256
Interest receipts as <i>per cent</i> to outstanding loans and advances	0.78	2.77	1.90	1.32	3.93
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the previous year	8.15	8.41	8.26	8.15	8.02
Difference between average rate of interest received and interest paid (<i>per cent</i>)	(-) 7.37	(-) 5.64	(-) 6.36	(-) 6.83	(-) 4.09

Source: Finance Accounts

* Includes ₹2,890.50 crore as loan to DISCOM under UDAY Scheme.

The total outstanding loans and advances as on 31 March 2018 was ₹ 6,507 crore. Against ₹ 503 crore advanced during 2017-18, only ₹ 40 crore was repaid. Major portion of the loans went to power projects (₹ 417.59 crore) under Economic Sector. **There was a huge difference in the average rate of interest being paid by the Government on borrowings *vis-à-vis* the percentage of interest received on outstanding loans and advances. The shortfall during 2016-17 was 6.83 per cent which decreased to 4.09 per cent during 2017-18 due to increase in interest receipt of ₹ 228 crore received on account of loans given to DISCOM (Himachal Pradesh State Electricity Board Ltd.) under UDAY Scheme.**

The position of loans and advances made during the year 2017-18 is given in **Table 1.26**.

Table 1.26: Loans and Advances

Entity	Number of Loans	Total Amount of loans	Terms and conditions	
			Rate of Interest	Moratorium period, if any
HP Power Transmission Corporation Ltd.	9	262.68	10 per cent	5 years
HP Power Corporation Ltd.	52	154.90	10 per cent	5 years
HP Marketing and Consumer Federation Corporation Ltd. (HIMFED)	1	20.00	9.05 per cent	Not specified
HP State Co-operative	1	18.21	10.35 per cent	3 years
	3	18.11	10.60 per cent	
Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Ltd. (HPMC)	1	8.00	Interest free	2 years
	1	4.00	8.5 per cent	
HP State Financial Corporation	3	5.45	8.5 per cent	2 years
Municipal Corporation, Dharamshala	1	3.50	Terms and conditions not finalised	Not specified
Municipal Council, Solan	1	3.50	Terms and conditions not finalised	Not specified
Government Servants	--	3.17	As per applicable rules	NA
HP Private Institutional Regulatory Commission	1	1.00	Interest free	Not specified
Total	74	502.52		

Source: Finance Accounts

NA: Not applicable

1.8.3.1 Sanctioning/advancing of loans without finalizing terms and conditions

An amount of ₹ seven crore had been sanctioned as loan during 2017-18 without finalizing the terms and conditions relating to rate of interest, moratorium period of loans, etc. The details are given in **Table 1.27**.

Table 1.27: Loans granted by the Government for which terms and conditions are yet to be finalised

Sr. No.	Entity	Number of Loans	Total Amount (₹ in crore)	Earliest period to which arrears relate
1.	Municipal Corporation, Dharamshala	1	3.50	2017-18
2.	Municipal Council, Solan	1	3.50	
	Total	02	7.00	

Instances of sanctioning loans without finalising the terms and conditions were also pointed out in previous Audit Reports on State Finances. However, the State Government had not taken remedial action so far and continues to advance fresh loans and advances to the Loanee/Entity without finalising terms and condition.

1.8.4 Cash Balances and Investment of Cash Balances

Table 1.28 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.28: Cash Balances and Investment of Cash Balances

(₹ in crore)

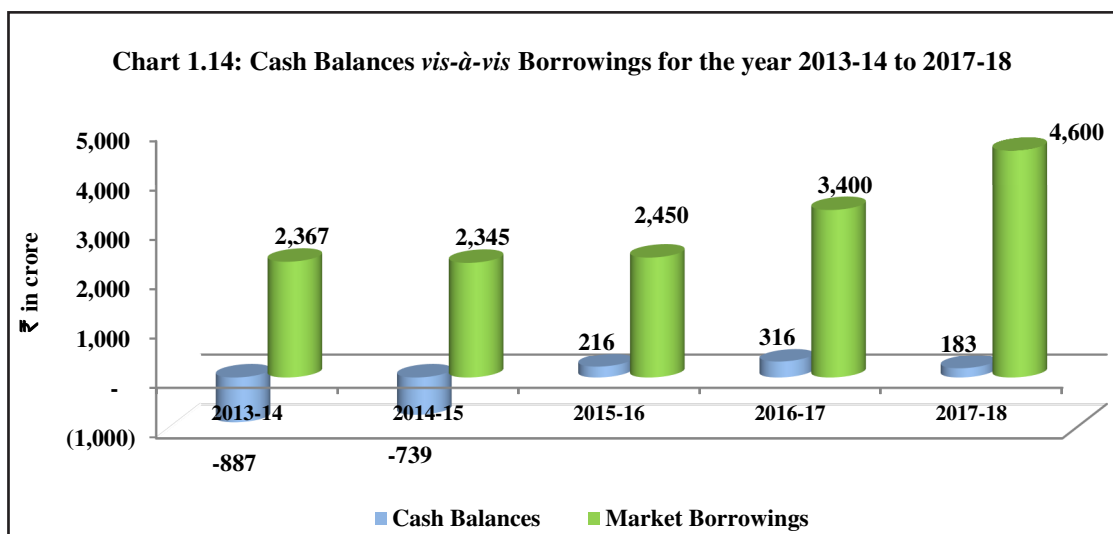
Particulars	As on 1 April 2017	As on 31 March 2018	Increase (+)/Decrease (-)
(a) General cash balance			
Cash in treasuries	Nil	Nil	Nil
Remittance in transit-Local	Nil	Nil	Nil
Deposits with RBI	(-)443.27	(-)540.68	(-)97.41
Investments held in cash balance Investment account	759.43	723.72	(-)35.71
Total (a)	316.16	183.04	(-)133.12
(b) Other cash balances and investments			
Cash with departmental officers viz. PWD, etc.	0.16	0.16	Nil
Permanent advances for contingent expenditure with departmental officers	0.03	0.03	Nil
Total (b)	0.19	0.19	NIL
Total (a+b)	316.35	183.23	(-)133.12
(c) Investment from Cash Balances			
GoI Treasury Bills	759.43	723.72	(-)35.71
GoI Securities	7,150.02	6,635.31	(-) 514.71
(d) Funds-wise break up of investment from earmarked balances	Nil	Nil	Nil
(e) Interest realised	53.30	81.13	27.83

The State Government has to maintain a minimum Cash balance of ₹ 0.55 crore with the Reserve Bank of India. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary and special ways and means advances/overdrafts from time to time. The limit for ordinary ways and means advances to the State Government was ₹ 550 crore with effect from 01.02.2016. The RBI has also agreed to give special ways and means advances against the pledge of government securities.

During 2017-18, State Government could maintain minimum daily cash balance for 363 days. The Government had to take ₹ 400.14 crore of ways and means advances from RBI on 02 occasions which were repaid and there were no outstanding ways and means advances and overdrafts at the end of 2017-18.

Cash balance of the State Government at the end of the current year decreased by ₹ 133.12 crore from ₹ 316.35 crore in 2016-17 to ₹ 183.23 crore in 2017-18. Interest realised increased by ₹ 27.83 crore during 2017-18 as compared to previous year.

The Cash Balances *vis-à-vis* market borrowing of the last five year is depicted in the **Chart 1.14**.



1.9 Assets and Liabilities

1.9.1 Growth and Composition of Assets and Liabilities

In the existing government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the government is not done. However, the government accounts do capture the financial liabilities of the government and the assets created out of the expenditure incurred. **Appendix 1.4 (Part B)** gives an abstract of such liabilities and the assets as on 31 March 2018, compared with the corresponding position on 31 March 2017. **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 of the capital outlay and loans and advances given by the State Government and cash balances.**

During 2017-18, the assets grew by ₹ 4,085.48 crore (11.05 per cent) whereas the liabilities increased by ₹ 3,736.76 crore (7.82 per cent) over the previous year. The Financial Assets/Liabilities increased to 80 per cent in 2017-18 from 77 per cent in 2016-17.

1.9.2 Fiscal Liabilities

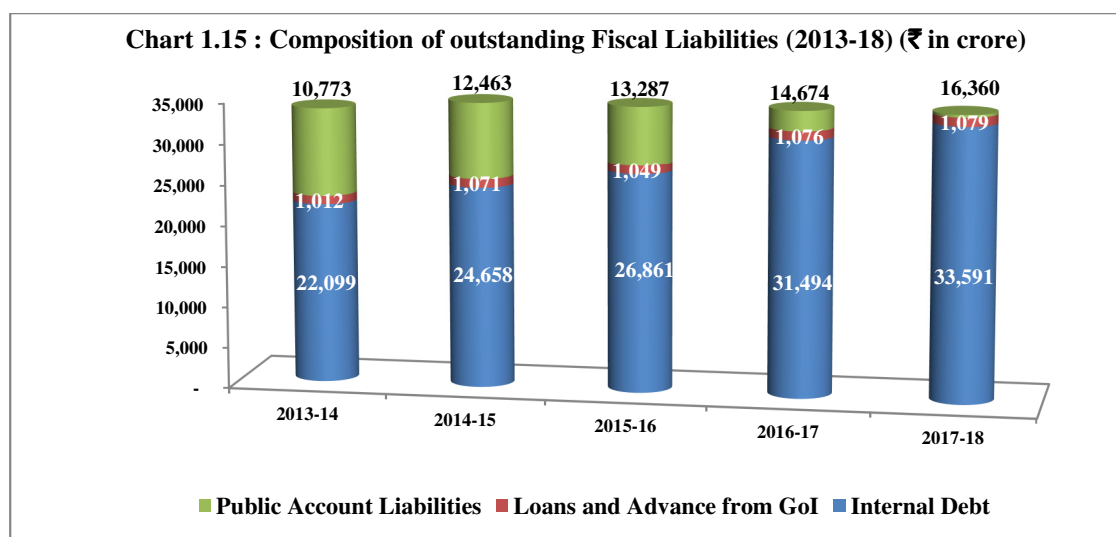
The position of outstanding fiscal liabilities of the State for the five year period viz. 2013-14 to 2017-18 is presented in **Table 1.29**. The composition of fiscal liabilities during the current year 2017-18 *vis-à-vis* the previous years are presented in **Chart 1.15**.

Table 1.29: Trends in Total Fiscal Liabilities

Components of fiscal liabilities	2013-14	2014-15	2015-16	2016-17	2017-18
Internal debt (₹ in crore)	22,099	24,658	26,861	31,494	33,591
Loans from Central Government (₹ in crore)	1,012	1,071	1,049	1,076	1,079
Public Account Liabilities (₹ in crore)	10,773	12,463	13,287	14,674	16,360
Total	33,884	38,192	41,197	47,244	51,030
Rate of Growth (<i>per cent</i>)	11.31	12.71	7.87	14.68	8.01
Ratio of Fiscal Liabilities to					
GSDP	0.36	0.37	0.36	0.38	0.38
Revenue Receipts	2.16	2.14	1.76	1.80	1.86
Own resources	4.91	4.76	4.83	5.40	5.39
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	0.78	1.34	0.85	1.53	0.85
Revenue receipts (ratio)	15.61	0.94	0.25	1.22	1.91
Own resources (ratio)	0.75	0.79	1.23	5.62	0.98

Liabilities of the Government consist mainly of internal borrowings, loans and advances from GoI and balances in the Public Account. The total liability of the State as on 31st March 2018 was ₹ 51,030 crore; its composition is at Chart 1.15.

The overall fiscal liabilities of the State increased by ₹ 17,146 crore (51 per cent) from ₹ 33,884 crore in 2013-14 to ₹ 51,030 crore in 2017-18. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liability (₹ 34,671 crore) comprised market loans (₹ 21,574 crore), loans from GoI (₹ 1,079 crore) and other loans (₹ 12,018 crore, which includes ₹ 6,635 crore on special security issued to NSSF of the GoI).



The Public Account liabilities (₹ 16,360 crore) comprises Small Savings and Provident Funds (₹ 13,237 crore), interest bearing obligations and non-interest bearing obligations like deposits (₹ 2,798 crore) and reserve funds (₹ 325 crore).

The growth rate of fiscal liabilities was 8.01 per cent during 2017-18. The ratios of fiscal liabilities to GSDP varied between 36 per cent and 38 per cent during 2013-18. During 2017-18 it was 38 per cent and was higher than the norms as

recommended by 14thFC (32.99 per cent) and FRBM Act/MTFPS (32.92 per cent). These liabilities stood at 1.86 times the revenue receipts and 5.39 times the own revenue resources at the end of 2017-18. The buoyancy ratio of fiscal liabilities to GSDP stood at 0.85 during 2017-18.

1.9.3 Transactions under Reserve fund and Deposits

Closing balance in the Reserve Fund as on 31 March 2018 was ₹ 325.02 crore (Credit). Out of this, reserve fund bearing interest was ₹ 8.48 crore (credit) and the share of the fund not bearing interest was ₹ 316.54 crore (credit).

In terms of the recommendations of the Twelfth Finance Commission, State Governments were required to create two significant reserve funds i.e. (i) Consolidated Sinking Fund to be administered by the Reserve Bank of India (RBI) for redemption of outstanding liabilities and amortization of open market loans availed of by them and (ii) Guarantee Redemption Fund to meet the contingent liabilities arising from the guarantees given. The position of these funds is depicted as under:

1.9.3.1 Consolidated Sinking Fund

The State Government required to make minimum annual contribution to the Fund at 0.5 per cent of the outstanding liabilities at the end of the previous financial year. The State Government, however, had not created a consolidated sinking fund. As on 31 March 2017, the outstanding liabilities of the Government of Himachal Pradesh were ₹ 47,244 crore. **Had there been a consolidated sinking fund, the liability of the State Government towards the fund would have been ₹ 236.22 crore (0.5 per cent of outstanding liabilities in previous year) in 2017-18 indicating that the revenue surplus is overstated and fiscal deficit is understated to that extent.**

1.9.3.2 Guarantee Redemption Fund

The Government was required to set up, with minimum annual contribution at 0.5 per cent of the outstanding guarantees at the end of the previous financial year. **However, the State Government has not set up such Fund so far. Consequently, the revenue surplus was overstated and fiscal deficit was understated to the extent of ₹ 22.75 crore as on 31 March 2018.**

1.9.3.3 State Disaster Response Fund/National Disaster Response Fund (NDRF)

The Thirteenth Finance Commission (TFC) had made provision of funds for the State Disaster Response Fund (SDRF) in its recommendations. In terms of the guidelines, the Centre and State Governments are required to contribute to the Fund in the proportion of 90:10. Ministry of Home Affairs, GoI guidelines, stipulates that funds balances are required to be invested in specified instruments. As per guidelines of RBI, the State Government is also required to pay interest on unspent balances as the rate applicable to overdraft.

During 2017-18, the State Government received ₹ 234 crore towards Central Government share of 90 per cent contribution to SDRF. The State Government

released ₹ 26 crore against its own share of ₹ 26 crore. Out of total corpus of ₹ 260.94 crore (₹ 0.94 crore opening balance plus ₹ 260 crore transferred from Major Head 2245-Relief), the State Government adjusted ₹ 252.46 crore towards expenditure on account of natural calamities leaving a balance of ₹ 8.48 crore in the fund as on 31 March 2018.

In terms of guidelines issued on 30 July 2015, certain natural calamities require expenditure in excess of the balance available under SDRF, which will qualify for immediate relief assistance from NDRF. The State Government received ₹ 63.23 crore under NDRF and an expenditure of ₹ 62.36 crore has been incurred, leaving unspent balance of ₹ 0.87 crore in the fund as on 31 March 2018.

As on 31 March 2018, ₹ 9.35 crore (₹ 8.48 crore + ₹ 0.87 crore) on account of NDRF/SDRF balances were not invested by the State Government. An interest of ₹ 0.75 crore would have been earned had these funds been invested by the Government.

1.9.4 Contingent Liabilities

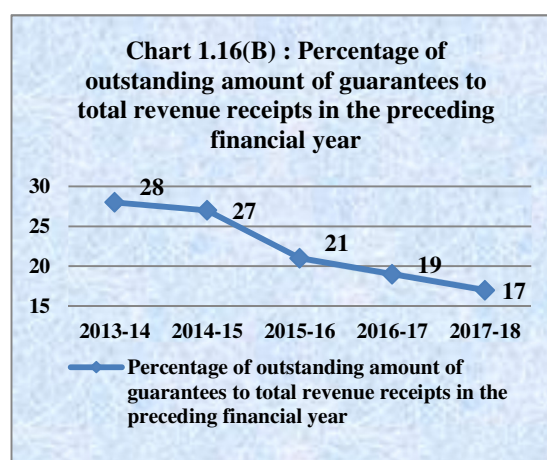
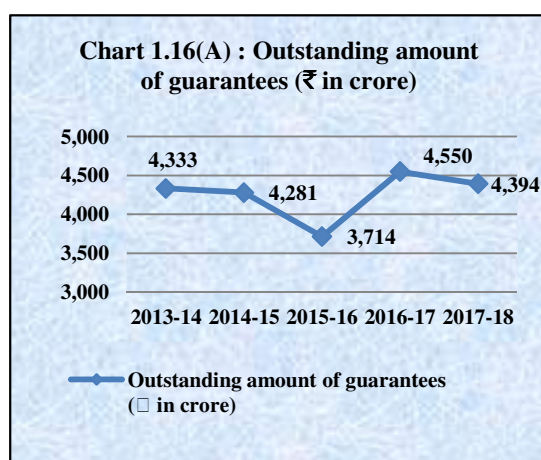
1.9.4.1 Status of Guarantees

Guarantees⁴ are liabilities contingent on the security of the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

As per **Statement-20** of the Finance Accounts the outstanding guarantees for the last five years are given in **Table 1.30**.

Table 1.30: Guarantees given by the Government of Himachal Pradesh

Guarantees	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding amount of guarantees (₹ in crore)	4,333	4,281	3,714	4,550	4,394
Percentage of outstanding amount of guarantees to total revenue receipts in the preceding financial year	28	27	21	19	17

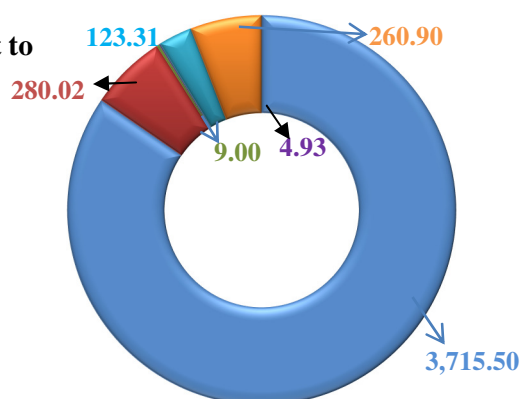


⁴ Refer Glossary in Appendix 4.

Chart 1.16 (C) : Bodies in receipt of guarantees at the end of 31 March 2018

Guarantee in crores given by Government to

- H.P. Electricity Board (Power)
- H.P. State Co-operative Agriculture and Rural Development Bank Ltd.
- H.P. Financial Corporation
- H.P. Khadi and Village Industries Board
- Government Companies
- Statutory Corporations and Boards



Source: Finance Accounts

No guarantee was invoked during the year. The maximum amount of Guarantee and Outstanding amount of Guarantee indicated in the Finance Accounts is based on the information provided by the State Government.

1.10 Debt Management

1.10.1 Debt Profile

Table 1.31: Growth rate and maturity profile of debt as on 31 March 2018

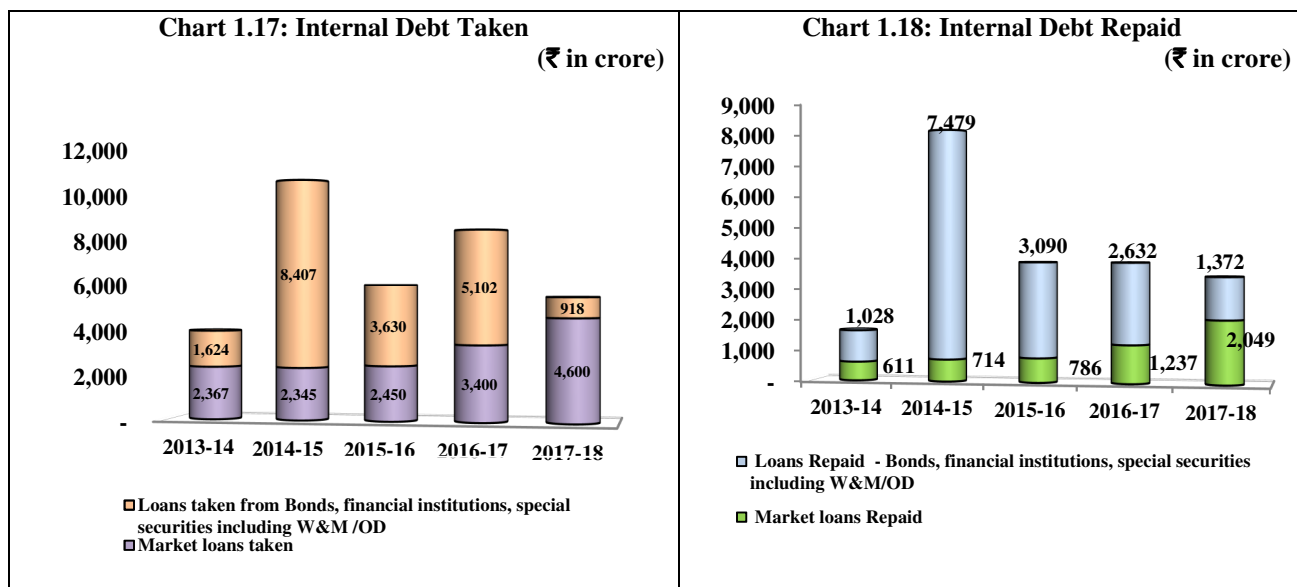
		(₹ in crore)				
Sr. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Internal Debt	22,099 (96)	24,658 (96)	26,861(96)	31,494(97)	33,591(97)
	(i) Market Loans	13,565 (59)	15,196 (59)	16,860(60)	19,023(59)	21,574(62)
	(ii) Ways and Means Advances from RBI	285 (1)	285 (1)	--	--	--
	(iii) Overdrafts	171 (1)	249 (1)	--	--	--
	(iv) Loans from Financial Institutions	2,306 (10)	2,252 (9)	2,350(8)	5,321(16)	5,382(16)
	(v) Special Securities issued to NSSF	5,772 (25)	6,676 (26)	7,651(28)	7,150(22)	6,635(19)
2.	Loans from Government of India	1,012 (4)	1,071 (4)	1,049(4)	1,076(3)	1,079(3)
Total Public Debt:		23,111	25,729	27,910	32,570	34,671*
Maturity Profile of State Debt (In Years)						
	0 – 1	1,923(8)	2,046 (8)	2,268(8)	3,096(9)	3,181(9)
	1 – 3	3,514(15)	4,837(19)	6,236(22)	5,729(18)	4,644(13)
	3 – 5	5,470(24)	4,929(19)	4,331(16)	4,279(13)	5,043(15)
	5 – 7	3,162(14)	3,192(12)	4,339(16)	4,952(15)	6,469(19)
	7 and above	9,042(39)	10,725(42)	10,736(38)	14,514(45)	15,334(44)

* 34,671 = 33591.47 (Internal Debt) + 1,079.43 (Loans and Advances from GOI)

Figures in brackets indicate the percentage of total public debt

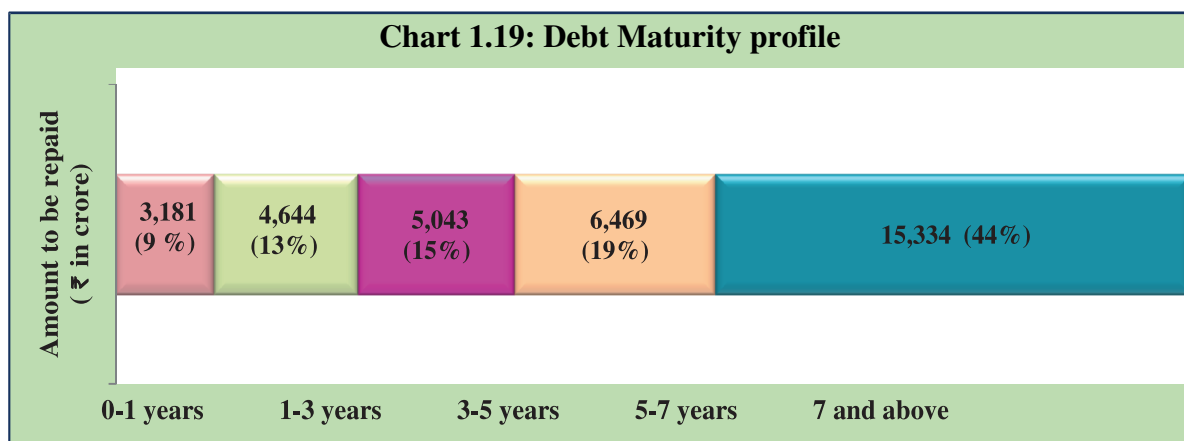
Total public debt increased from ₹ 23,111 crore in 2013-14 to ₹ 34,671 crore in 2017-18 registering annual average growth rate of 10.85 per cent. The share of market borrowings in total public debt went up from 59 per cent in 2013-14 to 62 per cent in 2017-18. During current year (2017-18), total public debt increased by six per cent over the previous year.

Composition of market loan taken and repaid during 2013-14 to 2017-18 is given in the **Charts 1.17** and **1.18**:



Debt repayment schedule

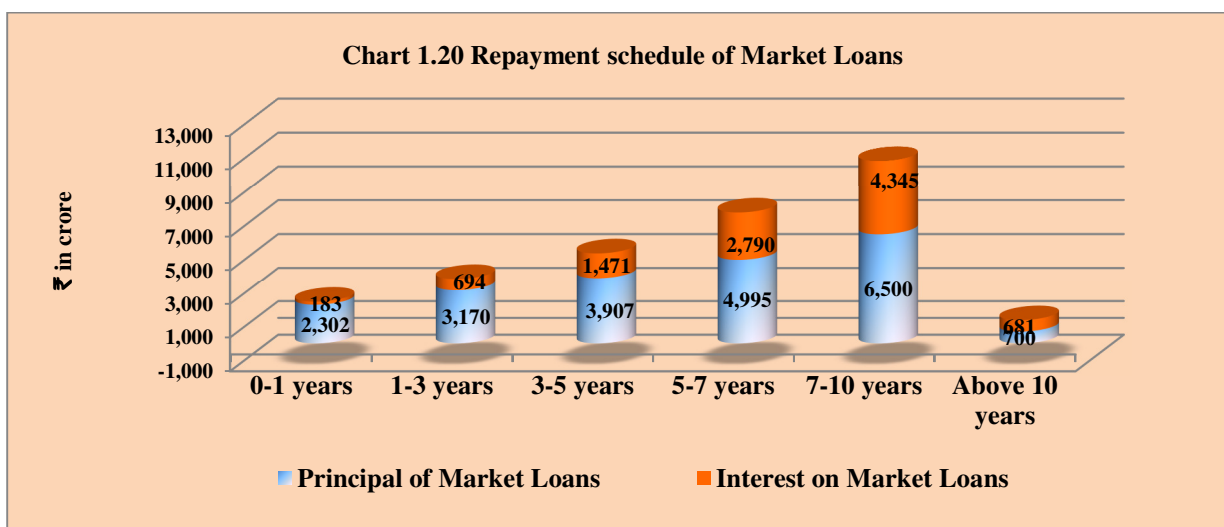
Debt maturity profile indicates commitment on the part of the Government for debt repayment or debt servicing.



Source: Finance Accounts

As of March 2018, total outstanding public debt was ₹ 34,671 crore. The maturity profile of the State debt (**Table 1.31** and **Chart 1.19**) indicates that 9 per cent (₹ 3,181 crore) of the public debt is payable in the next year. Twenty eight per cent (₹ 9,687 crore) is payable in the next 1-5 years' time while the remaining 63 per cent (₹ 21,803 crore) loans are required to be paid in more than five years' time. It is indicative that the State is required to pay 56 per cent debt within 7 years.

Repayment schedule of market loans along with interest has been given in **Chart 1.20**.



Note: The maturity profile has been evolved for outstanding market loans as on 31 March 2018 and interest has been calculated upto the financial year in which the loans are going to retire.

During next ten years State has to repay market loan of ₹ 20,874 crore (96.75 per cent) out of total outstanding loan of ₹ 21,574 along with interest amounting to ₹ 10,164 crore.

Revenue receipts and revenue expenditure have grown at an annual average rate of 11.94 per cent and 12.75 per cent respectively in the past ten years. Applying these growth rates, the Revenue surplus during 2020-21 works out to ₹ 7.05 crore. However, as the State is committed to convert UDAY Bonds of ₹ 2,167.50 crore into grants-in-aid in 2020-21, the surplus would convert to Revenue Deficit of ₹ 2,160.45 crore. Borrowings during that year projected at the average annual growth rate of last ten years (23.23 per cent) would be ₹ 10,479.43 crore. After meeting the debt liability of ₹ 9,848.90 crore falling due for repayment in 2020-21, borrowed funds would fall short of meeting the revenue deficit by ₹ 1,529.92 crore. The State would thus have to resort to additional borrowings to meet its liabilities.

Utilization of borrowed funds

The details of utilisation of borrowed funds for repayment of earlier borrowings, capital expenditure and revenue expenditure for the period 2013-14 to 2017-18 is given in Table 1.32.

Table 1.32: Utilization of borrowed funds

(₹ in crore)					
Year	Total Borrowings	Repayment of earlier borrowings (Principal)	Net capital expenditure*	Net Loans and Advances disbursed	Portion of total borrowings utilised towards Revenue expenditure
1.	2.	3.	4.	5	6 {2-(3+4+5)}
2013-14	4,050	1,704 (42)	1,856(46)	490(12)	NA
2014-15	10,877	8,260(76)	1,823(17)	433(04)	361(3)
2015-16	6,129	3,948(64)	2,181(36)	NA	NA
2016-17	8,603	3,943(46)	3,499(41)	1,1619(13)	NA
2017-18	5,600	3,500(63)	2,100(37)	NA	NA

*Net Capital Expenditure = Total Capital Expenditure-Misc. Capital Receipts
 Figures in brackets indicate percentage utilisation of borrowed funds

Except during 2014-15 no portion of debt receipts was used for meeting the revenue expenditure. During 2014-15, the revenue receipts of the State Government were not sufficient for meeting the revenue expenditure and an amount of ₹ 361 crore was utilised from borrowings for meeting revenue expenditure.

1.10.2 Debt sustainability

Debt sustainability implies State's ability to service the debt. Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability⁵ of the State. The analysis of variations in debt sustainability indicators of the State for the period of five years beginning from 2013-14 is given in Table 1.33.

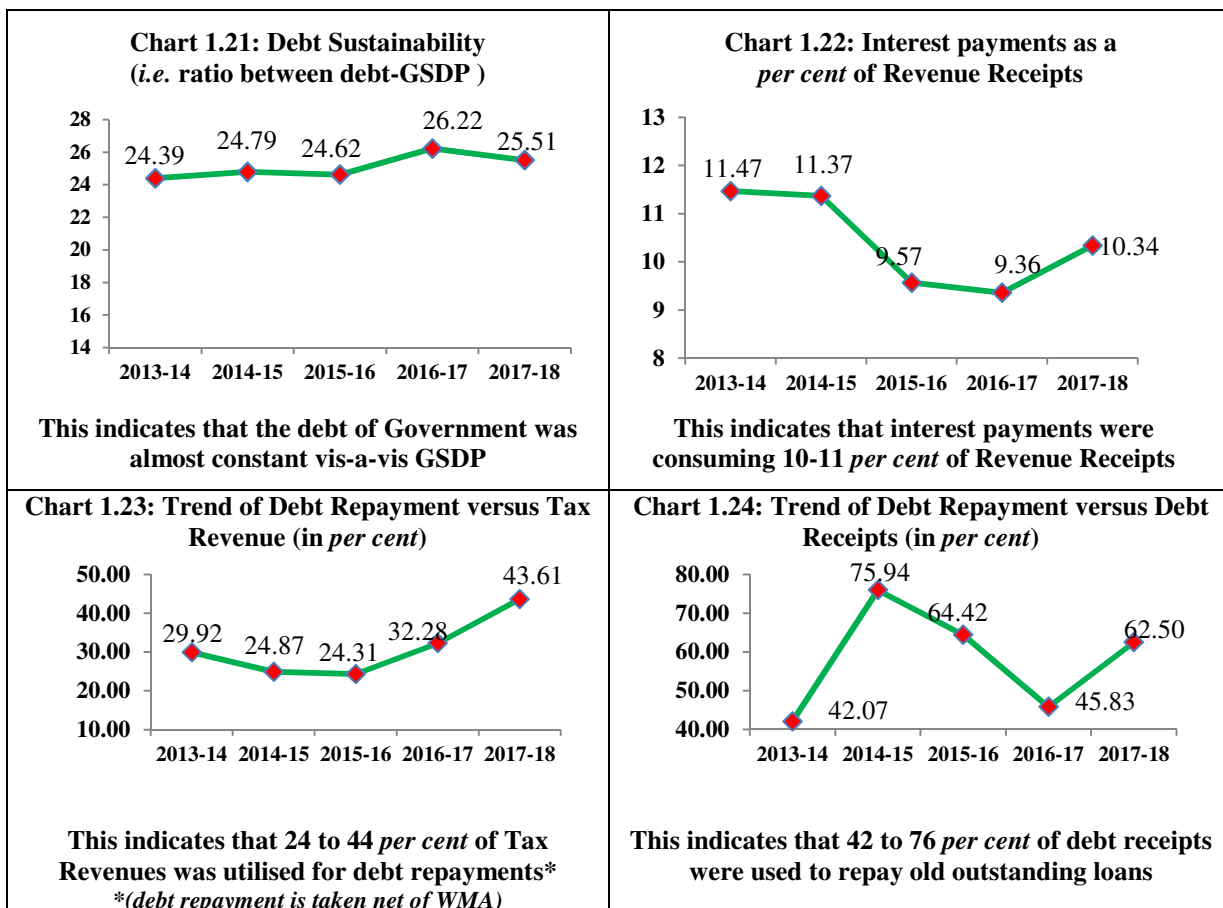
Table 1.33: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding Public Debt (₹ in crore)	23,111	25,729	27,910	32,570	34,671
Rate of Growth of Outstanding Public Debt (in per cent)	11.30	11.33	8.48	16.70	6.45
GSDP (₹ in crore)	94,764	1,03,772	1,13,355	1,24,235	1,35,914
Rate of Growth of GSDP (in per cent)	14.42	9.51	9.23	9.60	9.40
Public Debt/GSDP (in per cent)	24.39	24.79	24.62	26.22	25.51
Interest payments(₹ in crore)	1,802	2,029	2,244	2,459	2,829
Average Interest Rate of Outstanding Public Debt (Interest paid/OB of Public Debt + CB of Public Debt/2) (in per cent)	8.21	8.31	8.37	8.13	8.41
Revenue Receipts (₹ in crore)	15,711	17,843	23,440	26,264	27,367
Percentage of Interest Payments to Revenue Receipts	11.47	11.37	9.57	9.36	10.34
Debt repayments (incl. WMA) (₹ in crore)	1,704	8,260	3,948	3,943	3,500
Debt Receipts (₹ in crore)	4,050	10,877	6,129	8,603	5,600
Percentage of Debt repayments to Debt Receipts	42.06	75.94	64.42	45.83	62.50
Net Debt Available to the State *(₹ in crore)	544	588	(-) 63	2,201	(-)729

Source: State Finance Accounts of the respective years.

* Net Debt available to the State Government is calculated as excess of Public Debt receipts over Public Debt repayment and Interest payment on Public Debt.

5 Refer glossary in Appendix 4.



- The growth rate of outstanding public debt and GSDP has shown inter year variation during 2013-18. During 2017-18 the growth rate of outstanding debt decreased by 10.25 percentage points whereas the rate of growth of GSDP decreased by 0.20 percentage point over the previous year. During 2014-15 and 2016-17, the public debt increased annually at higher rate than annual growth rate of GSDP.
- Average interest rate of outstanding debt remained almost static during 2013-18 and was 8.41 per cent during 2017-18.
- Interest payments as percentage of Revenue Receipts increased from 9.36 per cent of 2016-17 to 10.34 per cent in 2017-18 which shows that the interest payments on public debt was increasing resulting in less availability of funds for development activities.
- 42.06 to 75.94 per cent of debt receipts were used for its repayments during 2013-18. During 2017-18, 63 per cent of borrowed funds were used for discharging existing liabilities.
- The net funds available on account of the Internal debt and loans and advances from GoI and other obligations after providing for the interest and repayments varied between minus ₹ 63 crore and ₹ 2,201 crore during 2013-18. The net debt available to the State for the year 2017-18 was minus ₹ 729 crore.

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 deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2017-18.

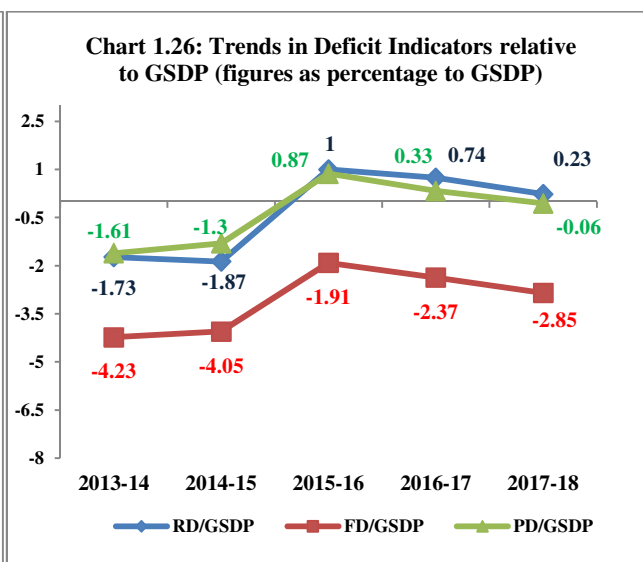
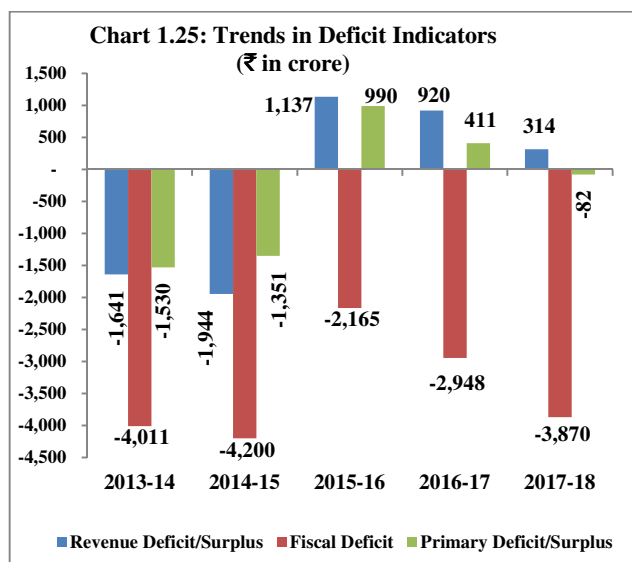
1.11.1 Trends in Deficits

Table 1.34 and Charts 1.25 and 1.26 presents the trends in deficit indicators (revenue, fiscal and primary) over the period 2013-18:

Table 1.34: Trends in deficits

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Deficits					
Revenue Deficit(-) or Surplus (+)	(-)1,641	(-)1,944	1,137	920	314
Fiscal Deficit (-) or Surplus (+)	(-) 4,011	(-) 4,200	(-) 2,165	(-)2,948*	(-) 3,870
Primary Deficit (-) or Surplus (+)	(-) 1,530	(-) 1,351	990	411	(-) 82
Management of Fiscal Imbalances (in per cent)					
Revenue deficit (surplus)/GSDP	(-)1.73	(-)1.87	1.00	0.74	0.23
Fiscal deficit/GSDP	(-)4.23	(-)4.05	(-)1.91	(-)2.37	(-)2.85
Primary Deficit (surplus) /GSDP	(-)1.61	(-)1.30	0.87	0.33	(-)0.06

* Debt in respect of the State DISCOM taken over by the State under the UDAY scheme is not to be taken into account for arriving at the fiscal deficit of the State in the FY 2016-17 and 2017-18.



The targets for revenue and fiscal deficits set for 13th and 14th FC along with their actual levels are given in Table 1.35:

Table 1.35: Outcome *vis-à-vis* targets under 13th FC /14th FC /FRBM

Period	Revenue Deficit or Surplus (₹ in crore)		Fiscal Deficit as <i>per cent</i> of GSDP	
	Targets	Actual	Targets	Actual
2013-14	Maintain Revenue Surplus	(-) 1,641	3 <i>per cent</i> or less	4.23
2014-15		(-)1,944		4.05
2015-16		1,137		1.91
2016-17		920		2.37
2017-18		314		2.85

As per the recommendations of the FRBM Act/ 13th FC /14th FC, the State was required to bring down revenue deficit to zero and maintain revenue surplus thereafter. Similarly, the target of fiscal deficit was also fixed at 3 *per cent* or less. Though, the State achieved the target in 2011-12 but failed to maintain it during 2013-14 and 2014-15. However, the target had again been achieved during last three years (2015-18) due to significant increase in central transfers.

There were huge variations in budget estimation/target set in FRBM Act. It indicates that these variations in estimates/targets were the result of bad planning, lack of foresight and ineffective monitoring on the part of estimation of realization and application of resources.

Revenue Surplus

Revenue surplus represents the difference between revenue receipts and revenue expenditure. Revenue surplus helps to decrease the borrowings. Revenue surplus of ₹ 920 crore during 2016-17 declined to ₹ 314 crore in 2017-18. It was also observed that though the State maintained revenue surplus during the last three years (2015-18) but surplus consistently declined from ₹ 1,137 crore (2015-16) to ₹ 920 crore (2016-17) and ₹ 314 crore (2017-18) even after heavy devolution from the GoI. The revenue surplus had significantly reduced on account of increased expenditure (committed) on revenue account under salaries, interest payments, pensions and subsidies.

The high percentage of committed revenue expenditure reduces maneuverability around expenditure decisions by the State and that the State has limited revenue space available after accounting for its committed expenditure needs. Hence, the State Government needs to make medium term corrections on the expenditure side to moderate such committed expenditures and streamlining revenue collections.

Fiscal Deficit

Fiscal deficit represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt (internal or external) or by the use of surplus funds from Public Account. Fiscal deficit trends along with the trends of the deficit relative to key components are indicated in **Table 1.36.**

Table 1.36: Trends in Fiscal deficit

(₹ in crore)

Period	Non-Debt Receipts	Total Expenditure	Fiscal deficit ⁶	Fiscal Deficit as per cent of		
				GSDP	Non-Debt Receipts	Total Expenditure
1	2	3	4 (3-2)	5	6	7
2013-14	15,728	19,739	4,011	4.23	25.50	20.32
2014-15	18,534	22,734	4,200	4.05	22.66	18.47
2015-16	23,466	25,630	2,165	1.91	9.22	8.44
2016-17	26,294	32,133	2,948	2.37	11.21	9.17
2017-18	27,442	31,312	3,870	2.85	14.10	12.36

The fiscal deficit which represents the total borrowings of Government and is total resource gap, steadily increased from ₹ 4,011 crore in 2013-14 to ₹ 4,200 crore in 2014-15 and then decreased to ₹ 2,165 crore during 2015-16. Similarly between and 2013-14 to 2015-16, fiscal deficit as a percentage of GSDP decreased from 4.23 per cent to 1.91 per cent. The decrease in fiscal deficit during 2015-16 was due to significant increase in central transfers. Thereafter, the gap increased and in 2017-18 it stood at ₹ 3,870 crore which was within the target of FRBM Act.

Primary Deficit

While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments in respect of States having deficit on revenue account. Interest payments represent the expenditure of past obligations and are independent of ongoing expenditure. To look at the imbalances of current nature, these payments need to be separated and deducted from the total imbalances. **The primary deficit is an important parameter that reflects a State's financial position.** If there is primary deficit it means that the State has a deficit even after netting out interest. So it means that it will have to borrow even to pay interest on its borrowings. Trends of Primary deficit for the last five years are indicated in **Table 1.37.**

Table 1.37: Trends in Primary deficit

(₹ in crore)

Period	Fiscal Deficit	Interest payments	Primary Deficit (-)/ Surplus (+) ⁷
1.	2.	3.	4. (2-3)
2013-14	(-) 4,011	2,481	(-)1,530
2014-15	(-) 4,200	2,849	(-)1,351
2015-16	(-) 2,165	3,155	990
2016-17	(-) 2,948	3,359	411
2017-18	(-) 3,870	3,788	(-)82

Primary deficit for the period 2013-14 (₹ 1,530 crore) and 2014-15 (₹ 1,351 crore) turned to primary surplus (₹ 990 crore) in 2015-16 and (₹ 411 crore) in 2016-17 and again turned to primary deficit in 2017-18 (₹ 82 crore).

Impact on Revenue and Fiscal deficit

Audit observed that the Revenue surplus was overstated by ₹ 260.57 crore and fiscal deficit understated by ₹ 260.57 crore on account of non-contributions to Consolidated Sinking Fund and Guarantee Redemption Fund, non-payment of interest to State

⁶ Total Expenditure-Total Receipts (excluding Borrowings)

⁷ Primary Deficit = Fiscal deficit - Interest payments

Disaster Response Fund /National Disaster Response Fund and misclassification of disbursement of GIA (from Capital Head) for expenditure as shown in Table below:

Table 1.38: Effective Revenue Surplus and fiscal deficit

Details of short transfer/contribution	(₹ in crore)					
	Impact on Revenue Surplus	Impact on Fiscal Deficit	Ratio before taking the net impact (in per cent)		Ratio after taking the net impact (in per cent)	
	Overstatement	Understatement	RS/GSDP	FD/GSDP	RS/GSDP	FD/GSDP
Non-contribution to Consolidated Sinking Fund	236.22	236.22	0.23	2.85	0.04	3.04
Non-contribution to Guarantee Redemption Fund	22.75	22.75				
Non-payment of interest on State Disaster Response Fund /National Disaster Response Fund	0.75	0.75				
Misclassification of disbursement of Grant-in-Aid (Grant No. 31 – Tribal Development) from Capital Heads instead of Revenue Heads	0.85	0.85				
Total	260.57	260.57				

Above impacted Revenue and Fiscal Deficit of the State Government. The revenue surplus has been overstated by 0.04 percentage points while the fiscal deficit understated by 3.04 percentage points.

1.11.2 Composition of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.39**.

Table 1.39: Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)						
	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Components of Fiscal Deficit						
1	Revenue Deficit/surplus	(-) 1,641	(-) 1,944	1,137	920	314
2	Net Capital Expenditure	1,856	1,823	2,864	3,499	3,721
3	Net Loans and Advances	514	433	437	3,260	463
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	1,757	1,631	1,664	2,163	2,551
2	Loans from GoI	(-) 6	59	(-) 22	27	3
3	Special Securities Issued to NSSF	424	904	975	(-) 500	(-)515
4	Loans from Financial Institutions	173	24	(-) 436	80 [#]	61
5	Small Savings, PF, etc.	887	1,185	718	1,205	1,392
6	Deposits and Advances	207	504	115	181	189
7	Suspense and Misc.	267	28	(-) 590	(-) 274	(-)119
8	Remittances	(-) 23	12	148	(-)35	69
9	Others	325	(-) 147	(-) 407	101	239
10	Overall Surplus (+)/Deficit (-)	(-) 4,011	(-) 4,200	(-) 2,165	(-) 2,948[#]	(-) 3,870

Figures in brackets indicate the per cent to GSDP. *All these figures are net of disbursements/outflows during the year

Source: Finance Accounts

₹ 2,890.50 crore excluded on account of UDAY Scheme

The fiscal deficit of ₹ 3,870 crore was financed mainly through borrowings from Market (₹ 2,551 crore), Small Savings, Provident Fund, etc. (₹ 1,392 crore) and Deposits and Advances (₹ 189 crore).

1.11.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The ratio of revenue deficit to fiscal deficit was 0.41 and 0.46 during 2013-14 and 2014-15 respectively. During 2015-18, State had experienced revenue surplus of ₹ 1,137 crore, ₹ 920 crore and ₹ 314 crore (**Appendix 1.3**).

The bifurcation of the primary deficit indicates the extent to which the deficit had been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The bifurcation of the factors resulting into primary deficit or surplus of the Government during the period 2013-18 is indicated in **Table 1.40**.

Table 1.40: Primary deficit/Surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure (PRE)	Capital Expenditure	Loans and Advances	Total Primary Expenditure	Primary revenue surplus	Primary deficit (-)/ surplus (+)
1.	2.	3.	4.	5.	6. (3+4+5)	7. (2-3)	8. (2-6)
2013-14	15,728	14,871	1,856	531	17,258	857	(-) 1,530
2014-15	18,534	16,938	2,473	474	19,885	1,596	(-) 1,351
2015-16	23,466	19,149	2,864	463	22,476	4,317	990
2016-17	26,294	21,985	3,499	399	25,883	4,309	411
2017-18	27,442	23,265	3,756	503	27,524	4,177	(-)82

- Non-debt receipts of the State mainly included Revenue Receipts and recoveries of loans and advances which increased by 74.48 per cent from ₹ 15,728 crore in 2013-14 to ₹ 27,442 crore in 2017-18 were sufficient to meet the primary expenditure.
- The primary revenue surplus during 2013-14 (₹ 857 crore) and 2014-15 (₹ 1,596 crore) were not enough to meet the expenditure under Capital account resulted into primary deficit during the same period.
- However, during 2015-16 and 2016-17 primary deficit turned to primary surplus as the receipt of the State increased due to heavy devolution in central transfers on the recommendation of the 14th FC. The position during current year again changed to primary deficit which stood at ₹ 82 crore due to increase in primary revenue expenditure.

Table: 1.41: Components of fiscal deficit during 2013-18

(₹ in crore)

	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
	Composition of Fiscal Deficit	4,011	4,200	2,165	2,948	3,870
1	Revenue Deficit/surplus	(-) 1,641 (40.91)	(-) 1,944 (46.29)	NA	NA	NA
2	Net Capital Expenditure	(-) 1,856 (46.27)	(-) 1,823 (43.40)	(-) 1,728 (79.81)	(-) 2,579 (87.48)	(-) 3,407 (88.04)
3	Net Loans and Advances	(-) 514 (12.82)	(-) 433 (10.31)	(-) 437 (20.19)	(-) 369 (12.52)	(-) 463 (11.96)

Figures in brackets indicate contribution to fiscal deficit

During 2017-18, 88 *per cent* of Fiscal Deficit was on account of net capital expenditure. Contribution of net CE to FD has been rising since 2015-16 from 80 *per cent* to 88 *per cent* during 2017-18 which is a healthy position whereas contribution of loans and advances decreased from 20 *per cent* to 12 *per cent* in the same period.

1.12 Salient features

Comparison of key elements of State Finances in 2017-18 is summarised below:

Table 1.42: Key parameters

Positive Indicators	Parameters requiring close watch
↑ Increase in Non-Tax Revenue by 38 <i>per cent</i>	↑ Increase in Own tax revenue by only 1 <i>per cent</i>
↑ Increase in recovery of Loans and Advances by 33 <i>per cent</i>	↓ Decreasing trend in Revenue Surplus over last three years.
↑ Increase in Capital Expenditure by 7 <i>per cent</i>	↓ Increasing trend in Fiscal deficit over last three years.
	↓ Primary Surplus in last two years turning into Primary Deficit.
	↓ Reduction in Development Expenditure by 5 <i>per cent</i>

1.13 Follow up on Audit Report on State Finances

The State Finances Report is being prepared and presented to the State Legislature from the year 2008-09 onwards. The State Government has submitted action taken notes (ATNs)/*suo-motu* replies upto Audit Reports 2015-16. Public Accounts Committee is yet to take up discussion on these Reports.

1.14 Conclusion

The State is on a fiscal correction path. However, the State has not yet amended the FRBM Act as recommended by 14th FC. The State had a revenue deficit during the period 2013-14 and 2014-15 and thereafter it maintained a revenue surplus during the last three years (2015-18). However, the surplus consistently declined from ₹ 1,137 crore (2015-16) to ₹ 920 crore (2016-17) and ₹ 314 crore (2017-18) despite heavy devolution from the GoI.

Fiscal deficit increased by ₹ 922 crore from ₹ 2,948 crore in 2016-17 to ₹ 3,870 crore in 2017-18. Primary surplus of ₹ 990 crore and ₹ 411 crore during 2015-16 and 2016-17 respectively turned to primary deficit of ₹ 82 crore in 2017-18.

During 2017-18, the State's revenue receipts (₹ 27,367 crore) increased by 4 *per cent* over the previous year (₹ 26,264 crore). Only 35 *per cent* of the Revenue receipts came from the State's own resources comprising taxes and non-taxes, while the remaining 65 *per cent* were contributed by central transfers comprising the State's share in central taxes and duties (17 *per cent*) and grants-in-aid from GoI (48 *per cent*).

Substantial funds amounting to ₹ 901.83 crore were still being transferred by GoI directly to the State Implementing agencies during 2017-18 in spite of Central Government decision to route these funds through the State budget from 2014-15.

During 2017-18, total expenditure (₹ 31,312 crore) of the State decreased by ₹ 821 crore (3 per cent) over the previous year primarily on account of disbursement of loan of ₹ 2,890.50 crore during 2016-17 to DISCOM under UDAY Scheme.

The revenue expenditure increased by ₹ 1,709 crore (7 per cent) from ₹ 25,344 crore in 2016-17 to ₹ 27,053 crore in 2017-18 and its share in total expenditure increased from 79 per cent in 2016-17 to 86 per cent in 2017-18.

Overall fiscal liabilities at the end of the year were ₹ 51,030 crore with growth of 8 per cent over the previous year. Fiscal liabilities were 37.55 per cent of GSDP and 1.86 times of the revenue receipts.

During next ten years (2028-29) State has to repay market loan of ₹ 20,874 crore (96.75 per cent) out of total outstanding loan of ₹ 21,574 crore along with interest amounting to ₹ 9,483 crore.

CHAPTER-II
FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL

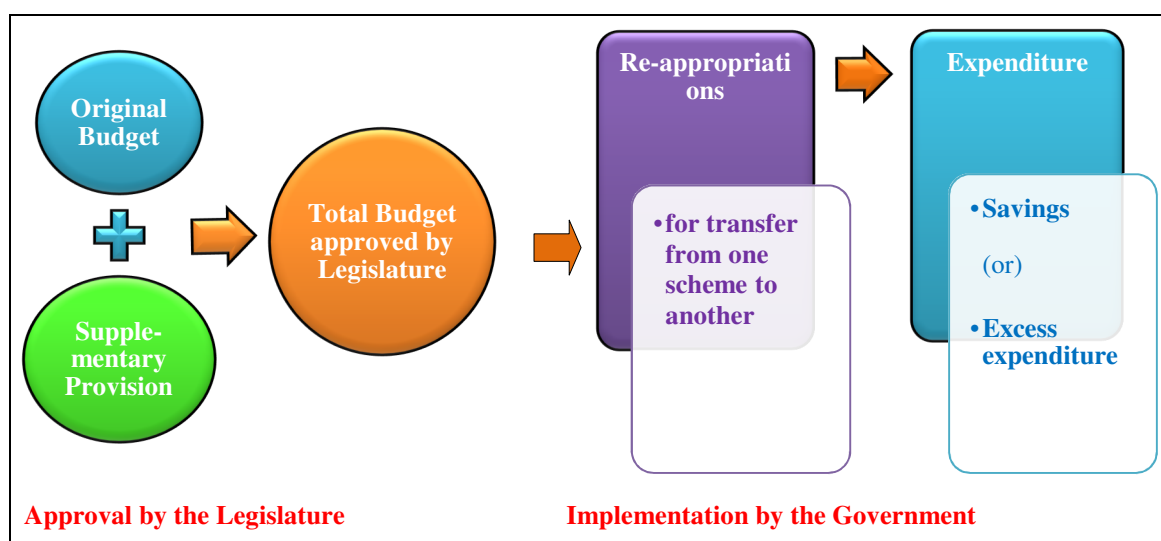
CHAPTER-II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

Chart 2.1: Flow chart of budget implementation



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

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provision 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. Deficiencies in management of budget and expenditure and violation of Budget manual noticed in audit have been discussed in the succeeding paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure *vis-à-vis* budgetary provisions during 2017-18 for the total 32 grants/appropriations is given in **Table 2.1**.

Table 2.1: Position of actual expenditure vis-à-vis original/supplementary provisions for the year 2017-18

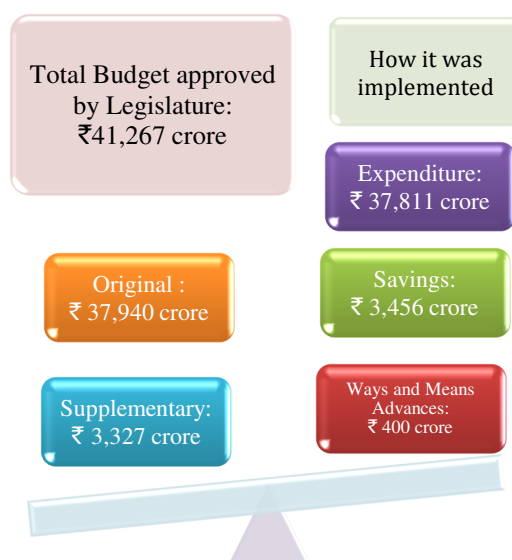
(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving ⁸ (-)/ Excess (+)	Amount Surrendered	Percentage of savings surrendered by 31 March (Col.7/Col.6)
	1	2	3	4	5	6	7	8
Voted	I Revenue	27,303.56	1,660.33	28,963.89	26,156.58	(-)2,807.31	3,888.79	139
	II Capital	3,530.60	624.45	4,155.05	3,781.07	(-)373.98	262.82	70
	III Loans and Advances	447.74	301.92	749.66	502.52	(-)247.14	257.21	104
	Total Voted	31,281.90	2,586.70	33,868.60	30,440.17	(-)3,428.43	4,408.82	
Charged	IV Revenue	3,553.52	327.34	3,880.86	3,847.91	(-)32.95	4.58	14
	V Capital	0	18.14	18.14	23.16	5.02	0.03	06
	VI Public Debt Repayment	3,104.56	395.29	3,499.85	3,499.85	0	0	NA
	Total Charged	6,658.08	740.77	7,398.85	7,370.92	(-)27.93	4.61	
	Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total	37,939.98	3,327.47	41,267.45	37,811.09	(-)3,456.36	4,413.43	NA

Source: Appropriation Accounts NA: Not applicable

2.2.1 Analysis of Appropriation Accounts: 2017-18

Chart 2.2: Summarised position of provision vis-à-vis Actual Expenditure



The overall savings/unutilized funds of ₹ 3,456.36 crore registered under Grants/Appropriations during 2017-18 was the result of savings of ₹ 3,843.12 crore in 30 Grants and nine Appropriations under Revenue Section and 24 Grants and one Appropriation under Capital Section, offset by excess of ₹ 386.76 crore in two Grants under Revenue Section and one Appropriation under Capital Section. Savings of ₹ 4,413.43 crore was surrendered during this period. Further, the total expenditure of ₹ 37,811 crore was inclusive of repayment of Ways and Means Advances⁹ of ₹ 400 crore taken by the Government from the Reserve Bank of India for temporary cash imbalances. Hence, the net expenditure during the year was ₹ 37,411 crore¹⁰ i.e., 91 per cent of the total budget provision.

⁸ Shortfall in utilisation of funds

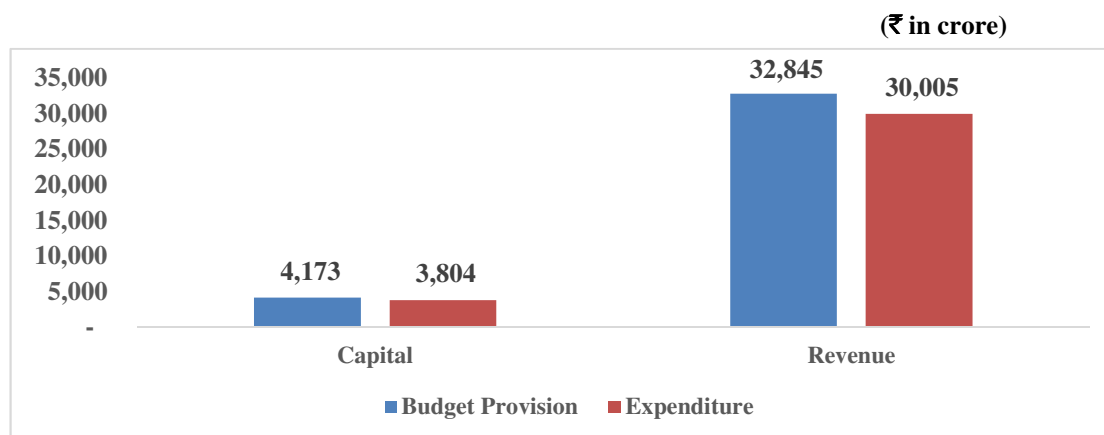
⁹ Temporary advances taken from the Reserve Bank of India to bridge the gap between inflow and outflow of cash of the Government

¹⁰ ₹ 37,811 crore – ₹ 400 crore = ₹ 37,411 crore

2.2.2 Capital and Revenue

Savings were observed in both Capital and Revenue Account (**Chart 2.3**). **In Capital Account, 9 per cent savings of budget provision was observed.** Substantial savings occurred in Loans for Power Projects (₹ 252.06 crore), Irrigation, Water Supply and Sanitation (₹ 88.76 crore).

Chart 2.3: Budget provision and expenditure under Capital and Revenue sections



Source: Appropriation Accounts

Revenue Expenditure (₹ 30,005 crore) was lower than the Budget Estimates (₹ 32,845 crore) by 8.65 per cent. Substantial savings were observed in Education (₹ 665.02 crore); Rural Development (₹ 402.93 crore); Tribal Development (₹ 242.34 crore) and Health and Family Welfare (₹ 211.66 crore).

Grant-wise analysis

The expenditure in Himachal Pradesh Government is incurred through 32 different grants by various Departments. The net saving of ₹ 3,456.36 crore was the result of savings and excesses under different grants (**Table 2.2**).

Table 2.2: Total excesses or savings under different grants

Description	Revenue		Capital		Loans		Amount (₹ in crore)
	Number of grants ¹¹	Number of appropriations ¹²	Number of grants	Number of appropriations	Number of grants	Number of appropriations	
Savings occurred in	30	9	24	1	-	-	3,843.12
Excess expenditure occurred in	2	-	-	1	-	-	386.76

Source: Appropriation Accounts

¹¹ Grants are the provisions voted by the Legislature for incurring voted expenditure

¹² Appropriation is the provision made in the budget for incurring expenditure which is directly charged and not subject to the voting of the Legislature

The grants in which high savings and high excess expenditure occurred are listed in **Appendices 2.1 and 2.8**.

Audit observed that excess expenditures were on Grants that provide funds for day to day administration whereas savings were in grants under which major schemes are implemented.

Controlling/Disbursing Officers may keep a close and constant watch over the progress of expenditure against the sanctioned allotment in order to ensure utilisation of allotted funds as per requirement. They may also specifically strengthen monthly expenditure control and monitoring mechanism.

2.3 Financial Accountability and Budget Management

2.3.1 Excess Expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this article.

Notwithstanding the above, **excess expenditure over budget provision increased by ₹ 386.76 crore in 2017-18 indicating that budgetary estimates were not reviewed properly.** Details of various grants/appropriation where aggregate expenditure (₹ 4,122.24 crore) exceeded by ₹ 386.76 crore from the approved provisions in three cases (₹ one crore or more in each case) are given in **Appendix 2.1**.

Firm measures need to be instituted against the defaulting departments to avoid excess expenditure. There is no cogent reason for the inevitability of excess expenditure when Government gets opportunities to present the Supplementary Demands for Grants during the three sessions of Legislature in a year. The exceeding of Budgetary Grant is the result of bad planning, lack of foresight and ineffective monitoring on the part of budget estimates as well as Supplementary Demands for Grants.

2.3.1.1 Excess over provisions requiring regularisation

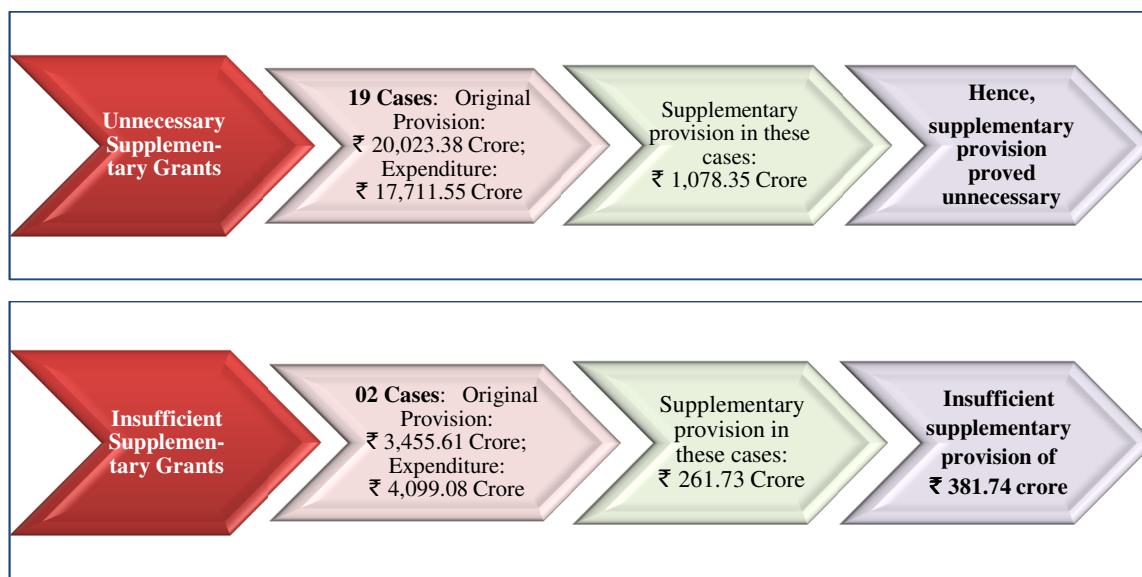
As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussions on the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 9,402.18 crore (**Appendix 2.2**) for the years 2011-12 to 2016-17 was yet to be regularized as of September 2018. The excess expenditure of ₹ 386.76 crore (**Appendix 2.3**) incurred in two grants and one appropriation during the year 2017-18 also requires regularisation.

This is contrary to legislative intent and defeats the objective of ensuring accountability of the executive over utilization of public money. Excess expenditure remaining unregularised for such long periods needs to be viewed seriously as this dilutes the parliamentary control over the exchequer and therefore all the existing cases of excess expenditure need to be got regularised at the earliest.

2.3.1.2 Unnecessary/Insufficient supplementary provisions resulting in saving/excess expenditure

Supplementary grant as per Paragraph 1.20 of Himachal Pradesh Budget Manual means a provision included in an appropriation during the course of a financial year to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.

Chart 2.4: Unnecessary, Insufficient Supplementary Provisions



Source: Appropriation Accounts

- In 19 cases (₹ one crore or more in each case) supplementary provision of ₹ 1,078.35 crore proved unnecessary, as the expenditure did not come up to the level of original provision (**Appendix 2.4**).
- In two cases (₹ one crore or more in each case) supplementary provision of ₹ 261.73 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 381.74 crore (**Appendix 2.5**). Of this uncovered excess, ₹ 352.49 crore (92 per cent) was incurred under grant number 05-Land Revenue and District Administration (Revenue-Voted) by the District Administration on account of National Calamity Contingency Fund Scheme (₹ 63.23 crore) and 10-Public Works–Roads, Bridges and Buildings) (Revenue-Voted) by the Public Works Department on account of Stock (₹ 289.26 crore) respectively.

This indicates that the Administrative Departments could not realistically assess/estimate the actual requirement of funds for the remaining period of financial year due to poor monitoring of expenditure through the monthly expenditure control mechanism.

2.3.2 Excessive/unnecessary/insufficient re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed.

Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess (₹ one crore or more in each case) in 20 sub-heads (Appendix 2.6). Of these, excess/savings (₹ 10 crore or more in each case) occurred in nine sub-heads.

2.3.3 Rush of expenditure

According to the Himachal Pradesh Financial Rules, 2009 rush of expenditure, particularly in the closing month of the financial year should be avoided.

Contrary to the above rule, in respect of 51 sub-heads (**Appendix 2.7**), expenditure amounting to ₹ 2,554.99 crore exceeding ₹ 10 crore in each case and constituting 50 per cent or more of the total expenditure for the year was incurred in the month of March 2018. Some points were noticed during audit are discussed in **paragraph 2.3.5**.

The details of major heads where more than ₹ 10 crore or 50 per cent of total expenditure was incurred either during the last quarter or during the last month of the financial year are given in **Table 2.3**.

Table 2.3: Cases of Rush of Expenditure towards the end of the financial year 2017-18

(₹ in crore)

Sr. No.	Major Head (Voted/Charged)	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2018	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2059-Public Works	309.62	230.76	75	190.87	62
2.	2700-Major Irrigation	19.17	12.64	66	11.19	58
3.	2701-Medium Irrigation	22.78	15.50	68	13.71	60
4.	4210-Capital outlay on Medical and Public Health	262.86	171.18	65	153.37	58
5.	4215-Capital outlay on Housing	53.58	43.47	81	37.78	71
6.	4705-Capital outlay on Command Area Development	32.17	31.28	97	28.31	88
Total		700.18	504.83		435.23	

Source: Appropriation Accounts/VLC

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

2.3.4 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit showed that in 43 cases, savings exceeded by ₹ one crore or more in each case or by more than 20 per cent of the total provision in 13 cases (**Appendix 2.8**). Out of the total saving of ₹ 3,843.12 crore, some cases of

substantial saving of ₹ 3,132.23 crore (82 per cent) occurred in 10 grants (₹ 100 crore and more in each case) alone are indicated in **Table 2.4**.

Table 2.4: List of grants with savings of more than ₹ 100 crore

(₹ in crore)

Sr. No.	Number and name of the Grant	Provisions			Actual Expenditure	Savings (percentage)
		Original	Supplementary	Total Provision		
Revenue-Voted						
1.	08-Education	5,391.90	279.58	5,671.48	5,006.46	665.02 (12)
2.	09-Health and Family Welfare	1,601.65	162.30	1,763.95	1,552.29	211.66(12)
3.	12-Horticulture	303.13	46.27	349.40	246.43	102.97(29)
4.	20-Rural Development	1,293.34	31.88	1,325.22	922.29	402.93 (30)
5.	23-Power Development	499.15	2.72	501.87	370.69	131.18 (26)
6.	27-Labour, Employment and Training	396.24	9.29	405.53	206.26	199.27 (49)
7.	28-Urban Development, Town and Country Planning and Housing	341.27	15.10	356.37	237.15	119.22 (33)
8.	29-Finance	5,033.64	33.63	5,067.27	4,800.39	266.88 (5)
9.	31-Tribal Development	1,145.98	41.51	1,187.49	945.15	242.34 (20)
10.	32-Scheduled Caste Sub-plan	1,264.00	34.00	1,298.00	892.17	405.83 (31)
Capital-Voted						
11.	23-Power Development	410.10	229.85	639.95	387.89	252.06 (39)
12.	32-Scheduled Caste Sub-plan	896.45	48.70	945.15	812.28	132.87 (14)
Total		18,576.85	934.83	19,511.68	16,379.45	3,132.23

Source: Appropriation Accounts

The reasons furnished by the departments for savings under a few Major Heads of account as reported in Appropriation Accounts are given below:

Education

- Under Elementary Education savings of ₹ 149.40 crore (2202-01-101-01 in Primary Schools), ₹ 79.79 crore (2202-01-101-03 in Middle Schools) and under Secondary Education ₹ 102.98 crore (2202-02-109-01) and ₹ 99.38 crore (2202-02-109-06 in Secondary Schools) were due to non-filling up of vacant posts, less receipt of medical reimbursement claims, less purchase of articles, less expenditure on scholarship, less touring by the staff, less receipt of Central share from Government of India, etc.

Health and Family Welfare

- Saving of ₹ 15.60 crore (2210-06-101-21-Prevention and Control of Diseases – National AIDS Control Programme) and ₹ 71.94 crore (2211-00-800-05 – Provision under National Health Mission) was due to non-receipt of funds and Grant-in-Aid from Government of India under the scheme.

Rural Development

- Saving of ₹ 34.87 crore (2501-06-101-07-Special Programmes for Rural Development – Self Employment Programmes – Swaran Jayanti Gram Swarozgar Yojna – Deen Dayal Upadhyay Gramin Kaushal Yojna), ₹ 232.95 crore (2505-02-

101-01 – Rural Employment –Rural Employment Guarantee Scheme – National Rural Employment Guarantee Scheme – Mahatma Gandhi National Rural Employment Guarantee Scheme) and ₹ 40.16 crore (2515-00-198-03 – Other Rural Development Programmes – Assistance to Gram Panchayats – Grants to Gram Panchayats under 14th Finance Commission) was due to less expenditure under the scheme and less receipt of Grant-in-Aid from Government of India.

Finance

- Saving of ₹ 205.38 crore (2071-01-102-02 – Pensions and other Retirement benefits – Civil – Commuted value of Pensions – Payments from 01-11-1996) and ₹ 55.74 crore (2071-01-117-01 – Pensions and other Retirement benefits – Civil – Government Contribution for Defined Contribution Pension Scheme – Contributory Pension Scheme) was due to less receipt of commutation of pension cases and return of subscribers to old pension scheme by Judicial verdict.

Such large savings in these grants implied that Government had made excess budget provisions without realistic estimation of receipts/revenues.

2.3.4.1 Persistent savings

In seven cases, during the last five years there were persistent savings (₹ one crore or more in each case) as per the details given in **Table 2.5**

Table 2.5: List of grants with persistent savings during 2013-18

(₹ in crore)

Sr. No.	Grant number and name	Amount of Savings				
		2013-14	2014-15	2015-16	2016-17	2017-18
Revenue-Voted						
1.	03-Administration of Justice	16.71	4.52	12.53	9.82	10.14
2.	08-Education	342.46	385.37	1,076.22	864.96	665.02
3.	15-Planning and Backward Area Sub-Plan	13.44	11.61	31.40	28.40	16.81
4.	20-Rural Development	60.04	109.86	208.74	121.61	402.93
Capital-Voted						
5.	29-Finance	4.52	5.49	5.20	1.51	7.98
6.	31-Tribal Development	45.42	7.17	17.38	177.85	58.21
7.	32-Scheduled Caste Sub-Plan	83.63	9.27	108.71	321.14	132.87

Source: Appropriation Accounts of respective years

The persistent savings indicated that the budgetary controls in the departments were not effective and previous years' trends were not taken into account while allocating the funds for the year. This had been pointed out in earlier State Finances Reports, but no action had been taken by the State Government.

2.3.4.2 Substantial surrenders

Substantial surrenders (the cases where 50 per cent or more of the total provision was surrendered) were made in respect of 161 sub-heads (**Appendix 2.9**) on account of either non-implementation or slow implementation of schemes/programmes due to non-completion of codal formalities, less receipt of funds from GoI, matching State share, less expenditure under various schemes, non-filling up of vacant posts, etc. Out of the total provision of ₹ 1,926.03 crore, amount of ₹ 1,539.09 crore (80 per cent) were surrendered, which included 100 per cent surrender in 70 schemes

(₹ 661.87 crore) (Appendix 2.10). Of the 70 schemes, details of some schemes where substantial surrenders were made, given as under:

Table 2.5 (A): List of grants and schemes with substantial surrenders

Sr. No.	Grant No.	Scheme Name	Amount (₹ in crore)
1	09-Health and Family Welfare	National Aids Control Programme (Centrally Sponsored Scheme)	15.60
2	12-Horticulture	Horticulture Development Project	65.81
3	15-Planning and Backward Area Sub-plan	Member of Legislative Assembly Local Area Development Scheme	12.48
4	20-Rural Development	Deen Dayal Upadhyay Gramin Yojna	34.87
5	23-Power Development	Equity Contribution to Himachal Pradesh State Electricity Board Limited	32.73
6		Loans to Himachal Pradesh Power Corporation	182.39
7	27-Labour Employment and Training	Setting up of New Polytechnics	12.88
8	28-Urban Development, Town and Country Planning and Housing	Smart City Mission	52.37
9	31-Tribal Development	National Rural Employment Guarantee Scheme	52.65
10	32-Scheduled Caste Sub-Plan	World Bank Assisted Himachal Pradesh Horticulture Development Project (Externally Aided Project)	25.19

Further, in 60 cases, there was surrender (₹ 10 crore or more in each case) involving ₹ 2,558.50 crore on 31 March 2018 (Appendix 2.11). **Surrender of funds on the last working day of March 2018 indicated inadequate financial control leading to non-utilisation of funds for other developmental purposes.**

2.3.4.3 Anticipated savings not surrendered

According to Himachal Pradesh Budget Manual (Paragraph 11.2 of Chapter 11), all the savings as and when anticipated, must be surrendered to the Finance Department latest by 15 January by the spending Department. It was, however, noticed that in the following grants, out of total savings of ₹ 903.28 crore, ₹ 217.85 crore was not surrendered as detailed in Table 2.6.

Table 2.6: Cases of savings of ₹ one crore and above not surrendered

Sr. No.	Number and name of Grant	Saving	Surrender	Saving which were not surrendered
Revenue-Voted				
1.	09-Health and Family Welfare	211.66	202.52	9.14
2.	19-Social justice and Empowerment	55.55	53.57	1.98
3.	23-Power Development	131.18	91.71	39.47
4.	31-Tribal Development	242.34	215.52	26.82
Revenue-Charged				
5.	29-Finance	29.20	0.95	28.25
Capital-Voted				
6.	10-Public Works-Roads, Bridges and Buildings	42.27	0.05	42.22
7.	31-Tribal Development	58.21	51.98	6.23
8.	32-Scheduled Caste Sub-Plan	132.87	69.13	63.74
Total		903.28	685.43	217.85

Despite large amount of savings, sufficient surrenders were not made mainly under grant numbers 23-Power Development: ₹ 39.47 crore (Revenue-Voted) and 32-Scheduled Caste Sub-Plan: ₹ 63.74 crore (Capital-Voted). Further, negligible amount were surrendered against sufficient savings under grant numbers 29-Finance (Revenue-Charged) and 10-Public Works-Roads, Bridges and Buildings (Capital-Voted).

Efforts should be made by all the departments to submit realistic budget estimates keeping in view the trends of expenditure in order to avoid large scale savings/excesses, re-appropriations and surrenders at the end of the year so that they can be effectively utilised in other areas/schemes.

2.3.5 Drawal of funds to avoid lapse of budget grant and parking in Savings Bank accounts

Rule 2.10 of Himachal Pradesh Financial Rules and Rule 5.71 (c) (5) of Himachal Pradesh Treasury Rules stipulates that money should not be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take considerable time. Any unspent balance from advances is required to be refunded promptly into the treasury.

Contrary to the above rules the following cases were noticed:

(i) Drawal of funds against sanctions

Test-check of vouchers of March 2018 revealed that significant proportion of money/funds (₹ 351.70 crore) were drawn from the treasuries merely on the basis of sanctions without incurring actual expenditure or submitting bills, vouchers or sub-vouchers. The sanctions were received in AG (A&E) office without supporting documents like expenditure bills, vouchers or sub-vouchers. The whole amount was transferred to different savings bank accounts or deposit heads.

(ii) Drawal of funds in advance of requirement

- Test-check of records of the Director, Scheduled Castes, Other Backward Classes and Minority Affairs, Shimla revealed (March 2017) that ₹ 2.96 crore were drawn (March 2017) for construction of Kalyan Bhawan (at Theog, District Shimla for ₹ 0.71 crore) and Residential Institute for Mentally Challenged Children (at Sundernagar, District Mandi for ₹ 2.25 crore). ₹ 0.71 crore was transferred to the executing agency (PWD Division Theog), and ₹ 2.25 crore was deposited in Savings Bank Account, Andhra Bank, New Shimla. The whole amount was lying unutilized as of March 2018 due to non-transfer of land in the name of Department and non-finalisation of land and drawing/estimates. The Director admitted the facts.
- Similarly, Director, Women and Child Development Department, Shimla drew (March 2017) ₹ 1.48 crore for purchase of computers, laptops, UPS system, multimedia projector and photo copier and deposited the whole amount in

Savings Bank Account opened with State Bank of India, Shimla (East). The whole amount of ₹ 1.48 crore was lying unutilized in the Bank as of February 2018 due to non-start of purchasing process by the Department even though a period of more than 10 months had since been elapsed. The Director admitted the facts.

(iii) Drawal of funds to avoid lapse of budget grant

Executive Engineers (EEs) of nine¹³ divisions of Irrigation and Public Health (I&PH) and Public Works (PW) departments drew (March 2016, March 2017 and December 2017) ₹ 37.95 crore for execution of 82 works¹⁴ and simultaneously transferred the funds to the sub-divisions (I&PH and PW) under their control and other divisions¹⁵. In the financial year 2017-18, the amount of ₹ 6.80 crore was received back from the divisions (PW) in September 2017 and December 2017 and was kept under the deposit head. Further, an amount of ₹ 1.21 crore paid by Kangra Division (March 2017) to Dharmshala division was still lying with Dharmshala division as of March 2018. The sub-divisions (I&PH and PW) also kept (March 2016-March 2018) the amount of ₹ 29.94 crore under the deposit head.

It was further noticed that the concerned EEs could not utilise the whole amount and funds aggregating ₹ 31.05 crore¹⁶ remained unutilised (December 2017 and February-March 2018) with them under deposit head. Funds were drawn by the EEs at the fag end of financial year to avoid lapse of budget grant. The EEs admitted the facts (January 2018-April 2018).

Thus, due to non-utilisation of ₹ 387.18 crore and parking it in various savings bank accounts resulted in loss of interest of ₹ 17.07 crore¹⁷ to the State exchequer.

During the entry and exit conferences, the ACS (Finance) accepted that Finance Department had no mechanism to monitor expenditures of contingency nature drawn as advances, and total funds parked by various DDOs in savings bank accounts. ACS (Finance) assured that the matter would be reviewed. It was also accepted that instead

¹³ Jubbals: ₹6.50 crore; Rohru (I&PH): ₹7.44 crore and Barsar: ₹2.65 crore; Chamba: ₹4.29 crore; Joginder Nagar: ₹3.00 crore, Kangra: ₹3.03 crore, No.II Mandi: ₹2.45 crore, Paonta Sahib: ₹1.79 crore and Una: ₹6.80 crore.

¹⁴ Construction of (C/o) and augmentation of LIS, FIS, LWSS and Flood Protection Work 14 (I&PH) and C/o Road/Link Road 18; C/o office/Circuit House/Rest House/Training Centre/Buildings/Accommodation/Parking (eight); Special repair/Annual surfacing/annual repair and maintenance/improvement/upgradation of roads (nine); C/o crash barrier (three); Annual repair and maintenance of residential buildings (three); C/o bridge (three) and Miscellaneous developmental works (24) (PW).

¹⁵ Saraswati Nagar (I&PH): ₹0.64 crore; No-I Jubbals (I&PH): ₹5.86 crore; Rohru (I&PH): ₹7.44 crore; Dhaneta (PW): ₹2.65 crore; No.-I Chamba (PW): ₹0.30 crore; No.II Chamba (PW): ₹3.99 crore; Joginder Nagar (PW): ₹3.00 crore; Dharamshala (PW): ₹1.20 crore; Kangra (PW): ₹1.38 crore; Shahpur (PW): ₹0.45 crore; Mandi No.III (PW): ₹2.45 crore; No. I Paonta Sahib (PW): ₹1.79 crore; Bangana (PW): ₹3.90 crore and Bharwain (PW): ₹2.90 crore.

¹⁶ Jubbals: ₹6.42 crore; Rohru (I&PH): ₹7.44 crore; Barsar: ₹2.65 crore; Chamba: ₹4.29 crore; Joginder Nagar: ₹3.00 crore; Kangra: ₹1.21 crore; No.II Mandi: ₹2.35 crore; Paonta Sahib: ₹1.79 crore and Una (PW): ₹1.90 crore.

¹⁷ Calculation: Average rate of interest on borrowings: 8.41%- average rate of interest on savings: 4% = Difference: 4.41%, so Loss is ₹387.18 crore X 4.41%= ₹17.07 crore)

of using sanctions for drawal of money and depositing it in bank accounts, it would be useful to operate the provision of AC bills for incurring expenditure of contingency nature as there is a robust procedure to review / monitor the position of AC bills and pending DC bills. The Finance Department stated that in response to the audit observation, the State Government had identified six departments¹⁸ to operate AC bills.

Audit is of the view that drawal of funds in advance of requirement and parking of huge amounts in different savings bank accounts meant not only that expenditure was being booked without such expenditure having been actually incurred, but also that interest accrued on the funds parked in savings bank accounts was not being accounted for. Further, this was reducing the cash-in-hand at the disposal of the State Government, while on the other hand, the State Government was taking market loans and paying interest at higher rates. Thus, the above practice not only constituted incorrect financial reporting to the legislature by the executive, but was also financially imprudent.

2.4 Operation of Personal Deposit Accounts

Personal Deposit Accounts (PDAs) are created by debit to the Consolidated Fund and the same should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. Information obtained from the office of the Accountant General (A&E), Himachal Pradesh showed that there were 112 PDAs in operation in 15 District Treasuries. The position of balances of ₹ 3.37 crore lying in these 112 accounts as on 31 March 2018 (**Appendix 2.12**) is given as under:

- 80 PDAs having balance of ₹ 3.10 crore were in operation during the year.
- Two PDAs involving an amount of ₹ 0.27 crore remained inoperative since 2010-11.
- 30 PDAs have nil balances.

Non-reconciliation of balances in PD accounts periodically and not transferring the unspent balances lying in PD accounts to Consolidated Fund before the closure of the financial year entails the risk of misuse of public funds, fraud and misappropriation.

2.5 Reconciliation of receipt and expenditure

Chief Controlling Officers (CCOs)/Controlling officers (COs) are required to reconcile the receipts and expenditure figures of the Government with the figures accounted for by the Accountant General (A&E). Such reconciliation has been completed by all CCOs/COs for both receipts and expenditure.

¹⁸ Youth Services and Sports, Ayurveda, Health and Family Welfare, Prosecution, Agriculture and Horticulture.

2.6 Misclassification of expenditure

During checking of the Finance and Appropriation Accounts for the year 2017-18, the following cases of misclassification of expenditure were noticed:

2.6.1 Budget Classification

Standardisation of object heads of classification vide Ministry of Finance GOI, office memorandum No. F.1(47)-E.II(A)/94 dated 12.12.1994 provides that budget provision in respect of revenue expenditure major heads cannot be assigned under object heads meant for capital expenditure and vice-versa.

It was noticed that the expenditure under SOE-31 of ₹ 53.41 crore has been booked under Revenue Head which should have been booked under the Capital Head. Machinery and Equipment (SOE-31) only includes items such as purchase of machinery, equipment and apparatus, other than those required for the running of an office and special tools and plants acquired for the specific works which are distinct from revenue expenditure.

2.6.2 Classification of 'Grants-in-Aid' under Capital Expenditure Heads

The disbursement of Grants-in-Aid under Capital Heads of expenditure as per budget provision is against the rule provided in Indian Government Accounting Standard-2 issued by GOI in May 2011.

It was noticed that Grant-in-Aid (Grant No. 31 – Tribal Development) has been disbursed by the State Government from Capital Heads instead of Revenue Heads and the following instances have been noticed:

- (i) 4225-02-796-01-00-42 -- ₹ 49 lakh
- (ii) 5055-00-796-05-44-31 -- ₹ 36 lakh

2.6.3 Operation of Omnibus Minor Head-800

The expenditure of the government under the Consolidated Fund is classified as revenue and capital under various functional heads. The sub major heads and minor heads (MH) representing the sub functions/programmes are opened below the major heads. The MH-800 is an omnibus head, opened in the accounts, when a particular item of expenditure/receipt cannot be accommodated in any of the existing minor heads. It does not reflect the actual nature of expenditure/receipts thereby refraining the legislature from knowing the actual nomenclature of expenditure of a particular scheme which is being booked under this Head and the purpose of the scheme also gets defeated. The expenditure of some flagship schemes was also being booked under this MH-800-Other expenditure. Routine operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque and affects true and fair picture of the financial reporting and obscures transparency in accounts for informed decision making.

During the scrutiny of the Finance and Appropriation Accounts for 2017-18, it was observed that:

- Revenue receipts aggregating ₹ 1,315 crore (4.81 per cent of total revenue receipts) were classified under omnibus minor head-800-other receipts under 48 major heads. Instances where a substantial proportion (50 per cent or more) of the receipts were classified under the minor head 800-Other receipts are given in Appendix 2.13 (A).
- Expenditure aggregating ₹ 961 crore constituting 3.12 per cent of total expenditure (revenue and capital) during 2017-18 was classified under major head 800-other expenditure under 45 revenue and capital major heads as details given in Appendix 2.13 (B).
- Grants amounting to ₹ 77.47 crore received for different schemes operated for improvement of Irrigation, Education and Health were booked under Minor Head 800, instances of the same are given in Appendix 2.13 (C).

The above discrepancies were discussed (August 2018) in the Entry conference with the Additional Chief Secretary (Finance). The State Government admitted (October 2018) the facts and assured to stop the existing practice of booking under Minor Head 800-Other Expenditure/Other Receipts and the expenditure should be booked under an already existing appropriate minor head or by opening a new sub-head under an appropriate minor head.

2.7 Outcome of Review of Selected Grants

A review of budgetary procedure and control over expenditure in respect of (two test-checked grants i.e. Grant No. 8¹⁹-“Education” and Grant No. 12²⁰-Horticulture were conducted (July-September 2018) and the points noticed during the review are detailed below:

2.7.1 Grant No. 8-'Education'

2.7.1.1 Budget and expenditure

The overall position of funds allotted and expenditure incurred under the grant during 2017-18 is given in **Table 2.7**:

Table 2.7: Provision of funds allocated and expenditure incurred during 2017-18
(₹ in crore)

Section	Total Grant	Expenditure incurred	Excess(+)/Savings(-)
Revenue Section	5,671.48	5,006.46	(-)665.02
Capital Section	155.86	155.86	(-)0.00 ²¹
Total	5,827.34	5,162.32	(-)665.02

Source: Appropriation Accounts

¹⁹ Including major heads 2202-General Education, 2205-Art and Culture, 2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 2235-Social Security and Welfare under Revenue Section 4202-Capital Outlay on Education, Sports, Art and Culture and 6202-Loans for Education, Sports, Art and Culture in Capital Section.

²⁰ 2059-Public Works, 2216-Housing, 2401-Crop Husbandry, 2415-Agricultural Research and Education, 4401-Capital Outlay on Crop Husbandry, 4402-Capital Outlay on Soil and Water Conservation and 6401-Loans for Crop Husbandry.

²¹ Actual figure is ₹(-) 2,000/- only.

From the above table it is seen that against the budget provision of ₹ 5,827.34 crore under the grant (Revenue Section: ₹ 5,671.48 crore and Capital Section: ₹ 155.86 crore) an expenditure of ₹ 5,162.32 crore (Revenue Section: ₹ 5,006.46 crore and Capital Section: ₹ 155.86 crore) was incurred during 2017-18 resulting in savings of ₹ 665.02 crore, which indicated that budget estimates were not prepared on realistic basis.

2.7.1.2 Unnecessary supplementary provision

Supplementary grant as per Paragraph 1.20 of Himachal Pradesh Budget Manual means a provision included in an appropriation during the course of a financial year to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.

Test-check of the records revealed the following:

- (i) Under Revenue Section, against the total provision of ₹ 5,671.48 crore (Original: ₹ 5,391.90 crore+ Supplementary ₹ 279.58 crore) Plan and Non-Plan, an expenditure of ₹ 5,006.46 crore had been incurred. As the expenditure did not come upto the level of original provision of ₹ 5,391.90 crore, the supplementary provision of ₹ 279.58 crore proved to be unnecessary.
- (ii) During 2017-18, the supplementary demand of ₹ 3.25 crore under four sub heads (Non-Plan) of Major Head 2202-General education proved unnecessary as the expenditure of ₹ 2,261.67 crore did not come up even to the level of original provision of ₹ 2,489.36 crore and ultimately resulted in savings of ₹ 230.94 crore as per details given in **Table 2.7 (A)**:

Table 2.7 (A): Unnecessary Supplementary grant

Sr. No.	Sub Heads (Non-plan)	Total budget provision			Expenditure	Excess(+)/ Saving(-) over total provision
		Original	Supplementary	Total		
1.	2202-01-101-01	1,460.78	1.01	1,461.79	1312.39	(-)149.40
2.	2202-01-101-03	1,007.99	1.41	1,009.40	929.61	(-)79.79
3.	2202-01-104-01	16.34	0.29	16.63	15.71	(-)0.92
4.	2205-00-105-01	4.25	0.54	4.79	3.96	(-)0.83
	Total	2,489.36	3.25	2,492.61	2,261.67	(-)230.94

Thus, the unnecessary supplementary provisions were indicative of poor financial management.

- (iii) As per the excess and surrender statement of DEE, the supplementary provisions were ₹ 28.73 crore {Plan: ₹ 23.85 crore (Revenue + Capital) + Non-Plan: ₹ 4.88 crore (Revenue)}. Out of these provisions an amount of ₹ 2.70 crore²² was provided as supplementary grant under three minor/sub heads wherein the expenditure could not reach even upto original provision. Under 16 SOEs of five minor/sub heads, the supplementary provisions of ₹ 1.26 crore²³ did not reach upto level of the original

²² Heads of Account: (i) 2202-01-101-01 (₹ 1.00 crore), (ii) 2202-01-101-03 (₹ 1.41 crore) and (iii) 2202-01-104-01 (₹ 0.29 crore).

²³ Heads of Account: (i) 2202-01-001-01 (03-TE: ₹ 0.4 lakh), (ii) 2202-01-101-01 (03-TE: ₹ 25.00 lakh; 06-MR: ₹ 25.00 lakh and 64-TTE: ₹ 0.5 lakh) (iii) 2202-01-101-03 S00N (03-TE: ₹ 8.00 lakh; 05-OE: ₹ 15.00 lakh; 06-MR: ₹ 15.00 lakh; RRT: ₹ 2.08 lakh and 64-TTE: ₹ 1.00 lakh) (iv) 2202-01-104-01 (02-

provisions. Thus, supplementary provisions of ₹ 2.70 crore was made unnecessary wherein the expenditure could not reach up to the level of the original provision during the year 2017-18.

Thus, supplementary provision under the Grant, Major head and sub heads was made unnecessary wherein the expenditure could not reach the original provision besides there was saving under these heads during the year 2017-18.

2.7.1.3 Drawal of funds without immediate requirement

Rule 2.10(b) of Himachal Pradesh Financial Rules stipulates that money should not be withdrawn from the treasury unless required for immediate use.

During the test-check of the records and as per information supplied by the DHE, it was noticed that under various scholarship schemes an amount of ₹ 35.24 crore was withdrawn from the treasury during the financial year 2017-18. Out of which ₹ 4.35 crore was expended till the closure of financial year 2017-18 and ₹ 7.60 crore was expended between 01-04-2018 to 31-07-2018 leaving unspent balance of ₹ 23.29 crore out of withdrawn funds as per details given in **Table 2.8:**

Table 2.8: Drawal of funds without immediate requirement

(₹ in crore)

Bank Account No.	Head of Account	Funds withdrawn	Expenditure up to 31/03/2018	Expenditure incurred between 1/04/18 to 31/07/18
20224, SBI, The Mall, Shimla	2202-80-107-08 NP Post Matric OBC (Post Matric SC likely to be transferred in PMS(OBC) A/C))Interest	13.05	0	0
20586, SBI, The Mall, Shimla	2202-80-107-08 NP Post Matric OBC	3.59	0	0
10587, UCO Bank, Ram Bazar, Shimla	2202-80-107-18-KalpanaChawala NP	2.21	0	1.04
	2202-03-103-01-Indira Gandhi(NP)	0.01	0	0.01
4178, SBI, The Mall, Shimla	2202-02-109-01- NP Dr. Ambedkar Medhabi (OBC)	1.80	0	1.70
	SVUCY(P/NP)	3.40	0	1.65
	IRDP NP	2.00	0	2.39
	2202-80-107-08- NP Post Matric OBC	4.78	4.32	0
	2202-80-107-20- Dr. Ambedkar PMS EBC	0.59	0	0
	2202-02-109-01- NP IRDP	0.02	0	0
	2202-02-109-01- NP RIMC	0.02	0	0
20712, SBI, The Mall, Shimla	2202-80-800-08 NP Sainik School	0.37	0	0
	2202-80-107-20- Dr. Ambedkar PMS EBC Interest	3.42	0.03	0.81
	Total	35.24	4.35	7.60

The Additional Director of Higher Education while confirming the facts and figures stated that the online documents submitted by the institutions were under progress and the scholarship would be released shortly. The reply was not acceptable as the funds were drawn without requirement.

2.7.1.4 Surrender over the budget provisions due to unrealistic estimation

During test-check of the records of DHE, it was noticed that under three MHs covering 30 minor/sub heads under Plan and Non-plan, budget provisions of ₹ 262.35 crore (Plan: ₹ 242.55 crore + Non Plan: ₹ 19.80 crore) had been made during

Wages: ₹ 1.70 lakh; 05-OE: ₹ 8.00 lakh; 06-MR: ₹ 2.50 lakh) and (v) 2202-01-104-02 (02-Wages: ₹ 12.00 lakh; 03-TE: ₹ 6.00 lakh; 07-RRT: ₹ 2.99 lakh and 64-TTE: ₹ 0.5 lakh).

the year 2017-18. However, out of this, an expenditure of ₹ 60.20 crore (Plan: ₹ 52.80 crore + Non-Plan: ₹ 7.40 crore) was incurred during the year as detailed in **Appendix 2.14**. The percentage of expenditure to budget under minor/sub head ranged between 0 per cent and 58 per cent. In 22 cases, no expenditure has been incurred resulting into 100 per cent surrender of the sanctioned budget. **Thus, unrealistic budget estimation was made resulting into non-utilization and surrender at the end of the year. These are indicative of ineffective monitoring and control over expenditure.**

2.7.1.5 Expenditure without provisions

Paragraph 1.19 of the HPBM stipulates that no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204, through an Appropriation Act.

During test-check of the records of the Finance Department, it was noticed that neither there was any original nor supplementary provision under the head 2202-80-107-08 during the year 2017-18 but re-appropriation of ₹ 6.16 crore was made. Thus, the re-appropriation made was in contravention of provisions *ibid*. As per re-appropriation orders entitlement of more students for post-matric scholarship to OBC students were the reasons for variation which is not acceptable as there was no provision under the head. **Further, the funds were withdrawn and lying unutilised in the Bank Account as of July 2018.**

2.7.1.6 Unjustified provision for closed scheme

During test-check of the records of Plan schemes, it was noticed that original budget provision under the head of account 2202-80-107-15, scholarship, stipend and concessions for the year 2017-18 under the scheme Protsahan Chhatrvrity Yojna has been made for ₹ one crore.

As per proposed outlay for the year 2017-18 submitted by the DHE, there was no proposal for any provision under the Head of Account. However, as per Excess and Surrender/ Appropriation Accounts there was provision of ₹ one crore in the scheme for which saving of entire amount was provided. The scheme stood withdrawn on 18/11/2013 and the provision made for the year 2017-18 on a closed scheme was unjustified. The Joint Controller (F&A), DHE while confirming the facts and figures stated that the Department had not raised any demand for making the provision and it was made by the Government itself.

2.7.1.7 Non-maintenance of requisite ratio resulting into less expenditure of the matching State share under Sarva Shiksha Abhiyan

During test-check of the records in the Finance Department, it was noticed that under the head-2202-01-111-01-GIA, in Sarva Shiksha Abhiyan (SSA), total provision of ₹ 263.24 crore (₹ 236.92 crore as 90 per cent Centre share and ₹ 26.32 crore as 10 per cent State share) was made. Out of this provision, after re-appropriation of ₹ 36.28 crore in Centre share and ₹ 24.10 crore in State share the final share remained ₹ 200.64 crore and ₹ 2.22 crore respectively which was not in the requisite ratio resulting in less release/expenditure of State share of ₹ 20.07 crore.

2.7.1.8 Delay in submission of budgetary returns

As per Himachal Pradesh Budget Manual (HPBM), the Head of Department is required to submit budget estimates, the statement of excess and surrenders, final statement of excess and surrender by 25 October, 1 December and 31 March, respectively. It was however, noticed that DHE and DEE had submitted the budget estimates, the statement of excess and surrenders and the final statement of excess and surrenders for the year 2017-18 after a delay ranging between 25 and 88 days as per details given in **Table 2.9**:

Table 2.9: Details of submission of budgetary returns to Finance Department

Sr. No.	Name of return	Department	Due date	Actual date of submission*	Delay in submission
1	Budget estimates	DHE	25 October 2016	21 January 2017	88
		DEE	25 October 2016	19 November 2016	25
2	Statement of excess and surrenders	DHE	01 December 2017	05 January 2018	35
		DEE	01 December 2017	22 February 2018	83
3	Final statement of excess and surrenders	DHE	31 March 2018	10 May 2018	40
		DEE	31 March 2018	22 May 2018	52

*Actual date of submission in the FD

This showed that the prescribed time schedule for submission of budget estimates and other budgetary returns was not followed by the Departments. The Joint Controller (F&A) of DHE stated that timely submission of returns would be ensured in future.

2.7.1.9 Unrealistic budget estimates/provisions

Paragraph 5.3 of HPBM stipulates that estimates should be complete and accurate. All estimating officers must know that an avoidable extra provision in an estimate is as much a financial irregularity as an excess in the sanctioned expenditure and it can sometimes lead to serious consequences for which the officers found to be at fault may be held personally responsible.

During test-check of the records of FD, it was noticed that the position of the budget estimates submitted by the offices of the DHE, DEE and the budget provision by the Finance Department for the year 2017-18 is as per details given in **Table 2.10**:

Table 2.10: Position of the Budget Estimates

MH	Departmental Estimates	Provision by FD	Excess/Less Provisions	Actual Expenditure	Supplementary	Re-appropriation
2202-02-001-01 NP	14.60	15.47	0.87	15.14	0.32	(-) 0.65
2202-02-101-01NP	11.75	11.84	0.09	17.57	6.93	(-) 1.20
2202-02-109-01NP	1,619.62	1,678.89	59.27	1,722.92	147.01	(-) 102.98
2202-01-001-01NP	19.59	16.34	(-)3.25	17.01	1.48	(-) 0.81
2202-01-101-01NP	1,466.66	1,460.79	(-)5.87	1,312.39	1.01	(-) 149.40
2202-01-101-03NP	1,331.55	1,007.99	(-)323.56	929.61	1.41	(-) 79.79
Total	4,463.77	4,191.32		4,014.64	158.16	(-)334.83

From the above table it is seen that under six sub heads, the Departmental estimates were reassessed by the FD and there was variation as excess provisions ranging between ₹ 0.87 crore and ₹ 59.27 crore was provided against demand by the Higher Education whereas less provisions ranging between ₹ 3.25 crore and ₹ 323.56 crore

was provided by the FD against demand by Elementary Education. Actual expenditure was neither closer to the estimates of Departments nor of the FD. In spite of Supplementary provisions of ₹ 158.16 crore there was saving of ₹ 334.83 crore. Thus, unrealistic budget estimates/provisions were made.

The Joint Controller (F&A) while confirming the facts and figures stated that demand for additional budget was received from the DDOs and the saving was also on the part of the DDOs due to non-completion of codal formalities. These are indicative of inefficient planning and unrealistic estimation of requirement of funds by the Education/Finance Department.

2.7.1.10 Savings due to non-completion of codal formalities

During test-check of the records of DHE, it was noticed that under two major heads (2202-General Education and 2205-Art and Culture) covering 6 minor heads against the final grant of ₹ 25.25 crore during the year 2017-18, an expenditure of ₹ 22.51 crore had been incurred resulting into substantial saving of ₹ 2.74 crore. Due to non-completion of codal formalities, an amount of ₹ 2.74 crore could not be spent during the financial year depriving the beneficiaries from the intended benefits. The Joint Controller (F&A) DHE while confirming the facts and figures stated that non-completion of codal formalities as required could not be completed in time.

2.7.1.11 Rush of expenditure

State Government has prescribed (September 1995) quarter-wise percentages for incurring expenditure. In the case of Grant No. 08, the prescribed quarter-wise flow of expenditure was not maintained during the year 2017-18 as per details given in **Table 2.11:**

Table 2.11 : Rush of expenditure

Month	Expenditure (₹ in crore)	Quarter	Prescribed norm of expenditure during the quarter (per cent)	Quarterly Expenditure (₹ in crore)	Percentage of actual expenditure
April-2017	138.78	1 st	20	527.10	21
May-2017	176.59				
June-2017	211.73				
July-2017	242.27	2 nd	25	602.04	24
August-2017	174.88				
September-2017	184.89				
October-2017	187.78	3 rd	30	573.35	23
November-2017	211.55				
December-2017	174.02				
January-2018	194.11	4 th	25	773.00	32
February-2018	201.19				
March-2018	377.70				
Total	2,475.49		100	2,475.49	100

From the above table it is seen that the department did not adhere to the prescribed norm of expenditure and there was rush of expenditure in the last quarter of the financial year as 32 per cent and during the month of March, 2018 alone it was 15 per cent (₹ 377.70 crore) of the total expenditure (₹ 2,475.49 crore) of the Grant. In the third quarter expenditure was 23 per cent against the norm of 30 per cent. This not only indicated lack of planning for allocation and utilisation of funds but also showed absence of expenditure control system.

2.7.2 Grant No. 12- "Horticulture"

The overall position of funds allocated and expenditure incurred under the grant during 2017-18 is given in **Table 2.12**:

Table 2.12: Provision of funds allocated and expenditure incurred during 2017-18
(₹ in crore)

Section	Total Grant	Expenditure incurred	Excess (+)/ Savings (-)
Revenue Section	349.40	246.43	(-) 102.97
Capital Section	26.61	26.60	(-) 0.01*
Total	376.01	273.03	(-) 102.98

*Actual figure is ₹5,370/- only

From the above table it is seen that against the budget provision of ₹ 376.01 crore under the grant, an expenditure of ₹ 273.03 crore was incurred resulting in overall saving of ₹ 102.98 crore. This shows that budget estimates were not realistic.

2.7.2.1 Unnecessary supplementary provision

Supplementary grant as per Paragraph 1.20 of Himachal Pradesh Budget Manual means a provision included in an appropriation during the course of a financial year to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.

During 2017-18 under the grant under the Revenue Section-Voted against the total provision of ₹ 349.40 crore (Original: ₹ 303.14 crore and supplementary: ₹ 46.26 crore) an expenditure of ₹ 246.43 crore was incurred. As the expenditure did not come upto the level of original provision of ₹ 303.14 crore, the supplementary provision of ₹ 46.26 crore proved to be unnecessary.

2.7.2.2 Excess (+)/Saving (-) over the Budget Provision under Major Heads

During 2017-18, there was a total budget provision of ₹ 376.01 crore (Original Provision : ₹ 317.75 crore and Supplementary Provision : ₹ 58.26 crore) under seven major heads as per details given in **Table 2.13**:

Table 2.13: Excess (+)/Savings (-) over the budget provisions

(₹ in crore)

Sr No.	Major Head	Total budget provisions			Total Final Grant	Expenditure	Excess (+)/ Savings (-)
		Original	Supplementary	Re-appropriation			
Revenue Section							
1	2059- Public Works	0.00*	0.05	0.00*	0.05	0.05	-
2	2216-Housing	0.02	0.05	0.00*	0.07	0.07	-
3	2401- Crop Husbandry	255.74	3.08	(-) 108.64	150.18	150.32	0.14
4	2415- Agricultural Research and Education	47.38	43.08	5.53	95.99	95.99	-
Total		303.14	46.26	(-) 103.11	246.29	246.43	0.14
Capital Section							
5	4401-Capital outlay on Crop Husbandry	14.61	-	0.00*	14.61	14.61	0.00*
6	4402-Capital outlay on Soil & Water Conservation	0.00*	-	0.00*	-	-	-
7	6401-Loans for Crop Husbandry	0.00*	12.00	(-) 0.00*	12.00	12.00	-
Total		14.61	12.00	0.00*	26.61	26.61	(-) 0.00*
Grand Total		317.75	58.26	(-) 103.11	272.90	273.04	0.14

* Actual figures are ₹ 1,000/-; 2,000/-; (-) 2,164/-; (-) 27,077/-; (-) 663/-; (-) 1,000/-; (-) 2,000/-; (-) 3,663/-; and (-) 1,707/- only.

- Under the Major Head 2401-Crop Husbandry against the total provision of ₹ 258.82 crore (Original: ₹ 255.74 crore and Supplementary: ₹ 3.08 crore) an expenditure of ₹ 150.32 crore was incurred. As the expenditure did not come upto the level of the original provision of ₹ 255.74 crore, the supplementary provision of ₹ 3.08 crore proved to be unnecessary. The Director, Horticulture stated that the supplementary provision was not unnecessarily made as the funds cannot be transferred between plan and non-plan. The reply was not acceptable as the Department should have done proper analysis before making overall budget provisions.
- The Department re-appropriated an amount of ₹ 108.64 crore under the Major Head 2401-Crop Husbandry which included an amount of ₹ 65.81 crore due to non-implementation of Horticulture Development project, non-release of Central Share for various schemes worth ₹ 23.25 crore, and rest due to less drawal of salary and miscellaneous expenditure. The Director admitted the facts. This shows that the budget estimates were not realistic.

2.7.2.3 Injudicious Re-appropriation

Under the four sub heads of Major Head "2401-Crop Husbandry", injudicious re-appropriation resulted in excess expenditure of ₹ 31.43 lakh. In the case of sub head

(2401-00-119-05) "Horticulture Development", an excess expenditure of ₹15.95 lakh was incurred even after obtaining supplementary provision of ₹15.50 lakh. The detail is given in **Table 2.14**:

Table 2.14: Injudicious Re-appropriation

(₹ in lakh)

Sr. No.	Head of account of Scheme/Service	Total budget provision			Total	Expenditure	Excess
		Original	Supplementary	Re-appropriation			
1	2401-00-119-02 (District and Field Staff)	2,764.82	-	(-) 509.43	2,255.39	2,256.48	1.09
2	2401-00-119-05 (Horticulture Development)	1,568.91	15.50	(-) 47.13	1,537.28	1,553.23	15.95
3	2401-00-119-11 (Establishment/ Maintenance of Govt Orchards/ Nurseries)	804.10	-	(-) 121.90	682.20	683.04	0.84
4	2401-00-119-19 (Training & Extension)	2,341.11	-	(-) 291.83	2,049.28	2,062.83	13.55
	Total	7,478.94	15.50	(-) 970.29	6,524.15	6,555.58	31.43

This shows that the budget estimates were not realistic.

2.7.2.4 Anticipated savings not surrendered

According to Himachal Pradesh Budget Manual (Paragraph 11.2 of Chapter 11), all the savings as and when anticipated, must be surrendered to the Finance Department latest by 15 January by the spending Department. During test-check of the records, it was noticed that the Department had not surrendered savings of ₹ 30.74 lakh under the following sub-heads of the Major 2401-Crop husbandry as per details given in **Table 2.15**:

Table 2.15: Non-surrender of anticipated savings

(₹ in lakh)

Head of Accounts	Name of Scheme	Budget Provision	Actual Expenditure	Excess (+)/ Savings(-)
2401-00-119-04	Plant Protection Scheme	100.00	83.70	(-) 16.30
2401-00-119-05	Horticulture Development	72.00	57.56	(-) 14.44
	Total	172.00	141.26	(-) 30.74

The Director, Horticulture stated that due to less purchase of Horticulture implements on account of non-finalisation of rate contracts, savings could not be surrendered well before the stipulated period during 2017-18. The reply was not acceptable as the Department should have ensured timely completion of all the codal formalities.

2.7.2.5 Rush of expenditure

State Government has prescribed (September 1995) quarter-wise percentages for incurring expenditure. In the case of Grant No. 12, the prescribed quarter-wise flow of expenditure was not maintained during the year 2017-18 as per details given in **Table 2.16:**

Table 2.16: Rush of expenditure

Month	Expenditure (₹ in crore)	Quarter	Prescribed norms of expenditure during the quarter (in per cent)	Quarterly Expenditure (₹ in crore)	Percentage of actual expenditure
April-2017	17.43	1 st	20	53.73	19
May-2017	8.68				
June-2017	27.62				
July-2017	18.55	2 nd	25	59.42	22
August-2017	9.33				
September-2017	31.54				
October-2017	21.74	3 rd	30	57.18	21
November-2017	17.04				
December-2017	18.40				
January-2018	20.17	4 th	25	102.71	38
February-2018	38.12				
March-2018	44.42				
Total	273.04		100	273.04	100

The department did not adhere to the prescribed norm of expenditure and there was rush of expenditure in the last quarter of the financial year as 38 per cent and during the month of March, 2018 alone it was 16 per cent (₹ 44.42 crore) of the total expenditure (₹ 273.04 crore) of the Grant. In the third quarter expenditure was 21 per cent against the norm of 30 per cent. **This not only indicated lack of planning for allocation and utilisation of funds but also showed absence of expenditure control system.**

2.7.2.6 Delay in submission of budgetary returns

As per Himachal Pradesh Budget Manual, the head of the department is required to submit budget estimates, the statement of excess and surrenders and final statement of excess and surrenders by 25 October, 1st December and 15th January respectively.

It was, however, noticed that the Director, Horticulture had submitted budget estimates, the statement of excess and surrenders and the final statement of excess and surrender for the year 2017-18 after a delay ranging between 5 days and 120 days as per the details given in **Table 2.17:**

Table 2.17: Details of submission of budgetary returns to Finance Department

Sr. No.	Name of the Return	Department	Due Date	Actual date of Submission	Delay in days
1	Budget Estimates for 2017-18	DH	25-Oct-16	22-Feb-17	120
2	Statement of Excess and Surrender for 2017-18	DH	01-Dec-17	11-Dec-2017	10
3	Final statement of Excess and Surrender for 2017-18	DH	15-Jan-18	20-Jan-2018	5

This showed that the prescribed time schedule for submission of budget estimates and other budgetary returns was not followed by the Department during 2017-18.

2.8 Outcome of Inspection of Treasuries

2.8.1 Excess payment of Pensionary benefits

While inspection during 2016-17 of District Treasuries/Treasuries, by the Office of the Accountant General (A&E) for the year 2016-17, the test-check of pension payment records showed that four District Treasury Officers had made over payment to the extent of ₹ 1.63 lakh to nine family pensioners as per detail given in **Table 2.18**. The excess payment had occurred due to grant of family pension on enhanced rate after prescribed period and authorization of family pension after attaining the age of 25 years.

Table 2.18: Excess payment of Pensionary benefits (on account of Family Pension)

(₹ in lakh)

Sr. No.	Name of Treasury (DT/Treasury)	Nature of overpayment	Number of cases	Payment		
				Through Bank	Through Treasury	Treasury-wise Total
1.	D.T. Bilaspur	Family Pension	01	---	By Treasury	0.59
2.	D.T. Kangra at Dharamshala	Family Pension	01	---	By Treasury	0.29
3.	D.T. Mandi	Family Pension	03	---	By Treasury	0.28
4.	D.T. Shimla	Family Pension	04	---	By Treasury	0.47
		Total	09			1.63

Source: Annual review report on the working of Treasuries in Himachal Pradesh for the year 2016-17 prepared by Accountant General (A&E).

2.8.2 Misclassification of payment made under Group Insurance Scheme

During test check of data for the year 2016-17 available in Himachal Pradesh Online Treasury Information System (HPOLTIS) of District Treasuries/Treasuries, it was noticed that payment amounting to ₹ 4.65 lakh made on account of Insurance Fund, had been wrongly booked under Saving Fund and similarly an amount of ₹ 17.39 lakh pertaining to payment on account of Saving Fund was wrongly booked in Insurance Fund by nine District Treasuries and 18 Treasuries as detailed in **Appendix 2.15**. The

wrong booking resulted in incorrect estimation of interest due on Savings and Insurance Fund.

2.8.3 Misclassification of expenditure under Pensionary Heads

During test-check of data available in Himachal Pradesh Online Treasury Information System (HPOLTIS) for the year 2016-17, it was noticed that an amount of ₹ 41.81 lakh had been misclassified under the Pensionary account heads as detailed in **Table 2.19** and **Appendix 2.16** by District Treasury Officers/Treasury Officers. The wrong classification resulted in wrong depiction of expenditure in accounts.

Table 2.19: Misclassification of expenditure under Pensionary Heads

(₹ in lakh)

Sr. No.	Correct Head of Account	Nature of expenditure	Head of account under which amount was wrongly booked	Amount
1.	2071-01-104-02	DCRG	2071-01-102-02	8.70
2.	2071-01-101-03	Pension	2071-01-101-02 & 2071-01-105-01	33.11
Total				41.81

Source: Annual review report on the working of Treasuries in Himachal Pradesh for the year 2016-17 prepared by Accountant General (A&E).

2.8.4 Authorization of bills without Budget

In accordance with the provisions contained in Rule 17.14 of Himachal Pradesh Financial Rules Volume-I, no Government servant, may without previously obtaining an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the heads concerned and when a Government servant exceeds the annual appropriation he may be held responsible for the excess. Point 15 of Rule 5.20 of Himachal Pradesh Treasury Rules 2007, further states that the bill assistant in the treasury while passing the bills is required to check, whether sufficient budget under relevant head of account is available with the DDO.

During test-check of data for the year 2016-17 in District Treasuries/ Treasuries, it was noticed that in 105 cases, 12 District Treasury Officers and 20 Treasury Officers had authorized an amount of ₹ 12.98 crore in respect of 85 DDOs where budget was not available as detailed in **Appendix 2.17**. **The authorisation of bills without budget during the year 2016-17 not only resulted in unauthorised drawl of funds in violation of appropriation granted by the legislature but also led to financial indiscipline.**

2.8.5 Authorization of funds in excess of sanctioned budget

In accordance with the provisions contained in Point 15 of Rule 5.20 of Himachal Pradesh Treasury Rules 2007, the Treasury Officer is required to see, while passing the bills, whether sufficient budget under relevant head of account is available with the DDO.

During inspection (2016-17) of Treasuries, it was noticed that 12 District Treasury Officers and 72 Treasury Officers authorized excess amount of ₹ 57.22 crore than

available budget to 370 DDOs as detailed in **Appendix 2.18**. The authorisation of funds in excess of the sanctioned budget during the year 2016-17 not only resulted in unauthorised drawl of funds in violation of appropriation granted by the legislature but also led to financial indiscipline. A few of the cases where the unauthorised drawals were substantive are listed below:

Name of District Treasury (DT)/Treasury	Number of DDOs	Number of cases	Excess amount authorized (₹ in lakh)
D.T.Chamba	05	06	220.07
S.T.Kangra	09	10	1,357.19
D.T.Mandi	08	08	303.46
S.T.Nalagarh	06	06	248.48

2.9 Conclusion

During 2017-18, expenditure of ₹ 37,811.09 crore was incurred against total grants and appropriations of ₹ 41,267.45 crore. Overall savings of ₹ 3,456.36 crore were the result of savings of ₹ 3,843.12 crore in various grants/appropriations offset by excess expenditure of ₹ 386.76 crore in two grants and one appropriation which required regularisation of the State Legislature under Article 205 of the Constitution of India in addition to excess expenditure of ₹ 9,402.18 crore for the period 2011-12 to 2016-17. Supplementary provision of ₹ 1,340.08 crore in 21 sub-heads proved unnecessary/inadequate as either expenditure did not come up to the level of original provision or leaving an aggregate uncovered excess expenditure and re-appropriation of funds in 20 sub-heads (₹ one crore or more in each case) was made injudiciously which resulted in excess/savings. In 60 cases (₹ 10 crore or more in each case) ₹ 2,558.50 crore were surrendered at the end of the financial year. In 70 cases/sub-heads, 100 *per cent* grant amounting to ₹ 661.87 crore was surrendered.

In six cases, the expenditure incurred during the last quarter of the year ranged between 65 and 97 *per cent* and the expenditure incurred during the month of March 2018 alone under these heads of accounts constituted 58 to 88 *per cent* of the total expenditure.

CHAPTER-III
FINANCIAL REPORTING

CHAPTER - III

FINANCIAL REPORTING

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

3.1 Delay in furnishing Utilisation Certificates

Financial Rules provide that utilisation certificates (UCs) should be obtained for specific purpose grants by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (Accounts and Entitlement), Himachal Pradesh within one year from the date of their sanction unless specified otherwise. However, of the 5,004 UCs due in respect of grants aggregating ₹ 5,317.40 crore upto March 2018, 2,710 UCs (54 per cent) for an aggregate amount of ₹ 2,799.78 crore (53 per cent) were pending as of March 2018. The department-wise break-up of outstanding UCs is given in **Appendix 3.1** and age-wise delays in submission of UCs are summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates as on 31 March 2018

Sr. No.	Range of delay (in number of years)	Total grants paid		Utilisation certificates outstanding	
		Number of Cases	Amount (₹ in crore)	Number of Cases	Amount (₹ in crore)
1.	0 – 1	2,443	2,435.46	1,559	1,797.96
2.	2 – 3	1,693	2,178.33	677	797.23
3.	4	361	304.52	159	103.80
4.	5 – 6	507	399.09	315	100.79
	Total	5,004	5,317.40	2,710	2,799.78

Source: Accountant General (Accounts and Entitlement)

The majority of cases of outstanding/pendency of UCs i.e. 44 per cent pertained to Rural Development (1,182 UCs: ₹ 1,200.95 crore) and other main departments were Urban Development (126 UCs: ₹ 455.26 crore), Medical and Public Health (113 UCs: ₹ 186.04 crore), Housing (153 UCs: ₹ 60.28 crore), Industries (94 UCs: ₹ 36.81 crore), Art and Culture (132 UCs: ₹ 5.25 crore), Excise and Taxation Department (Compensation and assignment to local bodies) (258 UCs: ₹ 9.95 crore), Social Security and Welfare (163 UCs: ₹ 27.42 crore), Forests (131 UCs: ₹ 6.71 crore), etc.

Pendency in submission of UCs indicates lack of monitoring of utilisation of grants released to the grantees by the department. Non-submission of UCs defeats the very purpose of Legislative control over the public purse and is

fraught with the risk of the funds released for various schemes/programme being locked up, misused or diverted for unauthorised purposes.

The State Government may ensure timely submission of utilisation certificates in respect of the grants released to grantee institutions.

3.2 Delay in submission of Accounts/Separate Audit Reports (SARs) of Autonomous Bodies and placement of SARs before the State Legislature

Several Autonomous Bodies have been set up by the State Government in the fields of Education, Urban Development, Welfare, Health, etc. where audit of accounts of 14 autonomous bodies in the State had been entrusted to the Comptroller and Auditor General of India. Audit observed that out of 14, only one named Himachal Pradesh Legal Service Authority, Shimla had submitted their accounts for 2017-18. The delay in submission of accounts by remaining 13 entities to audit ranged from one to four years as of September 2018. Details of the periods upto which accounts were rendered, issuance of Separate Audit Report and its placement in the Legislature is given in **Appendix 3.2**. Age-wise details are shown in **Table 3.2**.

Table 3.2: Age-wise arrears of Annual Accounts

Sr. No.	Delay in Number of years	No. of Bodies/Authorities
1.	0-1	03
2.	2-3	09
3.	3-4	01
	Total	13

Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

3.3 Non-submission of details of grants/loans paid

To identify institutions/organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the government/heads of the departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which the assistance is granted and the total expenditure of the institutions. Further, Regulations on Audit and Accounts, 2007 provide that governments and heads of departments 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 amount of assistance (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

However, no departments/autonomous bodies (out of a total of 20 departments/autonomous bodies), had furnished such details. In the absence of such information, the number of bodies/authorities which attract audit of C&AG under Section 14 and 15 of DPC Act could not be evaluated. As a result of which the accuracy and propriety

of expenditure out of such loans and grants given out of Consolidated Fund of the State could not be examined in audit.

Appropriate measures for compilation and submission of accounts by these institutions/ entities within the fixed timeframe to audit need to be ensured by the State Government, so as to ensure that financial irregularities, if any, do not go undetected.

3.4 Misappropriation/loss, theft, etc.

Mention was made in previous years' Audit Reports regarding cases of misappropriation, losses, theft, etc. In spite of that, no action has been taken on the cases by the State Government as of September 2018.

State Government reported 48 cases of misappropriation/losses, theft, etc., involving government money amounting to ₹ 80.03 lakh upto July 2018 on which final action was still pending. In all these cases, the First Information Report (FIR) has been filed by the concerned departments. Out of these, 46 cases were more than five years old. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.3** and nature of these cases is given in **Appendix 3.4**. The age-profile of the pending cases and the number of cases pending in each category 'Theft and misappropriation/loss' as emerged from these appendices are summarised in **Table 3.3**.

Table 3.3: Profile of misappropriations/losses and theft

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
0 – 5	02	4.41	Theft	08	8.08
5 – 10	09	13.41			
10 – 15	05	12.03			
15 – 20	13	41.44	Misappropriation/loss of material	40	71.95
20 – 25	03	4.91			
25 and above	16	3.83			
Total	48	80.03	Total	48	80.03

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

Table 3.4: Reasons for outstanding cases of misappropriation/loss, theft, etc.

Reasons for the delay/outstanding cases		Number of cases	Amount (₹ in lakh)
(i)	Awaiting departmental and criminal investigation	26	31.38
(ii)	Awaiting orders for recovery or write off	01	2.57
(iii)	Pending in the courts of law	06	26.72
(iv)	Recovery made/written off but awaiting final disposal from PAC	14	18.94
(v)	Others	01	0.42
Total		48	80.03

An effective and time bound mechanism needs to be put in place to ensure speedy settlement of cases relating to theft, misappropriation and losses.

3.5 Non-adjustment of temporary advances

The Himachal Pradesh Financial Rules 2009 provide that Head of the Office or any other authorized officer may sanction advances to a Government servant for purchase of goods or for hiring services or for any other special purpose subject to the condition that the adjustment bill, along with balance if any, shall be submitted by the concerned Government servant within fifteen days of the drawal of advance.

Test-check of records and information furnished by the various departments revealed that as on 31 March 2018, there were 61 cases of temporary advances relating to the period 2013-14 to 2017-18 aggregating ₹ 26.03 crore were pending for adjustment by four departments in their records due to non-submission of adjustment vouchers in the same financial year and awaited Utilisation Certificates from the concerned. Age-wise analysis of advances pending is given in **Table 3.5**.

Table 3.5: Age-wise analysis of cases of advances pending as of March 2018

Sr. No.	Department	Pending year	No. of cases	Amount (₹ in lakh)
1.	Director, Ayurveda, Shimla	2013-14	02	100.00
		2014-15	04	55.50
		2015-16	16	312.50
		2016-17	10	368.71
		2017-18	13	339.47
2.	Director, Health and Family Welfare, Shimla	2014-15	13	1,398.33
3.	Director, Youth Services and Sports, Shimla	2016-17	01	3.25
		2017-18	01	25.00
4.	Director, Land Records, Shimla	2016-17	01	0.30
Total			61	2,603.06

Non-recovery/adjustment of advances within prescribed time breaches financial discipline and entails risk of misappropriation of public money and unhealthy practices.

3.6 Important factors affecting accuracy of accounts

3.6.1 Outstanding balances under major suspense 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 un-cleared, 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 2017-18 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:

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 3.6.**

Table 3.6: Suspense Head (8658 – Suspense Accounts)

Name of Minor Head	2015-16		2016-17		2017-18	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101-Pay and Accounts Office-Suspense	55.66	18.15	77.13	29.96	86.03	36.55
Net	37.51 Dr.		47.17 Dr.		49.48 Dr.	
102-Suspense Account (Civil)	194.87	212.23	275.05	275.24	171.47	164.12
Net	17.36 Cr.		0.19 Cr.		7.35 Dr.	
112-Tax Deducted at Source (TDS) Suspense	284.65	303.47	380.08	394.95	400.08	453.76
Net	18.82 Cr.		14.87 Cr.		53.68 Cr.	
129-Material Purchase Settlement Suspense Account	143.71	407.35	175.64	399.29	270.59	347.59
Net	263.64 Cr.		223.65 Cr.		77.00 Cr.	

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:

➤ **Pay and Accounts Office (PAO) Suspense– (Minor Head 101)**

This head is intended for settlement of transactions between the Accountant General and the various separate Pay and Accounts Officers. The transactions initially recorded under this head in the books of the AG are cleared on receipt of the Cheques/Demand Drafts from the Pay and Accounts Officer and on the issue of Cheque/Demand Draft in respect of amounts received in the State Treasuries on behalf of the Pay and Accounts Officer. *Outstanding debit balance under this head would mean that payments have been made by the AG on behalf of a PAO, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the AG on behalf of a PAO, which were yet to be paid. The net debit balance under this head showed increasing trend during 2015-18 and increased from ₹37.51 crore 2015-16 to ₹49.48 crore in 2017-18. On clearance/settlement of this, the cash balance of the State Government will increase.*

➤ **Suspense Account- Civil (Minor Head 102)**

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

particulars and outstanding credit balance represents the ‘receipts’ which could not be credited to final receipt head of account for want of details. However, there was outstanding debit balance of ₹7.35 crore under this head as on 31 March 2018.

➤ **Tax deducted at Source (TDS) Suspense – (Minor Head 112)**

This Minor Head is intended to accommodate receipts on account of Income tax deducted at source viz., interest payments on State Government securities, salary bills of State Government employees and pension bills etc., by State Treasury officers/State Pay and Accounts Officers/other Departmental officers who render compiled accounts of State Government as well as from interest payments on State Government securities made at Public Debt offices of the RBI in the books of State Accountant General to enable them to settle transactions with Zonal Accounts Officers concerned of Central Board of Direct Taxes by means of Cheques/Bank Drafts. Receipts on account of TDS are credited to Major Head 8658 – Suspense accounts under Minor Head 112 – TDS Suspense. These credits are to be cleared by the end of each financial year and credited to the Income Tax Department. However, there was outstanding credit balance of ₹ 53.68 crore under this head as on 31 March 2018.

➤ Similarly, under 129-Material Purchase Settlement Suspense Account, there was outstanding credit balance of ₹ 77 crore under this head as on 31 March 2018.

3.7 Compliance to Accounting Standards

As per article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Himachal Pradesh in 2017-18 and deficiencies therein are detailed in **Table 3.7:**

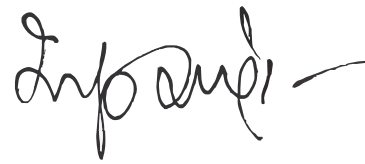
Table 3.7: Compliance to Accounting Standards

Sl. No.	Accounting Standard	Compliance by State Government	Deficiencies noticed in compliance
1	IGAS 1: Guarantees Given by the Government	Complied (Statements 9 and 20 of Finance Accounts)	--
2	IGAS 2: Accounting and Classification of Grants-in- Aid	Complied (Statement 10 of Finance Accounts)	During 2017-18, Grants-in-aid amounting to ₹ 1.21 crore (₹ 0.85 crore + ₹ 0.36 crore) was incurred by State Government, under Capital expenditure heads, which was in contravention of IGAS-2.
3	IGAS 3: Loans and Advances made by Governments	Complied (Statement 18 of Finance Accounts)	--

Source: Indian Government Accounting Standards and Finance Accounts

3.8 Conclusion

Substantial delays in submission of utilisation certificates occurred and as a result proper utilisation of grants could not be ensured. In the absence of annual accounts, it could not be ascertained whether certain autonomous bodies/authorities attract the provision of Section 14 of the CAG's (DPC) Act, 1971. A large number of autonomous bodies did not prepare their final accounts for considerable periods. As a result, their financial position could not be assessed. Further, there were cases of temporary advances pending for adjustment, cases of theft of Government money, misappropriation, loss of Government material and defalcation, departmental action was pending for long periods.



(INDER DEEP SINGH DHARIWAL)
Principal Accountant General (Audit)
Himachal Pradesh

Shimla
The 13 August 2019

Countersigned



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The 20 August 2019

APPENDICES

Appendix-1

State Profile

A General Data

Sr.No.	Particulars	Figures
1.	Area	55,673 Sq km
2.	Population	
	A As per Census (2001)	0.61 crore
	B As per Census (2011) 2018 (Projected)	0.69 crore 0.73 crore
3.	(a) Density of Population (2001) (All India density= 325 persons/sq km) (b) Density of Population (2011) (All India average= 382 persons/sq km)	109 persons/sq km 123 persons/sq km
4.	Population below poverty line (2011-12) (All India average= 21.9 %)	8.10%
5.	(a) Literacy (2001) (All India average= 64.8%) (b) Literacy (2011) (All India average= 73%)	76.50% 82.80%
6.	(a) Infant Mortality Rate (IMR) (2016) (All India IMR = 34) (b) Life Expectancy at Birth (2011-15) (All India average= 68.3)	25 72
7.	Human Development Index (2007-08) (All India IMR = 0.467)	0.652
8.	Gini Co-efficient (2009-10) (URP) (a) Rural (All India average= 0.29) (b) Urban (All India average= 0.38)	0.31 0.40
9.	Gross State Domestic Product (GSDP) 2017-18(₹ in crore)	1,35,914
10.	GSDP Compound Annual Growth Rate (CAGR) (2008-09 to 2017-18)	14.09 (SCS: 12.5)

B Financial Data

Compound Annual Growth Rate (CAGR)							
		2008-09 to 2016-17		2012-13 to 2016-17		2016-17 to 2017-18	
		SCS*	HP**	SCS*	HP**	SCS*	HP**
A	of Revenue Receipts	13.7	14.10	12.4	13.91	10.4	4.20
B	of Tax Revenue	16.0	17.34	11.9	11.06	20.0 ^{##}	0.98
C	of Non-Tax Revenue	8.3	-0.75	10.6	5.67	8.0	37.68
D	of Total Expenditure	13.7	16.12	12.9	14.65	10.6	-2.56
E	of Capital Expenditure	7.8	11.99	11.4	15.66	19.6	7.34
F	of Revenue Expenditure on Education	16.6	16.24	12.5	9.50	15.8	15.25
G	of Revenue Expenditure on Health	18.0	16.64	16.2	12.06	20.5	16.12
H	of Salary and wages	14.7	13.25	9.5	7.48	20.6	11.20
I	of Pension	18.8	20.12	12.7	10.62	28.1	14.46

Source: Finance Accounts and Audit Reports, Census info of India (2011), Economics and Statistics Department of Himachal Pradesh and Central Statistical office.

* Special Category States ** Himachal Pradesh ## Excluding outlier states like Arunachal Pradesh and Meghalaya

Appendix-1.1

Part-A: Structure and Form of Government Accounts

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

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

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

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

Appendix-1.1

Part-B: Layout of Finance Accounts

The Finance Accounts for the year 2017-18 have been divided into two Volumes – Volume I and II. Volume I represents the financial statements of the Government in summarized form while Volume II represents detailed financial statement. The layout of the Finance Accounts is chalked out in the following manner:

Layout	
<i>VOLUME- I</i>	
<i>Statement 1</i>	Statement of Financial Position
<i>Statement 2</i>	Statement of Receipts and Disbursements Annexure- A: Cash balances and investment of Cash balances
<i>Statement 3</i>	Statement of Receipts (Consolidated Fund)
<i>Statement 4</i>	Statement of Expenditure (Consolidated Fund)
<i>Statement 5</i>	Statement of Progressive Capital expenditure
<i>Statement 6</i>	Statement of Borrowings and other Liabilities
<i>Statement 7</i>	Statement of Loans and Advances given by the Government
<i>Statement 8</i>	Statement of Investments of the Government
<i>Statement 9</i>	Statement of Guarantees given by the Government
<i>Statement 10</i>	Statement of Grants-in-aid given by the Government
<i>Statement 11</i>	Statement of Voted and Charged Expenditure
<i>Statement 12</i>	Statement on Sources and Application of funds for expenditure other than revenue account
<i>Statement 13</i>	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
	Notes to Accounts
<i>VOLUME- II</i>	
<i>Part I: Detailed Statements</i>	
<i>Statement 14</i>	Detailed Statement of Revenue and Capital Receipts by Minor Heads
<i>Statement 15</i>	Detailed Statement of Revenue Expenditure by Minor Heads
<i>Statement 16</i>	Detailed Statement of Capital Expenditure by Minor Heads and Sub heads
<i>Statement 17</i>	Detailed Statement of Borrowings and other Liabilities
<i>Statement 18</i>	Detailed Statement of Loans and Advances given by the State Government
<i>Statement 19</i>	Detailed Statement of Investments
<i>Statement 20</i>	Detailed Statement of Guarantees given by the Government
<i>Statement 21</i>	Detailed Statement on Contingency Fund and other Public Account transactions
<i>Statement 22</i>	Detailed Statement on Investment of Earmarked Funds

Part II: Appendices	
<i>I</i>	Comparative Expenditure on Salary
<i>II</i>	Comparative Expenditure on Subsidy
<i>III</i>	Grants-in-aid given by the State Government (Institution-wise and Scheme-wise)
<i>IV</i>	Details of Externally Aided Projects
<i>V</i>	Plan Scheme expenditure A-Central Schemes (Centrally Sponsored Schemes and Central Plan Schemes) B- State Plan Schemes
<i>VI</i>	Direct transfer of Central Scheme funds to implementing agencies in the State (Funds routed outside the State budget)
<i>VII</i>	Acceptance and Reconciliation of Balances
<i>VIII</i>	Financial results of Irrigation Works
<i>IX</i>	Statement of Commitments -List of Incomplete Capital Works
<i>X</i>	Statement on Maintenance expenditure with segregation of salary and non-salary portion
<i>XI</i>	Major policy decisions during the year or new schemes proposed in the budget
<i>XII</i>	Committed liabilities of the State in future

Appendix-1.2

Part A: Methodology adopted for the Assessment of Fiscal Position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts were analyzed wherever necessary over the period 2013-18 and observations have been made on their behavior. In its Restructuring Plan of State finances, the Th FC recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, Th FC also recommended that all States amend the Fiscal Responsibility (FR) Acts so that the fiscal position of State could be improved as committed in their respective FR Acts/Rules covering medium to long term. The norms/ceilings prescribed by the Th FC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Government in their FR Acts and in other Statements required to be laid in the legislature under the Act, have been used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue (NTR), revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for tax revenues, NTRs, revenue expenditure etc., with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The new GSDP series with 2011-12 as base as published by the Director of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

Trends in Gross State Domestic Product (GSDP)

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

	2013-14	2014-15	2015-16	2016-17	2017-18
Gross State Domestic Product (₹ in crore)	94,764	103,772	113,355	124,235	135,914
Growth rate of GSDP (in per cent)	14.42	9.51	9.23	9.60	9.40

Source: Economic and Statistics Department, Himachal Pradesh and Central Statistics Office

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

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

Appendix-1.2

Part-B: Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 (Amended vide Act No. 25 of 2011)

The Government of Himachal Pradesh enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 in April 2005 which was further amended by Act No. 25 of 2011 to ensure prudence in fiscal management and fiscal stability, by progressive reduction in revenue deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles as laid down in the Act and the rules framed thereunder, the Act prescribed the following fiscal targets for the State Government:

- Eliminate revenue deficit and maintain revenue surplus;
- Reduce fiscal deficit to three *per cent* or less of Gross State Domestic Product ;
- Reduce outstanding debt to 32.92 *per cent* of GSDP by the financial year 2017-18.
- Maintain outstanding risk weighted guarantees on long term debt below 40 *per cent* of total revenue receipt in the preceding financial year for which actuals are available as per Finance Accounts.

Further, Section 7 of the Act also amended which envisages that an independent mechanism shall be set up by the State Government to review and monitor the fiscal reform path set out under this Act.

Appendix-1.3

(Reference: Paragraphs 1.3 and 1.11.3; Pages 9 and 44)

Time Series Data on the State Government Finances

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Part-A: Receipts					
1. Revenue Receipts	15,711	17,843	23,440	26,264	27,367
(i) Tax Revenue	5,121 (33)	5,940(33)	6,696 (29)	7,039 (27)	7,108(26)
States Goods and Services Tax (SGST)	-	-	-	-	1,833(26)
Taxes on Sales, Trade, etc.	3,141 (61)	3,661(62)	3,993 (60)	4,382 (63)	2,526(36)
State Excise	952 (19)	1,044(18)	1,131 (17)	1,308 (19)	1,311(18)
Taxes on Vehicles	208 (4)	220(4)	317 (05)	280 (4)	367(5)
Stamps and Registration fees	188 (4)	190(3)	206 (03)	209 (3)	229(3)
Taxes and Duties on electricity	191 (4)	333(5)	551(8)	372(5)	361(5)
Land Revenue	10 (-)	17(-)	7(-)	8(-)	17(-)
Taxes on Goods and Passengers	105 (2)	110(2)	115 (02)	121(2)	112(2)
Other Taxes	326 (6)	365(6)	376(5)	359(4)	352(5)
(ii) Non Tax Revenue	1,785 (11)	2,081(12)	1,837 (08)	1,717 (6)	2,364(9)
(iii) State's share of Union taxes and duties	2,491 (16)	2,644(15)	3,611 (15)	4,344 (17)	4,801(17)
(iv) Grants-in-aid from Government of India	6,314 (40)	7,178(40)	11,296 (48)	13,164 (50)	13,094(48)
2. Miscellaneous Capital Receipts	-	650	-	-	35
3. Recoveries of Loans and Advances	17	41	26	30	40
4. Total Revenue and Non debt capital receipts (1+2+3)	15,728	18,534	23,466	26,294	27,442
5. Public Debt Receipts	4,050	10,877	6,129	8,603	5,600
Internal Debt (excluding Ways and Means Advances and Overdrafts)	3,362(83)	3,892 (36)	4,294 (70)	6,831 [#] (79)	5,118(91)
Ways and Means Advances and Overdrafts	629(16)	6,860 (63)	1,785 (29)	1,671 (20)	400(7)
Loans and Advances from Government of India	59(1)	125(1)	50 (01)	101 (01)	82(2)
6. Total Receipts in the Consolidated Fund (4+5)	19,778	29,411	29,595	34,897	33,042
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts	10,300	10,575	11,515	13,630	14,680
9. Total Receipts of the State (6+7+8)	30,078	39,986	41,110	48,527	47,722
Part-B: Expenditure/disbursement					
10. Revenue Expenditure	17,352	19,787	22,303	25,344	27,053
Plan	2,387 (14)	3,204(16)	3,493(16)	4,520(18)	3,772(14)
Non-Plan	14,965 (86)	16,583(84)	18,810(84)	20,824(82)	23,281(86)
General Services (including interest payments)	7,047 (41)	7,604(38)	8,788(39)	9,728 (38)	11,009(41)
Social Services	6,706 (39)	7,451(38)	7,980 (36)	9,610 (38)	10,337(38)
Economic Services	3,590 (20)	4,723(24)	5,525 (25)	5,996 (24)	5,697(21)
Grants-in-aid and contributions	9 (-)	9(-)	10 (-)	10 (-)	10(-)
11. Capital Expenditure	1,856	2,473	2,864	3,499	3,756
Plan	1,815 (98)	2,431(98)	2,568(90)	3,115(89)	3416(91)
Non-Plan	41 (2)	42(2)	296(10)	384(11)	340(9)
General Services	81 (4)	83(3)	88(3)	208 (6)	192(5)
Social Services	478 (26)	522(21)	792(28)	1,041 (30)	1,135(30)
Economic Services	1,297 (70)	1,868(76)	1,984(69)	2,250 (64)	2,429(65)
12. Disbursement of Loans and Advances	531	474	463	3,290[#]	503
13. Total (10+11+12)	19,739	22,734	25,630	32,133	31,312

	2013-14	2014-15	2015-16	2016-17	2017-18
14. Repayments of Public Debt	1,704	8,260	3,948	3,943	3,500
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,467	1,410	1,557	2,198	3,021
Ways and Means Advances and Overdrafts	172	6,783	2,320	1,671	400
Loans and Advances from Government of India	65	67	71	74	79
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	21,443	30,994	29,578	36,076	34,812
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	9,227	8,844	10,577	12,351	13,043
19. Total disbursement by the State (16+17+18)	30,670	39,838	40,155	48,427	47,855
Part-C: Deficit/ Surplus					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-) 1,641	(-) 1,944	1,137	920	314
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 4,011	(-) 4,200	(-) 2,165	(-) 2,948[#]	(-) 3,870
22. Primary Deficit (-)/Surplus (+) (21+23)	(-) 1,530	(-) 1,351	990	411[#]	(-) 82
Part-D: Other data					
23. Interest Payments (included in revenue expenditure)	2,481	2,849	3,155	3,359	3,788
24. Financial Assistance to local Bodies etc.	1,438	2,156	2,612	3,357	2,895
25. Ways and Means Advances/Overdraft availed (days)	11	125	31	23	2
Ways and Means Advances availed (days)	10	77	25	23	2
Overdrafts availed (days)	01	48	06	-	-
26. Interest on Ways and Means Advances/ Overdrafts	0.11	14.80	6.40	16.17	-
27. Gross State Domestic Product (GSDP)	94,764 (14.42)	103,772 (9.51)	113,355 (9.23)	124,235 (9.60)	135,914 (9.40)
28. Outstanding Fiscal liabilities (year end)	33,884	38,192	41,197	47,244[#]	51,030
29. Outstanding guarantees (yearend) (including interest)	4,333	4,281	3,714	4,550	4,394
30. Maximum amount guaranteed (year end)	9,316	9,316	9,658	12,320	8,848
31. Number of incomplete projects	12	13	12	12	11
32. Capital blocked in incomplete projects	130	141	143	188	176
Part- E: Fiscal Health Indicators					
I. Resource Mobilization (ratio)					
Own Tax revenue/GSDP	0.05	0.06	0.06	0.06	0.05
Own Non-Tax Revenue/GSDP	0.02	0.02	0.02	0.01	0.02
Central Transfers/GSDP	0.09	0.09	0.13	0.14	0.13
II. Expenditure Management(ratio)					
Total Expenditure/GSDP	0.21	0.22	0.23	0.26	0.23
Total Expenditure/Revenue Receipts	1.26	1.27	1.09	1.22	1.14
Revenue Expenditure/Total Expenditure	0.88	0.87	0.87	0.79	0.86
Expenditure on Social Services/Total Expenditure	0.36	0.35	0.34	0.33	0.37
Expenditure on Economic Services/Total Expenditure	0.25	0.29	0.29	0.26	0.26
Capital Expenditure/Total Expenditure	0.09	0.11	0.11	0.11	0.12
Capital Expenditure on Social and Economic Services/Total Expenditure	0.09	0.11	0.11	0.10	0.11

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	2013-14	2014-15	2015-16	2016-17	2017-18
III. Management of Fiscal Liabilities(ratio)					
Fiscal Liabilities/GSDP	0.36	0.37	0.36	0.38	0.38
Fiscal Liabilities/RR	2.16	2.14	1.76	1.80	1.86
IV. Other Fiscal Health Indicators					
Return on Investment (₹ in crore)	103.42	170.99	111.94	289.63	255.58
Balance from Current Revenue (₹ in crore)	(-)3,544	(-) 4,719	1,858	1,153	(-)119
Financial Assets/Liabilities (ratio)	0.68	0.67	0.72	0.77	0.80
Revenue Deficit/Fiscal Deficit (ratio)	0.41	0.46	*	*	*
Primary Revenue Balance/GSDP (ratio)	0.01	0.01	0.04	0.03	0.03
Revenue Expenditure: Basic Parameters					
Total Expenditure (TE) (₹ in crore)	19,739	22,734	25,630	32,133	31,312
Rate of Growth TE (<i>per cent</i>)	6.14	15.17	12.74	25.37	(-) 2.56
Revenue Expenditure (RE) (₹ in crore)	17,352	19,787	22,303	25,344	27,053
Rate of Growth RE (<i>per cent</i>)	7.28	14.03	12.72	13.63	6.74
Non-Plan Revenue Expenditure (NPRE) (₹ in crore)	14,965	16,583	18,810	20,824	23,281
Rate of Growth NPRE (<i>per cent</i>)	6.17	10.81	13.43	10.70	11.80
Plan Revenue Expenditure (₹ in crore)	2,387	3,204	3,493	4,520	3,772
Rate of Growth PRE (<i>per cent</i>)	14.81	34.23	9.02	29.40	(-)16.55
NPRE/GSDP (<i>per cent</i>)	15.79	15.98	16.59	16.76	17.13
RE/TE (<i>per cent</i>)	87.91	87.04	87.02	78.87	86.40
NPRE as <i>per cent</i> of TE	75.81	72.94	73.39	64.81	74.35
PRE as <i>per cent</i> of TE	12.09	14.09	13.63	14.07	12.05
NPRE as <i>per cent</i> of RR	95.25	92.94	80.25	79.29	85.07
Percentage of NPRE to RE	86.24	83.81	84.34	82.17	86.06
PRE to RE	13.76	16.19	15.66	17.83	13.94
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.51	1.48	1.38	1.42	0.72
RRs (ratio)	10.11	1.03	0.41	1.13	1.61
NPRE (ratio)	1.18	1.30	0.95	1.27	0.57
PRE (ratio)	0.49	0.41	1.41	0.46	(-) 0.41

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

Includes ₹2,890.50 crore on account of UDAY Scheme

Excludes ₹2,890.50 crore on account of UDAY Scheme

* Revenue Surplus hence, figures not calculated.

Appendix-1.4

(Reference: Paragraph 1.1.1; Page 3)

Part-A: Abstract of Receipts and Disbursements for the year 2017-18

(₹ in crore)

Receipts					Disbursements					
	2016-17		2017-18			2016-17	2017-18			
							Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10	11
Section-A: Revenue										
I-Revenue Receipts		26,264.34		27367.06	I-Revenue Expenditure	25,344.22	23280.94	3772.22	27053.16	27053.16
(i) Tax revenue	7,039.05		7107.67		General Services	9,727.95	10882.54	127	11009.54	
(ii) Non-tax revenue	1,717.24		2363.85		Social Services	9,609.92	8142.55	2194	10336.55	
(iii) State's share of Union Taxes and Duties	4,343.70		4801.31		Education, Sports, Art and Culture	4,945.19	4620.36	1078.75	5699.11	
(iv) Non-Plan Grants	8,877.19				Health and Family Welfare	1,501.32	1206.86	536.11	1742.97	
(v) Grants for State Plan Schemes	1,187.48				Water Supply, Sanitation, Housing and Urban Development	1,777.25	1304.76	34.21	1338.97	
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	3,099.68				Information and Broadcasting	44.42	47.13	0.32	47.45	
(v) Centrally Sponsored Schemes			3,590.26		Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	62.77	12.79	43.36	56.15	
(vi) Finance commission Grants			8,889		Labour and Labour Welfare	123.19	140.35	15.54	155.89	
(vii) Other transfer/Grants to State/Union territories with legislatures			615.39		Social Welfare and Nutrition	1,134.33	794.17	477.87	1272.04	
					Others	21.45	16.13	7.84	23.97	
					Economic Services	5,996.32	4245.55	1451.22	5696.77	
					Agriculture and Allied Activities	1,678.18	1055.74	743.81	1799.55	
					Rural Development	1,178.79	630.1	291.69	921.79	
					Irrigation and Flood Control	461.83	444.84	5.65	450.49	
					Energy	822.29	372.4	0.2	372.6	
					Industry and Minerals	121.52	57.11	48.7	105.81	
					Transport	1,546.41	1636.74	177.67	1814.41	
					Science, Technology and Environment	9.52	3.07	9.16	12.23	
					General Economic Services	177.78	45.55	174.34	219.89	
					Grants-in-aid and Contributions	10.03	10.3	-	10.3	
Total		26,264.34		27367.06	Total	25,344.22	23280.94	3772.22	27053.16	
II-Revenue Deficit carried over to Section -B					II-Revenue surplus carried over to Section-B	920.12			313.9	
Total:		26,264.34		27367.06	Total:	26,264.34			27367.06	

Audit Report on State Finances for the year ended 31 March 2018

Receipts					Disbursements					
2016-17		2017-18			2016-17	2017-18				
						Non-Plan	Plan	Total		
1	2	3	4	5	6	7	8	9	10	11
Section-B: Capital										
III-Opening cash balance including Permanent Advances and Cash Balance Investment		216.23		316.35	III- Opening overdraft from Reserve Bank of India					
IV- Misc. Capital Receipts		--		34.82	IV- Capital Outlay	3,499.03	339.93	3,415.74	3755.67	3,755.67
					General Services	208.37	23.48	168.30	191.78	
					Social Services	1,041.06	96.72	1,038.24	1,134.96	
					Education, Sports, Art and Culture	295.72	31.60	309.96	341.56	
					Health and Family Welfare	285.53	2.42	260.44	262.86	
					Water Supply, Sanitation, Housing and Urban Development	433.73	61.55	454.88	516.43	
					Information and Broadcasting	0.77	-	0.16	0.16	
					Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	8.64	-	5.29	5.29	
					Social Welfare and Nutrition	15.93	1.15	6.76	7.91	
					Others	0.75	-	0.75	0.75	
					Economics Services	2,249.60	219.73	2,209.20	2,428.93	
					Agriculture and Allied Activities	50.45	9.59	50.24	59.83	
					Other Rural Development Programmes	3.49	-	2.26	2.26	
					Irrigation and Flood Control	201.36	5.06	246.40	251.46	
					Energy	202.78	-	187.11	187.11	
					Industry and Minerals	56.33	6.00	66.83	72.83	
					Transport	1,583.61	199.08	1,495.39	1,694.47	
					General Economic Services	151.58	-	160.97	160.97	
					Total	3,499.03	339.93	3,415.74	3,755.67	
V-Recoveries of Loans and Advances		29.50		39.61	V- Loans and Advances disbursed	3,289.69				502.53
From Power Projects	-		-		To Power Projects	3,228.81			417.59	
From Government Servants	8.79		8.58		To Government Servants	7.03			3.17	
From Co-operations	16.52		28.98		To Co-operations	39.79			56.33	
From Others	4.19		2.05		To Others	14.06			25.44	
VI-Revenue surplus brought down		920.12		313.9	VI-Revenue deficit brought down					

Receipts					Disbursements						
		2016-17		2017-18		2016-17		2017-18			
								Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10	11	
VII-Public Debt Receipts		8,603.31		5600.29	VII-Repayment of Public Debt	3,942.84				3499.85	
Internal Debt other than Ways and Means Advances and Overdrafts	6,831.29		5118.26		Internal debt other than Ways and Means Advances and Overdrafts	2,198.19			3020.82		
Ways and Means Advances including Overdrafts	1,670.72		400.14		Ways and Means Advances and Overdrafts	1,670.72			400.14		
Loans and Advances from the Central Government	101.30		81.89		Repayment of Loans and Advances to Central Government	73.93			78.89		
VIII-Appropriation to Contingent Fund		-		-	VIII-Appropriation to Contingent Fund	-			-		
IX- Amount transferred to Contingent Fund		-		-	IX-Expenditure from Contingent Fund	-			-		
X- Public Account Receipts		13,629.90		14,679.52	X- Public Account disbursements	12351.15				13,043.21	
Small Savings and Provident Funds	3,402.37		3768.05		Small Savings and Provident Funds	2,197.86			2376.07		
Reserve Funds	249		420.27		Reserve Funds	2,48.76			314.83		
Deposits and Advances	2,727.39		2873.88		Deposits and Advances	2,546.02			2685.26		
Suspense and Miscellaneous	799.83		763.06		Suspense and Miscellaneous	871.97			881.82		
Remittances	6,451.31		6854.26		Remittances	6,486.54			6785.23		
XI- Closing overdraft from Reserve Bank of India					XI-Cash Balance at end	316.35				183.23	
					Cash in Treasuries and Local Remittances	-			-		
					Departmental Cash Balance including Permanent Advances	0.19			0.19		
					Deposits with Reserve Bank	(-) 443.27			(-) 540.68		
					Cash Balance investment	759.43			723.72		
Total		23,399.06		20984.49	Total	23,399.06				20984.49	

Appendix-1.4

(Reference: Paragraphs 1.1.1 and 1.9.1; Pages 3 and 31)

Part-B: Summarised financial position of the Government of Himachal Pradesh as on 31 March 2018

(₹ in crore)

Assets	As on 31 March 2017	As on 31 March 2018	
Gross Capital Outlay on Fixed Assets -	30,607.89		34,363.57
Investments in shares of Companies, Corporations, etc.	3,293.53		3,532.97
Other Capital Outlay	27,314.36		30,830.60
Loans and Advances -	6,044.26		6,507.18
Loans for Power Projects	5,763.55	6,181.14	
Other Development Loans	240.72	291.46	
Loans to Government servants and Miscellaneous loans	39.99	34.58	
Reserve Fund Investments			
Cash -	316.35		183.23
Cash in Treasuries and Local Remittances			
Deposits with Reserve Bank of India	(-) 443.27	(-) 540.68	
Departmental Cash Balance	0.16	0.16	
Permanent Imprest	0.03	0.03	
Cash Balance Investments	759.43	723.72	
Cumulative excess of expenditure over receipts*	10,800.37		10,451.65
Total	47,768.87		51,505.63

* The Cumulative excess of expenditure over receipts is different from, and not the fiscal/revenue deficit for the current year

Liabilities	As on 31 March 2017	As on 31 March 2018	
Internal Debt	31,494.03		33,591.47
Market Loans bearing interest	19,023.07	21,574.06	
Market Loans not bearing interest	-	-	
Loans from Life and General Insurance Corporation of India	74.95	51.38	
Loans from the NABARD	2,101.10	2,251.10	
Loans from National Co-operative Development Corporation	95.99	75.03	
Special securities issued to NSSF of the Central Government	7,150.02	6,635.31	
Compensation and other bonds	2,890.50	2,890.50	
Loans from other Institutions	158.40	114.09	
Loans and Advances from Central Government -	1,076.43		1,079.43
Non-Plan Loans	4.23	3.69	
Loans for State Plan Schemes	1,072.07	1,075.61	
Loans for Central Plan Schemes	-	-	
Loans for Centrally Sponsored Plan Schemes	-	-	
Other Loans	0.13	0.13	
Contingency Fund	5.00		5.00
Small Savings, Provident Funds, etc.	11,844.41		13,236.38
Deposits and Advances	2,609.04		2,797.67
Reserve Funds	219.57		325.02
Suspense and Miscellaneous Balances	192.17		73.41
Remittance Balances	328.22		397.25
Total	47,768.87		51,505.63

Appendix-1.5

(Reference: Paragraph 1.2.1; Page 8)

Statement showing the funds transferred directly to the State Implementing Agencies by the GoI under Programme/Schemes during 2016-17 and 2017-18

(₹ in crore)

Direct transfer of Central Scheme Fund to implementing agencies in the State(Funds routed outside State Budget) (unaudited figures)			
Government of India Scheme	Implementing Agency	GoI releases	
		2017-18	2016-17
1	2	3	4
MPs Local Area Development	Deputy Commissioners	32.50	35.00
	Total	32.50	35.00
Alliance and R&D Mission	Department of Environment, Science and Technology	--	3.92
	Total	--	3.92
Biotechnology Research and Development	Ministry of Science and Technology	--	2.83
	Total	--	2.83
GIA to NGOs for STs including Coaching and Allied Scheme and Award for exemplary	Rinchen Zangpo Society for Spiti Development	0.92	1.45
	Buddhist Culture Society of Dey Gompa	0.29	0.13
	The Institute of Studies in Buddhist Philosophy and Tribal Cultural Society, TABO	0.40	0.75
	Ramdha Buddhist Society	0.27	0.12
	Himalayan Buddhist Cultural Association, Manali, Himachal Pradesh	0.63	0.32
	Total	2.51	2.77
Grid Interactive Renewable Power MNRE	Sai Engineering Foundation	1.00	--
	Himachal Pradesh Energy Development Agency	--	5.90
	H.P. State Electricity Board	--	0.25
	UCO Bank	2.14	--
	Punjab National Bank	1.50	--
	Total	4.64	6.15
Integrated Scheme on Agricultural Census and Statistics	Himachal Pradesh University, Shimla	3.53	1.96
	Himachal Pradesh Krishi Vishwavidhyalay	0.04	0.01
	Dr. YS Parmar University of Horticulture and Forestry	0.07	--
	Total	3.64	1.97
Industrial Infrastructure Upgradation Scheme IIUS DIPP	HP State Industrial Development Corporation	8.93	--
	Total	8.93	--
Transport Subsidy Scheme	HP State Industrial Development Corporation Ltd.	17.12	--
	Total	17.12	--
Off Grid DRPS	Himachal Pradesh Energy Development Agency	--	27.21
	Shoolini University of Biotechnology and Management Science	--	0.03
	YS Parmar University	--	0.03
	Ministry of Agriculture HP	--	0.36
	Himachal Consultancy Organisation	--	--
	World wide Fund for nature India	--	--
	Total	27.63	27.63

1	2	3	4
Assistance to State for Developing Export	HP State Industrial Development Corporation Limited	--	7.83
	Total	--	7.83
Development of Automobile Industry	HP Road Transport Corporation	19.62	21.10
	Total	19.62	21.10
Higher Education Scheme	Indian Institute of Advance Study	0.71	19.28
	Government Polytechnic Sundernagar	0.09	0.21
	Total	0.80	19.49
Industrial Development of Backward and Remote Areas	HP State Industrial Development Corporation Limited	--	8.86
	Total	--	8.86
National Mission on Food Processing (SAMPDA)	Ministry of Food Processing Industries	--	9.34
	Himalayan Cotton Yarn Limited	0.92	--
	Fresh Produce Impex	0.96	--
	Pulkit Fresh and Healthy	5.00	--
	Paonta Sahib Food Corporation	4.39	--
	Total	11.27	9.34
National Agriculture Marketing (NAM)	HP State Agriculture Marketing Board	--	5.70
	Total	--	5.70
National Aids Control Programme Including STD Control	HP State Aids Control Society	10.11	9.74
	Total	10.11	9.74
Schemes arising out of the implementation of the person with disabilities SJE	Composite Regional Centre for PWD's	6.94	5.10
	Total	6.94	5.10
National Rural Employment Guarantee Scheme (MGNREGA)	Social Audit unit Himachal Pradesh	--	0.20
	Himachal Pradesh Rural Development and Employment Guarantee Society	436.20	104.12
	Total	436.20	104.32
Scheme for Border Management	Executive Engineer HPPWD Bhabanagar	--	30.00
	Total	--	30.00
Package for Special Category State	HP State Industrial Development Corporation	40.37	--
	Total	40.37	--
Renewable Energy for Urban, Industrial and Commercial Application	HP Energy Development Agency	13.39	--
	Total	13.39	--
Swadesh Darshan	HP Tourism Development Board	--	19.95
	Total	--	19.95
Other Scheme	Ministry of Road Transport and Highways	--	92.18
	Total	--	92.18
Others	--	266.16	43.30
	Total	266.16	43.30
Grand Total		901.83	457.18

Source: Finance Accounts

Appendix-1.6

(Reference: Paragraph 1.8.2.1; Page 26)

Sector-wise Investment in SPSUs

(₹ in crore)					
Sr. No.	Name of Company	Capital	Long term loan	Free Reserve	Investment
Power					
1	Beas Valley Power Corporation Limited	300	933.4	0	1233.4
2	Himachal Pradesh Power Corporation Limited	1,855.56	2,523.33	0	4,378.89
3	Himachal Pradesh Power Transmission Corporation Limited	274.76	718.05	0	992.81
4	Himachal Pradesh State Electricity Board Limited	670.55	4,827.18	0	5,497.73
Manufacturing					
5	Himachal Pradesh General Industries Corporation Limited	7.16	2.97	20.89	31.02
6	Himachal Worsted Mill Ltd.	0.92	0	0	0.92
Finance					
7	Himachal Backward Classes Finance and Development Corporation	13	20.13	0	33.13
8	Himachal Pradesh Mahila Vikas Nigam	10.74	0	0	10.74
9	Himachal Pradesh Minorities Finance and Development Corporation	11.34	0	0	11.34
10	Himachal Pradesh Financial Corporation	99.57	132.46	0	232.03
Service					
11	Himachal Pradesh State Civil Supplies Corporation Limited	3.51	0	33.09	36.6
12	Himachal Pradesh State Electronics Development Corporation Limited	3.72	0.95	5.38	10.05
13	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	9.25	0	0	9.25
14	Himachal Pradesh Tourism Development Corporation Limited	12.3	0	0	12.3
15	Himachal Pradesh Kaushal Vikas Nigam	0.007	0	0.12	0.127
16	Himachal Road Transport Corporation	720.49	202.27	0	922.76
17	Himachal Pradesh Beverages Limited	1	0	0	1
18	Himachal Consultancy Organisation Ltd.				
Infrastructure					
19	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	25	0	0	25
20	Himachal Pradesh State Industrial Development Corporation Limited	30.82	0	42.85	73.67
21	Dharamshala Smart City Limited	34	0	0	34
Agriculture & Allied					
22	Himachal Pradesh Agro Industries Corporation Limited	18.85	0	0	18.85
23	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	38.77	51.66	0	90.43
24	Himachal Pradesh State Forest Development Corporation Limited	11.71	0	0	11.71
25	Agro Industrial Packaging India Limited	17.72	60.15	0	77.87
Total		4,170.747	9,472.55	102.33	13,745.627

Appendix-1.7

(Reference: Paragraph 1.8.2.1; Page 27)

Details of investments made by State Government in PSUs whose accounts are in arrears

(₹ in crore)

Sl. No.	Name of the PSU	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
A	Working Government Companies						
1	Himachal Backward Classes Finance and Development Corporation	2013-14	11	2014-15	0.8	-	-
				2015-16	0.67	-	-
				2016-17	0.75	-	-
				2017-18	-	-	-
2	Himachal Pradesh Mahila Vikas Nigam	2014-15	7.19	2015-16	0.75	-	-
				2016-17	0.75	-	0.61
				2017-18	0.8	-	-
3	Himachal Pradesh Minorities Finance and Development Corporation	2013-14	9.39	2014-15	1.3	-	0.11
				2015-16	0.66	-	0.12
				2016-17	0.75	-	0.13
				2017-18	-	-	0.15
4	Himachal Pradesh Power Corporation Limited	2015-16	1585.16	2016-17	191.25	-	-
				2017-18	137.13	-	-
5	Himachal Pradesh Power Transmission Corporation Limited	2016-17	258.75	2017-18	27.7	262.68	-
6	Himachal Pradesh State Electricity Board Limited	2015-16	603.3	2016-17	50	-	0.7
				2017-18	17.27	-	-
7	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	2016-17	9.25	2017-18	-	-	3.08
8	Himachal Pradesh Kaushal Vikas Nigam	2016-17	0.01	2017-18	-	-	7.4
9	Himachal Pradesh Tourism Development Corporation Limited	2015-16	12.3	2016-17	-	-	0.6
				2017-18	-	-	1.72
10	Himachal Pradesh State Forest Development Corporation Ltd.	2014-15	11.71	2015-16	-	-	-
				2016-17	-	-	-
				2017-18	-	-	-
11	Himachal Pradesh Agro Industries Corporation Ltd.	2014-15	18.85	2015-16	-	12.92	-
				2016-17	-	-	-
				2017-18	-	-	-
12	Himachal Pradesh State Civil Supplies Corporation Ltd	2016-17	3.51	2017-18	-	-	-
13	Himachal Pradesh State Industrial Development Corporation Ltd.	2016-17	30.82	2017-18	-	-	-
14	Himachal Pradesh General Industries Corporation Ltd.	2016-17	7.16	2017-18	-	-	-

Sl. No.	Name of the PSU	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
15	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Ltd.	2016-17	38.76	2017-18	-	8	-
16	Himachal Pradesh Road and Other Infrastructure Development Corporation	2016-17	25.00	2017-18	-	-	100
17	Himachal Pradesh State Electronics Development Corporation Limited	2016-17	3.72	2017-18	-	-	-
18	Dharamshala Smart City Limited		0.0003	2017-18	-	-	-
19	Himachal Pradesh Beverage Ltd		0.01	2017-18	-	-	-
20	Himachal Consultancy Organisation Ltd.		0.15	2017-18	-	-	-
21	Beas Valley Power Corporation Ltd.		300.00	2017-18	-	-	-
Total A: (Working Government Companies)			2936.04		430.58	283.6	14.62
B	Working Statutory Corporations				-	-	-
1	Himachal Road Transport Corporation	2016-17	670.49	2016-17	-	-	-
				2017-18	50		305
Total B : (Working Statutory Corporations)			670.49		50	-	305
Grand Total: (A + B)			3606.53		480.58	283.6	319.62

Appendix-1.8

(Reference: Paragraph 1.8.2.1; Page 27)

Details of investments made/budgetary support provided to loss making PSUs whose accounts were in arrears

(₹ in crore)

Sl. No.	Name of the PSU	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears			Loss as per mentioned final Accounts
					Equity	Loans	Grants	
A Working Government Companies								
1	Himachal Pradesh Power Corporation Limited	2015-16	1585.16	2016-17	191.25	-	-	0.44
				2017-18	137.13	-	-	
2	Himachal Pradesh Power Transmission Corporation Limited	2016-17	258.75	2017-18	27.70	262.68		11.30
3	Himachal Pradesh State Electricity Board Limited	2015-16	603.3	2016-17	50.00	-	0.7	44.21
				2017-18	17.27			
4	Himachal Pradesh State Forest Development Corporation Ltd.	2014-15	11.71	2015-16				10.27
				2016-17				
				2017-18				
5	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Ltd.	2016-17	38.76	2017-18		8.00		3.06
B Working Statutory Corporations								
6	Himachal Road Transport Corporation	2016-17	670.49	2016-17		-		118.57
				2017-18	50.00		305.00	

Appendix-1.9

(Reference: Paragraph 1.8.2.2; Page 28)

Status of PPP Projects of different departments in Himachal Pradesh

Sr. No.	Name of the Project	Project Cost (₹ in crore)	Date of commencement of work	Stipulated date of completion	Status
Projects – Awarded, Completed and Under Operation					
Transport Department					
1.	Kangra Bus Stand	9.50	--	26.09.2007	Functional
2.	ISBT, Shimla	15		29.08.2011	Functional. Date of completion and other issues are subjudice in Hon'ble High Court.
Tourism & Civil Aviation Department					
3.	Ropeway-cum-Ski Centre, Solang Nallah	15		January 2011	Functional
4.	Shivalik to Jakhoo Ropeway	12		April 2017	Functional
Health Department/NRHM					
5.	Emergency Medical Transport Service in HP	100		---	Work in progress.
6.	Mobile Diagnostic Units in HP	5		---	Work in progress.
7.	Haemodialysis Units in HP	5		---	Work in progress.
8.	Operation and Maintenance of JSSK Ambulances	5		---	Work in progress.
Projects – Awarded and Under Implementation					
		Estimated Cost (₹ in crore)			
Transport Department					
9.	Mcleodganj Bus Stand	5	23.12.2004	31.08.2006	Not functional. Matter subjudice in Hon'ble Supreme Court & Hon'ble High Court. Completion report yet to be received.
10.	Chintpurni Bus Stand and Parking-cum-commercial complex	32	29.11.2016	30.11.2019	Project is under construction.
11.	Kullu Bus Stand and Parking-cum-commercial complex	22	16.08.2017	31.08.2020	Project is under construction phase.
12.	Una Bus Stand and Parking-cum-commercial complex	30	19.07.2017	31.07.2020	Project is under construction phase.
13.	Dhramshala Bus Stand and Parking-cum-commercial complex	25	25.08.2017	31.08.2020	Project is under construction phase.

Tourism and Civil Aviation Department					
14.	Dharamshala McLeodganj Ropeway	150	22.07.2015	--	The Concessionaire has not fulfilled the Conditions Precedence therefore, the Department has extended the time period for fulfilment of Conditions precedence as specified under the Clause 4.6 of the Concession Agreement that the Concessioneing Authority and Concessionaire, by mutual consent, may extend the time period for fulfilment of conditions precedent.
15.	Himani Chamunda Ropeway	250	05.06.2015	--	The Concessionaire has not fulfilled the Conditions Precedence therefore, the Department has extended the time period for fulfilment of Conditions precedence as specified under the Clause 4.6 of the Concession Agreement that the Concessioneing Authority and Concessionaire, by mutual consent, may extend the time period for fulfilment of conditions precedent.
16.	Palchan Rohtang Ropeway	245	21.10.2015	31.10.2019	--
17.	Kullu bypass to Bijli Mahadev Passenger Ropeway	65	23.02.2017	--	The Concessionaire has not fulfilled the Conditions Precedence therefore, the Department has extended the time period for fulfilment of Conditions precedence as specified under the Clause 4.6 of the Concession Agreement that the Concessioneing Authority and Concessionaire, by mutual consent, may extend the time period for fulfilment of conditions precedent.
Urban Development Department					
18.	Parking Complex, Chhotta Shimla	15	15.12.2012	14.12.2013	Matter is pending before Arbitrator (Secretary Law) for adjudication.
19.	Parking Complex, Sanjauli	25	08.10.2012	07.10.2013	Matter is pending before Arbitrator (Secretary Law) for adjudication.
20.	Parking Complex, Lift	45	25.10.2013	24.01.2015	Matter is pending before Arbitrator (Secretary Law) for adjudication.
21.	Parking Complex, Vikasnagar	10	26.02.2016	29.08.2017	Due to very less progress at the project site. "Termination Notice" has been issued to the Concessionaire.
22.	Parking Complex, Bilaspur	10	19.12.2015	18.06.2017	Partly completed.
23.	Parking Complex, Rohru	5	20.12.2017	March 2021	Work in progress.
24.	Tutikandi-Lift-Mall Road Ropeway	200	--	--	Project is with MC Shimla. However, work is yet to be started.
Revenue Department					
25.	Parking Complex, Mandi	75	---	--	--

Source: HP Infrastructure Development Board

Appendix-2.1

(Reference: Paragraph 2.2.2 and 2.3.1; Page 49 and 50)

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

(₹ in crore)

Sr. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess Expenditure	Percentage of Excess Expenditure
Revenue-Voted						
1.	05	Land Revenue and District Administration	722.52	967.30	244.78	34
2.	10	Public Works-Roads, Bridges and Buildings	2,994.82	3,131.78	136.96	5
Capital-Charged						
3.	10	Public Works-Roads, Bridges and Buildings	18.14	23.16	5.02	27
Total			3,735.48	4,122.24	386.76	

Source: Appropriation Accounts/VLC

Appendix-2.2

(Reference: Paragraph 2.3.1.1; Page 50)

Excess over provisions relating to previous years requiring regularisation

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (₹ in crore)	Stage of consideration by Public Accounts Committee (PAC)
2011-12	6 Grants 1 Appropriation	9,10,13,15,21 and 23 29	752.51	The PAC has laid its report in the house but the bill has not been passed as of now, hence regularization is pending
2012-13	11 Grants 3 Appropriations	1,2,3,10,11,13,14,18,19, 21 and 23 2,3 and 29	703.08	Audit comments sent to Finance Department/ Himachal Pradesh Vidhan Sabha. Reports are yet to be discussed and excesses over provisions regularised by PAC.
2013-14	10 Grants 3 Appropriations	2, 3, 4, 5, 10, 13, 16, 17, 21 and 28 2, 7 and 9	474.86	
2014-15	10 Grants 6 Appropriations	1,2,6,11,12,13,18,19, 23 (Revenue) and 23 (Capital) 1, 10, 19, 29(Revenue), 29(Capital) and 31	1,585.69	
2015-16	7 Grants 4 Appropriations	5, 8, 10, 13, 19, 23, 28 13, 16, 29 (Revenue) and 29 (Capital)	2,848.43	
2016-17	5 Grants 3 Appropriations	2, 13 (Revenue) and 3,10 and 23 (Capital) 1, 16 (Revenue) and 29 (Capital)	3,037.61	<i>Suo-motu</i> replies from the Finance Department on regularisation of excess expenditure/savings over budget provisions are still awaited. Therefore, the Reports are yet to be discussed and excesses over provisions regularised by PAC.
Total			9,402.18	

Appendix-2.3

(Reference: Paragraph 2.3.1.1; Page 50)

Excess over provision during 2017-18 requiring regularisation

(in ₹)

Sr. No.	Number and title of Grant/ Appropriation	Total Grant	Expenditure	Excess
Revenue-Voted				
1.	05-Land Revenue and District Administration	722,51,54,000	967,30,16,752	244,78,62,752
2.	10-Public Works-Roads, Bridges and Buildings	2994,82,13,000	3131,77,98,973	136,95,85,973
Capital-Charged				
3.	10-Public Works-Roads, Bridges and Buildings	18,14,26,586	23,16,19,072	5,01,92,486
Total		3735,47,93,586	4122,24,34,797	386,76,41,211 or say ₹ 386.76crore

Source: Appropriation Accounts/VLC

Appendix-2.4

(Reference: Paragraph 2.3.1.2; Page 51)

Cases where supplementary provisions proved unnecessary

(₹ in thousand)

Sr. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary provision
Revenue- Voted					
1.	08-Education	5391,89,95	5006,45,77	385,44,18	279,57,66
2.	09-Health and Family Welfare	1601,65,30	1552,28,76	49,36,54	162,29,78
3.	12-Horticulture	303,13,49	246,42,76	56,70,73	46,26,73
4.	16-Forest and Wild Life	452,32,05	385,77,54	66,54,51	18,81,96
5.	18-Industries, Minerals, Supplies and Information Technology	100,32,31	91,32,01	9,00,30	2,44,40
6.	20-Rural Development	1293,33,77	922,28,69	371,05,08	31,88,14
7.	21-Co-operation	29,62,81	28,03,19	1,59,62	1,94,45
8.	23-Power Development	499,14,93	370,68,76	128,46,17	2,72,33
9.	27-Labour Employment and Training	396,23,85	206,26,45	189,97,40	9,29,18
10.	28-Urban Development, Town and Country Planning and Housing	341,26,77	237,15,15	104,11,62	15,10,54
11.	29-Finance	5033,64,43	4800,39,03	233,25,40	33,62,92
12.	31-Tribal Development	1145,98,41	945,15,08	200,83,33	41,50,69
13.	32-Scheduled Caste Sub Plan	1264,17,05	892,16,66	372,00,39	33,82,33
Capital- Voted					
14.	13-Irrigation, Water Supply and Sanitation	489,66,16	478,84,42	10,81,74	77,94,52
15.	19-Social Justice and Empowerment	9,75,00	6,49,07	3,25,93	1,00,00
16.	23-Power Development	410,10,01	387,88,88	22,21,13	229,85,28
17.	27-Labour Employment and Training	70,87,01	67,17,00	3,70,01	2,65,00
18.	31-Tribal Development	293,79,40	274,47,90	19,31,50	38,89,03
19.	32-Scheduled Caste Sub Plan	896,45,20	812,27,53	84,17,67	48,69,57
Total		20023,37,90	17711,54,65	2311,83,25	1078,34,51

Source: Appropriation Accounts/VLC

Appendix-2.5

(Reference: Paragraph 2.3.1.2; Page 51)

Statement of various grants where supplementary provision proved insufficient by more than ₹ one crore in each case

(₹ in crore)

Sr. No.	Grant Number	Name of the Grants	Original Provision	Supplementary provision	Total	Expenditure	Excess
Revenue- Voted							
1.	05	Land Revenue and District Administration	616.49	106.03	722.52	967.30	244.78
2.	10	Public Works-Roads, Bridges and Buildings	2,839.12	155.70	2,994.82	3,131.78	136.96
Total			3,455.61	261.73	3,717.34	4,099.08	381.74

Source: Appropriation Accounts/VLC

Appendix-2.6

(Reference: Paragraph 2.3.2; Page 52)

Excessive/unnecessary/insufficient re-appropriation of funds

(₹ in crore)

Sr. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	09	Health and Family Welfare	2210-01-001-04	9.91	(-) 10.03
2.	10	Public Works-Roads, Bridges and Buildings	3054-04-105-02	45.90	3.29
3.			3054-03-103-11	(-) 24.29	(-) 38.23
4.			3054-04-105-06	(-) 94.72	(-) 64.14
5.			3054-04-105-07	(-) 94.80	1.24
6.			5054-04-337-06	(-) 0.05	1.07
7.			28	Urban Development, Town and Country Planning and Housing	4217-03-051-05
8.	29	Finance	2071-01-104-02	(-) 246.66	(-) 1.13
9.			2071-01-105-02	(-) 14.34	2.04
10.			2071-01-101-03	52.21	351.65
11.			2049-03-108-01	(-) 2.27	(-) 1.54
12.			2049-01-116-01	3.60	2.61
13.			2049-01-101-B2 (ii)	53.33	(-) 46.60
14.			2049-01-101- B3	18.85	(-) 18.85
15.			2049-01-101- B4	18.17	(-) 18.17
16.			2049-01-101- B5	29.20	(-) 29.20
17.			31	Tribal Development	3054-04-796-02
18.	4401-00-796-01	1.41			(-) 1.47
19.	32	Scheduled Caste Sub-Plan	2210-03-789-04	(-) 28.81	12.45
20.			4702-00-789-01	1.95	(-) 1.13

Source: Appropriation Accounts/VLC

Appendix-2.7

(Reference: Paragraph 2.3.3; Page 52)

Rush of expenditure

(₹ in crore)

Sr. No.	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2018	Expenditure incurred in March 2018	Total expenditure during 2017-18	Percentage of total expenditure incurred during	
						Jan-March 2018	March 2018
1.	08-Education	2202-80-107-08	12.25	12.25	17.46	70.16	70.16
2.		2210-05-105-16	14.67	14.67	14.67	100	100
3.	09-Health and Family Welfare	4210-03-105-05	15.26	14.77	15.79	96.64	93.54
4.		4210-03-105-06	33.93	33.93	33.93	100	100
5.		4210-03-105-07	42.58	42.28	43.24	98.47	97.78
6.	10-Public Works-Roads, Bridges and Buildings	2059-80-053-06	56.10	46.88	76.35	73.47	61.40
7.		2216-05-053-01	16.24	14.25	20.10	80.80	70.90
8.		3054-03-103-11	123.12	97.36	180.62	68.17	53.90
9.		3054-04-105-08	45.00	45.00	45.00	100	100
10.		4216-01-106-01	37.94	33.18	45.00	84.31	73.73
11.		5054-03-101-01	23.86	21.86	37.31	63.95	58.59
12.		5054-03-337-06	99.55	99.55	100.00	99.55	99.55
13.		5054-04-337-10	31.47	26.94	50.25	62.63	53.61
14.	5054-04-337-11	36.65	29.57	50.03	73.26	59.10	
15.	12-Horticulture	2401-00-119-56	15.93	14.20	25.30	62.96	56.13
16.	13-Irrigation, Water Supply and Sanitation	2215-01-102-12	182.71	155.59	274.97	66.45	56.58
17.		2700-01-101-01	10.23	10.05	11.27	90.77	89.17
18.		2702-80-001-06	104.53	86.60	168.03	62.21	51.54
19.		4215-01-102-23	75.89	73.60	106.32	71.38	69.22
20.		4215-01-800-01	14.18	13.04	19.99	70.94	65.23
21.		4702-00-101-03	19.58	15.57	28.64	68.37	54.36
22.		4702-00-101-04	13.16	11.87	16.92	77.78	70.15
23.		4705-00-313-01	30.74	27.77	31.63	97.19	87.80
24.	4711-01-801-13	27.90	27.90	32.86	84.90	84.90	
25.	20-Rural Development	2515-00-102-10	13.26	13.26	13.26	100	100
26.	25-Road and Water Transport and Training	5055-00-50-01	14.48	14.48	14.48	100	100
27.	27-Labour Employment and Training	4202-02-105-03	13.15	11.68	20.32	64.71	57.48
28.	29-Finance	2049-01-101-06	20.45	20.45	30.79	66.42	66.42
29.		2049-01-101-18	26.76	26.76	26.76	100	100
30.		2049-01-101-27	41.25	41.25	61.88	66.66	66.66
31.		2049-01-101-31	12.21	12.21	24.42	50	50
32.		2049-01-101-32	50.19	50.19	50.19	100	100
33.		2049-01-101-33	22.17	22.17	22.17	100	100
34.		2049-01-101-36	24.39	24.39	24.39	100	100
35.		2049-01-101-67	28.50	28.50	42.75	66.67	66.67
36.		2049-01-101-72	13.50	13.50	13.50	100	100
37.		2049-01-101-83	12.04	12.04	24.09	49.98	49.98
38.		2049-01-101-84	21.92	21.92	32.88	66.67	66.67
39.		2049-01-101-A9	26.22	26.22	26.22	100	100
40.		2049-01-101-B1	55.37	55.37	55.37	100	100
41.		2049-01-200-05	10.93	10.93	10.93	100	100
42.	2049-03-104-01	919.57	919.57	936.51	98.19	98.19	
43.	2054-00-095-04	32.12	29.09	37.85	84.86	76.86	
44.	2071-02-105-01	36.68	35.68	43.51	84.30	82.00	
45.	31-Tribal Development	2215-01-796-09	16.02	15.99	20.78	77.09	76.95
46.		3054-04-796-05	26.15	25.27	33.38	78.34	75.70
47.	32-Scheduled Caste Sub-Plan	2225-01-789-10	11.65	11.65	11.65	100	100
48.		4210-03-789-05	11.10	11.10	11.10	100	100
49.		4215-01-789-04	25.32	21.56	35.26	71.81	61.15
50.		4801-01-789-03	11.02	11.02	11.02	100	100
51.		5054-04-789-04	100.06	100.06	100.06	100	100
Total			2,679.95	2,554.99	3,181.20		

Source: Appropriation Accounts/VLC

Appendix-2.8

(Reference: Paragraphs 2.2.2 and 2.3.4; Page 50 and 52)

Statement of various grants where saving was more than ₹ One crore each or more than 20 per cent of the total provision

(₹ in crore)

Sr. No.	Grant No.	Name of the Grant	Total Grant	Savings	Percentage (more than 20 per cent)
Revenue-Voted					
1.	01	Vidhan Sabha	35.06	1.37	
2.	03	Administration of Justice	167.36	10.14	
3.	04	General Administration	192.51	13.13	
4.	06	Excise and Taxation	76.42	7.65	
5.	07	Police and Allied Organisations	1,203.32	81.89	
6.	08	Education	5,671.48	665.02	
7.	09	Health and Family Welfare	1,763.95	211.66	
8.	11	Agriculture	381.24	11.30	
9.	12	Horticulture	349.40	102.97	29
10.	13	Irrigation, Water Supply and Sanitation	2,438.58	30.33	
11.	14	Animal Husbandry, Dairy Development and Fisheries	346.17	43.67	
12.	15	Planning and Backward Area Sub-Plan	95.20	16.81	
13.	16	Forest and Wildlife	471.14	85.36	
14.	17	Election	63.39	1.37	
15.	18	Industries, Mineral Supplies and Information Technology	102.77	11.45	
16.	19	Social Justice and Empowerment	830.47	55.55	30
17.	20	Rural Development	1,325.22	402.93	30
18.	21	Co-operation	31.57	3.54	
19.	22	Food and Civil Supplies	294.85	54.72	
20.	23	Power Development	501.87	131.18	26
21.	24	Printing and Stationary	31.52	2.81	
22.	25	Road and Water Transport	319.70	2.10	
23.	27	Labour Employment and Training	405.53	199.27	49
24.	28	Urban Development, Town and Country Planning and Housing	356.37	119.22	33
25.	29	Finance	5,067.27	266.88	
26.	30	Misc. General Services	98.85	7.38	
27.	31	Tribal Development	1,187.49	242.34	20
28.	32	Scheduled Caste Sub-Plan	1,297.99	405.83	31
Revenue-Charged					
29.	03	Administration of Justice	41.82	1.73	
30.	29	Finance	3,817.42	29.20	
Capital-Voted					
31.	01	Vidhan Sabha	2.95	1.28	43
32.	09	Health and Family Welfare	192.90	4.77	
33.	10	Public Works-Roads, Bridges and Buildings	1,197.54	42.27	
34.	13	Irrigation Water Supply and Sanitation	567.61	88.76	
35.	15	Planning and Backward Area Sub-Plan	311.29	12.84	
36.	16	Forest and Wildlife	9.59	2.31	24
37.	19	Social Justice and Empowerment	10.75	4.26	40
38.	23	Power Development	639.95	252.06	39
39.	27	Labour Employment and Training	73.52	6.35	
40.	28	Urban Development, Town and Country Planning and Housing	28.56	5.34	
41.	29	Finance	12.78	7.98	62
42.	31	Tribal Development	332.68	58.21	
43.	32	Scheduled Caste Sub-Plan	945.15	132.87	
Total			33,291.20	3,838.10	

Appendix-2.9

(Reference: Paragraph 2.3.4.2; Page 54)

A: Statement showing substantial surrenders made during the year 2017-18

Sr. No.	Grant No.	Head of Account	Total Provision (₹ in lakh)	Amount of surrender (₹ 50 lakh and above)	Percentage of surrender with respect to total provision
1.	01	7610-00-201-04	150.00	122.85	82
2.	07	2055-00-001-02	471.83	343.59	73
3.	07	2055-00-115-01	545.48	368.82	68
4.	08	2059-01-053-72	345.00	300.00	87
5.	08	2202-01-102-03	63.00	61.96	98
6.	08	2202-01-111-01	2,632.00	2,409.76	92
7.	08	2202-01-109-06	12,142.00	9,937.64	82
8.	08	2202-01-109-06	1,359.00	1,104.07	81
9.	08	2202-01-109-10	6,811.00	4,994.16	73
10.	08	2202-01-109-10	757.00	555.13	73
11.	08	2202-01-109-14	104.00	67.16	65
12.	08	2202-01-109-16	1,844.00	1,209.00	66
13.	08	2202-01-109-16	205.00	134.44	66
14.	08	2202-01-109-21	300.00	250.00	83
15.	08	2202-80-107-15	100.00	100.00	100
16.	08	2225-03-277-06	137.00	134.87	98
17.	09	2210-05-105-08	99.00	97.86	99
18.	09	2210-06-101-21	1,560.00	1,560.00	100
19.	09	2210-06-101-23	1,185.00	1,185.00	100
20.	09	2210-06-101-23	132.00	132.00	100
21.	09	2211-00-003-01	261.66	149.74	57
22.	09	2211-00-800-07	273.00	273.00	100
23.	09	4210-03-105-02	200.00	200.00	100
24.	11	2401-00-800-13	158.00	109.00	69
25.	11	2401-00-800-18	300.00	274.27	91
26.	12	2401-00-119-50	711.00	497.56	70
27.	12	2401-00-119-50	79.00	55.40	70
28.	12	2401-00-119-53	1,480.00	926.33	63
29.	12	2401-00-119-57	6,581.00	6,581.00	100
30.	13	2701-16-001-01	306.48	168.44	55
31.	13	4702-00-101-07	2,612.00	1,318.47	55
32.	13	4702-00-800-14	225.00	225.00	100
33.	13	4705-00-313-01	3,832.00	3,741.72	98
34.	13	4711-01-800-12	292.50	292.50	100
35.	13	4711-01-800-13	178.58	178.58	100
36.	13	4711-01-800-15	877.50	877.50	100
37.	13	4711-01-800-17	585.00	585.00	100
38.	14	2403-00-800-01	1,155.00	590.56	51
39.	14	2403-00-800-01	128.00	83.42	65
40.	14	2404-00-191-04	300.00	300.00	100
41.	14	2405-00-101-07	1,125.70	1,029.70	91

Sr. No.	Grant No.	Head of Account	Total Provision (₹ in lakh)	Amount of surrender (₹ 50 lakh and above)	Percentage of surrender with respect to total provision
42.	15	2202-01-101-03	580.00	580.00	100
43.	15	5475-00-800-02	1,248.00	1,248.00	100
44.	16	2406-01-101-01	70.00	61.08	87
45.	16	2406-01-101-08	3,949.00	2,940.03	74
46.	16	2406-01-102-35	200.00	166.94	83
47.	18	2851-00-102-27	197.00	196.93	100
48.	18	2851-00-103-25	53.00	53.00	100
49.	18	2851-00-107-02	101.00	101.00	100
50.	18	2852-00-102-01	100.00	100.00	100
51.	19	2225-01-001-01	260.00	239.64	92
52.	19	2235-02-101-06	500.00	337.93	68
53.	19	2235-02-102-20	81.00	81.00	100
54.	19	2235-02-103-01	140.94	112.07	80
55.	19	2235-02-103-01	85.00	51.83	61
56.	19	2235-02-103-07	1,074.00	821.80	77
57.	19	2235-02-103-07	120.00	91.98	77
58.	19	2235-02-103-09	200.00	165.58	83
59.	19	2235-02-103-10	165.00	156.38	95
60.	19	2235-02-103-13	137.69	100.00	73
61.	19	2235-02-103-14	400.00	400.00	100
62.	19	2235-02-103-16	200.00	200.00	100
63.	19	2235-00-200-24	50.00	50.00	100
64.	19	4225-03-190-01	92.00	92.00	100
65.	19	4225-80-800-01	100.00	53.15	53
66.	19	4225-80-800-03	70.00	70.00	100
67.	19	4235-02-102-03	100.00	100.00	100
68.	20	2216-03-102-01	3,210.00	1,680.68	52
69.	20	2501-06-101-07	3,487.00	3,487.00	100
70.	20	2501-06-101-07	327.30	320.19	98
71.	20	2501-06-101-09	1,000.00	1,000.00	100
72.	20	2505-01-702-06	4,278.00	2,717.64	64
73.	20	2505-02-101-01	38,499.00	23,294.53	61
74.	20	2505-02-101-03	200.00	200.00	100
75.	20	2515-00-003-03	158.00	158.00	100
76.	20	2515-00-102-10	329.00	329.00	100
77.	23	2801-80-800-02	90.00	50.00	56
78.	23	4801-01-190-07	2,049.00	1,229.00	60
79.	23	4801-01-190-09	3,273.00	3,273.00	100
80.	23	6801-00-190-01	18,239.00	18,239.00	100
81.	27	2203-00-105-04	370.00	370.00	100
82.	27	2203-00-105-05	98.00	98.00	100
83.	27	2203-00-105-06	1,288.00	1,288.00	100
84.	27	4202-02-104-01	286.00	286.00	100
85.	27	4202-02-104-02	349.00	349.00	100
86.	28	2217-80-191-47	347.00	347.00	100

Sr. No.	Grant No.	Head of Account	Total Provision (₹ in lakh)	Amount of surrender (₹ 50 lakh and above)	Percentage of surrender with respect to total provision
87.	28	2217-80-191-48	2,400.00	1,433.20	60
88.	28	2217-80-191-48	267.00	159.69	60
89.	28	2217-80-191-49	5,237.00	5,237.00	100
90.	28	2217-80-191-49	673.00	673.00	100
91.	28	2217-80-192-16	800.00	800.00	100
92.	28	2217-80-192-16	89.00	89.00	100
93.	28	2217-80-192-17	967.00	967.00	100
94.	28	2217-80-192-17	107.00	107.00	100
95.	28	2217-80-193-14	200.00	200.00	100
96.	28	2217-80-193-16	100.00	100.00	100
97.	29	2235-60-102-05	1,000.00	831.41	83
98.	29	3451-00-091-01	1,000.00	892.54	89
99.	29	7610-00-800-04	300.00	289.55	97
100.	30	2070-00-003-02	166.60	114.43	69
101.	30	2220-60-102-02	100.00	80.23	80
102.	30	4220-60-101-02	60.00	60.00	100
103.	31	2202-02-796-17	281.00	262.92	94
104.	31	2210-06-796-14	203.00	203.00	100
105.	31	2210-06-796-15	162.00	162.00	100
106.	31	2211-00-796-08	2,790.00	1,636.00	59
107.	31	2211-00-796-09	150.00	140.90	93
108.	31	2230-02-796-02	200.00	171.55	86
109.	31	2235-02-796-02	1,726.00	1,049.53	61
110.	31	2235-02-796-03	192.00	142.64	74
111.	31	2251-00-796-02	100.00	67.36	67
112.	31	2401-00-796-22	194.00	147.56	76
113.	31	2401-00-796-23	97.00	81.63	84
114.	31	2401-00-796-43	203.00	203.00	100
115.	31	2401-00-796-46	134.00	85.32	64
116.	31	2401-00-796-48	324.00	238.69	74
117.	31	2401-00-796-53	900.00	900.00	100
118.	31	2402-00-796-10	130.00	122.03	94
119.	31	2402-00-796-11	162.00	93.00	57
120.	31	2403-00-796-10	158.00	128.97	82
121.	31	2406-01-796-24	540.00	540.00	100
122.	31	2406-02-796-07	75.00	75.00	100
123.	31	2501-06-796-06	405.00	298.00	74
124.	31	2501-06-796-07	477.00	477.00	100
125.	31	2505-01-796-07	5,265.00	5,265.00	100
126.	31	2505-01-796-07	585.00	371.87	64
127.	31	4225-02-796-02	50.00	50.00	100
128.	31	4702-00-796-08	900.00	454.30	50
129.	31	4711-01-796-01	450.00	450.00	100
130.	31	6801-00-796-10	4,620.00	3,580.61	77
131.	32	2202-01-789-11	1,444.00	1,177.42	82

Sr. No.	Grant No.	Head of Account	Total Provision (₹ in lakh)	Amount of surrender (₹ 50 lakh and above)	Percentage of surrender with respect to total provision
132.	32	2202-02-789-03	516.00	418.05	81
133.	32	2202-02-789-13	710.00	634.00	89
134.	32	2202-02-789-13	78.00	69.56	89
135.	32	2202-02-789-14	2,607.00	1,881.68	72
136.	32	2202-02-789-14	290.00	209.41	72
137.	32	2202-02-789-16	748.00	603.00	81
138.	32	2202-03-789-05	1,474.00	1,070.36	73
139.	32	2202-03-789-05	164.00	119.15	73
140.	32	2210-03-789-03	300.00	218.69	73
141.	32	2225-01-789-13	206.00	172.00	83
142.	32	2235-02-789-20	863.00	514.75	60
143.	32	2235-02-789-20	96.00	67.00	70
144.	32	2401-00-789-31	567.00	567.00	100
145.	32	2401-00-789-42	2,519.00	2,519.00	100
146.	32	2401-00-789-43	252.00	200.00	79
147.	32	2406-01-789-14	75.00	75.00	100
148.	32	2406-02-789-01	71.00	71.00	100
149.	32	2505-01-789-02	1,637.00	1,039.78	64
150.	32	2515-00-789-03	60.00	60.00	100
151.	32	2515-00-789-04	126.00	126.00	100
152.	32	2852-80-789-01	50.00	50.00	100
153.	32	4059-01-789-02	76.00	76.00	100
154.	32	4701-20-789-04	584.00	383.80	66
155.	32	4701-21-789-01	747.00	747.00	100
156.	32	4701-21-789-01	83.00	83.00	100
157.	32	4702-00-789-09	75.00	75.00	100
158.	32	4705-00-789-01	168.00	137.26	82
159.	32	4705-00-789-01	126.00	102.99	82
160.	32	4711-01-789-05	121.00	121.00	100
161.	32	4851-00-789-07	76.00	76.00	100
Total			1,92,603.26	1,53,909.11	

Source: Appropriation Accounts/VLC

Appendix-2.10

(Reference: Paragraph 2.3.4.2; Page 55)

B: Statement showing cent per cent surrenders during the year

Sr. No.	Number and title of Grant	Head of Account	Name of the Scheme	Amount of Surrender (₹ in lakh)	Reasons
1.	08-Education	2202-80-107-15	Protsahan Chatravrti Yojna	100.00	Due to less entitlement of students for scholarship
2.	09-Health and Family Welfare	2202-06-101-21	National AIDS Control Programme	1,560.00	Due to non-receipt of funds from GOI
3.		2210-06-101-23	Expenditure on Trauma Centres	1,185.00	Due to non-receipt of funds from GOI and non-release of proportionate funds from State Government
4.		2210-06-101-23	Expenditure on Trauma Centres	132.00	
5.		2211-00-800-07	National Ambulance Service	273.00	Due to non-sanction of Grant-in-aid from GOI
6.		4210-03-105-02	Dental College	200.00	Due to non-completion of codal formalities
7.		12-Horticulture	2401-00-119-57	Horticulture Development Project	6,581.00
8.	13-Irrigation Water Supply and Sanitation	4702-00-800-14	Other Expenditure	225.00	Due to non-execution of work
9.		4711-01-800-12	Channelisation of Swan Down Stream to Boundary Phase-III under Flood Management Programme	292.50	Due to less receipt of funds from GOI, matching State share could not be released
10.		4711-01-800-13	Channelisation of Swan from Daulatpur to Gagret Bridge and its Tributaries (IV) under Flood Management Programme	178.58	Due to non-execution of work
11.		4711-01-800-15	Flood Protection work in Chhounch Khad Tehsil Indora under Flood Protection Programme	877.50	Due to non-receipt of funds from GOI
12.		4711-01-800-17	Channelisation of Pabbar River in District Shimla	585.00	-do-
13.	14-Animal Husbandry, Dairy Development and Fisheries	2404-00-191-04	Grant to Dairy Co-operative Societies	300.00	Due to less receipt of demand under the Scheme
14.	15-Planning and Backward Area Sub-Plan	2202-01-101-03	Middle School	580.00	Due to non-completion of codal formalities
15.		5475-00-800-02	Member of Legislative Assembly Local Area Development Scheme	1,248.00	
16.	18-Industries, Minerals, Supplies and Information Technology	2851-00-102-27	Software Technology Park of India	196.93	Due to less expenditure on purchase of Machinery and Equipment articles
17.		2851-00-103-25	National Handloom Development Programme	53.00	Due to less receipt of claims from beneficiaries
18.		2851-00-107-02	Development of Sericulture Industries under Rashtriya Krishi Vikas Yojna	101.00	-do-
19.		2852-00-102-01	Development of Industrial Areas and Promotion Schemes	100.00	Due to less receipt of claims of compensations
20.	19-Social Justice and Empowerment	2235-02-102-20	Beti BachaoBetiPadhao	81.00	Due to less organising of Seminars
21.		2235-02-103-14	Grih Urja Dakasta Yojna	400.00	-do-
22.		2235-02-103-16	Mukhya Mantri Kishori Samagrah Vikas Yojna	200.00	-do-
23.		2235-00-200-24	Life Insurance Cover to Safai Karamcharis and workers of Water Treatment Plants	50.00	-do-

Sr. No.	Number and title of Grant	Head of Account	Name of the Scheme	Amount of Surrender (₹ in lakh)	Reasons
24.		4225-03-190-01	Investment in Himachal Backward Classes, Minorities and Mahila Finance Development Corporation	92.00	Due to less investment under the Scheme
25.		4225-80-800-03	Construction of Buildings	70.00	Due to less execution of works
26.		4235-02-102-03	Residential Institution for Mentally Challenged Children	100.00	-do-
27.	20-Rural Development	2501-06-101-07	Deen Dayal Upadhyay Gramin Kaushal Yojna	3,487.00	Due to less expenditure under the Scheme
28.		2501-06-101-09	Mukhya Mantri Rural Livelihood Scheme	1,000.00	-do-
29.		2505-02-101-03	Material for conversion for Katcha water tanks to Poly Lined/Pucca Tanks	200.00	Due to nil expenditure under the Scheme
30.		2515-00-003-03	Imparting Training to the Elected Representatives of Panchayati Raj Institutions	158.00	Due to less expenditure under the Scheme
31.		2515-00-102-10	Construction of Rural Latrines	329.00	-do-
32.	23-Power Development	4801-01-190-09	Equity contribution to Himachal Pradesh State Electricity Board Limited	3,273.00	Due to less investment
33.		6801-00-190-01	Loans to Himachal Pradesh Power Corporation	18,239.00	Due to less payment of loans
34.	27-Labour Employment and Training	2203-00-105-04	Upgradation of existing Government Polytechnics	370.00	Due to non-receipt of funds from GOI
35.		2203-00-105-05	Government Polytechnics under Central Assistance in Community Development through Polytechnic Scheme	98.00	-do-
36.		2203-00-105-06	Setting up of New Polytechnics	1,288.00	-do-
37.		4202-02-104-01	Buildings	286.00	-do-
38.		4202-02-104-02	Construction of Women Hostels	349.00	-do-
39.	28-Urban Development, Town and Country Planning and Housing	2217-80-191-47	Grant-in-Aid to Swachh Bharat Mission	347.00	Due to non-receipt of funds from GOI proportionate State share remained unutilised
40.		2217-80-191-49	Smart City Mission	5,237.00	Due to non-receipt of funds from GOI proportionate State share less-released
41.		2217-80-191-49	Smart City Mission	673.00	-do-
42.		2217-80-192-16	Grant-in-Aid to Swachh Bharat Mission	800.00	Due to less-receipt of funds from GOI proportionate State share remained unutilised
43.		2217-80-192-16	Grant-in-Aid to Swachh Bharat Mission	89.00	-do-
44.		2217-80-192-17	Atal Mission Rejuvenation and Urban Transformation	967.00	-do-
45.		2217-80-192-17	Atal Mission Rejuvenation and Urban Transformation	107.00	-do-
46.		2217-80-193-14	Grant-in-Aid to Swachh Bharat Mission	200.00	-do-
47.		2217-80-193-16	Housing for all Sardar Patel Urban Housing Scheme	100.00	-do-
48.	30-Miscellaneous General Services	4220-60-101-02	Construction of Press Club Building	60.00	Due to non-completion of codal formalities
49.	31-Tribal Development	2210-06-796-14	AIDS control Society	203.00	Due to non-receipt of funds from GOI proportion to State share remained unutilised
50.		2210-06-796-15	Trauma Centre	162.00	-do-
51.		2401-00-796-53	World Bank Assisted Himachal Pradesh Horticulture Development Project	900.00	Due to non-completion of codal formalities
52.		2406-01-796-24	Himachal Pradesh Forest Eco-System Climate Proofing Project	540.00	Due to non-completion of codal formalities and less

Sr. No.	Number and title of Grant	Head of Account	Name of the Scheme	Amount of Surrender (₹ in lakh)	Reasons
					engagement of daily wagers
53.		2406-02-796-07	Expenditure on Management Action Plan for Cold Desert Biosphere Resource	75.00	Due to non-completion of codal formalities
54.		2501-06-796-07	Deen Dayal Upadhyay Gramin Kaushal Yojna	477.00	Due to non-receipt of funds from GOI and non-completion of codal formalities
55.		2505-01-796-07	National Rural Employment Guarantee Scheme	5,265.00	Due to non-completion of codal formalities
56.		4225-02-796-02	Scheduled Castes, Other Backward Classes and Minority Affairs Departmental Buildings	50.00	-do-
57.		4711-01-796-01	Expenditure on Flood control works	450.00	-do-
58.	32-Scheduled Caste Sub-Plan	2401-00-789-31	Protected Cultivation Scheme under Horticulture Mission for North East and Himalayan States	567.00	Due to non-receipt of funds from GOI
59.		2401-00-789-42	World Bank Assisted HP Horticulture Development Project (Externally Aided Project)	2,519.00	Due to non-submission of proposals
60.		2406-01-789-14	Maintenance of Old Plantation	75.00	Due to non-execution of works
61.		2406-02-789-01	Development of National Parks and Sanctuaries	71.00	Due to non-receipt of funds from GOI, State share could not be released
62.		2515-00-789-03	Training to Elected Representatives of Panchayati Raj Institutions	60.00	-do-
63.		2515-00-789-04	Expenditure on Total Sanitation Programme	126.00	-do-
64.		2852-80-789-01	Industries Area Development and Promotion	50.00	Due to non-finalisation of compensation cases
65.		4059-01-789-02	Upgradation of Judiciary Infrastructure	76.00	Non-construction of works
66.		4701-21-789-01	Nadaun Area Medium Irrigation Project	747.00	Due to non-receipt of funds from GOI, State share could not be released
67.		4701-21-789-01	Nadaun Area Medium Irrigation Project	83.00	-do-
68.		4702-00-789-09	Hydrology Project	75.00	Due to non-execution of works
69.		4711-01-789-05	Channelization of Swan River other than NABARD	121.00	-do-
70.		4851-00-789-07	Development of Software Technology Park of India	76.00	-do-
Total				66,186.51	

Source: Appropriation Accounts/VLC

Appendix-2.11

(Reference: Paragraph 2.3.4.2; Page 55)

Statement showing surrender of funds in excess of ₹ 10 crore on 31 March 2018

(₹ in crore)

Sr. No.	Grant No.	Major Head	Total Provision	Amount of Surrender	Percentage of Total Provision
1.	05	2029-Land Revenue	120.58	23.51	19
2.	05	2053-District Administration	153.92	27.24	18
3.	07	2055-Police	245.57	14.36	6
4.	08	2202-General Education	1,009.40	79.79	8
5.	08	2202-General Education	236.92	36.28	15
6.	08	2202-General Education	26.32	24.10	92
7.	08	2202-General Education	121.42	99.38	82
8.	08	2202-General Education	13.59	11.04	81
9.	08	2202-General Education	68.11	49.94	73
10.	08	2202-General Education	18.44	12.09	66
11.	08	2202-General Education	299.87	49.68	17
12.	09	2210-Medical and Public Health	54.50	12.59	23
13.	09	2210-Medical and Public Health	178.46	13.83	8
14.	09	2210-Medical and Public Health	15.60	15.60	100
15.	09	2210-Medical and Public Health	11.85	11.85	100
16.	10	3054-Roads and Bridges	58.87	10.25	17
17.	10	3054-Roads and Bridges	616.86	94.72	15
18.	12	2401-Crop Husbandry	65.81	65.81	100
19.	13	4702-Capital Outlay on Minor Irrigation	26.12	13.18	50
20.	13	4705-Capital Outlay on Command Area Development	38.32	37.42	98
21.	15	5475- Capital Outlay on Other General Economic Services	12.48	12.48	100
22.	16	2406-Forestry and Wildlife	303.51	35.44	12
23.	16	2406-Forestry and Wildlife	39.49	29.40	74
24.	20	2216-Housing	32.10	16.81	52
25.	20	2501-Special Programmes for Rural Development	34.87	34.87	100
26.	20	2501-Special Programme for Rural Development	10.00	10.00	100
27.	20	2501-Special Programme for Rural Development	29.61	10.47	35
28.	20	2505-Rural Development	42.78	27.18	64
29.	20	2505-Rural Development	384.99	232.95	61
30.	20	2515-Other Rural Development Programmes	90.05	11.09	12
31.	20	2515-Other Rural Development Programmes	352.76	40.16	11
32.	22	2408-Food Storage and Warehousing	220.00	78.45	36
33.	23	2801-Power	450.00	90.00	20
34.	23	4801-Capital Outlay on Power Projects	91.70	22.87	25
35.	23	4801-Capital Outlay on Power Projects	20.49	12.29	60
36.	23	4801-Capital Outlay on Power Projects	32.73	32.73	100

Audit Report on State Finances for the year ended 31 March 2018

Sr. No.	Grant No.	Major Head	Total Provision	Amount of Surrender	Percentage of Total Provision
37.	23	6801-Loans for Power Projects	182.39	182.39	100
38.	23	6801-Loans for Power Projects	217.79	12.32	6
39.	27	2203-Technical Education	12.88	12.88	100
40.	27	2230-Labour Employment and Skill Development	150.00	132.20	88
41.	27	2230-Labour Employment and Skill Development	99.00	40.29	41
42.	28	2217-Urban Development	24.00	14.33	60
43.	28	2217-Urban Development	52.37	52.37	100
44.	29	2071-Pensions and Other Retirement Benefits	441.17	116.60	26
45.	29	2071-Pensions and Other Retirement Benefits	602.81	14.34	2
46.	29	2071-Pensions and Other Retirement Benefits	525.68	161.25	31
47.	29	2071-Pensions and Other Retirement Benefits	242.41	55.74	23
48.	31	2211-Family Welfare	27.90	16.36	59
49.	31	2235-Social Security and Welfare	17.26	10.50	61
50.	31	6801-Loans for Power Projects	46.20	35.81	78
51.	32	2202-General Education	14.44	11.77	82
52.	32	2202-General Education	46.48	16.68	36
53.	32	2202-General Education	26.07	18.82	72
54.	32	2202-General Education	14.74	10.71	73
55.	32	2210-Medical and Public Health	78.09	28.81	37
56.	32	2401-Crop Husbandry	25.19	25.19	100
57.	32	2406-Forestry and Wildlife	15.11	14.25	94
58.	32	2505-Rural Employment	147.36	147.36	100
59.	32	2505-Rural Employment	16.37	10.40	64
60.	32	6801-Loans for Power Projects	61.41	17.28	28
Total			8,615.21	2,558.50	

Source: Appropriation Accounts/VLC

Appendix-2.12

(Reference: Paragraph 2.4; Page 58)

Statement showing unspent balances in PDAs as on 31 March 2018

(₹ in lakh)

Sr. No.	Major Head	Name of Head	Treasury/DDO's Name	Unspent balances
1	8443	106	Civil Judge Sr. Divison Bilaspur	0.88
2	8443	106	Civil Judge (Jr.Div.CourtNo.1) Ghumarwin	2.92
3	8443	106	Civil Judge (Jr.Div.CourtNo.2) Ghumarwin	2.44
4	8443	106	Civil Judge (Jr.Div.CourtNo.3) Ghumarwin	1.20
5	8443	106	Civil Judge Jr. Division Bilaspur	1.11
6	8443	106	Distt. & Session Judge Bilaspur	2.94
7	8443	106	CJM Chamba	4.93
8	8443	106	CJM Dalhousie	0.52
9	8443	106	H.P High Court Shimla, Shimla Capital	18.91
10	8443	106	IGMC Shimla Capital	17.07
11	8443	106	IG Youth & Sports Complex Shimla, Shimla Capital	23.96
12	8443	106	Sub Judge Hamirpur	8.40
13	8443	106	Sub Judge Barsar	2.21
14	8443	106	Sub Judge Nadaun	1.88
15	8443	106	CJM Kullu	5.25
16	8443	106	Sr.Sub Judge Kullu	0.28
17	8443	106	CJM Judge Anni	0.48
18	8443	106	Sub Judge Manali	1.16
19	8443	106	Sub Judge Ist Class Kangra	1.94
20	8443	106	Sub Judge Nurpur	2.82
21	8443	106	Sub Judge Palampur	1.64
22	8443	106	Sub Judge Dehra	1.78
23	8443	106	Distt. Session Judge Kangra at Dharamshala	1.28
24	8443	106	Sub Judge Jawali	1.31
25	8443	106	Sub Judge 2nd Division Kangra	1.27
26	8443	106	Sub Judge Dehra -II	1.07
27	8443	106	Sub Judge Baijnath	1.49
28	8443	106	AC to DC Dharamshala	0.32
29	8443	106	CJM Dharamshala	7.87
30	8443	106	Sub Judge Indora	0.72
31	8443	106	Sr.Sub Judge Kalpa	22.13
32	8443	106	Sr.Sub Judge Sundernagar	1.90
33	8443	106	Sr.Sub Judge Mandi	7.48
34	8443	106	Sr.Sub Judge Sarkaghat	2.80
35	8443	106	Sr.Sub Judge Jogindernagar	1.57
36	8443	106	Sr.Sub Judge Karsog	0.93
37	8443	106	Director, Technical Education, Vocational and Industrial Training, HP Sundernagar	0.05
38	8443	106	Sr.Sub Judge Gohar	1.40
39	8443	106	Distt. Session Judge Shimla	2.77
40	8443	106	Distt.& Session Judge Rampur	7.47
41	8443	106	Sub Judge Rampur	0.91
42	8443	106	Sub Judge Theog	2.28
43	8443	106	SDO (c) Dodra Kawar	0.00*
44	8443	106	Sub Judge Rohru	4.01
45	8443	106	Sr.Sub Judge Shimla	11.19
46	8443	106	Sub Judge Chopal	0.32
47	8443	106	Sub Judge Jubbal Shimla	14.14
48	8443	106	Addl. Distt. & Session Judge Rampur	21.51
49	8443	106	Distt. Session Judge Nahan	1.24

Sr. No.	Major Head	Name of Head	Treasury/DDO's Name	Unspent balances
50	8443	106	Add. Session Judge Nahan	1.35
51	8443	106	Sr.Sub Judge Nahan (Sr. Division)	3.29
52	8443	106	Civil Judge (Jr. Division) Ponta	1.74
53	8443	106	Civil Judge (Jr. Division) Rajgarh	0.99
54	8443	106	Civil Judge Kandaghat	0.79
55	8443	106	Addl. Distt & Session Judge Solan	3.31
56	8443	106	Civil Judge Nalagarh	3.94
57	8443	106	Civil Judge Sr. Division Solan	2.00
58	8443	106	Civil Judge Arki	0.99
59	8443	106	Civil Judge Jr. Div. Solan	2.99
60	8443	106	Distt and Session Judge Solan	1.07
61	8443	106	Civil Judge Junior Div. Kasauli	0.78
62	8443	106	Civil Judge Sr.Div. Kasauli	2.03
63	8443	106	Sr Sub Judge Una	7.77
64	8443	106	Jr. Sub Judge Amb	3.90
65	8448	109	P.S. Jhandutta	0.98
66	8448	109	P.S. Panchrukhi	0.10
67	8448	109	P.S. Lambagaon	2.59
68	8448	109	P.S. Kalpa	5.73
69	8448	109	P.S. Drang	0.00*
70	8448	109	P.S. Chauntra	3.05
71	8448	109	P.S. Narkanda	49.13
72	8448	109	P.S. Rohru	0.17
73	8448	109	P.S. Jubbal	1.47
74	8448	109	P.S. DodraKwar	0.09
75	8448	109	P.S Solan	0.00*
76	8448	109	P.S. Dharampur	0.00*
77	8448	109	P.S. Kandaghat	2.32
78	8448	109	P.S. Gagret	0.00*
79	8448	109	P.S. Amb	0.00*
80	8448	109	Nagar Panchayat Mehatpur	0.00*
81	8448	109	Nagar Panchayat Santokhgarh	0.05
82	8448	106	Funds of ICAR	9.91
			Total	336.68 or say ₹ 3.37 crore

* Actual figures are ₹0.10, 0.17, 0.32, 0.62, 0.61, 0.65 and 481/- only.

Appendix-2.13 (A)

(Reference: Paragraph 2.6.3; Page 60)

Revenue Receipts booked under Minor Head 800-Other Receipts

(₹ in crore)

Major Head	Receipt under Minor Head 800	Total Receipt under the Head	Percentage
0852	4.84	4.84	100.00
0057	0.02	0.02	100.00
0211	0.00	0.00	100.00
0217	11.26	11.26	100.00
0250	0.13	0.13	100.00
0407	0.01	0.01	100.00
0408	38.43	38.43	100.00
0575	0.07	0.07	100.00
0801	687.61	687.61	100.00
1055	0.83	0.83	100.00
1425	0.04	0.04	100.00
1456	0.09	0.09	100.00
4000	34.82	34.82	100.00
1452	3.19	3.27	97.45
1054	33.94	40.64	83.51
0235	5.95	8.01	74.32
0401	8.79	12.28	71.58
0425	3.68	5.26	69.95
0515	1.90	2.76	68.57
0070	27.25	40.45	67.36
0045	222.55	351.61	63.29
0403	0.70	1.16	60.35
0230	3.90	6.84	56.98
0406	26.32	46.87	56.14
0075	2.59	5.46	47.44
0059	20.61	55.86	36.90
0210	3.54	10.27	34.45
0220	0.65	1.96	33.25
0029	5.36	16.96	31.57
1475	1.65	5.48	30.05
0056	0.09	0.31	28.84
0851	0.18	0.63	27.99
0853	37.62	441.46	8.52
0041	30.44	367.16	8.29
0042	8.41	111.69	7.53
0055	3.59	63.33	5.67
0405	0.19	3.38	5.65
0049	18.03	340.54	5.29
0039	58.58	1311.25	4.47
0215	1.35	52.95	2.54
0030	3.89	229.18	1.70
0700	0.00	0.04	0.67
0202	0.98	180.76	0.54
0051	0.04	10.46	0.38
0058	0.02	10.18	0.23
0043	0.36	360.79	0.10
0006	0.17	1833.16	0.01
0216	0.00	3.99	0.00

Appendix-2.13 (B)

(Reference: Paragraph 2.6.3; Page 60)

Revenue Expenditure booked under Minor Head 800-Other Expenditure

(₹ in crore)

Major Head	Expenditure under Minor Head 800	Total Expenditure under the Head	Percentage
4700	0.56	0.56	100.00
5475	158.33	158.33	100.00
2075	26.25	26.53	98.97
2407	1.28	1.33	96.49
5452	2.50	2.64	94.70
4711	41.99	45.29	92.72
4235	6.77	7.91	85.60
4070	10.53	12.55	83.90
4701	5.23	7.89	66.31
2211	194.52	340.97	57.05
4851	38.48	72.83	52.84
2501	42.40	97.76	43.37
2402	17.05	68.73	24.81
2852	1.04	4.71	22.02
2711	1.14	6.00	18.95
2401	75.87	453.52	16.73
2230	18.47	155.89	11.85
4401	1.19	12.86	9.26
2235	80.79	874.39	9.24
4225	0.47	5.28	8.87
4202	19.80	341.56	5.80
4406	0.41	7.41	5.50
4215	19.99	461.58	4.33
7610	0.11	3.17	3.32
2202	120.28	5604.11	2.15
3054	29.36	1499.36	1.96
2014	3.80	196.98	1.93
5054	29.45	1531.75	1.92
4402	0.48	26.70	1.79
2403	4.95	317.80	1.56
2012	0.10	6.41	1.52
2204	0.20	20.14	0.99
2216	1.14	117.57	0.97
2053	1.62	207.13	0.78
4216	0.39	53.58	0.73
6004	0.44	78.89	0.55
2702	1.22	402.54	0.30
2801	0.93	367.72	0.25
2406	0.96	402.84	0.24
2225	0.10	56.15	0.18
2405	0.02	17.68	0.12
2250	0.00	3.92	0.11
3452	0.05	140.14	0.04
2070	0.00	85.91	0.00
2210	0.01	1402.00	0.00

Appendix-2.13 (C)

(Reference: Paragraph 2.6.3; Page 60)

Flagship schemes booked under Minor Head 800-Other Expenditure

Sr. No.	Name of Scheme	Grant No.	Heads of Account	Amount (₹ in crore)
1.	Indira Gandhi Balika Suraksha Yojna	09	2211-00-800-01	1.00
2.	Rashtriya Swasthya Beema Yojna	09	2211-00-800-05	9.63
3.	Maatri Seva Yojna	09	2211-00-800-06	0.01
4.	National Health Protection Scheme	09	2211-00-800-09	0.01
5.	National Food Security Mission	11	2401-00-800-16	10.85
6.	Rashtriya Krishi Vikas Yojna	11	2401-00-800-13	15.80
7.	Pradhan Mantri Krishi Sinchayee Yojna	11	2402-00-800-04	13.17
8.	Uttam Pashu Puraskaar Yojna	14	2403-00-800-04	0.20
9.	Mukhya Mantri Gram Path Yojna	15	5475-00-800-04	5.50
10.	New Forestry Scheme (Sanjhi Van Yojna)	16	2406-01-800-06	0.30
11.	Maatri Shakti Beema Yojna	20	2501-06-800-03	1.00
12.	Mukhya Mantri Rural Road Repair Scheme	20	2501-06-800-08	20.00
Total				77.47

Appendix-2.14

(Reference: Paragraph 2.7.1.4; Page 63)

Statement showing surrenders made during the year 2017-18 by the DHE

(i) **Plan:** (₹ in lakh)

Heads of Account	Final Grant	Expenditure	Surrender
2059-01-053-72	345.00	45.00 (13)	300.00 (87)
2202-02-109-01	10.00	4.80 (48)	5.20 (52)
2202-02-109-06	12,142.00	2,204.36 (18)	9,937.64 (82)
2202-02-109-06	1,349.00	244.93 (18)	1,104.07 (82)
2202-02-109-10	6,811.00	1,816.84 (27)	4,994.16 (73)
2202-02-109-10	757.00	201.87 (27)	555.13 (73)
2202-02-109-14	104.00	36.84 (35)	67.16 (65)
2202-02-109-14	12.00	4.10 (34)	7.90 (66)
2202-02-109-16	1,844.00	635.00 (34)	1,209.00 (66)
2202-02-109-16	205.00	70.56 (35)	134.44 (66)
2202-03-103-01	546.00	0.53 (1)	545.47 (99)
2202-05-103-01	30.00	15.00 (50)	15.00 (50)
2202-80-004-02	0.01	0 (0)	0.01 (100)
2202-80-004-02	0.02	0 (0)	0.02 (100)
2202-80-107-15	100.00	0 (0)	100.00 (100)
Total	24255.03 or say ₹ 242.55 crore	5279.83 or say ₹ 52.80 crore	18975.20 or say ₹ 189.20 crore

(ii) **Non-plan:** (₹ in lakh)

Heads of Account	Final Grant	Expenditure	Surrender
2059-01-053-33	0.01	0 (0)	0.01 (100)
2202-02-001-01	0.07	0 (0)	0.07 (100)
2202-02-001-01	0.51	0 (0)	0.51 (100)
2202-02-101-01	0.62	0.03 (5)	0.59 (95)
2202-02-101-01	0.01	0 (0)	0.01 (100)
2202-02-109-01	0.01	0 (0)	0.01 (100)
2202-02-109-01	1,050.00	372.00 (35)	678.00 (65)
2202-02-109-21	300.00	50.00 (17)	250.00 (83)
2202-02-109-22	0.01	0 (0)	0.01 (100)
2202-03-103-01	52.17	23.24 (45)	28.93 (55)
2202-03-103-01	11.99	3.48 (29)	8.51 (71)
2202-03-103-01	20.00	4.73 (24)	15.27 (76)
2202-03-103-01	95.00	51.50 (54)	43.50 (46)
2202-03-103-01	0.01	0 (0)	0.01 (100)
2202-03-103-02	369.90	193.91 (52)	175.99 (48)
2202-03-103-08	5.00	0 (0)	5.00 (100)
2202-03-103-01	0.01	0 (0)	0.01 (100)
2202-80-107-15	0.01	0 (0)	0.01 (100)
2202-80-800-01	0.01	0 (0)	0.01 (100)
2202-80-800-01	0.02	0 (0)	0.02 (100)
2202-80-800-02	0.01	0 (0)	0.01 (100)
2202-80-800-08	0.01	0 (0)	0.01 (100)
2202-80-800-08	63.97	37.27 (58)	26.70 (42)
2202-80-800-11	0.01	0 (0)	0.01 (100)
2202-80-800-17	0.01	0 (0)	0.01 (100)
2202-80-800-17	0.01	0 (0)	0.01 (100)
2205-00-105-01	10.00	3.76 (38)	6.24 (62)
2205-00-105-01	0.01	0 (0)	0.01 (100)
2205-00-105-01	0.21	0 (0)	0.21 (100)
Total	1979.60 or say ₹ 19.80 crore	739.92 or say ₹ 7.40 crore	1239.68 or say ₹ 12.40 crore

Figures in the parenthesis represent percentage to sanctioned budget.

Appendix-2.15

(Reference: Paragraph 2.8.2; Page 70)

Misclassification of payment made under Group Insurance Scheme (Inspection Report issued in 2017-18)

(in ₹)

Sr. No.	Name of District Treasury(DT)/ Sub-Treasury(ST)	Paragraph Number	Insurance payment booked under Saving fund	Saving fund payment booked under Insurance Fund	Total amount of misclassification
1.	Treasury, Pangi	05	--	1,186	1,186
2.	D.T. Hamirpur	07	--	35,493	35,493
3.	D.T.Kangra at Dharamshala	12	75,000	4,55,760	5,30,760
4.	S.T.Kangra	08	60,000	1,12,021	1,72,021
5.	S.T. Indora	04	--	1,46,868	1,46,868
6.	S.T.Nurpur	02	15,000	--	15,000
7.	S.T.Jawali	03	--	77,094	77,094
8.	S.T. Kasba Kotla	04	--	70,597	70,597
9.	D.T.Kinnaur at Reckong Peo	09	15,000	--	15,000
10.	D.T.Kullu	05	--	84,764	84,764
11.	S.T.Nirmond	04	30,000	8,618	38,618
12.	D.T.Mandi	03	--	41,703	41,703
13.	S.T. Ladbharol	02	--	15,324	15,324
14.	Capital Treasury, Shimla	08	--	35,493	35,493
15.	S.T.Sunni	03	--	85,286	85,286
16.	S.T.Chopal	04	--	27,875	27,875
17.	S.T.Rampur	06	--	35,766	35,766
18.	S.T.Theog	04	15,000	--	15,000
19.	S.T.Kumarsain	05	--	2,913	2,913
20.	S.T.Nankhari	05	--	6,370	6,370
21.	S.T.Kupvi	04	--	12,481	12,481
22.	D.T.Sirmour at Nahan	10	1,80,000	1,83,532	3,63,532
23.	S.T.Rajgarh	06	--	16,994	16,994
24.	D.T.Solan	09	15,000	52,157	67,157
25.	S.T.Kandaghat	02	--	28,227	28,227
26.	S.T.Kasauli	05	--	14,261	14,261
27.	D.T.Una	06	60,000	1,88,045	2,48,045
Total			4,65,000 or say ₹ 4.65 lakh	17,38,828 or say ₹ 17.39 lakh	22,03,828 or say ₹ 22.04 lakh

Appendix-2.16

(Reference: Paragraph 2.8.3; Page 71)

Misclassification of expenditure under Pensionary Heads

(in ₹)

Sr. No.	Name of District Treasury (DT)/Treasury	Paragraph Number	Nature of Expenditure			Head of account under which Booked
			DCRG	Pension	Commutation	
1.	S.T. Jhandutta	05	10,304	--	--	2071-01-102-02
2.	D.T. Kangra at Dharamshala	05	--	13,10,522 16,24,583	--	2071-01-101-02 2071-01-105-01
3.	D.T. Kullu	07	--	1,59,473	--	2071-01-105-01
4.	D.T. Sirmour at Nahan	07	--	2,16,490	--	2071-01-105-01
5.	S.T. Rajgarh	02	7,03,271	--	--	2071-01-102-02
6.	D.T. Solan	05	52,204 1,04,549	--	--	2071-01-101-02 2071-01-105-01
Total			8,70,328 or say ₹ 8.70 lakh	33,11,068 or say ₹ 33.11 lakh		

Appendix-2.17

(Reference: Paragraph 2.8.4; Page 71)

Authorisation of bills without budget

(₹ in lakh)

Sr. No.	Name of District Treasury (DT)/Treasury	Paragraph Number	Number of DDOs	Number of cases	Amount authorized without budget
1.	D.T. Bilaspur	08(A)	06	06	45.38
2.	S.T. Naina Devi Ji at Swarghat	06	01	01	2.89
3.	D.T. Chamba	03	05	05	20.11
4.	S.T. Pangi	03(B)	05	05	57.62
5.	S.T. Chowari	03(B)	01	01	2.68
6.	S.T. Bharmour	02(A)	02	02	1.84
7.	S.T. Haroli	02(A)	01	01	4.37
8.	D.T. Hamirpur	05(A)	04	04	9.75
9.	D.T. Kangra at Dharamshala	10	06	06	60.97
10.	S.T. Dehra	04	02	02	6.66
11.	D.T. Kinnaur at Reckong Peo	05	04	04	61.40
12.	S.T. Sangla	03(B)	01	01	11.44
13.	S.T. Moorang	03(B)	03	03	11.35
14.	D.T. Keylong	03(B)	02	02	4.15
15.	S.T. Udaipur	04(B)	03	03	13.42
16.	Try. Kaza	05(A)	04	05	11.95
17.	D.T. Mandi	06(B)	03	03	31.28
18.	S.T. Joginder Nagar	02	01	01	2.93
19.	S.T. Karsog	03	03	03	4.76
20.	S.T. Aut	02	04	08	689.62
21.	Capital Shimla	05	04	04	4.77
22.	D.T. Shimla	08	02	02	1.72
23.	D.T. Sirmour at Nahan	05	01	01	1.11
24.	S.T. Pachhad	03	01	01	0.59
25.	S.T. Rajgarh	05	02	17	151.67
26.	S.T. Shillai	02	01	01	3.09
27.	S.T. Sangrah	03(A)	02	02	7.34
28.	S.T. Nohradhar	02	01	01	0.21
29.	D.T. Solan	06	01	01	32.41
30.	D.T. Una	05	06	06	32.00
31.	S.T. Haroli	02	02	02	7.50
32.	S.T. Amb	04	01	01	0.60
Total		132	85	105	1,297.58 or say ₹ 12.98 crore

Appendix-2.18

(Reference: Paragraph 2.8.5; Page 72)

Authorization of funds in excess of sanctioned budget

(₹ in lakh)

Sr. No.	Name of District Treasury (DT)/Treasury	Paragraph Number	Number of DDOs	Number of cases	Excess amount authorized
1.	D.T. Bilaspur	08(B)	07	07	13.34
2.	S.T. Ghumarwin	02	12	12	30.23
3.	S.T. Naina Devi Ji at Swarghat	06	04	04	2.50
4.	S.T. Jhandutta	03	05	06	54.44
5.	D.T. Chamba	03	05	06	220.07
6.	S.T. Pangi	03(A)	06	06	157.06
7.	S.T. Dalhousie	02	02	02	9.80
8.	S.T. Chowari	03(A)	01	02	0.58
9.	S.T. Bharmour	02(B)	07	07	193.96
10.	S.T. Tissa	02	02	02	15.06
11.	S.T. Salooni	03	01	04	24.97
12.	S.T. Holi	02(B)	08	09	60.23
13.	S.T. Sihunta	03	04	05	58.27
14.	S.T. Bhalie	02	04	04	20.82
15.	D.T. Hamirpur	05(B)	05	05	81.85
16.	S.T. Barsar	03	06	06	12.17
17.	S.T. Nadaun	03	06	06	30.68
18.	S.T. Sujampur Tihra	02	04	04	1.45
19.	S.T. Bhoranj	03	06	06	10.85
20.	D.T. Kangra at Dharamshala	10	06	06	110.42
21.	S.T. Kangra	06	09	10	1,357.19
22.	S.T. Dehra	04	05	05	157.81
23.	S.T. Indora	03	03	03	4.07
24.	S.T. Nurpur	03	01	03	16.95
25.	S.T. Palampur	03	06	07	105.87
26.	S.T. Jaisinghpur	03	05	08	40.51
27.	S.T. Jawali	04	05	05	31.17
28.	S.T. Fatehpur	02	03	04	11.17
29.	S.T. Khundian	02	02	04	22.50
30.	S.T. Baijnath	05	04	05	33.77
31.	S.T. Kasba Kotla	03	02	04	51.63
32.	S.T. Baroh	04	06	06	25.98
33.	D.T. Kinnaur at Reckong Peo	05	05	06	4.46
34.	S.T. Pooh	02	04	04	6.41
35.	S.T. Sangla	03	05	05	11.28
36.	S.T. Moorang	03	03	03	2.52
37.	S.T. Nichar	02	04	04	11.64
38.	D.T. Kullu	06	07	07	31.86
39.	S.T. Anni	03	05	06	39.11
40.	S.T. Banjar	02	04	05	78.52
41.	S.T. Nirmond	03	03	03	53.16
42.	S.T. Manali	03	03	03	59.72
43.	D.T. Keylong	03(A)	07	07	34.58
44.	S.T. Udaipur	04(A)	03	03	7.36
45.	Try. Kaza	05(B)	04	07	67.70
46.	D.T. Mandi	06	08	08	303.46
47.	S.T. Sundernagar	03	04	04	36.07
48.	S.T. Jogindernagar	02	06	07	15.53
49.	S.T. Sarkaghat	03	02	04	24.55

Sr. No.	Name of District Treasury (DT)/Treasury	Paragraph Number	Number of DDOs	Number of cases	Excess amount authorized
50.	S.T. Chachiot	01	06	06	9.81
51.	S.T. Thunag	01	02	02	1.77
52.	S.T. Ladbharol	03	02	03	15.54
53.	S.T. Sandhole	03	01	02	91.97
54.	S.T. Balichowki	03	01	01	41.95
55.	S.T. Kotli	01	03	05	60.35
56.	S.T. Padhar	03	01	03	153.34
57.	S.T. Baldwara	03	02	02	19.40
58.	Capital Shimla	05	06	07	14.82
59.	D.T. Shimla	08	07	08	196.72
60.	S.T. Sunni	02	06	06	37.60
61.	S.T. Chopal	01	04	04	7.66
62.	S.T. Rampur	05	06	06	57.48
63.	S.T. Kumarsain	04	03	03	7.35
64.	S.T. Nankhari	04	06	06	13.32
65.	S.T. Kupvi	03	03	03	9.21
66.	S.T. Nerwa	01	05	06	27.89
67.	D.T. Sirmour at Nahan	05	07	08	165.63
68.	S.T. Pachhad	03	01	05	103.76
69.	S.T. Paonta Sahib	04	05	05	30.66
70.	S.T. Shillai	02	04	04	9.38
71.	S.T. Sangrah	03	04	04	10.77
72.	S.T. Kamrau	02	03	03	35.75
73.	S.T. Dadahu	04	01	01	53.33
74.	S.T. Nohradhar	02	02	03	20.59
75.	D.T. Solan	06	06	07	89.54
76.	S.T. Arki	06	06	07	47.28
77.	S.T. Kasauli	03	02	02	8.40
78.	S.T. Nalagarh	07	06	06	248.48
79.	S.T. Ramshehar	01	05	05	12.14
80.	S.T. Krishangarh	02	02	03	16.16
81.	D.T. Una	05	05	05	59.85
82.	S.T. Haroli	02	05	05	157.73
83.	S.T. Bangana	04	06	06	31.88
84.	S.T. Amb	04	07	08	99.63
Total		84	370	419	5,722.44 or say ₹ 57.22 crore

Appendix-3.1

(Reference: Paragraph 3.1; Page 73)

Utilisation Certificates outstanding as on 31 March 2018

(₹ in lakh)

Sr. No.	Head of Account	Year	Utilisation certificates due		Utilisation certificates outstanding	
			No. of Items	Amount	No. of Items	Amount
1	2	3.	4.	5.	6	7
1.	Organs of State					
	Parliament/State/Union Territory Legislature	2016-17	1	8.23	-	-
			1	8.23	-	-
2.	Administrative Services					
	Secretariat General Services	2015-16	1	0.89	-	-
		2016-17	1	125.00	-	-
			2	125.89	-	-
	Other Administrative Services	2015-16	20	846.37	-	-
		2016-17	17	500.00	-	-
			37	1,346.37	-	-
3.	Rural Development					
	Rural Development Programmes	2011-12	156	15142.01	156	4882.35
		2012-13	292	15,257.85	150	4925.90
		2013-14	290	21364.51	156	10371.62
		2014-15	345	31,111.12	195	23316.95
		2015-16	282	31,437.60	150	29117.58
		2016-17	375	47480.89	375	47480.89
	Total (Rural Development)		1740	161793.98	1182	120095.30
4.	Rural Employment					
	Rural employment	2011-12	9	2113.15	1	8.08
		2012-13	17	3,911.91	-	-
		2013-14	14	5008.72	-	-
		2014-15	19	39,245.37	-	-
		2015-16	31	45,559.04	15	6790.88
		2016-17	34	34,301.61	34	34301.61
			124	130139.80	50	41100.57
	Special programmes	2014-15	20	932.91	15	851.27
		2015-16	22	3,277.39	22	3277.39
		2016-17	46	11,804.63	36	11471.76
			88	16014.93	73	15600.42
	Total (Rural Employment)		212	146154.73	123	56700.99
5.	Education					
	General Education	2015-16	4	152.00	1	100.00
		2016-17	58	26395.48	6	442.00
			62	26547.48	7	542.00
	Sports and Youth Services	2014-15	1	2.71	-	-
		2016-17	21	512.98	1	300.00
			22	515.69	1	300.00
	Technical Education	2016-17	4	9.29	-	-
	Total (Education)		88	27072.46	8	842.00
6.	Art and Culture					
	Art and Culture	2016-17	146	685.54	132	525.24
	Total (Art and Culture)		146	685.54	132	525.24

7.	Urban Development					
	Urban Development	2010-11	5	1919.83	-	-
		2011-12	4	728.63	-	-
		2014-15	29	11973.51	5	212.58
		2015-16	60	21250.05	17	7,016.94
		2016-17	111	53,447.25	104	38,296.73
	Total (Urban Development)		209	89319.27	126	45,526.25
8.	Animal Husbandry					
	Crop Husbandry	2014-15	11	400.00	-	-
		2016-17	12	9,535.20	12	8635.00
			23	9,935.20	12	8635.00
	Animal Husbandry	2014-15	11	344.36	11	344.36
		2015-16	29	2808.05	28	2805.30
		2016-17	46	2426.50	-	-
			86	5578.91	39	3149.66
	Total (Animal Husbandry)		109	15514.11	51	11784.66
9.	Co-operation					
	Co-operation	2014-15	4	3.95	2	2.15
		2015-16	34	53.86	3	4.30
		2016-17	38	108.15	18	15.87
	Total (Co-operation)		76	165.96	23	22.32
10.	Tourism					
	Tourism	2014-15	2	3.30	2	3.30
		2015-16	2	4.15	2	4.15
		2016-17	3	2655.00	3	2655.00
	Total (Tourism)		7	2662.45	7	2662.45
11.	Housing					
	Housing	2014-15	45	981.73	38	869.58
		2015-16	85	5165.14	50	2,120.23
		2016-17	91	6913.05	65	3,038.20
			221	13059.92	153	6,028.01
	Total (Housing)		221	13059.92	153	6,028.01
12.	Industries					
	Village and Small Scale Industries	2012-13	3	49.21	1	7.21
		2013-14	4	147.21	-	-
		2014-15	3	69.09	2	24.09
		2015-16	33	388.53	20	143.60
		2016-17	132	5,923.46	71	3505.66
	Total (Industries)		175	6,577.50	94	3680.56
13.	Agriculture and Allied Services					
	Dairy Development	2015-16	21	1,666.16	21	1666.16
		2016-17	21	1,661.88	21	1661.89
			42	3,328.05	42	3328.05
	Food Storage and Ware Housing	2014-15	2	2.21	-	-
		2015-16	13	21.70	-	-
		2016-17	34	52.09	8	14.81
			49	76.00	8	14.81
	Agriculture Research and Education	2016-17	2	9.93	-	-
			2	9.93	-	-
	Other Agriculture Programme	2016-17	2	1,000.00	2	1,000.00
			2	1,000.00	2	1,000.00
	Total (Agriculture and Allied Services)		95	4,413.97	52	4,342.86
14.	Forest					
	Forest and Wildlife	2012-13	9	170.64	-	-
		2013-14	11	431.34	-	-
		2014-15	70	442.46	10	51.06

		2015-16	111	500.35	21	160.53
		2016-17	187	812.06	100	458.96
	Total (Forest)		388	2,356.86	131	670.55
15.	Medical and Public Health					
	Medical and Public Health	2012-13	1	100.00	-	-
		2013-14	34	1083.60	-	-
		2014-15	40	5584.30	-	-
		2015-16	48	7684.20	-	-
		2016-17	82	9238.57	77	7,012.62
			205	23690.69	77	7,012.62
	Family Health	2013-14	1	533.00	-	-
		2016-17	37	17875.59	36	11591.52
			38	18408.59	36	11591.52
	Total (Medical and Public Health)		243	42099.28	113	18604.14
16.	Social Justice and Empowerment					
	Welfare of SC, ST and Other Backward Classes	2012-13	8	301.14	7	254.26
		2013-14	3	8.60	3	8.60
		2014-15	3	219.10	-	-
		2015-16	4	235.00	4	235.00
		2016-17	5	237.00	5	237.00
			23	1000.84	19	734.86
	Labour and Employment	2016-17	2	5.00	-	-
				2	5.00	-
	Capital outlay on Welfare of SC, ST and OBC	2016-17	1	49.00	1	49.00
				1	49.00	1
	Total (Social Justice and Empowerment)		26	1054.84	20	783.86
17.	Fisheries					
	Fisheries	2014-15	5	25.00	-	-
		2015-16	15	13.58	-	-
		2016-17	10	16.80	10	16.80
	Total (Fisheries)		30	55.38	10	16.80
18.	Planning					
	Secretariat Economic Services	2014-15	11	453.22	5	55.54
		2015-16	11	603.06	2	67.01
		2016-17	4	1291.36	2	1091.36
			26	2374.64	9	1213.91
	Capital Outlay on Other Rural Development Programme	2016-17	1	149.00	1	149.00
	Capital Outlay on Housing	2016-17	3	35.00	3	35.00
				3	35.00	3
	Other Social Community	2014-15	3	2.12	-	-
		2015-16	5	3.04	-	-
		2016-17	1	0.27	-	-
			9	5.43	-	-
	Secretariat Social Services	2012-13	1	3.00	-	-
		2013-14	2	15.02	-	-
		2014-15	5	417.59	-	-
		2015-16	5	35.69	-	-
		2016-17	4	23.50	4	23.50
			17	494.80	4	23.50
	Total (Planning)		56	3,058.87	17	1,421.41
19.	Excise and Taxation Department					
	Compensation and assignments to Local Bodies	2015-16	12	543.02	8	306.85
		2016-17	262	1,002.89	250	688.65
	Total (Excise and Taxation Department)		274	1,545.91	258	995.50
20.	Land Revenue					

	Land Revenue	2015-16	1	1.00	1	1.00
		2016-17	16	80.00	14	70.00
			17	81.00	15	71.00
	Miscellaneous General Services	2013-14	1	5.72	-	-
		2014-15	8	141.00	-	-
		2015-16	21	250.92	1	49.74
		2016-17	17	212.17	16	207.93
			47	609.81	17	257.67
	Total (Land Revenue)		64	690.81	32	328.67
21.	Public Works					
	Road and Bridges	2014-15	1	330	-	-
		2015-16	1	462	-	-
		2016-17	1	600	1	191.34
			3	1392.00	1	191.34
	Road Transport	2016-17	2	559.48	2	559.48
			2	559.48	2	559.48
	Total (Public Works)		5	1951.48	3	750.82
22.	Police					
	Police	2016-17	4	1,300.60	4	1,025.51
	Total (Police)		4	1,300.60	4	1,025.51
23.	Water Supply and Sanitation					
	Water Supply and Sanitation	2015-16	2	322.80	-	-
		2016-17	2	399.20	2	399.20
	Total (Water Supply and Sanitation)		4	722.00	2	399.20
24.	Social Security and Welfare					
	Social Security and Welfare	2015-16	158	463.63	26	125.79
		2016-17	574	3870.34	137	2616.55
			732	4333.97	163	2742.34
	Total (Social Security and Welfare)		732	4333.97	163	2742.34
25.	Science Technology and Environment					
	Other Scientific Research	2014-15	3	80.20		
		2015-16	16	9.62		
		2016-17	17	100.42	6	28.42
			36	190.24	6	28.42
	Ecology Environment	2016-17	8	21.70	-	-
			8	21.70	-	-
	Total (Science Technology and Environment)		44	211.94	6	28.42
26.	Power					
	Power	2011-12	2	212.00	-	-
		2013-14	1	1,854.00	-	-
		2014-15	1	1,259.00	-	-
		2016-17	1	90.00	-	-
			5	3,415.00	-	-
	Non-Conventional Source of Energy	2015-16	4	23.00	-	-
		2016-17	7	20.00	-	-
			11	43.00	-	-
	Total (Power)		16	3,458.00	-	-
	Grand Total		5,004	531740.33	2710	2799,77.86

Appendix-3.2

(Reference: Paragraph 3.2; Page 74)

Statement showing performance of the Autonomous Bodies

Sr. No.	Name of the body	Period of entrustment	Year upto which Accounts were rendered	Delay in Submission of Accounts	Period upto which Separate Audit Report is issued	Date of placement of SAR in the Legislature	Years for which accounts are due and delay in submission of accounts
1	Himachal Pradesh State Veterinary Council, Shimla	2005-06 onwards	2016-17	7 months 19 days	2016-17 (28.03.2018)	2015-16 (15.03.2017)	--
2	Himachal Pradesh Legal Service Authority, Shimla	-	2017-18	-	2013-14	2013-14	SARs for the year 2013-14 onwards are yet to be finalised
3	District Legal Service Authority, Hamirpur	-	2015-16	-	2013-14	2013-14	-do-
4	District Legal Service Authority, Una	-	2016-17	-	2013-14	2013-14	-do-
5	District Legal Service Authority, Nahan	-	2015-16	-	2013-14	2013-14	-do-
6	District Legal Service Authority, Chamba	-	2015-16	-	2013-14	2013-14	-do-
7	District Legal Service Authority, Bilaspur	-	2015-16	-	2013-14	2013-14	-do-
8	District Legal Service Authority, Shimla	-	2016-17	-	2013-14	2013-14	-do-
9	District Legal Service Authority, Solan	-	2015-16	-	2013-14	2013-14	-do-
10	District Legal Service Authority, Kullu	-	2015-16	-	2013-14	2013-14	-do-
11	District Legal Service Authority, Kinnaur at Rampur	-	2015-16	-	2013-14	2013-14	-do-
12	District Legal Service Authority, Dharmshala at Kangra	-	2015-16	-	2013-14	2013-14	-do-
13	District Legal Service Authority, Mandi	-	2015-16	-	2013-14	2013-14	-do-
14	Himachal Pradesh Building and Other construction workers welfare board, Shimla	--	2014-15	2 years	2013-14	Yet to be placed	Under process

Appendix - 3.3

(Reference: Paragraph 3.4; Page 75)

Department wise and duration wise break-up of the cases of theft, misappropriation/losses, etc.

Sl. No.	Name of the Department	Up to 5 years		5 to 10 years		10 to 15 years		15 to 20 years		20 to 25 years		25 years or more		Total No. of Cases	
		C	A	C	A	C	A	C	A	C	A	C	A	C	A
1.	Education	-	-	02	2.55	01	0.93	-	-	-	-	-	-	03	3.48
2.	Rural Development	-	-	02	4.68	-	-	-	-	-	-	-	-	02	4.68
3.	Agriculture	-	-	-	-	01	9.20	01	0.26	-	-	-	-	02	9.46
4.	Horticulture	-	-	01	1.54	01	0.06	-	-	01	1.29	-	-	03	2.89
5.	Land Revenue	-	-	-	-	-	-	-	-	01	2.57	-	-	01	2.57
6.	Police	-	-	01	0.08	-	-	-	-	-	-	-	-	01	0.08
7.	Fisheries	-	-	01	1.28	-	-	-	-	-	-	-	-	01	1.28
8.	Municipal Council, Chamba	01	0.42	-	-	-	-	-	-	-	-	-	-	01	0.42
9.	Revenue	-	-	-	-	-	-	-	-	-	-	02	0.40	02	0.40
10.	Home Guard	-	-	-	-	-	-	03	25.42	-	-	-	-	03	25.42
11.	Animal Husbandry	-	-	01	0.90	-	-	-	-	-	-	02	0.21	03	1.11
12.	Health (Medical Department)	-	-	-	-	01	0.95	-	-	-	-	-	-	01	0.95
13.	Forest	01	3.99	01	2.38	-	-	01	0.63	-	-	02	0.22	05	7.22
14.	Public Works	-	-	-	-	-	-	06	7.42	01	1.05	08	2.69	15	11.16
15.	Irrigation and Public Health	-	-	-	-	01	0.89	02	7.71	-	-	02	0.31	05	8.91
	Total:	02	4.41	09	13.41	05	12.03	13	41.44	03	4.91	16	3.83	48	80.03

C: Number of Cases

A: Amount (₹ in lakh)

Appendix-3.4

(Reference: Paragraph 3.4; Page 75)

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

(₹ in lakh)

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount
Education	02	1.60	01	1.88	03	3.48
Rural Development	02	4.68	-	-	02	4.68
Agriculture	-	-	02	9.46	02	9.46
Land Revenue	-	-	01	2.57	01	2.57
Horticulture	01	0.06	02	2.83	03	2.89
Fisheries	01	1.28	-	-	01	1.28
Police	-	-	01	0.08	01	0.08
Municipal Council, Chamba	-	-	01	0.42	01	0.42
Revenue	-	-	02	0.40	02	0.40
Home Guard	-	-	03	25.42	03	25.42
Animal Husbandry	-	-	03	1.11	03	1.11
Health (Medical Department)	-	-	01	0.95	01	0.95
Forest	-	-	05	7.22	05	7.22
Public Works	01	0.21	14	10.95	15	11.16
Irrigation and Public Health	01	0.25	04	8.66	05	8.91
Total	08	8.08	40	71.95	48	80.03

Appendix-4

Glossary of terms

Sr. No.	Terms	Description
1.	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.
2.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i> .
4.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
5.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
6.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
7.	Net Debt available	Net Debt available to the State Government is calculated as excess of Public Debt receipts over Public Debt repayment and Interest payment on Public Debt.
8.	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
9.	Guarantees	Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

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