



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
State Finances
for the year ended March 2012**



GOVERNMENT OF HIMACHAL PRADESH
Report No. 1 of the year 2012

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PREFACE

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

EXECUTIVE SUMMARY

Background

This Report on the Finances of the Government of Himachal Pradesh is being brought out to assess objectively the financial performance of the State during the year 2011-12. The aim of this Report, which is based upon the actual data, is to provide the State Government timely input on the performance of the departments on financial management/implementation of schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management (FRBM) Act, 2005 amended further by Act No. 25 of 2011 as well as in the Budget Estimates of 2011-12.

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

The Report

Based on the audited accounts of the Government of Himachal Pradesh for the year ending March 2012, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

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

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

Chapter 3 is an inventory of Himachal Pradesh Government's compliance with various reporting requirements and financial rules. The cases of misappropriation/loss that indicate inadequacy of controls in the Government departments are also detailed in this Chapter.

Audit findings and recommendations

Fiscal correction path: Himachal Pradesh is one of the earliest States to have passed the FRBM Act in the year 2005 and further to amend it in 2011. The State of Himachal Pradesh had revenue surplus in 2007-08 but could not maintain the trend and turned into revenue deficit in 2008-09 which rose further upto 2010-11. The revenue deficit of ₹1235 crore in 2010-11 ultimately turned into revenue surplus of ₹645 crore during the current year 2011-12. The fiscal deficit at ₹1633 crore is 2.59 *per cent* of GSDP, is below the normative assessment made by Thirteenth Finance Commission (Th FC) for the current year 2011-12.

The State had achieved five and six out of seven targets as set out in MTFPS and FRBM Act/Th FC during 2011-12. Efforts should also be made to improve collection of non tax revenue so that recourse to borrowed funds from GoI can be reduced.

Funds directly transferred from GoI to the State Implementing Agencies: There is no single agency to monitor the receipt/transfer of funds directly from GoI and therefore, utilisation of these funds remains to be verified by Audit to establish accountability of the State Government for these funds.

System to ensure proper accounting of funds: A system has to be put in place to ensure proper accounting of funds transferred directly by the GoI and the updated information should be validated by the State Government as well as Accountant General (A&E).

Review of Government investments: The average return on Himachal Pradesh Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was 2.46 *per cent* (**Para 1.7.2**) while the Government paid an average interest of 8.49 *per cent* on its borrowings from Central Government/Financial institutions. The government may ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are worth being channelised there. *The Government may consider taking appropriate measure to ensure better value for money in investments.*

Action Plan for incomplete projects: The Government may prepare an effective action plan to complete all projects promptly so that people derive envisaged benefits in time.

Financial management and budgetary control: The State Government's budgetary processes have not been sound during the year 2011-12 due to excess expenditure and expenditure without provision, drawal of funds to avoid lapse of budget grant and unnecessary withdrawal of funds. In many cases, anticipated savings (shortfall in the utilisation of budgets) were either not surrendered or surrendered at the end of the year leaving no scope for utilising these funds for other development purposes. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriation without proper explanation and expending without provision of funds. Release of funds and surrender of substantial funds at the end of the year is a matter of concern, since funds could not be utilised fruitfully. The Abstract Contingent (AC) bills had not been adjusted for long periods of time which is fraught with the risk of misappropriation.

The Government may ensure that:

- all the departments should submit realistic budget estimates, keeping in view the trends of expenditure and the actual requirement of funds in order to avoid large savings/excesses.
- all the departments should closely monitor the expenditure against the allocations and incurring of excess expenditure over the grants should be strictly avoided.
- the Finance Department should, therefore, issue specific instructions to all the departments to work out savings before hand and ensure their surrender by stipulated date for their effective utilisation by other departments requiring funds.
- there is a rigorous monitoring mechanism in place in the departments to adjust the advances drawn on Abstract Contingent bills within the stipulated period, as required under the extant rules.

Financial reporting: Compliance with various rules, procedures and directives by the Departments is not adequate as evident from delays in furnishing utilization certificates against the loans and grants from various grantee institutions. There were instances of theft, loss and misappropriation.

The Government may consider to ensure:

- timely submission of utilisation certificates in respect of the grants released for specific purposes to the grantee institutions.
- expediting departmental enquiries in respect of all loss and misappropriation cases strengthening internal controls in all the organisations to prevent such cases.
- depicting expenditure and other receipts in the accounts distinctly, instead of clubbing the same under the Minor head '800-Other Expenditure' and '800-Other Receipts' to ensure correctness in financial reporting.

CHAPTER – 1

Finances of the State Government

Himachal Pradesh is a Special Category State (SCS) based upon categorisation of States made by Government of India. The special privileges given to Himachal Pradesh includes financial assistance from Government of India (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.

Despite this, the State has seen considerable economic growth in the past decade and the compound growth rate of its Gross State Domestic Product (GSDP) for the period 2002-03 to 2011-12 has been almost 15 *per cent* (*Appendix-1*). During 2001-11, its population has grown by 13 *per cent* and the per capita income growth has been at 12 *per cent* during 2011 and 2012.

This chapter provides a broad perspective of the finances of the Himachal Pradesh Government during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. The major changes in the key fiscal aggregates of the State were the revenue surplus which had turned into revenue deficit during the year 2008-09. It again turned into revenue surplus (₹ 645 crore) in the year 2011-12. Fiscal deficit at ₹ 1,633 crore in the year 2011-12 was pegged at around 2.59 *per cent* of the GSDP which is well below the normative assessment made by the Thirteenth Finance Commission (*Th FC*).

1.1 Summary of Current Fiscal Transactions during the year 2011-12

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2011-12) vis-à-vis the previous year (2010-11) while the *Appendix-1.4* provides details of receipts and disbursements as well as overall fiscal position during the current year as compared to the previous year.

Table-1.1
Summary of Current Year's Fiscal Operations

(₹ in crore)

Receipts			Disbursements				
Various items	2010-11	2011-12	Various items	2010-11	2011-12		Total
	Total	Total		Total	Non Plan	Plan	
Section-A: Revenue							
Revenue receipts	12,711	14,543¹	Revenue expenditure	13,946	12,197	1,701	13,898
Tax revenue	3,643	4,108	General services	5,279	5,655	35	5,690
Non tax revenue	1,695	1,915	Social services	4,979	4,209	938	5,147
Share of Union Taxes/ Duties	1,715	1,999	Economic services	3,682	2,321	728	3,049
Grants from Government of India	5,658	6,521	Grants-in-aid and Contributions	6	12	--	12

¹ Includes an amount of ₹ 32.43 crore by way of book adjustment.

Various items	2010-11	2011-12	Various items	2010-11	2011-12		
	Total	Total		Total	Non Plan	Plan	Total
Section-B: Capital							
Misc. Capital Receipts	646	--	Capital Outlay	1,789	46	1,764	1,810
Recoveries of Loans and Advances	73	25	Loans and Advances disbursed	227	15	478	493
Public Debt receipts	2,411	1,984	Repayment of Public Debt	870	--	1,128	1,128
Contingency Fund	--	--	Contingency Fund	--	--	--	--
Public Account receipts	8,507	9,237	Public Account disbursements	7,162	--	--	8,526
Opening Cash Balance	281	635	Closing Cash Balance	635	--	--	569
Total	24,629	26,424	Total	24,629			26,424

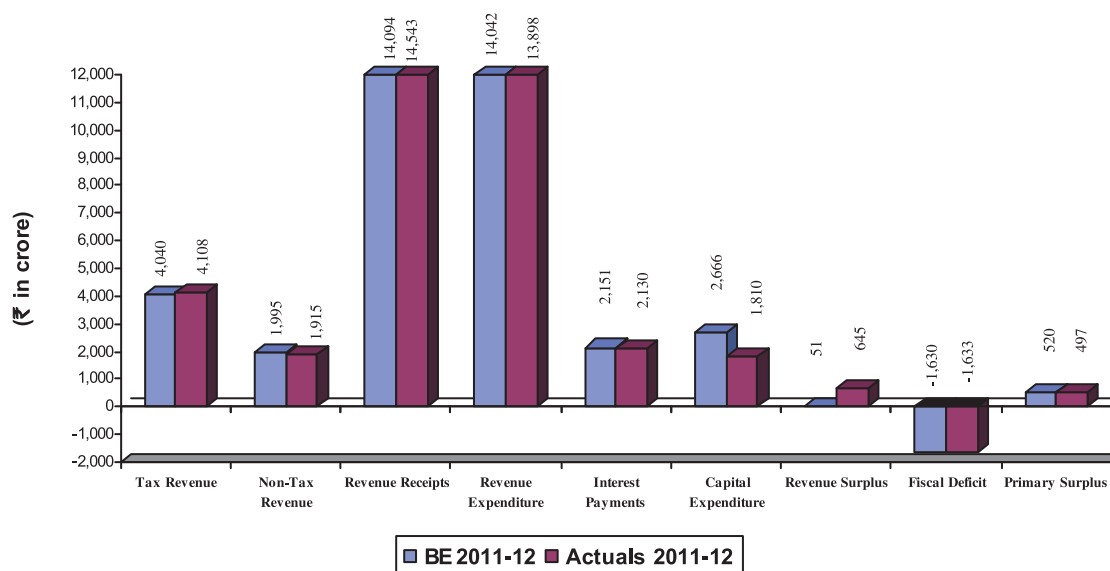
Following are the significant changes during 2011-12 over the previous year.

- **Revenue receipts** grew by ₹1,832 crore (14.41 per cent) over the previous year. The increase was the net effect of increase in Tax Revenue (₹465 crore), Non-Tax Revenue (₹220 crore), Share of Union Taxes and Duties (₹284 crore) and Grants-in-aid (₹863 crore).
- Being a special category State 44.84 per cent of the revenue receipts are in the form of grants from GoI. The revenue receipts in 2011-12 increased by 14.41 per cent over the previous year, whereas revenue expenditure decreased by 0.34 per cent.
- **Revenue expenditure** decreased by ₹48 crore (0.34 per cent) over the previous year. The decrease was net effect of decrease in Non-Plan expenditure (₹97 crore) and increase in Plan expenditure (₹49 crore). The revenue expenditure under General Services, Social Services and Grants-in-aid increased by ₹411 crore, ₹168 crore and ₹6 crore respectively while expenditure under Economic Services decreased by ₹633 crore.
- **Capital expenditure** increased by ₹21 crore (1.16 per cent) over previous year. The increase was on account of increase under Economic Services (₹260 crore) and decrease in Social Services (₹239 crore) whereas expenditure under General Services remained static.
- Recoveries of Loans and Advances decreased by ₹48 crore (66 per cent) whereas disbursement increased by ₹266 crore (117.18 per cent).
- While the receipts under Public debt decreased by ₹427 crore (17.71 per cent), the disbursement under Public debt increased by ₹258 crore (29.65 per cent).
- The Public Account receipts and disbursements increased by ₹730 crore (8.58 per cent) and ₹1364 crore (19.04 per cent), respectively, during the year.
- Opening cash balance increased by ₹354 crore while Closing cash balance decreased by ₹66 crore.

1.2 Budget Estimates and Actuals

The budget estimates and actuals for some important fiscal parameters are given in **Chart 1.1** below:

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



Source: Review of receipt and expenditure (December 2011) and Finance Accounts.

It may be seen from **Chart 1.1**, that there were variations between Budget estimates and Actuals in case of several parameters. The Revenue receipt increased by ₹449 crore (3.18 per cent) and Revenue expenditure decreased by ₹144 crore (1.02 per cent) resulting in revenue surplus of ₹594 crore over the budget estimates. Fiscal deficit increased by ₹ three crore while primary surplus decreased by ₹23 crore. The actual realisation of non-tax revenue (NTR) was less by ₹80 crore (4 per cent) during 2011-12 against the estimated NTR of ₹1,995 crore. *Against the estimated interest payments of ₹ 2,151 crore, the actual payments made were ₹2,130 crore during the current year.*

The performance of the State during 2011-12 in terms of key fiscal targets set for selected variables laid down in HPFRBM (Amendment) Act, 2011² as well as projections made in Medium Term Fiscal Plan Statement (MTFPS) vis-à-vis achievements for 2011-12 are summarised in **Table-1.1A** below:

² Amended by Act Number 25 of 2011.

Table-1.1A
Key fiscal targets for selected variables

(₹ in crore)

Fiscal forecasts	Projections in (FRBM Act)/ Th FC	Projections made by State Government in MTFPS	Actual	Percentage variation of actual over	
				Th FC	MTFPS
Tax Revenue	3,543	4,040	4,108	*	*
Non Tax Revenue	1,278	1,995	1,915	*	4.01
Non-Plan Revenue Expenditure (NPRE)	8,744	12,572	12,197	39.49	*
Capital Expenditure	---	1,498	1,810	--	--
Revenue Deficit (-) Surplus (+) as per cent of RRs	0.0 (2011-12)	(+)0.36	(+) 4.44	*	*
Fiscal Deficit(-)/ Surplus (+) as per cent of GSDP	(-) 3 (2011-12)	(-)2.70	(-) 2.59	*	*
Outstanding debt as per cent of GSDP	47 (By 2011-12)	44	31	*	*
Outstanding guarantees as percentage of the State's RRs of preceding financial year	Below 40 percent	25	26	*	1

* Targets were achieved.

- The State achieved revenue surplus of ₹645 crore which was 4.44 per cent against the target to maintain revenue surplus by Th FC and MTFPS, respectively.
- The State also maintained the target of fiscal deficit set by Th FC and MTFPS, respectively.

Commitments made in the Budget Speech 2011-12

In the budget speech, the Finance Minister had made the following commitments for fiscal consolidation in the year 2011-12:

- Total revenue expenditure was estimated at ₹ 14,042 crore and the total expenditure at ₹ 16,708 crore;
- Total expected capital receipts were ₹ 2,077 crore and the total capital expenditure including loan repayments was estimated at ₹ 2,666 crore;
- Total estimated interest payments were ₹ 2,151 crore and pension payment expenditure was ₹ 2,210 crore;
- The fiscal deficit was expected to be 2.7 per cent of Gross State Domestic Product (GSDP) whereas state expected to remain in revenue surplus of ₹51 crore during the year 2011-12.

However, at the close of financial year 2011-12 revenue expenditure and total expenditure stood at ₹ 13,898 crore and ₹ 16,201 crore, respectively, which were less as compared to budgetary projections by ₹ 144 crore and ₹ 507 crore, respectively.

Capital receipts remained at ₹ 2,009 crore which were lesser than the estimations by ₹ 68 crore. The pension expenditure exceeded the budget by ₹ 7 crore and stood at ₹ 2,217 crore. Thus, these expectations as per the budgetary assumptions were not achieved to the targetted level.

1.3 Resources of the State

1.3.1 Resources of the State as per Annual Finance Accounts

Revenue receipts, Capital receipts and Public Account receipts are the three streams of the Total receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid received from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial Institutions/commercial banks) and loans and advances from GoI. The other area of receipts is accruals from Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts (**Appendix-1.1**) while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2007-12. **Chart 1.3** depicts the composition of resources of the State during the current year.

Chart-1.2: Trends in Receipts

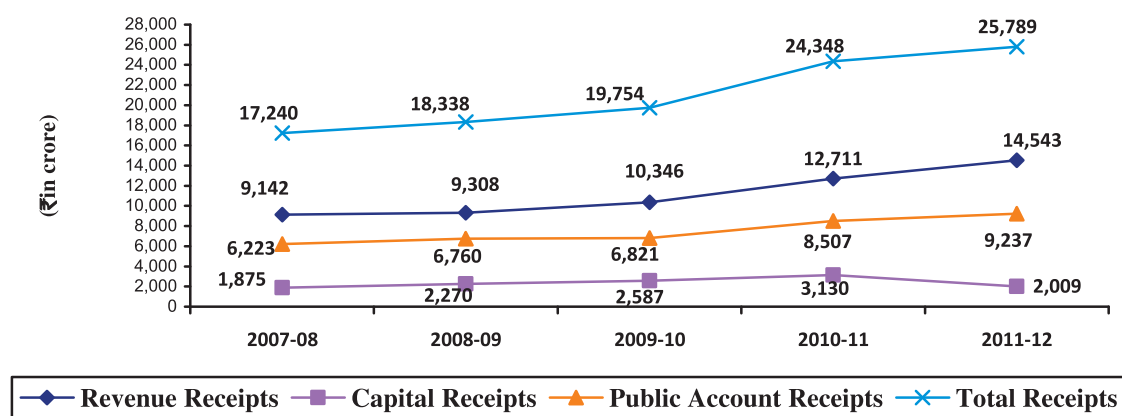
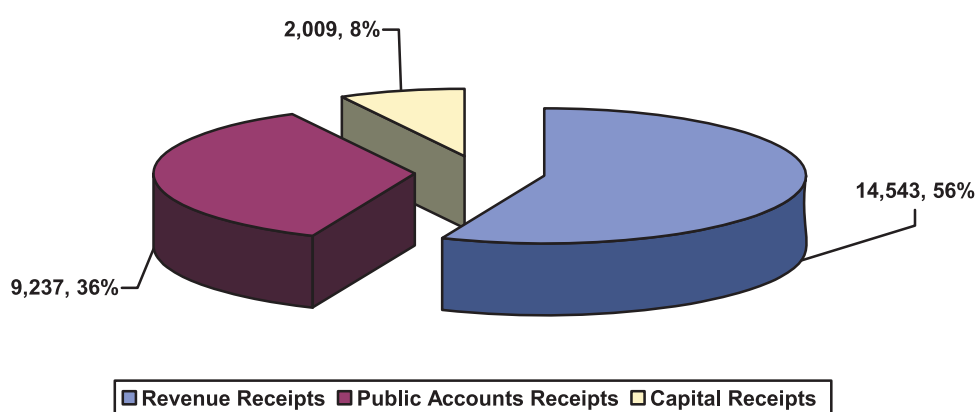


Chart-1.3: Composition of Receipts during 2011-12



The above charts show that the total receipts of the State Government increased by 6 per cent from ₹ 24,348 crore to ₹ 25,789 crore in 2011-12 over the previous year. Of which, 56 per cent (₹ 14,543 crore) came from revenue receipts, the balance 44 per cent from borrowings. The share of Revenue receipts in the total receipts of the State remained almost static during 2007-11 but increased by 4 per cent during the current year. On the other hand, the Capital receipts (market borrowings and special securities issued to NSSF) together with Public account receipts ranged between 44 and 49 per cent of total receipts during 2007-12.

Revenue receipts increased steadily by 59 per cent from ₹ 9,142 crore in 2007-08 to ₹14,543 crore in 2011-12, whereas the debt Capital receipts increased from ₹1,875 crore in 2007-08 to ₹ 2,009 crore in 2011-12. Public account receipts increased steadily from ₹6,223 crore in 2007-08 to ₹9,237 crore in 2011-12 ranging between 35 and 37 per cent of total receipts.

1.3.2 Funds Transferred by the GoI directly to State Implementing Agencies

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies³ for the implementation of various schemes/programmes in social and economic sectors recognised as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. During 2011-12, the GoI has transferred an amount of ₹1,416 crore directly to State Implementing Agencies (details in *Appendix-1.5*). Significant amounts given to the major programmes/schemes are presented in **Table 1.2** below:

³ Refer glossary in Appendix 4.

Table-1.2
Funds Transferred Directly to State Implementing Agencies by GoI

Sl. No.	Name of the Programme/ Scheme	Name of the Implementing Agency in the State	Total funds released by the GoI during 2011-12 (₹ in crore)
1.	National Rural Employment Guarantee Scheme (NREGA)	Project Director, District Rural Development Agency	311.38
2.	Pradhan Mantri Gram Sadak Yojana	Engineer-in-Chief	310.30
3.	Hospital and Dispensaries (under NRHM)	Society for Development of AYUSH Institutions in Himachal Pradesh	174.07
4.	Sarva Siksha Abhiyan (SSA)	Mission Director, SSA	141.93
5.	Integrated Watershed Management Programme	Project Director, District Rural Development Agency	67.78
Total:			1,005.46

Source: Finance Accounts.

Table 1.2 shows that an amount of ₹ 311.38 crore (21.99 per cent of the total funds transferred) was given for National Rural Employment Guarantee Scheme, ₹ 141.93 crore (10 per cent) for Sarva Siksha Abhiyan (SSA) and ₹ 310.30 crore (21.91 per cent) for Pradhan Mantri Gram Sadak Yojna (PMGSY). Thus, with the transfer of ₹1,416 crore during 2011-12 directly by GoI to the State Implementing Agencies, the total availability of State resources increased from ₹25,789 crore to ₹27,205 crore. It is evident from the above that there is no single agency monitoring the funds directly transferred by the GoI and data is not readily available as to how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by State Implementing agencies and funded directly by the GoI.

1.4 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the State Government. The revenue receipts consist of State's own tax and non tax revenues, Central tax transfers and grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2007-12 are presented in *Appendix-1.3* and also depicted in **Chart 1.4** and **1.5** respectively.

Chart-1.4: Trends in Revenue Receipts

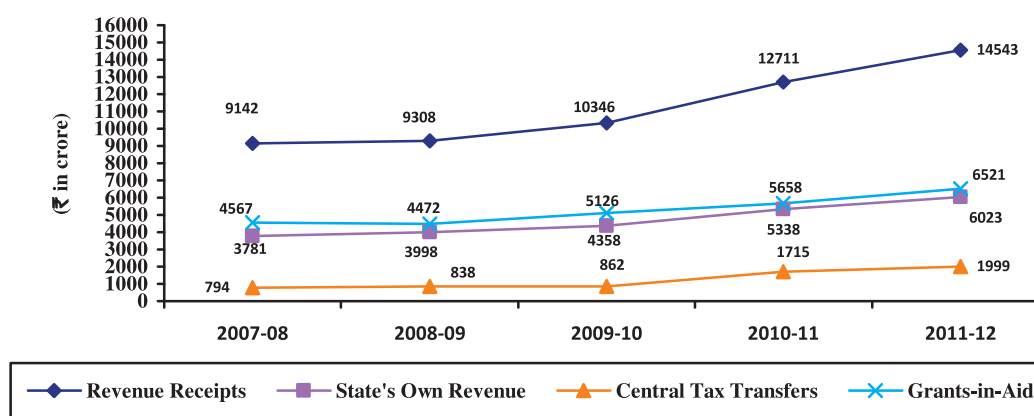
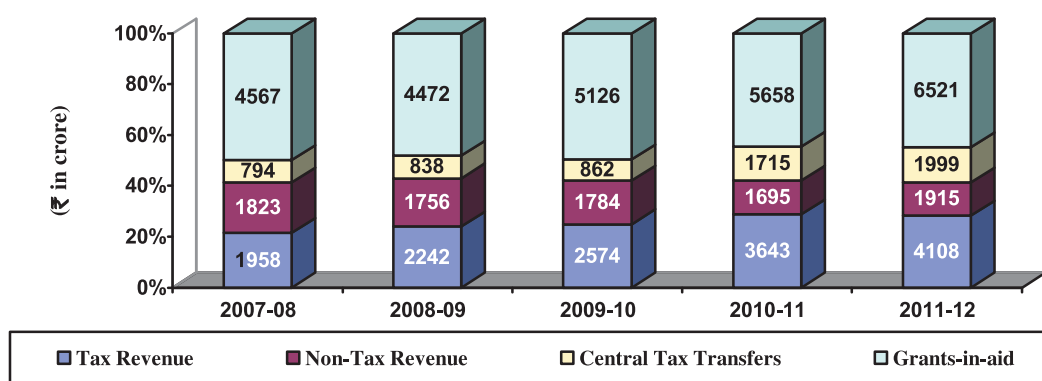


Chart-1.5: The composition of Revenue Receipts during 2007-12



Revenue receipts steadily increased from ₹ 9,142 crore in 2007-08 to ₹ 14,543 crore in 2011-12 at an annual average rate of 13 per cent but during 2011-12 it recorded an increase of 14 per cent over the previous year. The share of non tax revenues exhibited an increase of 13 per cent and Grant-in-aid from GoI increased by 15 per cent over the previous year. 41 per cent of the revenue receipts during 2011-12 have come from the State's own resources comprising taxes and non-taxes, the remaining 59 per cent were contributed by Central transfers comprising the State's share in Central taxes and duties (14 per cent) and grants-in-aid from GoI (45 per cent).

Central Tax transfers: Central tax transfers increased by ₹ 284 crore (17 per cent) from ₹ 1,715 crore in 2010-11 to ₹ 1,999 crore in 2011-12 and constituted 14 per cent of the revenue receipts during the year. The increase was mainly due to increase in Corporation tax (₹ 116 crore), taxes on income other than corporation tax (₹ 45 crore), customs (₹ 47 crore) and service tax (₹ 67 crore).

Grants-in-Aid: Grants-in-aid from the GoI increased by ₹ 863 crore (15 per cent) from ₹ 5,658 crore in 2010-11 to ₹ 6,521 crore in 2011-12.

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

Table-1.3
Trends in Revenue Receipts relative to GSDP

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Receipts (RR) (₹ in crore)	9,142	9,308	10,346	12,711	14,543
Rate of growth of RR (per cent)	16.68	1.82	11.15	22.86	14.41
R R/GSDP* (per cent)	26.91	22.44	22.03	23.24	23.05
Buoyancy Ratios⁴					
Revenue Buoyancy w.r.t GSDP	1.36	0.08	0.84	1.39	0.94
State's Own Tax Buoyancy w.r.t GSDP	2.16	0.27	0.68	1.37	0.84

* GSDP at 2004-05 base price

It is evident from the table above that there was consistent decline in the growth rates during 2007-10 from 16.68 per cent in 2007-08 to 11.15 per cent in 2009-10 and with sharp decline of 1.82 per cent in 2008-09 due to decrease in non tax revenues and

⁴ Refer glossary in **Appendix 4**.

grants-in-aid ratio of revenue receipts. However, during 2008-11 it showed increasing trend and rose from 1.82 *per cent* to 22.86 *per cent* but again decreased to 14.41 *per cent* during 2011-12. There were less receipts in taxes and duties on electricity (₹ 116.12 crore) and co-operation (₹ 7.29 crore) during the current year. Besides this, buoyancy ratio of State's own taxes with reference to GSDP increased from 0.27 in 2008-09 to 1.37 in 2010-11 but decreased to 0.84 *per cent* during 2011-12. The State's own tax buoyancy with respect to GSDP was higher than revenue buoyancy during 2007-09 and from 2009-10 to 2011-12, it was less by 0.16, 0.02 and 0.10, respectively.

1.4.1 State's Own Resources

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

Tax Revenue

Tax revenue of the State increased from ₹ 1,958 crore in 2007-08 to ₹ 4,108 crore in 2011-12 at an annual average rate of 21 *per cent*. The major contributors in the State's own tax during 2011-12 are taxes on Sales, Trades, etc., (₹ 2,477 crore-60 *per cent* of tax revenue), State Excise (₹ 707 crore-17 *per cent* of tax revenue), taxes and duties on electricity (₹ 185 crore-5 *per cent* of tax revenue), taxes on vehicles (₹ 176 crore-4 *per cent* of tax revenue), Stamps and Registration fees (₹ 155 crore-4 *per cent* of tax revenue) and taxes on goods and passengers (₹ 94 crore-2 *per cent* of tax revenue). Collection of taxes on sales, trade, etc. and state excise increased by ₹ 376 crore and ₹ 145 crore, respectively, in 2011-12 over the previous year.

Non-tax revenue

Non-tax revenue increased to ₹ 1,915 crore (13 *per cent*) in 2011-12 from ₹ 1,695 crore during the previous year. The major contributors in State's non tax revenue during 2011-12 were power sector: ₹ 1,146 crore (60 *per cent* of non tax revenue) and interest receipts, dividends and profits: ₹ 201 crore (10 *per cent* of non tax revenue) and it showed an increase in power sector and interest, dividends and profits by ₹52 crore and ₹ 67 crore, respectively, over the previous year (2010-11).

The actual realisation of State's NTR (₹ 1,915 crore) was marginally less by ₹ 80 crore (four *per cent*) than the projections made in MTFPS of ₹ 1,995 crore. The tax revenue and non tax revenue were higher by 16 *per cent* and 50 *per cent*, respectively, than the projections made in the Th FC (₹3,543 crore and ₹1,278 crore, respectively). The current level of cost recovery (revenue receipts as percentage of

revenue expenditure) in supply of goods and services is depicted in the **Table 1.4** below:

Table-1.4
Current level of cost recovery

(₹ in crore)

S. No.	Departments	2007-08			2011-12		
		Receipt	Expenditure	Percentage	Receipt	Expenditure	Percentage
1.	Health and Family Welfare	7.71	470.55	1.64	8.73	826.49	1.06
2.	Minor Irrigation	0.45	269.11	0.17	0.62	382.14	0.16
3.	Secondary Education	3.01	484.89	0.62	3.56	966.39	0.37
4.	University & Higher Education	3.20	146.03	2.19	3.59	247.94	1.45
5.	Power	1,414.52	303.49	466.08	1,145.70	357.38	320.58
6.	Road Transport	0.33	95.68	0.34	0.67	121.52	0.55

Source: Finance Accounts.

Expenditure-receipt ratio for major departments of the State indicated that between 2007-08 and 2011-12, in all the above departments, the situation had deteriorated because the expenditure had drastically increased whereas the receipts had increased only marginally except under power.

1.4.2 Loss of revenue due to evasion of taxes and refunds

Evasion of tax

The detail of cases of evasion of tax deducted, assessments completed and pending cases during the year are as follows:

Table-1.5
Evasion of Taxes

Sr. No	Head of revenue	Cases pending as on 31 March 2011	Cases detected during the year	Total as on 31 March 2012	Number of cases in which assessments/ investigations completed and additional demand including penalty etc. raised		Number of pending cases as on 31 March 2012
					Number of cases	Amount of demand (₹ in lakh)	
1.	Taxes on sales, trade etc.	110	25319	25429	25316	1041.94	113
2.	State excise	4	42	46	43	2.76	3
3.	Passengers and goods tax	296	1680	1976	1683	68.12	293
4.	Other taxes and duties on commodities and services	19	313	332	305	22.57	27
Total		429	27354	27783	27347	1135.39	436

Thus, 436 numbers of cases were pending for their settlement. Therefore, action needs to be taken to finalise these cases at the earliest.

Refunds

The number of refund cases pending at the beginning of the year 2011-12, claims received, refunds allowed and cases pending at the close of the year 2011-12 were as given in **Table 1.6** below:

Table-1.6
Refund Cases

Sr. No.	Particulars	(₹ in crore)			
		Sales tax/VAT		State excise	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	37	7.28	02	0.11
2	Claims received during the year	52	10.80	18	0.11
3	Refunds made during the year	36	6.40	18	0.18
4	Balance outstanding at the end of the year	53	11.68	02	0.04

Cost of collection

Expenditure on collection of taxes on Sales, Trade, etc., was ₹5.16 crore, State Excise ₹2.58 crore, Taxes on Vehicles, Goods and Passengers ₹ 26.83 crore and Stamp Duty and Registration Fee ₹ 1.14 crore during 2011-12. Percentage of expenditure to gross collection was 0.21, 0.36, 9.92 and 0.74, respectively. Percentage of expenditure to gross collection in the State was below the all India average except in the case of taxes on Vehicles, Goods and Passengers, which was 6.21 *per cent* higher than the all India average percentage of collection for the year 2011-12. Efforts need to be made to reduce the expenditure *ibid*, in order to achieve all India average.

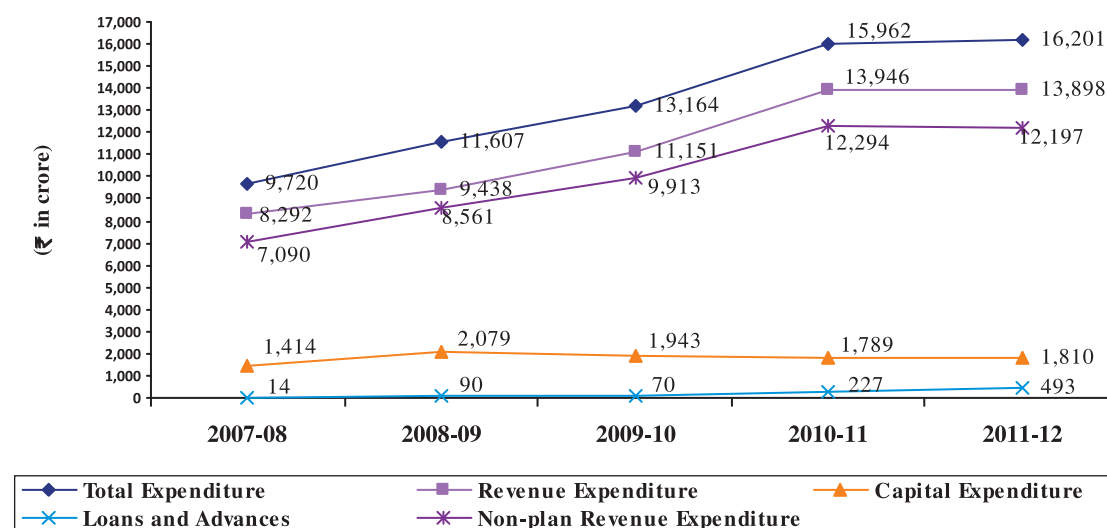
1.5 Application of Resources

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

1.5.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2007-12) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Charts 1.7** and **1.8**, respectively.

Chart-1.6: Total Expenditure: Trends and Composition



- The Total Expenditure (TE)** of the State increased from ₹ 9,720 crore in 2007-08 to ₹ 16,201 crore in 2011-12 at an annual average rate of 14 per cent. The increase during the year was ₹239 crore only (2 per cent) over the previous year. The increase in total expenditure was due to increase in loans and advances and capital expenditure of ₹ 266 crore and ₹ 21 crore, respectively, whereas revenue expenditure decreased by ₹ 48 crore.
- Revenue Expenditure (RE) :** Although revenue expenditure increased at an annual average rate of 14 per cent from 2007-08 to 2011-12 it decreased by ₹ 48 crore (0.34 per cent) to ₹ 13,898 crore during the current year. The revenue expenditure during current year as compared to previous year increased in Social Services by ₹168 crore whereas under Economic Services it decreased by ₹633 crore. Major services under Social sector where less expenditure was incurred were Water Supply, Sanitation, Housing and Urban Development (₹ 126 crore) and Social Welfare and Nutrition (₹ 81 crore) and under Economic Sector in Energy (₹646 crore) and Transport (₹56 crore).
- Capital Expenditure (CE) :** Capital expenditure increased from ₹1,414 crore in 2007-08 to ₹2,079 crore in 2008-09 by 47 per cent but decreased during the years 2009-10 and 2010-11 by ₹136 crore (7 per cent) and ₹154 crore (8 per cent) over the corresponding previous years. Capital investments in 2011-12 increased marginally by ₹21 crore (1 per cent) from ₹ 1,789 crore to ₹ 1,810 crore as compared to previous year. No specific norms for prioritisation of capital expenditure have been laid down in FRBM

Act. Transport (₹ 222 crore), Irrigation and Flood Control (₹ 15 crore) and Power Projects (₹ 47 crore) in Economic sector were the beneficiary sectors where capital expenditure was made.

- Loans and advances constituted ₹493 crore (3.04 per cent) of the total expenditure which increased by ₹266 crore over the previous year due to loans given to Power Projects (₹281 crore).

1.5.2 Trends in Total Expenditure by activities

In terms of activities, total expenditure could be considered as being composed of expenditure on General services including interest payments, social and economic services, grants-in-aid and loans and advances. The relative share of these components in total expenditure are indicated in **Charts 1.7** and **1.8**, respectively.

Chart-1.7: Total Expenditure: Trends in share of its components

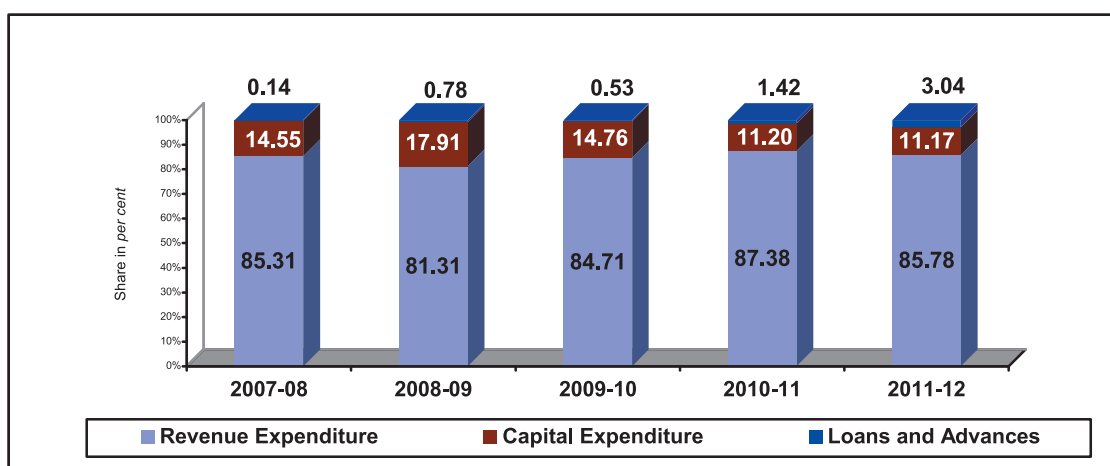
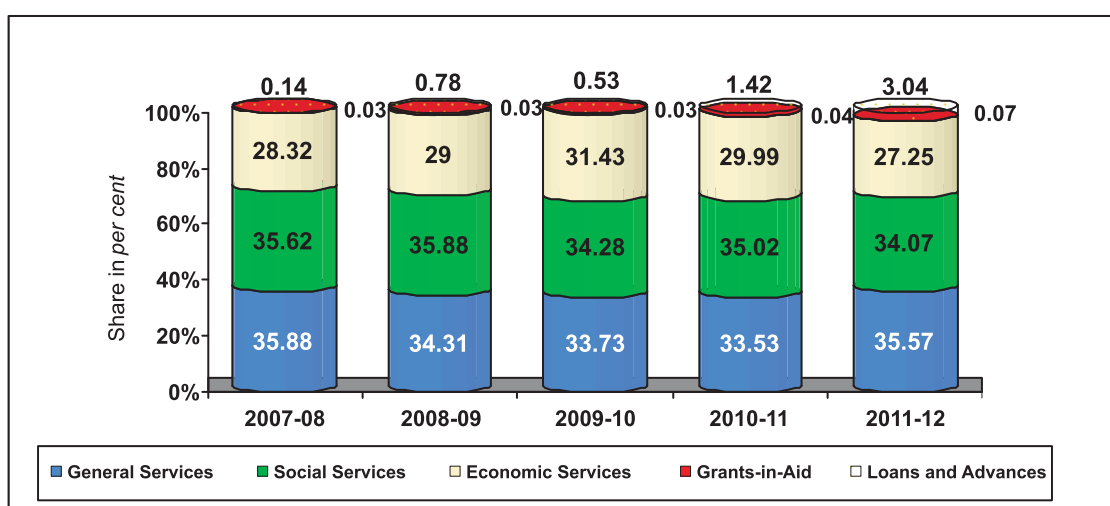


Chart-1.8: Total Expenditure: Trends by 'Activities'



The movement of relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. Expenditure on General Services (including interest payments) which is considered as non-developmental,

consistently decreased from 35.88 *per cent* in 2007-08 to 33.53 *per cent* in 2010-11 but increased to 35.57 *per cent* in 2011-12. On the other hand, developmental expenditure i.e., on Social and Economic Services together accounted for 61.32 *per cent* in 2011-12. The share of General Services and Social Services was mainly on account of increase in expenditure on General Education (₹303 crore), Pension and other retirement benefits (₹111 crore) and Public Works Department (₹67 crore). The expenditure on Economic Services significantly decreased in energy (₹646 crore) and Transport (₹56 crore) but in Agriculture and Allied Activities increased marginally (₹34 crore).

1.5.3 Incidence of Revenue Expenditure

Revenue expenditure had the predominant share in the total expenditure. It is incurred to maintain the current level of services and payments, for the past obligations, and, as such, does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure covering its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Appendix-1.3**. Non-plan revenue expenditure (NPRE) increased from ₹ 7,090 crore in 2007-08 to ₹ 12,197 crore in 2011-12 at an annual average rate of 14 *per cent* and the Plan Revenue Expenditure (PRE) increased from ₹ 877 crore in 2008-09 to ₹ 1,701 crore (94 *per cent*) in 2011-12.

The break up of total expenditure during 2011-12 in terms of Plan and Non-Plan expenditure revealed that Non-Plan expenditure contributed a dominant share of ₹ 12,258 crore (76 *per cent* of the total expenditure) while the remaining ₹ 3,943 crore (24 *per cent*) was in the form of plan expenditure.

The revenue expenditure decreased by 0.34 *per cent* from ₹ 13,946 crore in 2010-11 to ₹ 13,898 crore in 2011-12. The NPRE has shown an inter year variation at an average rate of 14 *per cent* over the period of 2007-12 and continued to share a dominant proportion varying in the range of 86-91 *per cent* of the revenue expenditure. The decrease in NPRE by ₹ 97 crore during the current year was mainly due to less expenditure on education (₹303 crore), pension (₹111 crore) and assistance to Local Bodies (₹132 crore).

The ratio of NPRE to GSDP showed an inter year variation ranging between 19.33 *per cent* and 22.48 *per cent* during 2007-12. The buoyancy of revenue expenditure to NPRE decreased from 0.70 *per cent* in 2007-08 to 0.67 *per cent* in 2008-09, but increased to 1.15 *per cent* in 2009-10. It was further decreased to 1.04 and (-) 0.43 *per cent* during 2010-11 and 2011-12, respectively, while with reference to Revenue Receipts it decreased from 7.59 in 2008-09 to (-) 0.02 in 2011-12. In other words, in 2011-12 for every one *per cent* increase in Revenue receipt, NPRE decreased by less than one *per cent* i.e. 0.43 *per cent*. The NPRE (₹ 12,197 crore) exceeded the normative assessment made by Th FC (₹ 8,744 crore) by ₹ 3,453 crore in 2011-12.

The PRE on the other hand has displayed fluctuations varying from negative (9.28 per cent) in 2007-08 and (27.04 per cent) during 2008-09 which increased to 41.16 per cent in 2009-10 and thereafter it consistently decreased to 33.44 per cent in 2010-11 and 2.97 per cent during 2011-12 over the previous years.

1.5.4 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.7** and **Chart 1.9** below present the trends in the expenditure on these components during 2007-12 and 2009-12, respectively.

Table-1.7
Components of Committed Expenditure

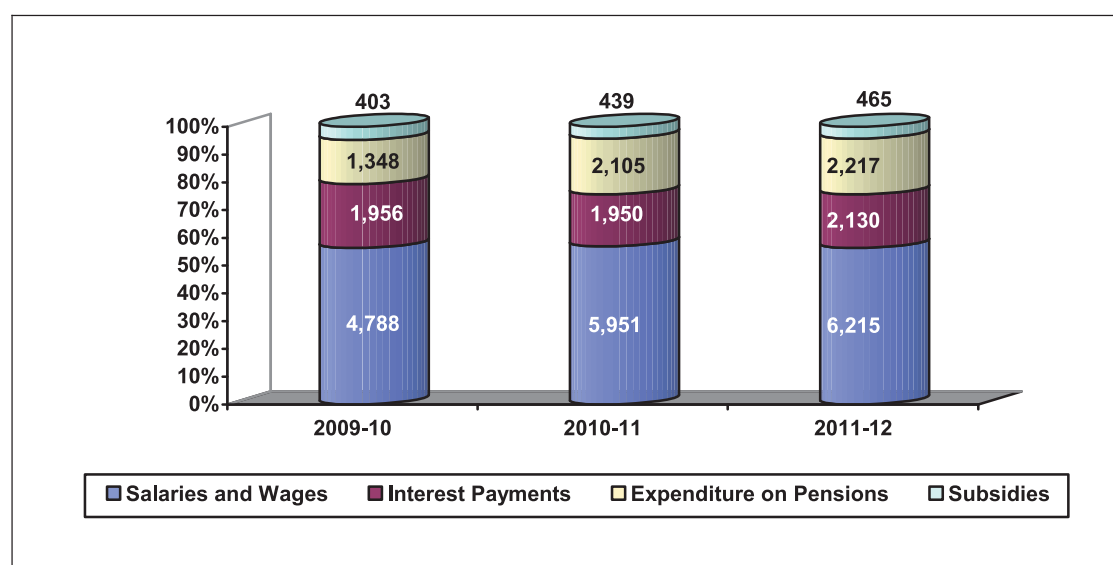
Components of Committed Expenditure	2007-08	2008-09	2009-10	2010-11	2011-12	
					BE	Actuals
Salaries & Wages, of which	3,577 (39)	3,940 (42)	4,788 (46)	5,951 (47)	6,044	6,215 (43)
Non-Plan Head	3,173 (35)	3,813 (41)	4,645 (45)	5,784 (46)		5,981 (41)
Plan Head*	404 (4)	127 (1)	143 (1)	167 (1)		234 (2)
Interest Payments	1,703 (17)	1,894 (20)	1,956 (19)	1,950 (15)	2,151	2,130 (15)
Expenditure on Pensions	949 (10)	1,154 (12)	1,348 (13)	2,105 (17)	2,210	2,217 (15)
Subsidies	328 (4)	369 (4)	403 (4)	439 (3)	423	465 (3)
Total	6,557	7,357	8,495	10,445		11,027

Source: Accountant General (Accounts & Entitlement) office

Figures in the parentheses indicate percentage to Revenue Receipts

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

Chart-1.9: Share of Committed Expenditure in Non-Plan Revenue Expenditure during 2009-12
(Value in labels in crore)



- **Salaries and Wages**

The expenditure on salaries and wages alone was more than 43 *per cent* of revenue receipts of the State during 2011-12. It increased by four *per cent* from ₹ 5,951 crore in 2010-11 to ₹ 6,215 crore in 2011-12. Salary expenditure under Non-plan head during 2011-12 increased by ₹197 crore (three *per cent*) over the previous year whereas the salary expenditure on plan head increased by ₹67 crore (40 *per cent*) over the previous year. Non-plan salary expenditure ranged between 89 and 97 *per cent* of total expenditure on salaries during 2007-12. The salary expenditure during the current year exceeded by ₹ 173 crore from the projections made in MTFPS (₹ 5,882 crore), requiring attention of the State Government.

- **Pension Payments**

The expenditure on pension payments increased from ₹ 949 crore in 2007-08 to ₹ 2,217 crore in 2011-12 and by ₹ 112 crore during the current year over the previous year, recording a growth rate of five *per cent* over the previous year. Pension payments accounted for nearly 15 *per cent* of revenue receipts of the State during 2011-12. The actual expenditure on pension payments for the current year exceeded the projections made in the Th FC (₹ 1,590 crore) and MTFPS (₹ 2,210 crore).

- **Interest Payments**

The interest payments increased by 25 *per cent* from ₹ 1,703 crore in 2007-08 to ₹ 2,130 crore in 2011-12 and increased by ₹ 180 crore during the current year. The major source of borrowings is market loans at interest rates varying from five to 13.99 *per cent*. Interest payments exceeded the Th FC projections (₹ 1,899 crore) but were less than projections made in MTFPS (₹ 2,151 crore) for current year.

- **Subsidies**

The State Government has been paying subsidies to various institutions/bodies/corporations, etc. The subsidies increased by 42 *per cent* from ₹ 328 crore in 2007-08 to ₹ 465 crore in 2011-12 and by 6 *per cent* over the previous year and constituted about 3 *per cent* each of the revenue receipts and total expenditure, respectively. The major components of subsidies were food and supply items (₹106 crore); transport (₹90 crore); electricity (₹140 crore); Horticulture (₹59 crore) and Agriculture (₹51 crore). The subsidy at ₹ 465 crore in 2011-12 was higher than the projections made in MTFPS (₹ 423 crore).

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

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

Table-1.8
Financial Assistance to Local Bodies, etc.

(₹ in crore)

Financial Assistance to Institutions	2007-08	2008-09	2009-10	2010-11	2011-12
University and Educational Institutions	176.49	203.49	231.14	311.25	314.89
Municipal Corporation and Municipalities	70.66	82.46	115.92	92.26	122.94
Zila Parishads and other Panchayati Raj Institutions	134.13	188.45	217.92	256.28	263.95
Development Agencies	37.74	44.45	48.61	52.14	46.72
Hospitals and other charitable Institutions	0.10	4.85	41.25	48.11	69.70
Social Justice and Empowerment	26.41	28.23	31.78	41.09	85.87
Animal Husbandry	5.10	4.93	6.35	25.25	22.91
Industries	6.40	13.69	10.43	10.80	18.15
Agriculture	1.20	1.56	2.96	1.03	8.90
Tourism	0.00	0.45	0.03	0.75	7.06
Fisheries	0.24	0.42	0.23	0.14	6.89
Art and Culture	1.63	2.09	2.34	2.80	2.23
Science and Technology	1.39	1.17	0.98	1.98	4.20
Cooperation	1.30	1.42	1.70	1.40	2.06
Others	3.98	4.59	6.45	4.11	4.62
Total	466.77	582.25	718.09	849.39	981.09
Assistance as per percentage of Revenue Expenditure	5.63	6.17	6.44	6.09	7.06

Source: Accountant General (Accounts & Entitlement) office

The grants extended to local bodies and other institutions consistently showed an increasing trend over the years during 2007-12. It increased by ₹ 131.70 crore (16 per cent) during current year over the previous year. The share of grants in revenue expenditure indicated increasing trend ranging between 5.63 per cent and 7.06 per cent during the period 2007-12. The sharp increase under certain components during 2011-12 was mainly due to release of more grant to Municipal Corporations and Municipalities (₹31 crore), Hospitals and Other Charitable Institutions (₹22 crore).

1.5.6 Panchayati Raj Institutions (PRIs)

1.5.6.1 Introduction

Seventy third Constitutional Amendment gave constitutional status to Panchayati Raj Institutions (PRIs) and established a system of uniform structure, regular elections and regular flow of funds through Finance Commissions, etc. The PRIs were required to prepare plans and implement schemes for economic development and social justice including those included in the Eleventh Schedule of the Constitution. Pursuant to this, the State Government enacted Himachal Pradesh Panchayati Raj Act, 1994 and framed Himachal Pradesh Panchayati Raj (General) Rules, 1997 and Himachal Pradesh Panchayati Raj (Finance, Budget, Accounts, Audit, Works, Taxation and Allowances) Rules, 2002 to work as Third tier of the Government. There are 12 Zila Parishads (ZPs), 77 Panchayat Samities (PSs) and 3243 Gram Panchayats (GPs) in the State.

1.5.6.2 Devolution of functions

- **Inadequate transfer of functions**

The State Government entrusted (July 1996) 26 functions (*Appendix-1.6*), out of listed 29 functions in the Eleventh Schedule of the Constitution. Remaining three functions namely Rural electrification, Adult and Non-formal education and Cultural activities were not transferred. The Director (PR) stated (August 2012) that the matter regarding transfer of remaining functions was under process with the line Departments.

1.5.6.3 Devolution of functionaries

The transferred functions were to be accompanied by requisite devolution of functionaries and the State Government was to provide required administrative structure and support to make the institutions and functionaries of the devolved functions accountable to the PRIs. The Director (PR) stated (August 2012) that all the administrative structure i.e. manpower has been devolved to the PRIs to make them accountable to the people.

1.5.6.4 Devolution of funds

The State Government has not devolved funds to departments. Consequently, the respective line departments continued to make separate budget for operation of the schemes.

1.5.6.5 Source of funds

The financial position of PRIs for the last three years is shown in **Table 1.9** and **Chart 1.10** below:

Table-1.9
Financial position of PRIs

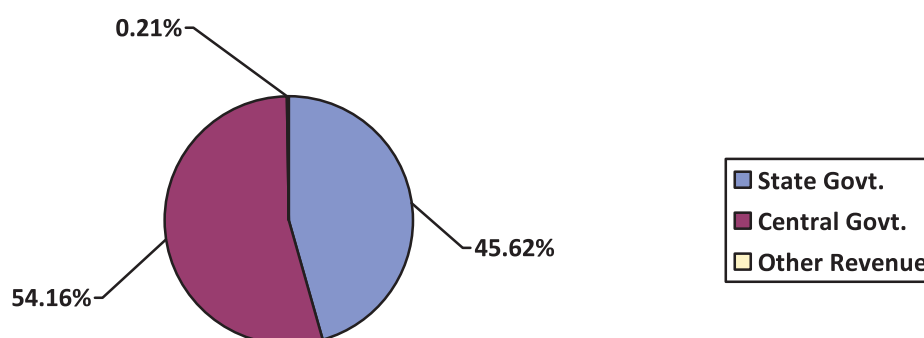
Year	Receipts					Expenditure			Excess (+)/ Saving (-)
	OB	State Govt.	Central Govt.	Other revenue	Total	Capital	Revenue	Total	
2009-10	0.00	69.87	58.57	0.00	128.44	79.67	48.77	128.44	0.00
2010-11	0.00	71.65	82.79	0.00	154.44	95.69	58.75	154.44	0.00
2011-12	0.00	72.87	113.15	1.00	187.02	133.09	53.93	187.02	0.00
Total	0.00	214.39	254.51	1.00	469.90	308.45	161.45	469.90	0.00

Source: Director Panchayati Raj.

Note: GPs are autonomous bodies and are competent to spend their receipts at their own level.

The total receipts during the last three years was ₹469.90 crore which was spent during respective years.

Chart-1.10: Source of Revenue of PRIs during 2009-12



The major source of funds of PRIs during 2009-12 was State Government (45.62%) and Central Government (54.16%) grants. The other revenue (0.21%) was meagre as compared to the Central and State grants.

1.5.6.6 Accounting Arrangement

The PRIs are maintaining their accounts in the proforma prescribed under Himachal Pradesh Panchayati Raj Rules, 1997. To develop database on finances of PRIs specific grants were provided by the GoI. The database had been developed in six districts and in remaining six districts work was in progress.

The Eleventh Finance Commission had recommended for exercising control and supervision over maintenance of accounts of three tiers of PRIs by the CAG. The CAG and Ministry of Panchayati Raj, Government of India had recommended Model Accounting Structure for PRIs in 2009. The Director, Panchayati Raj stated (August 2012) that the accounts of the PRIs were being maintained in Panchayati Raj Institutions Accounting Software.

1.5.6.7 Audit Arrangements

Sub-Section (I) of Section 118 of the Himachal Pradesh Panchayati Raj Act, (HPPRA) 1994 provides for a separate and independent Audit Agency under the control of the Director, Panchayati Raj to audit the accounts of PRIs with a view to have proper financial control on income and expenditure. The position of internal audit conducted during April 2011 to March 2012 was as under:

Table-1.10
Position of Internal Audit

						(In numbers)
S. No.	Name of Institution	Total units	Units to be audited	Units audited	Units not audited	Percentage of shortfall
1.	Zila Parishad	12	06	05	01	17
2.	Panchayat Samities	77	56	30	26	46
3.	Gram Panchayats	3243	1940	1053	887	46

Source: Director PRI

The Audit of PRIs, which are significantly financed from the Consolidated Fund of the Union and/or State Governments is conducted by the C&AG under Section 14 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 wherever applicable. The State Government has also entrusted the Audit of PRIs to C&AG under Technical Guidance and Support Arrangements (TGS) under section 20(1) of CAG's (DPC) Act, 1971. Audit findings arising out of conduct of such audit are conveyed to the State Government in the form of Annual Technical Inspection Report (ATIR) under Rule 155 of the Regulation of Audit and Accounts, 2007.

1.5.6.8 Audit coverage

Audit of accounts of 8 ZPs, 22 PSs and 96 GPs was conducted by Principal Accountant General (Audit) during 2011-12. 1,644 Inspection Reports (IRs) containing 11,005 paras were issued to the concerned PRIs during 2005-12 of which 49 paras could be settled leaving 1,644 IRs and 10,956 paras outstanding (March 2012) as per details given in **Table 1.11** below:

Table-1.11

(In numbers)

Sr. No.	Year of issue of IRs	IRs and Paras issued in respect of GPs		IRs and Paras issued in respect of ZPs and PSs		Total IRs and Paras issued as on 31.03.2012		IRs and paras settled		Outstanding IRs and Paras as on 31-03-2012	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	2005-08	528	2539	0	0	528	2539	0	0	528	2539
2.	2008-09	320	2596	0	0	320	2596	0	38	320	2558
3.	2009-10	336	2431	0	0	336	2431	0	04	336	2427
4.	2010-11	334	2396	0	0	334	2396	0	07	334	2389
5.	2011-12	96	790	30	253	126	1043	0	0	126	1043
	Total	1,614	10,752	30	253	1,644	11,005	0	49	1,644	10,956

Increasing trend of outstanding Inspection Reports and paras is indicative of non-compliance of audit observations resulting in erosion of accountability.

1.5.7 Urban Local Bodies (ULBs)

1.5.7.1 Introduction

The Seventy Fourth Constitutional Amendment paved the way for de-centralisation of powers and transfer of 18 functions listed in the Twelfth Schedule of the Constitution alongwith funds and functionaries to the Urban Local Bodies (ULBs). Pursuant to this, Government of Himachal Pradesh enacted the Himachal Pradesh Municipal Corporation Act, 1994 and Himachal Pradesh Municipal Act, 1994 for transferring the powers and responsibilities to ULBs. However, some obligatory and discretionary functions like maintenance of roads, streets, street lights, cleanliness, etc. were with ULBs prior to enactment of these Acts.

The Eleventh Finance Commission (EFC) recommended that the C&AG should prescribe the formats for the preparation of budget and keeping of accounts for the ULBs and be entrusted with the responsibility of exercising control and supervision over maintenance of Accounts and their Audit. Accordingly, State Government has

entrusted audit of ULBs to C&AG under Technical Guidance and Supervision (TGS) module by issuing notification (October 2008).

1.5.7.2 Source and allocation of Funds

For execution of various developmental works, the ULBs receive funds mainly from GoI and the State Government in the form of grants. The State Government grants are received through devolution of net proceeds of the total tax revenue on the recommendations of the State Finance Commission (SFC). Besides, revenue is also mobilised by the ULBs in the form of taxes, rent, fees, issue of licenses, etc.

The position of funds released to the ULBs during 2009-12 is given in **Table 1.12** below:

Table-1.12
Funds released by State and Central Government

Year	Receipts			Expenditure incurred
	State Government	Central Government	Total	
2009-10	63.82	46.35	110.17	110.17
2010-11	85.19	0.62	85.81	85.81
2011-12	109.90	0.55	110.45	110.45

Source: Director ULB

The grants were allocated among the Municipal Corporation, Municipal Committees and Nagar Parishads on the basis of total population and revenue earned by them from their own resources.

1.5.7.3 Audit Arrangement

The recommendations of the Eleventh Finance Commission (EFC) stipulated that the C&AG shall be responsible for exercising control and supervision over proper maintenance of the accounts of ULBs and their audit.

Internal Audit of ULBs is conducted by the Director, Local Fund Audit. The Audit of ULBs which are significantly financed from the Consolidated Fund of the Union and/or State Governments is conducted by the C&AG under Section 14 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 wherever applicable. The State Government has also entrusted the Audit of PRIs and ULBs to C&AG under Technical Guidance and Support Arrangements (TGS) under section 20(1) of CAG's (DPC) Act, 1971. Audit findings arising out of conduct of such audit is conveyed to the State Government in the form of Annual Technical Inspection Report (ATIR) under Rule 155 of the Regulation of Audit and Accounts, 2007.

Audit of Municipal Corporation, Shimla, nine Municipal Councils⁵ (MCs) and five Nagar Panchayats⁶ (NPs) was conducted during 2011-12. In addition, a performance Audit of State scheme namely Backward Region Grant Fund (BRGF) was also conducted covering two out of three ULBs of Chamba district.

⁵ Chamba, Dalhausie, Dharamsala, Ghumarwin, Nagrota Bagwan, Shri Nainadeviji, Palampur, Theog and Una

⁶ Jawalamukhi, Nadaun, Santokhgarh, Sujampur Tihra and Talai.

The position of inspection reports and paras issued, settled and outstanding upto the year 2011-12 is given in **Table 1.13** below:

Table-1.13
Position of pending Inspection Reports/paras

Year of issue	(In number)							
	IRs/Paras issued		Position as on 31.03.11		IRs/Paras settled during 2011-12		IRs/Paras outstanding	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
Upto 2008-09	70	724	69	600	0	137	69	463
2009-10	16	222	16	213	0	0	16	213
2010-11	15	157	15	157	0	0	15	157
2011-12	15	194	0	0	0	30	15	164
Total	116	1,297	100	970	0	167	115	997

Increasing trend of IRs and paras was indicative of inadequate response to audit findings and observations which had resulted in erosion of accountability.

1.5.7.4 Accounting Arrangement

The accounts of the ULBs are maintained on accrual basis as per the instructions issued (April 2009) by Director, UDD. As there was no specific provision in the State Acts/Rules, certification of Annual accounts of ULBs by an independent agency was not in existence in the ULBs. In the absence of provisions for certification, the authenticity of the final accounts could not be vouchersafe and audit opinion on the true and fair view of the accounts of ULBs could not be given.

1.5.7.5 Devolution of functions

The State Government was required to transfer all the 18 subjects (*Appendix-1.7*) listed in the 12th schedule of the Constitution to ULBs.

The State Government through its notification entrusted (August 1994) only 16 functions to the ULBs out of the 18 functions listed in the schedule. Two functions namely (i) fire Services and (ii) Regulation of land use and construction of buildings were not transferred though mandated for transfer under the Acts. The function of 'Fire Services' was a centralised facility for both urban and rural area and there was no proposal to transfer this function. The Director, UDD stated (August 2012) that there was no change regarding transfer of these functions.

1.5.7.6 Devolution of functionaries

Empowerment of the ULBs cannot be considered as meaningful unless accompanied by the requisite devolution of functionaries. The State Government was, therefore, to provide required administrative structure and support to make the institutions and functionaries accountable to ULBs in respect of devolved functions. The Director, UDD stated (August 2012) that the matter was under consideration of the Government.

- **Inadequate devolution of functionaries**

It was noticed that the State Government has not ensured the manpower required for devolved functions, as in 25 MCs available manpower was 1505 against 1934 sanctioned posts in different categories resulting in shortage of 429 (22 percent) and in 24 NPs, available manpower was only 321 against 537 sanctioned posts resulting in shortage of 216 (40 percent) posts as of September 2011. As such, the available manpower in ULBs was not sufficient to execute the transferred functions.

1.5.7.7 Devolution of funds

In order to perform the devolved functions properly, these institutions require the matching funds/resources. The State Government was, therefore, required to release the assigned funds to the ULBs to enable them to perform the assigned functions effectively. The Director, UDD stated (August 2012) that the matter regarding releasing of funds was under consideration of the Government. Due to non-release of funds, the assigned functions could not be performed. The Government should consider releasing of funds so that assigned functions could be performed effectively.

1.6 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

1.6.1 Adequacy of Public Expenditure

The fiscal priority of the State Government with regard to Development Expenditure* (DE), Social Sector Expenditure (SSE) and Capital Expenditure (CE) during the current year is given in **Table 1.14** below:

Table-1.14
Fiscal Priority of the State during 2008-09 and 2011-12

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
Himachal Pradesh' Average (Ratio) 2008-09	27.98	65.56	35.90	17.91
Himachal Pradesh' Average (Ratio) 2011-12	25.68	64.32	34.10	11.17

The fiscal priority refers to the priority given to a particular category of expenditure by the State. On comparing expenditure patterns of Himachal Pradesh in 2011-12 with 2008-09 it was observed that:

- The Aggregate expenditure (AE) as a proportion of GSDP as compared to 2008-09 decreased by 2 per cent.

*Refer glossary in Appendix 4.

- Development expenditure (DE) as a proportion of AE decreased by 1.24 *per cent*. The decrease in expenditure was mainly on Social Services, since the proportion of expenditure of SSE decreased by 2 *per cent*.
- The proportion of Capital Expenditure (CE) decreased by 7 *per cent*.

The above table indicates that due priority was given to developmental expenditure. However, unless the financial outlays are translated into physical assets, the outcome cannot be assessed.

1.6.2 Efficiency of Expenditure Use

The ratio of capital expenditure to total expenditure in Social Sector decreased to 0.06 in 2011-12 from 0.18 in 2007-08. In case of General Education, the ratio of CE to TE decreased from 0.08 in 2007-08 to 0.01 in 2011-12, in Health & Family Welfare, it decreased to 0.04 in 2011-12 from 0.07 in 2007-08 and in Water Supply, Sanitation & Housing and Urban Development, it decreased to 0.26 from 0.41 meaning thereby less priority was given to capital expenditure in 2011-12.

Table-1.15
Efficiency of expenditure use in selected Social and Economic Services
(In per cent)

Social/Economic Infrastructure	2007-08			2011-12		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O&M		S&W	O &M
Social Services (SS)						
General Education	0.08	0.86	--	0.01	0.84	--
Health and Family Welfare	0.07	0.82	--	0.04	0.83	--
WS, Sanitation, & Housing and Urban Development	0.41	0.43	0.57	0.26	0.54	0.69
Total average ratio on SS	0.18	0.75	0.13	0.06	0.80	0.10
Economic Services (ES)						
Agriculture & Allied Activities	0.06	0.51	0.01	0.06	0.50	0.01
Irrigation and Flood Control	0.53	0.75	0.55	0.55	0.77	0.54
Energy (Power)	0.43	0.01	--	0.58	0.03	--
Transport	0.36	0.77	0.53	0.39	0.60	0.69
Total average ratio on ES	0.32	0.58	0.27	0.33	0.54	0.34
Total average ratio of SS+ES	0.24	0.68	0.19	0.18	0.70	0.19

Source: Finance Accounts and Accountant General (Accounts & Entitlement) office

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

1.6.3 Effectiveness of the Expenditure, i.e. Input-Output-Outcome Relationship

As per data available from Government sources (*Appendix-1*), Himachal Pradesh has fared relatively better as compared to other States as far as number of people below poverty line and literacy rate is concerned. However, in order to ensure effectiveness in public expenditure, the State needs to improve the delivery mechanism to achieve the desired outcomes. The State Government is expected to relate expenditure to outcomes in terms of quality, reach and the impact of government expenditure.

1.6.4 Migration to New Pension Scheme

As per para 7.122 of the Th FC, Government of India introduced a defined contribution based New Pension scheme (NPS) w.e.f. 1st April 2004 to cover all new

entrants to Government service. The interim Pension Fund Regulatory and Development Authority (PFRDA) had set up the institutional, architecture of the NPS. The National Securities Depository Ltd (NSDL) has been selected as the Central Record Keeping and Accounting Agency (CRA) while three Pension Fund Managers, a custodian and a trustee bank have also been appointed. To facilitate preparation of data base of employees ₹one crore was allotted under the Th FC grants during the year 2011-12.

The State Government has executed an agreement with NSDL and NPS trust in December 2009 and March 2010, respectively. The PFRDA appointed three fund managers and Bank of India as trustee bank. The data bank of the employees and pensioners had been prepared. ₹131.07 crore and ₹145.15 crore relating to employee's and employer share had since been transferred during the year 2010-11 and 2011-12, respectively, to the trustee bank. However, the legacy data from April 2009 to October 2010 had not been transferred to the trustee bank and was under reconciliation which may now be reconciled and transferred immediately.

1.7 Financial Analysis of Government Expenditure and Investments

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

1.7.1 Incomplete projects

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

Table-1.16
Department-wise Profile of Incomplete Projects

					(₹ in crore)
Department	Number of incomplete Projects	Initial budgeted cost	Revised Total Cost of Projects	Cumulative actual expenditure as on 31.03.2012	Cost overrun
1.	2.	3.	4.	5.	6 (5-3)
Irrigation and Public Health	8	37.88	74.36*	63.49	25.61
B&R (Public Works)	3	62.68	--	40.67	--
Power #	2	481.05	1040.64	826.03	344.98
Total	13	581.61	1115.00	930.19	370.59

Source: Finance Accounts and #Departmental figures.

* Revised costs of seven projects are available.

In respect of all the incomplete projects, revised costs of which are available, the cost overrun was to the tune of ₹ 371 crore. An analysis of the delays revealed time

overruns upto six years. These projects were lying incomplete due to land disputes, paucity of funds, Court cases, adverse geographical conditions, rescinding of tunnel work, etc.

Efforts need to be made to sort out the pending issues and complete the projects expeditiously in order to avoid further time and cost overruns and also to ensure that the envisaged benefits accrue to the intended beneficiaries at the earliest.

1.7.2 Investment and returns

No norms for investments have been prescribed by the State Government. As on 31 March 2012, the State Government had invested ₹2,448 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operative Societies (**Table 1.17**). The average return on this investment was 2.46 per cent in the last five years while the Government paid an average interest rate of 8.49 per cent on its borrowings during 2007-12.

Table-1.17
Return on Investment

Investment/ Return/ cost of Borrowing						(₹ in crore)
	2007-08	2008-09	2009-10	2010-11	2011-12	Average 2007-12
Investment at the end of the year	2,033	2,369	2,663	2,864	2,448	--
Return	0.52	89.58	73.49	64.11	85.65	--
Return (<i>per cent</i>)	0.03	3.78	2.76	2.24	3.50	2.46
Average rate of interest on Government borrowings (<i>per cent</i>)	9.09	9.19	8.59	7.78	7.80	8.49
Difference between interest rate and return (<i>per cent</i>)	9.06	5.41	5.83	5.54	4.30	6.03

Source : Finance Accounts

Major investments were made in six Statutory Corporations/Boards (₹ 908.64 crore), 21 Government Companies (₹ 396.60 crore) and a Central PSU Satluj Jal Vidyut Nigam (₹ 1068.14 crore). The major recipients amongst Government Companies, which incurred accumulated losses upto 31 March 2012 were Himachal Road Transport Corporation (₹ 80.65 crore), Himachal Pradesh Financial Corporation (₹ 1.42 crore), Himachal Pradesh Agro-Industrial Packaging India Limited (₹ 1.62 crore), Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited (₹ 2.24 crore), Himachal Pradesh Minorities Finance and Development Corporation (₹ 0.43 crore) and Himachal Pradesh State Industrial Development Corporation (₹ 2.42 crore).

On the investments made, Government earned a return of ₹ 85.65 crore in 2011-12 which is more than that of 2010-11 by ₹ 21.54 crore. The average return on investment was 2.46 *per cent* during 2007-12 while the average rate of interest paid on borrowings during the period was 8.49 *per cent*. The difference between interest rate and return was 4.30 *per cent*.

1.7.3 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government had also been providing loans and advances to institutions/ organizations such as Education, Sports, Art and Culture, Animal Husbandry, etc.

The details of outstanding loans and advances as on 31 March 2012, interest receipts vis-à-vis interest payments during the last three years is given in **Table 1.18** below:

Table-1.18
Average Interest Received on Loans Advanced by the State Government

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2009-10	2010-11	2011-12
Opening Balance	293	329	483
Amount advanced during the year	70	227	493
Amount repaid during the year	34	73	25
Closing Balance	329	483	951
<i>Of which</i> Outstanding balance for which terms and conditions have been settled	--	--	--
Net addition	36	154	468
Interest Receipts	11	11	21
Interest receipts as <i>per cent</i> to outstanding Loans and advances	3.5	2.28	2.21
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	9.0	8.22	8.06
Difference between interest payments and interest receipts (<i>per cent</i>)	(-) 5.5	(-)5.94	(-) 5.85

Total amount of outstanding loans and advances as on 31 March 2012 was ₹ 951 crore. Against ₹ 493 crore advanced, only ₹ 25 crore was repaid during the current year recording a decrease of ₹ 48 crore in repayment over the previous year. Major recipients of loans during 2011-12 were Power projects (₹ 473.56 crore) and Agriculture and Allied Activities (₹7 crore). There was a huge variation in the average rate of interest being paid by the Government on borrowings vis-à-vis the percentage of interest received on outstanding loans and advances. The shortfall was almost static during 2009-12. *During 2011-12, the Government received 2.21 per cent return of interest receipts as percentage to outstanding loans. It, however, paid 8 per cent interest on borrowings during this period.*

1.7.4 Cash Balances and Investments made

The detail of cash balances and investments made by the State Government out of cash balances during the year is given in **Table 1.19** below:

Table-1.19
Cash Balances and Investments of Cash balances

Particulars	As on 1 st April 2011	As on 31 st March 2012	Increase (+)//Decrease(-)
Cash Balances	634.86	568.72	(-) 66.14
Investments from Cash Balances			
a. GoI Treasury Bills	906.53	948.67	42.14
b. GoI Securities	4,935.51	5,063.00	127.49
Funds-wise break-up of Investments from Earmarked balances			
Interest realised	49.60	55.83	(+) 6.23

Cash balances of the State Government at the end of the current year decreased by ₹66.14 crore from ₹634.86 crore in 2010-11 to ₹568.72 crore in 2011-12. The State Government invested ₹948.67 crore in GoI Treasury Bills and ₹5,063 crore in GoI Securities and earned an interest of ₹55.83 crore during 2011-12. The Government

was able to maintain daily cash balance fixed by the RBI and did not avail ways and means advances (*Appendix-1.3*).

To make up the deficiency in the cash balance, government treasury bills for ₹26,739.57 crore were invested on 174 occasions and ₹26,697.43 crore rediscounted on 246 occasions during the current year.

1.8 Assets and Liabilities

1.8.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial 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 2012, compared with the corresponding position on 31 March 2011. 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.

1.8.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in *Appendix-1.3*. However, the composition of fiscal liabilities during the current year vis-à-vis the previous years are presented in **Table 1.20** below:

Table-1.20
Fiscal Liabilities – Basic Parameters

	2007-08	2008-09	2009-10	2010-11	2011-12
Fiscal Liabilities (₹in crore)	19,419	21,819	23,713	26,415	28,228
Rate of Growth (<i>per cent</i>)	7.46	12.36	8.68	11.39	6.86
Ratio of Fiscal Liabilities to					
GSDP* (<i>per cent</i>)	57.17	52.60	50.48	48.29	44.74
Revenue Receipts (<i>per cent</i>)	212.42	234.41	229.20	207.81	194.10

*GSDP revised on base year 2004-05

The overall fiscal liabilities of the State increased from ₹ 19,419 crore in 2007-08 to ₹ 28,228 crore in 2011-12. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liability (₹ 19,511 crore) comprised market loans (₹ 10,147 crore), loans from GoI (₹ 947 crore) and other loans (₹ 8,417 crore which includes ₹ 5,063 crore on Special Security issued to NSSF of the GoI).

The Public Account liabilities (₹ 8,717 crore) comprise Small Savings and Provident Funds (₹ 6,738 crore), interest bearing obligations and non-interest bearing obligations like deposits (₹ 1,758 crore) and reserve funds (₹221 crore).

The rate of growth of fiscal liabilities was seven *per cent* during 2011-12. The ratio of fiscal liabilities to GSDP consistently decreased to 44.74 *per cent* in 2011-12 from 57.17 *per cent* in 2007-08. These liabilities stood at 1.94 times the revenue receipts at

the end of 2011-12. The State Government was required to set up a Consolidated Sinking Fund as recommended by the TFC for amortisation of market borrowings as well as other loans and debt obligations. However, the State Government has not yet set up the sinking fund.

1.8.3 Status of Guarantees⁷ – Contingent liabilities

The maximum amount, for which guarantees were given by the State and outstanding guarantees for the last three years as shown in Statement 9 of the Finance Accounts, is given in **Table 1.21** below:

Table-1.21
Guarantees given by the Government of Himachal Pradesh

Guarantees	(₹ in crore)		
	2009-10	2010-11	2011-12
Maximum amount guaranteed	4,361	6,232	6,208
Outstanding amount of guarantees	1,949	3,910	3,316
Percentage of maximum amount guaranteed to total revenue receipts of the year	42	49	43

No law has been enacted by the State Legislature under Article 293(1) of the Constitution laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State. However, the HPFRBM Act, 2005 amended in March 2011 provides that the total outstanding guarantees are to be limited to 40 *per cent* of revenue receipts in the year preceding the current year. Since the enactment of the FRBM Act, 2005, the outstanding guarantees given by the State Government were within the limit prescribed by the Act upto 2010-11. The outstanding guarantees on the loans raised by various corporations and others stood at ₹3,316 crore at the end of 2011-12 forming 26 *per cent* of the revenue receipts of the previous year was also within the limit of 40 *per cent* prescribed vide amendment to FRBM Act 2005. The major recipients of guarantees against which amounts were outstanding as on 31 March 2012 were six Statutory Boards/Corporations (₹2,937 crore), seven Government companies (₹141 crore), one Co-operative Bank (₹230 crore) and two Local/Autonomous Bodies (₹eight crore). No guarantees were invoked during the year. The State Government was required to set up the Guarantee Redemption Fund as recommended by the TFC to meet the contingent liabilities arising from the guarantees given. However, the State Government has not set up such Fund so far.

1.9 Debt Sustainability

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

⁷ Refer glossary in Appendix 4.

⁸ Refer glossary in Appendix 4.

stabilisation⁹; sufficiency of non-debt receipts¹⁰; net availability of borrowed funds¹¹; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. The analysis of the debt sustainability of the State according to these indicators for the period of three years beginning from 2009-10 is given in **Table 1.22** below:

Table-1.22
Debt Sustainability: Indicators and Trends

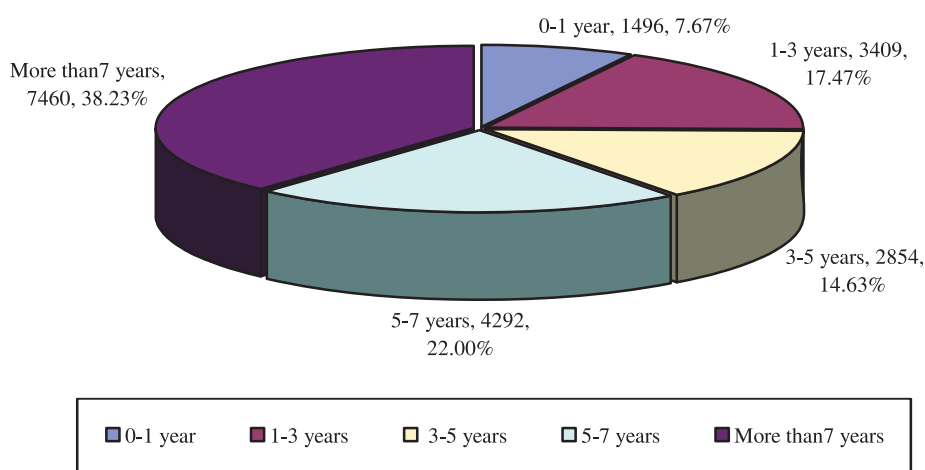
(₹ in crore)

Indicators of Debt Sustainability	2009-10	2010-11	2011-12
Debt Stabilisation (Quantum Spread + Primary Deficit)	178	1,462	2,481
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 506	252	899
Net Availability of Borrowed Funds	341	752	(-)317
Burden of Interest Payments (IP/RR Ratio)	0.189	0.153	0.146
Maturity Profile of State Debt (In Years)*			
0 – 1	869.69 (5.08)	952.61(5)	1,496.44 (8)
1 – 3	2,444.40(14.29)	3,121.30(17)	3,408.68 (17)
3 – 5	3,238.28(18.92)	3,346.47(18)	2,853.82 (15)
5 – 7	2,568.84(15.01)	3,087.09(16)	4,291.81 (22)
7 and above	7,991.73(46.70)	8,146.89(44)	7,459.94 (38)

Figures in parenthesis indicate percentages

It is observed from the **Table 1.22** above that quantum spread together with primary deficit was positive in the years 2009-10: ₹178 crore, 2010-11: ₹1,462 crore and 2011-12: ₹2,481 crore. The maturity profile of the State Government indicates that 40 per cent (₹7,759 crore) of the total Public Debt is repayable within the next five years while the remaining 60 per cent (₹11,752 crore) loans are required to be paid in more than five years time. Maturity profile of public Debt in the maturity bucket of seven years and above as on 31 March 2012 is given in **Chart 1.11** below:

Chart 1.11: Maturity Profile of Public Debt (₹ in crore)



Source: Finance Accounts

⁹ Refer glossary in Appendix 4.

¹⁰ Refer glossary in Appendix 4.

¹¹ Refer glossary in Appendix 4.

In order to discharge its expenditure obligations, the government had to borrow further, as fiscal surplus was not available in any of the last five years. The maturity profile of outstanding stock of Public Debt as on 31 March 2012 shows that 38.23 per cent of the Public Debt was in the maturity bucket of seven years and above.

1.10 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources 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 2011-12.

1.10.1 Trends in Deficits

Charts 1.12 and 1.13 present the trends in deficit indicators over the period 2007-12:

Chart-1.12: Trends in Deficit Indicators (₹ in crore)

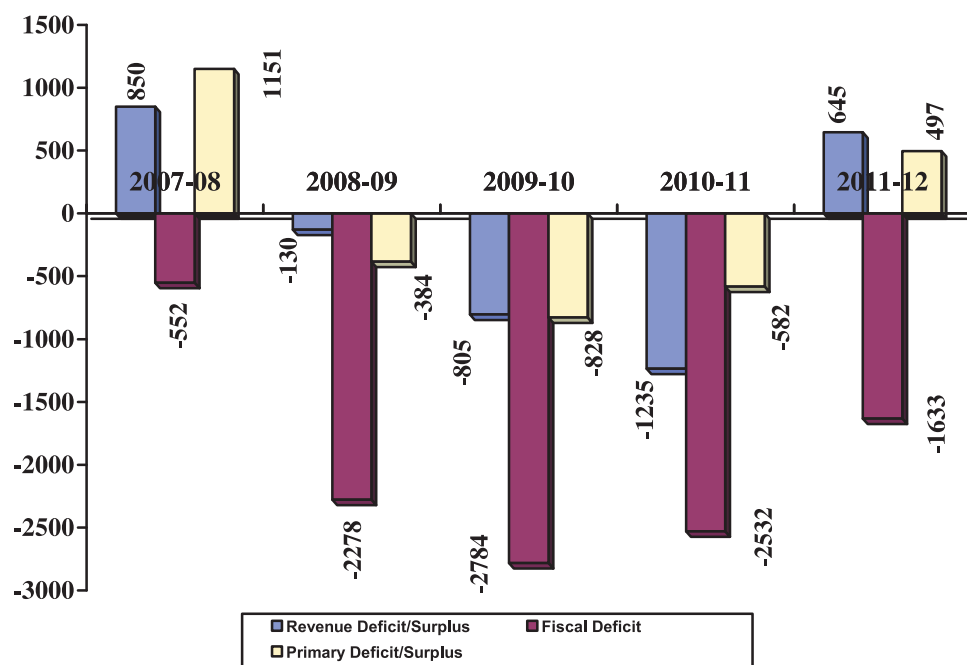
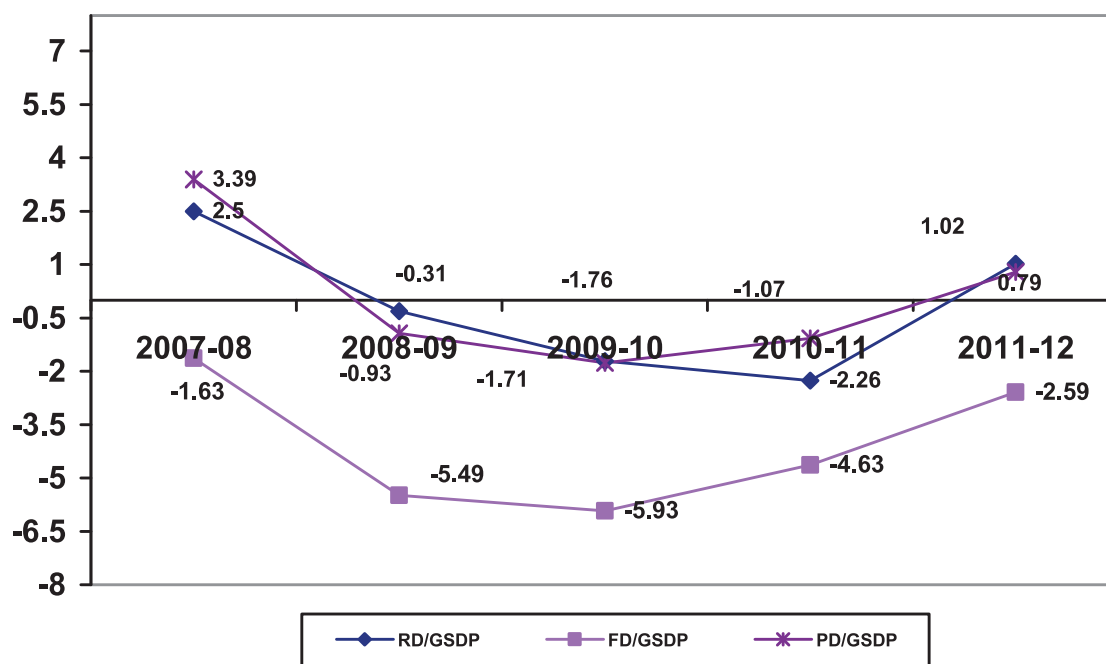


Chart-1.13: Trends in Deficit Indicators relative to GSDP (figures as percentage to GSDP)



Charts 1.12 and 1.13 reveal that all accounts of revenue, fiscal and primary experienced a situation of huge deficit during 2008-11. The fiscal deficit was 2.59 per cent of GSDP during the year which was within the projections made by Th FC (i.e. three per cent). From a revenue surplus position in 2007-08, the State had a revenue deficit of ₹130 crore in 2009-10 which further deteriorated and rose to ₹1,235 crore in 2010-11 indicating an increase of 850 per cent but in the current year the state economy earned a revenue surplus of ₹645 crore (152 per cent). The reason for revenue surplus during the current year was mainly because of an increase of ₹ 1,832 crore (14.41 per cent) in revenue receipts and the decrease of ₹48 crore (0.34 per cent) in revenue expenditure over the previous year. The NTR increased by ₹220 crore whereas the tax revenue increased by ₹465 crore, increase in share of union taxes/duties was ₹284 crore and GIA received from GoI increased by ₹863 crore over the previous year which accounted for ₹1,832 crore net increase in revenue receipts during 2011-12. Further, fiscal deficit decreased by ₹899 crore from ₹2,532 crore in 2010-11 to ₹1,633 crore during 2011-12. The primary deficit of ₹582 crore in 2010-11 decreased and turned into surplus to ₹ 497 crore in 2011-12 indicating a decrease of 185 per cent. The interest payments increased by ₹180 crore. The fiscal deficit was 2.59 per cent of GSDP during the year which was within the projections made by Th FC (i.e. three per cent).

1.10.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.23** below:

Table-1.23
Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)

	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Decomposition of Fiscal Deficit						
1	Revenue Deficit	(+) 850 (2.64)	(-) 130 (-0.31)	(-) 805 (-1.71)	(-)1,235 (-2.26)	(+) 645 (1.02)
2	Capital Expenditure	1,414 (4.39)	2,079 (5.61)	1,943 (4.14)	1,789 (3.27)	1,810 (2.87)
3	Net Loans and Advances	(-)12 (0.04)	69 (0.19)	36 (0.09)	154 (0.29)	468 (0.74)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	1,322	1,752	1,177	389	922
2	Loans from GoI	(-) 5	(-) 44	13	(-)23	(-) 13
3	Special Securities Issued to NSSF	134	60	396	650	127
4	Loans from Financial Institutions	(-) 599	(-) 406	78	526	(-) 180
5	Small Savings, PF, etc.	540	515	546	888	636
6	Deposits and Advances	(-) 366	217	265	333	178
7	Suspense and Misc.	2	53	117	137	(-) 119
8	Remittances	50	(-) 2	75	48	(-) 127
9	Others	(-) 526	151	117	(-)416	209
10	Overall Surplus/Deficit	(-) 552	(-) 2,278	(-) 2,784	(-)2,532	(-) 1,633
<p>Figures in brackets indicate the per cent to GSDP. *All these figures are net of disbursements/outflows during the year</p>						

Source: Finance Account

Table 1.23 reveals that fiscal position of the State had plunged to a huge deficit during 2008-09, 2009-10, 2010-11 and 2011-12. During 2011-12, the fiscal deficit of ₹1,633 crore was mainly due to borrowings from market (₹922 crore), small savings, PF, etc. (₹636 crore), special securities issued to NSSF (₹127 crore) and deposits and advances (₹178 crore). During 2011-12, the market borrowings and small savings, PF, etc. together contributed 95 per cent of the deficit which will increase the interest burden in future.

1.10.3 Quality of Deficit/Surplus

The ratio of Revenue Deficit to Fiscal Deficit and the revenue and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which

borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (**Table 1.24**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table-1.24
Primary deficit/Surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure (PRE)	Capital Expenditure	Loans and Advances	Total Primary Expenditure (3+4+5)	Primary revenue surplus (2-3)	Primary deficit (-)/ surplus (+) (2-6)
1	2	3	4	5	6	7	8
2007-08	9,168	6,589	1,414	14	8,017	2,579	1,151
2008-09	9,329	7,544	2,079	90	9,713	1,785	(-) 384
2009-10	10,380	9,195	1,943	70	11,208	1,185	(-) 828
2010-11	13,430	11,996	1,789	227	14,012	1,434	(-)582
2011-12	14,568	11,768	1,810	493	14,071	2,800	(+) 497

- From 2007-08 onwards, non-debt receipts of the State were higher than the PRE which was sufficient to meet this expenditure. From 2007-08, the non-debt receipts as compared to PRE continued to fall from ₹ 2,579 crore in 2007-08 to ₹ 1,185 crore in 2009-10 but showed consistent increase of ₹ 1,434 crore in 2010-11 and ₹ 2,800 crore during current year 2011-12.
- Total primary expenditure increased by ₹ 6,054 crore from ₹ 8,017 crore to ₹ 14,071 crore during the period 2007-12 which was due to increase of primary revenue expenditure to the extent of ₹ 5,179 crore from ₹ 6,589 crore in 2007-08 to ₹ 11,768 crore in 2011-12 and capital expenditure by ₹ 396 crore from ₹ 1,414 crore in 2007-08 to ₹ 1,810 crore in 2011-12 and increased by one *per cent* over the previous year.
- During the period 2007-08 the State had primary surplus but it plunged into deficit of ₹ 384 crore in 2008-09 which further increased to ₹ 828 crore in 2009-10 but has shown improvement in 2010-11 and stood at ₹582 crore which turned into surplus of ₹ 497 crore during 2011-12. The primary surplus during

2011-12 was mainly due to significant increase in non-tax revenue by ₹ 220 crore (12.98 per cent) and increase in disbursement of loans and advances i.e. by ₹ 266 crore (117 per cent) over the previous year.

1.11 Conclusion

The fiscal position of the State is viewed in terms of key fiscal parameters viz; Revenue, fiscal and primary deficits. During the year it earned revenue surplus relative to revenue deficit of previous year. The revenue receipts (₹14,543 crore) of the State grew by (₹1,832 crore) 14 per cent while the revenue expenditure decreased by ₹48 crore (0.34 per cent) over the previous year. This resulted in revenue surplus of ₹ 645 crore¹², as compared to revenue deficit of ₹ 1,235 crore registered during the year 2010-11. The revenue account resulted in line with the projections in the Th FC and FRBM Act.

The increase in revenue surplus combined with increase in capital expenditure and increase in disbursement of net loans and advances resulted in a fiscal deficit of ₹1,633 crore in 2011-12. The primary deficit of ₹582 crore of previous year showed this year surplus of ₹497 crore. The fiscal deficit as a percentage of GSDP was 2.59 per cent in 2011-12 which was well within the FRBM Act target of 3 per cent.

The revenue expenditure constituted 86 per cent of the total expenditure during 2011-12 while the Non-Plan Revenue Expenditure (NPRE) constituted 88 per cent of revenue expenditure. The Plan Revenue Expenditure increased by 3 per cent over the previous year whereas the Capital Expenditure increased by one per cent (₹ 1,810 crore) over the previous year. Low rate of return on Government investments and inadequate interest cost recovery on loans and advances is a cause for concern. The salary expenditure during the current year exceeded the projections made in the budget estimates (₹ 6,044 crore).

During 2011-12, GoI directly transferred ₹ 1,416 crore to the State Implementing Agencies without routing through the budget. There is no single agency monitoring the expenditure out of these funds.

Fiscal liabilities at the end of the current year work out to ₹ 28,228 crore with growth of seven per cent over the previous year and stood at 45 per cent of GSDP.

¹² Includes an amount of ₹ 32.43 crore by way of book adjustment.

Out of 29 and 18 functions mentioned in the Eleventh and Twelfth Schedules of the Constitution, the State Government entrusted 26 and 16 functions to the PRIs and ULBs, respectively. Available manpower in ULBs was also not sufficient to execute the transferred functions. As of 31st March 2012, there were 13 incomplete projects in which ₹930 crore were blocked. Efforts need to be made to expedite completion of incomplete projects in order to avoid further time and cost overruns and denial of accruing benefits to the beneficiaries.

1.12 Recommendations

The Government may:

- prepare an effective action plan to complete all projects promptly so that people derive envisaged benefits in time;
- consider taking appropriate measure to ensure better value for money in investments.

CHAPTER-2

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government, for each financial year, compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation 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.

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 during 2011-2012 against 32 grants/appropriations is given in **Table 2.1** below:

Table-2.1
Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary provisions

Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving* (-)/ Excess (+)
(₹ in crore)					
Voted					
I Revenue	13307.83	248.39	13556.22	13475.37	(-) 80.85
II Capital	1535.51	407.44	1942.95	1870.50	(-) 72.45
III Loans and Advances	207.22	156.05	363.27	492.98	(+) 129.71
Total Voted	15050.56	811.88	15862.44	15838.85	(-) 23.59
Charged					
IV Revenue	2184.24	5.26	2189.50	2165.05	(-) 24.45
V Capital	--	4.89	4.89	4.89	--
VI Public Debt- Repayment	960.84	138.40	1099.24	1127.72	(+) 28.48
Total Charged	3145.08	148.55	3293.63	3297.66	(+) 4.03
Appropriation to Contingency Fund (if any)					
	--	--	--	--	--
Grand Total	18195.64	960.43	19156.07	19136.51	(-) 19.56

* Shortfall in utilisation of funds

Source: Appropriation Account

The overall saving/unutilised funds of ₹19.56 crore registered under grants/appropriations during the year 2011-12 was the result of saving of ₹772.07 crore in 30 grants and six appropriations under Revenue Section and 21 grants under Capital Section, offset by excess of ₹752.51 crore in two grants under Revenue Section and four grants and one appropriation under Capital Section.

Grants/appropriations against which significant savings of more than ₹25 crore were noticed during the year were Land Revenue and District Administration (Revenue-Voted), Police and Allied Organisations (Revenue-Voted), Education (Revenue-Voted), Forest and Wildlife (Revenue-Voted), Rural Development (Revenue-Voted), Tribal Development (Revenue-Voted) and Public Works-Roads, Bridges and Buildings (Capital-Voted). Similarly, grants/appropriations against which significant excess expenditure over the allotments noticed during the year 2011-12 were Public Works-Roads, Bridges and Buildings (Revenue-Voted), Irrigation, Water Supply and Sanitation (Revenue-Voted), Planning and Backward Area Sub-Plan (Capital-Voted), Power Development (Capital-Voted) and Finance (Capital-Charged).

The reasons for savings/excesses were called for by the office of the Accountant General (A&E) Himachal Pradesh (July 2012) in respect of 713 sub-heads from the respective controlling officers. Of these, explanations for variations in respect of 330 sub-heads (Saving: 164 sub-heads; Excess: 166 sub-heads) were awaited as of September 2012.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis expenditure

The outcome of the appropriation audit reveals that in 38 cases, savings exceeded by ₹ one crore in each case and by more than 20 per cent of total provision (*Appendix-2.1*) in three cases. Out of the total saving of ₹772.07 crore, substantial saving of ₹396.96 crore (51 per cent) was in four cases alone relating to four grants where saving was more than ₹50 crore in each case as indicated in **Table 2.2** below:

Table-2.2

List of Grants/appropriations with savings of more than ₹50 crore

(₹ in thousand)

Sr. No.	Number and name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1.	05-Land Revenue and District Administration	4145088	41569	4186657	3531117	655540 or say ₹65.56 crore
2.	08-Education	29194082	11	29194093	27142999	2051094 or say ₹205.11 crore
3.	20-Rural Development	3859055	1	3859056	3108325	750731 or say ₹75.07 crore
Capital-Voted						
4.	10-Public Works - Roads, Bridges and Buildings	3835400	1025960	4861360	4349143	512217 or say ₹51.22 crore
Total		41033625	1067541	42101166	38131584	3969582 or say ₹396.96 crore

Source: Appropriation Account

Reasons for savings were awaited (September 2012).

2.3.2 Persistent savings

In three cases there were persistent savings of more than ₹one crore in each, the details are given in **Table 2.3** below:

Table-2.3
List of grants with persistent savings during 2007-12

(₹ in crore)

Sr. No.	No. and Name of the Grant	Amount of savings				
		2007-08	2008-09	2009-10	2010-11	2011-12
Revenue-Voted						
1.	03-Administration of Justice	1.47	3.66	2.84	16.51	15.96
2.	15-Planning and Backward Area Sub-Plan	8.83	15.06	9.99	7.78	9.43
Capital-Voted						
3	29-Finance	14.76	2.32	4.19	1.84	1.67

This indicated inadequate financial control. Reasons for the persistent savings in all the grants were awaited from the Government (September 2012).

2.3.3 Excess Expenditure

In five cases, expenditure aggregating ₹5266.35 crore exceeded the approved provisions by more than ₹ one crore in each case and also by more than 20 *per cent* of the total provision (three cases) resulting in excess expenditure of ₹752.46 crore (**Appendix-2.2**). Reasons for excess expenditure were awaited (September 2012) from the departments.

In the following two cases, during the last five years there was persistent excess expenditure as shown in **Table 2.4** below:

Table-2.4
List of grants indicating persistent excess expenditure during 2007-12

(₹ in crore)

Sr. No.	Number and name of the Grant	Amount of Excess Expenditure				
		2007-08	2008-09	2009-10	2010-11	2011-12
Revenue-Voted						
1.	10-Public Works-Roads, Bridges and Buildings	126.38	134.46	215.36	219.60	221.99
2.	13-Irrigation, Water Supply and Sanitation	275.92	340.76	236.55	586.72	350.71

The persistent excess expenditure indicates that the budgetary controls in the departments were not effective. Thus, for a sound financial management, assessment for requirement of funds under various heads may be made more realistic to avoid recurrence of excess expenditure.

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹526.10 crore was incurred in the cases detailed in Table 2.5 without any provision in 12 cases in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.5
Expenditure incurred without provision during 2011-12

(₹ in crore)

Sr. No.	Number and name of Grants/Appropriations	Amount of Expenditure without provision	Remarks
03-Administration of Justice-			
1.	2070/00/105/01	0.10	Reasons were awaited.
05-Land Revenue and District Administration-			
2.	2245/02/101/01	25.41	Reasons were awaited.
3.	2245/02/107/01	7.68	
4.	2245/02/108/01	1.07	
07-Police and Allied Organisations-			
5.	2070/106/04	0.19	Reasons were awaited.
19-Social Justice and Empowerment-			
6.	2235/60/200/11	0.75	Reasons were awaited.
29-Finance-			
7.	2049/01/122/01	475.72	Reasons were awaited.
8.	7610/00/201/01	0.04	
9.	7610/00/201/03	0.10	
10.	7610/00/202/01 and 04	0.07	
31-Tribal Development-			
11.	2215/01/796/04, 05 and 06	8.31	Reasons were awaited.
12.	2702/80/796/08, 09 and 10	6.66	
Total		526.10	

2.3.5 Drawal of funds to avoid lapse of budget grant

Rule 5.71 (c) (5) of Himachal Pradesh Treasury Rules stipulates that no money shall be drawn from the treasury unless it is required for immediate disbursement. In respect of the following cases, the amounts drawn were neither spent for the specific purposes nor refunded into treasury before closure of financial year 2011-12:

2.3.5.1 Unutilised funds

Chief Medical Officer (CMO), Kinnaur drew (March 2003-March 2012) ₹1.08 crore for execution of 10 works¹ but the amount remained unutilised with the executing agency (Public Works Department (PWD)), as of May 2012 due to non-availability of land.

CMO, Mandi drew (December 2009-January 2011) ₹1.65 crore for execution of nine works², but the amount remained unutilised with the executing agency (PWD), as of March 2012 due to non-completion of formalities (five cases) and non-availability of land (four cases).

CMO, Sirmaur at Nahan drew (March 2009-March 2011) ₹2.95 crore for execution of 20 works³, but the amount remained unutilised with the executing agency (PWD), as

¹ Community Health Centre (CHC) (1): ₹0.08 crore; Primary Health Centres (PHCs) (4): ₹0.65 crore; Regional Hospital (RH) (2): ₹0.22 crore and Residential accommodation (3): ₹0.13 crore.

² Staff quarters (7): ₹1.45 crore and construction of Health Sub-Centres(HSCs) (2): ₹0.20 crore.

³ CHCs (2): ₹0.35 crore; HSCs (12): ₹0.92 crore; PHCs (5): ₹0.93 crore and RH (1): ₹0.75 crore.

of February 2012 due to non-availability of land (seven cases), non-finalisation of tender/award (five cases), non-receipt of revised administrative approval/expenditure sanction (five cases), non-receipt of approval of modified drawing (one case) and non-dismantling of old site (two cases).

CMO, Una drew (February 2010-June 2011) ₹1.55 crore for execution of three works⁴ but the amount remained unutilised with the executing agency (PWD), as of June 2012 due to non-availability of land.

2.3.5.2 Unnecessary withdrawal of funds

Scrutiny of the records (August 2011-January 2012) of five⁵ divisions revealed that ₹2.60 crore received from various departments/agencies between January 2003 and November 2010 for execution of 37 deposit works⁶ remained unutilised due to non-commencement of works for reasons like non-availability of clear site and non-finalisation of appropriate sites. Evidently, funds under deposit head were received by the respective divisions from different departments/agencies without ensuring the pre-requisite formalities and availability of land for the execution of works of the sanctioned infrastructure which was contrary to the provisions of the rules *ibid*. The concerned Executive Engineers admitted (August 2011-January 2012) the facts.

2.3.6 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹3681.96 crore (*Appendix-2.3*) for the years 2008-2011 was yet to be regularised. The year-wise amount of excess expenditure pending regularisation is summarised below:

Table-2.6
Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2008-09	11	3	556.52	Audit comments sent to Finance Department/HP Vidhan Sabha. Report yet to be discussed by PAC.
2009-10	19	1	887.80	<i>Suo moto</i> replies from the Finance Department are still awaited. Report yet to be discussed by PAC.
2010-11	19	2	2237.64	Due for discussion from 07 July 2012. <i>Suo moto</i> replies from the Finance Department are still awaited. Report yet to be discussed by PAC.
Total			3681.96	

⁴ CHCs (2): ₹1.37 crore and HSC (1): ₹0.18 crore.

⁵ Arki: ₹0.47 crore; Chopal: ₹0.20 crore; Nirmand: ₹0.78 crore; Tauni Devi: ₹0.35 crore and Udaipur: ₹0.80 crore.

⁶ Construction of school buildings/science laboratory in school/hostel building/playgrounds/ boundary wall: 12; construction of roads/bridge/footbridge: 10; construction of HSCs/dispensaries/louundry in hospital and boundary wall around hospital: 7; construction of ITI building/Ambedkar bhawan/bus stands/type-III quarter: 5 and construction of indoor stadiums/gym: 3.

2.3.7 Excess over provision during 2011-12 requiring regularisation

During 2011-12, excess expenditure was incurred in six grants and one appropriation aggregating ₹752.51 crore (*Appendix-2.4*) over the grant/appropriation authorised by the Legislature. The excess expenditure requires regularisation under Article 205 of the Constitution.

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary grant aggregating ₹41.16 crore (*Appendix-2.5*) obtained in seven cases, exceeding ₹ 50 lakh in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision. Supplementary provision of ₹390.83 crore obtained in three cases (more than ₹one crore in each case) proved insufficient leaving an aggregate uncovered excess expenditure of ₹179.76 crore (*Appendix-2.6*). Of the uncovered excess, ₹112.23 crore (62 per cent) was incurred alone in Grant No. 23-Power Development by the Multi Purpose Projects and Power Department.

2.3.9 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over ₹10 lakh in 198 sub-heads. Of these, excess/savings of more than ₹two crore (*Appendix-2.7*) occurred in 50 sub-heads.

The substantial savings/excess of ₹100 crore and above registered in three cases where the re-appropriations were made, indicates that the funds could not be spent as estimated and planned in the budget 2011-12 under the respective schemes.

2.3.10 Unexplained re-appropriations

According to Paragraph 13.3 (b) of Himachal Pradesh Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement such as if an excess occurs under “travelling allowances” it should be explained why additional travelling allowance could not have been foreseen and provision made to cover its cost and why it was necessary. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 899 items where the re-appropriation was sought, (23 per cent out of 3,915 commented in the Appropriation Accounts/orders) reasons seeking such re-appropriations were of general nature like “Non/less conduct of training programmes”, “more/less engagement of daily waged staff”, “more/less touring by staff” and “more/less receipt of rent, rates and taxes bills”.

2.3.11 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 50 sub-heads (*Appendix-2.8*) on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹328.77 crore in these 50 schemes, ₹233.18 crore

(71 per cent) were surrendered, which included cent per cent surrender in 19 schemes (₹71.05 crore) (*Appendix-2.9*).

Further, in 18 cases, there was surrender of more than ₹10 crore each involving ₹734.01 crore on 31st March 2012 (*Appendix-2.10*).

Surrender of funds on the last day of March 2012 indicated inadequate financial control leading to non-utilisation of funds for other developmental purposes in the needy areas.

2.3.12 Surrender in excess of actual savings

A scrutiny of surrender order for the financial year 2011-12 revealed that in nine cases, the amount surrendered (₹ 50 lakh or more in each case) was found to be in excess of actual savings registered against the respective heads indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 155.70 crore registered in these cases, the amount surrendered was ₹406.39 crore resulting in excess surrender of ₹ 250.69 crore (*Appendix-2.11*). Reasons for surrender in excess of savings were awaited from the concerned departments (September 2012).

2.3.13 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 by 15th January by the spending department. It was, however, noticed that in the following grants, out of total savings of ₹271.33 crore, only ₹192.41 crore was surrendered. ₹78.92 crore (29 per cent) were not surrendered to the Finance Department as detailed in **Table 2.7** below:

Table-2 7
Cases of savings of ₹one crore and above not surrendered

(₹ in crore)				
Sr.No.	Number and name of Grant	Savings	Surrender	Savings which were not surrendered
1.	05-Land Revenue and District Administration	65.55	62.54	3.01
2.	10-Public Works-Roads Bridges and Buildings	51.22	--	51.22
3.	12-Horticulture	10.75	8.80	1.95
4.	14-Animal Husbandry, Dairy Development and Fisheries	6.42	2.57	3.85
5.	16-Forest and Wildlife	48.36	45.01	3.35
6.	20-Rural Development	75.07	72.76	2.31
7.	32-Scheduled Caste Sub-Plan	13.96	0.73	13.23
Total		271.33	192.41	78.92

2.3.14 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 this, in respect of 24 sub-heads (*Appendix-2.12*), expenditure exceeding ₹10 crore and also more than 50 per cent of the total expenditure for the year was incurred in

the month of March 2012. The details of major heads where more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year are given in **Table 2.8** below:

Table-2.8
Cases of Rush of Expenditure towards the fag end of the financial year 2011-12
(₹ in crore)

Sr. No.	Major Head (Voted)	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2012	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2225	84.97	53.99	64	43.77	52
2.	3604	11.97	10.43	87	10.43	87
3.	4216	17.46	11.70	67	11.70	67
4.	4700	58.56	31.03	53	12.07	21
5.	4702	151.60	92.12	61	92.12	61
6.	4801	206.50	200.00	97	42.25	20
Total		531.06	399.27	75	212.34	40

Source: Accountant General (Accounts & Entitlement) office

Audit scrutiny also revealed that 75 *per cent* of the total expenditure spent against the aforesaid major heads during the year 2011-12 was incurred in the last quarter of the financial year. Further, in four cases above, the expenditure of more than 50 *per cent* of the total expenditure was incurred in the month of March 2012 alone. For a sound financial management, a uniform pace of expenditure should be maintained. Thus, contrary to the spirit of financial regulation, a substantial amount incurred by the department at the fag end of the year was indicative of poor financial management and lack of effective control over the expenditure.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Bills

As per rules 5.74 and 5.75 of Himachal Pradesh Treasury Rules, every drawing and disbursing officer (DDO) has to certify in each Abstract Contingent (AC) bill that the Detailed bills in respect of AC bills drawn more than a month before the date of that bill have been submitted to the Treasury Officer. Further, it is the responsibility of the DDO concerned to get the advance adjusted during the same financial year in which it is drawn. Out of ₹35.44 crore drawn on AC bills upto March 2012 by 32 DDOs, total amount of Detailed countersigned Contingent (DC) bills received upto 31 July 2012 was ₹12.68 crore resulting in an outstanding balance of ₹22.76 crore pending for adjustment for want of submission of DC bills. Year-wise and department-wise details are given in **Appendix-2.13**.

It was noticed that majority of the AC bills were drawn for purchase of medicines/vehicles, POL expenditure and training. The reasons for non-adjustment of outstanding AC bills were non-receipt of vouchers/detailed accounts of expenditure from the various functionaries of the concerned departments.

Non-adjustment of DC bills for long periods after drawal of AC bills is fraught with the risk of misappropriation and needs to be monitored closely.

2.5 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 revealed that there were 132 PDAs in 14 District Treasuries at the beginning of the year 2011-12. The position of balances lying in these accounts as on 31 March 2012 is given as under:

- 59 PDAs having balance of ₹73.90 crore (including nine PDAs with negative balance of ₹5.73 lakh) had been in operation during the year.
- 73 PDAs involving an amount of ₹1.04 crore (including one PDA with negative balance of ₹0.16 lakh) remained inoperative during the current year. Of these, 10 PDAs having balance of ₹3.01 lakh remained inoperative for more than five years.
- PDAs should normally close with credit balance, as the payment against deposit should not exceed deposits received. There were adverse balances of ₹5.89 lakh in 10 cases (*Appendix-2.14*) which requires investigation and rectification.

The practice of retaining funds in the PD Account after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

2.6 Outcome of Review of Selected Grant

Review of one grant⁷ (Grant No.13-Irrigation, Water Supply and Sanitation) was conducted (July-August 2012) and the important points noticed during the review are detailed below:

2.6.1 Budget and expenditure

The overall position of funds allotted and expenditure incurred under the grant during 2011-12 is given in **Table 2.9** below:

Table-2.9

(₹ in crore)

	Total Grant	Expenditure incurred	Excess (+)/ Savings (-)
Revenue Section	1134.34	1485.05	(+) 350.71
Capital Section	371.71	351.52	(-) 20.19
Total	1506.05	1836.57	(+) 330.52

Source: Accountant General (Accounts & Entitlement) office

From the above table it is seen that against the budget provision of ₹1506.05 crore under the grant (Revenue Section: ₹1134.34 crore and Capital Section: ₹371.71 crore)

⁷ Including Major Heads 2059-Public Works, 2215-Water Supply and Sanitation, 2216-Housing, 2700-Major Irrigation, 2701-Medium Irrigation, 2702-Minor Irrigation and 2711-Flood Control and Drainage under Revenue Section and 4215-Capital Outlay on Water Supply and Sanitation, 4700-Capital Outlay on Major Irrigation, 4701-Capital Outlay on Medium Irrigation, 4702-Capital Outlay on Minor Irrigation, 4705-Capital Outlay on Command Area Development and 4711-Capital Outlay on Flood Control Projects in Capital Section.

an expenditure of ₹1836.57 crore (Revenue Section: ₹1485.05 crore and Capital Section: ₹351.52 crore) was incurred resulting in excess expenditure of ₹350.71 crore under Revenue Section and savings of ₹20.19 crore under Capital Section as discussed in the succeeding paragraph.

2.6.2 Excess over the budget provisions due to unrealistic estimation

Against the provision of ₹1133.66 crore under five Major Heads (**Table 2.10**), an expenditure of ₹1484.37 crore was incurred during 2011-12. This resulted in excess expenditure of ₹350.71 crore. It was observed that the huge excess was mainly due to accumulation of ₹250.13 crore under Suspense Heads (Stock Suspense: ₹90.84 crore and Miscellaneous Public Works Advances: ₹159.29 crore) under Major Head 2215. This is indicative of inefficient planning and unrealistic estimation. Excess expenditure of ₹350.71 crore over the voted provision in Revenue Section requires regularisation. Reasons for excess expenditure against the provision were awaited (September 2012).

Table-2.10

(₹ in crore)

Sr. No.	Major Head	Total budget provision				Expenditure	Excess (+)/ saving (-) over total provision
		Original	Supplementary	Re-appropriation	Total		
Revenue Section (Voted)							
1.	2215-Water Supply & Sanitation	779.49	--	12.87	792.36	1091.44	299.08
2.	2700-Major Irrigation	9.67	--	8.03	17.70	29.80	12.10
3.	2701-Medium Irrigation	6.61	--	0.24	6.85	6.47	(-) 0.38
4.	2702-Minor Irrigation	333.33	--	(-) 16.84	316.49	318.64	2.15
5.	2711-Flood Control and Drainage	4.56	--	(-) 4.30	0.26	38.02	37.76
	Total	1133.66	--	--	1133.66	1484.37	350.71

Source: Office of the Accountant General (Accounts & Entitlement), Himachal Pradesh.

2.6.3 Inadequate supplementary provision

Against the requirement of additional provision of ₹350.71 crore under four Major Heads (**Table 2.10**), no supplementary provision was obtained by the Department. This is indicative of unrealistic estimation. Reasons for not obtaining the supplementary provision were awaited from Engineer-in-Chief, Irrigation and Public Health Department (September 2012).

2.6.4 Expenditure incurred without any provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹60.41 crore was incurred in 11 cases as detailed in **Table 2.11** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.11

(₹ in crore)

Sr. No.	Major Head	Total budget provision				Expenditure	Excess over provisions
		Original	Supplementary	Re-appropriation	Total		
1.	2711-01-799-01	3.00	--	(-) 3.00	--	35.65	35.65
2.	2711-01-799-02	0.60	--	(-) 0.60	--	1.05	1.05
3.	2711-01-799-03	0.70	--	(-) 0.70	--	1.06	1.06
4.	4701-01-799-01	--	--	--	--	0.45	0.45
5.	4701-01-799-02	--	--	--	--	0.15	0.15
6.	4701-03-799-03	--	--	--	--	0.04	0.04
7.	4701-15-799-02	--	--	--	--	0.05	0.05
8.	4701-15-799-03	--	--	--	--	0.05	0.05
9.	4702-00-799-01	--	--	--	--	16.79	16.79
10.	4702-00-799-02	--	--	--	--	1.79	1.79
11.	4702-00-799-03	--	--	--	--	3.33	3.33
Total		4.30	--	(-) 4.30	--	60.41	60.41

Source: Office of the Accountant General (Accounts & Entitlement), Himachal Pradesh.

Reasons for expenditure without provisions were awaited from Finance Department (September 2012).

2.6.5 Injudicious re-appropriation

During 2011-12, the re-appropriation of ₹0.24 crore under Major Head (2701-Medium Irrigation) proved unnecessary as the expenditure of ₹6.47 crore did not come up even to the level of original provision of ₹6.61 crore and ultimately resulted in savings of ₹0.38 crore. Further, ₹4.30 crore were withdrawn injudiciously under Major Head 2711-Flood Control and Drainage by obtaining re-appropriation, as expenditure exceeded by ₹33.46 crore against the original provision of ₹4.56 crore (Table 2.12) during 2011-12.

Table-2.12

(₹ in crore)

Sr. No.	Major Head	Total budget provision				Expenditure	Excess (+)/ Saving (-) over total provision	Difference in original provision and expenditure
		Original	Supplementary	Re-appropriation	Total			
1.	2701-Medium Irrigation	6.61	--	0.24	6.85	6.47	(-) 0.38	(-) 0.14
Total (i)		6.61	--	0.24	6.85	6.47	(-) 0.38	(-) 0.14
2.	2711-Flood Control and Drainage	4.56	--	(-) 4.30	0.26	38.02	37.76	33.46
Total (ii)		4.56	--	(-) 4.30	0.26	38.02	37.76	33.46

Source: Office of the Accountant General (Accounts & Entitlement), Himachal Pradesh.

Thus, the injudicious re-appropriation of funds was indicative of poor financial management.

2.6.6 Excessive surrenders

Under Capital section of the grant, an expenditure of ₹351.52 crore was incurred against the provision of ₹371.71 crore during 2011-12 (Table 2.9). However, the Department incorrectly surrendered (March 2012) ₹43.04 crore against the savings of ₹20.19 crore. Excess surrenders of ₹22.85 crore reflected poor financial management. As such, excess surrender of funds resulted in excess expenditure of ₹22.85 crore (Table 2.13). Reasons for the excess surrenders and their regularisation were awaited from Engineer-in-Chief, Irrigation and Public Health Department (September 2012).

Table-2.13

(₹ in crore)

Sr. No.	Major Head	Total budget provision				Expenditure	Excess over total provision
		Original	Supplementary	Re-appropriation	Total		
Capital Section (Voted)							
1.	4215-Capital outlay on Water Supply and Sanitation	117.00	--	--	117.00	117.12	0.12
2.	4700-Capital outlay on Major Irrigation	26.25	--	32.30	58.55	58.56	0.01
3.	4701-Capital outlay on Medium Irrigation	56.23	--	(-) 10.49	45.74	46.52	0.78
4.	4702-Capital outlay on Minor Irrigation	90.23	--	(-) 8.96	81.27	103.21	21.94
Total		289.71	--	12.85	302.56	325.41	22.85

2.6.7 Rush of expenditure

State Government has prescribed (September 1995) quarter-wise percentages for incurring expenditure. In the case of Grant No.13, the prescribed quarter-wise flow of expenditure was not maintained during 2011-12 as per details tabulated below:

Table-2.14

(₹ in crore)

Month	Expenditure	Quarter	Prescribed norm of expenditure during the quarter (Percentage)	Quarterly expenditure	Percentage of actual expenditure
4/2011	12.74	1 st	20	296.76	16
5/2011	188.72				
6/2011	95.30				
7/2011	119.61	2 nd	25	299.55	16
8/2011	89.60				
9/2011	90.34				
10/2011	102.22	3 rd	30	396.91	22
11/2011	114.43				
12/2011	180.26				
1/2012	149.45	4 th	25	843.35	46
2/2012	202.25				
3/2012	491.65				
Total	1836.57			1836.57	

Source: Accountant General (Accounts & Entitlement) office

As is seen from the above table, 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 2011-12 as 46 per cent and during the month of March 2012 alone it was 27

per cent of the total expenditure (₹1836.57 crore) of the grant. This not only indicated lack of planning for allocation and utilisation of funds but also showed absence of expenditure control system.

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.

2.6.8 Letter of credit without provisions

Under Major Head 2215-01-102-03-SOON-SOE-70-Energy Charges (Plan) the Finance Department (FD) authorised (March 2012) the Engineer-in-Chief (E-in-C) of the Irrigation and Public Health (I&PH) Department to issue Letter of Credit (LOC) amounting to ₹18.87 crore for meeting out the expenditure on energy charges during 2011-12 without any budget provision. Since expenditure under the Grant had exceeded the total appropriation authorised by the State Legislature, action of the Finance Department was contrary to rule 37(3) of State Financial Rules to authorise the I&PH Department for issue of LOC without any provision of funds. Reasons for issue of LOC without budget provisions were awaited (September 2012).

2.6.9 Delay in submission of budgetary return

As per Himachal Pradesh Budget Manual, the Head of Department is required to submit budget estimates and the statement of excesses and surrenders to the Finance Department by 25th October and 1st December, respectively. It was, however, noticed that the E-in-C of I&PH Department had submitted the budget estimates and the statement of excesses and surrenders during 2011-12 on 30th January 2012 and 18th February 2012 causing thereby a delay of 96 days and 78 days, respectively. This showed that the prescribed time schedule of submission of budget estimates and statements of excesses and surrenders was not followed by the Department during 2011-12.

2.6.10 Non-submission of liability statements to the Finance Department

As required under Himachal Pradesh Budget Manual, liability statements to exercise effective control over expenditure and preparation of correct budget estimates were not sent by the Engineer-in-Chief, I&PH Department to the Finance Department during 2011-12.

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

2.7 Conclusion

The overall savings of ₹19.56 crore registered under grants/appropriation during the year 2011-12 was the net result of savings of ₹772.07 crore offset by excess of ₹752.51 crore. Thus, excess expenditure of ₹752.51 crore requires regularisation of the State Legislature.

In the Report of the Comptroller and Auditor General of India on the State Finances for the year ended 31 March 2011, Government of Himachal Pradesh, persistent incurring of excess expenditure under two grants viz. Public Works and Animal Husbandry, Dairy Development and Fisheries during the last five years was pointed out. This irregularity was still found persisting under Grant No. 10-Public Works-Roads, Bridges and Buildings as ₹221.99 crore were spent under the Grant in excess of budgetary provision during 2011-12. Besides, Grant No.13-Irrigation, Water Supply and Sanitation had also posted large excesses persistently during the last five years. There were also persistent savings under three grants (03-Administration of Justice, 15-Planning and Backward Area Sub-Plan and 29-Finance) during the last five years.

Supplementary provision aggregating ₹41.16 crore obtained in seven cases (₹50 lakh or more in each case) during the year 2011-12 proved unnecessary as original provisions were sufficient enough to meet the expenditure. In nine cases, the amount surrendered (₹50 lakh or more in each case) was in excess of actual saving. There were instances of inadequate provision, injudicious re-appropriations besides rush of expenditure in the last quarter of the financial year indicating lack of or inadequate budgetary control in the departments. Parking of funds in Deposit Accounts and Personal Deposit Accounts is fraught with the risk of misuse of funds and therefore, needs to be avoided. Savings either not surrendered or surrendered at the fag end of the financial year leave no scope for utilising the funds for developmental works in other needy areas.

2.8 Recommendations

The Government may ensure that:

- all the departments should submit realistic budget estimate, keeping in view the trends of expenditure and the actual requirement of funds in order to avoid large savings/excesses;
- all the departments should closely monitor the expenditure against the allocations and incurring of excess expenditure over the grants should be strictly avoided;
- all the departments may work out savings before hand and ensure their surrender by stipulated date for their effective utilisation by other departments requiring funds;
- a monitoring mechanism is in place in the departments to adjust the advances drawn on Abstract Contingent bills within the stipulated period, as required under the extant rules.

CHAPTER - 3

Financial Reporting

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

3.1 Delay in furnishing 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 & Entitlement) Himachal Pradesh within one year from the date of their sanction unless specified otherwise. However, of the 25,837 utilisation certificates (UCs) due in respect of grants and loans aggregating ₹1,757.07 crore upto March 2012; 9,625 UCs (37 per cent) for an aggregate amount of ₹924.60 crore were pending as of March 2012 out of which one UC involving ₹1.37 crore was pending for more than nine years. 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** below:

Table-3.1
Age-wise arrears of Utilisation Certificates as on 31 March, 2012

(₹ in crore)

Sl. No.	Range of delay (in number of years)	Total grants paid		Utilisation certificates outstanding	
		Number of Cases	Amount	Number of Cases	Amount
1.	0 – 1	16,290	849.40	6,528	477.12
2.	1 – 3	7,683	787.73	2,407	439.13
3.	3 – 5	1,393	74.33	689	6.98
4.	5 – 7	282	26.79	--	--
5.	7 – 9	37	11.18	--	--
6.	9 & above	152	7.64	1	1.37
	Total	25,837	1,757.07	9,625	924.60

Source: Accountant General (Accounts & Entitlement) office

Pendency of UCs mainly pertained to the Department of Education (5,221 UCs: ₹1.77 crore), Rural Development (1,776 UCs: ₹423.45 crore), Industries (785 UCs: ₹21.61 crore), Art and Culture (862 UCs: ₹5.09 crore), Social Justice and Empowerment (703 UCs: ₹98.45 crore), Urban Development (94 UCs: ₹146.01 crore), Sports and Youth Services (6 UCs: ₹ 2.81 crore), Tourism (8 UCs: ₹2.12 crore), Secretariat and Social Services (9 UCs: ₹ 2.64 crore), Medical and Public Health (24 UCs: ₹30.87 crore) and Animal Husbandry (27 UCs: ₹3.60 crore).

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

Thus, efforts should be made by the departments for expeditious submission of UCs by the recipients.

3.2 Misappropriation, loss, defalcation, etc.

As per the provisions of Himachal Pradesh financial rules, State Government reported 49 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹ 78.26 lakh upto June 2012 on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in *Appendix-3.2* and nature of these cases is given in *Appendix-3.3*. 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 3.2**.

Table-3.2
Profile of Misappropriations, losses, defalcations, etc.

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount Involved (₹ in lakh)	Nature/Characteristics of the Cases	Number of Cases	Amount Involved (₹ in lakh)
0 – 5	6	7.63	Theft	11	12.11
5 – 10	14	20.67			
10 – 15	9	40.49	Misappropriation/Loss of material	38	66.15
15 – 20	2	3.62			
20 – 25	5	1.28	Total	49	78.26
25 & above	13	4.57	Cases of Losses Written off during the Year	2	0.62
Total	49	78.26			

A further analysis indicates that the reasons for which the cases were outstanding could be classified in the categories listed in **Table 3.3**.

Table-3.3

Reasons for Outstanding cases of Misappropriations, losses, defalcations, etc.

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (₹ in lakh)
i)	Awaiting departmental and criminal investigation	15	17.86
ii)	Awaiting orders for recovery or write off	24	28.72
iii)	Pending in the courts of law	4	26.61
iv)	Recovery made/written off but awaiting final disposal from PAC	6	5.07
Total		49	78.26

An effective mechanism needs to be put in place to ensure speedy settlement of cases relating to misappropriations and losses to put systems in order.

3.3 Outstanding balances under major Suspense heads

Certain intermediary/adjusting heads of accounts known as ‘suspense heads’ are operated in Government accounts to reflect transactions of receipts and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when the amount under them is booked to their respective final heads of accounts.

The position of Suspense Balances under major suspense heads for the last three years is given in **Appendix-3.4**. There is net increase of ₹3.51 crore (debit) under 101-Pay and Accounts office-Suspense and ₹20.21 crore (debit) under 102-Suspense Account (Civil) as compared to 2010-11. The net balances under Minor Head (MH) 109-Reserve Bank Suspense-Headquarters increased by ₹0.65 crore (credit) and 110-Reserve Bank Suspense-Central Accounts Office ₹6.86 crore (credit) over the previous year.

If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government’s receipts and expenditure accurately. Thus, clearance of outstanding balances under Suspense Heads would require to be pursued vigorously.

3.4 Operation of Omnibus Minor Head-800

The range and diversity of government activity has increased manifold thereby heavily outpacing the number of available programme minor heads. The omnibus Minor Head-800 accommodates the expenditure which could not be classified under the available programme minor heads.

During 2011-12, revenue receipts aggregating ₹3,610.57 crore (25 per cent of total receipts) having receipt of more than ₹five crore were classified under Omnibus minor head-800-other receipts under seven major heads (*Appendix-3.5*) ranging between 58 to 100 per cent of the total receipts under respective major head.

Similarly, expenditure aggregating ₹13.86 crore under one major head “2075-Misc. General Services” in an account having expenditure of more than ₹five crore (representing functions of the Government) was classified under Minor Head-800 consisting of more than 50 per cent of the total expenditure (₹14.14 crore) under respective major head.

Classification of large amounts under the Omnibus minor head-800-other expenditure/ receipts affects true and fair picture of the financial reporting.

3.5 Conclusion

It was observed that the compliance with various rules, procedures and directives by the Government was unsatisfactory as evident from delays in furnishing utilisation certificates to the Accountant General (Accounts & Entitlement) against the loans and grants given to various institutions. A total of 9,625 Utilisation Certificates involving an amount of ₹924.60 crore and due for submission were not furnished by the Government to the Accountant General (Accounts & Entitlements) for keeping track of the utilisation of funds.

Out of 49 outstanding cases of misappropriation, loss, defalcation, etc., involving ₹ 78.26 lakh pending final action, departmental proceedings and criminal investigations were not initiated in 15 cases involving ₹ 17.86 lakh, indicating lack of initiative on the part of the Government to fix accountability. Internal controls in all the organizations should be strengthened to prevent occurrence of such cases.

Substantial amounts of receipts (₹3,610.57 crore) and expenditure (₹13.86 crore) were classified under the Omnibus minor head 800-Other receipts/expenditure during 2011-12. In order to ensure greater transparency in financial reporting, large amounts received or expenditure incurred under various schemes should be depicted in Accounts distinctly, instead of clubbing the same under Minor heads 800-other expenditure and other receipts.

3.6 Recommendations

The Government may consider to ensure:

- timely submission of utilisation certificates in respect of the grants released for specific purposes to the grantee institutions;
- expediting departmental enquiries in respect of all loss and misappropriation cases and strengthening internal controls in all the organisations to prevent such cases;
- correctness in financial reporting instead of clubbing the receipts and expenditure of major schemes under the Minor head '800-Other Expenditure' and '800-Other Receipts'.

Shimla
The



(Satish Loomba)
Principal Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The



(Vinod Rai)
Comptroller and Auditor General of India

Appendix-1

State Profile

A General Data

S.No.	Particulars	Figures
1.	Area	55673 Sq km
2.	Population	
	A 2001	0.61 crore
	B 2011	0.69 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 (All India average= 27.5%)*	10%
5	(a) Literacy (2001) (All India average= 64.8%)* (b) Literacy (2011) (All India average= 74%)*	76.50% 83.78%
6	Gross State Domestic Product (GSDP) 2011-12	₹63084 crore
7	GSDP CAGR [§] (2002-03 to 2011-12)	14.74%

B Financial Data

	CAGR* (2002-03 to 2011-12)	
A	of Revenue Receipts	14.80%
B	of Tax Revenue	16.53%
C	of Non-Tax Revenue	27.03%
D	of Total Expenditure	10.39%
E	of Capital Expenditure	7.73%
F	of Revenue Expenditure on Education	12.30%
G	of Revenue Expenditure on Health	11.11%
H	of Salary and wages	10.59%
I	of Pension	16.32%

* Based on General Category State's excluding Delhi, Goa and Puducherry

Source: Finance Accounts and Audit Reports, BPL (Planning Commission and NSSO data, 61st round), Density of Population (Office of the Registrar General and census commissioner of India; Ministry of Home Affairs), Literacy (Office of the Registrar General of India; Ministry of Home Affairs) and Economics and Statistics Department of Himachal Pradesh.

[§] CAGR: Compound Annual Growth Rate.

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 2011-12 has 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 statements. The layout of the Finance Accounts is chalked out in the following manner:

	Layout
VOLUME I	
<i>Statement 1</i>	Statement of Financial Position
<i>Statement 2</i>	Statement of Receipts and Disbursements
<i>Statement 3</i>	Statement of Receipts (Consolidated Fund)
<i>Statement 4</i>	Statement of Expenditure (Consolidated Fund) By Function and Nature Notes to Accounts Appendix I: Cash balances and investment of Cash balances
VOLUME 2	
PART I	
<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 Grants-in-aid given by the Government
<i>Statement 9</i>	Statement of Guarantees given by the Government
<i>Statement 10</i>	Statement of Voted and Charged Expenditure
PART II	
<i>Statement 11</i>	Detailed Statement of Revenue and Capital Receipts by minor heads
<i>Statement 12</i>	Detailed Statement of Revenue Expenditure by minor heads
<i>Statement 13</i>	Detailed Statement of Capital Expenditure by minor heads
<i>Statement 14</i>	Detailed Statement of Investments of the Government
<i>Statement 15</i>	Detailed Statement of Borrowings and other Liabilities
<i>Statement 16</i>	Detailed Statement on Loans and Advances given by the Government
<i>Statement 17</i>	Detailed Statement on Sources and Application of funds for expenditure other than revenue account
<i>Statement 18</i>	Detailed Statement on Contingency Fund and other Public Account transactions
<i>Statement 19</i>	Detailed Statement on Investments of earmarked funds
Part III: Appendices	
<i>II</i>	Comparative Expenditure on Salary
<i>III</i>	Comparative Expenditure on Subsidy
<i>IV</i>	Grants-in-aid (Scheme wise and Institution wise)
<i>V</i>	Externally Aided Projects
<i>VI</i>	Plan Scheme expenditure (Central and State Plan Schemes)
<i>VII</i>	Direct transfer of funds to implementing agencies
<i>VIII</i>	Summary of Balances
<i>IX</i>	Financial results of Irrigation Schemes
<i>X</i>	Incomplete Works
<i>XIII</i>	Maintenance expenditure with segregation of salary and non-salary portion

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 2007-12 and observations have been made on their behaviour. In its Restructuring Plan of State finances, the ThFC recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, ThFC 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 ThFC 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 and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP¹ at current market prices. The buoyancy coefficients for tax revenues, 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 2004-05 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:

	2007-08	2008-09	2009-10	2010-11	2011-12
Gross State Domestic Product (₹ in crore)	33963	41483	46969(P)	54695(Q)	63084(A)
Growth rate of GSDP (In per cent)	12.2	22.1	13.2	16.4	15.3

Source: Department of Economics and Statistics, Government of Himachal Pradesh.

¹ GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

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

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <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 by financial year 2011-12 and maintain revenue surplus thereafter;
- Reduce fiscal deficit to 3 *per cent* or less of Gross State Domestic Product by financial year 2011-12 and maintain fiscal deficit at the level of 3 *per cent* or less of Gross State Domestic Product thereafter;
- Reduce outstanding debt to 47 *per cent* of GSDP by the financial year 2011-12.
- Maintain outstanding risk weighted guarantees on long term debt below forty *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 1.4, 1.5.3, 1.7.4 and 1.8.2; Pages 7, 14, and 28)
Time Series Data on the State Government Finances

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Part-A: Receipts					
1. Revenue Receipts	9,142	9,308	10,346	12,711	14,543 ^S
(i) Tax Revenue	1,958 (21)	2,242 (24)	2,574(25)	3,643(29)	4,108 (28)
Taxes on Sales, Trade, etc.	1,092 (56)	1,246 (56)	1,487(58)	2,101(58)	2,477 (60)
State Excise	389 (20)	432 (19)	500(19)	562(15)	707 (17)
Taxes on Vehicles	114 (6)	136 (6)	134(5)	163(4)	176 (4)
Stamps and Registration fees	87 (4)	98 (4)	113(4)	133(4)	155 (4)
Taxes and Duties on electricity	82 (4)	79 (4)	39(2)	302(8)	185 (5)
Land Revenue	2 (-)	20 (1)	15(1)	5(0.1)	18 (11)
Taxes on Goods and Passengers	55 (3)	62 (3)	89(3)	93(3)	94 (2)
Other Taxes	137 (7)	169 (7)	197(8)	284(8)	296 (7)
(ii) Non Tax Revenue	1,823 (20)	1,756(19)	1,784(17)	1,695(13)	1,915 (13)
(iii) State's share of Union taxes and duties	794 (9)	838 (9)	862 (8)	1,715(13)	1999 (14)
(iv) Grants in aid from Government of India	4,567(50)	4,472(48)	5,126(50)	5,658(45)	6,521 (45)
2. Miscellaneous Capital Receipts	--	---	--	646	--
3. Recoveries of Loans and Advances	26	21	34	73	25
4. Total Revenue and Non debt capital receipts (1+2+3)	9,168	9,329	10,380	13,430	14,568
5. Public Debt Receipts	1,849	2,249	2,553	2,411	1,984
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,798 (97)	2,237 (99)	2,484 (97)	2,372 (98)	1,904 (96)
Net transactions under Ways and Means Advances and Overdrafts	--	--	--	-	--
Loans and Advances from Government of India	51 (3)	12 (1)	69(3)	39	80 (4)
6. Total Receipts in the Consolidated Fund (4+5)	11,017	11,578	12,933	15,841	16,552
7. Contingency Fund Receipts	--	--	--	--	--
8. Public Account Receipts	6,223	6,760	6,821	8,507	9,237
9. Total Receipts of the State (6+7+8)	17,240	18,338	19,754	24,348	25,789
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	8,292	9,438	11,151	13,946	13,898
Plan	1,202 (14)	877 (9)	1,238(11)	1,652(12)	1,701 (12)
Non Plan	7,090 (86)	8,561 (91)	9,913 (89)	12,294(88)	12,197(88)
General Services (including interest payments)	3,429 (41)	3,918 (42)	4,377(39)	5,279(38)	5,690 (41)
Social Services	2,876 (35)	3,332 (35)	3,902(35)	4,979(35)	5,147 (37)
Economic Services	1,984 (24)	2,184 (23)	2,868 (26)	3,682(26)	3,049 (22)
Grants-in-aid and contributions	3 (-)	4 (-)	4 (-)	6(-)	12 (-)
11. Capital Expenditure	1,414	2,079	1,943	1,789	1,810
Plan	1,313 (93)	1,992 (96)	1,895(98)	1,774(99)	1,764 (97)
Non Plan	101 (7)	87 (4)	48(2)	15(1)	46 (3)
General Services	59 (4)	64 (3)	63(3)	73(4)	73 (4)
Social Services	586 (42)	833 (40)	610(31)	611(34)	372 (21)
Economic Services	769 (54)	1,182 (57)	1,270(65)	1,105(62)	1,365 (75)
12. Disbursement of Loans and Advances	14	90	70	227	493
13. Total (10+11+12)	9,720	11,607	13,164	15,962	16,201

^S Includes an amount of ₹ 32.43 crore by way of book adjustment.

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	2007-08	2008-09	2009-10	2010-11	2011-12
14. Repayments of Public Debt	937	885	867	870	1,128
Internal Debt (excluding Ways and Means Advances and Overdrafts)	839	829	811	808	1,034
Net transactions under Ways and Means Advances and Overdraft	42	--	--	--	--
Loans and Advances from Government of India	56	56	56	62	94
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	10,657	12,492	14,031	16,832	17,329
17. Contingency Fund disbursements	--	--	--	--	--
18. Public Account disbursements	5,737	5,690	6,421	7,162	8,526
19. Total disbursement by the State (16+17+18)	16,394	18,182	20,452	23,994	25,855
Part C: Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(+) 850	(-) 130	(-) 805	(-)1235	(+) 645 [*]
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 552	(-) 2,278	(-) 2,784	(-)2,532	(-) 1,633
22. Primary Deficit (-)/Surplus (+) (21+23)	(+) 1,151	(-) 384	(-) 828	(-)582	(+) 497
Part D: Other data					
23. Interest Payments (included in revenue expenditure)	1,703	1,894	1,956	1,950	2,130
24. Financial Assistance to local bodies etc.,	467	582	718	849	981
25. Ways and Means Advances/Overdraft availed (days)	--	--	--	--	--
Ways and Means Advances availed (days)	--	--	--	--	--
Overdraft availed (days)	--	--	--	--	--
26. Interest on Ways and Means Advances/Overdraft	--	--	--	--	--
27 Gross State Domestic Product (GSDP)[@]	33,963 (12.2)	41,483 (22.1)	46,969 (13.2)	54,695 (16.4)	63,084 (15.3)
28 Outstanding Fiscal liabilities (year end)	19,419	21,819	23,713	26,415	28,228
29. Outstanding guarantees (year end) (including interest)	2,632	2,291	1,949	3,910	3,316
30. Maximum amount guaranteed (year end)	6,450	6,076	4,361	6,232	6,208
31. Number of incomplete projects	20	17	29	11	13
32. Capital blocked in incomplete projects	121	96	108	86	930
Part E: Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	0.06	0.05	0.05	0.07	0.07
Own Non-Tax Revenue/GSDP	0.05	0.04	0.04	0.03	0.03
Central Transfers/GSDP	0.02	0.02	0.02	0.03	0.03
II Expenditure Management					
Total Expenditure/GSDP	0.29	0.28	0.28	0.29	0.26
Total Expenditure/Revenue Receipts	1.06	1.25	1.27	1.26	1.11
Revenue Expenditure/Total Expenditure	0.85	0.81	0.85	0.87	0.86
Expenditure on Social Services/Total Expenditure	0.36	0.36	0.34	0.35	0.34
Expenditure on Economic Services/Total Expenditure	0.28	0.29	0.31	0.30	0.27
Capital Expenditure/Total Expenditure	0.15	0.18	0.15	0.11	0.11
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.14	0.17	0.14	0.11	0.11

* Includes an amount of ₹ 32.43 crore by way of book adjustments.

	2007-08	2008-09	2009-10	2010-11	2011-12
III Management of Fiscal Imbalances (In per cent)					
Revenue deficit (surplus)/GSDP	2.50	(-) 0.31	(-) 1.71	(-) 2.26	(+) 1.02
Fiscal deficit/GSDP	(-) 1.63	(-) 5.49	(-) 5.93	(-) 4.63	(-) 2.59
Primary Deficit (surplus) /GSDP	3.39	(-) 0.93	(-) 1.76	(-) 1.07	(+) 0.79
Revenue Deficit/Fiscal Deficit	NA	(-) 5.71	(-) 28.92	(-)48.78	NA
Primary Revenue Balance/GSDP (ratio)	(-)0.025	(-)0.049	(-)0.059	(-)0.058	(-)0.024
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.57	0.53	0.50	0.48	0.45
Fiscal Liabilities/RR	2.12	2.34	2.29	2.07	1.94
Primary deficit vis-à-vis quantum spread	1.741	(-) 0.153	(-) 0.823	(-)0.284	(+) 0.250
Debt Redemption (Principal +Interest)/ Total Debt Receipts	1.02	0.92	0.94	0.22	0.23
V Other Fiscal Health Indicators					
Return on Investment	0.52	89.58	73.49	64.11	85.65
Balance from Current Revenue (₹ in crore)	(+) 113	(-) 1,423	(-) 2,642	(-)2,607	(-) 1,529
Financial Assets/Liabilities	0.60	0.68	0.67	0.66	0.70
Revenue Expenditure: Basic Parameters					
Revenue Expenditure (RE) (₹ in crore)	8,292	9,438	11,151	13,946	13,898
Rate of Growth (per cent) RE	8.48	13.82	18.15	25.06	(-) 0.34
Non-Plan Revenue Expenditure (NPRE) (₹ in crore)	7,090	8,561	9,913	12,294	12,197
Rate of Growth (per cent) NPRE	12.20	20.75	15.79	24.01	(-) 0.79
Plan Revenue Expenditure (₹ in crore)	1,202	877	1,238	1652	1701
Rate of Growth (per cent) PRE	(-) 9.28	(-) 27.04	41.16	33.44	2.97
NPRE/GSDP (per cent)	20.88	20.64	21.11	22.48	19.33
RE/TE ² (per cent)	85.43	81.95	85.16	88.63	85.78
NPRE as per cent of TE	72.94	73.76	75.30	77.02	75.29
NPRE as per cent of RR	77.55	91.97	95.81	96.72	83.87
Percentage of NPRE to RE	85.50	90.70	88.90	88.15	87.76
PRE to RE	14.50	9.30	11.10	11.85	12.24
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.70	0.63	1.38	1.53	(-) 0.02
RRs (ratio)	0.51	7.59	1.63	1.09	(-) 0.02
NPRE (ratio)	0.70	0.67	1.15	1.04	(-) 0.43
PRE (ratio)	(-) 0.91	(-) 0.51	0.44	0.75	(-) 0.12

Figures in brackets represent percentages (rounded) to total of each sub-heading @ GSDP figures communicated by the Government adopted.

² Total expenditure excludes loan and advances.

Appendix-1.4

(Reference: Paragraphs 1.1; Page 1)

Part-A

Abstract of Receipts and Disbursements for the year 2011-12

(₹ in crore)					(₹ in crore)					
Receipts					Disbursements					
2010-11		2011-12			2010-11		2011-12			
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Section-A Revenue										
I-Revenue Receipts		12710.61		14542.86 [#]	I- RevenueExpenditure	13946.05	12197.03	1700.94	13897.97	13897.97
(i) Tax revenue	3642.38		4107.92		GeneralServices		5654.74	35.26	5690.00	
(ii) Non-tax revenue	1695.31		1915.20		Social Services		4208.89	938.56	5147.45	
(iii) State's share of Union Taxes and Duties	1715.35		1998.37		Education, Sports, Art and Culture		2555.17	434.98	2990.15	
(iv) Non-Plan Grants	2633.09		2646.86		Health and Family Welfare		664.03	133.27	797.30	
(v) Grants for State Plan Schemes	2680.22		3342.38		Water Supply, Sanitation, Housing and Urban Development		648.19	(-) 4.57*	643.62	
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	344.26		532.13		Information and Broadcasting		21.29	0.13	21.42	
					Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes		10.03	93.35	103.38	
					Labour and Labour Welfare		39.05	5.16	44.21	
					Social Welfare and Nutrition		261.96	274.85	536.81	
					Others		9.17	1.39	10.56	
					Economic Services		2321.43	727.12	3048.55	
					Agriculture and Allied Activities		666.62	435.23	1101.85	
					Rural Development		229.20	128.33	357.53	
					Irrigation and Flood Control		254.90	6.42	261.32	
					Energy		145.81	5.07	150.88	
					Industry and Minerals		30.74	26.42	57.16	
					Transport		957.39	104.79	1062.18	
					Science, Technology and Environment		2.15	4.13	6.28	
					General Economic Services		34.62	16.73	51.35	
					Grants-in-aid and Contributions		11.97	-	11.97	
Total				14542.86	Total				13897.97	
II-Revenue Deficit carried over to Section -B		1235.44			II-Revenue surplus carried over to Section-B				644.89[#]	
Total:		13946.05		14542.86	Total:	13946.05			14542.86	14542.86

[#] Includes an amount of ₹32.43 crore by way of book adjustment.

* Minus expenditure is due to utilization of unutilised stock of previous year in addition to the stock for the year under Head 2215-01-799.

Receipts					Disbursements					
2010-11		2011-12			2010-11	2011-12				
						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	281.16			634.86	III- Opening overdraft from Reserve Bank of India					
IV- Misc. Capital Receipts	645.85		--		IV- Capital Outlay	1788.99	46.36	1763.47	1809.83	1809.83
					General Services	73.33	2.00	71.30	73.30	
					Social Services	611.32	--	371.87	371.87	
					Education, Sports, Art and Culture		--	97.73	97.73	
					Health and Family Welfare		--	29.19	29.19	
					Water Supply, Sanitation, Housing and Urban Development		--	225.37	225.37	
					Information and Broadcasting		--	0.12	0.12	
					Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		--	13.22	13.22	
					Social Welfare and Nutrition		--	5.83	5.83	
					Others		--	0.41	0.41	
					Economics Services	1104.34	44.36	1320.30	1364.66	1364.66
					Agriculture and Allied Activities		10.76	60.86	71.62	
					Irrigation and Flood Control		--	323.50	323.50	
					Energy		--	206.50	206.50	
					Industry and Minerals		0.50	14.02	14.52	
					Transport		33.10	653.34	686.44	
					General Economic Services		--	62.08	62.08	
					Total	1788.98	46.36	1763.47	1809.83	
V-Recoveries of Loans and Advances		72.59		24.86	V- Loans and Advances disbursed	226.56	14.45	478.42	492.98	492.98
From Power Projects	57.16		1.22		For Power Projects		--	473.56	473.56	
From Government Servants	12.44		10.55		To Government Servants		1.60	4.53	6.13	
From Others	2.99		13.09		To others		12.96	0.33	13.29	
VI-Revenue surplus brought down	--			644.89	VI-Revenue deficit brought down	1235.44	--	--	--	

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Receipts					Disbursements					
2010-11		2011-12			2010-11		2011-12			
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
VII-Public Debt Receipts		2411.06		1984.05	VII-Repayment of Public Debt	869.65				1127.72
Internal Debt other than Ways and Means Advances and Overdraft	2372.26		1903.87		Internal debt other than Ways and Means Advances and Overdraft		1034.35			
Net transactions under Ways and Means Advances including Overdraft --			--		Net transactions under Ways and Means Advances and Overdraft		--			
Loans and Advances from the Central Government	38.80		80.18		Repayment of Loans and Advances to Central Government		93.37			
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		8506.79		9236.66	X- Public Account disbursements	7161.95				8526.07
Small Savings and Provident Funds	2165.72		2099.97		Small Savings and Provident Funds		1464.44			
Reserve Funds	433.20		285.00		Reserve Funds		141.77			
Deposits and Advances	1630.05		1780.24		Deposits and Advances		1602.56			
Suspense and Miscellaneous	413.57		361.71		Suspense and Miscellaneous		480.39			
Remittances	3864.25		4709.74		Remittances		4836.91			
XI- Closing overdraft from Reserve Bank of India --	-		-	-	XI-Cash Balance at end	634.86				568.72
					Cash in Treasuries and Local Remittances		2.14			
					Departmental Cash Balance including Permanent Advances		0.19			
					Deposits with Reserve Bank		(-)382.28			
					Cash Balance investment		948.67			
Total:		11917.45		12525.32	Total:	11917.45				12525.32

Appendix-1.4

(Reference: Paragraphs 1.1 and 1.8.1; Pages 1 and 28)

Part-B

(₹ in crore)

Summarised financial position of the Government of Himachal Pradesh as on 31 March 2012			
Assets	As on 31.03.2011	As on 31.03.2012	
Gross Capital Outlay on Fixed Assets -	16800.99		18610.82
Investments in shares of Companies, Corporations, etc.	2863.53	2448.06	
Other Capital Outlay	13937.46	16162.76	
Loans and Advances -	483.28		951.40
Loans for Power Projects	336.29	808.62	
Other Development Loans	99.52	98.72	
Loans to Government servants and Miscellaneous loans	47.47	44.06	
Reserve Fund Investments			---
Cash -	634.86		568.72
Cash in Treasuries and Local Remittances	2.25	2.14	
Deposits with Reserve Bank of India	(-)274.11	(-) 382.28	
Departmental Cash Balance	0.16	0.16	
Permanent Advances	0.03	0.03	
Cash Balance Investments	906.53	948.67	
Cumulative excess of expenditure over receipts*	9337.43		8692.54
	27256.56		28823.48

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

Liabilities	As on 31.03.2011	As on 31.03.2012	
Internal Debt	17693.88		18563.40
Market Loans bearing interest	9224.26	10146.61	
Market Loans not bearing interest	0.03	0.07	
Loans from Life and General Insurance Corporation of India	331.27	282.71	
Loans from the NABARD	1131.60	1278.06	
Loans from National Co-operative Development Corporation	31.03	23.11	
Special securities issued to NSSF of the Central Government	4935.51	5063.00	
Compensation and other bonds	30.32	23.30	
Loans from other Institutions	2009.86	1746.54	
Loans and Advances from Central Government -	960.48		947.30
Non-Plan Loans	11.82	9.55	
Loans for State Plan Schemes	913.82	937.13	
Loans for Central Plan Schemes	0.12	--	
Loans for Centrally Sponsored Plan Schemes	34.59	0.49	
Other Loans	0.13	0.13	
Contingency Fund	5.00		5.00
Small Savings, Provident Funds, etc.	6102.35		6737.89
Deposits	1580.14		1757.82
Reserve Funds	77.35		220.58
Suspense and Miscellaneous Balances	309.69		191.00
Remittance Balances	527.67		400.49
	27256.56		28823.48

Appendix-1.5

(Reference: Paragraph 1.3.2; Page 6)

Statement showing the funds transferred directly to the State Implementing Agencies by the GoI under Programme/Schemes during 2011-12

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	Govt. of India releases	
		2011-12	2010-11
(₹ in lakh)			
National Rural Employment Guarantee Act	Project Director, DRDAs	3,11,38.16	6,36,25.00
	Total	3,11,38.16	6,36,25.00
Sarva Shiksha Abhiyan	H.P. Primary Education Society	1,41,93.00	1,37,86.66
	Total	1,41,93.00	1,37,86.66
National Institute of Technology NIT DHE	NIIT Hamirpur	70,00.00	41,89.00
	Total	70,00.00	41,89.00
Pradhanmantri Gram Sadak Yojna	RIDF	3,10,30.00	1,99,30.00
	Total	3,10,30.00	1,99,30.00
Integrated Watershed Management Programme (IWMP)	DRDA Project Directors	67,78.38	1,07,81.33
	Total	67,78.38	1,07,81.33
Package for Special Category State	H.P. State Industrial Development Corporation	1,01,37.11	29,84.00
	Total	1,01,37.11	29,84.00
Development for Tourist Destinations	H.P. Tourism Development Board	2,70.00	23,30.62
	Total	2,70.00	23,30.62
Product/ Infrastructure	H.P. Tourism Development Board	--	23,30.62
	Total	--	23,30.62
Rural Housing IAY	Project Director DRDAs	23,08.90	22,59.85
	Total	23,08.90	22,59.85
MPs Local Area Development	Deputy Commissioners	--	16,00.00
	Total	--	16,00.00
Hospitals and Dispensaries(Under NRHM)	Society for the Development of Ayush Institutions in H.P.	8,74.98	21,54.13
	National Rural Health Mission (NRHM) Centrally sponsored	1,64,71.17	--
	National Rural Health Mission (NRHM) Central Sector	60.81	--
	Total	1,74,06.96	21,54.13
Central Rural Sanitation Scheme	State Water and Sanitation Mission	4,69.57	7,53.00
Central Rural Sanitation Scheme	DWSM Deputy Commissioner-cum-Chief Executive Officer Shimla	--	--
Central Rural Sanitation Scheme	DRDA Project Directors	--	21,86.78
	Total	4,69.57	29,39.78
Swaran Jayanti Gram Swarajgar Yojna	Project Director DRDAs	11,01.42	12,78.48
	Total	11,01.42	12,78.48

Government of India Scheme	Implementing Agency	Govt. of India releases	
DRDA Administration	Project Director DRDAs	10,23.95	6,37.63
	Total	10,23.95	6,37.63
E-Governance	SITEG	90.10	4.35
	Total	90.10	4.35
National Aids Control Programme Including STD Control	HP State Aids Control Society	12,89.66	11,02.81
	Total	12,89.66	11,02.81
Support to State for Extension Reforms	State Agricultural Management & Extension Training Institute H.P.	14,48.34	4,02.61
	Total	14,48.34	4,02.61
Rashtriya Gram Swaraj Yojna	Principal Panchayati Raj Training Institute Shimla	4,24.00	2,43.00
	Total	4,24.00	2,43.00
National Afforestation Programme	State Forest Development Agency	33.05	3,45.00
	Total	33.05	3,45.00
National Rural Drinking Water Programme	State Water and Sanitation Mission	1,46,02.83	--
	Total	1,46,02.83	--
Panchayat Yuva Krida and Khel Abhiyan(PYKKA)	H.P. Sports Council	4,89.77	10,12.85
	Total	4,89.77	10,12.85
Studies in Agricultural Economic Policy and Development	H.P. University Shimla	3,57.00	4,06.54
	Total	3,57.00	4,06.54
Development of Marketing Board	HPSA Marketing Board Shimla	--	1,26.80
	Total	--	1,26.80
Health Insurance for Unorganised Sector Workers (Rashtriya Swasthya Bima Yojna)	Himachal Pradesh Swasthaya Bima Yojna Society	--	7,37.86
	Total	--	7,37.86
Research and Designing in New and Renewable Energy Technologies	CSK HP Krishi Vishawavidhalaya	17.58	9.65
	Total	17.58	9.65
	Grand Total:	141609.78	135218.57

Appendix-1.6

(Reference: Paragraph 1.5.6.2; Page 18)

Functions devolved to the PRIs

1.	Agriculture, including agricultural extension.
2.	Land improvement, implementation of land reforms, land consolidation and soil conservation.
3.	Minor irrigation, water management and watershed development.
4.	Animal husbandry, dairying and poultry.
5.	Fisheries.
6.	Social forestry and farm forestry.
7.	Minor forest produce.
8.	Small scale industries, including food processing industries.
9.	Khadi, Village and Cottage Industries.
10.	Rural housing.
11.	Drinking water.
12.	Fuel and fodder.
13.	Roads, culverts, bridges, ferries waterways and other means of communication.
14.	Non-conventional energy resources.
15.	Poverty alleviation programme.
16.	Education, including Primary and Secondary schools.
17.	Technical training and vocational education.
18.	Libraries.
19.	Markets and fairs.
20.	Health and sanitation, including hospitals. Primary health centers and dispensaries.
21.	Family welfare.
22.	Women and child development.
23.	Social welfare including welfare of the handicapped and mentally retarded.
24.	Welfare of the weaker sections, and in particular of the scheduled castes and the scheduled tribes.
25.	Public distribution system.
26.	Maintenance of community assets.

Functions not yet devolved to the PRIs

1.	Rural electrification, including distribution of electricity.
2.	Adult and non-formal education
3.	Cultural activities

Appendix-1.7

(Reference: Paragraph 1.5.7.5; Page 22)

Functions devolved to the ULBs

1.	Urban planning including town planning.
2.	Planning for economic and social development.
3.	Roads and bridges.
4.	Water supply for domestic, industrial and commercial management.
5.	Public health, sanitation conservancy and solid waste management.
6.	Urban forestry, protection of the environment and promotion of ecological aspects.
7.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
8.	Slum improvement and up-gradation
9.	Urban poverty alleviation.
10.	Provision of Urban amenities and facilities such as parks, gardens, playgrounds.
11.	Promotion of cultural, educational and aesthetic aspects.
12.	Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
13.	Cattle pounds; prevention of cruelty to animals.
14.	Vital statistics including registration of births and deaths.
15.	Public amenities including street lighting, parking lots, bus stops and public convinces.
16.	Regulation of slaughter houses and tanneries.

Functions not yet devolved to the ULBs

1	Regulation of land-use and construction of buildings
2.	Fire services

Appendix-2.1

(Reference: Paragraph 2.3.1; Page 38)

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

(₹ in crore)

Sr. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
Revenue					
1.	01	Vidhan Sabha (Revenue-Voted)	14.66	1.69	
2.	03	Administration of Justice (Revenue-Voted)	97.23	15.96	
3.	04	General Administration (Revenue-Voted)	118.01	15.74	
4.	05	Land Revenue and District Administration (Revenue-Voted)	418.67	65.55	
5.	06	Excise and Taxation (Revenue-Voted)	53.71	10.50	
6.	07	Police and Allied Organisations (Revenue-Voted)	552.48	35.45	
7.	08	Education (Revenue-Voted)	2919.41	205.11	
8.	09	Health and Family Welfare (Revenue-Voted)	740.87	21.82	
9.	11	Agriculture (Revenue-Voted)	186.67	11.66	
10.	12	Horticulture (Revenue-Voted)	145.76	10.75	
11.	14	Animal Husbandry, Dairy Development and Fisheries (Revenue-Voted)	186.72	6.42	
12.	15	Planning and Backward Area Sub-Plan (Revenue-Voted)	46.44	9.43	
13.	16	Forest and Wildlife (Revenue-Voted)	363.89	48.36	
14.	17	Election (Revenue-Voted)	18.54	1.11	
15.	18	Industries, Minerals, Supplies and Information Technology (Revenue-Voted)	55.30	9.33	
16.	19	Social Justice and Empowerment (Revenue-Voted)	359.68	11.70	
17.	20	Rural Development (Revenue-Voted)	385.91	75.07	
18.	21	Co-operation (Revenue-Voted)	27.63	7.34	27

Sr. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
19.	22	Food and Civil Supplies (Revenue-Voted)	124.34	5.63	
20.	23	Power Development (Revenue-Voted)	164.31	19.22	
21.	24	Printing and Stationary (Revenue-Voted)	20.67	1.66	
22.	26	Tourism and Civil Aviation (Revenue-Voted)	18.99	3.38	
23.	27	Labour Employment and Training (Revenue-Voted)	69.47	3.93	
24.	28	Urban Development, Town and Country Planning and Housing (Revenue-Voted)	123.38	1.55	
25.	29	Finance (Revenue-Voted)	2257.27	6.35	
26.	30	Miscellaneous General Services (Revenue-Voted)	53.82	7.58	
27.	31	Tribal Development (Revenue-Voted)	574.96	26.64	
28.	32	Scheduled Caste Sub-Plan (Revenue-Voted)	414.91	13.96	
29.	03	Administration of Justice (Revenue-Charged)	23.55	2.32	
30.	29	Finance (Revenue-Charged)	2150.58	20.88	
Capital					
31.	08	Education (Capital-Voted)	23.84	1.44	
32.	10	Public Works – Roads, Bridges and Buildings (Capital-Voted)	486.14	51.22	
33.	13	Irrigation, Water Supply and Sanitation (Capital-Voted)	371.71	20.19	
34.	22	Food and Civil Supplies (Capital-Voted)	1.25	1.25	100
35.	28	Urban Development, Town and Country Planning and Housing (Capital-Voted)	16.00	1.61	
36.	29	Finance (Capital-Voted)	6.73	1.67	25
37.	31	Tribal Development (Capital-Voted)	141.04	12.55	
38.	32	Scheduled Caste Sub-Plan (Capital-Voted)	498.30	2.39	

Appendix-2.2

(Reference: Paragraph 2.3.3; Page 39)

Statement of various grants/ appropriations where expenditure was more than ₹one crore each and 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 (more than 20 per cent)
Revenue-Voted						
1.	10	Public Works-Roads, Bridges and Buildings	1802.47	2024.46	221.99	--
2.	13	Irrigation, Water Supply and Sanitation	1134.34	1485.05	350.71	31
Capital-Voted						
3.	15	Planning and Backward Area Sub-Plan	90.40	129.46	39.06	43
4.	23	Power Development	387.43	499.66	112.23	29
Capital-Charged						
5.	29	Finance	1099.25	1127.72	28.47	--
		Total	4513.89	5266.35	752.46	

Appendix-2.3

(Reference: Paragraph 2.3.6; Page 41)

Excess over provision of previous years requiring regularisation

(₹ in crore)

Year	Number of Grants/ Appropriations	Grant/ Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2008-09	11 Grants 3 Appropriations	7, 10, 12, 13, 14, 16, 20, 28, 30, 31 and 32 2,3 and 29	556.52	Audit comments sent to Finance Department/HP Vidhan Sabha. Report yet to be discussed by PAC.
2009-10	19 Grants 1 Appropriation	1, 2, 4, 5, 6, 7, 8, 10, 13, 14, 16, 19, 23, 25, 26, 27, 28, 29 and 32 10	887.80	<i>Suo moto</i> replies from the Finance Department are still awaited. Report yet to be discussed by PAC.
2010-11	19 Grants 2 Appropriations	1, 4, 5, 7, 9, 10, 11, 12, 13, 14, 16, 18, 23, 26, 27, 29, 30, 31, and 32 2 and 10	2237.64	Due for discussion from 07 July 2012. <i>Suo moto</i> replies from the Finance Department are still awaited. Report yet to be discussed by PAC.
			3681.96	

Appendix-2.4

(Reference: Paragraph 2.3.7; Page 42)

Excess over provision during 2011-12 requiring regularisation

(In ₹)

Sr. No.	Number and title of Grant/ Appropriation (Revenue and Capital)	Total Grant	Expenditure	Excess
1.	10-Public Works-Roads, Bridges and Buildings (Revenue-Voted)	1802,47,40,000	2024,46,29,300	221,98,89,300
2.	13-Irrigation, Water Supply and Sanitation (Revenue-Voted)	1134,33,72,000	1485,04,64,616	350,70,92,616
3.	09-Health and Family Welfare (Capital-Voted)	16,54,00,000	16,56,00,000	2,00,000
4.	15-Planning and Backward Area Sub-Plan (Capital-Voted)	90,40,00,000	129,46,18,281	39,06,18,281
5.	21-Co-operation (Capital-Voted)	6,56,90,000	6,58,67,841	1,77,841
6.	23-Power Development (Capital-Voted)	387,42,61,000	499,65,92,000	112,23,31,000
7.	29-Finance (Capital- Charged)	1099,24,52,000	1127,72,01,231	28,47,49,231
	Total	4536,99,15,000	5289,49,73,269	752,50,58,269 or 752.51 crore

Appendix-2.5

(Reference: Paragraph 2.3.8; Page 42)

Cases where supplementary provisions proved unnecessary

(In thousand of ₹)

Sr. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary provision
Revenue-Voted					
1.	05-Land Revenue and District Administration	4,14,50,88	3,53,11,17	61,39,71	4,15,69
2.	07-Police and Allied Organisations	5,49,42,92	5,17,03,02	32,39,90	3,04,80
3.	11-Agriculture	1,80,59,22	1,75,01,18	5,58,04	6,07,98
4.	21-Cooperation	27,09,15	20,28,60	6,80,55	53,55
5.	27-Labour Employment and Training	66,32,60	65,54,58	78,02	3,14,65
6.	31-Tribal Development	5,52,00,95	5,48,31,23	3,69,72	22,94,70
Capital-Voted					
7.	22-Food and Civil Supplies	9	6	3	1,25,00
Total		17,89,95,81	16,79,29,84	1,10,65,97	41,16,37 or say ₹41.16 crore

Appendix-2.6

(Reference: Paragraph 2.3.8; Page 42)

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

(₹ in crore)							
Sr. No.	Grant Number	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
Capital-Voted							
1.	15	Planning and Backward Area Sub-Plan	75.40	15.00	90.40	129.46	39.06
2.	23	Power Development	150.00	237.43	387.43	499.66	112.23
Capital-Charged							
3.	29	Finance	960.85	138.40	1099.25	1127.72	28.47
		Total	1186.25	390.83	1577.08	1756.84	179.76

Appendix-2.7

(Reference: Paragraph 2.3.9; Page 42)

Excess/Unnecessary/Insufficient re-appropriation of funds

(₹ in lakh)

Sr. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving (-)
1.	05	Land Revenue and District Administration	2053-093-01	(-) 958.91	(-) 878.04
2.			2245-02-101-01	(-) 0.01	2540.73
3.			2245-02-107-01	(-) 0.01	767.50
4.			2245-02-111-01	3749.99	(-) 1464.00
5.			2245-02-113-01	999.99	(-) 875.00
6.	07	Police and Allied Organisations	2070-104-01	(-) 562.16	259.81
7.			2055-108-05	(-) 219.24	313.02
8.	09	Health and Family Welfare	2210-03-110-01	(-) 345.00	283.54
9.			2211-101-01	(-) 1195.24	304.91
10.			2210-05-105-01	1456.22	2996.97
11.	10	Public Works-Roads, Bridges and Buildings	3054-04-105-02	6810.00	(-) 371.48
12.			2059-80-053-03	(-) 452.00	(-) 596.89
13.			2059-80-053-05	(-) 849.70	(-) 852.49
14.			3054-03-103-06	(-) 1500.00	381.23
15.			3054-03-103-10	(-) 353.26	(-) 1160.54
16.			3054-03-103-12	101.80	(-) 227.56
17.			3054-03-103-13	(-) 852.70	(-) 617.24
18.			3054-03-103-14	(-) 2849.70	(-) 510.49
19.			3054-03-103-15	11.00	(-) 292.83
20.			3054-04-105-02	(-) 3955.35	928.72
21.			3054-04-105-07	(-) 727.74	(-) 13572.33
22.			3054-04-105-08	11.00	(-) 813.81
23.			3054-80-001-01	(-) 980.27	(-) 322.61

Sr. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving (-)
24.	13	Irrigation, Water Supply and Sanitation	2215-01-001-01	9.95	422.33
25.			2215-01-001-02	118.54	1259.95
26.			2215-01-101-02	155.10	359.52
27.			2215-01-102-03	(-) 1586.27	1730.11
28.			2215-01-102-12	1512.32	957.26
29.			2700-01-799-01	486.36	1181.79
30.			2702-80-001-06	696.08	703.82
31.			2711-01-799-01	(-) 300.00	3564.62
32.			2702-80-001-02	480.66	(-) 575.17
33.	14	Animal Husbandry, Dairy Development and Fisheries	2403-101-01	127.50	(-) 315.69
34.	15	Planning and Backward Area Sub-Plan	2406-01-102-18	(-) 439.95	318.27
35.			5054-04-800-06	417.75	4941.99
36.	16	Forest and Wild life	2406-01-001-02	(-) 4464.86	(-) 236.44
37.	20	Rural Development	2515-102-01	(-) 2107.40	(-) 218.23
38.	29	Finance	2071-01-101-02	(-) 6302.85	395.82
39.			2071-01-101-04	(-) 1112.54	(-) 1597.80
40.			2071-01-102-01	118.68	(-) 500.00
41.			2071-01-101-03	1762.33	11443.03
42.			2049-01-200-20	(-) 2.75	(-) 237.07
43.			2049-01-200-21	(-) 887.14	(-) 47112.86
44.	31	Tribal Development	3054-04-796-01	5.27	(-) 406.20
45.			3054-04-796-02	9.75	(-) 565.53
46.	32	Scheduled Caste Sub-Plan	4702-789-04	0.57	378.36
47.			4711-01-789-13	2000.00	(-) 2000.00
48.			4215-01-789-02	(-) 331.63	348.49
49.			4711-01-789-02	(-) 1999.91	2000.00
50.			5054-03-789-03	2250.00	322.30

Appendix-2.8

(Reference: Paragraph 2.3.11; Page 42)

Statement showing substantial surrenders made during the year 2011-12

(₹ in lakh)

Sr. No.	Grant No.	Head of Account	Total Provision (₹ in lakh)	Amount of surrender (₹10 lakh and above)	Percentage of surrender with respect to total provision
Voted					
1.	03	2014-00-105-04	555.00	494.21	89
2.	04	3425-60-200-01	700.00	382.95	55
3.	04	3435-03-103-01	50.00	35.50	71
4.	05	2401-00-111-04	54.96	29.12	53
5.	05	2506-00-102-02	1047.78	721.59	69
6.	05	2702-80-800-07	48.38	28.82	60
7.	05	3454-01-800-01	277.56	259.60	94
8.	07	2070-00-106-01	37.09	23.57	64
9.	07	2070-00-107-01	35.87	27.32	76
10.	07	2070-00-107-03	50.53	27.35	54
11.	08	4202-01-202-03	20.40	20.40	100
12.	08	4202-01-202-05	15.20	15.20	100
13.	09	2211-00-001-01	50.00	50.00	100
14.	13	4701-21-800-01	750.00	750.00	100
15.	13	4702-00-800-14	1020.00	520.00	51
16.	13	4711-01-800-08	1050.00	1050.00	100
17.	14	2403-00-107-01	30.19	15.81	52
18.	14	2405-00-101-03	32.85	28.44	87
19.	15	2202-01-101-03	211.69	110.38	52
20.	15	2210-06-101-13	185.58	102.49	55
21.	15	2402-00-102-08	59.73	45.63	76
22.	15	2406-01-102-18	439.95	439.95	100
23.	15	3451-00-101-07	60.61	32.57	54
24.	15	5002-01-120-01	500.00	500.00	100
25.	16	2406-02-110-10	350.00	195.58	56

Sr. No.	Grant No.	Head of Account	Total Provision (₹ in lakh)	Amount of surrender (₹10 lakh and above)	Percentage of surrender with respect to total provision
Voted					
26.	19	2235-02-103-01	80.11	48.37	60
27.	20	2505-01-702-06	8659.00	5786.33	67
28.	22	2236-02-101-06	30.00	23.44	78
29.	22	5475-00-102-01	125.00	125.00	100
30.	23	2801-80-101-02	1777.67	1777.67	100
31.	23	3425-60-004-01	11.83	11.83	100
32.	24	2058-00-103-83	15.00	15.00	100
33.	29	2071-01-101-02	8000.00	4342.26	54
34.	29	2071-01-104-01	350.00	204.63	58
35.	29	4059-01-051-28	77.00	77.00	100
36.	29	7610-00-202-03	30.00	15.17	51
37.	31	2202-02-796-01	267.89	167.85	63
38.	31	2408-01-796-01	148.36	75.02	51
39.	31	2851-00-796-01	47.93	47.93	100
40.	31	5054-03-796-02	1440.00	1274.69	89
41.	32	4235-02-789-01	400.00	277.50	69
42.	32	4711-00-789-03	350.00	350.00	100
43.	32	6225-01-789-02	60.00	34.00	57
Charged					
44.	03	2014-00-102-03	299.00	221.45	74
45.	29	2049-01-101-11	259.21	259.21	100
46.	29	2049-01-101-29	705.84	705.84	100
47.	29	2049-01-101-30	293.49	293.49	100
48.	29	2049-01-101-31	525.01	525.01	100
49.	29	2049-01-200-22	1200.00	662.15	55
50.	29	6004-02-101-06	91.00	91.00	100
		Total	32876.71 or say ₹328.77 crore	23318.32 or say ₹233.18 crore	

Appendix-2.9

(Reference: Paragraph 2.3.11; Page 43)

Statement showing cent *per cent* surrenders during the year

Sr. No.	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
1.	08-Education	Construction of Model School Building in Backward Area (4202-01-202-03)	20.40	100
The entire provision was surrendered due to non-completion of codal formalities.				
2.	08-Education	Construction of Girls Hostel in Educationally Backward Blocks in General Area (4202-01-202-05)	15.20	100
The entire provision was surrendered due to non-completion of codal formalities.				
3.	09-Health and Family Welfare	State Headquarters (2211-001-01)	50.00	100
The entire provision was surrendered due to non-filling up of vacant posts of Rogi Kalyan Samiti.				
4.	13-Irrigation, Water Supply and Sanitation	Nadaun Area Medium Irrigation Project (4701-21-800-01)	750.00	100
The entire provision was surrendered due to less execution of works.				
5.	13-Irrigation, Water Supply and Sanitation	Channelisation of Bata River under Accelerated Irrigation Benefit Programme (4711-01-800-08)	1050.00	100
The entire provision was surrendered due to non-execution of work.				
6.	15-Planning and Backward Area Sub-Plan	Social Forestry Programme (2406-01-102-18)	439.95	100
The entire provision was surrendered due to less expenditure on maintenance of building and non-completion of codal formalities.				
7.	15-Planning and Backward Area Sub-Plan	Construction of Railway lines (5002-01-120-01)	500.00	100
The entire provision was surrendered due to no expenditure on construction works.				
8.	22-Food and Civil Supplies	Buildings (5475-102-01)	125.00	100
The entire provision was surrendered due to non-availability of land for construction of laboratories.				
9.	23-Power Development	Interest Subsidy (2801-80-101-02)	1777.67	100
The entire provision was surrendered due to non-receipt of subsidy cases and clearance of liability from other accounts.				
10.	23-Power Development	Headquarter Establishment (3425-60-004-01)	11.83	100
The entire provision was surrendered due to head of account becoming non-functional.				

Sr. No.	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
11.	24-Printing and Stationery	Revenue Department (2058-00-103-38)	15.00	100
The entire provision was surrendered due to non-purchase of materials.				
12.	29-Finance	11.5% interest on Himachal Pradesh State Development Loan 2010 (2049-01-101-11)	259.21	100
The entire provision was surrendered due to less payment of interest.				
13.	29-Finance	10.52% interest on Himachal Pradesh State Development Loan 2010 (2049-01-101-29)	705.84	100
The entire provision was surrendered due to less payment of interest.				
14.	29-Finance	12% interest on Himachal Pradesh State Development Loans 2010 (2049-01-101-30)	293.49	100
The entire provision was surrendered due to less payment of interest.				
15.	29-Finance	10.50% interest on Himachal Pradesh State Development Loans 2011 (2049-01-101-31)	525.01	100
The entire provision was surrendered due to less payment of interest.				
16.	29-Finance	Construction of Buildings of Economics and Statistics Department under 13 th Finance Commission (4059-01-051-28)	77.00	100
The entire provision was surrendered due to non-execution of works.				
17.	29-Finance	Repayment of loans for Externally Aided Projects under the Reimbursement procedure for projects on back to back basis (IDA) 2016 (6004-02-101-06)	91.00	100
The entire provision was surrendered due to non-repayment of loan.				
18.	31-Tribal Development	Expenditure on Industrial Scheme (2851-796-01)	47.93	100
The entire provision was surrendered due to non-completion of codal formalities.				
19.	32-Scheduled Caste Sub-Plan	Channelisation of Bata River (4711-01-789-03)	350.00	100
The entire provision was surrendered due to non-execution of works.				
Total			7104.53 or ₹71.05 crore	

Appendix-2.10

(Reference: Paragraph 2.3.11; Page 43)

Statement showing surrender of funds in excess of ₹10 crore on 31 March 2012

(₹ in crore)

Sr. No.	Grant No.	Major Head	Amount of Surrender	Percentage of Total Provision
1.	03	2014-Administration of Justice	15.66	16
2.	05	2029-Land Revenue	35.02	29
3.	05	2053-District Administration	10.46	11
4.	07	2055-Police	29.29	7
5.	07	2070-Other Administrative Services	12.06	26
6.	08	2202-General Education	204.39	7
7.	09	2210-Medical and Public Health	39.42	7
8.	09	2211-Family Welfare	19.36	21
9.	10	3054-Roads and Bridges	66.54	4
10.	13	4701-Capital Outlay on Medium Irrigation	10.49	23
11.	16	2406-Forestry and Wildlife	40.04	13
12.	20	2515-Other Rural Development Programme	14.55	6
13.	23	2801-Power	18.39	13
14.	29	2049-Interest Payments	87.92	4
15.	29	2054-Treasury and Accounts Organisation	10.83	41
16.	29	2071-Pensions and other Retirement Benefits	90.60	4
17.	31	2202-General Education	16.24	12
18.	31	5054-Capital Outlay on Roads and Bridges	12.75	31
Total			734.01	

Appendix-2.11

(Reference: Paragraph 2.3.12; Page 43)

Surrenders in excess of actual saving (₹50 lakh or more)

(₹ in crore)

Sr. No.	Number and name of the grant/appropriation	Total grant/appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue-Voted					
1.	07-Police and Allied Organisations	552.48	35.45	42.55	7.10
2.	09-Health and Family Welfare	740.87	21.82	61.42	39.60
3.	15-Planning and Backward Area Sub-Plan	46.44	9.43	15.26	5.83
4.	29-Finance	22.57	6.35	102.98	96.63
5.	31-Tribal Development	574.96	26.64	31.22	4.58
Revenue-Charged					
6.	29-Finance	2150.58	20.88	87.92	67.04
Capital-Voted					
7.	13-Irrigation, Water Supply and Sanitation	371.71	20.19	43.05	22.86
8.	31-Tribal Development	141.04	12.55	12.88	0.33
9.	32-Scheduled Caste Sub-Plan	498.30	2.39	9.11	6.72
	Total	5098.95	155.70	406.39	250.69

Appendix-2.12

(Reference: Paragraph 2.3.14; Page 43)

Rush of expenditure

(₹ in crore)

Sr. No.	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2012	Expenditure incurred in March 2012	Total expenditure	Percentage of total expenditure incurred during	
						Jan-March 2012	March 2012
1.	05-Land Revenue and District Administration	2245-05-101-01	137.30	137.30	137.30	100	100
2.	08-Education	2202-01-101-12	20.00	20.00	20.00	100	100
3.	10-Public Works-Roads, Bridges and Buildings	2059-80-053-04	10.88	10.88	18.73	58	58
4.	10-Public Works-Roads, Bridges and Buildings	3054-03-103-06	17.78	17.78	19.67	90	90
5.	10-Public Works-Roads, Bridges and Buildings	3054-03-103-08	11.61	11.61	18.26	64	64
6.	10-Public Works-Roads, Bridges and Buildings	3054-04-105-02	60.13	60.13	64.39	93	93
7.	10-Public Works-Roads, Bridges and Buildings	3054-04-105-08	22.85	22.85	28.42	80	80
8.	10-Public Works-Roads, Bridges and Buildings	4216-01-106-01	11.70	11.70	17.46	67	67
9.	11-Agriculture	2401-00-800-13	20.97	20.97	40.82	51	51
10.	13-Irrigation, Water Supply and Sanitation	2215-00-102-12	82.50	82.50	151.70	54	54
11.	13-Irrigation, Water Supply and Sanitation	2702-80-001-09	15.21	15.21	15.21	100	100
12.	13-Irrigation, Water Supply and Sanitation	4700-01-800-01	24.42	24.42	40.50	60	60
13.	13-Irrigation, Water Supply and Sanitation	4701-20-800-02	13.11	13.51	13.51	97	100
14.	13-Irrigation, Water Supply and Sanitation	4702-00-101-06	17.07	17.07	19.64	87	87
15.	20-Rural Development	2515-00-101-09	24.45	24.45	24.45	100	100
16.	23-Power Development	4801-01-190-07	42.25	42.25	42.25	100	100
17.	27-Labour Employment and Training	4202-02-104-01	19.50	19.50	19.50	100	100
18.	28-Urban Development, Town and Country Planning and Housing	2217-03-193-02	16.78	16.78	16.78	100	100
19.	29-Finance	2049-01-101-04 (Charged)	25.56	25.56	25.56	100	100
20.	29-Finance	2049-60-101-01 (Charged)	20.81	32.00	32.00	65	100
21.	31-Tribal Development	6801-00-796-10	24.68	24.68	24.68	100	100
22.	32-Scheduled Caste Sub-Plan	2225-01-789-08	45.23	45.23	45.23	100	100
23.	32-Scheduled Caste Sub-Plan	4702-00-789-06	14.96	15.00	15.00	100	100
24.	32-Scheduled Caste Sub-Plan	4702-00-789-08	10.32	10.90	10.90	95	100

Appendix-2.13

(Reference: Paragraph 2.4.1; Page 44)

(i) **Year-wise details of AC and DC bills for 2007-12**

(₹ in crore)

Year	AC bill		DC bill		DC bills as percentage of AC bills	Outstanding AC bills	
	Number	Amount	Number	Amount		Number	Amount
2007-08	308	4.92	300	1.73	97	8	3.19
2008-09	281	8.29	264	3.48	94	17	4.81
2009-10	233	7.71	210	2.86	90	23	4.85
2010-11	277	9.28	237	3.38	86	40	5.90
2011-12	268	5.24	238	1.23	89	30	4.01
Total	1367	35.44	1249	12.68		118	22.76

(ii) **Department-wise status of pendency in submission of DC bills against AC bills**

(in ₹)

Sr. No.	Department	Number of AC bills	Amount
1.	Animal Husbandry	26	4,81,63,955
2.	Ayurveda	41	14,35,79,500
3.	Co-operation	2	7,500
4.	Health and Family Welfare	35	3,55,50,517
5.	Labour and Employment	6	16,500
6.	Language Art & Culture	3	28,578
7.	Panchayati Raj	1	8,000
8.	Prosecution	1	83,550
9.	Tribal Development	1	10,000
10	Youth Services and Sports	2	1,84,308
	Total	118	22,76,32,408 or say ₹22.76 crore

Source: Data compiled by audit from the information supplied by the Departments.

Appendix-2.14

(Reference: Paragraph 2.5; Page 45)

Statement showing adverse/negative balances as on 31 March 2012

(In ₹)

Major Head/Minor Head	Treasury/DDO	Opening Balance	Credit	Debit	Closing Balance
8443- Deposit of Local Fund					
110-Police Fund	DIG(P) Training, Daroh	2,43,052	8,58,584	11,51,777	(-) 50,141
8448- Deposit of Local Fund					
102-Municipal Fund	NAC, Chopal	(-) 16,438	--	--	(-) 16,438
8448- Deposit of Local Fund					
102-Municipal Fund	MC, Una	1,22,613	--	1,94,389	(-) 71,776
8448- Deposit of Local Fund					
102-Municipal Fund	NP, Chamba	30,078	--	37,879	(-) 7,801
8448-Deposit of Local Fund					
109-Panchayat Body Fund	PS, Nalagarh	3,144	--	32,355	(-) 29,211
8448-Deposit of Local Fund					
109-Panchayat Body Fund	PS, Baijnath	3,03,630	--	3,48,386	(-) 44,756
8448-Deposit of Local Fund					
109-Panchayat Body Fund	PS, Banjar	(-) 22,536	--	3,464	(-) 26,000
8448-Deposit of Local Fund					
109-Panchayat Body Fund	PS, Paonta	72,206	--	85,000	(-) 12,794
8448-Deposit of Local Fund					
109-Panchayat Body Fund	PS, Hamirpur	1,44,246	--	1,47,774	(-) 3,528
8449-Other Deposit					
120-Misc. Deposit	PR., Pt. Amarnath Smarak College, Jogindernagar	15,850	9,07,699	12,50,000	(-) 3,26,451
Total		8,95,845	17,66,283	32,51,024	(-) 5,88,896 or say ₹(-)5.89 lakh

Appendix-3.1

(Reference: Paragraph 3.1; Page 51)

Utilisation Certificates outstanding as on 31 March 2012

(₹ in lakh)

Sr. No.	Head of Account	Year	Utilisation Certificates Due		Utilisation Certificates Outstanding	
			No. of Items	Amount	No. of Items	Amount
1	2011- Parliament/ State/ Union Territory Legislatures	2010-11	1	8.23	--	--
			1	8.23	--	--
2	2052-Secretariat General Services	2010-11	7	77.18	--	--
			7	77.18	--	--
3	2055- Police	2008-09	1	25.00	1	25.00
		2010-11	1	25.00	1	25.00
			2	50.00	2	50.00
4	2070 – Other Administrative Services	2009-10	11	221.77	--	--
		2010-11	16	240.27	--	--
			27	462.04	--	--
5	2075- Miscellaneous General Services	2006-07	9	128.25	4	2.75
		2007-08	18	211.54	9	18.42
		2008-09	17	181.92	6	0.79
		2009-10	13	168.10	4	5.29
		2010-11	9	206.11	3	4.00
			66	895.92	26	31.25
6	2202- General Education	2009-10	3185	4574.42	78	210.73
		2010-11	13780	19016.84	5143	17448.17
			16965	23591.26	5221	17658.90
7	2204- Sports & Youth services	2006-07	9	66.38	--	--
		2007-08	10	52.84	--	--
		2008-09	17	254.48	3	1.05
		2009-10	31	490.43	1	2.33
		2010-11	25	777.16	2	277.57
			92	1641.29	6	280.95
8	2205- Art and Culture	2005-06	1	16.50	-	--
		2006-07	160	36.74	157	18.57
		2007-08	229	46.55	229	46.55
		2008-09	344	46.56	343	41.76
		2009-10	31	234.44	29	190.80
		2010-11	110	280.39	104	211.21
			875	661.18	862	508.89
Medical and Public Health						
9	2210- Medical & Public Health	2008-09	123	484.98	--	--
		2009-10	504	2973.22	1	412.80
		2010-11	626	3310.91	1	21.60
			1253	6769.11	2	434.40
10	2211-Family Health	2009-10	19	1152.58	19	1152.58
		2010-11	3	1500.00	3	1500.00
			22	2652.58	22	2652.58
Total (Medical and Public Health)			1275	9421.69	24	3086.98

Sr. No.	Head of Account	Year	Utilisation Certificates Due		Utilisation Certificates Outstanding	
			No. of Items	Amount	No. of Items	Amount
Urban Development						
11	2217- Urban Development	2007-08	3	400.52	--	--
		2008-09	24	2945.77	21	2872.57
		2009-10	28	6676.00	24	6189.00
		2010-11	53	8051.15	41	3739.15
			108	18073.44	86	12800.72
12	3054- Road & Bridges	2008-09	2	600.00	2	600.00
		2009-10	2	600.00	2	600.00
		2010-11	4	600.00	4	600.00
			8	1800.00	8	1800.00
Total (Urban Development)			116	19873.44	94	14600.72
13	2220- Information and Publicity	2010-11	1	13.38	1	13.38
			1	13.38	1	13.38
Social Justice and Empowerment						
14	2225- Welfare of SC, ST & Other Backward Classes	2006-07	11	607.17	10	599.17
		2007-08	29	974.96	21	719.33
		2008-09	34	1157.93	33	1121.93
		2009-10	34	1670.99	32	1586.99
		2010-11	36	2637.32	34	2497.32
			144	7048.37	130	6524.74
15	2235- Social Security and Welfare	2006-07	40	72.49	18	50.52
		2007-08	52	858.80	50	603.66
		2008-09	100	702.53	98	510.95
		2009-10	204	1089.94	141	707.45
		2010-11	277	1471.22	265	1447.83
			673	4194.98	572	3320.41
16	2250- Other Social Community Services	2009-10	--	--	--	--
		2010-11	1	0.27	1	0.27
			1	0.27	1	0.27
Total (Social Justice and Empowerment)			818	11243.62	703	9845.42
17	2230- Labour and Employment	2009-10	--	--	--	--
		2010-11	1	5.00	-	-
			1	5.00	-	-
Secretariat and Social Services						
18	3451- Secretariat Economic Services	2009-10	1	3.66	1	3.66
		2010-11	4	28.13	1	7.65
			5	31.79	2	11.31
19	2251 – Secretariat Social Services	2007-08	2	94.26	--	--
		2008-09	8	275.43	--	--
		2009-10	14	395.81	4	170.57
		2010-11	6	109.03	3	82.01
			30	874.53	7	252.58
Total (Secretariat and Social Services)			35	906.32	9	263.89
20	2401- Crop Husbandry	2010-11	10	103.00	1	6.50
			10	103.00	1	6.50

Sr. No.	Head of Account	Year	Utilisation Certificates Due		Utilisation Certificates Outstanding	
			No. of Items	Amount	No. of Items	Amount
21	2403- Animal Husbandry	2007-08	1	50.00	1	50.00
		2008-09	6	116.53	1	7.25
		2009-10	7	105.00	7	105.00
		2010-11	35	2525.22	18	197.74
			49	2796.75	27	359.99
22	2404- Diary Development	2010-11	8	1144.60	--	--
			8	1144.60	--	--
23	2405- Fisheries	2010-11	5	13.55	--	--
			5	13.55	--	--
24	2408- Food Storage & Ware Housing	2010-11	18	33.15	5	19.88
			18	33.15	5	19.88
25	2415-Agriculture Research and Education	2008-09	5	283.25	--	--
		2009-10	20	4096.12	--	--
		2010-11	39	11307.01	--	--
			64	15686.38	--	--
26	2425- Co-operation	2009-10	62	13.98	--	--
		2010-11	66	107.04	33	24.56
			128	121.02	33	24.56
Rural Development						
27	2216-Housing	2006-07	13	71.51	--	--
		2007-08	49	552.62	6	79.56
		2008-09	76	1202.43	18	398.59
		2009-10	125	2667.52	93	515.60
		2010-11	121	2767.87	65	1176.24
			384	7261.95	182	2169.99
28	2501- Special Programme	2004-05	2	27.02	--	--
		2005-06	9	61.04	--	--
		2006-07	17	305.69	--	--
		2007-08	58	539.49	6	159.12
		2008-09	108	840.52	18	141.53
		2009-10	161	1262.85	29	406.20
		2010-11	147	1982.81	46	710.52
			502	5019.42	99	1417.37
29	2505- Rural Employment	2004-05	2	55.99	--	--
		2006-07	6	217.35	--	--
		2007-08	5	104.83	--	--
		2008-09	2	816.89	2	816.89
		2009-10	10	3401.53	2	224.04
		2010-11	30	6133.55	--	--
			55	10730.14	4	1040.93
30	2515- Other Rural Development Programmes	2001-02	151	627.40	--	--
		2002-03	37	1118.52	--	--
		2003-04	73	1020.50	--	--
		2004-05	205	1575.35	--	--
		2005-06	298	1665.33	--	--
		2006-07	302	4111.65	--	--
		2007-08	314	5911.03	--	--
		2008-09	500	11750.00	408	11637.91
		2009-10	713	12638.01	478	10133.60
		2010-11	663	16726.05	605	15945.28
			3256	57143.84	1491	37716.79
Total (Rural Development)			4197	80155.35	1776	42345.08
31	2801- Power	2010-11	4	90.00	--	--
			4	90.00	--	--
32	2810- Non-Conventional Source of Energy	2010-11	2	126.00	--	--
			2	126.00	--	--

Sr. No.	Head of Account	Year	Utilisation Certificates Due		Utilisation Certificates Outstanding	
			No. of Items	Amount	No. of Items	Amount
33	2851- Village & Small Scale Industries	2005-06	4	0.21	1	0.03
		2006-07	514	73.54	499	27.99
		2007-08	93	87.56	65	17.38
		2008-09	90	86.01	--	--
		2009-10	117	1042.41	110	1039.44
		2010-11	119	1079.77	110	1076.57
			937	2369.50	785	2161.41
34	3425- Other Scientific Research	2010-11	6	174.57	1	13.07
			6	174.57	1	13.07
35	3435- Ecology Environment	2009-10	1	5.20	1	5.20
		2010-11	6	23.70	--	--
			7	28.90	1	5.20
36	3452- Tourism	1998-99	1	137.00	1	137.00
		2008-09	1	45.00	--	--
		2009-10	2	2.00	--	--
		2010-11	7	74.51	7	74.51
			11	258.51	8	211.51
37	3604- Compensation and assignments to Local Bodies	2008-09	16	396.58	1	49.59
		2009-10	18	429.35	7	273.52
		2010-11	28	574.67	20	469.09
			62	1400.60	28	792.20
38	2406-Forest and Wild Life (Forest Account)	2007-08	1	4.70	-	-
		2008-09	4	127.28	1	1.20
		2009-10	24	603.36	2	57.01
		2010-11	11	1570.03	5	97.80
			40	2305.37	8	156.01
39	2415-Agriculture Research and Education (Forest Account)	2009-10	4	25.00	-	-
		2010-11	4	25.00	4	25.00
			8	50.00	4	25.00
Grand Total			25837	175707.80	9625	92460.79

Appendix-3.2

(Reference: Paragraph 3.2; Page 52)

Department wise and duration wise break-up of the cases of misappropriation, defalcation, 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 to More		Total No. of Cases.	
		C	A	C	A	C	A	C	A	C	A	C	A	C	A
1	Education	--	--	3	2.90	--	--	--	--	--	--	1	0.59	4	3.49
2	Rural Development	1	4.68	1	Nil	--	--	--	--	--	--	--	--	2	4.68
3	Agriculture/ Horticulture	2	1.35	2	9.46	--	--	--	--	--	--	--	--	4	10.81
4	Land Revenue	--	--	--	--	--	--	1	2.57	--	--	--	--	1	2.57
5	Police	1	0.08	2	1.51	--	--	--	--	--	--	--	--	3	1.59
6	Revenue	--	--	1	0.31	--	--	--	--	--	--	1	0.02	2	0.33
7	Home Guard	--	--	--	--	2	25.37	--	--	--	--	1	0.05	3	25.42
8	Animal Husbandry	--	--	1	0.17	--	--	--	--	--	--	2	0.93	3	1.10
9	Director Planning	--	--	1	2.97	--	--	--	--	--	--	--	--	1	2.97
10.	Health	--	--	1	0.95	--	--	--	--	--	--	--	--	1	0.95
11	Forest	1	0.63	1	2.38	--	--	--	--	--	--	2	0.40	4	3.41
12	Public Works	--	--	--	--	6	7.43	1	1.05	2	0.77	7	2.78	16	12.03
13	Irrigation and Public Health	--	--	1	0.89	2	7.71	--	--	1	0.25	1	0.06	5	8.91
	Total:	5	6.74	14	21.54	10	40.51	2	3.62	3	1.02	15	4.83	49	78.26

C: Number of cases
A: Amount (₹ in lakh)

Appendix-3.3

(Reference: Paragraph 3.2; Page 52)

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

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)
Education	3	2.90	1	0.59	4	3.49
Rural Development	1	4.68	1	0.00	2	4.68
Agriculture/Horticulture	1	0.06	3	10.75	4	10.81
Land Revenue	--	--	1	2.57	1	2.57
Police	--	--	3	1.59	3	1.59
Revenue	1	0.31	1	0.02	2	0.33
Home Guard	--	--	3	25.42	3	25.42
Animal Husbandry	1	0.17	2	0.93	3	1.10
Director Planning	1	2.97	--	--	1	2.97
Health	--	--	1	0.95	1	0.95
Forests	--	--	4	3.41	4	3.41
Public Works	2	0.77	14	11.26	16	12.03
Irrigation and Public Health	1	0.25	4	8.66	5	8.91
Total:	11	12.11	38	66.15	49	78.26

Appendix-3.4

(Reference: Paragraph 3.3; Page 53)

The position of Suspense balances under major Suspense Heads for the last three years

(₹ in crore)

Name of Minor Head	2009-10		2010-11		2011-12	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101-Pay and Accounts Office-Suspense	80.64	17.34	25.24	20.24	24.12	15.61
Net	63.30 Dr.		5.00Dr.		8.51Dr.	
102-Suspense Account (Civil)	8.44	0.42	115.37	99.53	114.34	78.29
Net	8.02 Dr		15.84 Dr.		36.05Dr.	
107-Cash Settlement Suspense Account	4.38	1.12	3.26	2.42	0.04	0.02
Net	3.26 Dr.		0.84 Dr.		0.02Dr.	
109-Reserve Bank Suspense-Headquarters	(-)12.96	(-)19.76	(-)1.32	(-)0.10	(-)0.68	1.19
Net	6.80 Dr.		1.22 Cr.		1.87Cr.	
110-Reserve Bank Suspense-Central Accounts Office	4.17	0.10	4.19	0.20	11.78	0.93
Net	4.07 Dr.		3.99 Dr.		10.85Dr.	
112-Tax Deducted at Source (TDS) Suspense	91.39	108.50	239.60	269.19	203.84	220.58
Net	17.11 Cr		29.59 Cr.		16.74Cr.	
129-Material Purchase Settlement Suspense Account	47.66	278.13	58.09	358.47	152.66	372.84
Net	230.47 Cr.		300.38 Cr.		220.18 Cr.	

Appendix-3.5

(Reference: Paragraph 3.4; Page 54)

Details of Revenue Receipts under Minor Head (more than ₹5.00 crore) 800-'Other Receipts'

(₹ in crore)

S. No.	Major Head		Receipts under minor head 800	Total receipts	Percentage
1.	0040	Taxes on Sales, Trades, etc.	2227.21	2476.78	89.92
2.	0045	Other Taxes and Duties on Commodities and Services	174.63	294.97	59.20
3.	0070	Other Administrative Services	15.13	26.23	57.68
4.	0075	Miscellaneous General Services	30.88	40.01	77.18
5.	0801	Power	1145.69	1145.69	100.00
6.	0852	Industries	6.89	6.89	100.00
7.	1054	Roads and Bridges	10.14	10.25	98.93
Total			3610.57	4000.82	

Appendix-4

Glossary of terms

Sl 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.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	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.
6.	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.
7.	Debt Stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be current or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
8.	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.
9.	Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
10.	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.
11.	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
12.	Borrowed Funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.