

**State Finances Audit Report
of the
Comptroller and Auditor General of India
for the year ended 31 March 2019**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Government of Gujarat
Report No. 2 of the year 2020**

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of the
Comptroller and Auditor General of India
for the year ended 31 March 2019**

GOVERNMENT OF GUJARAT

Report No. 2 of the year 2020

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Preface

1. This Report has been prepared for submission to the Governor of Gujarat under Article 151 of the Constitution.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts respectively of the State Government for the year ended 31 March 2019. Information has also been obtained from the Government of Gujarat wherever necessary.
3. Chapter III on ‘Financial Reporting’ provides an overview and status of the State Government’s compliance with various rules, procedures and directives relating to financial reporting during the current year.
4. The Reports containing the findings of performance audit and audit of transactions in various Departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

Background

This State Finances Audit Report of the Government of Gujarat is being brought out with a view to objectively assess the financial performance of the State Government during 2018-19 and to provide the State Government and State Legislature with inputs, based on analysis of the financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged in the Gujarat Fiscal Responsibility Act, 2005, Finance Commission Recommendations and the Budget Estimates of 2018-19 and other financial data obtained from various Government Departments.

The Report

Based on the audited accounts of the Government of Gujarat for the year ending March 2019, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2019. It provides an insight into trends of different components of the Government's receipts, expenditure and borrowing pattern, besides giving a brief account of fiscal imbalances.

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

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

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

Achievements of the State Government: A Brief Summary

The *per capita* income of Gujarat at ₹ 2,32,329 during 2018-19 was higher than the all India average of ₹ 1,42,719.

The State achieved all the targets of major fiscal variables set under the Gujarat Fiscal Responsibility Act, 2005. The State has been revenue surplus since 2011-12. The ratio of fiscal deficit to Gross State Domestic Product (GSDP) at 1.76 *per cent* and public debt at 16 *per cent* were within the targets set under Gujarat Fiscal Responsibility Act, 2005.

Outstanding guarantees of the State at ₹ 4,699 crore during 2018-19 was much lower than the ceiling of ₹ 20,000 crore prescribed under the Gujarat State Guarantees Act, 1963. All the four State-owned power distribution companies (DISCOMS) achieved financial turnaround in 2005-06 and no financial assistance is being provided by State Government under *Ujwal DISCOM Assurance Yojana* (UDAY) Scheme.

Tax revenue of the State showed an increasing trend from ₹ 61,340 crore to ₹ 80,103 crore during 2014-19. The percentage of tax revenue to revenue receipts of the State increased from 58.03 *per cent* in 2017-18 to 58.90 *per cent* in 2018-19.

The State also took initiatives for better fiscal management by setting up of the Consolidated Sinking Fund to provide a cushion for repaying market loans as well as the Guarantee Redemption Fund to provide a cushion for servicing contingent liabilities.

Capital expenditure increased from ₹ 26,313 crore in 2017-18 to ₹ 28,062 crore in 2018-19, and accounted for 65 *per cent* of the total public debt receipts (₹ 43,146 crore) during 2018-19. The percentage of capital expenditure to total expenditure of the State stood at 17.26 during 2018-19.

Contents of the Report

Chapter I

Finances of the State Government

Fiscal position

The State achieved the target of elimination of revenue deficit from 2011-12 onwards. The revenue surplus at ₹ 3,212 crore in 2018-19 was lower than the projections made in the Medium Term Fiscal Policy Statement (MTFPS) and 14th FC targets for 2018-19.

At the end of 2018-19, the fiscal deficit as percentage of GSDP stood at 1.76 *per cent*, which was within the limit of three *per cent* recommended by 14th FC but exceeded the Government's own projections of 1.71 *per cent* in MTFPS.

In the fiscal consolidation roadmap, the 14th FC had recommended the percentage of outstanding liabilities¹ to GSDP at 25.79 *per cent* for 2018-19, against which, the percentage of actual outstanding liabilities stood at 19.04 *per cent*. The State Government could maintain the percentage of public debt to GSDP at 16.00 *per cent* during 2018-19 against the target of 15.96 *per cent* set out in MTFPS.

Indian Government Accounting Standard (IGAS)-2 prescribes that grants-in-aid should be booked under revenue expenditure. However, in 2018-19, the State Government incorrectly budgeted and booked expenditure of ₹ 11.01 crore relating to grants-in-aid under the capital section instead of the revenue section. This resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus to that extent.

(Paragraph 1.1.2 and 2.6)

Trends in deficits

During 2018-19, fiscal deficit increased by ₹ 4,999 crore (23.40 *per cent*) from ₹ 21,366 crore in 2017-18 to ₹ 26,365 crore in 2018-19, on account of increase in net capital expenditure by ₹ 1,684 crore, decrease in revenue surplus by ₹ 2,020 crore and increase in net loans and advances disbursed by ₹ 1,295 crore.

During 2018-19, primary deficit increased by ₹ 3,770 crore from ₹ 2,412 crore in 2017-18 to ₹ 6,182 crore in 2018-19. This was due to an increase of ₹ 4,999 crore in fiscal deficit during the current year over the previous year, offset by an increase of ₹ 1,229 crore in interest payment.

(Paragraph 1.11.1 and 1.11.3)

State's own resources

The State's tax revenue increased by ₹ 8,553.33 crore (11.95 *per cent*) in 2018-19 over the previous year while, non-tax revenue decreased by ₹ 1,656.98 crore (10.99 *per cent*) over the previous year. The tax revenue of the State in 2018-19 stood lower by a significant margin of ₹ 48,380 crore vis-à-vis the 14th FC projections of ₹ 1,28,483 crore. Also, the tax revenue in 2018-19 was lower than the budget estimates and revised estimates. The State Government was entitled for Goods and Services Tax compensation of ₹ 7,311.47 crore during the year 2018-19 to compensate for loss of revenue on implementation of Goods and Services Tax Act, 2017. Actual non-tax revenue (₹ 13,417 crore) was higher than the budget estimates and revised estimates but lower than the 14th FC projections. During 2018-19, 69 *per cent* of revenue receipts came from State's own resources.

(Paragraphs 1.3, 1.3.3 and 1.3.5.1)

¹ Total Outstanding Liabilities include Public Debt and Public Account Liabilities. Public Debt includes only Internal Debt and Loans from Government of India. Public Account Liability includes liabilities under small saving funds, GPF, Reserve funds *etc.*

Share of union taxes and duties and grants-in-aid

The State's share of union taxes stood at ₹ 23,489 crore in 2018-19, registering a growth of 13.03 *per cent* over the previous year. Grants-in-aid from GoI in 2018-19 increased by ₹ 3,107 crore (19.56 *per cent*) over the previous year. During 2018-19, 31 *per cent* of revenue receipts of the State came from GoI in the form of State's share of union taxes and grants-in-aid.

(Paragraphs 1.3, 1.3.4 and 1.3.5)

Revenue expenditure

Revenue expenditure continuously increased from ₹ 86,652 crore in 2014-15 to ₹ 1,32,790 crore in 2018-19, with an increase of ₹ 14,730 crore (12.48 *per cent*) during 2018-19 over the previous year. Revenue expenditure as a percentage of GSDP decreased over the last five years (2014-19) and stood lowest at 8.84 *per cent* during 2018-19.

The share of revenue expenditure in total expenditure increased from 77.65 *per cent* in 2014-15 to 81.68 *per cent* in 2018-19.

(Paragraph 1.6.1 and 1.6.2)

Capital expenditure

Capital expenditure continuously increased from ₹ 24,158 crore in 2014-15 to ₹ 28,062 crore in 2018-19, except for a decrease in 2016-17.

The share of capital expenditure in total expenditure decreased from 18.15 *per cent* in 2017-18 to 17.26 *per cent* in 2018-19. During 2018-19, capital expenditure (₹ 28,062 crore) accounted for 65 *per cent* of the total public debt receipts (₹ 43,146 crore).

(Paragraph 1.6.3)

Nature of expenditure

Development expenditure of the State comprises revenue and capital expenditure including loans and advances on socio-economic services. Total development expenditure increased from ₹ 79,684 crore in 2014-15 to ₹ 1,13,728 crore in 2018-19. As a percentage of the total expenditure, total development expenditure of the State ranged between 70 and 72 *per cent* during 2014-19.

(Paragraph 1.7.2)

Investment and returns

As of 31 March 2019, the State Government invested ₹ 92,804 crore in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. Average return on investments in these companies/corporations/institutions was 0.13 *per cent* during 2014-19 while the Government paid an average interest of 7.63 *per cent* on its borrowings during the same period.

(Paragraph 1.8.3)

Investment in 71 working State Public Sector Undertakings increased from ₹ 1,18,060.71 crore in 2014-15 to ₹ 1,69,957.91 crore in 2018-19. Return on Investment ranged between 6.82 *per cent* and 4.78 *per cent* during 2014-19. Similarly, total equity of the SPSUs increased from ₹ 60,021.95 crore in 2014-15 to ₹ 1,08,927.41 crore in 2018-19. Return on Equity ranged between 2.56 *per cent* and 0.88 *per cent* during 2014-19.

(Paragraph 1.8.3.1 and 1.8.3.2)

Debt sustainability

Total outstanding liabilities of the State grew from ₹ 2,02,313 crore in 2014-15 to ₹ 2,85,844 crore in 2018-19. In 2018-19, the outstanding liabilities grew at 11.50 *per cent* over the previous year. It comprised internal debt of ₹ 2,32,875 crore (81 *per cent*), public account of ₹ 45,539 crore (16 *per cent*) and loans and advances from GoI of ₹ 7,430 crore (three *per cent*). The internal debt largely composed of market loans (₹ 1,79,324 crore) and special securities issued to NSSF (₹ 39,385 crore).

The percentage of total outstanding liabilities to GSDP continuously decreased from 21.95 *per cent* (2014-15) to 19.04 *per cent* (2018-19). The net availability of borrowed funds for current operations after debt redemption (principal and interest payments) was ₹ 9,294 crore during 2018-19.

(Paragraph 1.9.2 and 1.10.1)

Chapter II

Financial Management and Budgetary Control

Against total budgetary provision of ₹ 2,00,576 crore during 2018-19, an expenditure of ₹ 1,80,480 crore was incurred. This resulted in net savings of ₹ 20,096 crore (savings of ₹ 22,490 crore offset by an excess of ₹ 2,394 crore). The major Departments incurring excess expenditure during last four years were: Agriculture, Farmer's Welfare and Co-operation; Education; Panchayats, Rural Housing and Rural Development; and Roads and Buildings.

Excess expenditure of ₹ 7,064.84 crore pertaining to the period from 2007-08 to 2018-19 had escaped legislative oversight, as it was pending regularisation as per Article 205 of the Constitution of India.

(Paragraph 2.2 and 2.3.1)

There were persistent savings of more than ₹ 100 crore of the total budget provision in 18 grants and one appropriation during 2014-19. During 2018-19, supplementary provisions (₹ 50 crore or more in each case) aggregating ₹ 1,172.52 crore were made in four cases under four different grants, which proved unnecessary, as even the original provisions were not utilised.

(Paragraph 2.3.4 and 2.3.5)

Substantial surrenders (exceeding ₹ 100 crore and more than 50 *per cent* of the total provision) were made in 21 Sub-Heads under 15 grants. Against the total provision of ₹ 13,297.24 crore made under these 21 Sub-Heads,

₹ 11,897.40 crore was surrendered. The Departments which made substantial surrenders were: Agriculture, Farmer's Welfare and Co-operation; Education; Finance; Home; Roads and Buildings; Urban Development and Urban Housing; and Social Justice and Empowerment.

(Paragraph 2.3.7.1)

Chapter III

Financial Reporting

As on March 2019, 2,573 utilisation certificates aggregating ₹ 4,233.95 crore in respect of grants disbursed up to 31 March 2018 remained outstanding, indicating lack of proper monitoring by the Departments in utilisation of grants given for specific purposes. Of ₹ 4,233.95 crore, 70.76 per cent (₹ 2,995.88 crore) pertained to the Agriculture, Farmer's Welfare and Co-operation Department, while 12.35 per cent (₹ 522.87 crore) pertained to the Tribal Development Department.

As on March 2019, there was pendency in submission of 4,496 detailed contingent bills amounting to ₹ 439.97 crore drawn on abstract contingent bills by various Departmental authorities.

Pendency of utilisation certificates and detailed contingent bills for long periods was fraught with the risk of fraud and misappropriation.

(Paragraphs 3.1 and 3.2)

There were 484 personal deposit accounts in operation in district treasuries with a closing balance of ₹ 581.01 crore as of 31 March 2019. The Education Department held the highest number of personal deposit accounts (145), followed by General Administration Department (74) and Agriculture, Farmer's Welfare and Co-operation Department (53). As of 31 March 2019, there were 280 personal ledger accounts pertaining to *Panchayats* at the district and the taluka level with a closing balance of ₹ 12,401.27 crore.

(Paragraph 3.5.1 and 3.5.3)

During 2018-19, expenditure aggregating ₹ 11,133.79 crore constituting 6.25 per cent of the total expenditure of the State was classified under Minor Head '800-Other Expenditure'. Similarly, revenue receipts aggregating ₹ 4,248.48 crore constituting 2.37 per cent of total receipts of the State were classified under omnibus Minor Head '800 – Other Receipts'.

Accounting of large items of expenditure and receipts under the omnibus Minor Head - 800 affects transparency in financial reporting, as it fails to indicate disaggregated information on specific activities of the Government separately in the accounts.

(Paragraph 3.7)

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

Chapter
I

Finances of the State Government

Socio-economic indicators of the State

Gujarat is situated on the west coast of India, bound by the Arabian Sea in the west and the States of Rajasthan in the north, Madhya Pradesh in the east and Maharashtra in the south. The State also shares an international border with Pakistan on the northwestern fringe. It has a coastline of about 1,600 km., which is one third of India's mainland coastline. It is the seventh largest State in terms of geographical area (1,96,024 sq. km.) and the ninth largest by population. The State's population increased from 5.79 crore in 2009 to 6.53 crore in 2019, recording a decadal growth of 12.73 *per cent*. The percentage of population below poverty¹ line was 16.60 *per cent* in 2011-12 as compared to the all-India average of 21.90 *per cent*. The Gross State Domestic Product (GSDP) in 2018-19 at current prices was ₹ 15,01,496 crore. The *per capita* GSDP of the State at ₹ 2,32,329 during 2018-19 was higher than all India average of ₹ 1,42,719 during the same period. The State's literacy rate was 78 *per cent* (as per 2011 census). The Social and Economic indicators of the State are shown in **Appendix 1.1 Part A**.

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The trends in annual growth of GSDP as compared to India's Gross Domestic Product (GDP) at current prices² and constant prices during 2014-15 to 2018-19 are indicated in **Table 1.1**.

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Current Prices					
India's GDP ³ (₹ in crore)	1,24,67,959	1,37,71,874	1,53,62,386	1,70,95,005	1,90,10,164
Growth rate of GDP (percentage)	10.99	10.46	11.55	11.28	11.20
GSDP ⁴ (₹ in crore)	9,21,773	10,29,010	11,53,327(P)	13,14,680 (Q)	15,01,496 (A)
Growth rate of GSDP (percentage)	14.13	11.63	12.08	13.99	14.21
State contribution to GDP	7.39	7.47	7.51	7.69	7.90
Constant Prices					
India's GDP ³ (₹ in crore)	105,27,674	1,13,69,493	1,22,98,327	1,31,79,857	1,39,51,849
Growth rate of GDP (percentage)	7.41	8.00	8.17	7.17	5.86
GSDP ⁴ (₹ in crore)	8,11,428	8,94,465	9,80,736	10,90,260	11,90,121
Growth rate of GSDP (percentage)	10.51	10.23	9.64	11.17	9.16
State contribution to GDP	7.71	7.87	7.97	8.27	8.53

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

- 1 Economic Survey 2018-19, Vol. II page A 168-169 Table 9.8
- 2 Prior to 2011-12, Base Year was 2004-05 and thereafter, it was 2011-12
- 3 Ministry of Statistics and Programme Implementation, Central Statistical Office
- 4 Directorate of Economics and Statistics, Gandhinagar - Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2019-20)

The GSDP as a percentage of India's GDP was consistently above seven *per cent* during 2014-19. It increased from 7.39 *per cent* in 2014-15 to 7.90 *per cent* in 2018-19, indicating higher growth in State's GSDP than India's GDP during the period.

1.1 Fiscal Transactions

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

1.1.1 Summary of fiscal transactions

A summary of State Government's fiscal transactions during the current year (2018-19) *vis-à-vis* previous years (2009-10 and 2014-18) is presented in **Table 1.2** while **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position of the State during 2017-19.

Table 1.2: Summary of Fiscal transactions

(₹ in crore)

Receipts	2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR ⁵ during 2009-19
Revenue receipts	41,672	91,978	97,483	1,09,842	1,23,291	1,36,002	14.05
Tax revenue	26,740	61,340	62,649	64,443	71,549	80,103	12.96
Non-tax revenue	5,452	9,543	10,194	13,346	15,074	13,417	10.52
Share of Union Taxes/Duties	5,891	10,296	15,691	18,835	20,782	23,489	16.61
Grants from Government of India	3,589	10,799	8,949	13,218	15,886	18,993	20.34
Capital Receipts	14,532	20,316	23,611	28,074	27,299	43,362	12.92
Miscellaneous Capital Receipts	136	241	0	240	0	65	-
Recoveries of Loans and Advances	151	621	125	166	346	151	-
Public debt receipts*	14,245	19,454	23,486	27,668	26,953	43,146	13.10
Appropriation from Contingency Fund	0	0	0	0	0	0	-
Amount transferred to Contingency Fund	34	0	14	4	0	0	-
Public Account Receipts	58,660	62,388	65,132	58,959	89,133	1,05,721	6.76
Opening Cash Balance	13,119	15,386	21,077	18,559	23,249	16,529	2.60
a) Earmarked Balances	4,527	5169	9,034	10,209	10,967	11,686	11.11
b) Cash balance	8,592	10,217	12,042	8,350	12,282	4,843	-
Total	1,28,017	1,90,068	2,07,317	2,15,438	2,62,972	3,01,614	9.99

5 Compound Annual Growth Rate

Disbursements	2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR during 2009-19
Revenue expenditure	48,638	86,652	95,779	1,03,895	1,18,060	1,32,790	11.81
General services	16,934	30,003	32,876	35,804	41,402	47,564	12.16
Social services	19,605	36,714	42,120	44,926	49,039	53,285	11.75
Economic services	11,993	19,399	20,224	22,749	27,145	31,576	11.36
Grants-in-aid and Contributions	106	536	559	416	474	365	14.73
Capital Outlay	8,047	24,158	24,169	22,355	26,313	28,062	14.89
Loans and Advances disbursed	428	350	675	478	631	1,731	16.80
Repayment of Public Debt*	3,245	5,509	6,194	9,073	13,700	15,432	18.92
Appropriation to Contingency Fund	0	0	0	0	0	0	-
Amount transferred from Contingency Fund	47	14	4	0	0	0.25	-
Public Account Disbursements	56,088	52,309	61,937	56,388	87,739	1,03,998	7.10
Closing Cash Balance	11,524	21,076	18,559	23,249	16,529	19,601	6.08
a) Earmarked Balances	5,027	9,034	10,209	10,967	11,686	12,705	10.85
b) Cash balance	6,497	12,042	8,350	12,282	4,843	6,896	0.66
Total	1,28,017	1,90,068	2,07,317	2,15,438	2,62,972	3,01,614	9.99

Source: Finance Accounts of respective years

*Excluding net transactions under ways and means advances and overdrafts

The following are the significant changes during 2018-19 over the previous year:

- Revenue receipts grew by ₹ 12,711 crore (10.31 *per cent*) over the previous year. All the components of revenue receipts except non-tax revenue showed an increasing trend during 2018-19. The grants from Government of India (GoI) increased by ₹ 3,107 crore (19.56 *per cent*), tax revenue increased by ₹ 8,554 crore (11.95 *per cent*), State's share of Union taxes increased by ₹ 2,707 crore (13.03 *per cent*) while State's non-tax revenue decreased by ₹ 1,657 crore (10.99 *per cent*).
- Revenue expenditure increased by ₹ 14,730 crore (12.48 *per cent*) over the previous year mainly due to increase in expenditure on General Services by ₹ 6,162 crore (14.88 *per cent*), Social Services by ₹ 4,246 crore (8.66 *per cent*) and Economic Services by ₹ 4,431 crore (16.32 *per cent*). Grants-in-aid released by the State Government decreased by ₹ 109 crore (23.04 *per cent*) over the previous year. It was observed that CAGR of Social Services (11.75) and Economic Services (11.36) *i.e.* developmental expenditure was less than CAGR of General Services (12.16) *i.e.* non-developmental expenditure.
- Capital outlay increased by ₹ 1,749 crore (6.65 *per cent*) over the previous year and disbursement of loans and advances also increased by ₹ 1,100 crore (174.37 *per cent*). CAGR of capital outlay (14.89) was higher than CAGR of revenue expenditure (11.81).

- Public debt receipts increased by ₹ 16,193 crore whereas, public debt repayments increased by ₹ 1,732 crore. However, CAGR of public debt receipt (13.10) was less than CAGR of revenue receipts (14.05).
- The Public Account receipts increased by ₹ 16,588 crore and Public Account disbursement increased by ₹ 16,259 crore, resulting in net increase of ₹ 329 crore in Public Account.

The status of other fiscal indicators *i.e.* revenue surplus, fiscal deficit and primary deficit are discussed in **Paragraph 1.1.3** and **1.11** of this Report.

Composition of sources and application of funds in the Consolidated Fund during 2018-19 is given in **Chart 1.1** and **1.2**.

Chart 1.1: Rupee comes from
(₹ in crore)

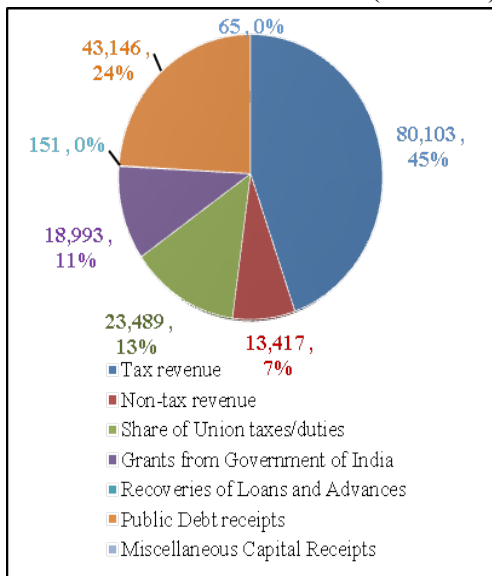
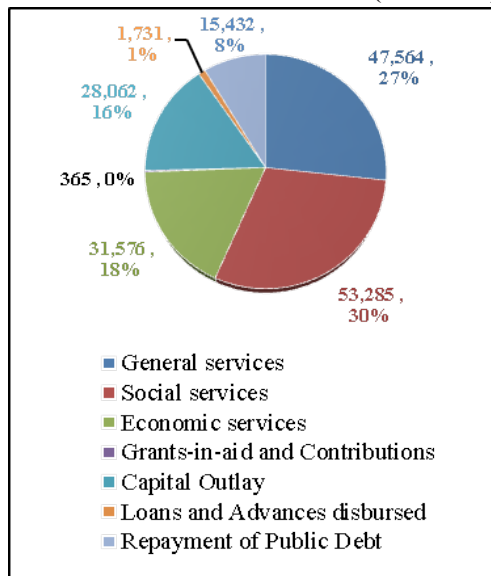


Chart 1.2: Rupee goes to
(₹ in crore)



The trends of Revenue Receipts (RR)/ Revenue Expenditure (RE)/ Capital Outlay (CO) relative to GDP at current as well as constant prices are presented in **Table 1.3**.

Table 1.3: Trends of Revenue Receipts, Revenue Expenditure and Capital Outlay at Current and Constant Prices

(₹ in crore)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
GSDP at current prices ⁶ (₹ in crore)	9,21,773	10,29,010	11,53,327	13,14,680	15,01,496
GSDP at constant prices (₹ in crore)	8,11,428	8,94,465	9,80,736	10,90,260	11,90,121
GSDP deflator ⁷	114	115	118	121	126

6 Directorate of Economics and Statistics, Gandhinagar - Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2019-20)

7 GSDP deflator calculated by dividing GSDP at current prices by GSDP at constant prices. For converting Revenue receipts, Revenue expenditure and Capital outlay at current prices into constant prices, GSDP deflator is used.

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue Receipts at Current and Constant Prices					
Revenue Receipts at current prices	91,978	97,483	1,09,842	1,23,291	1,36,002
Rate of growth of RR at current prices (in per cent)	15.01	5.99	12.68	12.24	10.31
Revenue Receipts at constant prices	80,967	84,737	93,405	1,02,245	1,07,798
Rate of growth of RR at constant prices (in per cent)	11.35	4.66	10.23	9.46	5.43
Revenue Expenditure at Current and Constant Prices					
Revenue Expenditure at current prices	86,652	95,779	1,03,895	1,18,060	1,32,790
Rate of growth of RE at current prices (in per cent)	15.14	10.53	8.47	13.63	12.48
Revenue Expenditure at constant prices	76,279	83,256	88,348	97,907	1,05,252
Rate of growth of RE at constant prices (in per cent)	11.48	9.15	6.12	10.82	7.50
Capital Outlay at Current and Constant Prices					
Capital Outlay at current prices	24,158	24,169	22,355	26,313	28,062
Rate of growth of CO at current prices (in per cent)	6.53	0.05	-7.51	17.71	6.65
Capital Outlay at constant prices	21,266	21,009	19,010	21,821	22,243
Rate of growth of CO at constant prices (in per cent)	3.14	-1.21	9.52	14.79	1.93

1.1.2 Review of fiscal situation

In pursuance of recommendations of the Twelfth Finance Commission (12th FC) for the period 2005-10, the State Government enacted the Gujarat Fiscal Responsibility Act, 2005 to ensure prudence in fiscal management and to maintain fiscal stability in the State. As per Section 3 of the Act, the State Government is required to lay before the Legislature in every financial year the Medium Term Fiscal Policy Statement (MTFPS) along with the budget. The MTFPS and the Fiscal Policy Strategy Statement set forth the fiscal objectives, strategic priorities of the State Government and a three-year rolling target for fiscal management. The targets for fiscal consolidation *viz.*, revenue deficit/surplus, fiscal deficit, total public debt and outstanding guarantees have been set forth in Section 5 of the Act.

To maintain a stable and sustainable fiscal environment consistent with equitable growth, the Thirteenth Finance Commission (13th FC) for the period 2010-15 had recommended a fiscal consolidation roadmap for the States by amending (2011) their fiscal responsibility legislations. This required the States to reduce

the revenue deficit to zero from 2011-12 onwards, reduce the fiscal deficit to three *per cent* of the estimated GSDP of the year beginning 2011-12 and maintain it thereafter, and to cap the total outstanding debt of the State Government from the level of 28.80 *per cent* in 2011-12 to 27.10 *per cent* at the end of 2014-15 of the estimated GSDP of the respective financial year.

The Fourteenth Finance Commission (14th FC) for the period 2015-20 also recommended (December 2014) a revised fiscal roadmap to consolidate the finances of the State Government from the financial year 2015-16 onwards. The targets for major fiscal variables set out by the 14th FC and the projections made by the State Government in the MTFPS for the year 2018-19 compared to actual achievements are depicted in **Table 1.4**.

Table 1.4: Major fiscal variables- targets and achievements for 2018-19

Fiscal variables	14 th FC targets for the State	Targets proposed in MTFPS	Actual achievement
Revenue Deficit ⁸ (-)/ Surplus (+) (₹ in crore)	(+)24,101	(+)5,998	(+)3,211.97
Fiscal Deficit ⁹ /GSDP (in <i>per cent</i>)	3.00	1.71	1.76
Ratio of total outstanding liabilities to GSDP (in <i>per cent</i>)	25.79	-	19.04
Ratio of Public debt to GSDP (in <i>per cent</i>)	-	15.96	16.00
Outstanding Government Guarantees (₹ in crore)	-	Below 16,000	4,698.55

Source: 14th FC Report, Budget Estimates and Finance Accounts for the year 2018-19

The State achieved zero revenue deficit targets in 2011-12 and reported a revenue surplus of ₹ 3,215 crore in that year and the revenue surplus continued thereafter. The revenue surplus stood at ₹ 3,212 crore in 2018-19 which was lower than the projections made in 14th FC and MTFPS.

Indian Government Accounting Standards (IGAS)-2 prescribes that grants-in-aid should be booked under revenue expenditure. However, in 2018-19, the State Government incorrectly budgeted and booked expenditure of ₹ 11.01 crore¹⁰ relating to grants-in-aid under the capital section instead of the revenue section. This resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus to that extent.

At the end of 2018-19, the fiscal deficit as a percentage of GSDP stood at 1.76 *per cent*, which was within the limit of three *per cent* recommended by the 14th FC but exceeded the limit of the Government's own projection of 1.71 *per cent* in MTFPS. The State Government could maintain the percentage of public debt to GSDP at 16 *per cent* during 2018-19 against the target of 15.96 *per cent* set out in MTFPS.

8 Revenue Deficit = Revenue expenditure – Revenue receipts

9 Fiscal Deficit=Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Miscellaneous capital receipts

10 Details of expenditure booked are shown in Table 2.12 under paragraph 2.6, Chapter - II

In the fiscal consolidation roadmap, 14th FC had recommended the percentage of outstanding liabilities¹¹ to GSDP at 25.79 *per cent* for 2018-19, against which, the percentage of actual outstanding liabilities to GSDP stood at 19.04 *per cent* during 2018-19.

During 2018-19, State Government had a revenue surplus ₹ 3,212 crore together with a net public debt receipts of ₹ 27,714 crore, net public account receipts of ₹ 1,722 crore, miscellaneous capital receipts of ₹ 65 crore and recovery of loans and advances of ₹ 151 crore totalling ₹ 32,864 crore. Of this, State Government used ₹ 28,062 crore for meeting capital expenditure, ₹ 1,731 crore for disbursement of loans and advances and the balance of ₹ 3,071 crore reflected the increase in closing cash balance. This showed that State Government had utilised its revenue surplus and borrowings towards gross fixed capital formation.

1.1.3 Budget estimates, revised estimates and actuals

The budget papers presented by the State Government provide projections or estimations of receipts and expenditure for a particular fiscal year. The importance of accuracy in the estimation of receipts and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the budget estimates (BE) are indicative of non-attainment/non-optimisation of the desired fiscal objectives due to various reasons, some within the control of the Government and some beyond its control. The State Government presented its revised estimates (RE) of financial year 2018-19 along with modified BE of 2019-20 on 02 July 2019.

Taking a cue from the Centre, State Government decided to do away with the distinction between plan and non-plan expenditure in its budget from the financial year 2017-18 onwards and named it as State Fund Expenditure. Government believes that the merger will enable it to provide an appropriate budgetary framework having focus on revenue and capital expenditure.

A comparison of actuals with BE and RE for the year 2018-19 is given in **Table 1.5** below and a detailed comparison is shown in **Appendix 1.4**.

Table 1.5: Budget estimates, revised estimates and actuals for the year 2018-19

(₹ in crore)

Fiscal Parameters	Budget estimates	Revised estimates	Actuals	Difference between BE and actuals	Difference between RE and actuals
(1)	(2)	(3)	(4)	5(4-2)	6(4-3)
Tax Revenue	88,728.80	89,900.10	80,102.74	(-)8,626.06	(-)9,797.36
Non-tax Revenue	11,705.04	12,102.30	13,416.99	1,711.95	1,314.69
State's share of Union taxes and duties	24,307.08	23,489.32	23,489.33	(-)817.75	0.01
Grants-in-aid from GoI	15,890.23	15,040.00	18,992.48	3,102.25	3,952.48
Revenue receipts	1,40,631.15	1,40,531.72	1,36,001.54	(-)4,629.61	(-)4,530.18
Revenue expenditure	1,34,633.30	139,153.06	1,32,789.57	(-)1,843.73	(-)6,363.49

11 Total Outstanding Liabilities include Public Debt and Public Account Liabilities. Public Debt includes only Internal Debt and Loans from GoI. Public Account Liability includes liabilities under small saving funds, General Provident Fund, Reserve funds etc.

Fiscal Parameters	Budget estimates	Revised estimates	Actuals	Difference between BE and actuals	Difference between RE and actuals
(1)	(2)	(3)	(4)	5(4-2)	6(4-3)
Interest payments	20,179.11	20,339.87	20,183.36	4.25	(-)156.51
Capital expenditure	30,341.64	31,417.24	28,061.90	(-)2,279.74	(-)3,355.34
Revenue surplus (+)	5,997.85	1,378.66	3,211.97	(-)2,785.88	1,833.31
Net loans and advances	1,249.92	1,813.42	1,580.10	330.18	(-)233.32
Miscellaneous capital receipts	10.00	65.00	65.00	55.00	0.00
Fiscal deficit (-)	(-)25,583.71	(-)31,787.00	(-)26,365.03	781.32	(-)5,421.97
Primary deficit (-) ¹²	(-)5,404.60	(-)11,447.13	(-)6,181.67	777.07	(-)5,265.46

Source: Finance Accounts and budget publications of the State Government for the year 2018-19

Analysis of the important parameters is discussed in the succeeding paragraphs.

1.1.3.1 Revenue receipts

Actual revenue receipts were lower by ₹ 4,629.61 crore (3.29 per cent) and ₹ 4,530.18 crore (3.22 per cent) over BE and RE respectively. Shortfall *vis-à-vis* BE was on account of less collection of major components, namely (i) revenue from State Goods and Services Tax (SGST) (₹ 7,861.29 crore); (ii) taxes on vehicles (₹ 666.40 crore); (iii) taxes and duties on electricity (₹ 781.79 crore); (iv) stamp duty and registration fees (₹ 599.38 crore); and (v) receipts from ports and light houses (₹ 246.65 crore).

This was counter-balanced *vis-à-vis* BE on account of excess collection in (i) Taxes on sales, trade *etc.* (₹ 1,631.13 crore); (ii) State Excise (₹ 51.51 crore); (iii) Interest receipts (₹ 411.71 crore); (iv) Urban development (₹ 238.86 crore); and (v) Non-ferrous mining receipts (₹ 651 crore).

1.1.3.2 Revenue expenditure

Actual revenue expenditure was less than BE and RE by ₹ 1,843.73 crore (1.37 per cent) and ₹ 6,363.49 crore (4.57 per cent) respectively. Shortfall *vis-à-vis* BE was mainly due to less expenditure on Miscellaneous General Services (₹ 6,987.33 crore); Housing (₹ 1,239.87 crore); Nutrition (₹ 1,195.01 crore); and Urban Development (₹ 661.73 crore). The actual revenue expenditure under social and economic services was less than RE.

1.1.3.3 Capital expenditure

Actual capital expenditure was lower by ₹ 2,279.74 crore (7.51 per cent) and ₹ 3,355.34 crore (10.68 per cent) than BE and RE respectively. Capital expenditure was less than the projections made in BE mainly due to less expenditure on Major Irrigation (₹ 1,682.21 crore); Education, Arts, Sports and Culture (₹ 800.26 crore); Road Transport (₹ 465.51 crore); and Public Works (₹ 297.60 crore). However, actuals were higher than the BE under Medium Irrigation (₹ 2,279.91 crore).

¹² Primary deficit = Fiscal deficit – interest payments

1.1.3.4 Deficits/surpluses

Against the projected revenue surplus of ₹ 5,997.85 crore and ₹ 1,378.66 crore in BE and RE respectively, the State had an actual revenue surplus of ₹ 3,211.97 crore (0.21 *per cent* of GSDP). Against the projected primary deficit of ₹ 5,404.60 crore and ₹ 11,447.13 crore in BE and RE respectively, the State had a primary deficit of ₹ 6,181.67 crore (0.41 *per cent* of GSDP). The fiscal deficit stood at ₹ 26,365.03 crore (1.76 *per cent* of GSDP) which was higher than BE (₹ 25,583.71 crore) by ₹ 781.32 crore and lower than RE (₹ 31,787 crore) by ₹ 5,421.97 crore.

1.2 Resources of the State

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of State's own 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 non-debt receipts (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.

Table 1.2 presents the receipts and disbursements of the State during the current year and previous years as recorded in its annual finance accounts. **Chart 1.3** depicts the components and sub-components of resources during the year 2018-19.

Chart 1.3: Components and sub-components of resources in 2018-19

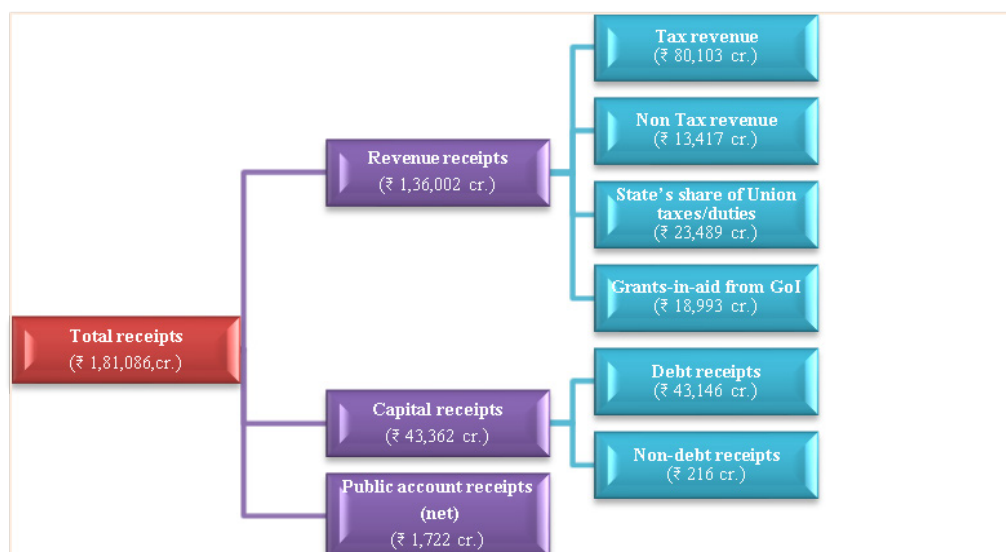


Chart 1.4 depicts the trends of various components of the State’s receipts during 2014-15 to 2018-19.

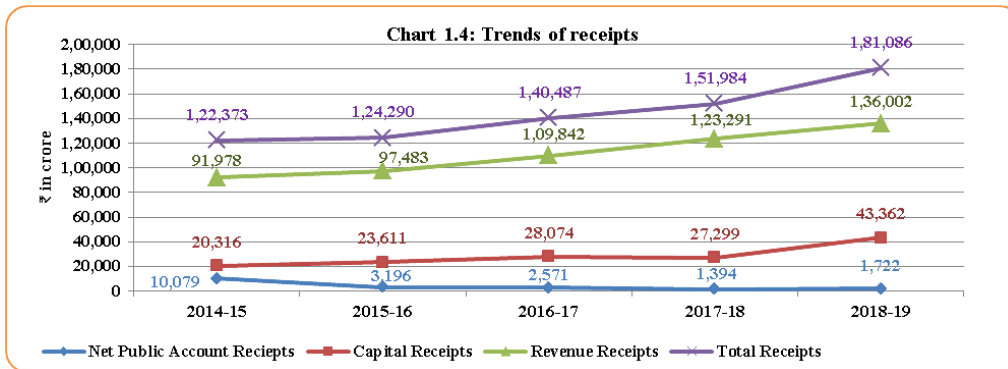
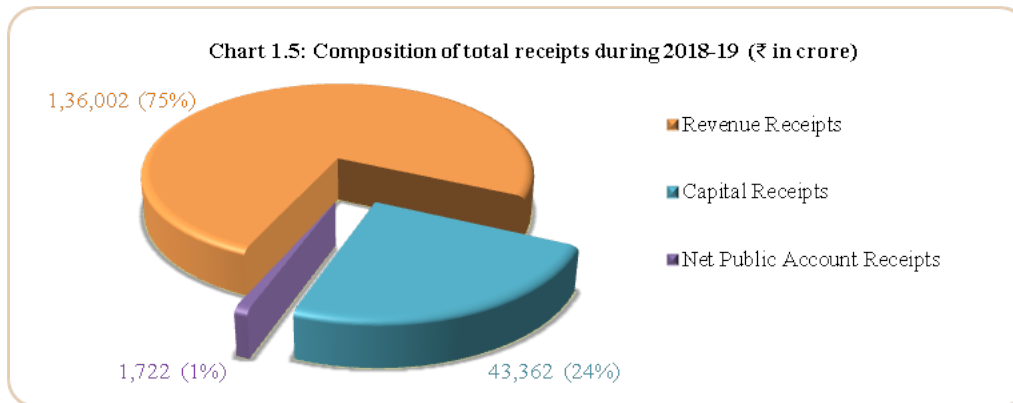


Chart 1.5 depicts the composition of resources of the State in total receipts during the current year 2018-19.



The total receipts of the State Government show a steady increase from ₹ 1,22,373 crore in 2014-15 to ₹ 1,81,086 crore in 2018-19. The total receipts increased by ₹ 29,102 crore in 2018-19 over the previous year. The increase was mainly due to increased growth in all the three components *i.e.* revenue receipts, capital receipts and net public account receipts.

The revenue receipts remained the highest contributor (more than 75 per cent) of the total receipts over the five year period. The components of revenue receipts, capital receipts and public account receipts are discussed in Paragraph 1.3 to 1.5.

1.3 Revenue Receipts

Revenue receipts of State Government are detailed in Statement-14 of the Finance Accounts for the year 2018-19. Revenue receipts consist of State's own tax and non-tax revenues, State's share of Union taxes and duties and grants-in-aid from GoI. The trends of revenue receipts over the period 2014-19 are presented in **Charts 1.6** and also in **Appendix 1.5**.

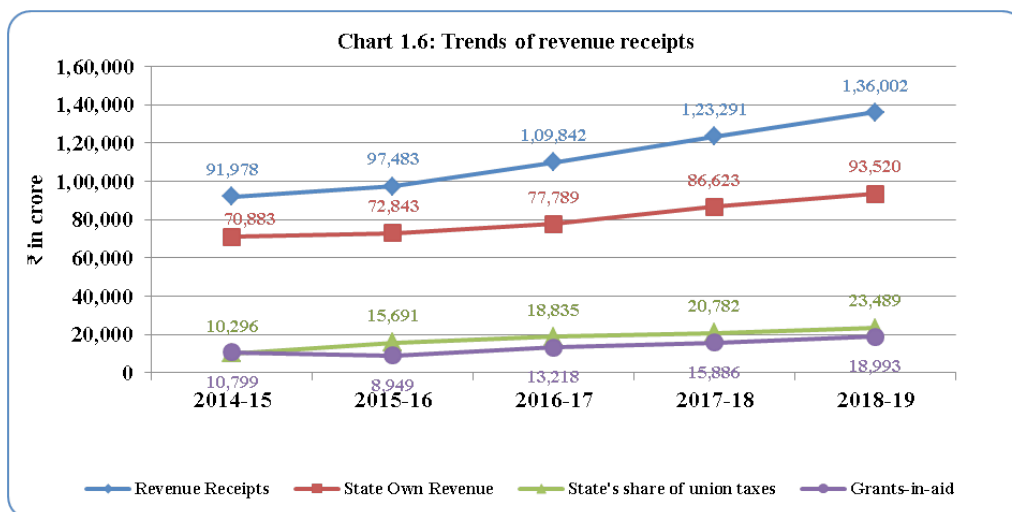


Chart 1.6 shows that revenue receipts grew by ₹ 12,711 crore (10.31 *per cent*) over the previous year. The State's tax revenue increased by ₹ 8,554 crore (11.95 *per cent*) and the non-tax revenue decreased by ₹ 1,657 crore (10.99 *per cent*). The State's share of Union taxes increased by ₹ 2,707 crore (13.03 *per cent*) and the grants-in-aid from GoI increased by ₹ 3,107 crore (19.56 *per cent*).

The composition of State's revenue receipts (in percentages) over the period 2014-19 is presented in **Chart 1.7**.

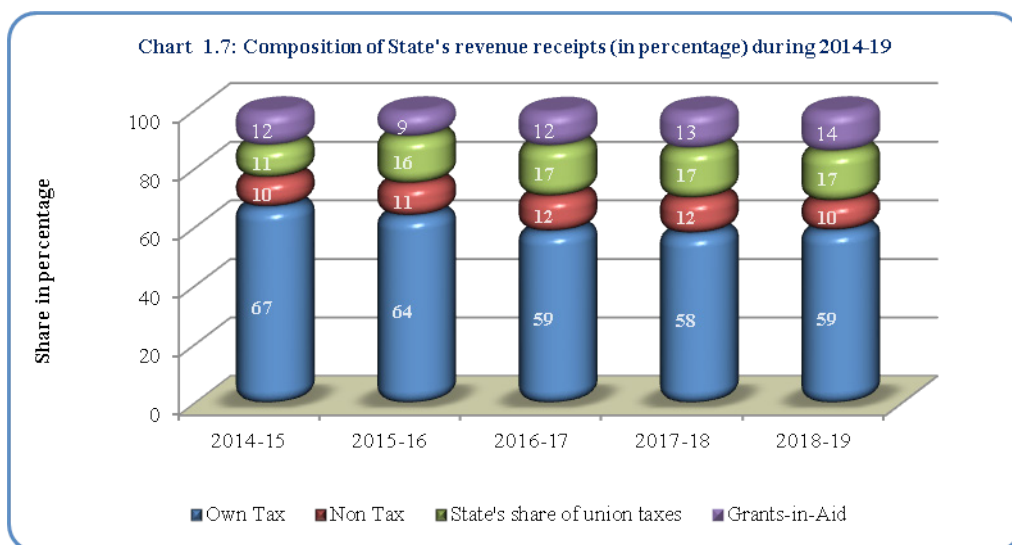


Chart 1.7 shows that 69 *per cent* of revenue receipts came from State's own resources during 2018-19 and the balance 31 *per cent* was from GoI in the form of State's share of union taxes and grants-in-aid. The share of own tax revenue decreased from 67 *per cent* in 2014-15 to 58 *per cent* in 2017-18 and increased marginally by one *per cent* during 2018-19. Whereas, the share of union taxes transfers had remained steady at 17 *per cent* during 2016-19.

1.3.1 Trends of revenue receipts and State's own resources

The trends of revenue receipts relative to GSDP and State's own resources to revenue receipts are presented in **Table 1.6** below.

Table 1.6: Trends of revenue receipts and State's own resources

	2009-10	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue receipts (RR) (₹ in crore)	41,672	91,978	97,483	1,09,842	1,23,291	1,36,002
Growth of RR over previous year (in <i>per cent</i>)	7.75	15.01	5.99	12.68	12.24	10.31
Percentage of RR to GSDP	9.66	9.98	9.47	9.52	9.38	9.06
State's own resources (₹ in crore)	32,192	70,883	72,843	77,789	86,623	93,520
Growth of State's own resources over previous year (in <i>per cent</i>)	12.34	11.82	2.77	6.79	11.36	7.96
Percentage of State's own resources to GSDP	7.46	7.69	7.08	6.74	6.59	6.23
Percentage of State's own resources to RR	77.25	77.07	74.72	70.82	70.26	68.76

Source: Finance Accounts of respective years

The table above reveals that while the revenue receipts during 2018-19 increased by 10.31 *per cent* over the previous year, CAGR of revenue receipts during the period 2009-18 was 14.52 *per cent* (**Appendix 1.1 Part A**), indicating that rate of growth of revenue receipts was sluggish during the current year.

The table above also shows that revenue receipts have not kept pace with the rate at which GSDP grew during 2014-19, as the percentage of revenue receipts to GSDP decreased from 9.98 *per cent* in 2014-15 to 9.06 *per cent* in 2018-19. The decrease was primarily due to decrease in the rate of growth of State's own resources (which is a major component of State's revenue receipts) from 11.82 *per cent* to 7.96 *per cent* during the same period.

1.3.2 Trends in buoyancy ratios

Buoyancy ratio¹³ indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The value more than one indicates high degree of responsiveness of a fiscal variable to the base variable. As GSDP grows, the ability of the Government to mobilise revenue should also increase. The growth rate, percentages, ratios and buoyancy ratios with respect to revenue receipts are presented in **Table 1.7** below.

¹³ Buoyancy ratio is the rate of growth of a parameter with respect to rate of growth of another parameter

Table 1.7: Growth rate, percentage, ratio and buoyancy ratios

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Growth of Revenue Receipts (RR)	15.01	5.99	12.68	12.24	10.31
Growth of Revenue Expenditure (RE)	15.14	10.53	8.47	13.63	12.48
Growth of outstanding Public debt	9.33	10.58	10.29	6.65	13.04
RR/GSDP (%)	9.98	9.47	9.52	9.38	9.06
Outstanding Public Debt/RR (ratio)	1.78	1.85	1.81	1.72	1.77
Buoyancy ratio w.r.t. RR					
Revenue Expenditure	1.01	1.76	0.67	1.11	1.21
Public Debt	0.62	1.77	0.81	0.54	1.26
Interest payments	0.81	1.51	0.72	0.53	0.63

Source: Finance Accounts of respective years

It is evident from **Table 1.7** that the percentage of revenue receipts to GSDP was the lowest in 2018-19 (9.06) during the period 2014-19, which reinforces the fact that revenue receipts grew at a lower rate than GSDP in these years. In view of the robust economic growth (more than 11 *per cent*) in the last 10 years, the State Government needs to harness its potential to improve its own resources. Further, the buoyancy of revenue expenditure to revenue receipts has also increased over the last year, indicating the need to improve its own resources.

1.3.3 State's own resources

As the State's share in Central taxes and grants-in-aid from GoI are determined on the basis of recommendations of the Central Finance Commission, collection of central tax receipts, central assistance for plan schemes *etc.*, the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from tax and non-tax sources. The gross collection of major taxes and duties, expenditure incurred on their collection and percentage of such expenditure to the gross collection during 2014-19 along with the respective all-India average are presented in **Appendix 1.6**.

The State's actual tax and non-tax revenue for the year 2018-19 *vis-à-vis* assessments made by 14th FC and MTFPS (July 2019) are presented in **Table 1.8** below.

Table 1.8: Projections and actual of tax and non-tax revenue for 2018-19

(₹ in crore)

	14 th FC projections ¹⁴	MTFPS / Budget estimates	Revised estimates	Actuals
Tax revenue	1,28,483	88,729	89,900	80,103
Non-tax revenue	16,169	11,705	12,102	13,417

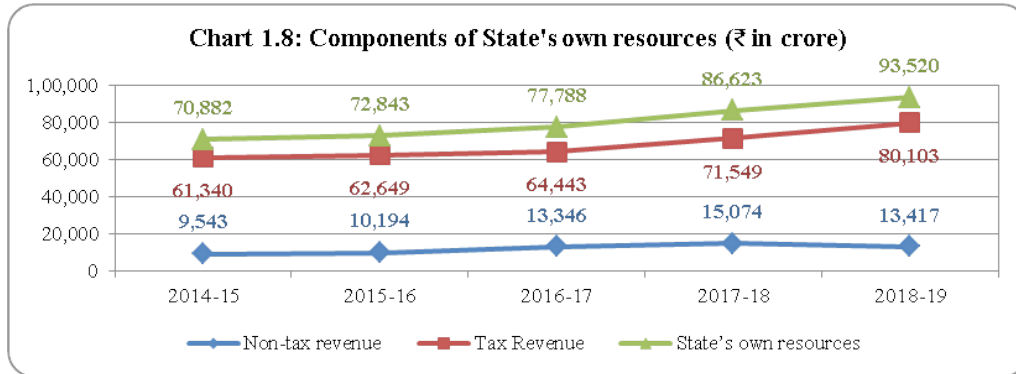
Source: Finance Accounts of the State Government for the year 2018-19 and Budget publication No. 30 of the State

The actual tax revenue of the State in 2018-19 stood significantly lower than the projections made in the 14th FC, MTFPS/budget estimates and revised estimates. The actual tax revenue was lower than budget estimates mainly due to less collection of SGST (₹ 7,861 crore), Stamps and registration fees, (₹ 599 crore) and taxes on duties on electricity (₹ 782 crore). Actual non-tax revenue was

14 These projections were made by the 14th FC in Pre-GST regime.

lower than the 14th FC projections but higher than the MTFPS/ budget estimates and revised estimates.

The components of State's own resources during the period 2014-19 are presented in **Chart 1.8**.



1.3.3.1 Tax revenue

The main components of State's tax revenue during 2014-19 are shown in **Table 1.9**.

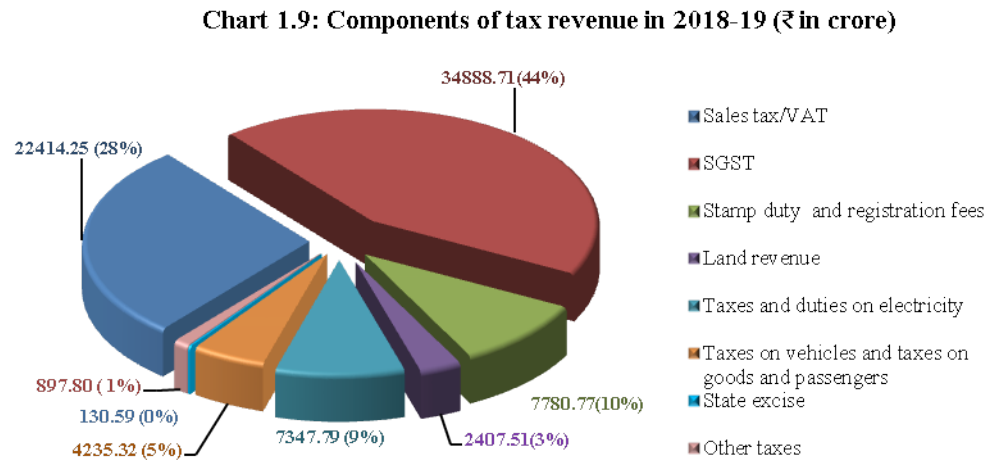
Table 1.9: Main components of State's tax revenue

(₹ in crore)						
Revenue Head	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage change over previous year
Sales tax/VAT	44,145.26	44,091.05	46,313.78	29,638.88	22,414.25	(-) 24.38
Entertainment Tax and Luxury Tax	185.06	195.63	223.57	85.41	3.32	(-) 96.11
SGST	-	-	-	21,250.85	34,888.71	64.18
State excise	140.27	123.32	151.53	84.75	130.59	54.09
Stamp duty and registration fees	5,503.34	5,549.42	5,782.93	7,254.75	7,780.77	7.25
Land revenue	1,892.65	2,528.50	1,998.52	1,859.04	2,407.51	29.50
Taxes and duties on electricity	5,877.65	5,999.66	5,833.10	6,484.29	7,347.79	13.32
Taxes on vehicles and taxes on goods and passengers	2,905.44	3,273.17	3,279.35	4,016.72	4,235.33	5.44
Other taxes	690.14	888.66	859.93	874.72	894.47	2.26
Tax Revenue	61,339.81	62,649.41	64,442.71	71,549.41	80,102.74	11.95
<i>Tax Revenue as a percentage of GSDP</i>	6.65	6.09	5.59	5.44	5.33	
<i>Tax Revenue as a percentage of RR</i>	66.69	64.27	58.67	58.03	58.90	

Source: Finance Accounts of respective years

The State's tax revenue increased by ₹ 8,553.33 crore (11.95 per cent) in 2018-19 over the previous year. In 2018-19, the tax revenue increased mainly due to increase of ₹ 13,637.86 crore in SGST; ₹ 526.02 crore in stamp duty and registration fees; ₹ 548.47 crore in land revenue and ₹ 863.50 crore in taxes and duties on electricity. However, receipts under Sales tax/VAT decreased during the current year compared to previous year by ₹ 7,224 crore, as these were subsumed under GST.

The components of tax revenue for the year 2018-19 are presented in **Chart 1.9** below.



Figures in parenthesis indicate percentage share in total tax revenue

Chart 1.9 depicts that during 2018-19, State Government collected *72 per cent* of the tax revenue from Sales Tax/VAT and SGST.

1.3.3.2 Non-tax revenue

The main components of State's non-tax revenue during 2014-19 are shown in **Table 1.10**.

Table 1.10: Main components of State's non-tax revenue

(₹ in crore)

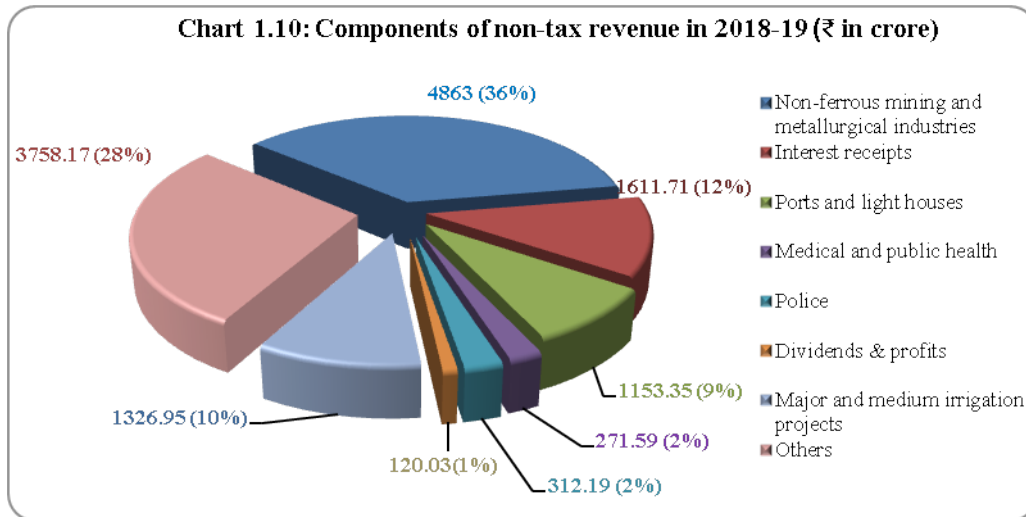
Revenue Head	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage change over previous year
Interest receipts	1,011.47	843.00	2,580.10	1,081.44	1,611.71	49.03
Non-ferrous mining and metallurgical industries	4,285.85	3,350.19	3,746.50	8,988.62	4,863.00	(-45.90)
Major and medium irrigation projects	1,034.91	1,028.42	1,086.10	1,211.52	1,326.95	9.53
Ports and light houses	742.08	922.24	933.49	967.59	1,153.35	19.20
Medical and public health	243.57	171.51	981.98	173.81	271.59	56.26
Police	214.20	219.82	248.88	318.01	312.19	(-1.83)
Dividends & profits	89.54	96.06	110.10	96.29	120.03	24.65
Others	1,920.99	3,562.27	3,658.51	2,236.69	3,758.17	68.02
Non-tax revenue	9,542.61	10,193.51	13,345.66	15,073.97	13,416.99	(-10.99)
<i>Non-tax revenue as a percentage of GSDP</i>	<i>1.04</i>	<i>0.99</i>	<i>1.16</i>	<i>1.15</i>	<i>0.89</i>	
<i>Non-tax revenue as a percentage of RR</i>	<i>10.38</i>	<i>10.46</i>	<i>12.15</i>	<i>12.23</i>	<i>9.87</i>	

Source: Finance Accounts of respective years

During 2014-19, non-tax revenue showed an increasing trend from ₹ 9542.61 crore in 2014-15 to ₹ 15,073.97 crore in 2017-18. Non-tax revenue during 2018-19 decreased by ₹ 1,656.98 crore (10.99 per cent) over the previous year, largely

due to less receipts in Minor Head 102-‘Mineral Concession Fees, Rents and Royalties’ under Major Head 0853-‘Non-Ferrous Mining and Metallurgical Industries’.

The components of non-tax revenue for the year 2018-19 are presented in **Chart 1.10** below.



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

Chart 1.10 depicts that during 2018-19, State Government collected 48 per cent of the tax revenue from non-ferrous mining and metallurgical industries, and interest receipts.

1.3.3.3 Unspent balances of previous years incorrectly credited as Revenue Receipts

As per Paragraph 103 of the Gujarat Budget Manual, 1983, spending Departments should surrender unspent grants/appropriations or portions thereof to the Finance Department (FD) as and when savings are anticipated. These unspent balances should be credited to the concerned revenue expenditure Major Heads as reduction in expenditure. The FD vide circular of October 2016 directed all Public Sector Enterprises to park funds with Gujarat State Financial Services Limited (GSFS¹⁵) which were not required either immediately or within 10 days of the receipt of funds.

During test-check of Utilisation Certificates/*Challans* of Revenue Department and Health and Family Welfare Department, it was observed that unspent balances of revenue/capital expenditure of previous years (2008-09 to 2018-19) totalling ₹ 933.61 crore had either been held by these two Departments or parked with GSFS for years and subsequently deposited as revenue receipts into the Government Account. This affected the correct depiction of revenue receipts of those years to that extent.

¹⁵ GSFS is a wholly owned subsidiary of Government of Gujarat in which the Government has 100 per cent holding and is registered with Reserve Bank of India as a Non-Banking Finance Company.

1.3.3.4 Repayment of loans & advances incorrectly credited as Revenue Receipts

Asian Development Bank granted loan of ₹ 412.17 crore to Gujarat Energy Transmission Corporation Limited (GETCO) during the period 2012-18. Repayment of loan was to be booked under the Head Loans and Advances (MH – 6801). However, it was wrongly booked under Receipt Head (MH 0810-800) by ₹ 9.97 crore in 2016-17; ₹ 20.70 crore in 2017-18; and ₹ 22.95 crore in 2018-19. This overstated the revenue receipts and consequently the revenue surplus to that extent during the years 2016-17, 2017-18 and 2018-19.

1.3.4 Central tax transfers

The main components of central tax transfers during 2014-19 are shown in Table 1.11

Table 1.11: Components of central tax transfers

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage change over previous year
Direct Taxes						
Corporation Tax	3,595.53	4,928.55	6,027.35	6,361.23	8,167.69	28.40
Taxes on income other than Corporation Tax	2,567.54	3,423.89	4,189.02	5,371.41	6,015.16	11.98
Taxes on Wealth	9.70	1.19	13.80	0	2.99	-
Sub-total	6,172.77	8,353.63	10,230.17	11,732.64	14,185.84	20.91
Indirect Taxes						
Central Goods and Services Tax	GST was implemented with effect from 01 July 2017			291.72	5,796.85	1,887.13
Integrated Goods and Services Tax				2,097.04 ¹⁶	462.60	-77.94
Customs	1,665.21	2,505.81	2,592.73	2,096.40	1,664.82	-20.59
Union Excise	940.29	2,087.30	2,960.67	2,191.29	1,106.37	-49.51
Service Tax	1,517.99	2,732.28	3,051.76	2,373.20	218.18	-90.81
Others	0.09	11.41	0.06	0	54.66	-
Sub-total	4,123.58	7,336.80	8,605.22	9,049.65	9,303.48	2.80
Total	10,296.35	15,690.43	18,835.39	20,782.29	23,489.32	13.03
<i>Total central tax transfers as percentage of revenue receipts</i>	<i>11.19</i>	<i>16.10</i>	<i>17.15</i>	<i>16.86</i>	<i>17.27</i>	

Source: Finance Accounts of respective years

The 14th FC had recommended the States' share of Central taxes¹⁷ to be increased to 42 per cent from 32 per cent as recommended by the 13th FC. Gujarat's share in the net proceeds of Central tax and Service tax was fixed at 3.084 per cent and 3.172 per cent respectively by the 14th FC for the award period 2015-20. The Central tax transfers stood at ₹ 23,489 crore in 2018-19, registering a growth of 13.03 per cent over the previous year. Of the total Central tax transfers, the direct tax transfers (₹ 14,185.84 crore) increased by 20.91 per cent. The indirect tax transfers (₹ 9,303.48 crore), which included the Central Goods and Services Tax

¹⁶ This includes advance apportionment of unsettled IGST on ad hoc basis (₹ 1,062 crore).

¹⁷ The CGST was introduced after the 14th FC recommendations and therefore, indicate no specific rates.

(CGST) and the Integrated Goods and Services Tax (IGST) components received under the GST regime, rose by 2.80 *per cent* over the previous year.

1.3.5 Grants-in-aid from Government of India

The components of grants-in-aid received from GoI during 2014-19 are shown in Table 1.12.

Table 1.12: Main components of grants-in-aid received from GoI

(₹ in crore)

Particulars ¹⁸	2014-15	2015-16	2016-17	2017-18	2018-19
Non Plan Grants	2,668.94	2,179.280	3,192.93	0.00	0.00
Grants for State/Union Territory Plan Schemes	7,341.11	6,064.11	8,505.95	0.00	0.00
Grants for Central Plan Schemes	104.78	104.28	53.41	0.00	0.00
Grants for Centrally Sponsored plan schemes	684.18	601.55	1,465.76	0.00	0.00
Centrally Sponsored Schemes	0.00	0.00	0.00	8,942.08	8,784.58
Finance Commission grants	0.00	0.00	0.00	3,166.85	3,313.36
Other grants (including compensation)	0.00	0.00	0.00	3,776.67	6,894.54
Total	10,799.01	8,949.22	13,218.05	15,885.60	18,992.48
Percentage increase over previous year	56.89	(-17.13)	47.70	20.18	19.56
Total grants-in-aid as percentage of revenue receipts	11.74	9.18	12.03	12.88	13.96

Source: Finance Accounts of respective years

The grants-in-aid from GoI increased from ₹ 10,799 crore in 2014-15 to ₹ 18,993 crore in 2018-19, except for a decrease in 2015-16. The plan and non-plan classification in annual accounts was abolished from financial year 2017-18 and the grants-in-aid from GoI were given in the form of Centrally Sponsored Schemes, Finance Commission grants and other grants. The grants-in-aid from GoI in 2018-19 increased by ₹ 3,107 crore (19.56 *per cent*) over the previous year. The increase was mainly due to increase in GST compensation by ₹ 2,462 crore and Central Road Fund by ₹ 457 crore.

1.3.5.1 GST compensation

Gujarat implemented GST with effect from 01 July 2017. GST is levied on *intra-State* supply of goods or services (except alcohol for human consumption and five specified petroleum products¹⁹) and its components are shared by the Centre (CGST) and the State (SGST). Further, IGST is levied and collected by the Central Government on *inter-State* supply of goods and services. The IGST so collected is apportioned between the Centre and the concerned State where the goods and services are consumed.

The GoI enacted the Goods and Services Tax (Compensation to States) Act, 2017 to compensate the States on account of loss of revenue which may arise due to implementation of the GST for a period of five years. The compensation

¹⁸ The Controller General of Accounts has revised classification of grants-in-aid with effect from 01 April 2017

¹⁹ Five petroleum products are: Crude, High speed diesel, Petrol, Aviation turbine fuel and Natural gas

was to be given by considering the base figure of revenue of a State for the year 2015-16, escalated by 14 *per cent per annum* for the next five years commencing from 01 July 2017.

For the State of Gujarat, the audited base year (2015-16) revenue to be subsumed²⁰ by the GST regime was fixed by GoI at ₹ 28,856.39 crore. Thus, the protected revenue for Gujarat worked out to ₹ 42,752.01 crore²¹ for the period 2018-19.

Against the protected revenue of ₹ 42,752.01 crore, the State Government earned a revenue of ₹ 35,440.54 crore (SGST: ₹ 34,888.71 crore + subsumed VAT: ₹ 551.83 crore) during 2018-19 and therefore, entitled to a compensation of ₹ 7,311.47 crore.

The State Government received ₹ 6,149 crore as compensation till March 2019, which included ₹ 590 crore relating to the previous year. Therefore, the deficit in compensation stood at ₹ 1,752.47 crore²². Of the deficit of ₹ 1,752.47 crore, State Government received ₹ 1,668 crore in May 2019 from GoI, leaving a net deficit of ₹ 84.47 crore for 2018-19 (December 2019).

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfill the CAG's Constitutional mandate of certifying the Accounts. The required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions has come in the way of comprehensively auditing the GST receipts. The accounts for the year 2018-19 are, therefore, certified on the basis of test audit, as was done when records were manually maintained, as a one-time exception.

1.3.5.2 Growth of revenue receipts in post-GST regime

Table 1.13 shows a comparison of revenue realised by State Government prior to GST regime and post-GST regime.

Table 1.13: Revenue realised by the State in pre-GST regime and post-GST regime

(₹ in crore)

Receipts	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	CAGR during 2010-17 (in per cent)	2017-18	2018-19	CAGR during 2017-19 (in per cent)
Sales Tax/VAT including Entertainment Tax and Luxury Tax	18,310	25,029	31,365	39,693	41,244	44,423	44,357	46,625	14.29	29,724	22,418	-
SGST including IGST	-	-	-	-	-	-	-	-	-	23,348	35,351	-
Sub-total	18,310	25,029	31,365	39,693	41,244	44,423	44,357	46,625	14.29	53,072	57,769	11.31
GST compensation	-	-	-	-	-	-	-	-	-	3,687	6,149	-
Total	18,310	25,029	31,365	39,693	41,244	44,423	44,357	46,625	14.29	56,759	63,918	17.09

Source: Finance Accounts of respective years

20 Taxes that have been subsumed under GST are: Value Added Tax, Central Sales Tax, Entertainment Tax, Luxury Tax, Entry tax, Cesses & Surcharges, Duties on Excise on medicinal and toilet preparations excluding VAT and CST on alcohol for human consumption and five specified petroleum products.

21 Base year revenue of ₹ 28,856.39 crore escalated at compound rate of 14 *per cent* annually for three years (2016-17, 2017-18 and 2018-19) worked out to ₹ 42,752.01 crore for 2018-19.

22 ₹ 7,311.47 crore – (₹ 6,149 crore – ₹ 590 crore)

It may be seen that rate of growth of revenue during post-GST regime (2017-19) decreased to 11.31 *per cent* as compared to growth rate of 14.29 *per cent* during pre-GST regime (2009-17). However, with GST compensation, the rate of growth of revenue increased to 17.09 *per cent* during 2017-19.

1.3.6 Funds transferred by the Central Government to implementing agencies in the State

Central Government had been transferring a sizeable quantum of funds directly to the State implementing agencies²³ for implementation of various Schemes/programmes in the social and economic sector. As these funds were not routed through the State budget/State treasury system, the Annual Finance Accounts did not capture these funds flow and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

With effect from 01 April 2014, GoI decided to release all assistance for Centrally Sponsored Schemes/Additional Central Assistance directly to the State Governments and not to the implementing agencies. In Gujarat, however, Central funds were continued to be transferred directly to the State implementing agencies even during 2018-19 (Appendix VI of the Finance Accounts).

During 2018-19, GoI released ₹ 10,026.44 crore directly to implementing agencies, of which, ₹ 5,555.05 crore was released to 'State Government Implementing Agencies' and ₹ 4,471.39 crore to 'Other than State Government Implementing Agencies'. The Schemes involving major transfers of Central funds directly to State Implementing Agencies were Metro-link Express for Gandhinagar and Ahmedabad (₹ 1,687 crore), Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 772.33 crore), *Pradhan Mantri Kisan Samman Nidhi* (₹ 549.68 crore), National Dairy Plan (₹ 324.91 crore), Member of Parliament Local Area Development Scheme (₹ 227.50 crore) and *Pradhan Mantri Matru Vandana Yojana* (₹ 52.31 crore).

1.3.7 Grants awarded by the 14th Finance Commission

The 14th FC had recommended transfers of funds only in respect of three types of grants-in-aid to States *viz.*, local Government, disaster management and post-devolution revenue deficit. During 2018-19, the State received two types of grants from GoI *i.e.* grants for local Government and disaster management amounting to ₹ 3,475.41 crore, against ₹ 4,015.95 crore of the awarded amount. Being a revenue surplus State, the State Government was not eligible for post-devolution revenue deficit grants. The details of amounts awarded and received during 2018-19 are shown in **Table 1.14**.

²³ See Glossary; Appendix 4.1

Table 1.14: Details of amounts awarded and received during 2018-19

(₹ in crore)

Sr.No.	Transfers	Amount awarded	Amount received
1.	Local Government grants		
	General Basic grants to Panchayati Raj Institutions	1,725.36	1,725.36
	General Performance grants to Panchayati Raj Institutions	217.60	0.00
	General Basic grants to Urban Local Bodies	1,138.05	1,138.05
	General Performance grants to Urban Local Bodies	322.94	0.00
2	State Disaster Response Fund	612.00	612.00
	Total	4,015.95	3,475.41

Source: Finance Department of Government of Gujarat

Panchayats, Rural Housing and Rural Development Department (PRHRDD) and Urban Development and Urban Housing Department (UDUHD) informed Audit (January 2020) that they had fulfilled the required criteria for claim of General Performance Grant and submitted the details to the concerned Ministries in March 2019. However, the grant had not been received as of December 2019.

1.4 Capital Receipts

Trends in growth and composition of capital receipts of the State are given in the Table 1.15.

Table 1.15: Trends in growth and composition of capital receipts

(₹ in crore)

Sources of Capital receipts	2009-10	2014-15	2015-16	2016-17	2017-18	2018-19
Capital receipts (CR)	14,532	20,316	23,611	28,074	27,299	43,362
Public debt receipts	14,245	19,454	23,486	27,668	26,953	43,146
Non-debt capital receipts	287	862	125	406	346	216
Consisting of						
a) Miscellaneous capital receipts	136	241	0	240	0	65
b) Recovery of loans and advances	151	621	125	166	346	151
Growth of GSDP over previous year (in per cent)	17.22	14.13	11.63	12.08	13.99	14.21
Growth of public debt receipts over previous year (in per cent)	38.21	0.57	20.73	17.81	(-)-2.58	60.08

Source: Finance Accounts of respective years

Capital Receipts of the State increased from ₹ 20,316 crore in 2014-15 to ₹ 43,362 crore in 2018-19. The share of public debt receipts to capital receipts stood at 99.50 per cent in 2018-19. During 2018-19, capital receipts increased by 58.84 per cent over the previous year primarily due to increase of 60.08 per cent in public debt receipts.

The trends in the public debt receipts during the last 10 years are shown in **Table 1.16**.

Table1.16: Trends in public debt receipts during last 10 years

(₹ in crore)

Components	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Market borrowings	9,000	11,500	16,500	15,546	15,493	14,920	16,260	24,720	24,000	36,970
National Small Saving Fund (NSSF)	4,168	4,136	67	1,659	1,912	2,774	4,269	0 ²⁴	0	0
Loans from other financial institutions	991	886	780	1,700	1,777	1,437	2,704	2,757	2,863	3,980
Total internal debt	14,159	16,522	17,347	18,905	19,182	19,131	23,233	27,477	26,863	40,950
Loans and advances from GoI	86	159	188	592	161	323	253	191	90	2,196
Total public debt receipts	14,245	16,681	17,535	19,497	19,343	19,454	23,486	27,668	26,953	43,146
Public Debt to GSDP Ratio (in per cent)	3.30	3.20	2.85	2.69	2.40	2.11	2.28	2.40	2.05	2.87

Source: Finance Accounts of respective years

Internal debt receipts increased continuously during 2009-19 except for decrease during 2014-15 and 2017-18, with an overall increase of 189.21 *per cent* during 2009-19. Loans and advances from GoI fluctuated widely during 2009-19 and were highest at ₹ 2,196 crore in 2018-19. These loans of ₹ 2,196 crore had been received for externally aided projects namely, Gujarat Rural Road Project (₹ 1,213 crore), Green Energy Corridors – Intra State Transmission System in Gujarat (₹ 99 crore), Gujarat Investment Promotion Programme (₹ 733 crore) and Gujarat State Highway Project (₹ 151 crore). The ratio of public debt to GSDP was below three *per cent* since 2011-12.

1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution of India and are not subject to vote by the State legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. These balances (net of receipts and disbursements) in respect of various heads in Public Account are shown in **Table 1.17**.

²⁴ The 14th FC recommended that State Government be excluded from the investment operation of the NSSF. The NSSF loans come at an extra cost to the State Governments as compared to the Market loans, which were available at considerably lower rates. The Union Cabinet accepted this recommendation in January 2017 with retrospective effect from 01 April 2016.

Table 1.17: Public account receipts (Net)

(₹ in crore)

Resources under various heads	2014-15	2015-16	2016-17	2017-18	2018-19
Small savings, provident funds <i>etc.</i>	502	478	533	340	208
Reserve funds	5,568	(-)295	1,416	(-)748	571
Deposits and advances	3,107	2,476	2,270	1,096	2,002
Suspense and miscellaneous	843	256	(-)1,579	498	(-)727
Remittances	59	281	(-)69	208	(-)332
Total	10,079	3,196	2,571	1,394	1,722

Source: Finance Accounts of respective years

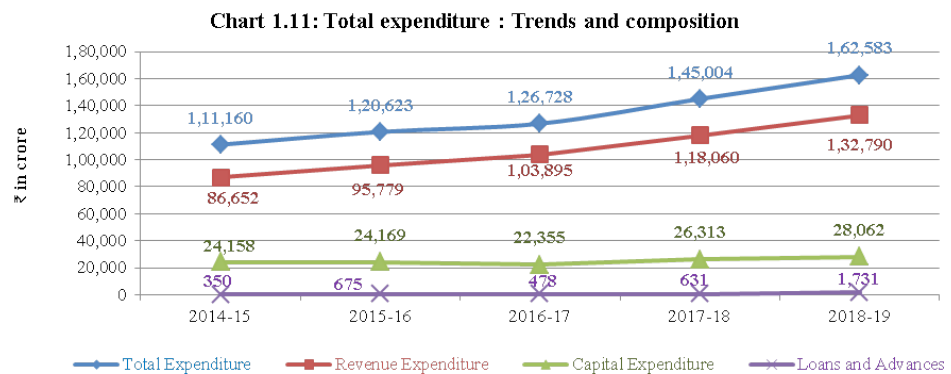
The net public account receipts decreased continuously during 2014-18 but it increased in 2018-19 by ₹ 328 crore. The net public account receipts available for use to the State Government during 2018-19 stood at ₹ 1,722 crore.

1.6 Application of Resources

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

1.6.1 Total expenditure

Chart 1.11 presents the trends and composition of total expenditure²⁵ over a period of five years (2014-19).



As may be seen from the chart above that revenue expenditure was a major component of total expenditure during 2014-19 and stood at 81.68 per cent during

25 Comprising revenue expenditure, capital expenditure and disbursement of loans and advances

2018-19. State funded revenue expenditure²⁶ accounted for 88.43 *per cent* of the revenue expenditure (**Appendix 1.3 refers**).

Trends in total expenditure in terms of activities namely, general services, social services, economic services, grants-in-aid and loans and advances during 2014-19 are shown in **Table 1.18**.

Table 1.18: Trends in total expenditure in terms of activities

(Share in *per cent*)

Activities	2014-15	2015-16	2016-17	2017-18	2018-19
General services	27.79	27.93	28.74	29.15	29.79
Social services	39.49	40.24	40.35	38.51	37.51
Economic services	31.92	30.81	30.20	31.57	31.41
Loans and advances	0.32	0.56	0.38	0.44	1.06
Grants-in-aid	0.48	0.46	0.33	0.33	0.23

Source: Finance Accounts of respective years

The movement of the relative share of general, social and economic services exhibited stability during 2014-19, with marginal inter-year variations. The share of social services decreased by 1.98 *per cent* while that of general services increased by two *per cent* over the last five years.

1.6.2 Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services. The overall revenue expenditure, its growth over previous years and its percentage to GSDP and revenue receipts are indicated in **Table 1.19**.

Table 1.19: Trends of revenue expenditure

	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue expenditure (RE) (₹ in crore)	86,652	95,779	1,03,895	1,18,060	1,32,790
Growth of RE over previous year (in <i>per cent</i>)	15.14	10.53	8.47	13.63	12.48
RE/TE (in <i>per cent</i>)	77.95	79.40	81.98	81.42	81.68
RE/GSDP (in <i>per cent</i>)	9.40	9.31	9.01	8.98	8.84
RE/RR (in <i>per cent</i>)	94.21	98.25	94.59	95.76	97.64

Source: Finance Accounts of respective years

Revenue expenditure increased continuously from ₹ 86,652 crore in 2014-15 to ₹ 1,32,790 crore in 2018-19 and grew by ₹ 14,730 crore (12.48 *per cent*) during 2018-19 over the previous year. The increase in revenue expenditure in 2018-19 over the previous year was mainly due to more expenditure on pension and other retirement benefits by ₹ 4,316 crore, General Education by

²⁶ Excludes expenditure met from Central Assistance

₹ 2,476 crore, Interest Payments by ₹ 1,229 crore, Power by ₹ 1,571 crore and Industries by ₹ 1,206 crore.

The rate of growth of revenue expenditure fluctuated widely with a low of 8.47 *per cent* in 2016-17 to a high of 15.14 *per cent* in 2014-15. Revenue expenditure as a percentage of GSDP decreased over the period 2014-19 and stood lowest during 2018-19. Average revenue expenditure as a percentage of revenue receipts during last five years was 96 *per cent*.

1.6.3 Capital expenditure

Capital expenditure is the money spent on the acquisition of assets like land, buildings, machinery, equipment, as well as investment in shares. The overall capital expenditure, its growth over previous year and its percentage to GSDP are indicated in **Table 1.20**.

Table 1.20: Trends of capital expenditure

	2014-15	2015-16	2016-17	2017-18	2018-19
Capital Expenditure (CE) (₹ in crore)	24,158	24,169	22,355	26,313	28,062
Growth of CE over previous year (in <i>per cent</i>)	6.53	0.05	(-)7.51	17.71	6.65
CE/TE (in <i>per cent</i>)	21.73	20.04	17.64	18.15	17.26
CE/GSDP (in <i>per cent</i>)	2.62	2.35	1.94	2.00	1.87

Source: Finance Accounts of respective years

Capital expenditure continuously increased from ₹ 24,158 crore in 2014-15 to ₹ 28,062 crore in 2018-19, except for a decrease in 2016-17.

Increase in capital expenditure by ₹ 1,749 crore during 2018-19 over the previous year was mainly on account of increase in expenditure on Medium Irrigation by ₹ 2,314 crore, Medical and Public Health by ₹ 523 crore, Minor Irrigation by ₹ 269 crore and Water Supply and Sanitation by ₹ 133 crore, offset by decrease in expenditure on Major Irrigation by ₹ 1,319 crore, Road Transport by ₹ 359 crore, Police by ₹ 161 crore and Urban Development by ₹ 149 crore.

An amount of ₹ 6,689.97 crore (23.84 *per cent*) of the total capital expenditure was invested by the State Government in PSUs/ Co-operatives during the year. Further, an amount of ₹ 3,800.66 crore was invested in three loss making active SPSUs. Of which ₹ 3,585.17 crore was invested in Sardar Sarovar Narmada Nigam Limited (SSNNL), and ₹ 214.49 crore in Gujarat State Road Transport Corporation (GSRTC), which had accumulated losses of ₹ 3,636.72 crore, and ₹ 3,410.80 crore respectively. The net worth of GSRTC had eroded and was ₹ (-)774.89 crore. SSNNL and GSRTC are booking losses since 2014-15.

The percentage share of capital expenditure to total expenditure decreased from 18.15 per cent in 2017-18 to 17.26 per cent in 2018-19. During 2018-19, capital expenditure (₹ 28,062 crore) accounted for 65 per cent of the total public debt receipts (₹ 43,146 crore).

Recommendation: *As the chance of earning return on investment made in Companies incurring losses, and where their accumulated losses have resulted in erosion of the net-worth, is remote, the State Government may consider making future payments to these Companies in the form of Grants instead of Share Capital, so as to reduce the disparity in investment vis-à-vis return.*

1.6.4 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.21** present the trends in the expenditure on these components during 2014-19.

Table1.21: Components of committed expenditure

(₹ in crore)					
Components of committed expenditure	2014-15	2015-16	2016-17	2017-18	2018-19
Salaries	7,533 (8.19)	7,806 (8.01)	8,722 (7.94)	10,485 (8.50)	11,042 (8.12)
Interest payments	14,946 (16.25)	16,300 (16.72)	17,797 (16.21)	18,954 (15.37)	20,183 (14.84)
Pension	9,185 (9.99)	9,963 (10.22)	11,303 (10.29)	13,979 (11.34)	18,295 (13.45)
Subsidies	9,674 (10.52)	9,045 (9.27)	11,082 (10.09)	13,621 (11.05)	17,269 (12.70)
Total committed expenditure	41,338 (44.94)	43,114 (44.23)	48,904 (44.52)	57,039 (46.26)	66,789 (49.11)
Total revenue receipts	91,978	97,483	1,09,842	1,23,291	1,36,002
Total revenue expenditure	86,652	95,779	1,03,895	1,18,060	1,32,790
<i>Total committed expenditure as a percentage of revenue expenditure</i>	<i>47.71</i>	<i>45.01</i>	<i>47.07</i>	<i>48.31</i>	<i>50.30</i>

Source: Finance Accounts of respective years
 Figures in parenthesis indicate percentage to revenue receipts

As a percentage of revenue expenditure, committed expenditure increased from 47.71 per cent in 2014-15 to 50.30 per cent in 2018-19. As a percentage of revenue receipts, committed expenditure increased from 44.94 per cent in 2014-15 to 49.11 per cent in 2018-19. The component wise break-up of committed expenditure is given below.

1.6.4.1 Salaries

In 2018-19, expenditure on salaries increased by 5.31 per cent over 2017-18,

as compared to an increase of 20.21 *per cent* in 2017-18 over 2016-17. As a percentage of the revenue receipts, expenditure on salaries decreased slightly from 8.19 *per cent* in 2014-15 to 8.12 *per cent* in 2018-19.

1.6.4.2 Interest payments

Interest payments increased from ₹ 14,946 crore in 2014-15 to ₹ 20,183 crore in 2018-19. Interest payments increased by 6.48 *per cent* in 2018-19 over the previous year due to increased interest liability by ₹ 1,194 crore on market loans. During 2018-19, interest payment on market loans stood at 63.21 *per cent* of the total interest payments while interest on special securities issued to National Small Savings Fund accounted for 20.53 *per cent* of the total interest payments. As a percentage of the revenue receipts, expenditure on interest payments decreased from 16.25 *per cent* in 2014-15 to 14.84 *per cent* in 2018-19.

1.6.4.3 Pension payments

There were 4.53 lakh pensioners²⁷ in Gujarat State as of 31 March 2019. Expenditure on pension in 2018-19 (₹ 18,295 crore) increased by 30.87 *per cent* over the previous year (₹ 13,979 crore), mainly on account of payment of superannuation and retirement benefits along with family pensions, gratuities and commuted value of pension. Expenditure on pension in 2018-19 accounted for 13.45 *per cent* of the total revenue receipts of the State.

In its disclosure in compliance of Gujarat Fiscal Responsibility Act, 2005, the State Government estimated (July 2019) the pension payments as a percentage of revenue receipts at 10.66 *per cent*. However, it stood higher at 13.45 *per cent* in 2018-19.

1.6.4.4 Expenditure on subsidies

Expenditure on subsidies increased by 26.78 *per cent* from ₹ 13,621 crore in 2017-18 to ₹ 17,269 crore in 2018-19. The major beneficiary Departments of subsidy during 2018-19 were: Energy and Petrochemicals; Industries and Mines; and Agriculture, Farmer's Welfare and Co-operation.

Energy and Petrochemicals Department received a subsidy of ₹ 7,612.31 crore (44 *per cent*) of which, major portion was ₹ 3,200 crore on account of fuel price and power purchase adjustment charges, ₹ 2,079.05 crore for compensation in agriculture tariff, ₹ 1,100 crore for horse power based tariff to agriculturists.

In Industries and Mines Department, of the total subsidy of ₹ 3,897.97 crore (23 *per cent*), ₹ 1,740.45 crore was given for development of textile industry.

Of ₹ 1,904.82 crore (11 *per cent*) received as subsidy by Agriculture, Farmer's Welfare and Co-operation Department, ₹ 999.98 crore was given as financial assistance to farmers for subvention of interest.

²⁷ As per Fiscal Policy Strategy Statement under Gujarat Fiscal Responsibility Act, 2005 for 2019-20 (July 2019), there were 4.53 lakh pensioners in the State. These are pensioners of Gujarat Government and aided institutions and do not include Social Security Pension.

The Gujarat State Road Transport Corporation was also given a subsidy of ₹ 350 crore to compensate for operations in uneconomic routes, student concessions *etc.*

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

The quantum of assistance provided by way of grants and loans to local bodies and other institutions during the current year relative to previous years is presented in **Table 1.22**.

Table 1.22: Financial assistance to local bodies and other institutions

(₹ in crore)

Financial assistance to institutions	2014-15	2015-16	2016-17	2017-18	2018-19
Panchayati Raj Institutions (PRIs)	17,503.96	22,085.57	16,123.76	19,686.35	19,644.66
Urban Local Bodies	8,289.19	8,479.84	7,336.19	7,790.57	8,746.74
Public Sector Undertakings	59.60	54.93	76.98	74.32	78.73
Autonomous Bodies	2,912.78	3,090.62	4,720.06	5,307.75	6,388.05
Others	11,198.62	10,337.45	19,798.39	21,948.19	24,752.51
Total	39,964.15	44,048.41	48,055.38	54,807.18	59,610.69
<i>Assistance as percentage of revenue expenditure</i>	46.12	45.99	46.25	46.42	44.89

Source: Finance Accounts of respective years

Financial assistance to local bodies and other institutions continuously increased from ₹ 39,964.15 crore in 2014-15 to ₹ 59,610.69 crore in 2018-19. As a percentage of revenue expenditure, it decreased from 46.12 *per cent* in 2014-15 to 44.89 *per cent* in 2018-19.

1.6.6 Building and Other Construction Workers' Welfare Board

The Building and Other Construction Workers' Welfare Cess Act, 1996 and the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 cover every establishment which employs, or had employed on any day of the preceding 12 months, 10 or more building workers in any building or other construction work. The Acts, *inter alia*, provide for constitution of Welfare Boards with the aim of improving the working conditions of workers and to provide financial aid to them, and to augment the resources of the Welfare Boards through the levy and collection of cess on the cost of construction. Accordingly, the State Government formed (December 2004) the Gujarat Building and Other Construction Workers' Board (Board), and, in terms of the Cess Act, levies cess at one *per cent* on cost of construction. As per provisions contained in Rule 5 of the Building and Other Construction Workers' Welfare Cess Rules, 1998, the amount collected as cess shall be transferred to the Board within 30 days of collection.

During 2006-19, State Government levied and collected cess amounting ₹ 2,506.13 crore. Out of this amount, ₹ 1,848.57 crore was transferred to the Board. The State Government failed to transfer ₹ 657.56 crore (₹ 282.52 crore pertaining to 2018-19) to the Board as on 31 March 2019, in violation of Rule 5 of the Building and Other Construction Workers' Welfare Cess Rules, 1998. This led to overstatement of revenue surplus and understatement of fiscal deficit to that extent in 2018-19.

1.7 Quality of Expenditure

Availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. Improvement in quality of expenditure basically involves three aspects, *viz.*, quantum of expenditure, efficiency of expenditure use and its effectiveness.

1.7.1 Comparison of public expenditure

Expenditure responsibilities relating to social sector and economic infrastructure are assigned to the State Governments as these are largely State subjects. Enhancing human development levels require the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority is attached to a particular sector, if the ratio of expenditure under a category to total expenditure is below the respective national average. **Table 1.23** shows the fiscal priority of the State with regard to total expenditure, development expenditure, social sector expenditure, economic services expenditure and capital expenditure *vis-à-vis* General Category States²⁸ (GCS) during 2014-15 and 2018-19.

Table 1.23: Fiscal priority of the State during 2014-15 and 2018-19

Fiscal Priority	Total Expenditure/GSDP	Development Expenditure/Total Expenditure	Social Sector Expenditure/Total Expenditure	Economic Sector Expenditure/Total Expenditure	Capital Expenditure/Total Expenditure	Education/Total Expenditure	Health/Total Expenditure
General Category States' Average (<i>per cent</i>) 2014-15	15.99	68.51	36.15	32.36	14.02	16.54	4.92
Gujarat (<i>per cent</i>) 2014-15	12.06	71.68	39.53	32.15	21.73	15.97	5.73
General Category States' Average (<i>per cent</i>) 2018-19	16.05	67.04	36.59	30.45	14.28	14.99	5.07
Gujarat (<i>per cent</i>) 2018-19	10.83	69.95	38.08	31.87	17.26	15.37	6.14

Source: Finance Accounts of the State Government for the years 2014-15 and 2018-19

Table 1.23 reveals the following:

- The ratio of total expenditure²⁹ to GSDP in Gujarat was lower than GCS average during 2014-15 and 2018-19.

²⁸ See Glossary; Appendix 4.1

²⁹ The total expenditure data is segregated into development and non-development expenditure. All expenditure relating to revenue account, capital outlay and loans and advances is categorised into social services, economic services and general services. Broadly, the expenditure on social and economic services constitutes development expenditure, while expenditure on general services is treated as non-development expenditure.

- Development expenditure³⁰ consists of both economic services expenditure and social services expenditure. Development expenditure as a proportion of total expenditure in Gujarat was higher than GCS average during 2014-15 and 2018-19. The expenditure on social services as a proportion of total expenditure in the State was higher than GCS average during 2014-15 and 2018-19. The expenditure on economic services as a proportion of total expenditure in the State compared to GCS average was lower during 2014-15 but higher during 2018-19. As per Human Development Report brought out by United Nations Development Programme (UNDP) in 2019 (HDR 2019), Human Development Index of India was 0.647 whereas Gujarat stood at 0.672 during 2018.
- The State had a higher ratio of capital expenditure to total expenditure during 2014-15 and 2018-19, as compared to GCS average. However, capital expenditure as a percentage of total expenditure in the State declined from 21.73 *per cent* in 2014-15 to 17.26 *per cent* in 2018-19.
- Gujarat has given adequate priority to health sector in 2014-15 and 2018-19 as compared to GCS average. As per HDR 2019, Health Index of Gujarat at 0.777 was higher than that of India (0.760) in 2018.
- Although the ratio of Education to total expenditure as compared to GCS has improved in 2018-19 over 2014-15, it has reduced from 15.97 during 2014-15 to 15.37 during 2018-19. The State needs to increase outlay on Education. As per HDR 2019, Educational Index of Gujarat at 0.558 was same as that of India in 2018.

1.7.2 Nature of expenditure

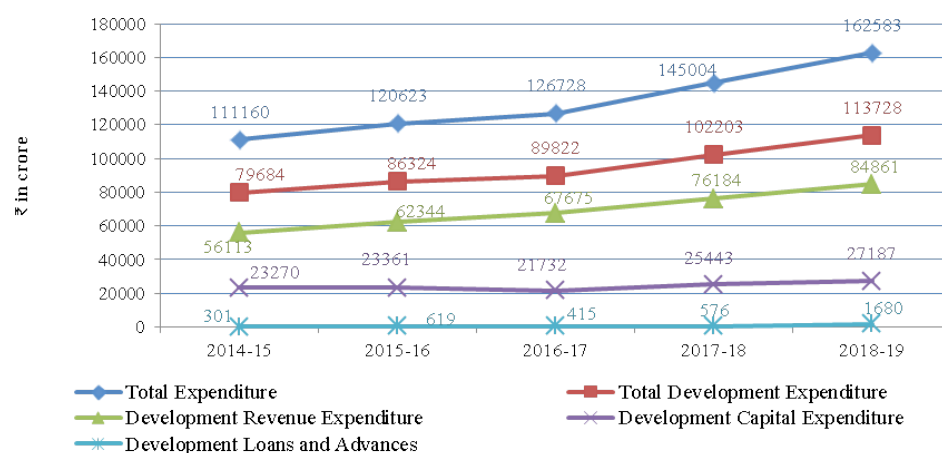
In view of importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods³¹. Apart from improving allocation towards development expenditure, the efficiency of expenditure is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure on operation and maintenance of the existing social and economic services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure.

Chart 1.12 presents the trends in development expenditure relative to the total expenditure during the period 2014-19. **Table 1.24** and **Table 1.25** provide the details of capital expenditure and the components of revenue expenditure under selected social and economic services.

³⁰ Development expenditure includes development revenue expenditure, development capital expenditure and development loans and advances disbursed.

³¹ See Glossary; Appendix 4.1

Chart 1.12: Trends in development expenditure



Total development expenditure increased from ₹ 79,684 crore in 2014-15 to ₹ 1,13,728 crore in 2018-19. As a percentage of the total expenditure, the total development expenditure of the State ranged between 70 and 72 per cent during 2014-19. During 2014-19, development revenue expenditure grew by 51 per cent while the development capital expenditure grew by 17 per cent. The 74.62 per cent of development expenditure in the State in 2018-19 was revenue expenditure.

1.7.2.1 Expenditure on social services

Share of capital expenditure in total expenditure under social services sector increased from 12.14 per cent in 2017-18 to 12.43 per cent in 2018-19 while, the share of salaries in the revenue expenditure increased from 6.10 per cent to 6.77 per cent over the same period. The sector as well as sub-sector wise details for the period 2014-19 are indicated in **Table 1.24**.

Table 1.24: Nature of expenditure under social services

(in per cent)

Sector and sub-sector	Share of capital expenditure in total expenditure in the sub-sector					Share of salaries in revenue expenditure in the sub-sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Education, Sports, Art and Culture	7.48	6.65	5.91	3.56	3.66	3.95	3.76	3.84	3.94	4.21
Health and Family Welfare	30.93	26.61	18.93	18.44	20.60	27.51	24.58	21.50	22.11	21.47
Water Supply, Sanitation, Housing and Urban Development	25.47	19.58	21.46	27.12	25.44	0.52	0.45	0.39	0.39	0.53
Others	11.23	7.39	3.64	3.64	5.40	8.22	6.72	6.12	5.66	8.62
Total (Social Services)	16.37	13.18	12.10	12.14	12.43	6.79	6.13	5.80	6.10	6.77

Source: Finance Accounts of respective years

1.7.2.2 Expenditure on economic services

Share of capital expenditure in total expenditure under economic services sector decreased from 40.42 *per cent* in 2017-18 to 37.61 *per cent* in 2018-19 while, the share of salaries in the revenue expenditure decreased from 4.07 *per cent* to 3.89 *per cent* over the same period. The sector as well as sub-sector wise details for the period 2014-19 are indicated in **Table 1.25**.

Table 1.25: Nature of expenditure under economic services

(in *per cent*)

Sector and sub-sectors	Share of capital expenditure in total expenditure in the sub-sector					Share of salaries in revenue expenditure in the sub-sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Agriculture and Allied Activities	15.98	17.98	13.81	9.56	9.18	12.71	12.11	10.28	7.57	8.04
Irrigation and Flood Control	88.06	89.24	85.63	89.30	90.61	26.36	27.55	21.84	24.22	23.89
Energy	27.42	41.62	34.29	33.15	27.12	0.74	0.92	0.59	0.59	0.58
Transport	39.62	38.62	38.91	44.76	39.86	0.83	0.86	0.76	0.73	0.69
Others	37.68	22.05	19.42	19.05	16.53	3.90	2.54	2.33	2.36	3.98
Total (Economic Services)	45.33	45.02	40.34	40.42	37.61	5.36	5.09	4.46	4.07	3.89

Source: Finance Accounts of respective years

1.8 Financial Analysis of Government Capital Expenditure and Investments

The State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. The State Government also needs to initiate measures to earn adequate returns on its investments, recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies and take requisite steps to infuse transparency in financial operations.

This section presents a broad financial analysis of investments and other capital expenditure undertaken by the State Government during the current year *vis-à-vis* previous years.

1.8.1 Financial results of irrigation projects

At the end of March 2019, ₹ 4,515.66 crore was spent on 34 major and medium irrigation projects³². Revenue realised from these completed irrigation projects during the year was ₹ 278.50 crore, against which, maintenance expenditure was ₹ 132.06 crore, leaving a revenue surplus of ₹ 146.44 crore. When compared with the investments made on these projects, the return was 3.24 *per cent*³³.

The cost recovery position of irrigation projects in the State for the period 2014-19 is depicted in the **Table 1.26**.

³² This excludes expenditure incurred on irrigation projects by Sardar Sarovar Narmada Nigam Limited

³³ (₹ 146.44/₹ 4,515.66)*100 = 3.24%

Table 1.26: Cost recovery in irrigation projects

Year	Revenue expenditure (RE) (MH 2700, 2701, 2702)	Actual revenue receipts(RR) (MH 0700, 0701, 0702)	Cost recovery projections (RR/RE)*100 made by 13 th FC/ 14 th FC	Actual cost recovery (RR/RE)*100	Surplus in cost recovery
1	2	3	4	5	6=(5-4)
	₹ in crore		in per cent		
2014-15	999.95	1,041.76	75	104.18	(+)29.18
2015-16	941.85	1,053.70	35	111.88	(+)76.88
2016-17	1,199.44	1,101.18	35	91.81	(+)56.81
2017-18	1,043.27	1,217.20	35	116.67	(+)81.67
2018-19	1,025.70	1,379.23	35	134.47	(+)99.47

Source: Finance Accounts of respective years and Reports of 13th and 14th FC

As seen from the **Table 1.26**, the State has exceeded the projections made by Finance Commissions for cost recovery in irrigation projects.

1.8.2 Incomplete projects

At the end of March 2019, 118 capital works, each valuing ₹ 10 crore or more and completion date of which was 31 March 2019, were incomplete on which an expenditure of ₹ 2,207.27 crore had been incurred. Department-wise details of incomplete projects are given in **Table 1.27**.

Table 1.27: Department-wise profile of incomplete projects

Department	Number of incomplete projects	Initial budgeted cost	Cumulative expenditure as on 31 March 2019
Roads and Buildings	112	3,848.30	2,147.42
Narmada, Water Resources, Water Supply and Kalpsar	6	153.11	59.85
Total	118	4,001.41	2,207.27

Source: Appendix IX of Finance Accounts of the State Government for the year 2018-19

It may be seen that Roads and Buildings Department incurred an expenditure of 55.80 *per cent* on 112 incomplete projects while, Narmada, Water Resources, Water Supply and Kalpsar Department incurred an expenditure of 39.09 *per cent* on six incomplete projects (with reference to initial budgeted costs).

Recommendation: As delay in completion of projects entail the risk of cost escalation and denial of intended benefits to the beneficiaries, State Government may re-evaluate the cost of all incomplete projects and evolve a mechanism for timely completion of projects.

1.8.3 Investments and returns

Statement No. 19 of Annual Finance Accounts of State Government contains the details of investments made by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. As of 31 March 2019, the State Government invested ₹ 92,804 crore in these companies/corporations/ institutions (**Table 1.28**).

Table 1.28: Returns on investments

Investments>Returns/Cost of Borrowings	2014-15	2015-16	2016-17	2017-18	2018-19
Investments at the end of the year (₹ in crore)	62,929	70,730	77,833	86,114	92,804
Returns/Dividend earned (₹ in crore)	89.54	96.06	110.10	96.30	120.03
Return on Investment (in <i>per cent</i>)	0.14	0.14	0.14	0.11	0.13
Average rate of interest on Government borrowings (in <i>per cent</i>)	7.76	7.69	7.67	7.59	7.44
Difference between average interest rate on Government borrowings and rate of return (in <i>per cent</i>)	7.62	7.55	7.53	7.48	7.31

Source: Finance Accounts of the State Government for the respective years

The **Table 1.28** shows that during 2014-19, State Government's investments increased by ₹ 29,875 crore. During 2018-19, the State Government made an additional investment of ₹ 6,690 crore over the previous year which largely included ₹ 6,449 crore in Government companies and ₹ 239 crore in statutory corporations. Of ₹ 6,449 crore invested in Government companies, ₹ 3,585 crore (56 *per cent*) was invested in *Sardar Sarovar Narmada Nigam Limited* (SSNNL).

The **Table 1.28** also shows that the average return on investments in these companies/corporations/institutions was 0.13 *per cent*³⁴ during 2014-19 while the Government paid an average interest of 7.63 *per cent* on its borrowings during the same period.

Audit cross-checked the investments made in State Public Sector Undertakings (SPSUs) and observed (December 2019) that one SPSU namely, Gujarat Industrial Investment Corporation Limited had allotted equity shares of ₹ 257 crore to Government of Gujarat. But, Finance Accounts 2018-19 showed an investment of only ₹ 219 crore in the company. Finance Department did not furnish any explanation for the differential of ₹ 38 crore.

1.8.3.1 Status of State Public Sector Undertakings

There were 87 SPSUs in the State as on 31 March 2019. Of the 87 SPSUs, 71 were working/active and the remaining 16 SPSUs were non-working/inactive. As per the latest finalised accounts (upto September 2019), of the 71 active

34 It is dividend earned on investments done by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies.

SPSUs, 54 SPSUs earned a profit of ₹ 3,572.22 crore and 15 SPSUs incurred loss of ₹ 2,569.64 crore. The remaining two SPSUs³⁵ reported neither profit nor loss.

Finance Department had issued standing instructions in October 1994 by which all profit-making SPSUs were required to pay dividend to the Government regularly.

During 2018-19, State Government received ₹ 71.68 crore as dividend from five of 54 profit-making SPSUs. The remaining 49 profit-making SPSUs did not declare any dividend. In view of negligible returns (2.01 per cent)³⁶ from profit-making SPSUs, it appeared that instructions issued by Finance Department in October 1994 were not being adhered to by the SPSUs in letter and spirit.

Recommendation: The State Government may consider formulation of a dividend policy for payment of reasonable returns from profit-making State Public Sector Undertakings on the paid up share capital contributed by the State Government.

1.8.3.2 Erosion of Capital in State Public Sector Undertakings due to losses

As per the latest finalised accounts (upto September 2019), investments³⁷ and accumulated losses of 71 active SPSUs was ₹ 1,69,957.91 crore and ₹ 8,975.59 crore respectively. As on 31 March 2019, the aggregate net worth³⁸ of 71 active SPSUs was positive. Further analysis revealed that erosion in net worth occurred in 10 out of 71 active SPSUs. The accumulated losses of these 10 SPSUs were ₹ 22,207.12 crore as against their paid-up capital and free reserves of ₹ 10,285.61 crore.

Investment in 71 active SPSUs increased from ₹ 1,18,060.71 crore in 2014-15 to ₹ 1,69,957.91 crore in 2018-19. Return on Investment ranged between 6.82 per cent and 4.78 per cent during 2014-19. Similarly, total equity of the 71 SPSUs increased from ₹ 60,021.95 crore in 2014-15 to ₹ 1,08,927.41 crore in 2018-19. Return on Equity ranged between 2.56 per cent and 0.88 per cent during 2014-19.

1.8.3.3 Investment in joint stock companies and partnerships

Finance Accounts (Statement No. 19) revealed investment of the State Government to the extent of ₹ 32.56 crore in shares of 28 Other Joint Stock Companies (JSC) and partnerships. The investment in eight of 28 JSC dated prior to the formation of the State of Gujarat (1960). Four of 28 JSC were under liquidation, one had already been dissolved while, shares of one were yet to

35 In case of one SPSU (Gujarat Women Economic Development Corporation Limited), excess of expenditure over income was adjusted against capital reserve and non-plan grants. Whereas, the other SPSU (Gujarat Police Housing Corporation Limited) transferred the excess of expenditure over income to works completed.

36 It is dividend earned from profit-making SPSUs $\{(\text{₹ } 71.68 \text{ crore} / \text{₹ } 3,572.22 \text{ crore}) * 100 = 2.01\}$

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

38 Net worth comprises the sum total of paid-up share capital and free reserve and surplus less accumulated losses and deferred revenue expenditure.

be transferred to the State Government. No dividend was received by the State Government from these 28 JSC during 2018-19.

Audit followed up (December 2019) with the State Government about the existence of these JSC along with the reasons for non-payment of dividend. Finance Department stated (December 2019) that the concerned Administrative Departments have been requested to provide the requisite information. However, no progress was reported by Finance Department as of February 2020.

1.8.3.4 Investment in Public Private Partnership projects

Public Private Partnerships (PPPs) are formed by the Government agencies and bodies usually to promote and develop infrastructure facilities.

As on 31 March 2019, the status of PPP projects in infrastructure sector was as indicated in **Table 1.29**.

Table 1.29: Status of PPP projects in infrastructure sector

(₹ in crore)

Sr. No.	Sector	Projects completed		Projects under implementation	
		No.	Total investment	No.	Expenditure incurred
1.	Roads	19	2,596.06	11	6,137.09
2.	Urban infrastructure	84	1,877.87	64	5,727.81
3.	Water	0	0.00	1	2,000.00
4.	Power	6	11,350.00	1	43.30
5.	Ports	55	51,619.53	16	14,535.95
6.	Aviation	0	0.00	2	0.00
7.	IT, ITES and Biotech	3	5.12	3	255.00
8.	Railways	1	395.00	2	1,262.25
9.	Agriculture	2	23.18	0	0.00
10.	Road Transport	7	923.01	11	750.18
	Total	177	68,789.77	111	30,711.58

Source: Information provided by Gujarat Infrastructure Development Board

Table 1.29 shows that of 288 PPP projects valuing ₹ 99,501 crore in the infrastructure sector in Gujarat, 177 projects valuing ₹ 68,790 crore had been completed by March 2019. Major investments were in Urban Infrastructure sector where 84 projects have been completed and 64 projects were under implementation. Further, under the Ports sector, 55 projects valuing ₹ 51,620 crore have been completed and 16 projects with investment of ₹ 14,536 crore were in progress.

1.8.4 Loans and advances by State Government

Statement 18 of Finance Accounts gives details of loans and advances given by the State Government to various bodies and authorities. **Table 1.30** presents the status of loans and advances disbursed, repayments and interest received *vis-à-vis* interest paid by the State Government on its borrowings during 2014-19.

Table 1.30: Interest receipts and payments on loans and advances

(₹ in crore)

Quantum of loans and advances given/ Interest receipts/ Cost of borrowings	2014-15	2015-16	2016-17	2017-18	2018-19
Opening balance of loans and advances given	7,048	6,777	7,327	7,638	7,923
Loans advanced during the year	350	675	477	631	1,731
Loans repaid during the year	621	125	166	346	151
Closing Balance of loans and advances given	6,777	7,327	7,638	7,923	9,503
Loans for which terms and conditions have not been settled	309	634	373	521	1,296
Net addition during the year	(-271)	550	311	285	1,580
Interest receipts during the year	142	172	117	88	74
Interest receipts as percentage of outstanding loans and advances ³⁹	2.10	2.35	1.53	1.13	0.85
Interest payments	14,946	16,300	17,797	18,954	20,183
Interest payments as percentage of outstanding fiscal liabilities of the State Government	7.39	7.37	7.32	7.39	7.06
Difference between interest receipts and interest payments (in per cent)	(-5.29)	(-5.02)	(-5.79)	(-6.26)	(-6.21)

Source: Finance Accounts of respective years

The table above shows that interest spread on Government borrowings was negative during the period 2014-19, which indicated that State borrowings were more expensive than the loans advanced by it.

The table also shows that the total outstanding loans and advances increased from ₹ 7,923 crore in 2017-18 to ₹ 9,503 crore in 2018-19. Of the total loans advanced during the year (₹ 1,731 crore), ₹ 924 crore was advanced for social services, ₹ 756 crore for economic services and ₹ 51 crore was advanced for Miscellaneous purposes. Loans advanced under social services were used for urban development and welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities. Major portion of the loans advanced under economic services went to power sector (₹ 69 crore) and transport sector (₹ 113 crore).

Further, of the total loans advanced during the year (₹ 1,731 crore), loans amounting ₹ 1,296 crore were disbursed by the Administrative Departments or Finance Department without setting terms and conditions for repayments of loans and rate of interest payable.

1.8.4.1 Finalisation and adherence to terms and conditions of loans

As per Rule 71 of the Gujarat Financial Rules, 1971, an authority competent to sanction a loan shall, while sanctioning a loan, specify terms and conditions of loan including the terms and conditions of repayment of loan and rate of interest in the sanction order. The above provisions were reiterated *vide* Finance

39 Interest Received /[(Opening balance + Closing balance) of Loans and Advances/2]*100

Department circular dated 08 July 2010 by laying down the procedure for finalisation of terms and conditions of the loans granted by State Government to other bodies/authorities.

The circular of 08 July 2010 further required the Administrative Departments to maintain a register of loans so sanctioned, in accordance with Rule 78 of Gujarat Financial Rules, 1971. The circular also envisaged monitoring of repayment of loans and interest recovery by the concerned Administrative Departments. The Administrative Departments were also required to send a return in the prescribed format to the Finance Department regarding the status of outstanding loans at the end of each financial year.

Mention was made in the Reports of the Comptroller and Auditor General of India on State Finances for the year ended 31 March 2017 and 31 March 2018 regarding non-maintenance of register of loans and non-submission of returns by Industries and Mines Department to Finance Department. Audit conducted a follow-up in four⁴⁰ Departments (including Industries and Mines Department) and found no perceptible improvement in the situation.

1.8.4.2 Inoperative loan accounts

Under the following Major Heads (**Table 1.31**), outstanding balances of loans amounting ₹ 833.30 crore disbursed in previous years to various bodies/authorities had remained inoperative⁴¹ for the last 10 years (2009-19).

Table 1.31: Inoperative loan accounts

Major Head		(₹ in crore)
		2009-19
6075	Loans for Miscellaneous General Services	11.51
6202	Loans for Education, Sports, Art and Culture	20.43
6215	Loans for Water Supply and Sanitation	323.73
6404	Loans for Dairy Development	63.00
6702	Loans for Minor Irrigation	25.79
6855	Loans for Fertilizer Industries	12.15
6859	Loans for Telecommunication and Electronics Industries	5.90
6860	Loans for Consumer Industries	358.76
7052	Loans for Shipping	9.41
7452	Loans for Tourism	2.62
Total outstanding balances		833.30

Source: Finance Accounts of the State Government for the years 2009-10 to 2018-19

Repayment of loans under these Major Heads needs to be reviewed and proper steps to write-off these loans, if required, initiated.

Audit observed that due to poor financial condition, Gujarat State Road Transport Corporation (GSRTC) had not been able to pay the passenger tax collected by it to Government Account over the years. The passenger tax was being used

⁴⁰ Energy and Petrochemicals; Finance; Industries and Mines; and Social Justice and Empowerment

⁴¹ Neither principal was repaid nor any interest paid

by GSRTC to meet its expenses. The Administrative Department (Ports and Transport) with the approval of Finance Department treated the passenger tax as loans advanced to GSRTC. However, the relevant sanction orders do not prescribe repayment schedule and rate of interest payable by GSRTC. As on 31 March 2019, GSRTC had an outstanding loan balance of ₹ 3,376 crore, which included ₹ 847.48 crore advanced during 2014-19.

1.8.5 Cash balances and investment of cash balances

Details of cash balances and investment made by the State Government out of cash balances during 2018-19 are shown in Table 1.32.

Table 1.32: Cash balances and investment of cash balances

(₹ in crore)

Cash balances and investment of cash balances	Opening balance on 01/04/2018	Closing balance on 31/03/2019	Increase(+)/ Decrease(-)
(a) General cash balance			
Cash in Treasuries	0.00	0.00	0.00
Deposits with Reserve Bank	(-)359.53	0.12	359.65
Remittances in Transit – Local	4.19	0.00	(-)4.19
Investments held in Cash Balance Investment Account (Treasury Bills)	5,198.09	6,895.90	1,697.81
Total (a)	4,842.75	6,896.02	2,053.27
(b) Other Cash balances and investments			
Cash with Departmental Officers viz. Public Works, Forest, District Collectors etc.	(-)0.21	(-)0.38	(-)0.17
Permanent advances for contingent expenditure with Departmental Officers	0.29	0.29	0.00
Investment of earmarked funds	11,686.39	12,704.60	1,018.04
Total (b)	11,686.47	12,704.51	1,018.04
Total Cash Balances (a)+ (b)	16,529.22	19,600.53	3,071.31
Interest realised⁴²	1,250	1,219	(-)31

Source: Finance Accounts of the State Government for the year 2018-19

The State Government's cash balances of ₹ 19,600.53 crore at the end of the current year showed an increase of ₹ 3,071.31 crore (18.58 per cent) over the previous year. Of the cash balances of ₹ 19,600.53 crore, ₹ 5,198.09 crore was invested in GoI Treasury Bills which earned an interest of ₹ 234 crore during the year. Further, ₹ 11,686.39 crore was invested in earmarked funds which earned an interest of ₹ 985 crore.

Due to adequate cash balance during 2018-19, the State Government did not avail of any Ways and Means Advance from the RBI for maintenance of its minimum cash balance.

42 Interest of ₹ 985 crore and ₹ 694 crore realised during 2018-19 and 2017-18 respectively on Sinking fund Investment (realised along with regular investment) hence, not included under MH 0049 plus interest on Cash Investment ₹ 234 crore and ₹ 554 crore

Further, Major Head '8670 – Cheques and Bills' is an intermediary account head for initial record of transactions which are to be cleared eventually. The outstanding balances under this Major Head represent the amount of un-cashed cheques, which was ₹ 2,489.80 crore as on 31 March 2019.

Hence, the resultant effective cash balance of the State Government as on 31 March 2019 was ₹ 4,406.13 crore⁴³ which was 2.71 *per cent* of the total expenditure of the State Government (₹ 1,62,583 crore) during the year.

1.9 Assets and Liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such liabilities and assets as on 31 March 2019 compared with the corresponding position on 31 March 2018. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of capital outlay and loans and advances given by the State Government and cash balances.

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

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

1.9.2 Fiscal liabilities

The outstanding fiscal liabilities of the State grew at compound annual growth rate of 9.03 *per cent* from ₹ 2,02,313 crore in 2014-15 to ₹ 2,85,844 crore in 2018-19. In 2018-19, the fiscal liabilities grew at 11.50 *per cent* over the previous year. The trends in fiscal liabilities relative to GSDP, revenue receipts and own resources are shown in **Table 1.33**.

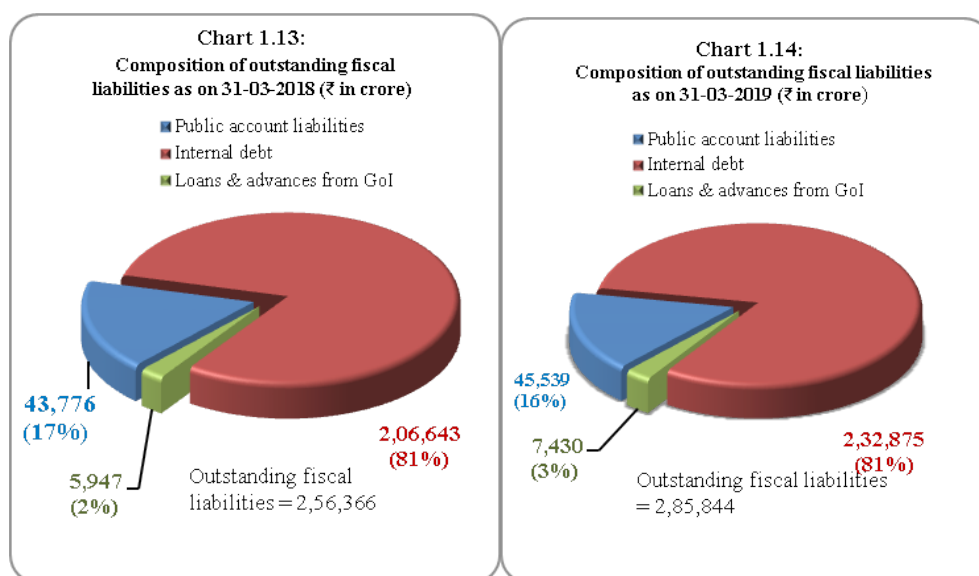
⁴³ Cash balance (₹ 19,600.53 crore) – Investment in earmarked funds (₹ 12,704.60 crore) – Outstanding balance under 'Cheques and bills' (₹ 2,489.80 crore)

Table: 1.33: - Fiscal liabilities – Basic parameters

Fiscal Parameters	2014-15	2015-16	2016-17	2017-18	2018-19
Fiscal liabilities (₹ in crore)	2,02,313	2,21,090	2,43,146	2,56,366	2,85,844
Growth over previous year (in per cent)	10.52	9.28	9.98	5.44	11.50
Ratio of Fiscal liability to					
GSDP (in per cent) [Targets fixed by 14 th FC]	25.97	25.91	25.87	25.83	25.79
GSDP (in per cent) [Actuals]	21.95	21.49	21.08	19.50	19.04
Revenue receipts as a (in per cent)	220	227	221	208	210
Own resources (in per cent)	285	304	313	296	306

Source: Finance Accounts of respective years

The composition of fiscal liabilities during the current year *vis-à-vis* previous year is as presented in the **Charts 1.13** and **1.14**.



Figures in parenthesis indicate percentage share

Chart 1.14 shows that the outstanding fiscal liabilities of the State Government at the end of financial year 2018-19 comprised internal debt of ₹ 2,32,875 crore (81 per cent), public account of ₹ 45,539 crore (16 per cent) and loans and advances from GoI of ₹ 7,430 crore (three per cent). The internal debt largely composed of market loans (₹ 1,79,324 crore) and special securities issued to NSSF (₹ 39,385 crore).

The fiscal liabilities (₹ 2,85,844 crore) stood at 210 per cent of the revenue receipts (₹ 1,36,002 crore) and more than thrice the State’s own resources (₹ 93,520 crore) at the end of March 2019.

Over a five-year period (2014-19), the ratio of outstanding fiscal liabilities to GSDP reduced from 21.95 per cent in 2014-15 to 19.04 per cent in 2018-19. This was within the target fixed by 14th FC in the fiscal consolidation

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

1.9.3 Transactions under Reserve Funds

There were 15 Reserve funds earmarked for specific purposes during 2018-19 of which, five funds were inoperative⁴⁴ with a balance of ₹ 2.11 crore. The total accumulated balance in these funds as on 31 March 2019 was ₹ 15,503.28 crore of which, ₹ 12,704.26 crore was invested.

1.9.3.1 Consolidated Sinking Fund

The State Government constituted a Consolidated Sinking Fund (CSF) in 2003-04 for amortisation of outstanding liabilities. The RBI, which is responsible for administering the fund, issued guidelines enlarging the scope of CSF for including liabilities (Internal debt + Public Account Liabilities) of the Government from the financial year 2007-08. Further, as per latest guidelines (2017-18) for CSF issued by the State Government, the minimum corpus of the fund should be five *per cent* of State's outstanding liabilities from the year 2018-19 and thereafter to maintain it on rolling basis.

There was short-contribution in the CSF by ₹ 223.50 crore during 2018-19, as the closing balance in the fund was ₹ 12,594.82 crore against the minimum corpus of ₹ 12,818.32 crore. The State Government credited an accrued interest of ₹ 985.05 crore to the fund during 2018-19.

1.9.3.2 State disaster response fund

As per recommendations of 13th FC, the State Government had been operating the State Disaster Response Fund (SDRF) since 2011-12. In terms of GoI guidelines (September 2010), the Central and State Governments were required to contribute to the fund in the ratio of 75:25.

As on 01 April 2018, the fund had an opening balance of ₹ 2,355.12 crore. During 2018-19, the State Government transferred ₹ 518.34 crore (₹ 449.95 crore Central share and ₹ 68.39 crore State share) to the fund. Of the total available balance of ₹ 2,873.46 crore, an expenditure of ₹ 1,368.93 crore⁴⁵ was incurred on natural calamities during the year from the fund balance, leaving ₹ 1,504.53 crore in the fund at end of March 2019. In terms of the GoI guidelines, balances lying in the fund were required to be invested⁴⁶, which was not done. The interest to be credited to the fund on the balances of earlier years had also not been estimated and credited by the State Government.

1.9.3.3 Migration to New Pension Scheme

The State Government introduced the 'Defined Contribution Pension Scheme (National Pension System)' with effect from 01 April 2005. As per the guidelines of the Scheme, the employee contributes 10 *per cent* of his basic pay and

44 Four funds (₹ 2.10 crore) since 1999-2000 and one fund (₹ 0.01 crore) since 2014-15

45 Major Head 2245-05 (Relief on account of natural calamities-SDRF)

46 The accretions to the SDRF are to be invested through RBI in Central Government dated securities; auctioned treasury bills; and interest earning deposits and certificates of deposits with scheduled commercial banks.

dearness allowance every month which is matched by the State Government and the entire amount is transferred to the designated fund manager through National Securities Depository Limited (NSDL)/Trustee Bank. The State Government signed (January 2009) agreements with the NPS trust for fund management of the Scheme and adopted (May 2009) the Central framework for implementation of the Scheme.

The employees' contribution and State share is credited to Public Account⁴⁷ and then transferred to NSDL. During the year 2018-19, the State Government collected ₹ 724.22 crore from the employees as contribution towards NPS and also contributed ₹ 740.47 crore as its share towards the Scheme. Further, against the total collected funds of ₹ 1,497.02 crore (including previous years' balance of ₹ 32.33 crore), the State Government transferred only ₹ 1,481.28 crore to NSDL and did not transfer ₹ 15.74 crore to NSDL for further investment as per provisions of the Scheme. Thus, there was a short-transfer of ₹ 15.74 crore to NSDL during 2018-19. Of the current liability of ₹ 15.74 crore for 2018-19, ₹ 14.28 crore was transferred to NSDL on 09 April 2019. During 2018-19, the State Government paid an interest of ₹ 1.95 crore to the fund manager for late/delayed transfer of funds.

The State Government has been largely prompt in transferring the employer/employees shares in NSDL without undue delay.

Implementation of New Pension System

Since the implementation of NPS in 2005-06, the State Government including Autonomous Bodies (ABs) had been parking the share of employees (who opted for NPS) initially with Gujarat State Financial Services (GSFS). In September 2011, GoI directed that the NPS funds would be managed by NSDL/Trustee Bank. Thereafter, Directorate of Pension and Provident Fund, Gandhinagar (DPPF⁴⁸) transferred all the balances held with GSFS (after matching employer-employees' contribution) to NSDL.

Audit, however, observed that as on 31 March 2019, there was an un-reconciled employer-employees' contribution of ₹ 33.28 crore in respect of ABs, which was being held in GSFS. These balances would be transferred to NSDL only after reconciliation of contributions. The year-wise details are given in **Table 1.34**.

Table 1.34: Contribution to NPS by Employer and Employee

(₹ in crore)

Sl. No	Year	Employee contribution	Employer contribution	Total
1	2008-09	0	0.09	0.09
2	2014-15	1.08	0.39	1.47
3	2015-16	2.23	0.74	2.97
4	2016-17	6.35	2.33	8.68
5	2017-18	5.22	3.09	8.31
6	2018-19	4.81	6.95	11.76
	Total	19.69	13.59	33.28

Source: Directorate of Pension and Provident Fund

47 Major Head 8342-117 (Other Deposits- Defined Contribution Pension Scheme for Government Employees)

48 DPPF is the Administrator of the New Pension Scheme in the State. He is responsible for ensuring transfer of matching contribution of Government to NSDL.

It is pertinent to mention here that to be able to avail of the benefits of NPS, the combined share needs to be transferred to NSDL. However, since the employees' contribution of ₹ 19.69 crore was held in GSFS for want of reconciliation, the beneficiaries have been divested of any pecuniary benefits expected from the Scheme. Incidentally, DPPF does not have software to keep track of the contributions made by the employer and the employees.

On this being pointed out in audit, DPPF stated (September 2019) that pension funds parked with GSFS is on the decline (from ₹ 101.96 crore in 2016-17 to ₹ 33.28 crore in 2018-19).

Deduction of monthly contribution

Permanent Retirement Account Number (PRAN) is a unique identity number issued by NSDL to each beneficiary of NPS. Scrutiny of records of DPPF revealed that out of 1,79,549 PRAN generated by NSDL, in 6,336 cases, no contribution had been received by NSDL up to 31 March 2019. An age-wise analysis of these 6,336 cases is shown in the **Table 1.35**.

Table 1.35: Year-wise PRAN issued against which no contribution transferred to NSDL

Period	Number of cases
2011-12	1
2012-13	1
2013-14	5
2014-15	12
2015-16	41
2016-17	26
2017-18	410
2018-19	5,840
Total	6,336

Source: Directorate of Pension and Provident Fund

Necessary steps need to be taken to weed out the cases that do not reflect any subscriptions for long periods, after verification of complete details.

Non-reconciliation of contributions

Scrutiny of records of DPPF further revealed that there was no mechanism to reconcile the postings (of contributions) made in individual accounts of employees by Head of the Departments with the corresponding records maintained by DPPF. This system was put in place with effect from September 2019.

It was also observed that DPPF had not reconciled the figures of NPS contributions with those appearing in the Finance Accounts 2018-19 prepared by AG (A&E), Rajkot. The details are given in **Table 1.36**.

Table 1.36: Details of NPS Contribution for the year 2018-19

(₹ in crore)

	As per Finance Account	As per DPPF records
Employee contribution	724.21	724.17
Employer contribution	740.47	740.49
Amount transferred to NSDL	1,481.28	1,481.19
Amount yet to be transferred (leaving balance)	15.74	20.45

Source: Directorate of Pension and Provident Fund

Recommendation: *The State Government needs to ensure that the entire contribution (made by the employees and the Government/ABs) is transferred to NSDL in a timely manner so as to avoid interest liability on the State exchequer as well as to provide an assurance to the pensioners about the returns on their investment.*

1.9.4 Ujwal DISCOM Assurance Yojana

Ujwal DISCOM Assurance Yojana (UDAY) was launched by the GoI in November 2015 for operational and financial turnaround of State-owned power distribution companies (DISCOMs). UDAY envisaged signing of an agreement between State Governments, DISCOMs and GoI for stipulating the respective responsibilities of the parties for achieving operational and financial milestones as described in the Scheme, after which, the State Governments were to take over 75 per cent of outstanding debts of DISCOMs as on 30 September 2015 over two years i.e. 50 per cent in 2016-17 and 25 per cent in 2017-18.

Government of Gujarat entered (February 2016) into a tripartite Memorandum of Understanding with four State-owned DISCOMs and GoI, but without the component of financial turnaround and financing of future losses and working capital, as all the four DISCOMs had already achieved financial turnaround in 2005-06. In view of this, no financial assistance had been provided by the State Government to the State DISCOMs during 2018-19 under UDAY Scheme.

1.9.5 Contingent liabilities

1.9.5.1 Status of guarantees

Guarantees are liabilities having encumbrance on the Consolidated Fund of the State in cases of defaults by borrowers for whom guarantees have been extended by the State Government. Statement No. 20 of the Finance Accounts gives details of guarantees given by the State Government. Details in this compilation are prepared directly from the information furnished by State Government. The maximum amount for which guarantees were given by State Government and outstanding guarantees for the last five years is given in **Table 1.37**.

Table 1.37: Guarantees given by the Government of Gujarat

(₹ in crore)

Guarantees	2014-15	2015-16	2016-17	2017-18	2018-19
Ceiling limit on Government Guarantees under Gujarat State Guarantees Act, 1963	20,000	20,000	20,000	20,000	20,000
Maximum amount guaranteed	11,235	11,333	11,333	11,796	11,796
Outstanding amount of guarantees	5,984	5,236	4,804	4,834	4,699
Percentage of outstanding amount of guarantees to total revenue receipts	6.51	5.37	4.37	3.92	3.46

Source: Finance Accounts of respective years

The Gujarat Fiscal Responsibility Act, 2005 prescribed capping of outstanding guarantees within the limit of ₹ 20,000 crore as provided for in the Gujarat State Guarantees Act, 1963. During 2018-19, State Government extended guarantees amounting ₹ 40.12 crore. Of the total outstanding guarantees of ₹ 4,699 crore, 30 per cent (₹ 1,409 crore) were in respect of *Sardar Sarovar Narmada Nigam Limited* and 14 per cent (₹ 650 crore) were in respect of *Gujarat Water Infrastructure Limited*. The outstanding guarantees (₹ 4,699 crore) accounted for 3.46 per cent of the total revenue receipts of the State Government (₹ 1,36,002 crore) and were well within the limit prescribed under the Gujarat Fiscal Responsibility Act, 2005.

The 12th FC recommended setting up of a Guarantee Redemption Fund (GRF) to meet the contingent liabilities arising from the guarantees given by State Government. Consequently, the State Government set up GRF in February 2006. In terms of guidelines of the RBI, which administers the fund, the corpus of the fund was to be gradually increased to the desired level of five per cent of outstanding guarantees. Against the minimum requirement of ₹ 234.93 crore (five per cent of ₹ 4,699 crore), the balance in the fund was ₹ 699.63 crore as on 31 March 2019. During 2018-19, the State Government credited the accrued interest of ₹ 33.17 crore to the fund.

During 2018-19, State Government received ₹ 1.60 crore as guarantee fees from State level bodies, against the budget estimates of ₹ 14 crore. Further, no amount was paid by the State Government on account of invocation of guarantees during 2018-19.

Finance Accounts 2018-19 (Statement No. 20) showed outstanding guarantees of ₹ 126 crore against *Gujarat Industrial Investment Corporation Limited*. Upon verification from the Administrative Department (Industries and Mines), Audit observed that there was no outstanding guarantees against the Company. This showed that the outstanding guarantees have not been reconciled by the Administrative Department with AG (A&E), Rajkot.

1.10 Debt Management

1.10.1 Debt sustainability

Debt sustainability⁴⁹ implies the State's ability to service debts. Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability of the State. Analysis of various debt sustainability indicators of the State during the last five years from 2014-15 to 2018-19 is given in **Table 1.38**.

Table 1.38: Debt sustainability: Indicators and trends

	(₹ in crore)				
Indicators of debt sustainability	2014-15	2015-16	2016-17	2017-18	2018-19
Outstanding debt (₹ in crore)	2,02,313	2,21,090	2,43,146	2,56,366	2,85,844
Growth of outstanding debt over previous year (in per cent)	10.52	9.28	9.98	5.44	11.50
Growth of GSDP over previous year	14.13	11.63	12.08	13.99	14.21
Average rate of interest on outstanding debt (in per cent)	7.76	7.69	7.67	7.59	7.44
Interest payment	14,946	16,300	17,797	18,954	20,183
Burden of interest payment in per cent (IP/RR)	16.25	16.72	16.20	15.37	14.84
Total debt repayments during the year	44,636	51,462	50,168	67,938	73,486
Total debt receipts during the year	63,892	70,239	72,224	81,158	1,02,963
Debt Redemption /Debt receipts	0.93	0.96	0.94	1.07	0.91
Net availability of borrowed funds	(+)4,310	(+)2,477	(+)4,259	(-)5,734	(+)9,294

Source: Finance Accounts of respective years

Net availability of borrowed funds

Net availability of borrowed funds is the difference between debt redemption (principal and interest payments) and total debt receipts, indicating the extent to which the debt receipts were used for redemption of old debts. During 2018-19, net availability of borrowed funds for current operations, after providing for principal and interest payment, was ₹ 9,294 crore.

Interest burden

The ratio of interest payments to revenue receipts is one of the indicators that determine the debt sustainability of the State. The ratio of interest payment to revenue receipts during the year 2018-19 was 14.84 per cent. This was more than the ratio projected (13.19 per cent) by 14th FC.

Servicing of Public Debt

Repayment of principal and interest payment on public debt for the period 2014-15 to 2018-19 is depicted in **Table 1.39 and Chart 1.15**.

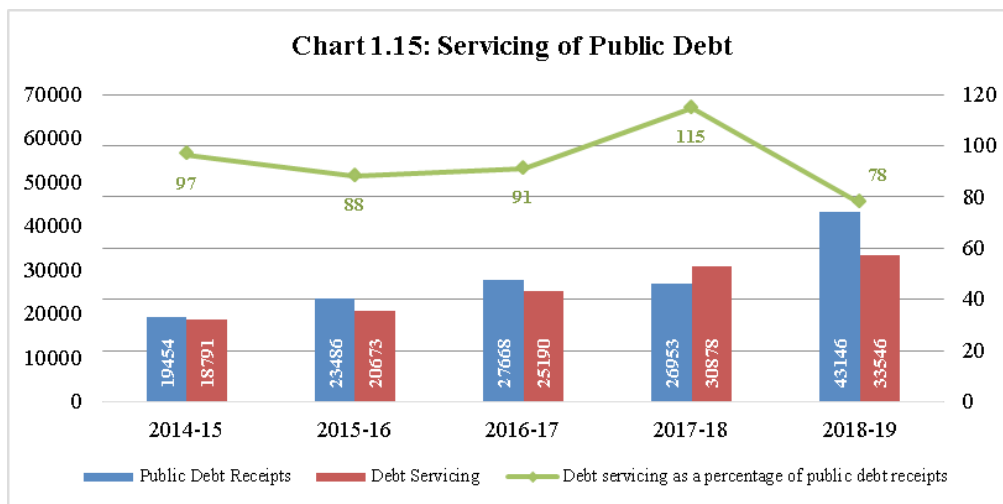
49 See Glossary; Appendix 4.1

Table 1.39: Servicing of Public Debt

(₹ in crore)

Period	Public Debt Receipts			Public Debt Repayments						Debt Servicing			As a percentage of public debt receipts
	Internal Debt	Loans from GoI	Total	Principal			Interest			Principal + Interest			
				Internal Debt	Loans from GoI	Total	Internal Debt	Loans from GoI	Total	Internal Debt	Loans from GoI	Total	
2014-15	19,131	323	19,454	4,849	660	5,509	12,717	565	13,282	17,566	1,225	18,791	97
2015-16	23,234	252	23,486	5,534	660	6,194	13,965	514	14,479	19,499	1,174	20,673	88
2016-17	27,477	191	27,668	8,386	687	9,073	15,648	469	16,117	24,034	1,156	25,190	91
2017-18	26,863	90	26,953	12,991	709	13,700	16,748	430	17,178	29,739	1,139	30,878	115
2018-19	40,950	2,196	43,146	14,719	713	15,432	17,696	418	18,114	32,415	1,131	33,546	78
Total			1,40,707			49,908			79,170			1,29,078	92

Source: Finance Accounts of respective years



It can be seen from **Table 1.39** and **Chart 1.15** that during 2014-19, 78 per cent to 115 per cent of the public debt receipts were used for debt servicing. In 2018-19, debt servicing from public debt receipts was 78 per cent as against 115 per cent in 2017-18. Thus, average expenditure on debt servicing during 2014-19 was ₹ 25,816 crore which accounted for 92 per cent of average public debt receipts (₹ 28,141 crore) during the same period, implying that a larger percentage of debt was being used for debt servicing. This also indicated that a very insignificant portion of the debt was available for meeting developmental expenditure to promote growth. However, increase in public account balances provides the other source to meet the deficit.

1.10.2 Debt maturity profile

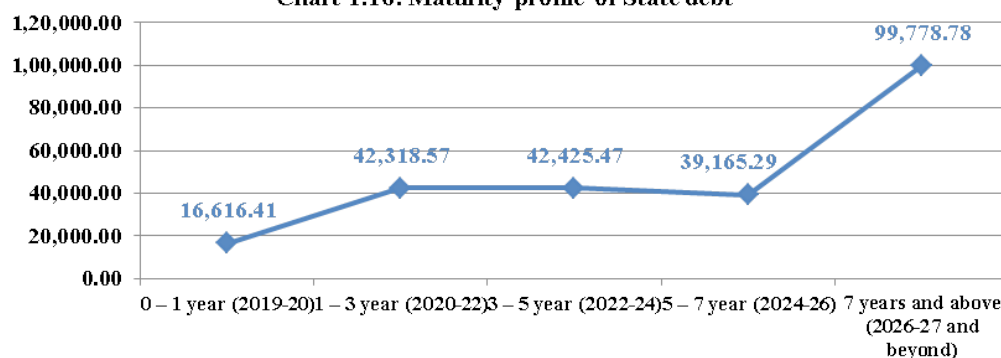
Of the total outstanding liabilities of ₹ 2,85,844 crore as at the close of 2018-19, ₹ 45,539 crore pertained to ‘Other Liabilities’. The maturity profile of the remaining public debt (₹ 2,40,305 crore) is shown in **Table 1.40** and **Chart 1.16**.

Table 1.40: Maturity profile of public debt

Maturity profile (in years)	Amount (₹ in crore)	Per cent
0 – 1	16,616.41	6.91
1 – 3	42,318.57	17.61
3 – 5	42,425.47	17.66
5 – 7	39,165.29	16.30
7 and above	99,778.78	41.52
Total	240,304.52	100.00

Source: Finance Accounts of respective years

Chart 1.16: Maturity profile of State debt



Maturity profile of public debt indicates that the liability of the State to repay the debts during the periods 2020-22, 2022-24 and 2024-26 would be ₹ 42,318.57 crore, ₹ 42,425.47 crore and ₹ 39,165.29 crore respectively, which may put a strain on the Government budget during that period. Further, ₹ 1,40,525.74 crore (58 per cent) of the total public debt would be repayable within the next seven years. Therefore, the State Government would have to work out a well-thought out borrowing-repayment strategy to avoid falling into a debt trap.

Recommendation: The State Government may consider developing a debt sustainability framework for achieving improved long-term sustainability in fiscal deficit management and to guide the borrowing decisions of the State in a way that matches their financing needs with current and prospective repayment.

1.11 Fiscal Imbalances

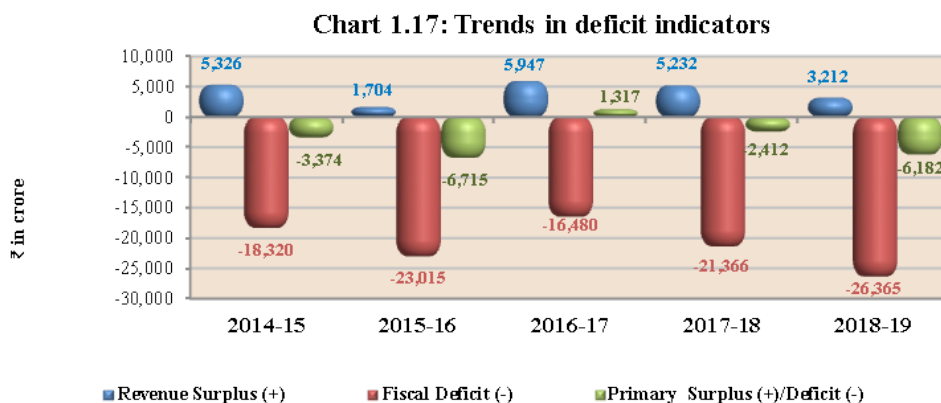
Three key fiscal parameters viz. revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government Accounts represents the gap between its receipts and expenditure.

The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficits are financed and the resources raised and applied are important pointers to its fiscal health.

This section presents the trends, nature, magnitude and manner of financing of these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* the targets set under the Gujarat Fiscal Responsibility Act, 2005/Rules, 2006 for the financial year 2018-19.

1.11.1 Trends in deficits

Chart 1.17 shows the trends in deficit indicators over the period 2014-19.



Revenue surplus

Revenue surplus of ₹ 5,232 crore in 2017-18 decreased by ₹ 2,020 crore to ₹ 3,212 crore in 2018-19. The decrease in revenue surplus during the current year was on account of increase of ₹ 14,730 crore (12.48 *per cent*) in revenue expenditure against an increase of ₹ 12,710 crore (10.31 *per cent*) in revenue receipts over the previous year.

Fiscal deficit

Fiscal Deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt or by the use of surplus funds from public account.

During 2018-19, fiscal deficit increased by ₹ 4,999 crore (23.40 *per cent*) from ₹ 21,366 crore in 2017-18 to ₹ 26,365 crore in 2018-19, on account of increase in net capital expenditure by ₹ 1,684 crore, decrease in revenue surplus by ₹ 2,020 crore and increase in net loans and advances disbursed by ₹ 1,295 crore.

However, fiscal deficit as a percentage of GSDP (1.76 *per cent*) in the current year was within the limit of three *per cent* fixed by 14th FC but more than Gujarat Fiscal Responsibility Act, 2005 (1.71 *per cent*).

Primary deficit

While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments in respect of States having deficit on revenue account. Interest payments represent the expenditure of past obligations and are independent of ongoing expenditure. To look at the imbalances of current nature, these payments need to be separated and deducted from the total imbalances.

During 2018-19, primary deficit increased by ₹ 3,770 crore from ₹ 2,412 crore in 2017-18 to ₹ 6,182 crore in 2018-19. This was due to an increase of ₹ 4,999 crore in fiscal deficit during the current year over the previous year, offset by an increase of ₹ 1,229 crore in interest payment.

1.11.2 Debt Profile

Fiscal Deficit of the State as a proportion of GSDP has increased during the last three years from 1.43 in 2016-17 to 1.76 in 2018-19. Similarly, the primary deficit as a proportion of GSDP has increased from 0.18 in 2017-18 to 0.41 in 2018-19. The State registered Revenue Surplus for eighth consecutive year.

There are various approaches for assessing the debt sustainability, one such approach is Domar model⁵⁰.

An analysis on debt sustainability was carried out using this approach. The details are as follows:

g-r (g: real economic growth rate; r: real interest rate called Domar gap)	s <0 (Primary Deficit)	s >0 (Primary Surplus)
g-r>0 (strong economic growth)	Public Debt as percentage of GSDP should converge to a stable level greater than zero	Public Debt as percentage of GSDP should converge to a stable level less than zero leading to public savings
g-r<0 (slow economic growth)	Public Debt as percentage of GSDP should increase indefinitely, without converging to a stable level	undefined situation

The results of applying the analysis to Gujarat is shown in the **Table 1.41** below.

50 E.D. Domar, 1914-1997

Table 1.41: Analysis on debt sustainability

Year	Real Growth (g)	Real Interest (r)	g-r (Domar gap)	Primary Deficit (-)/ Surplus (s) (₹ in crore)	Remarks
2014-15	10.5	1.9	8.6	(-)3,374	As $g-r > 0$ and $s < 0$: Public Debt as percentage of GSDP should converge to a stable level greater than zero
2015-16	10.2	2.4	7.8	(-)6,715	
2016-17	9.6	2.2	7.4	1,317	$g-r > 0$ and $s > 0$: Public Debt as percentage of GSDP should converge to a stable level less than zero leading to public savings
2017-18	11.2	4.8	6.4	(-)2,412	$g-r > 0$ and $s < 0$: Public Debt as percentage of GSDP should converge to a stable level greater than zero
2018-19	9.2	4.6	4.6	(-)6,182	
Real Growth rate calculated for Real GDP Real Interest rate calculated as interest rate minus inflation					

Further, Debt to GSDP ratio stood at 19.04 per cent and the Fiscal Deficit to GSDP ratio at 1.76 per cent in 2018-19. The corresponding 14th FC Fiscal target of Debt to GSDP was 25.79 per cent, and Fiscal Deficit ceiling was three per cent of GSDP. The capital expenditure of the State has ranged between 21.73 and 17.26 per cent of total expenditure during 2014-19.

During the period (2014-19), there was primary deficit during 2014-15, 2015-16, 2017-18 and 2018-19, and primary surplus during 2016-17. It is also seen that $g-r$ (Domar gap) is positive during the entire period 2014-15 to 2018-19. Therefore, as per the Domar model, the public debt can be stated to be stable. It is, however, noteworthy that $g-r$ (Domar gap) has been registering a steadily declining trend. Moreover, other factors such as public account liabilities and *force majeure* events⁵¹ and/or any other un-inventoried losses of revenue also have to be reckoned in assessing the debt sustainability/stability of the State⁵².

1.11.3 Components of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in **Table 1.42**.

⁵¹ Like current Coronavirus crisis & its effect on GSDP.

⁵² As these cannot be anticipated or determined statistically, they have not been factored in the analysis.

Table 1.42: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Composition of fiscal deficit*	(-)18,320	(-)23,015	(-)16,480	(-)21,366	(-)26,365
Revenue Deficit(-)/surplus(+)	(+)5,326	1,704	5,947	5,232	3212
Net Capital Expenditure	(-)23,917	(-)24,169	(-)22,115	(-)26,313	(-)27,997
Net Loans and advances	(+)271	(-)550	(-)312	(-)285	(-)1,580
Financing pattern of fiscal deficit*					
Market borrowings	13,246	14,565	20,944	15,785	27,437
Special securities issued to NSSF	475	1,501	(-)3,447	(-)3,451	(-)3,534
Loans from financial institutions	561	1,633	1,594	1,538	2,328
Loans from GoI	(-)337	(-)408	(-)496	(-)619	1,483
Small savings, PF etc.	502	478	533	340	208
Deposits and Advances	3,107	2,476	2,270	1,096	2,002
Suspense and Miscellaneous	843	256	(-)1,579	497	(-)727
Remittances	59	281	(-)69	208	(-)332
Reserve Fund	5568	(-)294	1,416	(-)748	571
Contingency Fund	(-)14	10	4	0	0
Total	24,010	20,498	21,170	14,646	29,436
(+)Increase/(-)decrease in Cash balance	(+)5,690	(-)2,517	(+)4,690	(-)6,720	(+)3,071

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

Table 1.42 reveals that fiscal deficit of ₹ 26,365 crore in 2018-19 was met largely from net market borrowings (₹ 27,437 crore), loans from financial institutions (₹ 2,328 crore) and deposits and advances (₹ 2,002 crore). However, after financing the deficit, there remained a surplus of ₹ 3,071 crore, which led to an increase in the cash balances to that extent in 2018-19.

1.11.4 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the composition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds had been used for current consumption. Persistent high ratio of revenue deficit to fiscal deficit indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have adequate assets backup.

The bifurcation of the primary deficit (**Table 1.43**) indicated the extent to which the deficit was on account of increase in capital expenditure, which may be desirable to improve the productive capacity of the State's economy.

Table 1.43: Primary deficit/surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Revenue receipts	Primary revenue expenditure ⁵³	Capital expenditure	Loans and advances	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)
2014-15	92,840	91,978	71,706	24,158	350	96,214	(+)20,272	(-)3,374
2015-16	97,608	97,483	79,479	24,169	675	1,04,323	(+)18,004	(-)6,715
2016-17	1,10,248	1,09,842	86,098	22,355	478	1,08,931	(+)23,744	(+)1,317
2017-18	1,23,637	1,23,291	99,105	26,313	631	1,26,049	(+)24,186	(-)2,412
2018-19	1,36,218	1,36,002	1,12,607	28,062	1,731	1,42,400	(+)23,395	(-)6,182

Source: Finance Accounts of respective years

During 2014-19, primary expenditure increased by 48 *per cent* from ₹ 96,214 crore to ₹ 1,42,400 crore against the increase of non-debt receipts from ₹ 92,840 crore to ₹ 1,36,218 crore (47 *per cent*) during the same period. Further, during 2014-19 (except for 2016-17), non-debt receipts did not fully cover the primary expenditure, resulting in primary deficit in each year.

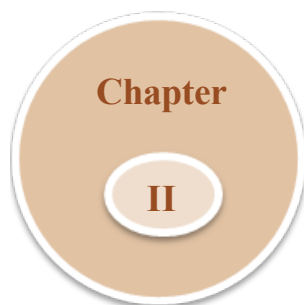
1.12 Follow up

Audit Reports of the Comptroller and Auditor General of India on State Finances are being prepared from the year 2008-09 onwards and presented to the State Legislature. The Public Accounts Committee was yet to discuss these reports.

53 Primary revenue expenditure is revenue expenditure less interest payments of the concerned year.

CHAPTER-II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL



Financial Management and Budgetary Control

2.1 Introduction

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

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2018-19 against 108 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provisions

(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ excess (+)	Amount of surrender
Voted	I Revenue	1,15,621.05	13,162.29	1,28,783.34	1,14,148.67	(-)14,634.67	17,299.24
	II Capital	30,564.05	2,803.99	33,368.04	28,583.73	(-)4,784.31	4,579.96
	III Loans and advances	1,535.91	508.61	2,044.52	1,731.47	(-)313.05	376.74
	Total Voted	1,47,721.01	16,474.89	1,64,195.90	1,44,463.87	(-)19,732.03	22,255.94
Charged	IV Revenue	20,466.99	327.84	20,794.83	20,453.96	(-)340.87	397.39
	V Capital	44.10	101.30	145.40	129.83	(-)15.57	17.31
	VI Public debt- repayment	15,434.28	5.56	15,439.84	15,432.02	(-)7.82	0.01
	Total Charged	35,945.37	434.70	36,380.07	36,015.81	(-)364.26	414.71
Grand total		1,83,666.38	16,909.59	2,00,575.97	1,80,479.68	(-)20,096.29	22,670.65

Source: Appropriation Accounts and Appropriation Act of the State Government for the year 2018-19

Net savings of ₹ 20,096.29 crore were the result of savings of ₹ 22,490.53 crore in 87 grants and 23 appropriations under the revenue section and 56 grants and nine appropriations under the capital section, offset by an excess of ₹ 2,394.24 crore in four grant and one appropriation under the revenue section.

It can be seen from **Table 2.1** that against the original estimates of ₹ 1,83,666.38 crore, the actual expenditure incurred was ₹ 1,80,479.68 crore.

2.3 Financial Accountability and Budget Management

2.3.1 Excess expenditure over appropriation not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over appropriations regularised by the State Legislature. However, excess expenditure (voted) amounting ₹ 7,064.84 crore in 149 grants and one appropriation for the years 2007-08 to 2018-19 was yet to be regularised, as detailed in **Appendix 2.1**. The major defaulting Departments during last four years were: Agriculture, Farmer's Welfare and Co-operation; Education; Panchayats, Rural Housing and Rural Development; and Roads and Buildings.

This is in violation of Article 204 of the constitution which provides that no money shall be withdrawn from the Consolidated Fund of State except under appropriation made by law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

Recommendation: All the existing cases of excess expenditure need to be got regularised at the earliest and in future, such unvoted expenditure may be completely stopped, except in case(s) of dire and extreme emergency, the cost of which cannot be met from contingency fund.

2.3.2 Persistent excesses

On test-check of grant files, Audit observed that there was persistent excess expenditure over provisions by more than ₹ 50 crore during the last three years (2016-19) in respect of five Schemes under four different grants (**Appendix 2.2**), indicating that budgetary estimates were not reviewed properly as the provisions proved to be consistently insufficient. Some cases of excess expenditure under various Schemes/purposes are discussed below.

- Against a provision of ₹ 2,142.37 crore under Grant No. 5 towards 'Financial assistance to farmers for subvention of interest' during the period 2016-19, ₹ 2,421.45 crore were expended by the Agriculture, Farmer's Welfare and Co-operation Department resulting in excess of ₹ 279.08 crore. While no reasons were attributed for the excess during 2016-17, the Department stated that the excess expenditure during 2017-18, was due to more proposals received by Gujarat State Co-operative Bank. The Department further stated that more expenses were done during 2018-19 to clear the pending proposals of previous year.
- A sum of ₹ 2,577.50 crore was spent under Grant No. 73 during 2016-19 against a provision of ₹ 1,588 crore under the Scheme 'Superannuation and Retirement Allowances to Panchayat Employees'. No reasons were attributed by the Department for excess expenditure under the Scheme. Similar excesses were also observed under this Scheme during the previous four years (2012-16).

Excess expenditure incurred over budgetary allocation indicates deficient budgetary and expenditure controls.

2.3.3 Appropriation *vis-à-vis* allocative priorities

Audit of appropriation accounts revealed that of the total savings of ₹ 22,490.53 crore during 2018-19, in 32 cases, there were savings of ₹ 100 crore or more in each case (**Appendix 2.3**). In these 32 cases, against a total provision of ₹ 1,08,563.22 crore, savings were ₹ 20,797.64 crore (19.16 *per cent*).

Departments that had registered major savings were: Finance (₹ 8,823.43 crore); Narmada, Water Resources, Water Supply and Kalpsar (₹ 1,799.38 crore); Panchayats, Rural Housing and Rural Development (₹ 1,256.08 crore); Social Justice and Empowerment (₹ 1,106.93 crore); Tribal Development (₹ 1,499.12 crore); and Urban Development and Urban Housing (₹ 1,141.51 crore).

Reasons furnished by the Departments for the major savings, as reported in the Appropriation Accounts, are given below.

Agriculture, Farmer's Welfare and Co-operation Department

- Grant No. 2 (Agriculture – Capital Voted): Savings of ₹ 100 crore under Major Head 4401-Capital Outlay on Crop Husbandry was due to delay in implementing construction activities under Rural Infrastructure Development Fund Scheme, as the matter was pending in the High Court.

- Grant No. 4 (Animal Husbandry – Revenue Voted): Major savings of ₹ 86.05 crore and ₹ 25.21 crore under Major Head 2403-Animal Husbandry and 2404-Dairy Development respectively, were due to (i) vacant posts of different cadre, (ii) receipt of less application under Scheme ‘Artificial Insemination Centre in Key Villages’, (iii) non-implementation of project for genetic improvement of goats, and (iv) non-receipt of sanction orders for dairy development programmes till the end of financial year.
- Grant No. 6 (Fisheries – Capital Voted): Major savings of ₹ 264.05 crore under Major Head-5051-Capital outlay on Ports and Light House was due to non-release of grant by GoI, non-implementation of infrastructure and extension works at various landing centres and non-finalisation of tenders.

Finance Department

- Grant No. 19 (Other expenditure pertaining to Finance Department– Revenue Voted): The Finance Department (FD) surrendered the entire provision of ₹ 1,200 crore under Major Head 2048 – Gujarat State Sinking Fund, as the fund corpus, as per guidelines of Reserve Bank of India (RBI), was between three to five *per cent* of the outstanding fiscal liabilities of the State.

Audit observed that based on the recommendations of the 12th Finance Commission, RBI issued revised guidelines (September 2017), increasing the minimum corpus of the fund at five *per cent* of the State’s outstanding liabilities from financial year 2018-19. In view of this, there was a shortfall of ₹ 223.50 crore in the closing balance of the fund. Thus, surrender of entire provision was not proper.

Further, under this grant, the entire budget provision of ₹ 7,000 crore under Major Head 2075 – Liability on Account of Increase in the Rate of Dearness Allowance (DA) was surrendered by the FD, as the respective Departments had also made similar provisions in their budget estimates. The action of FD was not in consonance with paragraph 38 of the Gujarat Budget Manual which provides that such provisions are to be made by the respective Departments in their budget estimates.

Narmada, Water Resources, Water Supply and Kalpsar Department

- Grant No. 65 (Narmada Development Scheme – Capital Voted): Savings of ₹ 1,631.23 crore under Major Head 4700-Capital Outlay on Major Irrigation was due to less release of grant by Government of India (GoI) under the Centrally Sponsored Scheme and relative less release by the State Government.

Women and Child Development Department

- Grant No. 106 (Other Expenditure Pertaining to Women and Child Development Department– Revenue Voted): The savings of ₹ 174.49 crore under *Pradhan Mantri Matru Vandana Yojana* were surrendered due to non-release of grants by GoI.

Similarly, savings of ₹ 176.15 crore under *Kishori Shakti Yojana* were surrendered due to change in guidelines and financial norms of the Scheme by GoI in April 2018.

Savings of ₹ 315.66 crore under Integrated Child Development Services Scheme was due to non-issue of work orders, non-procurement of kits on account of model code of conduct, non-filling of vacant posts and non-approval of some provisions made in Annual Programme Implementation Plan.

2.3.4 Persistent savings

In 19 cases, there were persistent savings of more than ₹ 100 crore in each case during the last five years. The details are shown in **Table 2.2**.

Table 2.2: List of grants indicating persistent savings during 2014-15 to 2018-19

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue- Voted						
1.	2 – Agriculture	970.60	271.57	312.69	177.72	156.40
2.	18 – Pension and other Retirement Benefits	560.95	304.47	1,146.63	1,658.66	357.59
3.	19 - Other Expenditure Pertaining to Finance Department	4,222.63	3,514.15	5,717.16	8,014.65	8,204.89
4.	39 - Medical and Public Health	350.02	156.08	260.49	159.53	237.95
5.	43 – Police	143.58	216.22	145.19	150.48	370.10
6.	60 - Administration of Justice	136.68	295.66	302.23	212.40	127.45
7.	70 - Community Development	455.75	159.17	673.13	225.72	263.50
8.	71- Rural Housing and Rural Development	1,102.04	255.68	333.15	499.26	992.58
9.	79 - Relief on Account of Natural Calamities	546.52	195.81	606.58	184.18	712.99
10.	95 - Scheduled Castes Sub-Plan	481.91	367.76	466.18	368.48	647.42
11.	96 - Tribal Area Sub-Plan	1,346.99	767.40	562.31	1,227.90	1,202.03
12.	102 – Urban Development	555.47	412.48	350.26	1023.03	671.70
13.	106 – Other Expenditure pertaining to Women and Child Development Department	392.08	235.53	539.35	671.06	833.47
Revenue- Charged						
14.	20 – Repayment of Debt pertaining to Finance Department and its servicing (Charged)	453.93	332.76	117.63	437.64	260.95
Capital- Voted						
15.	9 – Education	1,583.22	484.19	233.51	344.94	351.73
16.	65 – Narmada Development Scheme	1,262.93	966.87	594.27	250.76	1,631.23
17.	84 - Non-Residential Buildings	706.08	544.60	917.26	655.39	653.34
18.	95 - Scheduled Castes Sub-Plan	232.46	264.95	334.17	260.44	220.35
19.	96 - Tribal Area Sub-Plan	255.66	501.00	646.48	275.04	297.09

Source: Appropriation Accounts for respective years

On test-check of grant files, Audit further observed that there were persistent savings of more than ₹ 100 crore during the last three years (2016-19) in respect of 11 Schemes under 10 grants (**Appendix 2.4**), indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations.

Persistent savings indicated that the budget allocations were made without considering previous year's expenditure.

Recommendation: The Controlling/Disbursing Officers may keep a close and constant watch over the progress of expenditure against the sanctioned provisions in order to avoid savings/excesses especially in Departments where large savings/excesses were noticed. They may also specifically strengthen their control on monthly expenditure and monitoring mechanism.

2.3.5 Unnecessary Supplementary provisions

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

During 2018-19, supplementary provisions (₹ 50 crore or more in each case) aggregating ₹ 1,172.52 crore were made in four cases under four different grants, which proved unnecessary. Expenditure incurred in these four cases did not even reach the levels of the original provision as detailed in **Table 2.3**.

Table 2.3: Supplementary provision (₹ 50 crore or more in each case) proved unnecessary
(₹ in crore)

Sr. No.	Number and name of the grant/appropriation	Original provision	Actual expenditure	Savings out of original provision	Unnecessary supplementary provision
1.	39-Medical and Public Health -Revenue Voted	5,040.39	5,005.84	34.55	203.40
2.	70-Community Development-Revenue Voted	2,282.28	2,210.79	71.49	192.00
3.	95- Scheduled Castes Sub-Plan-Revenue Voted	3,892.53	3,506.03	386.50	260.92
4.	102- Urban Development-Revenue Voted	8,833.42	8,677.92	155.50	516.20
Total		20,048.62	19,400.58	648.04	1,172.52

Source: Appropriation Accounts for the year 2018-19

2.3.6 Insufficient/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation of funds proved injudicious in six cases, as this resulted in either excesses or savings of ₹ 50 crore or more in each case. These are detailed in **Table 2.4**.

Table 2.4: Excess/saving (more than ₹ 50 crore) resulting from unnecessary/insufficient re-appropriation of funds

(₹ in crore)

Sr. No.	Grant No.	Description	Re-appropriation (+/-)	Final excesses	Final savings
Unnecessary re-appropriation					
1	9	2203-00-001-01 TED-1 Strengthening of Administrative set up of Technical Education Department	57.65	-	59.20
2	20	6004-09-101-02 Loans for Externally aided project	61.47	-	67.03
3	86	3054-80-001-05 Expenditure Transferred on <i>pro-rata</i> basis to Major Head	11.32	-	97.17
Insufficient re-appropriation					
4	9	2071-01-104-01 Gratuities to Primary Panchayats Teachers	40.00	318.76	-
5	9	2071-01-101-01 Superannuation and Retirement Allowance to Primary Panchayats teachers	69.80	1816.44	-
6	20	6004-09-101-01 Block Loans	(-)61.47	-	181.60

Source: Appropriation Accounts and Grant files for the year 2018-19

2.3.7 Surrender of unspent provisions

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

2.3.7.1 Substantial surrenders

Substantial surrenders (exceeding ₹ 100 crore and more than 50 *per cent* of the total provision) were made in 21 Sub-Heads under 15 grants due to either non-implementation or slow implementation of Schemes/programmes (**Appendix 2.5**). Of the total provision of ₹ 13,297.24 crore made under these 21 Sub-Heads, ₹ 11,897.40 crore was surrendered, which included 100 *per cent* surrender in four Sub-Heads involving ₹ 8,510 crore. The Departments which made substantial surrenders were: Agriculture, Farmer's Welfare and Co-operation; Education; Finance; Home; Roads and Buildings; Urban Development and Urban Housing; and Social Justice and Empowerment.

2.3.7.2 Surrenders in excess of actual savings

In six out of 206 grants/appropriations, amounts surrendered (₹ 100 crore or more in each case) were in excess of the actual savings, indicating inadequate budgetary control by four¹ Departments. These are detailed in **Table 2.5**.

¹ Education; Finance; Narmada, Water Resources, Water Supply and Kalpsar; Roads and Buildings

Table 2.5: Amount surrendered (₹ 100 crore or more) in excess of actual savings

(₹ in crore)

Sr. No.	Grant No.	Name of the grant/ appropriation	Total grant/ appropriation	Total expenditure	Excess(+)/ Savings(-)	Amount surrendered	Excess amount surrendered
1.	9	Education-Revenue Voted	27,391.81	28,825.92	(+)1,434.11	447.74	447.74
2.	18	Pension and Other Retirement Benefits- Revenue Voted	11,327.30	10,969.71	(-)357.59	365.72	8.13
3.	20	Repayment of Debt Pertaining to Finance Department and its servicing- Revenue Charged	19,237.18	18,976.23	(-)260.95	316.58	55.63
4.	65	Narmada Development Scheme- Capital Voted	4,955.78	3,324.55	(-)1,631.23	1,633.37	2.14
5.	66	Irrigation and Soil Conservation- Revenue Voted	1,147.57	979.42	(-)168.15	185.42	17.27
6.	86	Roads and Bridges- Revenue Voted	3,351.53	3,519.88	(+)168.35	134.60	134.60
Total			67,411.17	66,595.71	(-)815.46	3,083.43	665.51

Source: Appropriation Accounts for the year 2018-19

2.3.7.3 Savings partly surrendered

In five grants/appropriations, there were savings exceeding ₹ 50 crore, of which, more than 10 per cent was not surrendered. In these grants/appropriations, total savings were ₹ 820.88 crore. However, only ₹ 615.59 crore was surrendered, leaving ₹ 205.29 crore (25 per cent) which was not surrendered, as shown in **Table 2.6**.

Table 2.6: Grants in which savings were more than ₹ 50 crore of which, more than 10 per cent was not surrendered

(₹ in crore)

Sr. No.	Grant No.	Name of the grant/ appropriation	Savings	Surrendered	Savings not surrendered	Percentage savings not surrendered
1.	9	Education-Capital Voted	351.73	305.45	46.28	13.16
2.	39	Medical and Public Health-Revenue Voted	237.95	182.36	55.59	23.36
3.	40	Family Welfare- Revenue Voted	100.94	36.21	64.73	64.13
4.	66	Irrigation and Soil Conservation-Capital Voted	60.64	38.60	22.04	36.35
5.	78	District Administration- Revenue Voted	69.62	52.97	16.65	23.92
Total			820.88	615.59	205.29	25.01

Source: Appropriation Accounts and Grant files of the State Government for the year 2018-19

2.4 Review of Budget Control Mechanism

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

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test-checked records of the Administrative Departments/Controlling Officers relating to Grant No. 39 (Medical and Public Health) under Health and Family Welfare Department (H&FW) and Grant No. 77 (Tax Collection Charges) under Revenue Department for the period of three years from 2016-17 to 2018-19. The audit findings are discussed in the succeeding paragraphs.

2.4.1 Review of Grant No. 39 – Medical and Public Health

2.4.1.1 Deviation from budgetary provisions

The budgetary allocation and expenditure incurred under revenue and capital heads of Grant No. 39 during 2016-19 is given in **Table 2.7**.

Table 2.7: Deviations from budgetary provisions

(₹ in crore)

Year	Budgetary provisions			Expenditure	Excess(+)/ Saving (-)	Percentage of unutilised provision
	Original	Supplementary	Total			
Revenue Voted						
2016-17	4,528.28	164.09	4,692.37	4,431.88	(-)260.49	5.55
2017-18	4,841.38	0 ²	4,841.38	4,681.85	(-)159.53	3.30
2018-19	5,040.39	203.40	5,243.79	5,005.84	(-)237.95	4.54
Capital Voted						
2016-17	1,519.84	0	1,519.84	1,218.57	(-)301.27	19.82
2017-18	1,399.12	0	1,399.12	1,334.17	(-)64.95	4.64
2018-19	1,755.04	95.99	1,851.03	1,849.21	(-)1.82	0.10

Source: Appropriation Accounts for respective years

H&FW attributed savings under revenue head to non-filling of vacant posts and cut imposed by the FD under revenue as well as capital heads for the year 2016-17. For the year 2017-18 and 2018-19, savings under revenue as well as capital heads were within the norms/criteria prescribed by the Public Accounts Committee (PAC).

² ₹ one thousand only

2.4.1.2 Unspent Grants

Gujarat Budget Manual, 1983 as well as grant release orders stipulate that unspent grants should be surrendered to Government at the end of the year.

Audit observed that eight³ Controlling Officers (COs) under H&FW released ₹ 6,994.28 crore to implementing agencies during 2016-19 for purchase of medicines, ambulances, construction and upgradation of medical colleges, hospitals, laboratories, *etc.* This was booked as expenditure in Government Accounts. However, test-check of 22 utilisation certificates (**Appendix 2.6**) rendered by the implementing agencies to concerned COs revealed against ₹ 603.37 crore released during 2012-19, only ₹ 202.96 crore (34 *per cent*) was utilised, leaving an unspent balance of ₹ 400.41 crore (66 *per cent*) with the implementing agencies at the end of December 2019.

2.4.1.3 Late surrender of unspent grants

Audit observed that in two instances, the implementing agencies held the unspent grants (₹ 89.24 crore) for more than eight years before these were surrendered to the COs, as discussed below.

- Industries and Mines Department released ₹ 73 crore to the Additional Director of Family Welfare (one of the COs under H&FW) during 2009-11 for construction of 134 Urban Health Centers in city areas and 718 Urban Health Posts⁴ along with procurement of equipment and furniture under the Informal Sector Development Programme. During 2009-19, ₹ 16 crore was utilised and unspent grant of ₹ 57 crore was surrendered to Government Account in October 2019.
- H&FW released ₹ 50 crore to Additional Director of Public Health during 2011-12 under the Scheme 'Urban Health Project'. During 2011-19, ₹ 15 crore was utilised on salaries, ₹ 2.76 crore on construction activities and unspent grant of ₹ 32.24 crore was surrendered to Government Account in October 2019.

2.4.1.4 Implementation of new items/initiatives included in Budget

Audit reviewed the implementation of new items/initiatives announced by the Government in the budget for the year 2017-18 and 2018-19 under H&FW. It was observed that various new items/initiatives announced during the budget were not implemented (December 2019) and remained unfulfilled, as detailed in **Table 2.8**.

3 (i) Additional Director of Public Health, (ii) Additional Director of Family Welfare, (iii) Additional Director of Medical Education and Research, (iv) Additional Director of Medical Services, (v) Commissioner of Food and Drugs Control Administration, (vi) Directorate of Indian System of Medicine and Homeopathy (AYUSH), (vii) Director of Employees State Insurance Scheme, and (viii) Deputy Secretary (Cash)

4 For areas with population over 15,000

Table 2.8: Details of implementation of new items/initiatives

(₹ in crore)

Budget head	Description	Budget provision	Reasons for non-implementation
2017-18			
39.2210.01.110.01	Provision of air ambulance through outsourcing for heart transplant and other critical emergency cases	0.50	Due to non-issuance of administrative approval (AA) and financial sanction.
96.2210.01.796.02	To create human resources to start district level General Hospital at Modassa	1.25	
2018-19			
39.2210.01.110.01	Provision for research, training and innovation in health sector under medical services	0.50	Due to non-issuance of AA and financial sanction
39.2210.05.105.09	To create new posts of nursing tutors in general nursing schools	1.70	Due to delay in recruitment process.
39.2210.01.110.01	Establishment of Gujarat Perinatology Institute at Civil Hospital, Ahmedabad	1.00	Due to non-issuance of AA
39.2210.01.001.01	Establishment of State Institute of Toxicology and Research Centre	2.00	Specific reasons for non-establishment of institute was not furnished by the CO.
95.2210.04.101.01	To organize fair and other various activities from AYUSH to Health (for Scheduled Castes)	0.50	No reasons were furnished by Director, AYUSH.
96.2210.04.101.01	To organize fair and other various activities from AYUSH to Health (for Scheduled Tribes)	0.50	
39.4210.03.101.42	Renovation of building of Gujarat Ayurved Vikas Mandal	0.50	Due to non-issuance of AA
39.4210.03.101.42	Provision for purchase of new machinery for Junagadh and Odhav Pharmacy	0.50	Due to non-issuance of AA

Source: Information provided by the Department

In the budget speech for the year 2018-19, a budget provision of ₹ 113.60 crore was also made for construction of 593 Sub-centres (SCs), 122 Primary Health Centres (PHCs) and seven Community Health Centres (CHCs). However, as of December 2019, construction of 21 SCs and one PHC has been completed while construction of 61 SCs and 42 PHCs were under progress. An expenditure of ₹ 18.72 crore (16 per cent) had been incurred out of the provision of ₹ 113.60 crore. The remaining works of SCs, PHCs and CHCs had not been taken up due to various reasons such as, land problem, estimates not approved, tender procedures not completed and dropping of proposals for construction of SCs and PHCs by H&FW.

2.4.1.5 Slow utilisation of funds by implementing agencies

H&FW carries out the construction activities through a Project Implementing Unit (PIU) while purchase of medicines, medical equipment and subsidiary items are procured through Gujarat Medical Services Corporation Limited (GMSCL), a State Public Sector Undertaking (SPSU). The COs release funds to PIU/GMSCL as per budget provisions for meeting various requirements.

During 2016-19, five⁵ COs released ₹ 3,535.39 crore to PIU for construction/renovation activities under various projects and ₹ 1,485.67 crore to GMSCL for procurement and supply of medicines and equipment to Medical Colleges and Hospitals under H&FW.

Audit scrutiny of utilisation certificates furnished by the PIU to concerned COs in respect of 124 projects revealed that against the available funds of ₹ 2,742.13 crore during 2016-18, the PIU utilised only ₹ 839.58 crore (31 per cent). Further, funds given by Director, AYUSH and Additional Director of Medical Services to the PIU during 2016-18 were not utilised (December 2019). Similarly, against the total available funds of ₹ 1,622.71 crore (including ₹ 137.04 crore of previous year's balance), GMSCL spent only ₹ 820.11 crore (51 per cent) during 2016-19.

2.4.2 Review of Grant No.77-Tax Collection Charges (Revenue Department)

2.4.2.1 Deviation from budgetary provisions

The budgetary allocation and expenditure incurred under the revenue heads of Grant No.77 during 2016-19 is given in **Table 2.9**.

Table 2.9: Deviation from budgetary provisions

Year	Voted/ Charged	Budgetary provision			Expenditure	Excess (+)/ Savings (-)	Percentage of unutilised provision
		Original	Supplementary	Total			
(₹ in crore)							
Revenue							
2016-17	Voted	288.83	15.44	304.27	235.60	(-)68.67	22.57
2017-18	Voted	328.50	0.00	328.50	273.95	(-)54.55	16.61
2018-19	Voted	305.15	0.00	305.15	283.66	(-)21.49	7.04

Source: Appropriation Accounts for respective years

The Revenue Department attributed the savings of ₹ 68.67 crore during 2016-17 to (i) non-filling up of vacant posts in different cadres, (ii) non-finalisation of contract of Video Conference System with Directorate General of Supplies and Disposals, (iii) change in funding pattern, and (iv) non-raising of bills on time by the agencies.

For the year 2017-18 and 2018-19, Revenue Department attributed the savings of ₹ 54.55 crore and ₹ 21.49 crore to (i) non-filling up of vacant posts in

5 (i) Additional Director of Public Health, (ii) Additional Director of Medical Education and Research, (iii) Additional Director of Medical Services, (iv) Commissioner of Food and Drugs Control Administration, and (v) Directorate of Indian System of Medicine and Homeopathy (AYUSH)

different cadres, (ii) non-release of grants by GoI under the Scheme- Integrated Land Management System, (iii) non-receipt of administrative approval for establishment of *Jantri* Revision Work, and (iv) non-raising of bills on time by various agencies.

2.4.2.2 Non-surrender of unspent balances

Test check of grants-in-aid given by Revenue Department to 11⁶ District Development Officers (DDOs) during 2016-19 for the purpose of Pay and Allowances revealed the following:

Table 2.10: Unspent balances

(₹ in crore)

Year	Receipts	Disbursements	Unspent balance
2016-17	3.74	3.14	0.60
2017-18	2.90	2.51	0.39
2018-19	4.36	3.18	1.18
	Total		2.17

Source: Revenue Department of State Government

As could be seen from table that amount received by the DDOs during the year had not been disbursed in full. Seven⁷ out of the 11 Personal Ledger Accounts (PLA) of the DDOs showed a credit balance of ₹ 2.17 crore at the end of 2018-19. The grants-in-aid had been given for meeting pay and allowances. Hence, savings, if any, from the grants were required to be surrendered at the end of each financial year. However, none of the seven DDOs surrendered the unspent balances to Government Account and held the same in their PLAs.

2.4.3 Parking of funds in Gujarat State Financial Services

FD *vide* circular of October 2016 directed all the Public Sector Enterprises in the State to park funds which were not required within 10 days with Gujarat State Financial Services (GSFS) and credit the interest on these deposits to Government Account under the Major Head 0049 – Interest Receipts.

Audit observed that the two selected Departments (Health and Family Welfare; and Revenue) had been releasing funds to its subordinate offices/nodal agencies for implementation of various State and Centrally Sponsored Schemes, who in turn, parked the whole or unutilised funds with GSFS.

During 2010-19, H&FW parked ₹ 35.79 crore (in three cases) and Revenue Department parked ₹ 299.31 crore (in two cases) totalling ₹ 335.10 crore with GSFS, which was either not authorised to be parked as per Scheme guidelines or not required by the nodal agencies in view of slow progress of Schemes. The details are summarised in **Table 2.11**.

6 Ahmedabad, Banaskantha, Bharuch, Gandhinagar, Mehsana, Narmada, Patan, Rajkot, Sabarkantha, Surendranagar, and Surat

7 Ahmedabad, Banaskantha, Gandhinagar, Patan, Rajkot, Sabarkantha and Surat.

Table 2.11: Parking of funds with GSFS

(₹ in crore)

Sr. No.	Scheme name	Nodal agency	Grant amount	Grant receipt year	Balance with GSFS at the end of the year	Audit observations
Health and Family Welfare Department						
1.	43 State Health Schemes (SHS)	SHS-Gujarat	42.59	2010-19	30.00	Remaining ₹ 12.59 crore was lying with SHS-Gujarat.
2.	Creation of basic infrastructure and pay and allowances of dental college	Society For Gujarat Dental Health Education and Research	5.00	2011-12	5.00	The entire grant of ₹ five crore was parked with GSFS.
3.	Strengthening of State Drug Regulatory System in the State	Commissioner, F&DCA	32.58	2017-19	0.79	₹ 0.79 crore was parked with GSFS due to non-procurement of specific vehicle (The item was not available on Government e-Market place Portal).
Revenue Department						
4.	National Cyclone Risk Mitigation Programme	Gujarat State Disaster Management Authority (GSDMA)	11.32	2015-17	11.32	The entire grant of ₹ 11.32 crore was parked with GSFS.
5.	Capital Outlay on Other Social Services-Natural Calamities-Assistance to Disaster Management Authority (UDP-42)	GSDMA	287.99	2014-19	287.99	The entire grant of ₹ 287.99 crore was parked with GSFS. Whereas, this amount was to be surrendered to Government Account as per Scheme guidelines.
		Total	379.48		335.10	

Source: Details furnished by concerned Departments

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267(2) and 283(2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is ₹ 200 crore. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which till its authorization by the Legislature would be undesirable. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provisions.

During 2018-19, Revenue Department spent ₹ 0.25 crore under Grant No. 81 (Major Head-5475-Capital Outlay on Other General Economic Service) from Contingency Fund, which was not recouped during the year.

2.6 Misclassification of grants-in-aid as capital expenditure

On accounting and classification of grants-in-aid, Indian Government Accounting Standards (IGAS) 2 prescribes that grants-in-aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the financial statements of the grantor, irrespective of the purpose for which the funds were disbursed. Only in cases specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, can these be debited to a capital head

of account in the financial statements of the Government. Further, Rule 30(1) of Government Accounting Rules, 1990 states that expenditure of a capital nature to be classified in capital section shall broadly be defined as expenditure incurred with the objective of increasing physical assets of a material and permanent character. Also, the assumptions underlying the fiscal indicators for the Gujarat Fiscal Responsibility Rules, 2006 stipulate inclusion of ‘major subsidies’ as expenditure on revenue account.

During 2018-19, State Government disbursed ₹ 11.01 crore as grants-in-aid to two⁸ Departments under Capital Heads of expenditure instead of Revenue Heads, in violation of IGAS 2, as detailed in **Table 2.12**.

Table 2.12: Misclassification of grants-in-aid under Capital Heads

(₹ in crore)

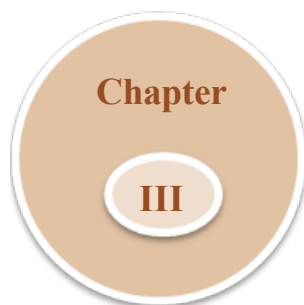
Sr. No.	Classification-Major Head	Grants-in-aid
1.	4059-Capital Outlay on Public Works	10.92
2.	4852- Capital Outlay on Iron and Steel Industries	0.09
	Total	11.01

Source: Finance Accounts of the State Government for the year 2018-19

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

8 Industries and Mines, Roads and Buildings

CHAPTER-III
FINANCIAL REPORTING



Financial Reporting

A sound financial reporting system with relevant, reliable and timely information contributes to efficient and effective governance by the State Government and is important for the Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. It also forms the basis of sound internal controls. This Chapter provides an overview of the State Government’s compliance with various financial rules, procedures and directives applicable to financial reporting during the year 2018-19.

3.1 Delay in furnishing utilisation certificates

The Gujarat Financial Rules, 1971¹ read with General Financial Rules² provide that for the grants released for specific purposes, utilisation certificates (UCs) should be submitted within 12 months of the closure of the financial year by the institution or organisation concerned to the related Head of Department and after verification, these should be forwarded to the office of the AG (A&E)³, Gujarat.

Audit observed that 2,573 UCs aggregating ₹ 4,233.95 crore were outstanding as on 31 March 2019 for grants released during the period 2001-02 to 2017-18. The age-wise status of pendency of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of UCs

Sr. No.	Range of Delay (in years)	Utilisation certificates pending	
		Number	Amount (₹ in crore)
1.	0-2	837	3,690.57
2.	2-4	84	87.19
3.	4-6	41	77.68
4.	6-8	48	12.95
5.	8 and above	1,563	365.56
	Total	2,573	4,233.95

Source: Information compiled by office of the AG (A&E)

Of the total outstanding UCs, 70.76 per cent amounting ₹ 2,995.88 crore pertained to Agriculture, Farmer’s Welfare and Co-operation Department, while 12.35 per cent (₹ 522.87 crore) pertained to Tribal Development Department. Further, 4,106 UCs aggregating ₹ 10,266.05 crore in respect of grants

1 Rule 154 and 155
 2 Rule 212 of General Financial Rules, 2005 and Rule 238 (1) of General Financial Rules, 2017
 3 Accountant General (Accounts and Entitlement), Gujarat, Rajkot

disbursed during 2018-19 would be due for submission by 31 March 2020. Department-wise pendency of UCs of grants paid up to 2017-18 is shown in **Appendix 3.1**.

In the absence of UCs, there is no assurance that moneys disbursed have been used for the purpose for which they have been given. Moreover, high pendency of UCs was fraught with the risk of misappropriation and fraud.

3.1.1 Review of utilisation certificates

Administrative Departments may sanction grants-in-aid (GIA) to an institution or body, subject to the condition that the sanction is in accordance with the Rules or principles prescribed in the Gujarat Financial Rules, 1971, or prescribed with the previous consent of the Finance Department (FD). As per Note (ii) below Rule 155 of the Gujarat Financial Rules, 1971, “Utilisation certificate of grants-in-aid should be furnished in every case of grant paid for specific purpose even if no conditions are specifically attached to the grant. The competent officer should furnish the UC within 12 months of the closure of the financial year to the Head of the Department concerned”. After verification, these should be forwarded to the office of the AG (A&E), Gujarat.

3.1.1.1 Review of utilisation certificates received in AG (A&E)

A sample⁴ of 81 UCs involving grants aggregating ₹ 807.08 crore received by AG (A&E) was taken up for review. This sample of 81 UCs pertained to five Departments namely, Agriculture, Farmer’s Welfare and Co-operation; Health and Family Welfare; Social Justice and Empowerment; Tribal Development; and Urban Housing and Urban Development.

Delay in submission of utilisation certificates to AG (A&E)

It was observed that nine of 81 UCs (11 *per cent*) of the sampled cases amounting ₹ 4.11 crore were belatedly submitted to AG (A&E) in respect of grants paid during the period 2001-02 to 2017-18. The age-wise delay in submission of UCs is summarised in **Table 3.2**.

Table 3.2: Age-wise delay in submission of UCs

Sr. No.	Delay in submission	Utilisation Certificates	
		Number	Amount (₹ in crore)
01	01 to 02 years	5	4.07
02	02 years to 08 years	0	0.00
03	08 years and above	4	0.04
	Total	9	4.11

Source: Information furnished by office of the AG (A&E)

Of these nine UCs, six UCs (67 *per cent*) amounting ₹ 2.39 crore pertained to the Social Justice and Empowerment Department and other three UCs pertained

⁴ Drawn randomly from 1,726 UCs received by AG (A&E) in 2018-19 in respect of five Departments showing high pendency

to Agriculture, Farmer's Welfare and Co-operation; Health and Family Welfare; and Tribal Development Departments.

Non-utilisation of grants

Rule 154 (5) read with Note 2 of Gujarat Financial Rules, 1971 provides that if the sanctioning authority has not prescribed any time frame, the grant will be spent upon the specific object within a reasonable time, which would normally be a period of one year from the date of issue of the sanction of the grant. Any unspent balance lying with the grantee on the expiry of one year from the date of sanction should be surrendered forthwith to Government.

Eight UCs received by three⁵ Departments for grants disbursed between 2001-02 and 2017-18 showed that ₹ 2.70 crore had not been spent by the implementing agencies for a period of one to 16 years. However, the unspent grants were not surrendered to the Government Account.

UCs submitted in improper format

As per Rule 212(1) of General Financial Rules, 2005 read with Rule 155 of Gujarat Financial Rules, 1971, UCs should be furnished by the grantee institutions/offices through their Departments in Form GFR-19 A.

However, 69 of 81 UCs (85 *per cent*) aggregating ₹ 781.85 crore were not submitted in the prescribed Form. The UCs either did not detail the checks exercised before their submission or sanction order numbers and dates were not mentioned in the UCs by the grantees. Acceptance of improper UCs indicated that the grantor Departments had not carried out the required checks and they also did not insist on providing necessary documents in support of UCs.

Further, 40 of 81 UCs (49 *per cent*) aggregating ₹ 58.01 crore submitted by the grantee institutions to AG (A&E) were either not countersigned by the respective Head of Departments or not routed through the concerned Departments. The reliability of UCs submitted could, therefore, not be verified in audit.

3.1.1.2 Incorrect submission of utilisation certificates to AG (A&E)

As per Note 1 (i) below Rule 155 of the Gujarat Financial Rules, "The officer certifying the utilisation of the grant should take steps to satisfy himself that the conditions on which the grant was sanctioned have been or are being fulfilled. For this purpose, he may require the grantee to submit to him at regular intervals, such reports, statements, *etc.*, in respect of expenditure from the grant as may be considered necessary."

⁵ Health and Family Welfare; Social Justice and Empowerment; and Tribal Development

During grants audit in H&FW for the year 2016-19, Audit observed that three COs submitted 1,113 UCs involving ₹ 5,977.75 crore to AG (A&E) without obtaining details of expenditure/reports/UCs from the implementing agencies, in violation of provisions of GFR. The details are shown in **Table 3.3**.

Table 3.3: Details of incorrect submission of UCs

Name of the Controlling Officers	Year	UCs submitted	Amount of UCs submitted to AG (A&E) (₹ in crore)
Additional Director of Public Health	2016-17 to 2018-19	461	3310.93
Additional Director of Medical Services	2017-18 to 2018-19	196	196.54
Additional Director of Medical Education and Research	2016-17 to 2018-19	456	2470.28
	Total	1113	5977.75

Source: Information collected from concerned COs

Recommendation: *Sanctioning authority/concerned Department should ensure receipt and verification of the genuineness of UCs for grants already released, before releasing further grants. A sound internal control and financial reporting mechanism may be instituted to identify the bottlenecks for delays in submission of UCs together with review of unspent balances lying with the grantee institutions for long periods.*

3.2 Failure to submit accounts for amounts drawn on abstract contingent bills

Drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers are not available at the time of drawal, are made on Abstract Contingent (AC) Bills. Initially made as advance, its subsequent adjustments are ensured through submission⁶ of Detailed Contingent (DC) bills within a stipulated period of three months from the date of drawal of AC bills to AG (A&E).

Withdrawal of funds on AC bills on large scale and non-adjustment/ settlement of substantial number of AC bills by way of submission of DC bills by the State Government over the years is a matter of concern.

As on 31 March 2019, the concerned Departments did not furnish DC bills for 4,496 AC bills amounting ₹ 439.97 crore to AG (A&E). Year-wise break-up of outstanding DC bills are given in **Table 3.4**.

⁶ As per Rule 211 of Gujarat Treasury Rules, 2000

Table 3.4: Pendency in submission of DC bills

Year	Outstanding DC bills	Amount (₹ in crore)
Up to March 2017	2,187	90.59
2017-18	181	14.98
2018-19	2,128	334.40
Total	4,496	439.97

Source: Finance Accounts of Government of Gujarat for the year 2018-19

As evident from the **Table 3.4**, DC bills amounting ₹ 90.59 crore (20.60 per cent) were pending settlement for more than two years. Substantial amount of DC bills were pending from Women and Child Development Department (35 AC bills amounting ₹ 177.45 crore); Education Department (1,876 AC bills amounting ₹ 84.82 crore) and Home Department (422 AC bills amounting ₹ 55.40 crore).

Out of 10,505 AC bills drawn (₹ 689.68 crore) in 2018-19, 1,716 AC bills involving ₹ 194.61 crore (28 per cent) were drawn in March 2019 while four of 1,716 AC bills involving ₹ 7.63 crore were drawn on the last day of the financial year. Of the four AC bills amounting ₹ 7.63 crore, one AC bill amounting ₹ 6.22 crore was drawn by Industries and Mines Department.

Significant expenditure against AC bills in March indicated that drawal was primarily to exhaust the budgetary provisions and revealed inadequate budgetary control.

Advances drawn and not accounted for also increases the possibility of wastage/ misappropriation/malfeasance etc.

3.2.1 Irregular drawing of AC bills for planned activities

Expenditure through AC bill should be done only for meeting contingent expenses and not for carrying out planned activities.

Audit observed that five⁷ *Mamlatdars*⁸ under Revenue Department drew 13 AC bills during 2017-18 for executing works for removal of encroachments on Government land, though this was a planned activity for which provision was made in the budget estimates of 2017-18.

Only one bill amounting ₹ 75,000 was submitted (March 2018) on time. Of the remaining 12 AC bills aggregating ₹ 3.88 crore, ₹ 1.34 crore were lying unspent in the bank accounts of four⁹ *Mamlatdars* while ₹ 2.54 crore were placed at the disposal of Roads and Buildings (R&B) Divisions at Ahmedabad for execution

7 Ghatlodiya, Maninagar, Sabarmati, Vatva and Vejalpur

8 The Mamlatdar is the Head of the revenue administration consisting of average 50 or more groups of villages.

9 Ghatlodiya, Maninagar, Sabarmati and Vatva

of fencing works (December 2019). R&B Divisions neither submitted detailed account of expenditure incurred by them nor was the unspent balance remitted to respective *Mamlatdars*.

Drawing of AC bills for planned activities was not in order.

3.2.2 Review of AC/DC bills

Audit selected a sample¹⁰ of 115 AC/DC bills (involving ₹ 4.28 crore) relating to period 2014-19 received in office of the AG (A&E) from five Departments, namely Education, Home, Industries and Mines, Sports, Youth and Cultural Activities and Panchayats, Rural Housing and Rural Development. The objective was to seek an assurance that procedures laid down for drawal and submission of AC/DC bills had been followed scrupulously by these Departments.

3.2.2.1 Drawal of AC bill for expenditure already done

As per Gujarat Treasury Rules, 2000, no expenditure can be incurred without sanction for such expenditure from a competent authority.

Audit observed that in 16 out of 115 cases involving ₹ 0.75 crore, payment vouchers attached with DC bills showed dates prior to the date of drawal of AC bill/sanction from competent authority. This clearly indicated that AC bills were drawn after expenditure had already been incurred.

3.2.2.2 Failure to check pendency in submission of previous DC bills

As per Rule 211 of Gujarat Treasury Rules, 2000, the Drawing Officer while drawing a fresh AC bill should certify that no DC bill is pending pertaining to the period prior to previous three months on the date of drawal of the fresh AC bill. Audit scrutiny of 115 AC bills in selected Departments revealed the following:

- In seven out of 115 cases, the concerned Drawing Officers did not record the requisite certificate on the AC bills, and
- In 49 out of 115 cases, certificates recorded by concerned Drawing Officers were erroneous. Cross-verification by Audit with the abstract of pending AC bills showed pendency in submission of DC bills pertaining to prior periods.

The above inadequacies indicated that the Drawing Officers did not exercise proper checks before drawing new AC bills.

3.2.2.3 Delay in submission of DC bills

In 48 cases involving ₹ 1.52 crore, there were delays in submission of DC bills between six days and 1,214 days. In 14 cases involving ₹ 0.58 crore, DC bills

¹⁰ Drawn randomly from 4,831 AC bills received in 2018-19 from five Departments showing high pendency

had not been submitted and the delays ranged between 188 days and 550 days as of December 2019.

Recommendation: Sanctioning authorities may ensure that amounts drawn on AC bills are settled expeditiously through submission of DC bills within the prescribed time limits. Finance Department may also ensure that pendency of AC bills is brought down.

3.3 Bodies/Authorities substantially financed by the Government

3.3.1 Non-receipt of information pertaining to Bodies/Authorities substantially financed by the Government

Under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, where any Body or Authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State, the Comptroller and Auditor General of India (CAG) shall, subject to the provisions of any law for the time being in force applicable to the Body or Authority, as the case may be, audit all receipts and expenditure of that Body or Authority and report on the receipts and expenditure audited by him. Under Section 15 of the CAG's (DPC) Act, 1971, where any grant or loan is given for any specific purpose from the Consolidated Fund of India or of any State to any Body or Authority, the CAG shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which grants or loans were given.

In order to identify institutions which attract Audit under Sections 14 and 15 of the CAG's (DPC) Act, the Government/Heads of Department are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. The Regulations on Audit and Accounts, 2007 provide that the Governments and Heads of Department which sanction grants and/or loans to Bodies or Authorities shall furnish to the Audit Office by the end of July every year a statement of such Bodies and Authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the purpose for which the assistance was sanctioned, and (b) the total expenditure of the Body or Authority.

On taking up the issue with the State Government, only five¹¹ of 27 Departments furnished the details of grants-in-aid given to various Bodies and Authorities during 2018-19. Based on the information furnished by the departments, 46 new Bodies/Authorities were identified for audit. In the absence of information from 22 Departments, Audit could not give assurance to that extent to the Legislature/ Government about the manner in which the grants sanctioned/released by them had been utilised.

¹¹ Finance; General Administration; Social Justice and Empowerment; Legal; Gujarat Legislature Secretariat

3.3.2 Non-submission/delay in submission of Accounts by Autonomous Bodies/Authorities

On the basis of accounts furnished by different Autonomous Bodies (ABs), audit under Section 14 of the CAG's (DPC) Act, 1971 are conducted. There are 207 Autonomous Bodies/ Authorities covered under this Section. These are audited with regard to their transactions, operational activities and accounts, review of systems/procedures, internal controls, etc.

A total of 41 accounts (including accounts of earlier years) relating to 19 Bodies/Authorities were audited during the year 2018-19. Ten out of 19 ABs have furnished their current accounts for 2018-19. However, 911 Annual Accounts of 207 Autonomous Bodies/ Authorities due up to 2018-19 were not received as on 31 July 2019 by the Offices of PAG (E&RSA)¹² and the PAG (G&SSA)¹³, Gujarat.

Details of 207 ABs which did not furnish accounts are given in **Appendix 3.2** and their age-wise pendency is shown in **Table 3.5**.

Table 3.5: Age-wise arrears of annual accounts due from Government Bodies

Sr. No.	Pendency in number of years	Number of the Bodies/Authorities
1.	Less than one year	13
2.	1-3	112
3.	3-5	26
4.	5-10	36
5.	Above 10	20
Total		207

Source: Information compiled by Office of the PAG (E&RSA) and Office of the PAG (G&SSA)

Table 3.5 above shows that the accounts of 56 Autonomous Bodies/Authorities were in arrears for more than five years. In the absence of Annual Accounts, the accounting/utilisation of the grants and loans disbursed to these Bodies/ Authorities could not be verified by Audit.

Non-submission of information regarding grants and loans paid to various institutions and non-furnishing of Accounts by them, increase the risk of mis-utilisation of the funds and the Finance Department needs to keep a watch on such transfers.

¹² Principal Accountant General (Economic and Revenue Sector Audit), Gujarat, Ahmedabad

¹³ Principal Accountant General (General and Social Sector Audit), Gujarat, Rajkot

3.4 Delay in submission of accounts/placement of Separate Audit Reports of Autonomous Bodies

Several ABs have been set up by the State Government in the fields of development, housing, *etc.* These ABs attract audit under Section 19(2), 19(3) and 20(1) of the CAG's (DPC) Act, 1971. Accounts of 63 such ABs in the State are audited by the CAG. These are audited with regard to their transactions, operational activities and accounts, review of systems and procedures, internal management and financial controls, *etc.* Separate Audit Reports (SARs) in respect of each of the 63 ABs are required to be submitted to the State Government while 36 of 63 SARs are required to be placed in the State Legislature.

Only 14 of 63 ABs have rendered the accounts for the year 2018-19 while the remaining 49 ABs have not submitted the accounts for the years 2006-07 to 2018-19. Period of delay in non-submission of accounts by these 49 ABs ranged from two months to 134 months up to August 2019. A statement showing status of accounts received¹⁴ and placement of SARs in the State Legislature in respect of 63 ABs are shown in **Appendix 3.3**.

Details of delay in submission of accounts by 49 ABs to Audit and delay in placement of SARs in the Legislature in respect of 36 ABs are shown in **Table 3.6**.

Table 3.6: Delay in submission of accounts and tabling of SARs in Legislature

Submission of Accounts for Audit		Tabling of SAR in Legislature	
Period of delay (up to August 2019)	Number of Autonomous Bodies	Delay	Number of Autonomous Bodies
Up to 1 year	32	Up to 1 year	16
2 years	4	1 – 2 years	3
More than 2 years	13	More than 2 years	17
Total	49	Total	36

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

Inordinate delay in submission of accounts and tabling of reports in the State Legislature resulted in delayed scrutiny of the functioning of these bodies, where Government investments are made. Further, necessary remedial action, if any, required to be taken by the Government was also delayed.

Recommendation: Controlling Departments may identify the reasons for delay in finalisation of Accounts of Autonomous Bodies/Authorities for suitable remedial measures so that backlog of arrears in Accounts is cleared in a time-bound manner.

¹⁴ Accounts are to be submitted by ABs within three months of the closure of the financial year (30 June every year)

3.5 Personal Deposit/Personal Ledger Accounts

3.5.1 Personal Deposit Accounts

A Personal Deposit Account (PD Account) is a device intended to facilitate the Administrators thereof to credit receipts into and effect withdrawals directly from the Consolidated Fund of the State (CFS) for a specific purpose. The Administrators thereof shall only be Government officers acting in their official or any other capacity. Every PD Account so authorised to be opened will form part of the Government Account under the Public Account.

As on 31 March 2019, 17 Departments held 484 PD Accounts¹⁵ in district treasuries with a closing balance of ₹ 581.01 crore, which was not transferred to the CFS before the closure of the financial year.

Thirteen new PD Accounts were opened and 11 closed during 2018-19. Education Department held the highest number of PD Accounts (145), followed by General Administration Department (74) and Agriculture, Farmer's Welfare and Co-operation Department (53). During 2018-19, ₹ 1,610.57 crore was credited to PD Accounts from the CFS and an expenditure of ₹ 1,476.97 crore was incurred therefrom.

Further, 26 out of 484 PD Accounts with a total balance of ₹ 1.70 crore were inoperative for over three years as on 31 March 2019.

Non-transfer of unspent balances lying in PD Accounts to the CFS before the closure of financial year entails the risk of misuse of public funds, fraud and misappropriation.

As compared to other States, the position of the PD Accounts was sustainable. However, the Finance Department needs to keep a watch on PD accounts which are not in operation for more than one year and necessary action may be taken thereon.

3.5.2 Review of Personal Deposit Accounts

Audit reviewed five¹⁶ PD Accounts of the Administrators under Health and Family Welfare Department (H&FW) for the period 2016-19, in order to examine compliance with relevant rules for administration of PD Accounts. The Administrators were to use the PD Account for receipts/refunds of deposits such as, hostel fees, admission fees, course fees and earnest money/security deposits of suppliers/contractors.

Major audit findings on PD Accounts operated by these Administrators are discussed in the succeeding paragraphs.

¹⁵ Under Major Head – 8443-106 – Civil Deposits-Personal Deposits

¹⁶ (i) Chief District Medical Officer-cum-Civil Surgeon, General Hospital, Gandhinagar, (ii) Medical Superintendent, Civil Hospital, Ahmedabad, (iii) Dean, Dental College and Hospital, Ahmedabad, (iv) Director, M. J. Institute of Ophthalmology, Ahmedabad, and (v) Dean, B.J. Medical College, Ahmedabad

3.5.2.1 Absence of authorisation letters in operation of PD Accounts

PD Account can be operated only with the authorisation of the AG (A&E) and it should be operated as per the conditions mentioned in the authorisation letter. However, no authorisation letters were made available to Audit by the five Administrators. The Administrators stated (December 2019) that authorisation letters were not traceable, as it had been issued many years ago. In absence of authorisation letters, Audit could not ascertain whether applicable conditions had been adhered to by the Administrators in operation of PD accounts.

3.5.2.2 Irregular retention of fees in PD Accounts

As per Rule 25 of Gujarat Treasury Rules, 2000, all kind of fees collected in Government Institutes must be credited into Government Account within two or three days of their receipt.

Audit observed (December 2019) that three PD Accounts were credited with ₹ 1.81 crore¹⁷ on account of para-medical course fees and All India admission fees (collected up to March 2019), but this was not deposited into Government Account as of December 2019.

3.5.2.3 Non-reconciliation of balances as per cash book and treasury

Rule 398 of Gujarat Treasury Rules, 2000 stipulates that the Administrators of PD Accounts should carry out reconciliation of their balances for the preceding financial year with the concerned Treasury Offices by 30 June of the following financial year.

Scrutiny of PD Account cash book of Medical Superintendent, Civil Hospital, Ahmedabad revealed a difference of ₹ 0.50 lakh between PD Account cash book and treasury balances, due to non-reconciliation of balances for the years 2016-17, 2017-18 and 2018-19.

3.5.2.4 Parking of Scheme funds in PD Account

PD Account should be operated only for the purpose for which it has been opened and should not be used to park funds. Scrutiny of cash book and relevant records of Medical Superintendent, Civil Hospital, Ahmedabad revealed that ₹ 11.10 crore released by Commissioner of Health during 2016-18 under *Shala Arogya-Rashtriya Bal Swasthya Karykram* was irregularly parked in PD Account.

Of ₹ 11.10 crore, only ₹ 5 crore was spent upto March 2018, leaving an unspent balance of ₹ 6.10 crore in PD Account (December 2019).

¹⁷ Chief District Medical Officer-cum-Civil Surgeon, General Hospital, Gandhinagar; Medical Superintendent, Civil Hospital, Ahmedabad; and Dean, B.J. Medical College, Ahmedabad

3.5.3 Operation of Personal Ledger Accounts

There were 280 Personal Ledger Accounts¹⁸ (PLAs) relating to 33 District Development Offices (DDO) at the district level and 247 Taluka Development Offices (TDO) at the taluka level under Panchayats, Rural Housing and Rural Development Department. As on 01 April 2018, PLAs had an opening balance of ₹ 12,785.81 crore. Receipts under these accounts during 2018-19 were ₹ 41,012.13 crore and disbursements were ₹ 41,396.67 crore, leaving a closing balance of ₹ 12,401.27 crore as on 31 March 2019.

3.5.4 Review of Court Deposits PLAs

3.5.4.1 Non-maintenance of inventory of fixed deposits

Courts in the State of Gujarat receive moneys as deposits in respect of various cases pursuant to the orders given by the Judges. These deposits, not bearing interest, are classified into two categories *viz.* (i) Civil Court Deposits¹⁹ and (ii) Criminal Court Deposits²⁰. Moneys so deposited, as ordered by respective court, are returned to the party /persons once the court takes decision on the case.

There were 277 Civil Court Deposits PLAs and 318 Criminal Court Deposits PLAs being operated at High Court and sub-ordinate courts under Legal Department. As on 01 April 2018, Civil Court Deposits PLAs had an opening balance of ₹ 620.70 crore. Receipts under these accounts during 2018-19 were ₹ 3,562.36 crore and disbursements were ₹ 3,418.04 crore, leaving a closing balance of ₹ 765.02 crore as on 31 March 2019. Criminal Court Deposits PLAs had an opening balance of ₹ 128.33 crore as on 01 April 2018. Receipts under these accounts during 2018-19 were ₹ 125.92 crore and disbursements were ₹ 87.58 crore, leaving a closing balance of ₹ 166.67 crore as on 31 March 2019.

Given the fact that huge balances had been lying in Court Deposits PLAs without earning any interest, the High Court of Gujarat directed all the courts in 2009 that amounts so held in PLAs should be invested in fixed deposits in Nationalised Banks by the Registrars of the concerned courts. The intention was to ensure that parties do not lose interest on deposits till finality of adjudication of the case.

Audit observed that the Legal or Finance Departments did not issue Government Resolution/Notification to create a system to record the amounts invested in fixed deposits and procedure to be followed in case of lapsed deposits.

Test-check of four²¹ PLAs revealed no records of amounts invested in fixed deposits and therefore, it was difficult to assess the quantum of deposits kept

18 Under Major Head – 8448-109 – Deposits of Local Funds-Panchayat Bodies Funds

19 Under Major Head – 8443-104 – Civil Court Deposits

20 Under Major Head – 8443-105 – Criminal Court Deposits

21 High Court of Gujarat; District Court Rural, Mirzapur, Ahmedabad; City Civil and Sessions Court, Ahmedabad; and Civil Court, Dholka

outside the Public Account. Audit further observed that the registers meant for collection of deposits (Register C) and release of deposits (Register D) were being maintained without any reference to fixed deposits created.

Thus, there was no system for monitoring, accounting and maintaining the inventory of fixed deposits. In the absence of such a system, information relating to these fixed deposits created outside the Public Account could not be disclosed in the Finance Accounts of the Government.

3.5.4.2 Non-adherence to rules related to Lapsed Deposits

As per Rule 672 (22) of Civil Manual, 1960, deposits unclaimed for more than three complete account years from the date of final adjudication of a suit or a proceeding will be credited to Government Account at the close of March in each year. In the following month, the Court shall furnish to the AG (A&E) a statement of balances written off and credited to Government Account.

During the course of audit, it was noticed that details of amounts lapsed to Government after final adjudication was not available with the Registrars of four test-checked PLAs, as no statements of unclaimed deposits were being prepared.

3.6 Misappropriation, losses and defalcation

The State Government reported 164 cases of misappropriation, losses, defalcation, etc. involving Government money of ₹ 16.26 crore (up to March 2019) on which final action was pending. Department-wise break up of pending cases and age analysis of such cases is given in **Appendix 3.4**. Classification of these cases in three categories is shown in **Appendix 3.5**. Age profile of pending cases is summarised in **Table 3.7**.

Table 3.7: Age profile of misappropriation, losses and defalcation cases

Range in years	Number of cases	Amount involved (₹ in crore)
Up to 5	42	7.63
5 – 10	16	0.63
10 – 15	19	1.82
15 – 20	13	5.53
20 – 25	12	0.11
25 and above	62	0.54
Total	164	16.26

Source: Information compiled by Offices of the PAG (E&RSA) and PAG (G&SSA) from data furnished by concerned Departments

Of the 164 cases, Narmada, Water Resources, Water Supply and Kalpsar Department had 23 cases and Revenue Department had 22 cases which were pending for more than 25 years.

First Information Reports (FIRs) were lodged in 118 of 164 cases. The remaining 46 cases²² pertained to six Departments. Departmental proceedings in all the 46 cases of misappropriation were under progress. The concerned Departments need to file FIRs in these cases at the earliest.

Reasons for pendency of misappropriation, losses and defalcation cases are listed in **Table 3.8**.

Table 3.8: Reasons for pendency of misappropriation, losses and defalcation cases

Reasons for the delay/outstanding pending cases		Number of cases	Amount (₹ in crore)
1.	Awaiting Departmental and criminal investigation	28	0.93
2.	Departmental action initiated but not finalised	27	0.84
3.	Criminal proceedings finalised but execution of certificate for the recovery of the amount pending	3	0.66
4.	Awaiting orders for recovery or write off	33	0.27
5.	Pending in the courts of law	72	13.54
6.	Others	1	0.02
Total		164	16.26

Source: Information compiled by Offices of the PAG (E&RSA) and PAG (G&SSA) from data furnished by concerned Departments

As may be seen, 72 of 164 cases (43.90 *per cent*) were under legal adjudication.

3.7 Operation of omnibus Minor Head 800

The omnibus Minor Head 800 accommodates the receipts and expenditure which cannot be classified under the available programme Minor Heads.

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

During 2018-19, expenditure aggregating ₹ 11,133.79 crore constituting 6.25 *per cent* of the total expenditure²³ of the State (₹ 1,78,014.97 crore) was classified under Minor Head '800 - Other Expenditure' in 64 Major Heads under revenue and capital sections. Major Departments which booked large amounts under Minor Head-800 during 2018-19 were: Industries and Mines; Narmada, Water Resources, Water Supply and Kalpsar; and Agriculture, Farmer's Welfare and Co-operation.

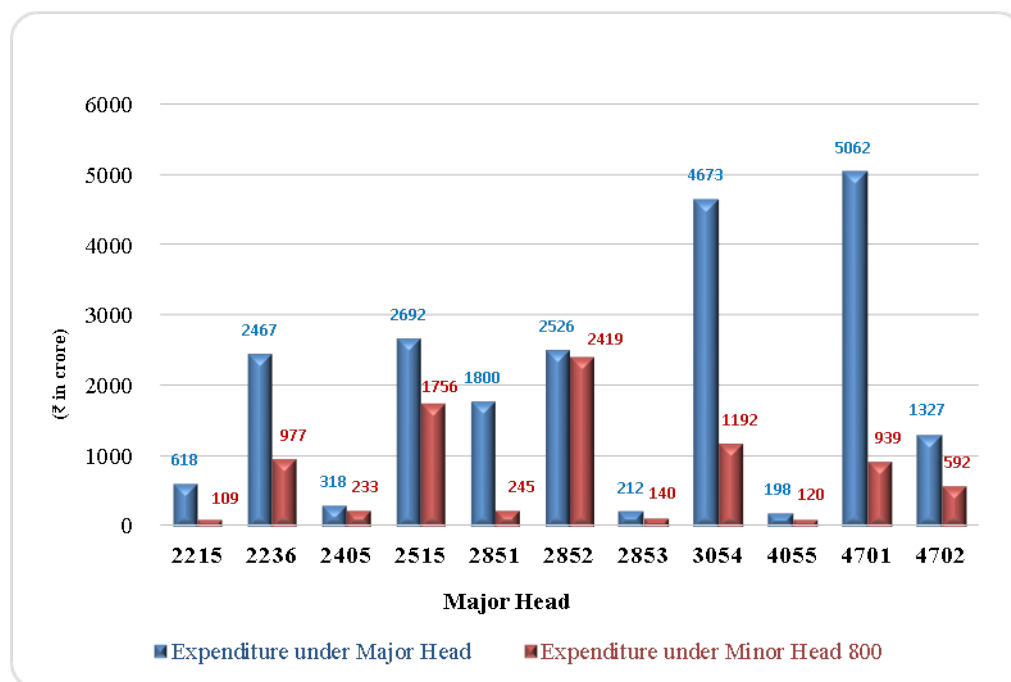
22 Forest and Environment – 20 cases; Health and Family Welfare – 01 case; Narmada, Water Resources, Water Supply and Kalpsar – 17 cases; Roads and Buildings – 06 cases; Revenue – 01 case; and Science and Technology – 01 case

23 Comprising revenue expenditure, capital expenditure, disbursement of loans and advances and repayment of public debt

Under some Major Heads²⁴, expenditure between 96 per cent and 100 per cent was booked under omnibus Minor Head-800.

Cases where expenditure exceeding ₹ 100 crore was booked under Minor Head-800 under a particular Major Head during 2018-19 are illustrated in Chart 3.1.

Chart 3.1: Major Heads where expenditure of more than ₹ 100 crore was booked under Minor Head 800 during 2018-19



Source: Finance Accounts of Government of Gujarat for the year 2018-19

In Major Heads 2236, 2515, 2851, 2852 and 3054, the concerned Departments had been consistently booking expenditure of more than ₹ 100 crore under Minor Head-800 for the last three years. The Departments were: Agriculture, Farmer's Welfare and Co-operation; Finance; General Administration; Industries and Mines; Narmada, Water Resources, Water Supply and Kalpsar; Panchayats Rural Housing and Rural Development; Roads and Buildings; Women and Child Development; Home; and Social Justice and Empowerment.

Similarly, during 2018-19, revenue receipts aggregating ₹ 4,248.48 crore constituting 2.37 per cent of total receipts²⁵ of the State (₹ 1,79,364.01 crore) were classified under omnibus Minor Head '800 - Other Receipts' in 53 Major Heads under revenue section. Major Departments which booked large amounts under Minor Head-800 during 2018-19 were: Agriculture, Farmer's Welfare and Co-operation; Finance; Narmada, Water Resources, Water Supply and Kalpsar; and Urban Development and Urban Housing.

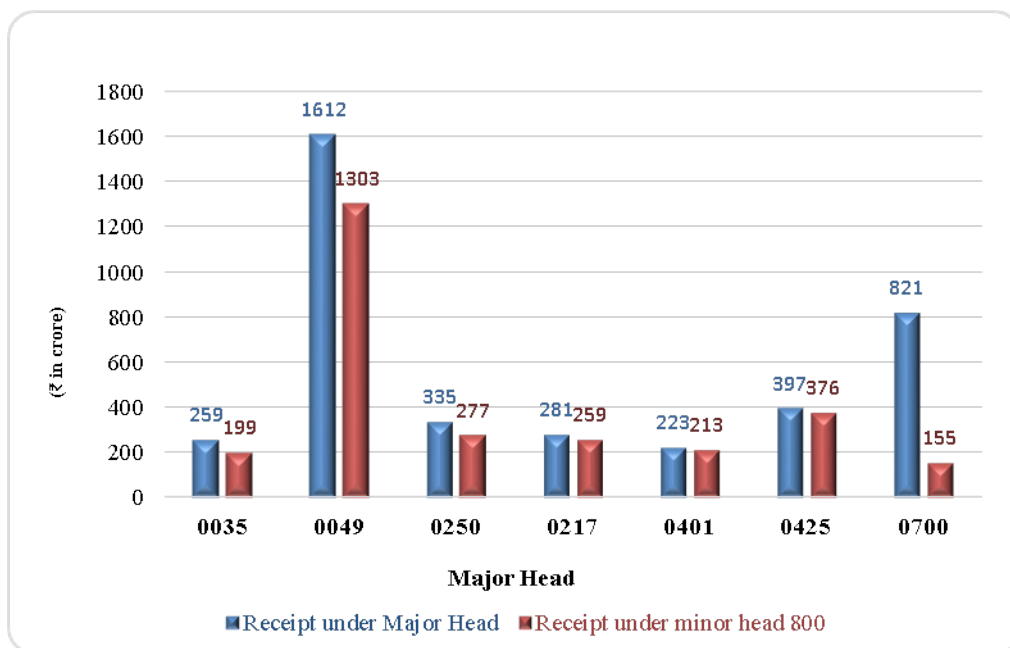
24 2075: Miscellaneous General Services – ₹ 39.82 crore of ₹ 40.56 crore (98.17 per cent) was booked; Major Head 4236: Capital Outlay on Nutrition – entire expenditure of ₹ 43.51 crore (100 per cent) was booked; Major Head 4408: Capital Outlay on Food Storage and Warehousing – ₹ 89.34 crore of ₹ 90.48 crore (98.74 per cent) was booked; Major Head 2852: Industries – ₹ 2,418.74 crore of ₹ 2,526.35 crore (95.74 per cent) was booked

25 Comprising tax revenue, non-tax revenue, share of Union taxes and duties, grants-in-aid from GoI, miscellaneous capital receipts, recovery of loans & advances and public debt receipts.

Cases where 100 per cent booking of receipts was done under Minor Head - 800 were: Family Welfare (Major Head - 0211), Food Storage and Warehousing (Major Head - 0408), Non-Conventional Sources of Energy (Major Head - 0810), Tourism (Major Head - 1452), Other Special Areas Programmes (Major Head - 0575), Power (Major Head - 0801), Land Reforms (Major Head - 0506), Civil Supplies (Major Head - 1456) and Other Fiscal Services (Major Head - 0047).

Cases where receipts exceeding ₹ 100 crore were booked under Minor Head-800 under a particular Major Head during 2018-19 are illustrated in **Chart 3.2**.

Chart 3.2: Major Heads where revenue of more than ₹ 100 crore was booked under Minor Head 800 during 2018-19



Source: Finance Accounts of Government of Gujarat for the year 2018-19

In Major Heads 0035, 0049 and 0700, the Departments had been consistently booking receipts of more than ₹ 100 crore under Minor Head-800 for the last three years.

It was also observed that expenditure under Minor Head 800 has continuously increased from ₹ 8,608.12 crore in 2016-17 to ₹ 11,133.79 crore in 2018-19 while revenue receipts under the same Minor Head fluctuated during the same period from ₹ 16,471.60 crore in 2016-17 to ₹ 2,336.52 crore in 2017-18 and finally to ₹ 4,248.48 crore in 2018-19.

The State Government needs to make more efforts to minimise classification of expenditure and receipts under respective Minor Head - 800.

3.8 Comments on Accounts

3.8.1 Important factors affecting accuracy of Accounts

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

A general review of transactions under major suspense accounts revealed the following:

3.8.1.1 Outstanding balances under major suspense accounts

Balances under certain major suspense heads of accounts, as recorded in the ledger maintained by office of the AG (A&E), are indicated in **Table 3.9**.

Table 3.9: Suspense Head (8658 – Suspense Accounts)

(₹ in crore)

Name of Minor Head	2016-17			2017-18			2018-19		
	Debit	Credit	Net Debit	Debit	Credit	Net Debit	Debit	Credit	Net Debit
101- Pay and Accounts office Suspense	166.13	30.00	136.13	189.21	3.69	185.52	221.01	9.22	211.79
102- Suspense Accounts (Civil)	90.93	0.11	90.82	74.34	0.15	74.19	98.04	7.72	90.32
110- Reserve Bank Suspense-Central Accounts Office	352.96	110.73	242.23	242.23	0.00	242.23	242.23	0.00	242.23

Source: Finance Accounts of Government of Gujarat for the year 2018-19

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

(i) *Pay and Accounts Office Suspense*

This Minor Head is operated for settlement of inter-Departmental and inter-Governmental transactions arising in the books of Pay and Accounts Offices

(PAOs) and the AG (A&E). Transactions under this Minor Head represent either recoveries have been effected or payments have been made by an Accounts Officer on behalf of another Accounts Officer against whom the Minor Head 'PAO Suspense' has been operationalised. Credit under the head is cleared by 'minus credit' when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under 'PAO Suspense' is cleared by 'minus debit' on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under the Minor Head would mean that payments have been made by the AG (A&E) on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the AG (A&E) on behalf of a PAO, which are yet to be repaid/adjusted.

The net debit balance under this head increased from ₹ 136.13 crore in 2016-17 to ₹ 211.79 crore in 2018-19.

(ii) *Suspense Accounts (Civil)*

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

Outstanding debit balance under this Head would mean that payments were made which could not be debited to the final expenditure Head for want of details like vouchers. Outstanding credit balance would mean that amounts were received which could not be credited to the final receipt head for want of details.

The net debit balance as on 31 March 2019 under this Head was ₹ 90.32 crore, indicating that necessary details for classification of final expenditure Head were not available.

(iii) *Reserve Bank Suspense-Central Accounts Office*

This Head is operated for recording inter-Governmental transactions where monetary settlement between cash balances of two Governments is done by sending advice to the Central Accounts Section of the Reserve Bank of India (RBI).

This Head is cleared by transferring the amount to the final Head of account on receipt of intimation of the monetary settlement having been carried out by the RBI. The main transaction which gets settled through this Suspense Head are grants/loans received from the GoI and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI, and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments.

As on 31 March 2019, debit balance under this Head was ₹ 242.23 crore, which was the same as the previous year, indicating that corresponding clearances were not made.

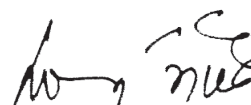


(YASHWANT KUMAR)

**Principal Accountant General
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**Rajkot
The**

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

**New Delhi
The**

APPENDICES

APPENDIX 1.1
(Reference: Socio-economic indicators of the State;
Page 1, Paragraph 1.1 at Page 2 and Paragraph 1.3.1 at Page 12)

Part A: General Data					
Particulars				Figures	
Area				1,96,024 sq. km.	
Population					
a.	As per 2001 Census			5.07 crore	
b.	As per 2011 Census			6.04 crore	
a.	Density of population (as per 2001 census) (All India Density = 325 persons per sq. km)			258 persons per sq. km.	
b.	Density of population ¹ (as per 2011 census) (All India Density = 382 persons per sq. km)			308 persons per sq. km.	
Population Below Poverty Line (BPL) ² (All India Average = 21.9 per cent)				16.6 per cent	
a.	Literacy rate (as per 2001 census) (All India Average = 64.8 per cent)			69.14 per cent	
b.	Literacy rate ³ (as per 2011 census) (All India Average = 73.00 per cent)			78.00 per cent	
Life Expectancy at birth ⁴ (2012-16) (All India Average = 68.7 years)				69.5 years	
Infant Mortality Rate ⁵ (2017) (per 1,000 live births) (All India Average = 33 per 1,000 live births)				30	
Human Development Index ⁶ (2018) (All India = 0.647)				0.672	
Gross State Domestic Product (GSDP) 2018-19 at current prices				15,01,496 crore	
Per capita GSDP CAGR (2011-12 to 2018-19) (All India = 10.35 per cent)		Gujarat		12.63 per cent	
		General Category States		10.99 per cent	
GSDP CAGR (2011-12 to 2018-19) (All India = 11.70 per cent)		Gujarat		13.58 per cent	
		General Category States		12.23 per cent	
Population Growth Rate ⁷ (2009 to 2019) (All India = 12.84 per cent)		Gujarat		12.73 per cent	
		General Category States		12.46 per cent	
Financial Data					
		CAGR		Growth during 2018-19	
		2009-10 to 2017-18		over 2017-18	
		GCS⁸	Gujarat	GCS⁸	Gujarat
Sl. No.	Particulars	(in per cent)			
a.	Revenue Receipts	15.03	14.52	12.77	10.31
b.	Own Tax Revenue	14.84	13.09	12.72	11.95
c.	Non Tax Revenue	9.88	13.56	19.78	(-)10.99
d.	Total Expenditure	14.20	11.58	12.73	12.10
e.	Capital Expenditure	13.53	15.96	11.93	6.65
f.	Revenue Expenditure on Education	13.44	12.95	9.38	11.97
g.	Revenue Expenditure on Health	16.50	13.71	11.09	9.76
h.	Salary and Wages	11.72	10.83	11.03	5.45
i.	Pension	16.12	15.18	14.31	30.87

1 MoSPI Website; Table 2.3 Statistical Year Book 2018

2 Economic Survey 2018-19, Vol. II, Page A 168-169 Table 9.8

3 Economic Survey 2018-19, Vol. II, Page A 164 Table 9.4

4 Economic Survey 2018-19, Vol. II, Page A 160 Table 9.1

5 Economic Survey 2018-19, Vol. II, Page A 160 Table 9.1

6 Human Development Report 2019 brought out by UNDP

7 Census of India 2001 (Population Projection 2001-2026, Table 14, Page 104 to 115)

8 Based on 18 General Category States – Financial data is based on Finance Accounts of the State Governments

Part B: Structure and Form of Government Accounts

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

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

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

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

Part C: Layout of Finance Accounts

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

APPENDIX 1.2

(Reference: Paragraph 1.1; Page 2)

Part A: Methodology adopted for the assessment of Fiscal Position

The norms/ceilings prescribed by the 12th Finance Commission (FC) for selected fiscal variables along with its projections for a set of fiscal aggregates, as updated by the 13th FC and 14th FC, and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the Legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure *etc.* are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

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

Trends in Gross State Domestic Product (GSDP)

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross State Domestic Product at current prices (₹ in crore)	9,21,773	10,29,010	11,53,327(P)	13,14,680(Q)	15,01,496(A)
Growth rate of GSDP (in <i>per cent</i>)	14.13	11.63	12.08	13.99	14.21

Source: Directorate of Economics and Statistics, Gandhinagar - Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2018-19)

Estimates: P= Provisional, Q= Quick, A= Advance

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

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

Part B: Fiscal Responsibility Act

The Gujarat Fiscal Responsibility Act, 2005

The State Government enacted the Gujarat Fiscal Responsibility Act, 2005 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. The State Government had enacted the amendments to give effect to various milestones of the fiscal consolidation roadmap as recommended by the 13th FC. To give effect to the fiscal management principles as laid down in the Act and/or the rules framed thereunder, the Government prescribed the following fiscal management targets:

- Eliminate the revenue deficit by 31st March 2012 and maintain it at that level or generate revenue surplus thereafter.
- Reduce fiscal deficit to not more than three *per cent* of GSDP beginning 1st April 2011.
- Cap the total public debt of the State Government from the level of 28.80 *per cent* in FY 2011-12 to 27.10 *per cent* at the end of FY 2014-15 of the estimated GSDP of respective year.
- Cap outstanding guarantees within the limit provided in the Gujarat State Guarantees Act, 1963.

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

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

Keeping in view the fiscal targets laid down in the Fiscal Responsibility Act and/or the Rules made thereunder and the anticipated annual rate of reduction of fiscal deficit of the States worked out by the Government of India for the 13th FC award period following its recommendation, the State Government has developed its own Fiscal Correction Path indicating the milestones of outcome indicators with target dates of implementation during the period from 2015-16 to 2018-19 as given below.

Fiscal indicators of Medium Term Fiscal Policy Statements

(₹ in crore)

Sl. No.	Item	Previous year		Current Year		Ensuing Year	Targets for next two years	
		2015-16	2016-17	2017-18 (BE)	2017-18 (RE)	2018-19 (BE)	2019-20	2020-21
1	2	3	4	5	6	7	8	9
1.	Revenue Deficit (-)/ Surplus (+)	1,704	5,947	6,066	5,977	5,998	5,920	5,950
2.	Fiscal Deficit (-) / Surplus(+)	(-)23,015	(-)16,480	(-)23,215	(-)21,948	(-)25,584	(-)38,144	(-)43,225
3.	Public Debt	1,80,743	1,99,338	2,14,688	2,17,337	2,38,702	2,66,702	2,96,702
4.	GSDP ⁹	10,29,010	11,53,327	12,75,591	13,20,167	14,96,013	16,95,282	19,21,094
5.	Fiscal Deficit as percentage of GSDP	2.24	1.43	1.82	1.66	1.71	2.25	2.25
6.	Public Debt as percentage of GSDP	17.56	17.28	16.83	16.46	15.96	15.73	15.44
7.	Government guarantees	5,236	4,804	16,000 ¹⁰	4,917 ¹¹	16,000 ¹⁰	16,000 ¹⁰	16,000 ¹⁰

Source: Budget document of the State Government for the year 2018-19

9 The GSDP estimates for 2016-17 are based on quick estimates and for 2017-18 (RE) are based on advanced estimates while the growth for 2018-19 to 2020-21 has been estimated at the rate of 13.32 *per cent* and thereafter as per the projections of the 14th FC on advance estimates of GSDP for 2017-18

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

11 Outstanding guarantees as on 31st January, 2018

APPENDIX 1.3

(Reference: Paragraphs 1.1.1, 1.6.1 and 1.9.1; Pages 2, 24 and 40)

Part – I: Abstract of Receipts and Disbursement for the year 2018-19

Section A: Revenue

(₹ in crore)

Receipts				Disbursement					
	2017-18	2018-19		2017-18	State Fund Expenditure	Central Assistance (including CSS/CS)	Total	2018-19	
I Revenue Receipts	1,23,291.27	1,36,001.54	I Revenue Expenditure	1,18,059.66	1,17,424.25	15,365.32	1,32,789.57	1,32,789.57	
Tax Revenue	71,549.41	80,102.74	General Services	41,401.56	47,106.00	457.78	47,563.78		
Non-Tax Revenue	15,073.97	13,416.99	Social Services	49,039.00	42,590.91	10,694.37	53,285.28		
			Education, Sports, Art and Culture	21,528.49	23,093.61	979.57	24,073.18		
			Health and Family Welfare	6,945.38	6,180.93	1,746.08	7,927.01		
			Water Supply, Sanitation, Housing and Urban Development	10,795.29	8,069.29	3,607.64	11,676.93		
			Information and Broadcasting	138.93	160.73	0.00	160.73		
State's share of Union Taxes	20,782.29	23,489.33	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	3,510.66	2,896.06	1,081.07	3,977.13		
			Labour and Labour Welfare	1,524.02	658.51	394.82	1,053.33		
			Social Welfare and Nutrition	4,520.61	1,461.80	2,884.82	4,346.62		
			Others	75.62	69.98	0.37	70.35		
			Economic Services	27,145.04	27,362.52	4,213.17	31,575.69		
Centrally sponsored schemes	8,942.08	8,784.58	Agriculture and Allied Activities	7,801.51	7,742.51	624.01	8,366.52		
			Rural Development	3,199.53	817.64	2,665.69	3,483.33		
			Special Areas Programmes	79.39	87.57	0.00	87.57		
			Irrigation and Flood Control	1,087.50	1,071.54	0.76	1,072.30		
Finance Commission grants	3,166.85	3,313.36	Energy	5,820.38	7,654.51	0.00	7,654.51		
			Industry and Minerals	3,084.80	4,537.49	1.18	4,538.67		
			Transport	4,696.29	4,745.53	344.32	5,089.85		
			Science, Technology and Environment	344.61	246.14	50.00	296.14		
Other transfer/grants to states with legislature	3,776.67	6,894.54	General Economic Services	1,031.03	459.59	527.21	986.80		
			Grants-in-aid and Contributions	474.06	364.82	0.00	364.82		
II Revenue Deficit carried over to Section B			II Revenue Surplus carried over to Section B	5,231.61	3,211.97	0.00	3,211.97	3211.97	
Total	1,23,291.27	1,36,001.54	Total	1,23,291.27			1,36,001.54	1,36,001.54	

*The CGA has revised classification of grants-in-aid with effect from 01 April 2017

Section B: Others

(₹ in crore)

Receipts				Disbursements						
		2017-18	2018-19			2017-18	State Fund Expenditure	Central Assistance (including CSS/CS)	Total	2018-19
III	Opening cash balance including permanent advances and cash balance investments	23,248.93	16,529.22	III	Opening Overdraft from Reserve Bank of India	0.00	0.00	0.00	0.00	0.00
IV	Miscellaneous capital receipts	0.00	65.00	IV	Capital Outlay	26,313.19	23,086.65	4,975.25	28,061.90	28,061.90
					General Services	870.51	593.63	281.41	875.04	
					Social Services	6,812.77	6,306.80	1,389.10	7,695.90	
					Education, Sports, Art and Culture	793.58	537.90	377.27	915.17	
					Health and Family Welfare	1,570.16	1,957.00	99.73	2,056.73	
					Water Supply, Sanitation, Housing and Urban Development	4,075.62	3,544.23	605.94	4,150.17	
					Information and Broadcasting	0.00	0.00	0.00	0.00	
					Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	135.72	100.67	101.62	202.29	
					Social Welfare and Nutrition	22.28	13.75	39.81	53.56	
					Others	215.41	153.25	164.73	317.98	
					Economic Services	18,629.91	16,186.22	3,304.74	19,490.96	
					Agriculture and Allied Activities	824.96	843.11	2.06	845.17	
					Rural Development	1,206.40	1,299.42	0.00	1,299.42	
					Special Areas Programmes	21.91	1.00	0.00	1.00	
					Irrigation and Flood Control	9,079.81	7,390.26	2,959.32	10,349.58	
					Energy	2,939.36	2,873.57	0.00	2,873.57	
					Industry and Minerals	109.63	116.70	0.00	116.70	
					Transport	3,963.48	3,104.91	343.36	3,448.27	
					General Economic Services	484.36	557.25	0.00	557.25	
V	Recoveries of loans and advances	346.22	151.37	V	Loans and Advances disbursed	631.07			1,731.47	1,731.47
	From power projects	112.27	57.20		For Power Projects	106.59			68.94	
	From Government servants	15.45	11.66		To Government Servants	13.68			10.94	
	From others	218.50	82.51		To Others	510.80			1651.59	
VI	Revenue surplus brought down	5,231.61	3,211.97	VI	Revenue Deficit brought down	0.00			0.00	0.00
VII	Public debt receipts	26,952.74	43,146.09	VII	Repayment of Public debt	13,700.23			15,432.02	15,432.02
	Internal debt other than ways and means advances and overdrafts	26,862.91	40,950.39		Internal debt other than Ways and Means Advances and Overdrafts	12,991.00			14,719.24	
	Net transaction under ways and means advances	0.00	0.00		Net transactions under Ways and Means Advances	0.00			0.00	

Receipts				Disbursements						
		2017-18	2018-19			2017-18	State Fund Expenditure	Central Assistance (including CSS/CS)	Total	2018-19
	Loans and Advances from Central Government	89.83	2195.70		Repayment of Loans and Advances to Central Government	709.23			712.78	
VIII	Appropriation from Contingency Fund	0.00	0.00	VIII	Appropriation to Contingency Fund	0.00			0.00	0.00
IX	Amount transferred to Contingency Fund	0.00	0.00	IX	Expenditure from Contingency Fund	0.00			0.25	0.25
X	Public Account receipts	89,132.67	1,05,720.43	X	Public Account disbursements	87,738.46			1,03,997.91	1,03,997.91
	Small Savings and Provident Funds	2,340.61	2310.16		Small Savings and Provident Funds	2,000.29			2,101.70	
	Reserve Funds	1,797.03	2,169.83		Reserve Funds	2,544.68			1,598.43	
	Suspense and Miscellaneous	16,045.41	25,135.54		Suspense and Miscellaneous	15,547.01			25,862.75	
	Remittances	18,881.27	20,768.08		Remittances	18,673.66			21,100.10	
	Deposits and Advances	50,068.35	55,336.82		Deposits and Advances	48,972.82			53,334.93	
XI	Closing overdraft from Reserve Bank of India	0.00	0.00	XI	Cash Balance at end	16,529.22			19,600.53	19,600.53
					Cash in Treasuries and Local Remittances	4.19			0.00	
					Deposits with Reserve Bank	(-)359.53			0.12	
					Departmental Cash Balance and investment including permanent Advances	11,686.47			12,704.51	
					Cash Balance Investment	5,198.09			6,895.90	
	Total	1,44,912.17	1,68,824.08		Total	1,44,912.17			1,68,824.08	1,68,824.08

Source: Finance Accounts of respective years

Part II: Summarised financial position of the Government of Gujarat as on 31 March 2019

(₹ in crore)

As on 31.03.2018	Liabilities		As on 31.03.2019
2,06,643.56	Internal Debt -		2,32,874.70
1,51,886.55	Market Loans bearing interest	1,79,323.20	
0.52	Market Loans not bearing interest	0.52	
0.00	Loans from Life Insurance Corporation of India	0.00	
54,756.49	Loans from Other Institutions	53,550.98	
0.00	Ways and Means Advances	0.00	
0.00	Overdrafts from Reserve Bank of India	0.00	
5,946.92	Loans and Advances from Central Government		7,429.82
2.53	Pre 1984-85 Loans, 6004	2.52	
32.64	Non-Plan Loans	29.15	
5,911.57	Loans for State Plan Schemes	7,397.97	
0	Loans for Central Plan Schemes	0.00	
0.18	Loans for Centrally Sponsored Plan Schemes	0.18	
200.00	Contingency Fund		199.75
10,400.18	Small Savings, Provident Funds, etc.		10,608.63
30,130.00	Deposits		32,131.84
14,931.88	Reserve Funds		15,503.27
524.24	Suspense and Miscellaneous Balances		-202.94
968.22	Remittance Balances		636.21
2,69,745.00	Total		2,99,181.28
	Assets		
2,37,058.70	Gross Capital Outlay on Fixed Assets -		2,65,120.58
86,113.96	Investments in shares of Companies, Corporations, etc.	92,803.90	
1,50,944.74	Other Capital Outlay	1,72,316.68	
7,923.06	Loans and Advances -		9,503.15
607.81	Loans for Power Projects	619.55	
7,065.72	Other Development Loans	8,633.26	
249.53	Loans to Government servants and Miscellaneous loans	250.34	
11,686.04	Reserve Fund Investments		12,704.26
0.79	Advances		0.73
0.00	Suspense and Miscellaneous Balances		0.00
4,842.83	Cash -		6,895.93
4.19	Cash in Treasuries and Local Remittances	0.00	
(-)359.53	Deposits with Reserve Bank	0.12	
0.08	Departmental Cash Balance including Permanent Advances	(-)0.09	
5,198.09	Cash Balance Investments	6,895.90	
8,233.58	Deficit on Government Account -		4,956.63
5,231.61	Less(i) Revenue Surplus /Add Revenue deficit of the current year	3,211.97	
0.00	(ii) Miscellaneous Deficit	65.00	
0.00	(iii) Other adjustment	(-)0.02	
13,465.19	Accumulated deficit at the beginning of the year	8,233.58	
2,69,745.00	Total		2,99,181.28

Source: Finance Accounts of respective years

Appendix 1.4
Actuals vis-à-vis Budget Estimates and Revised Estimates 2018-19
(Reference: Paragraphs 1.1.3; Page 7)

(₹ in crore)

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/Decrease(-)		Increase/Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
(I) Revenue receipts (a+b+c+d)	140631.15	140531.72	136001.54	-4629.61	-4530.18	-3.29	-3.22
(a) Tax revenue	88728.80	89900.10	80102.74	-8626.06	-9797.36	-9.72	-10.90
State Goods and Services Tax (SGST)	42750.00	42750.00	34888.71	-7861.29	-7861.29	-18.39	-18.39
Other Taxes on Income and Expenditure	269.03	303.00	260.51	-8.52	-42.49	-3.17	-14.02
Land revenue	2625.20	2500.00	2407.51	-217.69	-92.49	-8.29	-3.70
Stamps and registration fees	8380.14	8011.00	7780.77	-599.37	-230.23	-7.15	-2.87
Taxes on immovable property other than agricultural land	366.96	320.00	259.31	-107.65	-60.69	-29.34	-18.97
State excise	79.08	126.10	130.59	51.51	4.49	65.14	3.56
Taxes on sales, trade etc. (VAT/Sales tax)	20783.12	23000.00	22414.25	1631.13	-585.75	7.85	-2.55
Taxes on vehicles	4784.99	4500.00	4118.60	-666.39	-381.40	-13.93	-8.48
Taxes on goods and passengers	112.33	115.00	116.73	4.40	1.73	3.92	1.50
Taxes and duties on electricity	8129.57	7800.00	7347.79	-781.78	-452.21	-9.62	-5.80
Other taxes and duties on commodities and services	448.38	475.00	377.97	-70.41	-97.03	-15.70	-20.43
(B) Non-tax revenue	11705.04	12102.30	13416.99	1711.95	1314.69	14.63	10.86
Other Fiscal Services	0.05	0.04	0.06	0.01	0.02	20.00	50.00
Interest receipts	1200.00	1200.00	1611.71	411.71	411.71	34.31	34.31
Dividend and profit	100.00	122.44	120.03	20.03	-2.41	20.03	-1.97
Public Service Commission	10.00	3.95	4.27	-5.73	0.32	-57.30	8.10
Police	356.66	356.66	312.19	-44.47	-44.47	-12.47	-12.47
Jails	8.26	8.26	8.72	0.46	0.46	5.57	5.57
Stationery and Printing	28.30	28.74	31.78	3.48	3.04	12.30	10.58
Public works	65.18	76.52	77.03	11.85	0.51	18.18	0.67
Other administrative services	194.39	170.00	130.59	-63.80	-39.41	-32.82	-23.18
Contribution and Recoveries towards Pension and other Retirement Benefits	64.80	56.00	56.33	-8.47	0.33	-13.07	0.59
Miscellaneous general services	42.20	42.20	39.53	-2.67	-2.67	-6.33	-6.33
Education, sports, art and culture	652.47	531.08	688.48	36.01	157.40	5.52	29.64
Medical and public health	210.61	230.46	271.59	60.98	41.13	28.95	17.85
Family Welfare	16.20	12.20	3.49	-12.71	-8.71	-78.46	-71.39
Water supply and sanitation	9.72	2.86	1.94	-7.78	-0.92	-80.04	-32.17

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
				BE to actual	RE to actual	(in per cent)	
						BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Housing	28.90	28.90	112.46	83.56	83.56	289.13	289.13
Urban Development	41.76	185.29	280.62	238.86	95.33	571.98	51.45
Information and Publicity	1.51	1.34	0.97	-0.54	-0.37	-35.76	-27.61
Labour and Employment	545.41	584.96	643.25	97.84	58.29	17.94	9.96
Social Security and Welfare	9.09	6.31	6.85	-2.24	0.54	-24.64	8.56
Other Social Services	132.45	165.00	335.34	202.89	170.34	153.18	103.24
Crop Husbandry	42.12	112.34	222.73	180.61	110.39	428.80	98.26
Animal Husbandry	85.57	81.36	73.85	-11.72	-7.51	-13.70	-9.23
Dairy Development	22.57	22.57	6.19	-16.38	-16.38	-72.57	-72.57
Fisheries	14.85	14.85	17.67	2.82	2.82	18.99	18.99
Forestry and wildlife	49.68	60.00	46.49	-3.19	-13.51	-6.42	-22.52
Food Storage and Warehousing	4.32	4.32	4.20	0.12	0.12	-2.78	-2.78
Co-operation	127.44	422.94	397.38	269.94	-25.56	211.82	-6.04
Other Agriculture Programmes	6.48	7.33	5.84	-0.64	-1.49	-9.88	-20.33
Land Reforms	0.00	0.02	0.02	0.02	0.00	0.00	0.00
Other Rural Development Programmes	195.32	150.00	73.71	-121.61	-76.29	-62.26	-50.86
Other Special Areas Programmes	7.02	20.00	46.38	39.36	26.38	560.68	131.90
Major irrigation	756.32	787.54	820.82	64.50	33.28	8.53	4.23
Medium irrigation	518.35	540.00	506.13	-12.22	-33.87	-2.36	-6.27
Minor irrigation	1.10	10.22	52.28	51.18	42.06	4652.73	411.55
Non-Conventional Source of Energy	16.38	15.32	58.99	42.61	43.67	260.13	285.05
Village and Small Industries	13.21	24.72	24.69	11.48	-0.03	86.90	-0.12
Industries	151.80	53.70	51.94	-99.86	-1.76	-65.78	-3.28
Non-ferrous mining and metallurgical industries	4212.00	4212.00	4863.00	651.00	651.00	15.46	15.46
Ports and Light houses	1400.00	1387.30	1153.35	-246.65	-233.95	-17.62	-16.86
Roads and Bridges	151.69	151.69	92.22	-59.47	-59.47	-39.20	-39.20
Tourism	29.22	29.22	93.37	64.15	64.15	219.54	219.54
Other general economic services	176.15	176.15	68.19	-107.96	-107.96	-61.29	-61.29
Other non-tax revenue	5.59	5.56	0.40	-5.19	-5.16	-92.84	-92.81

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
(c) State's share of union taxes and duties	24307.08	23489.32	23489.33	-817.75	0.01	-3.36	0.00
(d) Grants-in-aid from GoI	15890.23	15040.00	18992.48	3102.25	3952.48	19.52	26.28
(2) Miscellaneous capital receipts	10.00	65.00	65.00	55.00	0.00	550.00	0.00
(3) Recoveries of loans and advances	286.00	286.00	151.37	-134.63	-134.63	-47.07	-47.07
(4) Total receipts (1+2+3)	140927.15	140882.72	136217.91	-4709.24	-4664.81	-3.34	-3.31
(5) Revenue expenditure (a+b+c+d)	134633.30	139153.06	132789.57	-1843.73	-6363.49	-1.37	-4.57
(a) General services	51822.05	46997.53	47563.78	-4258.27	566.25	-8.22	1.20
Administration of justice	1158.87	1113.10	988.69	-170.18	-124.41	-14.68	-11.18
Elections	147.28	275.10	267.09	119.81	-8.01	81.35	-2.91
Land revenue	153.13	146.41	139.82	-13.31	-6.59	-8.69	-4.50
Stamps and registration	128.51	144.57	136.61	8.10	-7.96	6.30	-5.51
State excise	18.70	18.29	17.94	-0.76	-0.35	-4.06	-1.91
Taxes on Vehicles	198.76	163.73	153.71	-45.05	-10.02	-22.67	-6.12
Interest payments	20179.11	20339.87	20183.36	4.25	-156.51	0.02	-0.77
Secretariat- General Services	489.47	444.34	419.88	-69.59	-24.46	-14.22	-5.50
District Administration	547.40	527.59	478.54	-68.86	-49.05	-12.58	-9.30
Treasury and accounts administration	194.54	176.31	171.52	-23.02	-4.79	-11.83	-2.72
Police	4218.38	5212.53	4842.06	623.68	-370.47	14.78	-7.11
Jails	154.22	163.94	144.12	-10.10	-19.82	-6.55	-12.09
Public works	277.74	449.47	323.49	45.75	-125.98	16.47	-28.03
Other administrative services	420.16	511.04	504.95	84.79	-6.09	20.18	-1.19
Pension and other retirement benefits	14767.55	15754.70	18295.44	3527.89	2540.74	23.89	16.13
Miscellaneous general services	7027.89	53.18	40.56	-6987.33	-12.62	-99.42	-23.73
Others	1740.34	1503.36	456.00	-1284.34	-1047.33	-73.80	-69.67
(b) Social services	55398.02	59040.45	53285.28	-2112.74	-5755.67	-3.81	-9.75
General Education	20880.97	23044.77	22733.83	1852.86	-310.94	8.87	-1.35
Technical Education	1001.36	968.63	863.37	-137.99	-105.26	-13.78	-10.87
Sports and Youth Services	402.58	400.83	391.25	-11.33	-9.58	-2.81	-2.39
Medical and Public Health	5961.10	6387.45	6120.42	159.32	-267.03	2.67	-4.18

Appendices

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/Decrease(-)		Increase/Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Family Welfare	1696.34	1926.83	1806.59	110.25	-120.24	6.50	-6.24
Water Supply and Sanitation	1002.91	1437.12	618.10	-384.81	-819.02	-38.37	-56.99
Housing	2894.88	2660.13	1655.01	-1239.87	-1005.12	-42.83	-37.78
Urban Development	10065.54	10325.99	9403.81	-661.73	-922.18	-6.57	-8.93
Welfare of scheduled castes, scheduled tribes, other backward classes and minorities	4033.95	4045.31	3977.12	-56.83	-68.19	-1.41	-1.69
Labour, Employment and Skill Development	1398.83	1149.55	1053.33	-345.50	-96.22	-24.70	-8.37
Social Security and Welfare	1163.80	1267.47	1136.57	-27.23	-130.90	-2.34	-10.33
Nutrition	3661.90	3067.23	2466.99	-1194.92	-600.24	-32.63	-19.57
Relief on account of natural calamities	883.71	2008.99	743.06	-140.65	-1265.93	-15.92	-63.01
Others	350.14	350.65	315.83	-34.31	-34.82	-9.80	-9.93
(c) Economic services	27045.35	32746.80	31575.69	4530.34	-1171.11	16.75	-3.58
Crop husbandry	3178.16	4995.85	4811.25	1633.09	-184.60	51.38	-3.70
Animal husbandry	773.77	671.50	628.58	-145.19	-42.92	-18.76	-6.39
Forestry and wildlife	565.32	563.10	548.56	-16.76	-14.54	-2.96	-2.58
Agricultural research and education	703.94	745.24	744.98	41.04	-0.26	5.83	-0.03
Co-operation	774.30	1182.36	1161.72	387.42	-20.64	50.03	-1.75
Special programmes for rural development	611.13	580.48	289.49	-321.64	-290.99	-52.63	-50.13
Rural employment	473.60	517.46	502.13	28.53	-15.33	6.02	-2.96
Other rural development programmes	2878.24	3000.47	2691.70	-186.54	-308.77	-6.48	-10.29
Major irrigation	321.46	306.35	318.87	-2.59	12.52	-0.81	4.09
Medium irrigation	207.88	198.67	200.47	-7.41	1.80	-3.56	0.91
Minor irrigation	657.90	517.10	506.37	-151.53	-10.73	-23.03	-2.08
Power	5432.85	7370.99	7365.62	1932.77	-5.37	35.58	-0.07
New and renewable energy	107.13	255.88	288.89	181.76	33.01	169.66	12.90
Industries	1873.99	2621.88	2526.35	652.36	-95.53	34.81	-3.64
Non-ferrous mining and metallurgical industries	190.59	221.04	211.99	21.40	-9.05	11.23	-4.09
Roads and bridges	4180.92	4478.27	4672.85	491.93	194.58	11.77	4.34
Road transport	302.94	353.21	352.80	49.86	-0.41	16.46	0.12

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Secretariat- economic services	148.52	128.55	109.30	-39.22	-19.25	-26.41	-14.97
Civil supplies	882.68	785.70	691.05	-191.63	-94.65	-21.71	-12.05
Others	2780.03	3252.70	2952.72	172.69	-299.98	6.21	-9.22
(d) Grants-in-aid and contributions	367.88	367.78	364.82	-3.06	-2.96	-0.83	-0.80
(6) Capital expenditure	30341.64	31417.24	28061.90	-2279.74	-3355.34	-7.51	-10.68
Capital outlay on police	247.56	264.14	198.25	-49.31	-65.89	-19.92	-24.95
Capital outlay on public works	862.49	681.99	564.89	-297.60	-117.10	-34.50	-17.17
Capital outlay on education, sports, art and culture	1715.43	1125.40	915.17	-800.26	-210.23	-46.65	-18.68
Capital outlay on medical and public health	1938.79	2051.98	2049.73	110.94	-2.25	5.72	-0.11
Capital outlay on water supply and sanitation	3106.77	3321.94	3292.28	185.51	-29.66	5.97	-0.89
Capital outlay on housing	851.86	723.27	698.77	-153.09	-24.50	-17.97	-3.39
Capital outlay on urban development	284.50	202.57	159.13	-125.37	-43.44	-44.07	-21.44
Capital outlay on welfare of scheduled castes, scheduled tribes, other backward classes and minorities	382.66	211.72	202.29	-180.37	-9.43	-47.14	-4.45
Capital outlay on nutrition	113.33	75.80	43.51	-69.82	-32.29	-61.61	-42.60
Capital outlay on other social services	439.05	381.19	317.98	-121.07	-63.21	-27.58	-16.58
Capital outlay on forestry and wildlife	679.45	681.54	676.49	-2.96	-5.05	-0.44	-0.74
Capital outlay on other rural development programmes	1217.00	1300.50	1299.42	82.42	-1.08	6.77	-0.08
Capital outlay on major irrigation	5568.44	5541.84	3886.23	-1682.21	-1655.61	-30.21	-29.87
Capital outlay on medium irrigation	2781.64	5043.67	5061.55	2279.91	17.88	81.96	0.35
Capital outlay on minor irrigation	1486.27	1414.69	1326.91	-159.36	-87.78	-10.72	-6.20
Capital outlay on power projects	2889.07	2825.87	2873.57	-15.50	47.70	-0.54	1.69
Capital outlay on civil aviation	131.50	119.88	108.58	-22.92	-11.30	-17.43	-9.43
Capital outlay on roads and bridges	3219.59	3496.11	3089.68	-129.91	-406.43	-4.03	-11.63
Capital outlay on road transport	680.00	680.00	214.49	-465.51	-465.51	-68.46	-68.46
Capital outlay on tourism	609.50	596.75	557.25	-52.25	-39.50	-8.57	-6.62

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Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/Decrease(-)		Increase/Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Other capital outlays	1136.74	676.39	525.73	-611.01	-150.66	-53.75	-22.57
(7) Repayment of public debt	15434.28	15439.83	15432.02	-2.26	-7.81	-0.01	-0.05
(8) Disbursement of loans and advances	1535.92	2099.42	1731.47	195.55	-367.95	12.73	-17.53
(9) Total expenditure (5+6+8)	166510.86	172669.72	162582.94	-3927.92	-10086.78	-2.36	-5.84
(10) Revenue surplus (+)/ deficits (-) (1-5)	5997.85	1378.66	3211.97	-2785.88	1833.31	-46.45	132.98
(11) Fiscal deficits (-) (4-9)	25583.71	31787.00	26365.03	781.32	-5421.97	3.05	-17.06
(12) Primary surplus (+)/ deficits(-) (11+ interest payment)	5404.60	11447.13	6181.67	777.07	-5265.46	14.38	-46.00

Source: Budget publications of State Government for the year 2018-19 (BE) and 2019-20 (RE) and Finance Accounts 2018-19 (Actuals)

APPENDIX 1.5
Time series data on the State Government finances
(Reference: Paragraph 1.3 and 1.9.2; Pages 11 and 42)

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
1. Revenue receipts	91,978	97,483	1,09,842	1,23,291	1,36,002
(i) Tax revenue	61,340	62,649	64,443	71,549	80,103
State Goods and Service Tax (SGST)	-	-	-	21,251	34,889
Taxes on agricultural income		-	-	-	-
Taxes on sales, trade, etc. (VAT/Sales Tax)	44,145	44,091	46,314	29,639	22,414
State excise	140	123	152	85	131
Taxes on vehicles	2,695	3,008	3,213	3,885	4,119
Stamps and registration fees	5,503	5,549	5,783	7,255	7,781
Land revenue	1,893	2,529	1,999	1,859	2408
Taxes on goods and passengers	211	265	66	131	117
Other taxes	6,753	7,084	6,916	7,444	8,244
(ii) Non tax revenue	9,543	10,194	13,346	15,074	13,417
(iii) State's share of Union taxes and duties	10,296	15,691	18,835	20,782	23,489
(iv) Grants in aid from Government of India	10,799	8,949	13,218	15,886	18,993
2. Miscellaneous capital receipts	241	0.00	240	0	65
3. Recoveries of loans and advances	621	125	166	346	151
General Services	-	-	-	-	-
Social Services	5	7	7	7	12
Economic Services	541	54	101	291	89
Loans to Government Servants and Miscellaneous Loans	75	64	58	48	50
4. Total revenue and non-debt capital receipts (1+2+3)	92,840	97,608	1,10,248	1,23,637	1,36,218
5. Public debt receipts	19,454	23,486	27,668	26,953	43,146
Internal debt (excluding ways and means advances and overdrafts)	19,131	23,234	27,477	26,863	40,950
Net transactions under ways and means advances and overdrafts	-	-	-	-	-
Loans and advances from Government of India	323	253	191	90	2,196
6. Total receipts in the Consolidated Fund (4+5)	1,12,294	1,21,094	1,37,916	1,50,590	1,79,364
7. Contingency fund receipts	0	14	4	0	0
8. Public account receipts (Gross)	62,388	65,132	58,959	89,133	1,05,720
9. Total receipts of the State (6+7+8)	1,74,682	1,86,240	1,96,879	2,39,723	2,85,084

Appendices

	2014-15	2015-16	2016-17	2017-18	2018-19
PART B-Expenditure/Disbursement					
10. Revenue Expenditure	86,652	95,779	1,03,895	1,18,060	132,790
Plan	26,586	32,224	36,709	-	-
Non plan	60,066	63,555	67,186	-	-
State Fund Expenditure	-	-	-	1,03,047	1,17,424
Central assistance including CSS/CS	-	-	-	15,013	15,366
General services (including interest payments)	30,003	32,876	35,804	41,402	47,564
Social services	36,714	42,120	44,926	49,039	53,285
Economic services	19,399	20,224	22,749	27,145	31,576
Grants-in-aid and contributions	536	559	416	474	365
11. Capital expenditure	24,158	24,169	22,355	26,313	28,062
Plan	24,074	24,093	22,302	-	-
Non plan	84	76	53	-	-
State Fund Expenditure	-	-	-	20,305	23,087
Central assistance including CSS/CS	-	-	-	6,008	4,975
General services	888	808	623	871	875
Social services	7,186	6,417	6,215	6,813	7,696
Economic services	16,084	16,944	15,517	18,630	19,491
12. Disbursement of loans and advances	350	675	478	631	1,731
General Services	-	-	-	-	-
Social Services	41	146	217	265	924
Economic Services	260	473	198	311	756
Loans to Government Servants and Miscellaneous Loans	49	56	63	55	51
13. Total expenditure (10+11+12)	1,11,160	1,20,623	1,26,728	1,45,004	1,62,583
14. Repayments of public debt	5,509	6,194	9,073	13,700	15,432
Internal debt (excluding Ways and Means Advances and Overdrafts)	4,849	5,534	8,386	12,991	14,719
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and advances from Government of India	660	660	687	709	713
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	1,16,669	1,26,817	1,35,801	1,58,704	1,78,015
17. Contingency fund disbursements	14	4	-	-	0.25
18. Public account disbursements	52,309	61,936	56,388	87,738	1,03,998
19. Total disbursement by the State (16+17+18)	1,68,992	1,88,757	1,92,189	2,46,442	2,82,013

	2014-15	2015-16	2016-17	2017-18	2018-19
Part C- Deficits					
20. Revenue deficit(-) / revenue surplus (+) (1-10)	(+)5,326	(+)1,704	(+)5,947	(+)5,232	(+)3,212
21. Fiscal deficit (-)/fiscal surplus (+) (4-13)	(-)18,320	(-)23,015	(-)16,480	(-)21,366	(-)26,365
22. Primary deficit(-)/ primary surplus(+) (21+23)	(-)3,374	(-)6,715	(+)1,317	(-)2,412	(-)6,182
Part D- Other data					
23. Interest payments (included in revenue expenditure)	14,946	16,300	17,797	18,954	20,183
24. Financial assistance to local bodies etc.	39,964	44,048	48,055	54,807	59,611
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means advances/ overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP) ^Φ	9,21,773	10,29,010	11,53,327(P)	13,14,680(Q)	15,01,496(A)
28. Outstanding fiscal liabilities (year-end)	2,02,313	2,21,090	2,43,146	2,56,366	2,85,844
29. Outstanding guarantees (year-end)	5,984	5,236	4,804	4,834	4,699
30. Maximum amount guaranteed (during the year)	11,235	11,333	11,333	11,796	11,796
Part E- Fiscal Health Indicators					
Own tax revenue/GSDP (<i>per cent</i>)	6.65	6.09	5.59	5.44	5.33
Own non-tax revenue/GSDP (<i>per cent</i>)	1.04	0.99	1.16	1.15	0.89
Central transfers/GSDP (<i>per cent</i>)	2.29	2.39	2.78	2.79	2.83
II. Expenditure Management					
Total expenditure/GSDP (<i>per cent</i>)	12.06	11.72	10.99	11.03	10.83
Total expenditure/revenue receipts	1.21	1.24	1.15	1.18	1.20
Revenue expenditure/total expenditure	0.78	0.79	0.82	0.81	0.82
Expenditure on social services/total expenditure	0.39	0.40	0.41	0.39	0.38
Expenditure on economic services/total expenditure	0.32	0.31	0.30	0.32	0.31
Capital expenditure/total expenditure	0.22	0.20	0.18	0.18	0.17

Appendices

	2014-15	2015-16	2016-17	2017-18	2018-19
Capital expenditure on social and economic services/total expenditure	0.21	0.19	0.17	0.18	0.17
III. Management of fiscal imbalances					
Revenue deficit or surplus / GSDP (<i>per cent</i>)	0.58	0.17	0.52	0.40	0.21
Fiscal deficit/GSDP (<i>per cent</i>)	(-)1.99	(-)2.24	(-)1.43	(-)1.63	(-)1.76
Primary deficit (-) or surplus(+)/GSDP (<i>per cent</i>)	(-)0.37	(-)0.65	0.11	(-)0.18	(-)0.41
Revenue deficit/fiscal deficit	(-)0.29	(-)0.07	(-)0.36	(-)0.24	(-)0.12
Primary revenue balance / GSDP (<i>per cent</i>)	2.20	1.75	2.06	1.84	1.56
IV. Management of fiscal liabilities					
Fiscal liabilities/GSDP	0.22	0.21	0.21	0.20	0.19
Fiscal liabilities/RR (<i>per cent</i>)	219.96	226.80	221.36	207.94	210.18
Primary deficit <i>vis-à-vis</i> quantum spread (<i>per cent</i>)	(-)28.90	(-)94.30	11.23	(-)15.51	(-)35.64
Debt redemption (principal + interest) / total debt receipts	0.93	0.96	0.94	1.07	0.91
V. Other Fiscal Health Indicators					
Return on investment	0.14	0.14	0.14	0.11	0.13
Financial assets/liabilities	0.90	0.92	0.95	0.97	0.98

Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2018-19)

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

APPENDIX 1.6
Main components of tax revenue and their cost of collection
during 2014-19
(Reference Paragraph 1.3.3, Page 13)

(₹ in crore)

Heads of revenue	Year	Revenue collected	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of cost of collection
Sales tax/ commercial tax	2014-15	44,145.26	212.25	0.48	0.91
	2015-16	44,091.05	204.99	0.46	0.66
	2016-17	46,317.78	234.86	0.51	0.69
	2017-18	50,889.73 ¹²	273.62	0.54	0.69
	2018-19	22,414.25	1.10	0.00	N.A
Taxes on vehicles and taxes on goods and passengers	2014-15	2,905.44	124.07	4.27	6.08
	2015-16	3,273.17	138.53	4.23	4.99
	2016-17	3,279.35	134.94	4.11	2.61
	2017-18	4,016.72	138.53	3.45	2.61
	2018-19	4,235.33	153.71	3.63	N.A
Stamp duty and registration fees	2014-15	5,503.34	81.75	1.49	3.59
	2015-16	5,549.42	84.76	1.53	2.87
	2016-17	5,782.93	111.56	1.93	2.99
	2017-18	7,254.75	122.01	1.68	2.96
	2018-19	7,780.77	136.61	1.76	N.A
State excise	2014-15	140.27	13.43	9.57	2.09
	2015-16	123.32	14.49	11.75	3.21
	2016-17	151.53	15.31	10.10	2.01
	2017-18	84.75 ¹³	17.65	20.83	1.83
	2018-19	130.59	17.94	13.74	N.A
SGST	2018-19	34,888.71	261.45	0.75	N.A

Source: Finance Accounts of respective years

N.A.: Not Available

12 VAT (₹ 29,638.88 crore) + SGST (₹ 21,250.85 crore)

13 The revenue collection had decreased during 2017-18 due to State Excise being subsumed in GST (except alcohol for human consumption)

APPENDIX 2.1

Excess expenditure over appropriations in previous years requiring regularisation
(Reference: Paragraph 2.3.1; Page 56)

(₹ in crore)

Year	Grant (Revenue/Capital-voted) numbers		Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2007-08	Revenue	3, 5, 8, 9, 11, 12, 13, 15, 18, 21, 22, 23, 25, 26, 31, 38, 39, 40, 41, 44, 50, 51, 53, 55, 57, 61, 62, 64, 66, 73, 74, 75, 78, 80, 82, 84, 86, 87, 88, 95	1,055.23	Yet to be regularised
2008-09	Revenue	5, 8, 9, 13, 21, 22, 23, 26, 38, 39, 41, 43, 44, 62, 66, 73, 79, 80, 86, 87, 104	347.03	Yet to be regularised
	Capital	55, 58, 86		
2009-10	Revenue	1, 3, 5, 9, 10, 12, 17, 18, 21, 23, 26, 32, 39, 41, 43, 45, 46, 48, 55, 57, 61, 62, 64, 66, 69, 73, 75, 80, 84, 86, 87, 88, 96, 97, 101, 102	1,007.92	Yet to be regularised
	Capital	65, 93		
2010-11	Revenue	10, 41, 51, 62, 66, 72, 73, 82, 86, 87, 88, 105	120.24	Yet to be regularised
	Capital	13		
2011-12	Revenue	10, 18, 51, 82, 86	189.12	Yet to be regularised
	Capital	87		
2012-13	Revenue	9, 12, 18, 73, 88	247.51	Yet to be regularised
	Capital	26		
2013-14	Revenue	9, 73, 88	921.69	Yet to be regularised
	Capital	26, 87		
2014-15	Revenue	73, 85, 88	143.97	Yet to be regularised
	Capital	26		
2015-16	Revenue	73	31.53	Yet to be regularised
2016-17	Revenue	9, 67, 73, 83	275.64	Yet to be regularised
	Capital	10, 41		
2017-18	Revenue	73	330.72	Yet to be regularised
	Capital	3		
2018-19	Revenue	9, 13, 18, 73, 86	2,394.24	Yet to be regularised
Total			7,064.84	

Source: Appropriation Accounts for the years 2007-08 to 2018-19

APPENDIX 2.2

**Cases where persistent excess of more than ₹ 50 crore was
noticed consistently during 2016-19
(Reference: Paragraph 2.3.2; Page 57)**

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Excess	Reasons intimated by Department
Financial assistance to farmer for subvention of interest (2425-00-107-18)					
5	2016-17	459.00	553.21	94.21	No reasons intimated.
5	2017-18	778.27	868.26	89.99	Due to receipt of more proposals.
5	2018-19	905.10	999.98	94.88	Due to consideration for pending proposals of previous year received and actual requirement.
Superannuation and Retirement Allowance to Primary Panchayat Teachers (2071-01-101-01)					
9	2016-17	2,191.32	2,664.71	473.39	Due to revision of pension as per 7 th Pay Commission and increase in number of pensioners.
9	2017-18	2,700.00	3,298.17	598.17	No reasons intimated.
9	2018-19	2,806.05	4,692.29	1,886.24	Due to increase in number of pensioners.
Family Pension to Primary Panchayat Teachers (2071-01-105-01)					
9	2016-17	250.00	358.33	108.33	Due to revision of pension as per 7 th Pay Commission and increase in number of pensioners.
9	2017-18	306.18	394.27	88.09	Due to implementation of 7 th pay commission and increase in family pension.
9	2018-19	330.00	399.01	69.01	Due to increase in the number of Primary teacher family pensioners and amount disbursed to them.
IND-9 Development of Textile Industry (2852-80-800-26)					
49	2016-17	500.00	736.46	236.46	Due to increase in the number of proposals.
49	2017-18	827.04	945.91	118.87	Due to receipt of more proposals.
49	2018-19	1,650.45	1,740.45	90.00	Due to receipt of large number of applications for interest subsidy and Power Tariff.
Superannuation and Retirement allowances to Panchayat Employees (2071-01-101-01)					
73	2016-17	540.00	648.52	108.52	No reasons intimated.
73	2017-18	550.00	830.22	280.22	No reasons intimated.
73	2018-19	498.00	1098.76	600.76	No reasons intimated.

Source: Appropriation Accounts for the years 2016-17 to 2018-19

APPENDIX 2.3

**Statement of various grants/appropriations where savings were
₹ 100 crore or more in each case
(Reference: Paragraph 2.3.3; Page 57)**

(₹ in crore)

Sr. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
Agriculture, Farmer's Welfare and Co-operation					
1	2	Agriculture - Revenue Voted	5,362.01	156.40	2.92
2	2	Agriculture - Capital Voted	100.00	100.00	100.00
3	3	Minor Irrigation, Soil Conservation and Area Development - Revenue Voted	156.96	124.57	79.36
4	4	Animal Husbandry- Revenue Voted	738.11	136.41	18.48
5	6	Fisheries- Capital Voted	291.25	264.05	90.66
Education					
6	9	Education- Capital Voted	798.43	351.73	44.05
Finance					
7	18	Pension and Other Retirement Benefits -Revenue Voted	11,327.30	357.59	3.16
8	19	Other Expenditure Pertaining to Finance Department- Revenue Voted	8,261.99	8,204.89	99.31
9	20	Repayment of Debt Pertaining to Finance Department and its servicing - Revenue Charged	19,237.18	260.95	1.36
Food, Civil Supplies and Consumer Affairs					
10	22	Civil Supplies- Revenue Voted	720.07	158.39	22.00
Health and Family Welfare					
11	39	Medical and Public Health- Revenue Voted	5,243.79	237.95	4.54
12	40	Family Welfare- Revenue Voted	1,571.48	100.94	6.42
Home					
13	43	Police- Revenue Voted	5,212.66	370.10	7.10
Labour and Employment					
14	57	Labour and Employment- Revenue Voted	1,212.06	334.50	27.60
Legal					
15	60	Administration of Justice- Revenue Voted	944.63	127.45	13.49
Narmada, Water Resources, Water Supply and Kalpsar					
16	65	Narmada Development Scheme- Capital Voted	4,955.78	1631.23	32.92
17	66	Irrigation and Soil Conservation- Revenue Voted	1,147.57	168.15	14.65
Panchayats, Rural Housing and Rural Development					
18	70	Community Development - Revenue Voted	2,474.28	263.50	10.65
19	71	Rural Housing and Rural Development - Revenue Voted	1,890.98	992.58	52.49

Sr. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
Ports and Transport					
20	74	Transport-Capital Voted	659.44	396.73	60.16
Revenue					
21	79	Relief On Account of Natural Calamities-Revenue Voted	2,824.99	712.99	25.24
Roads and Buildings					
22	84	Non-Residential Buildings-Capital Voted	1,398.86	653.34	46.71
23	85	Residential Buildings-Capital Voted	249.21	112.17	45.01
Social Justice and Empowerment					
24	92	Social Security and Welfare- Capital Voted	622.11	239.16	38.44
25	95	Scheduled Castes Sub-Plan-Revenue Voted	4,153.46	647.42	15.59
26	95	Scheduled Castes Sub-Plan- Capital Voted	993.51	220.35	22.18
Tribal Development					
27	96	Tribal Area Sub-Plan-Revenue Voted	8,292.85	1,202.03	14.49
28	96	Tribal Area Sub-Plan-Capital Voted	4,490.21	297.09	6.62
Urban Development and Urban Housing					
29	101	Urban Housing-Revenue Voted	1,019.31	326.60	32.04
30	102	Urban Development-Revenue Voted	9,349.62	671.70	7.18
31	102	Urban Development-Capital Voted	632.00	143.21	22.66
Women and Child Development					
32	106	Other Expenditure Pertaining to Women and Child Development Department-Revenue Voted	2,231.12	833.47	37.36
Total			1,08,563.22	20,797.64	19.16

Source: Appropriation Accounts and Appropriation Act of the State Government for the year 2018-19

APPENDIX 2.4

Cases of persistent savings of ₹ 100 crore or more during 2016-19
(Reference: Paragraph 2.3.4; Page 60)

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
Construction Activity under RIDF Scheme (4401-00-103-01)					
2	2016-17	126.00	5.50	120.50	No reasons intimated.
2	2017-18	126.00	0.00	126.00	Due to non-finalization of tender for the project under the scheme.
2	2018-19	100.00	0.00	100.00	Due to delay in implementing the project as the matter is pending in the High Court.
FSH-6 Construction of docks, berths and Jetties (5051-02-200-01)					
6	2016-17	200.00	0.00	200.00	No reasons intimated.
6	2017-18	200.00	56.25	143.75	Due to release of less grant by the Government of India under Centrally Sponsored Scheme.
6	2018-19	210.00	0.00	210.00	Due to non-release of grant by Government of India under Centrally Sponsored Scheme.
EDN-113 Sarva Shiksha Abhiyan (including support from Finance Commission) (4202-01-201-06)					
9	2016-17	333.18	152.68	180.50	Due to less release of grant by GoI under the Scheme.
9	2017-18	319.02	63.60	255.42	No reasons intimated.
9	2018-19	384.14	153.76	230.38	Due to approval of less budget by the Ministry of Human Resource Development.
Gratuities (2071-01-104-01)					
18	2016-17	1304.00	837.93	466.07	It was difficult to estimate accurately the number of persons retiring on voluntary basis or those expiring whilst in service (being fluctuating in nature).
18	2017-18	1654.00	1010.73	643.27	It was difficult to estimate accurately the number of persons retiring on voluntary basis or those expiring whilst in service (being fluctuating in nature).
18	2018-19	1887.00	1290.32	596.68	It was difficult to estimate accurately the number of persons retiring on voluntary basis or those expiring whilst in service (being fluctuating in nature).
Gujarat State Sinking Fund (2048-00-101-01)					
19	2016-17	1200.00	0.00	1200.00	Due to outstanding balance in Consolidated Sinking Fund, it is within the limit of State's Financial Net outstanding liability as recommended by RBI.
19	2017-18	2000.00	0.00	2000.00	Due to non-requirement of investment in Consolidated Sinking Fund as the balance was as per RBI Guidance.
19	2018-19	1200.00	0.00	1200.00	Due to non-requirement of investment as the consolidated sinking fund balance was between 3 and 5 per cent of outstanding liability as per recommendation of RBI.

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
Liability on Account of increase in rate of Dearness Allowance (2075-00-001-01)					
19	2016-17	4500.00	0.00	4500.00	Due to the decision of the Government to take provision for the payment of Dearness Allowances for the respective Departments under their various Sub-Heads of Pay and Allowances after the rates of additional Dearness Allowances were declared. Initially the provision was made to indicate the liability of the State Government; as well as have a better Budgetary Control by releasing the grant to respective Departments as and when the Dearness Allowances were declared.
19	2017-18	6000.00	0.00	6000.00	Due to the decision of the Government to take provision for the payment of Dearness Allowances for the respective Departments under their various Sub-Heads of Pay and Allowances after the rates of additional Dearness Allowances were declared. Initially the provision was made to indicate the liability of the State Government; as well as have a better Budgetary Control by releasing the grant to respective Departments as and when the Dearness Allowances were declared.
19	2018-19	7000.00	0.00	7000.00	The decisions of the Government to take provision for the payment of Dearness Allowances for the respective departments under their various sub heads of pay and allowances after the rates of additional allowances were declared. Initially the provision as made to indicate the liability of the State Government as well as have a better Budgetary control by releasing grant to respective departments as and when the dearness allowances were declared.
IRG-1 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (4700-33-190-01)					
65	2016-17	3677.35	3363.49	313.86	Due to decrease in receipt of grants under CSS.
65	2017-18	4232.62	3980.58	252.04	Non-release of grants by GoI.
65	2018-19	4482.62	2849.44	1633.18	Non-release of grants by GoI.
Minor Irrigation (4702-00-101-02)					
66	2016-17	320.40	165.16	155.24	Due to non-receipt of sanction from the department, the contractor did not carry out the work. Deepening work of a big tank was not carried out as it was filled with water.
66	2017-18	280.63	180.49	100.14	The contractor had not carried out the work as per approved plan due to which sanction for flood damage work was not given.
66	2018-19	308.69	124.78	183.91	The various works of minor irrigation schemes in the state was not carried out as per planning and the rates of tender was received below the estimated rate.

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
Administration of Justice Buildings for Legal Department (4059-01-051-51)					
84	2016-17	332.52	148.96	183.56	Due to less receipt of grant from GoI
84	2017-18	320.70	190.48	130.22	Due to less receipt of grant from GoI.
84	2018-19	418.26	200.27	217.99	Due to (i) excessive original provision made for new works and also due to more time taken for completing the procedure like land allotment, drawings, administrative approval, technical sanction and tender process <i>etc.</i> and (ii) less receipt of grant from the GoI.
UDP-15-Upgradation of Standards of Administration recommended by Central Finance Commission (2217-80-191-04)					
102	2016-17	530.98	298.92	232.06	Due to release of less funds by the GoI under the scheme.
102	2017-18	435.80	266.67	169.13	Due to release of less funds by the GoI under the scheme.
102	2018-19	435.81	308.50	127.31	Due to release of less funds by the GoI under the scheme.
NTR-2 Integrated Child Development Scheme (2236-02-800-02)					
106	2016-17	639.73	376.21	263.52	Due to (i) non-receipt of extension of DA allotment in time, (ii) take home ration expenditure is less than anticipated and (iii) non-receipt of the milk on time.
106	2017-18	541.72	353.24	188.48	Due to (i) non-allotment of the dispatch advice of premix, (ii) take home ration wheat and rice was available at lower rate than anticipated, (iii) non-purchase of nutri-candy owing to non-finalization of tender procedure and (iv) non-receipt of the bills in time from milk suppliers.
106	2018-19	600.19	337.83	262.36	Due to (i) non-acceptance of bills by Pay and Accounts Officer on date 30/03/2019, (ii) Take Home Ration has not been supplied by Civil Supplies Corporation in time and shortage and delay in supply of insulated boxes and (iii) non-approval for the provision for United Fund in Annual Programme Implementation Plan.

Source: Appropriation Accounts and Grant files of the State Government for the years 2016-17 to 2018-19

APPENDIX 2.5

Substantial surrenders (exceeding ₹ 100 crore and more than 50 per cent of the total provision)

(Reference: Paragraph 2.3.7.1; Page 61)

(₹in crore)

Sr. No.	Grant No.	Head of account Name of the Scheme	Provision	Amount surrendered	Percentage surrender	Reasons given by Department
Agriculture, Farmer's Welfare and Co-operation						
1.	2	4401-00-103-01 Construction Activity under RIDF Scheme	100.00	100.00	100.00	Due to delay in implementing the project as the matter is pending in High Court.
2.	6	5051-02-200-01 FSH-6 Construction of docks, berths and jetties	210.00	210.00	100.00	Due to non-release of grant by Government of India under the centrally sponsored scheme.
Education						
3.	9	2202-02-109-06 EDN-142 Implementation of Rashtriya Madhyamik Shikshan Abhiyan Scheme (60:40 CSS)	157.23	107.92	68.63	Due to release of less grant by the Ministry of Human Resources Development.
4.	9	4202-01-201-06 EDN-113 Sarva Shiksha Abhiyan (including support from Finance Commission) (60:40 CSS)	384.14	230.38	59.97	Due to approval of less budget by the Ministry of Human Resource Development.
Finance						
5.	19	2075-00-001-01 Liability on Account of increase in rate of Dearness Allowance	7000.00	7000.00	100.00	The decisions of the Government to take provision for the payment of Dearness Allowances for the respective departments under their various sub heads of pay and allowances after the rates of additional allowances were declared.
6.	19	2048-00-101-01 Gujarat State Sinking Fund	1200.00	1200.00	100.00	Due to non-requirement of investment as the consolidated sinking fund balance was between 3-5 per cent of outstanding liability as per the recommendation of Reserve Bank of India.

Appendices

Sr. No.	Grant No.	Head of account Name of the Scheme	Provision	Amount surrendered	Percentage surrender	Reasons given by Department
Home						
7.	43	2055-00-800-07 Gujarat Road Safety Fund	200.00	122.00	55.45	Due to non-payment of bills by the S. T. B. to PLA account owing to non-receipt of sanction order by the S. T. B. from the Finance Department in time.
Labour and Employment						
8.	57	2230-03-102-01 EMP-4 National Apprenticeship Training	312.61	264.09	84.48	Due to (i) non-achievement of target for recruitment of apprentices from line Department of Government of Gujarat under MATS started from 2018-19 and (ii) services of consultant decided at 26 districts and 04 regions level against 85 offices under Labour and Employment Department.
Panchayats, Rural Housing and Rural Development						
9.	71	2215-02-105-01 WSS-33 Rural Sanitation Programme (60:40 CSS)	543.89	464.59	85.42	Due to (i) less release of grant by the Government of India under the CSS and (ii) less release of prorated amount of state portion by Government of Gujarat as GoI did not release grant as per budget provisions.
10.	71	2216-03-105-01 HSG-49 Indira Awas Yojna (60:40 Centrally Sponsored Schemes)	591.78	379.30	64.09	Due to (i) non-release of fund of 1 st and 2 nd installment from the GoI and (ii) release of grant installment to Pradhan Mantri Awas Yojana State Nodal Agency directly by the GoI.
Ports and Transport						
11.	74	5055-00-190-01 RTS (1) Capital Contribution to Gujarat State Road Transport Corporation	560.52	389.39	69.47	Due to cut imposed by the Finance Department.
Revenue						
12.	79	2245-02-113-03 Assistance for repair/ restoration of damaged houses	110.00	107.39	97.63	Due to less assistance given under the Scheme.

Sr. No.	Grant No.	Head of account Name of the Scheme	Provision	Amount surrendered	Percentage surrender	Reasons given by Department
Roads and Buildings						
13.	84	4059-01-051-51 Administration Of Justice Buildings for Legal Department	418.26	210.82	50.40	Due to (i) excessive original provision made for new works and also due to more time taken for completing the procedure like land allotment, drawings, administrative approval, technical sanction and tender process <i>etc.</i> and (ii) less receipt of grant from the GoI.
Social Justice and Empowerment						
14.	95	2216-03-105-01 HSG-49- Indira Awas Yojana (Partially CSS)	140.62	111.29	79.14	Due to (i) non-receipts of fund of 1 st and 2 nd installment from the Government of India and (ii) release of installment to <i>Pradhan Mantri Awas Yojana</i> State nodal agency directly.
15.	95	2217-03-192-04 UDP-88 Grant –in-Aid to Municipalities Under Swarnim Jayanti Mukhiya Mantri Shaheri Vikas Yojana	280.98	140.48	50.00	Due to non-utilisation of budget provision owing to administrative reasons.
Tribal Development						
16.	96	2501-06-796-03 WSS-33 Rural Sanitation Programme (60:40 CSS)	131.13	126.78	96.65	Due to release of Grant to Extra Budgetary Resources to State Nodal Account directly and non-receipt of fund installment from the GoI.
Urban Development and Urban Housing						
17.	101	2216-02-193-04 HSG- Assistance to Urban/Area Development Authorities Under Housing for all (60:40 CSS)	123.93	114.34	92.26	Due to non-release of Grant by GoI for 11 projects approved in Urban Development Authorities areas under CSMC.
18.	102	2215-02-105-01 UDP-Grant in Aid to Municipal Corporation under Mahatma Gandhi Swachhata Mission (75:25 CSS)	230.52	145.50	63.12	Due to less utilisation of the Budget Provisions owing to administrative reasons.

Appendices

Sr. No.	Grant No.	Head of account Name of the Scheme	Provision	Amount surrendered	Percentage surrender	Reasons given by Department
19.	102	2217-03-192-18 UDP- Grant in aid Municipalities Corporations for Atal Missions for Rejuvenation and Urban Transformation (AMRUT) (50:50 CSS)	196.57	122.49	62.31	Due to non-receipt of central share from the Government of India under AMRUT Scheme.
Women and Child Development						
20.	106	2236-02-800-11 Kishori Shakti Yojna	185.06	176.15	95.19	Due to (i) Budget provision was made as new item under <i>Kishori Shakti Yojana</i> (KSY) for year 2018-19 for 11-14 Adolescent girls, but with implementation of SAG Scheme and change in guideline and financial norms vide GoI dated 02/04/2018, the expenditure for this age group was incurred under SAG Scheme instead of KSY budget head. (ii) In year 2018-19, KSY is replaced by the PURNA (Prevention of Under Nutrition & Reduction of Nutritional Anemia among Adolescent Girls) Scheme which is 100 per cent State burden, hence CSS share is not used and saving is surrendered.
21.	106	2236-02-800-15 NTR-15 Pradhan Mantri Matru Vandana Yojna (100 per cent CSS)	220.00	174.49	79.32	Due to non-release of the Grant by the Government of India under the Scheme.
Total			13,297.24	11,897.40		

Source: Appropriation Accounts and Grant files for the year 2018-19

APPENDIX 2.6

Statement showing the details of unspent grants at test-checked Controlling Officers

(Reference: Paragraph 2.4.1.2; Page 64)

(₹ in crore)

Sr. No.	Grant released by	Grant released to	Purpose of the grant	Year	Grant released during the year	Expenditure incurred	Unspent grant (percentage)
1	Health and Family Welfare	Mission Director, AYUSH	For providing cost effective AYUSH Services	2014-19	88.99	28.19	60.80 (68)
2	Health and Family Welfare	Commissioner of F&DCA	For providing computer printer MS Office and fire safety trolley	2018-19	0.30	0.00	0.30 (100)
3	Commissioner of F&DCA	GMSCCL	Equipment for Food and Drug Laboratory, Vadodara, Bhuj, Rajkot	2015-16	7.21	5.40	1.80 (25)
4	Commissioner of F&DCA	PIU	Construction of new laboratory building at Vadodara	2016-19	52.34	5.28	47.06 (90)
5	Commissioner of F&DCA	Food and Drugs Laboratory, Vadodara	For strengthening of Food Testing System	2018-19	9.07	3.99	5.08 (56)
6	Additional Director of ME&R	U N Mehta Institute of Cardiology and Research Centre (UNMICRC)	For purchase of necessary machinery and equipment	2018-19	115.00	74.74	40.26 (35)
7	Additional Director of ME&R	Gujarat Medical and Education Research Society (GMERS)	For purchase of new vehicles and equipment	2017-19	22.47	16.89	5.58 (25)
8	Additional Director of ME&R	GMERS	For expansion of GMERS Medial College attached teaching hospital Sola, Ahmedabad	2018-19	70.00	17.62	52.38 (75)
9	Additional Director of ME&R	GMERS	For new construction of Annexi Hospital building for GMERS Medical College attached teaching hospital, Gandhinagar	2018-19	45.00	0.30	44.70 (99)

Appendices

Sr. No.	Grant released by	Grant released to	Purpose of the grant	Year	Grant released during the year	Expenditure incurred	Unspent grant (percentage)
10	Additional Director of ME&R	Institute of Kidney Disease and Research Centre (IKDRC)	For establishment of IKDRC	2016-17	1.00	0.56	0.44 (44)
11	Additional Director of ME&R	UNMICRC	Purchase of equipment and furniture to establish the Cardiology Centre at Surat and Rajkot	2016-17	10.00	0.00	10.00 (100)
12	Additional Director of ME&R	GMERS	Establishment of virtual class at medical colleges under GMERS	2018-19	5.00	0.00	5.00 (100)
13	Additional Director of ME&R	IKDRC, Ahmedabad	Purchase of necessary machinery and equipment at IKDRC, Ahmedabad	2018-19	10.00	0.00	10.00 (100)
14	Additional Director of ME&R	Society For Gujarat Dental Health Education and Research (SGDHE&R)	Pay and Allowances of Dental College, Siddhpur	2016-18	22.41	12.85	9.56 (43)
15	Additional Director of FW	State Health Society (SHS)	For improvement of quality assurance in health facilities	2015-16	14.51	11.96	2.55 (18)
16	Additional Director of FW	National Urban Health Mission (NUHM)	For construction of 30 upgraded Urban Public Health Centers of seven Municipal Corporations (MCs)	2016-17	7.00	8.10	12.15 (60)
			Construction of 10 Urban Community Health Centers of six MCs	2017-19	13.25		
17	Additional Director of FW	NUHM	For creation of 520 new posts at eight MCs under Urban Health Project	2017-18	4.99	Not available	
18	Additional Director of FW	GMSCL and PIU	For operationalisation of nine blood bank and 41 blood storage units	2017-18	13.56	4.52	9.04 (67)

Sr. No.	Grant released by	Grant released to	Purpose of the grant	Year	Grant released during the year	Expenditure incurred	Unspent grant (percentage)
19	Additional Director of FW	GMSCL	For supply and purchase of equipment under Obstetric Intensive Care Unit	2017-18	9.00	0.03	8.97 (100)
20	Additional Director of PH	GMSCL	For purchase of 109 ambulances	2017-19	9.70	5.04	4.66 (48)
21	Additional Director of MS	33 District/ Sub-District Hospitals/ Medical Colleges	To provide necessary emergency treatment of injured person during the golden hour (first one hour) of accident	2018-19	16.50	7.49	9.01 (55)
22	Director of AYUSH	PIU	Construction of Government Homeopathy Medical College and attached Hospital at Vansada in lieu of new Government Ayurved College with attached Hospital at Vansada	2012-17	56.07	0.00	56.07 (100)
	Total				603.37	202.96	400.41 (66)

(Source: Information collected from concerned COs)

APPENDIX 3.1
Pending utilisation certificates in respect of grants paid up to 2017-18
(Reference: Paragraph 3.1; Page 72)

Sr. No.	Department	Period of payment of grant	Number of UCs pending	Amount involved in pending UCs (₹ in crore)	Percentage amount of UCs pending
(1)	(2)	(3)	(4)	(5)	(6)
1.	Agriculture, Farmer's Welfare and Co-operation	2001-18	204	2,995.88	70.76
2.	Women and Child Development	2002-18	176	14.77	0.35
3.	Education	2001-18	118	50.85	1.20
4.	Food, Civil Supplies and Consumer Affairs	2001-18	2	6.41	0.15
5.	Forests and Environment	2001-18	7	2.66	0.06
7.	General Administration	2001-18	2	0.47	0.01
8.	Gujarat Legislature Secretariat	2006-08	5	0.11	0.00
8.	Health and Family Welfare	2001-18	91	30.71	0.73
9.	Home	2001-18	6	1.13	0.03
10.	Industries and Mines	2001-18	71	6.31	0.15
11.	Labour and Employment	2001-16	22	0.45	0.01
12.	Legal	2001-16	7	0.03	0.00
13.	Narmada, Water Resources, Water Supply and Kalpsar	2001-18	3	1.38	0.03
14.	Ports and Transport	2001-18	1	0.16	0.00
15.	Panchayats, Rural Housing and Rural Development	2001-18	154	90.46	2.14
16.	Revenue	2001-18	10	4.68	0.11
17.	Social Justice and Empowerment	2001-18	1,023	209.66	4.95
18.	Science and Technology	2003-18	6	13.09	0.31
19.	Sports, Youth and Cultural Activities	2001-18	120	1.81	0.04
20.	Tribal Development	2017-18	488	522.87	12.35
21.	Urban Development and Urban Housing	2001-18	57	280.06	6.61
Total			2,573	4,233.95	

Source: Information provided by Office of the AG (A&E), Gujarat

APPENDIX 3.2

Statement showing names of Bodies and Authorities, the accounts of which had not been received for audit

(Reference: Paragraph 3.3.2; Page 78)

Sr. No.	Name of AB and year from which accounts have not been received up to 2018-19	Grants-in-aid releasing Department
2004-05 onwards		
1.	Akshar Purushottam Arogya Mandir, Vadodara	Health and Family Welfare
2005-06 onwards		
1.	Seth Vadilal Sarabhai General Hospital and Sheth Chinai Maternity Hospital, Ahmedabad	Health and Family Welfare
2.	K J Mehta TB Hospital, Bhavnagar	Health and Family Welfare
2006-07 onwards		
1.	Forest Development Agency, S.K. Himatnagar (North)	Forests and Environment
2.	Forest Development Agency, Surendranagar	Forests and Environment
3.	G.K. General Hospital, Kutch	Health and Family Welfare
4.	Gujarat Council of Education Research & Technology, Gandhinagar	Education
5.	Gujarat Sahitya Academy, Gandhinagar	Sports, Youth and Cultural Activities
6.	Gujarat Secondary and Higher Secondary Education Examination Board, Gandhinagar	Education
2008-09 onwards		
1.	Forest Development Agency, Jamnagar;	Forests and Environment
2.	Forest Development Agency, Rajkot	Forests and Environment
3.	Forest Development Agency, S.K. Himatnagar (South)	Forests and Environment
4.	Nashbandi Mandal, Gujarat	Health and Family Welfare
5.	Narayan Eye Hospital (Arogya Dham Sanchalit) Halol Panchmahal	Health and Family Welfare
6.	Sardar Patel University, Vallabh Vidyanagar, Anand	Education
7.	Shantilal Shah College of Pharmacy, Bhavnagar	Education
8.	Sports Authority of Gujarat, Gandhinagar	Sports, Youth and Cultural Activities
9.	State Literacy Mission Authority, Gandhinagar	Education
10.	Suraksha Setu Society, Bhavnagar	Home
11.	Suraksha Setu Society, Surendranagar	Home
2009-10 onwards		
1.	Mandvi Taluka Kshaya Nivaran Sangh, Kutch	Health and Family Welfare
2.	J.S. Ayurved Mahavidalaya & P.T. Patel Ayurved Hospital, Nadiad	Health and Family Welfare
2010-11 onwards		
1.	Bhavan's Shri C T Sutaria ITI, Kheda	Labour and Employment
2.	Gujarat Rural Workers Welfare Board, Gandhinagar	Social Justice and Empowerment
2011-12 onwards		
1.	Gujarat State Lalit Kala Academy, Ahmedabad	Sports, Youth and Cultural Activities
2012-13 onwards		
1.	Bhavan's Shri Swaminarayan Technical Institute, Kheda	Education
2.	Forest Development Agency, Gandhinagar	Forests and Environment
3.	Forest Development Agency, Vyara	Forests and Environment
4.	Forest Development Agency, Patan	Forests and Environment

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Sr. No.	Name of AB and year from which accounts have not been received up to 2018-19	Grants-in-aid releasing Department
5.	Forest Development Agency, Kheda	Forests and Environment;
6.	Forest Development Agency, Gir (East)	Forests and Environment
7.	Forest Development Agency, Gir (West)	Forests and Environment
8.	Forest Development Agency, Valsad South	Forest and Environment
2013-14 onwards		
1.	Bhailalbhai & Bhikhabhai Institute of Technology, Vidyanagar	Education
2.	Dr. Dayaram Patel Pharmacy College, Surat	Education
3.	Gujarat Council of Secondary Education, Gandhinagar	Education
4.	Gujarat Landless Laborers & Halpati Housing Board, Gandhinagar	Panchayats, Rural Housing and Rural Development
5.	Gujarat Medicinal Plants Board, Gandhinagar	Health and Family Welfare
6.	Gujarat Scheduled Castes Development Corporation, Gandhinagar	Social Justice and Empowerment
7.	ITI College (Swaminarayan Sanchalit), Panchmahal Lunawada	Labour and Employment
8.	Rajesh Mehta Technical School for Blind, C/o Blind People's Association, Ahmedabad	Social Justice and Empowerment
9.	Rogi Kalyan Samiti, Civil Hospital Asarwa Ahmedabad	Health and Family Welfare
10.	Rogi Kalyan Samiti, Government Spine Institute, New Civil Hospital Ahmedabad	Health and Family Welfare
11.	Rogi Kalyan Samiti Guru Gobindsinh, Jamnagar	Health and Family Welfare;
12.	Rogi Kalyan Samiti, New Civil Hospital, Surat	Health and Family Welfare
13.	Rogi Kalyan Samiti, Sir T. General Hospital, Bhavnagar	Health and Family Welfare
14.	Sardar Vallabhbhai Patel Memorial Society Ahmedabad	Sports, Youth and Cultural Activities
15.	School of Architecture, CEPT University, Ahmedabad	Education
16.	School of Building Science & Technology, CEPT University, Ahmedabad	Education
17.	School of Interior Design, CEPT University, Ahmedabad	Education
18.	School of Planning CEPT University Ahmedabad	Education
19.	Sentinel Surveillance Unit, Surat	Health and Family Welfare
20.	State Health Society, Commissionerate of Health, Medical Services and Medical Education, Gandhinagar	Health and Family Welfare
21.	Suraksha Setu Society, Narmada	Home
22.	Suraksha Setu Society State level, Gandhinagar	Home
23.	Veraval People's Cooperative Bank Silver Jubilee Industrial Training Centre, Veraval	Labour and Employment
2014-15 onwards		
1.	Chikhali Education Societies Grants-in-Aid Industrial Training Centre, Navsari	Labour and Employment
2.	Forest Development Agency, Chhota Udepur	Forest and Environment
3.	Forest Development Agency, Kutch (East)	Forest and Environment
4.	Forest Development Agency, Kutch (West)	Forest and Environment
5.	Gujarat Energy Development Agency, Gandhinagar	Climate Change
6.	Gujarat University, Ahmedabad	Education
7.	Hemchandracharya North Gujarat University, Patan	Education
8.	Suraksha Setu Society, Kheda	Home
9.	Suraksha Setu Society, Vadodara	Home

Sr. No.	Name of AB and year from which accounts have not been received up to 2018-19	Grants-in-aid releasing Department
2015-16 onwards		
1.	Apang Manav Mandal, Ahmedabad	Social Justice and Empowerment
2.	Blind Men's/Peoples Association, Ahmedabad	Social Justice and Empowerment
3.	Forest Development Agency, Godhra	Forests and Environment
4.	Forest Development Agency, Surat	Forests and Environment
5.	Gujarat Homoeopathic Medical College, Savli, Vadodara	Education
6.	Gujarat Institute of Educational Technology, Gujarat University Campus, Ahmedabad	Education
7.	Gujarat School Quality Accreditation Council, Gandhinagar	Education
8.	Gujarat State Social Welfare Board, Ahmedabad	Social Justice and Empowerment
9.	Gujarat State Tribal Development Residential Educational Institutions Society, Gandhinagar	Tribal Development
10.	Gujarat Urban Development Mission, Gandhinagar	Urban Development and Urban Housing
11.	Krantiguru Shyamji Krishna Verma Kutch University, Bhuj-Kutch	Education
12.	Mahatma Gandhi Labour Institute, Ahmedabad	Health and Family Welfare
13.	Saurashtra University, University Road, Rajkot	Education
14.	Smt. B.H. Shah Karjanwala Industrial Training Institute, Surat	Labour and Employment
15.	Unorganised Labour Welfare Board, Gandhinagar	Labour and Employment
16.	Veer Narmad South Gujarat University, Surat	Education
17.	Vitthalbhai Patel & Rajratna P.T. Patel Science College, Anand	Education
2016-17 onwards		
1.	A.R. College of Pharmacy & G.H. Patel Institute of Pharmacy, Vallabh Vidyanagar, Anand	Education
2.	Adult Training Centre (Trust) for the Blind, Ahmedabad	Social Justice and Empowerment
3.	AIDS Control Society (Ahmedabad Municipal Corporation) Ahmedabad	Health and Family Welfare
4.	Anand Homoeopathic Medical College & Research Institute, Anand	Health and Family Welfare
5.	Andh Apang Kalyan Kendra, Ahmedabad	Social Justice and Empowerment
6.	Andh Kanya Prakash Gruh, Ahmedabad	Social Justice and Empowerment
7.	B.M. Institute of Mental Health, Ahmedabad	Social Justice and Empowerment
8.	B.S. Nathwani T.B. Hospital, Keshod, Junagadh	Health and Family Welfare
9.	B.V. Patel Pharmaceutical Education Research Development (PERD) Centre, Ahmedabad	Education
10.	Bala Hanuman Ayurved Mahavidalaya, Masa, Gandhinagar	Education
11.	Bhagwat Vidyapith Ashok ITI Krishnadharm, Ahmedabad-380060	Labour and Employment
12.	Birla Vishwakarma Mahavidalaya Engineering, College, Vallabh Vidyanagar	Education
13.	Cambay General Hospital, Khambhat	Health and Family Welfare
14.	C.L. Patel Technical Institute, Pij, Nadiad	Education
15.	Chimanlal Nagindas Technical Centre, Ahmedabad	Education
16.	Dharmsinh Desai Institute of Technology, Nadiad	Education
17.	Dr. V.H. Dave Homoeopathic Medical College & Hospital, Anand	Education
18.	Forest Development Agency, Ahwa (Dang South)	Forests and Environment
19.	Forest Development Agency, Dang North	Forests and Environment
20.	Children's University, Gandhinagar	Education

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Sr. No.	Name of AB and year from which accounts have not been received up to 2018-19	Grants-in-aid releasing Department
21.	Forest Development Agency, (Devghadbaria) Dahod	Forests and Environment
22.	Forest Development Agency, Junagadh	Forests and Environment
23.	Forest Development Agency, (Narmada) Rajpipla East	Forests and Environment
24.	Forest Development Agency, Valsad (North)	Forests and Environment
25.	Gandhi Lincoln Hospital, Deesa, Palanpur	Health and Family Welfare
26.	Gau Sewa & Gaucher Development Board	Agriculture, Farmer's Welfare and Co-operation
27.	Gujarat Mineral Research & Development Society	Industries and Mines
28.	Gujarat State Biotechnology Mission	Science & Technology
29.	Gujarat Backward Classes Development Corporation, Dr.Jivraj Mehta Bhavan, Gandhinagar	Social Justice and Empowerment
30.	Gujarat Cancer & Research Centre, Civil Hospital Campus, Asarwa, Ahmedabad	Health and Family Welfare
31.	Gujarat Council of Elementary(Primary) Education, Gandhinagar	Education
32.	L.M. College of Pharmacy, Navrangpura, Ahmedabad	Education
33.	Lions Cancer Detection Centre Trust, Surat	Health and Family Welfare
34.	M.N. College of Pharmacy, Khambhat, Anand	Education
35.	Maharaja Sayajirao University, Fatehgunj, Vadodara	Education
36.	Maniben Pithawala I.T.I Navyug College, Surat	Labour and Employment
37.	Medical College Development Committee, Surat	Health and Family Welfare
38.	Medical College Development Society, Vadodara	Health and Family Welfare
39.	Methodist Technical Institute, SamaRoad, Vadodara	Education
40.	O.H. Nazar Ayurved Mahavidalaya and Ayurved Hospital, Surat	Education
41.	P.D. Malviya College of Commerce, Rajkot	Education
42.	Gujarat Council of Science & Technology, Gandhinagar	Science & Technology
43.	Gujarat Knowledge Society, Directorate of Technical Education, Gandhinagar	Science & Technology
44.	Gujarat State AIDS Control Society, Meghaninagar, Ahmedabad	Health and Family Welfare
45.	Gujarat State Haj Committee Gandhinagar	General Administration
46.	Gujarat State Watershed Management Agency (GSWMA), Gandhinagar	Panchayats, Rural Housing and Rural Development
47.	Gurjreshwar Kumarpal Jain Sarvoday Technical Institute, Dabhoi, Vadodara	Labour and Employment
48.	Indian Institute of Teachers Education, Gandhinagar	Education
49.	International Centre for Entrepreneurship and Career Development, Ahmedabad	Education
50.	Jan Shikshan Sansthan, Surat	Education
51.	Janak Smarak Hospital, Vyara, Tapi	Health and Family Welfare
52.	Junagadh Municipal Corporation	Urban Development and Housing
53.	K.V. Patel I.T.I, Chansama, Patan	Labour and Employment
54.	Kacheria Mojilal Gordhandas General Hospital, Balasinor	Health and Family Welfare
55.	R.K. Patel Technical (ITI), Petlad, Anand	Labour and Employment
56.	Raksha Shakti University, Ahmedabad	Home
57.	Ravishankar Maharaj Eye Hospital, Gujarat Blind Relief & Health Association, Anand	Health and Family Welfare
58.	Revabai General Hospital, Sardhav, Gandhinagar	Health and Family Welfare

Sr. No.	Name of AB and year from which accounts have not been received up to 2018-19	Grants-in-aid releasing Department
59.	Rogi Kalyan Samiti, Pandit Deen Dayal Upadhyay College, Rajkot	Health and Family Welfare
60.	S.K. Patel Industrial Training Institute, Kadi	Labour and Employment
61.	Sabarmati Ashram Preservation & Memorial Trust Gandhi Smarak, Ahmedabad	Sports, Youth and Cultural Activities
62.	Sanjivani Hospital At & Post Chaithan, Surat	Health and Family Welfare
63.	Sardar Smarak Hospital Bardoli, Surat	Health and Family Welfare
64.	Sardar Patel Institute of Economic & Social Research, Ahmedabad	Education
65.	Sarvajanik Hospital & Maternity Home, Gozaria, Mehsana	Health and Family Welfare
66.	School for Deaf - Mutes Society, Ahmedabad	Social Justice and Empowerment
67.	Seth J.B. Upadhyay Deaf - Mute School, Talod, Sabarkantha	Social Justice and Empowerment
68.	Shamlaji Hospital, Aravali	Health and Family Welfare
69.	Sharda School for the Mentally Retarded Children, Ahmedabad	Social Justice and Empowerment
70.	Shivanand Mission, Saurashtra Central Hospital, Virnagar, Rajkot	Health and Family Welfare
71.	Shrimant Fatehsinh Rao Gaekwad General Hospital, Bayad, Sabarkantha	Health and Family Welfare
72.	Smt. A.J. Savla Homeopathic Medical College, Mehsana	Health and Family Welfare
73.	Society for Education Welfare & Action (Rural), Jhagadia, Bharuch	Social Justice and Empowerment
74.	Tolani Foundation Gandhidham Polytechnic, Adipur, Kutch	Education
75.	Tribal Research & Training Institute Gujarat Vidyapith, Ahmedabad	Tribal Development
76.	Trimurti Hospital, Bavla, Ahmedabad	Health and Family Welfare
77.	U.N. Mehta Institute of Cardiology and Research Centre, Civil Hospital Campus, Ahmedabad	Health and Family Welfare
78.	Water and Land Management Institute, Anand	Narmada, Water Resources, Water Supply and Kalpsar
79.	Xavier Technical Institute, Vadodara	Education
2017-18 onwards		
1.	Bhagubhai Mafatlal Hospital (Sevashram), Bharuch	Health and Family Welfare
2.	Blind Welfare Council, Dahod	Social Justice and Empowerment
3.	Gujarat Livestock Development Board	Agriculture, Farmer's Welfare and Co-operation
4.	Centre for Social Studies, Veer Narmad South Gujarat University Campus, Surat	Education
5.	Gujarat Ayurved University, Chanakya Bhavan, Jamnagar	Education
6.	Bhavnagar University, Sardar Vallabhbhai Patel Campus, Bhavnagar	Education
7.	Centre for Entrepreneurship Development, Gandhinagar	Industries and Mines
8.	GIA Industrial Training Centre Morva-Rena, Panchmahal	Labour and Employment
9.	Gujarat Ecology Education & Research (GEER) Foundation, Gandhinagar	Forests and Environment
10.	Gujarat Environment Management Institute (GEMI), Gandhinagar	Forests and Environment
11.	Gujarat Forensic Sciences University, Gandhinagar	Home
12.	Gujarat Industrial Research and Development Agency, Vadodara	Industries and Mines
13.	Gujarat Medical Education and Research Society (GMERS), Gandhinagar	Health and Family Welfare
14.	Gujarat National Law University, Koba, Gandhinagar	Legal Department
15.	Gujarat Pavitra Yatraddham Vikas Board	Industries and Mines
16.	Gujarat Pollution Control Board, Gandhinagar	Forests and Environment

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Sr. No.	Name of AB and year from which accounts have not been received up to 2018-19	Grants-in-aid releasing Department
17	Gujarat Press Academy, Gandhinagar	Information and Broadcasting
18	Gujarat State Child Protection Society, Birsa Munda Bhawan, Gandhinagar	Social Justice and Empowerment
19	Gujarat Rajya Khadi Gramodyog Board	Industries and Mines
20	D.S. Patel Industrial Technical Institute, Sunav, Anand	Education
21	Development support Agency of Gujarat, Tribal Development Department, Gandhinagar	Tribal Development
22	Disable Welfare Trust of India, Unara, Surat	Social Justice and Empowerment
23	Electronic Quality Development Centre, Ahmedabad	Industries and Mines
24	Employment Extension Bureau, Gandhinagar	Labour and Employment
25	Forest Development Agency, Banaskantha	Forests and Environment
26	Forest Development Agency, Bhavnagar	Forests and Environment
27	Gujarat State Non-Resident Gujaratis' Foundation, Gandhinagar	General Administration
28	Gujarat Technological University, Ahmedabad	Education
29	Industrial Extension Bureau (iNDEXTb)	Industries and Mines
30	Industrial Extension Cottage (iNDEXT-C)	Industries and Mines
31	Institute of Kidney Diseases & Research Centre, Ahmedabad	Health and Family Welfare
32	Shree Kathiawar Nirashrit Balashram, Rajkot	Social Justice and Empowerment
33	Shree Pragna Chakshu Mahila Sevakunj, Surendranagar	Health and Family Welfare
2018-19 onwards		
1.	Dr. Rasiklal Shah Sarvajanic Hospital, Sabarkantha	Health and Family Welfare
2	Gujarat Council of Science City, Ahmedabad	Science and Technology
3	Gujarat Information Commission, Karmayogi Bhavan, Gandhinagar	Information and Broadcasting
4	Gujarat Matikam Kalakari & Rural Technology Institute	Industries and Mines
5	Gujarat Social Infrastructure Development Society (GSIDS), Directorate of Economics & Statistics, Gandhinagar	Urban Development and Urban Housing
6	Gujarat State Council for Blood Transfusion, New Mental Hospital Complex, Meghaninagar, Ahmedabad	Health and Family Welfare
7	Gujarat Water Supply and Sewerage Board, Gandhinagar	Narmada, Water Resources, Water Supply and Kalpsar
8	Institute for Post Graduate Teaching & Research in Ayurveda (IPGTRA), Chanakya Bhavan, Jamnagar	Education
9	Institute of Seismological Research	Science and Technology
10	Knowledge Consortium of Gujarat, Ahmedabad	Education
11	R. B. Patel Technical Institute, At & Post Satem, Taluka & Dist Navsari	Education
12	R. K. Patel Technical Institute, Station Road, Vaso, Taluka Nadiad, Dist Kheda	Education
13	Sardar Vallabhbhai Patel Rashtriya Ekta Trust (SVPRET), Gandhinagar	Narmada, Water Resources, Water Supply and Kalpsar

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

APPENDIX 3.3
Statement showing pendency of accounts and delay in
placement of Separate Audit Reports (SARs) in the State Legislature
(Reference: Paragraph 3.4; Page 79)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2019 (in months) [#]
Legal Department							
1.	Gujarat State Legal Service Authority, Ahmedabad	Not required	19 (2)	2016-17	2016-17	Yes/ 06-02-2019/ Date awaited	2017-18(14) 2018-19(2)
2.	District Legal Services Authority, Navsari	Not required	19 (2)	2015-16	2015-16	Yes/ 21-11-2017/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
3.	District Legal Services Authority, Valsad	Not required	19 (2)	2017-18	2017-18	Yes/ 06-02-2019/ Date awaited	2018-19(2)
4.	District Legal Services Authority, Rajkot	Not required	19 (2)	2018-19	2017-18	Yes/ 07-03-2019/ Date awaited	No Delay
5.	District Legal Services Authority, Patan	Not required	19 (2)	2018-19	2017-18	Yes/ 07-03-2019/ Date awaited	No Delay
6.	District Legal Services Authority, Jamnagar	Not required	19 (2)	2014-15	2014-15	Yes/ 24-06-2015/ Date awaited	2015-16 (38) 2016-17(26) 2017-18(14) 2018-19(2)
7.	District Legal Services Authority, Mehsana	Not required	19 (2)	2018-19	2017-18	Yes/ 25-02-2019/ Date awaited	No Delay
8.	District Legal Services Authority, Palanpur	Not required	19 (2)	2015-16	2015-16	Yes/ 19-04-2018/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
9.	District Legal Services Authority, Bharuch	Not required	19 (2)	2015-16	2015-16	Yes/ 06-12-2016/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
10.	District Legal Services Authority, Junagadh	Not required	19 (2)	2018-19	2015-16	Yes/ 11-01-2017/ Date awaited	No Delay
11.	District Legal Services Authority, Tapi Vyara	Not required	19 (2)	2018-19	2016-17	Yes/ 30-10-2018/ Date awaited	No Delay
12.	District Legal Services Authority, Anand	Not required	19 (2)	2017-18	2015-16	Yes/ 23-05-2018/ Date awaited	2018-19(2)

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Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2019 (in months)#
13.	District Legal Services Authority, Kheda Nadiad	Not required	19 (2)	2015-16	2015-16	Yes/ 01-02-2017/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
14.	District Legal Services Authority, Gandhinagar	Not required	19 (2)	2018-19	2017-18	Yes/ 06-12-2018/ Date awaited	No delay
15.	District Legal Services Authority, Athwalines, Surat	Not required	19 (2)	2017-18	2017-18	Yes/ 06-12-2018/ Date awaited	2018-19(2)
16.	District Legal Services Authority, Himmatnagar	Not required	19 (2)	2017-18	2017-18	Yes/ 10-01-2019/ Date awaited	2018-19(2)
17.	District Legal Services Authority, Dahod	Not required	19 (2)	2017-18	2016-17	Yes/ 03-10-2018/ Date awaited	2018-19(2)
18.	District Legal Services Authority, Amreli	Not required	19 (2)	2018-19	2017-18	Yes/ 08-01-2019/ Date awaited	No delay
19.	District Legal Services Authority, Kutch, Bhuj	Not required	19 (2)	2017-18	2015-16	Yes/ 28-12-2017/ Date awaited	2018-19(2)
20.	District Legal Services Authority, Bhavnagar	Not required	19 (2)	2015-16	2015-16	Yes/ 04-06-2018/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
21.	District Legal Services Authority, Vadodara	Not required	19 (2)	2014-15	2014-15	Yes/ 19-06-2017/ Date awaited	2015-16(38) 2016-17(26) 2017-18(14) 2018-19(2)
22.	District Legal Services Authority, Godhra	Not required	19 (2)	2017-18	2017-18	Yes/ 10-05-2019/ Date awaited	2018-19(2)
23.	District Legal Services Authority, Surendranagar	Not required	19 (2)	2017-18	2015-16	Yes/ 04-10-2017/ Date awaited	2018-19(2)
24.	District Legal Services Authority, Ahmedabad Rural	Not required	19 (2)	2015-16	2015-16	Yes/ 20-09-2017/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
25.	District Legal Services Authority, Rajpipla	Not required	19 (2)	2015-16	2015-16	Yes/ 24-11-2017/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
26.	District Legal Services Authority, Porbandar	Not required	19 (2)	2017-18	2015-16	Yes/ 27-04-2018/ Date awaited	2018-19(2)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2019 (in months)#
Home Department							
27.	Gujarat State Human Rights Commission, Gandhinagar	Not required	19 (2)	2006-07	2006-07	Yes/ 10-02-2010/ Date awaited	2007-08(134) 2008-09(122) 2009-10(110) 2010-11(98) 2011-12(86) 2012-13(74) 2013-14(62) 2014-15 (50) 2015-16 (38) 2016-17(26) 2017-18(14) 2018-19(2)
Energy and Petro-chemicals Department							
28.	Gujarat Electricity Regulatory Commission	Not required	19 (2)	2018-19	2018-19	Yes/ 06-12-2019 Date awaited	No delay
Ports and Transport Department							
29.	Gujarat Maritime Board	2021-22	20 (1)	2018-19	2017-18	Yes/ 11-09-2019 Date awaited	No delay
Labour and Employment Department							
30.	Gujarat Building and other Construction Workers' Welfare Board, Ahmedabad	Not required	19 (2)	2015-16	2012-13	Yes/ 14-09-2016/ Date awaited	2016-17(26) 2017-18(14) 2018-19(2)
Urban Development and Urban Housing Department							
31.	Gujarat Rural Housing Board, Gandhinagar	2022-23	19 (3)	2018-19	2017-18	Yes/ 16-01-2019/ Date awaited	No delay
32.	Gujarat Housing Board, Ahmedabad	2021-22	19 (3)	2017-18	2017-18	Yes/ 03-06-2019/ Date awaited	2018-19(2)
33.	Gujarat Slum Clearance Cell	2021-22	19 (3)	2017-18	2017-18	Yes/ 14-06-2019 Date awaited	2018-19(2)
34.	Gujarat Municipal Finance Board, Gandhinagar	2018-19	20 (1)	2018-19	2017-18	Yes/ 16-01-2019/ Date awaited	No delay
35.	Water and Sanitation Management Organisation, Gandhinagar	2020-21	20 (1)	2017-18	2017-18	No/ 04-02-2019/ Not required	2018-19(2)

Appendices

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2019 (in months)#
36.	Ahmedabad Urban Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 12-03-2019/ Not required	2018-19(2)
37.	Vadodara Urban Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 22-02-2019/ Not required	2018-19(2)
38.	Rajkot Urban Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 10-05-2019 Not Required	2018-19(2)
39.	Surat Urban Development Authority	2021-22	20 (1)	2017-18	2016-17	No/ 20-03-2019/ Not required	2018-19(2)
40.	Jamnagar Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 16-11-2018/ Not required	2017-18(14) 2018-19(2)
41.	Bhavnagar Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 06-02-2019/ Not required	2018-19(2)
42.	Bhuj Area Development Authority	2021-22	20 (1)	2017-18	2008-09	No/ 23-08-2010/ Not required	2018-19(2)
43.	Rapar Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 06-02-2019/ Not required	2018-19(2)
44.	Gandhinagar Urban Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 11-01-2019/ Not required	2018-19(2)
45.	Anjar Area Development Authority	2021-22	20 (1)	2015-16	2008-09	No/ 19-08-2010/ Not required	2016-17(26) 2017-18(14) 2018-19(2)
46.	Bhachau Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 28-03-2019/ Not required	2018-19(2)
47*.	Vadinar Area Development Authority	2021-22	20 (1)	2017-18	2014-15	No/ 01-03-2017/ Not required	2018-19(2)
48.	Junagadh Area Development Authority	2021-22	20 (1)	2017-18	2016-17	No/ 13-08-2018/ Not required	2018-19(2)
49.	Ambaji Area Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 28-02-2019/ Not required	No Delay
50.	Alang Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 28-03-2019/ Not required	2018-19(2)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2019 (in months)#
51.	Bharuch / Ankleshwar Urban Area Development Authority.	2021-22	20 (1)	2017-18	2015-16	No/ 16-11-2018/ Not required	2018-19(2)
52.	Morbi / Vankaner Urban Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 11-07-2018/ Not required	2017-18(14) 2018-19(2)
53.	Anand /Vallabh Vidyanagar / Karamsad Urban Area Development Authority.	2021-22	20 (1)	2017-18	2016-17	No/ 23-05-2018/ Not required	2018-19(2)
54.	Surendranagar / Dudhrej / Wadhavan Urban Area Development Authority.	2021-22	20 (1)	2017-18	2014-15	No/ 10-01-2017/ Not required	2018-19(2)
55*.	Himatnagar Urban Area Development Authority	2021-22	20 (1)	2017-18	--	No/ ---/ Not required	2018-19(2)
56.	G.I.F.T. Urban Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 10-05-2019/ Not required	2018-19(2)
57*.	Shamlaji Urban Area Development Authority	2021-22	20 (1)	2014-15	2014-15	No/ 16-06-2017/ Not required	2015-16(38) 2016-17(26) 2017-18(14) 2018-19(2)
58.	Khambhalia Urban Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 14-03-2019/ Not required	2018-19(2)
59.	Navsari Area Development Authority, Navsari	2021-22	20 (1)	2017-18	2017-18	No/ 17-06-2019/ Not required	2018-19(2)
60*.	Bardoli Area Development Authority, Bardoli	2021-22	20 (1)	NA**	NA	No/ NA/ NA	2017-18(14) 2018-19(2)
61*.	Khajod Area Development Authority, Khajod	2021-22	20 (1)	2017-18	NA	No/ NA/ NA	2018-19(2)
62*.	Gujarat Real Estate Regularity Authority, Gandhinagar	Not Required	92	2018-19	2017-18	Yes 28-08-2019 NA	No Delay

Appendices

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2019 (in months)#
Forests and Environment Department							
63.	Gujarat State CAMPA	2018-19	20 (1)	Upto 2013-14, however revised accounts are in arrear from 2014-15 to 2015-16 and for years 2016-17 to 2018-19	Upto 2012-13 and 2013-14 is under process.	Yes/ 02-08-2019 No information	No Delay

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

Accounts of the financial year are to be submitted latest by 30 June every year

*Sr. No. 47: Vadinar Area Development Authority ceases to exist as per notification of Government of Gujarat dated 30 March 2017. However, accounts for the year 2015-16 and 2016-17 are still due.

*Sr.No. 57: Though accounts for the year 2014-15 had been submitted, accounts for the year 2012-13 and 2013-14 were still due.

*Sr. No. 60 to 61: These are newly entrusted Authorities from 2017-18 as per Government of Gujarat Resolution No. UDA-102013-1758-V dated 15 December 2017.

*Sr. No. 62 This is a newly entrusted Authority from 2017-18 as per Government of Gujarat Resolution No. MIS/102017/978/L dated 22 March 2018.

APPENDIX 3.4
Department-wise/age-wise break-up of pending cases of misappropriation, defalcation etc.
(Reference: Paragraph 3.6; Page 83)

Sr. No.	Name of Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years and more	Total No. of cases
1.	Agriculture, Farmer's Welfare and Co-operation	0	0	0	1	1	0	2
2.	Education	3	1	6	1	2	0	13
3.	Food, Civil Supplies and Consumer Affairs	2	0	0	0	0	0	2
4.	Forests & Environment	17	10	5	1	0	3	36
5.	Health and Family Welfare	6	0	1	1	1	3	12
6.	Home	3	1	2	2	1	4	13
7.	Industries and Mines	0	0	1	1	1	0	3
8.	Labour Employment	2	0	0	0	0	0	2
9.	Legal	2	1	1	0	2	1	7
10.	Narmada Water Resources, Water Supply and Kalpsar	1	1	1	2	0	23	28
11.	Ports and Transport	0	0	1	0	0	1	2
12.	Roads and Buildings	0	0	0	1	2	5	8
13.	Revenue	0	0	1	1	2	22	26
14.	Panchayats, Rural Housing and Rural Development	4	0	0	1	0	0	5
15.	Science and Technology	0	1	0	0	0	0	1
16.	Social Justice and Empowerment	0	1	0	0	0	0	1
17.	Tribal Development	0	0	0	1	0	0	1
18.	Urban Development and Urban Housing	2	0	0	0	0	0	2
TOTAL		42	16	19	13	12	62	164

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA), from data furnished by concerned Departments

APPENDIX 3.5

**Department-wise/category-wise details of cases of losses due to theft, misappropriation/
loss of Government material and fire/accidents
(Reference: Paragraph 3.6; Page 83)**

Name of Department	Theft cases		Misappropriation/ Loss of Government material		Fire/Accident cases		Total	
	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)
Agriculture, Farmer's Welfare and Co-operation	1	3.21	1	1.41	0	0.00	2	4.62
Education	6	3.77	7	385.75	0	0.00	13	389.52
Food, Civil Supplies and Consumer Affairs	0	0.00	2	61.76	0	0.00	2	61.76
Forests & Environment	8	3.57	9	17.90	19	79.41	36	100.88
Health and Family Welfare	7	7.49	5	142.82	0	0.00	12	150.31
Home	0	0.00	13	128.34	0	0.00	13	128.34
Industries and Mines	1	0.46	2	77.62	0	0.00	3	78.08
Labour Employment	1	5.13	1	4.00	0	0.00	2	9.13
Legal	1	11.67	5	3.53	1	8.00	7	23.21
Narmada Water Resources, Water Supply and Kalpsar	11	6.09	17	38.07	0	0.00	28	44.16
Ports and Transport	0	0.00	2	5.79	0	0.00	2	5.79
Roads and Buildings	3	1.57	5	348.49	0	0.00	8	350.06
Revenue	1	5.86	25	8.60	0	0.00	26	14.46
Panchayats, Rural Housing and Rural Development	0	0.00	5	66.87	0	0.00	5	66.87
Science and Technology	0	0.00	1	12.68	0	0.00	1	12.68
Social Justice and Empowerment	0	0.00	1	14.87	0	0.00	1	14.87
Tribal Development	0	0.00	1	147.19	0	0.00	1	147.19
Urban Development and Urban Housing	0	0.00	2	24.40	0	0.00	2	24.40
Total	40	48.82	104	1,490.09	20	87.41	164	1,626.32

Source: Information compiled by Offices of PAG (E&RSA) and PAG (G&SSA) from data furnished by concerned Departments

APPENDIX 4.1

Glossary

Terms	Description
General Category States	<p>There are 18 'General Category States' namely, (1) Andhra Pradesh, (2) Bihar, (3) Chhattisgarh, (4) Goa, (5) Gujarat, (6) Haryana, (7) Jharkhand, (8) Karnataka, (9) Kerala, (10) Madhya Pradesh, (11) Maharashtra, (12) Orissa, (13) Punjab, (14) Rajasthan, (15) Tamil Nadu, (16) Telangana (17) Uttar Pradesh, and (18) West Bengal.</p> <p>Besides, National Development Council had accorded 11 states, out of 29 states, the status of 'Special Category States' to target the fund flow for better balanced growth. These include Arunachal Pradesh, Assam, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand.</p>
Implementing Agencies in the State	<p>These include any organisation/institution including Non-Governmental Organisations which are authorised by the State Government to receive funds from the Government of India for implementing specific programmes in the State. For instance, State Implementation Society for <i>Sarva Siksha Abhiyan</i>, State Health Mission for National Rural Health Mission <i>etc.</i> This also includes institutions located in the State where the State Government may not have a direct role or control over it.</p>
Core public goods	<p>Goods which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of those goods, e.g. enforcement of law and order, security and protection of our rights, pollution free air and other environmental goods, road infrastructure <i>etc.</i></p>
Merit goods	<p>Commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than the ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised 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 <i>etc.</i></p>
Debt sustainability	<p>It is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to the sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings and returns from such borrowings. It means that a rise in fiscal deficit should match the increase in capacity to service the debt.</p>
Debt stabilization	<p>A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate-interest rate) and quantum spread (Debt* rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, the debt-GSDP ratio would eventually be falling.</p>
Sufficiency of non-debt receipts	<p>Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.</p>
Net availability of borrowed funds	<p>Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption, indicating the net availability of borrowed funds.</p>

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