



**Report of the
Comptroller and Auditor General of India
on
State Finances
for the year 2015-16**



Government of Punjab
Report No. 2 of the year 2016

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PREFACE

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

Chapters I and II of the Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2016. Information has been obtained from the Government of Punjab wherever necessary.

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

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

Executive Summary

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Punjab is brought out to assess the financial performance of the State during the year 2015-16 *vis-à-vis* the Budget Estimates, the targets as recommended by the Fourteenth Finance Commission and analysis of the dominant trends and structural profile of Government's receipts and disbursements. Recommendations of Thirteenth Finance Commission have also been referenced, wherever required.

Based on the audited accounts of the Government of Punjab for the year ended 31 March 2016 and additional data collated from several sources such as the Economic Survey brought out by the State Government and Census, this report provides an analytical review of the Annual Accounts of the State Government in three Chapters.

Chapter-I is based on the Finance Accounts and makes an assessment of Punjab Government's fiscal position as on 31 March 2016. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern, etc.

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

Chapter-III details Government's compliance with various reporting requirements and financial rules and submission of accounts.

Audit findings

Chapter I : Finances of the State Government

The revenue receipts increased from ₹ 26,234 crore in 2011-12 to ₹ 41,523 crore in 2015-16 at an annual average growth rate of 8.86 *per cent*, whereas the revenue expenditure grew at an annual average growth rate of 8.95 *per cent*. The revenue expenditure continued to constitute a dominant proportion (85 to 95 *per cent*) of the total expenditure during the years 2011-16.

The capital expenditure decreased by ₹ 59 crore (1.89 *per cent*) over the previous year. The capital expenditure incurred during 2015-16 was just 62.98 *per cent* of budget estimates which indicates that asset creation was not given as much priority as intended in the budget estimates.

Eleven projects, scheduled for completion between 2008-09 and 2015-16 were incomplete. The expenditure of ₹ 446.75 crore incurred on these incomplete projects is yet to yield the intended benefits and the major irrigation projects caused the State Government to suffer a loss of ₹ 294.76 crore during 2015-16.

The return on investment from Co-operative Banks and Societies and Statutory Corporations, Joint Stock Companies and Government Companies was only between 0.01 and 0.05 *per cent* during 2011-16 while the average rate of interest paid by the Government of Punjab on its borrowings ranged between 7.79 and 8.35 *per cent* during the same period.

During 2015-16, there was increase of ₹ 5,698 crore in the advancement of loans and advances, which was mainly due to loan of ₹ 5,597 crore to Punjab State Power Corporation Limited for repayment of its loans related to the implementation of the Ujwal Discom Assurance Yojna. Another transaction of ₹ 4,262.65 crore carried out on 31 March 2016 as a cashless transaction through Reserve Bank of India, for repayment of loans of Punjab State Power Corporation Limited by the State Government under Ujwal Discom Assurance Yojna was not accounted for by the State Government. As such, loans of the State Government were understated to the extent of ₹ 4,262.65 crore.

The ratio of Financial Assets to Liabilities rose to 36.49 *per cent* in 2015-16 from 34.21 *per cent* in the previous year.

Total debt (including other liabilities) increased from ₹ 64,161 crore in 2010-11 to ₹ 1,03,195 crore in 2015-16. The Debt/GSDP ratio exhibited reverse trend, as it increased from 0.62 in 2011-12 to 1.37 in 2015-16. There was no improvement in the ratio of interest payments to revenue receipts during 2011-16, which is indicative of no significant improvement in debt sustainability. The percentage of debt repayments to debt receipts decreased by 12.71 *per cent* over the previous year.

The revenue deficit rose to ₹ 8,550 crore (2.09 *per cent* of GSDP) in the current year from ₹ 6,811 crore (2.55 *per cent* of GSDP) in the year 2011-12.

The fiscal deficit increased from ₹ 8,491 crore (3.18 *per cent* of GSDP) in 2011-12 to ₹ 17,360 crore in 2015-16 (4.25 *per cent* of GSDP).

The primary deficit was ₹ 2,211 crore (0.83 *per cent* of GSDP) in 2011-12 and rose to the level of ₹ 7,578 crore (1.85 *per cent* of GSDP) in the current year.

Chapter II: Financial Management and Budgetary Control

The State Government's budgetary process has not been sound during the year and there were persistent savings¹. Excess expenditure of ₹ 5,727.08 crore incurred during 2011-16 required regularization. Expenditure of ₹ 319.17 crore was incurred without making any budget provision. In 18 cases, augmentation of provision of funds by re-appropriation orders proved unnecessary because expenditure did not come even up to the level of the budget provisions and in other six cases reduction of provision also proved injudicious as there was excess expenditure under these cases. Anticipated savings of ₹ 9,350.08 crore were not surrendered leaving no scope for utilizing these funds for other developmental purposes.

¹ Savings means shortage in utilization of funds.

Chapter III: Financial Reporting

There were delays in furnishing utilization certificates against grants released by various Government Departments. Non-submission/ delayed submission of annual accounts and Separate Audit Reports by four and three autonomous bodies respectively set up by the State Government were also noticed. There were 194 instances of theft, loss and misappropriation involving an amount of ₹ 10.74 crore. As many as 976 Abstract Contingent bills for ₹ 2,044.97 crore were awaiting adjustment as on 31 March 2016. As much as 35.92 *per cent* of the total funds drawn during 2013-16 were through Abstract Contingent bills. Of which, 83.29 *per cent* were for meeting Capital expenditure. System to ensure submission of Detail Contingent bills was not in place with District Treasury Officers, as a result Detail Contingent bills for 53.32 *per cent* of funds were outstanding. As much as 61 *per cent* of the funds drawn under capital heads through Abstract Contingent bills remained unutilised.

Chapter I

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter provides an overview of the finances of the State Government during the financial year 2015-16 by benchmarking against past trends of major fiscal aggregates. *Appendix 1.1* contains profile of Punjab and *Appendix 1.2* contains the structure of the Government Accounts and layout of the Finance Accounts of the State Government on which this Report is based.

1.1.1 Profile of the State

Punjab is an agrarian State. The State is located in the north-western corner of India. It spreads over a geographical area of 50,362 sq kms and ranks 19th among States in terms of area. It has been organized into 22 districts. The districts have further been divided into 82 sub divisions, 147 blocks and 12,581 villages.

As per 2011 census, the State's population increased from 2.44 crore in 2001 to 2.77 crore in 2011 recording a decadal growth of 13.52 *per cent*. The population of the State accounts for 2.29 *per cent* of the country's population and ranks 15th among States in terms of population. The population density of the State increased from 484 persons per sq km in 2001 to 551 persons per sq km in 2011 which is higher than the population density of 382 persons per sq km at national level.

The Gross State Domestic Product (GSDP) of a State measures the value of goods and services produced within the State. As per estimates prepared by the Economic and Statistical Organization of Punjab, the GSDP at current market prices was ₹ 4,08,815 crore (Advance) for the year 2015-16. At current prices, the per capita income of the State was ₹ 1,05,143 (Provisional), ₹ 1,14,561 (Quick) and ₹ 1,26,063 (Advance) for the years 2013-14, 2014-15 and 2015-16 respectively.

1.1.2 Salient features of financial management of the State Government

All receipts of the State Government are required to be accounted for in the Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India. Expenditure therefrom is authorised by the State Legislature through Appropriation Act. Money so authorised by the Appropriation Act is spent as per provisions contained in the Punjab Financial Rules, the Departmental Financial Rules and instructions issued by the Finance Department from time to time. The Punjab Financial Rules contain the financial regulations of general nature issued by the Finance Department for the guidance of various departments and offices. The Departmental Financial Rules are the Rules relating to the Public Works and Forest Departments. The accounts of the State Government are kept in three parts viz. (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account. The annual accounts of the State Government consist of the Finance Accounts and the Appropriation Accounts. The Finance Accounts of the Government of Punjab are laid out in twenty two statements.

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

Fourteenth Finance Commission (FFC) recommended the State Government to amend their FRBM Act to provide for the statutory flexible limits on fiscal deficit and also to provide a statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision.

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

However, the State Government has taken no action to amend its FRBM Act as per recommendations of the FFC during 2015-16.

1.1.3 Gross State Domestic Product

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

Table 1.1: Trends in Gross State Domestic Product

Year	2011-12	2012-13	2013-14 (P)	2014-15 (Q)	2015-16 (A)
India's GDP (₹ in crore)	8736039	9951344	11272764	12488205	13567192
Growth rate of GDP (per cent)	20.52	13.91	13.28	10.78	8.64
State's GSDP (₹ in crore)	266628	297734	334714	368011	408815
Growth rate of GSDP (per cent)	17.87	11.67	12.42	9.95	11.09

Source: Official website of Ministry of Statistics and Programme Implementation, Government of India (www.mospi.nic.in) as on 29th July 2016 for India's GDP and Economic and Statistical Adviser, Government of Punjab for Punjab's GSDP.
P = Provisional; Q = Quick; and A = Advance

1.1.4 Summary of fiscal transactions

Table 1.2 presents the summary of the State Government's fiscal transactions during the year 2015-16 *vis-à-vis* those of 2014-15. **Appendix 1.3-Part A** provides the abstract of receipts and disbursements for the year 2015-16 as well as the summarized financial position of the State Government as on 31 March 2016.

Table 1.2: Summary of the fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2014-15	2015-16		2014-15	2015-16		
Section A: Revenue							
				Total	Non-Plan	Plan	Total
Revenue receipts	39022.85	41523.38	Revenue expenditure	46613.49	44762.59	5310.90	50073.49
Tax revenue	25570.20	26690.49	General services	23043.09	24677.97	35.47	24713.44
Non-tax revenue	2879.73	2650.27	Social services	13729.05	10980.35	3917.51	14897.86
Share of Union taxes/ duties	4702.97	8008.90	Economic services	9237.32	8398.12	1357.92	9756.04
Grants from Government of India	5869.95	4173.72	Grants-in-aid and Contributions	604.03	706.15	0.00	706.15
Section B: Capital							
Misc. Capital Receipts	0.52	0.26	Capital Outlay	3118.44	325.87	2733.55	3059.42
Recoveries of Loans and Advances	137.14	218.45	Disbursement of Loans and Advances	270.27	5968.59	0.00	5968.59
Public Debt receipts*	11362.81	20207.21	Public Debt repayments*	3213.98	3830.30	0.00	3830.30
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00	0.00	0.00
Public Account receipts#	42451.18	54552.21	Public Account disbursements#	40526.50	53446.58	0.00	53446.58
Opening Cash Balance	630.42	(-137.76)	Closing Cash Balance	(-137.76)	(-14.63)	0.00	(-14.63)
TOTAL	93604.92	116363.75	TOTAL	93604.92	108319.30	8044.45	116363.75

Source: Finance Accounts of the respective years (figures rounded off to ₹ 0.01 crore).

* Excluding net transactions under ways and means advances.

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

1.1.5 Significant changes over the previous year

The following are the major changes in fiscal transactions during 2015-16 over the previous year:

- Revenue receipts increased by ₹ 2,500 crore (6.41 per cent) which is net effect of increase in tax revenue (₹ 1,120 crore: 4.38 per cent) and of share of Union taxes and duties (₹ 3,306 crore: 70.29 per cent). This increase of ₹ 4,426 crore was offset by a decrease of ₹ 1,926 crore in non-tax revenue (₹ 230 crore: 7.99 per cent) and grants from GoI (₹ 1,696 crore: 28.90 per cent).
- Revenue expenditure increased by ₹ 3,460 crore (7.42 per cent), which is due to increase of revenue expenditure for General Services (₹ 1,670 crore) followed by Social Services (₹ 1,169 crore), Economic Services (₹ 519 crore) and grants-in-aid and contributions (₹ 102 crore).
- Public debt receipts increased significantly by ₹ 8,844 crore (77.84 per cent) whereas public debt repayments exhibited an increase of only ₹ 616 crore (19.16 per cent).
- Public account receipts increased by ₹ 12,101 crore (28.51 per cent) while public account disbursements increased by ₹ 12,920 crore (31.88 per cent).
- Net closing cash balances increased by ₹ 123 crore (89.38 per cent).

1.1.6 Review of the fiscal situation

Fourteenth Finance Commission (FFC) and the State Government set fiscal targets to be achieved during 2015-16. However, the State Government did not amend its FRBM Act during 2015-16 as per recommendations of the FFC to set targets. Targets *vis-à-vis* achievements in respect of major fiscal aggregates are as under:

Table 1.3: Targets *vis-à-vis* achievements in respect of major fiscal aggregates

Fiscal Variables	2015-16				
	Targets as prescribed in the FFC	Targets proposed in the Budget	Actuals	Percentage variation of actuals over	
				Targets of FFC	Targets of Budget
Revenue Deficit/GSDP (<i>per cent</i>)	(-1.87)	(-1.60)	(-2.09)	(-0.22)	(-0.49)
Fiscal Deficit/GSDP (<i>per cent</i>)	(-3.00)	(-2.98)	(-4.25)	(-1.25)	(-1.27)
Ratio of total outstanding debt of the Government to GSDP (<i>per cent</i>)	32.09	31.21	31.66	(-0.78)	0.10

Source: Recommendations of Fourteenth Finance Commission (FFC) and Budget at a glance (2015-16) and Finance Accounts (2015-16).

Targets under FFC are with reference to the targeted figures of GSDP and actuals are with reference to the actual GSDP.

The Government could not contain the revenue deficit and fiscal deficit at the levels prescribed by FFC and projected in the State budget estimates. Though the Debt-GSDP ratio was within the target fixed by FFC, it was marginally higher than the level projected in the budget estimates.

1.1.7 Budget estimates and actuals

The budget presented by the State Government provides description of projections or estimates of revenue and expenditure for a particular fiscal year. The budget estimates *vis-à-vis* actuals in respect of various fiscal parameters for the year 2015-16 are given in **Appendix 1.4**. The budget estimates *vis-à-vis* actuals in respect of important fiscal parameters are given in **Table 1.4**.

Table 1.4: Important fiscal parameters: Budget Estimates *vis-à-vis* Actuals
(₹ in crore)

2015-16	Tax Revenue	Non-tax Revenue	Revenue Receipts	Revenue Expenditure	Interest Payments	Capital Expenditure	Revenue Deficit	Fiscal Deficit	Primary Deficit
BE	29352	3804	46229	52623	9900	4857	(-)6394	(-)11895	(-)1995
Actuals	26690	2650	41523	50073	9782	3059	(-)8550	(-)17360	(-)7578

Source: Finance Accounts and Budget at a Glance 2015-16

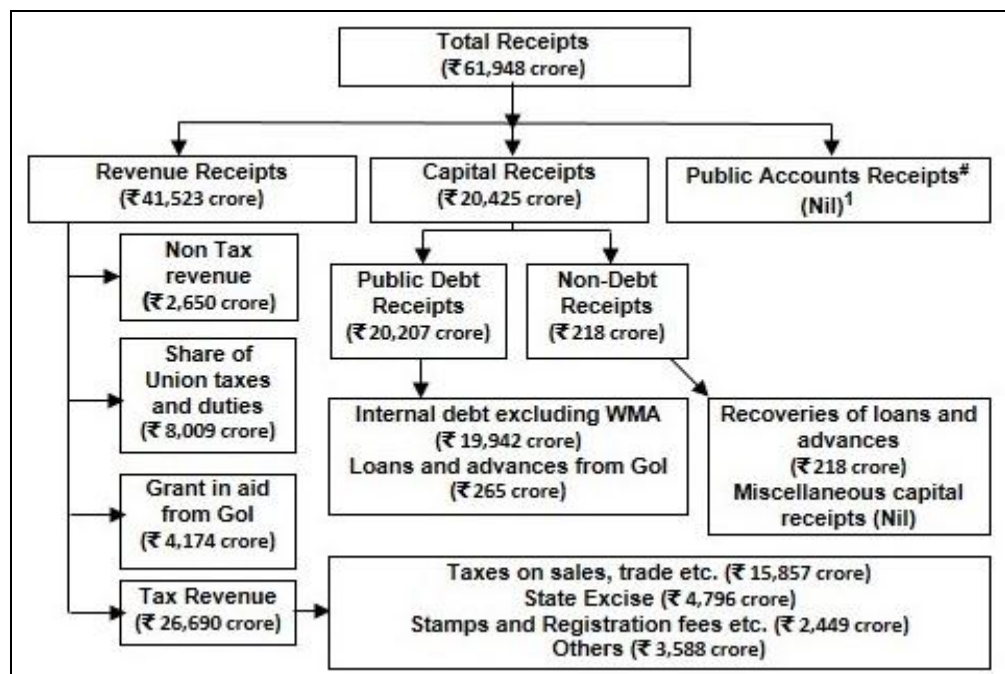
The revenue deficit, fiscal deficit and primary deficit were higher by ₹ 2,156 crore (33.72 *per cent*), ₹ 5,465 crore (45.94 *per cent*) and ₹ 5,583 crore (279.85 *per cent*) respectively than the budget estimates. Total revenue receipts remained lower than budget estimates by ₹ 4,706 crore (10.18 *per cent*), tax revenue by ₹ 2,662 crore (9.07 *per cent*) and non-tax revenue by ₹ 1,154 crore (30.34 *per cent*). The capital expenditure incurred during 2015-16 was just 62.98 *per cent* of budget estimates and only five to six *per cent* of its total expenditure during 2011-15. However, it has come down to five *per cent* in 2015-16 (**Appendix 1.6**) which indicates that asset creation was not given as much priority as intended in the budget estimates.

1.2 Resources of the State

1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestment, 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, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. The receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts are indicated in **Table 1.2**. **Chart 1.2** depicts the trends in various components of the receipts of the State during 2011-12 to 2015-16. The position of total receipts of the State is depicted in **Chart 1.1**:

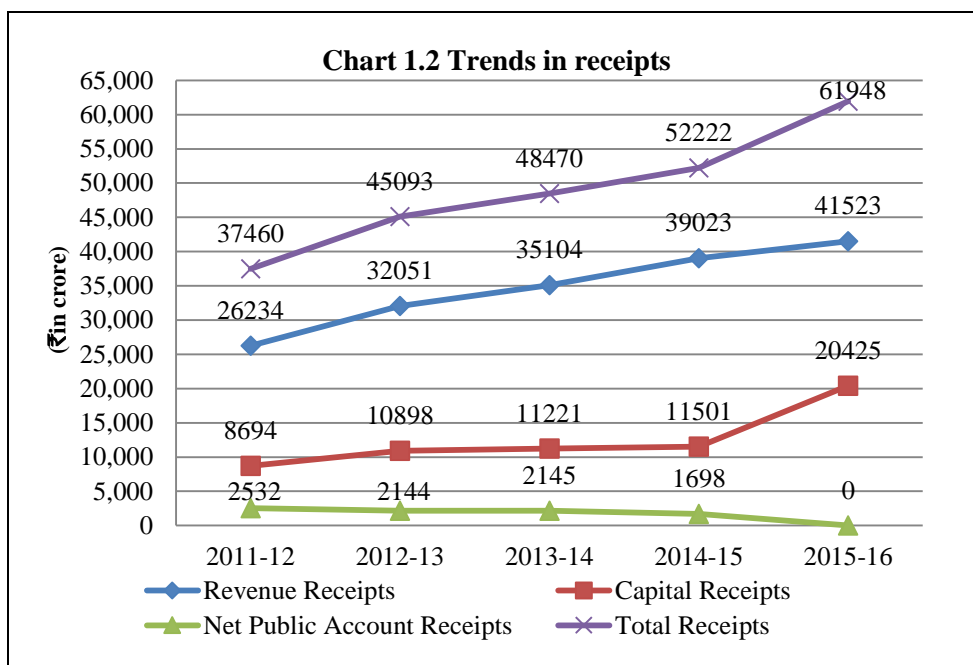
Chart 1.1 : Composition of receipts of the State during 2015-16



Source : Finance Accounts

These figures are net of Public Account after disbursements.

¹ Against receipts of ₹66,018 crore in Public Account, disbursements were ₹70,236 crore, rendering net Public Account as (-)₹4,218 crore. Therefore net Public Account Receipts are shown as NIL.

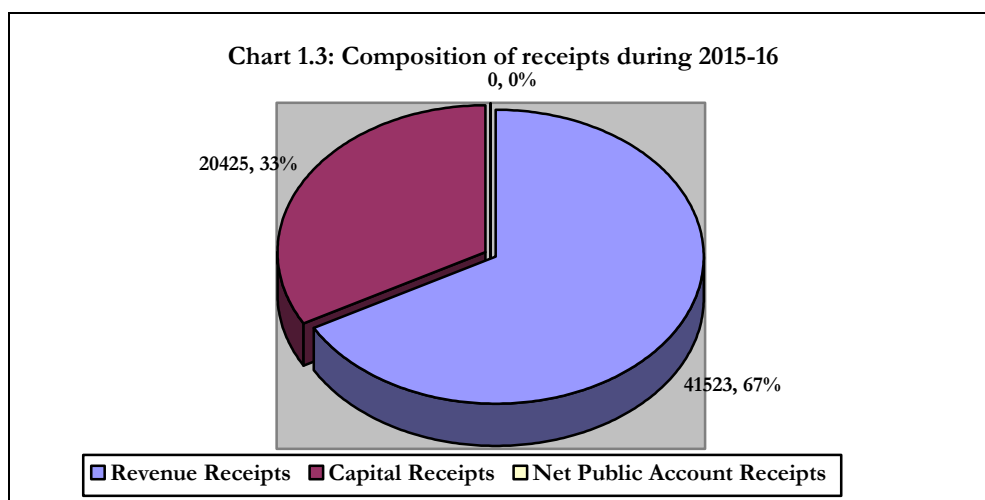


During the period 2011-12 to 2015-16 revenue receipts and capital receipts increased from ₹ 26,234 crore and ₹ 8,694 crore to ₹ 41,523 crore and ₹ 20,425 crore respectively.

The net public account receipts exhibited a decreasing trend during 2011-16 as it decreased from ₹ 2,532 crore in 2011-12 to ₹ 1,698 crore in 2014-15. During 2015-16, the public account disbursements exceeded the public accounts receipts by ₹ 4,218 crore², resulting in nil net public account receipts.

Overall, the total receipts increased from ₹ 37,460 crore to ₹ 61,948 crore during 2011-12 to 2015-16.

The composition of resources of the State during the current year is given in **Chart 1.3:**



During the year 2015-16, contribution of revenue and capital receipts towards total receipts was 67 per cent and 33 per cent respectively.

² Against receipts of ₹ 66,018 crore in Public Account, disbursements were ₹ 70,236 crore, rendering net Public Account as (-) ₹ 4,218 crore. Therefore net Public Account Receipts are shown as NIL.

1.2.2 Non-deposit of revenue receipts into the Consolidated Fund of the State

Article 266 (1) of the Constitution of India provides that all revenues received by the State Government, all loans raised by the Government by the issue of treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans shall form one Consolidated Fund to be entitled “the Consolidated Fund of the State”.

Audit noticed following irregularities in non-depositing of revenue receipts into the Consolidated Fund of the State:

(i) Establishment of Fund outside Government Accounts

The State Government established Punjab Education Development Fund (Fund) as mentioned in **Appendix 1.5** through enactment of an Act. Under the Act, the revenue receipts amounting to ₹ 150.03 crore were credited to this Fund during 2015-16 and an expenditure of ₹ 118.10 crore was incurred from the accumulated receipts of the Fund, which was in violation of the Constitutional provisions.

(ii) Irregular retention of Government receipt in fund of a society

Punjab Treasury Rule 8(1) also provides that all moneys received by the Government shall, without undue delay be deposited in full into the Consolidated Fund of the State and it shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund of the State.

Audit observed (April 2014) that Punjab Police had been charging capitation fee (fee) for imparting training to police personnel of other States. To enhance/upgrade the training infrastructure of the Punjab Police, Chief Secretary to Government of Punjab decided (October 2011) to form a Punjab Police Training and Trainers Development Society (Society) and credit 50 per cent of the fee received from other States into Society’s account. Accordingly, the Society was formed in March 2012 and out of fee of ₹ 9.19 crore collected between April 2012 and March 2016, ₹ 4.47 crore³ were credited into the Society’s account. Prior to formation of society (March 2012), the capitation fee received from other States was being credited into the Consolidated Fund of the State. Out of fund of ₹ 4.47 crore, the Society utilized ₹ 2.39 crore towards running and maintenance of training centers.

The Director General of Police, Punjab stated (June 2015) that the amount was being credited into Society’s account in compliance to the decision taken in October 2011. The reply was not acceptable as the said decision was not in line with Constitution of India and the provisions of the Punjab Treasury Rules.

3

S.No.	Name of Training Center	Fee collected	Fee deposited in Societies account
1	CTC Bahadurgarh	0.22	0.11
2	PPA Phillaur	3.54	1.77
3	PRTC Jahan Khelan	5.43	2.59
	Total	9.19	4.47

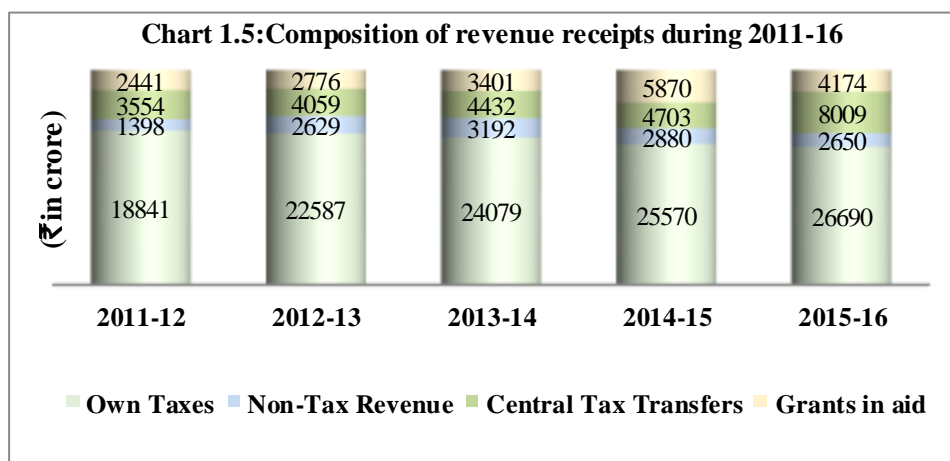
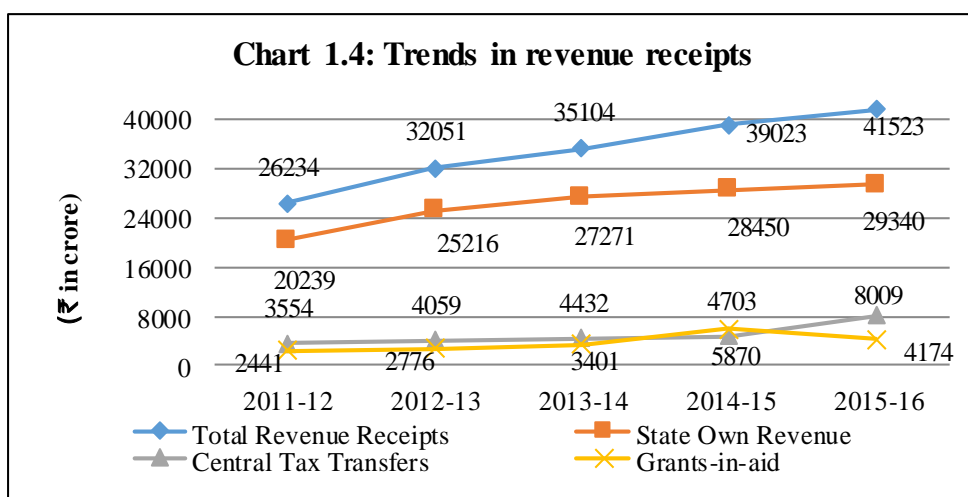
The matter was referred to Government in May 2016; reply was awaited (October 2016).

1.2.3 Funds transferred to State implementing agencies outside the State budget

The Government of India (GoI) had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes/programmes in the social and economic sectors. From 2014-15 onwards, GoI decided (May 2014) to route these funds through State budget. However, Finance Accounts showed that an amount of ₹ 648.14 crore was released directly to the State implementing agencies/organizations during the year 2015-16.

1.3 Revenue receipts

Statement 14 of the Finance Accounts detail the revenue and capital receipts of the State Government. The revenue receipts consist of the State’s own tax and non-tax revenues, share of Union taxes/duties and grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2011-16 are presented in **Appendix 1.6** and also depicted in **Charts 1.4** and **1.5** respectively.



The revenue receipts increased by ₹ 2,500 crore (6.41 *per cent*) in 2015-16 over the previous year which was due to increase in tax revenue (₹ 1,120 crore: 4.38 *per cent*) and share of Union taxes and duties (₹ 3,306 crore: 70.30 *per cent*). This increase of ₹ 4,426 crore was offset by a decrease of ₹ 1,926 crore in non-tax revenue (₹ 230 crore: 7.99 *per cent*) and grants from GoI (₹ 1,696 crore: 28.89 *per cent*). The revenue receipts during the current year (₹ 41,523 crore) were less by ₹ 4,706 crore (10.18 *per cent*) as compared to projections in the budget estimates (₹ 46,229 crore) for the year 2015-16 (*Appendix 1.4*).

The trends in revenue receipts relative to GSDP are presented in **Table 1.5**.

Table 1.5: Trends in revenue receipts

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue receipts (RR) (₹ in crore)	26234	32051	35104	39023	41523
Rate of growth of RR (<i>per cent</i>)	(-)4.98	22.17	9.52	11.16	6.41
RR/GSDP (<i>per cent</i>)	9.84	10.76	10.49	10.60	10.16
Buoyancy ratios⁴					
Revenue buoyancy w.r.t GSDP	(-)0.28	1.90	0.77	1.12	0.58
State's own tax buoyancy w.r.t GSDP	0.67	1.70	0.53	0.62	0.40
Revenue buoyancy w.r.t. State's own taxes	(-)0.42	1.12	1.44	1.80	1.46

Source: Finance Accounts

The revenue receipts increased from ₹ 26,234 crore in 2011-12 to ₹ 41,523 crore in 2015-16 at an annual average growth rate of 8.86 *per cent*. The ratio of revenue receipts to GSDP increased from 9.84 in 2011-12 to 10.76 *per cent* in 2012-13 and decreased to 10.16 *per cent* in 2015-16. The revenue buoyancy with reference to GSDP went up from (-)0.28 in 2011-12 to 1.90 in 2012-13 but came down to 0.58 in 2015-16. The State's own tax buoyancy with reference to GSDP, having gone up to 1.70 in 2012-13 from 0.67 in 2011-12, again came down to 0.40 in 2015-16. Revenue buoyancy with reference to State's own taxes exhibited a growth of 1.46 in 2015-16 as compared to negative growth of (-) 0.42 in 2011-12.

1.3.1 State's own resources

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

The State's actual tax and non-tax receipts for the year 2015-16 *vis-à-vis* assessment made by Fourteenth Finance Commission (FFC) are given in **Table 1.6**.

⁴ Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable.

Table 1.6: Tax and non-tax receipts vis-à-vis projections

	FFC projections	Budget Estimates	Actual	Percentage variation of actual over	
				FFC projections	Budget estimates
Own Tax revenue	33827	29352	26690	(-)21.10	(-)9.07
Non-tax revenue	3273	3804	2650	(-)19.03	(-)30.34

Source: Report of FFC, Annual Financial Statement 2015-16 and Finance Accounts

In respect of own-tax revenue and non-tax revenue, State Government fell short of projections made by FFC and in budget estimates.

1.3.1.1 Tax revenue

The collections in respect of major taxes and duties are given in **Table 1.7:**

Table 1.7: Components of State's own tax revenue

(₹ in crore)

Revenue Receipt	2011-12	2012-13	2013-14	2014-15	2015-16
Taxes on Sales, Trade etc.	11172 (12)	13218 (18)	14847 (12)	15455 (4)	15857 (3)
State Excise	2755 (16)	3332 (21)	3765 (13)	4246 (13)	4796 (13)
Taxes on Vehicles	850 (30)	995 (17)	1146 (15)	1394 (22)	1475 (6)
Stamp Duty and Registration fees	3079 (33)	2920 (-5)	2500 (-14)	2474 (-1)	2449 (-1)
Land Revenue	25 (32)	37 (48)	42 (14)	47 (12)	55 (17)
Taxes and Duties on Electricity	928 (-35)	2035 (119)	1710 (-16)	1875 (10)	1968 (5)
Other taxes and duties on commodities and services	32 (33)	50 (56)	69 (38)	79 (14)	90 (14)
Total Own Tax Revenue	18841 (12)	22587 (20)	24079 (7)	25570 (6)	26690 (4)

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

The State's own-tax revenue during 2015-16 was lower by ₹ 2,662 crore (9.07 per cent) than the assessment of ₹ 29,352 crore made in the budget estimates.

1.3.1.2 Non-tax revenue

In the current year, the share of non-tax revenue in total revenue receipts came down to 6.38 per cent from 7.38 per cent in the previous year. The non-tax revenue decreased by 7.96 per cent during the current year over the previous year. The composition and growth in State's non-tax revenue is given in **Table 1.8.**

Table 1.8: Components of State's non-tax revenue

(₹ in crore)					
Revenue Head	2011-12	2012-13	2013-14	2014-15	2015-16
Interest Receipts	170.16 (0)	170.47 (0)	174.68 (2)	193.88 (11)	225.28 (16)
Dividends and Profits	1.73 (179)	0.33 (-81)	1.46 (342)	1.48 (1)	1.46 (-1)
Misc General Services	323.71 (-92)	1420.73 (339)	1640.32 (15)	1473.47 (-10)	999.84 (-32)
Road Transport	183.35 (22)	222.51 (21)	199.68 (-10)	161.67 (-19)	148.49 (-8)
Other non-tax receipts	719.50 (-2)	815.17 (13)	1175.35 (44)	1049.23 (-11)	1275.20 (22)
Total Non-Tax revenue	1398.45 (-74)	2629.21 (88)	3191.49 (21)	2879.73 (-10)	2650.27 (-8)

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

1.3.1.3 Grants-in-aid

The position of grants-in-aid received during the period 2011-12 to 2015-16 are presented in **Table 1.9**.

Table 1.9: Grants-in-aid from Government of India

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Non-plan Grants	874.11	894.91	1064.11	2003.87	1274.64
Total non-plan grants	874.11	894.91	1064.11	2003.87	1274.64
Plan Grants <i>of which</i>					
Grants for State Plan Schemes	694.06	684.19	1058.26	3597.61	2320.12
Grants for Central Plan Schemes	5.68	60.63	7.67	80.06	341.76
Grants for Centrally Sponsored plan Schemes	866.79	1135.84	1271.34	188.41	237.20
Total plan grants	1566.53	1880.66	2337.27	3866.08	2899.08
Total grants	2440.64	2775.57	3401.38	5869.95	4173.72
Percentage increase in grants over previous year	1.73	13.72	22.55	72.58	(-)28.90
Revenue Receipts	26234.41	32051.15	35103.54	39022.85	41523.38
Percentage increase in revenue receipts over previous year	(-)4.98	22.17	9.52	11.16	6.41
Percentage of total grants to revenue receipts	9.30	8.66	9.69	15.04	10.05

Source: Finance Accounts

Table 1.9 shows that grants-in-aid from GoI increased at an annual average rate of 16.34 per cent during the period 2011-12 to 2015-16. It decreased by 28.90 per cent in 2015-16 over the previous year. Contribution of grants-in-aid towards revenue receipts also decreased from 15.04 per cent in 2014-15 to 10.05 per cent in 2015-16. During the period 2011-12 to 2015-16, contribution of grants-in-aid towards revenue receipts ranged between 8.66 per cent and 15.04 per cent.

1.3.1.4 Central tax transfer

The actual release of share in Union taxes and duties to State Government during 2010-16 *vis-à-vis* projections made by Thirteenth Finance Commission and Fourteenth Finance Commission is tabulated in **Table 1.10**.

Table 1.10: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections

(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2010-11	1.389 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 1.411 <i>per cent</i> of net proceeds of sharable service tax (As per recommendations of TFC)	3207	3051	(-) 156
2011-12		3665	3554	(-) 111
2012-13		4398	4059	(-) 339
2013-14		5278	4432	(-) 846
2014-15		6333	4703	(-) 1630
2015-16	1.577 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 1.589 <i>per cent</i> of net proceeds of sharable service tax (As per recommendations of FFC)	NA	8009	--

Source: Reports of the TFC & FFC and Finance Accounts

State Government's share in Union taxes increased by ₹ 3,306 crore (70.30 *per cent*) during 2015-16 over the previous year due to change in the criterion and weight considered by the FFC for devolution of inter-se share of taxes to States.

1.3.1.5 Cost of collection

The figures of major own tax receipts, expenditure incurred on collection of these own taxes and percentage of such expenditure to own tax revenue receipts *vis-à-vis* All India Average percentage are given in **Appendix 1.7**. During the period 2011-12 to 2013-14, the percentage of expenditure on collection to collection in respect of various components of State's own tax revenue is lower than the All India averages except in Taxes on Sales, Trades etc. for the years 2011-12 to 2012-13.

1.4 Capital receipts

The capital receipts are non-debt capital receipts such as proceeds from disinvestment of equity in Government companies/corporations, recoveries of loans and advances and debt capital receipts credited under public debt section of the Consolidated Fund. The public debt receipts fall broadly under two categories-(a) loans/advances from the Union Government; and (b) borrowings from banks, financial institutions through negotiated loans or open market borrowings through issue of State Development Loans. The share of non-debt capital receipts and loans/advances from the Union Government was negligible and capital receipts were mainly on account of borrowing from banks, financial institutions and open market, as detailed in **Table 1.11**.

Table 1.11: Trends in growth and composition of capital receipts*(₹ in crore)*

Sources of State's Receipts	2011-12	2012-13	2013-14	2014-15	2015-16
Capital Receipts	14965.61	22340.80	24253.30	31361.21	38646.75
Miscellaneous Capital Receipts	0.24	0.21	0.51	0.52	0.26
Recovery of Loans and Advances	94.50	174.09	112.30	137.15	218.45
Public Debt Receipts	14870.88	22166.50	24140.49	31223.54	38428.04
<i>Internal Debt</i>	<i>14721.38</i>	<i>21944.56</i>	<i>23762.52</i>	<i>30656.92</i>	<i>38162.71</i>
<i>Growth rate</i>	<i>37.05</i>	<i>49.07</i>	<i>8.28</i>	<i>29.01</i>	<i>24.48</i>
<i>Loans and advances from GoI</i>	<i>149.50</i>	<i>221.94</i>	<i>377.97</i>	<i>566.62</i>	<i>265.33</i>
<i>Growth rate</i>	<i>(-)22.51</i>	<i>48.45</i>	<i>70.30</i>	<i>49.91</i>	<i>-53.17</i>
Rate of growth of debt Capital Receipts	36.00	49.06	8.90	29.34	23.07
Rate of growth of non-Debt capital receipts	(-)84.15	83.98	(-)35.28	22.04	58.87
Rate of growth of GSDP	17.87	11.67	12.42	9.95	11.09
Rate of growth of Capital Receipts (<i>per cent</i>)	29.77	49.28	8.56	29.31	23.23

Source: Finance Accounts and for GSDP—Economic and Statistical Adviser, Government of Punjab

1.5 Public Account receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund of the State, are kept in the Public Account set up under Article 266 (2) of the Constitution of India and are not subject to vote by the State Legislature. Here, the State Government acts as a banker. The balance after disbursements is the fund available with the State Government for use, as given in **Table 1.12**.

Table 1.12: Detail of net Public Account receipts*(₹ in crore)*

Source of State Receipts	Public Account receipts		Disbursements from Public Account		Excess of receipts over disbursements	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Small Savings, Provident Fund, etc.	3683.39	3440.60	1948.02	2331.65	1735.37	1108.95
Reserve Funds	668.51	590.15	18.97	1115.61	649.54	(-)525.46
Deposits and advances	4448.72	5693.70	4850.69	5579.35	(-)401.97	114.35
Suspense and Miscellaneous*	38098.33	56189.20	38386.81	61108.09	(-)288.48	(-)4918.89
Remittances	90.50	104.35	87.28	101.64	3.22	2.71
Total	46989.45	66018.00	45291.77	70236.34	1697.68	(-)4218.34

Source: Finance Accounts of respective years

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

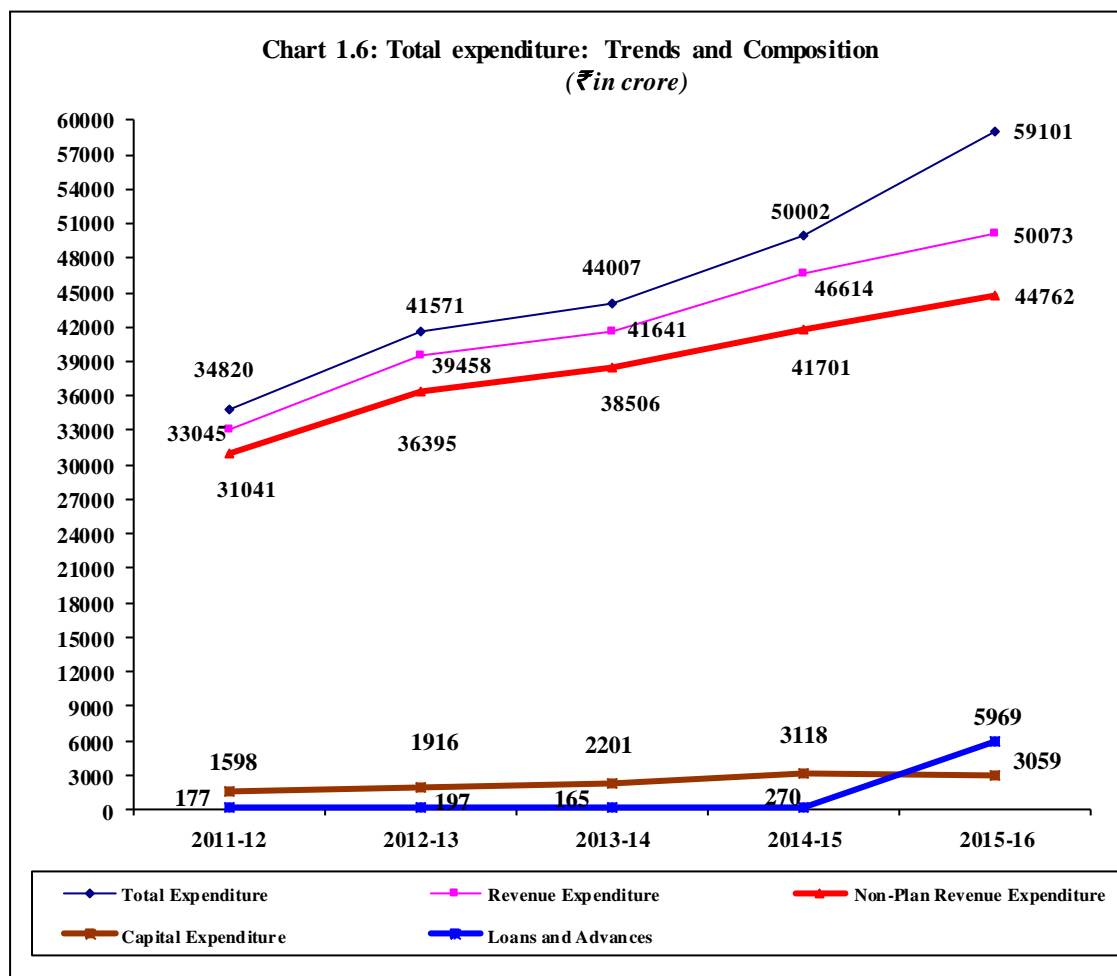
The disbursements exceeded the receipts in public account by ₹ 4,218 crore during 2015-16. The excess of disbursements over the receipts was mainly due to increase in investment of ₹ 4,888.08 crore in Cash Investment Account during 2015-16.

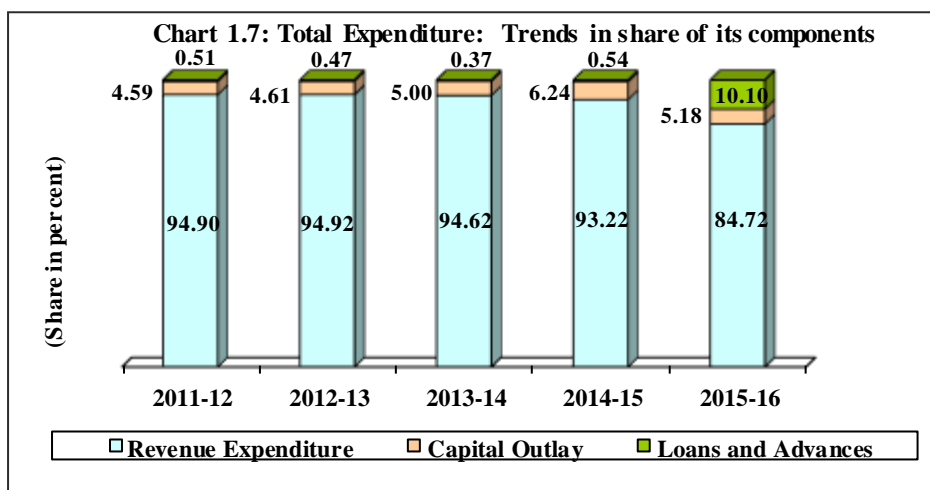
1.6 Application of resources

The Government raises resources to perform their sovereign functions, to maintain the existing level of delivery in social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. Analysis of the allocation of expenditure at the State Government level assumes significance, since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising the 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 social sector.

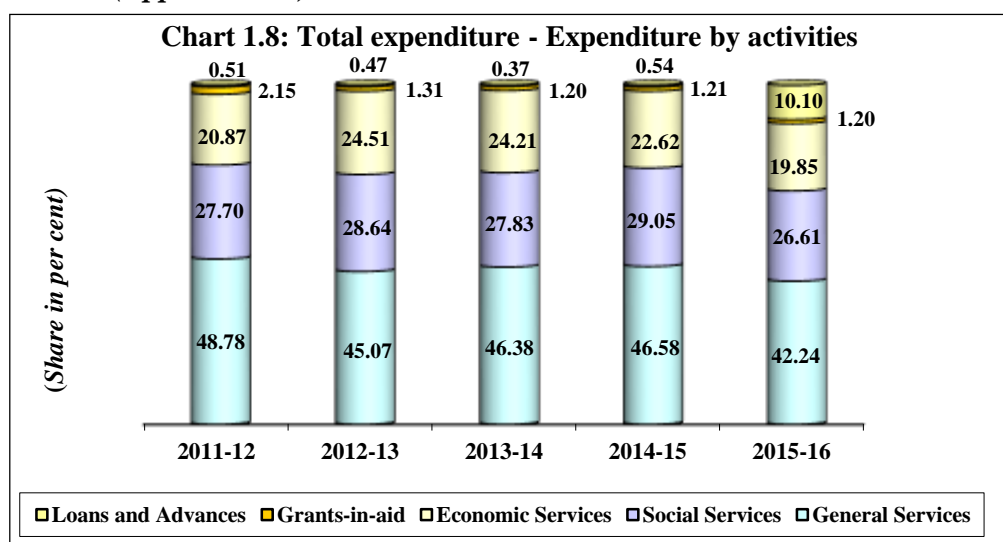
1.6.1 Growth and composition of expenditure

Chart 1.6 presents the trends of total expenditure over the period of the last five years (2011-16). Its composition in terms of 'economic classification' and 'expenditure by activities' is depicted in **Charts 1.7** and **1.8** respectively.





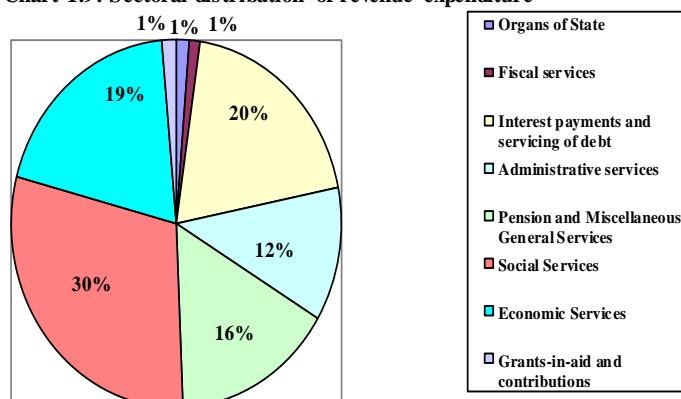
The total expenditure of the State Government increased by 69.73 per cent from ₹ 34,820 crore in 2011-12 to ₹ 59,101 crore in 2015-16. It increased by ₹ 9,099 crore (18.20 per cent) over the previous year. The revenue expenditure increased by ₹ 3,459 crore (7.42 per cent), the capital expenditure decreased by ₹ 59 crore (1.89 per cent) and disbursement of loans and advances increased by ₹ 5,699 crore (2,110.74 per cent) during the current year over the previous year. The revenue expenditure continued to constitute a dominant proportion (85 to 95 per cent) of the total expenditure during the years 2011-16 (**Chart 1.7 and Appendix 1.6**). During this period, it grew at an annual average growth rate of 8.95 per cent. The plan revenue expenditure contributed only six to 11 per cent of the total revenue expenditure, whereas the non-plan revenue expenditure was 89 to 94 per cent during the period 2011-16 (**Appendix 1.6**).



The movement of relative share of various components of expenditure (**Chart 1.8**) indicates that the share of general services in total expenditure decreased from 48.78 per cent in 2011-12 to 42.24 per cent in 2015-16, social services decreased from 27.70 per cent to 26.61 per cent and economic services decreased from 20.87 per cent to 19.85 per cent during the same period. The development expenditure i.e. 'expenditure on social and

economic services' together decreased from 49 per cent in 2011-12 to 46 per cent in 2015-16.

Chart 1.9: Sectoral distribution of revenue expenditure



The revenue expenditure increased by ₹ 3,459 crore (7.42 per cent) from ₹ 46,614 crore in 2014-15 to ₹ 50,073 crore in 2015-16. The overall increase is the result of significant increase from the previous year under the heads Crop Husbandry (₹ 2,390.19 crore: 87.18 per cent), General Education (₹ 1,076.27 crore: 14.87 per cent), Interest payments (₹ 821.29 crore: 9.17 per cent), Pensions and other retirement benefits (₹ 583.61 crore: 8.05 per cent), Police (₹ 252.13 crore: 5.95 per cent), Relief on Account of Natural Calamities (₹ 247.91 crore: 90.11 per cent), Medical and Public Health (₹ 237.62 crore: 10.95 per cent), Civil Supplies (₹ 188.20 crore: 73.04 per cent), Roads and Bridges (₹ 130.16 crore: 81.18 per cent), Social Security and Welfare (₹ 124.81 crore: 9.92 per cent) and Compensation and assignments to Local Bodies and Panchayati Raj Institutions (₹ 102.12 crore: 16.91 per cent) partly offset by decrease mainly under Power (₹ 1,994.86 crore: 79.64 per cent), Other Rural Development Programmes (₹ 418.52 crore: 49.86 per cent), Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹ 369.59 crore: 41.48 per cent), Urban Development (₹ 224.89 crore: 76.37 per cent), Public Works (₹ 101.76 crore: 21.65 per cent) and Elections (₹ 72.31 crore: 61.38 per cent). The sector-wise distribution of revenue expenditure is shown in **Chart 1.9**.

During the current year, capital expenditure decreased by ₹ 59 crore (1.89 per cent) over the previous year. This decrease was the net result of decrease mainly under capital outlay on Other General Economic Services (₹ 132.09 crore: 56.74 per cent), capital outlay on Urban Development (₹ 77.89 crore: 30.36 per cent), capital outlay on Roads and Bridges (₹ 50.26 crore: 5.43 per cent), offset by the increase under capital outlay on Education, Sports, Art and Culture (₹ 89.33 crore: 58.11 per cent) and capital outlay on Major Irrigation (₹ 43.67 crore: 87.71 per cent).

The capital expenditure during the current year (₹ 3,059 crore) was less by 37 per cent of the projections made in the State Budget (₹ 4,857 crore).

1.6.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.13** presents the trends in expenditure on these components during 2011-12 to 2015-16.

Table 1.13: Trends in components of committed expenditure

Sr. No	Components of committed expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
						BE	Actuals
1	Salaries and Wages [§] ,	12403 (47)	14120 (44)	14852 (42)	16304 (42)	18799 (41)	17437 (42)
	<i>Under Non-Plan Head</i>	12081	13727	14496	15615	18354	17032
	<i>Under Plan Head*</i>	322	393	356	689	445	405
2	Interest payments	6280 (24)	6831 (21)	7820 (22)	8960 (23)	9900 (21)	9782 (24)
3	Pensions	5657 (22)	5966 (19)	6277 (18)	7249 (19)	7182 (16)	7833 (19)
4	Subsidies	3215 (12)	5132 (16)	4904 (14)	4772 (12)	5974 (13)	5080 (12)
	Total committed expenditure	27555	32049	33853	37285	41855	40132
	Total revenue expenditure[#]	33045	39458	41641	46614	52623	50073
	Revenue receipts	26234	32051	35104	39023	46229	41523

Source: Finance Accounts

Figures in parenthesis indicate percentage to Revenue Receipts

[§] Salaries (2015-16): ₹17,128.48 crore + Wages (2015-16): ₹308.61 crore

* Plan Head includes centrally sponsored schemes

[#] includes expenditure other than committed expenditure.

1.6.2.1 Salaries

Table 1.14 presents the targets of various components of committed expenditure *vis-à-vis* actuals during 2015-16.

Table 1.14: Committed expenditure *vis-à-vis* targets during 2015-16

Item	FFC	2014-15	2015-16	
			BE	Actuals
Salaries	--	16004	18490	17128
Interest payments	9293	8960	9900	9782
Pensions	7575	7249	7182	7833
Subsidies	--	4772	5974	5080
<i>of which Power subsidy</i>	--	4642	--	4847

Source: Report of FFC, Annual Financial Statement 2015-16 and Finance Accounts

Table 1.14 shows that the expenditure on salaries in 2015-16 increased by ₹ 1,124 crore (7.02 per cent) over the previous year. Salaries and wages as a percentage of revenue receipts is 42 per cent, which is very high.

1.6.2.2 Interest payments

Table 1.13 shows that the interest consumed 24 per cent of revenue receipts as against 23 per cent during the previous year. **Table 1.14** shows the interest

payments though remained within the estimated Budget (₹ 9,900 crore), exceeded the targets fixed for the year by FFC by ₹ 489 crore (5.26 per cent).

1.6.2.3 Subsidies

Table 1.14 shows that the subsidies during the current year rose by ₹ 308 crore (6.45 per cent) over the previous year.

The subsidies present a partial picture as these are exclusive of the implicit subsidies. Implicit subsidies arise when the Government provides social and economic goods/services at a price lesser than the cost of goods and services incurred by the Government. It can be indirect or in kind or take the shape of concessions. Some implicit subsidies extended during 2015-16 are detailed in the **Table 1.15**.

Table 1.15: Details of implicit subsidies during the year 2015-16

		(₹ in crore)
Sr. No.	Scheme	Amount
1	Free books to scheduled caste students (Ist to Xth Class)	44.77
2	Reimbursement to Transport department in respect of facility to physically handicapped and blind in Government/ PRTC buses	11.33
3	Reimbursement to Transport department in lieu of free concessional travel facility to women above the age of 60 years in Government/PRTC buses	0.97
4	Shagun to Scheduled Castes girls/widows/divorcees and daughters of widows at the time of their marriage	72.00
5	Shagun to Backward classes and Christian girls/widows/divorcees and daughters of widows	17.97
	Total	147.04

Source: Detailed Appropriation Accounts for the year 2015-16

1.6.2.4 Pension payments

Table 1.14 shows that during 2015-16, the pension payments recorded a growth of ₹ 584 crore (8.06 per cent) over the previous year. Pension payment exceeded the projections of FFC and budget estimates by ₹ 258 crore (3.41 per cent) and ₹ 651 crore (9.06 per cent) respectively.

1.6.3 Financial assistance to the local bodies/other institutions

The assistance provided by way of grants and loans to the local bodies and other institutions during the current year and the previous years is presented in **Table 1.16**.

Table 1.16: Financial assistance to Local Bodies and Other Institutions*(₹ in crore)*

Institutions	2011-12	2012-13	2013-14	2014-15	2015-16	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	905.58	921.18	564.95	689.66	599.09	864.67
Municipal Corporations and Municipalities	71.90	43.13	109.10	0.00	106.00	0.00
Zila Parishads and Other Panchayati Raj Institutions	131.48	132.39	99.27	93.36	0.33	0.00
Development Agencies	0.43	127.67	754.92	1107.74	399.79	422.39
Hospitals and Other Charitable Institutions	90.14	105.06	98.15	266.91	96.47	107.97
TOTAL	1199.53	1329.43	1626.39	2157.67	1201.68	1395.03
Assistance as percentage of RE	3.63	3.37	3.91	4.63	2.28	2.79

Source: Calculated on the basis of Finance Accounts and demand for grants 2015-16

During 2015-16, the financial assistance to the local bodies and other institutions, though more than the budget estimates by ₹ 193.35 crore (16.09 per cent), decreased considerably by ₹ 762.64 crore (35.35 per cent) over the previous year. This decrease was mainly due to decrease in assistance to the Development Agencies (₹ 685.35 crore: 61.87 per cent), Hospitals and Other Charitable Institutions (₹ 158.94 crore: 59.55 per cent) and Zila Parishads and Other Panchayati Raj Institutions (₹ 93.36 crore: 100 per cent), off-set by increase in assistance to Educational Institutions (₹ 175.01 crore: 25.38 per cent).

The overall quantum of financial assistance to the local bodies and other institutions remained between 2.79 and 4.63 per cent of the revenue expenditure during 2011-16.

1.7 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure involves adequacy and efficiency of the expenditure.

1.7.1 Adequacy of public expenditure

Adequacy of public expenditure means whether there are enough provisions for providing public services. The responsibilities to incur expenditure on social sector and economic infrastructure are largely assigned to the State Governments. For enhancing the levels of human development, the States are required to step up their expenditure on key social services like education, health etc. The fiscal priority (ratio of expenditure on a particular category to the aggregate expenditure) to a particular sector is considered low if it is below the respective national average. The fiscal priority of the State

Government with regard to development expenditure, expenditure on social sector and capital expenditure etc. is shown in **Table 1.17**.

Table 1.17: Fiscal priority of the State in 2012-13 and 2015-16

(In per cent)

Fiscal Priority of the State	AE/ GSDP	DE [#] / AE	SSE/ AE	ESE/ AE	CE/ AE	Education [*] / AE	Health/ AE
General Category States Average (Ratio) 2012-13	14.14	70.03	38.47	29.70	13.70	17.72	4.72
Punjab (Ratio) 2012-13	13.96 (98.73)	53.50 (76.40)	28.64 (74.45)	24.51 (82.53)	4.61 (33.65)	16.40 (92.55)	4.58 (97.03)
General Category States Average (Ratio) 2015-16	16.05	70.63	36.29	34.34	14.89	15.63	4.45
Punjab (Ratio) 2015-16	14.46 (90.09)	56.49 (79.98)	26.61 (73.33)	29.88 (87.01)	5.18 (34.79)	14.88 (95.20)	4.41 (99.10)

Source: Figures calculated on the basis of the Finance Accounts of the respective States

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

[#] Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

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

Figures in parenthesis indicate percentage to General category States

Source for Punjab's GSDP: Economic and Statistical Adviser, Government of Punjab.

Source for other state's GSDP: Official website of Ministry of Statistics and Programme Implementation, Government of India (www.mospi.nic.in) as on 29th July 2016.

Table 1.17 shows that:

- In 2012-13, public expenditure, as indicated by the ratio of aggregate expenditure to GSDP, was 98.73 *per cent* in the State as compared to the General Category States (GCS) which further came down to 90.09 *per cent* in 2015-16.
- Development expenditure refers to the expenditure on economic and social sector. Increased priority to development expenditure will result in better human and physical asset formation which will further increase the growth prospects of the State. In the case of Punjab, lower priority was given to development expenditure, as lower proportion of the aggregate expenditure as compared to GCS was spent under this head. Punjab spent 53.50 *per cent* in 2012-13 and 56.49 *per cent* in 2015-16 of aggregate expenditure on development whereas GCS average expenditure on development ranged between 70.03 *per cent* and 70.63 *per cent* during this period. However, the ratio of development expenditure incurred by Punjab to the average expenditure incurred by GCS has gone up from 76.40 *per cent* in 2012-13 to 79.98 *per cent* in 2015-16.
- Similarly, lower priority had been given to the expenditure in Social Sector as lower proportion of aggregate expenditure was spent on this sector as compared to the GCS in the country. The ratio of social sector expenditure incurred by Punjab to the average expenditure incurred by GCS has come down from 74.45 *per cent* in 2012-13 to 73.33 *per cent* in 2015-16.
- Capital expenditure increases the asset creation which will generate

opportunities for higher growth. In Punjab, the ratio of capital expenditure to the aggregate expenditure was much lower as compared to the GCS. However, the ratio of capital expenditure incurred by Punjab to the average capital expenditure incurred by GCS has gone up from 33.65 *per cent* in 2012-13 to 34.79 *per cent* in 2015-16.

- In the case of education, the ratio of expenditure incurred by the State Government to average expenditure incurred by GCS has gone up from 92.55 *per cent* in 2012-13 to 95.20 *per cent* in 2015-16, i.e. variation has narrowed.
- In the health sector the ratio of expenditure incurred by the Government of Punjab to average expenditure incurred by GCS has also gone up from 97.03 *per cent* in 2012-13 to 99.10 *per cent* in 2015-16.

1.7.2 Efficiency of public expenditure

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods. Apart from improving the allocation towards development expenditure, the efficiency of expenditure (use) is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.18** presents the expenditure incurred in various sectors during the year 2015-16, **Table 1.19** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years' expenditure.

Table 1.18: Expenditure incurred in various sectors

(₹ in crore)

Sector	Total expenditure	Amount of committed expenditure	Per cent spent on committed expenditure	Amount of capital expenditure	Per cent spent on capital expenditure
General services	25007.28	23894.26	95.55	252.88	1.01
Social services	15726.49	8905.61	56.63	828.63	5.27
Economic services	17661.58	7368.48	41.72	1977.91	11.20

Source: Calculated on the basis of Finance Accounts

Table 1.18 shows that the capital expenditure incurred in various sectors during the year 2015-16 ranged between one and 11 *per cent* of the total expenditure.

Table 1.19: Development expenditure

(₹ in crore)

Components of development expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
					BE	Actual
Total development expenditure (a to c)	17042 (48.94)	22241 (53.50)	23017 (52.30)	26019 (52.04)	32559 (55.93)	33388 (56.49)
a. Development revenue expenditure	15511 (44.54)	20342 (48.93)	20919 (47.54)	22967 (45.93)	27344 (46.97)	24654 (41.71)
b. Development capital expenditure	1402 (4.03)	1754 (4.22)	1982 (4.50)	2866 (5.73)	4615 (7.93)	2806 (4.75)
c. Development loans and advances	129 (0.37)	145 (0.35)	116 (0.26)	186 (0.37)	600 (1.03)	5928 (10.03)

(Figures in parenthesis indicate percentage to aggregate expenditure)

Source: Calculated on the basis of Finance Accounts and Annual Financial Statement 2015-16

Table 1.19 shows that the total development expenditure increased by ₹ 16,346 crore (95.92 per cent) from 2011-12 to 2015-16 and by ₹ 7,369 crore (28.32 per cent) during the current year over the previous year.

The development revenue expenditure increased from ₹ 15,511 crore in 2011-12 to ₹ 24,654 crore in 2015-16. The development revenue expenditure increased by ₹ 1,687 crore (7.35 per cent) during the current year over the previous year, whereas it was less by ₹ 2,690 crore (9.84 per cent) when compared with the BE of the State for the year 2015-16.

The development capital expenditure increased from ₹ 1,402 crore in 2011-12 to ₹ 2,806 crore in 2015-16. It is only 4.75 per cent of aggregate expenditure in the current year and was 4.03 per cent in 2011-12. It implies that the State Government was giving less priority to capital expenditure for development.

Table 1.20: Expenditure on selected Social and Economic Services vis-à-vis respective total expenditure

(In per cent)

Social/Economic Infrastructure	2014-15		2015-16	
	Ratio of CE to TE	In RE, the share of S&W	Ratio of CE to TE	In RE, the share of S&W
Social Services (SS)				
General Education	0.81	75.21	1.70	72.24
Health & Family Welfare	0.00	72.81	0.08	67.37
Water Supply, Sanitation, Housing and Urban Development	34.42	35.70	37.71	44.55
Total (SS)	5.47	59.80	5.27	59.38
Economic Services (ES)				
Agriculture and Allied Activities	2.22	20.62	1.21	13.29
Irrigation & Flood Control	34.88	69.82	36.39	76.77
Power and Energy	0.00	0.03	0.00	0.16
Transport	66.63	42.67	58.46	31.15
Total (ES)	18.02	23.59	11.20	23.71
Total (SS+ES)	11.02	45.23	8.41	45.26

CE: Capital Expenditure; TE: Total Expenditure; RE: Revenue Expenditure; S&W: Salary and Wages.

Source: Calculated on the basis of Finance Accounts

Table 1.20 shows that in 2015-16, the ratio of capital expenditure (CE) to the total expenditure (TE) decreased by 0.20 per cent on the Social Services (SS)

and by 6.82 *per cent* on Economic Services (ES) over the previous year.

The share of salaries and wages components in revenue expenditure on SS decreased from 59.80 *per cent* to 59.38 *per cent* and in case of ES it increased from 23.59 *per cent* to 23.71 *per cent* during the current year over the previous year.

The combined ratio of CE to TE on SS and ES decreased by 2.61 during 2015-16 over the previous year, while the share of salaries and wages in revenue expenditure on SS and ES increased from 45.23 to 45.26 *per cent*.

1.7.3 End use of various cesses imposed by State Government

State Government imposed various cesses for meeting expenditure for specific purposes. End use of major cesses imposed by the State Government was checked to ascertain whether the amount collected on account of these cesses was utilised for meeting expenditure on specific purposes only or other expenditure was also met from the amount of cess. The findings are as under:

(i) Cultural Cess

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

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

During the year 2015-16, an amount of ₹ 88.57 crore was deposited by various agencies on account of cultural cess in the Consolidated Fund of the State. Out of this, the Director, Cultural Affairs, Archaeology and Museums, Punjab, who is a member secretary of the Board, spent ₹ 79.72 crore for meeting the intended expenses. The balance amount of ₹ 8.85 crore remained in the Government account.

(ii) Social Infrastructure Cess

State Government, by insertion of a new section (3-D) in the Indian Stamp Act, 1899 (as applicable to Punjab) imposed (February 2013) the social infrastructure cess at the rate of one *per cent* on all those instruments mentioned in entry 23 of Schedule I-A of the Act which are chargeable with

duty under section 3 and additional duty under sections 3-B and 3-C. The cess so collected was to be utilised for providing and improving infrastructure in the social sector. As per information provided by the Department of Revenue and Rehabilitation, ₹ 220.77 crore was collected during the year 2015-16 on account of this cess and deposited in Consolidated Fund of the State.

As regards expenditure out of the cess collected, the reply of the Finance Department was awaited (October 2016). Thus, Audit could not ascertain as to whether the cess collection was utilized for specific purpose or not.

(iii) Building and Other Construction Workers Welfare Cess

The Building and Other Construction Workers Welfare Act and the Building and Other Construction Workers Welfare Cess Act provide that in order to provide basic amenities and welfare facilities to workers engaged in construction activities, State Government shall collect a cess on the cost of construction incurred by an employer at the rates notified by the Central Government and deposit it with the Board constituted for carrying out the welfare schemes for construction workers. The State Government instructed (November 2008) all the heads of the Departments/Boards/ Autonomous Bodies/Local Authorities to collect cess at the rate of one *per cent* of cost of construction, as notified by the Central Government vide notification dated 26 September 1996, and deposit it with the Punjab Buildings and Other Construction Workers Welfare Board.

The cess so collected was required to be spent for the social security schemes and welfare measures adopted by the Board for the benefit of building and other construction workers in the State. Detail of cess collected by the Board and expenditure incurred there from are given in the **Table 1.21**.

Table 1.21: Detail of cess collected

(₹ in crore)

Year	Actual receipts				Actual expenditure		
	Cess collected	Beneficiaries contribution	Interest earned	Total receipts	Administrative expenditure	Expenditure on schemes	Total expenditure
2009-10	37.68*	0.130	0.69	38.50	1.28	--	1.28
2010-11	92.69	0.004	2.98	95.67	1.06	0.14	1.20
2011-12	112.95	0.023	4.92	117.89	1.47	1.15	2.62
2012-13	122.03	0.870	25.92	148.82	1.34	1.23	2.57
2013-14	120.52	1.600	43.48	165.60	2.60	79.18	81.78
2014-15	155.49 [§]	1.900	47.50	204.89	3.43	61.73	65.16
2015-16	132.49	3.130	55.95	191.57	4.00	122.71	126.71
Total	773.85	7.657	181.44	962.94	15.18	204.73	219.77

Source: Departmental figures

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

[§] Cess collected during 2014-15 increased due to credit of cess after close of 2014-15.

Table 1.21 showed that against the available cess of ₹ 962.94 crore, the Board could utilize only ₹ 219.77 crore (22.82 *per cent*) during 2009-16 on the welfare activities with the result that an unspent amount of ₹ 743.17 crore (77.18 *per cent*) was lying with the Board as on 31 March 2016.

1.7.4. Non-release of funds by treasury

It is incumbent upon the Government that budgeted funds are released to the concerned departments. However, information collected from Director, Treasury and Accounts, Punjab showed that during the year 2015-16 the treasuries did not release payment of ₹ 3,397.85 crore in respect of bills presented before them.

1.8 Analysis of Government expenditure and investments

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

1.8.1 Financial results of irrigation works

The financial results of nine⁵ major irrigation projects involving a capital expenditure of ₹ 507.97 crore at the end of March 2016 showed that revenue realised from these projects during 2015-16 (₹ 135.29 crore) was only 26.63 *per cent* of the capital expenditure on these projects. This return was not sufficient to cover even the total working expenses and maintenance charges (₹ 404.95 crore) and interest charges (₹ 25.09 crore) during the year 2015-16. After meeting the direct working expenditure and interest charges of ₹ 430.04 crore, these projects suffered a net loss of ₹ 294.76 crore.

1.8.2 Incomplete projects

The department-wise information pertaining to the incomplete projects (scheduled to be completed between 2008-09 and 2015-16) as on 31 March 2016 is given in the **Table 1.22**.

Table 1.22: Department-wise profile of incomplete projects

(₹ in crore)					
Department	Number of incomplete projects	Initial budgeted cost	Revised cost of projects	Expenditure	Cost overrun
Buildings and Roads	4	16.66	NA	4.97	NA
Irrigation	5	2498.78	NA	402.71	NA
	2	70.71	87.15	39.07	16.44
TOTAL	11	2586.15		446.75	

Source: Finance Accounts

NA stands for Not Available

⁵ (i) Upper Bari Doab Canal; (ii) Sirhind canal; (iii) Sutlej valley project (Eastern canal); (iv) Shah Nahar Canal Project; (v) Madhopur Beas Link Project; (vi) Harike Project; (vii) Installation of 96 tubewells in Shahkot block of Jalandhar district; (viii) Installation of 150 tubewells along main branch to augment Irrigation supplies from Upper Bari Doab Canal tracts; and (ix) Installation of 108 tubewells in Mahilpur block of Hoshiarpur district.

Out of total 11 incomplete projects, four projects budgeted for ₹ 16.66 crore were in Public Works Department (B&R) and seven projects budgeted for ₹ 2,569.49 crore were in Irrigation Department. Of the seven incomplete projects in Irrigation Department, cost overrun of ₹ 16.44 crore was noticed in two projects. The expenditure of ₹ 446.75 crore incurred on these incomplete projects is yet to yield the intended benefits.

1.8.3 Investment and return

(i) The investment and return on investment is given in **Table 1.23**:

Table 1.23: Return on investment

Investment/return/ cost of borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Investment at the end of the year (₹ in crore)	3831.73	3832.65	3862.16	3977.48	4064.56
Return (₹ in crore)	1.73	0.33	1.46	1.48	1.46
Return (<i>per cent</i>)	0.05	0.01	0.04	0.04	0.04
Average rate of interest on Government Borrowing (<i>per cent</i>)	7.96	7.79	8.04	8.35	8.09
Difference between interest rate and return (<i>per cent</i>)	7.91	7.78	8.00	8.31	8.05

Source: Finance Accounts

During 2015-16, the return on investment from Co-operative Banks and Societies (₹ 0.03 crore) and Statutory Corporations, Joint Stock Companies (₹ 0.18 crore) and Government Companies (₹ 1.25 crore) was ₹ 1.46 crore (0.04 *per cent*). The return was only between 0.01 and 0.05 *per cent* during 2011-16 while the average rate of interest paid by the State Government on its borrowings was between 7.79 and 8.35 *per cent* during the same period.

(ii) The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2016 is given in **Table 1.24**.

Table 1.24: Equity, loans, guarantees outstanding as per Finance Accounts vis-à-vis records of PSUs

Particulars	(₹ in crore)		
	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	3636.60	7833.78	4197.18
Loans	7171.09	10131.49	2960.40
Guarantees	38659.88	38658.45	(-)1.43

Source: Finance Accounts and records of PSUs

Audit observed that the differences occurred in respect of 29 PSUs and some of the differences were pending reconciliation since 1985-86. The

Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

1.8.4 Loans and advances by the State Government

In addition to the investments in Co-operative Societies, Corporations and Companies, the State Government has also been providing loans and advances to many institutions/organizations. **Table 1.25** presents the position of outstanding loans and advances as on 31 March 2016 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

Table 1.25: Position of outstanding loans and advances and interest received/paid
(₹ in crore)

Quantum of loans/ interest receipts/ cost of borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Balance of loans outstanding	2324	2406	2429	2482	2615
Amount advanced during the year	177	197	165	270	5968
Amount recovered during the year	95	174	112	137	218
Closing Balance of the loans outstanding	2406	2429	2482	2615	8365
Interest received	40	44	48	55	30
Interest received as <i>per cent</i> to the outstanding Loans and Advances	1.66	1.83	1.93	2.10	0.36
Interest paid as <i>per cent</i> to the outstanding fiscal liabilities of the Government	7.96	7.79	8.04	8.35	8.09
Difference between the rate of, interest paid and interest received (<i>per cent</i>)	(-)6.30	(-)5.96	(-) 6.11	(-)6.25	(-)7.73

Source: Finance Accounts

During 2015-16, ₹ 5,968 crore were advanced as loans against ₹ 270 crore during previous year. The steep increase in the advancement of loans and advances of ₹ 5,698 crore in the current year was mainly due to loan of ₹ 5,597 crore to Punjab State Power Corporation Limited (PSPCL) for repayment of its loans relating to the implementation of the Ujwal Discom Assurance Yojna (UDAY). Another transaction of ₹ 4,262.65 crore for repayment of loans of PSPCL by the State Government under UDAY scheme was also carried out on 31 March 2016 as a cashless transaction through Reserve Bank of India (RBI), which was not accounted for in the Finance Accounts of the State Government. As such, loans of the State Government have been understated to the tune of ₹ 4,262.65 crore.

The total outstanding loan increased from ₹ 2,615 crore in 2014-15 to ₹ 8,365 crore (excluding ₹ 4,262.65 crore advanced to PSPCL) in the year 2015-16. The interest receipts of ₹ 30 crore during the current year decreased by ₹ 25 crore (45.45 *per cent*) over the previous year. While the interest payment during 2015-16 was 8.09 *per cent* of its outstanding fiscal liabilities, the interest received was only 0.36 *per cent* of the outstanding loans and advances.

1.8.5 Cash balances and investment of cash balances

Table 1.26 depicts the cash balances and investments made by the State Government out of the cash balances during the year 2015-16. Total investment out of cash balances during 2015-16 were ₹ 5,238.43 crore. The State Government earned interest of ₹ 12.31 crore on these investments during the current year. The cash balances at the close of the current year increased from ₹ (-)137.76 crore of the previous year to ₹ (-)14.63 crore mainly due to increase of ₹ 4,888.08 crore in investment held in the cash balance investment account and increase of ₹ 400 crore in investment of earmarked fund⁶ over previous year.

Table 1.26: Cash balances and investment of cash balances

		(₹ in crore)		
	Overall Cash Position of the Government	As on 31 st March 2015	As on 31 st March 2016	Increase(+)/ Decrease(-)
(A)	General Cash Balances-			
1	Deposits with Reserve Bank of India	(-)1064.36	(-)6265.20	(-)5200.84
2	Investment held in the Cash balance Investment Account	350.35	5238.43	(+) 4888.08
(i)	GoI Securities	101.99	58.18	(-)43.81
(ii)	GoI Treasury Bills	248.32	5180.21	(+)4931.89
(iii)	Punjab State Power Corporation Bonds	0.04	0.04	0.00
	Total (A)	(-)714.01	(-)1026.77	(-)312.76
(B)	Other Cash Balances and Investments-			
1	Cash with departmental officers viz Forest and Public Works	575.34	611.23	(+)35.89
2	Permanent advances for contingent expenditure with departmental officers	0.23	0.23	0.00
3	Investments of earmarked fund	0.68	400.68	(+)400.00
	Total (B)	576.25	1012.14	(+)435.89
	Total (A) and (B)	(-)137.76	(-)14.63	(+)123.13
	Interest realised on investment	2.03	12.31	(+)10.28

Source: Finance Accounts

Under an agreement with the RBI, the Government of Punjab has to maintain a minimum balance of ₹ 1.56 crore on all days with the bank. If the balance falls below the agreed minimum balance on any day, the deficiency is made good by taking ways and means advances/overdraft from the RBI.

As per statement 6 of the Finance Accounts, State Government obtained ways and means advance of ₹ 13,905.72 crore on 117 occasions during 2015-16, which were fully repaid. However, an amount of ₹ 20.69 crore was paid as interest on these advances.

During 2015-16, the State Government availed shortfall of ₹ 9.36 crore on 19 occasions and overdraft of ₹ 4,305.75 crore on 41 occasions, which were fully repaid during the year itself. Rupees 6.81 crore were paid as interest on these shortfalls/ overdrafts.

⁶ State Disaster Relief Fund–Investment account

1.8.6 Parking of fund outside Government Accounts

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

An amount of ₹ 611.23 crore as on 31 March 2016 pertaining to Major Head 8671-Departmental Balances was lying with Departmental Officers as idle cash. Idle cash balances of ₹ 474.65 crore, ₹ 596.67 crore and ₹ 575.34 crore were noticed at the close of financial years 2012-13, 2013-14 and 2014-15, respectively. These balances should have been remitted by the Departmental Officers into treasury by 31 March of the respective years.

1.9 Assets and liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts capture the fiscal liabilities and the assets created out of the expenditure incurred. *Appendix 1.3–Part B* gives an abstract of such liabilities and the assets as on 31 March 2016, compared with the corresponding position as on 31 March 2015. The liabilities consist mainly of internal borrowings; loans and advances from GoI; receipts from the Public Account; and Reserve Funds. The assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

In real terms, during 2015-16, the assets grew by ₹ 8,936.30 crore (23.24 per cent) whereas the liabilities increased by ₹ 17,474.74 crore (15.55 per cent) over the previous year. The ratio of Financial Assets to Liabilities rose to 36.49 per cent in 2015-16 from 34.21 per cent in the previous year. Out of the total public debt of ₹ 1,03,195 crore outstanding as on 31 March 2016, ₹ 82,480 crore (79.93 per cent) had been applied for financing the accumulated revenue deficit of the State.

1.9.2. Ujwal DISCOM Assurance Yojana

With the objective of financial turnaround of Power Distribution Companies (DISCOMs), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal DISCOM Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOMs. As per the scheme, the States were to take over 75 per cent of DISCOM debt as on 30 September 2015 over two years by transfer of grant to DISCOM i.e. 50 per cent in 2015-16 and 25 per cent in 2016-17. In case the State was unable to absorb the interest burden of the entire grant immediately, the transfer of grant could be spread over to three years i.e. 25 per cent each in 2015-16, 2016-17 and 2017-18, with the remaining transfer through State loan to DISCOM.

Accordingly, a tripartite Memorandum of Understanding (MoU) was entered into amongst GoI, Government of Punjab (GoP) and Punjab State Power Corporation Limited (PSPCL) i.e. Punjab DISCOM on 4 March 2016. As per

MoU, GoP, in line with the provisions of the scheme, committed to take over 50 per cent (₹ 10,418.84 crore) of the Punjab DISCOM debt⁷ in 2015-16 and 25 per cent (₹ 5,209.42 crore) in 2016-17. For this purpose, GoP arranged for the funds of ₹ 9,859.72 crore by issuing UDAY bonds during 2015-16. However, instead of taking over 50 per cent of the debt by transfer of grant during 2015-16, GoP transferred ₹ 9,859.72 crore in the form of loan to PSPCL in departure from the provisions of the scheme and State's commitment, which resulted in only swapping the debts of PSPCL rather than taking over its debts.

Further, it was observed that out of ₹ 9,859.72 crore, transaction of ₹ 4,262.65 crore for repayment of loans of PSPCL (Punjab DISCOM) by GoP under the scheme was carried out on 31 March 2016 as a cashless transaction through Reserve Bank of India (RBI), which was not accounted for in the Finance Accounts (2015-16) of the State Government. The impact of this transaction on the State's fiscal position has been discussed in paragraphs 1.8.4, 1.10.1(i) and 1.11.1(i).

The matter was referred to the State Government in (August 2016); reply was awaited (October 2016).

1.9.3 Fiscal liabilities

Fiscal liabilities comprise Public Debt and Other Liabilities. The Public Debt consists of market loans, loans from banks/financial institutions; and loans and advances from the GoI. The other liabilities include deposits under small savings scheme, provident funds and other deposits. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The trends in outstanding fiscal liabilities, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts of the State and State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters during the period 2011-16 are presented in **Table 1.27**.

Table 1.27: Fiscal liabilities–Basic Parameters

	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal liabilities (₹ in crore)	83099	92282	102234	112366	129441
<i>Rate of Growth (per cent)</i>	11.12	11.05	10.78	9.91	15.20
Public debt	64161	71211	78669	86818	103195
<i>Internal debt</i>	60902	68001	75338	83203	99629
<i>Loans and advances from the GoI</i>	3259	3210	3331	3615	3566
Public Accounts liabilities	18938	21071	23565	25548	26246
Ratio of fiscal liabilities to					
<i>GSDP (per cent)</i>	31.17	30.99	30.54	30.53	31.66
<i>Revenue receipts (per cent)</i>	316.76	287.92	291.23	287.95	311.73
<i>Own resources (per cent)</i>	410.59	365.95	374.88	394.96	441.16
Buoyancy of Fiscal liabilities to					
<i>GSDP (ratio)</i>	0.62	0.95	0.87	1.00	1.37
<i>Revenue receipts (ratio)</i>	(-)2.23	0.50	1.13	0.89	2.37
<i>Own resources (ratio)</i>	(-)1.28	0.45	1.32	2.29	4.85

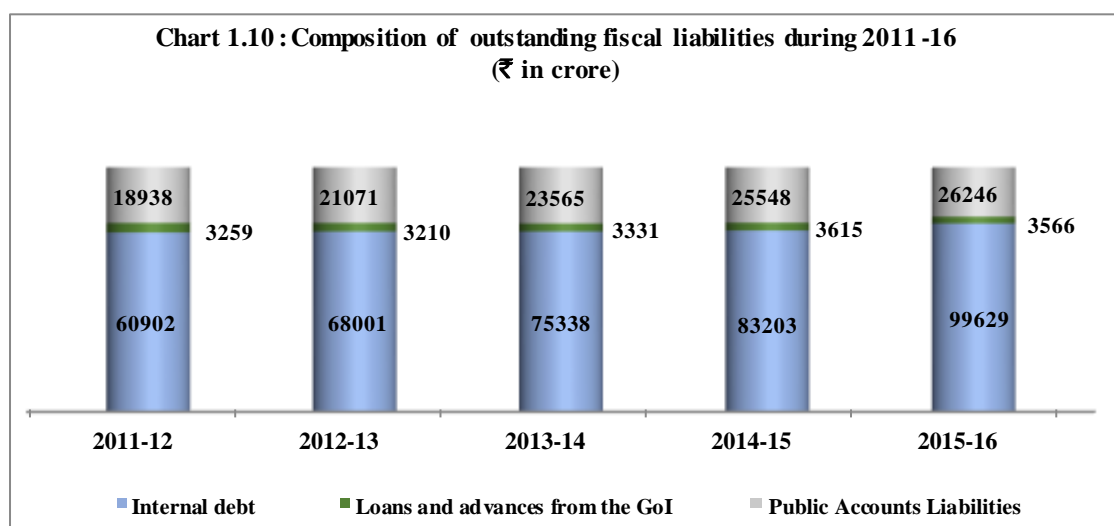
Source: Calculated on the basis of Finance Accounts and GSDP figures obtained from the Economic and Statistical Adviser, Government of Punjab.

⁷ Total outstanding debt was ₹ 20,837.68 crore as on 30 September 2015.

There was an increase of ₹ 17,075 crore (15.20 per cent) in fiscal liabilities during the current year over the previous year, which is attributed mainly to increase of ₹ 16,377 crore (95.91 per cent) under Public debt and ₹ 698 crore (4.09 per cent) under Other liabilities.

- Public debt increased due to increase in Market loans (₹ 9,199.01 crore) and Bonds (₹ 5,533.34 crore) raised for advancement of loans and advances to Punjab State Power Corporation Limited (PSPCL) for repayment of its loans in compliance to the implementation of the Ujwal Discom Assurance Yojna (UDAY).
- Other liabilities increased due to increase of ₹ 1,108.95 crore in Small Savings, Provident Funds, etc. and ₹ 165.76 crore in Deposits not bearing interest, offset by Reserve funds by ₹ 576.86 crore.

The composition of outstanding fiscal liabilities during the year 2011-12 to 2015-16 is as presented in **Chart 1.10**.



The overall fiscal liabilities of the State Government had been on the rise and it increased from ₹ 83,099 crore as on 31 March 2012 to ₹ 1,29,441 crore as on 31 March 2016. At the end of the current year, the Consolidated Fund liabilities (₹ 1,03,195 crore) comprised of internal debt of ₹ 99,629 crore and loans of ₹ 3,566 crore from GoI. The Public Account liabilities during the current year (₹ 26,246 crore) comprised of small savings, provident fund (₹ 19,371 crore) and interest bearing and non-interest bearing obligations like deposits and other earmarked funds (₹ 7,275 crore). The total fiscal liabilities went up at an annual average growth rate of 11.61 per cent during the period 2011-12 to 2015-16.

1.9.4 Management of Reserve Funds

Reserve Funds exist for specific and well defined purposes and are fed by contributions or grants from the Consolidated Fund or from outside agencies. It comprises of interest bearing reserve funds and non-interest bearing reserve funds. **Table 1.28** presents the position of reserve funds as on 31 March 2016.

Table 1.28: Position of Reserve Funds

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Reserve Funds bearing interest					
1. Closing balance	2607	3240	3579	4228	4103
Investments made from balance	Nil	Nil	Nil	Nil	400
2. Funds utilised for intended purposes	160	13	238	19	716
3. Interest paid on interest-bearing reserve funds	245	276	311	374	390
Reserve Funds not bearing interest					
Closing balance	9	9	9	9	9
Investments made from balance	0.68	0.68	0.68	0.68	0.68
Cumulative aggregate balance	2616	3249	3588	4237	4112
Inoperative Reserve Funds					
No. of inoperative funds	4	4	4	4	4
Amount	9	9	9	9	9

Source: Finance Accounts of respective years

Table 1.28 shows that the cumulative aggregate balance in Reserve Funds as on 31 March 2016 was ₹ 4,112 crore. Of this, ₹ 400.68 crore (9.74 per cent) were invested. As per Finance Accounts, four Reserve Funds⁸ not bearing interest have been inoperative since 1982-83.

1.9.5 Investment of State Disaster Response Fund

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

As per Finance Accounts, only ₹ 400 crore were invested during 2015-16. However, the balance of ₹ 3,981.47 crore was lying un-invested in SDRF as on 31 March 2016.

1.9.6 Status of guarantees

The State Government gives guarantees for repayments of loans raised by statutory corporations/boards, local bodies, cooperative banks and societies etc. Guarantees, in case of defaults by borrowers for whom the guarantees have been extended, are liabilities contingent on the Consolidated Fund of the State. As per Statement 9 of the Finance Accounts, details of the guarantees given by the State Government during the last five years is given in **Table 1.29**.

⁸ (i) Development Funds for Agricultural purposes; (ii) Industrial Development Funds; (iii) Other Development and Welfare Funds; and (iv) Food grains – Reserve Funds.

Table 1.29: Guarantees given by the Government of Punjab*(₹ in crore)*

Guarantees	2011-12	2012-13	2013-14	2014-15	2015-16
Outstanding amount of guarantees at the end of the year	45714	58102	61411*	66782 [#]	56752

Source: Finance Accounts

* Outstanding guarantees for the year 2013-14 differ due to change in source of information from entities (till previous year) to State Government.

[#] Outstanding guarantees at the beginning of the year differ from the outstanding guarantees at the end of previous year. The reasons for the difference in figures are awaited from State Government (September 2016).

The outstanding guarantees for ₹ 56,752 crore as on 31 March 2016 was in respect of banks and financial institutions (₹ 875 crore); cash credit facilities (₹ 28,057 crore); and working capital to companies, corporations, co-operative societies and banks (₹ 27,820 crore⁹).

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

Accordingly, the State Government was required to make a minimum contribution of ₹ 600.61 crore for the year 2013-14 (one *per cent* of outstanding guarantees of ₹ 60,061.25 crore at the end of 2012-13), ₹ 307.06 crore for the year 2014-15 (0.50 *per cent* of outstanding guarantee of ₹ 61,411 crore at the end of 2013-14) and ₹ 333.91 crore for the year 2015-16 (0.50 *per cent* of outstanding guarantee of ₹ 66,782.36 crore at the end of 2014-15) which was not done. As such, the State Government did not contribute ₹ 1,241.58 crore to the GRF as required under the guidelines *ibid*. Non-contribution to GRF has also resulted into understatement of revenue expenditure by ₹ 333.91 crore during 2015-16 with consequent impact on revenue deficit and fiscal deficit of the State Government.

1.9.7 Off-budget borrowings

The term 'off-budget borrowings' refers to incurring liabilities by Government without bringing them into Government Accounts. These may also arise when Government does not fully pay moneys it owes to Government companies/corporations. While a reasonable amount of unpaid bills are always there in the system due to time taken in passing the claims, these become a cause of concern when the magnitude is sizeable and non-payment could be attributed to lack of budget provision.

(i) Atta Dal Scheme was introduced by the Government of Punjab in March 2007 to provide wheat and dal at subsidized rates to poor families of

⁹ Includes ₹ 9,323 crore on account of Cash Credit facilities to Punjab State Co-operative Supply and Marketing Federation Limited (Markfed).

the State every month. Punjab State Civil Supplies Corporation Limited (PUNSUP) being the nodal implementing agency of the State submits bills in respect of various procurement agencies for differential cost (i.e. difference between purchase cost and issue price to beneficiaries), fixed by the State Government under Atta Dal Scheme.

As on 31 March 2016, an amount of ₹ 2,120.69 crore¹⁰ (pertaining to the period from August 2007 to March 2016) was payable by the State Government to PUNSUP under the Scheme.

(ii) Punjab Urban Development Agency (PUDA), raised loans of ₹ 2,000 crore¹¹, which were passed on to the State Government. The responsibility to repay the same was taken by the State Government. The State Government booked this amount under the Receipt Head “0075-Miscellaneous General Services” instead of passing it through Major Head “6003-Internal Debt” of the State Government. Mention had been made in the Reports of the Comptroller and Auditor General of India on State Finances for the years 2013-14 and 2014-15, with regard to repayment of ₹ 176.88 crore (2013-14) and ₹ 466.68 crore (2014-15) by the State Government, respectively.

During the year 2015-16, State Government continued this practice and repaid ₹ 495.26 crore by booking it as revenue expenditure under the Major Head 2216-Housing, 02-Urban Housing, 190-Assistance to Public Sector and Other Undertaking, 01-Assistance to PUDA, 50-Other charges thereby overstating the revenue expenditure.

1.10 Debt management

Debt management is the process of establishing and executing a strategy for managing the Government’s debt in order to raise the required amount of funding, pursue its cost and risk objectives, keep the public debt at sustainable levels and to meet any other public debt management goals the government may set through enactment or any other annual budget announcements.

1.10.1 Debt profile of the State

(i) Growth of debt

Total debt of the State Government constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Saving Fund and loans from financial institutions, etc.), Loans and advances from the Central Government and Other liabilities (Small savings, Provident Fund, Reserve Fund, Deposits).

¹⁰ PUNSUP: ₹ 1,286.40 crore, MARKFED: ₹ 363.95 crore, Punjab Agro Food grains Corporation Limited (PAFCL): ₹ 251.25 crore and Punjab State Warehousing Corporation (PSWC): ₹ 219.09 crore.

¹¹ ₹ 1,000 crore in 2012-13 and ₹ 1,000 crore in 2013-14.

Table 1.30: Debt Growth Rate*(₹ in crore)*

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1. Internal Debt (Percentage of internal debts to total public debt)	60902	68001	75338	83203	99629
	(95)	(95)	(96)	(96)	(97)
(i) Market Loans (Percentage of market loans to total public debt)	34504	43063	50318	58003	67202
	(54)	(60)	(64)	(67)	(65)
(ii) Ways & Means Advances from RBI	107	158	593	0	0
(iii) Loans from Financial Institutions	4069	3061	3047	2895	8543
(iv) Special Securities issued to NSSF	22222	21719	21380	22305	23884
2. Loans from Government of India	3259	3210	3331	3615	3566
Total Public debt	64161	71211	78669	86818	103195
Other liabilities	18938	21071	23565	25548	26246
Total debt	83099	92282	102234	112366	129441

Source: Finance Accounts

During the period from 2011-12 to 2015-16, total Public debt increased from ₹ 64,161 crore to ₹ 1,03,195 crore (60.84 per cent). During the current year, Public debt increased by ₹ 16,377 crore (18.86 per cent) over the previous year. This increase was due to increase in Internal debt by ₹ 16,426.09 crore (19.74 per cent), offset by ₹ 49.19 crore (1.36 per cent) in Loans and advances from Central Government. The increase in Internal debt, was due to raising of Bonds of ₹ 5,597.07 crore for advancement of loans and advances to Punjab State Power Corporation Limited (PSPCL) for repayment of its loans in compliance to the implementation of the Ujwal Discom Assurance Yojna (UDAY). The share of market borrowings in total Public debt went up from 54 per cent to 65 per cent during 2011-16.

The internal debt, which constituted 97 per cent of the total public debt, was understated to the extent of ₹ 4,262.65 crore, as one transaction of borrowing, as pointed out in paragraph 1.9.2, remained outside the Government Accounts.

In addition to this, outstanding cash credit limit to the tune of ₹ 9,014 crore availed of by the State Government under food credit arrangements was not accounted for in the Government Accounts thereby understating the debt by another ₹ 9,014 crore, as discussed in paragraph 1.10.4(ii).

(ii) Maturity profile of debt**Table 1.31: Maturity profile of repayment of State debt as on 31 March 2016**

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	4473.74	4.34
1 – 3	14017.53	13.58
3 – 5	18525.79	17.95
5 – 7	23367.30	22.64
7 and above	40832.37	39.57
Others ¹²	1978.17	1.92
TOTAL	103194.90	100.00

Source: Calculated on the basis of Finance Accounts

¹² Represents ₹ 1,977.85 crore representing loans of back to back basis, recoveries of which are being made by Central Government itself, ₹ 27.57 lakh repayment of which is on the basis of actual recoveries and ₹ 4.35 lakh representing market loans not bearing interest for which maturity profile was not available.

Table 1.31, indicates that the State Government has to repay 18 per cent (₹ 18,491 crore) of its debt within the next three years, 18 per cent (₹ 18,526 crore) between 3-5 years and 23 per cent (₹ 23,367 crore) between 5-7 years. It signifies that State has to repay 58.51 per cent of its debt (₹ 60,384.36 crore) in the next seven years. This is an alarming position and the State is heading towards a serious debt repayment position, especially when its major irrigation projects had accumulated losses of ₹ 1,601.05 crore¹³ during 2011-16 and the application of debt raised by the State Government towards creation of new assets remained below six per cent of total expenditure during 2011-16.

The State needs to formulate a well thought out debt management strategy and step up resource mobilization to ensure debt stability. Unless such efforts are made in this regard, the State would face serious debt servicing challenges, which could lead to a situation of debt trap.

Table 1.32: Details of utilization of borrowed funds towards repayment, net capital expenditure and revenue expenditure

(₹ in crore)

Year	Total Borrowings	Repayment of earlier borrowings (Principal) (percentage)	Net capital expenditure (Percentage)	Portion of Revenue expenditure met out of borrowings (Percentage)
1	2	3	4	5=2-3-4
2011-12	17403	8947 (51)	1598 (10)	6858 (39)
2012-13	24311	15116 (62)	1916 (8)	7279 (30)
2013-14	26285	16683 (63)	2200 (8)	7402 (28)
2014-15	32922	23075 (70)	3118 (10)	6729 (20)
2015-16	38428	22051 (57)	3059 (8)	13318 (35)

Source: Finance Accounts

Table 1.32 shows that during 2011-12 to 2015-16, State Government utilised major portion (51 to 70 per cent) of its current borrowings for repayment of earlier borrowings, 20 to 39 per cent for revenue expenditure and only 8 to 10 per cent of borrowings were utilised for capital expenditure.

If this position continues, Punjab would not be able to generate additional revenue to service its debt and it would have no option but to raise new borrowings every year to repay the borrowings of earlier years.

1.10.2 Debt sustainability in Punjab

Debt sustainability is generally measured in terms of level of debt, primary deficit and interest cost in relation to nominal GSDP. A falling debt/GSDP ratio can be considered as leading towards stability. The ratio of interest payments to revenue receipts is also used to measure debt sustainability. In this section, assessment of the sustainability of public debt is made using trends observed in critical variables.

¹³ ₹ 296.05 crore during 2011-12; ₹ 302.75 crore during 2012-13; ₹ 369.08 crore during 2013-14; ₹ 338.41 crore during 2014-15 and ₹ 294.76 crore during 2015-16.

Table 1.33: Details of debt, interest on debt and its repayment vis-à-vis GSDP, revenue receipts and debt receipts*(In per cent)*

	2011-12	2012-13	2013-14	2014-15	2015-16
Rate of growth of outstanding debt	11.12	11.05	10.78	9.91	15.20
Rate of growth of GSDP	17.87	11.67	12.42	9.95	11.09
Buoyancy of Debt/GSDP	0.62	0.95	0.87	1.00	1.37
Average interest rate of outstanding debt	7.96	7.79	8.04	8.35	8.09
Interest/Revenue Receipt	24	21	22	23	24
Debt Repayment/Debt Receipts	51.41	62.18	63.47	70.09	57.38
Net Debt available to the State (₹ in crore)	8456	9195	9602	9847	16377

- Where falling debt/GSDP ratio is indicative of stability, debt/GSDP ratio exhibited reverse trend, as it increased from 0.62 in 2011-12 to 1.37 in 2015-16.
- There was no improvement in the ratio of interest payments to revenue receipts during 2011-16, which is indicative of no significant improvement in debt sustainability.
- The percentage of debt repayments to debt receipts decreased by 12.71 per cent over the previous year.
- Availability of net debt to State increased by 93.67 per cent during 2011-16, as it increased from ₹ 8,456 crore in 2011-12 to ₹ 16,377 crore in 2015-16.

1.10.3 Buoyancy of assets to liabilities

The ratio of aggregate assets to aggregate fiscal liabilities could also be considered a surrogate measure of quality of application of borrowed funds. **Table 1.34** shows the buoyancy of assets with respect to liabilities.

Table 1.34: Buoyancy of assets to liabilities*(₹ in crore and growth in per cent)*

Period	Aggregate liabilities	Aggregate assets	Ratio of assets to liabilities	Annual growth of liabilities	Annual growth of assets	Buoyancy of assets to liabilities
2011-12	83322	30916	37.10	11.24	5.50	0.49
2012-13	92543	32730	35.37	11.07	5.87	0.53
2013-14	102275	35924	35.13	10.52	9.76	0.93
2014-15	112391	38450	34.21	9.89	7.03	0.71
2015-16	129866	47386	36.49	15.55	23.24	1.49

Source: Finance Accounts

The ratio of assets to liabilities in 2015-16 was 36.49 per cent as compared to 37.10 per cent in the year 2011-12. This means that over the years, the liabilities have grown faster than assets, with the rising trend indicating unsustainability of debt.

1.10.4 Raising of loans in excess of net borrowing limit fixed by Government of India

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

The GoI, Ministry of Finance, Department of Expenditure fixed (April 2015) the net borrowing ceiling of the State Government for the financial year 2015-16 as ₹ 11,914 crore and instructed the State Government to ensure that its incremental borrowings from all sources remained within this ceiling.

As per Statement 6 of the Finance Accounts *viz.* statement of borrowings and other liabilities, incremental borrowings of the State Government were ₹ 17,075 crore during the financial year 2015-16 which exceeded the net borrowing ceiling by ₹ 5,161 crore (43 *per cent*).

(ii) Government of India also directed that in case the outstanding balances in Cash Credit Limits (CCL) accounts for food procurement operations by the State at the end of the financial year exceeded the opening balances at the beginning of the year, the net increase would be considered against the borrowing space of the State for the year 2015-16.

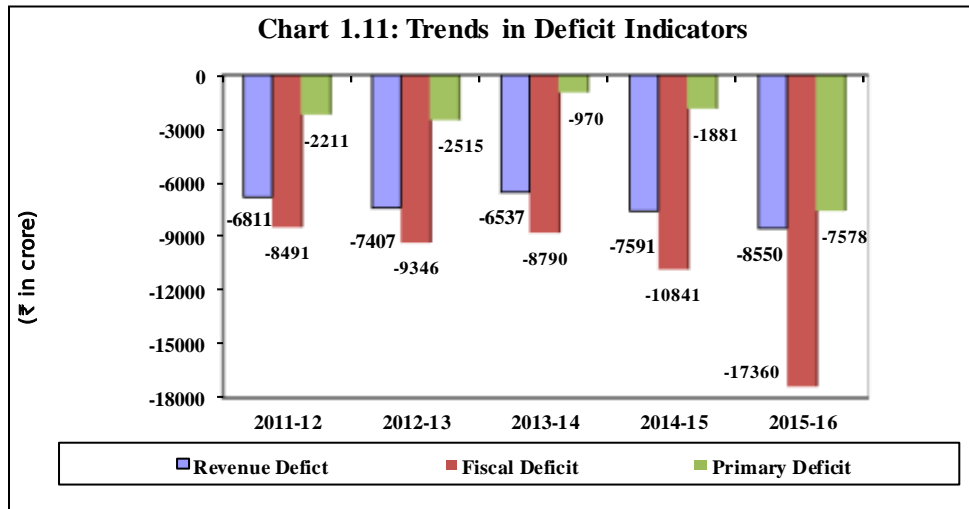
The Food and Supply Department, Government of Punjab was sanctioned CCL of ₹ 42,851.70 crore for the first time during 2015-16 under food credit arrangement. Against this CCL, State Government availed CCL of ₹ 37,807 crore. Out of this, ₹ 9,014 crore remained unadjusted, which was required to be considered against borrowing space of the State, but was not considered. This resulted into understatement of debts to the extent of ₹ 9,014 crore.

1.11 Fiscal imbalances

Three key fiscal parameters—revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit represents the gap between the Government's receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources are applied are important pointers to its fiscal health.

1.11.1 Trends in deficits

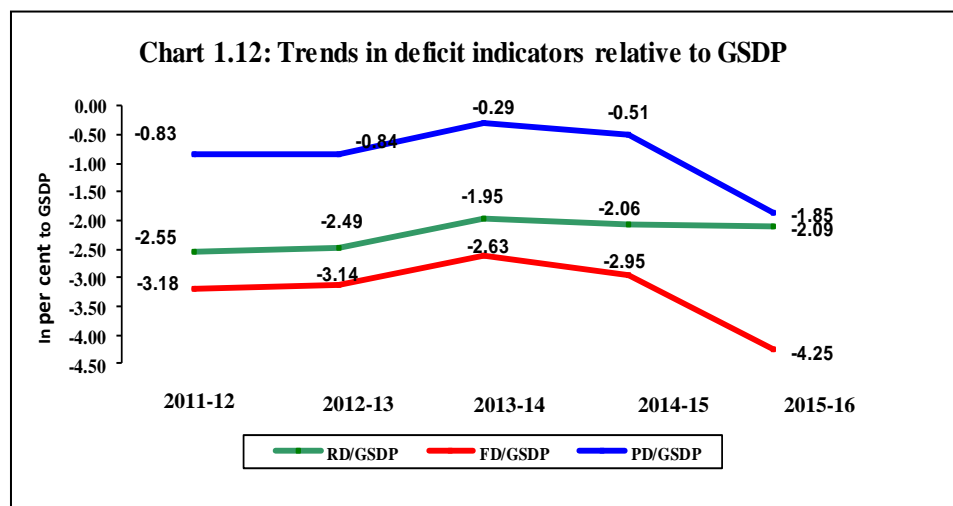
(i) **Charts 1.11 and 1.12** present the trends in deficit indicators over the period 2011-16.



The revenue deficit, which indicates the excess of revenue expenditure over the revenue receipts, rose to the level of ₹ 8,550 crore (2.09 per cent of GSDP) in the current year from ₹ 6,811 crore (2.55 per cent of GSDP) in the year 2011-12.

The fiscal deficit, which represents the total borrowings of the State i.e. its total resource gap, increased from ₹ 8,491 crore (3.18 per cent of GSDP) in 2011-12 to ₹ 17,360 crore in 2015-16 (4.25 per cent of GSDP). The fiscal deficit included market borrowings of ₹ 9,199 crore and Bonds of ₹ 5,533 crore raised by State Government in compliance to the implementation of the Ujwal Discom Assurance Yojna (UDAY). This resource gap is understated by ₹ 4,262.65 crore, due to non-accountal of a transaction of borrowing in the Government Accounts, as mentioned in paragraph 1.9.2 and 1.10.1(i).

The primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipt, was ₹ 2,211 crore (0.83 per cent of GSDP) in 2011-12 and rose to the level of ₹ 7,578 crore (1.85 per cent of GSDP) in the current year.



The State Government stated (November 2016) that the targets of fiscal deficit as stipulated in the FRBM Act had been maintained. As regards revenue deficit, it was added that the targets could not be met as the commitments on the State's revenue expenditure were higher than the revenue receipts, which were based on the economic forces and those were not in the control of the State Government. The reply was not acceptable as the State Government had neither amended the FRBM Act, 2003 to fix any targets nor had it achieved the targets fixed by FFC and those in the State budget.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.35**.

Table 1.35: Components of Fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2011-12	2012-13	2013-14	2014-15	2015-16
Components of Fiscal Deficit (1+2+3)		8491 (3.18)	9346 (3.14)	8790 (2.63)	10841 (2.95)	17360 (4.25)
1	Revenue Deficit	6811 (2.55)	7407 (2.49)	6537 (1.95)	7591 (2.06)	8550 (2.09)
2	Net Capital Expenditure	1598 (0.60)	1916 (0.64)	2200 (0.66)	3117 (0.85)	3059 (0.75)
3	Net Loans and Advances	82 (0.03)	23 (0.01)	53 (0.02)	133 (0.04)	5751 (1.41)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	7740	8559	7255	7685	9199
2	Loans from GoI	(-37)	(-49)	121	283	(-49)
3	Special Securities issued to NSSF	(-924)	(-503)	(-339)	925	1579
4	Loans from Financial Institutions	(-855)	(-956)	421	(-745)	5648
5	Small Savings, PF etc.	1640	1565	1964	1735	1110
6	Deposits and Advances	436	(-66)	192	(-402)	114
7	Suspense and Miscellaneous	129	17	(-241)	(-288)	5
8	Remittances	11	(-6)	(-110)	3	3
9	Reserve Fund	315	632	339	650	(-126)
10	Increase/Decrease in cash balance with RBI	36	152	(-812)	995	(-123)
Overall Deficit		8491	9346	8790	10841	17360

Source: Finance Accounts

Figures in brackets indicate percentage to GSDP.

*All these figures are net of disbursements/outflows during the year.

The fiscal deficit of the State was met mainly from market borrowings (₹ 9,199 crore), loans from financial institutions (₹ 5,648 crore), special securities issued to NSSF (₹ 1,579 crore) and small savings, provident funds, etc. (₹ 1,110 crore).

1.11.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistent high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were

not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The ratio of revenue deficit to fiscal deficit decreased from 80.22 *per cent* in 2011-12 to 49.25 *per cent* in 2015-16 (*Appendix 1.6*) which was due to increase of ₹ 6,519 crore (60 *per cent*) in fiscal deficit over previous year.

The bifurcation of the factors resulting into primary deficit of the Government during the period 2011-16 (*Table 1.36*) reveals that non-debt receipts of the State were not enough to meet the primary expenditure requirements.

Table 1.36: Details of primary deficit during 2011-16

(₹ in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and advances disbursed	Primary expenditure	Primary deficit (-)
1	2	3	4	5	6 (3+4+5)	7 (2-6)
2011-12	26329	26765	1598	177	28540	(-)2211
2012-13	32225	32627	1916	197	34740	(-)2515
2013-14	35217	33821	2201	165	36187	(-)970
2014-15	39161	37654	3118	270	41042	(-)1881
2015-16	41741	40291	3059	5969	49320	(-)7579

Source: Finance Accounts

1.12 Conclusions

The revenue receipts increased from ₹ 26,234 crore in 2011-12 to ₹ 41,523 crore in 2015-16 at an annual average growth rate of 8.86 *per cent*, whereas the revenue expenditure grew at an annual average growth rate of 8.95 *per cent*. The revenue expenditure continued to constitute a dominant proportion (85 to 95 *per cent*) of the total expenditure during the years 2011-16.

The capital expenditure decreased by ₹ 59 crore (1.89 *per cent*) over the previous year. The capital expenditure incurred during 2015-16 was just 62.98 *per cent* of budget estimates which indicates that asset creation was not given as much priority as intended in the budget estimates.

Eleven projects, scheduled for completion between 2008-09 and 2015-16 were incomplete. The expenditure of ₹ 446.75 crore incurred on these incomplete projects is yet to yield the intended benefits and the major irrigation projects caused the State Government to suffer a loss of ₹ 294.76 crore during 2015-16.

The return on investment from Co-operative Banks and Societies and Statutory Corporations, Joint Stock Companies and Government Companies was only between 0.01 and 0.05 *per cent* during 2011-16 while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.79 and 8.35 *per cent* during the same period.

During 2015-16, there was increase of ₹ 5,698 crore in the advancement of loans and advances, which was mainly due to loan of ₹ 5,597 crore to Punjab

State Power Corporation Limited for repayment of its loans relating to the implementation of the Ujwal Discom Assurance Yojna. Another transaction of ₹ 4,262.65 crore carried out on 31 March 2016 as a cashless transaction through Reserve Bank of India, for repayment of loans of Punjab State Power Corporation Limited by the State Government under Ujwal Discom Assurance Yojna was not accounted for by the State Government. As such, loans of the State Government were understated to the extent of ₹ 4,262.65 crore.

The ratio of Financial Assets to Liabilities rose to 36.49 *per cent* in 2015-16 from 34.21 *per cent* in the previous year.

Total debt (including other liabilities) increased from ₹ 64,161 crore in 2010-11 to ₹ 1,03,195 crore in 2015-16. The Debt/GSDP ratio exhibited reverse trend, as it increased from 0.62 in 2011-12 to 1.37 in 2015-16. There was no improvement in the ratio of interest payments to revenue receipts during 2011-16, which is indicative of no significant improvement in debt sustainability. The percentage of debt repayments to debt receipts decreased by 12.71 *per cent* over the previous year.

The revenue deficit rose to ₹ 8,550 crore (2.09 *per cent* of GSDP) in the current year from ₹ 6,811 crore (2.55 *per cent* of GSDP) in the year 2011-12.

The fiscal deficit increased from ₹ 8,491 crore (3.18 *per cent* of GSDP) in 2011-12 to ₹ 17,360 crore in 2015-16 (4.25 *per cent* of GSDP).

The primary deficit was ₹ 2,211 crore (0.83 *per cent* of GSDP) in 2011-12 and rose to the level of ₹ 7,578 crore (1.85 *per cent* of GSDP) in the current year.

1.13 Recommendations

The Government may consider:

- (i) *according due priority to capital expenditure, obtaining better value for the investments and utilizing the debt receipts for asset creation; and*
- (ii) *forming a committee to assess the reasons for insufficient return on investment from Statutory corporations, Government companies, Cooperative banks and Societies and to suggest the remedial measures.*

1.14 Response of Government to the recommendations

The State Government stated (November 2016) that:

- (i) efforts were being made to increase the capital expenditure and to ensure that money available for capital expenditure had been spent for the purpose for which it had been provided; and
- (ii) the Directorate of Public Enterprises and Disinvestment had been directed to prepare a background note and added that a committee for the purpose would also be constituted, if so required.

Chapter II

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.2 Summary of the Appropriation Accounts

The summarized position of actual expenditure *vis-à-vis* budgetary provisions during 2015-16 for the total 30 grants/appropriations is given in the Table 2.1.

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

<i>(₹ in crore)</i>									
	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Total Saving (-)/ Excess (+)	Savings surrendered during the year 2015-16	Savings surrendered on 31 March 2016	Percentage of savings surrendered on 31 March 2016 to total savings surrendered (col.8/col.7)
	1	2	3	4	5	6	7	8	9
Voted	I Revenue	42556.69	4988.50	47545.19	41123.27	(-) 6421.92	2791.34	2747.35	98.42
	II Capital	4856.82	658.16	5514.98	3141.58	(-) 2373.40	147.00	116.88	79.51
	III Loans and Advances	735.50	10418.84	11154.34	5968.59	(-) 5185.75	290.30	290.30	100.00
Total Voted		48149.01	16065.50	64214.51	50233.44	(-) 13981.07	3228.64	3154.53	97.70
Charged	IV Revenue	10066.51	27.67	10094.18	9945.06	(-) 149.12	136.82	136.82	100.00
	V Capital	0	0	0	0	0	0	0	0
	VI Public Debt- Repayment	21098.34	0	21098.34	22051.13	(+) 952.79	461.86	461.86	100.00
Total Charged		31164.85	27.67	31192.52	31996.19	(+) 803.67	598.68	598.68	100.00
	Appropriation to Contingency Fund	0	0	0	0	0	0	0	0
Grand Total		79313.86	16093.17	95407.03	82229.63	(-) 13177.40	3827.32	3753.21	98.06

Source: Appropriation Accounts

*The expenditure is without adjustment of the recoveries of ₹ 994.83 crore adjusted as reduction of expenditure under Revenue heads and ₹ 82.17 crore under Capital heads.

For the year 2015-16, original budget provision was ₹ 79,313.86 crore. This was augmented by supplementary grant of ₹ 16,093.17 crore bringing the

total budget provision at ₹ 95,407.03 crore. Out of total budget provision, ₹ 82,229.63 crore were utilized during the year 2015-16 resulting in saving of ₹ 13,177.40 crore (13.81 per cent). Out of total savings, an amount of ₹ 3,827.32 crore (29.04 per cent) only was surrendered during the year and out of total surrender, an amount of ₹ 3,753.21 crore (98.06 per cent) was surrendered on the last day of the year. As actual expenditure of ₹ 82,229.63 crore was in excess of the original budget provision just by ₹ 2,915.77 crore (3.68 per cent), the supplementary provision to the extent of ₹ 13,177.40 crore (81.88 per cent of total supplementary provision of ₹ 16,093.17 crore) proved unnecessary. The overall saving of ₹ 13,177.40 crore was the net result of saving of ₹ 15,239.06 crore (**Appendix 2.1**) set off by excess of ₹ 2,061.66 crore (**Table 2.2**).

2.3 Financial accountability and budget management

2.3.1 Excess over provisions requiring regularization

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

Audit observed that excess expenditure amounting to ₹ 3,665.42¹ crore for the year 2011-15 had not been regularized (October 2016) under the provision of Article 205(1)(b) of the Constitution of India despite repeated reminders to the Department of Finance.

Besides, excess expenditure of ₹ 2,061.66 crore (**Table 2.2**) in six cases during the year 2015-16 also requires regularization under the above mentioned provisions.

Table 2.2: Excess over provision requiring regularization during 2015-16
(₹ in crore)

Sr. No.	Number and title of grant		Total Grant/ Appropriation	Expenditure	Excess expenditure
Voted Grants					
1	8	Finance (Revenue)	7324.86	7781.10	456.24
2	21	Public Works (Revenue)	1048.33	1269.84	221.51
3	22	Revenue and Rehabilitation (Revenue)	1414.15	1845.03	430.88
Charged Appropriation					
4	2	Animal Husbandry and Fisheries (Revenue)	0.01	0.05	0.04
5	8	Finance (Capital)	21098.34	22051.13	952.79
6	26	State Legislature (Revenue)	1.14	1.34	0.20
Total			30886.83	32948.49	2061.66

Source: Appropriation Accounts

¹ 2011-12 (₹ 901.36 crore), 2012-13 (₹ 769.60 crore), 2013-14 (₹ 386.38 crore) and 2014-15 (₹ 1,608.08 crore).

2.3.2 Persistent excess expenditure

In five cases (**Table 2.3**), there was persistent excess expenditure of more than ₹ 10 crore in each case during the last five years. In four cases (Sr. No. 2, 3, 4 and 5), the expenditure was incurred without any budget provision during 2011-16.

Table 2.3: List of grants having persistent excess expenditure during 2011-16

(₹ in crore)

Sr. No.	Number and Name of the grant/schemes	Amount of excess expenditure				
		2011-12	2012-13	2013-14	2014-15	2015-16
Revenue-Voted						
08-Finance						
1	2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	570.86	81.58	123.66	407.74	664.92
21-Public Works						
2	2059-Public Works 80-General 799-Suspense	157.79	52.28	36.98	19.65	14.97
3	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department	45.23	52.34	82.72	97.77	108.53
4	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	73.19	58.78	36.78	26.97	28.06
5	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	91.27	102.94	58.02	19.79	135.53

Source: Appropriation Accounts

2.3.3 Appropriation vis-à-vis allocative priorities

The outcome of audit of grants and appropriations showed that in 12 cases (11 grants out of the total 30 grants), the savings (excluding surrenders) exceeded the total provision by 10 per cent and ₹ 100 crore in each case. In three cases (Sr. No. 4, 10 and 12), the savings exceeded the total provisions by more than 50 per cent. Details are given in **Table 2.4**.

Table 2.4: List of grants having large savings during 2015-16

(₹ in crore)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings/ Percentage	Surrenders	Savings excluding surrender (percentage)
1	2	3	4	5 (3-4)	6	7 (5-6)
	Revenue-Voted					
1	1-Agriculture and Forests	6501.65	5676.62	825.03 (12.69)	63.15	761.88 (11.72)
2	9-Food and Supplies	774.09	448.80	325.29 (42.02)	215.95	109.34 (14.12)
3	11-Health and Family Welfare	3467.14	2709.11	758.03 (21.86)	0	758.03 (21.86)
4	13-Industries	251.85	69.76	182.09 (72.30)	0	182.09 (72.30)
5	23-Rural Development and Panchayats	1442.39	849.67	592.72 (41.09)	0	592.72 (41.09)
6	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	2696.07	1826.55	869.52 (32.25)	0	869.52 (32.25)
	Capital-Voted					
7	5-Education	250.31	143.62	106.69 (42.62)	0	106.69 (42.62)
8	15-Irrigation and Power	11642.89	6390.12	5252.77 (45.12)	0	5252.77 (45.12)
9	17-Local Government, Housing and Urban Development	334.82	216.16	118.66 (35.44)	0	118.66 (35.44)
10	19-Planning	717.32	100.46	616.86 (86.00)	0	616.86 (86.00)
11	21-Public Works	1906.85	1359.24	547.61 (28.72)	0	547.61 (28.72)
12	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	169.39	24.96	144.43 (85.26)	0	144.43 (85.26)
	Total	30154.77	19815.07	10339.70 (34.29)	279.10	10060.60 (33.36)

Source: Appropriation Accounts

Such large savings in these grants reflect weak budgetary control.

2.3.4 Persistent savings

In two cases, during the last five years there were persistent savings of more than 10 per cent and ₹ five crore in each case which shows weak financial control. The details are given in **Table 2.5**.

Table 2.5: List of grants having persistent savings during 2011-16*(₹ in crore)*

Sr. No.	Number and Name of the grant/ Head of Account	Amount of savings (percentage of savings against total provision)				
		2011-12	2012-13	2013-14	2014-15	2015-16
Revenue-voted						
1	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction	58.65 (16.94)	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)	48.56 (10.71)
2	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	131.61 (99.26)	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)	65.62 (40.59)

Source: Appropriation Accounts

2.3.5 Expenditure without making provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹ 319.17 crore (**Appendix 2.2**), was incurred in 16 cases (₹ one crore or more in each case) under four grants during the year 2015-16 without having any provision in the original estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

2.3.6 Unnecessary supplementary provisions

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 1,879.51 crore obtained in 26 cases, during the year 2015-16 proved unnecessary as the expenditure did not come up even to the level of original provision (**Appendix 2.3**).

2.3.7 Unnecessary/Injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2015-16, 27 re-appropriation orders for ₹ 8,314.40 crore were issued (20 re-appropriation orders for ₹ 6,957.76 crore were issued on 31 March, 2016). Out of these, 11 re-appropriation orders for ₹ 3,160.72 crore were rejected by the office of the Pr. Accountant General (A&E), Punjab on account of various reasons².

² Funds re-appropriated against nil budget provision, re-appropriation order not properly classified, minor head wise total not worked out, totals of 'From' and 'To' sides of the re-appropriation order do not tally, reasons for savings as well as excess were not cogent and convincing, re-appropriation order was neither signed by the Administrative Secretary of the Department nor sanctioned by the Finance Department.

During 2015-16, in six cases out of 24 (**Appendix 2.4- Sr. No. 6, 8, 9, 11, 13 and 20**), reduction of provisions by re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In the remaining 18 cases augmentation of provision also proved unnecessary because expenditure did not come up even to the level of original budget provisions.

2.3.8 Anticipated savings not surrendered

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the Grants/Appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2015-16, savings of ₹ 9,350.08 crore (70.96 per cent of overall savings of ₹ 13,177.40 crore) were not surrendered by the concerned departments which indicated inadequate budgetary control as these funds could not be utilized for other developmental purposes. Details of grants/appropriations in which savings exceeding ₹ 10 crore were not surrendered and grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender have been given in **Appendix 2.5** and **Appendix 2.6** respectively.

2.3.9 Surrender inspite of excess expenditure

Under Grant No. 08-Finance, ₹ 567.59³ crore had been surrendered even though there was an excess expenditure of ₹ 1,409.03 crore under this grant.

2.3.10 Rush of expenditure

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Audit scrutiny of expenditure incurred by the State Government in the year 2015-16 showed that in seven cases (**Table 2.6**), the expenditure incurred during the 4th quarter of the year ranged between 82.21 and 100 per cent and the expenditure incurred during the month of March 2016 alone under all these heads of accounts constituted 31.62 per cent of the total expenditure.

Table 2.6: Rush of expenditure towards the end of the financial year 2015-16
(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2016	
			Amount	Percentage to total expenditure	Amount	Percentage to total expenditure
1	2225-Welfare of SC, ST and other BC	521.51	501.31	96.13	134.73	25.83
2	2501-Special Rural Development Programme	48.50	39.87	82.21	36.89	76.06

³ Revenue-Voted: ₹ 105.73 crore; and Capital-Charged: ₹ 461.86 crore.

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2016	
			Amount	Percentage to total expenditure	Amount	Percentage to total expenditure
3	3435-Ecology and Environment	2.35	1.95	82.98	1.75	74.47
4	3452-Tourism	47.57	46.34	97.41	10.96	23.04
5	4070-Capital Outlay on other Administrative Services	12.22	10.94	89.53	3.70	30.28
6	4235-Capital Outlay on Social Security and Welfare	7.90	7.90	100.00	7.06	89.37
7	5053-Capital Outlay on Civil Aviation	10.83	10.83	100.00	10.73	99.08
	Total	650.88	619.14	95.12	205.82	31.62

Source: Information supplied by office of the Accountant General (Accounts & Entitlement), Punjab.

2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants, i.e. Grant No. 1-Agriculture and Forests and 21-Public Works showed the following:

2.4.1 Unrealistic budget provisions

Audit scrutiny of the records showed that under Grant No. 1-Agriculture and Forests and 21-Public Works, the departments either made unrealistic budget provisions or did not disburse the amount during 2015-16, as savings of more than ₹ 10 crore in each case aggregating to ₹ 1,341.78 crore were found in 14 minor heads/schemes (*Appendix 2.7*).

2.4.2 Excess over provisions requiring regularization

The expenditure of ₹ 295.09 crore (under six minor heads/schemes) was incurred without budget provision (*Appendix 2.8*) under Grant No. 21-Public Works. Similarly ₹ 137.14 crore (under six minor heads/schemes) were spent in excess of budget provisions, each involving ₹ 10 crore or more under respective minor head/scheme, under Grant No. 1-Agriculture and Forests and 21-Public Works during the year 2015-16, which requires regularization under Article 205(1) (b) of the Constitution of India.

2.4.3 Unnecessary Supplementary grant/Re-appropriation

In six cases under Grant No.1-Agriculture and Forests, augmentation of provision of ₹ 34.69 crore through re-appropriation and supplementary provision proved un-necessary as the expenditure did not come up even to the level of original provision (*Appendix 2.9*).

2.5 Scrutiny of budget documents of the State Government

2.5.1 Non-disclosure of grantee

Para 1.5 of Punjab Budget Manual *inter-alia* lays down that separate provision for individual grants-in-aid to be paid to an institution need not be exhibited in the budget. The entire provision for grants-in-aid under the sub-head will be shown under the standard object of classification 'grants-in-aid'. The detailed provision will be shown separately in the form of statement at the end of each grant. Further, note below para 1.5 lays down that grants-in-aid amounting to ₹ 5,000 or more would be shown individually in the statement and the grants-in-aid less than ₹ 5,000 would be clubbed together and shown accordingly.

Scrutiny of budget documents revealed that though a provision of ₹ 1,239.21 crore was shown under classification 'grant-in-aid', statement exhibiting details of grantees had not been given at the end of grants. In the absence of details of grantees, provision made under grants-in-aid could not be admitted in audit and expenditure against the provisions could also not be verified.

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

Para 5.1(I)(a) of Punjab Budget Manual (Manual) lays down that in respect of expenditure relating to a new service for which the legislature has not previously voted, provision should be included in the 'Schedule of New Expenditure'. Para 1.8 of the Manual *inter-alia* lays down that the 'Schedule of New Expenditure' has to be prepared by the heads of departments and after scrutiny by the Administrative and Finance Departments, are to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. Para 15.4 of the Manual categorises 'treatment of new items as ordinary items of expenditure' as financial irregularity. The above codal provision was not followed in 16 cases involving ₹ 1,082.70 crore under six grants (*Appendix 2.10*).

2.6 Review on working of treasuries in Punjab

2.6.1 Fraudulent withdrawal of salary

The Drawing and Disbursing Officers (DDOs) are required to observe the prescribed procedure to prevent the fraudulent draws. As per Rule 2.31(a) of Punjab Financial Rules (PFR) Volume II, a drawer of bill will be held responsible for any charges, fraud and misappropriations. He should, therefore, make himself thoroughly acquainted with various financial checks to be exercised to detect any attempt of defalcation. With a view to ensure that all amounts drawn from the treasury have been entered in the cash book, he should obtain from the treasury office by 15th of every month, a list of all bills drawn by him during the previous month and trace all the amounts in the cash book. A Bill Transit Register in Form PFR-8 should be maintained by all the

head of the offices. As per note 4 below Rule 260 of PTR, all bills are to be submitted to treasury through the Bill Transit Register and in order to prevent the presentation of fraudulent bills, this Register should be reviewed bi-weekly by a gazetted officer with reference to the entries in the Bill Register and the Cash Book.

During audit of records, it was noticed that number of employees mentioned in the bill submitted to treasury office for drawal of salary during 2013-15 were more than that mentioned in the office copy of the DDO, thereby resulting in fraudulent drawal of salary by DDOs as detailed in **Table 2.7**. This fraudulent drawal could have been prevented had the bill transit register been reviewed with reference to the entries made in the cash book as prescribed *ibid*.

Table 2.7: Detail of fraudulent drawl of salary

			(₹ in crore)
Sr. No	DTO/TO	DDO	Amount of overpayment
1	Patiala	Executive Engineer, Central Works Division (B & R), Patiala	0.27
2	Noor Mahal (Jalandhar)	Principal, Sr. Sec. school, Kot Badal Khan	0.54
Total			0.81

Source: Information obtained from office of the Accountant General (Accounts & Entitlement), Punjab.

2.7 Conclusions

During 2015-16, expenditure of ₹ 82,229.63 crore was incurred against total budget provision of ₹ 95,407.03 crore. Net saving of ₹ 13,177.40 crore occurred after the total saving of ₹ 15,239.06 crore was offset by excess expenditure of ₹ 2,061.66 crore. Out of net savings of ₹ 13,177.40 crore, savings of only ₹ 3,827.32 crore (29.04 per cent) were surrendered.

Excess expenditure of ₹ 5,727.08 crore requires regularization under Article 205(1) (b) of the Constitution of India. There was persistent saving in two grants and persistent excess in five grants. Augmentation by re-appropriation orders proved unnecessary in 18 cases because expenditure did not come up even to the level of original budget provisions and in six cases reduction of provision also proved injudicious as there was excess expenditure under these cases.

In seven cases, the expenditure incurred during the 4th quarter of the year ranged between 82.21 and 100 per cent and the expenditure incurred during the month of March 2016 alone under all these heads of accounts constituted 31.62 per cent of the total expenditure.

There were instances of fraudulent drawl of salary by DDOs amounting to ₹ 0.81 crore.

2.8 Recommendations

The Government may consider:

- (i) regularizing the expenditure incurred in excess of the budget provision;*
- (ii) monitoring of expenditure and anticipated savings so that the unutilized amounts could be utilized timely on other schemes; and*
- (iii) devising suitable mechanism to avoid rush of expenditure in last quarter/month of the financial year.*

2.9 Response of Government to the recommendations

The State Government stated (November 2016) that:

- (i) the process for regularizing the expenditure incurred in excess of budget provision during the years 2011 to 2015 had already been initiated and all out efforts were being made to get the amounts regularized in the budget session 2017-18; and
- (ii) the necessary instructions had been issued to the concerned departments for monitoring of expenditure and anticipated savings, and for devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

Chapter III

CHAPTER III

FINANCIAL REPORTING

Sound internal controls and compliance with rules and procedures contribute significantly to good governance. It also ensures relevant, reliable and timely financial reporting and thereby assists the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives.

3.1 Delay in submission of utilization certificates

Rule 8.14 (a) (1) of the Punjab Financial Rules Volume-I provides that every order sanctioning a grant would specify its object clearly and time limit within which the grant is to be spent. The departmental officer drawing the grants-in-aid would be primarily responsible for certifying to the Accountant General, where necessary, the fulfillment of the conditions attached to the grant and submission of certificate (Utilization Certificate) in such form and at such interval as may be agreed between the Accountant General (Accounts and Entitlement) and the Head of the Department concerned.

It was observed that 32 Utilization Certificates (UCs) amounting to ₹ 66.71 crore were not furnished to the Principal Accountant General (A&E) as on 31 March 2016. The age-wise and department wise position of pendency in submission of UCs is summarized in **Table 3.1 and Appendix 3.1** respectively.

Table 3.1: Age-wise pendency of utilization certificates

(₹ in crore)

Year in which UCs became due ¹	Number of UCs	Amount
Up to 2013-14	11	7.57
2014-15	8	2.36
2015-16	13	56.78
Total	32	66.71

Source: Finance Accounts Vol I.

Home Affairs and Justice (9), Welfare of Scheduled Castes and Backward Classes (7) and Sports and Youth Services (5) were major departments having outstanding UCs.

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

It was noticed that, as on 31 March 2016, 15 accounts from 2005-06 to 2014-15 were pending in respect of four² out of five autonomous bodies Separate Audit Reports (SARs) which were required to be placed in Legislature were also

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

² (i) Punjab Legal Services Authority; (ii) Punjab Khadi and Village Industry Board; (iii) Punjab Labour Welfare Board; and (iv) Pushpa Gujral Science City, Kapurthala.

pending in respect of three³ autonomous bodies. The detail of delay in submission of accounts by the autonomous bodies to Audit and placement of the SARs in the Legislature as on March 2016 are given in **Appendix 3.2**.

The Punjab Labour Welfare Board had not rendered its accounts since the financial year 2005-06 despite repeated comments in the Report of the Comptroller and Auditor General of India (CAG) on State Finances about the arrear in preparation of accounts.

3.3 Departmental Commercial Undertakings

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

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Principal Accountant General (Audit) within a specified time frame. However, the Punjab Roadways (Transport Department) had not prepared its accounts since 2004-05 (as of October 2016), despite repeated comments in the earlier Reports of the CAG on State Finances about the arrears in preparation of accounts.

3.4 Misappropriations, losses, thefts etc.

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

There were 168 cases of misappropriation, losses, theft, etc. pending as on 1 April 2015 involving an amount of ₹ 1.58 crore. During the year, 26 cases (₹ 9.16 crore) were added resulting in 194 cases (₹ 10.74 crore) pending as on 31 March 2016. Department-wise detail of outstanding cases as on 31 March 2016 is given in **Table 3.2** and age-wise profile is given in **Appendix 3.3**.

³ (i) Punjab Legal Services Authority; (ii) Punjab State Human Rights Commission; and (iii) Punjab Labour Welfare Board.

Table 3.2: Pending cases of misappropriation, loss, theft, etc.*(₹ in lakh)*

Name of Department	Cases of theft		Cases of misappropriation/ loss of Government material		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Education	1	0.06	6	12.39	7	12.45
Elections	2	0.21	0	0	2	0.21
Home Affairs and Justice	1	6.00	153	45.88	154	51.88
Health and Family Welfare	2	0.87	1	18.60	3	19.47
Revenue and Rehabilitation	0	0	3	36.49	3	36.49
Rural Development	0	0	3	87.51	3	87.51
PWD	0	0	22	866.10	22	866.10
Total	6	7.14	188	1066.97	194	1074.11

Source: Information as provided by concerned departments

Out of 194 cases, four cases involving an amount of ₹0.68 crore were sub-judice. The reasons for the delay in finalization of these pending cases have been given in **Table 3.3**.

Table 3.3: Reasons for the delay in finalization of pending cases of misappropriation, loss, theft, etc.*(₹ in lakh)*

Reasons	Number of cases	Amount
Awaiting departmental and criminal investigation	33	911.19
Departmental action initiated but not finalised	4	36.98
Criminal proceedings finalized but execution of certified cases for recovery of amount pending	0	0
Awaiting orders for recovery or write off	153	57.92
Pending in the courts of law	4	68.02
Total	194	1074.11

Source: Information as provided by concerned departments

3.5 Abstract Contingent bills

Punjab Treasury Rules (PTR), *inter alia*, provides that Abstract Contingent (AC) bills can be drawn when the permanent advance begins to run short, or when a transfer of charge takes place, and it is necessary to draw money for contingent expenses. The expenditure is debited under the relevant service head and the DDO is required to submit the Detailed Contingent (DC) bill supported by vouchers/sub-vouchers to the Controlling Officer (CO) not later than one month from the date of drawal of AC bill. The advances remain unadjusted as long as the COs do not submit the DC Bills along with supporting vouchers to the Accountant General (A&E).

As on 31 March 2016, 976 AC bills pertaining to the period from 2002 to 2016 involving ₹ 2,044.97 crore remained unadjusted. Though PTR provides that Abstract Contingent bill can be drawn when the permanent advance begins to run short or when a transfer of charge takes place and it is necessary to draw money for contingent expenses yet it was noticed that AC bills had been drawn for capital expenditure also. Detail of AC bills remained unadjusted during last three years is given in **Table 3.4**:

Table 3.4: Detail of unadjusted AC bills during 2013-16

(₹ in crore)

	Year	Unadjusted AC bills		
		No. of Major Heads	No. of bills	Amount involved
Revenue	2013-14	4	23	82.26
	2014-15	6	135	108.91
	2015-16	11	301	391.12
	Total	21	459	582.29
Capital	2013-14	4	76	200.84
	2014-15	8	209	333.49
	2015-16	12	167	761.81
	Total	24	452	1296.14
G. total		45	911	1878.43

Source : Information compiled from the data supplied by the office of the Accountant General (A&E) Punjab.

In order to draw a representative sample, two revenue⁴ and two capital⁵ major heads (out of 21 and 24, respectively) with maximum amount of outstanding AC bills in the last three years were selected. Out of 21 treasuries, six treasuries (29 per cent), with maximum amount involved in the outstanding AC bills under the selected major heads, were selected for detailed examination. The audit findings are brought out in the succeeding paragraphs.

3.5.1 Trends of drawal of AC bills

PTR requires that at the time of drawal of funds through AC bills, the heads of contingent expenditure are required to be entered in manuscript in the bill along with full details of the expenditure. Therefore, it is essential to ensure utilisation of such funds for the specific purpose within the stipulated period, but not later than 31 March of the financial year.

Audit of records showed that under four test checked⁶ major heads of accounts, a total of 28,299 bills amounting to ₹ 3,668.67 crore were drawn during 2013-16. Of these, ₹ 1,317.62 crore (35.92 per cent) were drawn through AC bills (Table 3.5).

Table 3.5: AC bills drawn during 2013-16

(₹ in crore)

Year	Head of Account	Total bills passed for payment by Treasuries		AC bills included in total bills		Percentage of AC bills to total bills	
		No. of bills	Amount	No. of bills	Amount	No. of bills	Amount
2013-14	2235	8269	598.44	31	61.53	0.37	10.28
	2236	14	8.48	5	3.31	35.71	39.03
	4217	7	133.62	7	133.62	100.00	100.00
	5054	9	279.55	Nil	Nil	Nil	Nil
	Total	8299	1020.09	43	198.46	0.52	19.46
2014-15	2235	10863	257.37	44	9.50	0.41	3.69
	2236	57	98.76	38	47.67	66.67	48.27
	4217	22	228.39	22	228.39	100.00	100.00
	5054	25	900.47	Nil	Nil	Nil	Nil
	Total	10967	1484.99	104	285.56	0.95	19.23

⁴ 2235-Social Security and 2236-Nutrition.

⁵ 4217-Capital outlay on urban development and 5054-Capital outlay on Roads and Bridges.

⁶ (i) 2235-Social Security (ii) 2236-Nutrition (iii) 4217-Capital outlay on Urban Development (iv) 5054-Capital outlay on Roads and Bridges.

Year	Head of Account	Total bills passed for payment by Treasuries		AC bills included in total bills		Percentage of AC bills to total bills	
		No. of bills	Amount	No. of bills	Amount	No. of bills	Amount
2015-16	2235	8963	260.82	65	53.16	0.73	20.38
	2236	47	60.23	39	44.93	82.98	74.60
	4217	8	131.09	8	131.09	100.00	100.00
	5054	15	711.45	11	604.42	73.33	84.96
	Total	9033	1163.59	123	833.60	1.36	71.64
	G Total	28299	3668.67	270	1317.62	0.95	35.92

Source: Information compiled from the data supplied by the selected Treasury Officers.

Table 3.5 revealed that the percentage of funds drawn through AC bills under major heads 2235, 2236 and 5054 to total funds drawn ranged between 3.69 and 84.96. However, no AC bills were drawn during 2013-15 under major head 5054. Further, entire funds under major head 4217 were drawn through AC Bills for transfer to autonomous bodies.

3.5.2 Non-submission of DC bills

PTR prescribes that DDO is required to submit the DC bills supported by vouchers/sub-vouchers for AC bills drawn to the Controlling Officer (CO) not later than one month from the date of drawal of AC bill. The advances remain unadjusted as long as the Controlling Officers (COs) do not submit the Detailed Contingent (DC) Bills along with supporting vouchers to the Accountant General (A&E).

Audit of records showed that under the selected four major heads of accounts, 270 Abstract Contingent (AC) Bills were passed for payment of ₹ 1,317.62 crore during 2013-16. Against these AC Bills, corresponding 96 DC bills involving ₹ 702.55 crore were yet to be submitted by the DDOs (July 2016) as detailed in **Table 3.6**:

Table 3.6: Detail of pending DC bills

Year	AC bills passed by the District Treasury Officers		AC bills against which DC bills were yet to be submitted		Percentage of outstanding	
	No. of bills	Amount	No. of bills	Amount	Bills	Amount
2013-14	43	198.46	9	98.69	20.93	49.73
2014-15	104	285.56	37	202.25	35.58	70.83
2015-16	123	833.60	50	401.61	40.65	48.18
	270	1317.62	96	702.55	35.56	53.32

Source: Information compiled from the data supplied by the selected Treasury Officers.

Though, the Accountant General (A&E) Punjab was pursuing for submission of DC bills, the number of outstanding AC bills has been on an increasing trend, raising from 9 (20.93 per cent) in 2013-14 to 50 (40.65 per cent) in 2015-16. The amount of outstanding AC bills ranged between 48.18 and 70.83 per cent of the total AC bills drawn. Due to non-submission of DC bills, Audit is unable to provide assurance as to whether ₹ 702.55 crore (**Table 3.6**), drawn through AC bills, have been utilised for the purpose for which these were sanctioned.

The concerned DDOs assured to comply with the rules in future.

3.5.3 Passing of subsequent AC bills without clearance of previously drawn AC bills

PTR prescribes that every DDO dealing with countersigned contingencies shall attach a statement, showing detail of AC bills cashed in the previous month and submission of corresponding DC bills to COs, to the first contingent bill presented for payment at the treasury during a month. In the absence of this statement the Treasury Officer shall refuse payment. Further, a certificate shall be attached to every AC bill to the effect that the DC bills have been submitted to the CO in respect of AC bills drawn more than a month before the date of that bill. On no account may an AC bill be cashed without this certificate.

The Treasury Officer shall, before cashing such a bill, verify the entries and see that every such bill cashed in the previous months is included in the statement and that against each entry, the date of submission of the DC bills is entered in red ink.

Audit of records showed that though a register to record AC bills passed by District Treasury Officers (DTOs) was being maintained but out of total AC bills passed by the treasury for payment, a large number of bills were not entered in the register. Against 270 AC bills passed for payment during 2013-16, only 185 bills were found to have been entered in the AC bill registers of DTOs at Chandigarh, Ferozepur, Gurdaspur, Ludhiana, and Mohali as detailed in **Table 3.7**. DTO Sangrur did not maintain such register. Moreover, the register had date-wise entries instead of DDO-wise.

Table 3.7: Details of AC bills not entered in AC bill Register

Year	AC bills passed	Amount	(<i>₹ in crore</i>)	
			AC bills entered in register	Amount
2013-14	43	198.46	27	48.03
2014-15	104	285.56	65	46.25
2015-16	123	833.60	93	684.76
Total	270	1317.62	185	779.04

Source: Information compiled from the data supplied by the selected Treasury Officers.

In the absence of complete and DDO-wise register, the prescribed check of verification of the entries in the certificate to see that the DDOs have included every such bill cashed in the previous months in the statement could not be exercised by the DTOs.

Further, examination of 270 AC bills amounting to ₹ 1,317.62 crore revealed that DTOs passed the subsequent AC bills without submission of statement of DC bills in respect of AC bills drawn during the previous month by DDOs.

The DTOs stated (July 2016) that they had noted it for future compliance.

3.5.4 Drawal of AC bills for capital expenditure

The Punjab Treasury Rules, inter alia, provide that contingent bills can be drawn when the permanent advance begins to run short, or when a transfer of charge takes place, and it is necessary to draw money for contingent expenses.

Audit of records showed that an amount of ₹ 1,317.62 crore (**Table 3.6**) was drawn through 270 AC bills during 2013-16. Of these, ₹ 1,097.52 crore

(83.29 per cent) were drawn under capital heads at Chandigarh and Mohali treasuries (Table 3.8).

Table 3.8: Detail of AC bills drawn under Capital major heads

(₹ in crore)

Year	Head of account	AC bills passed for capital expenditure		Total DC Bills awaited from Department		Percentage of outstanding AC Bills	
		No. of bills	Amount involved	No. of bills	Amount involved	Bills	Amount
2013-14	4217	7	133.62	4	95.38	57.14	71.38
	5054	0	0	0	0	0	0
	Total	7	133.62	4	95.38	57.14	71.38
2014-15	4217	22	228.39	18	190.36	81.82	83.35
	5054	0	0	0	0	0	0
	Total	22	228.39	18	190.36	81.82	83.35
2015-16	4217	8	131.09	8	131.09	100.00	100.00
	5054	11	604.42	3	222.87	27.27	36.87
	Total	19	735.51	11	353.96	57.89	48.12
	G.Total	48	1097.52	33	639.70	68.75	58.29

Source: Departmental Data

The provision of PTR allowing drawal of AC bills for meeting the contingent expenditure was being mis-utilized to draw funds for capital expenditure.

On being pointed out, DTOs, Chandigarh and Mohali intimated (July 2016) that the bills were passed on the basis of sanctions issued by the Government. The reply of DTOs was not admissible as neither the sanction had any mention of drawal of these funds through AC bills nor the PTR allows drawal of funds through AC bills for meeting capital expenditure.

3.5.5 Non-utilisation of funds drawn through AC bills

Punjab Financial Rule (PFR) provides that no money should be drawn from the treasury unless it is required for immediate disbursement.

Audit of outstanding AC bills revealed that the Deputy Controller (F&A) Local Government, Punjab, Chandigarh drew ₹ 493.09 crore through 37 AC bills during 2013-16 under the major head “4217-Capital Outlay on Urban Development”, but spent only ₹ 162.17 crore (33 per cent), thereby leaving an unspent balance of ₹ 330.92 crore (67 per cent). Similarly, the Chief Agriculture Officer, Mohali had drawn ₹ 414.30 crore through 6 AC bills during 2015-16 under the major head “5054-Capital outlay on Roads & Bridges” and transferred these funds to Punjab Mandi Board, Mohali (PMB) But PMB could spend only ₹ 191.43 crore (46 per cent), thereby leaving an unspent balance of ₹ 222.87 crore (54 per cent) beyond the prescribed period of one month as detailed in Table 3.9:

Table 3.9: Detail of unspent amount drawn against AC bills

(₹ in crore)

Sr. No.	DDO Name	Head of account	Year	No. of bills	Amount drawn	Amount spent	Amount remained unspent	Loss of interest
1	Deputy Controller (F&A) Local Government, Punjab, Chandigarh	4217	2013-14	7	133.62	104.61	29.01	6.08
			2014-15	22	228.38	57.56	170.82	24.31
			2015-16	8	131.09	0	131.09	5.87
	Total			37	493.09	162.17	330.92	36.26
2	Chief Agriculture Officer, Mohali	5054	2015-16	6	414.30	191.43	222.87	0.63
	Grand Total			43	907.39	353.60	553.79	36.89

Source: Departmental Data

Thus, both, the drawal of funds under capital major head through AC bills for its transfer to autonomous bodies and in advance of its requirement was in departure from the rules *ibid*. Keeping the funds outside the Consolidated Fund of the State beyond the prescribed period of one month also led the State to suffer a loss of interest of ₹ 36.89 crore⁷, which was avoidable.

PMB, retained the unspent amount in saving bank accounts and earned an interest of ₹ 0.95 crore during 2013-16, which was also not credited to Government account.

On being pointed out, the Deputy Controller (Finance & Accounts) Local Government, Punjab, Chandigarh assured (June 2016) that either the UCs for this amount would be obtained from the field offices or the unspent amount would be refunded to Government Account. PMB assured to submit the DC bills and also ensured to deposit the amount of interest earned in Government account.

3.6 Follow up action on Audit Report

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

As regards the Audit Reports relating to the period 2009-14 which have been laid before the State Legislature, the PAC took up (August 2015) Audit Report on State Finances for the year 2013-14 for discussion and directed the Finance Department for submission of reply to all paragraphs within three weeks. However, no detailed note had been received in the Audit Office (October 2016).

3.7 Conclusions

Utilisation Certificates for ₹ 66.71 crore (32 UCs) were awaited. There was delay in submission of accounts by the autonomous bodies and submission of Separate Audit Reports to the Legislature. As on 31 March 2016, 194 cases of theft, loss and misappropriation involving an amount of ₹ 10.74 crore were pending for finalization. As many as 976 AC bills for ₹ 2,044.97 crore were awaiting adjustment as on 31 March 2016. As much as, 35.92 *per cent* of the total funds drawn during 2013-16 were through Abstract Contingent (AC) bills, of which, 83.29 *per cent* were for meeting Capital expenditure. System to ensure submission of Detail Contingent (DC) bills was not in place with District Treasury Officers; as a result DC bills for 53.32 *per cent* of funds were outstanding. As much as 61 *per cent* of the funds drawn under capital heads through AC bills remained unutilised.

⁷ Calculated on average Governments borrowing rates of 8.04, 8.35 and 8.09 per cent per annum for the functional years 2013-14, 2014-15 and 2015-16 respectively.

3.8 Recommendations

The Government may consider:

- (i) expediting inquiries in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases;
- (ii) carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the extant rule; and
- (iii) drawing Abstract Contingent Bills only for the admissible purposes.

3.9 Response of Government to the recommendations

The State Government stated (November 2016) that:

- (i) the concerned administrative departments had been asked to take necessary action for expediting inquiries in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases;
- (ii) action was being taken by the concerned administrative departments for submitting Detailed Contingent bills against Abstract Contingent bills; and
- (iii) drawing of Abstract Contingent bills only for admissible purposes would be ensured.



(JAGBANS SINGH)

Pr. Accountant General (Audit), Punjab

CHANDIGARH
The 25 January 2017

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

NEW DELHI
The 07 February 2017

Appendices

Appendix 1.1
(Referred to in paragraph 1.1, page 1)
Profile of Punjab

A. General Data			
Sr. No.	Particulars	Figures	
1.	Area	50362 sq km	
2.	Population as per 2011 Census	2.77 crore	
3.	Density of Population (as per 2011 census) (All India Density = 382 ¹ persons per Sq. Km.)	551 persons per Sq. km.	
4.	Population below poverty line ² (All India Average = 30 per cent)	11.3 per cent	
5.	Literacy (as per 2011 census) (All India Average = 72.99 ¹ per cent)	75.84 per cent	
6.	Infant mortality ³ (per 1000 live births) (All India Average = 39 per 1000 live births)	24	
7.	Life Expectancy at birth ⁴ (All India Average=67 years)	70.3 years	
8.	Gini Coefficient ⁵ (a measure of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa) (All India Average = Rural : 0.29; Urban : 0.38)	Rural : 0.29 Urban : 0.37	
9.	Gross State Domestic Product (GSDP) 2015-16 at current prices	₹ 4,08,815 crore	
10.	Per capita GSDP CAGR (2006-07 to 2015-16)	General Category States Average	14.27
		Punjab	12.60
11.	GSDP CAGR ⁶ (2006-07 to 2015-16)	General Category States Average	15.75
		Punjab	13.86
12.	Population Growth ⁷ (2006 to 2015)	General Category States Average	12.24
		Punjab	10.48
13.	Total cropped area	79.00 lakh hectares	
14.	Gross Irrigated area	78.00 lakh hectares	
15.	Percentage of gross cropped area to gross irrigated area	98.73 per cent	

Source: Economic Surveys of India and Punjab 2015-16 and Statistical Abstract of Punjab 2015.

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

² Report of the Expert Group (Rangarajan) to Review the Methodology for Measurement of Poverty, Planning Commission (June 2014), page 66.

³ Sample Registration System Bulletin of September 2014, Volume 50, Number 1, July 2016.

⁴ Economic survey of 2015-16, Government of India, Table 9.8, Page A-162-163.

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

⁶ CSO (http://mospi.nic.in/Mospi_New/site/inner.aspx?status=3&menu_id=82). GSDP figures for the year 2015-16 relating to Assam, Chhattisgarh, Gujarat, Haryana, HP, Kerala, Maharashtra, Mizoram, Rajasthan, Tripura and West Bengal have been obtained from respective AGs. For Nagaland, it is taken from FRBM Report.

⁷ Population projections for India and States 2001-2026 (revised December 2006) Report of the Technical Group on population projections constituted by the National Commission on population Table-14 (Projected total population by sex as on 1st October 2001-2026).

B. Financial Data					
Sr. No.	Particulars	Figures (in per cent)			
		2006-07 to 2014-15		2014-15 to 2015-16	
	CAGR ⁸	General Category States	Punjab	General Category States	Punjab
a.	Of Revenue Receipts	14.74	8.33	15.00	6.41
b.	Of Own Tax Revenue	15.08	13.92	13.28	4.38
c.	Of Non Tax Revenue	10.20	-11.63	6.00	-7.97
d.	Of Total Expenditure	16.71	8.90	16.42	15.35
e.	Of Capital Expenditure	13.21	4.51	25.80	-1.89
f.	Of Revenue Expenditure on Education	17.08	15.75	12.17	14.41
g.	Of Revenue Expenditure on Health	18.70	16.66	13.44	10.15
h.	Of Salary and Wages [@]	15.49	14.32	9.95	6.95
i.	Of Pension [@]	18.59	18.18	11.79	8.05

Source: Financial data: Finance Accounts of the State Government.

[@] Exclude Delhi

⁸ Compounded Annual Growth Rate.

Appendix 1.2

(Referred to in paragraph 1.1, page 1)

Structure of the Government Accounts	
The accounts of the State Government are kept in three parts:	
Part I: Consolidated Fund: All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of the State ' established under Article 266(1) of the Constitution of India.	
Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorization by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.	
Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by State Legislature.	
Layout of the Finance Accounts	
Statement Number	Subject
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts in Consolidated Fund
4	Statement of Expenditure out of Consolidated Fund by function and nature
5	Statement of Progressive Capital expenditure
6	Statement of Borrowings and Other Liabilities
7	Statement of Loans and Advances given by the Government
8	Statement of Investments of the Government
9	Statement of Guarantees given by the Government
10	Statement of Grants-in-aid given by the Government
11	Statement of Voted and Charged Expenditure
12	Statement of Sources and Application of Funds for Expenditure other than on Revenue Account
13	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14	Detailed Statement of Revenue and Capital Receipts by minor heads
15	Detailed Statement of Revenue Expenditure by minor heads
16	Detailed Statement of Capital Expenditure by minor heads and sub heads
17	Detailed Statement of Borrowings and Other Liabilities
18	Detailed Statement of Loans and Advances given by the Government
19	Detailed Statement of Investments of the Government
20	Detailed Statement of Guarantees given by the Government
21	Detailed Statement of Contingency Fund and Public Account transactions
22	Detailed Statement on Investments of Earmarked Balances

Source: Finance Accounts

Appendix 1.3

(Referred to in paragraph 1.1.4, page 2)

Abstract of receipts and disbursements for the year 2015-16 and summarized financial position of the Government of Punjab as on 31 March 2016

Part A - Abstract of receipts and disbursements for the year 2015-16

(₹ in crore)

Receipts	2014-15	2015-16	Disbursements	2014-15	2015-16		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
Section-A: Revenue							
I-Revenue receipts	39022.85	41523.38	I-Revenue expenditure	46613.49	44762.60	5310.89	50073.49
(i) Tax revenue	25570.20	26690.49	General services	23043.09	24677.97	35.47	24713.44
(ii) Non-tax revenue	2879.73	2650.27	Social Services-	13729.05	10980.35	3917.51	14897.86
(iii) State's share of Union Taxes and Duties	4702.97	8008.90	-Education, Sports, Art and Culture	7471.92	7106.03	1442.81	8548.84
(iv) Non-Plan Grants	2003.87	1274.64	-Health and Family Welfare	2364.17	1798.75	805.44	2604.19
(v) Grants for State Plan Schemes	3597.61	2320.12	Water Supply, Sanitation, Housing and Urban Development	1077.29	864.52	40.06	904.58
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	268.47	578.96	-Information and Broadcasting	30.00	23.69	32.84	56.53
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	891.11	121.25	400.26	521.51
			-Labour and Labour Welfare	170.19	172.30	13.95	186.25
			-Social Welfare and Nutrition	1701.55	870.33	1182.15	2052.48
			-Others	22.82	23.48	0.00	23.48
			Economic Services-	9237.32	8398.13	1357.91	9756.04
			-Agriculture and Allied Activities	3777.11	5473.93	730.84	6204.77
			-Rural Development	855.36	120.50	348.86	469.36
			-Irrigation and Flood Control	1230.59	1313.74	0.04	1313.78
			-Energy	2505.73	514.05	0.00	514.05
			-Industry and Minerals	63.03	68.38	2.00	70.38
			-Transport	484.47	585.78	47.53	633.31
			-Science, Technology and Environment	5.21	3.85	2.02	5.87
			-General Economic Services	315.82	317.90	226.62	544.52
			Grants-in-aid Contributions	604.03	706.15	0.00	706.15
			Total	46613.49	44762.60	5310.89	50073.49
II. Revenue deficit carried over to Section B	7590.64	8550.11	Revenue Surplus carried over to Section-B	--	--	--	--
Total Section A	46613.49	50073.49		46613.49	44762.60	5310.89	50073.49

Receipts	2014-15	2015-16	Disbursements	2014-15	2015-16		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
Section-B Others							
III-Opening Cash balance including Permanent Advances and Cash Balance Investment	630.42	(-)137.76	III Opening Overdraft from Reserve Bank of India	--	--	--	
IV – Misc Capital Receipts	0.52	0.26	IV-Capital Outlay	3118.44	325.87	2733.55	3059.42
			General Services	252.27	100.72	152.16	252.88
			Social Services-	794.62	6.77	821.85	828.62
			-Education, Sports, Art and Culture	153.72	0.02	243.03	243.05
			-Health and Family Welfare	0.06	2.09	0.00	2.09
			Water Supply, Sanitation, Housing and Urban Development	565.51	4.66	542.91	547.57
			-Information and Broadcasting	0.64	0.00	0.84	0.84
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	54.30	0.00	17.06	17.06
			-Social Welfare and Nutrition	19.34	0.00	7.90	7.90
			-Others	1.05	0.00	10.11	10.11
			Economic Services-	2071.55	218.38	1759.54	1977.92
			-Agriculture and Allied Activities	90.02	0.00	79.92	79.92
			-Rural Development	92.24	68.16	20.13	88.29
			-Irrigation and Flood Control	659.09	98.56	652.96	751.52
			Industry and Minerals	0.00	0.00	15.98	15.98
			Transport	967.22	51.62	839.80	891.42
			Science Technology and Environment	0.00	0.00	0.00	0.00
			General Economic Services	262.98	0.04	150.75	150.79
TOTAL	630.94	(-)137.50	TOTAL	3118.44	325.87	2733.55	3059.42
V-Recoveries of Loans and Advances	137.14	218.45	V-Loans and Advances Disbursed	270.27	5968.59	0.00	5968.59
-From Power Projects	70.04	6.31	-For Power Projects	0.00	5597.07	0.00	5597.07
-From Government Servants	65.42	49.47	-To Government Servants	83.78	40.96	0.00	40.96
-From others	1.68	162.67	-To Others	186.49	330.56	0.00	330.56
VI-Revenue surplus brought down	--	--	VI-Revenue Deficit Brought down	7590.64			8550.11

Receipts	2014-15	2015-16	Disbursements	2014-15	2015-16		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
VII- Public debt receipts	11362.81	20207.21	VII-Repayment of Public Debt	3213.98	3830.30	0.00	3830.30
-External Debt	--	--	-External Debt	--	--	--	--
-Internal debt other than ways and means Advances and Overdraft	11388.81	19941.88	-Internal debt other than ways and means Advances and Overdraft	2930.90	3515.78	0.00	3515.78
-Net transactions under Ways and Means Advances	(-)592.62	0.00	-Net transactions under Ways and Means Advances	0.00	0.00	0.00	0.00
-Net transactions under overdraft	0.00	0.00	-Net transactions under overdraft	0.00	0.00	0.00	0.00
-Loans and Advances from Central Government	566.62	265.33	-Repayment of Loans and Advances to Central Government	283.08	314.52	0.00	314.52
VIII-Appropriation to Contingency fund	Nil	Nil	VIII- Appropriation to Contingency fund	Nil	Nil	Nil	Nil
IX-Amount transferred to Contingency fund	Nil	Nil	IX-Expenditure from Contingency fund	Nil	Nil	Nil	Nil
X-Public Account Receipts[#]	42451.18	54552.21	X-Public Account Disbursement[#]	40526.50	53446.58	0.00	53446.58
-Small Savings and Provident funds	3683.39	3440.60	-Small Savings and Provident funds	1948.02	2331.65	0.00	2331.65
-Reserve funds	668.51	590.15	-Reserve funds	18.97	715.61	0.00	715.61
-Deposits and Advances	4448.72	5693.70	-Deposits and Advances	4850.69	5579.35	0.00	5579.35
-Suspense and Miscellaneous	33560.06	44723.41	-Suspense and Miscellaneous	33621.55	44718.32	0.00	44718.32
-Remittances	90.50	104.35	-Remittances	87.27	101.65	0.00	101.65
XI-Closing Overdraft from Reserve Bank of India	Nil	Nil	XI-Cash Balance at end	(-)137.76	(-)14.63	0.00	(-)14.63
			Cash in Treasuries and Local Remittances	--	--	--	--
			Deposits with Reserve Bank	(-)1064.36	(-)6265.20	0.00	(-)6265.20
			Other cash balances and investments	576.25	1012.14	0.00	1012.14
			Cash Balance Investment	350.35	5238.43	0.00	5238.43
Total Section-B	54582.07	74840.37		54582.07	63556.71	2733.55	74840.37
Total	101195.56	124913.86	Total	101195.56	108319.31	8044.44	124913.86

[#] These exclude transactions of investment of cash balances and departmental cash chests. (Figures rounded off to ₹0.01 crore).

Appendix 1.3 (continued)

(Referred to in paragraph 1.9.1, page 29)

Part - B - Summarized financial position of the Government of Punjab as on
31 March 2016

(₹ in crore)

Liabilities	As on 31.03.2015	As on 31.03.2016
Internal Debt -	83202.94	99629.03
Market Loans bearing interest	58002.94	67201.95
Market Loans not bearing interest	0.04	0.04
Loans from Life Insurance Corporation of India	0.09	0.06
Loans from other Institutions	25199.87	32426.98
Ways and Means Advances and Overdrafts from Reserve Bank of India	0.00	0.00
Loans and Advances from Central Government-	3615.09	3565.90
Non-Plan Loans	39.01	34.29
Loans for State Plan Schemes	3575.77	3531.30
Pre 1984-85 Loans	0.31	0.31
Contingency Fund	25.00	25.00
Small Savings, Provident Funds, etc.	18261.90	19370.85
Deposits	3048.75	3163.10
Reserve Funds	4237.22	4111.76
Suspense and Miscellaneous Balances	--	--
Remittance Balances	--	--
TOTAL	112390.90	129865.64
Assets		
Gross capital outlay on fixed assets -	35921.18	38992.01
Investments in shares of Companies, Corporations, etc.	3977.46	4064.54
Other Capital Outlay	31943.72	34927.47
Loans and Advances -	2615.34	8365.48
Loans for Power Projects	874.14	6464.89
Other Development Loans	1716.00	1883.90
Loans to Government servants and Miscellaneous loans	25.20	16.69
Advances	0.42	0.42
Remittance Balances	4.22	1.51
Cash	(-)137.76	(-)14.63
Cash in Treasuries and Local Remittances	--	--
Departmental Cash Balance	575.34	611.23
Permanent cash Imprest	0.23	0.23
Cash Balance Investments	350.35	5238.43
Deposits with Reserve Bank	(-)1064.36	(-)6265.20
Investments from Earmarked Funds	0.68	400.68
Suspense and Miscellaneous Balances	46.43	41.34
Deficit on Government Account -	73941.07	82479.51
Add Revenue Deficit of the current year	7590.64	8550.11
Accumulated deficit at the beginning of the year	66350.43	73941.07
Total	112390.90	129865.64*

* Differs by ₹11.67 crore (decreased) due to Proforma Adjustment to rectify the misclassification of prior period.

Appendix 1.4

(Referred to in paragraph 1.1.7, page 4)

Budget estimates vis-à-vis actuals of various fiscal parameters for the year 2015-16

(₹ in crore)

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Revenue Receipts	41523	46229	(-)4706	(-)10.18
<i>Of which</i>				
Tax Revenue	26690	29352	(-)2662	(-)9.07
<i>Taxes on Sales, Trades etc.</i>	15857	17851	(-)1994	(-)11.17
<i>State Excise</i>	4796	5100	(-)304	(-)5.96
<i>Taxes on vehicles</i>	1475	1500	(-)25	(-)1.67
<i>Stamps and Registration fees</i>	2449	2700	(-)251	(-)9.30
<i>Land Revenue</i>	55	60	(-)5	(-)8.33
Non-Tax Revenue	2650	3804	(-)1154	(-)30.34
State's share of Union taxes and duties	8009	7998	11	0.14
Grants in aid from GOI	4174	5075	(-)901	(-)17.75
Revenue Expenditure	50073	52623	(-)2550	(-)4.85
<i>Of which</i>				
<i>2040-Taxes on Sales, Trade etc.</i>	119	119	0	0.00
<i>2049-Interest Payments</i>	9782	9900	(-)118	(-)1.19
<i>2055-Police</i>	4490	4503	(-)13	(-)0.29
<i>2070-Other Administrative Services</i>	302	320	(-)18	(-)5.63
<i>2071-Pensions and Other Retirement Benefits</i>	7833	7182	651	9.06
<i>2075-Misc General Services</i>	47	66	(-)19	(-)28.79
<i>2202-General Education</i>	8312	8859	(-)547	(-)6.17
<i>2210-Medical and Public Health</i>	2408	2880	(-)472	(-)16.39
<i>2211-Family welfare</i>	197	124	73	58.87
<i>2215-Water Supply and Sanitation</i>	340	468	(-)128	(-)27.35
<i>2225-Welfare of SC, ST and OBC</i>	522	1047	(-)525	(-)50.14
<i>2230-Labour and Employment</i>	186	208	(-)22	(-)10.58
<i>2235-Social Security and Welfare</i>	1383	1664	(-)281	(-)16.89
<i>2236-Nutrition</i>	146	172	(-)26	(-)15.12
<i>2245-Relief on account of Natural Calamities</i>	523	591	(-)68	(-)11.51
<i>2401-Crop Husbandry</i>	5132	3147	1985	63.08
<i>2801-Power</i>	510	2984	(-)2474	(-)82.91
<i>3456-Civil Supplies</i>	446	567	(-)121	(-)21.34
<i>3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions</i>	706	882	(-)176	(-)19.95
<i>Salary and Wages</i>	17437	18799	(-)1362	(-)7.25
<i>Subsidies</i>	5080	5974	(-)894	(-)14.96

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Capital Expenditure	3059	4857	(-1798)	(-37.02)
<i>4055-Capital outlay on Police</i>	<i>133</i>	<i>87</i>	<i>46</i>	<i>52.87</i>
<i>4210- Capital outlay on Medical and Public Health</i>	<i>2</i>	<i>4</i>	<i>(-)2</i>	<i>(-)50.00</i>
<i>4215 Capital outlay on Water Supply and Sanitation</i>	<i>331</i>	<i>360</i>	<i>(-)29</i>	<i>(-)8.06</i>
<i>4217-Capital outlay on Urban Development</i>	<i>179</i>	<i>70</i>	<i>109</i>	<i>155.71</i>
<i>4225-Capital outlay on Welfare of SCs, STs and OBCs</i>	<i>17</i>	<i>126</i>	<i>(-)109</i>	<i>(-)86.51</i>
<i>4515-Capital outlay on other Rural Development Programmes</i>	<i>88</i>	<i>125</i>	<i>(-)37</i>	<i>(-)29.60</i>
Disbursement of Loans and Advances	5969	736	5233	711.01
Revenue Deficit	(-8550)	(-6394)	(-2156)	33.72
Fiscal Deficit	(-17360)	(-11895)	(-5465)	45.94
Primary Deficit	(-7578)	(-1995)	(-5583)	279.85
Revenue deficit/GSDP (per cent)	(-2.09)	(-1.60)	(-0.49)	30.44
Fiscal deficit/GSDP (per cent)	(-4.25)	(-2.98)	(-1.26)	42.37
Primary deficit/GSDP (per cent)	(-1.85)	(-0.50)	(-1.35)	270.55
Revenue Deficit/Fiscal Deficit	49.25	53.75	(-)4.50	(-)8.38

Appendix 1.5

(Referred to in paragraph 1.2.2 (i), page 7)

Statement showing details of revenue receipts credited to fund outside the Consolidated Fund of the State and expenditure therefrom

(₹ in crore)

Sr. No.	Name of the Fund/ Account	Name of the administering authority	Name of Act under which the Fund/ Account was established	Nature of Receipts to be credited to the Fund	Receipts during the year	Expenditure out of the accumulated receipts
1.	Punjab Education Development Fund	Punjab Education Development Board (PEDB)	PED Act, 1998	A cess not exceeding ₹ 10 per proof liter on the sale of Punjab Medium Liquor, Indian made Foreign Liquor and Beer in the State.	150.03	118.10
				Total	150.03	118.10

Source: - Information as provided by concerned department.

Appendix 1.6

(Referred to in paragraphs 1.1.7, 1.3, 1.6.1 and 1.11.3, pages 4, 8, 15 and 41)

Time Series data on State Government Finances

(`in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Part A Receipts					
1. Revenue Receipts	26234	32051	35104	39023	41523
(i) Tax Revenue	18841(72)	22587(70)	24079(68)	25570(66)	26690(64)
Taxes on Sales, Trade etc.	11172(59)	13218(59)	14847(62)	15455(60)	15857(59)
State Excise	2755 (15)	3332 (15)	3765(16)	4246(17)	4796(18)
Taxes on vehicles	850 (5)	995 (4)	1146(5)	1394(5)	1475(6)
Stamps and Registration fees	3079 (16)	2920 (13)	2500(10)	2474(10)	2449(9)
Land Revenue	25	37	42	47	55
Other Taxes	961 (5)	2085 (9)	1779(7)	1954(8)	2058(8)
(ii) Non-Tax Revenue	1398 (5)	2629 (8)	3192(9)	2880(7)	2650
(iii) State's share of Union taxes and duties	3554 (14)	4059 (13)	4432(13)	4703(12)	8009(19)
(iv) Grants in aid from GOI	2441 (9)	2776 (9)	3401(10)	5870(15)	4174(10)
2. Misc Capital Receipts	0	0	1	1	0
3. Recoveries of Loans and Advances	95	174	112	137	218
4. Total revenue and Non-debt capital receipts (1+2+3)	26329	32225	35217	39161	41741
5. Public Debt Receipts	8599	10724	11108	11363	20207
Internal Debt (excluding Ways & Means Advances and Overdrafts)	8710	10451	10295	11389	19942
Net transactions under Ways and Means advances and Overdrafts	(-)261	51	435	(-)593	0
Loans and Advances from Government of India	150	222	378	567	265
6. Total receipts in the Consolidated Fund(4+5)	34928	42949	46325	50524	61948
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts⁹	2532	2144	2145	1698	0
9. Total receipts of the State (6+7+8)	37460	45093	48470	52222	61948
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	33045(95)	39458(95)	41641(95)	46614(93)	50073(85)
Plan	2005 (6)	3063 (8)	3135(8)	4913(11)	5311(11)
Non-Plan	31041(94)	36395(92)	38506(92)	41701(89)	44762(89)

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

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
General Services including interest payments	16788(51)	18572(47)	20192(49)	23043(49)	24713(49)
Social Services	9247 (28)	11190(28)	11319(27)	13729(29)	14898(30)
Economic Services	6264 (19)	9152 (23)	9600(23)	9238(20)	9756(20)
Grants in aid and Contributions	747 (2)	544 (1)	530(1)	604(1)	706(1)
11. Capital Expenditure	1598 (5)	1916 (5)	2201(5)	3118(6)	3059(5)
Plan	1359 (85)	1737 (91)	2011(91)	2939(94)	2733(89)
Non-Plan	239 (15)	179 (9)	190(9)	179(6)	326(11)
General Services	196 (12)	162 (8)	219(10)	252(8)	253(8)
Social Services	398 (25)	716 (37)	930(42)	795(26)	828(27)
Economic Services	1004 (63)	1038 (54)	1052(48)	2071(66)	1978(65)
12. Disbursement of Loans and Advances	177 (0.51)	197 (0.47)	165(0.37)	270(0.54)	5969(10)
13. Total of revenue expenditure, capital expenditure and disbursement of loans and advances (10+11+12)	34820	41571	44007	50002	59101
14. Repayments of Public Debt	2675	3674	3650	3214	3830
Internal Debt (excluding Ways and Means Advances and Overdraft)	2488	3403	3393	2931	3515
Net transactions under Ways and Means advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India	187	271	257	283	315
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	37495	45245	47657	53216	62931
17. Contingency Fund disbursements	--	--	--	--	--
18. Public Account disbursements¹⁰	--	--	--	--	4218
19. Total disbursements by the State (16+17+18)	37495	45245	47657	53216	67149
Part C. Deficits					
20. Revenue Deficit (1-10)	(-)6811	(-)7407	(-)6537	(-)7591	(-)8550
21. Fiscal Deficit (4 – 13)	(-)8491	(-)9346	(-)8790	(-)10841	(-)17360
22. Primary Deficit (21-23)	(-)2211	(-)2515	(-)970	(-)1881	(-)7578
Part D. Other data					
23. Interest Payments (included in the revenue expenditure)	6280	6831	7820	8960	9782

¹⁰ During 2015-16, against receipts of ₹ 66,018 crore in Public Account, disbursements were ₹ 70,236 crore, rendering net Public Account as (-)₹ 4,218 crore, which has been shown as Public Account disbursement at Sr. No. 18.

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
24. Financial Assistance to local bodies etc.	1200	1329	1626	2158	1395
25. Ways and Means Advances/ Overdraft availed (days)	178	239	246	315	275
Ways and Means Advances availed (days)	153	99	151	177	218
Overdraft availed (days)	25	140	95	138	57
26. Interest on Ways and Means Advances/ Overdraft	10	20	23	41	28
27. Gross State Domestic Product (GSDP)	266628	297734	334714	368011	408815
28. Outstanding fiscal liabilities (year end)	83099	92282	102234	112366	129441
29. Outstanding Guarantees (year end)	45714	58102	61411	66782	56752
30. Maximum amount guaranteed (year end)	48382	59146	52934	45347	31066
31. Number of incomplete projects	19	25	40	34	11
32. Capital blocked in incomplete projects	401	500	588	654	447
Part E. Fiscal Health Indicators	(per cent)				
I Resource Mobilization					
Own Tax revenue/GSDP	7.07	7.59	7.19	6.95	6.53
Own Non-tax revenue/GSDP	0.52	0.88	0.95	0.78	0.65
Central Transfers/GSDP	1.33	1.36	1.32	1.28	1.96
II Expenditure Management					
Total Expenditure/GSDP	13.06	13.96	13.15	13.59	14.46
Total Expenditure/Revenue Receipts	132.73	129.70	125.36	128.13	142.33
Revenue Expenditure/Total Expenditure	94.90	94.92	94.62	93.22	84.72
Expenditure on Social Services/ Total Expenditure	27.70	28.64	27.83	29.05	26.61
Expenditure on Economic Services/ Total Expenditure	20.87	24.51	24.21	22.62	19.85
Capital Expenditure/Total Expenditure	4.59	4.61	5.00	6.24	5.18
Capital Expenditure on Social & Economic Services/Total Expenditure	4.03	4.22	4.50	5.73	4.75
III Management of fiscal Imbalances					
Revenue deficit/GSDP	(-)2.55	(-)2.49	(-)1.95	(-)2.06	(-)2.09
Fiscal deficit/GSDP	(-)3.18	(-)3.14	(-)2.63	(-)2.95	(-)4.25
Primary deficit/GSDP	(-)0.83	(-)0.84	(-)0.29	(-)0.51	(-)1.85

Audit Report on State Finances for the year 2015-16

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Deficit/Fiscal Deficit	80.22	79.25	74.37	70.02	49.25
Primary revenue balance/GSDP	(-)0.16	(-)0.14	0.42	0.41	0.35
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	31.17	30.99	30.54	30.53	31.66
Fiscal Liabilities/RR	316.76	287.92	291.23	287.95	311.73
V Other Fiscal Health Indicators					
Return on Investment (<i>per cent</i>)	0.05	0.01	0.04	0.04	0.04
Balance from Current Revenue (₹ in crore)	(-)6373	(-)6224	(-)5739	(-)6544	(-)6138
Financial Assets/Liabilities	37.04	35.37	35.13	34.21	36.49

Appendix 1.7
(Referred to in paragraph 1.3.1.5, page 12)
Details showing collection of tax revenue in respect of major components and expenditure incurred on their collection

Head	Year	Collection	Expenditure on collection	Percentage of expenditure on collection	All India average percentage
		(₹ in crore)			
Tax Revenue					
Taxes on Sales, Trades, etc.	2011-12	11171.67	99.73	0.89	0.83
	2012-13	13217.93	113.74	0.86	0.73
	2013-14	14846.71	107.43	0.72	0.88
	2014-15	15455.17	111.01	0.72	0.91
	2015-16	15856.64	119.06	0.75	NA
Taxes on Vehicles	2011-12	850.06	15.85	1.86	2.96
	2012-13	994.72	24.52	2.47	4.17
	2013-14	1145.70	19.23	1.68	6.25
	2014-15	1393.32	38.15	2.74	6.08
	2015-16	1474.83	45.84	3.11	NA
State Excise	2011-12	2754.60	30.16	1.09	2.98
	2012-13	3331.96	35.72	1.07	2.96
	2013-14	3764.72	34.67	0.92	1.81
	2014-15	4246.11	35.05	0.83	2.09
	2015-16	4796.45	84.55*	1.76	NA
Stamp duty and Registration fees	2011-12	3079.13	27.56	0.90	1.89
	2012-13	2920.49	25.01	0.86	3.25
	2013-14	2499.50	17.77	0.71	3.37
	2014-15	2474.15	13.91	0.56	3.59
	2015-16	2448.98	23.31	0.95	NA

Source: Finance Accounts of relevant years

NA = Not Available

* The increase during the current year was due to booking of ₹ 50 crore as 'Assistance to Public sector and other undertakings'

Appendix 2.1

(Referred to in paragraph 2.2, page 44)

Statement of grants/appropriations where savings and surrenders occurred

(₹ in crore)

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2015-16	Surrendered on 31 March 2016
Voted (Revenue)				
1.	1	825.03	63.15	63.15
2.	2	28.44	11.13	0
3.	3	10.25	5.80	5.80
4.	4	12.65	0	0
5.	5	765.05	0	0
6.	6	51.46	32.76	0
7.	7	77.17	0	0
8.	9	325.29	215.95	215.95
9.	10	41.70	0.20	0.20
10.	11	758.03	0	0
11.	12	210.06	64.76	64.76
12.	13	182.09	0	0
13.	14	11.43	0	0
14.	15	2485.91	2285.44	2285.44
15.	16	11.03	0	0
16.	17	60.16	0	0
17.	18	4.68	0	0
18.	19	25.21	0	0
19.	23	592.72	0	0
20.	24	3.32	0	0
21.	25	869.52	0	0
22.	26	3.61	0	0
23.	27	91.51	4.27	4.27
24.	28	7.05	0.10	0
25.	29	73.78	0	0
26.	30	3.40	2.05	2.05
Total (Voted- Revenue)		7530.55	2685.61	2641.62
Charged (Revenue)				
27.	1	1.33	0	0
28.	3	0.01	0	0
29.	4	0.16	0	0
30.	5	0.15	0	0
31.	6	0.65	0	0
32.	7	0.05	0	0
33.	8	118.38	136.04	136.04
34.	9	0.06	0	0
35.	10	1.99	0.67	0.67
36.	11	0.94	0	0
37.	12	8.40	0	0
38.	13	0.46	0	0

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2015-16	Surrendered on 31 March 2016
39.	18	1.05	0	0
40.	19	0.02	0	0
41.	21	0.10	0	0
42.	22	0.44	0	0
43.	23	15.00	0	0
44.	25	0.04	0	0
45.	27	0.01	0	0
46.	30	0.12	0.11	0.11
Total (Charged – Revenue)		149.36	136.82	136.82
Voted (Capital)				
47.	1	0.34	0.26	0.26
48.	2	18.43	4.57	0
49.	3	349.14	279.70	279.70
50.	4	34.22	0	0
51.	5	106.69	0	0
52.	8	94.54	90.30	90.30
53.	9	0.02	0	0
54.	10	34.40	0	0
55.	11	5.73	0	0
56.	12	58.50	0	0
57.	13	11.00	0	0
58.	14	1.16	0	0
59.	15	5252.77	0	0
60.	16	5.00	0	0
61.	17	118.66	0	0
62.	18	1.10	0	0
63.	19	616.86	0	0
64.	21	547.61	0	0
65.	22	2.00	0	0
66.	23	36.90	0	0
67.	24	2.50	0	0
68.	25	144.43	0	0
69.	27	65.36	33.92	33.92
70.	28	40.34	25.55	0
71.	29	11.45	3.00	3.00
Total (Voted – Capital)		7559.15	437.30	407.18
Grand Total		15239.06	3259.73	3185.62

Source: Appropriation Accounts

Appendix 2.2

(Referred to in paragraph 2.3.5, page 47)

Statement showing expenditure incurred without budget provision

Sr. No.	Number and name of grant	Expenditure without provision (₹ in crore)	Head of Account
1.	3-Co-operation	55.93	4425-190-07-Investment in Sugar Mills (Plan)
2.	15-Irrigation and Power	23.40	2700-19-800-07-Other Expenditure including Interest
3.		17.45	2700-03-800-07-Other Expenditure including Interest
4.		7.63	2700-01-800-07-Other Expenditure including Interest
5.		1.95	2700-11-800-07-Other Expenditure including Interest
6.		18.65	2701-05-800-07-Other Expenditure including Interest
7.		17.47	2701-13-800-07-Other Expenditure including Interest
8.		12.73	2701-39-800-07-Other Expenditure including Interest
9.		7.28	2701-40-800-07-Other Expenditure including Interest
10.		4.58	2701-26-800-07-Other Expenditure including Interest
11.		1.04	2701-38-800-07-Other Expenditure including Interest
12.		3.20	2810-101-02-Grant-in-Aid to Punjab Energy Development Agency as Incentive for Grid Connected Renewable Energy
13.		19-Planning	4.33
14.	21-Public Works	47.53	3054-80-797-01-Amount transferred to Subvention from Central Road Fund (Plan)
15.		49.53	4059-80-051-13-Mini Secretariat (Plan)
16.		46.47	5054-03-337-45- 57 Number Roads and 7 Number Bridges under (RIDF-XXI)
	Total	319.17	

Source: Appropriation Accounts

Appendix 2.3*(Referred to in paragraph 2.3.6, page 47)***Statement showing cases where supplementary provision
(₹ one crore or more in each case) proved unnecessary***(₹ in crore)*

Sr. No.	Number and name of grant	Original provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A-Revenue (Voted)					
1	2-Animal Husbandry and Fisheries	465.83	455.29	10.54	17.90
2	4-Defence Services Welfare	36.67	33.93	2.74	9.91
3	5-Education	8964.75	8595.55	369.20	395.85
4	9-Food and Supplies	570.38	448.80	121.58	203.71
5	10-General Administration	224.38	194.34	30.04	11.66
6	11-Health and Family Welfare	3129.58	2709.11	420.47	337.56
7	12-Home Affairs and Justice	5418.78	5325.39	93.39	116.67
8	13-Industries	246.73	69.76	176.97	5.12
9	14-Information and Public Relations	66.72	56.54	10.18	1.25
10	16-Labour and Employment	53.58	46.71	6.87	4.16
11	19-Planing	59.24	35.43	23.81	1.40
12	23-Rural Development and Panchayats	987.82	849.67	138.15	454.57
13	24-Science, Technology and Environment	6.46	5.87	0.59	2.73
14	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	2610.50	1826.55	783.95	85.57
15	27-Technical Education and Industrial Training	285.44	278.19	7.25	84.26
16	28-Tourism and Cultural Affairs	17.17	15.80	1.37	5.68
Total of Revenue (Voted)		23144.03	20946.93	2197.10	1738.00
B-Capital (Voted)					
17	2-Animal Husbandry and Fisheries	38.85	23.70	15.15	3.28
18	3-Co-operation	680.00	386.79	293.21	55.93
19	10-General Administration	28.11	11.88	16.23	18.17
20	11-Health and Family Welfare	3.99	2.09	1.90	3.83

Sr. No.	Number and name of grant	Original provision	Actual expenditure	Savings out of Original provision	Supplementary provision
21	19-Plannig	713.63	100.46	613.17	3.69
22	24-Science, Technology and Environment	0.01	0	0.01	2.49
23	28-Tourism and Cultural Affairs	157.00	144.82	12.18	28.16
24	29-Transport	7.02	5.16	1.86	9.59
Total of Capital (Voted)		1628.61	674.90	953.71	125.14
C-Revenue (Charged)					
25	12-Home Affairs and Justice	126.47	119.44	7.03	1.37
26	23-Rural Development and Panchayats	0	0	0	15.00
Total of Revenue (Charged)		126.47	119.44	7.03	16.37
Grand Total		24899.11	21741.27	3157.84	1879.51

Source: Appropriation Accounts

Appendix 2.4
(Referred to in paragraph 2.3.7, page 48)
Statement showing unnecessary re-appropriation of funds

(₹ in crore)

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
	02—Animal Husbandry and Fisheries						
1	2403-789-59-National Livestock Mission	0.64	0.52	1.25	2.41	0	-2.41
2	4403-101-15-Establishment and Strengthening of Veterinary Hospitals and Dispensaries (Plan)	1.42	1.89	1.59	4.90	0	-4.90
	06-Elections						
3	2015-102-01-Electoral Officers	43.03	0	12.24	55.27	39.56	-15.71
	08-Finance						
4	2071-104-01-Gratuities	700.00	0	72.00	772.00	661.74	-110.26
5	2054-097-01-Treasury Establishment	27.33	0	1.09	28.42	26.72	-1.70
6	2235-60-200-02-Ex-Gratia Payments to Families of Ministers, Government Servants etc. Dying in Harness	15.00	0	-15.00	0	11.47	+11.47
7	2049-03-104-01-Interest on General Provident Fund	1589.88	0	6.19	1596.07	1534.63	-61.44
8	2049-04-101-01-Interest on Block Loans	166.13	0	-143.17	22.96	43.11	+20.15
9	2049-01-200-03-Loans from the National Agricultural Credit (Long-term Operation) Fund of Reserve Bank of India	148.51	0	-13.51	135.00	145.28	+10.28
10	2049-01-123-02-8.50 Percent Tax Free Bonds (Power Bonds) Interest	6.77	0	1.36	8.13	0	-8.13
11	6003-110-01-Loans and Advances from Reserve Bank of India	17500.00	0	-500.00	17000.00	18220.83	+1220.83
	10-General Administration						
12	2052-092-98-10-Introduction of Computerization in Punjab Government Offices, Semi-Government Bodies and Offices including Maintenance and Upgradation of the Systems (Plan)	2.50	5.80	2.70	11.00	0.52	-10.48
	12-Home Affairs and Justice						
13	4059-80-800-01-Police	5.00	0	-5.00	0	4.96	+4.96
	17-Local Government, Housing						

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
	and Urban Development						
14	2217-80-191-02-Urban Renewal Programme Payment of Installment of Interest to Life Insurance Corporation	1.53	0	2.97	4.50	1.53	-2.97
15	2217-80-191-02 Performance Grant	0	37.27	1.44	38.71	0	-38.71
16	4217-60-789-37- Mission for Development of 100 Smart Cities (Plan)	0.23	9.85	1.42	11.50	0	-11.50
17	4217-60-789-36 - Swachh Bharat Mission (Urban) (Plan)	0.01	0	4.24	4.25	0	-4.25
18	4217-60-789-12- Jawaharlal Nehru Urban Renewal Mission (I) Urban Infrastructure and Governance (Plan)	0	0	8.55	8.55	0	-8.55
19	4217-60-052-05- National Scheme for Modernization for Police and other Services, Strengthening of Fire and Emergency Services (Plan)	0	0	2.00	2.00	0	-2.00
20	4217-60-789-15- Amritsar Sewerage Project funded by Japan International Co-operation Agency (Plan)	11.50	0	-4.60	6.90	47.58	+40.68
	27-Technical Education and Industrial Training						
21	2501-06-789-01 Deen Dayal Upadhya Grameen Kaushalya Yojana (Plan)	0	6.99	1.95	8.94	0	-8.94
22	4202-02-105-14- Converting Technical Institutions of Rural Area of Punjab into Multipurpose Academies for Enhancement of Skill Development and Employable Rural Youth under NABARD Project	0.01	0	7.60	7.61	0	-7.61
23	4202-02-789-14- Converting Technical Institutions of Rural Area of Punjab into Multipurpose Academies for Enhancement of Skill Development and Employable Rural Youth under NABARD Project	0	0	3.58	3.58	0	-3.58

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
24	4250-800-23- Upgradation of Government Industrial Training Institutes Ludhiana into Model ITI	0	0	1.72	1.72	0	-1.72
	Total	20219.49	62.32	(+) 133.89	19734.42	20737.93	(+)1308.37
				(-) 681.28			(-) 304.86
			Net	(-) 547.39			(-)1003.51

Source: Appropriation Accounts

Appendix 2.5

(Referred to in paragraph 2.3.8, page 48)

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

Sr. No.	Number and Name of grant/appropriation	Savings
Revenue (Voted)		
1	4-Defence Services Welfare	12.65
2	5-Education	765.05
3	7-Excise and Taxation	77.17
4	11-Health and Family Welfare	758.03
5	13-Industries	182.09
6	14-Information and Public relations	11.43
7	16-Labour and Employment	11.03
8	17-Local Government, Housing and Urban Development	60.16
9	19-Planning	25.21
10	23-Rural Development and Panchayats	592.72
11	25- Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	869.52
12	29-Transport	73.78
Total		3438.84
Revenue (Charged)		
13	23-Rural Development and Panchayats	15.00
Total		15.00
Capital (Voted)		
14	4-Defence Services Welfare	34.22
15	5-Education	106.69
16	10-General Administration	34.40
17	12-Home Affairs and Justice	58.50
18	13-Industries	11.00
19	15-Irrigation and Power	5252.77
20	17-Local Government, Housing and Urban Development	118.66
21	19-Planning	616.86
22	21-Public Works	547.61
23	23-Rural Development and Panchayats	36.90
24	25- Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	144.43
Total		6962.04
Grand total		10415.88

Source: Appropriation Accounts

Appendix 2.6*(Referred to in paragraph 2.3.8, page 48)***Details of grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender***(₹ in crore)*

Sr. No.	Number and Name of grant/ Appropriation	Savings	Savings surrendered	Savings not surrendered
1	2	3	4	5 (3-4)
Revenue (Voted)				
1	1-Agriculture and Forests	825.03	63.15	761.88
2	2-Animal Husbandry and Fisheries	28.44	11.13	17.31
3	6-Elections	51.46	32.76	18.70
4	9-Food and Supplies	325.29	215.95	109.34
5	10-General Administration	41.70	0.20	41.50
6	12-Home Affairs and Justice	210.06	64.76	145.30
7	15-Irrigation and Power	2485.91	2285.44	200.47
8	27-Technical Education and Industrial Training	91.51	4.27	87.24
Capital (Voted)				
9	2-Animal Husbandry and Fisheries	18.43	4.57	13.86
10	3-Co-operation	349.14	279.70	69.44
11	27-Technical Education and Industrial Training	65.36	33.92	31.44
12	28-Tourism and Cultural Affairs	40.34	25.55	14.79
Total		4532.67	3021.40	1511.27

Source: Appropriation Accounts

Appendix 2.7

(Referred to in paragraph 2.4.1, page 49)

**Statement showing savings exceeding ₹ 10 crore in
Grant No. 01-Agriculture and Forests and Grant No. 21- Public Works**

(₹ in crore)

Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Saving (in per cent)
	Grant No. 01-Agriculture and Forests				
1	2401-Crop Husbandry, 104-Agriculture Farms, 02-Scheme for Power Subsidy to farmers	4895.00	4337.00	558.00	11.40
2	2401-Crop Husbandry, 109-Extensikon and Farmers' Training, 14-Rashtriya Krishi Vikas Yojna (Plan)	293.87	225.14	68.73	23.39
3	2401-Crop Husbandry, 108-Commercial Crops, 22-Subsidy Scheme for Cane Price Payment to the Cane Farmers	137.00	111.31	25.69	18.75
4	2401-Crop Husbandry, 119-Horticulture and Vegetable Crops, 42-National Horticulture Mission (Plan)	61.50	42.27	19.23	31.27
	Grant No.- 21- Public Works				
5	3054-Roads and Bridges, 03-State Highways, 337-Road Works, 02-state Highways	150.00	107.85	42.15	28.10
6	5054-Capital Outlay on Roads and Bridges, 04-District and Other Roads, 337-Road Works, 02-Project for Link Roads and Infrastructure Development in Rural Areas (Plan)	380.00	115.89	264.11	69.50
7	5054-Capital Outlay on Roads and Bridges, 03-State Highways, 337-Road Works, 44-Special Repairs of Plan Roads (Plan)	142.50	22.50	120.00	84.21
8	5054-Capital Outlay on Roads and Bridges, 04-District and Other Roads, 337-Road Works, 04-Pradhan Mantri Gram Sadak Yojana (Plan)	286.91	247.15	39.76	13.86
9	5054-Capital Outlay on Roads and Bridges, 03-State Highways, 800-Other Expenditure, 10-Central Road Fund (Plan)	66.49	40.63	25.86	38.89
10	5054-Capital Outlay on Roads and Bridges, 337-Road Works, 33-7	32.00	19.81	12.19	38.09

Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Saving (in per cent)
	Rural Roads Project (RIDF-XVII) (Plan)				
11	4059- Capital Outlay on Public Works, 80-General, 51-Construction, 02-Courts (Plan)	110.00	48.75	61.25	55.68
12	4215- Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 102-Rural Water Supply, 34-Installation of 561 Reverse Osmosis Systems to provide Minimum Drinking Water in various Districts of Punjab (RIDF-XIX) (Plan)	60.00	17.83	42.17	70.28
13	4215- Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 789-Special Component Plan for Scheduled Castes, 12-Installation of Reverse Osmosis System to provide Minimum Drinking Water in various Districts of Punjab (RIDF-XIX) (Plan)	40.00	4.38	35.62	89.05
14	4215- Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 789-Special Component Plan for Scheduled Castes, 15-Swachh Bharat Abhiyan (Plan)	49.60	22.58	27.02	54.48
	Total	6704.87	5363.09	1341.78	20.01

Source: Appropriation Accounts

Appendix 2.8

(Referred to in paragraph 2.4.2, page 49)

Statement showing expenditure without provision/excess expenditure over budget provision under Grant No. 01-Agriculture and Forest and Grant No. 21- Public Works

(₹ in crore)

Sr. No.	Head of account	Total provision	Expenditure	Expenditure without provision/ excess expenditure
Expenditure in excess of budget provision				
Grant No.- 1-Agriculture and Forest				
1	2406- Forestry and Wild Life, 02- Environmental Forestry and Wild Life, 111-Zoological Park, 14- Conservation, Management and Development of Wild Life in the State (Plan)	3.75	4.95	1.20
Grant No.- 21-Public Works				
2	5054-Capital Outlay on Roads and Bridges, 04-District & Other Roads, 337-Road Works, 03- Upgradation of 380 rural Roads under Rural Infrastructure Development Fund-XIX Project for Link Roads and Infrastructure- (Plan)	0.01	48.41	48.40
3	5054-Capital Outlay on Roads and Bridges, 04-District & Other Roads, 337-Road Works,05-Strengthening of Rural Roads to be Financed out of RDF Funds (Plan)	285.00	300.00	15.00
4	4215- Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 102Rural Water Supply 32-National Rural Drinking Water Programme (Plan)	15.00	47.82	32.82
5	4215- Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 789-Special Component Plan for Scheduled Castes, 16-National Rural Drinking Water Programme (Plan)	10.00	30.87	20.87
6	4215-Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 102-Rural Water Supply 13- Integreted Rural Water Supply	0.01	18.86	18.85
	Total	313.77	450.91	137.14
Expenditure without budget provision under Grant No. 21-Public Works				
7	3054-80-797-01-Amount transferred to Subvention from Central Road Fund (Plan)	Nil	47.53	47.53
8	2059-Public Works, 80-General, 001-Direction and Administration, 07-Establishment Charges paid to Public Health Department for Works done by that Department.	Nil	108.53	108.53
9	2059-Public Works, 80-General, 799- Suspense	Nil	14.97	14.97
10	2215-Water Supply and Sanitation-01-Water Supply-799-Suspense	Nil	28.06	28.06
11	4059-Capital Outlay on Public Works, 80-General, 051-Constructions, 13-Mini Secretariat (Plan)	Nil	49.53	49.53
12	5054-Capital Outlay on Roads and Bridges, 03-State Highways, 337-Road Works, 45-57 Number Roads and 7 Number Bridges under (RIDF-XXI)	Nil	46.47	46.47
	Total	Nil	295.09	295.09
	Grand Total	313.77	746.00	432.23

Source: Appropriation Accounts

Appendix 2.9*(Referred to in paragraph 2.4.3 page 49)***Statement showing details of unnecessary supplementary/
re-appropriation under Grant No. 01-Agriculture and Forest***(₹ in crore)*

Sr. No.	Minor head/ Scheme	Original Provision	Re- appropriation	Supple- mentary	Total	Expendi- ture	Savings
	Grant No.1						
1	2401-789-22- National Horticulture Mission (85:15) (Plan)	20.32	4.80	0	25.12	16.91	8.21
2	2401-119-42- National Horticulture Mission (Plan)	43.18	18.32	0	61.50	42.27	19.23
3	2401-789-19- Rashtriya Krishi Vikas Yojna (Plan)	13.80	1.66	0	15.46	13.02	2.44
4	2401-199-01- Assistance to private sugar Mills for Payment to Cane farmers	0	0.45	2.84	3.29	0	3.29
5	2402-102-37- Scheme for Enhancing Water Irrigation Efficiency Through Community underground pipeline System in the State/PIDB Funding (Plan)	0	4.75	0	4.75	0	4.75
6	2406-04-101-01- Assistance to the State Forest Development Agency Under National Afforestation Programme (Plan)	0	1.87	0	1.87	0	1.87
	Total	77.30	31.85	2.84	111.99	72.20	39.79

Source: Appropriation Accounts

Appendix 2.10
(Referred to in paragraph 2.5.2, page 50)

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

(₹ in crore)

Sr. No.	Grant No.	Classification	Amount
	1	2401-00-104-02-33-NS(V)	25.00
	4	2235-60-789-03-20 PS(V)	15.00
	5	4202-01-202-23-53-PS(V)	13.60
	13	4851-800-38-53 PS(V)	10.00
	14	2220-60-789-01-26 PS(V)	12.80
	15	4701-52-800-08-53 PS(V)	18.80
	15	4705-800-32-53 PS(V)	45.00
	21	5475-789-19-53 PS(V)	192.00
	21	3054-03-337-05-27 NS(V)	150.00
	21	4215-01-789-16-52 PS(V)	40.00
	21	4215-01-789-18-53 PS(V)	60.00
	21	5054-03-337-47-53 PS(V)	142.50
	21	5054-04-337-07-53 PS(V)	285.00
	21	5054-04-789-04-53 PS(V)	15.00
	25	4225-01-789-09-53 PS(V)	10.00
	25	4225-04-800-01-53 PS(V)	48.00
Total			1082.70

Source: Demand for grants
(PS-Plan State, NS- Non-Plan State, V- Voted)

Appendix 3.1*(Referred to in paragraph 3.1 page 53)***Outstanding utilisation certificates as on 31 March 2016***(₹ in crore)*

Sr. No.	Department	Year in which UC due	Number of UCs awaited	Amount
1.	2.	3.	4.	5.
1.	General Administration	2010-11	1	0.30
		2015-16	4	3.26
2.	Justice	2012-13	1	0.04
3.	Welfare of Scheduled Castes and Backward Classes	2012-13	7	0.19
4.	Health & Family Welfare	2012-13	1	5.93
5.	Sports & Youth Services	2014-15	5	1.89
6.	Human Rights Commission	2012-13	1	1.11
		2014-15	1	0.39
7.	Home Affairs	2014-15	2	0.08
		2015-16	6	0.12
8.	Industries	2015-16	2	3.40
9.	Agriculture	2015-16	1	50.00
	Total		32	66.71

Source: Information compiled from the data supplied by the office of the Accountant General (A&E), Punjab

Appendix 3.2

(Referred to in paragraph 3.2, page 54)

Status of the Accounts and the Separate Audit Reports of the autonomous bodies as on 31 March 2016

Sr. No.	Name of Body	Period of entrustment	Years for which accounts not rendered (Grant released)	Delay in submission of accounts			Period upto which SARs issued and date of issue		Position of placement of SARs in the Legislature
				Delayed Account	Date of Receipt	Delay (in Month)	Year	Date of issue	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1	Punjab Legal Services Authority, Chandigarh	upto 2015-16	2014-15 (₹ 130.00 lakh) No. of account = 1	2011-12 2012-13 2013-14	04.05.15 04.05.15 04.05.15	34 22 10	2013-14	18.04.16	SARs for the period 2011-12 to 2013-14 under printing.
2	Punjab Khadi and Village Industries Board, Chandigarh	2012-13 to 2016-17	2012-13 to 2014-15 (₹ 434.68 ¹¹ lakh) No. of accounts=3	--	--	--	2011-12	26.03.15	SARs for the year 2011-12 placed in Legislature.
3	Punjab State Human Rights Commission, Chandigarh	upto 2015-16	--	-	-	-	2014-15	08.02.16	SAR for 2014-15 not presented.
4	Punjab Labour Welfare Board, Chandigarh	Up to 2009-10 ¹²	2005-06 to 2014-15 (₹ 260.00 ¹³ lakh) No. of accounts= 10	2003-04 2004-05	23.03.15 23.11.15	128 124	2003-04 2004-05	06.07.15 02.03.16	SARs for 2003-04 and 2004-05 was not presented in Legislature.
5	Pushpa Gujral Science City, Kapurthala	Up to 2019-20	2014-15 (₹ 100.00 lakh) No. of account=1	2013-14	17.08.15	13	2013-14	14.12.15	Not to be placed in State Legislature.

Source: Information compiled on the basis of departmental record

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

¹¹ 2012-13: ₹ 626.38 lakh; 2013-14: ₹ 400 lakh; 2014-15: ₹ 408.30 lakh.

¹² Matter for further entrustment w.e.f. 2010-11 is under process.

¹³ 2005-06: ₹ 16 lakh; 2006-07: ₹ 116 lakh; 2007-08: ₹ 16 lakh; 2008-09: ₹ 16 lakh; 2009-10: ₹ 16 lakh; 2010-11: ₹ 16 lakh; 2011-12: ₹ 16 lakh, 2012-13: ₹ 16 lakh. 2013-14: ₹ 16 lakh; and 2014-15: ₹ 16 lakh.

Appendix 3.3*(Referred to in paragraph 3.4, page 54)***Statement showing age-wise profile of cases of misappropriation, losses, thefts, etc.***(₹ in lakh)*

Age profile of the pending cases			Nature of pending cases		
Range in years	Number	Amount	Nature of cases	Number	Amount
0-5	130	933.56	Theft	1	0.45
			Misappropriation/Loss	129	933.11
5-10	50	61.22	Theft	4	6.63
			Misappropriation/Loss	46	54.59
10-20	7	66.88	Theft	0	0
			Misappropriation/Loss	7	66.88
20-25	3	0.65	Theft	1	0.06
			Misappropriation/Loss	2	0.59
Above 25	4	11.80	Theft	0	--
			Misappropriation/Loss	4	11.80
Total	194	1074.11	Theft	6	7.14
			Misappropriation/Loss	188	1066.97

Source: Information compiled on the basis of departmental records.

Appendix-4.1
Glossary of terms

Sr. No.	Terms	Description
1.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one per cent
2.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
3.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.
4.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
5.	Fiscal Liabilities	Fiscal liabilities comprise Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GoI and the liabilities arising from the transactions in the Public Account of the State.
6.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.

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