



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA
ON
STATE FINANCES
FOR THE YEAR ENDED 31 MARCH 2015**



GOVERNMENT OF UTTARAKHAND

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PREFACE

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

Chapter 1 and 2 of this 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 2015. Information has been obtained from the Government of Uttarakhand wherever necessary.

Chapter-3 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, audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts is presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Uttarakhand is being brought out to assess the financial performance of the State during the year 2014-15 *vis-à-vis* the Budget and the target set under the Fiscal Responsibility and Budget Management Act, 2005 and analyses the dominant trends and structural profile of Government's receipts and disbursements.

Based on the audited accounts of the Government of Uttarakhand for the year ending 31 March 2015 and additional data collected 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-1 is based on the audit of Finance Accounts and makes an assessment of Uttarakhand Government's fiscal position as on 31 March 2015. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern *etc.*

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

Chapter-3 details Government's compliance with various reporting requirements and financial rules and non-submission of accounts.

Audit findings

Chapter-1

Finances of the State Government

The State was able to bring down the revenue deficit to almost nil (₹ 13 crore) during 2010-11. The revenue deficit ultimately turned into surplus during 2011-12 (₹ 716 crore), 2012-13 (₹ 1,787 crore) and 2013-14 (₹ 1,105 crore). During the current year the revenue surplus turned into revenue deficit of ₹ 917 crore. Fiscal deficit was within reasonable limits of 3.5 *per cent* of GSDP during 2010-11, 2011-12, 2012-13 and three *per cent* of GSDP during 2013-14 but during the current year 2014-15 the fiscal deficit at ₹ 5826 crore (4.20 *per cent* of GSDP) was above the normative assessment of three *per cent* as stipulated in FRBM Act, 2005 (partially modified in

March 2011) in accordance with the recommendations of the Thirteenth Finance Commission (*Th. FC*).

During the current fiscal, the Government managed to capitalise 33.05 *per cent* more funds than as compared to the year 2013-14.

The average return on Uttarakhand Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was almost negligible (ranging from 0.004 to 0.02 *per cent* of the investment made) in the past five years while the Government paid an average interest of 7.73 *per cent* on the borrowed funds for this investment.

The Government may ensure better value for money in investments by identifying the Companies/ Corporations which are endowed with low financial but high socio-economic returns and can justify high cost borrowings being channelised there.

The debt-GSDP¹ ratio showed a declining trend during 2010-11 to 2013-14 *i.e.* from 25.72 *per cent* to 23.41 *per cent* as against the target of 38.50 *per cent* set forth by the *Th. FC* for the year 2010-11 onwards in respect of Uttarakhand. However, it increased slightly by 0.72 *per cent* and was 24.13 *per cent* which was also within the target of 37.20 *per cent*.

Chapter-2

Financial management and budgetary control

During 2014-15, there was an excess of ₹ 19,22.82 crore in four grants and one appropriation which requires regularization under Article 205 of the Constitution of India.

An amount of ₹ 60.25 crore drawn by the State Government during the month of March 2015 was deposited in the deposit heads to avoid lapse of budget grants.

A significant amount of ₹ 194.15 crore was sanctioned under Contingency Fund in 16 cases and the entire amount has remained un-recouped.

Excess expenditure amounting to ₹ 1,10,66.40 crore pertaining to the years 2005-14 was yet to be regularised by the State Legislature.

¹ On Current/ Market price.

Chapter-3

Financial reporting

The departmental officers did not submit 262 Utilisation Certificates, in respect of the grants of ₹ 240.94 crore given for specific purposes, to the Accountant General (A&E), Uttarakhand till March 2015. In the absence of these certificates, it could not be ascertained whether the recipients had utilised the grants for the intended purposes. The departmental heads were not submitting statement of such bodies and authorities to Accountant General (Audit) Uttarakhand to which grants or loan aggregating ₹ 10 lakh or more were paid during preceding year. As such the institutions which attract audit by CAG could not be identified properly.

Significant amounts of expenditure and receipts under Central and State Schemes, booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' were not distinctly depicted in the State Finance Accounts of 2014-15, affecting the transparency in financial reporting.

CHAPTER-1

FINANCES OF THE STATE GOVERNMENT

CHAPTER- 1

FINANCES OF THE STATE GOVERNMENT

This chapter provides an overview of the finances of the State Government during the financial year 2014-15 in terms of its structural profile and by benchmarking against past trends of major fiscal aggregates. *Appendix 1.1* contains the structure and layout of the Finance Accounts of the State Government on which this Report is based. *Appendix 1.2 (Part A)* briefly outlines the methodology adopted for the assessment of the fiscal position of the State.

1.1 Profile of the State

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

The State has seen considerable economic growth in the past decade and the Compound Annual Growth Rate (CAGR) of its Gross State Domestic Product¹ (GSDP) at current prices for the period 2005-06 to 2014-15 has been over 18.56 *per cent*.

The social indicators, *viz.* literacy rate and rate of infant mortality at birth, indicated that the State had a better literacy and a lower infant mortality rate than the All India Average. The percentage of BPL population in the State was well below the All India Average (*Appendix-1*).

Gross State Domestic Product (GSDP)

The trends in the annual growth of India's GDP and the State's GSDP at current prices are given below:

Annual growth rate of GDP and GSDP at current prices

Year	2010-11	2011-12	2012-13*	2013-14*	2014-15*
India's GDP (₹ in crore)	72,48,860	83,91,691	93,88,876	1,04,72,807	NA
Growth rate of GDP (percentage)	18.66	15.77	11.88	11.54	NA
State's GSDP (₹ in crore)	83,969	97,858	1,08,250	1,22,897	1,38,723
Growth rate of GSDP (percentage)	18.72	16.54	10.62	13.53	12.88

Source: GSDP-Data provided by HQ's Office.

* Provisional * Quick * Advance estimates.

The growth rate of GSDP declined sharply from 16.54 *per cent* during 2011-12 to 10.62 *per cent* in 2012-13. However, it increased to 13.53 *per cent* in 2013-14 and again declined to 12.88 *per cent* over previous year. Rate of growth of GSDP in comparison to GDP varied over the period 2010-11 to 2013-14. The growth rate of GSDP was higher than the GDP growth rate in 2011-12 & 2013-14. It was almost identical in the year 2010-11 but remained on the lower side in 2012-13.

A summary of the Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 {modified in March 2011 on the recommendation of the Thirteenth Finance Commission

¹ Refer glossary in **Appendix-4.1**

(Th. FC)} and the State's own Fiscal Correction Path (FCP) through Mid Term Fiscal Policy (MTFP) are given in **Appendix-1.2 (Part B)**.

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents a summary of the State Government's fiscal transactions during the current year (2014-15) *vis-à-vis* the previous year (2013-2014). **Appendix-1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year as compared to previous year.

Table-1.1: Summary of Current Year's Fiscal Operations

(₹ in crore)

Receipts	2013-14	2014-15	Disbursements	2013-14	2014-15		
					Non-Plan	Plan	Total
Section-A: Revenue							
Tax revenue	7,355.34	8,338.47	General services	6,182.04	7,346.72	55.56	7,402.28
Non-tax revenue	1,316.54	1,110.44	Social services	7,298.01	5,466.78	3,756.91	9,223.69
Share of Union Taxes/ Duties	3,573.38	3,792.30	Economic services	2,067.95	2,036.77	1,819.70	3,856.47
Grants from Government of India	5,075.27	7,005.34	Grants-in-aid and Contributions	668.41	681.27	--	681.27
Revenue receipts	17,320.53	20,246.55	Revenue expenditure	16,216.41	15,531.54	5,632.17	21,163.71
Section-B: Capital and Others							
Misc. Capital Receipts	180.40	135.33	Capital Outlay	3,712.03	158.75	4,780.26	4,939.01
Recoveries of Loans and Advances	55.23	45.58	Loans and Advances disbursed	277.99	1.92	149.05	150.97
Public Debt receipts*	3,873.17	4,573.42	Repayment of Public Debt*	1,316.81	--	--	893.89
--	--	--	Appropriation to Contingency Fund	400.00	--	--	150.00
Contingency Fund	412.00	331.98	Contingency Fund	194.48	--	--	194.15
Public Account receipts#	25,954.59	35,032.43	Public Account disbursements#	25,190.33	--	--	33,534.94
Opening Cash Balance	1,945.54	2,433.41	Closing Cash Balance	2,433.41	--	--	1,772.03
Total	49,741.46	62,798.70	Total	49,741.46			62,798.70

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

In other Places Net figure of Public Account Receipts have been taken for analyzing the State resources

The following are the significant changes during 2014-15 over the previous year:

- Revenue receipts at ₹ 20,246.55 crore were higher by ₹ 2,926.02 crore (16.89 per cent) over the previous year. This was due to the increase in State's own tax revenue (₹ 983.13 crore), State's share of Union taxes/duties (₹ 218.92 crore), and the grants from the GoI (₹ 1,930.07 crore) partly offset by decrease in the non-tax revenue (₹ 206.10 crore).
- Revenue expenditure grew by ₹ 4,947.30² crore (30.51 per cent) during the year, over the previous year as detailed in **Paragraph 1.6.1**.
- Revenue receipts were lesser by ₹ 917.16 crore in comparison to revenue expenditure of the State resulting into revenue deficit to this extent during the current year.
- Capital expenditure during the year increased by ₹ 1,226.98³ crore (33.05 per cent), over the previous year as detailed in **Paragraph 1.6.1**.
- Recovery of loans and advances decreased from ₹ 55.23 crore (2013-14) to ₹ 45.58 crore (17.47 per cent).

² General Sector (₹ 1,220.24 crore) + Social Sector (₹ 1,925.68 crore) + Economic Sector (₹ 1,788.52 crore) + Grant in Aid and Contributions (₹ 12.86 crore).

³ General Sector (₹ 75.76 crore) + Social Sector (₹ 389.93 crore) + Economic Sector (₹ 761.29 crore).

- Public debt receipts at ₹ 4,573.42 crore, registered an increase of ₹ 700.25 crore during the year 2014-15 due to increase in internal debt of State Government (₹ 674.21 crore) and loans and advances from the Central Government (₹ 26.04 crore). Out of total Public Debt, Internal Debt and Loans from GoI were ₹ 4512.42 crore (98.67 per cent) and ₹ 61.00 crore (1.33 per cent) respectively.
- Net Public Account Receipts increased from ₹ 764.26 crore in 2013-14 to ₹ 1,497.49 crore in 2014-15. During the current year, the main contributors were net Small Savings and Provident Fund ₹ 420.20 crore, net Remittances ₹ 449.84 crore and net Deposit and Advances ₹ 399.38 crore.
- The cash balance of the State at the end of the current year decreased by ₹ 661.38 crore as compared to the closing balance at the end of 2013-14 mainly due to decrease in Deposit with the Reserve Bank from ₹ 558.31 crore to ₹ 104.19 crore in 2014-15.

1.1.2 Review of the fiscal situation

Major fiscal variables provided in the Budget based on the recommendations of the *Th FC* and as targeted in the FRBM Act (partially modified in March 2011) of the State are given in **Table 1.2**.

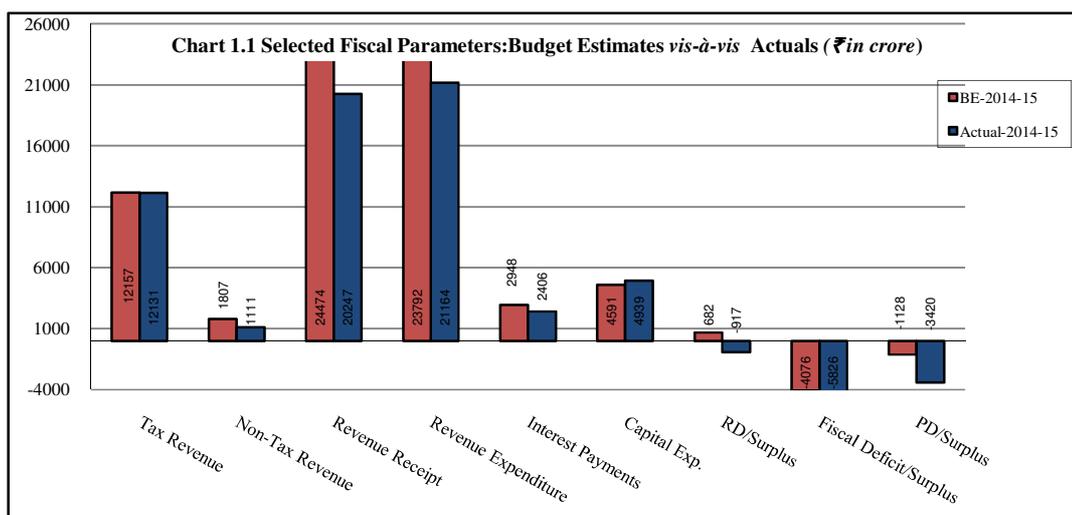
Table-1.2

Fiscal variables	2014-15						
	Targets as prescribed in FRBM Act	Targets proposed in the Budget	Projections made in MTFP	Actuals	Percentage variation of actual over		
					Targets of FRBM Act	Targets of Budget	Projections MTFP
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	To be brought down to nil by March 2015.	(+) 682.42	(+) 2,156.09	(-) 917.16	Not Achieved	(-) 234.40	(-) 142.54
Fiscal Deficit/ GSDP (in per cent)	3.00	2.94	2.97	4.20	(-) 40.00	(-) 42.86	(-) 41.41
Ratio of outstanding fiscal liability to GSDP (in per cent)	37.20	22.38	21.76	24.13	(+) 35.13	(-) 7.82	(-) 10.89

The State Government has been on a fiscal consolidation path since the passing of the FRBM Act, 2005. During 2011-14, the State Government was able to maintain revenue surplus. However, during current year, the revenue surplus turned into revenue deficit of ₹ 917.16 crore, mainly due to high increase in Revenue Expenditure ₹ 4,948 crore (30.51 per cent) in comparison to Revenue Receipt ₹ 2,926 crore (16.89 per cent) over the previous years.

1.1.3 Budget estimates and actuals

The Budget papers presented by the State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of the fiscal policies for overall economic management. Deviations from the Budget Estimates (BEs) are indicative of non-attainment and non-optimization of the desired fiscal objectives, due to a variety of factors, some within the control of the Government while others were beyond control. A comparison of the actuals against the BEs in respect of various components showed a mixed trend during 2014-15:



From the above **chart 1.1** it is evident that:

- The overall revenue receipts were short by ₹ 4,227 crore mainly due to less receipt of funds of ₹ 3,504 crore (33.35 per cent) from the GoI under grants-in-aid and less realisation of non-tax revenue by ₹ 696 crore (38.52 per cent) against the BEs for the current year. The State's tax revenue against the BEs was also slightly lower only by ₹ 26 crore.
- The State Government was able to restrict the revenue expenditure in 2014-15 and it was ₹ 2,628 crore (11.05 per cent) less than the BEs for the current year.
- The budgetary projection of ₹ 4,591 crore against actual expenditure of ₹ 4,939 crore under capital head was insufficient to the extent of ₹ 348 crore (7.58 per cent).
- The year 2014-15 ended with a Revenue Deficit of ₹ 917 crore against assessment of Revenue Surplus of ₹ 682 crore made in the BEs.
- The actual fiscal deficit (₹ 5,826 crore) and primary deficit (₹ 3,420 crore) during 2014-15 was higher than the assessment made in the BEs by 43 per cent (₹ 1,750 crore) and 203 per cent (₹ 2,292 crore) respectively.

1.1.4 Gender Budgeting

Budget allocation for Gender Budgeting (GB) has been categorised into two categories: Category I and Category II. Under Category I, the allocation is cent per cent for welfare of women. However, under Category II, minimum 30 per cent allocation of the overall budget intended is provided exclusively for development of women. Further, Gender Budget Cell (GBC) was to be set up to initiate various Gender Responsive Budgeting (GRB) initiatives. The State Government constituted a dedicated GBC at the State level in the year 2015.

The provisions for GB had been made in the State budget with effect from Financial Year 2007-08. The year-wise allocations in the GB document and expenditure incurred thereon for the period 2010-15 are detailed in **Table 1.3**.

Table- 1.3: Gender budgetary allocations and its expenditure during 2010-15

	2010-11	2011-12	2012-13	2013-14	2014-15
Allocation in Category I of Gender Budgeting	255.19	215.63	316.41	522.23	741.36
Allocation in Category II of Gender Budgeting	1274.24	1614.37	1921.49	2739.06	2906.11
Total Allocation under Gender Budget (Category I + Category II)	1,529.43	1,830.00	2,237.90	3261.29	3647.47
Expenditure in Category I of Gender Budgeting	177.31	201.30	347.58	413.53	NA
Expenditure in Category II of Gender Budgeting	1,324.59	1,104.59	1805.53	1937.54	NA
Total Expenditure under Gender Budget (Category I + Category II)	1,501.90	1,305.89	2153.11	2351.07	NA
Number of Department Covered	26	26	29	30	31

* NA- Information not provided by the State Government.

Source: Budget documents

From the **Table 1.3** it is evident that the State has provisioned GB in a significant way to ensure availability of funds to improve the position of women in the society. However, detailed analysis of schemes under category “II” in test-checked Departments of Culture and Watershed Management showed that inputs for provisioning the Gender Budget were not being provided by the concerned Departments but were being provisioned at the Government level itself. No instructions were given by the State Government to the concerned Department for preparation and utilization of GB. Even the actual expenditure showed under GB by the State Government in the budget documents was booked on presumptive basis assuming the percentage of participation of women in the scheme at 30 per cent. The details of Total expenditure, Gender Expenditure shown by the Government, and the actual expenditure incurred exclusively on women for the period 2012-15 intimated by these departments to Audit were as under:

Table -1.4: Scheme under GB of Department of Culture and Watershed Management

(₹ in lakh)

Name of Schemes	2012-13			2013-14			2014-15		
	Total Expenditure	Gender Expenditure as per State Govt.	Actual Gender Expenditure	Total Expenditure	Gender Expenditure as per State Govt.	Actual Gender Expenditure	Total Expenditure	Gender Expenditure as per State Govt.	Actual Gender Expenditure
Culture Department									
Directorate of Culture	392.74	157.10	1.96	478.35	191.25	0.10	581.41	NA	1.23
Bhatkhandey Hindustani Sangeet Mahavidyala	139.39	55.76	00	159.98	63.90	00	206.46	NA	00
Monthly Pension to old Artists and writers	45.50	18.20	6.48	43.39	17.35	8.28	40.20	NA	8.28
Setting of statue of great personalities	58.00	00	00	153.57	00	00	-	NA	14.56
Total of Culture Department	635.63	231.06	8.44	835.29	272.50	8.38	828.07	NA	24.07
Watershed Management									
Uttarakhand Decentralised Watershed Development Programme (UDWDP)	2866.26	1153.21	91.66	2038.93	815.51	16.61	3293.55	NA	180.25

Source: 1. Total Expenditure & Gender Expenditure as per State Govt. – Budget Document.

2. Actual Gender Expenditure – Concerned Departmental Figure.

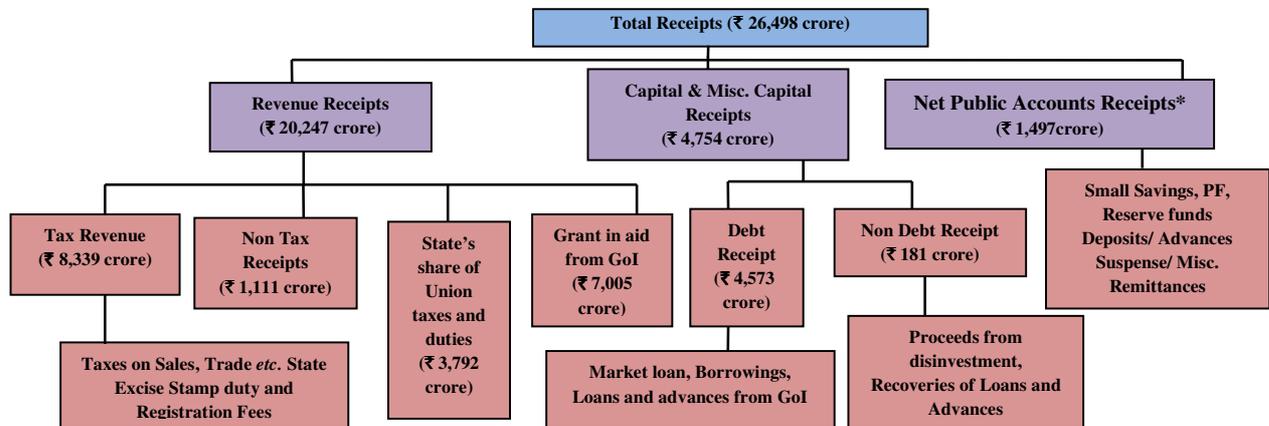
It is evident from the **Table 1.4** that the State Government was portraying an image of effective and sufficient gender responsive expenditure while in fact the depicted expenditure was merely an arithmetical calculation taken as 40 per cent of total expenditure. In the scrutiny of the Culture Department and Watershed Management Department, it was observed that actual expenditure under Gender Budgeting ranged from one to six per cent.

On this being pointed out, both the departments replied that as all the expenditure made is equally useful to both men and women, the tentative expenditure shown by the Government under Gender Budgeting is justified.

Reply of the Departments is not justifiable because as per the guideline of GB, only exclusive expenditure on women/girls, which helps to enhance the position of women in the society, can be included in Gender Budgeting.

It is evident from Table no 1.3 that the State Government has been continuously increasing the G.B. every year since 2010-11 to 2014-15. Even though, the GB has increased by ₹ 2,118.04 crore (138.49 per cent) during the period 2010-15, but due to improper allocation, execution and instructions, the expenditure and benefit of GB could not be ascertained and the increasing of GB seems to be unfruitful.

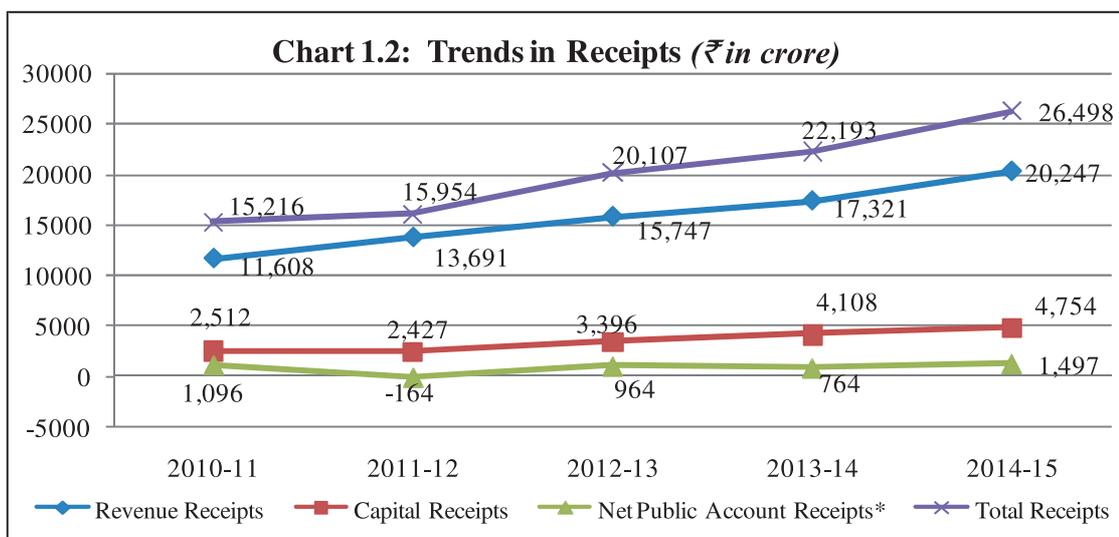
1.2 Resources of the State



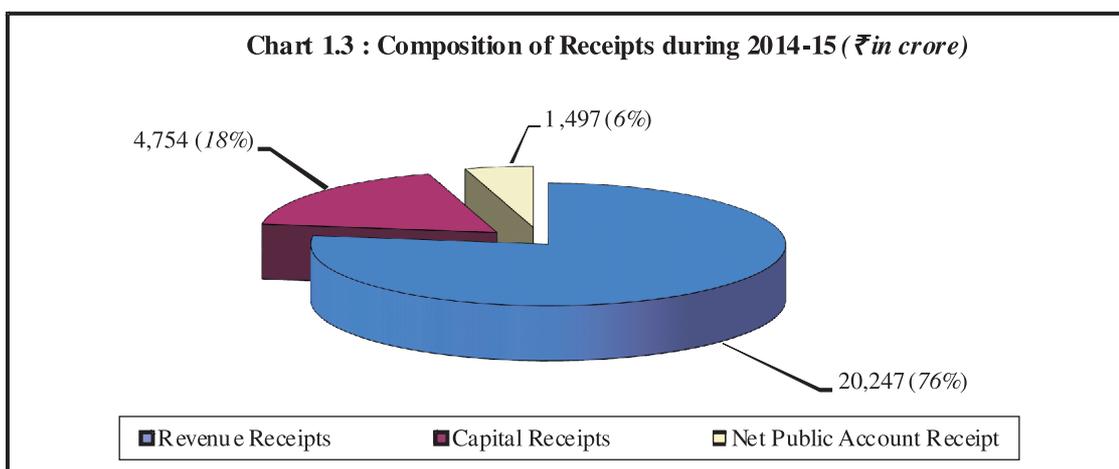
* Net Public Account Receipts (₹1,497crore) = Public Accounts Receipts (₹35,032 crore) less Public Accounts Disbursements (₹33,535 crore)

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 revenues, non-tax revenues, State's share of Union taxes and duties, and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks), and loans and advances from the GoI. Besides, funds available in the public accounts after disbursement are also utilized by the Government to finance its deficit. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts (*Appendix-1.1*) while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2010-15. **Chart 1.3** depicts the composition of resources of the State during the current year.



* Net Public Account Receipts = Public Accounts Receipts less Public Accounts Disbursements.



The total receipts of the Government (excluding Contingency Fund Receipts) grew from ₹ 15,216 crore in 2010-11 to ₹ 26,498 crore in 2014-15 (74.15 per cent). Of the receipts of ₹ 26,498 crore in 2014-15, six per cent (₹ 1,497 crore) of the receipts came from the net Public Account whereas 18 per cent (₹ 4,754 crore) and 76 per cent (₹ 20,247 crore) share of the total receipts came from borrowings and revenue receipts respectively.

The revenue receipts of the State during the current year grew by 16.89 per cent over the previous year. This was mainly due to increase in Grant-in-Aid from the Government of India ₹ 1,930.07 crore (38 per cent) and Tax Revenue ₹ 983.13 crore (13 per cent). As a percentage in the composition of total receipts, revenue receipts marginally decreased by two per cent during the current year. However, the share of capital receipts in the total receipts has shown a marginal decrease by less than one per cent (refer Table 1.1).

Trends in Public Account receipts

- The increase of ₹ 9,077.84 crore under public account receipts was due to increase in remittances (₹ 570.87 crore), suspense and miscellaneous (₹ 8,184.36 crore), deposit

& advances (₹ 397.58 crore), and small savings & provident fund (₹ 86.76 crore). However, there was a decrease in reserve fund (₹ 161.72 crore).

- Suspense and Miscellaneous receipts increased by ₹ 8,184.36 crore (50.30 per cent) during the year mainly due to increase under the suspense head for Cheques and Bills (₹ 7,870.79 crore). This suspense head is credited while issuing the cheques and is cleared on receipt of information from the bank regarding encashment of cheques. The increase shows that several cheques issued had not been presented to the banks for clearance.

1.2.2 Funds transferred to implementing agencies in the State

The Government of India has transferred significant funds directly to the State Implementing Agencies for implementation of various schemes/ programmes in the past years. The system of direct transfers by GoI to implementing agencies has since been dispensed with from 2014-15. However, during 2014-15, the Government of India did directly transfer funds amounting to ₹ 75.19 crore to some implementing agencies in the State of Uttarakhand as detailed in **Table 1.5**.

Table-1.5: Significant amount of funds transferred directly to implementing agencies in the State

(₹ in crore)			
Sl. No.	Scheme Name	Agency Name/ Agency Type	Fund Transferred
1.	Package for (other than North East) Special Category States	State Industrial Development Corporation of Uttarakhand Ltd	44.43
2.	MPS Local Area Development Scheme MPLADS	District Magistrates of various Districts	30.00
3.	Research and Development Support SERC	DAV (PG) College, Dehradun	0.57
4.	Higher Education Statistics and Public Information System	AISHE Uttarakhand	0.09
5.	Manpower Development (including skill development in IT)	Research Development and Training Cell, Uttarakhand Board of Technical Education Roorkee	0.09
6.	Research Education Training and Outreach	Government Post Graduate College, Uttarkashi	0.01
Total:			75.19*

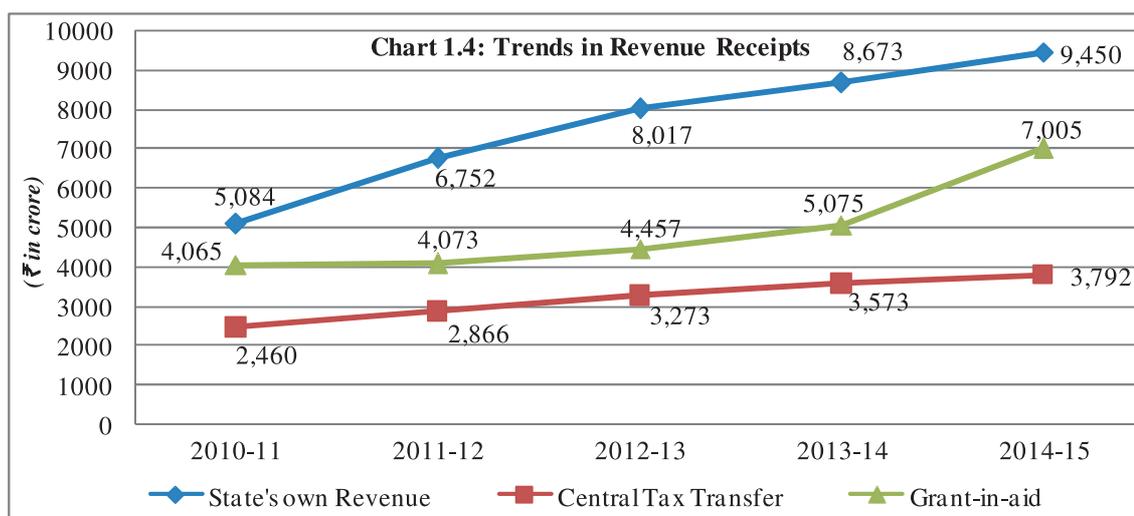
* Out of total releases of ₹ 778.53 crore, an amount of ₹ 75.19 crore was released to Implementing Agencies in the State.

Source: Finance Account- Appendix VI

Due to the decision of releasing all assistance of the CSS/CPS directly to the State Government and not to the implementing agencies from 2014-15 onwards, the direct transfers to implementing agencies have reduced by 89.20 per cent as compared to 2013-14.

1.3 Revenue receipts

Statement-14 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of State's own tax and non-tax revenues, central tax transfers and grants-in-aid from the GoI. The trends and composition of revenue receipts over the period 2010-11 to 2014-15 are presented in **Appendix-1.3** and are also depicted in **Charts 1.4**.



The revenue receipts have shown a constant increase over the period 2010-11 to 2014-15. They increased from ₹ 11,609 crore in 2010-11 to ₹ 20,247 crore in 2014-15 at an average rate of 16.44 *per cent* per annum out of which State's own revenue, Grant-in-Aid and Central tax transfers increased by ₹ 4,366 crore (86 *per cent*), ₹ 2,940 crore (72 *per cent*) and ₹ 1,332 crore (54 *per cent*) respectively during the said period.

While 46.67 *per cent* of the revenue receipts during 2014-15 came from the State's own tax and non-tax revenue, the aggregate of Central tax transfers and grants-in-aid contributed the remaining 53.33 *per cent* of the total revenue.

State's own receipts constituted on an average around 48.15 *per cent* of its revenue receipts, over the period 2010-15. This showed continued dependency of the State on the grants-in-aid from GoI as the State has not been able to broaden its tax base. The trends in revenue receipts relative to GSDP are presented in **Table 1.6**.

Table-1.6: Trends in revenue receipts relative to GSDP

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Receipts (RR) (₹ in crore)	11,608	13,691	15,747	17,321	20,247
Rate of growth of RR (<i>per cent</i>)	22.37	17.94	15.02	10.00	16.89
R R/ GSDP (<i>per cent</i>)	13.82	13.99	14.55	14.09	14.60
Buoyancy Ratios⁴					
Revenue Buoyancy <i>w.r.t.</i> GSDP	1.19	1.08	1.41	0.74	1.31
State's Own Tax Buoyancy <i>w.r.t.</i> GSDP	1.27	1.66	1.34	1.09	1.04

The growth rate of Revenue Receipts grew to 22.37 *per cent* during 2010-11 over previous year 2009-10 and thereafter it began to decline and came down to 10.00 *per cent* in 2013-14. However, the growth rate for 2014-15 again increased by 6.89 *per cent* over the previous year and stood at 16.89 *per cent*.

Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable. Revenue buoyancy, which is directly proportionate to growth of Revenue Receipts and GSDP, fluctuated widely during the period 2010-15 due to fluctuations in the growth ratio of Revenue Receipts. It rose to 1.31 in 2014-15 from 0.74 *per cent* in 2013-14 due to increased growth rate of Revenue Receipts to 16.89 *per cent* in 2014-15 from 10.00 *per cent* in 2013-14.

⁴ Refer glossary in **Appendix-4.1**

1.3.1 State's own resources

As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The 13th Finance Commission projections, BEs and MTFP projections *vis-à-vis* actuals in respect of State's own resources are given in **Table 1.7**.

Table-1.7: States Own resources: Projection *vis-à-vis* actual

States Own resources	Th. FC projections	Budget estimates	MTFP projections	Actual	Percentage variation of actual over		
					XIII FC projections	Budget estimates	MTFP projections
Own Tax Revenue	6,921	8,023	8,196	8,339	(+)20.49	(+)3.94	(+)1.74
Non-Tax Revenue	1,414	1,807	1,812	1,111	(-)21.43	(-)38.52	(-)38.69

(₹ in crore)

As shown in **Table 1.7**, the State's own resources *vis-à-vis* projections made by the *Th. FC*, *BE* and *MTFPS* showed that tax revenue during 2014-15 exceeded by ₹ 1,418 crore, ₹ 316 crore and ₹ 143 crore respectively.

The Non-tax revenue (NTR) was less by ₹ 303 crore, ₹ 696 crore and ₹ 701 crore as compared to *Th. FC* projections, *BE* and *MTFPS* respectively. The non-achievement of targets of Non-tax revenue was mainly due to less receipt under the Major Head 0071 "Contributions and Recoveries towards Pension and Other Retirement benefit".

1.3.1.1 Tax revenue

The gross collection in respect of major taxes and duties is given in **Table 1.8**.

Table-1.8: Components of State's own resources

Revenue Head	2010-11	2011-12	2012-13	2013-14	2014-15
Taxes on Sales, Trades etc.	2,940 (31)	3,644 (24)	4,289 (18)	4,903 (14)	5,465 (11)
State Excise	756 (7)	844 (12)	1,118 (32)	1,269 (14)	1,487 (17)
Taxes on Vehicles	227 (23)	335 (48)	304 (-9)	369 (21)	394 (7)
Stamp Duty and Registration Fee	440 (10)	524 (19)	648 (24)	687 (6)	714 (4)
Taxes on Goods and Passengers	--	--	--	--	--
Other Taxes	42 (75)	269 (540)	55 (-80)	128 (133)	279 (118)
Total	4,405 (24)	5,616 (27)	6,414 (14)	7,356 (15)	8,339 (13)

(₹ in crore)

Figures in the parentheses indicate percentage increase over previous year

The State's own tax revenue increased by 13.36 per cent from ₹ 7,356 crore in 2013-14 to ₹ 8,339 crore in 2014-15. However, the rate of growth during the year in comparison to previous year decreased marginally by 1.33 per cent. The revenue from taxes on Sales, Trade, etc. not only comprised a major share of tax revenue (65.53 per cent) but also registered an increase of 11.46 per cent over the previous year. State Excise was another major contributor to State's own tax revenue.

1.3.1.2 Non-tax revenue

Growth rate of non-tax revenue is given in **Table 1.9**.

Table-1.9: Trends of non-tax revenue receipt

Revenue Head	2010-11	2011-12	2012-13	2013-14	2014-15
Interest receipts	53.97	50.62	114.76	51.12	108.17
Dividends & Profits	0.21	0.05	0.19	0.30	0.11
Other non-tax receipts	623.88	1,085.46	1,487.93	1,265.12	1,002.16
Total	678.06	1,136.13	1,602.88	1,316.54	1,110.44
Per cent increase/decrease over previous year	7.29	67.56	41.08	(-) 17.86	(-)15.65

(₹ in crore)

Non-tax revenue continuously increased during the period 2010-11 to 2012-13 but it began to decrease from 2013-14 and onwards. During the year 2014-15, it decreased by ₹ 206.10 crore (15.65 per cent) against the previous year's decrease of ₹ 286.34 crore (17.86 per cent). The decrease was mainly in the Contribution and Recoveries towards Pension and Other Retirement benefits (₹ 152.45 crore-62.03 per cent), Power (₹ 76.10 crore-62.83 per cent), Non Ferrous Mining and Metallurgical Industries (₹ 26.27 crore-10.51 per cent), and Forestry and Wild Life (₹ 11.46 crore-3.16 per cent). This was partially counter balanced by increase in receipts from Interest (₹ 57.05 crore-111.58 per cent), Civil Aviation (₹ 39.97 crore- 70254.66 per cent), Labour and Employment (₹ 23.50 crore- 889.02 per cent), Public Works (₹ 12.79 crore-82.47 per cent).

During the year 2014-15, the state of Uttarakhand (U.K.) received ₹ 486.39 crore as apportionment of pension liabilities for the year 2011-12 of the erstwhile composite State of Uttar Pradesh (U.P.) between the successor states of U.P. and U.K. Out of which ₹ 451.39 crore were cleared from Major Head -8793 "Suspense Account Head" and ₹ 35 crore were taken as revenue receipt under the Major Head -0071 "Contributions and recoveries towards pension and other retirement benefits" according to the prescribed mode of apportionment of expenditure made on pension payment during 2011-12.

The major contributors to NTR during 2014-15 were Forestry and Wild Life ₹ 351 crore (31.59 per cent), Non-ferrous Mining & Metallurgical Industries ₹ 224 crore (20.16 per cent), Interest Receipts ₹ 108 crore (9.72 per cent), Contributions and Recoveries towards Pension and Other Retirement benefit ₹ 93 crore (8.37 per cent) and Power ₹ 45 crore (4.05 per cent).

1.3.2 Grants-in-aid from GoI

Grants-in-aid (GIA) received from the GoI during 2010-11 to 2014-15 are depicted in **Table 1.10**.

Table-1.10: Trends in grants-in-aid receipt from GoI

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan grants	1,435	762	869	981	944
Grants for State Plan schemes	2,253	2,840	3,040	3,558	4,083
Grants for Central Plan schemes	21	10	8	13	99
Grants for Centrally Sponsored Plan schemes	356	462	540	523	1,879
Total	4,065	4,074	4,457	5,075	7,005
Percentage of increase over previous year	9	00	9	14	38
Percentage of Revenue Receipts	35	30	28	29	35

The grants-in-aid from GoI had shown an increase over the period 2010-11 to 2014-15. The GIA increased from ₹ 4,065 crore in 2010-11 to ₹ 7,005 crore in 2014-15. The increase over previous year was ₹ 1,930 crore (38.03 per cent) due to increase in grants for Centrally Sponsored Plan schemes (₹ 1,356 crore), State Plan schemes (₹ 525 crore) and grant for Central Plan schemes (₹ 86 crore). However, during the current year, non-plan grants decreased by ₹ 37 crore over the previous year.

1.3.3 Central tax transfers

The receipts in the form of State's share in Union taxes and duties have increased by ₹ 219 crore (six per cent) from ₹ 3,573 crore in 2013-14 to ₹ 3,792 crore in 2014-15. The overall increase in Central tax transfers of ₹ 219 crore was due to increase in taxes on income other than Corporation tax (₹ 154 crore), Corporation tax (₹ 123 crore) and Customs (₹ 30 crore), which was counterbalanced by decrease in Union Excise Duties (₹ 65 crore) and Service Tax (₹ 23 crore).

1.3.4 Receipt and Utilization of Thirteenth Finance Commission Award for the award period (2010-15)

1.3.4.1 Introduction

The Thirteenth Finance Commission (*Th. FC*) was constituted by the President of India under Article 280 of the Constitution to make recommendations for the period 2010-2015. For the award period (2010-11 to 2014-15), the Commission recommended an amount of ₹ 3,062.98 crore to the State, under various sectors.

1.3.4.2 Short Release against recommended amount by the Government of India

During the period 2010-11 to 2014-15, the State Government received an amount of ₹ 2019.65 crore out of the award amount of ₹ 3,062.98 crore, resulting in a short-release of ₹ 1,043.33 crore (34 per cent). Sector wise details of recommendation, amount released and short release are given in **Table 1.11**.

Table-1.11: Details of Thirteenth Finance Commission recommendation and release (2010-15)

(₹ in crore)					
Sl. No	Name of the Sector	Recommendation of the XIII FC	Amount Released By GoI	Shortfall in Release	UC Sent till 31/03/2015
1	2	3	4	5	6
(1)	Local Bodies				
	(i) Grants to PRIs	590.99	391.59	199.40	283.03
	(a) General Basic Grant	386.42	391.59	-5.17	283.03
	(b) General Performance Grants	204.57	00	204.57	00
	(ii) Grants to ULBs	190.21	108.88	81.33	87.83
	(a) General Basic Grant	124.38	108.88	15.50	87.83
	(b) General Performance Grants	65.83	00	65.83	00
	Total (1)	781.20	500.47	280.73	370.86
(2)	Disaster Relief				
	(i) Disaster Relief Fund	585.14	478.90	106.24	105.89
	(ii) Capacity Building	20.00	20.00	00	14.29
	Total (2)	605.14	498.90	106.24	120.18
(3)	Improving Outcome Grants				
	(i) Improvement in supply of justice	102.20	48.24	53.96	23.99
	(ii) Incentive for Issuing UIDs	36.00	3.60	32.40	00
	(iii) District Innovation Fund	13.00	13.00	00	5.69
	(iv) Improvement of Statistical Systems of State and District Level	13.00	7.80	5.20	4.50
	(v) Employee and Pension Database	5.00	5.00	0	5.18
	Total (3)	169.20	77.64	91.56	39.36
(4)	Environment Related Grants				
	(i) Protection of Forests	205.44	166.92	38.52	127.35
	(ii) Water sector management	76.00	19.00	57.00	00
	Total (4)	281.44	185.92	95.52	127.35
(5)	Elementary Education	197.00	197.00	00	197.00
(6)	Roads and Bridges	329.00	149.00	180.00	149.00
(7)	State Specific Grants	700.00	410.72	289.28	286.80
	Grand Total (1 to 7)	3,062.98	2,019.65	1,043.33	1,290.55

Source- Finance Department State Government.

From the above table, it is evident that the State was not able to receive full amount of the Grants recommended by the 13th Finance Commission and lost the chances to receive grant of ₹ 1,043.33 crore from GoI due to non-submission/ late submission of working plan/ D.P.R.s/ U.Cs., non-compliance of conditions applied by GoI, etc. Major short release was noticed in Road and Bridges - ₹ 180.00 crore (55 per cent), Improving Outcome Grant - ₹ 91.56 crore (54 per cent), State Specific Grant - ₹ 289.28 crore (41 per cent), Local Bodies Grant - ₹ 280.73 crore (36 per cent) and Environment Related Grant - ₹ 95.52 crore (34 per cent).

1.3.5 Collection and utilization of cess in Uttarakhand

(i) Labour Cess

According to Central Government Building and Other Construction Workers' Welfare Cess Act, 1996 and Building and Other Construction Workers' Welfare Cess Rules, 1998 one per cent of construction cost of projects worth ₹ 10 lakh and above undertaken by both private or public builders, must be submitted to the State's Labour Department, as welfare cess .

The Uttarakhand State Government framed Uttarakhand Building and Other Construction Workers (Regulation of Employment and Condition of Service) Rules, 2005 and thus started implementation of the Act upon the constitution of this Welfare Board. The amount received as cess is being deposited in an account opened in a Nationalized Bank in the name of the Labour Commissioner/ Secretary, Uttarakhand.

Since inception of imposition of labour cess, an amount of ₹ 72.99 crore has been collected in the fund (including interest) out of which ₹ 2.25 crore have been expended from the fund upto March 2015.

The details of Opening Balance, funds received, funds utilized, closing balance and per cent utilization for the period 2010-15 are detailed below:

Receipt and Utilization of Labour Cess during 2010-15

(₹ in crore)

Year	Opening Balance	Target of Collection in labour cess	Amount received in labour cess during the year	Expenditure incurred out of labour cess received	Closing balance	Per cent utilization out of available fund (considering only Opening Balance)
2010-11	0.73	--	3.33	0.02	4.04	2.74
2011-12	4.04	--	8.03	0.02	12.05	0.49
2012-13	12.05	--	14.91	0.08	26.88	0.66
2013-14	26.88	19.00	15.77	0.06	42.59	0.22
2014-15	42.59	22.00	28.65	0.92	70.32	2.16

Source: Labour Department, Uttarakhand.

It is evident from the above table that the utilisation of the said fund ranged from only 0.22 per cent to 2.74 per cent of the opening balances of the relevant year during the period 2010-11 to 2014-15.

It was also intimated by the Labour Department that no survey was carried out in the State to ascertain the estimated number of labourers in Uttarakhand. However, 17,729 labourers were registered with the Labour Welfare Board in the State as of March 2015.

(ii) Green Cess in Transport Department

State Government imposed Green Cess for betterment of environment on various types of vehicles from December 2013. Details of Green Cess collected since inception (December 2013) to March 2015 are as under:

(₹ in crore)

Year	Receipt
2012-13	1.48
2013-14	11.99
2014-15	12.53
Total	26.00

Source: Transport Department, Uttarakhand.

It was intimated by the Transport Department that for want of rules for utilization of Green Cess in the Transport Department, the collected cess could not be utilized so far (September 2015).

1.4 Capital Receipts

The Capital Receipts are either non-debt capital receipts such as proceeds from disinvestment of equity in government companies/ corporations and recoveries of loans and advances or 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) borrowing 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 is negligible and capital receipts are mainly borrowings from banks, financial institutions and the open market, as detailed in **Table 1.12**.

Table-1.12: Trends in growth and composition of receipts

(₹ in crore)

Sources of State's Receipts	2010-11	2011-12	2012-13	2013-14	2014-15	
Capital Receipts (CR)	2,512	2,427	3,396	4,108	4,754	
Miscellaneous Capital Receipts	--	--	--	180	135	
Recovery of Loans and Advances	85	91	428	55	46	
Public Debt Receipts	Internal Resources	2,384	2,289	2,933	3,838	4,512
	GoI	43	47	35	35	61
Rate of growth of debt capital receipts (per cent)	44	(-)4	27	30	18	
Rate of growth of non-debt capital receipts	31	7	370	(-)45	(-)23	
Rate of growth of GSDP	18.72	16.54	10.62	13.53	12.88	
Rate of growth of CR (per cent)	44	(-)3	40	21	16	

1.4.1 Recoveries of loans and advances

Recoveries from loans and advances showed an increasing trend over the period 2010-11 to 2012-13. However, in 2013-14, the recovery of Loans and Advances declined by ₹ 373 crore over the previous year due to less Repayment (₹ 47 crore) by the Energy sector as compared to previous year (₹ 422 crore). During the current year, repayments further declined by ₹ nine crore (16.36 per cent) over previous year.

1.4.2 Debt receipts from internal sources

Debt receipts comprising Market loans, loans from financial institutions, *etc.* over the period 2010-11 to 2014-15 continued to be a source of receipts of the Government. They increased by ₹ 2,128 crore (89.26 *per cent*) over the period 2011-15. During the current year, debt receipts increased by ₹ 674 crore (17.56 *per cent*) over the previous year.

1.4.3 Loans and advances from GoI

The State being a special category state, receives grants-in-aid and loans from GoI in the ratio of 90:10. Therefore, the State Government's outstanding liability on account of loans from GoI (₹ 478 crore) is only 1.91 *per cent* of its total Public Debt (₹ 25,035 crore). It increased by ₹ 18 crore (41.86 *per cent*) over the period 2011-15. During the current year, it increased by ₹ 26 crore (74.29 *per cent*) over the previous year.

1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.*, which do not form part of the Consolidated Fund, 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. Trends of receipts and disbursement under various segments of Public Accounts are given in **Table 1.13**.

Table-1.13: Trends of Public Account Receipts and disbursement during 2013-14 and 2014-15

(₹ in crore)

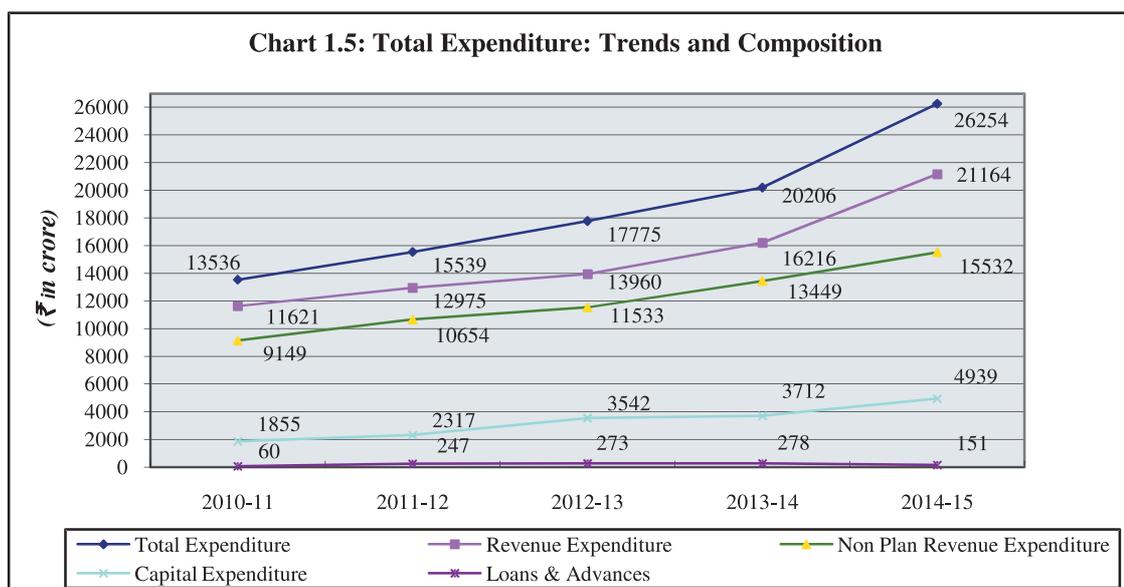
Source of State's Receipts	Public Account Receipts		Disbursement from Public Accounts		Excess of receipts over disbursements	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
a. Small Savings, Provident fund <i>etc.</i>	1,313.17	1,399.93	990.73	979.73	322.44	420.20
b. Reserve Funds	468.31	306.59	472.24	92.02	(-) 3.93	214.57
c. Deposits and Advances	3,086.84	3,484.42	2,735.10	3,085.04	351.74	399.38
d. Suspense and Miscellaneous	16,269.57	24,453.93	16,492.77	24,440.43	(-) 223.20	13.50
e. Remittances	4,816.69	5,387.56	4,499.49	4,937.72	317.20	449.84
Total	25,954.58	35,032.43	25,190.33	33,534.94	764.25	1,497.49

1.6 Application of resources

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

1.6.1 Growth and composition of expenditure

Chart 1.5 presents the trends in total expenditure over a period of five years (2010-11 to 2014-15) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Chart 1.6**.

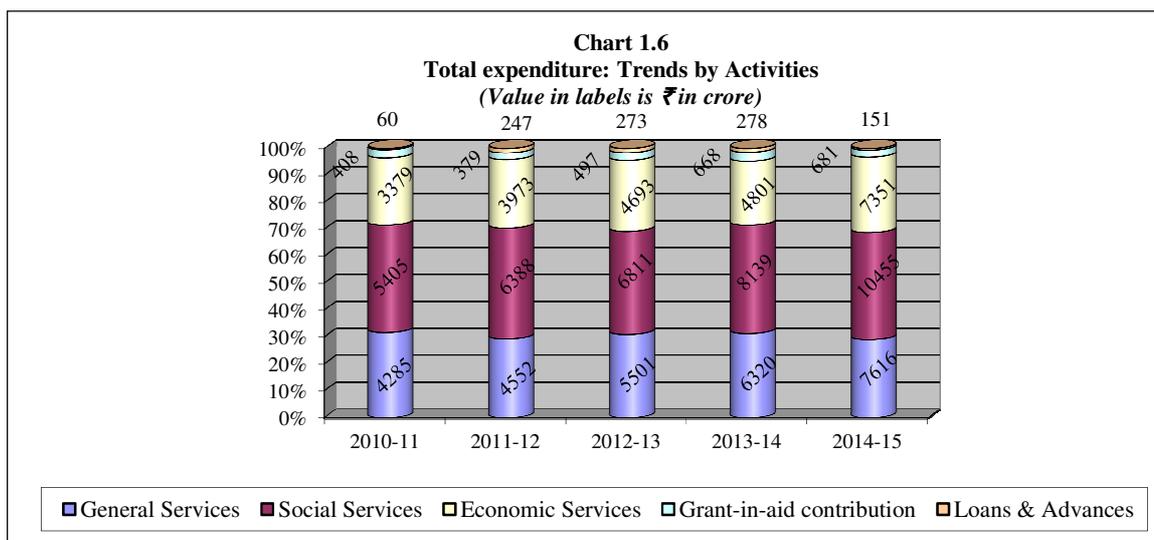


Total expenditure (TE) of the State increased at an average rate of 16.51 per cent per annum during 2010-15. An increase of ₹ 6,048 crore (29.93 per cent) in Total Expenditure during 2014-15 over the previous year was due to increase in Revenue Expenditure (RE) and Capital Expenditure (CE) by ₹ 4,948 crore and ₹ 1,227 crore respectively. However, the disbursement of loans and advances decreased by ₹ 127 crore.

Revenue expenditure (RE): The RE (₹ 21,164 crore) during the current year was 80.61 per cent of TE (₹ 26,254 crore). The increase in RE (₹ 4,948 crore) during the current year was due to increase in expenditure towards (i) Economic Services (₹ 1,789 crore), (ii) Social Services (₹ 1,926 crore), (iii) General Services (₹ 1,220 crore), and (iv) Grants-in-aid and Contribution (₹ 13 crore).

Capital expenditure (CE): The increase in CE of ₹ 1,227 crore (33.05 per cent) during the year was due to increase in (i) Economic Services (₹ 761 crore) (ii) Social Services (₹ 390 crore) and (iii) General Services (₹ 76 crore). As per cent of TE, it showed a fluctuating trend over the period 2010-11 to 2014-15 which was 13.70 per cent in 2010-11 and 18.81 per cent in the year 2014-15. The CE showed an increasing trend during the period 2010-11 to 2014-15 and stood at ₹ 4,939 crore during the current year. The actual expenditure was, however, above the target set forth by the State Government in its Budget (₹ 4,591 crore) but below the target of MTFPS (₹ 5,840 crore).

The relative share of these components of expenditure, which had almost remained unchanged in the recent past (2010-12), has shown a turnaround 2013-14 onwards on account of increased share of capital expenditure. The share of expenditure on General Services including interest payments, which is considered as non-developmental, remained almost identical during 2010-11 to 2014-15. The share of expenditure on Economic Services has increased from 23.76 per cent in 2013-14 to 28.00 per cent in 2014-15. Social Services showed a nominal decrease of less than one per cent during 2014-15 over previous year.



The share of **Plan Revenue Expenditure (PRE)** in the Revenue Expenditure of the State showed a decrease of ₹ 151 crore (6.11 per cent) during 2011-12 but increased by ₹ 106 crore (4.57 per cent) in 2012-13 and ₹ 340 crore (14.01 per cent) during 2013-14. During the current year 2014-15, it further increased by ₹ 2,865 crore (103.54 per cent) over the previous year. Current year increase was mainly on account of Rural Development (₹ 1,081 crore), Social Welfare and Nutrition (₹ 584 crore), Water Supply, Sanitation, Housing and Urban Development (₹ 312 crore), Education, Sports, Art & culture (₹ 290 crore), Health and Family Welfare (₹ 252 crore), Agriculture and Allied Activities (₹ 196 crore), Welfare of the Scheduled Castes, the Scheduled Tribes and the other backward classes (₹ 74 crore), Fiscal Services (₹ 28 crore), Other Social Services (₹ 26 crore), Organs of the State (₹ 24 crore) and General Economic Services (₹ 14 crore). However, there was a decrease of ₹ 7 crore in Transportation during 2014-15.

Non-Plan Revenue Expenditure (NPRE) of the State increased by ₹ 6,383 crore (69.77 per cent) from ₹ 9,149 crore in 2010-11 to ₹ 15,532 crore in 2014-15. During the current year, the increase in NPRE of ₹ 2,083 crore (15.49 per cent) was mainly due to increase in expenditure under salaries (₹ 878 crore) and pension (₹ 321 crore). **Table 1.14** depicts the details of actual NPRE with reference to projections made by the State Government at different stages during the year 2014-15.

Table-1.14: Actual NPRE vis-à-vis projections for 2014-15

Non-Plan Revenue Expenditure (NPRE)	Assessment made by ThFC	Assessment made by State Government in		Actuals
		Budget	MTFPS	
	11,038	18,677	18,772	15,532

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

During the current year, the NPRE (₹ 15,532 crore) exceeded the normative assessment of ₹ 11,038 crore made by the Th. FC by ₹ 4,494 crore (40.71 per cent) but was lesser than the projections made by the State Government in its Budget (₹ 18,677 crore) and MTFPS (₹ 18,772 crore) by ₹ 3,145 crore and ₹ 3,240 crore respectively.

1.6.2 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.15** present the trends in the expenditure on these components during 2010-15.

Table-1.15: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15		
					BE	Actuals	Percentage of variation over BE to Actuals
Salaries & Wages, of which	4,721 (40.67)	5,244 (38.30)	5,724 (36.35)	6,431 (37.13)	8,145	7309	(-) 10.26
Non-Plan Head	4,464	4,971	5,423	6,115		6944	
Plan Head*	257	273	301	316		365	
Interest Payments	1,480 (12.75)	1,769 (12.92)	2,089 (13.27)	2,056 (11.87)	2,948	2,406	(-) 18.39
Expenditure on Pensions	1,142 (9.84)	1,135 (8.29)	1,366 (8.67)	2,131 (12.30)	2,424	2,452	(+) 1.16
Subsidies	44 (0.38)	220 (1.61)	163 (1.04)	24 (0.14)	--	209	--
Total Committed Expenditure	7,387 (63.64)	8,368 (61.12)	9,342 (59.33)	10,642 (61.44)	13,517	12376	(-) 8.44
Other Components	1,762 (15.18)	2,286 (16.70)	2,191 (13.91)	2,807 (16.21)	5,160	3156	(-) 38.84
Total NPRES	9,149	10,654	11,533	13,449	18,677	15,532	(-)16.84
Total Revenue Expenditure.	11,621	12,975	13,960	16,216	23,792	21,164	(-)11.05
Revenue Receipts	11,608	13,691	15,747	17,321	24,474	20,247	(-)17.27

Figures in the parentheses indicate percentage to revenue receipts

*Plan Head also includes the salaries and wages paid under centrally sponsored schemes

The committed expenditure, which was 64 per cent of revenue receipts in 2010-11, decreased by three per cent during the current year and was 61 per cent of revenue receipts. However, it increased by ₹ 4,989 crore over the period 2010-15. There is a need to take steps to contain the committed expenditure as it leaves little scope for the government to spend more on developmental activities.

Salaries and Wages

During the current year expenditure on salaries (₹ 7,309 crore) consumed 47.06 per cent of NPRES (₹ 15,532 crore). The expenditure on salaries during the years 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 grew by 7.59 per cent, 11.08 per cent, 9.15 per cent, 12.35 per cent and 13.65 per cent respectively. Salary expenditure during these five years was still higher than the Th. FC projections. The actual expenditure on salaries during 2014-15 was well below the target fixed by the State Government in its Budget (₹ 8,145 crore) and MTFPS (₹ 8,254 crore) for the current year. However, for the year 2014-15 the BE and MTFP were overestimated as they were 26.65 per cent and 28.35 per cent higher than the Actual Expenditure made during 2013-14.

Th. FC prescribed that expenditure under the head salaries should be 35 per cent of revenue expenditure net of interest payments and pensions while the actual expenditure on salaries accounted for around 44.28 per cent in the current year.

Pension Payments

The State Government estimated the pension liabilities on the historical growth rate of pension and not on actuarial basis. Expenditure on pension payments was ₹ 2,452 crore in

2014-15, which constituted 12.11 *per cent* of the revenue receipts. However, during the current year, it increased by 15.06 *per cent* over the previous year 2013-14. The pension payments during the current year were higher (₹ 844 crore) than the normative assessment (₹ 1,608 crore) made by *Th. FC* for the current year (Annexure 7.7 of *Th. FC* Report).

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

Interest Payments

As shown in **Table 1.15**, interest payments increased by 62.57 *per cent* during 2010-15 primarily on account of earlier borrowings. Interest payments during 2014-15 included interest on Internal Debt⁵ (₹ 1,853 crore), Small Savings, Provident Fund *etc.* (₹ 470 crore), other obligations (₹ 45 crore) and loans and advances from Government of India (₹ 38 crore). Interest payments (₹ 2,406 crore) during the current year were 11.88 *per cent* of RR, which were lower by ₹ 542 crore than the target of ₹ 2,948 crore set by the State Government in its Budget but higher by ₹ 327 crore than the normative assessment of ₹ 2,079 crore made by the *Th. FC* for the current year. The interest payment was less by ₹ 155 crore than the target of ₹ 2,561 crore fixed in MTFPS.

Subsidies

In any welfare state, it is not uncommon to provide subsidies/ subventions to the disadvantaged sections of the society. Subsidies are dispensed not only explicitly but also implicitly by providing subsidised public service to the people. Budgetary support to financial institutions, inadequate returns on investments and poor recovery of user charges from social and economic services provided by the Government also falls in the category of implicit subsidies.

Finance Accounts (**Appendix II**) showed an explicit subsidy of ₹ 43.49 crore (2010-11), ₹ 219.67 crore (2011-12), ₹ 163.23 crore (2012-13), ₹ 23.63 crore (2013-14) and ₹ 208.71 crore (2014-15) during the last five years.

The amount of subsidy given during the year showed an increase of ₹ 185.08 crore (783.24 *per cent*) as compared to the previous year. The increase was mainly on account of subsidy given for Food, Storage and Warehousing under the Agriculture & Allied Activities of ₹ 171.25 crore against the Nil subsidy given in the previous year.

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

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

⁵ Refer glossary in **Appendix-4.1**

Table-1.16: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2010-11	2011-12	2012-13	2013-14	2014-15	
					BE	ACTUAL
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	488.49	403.45	501.83	431.05	927.88	714.27
Municipal Corporations and Municipalities	154.72	175.76	306.28	321.19	471.99	380.17
Zila Parishads and Other Panchayati Raj Institutions	252.96	203.04	190.59	347.21	335.80	301.10
Development Agencies	526.00	409.35	480.80	562.37	1387.24	891.07
Hospitals and Other Charitable Institutions	71.23	86.98	134.78	108.99	437.67	335.89
Energy (Non-conventional source of energy)	7.50	6.32	12.89	6.88	26.81	5.11
Agriculture Research and Educational Institution, Land Reforms for updating land records and Wild life Preservation	151.15	205.54	79.71	111.16	335.18	245.18
Co-operatives	9.56	7.30	9.75	11.83	9.58	4.64
Animal Husbandry, Dairy Development and Fisheries	13.16	8.65	8.75	10.43	34.49	28.58
Secretariat Economics Services & Tourism	18.43	29.34	36.28	49.33	110.65	68.80
Social Security & Welfare of Scheduled Caste, Scheduled Tribe & Other Backward Classes	97.46	211.10	254.31	285.85	446.66	412.94
Other Institutions	131.61	31.12	115.75	80.27	170.85	127.67
Total	1,922.27	1,777.95	2,131.72	2,326.56	4,694.80	3,515.42
Assistance as per percentage of RE	16.54	13.70	15.27	14.35	19.73	16.61

Source: V.L.C. data of Accountant General (A&E), Uttarakhand.

The total assistance to local bodies and other institutions declined by ₹ 144 crore (7.51 per cent) in the year 2011-12 in comparison to 2010-11. However, the assistance during the year 2012-13 and 2013-14 increased by ₹ 354 crore (19.90 per cent) and ₹ 195 crore (9.14 per cent) respectively. During the current year 2014-15, it again increased by ₹ 1,188.86 crore (51.10 per cent) over the previous year. Educational institutions and development agencies together accounted for 45.67 per cent of the total financial assistance during the current year.

The increase in assistance during the current year was mainly under Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.) (₹ 283.22 crore), Development Agencies (₹ 328.70 crore), and Hospitals and Other Charitable Institutions (₹ 226.90 crore).

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 basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services), efficiency of expenditure, and its effectiveness (assessment of outlay-outcome relationships for select services).

1.7.1 Adequacy of Public expenditure

The expenditure responsibilities relating to social sector and economic infrastructure, assigned to the State Governments, are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure category to aggregate expenditure) can be stated to have been attached to a particular sector if the priority given to that particular head of expenditure is below the Special Category States' average for that year.

Table 1.17 analyses the fiscal priorities of the State Government with regard to Development Expenditure (DE), Social Sector Expenditure (SSE) and Capital Expenditure (CE) relative to Special Category States in 2011-12 and the current year 2014-15.

Table-1.17: Fiscal Priority of the State during 2011-12 and 2014-15

<i>(in per cent)</i>							
Fiscal Priority by the State	AE/GSDP	DE#/AE	SSE/AE	ESE/AE	CE/AE	Education/AE	Health/AE
Special Category States' Average (Ratio) 2011-12	26.39	61.26	37.02	28.37	14.02	18.86	5.40
Uttarakhand's Average (Ratio) 2011-12	15.88	68.25	41.11	27.14	14.91	23.41	4.55
Special Category States' Average (Ratio) 2014-15	NA	63.51	38.14	28.89	14.22	19.31	5.49
Uttarakhand's Average (Ratio) 2014-15	18.93	68.39	39.82	28.57	18.81	18.76	5.32

AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure ESE: Economic Sector Expenditure
Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.
Source: Economic Advisor, Office of the Comptroller and Auditor General of India.

Fiscal priority refers to the priority given to a particular category of expenditure by the State. A comparative study of expenditure in 2014-15 with that in 2011-12 showed the following:

- The Government's aggregate expenditure as a proportion of GSDP in 2014-15 in comparison to 2011-12 was higher by 3.05 *per cent*.
- Development Expenditure (DE) as a proportion of Aggregate Expenditure (AE) in 2014-15 in comparison to 2011-12 was almost identical.
- Social Sector Expenditure as a proportion of AE declined by 1.29 *per cent*.
- The proportion of Capital Expenditure (CE) in AE increased by 3.90 *per cent*.
- Development Expenditure as a proportion of Aggregate Expenditure in the State has been higher than the Special Category States' average. Development Expenditure consists of both Economic and Social Service Sector Expenditure. The Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was higher than that of SCS by 4.09 *per cent* in 2011-12 but reduced to 1.68 *per cent* in 2014-15. As observed from the **Table 1.17**, adequate priority needs to be given to health sector as the ratio under health sector was below the average of SCS during 2011-12 and 2014-15.
- Priority has been given by the State Government to Capital Expenditure in 2011-12 and 2014-15 as the ratio of Capital Expenditure to Aggregate Expenditure has been higher than the average ratio of Special Category States.

1.7.2 Efficiency of 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 goods⁶. Apart from improving the allocation towards development expenditure⁷, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the

⁶ Refer the glossary in **Appendix-4.1**

⁷ Refer the glossary in **Appendix-4.1**

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 trends in development expenditure relative to the Aggregate Expenditure of the State both during the current year and the previous year *vis-à-vis* allocations, **Table 1.19** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

The share of Developmental Revenue Expenditure in the Total Expenditure showed an inter-year variation during the period 2010-15 and remained on an average 49 *per cent* during the period. During the current year 2014-15, it showed an increase of 39.66 *per cent* over previous year. The share of Developmental Capital Expenditure also showed inter-year variations but continued to show increasing trend from 2010-11 to 2012-13. However, it decreased by one *per cent* during 2013-14. It again increased by ₹ 1,151 crore (32 *per cent*) during the year 2014-15 as compared to 2013-14. The overall Development Expenditure increased almost by 103.06 *per cent* over the period 2010-11 to 2014-15.

Table-1.18: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	
					BE	Actuals
Development Expenditure (a to c)	8,842 (65)	10,607 (68)	11,776 (66)	13,216 (65)	19,451	17,955 (68)
(a) Development Revenue Expenditure	7,033 (52)	8,121 (52)	8,091 (45)	9,366 (46)	14,827	13,081 (49)
(b) Development Capital Expenditure	1,750 (13)	2,240 (14)	3,413 (19)	3,574 (18)	4,414	4,725 (18)
(c) Development Loans and Advances	59 (0.44)	246 (2)	272 (2)	276 (1)	210	149 (1)

Figures in parentheses indicate percentage to aggregate expenditure

Table-1.19: Efficiency of Expenditure Use in Selected Social and Economic Services

(in per cent)

Social/Economic Infrastructure	2013-14			2014-15		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O & M		S & W	O & M
Social Services (SS) expenditure on major components						
General Education	0.76	18.21	0.005	0.60	15.55	0.004
Health and Family Welfare	0.73	4.01	0.040	0.99	3.51	0.037
WS, Sanitation, & HUD	1.40	0.05	0.010	1.46	0.04	0.008
Total expenditure under SS	4.16	23.40	0.082	4.69	20.08	0.077
Economic Services(ES) expenditure on major components						
Agriculture & Allied Activities	2.96	3.48	0.184	0.71	2.99	0.132
Irrigation and Flood Control	2.28	1.40	0.179	2.91	1.23	0.190
Power & Energy	1.27	0.0004	--	0.65	0.0002	0.000
Transport	5.21	0.099	0.167	5.98	0.091	0.004
Total expenditure under ES	18.37	6.42	0.541	13.31	5.69	0.800
Total expenditure under SS & ES	22.53	29.82	0.623	18.00	25.77	0.877

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

Though, no specific norms regarding prioritisation of capital expenditure have been laid in the FRBM Act, the State Government in its Medium Term Fiscal Policy presented to the State Legislature along with the Budget 2014-15, has committed itself in line with the recommendations of the *Th. FC*, which advocates that the fiscal deficit shall be three *per cent* of the GSDP in the year 2014-15. For this, the State Government has to

borrow less, and therefore, there would be fewer funds available to capitalise in near future. However, during the 2014-15 fiscal, the Government managed to capitalise 33 per cent (₹ 1,227 crore) more funds {in 2013-14 it was only five per cent (₹ 170 crore)} as compared to the year 2013-14.

During 2014-15, salaries and wages, as a percentage of revenue expenditure in both Social and Economic Services, decreased by three per cent per and one per cent respectively. The expenditure under Operation & Maintenance as a percentage of revenue expenditure has increased in Economic Services during the current year over the previous year.

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 levels, but also meet its requirements under capital expenditure and investments including loans and advances. In addition, in a transition to complete dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover the cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies, and take requisite steps to infuse transparency in its financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

1.8.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2015 is given in **Table 1.20**.

Table-1.20: Department-wise Profile of Incomplete Projects

(₹ in crore)					
Department	No. of Incomplete Projects	Initial Budgeted cost	*Revised Total cost of Projects	Cost Over Runs in Revised Estimates	Cumulative actual exp. as on 31.3.2015
Public Works Department	141	494.33	500.21	5.88	155.71
* Indicates the Revised total cost of the projects as per the last revision by the State Government as on 31.03.2015					

Source: Finance Accounts

1.8.2 Investment and returns

As on 31 March 2015, the average return on Uttarakhand Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.21**) was negligible and ranged from 0.004 to 0.02 per cent of the investment in the last five years while the Government paid an average interest rate of 7.80 per cent on its borrowings during 2010-11 to 2014-15.

Table-1.21: Returns on Investment

Investment/Return/Cost of Borrowings	2010-11	2011-12	2012-13	2013-14	2014-15
Investment at the end of the year (₹ in crore)	1,296	1,338	2,397 [*]	2,677	2,809
Return (Dividend/ interest) (₹ in crore)	0.21	0.05	0.19	0.30	0.11
Return (per cent)	0.02	0.004	0.01	0.01	0.004
Average rate of interest on Government borrowing (per cent)	7.34	7.83	8.50	7.57	7.73
Difference between interest rate and return (per cent)	7.32	7.83	8.49	7.56	7.73

*figure differs from previous year's figure due to pro forma correction made by AG (A&E) office.

Source: Finance Accounts

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

The major investments were in (i) Uttarakhand Power Corporation, Ltd. (₹ 1,009 crore) and (ii) Uttarakhand Jal Vidyut Nigam, Ltd. (₹ 1,076 crore). The Uttarakhand Power Corporation Ltd. had incurred accumulated loss of ₹ 1,695 crore and Uttarakhand Jal Vidyut Nigam, Limited has an accumulated profit of ₹ 256 crore as per their latest finalised accounts for the year 2013-14.

1.8.3 Departmentally Managed Commercial Undertakings

Activities of quasi-commercial nature are also performed by the departmentally managed undertakings of certain government departments. The department-wise position of the investments made by the Government up to the year for which *proforma* accounts are finalized, net profit/ loss as well as return on capital invested in these undertakings are given in **Appendix-1.5**. It was observed from the finalized accounts of three companies that:

- An amount of ₹ 1.92 crore had been invested by the State Government in ‘Government Irrigation Workshop’, Roorkee, up to 2011-12.
- Out of a total of three undertakings *viz*; Irrigation Workshop, Roorkee; Regional Food Controllers, Haldwani and Dehradun, only Irrigation Workshop had finalised their accounts up to 2011-12. It was a profit earning entity up to 2007-08 but has been posting net losses thereafter.

1.8.4 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the Government has also been providing loans and advances to many of these institutions/ organisations. **Table 1.22** presents the outstanding loans and advances as on 31 March 2015, and interest receipts *vis-à-vis* interest payments during the last three years.

Table-1.22: Average interest received on loans advanced by the State Government

Amount of Loans/Interest Receipts/ Cost of Borrowings	2012-13	2013-14	2014-15	
			BE	Actual
Opening Balance	874.08	718.21	--	940.97
Amount advanced during the year	272.57	277.99	212.59	150.97
Amount repaid during the year	428.44	55.23	45.70	45.58
Closing Balance	718.21	940.97	--	1,046.36
Net addition	(-)155.87	222.76		105.39
Interest Receipts	1.61	3.72		0.14
Interest receipts as per cent to outstanding Loans and advances	0.22	0.40		0.01
Interest payments as per cent to outstanding fiscal liabilities of the State Government	8.18	7.15		7.19
Difference between interest payments and interest receipts (per cent)	7.96	6.75		7.18
Outstanding balance for which terms and conditions have been settled	Information not made available by the State Government			

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

During 2014-15, the Government advanced loans of ₹ 150.97 crore against ₹ 277.99 crore in 2013-14, a sharp decrease of ₹ 127.02 crore (45.69 per cent) over the

previous year. Recoveries of loans and advances also showed a decrease of ₹ 9.65 crore over the previous year.

Interest receipts, as a percentage of outstanding loans and advances have shown marginal depreciation during the current year as compared to previous years. Interest payment as *per cent* to outstanding Fiscal Liabilities of the State was 7.19 *per cent* during 2014-15 while the interest received (return) on loans and advances given to various institutions, Corporations/ Government Companies and Government servants, *etc.* by the State was only 0.01 *per cent* as against the target of seven *per cent* by 2009-10 fixed by the Twelfth Finance Commission.

The total loans advanced by the Government as on 31 March 2015 stood at ₹ 1,046.36 crore. The major beneficiaries were Agriculture and Allied Activities (₹ 795.99 crore), Transport (₹ 135.11 crore) and Energy (₹ 53.49 crore) sectors.

1.8.5 Cash balances and investment of cash balances

Table 1.23 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.23: Cash Balances and Investments out of Cash balances (₹ in crore)

Particulars	As on 1 st April 2014	As on 31 st March 2015
General Cash Balance(a)		
Cash in Treasuries and local Remittances	00	00
Deposits with Reserve Bank	558.31	104.19
Deposits with other Banks(B)	00	00
Total	558.31	104.19
Investments held in Cash Balance investment account	799.50	592.21
Total (a)	1,357.81	696.40
(b) Other Cash Balances and Investments		
Cash with departmental offices <i>viz.</i> Public Works Department Officers, Forest Department Officers, District Collectors	(-) 2.15	(-) 2.15
Permanent advances for contingent expenditure with departmental officers	(-) 0.87	(-) 0.84
Investments of earmarked funds	1,078.62	1,078.62
Total (b)	1,075.60	1,075.63
Grand Total (a) + (b)	2,433.41	1,772.03

Source: Finance Accounts.

The closing cash balance (CB) at the end of the current year (₹ 1,772.03 crore) decreased by ₹ 661.38 crore over the previous year (₹ 2,433.41 crore).

The State Government had created an earmarked fund of ₹ 1,078.62 crore from CB. The same amount was invested from the earmarked fund in GoI securities and earned an interest of ₹ 60.67 crore during 2014-15. The interest realised on cash balance was 5.62 *per cent* during 2014-15 while government paid interest at the average rate of 7.73 *per cent* on its borrowings during the year. The Government did not resort to overdraft facility and was able to maintain a minimum cash balance of ₹ 0.16 crore for maximum number of days during 2014-15. However, temporary imbalances in cash flow forced the government to obtain Ways and Means Advances (WMA) on 12 (ordinary and special) occasions during the year. The State had to pay ₹ 0.13 crore as interest on WMA during the year 2014-15.

There was a credit balance of ₹ 84.78 crore lying under the minor head Treasury Cheques below the major head ‘Cheques and Bills’ at the end of financial year 2014-15.

In view of the comfortable position of cash balances, the open market borrowings could be restricted to ₹ 2,400.00 crore against the budgeted target of ₹ 3,000.00 crore. However, there was a revenue deficit of ₹ 917 crore and high fiscal deficit 4.20 per cent of GSDP during the current year.

1.9 Assets and Liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing government accounting system, comprehensive accounting of fixed assets such as land and buildings owned by the Government is not done. However, the government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix-1.4 (Part-B)** gives an abstract of such liabilities and the assets as on 31 March 2015, compared with the corresponding position as on 31 March 2014. While the liabilities in this Appendix consists mainly of internal borrowings, loans and advances from GoI, receipts in the public account and reserve funds, the assets comprise mainly of capital outlay, loans and advances given by the State Government, and cash balances.

1.9.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix-1.3; Appendix-1.4 & Statement 6** of the State Finance Accounts. The compositions of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.7 and 1.8**.

Chart 1.7: Composition of Outstanding Fiscal Liabilities as on 31.03.2014 (₹in crore)

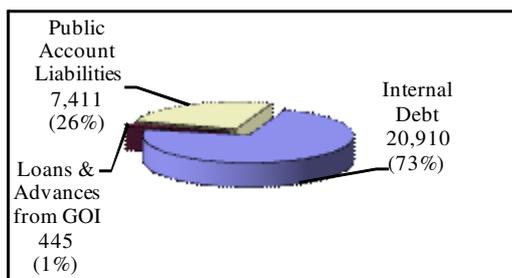
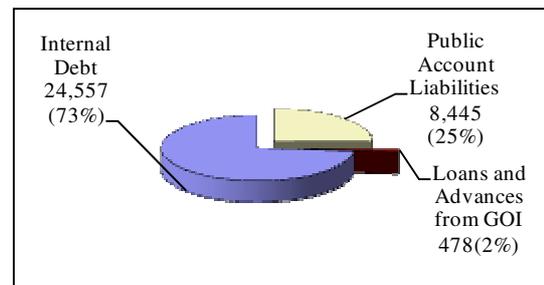


Chart 1.8: Composition of Outstanding Fiscal Liabilities as on 31.03.2015 (₹in crore)



The debt-GSDP ratio for the year of 2014-15 (24.13 per cent) appreciated by 0.72 per cent in comparison to previous year’s ratio (23.41 per cent). The ratio remained well below the normative assessment of *Th. FC* (37.20 per cent) for the year. The overall fiscal liabilities increased by 55.01 per cent from ₹ 21,598 crore in 2010-11 to ₹ 33,480 crore in 2014-15. The State liabilities which stood at ₹ 33,480 crore at the end of 2014-15 were composed of public debt (₹ 25,035 crore), Small Savings and Provident Fund etc. (₹ 5,463 crore), and other obligations (₹ 2,982 crore). The increase in the fiscal liabilities (₹ 4,713 crore) at the end of the current year as compared to the previous year 2013-14 was mainly on account of Internal Debt, Deposits, Small Savings, Provident

Fund and Reserve Fund *etc.* which rose by ₹ 3,647 crore, ₹ 399 crore, ₹ 420 crore and ₹ 214 crore respectively. Fiscal liabilities grew over the years; it rose by 16.38 *per cent* in 2014-15 over the previous year. The buoyancy of these liabilities with respect to GSDP during the year was 1.27 indicating that for each percentage point increase in GSDP, fiscal liabilities grew by 1.27 *per cent*. These liabilities stood at 1.65 times State's revenue receipts and 3.54 times its own resources. The sinking fund is in operation since the inception of the State (revised in September 2006) for amortization of outstanding liabilities of the Government and the State has to contribute at the rate of 0.5 *per cent* of outstanding liabilities at the end of the previous year. The State Government has made no contribution towards the fund during the current year which comes to ₹ 143.83 crore.

1.9.3 Transactions under Reserve Funds & Deposits

(a) State Government operated eight Reserve Funds as on 31 March 2015 out of which two Reserve Funds are interest bearing (₹ 279.36 crore) and six non-interest bearing funds (₹ 1,159.37 crore). Out of these eight funds, three funds are inoperative (balance ₹ 12.10 crore) and five funds are operative (balance ₹ 1426.63 crore). As on 1 April 2014, opening balance against these funds was ₹ 1,224.16 crore. During the year, the State Government made book transfers amounting to ₹ 306.59 crore from the Consolidated fund to various Reserve Funds and expenditure met from these funds was ₹ 92.02 crore, leaving a balance of ₹ 1,438.73 crore as on 31 March 2015. Out of ₹ 1,438.73 crore, ₹ 1,078.62 crore has been invested to the end of the year.

(b) The interest liability of ₹ 15.28 crore in respect of Reserve Funds Bearing Interest and Deposits Bearing Interest, under *Sectors J and K* respectively of the Public Accounts are annual liabilities that the State Government is required to discharge. No budget provision for the interest payable has been made by the State Government despite the existence of balance in such Reserve Funds and Deposits, as on 01 April 2014, as detailed in the **Table 1.24**.

Table-1.24: Details of Cash balances in Reserve Funds and Deposits

(₹ in crore)

Sector	Sub-Sector	Rate of Interest	Balance at the beginning of 2014-15	Interest Payable
J- Reserve Fund	(a) Reserve Funds bearing interest (including SDRF)	7.5 <i>per cent</i> (average of W&M interest rate)	67.43	5.05
K- Deposits and Advances	(a) Deposit bearing interest (excluding CPS) MH-8342-117	-do-	136.46	10.23
Total Interest				15.28

Consolidated Sinking Fund: In terms of the recommendations of the Twelfth Finance Commission, the State Government constituted a revised scheme for constitution and administration of the Consolidated Sinking Fund in 2006 for redeeming its outstanding liabilities (internal debt and public account liabilities of the State Government). The Fund is administered by the Reserve Bank of India (RBI) subject to such directions/instructions as the Government may issue from time to time. The government pays to the RBI, a commission at the rate of 1/8 *per cent* of one *per cent* on the turnover of the Fund

or at the rate to be mutually decided from time to time. In the year 2014-15, no amount has been appropriated from the Consolidated Fund of the State to the Sinking Fund, in contravention of the provision of sinking fund scheme. Consequently, the Revenue Deficit of the State Government has been under stated to the extent of ₹ 143.83 crore (0.5% of the total liabilities of ₹ 28,766.49 crore of previous year). The total accumulations at the end of 2014-15 stood at ₹ 1,128.00 crore. Out of the total accumulation in the Fund, an amount of ₹ 1,053.62 crore was invested by the Reserve Bank of India.

State Disaster Response Fund (SDRF): Government of India replaced the existing Calamity Relief fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Centre and Special Category State like Uttarakhand are required to contribute to the Fund in the proportion of 90:10. As per the guidelines, these contributions are to be transferred to the Public Account under Major Head 8121 by operating the Expenditure Major Head 2245. Expenditure incurred during the year on disaster response is adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head 2245. Balance outstanding in the Fund, at the end of the year is invested. Government of India provides additional assistance from the National Disaster Response Fund (NDRF) – when the balance available under SDRF is insufficient to meet the expenditure on account of natural calamities. The entire funds provided under the NDRF are used directly against the expenditure on natural calamities.

As on 1 April 2014, the Fund had a balance of ₹ 67.41 crore. During 2014-15, the Central Government released an amount of ₹ 68.30 crore (against the allocated amount of ₹ 128.72 crore) towards SDRF and ₹ 216.81 crore from NDRF. The State Government transferred the entire Central Government release to the Public Account together with its own share ₹ 14.30 crore. Though Government of India has not released the total allocation towards SDRF, the State Government of Uttarakhand has released its total share of allocated amount. From out of the available balance in the Fund, expenditure of ₹ 87.47 crore initially incurred under the MH 2245-Relief on account of Natural Calamities was set off, leaving a balance of ₹ 279.35 crore balance in the Fund as of 31 March 2015.

1.9.4 Status of Guarantees – Contingent liabilities

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

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

As per **Statement 9** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years are given in **Table 1.25**.

Table-1.25: Guarantees given by the Government of Uttarakhand

Guarantees	2012-13	2013-14	2014-15
Outstanding amount of guarantees	1,570	1,475	1,832
Percentage of amount guaranteed to total revenue receipts	9.97	8.52	9.05

Source: Finance Accounts.

The amount of guarantees outstanding as on 31 March 2015 is ₹ 1,832 crore which comprises Power Sector (₹ 1,224 crore), Co-operatives (₹ 600 crore) and others (₹ eight crore). The Government has not invoked any guarantee during the year.

The government has constituted a “Guarantee Redemption Fund” for discharge of invoked guarantees with a corpus of ₹ 25 crore. Neither any amount has been appropriated nor withdrawn from the Fund during the year 2014-15.

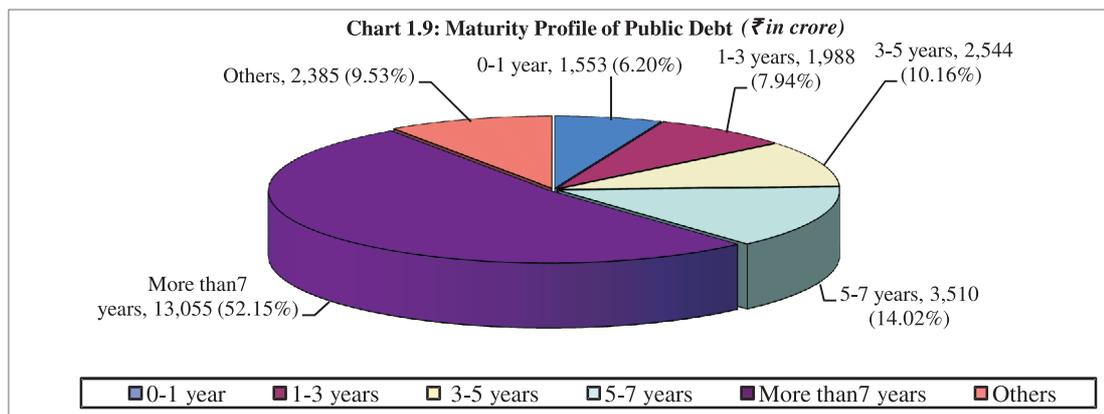
1.10 Debt Management

(i) Debt Profile

The maturity profile of the State's outstanding loans and advances (public debt) is given in **Table 1.26** and **Chart 1.9**.

Table-1.26: Maturity Profile of Public Debt

Maturity profile	Amount	Percentage to total Public Debt
0-1 year	1,553	6.20
1-3 years	1,988	7.94
3-5 years	2,544	10.16
5-7 years	3,510	14.02
More than 7 years	13,055	52.15
Other (information not made available by the State Government)	2,385	9.53
Total	25,035	100



Source: Finance Accounts.

As there was fiscal deficit in last five years, the Government had to borrow to meet its committed expenditure obligations. The maturity profile of outstanding stock of public debt as on 31 March 2015 shows that 52.15 per cent of the Public Debt was in the maturity bucket of seven years and above.

(ii) Debt Sustainability

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

sustainability of debt of the State Government in terms of debt-GSDP ratio; debt-RR ratio; sufficiency of non-debt receipts; net availability of borrowed funds; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.27** analyzes the debt sustainability of the State according to these indicators for the period of three years beginning from 2012-13.

Table-1.27: Debt Sustainability: Indicators and Trends (₹in crore)

Indicators of Debt Sustainability ⁸	2012-13	2013-14	2014-15
Ratio of Debt to GSDP [#] (in per cent)	23.59	23.41	24.13
Ratio of Debt to Revenue Receipt (in per cent)	162.19	166.08	165.36
Sufficiency of Non-debt Receipts (Resource Gap) ⁹	(+)157	(-) 1,050	(-) 3,176
Net Availability of Borrowed Funds ¹⁰	5	1,301	2,358
Burden of Interest Payments (IP/RR Ratio) in per cent	13.27	11.87	11.88

A low debt-GSDP ratio shows in economy that it produces and sells goods and services sufficient to pay back debts without incurring further Debt.

The trends in **Table 1.27** indicate that the debt-GSDP ratio which was 23.41 per cent in 2013-14, has increased marginally to 24.13 per cent during the current year. At 24.13 per cent, the debt-GSDP ratio was well below the target (37.20 per cent) set forth by *Th FC* for the year 2014-15 in respect of Uttarakhand. The Debt GSDP ratio was also among the lowest in the category of Special Category States. The ratio of debt to revenue receipts increased in 2013-14 by 3.89 per cent but decreased marginally by 0.72 per cent during the current year due to higher growth rate in revenue receipts and decreased rate of borrowings.

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure termed as resource gap. The debt sustainability could be significantly facilitated if the incremental non-debt receipts¹¹ could meet the incremental interest burden and the incremental primary expenditure. A positive resource gap strengthens the capacity of State to sustain the debt. **Table 1.27** indicates resource gap as defined for the period 2012-15.

The State had enhanced positive resource gap during 2012-13, which in turn increased the revenue surplus to ₹ 1,787 crore during the year 2012-13. During the year 2013-14 the positive resource gap turned into negative and was ₹ 1,050 crore reducing the revenue surplus by ₹ 682 crore to ₹ 1,105 crore. In the current year, the negative resource gap further deteriorated to ₹ 3,176 crore in comparison to previous year which in turn converted the revenue surplus into revenue deficit (₹ 917 crore) in 2014-15. The fiscal deficit was brought down to reasonable limits during 2011-12 (₹ 1,757 crore) which further came down to ₹ 1,600 crore during the year 2012-13 (1.48 per cent of the GSDP). During the year 2013-14, the Fiscal Deficit deteriorated and was ₹ 2,650 crore (2.16 per cent of GSDP), however, which was within the normative assessment of 3.50 per cent made by the *Th FC*. During 2014-15 the Fiscal Deficit further deteriorated

⁸ Refer glossary in **Appendix-4.1**.

⁹ Refer glossary in **Appendix-4.1**.

¹⁰ Refer glossary in **Appendix-4.1**.

¹¹ Refer glossary in **Appendix-4.1**.

and was ₹ 5,826 crore (4.20 per cent of GSDP) which was above the normative assessment of 3.00 per cent made by the *Th. FC*.

Debt redemption ratio was 0.83 during the year 2010-11 indicating the fact that the borrowed funds were used for the repayments towards the discharge of past debt obligations during the year (*Appendix-1.3*). However, it again showed an upward trend in 2011-12 and 2012-13 but declined during 2013-14 and 2014-15 to 0.82 and 0.71 respectively. Thus, more funds were available for capitalization of funds/ productive expenditure after paying principal and interest from borrowed funds during the year 2014-15.

1.10.1 Market Borrowings

Position of Market Borrowing (MB)

Table 1.28 represents the position of the market borrowings of the State Government for the period 2010-15:

Table-1.28: Position of market borrowings of the State Government (₹ in crore)

Years	Opening balance as on 1 st April	Receipts during the year	Payments during the year	Closing balance as on 31 st March	Increase (+)/ decrease (-) during the year	
					Amount	Per cent
2010-11	6,345.53	991.52	102.00	7,235.05	889.52	14.02
2011-12	7,235.05	1,400.00	240.73	8,394.32	1,159.27	16.02
2012-13	8,394.32	1,750.00	949.87	9,194.45	800.13	9.53
2013-14	9,194.45	2,500.00	763.89	10,930.56	1,736.11	18.88
2014-15	10,930.56	2,400.00	308.85	13,021.71	2,091.15	19.13
Total		9,041.52	2,365.34			

Source: Finance Accounts of concerned years.

The above table indicates that the Government of Uttarakhand borrowed and repaid ₹ 9,041.52 crore and ₹ 2,365.34 crore respectively during the period 2010-11 to 2014-15. During 2011-15, the repayment was 26.16 per cent of total loans raised by the State Government (₹ 9,041.52 crore). The interest paid on these loans rose from ₹ 498 crore in 2010-11 to ₹ 921 crore in 2014-15 at weighted average interest rate of 7.93 per cent in 2010-11 to 8.15 per cent in 2014-15. Slow pace of repayment will increase the need of rollovers in coming years. The maturity pressure of existing Market Borrowings on the Government would also be considerable. The above table also shows that the Market Borrowings have an increasing trend from 2010-11 to 2013-14. However, it decreased during the current year by ₹ 100.00 crore. The receipts during this period showed nearly 2.42 times increase from 2010-11 to 2014-15. This indicated continued dependency of the State Government on borrowed funds.

Violation of provision of FRBM Act

Section 4(d) of FRBM Act, 2005 stipulates that borrowings are to be used on self-sustained development activities, and creation or augmentation of capital assets, and are not to be applied in financing current expenditure. The Government, in each tranche of loan, notified the objective that the proceeds of loans will be utilised for financing development schemes, particularly those relating to Power, Agriculture, Irrigation, Transportation and Industries for the benefit, especially, of weaker sections and backward areas of the State. Government raised market loans with the above object are given in **Table 1.29**.

Table-1.29: Details of Market Loans raised and repayments made by the Government during 2010-15

(₹ in crore)

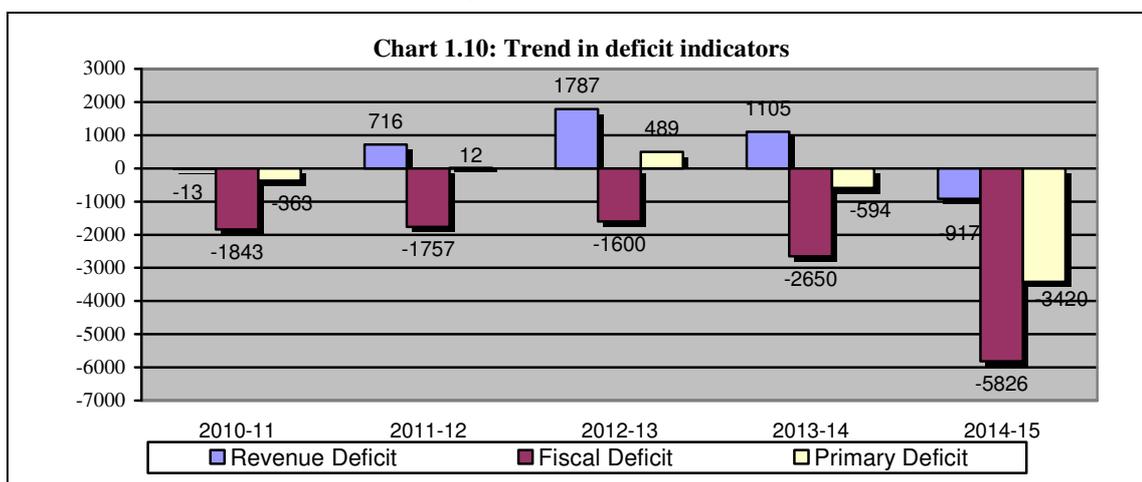
Year	Amount of market borrowing				
	Raised	For the purpose of repayment		For the purpose of capital expenditure	
		Amount	per cent	Amount	per cent
2010-11	991.52	102.00	10.29	889.52	89.71
2011-12	1,400.00	240.73	17.20	1159.27	82.80
2012-13	1,750.00	949.87	54.28	800.13	45.72
2013-14	2,500.00	763.89	30.56	1,736.11	69.44
2014-15	2,400.00	308.85	12.87	2,091.15	87.13

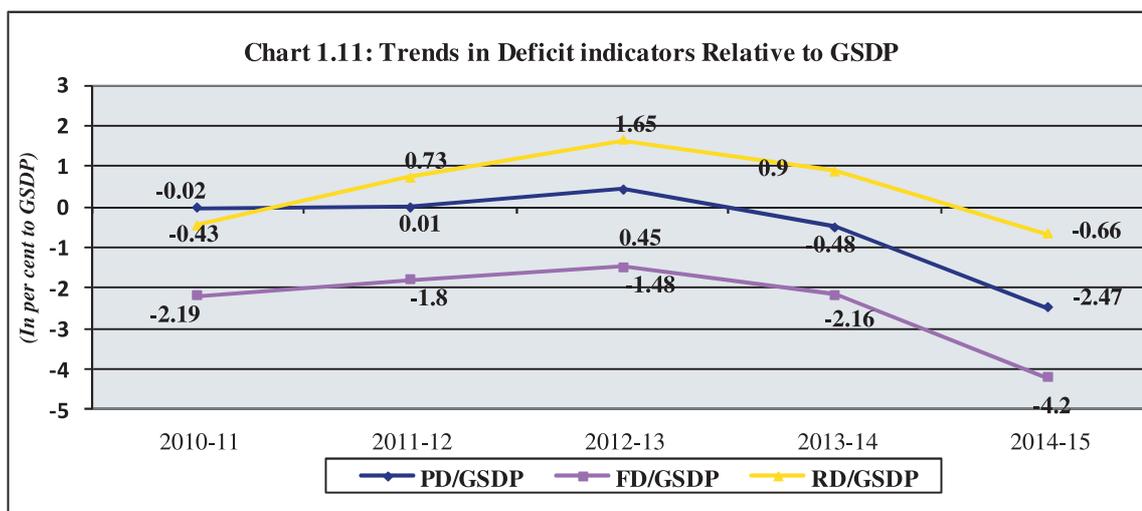
The above table indicates that the Government utilised on an average 25.04 per cent of the fresh borrowings (2010-11 to 2014-15) for making re-payments of matured market loans whereas on an average 74.96 per cent were applied for capital expenditure in the respective years. The payment of matured market loans from fresh loans was against the provisions of FRBM Act, besides defeating the very objective for these loans.

1.11 Fiscal Imbalances

1.11.1 Trends in Deficits

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied, are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/ Rules for the financial year 2014-15. **Charts 1.10** and **1.11** present the trends in deficit indicators over the period 2010-11 to 2014-15.





The State experienced a revenue deficit during 2010-11 mainly on account of implementation of the Sixth Central Pay Commission recommendations. However, the State was able to bring down the revenue deficit to almost nil (₹ 13 crore) during the year 2010-11 and attained a surplus of ₹ 716 crore during 2011-12, ₹ 1,787 crore in 2012-13 and ₹ 1,105 crore in 2013-14. However, during the current year the State could not maintain revenue surplus and again experienced a revenue deficit which stood at ₹ 917 crore at the end of 2014-15.

The fiscal deficit had been reduced during 2010-11 and was 2.19 *per cent* of GSDP below the four *per cent* target set forth in FRBM Act 2005. The continued efforts of the government towards fiscal consolidation resulted in the decline in fiscal deficit in 2011-12 and 2012-13 also. However, fiscal deficit increased by ₹ 1,050 crore during 2013-14 and was ₹ 2,650 crore. During 2014-15, fiscal deficit further increased by ₹ 3,176 crore and was ₹ 5,826 crore. Fiscal deficit at ₹ 5,826 crore is currently pegged at 4.20 *per cent* of the GSDP and it was above the target of three *per cent* set forth by the *Th. FC* in this regard.

The primary deficit was ₹ 363 crore during the year 2010-11 which turned into positive during the year 2011-12. It continued to be positive during the year 2012-13 also but it turned into negative (₹ 594 crore) during 2013-14 and further continued to be negative up to ₹ 3,420 crore at the end of the current year.

During 2014-15, the State Government booked Grants- in- Aid of ₹ 399.21 crore given for creation of Capital Assets under Capital Heads, Major construction works of ₹ 660.63 crore under Revenue Heads and Minor construction works of ₹ 1.70 crore under Capital Section which was against the Government Accounting Rules. The State Government made no contribution to Sinking Fund of ₹ 143.83 crore and also did not provide interest on Reserves and Deposits of ₹ 15.28 crore during the current year.

The impact on Revenue and Fiscal Deficits of the State Government as per details given in above paragraph is given below:

(₹ in crore)

Sl. No.	Item	Impact on Revenue Deficit		Impact on Fiscal Deficit		Ratios before taking the net Impact		Ratios after taking the net Impact	
		Over Statement	Under Statement	Over Statement	Under Statement	RD/ GSDP	FD/ GSDP	RD/ GSDP	FD/ GSDP
1.	Misclassification between Revenue and Capital Account	658.93	--	--	--	0.66	4.20	0.59	4.31
2.	Booking of Grant in aid in Capital Account	--	399.21	--	--				
3.	No contribution to Sinking Fund	--	143.83	--	143.83				
4.	Non provision of interest on Reserves and Deposits	--	15.28	--	15.38				
Total (Net) impact		100.61 (Over Statement)		159.21 (Under Statement)					

Source: Finance Accounts.

1.11.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the Table 1.30.

Table-1.30: Components of Fiscal Deficit and its Financing Pattern (₹ in crore)

Sl.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Components of Fiscal Deficit						
1	Revenue Deficit (-)/ Surplus(+)	(-)13	(+)716	(+)1,787	(+)1,105	(-) 917
2	Net Capital Expenditure	(-)1,855	(-) 2,317	(-)3,542	(-)3,532	(-) 4,804
3	Net Loans and Advances	(+)25	(-)156	(+)155	(-)223	(-) 105
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	890	1,159	800	1,736	(+) 2,091
2	Loans from GoI	16	20	6	(-)16	(+) 33
3	Special Securities Issued to NSSF	921	332	505	545	(+) 1,145
4	Loans from Financial Institutions	182	131	215	291	(+) 411
5	Small Savings, PF etc.	870	626	271	322	(+) 420
6	Deposits and Advances	46	33	219	352	(+) 399
7	Suspense and Misc.	(-) 331	(-)412	479	(-)223	(+) 13
8	Remittances	(-) 303	(-)466	(-)101	317	(+) 450
9	Others ¹²	242	190	66	(-)186	(+) 203
10	Overall Surplus/Deficit (Cash Balance)	(-) 690	144	(-)860	(-)488	(+) 661
Gross Fiscal Deficit		1,843	1,757	1,600	2,650	5,826

Source: Finance Accounts of Government of Uttarakhand, 2010-15.

The fiscal deficit (₹ 5,826 crore) was largely managed by market borrowings (₹ 2,091 crore) and Special Securities issued to National Small Savings Fund (₹ 1,145 crore). There was an increase in capital expenditure but the fiscal deficit was above the limits of three per cent of GSDP (as per the Th. FC recommendations) during the current year (4.20 per cent of GSDP).

1.11.3 Quality of Deficit/ Surplus

The ratio of revenue deficit to fiscal deficit, primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was

¹² ₹ 215 crore (reserve fund)-₹ 12 crore (contingency fund).

continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (**Table 1.31**) would indicate the extent to which the deficit is on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table-1.31: Primary deficit/surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts*	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Total Primary Expenditure	Primary revenue deficit (-) /surplus (+)	Primary deficit (-)/surplus(+)
1	2	3	4	5	6=(3+4+5)	7=(2-3)	8=(2-6)
2010-11	11,693	10,141	1,855	60	12,056	(+) 1,552	(-) 363
2011-12	13,782	11,206	2,317	247	13,770	(+)2,576	(+) 12
2012-13	16,175	11,871	3,542	273	15,686	(+)4,304	(+) 489
2013-14	17,556	14,160	3,712	278	18,150	(+)3,396	(-) 594
2014-15	20,428	18,758	4,939	151	23,848	(+) 1,670	(-) 3,420

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

- Non debt receipts increased by 74.70 per cent from 2010-11 to 2014-15 and were sufficient to meet the primary revenue expenditure. However, the gap continuously showed a fluctuating trend during 2010-11 to 2014-15 ranging between ₹ 1,381 crore (2013-14) to ₹ 2,872 crore (2014-15).
- Total primary expenditure increased by ₹ 11,792 crore (97.81 per cent) during 2014-15 as compared to 2010-11 due to increase in primary revenue expenditure to the extent of ₹ 8,617 crore (84.97 per cent) during the period 2010-11 to 2014-15.
- The primary revenue surplus showed increasing trend during 2010-11 to 2012-13. However, it showed declining trend from 2013-14 onwards and stood at ₹ 1,670 crore at the end of 2014-15 less by ₹ 1,726 crore (50.82 per cent) as compared to previous year.
- Due to increase in non-debt receipts, primary deficit turned into primary surplus during 2011-12 and continued to remain positive and stood at ₹ 489 crore at the end of 2012-13 but it turned into primary deficit due to increase in Total Primary Expenditure during 2013-14 and further declined by ₹ 2,826 crore again due to increase in Total Primary Expenditure and stood at ₹ 3,420 crore at the end of current year.

1.12 Follow up on previous Audit Reports on State Finances

In Uttarakhand, none of the Reports on State Finances have been discussed by the Public Account Committee (September 2015). Accordingly, corrective measures taken by the Government after the Reports were laid before the State Legislature could not be ascertained in audit.

1.13 Conclusion and Recommendations

Revenue receipts grew by ₹ 2,926 crore (16.89 per cent) during the current year over the previous year. This was mainly due to increase in State's share of Union taxes and duties (₹ 219 crore), State's own tax revenue (₹ 983 crore) and Grant from Government of India (₹ 1,930 crore). However, Non-tax Revenue decreased by ₹ 206 crore during the current year.

The State may explore mobilizing additional resources through tax and non-tax resources by ensuring better tax compliance and rationalising the user charges/fees respectively.

The expenditure pattern of the State shows that the revenue expenditure as a percentage of total expenditure increased during the current year and remained around 80.61 *per cent*. The non-plan revenue expenditure (NPRE) increased by ₹ 2,083 crore (15.49 *per cent*) over the previous year. The expenditure on salaries accounted for 47.06 *per cent* and continued to consume a major share of NPRE during 2014-15. Expenditure on pension payments was ₹ 2,452 crore in 2014-15 which constituted 12.11 *per cent* of the revenue receipts. The pension payments during the current year were higher (₹ 844 crore) than the normative assessment (₹ 1,608 crore) made by *Th. FC* for the current year (Annexure 7.7 of *Th. FC* Report).

The Capital Expenditure of the State increased by ₹ 1,227 crore during 2014-15 as compared to the previous year, mainly due to increase in expenditure in (i) Social and (ii) Economic Services. As *per cent* of total expenditure, the capital expenditure was 13.70 *per cent* in 2010-11 and 18.81 *per cent* in 2014-15. During the current year, it showed an increase over the previous year by 33.05 *per cent* and was ₹ 4,939 crore which was more than the target set forth by the State Government in its BEs (₹ 4,591 crore) but below the target set forth in MTFPS (₹ 5,840 crore).

The overall Developmental Expenditure increased by 103.06 *per cent* over the period 2010-11 to 2014-15.

Whereas major chunk of the non-plan revenue expenditure is on salaries, pension and interest payments which is largely uncontrollable, the State Government may explore suitable measures for containing the other components of non-plan revenue expenditure so that a surplus of resources could be gained for allowing scope for assets creation and sustainable development of the State.

The average return on Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was almost negligible in the past five years while the Government paid an average interest of 7.80 *per cent* on its borrowings during 2010-11 to 2014-15.

The State Government may ensure reasonable return on capital invested in the profit earning State PSUs in view of the substantial high cost borrowings made by it.

The State was able to bring down the revenue deficit to almost nil (₹ 13 crore) in 2010-11 and attained a revenue surplus of ₹ 716 crore during the year 2011-12 which further appreciated in 2012-13 to ₹ 1,787 crore but depreciated to ₹ 1,105 crore in 2013-14. During the current year the revenue surplus turned into revenue deficit and stood at ₹ 917 crore.

The fiscal deficit was within the reasonable limit in the years 2010-11, 2011-13 and 2013-14 of 4 *per cent*, 3.5 *per cent*, 3 *per cent* respectively. The fiscal deficit of the State amounting to ₹ 5,826 crore during 2014-15 is pegged at 4.20 *per cent* of the GSDP was above of reasonable limit of three *per cent*.

Cash balance of the State at the end of 2014-15 decreased by ₹ 661 crore. The interest received on investment of cash balances in RBI and investment in GoI Securities was 5.62 per cent, while the government borrowed at an average interest rate of 7.73 per cent. The debt-GSDP ratio in 2014-15 at 24.13 per cent increased slightly by 0.72 per cent over previous year (23.41 per cent) then it was well below the target of 37.20 per cent set forth by *Th. FC*. The primary surplus in 2011-12, which has appreciated considerably during the year 2012-13 (₹ 489 crore) but it again turned into Primary Deficit in 2013-14 (₹ 594 crore) and further increased to ₹ 3,420 crore in 2014-15. The public debt as on 31 March 2015 is ₹ 25,035 crore and 52.15 per cent of the debt is in maturity bracket of seven years and above.

The State Government may consider resorting to need-based borrowings only and utilising the existing cash balances to the extent feasible before resorting to fresh borrowings.

CHAPTER-2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

CHAPTER- 2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2014-15 against 31 grants/appropriations is given in **Table 2.1**.

Table-2.1: Summarized position of Original/ Supplementary Provisions *vis-à-vis* Actual Expenditure during the year 2014-15

(₹ in crore)									
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of Saving Surrendered by 31 March
Voted	I Revenue	2,06,69.12	33,12.22	2,39,81.34	1,87,16.18	(-) 52,65.16	35.90	35.90	100
	II Capital	45,89.87	23,39.67	69,29.54	67,57.20	(-) 1,72.34	1.39	1.39	100
	III Loans and Advances	2,12.59	1,34.90	3,47.49	1,50.98	(-) 1,96.51	0.00	0.00	0.00
Total Voted		2,54,71.58	57,86.79	3,12,58.37	2,56,24.36	(-)56,34.01	37.29	37.29	100
Charged	IV Revenue	31,22.90	3.56	31,26.46	24,52.89	(-)6,73.57	0.00	0.00	0.00
	V Capital	1.50	00	1.50	1.00	(-) 0.50	0.00	0.00	0.00
	VI Public Debt- Repayment	17,57.79	00	17,57.79	10,74.05	(-)6,83.74	0.00	0.00	0.00
Total Charged		48,82.19	3.56	48,85.75	35,27.94	(-)13,57.81	0.00	0.00	0.00
Appropriation to Contingency Fund (if any)		-	1,50.00	1,50.00	1,50.00	--	0.00	0.00	0.00
Grand Total		3,03,53.77	59,40.35	3,62,94.12	2,93,02.30	(-)69,91.82	37.29	37.29	100

Source: Appropriation Accounts.

As shown in **Table-2.1**, there was saving of ₹ 69,91.82 crore which was the result of saving of ₹ 89,14.64 crore in grants and Appropriations under Revenue Section (37 cases), and Capital Section (25 cases) offset by excess of ₹ 19,22.82 crore in four

grants under Capital (Voted) and one Appropriation under Revenue (Charged) Section.

Departments and Sections against which significant savings (more than ₹ 100 crore) were noticed during the year 2014-15 are given in **Table 2.2**.

Table-2.2: Details of significant savings (more than ₹ 1,00 crore) noticed during 2014-15

(₹ in crore)

Sl. No.	Number & Name of Grant	Section	Amount	Total Amount
1.	06-Revenue & General Administration	Revenue –Voted	10,37.70	10,37.70
2.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	Revenue –Voted	4,80.28	18,21.46
		Revenue –Charged	6,57.44	
		Capital-Charged	6,83.74	
3.	10-Police & Jail	Revenue –Voted	1,00.55	1,00.55
4.	11-Education, Sports, Youth Welfare & Culture	Revenue –Voted	7,41.48	9,31.36
		Capital-Voted	1,89.88	
5.	12-Medical, Health & Family Welfare	Revenue –Voted	3,97.34	3,97.34
6.	13-Water Supply, Housing & Urban Development	Revenue –Voted	1,75.86	6,53.71
		Capital-Voted	4,77.85	
7.	15-Welfare	Revenue –Voted	3,42.56	3,42.56
8.	19-Rural Development	Revenue –Voted	6,51.46	8,71.09
		Capital-Voted	2,19.63	
9.	20-Irrigation & Flood	Capital-Voted	2,47.86	2,47.86
10.	21-Energy	Capital-Voted	3,61.66	3,61.66
11.	22-Public Work	Revenue –Voted	2,05.45	2,05.45
12.	25-Food	Revenue –Voted	2,24.72	2,24.72
13.	26-Tourism	Capital-Voted	1,79.96	1,79.96
14.	27-Forest	Revenue –Voted	1,19.93	1,19.93
15.	30-Welfare of Scheduled Castes	Revenue –Voted	2,69.50	5,69.18
		Capital-Voted	2,99.68	
Total			80,64.53	80,64.53

Source: Appropriation Accounts.

Similarly, departments against which significant excess expenditure over the allotments was noticed during the year 2014-15, were Food (₹ 17,38.25 crore), Public Works (₹ 1,59.79 crore) and Agriculture Works and Research (₹19.76 crore).

The savings/excess (Detailed Appropriation Accounts) were intimated (July 2015) to the Controlling Officers requesting them to furnish reasons for the substantial savings/excess. Their replies were yet to be received (September 2015).

2.3 Financial Accountability and Budget Management

2.3.1 Excess Expenditure

As per paragraph 121 of Chapter XIII of the Uttarakhand Budget Manual (UBM), incurring of unauthorised excess expenditure is most objectionable and must be avoided. In four cases, expenditure aggregating ₹ 34,02.19 crore exceeded the approved provision by ₹ 19,22.80 crore which was more than ₹ one crore in each case or by more than 20 per cent of the total provision. Details are given in **Appendix-2.1**. Of these, excess expenditure has been observed consistently in **Grant No. 25-Food** during the last five years as detailed in **Table 2.3**.

Table-2.3: List of Grant indicating persistent excess expenditure during 2010-15

(₹ in crore)

Sl. No.	No. and Name of grant	Amount of excess expenditure				
		2010-11	2011-12	2012-13	2013-14	2014-15
Capital-Voted						
1	25-Food	12,07.14	12,83.25	18,10.59	17,75.56	17,38.25

Source: Appropriation Accounts.

The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis.

2.3.2 Expenditure without provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 5 crore was incurred in one case as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.4: Expenditure incurred without provision during 2014-15

(₹ in crore)

Sl. No.	No. and Name of Grants	Amount of expenditure without provision
1.	29-Horticulture Development (Capital-Voted)	5.00

Source: Appropriation Accounts.

Reasons for expenditure incurred without provision in 2014-15 were not intimated by the Government (August 2015).

2.3.3 Excess over provision relating to previous years requiring regularization

Paragraph 121 of Chapter XIII of the UBM envisages that if after the close of the year, it is revealed, through the Appropriation Accounts, that any expenditure was incurred under any Grant or Charged Appropriation in excess of the total final appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly, demands for excess grants as required under Articles 205 (1) (b) of the Constitution. However, excess expenditure amounting to ₹ 1,10,66.40 crore pertaining to previous years from 2005 to 2014 was yet to be regularized by the State Legislature. The year-wise amount of excess expenditure pending regularization is summarized in **Table 2.5**.

Table-2.5: Excess expenditure over the provisions relating to previous years requiring regularization

(₹ in crore)

Year	Number of Grant / Appropriation	Details of Grant / Appropriation	Amount of excess over provision	Status of Regularization
2005-06	7	7,8,17,20,22,25&29	6,63.50	Status not intimated by the State Government
2006-07	6	7,17,20,22,25& 29	9,35.92	
2007-08	6	7,17,20, 22,25 & 29	7,33.79	
2008-09	6	7,17,20,22,25&29	11,46.41	
2009-10	7	7,17,18,21,22,25&29	10,07.49	
2010-11	9	10,12,15,17,20,21,22,25 & 29	12,95.40	
2011-12	5	7,17,22,25&29	16,11.40	
2012-13	7	12,14,17,21,22,25 & 29	18,35.34	
2013-14	3	22,25 & 29	18,37.15	
Total			1,10,66.40	

Source: Appropriation Accounts.

2.3.4 Excess over provisions during 2014-15 requiring regularization

Table 2.6 contains the summary of total excess expenditure registered under four grants and one appropriation amounting to ₹ 19,22.82 crore over authorization from the Consolidated Fund of the State (CFS) during the year 2014-15.

Table-2.6: Excess over provision requiring regularization during 2014-15

(₹ in crore)					
Sl. No.	Number and title of Grant		Total Grant	Expenditure	Excess
Revenue – Charged					
1.	01	Legislature	1.18	1.20	0.02
Capital – Voted					
1.	17	Agriculture Works & Research	1,39.33	1,59.09	19.76
2.	22	Public Works	13,33.60	14,93.39	1,59.79
3.	25	Food	6.46	17,44.71	17,38.25
4.	29	Horticulture Development	00	5.00	5.00
			14,79.39	34,02.19	19,22.82

Source: Appropriation Accounts.

Reasons for the excess had not been intimated by the State Government/ Department as of September 2015. The excess expenditure over the provision under the grants incurred during the year 2014-15, should be got regularized by the State Legislature.

2.3.5 Inadequate supplementary provision

Supplementary provision of ₹ 7,89.36 crore sought in respect of three cases proved insufficient by more than ₹ one crore in each case thereby leaving an aggregate uncovered excess expenditure of ₹ 19,17.80 crore (**Appendix-2.2**).

2.3.6 Rush of expenditure

Paragraph 183 of chapter XVII of UBM stipulates that rush of expenditure in the closing month of the financial year should be avoided. For a sound financial management, uniform pace of expenditure should be maintained. Contrary to this, expenditure exceeding ₹ five crore or more than 50 per cent of the total expenditure for the year was incurred in last quarter or in March 2015, in respect of 28 Major Heads as listed in **Appendix-2.3**.

Scrutiny showed that 66.11 per cent of the total expenditure of ₹ 48,77.35 crore spent against these Major Heads during the year 2014-15, was incurred in the last quarter of the financial year.

2.3.7 Excess provisions resulting in savings

2.3.7.1 Unnecessary/Excessive supplementary provision

Supplementary provision aggregating ₹ 23,19.05 crore obtained in 30 cases, amounting to ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure registered under the grants was within the original provision as detailed in **Appendix-2.4**.

2.3.7.2 Excessive/ unnecessary re-appropriation of funds

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds

are needed. Injudicious re-appropriation proved excessive/ insufficient and resulted in savings/ excess of ₹ 10 lakh and above in seven cases under five grants as detailed in **Appendix-2.5**.

Reasons for the savings were not furnished by the Government as of September 2015.

2.3.7.3 Substantial surrenders

Substantial surrenders (the cases where more than 30 *per cent* of total provision was surrendered) were made in respect of 11 sub-heads, in four grants, on account of savings in various items due to non-receipt of central share, actual expenditure being less than projected requirement of funds, savings in establishment expenses, and non-requirement of fund. Out of the total provision amounting to ₹ 45.01 crore in these 11 sub-heads, ₹ 28.49 crore (63.31 *per cent*) were surrendered which included *cent per cent* surrender in five schemes (₹ 7.03 crore) as detailed in **Appendix-2.6**.

2.3.7.4 Anticipated savings not surrendered

Paragraph 124 of Section I of Chapter XIII of the UBM stipulates that every Controlling Officer must furnish the final statement of excesses and savings in Form B.M. 2 (Part-II) which should reach the Finance Department, through the Administrative Department concerned, not later than 25th January. At the close of the year 2014-15, there were, however, 21 grants in which savings of ₹ five crore and above occurred but no part of it had been surrendered by the concerned departments. The amount involved in these cases was ₹ 72,18.87 crore (80.98 *per cent* of the total savings¹) as given in **Appendix-2.7**.

Similarly, out of savings of ₹ 89,12.39 crore (individual cases where savings were more than ₹ one crore occurred), amount aggregating ₹ 37.29 crore was only surrendered resulting in non-surrender of remaining ₹ 88,75.10 crore (99.58 *per cent* of the savings of ₹ 89,12.39 crore), details of which are given in **Appendix-2.8**. Besides, in one case, (surrender of funds in excess of ₹ 10 crore), ₹ 26.27 crore were surrendered (**Appendix-2.9**) on the last day of March 2015, thereby defeating the intended purpose of surrenders as these funds could not be utilized for other purposes.

2.3.7.5 Appropriation vis-à-vis expenditure

The outcome of the appropriation audit shows that in 55 cases, savings exceeded ₹ one crore in each case, and more than 20 *per cent* of total provision in 33 cases (**Appendix-2.10**). Against the total savings of ₹ 89,14.64 crore, savings of ₹ 84,47.09 crore (94.76 *per cent*)² occurred in 26 cases relating to 18 grants and one Appropriation as given in **Table 2.7**.

¹ Total savings ₹ 89,14.64 crore.

² Exceeding ₹ 50 crore in each case.

Table 2.7: List of Grants and Appropriations with savings of ₹ 50 crore and above

(₹ in crore)					
Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
Revenue –Voted					
1.	06	Revenue & General Administration	20,66.38	10,37.70	50.22
2.	07	Finance ,Tax Planning Secretariat & Miscellaneous Services	46,26.07	4,80.27	10.38
3.	10	Police & Jail	11,97.40	1,00.55	8.40
4.	11	Education, Sports ,Youth Welfare & Culture	52,89.85	7,41.48	14.02
5.	12	Medical Health & Family Welfare	15,96.65	3,97.34	24.89
6.	13	Water Supply ,Housing & Urban Development	9,50.39	1,75.86	18.50
7.	15	Welfare	14,09.96	3,42.56	24.30
8.	16	Labour & Employment	2,09.59	58.20	27.77
9.	17	Agriculture Works & Research	5,58.48	91.09	16.31
10.	19	Rural Development	12,72.86	6,51.46	51.18
11.	20	Irrigation & Flood	4,25.39	63.41	14.91
12.	22	Public Works	7,84.55	2,05.45	26.19
13.	25	Food	4,28.45	2,24.72	52.45
14.	27	Forest	5,95.57	1,19.93	20.14
15.	30	Welfare of Scheduled Castes	11,25.38	2,69.50	23.95
16.	31	Welfare of Scheduled Tribes	2,94.24	95.59	32.49
Total			2,28,31.21	50,55.11	22.14
Revenue –Charged					
1.	07	Finance ,Tax Planning ,Secretariat & Miscellaneous Services	30,65.08	6,57.44	21.45
Total			30,65.08	6,57.44	21.45
Capital-Voted					
1.	11	Education, Sports ,Youth Welfare & Culture	5,96.90	1,89.88	31.81
2.	13	Water Supply Housing & Urban Development	7,13.50	4,77.85	66.97
3.	15	Welfare	1,57.04	74.29	47.31
4.	19	Rural Development	8,23.45	2,19.63	26.67
5.	20	Irrigation & Flood	10,23.92	2,47.86	24.21
6.	21	Energy	4,92.71	3,61.66	73.40
7.	26	Tourism	2,68.26	1,79.95	67.08
8.	30	Welfare of Scheduled Castes	5,67.29	2,99.68	52.83
Total			46,43.07	20,50.81	44.17
Capital-Charged					
1.	07	Finance, Tax Planning, Secretariat and Miscellaneous Services	17,57.79	6,83.74	38.90
Total			17,57.79	6,83.74	38.90
Grand Total			3,22,97.15	84,47.10	26.15

Source: Appropriation Accounts.

The reasons for the savings though called for, were yet to be received (September 2015).

2.3.7.6 Persistent Savings

During the last five years, there were persistent savings of more than ₹ one crore in 39 cases as detailed in **Table 2.8**.

Table-2.8: List of Grants indicating persistent savings during last five years (2011-2015)

(₹ in crore)

Sl. No.	No. and Name of grant	Amount of Saving				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue-Voted						
1.	04-Judicial Administration	29.91	28.05	50.90	36.52	35.73
2.	06-Revenue & General Administration	29.52	43.94	64.40	14,66.73	10,37.70
3.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,06.35	5,80.10	5,49.18	1,16.17	480.27
4.	08-Excise	1.25	2.23	1.02	2.02	1.44
5.	10-Police & Jail	9.25	50.52	32.17	23.71	100.55
6.	11-Education, Sports, Youth Welfare & Culture	1,76.02	2,83.38	5,67.60	6,35.48	7,41.48
7.	12-Medical, Health & Family Welfare	1,24.39	1,53.99	1,33.41	1,16.11	3,97.34
8.	13-Water Supply, Housing & Urban Development	3,72.80	2,35.77	1,53.22	3,08.25	1,75.86
9.	14-Information	3.30	2.11	1.84	1.16	1.01
10.	15-Welfare	83.72	1,97.45	1,91.96	1,78.11	3,42.56
11.	16-Labour & Employment	12.08	12.39	36.45	28.70	58.20
12.	17-Agriculture Works & Research	82.71	44.73	1,31.83	1,86.93	91.09
13.	18-Co-operative	4.87	10.30	6.03	8.53	7.93
14.	19-Rural Development	75.22	92.71	1,33.00	1,79.22	6,51.46
15.	22-Public Works	34.94	35.43	56.85	95.65	2,05.45
16.	23-Industries	5.15	14.47	11.32	20.89	14.02
17.	24-Transport	2.52	1.37	5.90	3.22	5.27
18.	25- Food	7.27	123.52	230.84	226.55	224.72
19.	26-Tourism	2.92	30.66	30.05	13.43	42.46
20.	27-Forest	30.76	19.80	27.10	31.00	1,19.93
21.	28-Animal Husbandry	15.53	4.48	9.04	24.93	33.92
22.	29-Horticulture Development	1.61	14.94	7.19	40.87	41.31
23.	30-Welfare of Schedule Castes	96.20	1,93.63	1,14.39	2,10.01	2,69.50
24.	31-Welfare of Schedule Tribes	44.21	45.35	36.68	58.99	95.59
Revenue-Charged						
1.	04-Judicial Administration	13.49	13.87	5.87	5.52	7.59
2.	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,40.75	2,17.95	41.44	6,46.03	6,57.44
3.	22-Public Works	2.91	1.40	1.02	1.75	4.71
Capital-Voted						
1.	06-Revenue & General Administration	43.93	24.60	9.12	13.78	4.85
2.	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	8.78	72.43	20.60	40.81	23.09
3.	10-Police & Jail	4.12	44.60	43.76	46.89	7.55
4.	11-Education, Sports, Youth Welfare & Culture	60.20	1,66.31	1,22.03	1,84.55	1,89.88
5.	12-Medical, Health & Family Welfare	62.52	39.01	2,30.97	1,88.14	24.27
6.	15-Welfare	13.74	22.03	3.54	6.75	74.29
7.	19-Rural Development	13.20	66.05	1,32.55	62.82	2,19.63
8.	23-Industries	11.54	13.35	23.69	28.21	25.81
9.	24-Transport	8.12	12.55	43.95	95.18	30.00
10.	26-Tourism	29.84	19.20	55.32	47.68	1,79.95
11.	27-Forest	1.53	8.64	16.32	18.82	8.37
12.	31-Welfare of Schedule Tribes	43.65	54.70	54.28	81.60	42.37

Source: Appropriation Accounts.

Reasons for savings in 2014-15 were not intimated by the Government (September 2015). Despite being mentioned in the Report on State Finances of the

Comptroller & Auditor General of India for the year 2013-14 of the State, a substantial number of cases were noticed where savings persisted during the year which is indicative of over assessment of requirement of funds. This needs to be reviewed.

2.3.8 Drawal of funds to avoid lapse of Budget

According to the provisions contained in General Financial and Accounts Rules (Rule 8), funds shall be withdrawn only if required for immediate payment and shall not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Besides, the practice of withdrawing funds with a view to avoiding lapse of Budget grant and placing such moneys as deposits in the Public Account or with Bank is forbidden.

From the information compiled by the Office of the Accountant General (Accounts and Entitlement), Uttarakhand, it was seen that an amount of ₹ 8,99.57 crore was drawn by the State Government departments during the month of March 2015 and deposited in the deposit heads³ to avoid lapse of budget grant.

Further scrutiny of accounts of Chief Treasury Officer, Dehradun showed that there was a decrease in number and amount of deposit accounts at the end of 2014-15. Of these accounts, two accounts were found inoperative since 2010-11, under which funds to the tune of ₹ 0.54 crore were parked. The status of deposit accounts from 2012-15 is detailed in **Table 2.9**.

Table 2.9: Status of the deposit accounts

Deposit Heads	2012-13		2013-14		2014-15	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
8229-Development & Welfare Fund	4	36.19	2	0.02	1	0.02
8338-Deposit of Local Fund	5	52.10	6	68.37	6	76.39
8443-Civil Deposit	7	8.82	23	1,78.07	11	1,06.30
8448-Deposit of Local Funds	31	156.02	24	39.22	20	61.55
Total fund Parked/transferred	47	2,53.13	55	2,85.68	38	2,44.26

Source: Records of Chief Treasury Officer, Dehradun.

During scrutiny of these accounts, it was seen that ₹ 62.00 crore, ₹ 79.87 crore and ₹ 2.00 crore were transferred into deposit head at the end of the years 2012-13, 2013-14 and 2014-15 respectively to avoid budgetary lapses between 26 to 31 March of respective years (**Appendix- 2.11**).

Detailed scrutiny of the Personal Ledger Account (PLA) of District Magistrate (DM) Dehradun showed that ₹ 60.25 crore were transferred from various Heads of Accounts and through Cash Deposit to avoid budgetary lapses at the end of financial year 2014-15 as shown in **Table 2.10**.

³ 8338-Deposits of Local Funds; 8443-Civil Deposits and 8448-Deposits of Local Funds.

Table 2.10: Amount of fund transferred at the end of 2014-15 into DM, Dehradun PLA

(₹ in crore)

Date of fund transfer	From where transferred (Head of Account)	Where transferred (HOA-Deposit Heads)	Amount transferred to deposit heads
28 March 2015	2515-00-102-91	8443-00-106-00	0.20
31 March 2015	Cash Deposit (Secretary Vidhan Sabha)	8443-00-106-00	43.03
	Cash Deposit (Economic Statistical Directorate)	8443-00-106-00	0.99
	4202-02-105-09	8443-00-106-00	2.00
	4202-02-105-10	8443-00-106-00	4.00
	4202-02-105-08	8443-00-106-00	2.00
	4202-02-105-11	8443-00-106-00	2.00
	8000-00-201-00	8443-00-106-00	6.03
Total fund transferred			60.25

Source: Chief Treasury Officer, Dehradun.

Thus, the Government had not surrendered the unspent funds and transferred them into PLA in contravention of provisions of the UBM.

On 31 March 2015, Sachivalaya Prashasan, Uttarakhand, Dehradun had instructed State Bank of India, Cyber Treasury, Dehradun to make bank drafts of ₹ 19,95,695.00 and ₹2,38,27,200.00 for depositing into the PLA of District Magistrate (D.M) Dehradun. These bank drafts were delivered to Sachivalaya Prashasan on 2 April 2015 and the same were sent to the D.M, Dehradun on 10 April 2015. The D.M, Dehradun deposited these bank drafts into his PLA on 18 April 2015.

Thus the Sachivalaya Prashasan had given instruction to Bank to make Bank Drafts on the last working day of the year to avoid the lapse the budget.

Reasons of transferring funds from capital heads into PLA were not intimated though called for in September 2015.

2.4 Outcome of Inspection of Treasuries

There were 86 units *i.e.* 18 treasuries and 66 sub-treasuries, one Cyber Treasury at Dehradun and one Pay & Accounts Office at New Delhi, in the State during 2014-15. Major irregularities noticed during inspection of 52⁴ units during 2014-15 are contained in **Table 2.11**.

Table 2.11: Outcome of inspection of Treasuries

Sl. No.	Category	Amount (₹ in crore)
1.	Unadjusted AC Bills	9.26
2.	Irregular carried forward of closing balance of financial year 2012-13 to next financial year	0.01
3.	Unauthorized booking/adjustment in major head 1601-Assistance Grant from Central Government	43.07
4.	Discrepancies in data of computer generated Cash Book	0.86
5.	Uncontrolled withdrawal from PLA Accounts	54.11
6.	Non deduction of TDS from pensioners during 2014-15	25.35
7.	Non depositing of lapsed deposit into Government Account	20.27
8.	Non reimbursement of pension payment made to the pensioners of UJVNL, UPCL and PTCUL	37.28

Source: Annual Review 2014-15 on Treasuries by Accountant General (A&E), Uttarakhand.

⁴ 20 Treasuries and 32 Sub Treasuries

There is a need to tighten the controls at the level of treasury in respect of above irregularities.

2.5 Advances from Contingency Fund

The Contingency Fund of the State, in the nature of an imprest, has been established vide Uttarakhand Contingency Fund Act, 2001 (Act No.2 of 2001) in terms of provisions of Articles 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The State Government increased the Contingency Corpus Fund by ₹ 150.00 crore during the year. The fund stood at ₹ 750 crore at the end of 2014-15. Any drawal of advances from the fund needs to be recouped from the Consolidated Fund of the State within the same financial year. However, as on 31 March 2015, advances to the tune of ₹ 194.15 crore drawn from the Contingency Fund during the year 2014-15, remained to be recouped from Service Heads to the Contingency Fund after authorization of the Legislature (**Appendix-2.12**) as required as per Section 5 of the Uttarakhand Contingency Fund Act, 2001 (Act No. 2 of 2001).

Further scrutiny showed that the Government had withdrawn funds from Contingency fund during 2000 to 2014 and funds to the tune of ₹ 88, 92.74 crore (August 2015) had not been recouped. The year wise non-recoupment of funds of Contingency fund under the Grants and Major Heads is shown in the **Appendix-2.13**.

Also, the Government resorted to advances from the Contingency Fund during the year for meeting the capital expenditure (₹ 58.38 crore) which was foreseeable and thus in contravention of the rules governing operation of the fund.

2.6. (A) Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent (AC) Bills

As per Financial Rules, every Drawing Officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignatures and transmission to the Accountant General (Accounts and Entitlement). Detailed bills aggregating ₹ 9.22 crore, drawn on 95 AC bills were pending as at the end of March 2015. Year wise details are given in **Table 2.12**.

Table-2.12: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills (as on March 2015)

Year	Outstanding DC Bills	
	Number	Amount
Up to 2012-13	42	6.33
2013-14	18	0.52
2014-15	35	2.37
Total	95	9.22

Source: Information as compiled from Accountant General (A&E), Uttarakhand.

Out of the total outstanding DC bills amounting to ₹ 9.22 crore, the major portion of six outstanding DC bills of ₹ 4.44 crore pertained to the Medical Health and Family Welfare Department.

Position of Department/office wise pending DC bills for the years up to 2014-15, has been given in *Appendix- 2.14*.

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

2.6. (B) Un-reconciled Expenditure

To enable the Controlling Officers of the Departments to exercise effective control over expenditure to keep it within the budgetary allocation and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlements). Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2014-15 also. Audit scrutiny showed cases where amounts exceeding ₹ 10 crore involving a total of ₹ 74,50 crore remained un-reconciled in respect of eight Controlling Officers during the year 2014-15, which constituted 25.42 per cent of the total expenditure of ₹ 2,93,02.30 crore. Details are given in **Table 2.13**.

Table-2.13: List of Controlling Officers where amounts exceeding ₹ 10 crore in each case remained fully un-reconciled during 2014-15

Sl. No.	Controlling Officers	Amount not reconciled (₹ in crore)
1.	Commissioner, Relief, Revenue Department, Government of Uttarakhand	4,31.00
2.	Principal Secretary, Finance/Estate Department, Government of Uttarakhand	39,48.00
3.	Secretary, Public Service Commission, Gurukul Kangari, Haridwar	12.00
4.	Principal Secretary, Technical Education, Government of Uttarakhand	5,30.00
5.	Director, Social Welfare, Kaladhungi Road, Haldwani, Nainital	16,88.00
6.	Chief Engineer, Irrigation Department, Yamuna Colony, Dehradun	6,35.00
7.	Secretary, Energy, Government of Uttarakhand	1,77.00
8.	Principal Secretary, Social Welfare, Government of Uttarakhand	29.00
Total		74,50.00

Source: Information compiled from Accountant General (A&E), Uttarakhand.

The Chief Controlling officers of the above mentioned departments were asked to furnish the reasons for failing to undertake reconciliation as prescribed by the Accountant General (Accounts & Entitlement). However, no response was received till date (September 2015).

The Government must ensure reconciliation of accounts by the Controlling Officers concerned to obviate the possibilities of fraud and misuse of funds.

2.7 Deficiencies in Budgeting Process

The following deficiencies were noticed in the budgeting process of the State Government in the financial year 2014-15.

- i. In the budget Document Vol.- IV under some Major Heads, for instance, Minor Head 900-Deduct Recoveries under Major Heads 0029, 0039 and Minor Head 901-Deduct Recoveries under Sub-Major Head 01-Judicial Stamp under Major Head 0030 have been shown below Sector-A Tax-Revenue, while the list of Major & Minor Heads of Account (Volume-I) provides that the deduct recoveries shall be shown under the sub head under appropriate Minor Head below every Major, Sub-Major Head coming under the Sector-A Tax-Revenue.
- ii. As per the Budget document Vol.-V Part I, in Grant No.-7 under Major Head 3454, Minor Head 001 Direction and Administration has been shown below Sub-Major Head 02 Survey instead of 01 Census as provided in the List of Major and Minor Heads of Accounts.
- iii. As per the Budget document Vol.-V Part II, Grant No.-14 Sub-Major Head 60-Others is shown under the Major Head 4059. However, as per the List of Major and Minor Heads of Accounts, there is the provision of other buildings under the Sub Major Head 60.
- iv. In the Major Head 2059, under Grant Number 22 of the Budget document Vol.-V Part III, Minor head 102 under Sub-Major Head 80 has been shown as “Repair and Maintenance”, whereas as per the List of Major and Minor Heads of Accounts it should have be Minor Head 053 under Sub-Major Head 80.
- v. Under the Major Head 2245-only one Sub-Major Head 05-has been shown, under which there is the provision of Minor Head 800 whereas the list of Major and Minor Heads of Accounts provides for the provision of two more Sub-Major Heads 01-Drought and 02-Flood and Cyclone.
- vi. As per the Budget document Vol.-V Part II, Grant No.-15 in the Major Head 4235, ‘Welfare of Handicapped’ has been shown against Minor Head 104 under Sub-Major Head 02 instead of ‘Welfare of Aged, Infirm and Destitute’ provided in the List of Major and Minor Heads of Accounts.
- vii. As per the Budget document Vol.-V Part II in Major Head 2401 under Grant Number 17, Minor Heads 800 “other scheme” was shown, whereas these should have been shown as ‘other expenditure’ as per the List of Major and Minor Heads of Accounts.
- viii. Several aided schemes of Central Government have not been shown in the Major Head-1601 under the detailed estimates of the receipt of Revenue and Capital Accounts.

- ix. Minor Heads 101- “Special Component Plan for Scheduled Castes” in the Major Head 2211 under Grant Number 30 has been shown according to the Budget document Vol.-V Part IV whereas Minor Head 101 “Rural Family Welfare Services” has been mentioned in the List of Major and Minor Heads of Accounts.
- x. In Major Head 2052, Minor Heads 800 other Expenditure was shown, whereas there are provisions of ‘091-Attached Offices’ and ‘092-Other offices’ sub heads as per the List of Major and Minor Heads of Accounts.

Similar shortcomings were also mentioned in the Audit Report (2013-14). However, cognizance of the same has not been taken by the Government.

2.8 Conclusion and Recommendations

During 2014-15, there was an overall savings of ₹ 69,91.82 crore against the total grants and appropriations of ₹ 3,62,94.12 crore. There was an excess of ₹ 19, 22.80 crore in four grants which requires regularization under Article 205 of the Constitution of India. Large savings indicated deficient budget estimates. Supplementary provision of ₹ 23,19.05 crore obtained in 30 cases proved unnecessary. Re-appropriation of funds in seven cases was made injudiciously resulting either in savings or excesses over provisions. The departments surrendered ₹ 26.27 crore on the last working day of the financial year leaving no scope for utilizing these funds for other development purposes.

The State Government may consider that savings should be assessed and surrendered well before the close of the financial year so that they can be effectively utilized in other areas/ schemes.

Excess expenditure amounting to ₹ 1,10,66.40 crore pertaining to the years 2005-14 was yet to be regularized by the State Legislature.

The State Government may ensure timely submission of explanations for excess expenditure.

An amount of ₹ 8,99.57 crore drawn by the State Government during the month of March 2015 was deposited in the deposit heads to avoid lapse of budget grants. Two deposit accounts having ₹ 0.54 crore were found inoperative since last four years in Dehradun Treasury.

A significant amount of ₹ 1,94.15 crore was sanctioned under Contingency Fund in 16 cases and the entire amount has remained un-recouped.

The State Government may consider ensuring that advances from the Contingency Fund are resorted to only to meet the expenditure that is contingent in nature and also that funds drawn from the contingency fund are recouped timely.

The Controlling Officers did not submit (March 2015) the Detailed Contingent Bills in respect of ₹ 9.22 crore drawn on Abstract Contingent Bills up to February 2015.

The State Government may consider that a rigorous monitoring mechanism should be put in place to adjust the advances drawn against Abstract Contingent bills within the stipulated period.

Inspection of treasuries also indicated deficiencies in their functioning. Eight controlling officers did not reconcile their expenditures with the Accountant General (Accounts & Entitlement), Uttarakhand. Deficiencies in classification of heads of accounts were noticed in the budgeting process of the State Government for the financial year 2014-15.

The State Government may consider issuing directions to the Controlling Officers to timely/ periodically reconcile their expenditure with the Accountant General (Accounts & Entitlement).

CHAPTER-3

FINANCIAL REPORTING

CHAPTER- 3

FINANCIAL REPORTING

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

3.1 Delay in furnishing Utilisation Certificates

Financial Rules provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and, after verification, these should be forwarded to the Accountant General (Accounts and Entitlements) within 12 months from the date of their sanction unless specified otherwise. 456 UCs amounting to ₹ 500.26 crore were pending as of March 2015. Of these, 273 UCs (59.87 per cent) involving ₹ 393.88 crore were pending for period up to two years and 183 UCs involving ₹ 106.38 crore were pending for more than two years. The age-wise delays in submission of UCs have been summarised in **Table 3.1**.

Table-3.1: Age-wise arrears of Utilization Certificates as on March 2015

Sl. No.	Range of delay in number of years	Utilisation Certificates Outstanding	
		Number	Amount
1.	0-1	194	259.32
2.	1-2	79	134.56
3.	More than two years	183	106.38
Total		456	500.26

Source: Finance Accounts, 2014-15 prepared by AG (A&E), Uttarakhand.

However, due date of 194 utilisation certificates amounting ₹ 259.32 crore falls between April 2015 to March 2016.

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

3.2 Non-submission/ Delay in submission of Accounts

In order to identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Power and Conditions of Services)

Act, 1971, the Government/ Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which the assistance is granted, and the total expenditure of the institutions. Further, Regulations on Audit and Accounts, 2007 provide that Government and the Heads of Departments which sanction grants and / or loans to bodies or authorities, shall furnish to the Audit Office, by the end of July every year, a statement of such bodies and authorities to which grants and/ or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned, and (c) the total expenditure of the body or authority.

It was seen that none of the departmental heads had furnished the statement of such bodies and authorities to which grants and/ or loans aggregating ₹ 10 lakh or more were paid during the preceding year. Consequently, audit could not provide assurance to the Legislature/Government, the manner in which the sanctioned grant was utilised, specifically on the issues of diversion or misutilization.

3.3 Delay in submission of Accounts in respect of Departmentally Managed Commercial Undertakings

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

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General (Audit), Uttarakhand, Dehradun for audit within a specified time frame. As of March 2015, out of two such undertakings, one had not prepared its accounts and was in arrears from the year 2002-03 onwards. The department-wise position of arrears in preparation of *pro forma* accounts and investment made by the Government are given in **Appendix-3.1** Delay in finalization of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to audit at the earliest.

3.4 Misappropriations, losses, defalcations, etc.

Audit observed four cases of misappropriation, defalcation *etc.*, involving Government money amounting to ₹ 1.44 crore up to the period March 2015 on which final action was pending. The department-wise break-up of pending cases showing age wise analysis and nature of these cases are given in *Appendix-3.2 and Appendix-3.3* respectively. The age-profile of the pending cases and the number of cases pending in each category; and misappropriation/ loss are summarised in **Table 3.2**.

Table-3.2: Profile of cases of misappropriations, losses, defalcations, etc., as on 31 March 2015

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount involved (₹ in lakh)	Nature/Characteristics of the Cases	Number of Cases	Amount involved (in ₹ lakh)
0 – 1	--	--	--	--	--
1 – 2	--	--	--	--	--
2 – 3	--	--	--	--	--
3 – 4	02 (2011-12)	109.87	Misappropriation/Loss of material	02 (2011-12)	109.87
4 & above	01 (2008-09) 01 (2010-11)	33.91	Misappropriation/Loss of material	01 (2008-09) 01 (2010-11)	33.91
--	--	--	Total	04	143.78
--	--	--	Cases of Loss Written off during the Year	--	--
Total	04	143.78	Total- Pending cases	04	143.78

Of these four cases of misappropriation/ loss amounting to ₹ 143.78 lakh pending for final action, one case was pending in the Department of Education amounting to ₹ 1.07 lakh and the other three cases involving a substantial amount of ₹ 142.71 lakh were awaiting finalization by the Department of Forest.

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

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

Minor Heads 800-'Other Expenditure' and 'Other Receipts' under various Major Heads are intended to be operated only when the appropriate minor head has not been provided in the chart of accounts. Routine operation of Minor Heads 800 under various Major Heads is to be discouraged, since it renders the accounts opaque. During 2014-15, an amount of ₹ 24,28.79 crore under 39 Major Heads of account, constituting 11.48 *per cent* of the total revenue expenditure (₹ 2,11,63.71 crore) was classified under the Minor Head 'Other Expenditure' in the Revenue Account. Similarly, a total sum of ₹ 12,69.81 crore under 33 Major Heads of Account constituting 6.27 *per cent* of the total revenue receipts (₹ 2,02,46.55 crore) was classified under the Minor Head 'Other Receipts'. Instances where a substantial portion (50 *per cent* or more and exceeding ₹ ten crore), of the

receipts and expenditure were classified under Minor Head '800-Other Receipts' and '800-Other Expenditure' are depicted in **Table 3.3**.

Table 3.3: Substantial amount booked under Minor Head-'800' other receipts/expenditures.

(*₹ in crore*)

"800-Other Receipts"				"800-Other Expenditure"			
Major Head	Total Receipts	Booking under Minor Head 800	Percentage of receipts	Major Head	Total expenditure	Booking under Minor Head 800	Percentage of Expenditure
0023	22.04	22.04	100	2245	709.85	497.92	70.14
0030	714.06	714.06	100				
0059	28.29	28.22	99.75	2250	66.89	66.82	99.89
0210	37.78	37.78	100	2425	43.19	25.43	58.88
0406	351.24	351.24	100	2501	426.73	407.99	95.61
0801	45.01	45.01	100				
Total	11,98.42	11,98.35	99.99	Total	12,46.66	9,98.16	80.07

Source: Finance Accounts prepared by Accountant General (A&E) Uttarakhand.

The major schemes are not depicted distinctly in the Finance Accounts, though the details of these expenditures are depicted in the sub-head (scheme) level or below in the detailed demands for Grants and corresponding head-wise Appropriation Accounts forming part of the State Government Accounts. Classification of large amounts booked under the minor head '800'-Other receipts/ expenditure affects the transparency/ fair picture in financial reporting.

3.6 Conclusion and Recommendations

The departmental officers did not submit 262 Utilisation Certificates (due for submission by March 2015) to the Accountant General (A&E), Uttarakhand in respect of the grants of ₹ 240.94 crore given upto March 2015 for specific purposes. In the absence of these certificates it could not be ascertained whether the recipients had utilised the grants for the intended purposes.

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

The departmental heads were not submitting statement of such bodies and authorities to Accountant General (Audit) Uttarakhand to which grants or loan aggregating ₹ 10 lakh or more were paid during preceding year. As such the institutions which attract audit by CAG could not be identified properly.

The Government may ensure timely finalization and submission of annual accounts of all autonomous bodies, and other entities that receive grants or loans, for ensuring accountability.

Significant amounts of expenditure and receipts under Central and State Schemes, booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' under various Major Heads were not distinctly depicted in the State Finance Accounts of 2014-15, affecting the transparency in financial reporting.

The Government may consider ensuring correctness in financial reporting. The receipts and expenditure of major schemes should be distinctly depicted rather than camouflaging these under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' across various major heads.

Dehradun
The 31 March 2016



(SAURABH NARAIN)
Accountant General (Audit), Uttarakhand

Countersigned



New Delhi
The 4 April 2016

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Appendix-1
State Profile
Paragraph 1.1
(Reference: Profile of Uttarakhand; page 1)

A. General Data*:

S. No.	Particulars		Figures
1	Area		53,483 Sq. km.
2	Population		
	a.	As per 2001 Census	84.89 lakh
	b.	As per 2011 Census	101.17 lakh
3	a.	Density of Population (as per 2001 Census) (All India Density = 325 persons per Sq. Km.)	159 person per Sq. km.
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq. Km.)	189 person per Sq. km.
4	Population Below Poverty Line (BPL) (All India Average = 30.00 per cent)		17.80 per cent
5	a.	Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	71.62 per cent
	b.	Literacy (as per 2011 Census) (All India Average = 73.00 per cent)	78.82 per cent
6	Infant mortality (per 1000 live births) (All India Average = 40 per 1000 live births)		32
7	Life Expectancy at Birth (All India Average =67.50)		N.A.
8	Gini Coefficient**		
	a.	Rural (All India = 0.29)	0.26
	b.	Urban (All India = 0.38)	0.36
9	Gross State Domestic Product (GSDP) 2014-15 at current prices		1,38,723
10	Per capita GSDP CAGR (2005-06 to 2014-15)		16.85 per cent
11	GSDP CAGR (2005-06 to 2014-15)		18.56 per cent
12	Population Growth (2005-06 to 2014-15)		14.02 per cent

B: Financial Data

CAGR					
Particulars		Figures (in per cent)			
CAGR		2005-06 to 2013-14		2013-14 to 2014-15	
		For Uttarakhand	For SCS#	For Uttarakhand	For SCS#
A	Of Revenue Receipts	15.32	13.72	16.89	15.34
B	Of Tax Revenue	19.36	16.00	13.36	13.19
C	Of Non-Tax Revenue	9.23	10.67	-15.64	-6.78
D	Total Expenditure	13.28	13.86	28.55	20.99
E	Capital Expenditure	10.21	11.36	33.05	26.12
F	Revenue Expenditure on Education	15.89	16.09	16.33	17.68
G	Revenue Expenditure on Health	15.34	16.70	41.65	23.67
H	Salary and Wages	21.20	16.40	13.65	4.52
I	Pension	21.36	19.95	15.06	14.94

* Source: Economic Advisor, Office of the Comptroller and Auditor General of India.

Based on 9 SCS such as one Assam, two Himachal Pradesh, three Manipur, four Meghalaya, five Mizoram, six Nagaland, seven Sikkim, eight Tripura and nine Uttarakhand.

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

Appendix - 1.1
Paragraph - 1.2.1
(Reference: pages 1, 6)

Part A: Structure and Form of Government Accounts	
Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.	
Part I: Consolidated Fund: All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.	
Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained where upon the advances from the Contingency Fund are recouped to the Fund.	
Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings provident funds , reserve funds, deposits, suspense remittances, etc. which do not form part of the Consolidated Fund are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.	
PART B: Layout of Finance Accounts	
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Statement No.2	Statement of Receipts and Disbursements
Statement No.3	Statement of Receipts (Consolidated Fund)
Statement No.4	Statement of Expenditure (Consolidated Fund) A. Expenditure by Function B. Expenditure by Nature
Statement No. 5	Statement of Progressive Capital Expenditure
Statement No.6	Statement of Borrowings and Other Liabilities
Statement No.7	Statement of Loans and Advances given by the Government
Statement No.8	Statement of Investments of the Government
Statement No.9	Statement of Guarantees given by the Government
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Part II-Detailed Statement	
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Statement No.15	Detailed Statement of Revenue Expenditure by Minor Heads
Statement No.16	Detailed Statement of Capital Expenditure by Minor Heads and Subheads
Statement No.17	Detailed Statement of Borrowings and Other Liabilities by Minor Heads
Statement No.18	Detailed Statement of Loans and Advances given by the Government
Statement No.19	Detailed Statement of Investments of the Government
Statement No.20	Detailed Statement of Guarantees given by the Government
Statement No.21	Detailed Statement on Contingency Fund and Other Public Account transactions
Statement No.22	Detailed Statement on Investment of Earmarked Balances

Part III: Appendices	
Appendices- I	Comparative Expenditure on Salary
Appendices-II	Comparative Expenditure on Subsidy
Appendices-III	Grants-in-Aid /Assistance given by the State Government (Institution wise and Scheme wise)
Appendices-IV	Details of Externally Aided Projects
Appendices-V	Plan Scheme Expenditure (A. Central Schemes B. State Schemes)
Appendices-VI	Direct Transfer of Central Scheme Funds to Implementing Agencies in the State (Funds routed outside State Budget) (Unaudited Figures)
Appendices-VII	Acceptance of Balances/ Unreconciled difference between Ledger and Broadsheet
Appendices-VIII	Financial results of Irrigation Works
Appendices-IX	Statement of Commitments on Incomplete Public Works Contracts (As on 31 March 2015)
Appendices-X	Statement on Maintenance Expenditure of the State during 2014-15 (As on 31 March 2015)
Appendices-XI	Statement on Implications of Major Policy Decisions during the year on New Schemes proposed in the Budget for the future Cash Flows (As on 31 March 2015)
Appendices-XII	Statement on Committed Liabilities of the State Government in future
Appendices-XIII	Statement of items for which allocation of balances as a result of Re-organisation of States has not been finalized

Appendix - 1.2
Part A
(Reference: page 1)
Methodology adopted for the Assessment of Fiscal Position

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

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

Trends in Gross State Domestic Product (GSDP)

	2010-11	2011-12	2012-13*	2013-14*	2014-15*
Gross State Domestic Product (₹ in crore)	83,969	97,858	1,08,250	1,22,897	1,38,723
Growth rate of GSDP	18.72	16.54	10.62	13.53	12.88
Source: Information provided by HQs' Office.					

* Provisional * Quick * Advance

Methodology for Estimating the Fiscal Capacity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Substituting (3) in (4) we get

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

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

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

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	[(Current year Amount /Previous year Amount)-1]* 100
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)2]*100
Interest spread	GSDP growth – Average Interest Rate
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

Appendix-1.2

Part B

(Reference: Paragraph: 1.1; page 2)

Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005

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

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

In particular the State government shall--

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

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

(₹ in crore)

	2013-14 (Actual)	2014-15 (Budgeted)	2014-15 (Revised)	2015-16 (Budgeted)	2016-17 (Projected)	2017-18 (Projected)	2018-19 (Projected)
A. STATE REVENUE ACCOUNT :							
1. Own Tax Revenue	7355.34	8023.26	8196.26	9463.49	10977.65	12734.07	14898.86
2. Own Non-Tax Revenue	1316.54	1807.46	1812.23	2068.06	2233.50	2412.19	2605.16
3. Own Tax +Non-Tax Revenue (1+2)	8671.88	9830.72	10008.49	11531.55	13211.15	15146.26	17504.02
4. Share in Central Taxes and Duties	3573.38	4134.00	4134.00	5526.08	6133.95	6808.68	7557.64
5. Plan-Grants	4142.86	9772.19	11443.84	8104.30	8914.73	9806.20	10786.82
6. Non-Plan Grants	932.41	737.54	922.24	615.75	756.78	846.44	948.66
7. Total Central Transfer (4 to 6)	8648.65	14643.73	16500.08	14246.13	15805.46	17461.33	19293.12
8. Total Revenue Receipts (3+7)	17320.53	24474.45	26508.57	25777.68	29016.61	32607.58	36797.15
9. Plan Expenditure	6001.07	11677.23	13634.10	11634.49	12027.94	13230.73	14553.81
10. Non-Plan Expenditure	16087.47	18676.55	18771.71	21059.15	23586.25	27124.19	31192.81
11. Salary Expenditure	6814.85	8144.60	8254.32	9148.22	10337.49	11888.11	13671.33
12. Pension	2130.68	2424.48	2700.48	2623.90	2912.53	3232.91	3588.53
13. Interest Payments	2056.04	2947.93	2561.08	3380.14	3887.30	4466.94	5118.55
14. Subsidies-General	-	-	-	-	-	-	-
15. Subsidies-Power	-	-	-	-	-	-	-
16. Total Revenue Expenditure (9+10)	16216.41	23792.03	24352.48	25739.33	28795.23	32538.61	36768.63
17. Salary+Interest+ Pensions (11+12+13)	11001.57	13517.01	13515.88	15152.26	17137.32	19587.96	22378.41
18. As per cent of Revenue Receipt (17/8)	63.52	55.23	50.99	58.78	59.06	60.07	60.82
19. Revenue surplus/ deficit (8-16)	1104.12	682.42	2156.09	38.35	221.38	68.97	28.52
B. CONSOLIDATED REVENUE ACCOUNT							
Consolidated Revenue Surplus/Deficit	1104.12	682.42	2156.09	38.35	221.38	68.97	28.52
C. CONSOLIDATED DEBT:							
1. Outstanding Debt and liability*	26399.89	31051.52	30184.95	34047.93	39683.10	46123.52	53363.62
2. Total Outstanding Guarantee	1474.57	1474.57	1474.57	1831.87	1831.87	1831.87	1831.87

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D. Capital Account							
1. Capital Outlay	3712.02	4591.37	5840.21	4004.85	5406.55	6109.40	6903.62
2. Disbursement of Loans and Advances	677.99	212.59	480.33	172.67	500.00	500.00	500.00
3. Recovery of Loans and Advances	235.63	45.70	45.70	37.39	50.00	100.00	135.00
4. Other capital receipts	4038.48	4075.84	4118.75	4101.78	5635.17	6440.42	7240.10
E. GROSS FISCAL DEFICIT (GFD) :	3050.26	4075.84	4118.75	4101.78	5635.17	6440.42	7240.10
GSDP (₹ in crore) at Current Prices	122897.24	138722.50	138722.50	156201.60	175883.00	198044.20	222997.80
F. FISCAL DEFICIT :							
Actual/Assumed Nominal Growth Rate (<i>per cent</i>)	13.53	12.88	12.88	12.60	12.60	12.60	12.60
* It includes amount of provident fund.							

Appendix 1.3
(Reference: Paragraphs 1.3, 1.9.2 and 1.10 (ii); pages 8, 26 and 31)
Time series data on the State Government Finances

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Part A. Receipts					
I. Revenue Receipts	11,608	13,691	15,747	17,321	20,247
(i) Tax Revenue	4,405(38)	5,616(41)	6,414(41)	7,356(42)	8,339 (41)
Taxes on Agricultural Income	--	--	--	--	--
Taxes on Sales, Trade etc.	2,940(67)	3,644(65)	4,289(67)	4,903(67)	5,465 (65)
State Excise	756(17)	844(15)	1,118(17)	1,269(17)	1,487 (18)
Taxes on Vehicles	227(5)	335(6)	304(5)	369(5)	394 (5)
Stamps and Registration fees	440(10)	524(9)	648(10)	687(10)	714 (9)
Land Revenue	18(0.41)	10(--)	11(--)	22(--)	39 (--)
Taxes on Goods and Passengers	--	--	--	--	--
Other Taxes	24(0.54)	259(5)	44(1)	106(1)	240 (3)
(ii) Non Tax Revenue	678(6)	1,136(8)	1,603(10)	1,317(8)	1,111 (5)
(iii) State's share of Union taxes and duties	2,460(21)	2,866(21)	3,273(21)	3,573(21)	3,792 (19)
(iv) Grants in aid from Government of India	4,065(35)	4,073(30)	4,457(28)	5,075(29)	7,005 (35)
2. Miscellaneous Capital Receipts	-	-	--	180	135
3. Recoveries of Loans and Advances	85	91	428	55	46
4. Total Revenue and Non debt capital receipts (1+2+3)	11,693	13,782	16,175	17,556	20,428
5. Public Debt Receipts	2,427	2,336	2,968	3,873	4,573
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,384(98)	2,289(98)	2,933(99)	3838(99)	4,512 (99)
Net transactions under Ways and Means Advances and Overdrafts	-	--	--	--	--
Loans and Advances from Government of India	43(2)	47(2)	35(1)	35(1)	61 (1)
6. Total Receipts in the Consolidated Fund (4+5)	14,120	16,118	19,143	21,429	25,001
7. Contingency Fund Receipts	582	126	32	412	332
8. Public Account Receipts	18,829	19,668	21,925	25,954	35,032
9. Total Receipts of the State (6+7+8)	33,531	35,912	41,100	47795	60,365
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	11,621	12,975	13,960	16,216	21,164
Plan	2,472(21)	2,321(18)	2,427(17)	2,767(17)	5,632 (27)
Non Plan	9,149(79)	10,654(82)	11,533(83)	13,449(83)	15,532 (73)
General Services (including interest payments)	4,180(36)	4,475(35)	5,372(38)	6,182(38)	7,402 (35)
Social Services	5,169(44)	6,019(46)	6,096(44)	7,298(45)	9,224 (44)
Economic Services	1,864(16)	2,102(16)	1,995(14)	2,068(13)	3,857 (18)
Grants-in-aid and contributions	408(4)	379(3)	497(4)	668(4)	681 (3)
11. Capital Expenditure	1,855	2,317	3,542	3,712	4,939
Plan	1,859(100)	2,071(89)	2,972(84)	3,138(85)	4,780 (97)
Non Plan	(-) 4	246(11)	570(16)	574(15)	159 (3)
General Services	105(5)	77(3)	129(4)	138(4)	214 (4)
Social Services	235(13)	369(16)	715(20)	841(22)	1,231 (25)
Economic Services	1,515(82)	1,871(81)	2,698(76)	2,733(74)	3,494 (71)

12. Disbursement of Loans and Advances	60	247	273	278	151
13. Total Expenditure of the State (10+11+12)	13,536	15,539	17,775	20,206	26,254
14. Repayments of Public Debt	519	1,016	1,472	1,317	894
Internal Debt (excluding Ways and Means Advances and Overdrafts)	448	667	1,412	1,266	866
Net transactions under Ways and Means Advances and Overdraft	45	323	31	--	--
Loans and Advances from Govt. of India	26	26	29	51	28
15. Appropriation to Contingency Fund	515	(-) 400	--	400	150
16. Total disbursement out of Consolidated Fund (13+14+15)	14,570	16,155	19,247	21,923	27,298
17. Contingency Fund disbursements	537	69	32	194	194
18. Public Account disbursements	17,733	19,832	20,961	25,190	33,535
19. Total disbursement by the State (16+17+18)	32,840	36,056	40,240	47,307	61,027
Part C. Deficits/Surplus					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-) 13	(+)716	(+)1,787	(+)1,105	(-) 917
21. Fiscal Deficit (4-13)	1,843	1,757	1,600	2,650	5,826
22. Primary Deficit(-)/Primary Surplus (+) (21+23)	(-) 363	(+) 12	(+)489	(-)594	(-) 3,420
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1,480	1,769	2,089	2056	2406
24. Financial Assistance to local bodies etc.	408	379	497	668	681
25. Ways and Means Advances/Overdraft availed (days)	93	73	2	16	12
26. Interest on Ways and Means Advances/Overdraft	1	0.88	0.01	0.09	0.13
27. Gross State Domestic Product (GSDP)[@]	83,969	97,858	1,08,250	1,22,897	1,38,723
28. Outstanding Fiscal liabilities (year end)	21,598	23,609	25,540	28,767	33,480
29. Outstanding guarantees (year end) (including interest)	1,511	1,739	1,570	1,475	1,832
30. Maximum amount guaranteed (year end)	2,122	2,722	2,722	2,513	2,951
31. Number of incomplete projects (in numbers)	89	63	192	96	141
32. Capital blocked in incomplete projects (₹ in crore)	63	121.80	95	266	155.71
Part E. Fiscal Health Indicators (in ratios)					
I Resource Mobilization					
Own Tax revenue/GSDP	0.05	0.06	0.06	0.06	0.06
Own Non-Tax Revenue/GSDP	0.01	0.01	0.01	0.01	0.01
Central Transfers/GSDP	0.08	0.07	0.07	0.07	0.08
II Expenditure Management					
Total Expenditure/GSDP	0.16	0.16	0.16	0.16	0.19
Total Expenditure/Revenue Receipts	1.17	1.13	1.13	1.17	1.30
Revenue Expenditure/Total Expenditure	0.86	0.83	0.79	0.80	0.81

Expenditure on Social Services/Total Expenditure	0.40	0.41	0.40	0.40	0.40
Expenditure on Economic Services/Total Expenditure	0.25	0.26	0.26	0.24	0.28
Capital Expenditure/Total Expenditure	0.14	0.15	0.20	0.18	0.19
Capital Expenditure on Social and Economic Services/Total Expenditure	0.13	0.14	0.19	0.18	0.18
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-) *	(+) 0.007	(+) 0.016	(+) 0.009	(-) 0.007
Fiscal deficit/GSDP	(-) 0.022	(-) 0.018	(-) 0.015	(-) 0.022	(-) 0.04
Primary Deficit (surplus) /GSDP	(-) 0.004	(+) *	(+) 0.005	(-) 0.005	(-) 0.025
Revenue Deficit/Fiscal Deficit	(+) 0.007	(-) 0.408	(-) 1.117	(-) 0.417	(+) 0.16
Primary Revenue Balance/GSDP	(-) 0.018	(-) 0.010	(-) 0.002	(-) 0.007	(-) 0.023
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.26	0.24	0.24	0.23	0.24
Fiscal Liabilities/RR	1.86	1.72	1.62	1.66	1.65
Debt Redemption (Principal +Interest)/ Total Debt Receipts	0.83	0.94	1.00	0.82	0.71
V Other Fiscal Health Indicators					
Return on Investment	0.21	0.05	0.19	0.30	0.11
Balance from Current Revenue (₹ in crore)	(-) 46	(-)250	(+)775	(-) 223	(-) 1,347
Financial Assets/Liabilities	0.77	0.82	0.90	0.95	0.93

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

@ GSDP figures communicated by the Government adopted.

* Not computable

Appendix-1.4
(Reference: Paragraphs 1.1.1 and 1.9.2; pages 2 and 26)
Part A
Abstract of Receipts and Disbursements for the year 2014-15

(₹ in crore)					(₹ in crore)					
Receipts					Disbursements					
Various items	2013-14		2014-15		Various items	2013-14	2014-15			
	2.	3.	4.	5.			Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Section – A Revenue										
I-Revenue Receipts		17,320.53		20,246.55	I-Revenue Expenditure	16,216.41	15,531.54	5,632.17	21,163.71	21,163.71
(i) Tax revenue	7,355.34		8,338.47		General Services	6,182.04	7,346.72	55.56	7402.28	
(ii) Non-tax revenue	1,316.54		1,110.44		Social Services	7,298.01	5,466.78	3,756.91	9,223.69	
(iii) State's share of Union Taxes and Duties	3,573.38		3,792.30		Education, Sports, Art and Culture	4,067.53	3,832.05	885.59	4,717.64	
(iv) Non-Plan Grants	980.77		943.81		Health and Family Welfare	899.23	681.53	563.59	1,245.12	
(v) Grants for State Plan Schemes	3,558.07		4,083.15		Water Supply Sanitation Housing and Urban Development	547.58	209.66	631.39	841.05	
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	536.43		1,978.38		Information and Broadcasting	48.31	52.12	0.83	52.95	
					Welfare of Scheduled Castes Scheduled Tribes and Other backward Classes	251.87	103.38	232.18	335.56	
					Labour and Labour Welfare	98.05	106.19	21.36	127.55	
					Social Welfare and Nutrition	1,346.76	467.45	1,369.24	1,836.69	
					Others	38.67	14.40	52.73	67.13	
					Economic Services	2,067.95	2,036.77	1,819.70	3,856.47	
					Agriculture and Allied Activities	1,013.41	1,093.93	456.02	1,549.95	
					Rural Development	356.52	269.20	1,232.64	1,501.84	
					Special Area Programme	-	--	--	--	
					Irrigation and Flood Control	319.30	356.54	0.07	356.61	
					Energy	7.37	3.66	1.64	5.30	
					Industry and Minerals	54.39	32.34	25.96	58.30	
					Transport	224.59	247.58	26.36	273.94	
					Science Technology and Environment	8.53	1.07	7.85	8.92	
					General Economic Services	83.84	32.45	69.16	101.61	
					Grants-in-aid and Contributions	668.41	681.27	--	681.27	
Total		17,320.53		20,246.55	Total	16,216.41				21,163.71
II-Revenue Deficit carried over to Section-B			--	917.16	II-Revenue Surplus carried over to Section-B	1,104.12				
Total		17,320.53		21,163.71	Total	17,320.53				21,163.71

Various items	2013-14		2014-15		Various items	2013-14	2014-15			
	2.	3.	4.	5.			6.	7.	Non-Plan	Plan
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
III-Opening cash balance including Permanent Advances and Cash Balance Investment		1,945.54		2,433.41	III- Opening overdraft from Reserve Bank of India	--				--
IV- Misc. Capital Receipts	--	180.40		135.33	IV- Capital Outlay	3,712.03	158.75	4780.26	4,939.01	4,939.01
					General Services	137.90	1.00	212.66	213.66	
					Social Services	840.81	--	1,230.74	1,230.74	
					Education Sports Art and Culture	306.96	--	427.20	427.20	
					Health and Family Welfare	148.02	--	260.43	260.43	
					Water Supply Sanitation Housing and Urban Development	282.84	--	384.24	384.24	
					Information and Broadcasting	--	--	--	--	
					Welfare of Scheduled Castes Scheduled Tribes and Other Backward Classes	78.43	--	63.69	63.69	
					Social Welfare and Nutrition	14.15	--	79.33	79.33	
					Other Social Services	10.41		15.85	15.85	
					Economic Services	2,733.32	157.75	3,336.86	3,494.61	
					Agriculture and Allied Activities	598.08	132.52	54.16	186.68	
					Rural Development	325.97	0.23	701.24	701.47	
					Special Areas Programmes	--	--	--	--	
					Irrigation and Flood Control	460.08	--	764.10	764.10	
					Energy	255.62		171.25	171.25	
					Industry and Minerals	9.36		12.98	12.98	
					Transport	1,051.80	25.00	1,544.82	1,569.82	
					General Economic Services	32.41	--	88.31	88.31	
					Total	3,712.03	158.75	4780.26	4,939.01	4,939.01
V-Recoveries of Loans and Advances		55.23		45.58	V- Loans and Advances disbursed	277.99	1.92	149.05	150.97	150.97
From Power Projects	47.26		39.89		For Power Projects	52.53	--	11.26	11.26	
From Government Servants	3.60		3.04		To Government Servants	1.27	1.47	--	1.47	
From Others	4.37		2.65		To others	224.19	0.45	137.79	138.24	
VI-Revenue surplus brought down		1,104.12			VI-Revenue deficit brought down	--	--	--	--	917.16
VII-Public Debt Receipts		3,873.17		4,573.42	VII-Repayment of Public Debt	1,316.81				893.89

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Various items	2013-14		2014-15		Various items	2013-14	2014-15			
	2.	3.	4.	5.			6.	7.	Non-Plan	Plan
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Internal Debt other than Ways and Means Advances and Overdraft	3,838.21		4,512.42		Internal debt other than Ways and Means Advances and Overdraft	1,265.51			865.49	
Net transactions under Ways and Means Advances including Overdraft	--	--	--	--	Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	
Loans and Advances from the Central Government	34.96		61.00		Repayment of Loans and Advances to Central Government	51.30			28.40	
VIII-Appropriation from Contingent Fund		--		--	VIII-Appropriation to Contingency Fund	400.00				150.00
IX- Amount transferred to Contingent Fund		412.00		331.98	IX- Expenditure from Contingency Fund	194.48				194.15
X- Public Account Receipts		25,954.59		35,032.43	X- Public Account disbursements	25,190.33				33,534.94
Small Savings and Provident Funds	1,313.17		1,399.93		Small Savings and Provident Funds	990.73			979.73	
Reserve Funds	468.31		306.59		Reserve Funds	472.24			92.02	
Deposits and Advances	3,086.84		3,484.42		Deposits and Advances	2,735.10			3,085.04	
Suspense and Miscellaneous	16,269.57		24,453.93		Suspense and Miscellaneous	16,492.77			24,440.43	
Remittances	4,816.69		5,387.56		Remittances	4,499.49			4,937.72	
XI- Closing overdraft from Reserve Bank of India					XI-Cash Balance at end	2,433.41				1,772.03
					Cash in Treasuries and Local Remittances	--	--	--	--	
					Departmental Cash Balance including Permanent Advances	(-3.02)	--	--	(-2.99)	
					Deposits with Reserve Bank	558.31	--	--	104.19	
					Cash Balance investment and investment of earmarked funds	1878.12	--	--	1,670.83	
Total		33,525.05		42,552.15	Total	33,525.05				42,552.15

Appendix-1.4 (Continued)
Part B
(Reference: Paragraph 1.9.1; page 26)
Summarized financial position of the Government of Uttarakhand as on 31 March 2015

(₹ in crore)

As on 31.03.2014	Liabilities	As on 31.03.2015
20,909.92	Internal Debt -	24,556.86
10,930.44	Market Loans bearing interest	13,021.59
0.12	Market Loans not bearing interest	0.12
1.50	Loans from Life Insurance Corporation of India	1.50
9,977.86	Loans from other Institutions	11,533.65
--	Ways and Means Advances	--
--	Overdrafts from Reserve Bank of India	--
445.20	Loans and Advances from Central Government -	477.80
0.53	Pre 1984-85 Loans	0.53
5.97	Non-Plan Loans	5.48
438.70	Loans for State Plan Schemes	471.79
--	Loans for Central Plan Schemes	--
--	Loans for Centrally Sponsored Plan Schemes	--
600.00	Contingency Fund (Corpus)	750.00
5,042.79	Small Savings Provident Funds etc.	5,462.98
2,223.22	Deposits	2,622.62
1,224.16	Reserve Funds	1,438.73
--	Remittance Balances	--
30,445.29	Total	35,308.99

*Changed Proforma**

Appendix-1.4 Part B (Continued)

As on 31.03.2014	Assets	As on 31.03.2015
23,834.00	Gross Capital Outlay on Fixed Assets -	28,773.00
2,676.51	Investments in shares of Companies Corporations etc.	2808.56
21,157.49	Other Capital Outlay	25964.44
940.97	Loans and Advances	1,046.36
82.12	Loans for Power Projects	53.49
866.68	Other Development Loans	1,001.82
(-) 7.83	Loans to Government servants and Miscellaneous loans	(-) 8.95
279.63	Contingency Fund (un-recouped)	291.81
1,124.53	Remittance	674.70
377.57	Suspense and Miscellaneous Balances	364.08
2,433.41	Cash -	1,772.03
--	Cash in Treasuries and Local Remittances	--
558.31	Deposits with Reserve Bank	104.19
(-) 2.15	Departmental Cash Balance	(-) 2.15
(-) 0.87	Permanent Advances	(-) 0.84
1,878.12	Cash Balance Investments	1,670.83
1,455.18	Deficit on Government Account -	2,387.01
1,104.12	(i) Deduct Revenue Surplus of the current year	--
--	(ii) Add Revenue deficit of the current year	917.16
(-) 219.60	(iii) Appropriation to Contingency Fund and Misc. Capital Receipt	14.67
(-) 205.03	(iv) Amount close to Government Account	--
2,134.67	(v) Accumulated deficit at the beginning of the year	1,455.18
30,445.29	Total	35,308.99

Explanatory Notes for Appendices 1.3 and 1.4

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis the deficit on Government account as shown in **Appendix 1.4** indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid payments made on behalf of the State and other pending settlements etc. There was a difference of ₹ 13.04 crore (Credit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank". The difference is under reconciliation.

Appendix-1.5
(Reference: Paragraph 1.8.3; page 24)
Summarised Financial Statement of Departmentally Managed Commercial/ Quasi-commercial Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of accounts	Mean Govt capital	Block assets at depreciated cost	Depreciation provided during the Year	Turnover	Net profit/ Loss	Interest on Capital	Total return (8+9)	Percentage of Return on capital
1	2	3	4	5	6	7	8	9	10	11
1	Irrigation Workshop Division, Roorkee	2011-12	191.72	80.57	6.03	55.57	(-) 26.22	23.49	(-) 2.73	(-) 1.42
2(a)	Regional Food Controller, Haldwani	2002-03	-	58.25	6.64	19,644.70	(-) 1,873.25	-	(-) 1,873.25	-
2(b)	Regional Food Controller, Dehradun	2002-03	-	9.97	1.00	8,357.23	(-) 1,797.44	-	(-) 1,797.44	-

Appendix-2.1

(Reference: Paragraph 2.3.1; page 40)

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

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/ Appropriation	Total Expenditure	Excess Expenditure	Percentage of Excess Exp.
Capital (Voted)						
1.	17	Agriculture Works & Research	1,39.33	1,59.09	19.76	14.18
2.	22	Public Works	13,33.60	14,93.39	1,59.79	11.98
3.	25	Food	6.46	17,44.71	17,38.25	2,69,07.89
4.	29	Horticulture Development	00	5.00	5.00	Not computable
Total			14,79.39	34,02.19	19,22.80	129.97

Appendix-2.2
(Reference: Paragraph 2.3.5; page 42)
Statement of various grants/appropriations where supplementary provision proved insufficient by more than ₹ 1 crore each

(₹ in crore)

Sl. No.	Grant Number	Name of the Grant	Original Provision	Supplementary provision	Total	Expenditure	Excess
1.	17	Agriculture Works & Research (Capital- Voted)	4.43	1,34.90	1,39.33	1,59.09	19.76
2.	22	Public Works (Capital- Voted)	6,80.60	6,53.00	13,33.60	14,93.39	1,59.79
3.	25	Food (Capital Voted)	5.00	1.46	6.46	17,44.71	17,38.25
Total			6,90.03	7,89.36	14,79.39	33,97.19	19,17.80

Appendix-2.3
(Reference: Paragraph 2.3.6; page 42)
Rush of Expenditure

(₹ in crore)

Sl. No.	Head of account Scheme/ Service	Expenditure incurred during Jan-March	Expenditure incurred in March	Total Expenditure	Percentage of total expenditure incurred during	
					Jan-March 2015	March 2015
1.	2013	85.38	40.31	1,26.78	67.35	31.80
2.	2030	18.13	11.63	29.01	62.50	40.09
3.	2204	19.40	7.44	37.76	51.38	19.70
4.	2205	10.50	8.37	19.96	52.61	41.93
5.	2215	4,66.76	3,26.03	7,85.71	59.41	41.49
6.	2217	37.08	31.24	53.29	69.58	58.62
7.	2225	1,85.88	1,33.67	3,35.56	55.39	39.83
8.	2235	5,73.64	3,16.95	11,26.84	50.91	28.13
9.	2250	53.88	31.27	66.89	80.55	46.75
10.	2404	25.34	6.28	32.20	78.70	19.50
11.	2701	6.98	5.83	13.87	50.32	42.03
12.	2810	3.23	3.23	5.23	61.76	61.76
13.	3451	8.69	8.22	11.29	76.97	72.81
14.	3452	53.69	50.58	68.34	78.56	74.01
15.	4055	44.40	39.75	48.38	91.77	82.16
16.	4059	1,51.15	1,20.56	1,65.28	91.45	72.94
17.	4202	3,11.35	2,49.05	4,27.20	72.88	58.30
18.	4210	2,36.98	1,94.79	2,60.42	91.00	74.80
19.	4216	1,24.26	1,17.01	1,30.02	95.57	89.99
20.	4217	94.20	52.49	1,57.86	59.67	33.25
21.	4225	61.93	61.93	63.69	97.24	97.24
22.	4235	73.71	73.36	79.33	92.92	92.47
23.	4250	12.85	6.14	15.85	81.07	38.74
24.	4700	1,80.91	1,54.56	2,73.25	66.21	56.56
25.	4711	1,56.05	96.11	3,10.65	50.23	30.94
26.	5053	83.44	83.44	86.54	96.42	96.42
27.	6401	1,34.89	1,34.89	1,34.89	100.00	100.00
28.	6801	9.58	9.58	11.26	85.08	85.08
Total		32,24.28	23,74.71	48,77.35	66.11	48.69

Appendix-2.4

(Reference: Paragraph 2.3.7.1; page 42)

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

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary Provision
A-Revenue (Voted)					
1.	01- Legislature	27.41	26.45	0.96	1.15
2.	04- Judicial Administration	1,42.94	1,11.98	30.96	4.77
3.	06- Revenue & General Administration	20,23.42	10,28.68	9,94.74	42.96
4.	07- Finance, Tax, Plannings, Secretariate & Misc. Services	43,17.67	41,45.80	1,71.87	3,08.40
5.	08- Excise	14.48	14.26	0.22	1.23
6.	10 - Police & Jail	11,27.94	10,96.85	31.09	69.46
7.	11- Education, Sports, Youth Welfare & Culture	49,45.50	45,48.37	3,97.13	3,44.34
8.	15- Welfare	11,71.05	10,67.40	1,03.65	2,38.91
9.	16-Labour and Employment	1,68.93	1,51.38	17.55	40.66
10.	17 -Agriculture Works & Research	5,19.96	4,67.39	52.57	38.52
11.	18- Co-Operative	43.08	38.95	4.13	3.80
12.	19-Rural Development	8,15.58	6,21.40	1,94.18	4,57.28
13.	20- Irrigation & Flood	4,16.86	3,61.98	54.88	8.52
14.	22- Public Works	7,24.55	5,79.09	145.46	60.00
15.	23- Industries	90.99	79.57	11.42	2.61
16.	25 -Food	2,28.12	2,03.73	24.39	2,00.34
17.	26- Tourism	1,00.81	68.34	32.47	10.00
18.	27 -Forest	4,93.69	4,75.64	18.05	1,01.88
Total Revenue (Voted)		1,73,72.98	1,50,87.26	22,85.72	19,34.83
Revenue (Charged)					
1.	02-Governer	6.97	6.22	0.75	0.44
2.	04- Judicial Administration	29.81	24.69	5.12	2.47
3.	07- Finance, Tax, Planning, Secretariat & Misc. Services	30,64.93	24,07.64	6,57.29	0.15
4.	09-Public Service Commission	11.91	10.82	1.09	0.50
Revenue (Charged)		31,13.62	24,49.37	6,64.25	3.56
C- Capital (Voted)					
1.	04- Judicial Administration	25.00	14.96	10.04	9.50
2.	06- Revenue & General Administration	8.40	4.05	4.35	0.50
3.	13-Water Supply, Housing & Urban Development	6,95.50	2,35.65	4,59.85	18.00
4.	15-Welfare	1,44.93	82.75	62.18	12.11
5.	20- Irrigation & Flood	8,12.38	7,76.06	36.32	2,11.54
6.	23-Industries	14.69	12.98	1.71	24.10
7.	30-Welfare of Scheduled Castes	4,99.39	2,67.62	2,31.77	67.91
8.	31-Welfare of Scheduled Tribe	1,26.12	1,20.75	5.37	37.00
Total Capital (Voted)		23,26.41	15,14.82	811.59	3,80.66
Grand Total		2,28,13.01	1,90,51.45	37,61.56	23,19.05

Appendix-2.5

(Reference: Paragraph 2.3.7.2; page 43)

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

(₹ in lakh)

Sl. No.	Grant No.	Description	Voted/ Charged	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	01	Legislature	Revenue-Voted	2011-02-101-03	(-)62.00	(-)1,61.13
			Revenue-Voted	2011-02-103-03	(+)62.00	(-)50.26
2.	11	Education, Sports, Youth Welfare & Culture	Capital-Voted	4202-03-102-01	(-)20.40	(-)9,29.32
3.	15	Welfare	Revenue-Voted	2250-00-800-18	(+)4.50	(-)21.38
			Revenue-Voted	2250-00-800-21	(-)4.50	(-)31.45
4.	18	Co-Operative	Revenue-Voted	2425-00-001-03	(-)10.50	(-)4,21.25
5.	24	Transport	Revenue-Voted	3055-00-190-07	(-)59.00	(-)41.00

Appendix-2.6
(Reference: Paragraph 2.3.7.3; page 43)
Substantial surrenders made during the year 2014-15

(₹ in lakh)

Sl.No.	Number and title of Grant/Appropriation	Name of the scheme (Head of Account)	Total Grant	Amount of Surrender	Percentage of Surrender
1.	11-Education, Sports, Youth Welfare & Culture	2204-00-001-01	3,82.89	1,23.43	32.24
		2204-00-001-05	80.00	52.90	66.13
		2204-00-001-11	90.00	90.00	100.00
2.	28-Animal Husbandry	2403-00-101-01	23,27.32	15,41.60	66.24
		2403-00-101-09	2,25.31	90.57	40.20
		2403-00-107-01	3,57.00	3,57.00	100.00
3.	30-Welfare of Scheduled Castes	2403-00-106-02	6,26.10	2,57.71	41.16
		2403-00-107-01	1,55.90	80.00	51.31
		4403-00-101-02	94.62	94.62	100.00
4.	31-Welfare of Scheduled Tribes	2403-00-796-17	67.41	67.41	100.00
		2403-00-796-21	94.00	94.00	100.00
Total			45,00.55	28,49.24	63.31

Appendix-2.7
(Reference: Paragraph 2.3.7.4; page 43)
Statement of various grants/appropriations in which savings of ₹ 5 crore and above occurred but no part of which had been surrendered

(₹ in crore)					
Sl. No.	Grant No.	Name of grant/appropriation	Total Grant/Appropriation	Expenditure	Saving
1.	01	Legislature (Capital-Voted)	1,13.10	93.13	19.97
2.	04	Judicial Administration (Revenue-Voted)	1,47.71	111.98	35.73
		<i>Judicial Administration (Revenue-charged)</i>	32.28	24.69	7.59
		Judicial Administration (Capital-Voted)	34.50	14.96	19.54
3.	06	Revenue & General Administration (Revenue-Voted)	20,66.38	10,28.68	10,37.70
4.	07	Finance, Tax, Planning, Secretariat & Miscellaneous Services (Revenue-Voted)	46,26.07	41,45.80	4,80.27
		<i>Finance, Tax, Planning, Secretariat & Miscellaneous Services (Revenue-Charged)</i>	30,65.08	24,07.64	6,57.44
		Finance, Tax, Planning, Secretariat & Miscellaneous Services (Capital-Voted)	3,11.26	2,88.17	23.09
		<i>Finance, Tax, Planning, Secretariat & Miscellaneous Services (Capital-Charged)</i>	17,57.79	10,74.05	6,83.74
5.	10	Police & Jail (Revenue-Voted)	11,97.40	10,96.85	1,00.55
		Police & Jail (Capital-Voted)	58.93	51.38	7.55
6.	12	Medical, Health & Family Welfare (Revenue-Voted)	15,96.65	11,99.31	3,97.34
		Medical, Health & Family Welfare (Capital-Voted)	2,76.41	2,52.14	24.27
7.	13	Water Supply, Housing & Urban Development (Revenue-Voted)	9,50.39	7,74.53	1,75.86
		Water Supply, Housing & Urban Development (Capital-Voted)	7,13.50	2,35.65	4,77.85
8.	15	Welfare (Revenue-Voted)	14,09.96	10,67.40	3,42.56
		Welfare (Capital-Voted)	1,57.04	82.75	74.29
9.	16	Labour & Employment (Revenue-Voted)	2,09.59	1,51.38	58.21
		Labour & Employment (Capital-Voted)	74.60	41.33	33.27
10.	17	Agriculture Works & Research (Revenue-Voted)	5,58.48	4,67.39	91.09
11.	18	Co-Operative (Revenue-Voted)	46.88	38.95	7.93
12.	19	Rural Development (Revenue-Voted)	12,72.86	6,21.40	6,51.46
		Rural Development (Capital-Voted)	8,23.45	6,03.82	2,19.63
13.	20	Irrigation & Flood (Revenue-Voted)	4,25.39	3,61.98	63.41
		Irrigation & Flood (Capital-Voted)	10,23.92	7,76.06	2,47.86
14.	21	Energy (Revenue-Voted)	26.79	5.11	21.68
		Energy (Capital-Voted)	4,92.71	1,31.05	3,61.66
15.	22	Public Works (Revenue-Voted)	7,84.55	5,79.09	2,05.46
16.	23	Industries (Revenue-Voted)	93.60	79.57	14.03
		Industries (Capital-Voted)	38.79	12.98	25.81
17.	24	Transport (Revenue-Voted)	49.22	43.95	5.27
		Transport (Capital-Voted)	1,18.45	88.45	30.00
18.	25	Food (Revenue-Voted)	4,28.46	2,03.73	2,24.73

19.	26	Tourism (Revenue-Voted)	1,10.81	68.34	42.47
		Tourism (Capital-Voted)	2,68.26	88.31	1,79.95
20.	27	Forest (Revenue-Voted)	5,95.57	4,75.64	1,19.93
		Forest (Capital-Voted)	59.10	50.73	8.37
21.	29	Horticulture Development (Revenue-Voted)	1,92.71	1,51.40	41.31
		Total	2,62,08.64	1,89,89.77	72,18.87

Appendix-2.8
(Reference: Paragraph 2.3.7.4; page 43)
Details of saving/ shortfall in the utilization of funds of ₹ 1 crore and above not surrendered
(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
Revenue-Voted				
1.	01-Legislature	2.11	0.00	2.11
2.	03-Council of Ministers	1.16	0.00	1.16
3.	04- Judicial Administration	35.73	0.00	35.73
4.	05- Election	1.98	0.00	1.98
5.	06- Revenue and General Administration	10,37.70	0.00	10,37.70
6.	07- Finance, Tax, Planning, Secretariat & Misc. Services	4,80.27	0.00	4,80.27
7.	08- Excise	1.44	0.00	1.44
8.	10-Police And Jail	1,00.55	0.00	1,00.55
9.	11-Education, Sports, Youth Welfare and Culture	7,41.48	4.26	7,37.22
10.	12-Medical, Health and Family Welfare	3,97.34	0.00	3,97.34
11.	13-Water Supply, Housing and Urban Development	1,75.86	0.00	1,75.86
12.	14- Information	1.01	0.00	1.01
13.	15- Welfare	3,42.56	0.00	3,42.56
14.	16-Labour & Employment	58.21	0.00	58.21
15.	17- Agriculture Works and Research	91.09	0.00	91.09
16.	18- Co-Operative	7.93	0.00	7.93
17.	19- Rural development	6,51.46	0.00	6,51.46
18.	20- Irrigation and Flood	63.41	0.00	63.41
19.	21- Energy	21.68	0.00	21.68
20.	22- Public Work	2,05.46	0.00	2,05.46
21.	23- Industries	14.03	0.00	14.03
22.	24- Transport	5.27	0.00	5.27
23.	25- Food	2,24.73	0.00	2,24.73
24.	26- Tourism	42.47	0.00	42.47
25.	27- Forest	1,19.93	0.00	1,19.93
26.	28- Animal Husbandry	33.92	26.27	7.65
27.	29- Horticulture Development	41.31	0.00	41.31
28.	30-Welfare of Scheduled Castes	2,69.50	3.66	2,65.84
29.	31- Welfare of Scheduled Tribes	95.59	1.70	93.89
Total		52,65.18	35.89	52,29.29
Revenue Charged				
1.	02-Governor	1.19	0.00	1.19
2.	04- Judicial Administration	7.59	0.00	7.59
3.	06- Revenue and General Administration	1.06	0.00	1.06

4.	07- Finance, Tax, Planning, Secretariat & Misc. Services	6,57.44	0.00	6,57.44
5.	09- Public Service Commission	1.59	0.00	1.59
6.	22- Public Work	4.71	0.00	4.71
Total		6,73.58	0.0	6,73.58
Capital-Voted				
1.	01- Legislature	19.97	0.00	19.97
2.	04- Judicial Administration	19.54	0.00	19.54
3.	06- Revenue and General Administration	4.85	0.00	4.85
4.	07- Finance, Tax, Planning, Secretariat & Misc. Services	23.09	0.00	23.09
5.	10-Police And Jail	7.55	0.00	7.55
6.	11-Education, Sports, Youth Welfare and Culture	1,89.88	0.01	1,89.87
7.	12-Medical, Health and Family Welfare	24.27	0.00	24.27
8.	13-Water Supply, Housing and Urban Development	4,77.85	0.00	4,77.85
9.	15-Welfare	74.29	0.00	74.29
10.	16-Labour & Employment	33.27	0.00	33.27
11.	19-Rural Development	2,19.63	0.00	2,19.63
12.	20- Irrigation and Flood	2,47.86	0.00	2,47.86
13.	21-Energy	3,61.66	0.00	3,61.66
14.	23- Industries	25.81	0.00	25.81
15.	24-Transport	30.00	0.00	30.00
16.	26-Tourism	1,79.95	0.00	1,79.95
17.	27-Forest	8.37	0.00	8.37
18.	30-Welfare of Scheduled Castes	2,99.68	0.95	2,98.73
19.	31- Welfare of Scheduled Tribes	42.37	0.44	41.93
Total		22,89.89	1.40	22,88.49
Capital-Charged				
1.	07- Finance, Tax, Planning, Secretariat & Misc. Services	6,83.74	0.00	6,83.74
Total		6,83.74	0.00	6,83.74
Grand Total		89,12.39	37.29	88,75.10

Appendix-2.9

(Reference: Paragraph 2.3.7.4; page 43)

Cases of surrender of funds in excess of ₹ 10 crore on 30/31 March 2015

(₹ in crore)

Sl. No.	Grant No.	Major Head	Total Provision	Amount of Surrender	Percentage of Total Provision
1.	28	2403-Animal Husbandry	162.76	26.27	16.14
Total			162.76	26.27	16.14

Appendix-2.10

(Reference: Paragraph 2.3.7.5; page 43)

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

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
Revenue –Voted					
1.	01	Legislature	28.56	2.11	7.39
2.	03	Council of Ministers	1,27.94	1.16	0.91
3.	04	Judicial Administration	1,47.71	35.73	24.19
4.	05	Election	49.89	1.98	3.97
5.	06	Revenue & General Administration	20,66.38	10,37.70	50.22
6.	07	Finance ,Tax Planning Secretariat & Miscellaneous Services	46,26.07	4,80.28	10.38
7.	08	Excise	15.70	1.44	9.17
8.	10	Police & Jail	11,97.40	1,00.55	8.40
9.	11	Education, Sports ,Youth Welfare & Culture	52,89.85	7,41.48	14.02
10.	12	Medical Health & Family Welfare	15,96.65	3,97.34	24.89
11.	13	Water Supply ,Housing & Urban Development	9,50.39	1,75.86	18.50
12.	14	Information	53.77	1.01	1.88
13.	15	Welfare	14,09.96	3,42.56	24.30
14.	16	Labour & Employment	2,09.59	58.20	27.77
15.	17	Agriculture Works & Research	5,58.47	91.09	16.31
16.	18	Co-Operative	46.88	7.93	16.92
17.	19	Rural Development	12,72.86	6,51.46	51.18
18.	20	Irrigation & Flood	4,25.39	63.41	14.91
19.	21	Energy	26.79	21.68	80.93
20.	22	Public Works	7,84.55	2,05.45	26.19
21.	23	Industries	93.59	14.02	14.98
22.	24	Transport	49.22	5.27	10.71
23.	25	Food	4,28.45	2,24.72	52.45
24.	26	Tourism	1,10.81	42.47	38.33
25.	27	Forest	5,95.57	1,19.93	20.14
26.	28	Animal Husbandry	2,06.57	33.92	16.42
27.	29	Horticulture Development	1,92.71	41.31	21.44
28.	30	Welfare of Scheduled Castes	11,25.38	2,69.50	23.95
29.	31	Welfare of Scheduled Tribes	2,94.24	95.59	32.49
Total			2,39,81.34	52,65.15	21.96
Revenue –Charged					
1.	02	Governor	7.41	1.19	16.06
2.	04	Judicial Administration	32.28	7.59	23.51
3.	06	Revenue & General Administration	2.51	1.06	42.23
4.	07	Finance ,Tax Planning ,Secretariat & Miscellaneous Services	30,65.08	6,57.44	21.45
5.	09	Public Service Commission	12.41	1.59	12.81
6.	22	Public Works	4.99	4.71	94.39
Total			31,24.68	6,73.58	21.56
Capital-Voted					

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1.	01	Legislature	1,13.10	19.97	17.66
2.	04	Judicial Administration	34.50	19.54	56.64
3.	06	Revenue & General Administration	8.90	4.85	54.49
4.	07	Finance ,Tax Planning Secretariat & Miscellaneous Services	3,11.26	23.09	7.42
5.	10	Police & Jail	58.93	7.55	12.81
6.	11	Education, Sports ,Youth Welfare & Culture	5,96.90	1,89.88	31.81
7.	12	Medical Health & Family Welfare	2,76.41	24.27	8.78
8.	13	Water Supply Housing & Urban Development	7,13.50	4,77.85	66.97
9.	15	Welfare	1,57.04	74.29	47.31
10.	16	Labour & Employment	74.60	33.27	44.60
11.	19	Rural Development	8,23.45	2,19.63	26.67
12.	20	Irrigation & Flood	10,23.92	2,47.86	24.21
13.	21	Energy	4,92.71	3,61.66	73.40
14.	23	Industries	38.79	25.81	66.54
15.	24	Transport	1,18.45	30.00	25.33
16.	26	Tourism	2,68.26	1,79.96	67.08
17.	27	Forest	59.10	8.37	14.16
18.	30	Welfare of Scheduled Castes	5,67.29	2,99.68	52.83
19.	31	Welfare of Scheduled Tribes	1,63.13	42.37	25.97
Total			59,00.24	22,89.90	38.81
Capital-Charged					
1.	07	Finance, Tax Planning, Secretariat and Miscellaneous Services	17,57.79	6,83.74	38.90
Total			17,57.79	6,83.74	38.90
Grand Total			3,47,64.05	89,12.37	25.64

Appendix-2.11
(Reference: Paragraph 2.3.8; page 46)
Fund transferred to deposit accounts at the end of the year during 2012-15

(₹ in crore)

Year/ Name of Department (Account holder)	Date of fund transfer	From where transferred (HOA)	Where transferred (HOA-Deposit)	Amount transferred to deposit heads
2012-13				
Civil Aviation Department, Dehradun	30 March 2013	5053-02-800-99	8443-00-800	62.00
Total				62.00
2013-14				
Addl.CEO & FC, UK-KVIB, Dehradun	31 March 2014	Cash challan	8443-00-800	2.40
FC, Parivahan Nigam, Dehradun	31 March 2014	Cash challan	8443-00-800	10.00
District Magistrate, Dehradun	29 March 2014	4250-00-800-09	8443-00-800	1.34
	30 March 2014	4202-02-105-(7 to 11)	8443-00-800	23.61
	31 March 2014	Cash challan 4202-03-102-(18,01,20)	8443-00-800	26.00 16.52
Total				79.87
2014-15				
Akshay Urja Vikas Abhikarsan (UREDA)	26 March 2015	2045-00-103-04	8443-00-800	2.00
Total				2.00
Grand Total				1,43.87

Appendix-2.12

(Reference: Paragraph 2.5; page 48)

Expenditure made from Contingency Fund during the year 2014-15 remained un-recouped

(₹ in crore)

Sl. No	Grant No	Major Head	Adv. From Contingency Fund
1.	03-Council of Ministers	2013	15.10
2.	05-Elections	2015	0.003
3.	06-Relief on account of natural calamities	2245	10.00
4.	09-Public Service Commission	2051	3.28
5.	11-General Education	2202	2.21
6.	14-Information & Publicity	2220	2.50
7.	15-Welfare	2225	23.04
		2235	41.71
8.	17- Crop Husbandry	2401	29.84
9.	30- Dairy Development	2404	0.12
10.	19-Other Rural Development Programmes	2515	0.21
11.	23- Other Scientific Research	3425	7.76
12.	22-Capital Outlay on Public Works	4059	6.50
13.	11-Capital Outlay on Education, Sports, Art & Culture	4202	25.00
14.	12-Capital Outlay on Medical and Public Health	4210	5.00
15.	15-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, other Backward	4225	20.88
16.	17-Capital Outlay on Crop Husbandry	4401	1.00
Total			1,94.153

Source: Information as compiled from VLC data of Accountant General (A&E), Uttarakhand.

Appendix-2.13

(Reference: Paragraph 2.5; page 48)

Expenditure made from Contingency Fund during the year 2000-14 remained un-recouped

(₹ in lakh)

Sl. No.	MH	Un-recouped Contingency fund												Total
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2009-10	2010-11	2011-12	2012-13	2013-14	
1.	2013	--	--	--	--	--	--	--	--	--	--	99.99	--	99.99
2.	2014	--	--	--	--	--	--	--	--	--	--	--	14.41	14.41
3.	2029	--	--	7.57	0.50	1.03	--	--	4.67	21.55	--	--	--	35.32
4.	2053	--	--	--	45.84	--	--	--	--	--	--	--	--	45.84
5.	2070	--	--	--	--	--	--	--	--	--	--	0.20	--	0.20
6.	2040	--	8.56	--	--	--	--	--	--	--	--	--	--	8.56
7.	4515	--	--	--	--	--	258.19	--	--	37.90	--	--	--	2,96.09
8.	2202												2.80	2.80
9.	2210	--	10.19	--	--	--	--	--	278.35	--	--	--	25.00	3,13.54
10.	4210	--	--	--	50.00	80.00	--	--	--	--	--	--	--	1,30.00
11.	2217	--	--	--	--	--	--	--	--	35.00	--	--	--	35.00
12.	2225												10.00	10.00
13.	2235	--	--	--	--	--	--	--	1.96	7.59	--	--	9.71	19.26
14.	2230	--	--	--	--	--	--	--	--	--	--	2.80	7.77	10.57
15.	2425	--	--	--	--	--	2.50	--	--	--	5,13.95	0.07	--	5,16.52
16.	2515	--	--	--	--	--	--	--	--	631.53	14.18	--	--	6,45.71
17.	4515	--	--	--	--	--	--	--	--	--	36,16.00	18,32.35	--	54,48.35
18.	4801	2,00.00	--	--	--	--	--	--	--	--	--	--	--	2,00.00
19.	2059	66.90	--	--	--	--	--	--	--	--	--	--	96.00	1,62.90
20.	4059	87.32	--	--	--	--	--	--	--	--	--	--	--	87.32
21.	2853	--	--	--	--	--	--	--	--	--	--	--	129.60	1,29.60
22.	3456	--	--	--	--	--	--	19.50	--	--	--	--	--	19.50
23.	2403	--	--	--	--	--	--	--	162.99	20.39	--	--	--	1,83.38
24.	2235	--	--	--	--	--	--	--	--	--	--	--	40.30	40.30
25.	2403	--	--	--	--	--	--	--	--	--	--	71.31	--	71.31
26.	2225	--	--	--	--	--	--	--	--	--	--	--	366.27	3,66.27
Total		3,54.22	18.75	7.57	96.34	81.03	2,60.69	19.50	4,47.97	7,53.96	41,44.13	20,06.72	7,01.86	88,92.74

Appendix-2.14
(Reference: Paragraph 2.6 (A); page 48)
Pending DC bills for the years up to 2014-15 (Position as on 31 March 2015)

(₹ in lakh)

Sl. No.	Department	Major Head	Number of AC bills	Amount
1.	Election	2015	3	6.44
2.	Education	2202	11	74.48
3.	NCC Directorate	2202	8	3.99
4.	General Administration	2217	1	0.20
5.	Youth Welfare	2204	8	8.15
6.	General Administration	2205	1	0.25
7.	Medical, Health & Family Welfare	2210	6	4,43.68
8.	Animal Husbandry	2403	12	47.69
9.	Agriculture Works & Research	2401	1	0.02
10.	General Administration	2070	02	2.35
11.	Uttarakhand Information Commission	2070	01	0.25
12.	Revenue & General Administration	4059	01	29.66
13.	General Administration	2245	3	74.35
14.	General Administration	2053	2	0.40
15.	Rural Development	2515	06	0.26
16.	Panchayati Raj	2515	14	1,58.86
17.	Forest	2406	3	0.75
18.	Irrigation	2700	1	0.10
19.	Fisheries	2405	1	0.03
20.	RFC Kumoun	4408	1	40.00
21.	Labour & Employment (Dy. Director Factory)	2230	1	15.00
22.	Uttarakhand Law & Judicial Academy	2014	5	6.22
23.	Tourism	5452	1	5.00
24.	Social Security & Welfare	2235	1	3.65
25.	Chief Probationer Officer, Women Welfare	2235	1	0.05
Total			95	9,21.83

Appendix-3.1
(Reference: Paragraph 3.3; page 54)
Statement of finalisation of Accounts and the Government Investment in Departmentally Managed Commercial and Quasi-Commercial Undertakings

Sl. No.	Name of the Undertaking	Accounts finalized up to	Investment as per the last accounts finalized (₹ in crore)	Remarks/Reasons for Delay in Preparation of accounts
Department of Irrigation:				
1.	Irrigation Workshop Division, Roorkee	2011-12	1.92	NA
Food & Civil Supply Department				
2.	Regional Food Controller, Haldwani	2002-03	NA	NA
3.	Regional Food Controller, Dehradun	2002-03	NA	NA

Appendix-3.2

(Reference: Paragraph 3.4; page 55)

Department wise/duration wise break-up of the cases of misappropriation, defalcation etc. (cases where final action was pending at the end of March 2015)

Sl. No.	Name of the Department	Number of cases of delay						Total No. of Cases.
		0-1 years	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years to More	
1.	Education	--	--	--	--	--	01	01
2.	Forest	--	--	-	02	01	--	03
TOTAL					02	01	01	04

Appendix-3.3
(Reference: Paragraph 3.4; page 55)
Department/category wise details in respect of cases of loss to Government due to theft, misappropriation/ loss of Government material

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount
		(₹ in lakh)		(₹ in lakh)		(₹ in lakh)
Education	--	--	01	1.07	01	1.07
Forest	--	--	03	142.71	03	142.71
Total	--	--	04	143.78	04	143.78

**Appendix-4.1
Glossary of terms**

Sl. No.	Terms	Description
1	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.
2.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
4.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
6.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a current debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
8.	Debt Stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be current or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

9.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
10.	Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
11.	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.