



**State Finances Audit Report
of the
Comptroller and Auditor General of India
for the year ended 31 March 2018**



लोक हितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Punjab
Report No. 1 of the year 2019

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of the
Comptroller and Auditor General of India

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PREFACE

This Report has been prepared for submission to the Governor of the State of Punjab under Article 151 of the Constitution.

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

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

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

Executive Summary

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Punjab is brought out to assess the financial performance of the State during the year 2017-18 *vis-à-vis* the Budget Estimates, the targets as recommended by the Fourteenth Finance Commission (FFC) and analyses the dominant trends and structural profile of Government's receipts and disbursements. Recommendations of the Thirteenth Finance Commission have also been referenced, wherever required.

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

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

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

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

Audit findings

Chapter I: Finances of the State Government

The State is on a fiscal correction path. However, the State has not yet amended the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 as recommended by FFC. It has remained a revenue deficit State. During the year 2017-18, the revenue deficit increased by 29 *per cent* as compared to the previous year.

The primary deficit (-8.27 *per cent* of GSDP) in 2016-17 turned into primary surplus (0.60 *per cent* of GSDP) in the current year.

During the period 2013-14 to 2017-18 revenue receipts and capital receipts increased from ₹ 35,104 crore and ₹ 11,221 crore to ₹ 53,010 crore and ₹ 18,590 crore respectively. The net public account receipts also exhibited an increasing trend during 2013-17, as it increased from ₹ 2,145 crore in 2013-14 to ₹ 7,553 crore in 2016-17, but decreased to ₹ 1,757 crore during 2017-18.

Overall, the total receipts increased by 51.35 *per cent*, from ₹ 48,470 crore in 2013-14 to ₹ 73,357 crore in 2017-18. During 2013-18, the revenue receipts increased at an annual average growth rate of 10.62 *per cent*.

The revenue expenditure increased by ₹ 7,169 crore (12.96 *per cent*) during the current year over the previous year. It continued to constitute a dominant proportion (85 to 95 *per cent*) of the total expenditure during 2013-18, except for in 2016-17 (55 *per cent*), and grew at an annual average growth rate of 9.66 *per cent* during this period.

The capital expenditure decreased by ₹ 1,994 crore (45.88 *per cent*) over the previous year. The capital expenditure during the current year was less by ₹ 3,805 crore than the projections made in the State budget, which indicates that asset creation was not given as much priority as intended in the budget estimates. State's spending on social sector as proportion of aggregate expenditure declined from 27.83 *per cent* in 2013-14 to 24.99 *per cent* in 2017-18. Disbursement of loans and advances decreased by ₹ 40,604 crore (98.16 *per cent*) during the current year over the previous year.

Forty projects, scheduled for completion between 2008-09 and 2017-18 were incomplete. The expenditure of ₹ 771.52 crore incurred on these incomplete projects was yet to yield the intended benefits and the nine major irrigation projects caused the State Government to suffer a net loss of ₹ 351.64 crore during 2017-18.

The return on investment from Co-operative Banks and Societies and Statutory Corporations, Joint Stock Companies and Government Companies was only between 0.04 and 0.11 *per cent* during 2013-18 while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.48 and 8.35 *per cent* during the same period.

Overall fiscal liabilities of the State were ₹ 1,95,152 crore as on 31 March 2018. Fiscal liabilities were 41.41 *per cent* of GSDP and 368.14 *per cent* of the revenue receipts.

Cash balance of ₹ 488.45 crore at the close of the year 2017-18 was far lesser than the earmarked reserve funds amounting to ₹ 5,519 crore which indicates that reserve funds were used for other than intended purpose.

The State Government had not invested funds of ₹ 5,382.21 crore lying at balance under State Disaster Response Fund (SDRF) as on 31 March 2018. An amount of ₹ 833.13 crore under Building and Other Construction Workers Welfare Cess was lying unspent as on 31 March 2018.

Total public debt increased (109.49 *per cent*) from ₹ 78,669 crore in 2013-14 to ₹ 1,64,803 crore in 2017-18. The ratio of interest payments to revenue receipts increased from 18 to 25 *per cent* during 2013-18. The percentage of debt repayments to debt receipts increased from 69.11 *per cent* in 2013-14 to 76.02 *per cent* in 2017-18. Availability of net debt to State increased from ₹ 1,275 crore in 2013-14 to ₹ 41,462 crore in 2016-17. However, net debt available during 2017-18 was negative (₹ 2,263 crore).

The revenue deficit increased to ₹ 9,455 crore (2.01 per cent of GSDP) in the current year from ₹ 6,537 crore (1.97 per cent of GSDP) in the year 2013-14. There was a steep decrease of ₹ 34,577 crore (73 per cent) in fiscal deficit during the current year over the previous year. However, there was primary surplus of ₹ 2,840 crore (0.60 per cent of GSDP) during the current year.

Chapter II: Financial Management and Budgetary Control

The State Government's budgetary process has not been sound during the year and there were savings under several grants. During 2017-18, expenditure of ₹ 1,01,117.64 crore was incurred against total budget provision of ₹ 1,19,884.67 crore resulting in net savings of ₹ 18,767.03 crore. The net savings was the result of gross savings of ₹ 19,190.81 crore set off by excess of ₹ 423.78 crore. An amount of ₹ 4,200.96 crore (21.89 per cent of savings) was surrendered during the year and out of total surrender, an amount of ₹ 3,938.70 crore (93.76 per cent) was surrendered on the last day of the year.

Excess expenditure of ₹ 40,609.66 crore incurred during 2011-18 required regularization. Expenditure of ₹ 3,199.43 crore was incurred without making budget provision. In 59 cases, augmentation of provision of funds by re-appropriation orders proved unnecessary because expenditure did not come even to the level of the budget provisions. Anticipated savings of ₹ 14,989.85 crore were not surrendered leaving no scope for utilizing these funds for other developmental purposes. There was rush of expenditure towards the end of financial year. In nine cases, more than 44 per cent of budget provisions was utilized in last month of the year.

Chapter III: Financial Reporting

The State Government has not complied with Indian Government Accounting Standards (IGAS)-2: Accounting and Classification of Grants-in-Aid and (IGAS)-3: Loans and Advances made by Government. Disclosure on loans sanctioned without specific terms and conditions could not be made as the requisite information was not provided by the State Government.

Thirteen utilisation certificates in respect of grants amounting to ₹ 587.80 crore were pending for submission by the Departmental Officers. There was delay in submission of 16 annual accounts by three Autonomous Bodies to Audit; and Separate Audit Reports to the Legislature by six Autonomous Bodies. There were 19 instances of theft, loss and misappropriation involving an amount of ₹ 5.20 crore. As many as 414 Abstract Contingent bills for ₹ 761.53 crore were awaiting adjustment as on 31 March 2018.

Chapter I

Finances of the State Government

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter provides an overview of the finances of the State Government during the financial year 2017-18 and analyses changes observed in the movement of major fiscal aggregates in relation to the previous year, keeping in view the overall trends during the last five years. *Appendix 1.1* contains socio-economic profile of Punjab and *Appendix 1.2* contains the structure of the Government Accounts and layout of the Finance Accounts of the State Government.

1.1.1 Profile of the State

Punjab is an agrarian State. The State is located in the north-western corner of India. It spreads over a geographical area of 50,362 sq km and ranks 19th among States in terms of area. It has been organized into 22 districts. The districts have further been divided into 90 sub-divisions, 149 blocks and 12,581 inhabited villages.

As per 2011 census, the State's population increased from 2.44 crore in 2001 to 2.77 crore in 2011 recording a decadal growth of 13.52 *per cent*. The population of the State accounts for 2.29 *per cent* of the country's population and ranks 15th among States in terms of population. The population density of the State increased from 484 persons per sq km in 2001 to 551 persons per sq km in 2011 which is higher than the national average population density of 382 persons per sq km. The State's Gross State Domestic Product (GSDP) in 2017-18 at current prices was ₹ 4,71,301 crore. The State's literacy rate increased from 69.70 *per cent* (as per 2001 census) to 75.80 *per cent* (as per 2011 census) (*Appendix 1.1*). The per capita income of the State for 2017-18 was ₹ 1,40,872.

1.1.2 Gross State Domestic Product

The Gross State Domestic Product (GSDP) of a State measures the value of goods and services produced within the State. The annual growth of India's Gross Domestic Product (GDP) at current prices and that of Punjab's GSDP at current prices are indicated in **Table 1.1**.

Table 1.1: Comparative statement of GDP vis-à-vis GSDP

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Current Prices					
India's GDP (₹ in crore)	1,12,33,522	1,24,67,959	1,37,64,037	1,52,53,714	1,67,73,145
Growth rate of GDP (<i>per cent</i>)	12.97	10.99	10.40	10.82	9.96
State's GSDP (₹ in crore)	3,32,147	3,55,102	3,90,087	4,28,340	4,71,301
Growth rate of GSDP (<i>per cent</i>)	11.56	6.91	9.85	9.81	10.03

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Growth rate of Neighbouring States					
Haryana	15.05	9.44	11.18	12.25	11.58
Himachal Pradesh	14.42	9.51	9.23	9.60	9.40
Constant Prices (Base year - 2011-12)					
India's GDP (₹ in crore)	98,01,370	1,05,27,674	1,13,86,145	1,21,96,006	1,30,10,843
Growth rate of GDP (per cent)	6.39	7.41	8.15	7.11	6.68
State's GSDP (₹ in crore)	2,99,450	3,12,125	3,30,052	3,52,421	3,72,423
Growth rate of GSDP (per cent)	6.63	4.23	5.74	6.78	5.68

Source: Official website of Economic & Statistical Organization, Government of Punjab (www.esop.gov.in)

1.1.3 Salient features of financial management of the State Government

All receipts of the State Government are required to be accounted for in the Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India. Expenditure there from is authorised by the State Legislature through Appropriation Act. The accounts of the State Government are kept in three parts viz. (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account. The annual accounts of the State Government consist of the Finance Accounts and the Appropriation Accounts. The Finance Accounts of the Government of Punjab are laid out in twenty two statements.

In May 2003, the State Government enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudent debt management. Subsequently, in March 2011, the State Government amended the FRBM Act on the recommendations of the Thirteenth Finance Commission (TFC) and enacted FRBM (Amendment) Act, 2011, on the basis of which fiscal targets up to the year 2014-15 were fixed.

The **Fourteenth Finance Commission (FFC)** recommended that the State Government may amend its FRBM Act to provide for statutory flexible limits on fiscal deficit and also to provide a statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision for ensuring that liabilities of incomplete and ongoing capital projects do not accumulate.

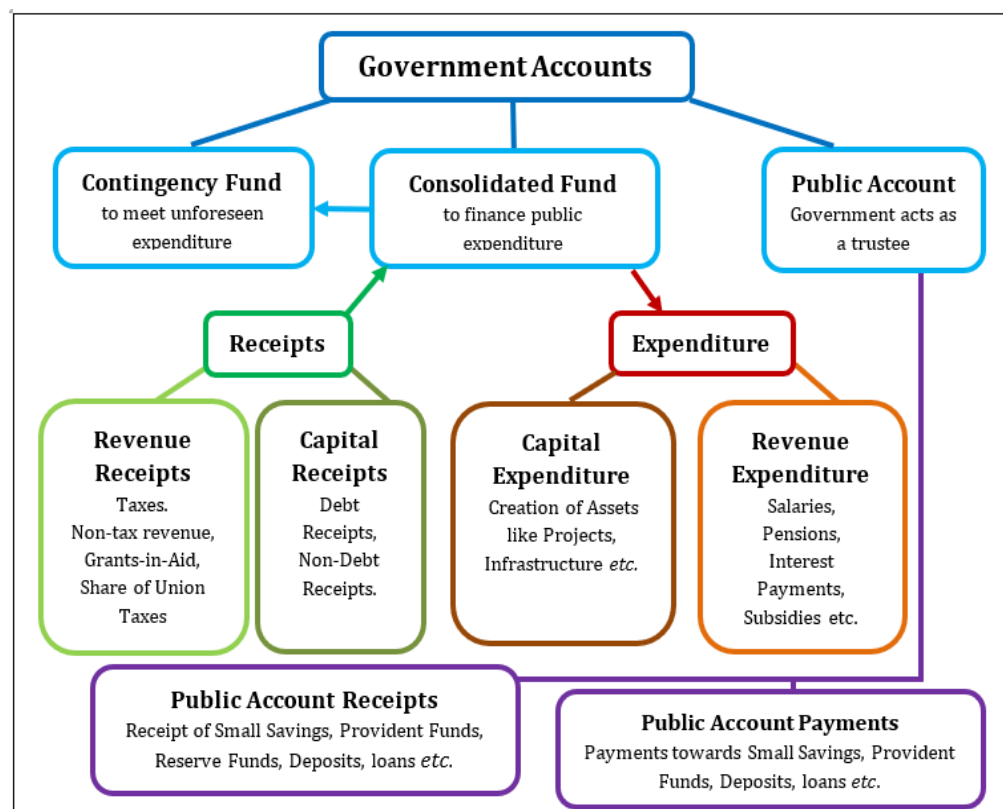
The FFC also recommended to the State Government to adopt a template for collating, analysing and annually reporting the total extended public debt in the budget, as a supplement to the budget, to assess the debt position of the State in the context of risks arising from guarantees, off-budget borrowings and accumulated losses from financially weak public sector enterprises. In order to accord greater sanctity and legitimacy to fiscal management legislation, the State Government was recommended to replace the existing FRBM Act with a Debt Ceiling and Fiscal Responsibility Legislation, specifically invoking Article 293 (1) of the Constitution of India.

As of March 2018, the State Government had not amended its FRBM Act as per recommendations of the FFC. However, Fiscal Consolidation Roadmap for 2015-20 was prepared in 2017-18.

1.1.4 Summary of fiscal transactions

Government finances generally comprise the following:

Chart 1.1: Structure of Government Accounts



Source: Finance Account

Table 1.2 presents the summary of the State Government's fiscal transactions during the year 2017-18 *vis-à-vis* those of 2016-17. **Appendix 1.3 (Part A and B)** provides the abstract of receipts and disbursements for the year 2017-18 *vis-à-vis* those of 2016-17 as well as the summarized financial position of the State Government as on 31 March 2018.

Table 1.2: Summary of fiscal transactions

(₹ in crore)

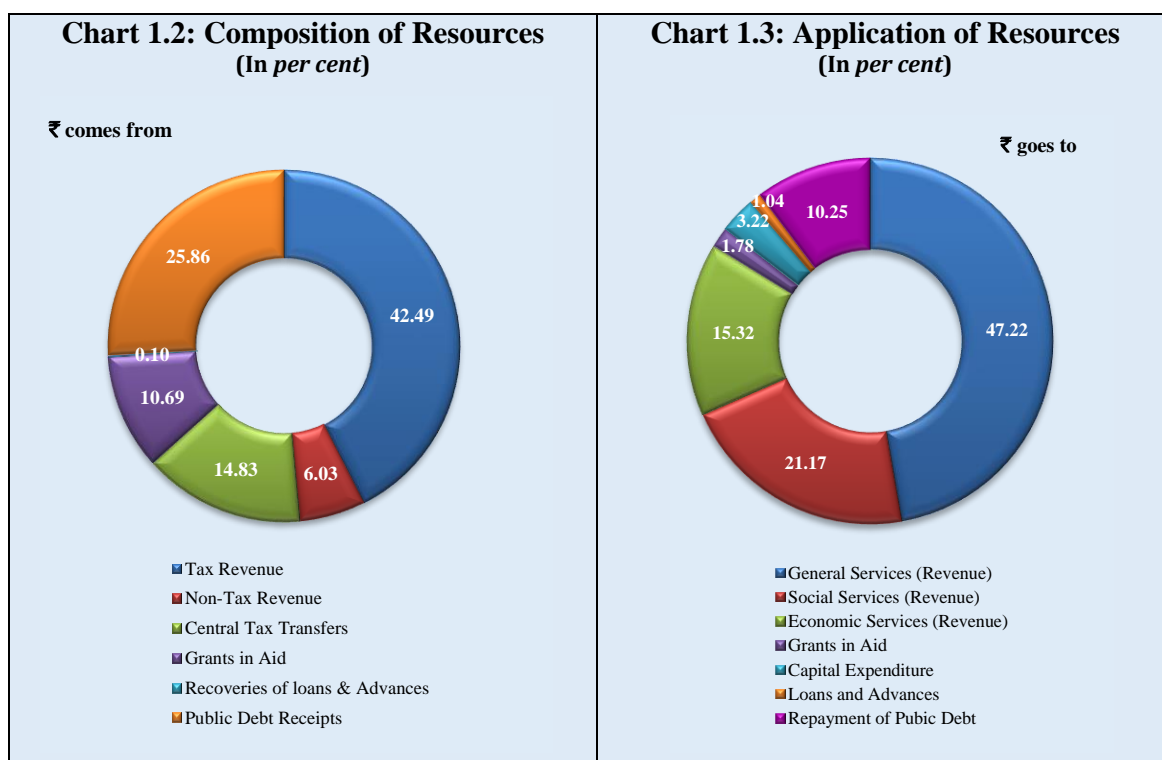
Receipts			Disbursements		
	2016-17	2017-18		2016-17	2017-18
Section A: Revenue					
Revenue receipts	47,985.42	53,009.58	Revenue expenditure	55,296.05	62,464.85
Tax revenue	27,746.66	30,423.25	General services	28,487.93	34,499.50
Non-tax revenue	5,863.20	4,318.39	Social services	15,672.10	15,469.74
Share of Union taxes/ duties	9,599.73	10,616.94	Economic services	10,217.61	11,194.41
Grants from GoI	4,775.83	7,651.00	Grants-in-aid and Contributions	918.41	1,301.20
Section B: Capital and Public Account					
Misc. Capital Receipts	0.41	0.12	Capital Outlay	4,346.30	2,352.08
Recoveries of Loans and Advances	180.93	73.07	Disbursement of Loans and Advances	41,364.12	760.05
Public Debt receipts	55,234.21	18,516.74*	Public Debt repayments	4,050.38	7,486.90
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00
Public Account receipts[#]	52,723.92	47,083.44	Public Account disbursements[#]	50,599.95	45,525.90
			Proforma adjustment of prior period	58.18	0.00
Opening Cash Balance	(-)14.63	395.28	Closing Cash Balance	395.28	488.45
Total	1,56,110.26	1,19,078.23	Total	1,56,110.26	1,19,078.23

Source: Finance Accounts of the respective years.

* Includes net transaction of ₹ 434.45 crore under Ways and Means Advances.

Public Account receipts/disbursements have been shown in this table as gross figures and at other places in the Report as net of disbursement. Further, these exclude transactions of investment of cash balances and departmental cash in chests. The net effect of these transactions is included in the opening and closing cash balances.

Composition and application of resources in the Consolidated Fund of the State during 2017-18 is given in **Chart 1.2** and **Chart 1.3**.



Source: Finance Accounts

The following are the major changes in fiscal transactions during 2017-18 over the previous year:

- Revenue receipts increased by ₹ 5,024 crore (10.47 per cent) which is due to increase in tax revenue (₹ 2,677 crore: 9.65 per cent), share of Union taxes and duties (₹ 1,017 crore: 10.60 per cent) and grants from GoI (₹ 2,875 crore: 60.20 per cent). There was increase in Grants-in-aid from GoI in 2017-18 as compared to 2016-17, offset by decrease in non-tax revenue by ₹ 1,545 crore (26.35 per cent) as detailed in paragraph 1.3.1.2. Grants-in-aid of ₹ 7,651 crore include compensation of ₹ 4,037 crore for loss of revenue arising out of implementation of Goods and Services Tax.
- Revenue expenditure increased by ₹ 7,169 crore (12.96 per cent), primarily due to increase in revenue expenditure on general services (₹ 6,012 crore: 21.10 per cent). There was significant increase in Interest Payments by ₹ 3,692.20 crore (31.72 per cent), Pension and Other Retirement Benefits (₹ 1,435.05 crore: 16.36 per cent) and Miscellaneous General Services (₹ 592.83 crore: 1,060.94 per cent). Revenue expenditure on economic services increased by ₹ 977 crore (9.56 per cent) followed by grants-in-aid and contributions (₹ 383 crore: 41.68 per cent). Revenue expenditure on social services decreased by ₹ 202 crore (1.29 per cent) mainly due to decline of expenditure on Information and Broadcasting (79 per cent), Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (44 per cent) and Social Welfare and Nutrition (10 per cent).
- Public debt receipts in 2017-18 decreased by ₹ 36,717 crore (66.48 per cent) as compared to the previous year. During 2016-17 Public debt receipts reached an all-time high of ₹ 55,324 crore mainly **due to raising of long term loans during 2016-17 (₹ 29,920 crore) by the State Government for one time settlement of Legacy Cash Credit Accounts for food procurement operations and issuing of Bonds (₹ 10,031 crore) for clearing debts of Punjab State Power Corporation Limited (PSPCL) in compliance with the implementation of Ujwal Discom Assurance Yojana (UDAY) during the previous year, as discussed in paragraph 1.1.5.** Public debt repayments showed an increase of ₹ 3,437 crore (84.84 per cent).
- Public account receipts and disbursements decreased by ₹ 5,640 crore (10.70 per cent) and ₹ 5,074 crore (10.03 per cent) respectively.
- Net closing cash balances increased by ₹ 93 crore (23.57 per cent).

1.1.5 One time transactions affecting fiscal parameters

The public debt receipts and the disbursement of loans and advances by the State Government increased significantly due to transactions occurred during 2015-16 and 2016-17. These transactions involved issuing of Bonds for clearing debts of Punjab State Power Corporation Limited (PSPCL) in compliance with the implementation of Ujwal Discom Assurance Yojana (UDAY) and raising of long term loans for one time settlement of Legacy Cash Credit Accounts for food procurement operations as discussed below:

1.1.5(a) Ujwal DISCOM Assurance Yojana

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOMs), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOMs.

Accordingly, a tripartite Memorandum of Understanding (MoU) was entered into amongst GoI, Government of Punjab (GoP) and Punjab State Power Corporation Limited (PSPCL) i.e. Punjab DISCOM on 4 March 2016 to take over 75 per cent of the outstanding debt of Punjab DISCOM (₹ 20,837.68 crore) as on 30 September 2015.

As per MoU, GoP committed to take over 50 per cent (₹ 10,418.84 crore) of the Punjab DISCOM debt in 2015-16 and 25 per cent (₹ 5,209.42 crore) in 2016-17. The State Government would raise this amount through issue of bonds. Amount raised was to be disbursed to the DISCOM as loans. The State Government committed to convert the loan of ₹ 15,628.26 crore into grant (₹ 11,728.26 crore) and equity (₹ 3,900.00 crore) during 2019-20.

During 2015-16, against the commitment of ₹ 10,418.84 crore, GoP could arrange borrowings of ₹ 9,859.72 crore through UDAY bonds, thereby compensating PSPCL short by ₹ 559.12 crore than committed. Of these ₹ 9,859.72 crore, the transaction of ₹ 4,262.65 crore carried out on 31 March 2016 as a cashless transaction through Reserve Bank of India (RBI) was not accounted for in the Finance Accounts of the State Government. As such, borrowings of only ₹ 5,597.07 crore were taken into Finance Accounts 2015-16, thereby understating the loans of the State Government by ₹ 4,262.65 crore during the year.

During 2016-17, against the commitment of ₹ 5,209.42 crore, GoP transferred ₹ 5,768.54 crore as loan, which included balance amount of ₹ 559.12 crore of 2015-16. However, ₹ 10,031.19 crore were booked to accounts as public debt, which included ₹ 4,262.65 crore pertaining to the previous years' accounts. This overstated the loans and fiscal deficit of the State in 2016-17 to this extent.

The outstanding debt of Punjab DISCOM carried interest ranging between 8.00 per cent and 12.50 per cent. Of this, 75 per cent of debt amounting to ₹ 15,628.26 crore were replaced with debts bearing lower interest rates ranging between 7.21 per cent and 8.72 per cent.

1.1.5(b) Settlement of Cash Credit Limit

In order to maintain buffer stock under National Food Security and to ensure remunerative prices through Minimum Support Price (MSP) to the farmers for their produce, Government of India (GoI) procures food grains from State Governments for Central Pool through Food Corporation of India (FCI).

Punjab is the highest contributor to Central Pool. Five State Procurement Agencies (SPAs) are performing the activity of procurement of food grains on 'No Profit No Loss' basis on behalf of the State.

The State procuring agencies obtains cash credit limit¹ (CCL) carrying interest rates ranging from 9.10 per cent to 13.05 per cent from the consortium of banks led by SBI before the start of every procurement season. On delivery of food grain to FCI, the expenses incurred by SPAs on procurement, storage and delivery of food grain are reimbursed, which are credited against CCL. However, the actual expenditure incurred by the SPAs were higher than the rates finalised by GoI. Further, the SPAs incurred expenditure on different items² which were not eligible for reimbursement like losses on disposal of damaged/rejected wheat, loss on account of open market sale of damaged paddy, difference between simple interest (as paid by GoI) and quarterly compound interest on incidental charges (as charged by RBI). As a result, there is difference between actual cost incurred by SPAs on procurement operations and amounts reimbursed by GoI which results in liabilities under CCL remaining unsettled. Difference between actual expenditure incurred and expenditure reimbursed by GoI works out to ₹ 376.60³ per metric tonne.

As per calculation of the State Government, there was accumulation of unsettled CCL amounting to ₹ 31,003.91 crore.

Table 1.3: Details of accumulation of unsettled CCL

(₹ in crore)					
Particulars	KMS	RMS	Principal	Interest	Amount
Difference between actual expenditure and rates finalized by GoI	2003-04 to 2014-15	2004-05 to 2014-15	8,482.19	9,244.15	17,726.34
Loss on account of damaged wheat & storage gain deducted on wheat		1995-96 to 2003-04 & 1993-94 to 2000-01	817.96	2,292.45	3,110.41
Transportation charges on paddy	2003-04 to 2014-15		1,878.40	2,280.74	4,159.14
Administrative charges	1997-98 to 2003-04		322.55	1,364.09	1,686.64
Non/short reimbursement of ID Cess	Nov. 1998 to June 2002 and 2012-13 to 2013-14		415.49	1,501.81	1,917.30
Non-payment of interest on sale of damaged paddy, difference of purchase tax/VAT, difference between simple and compound interest on incidental charges	1994-95, 1997-98 to 2000-01 and Oct. 2016 to Dec. 2016		244.41	2,159.67	2,404.08
Total			12,161.00	18,842.91	31,003.91

Source: State Government information

KMS : Kharif Marketing Season;

RMS : Rabi Marketing Season

Government of Punjab (GoP) entered into a long term loan agreement of ₹ 31,000 crore at interest rate of 8.25 per cent per annum with State Bank of

¹ A Cash Credit is a short-term source of financing for a company. It enables a company to withdraw money from a bank account without keeping a credit balance. The account is limited to only borrowing up to the borrowing limit.

² Loss on account of damaged food grain, custody and maintenance charges, administrative charges and interest born due to time gap between procurement and reimbursement of cost of procurement.

³ The rate per metric tonne has been worked out by dividing difference between actual expenditure and rates finalized by GoI (₹ 8,482.19 crore) by total food grains procured during 2003-04 and 2014-15 (2,252.25 LMTs).

India on 31 December 2016 for one-time settlement of outstanding CCL accounts. The loan was to be repaid by 2036. Against this agreement, a loan of ₹ 30,584 crore was raised during 2016-17 against which ₹ 29,920 crore⁴ was given as loans to SPAs in 2016-17 for the purpose. Rate of interest to be charged from SPAs on these loans has not yet been fixed. An amount of ₹ 26 crore was recovered by the State Government from the SPAs during 2017-18.

As per agreement, this loan is being repaid by the State Government in monthly instalments of ₹ 270 crore including interest. Total loan to be repaid by December 2036 worked out to ₹ 64,800 crore including interest. Against the outstanding amount, the State Government repaid ₹ 3,240 crore (Principal: ₹ 810 crore and interest ₹ 2,430 crore) during 2017-18. Thus, the State had to bear financial burden of ₹ 3,214 crore (₹ 3,240 crore - ₹ 26 crore repaid by the SPAs) during 2017-18.

On account of these additional borrowings of ₹ 29,920 crore and borrowings of ₹ 4,263 crore under UDAY the fiscal deficit in 2016-17 increased to 10.99 per cent from 4.45 per cent in 2015-16. **Payment of interest on additional borrowings under CCL and UDAY impacted the fiscal deficit and revenue deficit by ₹ 2,453 crore during 2017-18.**

1.1.6 Review of the fiscal situation

The Fourteenth Finance Commission (FFC) and the State Government set fiscal targets to be achieved during 2017-18. The Government of India, while reiterating the targets set by FFC, recommended evaluation of fiscal parameters with the estimated GSDP (₹ 4,70,137 crore⁵) for 2017-18. Though, the State Government did not amend its FRBM Act during 2017-18 as per recommendations of the FFC, the targets set by FFC and proposed in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to the estimated GSDP are given in **Table 1.4**.

Table 1.4: Targets *vis-à-vis* achievements in respect of major fiscal aggregates for the year 2017-18

Fiscal variables	Targets as prescribed by FFC	Targets in the Budget	Actuals (as per estimated GSDP)	Percentage variation of actuals over	
				Targets of FFC	Targets in Budget
Revenue Deficit/GSDP (<i>per cent</i>)	(-1.40)	(-3.18)	(-) 2.01	(-) 0.61	1.17
Fiscal Deficit/GSDP (<i>per cent</i>)	(-3.00)	(-4.96)	(-) 2.66	0.34	2.30
Ratio of total outstanding debt of the Government to GSDP (<i>per cent</i>)	30.96	41.88	41.51	10.55	(-)0.37

Source: Recommendations of FFC, Budget at a glance and Finance Accounts.

- During the year 2017-18, though the Government was able to contain the revenue deficit within the level projected in the budget estimates, it was higher than the ratio fixed by FFC.
- Revenue Deficit was 17.84 per cent of revenue receipts.

⁴ Net loan raised (₹ 30,584 crore - ₹ 664 crore repaid during January–March 2017).

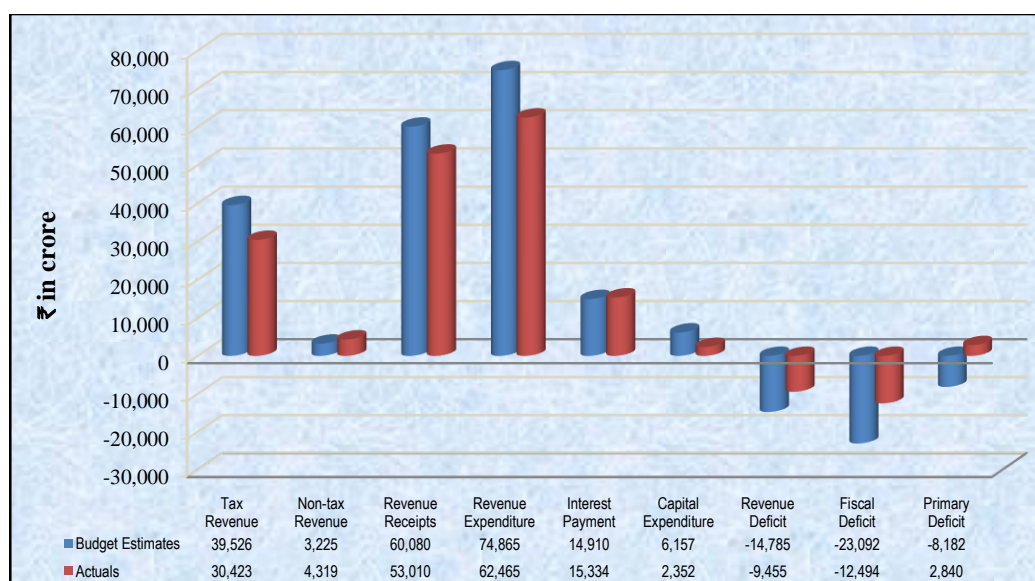
⁵ GoI's letter No. 40(6) PF-1/2009 Vol. III dated 28 August 2017.

- The fiscal deficit-GSDP ratio remained within the norm prescribed by the FFC and as projected in the State budget estimates. However, the Government could not contain the Debt-GSDP ratio within norms prescribed by FFC though the same was within the ceiling projected in the budget estimates.

1.1.7 Budget estimates and actuals

The budget presented by the State Government provides description of projections or estimates of revenue and expenditure for a particular fiscal year. It is desirable that the estimation of revenue and expenditure should be made as accurately as possible so that reasons for variations can be analysed. The budget estimates *vis-à-vis* actuals in respect of various fiscal parameters for the year 2017-18 are given in **Appendix 1.4**. The budget estimates *vis-à-vis* actuals in respect of important fiscal parameters are given in **Chart 1.4**.

Chart 1.4: Important fiscal parameters: Budget Estimates *vis-à-vis* Actuals



Source: Budget Estimates and Finance Accounts

- During the year 2017-18, total revenue receipts (₹ 53,010 crore) remained lower than budget estimate by ₹ 7,070 crore (11.77 per cent). This was primarily on account of tax revenue being lower by ₹ 9,103 crore (23.03 per cent) than the budget estimates. This shortfall was partially compensated by grant-in-aid from GoI of ₹ 4,037 crore on account of loss of revenue arising from implementation of Goods and Services Tax (GST) with effect from July 2017.
- Non-tax revenue was higher than the budget estimates by ₹ 1,094 crore (33.92 per cent).
- The revenue expenditure and the capital expenditure remained lower by ₹ 12,400 crore (16.56 per cent) and ₹ 3,805 crore (61.80 per cent) respectively, whereas the interest payments were higher than budget estimates by ₹ 424 crore (2.84 per cent).

- Capital expenditure during 2017-18 (₹ 2,352 crore) was less by 61.80 per cent of the projection made in the budget estimates (₹ 6,157 crore).
- The actual revenue, fiscal and primary deficits were less than those anticipated in the budget.

The Government may consider examining reasons for the shortfall in mobilisation of tax receipts and take measures for improving resource mobilisation.

1.1.8 Buoyancy Ratios

Buoyancy Ratios indicate the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The Buoyancy Ratios of Revenue Receipts, State's Own Tax Receipts, Total Expenditure and Fiscal Liabilities with respect to GSDP are given in **Table 1.5**.

Table 1.5: Buoyancy Ratios of Receipts, Expenditure and Fiscal Liabilities in comparison to GSDP

	2013-14	2014-15	2015-16	2016-17	2017-18
GSDP (₹ in crore)	3,32,147	3,55,102	3,90,087	4,28,340	4,71,301
Rate of Growth of GSDP (in per cent)	11.56	6.91	9.85	9.81	10.03
Revenue Receipts (RR)					
RR during the year (₹ in crore)	35,104	39,023	41,523	47,985	53,010
Rate of growth of RR (in per cent)	9.52	11.16	6.41	15.56	10.47
Buoyancy of RR with GSDP	0.82	1.62	0.65	1.59	1.04
Own Tax Revenue					
Own Tax Revenue during the year (₹ in crore)	24,079	25,570	26,690	27,747	30,423
Rate of Growth of Own Tax Revenue (in per cent)	6.61	6.19	4.38	3.96	9.64
Buoyancy of Own Tax Revenue with GSDP	0.57	0.90	0.44	0.40	0.96
Total Expenditure (TE)					
TE during the year (₹ in crore)	44,007	50,002	59,101	1,01,006	65,577
Rate of Growth of TE (in per cent)	5.86	13.62	18.20	70.90	-35.08
Buoyancy of TE with GSDP	0.51	1.97	1.85	7.23	-3.50
Fiscal Liabilities					
Fiscal Liabilities (₹ in crore)	1,02,234	1,12,366	1,28,835	1,82,526	1,95,152
Rate of Growth (in per cent)	10.78	9.91	14.66	41.67	6.92
Buoyancy of Fiscal liabilities with GSDP	0.93	1.43	1.49	4.25	0.69

Source: Finance Accounts of respective years

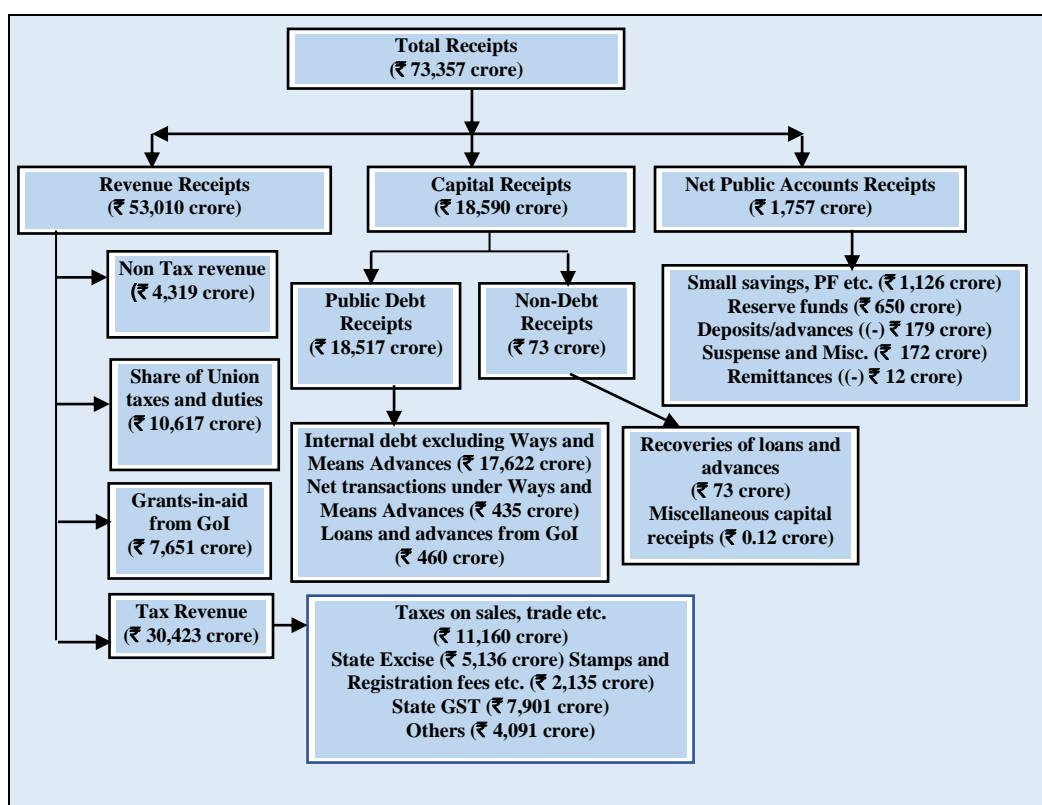
Table 1.5 shows that the buoyancy of revenue receipts with respect to GSDP was lower, while that of own tax revenue was higher during 2017-18 as compared to previous year. The growth rate of total expenditure and fiscal liabilities was less than the growth rate of GSDP during the same period.

1.2 Resources of the State

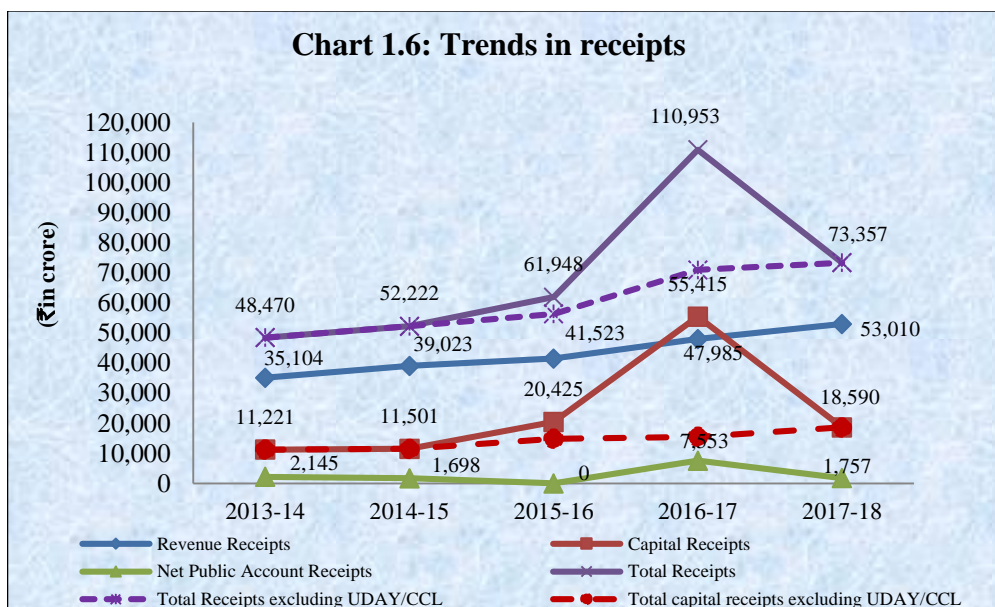
1.2.1 Receipts of the State

Revenue and capital are the two streams of 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 Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Besides, there are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. **Chart 1.6** depicts the trends in various components of receipts of the State during 2013-14 to 2017-18. The position of total receipts of the State is depicted in **Chart 1.5**.

Chart 1.5: Composition of receipts of the State during 2017-18

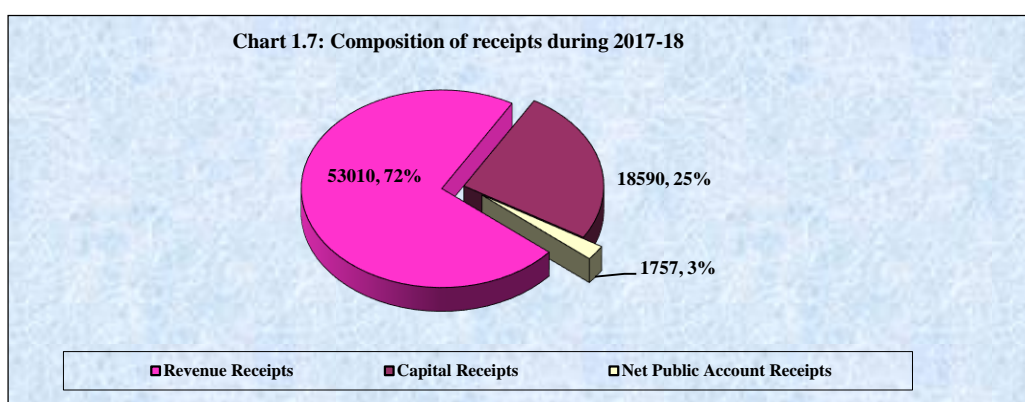


Source: Finance Accounts



- During the period 2013-14 to 2017-18, revenue receipts increased from ₹ 35,104 crore to ₹ 53,010 crore.
- The net public account receipts first decreased from ₹ 2,145 crore in 2013-14 to zero in 2015-16 then increased sharply to ₹ 7,553 crore in 2016-17 and again decreased to ₹ 1,757 crore during the current year mainly due to decrease in receipt of Treasury cheques and Cash balance investments.
- Capital receipts also had an increasing trend as it increased from ₹ 11,221 crore in 2013-14 to ₹ 55,415 in 2016-17 but again decreased to ₹ 18,590 crore in 2017-18 as discussed in paragraph 1.1.5.

The composition of resources of the State during the current year is given in **Chart 1.7**.



Source: Finance Accounts

During the year 2017-18, contribution of revenue receipts, capital receipts and net public account receipts towards total receipts of the State was 72 per cent, 25 per cent and three per cent respectively as compared to 43 per cent, 50 per cent and seven per cent in 2016-17.

1.2.2 Funds transferred to State implementing agencies outside the State budget

The Government of India (GoI) had been transferring sizeable amount of funds directly to the State implementing agencies for implementation of various schemes/ programmes in the social and economic sectors. From 2014-15 onwards, GoI decided (May 2014) to route these funds through State budget. During the year 2017-18, an amount of ₹ 2,047.59 crore was released directly to the State implementing agencies/organizations (**Table 1.6**), which was an increase of 3.09 *per cent* over the previous year (₹ 1,986.12 crore).

Table 1.6: Funds transferred directly to State implementing agencies

(₹ in crore)

Sr. No.	Government of India Scheme	Implementing agency	Amount
1	Food Subsidy	Punjab State Grains Procurement Corporation Limited,	796.33
2	National Rural Employment Guarantee Scheme (MGNREGA)	The Punjab State Rural Employment Guarantee Society	479.49
3	Works under Roads Wing	Government Contractors	250.38
4	National Highway Authority of India	1. Era Infra Engineering Limited 2. Competent Authority for Land Acquisition cum SDM Barnala, Patran 3. Executive Engineer-Central Works Division, Punjab, PWD B & R Sangrur at Patiala 4. Punjab State Power Corporation Limited, Patiala 5. Executive Engineer, Water Supply and Sanitation Division No.1 Tarn Taran	150.63
5	MPs Local Area Development Scheme (MPLADS)	Deputy Commissioners	97.50
6	Grants to States E&I from CRF	Government Contractors	55.12
7	National Aids and STD Control Programme (NACO)	Punjab State Aids Control Society	27.26
8	National Heritage Cities Programme	Amritsar Municipal Corporation	22.03
9	S&T Institutional and Human Capacity Building	Educational Institutions	20.10
10	Bio-technology Research and Development	Educational Institutions	16.03
11	Other Schemes	Miscellaneous Agencies	132.72
Total			2,047.59

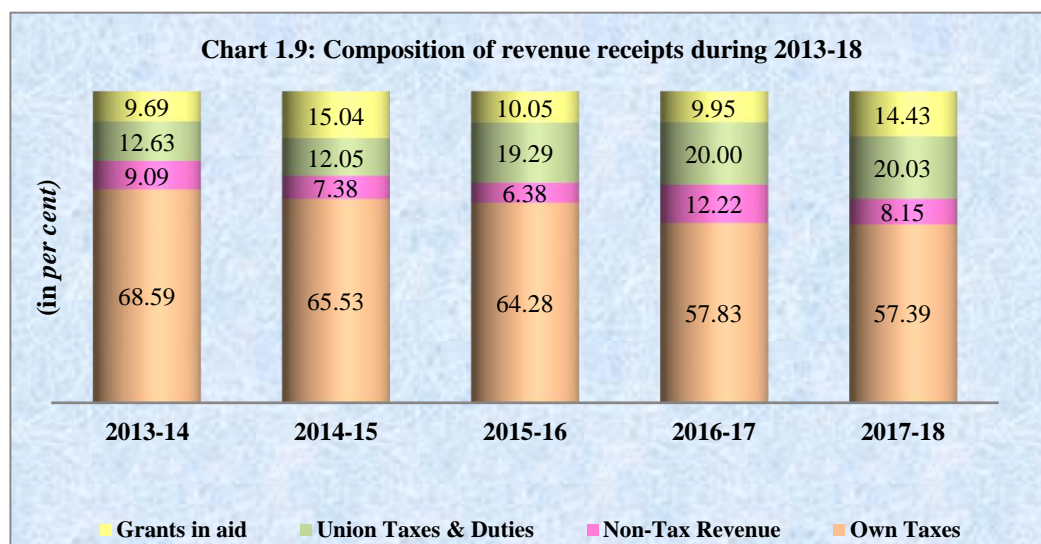
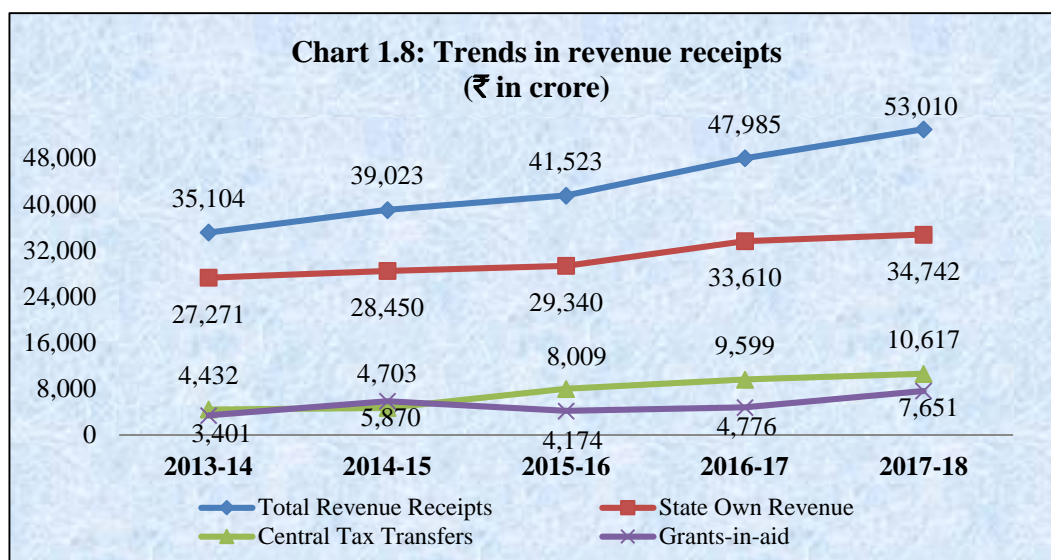
Source: Finance Accounts

Out of total funds of ₹ 3,293.43 crore transferred by GoI to implementing agencies (including the agencies other than State implementing agencies) in the State, an amount of ₹ 2,047.59 crore (62 *per cent*) was released to the State implementing agencies.

1.3 Revenue receipts

The revenue receipts consist of the State's own tax and non-tax revenues, share of Union taxes/duties and grants-in-aid from GoI.

The trends and composition of revenue receipts during the period 2013-14 to 2017-18 are presented in *Appendix 1.5* and also depicted in **Charts 1.8** and **1.9** respectively.



The trends in revenue receipts relative to GSDP are presented in **Table 1.7**.

Table 1.7: Trends in revenue receipts

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (RR) (₹ in crore)	35,104	39,023	41,523	47,985	53,010
Rate of growth of RR (per cent)	9.52	11.16	6.41	15.56	10.47
RR/GSDP (per cent)	10.57	10.99	10.64	11.20	11.25
Own tax revenue (₹ in crore)	24,079	25,570	26,690	27,747	30,423
Rate of growth of own tax revenue (per cent)	6.61	6.19	4.38	3.96	9.64
Buoyancy Ratios⁶					
Revenue buoyancy w.r.t GSDP	0.82	1.62	0.65	1.59	1.04
State's own tax buoyancy w.r.t GSDP	0.57	0.90	0.44	0.40	0.96

Source: Finance Accounts

- The revenue receipts increased from ₹ 35,104 crore in 2013-14 to ₹ 53,010 crore in 2017-18 at an annual average growth rate of 10.62 per cent. The ratio of revenue receipts to GSDP remained around 11 per cent during 2013-18 though it increased from 10.57 in 2013-14 to 11.25 per cent in 2017-18.
- The revenue buoyancy with reference to GSDP fluctuated between 0.65 and 1.62 during 2013-18. **The decrease in revenue buoyancy with respect to GSDP in 2017-18 vis-à-vis the previous year was primarily due to decrease in non-tax revenue of the State.**
- The State's own tax buoyancy with reference to GSDP increased from 0.57 in 2013-14 to 0.96 in 2017-18.

1.3.1 State's own resources

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

The State's actual tax and non-tax receipts for the year 2017-18 vis-à-vis assessment made by Fourteenth Finance Commission (FFC) and Budget Estimates are given in **Table 1.8**.

Table 1.8: Tax and non-tax receipts vis-à-vis projections

	FFC projections	Budget Estimates	Actual	Percentage variation of actual over	
				FFC projections	Budget estimates
Own Tax revenue	43,390	39,526	30,423	(-)29.88	(-)23.03
Non-tax revenue	3,816	3,225	4,319	13.18	33.92

Source: Report of FFC, Annual Financial Statement 2017-18 and Finance Accounts

Own-tax revenue of the State Government fell short of projections made by FFC and the budget estimates by 29.88 per cent and 23.03 per cent respectively, whereas, non-tax revenue was higher by 13.18 per cent and 33.92 per cent than the projections made by FFC and the budget estimates respectively.

⁶ Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable.

1.3.1.1 Tax revenue

The collections in respect of major taxes and duties are given in **Table 1.9**.

Table 1.9: Components of State's own tax revenue

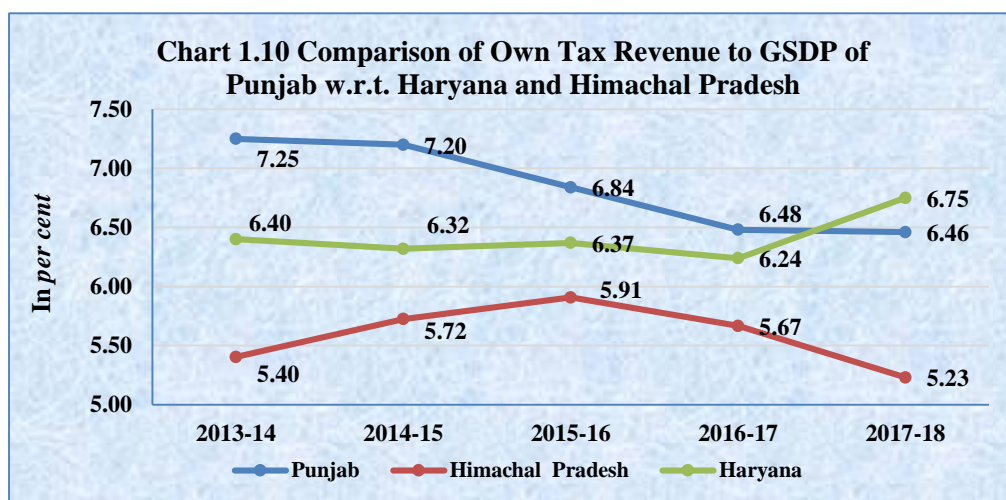
Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes on Sales, Trades etc.	14,847(12)	15,455 (4)	15,857 (3)	17,587 (11)	11,160*
State Goods and Services Tax	-	-	-	-	7,901*
State Excise	3,765 (13)	4,246 (13)	4,796 (13)	4,406 (-8)	5,136 (17)
Taxes on Vehicles	1,146 (15)	1,394(22)	1,475(6)	1,548 (5)	1,911 (23)
Stamp Duty and Registration fees	2,500(-14)	2,474(-1)	2,449(-1)	2,044(-17)	2,135(4)
Land Revenue	42(14)	47(12)	55(17)	68(24)	91(34)
Taxes and Duties on Electricity	1,710(-16)	1,875(10)	1,968(5)	1,993(1)	2,053(3)
Other taxes and duties on commodities and services ⁷	69(38)	79(14)	90(14)	101(12)	36*
Total Own Tax Revenue	24,079(7)	25,570(6)	26,690(4)	27,747(4)	30,423(10)

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

* Tax realized being not of full year, rate of growth is not comparable.

The total own tax revenue increased by ₹ 2,676 crore (9.64 per cent) during the current year over the previous year. Additionally, the State Government received an amount of ₹ 4,037 crore as compensation on account of loss of revenue arising out of implementation of GST with effect from July 2017, which was provided by GoI as Grant-in-aid, as discussed in paragraph 1.3.1.3.



Ratio of own tax revenue to GSDP of Punjab remained higher than that of Haryana and Himachal Pradesh during 2013-17. However, during 2017-18, it was marginally lower at 6.46 per cent as compared to Haryana (6.75 per cent) and higher than Himachal Pradesh (5.23 per cent).

(a) Goods and Services Tax

State Government implemented the Goods and Services Tax (GST) Act which

⁷ Entertainment tax, betting tax, luxury tax, taxes on advertisement exhibited in cinema theatres, etc. subsumed in GST w.e.f 01.07.2017

became effective from 1st July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. A base year (2015-16) revenue figure was finalised under GST Act. **In case of Punjab, the revenue was ₹ 14,471.77 crore during the base year (2015-16). The projected revenue for any year in a State shall be calculated by applying the projected growth rate (14 per cent per annum) cumulatively over the base year revenue of that State.**

The projected revenue for the year 2017-18 (1st July 2017 to 31st March 2018) in accordance with the base year figure was ₹ 14,105.70 crore. Revenue figure under GST for the year 2017-18 has been depicted in Finance Accounts as per nature of receipts i.e. State Goods and Services (SGST) Tax, Input Tax Credit cross utilisation of SGST and IGST (Integrated Goods & Services Tax), apportionment of IGST-transfer-in of tax component to SGST and Advance apportionment from IGST. **Against the projected revenue of ₹ 14,105.70 crore, the revenue receipt of the State Government under GST during the year 2017-18 is given in Table 1.10.**

Table 1.10: Month-wise impact of GST and compensation received

(₹ in crore)

Month	Monthly revenue to be protected	Pre-GST taxes collected [#]	SGST collected	Provisional apportionment of IGST	Total amount received	Compensation received	Deficit (-)/ Surplus (+)
	1	2	3	4	5=(2+3+4)	6	7={1-(5+6)}
July 2017	1,567.30	991.98	0.91		992.89	0	(-)574.41
August 2017	1,567.30	145.35	577.16		722.51	0	(-)844.79
September 2017	1,567.30	94.88	1,217.87		1,312.75	0	(-)254.55
October 2017	1,567.30	184.27	956.35		1,140.62	616.00	(+) 189.32
November 2017	1,567.30	27.08	933.54		960.62	1,482.00	(+) 875.32
December 2017	1,567.30	(-)54.60	832.55		777.95	0	(-)789.35
January 2018	1,567.30	42.03	950.95		992.98	740.00	(+) 165.68
February 2018	1,567.30	57.72	885.40	633.00	1,576.12	0	(+) 8.82
March 2018	1,567.30	96.30	913.41		1,009.71	1,199.00	(+) 641.41
Total	14,105.70	1,585.01	7,268.14	633.00	9,486.15	4,037.00	(-)582.55

Source: Office of the Accountant General (A&E), Punjab and Departmental information.

includes VAT and CST (net of refunds) and revenue from taxes subsumed in GST by excluding VAT and GST on petroleum products and liquor.

(b) Advance apportionment from IGST

The GoI is to apportion IGST to State Governments under sections 17 of the IGST Act, 2017. The State Tax Division, Ministry of Finance, Department of Revenue (GoI) sanctioned (February 2018) provisional/ advance settlement of apportionment of ₹ 633 crore with the condition that amount will be adjusted in the year 2018-19 from the regular settlement of IGST on the basis of monthly returns in ten equal installments starting from April 2018. **However, the GoI adjusted this ₹ 633 crore against the bi-monthly compensation due to the State for November-December 2017. The GoI released only ₹ 740 crore in January 2018 after adjusting ₹ 633 crore advance apportionment towards compensation for the bi-monthly period.** The State Government had not taken up the matter with GoI regarding

adjustment of apportionment amount of ₹ 633 crore as compensation payable to the State during 2017-18 instead of during 2018-19 as stipulated by Ministry of Finance letter no.S-31013/16/2017-ST-1-DOR/2 dated 21 February 2018. **Thus, there was an overall shortfall of ₹ 582.55 crore in receipt of compensation as on 31 March 2018.**

1.3.1.2 Non-tax revenue

In the year 2017-18, the share of non-tax revenue in total revenue receipts went down to 8.15 per cent from 12.22 per cent in the previous year. The non-tax revenue decreased by 26.35 per cent during the current year over the previous year. The composition and growth in State's non-tax revenue is given in **Chart 1.11** and **Table 1.11**.

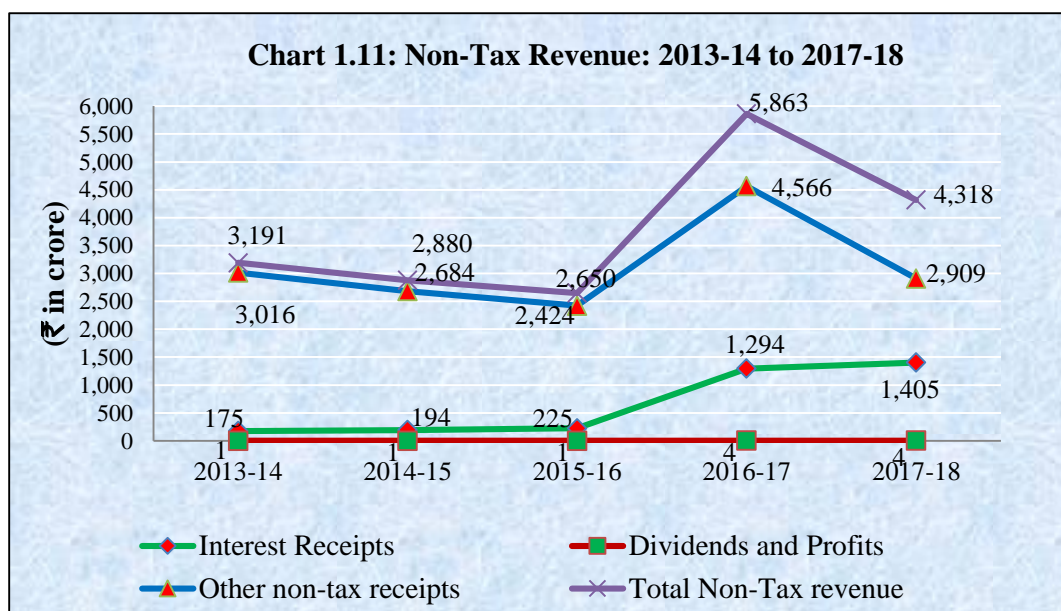


Table 1.11: Components of State's non-tax revenue

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Interest Receipts	174.68 (2)	193.88 (11)	225.28 (16)	1,293.80 (474)	1,404.94 (9)
Dividends and Profits	1.46 (342)	1.48 (1)	1.46 (-1)	3.88 (166)	4.45 (15)
Misc. General Services ⁸	1,640.32 (15)	1,473.47 (-10)	999.84 (-32)	3,028.08 (203)	1,478.97 (-51)
Road Transport	199.68 (-10)	161.67 (-19)	148.49 (-8)	213.89 (44)	158.69 (-26)
Other non-tax receipts ⁹	1,175.35 (44)	1,049.23 (-11)	1,275.20 (22)	1,323.55 (4)	1,271.34 (-4)
Total Non-Tax revenue	3,191.49 (21)	2,879.73 (-10)	2,650.27 (-8)	5,863.20 (121)	4,318.39 (-26)

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

⁸ Unclaimed deposits, State Lotteries, Sale of land and property, Guarantee Fees and Other Receipts.

⁹ Medical and Public Health, Social Security and Welfare, Civil Supplies, Non-Ferrous Mining and Metallurgical Industries, etc.

During the current year, the decrease of ₹ 1,544.81 crore in total non-tax revenue over the previous year was mainly due to decrease of ₹ 1,549.11 crore in miscellaneous general services. **The sudden increase in interest receipts during 2016-17 was mainly due to interest receipts of ₹ 1,072.79 crore against loans given to Punjab State Power Corporation Limited (PSPCL) during 2015-16 and 2016-17 for implementation of UDAY.**

1.3.1.3 Grants-in-aid from GoI

The position of grants-in-aid received during the period 2013-14 to 2017-18 is presented in **Table 1.12**.

Table 1.12: Grants-in-aid from Government of India

(₹ in crore)					
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	1,064.11	2,003.87	1,274.64	1,610.35	0.00¹⁰
Plan Grants of which					
Grants for State Plan Schemes	1,058.26	3,597.61	2,320.12	2,523.14	162.81
Grants for Central Plan Schemes	7.67	80.06	341.76	78.65	3,096.13
Grants for Centrally Sponsored Plan Schemes	1,271.34	188.41	237.20	563.69	(-) 0.63
Finance Commission Grants					355.69
Other Transfer/Grants to States (GST Compensation)	--	--	--	--	4,037.00
Total plan grants	2,337.27	3,866.08	2,899.08	3,165.48	3,614.00
Total grants	3,401.38	5,869.95	4,173.72	4,775.83	7,651.00
Percentage increase in grants over previous year	22.55	72.58	(-)28.90	14.43	60.20
Percentage of total grants to revenue receipts	9.69	15.04	10.05	9.95	14.43

Source: Finance Accounts

Grants-in-aid from GoI increased at an annual average rate of 28.17 per cent during the period 2013-14 to 2017-18. It decreased by 28.90 per cent in 2015-16 over 2014-15 and again increased by 60.20 per cent in the current year over the previous year. **This significant increase was mainly because the total grant of ₹ 7,651 crore received during the year 2017-18 included compensation of ₹ 4,037 crore on account of loss of revenue arising out of implementation of GST which is 52.76 per cent of total grant.** Table 1.12 shows that the contribution of grants-in-aid towards revenue receipts increased from 9.69 per cent in 2013-14 to 14.43 per cent in 2017-18.

1.3.1.4 Central tax transfer

The actual release of share in Union taxes and duties to State Government during 2010-18 vis-à-vis projections made by Thirteenth Finance Commission and Fourteenth Finance Commission is tabulated in **Table 1.13**.

¹⁰ Non-plan and Plan grants merged with effect from 01 April 2017.

Table 1.13: State's share in Union taxes and duties: Actual devolution vis-à-vis Finance Commission projections

(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2010-11	1.389 per cent of net proceeds of all shareable taxes excluding service tax and 1.411 per cent of net proceeds of sharable service tax (As per recommendations of TFC)	3,207	3,051	(-) 156
2011-12		3,665	3,554	(-) 111
2012-13		4,398	4,059	(-) 339
2013-14		5,278	4,432	(-) 846
2014-15		6,333	4,703	(-) 1,630
2015-16	1.577 per cent of net proceeds of all shareable taxes excluding service tax and 1.589 per cent of net proceeds of sharable service tax (As per recommendations of FFC)	8,009*	8,009	--
2016-17		9,600*	9,600	--
2017-18	As per fiscal consolidation roadmap of State Government.	10,651	10,617	(-)34

Source: Reports of the TFC & FFC, Finance Accounts and AFS.

* Fiscal Consolidation Roadmap (FCR) for the years 2015-16 to 2019-20 was prepared by the State Government in 2017-18 and the actual tax devolution figures for the year 2015-16 and 2016-17 were adopted as the projected figures for the respective years.

State Government's share in Union taxes increased by ₹ 1,017 crore (10.59 per cent) during 2017-18 over the previous year.

1.3.1.5 Cost of collection

The figures of major own tax receipts, expenditure incurred on collection of these own taxes and percentage of such expenditure to components of own tax revenue receipts vis-à-vis All India Average percentage are given in **Appendix 1.6**. During the period 2013-14 to 2016-17, **the percentage of cost of collection to total collection in respect of various components of State's own tax revenue is lower than the All India average¹¹ except in case of taxes on sales, trades etc. during 2015-16 and State Excise during 2016-17.**

1.4 Capital receipts

Sources of Capital receipts of a State can be divided into non-debt capital receipts and debt capital receipts. Non-debt capital receipts are proceeds from disinvestment of equity in Government companies/corporations and recoveries of loans and advances. The public debt receipts fall broadly under two categories- (a) loans/advances from the Union Government; and (b) Internal Debt consisting of borrowings from banks, financial institutions through negotiated loans or open market borrowings through issue of State Development Loans. The share of non-debt capital receipts and loans/advances from the Union Government was insignificant and capital receipts were mainly on account of borrowing from banks, financial institutions and open market, as detailed in **Table 1.14**.

¹¹ Data in respect of All India average for the year 2017-18 was not available.

Table 1.14: Trends in growth and composition of capital receipts*(₹ in crore)*

Sources of State's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
Capital Receipts	24,253.30	31,361.21	38,646.75	83,808.46	46,072.61
Miscellaneous Capital Receipts	0.51	0.52	0.26	0.41	0.12
Recovery of Loans and Advances	112.30	137.15	218.45	180.93	73.07
Public Debt Receipts	24,140.49	31,223.54	38,428.04	83,627.12	45,999.42*
<i>Internal Debt</i>	<i>23,762.52</i>	<i>30,656.92</i>	<i>38,162.71</i>	<i>82,972.18</i>	<i>45,539.11</i>
<i>Growth rate</i>	<i>8.28</i>	<i>29.01</i>	<i>24.48</i>	<i>117.42</i>	<i>(-)45.12</i>
<i>Loans and advances from GoI</i>	<i>377.97</i>	<i>566.62</i>	<i>265.33</i>	<i>654.94</i>	<i>460.31</i>
<i>Growth rate</i>	<i>70.30</i>	<i>49.91</i>	<i>(-)53.17</i>	<i>146.84</i>	<i>(-)29.72</i>
Rate of growth of debt Capital Receipts	8.90	29.34	23.07	117.62	(-)44.99
Rate of growth of non-debt capital receipts	(-)35.28	22.04	58.87	(-)17.09	(-)59.64
Rate of growth of GSDP	11.56	6.91	9.85	9.81	10.03
Rate of growth of Capital Receipts (<i>per cent</i>)	8.56	29.31	23.23	116.86	(-)45.03

Source: Finance Accounts and for GSDP– Source: Official website of Economic & Statistical Organization, GOP (www.esop.gov.in)

*Including gross figure under Ways and Means Advances of ₹27,917.13 crore.

During the current year, the public debt receipts decreased by ₹ 37,628 crore (45 *per cent*) over the previous year due to the reason discussed in paragraph 1.1.5.

If this one-time effect of ₹ 39,951.15 crore during 2016-17 is set aside, the public debt receipts would register an increase of ₹ 2,323.45 crore (five *per cent*) over the previous year. Besides, recovery of loans and advances decreased by ₹ 107.86 crore (60 *per cent*) over the previous year.

1.5 Public Account receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund of the State, are kept in the Public Account set up under Article 266 (2) of the Constitution of India and are not subject to vote by the State Legislature. Here, the State Government acts as a banker. The balance after disbursements is the fund available with the State Government for use, as given in **Table 1.15**.

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

(₹ in crore)

Source of State Receipts	Public Account Receipts		Disbursement from Public Account		Excess of receipts over disbursements	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Small Savings, Provident Funds, etc.	3,373.38	3,521.99	2,140.71	2,395.79	1,232.67	1,126.20
Reserve Funds	1,345.98	729.95	187.66	79.84	1,158.32	650.11
Deposits and Advances	5,943.42	3,112.08	5,827.53	3,291.54	115.89	(-)179.46
Suspense and Miscellaneous*	53,808.39	48,010.70	48,762.16	47,838.10	5,046.23	172.60
Remittances	77.92	109.50	77.79	121.70	0.13	(-)12.20
Total	64,549.09	55,484.22	56,995.85	53,726.97	7,553.24	1,757.25

Source: Finance Accounts of respective years

* Includes transactions of investment of cash balances and departmental cash in chest.

The receipts exceeded the disbursement in Public Account by ₹ 1,757.25 crore during 2017-18. **However, excess of receipts over disbursement during 2017-18 was less than the corresponding figure of 2016-17. The main reasons are discussed below:**

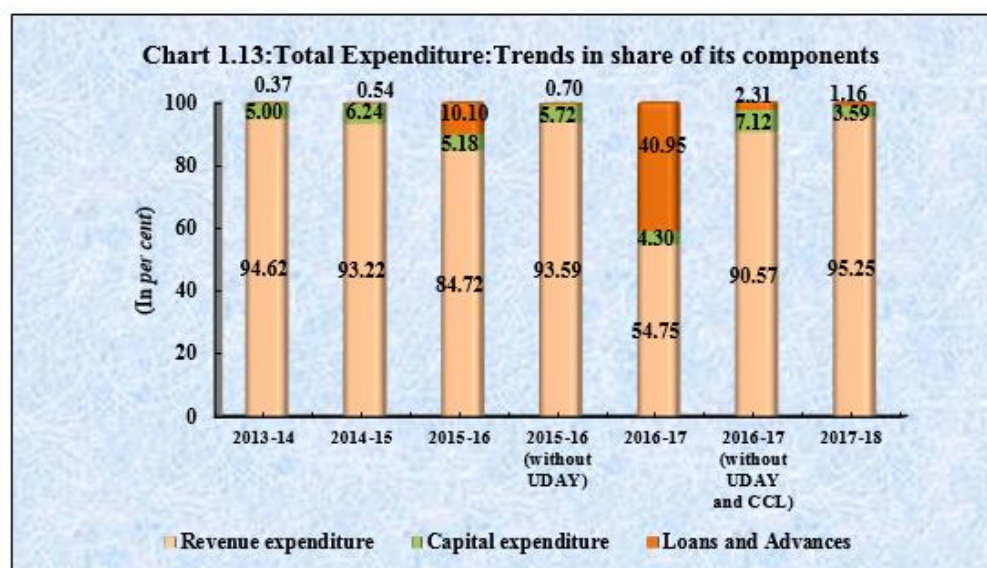
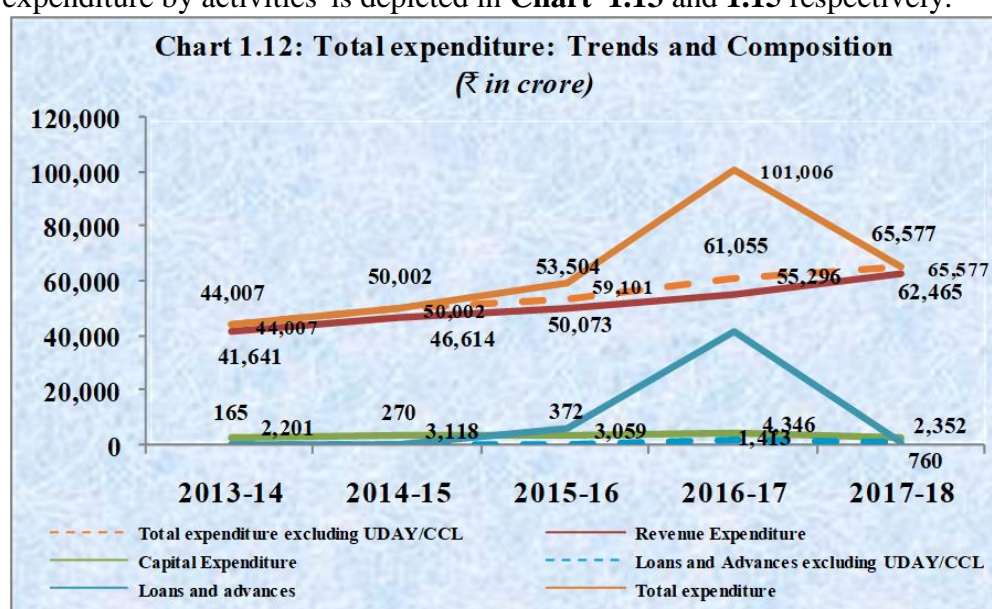
- **Reserve Funds :** There was decline in excess of receipts over disbursement under Major Head 8121-‘General and Other Reserve Funds’ from ₹ 1,158.95 crore in 2016-17 to ₹ 641.79 crore in 2017-18. Receipts under this major head during 2016-17 were higher than 2017-18 primarily due to disinvestment of ₹ 400.00 crore under Minor Head 126-‘State Disaster Response Fund-Investment Account’ during 2016-17. Receipts under this head was lower by ₹ 216.10 crore in 2017-18 than the previous year due to which there was decline in excess of receipts over disbursements during 2017-18.
- **Suspense and Miscellaneous:** The excess of receipts over disbursement mainly decreased under Major Head 8673-‘Cash Balance Investment Account’ from ₹ 5,180.21 crore in 2016-17 to Nil in 2017-18. Under this Head, transactions of the State Government by way of investment of its cash balances in short and long term securities and loans i.e. treasury bills of GoI and GoI Securities or loans of the other State Government are recorded. The amount appearing on the disbursement side of this Head is the total of amount invested for short or long period during the course of the year and on the receipt side the total of the amounts realized on maturity (less the discount earned or interest derived there-from) during the year. There was decrease in receipts (encashment) of ₹ 2,564.99 from ₹ 10,391.92 crore in 2016-17 to ₹ 7,826.83 crore in 2017-18 due to lesser investment of cash balances during 2017-18 as compared to financial year 2016-17.

1.6 Application of resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. Following is an analysis of allocation of expenditure in the State.

1.6.1 Growth and composition of expenditure

Chart 1.12 presents the trends of total expenditure over the period of the last five years (2013-18). Its composition in terms of 'economic classification' and 'expenditure by activities' is depicted in **Chart 1.13** and **1.15** respectively.



The total expenditure of the State Government increased by ₹ 56,999 crore (129.52 per cent) from ₹ 44,007 crore in 2013-14 to ₹ 1,01,006 crore in

2016-17 due to increase in loans and advances as discussed in paragraph 1.1.5. In 2017-18, it decreased to ₹ 65,577 crore i.e. ₹ 35,429 crore (35.08 per cent) from the previous year.

Revenue expenditure increased by ₹ 7,169 crore (12.96 per cent), capital expenditure decreased by ₹ 1,994 crore (45.88 per cent) and disbursement of loans and advances decreased by ₹ 40,604 crore (98.16 per cent) during the current year over the previous year. The revenue expenditure constituted dominant proportion (85 to 95 per cent) of the total expenditure during 2013-18 (Chart 1.12 and Appendix 1.5).

Table 1.16 presents the growth of revenue expenditure over five years (2013-18).

Table 1.16: Growth of Revenue Expenditure

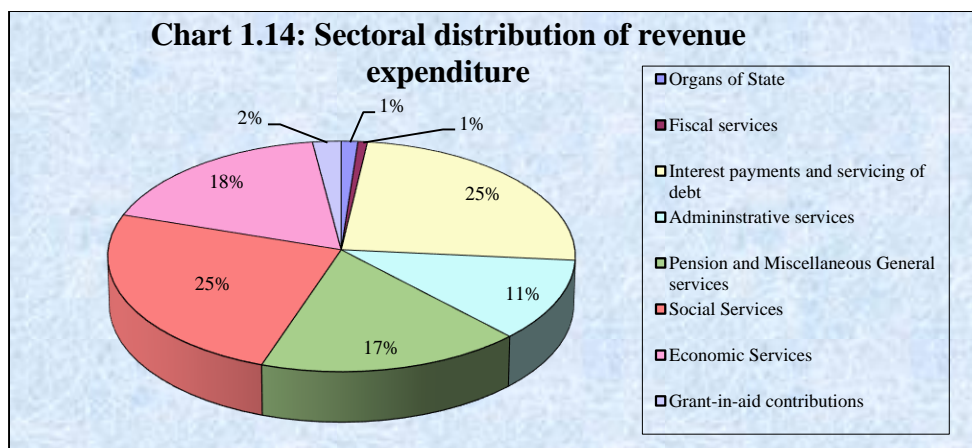
(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue expenditure	41,641	46,614	50,073	55,296	62,465
Growth rate (per cent)	5.53	11.94	7.42	10.43	12.96
Revenue expenditure as percentage of GSDP	12.54	13.13	12.84	12.91	13.25

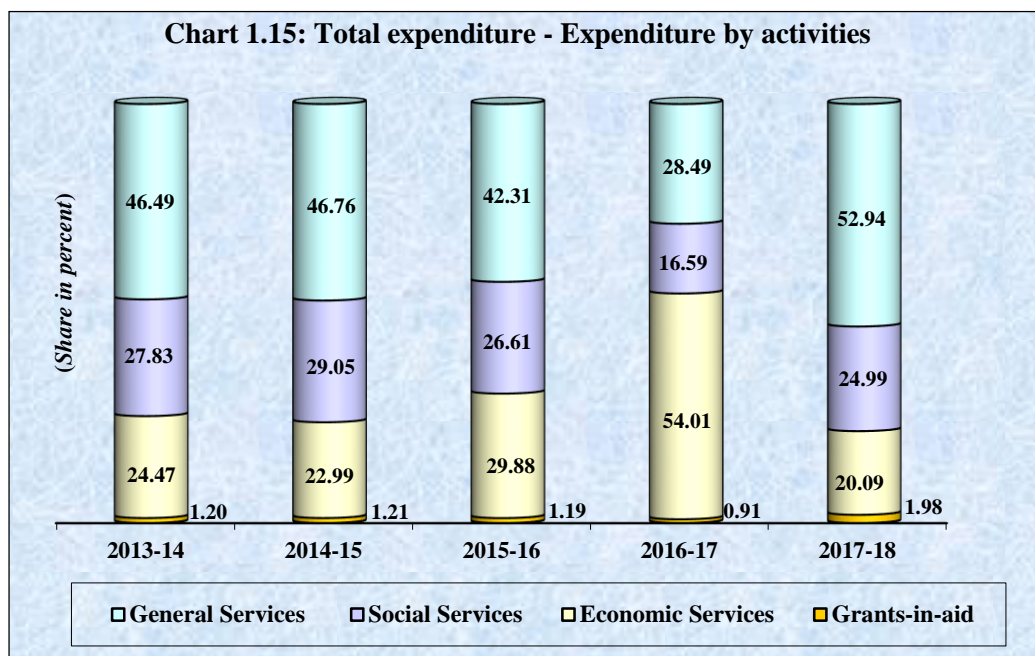
Source: Finance Accounts of respective years

During 2013-18, the revenue expenditure increased by ₹ 20,824 crore (50 per cent) at an annual average growth rate of 9.66 per cent, whereas as percentage of GSDP it grew at an annual average growth rate of 12.93 per cent during the period 2013-18.

The revenue expenditure increased by ₹ 7,169 crore (12.96 per cent) from ₹ 55,296 crore in 2016-17 to ₹ 62,465 crore in 2017-18. **The overall increase is the result of significant increase under the Heads Interest Payments (₹ 3,692.20 crore: 31.72 per cent), Crop Husbandry (₹ 1,739.73 crore: 38.00 per cent), Pension and Other Retirement Benefits (₹ 1,435.05 crore: 16.36 per cent), Miscellaneous General Services (₹ 592.83 crore: 1,060.94 per cent), General Education (₹ 543.60 crore: 6.41 per cent), Social Security and Welfare (₹ 242.64 crore: 16.31 per cent).** However, there was decrease in revenue expenditure mainly under Relief on account of Natural Calamities (₹ 385.21 crore: 57.58 per cent), Power (₹ 297.30 crore: 18.41 per cent), Other Administrative Services (₹ 251.82 crore: 32.06 per cent) and Information and Publicity (₹ 145.24 crore: 78.95 per cent). The sector-wise distribution of revenue expenditure is shown in **Chart 1.14**.



During the current year, capital expenditure decreased by ₹ 1,994 crore (45.88 per cent) over the previous year. **The decrease was mainly under capital outlay on Roads and Bridges (₹ 661.52 crore: 49.55 per cent), Command Area Development (₹ 380.02 crore: 96.51 per cent), Flood Control Projects (₹ 344.04 crore: 83.74 per cent), Medium Irrigation (₹ 257.55 crore: 63.21 per cent), Education, Sports, Art and Culture (₹ 150.37 crore: 68.34 per cent), Housing (₹ 97.10 crore: 104.00 per cent) and Other General Economic Services (₹ 87.96 crore: 69.83 per cent). Capital expenditure remained between four and six per cent of the total expenditure during 2013-18.**



The movement of relative share of various components of expenditure (Chart 1.15) indicates that the **share of general services in total expenditure increased from 46.49 per cent in 2013-14 to 52.94 per cent in 2017-18, that of social services decreased from 27.83 per cent to 24.99 per cent; and economic services decreased from 24.47 per cent to 20.09 per cent during 2013-18.** Development Expenditure i.e. 'expenditure on social and economic services' decreased from 52.30 per cent in 2013-14 to 45.08 per cent in 2017-18.

1.6.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.17** presents the trends in expenditure on these components during 2013-14 to 2017-18.

Table 1.17: Components of committed expenditure*(₹ in crore)*

Components of committed expenditure	2013-14	2014-15	2015-16	2016-17	2017-18	2017-18
					BE	Actuals
Salaries and Wages [#]	14,852 (42)	16,304 (42)	17,437 (42)	18,504 (39)	21,321 (35)	20,030 (38)
<i>Under Non-Plan Head</i>	<i>14,496</i>	<i>15,615</i>	<i>17,032</i>	<i>17,959</i>	<i>0</i>	<i>0¹²</i>
<i>Under Plan Head*</i>	<i>356</i>	<i>689</i>	<i>405</i>	<i>545</i>	<i>21,321</i>	<i>20,030</i>
Interest Payments	7,820 (22)	8,960 (23)	9,782 (24)	11,642 (24)	14,910 (25)	15,334 (29)
Pensions	6,277 (18)	7,249 (19)	7,833 (19)	8,773 (18)	10,147 (17)	10,208 (19)
Subsidies	4,904 (14)	4,772 (12)	5,080 (12)	5,823 (12)	10,805 (18)	6,982 (13)
Total Committed Expenditure	33,853	37,285	40,132	44,742	57,183	52,554
Total Revenue Expenditure	41,641	46,614	50,073	55,296	74,865	62,465
Total Committed Expenditure to Revenue Expenditure (per cent)	81.30	79.99	80.15	80.91	76.38	84.13
Revenue Receipts	35,104	39,023	41,523	47,985	60,080	53,010

Source: Finance Accounts. Figures in parenthesis indicate percentage to Revenue Receipts.

[#] Salaries (2017-18): ₹19,430.31 crore + Wages (2017-18): ₹599.94 crore.

*Plan Head includes centrally sponsored schemes.

Table 1.18 presents the targets of various components of committed expenditure *vis-à-vis* actuals during 2017-18.

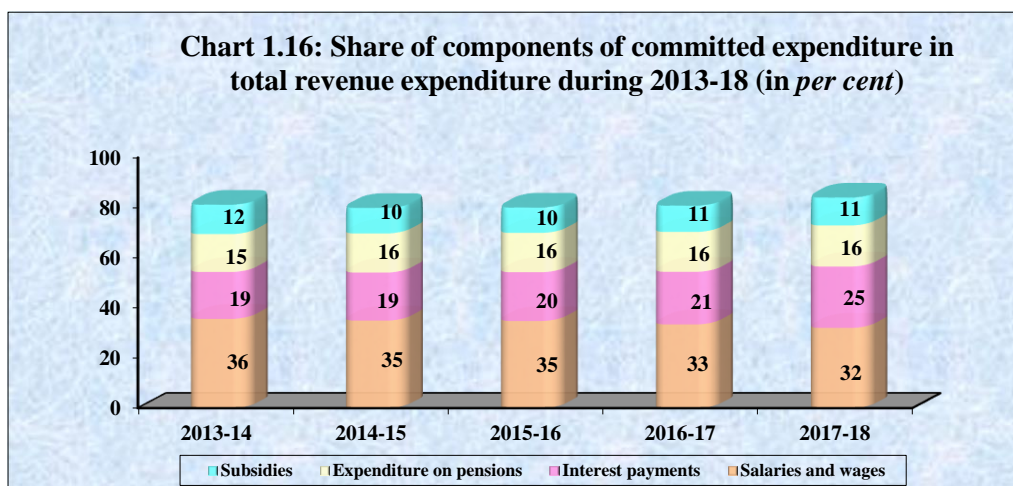
Table 1.18: Committed expenditure *vis-à-vis* targets during 2017-18*(₹ in crore)*

Item	FFC	2017-18	
		BE	Actuals
Salaries	--	20,724	19,430
Interest payments	11,425	14,910	15,334
Pensions	9,165	10,147	10,208
Subsidies	--	10,805	6,982
<i>Of which Power Subsidy</i>	--	<i>10,255</i> <i>(95)</i>	<i>6,578</i> <i>(94)</i>

Source: Report of FFC, Annual Financial Statement and Finance Accounts

Figures in parenthesis indicate percentage of power subsidy to total subsidy

¹² Non-plan and Plan grants merged with effect from 01 April 2017.



1.6.2.1 Salaries

Table 1.17 shows that during 2017-18, expenditure on salaries increased by ₹ 1,724 crore (9.74 per cent) over the previous year. Actuals of salaries was less than the budget estimates by 6.24 per cent during 2017-18. It accounted for 38 per cent of revenue receipts. Committed expenditure on salary and wages constituted 32 per cent of the revenue expenditure (**Chart 1.16**).

1.6.2.2 Interest payments

Table 1.17 shows that during the period from 2013-14 to 2017-18, interest payments consumed 22 to 29 per cent of revenue receipts. Interest payments increased over the previous year by ₹ 3,692 crore (32 per cent), which were mainly due to increase of ₹ 3,569 crore in interest payments on internal debt during 2017-18. Interest Payments also exceeded the targets fixed by FFC and State Budget by ₹ 3,909 crore and ₹ 424 crore respectively. The committed expenditure on interest payments constituted 25 per cent of the revenue expenditure (**Chart 1.16**).

1.6.2.3 Pension payments

Table 1.17 shows that during 2017-18, pension payments recorded a growth of ₹ 1,435 crore (16.35 per cent) over the previous year. Pension payment exceeded the projections of FFC and budget estimates by ₹ 1,043 crore (11.38 per cent) and ₹ 61 crore (0.60 per cent) respectively. The committed expenditure on pension payments constituted 16 per cent of the revenue expenditure (**Chart 1.16**).

(i) New Pension Scheme

The State Government introduced a New Contributory Pension Scheme (NPS) in December 2006 to cover employees, who entered Punjab Government Service¹³ on or after 1 January 2004. Under the scheme, contribution at the rate of 10 per cent of the basic pay plus Dearness Allowance was to be

¹³ For categories mentioned in Rule 1.2 of Punjab Civil Service Rules, Volume-I Part-I.

recovered from the salary of the employees as employee's share, which, after adding matching Government's contribution, was to be invested in a pension fund regulated by Pension Fund Regulatory and Development Authority (PFRDA).

Though the State Government implemented NPS with effect from January 2004, it started deducting the contribution from employees with effect from April 2008. The arrears of employees' share for the period from January 2004 to March 2008 was also deducted in 36 installments from April 2008 to March 2011. Though, the State Government started receiving the contribution from 2008-09, it started transferring the same to pension fund from 2010-11 onwards.

The details of the receipts from employees' share, Government's contribution, interest accrued thereon and investment in pension fund is given in **Table 1.19**.

Table 1.19: Details of contribution and investment under NPS

(₹ in crore)

Year	Receipts				Payments (Transferred to Pension Fund)			
	Employees share	Govt. contribution	Interest	Total	Employees share	Govt. contribution	Interest	Total
2008-09	35.27	33.59	0	68.86	0	0	0	0
2009-10	40.67	40.67	0	81.34	0	0	0	0
2010-11	54.31	51.90	26.86	133.07	1.23	1.23	0	2.46
2011-12	104.32	85.00	22.45	211.77	25.95	25.90	0	51.85
2012-13	178.96	196.53	24.01	399.50	142.55	142.50	0.87	285.92
2013-14	221.02	229.8	22.78	473.60	237.51	237.48	0.1	475.09
2014-15	304.56	289.88	21.35	615.79	404.80	403.55	3.69	812.04
2015-16	388.56	390.04	18.48	797.08	424.24	423.76	4.84	852.84
2016-17	436.28	435.81	17.19	889.28	458.67	458.41	0.61	917.69
2017-18	532.54	520.19	15.55	1,068.28	528.79	528.94	0.39	1,058.12
Total	2,296.49	2,273.41	168.67	4,738.57	2,223.74	2,221.77	10.50	4,456.01

Source: Data supplied by Deputy Director (Pension) GoP

During 2017-18, there was shortfall in government contribution by ₹ 3.75 crore. Against employee's share of ₹ 532.54 crore, the State Government contributed ₹ 528.79 crore. Against the total amount of ₹ 1,068.28 crore (employee's contribution ₹ 532.54 crore, employer's share ₹ 520.19 crore and interest ₹ 15.55 crore), ₹ 1,058.12 crore was transferred to PFRDA during the year. Thus there was a short transfer of ₹ 10.16 crore to PFRDA during the year. During 2008-18, against total receipts of ₹ 4,738.57 crore (employees' share: ₹ 2,296.49 crore, State Government share: ₹ 2,273.41 crore and interest of ₹ 168.67 crore), ₹ 4,456.01 crore was invested in pension fund maintained by PFRDA. Thus, there was short transfer of ₹ 282.56 crore to the Fund which is a deferred liability of the State Government.

Due to delay in release of Government's contribution and transfer to pension fund, the State Government had to suffer an avoidable interest of ₹ 168.67 crore. Of this interest, only ₹ 10.50 crore has so far been transferred to pension fund.

The Government may credit the outstanding amount along with interest at a rate which should not be less than GPF rate.

1.6.2.4 Subsidies

Table 1.17 shows that the subsidies during the current year rose by ₹ 1,159 crore (19.90 per cent) over the previous year. The committed expenditure on subsidies constituted 11 per cent of the revenue expenditure (**Chart 1.16**).

(i) Power subsidy

Impact of power subsidy on fiscal position of the State

Subsidies constituted 13 to 14 per cent of the total committed expenditure of the State Government on revenue account. Out of these, power subsidy accounted for 94 to 98 per cent of the total subsidy during 2013-18, as detailed in **Table 1.20**.

Table 1.20: Power subsidy to total subsidy, farmers, PSPCL, revenue deficit and borrowings

(₹ in crore)

Year	Total subsidy	Power subsidy (percentage to total subsidy)	Power subsidy to farmers (percentage to power subsidy)	Power subsidy to PSPCL for electrification (percentage to power subsidy)	Revenue Deficit (percentage of power subsidy to revenue deficit)	Net borrowings [#] available for revenue expenditure (percentage of power subsidy to net available borrowings)
2013-14	4,904	4,815 (98)	0*	4,815 (*)	6,537 (74)	7,349 (66)
2014-15	4,772	4,642 (97)	2,137 (46)	2,505 (54)	7,591 (61)	6,596 (70)
2015-16	5,080	4,847 (95)	4,337 (89)	510 (11)	8,550 (57)	7,567 (64)
2016-17	5,823	5,601 (96)	3,986 (71)	1,615 (29)	7,311 (77)	18,977 (30)
2017-18	6,982	6,578 (94)	5,402 (82)	1,176 (18)	9,455 (70)	9,748 (67)

Source: Finance Accounts

PSPCL = Punjab State Power Corporation Limited

*Prior to 2014-15, power subsidy to farmers was being booked together with power subsidy for electrification to PSPCL under Major Head-2801-Power.

[#] Borrowings available after repayment of earlier borrowings, meeting capital expenditure and net loans and advances.

During 2013-18, revenue deficit ranged between ₹ 6,537 crore and ₹ 9,455 crore and power subsidy constituted a significant portion of revenue deficit, which ranged between 57 and 77 per cent. **As much as 30 to 70 per cent of the net borrowings available with the State for incurring revenue expenditure during this period (Table 1.36) were consumed for meeting power subsidy.**

During 2017-18, power subsidy increased by ₹ 977 crore (17 per cent) over previous year, which was due to increase of power subsidy to Agriculture Sector (Farmers) by ₹ 1,416 crore, which was partially offset by decrease of power subsidy of ₹ 439 crore to PSPCL for rural electrification. The power subsidy to farmers increased from 71 per cent in 2016-17 to 82 per cent 2017-18 of the total power subsidy, whereas in case of PSPCL (rural electrification) it decreased from 29 per cent to 18 per cent during the same period.

(ii) Implicit subsidies

Implicit subsidies arise when the Government provides social and economic goods/services at a price lesser than the cost of goods and services incurred by the Government. It can be indirect or in kind or can be given as concessions. Some implicit subsidies extended during 2017-18 are detailed in the **Table 1.21**.

Table 1.21: Details of implicit subsidies during the year 2017-18

(₹ in crore)		
Sr. No.	Scheme	Amount
1	Reimbursement to Transport department in respect of facility to physically handicapped and blind persons in Government/ Punjab Road Transport Corporation buses	17.22
2	Reimbursement to Transport department in lieu of free concessional travel facility to women above the age of 60 years in Government/ Punjab Road Transport Corporation buses	0.84
3	Shagun to Scheduled Castes girls/widows/divorcees and daughters of widows at the time of their marriage	78.59
4	Shagun to Backward classes and Christian girls/widows/divorcees and daughters of widows	34.19
Total		130.84

Source: Detailed Appropriation Accounts

1.6.3 Financial assistance to the local bodies/other institutions

Assistance provided by way of grants and loans to the local bodies and other institutions during the period 2013-14 to 2017-18 is presented in **Table 1.22**.

Table 1.22: Financial assistance to Local Bodies and Other Institutions

(₹ in crore)					
Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
Educational Institutions <i>including Aided Schools, Aided Colleges, Universities, etc.</i>	564.95	689.66	864.67	732.08	626.35
Urban Local Bodies <i>including Municipal Corporations, Municipalities and Municipal Councils</i>	165.09	302.77	336.17	475.50	1,091.64
Panchayati Raj Institutions <i>including Zila Parishads, Panchayat Samities and Gram Panchayats</i>	420.17	790.54	719.36	544.97	230.36
Development Agencies	754.92	1,107.74	422.39	220.13	297.86
Hospitals and Other Charitable Institutions	98.15	266.91	107.97	85.43	100.71
Total	2,003.28	3,157.62	2,450.56	2,058.11	2,346.92
Assistance as percentage of RE	4.81	6.77	4.89	3.72	3.76

Source: Finance Accounts

During the current year, financial assistance to the local bodies and other institutions increased by ₹ 288.81 crore (14.03 per cent) over the previous

year. The increase was mainly due to increase in assistance to Urban Local Bodies (₹ 616.14 crore: 129.58 per cent), Hospitals & other Charitable Institutions (₹ 15.28 crore: 17.89 per cent) and Development Agencies (₹ 77.73 crore: 35.31 per cent) during the current year over the previous year. The increase was partially offset by decrease of financial assistance of ₹ 314.61 crore (57.73 per cent) to Panchayati Raj Institutions and ₹ 105.73 crore (14.44 per cent) to Educational Institutions. The overall quantum of financial assistance to the local bodies and other institutions marginally increased to 3.76 per cent of the revenue expenditure during the current year from 3.72 per cent of the previous year.

1.7 Quality of expenditure

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

1.7.1 Adequacy of public expenditure

Enhancement of human development levels requires States to step up their expenditure on key social services like education, health, etc. Fiscal priority¹⁴ of the State Government with regard to development expenditure, expenditure on social and economic sector and capital expenditure, etc. are shown in Table 1.23.

Table 1.23: Fiscal priority of the State in 2013-14 and 2017-18

Fiscal Priority of the State (Ratio)	<i>(In per cent)</i>						
	AE/GSDP	DE/AE	SSE/AE	ESE/AE	CE/AE	Education*/AE	Health/AE
General Category States Average 2013-14	14.70	66.50	37.60	28.90	13.60	17.20	4.50
Punjab 2013-14	13.25	52.30	27.83	24.47	5.00	15.41	4.47
General Category States Average 2017-18	16.10	67.90	36.70	29.60	14.40	15.50	4.90
Punjab 2017-18	13.91	45.08	24.99	20.09	3.59	14.31	4.19

Source: Figures calculated on the basis of the Finance Accounts of the respective State.

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

*Expenditure on Education includes expenditure on Sports, Art & Culture.

¹⁴ Ratio of expenditure in that category to Aggregate Expenditure (AE).

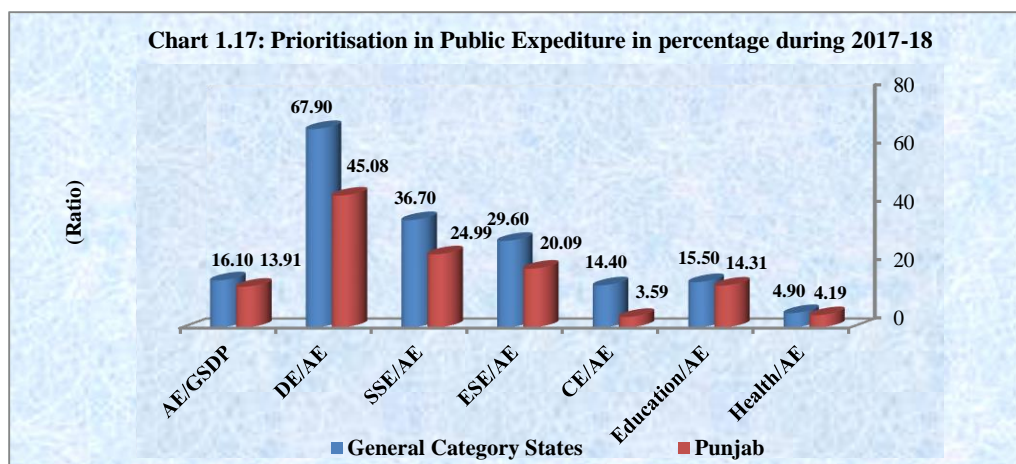


Table 1.23 shows that:

- The State Government's aggregate expenditure as proportion of GSDP, increased from 13.25 per cent in 2013-14 to 13.91 per cent in 2017-18 whereas for General Category States (GCS) it increased from 14.70 per cent to 16.10 per cent during the same period.
- Development expenditure¹⁵ refers to the expenditure on social and economic sector. Increased priority to development expenditure results in better human and physical asset formation which has potential for further increasing the growth prospects of the State. In Punjab, the ratio of development expenditure to aggregate expenditure has been lower than the GCS average. **This ratio decreased from 52.30 per cent in 2013-14 to 45.08 per cent in 2017-18, whereas for GCS there was a nominal growth from 66.50 per cent in 2013-14 to 67.90 per cent in 2017-18.**
- **The ratio of social sector expenditure incurred by the State to aggregate expenditure decreased from 27.83 per cent in 2013-14 to 24.99 per cent in 2017-18.** The corresponding GCS average figures were 37.60 per cent and 36.70 per cent.
- The ratio of economic sector expenditure to aggregate expenditure decreased from 24.47 per cent in 2013-14 to 20.09 per cent in 2017-18.
- Capital expenditure facilitates asset creation which generate opportunities for higher growth. The ratio of capital expenditure to aggregate expenditure was far below the GCS average during the period 2013-14 and 2017-18. The GCS average of capital expenditure to aggregate expenditure increased from 13.60 per cent in 2013-14 to 14.40 per cent in 2017-18. However, **this ratio declined in Punjab from the already low level of 5.00 per cent in 2013-14 to 3.59 per cent in 2017-18.**
- **The ratio of expenditure on education sector to the aggregate expenditure in Punjab came down from 15.41 per cent in 2013-14 to 14.31 per cent in 2017-18.** The GCS average also exhibited a decrease from 17.20 per cent to 15.50 per cent during the same period.

¹⁵ Please refer the glossary (Appendix 4.1).

- The ratio of expenditure on Health sector to aggregate expenditure in Punjab decreased from the already low level of 4.47 per cent to 4.19 per cent during the period 2013-14 and 2017-18, whereas it showed an increase in GCS average from 4.50 per cent to 4.90 per cent during the same period.

The Government may consider according higher priority to asset creation by increasing level of capital expenditure and raising the outlay on social services to the level of General Category States' average for enhancing the level of human development.

1.7.2 Efficiency of public expenditure

In view of the importance of development expenditure for bringing about social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods¹⁶. Apart from increasing the allocation of funds towards development expenditure, the efficiency of expenditure is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent in operation and maintenance of the existing social and economic services. The higher the ratio of capital expenditure to total expenditure (and/or GSDP), the better would be the quality of expenditure. While Table 1.24 presents the proportion of capital expenditure in various sectors during the year 2017-18, Table 1.25 presents the composition and trends of development expenditure relative to the aggregate expenditure of the State during period 2013-18.

Table 1.24: Expenditure incurred in various sectors

(₹ in crore)

Sector	Total expenditure	Capital expenditure	Capital expenditure as per cent of total expenditure
General Services	34,716.95	179.67	0.52
Social Services	16,386.29	916.55	5.59
Economic Services	13,172.54	1,255.86	9.53

Source: Calculated on the basis of Finance Accounts

Table 1.25: Development expenditure

(₹ in crore)

Components of development expenditure	2013-14	2014-15	2015-16	2016-17	2017-18	
					BE	Actual
Total Development expenditure (a to c)	23,017 (52.30)	26,019 (52.04)	33,388 (56.49)	71,310 (70.60)	45,261 (54.37)	29,558 (45.08)
a. Development revenue expenditure	20,919 (47.54)	22,967 (45.93)	24,654 (41.71)	25,890 (25.63)	37,233 (44.72)	26,664 (40.66)
b. Development capital expenditure	1,982 (4.50)	2,866 (5.73)	2,806 (4.75)	4,097 (4.06)	5,847 (7.02)	2,172 (3.31)
c. Development loans and advances	116 (0.26)	186 (0.37)	5,928 (10.03)	41,323 (40.91)	2,181 (2.62)	722 (1.10)

Source: Calculated on the basis of Finance Accounts and Annual Financial Statement 2017-18
Figures in parenthesis indicate percentage to aggregate expenditure

¹⁶ Please refer the glossary (Appendix 4.1).

Table 1.25 shows that the total development expenditure increased by ₹ 6,541 crore (28.42 per cent) from 2013-14 to 2017-18 though it decreased by ₹ 41,752 crore (58.55 per cent) during the current year over the previous year.

The development revenue expenditure increased from ₹ 20,919 crore in 2013-14 to ₹ 26,664 crore in 2017-18. It increased by ₹ 774 crore (2.99 per cent) during the current year over the previous year, whereas it was less by ₹ 10,569 crore (28.39 per cent) when compared with the budget estimates of the State for the year 2017-18.

The development capital expenditure increased from ₹ 1,982 crore in 2013-14 to ₹ 2,172 crore in 2017-18. It is only 3.31 per cent of aggregate expenditure (₹ 65,577 crore) in the current year whereas it was 4.50 per cent in 2013-14.

By including onetime transactions of disbursement of loan of ₹ 29,920 crore for onetime settlement of Legacy Cash Credit Accounts for food procurement operations and taking over debts of ₹ 10,031 crore of DISCOMs under UDAY, the expenditure on development loans and advances had increased manifold from ₹ 116 crore in 2013-14 to ₹ 41,323 crore in 2016-17 else it would have been ₹ 1,372 crore. During 2017-18 loans and advances decreased by ₹ 40,601 crore (98.25 per cent) over the previous year and by ₹ 1,459 crore (66.90 per cent) than the State's own budget estimates of 2017-18.

Table 1.26: Efficiency of expenditure on selected Social and Economic Services vis-à-vis respective total expenditure

(In per cent)

Social/Economic Infrastructure	2016-17		2017-18	
	Ratio of CE to TE	In RE, the share of S & W	Ratio of CE to TE	In RE, the share of S & W
Social Services (SS) expenditure on major components				
General Education	1.02	72.87	0.49	76.27
Health and Family Welfare	0.78	62.08	0.05	68.69
Water Supply, Sanitation & Housing and Urban Development	50.34	44.49	51.82	48.45
Total SS	6.83	68.52	6.48	72.91
Economic Services(ES) expenditure on major components				
Agriculture & Allied Activities	1.49	13.07	1.43	10.86
Irrigation and Flood Control	50.04	69.59	21.03	78.34
Power & Energy	0.00	0.05	0.17	0.60
Transport	72.81	38.67	55.00	33.97
Total ES	22.82	19.93	9.45	18.29
Total (SS + ES)	14.45	47.63	7.86	47.96
<i>TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages.</i>				

Source: Calculated on the basis of Finance Accounts

Table 1.26 shows that in 2017-18, the ratio of capital expenditure (CE) to the total expenditure (TE) decreased by 0.35 percentage points on the social services (SS) and by 13.37 percentage points on economic services (ES) over the previous year.

The share of salaries and wages components in revenue expenditure on SS increased from 68.52 per cent to 72.91 per cent but decreased in ES from 19.93 per cent to 18.29 per cent during the current year over the previous year.

The combined ratio of CE to TE on SS and ES decreased by 6.59 percentage points during 2017-18 over the previous year and the share of salaries and wages in revenue expenditure on SS and ES increased from 47.63 per cent to 47.96 per cent.

1.7.3 Cesses imposed by State Government

The State Government imposed various cesses for meeting expenditure for specific purposes. Position of some of the major cesses imposed by the State Government is as under:

(i) Cultural Cess

The State Government imposed (April 2013) a cultural cess at the rate of one per cent on construction cost of roads, bridges, flyovers, road over bridges/road under bridges etc. costing more than ₹ 50 crore under the Punjab Ancient, Historical Monuments, Archaeological Sites and Cultural Heritage Maintenance Board Act, 2013. The proceeds of the cess were to be credited by the concerned agencies directly into the Consolidated Fund of the State (CFS). The cess so collected was to be released by the State Government under the Plan Scheme to the Board established under the Act for meeting expenditure on:

- (i) preservation and conservation of the protected/unprotected monuments in the State;
- (ii) construction of the buildings of State/National importance and repayment of loans raised for construction/creation of the buildings of State/National importance;
- (iii) operation and maintenance and upkeep of the buildings under sub section (ii) above; and
- (iv) any other building.

During the period 2013-18, the State collected ₹ 276.91 crore¹⁷ on account of cultural cess. Out of this, the Director, Cultural Affairs, Archaeology and Museums, Punjab, who is a member secretary of the Board, spent ₹ 287.90 crore¹⁸ for meeting the intended expenses. **The excess expenditure of ₹ 10.99 crore was contributed during 2017-18 by the State Government out of its own budget.**

¹⁷ 2013-14: ₹39.14 crore; 2014-15: ₹47.32 crore; 2015-16: ₹88.57 crore; 2016-17: ₹94.08 crore and 2017-18: ₹7.80 crore.

¹⁸ 2013-14: ₹5.80 crore; 2014-15: ₹69.48 crore; 2015-16: ₹78.87 crore 2016-17: ₹109.25 crore and 2017-18: ₹24.50 crore

(ii) Social Infrastructure Cess

State Government, by insertion of a new section (3-D) in the Indian Stamp Act, 1899 (as applicable to Punjab) imposed (February 2013) the social infrastructure cess at the rate of one *per cent* on all those instruments mentioned in entry 23 of Schedule I-A of the Act which are chargeable with duty under section 3 and additional duty under sections 3-B and 3-C. The cess so collected was to be utilised for providing and improving infrastructure in the social sector.

The Department of Revenue and Rehabilitation collected ₹ 138.35 crore during 2017-18 on account of social infrastructure cess. Reply of the Finance Department regarding amount expended was awaited (May 2019). Thus, Audit could not ascertain as to whether the cess collection was utilized for the intended purpose.

(iii) Building and Other Construction Workers Welfare Cess

The Building and Other Construction Workers Welfare Act 1996 and the Building and Other Construction Workers Welfare Cess Act 1996 provide that in order to provide basic amenities and welfare facilities to workers engaged in construction activities, the State Government shall collect a cess on the cost of construction incurred by an employer at the rates notified by the Central Government and deposit it with the Board constituted for carrying out the welfare schemes for construction workers. The State Government instructed (November 2008) all the heads of the Departments/Boards/Autonomous Bodies/Local Authorities to collect cess at the rate of one *per cent* of cost of construction, as notified (September 1996) by the Central Government, and deposit it with the Punjab Buildings and Other Construction Workers Welfare Board.

The cess so collected was required to be spent for the social security schemes and welfare measures adopted by the Board for the benefit of building and other construction workers in the State. The amount of cess collected by various departments could not be ascertained. However, the details of cess available with the Board and expenditure incurred there from are given in the **Table 1.27**.

Table 1.27: Details of cess available*(₹ in crore)*

Year	Actual receipts				Actual expenditure		
	Cess available	Beneficiaries contribution	Interest earned	Total receipts	Administrative expenditure	Expenditure on schemes	Total expenditure
2009-10	37.68*	0.13	0.69	38.50	1.28	--	1.28
2010-11	92.69	0.00	2.98	95.67	1.06	0.14	1.20
2011-12	112.95	0.02	4.92	117.89	1.47	1.15	2.62
2012-13	122.03	0.87	25.92	148.82	1.34	1.23	2.57
2013-14	120.52	1.60	43.48	165.60	2.60	79.18	81.78
2014-15	155.49	1.90	47.50	204.89	3.43	61.73	65.16
2015-16	145.97	3.13	55.95	205.05	4.00	122.79	126.79
2016-17	201.16	5.23	55.51	261.90	4.89	164.39	169.28
2017-18	150.90	4.76	56.64	212.30	4.52	162.29	166.81
Total	1,139.39	17.64	293.59	1,450.62	24.59	592.90	617.49

Source: Departmental figures

* Cess of 2009-10 includes ₹0.93 crore cess collected during 2008-09.

Table 1.27 showed that against the available cess of ₹ 1,450.62 crore, the Board could utilize only ₹ 617.49 crore (42.57 per cent) (including administrative expenditure of ₹ 24.59 crore) during 2009-18 on the welfare activities, with the result that an unspent amount of ₹ 833.13 crore (57.43 per cent) was lying with the Board as on 31 March 2018.

1.8 Analysis of Government expenditure and investments

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

1.8.1 Financial results of irrigation works

The financial results of nine¹⁹ major irrigation projects involving a capital expenditure of ₹ 544.60 crore at the end of March 2018 showed that revenue realised from these projects during 2017-18 (₹ 61.05 crore) was only 11.21 per cent of the capital expenditure on these projects. **This return was not sufficient to cover even the total working expenses and maintenance charges (₹ 412.25 crore) and interest charges (₹ 0.45 crore) during the year 2017-18. These projects suffered a net loss of ₹ 351.64 crore.**

State Government may compile working results of major irrigation projects to assess benefits of persistently heavy outlays in irrigation sector. These working results should guide future investments in the sector.

1.8.2 Incomplete projects

The department-wise information pertaining to the incomplete projects (scheduled to be completed between 2008-09 and 2017-18) as on 31 March 2018 is given in the **Table 1.28**.

¹⁹ (i) Upper Bari Doab Canal; (ii) Sirhind canal; (iii) Sutlej valley project (Eastern canal); (iv) Shah Nahar Canal Project; (v) Madhopur Beas Link Project; (vi) Harike Project; (vii) Installation of 96 tubewells in Shahkot block of Jalandhar district; (viii) Installation of 150 tubewells along main branch to augment irrigation supplies from Upper Bari Doab Canal tracts; and (ix) Installation of 108 tubewells in Mahilpur block of Hoshiarpur district.

Table 1.28: Department-wise profile of incomplete projects*(₹ in crore)*

Department	Number of Incomplete Projects	Initial Budgeted Cost (no. of projects)	Revised Total Cost of Projects	Expenditure during the year	Progressive expenditure
Public Works Department (B&R)	12	310.68 (11)	--	22.02	79.42
		52.57 (1)	50.39	12.85	13.33
Irrigation	7	2,543.96 (3)	--	50.76	621.97
		62.89 (4)	79.02	9.06	39.93
Water Supply and Sanitation	21	35.08 (18)	--	16.87	16.87
		17.97 (3)	21.69	6.57	--
Total	40	3,023.15		118.13	771.52

Source: Finance Accounts

Out of total 40 incomplete projects, 12 projects budgeted for ₹ 363.25 crore were in Public Works Department (B&R), seven projects budgeted for ₹ 2,606.85 crore were in Irrigation Department and 21 projects budgeted for ₹ 53.05 crore were in Water Supply and Sanitation Department. The expenditure of ₹ 771.52 crore incurred on these 40 incomplete projects was yet to yield the intended benefits.

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

1.8.3 Investment and return

(i) The details of investment in share capital and return thereon during the year 2013-18 are given in Table 1.29.

Table 1.29: Return on investment in share capital

Investment/return/ cost of borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Investment at the end of the year (₹ in crore)	3,862.16	3,977.48	4,064.56	4,091.32	4,189.27
Return (₹ in crore)	1.46	1.48	1.46	3.88	4.45
Return (per cent)	0.04	0.04	0.04	0.09	0.11
Average rate of interest on Government Borrowings(per cent)	8.04	8.35	8.09	7.48	8.12
Difference between interest rate and return (per cent)	8.00	8.31	8.05	7.39	8.01
Difference between interest on Government borrowings and return on investment (₹ in crore)#	308.97	330.53	327.20	302.35	335.56

Source: Finance Accounts

Investment at the end of the year*Difference between interest rate and return

During 2017-18, the return on investment was ₹ 4.45 crore²⁰ (0.11 per cent). The return was only between 0.04 per cent and 0.11 per cent during 2013-18 while the average rate of interest paid by the State Government on its borrowings was between 7.48 per cent and 8.35 per cent during the same period. **Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹ 1,604.61²¹ crore.**

(ii) The figures in respect of State Government equity, loans and guarantees outstanding as per records of State PSUs should ideally agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. However, this has not been done. The position in this regard as on 31 March 2018 is given in **Table 1.30 (a)**.

Table 1.30 (a): Equity, loans, guarantees outstanding as per Finance Accounts vis-a-vis records of PSUs

(₹ in crore)

Particulars	Amount as per Finance Accounts	Amount as per records of PSUs	Difference for the year 2017-18	Differences recorded in the year 2016-17
Equity	3,604.22	7,844.54	4,240.32	4,236.02
Loans	41,803.96 ²²	39,912.32	1,891.64	1,409.37
Guarantees	11,116.80	11,066.98	49.82	25.84

Source: Finance Accounts and Information provided by PSUs

The differences in loans, equity and guarantees occurred in respect of 33 PSUs during 2017-18. Extent of non-reconciliation increased as compared with previous year. Some of the differences were pending reconciliation since 1985-86.

(iii) During 2017-18, financial support of ₹ 7,628.48 crore by way of grants/subsidy was provided to six loss making PSUs whose accounts were in arrears, as detailed in **Table 1.30 (b)**.

²⁰ Co-operative Banks and Societies (₹0.02 crore), Statutory Corporations, Joint Stock Companies (₹0.11 crore) and Government Companies (₹4.32 crore).

²¹ 2013-14: ₹308.97 crore, 2014-15: ₹330.53 crore, 2015-16: ₹327.20 crore, 2016-17: ₹302.35 crore and 2017-18: ₹335.56 crore.

²² Includes ₹22,953.92 crore in respect of State Procurement Agencies (SPAs) (excluding MARKFED: ₹6,939.64 crore) which has been calculated on pro-rata basis as SPA-wise break-up of loans to SPAs outstanding as on 31 March 2018 was not available.

Table 1.30 (b): Financial support provided to loss making PSUs whose accounts were in arrears during 2017-18*(₹ in crore)*

Sl. No.	Name of PSU	State	Centre	Total	Year for which last accounts audited
1.	Punjab State Grains Procurement Corporation Limited	0.00	863.33	863.33	2015-16
2.	Punjab Water Resources Management & Development Corporation Limited	114.62	0.00	114.62	2016-17
3.	Punjab Agri Export Corporation Limited	1.20	0.10	1.30	2016-17
4.	Punjab State Power Corporation Limited	6,577.57	0.00	6,577.57	2016-17
5.	Punjab Scheduled Castes Land Development and Finance Corporation	17.66	0.00	17.66	2016-17
6.	PEPSU Road Transport Corporation	54.00	0.00	54.00	2015-16
Total		6,765.05	863.43	7,628.48	

Source: Information provided by the respective PSUs

1.8.4 Loans and advances by the State Government

In addition to the investments in Co-operative Societies, Corporations and Companies, the State Government has also been providing loans and advances to many institutions/organizations. **Table 1.31** presents the position of outstanding loans and advances as on 31 March 2018 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

Table 1.31: Position of loans and advances and interest received/paid by the State Government*(₹ in crore)*

Quantum of loans/interest receipts/cost of borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Opening Balance of loans outstanding	2,429	2,482	2,615	8,299	49,482
Amount advanced during the year	165	270	5,968	41,364	760
Amount recovered during the year	112	137	218	181	73
Closing Balance of the loans outstanding	2,482	2,615	8,365	49,482	50,169
Interest received	48	55	30	1,131	1,339
Interest rate on Loans and Advances given by the Government.	1.93	2.10	0.36	2.29	2.67
Rate of Interest paid on the outstanding borrowings of the Government	8.04	8.35	8.09	7.48	8.12
Difference between the rate of interest paid and interest received (<i>per cent</i>)	(-) 6.11	(-) 6.25	(-)7.73	(-) 5.19	(-) 5.45

Source: Finance Accounts

During 2017-18, ₹ 760 crore was advanced as loans against ₹ 41,364 crore during previous year. During 2016-17 there was a spike in loans and advances. Loans and advances disbursed during that year increased by 593 *per cent* as compared to 2015-16 as discussed in the paragraph 1.1.5. **The Indian Government Accounting Standards-3 (IGAS-3) requires that loans sanctioned without specific terms and conditions should be specifically disclosed. However, disclosure in respect of loans advanced during 2017-18 (₹ 760 crore) could not be made as the requisite information was not provided by the State Government.**

The total outstanding loan increased from ₹ 49,482 crore in 2016-17 to ₹ 50,169 crore in the year 2017-18. During the current year the interest receipts increased by ₹ 208 crore (18.39 *per cent*) over the previous year. **The increase was mainly due to interest receipt of ₹ 210 crore against loan given to PSPCL during 2016-17 for implementation of UDAY.** The interest received was only 2.67 *per cent* of the outstanding loans and advances during 2017-18.

1.8.5 Cash balances and investment of cash balances

Table 1.32 depicts the cash balances and investments made by the State Government out of the cash balances during the year 2017-18. Total investment out of cash balances during 2017-18 was ₹ 0.04 crore. The State Government did not earn any interest during the current year. The cash balances at the close of the current year increased from ₹ 395.28 crore of the previous year to ₹ 488.45 crore mainly due to increase of ₹ 292.89 crore in Deposit with Reserve Bank of India which was partially offset by ₹ 199.72 crore under Cash with departmental officers *viz.* Forest and Public Works.

Table 1.32: Cash balances and investment of cash balances

(₹ in crore)

	Overall Cash Position of the Government	As on 31st March 2018
(A)	General Cash Balances -	
1	Deposits with Reserve Bank of India	(-)74.95
2	Investment held in the Cash balance Investment Account	0.04
(i)	GOI Securities	0.00
(ii)	GOI Treasury Bills	0.00
(iii)	Punjab State Power Corporation Bonds	0.04
	Total (A)	(-)74.91
(B)	Other Cash Balances and Investments -	
1	Cash with departmental officers <i>viz.</i> Forest and Public Works	562.40
2	Permanent advances for contingent expenditure with departmental officers	0.26
3	Investments of earmarked fund	0.70
	Total (B)	563.36
	Total (A) and (B)	488.45

Source: Finance Accounts

Under an agreement with the RBI, the Government of Punjab has to maintain a minimum balance of ₹ 1.56 crore on all days with the bank. If the balance

falls below the agreed minimum balance on any day, the deficiency is made good by taking Ways and Means Advances/Overdraft from the RBI.

As per statement 6 of the Finance Accounts, State Government obtained Ways and Means Advance of ₹ 19,495.18 crore on 136 occasions during 2017-18 but repaid a sum of ₹ 19,060.73 crore, leaving an amount of ₹ 702.58 crore (includes ₹ 268.13 crore outstanding balance of previous year) unpaid at the close of the financial year. An amount of ₹ 37.50 crore was paid as interest on these advances.

During 2017-18, the State Government availed shortfall of ₹ 32.76 crore on 21 occasions and overdraft of ₹ 8,389.19 crore on 59 occasions, which were fully repaid during the year. Further, an amount of ₹ 10.74 crore was paid as interest on these shortfalls/overdrafts.

The Cash balance (₹ 488.45 crore) for the year 2017-18 was not even equal to the earmarked reserve funds amounting to ₹ 5,519 crore which means that reserve funds were used for other than intended purpose.

1.8.6 Parking of funds outside Government Accounts

In terms of Rule 2.10 of Punjab Financial Rules Vol.-I, no money should be withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance. It is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

As per instructions (March 2015) of Finance Department, the Public Works (PWD) Drawing and Disbursing Officers (DDO) will keep funds of deposit works related to non-Government agencies under head '8443-Civil Deposits 108-PW Deposit'. The PWD DDOs can draw funds from their deposit accounts by presenting bills to the treasury under the same head of account. It was further directed that all bank accounts should be closed and unspent amounts kept under head '8671-Departmental Balances 101-Civil' should be remitted into Government accounts by 31 March 2015 and no bank accounts would be operated w.e.f. April 2015.

In contravention of the instructions *ibid*, as on 31st March 2018, an amount of ₹ 562.40 crore was still lying in bank accounts under Major Head 8671-Departmental Balances with Departmental Officers. Of this, amount of ₹ 560.53 crore was still lying in 732 bank accounts (**Appendix 1.7**) and ₹ 1.87 crore was kept in cash chest (including cash in transit amounting to ₹ 0.62 crore) in 181 Public Works Divisions. These bank accounts remained operative as is evident from the transactions viz. ₹ 573.96 crore (credit) and ₹ 374.24 crore (debit) made during 2017-18. There were cash balances of ₹ 474.65 crore, ₹ 596.67 crore, ₹ 575.34 crore, ₹ 611.23 crore and ₹ 762.12 crore at the close of financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 respectively. **Had these funds been deposited in the Government account, borrowings to this extent could have been avoided.**

1.9 Assets and liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts capture the fiscal liabilities and the assets created out of the expenditure incurred. *Appendix 1.3–Part B* gives an abstract of such liabilities and assets as on 31 March 2018, compared with the corresponding position as on 31 March 2017. The liabilities consist mainly of internal borrowings, loans and advances from GoI; receipts from the Public Account and Reserve Funds. The assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

In real terms, during 2017-18, the assets grew by ₹ 3,171.43 crore (3.40 per cent) whereas the liabilities increased by ₹ 12,626.70 crore (6.92 per cent) over the previous year. **The ratio of Financial Assets to Liabilities declined to 49.47 per cent in 2017-18 from 51.16 per cent in the previous year.**

1.9.2 Fiscal liabilities

Fiscal liabilities comprise Public Debt and Other Liabilities. The Public Debt consists of market loans, loans from banks/financial institutions, and loans and advances from the GoI. The other liabilities include deposits under small savings scheme, provident funds and other deposits. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The trends in outstanding fiscal liabilities, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts of the State and State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters during the period 2013-18 are presented in **Table 1.33**.

Table 1.33: Fiscal liabilities–Basic Parameters

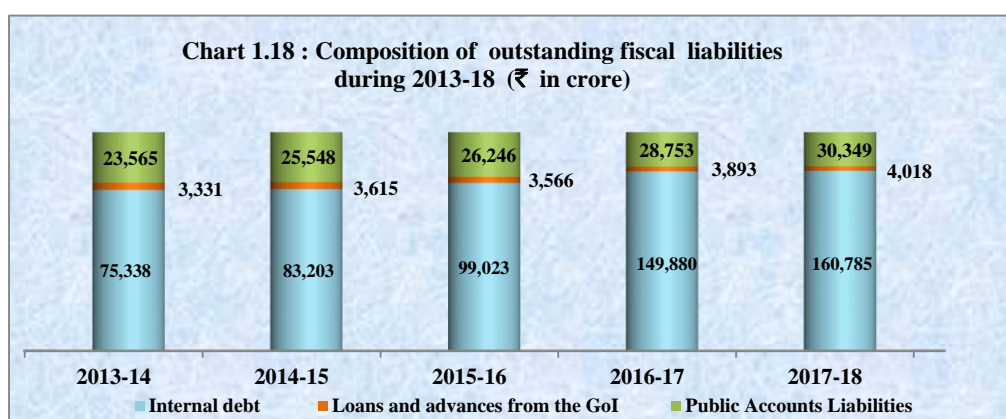
(₹ in crore)					
Components of fiscal liabilities	2013-14	2014-15	2015-16	2016-17	2017-18
Fiscal Liabilities (₹ in crore)	1,02,234	1,12,366	1,28,835	1,82,526	1,95,152
<i>Rate of Growth (per cent)</i>	10.78	9.91	14.66	41.67	6.92
Public Debt	78,669	86,818	1,02,589	1,53,773	1,64,803
<i>Internal debt</i>	75,338	83,203	99,023	1,49,880	1,60,785
<i>Loans and advances from the GoI</i>	3,331	3,615	3,566	3,893	4,018
Public Accounts Liabilities	23,565	25,548	26,246	28,753	30,349
Ratio of Fiscal liabilities to					
<i>GSDP (per cent)</i>	30.78	31.64	33.03	42.61	41.41
<i>Revenue receipts (per cent)</i>	291.23	287.95	310.27	380.38	368.14
<i>Own resources (per cent)</i>	374.88	394.96	439.10	543.07	561.72
Buoyancy of Fiscal liabilities to					
<i>Revenue receipts</i>	1.13	0.89	2.29	2.68	0.66

Source: Finance Accounts

There was an increase of ₹ 12,626 crore (6.92 per cent) in fiscal liabilities during the current year over the previous year, **which is attributed mainly to increase of ₹ 11,030 crore (7.17 per cent) under Public debt and ₹ 1,596 crore (5.55 per cent) under public account liabilities.**

- **Public debt increased on account of raising of interest bearing market loans of ₹ 13,348.72 crore which was offset by repayment of ₹ 1,742.42 crore under Special Securities issued to National Small Savings Fund of the Central Government.**
- **Public account liabilities increased due to increase of ₹ 1,126.20 crore in Small Savings, Provident Funds, etc. and ₹ 650.11 crore in Reserve Fund bearing interest.**

The composition of outstanding fiscal liabilities during the year 2013-14 to 2017-18 is as presented in **Chart 1.18**.



The overall fiscal liabilities of the State Government had been on the rise and it increased from ₹ 1,02,234 crore as on 31st March 2014 to ₹ 1,95,152 crore as on 31 March 2018. At the end of the current year, the public debt liabilities (₹ 1,64,803 crore) comprised of internal debt of ₹ 1,60,785 crore and loans of ₹ 4,018 crore from GoI. The Public Account liabilities during the current year (₹ 30,349 crore) comprised of small savings, provident fund (₹ 21,730 crore) and interest bearing and non-interest bearing obligations²³ (₹ 8,619 crore). The total fiscal liabilities went up at an annual average growth rate of 16.79 per cent during the period 2013-14 to 2017-18.

1.9.3 Reserve Funds

Reserve Funds exist for specific and well-defined purpose and are fed by contributions or grants from the Consolidated Fund or from outside agencies. It comprises of interest bearing reserve funds and non-interest bearing reserve funds.

There were five Reserve funds earmarked for specific purposes. At the beginning of 2017-18, Reserve Fund stood at ₹ 4,870.07 crore. There was addition of ₹ 729.95 crore and disbursement of ₹ 79.85 crore during the year

²³ Reserve funds bearing interest (₹5,519 crore), Reserve funds not bearing interest (₹1.00 crore), Deposits bearing interest (₹826 crore) and Deposits not bearing interest (₹2,273 crore).

leading to a closing balance of ₹ 5,520.17 crore and only ₹ 0.68 crore (0.01 per cent) were invested.

1.9.3.1 State Disaster Response Fund

The GoI, Ministry of Home Affairs constituted (September 2010) the State Disaster Response Fund (SDRF) at State level for providing immediate relief to the victims of natural calamities and issued guidelines for administration of this fund. In terms of the guidelines of SDRF, the Centre and the State Governments are required to contribute to the Fund in the proportion of 75:25. Further, paragraph 19 of the guidelines stipulates that the accretions to the SDRF together with the income earned on the investment of the SDRF is required to be invested in one or more of the instruments viz. (a) Central Government dated securities; (b) auctioned treasury bills; and (c) interest earning deposits and certificates of deposits with scheduled commercial banks.

As per Finance Accounts, as on 1 April 2017, ₹ 4,740.42 crore was lying in the SDRF. During the year 2017-18, ₹ 720.57 crore (₹ 203.47 crore Centre share, ₹ 67.82 crore State share, ₹ 44.05 crore towards refund of previous year's unspent balance lying with the Drawing and Disbursing Officers and ₹ 405.23 crore towards payment of interest by the State Government) were transferred to the Fund. The entire balance of ₹ 5,382.21 crore was lying un-invested in SDRF as on 31 March 2018, in violation of GoI guidelines *ibid*.

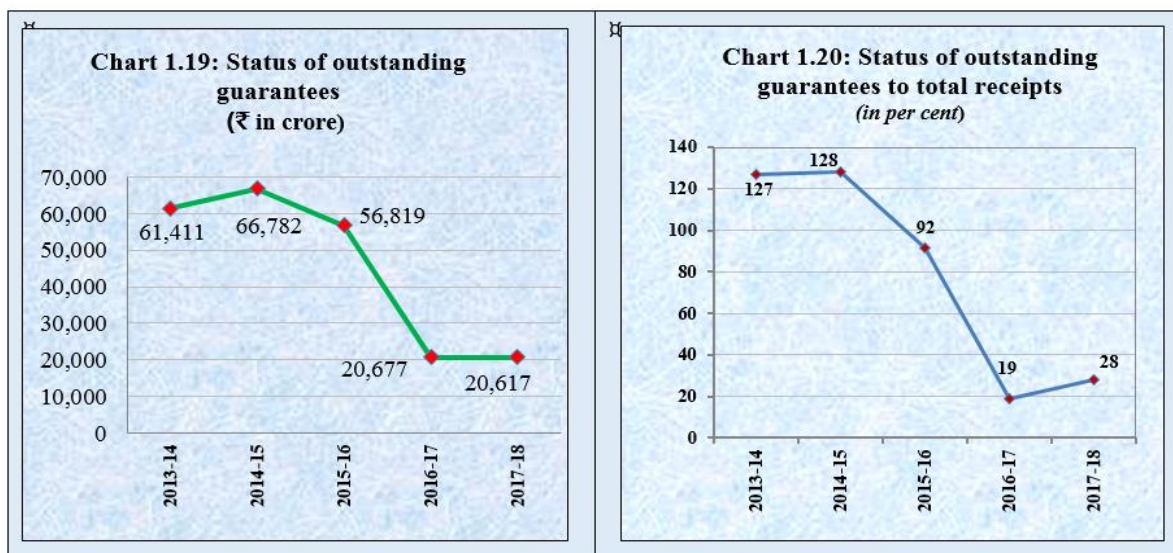
1.9.3.2 Consolidated Sinking Fund

The Government of Punjab constituted a Consolidated Sinking Fund vide order dated 20 December 2006 with the objective to redeem its outstanding liabilities commencing from the financial year 2011-12. The State Government is to contribute every year minimum 0.50 per cent of the outstanding liabilities at the end of the previous financial year. Contribution to this Fund out of borrowings from the Reserve Bank is not permissible. As on 31st March, 2017, the outstanding liabilities of the Government of Punjab were ₹ 1,82,525.75 crore. Accordingly, the State Government was required to contribute a minimum of ₹ 912.63 crore (0.50 per cent) during 2017-18. However, **the State Government has not made the minimum contribution of ₹ 5,324.64 crore²⁴ during 2011-18 to the said Fund since its inception.**

1.9.4 Status of guarantees

The State Government gives guarantees for repayments of loans raised by statutory corporations/boards, local bodies, cooperative banks and societies etc. Guarantees, in case of defaults by borrowers for whom the guarantees have been extended, are liabilities contingent on the Consolidated Fund of the State. As per Statement 9 of the Finance Accounts, details of the guarantees and status of outstanding guarantees to total receipts for the last five years is given in **Chart 1.19 and Chart 1.20**.

²⁴ Upto 2015-16: ₹ 3764.81 crore; 2016-17: ₹ 647.20 crore and 2017-18: ₹ 912.63 crore.



Source: Finance Accounts

Note: Opening Balance differs from previous year's closing balance during the period 2013-14 to 2016-17. The matter has been referred to the State Government.

The outstanding guarantees for ₹ 20,617 crore as on 31 March 2018 was in respect of banks and financial institutions (₹ 905 crore); cash credit facilities (₹ 687 crore); and working capital to companies, corporations, co-operative societies and banks (₹ 19,025 crore).

The significant decrease in outstanding guarantees in 2016-17 over 2015-16 was mainly due to one-time settlement of ₹ 29,919.96 crore on account of cash credit account of state procuring agencies.

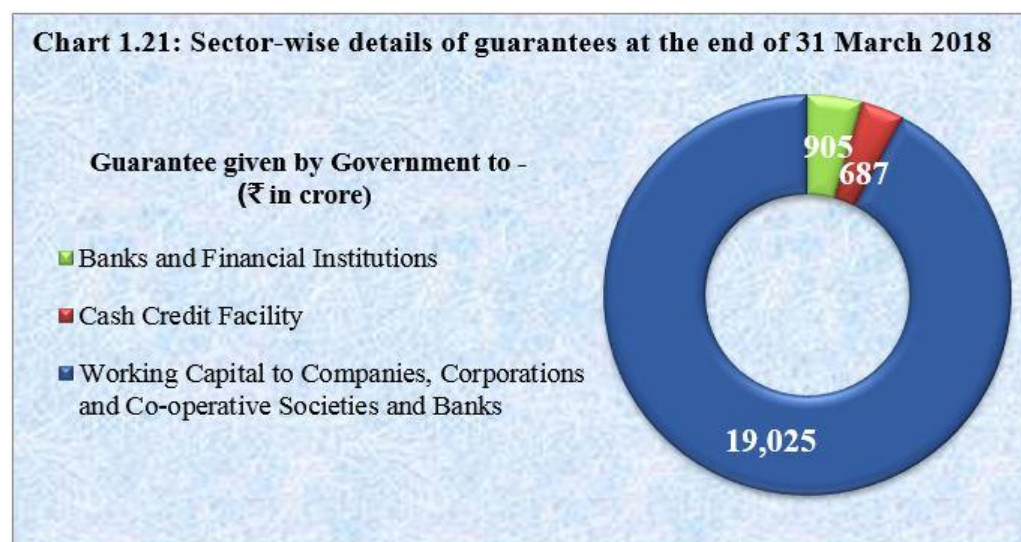
(a) Guarantee Redemption Fund

In terms of recommendation of the Twelfth Finance Commission, the State Government introduced the 'Guarantee Redemption Fund Scheme' (GRF) in December 2007 (revised on 8 January 2014 with effect from the financial year 2013-14) with the objective of meeting its obligations arising out of the guarantees issued on behalf of the State bodies. As per the guidelines, the State Government was required to make an initial contribution of at least one per cent of outstanding guarantees at the end of the previous year and thereafter at least 0.50 per cent of outstanding guarantees at the close of previous year to achieve a minimum level of three per cent of outstanding guarantees in next five years.

Accordingly, the State Government was required to make a minimum contribution of ₹ 600.61 crore for the year 2013-14 (one per cent of outstanding guarantees of ₹ 60,061.25 crore at the end of 2012-13), ₹ 307.06 crore for the year 2014-15 (0.50 per cent of outstanding guarantee of ₹ 61,411 crore at the end of 2013-14), ₹ 333.91 crore for the year 2015-16 (0.50 per cent of outstanding guarantee of ₹ 66,782.36 crore at the end of 2014-15), ₹ 284.09 crore for the year 2016-17 (0.50 per cent of outstanding guarantee of ₹ 56,819 crore at the end of 2015-16).

The State Government has further revised the 'Guarantee Redemption Fund Scheme' on 23th October 2017 with effect from the financial year 2017-18. In

terms of the Scheme, State Government was required to make a minimum contribution of ₹ 206.77 crore for the year 2017-18 (1.00 per cent of outstanding guarantee of ₹ 20,676.88 crore at the end of 2016-17). Total amount required to be contributed to the Fund during the period 2013-18 works out to ₹ 1,732.44 crore. However, the State Government has not contributed anything to the Fund during this period. **Non-contribution to GRF has also resulted in understatement of revenue expenditure by ₹ 206.77 crore during 2017-18 with consequent impact on revenue deficit and fiscal deficit of the State Government.**



The State Government may ensure that the contributions to Funds are made annually as stipulated for ensuring a firm funding stream for the purpose of the Funds.

1.10 Debt management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

1.10.1 Debt profile of the State

(i) Growth of public debt and other liabilities

Total debt of the State Government constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), and loans and advances from the Central Government.

Table 1.34: Debt Growth Rate

(*₹ in crore*)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1. Internal Debt (Percentage of internal debts to total public debt)	75,338 (96)	83,203 (96)	99,023 (97)	1,49,880 (97)	1,60,785 (98)
(i) Market Loans (Percentage of market loans to total public debt)	50,318 (64)	58,003 (67)	67,202 (66)	79,346 (52)	92,694 (56)
(ii) Ways & Means Advances from RBI	593	0	0	268	703
(iii) Loans from Financial Institutions	3,047	2,895	7,937	48,187	47,051
(iv) Special Securities issued to NSSF	21,380	22,305	23,884	22,079	20,337
2. Loans from Government of India	3,331	3,615	3,566	3,893	4,018
Total Public debt	78,669	86,818	1,02,589	1,53,773	1,64,803
Other liabilities*	23,565	25,548	26,246	28,753	30,349
Total debt	1,02,234	1,12,366	1,28,835	1,82,526	1,95,152

Source: Finance Accounts

* Excludes balances under Suspense & Miscellaneous and Remittances.

During the period from 2013-14 to 2017-18, total Public debt increased from ₹ 78,669 crore to ₹ 1,64,803 crore (109.49 per cent). During the current year, public debt increased by ₹ 11,030 crore (7.17 per cent) over the previous year. **This increase was due to increase in internal debt by ₹ 10,905 crore (7.28 per cent) and ₹ 125 crore (3.21 per cent) in Loans from Central Government.** The share of market borrowings in total Public debt was between 52 to 67 per cent during 2013-18. Share of loans from financial institutions in total public debt decreased to 28.55 per cent in 2017-18 from 31.34 per cent in 2016-17.



Internal debt of the State Government increased by ₹ 85,447 crore (113 per cent) from ₹ 75,338 crore in 2013-14 to ₹ 1,60,785 crore in 2017-18. An amount of ₹ 13,133 crore was paid towards interest on internal debt during 2017-18.

(ii) Maturity profile of public debt

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

Table 1.35: Debt Maturity profile of repayment of State debt as on 31 March 2018

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	8,318.37*	5.07
1 – 3	24,984.71	15.23
3 – 5	32,659.98	19.90
5 – 7	25,326.30	15.43
7 and above	70,016.00	42.67
Others ²⁵	2,795.04	1.70
Total	1,64,100.40*	100.00

Source: Calculated on the basis of Finance Accounts

* Excludes ₹702.58 crore on account of Ways and Means Advances that remained unpaid during the current year.

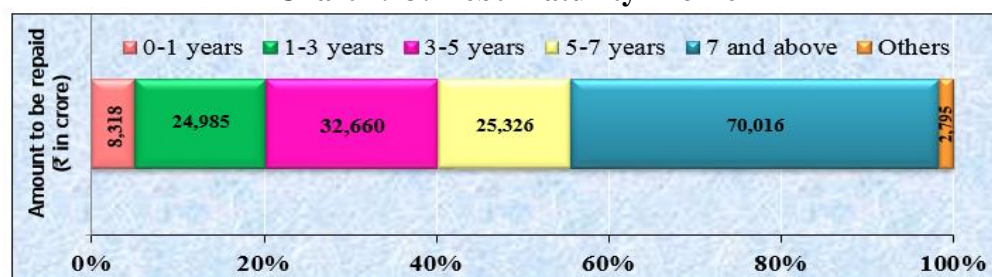
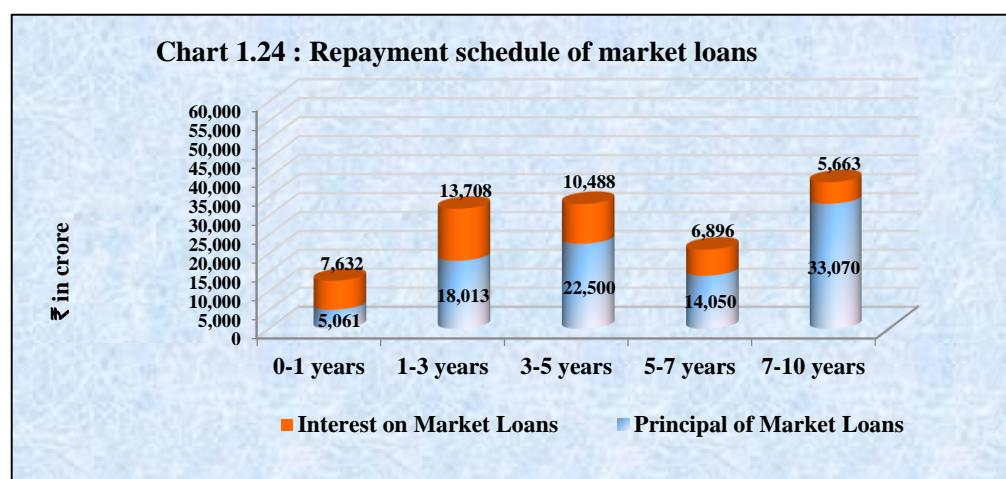
Chart 1.23: Debt Maturity Profile

Table 1.35 indicates that the State Government has to repay 20.30 per cent (₹ 33,303 crore) of its debt within the next three years, 19.90 per cent (₹ 32,660 crore) between 3-5 years and 15.43 per cent (₹ 25,326 crore) between 5-7 years. It signifies that the State has to repay 55.63 per cent of its debt (₹ 91,289 crore) in the next seven years.

Repayment schedule of market loans along with interest has been given in Chart 1.24.



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

²⁵ Payment schedule of this amount is not being maintained by the Accountant General (A&E).

The State will have to repay market loans of ₹ 45,574 crore (49 per cent of total outstanding market loans as on 31 March 2018) along with interest of ₹ 31,829 crore during the next five years up to 2022-23. Balance market loans of ₹47,120 crore (51 per cent of total outstanding market loans as on 31 March 2018) along with interest of ₹ 12,560 crore will have to be repaid in subsequent five years' period up to 2027-28. This means that in the next five years (2018-23), on an average, the State will have to make repayment of ₹ 15,481 crore annually of the present market loans which will come down to ₹ 11,936 crore per year in subsequent period of five years (2023-28) from the current annual repayment of ₹ 12,278 crore.

Table 1.36: Utilisation of borrowed funds

(₹ in crore)

Year	Total Borrowings	Repayment of earlier borrowings (Principal) (percentage)	Net capital expenditure (Percentage)	Net loans and advances (Percentage)	Portion of Revenue expenditure met out of net available borrowings (Percentage)
1	2	3	4	5	6=2-3-4-5
2013-14	26,285	16,683 (64)	2,200 (8)	53 (0)	7,349 (28)
2014-15	32,922	23,075 (70)	3,118 (10)	133 (0)	6,596 (20)
2015-16	38,428	22,051 (57)	3,059 (8)	5,751 (15)	7,567 (20)
2016-17	91,180*	32,443 (35)	4,346 (5)	35,414 (39)	18,977 (21)
2017-18	47,757	34,970(73)	2,352(5)	687 (1)	9,748 (21)

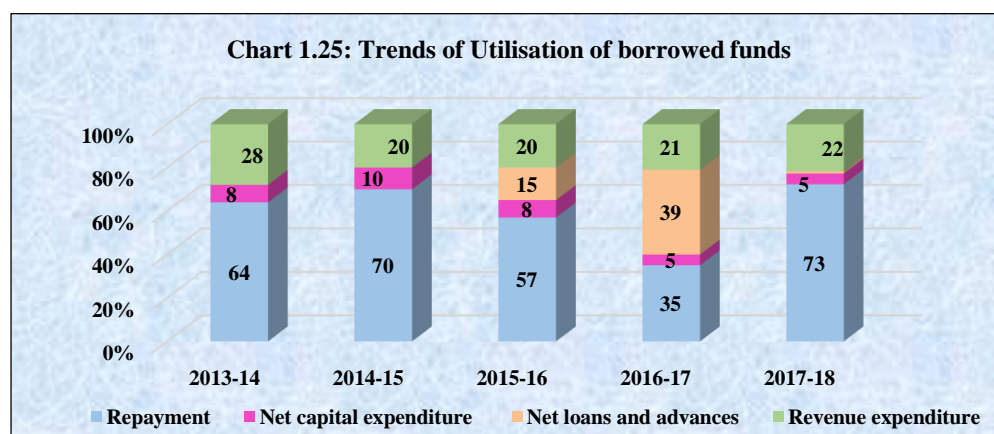
Source: Finance Accounts

* Including additional borrowings of ₹39,951 crore, advanced to food procuring agencies against the legacy amount in the food procurement (₹29,919.96 crore) and to PSPCL for taking over DISCOMs debt under UDAY (₹10,031.19 crore).

Table 1.36 shows that during 2013-14 to 2017-18, the State Government utilized 35 to 73 per cent of its current borrowings for repayment of earlier borrowings. Revenue expenditure met out of net available borrowings ranged between 20 and 28 per cent. **Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of capital creation/development activities.**

Revenue receipts and Revenue expenditure have grown at an annual average rate of 11.48 per cent and 10.63 per cent respectively in the past ten years. Applying these growth rates the Revenue Deficit of 2019-20 works out to ₹ 8,166 crore. However as the State is committed to convert UDAY bonds of ₹ 11,728.26 crore into grants in aid to State DISCOMs in 2019-20, the Revenue Deficit would increase to ₹ 19,894.26 crore. Borrowings during that year projected at the average annual growth rate of last ten years (12.98 per cent), would be ₹ 23,636 crore. After meeting the debt liability of ₹ 12,337 crore falling due for repayment in 2019-20, borrowed funds would fall short of meeting the revenue deficit by ₹ 8,595 crore. The State would thus have to resort to additional borrowings to meet its liabilities.

Trend of utilization of borrowed funds during the period 2013-18 is depicted in **Chart 1.25**.



Source: Finance Accounts

1.10.2 Debt sustainability

Debt sustainability refers to the ability of the State to service its debt obligation in future. A falling debt/GSDP ratio can be considered as leading towards stability. The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. Analysis of variations in debt sustainability indicators is given in the **Table 1.37**.

Table 1.37: Debt Sustainability

(₹ in crore)

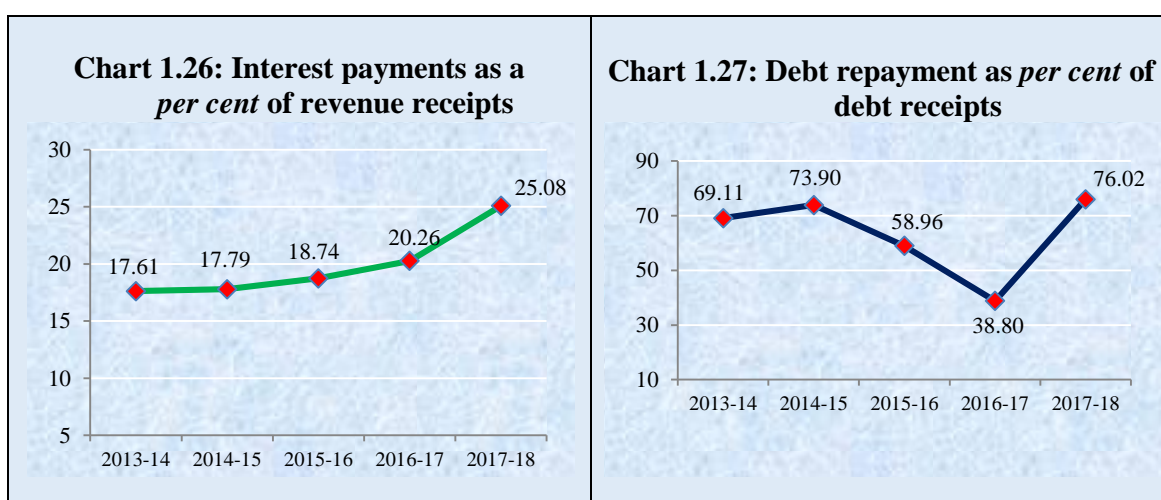
Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding Public Debt*	78,669.20	86,818.03	1,02,589.32	1,53,773.15	1,64,802.98
Rate of Growth of Outstanding Public Debt	10.47	10.36	18.17	49.89	7.17
GSDP	3,32,147	3,55,102	3,90,087	4,28,340	4,71,301
Rate of Growth of GSDP	11.56	6.91	9.85	9.81	10.03
Average interest Rate of Outstanding Public Debt (per cent)	8.25	8.39	8.22	7.58	8.35
Percentage of Interest payment to Revenue Receipt	17.61	17.79	18.74	20.26	25.08
Percentage of Debt Repayment to Debt Receipt	69.11	73.90	58.96	38.80	76.02
Net Debt available to the State#	1,275	1,208	7,991	41,462	(-)2,263
Net Debt available as per cent to Debt Receipts	11.48	10.63	39.55	75.07	(-)12.22

Source Finance Accounts

* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

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

- Growth rate of GSDP exceeding that of public debt is an indication of sustainability of public debt.
- Public Debt of the State increased by 109.49 *per cent* during the period 2013-18 from ₹ 78,669 crore in 2013-14 to ₹ 1,64,803 crore in 2017-18. During the same period GSDP increased by 41.90 *per cent* from ₹ 3,32,147 crore in 2013-14 to ₹ 4,71,301 crore in 2017-18. However, during the current year growth in GSDP exceeded the growth rate of public debt over its previous year. which is attributed to exponential growth of 49.89 *per cent* in outstanding public debt during 2016-17 due to one-time transaction of raising loans of ₹ 39,951.15 crore as explained in paragraph 1.1.5.
- The percentage of interest payments to revenue receipts has continuously risen during 2013-18. It increased from 17.61 *per cent* in 2013-14 to 25.08 *per cent* in 2017-18, which indicates that interest payments were increasing at higher rate than the revenue receipts, which is not a good indicator of debt sustainability.



- The percentage of debt repayments to debt receipts declined from 69.11 *per cent* in 2013-14 to 38.80 *per cent* in 2016-17 and again increased to 76.02 *per cent* in 2017-18.
- Availability of net debt to State increased from ₹ 1,275 crore in 2013-14 to ₹ 41,462 crore in 2016-17. However, net debt available during 2017-18 was negative, since Public Debt repayments and Interest Payments on Public Debt was more than Public Debt receipts by ₹ 2,263 crore.

1.10.3 Performance of the State Government with respect to raising of loans according to limit fixed by Government of India

Article 293 (3) of the Constitution of India, *inter alia*, provides that a State may not raise any loan without the consent of GoI if any part of a loan, which has been made to the State by GoI, is still outstanding.

The GoI, Ministry of Finance, Department of Expenditure fixed (August 2017) the net borrowing ceiling of the State Government for the

financial year 2017-18 as ₹ 14,104 crore and instructed the State Government to ensure that its incremental borrowings from all sources remained within this ceiling.

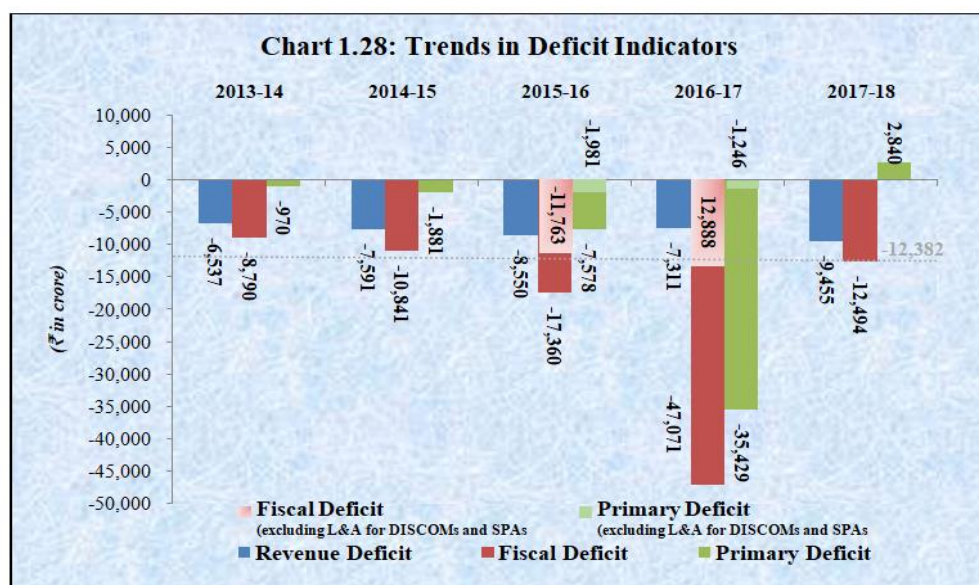
As per Statement 6 of the Finance Accounts *viz.* statement of borrowings and other liabilities, incremental borrowings of the State Government was ₹ 12,627 crore (including other liabilities) during the financial year 2017-18 which was well within the ceiling of incremental borrowing.

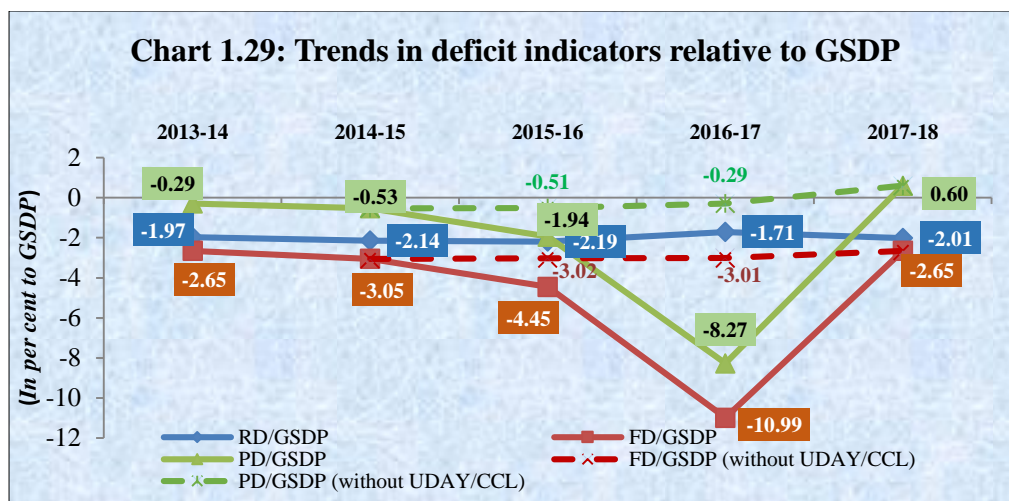
1.11 Fiscal imbalances

Three key fiscal parameters—revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government. 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 application of raised resources are important pointers to its fiscal health.

1.11.1 Trends in deficits

Charts 1.28 and 1.29 present the trends in deficit indicators over the period 2013-18.





Revenue deficit, which indicates the excess of revenue expenditure over the revenue receipts, increased to ₹ 9,455 crore (2.01 per cent of GSDP) in 2017-18 from ₹ 6,537 crore (1.97 per cent of GSDP) in 2013-14. **Revenue deficit as per cent of GSDP was higher in 2017-18 (2.01 per cent) as compared to previous year (1.71 per cent).**

Punjab Urban Development Agency (PUDA), raised loans of ₹ 2,000 crore²⁶, which were passed on to the State Government. The responsibility to repay the same was taken by the State Government. The State Government booked this amount under the Major Head “0075-Miscellaneous General Services” instead of booking it under Major Head “6003-Internal Debt”. Repayment of ₹ 1,501.31 crore²⁷ was made during 2013-17 and this has been mentioned in the Reports of the Comptroller and Auditor General of India on State Finances for the years 2013-14, 2014-15, 2015-16 and 2016-17.

During the year 2017-18, the State Government repaid ₹ 366.94 crore by booking it as revenue expenditure under the Major Head 2216-Housing, 02-Urban Housing, 190-Assistance to Public Sector and Other Undertaking, 01-Assistance to PUDA, 50-Other charges thereby overstating the revenue expenditure and revenue deficit as well.

Fiscal deficit, which represents the total borrowings of the State i.e. its total resource gap, decreased significantly by ₹ 34,577 crore (73 per cent) during the current year over the previous year. **Fiscal deficit decreased to ₹ 12,494 crore (2.65 per cent of GSDP) during the current year against ₹ 47,071 crore²⁸ (10.99 per cent of GSDP) of the previous year.** However, Fiscal Deficit of the State during 2015-16 and 2016-17 excluding borrowings for taking over debts of DISCOMs and State Procuring Agencies work out to 3.02 and 3.01 per cent respectively.

Primary deficit, which indicates the excess of primary expenditure (*total expenditure net of interest payments*) over non-debt receipts was ₹ 970 crore (0.29 per cent of GSDP) in 2013-14 which increased to ₹ 35,429 crore²⁸

²⁶ ₹1,000 crore in 2012-13 and ₹1,000 crore in 2013-14.

²⁷ ₹176.88 crore in 2013-14, ₹466.68 crore in 2014-15, ₹495.26 crore in 2015-16 and ₹362.49 crore in 2016-17.

²⁸ Excludes additional borrowings of ₹5,768.54 crore under UDAY to take over DISCOMs debt, as per GoI's letter No. 40(6)/PF-1/2009 vol. II dated 29 March 2016.

(8.27 per cent of GSDP) in 2016-17. However, in 2017-18, there was primary surplus of ₹ 2,840 crore (0.60 per cent of GSDP) which indicates excess of non-debt receipts over primary expenditure. The decline in Fiscal Deficit and the conversion of Primary Deficit to Primary Surplus were on account of sharp decrease in loans advanced by the State from ₹ 41,364 crore in 2016-17 to ₹ 760 crore in 2017-18, as discussed in paragraph 1.1.5.

1.11.1 (a) Impact on Revenue and Fiscal Deficit

Audit observed that the Revenue and Fiscal Deficit were understated by ₹ 775.54 crore and ₹ 1,142.48 crore respectively on account of short contribution to New Pension Scheme, non-contribution to consolidated sinking fund, guarantee redemption fund and wrong booking of repayment of loan under revenue expenditure, as shown in Table 1.38.

Table 1.38: Effective Revenue and Fiscal Deficit

Particulars	Impact on Revenue Deficit (Understated (+) / overstated(-)) (₹ in crore)	Impact on Fiscal Deficit (Understated) (₹ in crore)	Ratio before taking the net impact (in per cent)		Ratio after taking the net impact (in per cent)	
			RD/ GSDP	FD/ GSDP	RD/ GSDP	FD/ GSDP
Short contribution to New Pension Scheme	23.08	23.08	2.01	2.65	2.17	2.89
Non-contribution to Consolidated Sinking Fund	912.63	912.63				
Non-contribution to Guarantee Redemption Fund	206.77	206.77				
Wrong booking of repayment of loan under revenue expenditure(PUDA)	(-) 366.94	---				
Total	775.54	1,142.48				

Source: Finance Accounts

Above impacted the Revenue and Fiscal Deficit of the State Government, which have been understated by 0.16 and 0.24 percentage point respectively.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.39**.

Table 1.39: Components of fiscal deficit and its financing pattern*(₹ in crore)*

Particulars		2013-14	2014-15	2015-16	2016-17	2017-18
Composition of Fiscal Deficit		(-8,790)	(-10,841)	(-17,360)	(-47,071)	(-12,494)
1	Revenue Deficit	(-6,537)	(-7,591)	(-8,550)	(-7,311)	(-9,455)
2	Net Capital Expenditure	(-2,200)	(-3,117)	(-3,059)	(-4,346)	(-2,352)
3	Net Loans and Advances	(-53)	(-133)	(-5,751)	(-35,414)	(-687)
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	7,255	7,685	9,199	12,144	13,349
2	Loans from GOI	121	283	(-49)	327	125
3	Special Securities issued to NSSF	(-339)	925	1,579	(-1,804)	(-1,742)
4	Loans from Financial Institutions	421	(-745)	5,648	34,749	(-702)
5	Small Savings, PF etc	1,964	1,735	1,110	1,233	1,126
6	Deposits and Advances	192	(-402)	114	115	(-180)
7	Suspense and Miscellaneous	(-241)	(-288)	5	17	(-27)
8	Remittances	(-110)	3	3	0	(-12)
9	Reserve Fund	339	650	(-126)	758	650
10	Overall Deficit	9,602	9,846	17,483	47,539	12,587
11	Increase/Decrease in cash balance	(-812)	995	(-123)	(-410)	(-93)
12	Gross Fiscal Deficit	8,790	10,841	17,360	47,071	12,494

Source: Finance Accounts

During 2017-18, the fiscal deficit of the State was met mainly from market borrowings (₹ 13,349 crore), small savings, provident fund, etc. (₹ 1,126 crore) and Reserve Fund (₹ 650 crore).

1.11.3 Quality of deficit/surplus

The contribution of revenue deficit and net capital expenditure (including loans and advances) to fiscal deficit indicates the quality of deficit in the State finances. The share of revenue deficit in fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State is continuously being eroded and a part of borrowings (fiscal liabilities) does not have any asset backup. The bifurcation of the primary deficit (**Table 1.41**) would indicate the extent to which the deficit is on account of deficit in capital account which may be desirable to improve the productive capacity of the State's economy.

Table 1.40: Components of fiscal deficit during 2013-18*(₹ in crore)*

Particulars		2013-14	2014-15	2015-16	2015-16*	2016-17	2016-17*	2017-18
Composition of Fiscal Deficit		8,790	10,841	17,360	11,763	47,071[#]	12,888	12,494
1	Revenue Deficit	(-6,537 (74.37)	(-7,591 (70.02)	(-8,550 (49.25)	(-8,550 (72.69)	(-7,311 (15.53)	(-7,311 (56.73)	(-9,455 (75.68)
2	Net Capital Expenditure	(-2,200 (25.03)	(-3,117 (28.75)	(-3,059 (17.62)	(-3,059 (26.00)	(-4,346 (9.23)	(-4,346 (33.72)	(-2,352 (18.83)
3	Net Loans and Advances	(-53 (0.60)	(-133 (1.23)	(-5,751 (33.13)	(-154 (1.31)	(-35,414 (75.24)	(-1,231 (9.55)	(-687 (5.49)

* Excluding loans and advances on account of taking over debts of DISCOMs and settlement of Cash Credit Accounts of State Procuring Agencies.

Excludes additional borrowings of ₹5,768.54 crore under UDAY to take over DISCOMs debt, as per GoI's letter No. 40(6) PF-1/2009 vol. II dated 29 March 2016.

Figures in parenthesis indicated contribution to fiscal deficit

Contribution of revenue deficit to fiscal deficit declined from 74.37 per cent in 2013-14 to 15.53 per cent in 2016-17, which increased significantly to 75.68 per cent in 2017-18. However, by excluding the one-time transaction of loans and advances on account of taking over debts of DISCOMs and settlement of Cash Credit Accounts of State Procuring Agencies during 2015-16 and 2016-17, the contribution of revenue deficit to fiscal deficit during 2016-17 was 56.73 per cent.

Contribution of net Capital Expenditure to Fiscal Deficit declined from 25 per cent in 2013-14 to around 19 per cent in 2017-18.

Contribution of net Loans and Advances to Fiscal Deficit excluding the one-time transactions remained between 0.60 per cent and 9.55 per cent during 2013-18.

An analysis of fiscal deficit for the last 10 years (after excluding transactions under UDAY and CCL during 2015-16 and 2016-17) showed that revenue deficit contributed from 57 per cent to 85 per cent. The main cause of such high proportion of revenue deficit was substantial expenditure in subsidy component which constituted 47 per cent to 80 per cent of the revenue deficit during 2008-18. Thus, increase in fiscal deficit during last 10 years can be attributed to rise in subsidy which constituted 38 per cent to 56 per cent of the fiscal deficit. Power subsidy constituted 94 per cent to 98 per cent of the total subsidy during 2013-18.

Table 1.41: Details of primary deficit during 2013-18(*₹ in crore*)

Year	Non-debt receipts*	Revenue Receipt	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Total Primary Expenditure	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)/surplus(+)
1	2	3.	4.	5.	6.	7=(4+5+6)	8=(3-4)	9=(2-7)
2013-14	35,217	35,104	33,821	2,201	165	36,187	(+)1,283	(-) 970
2014-15	39,161	39,023	37,654	3,118	270	41,042	(+)1,369	(-) 1,881
2015-16	41,741	41,523	40,291	3,059	5,969	49,320	(+)1,232	(-) 7,579
2016-17	48,166	47,985	43,654	4,346	41,364	89,364	(+)4,331	(-) 35,429*
2017-18	53,083	53,010	47,131	2,352	760	50,243	(+)5,879	(+)2,840

Source: Finance Accounts

* Excluding additional borrowings of ₹5,768.54 crore under UDAY to take over DISCOMs debt, as per GoI's letter No. 40(6) PF-1/2009 vol. II dated 29 March 2016.

Non-debt receipts increased by 50.73 per cent during 2013-18 and were sufficient to meet the primary revenue expenditure during 2013-18.

The primary revenue surplus declined during 2013-14 to 2015-16. It increased almost tri-fold over the previous year and stood at ₹ 4,331 crore during 2016-17 and again increased by ₹ 1,548 crore during the current year.

The primary deficit of ₹ 970 crore in 2013-14 turned into a primary surplus of ₹ 2,840 crore in 2017-18.

1.12 Salient features

Comparison of key elements of State Finances in 2017-18 with that of the previous year 2016-17 is summarized in **Table 1.42**.

Table 1.42: Key parameters

Positive Indicators	Parameters requiring close watch
↑ Increase in Tax Revenue by 10 per cent	↓ Decrease in non-tax revenue by 26 per cent
↓ Decrease in Public debt receipts by 66 per cent	↓ Decrease in Capital Expenditure by 46 per cent
↑ Fiscal deficit remained within three per cent of GSDP	↑ Increase in revenue deficit by 29 per cent
↑ Primary surplus was 0.60 per cent of GSDP	↓ Decrease in Social Sector Expenditure

1.13 Conclusions

The revenue receipts increased by ₹ 5,024 crore (10.47 per cent) over the previous year. This increase was mainly due to increase in Grants-in-aid from GoI which included compensation of ₹ 4,037 crore arising on account of implementation of GST. Total expenditure during the year was ₹ 65,577 crore. Revenue expenditure constituted 95 per cent of total expenditure. Capital expenditure declined by 46 per cent as compared to 2016-17 and reached an all-time low of ₹ 2,352 crore.

There was decline in expenditure on social sector by 2.23 *per cent* as compared to 2016-17. The expenditure on key social services like Education and Health remained below the General Category States' average.

During 2017-18 debt repayments including interest exceeded debt receipts by ₹ 2,263 crore. Interest payment was ₹ 13,293 crore, which was 25 *per cent* of the revenue receipts.

Revenue deficit during 2017-18 was ₹ 9,455 crore which was 2.01 *per cent* of GSDP. This was higher than 2016-17 when revenue deficit constituted 1.71 *per cent* of GSDP. The fiscal deficit was 2.65 *per cent* of GSDP during the current year. The State had a primary surplus for the first time in the last five years. The primary surplus was 0.60 *per cent* of GSDP.

Chapter II

Financial Management and Budgetary Control

CHAPTER II

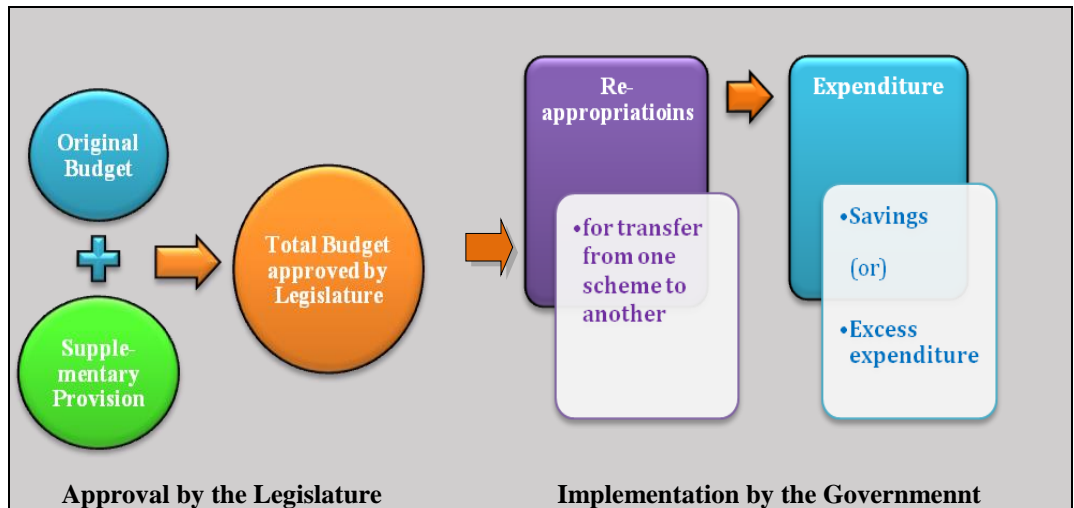
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

This Chapter analyses the Appropriation Accounts of the Government for the year 2017-18. Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of voted grants and appropriations charged for different purposes, as specified in the schedules appended to the Appropriation Act. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual revenue and capital expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Appropriation Accounts captures the data along the entire process of budget formulation and implementation (**Chart 2.1**).

Chart 2.1: Flow chart of budget implementation



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

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

2.1.1 Categories under Budget

- **Charged and voted:** The Government expenditure is classified into two categories, *viz.*, charged expenditure and voted expenditure. Charged

expenditure is not to be submitted to the vote of the Legislature. Examples are interest payments (which is a committed item), salaries of constitutional authorities such as High Court judges, etc. The remaining items are voted by the Legislature.

- The Government income and expenditure is categorised into three sections (i) Capital account¹, (ii) Revenue account² and (iii) Public Debt³.

2.2 Summary of the Appropriation Accounts

The summarized position of actual expenditure *vis-à-vis* budgetary provision during 2017-18 for the total 30 grants/appropriations is given in the Table 2.1.

Table 2.1: Actual expenditure *vis-à-vis* budget provision

(₹ in crore)

Nature of expenditure	Grant/ Appropriation		Total budget provision	Actual expenditure ⁴	Saving (-)/ Excess (+)	Saving surrendered			
	Original	Supplementary				During the year	Of which, on 31 March 2018		
							Amount	Percentage	
1	2	3	4=(2+3)	5	6=(4-5)	7	8	9=(8/7x100)	
Voted	Revenue	59,745.77	930.38	60,676.15	47,324.45	(-) 13,351.70	3,164.72	2,967.14	93.76
	Capital	6,157.08	397.07	6,554.15	2,533.32	(-) 4,020.83	1,035.73	971.05	93.76
	Loans and Advances	2,230.12	0	2,230.12	760.04	(-) 1,470.08	0	0	0
Total Voted		68,132.97	1,327.45	69,460.42	50,617.81	(-) 18,842.61	4,200.45	3,938.19	93.76
Charged	Revenue	15,118.96	275.65	15,394.61	15,529.92	(+) 135.31	0.51	0.51	100.00
	Capital	0	0	0	0.33	(+) 0.33	0	0	0
	Public Debt Repayment	34,985.96	43.68	35,029.64	34,969.58	(-) 60.06	0	0	0
Total Charged		50,104.92	319.33	50,424.25	50,499.83	(+) 75.58	0.51	0.51	100.00
Appropriation to Contingency Fund		0	0	0	0	0	0	0	0
Grand Total		1,18,237.89	1,646.78	1,19,884.67	1,01,117.64	(-) 18,767.03	4,200.96	3,938.70	93.76

Source: Appropriation Accounts

¹ Capital Expenditure means expenditure of a Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads, irrigation and electricity projects, etc.

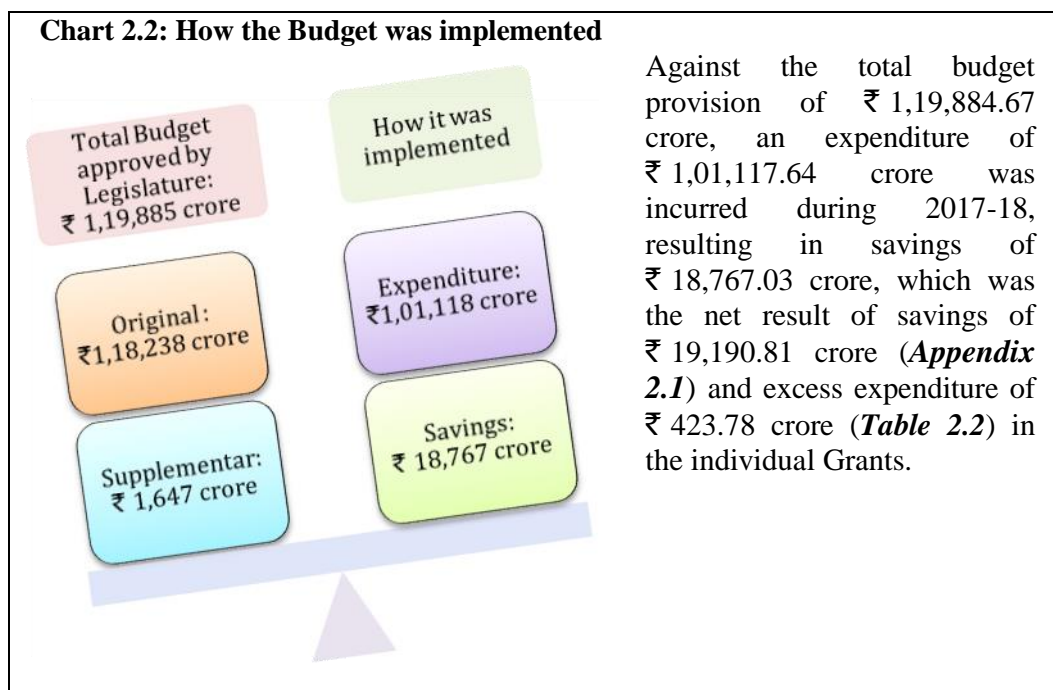
² Revenue expenditure is the account of current expenditure of the State. For example, wages, salaries, maintenance works, repairs, etc.

³ Public Debt is the account of public debt incurred and discharged and loans and advances made by the State Government to local bodies, employees and others and recovered from them;

⁴ The expenditure is without adjustment of the recoveries of ₹ 389.51 crore adjusted as reduction of expenditure under Revenue heads and ₹ 181.57 crore under Capital heads in the Appropriation Accounts.

2.2.1 Analysis of Appropriation Accounts: 2017-18

Chart 2.2: How the Budget was implemented



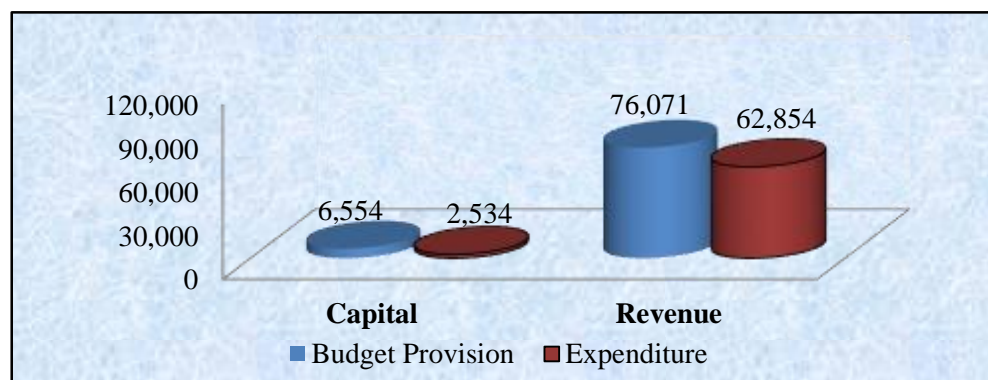
Source: Appropriation Accounts

2.2.2 Capital and Revenue

Savings were observed in both Capital and Revenue Account (**Chart 2.3**). **In Capital Account, only less than 40 per cent of the budget provision was actually spent.** In Revenue Account, expenditure (₹ 62,854.37 crore) was lower than the Budget Estimates (₹ 76,070.76 crore) by 17.37 per cent.

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

(₹ in crore)

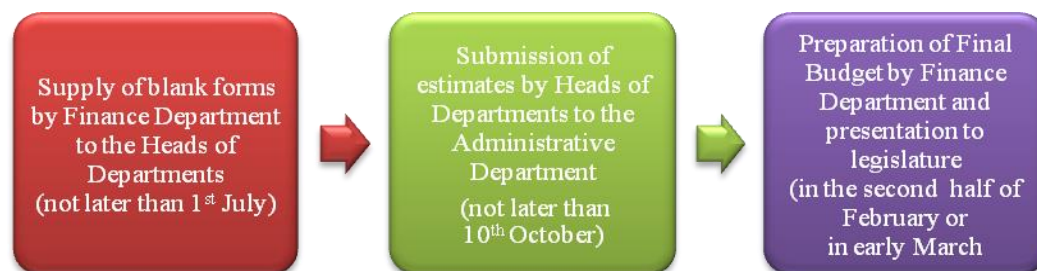


Source: Appropriation Accounts

2.3 Financial accountability and budget management

The flow chart of budget preparation process is given below:

Chart 2.4: Flow chart of Budget preparation process



Source: Punjab Budget Manual

Some of the inconsistencies noticed in budget management are discussed below:

2.3.1 Excess expenditure over provisions requiring regularization

Article 205(1)(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess.

Audit observed that **excess expenditure amounting to ₹ 40,185.88 crore⁵ for the year 2011-17 had not been got regularized** (September 2018) under the provision of Article 205(1)(b) of the Constitution of India despite repeated reminders to the Department of Finance.

Besides, **excess expenditure of ₹ 423.78 crore (Table 2.2) in three grants during the year 2017-18 also required regularization** under the above mentioned provisions.

Table 2.2: Excess of expenditure over budget provision during 2017-18 requiring regularization

(₹ in crore)					
Sr. No.	Grant No.	Title of grant	Total grant/ Appropriation	Expenditure	Excess expenditure
Voted Grant					
1	21	Public Works (Revenue)	1,084.85	1,349.05	264.20
Charged Appropriation					
2	8	Finance (Revenue)	15,174.72	15,333.97	159.25
3	10	General Administration (Capital)	0	0.33	0.33
Total			16,259.57	16,683.35	423.78

Source: Appropriation Accounts

⁵ 2011-12 (₹901.36 crore), 2012-13 (₹769.60 crore), 2013-14 (₹386.38 crore), 2014-15 (₹1,608.08 crore), 2015-16 (₹2,061.66 crore) and 2016-17 (₹34,458.80 crore) = Total ₹40,185.88 crore.

This is contrary to legislative intent and defeats the objective of ensuring accountability of the executive over utilisation of public money. Excess expenditure remaining unregularised for such extended period needs to be viewed seriously as this dilutes the parliamentary control over the exchequer and therefore all the existing cases of excess expenditure need to be got regularised at the earliest and strict departmental action is taken against controlling officer who exceed the budget.

2.3.2 Persistent excess expenditure

In three cases (Table 2.3), there was persistent excess expenditure of more than ₹ 10 crore in each case during the last five years. In two cases (Sr. No. 2 and 3), the expenditure was incurred without any budget provision during 2013-18.

Table 2.3: List of cases having persistent excess expenditure during 2013-18

(₹ in crore)

Sr. No	Number and Name of the grant/ case	Amount of excess expenditure				
		2013-14	2014-15	2015-16	2016-17	2017-18
Revenue-Voted						
08-Finance						
1	2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	123.66	407.74	664.92	697.98	616.95
21-Public Works						
2	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Works done by that Department	82.72	97.77	108.53	136.71	146.84
3	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	58.02	19.79	135.53	94.10	141.29

Source: Appropriation Accounts

The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the State Legislative Assembly, and, therefore, need to be viewed seriously. All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such un-voted expenditure may be completely stopped, except in case(s) of dire and extreme emergency, the cost of which cannot be met from the Contingency Fund.

2.3.3 Outcome of analysis of budgetary assumptions

2.3.3.1 Unrealistic budget estimates

The original budget of ₹ 1,18,237.90 crore prepared by the State Government for the year 2017-18 was revised to ₹ 1,12,797.42 crore. Against this, an actual expenditure of ₹ 1,00,546.55 crore was incurred during 2017-18. Details of the original budget, revised estimate and actual expenditure for the period 2013-18 is given in **Table 2.4**.

Table 2.4: Original budget, revised estimate and actual expenditure during 2013-18

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Original Budget	69,051.79	73,592.76	79,313.87	86,386.96	1,18,237.90
Revised Estimate	66,064.42	74,930.95	78,599.78	1,44,513.99	1,12,797.42
Actual Expenditure	60,689.34	73,076.92	81,152.63	1,33,449.76	1,00,546.55
Savings/Excess (-)	5,375.08	1,854.03	(-)2,552.85	11,064.23	12,250.87

Source: Annual Financial Statements and Finance Accounts

Similarly, the estimated receipt of ₹ 1,05,514.84 crore were revised to ₹ 1,02,679.77 crore against which only ₹ 99,082.19 crore were actually realized during 2017-18 as per details given in **Table 2.5**.

Table 2.5: Details of Receipts

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Original Budget	66,760.14	71,751.86	78,085.37	85,595.27	1,05,514.84
Revised Estimate	65,067.94	72,595.75	77,263.65	1,35,402.81	1,02,679.77
Actual Receipt	59,356.84	70,384.06	80,170.13	1,31,793.88	99,082.19
Variation	5,711.10	2,211.69	(-)2,906.48	3,608.93	3,597.58

Source: Annual Financial Statements and Finance Accounts

2.3.3.2 Unrealistic forecasting of resources

As per Rule 4.2 of the Punjab State Budget Manual, the revised estimates are forecast, as accurate as it is possible to make at the time, of what the actual receipts of the year will be; and the most important guide to their preparation will, therefore, ordinarily be found in the actual receipts of those months of the year which have already elapsed. If an officer observes that the actual receipts from a particular source of revenue reveal a growth or a diminution compared with those of the corresponding period of the previous year, he will be justified in assuming a continuance of the growth or decline at the same rate during the remaining months. Thus, estimates should always be prepared after taking into account all the factors affecting the receipts and expenditure of the Government and should be as accurate as possible. However, it was noticed that the revised estimates for 2017-18 for Non-tax revenue were ₹ 5,096.18 crore while actual realization was ₹ 4,318.39 crore resulting in downward variation of ₹ 777.79 crore. Similarly, tax revenue for the year

2017-18 was projected at ₹ 46,107.34 crore while actual realization was ₹ 30,423.25 crore resulting again variation of ₹ 15,684.09 crore below the projection. The projections for the last five years are appended below in the **Table 2.6.**

Table 2.6: Projections of Tax Revenue and Non- Tax Revenue vis-à-vis actual

(₹ in crore)

Year	Description	Revised estimates	Actual	Variation
2013-14	Tax Revenue	30,919.59	28,510.66	2,408.93
	Non- Tax Revenue	3,565.03	3,191.49	373.54
2014-15	Tax Revenue	33,960.89	30,273.17	3,687.72
	Non- Tax Revenue	2,973.05	2,879.73	93.32
2015-16	Tax Revenue	36,523.50	34,699.38	1,824.12
	Non- Tax Revenue	4,061.88	2,650.27	1,411.61
2016-17	Tax Revenue	39,851.55	37,346.39	2,505.16
	Non- Tax Revenue	6,260.58	5,863.20	397.38
2017-18	Tax Revenue	46,107.34	30,423.25	15,684.09
	Non- Tax Revenue	5,096.18	4,318.39	777.79

Source: Annual Financial Statements and Finance Accounts

2.3.3.3 Non-making of budget provision for recording Grant-in-Aid received from the Central Government

Government of India provides grant from the Central Road Fund to State for specific road projects. Under the accounting procedure, the grants received are booked under Revenue Receipt Major head '1601-Grants-in-Aid from Central Government' and are simultaneously transferred to Public Account Major Head '8449-Other Deposit, 103-Subvention from Central Road Fund' through debit to Revenue Expenditure Major Head '3054-Road and Bridges' as prescribed in Rule 3.4 of the General Direction forming part of list of Major Heads and Minor Heads of Account of Union and States. The paired operation of Major Heads 1601 and 3054 is in keeping with the principle that Grants-in-Aid will be recorded in the Revenue Section irrespective of the end utilization.

It was observed that no budget provision was made under Major Head 3054 for recording the Grants-in-Aid received from the Central Government as discussed in paragraph 2.3.5 (*Sr. No. 13 of Appendix 2.3*).

2.3.3.4 Non-inclusion of estimates of expenditure relating to a new service in Schedule of New Expenditure

Paragraph 5.1(I)(a) of Punjab Budget Manual (Manual) lays down that, while preparing budget estimates, provision for expenditure, relating to a new service for which the legislature has not previously voted, should be included in the 'Schedule of New Expenditure'. Further, paragraph 5.1(I)(d) of the Manual lays down that any non-recurring grant-in-aid, contribution or donation, even if provision has been made for it in the original or supplementary estimates of the current year, will be included in the 'Schedule

of New Expenditure'. Paragraph 1.8 of the Manual *inter-alia* lays down that the 'Schedule of New Expenditure' has to be prepared by the heads of departments and after scrutiny by the Administrative and Finance Departments, is to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. Further, as per paragraph 15.4 of the Manual, expenditure on a new service not covered by the vote of the Vidhan Sabha, unless the requisite funds have been arranged by obtaining an advance from the contingency fund before incurring expenditure is a financial irregularity. Some instances of new items not previously voted by the Legislature having provision of funds amounting to ₹ 1,772.09 crore during 2017-18 (**Appendix 2.2**) were not classified as new services in the budget estimates, which is in contravention of the above provisions of the Punjab Budget Manual.

2.3.4 Savings vis-à-vis allocations

The audit of grants and appropriations showed that in 19 cases (14 grants out of the total 30 grants), the savings (excluding surrenders) exceeded the total provision by 10 per cent and ₹ 100 crore in each case. In nine cases (Sr. No. 4, 7, 9, 12, 13, 14, 16, 18 and 19), the savings exceeded the total provisions by more than 50 per cent. Details are given in **Table 2.7**.

Table 2.7: List of grants having large savings during 2017-18

(₹ in crore)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrender s	Savings excluding surrender
1	2	3	4	5 (3-4)	6	7 (5-6)
	Revenue-Voted					
1	1-Agriculture and Forests	10,657.13	6,923.03	3,734.10	1,305.11	2,428.99 (22.79)
2	5- Education	10,525.94	9,317.26	1,208.68	0	1,208.68 (11.48)
3	11-Health and Family Welfare	3,527.75	2,827.62	700.13	63.44	636.69 (18.05)
4	13-Industries	317.25	56.24	261.01	0	261.01 (82.27)
5	15-Irrigation and Power	3,985.06	2,499.81	1,485.25	0	1,485.25 (37.27)
6	17-Local Government, Housing and Urban Development	3,042.48	1,505.27	1,537.21	325.00	1,212.21 (39.84)
7	19-Planning	203.61	36.58	167.03	0	167.03 (82.03)
8	22-Revenue and Rehabilitation	1,420.03	1,026.66	393.37	148.02	245.35 (17.28)
9	23-Rural Development and Panchayats	1,317.42	531.69	785.73	0	785.73 (59.64)
10	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	3,370.60	1,816.18	1,554.42	670.95	883.47 (26.21)
11	29-Transport	489.20	325.31	163.89	0	163.89 (33.50)
	Capital-Voted					
12	5-Education	300.93	44.52	256.41	0	256.41 (85.21)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrender s	Savings excluding surrender
1	2	3	4	5 (3-4)	6	7 (5-6)
13	9-Food and Supplies	2,000.07	615.00	1,385.07	0	1,385.07 (69.25)
14	15-Irrigation and Power	923.73	333.96	589.77	0	589.77 (63.85)
15	17-Local Government, Housing and Urban Development	1,568.11	280.95	1,287.16	619.62	667.54 (42.57)
16	19-Planning	273.65	37.94	235.71	0	235.71 (86.14)
17	21-Public Works	2,155.00	1,437.22	717.78	0	717.78 (33.31)
18	23-Rural Development and Panchayats	339.86	80.54	259.32	0	259.32 (76.30)
19	28-Tourism and Cultural Affairs	186.10	75.29	110.81	0	110.81 (59.54)
	Total	46,603.92	29,771.07	16,832.85	3,132.14	13,700.71 (29.40)

Source: Appropriation Accounts

(Figures in bracket represent percentage to total budget provision)

Such large savings indicate that assessment of fund requirement was not done correctly.

It was further observed that after excluding salary and establishment components, there were savings of ₹ 11,379.79 crore (including surrenders, if any), ranging between 25.59 per cent and 99.82 per cent under 24 Major Heads, **which shows failure of the Government to utilise funds earmarked in the budget for developmental expenditure/creation of assets.**

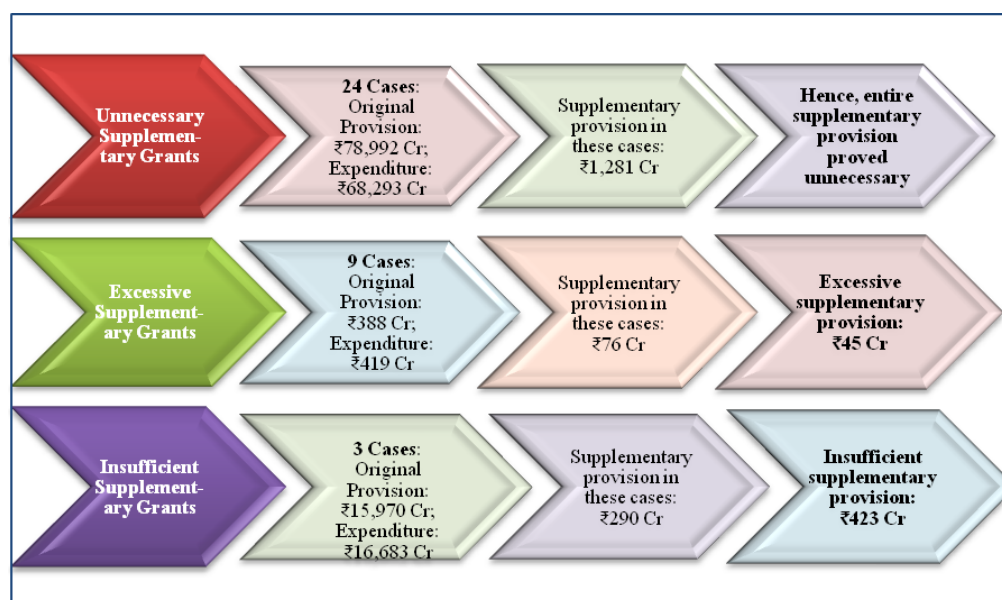
The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

2.3.5 Expenditure without provision of funds

As per paragraph 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that **an expenditure of ₹ 3,199.43 crore (Appendix 2.3), was incurred in 23 cases (₹ one crore or more in each case) under nine grants during the year 2017-18 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.**

2.3.6 Supplementary grants

Audit analysis showed that **supplementary grant of ₹ 1,281.20 crore i.e., 77.80 per cent of total supplementary grant was unnecessary in 24 cases.** On the other hand, in three cases the supplementary grant of ₹ 289.92 crore was not adequate to meet the requirement and resulted in excess expenditure (Chart 2.5).

Chart 2.5: Unnecessary, Excessive and Insufficient Supplementary Provisions

Source: Appropriation Accounts

Supplementary provisions of ₹ one crore or more in each case, aggregating to **₹ 1,235.65 crore obtained in 15 cases under 13 grants, during the year 2017-18 proved unnecessary as the expenditure did not come up even to the level of original provision (Appendix 2.4).**

The Government may consider preparing realistic budget estimates to avoid unnecessary and excessive/insufficient supplementary provisions.

2.3.7 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. During the year 2017-18, 26 re-appropriation orders for ₹ 8,642.09 crore were issued, of which **19 re-appropriation orders for ₹ 6,777.42 crore (78.42 per cent) were issued on 31 March 2018.** Out of these, nine re-appropriation orders for ₹ 2,806.73 crore were rejected by the office of the Accountant General (A&E), Punjab for various deficiencies⁶ therein.

Further, in 59 cases (**Appendix 2.5**), augmentation of provision through re-appropriation orders proved unnecessary because expenditure did not come up to the level of original/supplementary budget provision.

The Government may consider putting in place stringent mechanism for monitoring expenditure and projected requirements for avoiding unnecessary re-appropriations.

⁶ Re-appropriation orders were not in prescribed format, funds have been re-appropriated under non-existent schemes, reasons for savings as well as excess were not logical, re-appropriation orders were not sanctioned by the Finance Department, re-appropriation of funds was not permissible after close of the financial year, summary was prepared in Non-Plan and Plan type whereas the budget was in the form of Revenue and Capital.

2.3.8 Non-surrendering of anticipated savings

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. **At the close of the year 2017-18, savings of ₹ 14,989.85 crore (78.11 per cent of total savings of ₹ 19,190.81 crore; Appendix 2.1) were not surrendered by the concerned departments which indicate inadequate budgetary control as these could not be utilized for other developmental purposes.** Details of grants/appropriations in which savings exceeding ₹ 10 crore were not surrendered and grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender have been given in *Appendix 2.6* and *Appendix 2.7* respectively.

The Government may consider monitoring expenditure and anticipated savings so that the unutilised amounts are surrendered on time to enable utilization on other schemes.

2.3.9 Rush of expenditure

According to paragraph 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Audit scrutiny of expenditure incurred by the State Government in the year 2017-18 showed that **in nine cases (Table 2.8), the expenditure incurred during the last quarter of the year ranged between 44.61 and 100 per cent of total expenditure incurred under the relevant major head of account during the year. In all these cases, the expenditure incurred during the month of March 2018 alone ranged between 44.61 and 99.75 per cent of the total expenditure incurred under the relevant major head of account during the year.** It was further noticed that up to 100 per cent of the expenditure (₹ 61.12 crore) in March 2018 under five Major Heads was incurred through drawl of 69 Abstract Contingent (AC) bills, against which only five Detailed Contingent (DC) bills (₹ 13.33 crore) had been submitted by the DDOs concerned between August and November 2018.

Table 2.8: Rush of expenditure towards the end of the financial year*(₹ in crore)*

Sr. No	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2018		Expenditure through AC Bills in March 2018	
			Amount	Percentage to total expenditure	Amount	Percentage to total expenditure	Amount	Percentage to expenditure during March 2018
1	2047-Other Fiscal Services	12.33	10.53	85.40	10.17	82.48	0	0.00
2	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	293.05	258.66	88.26	253.33	86.45	3.93	1.55
3	4070-Capital Outlay on Other Administrative Services	7.43	7.42	99.87	6.82	91.79	0	0.00
4	4202-Capital Outlay on Education, Sports and Art and Culture	69.67	42.04 [#]	60.34	35.98 [#]	51.64	35.98	100.00
5	4210-Capital Outlay on Medical and Public Health	1.39	0.89	64.03	0.85	61.15	0	0.00
6	4250-Capital Outlay on Other Social Services	17.76	17.76	100.00	16.57	93.30	10.00	60.35
7	4403-Capital Outlay on Animal Husbandry	4.02	4.01	99.75	4.01	99.75	0	0.00
8	4705-Capital Outlay on Command Area Development	13.76	10.87	79.00	7.15	52.57	0.39	5.45
9	5475-Capital Outlay on Other General Economic Services	38.00	16.95	44.61	16.95	44.61	10.82	63.83

Source: Office of the Accountant General (A&E), Punjab.

[#] Expenditure under Major Head 4202 includes ₹22.39 crore pertaining to Centrally Sponsored Scheme – Sarva Siksha Abhiyan incurred during last quarter/month of the year out of the funds of ₹221.22 crore released by GoI between April and July 2017.

Reasons for rush of expenditure were called for (July 2018) from the Finance Department; reply was awaited (May 2019).

The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year, etc.

2.4 Deficiencies noticed in working of treasuries

Some of the significant deficiencies noticed in the working of treasuries during inspection for the year 2017-18 conducted by the Accountant General (Accounts and Entitlement), Punjab are discussed below:

2.4.1 Delay in submission of monthly accounts by treasuries

As per Rule 61 of Punjab Treasury Rules (PTR) Volume-I, District Treasuries are required to submit first list of payment along with vouchers/schedules complete in all respect between 13th and 15th of the same month and second list by 7th of the following month. During the period from April 2017 to February 2018, accounts were received late in 64 cases (first list: 43 cases; and second list: 21 cases). **The delay in submission of initial accounts caused consequent delay in compiling Monthly Civil Accounts by the AG (A&E).**

2.4.2. Drawl of funds through AC bills not in concurrence with nature of expenditure

During test-check of records/ECS report in the office of District Treasury Officer (DTO) Mohali, it was observed that during the year 2016-17, the Department of Agriculture had drawn funds of ₹ 400 crore under Head of Account '5054-Capital Outlay on Roads and Bridges; 04-District and other roads; 337-Road Works; 05-Strengthening of Rural Roads' through two Abstract Contingent (AC) bills amounting to ₹ 300 crore (drawn on 21 May 2016) and ₹ 100 crore (drawn on 25 July 2016). The Department concerned submitted Detail Contingent (DC) bills against these two AC bills. Scrutiny of DC bills revealed that:

- Some of the DC Bills submitted for clearance of AC bills pertained to the period prior to drawal of AC bills which implied that the AC bills had been drawn for the expenditure which had already been incurred. Thus, the drawal was not of urgent/contingent nature; rather, fully vouched bills could have been raised.
- The vouchers attached with the DC Bills pertained to construction/strengthening of rural roads for which 'works bill' had been raised which did not fall in the category of "Contingent Charges", as the same was subjected to proper planning and estimation. The reasons for drawal of funds through AC Bills had not been explained in the sanction.
- Although the expenditure was not of contingent nature, yet the payment was made to the intermediary agency i.e. Punjab Mandi Board instead of direct payment to the ultimate beneficiary i.e. the contractor concerned.

Resultantly, the State exchequer had to bear the loss of liquidity and interest on the sum drawn for the period from its drawal to its final utilization (ranging between 21 May 2016 and 01 March 2017).

2.5 Outcome of review of selected grants

A review of budgetary procedures followed, and expenditure control exercised, in respect of two selected grants i.e. 05-Education and 17-Local Government, Housing and Urban Development over a three year period 2015-16 to 2017-18 showed the following:

2.5.1 Grant No. 5 – Education

2.5.1.1 Introduction

Grant 5-Education includes Major Heads 2058-Stationery and Printing, 2071-Pension and Other retirement benefits, 2075-Miscellaneous General Services, 2202-General Education, 2204-Sports and Youth Services, 2205-Art and Culture, 2235-Social Security and Welfare, 4058-Capital Outlay on Stationery and Printing and 4202-Capital outlay on Education, Sports, Art and Culture. The Education Department is responsible for imparting quality education to the students in the State. It implements various schemes like Sarva Shiksha Abhiyan, Mid Day Meals, EDUSAT, Scholarship and incentives and assistance to non-Government schools.

2.5.1.2 Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the functional Heads of the grant for the last three years (2015-16 to 2017-18) is given in **Table 2.9**.

Table 2.9: Budget and Expenditure

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Un-utilized provision and its percentage
2015-16	Revenue-Original (V)	8,964.75	9,360.60	8,595.55	765.05 (8.17)
	Supplementary	395.85			
	Revenue-Original (C)	20.10	27.11	26.96	0.15 (0.55)
	Supplementary	7.01			
	Capital-Original (V)	250.31	250.31	143.62	106.69 (42.62)
	Supplementary	0.00			
2016-17	Revenue-Original (V)	9,519.12	9,630.22	8,814.30	815.92 (8.47)
	Supplementary	111.10			
	Revenue-Original (C)	26.64	26.96	26.80	0.16 (0.59)
	Supplementary	0.32			
	Capital-Original (V)	232.89	232.89	87.38	145.51 (62.48)
	Supplementary	0.00			
2017-18	Revenue-Original (V)	10,163.58	10,525.94	9,317.26	1,208.68 (11.48)
	Supplementary	362.36			
	Revenue-Original (C)	33.82	35.19	33.41	1.78 (5.06)
	Supplementary	1.37			
	Capital-Original (V)	300.93	300.93	44.52	256.41 (85.21)
	Supplementary	0.00			

Source: Appropriation Accounts

During 2015-16 to 2017-18, as a percentage of total provision, unutilized provision ranged between 0.55 per cent and 11.48 per cent under Revenue

Section and under Capital Section, it was between 42.62 *per cent* and 85.21 *per cent*.

2.5.1.3 Misclassification of provision/expenditure under Capital Head

According to Indian Government Accounting Standards-2 (IGAS-2), all grants-in-aid are in the nature of pass through grants and shall be classified and accounted as revenue expenditure in financial statements of the Union/State Governments, irrespective of the purpose for which such grants are spent by the ultimate grantee.

It was observed that the provision of Grant-in-aid of ₹ 55 crore for strengthening of 162 Senior Secondary Girls School and opening of two new meritorious schools was made under Capital Head 4202 instead of its functional Revenue Head 2202, in contravention of the provisions *ibid*.

2.5.1.4 Non-surrender of savings

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. This provision was violated as no amount was surrendered during 2015-16 and 2017-18 and only 19.76 *per cent* under Revenue Section and 34.28 *per cent* under Capital Section was surrendered during 2016-17 despite having savings under all sections during all of these three years. The position of surrender of unutilized provision is brought out in **Table 2.10**.

Table 2.10: Non-surrender of savings

(₹ in crore)

Year	Savings			Amount surrendered (percentage)		
	Revenue(V)	Revenue(C)	Capital(V)	Revenue(V)	Revenue(C)	Capital(V)
2015-16	765.05	0.15	106.69	0.00	0.00	0.00
2016-17	815.92	0.16	145.51	161.21 (19.76)	0.00	49.88 (34.28)
2017-18	1,208.68	1.78	256.41	0.00	0.00	0.00

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

2.5.1.5 Persistent savings

It was observed that a substantial portion of the budget allocation remained unutilized every year under certain heads of accounts during 2015-16 to 2017-18, indicating non-achievement of the projected financial outlays in the respective years as shown in the **Table 2.11**.

Table 2.11: Persistent savings under Grant No. 5*(₹ in crore)*

Sr. No	Head of Account	2015-16	2016-17	2017-18
1	2202-01-101-01-Government Primary Schools	84.01 (4.42)	210.60 (9.96)	272.19 (11.19)
2	2202-01-109-01-Government Secondary Schools Sports and youth services	517.15 (11.70)	314.60 (7.30)	261.58 (5.58)
3	2202-03-103-01- Government Arts Colleges	3.24 (1.84)	12.27 (6.85)	24.89 (13.38)
4	2202-03-104-01-Assistance to non-government colleges and institution	64.40 (13.17)	2.05 (0.68)	66.54 (26.62)
5	2204-00-001-01-Direction and Administration	32.30 (37.34)	37.40 (38.85)	37.43 (37.20)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions

Persistent savings under the above two major heads indicate that either the schemes under the respective departments did not receive the priority of the Government or there was inefficiency in implementation by the departments concerned/implementing agencies.

2.5.1.6 Irregularities in preparation of re-appropriation orders

The Deputy Controller (Finance & Accounts), Director of Public Institution, Punjab issued re-appropriation order amounting to ₹ 538.71 crore during the year 2017-18. The office of the Accountant General (A&E), Punjab found a number of irregularities in preparation of the re-appropriation orders viz. the re-appropriation order was not in the prescribed format as laid down in paragraph 13.7 (b) of Punjab Budget Manual, reasons for saving and excess mentioned in the re-appropriation orders were not logical, etc. Hence, the re-appropriation order was rejected. This resulted in non-utilisation of savings towards other purposes where additional funds were required.

2.5.1.7 Excess expenditure over provisions requiring regularization

Article 205(1)(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess.

Audit observed that excess expenditure of ₹ 217.22 crore (**Table 2.12**) during the year 2017-18 was incurred in five cases which may be got regularized under the above mentioned provisions.

Table 2.12: Excess of expenditure over budget provision during 2017-18 requiring regularization*(₹ in crore)*

Sr. No.	Major/Minor head	Total grant/ Appropriation	Expenditure	Excess expenditure
1	2202-01-101-16-Setting up of Model schools at Block level in educationally backward blocks	13.60	15.20	1.60
2	2202-01-111-01-Education Guarantee scheme, 04-Provision for salary of Inclusive Education Volunteers	0.01	2.17	2.16
3	2202-03-103-23-Assistance to parents Teachers Association Fund for guest Faculty	8.25	13.71	5.46
4	2202-05-200-01-Direction and Administration	0.19	2.73	2.54
5	2071-01-109-01-Pension to employees of Aided Educational Institutions (Schools)	0	205.36	205.36
	Total	22.05	239.17	217.12

Source: Appropriation Accounts

The Government may consider taking up the matter with Public Accounts Committee secretariat for regularisation of excess expenditure.

2.5.1.8 Unnecessary supplementary provisions

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 363.70 crore obtained in four cases, during the year 2017-18 proved unnecessary as the expenditure did not come up even to the level of original provision (Table 2.13).

Table 2.13: Unnecessary supplementary provisions*(₹ in crore)*

Sr. No.	Major/Minor head	Original provision	Supplementary provision	Total provision	Expenditure	Saving
1	2202-01-101-01-Government Primary Schools	2,199.54	233.11	2,432.65	2,160.45	272.20
2	2202-01-789-10-Sarva Shiksha Abhiyan (including Education Guarantee Scheme), National Programme for education of Girls at Elementary Level and Kasturba Gandhi Balika Vidyalaya	403.00	29.25	432.25	295.33	136.92
3	2202-02-109-01-Government Secondary Schools Sports and Youth Services	4,584.03	100.00	4,684.03	4,422.45	261.58
4	2202-05-200-01-Direction and Administration	0	1.34	1.34	0	1.34
	Total	7,186.57	363.70	7,550.27	6,878.23	672.04

Source: Appropriation Accounts

2.5.2 Grant No. 17-Local Government, Housing and Urban Development**2.5.2.1 Introduction**

Grant 17-Local Government, Housing and Urban Development includes Major Heads 2216-Housing, 2217-Urban Development, 3454-Census Surveys and Statistics, 3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, 4216-Capital Outlay on Housing and 4217-Capital Outlay on Urban Development. The Urban Development Department implements various schemes like Swachh Bharat Mission, National Urban Livelihoods Mission, Urban Renewal Programme, etc.

The Housing Department implements various schemes like Pradhan Mantri Awaas Yojana and Mukh Mantri Awaas Yojana.

2.5.2.2 Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the functional Heads of the grant for the last three years (2015-16 to 2017-18) is given in **Table 2.14**.

Table 2.14: Budget and Expenditure

					(₹ in crore)
Year	Section	Budget provision	Total	Expenditure	Un-utilized provision and its percentage
2015-16	Revenue-Original (V)	887.99	968.97	908.81	60.16 (6.21)
	Supplementary	80.98			
	Capital-Original (V)	70.33	334.82	216.16	118.66 (35.44)
	Supplementary	264.49			
2016-17	Revenue-Original (V)	1,732.67	1,742.15	878.99	863.16 (49.55)
	Supplementary	9.48			
	Capital-Original (V)	535.52	834.39	292.37	542.02 (64.96)
	Supplementary	298.87			
2017-18	Revenue-Original (V)	3,042.48	3,042.48	1,505.27	1,537.21 (50.52)
	Supplementary	0.00			
	Capital-Original (V)	1,568.11	1,568.11	280.95	1,287.16 (82.08)
	Supplementary	0.00			

Source: Appropriation Accounts

During 2015-16 to 2017-18, as a percentage of total provision, unutilized provision ranged between 6.21 per cent and 50.52 per cent under Revenue Section and under Capital Section it was between 35.44 per cent and 82.08 per cent.

2.5.2.3 Non-surrender of savings

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. This provision was violated as no amount was surrendered during 2015-16 despite having savings under Revenue (V) and Capital (V) sections and only 35.77 per cent and 21.14 per cent under Revenue Section and 13.73 per cent and 48.14 per cent under Capital Section was surrendered during 2016-17 and 2017-18 respectively. The position of surrender of unutilized provision is brought out in **Table 2.15**.

Table 2.15: Non-surrender of savings

Year	Savings		Amount Surrendered (percentage)	
	Revenue (V)	Capital (V)	Revenue (V)	Capital (V)
2015-16	60.16	118.66	0.00	0.00
2016-17	863.16	542.02	308.76 (35.77)	74.42 (13.73)
2017-18	1,537.21	1,287.16	325.00 (21.14)	619.62 (48.14)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

2.5.2.4 Persistent savings

It was observed that a substantial portion of the budget allocation remained unutilized every year under certain heads of accounts during 2015-16 to 2017-18, indicating non-achievement of the projected financial outlays in the respective years as shown in the **Table 2.16**.

Table 2.16: Persistent savings under Grant No. 17

Sr. No.	Head of Account	Amount (₹ in crore)		
		2015-16	2016-17	2017-18
1	2217-80-001-04-Town Planner	3.58 (14.73)	0.66 (3.02)	1.05 (4.57)
2	3454-01-800-01-Census Establishment	7.53 (62.28)	7.86 (65.12)	4.69 (38.57)
3	3604-00-200-12-Grants-in-aid to Municipal Committees/ Corporations notified area committees in lieu of abolition of Octroi on liquor in the State	0.19 (0.19)	126.85 (30.00)	226.85 (68.72)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions

2.6 Conclusions

During 2017-18, expenditure of ₹ 1,01,117.64 crore was incurred against total budget provision of ₹ 1,19,884.67 crore resulting in net savings of

₹ 18,767.03 crore. The net savings was the result of gross savings of ₹ 19,190.81 crore set off by excess of ₹ 423.78 crore. An amount of ₹ 4,200.96 crore (21.89 *per cent* of savings) was surrendered during the year and out of total surrender, an amount of ₹ 3,938.70 crore (93.76 *per cent*) was surrendered on the last day of the year.

Excess expenditure of ₹ 40,609.66 crore during 2011-18 required regularization under Article 205(1) (b) of the Constitution of India. There were persistent excesses in two grants. Augmentation of budget provisions by re-appropriation orders proved unnecessary in 59 cases because expenditure did not come up even to the level of original/supplementary budget provisions. There was rush of expenditure towards the end of financial year. In nine cases, more than 44 *per cent* of budget provisions was utilized in last month of the year.

Chapter III

Financial Reporting

CHAPTER III

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. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Compliance to Accounting Standards

As per article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Punjab in 2017-18 and deficiencies therein are detailed in **Table 3.1**:

Table 3.1: Compliance to Accounting Standards

S. No.	Accounting Standards	Compliance by State Government	Compliance/Deficiency
1.	IGAS-1: <i>Guarantees Given by the Government – Disclosure requirements</i>	Complied (Statements 9 and 20 of Finance Accounts)	NIL
2.	IGAS-2: <i>Accounting and Classification of Grants-in- Aid</i>	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid classified under Capital Section (Refer to paragraph 2.5.1.3 for further audit findings on classification of Grants in Aid under Capital Section) (ii) No information was available in respect of Grants-in-Aid given in kind by the State Government.
3.	IGAS-3: <i>Loans and Advances made by Government</i>	Not complied (Statement 7 and 18 of Finance Accounts)	Disclosure on loans sanctioned without specific terms and conditions could not be made as the requisite information was not provided by the State Government. (Refer to paragraph 1.8.4 for further audit findings on Loans and Advances).

Source: Indian Government Accounting Standards and information supplied by office of the Accountant General (A & E), Punjab.

3.2 Delay in submission of Utilisation Certificates

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

It was observed that **13 Utilisation Certificates (UC) amounting to ₹ 587.80 crore (grant drawn up to September 2016) were not furnished to the Accountant General (A&E)** as on 31 March 2018.

The age-wise position of pendency in submission of UCs is summarized in **Table 3.2**.

Table 3.2: Age-wise pendency of Utilisation Certificates

(₹ in crore)		
Year in which UC become due ¹	Number of UCs	Amount
Up to 2015-16	1	0.04
2016-17	12	587.76
Total	13	587.80

Source: Finance Accounts

As much as ₹ 401.65 crore (68.33 per cent) of the total outstanding amount of ₹ 587.80 crore pertained to the Departments of Food and Civil Supplies (₹ 300.00 crore), Health and Family Welfare (₹ 56.70 crore) and Agriculture (₹ 44.95 crore).

Further, **a comparison with earlier year revealed that there was an increase in number and amount of pending UCs during 2017-18 as compared to 2016-17** as depicted in **Table 3.3**.

Table 3.3: Position of pending UCs during 2013-18

(₹ in crore)		
Year	Number of pending UCs	Amount
2013-14	132	134.85
2014-15	29	24.21
2015-16	32	66.71
2016-17	05	4.47
2017-18	13	587.80

Source: Finance Accounts

High pendency of UCs was fraught with the risk of misappropriation of funds and fraud.

¹ Calculated on the basis of 18 months from the date of drawal of grant-in aid.

The Government may consider ensuring timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.

3.3 Delay in submission of Accounts/Separate Audit Reports of Autonomous Bodies

As on 31 March 2018, **16 accounts from 2006-07 to 2016-17 were pending in respect of three² out of eight autonomous bodies.** Separate Audit Reports (SARs) which were required to be placed before Legislature were also pending in respect of six³ autonomous bodies. The details of delay in submission of accounts by the autonomous bodies to Audit and placement of the SARs in the Legislature as on March 2018 are given in *Appendix 3.1*.

The Punjab Labour Welfare Board had not rendered its accounts since the financial year 2006-07 despite repeated comments in the Reports of the Comptroller and Auditor General of India (CAG) on State Finances about the arrear in preparation of accounts.

The Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.

3.4 Departmental Commercial Undertakings

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

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Principal Accountant General (Audit) within a specified time frame. However, the **Punjab Roadways (Transport Department) had not prepared its accounts since 2004-05** (as of September 2018), despite repeated comments in the earlier Reports of the CAG on State Finances about the arrears in preparation of accounts.

² (i) Punjab Legal Services Authority; (ii) Punjab Khadi and Village Industries Board; and (iii) Punjab Labour Welfare Board.

³ (i) Punjab Legal Services Authority; (ii) Punjab Khadi and Village Industries Board; (iii) Punjab State Human Rights Commission; (iv) Punjab Labour Welfare Board; (v) Punjab Building and Other Construction Workers Welfare Board; and (vi) Punjab State Electricity Regulatory Commission.

3.5 Misappropriations, losses, thefts, etc.

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

As on 31 March 2018, **19 cases of misappropriation, losses, theft, etc. involving an amount of ₹ 5.20 crore were pending. Of these, the First Information Report (FIR) in six cases had been lodged and information in respect of 13 cases was awaited from the departments concerned (March 2019).** The department-wise detail of outstanding cases as on 31 March 2018 is given in **Table 3.4** and age-wise profile is given in **Appendix 3.2**.

Table 3.4: Pending cases of misappropriation, losses, theft, etc.

(₹ in lakh)

Name of Department	Cases of misappropriation/ losses of Government material		Cases of theft		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Education	8	29.54	1	0.06	9	29.60
Elections	0	0	1	NA	1	NA
Home Affairs and Justice	0	0	1	6.00	1	6.00
Health and Family Welfare	4	24.60	0	0	4	24.60
Revenue and Rehabilitation	2	1.08	0	0	2	1.08
Rural Development	1	326.00	0	0	1	326.00
Water Supply and Sanitation	1	133.00	0	0	1	133.00
Total	16	514.22	3	6.06	19	520.28

Source: Information as provided by concerned Sectors

NA = Not available

The reasons for the delay in finalization of these pending cases have been given in **Table 3.5**.

Table 3.5: Reasons for the delay in finalization of pending cases of misappropriation, losses, theft, etc.

(₹ in lakh)

Reasons	Number of cases	Amount
Awaiting departmental and criminal investigation	7	356.60
Departmental action initiated but not finalised	3	134.08
Awaiting orders for recovery or write off	9	29.60
Total	19	520.28

Source: Information as provided by concerned Sectors

The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.

3.6 Abstract Contingent bills

Drawing and Disbursing officers are authorized to draw sums of money by preparing Abstract Contingent (AC) bills by debiting Service Heads. They are required to present Detailed Countersigned Contingent (DCC) bills duly countersigned by the Controlling Officer in all these cases within six months under Rule 274 of Punjab Treasury Rules as amended vide instructions issued by State Government on 11 November and 19 December 2016. Prolonged non-submission of supporting DCC bills renders the expenditure under AC Bills opaque.

The withdrawal of money on an AC bill is accounted for against the functional Major Head in the Consolidated Fund.

Year-wise details of AC bills drawn upto September 2017, which remained unadjusted as on 31 March 2018 are given in **Table 3.6**.

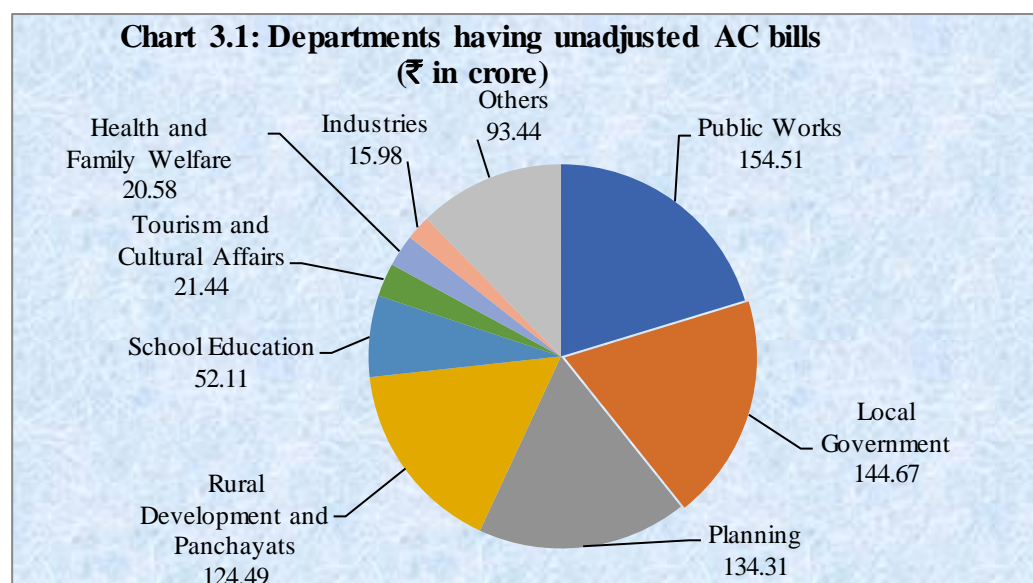
Table 3.6: Details of unadjusted AC bills as on 31 March 2018

Year	Unadjusted AC bills	
	No. of Bills	Amount
Up to 2015-16	132	217.91
2016-17	256	526.57
2017-18	26	17.05
Total	414	761.53

(₹ in crore)

Source: Finance Accounts

Out of 414 unadjusted AC bills amounting to ₹ 761.53 crore, 247 AC bills amounting to ₹ 668.09 crore (87.73 per cent) pertained to eight Departments as depicted in **Chart: 3.1**.



Source: Finance Accounts

Further, out of 626 AC bills amounting to ₹ 1,542.32 crore drawn during 2017-18, **251 AC bills amounting to ₹ 747.83 crore (48.49 per cent) were drawn in March 2018.**

The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.

3.7 Outstanding balance under major suspense account affecting accuracy of accounts

Certain intermediary/adjusting heads of accounts known as ‘Suspense heads’ are opened in Government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balance under the suspense heads would accumulate and would not reflect Government’s receipt and expenditure accurately.

The Finance Accounts reflect the net balances under these heads. The outstanding balance is worked out by aggregating the outstanding debit and credit separately. Suspense head 8658-101-Pay and Accounts Office suspense is intended for settlement of transactions between the Accountant General (AG) and the various separate Pay and Accounts Officers (PAO). The transactions initially recorded under this head in the books of the AG are cleared on receipt of the cheques/Demand Drafts in respect of amounts received in the PAOs on behalf of the State and on the issue of cheques/Demand Drafts in respect of amounts received in State on behalf of the PAOs. Outstanding debit balance under this head would mean that payments have been made by the State on behalf of a PAO, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the State on behalf of a PAO, which were yet to be paid.

It was observed that there was a net debit balance of ₹ 66.19 crore under suspense head 8658-101-Pay and Accounts Office suspense at the close of the year 2017-18. On clearance/settlement of the debit balance, the cash balance of the State Government will increase. The outstanding debit balance pertained to the transactions mainly related to payments made by the State Government to Central Government Civil Pensioners (₹ 70.63 crore).

3.8 Follow up action on Audit Report

At the instance of the Public Accounts Committee (PAC), the Finance Department issued (August 1992) instructions to all the Departments to initiate *suo motu* action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases had been taken up for examination by PAC or not. The Departments were also required to furnish to PAC detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

As regards the Audit Reports relating to the period up to 2016-17 which have been laid before the State Legislature, the PAC took up (August 2015) Audit Report on State Finances for the year 2013-14 for discussion and directed the Finance Department for submission of reply to all paragraphs within three weeks. However, no detailed note has been received in the Audit Office (May 2019).

3.9 Conclusions

As on 31 March 2018, 13 utilisation certificates in respect of grants amounting to ₹ 587.80 crore were pending for submission by the Departmental Officers. There was delay in submission of accounts to Audit and submission of Separate Audit Reports to the Legislature by the Autonomous Bodies. As on 31 March 2018, 19 cases of theft, loss and misappropriation involving an amount of ₹ 5.20 crore were pending finalization. As many as 414 AC bills for ₹ 761.53 crore were pending for adjustment, most of which are more than a year old.


The above points were reported to the State Government in September 2018; reply was awaited (May 2019).



CHANDIGARH
The 5 August 2019

(PUNAM PANDEY)
Principal Accountant General (Audit), Punjab

Countersigned



NEW DELHI
The 7 August 2019

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Referred to in paragraph 1.1, page 1)

Profile of Punjab

A. General Data			
Sr. No.	Particulars	Figures	
1.	Area	50362 sq km	
2.	Population as per 2011 Census	2.77 crore	
3.	Density of Population (as per 2011 census) (All India Density = 382 ¹ persons per Sq. Km.)	551 persons per Sq. km.	
4.	Population below poverty line ² (All India Average = 21.9per cent)	8.3 per cent	
5.	Literacy (as per 2011 census) (All India Average = 73 ² per cent)	75.80 per cent	
6.	Infant mortality ³ (per 1000 live births) (All India Average = 34 per 1000 live births)	21	
7.	Life Expectancy at birth ⁴ (All India Average=68.3 years)	72.1 years	
8.	Gini Coefficient ⁵ (a measure of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa) (All India Average = Rural : 0.29; Urban : 0.38)	Rural : 0.29 Urban : 0.37	
9.	Human Development Index 2007-08(All India Average= 0.467)	0.605	
10.	Gross State Domestic Product (GSDP) 2017-18 at current prices	₹ 4,71,301 crore	
11.	Per capita GSDP CAGR (2008-09 to 2017-18)	General Category States average	13.1
		Punjab	10.6
		All India average	11.5
12.	GSDP CAGR (2008-09 to 2017-18)	General Category States average	14.5
		Punjab	11.7
13.	Population Growth (2008 to 2017)	General Category States average	11.6
		Punjab	9.7
14.	Total cropped area	78.23 lakh hectares	
15.	Gross Irrigated area	77.95 lakh hectares	
16.	Percentage of total irrigated area to total cropped area	99.64 per cent	

Source: Economic Surveys of India and Punjab 2017-18.

¹ www.censusindia.gov.in (Census Info India 2011 Final Population Totals).

² Economic Survey 2017-18 (January 2018) Government of India, Vol. II. Page A 155, 160-161.

³ Sample Registration System Bulletin, Volume 51, Number1, September 2017.

⁴ Economic survey of 2017-18 (January 2018), Government of India, Vol-II, Table 9.1, Page A-151.

⁵ http://planningcommission.nic.in/data/datatable/data_2312/DatabookDec2014%20106.pdf.

B. Financial Data							
Sr. No.	Particulars	Figures (in per cent)					
		2008-09 to 2016-17		2012-13 to 2016-17		2016-17 to 2017-18	
	CAGR ⁶	General Category States	Punjab	General Category States	Punjab	General Category States	Punjab
a.	Of Revenue Receipts	15.10	11.07	13.20	10.62	11.30	10.47
b.	Of Own Tax Revenue	14.90	12.07	10.30	5.28	12.20	9.65
c.	Of Non Tax Revenue	9.50	0.17	7.90	22.20	5.90	(-)26.35
d.	Of Total Expenditure	15.80	17.67	14.40	24.85	4.70	(-)35.08
e.	Of Capital Expenditure	14.00	5.38	17.00	22.73	1.00	(-)45.88
f.	Of Revenue Expenditure on Education	14.50	14.11	11.50	7.38	6.20	5.66
g.	Of Revenue Expenditure on Health	16.20	16.78	15.40	12.44	10.70	(-)4.23
h.	Of Salary and Wages	13.40	13.26	9.10	6.99	8.90	8.25
i.	Of Pension	16.20	15.19	10.50	10.12	22.90	16.36

Source: Finance Accounts

⁶ Compounded Annual Growth Rate

Appendix 1.2

(Referred to in paragraph 1.1, page 1)

Structure of the Government Accounts	
<p>The accounts of the State Government are kept in three parts:</p> <p>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 the State ' established under Article 266(1) of the Constitution of India.</p> <p>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 authorization 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.</p> <p>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 State Legislature.</p>	
Layout of the Finance Accounts	
Statement Number	Subject
1.	Statement of Financial Position
2.	Statement of Receipts and Disbursements
3.	Statement of Receipts in Consolidated Fund
4.	Statement of Expenditure out of Consolidated Fund by function and nature
5.	Statement of Progressive Capital expenditure
6.	Statement of Borrowings and Other Liabilities
7.	Statement of Loans and Advances given by the Government
8.	Statement of Investments of the Government
9.	Statement of Guarantees given by the Government
10.	Statement of Grants-in-aid given by the Government
11.	Statement of Voted and Charged Expenditure
12.	Statement of Sources and Application of Funds for Expenditure other than on Revenue Account
13.	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14.	Detailed Statement of Revenue and Capital Receipts by minor heads
15.	Detailed Statement of Revenue Expenditure by minor heads
16.	Detailed Statement of Capital Expenditure by minor heads and sub heads
17.	Detailed Statement of Borrowings and Other Liabilities
18.	Detailed Statement of Loans and Advances given by the Government
19.	Detailed Statement of Investments of the Government
20.	Detailed Statement of Guarantees given by the Government
21.	Detailed Statement of Contingency Fund and Public Account transactions
22.	Detailed Statement on Investments of Earmarked Balances

Source: Finance Accounts

Appendix 1.3

(Referred to in paragraph 1.1.4, page 3)

Abstract of receipts and disbursements for the year 2017-18 and summarized financial position of the Government of Punjab as on 31 March 2018

Part A - Abstract of receipts and disbursements for the year 2017-18

(₹ in crore)

Receipts	2016-17	2017-18	Disbursements	2016-17	2017-18
1	2	3	4	5	6
Section-A: Revenue					
I-Revenue receipts	47985.42	53009.58	I-Revenue expenditure	55296.05	62464.85
(i) Tax revenue	27746.66	30423.25	General services	28487.93	34499.50
(ii) Non-tax revenue	5863.20	4318.39	Social Services-	15672.10	15469.74
(iii) State's share of Union Taxes and Duties	9599.73	10616.94	-Education, Sports, Art and Culture	8813.24	9312.39
(iv) Non-Plan Grants	1610.35	0.00	-Health and Family Welfare	2867.78	2746.45
(v) Grants for State Plan Schemes	2523.14	0.00	Water Supply, Sanitation, Housing and Urban Development	767.88	764.72
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	642.34	-0.63	-Information and Broadcasting	183.95	38.72
(vii) Centrally Sponsored Schemes	--	3096.13	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	520.90	293.05
(viii) Finance Commission Grants	--	355.69	-Labour and Labour Welfare	194.14	219.88
(ix) Other Transfer/ Grants to States/ Union Territories with Legislatures	--	4199.81	-Social Welfare and Nutrition	2292.15	2055.18
			-Others	32.06	39.35
			Economic Services-	10217.61	11194.41
			-Agriculture and Allied Activities	5717.76	7487.13
			-Rural Development	261.43	321.79
			-Irrigation and Flood Control	1261.72	1183.19
			-Energy	1654.51	1318.60
			-Industry and Minerals	62.63	56.97
			-Transport	504.78	551.86
			-Science, Technology and Environment	4.82	4.56
			-General Economic Services	749.96	270.31
			Grants-in-aid Contributions	918.41	1301.20
			Total	55296.05	62464.85

Receipts	2016-17	2017-18	Disbursements	2016-17	2017-18
1	2	3	4	5	6
II. Revenue deficit carried over to Section B	7310.63	9455.27	Revenue Surplus carried over to Section-B	--	--
Total Section A	55296.05	62464.85		55296.05	62464.85
Section-B Others					
III-Opening Cash balance including Permanent Advances and Cash Balance Investment	(-)14.63	395.28	III Opening Overdraft from Reserve Bank of India	--	--
IV – Misc Capital Receipts	0.41	0.12	IV-Capital Outlay	4346.30	2352.08
			<u>General Services</u>	248.78	179.67
			<u>Social Services-</u>	1087.35	916.55
			-Education, Sports, Art and Culture	220.04	69.67
			-Health and Family Welfare	22.45	1.39
			Water Supply, Sanitation, Housing and Urban Development	778.53	822.57
			-Information and Broadcasting	0.92	0.00
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	46.55	5.15
			-Social Welfare and Nutrition	10.59	0.00
			-Others	8.27	17.77
			<u>Economic Services-</u>	3010.17	1255.86
			-Agriculture and Allied Activities	86.35	108.37
			-Rural Development	134.13	67.42
			-Irrigation and Flood Control	1263.91	315.13
			Energy	0.00	2.25
			Industry and Minerals	0.00	0.00
			Transport	1351.96	674.55
			Science Technology and Environment	0.00	0.00
			General Economic Services	173.82	88.14
Total	(-) 14.22	395.40	Total	4346.30	2352.08

Receipts	2016-17	2017-18	Disbursements	2016-17	2017-18
1	2	3	4	5	6
V-Recoveries of Loans and Advances	180.93	73.07	V-Loans and Advances Disbursed	41364.12	760.05
-From Power Projects	87.66	6.31	-For Power Projects	10031.19	0.00
-From Government Servants	46.12	39.72	-To Government Servants	41.32	37.78
-From others	47.15	27.04	-To Others	31291.61	722.27
VI-Revenue surplus brought down	--	--	VI-Revenue Deficit Brought down	7310.63	9455.27
VII- Public debt receipts	55234.21	18516.74	VII-Repayment of Public Debt	4050.38	7486.90
-External Debt	--	--	-External Debt	--	--
-Internal debt other than ways and means Advances and Overdraft	54311.14	17621.98	-Internal debt other than ways and means Advances and Overdraft	3722.54	7151.81
-Net transactions under Ways and Means Advances	268.13	434.45	-Net transactions under Ways and Means Advances	0.00	0.00
-Net transactions under overdraft	0.00	0.00	-Net transactions under overdraft	0.00	0.00
-Loans and Advances from Central Government	654.94	460.31	-Repayment of Loans and Advances to Central Government	327.84	335.09
VIII-Appropriation to Contingency fund	Nil	Nil	VIII- Appropriation to Contingency fund	Nil	Nil
IX-Amount transferred to Contingency fund	Nil	Nil	IX-Expenditure from Contingency fund	Nil	Nil
X-Public Account Receipts[#]	52723.92	47083.44	X-Public Account Disbursement[#]	50599.95	45525.90
-Small Savings and Provident funds	3373.38	3521.99	-Small Savings and Provident funds	2140.71	2395.79
-Reserve funds	945.98	729.95	-Reserve funds	187.66	79.85
-Deposits and Advances	5943.43	3112.09	-Deposits and Advances	5827.53	3291.53
-Suspense and Miscellaneous	42383.21	39609.91	-Suspense and Miscellaneous	42366.26	39637.03
-Remittances	77.92	109.50	-Remittances	77.79	121.70
XI-Closing Overdraft from Reserve Bank of India	Nil	Nil	XI-Cash Balance at end	395.28	488.45
			Cash in Treasuries and Local Remittances	--	
			Deposits with Reserve Bank	(-)367.84	(-)74.95
			Other cash balances and investments	763.08	563.36
			Cash Balance Investment	0.04	0.04
			Proforma adjustment of prior period	58.18	0.00
Total Section-B	108124.84	66068.65		108124.84	66068.65
Total	163420.89	128533.50	Total	163420.89	128533.50

[#] These exclude transactions of investment of cash balances and departmental cash chests.

Appendix 1.3 (continued)

(Referred to in paragraphs 1.1.4 & 1.9.1, page 3 & 43)

Part - B - Summarized financial position of the Government of Punjab
as on 31 March 2018

(`in crore)

LIABILITIES	As on 31.03.2017	As on 31.03.2018
Internal Debt -	149880.15	160784.77
Market Loans bearing interest	79345.47	92694.19
Market Loans not bearing interest	0.04	0.04
Loans from Life Insurance Corporation of India	0.02	0
Loans from other Institutions	70266.49	67387.96
Ways and Means Advances and Overdrafts from Reserve Bank of India	268.13	702.58
Loans and Advances from Central Government-	3893.00	4018.23
Non-Plan Loans	29.70	25.24
Loans for State Plan Schemes	3862.99	3532.37
Pre 1984-85 Loans	0.31	0.31
Other loans for State		460.31
Contingency Fund	25.00	25.00
Small Savings, Provident Funds, etc.	20603.53	21729.73
Deposits	3279.00	3099.54
Reserve Funds	4870.07	5520.18
Suspense and Miscellaneous Balances	--	--
Remittance Balances	--	--
TOTAL	182550.75	195177.45
ASSETS		
Gross Capital Outlay on Fixed Assets -	43483.88	45835.84
Investments in shares of Companies, Corporations, etc.	4091.30	4189.25
Other Capital Outlay	39392.58	41646.59
Loans and Advances -	49482.37	50169.35
Loans for Power Projects	16408.42	16402.11
Other Development Loans	33062.07	33757.29
Loans to Government servants and miscellaneous loans	11.88	9.95
Advances	0.42	0.42
Remittance Balances	1.39	13.59
Cash	395.28	488.45
Cash in Treasuries and local remittances	--	--
Departmental Cash Balance	762.12	562.40
Permanent Advances	0.26	0.26
Cash Balance Investments	0.04	0.04
Deposits with Reserve Bank	(-)367.84	(-)74.95
Investments from Earmarked Funds	0.70	0.7
Suspense and Miscellaneous Balances	24.40	51.52
Deficit on Government Account -	89163.01	98618.28
Add Revenue Deficit of the current year	7310.63	9455.27
Accumulated deficit at the beginning of the year	81852.38*	89163.01
TOTAL	182550.75	195177.45

Source: Finance Accounts

* Differs by ₹627.13 crore (decreased) due to Proforma Adjustment to rectify the misclassification of prior period.

Appendix 1.4

(Referred to in paragraphs 1.1.7 pages 9)

Budget estimates vis-à-vis actuals for the year 2017-18

(₹ in crore)

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Revenue Receipts	53010	60080	(-7070)	(-11.77)
<i>Of which</i>				
Tax Revenue	30423	39526	(-9103)	(-23.03)
<i>Taxes on Sales, Trades etc.</i>	11160	25800	(-14640)	(-56.74)
<i>State Excise</i>	5136	5422	(-286)	(-5.27)
<i>Taxes on vehicles</i>	1911	3175	(-1264)	(-39.81)
<i>Stamps and Registration fees</i>	2135	2400	(-265)	(-11.04)
<i>Land Revenue</i>	91	220	(-129)	(-58.64)
Non-Tax Revenue	4319	3225	1094	33.92
State's share of Union taxes and duties	10617	10651	(-34)	(-0.32)
Grants in aid from GOI	7651	6678	973	14.57
Revenue Expenditure	62465	74865	(-12400)	(-16.56)
<i>Of which</i>				
2040-Taxes on Sales, Trade etc.	130	203	(-73)	(-35.96)
2049-Interest Payments	15334	14910	424	2.84
2055-Police	5248	5237	11	0.21
2070-Other Administrative Services	534	643	(-109)	(-16.95)
2071-Pensions and Other Retirement Benefits	10208	10147	61	0.60
2075-Misc General Services	649	871	(-222)	(-25.49)
2202-General Education	9023	9993	(-970)	(-9.71)
2210-Medical and Public Health	2534	3058	(-524)	(-17.14)
2211-Family welfare	213	278	(-65)	(-23.38)
2215-Water Supply and Sanitation	360	575	(-215)	(-37.39)
2225-Welfare of SC, ST & OBC	293	1144	(-851)	(-74.39)
2230-Labour and Employment	220	326	(-106)	(-32.52)
2235-Social Security and Welfare	1730	2308	(-578)	(-25.04)
2236-Nutrition	41	183	(-142)	(-77.60)
2245-Relief on account of Natural Calamities	284	638	(-354)	(-55.49)
2401-Crop Husbandry	6318	9891	(-3573)	(-36.12)
2801-Power	1318	2595	(-1277)	(-49.21)
3456-Civil Supplies	210	715	(-505)	(-70.63)
3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions	1301	2837	(-1536)	(-54.14)
Salary and Wages	20030	21321	(-1291)	(-6.06)
Subsidies	6982	10805	(-3823)	(-35.38)
Capital Expenditure	2352	6157	(-3805)	(-61.80)
4055-Capital outlay on Police	100	164	(-64)	(-39.02)
4210- Capital outlay on Medical and Public Health	1	130	(-129)	(-99.23)

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
<i>4215 Capital outlay on Water Supply and Sanitation</i>	542	878	(-)336	(-)38.27
<i>4217-Capital outlay on Urban Development</i>	285	1566	(-)1281	(-)81.80
<i>4225-Capital outlay on Welfare of SCs, STs and OBCs</i>	5	178	(-)173	(-)97.19
<i>4515-Capital outlay on other Rural Development Programmes</i>	67	340	(-)273	(-)80.29
Disbursement of Loans and Advances	760	2230	(-)1470	(-)65.92
Revenue Deficit	9455	14785	(-)5330	(-)36.05
Fiscal Deficit	12494	23092	(-)10598	(-)45.89
Primary Deficit(-)/Surplus(+)	(+)2840	(-)8182	(-)11022	(-)134.71
Revenue deficit/GSDP	2.01	3.18	(-)1.17	(-)36.79
Fiscal deficit/GSDP	2.65	4.96	(-)2.31	(-)46.57
Primary deficit(-)/Surplus(+)/GSDP	(+)0.60	(-)1.76	(-)2.36	(-)134.09
Revenue Deficit/Fiscal Deficit	75.68	64.00	11.68	(-)18.25

Source: Finance Accounts and Annual Financial Statement

Appendix 1.5*(Referred to in paragraphs 1.3 and 1.6.1, pages 14 and 24)***Time Series data on State Government Finances***(₹ in crore)*

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Part A. Receipts					
1. Revenue Receipts	35104	39023	41523	47985	53010
(i) Tax Revenue⁷	24079(68)	25570(66)	26690(64)	27747(58)	30423(57)
State Goods and Services Tax	0	0	0	0	7901(26)
Taxes on Sales, Trade etc. ⁸	14847(62)	15455(60)	15857(59)	17587(63)	11160(37)
State Excise ⁸	3765(16)	4246(17)	4796(18)	4406(16)	5136(17)
Taxes on vehicles ⁸	1146(5)	1394(5)	1475(6)	1548(6)	1911(7)
Stamps and Registration fees ⁸	2500(10)	2474(10)	2449(9)	2044(7)	2135(6)
Land Revenue	42	47	55	68	91
Other Taxes ⁸	1779(7)	1954(8)	2058(8)	2094(8)	2089(7)
(ii) Non-Tax Revenue⁷	3192(9)	2880(7)	2650(7)	5863(12)	4319(8)
(iii) State's share of Union taxes and duties⁷	4432(13)	4703(12)	8009(19)	9599(20)	10617(20)
(iv) Grants in aid from GOI⁷	3401(10)	5870(15)	4174(10)	4776(10)	7651(14)
2. Misc Capital Receipts	1	1	0	0	0
3. Recoveries of Loans and Advances	112	137	218	181	73
4. Total revenue and Non-debt capital receipts (1+2+3)	35217	39161	41741	48166	53083
5. Public Debt Receipts	11108	11363	20207	55234	18517
Internal Debt (excluding Ways & Means Advances and Overdrafts)	10295	11389	19942	54311	17622
Net transactions under Ways and Means advances and Overdrafts	435	(-593)	0	268	435
Loans and Advances from Government of India	378	567	265	655	460
6. Total receipts in the Consolidated Fund(4+5)	46325	50524	61948	103400	71600
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts⁹	2145	1698	0	7553	1757
9. Total receipts of the State (6+7+8)	48470	52222	61948	110953	73357

⁷ Figures in parenthesis indicate percentage to Revenue Receipts.

⁸ Figures in parenthesis indicate percentage to Tax revenue.

⁹ These figures are net of disbursements out of Public Account. During 2015-16, against receipts of ₹66,018 crore in Public Account, disbursements were ₹70,236 crore, rendering net Public Account as (-)₹4,218 crore. Therefore, net Public Account Receipts are shown as NIL and the excess of disbursements has been depicted at Sr. No. 18.

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Part B. Expenditure/ Disbursement					
10. Revenue Expenditure¹⁰	41641(95)	46614(93)	50073(85)	55296(55)	62465(95)
Plan ¹¹	3135(8)	4913(11)	5311(11)	5966(11)	62465(100)
Non-Plan ¹¹	38506(92)	41701(89)	44762(89)	49330(89)	
General Services including interest payments ¹¹	20192(49)	23043(49)	24713(49)	28488(52)	34500(55)
Social Services ¹¹	11319(27)	13729(29)	14898(30)	15672(28)	15470(25)
Economic Services ¹¹	9600(23)	9238(20)	9756(20)	10218(18)	11194(18)
Grants in aid and Contributions ¹¹	530(1)	604(1)	706(1)	918(2)	1301(2)
11. Capital Expenditure¹⁰	2201(5)	3118(6)	3059(5)	4346(4)	2352(4)
Plan ¹²	2011(91)	2939(94)	2733(89)	3929(90)	2352(100)
Non-Plan ¹²	190(9)	179(6)	326(11)	417(10)	
General Services ¹²	219(10)	252(8)	253(8)	249(6)	180(8)
Social Services ¹²	930(42)	795(26)	828(27)	1087(25)	916(39)
Economic Services ¹²	1052(48)	2071(66)	1978(65)	3010(69)	1256(53)
12. Disbursement of Loans and Advances¹⁰	165(0.37)	270(0.54)	5969(10)	41364(41)	760(1)
13. Total of revenue expenditure, capital expenditure and disbursement of loans and advances (10+11+12)	44007	50002	59101	101006	65577
14. Repayments of Public Debt	3650	3214	3830	4050	7487
Internal Debt (excluding Ways and Means Advances and Overdraft)	3393	2931	3515	3722	7152
Net transactions under Ways and Means advances and Overdraft	--	--	--	--	0
Loans and Advances from Government of India	257	283	315	328	335
15. Appropriation to Contingency Fund	--	--	--	--	0
16. Total disbursement out of Consolidated Fund (13+14+15)	47657	53216	62931	105056	73064
17. Contingency Fund disbursements	--	--	--	--	0
18. Public Account disbursements¹³	--	--	4218	--	0
19. Total disbursements by the State (16+17+18)	47657	53216	67149	105056	73064

¹⁰ Figures in parenthesis indicate percentage to total expenditure.

¹¹ Figures in parenthesis indicate percentage to revenue expenditure.

¹² Figures in parenthesis indicate percentage to capital expenditure.

¹³ During 2015-16, against receipts of ₹66,018 crore in Public Account, disbursements were ₹70,236 crore, rendering net Public Account as (-)₹4,218 crore, which has been shown as Public Account disbursement at Sr. No. 18.

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Part C. Deficits					
20. Revenue Deficit (1-10)	(-)6537	(-)7591	(-)8550	(-)7311	(-)9455
21. Fiscal Deficit (4 – 13)	(-)8790	(-)10841	(-)17360	(-)47071 ¹⁴	(-)12494
22. Primary Deficit (21-23)	(-)970	(-)1881	(-)7578	(-)35429 ¹⁴	2840
Part D. Other data					
23. Interest Payments (included in the revenue expenditure)	7820	8960	9782	11642	15334
24. Financial Assistance to local bodies etc.	1626	2158	1395	2058	2347
25. Ways and Means Advances/ Overdraft availed (days)	246	315	275	344	313
Ways and Means Advances availed (days)	151	177	218	165	213
Overdraft availed (days)	95	138	57	179	100
26. Interest on Ways and Means Advances/ Overdraft	23	41	28	59	48
27. Gross State Domestic Product (GSDP)	332147	355102	390087	428340	471301
28. Outstanding fiscal liabilities (year end)	102234	112366	128835 ¹⁵	182526	195152
29. Outstanding Guarantees (year end)	61411	66782	56819	20677 ¹⁶	20617
30. Maximum amount guaranteed (year end)	52934	45347	31066	15534	14214
31. Number of incomplete projects	40	34	11	12	40
32. Capital blocked in incomplete projects	588	654	447	435	118
Part E. Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	7.25	7.20	6.84	6.48	6.46
Own Non-tax revenue/GSDP	0.96	0.81	0.68	1.37	0.92
Central Transfers/GSDP	1.33	1.32	2.05	2.24	2.25
II Expenditure Management					
Total Expenditure/GSDP	13.25	14.08	15.15	23.58	13.91
Total Expenditure/Revenue Receipts	125.36	128.13	142.33	210.49	123.71

¹⁴ Excluding additional borrowings of ₹5,768.54 crore under UDAY for taking over DISCOMs debt as per GoI's letter No. 40(6)PF-1/2009 Vol. II dated 29th March 2016.

¹⁵ Decreased by ₹606 crore through proforma adjustment in respect of the loan already repaid by PUNGRAIN to the State Bank of India in 2003-04 and 2004-05.

¹⁶ Opening Balance differs from previous year's Closing Balance. Reason for difference awaited from the State Government (May 2019).

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Expenditure/Total Expenditure	94.62	93.22	84.72	54.75	95.25
Expenditure on Social Services/ Total Expenditure	27.83	29.05	26.61	16.59	24.99
Expenditure on Economic Services/ Total Expenditure	24.21	22.62	19.85	13.10	20.09
Capital Expenditure/Total Expenditure	5.00	6.24	5.18	4.30	3.59
Capital Expenditure on Social & Economic Services/Total Expenditure	4.50	5.73	4.75	4.06	3.31
III Management of Fiscal Imbalances					
Revenue deficit/GSDP	(-1.97	(-2.14	(-2.19	(-1.71	(-2.01
Fiscal deficit/GSDP	(-2.65	(-3.05	(-4.45	(-10.99*	(-2.65
Primary deficit/GSDP	(-0.29	(-0.53	(-1.94	(-8.27*	0.60
Revenue Deficit/Fiscal Deficit	74.37	70.02	49.25	15.53	75.68
Primary revenue balance/GSDP	0.42	0.42	0.37	1.05	1.26
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	30.78	31.64	33.03	42.61	41.41
Fiscal Liabilities/RR	291.23	287.95	310.27	380.38	368.14
V Other Fiscal Health Indicators					
Return on Investment (<i>per cent</i>)	0.04	0.04	0.04	0.09	0.11
Financial Assets/Liabilities	35.13	34.21	36.49	51.16	49.47

Source: Finance Accounts

* Excluding additional borrowings of ₹5,768.54 crore under UDAY for taking DISCOMs debt as per GoI's letter No. 40(6)PF-1/2009 Vol. II dated 29th March 2016.

Appendix 1.6*(Referred to in paragraph 1.3.1.5, page 20)***Details showing collection of tax revenue in respect of major components and expenditure incurred on their collection**

Head	Year	Collection	Expenditure on collection	Percentage of expenditure on collection	All India average
		<i>(₹ in crore)</i>			
Taxes on Sales, trades, etc.	2013-14	14846.71	107.43	0.72	0.88
	2014-15	15455.17	111.01	0.72	0.91
	2015-16	15856.64	119.06	0.75	0.66
	2016-17	17586.71	117.41	0.67	0.69
	2017-18	11160.30	130.26	1.17	NA
Taxes on Vehicles	2013-14	1145.70	19.23	1.68	6.25
	2014-15	1393.32	38.15	2.74	6.08
	2015-16	1474.83	45.84	3.11	4.99
	2016-17	1548.12	15.31	0.99	2.61
	2017-18	1911.20	15.21	0.80	NA
State Excise	2013-14	3764.72	34.67	0.92	1.81
	2014-15	4246.11	35.05	0.83	2.09
	2015-16	4796.45	84.55	1.76	3.21
	2016-17	4406.01	111.99	2.54	2.01
	2017-18	5135.68	40.67	0.79	NA
Stamp duty and Registration fees	2013-14	2499.50	17.77	0.71	3.37
	2014-15	2474.15	13.91	0.56	3.59
	2015-16	2448.98	23.31	0.95	2.87
	2016-17	2043.61	16.54	0.81	2.99
	2017-18	2135.13	6.36	0.30	NA

*Source: Finance Accounts of relevant years**NA = Not Available*

Appendix 1.7

(Referred to in paragraph 1.8.6, page 42)

Statement showing division-wise and bank-wise details in respect of ₹ 562.40 crore lying in various bank accounts as on 31.3.2018

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
1	XEN, Provincial Division, PWD (B&R), Jalandhar Cantt.	44238428	5	HDFC (3), Oriental Bank of Commerce (OBC), Capital Small Finance Bank	16	44238444	0
2	XEN, Construction Division No. 1, PWD (B&R), Jalandhar Cantt.	5340329	4	SBI, Allahabad Bank-1, Allahabad Bank -2, PNB	0	5340329	0
3	XEN, Construction Division No. 2, PWD (B&R), Jalandhar Cantt.	15442487	4	Axis, HDFC, HDFC, ICICI	0	15442487	0
4	XEN, Electrical Division, PWD (B&R), Jalandhar	1624579	2	OBC, SBI	0	1624579	0
5	XEN, Mechanical Division, PWD (B&R), Jalandhar	0	0	No bank balance	85337	85337	0
6	XEN, Central Works Division No. 3, PWD (B&R), Ludhiana	307332	3	HDFC, SBI, PNB	0	307332	0
7	XEN, Central Works Division, PWD (B&R), Jalandhar	9489678	1	HDFC	228	9489906	0
8	XEN, Construction Division No. 2, PWD (B&R), Kapurthala	47103733	8	SBI (4), OBC, HDFC, Kotak Mahindra (KM), Axis	187	47103920	0
9	XEN, Construction Division No. 1, PWD (B&R), Kapurthala	22075852	7	SBI, OBC, Allahabad Bank, Punjab & Sind Bank (P&SB), HDFC, ICICI, Axis	0	22075852	0
10	XEN, Provincial Division, PWD (B&R), Ludhiana	74690019	9	HDFC(3), OBC, ICICI, Axis (2), PNB,	1176	74691195	0
11	XEN, Construction Division No. 1, PWD (B&R), Ludhiana	136799752	9	OBC, Allahabad Bank, HDFC(3), SBI, KM, ICICI, DCB Bank	1998	136801750	0
12	XEN, Construction Division No. 3, PWD (B&R), Ludhiana	23449026	9	HDFC (4), Axis (2), KM, SBI, ICICI	32658	23481684	0
13	XEN, Electrical Division, PWD (B&R), Ludhiana	6489420	1	OBC	0	6489420	0
14	XEN, Horticulture Division, PWD (B&R), Ludhiana	498692	2	IDBI, SBI	0	498692	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
15	XEN, Provincial Division No. 1, PWD (B&R), Patiala	139376972	11	HDFC (4), OBC, AU Bank (2), Bandhan Bank, ICICI, SBI, Indus Ind Bank	42897	139419869	0
16	XEN, Construction Division, PWD (B&R), Patiala	46589026	7	SBI, OBC, Axis, ICICI, HDFC, DCB Bank, KM	20121	46609147	0
17	XEN, Provincial Division No. 2, PWD (B&R), Patiala	51522917	6	Axis, ICICI (2), OBC, HDFC, SBI	5759	51528676	0
18	XEN, Construction Division, PWD (B&R), Nabha	13461733	3	HDFC, OBC, DCB Bank	12342	13474075	0
19	XEN, Construction Division, PWD (B&R), Sirhind	23563962	6	OBC, ICICI, HDFC (2), Allahabad Bank, SBI	455	23564417	0
20	XEN, Construction Division No. 4, PWD (B&R), Ludhiana	2842	3	OBC, ICICI, HDFC	0	2842	0
21	XEN, Construction Division, PWD (B&R), Sri Muktsar Sahib	2565978	8	HDFC (3), OBC, Axis, Andhra Bank, Federal Bank, ICICI	2837	2568815	0
22	XEN, Provincial Division, PWD (B&R), Gurdaspur	167553054	11	HDFC (5), Punjab Gramin Bank, SBI, IDBI, KODAK, P&SB, Indus Ind Bank	0	167553054	0
23	XEN, Construction Division, PWD (B&R), Pathankot	100300671	14	Gramin Bank, State Bank of Patiala (SBOP), Allahabad Bank, Union bank (2), HDFC (3), Indus Ind Bank, SBI (2), OBC, KM, Oriental Bank	25000	100325671	71448
24	XEN, Construction Division, PWD (B&R), Batala	131119026	14	SBI (2), ICICI (2), OBC (3), KM, Allahabad Bank, Axis, IDBI (2), HDFC (2), P&SB	0	131119026	0
25	XEN, Construction Division, PWD (B&R), Mukerian	16601709	5	SBI, OBC (2), HDFC, Axis	1	16601710	0
26	XEN, Provincial Division, PWD (B&R), Mansa	3085052	4	Axis, SBI, SBOP, HDFC	16175	3101227	0
27	XEN, Provincial Division, PWD (B&R), Faridkot	13613696	6	Allahabad Bank, Axis (2), SBI, OBC(2)	21706	13635402	0
28	XEN, Electrical Division, PWD (B&R), Faridkot	4783090	1	OBC	0	4783090	0
29	XEN, Construction Division, PWD (B&R), Gidderbaha	5598412	6	ICICI, Axis (2), HDFC(2), SBI	12048	5610460	0
30	XEN, Construction Division, PWD (B&R), Amritsar	69886521	12	KM (3), SBI, HDFC (5), Indus Ind Bank, IDBI(2)	78	69886599	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
31	XEN, Provincial Division, PWD (B&R), Amritsar	64980714	12	HDFC, Punjab Gramin Bank, IDBI (2), KM (2), Indus Ind Bank(2), OBC (2), Bandhan Bank, SBI	129	64980843	0
32	XEN, Central Works Division No. 1, PWD (B&R), Amritsar	23234366	5	HDFC (2), IDBI, Allahabad Bank, SBI	11178	23245544	0
33	XEN, Construction Division No. 2, PWD (B&R), Amritsar	126273664	10	IDBI, HDFC (4), KM (2), SBI, Allahabad Bank, Indus Ind Bank	0	126273664	0
34	XEN, Electrical Division, PWD (B&R), Amritsar	8665899	3	SBI, HDFC	0	8665899	0
35	XEN, Central Works Division No. 2, PWD (B&R), Amritsar	77001808	11	IDBI, HDFC (3), KM (2), PNB, SBI	229170	77230978	0
36	XEN, Provincial Division, PWD (B&R), Bathinda	86026970	6	HDFC, OBC, Axis, KM, ICICI, Indus Ind Bank	3989	86030959	0
37	XEN, Construction Division No. 2, PWD (B&R), Bathinda	125942197	5	OBC (2), HDFC (3)	7924	125950121	0
38	XEN, Central Works Division No. 1, PWD (B&R), Bathinda	10360969	1	HDFC	0	10360969	0
39	XEN, Central Works Division PWD (B&R), Branch Abohar	22031385	3	HDFC, SBI, AU Small Finance Bank	0	22031385	0
40	XEN, Provincial Division, PWD (B&R), SBS Nagar	32823296	2	HDFC, SBI	28498	32851794	0
41	XEN, Electrical Division PWD (B&R), Branch , Civil Station, Bathinda	30719672	2	SBI (2)	0	30719672	0
42	XEN, Central Works Division No.2, PWD (B&R), Bathinda	420002	1	HDFC,	0	420002	0
43	XEN, Provincial Division, Sangrur	79465263	6	INDIAN BANK, AXIS, HDFC, Indus Ind Bank, SBI, KM.	6138	79471401	0
44	XEN, Construction Division PWD (B&R), Sangrur	2714176	3	PNB, SBI, OBC	0	2714176	0
45	XEN, Electrical Division No.1, PWD (B&R), Patiala	14673558	3	SBI, OBC, IDBI	0	14673558	0
46	XEN, Central Works Division PWD (B&R), Branch Sangrur at Patiala	20095053	4	HDFC (2), SBI, AXIS	0	20095053	0
47	XEN, Central Works Division, PWD (B&R), Patiala	24993642	3	HDFC (2), SBI	0	24993642	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
48	XEN, Construction Division No. 2, PWD (B&R), Branch Mohali at Fatehgarh Sahib	38836294	5	OBC, Allahabad Bank, SBI, Centre Co-operative Bank, P&SB	0	38836294	0
49	XEN, Provincial Division PWD (B&R), SAS Nagar	302783769	12	HDFC (6), KM, Axis, SBI (2), OBC, Indus Ind Bank	65	302783834	0
50	XEN, Construction Division No.1, PWD (B&R), Mohali	41857207	14	HDFC (4), ICICI (2), Axis, Indus Ind Bank (2), SBI, KM (2), IDBI, Allahabad Bank	198	41857405	0
51	XEN, Central Works Division, PWD (B&R), Roopnagar	2163200	2	SBI, IDBI	0	2163200	0
52	XEN, Electrical Division No.1, PWD (B&R), Chandigarh	3678485	1	INDIAN BANK	0	3678485	0
53	XEN, Horticulture Division, PWD (B&R), Patiala	5808909	2	HDFC, AXIS	0	5808909	0
54	XEN, Construction Division, PWD (B&R), Malerkotla	69738494	9	SBI, HDFC(2), AXIS (2), Allahabad Bank, DCB Bank, SBOP, KM	0	69738494	12
55	XEN, Construction Division, PWD (B&R), Barnala	13683209	6	HDFC (2), SBI (2), OBC, ICICI	31	13683240	0
56	XEN, Central Works Division No.1, PWD (B&R), Ludhiana	643417	2	OBC, ICICI	0	643417	0
57	XEN, Central Works Division, PWD (B&R), SAS Nagar	9663085	5	HDFC (2), PNB, KM Allahabad Bank	0	9663085	0
58	XEN, Electrical Division No. 2, PWD (B&R), Branch Patiala	8843606	2	OBC, HDFC	0	8843606	0
59	XEN, Construction Division, PWD (B&R), Roopnagar	125777964	8	SBI (3), OBC (3), HDFC, AXIS	974	125778938	0
60	XEN, Central Works Division, PWD (B&R), Branch Amritsar at Ferozpur	3199477	2	HDFC, OBC	96	3199573	0
61	XEN, Central Works Division, PWD (B&R), Pathankot	6128630	2	Punjab Gramin Bank, SBI	0	6128630	0
62	Provincial Division PWD (B&R), Hoshiarpur	82809697	5	HDFC (3), PNB, IDBI	0	82809697	0
63	XEN, Construction Division No. 1, PWD (B&R), Hoshiarpur	33932956	9	Allahabad Bank, Axis, ICICI, IDBI (2), PNB, HDFC, SBI (2)	47	33933003	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
64	XEN, Construction Division No. 2, PWD (B&R), Hoshiarpur	41890338	6	SBI, HDFC (3), IDBI, PNB	86	41890424	0
65	XEN, Central Works Division PWD (B&R), Hoshiarpur	3707246	2	HDFC, OBC	3	3707249	0
66	XEN, Provincial Division PWD (B&R), Ferozepur	42136003	3	HDFC , ICICI, J&K Bank	44724	42180727	0
67	XEN, Construction Division No. 1, PWD (B&R), Branch Ferozepur	82575943	6	HDFC (2), AXIS (2), OBC, J&K bank	207	82576150	0
68	XEN, Construction Division PWD (B&R), Branch Fazilka	25079594	5	Canara Bank (CB), OBC (2), HDFC, Centre Co-operative Bank	8	25079602	0
69	XEN, Central Works Division PWD (B&R), Branch Ferozepur	6348684	2	OBC, AXIS	34366	6383050	0
70	XEN, Provincial Division PWD (B&R), Chandigarh	16044673	1	HDFC	0	16044673	0
71	XEN, Panchayati Raj Division (PRD), Ferozepur	71192612	6	AXIS (3), HDFC, Indus Ind Bank, P&SB	43383	71235995	47090
72	XEN, PRD (C&M), Hoshiarpur	68089224	8	IDBI (3), AXIS (2), HDFC (2), Punjab Gramin Bank	0	68089224	0
73	XEN, PRD (C&M), Gurdaspur	117696349	6	AXIS (2), HDFC, Union Bank, KM, Indus Ind Bank	13961	117710310	0
74	XEN, PRD, Faridkot	15525765	3	IDBI (2), HDFC	400	15526165	93
75	XEN, PRD, Fatehgarh Sahib	9989916	3	Andhra Bank (2), HDFC	2951	9992867	0
76	XEN, PRD (C&M), Kapurthala	29232777	4	AXIS (2), IDBI, HDFC	0	29232777	0
77	XEN, PRD, Rupnagar	18845913	2	Bank of Baroda (BoB) (2)	5341	18851254	0
78	XEN, PRD, Sangrur	40973322	9	HDFC (2), IDBI, AXIS, INDIAN BANK, SBOP, KM, Central Bank, Indus Ind Bank	8695	40982017	0
79	XEN, PRD, Patiala	50172505	5	AXIS (2), HDFC, OBC, Bandhan Bank	3907	50176412	0
80	XEN, PRD, Tarn Taran	26759020	5	HDFC (2), AXIS (2), Indus Ind Bank	0	26759020	0
81	XEN, PRD, Jalandhar	19941811	3	AXIS (2), HDFC	0	19941811	0
82	XEN, PRD, Bathinda	36459760	3	AXIS, HDFC, IDBI	12975	36472735	0
83	XEN, PRD, Ludhiana	26691617	7	HDFC, OBC, AXIS, Indian Overseas Bank (IoB), IDBI, Indus Ind Bank, Federal Bank	0	26691617	0
84	XEN, PRD, Moga	10733568	2	AXIS, IOB	0	10733568	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
85	XEN, PRD, SBS Nagar	22278292	1	BoB	0	22278292	0
86	XEN, PRD (PW), SAS Nagar	253601301	5	Indus Ind Bank, PNB, OBC, HDFC, ICICI	5398	253606699	0
87	XEN, PRD, Muktsar	128110524	4	AXIS (2), OBC, HDFC	0	128110524	0
88	XEN, Sidhwan Canal Division, Ludhiana	39777042	1	HDFC	0	39777042	0
89	XEN, Faridkot Canal Division, Faridkot	580276	2	HDFC (2)	45787	626063	0
90	Ropar Head Works Division, Ropar	3293145	2	HDFC, SBI	10	3293155	0
91	XEN, Bathinda Canal Division, Bathinda	25328715	7	HDFC (2), ICICI, OBC (2), SBP, Indus Ind Bank	0	25328715	0
92	XEN, Bist Doab Division, Jalandhar`	3261804	2	HDFC, SBP	1887049	5148853	0
93	XEN, Lehal Division (IB), Patiala	3492485	2	Co-operative Bank Patiala, HDFC	0	3492485	0
94	XEN, Mansa Canal Division, Jawaharke	17538196	2	HDFC (2)	0	17538196	0
95	XEN, Patiala Drainage Division, Patiala	38822813	1	HDFC	0	38822813	0
96	XEN, Drainage Construction Division, Faridkot at Gidderbaha`	27981867	3	HDFC (2), Axis	181813	28163680	0
97	XEN, Drainage Construction Division, Faridkot	411239	1	HDFC	0	411239	0
98	XEN, Mansa Drainage Division, Mansa	195263	1	HDFC	1145922	1341185	0
99	XEN, Jalandhar Drainage Division, Jalandhar	2595607	2	HDFC, Indus Ind Bank	0	2595607	0
100	XEN, Phagwara Drainage Division, Jalandhar	602589	1	HDFC	0	602589	0
101	XEN, Drainage Construction Division, Sangrur	551380	1	HDFC	0	551380	0
102	XEN, Sangrur IB Division, Sangrur	5558672	1	HDFC	5903012	11161684	0
103	XEN, Project No.1, Drainage Division, Gidderbaha	3752762	1	HDFC	0	3752762	0
104	XEN, Amritsar Drainage Division, Amritsar	321868	1	HDFC	0	321868	0
105	XEN, Drainage Construction Division, Amritsar	53922944	1	HDFC	0	53922944	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
106	XEN, Eastern Canal Division, Ferozepur	84022193	2	P&SB, OBC	0	84022193	0
107	XEN, Drainage Division, Ferozepur	24313835	3	HDFC (2), KM	872331	25186166	0
108	XEN, Gurdaspur Division, UBDC, Gurdaspur	94059273	11	Union Bank of India (UBI) (3), Axis (2), HDFC (2), IDBI (2), SBI(2)	42146	94101419	0
109	XEN, Harike Canal Division, Ferozepur	195891303	3	OBC (2), HDFC	3810	195895113	0
110	XEN, Jalandhar Mechanical Drainage Division, Nangal	2336957	1	SBI	5219	2342176	5219
111	XEN, Jandiala UBDC, Division, Amritsar	1041798	3	PNB (2), SBI	11570	1053368	0
112	XEN, Janauri Chohal Cosnstructions Division, Hoshiarpur	162826	1	Punjab Gramin Bank	0	162826	0
113	XEN, Madhopur UBDC Division, Gurdaspur	259637	1	IDBI	59817	319454	0
114	XEN, Rajasthan Feeder Division, Ferozepur	207551296	6	OBC (5), HDFC	18621	207569917	0
115	XEN WMI Division, Ropar	932920	3	HDFC, Axis, IDBI	0	932920	0
116	XEN, Bari Doab Drainage Division, Amritsar	2384876	1	HDFC	103614	2488490	0
117	XEN, Majitha Division, UBDC, Amritsar	1386653	4	SBI (2), HDFC, PNB	0	1386653	0
118	XEN, Canal Lining Arrear Division, Tarn Taran at Amritsar	1013637	2	HDFC (2)	0	1013637	0
119	XEN, Shah Nahar Extn. Civil Division Hoshiarpur	139376	1	SBI	0	139376	0
120	XEN, Shahnahar Head Works Division Talwara	2045190	2	P&SB, SBI	0	2045190	0
121	XEN, Golewala Drainage Division, Ferozepur	13582949	1	IDBI	0	13582949	0
122	Joint Director, IPRI, Amritsar	0	0	No bank balance	33981	33981	0
123	XEN, Abohar Canal Division, Abohar	22417572	2	Axis (2)	2336	22419908	0
124	XEN, Canal Lining Division, Abhojar	1543837	2	HDFC (2)	49200	1593037	0
125	XEN, Hoshiarpur Drainage Division, Hoshiarpur	24478	1	HDFC	0	24478	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
126	LAO Drainage Circle, Patiala	2968529	3	SBI, HDFC, Vijay Bank	0	2968529	0
127	XEN, Drainage Division, Patiala	50172505	5	Axis (2), HDFC, OBC, Bandhan Bank	3907	50176412	0
128	XEN, Panchayati Raj (PR) Division, Mohali.	253601301	5	PNB, OBC, Indus Ind Bank, HDFC, ICICI	5398	253606699	0
129	XEN, Water Supply and Sanitation Division (WSSD), Amritsar -3	5950029	3	PNB (2), SBI	0	5950029	0
130	XEN, WSSD, Amritsar-1	7129425	7	YES BANK, SBI, PNB (5)	636	7130061	0
131	XEN, WSSD, Amritsar-2	15018145	2	PNB, SBI	163	15018308	17696
132	XEN, WSSD, Tarn Taran-1	12370715	5	PNB, SBI, HDFC, AXIS (2)	45137	12415852	0
133	XEN, WSSD, Bathinda-1	26442634	2	PNB, SBI	60447	26503081	0
134	XEN, WSSD, Bathinda- 3	2101507	5	OBC, HDFC, AXIS, SBI, PNB	47	2101554	0
135	XEN, WSSD, Bathinda- 2	7092138	6	AXIS, SBI (3), PNB, OBC	6585	7098723	137139
136	XEN, WSSD, Faridkot	26208966	2	PNB, SBOP	41034	26250000	0
137	XEN, WSSD, Mukatsar-2	6087468	2	SBI, PNB	82543	6170011	0
138	XEN, WSSD, Malerkotla	4920482	7	OBC (3), SBI, PNB, SBOP (2)	0	4920482	0
139	XEN, WSSD, Malout	10600263	2	PNB, SBI	3253	10603516	0
140	XEN, WSSD, Fatehgarh	13544917	7	SBOP (4), PNB (2), AXIS	0	13544917	0
141	XEN, WSSD, Ferozepur-1	17627602	3	PNB, SBI, OBC	1151	17628753	598148
142	XEN, WSSD, Fazilka	13779259	4	SBI (2), PNB (2)	198286	13977545	0
143	XEN, WSSD, Abohar	17103578	2	SBI, PNB	1957	17105535	0
144	XEN, WSSD, Ferozepur-2	2929073	3	SBI, PNB, IDBI	59	2929132	49000
145	XEN, WSSD, Pathankot	22704771	5	AXIS, PNB, UBI (2), SBI	0	22704771	0
146	XEN, WSSD, Batala	5699046	3	PNB (2), SBI	46960	5746006	0
147	XEN, WSSD, Gurdaspur-1	13065467	2	PNB , SBI	13718	13079185	0
148	XEN, WSSD-2, Hoshiarpur	27063468	2	SBI, PNB	27633	27091101	0
149	XEN, WSSD, Hoshiarpur-1	18986900	2	PNB, SBI	0	18986900	0
150	XEN, WSSD, Talwara	38726858	2	SBI, PNB	378	38727236	0
151	XEN, WSSD, Garshankar	15981038	3	PNB, HDFC, SBI	50	15981088	0
152	XEN, WSSD, Jalandhar-1	5211415	4	PNB (2), SBI, IDBI	0	5211415	0
153	XEN, WSSD, Jalandha-2	2903500	4	PNB, SBI (3)	0	2903500	0

Sr. No.	Name of Division	Amount lying in bank as on 31.03.2018	No. of bank account in which amount is lying	Name of Bank	Amount lying in chest as on 31.03.2018	Closing Balance of Division	Cash in Transit
154	XEN, WSSD, Kapurthala	5490020	11	SBI (2), PNB (4), UCO Bank, IDBI, AXIS, SBOP, CB	80056	5570076	0
155	XEN, WSSD, Ludhiana-3	1126909	3	SBI, IDBI, PNB	0	1126909	0
156	XEN, WSSD, Ludhiana-1	2816669	3	SBI, PNB, IDBI	0	2816669	0
157	XEN, WSSD, Ludhiana 2	7354537	2	PNB, SBI	0	7354537	0
158	XEN, WSSD, Khanna	2018588	1	SBI	871	2019459	0
159	XEN, WSSD, Mansa-1	12690052	5	SBI (4), PNB	4914	12694966	600
160	XEN, WSSD, Mansa-2	3195530	2	PNB, SBI	29544	3225074	0
161	XEN, WSSD, Patiala-2	25650974	8	PNB, AXIS (4), OBC, IDBI, SBI	0	25650974	0
162	XEN, WSSD, Rajpura	13159703	4	SBOP, PNB, AXIS, IDBI	1880	13161583	0
163	XEN, WSSD, Mech. Patiala	3023	3	PNB(3)	0	3023	0
164	XEN, WSSD, Patiala-1	9499235	4	AXIS (2), PNB, SBI	0	9499235	4953450
165	XEN, WSSD, Mohali-1	4396771	1	PNB	0	4396771	0
166	XEN, WSSD, Anandpur Sahib	10135744	5	SBI, ICICI, KM, AXIS, PNB	691	10136435	0
167	XEN, WSSD, Mohali-2	24737137	4	PNB, SBI, AXIS (2)	0	24737137	0
168	XEN, WSSD, Ropar-2	5258316	2	PNB, SBI	0	5258316	0
169	XEN, WSSD, Mohali-3	9585866	3	PNB (2), SBI	0	9585866	0
170	XEN, WSSD, Barnala	10014640	4	SBI, PNB, SBOP, OBC	18712	10033352	0
171	XEN, WSSD, Sangrur	21335989	4	SBI, PNB, Union Bank, Indian Bank	0	21335989	0
172	XEN, WSSD, Moga	15187196	5	AXIS, SBI (2), PNB (2)	0	15187196	0
173	XEN, WSSD, Mukatsar -1	5335124	2	PNB, SBI	37330	5372454	0
174	XEN, WSSD, S.B.S. Nagar	18792188	4	AXIS, SBI, PNB, SBOP	458020	19250208	205960
175	XEN, WSSD, Jalandhar -2	3676283	4	PNB (2), SBI (2)	0	3676283	0
176	XEN, WSSD, Gurdaspur -2	4987326	2	SBI, PNB	2490	4989816	0
177	XEN, WSSD, Pathankot -2	8243685	3	AXIS, SBI, PNB	37622	8281307	62740
178	XEN, WSSD, Patiala-2 (EE-2)	1300559	2	SBI, PNB	0	1300559	0
179	XEN, WSSD, Tarn Taran-2	4341314	5	PNB, SBI, HDFC (2), IDBI	467	4341781	0
180	XEN, WSSD, Ferozpur -2 at Zira	1475082	2	SBI, PNB	203983	1679065	0
181	XEN, WSSD, Batala	3213080	2	SBI, PNB	573	3213653	0
	TOTAL	5605333590	732		12528594	5617862184	6148595

Source: Office of the Accountant General (A&E), Punjab

Appendix 2.1*(Referred to in paragraphs 2.2.1 and 2.3.8, pages 63 and 71)***Statement of grants/appropriations where savings and surrenders occurred***(₹ in crore)*

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2017-18	Surrendered on 31 March 2018
Voted (Revenue)				
1.	1-Agriculture and Forests	3734.11	1305.11	1305.11
2.	2-Animal Husbandry and Fisheries	36.38	1.50	1.50
3.	3-Co-operation	17.08	7.42	0
4.	4-Defence Services Welfare	17.60	0	0
5.	5-Education	1208.68	0	0
6.	6-Elections	51.99	43.11	43.11
7.	7-Excise and Taxation	174.28	89.71	89.71
8.	8-Finance	349.45	0	0
9.	9-Food and Supplies	510.16	467.32	467.32
10.	10-General Administration	13.53	0	0
11.	11-Health and Family Welfare	700.13	63.44	63.44
12.	12- Home Affairs and Justice	264.63	0	0
13.	13- Industries	261.01	0	0
14.	14- Information and Public Relations	6.77	1.00	1.00
15.	15- Irrigation and Power	1485.25	0	0
16.	16- Labour and Employment	68.10	0	0
17.	17-Local Government, Housing and Urban Development	1537.21	325.00	325.00
18.	18-Personnel and Administrative Reforms	5.21	0	0
19.	19-Planning	167.03	0	0
20.	22-Revenue and Rehabilitation	393.38	148.02	0
21.	23-Rural Development and Panchayats	785.73	0	0
22.	24-Science, Technology and Environment	31.02	29.20	0
23.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	1554.43	670.95	670.95
24.	26-State Legislature	1.21	0	0
25.	27-Technical Education and Industrial Training	59.15	12.94	0
26.	28-Tourism and Cultural Affairs	16.27	0	0
27.	29-Transport	163.89	0	0
28.	30-Vigilance	2.23	0	0
Total		13615.91	3164.72	2967.14

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2017-18	Surrendered on 31 March 2018
Charged (Revenue)				
29.	1-Agriculture and Forests	0.15	0	0
30.	2-Animal Husbandry and Fisheries	0.01	0	0
31.	3-Co-operation	0.03	0	0
32.	5-Education	1.78	0	0
33.	7-Excise and Taxation	0.05	0	0
34.	9-Food and Supplies	0.06	0	0
35.	10-General Administration	1.58	0	0
36.	11-Health and Family Welfare	0.21	0	0
37.	12- Home Affairs and Justice	4.99	0	0
38.	13- Industries	11.96	0	0
39.	18-Personnel and Administrative Reforms	0.31	0	0
40.	19-Planning	0.02	0	0
41.	21-Public Works	2.06	0	0
42.	22-Revenue and Rehabilitation	0.01	0	0
43.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	0.03	0.01	0.01
44.	26-State Legislature	0.48	0.37	0.37
45.	29-Transport	0.04	0	0
46.	30-Vigilance	0.17	0.13	0.13
Total		23.94	0.51	0.51
Voted (Capital)				
47.	1-Agriculture and Forests	10.01	1.42	1.42
48.	2-Animal Husbandry and Fisheries	20.55	6.16	6.16
49.	3-Co-operation	37.54	0	0
50.	4-Defence Services Welfare	8.41	8.30	8.30
51.	5-Education	256.41	0	0
52.	8-Finance	12.32	0	0
53.	9-Food and Supplies	1385.07	0	0
54.	10-General Administration	21.04	0	0
55.	11-Health and Family Welfare	128.84	109.93	109.93
56.	12- Home Affairs and Justice	89.85	36.69	36.69
57.	13- Industries	10.89	0	0
58.	14- Information and Public Relations	0.21	0.21	0.21
59.	15-Irrigation and Power	589.77	0	0
60.	16- Labour and Employment	5.00	0	0

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2017-18	Surrendered on 31 March 2018
61.	17-Local Government, Housing and Urban Development	1287.16	619.62	619.62
62.	18-Personnel and Administrative Reforms	0.50	0	0
63.	19-Planning	235.71	0	0
64.	21-Public Works	717.78	0	0
65.	22-Revenue and Rehabilitation	0.01	0	0
66.	23-Rural Development and Panchayats	259.32	0	0
67.	24-Science, Technology and Environment	4.06	4.02	0
68.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	228.77	188.72	188.72
69.	27-Technical Education and Industrial Training	69.96	60.66	0
70.	28-Tourism and Cultural Affairs	110.81	0	0
71.	29-Transport	0.51	0	0
72.	30-Vigilance	0.40	0	0
Total		5490.90	1035.73	971.05
Charged (Capital)				
73.	8-Finance	60.06	0	0
Total		60.06	0	0
Grand Total		19190.81	4200.96	3938.70

Source: Appropriation Accounts

Appendix 2.2

(Referred to in paragraph 2.3.3.4, page 68)

Non-inclusion of expenditure relating to a new service in Schedule of New Expenditure in Annual Financial Statements during 2017-18

(₹ in crore)

Sr. No.	Grant No.	Classification	Amount
1	5	2202-01-111-01-31-Grant-in-Aid General (Salary)	247.00
2	5	2202-01-111-03-31- Grant-in-Aid General (Salary)	31.36
3	5	2202-01-112-01-36- Grant-in-Aid General (Non-Salary)	114.00
4	5	2202-01-789-05-36- Grant-in-Aid General (Non-Salary)	1.28
5	7	2040-01-800-07-99-31- Grant-in-Aid General (Salary)	1.00
6	7	2040-01-800-07-99-36- Grant-in-Aid General (Non Salary)	69.00
7	8	2075-190-01-99-31-Grant-in-Aid General (Salary)	4.36
8	8	2075-190-01-99-36-Grant-in-Aid General (Non-Salary)	795.64
9	9	3456-102-98-01-13-Office Expenses	5.00
10	11	2210-01-110-68-99-21-Supplies and Material	5.00
11	12	2055-109-05-99-31- Grant-in-Aid General (Salary)	1.00
12	12	2055-109-05-99-36- Grant-in-Aid General (Non Salary)	7.00
13	15	4705-201-19-51-53-Major Works	5.53
14	15	4711-03-789-41-99-53-Major Works	1.11
15	17	4217-60-051-12-99-53-Major Works	200.00
16	17	4217-60-789-10-00-53-Major Works	1.28
17	17	2216-02-800-04-99-50-Other Charges	19.25
18	17	2216-02-789-04-99-50- Other Charges	5.75
19	22	2029-190-01-99-31- Grant-in-Aid General (Salary)	5.00
20	22	2029-190-01-99-36- Grant-in-Aid General (Non Salary)	80.00
21	23	4515-103-23-53-53-Major Works	5.63
22	23	4515-103-41-99-53-Major Works	16.50
23	23	4515-789-45-99-53-Major Works	7.90
24	23	4515-789-46-99-53-Major Works	8.50
25	25	4235-02-101-02-99-53-Major Works	14.00
26	27	4250-789-04-00-52-Machinery and Equipment	3.20
27	27	4250-789-04-00-53-Major Works	3.20
28	27	4250-800-04-00-52-Machinery and Equipment	6.80

Sr. No.	Grant No.	Classification	Amount
29	27	4250-800-04-00-53-Major Works	6.80
30	29	2041-800-02-99-31-Grant-in-Aid General (Salary)	7.20
31	29	2041-800-02-99-36-Grant-in-Aid General (Non-Salary)	92.80
Total			1772.09

Source: Demand for grants

Appendix 2.3

(Referred to in paragraph 2.3.5, page 69)

Statement showing expenditure incurred without budget provision

Sr. No.	Number and name of grant	Expenditure without provision (₹ in crore)	Head of Account
1.	1-Agriculture and Forests	8.34	2402-00-102-06-Scheme for Soil and Water Conservation on Watershed Areas in Kandi Non-Project Area
2.	5-Education	205.36	2071-01-109-01-Pensions to Employees of State Aided Educational Institutions (Schools)
3.	8-Finance	14.98	2235-60-200-02-Ex-Gratia payments to families of Ministers, Government servants etc. Dying in Harness
4.		2430.16	2049-01-200-22-Interest on loans from State Bank of India and other banks for food procurement Operations, 01-Interest on Legacy Cash Credit Accounts
5.	11-Health and Family Welfare	116.54	2210-05-105-01-Government Medical College, Amritsar
6.		22.44	2210-06-101-26-National Rural Health Mission
7.		6.99	2210-06-789-18- National Rural Health Mission
8.	15-Irrigation and Power	2.52	2701-80-799-Suspense
9.		2.30	4700-02-799-Suspense
10.		2.69	4711-03-799-Suspense
11.	17-Local Government, Housing and Urban Development	1.84	3604-00-200-10-Grants for service provider to elementary teachers training teachers as regular services in their pay scales in Rural Areas
12.	21-Public Works	3.39	2215-01-799-Suspense
13.		50.65	3054-797-01-Amount transferred to subvention from Central Road fund
14.		2.22	3054-799-Suspense
15.		7.73	4059-80-051-13- Mini Secretariat
16.		1.08	4215-01-102-30-Installation of 561 Reverse Osmosis Plants in the State (NABARD Aided)
17.		146.84	2059-80-001-07-Establishment Charges paid to Public Health Department for works done by that Department
18.		7.08	2059-80-799-Suspense
19.		141.29	3054-80-001-01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges

Sr. No.	Number and name of grant	Expenditure without provision (₹ in crore)	Head of Account
20.	23-Rural Development and Panchayats	13.69	2501-01-001-09-Integrated Watershed Management Programme
21.		5.12	2501-01-001-12-National Rural Livelihood Mission
22.		5.12	2501-01-789-06- National Rural Livelihood Mission
23.	29-Transport	1.06	3055-797-02Amount transferred to General Reserve Fund
	Total	3199.43	

Source: Appropriation Accounts

Appendix 2.4

(Referred to in paragraph 2.3.6, page 70)

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

(₹ in crore)

Sr. No.	Number and name of grant	Original provision	Actual expenditure	Supplementary provision
A-Revenue (Voted)				
1.	1-Agriculture and Forests	10577.34	6923.03	79.79
2.	4-Defence Services Welfare	73.86	58.87	2.62
3.	5-Education	10163.58	9317.26	362.36
4.	9-Food and Supplies	718.49	213.28	4.96
5.	10-General Administration	290.76	287.50	10.27
6.	11-Health and Family Welfare	3437.05	2827.62	90.70
7.	12-Home Affairs and Justice	6519.07	6434.38	179.94
8.	13-Industries	313.95	56.24	3.30
9.	14-Information and Public Relations	41.80	38.75	3.72
10.	15-Irrigation and Power	3890.91	2499.81	94.15
11.	22-Revenue and Rehabilitation	1408.31	1026.66	11.72
12.	23-Rural Development and Panchayats	1264.65	531.69	52.77
Total		38699.77	30215.09	896.30
B-Capital (Voted)				
13.	12-Home Affairs and Justice	175.07	99.58	14.36
14.	21-Public Works	1831.39	1437.22	323.61
Total		2006.46	1536.80	337.97
C-Revenue (Charged)				
15.	5-Education	33.82	33.41	1.38
Total		33.82	33.41	1.38
Grand Total		40740.05	31785.30	1235.65

Source: Appropriation Accounts

Appendix 2.5*(Referred to in paragraph 2.3.7, page 70)***Statement showing unnecessary re-appropriation of funds***(₹ in crore)*

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving
	01-Agriculture and Forests						
1.	2401-00-001-01-Direction	186.31	0	7.82	194.13	184.83	9.30
2.	2401-00-789-32-Support to State Extension Programme for extension reforms	5.80	0	1.76	7.56	3.63	3.93
3.	2401-00-789-35- Sub Mission on agriculture mechanization	4.00	1.93	19.36	25.29	2.40	22.89
4	2402-00-001-01-Direction and Administration	51.21	0	2.71	53.92	49.22	4.70
5	2406-01-001-01- Direction and Administration	134.76	0	6.96	141.72	133.96	7.76
6	2401-00-103-16-01-Seed Village Programme (Punjab Seed Corporation)-	0.01	0	1.90	1.91	0	1.91
7	2401-00-105-17-Paramparagat Krishi Vikas Yojana	1.17	0	2.32	3.49	0	3.49
8	2401-00-109-20-Grants-in-Aid to Punjab Agriculture University for preparation of District Irrigation Plans-	0	0	1.20	1.20	0	1.20
9	2401-00-789-36-Paramparagat Krishi Vikas Yojana	0.83	0	1.18	2.01	0	2.01
	02-Animal Husbandry and Fisheries						
10	2403-00-001-01- Direction and Administration	404.60	0	1.67	406.27	385.11	21.16
11	2405-00-101-20-Integrated Development and Management of Fisheries	0.48	0	3.33	3.81	0	3.81
12	4403-00-101-03-Assistance to States for Control of animal diseases-creation of diseases free zone	0.68	0	1.55	2.23	0	2.23
	03-Co-operation						
13	6404-00-195-02-Loans to the Punjab State Co-operative Milk Producers Federation limited (Milkfed)-	0	0	21.08	21.08	0	21.08
14	6425-00-190-08-Loans to Co-operative Sugar Mills for installation and Modernization of co-operative Sugar Mills	0	0	10.44	10.44	0	10.44
	07-Excise and Taxation						
15	2040-00-001-01-Direction and Administration	133.15	0	7.24	140.39	129.97	10.42
	09-Food and Supplies						
16	3456-00-001-01-Direction	155.64	0	1.24	156.88	150.31	6.57
17	3456-00-102-98-07-Deveolpment of hosting of website	0	1.13	2.58	3.71	0.70	3.01
18	3456-00-102-98-09-Annual Technical Support for application software and website	0	1.22	2.00	3.22	0.11	3.11

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving
19	3456-00-102-98-01-Purchase of computer related hardware	5.00	0	5.04	10.04	0	10.04
20	3456-00-102-98-03-computer stationery and consumable items	0	0.31	1.84	2.15	0	2.15
21	3456-00-102-98-05-Manpower	0	2.29	2.00	4.29	0	4.29
	11-Health and Family Welfare						
22	2210-01-110-07-Medical relief to Other Hospitals and Dispensaries	524.83	0	3.24	528.07	483.79	44.28
23	2210-01-110-56-National Rural Health Mission	306.24	90.70	95.88	492.82	272.95	219.87
24	2210-01-789-06- National Rural Health Mission	144.11	0	87.80	231.91	129.75	102.16
25	2210-03-103-01-Primary Health Centre	225.40	0	1.18	226.58	207.83	18.75
26	2210-01-110-67-Seed corpus of Hepatitis-C Relief fund	0.68	0	16.32	17.00	0	17.00
27	2210-01-789-22-Medical insurance for poor people	0	0	16.00	16.00	0	16.00
28	4210-03-105-22-02-Burn Injuries Ward	0	0	2.08	2.08	0	2.08
29	4210-03-105-25-01- Burn Injuries Ward	0	0	2.08	2.08	0	2.08
30	4210-03-789-23-01-Upgradation due to increase in MBBS seats	0	0	2.69	2.69	0	2.69
	12-Home Affairs and Justice						
31	2014-00-105-02-subordinate courts	168.46	0	3.44	171.90	166.27	5.63
32	2055-00-101-01-Criminal investigation department	302.97	0	11.57	314.54	296.70	17.84
33	2055-00-104-01-Special police	1102.65	9.82	41.86	1154.33	1102.09	52.24
34	2055-00-113-01-Police Hospitals	14.71	0	1.07	15.78	13.88	1.90
35	2055-00-114-01-Police wireless and computer staff	183.07	0	10.22	193.29	182.06	11.23
36	2056-00-101-01-Central Jails	123.69	0	2.67	126.36	121.82	4.54
	15-Irrigation and Power						
37	2700-02-001-01-Direction	290.97	0	30.00	320.97	280.42	40.55
	17-Local Government, Housing and Urban Development						
38.	2216-02-190-01-Assistance to PUDA	450.00	0	63.83	513.83	366.94	146.89
39.	3604-00-200-20-Grants for service providers to elementary teachers training teachers as regular service in their pay scales in urban areas	0	0	3.99	3.99	0	3.99
40.	3604-00-200-27-Punjab Municipal infrastructure development fund	0	0	35.00	35.00	0	35.00
41	4217-60-800-53-National River conservation programme	13.60	0	30.81	44.41	0	44.41

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving
42	4217-60-789-32-Prevention of pollution of River in the State now renamed as national River conservation	6.40	0	14.50	20.90	0	20.90
	22-Revenue and Rehabilitation						
43	2030-02-101-01-Cost of Stamps	10.00	0	12.00	22.00	0	22.00
44	2053-00-093-01-District establishments	278.59	0	8.85	287.44	275.53	11.91
45	2053-00-800-05-Honorarium to Lambardars	55.09	0	13.26	68.35	54.34	14.01
	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes						
46	2225-01-789-11-01- Funds at the disposal of DC	12.86	0	8.57	21.43	8.39	13.04
47	2235-02-101-06-Financial Assistance to disabled persons	57.00	0	20.77	77.77	42.76	35.01
48	2235-02-102-06-Integrated child development services honorarium to Anganwadi workers and helpers	127.83	0	12.17	140.00	125.45	14.55
49	2235-02-789-10-Financial Assistance to disabled persons	57.00	0	20.77	77.77	43.32	34.45
50	2235-60-102-01-Old age pension	444.65	0	179.89	624.54	350.32	274.22
51	2235-60-789-03- Old age pension	435.00	0	180.23	615.23	345.88	269.35
52	2225-01-789-03-Capital Subsidy under bank Tie-up loaning programme to BPL SC through Punjab SC land Development and Finance	5.00	0	5.00	10.00	0	10.00
53	2225-01-789-59-Implementaion of protection of Civil Rights Act 1955 and the SC & ST Prevention of Atrocities Act 1989	5.00	0	2.31	7.31	0	7.31
54	2225-01-789-66-Prematric scholarship for SC students studying in Class IX & X	0.70	0	18.68	19.38	0	19.38
55	2236-80-101-01-National Nutrition Mission	0	0	6.07	6.07	0	6.07
56	4225-01-789-08-Pradhan Mantri Adarsh Gram Yojana	10.00	0	7.42	17.42	2.64	14.78
	27-Technical Education and Industrial Training						
57	2230-03-001-01-Directorate of Industrial Training	150.93	0	3.41	154.34	147.52	6.82
58	2230-03-800-01-Reimbursement to transport department/Pepsu Road Transport Corporation in lieu of free concessional travel facilities to students	14.78	0	2.22	17.00	12.52	4.48
59	2230-03-789-18-Skill development Mission	0	0	2.70	2.70	0	2.70
	Total	6605.85	107.40	1085.77	7799.02	6073.41	1725.61

Source: Appropriation Accounts

Appendix 2.6

(Referred to in paragraph 2.3.8, page 71)

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

Sr. No.	Number and Name of Grant/Appropriation	Saving
Revenue (Voted)		
1.	4-Defence Services Welfare	17.60
2.	5-Education	1208.68
3.	8-Finance	349.45
4.	10-General Administration	13.53
5.	12-Home Affairs and Justice	264.63
6.	13-Industries	261.01
7.	15-Irrigation and Power	1485.25
8.	16-Labour and Employment	68.10
9.	19-Planning	167.03
10.	23-Rural Development and Panchayats	785.73
11.	28-Tourism and Cultural Affairs	16.27
12.	29-Transport	163.89
Total		4801.17
Revenue (Charged)		
13.	13-Industries	11.96
Total		11.96
Capital (Voted)		
14.	5-Education	256.41
15.	10-General Administration	21.04
16.	13-Industries	10.89
17.	15-Irrigation and Power	589.77
18.	19-Planning	235.71
19.	21-Public Works	717.78
20.	23-Rural Development and Panchayats	259.31
21.	28-Tourism and Cultural Affairs	110.81
Total		2201.72
Grand total		7014.85

Source: Appropriation Accounts

Appendix 2.7*(Referred to in paragraph 2.3.8, page 71)***Detail of grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender***(₹ in crore)*

Sr. No.	Number and Name of grant/ Appropriation	Saving	Saving surrendered	Saving not surrendered
1	2	3	4	5 (3-4)
Revenue (Voted)				
1.	1-Agriculture and Forests	3734.10	1305.11	2428.99
2.	2-Animal Husbandry and Fisheries	36.38	1.50	34.88
3.	7-Excise and Taxation	174.28	89.71	84.57
4.	9-Food and Supplies	510.17	467.32	42.85
5.	11-Health and Family Welfare	700.13	63.44	636.69
6.	17-Local Government, Housing and Urban Development	1537.21	325.00	1212.21
7.	22-Revenue and Rehabilitation	393.37	148.02	245.35
8.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	1554.42	670.95	883.47
9.	27-Technical Education and Industrial Training	59.15	12.94	46.21
Capital (Voted)				
10.	2-Animal Husbandry and Fisheries	20.55	6.16	14.39
11.	11-Health and Family Welfare	128.84	109.93	18.91
12.	12-Home Affairs and Justice	89.85	36.69	53.16
13.	17-Local Government, Housing and Urban Development	1287.16	619.62	667.54
14.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	228.77	188.72	40.05
Total		10454.38	4045.11	6409.27

Source: Appropriation Accounts

Appendix 3.1

(Referred to in paragraph 3.3, page 83)

Status of the Accounts and the Separate Audit Reports of the Autonomous Bodies as on 31 March 2018

Sr. No.	Name of Body	Period of entrustment	Years for which accounts not rendered (Grant released)	Delay in submission of accounts			Period upto which SARs issued and date of issue		Position of placement of SARs in the Legislature
				Delayed Account	Date of Receipt	Delay (in Month)	Year	Date of issue	
1	2.	3.	4.	5.	6.	7.	8.	9.	10.
1.	Punjab Legal Services Authority, Chandigarh	Not available	2014-15 to 2016-17 (₹ 469.60 lakh , ₹ 580.57 lakh and ₹680.00 lakh)No. of account = 3	2013-14	04.05.15	10	2013-14	18.04.16	SAR for the year 2010-11 placed in Legislature
2.	Punjab Khadi and Village Industries. Board, Chandigarh	Upto 2021-22	2015-16 and 2016-17 (₹ 467.96 lakh and ₹533.84 lakh) No. of accounts=2	2014-15	05.08.16	13	2014-15	21.02.17	SAR for the year 2011-12 placed in Legislature.
3.	Punjab State Human Rights Commission, Chandigarh	Not available	Nil	-	-	-	2016-17	26.07.2017	SAR for the year 2015-16 placed in Legislature.
4.	Punjab Labour Welfare Board, Chandigarh	Not available	2006-07 to 2016-17 (₹ 276.00 ¹⁷ lakh) No. of accounts= 11	2005-06	10.03.17	128	2005-06	30.05.17	SAR for the year 2002-03 placed in Legislature.
5.	Pushpa Gujral Science City, Kapurthala	Not available	Nil	2016-17	09.01.18	06	2016-17	02.05.18	Not to be placed in State Legislature.
6.	Punjab Building and other Construction Workers Welfare Board	Not available	Nil	2016-17	27.02.18	07	2016-17	05.06.18	SAR for the year 2012-13 placed in Legislature.
7.	Punjab Bus Metro Society	Not available	Nil	2016-17	27.03.18	8	2015-16	25.04.18	Not to be placed in State Legislature.
8	Punjab State Electricity Regulatory Commission	Not available	Nil	2016-17	26.10.17	3	2016-17	09.02.18	SAR for the year 2015-16 placed in Legislature.

Source: Departmental records

Note 1. Delay in submission of Accounts worked out from 30th June of respective Balance Sheet Year.

Note 2. As per Section 27(3) of the he Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the accounts of the Board shall be audited by the Comptroller and Auditor-General of India annually.

¹⁷ 2006-07: ₹116 lakh; 2007-08: ₹16 lakh; 2008-09: ₹16 lakh; 2009-10: ₹16 lakh; 2010-11: ₹16 lakh; 2011-12: ₹16 lakh, 2012-13: ₹16 lakh. 2013-14: ₹16 lakh, 2014-15: ₹16 lakh; 2015-16: ₹16 lakh and 2016-17: ₹16 lakh.

Appendix 3.2*(Referred to in paragraph 3.5, page 84)***Statement showing age-wise profile of cases of misappropriation, losses, thefts, etc.***(₹ in lakh)*

Age profile of the pending cases			Nature of pending cases		
Range in years	Number	Amount	Nature of cases	Number	Amount
0-5	10	501.83	Misappropriation/Losses	10	501.83
			Theft	0	0
5-10	2	6.00	Misappropriation/Losses	0	0
			Theft	2	6.00
25 and above	7	12.45	Misappropriation/Losses	6	12.39
			Theft	1	0.06
Total	19	520.28	Misappropriation/Losses	16	514.22
			Theft	3	6.06
			Total	19	520.28

Source: Departmental records.

Appendix-4.1
Glossary of terms

Sr. No.	Terms	Description
1.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
2.	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.
3.	Debt sustainability	The Debt sustainability is defined as the ability of the State to service its debt obligation in future and maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.
4.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
5.	Fiscal Liabilities	Fiscal liabilities comprise Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GoI and the liabilities arising from the transactions in the Public Account of the State.
6.	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.
7.	Net Debt available	Excess of Public Debt receipts over Public Debt repayment and interest payment on Public Debt.

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