



**Report of the  
Comptroller and Auditor General of India  
on  
State Finances  
for the year ended March 2016**



**Government of Andhra Pradesh  
*Report No. 3 of the year 2017***



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## Preface

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

Chapters 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 2016. Information has been obtained from the Government of Andhra Pradesh 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 during the current year.

The Report(s) containing the findings of Performance audit and Compliance audit in various Departments and observations arising out of audit of Local Bodies, Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

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# Executive Summary

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## 1 The Report

*Based on the audited accounts of the Government of Andhra Pradesh for the year ended March 2016, this Report provides an analytical review of the finances of the State Government. The Report is structured in three Chapters.*

**Chapter 1** is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2016. It broadly presents and analyses the State Government's resources and their applications.

**Chapter 2** is based on audit of Appropriation Accounts and reviews the allocative priorities of the State Government and the manner in which the allocated resources were managed by various Departments.

**Chapter 3** gives an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

*The Report has appendices containing additional data collated from several sources in support of the findings.*

## 2 Audit Findings

### 2.1 Fiscal Consolidation

*The composite State of Andhra Pradesh had enacted the Andhra Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2005 to ensure prudence in fiscal management and fiscal stability by prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework etc. Further, important targets relating to fiscal variables are to be amended from time to time in accordance with the Central Finance Commissions' recommendations. However, the new Government of Andhra Pradesh, after reorganization of the State, is yet to amend its Fiscal Responsibility and Budget Management Act in accordance with the 14<sup>th</sup> Finance Commission's recommendations, especially in respect of fiscal targets viz., revenue deficit, fiscal deficit and total outstanding liabilities to Gross State Domestic Product (GSDP). Government of India was addressed for relaxation of these parameters for which concurrence is awaited. Meanwhile, State Government could not achieve the fiscal reform targets for this year as prescribed by 14<sup>th</sup> Finance Commission. The fiscal deficit (₹ 22,057 crore) at 3.66 per cent of GSDP was still more than the prescribed limit of 3.25 per cent for the year 2015-16. Total liabilities of ₹ 1,88,075 crore stood at 31.17 per cent of GSDP against the target of 24.33 per cent prescribed by 14<sup>th</sup> Finance Commission for the year 2015-16.*

*Revenue receipts (₹ 88,648 crore) registered a shortfall of ₹ 1,476 crore (1.64 per cent) during the year over the Budget estimates for 2015-16 (₹ 90,174 crore). Revenue expenditure (₹ 95,950 crore) at 15.90 per cent of Gross State Domestic Product (GSDP)*

was less than the Budget estimates (₹ 97,425 crore). During the current year, 92.39 per cent of the revenue expenditure was met from revenue receipts and the balance (₹ 7,302 crore) was financed from borrowed funds.

While capital expenditure (₹ 14,171 crore) was more than the Budget estimates (₹ 9819 crore) by 44.33 per cent, its ratio to total expenditure stood at 12.80 per cent.

Return on investment in Companies/Statutory Corporations continued to be poor. The level of recovery of loans was low.

Out of 29 subjects listed for devolution to strengthen the Panchayat Raj Institutions in Eleventh Schedule of the Constitution, State Government had devolved 10 functions only in 2007-08 and, thereafter, no initiative was taken for devolving the remaining functions.

(Chapter 1)

## 2.2 Financial Management and Budgetary Control

Sound financial management requires advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or substantial savings with reference to provisions made during the year, exhibiting weakness in expenditure monitoring and control. The overall excess expenditure during the year 2015-16 accounted for ₹ 20,481.10 crore (15.20 per cent of budget provision including Supplementary grants), which was the result of saving of ₹ 16,375.88 crore under some of the Heads of Account, offset by an excess of ₹ 36,856.98 crore in other Heads. Thus, the supplementary provision approved by the Legislature aggregating ₹ 21,143.05 crore proved to be insufficient by ₹ 20,481.10 crore over a total required provision of ₹ 41,624.15 crore.

Excess expenditure over the allocation amounting to ₹ 16,816.21 crore pertaining to the years from 2004-05 to 2014-15 was yet to be regularized as of November 2016. Explanatory Notes by the concerned Administrative departments/Finance department were yet to be furnished. The excess expenditure incurred during the year 2015-16 was ₹ 36,856.98 crore.

Excessive/unnecessary/inadequate re-appropriation of funds were also observed. Re-appropriations to heads where original provisions were not made, etc. have been noticed which showed lack of coordination between Finance and the line departments. Scrutiny of re-appropriation orders issued by the State Government during the year 2015-16 showed that out of 10,435 items of re-appropriations made, specific reasons were not intimated in respect of 8,897 items (85.26 per cent).

Contrary to norms, lumpsum provisions of ₹ 4,650 crore were made for salaries and the entire amount was re-appropriated resulting in huge savings in most of the Grants.

Detailed scrutiny of selected Grants showed that several schemes could not be implemented due to non-finalisation of action plans, guidelines etc.

Unrealistic budgetary allocations resulting in substantial savings, unnecessary supplementary grants, expenditure incurred without provisions, incorrect re-appropriations pointed to poor budget management.

(Chapter 2)

## 2.3 Financial Reporting

*Various instances of non-observance of financial rules and procedures and absence of proper financial controls were observed in audit.*

*Cases of Utilisation Certificates being submitted incorrectly without statement of expenditure for large amounts, both by the State Government and implementing agencies, were seen. Detailed Contingent bills were not being submitted in time (delays ranging up to a decade) in violation of prescribed rules, indicating lack of effective controls besides raising apprehensions about proper end use of funds. Some of the autonomous bodies/authorities, which were in receipt of grants/loans from Government, have failed to adhere to timelines in submitting their accounts. There was no machinery existing in Government to furnish information on the quantum of Grants sanctioned to various institutions.*

*Once the budget has been allocated to some service, amounts can be transferred to a Personal Deposit Account for ensuring its uninterrupted progress. But the idea of allocation of money with a view to transferring the same to a personal deposit account without even conceiving a project does not conform to the intention and spirit of the rules. During the year 2015-16, 14,721 new Personal Deposit Accounts were opened without closing even a single account for which reasons were not forthcoming from the records/information made available to audit. Though payments of ₹ 41,001.13 crore were made from 42,999 Personal Deposit accounts, there was no proper mechanism to watch authenticity of expenditure incurred. There was no separate procedure to watch the amounts kept outside the Public account i.e. funds diverted to other bank accounts except verification during internal audit of District Treasury Officers/Sub Treasury Officers. This indicated lack of exercise of controls and deficiencies in financial monitoring system.*

*The omnibus Minor Head 800 continued to be operated for recording the expenditure/receipts relating to several items even for earmarked heads of accounts. This affected the transparency in financial reporting and distorted the analysis of allocative priorities and quality of expenditure.*

*Non-reconciliation of expenditure (28 per cent of total expenditure) and receipts (48 per cent of total receipts) continued to remain an area of concern during the year, despite being highlighted in earlier years' Reports.*

*(Chapter 3)*



### Profile of Andhra Pradesh

Andhra Pradesh is the eighth largest State in India in terms of geographical area of 1.63 lakh sq. km. with a population of 4.95 crore as per 2011 census. General data relating to the State is given in *Appendix 1.1*.

#### Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important economic indicator of the State economy. The annual growth of India's GDP and State's GSDP at current prices are given in **Table 1.1**.

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

Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's GDP (₹ in crore)	87,36,039	99,51,344	1,12,72,764	1,24,88,205	1,35,76,086
Growth rate of GDP ( <i>per cent</i> )		13.91	13.28	10.78	8.71
State's GSDP (₹ in crore)	3,79,230	4,10,961	4,68,494	5,32,922	6,03,376
Growth rate of GSDP ( <i>per cent</i> )		8.37	14.00	13.75	13.22

*Source: Central Statistical Office, Ministry of Statistics and Programme Implementation's press release dated 29 July 2016. GDP & GSDP Estimates are in the new series with base year 2011-12.*

## 1.1 Introduction

This Chapter provides a broad perspective of the finances of the Government of Andhra Pradesh for the year 2015-16 and is based on the Finance Accounts of the Government. The structure of Government Accounts and layout of the Finance Accounts are given in *Appendix 1.2*.

The State of Andhra Pradesh was bifurcated into two states i.e. Andhra Pradesh and Telangana with effect from 02 June 2014. The receipts and expenditure of previous financial years upto 2013-14 pertained to the composite state of Andhra Pradesh and those of 2014-15 included the particulars relating to composite state of Andhra Pradesh from 01 April 2014 to 01 June 2014. As the trend analysis could not be done in this scenario, audit has restricted its comments to the status of financial year 2015-16 only.

## 1.2 Summary of current year's fiscal transactions

**Table 1.2** presents the summary of the State Government's fiscal transactions during the current year *vis-à-vis* the previous year, while *Appendix 1.3* provides the details of receipts and disbursements as well as overall fiscal position during 2015-16.

**Table 1.2: Summary of receipts and disbursements for the year 2015-16**

(₹ in crore)

Receipts			Disbursements				
	2014-15*	2015-16		2014-15*	2015-16		
	Total	Total		Total	Non-Plan	Plan	Total
<b>Section A – Revenue</b>							
<b>Revenue Receipts</b>	<b>90,672</b>	<b>88,648</b>	<b>Revenue Expenditure</b>	<b>1,14,866</b>	<b>63,972</b>	<b>31,978</b>	<b>95,950</b>
<i>Tax Revenue</i>	<i>42,618</i>	<i>39,907</i>	<i>General Services</i>	<i>28,590</i>	<i>28,512</i>	<i>61</i>	<i>28,573</i>
<i>Non-tax Revenue</i>	<i>10,976</i>	<i>4,920</i>	<i>Social Services</i>	<i>42,259</i>	<i>23,909</i>	<i>22,540</i>	<i>46,449</i>
<i>Share of Union Taxes/Duties</i>	<i>15,299</i>	<i>21,894</i>	<i>Economic Services</i>	<i>43,891</i>	<i>11,435</i>	<i>9,377</i>	<i>20,812</i>
<i>Grants from GoI</i>	<i>21,779</i>	<i>21,927</i>	<i>Grants-in-aid and Contributions</i>	<i>127</i>	<i>116</i>	<i>---</i>	<i>116</i>
<b>Section B – Capital &amp; Others</b>							
<b>Misc. Capital Receipts</b>	<b>---</b>	<b>---</b>	<b>Capital Outlay</b>	<b>11,405</b>	<b>26</b>	<b>14,145</b>	<b>14,171</b>
<b>Recoveries of Loans and Advances</b>	<b>5,092</b>	<b>285</b>	<b>Loans and Advances disbursed</b>	<b>1,210</b>	<b>291</b>	<b>383</b>	<b>674</b>
<b>Public Debt Receipts<sup>#</sup></b>	<b>33,005</b>	<b>53,681</b>	<b>Repayment of Public Debt<sup>#</sup></b>	<b>10,844</b>	<b>38,445</b>	<b>---</b>	<b>38,445</b>
<b>Inter State Settlement</b>	<b>---</b>	<b>---</b>	<b>Inter State Settlement</b>	<b>---</b>	<b>195</b>	<b>---</b>	<b>195</b>
<b>Contingency Fund</b>	<b>3</b>	<b>---</b>	<b>Contingency Fund</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Public Account Receipts</b>	<b>3,01,629</b>	<b>90,912</b>	<b>Public Account Disbursements</b>	<b>2,96,281</b>	<b>79,833</b>	<b>---</b>	<b>79,833</b>
<b>Opening Cash Balance</b>	<b>20,495<sup>1</sup></b>	<b>3,934</b>	<b>Closing Cash balance</b>	<b>16,290<sup>1</sup></b>	<b>8,192</b>	<b>---</b>	<b>8,192</b>
<b>Total</b>	<b>4,50,896</b>	<b>2,37,460</b>	<b>Total</b>	<b>4,50,896</b>	<b>1,90,954</b>	<b>46,506</b>	<b>2,37,460</b>

Source: Finance Accounts.

\* Including Composite State of Andhra Pradesh for 2 months April and May 2014. Therefore figures given in 2015-16 are not strictly comparable.

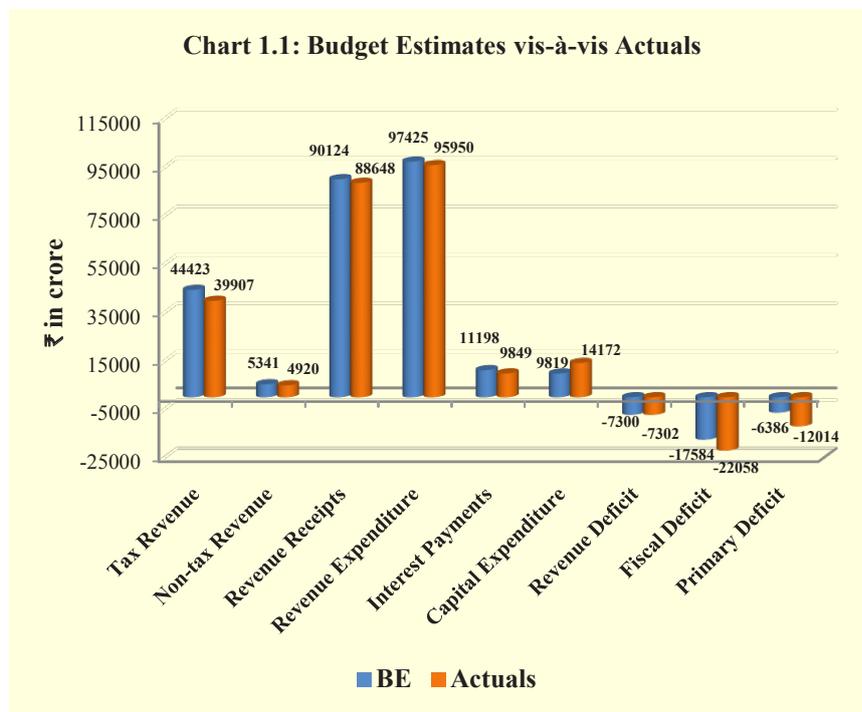
# Includes Ways and Means Advances

***The revenue deficit of Government of Andhra Pradesh for the year 2015-16 was ₹ 7,302 crore. The fiscal deficit (₹ 22,057 crore) stood at 3.66 per cent of GSDP during the year, which was more than the ceiling of 3.25 per cent prescribed by the 14<sup>th</sup> Finance Commission.***

<sup>1</sup>The opening cash balance ₹ 20,495 crore (clubbed 2 months: ₹ 13,283 crore + 10 months: ₹ 7,212 crore) and closing cash balance ₹ 16,290 crore (clubbed 2 months: ₹ 12,356 crore and 10 months: ₹ 3,934 crore) for balancing purpose only and is different from the actual balances. Please see **Appendix 1.3** for details.

### 1.3 Budget estimates and actuals

Budget Estimates (BE) and actuals for key fiscal parameters are given in *Chart 1.1* and *Appendix 1.4*.



There were considerable variations between budget estimates and actuals in respect of some items. Receipts under Land Revenue were lower by 91.77 per cent than BE. Expenditure in excess of BE was the highest in Social Welfare and Nutrition (56.80 per cent), while the maximum shortfall was noticed under District Administration (30.84 per cent) in percentage terms.

Source: Budget Estimates and Finance Accounts 2015-16

Overall, revenue expenditure (₹95,950 crore) was less than the budget estimates (₹97,425 crore) by 1.51 per cent and capital expenditure (₹14,171 crore) exceeded budget estimates (₹9,819 crore) by 44.33 per cent. On the receipts side, revenue receipts fell short of BE by 1.64 per cent.

### 1.4 Fiscal Reform Path

The State Government, in compliance with the recommendations of the Twelfth Finance Commission (TFC), enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 (amended in 2011). A summary of FRBM Act, 2005 as amended in 2011 is given in *Appendix 1.5*.

Important targets relating to fiscal variables are indicated in **Table 1.3**.

**Table 1.3: Targets/Projections for Fiscal variables**

Fiscal variables	2015-16				
	14 <sup>th</sup> FC targets for the State	Targets prescribed in FRBM Act	Targets proposed in Budget	Projections made in MEFS	Actuals
Revenue Deficit (₹ in crore)	0 <sup>#</sup>	*	7,300	4,140	7,302
Fiscal Deficit/ GSDP (in per cent)	3.25	*	N.A.	3.00	3.66
Total outstanding liabilities to GSDP (in per cent)	24.33	*	N.A.	24.33	31.17

N.A.: Not available \* yet to be amended; <sup>#</sup>14<sup>th</sup> Finance Commission, vide para 11.37, has recommended ₹ 22,113 crore as Grants-in-aid towards Revenue Deficit for the years 2015-20.

Important targets relating to fiscal variables are to be amended from time to time in accordance with the Central Finance Commissions' recommendations. However, Government of Andhra Pradesh is yet to amend its FRBM Act in accordance with the 14<sup>th</sup> Finance Commission's recommendations, especially on fiscal targets viz., revenue deficit, fiscal deficit and outstanding liabilities to GSDP.

In view of the financial stress faced by the State after bifurcation, it had written to the Centre (October 2016) seeking the permission from the GoI to amend the FRBM Act of the erstwhile composite State in respect of the following:

- To reduce of revenue deficit by 0.3 *per cent* of GSDP every year till 2020-21 and generate surplus in the revenue account thereafter;
- To maintain the ratio of fiscal deficit to GSDP between 3 and 4 per cent till 2019-20;
- To maintain the debt to GSDP ratio at 27 per cent for 2015-16 and at 28 per cent thereafter till 2019-20

Concurrence of GoI was awaited.

#### **1.4.1 Non- disclosure of prescribed information under FRBM Act**

As per Rule 6 of FRBM rules, the Government shall, at the time of presenting the budget, make disclosures as required under section 10 of the FRBM Act. Out of 10 disclosures prescribed, (i) the statement of assets in **Form D-7**, (ii) statement on claims and commitments made by the State Government on revenue demands raised but not realized in **Form D-8** and (iii) the statement on liabilities in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies in **Form D-9** were not presented along with the Budget. Further, the Government has not estimated the yearly pension liabilities on actuarial basis for the ensuing years, as stipulated in provision 7(2)(iii) of FRBM Act, 2005.

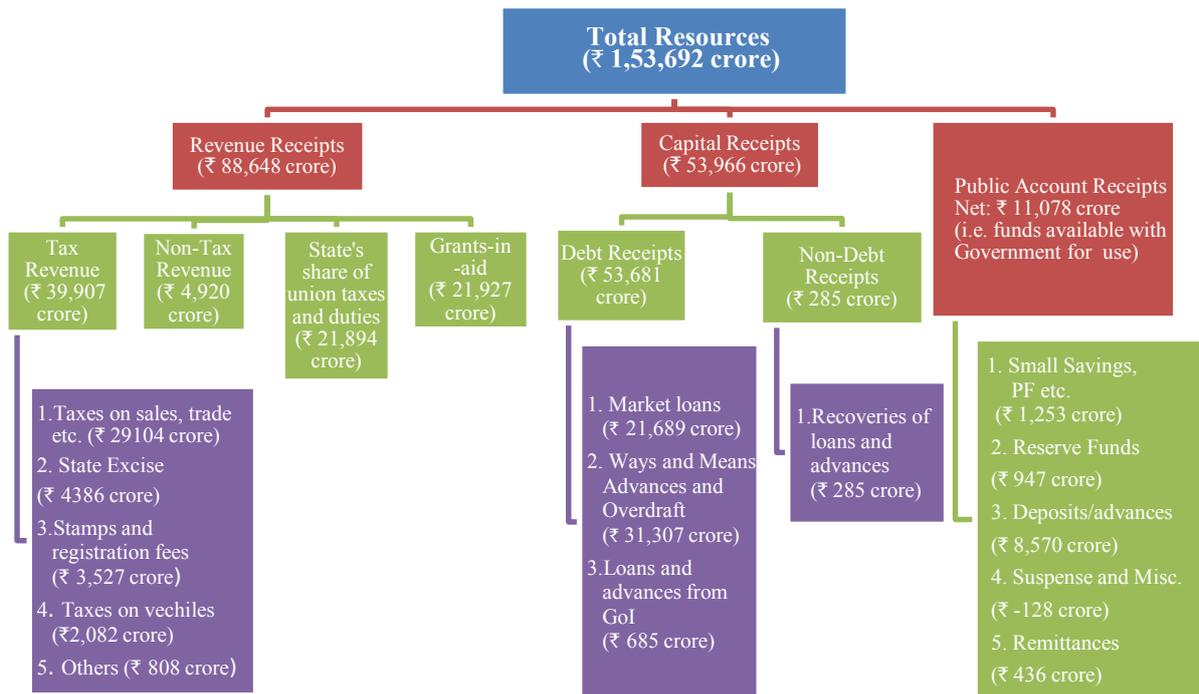
Non-disclosure of prescribed information compromised the objective of ensuring greater transparency in projecting the actual assets and liabilities as envisaged in the FRBM Act.

### **1.5 Resources of the State**

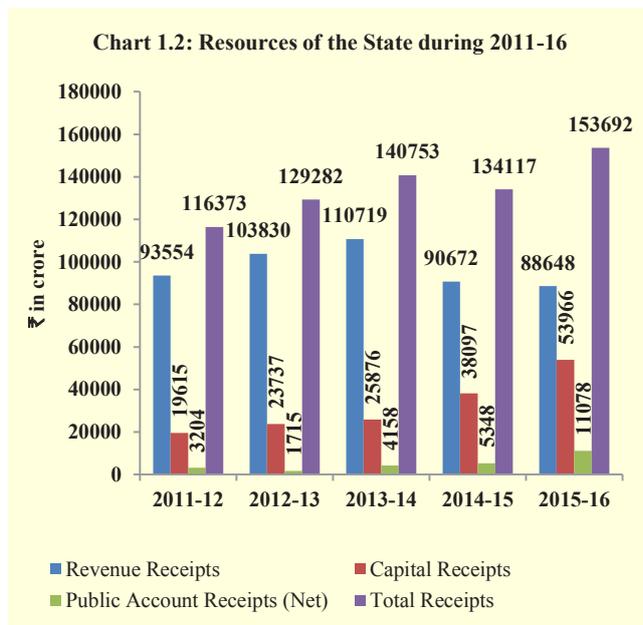
#### **1.5.1 Resources of the State as per Annual Finance Accounts**

Revenue and Capital are the two streams of receipts that constitute the resources of the State apart from the net receipts of Public Account. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes & duties and grants-in-aid from the GoI. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. The net of Public Account comprises the balance after disbursements in small savings, provident funds, reserve funds deposits, suspense and remittances etc. The balance, after disbursements is the fund available with the Government for use.

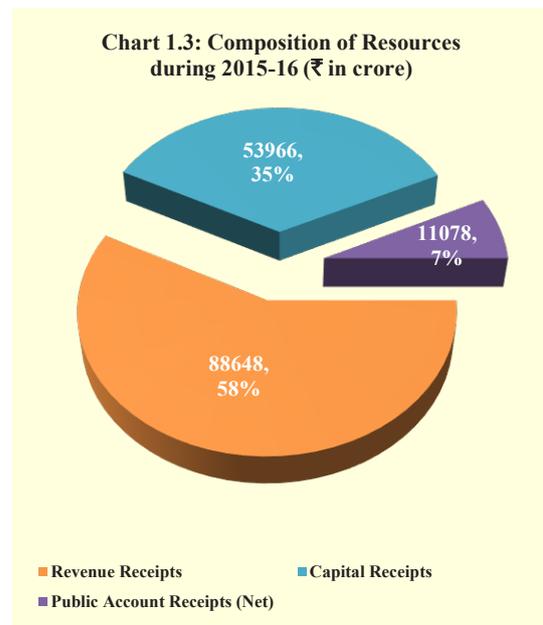
The following flowchart depicts the components and sub-components of resources of the State.



Out of the total resources of ₹ 1,53,692 crore of the State Government during the year 2015-16, revenue receipts (₹ 88,648 crore) constituted 57.68 per cent of total resources. Capital receipts (₹ 53,966 crore) and net Public Account receipts (₹ 11,078 crore) constituted 35.11 per cent and 7.21 per cent of the total resources, respectively. **Chart 1.2** depicts the details in various components of the total resources of the State during 2011-16. **Chart 1.3** depicts the composition of total resources of the State during the current year 2015-16.



Source: Finance Accounts

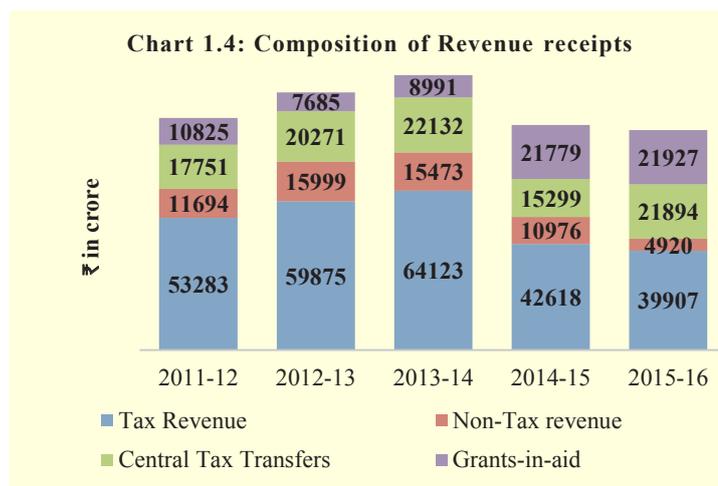


Source: Finance Accounts 2015-16

## 1.6 Revenue receipts

The details and composition of revenue receipts over the five year period 2011-16 are presented in *Appendix 1.6* and also depicted in **Chart 1.4**.

The actual receipts under State's tax and non-tax revenue *vis-à-vis* of that estimated by the State Government during 2015-16 are given in **Table 1.4** below:



Source: Finance Accounts

**Table 1.4: Revenue receipts *vis-à-vis* assessment**

	(₹ in crore)	
	Budget	Actuals
Tax Revenue	44,423	39,907
Non-Tax Revenue	5,341	4,920
Share of Central Taxes/duties	22,638	21,894
Grants-in-aid from GoI	17,722	21,927
<b>Total</b>	<b>90,124</b>	<b>88,648</b>

Source: Budget in Brief and Finance Accounts 2015-16

The actual realizations of tax revenue, non-tax revenue and Share of Central Taxes/duties were lower than the estimates made in the Budget by ₹ 5,681 crore (7.8 *per cent*). However, receipt of Grants-in-Aid from Government of India, which was more than the estimated amount (₹ 4,205 crore - 23.72 *per cent*), resulted in reduction of shortfall to ₹ 1,476 crore (1.64 *per cent*).

Revenue receipts constituted 14.69 *per cent* of GSDP in 2015-16 as shown in **Table 1.5**.

**Table 1.5: Revenue receipts relative to GSDP during 2011-16**

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Receipts (RR) (₹ in crore)	93,554	1,03,830	1,10,719	90,672	88,648
Rate of Growth <sup>2</sup> of RR ( <i>per cent</i> )	15.50	10.98	6.63	N.C.	N.C.
RR/GSDP ( <i>per cent</i> )	14.28	13.92	12.95	17.44	14.69
Buoyancy Ratios <sup>3</sup>					
Revenue Buoyancy w.r.t. GSDP	1.05	0.79	0.50	N.C.	N.C.
State's Own Tax Buoyancy w.r.t. GSDP	1.22	0.89	0.53	N.C.	N.C.

Source: Finance Accounts, N.C.: Not comparable as the State of A.P. after bifurcation is a different entity.

<sup>2</sup> See Glossary

<sup>3</sup> See Glossary

## 1.6.1 State's own resources

While the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission and guidelines on Central assistance for plan schemes etc., the State's performance in mobilization of resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax resources.

### 1.6.1.1 Own Tax Revenue

Taxes on sales and trade contributed 72.93 *per cent* to Own Tax Revenue (OTR) in 2015-16. The major taxes which contributed to OTR are given in **Table 1.6**.

**Table 1.6: Components of State's Own Tax revenue**

	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Taxes on sales, trades etc.	34,910	40,715	48,737	30,524	29,104
State excise	9,612	9,129	6,250	4,352	4,386
Taxes on vehicles	2,987	3,357	3,335	3,687	2,082
Stamp duty and Registration fees	4,385	5,115	4,393	3,249	3,527
Land revenue	141	62	74	62	52
Taxes on goods and passengers	12	12	16	14	10
Other taxes <sup>4</sup>	1,237	1,485	1,318	729	746
<b>Total</b>	<b>53,284</b>	<b>59,875</b>	<b>64,123</b>	<b>42,618</b>	<b>39,907</b>

Source: Finance Accounts

### 1.6.1.2 Non-Tax Revenue

Non-tax revenue accounts for receipts from services rendered and supplies made by various Departments of Government and interest receipts. The Non-tax revenue, constituted 5.55 *per cent* of the total revenue receipts of the year. The composition of non-tax revenue is detailed in **Table 1.7**.

**Table 1.7: Composition of Non-Tax Revenue**

	(₹ in crore)				
Revenue Head	2011-12	2012-13	2013-14	2014-15	2015-16
Interest receipts	6,279	9,626	8,646	4,796	133
Dividends & Profits	52	64	61	8	9
Other non-tax receipts	5,363	6,309	6,766	6,172	4,778
<b>Total</b>	<b>11,694</b>	<b>15,999</b>	<b>15,473</b>	<b>10,976</b>	<b>4,920</b>

Source: Finance Accounts

### Interest receipts

The Government has dispensed with the practice of charging of notional interest on cumulative Capital Outlay on Irrigation/Power Projects from the year 2015-16. Audit has been highlighting this practice hitherto adopted by the Government in its earlier reports.

<sup>4</sup>Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income

Interest receipts (₹ 133 crore) included ₹ 89 crore received from Investment of Cash Balance. While ₹ 24 crore was received from various sources viz., Major and Medium Irrigation and Credit Cooperatives etc., the remaining amount of ₹ 20 crore was booked under omnibus Minor Head-800 Other Receipts, which had no details on the source of the receipts.

Non-Ferrous Mining & Metallurgical Industries (₹ 1,523 crore – Mineral Concession Fee, Rents & Royalties), Education, Sports, Art and Culture (₹ 856 crore – General Education) and Social Security and Welfare (₹ 550 crore – Sand charges) were the main contributors to non-tax revenue.

It was observed that among the above receipts relating to Education Department ₹ 748 crore was shown as receipts to the Consolidated Fund of the State under Major Head 0202 (Education, Sports, Art and Culture) – 01 (General Education) – 101 (Elementary Education). As the above Head was related to reimbursement of teachers' salary, these amounts were required to be reduced from expenditure instead of remitting to Consolidated Fund thereby resulting in overstatement of the State's revenues.

## 1.6.2 State's share of Union taxes and Grants-in-aid

### 1.6.2.1 State's share of Union taxes

The 14<sup>th</sup> FC had recommended that the States' share of central taxes be increased to 42 *per cent* from 32 *per cent* from 2015-16 onwards. Consequently, the State's share in the net proceeds of Central Taxes (excluding Service Tax) and net proceeds of Service Tax has been fixed at 4.31 and 4.40 *per cent*, respectively.

While contributing 24.70 *per cent* to the State's total revenue receipts, central tax transfers of ₹ 21,894 crore in 2015-16 declined by ₹ 744 crore (3.29 *per cent*) from the budget estimates. Major components of central tax transfers were Corporation Tax (₹ 6,889 crore), Taxes on Income other than Corporation Tax (₹ 4,792 crore), Service Tax (₹ 3,788 crore) Customs Duty (₹ 3,498 crore) and Union Excise Duties (₹ 2,909 crore).

### 1.6.2.2 Grants-in-aid from Government of India

The details of Grants-in-aid from GoI and its composition during 2011-16 are given in **Table 1.8**.

**Table 1.8: Grants-in-aid from Government of India**

Particulars	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Non-Plan Grants	3,499	784	3,433	4,676	9,944
Grants for State Plan Schemes	3,957	3,223	2,758	16,533	10,325
Grants for Central Plan Schemes	100	219	260	55	1,658
Grants for Centrally Sponsored Schemes	3,269	3,459	2,540	515	---
<b>Total</b>	<b>10,825</b>	<b>7,685</b>	<b>8,991</b>	<b>21,779</b>	<b>21,927</b>
Total grants as a percentage of Revenue Receipts	11.57	7.40	8.12	24.02	24.73

Source: Finance Accounts

Out of the Grants of ₹ 10,325 crore for State Plan Schemes, the major amount (₹ 10,088 crore – 97.71 per cent) was related to Centrally Assisted State Plan (CASP) schemes. The major recipient of CASP scheme was Mahatma Gandhi National Rural Employment Guarantee Act (₹ 3,074 crore), Integrated Child Development Scheme (₹ 692 crore) and Sarva Shiksha Abhiyan (₹ 671 crore).

### 1.6.3 14<sup>th</sup> Finance Commission (FC) grants

Audit of the records pertaining to the grants given by GoI on the recommendations of the 14<sup>th</sup> FC was conducted in the Finance Department.

The details of recommended grants, releases and shortfall for the year are given in **Table 1.9**.

**Table 1.9: 14<sup>th</sup> Finance Commission Grants**

(₹ in crore)				
Sl No	Purpose of Grant	Recommended by 14 <sup>th</sup> FC	Actual Releases	Shortfall
<b>1</b>	<b>Local Bodies</b>	<b>1283.26</b>	<b>1259.88</b>	<b>23.38</b>
	Urban Local Bodies	348.92	331.47	17.45
	Panchayat Raj Institutions	934.34	928.41	5.93
<b>2</b>	<b>Disaster Relief</b>	<b>440.00</b>	<b>440.00</b>	<b>0</b>
	<b>Total</b>	<b>1723.26</b>	<b>1699.88</b>	<b>23.38</b>

Source: Departmental information

There was a shortfall in receipt of 14<sup>th</sup> FC Grants of ₹ 23.38 crore under Basic Grants to both ULBs & PRIs due to non-conducting of elections to local bodies.

The Department accepted the audit observation.

## 1.7 Capital Receipts

The details of Capital Receipts and their composition during 2011-16 are given in **Table 1.10**.

**Table.1.10: Composition of Capital Receipts**

(₹ in crore)					
Sources of State's Receipts	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Capital Receipts (CR)</b>	<b>19,615</b>	<b>23,737</b>	<b>25,876</b>	<b>38,097</b>	<b>53,966</b>
Miscellaneous Capital Receipts	0	0	9	0	0
Recovery of Loans and Advances	165	426	575	5,092	285
Public Debt Receipts	19,450	23,311	25,292	33,005	53,681
Rate of growth of debt capital receipts( <i>per cent</i> )	3.89	19.85	8.50	N.C.	N.C.
Rate of growth of non-debt capital receipts( <i>per cent</i> )	-4.62	158.18	37.09	N.C.	N.C.
Rate of growth of GSDP( <i>per cent</i> )	13.50	13.86	13.31	N.C.	N.C.
Rate of growth of CR ( <i>per cent</i> )	3.81	21.01	9.01	N.C.	N.C.

Source: Finance Accounts. N.C.: Not Comparable as the State of AP after bifurcation is a different entity

During 2015-16, Capital Receipts (₹ 53,966 crore) constituted 35.11 *per cent* in the total receipts (₹ 1,53,692 crore) of the State. Out of ₹ 53,681 crore of Public Debt, Government borrowed ₹ 21,689 crore from open market and ₹ 31,307 crore as Ways and Means Advances and Overdraft from the Reserve Bank of India. Loans from GoI was ₹ 685 crore.

Out of the total recoveries of loans and advances of ₹ 285 crore, an amount of ₹ 167.40 crore was received from Power projects.

## 1.8 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 and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance, after disbursements, is the fund available with the Government for use. The composition of Public Account receipts and disbursements from 2011 to 2016 given in **Table 1.11**.

**Table 1.11: Composition of Public Account receipts and disbursements during 2011 to 2016**

Particulars	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
<b>A. Public Account Receipts</b>					
Small Savings, Provident Fund etc.	3,376	3,580	3,673	2,881	2,543
Reserve Funds	2,873	2,243	3,446	1,842	2,151
Deposits and Advances	42,963	48,722	52,992	48,388	50,137
Suspense and Miscellaneous	19,315	22,333	23,590	2,37,671	21,293
Remittances	17,524	18,039	17,651	10,847	14,788
<b>Total (A)</b>	<b>86,051</b>	<b>94,917</b>	<b>1,01,352</b>	<b>3,01,629</b>	<b>90,912</b>
<b>B. Public Account Disbursements</b>					
Small Savings, Provident Fund etc.	2,156	2,390	2,601	1,578	1,290
Reserve Funds	1,621	2,436	1,895	1,286	1,204
Deposits and Advances	41,618	47,056	51,798	43,040	41,566
Suspense and Miscellaneous	20,026	22,599	23,302	2,38,170	21,421
Remittances	17,427	18,720	17,599	12,207	14,352
<b>Total (B)</b>	<b>82,848</b>	<b>93,201</b>	<b>97,195</b>	<b>2,96,281</b>	<b>79,833</b>
<b>Public Account Net (A)-(B)</b>	<b>3,203</b>	<b>1,716</b>	<b>4,157</b>	<b>5,348</b>	<b>11,078</b>

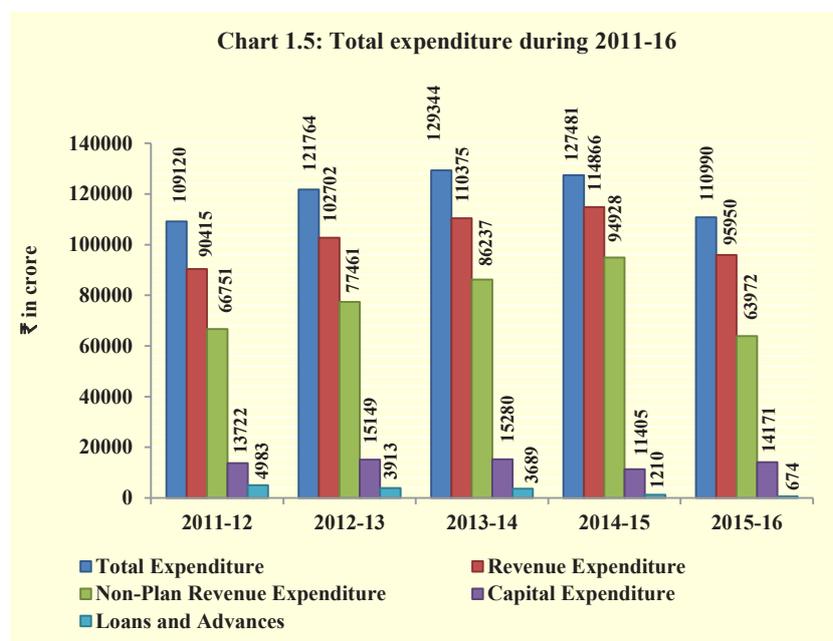
Source: Finance Accounts

During the year 2015-16, net Public Account receipts (₹ 11,078 crore) contributed 7.21 *per cent* of the total resources (₹ 1,53,692 crore) of the State.

## 1.9 Application of resources

### 1.9.1 Composition of expenditure

**Chart 1.5** presents the composition of total expenditure over a period of five years (2011-16). The composition of total and sectorial expenditure are depicted in **Charts 1.6** and **1.7** respectively.



Source: Finance Accounts

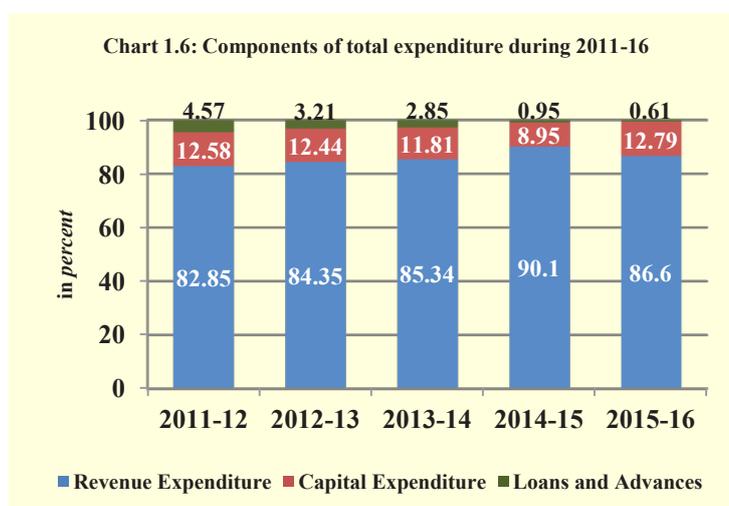
Note: Total expenditure excludes repayment of public debt amounting to ₹38,445 crore.

During the current year, 80 per cent of the total expenditure was met from revenue receipts and the rest from borrowings. The total expenditure exceeded the budget estimates (₹1,07,962 crore) by ₹3,028 crore.

Revenue expenditure (₹95,950 crore), fell short of the budget estimates (₹97,425 crore) for 2015-16 by ₹1,475 crore than the projection made and contributed 16 per cent to GSDP.

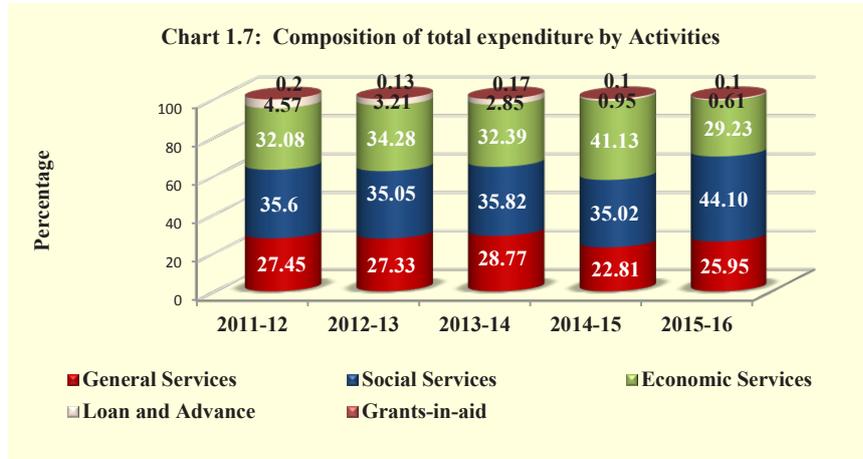
Borrowed funds used for meeting revenue expenditure create liability for future years without creating assets. During the current year, 92 per cent of the revenue expenditure was met from revenue receipts. The balance ₹7,302 crore for day to day activities of Government was financed from borrowed funds. The revenue expenditure incurred by the different departments are indicated in **Appendix 1.3**.

In the context of State finances, the quality of expenditure has always been an important issue. During the year 2015-16, revenue expenditure accounted for 86 per cent of the State's aggregate expenditure (₹1,10,990 crore), which is in the nature of current consumption, leaving only 14 per cent for investment in infrastructure and asset creation.



Source: Finance Accounts

Capital expenditure (₹ 14,171 crore) constituted 13 *per cent* of total expenditure and accounted for 2.35 *per cent* of GSDP during 2015-16. The expenditure was mainly on Irrigation and Flood Control (₹ 8,917 crore) and Transport (₹ 2,420 crore).



Loans and advances disbursed (₹ 674 crore) was less than the estimates (₹ 718 crore) made in the Budget for 2015-16 and constituted 0.61 *per cent* of the total expenditure.

Source: Finance Accounts

## 1.9.2 Committed Expenditure

Committed expenditure of Government on revenue account mainly consisted of interest payments, expenditure on salaries and wages, pensions and subsidies. During 2015-16, committed expenditure on salaries and wages, pensions, interest payments and subsidies constituted 57 *per cent* and 86 *per cent* of revenue expenditure and non-plan revenue expenditure (NPRE), respectively. **Table 1.12** and **Chart 1.8** present the expenditure on these components during 2011-16.

**Table 1.12: Components of committed expenditure**

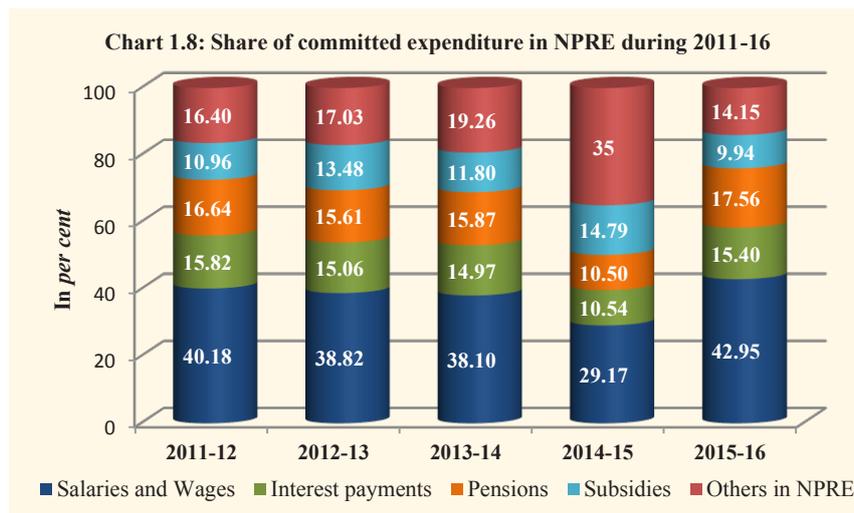
Components of committed expenditure	2011-12	2012-13	2013-14	2014-15	2015-16		
					Budget estimates	Actuals	Percentage variation
Salaries *& Wages, of which	26,823(30)	30,071(29)	32,858(38)	27,686(24)	31,272	27,474	-12.15
(i) Non-Plan	23,828	28,071	30,568	25,914(23)	30,403	25,847	-14.99
(ii) Plan**	2,995	2,000	2,290	1,772(2)	869	1,627	87.23
Interest payments	10,561	11,662	12,911	10,007(9)	11,198	9,849	-12.05
Pensions	11,110	12,089	13,682	9,971(9)	11,828	11,238	-4.99
Subsidies	7,313	10,658	10,420	14,037(12)	6,018	6,360	5.68
<b>Total</b>	<b>55,807(62)</b>	<b>64,480(63)</b>	<b>69,871(63)</b>	<b>61,701(54)</b>	<b>60,316</b>	<b>54,921</b>	<b>-8.94</b>

Source: Voucher Level Computerisation (VLC) data of O/o Pr.AG (A&E) Andhra Pradesh and Telangana

Note: Figures in paranthesis indicate percentage to Revenue Expenditure.\*It also includes the salaries paid out of grants-in-aid and work charged establishment. \*\*Plan head also includes the salaries and wages paid under CSS.

### 1.9.2.1 Salaries and wages

Expenditure on salaries and wages during the current year was less than the budget estimates by 12 *per cent*. During the current year, expenditure on salary constituted 29 *per cent* of revenue expenditure and 43 *per cent* of non-plan revenue expenditure<sup>5</sup>.



Source: Finance Accounts

### 1.9.2.2 Interest payments

The share of interest payments (₹9,849 crore) in revenue expenditure was 10.26 *per cent* during the current year. During 2015-16, interest payments as a *percentage* of total revenue receipts stood at 11.11 *per cent*, which was less than the projection (12.18 *per cent*) made by the 14<sup>th</sup> FC. Interest on Market Borrowings (₹7,137.19 crore) and Special Securities issued to NSSF of Central Government (₹1,464.15 crore) were the major contributors to interest payments.

### 1.9.2.3 Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹11,238 crore, and constituted 12.68 *per cent* of revenue receipts. Superannuation and Retirement Allowances (₹6,297.12 crore) and Family Pensions (₹2,193.12 crore) were the major expenditure under this head.

### 1.9.2.4 Subsidies

The total expenditure on subsidies during the year (₹6,360 crore) was higher than the projections made in the Budget by 5.68 *per cent*. The major portion of subsidies was given to APTRANSCO towards Agricultural and Allied activities of ₹3,186 crore (50.09 *per cent*) and Civil supplies i.e. subsidy on rice of ₹2,300 crore (36.16 *per cent*). The percentage of subsidies to revenue expenditure was 6.63 *per cent*. Department-wise subsidies are listed in **Table 1.13**.

**Table 1.13: Department wise Subsidies**

Departments	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Civil Supplies	2,358	2,692	3,190	2,118	2,380
Power	4,300	6,178	6,582	10,092	3,186
Agricultural and other Allied activities	639	1,528	340	522	633

<sup>5</sup>Salaries and wages excludes Other Contractual Services (₹ 402.20 crore i.e. 0.42 *per cent* of revenue expenditure)

Departments	2011-12	2012-13	2013-14	2014-15	2015-16
Others <sup>6</sup>	16	260	308	1,305	161
<b>Total subsidy</b>	<b>7,313</b>	<b>10,658</b>	<b>10,420</b>	<b>14,037</b>	<b>6,360</b>
Total Revenue Expenditure	90,415	1,02,702	1,10,375	1,14,866	95,950
Subsidy as a % of RE.	8.09	10.38	9.44	12.22	6.63

Source: Finance Accounts

### 1.9.3 Financial Assistance to local bodies and other institutions

The quantum of financial assistance provided by the State Government to local bodies and other institutions by way of grants/loans during 2011 to 2016 is given in **Table 1.14**.

**Table 1.14: Financial assistance to Local Bodies, etc.**

	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	7,178	7,169	7,863	8,054	6,965
Municipal Corporations and Municipalities	3,361	3,468	2,256	4,275	749
Zilla Parishads and other PR Institutions	3,023	2,677	3,862	8,679	3,724
Development Agencies	11,341	12,262	6,484	23,767	14,512
Hospitals and Other Charitable Institutions	1,192	1,195	1,385	1,416	472
Autonomous Bodies	1,473	2,180	2,160	2,493	1,741
Co-operative Institutions	52	117	82	79	146
Other Institutions <sup>7</sup>	5,390	5,752	6,465	8,363	11,385
<b>Total</b>	<b>33,010</b>	<b>34,820</b>	<b>30,557</b>	<b>57,126</b>	<b>39,694</b>
<b>Assistance as percentage of R.E.</b>	<b>36.50</b>	<b>33.90</b>	<b>27.68</b>	<b>49.73</b>	<b>41.37</b>

Source: Finance Accounts

Financial assistance extended to local bodies and other institutions in 2015-16 constituted 41.37 per cent of revenue expenditure. The major schemes/recipients of grants during the year were NTR Pensions to old age persons and widows (₹ 4,435.77 crore), teaching grants to Zilla Praja Parishads (₹ 3,920.80 crore), Mahatma Gandhi National Rural Employment Guarantee Act (₹ 3,824.27 crore), Capital infusion to DWACRA Women Groups (₹ 2,660.06 crore), Sarva Shiksha Abhiyan (SSA) (₹ 1,115.14 crore) etc.

#### 1.9.3.1 Non devolution of functions as per Constitution

GoI enacted the 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution to empower the local self-governing institutions like the Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs), to ensure a more participative governance structure in the country. GoI further entrusted the implementation of key socio-economic developmental programmes to PRIs and ULBs and devolved funds through successive Finance Commissions. The States, in turn, were required to entrust these local bodies with such powers, functions and responsibilities as to help them function as institutions of self-government

<sup>6</sup>Industries and Commerce, Minority Welfare, Information Technology & Communication, Panchayat Raj, Social Welfare, Women, Child and Disabled Welfare and Backward Classes Welfare Departments

<sup>7</sup>Other institutions include institutions that received ad-hoc or one time grants during the year

and implement schemes for economic development and social justice, including those enumerated in the Eleventh and Twelfth Schedules to the Constitution.

Eleventh Schedule to 73<sup>rd</sup> Constitutional Amendment Act, 1992 had listed 29 subjects for devolution to strengthen the PRIs. During 2007-08, State Government had devolved 10<sup>8</sup> functions to PRIs and, thereafter, no initiative was taken for devolving the remaining functions.

The 74<sup>th</sup> Constitutional Amendment Act, 1992 identified 18 functions for ULBs as incorporated in Twelfth Schedule to the Constitution. Except 'Fire Services', all the functions mentioned in this Schedule were devolved to ULBs in the State.

## 1.10 Quality of Expenditure

### 1.10.1 Adequacy of public expenditure

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 under a category to aggregate expenditure) for a particular sector, can be inferred if the ratios fall way below the respective National averages. **Table 1.15** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2015-16.

**Table 1.15: Fiscal Priority of the State in 2015-16**

Fiscal Priority by the State	(In per cent)				
	DE <sup>#</sup> /AE	SSE/AE	CE/AE	Education/AE	Health/AE
General Category States Average	70.63	36.29	14.89	15.63	4.45
Andhra Pradesh's Average	73.92	44.39	12.79	14.85	4.71

AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; CE: Capital Expenditure. # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed.

Source: Finance Accounts

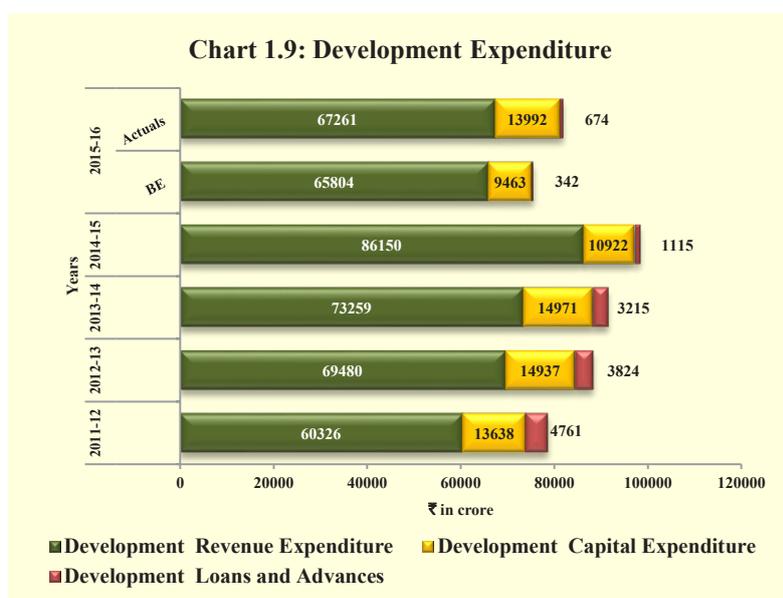
A comparison of the data related to Andhra Pradesh with that of the General Category States (GCS) in respect of 2015-16 showed the following:

- Development expenditure as a proportion of aggregate expenditure and expenditure on Social Services as a proportion of aggregate expenditure has been higher in the State compared to the GCS average. The share of expenditure on education in the State as a proportion of aggregate expenditure was lower than the corresponding GCS average, while that in respect of health was marginally higher.
- The share of capital expenditure was much lower in the State than the GCS average.

<sup>8</sup>(i) Agriculture and Agricultural extension (ii) Animal Husbandry, Dairy and Poultry (iii) Fisheries (iv) Rural Development (v) Drinking Water and Sanitation (vi) Primary, Secondary and Adult Education (vii) Health, Sanitation, Primary Health Centres, Dispensaries and Family Welfare (viii) Social Welfare (ix) Backward Classes Welfare (x) Women and Child Development

### 1.10.2 Efficiency of expenditure use

In view of the emphasis on public expenditure on socio-economic developmental works in successive Plans, it is important that the State Government takes appropriate expenditure rationalisation measures and focuses on provisioning of core public and merit goods<sup>9</sup>. Apart from improving the allocation towards development expenditure<sup>10</sup>, the efficiency of expenditure use is also reflected in the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being incurred on the actual 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. **Chart 1.9** presents the details of development expenditure.



During 2015-16, the total development expenditure (₹ 81,927 crore) constituted 73.81 per cent of aggregate expenditure and 13.58 per cent of GSDP. During the year developmental revenue and capital expenditure constituted 60.80 and 12.60 per cent of aggregate expenditure respectively. Development loans and advances constituted 0.61 per cent of aggregate expenditure.

Source: Finance Accounts

During 2015-16, the share of social services and economic services constituted 44.10 and 29.24 per cent of total expenditure, respectively. **Table 1.16** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services.

**Table 1.16: Efficiency of expenditure use in selected social and economic services**

*(In per cent)*

Social/Economic Infrastructure	2014-15			2015-16		
	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
<b>Social Services (SS)</b>						
Education	3.28	78.04	0.05	2.27	80.97	0.07
Health and Family Welfare	13.14	52.97	0.27	5.03	50.39	0.22
Water supply, Sanitation, Housing & Urban Development	4.36	19.85	0.16	16.22	18.71	1.45
<b>Total (SS)</b>	<b>5.34</b>	<b>42.30</b>	<b>0.16</b>	<b>4.94</b>	<b>50.96</b>	<b>0.29</b>

<sup>9</sup> See glossary

<sup>10</sup> See glossary

Social/Economic Infrastructure	2014-15			2015-16		
	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
<b>Economic Services (ES)</b>						
Agriculture & Allied Activities	0.14	13.01	0.47	1.76	19.42	4.18
Irrigation and Flood Control	46.32	9.41	14.39	93.47	40.67	87.96
Power & Energy	14.37	0.31	0.04	0.55	0.55	0.18
Transport	39.27	3.17	29.24	66.63	2.85	62.05
<b>Total (ES)</b>	<b>16.29</b>	<b>7.62</b>	<b>4.47</b>	<b>35.69</b>	<b>14.76</b>	<b>8.26</b>
<b>Total (SS+ES)</b>	<b>11.25</b>	<b>24.63</b>	<b>2.36</b>	<b>17.19</b>	<b>39.76</b>	<b>2.76</b>
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation & Maintenance of respective sector.						

Source: Finance Accounts

The percentage of capital expenditure in Social Sector under Education, Health and Family Welfare, Water supply and Sanitation etc., constituted 4.94 *per cent* of the total expenditure in the sector. The percentage of capital expenditure in Economic Services constituted 35.69 *per cent* of total expenditure under Agriculture & Allied Activities, Irrigation and Flood Control, Power & Energy and Transport. Funds earmarked for specific social sector activities were not always released on time/ not released at all, thereby negating the objective of allocating these funds as discussed in **Chapter-2**.

## 1.11 Financial analysis of Government expenditure and investments

In the post-Fiscal Responsibility Legislation (FRL) framework, the State is expected to keep its fiscal deficit under control. In addition, the State Government is expected to initiate measures to ensure adequate returns on its investments and higher recovery of its loans and advances. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year.

### 1.11.1 Financial Results of Irrigation Projects

The financial results for the years upto 1985-86 in respect of the irrigation works costing more than one crore each have been included in the Finance Accounts of 1990-91. State Government has not disclosed<sup>11</sup> financial results of any of its irrigation projects since 1986-87, despite the State having some of the largest irrigation projects in the country.

### 1.11.2 Incomplete Projects

Blocking of funds on incomplete projects impinge negatively on the quality of expenditure. As per information provided by the Government, none of the 274 projects which were due for completion by 31 March 2016 had been completed as on that date. The total amount of funds expended on these projects as of 31 March 2016 was ₹71,154 crore. Further, of the 274 incomplete projects, the original costs of 63 projects were revised upwards by ₹24,182.44 crore (45.82 *per cent*). Non-completion of these projects within the stipulated period not only resulted in cost overrun, but also deprived the State of the intended benefits for prolonged periods.

<sup>11</sup>Appendix-VIII (Financial results of Irrigation Schemes) of Finance Accounts

The Department-wise position of incomplete projects, each costing above rupees one crore and due for completion as on 31 March 2016 are detailed in **Table 1.17**. The details of major and medium irrigation projects pending completion are given in **Appendix 1.7**.

**Table 1.17: Department-wise profile of incomplete projects**

(₹ in crore)

Nature of works	No. of incomplete Projects	Original cost	Revised total cost of projects	Cost overrun (No. of projects)	Cumulative Expenditure as on 31-03-2016
<b>Irrigation and Command Area Development Department</b>					
Major & Medium Irrigation	47	48,034.62	71,661.27	23,626.65	68,119.91
Minor irrigation	17	95.31	158.59	63.28	86.43
<b>Roads and Buildings Department</b>					
Roads and Bridges	106	1,570.59	1,788.10	217.51	503.25
<b>Others</b>					
Andhra Pradesh State Housing Corporation Limited	6	104.02	132.74	28.72	82.31
Public Health and Municipal Engineering Department	8	344.25	358.30	14.05	150.86
Andhra Pradesh Urban Finance and Infrastructure Development Corporation	17	2,429.60	2,725.92	296.32	2,094.17
Andhra Pradesh Medical Services Infrastructure Development Corporation	28	124.83	137.37	12.54	79.84
Andhra Pradesh Education, Welfare Infrastructure Development Corporation	45	76.63	76.63	0	37.23
<b>Grand Total</b>	<b>274</b>	<b>52,779.85</b>	<b>76,962.29</b>	<b>24,182.44</b>	<b>71,154.00</b>

Source: Departmental information

The major portion of incomplete works related to the Irrigation Sector. The reasons for delay as stated by the Departments were mainly i) Land acquisition problems, ii) court cases, iii) sites not handed over by various Depts., iv) change in designs, v) Government's ban on certain works etc.

### 1.11.3 Investment and return

Government makes investments in entities like Government companies, statutory corporations, other joint stock companies and Cooperative Banks/Societies etc. As of 31 March 2016, the State Government has invested ₹ 8,709<sup>12</sup> crore in Statutory Corporations (₹ 205.57 crore), Rural Banks (₹ 26.95 crore), Government Companies (₹ 6,599.39 crore), Joint Stock Companies (₹ 57.70 crore) and Co-operatives (₹ 1,819.47 crore). The status of return on the amount invested in these Corporations/Companies is given in **Table 1.18**.

<sup>12</sup> Out of ₹ 8,709 crore, Investments of ₹ 303.95 crore were made after 02 June 2014 by Government of Andhra Pradesh and ₹ 8,405.13 crore were yet to be apportioned among two successor States.

**Table 1.18: Return on investment**

Investment/Return/Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Investment at the end of the year (₹ in crore)	6,093	6,210	6,385	8,455	8,709
Return (₹ in crore)	52	64	60	8	9
Return ( <i>per cent</i> )	0.85	1.03	0.94	0.09	0.10
Average rate of interest on Government borrowing ( <i>per cent</i> )	7.40	7.30	7.20	5.91	6.11
Difference between interest rate and return ( <i>per cent</i> )	6.55	6.27	6.26	5.82	6.01

Source: Finance Accounts

The Government earned a meagre return of ₹9 crore in 2015-16 on its investment of ₹8,709 crore in various Corporations/Companies. The average rate of return on investment was negligible at 0.10 *per cent* during 2015-16, far lower than the average rate of interest the Government paid on its borrowings.

#### **Non-disclosure of Investments:**

All the investments made by the Government are booked in the accounts as Capital Expenditure and dividends received, if any, on such investments are booked as Revenue Receipts.

The following entities had paid dividends to the Government of Andhra Pradesh during 2014-15 and 2015-16 and the same were booked under revenue receipts in the respective years.

(₹ in crore)

Name of the entity	2015-16	2014-15	Total
M/s. Stree Nidhi Credit Co-operative Federation Limited	3.39	1.35	4.74
M/s. Mahindra & Mahindra	0.53	0	0.53
M/s. A.P. Oil Seeds Growers Federation Limited	0.30	0	0.30
<b>Total</b>	<b>4.22</b>	<b>1.35</b>	<b>5.57</b>

Though the dividend was booked as receipts, corresponding investment particulars during 2014-15 and 2015-16 in these institutions were not furnished by the Government, resulting in non-disclosure of total investments.

#### **Non-availability of information on Investments with Government:**

Details regarding investments, where returns were not being received from initial date of investment and cases where dividends accrued but not remitted into Government account were not made available.

### **1.11.4 Loans and advances by State Government**

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government also provides loans and advances to institutions/organizations like Universities/Academic Institutions, PRIs, ULBs and Urban Development Authorities etc. **Table 1.19** presents the details of outstanding loans and advances during the last five years.

**Table 1.19: Average interest received on loans advanced by State Government**

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16	
					BE	Actual
Opening Balance	21,011	25,829	29,316	32,430	NA	<b>28,549</b>
Amount advanced during the year	4,983	3,913	3,689	1,210	718	<b>674</b>
Amount repaid during the year	165	426	575	5,092	NA	<b>285</b>
Closing Balance	25,829	29,316	32,430	28,548	NA	<b>28,938</b>
<i>Of which</i> , outstanding balance for which terms and conditions have been settled	NA	NA	NA	NA	NA	NA
Net addition	4,818	3,487	3,114	-3,882	NA	<b>389</b>
Interest Receipts	95	131	158	54	NA	<b>133</b>
Interest receipts as percentage of outstanding loans and advances	0.37	0.45	0.49	0.19	NA	<b>0.47</b>
Interest payments as percentage to outstanding fiscal liabilities of the State Government.	7.02	6.90	6.80	6.40	NA	<b>5.67</b>

Source: Finance Accounts; NA: Not Applicable

Loans outstanding as of 31 March 2016 amounted to ₹ 28,938 crore. Water supply, Sanitation, Housing & Urban Development (₹ 302.67 crore) and Transport (₹ 249.29 crore) were the major recipients of loans during the year. APGENCO (₹ 154.82 crore) was the main contributor to the repayment of loans (₹ 285 crore).

Out of the loans disbursed (₹ 674 crore) during 2015-16, fresh loans and advances of ₹ 451.64 crore were made to the entities from whom repayments of earlier loans (₹ 157.91 crore) were overdue; among them the A.P. State Housing Corporation (₹ 72.73 crore) was the major entity to whom the Government had disbursed an amount of ₹ 100.20 crore during 2015-16. The earliest period to which arrears related was 2002.

At the end of 2015-16, recovery of ₹ 34,904.15 crore (Principal: ₹ 28,087.90 crore and Interest: ₹ 6,816.28 crore) was due from borrowers. As of 31 March 2016, confirmation of balances of loans advanced to the tune of ₹ 28,570.50 crore was awaited. The earliest loan for which confirmation of balances was awaited related to 1984-85. Housing and Urban Development are the major entities from whom such confirmation of acceptances was awaited as of 31 March 2016 (total outstanding dues ₹ 18,897.76 crore).

Government had not maintained essential copies related to agreements, moratorium period, rate of interest on loans and confirmation of outstanding dues of loans given to various entities.

### 1.11.5 Cash balances and investment of Cash balances

**Table 1.20** depicts the cash balances and investments made by the State Government during the year.

**Table 1.20: Cash balances and their investment**

	(₹ in crore)	
	Opening balance on 1/4/2015	Closing balance on 31/3/2016
<b>(a) General Cash Balance</b>		
Cash in Treasuries	---	---
Deposits with Reserve Bank	-585.13	-419.09
Deposits with other Banks	1.34	1.34
Remittances in transit - Local	2.90	2.90
<b>Total</b>	-580.89	-414.85
Investments held in Cash Balance investment account	--	3,193.28
<b>Total (a)</b>	-580.89	2,778.43
<b>(b) Other Cash Balances and Investments</b>		
Cash with Departmental officers viz., Public Works Department Officers, Forest Department Officers, District Collectors	0.90	0.90
Permanent advances for contingent expenditure with Departmental officers	1.44	1.61
Investment of earmarked funds	4,512.84	5,411.44
<b>Total (b)</b>	<b>4,515.18</b>	<b>5,413.95</b>
<b>Grand total (a)+ (b)</b>	<b>3,934.29</b>	<b>8,192.38</b>

Source: Finance Accounts 2015-16

#### **Investment of cash balances in GoI Treasury Bills**

During the year, State Government invested ₹ 11,213.09 crore in GoI Treasury Bills and purchased Bills of ₹ 32,645.91 crore and sold ₹ 29,452.63 crore, leaving a balance of ₹ 3,193.28 crore and earned ₹ 89.25 crore as interest.

#### **Investments out of earmarked funds**

During the year 2015-16, State Government invested ₹ 4,512.84 crore out of earmarked funds in GoI securities and earned ₹ 409 crore as interest leaving a balance of ₹ 5,411.44 crore.

#### **Maintenance of daily cash balance with RBI**

As per an agreement with the RBI, State Government has to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Over Drafts (OD) from time to time. The minimum daily cash balance to be maintained with the RBI was ₹ 1.94 crore. The State Government without resorting to WMA, SWMA and OD from the RBI, maintained the minimum daily cash balance with the Bank for 99 days out of 366 days.

During the year 2015-16, Government had resorted to WMA, SWMA and OD from the Reserve Bank of India to the tune of ₹ 31,307.13 crore for various purposes and to maintain its minimum cash balance (₹ 1.94 crore) with the RBI on 267 days.

### 1.11.6 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of India or State or from outside agencies. The net accumulated balance in these Funds was ₹ 2,403.43 crore as on 31 March 2016.

#### (i) Consolidated Sinking Fund

On the recommendations of the Twelfth Finance Commission, the State Government had revised the guidelines pertaining to the existing Sinking Fund (created in 1999-2000 for amortization of open market loans) with effect from January 2010. Under these revised guidelines, the State Government was required to make annual contributions to the Fund at 0.5 *per cent* of the outstanding liabilities at the end of the previous financial year. In terms of guidelines of the Reserve Bank of India (RBI), which administers the Fund, outstanding liabilities are defined as Internal Debt and Public Account liabilities of the State Government. As on 31 March 2015, the outstanding liabilities of the Government of Andhra Pradesh were ₹ 1,48,743 crore. Against the requirement of ₹ 743.72 crore, the State Government contributed ₹ 510.23 crore to the Fund resulting in short contribution to the tune of ₹ 233.49 crore, during 2015-16.

#### (ii) Guarantee Redemption Fund

The State Government, in its FRBM Act, had committed to limit the amount of annual incremental guarantees to 90 *per cent* of the total revenue receipts in the year preceding the current year, and constituted (2002-03) the Guarantee Redemption Fund for discharging the guarantees invoked, if any. The outstanding Guarantees as on 01 April 2015 were ₹ 10,675.30 crore. Against this, the Fund balance to the end of the year was ₹ 580.52 crore. Government has not contributed any amount to the fund during the year 2015-16.

## 1.12 Assets and Liabilities

### 1.12.1 Growth and composition of assets and liabilities

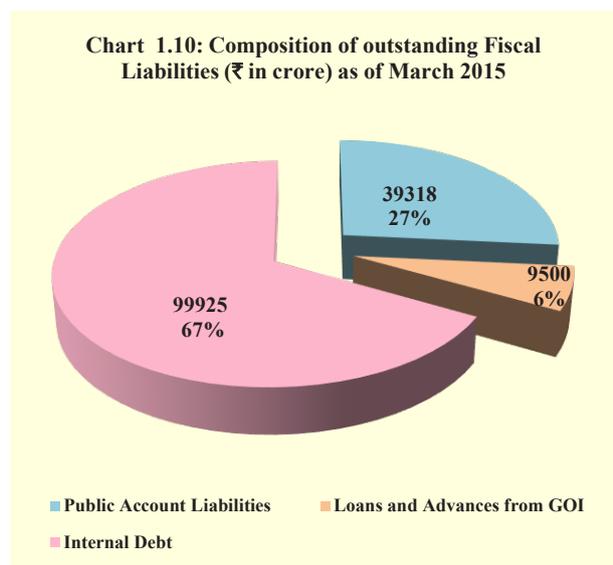
Government accounts reflect the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.8* gives an abstract of such liabilities and the assets as on 31 March 2016, compared with the corresponding position as on 31 March 2015. While liabilities consist mainly of internal borrowings, loans and advances from GoI, balances in the Public Account, assets comprise mainly capital outlay and loans and advances given by the State Government and cash balances.

The total liabilities of the State, as defined under the FRBM Act of the State, represent the liabilities under the Consolidated Fund of the State and the Public Account of the State besides, there are contingent liabilities in the form of guarantees given by the State Government where the principal and/or interest are to be serviced out of the State budgets.

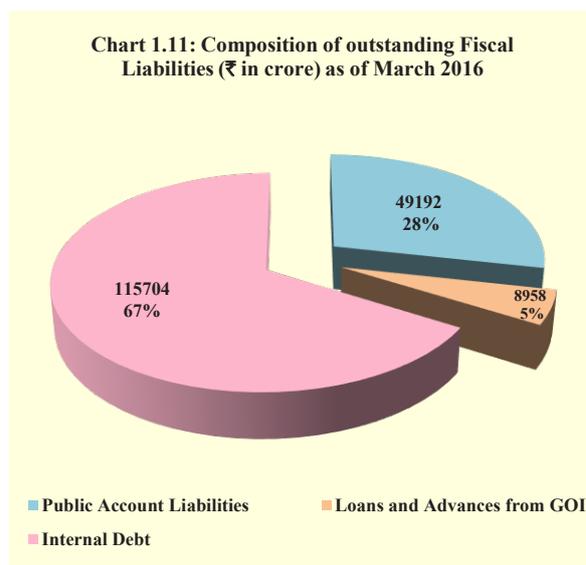
### 1.12.2 Fiscal liabilities

The trends in outstanding fiscal liabilities of the State are presented in *Appendix 1.6 (part D)*. The total fiscal liabilities of the State at the end of 2015-16 were ₹ 1,73,854 crore and stood at 1.96 times of revenue receipts and 28.81 *per cent* of GSDP.

The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.10 and 1.11**.



Source: Finance Accounts 2014-15



Source: Finance Accounts 2015-16

- **Internal Debt:** During the year the Government borrowed ₹ 52,997 crore from Market Loans, Financial Institutions and Ways and Means Advances/Overdraft from RBI and repaid ₹ 37,217 crore leaving a balance of ₹ 1,15,704 crore.
- **Loans and Advances from GoI:** Government had taken loans and advances to the tune of ₹ 685 crore from GoI for the year 2015-16 and repaid ₹ 1,228 crore, leaving a balance of ₹ 8,958 crore.
- **Public Account Liabilities:** In addition to the Public Debt, the balances under Small Savings, Provident Funds, Reserve Funds, Deposits also form part of liabilities of the Government. During the year, Government utilized ₹ 54,890 crore from these balances and repaid ₹ 45,017 crore, leaving a balance of ₹ 49,192 crore.

### 1.12.3 Status of guarantees-contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table 1.21**.

**Table 1.21: Guarantees given by the Government of Andhra Pradesh**

Guarantees	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Maximum amount guaranteed	23,543	38,084	55,536	11,323	10,623
Outstanding amount of guarantees	12,286	14,857	31,153	10,675	7,059
Percentage of maximum amount guaranteed to total revenue receipts	25.17	36.68	50.16	12.49	<b>11.98</b>

Source: Finance Accounts

The outstanding guarantees at the beginning of the year 2015-16 totalled ₹10,675.30 crore, which declined to ₹7,058.53 crore by the end of the year.

The maximum amount guaranteed during the year (₹10,623 crore) was only 12 per cent of the total revenue receipts (₹90,672 crore) of the preceding year as well below the 90 per cent limit prescribed by the FRBM Act.

#### 1.12.4 Off-Budget Borrowings

In addition to the liabilities shown in *Appendix 1.8*, the State Government guarantees loans availed of by Government Companies/Corporations. These Companies/Corporations borrow funds from the market/financial institutions for implementation of various State plan programmes projected outside the State budget. Although the State Government projected that funds for these programmes would be met out of the Company or the Corporation's budget, in reality, the borrowings of many of these concerns ultimately turned out to be liabilities of the State Government and hence, constituted off-budget borrowings.

As of 31 March 2016 the total outstanding off-budget borrowings of the State was ₹7,162 crore (APPFC: ₹5,895 crore, APTRANSCO: ₹1,267 crore) raised by Government Companies/Corporations upto the year 2015-16.

The total liabilities of the State comprising fiscal liabilities (₹1,73,854 crore), off-budget borrowings (₹7,162 crore) and outstanding guarantees (₹7,059 crore) at the end of March 2016 were ₹1,88,075 crore, which, as a ratio of GSDP, stood at 31.17 per cent i.e. more than the ceiling of 24.33 per cent prescribed by 14<sup>th</sup> FC for the year 2015-16.

### 1.13 Debt Management

**Table 1.22** analyses the debt sustainability of the State during the five-year period 2011-16.

**Table 1.22: Debt sustainability: Indicators during 2011-16**

Indicators of Debt Sustainability	2011-12	2012-13	2013-14	2014-15	2015-16
Outstanding Debt (₹ in crore)	1,23,103	1,38,737	1,56,743	1,09,425	1,24,662
Rate of growth of Outstanding Debt	23.63	12.70	12.98	(-)30.19	13.92
GSDP (₹ in crore)	3,79,230	4,10,961	4,68,494	5,32,922	6,03,376
Rate of growth of GSDP		8.37	14.00	13.75	13.22
Average interest rate of outstanding debt	9.49	8.91	8.74	7.52	8.41
Interest Payment/Revenue Receipts	0.11	0.11	0.12	0.11	0.11

Indicators of Debt Sustainability	2011-12	2012-13	2013-14	2014-15	2015-16
Debt Repayment/Debt Receipts	0.35	0.33	0.29	0.33	0.72
Net Debt available to State (₹ in crore)	12,689	15,634	18,006	22,161	15,236

Source: Finance Accounts

The net debt available to the State was positive, indicating the availability of borrowed funds for purposes other than debt repayment.

The maturity profile of State debt is shown in **Table 1.23**.

**Table 1.23: Maturity Profile of State Debt**

(₹ in crore)		
Maturity profile	Amount	Percentage
0 – 1 year	4089	3.26
1 – 3 years	14872	11.86
3 – 5 years	20255	16.15
5 – 7 years	24526	19.55
7 years and above	61701	49.18
<b>Total</b>	<b>125443</b>	<b>100</b>

Source: Finance Accounts 2015-16

The maturity profile of Debt as on 31 March 2016 indicated that State had to repay more than 50 *per cent* of debt within the next 7 years. It further indicated that the liability of the State to repay the debt would be ₹ 20,255 crore during 2019-21 and ₹ 24,526 crore during 2021-23, which might put a strain on the Government budgets during that period. A well thought out debt repayment strategy would have to be worked out by the Government to obviate additional borrowings in these critical years.

## 1.14 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. Deficit in Government accounts represents the gap between its receipts and expenditure and the nature of deficit is an indicator of the prudence of the Government in fiscal management. Further, the ways in which the deficit is financed and the resources raised are applied, are important pointers to fiscal health. This section presents the nature, magnitude and the manner of financing these deficits and also assesses the actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2015-16.

### 1.14.1 Indicators of fiscal imbalances

The revenue and fiscal deficits for the year 2015-16 was ₹ 7,302 crore and ₹ 22,057 crore, respectively. The Primary Deficit was ₹ 12,208 crore.

- **Revenue Deficit:** Revenue Deficit represents the difference between revenue receipts and revenue expenditure. The Revenue Deficit for the year 2015-16 was ₹ 7,302 crore and stood at 1.21 *per cent* to GSDP.
- **Fiscal Deficit:** Fiscal Deficit is the excess of actual expenditure over non-debt receipts. The Fiscal Deficit for the year was ₹ 22,057 crore and stood at 3.66 *per cent* to GSDP.
- **Primary Deficit:** Primary Deficit is measured by subtracting the Interest Payments from the Fiscal Deficit. It is a measure of the current year's fiscal operation after excluding the liability of Interest Payment created due to borrowings undertaken in the past.

The Primary Deficit for the year was ₹ 12,208 crore and stood at 2.02 *per cent* to GSDP.

### 1.14.2 Components of fiscal deficit and its financing pattern

The decomposition and financing of fiscal deficit are shown in **Table 1.24**.

**Table 1.24: Components of fiscal deficit and their financing pattern**

(₹ in crore)

Sl.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16		
						Receipts	Disbursements	Net
<b>A</b>	<b>Components of Fiscal Deficit (1 to 4)</b>	<b>-15,401</b>	<b>-17,508</b>	<b>-18,041</b>	<b>-31,717</b>	<b>88,933</b>	<b>1,10,990</b>	<b>-22,057</b>
<b>1</b>	Revenue deficit	3,138	1,128	344	-24,194	88,648	95,950	<b>-7302</b>
<b>2</b>	Capital Outlay	-13,722	-15,149	-15,271	-11,405	0	14,171	<b>-14,171</b>
<b>3</b>	Net Loans and Advances	-4,818	-3,487	-3,114	3,882	285	674	<b>-389</b>
<b>4</b>	Net Inter-state settlement	0	0	0	0	0	195	<b>-195</b>
<b>B</b>	<b>Financing Pattern of Fiscal Deficit</b>							
<b>1</b>	<b>Net Borrowings from Consolidated Fund</b>	<b>12,689</b>	<b>15,635</b>	<b>18,006</b>	<b>22,161</b>	<b>53,681</b>	<b>38,445</b>	<b>15,236</b>
<b>a</b>	Market Borrowings*	10,918	15,598	17,892	22,719	52,996	37,217	15,779
<b>b</b>	Loans from GoI	1,771	37	114	-588	685	1,228	-543
<b>2</b>	<b>Net Public Account</b>	<b>3,351</b>	<b>910</b>	<b>505</b>	<b>9,007</b>	<b>1,20,461</b>	<b>1,13,473</b>	<b>6,988</b>
<b>a</b>	Small Savings, PF etc.	1,220	1,190	1,072	1,304	2,543	1,290	1,253
<b>b</b>	Reserve Funds	351	82	379	-296	2,247	2,198	49
<b>c</b>	Deposits and Advances	1,346	1,666	1,195	5,348	50,138	41,566	8,572
<b>d</b>	Suspense and Misc.	337	-1,347	-2,193	4,011	50,745	54,067	-3,322
<b>e</b>	Remittances	97	-681	52	-1,360	14,788	14,352	436
<b>3</b>	<b>Contingency Fund</b>	<b>1</b>	<b>-2</b>	<b>-1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4</b>	<b>Accretion to Cash Balance</b>	<b>-640</b>	<b>965</b>	<b>-469</b>	<b>546</b>	<b>-581</b>	<b>-415</b>	<b>-166</b>

Source: Finance Accounts. \*Includes borrowings from other Institutions and Ways and Means Advances.

It can be seen that mostly Capital Outlay accounted for the fiscal deficit (64.24 *per cent*) while market borrowings financed 71.53 *per cent* of the fiscal deficit.

### 1.14.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit<sup>13</sup> and capital outlay (including loans and advances) indicates the quality of deficit in the State finances. The bifurcation of primary deficit (**Table 1.25**) into primary revenue deficit and capital outlay indicates the extent to which the deficit has been applied to augment asset creation in the State.

**Table 1.25: Primary deficit/surplus – bifurcation of factors**

(₹ in crore)

Year	Primary revenue surplus	Capital Outlay	Loans and Advances	Primary deficit(-)/ surplus(+)	Primary revenue surplus/ Capital Outlay (%)
2011-12	13,865	13,722	4,983	(-)4,840	101.04
2012-13	13,216	15,149	3,913	(-)5,846	86.65
2013-14	13,830	15,280	3,689	(-)5,130	90.51
2014-15	(-)9,095	11,405	1,210	(-)21,710	(-)79.75
2015-16	2,832	14,171	674	(-)12,208	19.98

Source: Finance Accounts

<sup>13</sup> See glossary

During the year 2015-16, the primary revenue surplus fell far short of the capital outlay.

### **1.15 Apportionment of balances between Andhra Pradesh and Telangana**

As per Andhra Pradesh State Re-organization Act, 2014, the balances under Cumulative Capital expenditure, Loans and Advances, Public Debt and the balances under Public Account are to be apportioned between Andhra Pradesh and Telangana States. The balances apportioned and un-apportioned as on 31 March 2016 are given in *Appendix 1.9*.

### **1.16 Conclusion**

*The composite State of Andhra Pradesh had enacted the Andhra Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2005 to ensure prudence in fiscal management and fiscal stability by prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework etc. Further, important targets relating to fiscal variables are to be amended from time to time in accordance with the Central Finance Commissions' recommendations. However, the new Government of Andhra Pradesh, after reorganization of the State, is yet to amend its Fiscal Responsibility and Budget Management Act in accordance with the 14<sup>th</sup> Finance Commission's recommendations, especially in respect of fiscal targets viz., revenue deficit, fiscal deficit and total outstanding liabilities to Gross State Domestic Product (GSDP). Government of India was addressed for relaxation of these parameters for which concurrence is awaited. Meanwhile, State Government could not achieve the fiscal reform targets for this year as prescribed by 14<sup>th</sup> Finance Commission. The fiscal deficit (₹ 22,057 crore) at 3.66 per cent of GSDP was still more than the prescribed limit of 3.25 per cent for the year 2015-16. Total liabilities of ₹1,88,075 crore stood at 31.17 per cent of GSDP against the target of 24.33 per cent prescribed by 14<sup>th</sup> Finance Commission for the year 2015-16.*

*Revenue receipts (₹ 88,648 crore) registered a shortfall of ₹ 1,476 crore (1.64 per cent) during the year over the Budget estimates for 2015-16 (₹ 90,174 crore). Revenue expenditure (₹ 95,950 crore) at 15.90 per cent of Gross State Domestic Product (GSDP) was less than the Budget estimates (₹ 97,425 crore). During the current year, 92.39 per cent of the revenue expenditure was met from revenue receipts and the balance (₹ 7,302 crore) was financed from borrowed funds.*

*While capital expenditure (₹ 14,171 crore) was more than the Budget estimates (₹ 9,819 crore) by 44.33 per cent, its ratio to total expenditure stood at 12.80 per cent.*

*Return on investment in Companies/Statutory Corporations continued to be poor. The level of recovery of loans was low.*

*Out of 29 subjects listed for devolution to strengthen the Panchayat Raj Institutions in Eleventh Schedule of the Constitution, State Government had devolved 10 functions only in 2007-08 and, thereafter, no initiative was taken for devolving the remaining functions.*



### 2.1 Introduction

Effective financial management ensures that policy decisions are implemented at the administrative level without wastage or diversion of funds and with reasonable assurance about successful implementation of policy at the ground level. This chapter reviews the appropriations and allocative priorities of the State Government and comments on the transparency and effectiveness of its budgetary processes.

The State of Andhra Pradesh was bifurcated into two states i.e. Andhra Pradesh and Telangana with effect from 02 June 2014. The receipts and expenditure of previous financial years up to 2013-14 pertain to Composite State of Andhra Pradesh and those of 2014-15 included the particulars relating to composite state of Andhra Pradesh from 01 April 2014 to 01 June 2014. As the trend analysis could not be done in this scenario, audit confined its comments to the financial year 2015-16 only.

#### 2.1.1 Budget Preparation Process

The Andhra Pradesh Financial Code (APFC), Andhra Pradesh Budget Manual (APBM) and other instructions<sup>1</sup> lay down the procedure to be followed with regard to all matters concerning finance and budget. Budget preparation in the State is guided by a budget calendar, which commences with the preparation of budget estimates around October for the next financial year.

A bottom-up approach was prescribed for budget preparation in the APBM with the requirement of funds projected from the unit level to Heads of Departments, which would be finally sent to Finance department by 15<sup>th</sup> of October every year. The Finance department prepares the 'Annual Financial Statement' or the Budget with prescribed statements etc. and presents in the Legislature for approval.

#### 2.1.2 Financial Accountability and Budget Management

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act. The Appropriation Accounts are complementary to the Finance Accounts.

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

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<sup>1</sup> GO Ms No.657 Finance (BG) Department dated 23 September 2004.

## 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2015-16 against 40 grants/appropriations is given below in **Table 2.1**.

**Table 2.1: Position of actual expenditure vis-a-vis original/supplementary provision for the year 2015-16**

(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual Expenditure	Saving(-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March 2016	Percentage of surrender on 31 March to Total Provision (Col.8/ Col.4)*100
	1	2	3	4	5	6	7	8	9
<b>Voted</b>	<b>Revenue</b>	86,429.49	13,632.18	1,00,061.67	91,088.11	-8,973.56	12,844.82	12,758.55	12.75
	<b>Capital</b>	10,022.03	7,312.50	17,334.53	14,480.76	-2,853.78	2,905.42	2,881.25	16.62
	<b>Loans and Advances</b>	718.36	71.52	789.88	869.28	79.40	122.60	109.60	13.88
<b>Total Voted</b>		<b>97,169.88</b>	<b>21,016.20</b>	<b>1,18,186.08</b>	<b>1,06,438.15</b>	<b>-11,747.93</b>	<b>15,872.84</b>	<b>15,749.40</b>	<b>13.33</b>
<b>Charged</b>	<b>Revenue</b>	11,242.44	0.48	11,242.92	10,152.05	-1,090.87	1,049.38	1,049.38	9.33
	<b>Capital</b>	13.45	126.37	139.82	102.36	-37.45	0	0	0.00
	<b>Public Debt - Repayment</b>	5,087.14	0.00	5,087.14	38,444.50*	33,357.36	32.60	32.60	0.64
<b>Total Charged</b>		<b>16,343.03</b>	<b>126.85</b>	<b>16,469.88</b>	<b>48,698.91</b>	<b>32,229.03</b>	<b>1,081.98</b>	<b>1,081.98</b>	<b>6.57</b>
<b>Appropriation to Contingency Fund</b>		<b>Details are given under the para 2.3.8</b>							
<b>Grand Total</b>		<b>1,13,512.91</b>	<b>21,143.05</b>	<b>1,34,655.96</b>	<b>1,55,137.06</b>	<b>20,481.10</b>	<b>16,954.82</b>	<b>16,831.38</b>	<b>12.50</b>

Source: Appropriation Accounts 2015-16. \*Includes Ways and Means Advances.

**Note:** i) During the year, supporting documents/vouchers were not available for an expenditure of ₹ 1,825.17 crore. Authenticity of this expenditure cannot, therefore, be vouched. ii) Actual expenditure is understated to the extent of un-recouped contingency fund advances amounting to ₹ 0.07 crore. iii) In the absence of Detailed Contingent bills in support of ₹ 177.33 crore drawn on Abstract Contingent bills during 2015-16, the genuineness of the expenditure cannot be vouched to that extent.

The overall excess of ₹ 20,481.10 crore (15.21 per cent of budget provision) was the result of saving of ₹ 16,375.88 crore in 30 grants and seven appropriations under Revenue Section, 27 grants and three appropriations<sup>2</sup> under Capital Section and four grants under Loans Section, offset by an excess of ₹ 36,856.98 crore in 10 grants under Revenue Section and two grants under Capital Section and three grants and one appropriation<sup>3</sup> (Public Debt) under Loans Section.

In view of the above, supplementary provision aggregating ₹ 21,143.05 crore proved to be insufficient by ₹ 20,481.10 crore over a total required provision of ₹ 41,624.15 crore.

The total savings are ₹ 16,375.88 crore. However, an amount of ₹ 16,954.82 crore was surrendered during the year 2015-16, of which ₹ 16,831.38 crore (99.27 per cent) was surrendered on the last day of the year i.e. 31 March 2016.

<sup>2</sup>XI-Roads, Buildings and Ports (₹ 0.03 crore), XXXIII-Major and Medium Irrigation (₹ 34.37 crore) and XXXIV-Minor Irrigation (₹ 3.05 crore)

<sup>3</sup>IX-Fiscal Administration, Planning, Surveys and Statistics (₹ 33,357.36 crore)

## 2.3 Appropriation vis-à-vis allocative priorities

### 2.3.1 Excess expenditure

As per paragraph 17.17.4 of APBM, excesses over total final appropriations under several grants, whether in the charged or in the voted sections, should be included in a statement of excess expenditure which will be presented to the legislature.

Excess expenditure over budget provision, calculated at ₹ 36,856.98 crore, occurred in 15 grants and one appropriation during the year which requires regularisation under Article 205 of the Constitution. Cases where expenditure exceeded budget by ₹ 100 crore or more are shown in **Table 2.2**.

**Table 2.2: Excess expenditure**

(₹ in crore)						
Sl. No.	Grant No.	Name of the Grant	Total Grant	Expenditure	Excess	Reasons for excess expenditure
1	IX	Fiscal Administration, Planning, Surveys and Statistics (RV)	13,329.06	16,430.09	3,101.03	Specific Reasons for excess expenditure were not intimated by Government.
2	IX	Fiscal Administration, Planning, Surveys and Statistics (LV)	61.68	216.45	154.77	
3	IX	Fiscal Administration, Planning, Surveys and Statistics (PDC)	5,087.14	38,444.50*	33,357.36*	
4	XI	Roads, Buildings and Ports (RV)	1,238.48	1,359.46	120.98	
		<b>Total</b>	<b>19,716.36</b>	<b>56,450.50</b>	<b>36,734.14</b>	

Source: Appropriation Accounts 2015-16; RV-Revenue Voted; LV-Loans Voted; PDC-Public Debt Charged. \*Includes Ways and Means Advances.

#### 2.3.1.1 Expenditure incurred without Budget Provision

As per paragraph 17.3.1 and 17.6.1(c) of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. An expenditure of ₹ 1,592.76 crore was incurred in 17 cases (₹ 10 crore and above in each case) without budget provision during the year 2015-16 as detailed in **Table 2.3**. In all these cases budget provision (either original or supplementary) was not made and expenditure was met from the funds obtained by way of re-appropriation. Also, in three instances (Sl.Nos.1, 5 and 14) expenditure was incurred even without resorting to re-appropriation, which undermined the sanctity of budgeting process and legislative control.

**Table 2.3: Expenditure without budget provision during 2015-16**

(₹ in crore)				
Sl. No	No. and Name of the Grant	Head of Account	Re-appropriation	Expenditure
1	IV-General Administration and Elections	3454-01-800-(05) Census 2011	0	24.39
2	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-115-(24) Amount allocable to successor state of A.P.	185.55	185.55
3	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-800-(24) Medical reimbursement of all types of pensioners	83.47	83.47

Sl. No	No. and Name of the Grant	Head of Account	Re-appropriation	Expenditure
4	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-800-(05) Medical reimbursement of all types of pensioners	85.06	85.06
5	IX-Fiscal Administration, Planning, Surveys and Statistics	3451-00-102-11-(39) Special development package	0	350.00
6	X-Home Administration	2055-00-104-(03) District offices	23.62	23.62
7	XI-Roads, Buildings and Ports	3054-04-797-11-(04) Subvention from Central Road Fund	46.00	176.75
8	XI-Roads, Buildings and Ports	3054-04-800-(19) Road maintenance grant under 13 <sup>th</sup> Finance Commission	11.24	11.24
9	XII-School Education	2202-02-109-12-(06) Scheme for setting up of 6000 model schools at block level as benchmark of excellence	155.25	82.63
10	XVII-Municipal Administration and Urban Development	2217-80-191-12-(10) Smart cities	346.73	346.73
11	XVII-Municipal Administration and Urban Development	2217-80-789-12-(10) Smart cities	29.27	29.27
12	XXIII-Social Welfare	2225-01-102-12-(06) Special Central Assistance for Special Component Plan (SCP) for SCs	37.02	37.02
13	XXIII-Social Welfare	2225-01-277-12-(12) Tuition fee (RTF)	41.18	41.18
14	XXII-Rural Development	2235-03-101-11-(04) Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	0	18.72
15	XXVII-Agriculture	2401-00-800-11-(42) Setting up of AP state corpus fund under price stabilization scheme	50.00	50.00
16	XXXI-Panchayat Raj	2215-01-789-12-(29) National Rural Drinking Water Programme (NRDWP)	27.91	27.91
17	XXXV-Energy	2801-05-800-(10) Assistance to AP TRANSCO/DISCOMS towards reimbursement under INDIRAMMA scheme	19.22	19.22
		<b>Total</b>	<b>1,141.52</b>	<b>1,592.76</b>

Source: Appropriation Accounts 2015-16

### 2.3.1.2 Excess expenditure over provision relating to previous years not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. As of November 2016, excess expenditure over the allocation amounting to ₹ 16,816.21 crore pertaining to the years from 2004 to 2015 was yet to be regularized (**Appendix 2.1**). Explanatory Notes by the concerned Administrative Departments/Finance Department are yet to be furnished.

### 2.3.2 Savings

During the financial year 2015-16, appropriation audit showed that, in 12 grants, saving (₹ 8,925.91 crore) exceeded ₹ 100 crore and also by more than 20 *per cent* of total provision in each case, constituting 54.51 *per cent* of total savings (₹ 16,375.88 crore) (**Appendix 2.2**). Out of ₹ 8,925.91 crore, saving of ₹ 5,704.88 crore (34.84 *per cent* of total saving) occurred as indicated in **Table 2.4**. This raises questions about the validity and reliability of assumptions in budget formulation.

**Table 2.4: Grants with substantial savings**

(₹ in crore)

Sl. No	Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Savings	Reasons for savings
<b>Revenue Voted</b>						
1	XVII	Municipal Administration and Urban Development	4,245.26	2,676.99	1,568.27	Specific reasons were not intimated by the Government
2	XXVII	Agriculture	7,867.67	3,731.06	4,136.61	
<b>Total</b>			<b>12,112.93</b>	<b>6,408.05</b>	<b>5,704.88</b>	

Source: Appropriation Accounts 2015-16

In addition to the above, though the savings were less than 20 per cent, it was more than ₹ 1,000 crore in one grant and one appropriation are shown in **Table 2.5**.

**Table 2.5: Savings more than ₹ 1,000 crore**

(₹ in crore)

Sl. No	Grant No.	Name of the Grant/Appropriation	Savings	Reasons
1	IX	Fiscal Administration, Planning, Surveys and Statistics(RC)	1,070.65	Specific reasons for huge savings were not intimated by Government
2	XII	School Education(RV)	1,398.75	

Source: Appropriation Accounts 2015-16; RV: Revenue Voted; RC: Revenue Charged;

### 2.3.3 Unnecessary/Inadequate/Excessive Supplementary provision

Supplementary provision aggregating ₹ 847 crore obtained in 7 cases (₹ one crore or more in each case) during the year proved unnecessary as the actual expenditure (₹ 5,677 crore) did not come up to the level of original provision (₹ 9,569 crore) as detailed in **Appendix 2.3**. This indicated that the CCOs could not realistically assess/estimate the actual requirement of funds for the remaining period of the financial year due to poor monitoring of expenditure through the monthly expenditure control mechanism.

Similarly, supplementary provision aggregating ₹ 19,204 crore proved excessive by ₹ 10,011 crore over the total required provision of ₹ 9,193 crore in 26 cases under 21 grants (one crore or more in each case) as detailed in **Appendix 2.3(a)**. In 13 cases, supplementary provision of ₹ 1,866 crore proved insufficient, by more than one crore rupees in each case, leaving an aggregate excess expenditure of ₹ 3,493 crore as detailed in **Appendix 2.3 (b)**.

Significant cases of un-necessary/ excessive supplementary provision in various Departments are given in **Table 2.6**.

**Table 2.6: Unnecessary/Excessive Supplementary Grants**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Original Provision	Actual Expenditure	Saving (-)/ Excess(+)	Supplementary Provision
<b>Unnecessary Supplementary Provision</b>						
1	XXVII	Agriculture (RV)	7,287.61	3,731.06	(-)3,556.55	580.06
2	XXXVI	Industries and Commerce (RV)	575.98	380.89	(-)195.09	110.96
<b>Excessive Supplementary Provision</b>						
3	XI	Roads, Buildings and Ports (CV)	2,088.14	2,836.29	748.15	1,571.35

Sl. No.	Grant No.	Name of the Grant	Original Provision	Actual Expenditure	Saving (-)/ Excess(+)	Supplementary Provision
4	XVII	Municipal Administration and Urban Development (RV)	2,565.61	2,676.99	111.38	1,679.65
5	XXXI	Panchayat Raj (RV)	4,223.65	4,946.77	723.12	1,426.98
6	XXXII	Rural Development (RV)	8,213.10	13,829.48	5,616.38	6,418.86

Source: Appropriation Accounts 2015-16; RV: Revenue Voted, CV: Capital Voted

### 2.3.4 Re-appropriations

Government had delegated certain powers to the Heads of Departments (HoDs) to re-appropriate funds at their level subject to certain restrictions. As part of these instructions, where the HoDs are not authorized to re-appropriate funds, proposals are required to be sent to Finance Department by 25<sup>th</sup> of February every year and thereafter the decision of the Finance Department would be intimated to the other Departments.

The following issues were observed during the audit of re-appropriations:

#### 2.3.4.1 Unnecessary re-appropriation of funds

As per para 17.4 of APBM, re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2015-16 excessive/unnecessary/inadequate re-appropriation of funds occurred in 23 cases which resulted in either non-utilisation of funds or excess over provision by ₹10 crore and above in each case as detailed in *Appendix 2.4*.

#### 2.3.4.2 Unexplained re-appropriations

Paragraph 17.17.2 of APBM stipulates that reasons for additional expenditure and savings should be explained in the re-appropriation statement and vague expressions such as ‘based on actual requirement/expenditure’, ‘savings are anticipated’, ‘observance of economy’, ‘original provision proved insufficient or excessive’, ‘based on progress of actuals’ etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the State Government showed that out of 10,435 items of re-appropriations made, specific reasons were not intimated in respect of 8,897 items (85.26 per cent). Some of the major issues are given below:

- Re-appropriations were made to Centrally Assisted State Plan Schemes, for which there were no original budget provisions (₹ 609.48 crore in 27 cases).
- In 64 cases the provisions (₹ 1,130.74 crore) made under capital section, were re-appropriated, due to non-starting of works indicating that the provisions were made without plan of action.
- As seen from School Education Grant (No. XII), against the provisions made for ‘Teaching Grants to Municipalities’ (₹ 122.16 crore and ₹ 90.93 crore for Primary and Secondary schools respectively), the progressive expenditure upto the month of February, 2016 was ₹ 2.54 lakh and ₹ 2.50 lakh for primary and secondary schools respectively. In March 2016 the amounts of ₹ 122.14 crore and ₹ 90.90 crore were re-appropriated from these heads and simultaneously an expenditure of ₹ 187.42 crore and ₹ 196.86 crore was incurred resulting in unnecessary re-appropriation.

### 2.3.5 Surrender of Savings

The spending Departments, as per the provisions of the APBM (paragraph 17.2.2), are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated.

#### 2.3.5.1 Substantial surrenders

Funds in excess of ₹ 10 crore and also more than 50 per cent of total provision in each case were surrendered in respect of 129 sub-heads amounting to ₹ 20,097.23 crore. These surrenders included hundred per cent surrenders (₹ 8,759.85 crore) under 54 sub-heads. Details of cases where the surrendered amount was more than ₹ 100 crore and more than 90 per cent of the provision in each case are given in *Appendix 2.5*. This indicated that Government had not assessed its requirement realistically in these cases.

#### 2.3.5.2 Surrender in excess of actual savings

Surrender of the provision in anticipation of saving and incurring expenditure subsequently by the controlling officers results in surrender in excess of the overall saving in a grant/appropriation. In 25 cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual saving indicating lack of/inadequate budgetary control and monitoring in these Departments. Against the saving of ₹ 7,076.09 crore, the actual amount surrendered was ₹ 7,936.42 crore, resulting in excess surrender of ₹ 860.33 crore as detailed in *Appendix 2.6*.

In nine cases, surrender of ₹ 501.79 crore proved injudicious in view of eventual excess expenditure under these grants at the close of the financial year, as shown in **Table 2.7**.

**Table 2.7: Cases of injudicious surrenders**

(₹ in crore)					
Sl. No	Name of the Grant or appropriation	Total Grant/ Appropriation	Expenditure	Excess	Amount Surrendered
<b>Revenue Voted</b>					
1	V Revenue Registration and Relief	2,914.17	2,957.93	43.76	53.39
2	VII Commercial Taxes Administration	308.87	328.77	19.90	0.13
3	IX Fiscal Administration, Planning, Surveys and Statistics	13,329.06	16,430.09	3,101.03	297.14
4	XI Roads, Buildings and Ports	1,238.48	1,359.46	120.98	9.78
5	XV Sports and Youth Services	73.71	74.70	0.99	1.22
6	XX Labour and Employment	328.87	335.35	6.48	3.67
<b>Capital Voted</b>					
7	XXXIV Minor Irrigation	1,047.26	1,080.01	32.74	63.21
<b>Loan Voted</b>					
8	IX Fiscal Administration, Planning, Surveys and Statistics	61.68	216.45	154.77	40.65
<b>Loan Charged</b>					
9	IX Fiscal Administration, Planning, Surveys and Statistics	5,087.14	38,444.50	33,357.36	32.60
		<b>24,389.24</b>	<b>61,227.25</b>	<b>36,838.01</b>	<b>501.79</b>

Source: Appropriation Accounts 2015-16

### 2.3.5.3 Savings not surrendered

At the close of the year 2015-16, there were two grants and seven appropriations in which saving of ₹73 crore occurred but no part of it had been surrendered by the departments concerned (*Appendix 2.7*). Similarly, out of the saving of ₹6,066.22 crore under three grants and one appropriation, saving (Five crore rupees and above in each case) amounting to ₹198 crore of total saving (₹16,376 crore) was not surrendered (*Appendix 2.8*).

Besides, in 51 cases, ₹16,879 crore was surrendered (in excess of ₹10 crore in each case) on the last working day of the financial year (*Appendix 2.9*), indicating poor expenditure management and inadequate financial control.

### 2.3.6 Expenditure on Salaries – Lumpsum provisions

Andhra Pradesh Budget Manual (Part II – Chapter 13) prescribes that provision for salaries should be made only to persons on duty and not for vacant posts. Whenever the vacant posts are filled, funds are to be obtained either by re-appropriation of funds or by supplementary grant. Further Paragraph 13.12 of the APBM stipulates that lumpsum provision should not as a rule be made in the budget estimates.

However, test-check in audit showed that while incurring expenditure for salaries (a) original provisions were not made; (b) salaries were met only through re-appropriation; (c) expenditure was not incurred though provisions were made; (d) excess expenditure incurred over and above the provisions made etc. Finally, contrary to the provisions of APBM, a lumpsum provision of ₹4,650 crore was made in the budget towards salaries and the entire amount was shown as re-appropriated (except ₹100 crore neither re-appropriated nor expended) without assigning reasons due to which the grants resulted in huge savings and thereby surrenders. This indicates that the budget estimates towards salaries were made without assessing the actual ‘man-power in position’ as envisaged in the manual.

### 2.3.7 Rush of expenditure

Article 39 of the APFC requires that expenditure should be evenly distributed throughout the year and no attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March. While the total expenditure in last quarter in respect of all grants combined, accounted for only 28 *per cent*, it was noticed that in 21 Major Heads, the last quarter expenditure amounted to more than 50 *per cent* of their annual expenditure. The Major Head-wise details of expenditure are shown in *Appendix 2.10*. The expenditure during the month of March in these cases ranged from 20 to 100 *per cent* during the year 2015-16.

### 2.3.8 Advances from Contingency Fund

Contingency Fund of the State has been established under the Andhra Pradesh Contingency Fund Act, in terms of provisions of Article 267(2) and 283(2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest and required to be recouped by obtaining supplementary grants during the first session of Assembly immediately after the advance is sanctioned. During the year 2015-16, sanctions (18) amounting to ₹1.25 crore were issued by

Government. An amount of ₹ 1.25 crore was met from sanctions, out of which ₹ 1.18 crore was recouped to the Fund, leaving a sum of ₹ 0.07 crore (₹ 6,67,154/-) as un-recouped, the details of which are given in **Table 2.8**.

**Table 2.8: Un-recouped amount of the Contingency Fund of the State**

			(in ₹)
Sl. No	Name of the Grant	Classification	Amount
1	X- Home Administration	2055- Police:109-District Police(Non Plan Charged)	3,64,288
2	XI Roads, Buildings and Ports	5054-Capital Outlay on Roads and Bridges: 04-District and Other Roads: 800-Other Expenditure	3,02,866
<b>Total</b>			<b>6,67,154</b>

## 2.4 Major Policy Initiatives

Several major policy initiatives/flagship schemes are announced by the Government each year reflecting its socio-economic priorities. Some of the major policy initiatives/schemes outlined in the budget speech/annual plan for the year 2015-16 were scrutinized in audit on a test-check basis to verify their implementation. Significant audit findings in this regard are given in **Table 2.9**.

**Table 2.9: Major policy initiatives under Plan schemes**

Sl.	Scheme and objective	Status of implementation
<i>Department of Women Development and Child Welfare</i>		
1	<p><b>Construction of buildings for Angan Wadi Centres (AWC) under Rural Infrastructure Development Fund (RIDF)</b></p> <p>The scheme was introduced w.e.f. 2008-09. Construction of 2,764<sup>4</sup> buildings was proposed.</p> <p><b>Budget provision: ₹ 60 crore</b></p>	<ul style="list-style-type: none"> <li>During the year 2015-16 the Department incurred an amount of ₹ 17.28 crore (29 per cent) only against ₹ 60 crore released.</li> <li>The reasons attributed to non-utilization of ₹ 42.72 crore were non-response from certain contractors after allotment of works, repeated notifications for calling tenders, non-availability of sites, site disputes and insufficient unit cost allocated for AWC in view of cost escalation.</li> <li>Out of 2,764 AWCs proposed for construction, 1,416 (51.23 per cent) AWCs were completed; 507 (18.34 per cent) AWCs were under progress; 603 works (21.82 per cent) were cancelled and balance 238 (8.61 per cent) AWCs were not started as on 31 March 2016.</li> <li>Except continuing the works already started during earlier years, no proposals were submitted for construction of new buildings during the year 2015-16.</li> </ul>
2	<p><b>Girl Child Protection Scheme (GCPS)</b></p> <p>The scheme implemented with effect from 1 April 2005, aims to prevent gender discrimination by empowering and protecting the rights of Girl Child through direct</p>	<ul style="list-style-type: none"> <li>The entire provision (₹ 25 crore) was released and utilised by adjusting to beneficiaries' accounts during 2015-16. However, Government is yet to transfer ₹ 115.59<sup>5</sup> crore towards premium dues to LIC under</li> </ul>

<sup>4</sup> RIDF- XIV- 2008=1177 works, RIDF-XVI- 2010=731 works, RIDF-XIX-2013 = 364 works, RIDF-XX = 492 works

<sup>5</sup>(premium due as on 02-06-2014 was ₹ 36.16 crore, as on 01-04-2015 was ₹ 23.22 crore and as on 01-04-2016 was ₹ 56.22 crore).

Sl.	Scheme and objective	Status of implementation
	investment from Government to LIC of India. The lumpsum amounts credited into the pooled running account maintained by the LIC are in turn credited against the premiums of the beneficiaries enrolled under GCPS. The BPL families having single or two girl children with the age 0-3 years are eligible for coverage under the scheme. <b>Budget provision: ₹ 25 crore</b>	the scheme. <ul style="list-style-type: none"> <li>The difference of 79,942 beneficiaries between the figures of the Government (3,35,179) and LIC (4,15,121) was yet to be reconciled (October, 2016).</li> </ul>
3	<b>Maa Inti Mahalakshmi</b> Introduced by Government with a view to restore the gender balance by empowering and protecting the girl children and catalysing their all-round growth. All girl children born on or after 1 May 2013 in economically backward households are eligible for the benefits under the scheme. <b>Budget provision: ₹ 74.55 crore</b>	<ul style="list-style-type: none"> <li>The entire provision of ₹ 74.55 crore was re-appropriated.</li> <li>It was replied that expenditure could not be incurred due to non-availability of (i) specific guidelines for implementation, (ii) PD Accounts in favour of Women and Child Welfare Department and (iii) Software for transferring funds to the beneficiaries.</li> <li>Thus, the scheme suffered due to non-release of funds and lack of proper planning.</li> </ul>
4	<b>Anna Amrutha Hastam</b> Providing one full meal for Pregnant and Lactating women, introduced in 104 ICDS projects in the State for an estimated target of 3,44,824 beneficiaries during 2015-16. <b>Budget provision: ₹ 134.48 crore</b>	<ul style="list-style-type: none"> <li>An amount of ₹ 91.05 crore (68 per cent) was released during 2015-16 and an amount of ₹ 71.70 crore was expended.</li> <li>Against 2,97,554 enrolled beneficiaries, 2,82,992 were covered leaving 14,562 enrolled beneficiaries.</li> <li>The shortfall in achieving the targets was due to migration of pregnant women from one place to another and inability to attend designated centres.</li> </ul>
5	<b>Nutrition Programme</b> The scheme provides supplementary nutrition to all enrolled beneficiaries in AWCs to meet daily calories/protein requirement. The targeted population is in the age group of children 06-72 months, severely underweight children 07-72 months and pregnant and lactating women. <b>Budget provision: ₹ 516.53 crore</b>	<ul style="list-style-type: none"> <li>An amount of ₹ 446.66 crore was released during 2015-16 of which an amount of ₹ 439.46 crore was expended.</li> <li>Against the targeted 36,06,247 beneficiaries, 32,90,189 (91.23 per cent) were covered leaving 3,16,058 beneficiaries.</li> <li>Even after expending 98.39 per cent of funds released, 9 per cent of targeted beneficiaries were not covered.</li> </ul>
6	<b>Scheme for Empowerment of Adolescent Girls (SABLA)</b> This scheme aims to empower adolescent girls in the age group of 11 to 18 years by promoting their education, health, nutrition, life skills and vocational skills. In AP, SABLA scheme is being implemented in four Districts i.e. Ananthapur, Chittoor, Visakhapatnam and West Godavari since 2010-11 <sup>6</sup> with a target to cover 3,17,635 enrolled beneficiaries. <b>Budget provision: ₹ 22.94 crore</b>	<ul style="list-style-type: none"> <li>Out of ₹ 22.94 crore provision, ₹ 13.51 crore (58.89 per cent) was released by the Government directing the Department to place these funds in PD account (February, 2016). Further, Government directed<sup>7</sup> the Department to draw the funds through Detailed Voucher bill (30 March 2016).</li> <li>However, no amount was expended during the year.</li> <li>It was replied that due to non-availability of sufficient time for presenting the bill to Treasury, no funds were withdrawn.</li> <li>Thus, no amounts were drawn and utilized even after releasing the funds. Consequently, the scheme remained unimplemented.</li> </ul>
<b>Department of Information Technology, Electronics &amp; Communication</b>		
7	<b>e-Governance Authority, Electronics and IT Agency and Innovation Society</b>	<ul style="list-style-type: none"> <li>Government had released ₹ 273.05 crore, out of which, ₹ 203.18 crore (74.41 per cent) was given as</li> </ul>

<sup>6</sup> Covering 81 ICDS projects and 18,735 Anganwadi Centres

<sup>7</sup> G.O.Rt. No. 562, dated 30-03-2016

Sl.	Scheme and objective	Status of implementation
	For promoting e-Governance and achieving rapid development of Electronics and IT Industry along with promoting Innovation and to create an employment potential of 0.5 Million by 2020 in the IT & Electronic Sector. <b>Budget provision: ₹ 283.25 crore</b>	grants-in-aid to three societies and the same was surrendered <sup>8</sup> on the last day of the year 2015-16 due to non-receipt of requisition from unit offices. <ul style="list-style-type: none"> <li>It was replied that as the Societies were registered in September 2015 and PD accounts were operational from December 2015, no amounts were incurred except administrative expenses (₹ 1.99 crore) during 4<sup>th</sup> quarter. The remaining amount of ₹ 67.88 crore was kept idle in PD accounts.</li> <li>The above indicates that provisions for funds were made without exercising any assessment.</li> </ul>
<b>Department of Health, Medical &amp; Family Welfare</b>		
8	<b>Construction of Medical Buildings and Govt. General Hospital, Kurnool<sup>9</sup></b> It was assured by the Government that the Primary and Secondary Health Care sectors will be strengthened and functioning of Health facilities will be streamlined with necessary infrastructure facilities. <b>Budget provision: ₹ 250.50 crore</b>	<ul style="list-style-type: none"> <li>Government had released ₹ 250.50 crore as shown in the budget and spent ₹ 221.22 crore for construction. Balance of ₹ 29.28 crore (13.24 per cent) was provided for major works under the scheme, which however allowed to be lapsed due to non-commencement of works for want of administrative orders.</li> <li>It was replied that due to freezing of funds at the fag end of the year, the amount was finally surrendered<sup>10</sup>.</li> </ul>
9	<b>Andhra Pradesh Vaidya Vidhana Parishad (APVVP-RIDF)</b> The APVVP deals exclusively with the middle level hospitals of bed strength ranging from 30 to 350. These institutions also referred to as secondary hospitals or first referral hospitals are categorised into District Hospitals, Area Hospitals and CHCs depending on bed strength. At present there are 114 hospitals under the control of APVVP in the State. <b>Budget provision: ₹ 100 crore</b>	<ul style="list-style-type: none"> <li>During the year, the Government provided ₹ 100 crore for upgradation of 71 works in Medical Department through Vaidya Vidhana Parishad. The works were entrusted to APMSIDC<sup>11</sup>.</li> <li>Audit observed that ₹ 28.02 crore out of the above were diverted<sup>12</sup> to construction of Medical Building of Director of Medical Education.</li> <li>An amount of ₹ 49.79 crore was allowed to lapse due to want of Administrative orders.</li> <li>Though ₹ 18.99 crore was incurred towards tender finalization process, no works were grounded (as on 31 March 2016).</li> </ul>
<b>Department of School Education</b>		
10	<b>Nutritious Meals Programme</b> Aims to avoid classroom hunger, to increase school enrolment, to increase school attendance, to reduce gender gap, to address malnutrition and to improve nutritional status of children etc. in Government schools. Further, the Government is incurring huge amounts as cooking cost in addition to the food. <b>Budget provision</b> <b>Mid-day Meals : ₹ 122.12 crore</b> <b>Cooking cost: ₹ 190.07 crore</b>	<ul style="list-style-type: none"> <li>This is a Centrally Assisted Scheme with the funding pattern in the ratio of 60:40 between Central and State Governments. Against the approved amount of ₹ 526.03 crore, GoI released ₹ 290.64 crore and State Government had released ₹ 290.37 crore which includes amounts due from previous year i.e. GoI share ₹ 9.76 crore and State share ₹ 45.23 crore.</li> <li>An amount of ₹ 475.72 Crore was expended by covering 28,00,191 children out of 31,50,000 enrolled.</li> <li>The unspent balance of ₹ 105.30 crore (581.02-475.72) as on 31 March 2016 includes GoI share of ₹ 21.60 crore.</li> </ul>

<sup>8</sup> G.O.Rt. No.585, dated 31-03-2016

<sup>9</sup> Both construction and Renovation

<sup>10</sup> G.O. RT No. 836 Dt. 31.3.2016

<sup>11</sup> Andhra Pradesh Medical Services Infrastructure Development Corporation

<sup>12</sup> G.O. Rt.No.2724 dt.31.10.2015 and G.O. Rt.No. 568 Dt. 30.3.2016

Sl.	Scheme and objective	Status of implementation
<b>Housing Department</b>		
11	<p><b>NTR Housing Programme – Weaker Section (Urban and Rural):</b> Objectives of the scheme are</p> <ol style="list-style-type: none"> <li>1. Providing affordable housing with adequate amenities and healthy environment for Economically Weaker Sections.</li> <li>2. Facilitating access to affordable housing for the Lower Income Groups both, in rural and urban areas.</li> <li>3. Complementing construction of housing with provision of basic services to ensure clean and comfortable cities and towns.</li> </ol> <p><b>Budget provision: Urban: ₹ 147.91 crore and Rural: ₹ 100.73 crore</b></p>	<ul style="list-style-type: none"> <li>• The entire amounts of ₹ 147.91 crore and ₹ 100.73 crore for Urban and Rural areas respectively as provided in the budget during 2015-16 under this scheme were released and stated to be expended by submitting the UCs.</li> <li>• Though the target for 2015-16 (Urban: 8,350 + Rural: 21,250 = total 29,600) was stated to be achieved by the Corporation, an amount of ₹ 2,016 crore was still lying in the PD accounts of APSHC as on 31 March 2016.</li> <li>• Further, the figures relating to achievement of target differed from those shown in Outcome Budget (Urban: 2,918 + Rural: 5,447 = Total 8,365) for 2015-16 released by the department.</li> </ul>
12	<p><b>Indira Awaas Yojana (IAY)</b> is a Centrally Sponsored Scheme being implemented in the State, with sharing pattern of 60:40 between Central Government and State Government. It was targeted to take up 64,362 houses in 2015-16.</p> <p><b>Budget provision: ₹ 437.40 crore</b></p>	<ul style="list-style-type: none"> <li>• Amount released by GoI of ₹ 281.13 crore and State Government Share ₹ 187.42 crore during 2015-16 was shown as expended fully.</li> <li>• Though UCs were furnished by the AP State Housing Corporation for ₹ 468.55 crore, an amount of ₹ 18.21 crore was available with the bank.</li> <li>• As per outcome budget the completed houses were 39,417 against the target of 64,362 houses. Though 96.11 <i>per cent</i> of total funds were actually utilised, physical target was achieved to the extent of 61.24 <i>per cent</i> only.</li> </ul>
<b>Department of Consumer Affairs, Food and Civil Supplies</b>		
13	<p><b>Deepam Scheme/ Distribution of LPG connection to women in rural areas/municipal areas.</b></p> <p>State Government introduced Deepam scheme during the year 1999 for distribution of LPG connections to BPL Women with a view to reduce the dependency on the Forest for firewood and to improve their health, remove drudgery due to conventional cooking.</p> <p><b>Budget provision: ₹ 78.60 crore</b></p>	<ul style="list-style-type: none"> <li>• Government had released and incurred ₹ 78.60 crore during the year.</li> <li>• Against the target of 20 lakh LPG connections, Government could provide only 9.45 lakh connections during the year.</li> <li>• Though it was stated that the highest number of connections were provided during the year since inception of the scheme, by utilising 100 <i>per cent</i> of funds, physical target was achieved to an extent of 47.25 <i>per cent</i> only.</li> </ul>
14	<p><b>Computerization of Targetted Public Distribution System Operations</b></p> <p>The main objective of the Scheme was to address the challenges such as leakages and diversion of the Food grains, fake and bogus ration cards, inclusion and exclusion errors, lack of transparency, weak grievance redressal &amp; social audit mechanisms etc., and to ensure that only a genuine cardholder or his family member can purchase commodities and thus to eliminate withdrawal through bogus cards.</p> <p><b>Budget provision: ₹ one crore</b></p>	<ul style="list-style-type: none"> <li>• The Scheme is being implemented with the Central and State assistance in the ratio of 50:50.</li> <li>• Apart from the initial provision of ₹ one crore, ₹ 25.58 crore was provided as additional funds<sup>13</sup> in March 2016 and were adjusted to PD account on 31 March 2016 without giving scope for actual utilisation.</li> <li>• The scheme was not implemented during the year.</li> </ul>

<sup>13</sup>Vide GO. Rt. No.277 dt:21.02.2016 (₹ 5 crore) and GO Rt. No.347 Dt: 04-03-2016 (₹ 20.58 crore)

### 2.4.1 SC and ST sub-plan

As per Government instructions<sup>14</sup>, all the Government departments should earmark at least a minimum of 17.08 per cent (excluding seven per cent non-divisible deemed allocation) and 6.6 per cent (excluding three per cent non-divisible deemed allocation) of the total Plan outlay in the budget exclusively for the development of Scheduled Castes and Scheduled Tribes respectively by designing schemes that would directly benefit the SCs/STs individually or as a community so as to improve the economic and social condition of the targeted groups.

Budget allocation and expenditure under Scheduled Castes Sub-Plan (SCSP) for SCs and Tribal Area Sub-plan (TSP) for STs, during the period 2015-16 are given in **Table 2.10**.

**Table 2.10: Budget vis-à-vis expenditure under SCSP and TSP**

(₹ in crore)

Total State Plan Budget	Scheduled Castes Sub-Plan(SCSP)				Tribal Sub Plan(TSP)			
	Budget for SCSP (original)	% of SCSP to Plan budget	Total Budget SCSP (O+S)	Expenditure	Budget for TSP (original)	%of TSP to Plan budget	Total Budget TSP (O+S)	Expenditure
34,412.47	5,470.13	15.9	6,236.10	5,187.34 (83.18 %)	1,686.60	4.9	1,949.26	1,749.07 (89.73 %)

Source: Appropriation Accounts, Statement of demand for grants, SC & ST sub-plan

As seen above, during 2015-16 State Government's allocation of Plan budget was 15.9 per cent under SCSP and 4.9 per cent under TSP, below the mandatory allocation of 17.08 and 6.6 per cent and utilisation was 83.18 per cent and 89.73 per cent only. Out of the balance unspent amounts of ₹ 1,048.76 crore (SCSP) and ₹ 200.19 crore (TSP), huge amounts of ₹ 1,027.55 crore and ₹ 165.83 crore were re-appropriated from SCSP and TSP, respectively, indicating under utilisation of the plan funds for the specified purpose.

## 2.5 Review of Selected Grants

To ascertain compliance with budgeting processes, utilization of funds, expenditure control mechanisms and implementation of schemes during the year 2015-16, two grants viz., Municipal Administration & Urban Development and Agriculture were selected for detailed audit scrutiny. Audit findings in this regard are discussed below.

### 2.5.1 Municipal Administration and Urban Development (Grant No.XVII)

This Grant is administered by the Municipal Administration and Urban Development Department (MA&UD).

#### 2.5.1.1 Budget and Expenditure

The position of budget provision, actual expenditure and savings under this Grant for the year 2015-16 are given in **Table 2.11**.

<sup>14</sup> Vide G.O.Ms.No. 9 Planning(XXII) department, Dated 23-02-2013

**Table 2.11: Budget and expenditure under Grant No. XVII**

Section	Budget Provision			Expenditure	Savings (-)/ Excess (+)	Amount surrendered
	Original	Supplementary	Total			
Revenue	2,565.61	1,679.65	4,245.26	2,676.99	-1,568.27	1,590.69
Capital	603.26	738.50	1,341.76	908.59	-433.17	433.17
Loans	0	0	0	1.12	+1.12	Nil
<b>Total</b>	<b>3,168.87</b>	<b>2,418.15</b>	<b>5,587.02</b>	<b>3,586.7</b>	<b>-2,000.32</b>	<b>2,023.86</b>

Source: Appropriation Accounts for the year 2015-16

During the year 2015-16, the unutilised budget provision/savings under Revenue section of the budget was 37 per cent and that of Capital section was 32 per cent. Loans to the tune of ₹ 1.12 crore was incurred without making any provision in the budget. The savings surrendered under Revenue Section was ₹ 22.42 crore more than the savings reported.

**Detailed audit of Budget and expenditure under this Grant indicated that-**

- i) Out of total savings of ₹ 2,000.32 crore, a major portion was from Plan schemes viz., Smart Cities, JNNURM works, Comprehensive Underground Sewerage scheme for Guntur Municipal Corporation and Storm Water Drainage Scheme in Vijayawada Municipal Corporation, etc. The savings were attributed to works not started for want of administrative sanctions and non-incurring of anticipated expenditure. Further, the entire corpus of ₹ 1,000 crore provided for Comprehensive Underground Sewerage Scheme for Guntur Municipal Corporation and Storm Water Drainage Scheme in Vijayawada Municipal Corporation was actually provided as supplementary grant and shown as saving. Thus it was evident that provisions were made without making actual assessment of fund requirement.
- ii) Out of Supplementary grants of ₹ 327.62 crore taken under this Grant for works under Swachha Bharat, National Urban Livelihood Mission and 14<sup>th</sup> Finance Commission releases, ₹ 203.72 crore was re-appropriated to other heads which showed failure to gauge the actual requirement by the department.
- iii) An amount of ₹ 385.61 crore was incurred in seven heads without budget provision.
- iv) Unnecessary re-appropriation of ₹ 1.36 crore was made for salaries depriving the budget to other heads in requirement of funds.
- v) Excess expenditure of ₹ 509.90 crore occurred during 2015-16 in 22 heads.
- vi) In respect of certain schemes/programmes/projects, although funds were provided as per Annual Plan, entire provision amounting to ₹ 1,323.72 crore was re-appropriated/surrendered on the last day of the financial year.
- vii) Funds in excess of ₹ 10 crore and also more than 50 per cent of total provision (₹ 1,391.85 crore) were surrendered in respect of 7 heads amounting to ₹ 1,118.35 crore.
- viii) Article 39 of APFC requires that expenditure should be evenly distributed throughout the year and effort should be made to avoid year end rush of expenditure during March. Expenditure during each of three quarters ending December 2015 was below 20 per cent of the total expenditure. While the percentage of expenditure in the last quarter was 59 per cent, the

expenditure in the month of March 2016 alone constituted 45 *per cent*, indicating rush of expenditure.

### **Programme implementation**

Test-check of a few schemes showed the following:

#### **2.5.1.2 Rajiv Awaas Yojana (RAY)**

Rajiv Awas Yojana (RAY) launched in June 2011 envisages a “Slum Free India” with inclusive and equitable cities in which every citizen has access to basic civic and social services and decent shelter by the year 2022.

GoI and GoAP have released an amount of ₹39.57 crore (₹32.80 crore and ₹6.77 crore pertaining to 2014-15 and 2015-16 respectively) for RAY, out of which ₹4.89 crore has been released to Greater Visakhapatnam Municipal Corporation and Vijayawada Municipal Corporation<sup>15</sup> for taking up Housing projects. Meanwhile, GoI launched (May 2015) ‘Housing for all’ scheme and RAY was subsumed to this scheme. Funds released during the previous year and current year were kept in PD Account of the Mission Director, Mission for Elimination of Poverty in Municipal Areas as RAY scheme was discontinued by Government of India. The Department stated that RAY scheme funds were yet to be transferred to ‘Housing for all’ which is being delayed due to non-receipt of Government orders.

#### **2.5.1.3 National Urban Livelihood Mission (NULM) scheme**

GoI introduced NULM w.e.f. 2014-15 and the ongoing Swarna Jayanti Shabri Rozgar Yojana was merged into NULM. The scheme aimed to reduce poverty and vulnerability of the urban poor households and provide shelter equipped with essential services to the urban homeless in a phased manner with a sharing pattern of 60:40 for 2015-16. The Mission Director, MEPMA is the nodal agency for implementing the NULM scheme in the state. During 2015-16 an amount of ₹119.79 crore was provided in the budget and ₹78.79 crore was incurred, surrendering ₹41 crore. In addition, an amount of ₹94.66 crore, pertaining to earlier years was also expended during 2015-16. However, the Department did not achieve the intended targets under subventions as shown in **Table 2.12**.

**Table 2.12: Targets and achievements**

Sub-mission	Targets	Achievements
Social Mobilization and Institutional Development (SM&ID)	10,02,026	8,37,573
Employment through skills Training and Placement (EST & P)	1,19,500	28,089
Self-Employment Programme (SEP)	8,320	5,060
Capacity Building and Training (CB&T)	407	218
Shelter for Urban Homeless (SUM)	20	17
Support to Urban Street Vendors (SUSV)	1,00,082	18,255
<b>Total</b>	<b>12,30,355</b>	<b>8,89,212</b>

<sup>15</sup>GVMC ₹ 2.89 crore on 07.08.2016 and VMC ₹ 2 crore on 11.09.2016

#### **2.5.1.4 Utilisation of 14<sup>th</sup> Finance Commission Grants**

As per para 6 of the GoI guidelines<sup>16</sup> for utilisation of 14<sup>th</sup> FC funds, the grant recommended should be released to duly constituted local bodies i.e. a Panchayat or a Municipality where elections have been held and an elected Body is in place as provided in Part IX and IX A of the Constitution. Against the allocation of 14<sup>th</sup> FC Grants of ₹ 348.92 crore to Andhra Pradesh for the year 2015-16, ₹ 331.47 crore only was released by GoI duly cutting the grant of ₹ 17.45 crore as there were 11 Urban Local Bodies (ULBs) where elections were not held. Despite the stipulation, ₹ 105 crore was released to these 11 un-constituted ULBs<sup>17</sup> by the State Government.

#### **2.5.1.5 Utilisation of 13<sup>th</sup> FC Grants**

##### **i) Non-utilization of 13<sup>th</sup> Finance Commission grants - ₹ 414.26 crore**

13<sup>th</sup> Finance Commission Grants have been released to the states with the objective of providing financial assistance to the Urban Local Bodies for taking up various activities in ULBs during the award period of commission (2010-11 to 2014-15). The time for utilisation of funds was extended up to 31 March 2016. The GoAP received ₹ 802.87 crore against the apportioned grant of ₹ 818.36 crore. Government expended only ₹ 388.61 crore during the award period and extended time period (2010-16). The entire unspent balance of ₹ 414.26 crore was parked in the PD Accounts of the 110 ULBs i.e. MCs/NPs/Municipalities in the state. Thus, the 13<sup>th</sup> FC Grants were incurred to an extent of 48 per cent only.

##### **ii) Issue of Incorrect Utilisation Certificates to GoI**

Utilisation Certificates (UCs) should be furnished by the State Government to the GoI with regard to the funds provided by the latter for implementation of various Socio Economic Development Programmes. In respect of 13<sup>th</sup> FC grants, the department has furnished UCs to the GoI for the entire amount of ₹ 802.87 crore received even though there is an unspent balance of ₹ 414.26 crore lying with the 110 ULBs as on 31 March 2016.

#### **2.5.1.6 Capital Region Development Authority (CRDA)**

##### **i) Non- Utilization of GoI grant - ₹ 500 crore**

GoI had released<sup>18</sup> ₹ 500 crore in March 2015 towards construction of Raj Bhavan and Assembly in the new capital region of Andhra Pradesh. GoAP released<sup>19</sup> the said funds to APCRDA at the fag end of the next financial year i.e. in March 2016. The APCRDA kept the funds unutilised (September-2016).

It was replied that the designs and master plans were not finalised and the bidding process for finalisation of tenders were in progress and, after finalisation of the same, the works would be taken up.

<sup>16</sup> O.M. No.13 (32) FFC /FCD/2015-16, Government of India, Ministry of Finance, Department of Expenditure (Finance Commission Division) Dated 8<sup>th</sup> October 2015

<sup>17</sup> G.O.Rt.No.1984 Fin.Dept.Dt.4-7-2015 and G.O.Rt No.47 Finance dept Dt. 13-01-2016

<sup>18</sup>F.No.K-44(5)PFI/2014-1606, MoF, Dept. of Expr.-Plan Finance-I Division Dt.31.3.2015

<sup>19</sup>GO.Rt.No.471/Finance Dept.Dt.19.3.2016 read with GO.Rt.No.137,MA&UD(CRDA) Dept. Dt.21.3.2016

**ii) Shortfall in payment of Pension to Landless families in CRDA**

The Government provides<sup>20</sup> pension of ₹ 2,500 per month per family for a period of 10 years to all families who became landless due to land acquisition for the Capital Region, out of the Capital Region Social Security Fund created for the purpose. Under the scheme, 23,500 landless families were identified as eligible for payment of the said pension. However, the APCRDA was paying monthly pension to 19,075 families only by incurring ₹ 55.73 crore, leaving a balance of ₹ 14.77 crore out of total released amount of ₹ 70.50 crore. Reasons for not covering the remaining 4,425 families were not furnished by the Department.

**iii) Non-release of GoI funds under “Special Financial Assistance for creation of essential urban infrastructure for the new Capital Region” - ₹1,000 crore.**

During the year 2014-15, GoI had released<sup>21</sup> “one time Special financial assistance of ₹ 1,000 crore for creation of essential urban infrastructure for the new Capital Region” for implementing i) Comprehensive Underground Sewerage Scheme (CUGSS) in Guntur (₹ 540 crore) and ii) Comprehensive Storm Water Drainage Scheme (CSWDS) in Vijayawada (₹ 460 crore). Though the GoAP had released<sup>22</sup> the said funds to nodal agency, Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC), during March, 2016 i.e. after a lapse of one year of receipt from GoI, the amount was not credited to APUFIDC account due to rejection of bills by Treasury. Thus, no expenditure was incurred during 2015-16.

**2.5.1.7 Funds kept outside Government Account – ₹345.98 crore**

As per article 3 of AP Financial Code, unless the amount is required to be paid for the services/work done, no amount shall be drawn from the Government Account.

Contrary to this, ₹ 345.98 crores relating to various schemes under APUFIDC (₹ 182.40 crore), Swachha Bharat (₹ 15.96 crore), PavalaVaddi (₹ 1.34 Crore), Rajiv AwasYojana (₹ 2.09 crore), National Urban Livelihood Mission (₹ 53.72 crore), National Urban Housing Mission (₹ 6.86 crore), Amaravati Metro Rail (₹ 4.01 crore), Amaravati Development Corporation (₹ 79.60 crore) etc. were withdrawn from PD accounts and deposited in various Bank accounts. This indicated that funds were drawn without requirement in violation of the provisions cited.

The APUFIDC replied that the funds were kept in separate Bank Account as per the instructions of Government only.

**2.5.1.8 Non-obtaining of Utilization Certificates - ₹252.31 crore**

Utilization Certificates should be furnished by the HoDs to the Government with regard to the funds provided by the latter for implementation of various socio-economic developmental programmes. Unless utilization certificates for the amounts released earlier are submitted by the institutions subsequent funds should not be sanctioned.

During the test-check of records, instances of non-submission of the UCs were noticed to the tune of ₹ 252.31 crore as of 31 March 2016 in respect of various schemes viz., Rajeev

<sup>20</sup>As per Rule 5(3) of the AP Capital City LPS (F&I)Rules, 2015

<sup>21</sup>F.No.K-14012/16/2015-SC-I/UD-III(Pt.I), Dt.31.3.2015

<sup>22</sup>vide G.O.Rt.No.470, Finance (FMU-I-I,EF,MA) Dept, Dt.19.3.2016 and G.O.Ms.No.67 MA&UD Dept, Dt.21.3.2016

Yuvakiranal (₹ 14.10 crore), Rajeev Awas Yojana (₹ 4.88 crore), State Finance Commission Grants (₹ 117.60 crore) and Capital Region Social Security Fund (₹ 55.73 crore), which resulted in hampering the attainment of the objectives of the scheme funds and provides scope for mis-utilization/mis-appropriation/diversion of funds.

### 2.5.1.9 Release of budget at the fag end of the financial year - ₹1,418.48 crore

Audit of test-checked schemes showed that funds were released at the fag end of the financial year of 2015-16 giving no scope for utilisation of funds in the same year as given in **Table 2.13**.

**Table 2.13: Funds released at the fag end of year**

(₹ in crore)			
Sl.No	Name of the Scheme/HOD	Amount	Date of Budget Release
1	National Urban Livelihood Mission (NULM) – MEPMA	25.00	31.3.2016
2	State Finance Commission (SFC) – CDMA	50.09	23.3.2016
3	Construction of Rajbhavan, Assembly in New Capital Amaravathi - CRDA	500.00*	22.3.2016
4	Land pooling Scheme - CRDA	6.63	31.3.2016
5	Swachha Andhra Pradesh - SAC	82.50	29.3.2016
6	Water Supply Programmes - APMDP	291.66	26.3.2016 & 31.3.2016
7	AMRUT/Smart Cities - APUFIDC	462.60	19.3.2016 & 31.3.2016
	<b>Total</b>	<b>1,418.48</b>	

\*Grant released by Govt. of India in the year 2014-15 (31 march 2015)

Release of funds at the fag end of the financial year is not only against prudent financial management but also against the codal provisions.

### 2.5.2 Agriculture (Grant No.XXVII)

The Department of Agriculture under the Ministry of Agriculture is responsible for formulating and implementing policies and programmes aimed at achieving rapid agricultural growth and development, including implementation of schemes like Farm Mechanisation, Polambadi, Polampilustondi & Chandranna Rythu Kshetralu, Integrated Micro Nutrient Management, Debt Relief to Farmers etc. Details are given in **Table 2.14**

**Table 2.14: Budget and Expenditure**

(₹ in crore)						
Section	Budget Provision			Expenditure	Savings (-)/ Excess (+)	Amount surrendered
	Original	Supplementary	Total			
Revenue	7,287.61	580.06	7,867.67	3,731.06	-4,136.61	4,054.70
Capital	74.20	25.71	99.91	54.34	-45.57	45.57
<b>Total</b>	<b>7,361.81</b>	<b>605.77</b>	<b>7,967.58</b>	<b>3,785.40</b>	<b>-4,182.18</b>	<b>4,100.27</b>

**Detailed audit of Budget and expenditure under this Grant showed that-**

- As the expenditure fell short of even the original provision, the supplementary provision of ₹ 605.77 crore obtained in March 2016 proved unnecessary and could have been restricted to a token provision wherever necessary.
- During the year 2015-16, the un-utilised budget provision/savings under Revenue section of the budget was 53 per cent and that under capital section was 46 per cent. The savings

surrendered under Revenue Section was 98 *per cent*.

c) Excess expenditure of ₹ 877.15 crore was incurred in 49 heads during 2015-16.

d) As per Rule 17.3.1 of the Budget Manual no expenditure should be incurred on a scheme/ service for which no provision has been made in the original Budget Estimates. However it was observed that an amount of ₹ 68.08 crore was incurred in six heads without budget provision.

e) In respect of seven schemes/programmes/projects, although funds were provided as per Annual Plan, the entire provision, amounting to ₹ 1,092.16 crore were re-appropriated/ surrendered on last day of financial year.

f) Article 39 of APFC requires that expenditure should be evenly distributed throughout the year and effort should be made to avoid year-end rush of expenditure during March. Expenditure during each of three quarters ending December 2015 was below 24 *per cent* of the total expenditure. While the percentage of expenditure in the last quarter was 47 *per cent* the expenditure in the month of March 2016 alone constituted 38 *per cent*, indicating rush of expenditure.

### **Review of Schemes:**

Apart from the above, the Department is implementing some schemes. Some of them are implemented directly by State Government while some others are on a sharing basis with GoI. The following are the results of test-check of these schemes:

#### **2.5.2.1 National Mission on Agricultural Extension & Technology**

This is a Govt. of India flagship Scheme consisting four sub missions<sup>23</sup>. Against the provision of ₹ 46.10 crore in 2015-16, an amount of ₹ 80.79 crore was incurred by re-appropriating ₹ 34.70 crore. Audit observed that ₹ 6.64 crore (four crore rupees in 2014-15 and ₹ 2.64 crore in 2015-16) released for Establishment of Pesticide Residue Testing Laboratory in Guntur District under “Sub Mission on Plant Protection and Plant Quarantine (SMPP)” has been lying idle in PD account and no such Lab was established till date (September 2016).

It was replied that the total amount of ₹ 6.64 crore would be utilised once the demarcation and alienation of the land was completed. This indicated that the provisions and releases were made without a plan of action.

#### **2.5.2.2 National Mission for Sustainable Agriculture (NMSA)**

An amount of ₹ 168.17 crore was provided for this programme and additional amounts of ₹ 367.43 crore were brought through re-appropriation. The entire amount of ₹ 535.60 crore was expended on this scheme.

For promotion of Organic Farming in the country, Govt. of India had initiated a New Scheme “Paramparagat Krishi Vikas Yojana (PKVY)” under “National Mission for Sustainable Agriculture (NMSA)” for helping the farmers in getting premium price for their organic products. The Govt. of India approved (June 2015) the proposal to cover 20,550 acres and

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<sup>23</sup>Sub Mission on Agriculture Extension (SMAE), Sub Mission on Seed & Planting Material (SMSP), Sub Mission on Agricultural Mechanization (SMAM) and Sub Mission on Plant Protection & Plant Quarantine (SMPP)

released an amount of ₹ 11 crore in August, 2015. Though GoI released the amount, the project could not be started as the Revised Annual Action Plan, submitted in January 2016 as per PKVY operational guidelines, was not yet approved by the GoI.

### **2.5.2.3 Agricultural and Horticulture Debt Redemption Scheme**

Andhra Pradesh experienced a series of natural calamities during the years 2009-14, drought as well as un-seasonal rains/cyclones causing undue hardship to farming community, women SHGs, which mostly operated in the rural areas and whose members largely depended on agriculture. This has resulted in erosion of funds and activities of the SHGs got reduced drastically. This situation has ultimately lead to default in the repayment of the dues to the banks. The GoAP decided on redemption of the agricultural crop loans by paying the same to the bank on behalf of farmers, SHGs, handloom and power loom weavers.

An amount of ₹ 4,300 crore was provided in the budget (2015-16) for Agricultural Debt Redemption Scheme. An amount of ₹ 743.52 crore only was incurred and the remaining ₹ 3,557.68 crore was re-appropriated to other heads. No funds were provided under Horticulture Debt Redemption Scheme during the year 2015-16.

Further scrutiny of the records showed that out of ₹ 743.52 crore, funds of ₹ 375 crore were adjusted in PD Account of Rythu Sadhikara Samstha at the fag end of the year. As these funds were meant for waiving the agricultural crop loans given to the farmers, women SHGs and handloom & power loom weavers, depositing of funds at the fag end of the financial year was not in order as the executing departments could not utilize the said funds within the targeted period and for the purpose for which it was allotted.

### **2.5.2.4 Rashtriya Krishi Vikas Yojana (RKVY)**

The state Government proposed to give major thrust to farm mechanization as the availability of farm labour and escalated labour cost became major concerns of the present day farming. As per the requirement of the farmers, equipment such as Tractors, Tillers, Custom Hiring Centers for High Cost Machinery like Multi Crop Threshers, Maize Sheller, Rotovators and Combine Harvesters etc., are to be made available with the subsidy up to 50 per cent, not exceeding ₹ 50,000 under the programme. It is also proposed to supply seeds to all the categories of farmers to facilitate them to buy quality seeds with 50 per cent subsidy (limited to the farmers having two hectares of Land).

In addition to the original provision of ₹ 175.46 crore made in the budget 2015-16 to implement RKVY projects, an additional amount of ₹ 150.63 crore was provided through re-appropriation and finally an expenditure of ₹ 326.10 crore was incurred. Audit observed that ₹ 13.77 crore relating to financial year 2014-15, and ₹ 2.14 crore pertaining to financial year 2013-14 under RKVY were still lying in PD account<sup>24</sup>. The Department stated that the amount of ₹ 13.77 crore was reported to the Govt. for its revalidation and orders in this regard were still awaited. As the PD account comes under C Deposits<sup>25</sup>, the department's requisition for revalidation was not in order.

<sup>24</sup>No.63/APSHQTof SAMETI at Hyderabad

<sup>25</sup> Deposits under this category lapse at the end of next financial year

Further, ₹20 lakh from these funds were diverted for establishment of Kuppam Regional Institute for Sharing Horticulture information (KRISHI) and Harmonised Information of Agriculture, Revenue and Irrigation for Transformation Agenda (HARITA) during 2015-16. The diversion of funds meant for a particular scheme resulted in non-achievement of the targets to that extent.

### **2.5.2.5 National Horticulture Mission**

With a view to boosting Horticulture Production Govt. of India launched Mission for Integrated Development of Horticulture (MIDH) under National Horticulture Mission (NHM) with emphasis to create Pack Houses, Cold Storages, Drying Platforms, Centre of Excellence and Ripening Chambers etc. on the basis of 60:40 ratio between GoI and State of AP.

**a)** The Annual Action Plan was re-fixed at ₹119.16 crore (Central Share of ₹71.50 crore and State Share of ₹47.66 crore). During the year 2015-16, Govt. of India released ₹54.35 crore and the State released ₹35.75 crore. Thus, the Central Share of ₹17.15 crore and State Share of ₹11.91 crore was not released during the year, hindering the achievement of targets.

#### **b) Delayed finalisation of Revised Action Plan under MIDH Scheme**

The Commissioner of Horticulture had released (September, 2015) an amount of ₹25.63 crore under MIDH for establishment of New Gardens (Fruits), Hybrid Vegetable Productions, Loose Flower Cultivation, Rejuvenation, Horticulture Mechanisation etc. For inter conversion of certain components under MIDH, a revised Action Plan was finalised (February 2016) with additional amount of ₹10.61 crore. The Assistant Directors were directed to obtain administrative sanction from the respective District Collectors and implement the programme as per guidelines of MIDH and also complete the works (both Physical and Financial) before March 2016. However, results of implementation before 31 March 2016 were not forthcoming from records made available to audit. In spite of availability of funds, the scheme could not be started leading to non-achievement of intended objectives.

#### **c) Parking of funds in Savings Accounts**

As per APFC, PD accounts are created for discharging liabilities of the Government by debit to the Consolidated Fund. However, it was observed that the funds were being transferred to various Savings Bank Accounts. An amount of ₹3.19 crore accrued as interest for the year 2015-16 under these Savings Accounts. Further, separate savings bank account<sup>26</sup> was being maintained for Interest income in which Opening Balance was shown as ₹20.45 crore as on 01 April 2015 under the scheme Andhra Pradesh Micro Irrigation Project (APMIP). The Department stated that the accrued interest was being carried forward and used for miscellaneous expenditures. Evidently, instead of utilising the amounts released by the Government for implementation of various schemes, the department resorted to parking of the funds in Saving Bank Accounts and earning interest against the norms.

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<sup>26</sup> Account No 117910011002502

## 2.6 Errors in budgeting process

Over the years, errors/lapses in classification of receipts and expenditure in budget and thereby in accounts, were brought to the attention of the State Government for rectificatory action. While Government took corrective action in certain cases, in some areas omissions/errors continued to figure in budget/accounts during 2015-16 also. Major instances in this regard are detailed below.

### 2.6.1 No Provision in Budget Estimates under Subventions from Central Road Fund

Subvention from Central Road Fund is released to the State by GoI for road development works. These amounts are to be transferred to Major Head 8449-Other Deposits-103-Subvention from Central Road Fund by debit to MH 3054-Roads and Bridges-797-Transfers to Reserve Fund-Deposit Account. Although provision for transfer of grant received is required to be made every year in the budget, this was not done. During the year 2015-16 an amount of ₹ 176.75 crore was stated to be met from the fund account and reason for ₹(-)181.97 crore expenditure under Capital Outlay on Roads and Bridges was not explained.

### 2.6.2 Non-incorporation of correction slips

The Controller General of Accounts, vide correction slips<sup>27</sup> to list of Major and Minor Heads of Account, has instructed to book the expenditure on 'Maintenance and Repairs' under two distinct sub-heads viz., 'Other Maintenance' and 'Work Charged Establishment' below Minor Head 053 under the Major Heads 2059-Public Works, 2216-Housing, 2700-Major Irrigation, 2701-Medium Irrigation, 2702-Minor Irrigation and 3054-Roads and Bridges.

The State Government continued to exhibit these items at Sub-detailed Head level i.e., 272 and 273 below Detailed Head 270-Minor Works, instead of at Sub Head level.

### 2.6.3 Misclassification in budget estimates

a) As per Standard Object of expenditure (Detailed Heads of Account) given in Budget Manual, the Detailed Head of account 520-Machinery and Equipment, which is to be operated under Capital section, was classified in Revenue section and ₹188.35 crore was provided under 21 grants during 2015-16.

b) While the detailed head 270-Minor Works is to be operated under Revenue section, the head was classified in Capital section of the Grants and ₹502.17 crore was provided for during 2015-16.

c) It was seen that same sub-heads with different nomenclature were being operated under both Plan and Non-Plan Heads, which led to clubbing of different schemes under one sub-head. (Illustrative cases are shown in **Appendix 2.11**).

d) The Detailed Head-330 is to be operated for subsidies, contrary to this, subsidies to the tune of ₹103.30 crore were provided under Detailed Head 310 – Grants in Aid.

e) An amount of ₹ 35 crore was sanctioned through supplementary provision to 'Andhra Pradesh Brahmin Welfare Corporation Limited' in March 2016 under Endowments Grant. As the assistance was given by Government for welfare of a recognized group, the budget and expenditure were to be classified under Welfare Grants only and not under Religious Endowments grant.

<sup>27</sup> No. 382, 383 dated 23 November 2000 and Correction slips No.508,509,510 dated 13 May 2004

#### 2.6.4 Operation of un-authorized Sub Major Head/Minor Heads

The Sub Major Head 01 and all the Minor Heads operated thereunder below MH 2501-Special Programme for Rural Development are no longer in operation and have been deleted in 2003. However, the Sub Major Head 01 continued to be operated. Although Government had assured in November 2015 that necessary action would be taken to discontinue the operation of this unauthorized Sub Major Head, the same continued to be in operation.

#### 2.6.5 Opening of new sub-heads

As per Article 150 of the Constitution, read with Section 21 of DPC Act 1971, the State Government have to take prior concurrence of the AG (A&E) before opening any new Sub-head. However, the State Government had not followed the above procedure leading to operation of the same sub-head code for two different schemes under the existing sub-head. A list of new sub-heads opened without the prior concurrence of Accountant General (A&E) in 2015-16 is given in **Appendix 2.12**

### 2.7 Conclusion

*Sound financial management require advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or substantial savings with reference to provisions made during the year, exhibiting weakness in expenditure monitoring and control. The overall excess expenditure during the year 2015-16 accounted for ₹20,481.10 crore (15.20 per cent of budget provision including Supplementary grants) which was the result of saving of ₹16,375.88 crore under some of the Heads of Account, offset by an excess of ₹36,856.98 crore in other Heads. Thus, the supplementary provision approved by Legislature aggregating to ₹21,143.05 crore proved to be insufficient by ₹20,481.10 crore over a total required provision of ₹41,624.15 crore.*

*Excess expenditure over the allocation amounting to ₹16,816.21 crore pertaining to the years from 2004-05 to 2014-15 was yet to be regularized as of November 2016. Explanatory Notes by the concerned Administrative departments/Finance department are yet to be furnished. The excess expenditure incurred during the year 2015-16 was ₹36,856.98 crore.*

*Excessive/unnecessary/inadequate re-appropriation of funds were also observed. Re-appropriations to heads where original provisions were not made, etc. have been noticed which showed lack of coordination between Finance and the line departments. Scrutiny of re-appropriation orders issued by the State Government during the year 2015-16 showed that out of 10,435 items of re-appropriations made, specific reasons were not intimated in respect of 8,897 items (85.26 per cent).*

*Contrary to norms, lumpsum provisions of ₹4,650 crore were made for salaries and the entire amount was re-appropriated resulting in huge savings in most of the Grants.*

*Detailed scrutiny of selected Grants showed that several schemes could not be implemented due to non-finalisation of action plans, guidelines etc.*

*Unrealistic budgetary allocations resulting in substantial savings, unnecessary supplementary grants, expenditure incurred without provisions, incorrect re-appropriations point to poor budget management.*



**3.1 Introduction**

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

**3.2 Utilisation Certificates**

Utilisation Certificates (UCs) should be furnished by the State Government to GoI with regard to the funds provided by the latter for implementation of various Socio-Economic Development Programmes. Where specific grants are provided, State Government Rules and Instructions also affirm the responsibility of the Authority drawing the funds for submission of UCs to the Departmental Officer and forwarding them to the Accountant General (A&E) after verification.

Budget controls are effective before payments are released but not after the release when the expenditure is actually committed or incurred. No further amount for a particular scheme can be drawn unless proof of expenditure of the amounts earlier drawn is provided. Hence, all the DDOs have to submit a certificate of expenditure for further draws. Every Drawing Officer is to furnish the list of bank accounts operated by him and cash balances available therein pertaining to the specific schemes for which further funds are proposed to be drawn. The Treasury officer is not to authorize any further release till the certificate has been given and *75 per cent* of the amount drawn is already spent or credited back to the Treasury.

During the year 2015-16 Government of Andhra Pradesh released Grants-in-Aid of ₹ 39,693.89 crore, of which, ₹ 36,489.63 crore were released under 312-other Grants in Aid and 319-Grants for creation of Capital Assets. Test-check of these vouchers showed that –

- (i) The details of Bank accounts operated by DDOs/Implementing Agencies along with reconciled balances pertaining to the schemes/programmes were not furnished in many cases, for which funds were proposed to be drawn.
- (ii) The statement of expenditure for the earlier releases were not furnished to Treasury Authorities; instead, UCs were enclosed to the subsequent claim stating that funds were utilized in full for the intended purpose without actual utilisation. Mere furnishing of UCs without actual details of expenditure indicates deficiencies in Financial Reporting. Some of the cases observed are as under:

**Table 3.1: Submission of UCs without actual statement of Expenditure**

(₹ in crore)

Sl. No	Name of the Department	Amount Drawn (Total funds drawn during the year)	Purpose for which the amount was drawn	Remarks
1	ITE & C	0.94	Imparting IT training to the students in engineering/degree colleges	No Certificate of Utilisation was enclosed. Instead, blank certificate was enclosed indicating the non-adherence to prescribed norms.
2	BC Welfare	25.00 (100.00)	Welfare of Kapus	Out of ₹ 75 crore released in first three quarters ₹ 4.94 lakh only was utilized (0.06 per cent). However, funds in fourth quarter were also released even though Statement of Expenditure was not furnished.
3	Rural Development	8.00 (27.00)	Andhra Yuvashakti Programme	₹ 13 crore only was utilized out of ₹ 19 crore released earlier, however, funds were released without insisting on statement of expenditure.
4	Social Welfare	15.40	Assistance to Nodal Agency for implementing Scheduled Caste sub-plan	Funds for fourth quarter (₹ 3.85 crore) were also released though an amount of ₹ 11.48 crore out of the amount released in first three quarters was still lying idle with the AP SC Co-operative Finance Corporation Limited. Blank UC and Expenditure statement were enclosed with the voucher.
5	Social Welfare	113.30	Weaker Section Housing Programme	Statement of Expenditure was not appended.
6	Medical and Health	59.22 (236.89)	Centralised Purchase of Drugs and Medicines	Statement of Expenditure was not appended.

(iii) Apart from the above, audit observed cases where the UCs were not provided in respect of grants released in previous years. These issues were also communicated through Inspection Reports during the year 2015-16, for which no replies have been received (December 2016). List of such cases is given in **Appendix 3.1**.

Non-submission/incorrect submission of UCs may adversely impact the achievement of the objectives and purpose of the funds released and may also lead to mis-utilisation/diversion of funds.

### **3.3 Submission of Accounts/Audit Reports of Autonomous bodies**

Several autonomous bodies were set up by the State Government in the fields of Education, Urban Development, Tribal Welfare, etc. Audit of accounts of 27 such bodies has been entrusted to the CAG of India. The delay in submission of accounts of these bodies for audit ranged from one to 10 years as of October 2016. Details of the periods upto which accounts were due and rendered are given in **Appendix 3.2**. Age-wise details are shown in the **Table 3.2**

**Table 3.2: Age-wise arrears of Annual Accounts due from the Autonomous Bodies**

Sl.No	Delay in Number of Years	No. of Bodies / Authorities
1	0-1	10
2	2-3	12
3	4-5	2
4	6-7	2
5	8-9	...
6	10 & above	1
<b>Total</b>		27

The State Government needs to take appropriate measures to ensure that these accounts are compiled and submitted for audit within a fixed timeframe, so as to ensure that financial irregularities, if any, do not go undetected.

Further, in order to identify the institutions which attract audit under Sections 14 and 15 of the CAG's (DPC) Act 1971, the Government/Heads of Department are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose of such assistance and the total expenditure of the institutions. Annual accounts of 345 such assisted bodies/authorities due from 1995-96 to 2015-16 (total number of accounts 1,749) were not submitted to audit as of November 2016. Details of these accounts are given in **Appendix 3.3**.

### 3.4 Un-reconciled expenditure and receipts

Generally Accepted Accounting Principles (GAAP) state that the purpose of 'account reconciliation' is to provide accuracy and consistency in financial accounts for which it is necessary to carry out periodic and regular reconciliation of accounts. Hence, Financial Rules<sup>1</sup> stipulate that expenditure and receipts recorded in the books of Chief Controlling Officers (CCOs) be reconciled by them every month during a financial year with those recorded in the books of the AG (A&E) to exercise effective control over budget and expenditure. Further, every Controlling Officer is required to obtain regular accounts and returns from subordinates for amounts released by them and paid into the Treasury, compare the figures with the accounts maintained in the office of the AG (A&E) and reconcile any differences as early as possible before the accounts of the year are closed.

As of November 2016, expenditure amounting to ₹ 31,259.26 crore relating to the financial year 2015-16 was not reconciled, which constituted 28.22 *per cent* of total expenditure<sup>2</sup> of the year. Further, receipts amounting to ₹ 42,532.69 crore (47.83 *per cent* of total receipts<sup>3</sup>) were not reconciled during 2015-16. Despite flagging this issue every year in earlier Audit Reports, this trend continued during 2015-16 also.

Instances where expenditure of ₹ 500 crore and above was not reconciled pertaining to 14 CCOs for the year 2015-16 are given in **Appendix 3.4**. Of these, the highest amounts pertain to CCOs

<sup>1</sup> Article 9 of Andhra Pradesh Financial Code

<sup>2</sup> Includes Revenue, Capital and Loans & Advances (₹ 1,10,795 crore)

<sup>3</sup> Include Revenue, Capital and Loans & Advances (₹ 88,933 crore)

of (i) HoD, Rural Development (₹ 4,438 crore), (ii) HoD, Energy, Secretariat Department (₹ 3,690 crore) and (iii) HoD, Municipal Administration (₹ 1,496 crore).

### 3.5 Personal Deposit Accounts

As per Andhra Pradesh Financial Code (APFC), Personal Deposit (PD) Accounts are created for discharging the liabilities of the Government arising out of special enactment, by debit to the Consolidated Fund. As per Government orders<sup>4</sup>, funds released during a particular financial year shall lapse by 31 March of the next financial year (lapsable deposits under category 'C') and the administrators of PD accounts are required to close such accounts and transfer the unspent balances back to the Government account. In case of any deviations, the Deposit Administrator and the Treasury Officers are to be held personally responsible. The details of PD accounts operated during 2015-16 are given in **Table 3.3**.

**Table 3.3: Details of PD Accounts**

	(₹ in crore)	
	Number of accounts	Amount
Total number of PD accounts existing as on 01 April 2015	43,697	13,469.66
Total remittances into existing PD accounts	17,148	47,180.23
New accounts opened at HoD level	14,721	2,817.19
Withdrawals from PD accounts	42,999	41,001.13
PD Accounts closed	Nil	Nil
<b>No. of PD Accounts as on 31 March 2016</b>	<b>58,418</b>	<b>22,465.95</b>

The variation (13 PD accounts) between the closing balance of 2014-15 (43,710 accounts) and the opening balance of 2015-16 was attributed to updating of number of PD Accounts by operating 'PD Accounts Portal' by Government.

There were huge unspent balances lying in PD accounts. Some cases are detailed in **Table 3.4**.

**Table 3.4: PD Accounts with huge unspent balances**

(₹ in crore)						
Sl. No	Name of the PD Administrator	Opening Balance	Amount credited during 2015-16	Expenditure during the year	Unspent balances (as on 31 March 2016)	Percentage of expenditure to total available funds
		(1)	(2)	(3)	(4)	(5)= ((3)*100)/(1)+(2)
1.	MD, Urban Finance & Infrastructure Development Corporation Limited	316.60	920.97	43.26	1,194.31	3.50
2.	MD, AP State Housing Corporation	213.30	2,269.46	466.77	2,016.00	18.80
3.	Society for Employment Generation and Enterprise Development in Andhra Pradesh (SEEDAP)	0	27.12	13.06	14.06	48.10

<sup>4</sup> GO Ms No.43 dated 22 April 2000

Sl. No	Name of the PD Administrator	Opening Balance	Amount credited during 2015-16	Expenditure during the year	Unspent balances (as on 31 March 2016)	Percentage of expenditure to total available funds
4.	AP State Council of Higher Education	0	83.77	26.98	56.79	32.20
5.	VC&MD, AP State Civil Supplies Corporation Limited	0	2,348.93	2,348.93	0	100
Cheque was issued for ₹ 316.69 crore in favour of Corporation Account (Self cheque) without details. Further, there was a difference of ₹ 25.65 crore between figures of Ledger and PD account portal						
6.	Commissioner and Director of Agriculture (Vaddileni Runalu)	16.80	381.74	85.10	313.44	21.35
7.	AP Education and Welfare Infrastructure Development Corporation	0	134.18	0	134.18	0
8.	AP Technology Services Limited	71.17	315.10	176.42	209.86	45.67
9.	Society for Elimination of Rural Poverty (SERP)	293.25	660.68	867.15	86.78	90.90
10.	AP SC Cooperative Finance Corporation	23.37	784.83	246.75	561.45	30.53

It is evident from the above that funds are lying idle in PD accounts.

Finance Department replied that the funds credited into PD account lose their identity as to the nature of the scheme. Hence, Treasury Officers are obtaining scheme-wise certificates of receipts & expenditure. Based on such certification the Treasury Officer takes action to lapse the funds, particularly on request of the PD Administrator. Thus the information to take action for lapsing deposits was not available with the Treasury.

The reply of the department is not consistent with the provisions cited above as the Deposit Administrator and the Treasury Officer are to be held responsible.

### 3.5.1 PD Account Portal

Audit observed the following issues from examination of the information available on PD Account Portal of Government of Andhra Pradesh:

The website does not indicate the PD account number. Instead, only the 'Deposit Head of account' to which the amount is credited is indicated. As informed by Director of Treasuries & Accounts, 181 Heads of accounts are being maintained by 58,418 PD Administrators. In the absence of unique account numbers and number of accounts, the details being operated under each Deposit Head of Account could not be extracted/verified in audit.

➤ DDO-wise data and Deposit Head of Account-wise data were only available for examination independently in the system, which did not facilitate the correlation of these two statements in audit.

➤ Details of payments in PD Accounts included cheque number, amount, date on which cheque was issued only. However, details such as name of the party to whom payment was made, date on which the cheque was encashed were not available.

### 3.5.2 Cheques issued by PD Administrators

As per Article 3 of AP Financial Code, unless the amount is immediately required to be paid for the goods & services received/works done, no amount shall be withdrawn. In pursuance of this, it is stipulated<sup>5</sup> that no self cheque from Deposit Account shall be permitted except for the payment of salaries and petty office expenses. No cheque in the name of the Manager of any bank shall also be allowed so as to eliminate the practice of depositing the amounts in the bank to avoid lapse of funds. In case of any deviations to these stipulations, the Deposit Administrator and the Treasury Officer shall be held personally responsible. Further, drawal through cheques for amounts exceeding ₹ 10 lakh from PD Accounts shall be countersigned by the Secretary to Government, Finance department<sup>6</sup>.

Test-check of 360 paid cheques relating to the month of March, 2016 showed that the counter signature of the Secretary to Government, Finance department was obtained by none of the departments/offices in respect of all the 360 cheques amounting to ₹ 2,410.19 crore though the amount in each case exceeded ₹ 10 lakh. However, Treasury admitted the cheques for drawal of the amounts by the department, despite clear orders. Further, out of these cheques

- 36 Cheques amounting to ₹ 236 crore were issued by DDOs as self cheques.
- 236 cheques for ₹ 1,030.56 crore were issued in favour of the Branch Manager of the banks. Details of parties to whom the payments have been made were not enclosed to these cheques, in the absence of which the genuineness of expenditure could not be verified.

### 3.5.3 Un-authorised treatment of lapsed deposits as Revenue Receipts

As per rule 192 of Receipts and Payments Rules 1983, read with Article 48 of Account Code Vol.I as well as para 3.10 of general directions in list of Major and Minor Heads, unspent balances of lapsed deposits from PD accounts to Government should be taken as reduction of expenditure under the same classification where the original expenditure was booked. Further, if the unspent balance pertains to the previous years, such lapsed balances should be treated under minor head 912- deduct recoveries below the major head where the original expenditure was booked.

Contrary to the above provisions, the combined state of Andhra Pradesh issued orders<sup>5</sup> for the remittance of such lapsed deposit as Revenue Receipts. During the year 2015-16, an amount of ₹ 15.17 crore was treated as Revenue Receipt instead of reduction of expenditure, which indicated clear violation of accounting provisions resulting in inflation of Revenue.

### 3.5.4 PD accounts with negative balances

On examination of Ledger balances in audit, it was seen that 65 Heads of Accounts under Deposits (MH 8342 to MH 8449) were having an aggregate negative balance of ₹ 727.45 crore as on 31 March 2016. Out of this there were no transactions in 40 Heads of Accounts (₹ 126.59 crore) during the year 2015-16. Further, Director of Treasuries and Accounts stated that there were 14,529 accounts with zero balances. Thus, it was apparent that periodical reconciliation of balances by Treasury with PD account Administrators was not being conducted and no action

<sup>5</sup> GO Ms No.43 of Finance & Planning (W&M) Department dated 22 April 2000.

<sup>6</sup> Memo No.351/81/DCM-II/2012 (Finance department) dated 04 August 2012

was initiated to close the accounts with zero balances.

### 3.5.5 Observations on funds transferred through vouchers to PD accounts

Test-check of vouchers through which the amounts were transferred to PD accounts showed the following:

#### 3.5.5.1 Release and adjustment of funds to PD accounts at the fag end of the year

An amount of ₹ 2,250.37 crore was released and adjusted to PD accounts at the fag end of the year (March 2016). While the expenditure is to be incurred against the budget provision allocated evenly throughout the financial year, releasing and placing of funds in PD accounts during the last month of the year is not prudent as it limits the scope for utilization during the same financial year. Some instances are detailed in **Table 3.5**.

**Table 3.5: PD accounts to which funds released at fag end of the year**

(₹ in crore)

Sl. No	DDO and PD account No.	Amount credited	Name of the scheme	Remarks
1.	AP Tourism Development Corporation Ltd.-10/APSHQT – 8449-120-35	5.67	Pilgrimage Rejuvenation and Spirituality Augmentation Drive (PRASAD)	Funds (₹ 24.06 crore) were already lying in PD account prior to crediting this amount (₹ 5.67 crore).
2.	Commissioner of Rural Development – 6/APSHQT – 8448-120-29	39.37	Group Insurance Scheme (Aam Aadmi Bima Yojana)	Additional funds were drawn despite availability of funds (₹ 86.78 crore) in PD Account to avoid lapse of the funds.
3.	AP Education & Welfare Infrastructure development Corporation (APEWIDC)– 125 APSHQT -8448-110-65	134.18	Construction of buildings for Kitchen cum-Store Rooms under Mid-Day Meals Scheme	The intended purpose was not served due to drawal of funds at the fag end of the year.
4.	Director of Tribal Welfare – 24 APSHQT – (8448-110-43)	51.59 <sup>7</sup>	Gurukulam– Construction of EMRS buildings	Drawl of funds at the end of the year for Economic Support Programme resulted in denial of benefits to the beneficiaries despite additional funds provided.
5.	Commissioner of Civil Supplies – 58 APSHQT (8449-120-53-002)	25.58	End to End Computerisation of TPDS operations.	The purpose was not served due to drawl of funds at the end of the year.

#### 3.5.5.2 Amounts diverted from PD accounts:

Funds credited to PD accounts were being transferred to other bank accounts by the departments with the intension of avoiding lapse of the available balance and treasury control over the funds. This results in non-exhibition of funds in the Public Account. Further, transfer of the amounts to other bank accounts has the effect of the amounts being shown as expenditure without actually

<sup>7</sup> (₹ 29.30 crore of State share and Special Central Assistance of ₹ 22.29 crore)

incurring the same. **Table 3.6** shows the cases, where parts of the amounts credited to PD Account were diverted to other bank accounts:

**Table 3.6: Cases where funds diverted from PD accounts to other Bank accounts**

(₹ in crore)

Sl No.	DDO, PD Account No.	Name of the scheme	Amount diverted
1.	Commissioner of Rural Development – 6/APSHQT – 8448-120-29	Aam Aadmi Bima Yojana	0.37
2.	Commissioner, Weaker Section Housing Programme – 21 APSHQT – 8443-800-01.	Pradhan Mantri Awas Yojana (Sardar Patel Urban Housing Scheme)	185.22

In the second case, the amount of ₹185.22 crore was again transferred to the PD account of AP Housing Corporation where ₹2,016 crore was available as on 31 March 2016. Out of this, ₹213.30 crore existed as Opening Balance for 2015-16 which indicated that funds were not being utilized fully in previous years also by the Corporation.

### 3.5.5.3 Delay in drawal of funds

Audit observed instances where the funds were drawn and kept in PD accounts at the fag end of the year (March 2016) though the Budget Release Orders were issued well in advance to implement the schemes. A few cases are detailed in **Table 3.7**.

**Table 3.7: Delay in drawal of funds**

(₹ in crore)

Sl. No.	DDO – PD Account No.	Month in which BRO was issued by the Finance department	Amount
1.	CEO, Innovation Society (ITE & C Dept) - (8448-110-70-003)	August 2015	20.31
Intended for establishment of knowledge and incubation centers in 177 Residential Schools. Funds were authorized only in last quarter. Thus, provisions made remained unfruitful.			
2.	AP IIC Ltd – 30 APSHQT (8449-120-17)	August 2015	96.68
Intended for providing water facilities to Autonagar, Mangalagiri IT layout. However, funds were drawn to avoid lapse of provision and purpose was also not served.			
3.	Project Director, State Water & Sanitation Mission - 89 APSHQT (8448-120-33)	November 2015	115.28
Funds were provided as additional funds pending provision of Supplementary Grants for Nirmal Bharat Abhiyan. The purpose for which additional funds were provided did not materialize and provision of additional funds proved unnecessary.			

### 3.5.5.4 Delay in release of funds

GoI, Ministry of Poverty Alleviation released an amount of ₹334.95 crore in December 2015 and February 2016 as Central Share towards “Pradhan Mantri Awas Yojana” (Sardar Patel Urban Housing Scheme). Subsequently, the GoAP Finance department released the funds of ₹555.64 crore (along with State share) in March, 2016 pending provision of supplementary grant. Due to delayed release of funds by GoI as well as State Government, the funds could not be utilized and were kept in PD account. Thus the very purpose for which funds were sanctioned was not served.

### 3.5.5.5 Amounts kept in PD accounts in deviation of the instructions

Though it was specifically stated in the instructions to open a separate bank account to keep the scheme funds, the amounts drawn were kept in PD accounts to avoid lapse of funds. Consequently, scope for non-accounting of all receipts and expenditure in respect of a particular scheme cannot be ruled out. The cases noticed in audit are listed in **Table 3.8**.

**Table 3.8: Amounts kept in PD accounts in deviation of the instructions**

		(₹ in crore)
DDO, PD account No.	Name of the scheme	Amount adjusted to PD account
Commissioner, Rural Development-116 APHQ (8448-120-37)	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	450.00
Commissioner, Family Welfare – 22 APHQ	National Rural Health Mission (NRHM)	197.06

From the instances discussed above, it is evident that a huge number of PD accounts are being opened every year without review for closure of the old accounts. It is seen that the total number of PD accounts (58,418) is more than that of DDOs (47,957) in the State and the number of accounts newly opened during 2015-16 were much more than the number of schemes being operated by the Government. The purpose of opening such huge number of accounts is also not forthcoming from the records/information made available to audit. Not a single account was closed during the year. Though huge amounts were transferred, data regarding lapsable deposits/deposits with zero or negative balances were not readily available with DTA/Treasury Officers. Non-maintenance of data regarding amounts credited to and expenditure incurred from PD accounts, non-maintenance of accounts scheme-wise, non-submission of Certificate of Accepted Balances, non-conducting of review on C category Deposits/negative or zero balances etc. at Treasury level jeopardise the accountability and transparency in management of public finance.

## 3.6 Pendency of Detailed Contingent bills

In case of contingent expenditure that requires the countersignature of the controlling authority after payment, the drawing officer is to present abstract bills in Form 57 at the Treasury for payment, and send monthly detailed bills to the controlling authority for countersignature and transmit the same to the Accountant General within one month of drawl of such amounts<sup>8</sup>. In any event, a third AC bill is not to be admitted until the first AC bill is settled. Further, according to various instructions<sup>9</sup> issued, details of expenditure incurred from the amounts drawn on AC bills are to be submitted to HoD by the DDOs on monthly/quarterly basis.

The position of pending DC bills pertaining to the State of Andhra Pradesh as of November

<sup>8</sup> SR 18(d) under TR 16 of the Andhra Pradesh Treasury Code read with Articles 102, 108 and Appendix 8 of Andhra Pradesh Financial Code

<sup>9</sup> GOAP Finance (TFR) Department Memo No.268/15154-A/TFR/2002, dated 18/05/2002 read with GO Ms No.507 Finance (TFR) dept dated 10/04/2002 and GO Ms No.391 Finance (TFR) dept dated 22/03/2002; GO Ms No.285 Finance (TFR-II) Department dated 15/10/2005.

2016 is shown in **Table 3.9**.

**Table 3.9: Amount drawn in AC Bills**

(₹ in crore)

Year	AC bills drawn		DC bills submitted		DC bills pending	
	Number	Amount	Number	Amount	Number	Amount
Upto 2002-03	82,130	222.00	0	0	82,130	222.00
2003-04 to 2007-08	88,154	774.27	87,774	745.72	380	28.54
2008-09	7,313	155.48	7,292	155.44	21	0.04
2009-10	4,389	452.18	4,364	450.73	25	1.45
2010-11	2,946	736.30	2,911	697.25	35	39.04
2011-12	2,365	926.02	2,333	920.92	32	5.10
2012-13	1,945	591.95	1,885	589.64	60	2.31
2013-14	3,132	1,165.14	2,971	1,053.81	161	111.33
2014-15	2,662	794.04	2,353	452.63	309	341.41
2015-16	734	202.98	251	25.65	483	177.33
<b>Total</b>	<b>1,95,770</b>	<b>6,020.36</b>	<b>1,12,134</b>	<b>5,091.79</b>	<b>83,636</b>	<b>928.55</b>

Source: Information from office of AG(A&E) and O/o PAG(G&SSA)

Out of 83,636 DC bills pending, no details were available in respect of 82,130 AC bills drawn for an amount of ₹ 222 crore up to 2002-03 which was also reported in previous year. In respect of the balance 1,506 bills, Agriculture Department with ₹ 404 crore and Revenue Department with ₹ 259 crore had the highest pendency on submission of DC bills (**Appendix 3.5**). Further, more than 100 DC bills were pending from Departments of Revenue (516), Medical (337), Education (141) and Youth Advancement Tourism and Culture (128) (**Appendix 3.6**).

Thus, it was evident that (i) no mechanism at HoD level existed to watch the details of expenditure incurred from the amount drawn on AC bills by the DDOs on monthly/quarterly basis and (ii) the third AC bill was being allowed even if the earlier bills were not cleared by submitting the DC bill, despite clear instructions.

### **3.7 Operation of omnibus Minor Head 800**

The omnibus Minor Head 800 (other receipts/other expenditure/other deposits) accommodates expenditure/receipts which cannot be classified under the available 'programme- Minor Heads'. The amounts booked under this Minor Head are given in **Table 3.10** below.

**Table 3.10: Receipts and Expenditure under MiH 800**

Year	Expenditure under Minor Head 800 (₹ in crore)	Percentage of total expenditure	Receipts under Minor Head 800 (₹ in crore)	Percentage of total Receipts
2014-15	21,880	17.16	1,766	1.94
2015-16	17,741	16.11	5,146	5.80

Source: Finance Accounts

Expenditure aggregating ₹ 17,741 crore constituting 16.11 *per cent* of Revenue and Capital Expenditure (₹ 1,10,121 crore) was classified under Minor Head 800 – Other expenditure under 43 Major Heads in the revenue and capital sections (*Appendix 3.7*).

Revenue receipts aggregating ₹ 5,146 crore constituting 5.80 *per cent* of total Revenue receipts (₹ 88,648 crore) were classified under Minor Head 800 – Other receipts against 46 Major Heads. (*Appendix 3.8*)

### 3.7.1 Other Remittances

Remittances of ₹ 16,638 crore (18.77 *per cent* of total receipts<sup>10</sup>) and payments of ₹ 14,641 crore (13.30 *per cent* of total expenditure<sup>11</sup>) under the Major Head 8443-Civil Deposits were shown under Minor Head 800 during the year 2015-16. Classification of substantial amounts under this omnibus head adversely affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Further, test-check of vouchers relating to 2015-16 showed that an expenditure of ₹ 4.10 crore (Social Welfare Department: ₹ 0.15 crore and Education Department: ₹ 3.95 crore) was booked under Minor Head 800, instead of the correct Minor Heads.

## 3.8 Debt, Deposit and Remittance heads

Review of Debt, Deposit and Remittance (DDR) heads conducted during 2015-16 disclosed the following.

### 3.8.1 Adverse Balances under MH 6003-Internal Debt

Adverse balances (Minus balances) under Loan heads indicate that repayment was more than the loans availed of. The Government Departments which directly avail of the loan have been classifying such loan amounts as their receipts, while in respect of Special Purpose Vehicles and Companies/Corporations, these amounts do not enter Government accounts. In such cases, loan repayments are being booked as debit under MH-6003-Internal debt in Government accounts which result in adverse balances and understatement of liabilities of the Government and affects financial reporting to that extent.

During the year 2015-16, there were adverse balances amounting to ₹ 21.95 crore and ₹ 88.20 crore under “MH 6003-108-Loans from National Co-operative Development Corporation (NCDC)” and “MH 6003-109-Loans from other Institutions”, respectively, due to accounting of repayments of loans under MH 6003 without corresponding credits. Further, adverse balance of

<sup>10</sup> Total Revenue Receipts : ₹ 88,648 crore

<sup>11</sup> Total Expenditure (Revenue and Capital): ₹ 1,10,121 crore

₹ 1.15 crore continued under “MH 6003-101-Market loans”. Occurrence of these balances was due to non-accounting of releases of loans by NCDC and other Institutions while accounting repayment through MH 6003-Internal Debt of the State Government.

### **3.8.2 Adverse Balances under ‘Loans and Advances’ and Deposits**

Negative balances under the heads “Loans & Advances” and “Deposits” indicate that the payments are more than the amounts availed of or misclassified. As of 31 March 2016, adverse/negative balance of ₹ 194.35 crore and ₹ 749.92 crore were noticed under “Loans and advances” and “Deposits”, respectively. Thus, there is a need to reconcile the balances under Loan heads.

### **3.8.3 Loans and advances rolling for a long Period**

As per GO MS No.507 Finance (TFR) Department dt.10 April 2002 (vide Para 11), all the loans and dues payable to the Government are to be recovered at the amount/rate of installments prescribed along with interest due before any further drawls are made against such scheme. However, loans and advances (both principal and interest) disbursed to Corporations, companies and co-operative Societies for an amount of ₹ 3,467.43 crore remained in arrears from 2011-12 onwards. Even the agreements for these loans were not furnished by the Government to Audit.

### **3.8.4 Deposits and Advances**

The Government receives deposits for various purposes on behalf of various public bodies and members of the public, which are accounted for by repayment or otherwise. The Government sometimes decides to set aside sums from the revenues of a year or a series of years, to be accumulated as a “fund”. The balance at the credit of such a “fund” is held as a deposit and expended on specified objects.

Deposits are broadly categorized into two categories; the balances outstanding against them as of 31 March 2016 are given below:

- (i) Deposits bearing Interest: ₹ 5,326 crore
- (ii) Deposits not bearing Interest: ₹ 25,389 crore.

Some of the irregularities noticed during the current year under this head are given below.

#### **3.8.4.1 Inoperative Deposits Accounts**

As per Para (iii) of Chapter IX of APFC Vol.I, if any Deposit Account is not operated upon for a considerable period and there is reason to believe that the need for the Deposit Account has ceased, the same should be closed in consultation with the officer in whose favour the Deposit Account has been operated.

As seen from the Accounts, 16 Deposit Accounts under the head 8443-Civil Deposits amounting to ₹ 290.85 crore and 28 Deposit Accounts worth ₹ 58.72 crore under 8449-Other Deposits were inoperative for over three years. Inoperative Deposit Accounts under the Major Head 8443 inter alia included Trust Interest Funds (₹ 240 crore), Civil deposits-Other Funds(₹ 32.64 crore), Deposits for payment of honorarium to the enumerators connected with

1981 Census(₹9.34 crore), Deposits of AP Irrigation Development Corporation(₹4.44 crore), Deposits of A.P States SC's Co-operative Finance Corporation – Engineering Fund (₹10.33 crore), etc.

#### **3.8.4.2 Unclaimed Deposits of General Provident Fund (GPF)**

Non-remittance of unclaimed General Provident Fund deposits (₹1.27 crore) into Consolidated Fund of the State was commented upon in the CAG's Audit Report on State Finances for the year 2014-15. However, the amount was yet to be remitted to Consolidated Fund as of March 2016.

#### **3.8.4.3 Inoperative Reserve Funds**

“Reserve Funds” are created for specific purposes by the Government out of their own balances with sub divisions - one for the Funds bearing interest and the other for the Funds not bearing interest.

A test-check of Ledger on these funds showed that as of 31 March 2016, an amount of ₹17.82 crore under Reserve Fund bearing interest and ₹46.60 crore under Reserve Fund not bearing interest, were lying inoperative. No reserve funds have been closed during the year by the State Government.

### **3.9 Outstanding balances under Suspense Account (Major Head 8658)**

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final head of account for some reason or the other. Based on information furnished by the State Government, these are finally cleared by minus debit or minus credit and the amount is taken to its final head of account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated which results in understatement of Government's receipts and payments.

Transactions and net balances in Minor Heads 101-PAO Suspense, 102-Suspense Account (Civil), 110-Reserve Bank Suspense-Central Accounts Office and 112-Tax Deducted at Source Suspense under Major head 8658-Suspense Account are detailed below.

#### **3.9.1 Pay and Accounts Office – Suspense (MiH 101)**

This Minor Head is intended for the initial record of inter-Governmental transactions arising in the books of a Central PAO, Separate Accounts Officers of Union Territories and by Accountants General where the other party involved is a PAO. Separate sub-heads are opened under this minor head for each Accounts Officer with whom transactions are to be settled. This Minor head is operated for settlement of amounts received by State from the Central Ministries/other Union Territories through Reserve Bank of India. Outstanding debit balances under this head indicates that payments have been made by the PAO on behalf of others which are yet to be recovered and credit balances represent the amounts yet to be paid.

The outstanding debit balance in this account to the end of March 2016 was ₹75.44 crore and the credit balance was ₹13.05 crore. The outstanding debit balance mainly relates to Regional PAO, Hyderabad (₹62.83 crore) and PAO, Central Pensions, New Delhi (₹7.92 crore) whereas the credit balance is mainly in respect of PAO, Department of Economic Affairs, New Delhi (₹12.65 crore).

### **3.9.2 Suspense Account- Civil (MiH 102)**

This Minor Head is operated by the Accountants General to accommodate provisionally the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents viz., challans, vouchers etc. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively. Outstanding debit balance under this head implies 'payment made' but could not be debited to the final head of expenditure for want of certain particulars and outstanding credit balance represents the 'receipts' which could not be credited to final receipt head of account for want of details.

Major debit balances outstanding under this head were in respect of Tungabhadra Project (₹ 135.74 crore) and FA & CAO, South Central Railway (₹ 58.43 crore). Major Credit balance was shown towards unclassified receipts of ₹ 101.54 crore followed by the receipts from Tungabhadra Project (₹ 57.47 crore).

### **3.9.3 Reserve Bank Suspense – Central Accounts Office (MiH 110)**

Whenever transfer of substantial balances between Central and State Governments takes place on account of sanction of loan, Grants-in-aid etc., this minor head is operated to record the transactions before taking them to their final Head of Account. In case of sanction of loan to the State Government, on receipt of sanction from the PAO of the Ministry concerned, the State Accountant General concerned gives credit to MH 6004 – Loans and Advances from the Central Government by debiting MH 8658 Suspense Account 110 RBS (CAO) and awaits adjustment memo from CAS, RBI, Nagpur. After receiving the adjustment memo from CAS, RBI, Nagpur the Suspense Account (MiH 110 – RBS (CAO)) is cleared by minus debit to MH 8675-RBD-MiH 106 of the State concerned. A credit balance under this minor head would mean that repayment of loan has not been taken to its final head and a debit balance means loan received from GoI was not booked under the concerned loan head (MH 6004).

There were balances of ₹ 271.47 crore (credit) and ₹ 475.31 crore (debit) in this account which are required to be cleared expeditiously.

### **3.9.4 Tax deducted at Source (TDS) Suspense – (MiH 112)**

This Minor Head is intended to accommodate receipts on account of Income tax deducted at source viz., interest payments on State Government securities, salary bills of State Government employees and pension bills etc., by State Treasury officers/State Pay and Accounts Officers/ other Departmental officers who render compiled accounts of State Government as well as from interest payments on State Government securities made at Public Debt offices of the RBI in the books of State Accountant General to enable them to settle transactions with Zonal Accounts Officers concerned of Central Board of Direct Taxes by means of Cheques/Bank Drafts.

Receipts on account of TDS are credited to Major Head 8658 – Suspense accounts under Minor Head 112 – TDS Suspense. These credits are to be cleared by the end of each financial year and credited to the Income Tax Department. However, there was outstanding credit balance of ₹ 232.78 crore under this head as on 31 March 2016. Though this head is meant for

accommodating the credit balances, a debit balance of ₹ 100.04 crore was also reflected in the accounts.

### **3.9.5 Inter – State Suspense – MH 8793**

Transactions arising in State Treasury relating to another State Government are classified under this category. On receipt of monthly accounts from Treasury and on completion of booking, transactions are verified and advice is issued to the RBI for effecting necessary transfer of balances from one State to another. On receipt of intimation of adjustment by RBI through “Clearance Memos”, the accounts shown under this head are cleared. An amount of ₹ 997.30 crore was lying un-adjusted as on 31 March 2016 for want of Clearance Memos from RBI. The major portion of this amount was in respect of Telangana State (₹ 982.68 crore) as a consequence of bifurcation issues.

### **3.9.6 Adverse Balances under ‘MH 8670 – Cheques and Bills’**

When cheques are issued by various authorities viz., PAO, Treasuries, initially it is credited to the MH 8670-Cheques and Bills. This head is cleared by minus credit on clearance of the cheque from the bank/treasury. Thus, this head is operated always with credit balance only, indicating the amount of cheques yet to be encashed. Contrary to this, the account is showing a Debit balance of ₹ 220.56 crore as on 31 March 2016 which is appearing as the amount cleared through banks was more than that issued through cheques and requires reconciliation.

## **3.10 Functioning of Treasuries**

### **3.10.1 Excess payment of Pensionary benefits**

Excess payment of pension amounting to ₹ 19.96 lakh was noticed during Treasury Inspection conducted in 2015-16. It occurred mainly due to (i) non observance of time limit for Family pension (₹ 5.92 lakh) and (ii) inadmissible relief on pension (₹ 5.58 lakh).

### **3.10.2 Parking of Funds in CINB account**

As per e-payment system, being implemented from 1 April 2014, the list of beneficiaries as furnished by DDOs along with bank account numbers, transaction identification numbers etc., are to be sent to Bank for e-payments. When the Bank credits the net amount of each bill initially to Corporate Inter-Net Banking (CINB) account, Treasury Officer has to credit the amounts to the individual beneficiaries by debiting CINB account. Due to various reasons viz., incorrect account numbers or IFSC codes, omissions occurring in names of the beneficiaries etc., amounts intended to be credited into payees accounts were reverted back to CINB account as failed transactions. Hence Treasury Officers are required to reconcile and rectify all such reversals. However, audit of selected Treasuries showed that an amount of ₹ 17.40 crore was lying idle in CINB account pending rectification by Treasury officers/Bank authorities to the end of financial year 2015-16.

### **3.11 Non-receipt of supporting documents**

Manual of Treasury Accounts Department stipulates that payments have to be supported by cheques/vouchers containing full details of payments made. However, in violation of these provisions, various supporting documents have not been received from Treasuries as discussed under

#### **3.11.1 Non-receipt of vouchers from PAO/Treasuries**

Significant quantum of wanting vouchers in respect of all treasuries was observed. During the year 2015-16, vouchers numbering 5,213 for an amount of ₹1,825.17 crore were kept under objection for want of physical vouchers, of which 2,719 vouchers for ₹1,782.64 crore related to PAO (AP State Headquarters) only. The recurrence of missing vouchers every year indicates laxity at the level of Account Rendering Units to forward complete account to the office of the Principal Accountant General (A&E).

#### **3.11.2 Non-receipt of cheques from DTOs**

Treasuries had not furnished 417 cheques to PAG (A&E) in support of payments valued at ₹13.40 crore to the end of March, 2016. Major portion of cheques were pending from DTOs Chittoor (57 Cheques valued at ₹3.21 crore) and Visakhapatnam (85 cheques valued at ₹2.02 crore). In the absence of physical cheques, audit could not assess the correctness of payments to that extent.

### **3.12 Conclusion**

*Various instances of non-observance of financial rules and procedures and absence of proper financial controls were noticed in audit.*

*Cases of UCs being submitted incorrectly without statement of expenditure for large amounts both by the State Government and implementing agencies were seen. DC bills were not being submitted in time (delay ranging up to a decade) in violation of prescribed rules, indicating lack of effective controls besides raising apprehensions about proper end use of funds. Some of the autonomous bodies/authorities which were in receipt of grants/loans from Government have failed to adhere to timelines in submitting their accounts. There was no machinery existing in Government to furnish information on the quantum of Grants sanctioned to various institutions.*

*Once the budget has been allocated to some service, amounts can be transferred to a Personal Deposit Account for ensuring its uninterrupted progress. But the idea of allocation of money with a view to transferring the same to a personal deposit account without even conceiving a project does not conform to the intention and spirit of the rules. During the year 2015-16, 14,721 new PD Accounts were opened without closing even a single account for which reasons were not forthcoming from the records/information made available to audit. Though payments of ₹41,001.13 crore were made from 42,999 PD accounts, there was no proper mechanism to watch authenticity of expenditure incurred. There was no separate procedure to watch the amounts kept outside the Public account i.e. funds diverted to other bank accounts except verification during internal audit of DTOs/STOs. This indicated lack of exercise of controls and deficiencies in financial monitoring system.*

*The omnibus Minor Head 800 continued to be operated for recording the expenditure/receipts relating to several items even for earmarked heads of accounts. This affects the transparency in financial reporting and distorted the analysis of allocative priorities and quality of expenditure.*

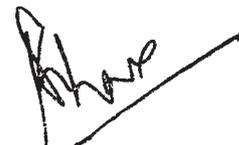
*Non-reconciliation of expenditure (28 per cent of total expenditure) and receipts (48 per cent of total receipts) continued to remain an area of concern during the year despite being highlighted in earlier years' Reports.*



**(L.TOCHHAWNG)**  
**Principal Accountant General (G&SSA)**  
**Andhra Pradesh and Telangana**

**Hyderabad**  
**The**

**Countersigned**



**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**The**



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## **Appendices**

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## Appendix 1.1

**Profile of State of Andhra Pradesh**  
(Refer para on State Profile, page 1)

<b>A General Data</b>				
Sl.No	Particulars			Figures
1	Area			1,62,760 Sq.Km.
2	Population			
	a.	As per 2001 Census (Composite State)		7.62 crore
	b.	As per 2011 Census (After re-organisation of the State on 02 June 2014)		4.95 crore
3	a.	Density of Population* (as per 2001 Census) (Composite State) (All India Density = 325 persons per Sq. Km.)		277 persons per Sq.Km.
	b.	Density of Population (as per 2011 Census) (After re-organisation of the State on 02 June 2014) (All India Density = 382 persons per Sq.Km.)		308 persons per Sq.Km.
4	Population Below Poverty Line** (BPL) (All India Average=30.00 per cent)			13.70 per cent
5	a.	Literacy (as per 2001 Census) (All India Average=64.80 per cent)		60.47 per cent
	b.	Literacy (as per 2011 Census) (All India Average=74.04 per cent)		67.02 per cent
6	Infant Mortality** (per 1000 live births) (All India Average = 40 per 1,000 live births)			39
7	Life Expectancy at birth*** (All India Average = 67.00 years)			67 years
8	Gini Coefficient			
	a.	Rural (All India = 0.29)		0.28
	b.	Urban (All India = 0.38)		0.38
9	Gross State Domestic Product (GSDP) 2015-16 at current price			₹ 6,03,376 crore
10	Per capita GSDP CAGR (2006-07 to 2015-16)		Andhra Pradesh	NA
			General Category States	14.27
11	GSDP CAGR (2006-07 to 2015-16) in per cent		Andhra Pradesh	NA
			General Category States	15.75
12	Population Growth**** (2006-07 to 2015-16) rate in per cent		Andhra Pradesh	NA
			General Category States	12.24
<b>B Financial Data</b>				
Particulars				
CAGR		2005-06 to 2013-14		2005-06 to 2014-15
		General Category States	Andhra Pradesh	Andhra Pradesh
		(in per cent)		
a.	of Revenue Receipts	14.74	NA	NA
b.	of Own Tax Revenue	15.08	NA	NA
c.	of Non Tax Revenue	10.20	NA	NA
d.	of Total Expenditure	16.71	NA	NA
e.	of Capital Expenditure	13.21	NA	NA
f.	of Revenue Expenditure on Education	17.08	NA	NA
g.	of Revenue Expenditure on Health	18.70	NA	NA
h.	of Salary and Wages	15.49	NA	NA
i.	of Pension	18.59	NA	NA

\* Census info India 2011 final Population totals

\*\* Report of Expert Group (Rangarajan) to review the methodology for Measurement of Poverty, Planning Commission (June 2014)

\*\*\* Life Expectancy at birth – Economic Survey 2015-16

\*\*\*\* Projected total population 2001-2026 by Census of India

NA Not Applicable

**Appendix 1.2**  
**Structure of Government Accounts and layout of Finance Accounts**  
**(Refer paragraph 1.1, page 1)**

**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:** The 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 Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

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

**Layout of Finance Accounts**

Statement No.	Layout
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts (Consolidated Fund).
4	Statement of Expenditure (Consolidated Fund)
5	Statement of Progressive Capital Expenditure
6	Statement of Borrowings and other Liabilities.
7	Statement of Loans given by the Government
8	Statement of Investments of the Government
9	Statement of Guarantees given by the Government
10	Statement of Grants-in-aid given by the Government
11	Statement of Voted and Charged expenditure of the Government during the year.
12	Statement on Sources and Application of funds for expenditure other than on Revenue account
13	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14	Detailed statement of Revenue and Capital receipts by Minor Heads.
15	Detailed statement of Revenue expenditure by minor heads
16	Detailed statement of Capital expenditure by minor heads and sub-heads.
17	Detailed statement of Borrowings and other liabilities
18	Detailed statement of Loans and Advances given by the Government
19	Detailed statement of Investments of the State Government
20	Detailed statement of Guarantees given by the Government
21	Detailed statement on Contingency Fund and other Public Account transactions.
22	Detailed statement on Investments of earmarked funds.
Appendices	In addition to the above 22 statements, Finance Accounts also contain 13 appendices giving the details on salaries, subsidies, grants-in-aid – scheme-wise and institution –wise, details of externally aided projects, scheme-wise expenditure in respect of major Central Schemes and State Plan Schemes etc.

**Appendix 1.3**  
**Abstract of Receipts and Disbursements in 2015-16**  
**(Refer paragraph 1.2; page 1)**

(₹ in crore)

Receipts			Disbursements				
2014-15		2015-16	2014-15		2015-16		
					Non-Plan	Plan	Total
<b>Section-A: Revenue</b>							
<b>90672</b>	<b>I. Revenue receipts</b>	<b>88648</b>	<b>114866</b>	<b>I. Revenue expenditure</b>	<b>63972</b>	<b>31978</b>	<b>95950</b>
42618	Tax revenue	39907	<b>28590</b>	<b>General Services</b>	<b>28512</b>	<b>61</b>	<b>28573</b>
			<b>42259</b>	<b>Social Services</b>	<b>23909</b>	<b>22540</b>	<b>46449</b>
10976	Non-tax revenue	4920	16301	Education, Sports, Art and Culture	13472	2607	16079
			4806	Health and Family Welfare	3502	1443	4945
15299	State's share of Union Taxes	21894	5046	Water Supply, Sanitation, Housing and Urban Development	1716	3309	5025
4676	Non-Plan grants	9944	201	Information and Broadcasting	53	115	168
16533	Grants for State Plan Schemes	10325	5663	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1505	4098	5603
571	Grants for Central and Centrally sponsored Plan Schemes	1658	209	Labour and Labour Welfare	139	112	251
			10000	Social Welfare and Nutrition	3452	10851	14303
			33	Others	69	4	73
			<b>43891</b>	<b>Economic Services</b>	<b>11435</b>	<b>9377</b>	<b>20812</b>
			10101	Agriculture and Allied Activities	2677	2247	4924
			9569	Rural Development	2761	5494	8255
			4973	Irrigation and Flood Control	582	41	623
			12417	Energy	3790	16	3806
			2452	Industry and Minerals	301	280	581
			3331	Transport	1023	190	1213
			28	Science, Technology and Environment	2	5	7
			1018	General Economic Service	298	1105	1403
			<b>127</b>	<b>Grants-in-aid and Contributions</b>	<b>116</b>	<b>---</b>	<b>116</b>
<b>24194</b>	<b>II. Revenue deficit carried over to Section B</b>	<b>7302</b>	<b>0</b>	<b>II. Revenue Surplus carried over to Section B</b>			

Receipts			Disbursements				
2014-15		2015-16	2014-15		2015-16		
					Non-Plan	Plan	Total
<b>Section-B: Others</b>							
<b>20495</b>	<b>III. Opening Cash balance including Permanent Advances and Cash Balance Investment</b>	<b>3934</b>		<b>III. Opening Overdraft from RBI</b>			
0	<b>IV. Miscellaneous Capital Receipts</b>	<b>0</b>	<b>11405</b>	<b>IV. Capital Outlay -</b>	<b>26</b>	<b>14145</b>	<b>14171</b>
			<b>483</b>	<b>General Services</b>		<b>180</b>	<b>180</b>
			<b>2382</b>	<b>Social Services</b>		<b>2414</b>	<b>2414</b>
			553	Education, Sports, Art and Culture		374	374
			727	Health and Family Welfare		262	262
			230	Water Supply, Sanitation, Housing and Urban Development		973	973
			655	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		549	549
			39	Social Welfare and Nutrition		105	105
			178	Others		151	151
			<b>8540</b>	<b>Economic Services</b>	<b>26</b>	<b>11551</b>	<b>11577</b>
			14	Agriculture and allied Activities		88	88
			0	Rural Development Programme		0	0
			4291	Irrigation and Flood Control		8917	8917
			2084	Energy		21	21
			-14	Industry and Minerals		3	3
			2154	Transport	26	2420	2446
			11	General Economic Services		102	102
<b>5092</b>	<b>V. Recoveries of Loans and Advances</b>	<b>285</b>	<b>1210</b>	<b>V. Loans and Advances disbursed</b>	<b>291</b>	<b>383</b>	<b>674</b>
3748	From Power Projects	<b>167</b>	70	For Power Projects	0	62	62
222	From Government Servants	<b>99</b>	95	To Government Servants	21	0	21
1122	From others	<b>19</b>	1046	To Others	270	321	591
<b>0</b>	<b>VI. Revenue surplus brought down</b>	<b>0</b>	<b>24194</b>	<b>VI. Revenue deficit brought down</b>			<b>7302</b>
<b>33005</b>	<b>VII. Public Debt Receipts</b>	<b>53681</b>	<b>10844</b>	<b>VII. Repayment of Public Debt</b>			<b>38445</b>

Receipts			Disbursements				
2014-15		2015-16	2014-15		2015-16		
					Non-Plan	Plan	Total
26107	Internal Debt other than Ways and Means Advances and Overdraft	21689	4684	Internal debt other than Ways and Means Advances and Overdraft			4614
6201	Transactions of Ways and Means Advances including Overdraft	31307	4905	Transactions of Ways and Means Advances including Overdraft			32603
697	Loans and Advances from Central Government	685	1255	Repayment of Loans and Advances to Central Government			1228
	<b>VIII. Net of inter-state settlement</b>	-	-	<b>VIII. Net of Inter-State Settlement</b>			<b>195</b>
0	<b>IX. Appropriation to Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>IX. Appropriation to Contingency Fund</b>			<b>0</b>
3	<b>X. Amount recouped to Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>X. Expenditure from Contingency Fund</b>			<b>0</b>
<b>301629</b>	<b>XI. Public Account Receipt</b>	<b>90912</b>	<b>296281</b>	<b>XI. Public Account Disbursements</b>			<b>79833</b>
2881	Small Savings and Provident Funds	2543	1578	Small Savings and Provident Funds			1290
1842	Net Reserve Funds	2151	1286	Net Reserve Funds			1204
237671	Net Suspense and Miscellaneous	21293	238170	Net Suspense and Miscellaneous			21421
10847	Remittances	14788	12207	Remittances			14352
48388	Deposits and Advances	50137	43040	Deposits and Advances			41566
0	<b>XII. Closing Overdraft from Reserve Bank of India</b>	<b>0</b>	<b>16290</b>	<b>XII. Closing Cash Balance</b>			<b>8192</b>
				Cash in Treasuries and Local Remittances			-419
				Deposits with Reserve Bank and other Banks			4
				Departmental cash balance including permanent advances			3
				Cash balance investment and investment of earmarked funds			8605
<b>475090</b>	<b>Total</b>	<b>244762</b>	<b>475090</b>	<b>Total</b>			<b>244762</b>

**Appendix 1.4**  
**Actuals vis-à-vis Budget Estimates in 2015-16**  
**(Refer Paragraph 1.3; page 3)**

(₹ in crore)

1	B.E.	Actuals	Increase(+)/	Increase(+)/
			Decrease(-)	Decrease(-)
				(in %)
	2	3	(4) = (3-2)	5
<b>Revenue Receipts of which</b>	<b>90124</b>	<b>88648</b>	<b>-1476</b>	<b>-1.64</b>
Land Revenue	632	52	-580	-91.77
Stamps and Registration fees	3500	3527	27	0.77
Taxes on immovable property other than agricultural lands	175	196	21	12.00
State Excise	4680	4386	-294	-6.28
Taxes on Sales, Trade etc	32840	29104	-3736	-11.38
Taxes on vehicles	1977	2082	105	5.31
Taxes on goods and Passengers	16	10	-6	-37.50
Interest Receipts	154	133	-21	-13.64
Miscellaneous General Services	135	54	-81	-60.00
Non-ferrous Mining and Metallurgical Industries	1359	1523	164	12.07
<b>Revenue Expenditure</b>	<b>97425</b>	<b>95950</b>	<b>-1475</b>	<b>-1.51</b>
General Education	17072	15174	-1898	-11.12
Water Supply and Sanitation	884	1115	231	26.13
Pension and Other Retirement Benefits	11828	11249	-579	-4.90
Police	3642	3609	-33	-0.91
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	6657	5603	-1054	-15.83
Health and Family Welfare	5364	4945	-419	-7.81
Social Welfare and Nutrition	9122	14303	5181	56.80
Roads and Bridges	758	1061	303	39.97
Secretariat - Economic Services	517	982	465	89.94
Forestry and Wild Life	270	272	2	0.74
Rural Development	6505	8255	1750	26.90
Urban Development	2463	2531	68	2.76
Irrigation and Flood Control	646	623	-23	-3.56
District Administration	1216	841	-375	-30.84
Administration of Justice	628	510	-118	-18.79
Interest Payments	11198	9849	-1349	-12.05
Power	4271	3732	-540	-12.62
<b>Capital Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Capital Expenditure</b>	<b>9819</b>	<b>14171</b>	<b>4352</b>	<b>44.32</b>
<b>Revenue Surplus(+)/Deficit(-)</b>	<b>-7300</b>	<b>-7302</b>	<b>-2</b>	<b>0.03</b>
<b>Fiscal deficit (-)</b>	<b>-17584</b>	<b>-22,057</b>	<b>-4474</b>	<b>25.44</b>
<b>Primary Surplus(+)/Deficit(-)</b>	<b>-6386</b>	<b>-12,208</b>	<b>-5823</b>	<b>91.17</b>

## Appendix 1.5

### Fiscal Responsibility and Budget Management (FRBM) Act, 2005

(Refer Paragraph 1.4; page 3)

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 to ensure prudence in fiscal management and to maintain fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. To ensure fiscal prudence, the Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles as laid down in the Act, the rules framed thereunder prescribed the following fiscal targets for the State Government:

- reduce revenue deficit by an amount equivalent to at least 0.32 percentage points of Gross State Domestic Product (GSDP) in each financial year, beginning from 1st day of April 2005, so as to eliminate it by 31st March 2009 and generate revenue surplus thereafter
- reduce fiscal deficit by an amount equivalent to at least 0.25 percentage points of GSDP in each financial year beginning from 1st day of April 2005 so as to bring it down to not more than 3 *per cent* by the year ending March 2009
- limit the amount of annual incremental risk weighted guarantees to 90 *per cent* of the total revenue receipt in the year preceding the current year.

**The Government of Andhra Pradesh is yet to amend its FRBM Act, in pursuance of the recommendations of the 14<sup>th</sup> Finance Commission, in respect of the total outstanding liabilities as detailed below:**

<b>For the financial year 2015-16</b>	<b>24.33 <i>per cent</i> of GSDP</b>
For the financial year 2016-17	24.74 <i>per cent</i> of GSDP
For the financial year 2017-18	25.09 <i>per cent</i> of GSDP
For the financial year 2018-19	25.16 <i>per cent</i> of GSDP
For the financial year 2019-20	25.22 <i>per cent</i> of GSDP

*Government replied that as the State of Andhra Pradesh after bifurcation is not in a position to comply with the Fiscal targets fixed by the 14<sup>th</sup> FC, GoI was addressed for relaxation of parameters and on receipt of the reply the same would be amended.*

**Appendix 1.6**  
**Time Series Data on State Government Finances**  
(Refer Paragraphs 1.6 & 1.12.2; pages 6 & 23)

(₹ in crore)

		2011-12	2012-13	2013-14	2014-15	2015-16
<b>Part A. Receipts</b>						
<b>1</b>	<b>Revenue Receipts</b>	<b>93554</b>	<b>103830</b>	<b>110719</b>	<b>90672</b>	<b>88648</b>
	<b>(i) Tax Revenue</b>	<b>53283</b>	<b>59875</b>	<b>64123</b>	<b>42618</b>	<b>39907</b>
	Taxes on Sales, Trade, etc.	34910	40715	48737	30524	29104
	State Excise	9612	9129	6250	4352	4386
	Taxes on Vehicles	2986	3357	3335	3687	2082
	Stamps and Registration fees	4385	5115	4393	3250	3527
	Land Revenue	141	62	74	62	52
	Other Taxes	1249	1497	1334	743	756
	<b>(ii) Non Tax Revenue</b>	<b>11694</b>	<b>15999</b>	<b>15473</b>	<b>10976</b>	<b>4920</b>
	<b>(iii) State's share in Union taxes and duties</b>	<b>17751</b>	<b>20271</b>	<b>22132</b>	<b>15299</b>	<b>21894</b>
	<b>(iv) Grants in aid from GOI</b>	<b>10825</b>	<b>7685</b>	<b>8991</b>	<b>21779</b>	<b>21927</b>
<b>2</b>	<b>Misc. Capital Receipts</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>
<b>3</b>	<b>Recovery of Loans and Advances</b>	<b>165</b>	<b>426</b>	<b>575</b>	<b>5092</b>	<b>285</b>
<b>4</b>	<b>Total revenue and Non-debt capital receipts (1+2+3)</b>	<b>93719</b>	<b>104256</b>	<b>111303</b>	<b>95764</b>	<b>88933</b>
<b>5</b>	<b>Public Debt Receipts</b>	<b>19450</b>	<b>23311</b>	<b>25292</b>	<b>33005</b>	<b>53681</b>
	Internal Debt (excluding Ways and Means Advances and Overdraft)	16731	22128	23950	26107	21689
	Transactions under Ways and Means Advances and Overdraft	0	0	0	6201	31307
	Loans and Advances from Government of India	2719	1183	1342	697	685
<b>6</b>	<b>Total receipts in the Consolidated Fund (4+5)</b>	<b>113169</b>	<b>127567</b>	<b>136595</b>	<b>128769</b>	<b>142614</b>
<b>7</b>	<b>Contingency Fund receipts</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>0</b>
<b>8</b>	<b>Public Account receipts</b>	<b>86051</b>	<b>94917</b>	<b>101352</b>	<b>301629</b>	<b>90912</b>
<b>9</b>	<b>Total receipts of Government (6+7+8)</b>	<b>199222</b>	<b>222484</b>	<b>237949</b>	<b>430401</b>	<b>233526</b>
<b>Part B. Expenditure/Disbursement</b>						
<b>10</b>	<b>Revenue Expenditure</b>	<b>90415</b>	<b>102702</b>	<b>110375</b>	<b>114866</b>	<b>95950</b>
	Plan	23664	25241	24138	19938	31978
	Non-plan	66751	77461	86237	94328	63972
	General Services (including interest payments)	29874	33064	36899	28590	28573
	Social Services	38017	41605	44956	42259	46449
	Economic Services	22309	27875	28303	43891	20812
	Grants-in-aid and contributions	215	158	217	127	116
<b>11</b>	<b>Capital Expenditure</b>	<b>13722</b>	<b>15149</b>	<b>15280</b>	<b>11405</b>	<b>14171</b>
	Plan	13687	15137	15280	12026	14145
	Non-plan	35	12	0	-621	26
	General Services	84	212	309	483	180
	Social Services	830	1072	1378	2382	2414
	Economic Services	12809	13865	13593	8540	11577
<b>12</b>	<b>Disbursement of Loans and Advances</b>	<b>4983</b>	<b>3913</b>	<b>3689</b>	<b>1210</b>	<b>674</b>

13	<b>Inter State Settlement</b>	0	0	0	0	195
14	<b>Total (10+11+12+13)</b>	109120	121764	129344	127481	110990
15	<b>Repayment of Public debt</b>	6761	7677	7286	10844	38445
	Internal Debt (excluding Ways and Means Advances and Overdraft)	5813	6531	6057	4684	4614
	Transactions under Ways and Means Advances and Overdraft	0	0	0	4905	32603
	Loans and Advances from Government of India	948	1146	1228	1255	1228
16	<b>Appropriation to Contingency Fund</b>	0	0	0	0	0
17	<b>Total disbursement out of Consolidated Fund (14+15+16)</b>	115881	129441	136630	138325	149435
18	<b>Contingency Fund disbursements</b>	0	2	3	5	0
19	<b>Public Account disbursements</b>	82848	93201	97195	296281	79833
20	<b>Total disbursements by the State (17+18+19)</b>	198729	222644	233828	434611	229268
<b>Part C. Deficits</b>						
21	<b>Revenue Deficit (-)/Surplus (+) (1-10)</b>	3139	1128	344	-24194	-7302
22	<b>Fiscal Deficit (-)/Surplus (+) (4-14)</b>	-15401	-17508	-18041	-31717	-22057
23	<b>Primary Deficit (-)/Surplus (+) (22-24)</b>	-4840	-5846	-5130	-21710	-12208
<b>Part D. Other data</b>						
24	<b>Interest Payments (included in revenue expenditure)</b>	10561	11662	12911	10007	9849
25	<b>Arrears of Revenue</b>	0	0	0	0	0
	<b>Percentage of Tax &amp; Non Tax Revenue receipts</b>	0	0	0	0	0
26	<b>Financial Assistance to local bodies etc.</b>	33010	34820	30557	0	39694
27	<b>Ways and Means Advances/Overdraft availed (days)</b>	0	0	0	15	267
28	<b>Interest on Ways and Means Advances/Overdraft</b>	0	0	0	0.41	54
29	<b>Gross State Domestic Product (GSDP)</b>	662592	754409	854822	520030	603376
30	<b>Outstanding fiscal liabilities (year end)</b>	150512	169084	189741	148743	173854
31	<b>Outstanding guarantees (year end)</b>	12286	14857	31153	10675	7059
32	<b>Maximum amount guaranteed (year end)</b>	23543	38084	55536	11323	10623
33	<b>Number of incomplete projects</b>	228	528	1037	274	274
34	<b>Capital blocked in incomplete projects</b>	49516	71595	82665	32646	71154
<b>Part E: Fiscal Health Indicators</b>						
<b>I</b>	<b>Resource Mobilization</b>					
	Own Tax Revenue/GSDP	0.080	0.079	0.075	0.082	0.066
	Own Non-Tax Revenue/GSDP	0.018	0.021	0.018	0.021	0.008
	Central Transfers/GSDP	0.043	0.037	0.036	0.071	0.073
<b>II</b>	<b>Expenditure Management</b>					
	Total Expenditure/GSDP	0.165	0.161	0.151	0.245	0.184
	Total Expenditure/Revenue Receipts	1.166	1.173	1.168	1.406	1.252
	Revenue Expenditure/Total Expenditure	0.829	0.843	0.853	0.901	0.864
	Expenditure on Social Services/Total Expenditure	0.348	0.342	0.348	0.350	0.418

	Expenditure on Economic Services/Total Expenditure	0.204	0.229	0.219	0.411	0.188
	Capital Expenditure/Total Expenditure	0.126	0.124	0.118	0.089	0.128
	Capital Expenditure on Social and Economic Services/Total Expenditure	0.125	0.123	0.116	0.086	0.126
<b>III</b>	<b>Management of Fiscal Imbalances</b>					
	Revenue deficit (surplus)/GSDP	0.005	0.001	0.000	-0.047	-0.012
	Fiscal deficit/GSDP	-0.023	-0.023	-0.021	-0.061	-0.037
	Primary deficit (surplus)/GSDP	-0.007	-0.008	-0.006	-0.042	-0.020
	Revenue deficit/Fiscal deficit	-0.204	-0.064	-0.019	0.763	0.331
	Primary Revenue Balance/GSDP	0.021	0.018	0.016	-0.017	0.005
<b>IV</b>	<b>Management of Fiscal Liabilities</b>					
	Fiscal Liabilities/GSDP	0.227	0.224	0.222	0.286	0.288
	Fiscal Liabilities/RR	1.609	1.628	1.714	1.726	1.961
	Primary deficit vis-à-vis quantum spread	21608	11020	16723	-45343	-56369
<b>V</b>	<b>Other Fiscal Health Indicators</b>					
	Return on Investment	0.85	1.03	0.94	0.09	0.10
	Balance from Current Revenue (₹ in crore)	20087	20160	19703	-20846	13203
	Financial Assets/Liabilities	0.97	0.98	0.98	1.25	1.82

**Appendix 1.7**  
**List of Incomplete Irrigation Projects**  
**(Refer paragraph 1.11.2; page 18)**

(₹ in crore)

Sl.No.	Name of the Project	Year of Commencement	Original Cost	Revised Cost	Cost overrun	Expenditure as on 31.03.2016
1	Totapalli Barrage	2004	520.70	851.90	331.20	723.15
2	Gajapthinagaram Branch Canal	2010				
3	Puskaram LIS	2004	297.25	674.52	377.27	676.37*
4	Tadipudi LIS	2004	330.77	526.17	195.40	495.53
5	Polavaram	2004	10287.38	16010.45	5723.07	7898.51
6	Venkatanagaram Pumping LIS	2005	58.43	124.18	65.75	90.39
7	Chintalapudi LIS	2009	1701.00	1701.00		416.51
8	MahendraTanaya Project	2008	127	127.00		63.92
9	Tarakaramathirtha Sagaram	2006	220.04	220.04		163.53*
10	Madduvalasa II	2008	54.21	57.87	3.66	195.01
11	Jhanjavathi	1996	120.39	120.39		115.53
12	Gundlakamma Reservoir	2004	165.22	592.18	426.96	648.31
13	Poola Subbaiah Veligonda	2004	1234.50	5150.00	3915.50	3656.43*
14	Somasila Project	1975	734.00	1548.49	814.49	1489.31
15	Somasila Swarnamuki Link Canal	2007-08	399.00	437.42	38.42	64.40
16	Telugu Ganga Project	1983	637.00	4432.00	3795.00	4318.44
17	GNSS Phase I&II	2005-07	4341.26	7466.36	3125.10	5530.27
18	Gandikota LIS	2005	417.00	983.00	566.00	735.42*
19	HNSS-I	2005	1305.00	2774.00	1469.00	7664.12
20	HNSS-II	2005-06	1880.00	4076.00	2196.00	
21	Gandikota Reservoir CBR Lift Schemes	2007	2059.00	2059.00		1400.94*
22	Pulivendula Branch canal	2005	634.23	657.43	23.2	2249.73
23	Chitravati Right Main canal-lingala canals	2004	626.82	626.82		301.03*
24	Guru raghavendra	2005-06	130.42	135.93	5.51	420.09
25	Srisailam right branch canal	2005	848.65	848.65		1768.69
26	Penna Ahobilam Balancing reservoir II	2005	569.65	800.70	231.05	771.36*
27	Modernization of Mylavaram Canals	2006	145.45	145.45		74.66
28	Siddapuram LIS	2007	89.72	89.72		50.22*
29	K.C. Canal LIS	2008	120.00	120.00		1195.63
30	Paleru Reservoir Project	2007	50.50	50.50		258.52*
31	Y.C.R. Korisapadu LIS	2008	177.00	177.00		75.00
32	Pulikanuma LIS	2008	261.19	261.19		225.77*

33	Flood Banks along Nagavali & Vamsadhara River	2007	310.72	310.72		53.64*
34	Flood Bank of Godavari	2008	548.32	795.19	246.87	204.11*
35	Flood Bank of Krishna	2008	259.36	259.36		27.67*
36	Flood Bank of Kurnool (Hundri)	2008-09	244.70	244.70		1.17*
37	Flood Bank of Nandyala (Kundu)	2008-09	97.51	97.51		14.58*
38	Flood Bank in Nellore District	2009	605.28	652.70	47.42	60.20*
39	Modernisation of Godavari Delta	2008	3361.00	3361.00		1066.03*
40	Modernisation of Krishna Delta	2008	4573.00	4573.00		1448.02*
41	Modernisation of Pennar Delta	2007	1001.73	1001.73		511.34*
42	Modernisation of Nagarjunasagar Project	2008	4444.41	4444.41		18379.05*
43	Modernisation of TBP-HLC	2007	587.91	587.91		1421.80
44	Modernisation of TBP-LLC	2008	179.00	179.00		192.97
45	Modernization of Yeleru Delta System	2008	138.00	138.00		409.85
46	B.R.R. Vamsadhara Project Phase-II	2005	933.9	933.90		375.94
47	Musurumilli Reservoir Project	2005	207	236.78	29.78	216.75
	<b>TOTAL</b>		<b>48034.62</b>	<b>71661.27</b>	<b>23626.65</b>	<b>68119.91</b>

Source: Departmental information \* Figures pertaining to 2014-15 were adopted due to non-production of expenditure figures from the Departments concerned.

**Appendix 1.8**  
**Summarised Financial position of the Government of Andhra Pradesh**  
**as on 31 March 2016**

(Refer Paragraphs 1.12.1 & 1.12.4; pages 22 & 24)

(₹ in crore)

As on 31 March 2015	Liabilities		As on 31 March 2016	
<b>99,924.50</b>		<b>Internal Debt</b>		<b>1,15,704.21</b>
	78,439.88	Market Loans bearing interest	94,925.46	
	0.3	Market Loans not bearing interest	0.25	
	---	Market Loans Suspense	---	
	179.51	Loans from LIC	153.68	
	38.97	Loans from GIC	34.06	
	2,921.83	Loans from NABARD	3078.56	
	1,881.73	Loans from other Institutions	1588.26	
	15,166.75	Special sanction issued to NSSF	15923.94	
	1,295.53	Ways and Means Advances	---	
	---	Overdraft from Reserve Bank of India	---	
<b>9,500.31</b>		<b>Loans and Advances from Central Government</b>		<b>8957.90</b>
	8.74	Pre 1984-85 Loans	8.74	
	36.31	Non-Plan Loans	30.13	
	9,451.67	Loans for State Plan Schemes	8915.45	
	3.59	Loans for Central Plan Schemes	3.59	
	--	Loans for Centrally Sponsored Plan Schemes	---	
	--	Other Ways and Means Advances	---	
<b>50</b>		<b>Contingency Fund</b>		<b>50</b>
<b>14,821.69</b>		<b>Small Savings, Provident Funds, etc.</b>		<b>16075.13</b>
<b>22,142.47</b>		<b>Deposits</b>		<b>30712.93</b>
<b>6,867.33</b>		<b>Reserve Funds</b>		<b>7814.87</b>
	---	<b>Suspense and Miscellaneous Balances</b>	---	
	---	<b>Remittance Balances</b>	---	
<b>38,964.74</b>		<b>Surplus on Government Account</b>		<b>31467.40</b>
<b>1,92,271.05</b>		<b>Total</b>		<b>210782.44</b>

As on 31 March 2015		Assets	As on 31 March 2016	
<b>1,57,869.94</b>		<b>Gross Capital Outlay on Fixed Assets</b>		<b>1,72,041.46</b>
	8,450.68	Investments in shares of Companies, Corporations, Cooperatives, etc.	8705.16	
	1,49,419.26	Other Capital Outlay	1,63,336.30	
<b>28,548.68</b>		<b>Loans and Advances</b>		<b>28,937.85</b>
	1,837.49	Loans for Power Projects	1732.15	
	26,256.13	Other Development Loans	26,828.85	
	455.06	Loans to Government servants and Miscellaneous loans	376.85	
		Contingency Fund (un-recouped)		<b>0.07</b>
<b>29.9</b>		Advances		<b>29.96</b>
<b>1,622.2</b>		Remittance Balances		<b>1186.20</b>
<b>266.04</b>		Suspense and Miscellaneous Balances		<b>394.53</b>
<b>3,934.29</b>		<b>Cash --</b>		<b>8192.37</b>
	2.90	Cash in Treasuries and Local Remittances	2.90	
	-583.79	Deposits with Reserve Bank and other Banks	-417.75	
	2.34	Departmental Cash Balance	2.51	
	0.00	Cash Balance Investments	3193.28	
	4,512.84	Investment of Earmarked funds	5411.43	
<b>--</b>		<b>Deficit on Government Account</b>		<b>--</b>
	--	Accumulated deficit up to 31 March 2014	--	
	--	Revenue deficit of the Current Year	--	
	--	Amount closed to Government Account	--	
	---	Proforma corrections to opening balances under capital expenditure	---	
<b>1,92,271.05</b>		<b>Total</b>		<b>2,10,782.44</b>

**Appendix 1.9**  
**Summarised position of Apportionment of balances between Andhra Pradesh and Telangana**  
**as on 31 March 2016**

(Refer Paragraph 1.15; page 27)

(₹ in crore)

Sl No	Head of Account	Balance as on 01 June 2014	Balance allocated to Telangana	Balance allocated to Andhra Pradesh	Balance yet to be apportioned as on 31 March 2016
1	Capital Heads	1,51,349.67	0	0	1,51,349.67
2	Public Debt	1,66,522.32	69,479.48	97,123.93	-81.09
3	Loans And Advances	28,099.69	0	0	28,099.69
4	Small Savings, Provident Funds	14,077.84	0	0	14,077.84
5	Reserve Funds	2,459.06	37.80	52.89	2,368.37
6	Deposits and Advances	17,082.77	0	0	17,082.77
7	Suspense and Miscellaneous	6,234.24	2,539.69	3,553.61	140.94
8	Remittances	339.47	0	0	339.47

**Appendix 2.1**

**Excess over provision of previous years requiring regularisation  
(Refer Paragraph 2.3.1.2; page 32)**

(₹ in crore)

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2004-05	5 Grants	Revenue:	VIII, XIX & XL	14.83	Out of these 101 grants and 24 appropriations Explanatory Notes for 27 Grants and 7 Appropriations were received and vetted by the PAG (GSSA) as of November 2016. Explanatory Notes for the remaining 74 grants and 17 Appropriations are awaited from the Administrative Departments/ Finance Department for vetting by the PAG(GSSA)
		Capital:	XVI		
		Loans:	XXXVI		
	1 Appropriation	Revenue:	XXXVI		
2005-06	10 Grants	Revenue:	X, XI, XIX & XXXI	585.82	
		Capital:	VIII, XIII, XVII, XXXII & XXXIII		
		Loans:	XVII		
	3 Appropriations	Revenue:	II, XVI & XXVIII		
2006-07	7 Grants	Revenue:	IX, X, XI & XIV	198.72	
		Capital:	XVII & XXIX		
		Loans:	XXVII		
	1 Appropriation	Revenue:	III		
2007-08	7 Grants	Revenue:	X, XI & XXXII	201.30	
		Capital:	XVII, XXXIII XXXV		
		Loans:	XXXVI		
	3 Appropriations	Revenue:	II, IV & XIV		
2008-09	11 Grants	Revenue:	II, V, XI, XXIV, XXVI & XXXI	709.24	
		Capital:	XVII & XXXIX		
		Loans:	XIX, XXVII & XXXVI		
	3 Appropriations	Revenue:	II, III & XIII		
2009-10	10 Grants	Revenue:	III & XIX	109.74	
		Capital:	IV, VII, X, XVII & XXIX		
		Loans:	XI, XVI & XVII		
	2 Appropriations	Revenue:	VII & XIII		
2010-11	11 Grants	Revenue:	X & XXIV	867.54	
		Capital:	X, XVII, XXVII & XXXVI		
		Loans:	XI, XV, XVI, XVII & XXXV		
	5 Appropriations	Revenue:	IV, V, X & XVII		
		Capital:	XI		
2011-12	5 grants	Revenue:	X & XXIV	188.59	
		Capital:	XVII		
		Loans:	IX & XV		
	2 Appropriations	Revenue:	XXIII & XXV		
2012-13	5 Grants	Revenue:	X, XI, XVII, XXXIX	275.63	
		Capital:	XXIX		
	1 Appropriation	Revenue:	XVI		
2013-14	4 Grants	Revenue:	X, XI		

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
		Capital:	XVII & XXIX	530.12	
	1 Appropriation	Revenue:	XVI		
2014-15	26 Grants	Revenue:	II, V, VI, XI, XIX, XX, X XV, XXVI, XXVII, XXXI, XXXII, XXXIV, XXXV, XXX VI	13,134.68	
		Capital:	V, VIII, X, XI, XII, XVI, XVIII, XXXV		
		Loans:	IX, XVII, XXIX, XXX VI		
	2 Appropriations	Revenue:	III		
		Loans:	IX		
<b>Total</b>				<b>16,816.21</b>	

### Appendix 2.2

Statement of Grants/Appropriations where saving was more than ₹ 100 crore each and more than 20 per cent of the total provision

(Refer Paragraph 2.3.2; page 32)

(₹ in crore)						
Sl. No	Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Saving	In per cent
<b>Revenue Voted</b>						
1	XVII	Municipal Administration and Urban Development	4,245.26	2,676.99	1,568.27	36.94
2	XXI	Social Welfare	2,405.63	1,889.39	516.24	21.46
3	XXVII	Agriculture	7,867.67	3,731.06	4,136.61	52.58
4	XXXVI	Industries and Commerce	686.94	380.89	306.05	44.55
5	XXXIX	Information Technology and Communications	607.53	402.56	204.97	33.74
<b>Capital Voted</b>						
6	V	Revenue Registration and Relief	246.81	145.75	101.06	40.95
7	IX	Fiscal Administration, Planning, Surveys and Statistics	500.00	88.78	411.22	82.24
8	X	Home Administration	253.17	133.10	120.07	47.43
9	XI	Roads, Buildings and Ports	3,659.49	2,836.29	823.20	22.49
10	XVI	Medical and Health	464.15	261.95	202.20	43.56
11	XVII	Municipal Administration and Urban Development	1,341.76	908.59	433.17	32.28
12	XXXVI	Industries and Commerce	105.70	2.85	102.85	97.30
<b>Total</b>			<b>22,384.11</b>	<b>13,458.20</b>	<b>8,925.91</b>	<b>39.88</b>

### Appendix 2.3

Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary

(Refer Paragraph 2.3.3; page 33)

(₹ in crore)

Sl. No	Name of the Grant or appropriation	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary
<b>Revenue Voted</b>					
1	XXVII Agriculture	7,287.61	3,731.06	3,556.55	580.06
2	XXVIII Animal Husbandry and Fisheries	954.81	879.66	75.15	55.79
3	XXIX Forest, Science, Technology and Environment	283.23	283.16	0.07	2.24
4	XXXVI Industries and Commerce	575.98	380.89	195.09	110.96
<b>Capital Voted</b>					
5	XXI Social Welfare	287.03	243.36	43.67	20.24
6	XXV Women Child and Disabled Welfare	105.89	104.23	1.66	51.58
7	XXVII Agriculture	74.20	54.34	19.86	25.71
	<b>Total</b>	<b>9,568.75</b>	<b>5,676.70</b>	<b>3,892.05</b>	<b>846.58</b>

## Appendix 2.3(a)

## Cases where Supplementary provision (₹ one crore or more in each case) proved excessive

(Refer Paragraph 2.3.3; page 33)

							(₹ in crore)
Sl. No.	Name of the Grant or appropriation	Section	Original	Supplementary	Total Grant	Expenditure	Savings
1	IV General Administration and Elections	RV	180.68	150.04	330.72	323.11	7.61
2	X Home Administration	CV	72.55	180.62	253.17	133.10	120.07
3	XI Roads, Buildings and Ports	CV	2,088.14	1,571.35	3,659.49	2,836.29	823.20
4	XII School Education	CV	10.00	185.72	195.72	184.41	11.31
5	XIII Higher Education	CV	90.07	62.28	152.35	128.57	23.78
6	XIV Technical Education	RV	656.77	102.55	759.32	731.86	27.46
7	XVII Municipal Administration and Urban Development	RV	2,565.61	1,679.65	4,245.26	2,676.99	1568.27
8	XVII Municipal Administration and Urban Development	CV	603.26	738.50	1,341.76	908.59	433.17
9	XVIII Housing	RV	546.06	830.97	1,377.03	1,376.94	0.09
10	XX Labour and Employment	CV	2.00	7.53	9.53	6.80	2.73
11	XXI Social Welfare	CV	287.03	20.24	307.27	243.36	63.91
12	XXV Women Child and Disabled Welfare	RV	1,031.62	528.47	1,560.09	1,316.70	243.39
13	XXV Women Child and Disabled Welfare	CV	105.89	51.58	157.47	104.23	53.24
14	XXVI Administration of Religious Endowments	RV	50.79	109.78	160.57	101.17	59.40
15	XXVII Agriculture	RV	7,287.61	580.06	7,867.67	3,731.06	4136.61
16	XXVII Agriculture	CV	74.20	25.71	99.91	54.34	45.57
17	XXVIII Animal Husbandry and Fisheries	RV	954.81	55.79	1,010.60	879.66	130.94
18	XXIX Forest, Science, Technology and Environment	RV	283.23	2.24	285.47	283.16	2.31
19	XXXI Panchayat Raj	RV	4,223.65	1,426.98	5,650.63	4,946.77	703.86
20	XXXI Panchayat Raj	CV	52.63	33.66	86.29	59.90	26.39
21	XXXII Rural Development	RV	8,213.10	6,418.86	14,631.96	13,829.48	802.48
22	XXXIII Major and Medium Irrigation	CV	3,967.04	3,967.13	7,934.17	7,757.18	176.99
23	XXXIII Major and Medium Irrigation	CC	13.34	119.88	133.22	98.85	34.37

Sl. No.	Name of the Grant or appropriation	Section	Original	Supplementary	Total Grant	Expenditure	Savings
24	XXXIV Minor Irrigation	CC	0.11	6.00	6.11	3.06	3.05
25	XXXVI Industries and Commerce	RV	575.98	110.96	686.94	380.89	306.05
26	XXXIX Information Technology and Communications	RV	370.03	237.50	607.53	402.56	204.97
<b>Total</b>			<b>34,306.20</b>	<b>19,204.05</b>	<b>53,510.25</b>	<b>43,499.03</b>	<b>10011.22</b>

RV: Revenue Voted; CV: Capital Voted; CC: Capital Charged

### Appendix 2.3 (b)

#### Cases where supplementary provision (₹ one crore or more in each case) proved insufficient

(Refer Paragraph 2.3.3; page 33)

Sl. No	Name of the Grant or appropriation	Section	Original	Supplementary	Total Grant	Expenditure	Excess
1	II Governor and Council of Ministers	RV	8.55	10.47	19.02	23.04	4.02
2	V Revenue, Registration and Relief	RV	1,889.57	1,024.60	2,914.17	2,957.93	43.76
3	VII Commercial Taxes Administration	RV	282.06	26.81	308.87	328.77	19.90
4	IX Fiscal Administration, Planning, Surveys and Statistics	RV	13,327.66	1.39	13,329.05	16,430.09	3,101.04
5	IX Fiscal Administration, Planning, Surveys and Statistics	LV	60.68	1.00	61.68	216.45	154.77
6	XI Roads, Buildings and Ports	RV	1,032.62	205.86	1,238.48	1,359.46	120.98
7	XV Sports and Youth Services	RV	72.31	1.40	73.71	74.70	0.99
8	XIX Information and Public Relations	RV	114.98	50.63	165.61	168.94	3.33
9	XX Labour and Employment	RV	279.81	49.06	328.87	335.35	6.48
10	XXIX Forest, Science, Technology and Environment	CV	0.57	22.90	23.47	24.08	0.61
11	XXX Cooperation	RV	115.12	1.62	116.74	119.48	2.74
12	XXXIV Minor Irrigation	CV	603.34	443.92	1,047.26	1,080.01	32.75
13	XXXVIII Civil Supplies Administration	RV	2,513.59	26.09	2,539.68	2,541.20	1.52
<b>Total</b>			<b>20,300.86</b>	<b>1,865.75</b>	<b>22,166.61</b>	<b>25,659.50</b>	<b>3,492.89</b>

RV: Revenue Voted; CV: Capital Voted; LV: Loans Voted

## Appendix 2.4

## Re-appropriation of funds (savings/Excess more than ₹ 10 crore in each case)

(Refer Paragraph 2.3.4.1; page 34)

(₹ in crore)					
Sl.No.	Grant No.	Head of Account	Name of the Scheme	Re-appropriation	Savings(-) / Excess (+)
1	XII	2202-01-103-05	Teaching grants to Mandal Praja Parishads	-112.16	-114.76
2	XXXIV	4702-00-101-12	Constructions and Restoration of Minor Irrigation sources	-8.00	-45.15
3	XXXIV	4702-00-101-10	Minor Works under RIDF	-30.00	-31.14
<b>Inadequate Re-appropriation</b>				<b>-150.16</b>	<b>-191.05</b>
4	XI	5054-04-800-26	Andhra Pradesh Road Sector Project(APRDC)	-215.07	24.80
5	XII	2202-01-103-04	Teaching grants to Municipalities	-122.14	187.39
6	XII	2202-02-191-04	Teaching grants to Municipalities	-90.90	196.83
7	XVI	2210-06-101-04	Health Services	-6.78	14.66
8	XXV	2235-02-102-09	Integrated Child Development Service Schemes	-53.26	19.49
9	XXXI	2515-00-196-48	14 <sup>th</sup> Finance Commission grants to PR bodies	-93.44	18.44
10	XXXIII	2700-01-105	Krishna Delta system	-11.79	23.76
<b>Unnecessary Re-appropriation</b>				<b>-593.38</b>	<b>485.37</b>
11	IX	2049-01-115-04	Interest on Ways and Means Advances from Reserve Bank of India	70.25	-32.63
12	IX	2075-00-795-05	Other Loans	10.97	-21.95
13	IX	6003-00-109-06	Loans from Rural Electrification Corporation	13.07	-25.94
14	XII	2202-02-109-06	Scheme for setting up of 6000 model schools at block level as benchmark of excellence	155.26	-72.63
15	XII	2202-02-191-05	Teaching grants to Zilla Praja Parishads	4.08	-196.83
<b>Excessive Re-appropriation</b>				<b>253.63</b>	<b>-349.98</b>
16	V	2245-02-101-06	Housing	38.96	100.00
17	XI	3054-04-797-04	Subvention from Central Road Fund	46.00	130.75
18	XII	2236-02-101-05	Nutritious Meals Programme	58.29	10.98
19	XVI	2210-01-110-29	Establishment of Teaching Hospitals	7.85	11.43
20	XVI	2210-06-001-01	Headquarters Office	11.59	23.99
21	XVII	2217-80-192-05	Finance Commission Grants	26.09	11.79
22	XXXI	2515-00-198-48	14 <sup>th</sup> Finance Commission Grants to PR bodies	274.10	47.89
23	XXXIV	4702-00-101-15	Construction and restoration of Lift Irrigation Scheme(APSIDC)	30.00	82.61
<b>Insufficient re-appropriation</b>				<b>492.88</b>	<b>419.44</b>

**Appendix 2.5**  
**Substantial surrenders made during the year**  
**(Refer paragraph 2.3.5.1; Page 35)**

(₹ in crore)						
Sl.No	Grant No. and Name of the Grant	Scheme	HOA	Budget	Surrenders	Percentage to Budget
1	IX Fiscal Administration, Planning, Surveys and Statistics	Interest on GPF deposits made by PR employees	2049-03-104-09	115.00	-115.00	100.00
2	IX Fiscal Administration, Planning, Surveys and Statistics	Lumpsum Provision	2052-00-090-75	540.00	-540.00	100.00
3	V Revenue, Registration and Relief	Lumpsum Provision	2053-00-093-75	300.00	-300.00	100.00
4	X Home Administration	Lumpsum Provision	2055-00-001-75	300.00	-300.00	100.00
5	XII School Education	Teaching grants to Municipalities	2202-01-103-04	122.16	-122.14	99.98
6	XII School Education	Lumpsum Provision	2202-01-800-75	1,400.00	-1,400.00	100.00
7	XIII Higher Education	Lumpsum Provision	2202-03-102-75	400.00	-400.00	100.00
8	XVI Medical and Health	Lumpsum Provision	2210-01-001-75	430.00	-430.00	100.00
9	XXXI Panchayat Raj	Assistance to Panchayat Raj Bodies for Rural Sanitation	2215-02-789-05	120.95	-120.95	100.00
10	XVII Municipal Administration and Urban Development	Lumpsum Provision	2217-80-001-75	150.00	-150.00	100.00
11	XVII Municipal Administration and Urban Development	Assistance to Guntur Municipal Corporation for comprehensive under Ground sewerage scheme	2217-80-191-25	540.00	-540.00	100.00
12	XVII Municipal Administration and Urban Development	Assistance to Vijayawada Municipal Corporation for Storm Water Drainage Scheme	2217-80-191-26	460.00	-460.00	100.00
13	XXI Social Welfare	Scheme for Development of Scheduled Castes	2225-01-277-11	349.78	-349.78	100.00
14	XXXII Rural Development	Interest free loans to DWACRA women (Vaddileni Runalu)	2235-02-103-41	302.57	-302.57	100.00
15	XXVII Agriculture	Lumpsum Provision	2401-00-001-75	400.00	-400.00	100.00
16	XXVII Agriculture	Horticulture Debt Redemption Scheme	2401-00-800-12	580.00	-580.00	100.00
17	XXXI Panchayat Raj	Lumpsum Provision	2515-00-001-75	200.00	-200.00	100.00
Specific reason for surrender of the entire provision for Sl. No. 1 to 17 have not been intimated						
18	XXXI Panchayat Raj	14 <sup>th</sup> Finance Commission grants to PR bodies	2515-00-197-48	186.86	-186.86	100.00
Surrender of entire provision was due to non-allocation of 14 <sup>th</sup> Finance commission Grants to ZPPs and MPs						
19	V Revenue, Registration and Relief	Godavari Pushkaram works	4070-00-800-20	200.00	-200.00	100.00
Surrender of entire provision was stated due to non-starting of works for want of administrative orders						

Sl.No	Grant No. and Name of the Grant	Scheme	HOA	Budget	Surrenders	Percentage to Budget
20	XVII Municipal Administration and Urban Development	Urban Development Assistance to Vizag and Vijayawada Metro Project	4217-60-191-05	282.44	-270.87	95.90
Reduction in provision was due to non-starting of works for want of administrative orders						
<b>Total</b>				<b>7,379.76</b>	<b>-7,368.17</b>	<b>99.84</b>

### Appendix 2.6

#### Surrenders in excess of actual saving/excess (₹ 50 lakh or more in each case)

(Refer Paragraph 2.3.5.2; page 35)

(₹ in crore)

Sl. No	Name of the Grant/ appropriation	Total Grant/ Appropriation	Expenditure	Excess(+)/ Savings(-)	Amount Surrendered	Amount Surrendered in Excess
<b>Revenue Voted</b>						
1	V Revenue, Registration and Relief	2,914.17	2,957.93	43.76	53.39	53.39
2	IX Fiscal Administration, Planning, Surveys and Statistics	13,329.06	16,430.09	3,101.03	297.14	297.14
3	XI Roads, Buildings and Ports	1,238.48	1,359.46	120.98	9.78	9.78
4	XV Sports and Youth Services	73.71	74.70	0.99	1.22	1.22
5	XX Labour and Employment	328.87	335.35	6.48	3.67	3.67
6	IV General Administration and Elections	330.72	323.11	-7.61	16.38	8.77
7	I State Legislature	88.18	83.53	-4.65	9.78	5.13
8	XII School Education	14,952.26	13,553.51	-1,398.75	1,417.70	18.95
9	XVI Medical and Health	5,249.31	4,790.47	-458.84	526.01	67.17
10	XVII Municipal Administration and Urban Development	4,245.26	2,676.99	-1,568.27	1,590.69	22.42
11	XXI Social Welfare	2,405.63	1,889.39	-516.24	518.25	2.01
12	XXIII Backward Classes Welfare	2,937.84	2,481.32	-456.52	458.03	1.51
13	XXIV Minority Welfare	355.81	337.82	-17.99	27.51	9.52
14	XXV Women Child and Disabled Welfare	1,560.09	1,316.70	-243.39	265.47	22.08
15	XXVIII Animal Husbandry and Fisheries	1,010.60	879.66	-130.94	131.78	0.84
16	XXXI Panchayat Raj	5,650.63	4,946.77	-703.86	756.68	52.82
17	XXXII Rural Development	14,631.95	13,829.48	-802.47	823.26	20.79
18	XXXIII Major and Medium Irrigation	619.59	598.21	-21.37	77.29	55.92
19	XXXIV Minor Irrigation	87.10	85.37	-1.73	3.01	1.28
20	XXXV Energy	4,271.70	3,794.53	-477.17	477.76	0.59
21	XXXVII Tourism Art and Culture	276.82	187.52	-89.30	90.50	1.20

Sl. No	Name of the Grant/ appropriation	Total Grant/ Appropriation	Expenditure	Excess(+)/ Savings(-)	Amount Surrendered	Amount Surrendered in Excess
<b>Capital Voted</b>						
22	XXXIV Minor Irrigation	1,047.26	1,080.01	32.74	63.21	63.21
23	XXXIII Major and Medium Irrigation	7,934.17	7,757.18	-176.99	244.66	67.67
<b>Loan Voted</b>						
24	IX Fiscal Administration, Planning, Surveys and Statistics	61.68	216.45	154.77	40.65	40.65
<b>Loan Charged</b>						
25	IX Fiscal Administration, Planning, Surveys and Statistics	5,087.14	38,444.50	33,357.36	32.60	32.60
<b>Total</b>		<b>90,688.04</b>	<b>120,430.04</b>	<b>-7,076.09<sup>1</sup></b>	<b>7,936.42</b>	<b>860.33</b>

### Appendix 2.7

#### Statement of grants/appropriations in which saving occurred but no part of which was surrendered

(Refer Paragraph 2.3.5.3; page 36)

(₹ in crore)

Sl. No	Grant No.	Name of the Grant or Appropriation	Saving
<b>I Grants</b>			
1	XXXI	Panchayat Raj(CV)	26.39
2	XL	Public Enterprises(LV)	0.16
<b>II Appropriations</b>			
3	II	Governor and Council of Ministers(RC)	7.97
4	X	Home Administration(RC)	0.01
5	XI	Roads, Buildings and Ports(RC)	1.32
6	XI	Roads, Buildings and Ports(CC)	0.03
7	XXVIII	Animal Husbandry and Fisheries(RC)	0.02
8	XXXIII	Major and Medium Irrigation(CC)	34.37
9	XXXIV	Minor Irrigation(CC)	3.05
<b>Total</b>			<b>73.32</b>

CV: Capital Voted; RC: Revenue Charged; CC: Capital Charged; LV: Loans Voted

<sup>1</sup> Excluded Sl. No.1,2,3,4,5,22,24 and 25 being final excess

**Appendix 2.8**  
**Details of saving of ₹ five crore and above not surrendered**  
**(Refer Paragraph 2.3.5.3; page 36)**

(₹ in crore)

S. No.	Name of the Grant or Appropriation	Saving	Re-appropriation/ Surrenders	Un surrendered Saving
<b>Revenue Voted</b>				
1	XXVII Agriculture	4,136.61	4,054.70	81.91
<b>Revenue Charged</b>				
2	IX Fiscal Administration, Planning, Surveys and Statistics	1,070.65	1,037.98	32.67
<b>Capital Voted</b>				
3	XI Roads, Buildings and Ports	823.20	745.50	77.70
4	XXXVII Tourism, Art and Culture	35.76	30.46	5.30
<b>Total</b>		<b>6,066.22</b>	<b>5,868.64</b>	<b>197.58</b>

**Appendix 2.9**  
**Cases of surrender of funds in excess of ₹ 10 crore on 31 March 2016**  
**(Refer Paragraph 2.3.5.3; page 36)**

(₹ in crore)

Sl. No.	Grant No.	Name of Grant	Amount of Surrender
1	III	Administration of Justice(RV)	111.94
2	IV	General Administration and Elections(RV)	16.38
3	V	Revenue Registration and Relief(RV)	53.39
4	V	Revenue, Registration and Relief(CV)	101.06
5	VI	Excise Administration(RV)	23.80
6	IX	Fiscal Administration, Planning, Surveys and Statistics(RV)	297.14
7	IX	Fiscal Administration, Planning, Surveys and Statistics(RC)	1,037.98
8	IX	Fiscal Administration, Planning, Surveys and Statistics(CV)	411.22
9	IX	Fiscal Administration, Planning, Surveys and Statistics(LV)	40.65
10	IX	Fiscal Administration, Planning, Surveys and Statistics(PDC)	32.60
11	X	Home Administration(RV)	41.75
12	X	Home Administration(CV)	120.07
13	XI	Roads, Buildings and Ports(CV)	745.50
14	XII	School Education(RV)	1,417.70
15	XII	School Education(CV)	11.31
16	XIII	Higher Education(RV)	393.87
17	XIII	Higher Education(CV)	23.78
18	XIV	Technical Education(RV)	27.45
19	XIV	Technical Education(CV)	54.86

20	XVI	Medical and Health(RV)	526.01
21	XVI	Medical and Health(CV)	199.00
22	XVII	Municipal Administration and Urban Development(RV)	1,590.69
23	XVII	Municipal Administration and Urban Development(CV)	433.17
24	XVIII	Housing(LV)	49.80
25	XXI	Social Welfare(RV)	518.25
26	XXI	Social Welfare(CV)	63.91
27	XXII	Tribal Welfare(RV)	56.92
28	XXII	Tribal Welfare(CV)	60.70
29	XXIII	Backward Classes Welfare(RV)	458.03
30	XXIII	Backward Classes Welfare(CV)	53.95
31	XXIV	Minority Welfare(RV)	27.51
32	XXIV	Minority Welfare(CV)	23.00
33	XXV	Women, Child and Disabled Welfare(RV)	265.47
34	XXV	Women, Child and Disable Welfare(CV)	53.24
35	XXVI	Administration of Religious Endowments(RV)	59.40
36	XXVII	Agriculture(RV)	4,054.70
37	XXVII	Agriculture(CV)	45.57
38	XXVIII	Animal Husbandry and Fisheries(RV)	131.78
39	XXVIII	Animal Husbandry and Fisheries(CV)	35.98
40	XXXI	Panchayat Raj(RV)	756.68
41	XXXII	Rural Development(RV)	823.26
42	XXXIII	Major and Medium Irrigation(RV)	77.29
43	XXXIII	Major and Medium Irrigation(CV)	244.66
44	XXXIV	Minor Irrigation(CV)	63.21
45	XXXV	Energy(RV)	477.76
46	XXXV	Energy(LV)	32.05
47	XXXVI	Industries and Commerce(RV)	306.05
48	XXXVI	Industries and Commerce(CV)	102.85
49	XXXVII	Tourism Art and Culture(RV)	90.50
50	XXXVII	Tourism Art and Culture(CV)	30.46
51	XXXIX	Information Technology and Communications(RV)	204.96
		<b>Total</b>	<b>16,879.26</b>

RV: Revenue Voted; RC: Revenue Charged; CV: Capital Voted; CC: Capital Charged; LV: Loans Voted; PDC: Public Debt Charged

**Appendix 2.10**  
**Rush of expenditure during the last quarter and last month of 2015-16**  
**(Refer Paragraph 2.3.7; page 36)**

(₹ in crore)

Sl. No.	Major Head	Major Head Description	Total Expenditure	Expenditure during the last quarter of the year		Expenditure during March 2016	
				Total Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2048	Appropriation for reduction or avoidance of debt	510.23	360.23	71	360.23	71
2	2216	Housing	1378.60	1004.62	73	939.51	68
3	2217	Urban Development	2531.39	1433.06	57	992.26	39
4	2401	Crop Husbandry	3212.54	1626.74	51	1364.96	42
5	2405	Fisheries	189.72	108.86	57	45.58	24
6	2851	Village and Small Industries	262.43	150.40	57	129.03	49
7	3425	Other Scientific Research	6.40	3.45	54	3.05	48
8	3451	Secretariat-Economic Services	981.66	581.20	59	199.52	20
9	3452	Tourism	132.40	84.05	63	76.68	58
10	3604	Compensation and Assignments to Local bodies and Panchayat Raj Institutions	115.63	67.00	58	53.72	46
11	4059	Capital Outlay on Public works	40.84	21.39	52	13.22	32
12	4202	Capital Outlay on Education, Sports, Art, and Culture	374.39	274.01	73	230.49	62
13	4217	Capital Outlay on Urban Development	908.59	610.87	67	559.68	62
14	4401	Capital Outlay on Crop Husbandry	13.13	9.14	70	6.83	52
15	4405	Capital Outlay on Fisheries	0.17	0.17	100	0.17	100
16	4801	Capital Outlay on Power Projects	20.71	18.35	89	7.11	34
17	5053	Capital Outlay on Civil Aviation	1.00	1.00	100	1.00	100
18	5452	Capital Outlay on Tourism	12.84	7.91	62	5.59	43
19	6210	Loans for Medical and Public Health	15.00	9.58	64	9.58	64
20	6801	Loans for Power Projects	62.07	43.04	69	43.04	69
21	7810	Inter State Settlement	195.48	195.48	100	195.48	100

Source: Monthly Civil Accounts 2015-16

**Appendix 2.11**

**Operation of different nomenclatures in Non-plan and Plan in respect of same Sub-head**

**(Refer Paragraph 2.6.3; page 50)**

Grant no.	Classification	Nomenclature under Non-Plan	Nomenclature under Plan
XXII	2225-02-277-12-(05)	Educational Institutions	Umbrella scheme for education of ST students
XXII	2225-02-102-12-(05)	Tribal Sub Plan	Schemes under Art 275(ACA)
XXII	2225-02-102-12-(06)	Grants under Proviso Art.275(1)	Schemes under Tribal Area Sub Plan (ACA)
XXIII	2225-03-190-11-(10)	Assistance to A.P., B.C. Cooperative Finance Corporation towards repayment of loans to NBCFDC under Non-plan	Financial Assistance to AP Sagara (Uppara) Cooperative Federation Ltd
XXIII	2225-03-277-12-(05)	Scheme for development of OBC and denotified Nomadic and Semi nomadic Tribes	Post Matric Scholarships
XXIV	2225-80-800-11-(06)	Assistance to Dairatual-Marif-i-Osmania	Scholarships to Minority Students
XXIV	2225-80-800-11-(07)	Assistance to Urdu Academy	Tuition Fee Reimbursement to Minority students
XXIV	2225-80-800-12-(05)	Multi Sectorial Development Programme for Minorities	Studies on Socio Economic Conditions and Programmes of Minorities
XXIV	2225-80-800-12-(06)	Assistance to Dairatual-Marif-i-Osmania	Pre-matric scholarships
XXIX	2406-02-111-11-(04)	Nehru Zoological Park	Zoological Parks

**Appendix 2.12**

**New Sub heads opened without the concurrence of Accountant General (A&E) in 2015-16**

**(Refer Paragraph 2.6.5; page 51)**

Sl. No.	Head of Account	Nomenclature
<b>XXXVII -Tourism , Art and Culture</b>		
1	2205-00-102-(26)	Kuchipudi Natyaramam
<b>IV-General Administration and Elections</b>		
2	2052-00-090-(15)	State re-organisation
<b>XXXIX-Information Technology, Electronics and Communications</b>		
3	3451-00-090- (37)	e- Governance Authority, Electronics and IT Agency, Innovation society
4	3451-00-789- (37)	e- Governance Authority, Electronics and IT Agency, Innovation Society
5	3451-00-796 – (37)	e -Governance Authority, Electronics and IT Agency, Innovation Society
<b>IX-Fiscal Administration, Planning Surveys and Statistics</b>		
6	3451-00-092 - (27)	Smart Village-Smart Ward towards Smart Andhra Pradesh
<b>XIII-Higher Education</b>		
7	2202-80-789 - (22)	Skill Development Training Programme
8	2202-80-796 - (22)	Skill Development Training Programme

Sl. No.	Head of Account	Nomenclature
9	2202-80-800 - (22)	Skill Development Training Programme
<b>XVI- Medical and Health</b>		
10	2210-05-789 – (14)	Scheme for Benefit of SC Students
11	4210-01-110 – (05)	Upgradation of Director of Public Health and Family Welfare Hospitals
<b>XVII- Municipal Administration and Urban Development</b>		
12	2217-80-789—(13)	Mission for Elimination of Poverty in Municipal Areas (Velugu ) Urban
13	2217-80-191 - (10)	Smart Cities
14	2217-80-789 – (10)	Smart Cities
15	4217-60-789 - (05)	Urban Development Assistance to Vizag and Vijayawada Metro Rail Project
<b>XXVII – Agriculture</b>		
16	2401-00-800 – (34)	IT Enabled Programme – Supply of Tabs and Other Equipment to Staff
17	2401-00-789 - (11)	National Mission for Sustainable Agriculture (OFWM)
18	2401-00-796 – (11)	National Mission for Sustainable Agriculture (OFWM)
19	2401-00-800 – (11)	National Mission for Sustainable Agriculture (OFWM)
20	2401-00-114 – (10)	National Oil Seed and Oil Palm Mission (Oil Palm)
21	2401-00-789 – (10)	National Oil Seed and Oil Palm Mission (Oil Palm)
22	2401-00-796 – (10)	National Oil Seed and Oil Palm Mission (Oil Palm)
23	2401-00-789 – (32)	Polampilusthondi & Chandranna Rythu Kshetralu
24	2401-00-796 – (32)	Polampilusthondi & Chandranna Rythu Kshetralu
25	2401-00-800 – (32)	Polampilusthondi & Chandranna Rythu Kshetralu
26	2401-00-796 – (33)	Soil and Water Conservation Programme
27	2401-00-789 – (33)	Soil and Water Conservation Programme
28	2401-00-800 – (33)	Soil and Water Conservation Programme
<b>XXII- Tribal Welfare</b>		
29	2225-02-800 – (13)	NTR Vidyonnathi Scheme
30	2225-02-800 – (11)	Reimbursement of Electricity Charges
31	2225-02-102 – (18)	Rejuvenation of Coffee Plantation
32	2225-02-001 – (07)	Support to TCR & TI
33	2250-02-282 – (13)	Tribal Community Health Programme
<b>XXI- Social Welfare</b>		
34	2225-01-8000 – (09)	NTR Vidyonnathi Scheme
<b>XXIII- Backward Classes Welfare</b>		
35	2250-03-277 – (26)	Unemployment Allowance
<b>XXIV-Minority Welfare</b>		
36	2225-80-800 – (34)	Visit to Holy Land Jerusalem
<b>XXXII-Rural Development</b>		
37	2501-01-003 – (08)	SGSY Special Projects
<b>XXII-Forest, Science, Technology and Environment</b>		
38	2406-01-102 – (11)	Neeru Chettu
39	2406-01-796 – (11)	Neeru Chettu
<b>XXXVI-Industries and Commerce</b>		

<b>Sl. No.</b>	<b>Head of Account</b>	<b>Nomenclature</b>
40	4875-60-8000- (05)	Venture Capital
<b>XXVIII-Animal Husbandry and Fisheries</b>		
41	4403-00-101 – (05)	Infrastructure support to field Veterinary Institutions/ Processing Units
42	4405-00-104 – (04)	Landing and Berthing Facilities
43	4405-00-104 – (05)	Upgradation & Strengthening of Fish Seed Farms

(Source :Budget Review 2015-16 of O/o PAG(A&E))

## Appendix 3.1

## Statement showing data on Utilisation Certificates

(Refer paragraph 3.2; page 53)

(₹ in crore)

Sl.No.	Name of the Office/ Dept	Date/year in which funds drawn/ received	Amount	Purpose/Scheme	Amount utilised.	Amount for which UC's due
1	AP BC Co-operative Finance Corporation Ltd	upto 2012-13	84.79	Marginal Money Scheme & Rajeev Abhyudaya Yojana	84.79	84.79
2	District BC Welfare Officer, Vizag	2010-11 to 2015-16	435.55	Post Matric Scholarships	435.55	178.49
3	CPO, West Godavari District	2012-13 to 2014-15	1.00	District Innovation Fund	1.00	1.00

## Appendix 3.2

## Statement showing submission of accounts and status of Audit of Autonomous Bodies

(Refer paragraph 3.3; page 54)

Sl. No.	Name of Body/Authority	Period of entrustment upto	Year upto which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	Comments
1.	AP State Legal Services Authority, Hyderabad	Not required as per Section 18 of Legal Services Act, 1987	2009-10	2009-10	Not placed in the Legislature	Accounts from 2010-11 onwards were not produced to Audit.
2.	District Legal Services Authority, Anathapuram		2015-16	2015-16		No arrears.
3.	District Legal Services Authority, Chittoor		2013-14	2013-14		Accounts for 2014-15 onwards were not produced to Audit
4.	District Legal Services Authority, East Godavari		2015-16	2015-16		No arrears
5.	District Legal Services Authority, Guntur		2014-15	2014-15		Accounts for 2015-16 were not produced to Audit.
6.	District Legal Services Authority, Kadapa		2013-14	2013-14		Accounts for 2014-15 and 2015-16 were not produced to Audit.
7.	District Legal Services Authority, Krishna		2013-14	2013-14		Accounts for 2014-15 and 2015-16 were not produced to Audit.
8.	District Legal Services Authority, Kurnool		2015-16	2015-16		No arrears
9.	District Legal Services Authority, Nellore		2013-14	2013-14		Accounts for 2014-15 and 2015-16 were not produced to Audit.
10.	District Legal Services Authority, Prakasam		2013-14	2013-14		Accounts for 2014-15 and 2015-16 were not produced to Audit.
11.	District Legal Services Authority, Srikakulam		2013-14	2013-14		Accounts for 2014-15 and 2015-16 were not produced to Audit.
12.	District Legal Services		2013-14	2013-14		Accounts for 2014-15 and

Sl. No.	Name of Body/Authority	Period of entrustment upto	Year upto which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	Comments
	Authority, Visakapatnam					2015-16 were not produced to Audit.
13.	District Legal Services Authority, Vizianagaram		2015-16	2015-16		No arrears
14.	District Legal Services Authority, West Godavari		2014-15	2014-15		Accounts for 2015-16 were not produced to Audit.
15.	AP Building and Other Construction Workers Welfare Board		2010-11	2010-11	Not placed in the Legislature	Accounts from 2011-12 to 2015-16 were not produced to Audit.
16.	Visakhapatnam Urban Development Authority	2010-11 onwards	2014-15	2014-15	2013-14	Accounts for 2015-16 were not produced to Audit.
17.	Tirupathi Urban Development Authority	2010-11 onwards	2013-14	2013-14	2012-13	Accounts for 2014-15 and 2015-16 were not produced to Audit.
18.	Vijayawada, Guntur, Tenali and Mangalagiri Urban Development Authority	Upto 2014-15	2014-15	2010-11	2010-11	Accounts for 2015-16 were not produced to Audit.
19.	Capital Region Development Authority	Upto 2018-19	...	...	...	Accounts for 2014-15 to 2015-16 were not produced to Audit
20.	Putaparthi Urban Development Authority	Upto 2008-09	2004-05	...	Not placed in the Legislature	Accounts from 2005-06 to 2015-16 were not produced to Audit. (*)
*It was stated by the institution that the accounts could not be rendered due to fire accident. Though the accounts were submitted in March 2016, details regarding constitution of Board, Resolutions passed etc. have not been enclosed. Hence, treated as non-production.						
21.	Integrated Tribal Development Agency, Parvathipuram	From 2012-13 onwards	2014-15	2013-14	Not required as per by laws	Copy of Governing Body resolution approving the Annual accounts for 2014-15 is awaited. Latest reminder issued in Nov 2016.
22.	Integrated Tribal Development Agency, Seethampet	From 2012-13 onwards	2011-12	2011-12		Annual accounts for 2012-13 to 2015-16 are awaited. Latest reminder issued in November 2016.
23.	Integrated Tribal Development Agency, Paderu	From 2012-13 onwards	2013-14	2009-10		Copy of Governing Body resolution approving the Annual accounts for 2010-11 to 2013-14 is awaited. Accounts of 2014-15 and 2015-16 were not received. Latest reminder issued in November 2016.
24.	Integrated Tribal Development Agency, Rampachodavaram	From 2012-13 onwards	2012-13	2011-12		Copy of Governing Body resolution approving the Annual accounts for 2012-13 is awaited. Accounts for the years 2013-14 to 2015-16 are awaited. Latest reminder issued in November 2016.
25.	Integrated Tribal Development Agency, Kotaramachandrapuram	From 2012-13 onwards	2014-15	2014-15		Latest reminder issued in September 2016 for Accounts of 2015-16
26.	Integrated Tribal Development Agency,	From 2012-13	2009-10	2009-10		Latest reminder issued in September 2016 for

Sl. No.	Name of Body/Authority	Period of entrustment upto	Year upto which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	Comments
	Nellore	onwards				Accounts of 2010-11 to 2015-16.
27.	Integrated Tribal Development Agency, Srisailam	From 2012-13 onwards	2013-14	2006-07		Latest reminder issued in November 2016 for Accounts of 2014-15 and 2015-16.

### Appendix 3.3

#### Statement of Bodies and Authorities whose accounts have not been received

(Refer paragraph 3.3; page 54)

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
1.	Andhra University, Visakhapatnam	2015-16	1
2.	Dravidian University, Kuppam	2011-12 & 2014-15 to 2015-16	3
3.	Sri Krishna Devaraya University, Anantapur	2011-12 to 2015-16	5
4.	Sri Padmavathi Mahila Viswa Vidyalayam, Tirupati	2015-16	1
5.	Sri Venkateswara University, Tirupati	2015-16	1
6.	Dr. B.R.Ambedkar University, Etcherla, Srikakulam	2015-16	1
7.	Adikavi Nannaya University, Rajamahendravaramu	2015-16	1
8.	Yogi Vemana University, Kadapa	2015-16	1
9.	Adoni Arts and Science College, Adoni	2012-13 to 2015-16	4
10.	AG & SG Degree College, Vuyyuru	2006-07 to 2015-16	10
11.	Akkineni Nageswar Rao College, Guduwada	2015-16	1
12.	AMAL College, Anakapalli	2011-12 to 2015-16	5
13.	Andhra Jateeya Kalasala, Machilipatnam	2014-15 to 2015-16	2
14.	Andhra Loyola Collge Vijayawada	2010-11 & 2015-16	2
15.	AVN College, Visakhapatnam (II Shift)	2015-16	1
16.	AVN College, Visakhapatnam	2015-16	1
17.	Bandla Bapaiah Hindu College, Vetapalem, Ongole	2013-14 to 2015-16	3
18.	BAS College, Bapatla	2010-11 to 2015-16	6
19.	Besant Theosophical Day college, Madanapalli	2015-16	1
20.	Besant Theosophical Evening college, Madanapalli	2015-16	1
21.	BGBS Women's College, Narsapur	2001-02 to 2015-16	15
22.	Bhagwan Sri SatyaSai Baba College, Committee, Tadikonda, Guntur District	2015-16	1
23.	Ch SD Teresa's College for women, Eluru	2013-14 to 2015-16	3
24.	JNTU, Kakinada	2012-13 to 2015-16	4
25.	Chundi Ranganayakulu College, Chilkaluripet, Guntur	2006-07 to 2015-16	10

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
26.	CR Reddy college, Eluru	2015-16	1
27.	CSR Sarma College, Ongole	2014-15 and 2015-16	2
28.	Dharma Apparao College, Nuzvid, Krishna District.	2012-13 to 2015-16	4
29.	DNR College, Bhimavaram	2015-16	1
30.	Dr KVK Murthy Sanskrit College, Guntur	2010-11 to 2015-16	6
31.	DRN & SVS College, Chilkaluripet	2006-07 to 2015-16	10
32.	Duvvuru Ramanamma Degree College, Gudur, Nellore district	2015-16	1
33.	Goluguru Bapiraju Degree College, Anaparthi	2014-15 to 2015-16	2
34.	Hindu College, Guntur	2012-13 to 2015-16	4
35.	JNTU, Ananthapuram	2015-16	1
36.	Islamiah College, Kurnool	2001-02 to 2015-16	15
37.	J Kuppuswamy Chowdary Degree College, Guntur	2012-13 to 2015-16	4
38.	Jawahar Bharathi College, Kavali	2015-16	1
39.	KBN College Vijayawada	2015-16	1
40.	KGR Lutheran College, Bhimavaram (West Godavari Dt.)	2015-16	1
41.	Kondapalli Thati Reddy Women's College, Gudiwada	2014-15 and 2015-16	2
42.	KVR College, Nandigama	2011-12 to 2015-16	5
43.	Maharaja College Vizianagaram (Women)	2006-07 to 2011-12 2013-14 to 2015-16	9
44.	Maharajah Autonomous College, Vizianagaram	1997-98 to 2015-16	19
45.	Maharajah College, Vizianagaram	1995-96 to 2015-16	21
46.	Marystella College, Vijayawada	2005-06 to 2015-16	11
47.	MSN Degree College, Kakinada	2006-07 to 2015-16	10
48.	MVNJS & RVR College of Arts and Science, Malkipuram	2010-11 to 2015-16	6
49.	Neelam Sanjiva Reddy Arts & Science College, Kurnool	2015-16	1
50.	Noble College, Machilipatnam	2003-04 to 2015-16	13
51.	Osmania College, Kurnool	2007-08 to 2015-16	9
52.	PBN College, Nidubrolu, Guntur Dist.	2015-16	1
53.	PBS Degree College, Vijayawada	2011-12 to 2015-16	5
54.	PBS Junior College, Vijayawada	2015-16	1
55.	Pedanandipadu College of Arts and Science, Pedanandipadu	2015-16	1
56.	PVRK Trust College, Kakinada	2012-13 to 2015-16	4
57.	Rajavasireddy Venkatadri Nayudu College, Dharanikota, Amaravati	2015-16	1
58.	RSRK Rangarao College, Bobbili, Vizianagaram	2013-14 to 2015-16	3
59.	Satavahana College Vijayawada	2006-07 to 2015-16	10
60.	SBSYM College, Kasibugga, Srikakulam	2012-13 to 2015-16	4
61.	SDS College, Hindupur, Ananthapuram	2009-10 to 2015-16	7
62.	SDPS College, Sri Ramnagar, Vizainagaram	2011-12 to 2015-16	5

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
	District		
63.	SGS College, Jaggayyapet	2007-08 to 2015-16	9
64.	SMBTAV & SN Degree College, Veeravasaram, West Godavari District	2012-13 to 2015-16	4
65.	Smt. Kasu Raghavamma Brahmananda Reddy College, Narasaraopet	2015-16	1
66.	Sri Balasiva Yogindra Maharaja Degree College, Kurnool	2007-08 to 2015-16	9
67.	Sri BS Sanskrit College, Ponnur	2009-10 to 2014-15	6
68.	Sri Chaparla Satyanarayana College, Gudlavalleru	2002-03 to 2015-16	14
69.	Sri DMS Mahila Kalasala, Vijayawada	2006-07 to 2015-16	10
70.	Sri Govindaraja Swamy Arts & Science college, Tirupathi	1995-96 to 2015-16	21
71.	Smt Kandukuri Rajyalakshmi College for Women, Rajahmundry	2012-13 and 2015-16	2
72.	STBC College, Kurnool	1995-96 to 2015-16	21
73.	Sri KSDM Kalasala, Tanuku	2011-12 to 2015-16	5
74.	Sri KVT College, Rajahmundry	2015-16	1
75.	Sri Padmavathi Mahila Hindu Kalasala, Machilipatnam	2014-15 and 2015-16	2
76.	Sri Sai Baba National Degree College, Anantapur	2012-13 to 2015-16	4
77.	Sri Subbaraya & Narayana College Narasaraopet	2000-01 to 2015-16	16
78.	Sri Venkateswara Degree College, Kadapa	2006-07 to 2015-16	10
79.	Sri VKP Degree College, Podili	2015-16	1
80.	Sri VSS Arts and Science College, Atili	2013-14 to 2015-16	3
81.	Sri Yerlamilli Narayana Murthy College, Narsapur, W.G.Dist	2011-12 to 2015-16	5
82.	SRVS & JB Maharani College, Peddapuram	2013-14 to 2015-16	3
83.	SV Arts, Commerce & Science College Chagalmarri, Kurnool Dist.	2011-12 to 2015-16	5
84.	St Joseph's College, Visakhapatnam	2006-07 to 2015-16	10
85.	St. Joseph's College for Women , Visakhapatnam	2015-16	1
86.	St. Teresa's College, Eluru	2008-09 to 2015-16	8
87.	SV Arts & Science College, Giddalur (Prakasam)	2003-04,2005-06,2008-09 to 2009-10 & 2011-12 to 2015-16	9
88.	SVKP & Dr KS Raju, Arts & Science college Penugonda, West Godavari Dist.	2012-13 to 2013-14 and 2015-16	3
89.	SVKP College Markapur	2015-16	1
90.	KVR, KVR and MKR College Khazipalem, Guntur Dist.	2015-16	1
91.	BVK College, Vishakhapatnam	2015-16	1
92.	The Hindu College, Machilipatnam	2011-12 to 2015-16	5
93.	TJPS College, Guntur	2009-10 to 2015-16	7
94.	Venkatagiri Raja College (Day), Nellore	2004-05 to 2015-16	12
95.	VKR College, Buddhavaram	2011-12 to 2015-16	5
96.	VR College (Evening), Nellore	2012-13 to 2015-16	4

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
97.	VSM College, Ramchandrapuram	2015-16	1
98.	VSR and NVR College, Tenali	2015-16	1
99.	VTJM & TVTR College – Mangalagiri	2005-06 to 2015-16	11
100.	VVM Degree College, Ongole	1995-96 to 2015-16	21
101.	YS Raja Reddy Degree College, Pulivendula, Kadapa (Loyola Degree College)	2004-05 to 2015-16	12
102.	Andhra Muslim College, Guntur	2015-16	1
103.	Zilla Grandhalaya Samstha, Anantapur	2014-15 and 2015-16	2
104.	Zilla Grandhalaya Samstha, Chittoor	2015-16	1
105.	Zilla Grandhalaya Samstha, East Godavari	2014-15 and 2015-16	2
106.	Zilla Grandhalaya Samstha, Guntur	2012-13 and 2015-16	4
107.	Zilla Grandhalaya Samstha, Kadapa	2014-15 and 2015-16	2
108.	Zilla Grandhalaya Samstha, Krishna	2015-16	1
109.	Zilla Grandhalaya Samstha, Kurnool	2015-16	1
110.	Zilla Grandhalaya Samstha, Nellore	2015-16	1
111.	Zilla Grandhalaya Samstha, Ongole	2015-16	1
112.	Zilla Grandhalaya Samstha, Srikakulam	2015-16	1
113.	Zilla Grandhalaya Samstha, Visakhapatnam	2015-16	1
114.	Zilla Grandhalaya Samstha, Vizianagaram	2014-15 and 2015-16	2
115.	Zilla Grandhalaya Samstha, West Godavari	2014-15 to 2015-16	2
116.	Zilla Saksharata Samiti, Anantapur	1997-98 to 2015-16	19
117.	Zilla Saksharata Samiti, Chittoor	2002-03 to 2015-16	14
118.	Zilla Saksharata Samiti, East Godavari	2008-09 to 2015-16	8
119.	Zilla Saksharata Samiti, Guntur	2006-07 to 2015-16	10
120.	Zilla Saksharata Samiti, Kadapa	2000-01 to 2015-16	16
121.	Zilla Saksharata Samiti, Krishna	2001-02 to 2015-16	15
122.	Zilla Saksharata Samiti, Kurnool	2004-05 to 2015-16	12
123.	Zilla Saksharata Samiti, Nellore	1998-99 to 2015-16	18
124.	Zilla Saksharata Samiti, Ongole	2004-05 to 2015-16	12
125.	Zilla Saksharata Samiti, Srikakulam	2001-02 to 2015-16	15
126.	Zilla Saksharata Samiti, Visakhapatnam	2001-02 to 2015-16	15
127.	Zilla Saksharata Samiti, Vizianagaram	2001-02 to 2015-16	15
128.	Zilla Saksharata Samiti, West Godavari	2010-11 to 2015-16	6
129.	CR Reddy College (Evening), Eluru	2015-16	1
130.	SSGS Degree College, Guntakal	2015-16	1
131.	AP Residential Degree College, Nagarjunasagar, Guntur Dist.	2015-16	1
132.	NTR University of Health Sciences	2013-14 to 2015-16	3
133.	Sri Venkateswara Institute of Medical Sciences	2013-14 to 2015-16	3
134.	Sri Mullanpudi Venkata Raja Memorial Medical & Educational Trust, Tanuku	2001-02 to 2015-16	15
135.	AP Aids Control Society	2010-11 to 2015-16	6
136.	AP Medical Services Infrastructure Development Corporation	2013-14 to 2015-16	3
137.	AP Medicinal and Aromatic Plants Board	2013-14 to 2015-16	3
138.	AP State TB Society	2011-12 to 2015-16	5

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
139.	AP Yogadhyayana Parishad	2012-13 to 2015-16	4
140.	State TB Office	2003-04 to 2015-16	13
141.	State Blindness Control Society, Hyderabad	2006-07 to 2015-16	10
142.	AP Vaidya Vidhana Parishad	2014-15 to 2015-16	2
143.	AP Right to Sight Society	2013-14 to 2015-16	3
144.	S V Degree College, Parvathipuram, Vizianagaram	2008-09 to 2015-16	8
145.	Dr.L B Degree College, Visakhapatnam	2008-09 to 2015-16	8
146.	Adinarayana Women Degree College, Anapally, Visakapatnam	2008-09 to 2015-16	8
147.	Sri Venkateswara Vidyapeeth VMC Degree College, Visakapatnam	2008-09 to 2015-16	8
148.	Montessori MahilaKalasala, Vijayawada	2008-09 to 2015-16	8
149.	SAS College, Vijayawada	2008-09 to 2015-16	8
150.	Sri Sarada Degree College, Vijayawada	2008-09 to 2015-16	8
151.	Sri Goutu Lachanna College, Vijayawada	2008-09 to 2015-16	8
152.	Saptagiri College, Vijayawada	2008-09 to 2015-16	8
153.	DRG Women Degree College, Tadepalligudem, West Godavari District	2008-09 to 2015-16	8
154.	AC College, Guntur	2008-09 to 2015-16	8
155.	AC Evening College, Guntur	2008-09 to 2015-16	8
156.	AGKN College, Sattenapalli, Guntur District	2008-09 to 2015-16	8
157.	SGHR & MCMR College, Guntur	2008-09 to 2015-16	8
158.	Dr.KRR College, Duggirala, Guntur District	2015-16	1
159.	MVGRR College, Bhattiprolu, Guntur District	2013-14 to 2015-16	3
160.	Smt.NBR Rao College, Narasaraopet, Guntur	2008-09 to 2015-16	8
161.	NBKR College, Vidyanagar, Nellore District	2008-09 to 2015-16	8
162.	Dr. SRJ College Atmakur, Nellore District	2008-09 to 2015-16	8
163.	Sri Venugopalaswami College, Nellore	2008-09 to 2015-16	8
164.	ABM College, Ongole	2008-09 to 2015-16	8
165.	S.V. Day College, Tirupathi	2008-09 to 2015-16	8
166.	Sri Padmavathi Women College, Tirupathi	2008-09 to 2015-16	8
167.	Sri BalasivaYogindra Maharaja College, Mydukur, Kadapa	2008-09 to 2015-16	8
168.	Sri B Veerareddy College, Badvel, Kadapa(Dist)	2008-09 to 2015-16	8
169.	SKS College, Proddatur, Kadapa(Dist)	2008-09 to 2015-16	8
170.	VRS College, Veerapanayanapally, Kadapa(Dist)	2008-09 to 2015-16	8
171.	Sri YSR Memorial College, Kadapa	2008-09 to 2015-16	8
172.	DA College for women, Proddatur, Kadapa(Dist)	2008-09 to 2015-16	8
173.	SV College, Kadapa	2008-09 to 2015-16	8
174.	SLS College, Pullareddypeta, Kadapa(Dist)	2008-09 to 2015-16	8
175.	Sri Ankalreddy College, Allagadda, Kurnool(Dist)	2008-09 to 2015-16	8
176.	Sri Ramakrishna Degree College, Nandyal, Kurnool(Dist)	2008-09 to 2015-16	8
177.	Telugu Academy	2008-09 to 2015-16	8

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
178.	AP Hindi Academy	2015-16	1
179.	AP Open School Society	2012-13 to 2015-16	4
180.	AP School Educational Society/Sarva ShikshaAbhiyan/Rajiv Vidya Mission	2012-13 to 2015-16	4
181.	AP School Health Project, Hyderabad	1999-00 to 2015-16	17
182.	AP Educational Welfare Infrastructure Development Corporation	2014-15 to 2015-16	2
183.	AP State Council of Higher Education	2013-14 to 2015-16	3
184.	AP State Literacy Mission Authority	2012-13 to 2015-16	4
185.	AP BC Finance Corporation	2014-15 to 2015-16	2
186-195	BC Service Cooperative Societies (10)	Ranging 1-11 years	68
196.	AP Study Circle, Ananthapur	1997-98 to 2015-16	19
197.	AP Study Circle, Guntur	2006-07 to 2015-16	10
198.	AP Washermen Cooperative Society, Hyderabad	2005-06 to 2015-16	11
199.	MJP AP BC Welfare Residential Educational Institutions Society	2015-16	1
200.	AP SC Finance Corporation	2014-15 to 2015-16	2
201.	AP Social Welfare Residential Educational Institutions Society (SWREIS)	2013-14 to 2015-16	3
202.	AP Social Welfare Fund, Hyderabad	2001-02 to 2015-16	15
203-215	District SC Service Co-operative Societies (13)	Ranging 1 – 15 years	62
216.	AP Scheduled Tribes Finance Corporation	2013-14 to 2015-16	3
217.	AP Tribal Welfare Residential Educational Institutions Society (APTWREIS), Hyderabad	2013-14 to 2015-16	3
218.	Girijan Cooperative Corporation (GCC), Visakapatnam	2014-15 to 2015-16	2
219.	AP Social Welfare Board	2013-14 to 2015-2016	3
220.	AP State Council for Child Welfare	2014-15 to 2015-16	2
221.	AP Vikalangula Finance Corporation	2011-12 to 2015-16	5
222.	AP Women Cooperative Finance Corporation, Hyderabad	2014-15 to 2015-16	2
223.	AP Creche Committee, Hyderabad	2013-14 to 2015-16	3
224.	Kurnool District Society for Rehabilitation of Child Labour	2013-14 to 2015-16	3
225.	AP Haj Committee	2014-15 to 2015-16	2
226-238	District Rural Development Agencies (DRDAs) (13)	Ranging 1-10 years	53
239 -251	District Water Management Agencies (DWMAs) (13)	Ranging 1-10 years	63
252.	Centre for Economic and Social Studies(CESS)	2012-13 to 2015-16	3
253.	AP State Remote Sensing Application Centre	2012-13 to 2015-16	4
254.	Rajiv Udyogasri Society	2010-11 to 2015-16	6
255-267	Societies for Training and Employment Promotion (STEPS) (13)	2005-06 to 2015-16	46
268.	Sports Authority of Andhra Pradesh	2014-15 and 2015-16	2
269.	AP Sports School	2013-14 to 2015-16	3
270.	A.P. Advocates Welfare Fund	2011-12 to 2015-16	5

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
271.	A.P. Advocates & Clerks Welfare Fund	2012-13 to 2015-16	4
272.	Andhra Pradesh Cooperative Oil Seeds Growers Federation Limited	2014-15 to 2015-16	2
273.	Andhra Pradesh Marketing Federation Ltd	2015-16	1
274.	Andhra Pradesh State Cooperative Union, Hyderabad	2014-15 to 2015-16	2
275.	State Agriculture Management and Extension Training Institute (SAMETI)	2000-01 to 2015-16	16
276.	Andhra Pradesh Seeds Certification Agency, Hyderabad	2015-16	1
277.	Andhra Pradesh State Co-operative Rural Irrigation Corporation	2011-12 to 2015-16	5
278.	The Hyderabad Agricultural Co-operative Association Limited (HACA)	2011-12 to 2015-16	5
279.	Acharya N G Ranga Agricultural University, Rajendra Nagar	2014-15 to 2015-16	2
280.	SERIFED, Hyderabad	2013-14 to 2015-16	3
281.	Andhra Pradesh Horticulture Agency, Hyderabad	2003-04 to 2015-16	13
282.	YSR Horticulture University, Tadepalligudem, WG Dist.	2007-08 to 2015-16	9
283.	AP Sheep and Goat Development Cooperative Federation, Hyderabad	2013-14 to 2015-16	3
284.	AP State Fishermen Cooperative Societies Federation, Hyderabad	2010-11 to 2015-16	6
285.	AP Dairy Development Cooperative Federation Ltd., Hyderabad	2013-14 to 2015-16	3
286.	AP Livestock Development Agency, Hyderabad	2014-15 to 2015-16	2
287.	Sri Venkateswara Veterinary University, Tirupathi	2013-14 to 2015-16	3
288.	A P Pollution Control Board, Hyderabad	2014-15 to 2015-16	2
289.	AP State Council of Science & Technology (APCOST), Hyderabad	2007-08 to 2015-16	9
290.	AP State Bio-Diversity Board, Hyderabad	2014-15 to 2015-16	2
291.	Andhra Pradesh State CAMPA	2015-16	1
292.	Zoo Authority of Andhra Pradesh (ZAAP)	2012-13 to 2015-16	4
293.	Environment Protection Training and Research Institute	2015-16	1
294.	Andhra Pradesh State Handloom weavers Co-operative Society Ltd.	2014-15 to 2015-16	2
295.	AP Spinfed, Hyderabad	2004-05 to 2015-16	12
296.	AP Trade Promotion Corporation	2014-15 and 2015-16	2
297.	AP Technology Services Ltd.	2014-15 and 2015-16	2
298.	Ongole Iron Ore Mining Company	2013-14 to 2015-16	3
299.	AP Industrial Development Corporation Ltd.	2014-15 and 2015-16	2
300.	AP State Agro Industries Development Corporation	2014-15 and 2015-16	2
301.	AP Handicrafts Development Corporation	2014-15 and 2015-16	2
302.	AP Industrial Infrastructure Corporation Ltd	2014-15 and 2015-16	2
303.	AP Mineral Development Corporation Ltd	2013-14 to 2015-16	3

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
304.	Vizag Apparel Park for Exports	2012-13 to 2015-16	4
305.	AP Aviation Corporation Ltd	2005-06 to 2015-16	11
306.	Krishnapatnam International Leather Complex	2014-15 to 2015-16	2
307.	AP Meat Development Corporation	2014-15 to 2015-16	2
308.	AP State Irrigation Development Corporation	2014-15 to 2015-16	2
309.	AP State Forest Development Corporation	2014-15 to 2015-16	2
310.	AP Power Generation Corporation	2014-15 to 2015-16	2
311.	Transmission Corporation of AP	2014-15 to 2015-16	2
312.	AP Power Finance Corporation Ltd	2015-16	1
313.	AP State Warehousing Corporation Ltd	2014-15 to 2015-16	2
314.	AP State Road Transport Corporation	2014-15 to 2015-16	2
315.	AP Electricity Regulatory Commission	2014-15 (4 Nov 2014 to 31 March 2015) & 2015-16	2
316.	Rytu Sadhikara Samstha	2014-15 to 2015-16	2
317.	New and Renewable Energy Development Corporation of AP	2014-15 to 2015-16	2
318.	Leather Industries Development Corporation of AP Ltd	2014-15 to 2015-16	2
319.	Andhra Pradesh Rajiv Swagruha Corporation Ltd	2014-15 to 2015-16	2
320.	Indira Gandhi Centre for Advanced Research on Livestock Private Ltd.	2015-16	1
321.	Andhra Pradesh State Beverages Corporation Ltd.	2015-16	1
322.	Andhra Pradesh State Fibernet Ltd.	2015-16	1
323.	Bhogapuram International Airport	2015-16	1
324.	Vijayawada Urban Transport Company Ltd.	2011-12 to 2015-16	5
325.	Andhra Pradesh Gas Infrastructure Corporation Ltd.	2015-16	1
326.	Kakinada Smart City Corporation Ltd.	2015-16	1
327.	Andhra Pradesh Mahila Sadhikara Samstha	2015-16	1
328.	Infrastructure Corporation of Andhra Pradesh Ltd.	2015-16	1
329.	Andhra Pradesh Tribal Power Company Ltd.	2014-15 to 2015-16	2
330.	Andhra Pradesh State Seeds Development Corporation Limited	2015-16	1
331.	Andhra Pradesh State Christian Minorites Finance Corporation Ltd.	2010-11 to 2015-16	6
332.	Andhra Pradesh State Minorites Finance Corporation Ltd.	2014-15 to 2015-16	2
333.	Andhra Pradesh State Police Housing Corporation Ltd.	2014-15 to 2015-16	2
334.	Andhra Pradesh State Housing Corporation Ltd.	2014-15 to 2015-16	2
335.	Andhra Pradesh Urban Finance Infrastructure Development Corporation Ltd.	2014-15 to 2015-16	2
336.	Andhra Pradesh State Civil Supplies Corporation Ltd.	2013-14 to 2015-16	3
337.	Andhra Pradesh State Tourism Development Corporation Ltd.	2014-15 to 2015-16	2

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of November 2016
338.	Andhra Pradesh State Financial Corporation Ltd.	2015-16	1
339.	Overseas Manpower Company of Andhra Pradesh Ltd.	2014-15 to 2015-16	2
340.	Andhra Pradesh Khadi and Village Industries Board(APKVIB)	2014-15 to 2015-16	2
341.	Water and Land Management Training and Research Institute (WALAMTARI), Hyderabad	2013-14 to 2015-16	3
342.	AP Water Resources Development Corporation	2014-15 to 2015-16	2
343.	Society for Andhra Pradesh Network (SAPNET), Hyderabad	2012-13 to 2015-16	4
344.	Andhra Pradesh INVEST	2013-14 to 2015-16	3
345.	Andhra Pradesh Roads Development Corporation	2014-15 to 2015-16	2
	<b>TOTAL</b>		<b>1749</b>

#### Appendix 3.4

#### CCO wise Unreconciled Expenditure (₹ 500 crore and above cases only)

(Refer paragraph 3.4; page 55)

(₹ in crore)

S.No.	Department/Controlling Officer	MH	Unreconciled expenditure
1	Rural Development	2235, 2501 & 2515	4,438.38
2	Energy, Secretariat Department	2801	3,689.94
3	HoD, Municipal Administration	2217	1,495.50
4	HoD, Health	2210	1,180.32
5	Municipal Administration and Urban Development, Secretariat Department	2217	994.47
6	HoD, Backward Classes Welfare	2225	955.42
7	HoD, Commissioner of Transport	4059	898.59
8	Engineer-in-Chief, General & Panchayat Raj	2515	895.37
9	Secretary, State Roads Department, Secretariat, AP Secretariat Buildings	5054	684.31
10	HoD, Social Welfare	2225	644.78
11	Chief Engineer, Administration & EAP (R&B)	5054	633.52
12	HoD, Panchayat Raj	2515	619.91
13	Higher Education, Secretariat Department	2202	548.05
14	Health, Medial & Family Welfare Department, Secretariat	2210	547.66

**Appendix 3.5**  
**Statement showing Department-wise details of pending DC bills at the end of 2015-16**  
**(Refer paragraph 3.6; page 61)**

(₹ in crore)			
Sl. No.	Department	No. of Bills	Amount
1	Roads, Buildings and Ports	5	0.01
2	Agriculture	52	404.01
3	Animal Husbandry, Dairy Development and Fisheries	11	0.07
4	Home	87	22.90
5	Finance	17	3.35
6	BC Welfare	26	0.02
7	Panchayat Raj and Rural Development	33	5.31
8	Food, Civil Supplies and Consumer Affairs	3	0.10
9	Education	141	7.85
10	Revenue	516	259.01
11	Environment, Forest, Science and Technology (₹ 38,361)	15	0.00
12	Health, Medical and Family Welfare	337	0.62
13	Labour, Employment, Training and Factories	9	0.05
14	Industries and Commerce (₹ 15,715)	1	0.00
15	Department for Women, Children, Disabled and Senior Citizens	14	0.07
16	Municipal Administration and Urban Development	3	0.03
17	Directorate of National Cadet Corps (NCC)	123	1.34
18	Law	52	0.02
19	Social Welfare	28	0.12
20	Tourism, Art and Culture	5	0.10
21	Transport Administration	4	0.19
22	Tribal Welfare	16	0.68
23	General Administration	8	0.70
	<b>Total</b>	<b>1506</b>	<b>706.56</b>

**Appendix 3.6**  
**Statement showing Department-wise details of pending DC bills (more than 100 bills)**  
**(Refer paragraph 3.6; page 61)**

(₹ in crore)			
Sl. No.	Department	No. of Bills	Amount
1.	Revenue	516	259.01
2	Health, Medical and Family Welfare	337	0.62
3	Education	141	7.85
4	Youth Advancement, Tourism and Culture	128	1.44
	<b>Total</b>	<b>1122</b>	<b>268.92</b>

## Appendix 3.7

## Major head wise expenditure booked under MiH 800

(Refer paragraph 3.7; page 62)

(₹ in lakh)

Sl. No.	MH	Description	Total Expenditure	Expenditure booked under 800	Percentage
1	2013	Council of Ministers	2304.05	502.04	21.79
2	2014	Administration of Justice	50969.4	2001.36	3.93
3	2029	Land Revenue	9295.13	454.44	4.89
4	2039	State Excise	27889.49	86.09	0.31
5	2053	District Administration	84073.97	48.4	0.06
6	2055	Police	360888.91	876.51	0.24
7	2056	Jails	13910.13	153.08	1.1
8	2070	Other Administrative Services	26750.96	1835.68	6.86
9	2071	Pensions and Other Retirement Benefits	1124866.04	13308.05	1.18
10	2202	General Education	1517436.29	54809.54	3.61
11	2210	Medical and Public Health	359128.53	24224.95	6.75
12	2216	Housing	137860.21	23106.81	16.76
13	2217	Urban Development	253139.49	2071.23	0.82
14	2220	Information and Publicity	16893.61	10	0.06
15	2225	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	560324.43	54475	9.72
16	2236	Nutrition	333691.75	230000	68.93
17	2245	Relief on account of Natural Calamities	105034.31	474.1	0.45
18	2250	Other Social Services	3500	3500	100
19	2401	Crop Husbandry	321253.8	187894.01	58.49
20	2403	Animal Husbandry	53470.27	3165.15	5.92
21	2405	Fisheries	18971.63	11657.75	61.45
22	2501	Special Programmes for Rural Development	456752.38	363601.22	79.61
23	2515	Other Rural Development Programmes	367913.2	6269.05	1.7
24	2700	Major Irrigation	53414.15	18562.56	34.75
25	2702	Minor Irrigation	8536.84	3500.8	41.01
26	2711	Flood Control and Drainage	22.19	22.13	99.68
27	2801	Power	373244.65	368993.75	98.86
28	2810	New and Renewable Energy	7393.6	287.6	3.89
29	2852	Industries	15358.9	5694.82	37.08
30	2875	Other Industries	200	200	100
31	3054	Roads and Bridges	106104.59	69888.22	65.87
32	3451	Secretariat-Economic Services	98165.95	2518	2.57
33	3454	Census, Surveys and Statistics	10050.96	5359.48	53.32
34	3456	Civil Supplies	17314.76	5419.23	31.3
35	4055	Capital Outlay on Police	12986.58	4326.63	33.32
36	4070	Capital Outlay on Other Administrative Services	901.83	901.83	100
37	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes & Minorities	54945.17	3335.15	6.07
38	4235	Capital Outlay on Social Security and Welfare	10523.39	100	0.95
39	4401	Capital Outlay on Crop Husbandry	1312.86	120.48	9.18

40	4700	Capital Outlay on Major Irrigation	756122.83	51693.27	6.84
41	4701	Capital Outlay on Medium Irrigation	6139.58	896.6	14.6
42	5054	Capital Outlay on Roads and Bridges	243602.61	238872.73	98.06
43	5475	Capital Outlay on Other General Economic Services	8877.94	8877.94	100

**Appendix 3.8**

**Major Head wise receipts booked under MiH 800**

(Refer paragraph 3.7; page 62)

(₹ in lakh)

Sl. No.	MH	Description	Total Receipts	Receipts booked under 800	Percentage
1	0029	Land Revenue	5235.45	2250.29	42.98
2	0030	Stamps and Registration Fees	352714.77	8238.88	2.34
3	0039	State Excise	438592.01	34606.96	7.89
4	0040	Taxes on Sales, Trade etc.	2910422.74	1673.01	0.06
5	0041	Taxes on Vehicles	208242.76	8634.97	4.15
6	0043	Taxes and Duties on Electricity	17590	0.92	0.01
7	0045	Other Taxes and Duties on Commodities and Services	13670.72	52.36	0.38
8	0049	Interest Receipts	13291.44	2066.5	15.55
9	0055	Police	18859.58	874.91	4.64
10	0056	Jails	24.45	24.45	100
11	0058	Stationery and Printing	24.18	3	12.41
12	0059	Public Works	333.06	28.32	8.5
13	0070	Other Administrative Services	21428.17	15288.57	71.35
14	0071	Contributions and Recoveries towards Pension and other Retirement Benefits	734	1.48	0.2
15	0075	Miscellaneous General Services	5383.99	3973.44	73.8
16	0202	Education, Sports, Art and Culture	85631.8	139.57	0.16
17	0210	Medical and Public Health	7036.18	54.09	0.77
18	0211	Family Welfare	487.54	487.54	100
19	0215	Water Supply and Sanitation	850.94	37.1	4.36
20	0216	Housing	106.13	13.28	12.51
21	0217	Urban Development	171.52	171.52	100
22	0220	Information and Publicity	17.25	0.82	4.75
23	0230	Labour and Employment	1605.31	130.38	8.12
24	0235	Social Security and Welfare	54961.32	54961.32	100
25	0250	Other Social Services	494.03	5.02	1.01
26	0401	Crop Husbandry	209.22	151.4	72.36
27	0403	Animal Husbandry	36.09	4.21	11.67
28	0405	Fisheries	253.48	177.28	69.94
29	0406	Forestry and Wild Life	47076.14	3050.61	6.48
30	0425	Co-operation	1716.27	1679.09	97.83
31	0506	Land Reforms	111.25	111.25	100

<b>32</b>	0515	Other Rural Development Programmes	33949.59	33949.57	100
<b>33</b>	0700	Major Irrigation	14485.12	11421.62	78.85
<b>34</b>	0701	Medium Irrigation	284.46	280.63	98.65
<b>35</b>	0702	Minor Irrigation	90.63	77.79	85.83
<b>36</b>	0801	Power	1245.45	713.5	57.29
<b>37</b>	0851	Village and Small Industries	525.69	1.8	0.34
<b>38</b>	0853	Non-Ferrous Mining & Metallurgical Industries	152333.66	1475.96	0.97
<b>39</b>	0875	Other Industries	0.17	0.17	100
<b>40</b>	1051	Ports and Light Houses	18995.27	18995.27	100
<b>41</b>	1054	Roads and Bridges	4758.83	4620.33	97.09
<b>42</b>	1056	Inland Water Transport	0.01	0.01	100
<b>43</b>	1452	Tourism	21.17	21.17	100
<b>44</b>	1456	Civil Supplies	545.68	544.81	99.84
<b>45</b>	1475	Other General Economic Services	2781.47	211.78	7.61
<b>46</b>	1601	Grants-in-aid from Central Government	2192746.43	303419.01	13.84

## Appendix 4.1 Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal liabilities}) / 2] * 100$
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction or avoidance of debt
Buoyancy of a parameter	Rate of Growth of parameter/GSDP Growth Rate
Buoyancy of a parameter (X) with respect to another parameter(Y)	Rate of Growth of parameter(X)/ Rate of Growth of parameter(Y)
Development Expenditure	Social Services + Economic Services
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Interest spread	GSDP growth rate – Average Interest Rate
Primary Deficit	Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State during the course of the year (Fiscal Deficit – Interest payments)
Quantum spread	Debt stock * Interest spread
Rate of growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Terms	Description
Absorptive capacity	Absorptive capacity refers to the ability of a State to implement a developmental scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the design of schemes is well planned with careful risk mitigation strategy in place, administrative costs are low, operation, maintenance, monitoring and control mechanisms are in place etc so that the State is able to effectively achieve targeted outcomes.
Average interest rate	Average interest rate is defined as the percentage of interest payment made to average financial liabilities of the State during the year (sum of opening and closing balances of fiscal liabilities/2) X 100
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a 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>
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
Debt Consolidation and Relief Facility	In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme “The States’ Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)” under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States of enacting the FRBM Act and debt waiver is granted on fiscal performance, linked to the reduction of revenue deficits of States

Terms	Description
Development expenditure	The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are 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.
Debt sustainability	Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It means that rise in fiscal deficit should match with the increase in the State's capacity to service the incremental debt from additional revenues generated from the use of such debt in creating income generating capital assets.
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-GSDP ratio is likely to be stable provided primary balances are either zero or positive. 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 not rise. 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.
Merit goods	Merit goods are commodities that the public sector provides free of cost or at categorized rates because an individual or society should have them on the basis of some concept of need rather than the ability and willingness to pay for their costs. The examples of such goods include the provision of free or subsidized food for the poor to support nutrition, the delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
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.
Primary revenue deficit	Primary revenue deficit defined as gap between non-interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.
Primary expenditure	Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.
Sufficiency of 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.

## Appendix 4.2

### Acronyms and Abbreviations

Acronym	Full Form
<b>AC BILL</b>	Abstract Contingent Bill
<b>AP</b>	Andhra Pradesh
<b>APBM</b>	Andhra Pradesh Budget Manual
<b>APCRDA</b>	Andhra Pradesh Capital Region Development Authority
<b>APFC</b>	Andhra Pradesh Financial Code
<b>APIIC</b>	Andhra Pradesh Industrial Infrastructure Corporation
<b>APMDP</b>	Andhra Pradesh Municipal Development Project
<b>APMIP</b>	Andhra Pradesh Micro Irrigation Project
<b>APMSIDC</b>	Andhra Pradesh Medical Service & Infrastructure Development Corporation
<b>APSHC</b>	Andhra Pradesh State Housing Corporation
<b>APSHQT</b>	AP State Headquarters Treasury
<b>APUFIDC</b>	Andhra Pradesh Urban Finance Infrastructure Development Corporation
<b>APVVP</b>	Andhra Pradesh Vaidya Vidhana Parishad
<b>AWCs</b>	Anganwadi Centres
<b>BC</b>	Backward Classes
<b>BE</b>	Budget Estimates
<b>BPL</b>	Below Poverty Line
<b>CAG</b>	Comptroller and Auditor General
<b>CAGR</b>	Compound Annual Growth Rate
<b>CAS, RBI</b>	Central Accounts Section, Reserve Bank of India
<b>CASP</b>	Centrally Assisted State Plan
<b>CCO</b>	Chief Controlling Officer
<b>CDMA</b>	Commissioner and Director of Municipal Administration
<b>CHCs</b>	Community Health Centres
<b>CPO</b>	Chief Planning Officer
<b>DC BILL</b>	Detailed Contingent Bill
<b>DDO</b>	Drawing and Disbursing Officer
<b>DISCOM</b>	Distribution Company
<b>DTA</b>	Directorate of Treasuries and Accounts
<b>DTO</b>	District Treasury Officer
<b>DWACRA</b>	Development of Women and Children in Rural Areas

<b>Acronym</b>	<b>Full Form</b>
<b>EMRS</b>	Ekalavya Model Residential Schools
<b>FC</b>	Finance Commission
<b>FRBM</b>	Fiscal Responsibility and Budget Management
<b>GCPS</b>	Girl Child Protection Scheme
<b>GDP</b>	Gross Domestic Product
<b>GoAP</b>	Government of Andhra Pradesh
<b>GoI</b>	Government of India
<b>GSDP</b>	Gross State Domestic Product
<b>GVMC</b>	Greater Visakha Municipal Corporation
<b>HoDs</b>	Head of Departments
<b>IAY</b>	Indira Awas Yojana
<b>ICDS</b>	Integrated Child Development Services
<b>IGNOAPS</b>	Indira Gandhi National Old Age Pension Scheme
<b>INDIRAMMA</b>	Integrated Novel Development in Rural Areas and Model Municipal Areas
<b>IT</b>	Information Technology
<b>ITE&amp;C</b>	Information Technology, Electronics & Communications
<b>JDA</b>	Joint Director of Agriculture
<b>JNNURM</b>	Jawaharlal Nehru National Urban Renewal Mission
<b>LIC</b>	Life Insurance Corporation of India
<b>LPG</b>	Liquified Petroleum Gas
<b>MA&amp;UD</b>	Municipal Administration and Urban Development
<b>MCs/ NPs</b>	Municipal Councils/ Nagar Panchayats
<b>MD</b>	Managing Director
<b>MEFS</b>	Macro-Economic Framework Statement
<b>MEPMA</b>	Mission for Elimination of Poverty in Municipal Areas
<b>MH</b>	Major Head
<b>MIDH</b>	Mission for Integrated Development of Horticulture
<b>NABARD</b>	National Bank for Agriculture and Rural Development
<b>NCDC</b>	National Co-operative Development Corporation
<b>NHM</b>	National Horticulture Mission
<b>NRDWP</b>	National Rural Drinking Water Programme
<b>NRHM</b>	National Rural Health Mission
<b>NSSF</b>	National Small Savings Fund

<b>Acronym</b>	<b>Full Form</b>
<b>NTR</b>	Nandamuri Taraka Rama Rao
<b>NUHM</b>	National Urban Health Mission
<b>NULM</b>	National Urban Livelihood Mission
<b>OD</b>	Over Draft
<b>OTR</b>	Own Tax Revenue
<b>PAC</b>	Public Accounts Committee
<b>PAG (A&amp;E)</b>	Principal Accountant General (Accounts and Entitlement)
<b>PD</b>	Personal Deposit
<b>PHC</b>	Primary Health Centre
<b>PKVY</b>	Paramparagath Krishi Vikas Yojana
<b>PRI</b>	Panchayat Raj Institutions
<b>RAY</b>	Rajiv Awas Yojana
<b>RBI</b>	Reserve Bank of India
<b>RBD</b>	Reserve Bank Deposit
<b>RBS</b>	Reserve Bank Suspense
<b>RIDF</b>	Rural Infrastructure Development Fund
<b>RKVY</b>	Rashtriya Krishi Vikas Yojana
<b>RTF</b>	Reimbursement of Tuition fee
<b>SAC</b>	Swach Andhra Corporation
<b>SAMETI</b>	State Agricultural Management & Extension Training Institute
<b>SBI</b>	State Bank of India
<b>SFC</b>	State Finance Commission
<b>SJSRY</b>	Swarna Jayanti Shahari Rozgar Yojana
<b>SWMA</b>	Special Ways and Means Advances
<b>TDS</b>	Tax Deducted at Source
<b>TPDS</b>	Targeted Public distribution System
<b>TRANSCO</b>	Transmission Corporation
<b>UC</b>	Utilisation Certificate
<b>ULBs</b>	Urban Local Bodies
<b>VMC</b>	Vijayawada Municipal Corporation
<b>WMA</b>	Ways and Means Advances
<b>ZP</b>	Zilla Parishad



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