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**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

ON

STATE FINANCES

FOR THE YEAR ENDED 31 MARCH 2012

GOVERNMENT OF UTTARAKHAND

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY

PHYSICAL CHEMISTRY

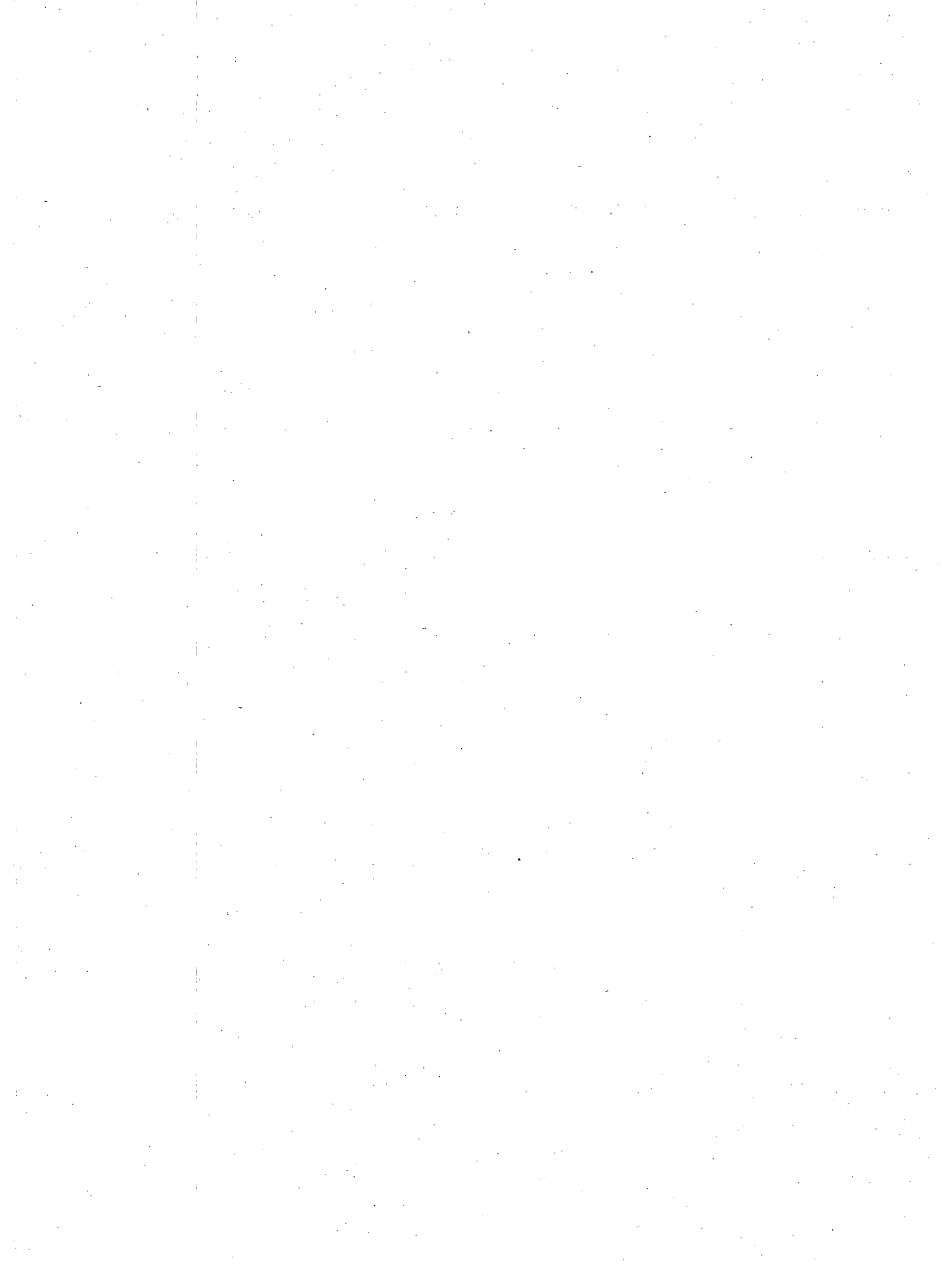
LECTURE NOTES

BY

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PREFACE

1. This Report has been prepared for submission to the Governor of the State of Uttarakhand 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 the Appropriation Accounts of the State Government for the year ended 31 March 2012.
4. Chapter-3 on Financial Reporting provides an overview and status of the State Government's compliance with various financial rules, procedures and directives in the departments relating to Social, Economic, Revenue and General Sectors during the current year.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

This Report on the Finances of the Government of Uttarakhand is being brought out to assess objectively the financial performance of the State during the year 2011-12. The aim of this Report is to provide the State Government with timely input based on actual data so that there is a better insight into both well performing as well as ill performing 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 Act, 2005 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 five years since FRBM legislation and have already published five Reports in the past. 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, C&AG had decided to bring out a separate volume titled "**Report on State Finances.**" This Report is the fourth in this endeavour.

The Report

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

Chapter-1 is based on the audit of Finance Accounts and makes an assessment of Uttarakhand 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-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter-3 is an inventory of Uttarakhand Government's compliance with various reporting requirements and financial rules. The chapter also provides details of non-submission of accounts. Besides, the cases of misappropriation/loss that indicate inadequacy of controls in the Government departments are also detailed in this Chapter. The Report also has additional data collated from several sources in support of the findings.

Audit findings and recommendations

Fiscal Correction Path: Uttarakhand is one of the earliest States to have implemented the Fiscal Responsibility and Budget Management Act (FRBM Act), 2005. The State of Uttarakhand achieved the target of attaining revenue surplus from 2006-07 onwards but could not maintain the trend and turned revenue deficit in 2009-10. However, the State was able to bring down the revenue deficit to almost nil (₹ 13 crore) during 2010-11. The revenue deficit ultimately turned into surplus during the current year (2011-12). Fiscal deficit of the State Government continued to be below the target of four *per cent* (revised) as envisaged in FRBM Act since 2007-08. However, the Fiscal Deficit was also within reasonable limits (3.5 *per cent* of GSDP) during 2010-11. At ₹ 1,757 crore (1.85 *per cent* of GSDP), the fiscal deficit is well below the normative assessment made by the Thirteenth Finance Commission (*Th FC*) for the current year.

Greater priority to capital expenditure: No specific norms regarding prioritization of capital expenditure have been laid in FRBM Act. However, the State Government in its Mid Term Fiscal Policy Statement presented to State Legislature along with the Budget 2011-12 has committed itself to the recommendations of the *Th FC*, which advocates that the Fiscal Deficit should be 3.5 *per cent* of the GSDP in the year 2012-13 which would be further brought down to 3 *per cent* by the year 2013-14. For achieving the targets, the State Government has to borrow less and thereby less funds would be available in the near future. However, during the current fiscal, the Government managed to capitalise more funds than what had been done in the year 2010-11, by 25 *per cent*.

Though, the State has been able to attain revenue surplus which in turn brought down the fiscal deficit during the year, efforts should be made to arrest the situation of deficits in order to avoid deficit financing through borrowed funds (₹ 1,320 crore).

Review of Government investments: The average return on Uttarakhand Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was almost negligible (0.02 *per cent* of the investment made) in the past three years while the Government paid an average interest of 7.60 *per cent* on the borrowed funds for this investment.

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 high cost borrowings being channelised there.

Debt sustainability: The debt-GSDP¹ ratio showed declining trend from 2008-09 to 2011-12 from 29 *per cent* to 24.80 *per cent* as against the target (41.10 *per cent*) set forth by the *Th FC* for the year 2011-12 in respect of Uttarakhand.

¹ On Current/ Market price. However, in earlier Reports, the debt/ GSDP ratio was being calculated on Constant GSDP prices.

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

Oversight of funds transferred directly from the GoI to the State implementing agencies: There is no single agency monitoring its use and also there is no readily available data to ascertain how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies which are funded directly by the Government of India (GoI).

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Principal Accountant General (Accounts and Entitlements) to ensure its effective utilization.

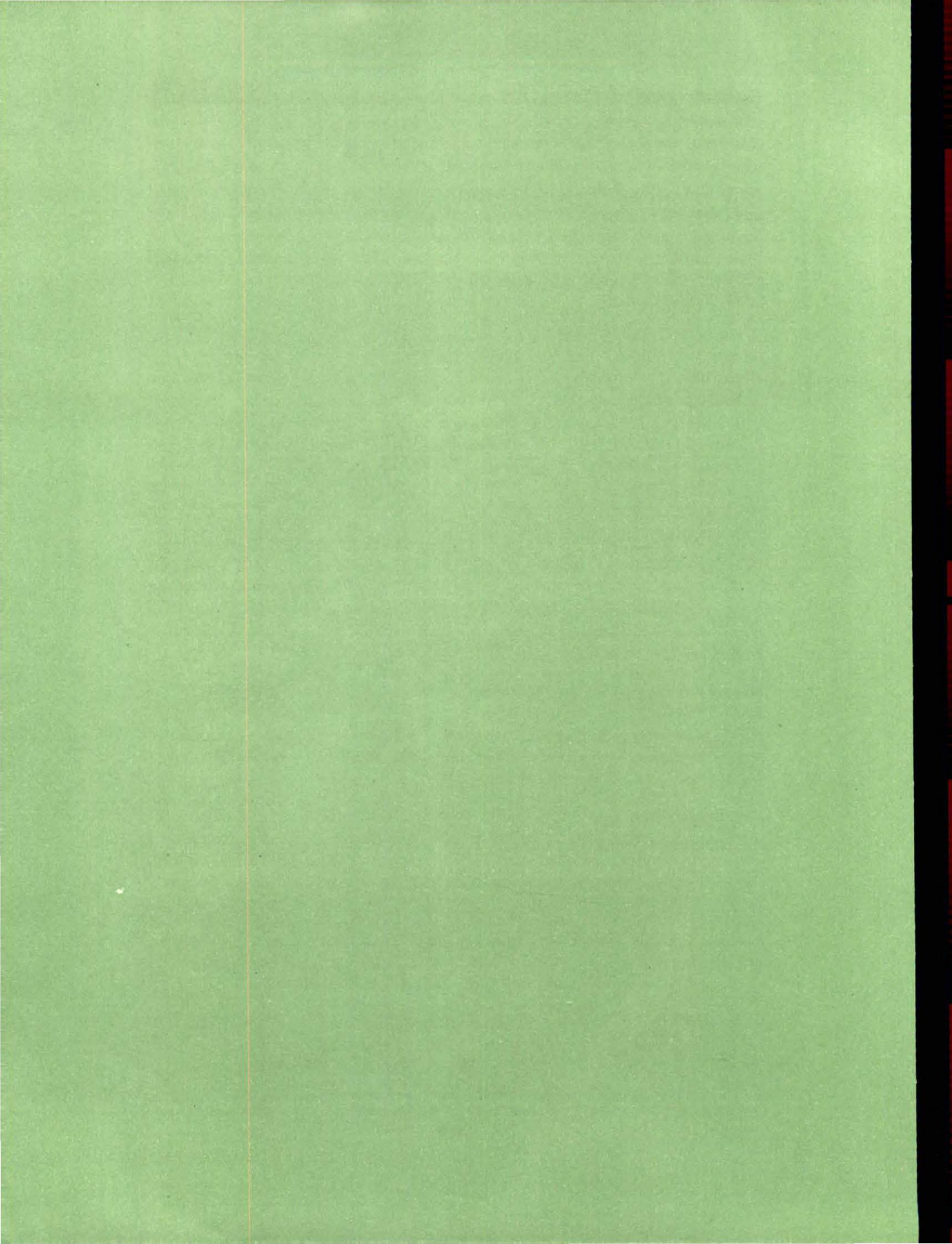
Financial management and budgetary control: The State Government's budgetary processes have not been sound during the year, with errors in budgeting, persistent savings², excess, expenditure without provision and drawals from contingency fund without recouping in the same financial year. In many cases, anticipated savings were either not surrendered or surrendered at the end of the year in the month of March leaving no scope for utilizing these funds for other development purposes. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriation without proper explanation and expending without 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 utilized fruitfully.

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

Financial reporting: State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delays in furnishing utilization certificates against loans and grants from various grantee institutions. Delays were also noted in submission of annual accounts by some of the departmental commercial undertakings. There were instances of theft, loss and misappropriation.

Government departments may take urgent action for finalisation of outstanding annual accounts of departmental commercial undertakings. Departmental enquires in misappropriation cases may be expedited to bring the defaulters to book.

² Can also be termed as shortfall in utilization of funds.



Maintaining a calendar of borrowing, i.e. a borrowing schedule, towards the end of the fiscal year and a calendar of the standing of the borrowing and their payments will go a long way in providing better management.

Oversight of funds that are not directly from the Govt of the state implementing agencies: There is no single agency to note what is left and also to get it readily available for a loan at the low rate, is at the disposal of the authority. It can be a flag for the state and other agencies to get a loan on it being implemented by State implementing agencies, which are under the control of the Government of Karnataka.

A system has to be developed to ensure proper monitoring of these funds and the related information should be available to the State Government as well as the Principal Accounting Officer, Karnataka and also to ensure its effective utilization.

Financial managers and budgetary control of the State Government's budgetary processes have not been sound enough to prevent the errors in budgeting, consistent financial process, which are either postponed and away from compliance, and without recording in the same financial year. In many cases, anticipated savings were either not surrendered or surrendered at the end of the year in the month of March, but by releasing and utilizing these funds for other development purposes. Finance

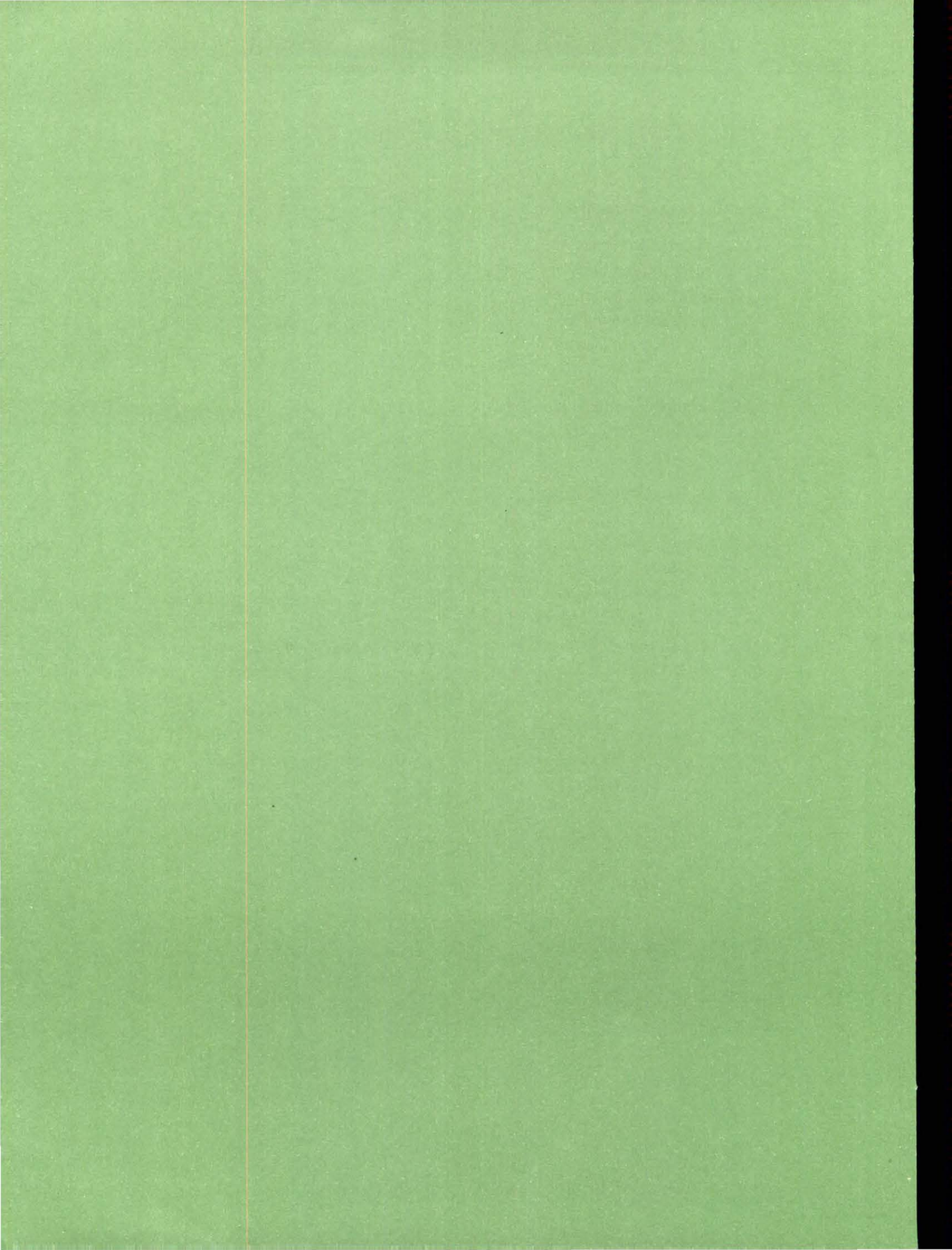
CHAPTER-1

FINANCES OF THE STATE GOVERNMENT

budgetary control should be strictly observed to avoid such deficiencies in financial management. In order to be able to have a remainder order at the end of the financial year should be avoided. A control system monitoring mechanism should be put in place by the CAs to ensure the submission of Annual Compliant bills during the stipulated time frame.

Financial reporting: State Government's compliance with various rules, procedures and directives was not satisfactory as evident from delays in submitting utilization certificates, receipts, bills, and grants from various finance institutions. Delays were also noted in submission of annual reports by some of the departmental commercial undertakings. There were instances of their non-compliance.

Government departments may take immediate action for identification of outstanding financial accounts of departmental commercial undertakings. Departmental branches of financial institutions may be expected to bring the defaulters to book.



CHAPTER- 1

FINANCES OF THE STATE GOVERNMENT

Profile of Uttarakhand

Uttarakhand is a Special Category State (SCS) based upon the categorization of States made by the Government of India (GoI). The special privileges given to Uttarakhand includes financial assistance from GoI in the ratio of 90 *per cent* grant and 10 *per cent* loan unlike non- special category States which get central aid in the ratio of 70 *per cent* loan and 30 *per cent* grant.

Despite this, the State has seen considerable economic growth in the past decade and the compound annual growth rate of its Gross State Domestic Product¹ (GSDP) at current prices for the period 2002-03 to 2011-12 has been over 19.41 *per cent* (**Appendix-1**).

Under the Uttar Pradesh Reorganisation Act, 2000 (Act No. 29 of 2000), 13 districts of Uttar Pradesh having a population of 84,79,562 were transferred to the new State of Uttarakhand on and from the appointed date of 9 November 2000. This chapter provides a broad perspective of finances of the Uttarakhand 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 were that the State Government's revenue surplus which had turned into revenue deficit during the year 2009-10 was reduced to almost nil (₹ 13 crore) last year and ultimately turned into revenue surplus (₹ 716 crore) during current year. Fiscal deficit at ₹ 1,757 crore during the current year, is pegged at around 1.85 *per cent* of the GSDP which is well below the normative assessment made by the Thirteenth Finance Commission (*Th FC*). A summary of Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 (Modified in March 2011 with the recommendation of *Th FC*) and state's own Fiscal Correction Path (FCP) through Mid Term Fiscal Policy (MTFP) are given in **Appendix-1.2 (Part B)**.

1.1 Summary of Current Year's Fiscal Transactions

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

¹ Refer glossary in **Appendix-4.1**

Table-1.1
Summary of Current Year's Fiscal Operations

(₹ in crore)

Various items	Receipts		Various items	Disbursements			
	2010-11	2011-12		2010-11	2011-12		
	Total	Total		Total	Non-Plan	Plan	Total
Section-A: Revenue							
Revenue receipts	11,608.16	13,691.24	Revenue expenditure	11,621.07	10,654.11	2,321.08	12,975.19
Tax revenue	4,405.47	5,615.62	General services	4,180.15	4,471.39	3.72	4,475.11
Non-tax revenue	678.06	1,136.13	Social services	5,169.49	4,368.07	1,651.58	6,019.65
Share of Union Taxes/ Duties	2,460.07	2,866.04	Economic services	1,863.75	1,435.85	665.78	2,101.63
Grants from Government of India	4,064.56	4,073.45	Grants-in-aid and Contributions	407.68	378.80	--	378.80
Section-B: Capital							
Misc. Capital Receipts	--	--	Capital Outlay	1,854.84	245.94	2,071.00	2,316.94
Recoveries of Loans and Advances	84.87	90.65	Loans and Advances disbursed	59.68	13.79	233.04	246.83
Public Debt receipts*	2,427.18	2,335.52	Repayment of Public Debt*	519.36	--	--	1,015.78
--	--	--	Appropriation to Contingency Fund**	515.00	--	--	(-400.00)
Contingency Fund	581.62	126.13	Contingency Fund	536.71	--	--	69.07
Public Account receipts	18,703.51	19,668.05	Public Account disbursements	17,608.18	--	--	19,832.00
Opening Cash Balance	538.91	1,229.41	Closing Cash Balance	1,229.41	--	--	1,085.19
Total	33,944.25	37,141.00	Total	33,944.25	--	--	37,141.00

* Excluding net transactions under ways and means advances and overdraft.

** Contingency corpus of ₹85 crore was enhanced during 2010-11 by ₹515 crore and reduced during 2011-12 by ₹400 crore and stood at ₹200 crore at the end of 2011-12.

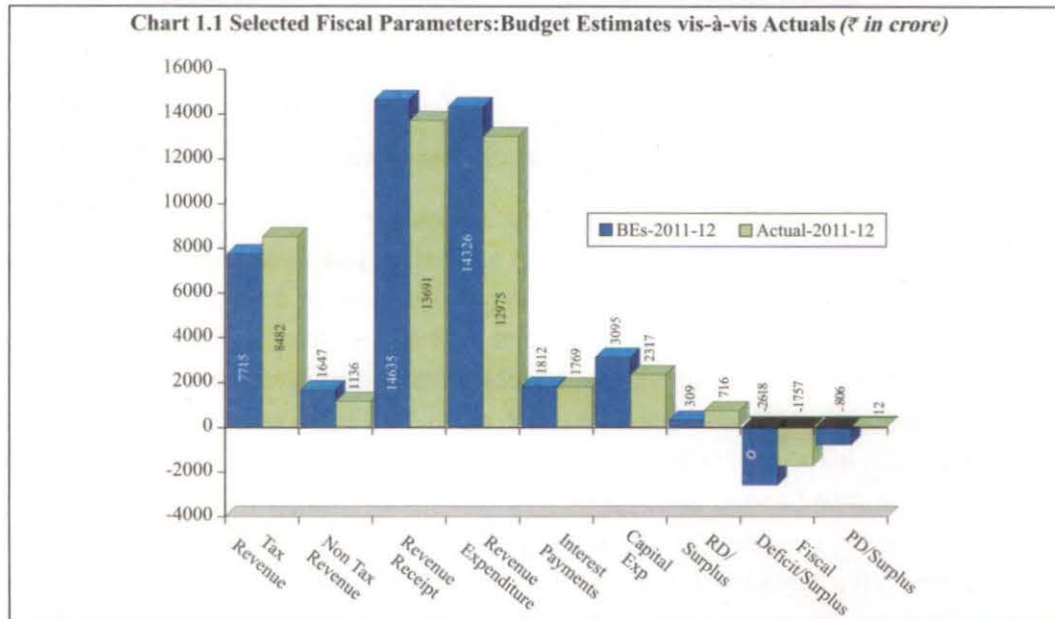
It would, thus, be evident that:

- Revenue receipts grew by ₹ 2,083 crore (17.94 per cent) over the previous year. This was mainly due to increase in State's own tax revenue, (₹ 1,210 crore), non-tax revenue (₹ 458 crore) and State's Share of Union Taxes/Duties (₹ 406 crore).
- Revenue expenditure increased by ₹ 1,354 crore (11.65 per cent) during the year over the previous year as detailed in succeeding Paragraph 1.4.1.
- Capital expenditure during the year increased by ₹ 462 crore (24.91 per cent) over the previous year as detailed in succeeding Paragraph 1.4.1.

- Recovery of loans and advances increased from ₹ 85 crore (2010-11) to ₹ 91 crore (6.81 *per cent*). Disbursement of loans and advances increased by ₹ 187 crore during the year (from ₹ 60 crore to ₹ 247 crore), mainly due to more disbursements to Transport (₹ 100 crore) & Energy (₹ 71 crore) Sectors.
- Public debt receipts registered a decrease of ₹ 92 crore during the year 2011-12.
- Public Account Receipts increased by ₹ 965 crore due to increase under Suspense and Miscellaneous (₹ 906 crore) and Reserve Funds (₹ 496 crore). This was offset by decrease in Remittance (₹ 204 crore), Deposits and Advances (₹ 133 crore) and Small Savings, Provident Fund (₹ 100 crore). Public Account disbursements increased by ₹ 2,224 crore (Appendix-1.4) due to increase in Suspense and Miscellaneous (₹ 1,650 crore), Reserve Funds (₹ 592 crore) and Small Savings, Provident Fund (₹ 143 crore) offset by decrease in Remittances (₹ 41 crore) and Deposit and Advances (₹ 120 crore).
- The cash balance of the State at the end of the year decreased by ₹ 144.22 crore as compared to the closing balance at the end of 2010-11.

After bringing down the revenue deficit to almost nil (₹ 13 crore) in 2010-11, the Government has been able to attain a revenue surplus of ₹ 716 crore during the current year 2011-12 mainly due to enhancement in State's own Revenue Receipts by ₹ 1,669 crore from ₹ 5,083 crore in 2010-11 to ₹ 6,752 crore in 2011-12. Fiscal deficit which stood at ₹ 1,843 crore in 2010-11, has also come down to ₹ 1,757 crore (1.85 *per cent* of GSDP) leading to further consolidation of fiscal position of the State.

Several reasons could be attributable for the deviation of the actual realization/expenditure from the Budget Estimates (BEs). It could be because of unanticipated and unforeseen events/under or over estimation of expenditure or revenue at the budget stage *etc.* Actual realization of revenue and its disbursement, however, depends on a variety of factors, some internal and others external. **Chart 1.1** presents the BEs and actuals for some important fiscal parameters.



A comparison of the Actuals against the BEs in respect of various components showed mixed trend during 2011-12;

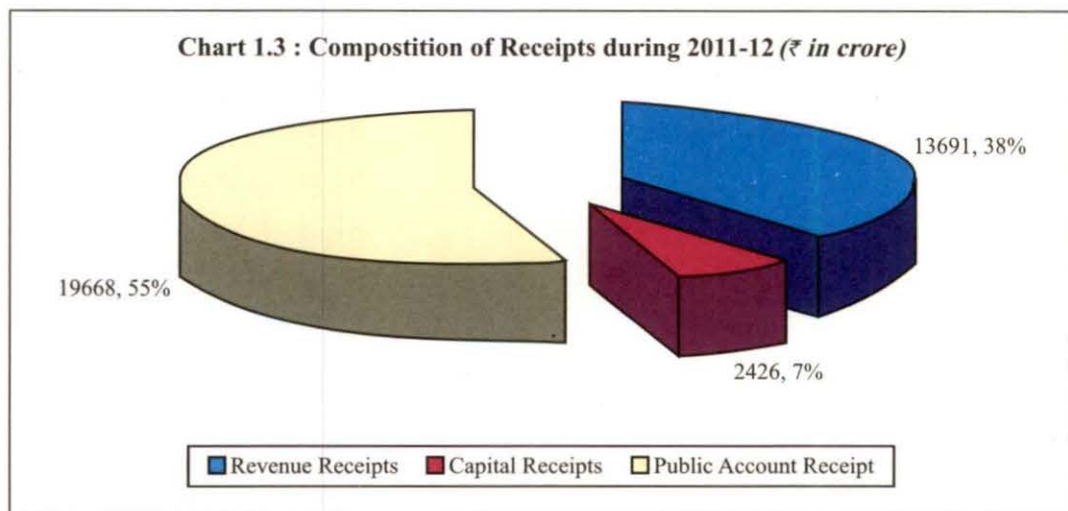
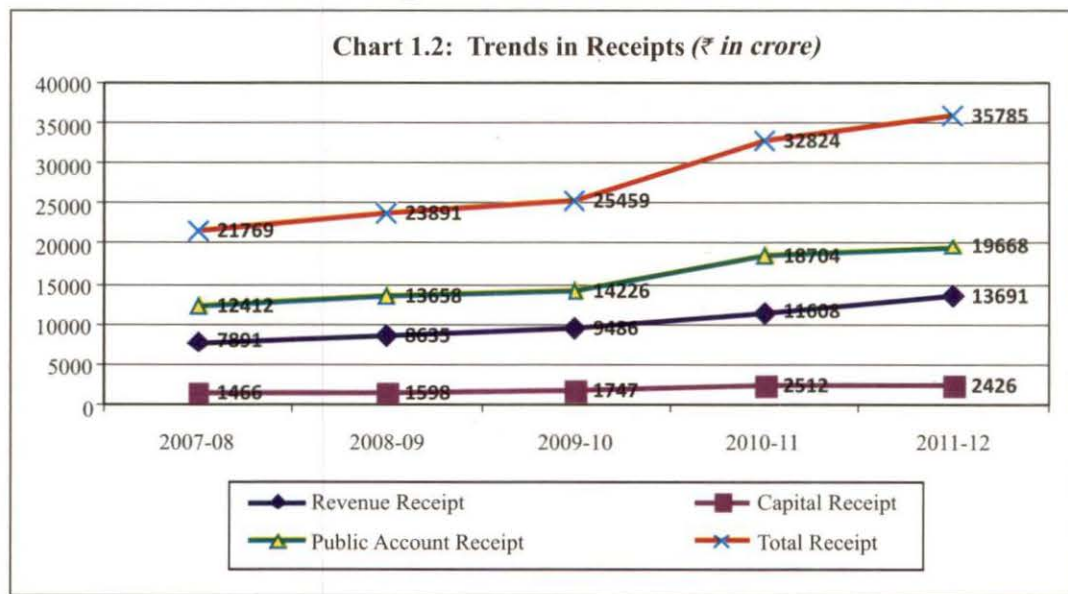
- The overall Revenue Receipts were short by ₹ 944 crore due to less receipt of funds of ₹ 1,200 crore (23 per cent) from GoI under Grants-in-Aid. Although the Non-Tax Revenue has shown sharp increase over the previous year, it was still short by ₹ 511 crore (31 per cent) against the BEs for the current year, while the State's Tax Revenue against the BEs was higher by ₹ 767 crore (10 per cent).
- The Revenue Expenditure was ₹ 1,351 crore (9 per cent) less than the BEs for the year.
- The expenditure under the Capital Head remained unutilized to the extent of ₹ 778 crore (25 per cent), mainly due to less disbursement under Education, Energy and Tourism.
- The budgetary projections during 2011-12 for Revenue, Fiscal and Primary Deficits were well above the budgetary targets and were in line with the FRBM Act, 2005 (revised in 2010-11) and *Th FC* recommendations (Chart 1.1).

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue receipts, Capital receipts and Public Account receipts are the three streams of 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 from the 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.



The total receipts of the Government grew from ₹ 21,769 crore in 2007-08 to ₹ 35,785 crore in 2011-12 (64.39 *per cent*). Of the receipts of ₹ 35,785 crore in 2011-12, 54.96 *per cent* of the receipts came from the Public Account whereas 38.26 *per cent* and 6.78 *per cent* share of the total receipts came from Revenue Receipts and Borrowings *etc.* respectively.

The Revenue Receipts of the State during current year grew by 17.94 *per cent* over the previous year. The previous year's growth was 22 *per cent* and its composition in the State's Receipts showed marginal appreciation (2.89 *per cent*). However, the recovery of loans and advances during the year showed an increase of 6.81 *per cent* over the previous year under Capital Receipts; while previous year's increase was 30.91 *per cent* (Table 1.1 refers).

Trends in Public Account receipts

- Receipts under Small Savings, Provident Fund *etc.* decreased by ₹ 100 crore over the previous year due to less receipts under Provident Fund.
- Reserve funds increased during the year by ₹ 496 crore as compared to previous year. However, Deposits and Advances decreased by ₹ 133 crore. The State Government investment in sinking fund (₹ 25 crore) for amortization of internal debt was less than the normative figure (three *per cent* *i.e.* ₹ 217 crore of the outstanding open market loans as at the end of the previous year) prescribed under FRBM Act, 2005 resulting in reduction of receipts under reserve funds by ₹ 192 crore.
- Suspense and Miscellaneous receipts increased by ₹ 906 crore (7.91 *per cent*) during the year mainly due to increase under the suspense head for Cheques and Bills (₹ 897 crore). This suspense head is credited while issuing the cheques and is cleared on receipt of information from the bank regarding encashment of cheques.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies² for the implementation of various schemes/programmes in social and economic sectors recognized as critical. These funds are not routed through the State Budget/State Treasury System. Therefore, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them remained underestimated. To present a holistic picture on availability of aggregate resources, funds directly transferred to State Implementing Agencies are

² Refer glossary in Appendix- 4.1

detailed in **Appendix-1.5**. Significant amounts transferred to major programmes/schemes are presented in **Table 1.2**.

Table-1.2
Significant amount of funds transferred directly to State Implementing Agencies
(₹ in crore)

Sl. No.	Name of the Programme of the Scheme	Name of the Implementing Agency	Total Funds released by the Govt. of India during 2011-12
1.	Aajeevika	DRDA & PMU	22.12
2.	Adult Education and Skill Development Scheme	State Literacy Mission	28.47
3.	Autonomous Institutes and Professional Bodies	Wadia Institute of Himalayan Geology	46.96
4.	Equity Infusion in THDC India Limited	THDC Ltd.	45.00
5.	Grants in Aid to F and WL Institutions	FRI and WII	116.07
6.	IITs DHE (including OSC)	Indian Institute of Technology, Roorkee	120.00
7.	Mahatma Gandhi National Rural Employment Guarantee Scheme	DRDA	373.51
8.	MPs Local Area Development Scheme	DM	28.00
9.	National Rural Drinking Water Programme	SWSM, Uttarakhand	75.57
10.	National Rural Health Mission (NRHM)	Uttarakhand Health and Family Welfare Society	131.18
11.	Package for Special Category States (Other than NE)	SIDCUL	75.51
12.	Product/Infrastructure Development for Destination and Circuits	Uttarakhand Tourism Development Board	75.53
13.	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Uttarakhand Sab Ke Liye Madhyamik Shiksha Parishad	34.07
14.	Research and Development Water Resources	National Institute of Hydrology (NIH)	8.57
15.	Rural Housing (IAY)	DRDA	58.29
16.	Sarva Shiksha Abhiyan (SSA)	Uttarakhand Sab Ke Liye Shiksha Parishad	208.92
17.	Up gradation of 1,396 Government ITIs through PPP	IMC Society of ITIs	35.00
18.	Strengthening of Pharamacopeial Laboratories	IMPC Ltd.	24.00
Total			1506.77

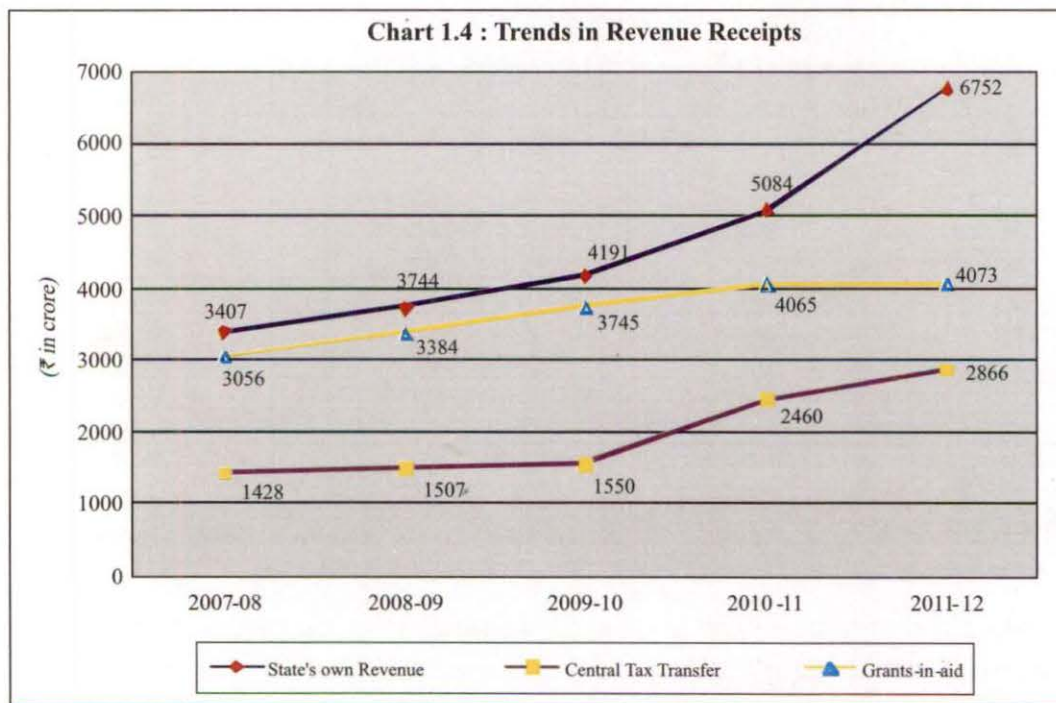
Source: Central Plan Scheme Monitoring System of Controller General of Accounts website.

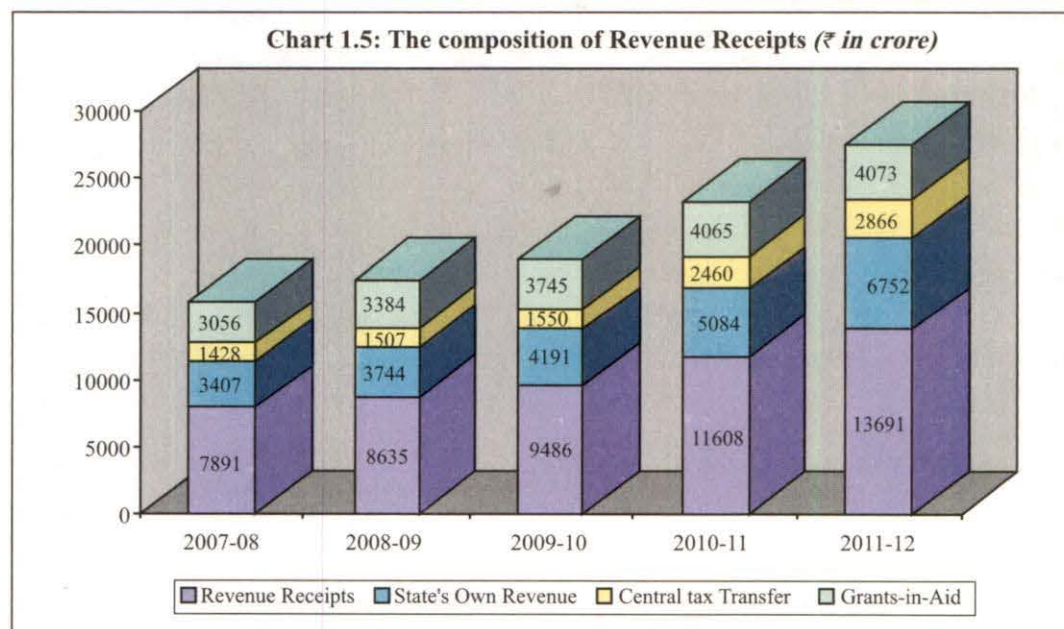
Table 1.2 shows the significant amount of funds received by different agencies in Uttarakhand directly from various Ministries of GoI for the implementation of programmes under Social and Economic sectors. The programmes that received

major portion of these funds during 2011-12 were (i) Mahatma Gandhi National Rural Employment Guarantee Scheme ₹ 373.51 crore (18.31 per cent), (ii) Sarva Shiksha Abhiyan ₹ 208.92 crore (10.24 per cent), (iii) National Rural Health Mission ₹ 131.18 crore (6.43 per cent), (iv) National Rural Drinking Water Programme ₹ 75.57 crore (3.70 per cent), (v) Grants-in-Aid to Forest and Wild Life Institutions ₹ 116.07 crore (5.69 per cent), (vi) Package for Special Category States (other than NE) ₹ 75.51 crore (3.70 per cent) and (vii) Product/ Infrastructure Development for Destinations and Circuits ₹ 75.53 crore (3.70 per cent). Thus, with the transfer of ₹ 2,040 crore during 2011-12 (**Appendix-1.5**) by GoI directly to the State Implementing Agencies, the total availability of State resources increased from ₹ 35,785 crore to ₹ 37,825 crore. It is evident from the above that there is no single agency monitoring the funds transferred by the GoI directly to the Implementing Agencies. Thus, there is no readily available data on how much fund is actually spent in any particular year on major flagship schemes and other important schemes which are being undertaken by State Implementing Agencies.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the 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 2007-08 to 2011-12 are presented in **Appendix-1.3** and are also depicted in **Chart 1.4** and **1.5** respectively.





The revenue receipts have shown a constant increase over the period 2007-08 to 2011-12. It increased from ₹ 7,891 crore in 2007-08 to ₹ 13,691 crore in 2011-12 at an average rate of 13.32 per cent.

While 49.32 per cent of the revenue receipts during 2011-12 came from the State's own tax and non-tax revenue, the aggregate of Central Tax transfers and Grants-in-Aid contributed 50.68 per cent of the total revenue.

On an average, States' own receipts constituted around 44.77 per cent of revenue receipts of the State over the period 2007-08 to 2011-12 (Chart-1.5). This showed continued dependency of the State on the Grants-in-Aid from GoI, as the State has not been able to broaden its tax base.

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)	7,891	8,635	9,486	11,608	13,691
Rate of growth of RR (per cent)	7.03	9.43	9.86	22.37	17.94
R R/ GSDP (per cent)	17.21	15.41	13.32	14.08	14.38
Buoyancy Ratios³					
Revenue Buoyancy w.r.t. GSDP	0.29	0.43	0.37	1.36	1.16
State's Own Tax Buoyancy w.r.t. GSDP	0.37	0.50	0.64	1.45	1.78

³ Refer glossary in Appendix-4.1

The rate of growth of revenue receipts showed a fluctuating trend over the period 2007-08 to 2011-12. The growth rate was almost stabilised during 2007-08 to 2009-10 but grew again by 22.37 *per cent* during 2010-11. The growth rate for 2011-12 declined by 4.43 *per cent* and stood at 17.94 *per cent*. The buoyancy ratio of State's own taxes with reference to GSDP, were below one during 2007-08 to 2009-10 and showed an increase in 2010-11. In the current year, however, State's own taxes again showed higher buoyancy over the previous year indicating increased tax revenue collection in comparison to growth in GSDP. For every one *per cent* increase in GSDP, State's own taxes increased by 1.78 *per cent* in 2011-12.

1.3.1 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 mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

Tax Revenue

State's own Tax Revenue increased by 27.49 *per cent* from ₹ 4,405 crore in 2010-11 to ₹ 5,616 crore in 2011-12. The revenue from Taxes on Sales, Trade *etc.* not only contributed to major share of tax revenue (65 *per cent*) but also registered an increase of 24 *per cent* over the previous year.

Non-Tax Revenue

Non-Tax Revenue (NTR) after showing some appreciation in 2008-09 decreased by 10 *per cent* during 2009-10. However, NTR appreciated again by 7.28 *per cent* during the year 2010-11. During the year 2011-12, it increased significantly by 67.56 *per cent*. NTR at ₹ 1,136 crore, constituted 8.30 *per cent* of revenue receipts.

The quantum jump in the NTR during the year was due to the apportionment of pension liabilities of composite State of erstwhile Uttar Pradesh between Uttar Pradesh and Uttarakhand. Consequently, the State of Uttarakhand received ₹ 400 crore as apportionment from Uttar Pradesh.

The other major contributors to NTR during 2011-12 were Forestry and Wildlife (₹ 234 crore), Non-ferrous Mining and Metallurgical Industries (₹ 113 crore) and Interest Receipts (₹ 51 crore). Average contribution of interest receipts to NTR was 7.38 *per cent* over the period 2007-08 to 2011-12.

Table-1.4: Comparison of Projections/Assessments *vis-à-vis* Actuals(*₹ in crore*)

Key Fiscal variables	Assessment made by <i>Th FC</i>	Assessment made by State Government in FCP	Percentage (FCP <i>vis-à-vis</i> <i>Th FC</i> assessment)	Actual	Percentage (Actuals <i>vis-à-vis</i> FCP projection)
(1)	(2)	(3)	(4)	(5)	(6)
State's own Tax Revenue	4,848	4,760	98	5,616	118
Non-Tax Revenue	893	1,647	184	1,136	69

Source: *Th FC Report, Annual Financial Report (GoUK) and Finance Accounts*

As shown in **Table 1.4**, the State's own resources *vis-à-vis* projections made by the *Th FC* revealed that Tax Revenue at ₹ 5,616 crore during 2011-12 exceeded the normative assessment of ₹ 4,848 crore made by *Th FC* for the year.

State's own Tax Revenue during the year also exceeded the target set forth by the State Government in its Fiscal Correction Path (FCP) by ₹ 856 crore and remained almost equal to the target set forth (₹ 5,582 crore) in Mid Term Fiscal Path Statement (MTFPS).

The NTR at ₹ 1,136 crore was also higher by ₹ 243 crore as compared to *Th FC* projections. However, the actual realization under NTR was short by ₹ 511 crore as compared to FCP but higher by ₹ 92 crore in comparison to MTFPS (₹ 1,044 crore).

Central Tax Transfers

The receipts in the form of State's share in Union Taxes and Duties have increased by 16.50 *per cent* from ₹ 2,460 crore in 2010-11 to ₹ 2,866 crore in 2011-12. The overall increase in Central Tax Transfers (₹ 406 crore) was mainly due to increase in Corporation Tax (₹ 167 crore), Service Tax (₹ 97 crore), Taxes on Customs and Central Excise (₹ 76 crore) and Taxes on Income other than Corporation Tax (₹ 65 crore).

Grants-in-Aid

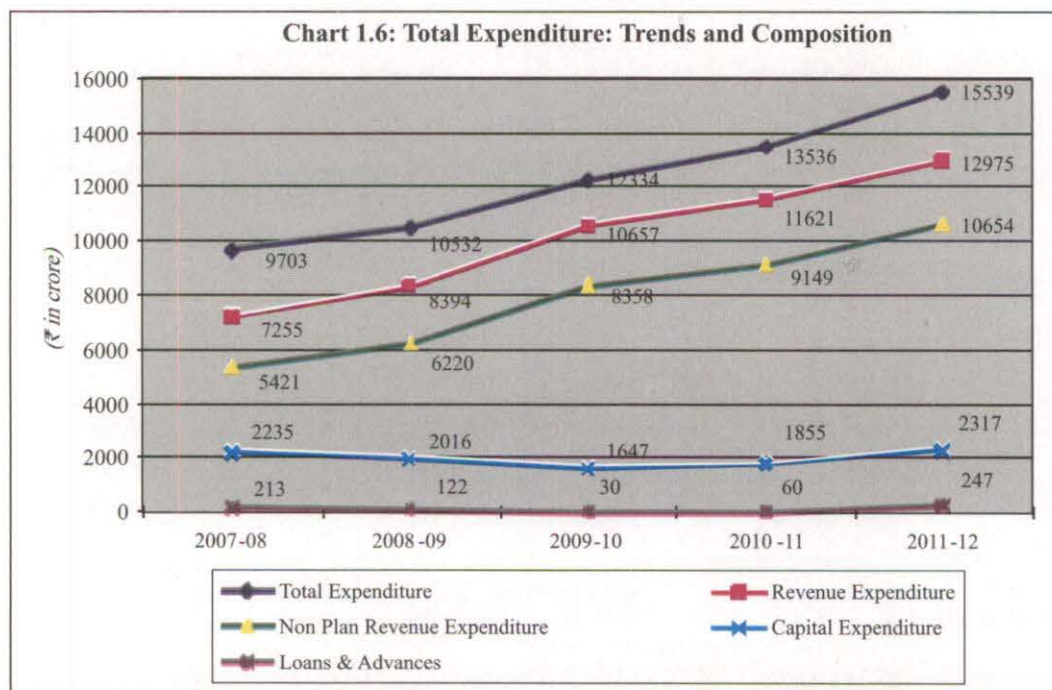
The Grants-in-Aid from GoI had shown an increase over the period 2007-08 to 2011-12 (**Chart-1.5**). It increased from ₹ 3,056 crore in 2007-08 to ₹ 4,073 crore in 2011-12. The nominal increase (₹ 9 crore) during the current year was due to increase in Grants for State/ Union Territory Plan Schemes (₹ 587 crore) and Grants for Centrally Sponsored Plan Schemes (₹ 106 crore) offset by reduction in various Non-Plan Grants (₹ 673 crore) and Grants for Central Plan Schemes (₹ 11 crore).

1.4 Application of Resources

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

1.4.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2007-08 to 2011-12) and its composition both in terms of 'economic classification' and 'expenditure by activities' are depicted in Charts 1.7 and 1.8 respectively.

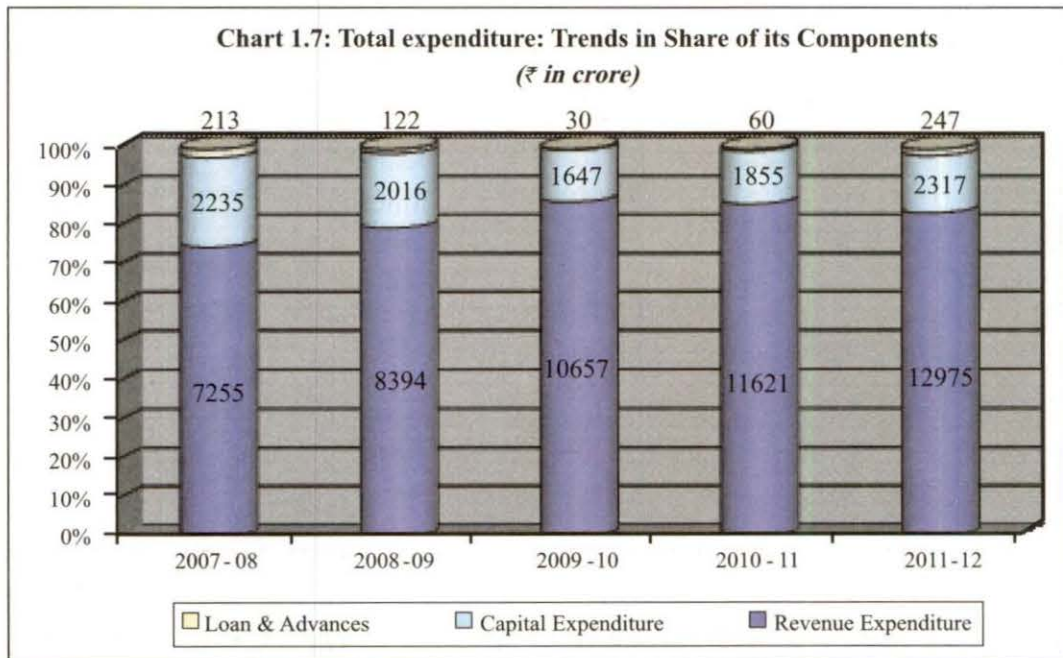


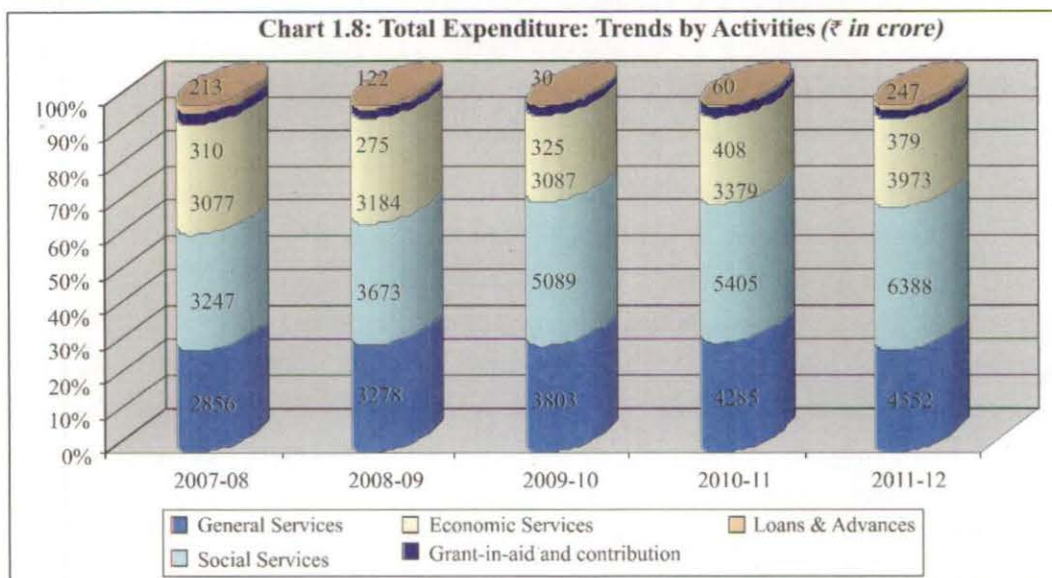
Total Expenditure (TE): of the State increased at an average rate of 13.48 per cent per annum during 2007-12. An increase of ₹ 2,003 crore (14.80 per cent) in total expenditure during 2011-12 over the previous year was due to increase in Revenue Expenditure (RE) and Capital Expenditure (CE) by ₹ 1,354 crore and ₹ 462 crore respectively. The disbursement of Loans and Advances also increased by ₹ 187 crore.

Revenue Expenditure (RE): The increase in RE (₹ 1,354 crore) during the current year was due to increase in expenditure towards (i) General Services (₹ 295 crore), (ii) Social Services (₹ 850 crore) and (iii) Economic Services (₹ 238 crore) offset by decrease in Grants-in-Aid and Contribution (₹ 29 crore).

Capital Expenditure (CE): The increase in CE (₹ 462 crore) during the year due to increase in (i) Social Services (₹ 134 crore) and (ii) Economic Services (₹ 356 crore) expenditure offset by decrease in General Services (₹ 28 crore). As *per cent* of TE, it showed fluctuating trend over the period 2007-08 to 2011-12 which was 23.03 *per cent* in 2007-08 and 14.91 *per cent* in the year 2011-12. The CE declined in 2008-09 and 2009-10 but it again showed an increasing trend during the last two years and stood at ₹ 2,317 crore during the current year. The actual expenditure was, however, below the target set forth (₹ 3,095 crore) by the State Government in its FCP (₹ 3,095 crore) and MTFPS (₹ 2,524 crore).

The relative share of these components of expenditure has remained unchanged in the recent past (2009-2012). The share of expenditure on General Services including interest payments, which is considered as non-developmental, remained almost stagnant during 2008-09 to 2011-12. Expenditure under Social Services has marginally increased from 40 *per cent* in 2010-11 to 41 *per cent* in 2011-12. Economic Services showed a declining trend during the period 2007-08 to 2010 -11 and remained almost unchanged during 2011-12.





The **Revenue Expenditure** of the State increased by 78.84 per cent from ₹ 7,255 crore to ₹ 12,975 crore during the period 2007-08 to 2011-12 at an average annual rate of 15.07 per cent.

Non-Plan Revenue Expenditure (NPRE) of the State increased by 96.53 per cent during 2007-08 to 2011-12. During the current year, the increase in NPRE (₹ 1,505 crore) was mainly due to increase in expenditure under Salaries (₹ 507 crore), Interest Payments (₹ 289 crore) and Subsidies (₹ 176 crore).

The share of **Plan Revenue Expenditure (PRE)** in revenue expenditure of the State remained almost stagnant during 2007-09, but showed declining trend from 2009-10 onwards. Its own growth rate also depreciated (6.11 per cent) during the current year. The PRE during the current year decreased by ₹ 151 crore over the previous year, mainly on account of decrease in expenditure under Education, Sports, Art and Culture (₹ 104 crore), Water Supply and Sanitation (₹ 97 crore) and Rural Development (₹ 123 crore). This was partly counterbalanced by increase in the expenditure under Social Welfare & Nutrition (₹ 89 crore), Health and Family Welfare (₹ 44 crore) and Agriculture (₹ 58 crore).

Further, **Table 1.5** below depicts the details of actual NPRE with reference to projections made by the State Government at different stages during the year 2011-12.

Table-1.5
Actual NPRE vis-à-vis projections for 2011-2012

Non-Plan Revenue Expenditure (NPRE)	Assessment made by ThFC	Assessment made by State Government in		Actual
		FCP	MTFPS	
		7,920	12,803	13,153

Source: Th FC Report, Annual Financial Report (GoUK) and Finance Accounts

During the current year, the NPRE (₹ 10,654 crore) exceeded the normative assessment made by the *Th FC* (₹ 7,920 crore) by ₹ 2,734 crore (34.52 per cent) but was lesser than the projections made by the State Government in its FCP (₹ 12,803 crore) and MTFPS (₹ 13,153 crore) respectively.

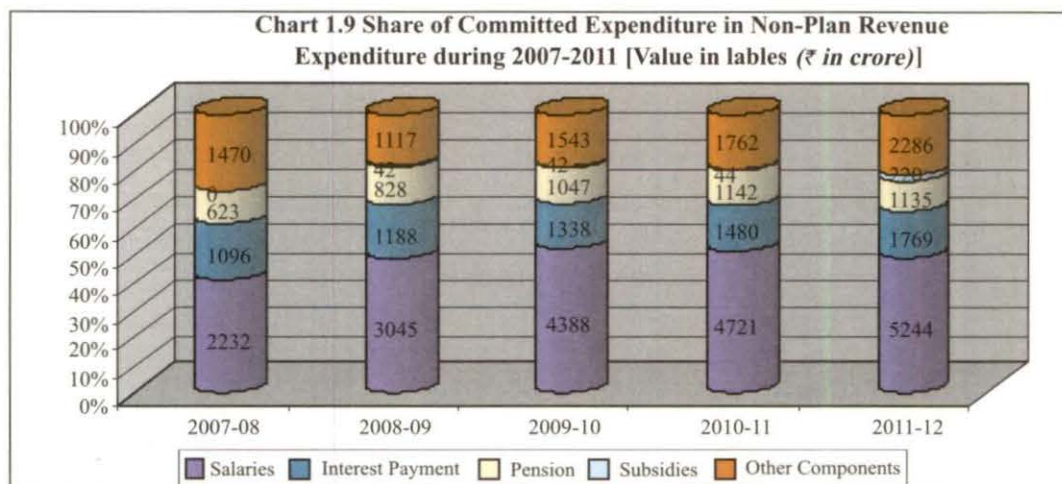
1.4.2 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.6** and **Chart 1.9** present the trends in the expenditure on these components during 2007-12.

Table-1.6
Components of Committed Expenditure

Components of Committed Expenditure	2007-08	2008-09	2009-10	2010-11	2011-12		
					BE	Actuals	Percentage of variation
Salaries & Wages, of which	2,232	3,045 (35)	4,388(46)	4,721 (41)		5,244	
Non-Plan Head	2,020	2,728	4,114	4,464	5,308	4,971	(-) 1.22
Plan Head*	212	317	274	257		273	
Interest Payments	1,096	1,188 (14)	1,338(14)	1,480 (13)	1,812	1,769	(-) 2.37
Expenditure on Pensions	623	828 (10)	1,047(11)	1,142 (10)	1,392	1,135	(-) 18.46
Subsidies	...	42 (0.50)	42(0.44)	44	351	220	(-) 37.32
Total Committed Expenditure	3,951	5,103	6,815	7,387	8,863	8,368	(-) 5.59
Other Components	1,470	1,117	1,543	1,762	2,282	2,286	--
Total NPRE	5,421	6,220	8,358	9,149	11,145	10,654	--
Total Revenue Expenditure	7,255	8,394	10,657	11,621	14,326	12,975	--
Revenue Receipts	7,891	8,635	9,486	11,608	14,635	13,691	--

Figures in the parentheses indicate percentage to Revenue Receipts.



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

The Committed expenditure which was 50.07 *per cent* of revenue receipts in 2007-08 increased to 61.12 *per cent* during the current year. The State Government may take steps to contain the committed expenditure as it leaves little scope for the Government to spend more for developmental activities.

Salaries and Wages

The expenditure on salaries increased by 44 *per cent* (₹ 1,343 crore) from ₹ 3045 crore in 2008-09 to ₹ 4,388 crore in 2009-10, due to implementation of the recommendation of the Sixth Pay Commission. Thereafter, the expenditure on salaries during the years 2010-11 and 2011-12 grew by 7.59 *per cent* and 11.08 *per cent* respectively. Salary expenditure during these two years was still higher than the *Th FC* projections. However, it was well below the target fixed (₹ 5,670 crore) by the State Government in its FCP (₹ 5,670 crore) and MTFPS (₹ 5,410 crore) for the current year.

Th FC prescribed that expenditure under the head salaries should be 35 *per cent* net of interest payments and pensions of revenue expenditure while the actual expenditure on salaries accounted for 50 *per cent* in the current year.

Pension Payments

The State Government estimated the pension liabilities on the historical growth rate of pension and not on actuarial basis. Expenditure on pension payments was ₹ 1,135 crore in 2011-12, which constituted 8.29 *per cent* of the revenue receipts. Pension payments during 2011-12 remained almost stagnant as compared to previous year. The pension payments during the current year were well below the normative assessment (₹ 1,208 crore) made by *Th FC* for the current year (Annexure 7.7 of *Th FC* Report).

The State Government also introduced a contributory pension scheme for employees recruited on or after 1 October 2005 to mitigate the impact of rising pension liabilities in future.

Interest Payments

As shown in Table 1.6, interest payments increased by 61.41 *per cent* during 2007-12 primarily due to earlier borrowings. Interest payments during 2011-12 included interest on Internal Debt⁴ (₹ 1326 crore), Small Savings, Provident Fund (₹ 369 crore), other obligations (₹ 36 crore) and Loan and Advances from GoI (₹ 38 crore). Interest payments (₹ 1,769 crore) during the current year were 12.93 *per cent* of RR, which were below the target of ₹ 1,812 crore set by the State Government in its FCP and higher by ₹ 170 crore than the normative assessment

⁴ Refer glossary in Appendix-4.1

(₹ 1,599 crore) made by the *Th FC* for the current year. However, the target of Interest Payment in MTFPS was ₹ 1,415 crore.

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

The quantum of assistance provided by way of grants to local bodies and other institutions during current year relative to the previous years is presented in **Table 1.7**.

Table-1.7
Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2007-08	2008-09	2009-10	2010-11	2011-12	
					BE	ACTUAL
Educational Institutions (Aided Schools, Aided Colleges, Universities etc.)	301.42	198.99	267.99	488.49	473.19	403.45
Municipal Corporations and Municipalities	110.93	106.20	122.47	154.72	202.78	175.76
Zila Parishads and Other Panchayati Raj Institutions	198.85	168.57	202.25	252.96	372.28	203.04
Development Agencies	514.53	588.44	571.47	526.00	625.04	409.35
Hospitals and Other Charitable Institutions	28.69	38.89	44.52	71.23	122.49	86.98
Energy (UPC and UPC for Rural Electrification)	134.52	69.79	24.39	7.50	10.05	6.32
Agriculture Research and Education Institution, Land Reforms for updating land records and Wild Life Preservation	153.67	217.73	98.62	151.15	226.93	205.54
Co-operatives	17.16	3.49	13.22	9.56	7.25	7.30
Animal Husbandry, Dairy Development and Fisheries	14.53	31.51	14.79	13.16	8.65	8.65
Secretariat Economics Services & Tourism	59.21	27.51	11.43	18.43	59.50	29.34
Social Security & Welfare of Scheduled Caste, Scheduled Tribe & Other Backward Classes	108.73	122.77	133.65	97.46	231.05	211.10
Government Companies/ Statutory Corporation	--	--	13.41	--	--	--
Other Institutions	39.34	85.46	357.83	131.61	71.66	31.12
Total	1,681.58	1,659.35	1,876.04	1,922.27	2,410.87	1,777.95
<i>Assistance as per percentage of RE</i>	<i>23.18</i>	<i>19.77</i>	<i>17.60</i>	<i>16.54</i>	<i>16.83</i>	<i>13.70</i>

Source: VLC, Pr. Accountant General (A&E), Uttarakhand

The total assistance to local bodies and other institutions showed fluctuating growth rate over the period 2007-08 to 2011-12. The assistance to these bodies has declined during the year by ₹ 144 crore (7.51 per cent). Universities and Educational Institutions, Development Agencies together accounted for 46 per cent of total financial assistance.

The decrease in assistance during the year was mainly under Educational Institutions (₹ 85 crore) and Development Agencies (₹ 117 crore) which was

counter balanced by increase in assistance to Agriculture (₹ 54 crore) and Social Security & Welfare of Scheduled Caste, Scheduled Tribe & Other Backward Classes (₹ 114 crore):

Local Bodies: Introduction, devolution of functions, funds and accounting, auditing and reporting arrangements

Introduction:

The State of Uttarakhand was formed in November 2000. The office of the Senior Deputy Accountant General (Local Bodies Audit & Accounts) Uttarakhand, Dehradun under the administrative control of the then Accountant General (A&E) Uttarakhand, Dehradun was established in 2004. After restructuring of Audit functions in IA&AD in 2012, the erstwhile Office of the Sr. DAG (LBA & A), Uttarakhand has been merged with Social & LB Sector in the office of the Principal Accountant General (Audit) Uttarakhand, Dehradun.

In Uttarakhand, there are 7,649 auditee units of PRIs having three categories viz. Gram Panchayats, Intermediate Panchayats and District Panchayats and 63 auditee units of ULBs categorised as Nagar Nigam, Nagar Pallika Parishads and Nagar Panchayats under the audit jurisdiction of Senior Deputy Accountant General/Social & LB.

Functions of PRIs and ULBs:

As envisaged in the 73rd Constitutional Amendment, 1993 and functions listed in 11th Schedule (Article 243 G), there are 29 functions for PRIs and as envisaged in 74th Constitutional Amendment, 1993 and functions listed in 12th Schedule (Article 243 W) there are 18 functions for ULBs. Out of these envisaged functions, the Uttarakhand Government has devolved only 14 functions to three tiers of Panchayati Raj Institutions and nine functions to Urban Local Bodies of the State in 2006.

Functionaries:

Functionaries relating to delegated functions to PRIs and ULBs had not been transferred to all the three tiers of Panchayati Raj Institutions and ULBs of Uttarakhand as yet. However, Government Orders pertaining to these functions has already been issued by the concerned departments of the State Government.

Accounting, auditing and reporting arrangements:

A new Budget and Accounting format has been prescribed by the Comptroller & Auditor General of India (C&AG) uniformly in all over India to prepare and maintain the budget and accounts by the local bodies. The State Government has adopted all these prescribed formats for PRIs and ULBs in 2005.

The audit of PRIs and ULBs which are significantly financed from the Consolidated Funds of the Union and/ or State Governments are conducted by the C&AG under

Section 14 of the Comptroller and Auditor General's (Duties, Powers & 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 & Support arrangements under *Section 20 (1)* of the CAG's (DPC) Act, 1971. Accordingly, Audit of PRIs and ULBs which are not covered under *Section 14* of the CAG's (DPC) Act, 1971 are taken up for Audit 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 under Rule 155 of Regulation of Audit and Accounts, 2007.

1.5 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).

1.5.1 Adequacy of Public Expenditure

Table 1.8 analyses 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.

Table-1.8
Fiscal Priority of the State during 2007-08 and 2011-12

Fiscal Priority by the State	AE/GSDP	DE#/AE	SSE/AE	CE/AE
Uttarakhand's Average (Ratio) 2007-08	21.16	67.21	33.46	23.03
Uttarakhand's Average (Ratio) 2011-12	16.32	68.26	41.11	14.91

AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure
Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed.
Source: (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (Appendix-1.2 Part A).

Fiscal priority refers to the priority given to a particular category of expenditure by the State. A comparative study of expenditure in 2011-12 with that in 2007-08 revealed the following:

- The Government's aggregate expenditure as a proportion of GSDP in 2011-12 was lesser than 2007-08.
- Development Expenditure (DE) as a proportion of Aggregate Expenditure (AE) has increased by 1.05 *per cent* during the year.
- Social Sector Expenditure as a proportion of AE increased by almost eight *per cent*.

- Although the capital expenditure during the current year increased by 25 per cent, but the proportion of Capital Expenditure (CE) in AE decreased by almost eight per cent.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods⁵. Apart from improving the allocation towards development expenditure⁶, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.9** presents the trends in development expenditure relative to the aggregate expenditure of the State both during the current year and the previous year *vis-à-vis* allocations, **Table 1.10** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

The share of developmental revenue expenditure in the total expenditure showed an inter-year variation during the period 2007-12, being an average of 50 per cent during the period. The share of developmental capital expenditure also showed inter-year variations but improved marginally during the year 2011-12 as compared to 2010-11. However, the overall development expenditure increased by 63 per cent over the period 2007-08 to 2011-12.

Table-1.9
Development Expenditure

(₹ in crore)

Components of Development Expenditure	2007-08	2008-09	2009-10	2010-11	2011-12	
					BEs	Actuals
Development Expenditure (a to c)	6,521 (67)	6,973 (66)	8,205 (66)	8,842 (65)	11,957 (67)	10,607 (68)
a. Development Revenue Expenditure	4,290 (44)	5,015 (48)	6,638 (54)	7,033 (52)	8,799 (49)	8,121 (52)
b. Development Capital Expenditure	2,034 (21)	1,842 (17)	1,538 (12)	1,750 (13)	2850 (16)	2,240 (14)
c. Development Loans and Advances	197 (2)	116 (1)	29 (0.23)	59 (0.44)	308 (2)	246 (2)

Figures in parentheses indicate percentage to Aggregate Expenditure

⁵ Refer the glossary in Appendix-4.1

⁶ Refer the glossary in Appendix-4.1

Table-1.10
Efficiency of Expenditure Use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2010-11			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) expenditure on major components						
General Education	0.70	19.07	0.006	0.73	19.99	0.003
Health and Family Welfare	0.54	3.89	0.036	0.60	3.91	0.027
WS, Sanitation & HUD	0.20	0.048	.013	0.76	0.04	0.010
Total expenditure under SS	1.74	24.22	0.07	2.37	25.00	0.06
Economic Services(ES) expenditure on major components						
Agriculture & Allied Activities	0.14	3.54	0.16	1.67	3.37	0.13
Irrigation and Flood Control	2.56	1.66	0.29	2.93	1.54	0.19
Power & Energy	0.41	-	-	0.27	-	-
Transport	6.94	0.10	0.006	5.52	0.10	0.55
Total expenditure under ES	11.19	6.71	0.46	12.03	6.41	0.89
Total expenditure under SS & ES	12.93	30.93	0.53	14.41	31.41	0.94

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

Though no specific norms regarding prioritization of capital expenditure have been laid in FRBM Act, the State Government in its Mid Term Fiscal Policy presented to the State Legislature along with the Budget 2011-12 has committed itself in line with the recommendations of the *Th FC*, which advocates that the fiscal deficit shall be 3.5 per cent of the GSDP in the year 2012-13 and be further brought down to three per cent by the year 2013-14. For this, the State Government has to borrow less and there would be less funds available to capitalise in near future. However, during the current fiscal, the Government managed to capitalise 25 per cent more funds as compared to the year 2010-11.

During 2011-12, salaries and wages as a percentage of revenue expenditure on both Social and Economic Services remained almost stagnant. The expenditure under Operation and Maintenance as a percentage of revenue expenditure has appreciated in Economic Services during the current year.

1.6 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 and Investments including Loans and Advances. 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.

1.6.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2012 is given in **Table 1.11**.

Table-1.11
Department-wise Profile of Incomplete Projects

(₹ in crore)

Department	No. of Incomplete Projects	Initial Budgeted cost	*Revised Total cost of Projects	Cost Over Runs in Revised Estimates	Cumulative actual exp. as on 31.3.2012
Public Works Department	46	183.31	--	--	102.90
Irrigation	17	70.37	--	--	18.90
Total	63	253.68			121.80

** Indicates the Revised total cost of the projects as per the last revision by the State Government as on 31.03.2012*

Source: Finance Accounts

Appendix 10 of the Finance Accounts showed that there were 63 projects which were due for completion, but remained incomplete as on 31 March 2012.

1.6.2 Investment and returns

As on 31 March 2012, the average return on Uttarakhand Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.12**) was negligible *i.e.* less than one *per cent* of the investment in the last three years while the Government paid an average interest rate of 7.60 *per cent* on its borrowings during 2009-10 to 2011-12.

Table-1.12
Return on Investment

Investment/Return/Cost of Borrowings	2007-08	2008-09	2009-10	2010-11	2011-12
Investment at the end of the year (₹ in crore)	1,005	1,071	1,240	1,296	1,338
Return (₹ in crore)	0.53	0.23	0.07	0.21	0.05
Return (<i>per cent</i>)	0.05	0.02	0.01	0.02	*7
Average rate of interest on Government borrowing (<i>per cent</i>)	7.99	7.75	7.64	7.34	7.83
Difference between interest rate and return (<i>per cent</i>)	7.94	7.73	7.63	7.32	7.83

Source: Finance Accounts

⁷ Not computable

In this context, no norms on investment and returns have been prescribed by the State Government. Thus, there is a need to formulate norms and identify the projects with low financial but high socio-economic returns.

The major beneficiaries were (i) Uttarakhand Power Corporation Ltd. ₹ 577 crore and (ii) Uttarakhand Jal Vidyut Nigam Ltd. ₹ 802 crore. However, these Corporations had incurred accumulated losses of ₹ 1,948 crore and ₹ 170 crore respectively as per their latest finalized accounts 2010-11.

1.6.3 Departmentally Managed Commercial Undertakings

Activities of quasi-commercial nature are also performed by the departmentally managed undertakings of certain Government departments. The department-wise position of the investment made by the Government up to the year for which *proforma* accounts are finalized, net profit/ loss as well as return on capital invested in these undertakings are given in **Appendix-1.6**. It was observed from the finalized accounts of three companies that:

- An amount of ₹ 1.89 crore had been invested by the State Government in Government Irrigation Workshop, Roorkee till the end of financial year up to which their accounts were finalized (2009-10).
- Out of a total of three undertakings viz; Irrigation Workshop, Roorkee; Regional Food Controllers, Haldwani and Dehradun, only Irrigation Workshop had finalised their accounts up to 2009-10. It was a profit earning entity up to 2007-08 but has been posting net losses there after. The accumulated losses of the three departmental undertakings stood at ₹ 46 crore, as per finalized accounts.
- No accounts were finalized by any of these departmental undertakings during 2011-12.

1.6.4 Loans and Advances by State Government

In addition to investments in co-operative societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/ organizations. **Table 1.13** presents the outstanding loans and advances as on 31 March 2012, interest receipts *vis-à-vis* interest payments during the last three years.

Table-1.13
Average Interest Received on Loans Advanced by the State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2009-10	2010-11	2011-12	
			BE	Actual
Opening Balance	777.87	743.09	--	717.90
Amount advanced during the year	30.05	59.68	307.91	246.83
Amount repaid during the year	64.83	84.87	--	90.65
Closing Balance	743.09	717.90		874.08

Audit Report on State Finances for the year ended 31 March 2012

Net addition	(-) 34.78	(-) 25.19	(+) 156.18
Interest Receipts	0.82	7.98	0.62
Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.11	1.11	0.07
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	7.14	6.85	7.49
Difference between interest payments and interest receipts (<i>per cent</i>)	7.03	5.74	7.42
Outstanding balance for which terms and conditions have been settled	Information not made available by the State Government		

Source: Finance Accounts and Annual Financial Statement (Government of Uttarakhand)

During 2011-12, Government advanced loans of ₹ 247 crore against ₹ 60 crore in 2010-11, an increase of ₹ 187 crore over the previous year.

Interest receipts as a percentage of outstanding loans and advances was lowest during the current year as compared to previous years. Average rate of interest on which the State Government raised market loans was 7.83 *per cent* during 2011-12 while the interest received (return) on Loans and Advances given to various Institutions, Corporations/ Government Companies and Government servants *etc.* by the State was only 0.07 *per cent* as against the target of seven *per cent* fixed by the Twelfth Finance Commission (TFC) by 2009-10.

TFC recommended that at least seven *per cent* return on outstanding loans and advances should be achieved in graded manner by the terminal year (2009-10) of the forecast period, a target that the State could not achieve even in the year 2011-12. The total loans advanced by the Government as on 31 March 2012 stood at ₹ 874 crore. The major beneficiaries were Energy (₹ 415 crore) and Agriculture (₹ 295 crore) sectors. The major share of loans granted to Uttarakhand Power Corporation and Uttarakhand Power Corporation for Rural Electrification together accounted for ₹ 323 crore under Energy sector.

1.6.5 Cash balances and Investment of Cash balances

Table 1.14 depicts the Cash Balances and investments made by the State Government out of Cash Balances during the year.

Table-1.14
Cash Balances and Investments out of Cash balances

(₹ in crore)

Particulars	As on 1 April 2011	As on 31 March 2012	Increase(+)/ Decrease(-)
Cash Balances	1,229.41	1,085.18	(-)144.23
Investments from Cash Balances (a to d)			
a. GoI Treasury Bills	---	50.21	(+)50.21
b. GoI Securities	---	---	---
c. Other Securities, if any specify	---	---	---
d. Other Investments	---	---	---

Funds-wise Break-up of Investment from Earmarked balances			
i. Sinking Fund Investment Account	878.62	902.36	(+)23.74
ii. Guarantee Redemption Fund	25.00	25.00	---
Interest Realized	13.78	10.40	(-)3.38

Source: Finance Accounts

The closing cash balance (CB) at the end of the current year (₹ 1,085.18 crore) decreased by ₹ 144.23 crore over the previous year (₹ 1,229.41 crore).

The State Government had created an earmarked fund of ₹ 927.36 crore from CB. The same amount was invested from the earmarked fund in the GoI Securities and earned an interest of ₹ 10.40 crore during 2011-12. The interest realized on cash balance was 1.06 per cent during 2011-12 while Government paid interest at the average rate of 7.83 per cent on its borrowings during the year. The Government did not resort to overdraft facility and was able to maintain a minimum balance of ₹ 0.16 crore for maximum number of days during 2011-12. However, temporary balances in cash flow forced the Government to obtain Ways and Means Advances (WMA) on 73 occasions (ordinary and special) during the year. The State had to pay ₹ 0.88 crore as interest on WMA during the year 2011-12.

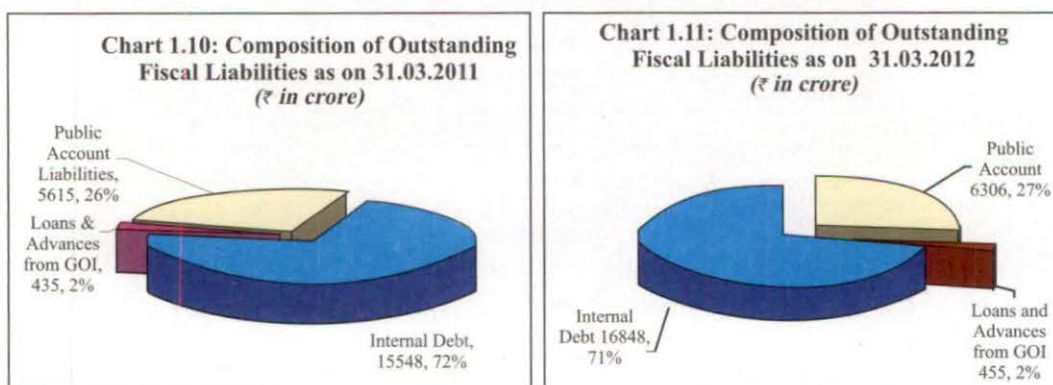
1.7 Assets and Liabilities

1.7.1 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 as on 31 March 2011. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds, the assets comprise mainly capital outlay and loans and advances given by the State Government and cash balances.

1.7.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in Appendix-1.3; Appendix-1.4 & Statement 6 of the State Finance Accounts. However, the composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.10** and **1.11**.



The debt-GSDP ratio for the year of 2011-12 (24.80 per cent) was lesser than 2010-11 (26.19 per cent) by 1.39 per cent. The ratio was also below the normative assessment of *Th FC* (41.10 per cent) for the year. The overall fiscal liabilities increased by 64.04 per cent from ₹ 14,392 crore in 2007-08 to ₹ 23,609 crore in 2011-12. The State liabilities, which stood at ₹ 23,609 crore at the end of 2011-12, was mainly composed of Public Debt (₹ 17,304 crore), Small Savings and Provident Fund *etc.*, (₹ 4,449 crore) and other obligations (₹ 1,856 crore). The increase in the fiscal liabilities at the end of the current year as compared to the previous year was mainly on account of Internal Debt and Small Savings Provident Fund *etc.* which rose by ₹ 1,300 crore and ₹ 626 crore respectively. Fiscal liabilities grew marginally over the years; it rose by 9.31 per cent in 2011-12 over the previous year. The buoyancy of these liabilities with respect to GSDP during the year was 0.60 indicating that for each percentage point increase in GSDP, fiscal liabilities grew by 0.60 per cent. These liabilities stood at 1.72 times State's revenue receipts and 3.50 times of its own resources. The sinking fund is in operation since the inception of the State for amortization of open market loans and the State has to contribute at the rate of three per cent of outstanding balance of market loans of the previous year. However, the State Government provided only ₹ 25 crore during the year as against ₹ 217 crore for the purpose.

1.7.3 Status of Guarantees – Contingent liabilities

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

No law under Article 293 of the Constitution had been enacted by the State Legislature fixing the maximum limit within which, the Government could give guarantees on the security of the Consolidated Fund of the State. The FRBM Act, 2005 prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of the coming into force of this Act or any rule or to be made

by the State Government subsequent to coming into force of this Act. However, the State Government has not enacted any law to cap the guarantees.

As per **Statement 9** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years is given in **Table 1.15**.

Table-1.15
Guarantees given by the Government of Uttarakhand

(₹ in crore)

Guarantees	2009-10	2010-11	2011-12
Maximum amount guaranteed	125	2,122	2,722
Outstanding amount of guarantees	1,511	1,511	1,739
Percentage of maximum amount guaranteed to total revenue receipts	1.32	18.28	19.88
Criteria as per FRBM Act/any other Act or Order of the State	No rules in pursuance to FRBM Act, 2005 have been framed by the State Government		

Source: Finance Accounts

The Government has constituted a “Guarantee Redemption Fund” for discharge of invoked guarantees with a corpus of ₹ 25 crore.

The State Government has not framed any rules in pursuance to FRBM Act, 2005 determining the limits up to which Government could give guarantees. In the absence of the same, it could not be ascertained whether the guarantees given by the Government were within the limits.

The percentage of maximum amount guaranteed *vis-à-vis* revenue receipts increased from the level of 1.32 *per cent* in 2009-10 to 19.88 *per cent* in 2011-12. The outstanding amount of guarantees as on 31 March 2012 was against Power Sector (₹ 1,187 crore), Co-operatives (₹ 475 crore) and four other institutions (₹ 77 crore).

1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyze various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization; sufficiency of non-debt receipts; net availability of borrowed funds; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.16** analyzes the debt sustainability of the State according to these indicators for the period of three years beginning from 2009-10.

Table-1.16
Debt Sustainability: Indicators and Trends

(₹ in crore)

Indicators of Debt Sustainability ⁸	2009-10	2010-11	2011-12
Debt Stabilization ⁹ (Quantum Spread + Primary Deficit)	(+) 2,083	(+) 1,592	(+) 1,811
Sufficiency of Non-debt Receipts (Resource Gap) ¹⁰	(-)940	(+) 1,224	(+) 664
Net Availability of Borrowed Funds ¹¹	261	820	308
Burden of Interest Payments (IP/RR Ratio)	14.10	12.75	12.92

The trends in **Table 1.16** indicate that during 2009-10 the quantum spread together with primary deficit was positive (₹ 2,083 crore) which came down to ₹ 1,592 crore during 2010-11. However, it again showed an upward trend during the year and stood at ₹ 1,811 crore at the end of 2011-12. The debt-GSDP ratio which was 31.40 in 2007-08 has come down to 24.80 *per cent* during the current year. At 24.80 *per cent*, the debt-GSDP ratio was well below the target (41.10 *per cent*) set forth by *Th FC* for the year 2011-12 in respect of Uttarakhand.

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure termed as resource gap. The debt sustainability could be significantly facilitated if the incremental non-debt receipts¹² could meet the incremental interest burden and the incremental primary expenditure. A positive resource gap strengthens the capacity of State to sustain the debt. **Table 1.16** indicates resource gap as defined for the period 2008-11.

The State experienced negative resource gaps in 2008-09 and 2009-10 but had a positive resource gap during 2010-11 and 2011-12, which in turn brought down the revenue deficit to almost nil (₹ 13 crore) in 2010-11 and ultimately the State attained a revenue surplus (₹ 716 crore) during the current year. The fiscal deficit (₹ 1,843 crore) was brought down to reasonable limits during 2010-11 which further came down to ₹ 1,757 crore during the current year (1.85 *per cent* of the GSDP).

Debt redemption had remained on the higher side during the period 2007-10 and slightly improved during the year 2010-11 (0.83) indicating the fact that the borrowed funds are being increasingly used for the repayments towards the discharge of past debt obligations during the period (**Appendix-1.3**). However, it again showed an upward trend in 2011-12. During the current year, internal debt redemption was 29.12 *per cent* of fresh debt receipts; redemption of GoI loans was 56.59 *per cent*

⁸ Refer glossary in **Appendix-4.1**

⁹ Refer glossary in **Appendix-4.1**

¹⁰ Refer glossary in **Appendix-4.1**

¹¹ Refer glossary in **Appendix-4.1**

¹² Refer glossary in **Appendix-4.1**

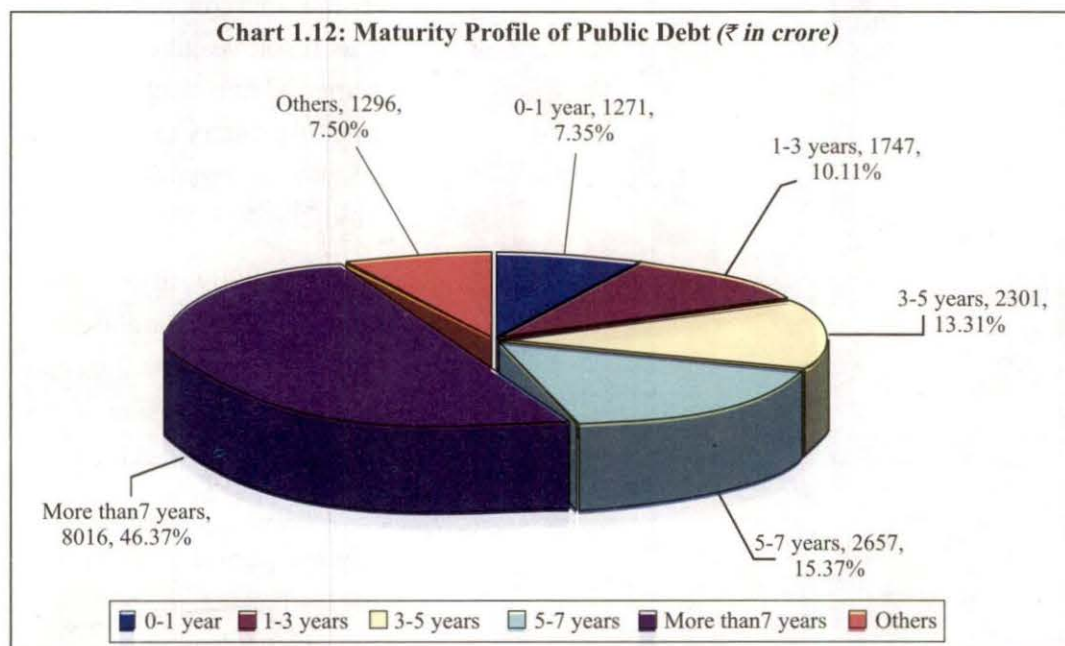
while in case of other obligations repayments were 83.35 *per cent* of fresh receipts. These trends indicate that the focus of the Government is to discharge the past debt obligations.

The maturity profile of the State is given in **Table 1.17** and **Chart 1.12** below.

Table 1.17
Maturity Profile of Public Debt

Maturity profile	Amount (₹ in crore)	Percentage to total Public Debt
0-1 year	1,271	7.35
1-3 years	1,747	10.11
3-5 years	2,301	13.30
5-7 years	2,657	15.37
More than 7 years	8,016	46.37
Other (information not made available by the State Government)	1,296	7.50
Total	17,288	100

Chart 1.12: Maturity Profile of Public Debt (₹ in crore)



Source: Finance Accounts

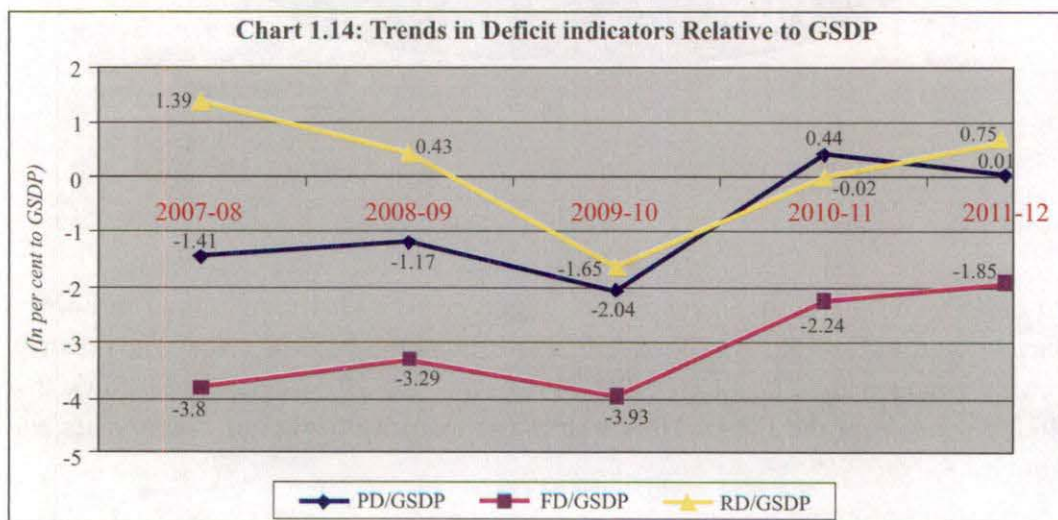
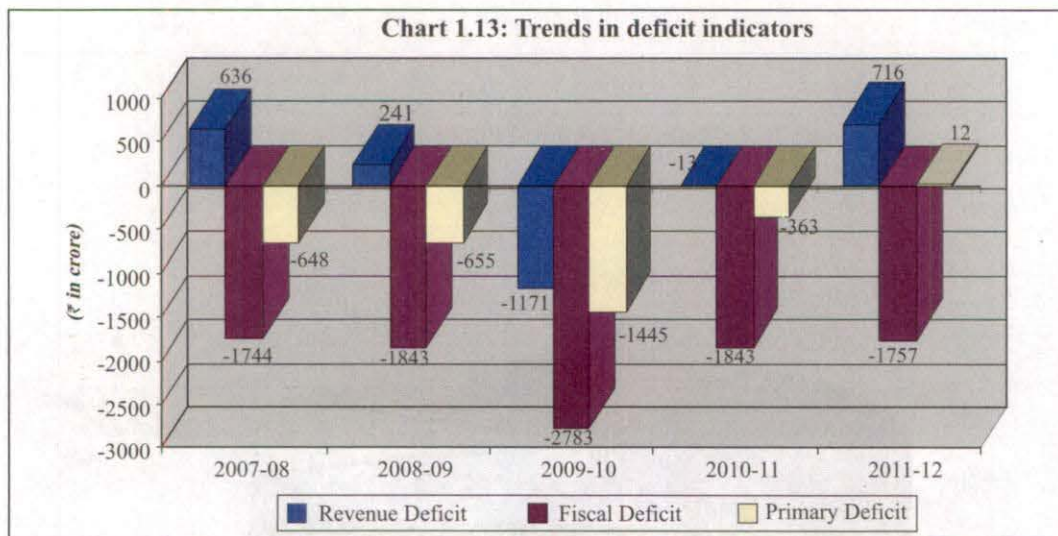
In order to discharge its expenditure obligations, the Government had to borrow further, as fiscal surplus was not available in any of the last five years. The maturity profile of outstanding stock of Public Debt as on 31 March 2012 shows that 46.37 *per cent* of the Public Debt was in the maturity bucket of seven years and above.

1.9 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.

1.9.1 Trends in Deficits

Charts 1.13 and 1.14 present the trends in deficit indicators over the period 2007-08 to 2011-12.



The State experienced a revenue surplus from 2007-08 to 2008-09, which turned into deficit during 2009-10, mainly on account of implementation of Sixth Central Pay Commission recommendations. However, the State was able to bring down the revenue deficit to almost nil (₹ 13 crore) during the year 2010-11 and attained a surplus of ₹ 716 crore during 2011-12. The fiscal deficit, which had been reduced during 2010-11 and was 2.24 per cent of GSDP, was below the four per cent target set forth in FRBM Act, 2005. The continued efforts of the Government towards fiscal consolidation resulted in the decline in Fiscal Deficit in 2011-12 also. Fiscal Deficit amounting to ₹ 1,757 crore is currently pegged at 1.85 per cent of the GSDP and is well within the target of 3.5 per cent set forth by the Th FC in this regard.

The primary deficit which remained steady during the period 2007-09 had taken a quantum jump in 2009-10 (₹ 1,445 crore), came down (₹ 363 crore) during the year 2010-11 and has turned positive during the current year.

1.9.2 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 1.18**.

Table-1.18
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(-)/Surplus(+)	(+) 636	(+) 241	(-) 1,171	(-) 13	(+)716
2	Capital Expenditure	(-) 2,235	(-) 2,016	(-) 1,647	(-) 1,855	(-) 2,317
3	Net Loans and Advances	(-)145	(-) 68	(+) 35	(+) 25	(-)156
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	733	884	460	890	1,159
2	Loans from GoI	(-) 16	(-) 19	(-)5	16	20
3	Special Securities Issued to NSSF	195	120	672	921	332
4	Loans from Financial Institutions	213	204	70	182	131
5	Small Savings, PF etc	155	531	1,066	870	626
6	Deposits and Advances	142	61	229	46	33
7	Suspense and Misc.	138	(-) 331	722	(-) 331	(-)412
8	Remittances	85	(-) 238	(-)129	(-) 303	(-)466
9	Others	55	127	(-)6	242	190
10	Overall Surplus/Deficit (<i>Cash Balance</i>)	44	504	(-) 296	(-) 690	144
11	Gross Fiscal Deficit	1,744	1,843	2,783	1,843	1,757

Source: Finance Accounts

The revenue surplus, which turned into deficit in 2009-10 due to quantum jump in revenue expenditure, has again turned into surplus during the year. The State was able to reduce the revenue deficit to almost nil (₹ 13 crore) in 2010-11 and attained Revenue Surplus (₹ 716 crore) during the current year. The fiscal deficit (₹ 1,757 crore) was largely managed by market borrowings (₹ 1,159 crore) and Special Securities issued to National Small Savings Fund (₹ 332 crore). Although, there was an increase in capital expenditure (24.91 per cent), the fiscal deficit was brought well below the reasonable limits of 3.5 per cent of GSDP (as per the *Th FC* recommendations) during the current year (1.85 per cent of GSDP).

1.9.3 Quality of Deficit/ Surplus

The ratio of revenue deficit to fiscal deficit and the primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's 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 1.19**) 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-1.19
Primary deficit/Surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts*	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Total Primary Expenditure	Primary revenue deficit (-) / surplus (+)	Primary deficit (-)/ surplus(+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2007-08	7,959	6,159	2,235	213	8,607	(+) 1,800	(-) 648
2008-09	8,689	7,206	2,016	122	9,344	(+) 1,483	(-) 655
2009-10	9,551	9,319	1,647	30	10,996	(+)232	(-) 1,445
2010-11	11,693	10,141	1,855	60	12,056	(+) 1,552	(-) 363
2011-12	13,782	11,206	2,317	247	13,770	(+)2,576	(+)12

* Receipts other than Public Debt receipts i.e. such receipts which are not to be paid back

- Non debt receipts increased by 73.16 per cent from 2007-08 to 2011-12 and were sufficient to meet the primary revenue expenditure. However, the gap which had reduced considerably in 2009-10, again showed upward trend in 2010-11 and 2011-12.
- Total primary expenditure increased by ₹ 5,163 crore during 2011-12 as compared to 2007-08. It was due to increase of primary revenue expenditure to the extent of ₹ 5,047 crore during the period 2007-08 to 2011-12.

- The primary revenue surplus, which had showed sharp decline in 2009-10, has again shown sharp upward trend during the last two years.
- Due to increase in Non-debt receipts, Primary deficit turned into Primary surplus during the current year.

1.10 Conclusion

Revenue receipts grew by ₹ 2,083 crore (17.94 per cent) during the current year over the previous year. This was mainly due to the increase in States share of Union Taxes and Duties (₹ 406 crore), State's own tax revenue (₹ 1,210 crore) and non-tax revenue (₹ 458 crore). The expenditure pattern of the State reveals that the revenue expenditure as a percentage of total expenditure increased during the current year and remained around 83.50 per cent leaving inadequate resources for creation of assets. The non-plan revenue expenditure (NPRE) increased by 16.45 per cent over the previous year.

The expenditure on salaries accounted for 46.66 per cent and continued to consume a major share of NPRE during 2011-12. Expenditure on pension payments was ₹ 1,135 crore in 2011-12, which constituted 8.29 per cent of the revenue receipts. The pension payments were well below than the normative assessment (₹ 1,208 crore) made by *Th FC* for the current year (**Annexure 7.7 of Th FC Report**). The State should adopt measures to restrict the components of non-plan revenue expenditure and resort to need based borrowing to cut down interest.

The capital expenditure of the State increased by ₹ 462 crore (**Paragraph- 1.4.1**) during 2011-12 as compared to the previous year, mainly due to increase in expenditure in (i) Social Services (ii) Economic Services. As per cent of Total Expenditure, the Capital Expenditure showed fluctuating trend over the period 2007-08 to 2011-12, which was 23 per cent in 2007-08 and 15 per cent in 2011-12. During the current year, it showed an increase over the previous year (25 per cent) but remained (₹ 2,317 crore) below the target set forth by the State Government in its FCP (₹ 3,095 crore) and MTFPS (₹ 2,524 crore).

The share of developmental capital expenditure also showed inter-year variations but marginally improved during the year 2011-12 as compared to 2010-11. However, the overall development expenditure increased by 63 per cent over the period 2007-08 to 2011-12. The average return on Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was almost negligible in the past three years while the Government paid an average interest of 7.60 per cent on its borrowings during 2009-10 to 2011-12.

The State experienced a revenue surplus during 2007-08 and 2008-09, which turned into deficit during 2009-10, mainly on account of implementation of Sixth CPC

recommendations. However, the State was able to bring down the revenue deficit to almost nil (₹ 13 crore) in 2010-11 and attained a revenue surplus of ₹ 716 crore during the current year.

The fiscal deficit, which had been on the higher side during 2009-10 and was 3.93 *per cent* of GSDP, was brought down below the reasonable limit of 3.5 *per cent* in 2010-11 & 2011-12. The fiscal deficit of the State amounting to ₹ 1,757 crore during 2011-12 is pegged at 1.85 *per cent* of the GSDP showing signs of fiscal consolidation.

Cash balance of the State at the end of 2011-12 decreased by ₹ 144 crore and the interest received on investment of cash balances in RBI, Investment in GoI Securities was negligible (1.06 *per cent*), while the Government borrowed at an average interest rate of 7.83 *per cent*. However, the State was able to maintain the minimum cash balance and did not to resort to overdraft facility during the year.

The debt-GSDP ratio in 2011-12 at 24.80 *per cent* was well below the target of 41.10 *per cent* set forth by *Th FC*. During the year the State attained state of primary surplus (₹ 12 crore) for the first time during the last five years. Maintaining a calendar of borrowings to avoid bunching towards the end of the financial year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

During the year 2011-12, a large amount of ₹ 2,040 crore was directly transferred to State Implementing Agencies. These funds were, however, not routed through the State budget/State treasury system. As these funds remain outside the State budget, there is no single agency monitoring its use and also there is no readily available data to ascertain how much is actually spent in any particular year on major flagship schemes and other important schemes.

1.11 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 measures to ensure better value for money in investments.

CHAPTER-2

**FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL**

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 authorized by the Appropriation Act in respect of both charged and voted items of 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 authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2011-12 against 31 grants/appropriations is given in **Table 2.1**:

Table-2.1
Summarized Position of Original/Supplementary provisions *vis-à-vis* Actual Expenditure during the year 2011-2012

(₹ in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	1,23,02.30	11,14.20	1,34,16.50	1,11,56.11	(-)22,60.39
	II Capital	30,93.59	2,34.46	33,28.05	35,85.79	(+)2,57.74
	III Loans and Advances	307.91	2,42.11	5,50.02	246.83	(-)3,03.19
Total Voted		1,57,03.80	15,90.77	1,72,94.57	1,49,88.73	(-) 23,05.84
Charged	IV Revenue	20,23.39	41.69	20,65.08	18,28.91	(-)2,36.17
	V Capital	1.00	4.00	5.00	4.88	(-)0.12
	VI Public Debt-Repayment	16,38.73	-	16,38.73	19,24.04	(+)2,85.31
Total Charged		36,63.12	45.69	37,08.81	37,57.84	(+)49.02
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		1,93,66.92	16,36.46	2,10,03.38	1,87,46.56	(-) 22,56.82

As shown in **Table-2.1**, there was saving (shortfall in the utilization of funds) of ₹ 2,256.82 crore which was the result of saving of ₹ 3,868.22 crore in grants and appropriations under Revenue Section (37 cases), and Capital Section (23 cases) offset by excess of ₹ 1,611.40 crore in four grants and one appropriation under capital section.

Departments against which significant savings (more than ₹ 100 crore) were noticed during the year were Finance (₹ 870.47 crore), Energy (₹ 538.31 crore), Education, Sports, Youth Welfare and Culture (₹ 449.69 crore), Welfare of Scheduled Castes (₹ 370.13 crore), Water Supply, Housing & Urban Development (₹ 251.53 crore), Welfare (₹ 219.48 crore), Medical, Health & Family Welfare (₹ 192.99 crore), Rural Development (₹ 158.75 crore), Food (₹ 123.52 crore) and Welfare of Scheduled Tribes (₹ 100.06 crore). Similarly, departments against which significant excess expenditure over the allotments noticed during the year 2011-12 were Food (₹ 1,283.25 crore), Finance (₹ 285.32 crore), Agriculture (₹ 18.33 crore), Horticulture Department (₹ 4.51 crore) and Public Works Department (₹ 19.99 crore).

The savings/excess (Detailed Appropriation Accounts) were intimated (July 2012) to the Controlling Officers requesting them to furnish reasons for substantial savings/excess. Their replies were awaited as of August 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 55 cases, savings exceeded ₹ one crore in each case, and more than 20 per cent of total provision in 34 cases (**Appendix-2.1**). Against the total savings of ₹ 3,868.22 crore, savings of ₹ 3,142.24 crore (81.23 per cent)¹ occurred in 15 cases relating to 10 grants and one appropriation as indicated in **Table 2.2**.

Table-2.2
List of Grants/appropriation with savings of ₹ 50 crore and above

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	2,243.70	55.98	2,299.68	1,719.58	580.10
2	10-Police & Jail	667.28	43.72	711.00	660.48	50.52
3	11-Education, Sports, Youth Welfare & Culture	3,182.44	467.89	3,650.33	3,366.95	283.38
4	12-Medical, Health & Family Welfare	803.83	16.28	820.11	666.12	153.99

¹ Exceeding ₹ 50 crore in each case.

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5	13-Water Supply, Housing & Urban Development	646.94	2.07	649.01	413.24	235.77
6	15-Welfare	552.63	94.44	647.07	449.62	197.45
7	19-Rural Development	323.11	64.74	387.85	295.14	92.71
8	25-Food	327.52	0.20	327.72	204.20	123.52
9	30 - Welfare of Scheduled Castes	534.49	37.34	571.83	378.20	193.63
Capital-Voted						
10	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	117.80	32.77	150.57	78.14	72.43
11	11-Education, Sports, Youth Welfare & Culture	271.05	16.22	287.27	120.95	166.32
12	19-Rural Development	213.88	0	213.88	147.83	66.05
13	21-Energy	448.92	227.11	676.03	144.11	531.92
14	30-Welfare of Scheduled Castes	338.69	2.80	341.49	164.99	176.50
Revenue-Charged						
15	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,974.03	38.96	2,012.99	1,795.04	217.95
Total		12,646.31	1,100.52	13,746.83	10,604.59	3,142.24

The reasons for savings were awaited as of August 2012.

2.3.2 Persistent Savings

In 19 cases, during the last five years, there were persistent savings of more than ₹ one crore in each case (Table 2.3).

Table-2.3
List of Grants indicating persistent savings during last five years

(₹ in crore)

Sl. No.	No. and Name of grant	Amount of Saving				
		2007-08	2008-09	2009-10	2010-11	2011-12
Revenue-Voted						
1	04-Judicial Administration	18.69	16.29	28.57	29.91	28.05
2	05-Election	3.82	3.68	3.65	1.03	4.71
3	06-Revenue & General Administration	30.52	67.57	56.74	29.52	43.94
4	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	106.16	394.33	418.97	106.35	580.10
5	12-Medical, Health & Family Welfare	86.33	122.06	91.88	124.39	153.99
6	13-Water Supply, Housing & Urban Development	68.45	88.69	47.75	372.80	235.77
7	15-Welfare	36.41	93.53	80.43	83.72	197.45
8	16-Labour & Employment	38.41	35.29	5.61	12.08	12.39
9	18-Co-operative	1.39	7.72	1.83	4.87	10.30
10	19-Rural Development	49.63	45.13	70.21	75.22	92.71
11	22-Public Works	29.78	51.18	28.64	34.94	35.43
12	23-Industries	14.96	13.08	1.34	5.15	14.47

13	24-Transport	10.10	11.56	5.62	2.52	1.37
14	26-Tourism	0.71	2.31	2.85	2.92	30.66
15	28-Animal Husbandry	12.18	7.38	8.49	15.53	4.48
Capital-Voted						
1	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	24.06	45.12	51.24	8.78	72.43
2	11-Education, Sports, Youth Welfare & Culture	16.97	14.57	7.80	60.20	166.31
3	15-Welfare	2.15	6.39	5.09	13.74	22.03
4	23-Industries	40.58	5.41	9.55	11.54	13.35

Despite being mentioned in the Report on State Finances of the Comptroller & Auditor General of India for the year 2010-11 of the State, a substantial number of cases were noticed where savings persisted during the year which is indicative of over assessment of requirement of funds. This needs to be reviewed.

2.3.3 Excess Expenditure

In five cases, expenditure aggregating ₹ 4,095.65 crore exceeded the approved provision by ₹ 1,611.40 crore which was more than ₹ one crore in each case or by more than 20 per cent of the total provision. Details are given in **Appendix-2.2**. Of these, excess expenditure has been observed consistently during the last five years in the following grants/heads (**Table 2.4**):

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

(₹ in crore)

Sl. No.	No and Name of grant	Amount of excess expenditure				
		2007-08	2008-09	2009-10	2010-11	2011-12
Capital-Voted						
1	17-Agriculture works & Research	14.81	11.72	11.73	30.82	18.33
2	25-Food	367.77	564.40	916.31	1,207.14	1,283.25
Total		382.58	576.12	928.04	1,237.96	1,301.58

Persistent excess under the grants/heads was indicative of un-realistic budgetary estimates. Thus, for a sound financial management, assessment of requirement of funds under the heads should be more realistic to avoid recurrence of such instances of persisting excess expenditure in future. Reasons for persistent excesses were awaited (August 2012).

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 ₹ 4.51 crore was incurred in one case as detailed in **Table 2.5** without any provision 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)

No. and Name of Grants	Amount of Expenditure without provision	Reasons/Remarks
29-Horticulture Development (Capital-voted)	4.51	Reasons were awaited

Although, being mentioned in the earlier Reports of CAG of India for the year ended 31 March 2010 and 2011, the State Government has not taken any action and has further incurred an expenditure of ₹ 4.51 crore under the same head without any budgetary provision during the current year, which was irregular and needs regularization.

2.3.5 Excess over provision relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over a grant/ appropriation regularized by the State Legislature. Although, no time limit for regularization of expenditure has been prescribed under the Article, the regularization 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 ₹ 5,782.51 crore pertaining to previous years 2005-11 was yet to be regularized by the State Legislature. The year-wise amount of excess expenditure pending regularization is summarized in **Table 2.6**.

Table-2.6
Excess expenditure over the provision relating to previous years requiring regularization

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grant / Appropriation	Details of Grant / Appropriation		
2005-06	7	7,8,17,20,22,25 & 29	663.50	Status not intimated by the State Government
2006-07	6	7,17,20,22,25 & 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
2008-09	6	7,17,20,22,25 & 29	1,146.41	
2009-10	7	7,17,18,21,22,25 & 29	1,007.49	
2010-11	9	10,12,15,17,20,21,22,25 & 29	1,295.40	
Total			5,782.51	

The excess expenditure incurred over grants/ three appropriations of the previous years should be got regularized by the State Legislature.

2.3.6 Excess over provisions during 2011-12 requiring regularization

Table 2.7 contains the summary of total excess expenditure registered under four grants and one appropriation amounting to ₹ 1,611.40 crore over authorization from the Consolidated Fund of State (CFS) during the year 2011-12.

Table-2.7
Excess over provision requiring regularization during 2011-12

(₹ in thousand)

Sl. No.	Number and title of Grant/ Appropriation		Total Grant/ Appropriation	Expenditure	Excess
Capital –Voted					
1	17	Agriculture Works & Research	1,59,202	3,42,489	1,83,287
2	22	Public Works	82,59,241	84,59,122	1,99,881
3	25	Food	36,725	1,28,69,264	1,28,32,539
4	29	Horticulture Development	0	45,138	45,138
Capital –Charged					
1	07	Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,63,87,300	1,92,40,501	28,53,201
Total Voted			2,48,42,468	4,09,56,514	1,61,14,046

Reasons for the excess had not been intimated by the State Government/Department as of August 2012. The excess expenditure over the provision under the grants/appropriation incurred during the year 2011-12, should be got regularized by the State Legislature.

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 813.24 crore obtained in 37 cases, amounting to ₹ 10 lakh or more in each case, during the year proved unnecessary as the expenditure registered under the grants was within the original provision as detailed in **Appendix-2.3**.

Supplementary provision of ₹ 37.72 crore sought in respect of two cases proved insufficient by more than ₹ one crore in each case thereby leaving an aggregate uncovered excess expenditure of ₹ 38.32 crore (**Appendix-2.4**).

2.3.8 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 ₹ 10 lakh and above in 25 sub-heads as detailed in **Appendix-2.5**. Of these, savings of ₹ 44.67 crore (more than ₹ 20 crore) occurred in Grant Number 20-Irrigation and Flood control on account of new projects for Irrigation Department. Reasons for the savings had not been furnished by the Government as of August 2012.

The substantial saving in the aforesaid cases indicates that the funds could not be spent as estimated and planned under the schemes by the respective departments.

2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 16 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to ₹ 103.67 crore in these 16 schemes, ₹ 89.09 crore (85.93 *per cent*) were surrendered, which included *cent per cent* surrender in six schemes (₹ 8.94 crore) as detailed in Appendix-2.6.

2.3.10 Surrender in excess of actual saving

In three cases, the amount surrendered was in excess of actual savings (₹ 50 lakh or more in each case) indicating lack of budgetary controls in these departments. As against savings of ₹ 85.84 crore in these cases, the amount surrendered was ₹ 105.46 crore resulting in injudicious excess surrender of ₹ 19.62 crore. Details are given in Appendix-2.7 A.

In two cases (Agriculture Works & Research and Public Works), surrender of ₹ 74.13 crore has been made in spite of final excess of ₹ 38.32 crore. Details are given in Appendix-2.7 B.

2.3.11 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the savings under grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2011-12, there were, however, 09 grants/ appropriations in which savings of ₹ 10 crore and above occurred but no part of it had been surrendered by the concerned departments. The amount involved in these cases was ₹ 1,044.45 crore (27.00 *per cent* of the total savings) (Appendix-2.8).

Similarly, out of savings of ₹ 2,628.31 crore (individual cases where savings were more than ₹ one crore occurred), amount aggregating ₹ 925.69 crore was surrendered resulting in non surrender of ₹ 1,702.62 crore (44.02 *per cent* of total savings), details of which are given in Appendix-2.9. Besides, in 19 cases, (surrender of funds in excess of ₹ 10 crore), ₹ 949.34 crore was surrendered (Appendix-2.10) on the last two working days of March 2012, thereby defeating the intended purpose of surrenders as these funds could not be utilized for other developmental purposes.

2.3.12 Rush of expenditure

According to Financial regulation, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, expenditure exceeding ₹ 10 crore or more than 50 *per cent* of the total expenditure for the year was incurred in last quarter or in March 2012, in respect of 70 sub-major heads listed in

Appendix-2.11. Table 2.8 below also presents the 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.

Table-2.8
Cases of Rush of Expenditure towards the end of the financial year 2011-12

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2012	
			Amount (₹ in crore)	Percentage of total expenditure	Amount (₹ in crore)	Percentage of total expenditure
1.	2015	28.51	21.56	75.62	13.75	48.23
2.	2030	27.56	18.47	67.02	13.68	49.65
3.	2045	3.74	2.10	56.25	1.08	28.87
4.	2251	0.03	0.03	83.96	0.03	80.88
5.	2408	199.73	186.05	93.15	182.88	91.56
6.	2701	12.39	7.59	61.25	2.78	22.43
7.	2810	9.74	5.47	56.14	4.97	51.01
8.	3054	156.45	105.61	67.50	95.24	60.87
9.	3451	10.34	8.22	79.49	1.01	9.80
10.	4059	65.70	33.63	51.19	13.12	19.97
11.	4225	11.93	6.41	53.74	5.19	43.46
12.	4235	4.16	3.25	78.14	0.00	0.03
13.	4406	16.36	15.56	95.11	12.84	78.51
14.	4700	234.70	127.40	54.28	75.79	32.29
15.	4702	201.67	110.16	54.63	75.02	37.20
16.	4711	15.44	9.77	63.28	0.86	5.61
17.	5055	41.67	21.67	52.00	21.67	52.00
	Total	1,040.12	682.95	65.66	519.91	49.99

Source: Information provided by Pr. Accountant General (A&E), Uttarakhand.

Scrutiny revealed that 65.66 per cent of the total expenditure of ₹ 1,040.12 crore spent against these major heads during the year 2011-12 was incurred in the last quarter of the financial year. Further, in nine individual cases above, the expenditure exceeding ₹ 10 crore was incurred in the month of March 2012 alone.

Contrary to the spirit of financial regulation, a substantial amount was incurred by the Government at the end of the year which was indicative of poor financial control over the expenditure. A uniform pace of expenditure may have been maintained for a sound financial management.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent Bills (AC)

As per Financial Rules, every Drawing Officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling

officers for countersignatures and transmission to the Principal Accountant General (Accounts and Entitlement). The total amount of DC bills received during the year 2011-12 was only ₹ 1.88 crore against the amount of AC bills of ₹ 5.44 crore leading to an outstanding balance of AC bills of ₹ 45.03 crore awaiting adjustment as on June 2012. Year wise details are given in **Table 2.9**.

Table-2.9
Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills (as on June 2012).

(₹ in crore)

Year	Amount of AC Bills	Amount of DC Bills	Outstanding AC Bills	
			Number	Amount
2009-10	1.41	0.07	14	1.34
2010-11	72.14	32.01	151	40.13
2011-12	5.44	1.88	150	3.56
Total	78.99	33.96	315	45.03

Source: Information provided by Pr. Accountant General (A&E), Uttarakhand.

As can be seen from the table above, the total amount of AC bills outstanding against 315 AC Bills was ₹ 45.03 crore at the end of June 2012. It was further noticed that out of the total outstanding balance of ₹ 45.03 crore, a substantial amount of ₹ 16.29 crore (36 per cent) was drawn (during 2010-11) through 28 AC bills by Secretary, Revenue and General Administration and was still outstanding on account of non-submission of DC bills. Out of total outstanding amount of AC Bills of 2011-12 (₹ 3.56 crore), a substantial amount of ₹ 1.98 crore pertains to Election Department (56 per cent). Department-wise pending DC bills for the years up to 2011-12, showing position of outstanding DC bills as on 30 June 2012 have been detailed in **Appendix-2.12**.

Non-submission of DC bills for long periods after drawal of AC bills is fraught with the risk of mis-appropriation and therefore, needs to be monitored closely.

2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budgetary allocation and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Principal Accountant General (Accounts & Entitlements). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2011-12 also. Audit scrutiny revealed cases where the amount exceeding ₹ 10 crore involving ₹ 5,201 crore remained un-reconciled in respect of 13 Controlling Officers during the year 2011-12, which constituted 33 per cent of the total net expenditure of ₹ 15,539 crore as detailed in **Table 2.10**.

Table-2.10

List of Controlling Officers where amounts exceeding ₹ 10 crore in each case remained fully un-reconciled during 2011-12

(₹ in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Secretary, Revenue Department.	192.31
2.	Secretary, Natural Calamities Management.	101.41
3.	Principal Secretary, Finance / Principal Secretary, State Estate Department	1,766.85
4.	Director, Treasury & Financial Services (Director Accounts & Entitlements)	1,170.71
5.	Secretary, Employment	31.83
6.	Secretary, Public Service Commission	13.41
7.	Secretary, Education	197.66
8.	Secretary, Sport & Youth Welfare, Dehradun	151.97
9.	Principal Secretary, Medical / Principal Secretary, Health & Family Welfare	746.32
10.	Secretary, Labour	88.68
11.	Secretary, Energy	51.74
12.	Secretary, Information Technology	53.91
13.	Principal Secretary, Social Welfare	634.54
Total		5,201.34

Source: Information provided by Principal Accountant General (A&E), Uttarakhand.

The reasons for the huge amount of ₹ 5,201 crore remaining un-reconciled during the year 2011-12 was mainly due to non-initiative taken by the Controlling Officers towards reconciliation.

Thus, Government may ensure reconciliation of accounts by the concerned Controlling Officers to obviate the possibilities of fraud and misuse of funds.

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established vide Uttarakhand Contingency Fund Act, 2001 (Act No. 2 of 2001) in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest and its present corpus is ₹ 200 crore (the corpus was reduced from ₹ 600 crore to ₹ 200 crore during the year). Any drawal of advances from the fund needs to be recouped from the Consolidated Fund of the State within the same financial year. However, advances to the tune of ₹ 69.07 crore drawn from the Contingency Fund remained to be recouped from Service Heads to the Contingency Fund after authorization of Legislature as on 31 March 2012 as given in **Table 2.11** below.

Table-2.11
Expenditure met from Contingency Fund during the year 2011-12 remained un-recouped
(₹ in crore)

Sl. No	Grant No	Major Head	Budget Estimate	Re-appropriation/ Surrender	Total	Actual Exp	Adv From Contingency Fund	Month of Sanction
1	03	2013-Councils of Ministers	62.76	(-)0.98	61.78	61.46	0.94	08/2011 09/2011 10/2011 11/2011 12/2011 01/2012 & 02/2012
2	06	2070-Other Administrative Services	46.51	(-)0.26	46.25	40.78	0.25	08/2011 10/2011 11/2011 12/2011 01/2012 & 02/2012
3	14	2220-Information & Publicity	38.27	(-)1.94	36.33	36.17	6.80	02/2012 & 03/2012
4	17	6401-Loans for Crop Husbandry	15.40	(-)0.40	15	15.00	15.53	09/2011
5	18	2425-Co-Operation	42.31	(-)11.47	30.84	32.01	5.14	80/2011 12/2011 01/2012 02/2012 & 03/2012
6	19	2515-Other Rural Development Programmes	319.96	(-)40.00	279.96	240.72	0.15	08/2011
7	19	4515-Capital Outlay on Other Rural Development Programmes	213.88	0	213.88	147.84	36.16	11/2011 & 12/2011
8	24	3053-Civil Aviation	6.67	(-)1.18	5.49	5.09	3.41	12/2011 & 02/2012
9	25	3456-Civil Supplies	4.15	0	4.15	2.82	0.09	06/2011
10	26	5452-Capital Outlay on Tourism	47.28	0	47.28	28.08	0.50	12/2011
11	28	2403-Animal Husbandry	90.74	0	90.74	87.96	0.10	01/2012
Total			887.93	(-)56.23	831.70	697.93	69.07	

Source: Information provided by Principal Accountant General (A&E), Uttarakhand

It would be evident from the above that the expenditure to the tune of ₹ 69.07 crore was met through advances from the Contingency Fund during the year and had not been recouped by the State Government during the year as required under Section 5 of Uttarakhand Contingency Fund Act, 2001 (Act No. 2 of 2001).

Government resorted to advances from the Contingency Fund during the year for meeting the Capital Expenditure (₹ 37 crore) and disbursed loans for Crop Husbandry (₹ 16 crore), which were foreseeable and thus, were in contravention of financial management.

2.6 Deficiencies in Budgeting Process

The following deficiencies were noticed in the budgeting process of the State Government for the financial year 2011-12:

- Minor Head 900-Recoveries has been shown below Sector-A Tax-Revenue, while the list of Major & Minor Heads of Account (Volume-I) provides that the Minor Head-900 recoveries shall be shown below every Major, Sub-major and Minor Head coming under the Sector-A Tax-Revenue.
- Under Major Head 3454, Minor Head 001- Direction and Administration has been shown below Sub-Major Head 02-Survey instead of 01-Census as is provided in the list of Major and Minor Heads of Account.
- Under Grant Number 14, below Major Head 4059, Sub-Major Head 60 has been shown as 'Others'. This should have been shown as 'Other Buildings' as is provided in the List of Major and Minor Heads of Account.
- In the Major Head 2059, under Grant Number 22, Minor head 102 under Sub-Major Head 80 has been shown as 'Repair and Maintenance', whereas it should have been shown as Minor Head 053 under Sub-Major Head 80, as per the List of Major and Minor Heads of Accounts.
- Under the Major Head 2245-only one Sub-Major Head 05-has been shown, whereas the list of Major and Minor Heads of Account provides for the provision of two more Sub-Major Heads 01- Drought and 02-Flood and Cyclone.
- Sub-Major Head 04-has been shown as 'Integrated Development of Towns' under the Major Head 2217 while it should have been depicted as 'Development of Slums' as provided in the List of Major and Minor Heads of Accounts.
- In the Major Head 4235, 'Welfare of Handicapped' has been shown against Minor Head 104 whereas it should have been 'Welfare of Aged, Infirm and Destitute'. As per the List of Major and Minor Heads of Accounts 'Welfare of Handicapped' should have been shown against Minor Head 101.
- In Major Head 2402 under Grant Number 17, Minor Heads 101 and 102 have been shown as 'Soil Conservation & Testing' and 'Water Conservation' respectively, whereas these should have been shown as 'Soil Survey & Testing' and 'Soil Conservation' as per the List of Major and Minor Heads of Accounts.
- The State Government has not taken cognizance, despite being pointed out in earlier reports also.

2.7 Outcome of Review of Selected Grant

Grant Number 11-Education, Sports, Youth Welfare & Culture was selected for review which revealed the following:

Rush of Expenditure

General Financial Rules provide that the expenditure shall uniformly be incurred during the year taking month wise/ quarter wise flow into consideration. In the case of Grant Number 11 (Education, Sports, Youth Welfare & Culture), it revealed that the uniform flow of expenditure was not maintained during 2011-12 as per prescribed norms, which led to rush of expenditure. The details are shown below:

Table-2.12
Rush of expenditure during the last quarter/in the month of March, 2012

(₹ in crore)

Sl. No.	Major Head (Voted)	Expenditure in last Quarter	Expenditure in March	Total Expenditure during 2011-12	Percentage of expenditure in last quarter	Percentage of expenditure in March
1.	2203	35.17	22.37	78.00	45.09	28.68
2.	2204	12.15	6.48	35.06	34.65	18.48
3.	2205	4.37	2.53	11.67	37.45	21.68
Total		51.69	31.38	124.73	41.44	25.16

Source: Information provided by Pr. Accountant General (A&E) Uttarakhand.

The expenditure in three Major Heads under the grant in the last quarter of 2011-12 was 41.44 per cent of the total expenditure with the fact that 25.16 per cent of the total expenditure under these Heads was incurred in the month of March, 2012 alone leading to the rush of expenditure. This indicates lack of planning and control in regulating the expenditure by the Finance Department of the Government.

Rush of expenditure at the close of the year could lead to infructuous, nugatory or ill planned expenditure. The departments should ensure maintaining uniform pace of expenditure throughout the year as far as practicable to avoid rush of expenditure at the end of the financial year.

Unnecessary Supplementary Grants

Supplementary Grants are obtained to cover the excesses that may be anticipated after mid-term review of the requirement of additional funds under the Grants/Appropriations during a financial year. However, it was noticed that supplementary Grants were obtained under two Major Heads of Grant Number 11, without any proper planning as tabulated in the **Table-2.13**:

Table-2.13
Details of supplementary provision obtained under the Grant

(₹ in crore)

Major Head	Total Budget Provision				Actual Expenditure	Saving
	Original	Supplementary	Re-appropriation	Total		
2203	101.14	12.77	00	113.91	77.52	(-)36.39
4202	271.04	16.22	(-)68.58	218.68	120.95	(-)97.73
Total	372.18	28.99	(-)68.58	332.59	198.47	(-)134.12

Supplementary grants amounting to ₹ 28.99 crore obtained under two Major Heads of Grant Number 11, proved unnecessary since the Savings/overall Savings under two Major Heads itself was more than the supplementary grant obtained by the Department. A major portion of original grant ₹ 97.73 crore (36.06 per cent) obtained under the Major Head 4202 remained unspent by the department despite re-appropriation of ₹ 68.58 crore.

The Government may put a proper mechanism in place to ensure proper utilization of funds.

Unutilised Provision

Annual Financial Statement of the Government provides for provisions for different schemes and programmes in order to carry out various development programmes/schemes. In Grant Number 11, it was noticed that the entire budgetary provision of ₹ 1.50 crore under Sub-Head 4202-01-202-19 remained unutilized at the end of financial year 2011-12. This indicates that expenditure could not be incurred as estimated and planned. This needs to be looked into to ensure optimum utilization of funds.

2.8 Conclusion

The overall saving of ₹ 2,256.82 crore was the result of saving of ₹ 3,868.22 crore in various grants and appropriations offset by excess of ₹ 1,611.40 crore in four grants and one appropriation.

Excess expenditure of ₹ 1,611.40 crore over the approved provision registered in five cases under four grants and one appropriation during the year would require regularization under Article 205 of the Constitution of India.

Judicial Administration, Revenue and General Administration, Finance Tax, Planning, Energy, Medical Health and Family Welfare, Water Supply, Housing, Urban Development, Welfare, Rural Development and Public Works Grants posted large savings persistently during the last five years. There were also instances of inadequate provision and unnecessary/excessive re-appropriations of funds besides rush of expenditure in the last quarter/at the end of the financial year indicates inadequate budgetary control in the departments. In many cases, the anticipated savings were either not surrendered or surrendered at the end of the year in the

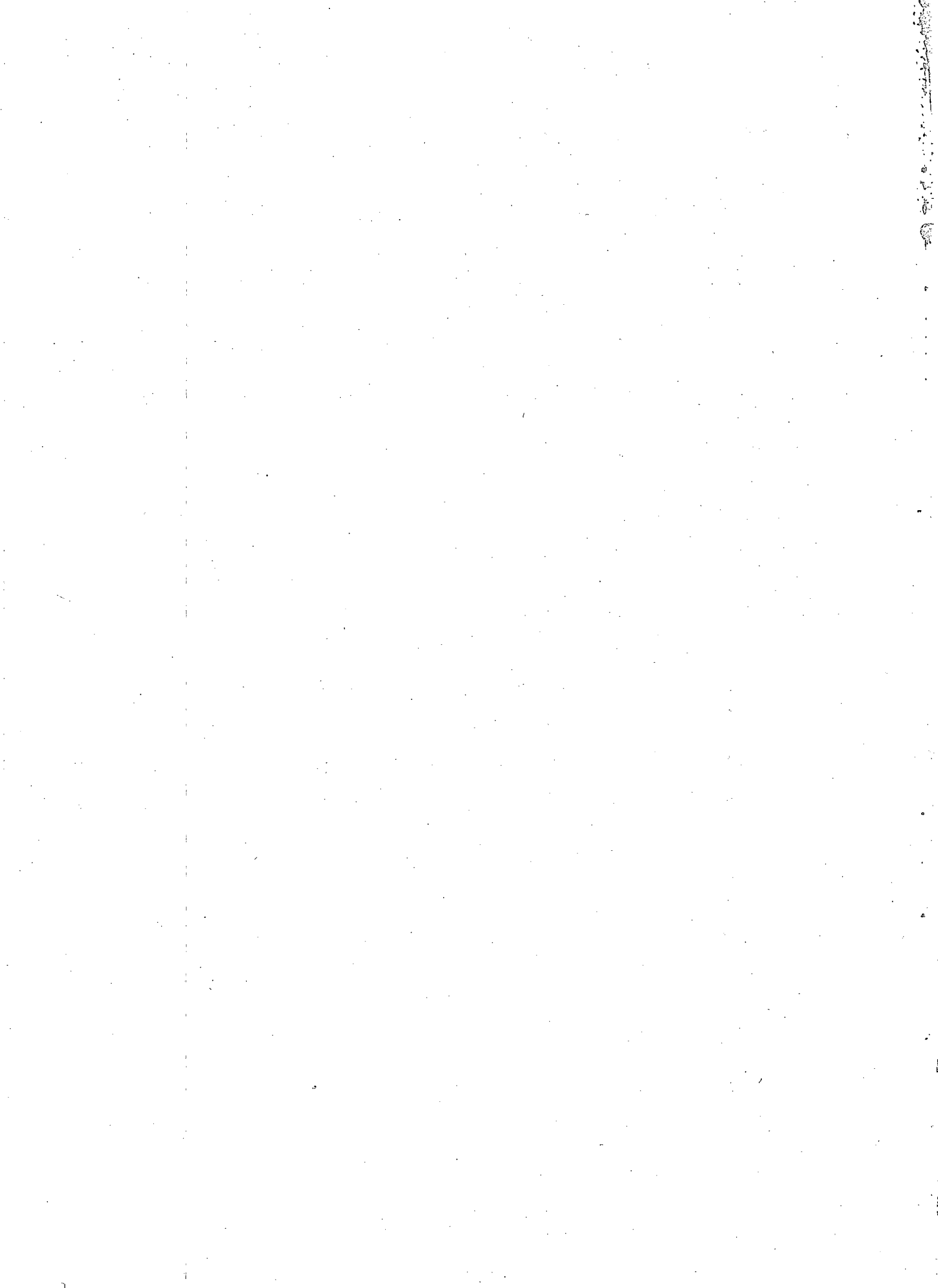
month of March leaving no scope for utilizing these funds for other development purposes. Advances sanctioned from the Contingency Fund (though in certain cases were not of emergent nature requiring drawal from Contingency Fund) were not recouped at the end of the year.

Budgetary controls may be observed strictly to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided. The Government may sanction advances from the contingency fund only for meeting expenditure of an unforeseen and emergent nature only. The mechanism to recoup the fund timely should be streamlined. A close and rigorous monitoring mechanism should be put in place by the Controlling Officers to ensure adjustment of Abstract Contingent bills during the stipulated time frame.

2.9 Recommendations

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.
- all the departments to work out savings before hand and ensure their surrender by stipulated date for their effective utilization 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

CHAPTER-3

FINANCIAL REPORTING

A sound internal financial reporting system 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 compliance 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, decision making and accountability of the stakeholders. 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 Utilization Certificates

Financial Rules provide that for the grants provided for specific purposes, Utilization Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Principal Accountant General (Accounts and Entitlements) within 18 months from the date of their sanction unless specified otherwise. Five hundred and twenty five UCs amounting to ₹ 496.34 crore were pending as of August 2012. Of these, 385 UCs (73.33 per cent) involving ₹ 417.84 crore were pending for periods up to three years and 140 UCs involving ₹ 78.50 crore were pending for more than three years. The age-wise delays in submission of UCs have been summarized in **Table 3.1**.

Table-3.1
Age-wise arrears of Utilization Certificates as on August 2012

(₹ in crore)

Sl. No.	Range of delay in number of years	Utilisation Certificates Outstanding	
		Number	Amount
1	0-1	139	131.19
2	1-3	246	286.65
3	3-5	140	78.50
Total		525	496.34

In the absence of UCs, it could not be ascertained whether the recipients had utilized the grants for the intended purpose for which these were sanctioned. Thus, efforts may be made by the departments for expeditious submission of UCs by the recipients.

3.2 Delay in submission of Accounts in respect of Departmental Managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. The finalised annual accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalization of annual accounts, the investment of the Government remains outside the scrutiny of the Audit/ State Legislature. Consequently, corrective measures, if required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also open the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Principal Accountant General (Audit) for audit within a specified time frame. As of September 2012, out of three such undertakings two had not prepared accounts and their accounts were in arrears from the year 2003-04 and onwards. The department-wise position of arrears in preparation of *pro forma* accounts and investment made by the Government are given in **Appendix-3.1**.

Delay in finalization of accounts carries the risk of financial irregularities going undetected and therefore, the accounts need to be finalized and submitted to audit at the earliest.

3.3 Misappropriations, losses, defalcations etc.

Audit observed 17 cases of misappropriation, defalcation and theft *etc.*, involving Government money amounting to ₹ 3.93 crore up to the period March 2012 on which final action was pending. The department-wise break-up of pending cases

showing age wise analysis and nature of these cases is given in **Appendix-3.2** and **Appendix-3.3** respectively. The age-profile of the pending cases and the number of cases pending in each category; theft and misappropriation/ loss are summarized in **Table 3.2**.

Table-3.2
Profile of cases of misappropriations, losses, defalcations, etc.,
as on 31 March 2012

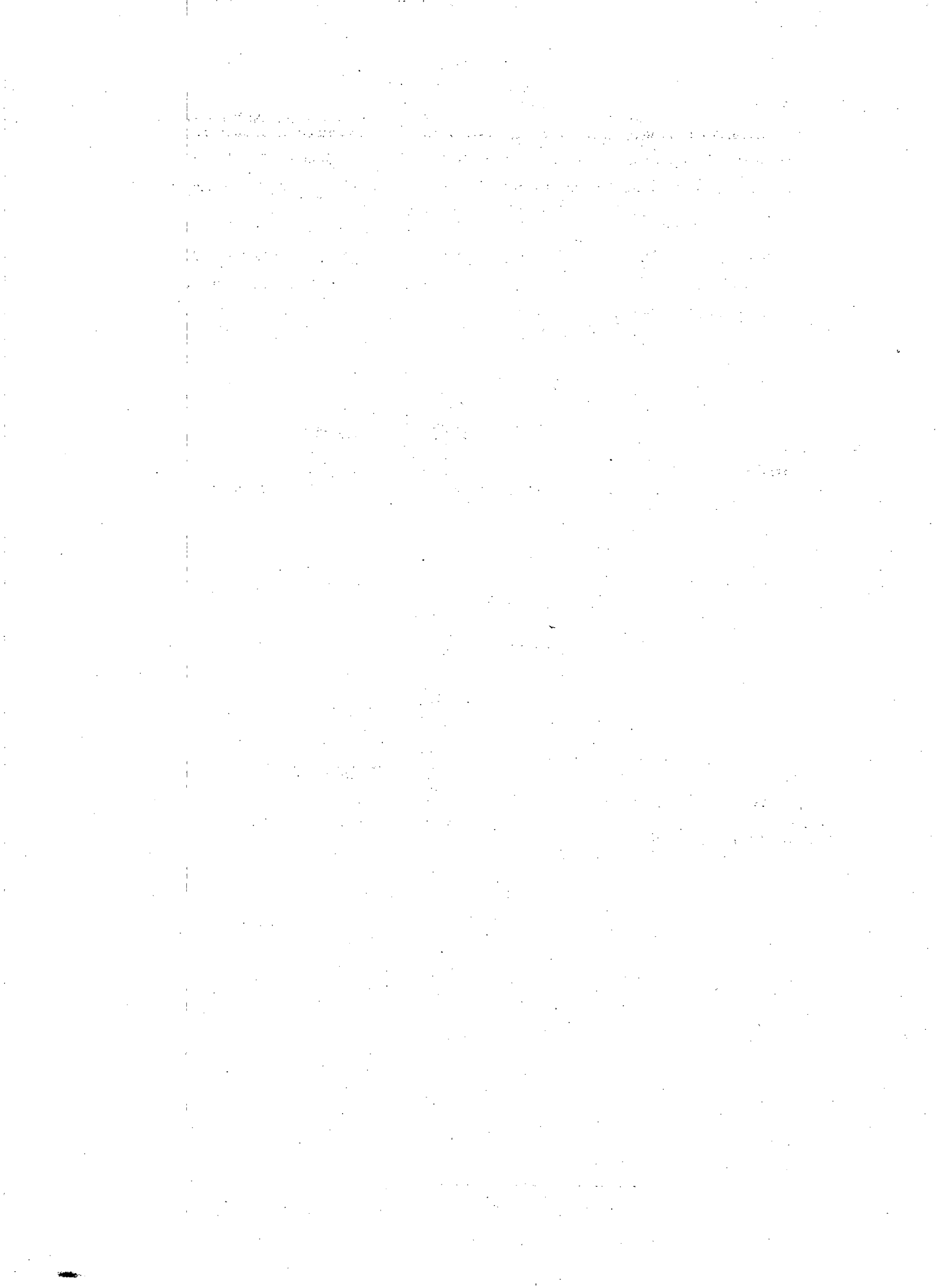
Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount involved (₹ in lakh)	Nature/Characteristics of the Cases	Number of Cases	Amount involved (in ₹ lakh)
0 - 5	17	392.79	Theft	02	4.13
5 - 10	---	---			
10 - 15	---	---	Misappropriation/Loss of material	15	388.66
15 - 20	---	---			
20 - 25	---	---	Total	17	392.79
25 & above	---	---	Cases of Loss Written off during the Year	--	--
Total	17	392.79	Total Pending cases	17	392.79

Of these four cases of theft, misappropriation/ loss amounting to ₹ 50.55 lakh were pending for final action by the department of 'Education' whereas six cases involving substantial amount of ₹ 301.49 lakh were awaiting finalization by the department of Social Welfare, Animal Husbandry and Forest.

Thus, an effective mechanism needs to be put in place to ensure speedy settlement of cases relating to misappropriation, loss and theft and in order to avoid recurrence of such cases in future.

3.4 Bookings under Minor Head 800-'Other Receipts' and 'Other Expenditure'

During 2011-12, ₹ 3,438.94 crore under 50 Major Heads of account (representing functions of the Government) was classified under the Minor Head 'Other Expenditure' in the revenue account constituting 26.50 *per cent* of the total revenue expenditure recorded under the respective Major Heads. Similarly, a total sum of ₹ 1,266.23 crore under 37 Major Heads of account (representing functions of the Government) was classified under the Minor Head 'Other Receipts' in the accounts constituting 9.25 *per cent* of the total receipts recorded under the respective Major Heads. In five Major Heads of accounts, substantial amount of expenditure was



APPENDICES

Appendix-1

(Reference: Profile of Uttarakhand; Page 1)

A. General Data:

S.No.	Particulars	Figures
1	Area	53,483 Sq. km.
2.	Population	
	a. As per 2001 Census	84.89 lakh
	b. As per 2011 Census	101.17 lakh
3	a. Density of Population (as per 2001 Census) (All India Density = 325 persons per Sq. Km.)	159 person per Sq. km.
	b. Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq. Km.)	189 person per Sq. km.
4	*Population Below Poverty Line (BPL) (All India Average = 27.5 per cent)	39.60 per cent
5	a. Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	71.60 per cent
	b. Literacy (as per 2011 Census) (All India Average = 74.0 per cent)	79.63 per cent
6	Infant mortality** (per 1000 live births) (All India Average = 47 per 1000 live births)	38
7	Life Expectancy at at Birth***. (All India Average =63.5)	63.50
8	Gini Coefficient****	
	a. Rural (All India = 0.30)	0.28
	b. Urban (All India = 0.37)	0.32
9	Gross State Domestic Product (GSDP) 2011-12 at current prices	95,201
10	Per capita GSDP CAGR (2002-03 to 2011-12)	17.57 per cent
11	GSDP CAGR (2002-03 to 2011-12)	19.41 per cent
12	Population Growth (2002-03 to 2011-12)	16.03

B: Financial Data

CAGR (2002-03 to 2011-12)			
Particulars		Figures (in per cent)	
CAGR		2002-03 to 2010-11	2002-03 to 2011-12
A	Of Revenue Receipts	17.40	17.46
B	Of Tax Revenue	20.11	20.91
C	Of Non-Tax Revenue	7.68	13.11
D	Total Expenditure	16.07	15.92
E	Capital Expenditure	23.67	23.81
F	Revenue Expenditure in General Education	16.35	15.51
G	Revenue Expenditure on Health & Family Welfare	18.52	17.95
H	Salary	20.87	19.74
I	Pension	30.59	26.63

* Source of General data: BPL (Planning Commission and NSSO data, 61 Round).

**Infant Mortality rate (SRS Bulletin December 2011), Financial data is based on Finance Accounts of the States Government.

***Life expectancy of birth (Office of the Registrar General of India; Ministry of Home Affairs), Economic Review 2010-11.

****Gini-coefficient (Unofficial estimates of Planning Commission and NSSO data, 61 Round 2004-05 MRP).

Gini-coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closure to one inequality is higher.

Appendix - 1.1

(Reference: paragraph 1.2.1; page 5)

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 entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

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

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

Appendix 1.1-contd.

PART B: Layout of Finance Accounts	
Statement	Layout
Volume 1	
Statement No.1	Statement of Financial Position.
Statement No.2	Statement of Receipts and Disbursement.
Statement No.3	Statement of Receipts in Consolidated Fund.
Statement No.4	Statement of Expenditure in Consolidated Fund. By Function and Nature Notes to Accounts.
Appendix 1	Cash balance and investment of cash balance
Volume 2	
PART-I	
Statement No. 5	Statement of Progressive Capital Expenditure.
Statement No.6	Statement of Borrowings and other Liabilities.
Statement No.7	Statement of Loans & Advances given by the Government.
Statement No.8	Statement of Grants-in-Aid given by the Government.
Statement No.9	Statement of Guarantees given by the Government.
Statement No.10	Statement of Voted & Charged Expenditure.
PART-II	
Statement No.11	Detailed Statement of Revenue & Capital Receipts by Minor Heads.
Statement No.12	Detailed Statement of Revenue Expenditure by Minor Heads.
Statement No.13	Detailed Statement of Capital Expenditure by Minor Heads.
Statement No.14	Detailed Statement of Investments of the Government.
Statement No.15	Detailed Statement of Borrowings & other Liabilities.
Statement No.16	Detailed Statement on Loans & Advances given by the Government.
Statement No.17	Detailed Statement on Sources & Applications of Fund for Expenditure other than Revenue Account.
Statement No.18	Detailed Statement in Contingency Fund & other Public Account Transactions. .
Statement No.19	Detailed Statement on Investments of Earmarked Funds.

Audit Report on State Finances for the year ended 31 March 2012

PART-III	
Appendices	
II	Comparative Expenditure on Salary
III	Comparative Expenditure on Subsidy
IV	Grants-in-aid (Scheme wise and Institution wise)
V	Externally Aided Projects
VI	Plan Scheme Expenditure (Central and State Plan Schemes)
VII	Direct transfer of central scheme funds to implementing agencies in the State
VIII	Summary for Balances
IX	Financial results of Irrigation Schemes
X	Incomplete Works
XI	Maintenance expenditure with segregation of salary and non salary portion

Appendix - 1.2

Part A

(Reference: Paragraph 1.5.1; page 19)

Methodology adopted for the Assessment of Fiscal Position

The norms/Ceilings prescribed by the Thirteenth Finance Commission (*Th FC*) for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product (GSDP) is the 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 GSDP at current prices. The buoyancy coefficients for relevant fiscal variables 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 trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2007-08	2008-09	2009-10*	2010-11*	2011-12*
Gross State Domestic Product (₹ in crore)	45856	56025	70851	82460	95201
Growth rate of GSDP	24.62	22.18	26.46	16.39	15.45
Source: Director Economics and Statistics Uttarakhand					

* Provisional * Quick * Advance

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments the following methodology given in Thirteenth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio derive the aggregate expenditure so that no State is having a ratio AEGSDP less than the national average *i.e.* if

$$\begin{aligned} \text{AE/GSDP} &= x \\ \text{AE} &= x * \text{GSDP} \dots\dots\dots(1) \end{aligned}$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average no adjustments were made. Wherever this ratio was less than average it was made equal to the national average.

Step 3: Based on the national average of DE-AE SSE-AE and COAE derive the respective DE SSE and CO so that no State is having these ratios less than national average *i.e.* if

$$\begin{aligned} \text{DE/AE} &= y \\ \text{DE} &= y * \text{AE} \dots\dots\dots(2) \end{aligned}$$

where y is the national average of DE-AE ratio
Substituting (1) in (2) we get

$$DE = y * x * GSDP \dots\dots\dots(3)$$

Wherever the States are having DE-AE SSE-AE and CO-AE ratio higher than national average no adjustments have been made. Wherever these ratios were less than average it was made equal to the national average.

Step 4: Based on the derived DE SSE and CO as per equation (3) respective per capita expenditure was calculated *i.e.*

$$PCDE = DE/P \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4) we get

$$PDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

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)	[(Current year Amount /Previous year Amount)-1]* 100
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + 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	Interest Received [(Opening balance + 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**

(Reference: Paragraph Profile of Uttarakhand; page 1)

Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005

(Partially modified in March, 2011 in accordance with the recommendations of Thirteenth Finance Commission)

To provide for the responsibility of the State Government to ensure fiscal stability and sustainability and to enhance the scope for improving social and physical infrastructure and human development by achieving sufficient revenue surplus reducing fiscal deficit and removing impediments to the effective conduct to fiscal policy and prudent debt management through limits on State Government borrowings Government guarantees debt and deficits greater transparency in fiscal operations of the State Government and use of a medium term fiscal framework and for matters connected therewith or incidental thereto.

In particular the State Government shall--

- (a) reduce revenue deficit to nil within a period of four financial years beginning from the 1st day of April 2011 and ending on the 31st day of March 2015;
- (b) keep fiscal deficit to 3.5 *per cent* of Gross State Domestic Product in 2011-12 and 2012-13 and then to 3 *per cent* in 2013-14 and 2014-15 as has been recommended by Thirteenth Finance Commission.
- (c) ensure that in ensuing four years period beginning from 1st April 2011 upto March 2015 the ratio of fiscal liabilities vis-à-vis GSDP shall not be more than 41.10 *per cent*, 40.00 *per cent*, 38.50 *per cent* and 37.20 *per cent* respectively;
- (d) reduce fiscal deficit as percentage of Gross State Domestic product in each of the financial years referred to in clause (a) in a manner consistent with the goal set out in clause (c);
- (e) Review the targets set forth by the state government above once in six months.
- (f) not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of the coming into force of this Act or any rule or law to be made by the State Government subsequent to coming into force of this Act; and
- (g) ensure within a period of ten financial years; beginning from the initial financial year on the 1st day of April 2005 and ending on the 31st day of March 2015 that the total liabilities at the end of the last financial year do not exceed twenty five *per cent* of the estimated gross State domestic product for that year.

**Outcome indicators of the State's Own Fiscal Correction Path through
Mid Term Fiscal Policy**

(₹ in crore)

	2009-10	2010-11	2011-12 (Budgeted)	2011-12 (Revised)	2012-13	2013-14	2014-15
A. STATE REVENUE ACCOUNT :							
1. Own Tax Revenue	3,559.11	4,405.48	4759.74	5581.64	5,980.26	6,937.10	8047.04
2. Own Non-Tax Revenue	631.86	678.06	1647.11	1043.95	1208.17	1,314.82	826.01
3. Own Tax +Non-Tax Revenue (1+2)	4,190.97	5,083.54	6406.85	6625.59	7188.43	8,251.93	8873.05
4. Share in Central Taxes and Duties	1,549.94	2,460.07	2955.31	2839.17	3388.45	3,795.06	4250.47
5. Plan-Grants	2,595.96	2,629.36	4567.49	4389.10	4831.67	5,314.84	5846.32
6. Non-Plan Grants	1,149.26	1,435.20	705.34	689.03	750.40	435.00	485.00
7. Total Central Transfer (4 to 6)	5,295.16	6,524.63	8228.14	7917.30	8970.52	9,544.90	10581.79
8. Total Revenue Receipts (3+7)	9,486.13	11,608.17	14634.99	14542.89	16,158.95	17,796.83	19454.84
9. Plan Expenditure	3,810.16	4,367.29	6564.29	5819.39	7,048.96	7,753.86	8529.24
10. Non-Plan Expenditure	10,386.79	10,348.56	12802.62	13153.43	14,882.81	16,371.09	18008.20
11. Salary Expenditure	4,811.21	4,966.14	5670.25	5410.23	6,513.18	7,164.50	7880.95
12. Pension	1,304.65	1,141.72	1414.95	1414.95	1,439.80	1,612.58	1806.09
13. Interest Payments	1,510.91	1,479.58	1812.03	1797.02	2,025.00	2,322.00	2653.82
14. Subsidies-General							
15. Subsidies-Power							
16. Total Revenue Expenditure (9+10)	10,657.47	11,621.08	14325.70	14321.53	15,717.11	17,288.82	19017.70
17. Salary+Interest+ Pensions (11+12+13)	7,626.77	7587.44	8897.23	8622.20	9977.98	11099.08	12340.85
18. as per cent of Revenue Receipt (17/8)	80.40	65.36	60.79	59.29	61.75	62.37	63.43
19. Revenue surplus/deficit (8-16)	-1171.34	- 12.91	309.29	221.36	441.84	508.01	437.14
B. CONSOLIDATED REVENUE ACCOUNT							
1. Power Sector loss/Profit net of actual subsidy transfer	-	-			-	-	-
2. Increase in debtors during the year in power utility account (increase (-))	-	-			-	-	-
3. Interest payment on Off Budget Borrowings and SPV borrowings made by PSUs/SPUs outside budget	-	-			-	-	-
4. Total (1 to 3)	-	-			-	-	-
Consolidated Revenue Surplus/Deficit	-1171.34	- 12.91	309.29	221.36	441.84	508.01	437.14

C. CONSOLIDATED DEBT:							
1. Outstanding Debt and liability	17,029.45	19806.99	22089.26	21859.24	25028.11	28328.16	32014.97
2. Total Outstanding Guarantee	1,801.60	2042.28	1510.99	1739.45	1739.45	1739.45	1739.45
a) Guarantee of Budgeted & SPV borrowings							
D. Capital Account							
1. Capital Outlay	2136.74	1854.85	3094.58	2524.49	3653.18	3836.15	4143.05
2. Disbursement of Loans and Advances	30.06	59.68	307.91	517.87	264.05	90.00	99.00
3. Recovery of Loans and Advances	554.83	84.87	474.96	474.96	118.10	118.10	118.10
4. Other capital receipts	1,613.11	2382.29	2431.00	2361.18	3966.00	3300.05	3686.81
E. GROSS FISCAL DEFICIT (GFD) :							
GSDP (₹ in crore) at Current Prices	63,352.18	75475.73	87349.99	87349.99	98356.09	110749.00	124703.30
F. FISCAL DEFICIT :							
Actual/Assumed Nominal Growth Rate (<i>per cent</i>)	19.27	13.67	15.73	15.73	12.60	12.60	12.60

Appendix 1.3

(Reference: Paragraphs 1.3, 1.7.2 and 1.8; pages 8,25 & 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	7,891	8,635	9,486	11,608	13,691
(i) Tax Revenue	2,739(35)	3,045(35)	3,559(38)	4,405(38)	5,616(41)
Taxes on Agricultural Income	-	--	--
Taxes on Sales, Trade etc.	1,628(59)	1,911(63)	2,247(63)	2,940(67)	3,644(65)
State Excise	442(16)	528(17)	705(20)	756(17)	844(15)
Taxes on Vehicles	155(6)	167(5)	184(5)	227(5)	335(6)
Stamps and Registration fees	424 (15)	357(12)	399(11)	440(10)	524(9)
Land Revenue	23(1)	18(1)	9(0.25)	18(0.41)	10(--)
Taxes on Goods and Passengers		6(-)	-	-	-
Other Taxes		58(2)	15(0.42)	24(0.54)	259(5)
(ii) Non Tax Revenue	668(8)	699(8)	632 (7)	678(6)	1,136(8)
(iii) State's share of Union taxes and duties	1,428(18)	1,507(18)	1,550(16)	2,460(21)	2,866(21)
(iv) Grants in aid from Government of India	3,056(38)	3,384(39)	3,745(39)	4,065(35)	4,073(30)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	68	54	65	85	91
4. Total Revenue and Non debt capital receipts (1+2+3)	7,959	8,689	9,551	11,693	13,782
5. Public Debt Receipts	1,398	1,544	1,682	2,427	2,336
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,210(87)	1,399(91)	1,582(94)	2,384(98)	2,289(98)
Net transactions under Ways and Means Advances and Overdrafts	172(12)	127(8)	69(4)	-	--
Loans and Advances from Government of India	16(1)	18(1)	319(2)	43(2)	47(2)
6. Total Receipts in the Consolidated Fund (4+5)	9,357	10,233	11,233	14,120	16,118
7. Contingency Fund Receipts	27	2	37	582	126
8. Public Account Receipts	12,412	13,658	14,226	18,829	19,668
9. Total Receipts of the State (6+7+8)	21,769	23,891	25,459	33,531	35,912
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	7,255	8,394	10,657	11,621	12,975
Plan	1,834(25)	2,174(26)	2,299(22)	2,472(21)	2,321(18)
Non Plan	5,421(75)	6,220(74)	8,358(78)	9,149(79)	10,654(82)
General Services (including interest payments)	2,655(37)	3,104(37)	3,694(35)	4,180(36)	4,475(35)
Social Services	2,829(39)	3,392(41)	4,980(47)	5,169(44)	6,019(46)
Economic Services	1,461(20)	1,623(19)	1,658(16)	1,864(16)	2,102(16)
Grants-in-aid and contributions	310(4)	275(3)	325(3)	408(4)	379(3)
11. Capital Expenditure	2235	2016	1647	1,855	2,317
Plan	2,157(97)	1,902(94)	995(60)	1,859(100)	2,071(89)
Non Plan	78(3)	114(6)	651(40)	(-) 4	246(11)

General Services	201(9)	174(9)	109(7)	105(5)	77(3)
Social Services	418(19)	281(14)	109(7)	235(13)	369(16)
Economic Services	1,616(72)	1,561(77)	1,429(87)	1,515(82)	1,871(81)
12. Disbursement of Loans and Advances	213	122	30	60	247
13. Total (10+11+12)	9,703	10,532	12,334	13,536	15,539
14. Repayments of Public Debt	273	355	473	519	1,016
Internal Debt (excluding Ways and Means Advances and Overdrafts)	240(88)	318	437	448	667
Net transactions under Ways and Means Advances and Overdraft	--	--	--	45	323
Loans and Advances from Govt. of India	33(12)	37	36	26	26
15. Appropriation to Contingency Fund	--		-	515	(-) 400
16. Total disbursement out of Consolidated Fund (13+14+15)	9,976	10,887	12,807	14,570	16,155
17. Contingency Fund disbursements	1	32	71	537	69
18. Public Account disbursements	11,864	13,477	12,322	17,733	19,832
19. Total disbursement by the State (16+17+18)	21,841	24,396	25,200	32,840	36,056
Part C. Deficits/Surplus					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(+) 636	(+) 241	(-) 1,171	(-) 13	(+) 716
21. Fiscal Deficit (4-13)	1,744	1,843	2,783	1,843	1,757
22. Primary Deficit (21+23)	(-) 648	(-) 655	(-) 1,445	(-) 363	(+) 12
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1,096	1,188	1,338	1,480	1,769
24. Financial Assistance to local bodies etc.	310	275	324	408	379
25. Ways and Means Advances/Overdraft availed (days)	52	83	107/09	93	73
26. Interest on Ways and Means Advances/Overdraft	0.66	3	2	1	0.88
27. Gross State Domestic Product (GSDP)[®]	45,856	56,025	70,851	82,460	95,201
28. Outstanding Fiscal liabilities (year end)	14,392	16,276	18,748	21,598	23,609
29. Outstanding guarantees (year end) (including interest)	1,677	1,802	1,511	1,511	1,739
30. Maximum amount guaranteed (year end)	1,738	1,677	1,386	2,122	2,722
31. Number of incomplete projects (in numbers)	367	382	140	89	63
32. Capital blocked in incomplete projects	487	539	2,081	63	121.80
Part E. Fiscal Health Indicators (in ratios)					
I Resource Mobilization			0.05		
Own Tax revenue/GSDP	0.06	0.05	0.01	0.05	0.06
Own Non-Tax Revenue/GSDP	0.01	0.01	0.07	0.01	0.01
Central Transfers/GSDP	0.10	0.09		0.08	0.07
II Expenditure Management					
Total Expenditure/GSDP	0.21	0.19	0.17	0.16	0.16
Total Expenditure/Revenue Receipts	1.23	1.22	1.30	1.17	1.13
Revenue Expenditure/Total Expenditure	0.75	0.80	0.86	0.86	0.83

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Expenditure on Social Services/Total Expenditure	0.33	0.35	0.41	0.40	0.41
Expenditure on Economic Services/Total Expenditure	0.32	0.30	0.25	0.25	0.26
Capital Expenditure/Total Expenditure	0.23	0.19	0.13	0.14	0.15
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.21	0.17	0.12	0.13	0.14
<i>III Management of Fiscal Imbalances</i>					
Revenue deficit (surplus)/GSDP	(+)0.014	(+)0.004	(-) 0.017	*	(+)0.008
Fiscal deficit/GSDP	0.038	0.033	0.039	0.022	0.018
Primary Deficit (surplus) /GSDP	0.014	0.012	0.020	0.004	*
Revenue Deficit/Fiscal Deficit	(+)0.365	(+)0.131	(-)0.420	(-)0.007	(+)0.408
Primary Revenue Balance/GSDP	(-)0.010	(-)0.016	(-)0.036	(-)0.018	(-)0.011
<i>IV Management of Fiscal Liabilities</i>					
Fiscal Liabilities/GSDP	0.314	0.291	0.265	0.262	0.248
Fiscal Liabilities/RR	1.82	1.88	1.98	1.86	1.72
Primary deficit vis-à-vis quantum spread	(+) 1745	(+) 1694	(+)2083	(+)1592	(+)1811
Debt Redemption (Principal +Interest)/ Total Debt Receipts	0.94	0.95	0.95	0.83	0.94
<i>V Other Fiscal Health Indicators</i>					
Return on Investment	0.53	0.23	0.07	0.21	0.05
Balance from Current Revenue (₹ in crore)	(+) 842	(+) 357	(-) 1,384	(-) 46	(-)250
Financial Assets/Liabilities	0.71	0.76	0.82	0.77	0.82

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

@ GSDP figures communicated by the Government adopted.

* Not computable

Appendix 1.4

(Reference: Paragraphs 1.1, 1.7.1 and 1.7.2; pages 1&25)

Part A

Abstract of Receipts and Disbursements for the year 2011-12

(₹ in crore)					(₹ in crore)					
Receipts					Disbursements					
Various items	2010-11		2011-12		Various items	2010-11	2011-12			
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Section – A Revenue										
I-Revenue Receipts		11,608.16		1,3691.24	I-Revenue Expenditure	11,621.07				12,975.19
(i) Tax revenue	4,405.47		5,615.62		General Services	4180.15	4471.39	3.72	4,475.11	
(ii) Non-tax revenue	678.06		1,136.13		Social Services	5169.49	4368.07	1651.58	6,019.65	
(iii) State's share of Union Taxes and Duties	2,460.07		2,866.04		Education Sports Art and Culture	3177.17	2,987.28	4,75.58	3,462.86	
(iv) Non-Plan Grants	1,435.20		762.09		Health and Family Welfare	615.11	436.27	261.78	698.05	
(v) Grants for State Plan Schemes	2,252.56		2,839.85		Water Supply Sanitation Housing and Urban Development	511.70	82.69	352.66	435.35	
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	376.80		471.51		Information and Broadcasting	37.40	35.12	1.25	36.37	
					Welfare of Scheduled Castes Scheduled Tribes and Other backward Classes	166.68	65.91	111.46	177.37	
	--				Labour and Labour Welfare	55.75	39.58	14.42	54.00	
					Social Welfare and Nutrition	576.25	707.57	428.79	1,136.36	
					Others	29.43	13.65	5.64	19.29	
					Economic Services	1863.75	1435.85	665.78	2,101.63	
					Agriculture and Allied Activities	889.90	793.59	397.99	1,191.58	
					Rural Development	455.06	149.31	185.98	335.29	
					Special Area Programme		-	-	-	
					Irrigation and Flood Control	292.28	284.48	4.37	288.85	
					Energy	11.39	2.92	7.06	9.98	
					Industry and Minerals	41.85	25.38	17.48	42.86	
					Transport	119.80	166.69	8.61	175.30	
					Science Technology and Environment	10.15	0.60	13.02	13.62	
					General Economic Services	43.32	12.88	31.27	44.15	
					Grants-in-aid and Contributions	407.68	378.80	-	378.80	
Total				13,691.24	Total	11,621.07				12,975.19
II-Revenue Deficit carried over to Section-B		12.91		--	II-Revenue Surplus carried over to Section-B	-				716.05
Total		11,621.07		13,691.24	Total	11621.07				13,691.24

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Various items	2010-11		2011-12		Various items	2010-11	2011-12			
	2.	3.	4.	5.			Non-Plan	Plan	Total	
I.					6.	7.	8.	9.	10.	11.
III-Opening cash balance including Permanent Advances and Cash Balance Investment		538.91		1,229.40	III- Opening overdraft from Reserve Bank of India					
IV- Misc. Capital Receipts			-	-	IV- Capital Outlay	1854.84	245.94	2071.00	2,316.94	2,316.94
					General Services	104.71	7.11	70.36	77.47	
					Social Services	235.24	-	368.58	368.58	
					Education Sports Art and Culture	121.37	-	131.47	131.47	
					Health and Family Welfare	72.82	-	93.66	93.66	
					Water Supply Sanitation Housing and Urban Development	27.25	-	119.62	119.62	
					Information and Broadcasting	-	-	-	-	
					Welfare of Scheduled Castes Scheduled Tribes and Other Backward Classes	8.37	-	11.93	11.93	
					Social Welfare and Nutrition	5.44	-	4.16	4.16	
					Others	-	-	7.74	7.74	
					Economics Services	1514.89	238.83	1632.06	1,870.89	
					Agriculture and Allied Activities	19.47	238.80	20.84	259.64	
					Rural Development	91.82	-	226.03	226.03	
					Special Areas Programmes	-	-	-	-	
					Irrigation and Flood Control	346.84	0.08	455.74	455.82	
					Energy	56.71	-	41.78	41.78	
					Industry and Minerals	3.15	-	0.62	0.62	
					Transport	939.38	-0.05	857.35	857.30	
					General Economic Services	57.52	-	29.70	29.70	
					Total	1854.84	245.94	2,071.00	2,316.94	2,316.94
V-Recoveries of Loans and Advances		84.87		90.65	V- Loans and Advances disbursed	59.68				246.83
From Power Projects	76.53		84.75		For Power Projects	58.27	12.07	117.02	129.09	
From Government Servants	6.53		5.36		To Government Servants	1.05	1.17	-	1.17	
From Others	1.81		0.54		To others	0.36	0.55	116.02	116.57	
VI-Revenue surplus brought down	-		-	716.05	VI-Revenue deficit brought down	12.91				-
VII-Public Debt Receipts		2427.18		2,335.52	VII-Repayment of Public Debt	519.36				1,015.78

Various items	2010-11		2011-12		Various items	2010-11	2011-12			
	2.	3.	4.	5.		7.	Non-Plan	Plan	Total	11.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Internal Debt other than Ways and Means Advances and Overdraft	2384.24		2289.12		Internal debt other than Ways and Means Advances and Overdraft	447.86			666.62	
Net transactions under Ways and Means Advances including Overdraft	-		-		Net transactions under Ways and Means Advances and Overdraft	44.89			322.90	
Loans and Advances from the Central Government	42.94		46.40		Repayment of Loans and Advances to Central Government	26.61			26.26	
VIII-Appropriation to Contingent Fund	-				VIII-Appropriation to Contingency Fund	515.00				(-)400.00
IX- Amount transferred to Contingent Fund		5.81.62		126.13	IX- Expenditure from Contingency Fund	536.71				69.07
X- Public Account Receipts		18,703.51		19,668.05	X- Public Account disbursements	17608.20				19,832.00
Small Savings and Provident Funds	1,372.66		1,272.45		Small Savings and Provident Funds	502.93			646.40	
Reserve Funds	153.10		648.94		Reserve Funds	1.32			592.74	
Deposits and Advances	2,463.70		2,330.92		Deposits and Advances	2,418.11			2,298.02	
Suspense and Miscellaneous	11,460.15		12,366.08		Suspense and Miscellaneous	11,129.03			12,779.05	
Remittances	3,253.90		3,049.66		Remittances	3,556.81			3,515.79	
XI- Closing overdraft from Reserve Bank of India					XI-Cash Balance at end	1229.40				1,085.18
					Cash in Treasuries and Local Remittances	(-) 5.45			(-) 5.38	
					Departmental Cash Balance including Permanent Advances	(-)3.02			(-) 3.02	
					Deposits with Reserve Bank	334.25			116.01	
					Cash Balance investment and investment of earmarked funds	903.62			977.57	
Total	22,336.09		24,165.80		Total	22,336.09				24,165.80

Appendix-1.4 (Continued)

Part B

(Reference: Paragraphs 1.1, 1.7.1 and 1.7.2; pages 1&25)

Summarized financial position of the Government of Uttarakhand as on 31 March 2012

(₹ in crore)

As on 31.03.2011	Liabilities	As on 31.03.2012
15,548.50	Internal Debt -	16,848.09
7,234.92	Market Loans bearing interest	83,94.18
0.13	Market Loans not bearing interest	0.14
1.50	Loans from Life Insurance Corporation of India	1.50
7,958.35	Loans from other Institutions	8421.58
353.60	Ways and Means Advances	30.69
-	Overdrafts from Reserve Bank of India	-
435.32	Loans and Advances from Central Government -	455.46
0.53	Pre 1984-85 Loans	0.53
9.25	Non-Plan Loans	7.95
397.45	Loans for State Plan Schemes	420.82
0.04	Loans for Central Plan Schemes	0.04
28.05	Loans for Centrally Sponsored Plan Schemes	26.12
45.65	Contingency Fund	102.70
3,823.17	Small Savings Provident Funds etc.	4,449.22
1,619.79	Deposits	1,652.70
1,075.26	Reserve Funds	1,131.46
-	Remittance Balances	-
22,547.69	Total	24,639.63

Appendix-1.4 Part B (Continued)

As on 31.03.2011	Assets	As on 31.03.2012
13,522.94	Gross Capital Outlay on Fixed Assets -	15,839.88
1,295.97	Investments in shares of Companies Corporations etc.	1,338.47
12,226.97	Other Capital Outlay	14,501.41
717.90	Loans and Advances	874.08
370.33	Loans for Power Projects	414.67
346.50	Other Development Loans	462.38
1.07	Loans to Government servants and Miscellaneous loans	(-) 2.97
515.00	Appropriation to Contingency Fund	115.00
874.34	Remittance	1,340.47
425.38	Suspense and Miscellaneous Balances	838.34
1229.41	Cash -	1,085.19
(-) 5.45	Cash in Treasuries and Local Remittances	(-)5.38
334.25	Deposits with Reserve Bank	116.01
(-) 2.15	Departmental Cash Balance	(-) 2.15
(-)0.86	Permanent Advances	(-)0.86
903.62	Cash Balance Investments	977.57
5,262.72	Deficit on Government Account -	4,546.67
12.91	(i) Deduct Revenue Surplus of the current year	716.05
-	(ii) Miscellaneous Deficit	-
5,249.81	Accumulated deficit at the beginning of the year	5,262.72
22,547.69	Total	24,639.63

Explanatory Notes for Appendices 1.3 and 1.4

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis the deficit on Government account as shown in **Appendix 1.4** indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid payments made on behalf of the State and other pending settlements etc. There was a difference of ₹ 7.79 crore (Debit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank". The difference is under reconciliation.

Appendix-1.5

(Reference: Paragraph 1.2.2; page 7)

Statement showing the funds transferred to the state implementing Agencies under Programmes/Schemes outside the State budget during 2011-12

(₹ in crore)

Sl. No.	Programmes/Scheme	Implementing Agencies in the State	Amount
	Scheme for Funding to National Institute SJE	National Institute of Visually Handicapped	8.16
	Aajeevika	DRDA & PMU	22.12
	Adult Education and Skill Development Scheme	State Literacy Mission	28.47
	Autonomous Institutes and Professional Bodies	Wadia Institute of Himalayan Geology	46.96
	Central Rural Sanitation Programme	PMU Swajal Project	8.05
	DRDA Administration	DRDA	10.98
	Equity Infusion in THDC India Limited	THDC Ltd.	45.00
	Grants in aid to F and WL Institutions	FRI and WII	116.07
	Grid Interactive Renewable Power MNRE	UJVNL, UREDA	6.26
	Hospitals and Dispensary (under NRHM)	Uttarakhand Health and Family Welfare Society	5.81
	Hydrology Project	National Institute of Hydrology	8.66
	IITs DHE (including OSC)	Indian Institute of Technology	120.00
	Integrated Watershed Management Programme (IWMP)	DRDA & Watershed PMU	15.97
	Mahatma Gandhi National Rural Employment Guarantee Scheme	DRDA	373.51
	Mahila Samakhya	Mahila Samakhya	4.34
	MPs Local Area Development Scheme	DM	28.00
	National Aids Control Programme III	Uttarakhand Aids Control Society	11.31
	National Project for Cattle and Buffalo	Uttarakhand Live Stock Board	5.41
	National Rural Drinking Water Programme	SWSM Uttarakhand	75.57
	Off Grid	UREDA, Silicon Chemical India	9.98
	National Rural Health Mission (NRHM)	Uttarakhand Health and Family Welfare Society	131.18
	Package for Special Category States (Other than NE)	SIDCUL	75.51
	Project/Infrastructure Development for Destination and Circuits	Uttarakhand Tourism Development Board	75.53
	Provision for Urban Amenities	DRDA	6.92
	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Uttarakhand Sab Ke Liye Madhyamik Shiksha Parishad	34.07
	Research and Development for Conservation and Development	HNB Garhwal University	11.46
	Research and Development Support SERC	Institute of Himalayan, Environment & Development Agency	5.61
	Research and Development Water Resources	National Institute of Hydrology (NIH)	8.57
	Rural Housing (IAY)	DRDA	58.29
	Sarva Shiksha Abhiyan (SSA)	Uttarakhand Sab Ke Liye Madhyamik Shiksha Parishad	208.92
	Scheme for Development FPI	I I E Dehradun	5.53
	Setting up of new IIMs	IIM, Kashipur	7.90
	Up gradation of 1396 Government ITIs through PPP	IMC Society of ITIs	35.00
	Strengthening of Pharamacopeial Laboratories	IMPC, Ltd.	24.00
	Others	Various implementing agencies	400.99
Total			2040.11

Appendix-1.6

(Reference: Paragraph 1.6.3; page 23)

Summarized Financial Statement of Departmentally Managed Commercial/Quasi-commercial Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of accounts	Mean Govt. capital	Block assets at depreciated cost	Depreciation provided during the Year	Turnover	Net profit/ Loss	Interest on Capital	Total return (8+9)	Percentage of Return on capital
1	2	3	4	5	6	7	8	9	10	11
1	Irrigation Workshop Division, Roorkee	2009-10	188.81	90.43	6.61	608.22	(-)0.79	27.76	26.97	31.62
2(a)	Regional Food Controller, Haldwani	2002-03	-	58.25	6.64	7,112.3	(-)3,164.61	-	(-)3,164.61	-
2(b)	Regional Food Controller, Dehradun	2002-03	-	9.97	1.00	8,357.23	(-)1,350.21	-	(-)1,350.21	-

Appendix-2.1

(Reference: paragraph 2.3.1; page 36)

Statement of various grants/appropriation where saving/ shortfall in the utilization of funds was more than ₹ 1 crore or more than 20 per cent of the total provision

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Revenue –Voted			
1.	01	Legislature	17.29	1.67	9.66
2.	03	Council of Ministers	62.76	1.31	2.09
3.	04	Judicial Administration	104.45	28.05	26.85
4.	05	Election	33.22	4.71	14.18
5.	06	Revenue & General Administration	887.26	43.94	4.95
6.	07	Finance Tax Planning Secretariat& Miscellaneous Services	2299.68	580.10	25.23
7.	08	Excise	10.00	2.23	22.30
8.	10	Police & Jail	711.00	50.52	7.11
9.	11	Education Sports Youth Welfare & Culture	3650.33	283.38	7.76
10.	12	Medical Health & Family Welfare	820.11	153.99	18.78
11.	13	Water Supply Housing & Urban Development	649.01	235.77	36.33
12.	14	Information	38.28	2.11	5.51
13.	15	Welfare	647.07	197.45	30.51
14.	16	Labour & Employment	71.43	12.39	17.35
15.	17	Agriculture Works & Research	464.41	44.73	9.63
16.	18	Co-operative	42.31	10.30	24.34
17.	19	Rural Development	387.85	92.71	23.90
18.	20	Irrigation & Flood	323.70	25.02	7.73
19.	21	Energy	14.03	6.38	45.47
20.	22	Public Works	437.53	35.43	8.10
21.	23	Industries	78.77	14.47	18.37
22.	24	Transport	20.64	1.37	6.64
23.	25	Food	327.72	123.52	37.69
24.	26	Tourism	58.78	30.66	52.16
25.	27	Forest	322.55	19.81	6.14
26.	28	Animal Husbandry	106.83	4.48	4.19
27.	29	Horticulture Development	113.88	14.94	13.12
28.	30	Welfare of Scheduled Castes	571.83	193.63	33.86
29.	31	Welfare of Scheduled Tribes	143.80	45.36	31.54
Total			13416.52	2260.43	16.85

		Revenue – Charged			
1.	04	Judicial Administration	30.59	13.87	45.34
2.	06	Revenue & General Administration	1.72	0.38	22.09
3.	07	Finance Tax Planning Secretariat & Miscellaneous Services	2013.00	217.95	10.83
4.	09	Public Service Commission	9.99	1.46	14.61
5.	22	Public Works	3.44	1.40	40.70
Total			2058.74	235.06	11.42
		Capital- Voted			
1.	01	Legislature	24.00	22.00	91.67
2.	04	Judicial Administration	39.00	29.40	75.38
3.	06	Revenue & General Administration	52.00	24.60	47.46
4.	07	Finance, Tax Planning, Secretariat & Miscellaneous Services	150.57	72.43	48.10
5.	10	Police & Jail	59.40	44.60	75.08
6.	11	Education, Sports ,Youth Welfare & Culture	287.27	166.32	57.90
7.	12	Medical Health & Family Welfare	128.60	39.00	30.33
8.	13	Water Supply Housing & Urban Development	96.55	15.77	16.33
9.	14	Information	4.00	3.94	98.50
10.	15	Welfare	32.20	22.03	64.42
11.	16	Labour & Employment	16.93	6.46	30.16
12.	18	Co-operative	4.70	2.93	62.34
13.	19	Rural Development	213.88	66.05	30.88
14.	20	Irrigation & Flood	552.73	36.30	6.57
15.	21	Energy	676.03	531.92	78.68
16.	23	Industries	14.11	13.35	94.61
17.	24	Transport	155.42	12.56	8.08
18.	26	Tourism	47.28	19.20	40.61
19.	27	Forest	25.00	8.64	34.56
20.	28	Animal Husbandry	11.04	2.85	25.82
21.	30	Welfare of Scheduled Castes	341.49	176.50	51.59
22.	31	Welfare of Scheduled Tribes	100.37	54.70	54.50
Total			3032.57	1371.55	45.23
Grand Total			18507.83	3867.04	20.89

Appendix-2.2

(Reference: Paragraph 2.3.3; page 38)

Statement of various grants/appropriations where excess expenditure was more than ₹ 1 crore each or more than 20 per cent of the total provision

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Total Expenditure	Excess Expenditure	Percentage of Excess Exp.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Capital (Charged)						
1	07	Finance, Tax Planning, Secretariat & Miscellaneous Services	16,38.73	19,24.05	2,85.32	17.41
Capital (Voted)						
2.	17	Agriculture Works & Research	15.92	34.25	18.33	1,15.14
3.	22	Public Works	8,25.92	8,45.91	19.99	2.42
4.	25	Food	3.67	12,86.93	12,83.26	3,49,66.21
5.	29	Horticulture Development	0	4.51	4.51	100.00
Total			24,84.24	40,95.65	16,11.41	64.86

Appendix-2.3

(Reference: Paragraph 2.3.7; page 40)

Cases where supplementary provision (₹ 10 lakh or more in each case)
proved unnecessary

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary Provision
A-Revenue (Voted)					
1.	04 Judicial Administration	102.38	76.40	25.98	2.07
2.	06 Revenue & General Administration	844.63	843.32	1.31	42.62
3.	07 Finance Tax Planning Secretariat & Miscellaneous Services	2243.70	1719.58	524.12	55.97
4.	08 Excise	9.90	7.77	2.13	0.10
5.	10 Police & Jail	667.28	660.48	6.80	43.72
6.	12 Medical Health & Family Welfare	803.83	666.12	137.71	16.28
7.	13 Water Supply Housing & Urban Development	646.94	413.24	233.70	2.07
8.	15 Welfare	552.63	449.62	103.01	94.44
9.	16 Labour & Employment	68.37	59.04	9.33	3.06
10.	18 Co-operative	35.23	32.01	3.22	7.08
11.	19 Rural Development	323.11	295.14	27.97	64.74
12.	20 Irrigation & Flood	307.71	298.68	9.03	15.98
13.	21 Energy	8.01	7.65	0.36	6.02
14.	22 Public Works	420.43	402.10	18.33	17.10
15.	23 Industries	75.24	64.30	10.94	3.53
16.	24 Transport	19.95	19.27	0.68	0.69
17.	25 Food	327.52	204.20	123.32	0.20
18.	26 Tourism	53.70	28.12	25.58	5.09
19.	29 Horticulture Development	100.30	98.94	1.36	13.58
20.	30 Welfare of Scheduled Castes	534.49	378.20	156.29	37.34
21.	31 Welfare of Scheduled Tribes	127.70	98.44	29.26	16.10
Total Revenue (Voted)		8273.05	6822.62	1450.43	447.78
B- Revenue (Charged)					
1.	06 Revenue and General Administration	1.61	1.34	0.27	0.11
2.	07 Finance Tax Planning Secretariat & Miscellaneous Services	1974.03	1795.04	178.99	38.96
Total Revenue (Charged)		1975.64	1796.38	179.26	39.07

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C- Capital (Voted)					
1.	06 Revenue & General Administration	49.00	27.40	21.60	3.00
2.	07 Finance Tax Planning Secretariat & Miscellaneous Services	117.80	78.14	39.66	32.77
3.	10 Police & Jail	49.00	14.80	34.20	10.40
4.	11 Education Sports Youth Welfare & Culture	271.05	120.95	150.10	16.22
5.	12 Medical Health & Family Welfare	119.66	89.60	30.06	8.94
6.	13 Water Supply Housing & Urban Development	81.50	80.78	0.72	15.05
7.	15 Welfare	25.40	10.17	15.23	6.80
8.	16 Labour & Employment	16.15	10.47	5.68	0.78
9.	21 Energy	448.92	144.11	304.81	227.11
10.	24 Transport	155.26	142.86	12.40	0.16
11.	26 Tourism	46.28	28.08	18.20	1.00
12.	28 Animal Husbandry	10.04	8.19	1.85	1.00
13.	30 Welfare of Scheduled Casts	338.68	164.99	173.69	2.80
14.	31 Welfare of scheduled Tribes	100.01	45.67	54.34	0.36
Total Capital (Voted)		1828.75	966.21	862.54	326.39
Grand Total		12077.44	9585.21	2492.23	813.24

Appendix-2.4

(Reference: Paragraph 2.3.7; page 40)

Statement of various grants/appropriations where supplementary provision proved insufficient by more than ₹ 1 crore each

(₹ in crore)

Sl. No.	Grant Number	Name of the Grant	Original Provision	Supplementary provision	Total	Expenditure	Excess
1.	17	Agriculture Works & Research (Capital - Voted)	0.92	15.00	15.92	34.25	18.33
2.	22	Public Works (Capital - Voted)	803.20	22.72	825.92	845.91	19.99
Total			804.12	37.72	841.84	880.16	38.32

Appendix-2.5

(Reference: Paragraph 2.3.8; page 40)

Excess/Unnecessary/Insufficient re-appropriation of funds resulting in saving (shortfall in the utilization of funds)/ excess of ₹ 10 lakh and above

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	04	Judicial Administration	2014-00-105-03	(+)30.06	(+)17.83
2.			2014-00-800-01	(-)762.57	(-)567.34
3.	06	Revenue and General Administration	2029-00-101-03	(-)170.68	(+)101.14
4.			2029-00-103-03	(-)206.12	(+)126.37
5.	07	Finance, Tax, Planning, Secretariat & Miscellaneous Services	2030-03-001-05	(-)0.02	(-)106.26
6.			2030-01-101-03	(-)0.05	(+)353.94
7.			2030-02-102-03	(-)0.04	(+)953.46
8.	10	Police & Jail	2055-00-104-03	(-)344.24	(+)169.31
9.			2055-00-109-04	(+)2.65	(+)41.02
10.			2055-00-109-03	(+)191.46	(+)620.91
11.	11	Education ,Sports, Youth Welfare & Culture	2202-01-101-04	(-)6010.00	(-)198.81
12.			2202-01-102-07	(+)1100.00	(+)200.44
13.			2202-02-109-03	(+)3079.45	(+)152.56
14.					
15.			2202-02-101-03	(-)52.33	(+)11.36
16.			2202-02-109-05	(-)76.00	(+)52.44
17.			2202-02-109-11	(-)245.50	(+)46.71
18.			2202-02-110-03	(+)833.34	(+)645.94
19.			2202-80-003-01	(+)5.48	(+)17.60
20.	13	Water Supply, Housing and Urban Development	2217-03-191-03	(-)835.64	(-)33.85
21.	15	Welfare	2235-60-102-05	(-)5.00	(-)188.38
22.	20	Irrigation & Flood	4700-05-800-01	(-)17.45	(-)4467.36
23.			4700-06-800-02	(+)362.96	(+)130.02
24.	22	Public Works	4059-80-800-09	(-)7.00	(+)43.22
25.	30	Welfare of Scheduled Caste	2225-01-277-06	(-)7.95	(-)50.29
26.			2225-01-277-91	(+)43.83	(-)32.59

Appendix-2.6

(Reference: Paragraph 2.3.9; page 41)

Substantial surrenders made during the year 2011-12

Sl.No.	Number and title of Grant/ Appropriation	Name of the scheme (Head of Account)	Total Grant/ Appropriation (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender	
1.	02-Governor	2012-03-800-05	2.50	2.50	100.00	
2.		2012-03-800-06	1.00	1.00	100.00	
3	03-Council of Minister	2013-00-101-04	8.80	5.08	57.73	
4.	06-Revenue and General Administration	4059-60-051-09	200.00	112.30	56.15	
5.	11-Education, Sports, Youth Welfare & Culture.	2202-02-107-05	2.60	2.35	90.38	
6.		2202-02107-07	1.80	1.56	86.67	
7.		2202-02-800-01	8416.66	7218.40	85.76	
8.		2202-05-102-13	98.99	58.27	58.86	
9.		2205-00-102-12	80.00	70.09	87.61	
10.		2205-00-102-36	15.00	14.00	93.33	
11.						
2.		4202-01-202-19	150.00	150.00	100.00	
13.		4202-04-106-03	250.00	139.13	55.65	
14.		14-Information	4059-60-051-03	400.00	394.36	98.59
15.	20-Irrigation and Flood	4701-80-800-04	200.00	200.00	100.00	
16.	24-Transport	5053-02-800-99	500.00	500.00	100.00	
17.	28-Animal Husbandry	2404-00-102-08	40.00	40.00	100.00	
Total			10367.35	8909.04	85.93	

Appendix-2.7 A

(Reference: Paragraph 2.3.10; page 41)

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

(₹ in crore)

Sl. No.	Number and name of the grant	Total grant	Saving	Amount surrendered	Amount surrendered in excess
Revenue – Voted					
1.	10-Police & Jail	711.00	50.52	54.79	4.27
2.	18- Co-operative	42.31	10.30	11.47	1.17
3.	20-Irrigation	323.70	25.02	39.20	14.18
Total		1077.01	85.84	105.46	19.62

Appendix-2.7 B

(Reference: Paragraph 2.3.10; page 41)

Surrender in spite of final excess

(₹ in crore)

Sl. No.	Number and name of the grant	Total grant	Expenditure	Excess	Amount surrendered
Capital- Voted					
1.	17-Agriculture Works & Research	15.92	34.25	18.33	0.92
2.	22-Public Works	825.92	845.91	19.99	73.21
Total		841.84	880.16	38.32	74.13

Appendix-2.8

(Reference: Paragraph 2.3.11; page 41)

Statement of various grants/appropriations in which savings of ₹10 crore and above occurred but no part of which had been surrendered

(₹ in crore)

I – Grant			
Sl. No.	Grant No.	Name of grant/appropriation	Saving
1.	01	Legislature (Capital - Voted)	22.00
2.	19	Rural Development (Capital- Voted)	66.05
3.	21	Energy (Capital – Voted)	531.92
4.	23	Industries (Capital – Voted)	13.35
5.	25	Food (Revenue- Voted)	123.52
6.	26	Tourism (Revenue- Voted)	30.66
7.	26	Tourism (Capital- Voted)	19.20
8.	27	Forest (Revenue-Voted)	19.80
Total			826.50
9.	7	Finance, Tax Planning, Secretariat & Miscellaneous (Revenue- Charged)	217.95
Total			217.95
Grand Total			1044.45

Appendix-2.9

(Reference: Paragraph 2.3.11; page 41)

Details of saving/ shortfall in the utilization of funds of ₹ 1 crore and above not surrendered

(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1	2	3	4	5
1.	04-Judicial Administration (Revenue- Voted)	28.05	22.63	5.42
2.	04-Judicial Administration (Revenue - Charged)	13.87	8.97	4.90
3.	05- Election (Revenue- Voted)	4.71	0	4.71
4.	06-Revenue & General Administration (Revenue -Voted)	43.94	12.12	31.82
5.	07-Finance Tax Planning Secretariat& Miscellaneous Services (Revenue - Voted)	580.10	33.10	547.00
6.	07-Finance Tax Planning Secretariat& Miscellaneous Services (Capital-Voted)	72.43	11.31	61.12
7.	09 – Public Service Commission (Revenue- Charged)	1.46	0	1.46
8.	10-Police & Jail (Capital - Voted)	44.60	37.78	6.82
9.	11-Education Sports Youth Welfare & Culture (Revenue- Voted)	283.38	177.86	105.52
10.	11-Education Sports Youth Welfare & Culture (Capital- Voted)	166.31	68.58	97.73
11.	12-Medical Health & Family Welfare (Revenue -Voted)	153.99	11.38	142.61
12.	12-Medical Health & Family Welfare (Capital -Voted)	39.01	1.69	37.32
13.	13-Water Supply Housing & Urban Development (Revenue- Voted)	235.76	112.51	123.25
14.	13-Water Supply Housing & Urban Development (Capital - Voted)	15.77	0.41	15.36
15.	15-Welfare (Revenue- Voted)	197.45	116.28	81.17
16.	16-Labour & Employment (Revenue- Voted)	12.39	4.31	8.08
17.	16-Labour & Employment (Capital - Voted)	6.46	1.3	5.16
18.	17-Agriculture Works & Research (Revenue- Voted)	44.73	39.35	5.38
19.	19-Rural Development (Revenue -Voted)	92.71	40.00	52.71
20.	20- Irrigation & Flood (Capital - Voted)	36.30	26.69	9.61
21.	22 Public Works (Revenue -Voted)	35.43	11.64	23.79
22.	23- Industries (Revenue- Voted)	14.47	7.16	7.31
23.	24-Transport (Capital - Voted)	12.55	7.66	4.89
24.	28-Animal Husbandry (Revenue- Voted)	4.48	2.04	2.44
25.	28-Animal Husbandry (Capital - Voted)	2.85	1.79	1.06
26.	29-Horticulture Development (Revenue- Voted)	14.94	0.95	13.99
27.	30-Welfare of Scheduled Castes (Revenue -Voted)	193.63	53.33	140.30
28.	30-Welfare of Scheduled Castes (Capital - Voted)	176.49	79.21	97.28
29.	31-Welfare of Scheduled Tribes (Revenue- Voted)	45.35	8.74	36.61
30.	31-Welfare of Scheduled Tribes (Capital -Voted)	54.70	26.90	27.80
Total		2628.31	925.69	1702.62

Appendix-2.10

(Reference: Paragraph 2.3.11; page 41)

Cases of surrender of funds in excess of ₹ 10 crore on 30/31 March 2012

(₹ in crore)

Sl. No.	Grant No.	Major Head	Amount of Surrender	Percentage of Total Provision
1	2	3	4	5
1.	04	2014-Administration of Justice (Revenue-Voted)	22.63	21.67
2.	04	4059 - Capital out lay on Public Work (Capital-Voted)	29.64	76.00
3.	06	4059 - Capital out lay on Public Work (Capital-Voted)	23.91	45.98
4.	10	2055 - Police (Revenue-Voted)	54.79	7.95
5.	10	4055 - Capital out lay on Police (Capital-Voted)	37.78	76.48
6.	11	2202 - General Education (Revenue-Voted)	172.42	4.95
7.	11	4202 - Capital out lay on Education, Sports, Arts and Culture (Capital-Voted)	68.58	23.87
8.	12	2210 - Medical & Public Health (Revenue-Voted)	11.38	1.54
9.	13	2217 - Urban Development (Revenue-Voted)	112.51	41.22
10.	15	2235 - Social Securities & Welfare	116.33	21.76
11.	17	2401 - Crop Husbandry (Revenue-Voted)	39.35	11.46
12.	18	2425 - Co-operative (Revenue-Voted)	11.47	27.11
13.	19	2515 - Other Rural Development Programme (Revenue-Voted)	40.00	12.50
14.	20	2700 - Major Irrigation (Revenue-Voted)	26.98	10.99
15.	22	5054 - Capital out lay on Roads and Bridged (Capital-Voted)	71.58	8.76
16.	30	2202 - General Education (Revenue-Voted)	17.74	18.20
17.	30	4700 - Capital out lay on Major Irrigation	15.71	48.73
18.	30	5054 - Capital out lay on Roads and Bridges	54.95	49.55
19.	31	5054 - Capital out lay on Roads and Bridges	21.59	59.15
Total			949.34	11.44

Appendix-2.11

(Reference: Paragraph 2.3.12; page 42)

Rush of Expenditure

(₹ in crore)

Sl. No.	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.	2011	4.34	1.98	16.10	26.92	12.30
2.	2012	1.29	0.55	4.47	28.92	12.29
3.	2014	24.27	10.48	93.12	26.06	11.25
4.	2015	21.56	13.75	28.51	75.62	48.23
5.	2029	21.95	6.89	102.71	21.37	6.71
6.	2030	18.47	13.68	27.56	67.02	49.65
7.	2039	1.71	0.41	7.77	21.99	5.32
8.	2040	9.79	3.64	45.92	21.31	7.93
9.	2045	2.10	1.08	3.74	56.25	28.87
10.	2047	0.88	0.18	3.68	23.85	4.98
11.	2049	761.95	544.07	1,769.21	43.07	30.75
12.	2051	2.01	0.74	8.53	23.51	8.62
13.	2052	15.85	2.66	70.56	22.46	3.77
14.	2053	16.88	6.10	65.63	25.72	9.29
15.	2054	9.38	2.49	43.60	21.52	5.72
16.	2055	176.00	69.25	642.85	27.38	10.77
17.	2056	5.31	1.99	17.63	30.15	11.29
18.	2058	2.11	0.55	8.52	24.73	6.48
19.	2070	10.21	4.20	42.12	24.24	9.97
20.	2071	265.61	58.21	1,135.00	23.40	5.13
21.	2203	35.17	22.37	78.00	45.09	28.68
22.	2204	12.15	6.48	35.06	34.67	18.49
23.	2205	4.37	2.53	11.67	37.45	21.66
24.	2210	181.29	82.27	618.93	29.29	13.29
25.	2215	117.93	48.09	262.51	44.92	18.32
26.	2216	0.76	0.57	1.74	43.92	32.53
27.	2217	58.30	33.98	171.10	34.07	19.86
28.	2220	7.57	1.37	36.37	20.80	3.77
29.	2225	48.40	21.33	177.37	27.29	12.03
30.	2230	18.75	9.39	54.00	34.73	17.39
31.	2235	189.96	110.44	507.21	37.45	21.77
32.	2250	4.02	2.02	19.27	20.87	10.48
33.	2251	0.03	0.03	0.03	83.96	80.88
34.	2401	168.43	126.79	429.13	39.25	29.55

35.	2403	18.36	10.36	90.64	20.25	11.43
36.	2404	2.87	0.56	11.13	25.82	5.06
37.	2405	1.98	1.16	5.14	38.53	22.67
38.	2406	100.49	49.54	305.13	32.93	16.24
39.	2408	186.05	182.88	199.73	93.15	91.56
40.	2415	29.93	29.93	114.76	26.08	26.08
41.	2425	12.88	6.67	35.16	36.63	18.97
42.	2501	28.96	26.96	70.81	40.90	38.06
43.	2515	81.18	26.50	264.48	30.69	10.02
44.	2700	46.84	13.46	219.78	21.31	6.13
45.	2701	7.59	2.78	12.39	61.25	22.43
46.	2702	23.58	12.08	53.44	44.12	22.61
47.	2711	0.94	0.52	3.24	29.12	15.91
48.	2801	0.07	0.01	0.24	28.47	2.56
49.	2810	5.47	4.97	9.74	56.14	51.01
50.	2851	11.90	3.69	37.77	31.51	9.76
51.	3053	2.21	1.44	5.09	43.46	28.30
52.	3054	105.61	95.24	156.45	67.50	60.87
53.	3055	2.89	1.62	13.75	21.00	11.79
54.	3451	8.22	1.01	10.34	79.49	9.80
55.	3452	6.37	5.45	28.12	22.63	19.39
56.	3456	1.09	0.78	2.82	38.48	27.62
57.	3475	0.41	0.09	1.65	25.02	5.17
58.	3604	116.15	99.53	378.80	30.66	26.28
59.	4059	33.63	13.12	65.70	51.19	19.97
60.	4202	42.13	21.07	131.47	32.05	16.03
61.	4210	43.32	15.20	88.13	49.16	17.24
62.	4215	24.48	4.95	80.69	30.33	6.13
63.	4216	10.44	7.39	38.84	26.88	19.04
64.	4225	6.41	5.19	11.93	53.74	43.46
65.	4235	3.25	0.00	4.16	78.14	0.03
66.	4406	15.56	12.84	16.36	95.11	78.51
67.	4700	127.40	75.79	234.70	54.28	32.29
68.	4701	1.81	1.63	4.02	44.94	40.47
69.	4702	110.16	75.02	201.67	54.63	37.20
70.	4711	9.77	0.86	15.44	63.28	5.61
Total		3449.20	2020.85	9463.33	36.45	21.35

Appendix-2.12

(Reference: Paragraph 2.4.1; page 43)

**Pending DC bills for the years up to 2011-12
(Position as on 30 June 2012)**

(₹ in lakh)

Department	Number of AC bills	Amount
Fisheries	06	2.20
Animal Husbandry	30	44.39
District Programme Officer	39	243.91
Election	37	197.58
Public Works Department	04	190.42
Education	90	92.21
Revenue and General Administration	37	1763.84
Medical	10	598.28
Agriculture	10	1208.32
Others	52	161.90
Total	315	4503.05

Appendix-3.1

(Reference: Paragraph 3.2; page 52)

Statement of Finalization of Accounts and the Government Investment in Departmentally Managed Commercial and Quasi-Commercial Undertakings

Sl. No.	Name of the Undertaking	Accounts finalized up to	Investment as per the last accounts finalized (₹ in crore)	Remarks/Reasons for Delay in Preparation of accounts
Department of Irrigation:				
1.	Irrigation Workshop Division, Roorkee	2009-10	1.89	--
Food & Civil Supply Department				
2.	Regional Food Controller, Haldwani	2002-03	--	--
3.	Regional Food Controller, Dehradun	2002-03	--	

Appendix-3.2

(Reference: Paragraph 3.3; page 52)

Department wise/duration wise break-up of the cases of misappropriation, defalcation etc. (cases where final action was pending at the end of March 2012)

Sl. No.	Name of the Department	Number of cases of delay						Total No. of Cases.
		Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	
1.	Education	03	--	--	--	--	--	03
2.	I.C.D.S	01	--	--	--	--	--	01
3.	Tourism	01	--	--	--	--	--	01
4.	Medical	01	--	--	--	--	--	01
5.	Social Welfare	03	--	--	--	--	--	03
6.	Animal Husbandry	02	--	--	--	--	--	02
7.	Agriculture	01	--	--	--	--	--	01
8.	Rural Development	02	--	--	--	--	--	02
9.	Forest	01	--	--	--	--	--	01
TOTAL		15	--	--	--	--	--	15

Appendix-3.3

(Reference: Paragraph 3.3; page 53)

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	Number of Cases	Amount	Number of Cases	Amount
		(₹ in lakh)		(₹ in lakh)		(₹ in lakh)
Education	01	2.33	03	48.22	04	50.55
I.C.D.S	--	--	01	0.52	01	0.52
Tourism	--	--	01	1.78	01	1.78
Medical	--	--	01	11.96	01	11.96
Social Welfare	--	--	03	84.31	03	84.31
Animal Husbandry	--	--	02	144.49	02	144.49
Agriculture	--	--	01	14.11	01	14.11
Rural Development	--	--	02	10.58	02	10.58
Public Works Department	01	1.80	--	--	01	1.80
Forest	--	--	01	72.69	01	72.69
Total	02	4.13	15	388.66	17	392.79

Appendix-4.1

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 <i>one 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.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
6.	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.
7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a current 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.

8.	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.
9.	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.
10.	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.
11.	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.

