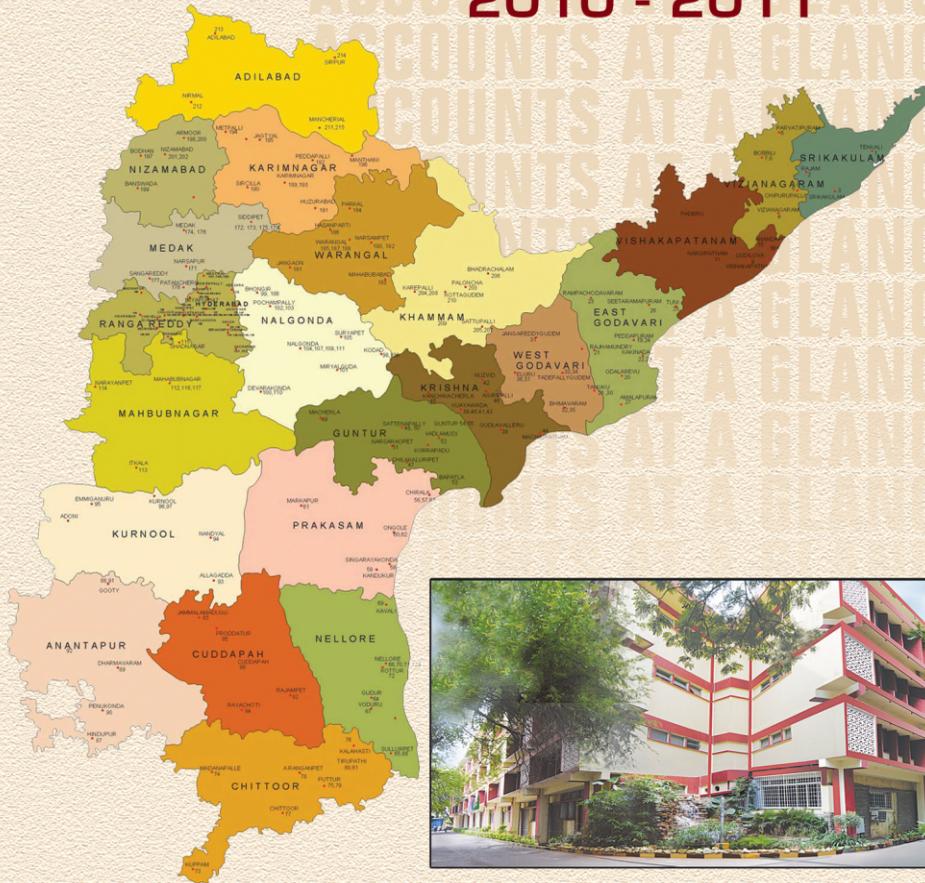




Government of Andhra Pradesh

Accounts at a glance 2010 - 2011



PRINCIPAL ACCOUNTANT GENERAL
(Accounts and Entitlements)

Andhra Pradesh, Hyderabad





Government of Andhra Pradesh

**ACCOUNTS AT A GLANCE
2010-2011**

**PRINCIPAL ACCOUNTANT GENERAL
(Accounts and Entitlements)**

ANDHRA PRADESH, HYDERABAD



Andhra Pradesh Legislative Assembly

P R E F A C E

The publication, 'Accounts at a Glance', is prepared annually under the directions of the Comptroller and Auditor General of India, and is intended to distil and make more accessible the voluminous information contained in the Finance and Appropriation Accounts that are placed every year before the appropriate Legislatures in accordance with Article 149 of the Constitution of India.

This year, the Honourable Speaker of the Andhra Pradesh Legislative Assembly, the Honourable Chairman of the Andhra Pradesh Legislative Council and the Comptroller and Auditor General of India, have approved our proposal to prepare and place the Finance and Appropriation Accounts in digital format. A combined reading of the digital version of Finance and Appropriation Accounts and Accounts at a Glance will help the stakeholder to more effectively comprehend the various facets of the finances of the Government of Andhra Pradesh.

The digital version has the look and feel of the printed version. Readers will enjoy the experience. A users' guide is also provided.

As always, suggestions and comments are welcome.

Our email address : agaeAndhraPradesh@cag.gov.in



V. Ravindran

*Principal Accountant General (A&E)
Andhra Pradesh*

Place : Hyderabad

Date : 1st December 2011

Our Vision, Mission and Core Values

The **vision** of the institution of the Comptroller and Auditor General of India represents what we aspire to become

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognised for independent, credible, balanced and timely reporting on public finance and governance.

Our **mission** enunciates our current role and describes what we are doing today

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders- the Legislature, the Executive and the Public- that public funds are being used efficiently and for the intended purposes.

Our **core values** are the guiding beacons for all that we do and give us the benchmarks for assessing our performance

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach

TABLE OF CONTENTS

Chapter 1	Overview	Page
1.1	Introduction	5
1.2	Structure of Accounts	5
1.3	Finance Accounts and Appropriation Accounts	6
1.4	Sources and Application of Funds	8
1.5	Highlights of Accounts	11
1.6	What the Deficit and Surplus indicate	12
Chapter 2	Receipts	
2.1	Introduction	16
2.2	Revenue Receipts	16
2.3	Trend of Receipts	18
2.4	Performance of State's own Tax Revenue Collection	20
2.5	Efficiency of Tax Collection	20
2.6	Trend in State's share of Union Taxes	21
2.7	Grants in Aid	22
2.8	Public Debt	23
Chapter 3	Expenditure	
3.1	Introduction	24
3.2	Revenue Expenditure	24
3.3	Capital Expenditure	26
Chapter 4	Plan & Non Plan Expenditure	
4.1	Distribution of Expenditure	28
4.2	Plan Expenditure	28
4.3	Non Plan Expenditure	30
4.4	Committed Expenditure	31
Chapter 5	Appropriation Accounts	
5.1	Summary of Appropriation Accounts	32
5.2	Trend of Saving/Excess	32
5.3	Significant Savings	33
Chapter 6	Assets and Liabilities	
6.1	Assets	34
6.2	Debt and Liabilities	34
6.3	Guarantees	35
Chapter 7	Other Items	
7.1	Adverse Balances under Internal Debt	36
7.2	Loans and Advances by the State Government	36
7.3	Financial Assistance to Local Bodies and Others	36
7.4	Cash Balance and investment of Cash Balance	37
7.5	Reconciliation of Accounts	37
7.6	Submission of Accounts by Treasuries	38
7.7	Rush of Expenditure	38
7.8	Commitments on account of Incomplete Capital Works	40

OVERVIEW

1.1. Introduction

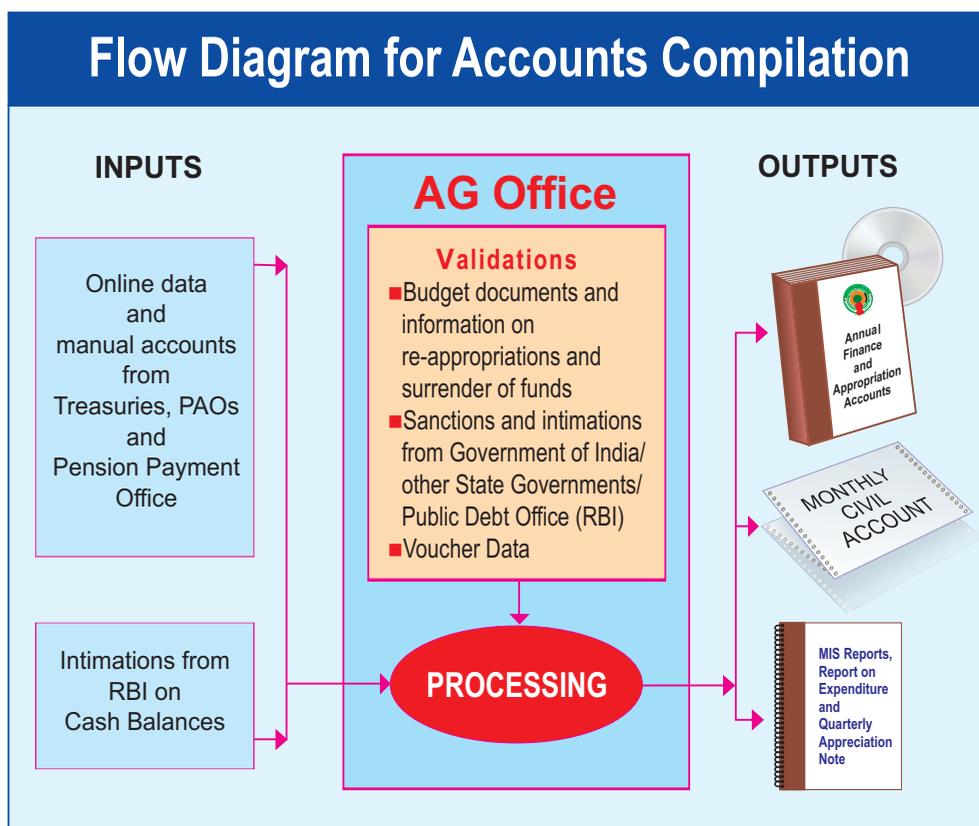
The Principal Accountant General (Accounts and Entitlements), Andhra Pradesh - PAG (A&E) - compiles the accounts of receipts and expenditure of the Government of Andhra Pradesh. This compilation is based on the initial accounts rendered by the District Treasuries and Pay and Accounts Offices (PAOs) of the State Government, information received from the Government of India and other State Governments on their financial transactions with the Government of Andhra Pradesh, and intimations (known as clearance memos) of the Reserve Bank of India regarding changes to the State's Cash Balance. Based on these, the PAG (A&E) furnishes the Monthly Civil Accounts to the Finance Department. At the end of the year, after audit by the Accountant General (Civil Audit), Andhra Pradesh, and certification by the Comptroller and Auditor General of India, the PAG (A&E) submits the Finance Accounts and the Appropriation Accounts of the State Government to the Governor and the Finance Department for placing before the State Legislature.

1.2. Structure of Accounts

1.2.1. Government Accounts are kept in three parts:

<p>Part 1 CONSOLIDATED FUND</p>	<p>Comprises all receipts of the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon)</p> <p>All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), is met from this Fund.</p>
<p>Part 2 CONTINGENCY FUND</p>	<p>The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorisation by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund.</p> <p>The corpus of this fund for the Government of Andhra Pradesh is ₹50 crore.</p>
<p>Part 3 PUBLIC ACCOUNT</p>	<p>All public moneys received, other than those credited to the Consolidated Fund, are accounted for under the Public Account. In respect of such receipts, Government acts as a banker or trustee.</p> <p>The Public Account comprises: repayables like Small Savings and Provident Funds; Reserve Funds; Deposits and Advances. Suspense and Miscellaneous transactions (adjusting entries pending booking to final heads of account); Remittances between accounting entities; and Cash Balance.</p>

1.2.2. *Compilation of Accounts*



1.3. Finance Accounts and Appropriation Accounts

1.3.1. *Finance Accounts*

The two volumes of the Finance Accounts contain details of the receipts and disbursements of the Government for the year. Volume I contains the certificate of the Comptroller and Auditor General of India, summarised statements of overall receipts and disbursements and 'notes to accounts' containing the summary of significant accounting policies, quality of accounts and other items; Volume II contains other summarised statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

Receipts and disbursements of the State Government during 2010-11 are as below:

(In ₹ Crore)

Receipts (Total: 92,972)	Revenue (Total: 80,996)	Tax Revenue	60,376
		Non Tax Revenue	10,720
		Grants in Aid	9,900
	Capital (Total: 11,976)	Recovery of Loans and Advances	173
		Borrowings and other Liabilities (*)	11,803
Disbursements (Total: 92,972)	Revenue		78,534
	Capital		11,123
	Loans and Advances		3,315

(*) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance

In addition to the expenditure approved for the year by the Andhra Pradesh Legislature, Government of India transfers funds directly to State Implementing Agencies and Non Government Organisations (NGOs) in the State for spending on various schemes and programmes. Such transfers (amounting to ₹12,224 crore this year) are not reflected in the accounts of the State Government, but have been shown at Appendix VII in Volume II of the Finance Accounts.

1.3.2. Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with the authorisation of the Legislature. Barring certain expenditure specified in the Constitution as "charged" on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be "voted". The budget of the Andhra Pradesh Government has 21 charged Appropriations and 40 voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriations authorised by the Legislature through the Appropriation Act of each year.

At the end of the year, the actual expenditure of the Government of Andhra Pradesh against the budget approved by the Legislature, showed a net savings of ₹21,443 crore (17% of estimates) and under-estimation of ₹832 crore (129% of estimates) on reduction of expenditure. Certain grants, like those relating to Women, Child and

Disabled Welfare, Minor Irrigation, Information Technology and Communication and Public Enterprises showed substantial savings, ranging from 46% to 67% of the Budget estimates, which could be due to one or more of the following reasons: over-estimation of requirements, inadequate planning or delayed release of funds.

Out of the total expenditure during the year, ₹670 crore was drawn through abstract contingent (AC) bills and booked to the final head of account. Under the rules, drawing and disbursing officers (DDOs) are permitted to draw money in advance through AC bills, pending submission of detailed contingent (DC) bills with supporting documents. The submission of DC bills within 90 days of drawing AC bills, as required under the rules, is necessary to provide assurance that the legislative intent underlying the expenditure has been fulfilled. It is of interest to note that as on 31st March 2011, approximately 1.18 lakh AC bills of various departments amounting to ₹1,466 crore awaited settlement, indicating the extent to which legislative intent has not been met.

Similarly, the rules permit the operation of personal deposit (PD) accounts for specific purposes. Designated administrators are allowed to transfer funds to these PD accounts and treat such transfers as expenditure booked to the final head of account. However, since details of transactions relating to the PD accounts are available only with the treasuries and the Finance Department, it is not known whether unspent balances lying in such PD accounts are refunded to Government account at the end of the year, as required under the rules. Apart from the fact that operation of PD accounts results in considerable opacity in Government accounting with increased potential for fraud, it provides opportunities for 'smoothening' and projecting a more desirable and consistent trend of fiscal deficit, by transferring surplus funds to PD accounts in favourable years and reversing the transfer in adverse years. In fact, last year, when on account of a fiscal deficit above the acceptable ceiling, Government of India denied Government of Andhra Pradesh a debt waiver of ₹703 crore, the State was able to rectify the situation through a series of last minute actions, including refund of ₹550 crore from PD accounts to Government account. It is also of interest to note that during 2010-11, ₹2,632 crore was transferred from the Consolidated Fund to PD Accounts.

1.4. Sources and Application of Funds

1.4.1. *Ways and Means Advances*

Reserve Bank of India (RBI) extends Ways and Means Advances (WMA) and Overdraft (OD) facilities to enable State Governments to tide over temporary shortfalls in their cash balances. During 2010-11, Government of Andhra Pradesh availed of special WMA (₹218 crore) for three days, from 09-04-2010 to 11-04-2010.

Sources and Application of Funds

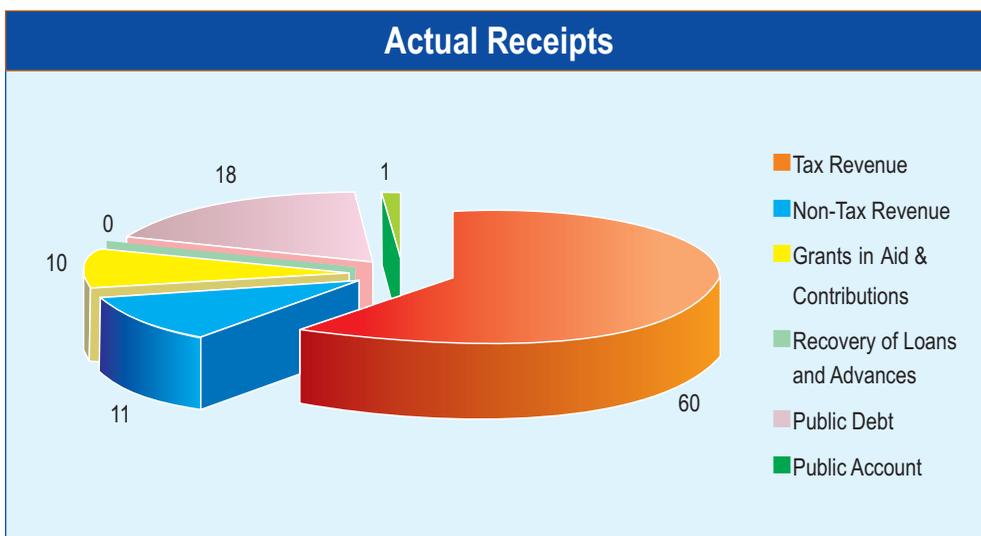
(In ₹ Crore)

	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1-4-2010	32
	Revenue Receipts	80,996
	Recovery of Loans & Advances	173
	Public Debt*	18,722
	Small Savings, Provident Fund & Others*	3,130
SOURCES	Reserves & Sinking Funds*	3,536
	Deposits Received*	38,539
	Civil Advances Repaid*	69
	Suspense Account*	89,612
	Remittances*	15,030
	TOTAL	2,49,839

	Revenue Expenditure	78,534
	Capital Expenditure	11,123
	Loans Given	3,315
	Repayment of Public Debt*	7,881
	Small Savings Provident Fund & Others*	1,527
	Reserves & Sinking Funds*	2,591
APPLICATION	Deposits Spent*	36,830
	Civil Advances Given*	75
	Suspense Account*	91,813
	Remittances*	16,381
	Contingency Fund	1
	Closing Cash Balance as on 31-03-2011	(-)232
	TOTAL	2,49,839

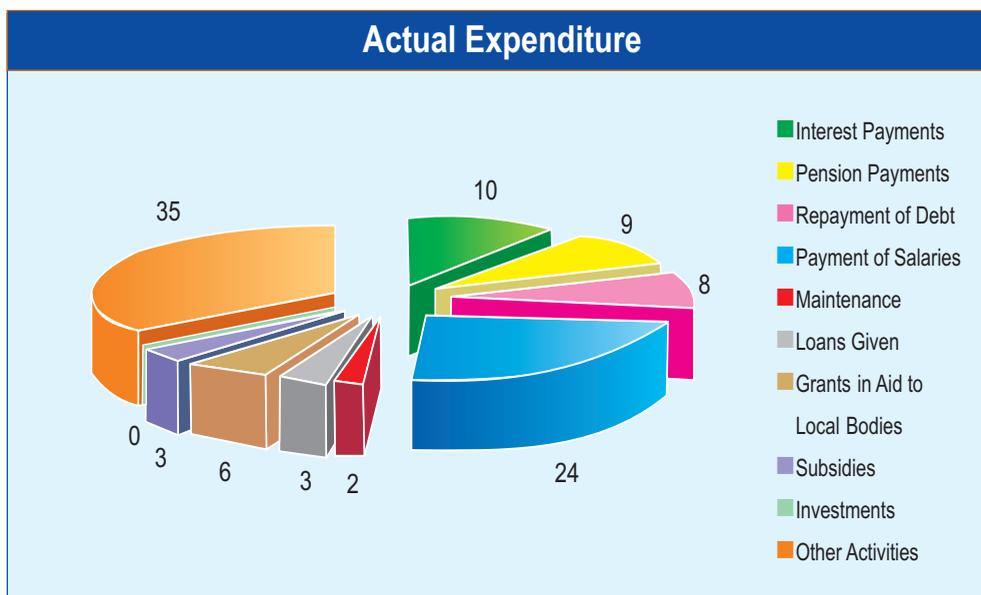
- Note:
- Items indicated with "*" are gross figures, and are eventually to be netted off, reducing the 'Total'.
 - The Suspense Accounts include ₹75,439 crore invested in treasury bills which is shown on the 'Application' side, and ₹73,179 crore worth of treasury bills sold through the RBI (a process known as 're-discounting') which is shown on the 'Sources' side. The net of such investment (₹2,260 crore) supplements the Closing Cash Balance of the State Government.

1.4.2. Where the Rupee came from



Note: Contingency Fund, Public Account and Cash Balance components above are taken as 'net' and not 'gross' as shown in the Sources & Application Table (para 1.4).

1.4.3. Where the Rupee went



Note: i) Contingency Fund, Public Account and Cash Balance components above are taken as 'net' and not 'gross' as shown in the Sources and Application Table (para 1.4).
 ii) Zero depicts negligible investment (₹43 crore) in Public Sector Undertakings (PSUs) during the year.

1.5. Highlights of Accounts

(In ₹ Crore)

Components	B.E 2010 - 11	Actuals	Percentage of actuals to B.E	Percentage of actuals to GSDP(\$)
1. Tax Revenue (@)	61,504	60,376	98	11
2. Non-Tax Revenue	15,703	10,720	68	2
3. Grants in Aid & Contributions	13,441	9,900	74	2
4. Revenue Receipts (1+2+3)	90,648	80,996	89	14
5. Recovery of Loans and Advances	296	173	58	---
6. Borrowings & other Liabilities (A)	12,983	11,803	91	2
7. Capital Receipts (5+6)	13,279	11,976	90	2
8. Total Receipts(4+7)	1,03,927	92,972	89	16
9. Non-Plan Expenditure (*)	63,614	58,938	93	10
10. NPE on Revenue Account	63,491	58,833	93	10
11. NPE on Interest Payments out of 10	10,196	9,675	95	2
12. NPE on Capital Account	123	105	85	—
13. Plan Expenditure (*)	40,313	34,034	84	6
14. PE on Revenue Account	23,609	19,701	83	3
15. PE on Capital Account	16,704	14,333	86	3
16. Total Expenditure (9+13)	1,03,927	92,972	89	16
17. Revenue Expenditure (10+14)	87,100	78,534	90	14
18. Capital Expenditure(12+15) (#)	16,827	14,438	86	3
19. Revenue Surplus (4-17)	3,548	2,462	69	--
20. Fiscal Deficit (4+5-16)	12,983	11,803	91	2

(\$)

GSDP figure of ₹5,67,636 crore adopted from the Economic Survey published by the Planning Department, Government of Andhra Pradesh.

@) Includes State's share of Union Taxes of ₹15,237 crore.

(A) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt (₹10,841 crore) + Net of Contingency Fund+ Net (Receipts - Disbursements) of Public Account (₹699 crore) + Net of opening and closing cash balance (₹264 crore).

(*) Expenditure includes loans and advances under non-plan (₹102 crore) and under plan (₹3,213 crore).

(#) Expenditure on capital account includes capital expenditure (₹11,123 crore) and loans and advances disbursed (₹3,315 crore).

The revenue surplus of ₹2,462 crore (₹1,230 crore in 2009-10) and fiscal deficit of ₹11,803 crore (₹14,010 crore in 2009-10) represented 0.43% and 2% of the Gross State Domestic Product (GSDP)¹. The fiscal deficit constituted 13% of total expenditure. Around 53% of the revenue receipts (₹80,996 crore) of the State Government was spent on committed expenditure like salaries² (₹23,844 crore), interest payments (₹9,675 crore) and pensions (₹9,609 crore).

1.6. What the Deficit and Surplus indicate

<p>Deficit</p>	<p>Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.</p>
<p>Revenue Deficit /Surplus</p>	<p>Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.</p>
<p>Fiscal Deficit/Surplus</p>	<p>Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the borrowings should be invested in capital projects.</p>

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Prudent financial management involves the generation of an annual revenue surplus, (revenue receipt exceeding revenue expenditure), and a modest fiscal deficit, with borrowings limited to meet capital expenditure. Accordingly, the 12th Finance Commission recommended that States enact their own Fiscal Responsibility and Budget Management (FRBM) Acts committing them to achieving revenue surplus and limiting fiscal deficit to 3% of GSDP by 2009-10. Government of India also

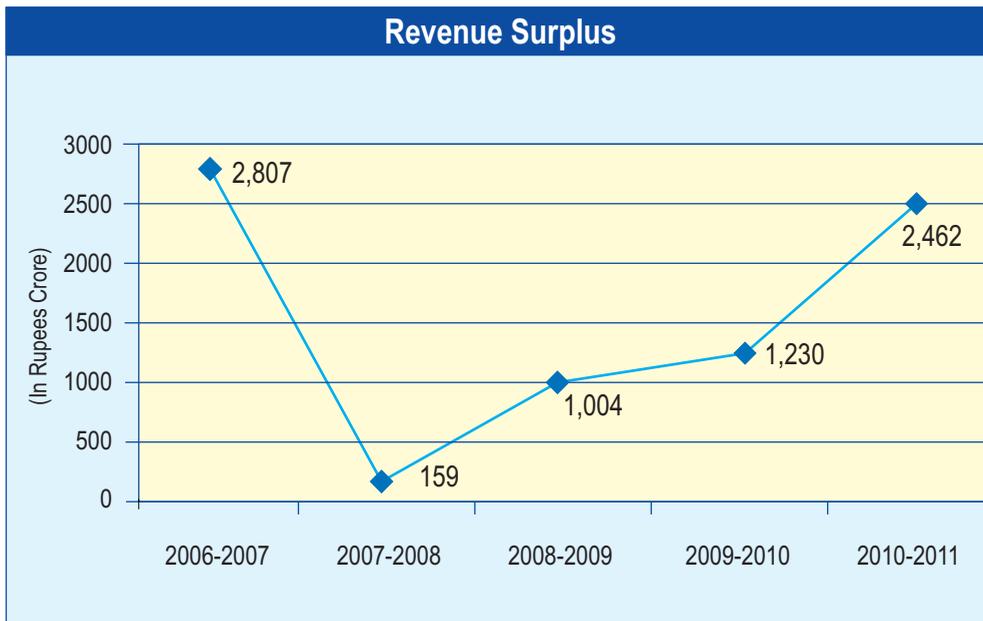
- 1 Except where indicated otherwise, GSDP figures used in this publication are adopted from the provisional figures estimated by the Economic Survey of the Planning Department, Government of Andhra Pradesh, during the relevant year.
- 2 Includes detailed heads 010-Salaries (₹20,547 crore), 020-Wages (₹38 crore), 030-Overtime allowance (negligible), 270/273-Work charged establishment (₹450 crore) & 310/311-Grants in Aid towards salaries (₹2,809 crore).

extended a Debt Consolidation and Relief Facility (DCRF) to all States adopting the above recommendation. However, in view of the exceptional circumstances resulting in the disruption of the consolidation process in 2008-09 and 2009-10, Government of India relaxed the fiscal deficit - GSDP ratio ceiling for these years to 3.5% and 4% respectively. Since some States which had achieved revenue surplus earlier would have slipped as a result of the global financial turmoil of 2008-09, the 13th Finance Commission recommended that such States should re-achieve their revenue surplus and fiscal deficit targets from 2011-12 onwards.

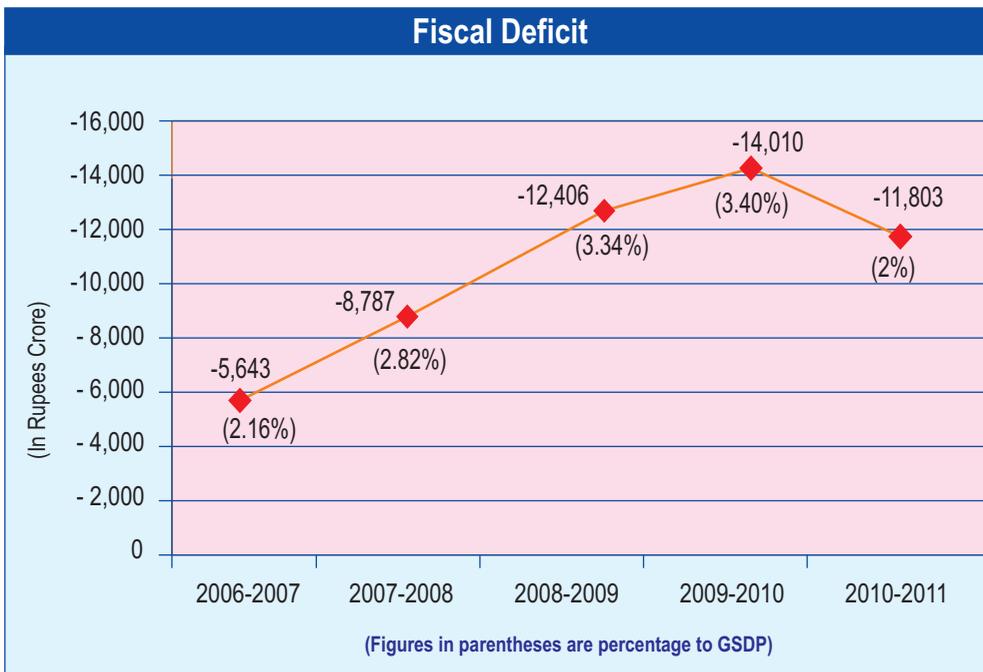
Andhra Pradesh, which enacted its FRBM Act in 2005, has achieved and maintained revenue surplus since 2006-07 onwards, despite the global turmoil. By its own estimation, based on the GSDP estimation of its planning department, the State Government achieved its fiscal deficit target in 2008-09, and received ₹703 crore under the DCRF, which was paid in 2008-09 itself. In 2009-10, however, Government of India claimed that the State had not achieved its fiscal deficit targets as calculated from GSDP projections of the 12th Finance Commission, and withdrew the DCRF already granted for 2008-09 and refused to provide it for 2009-10. To counter this, the State Government resorted to last minute lapsing of funds parked and lying un-lapsed in earlier years in personal deposit (PD) accounts and under public works deposits. By this device, the State became eligible for the DCRF for 2009-10, which it received in 2010-11. In the meantime, the 13th Finance Commission has recommended that the DCRF be ended with effect from 31st March 2010. Consequently, the State is unlikely to receive any further benefits under the DCRF.

According to the 13th Finance Commission, 2010-2011 is the year of adjustment, and the category of States to which Andhra Pradesh belongs should achieve and maintain the target of 3% fiscal deficit-GSDP ratio from 2011-12 onwards. Taking the GSDP estimates for 2010-11 either as ₹5,67,636 crore (based on State Government estimations) or as ₹5,24,286 crore (based on the projections of Government of India), the fiscal deficit-GSDP ratio for Andhra Pradesh is well within the ceiling, at 2% and 2.25% respectively. The revenue surplus-GSDP ratio was between 0.43% and 0.47% respectively.

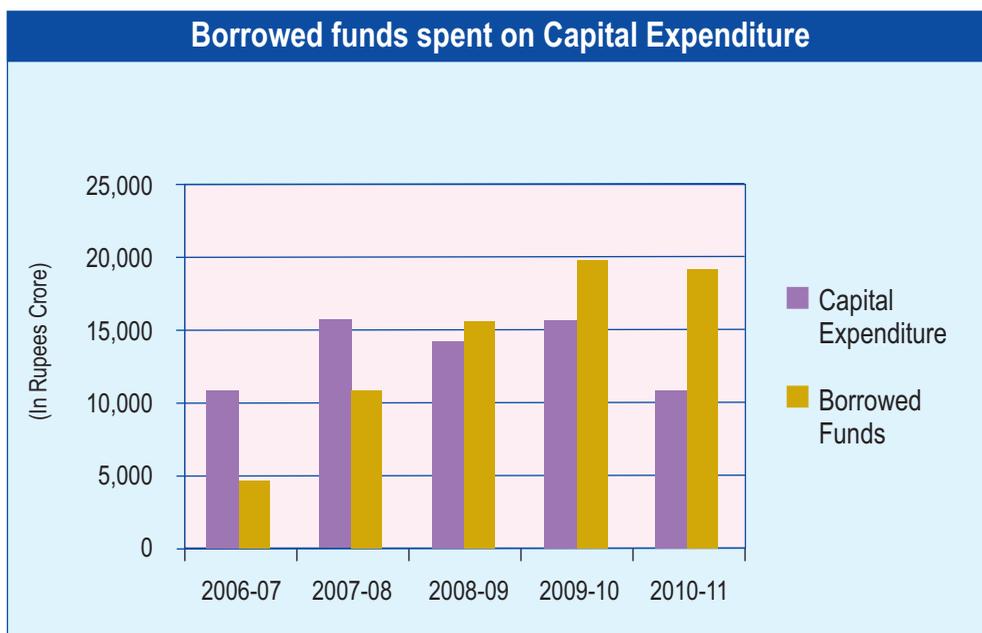
1.6.1. Trend of Revenue Surplus



1.6.2. Trend of Fiscal Deficit



1.6.3. Proportion of borrowed funds spent on Capital expenditure.



The extent to which the fiscal deficit, as presented by borrowed funds, has been channelled towards the creation of capital assets is a strong indicator of prudent financial management. Normally, public debt is discharged through the use of revenue surplus. However, the revenue surplus of the State Government for 2010-11 (₹2,462 crore) was insufficient to meet the public debt discharged during the year (₹7,881 crore). It is also noteworthy that the revenue surplus was more or less matched by the net investment in treasury bills (₹2,260 crore), and ₹3,315 crore was disbursed as loans and advances, indicating that a significant proportion of the borrowed funds was not available for the creation of capital assets, which factor consequently, declined drastically during the year.

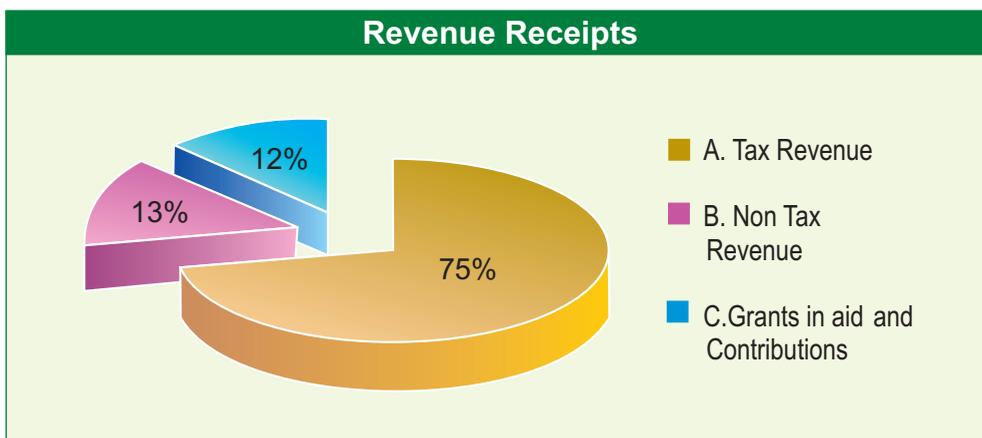
RECEIPTS

2.1. Introduction

Receipts of the Government are classified as revenue receipts and capital receipts. Total receipts for 2010-11 were ₹92,972 crore

2.2. Revenue Receipts

Tax Revenue	Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividends, profits etc.
Grants in Aid	Grants in aid represent central assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material & Equipment' received from Foreign Governments and channelised through the Union Government. In turn, the State Government also gives Grants in aid to Panchayati Raj Institutions, Autonomous Bodies etc.



Revenue Receipt Components (2010-11)

(In ₹ Crore)

Components	Actuals
A. Tax Revenue	60,376
Taxes on Income & Expenditure	9,593
Taxes on Property & Capital Transactions	4,123
Taxes on Commodities & Services	46,660
B. Non-Tax Revenue	10,720
Interest Receipts, Dividends and Profits	5,814
General Services	(*) 1,077
Social Services	639
Economic Services	3,190
C. Grants in aid & Contributions	9,900
Total - Revenue Receipts	80,996

(*) Includes ₹703 crore sanctioned by the Government of India as debt waiver for 2009-10.

2.3. Trend of Receipts

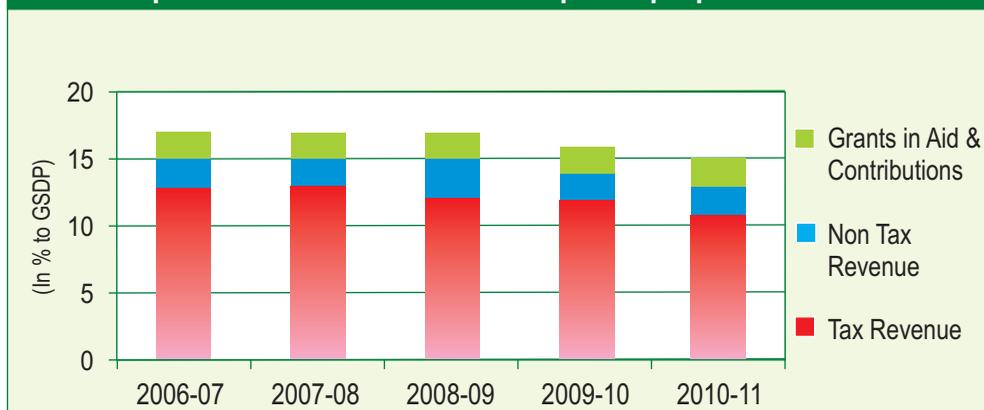
(In ₹ Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Tax Revenues	32,792 (13)	39,978 (13)	45,160 (12)	47,317 (12)	60,376 (11)
Non-Tax Revenues	6,488 (2)	7,064 (2)	9,683 (3)	7,803 (2)	10,720 (2)
Grants in Aid	4,965 (2)	7,101 (2)	8,015 (2)	9,558 (2)	9,900 (2)
Total Revenue Receipts	44,245 (17)	54,143 (17)	62,858 (17)	64,678 (16)	80,996 (14)
GSDP	2,60,734	3,11,752	3,71,229	4,11,349	5,67,636

Note: Figures in parentheses represent percentage to GSDP

Though the increase in non-tax revenues (37%) in 2010-11, kept pace with the increase in GSDP (38%), tax revenues increased by only 28%. The increase in non-tax revenues was mainly on account of significant collections under 'non-ferrous mining and metallurgical industries' (₹2,065 crore due to increase in collection of receipts under mineral concession fees, rents and royalties), 'education, sports, art and culture' (₹238 crore due to increase in collection under 'elementary education and other receipts'). The increase under non-tax revenues was mainly on account of receipt of debt waiver of ₹703 crore pertaining to 2009-10 in 2010-11 from Government of India. Even though State's own revenue under certain tax components, like taxes on sales, trade etc., (₹29,145 crore), state excise (₹8,265 crore) and taxes on vehicles (₹2,627 crore), has increased over last year, the growth in collection has not been commensurate with that of GSDP.

Components under Revenue Receipts as proportion to GSDP



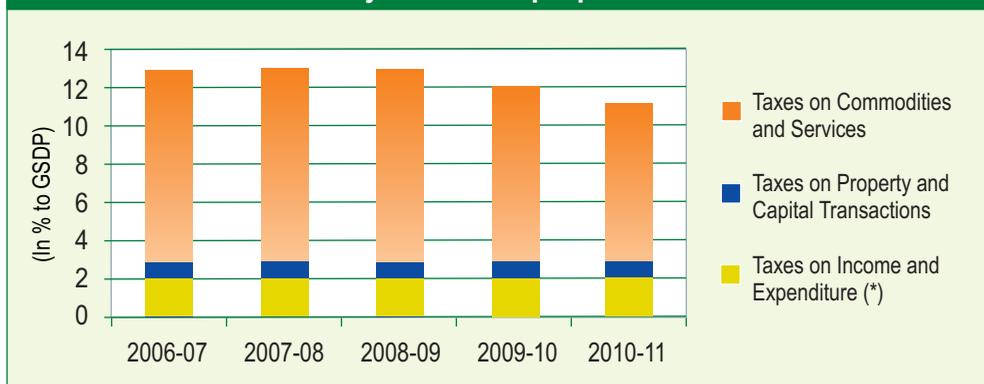
Sector-wise Tax Revenue

(In ₹ Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	4,759	6,287	6,674	8,210	9,593
Taxes on Property and Capital Transactions	3,008	3,325	3,145	2,934	4,123
Taxes on Commodities and Services	25,025	30,366	35,341	36,173	46,660
Total Tax Revenues	32,792	39,978	45,160	47,317	60,376

The increase in total tax revenues is mainly attributable to higher collection under corporation tax (₹5,955 crore), stamps and registration fees' (₹3,834 crore, out of which 50% increase was recorded under 'duty on impressing of documents') and 'taxes and duties on electricity' (₹286 crore). Collection under 'sales, trades, etc., (₹29,145 crore), increased by 23% due to revision of rate structure under the AP Value Added Tax Act.

Trend of Major Taxes in proportion to GSDP



(*) Primarily net proceeds of Central share to the State

2.4. Performance of State's own tax revenue collection

(In ₹ Crore)

Year	Tax Revenue	State's share of Union Taxes	State's Own Tax Revenue	
			Rupees	Percentage to GSDP
2006-07	32,792	8,866	23,926	9.2%
2007-08	39,978	11,184	28,794	9.2%
2008-09	45,160	11,802	33,358	8.9%
2009-10	47,317	12,142	35,176	8.5%
2010-11	60,376	15,237	45,139	8.0%

Though the proportion of the State's own tax revenues to GSDP remains higher than the 6.8% recommended by the 12th Finance Commission, there is a consistent down-trend in proportionate terms, which is worrisome, since it would indicate that the State is not adequately capitalising on its GSDP growth. This is particularly relevant in the context of the 13th Finance Commission giving States the freedom to fix their own outcome indicators for their fiscal correction path.

2.5. Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(In ₹ Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	3,008	3,325	3,145	2,934	4,124
Expenditure on Collection	122	152	142	153	173
Efficiency of Tax Collection	4%	5%	5%	5%	4%

B. Taxes on Commodities and Services

(In ₹ Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue collection	25,025	30,366	35,340	36,173	46,660
Expenditure on collection	396	407	454	493	590
Efficiency of tax collection	2%	1%	1%	1%	1%

Taxes on commodities and services form a major chunk of tax revenue, and their collection efficiency is excellent. However, the collection efficiency of taxes on property and capital transactions can be improved.

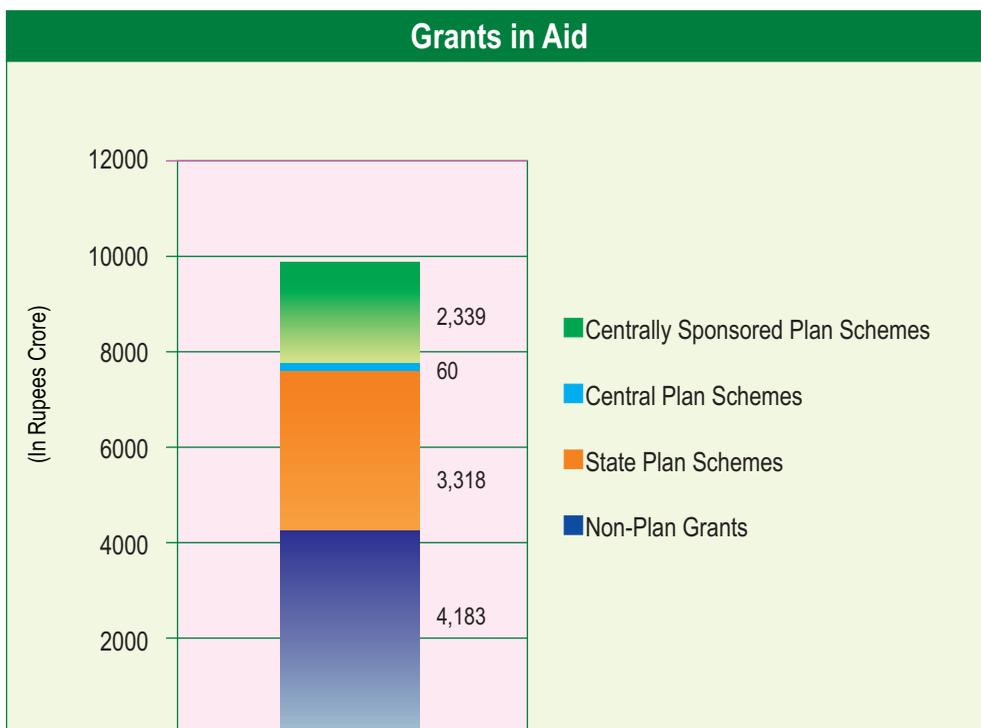
2.6 Trend in State's Share of Union Taxes over the past five years

(In ₹ Crore)

Major Head description	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation Tax	2,767	3,549	3,870	4,997	5,956
Taxes on Income other than Corporation Tax	1,680	2,382	2,430	2,784	3,147
Taxes on Wealth	4	4	4	11	12
Customs	1,729	2,114	2,256	1,699	2,664
Union Excise Duties	1,836	2,018	1,967	1,369	1,938
Service Tax	851	1,117	1,275	1,282	1,520
Other taxes and duties on Commodities and Services	-1	-	-	-	-
State's share of Union Taxes	8,866	11,184	11,802	12,142	15,237
Total Tax Revenue	32,792	39,978	45,160	47,317	60,376
% of Union Taxes to Total Tax Revenue	27	28	26	26	25

2.7 Grants in Aid

Grants in Aid represent assistance from the Government of India, and comprise, grants for ‘state plan schemes’, ‘central plan schemes’ and ‘centrally sponsored schemes’ approved by the Planning Commission and ‘state non-plan grants’ recommended by the Finance Commission. Total receipts during 2010-2011 under Grants in Aid were ₹9,900 crore as shown below:



The share of non-plan grants in total Grants in Aid increased from 34% during 2009-10 to 42% in 2010-11. The increase is mainly due to increased central contribution to the ‘State Disaster Response Fund’ (173%) and ‘Forestry & Wild Life’ (158%). The share of grants for plan schemes correspondingly declined, with the State receiving only ₹5,717 crore (51% of the budget estimate of ₹11,254 crore) against ₹6,283 crore received last year.

2.8. Public Debt

Trend of Public Debt (net) over the past 5 years

(In ₹ Crore)

Description	2006-07	2007-08	2008-09	2009-10	2010-11
Internal Debt	1,173	6,182	10,911	13,403	10,154
Central Loans	(-) 876	(-) 43	(-) 391	73	687
Total Public Debt	297	6,139	10,520	13,476	10,841

Note: Negative figures indicate that repayment is in excess of receipts during the year.

In 2010-11, thirteen loans at par totalling ₹12,000 crore at interest rates varying from 8.07% to 8.57% and redeemable in the year 2020-2021 were raised from the open market. In addition, the State Government raised ₹1,472 crore from financial institutions and ₹3,006 crore from the National Small Savings Fund (NSSF). Thus the internal debt totalled ₹16,478 crore. Government also received ₹2,244 crore from Government of India as loans and advances.

EXPENDITURE

3.1. Introduction

Expenditure is classified as revenue expenditure (which is used to meet the day-to-day expenses of the Government), and capital expenditure (which is used to create permanent assets or to enhance the utility of such assets, or to reduce permanent liabilities). Expenditure is further classified under plan and non-plan.

General Services	Includes Justice, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply, Welfare of SCs-STs etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

3.2. Revenue Expenditure

The shortfall of revenue expenditure against budget estimates during the past five years is given below:

(In ₹ Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Budget Estimates	45,327	54,986	70,218	76,557	87,100
Actuals	41,438	53,984	61,854	63,448	78,534
Gap	3,889	1,002	8,364	13,109	8,566
% of gap over BE	9	2	12	17	10

The shortfall of revenue expenditure against budget estimates, is to be viewed in the light of the State Government's commitment under the FRBM Act to be at least revenue neutral if not generate a revenue surplus. Around 54% of the revenue expenditure was "committed", on salaries³ (₹23,440 crore excluding ₹404 crore spent on salaries under capital sector), interest payments (₹9,675 crore) and pensions (₹9,609 crore).

3 Includes detailed head 010-Salaries (₹20,180 crore), 020-Wages (₹35 crore), 030-Overtime Allowance (negligible), 270/273-Work charged establishment (₹415 crore) & 310/311-Grants in Aid towards salaries (₹2,809 crore).

The position of committed and uncommitted revenue expenditure over the last five years is given below:

Components	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue expenditure	41,438	53,984	61,854	63,448	78,534
Committed revenue expenditure (*)	20,900	23,080	25,230	29,961	42,724
Uncommitted revenue expenditure	20,538	30,904	36,624	33,487	35,810

(*) Excludes capital expenditure on salary

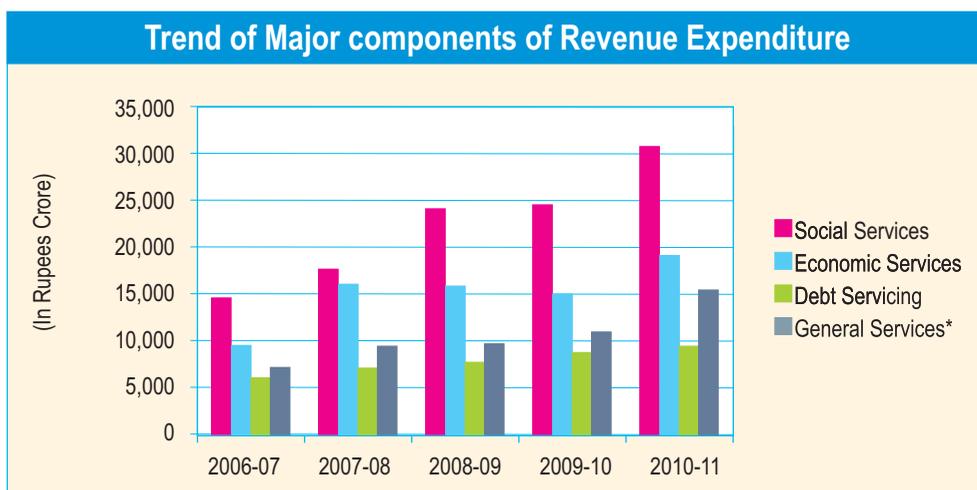
It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has remained at more or less the same level over the past three years, even as total revenue receipts increased by 29% from ₹62,858 crore in 2008-09 to ₹80,996 crore in 2010-11 and committed revenue expenditure increased by 69% over the same period.

3.2.1 Sectoral distribution of Revenue Expenditure (2010-11)

(In ₹ Crore)

Components	Amount	Percentage
A. Fiscal Services	823	1
(i) Collection of Taxes on Property and Capital transactions	173	-
(ii) Collection of Taxes on Commodities and Services	590	-
(lii) Other Fiscal Services	60	-
B. Organs of State	741	1
C. Interest Payments and Servicing of debt	10,217	13
D. Administrative Services	5,318	7
E. Pensions and Miscellaneous General Services	9,609	12
F. Social Services	32,314	41
G. Economic Services	19,346	25
H. Grants in Aid and Contributions	166	-
Total Expenditure (Revenue Account)	78,534	100

3.2.2 Major components of Revenue Expenditure (2006 - 2011)



* General Services excludes MH 2048 (Appropriation for reduction or avoidance of debt), MH 2049 (Interest payments) and includes MH 3604 (Compensation and assignment to Local Bodies and Panchayati Raj Institutions).

3.3. Capital Expenditure

Capital expenditure is essential if the growth process is to be sustainable. Capital disbursements for 2010-11 at ₹11,123 crore (2 % of GSDP), were less than Budget Estimates by ₹3,214 crore (less disbursement of ₹3,217 crore under plan expenditure and excess expenditure of ₹3 crore under non-plan). This has been the picture over the last five years, where capital expenditure (both budgeted and actuals) has not only *not* kept pace with the steady growth of GSDP, it has been erratic, having on occasion declined. This seen from the table below:

(In ₹ Crore)

Sl.No.	Components	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Budget (B.E)	11,319	13,692	17,852	17,977	14,337
2.	Actual Expenditure (#)	9,904	12,774	10,367	13,793	11,123
3.	% of Actual Expenditure to B.E.	87 %	93 %	58%	77%	78%
4.	Growth in Capital Expenditure	29%	29 %	(-) 19 %	33 %	(-) 19 %
5.	GSDP (*)	2,60,734	3,11,752	3,71,229	4,11,349	5,67,636
6.	Growth in GSDP	15%	19.6 %	19 %	10.8 %	38 %

(#) Does not include expenditure on Loans and Advances

(*) Except where indicated otherwise, GSDP figures used in this publication are adopted from the provisional figures estimated by the Economic Survey of the Planning Department, Government of Andhra Pradesh, during the relevant year.

3.3.1. Sectoral Distribution of Capital Expenditure

During 2010-11, the Government spent ₹8,873 crore on various projects (₹7,795 crore on major irrigation, ₹264 crore on medium irrigation, and ₹794 crore on minor irrigation) and ₹20 crore on ports and light houses. Apart from above, the Government spent ₹377 crore on construction of buildings, ₹1,037 crore on construction of roads and bridges and invested ₹43 crore in various corporations/companies/societies.

3.3.2. Comparative sectoral distribution of Capital and Revenue expenditure over the past 5 years

(In ₹ Crore)

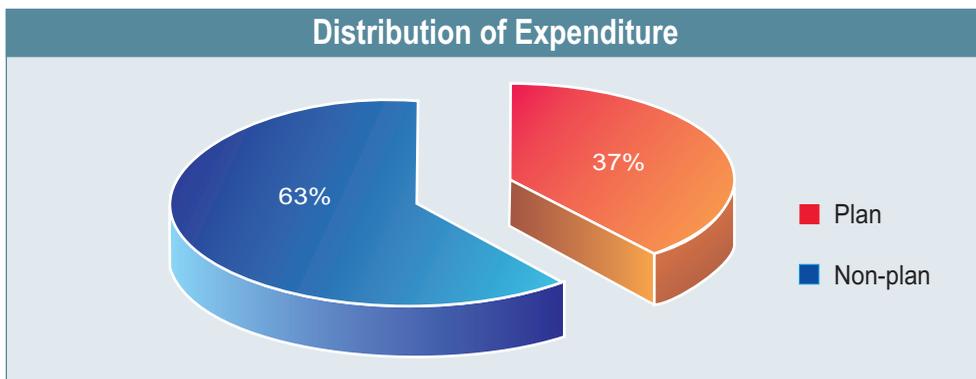
Sl.No.	Sector	2006-07	2007-08	2008-09	2009-10	2010-11
1	General Services (Capital)	344	36	59	92	108
	General Services (Revenue)	15,314	18,170	18,730	21,392	26,708
2	Social Services (Capital)	164	284	324	639	609
	Social Services (Revenue)	15,369	18,660	25,004	25,757	32,314
3	Economic Services (Capital)	9,396	12,454	9,984	13,062	10,406
	Economic Services (Revenue)	10,510	16,904	17,807	16,213	19,346

Note: 1. Capital expenditure does not include expenditure on loans and advances.
2. Revenue expenditure does not include expenditure on Grants in Aid

The revenue surplus, the extremely low projections and even lower actuals in capital expenditure ensured that the fiscal deficit-GSDP ratio attained a level below the ceiling requirements stipulated in the FRBM Act. The table above shows that the capital expenditure on the social services sector remained negligible, even as the capital expenditure in the economic services sector declined. This could have serious consequences on the fiscal consolidation process, since these sectors are the primary growth drivers.

PLAN & NON PLAN EXPENDITURE

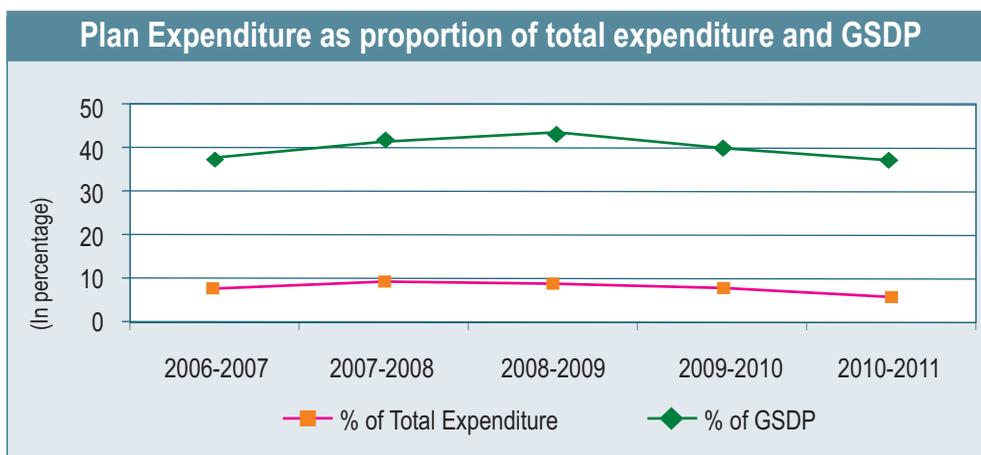
4.1. Distribution of expenditure (2010-2011)



4.2. Plan Expenditure

Plan expenditure (both revenue and capital) during 2010-2011 was ₹34,034 crore, constituting 37% of total disbursements of ₹92,972 crore. This comprised, ₹22,567 crore under state plans, ₹8,254 crore under centrally sponsored/ central plan schemes⁴ and ₹3,213 crore on loans and advances.

Plan expenditure under the revenue sector increased from ₹15,442 crore in 2009-10 to ₹19,701 crore in 2010-11. Though it declined by 36%, from ₹13,929 crore to ₹8,899 crore under the capital sector, the share of centrally sponsored schemes in it increased from a mere ₹26 crore in 2009-10 to ₹2,221 crore (major & medium irrigation etc.,) ₹1,387 crore, minor irrigation ₹245 crore and roads & bridges ₹310 crore) in 2010-11.



⁴ Includes ₹6,033 crore under Revenue Section and ₹2,221 crore under Capital Section.

4.2.1. Plan expenditure under Capital Account

(In Rupees Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Total Capital Expenditure	10,811	15,695	13,780	15,383	14,438
Capital Expenditure (Plan)	10,092	15,087	13,708	15,469	14,333
% of Capital Expenditure(plan) to Total Capital Expenditure	93	96	99	100	99

4.2.2. Plan expenditure on Loans and Advances

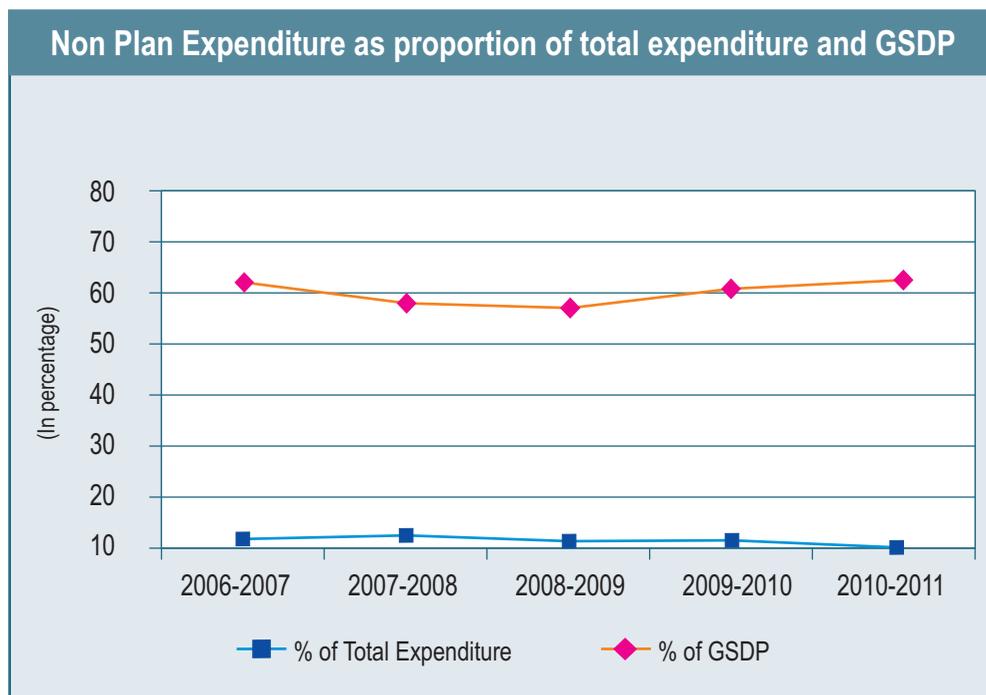
Significant disbursements of Loans and Advances were as under:

(In ₹ Crore)

Major Heads	Amount	Purpose
6215-Loans for Water Supply & Sanitation	500	Loans to HMWS&SB towards sewerage master plan & Godavari water supply
6216-Loans for Housing	911	Loans for rural housing - Indiramma Programme and repayment of Loans to Financial Institutions etc.
6217-Loans for Urban Development	960	State Capital Development (Loans to HMDA for Outer Ring Road project and to HMRL)
6801-Loans for Power Projects	494	Loans to AP Genco & Transco for super critical thermal power station & modernization

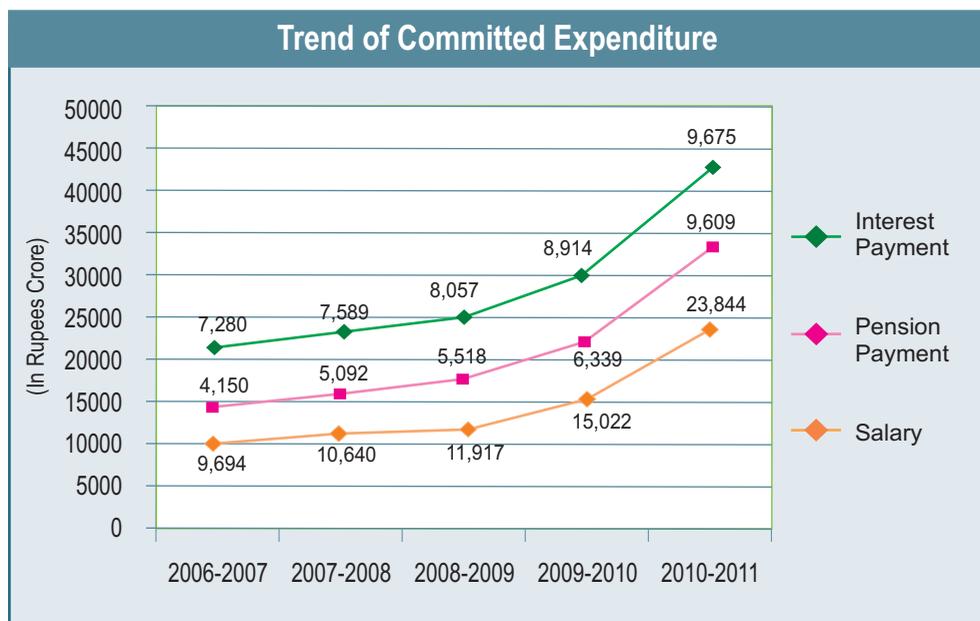
4.3 Non-Plan Expenditure

Non-plan expenditure during 2010-2011, representing 63% of total disbursements, was ₹58,938 crore (₹58,833 crore under revenue and ₹105 crore under capital). Non-plan expenditure under capital includes ₹102 crore on loans and advances disbursed. Out of ₹1,668 crore (3% of Non-plan expenditure) spent on maintenance, ₹386 crore (23%) constituted salaries and wages.



4.4. Committed Expenditure

Salaries and pensions showed a steep increase of 58% and 52% respectively in 2010-11, mainly on account of revision of pay and pension.



Note: Salary component includes detailed heads 010-Salaries 020- Wages , 030- Overtime Allowance , 270/273- Work Charged Establishment & 310/311- Grants in Aid towards salaries.

The trend of committed expenditure to revenue expenditure over the past five years is given below:

(In ₹ Crore)

Components	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure	21,124	23,321	25,492	30,275	43,128
Revenue Expenditure	41,438	53,984	61,854	63,448	78,534
Revenue Receipts	44,245	54,143	62,858	64,678	80,996
% of Committed expenditure to Revenue Receipts	48	43	41	47	53
% of Committed expenditure to Revenue Expenditure	51	43	41	48	55

The pace of increase of committed expenditure (more than 100%) over the past five years was more than the pace of increase in revenue expenditure (below 90%), leaving the Government with lesser flexibility for developmental spending.

APPROPRIATION ACCOUNTS

5.1. Summary of Appropriation Accounts

(In ₹ Crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Surrender (by way of Re-appropriation)	Total	Actual expenditure	Saving(-) Excess(+)
1	Revenue Voted Charged	77,193 10,308	8,526 36	(-)9,872 (-)400	75,847 9,944	68,746 9,788	(-) 7,101 (-)156
2	Capital Voted Charged	14,504 80	500 8	(-)1,694 (-)18	13,310 70	11,102 22	(-)2,208 (-)48
3	Public Debt Charged	9,733	--	(-)1,852	7,881	7,881	--
4	Loans and Advances Voted	2,490	398	(-)193	2,695	3,315	(+) 620
	Total	1,14,308	9,468	(-) 14,029	1,09,747	1,00,854	(-) 8,893

5.2. Trend of Saving/Excess during the past five years

(In ₹ Crore)

Year	Saving (-) / Excess(+)				Total
	Revenue	Capital	Public Debt.	Loans & Advances	
2006-07	(-) 2,087	(-) 682	(-) 1	(-) 25	(-) 2,795
2007-08	(-) 2,833	(-) 53	--	(-) 28	(-) 2,914
2008-09	(-) 1,470	(-) 3,682	(+) 122	(-) 77	(-) 5,107
2009-10	(-) 7,862	(-) 3,618	(-) 22	(-) 44	(-) 11,546
2010-11	(-) 7,257	(-) 2,256	--	620	(-) 8,893

5.3. Significant Savings

Substantial savings under a grant indicates either non-implementation or slow implementation of certain schemes/ programmes.

Some grants with persistent and significant savings are given below:

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
IX	Fiscal Administration	17%	17%	20%	11%	12%
XVI	Medical and Health	14%	11%	13%	15%	9%
XXXIII	Major and Medium Irrigation	13%	-	39%	22%	28%
XXXIV	Minor Irrigation	-	23%	57%	42%	46%

The persistent huge savings under minor irrigation on account of schemes, which though approved by the legislature have been given lesser priority during implementation. This can be attributed either to inaccurate budget estimation or the Government's desire to keep its fiscal deficit below the ceiling.

During 2010-11, supplementary grants totalling ₹9,468 crore (9% of total expenditure) proved unnecessary in some cases, where there were significant savings at the end of the year as against original allocations. A few instances are given below.

(In ₹ Crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
VII	Commercial Taxes Administration	Revenue	337	8	306
XI	Roads, Buildings & Ports	Capital	1,806	220	1,428
XIII	Higher Education	Revenue Capital	2,052 28	52 21	1,879 19
XVI	Medical & Health	Revenue	4,128	245	4,003
XVII	Municipal Administration & Urban Development	Revenue	3,627	347	2,592
XX	Labour & Employment	Revenue	410	15	337
XXI	Social Welfare	Revenue	1,664	271	1,603
XXV	Women, Child & Disabled Welfare	Revenue	1,768	4	971
XXVIII	Animal Husbandry & Fisheries	Revenue	648	45	565

ASSETS AND LIABILITIES

6.1. Assets

The existing form of accounts do not easily depict valuation of Government assets like land, buildings etc., except in the year of acquisition/ purchase. Similarly, while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

Total investments as share capital in non-financial public sector undertakings stood at ₹6,046 crore at the end of 2010-2011. However, only ₹39 crore (1% of investment) was received as dividends indicating an inadequate return on investment.

Cash balance with the RBI stood at ₹32 crore on 31st March 2010 and decreased to ₹(-)232 crore at the end of March 2011. In addition, Government had invested an amount of ₹75,439 crore in 14 days treasury bills in 2010-11 and rediscounting stood at ₹73,179 crore. The net of such investment (₹2,260 crore) supplements the closing cash balance of the State Government.

6.2. Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund. Government of India determines, from time to time, the limits upto which State Governments can borrow from the market which for 2010-11 is ₹13,884 crore. Against this Government of Andhra Pradesh has availed of open market borrowings totalling ₹12,000 crore.

Details of the Public Debt and total liabilities of the State Government are as under:
(In ₹ Crore)

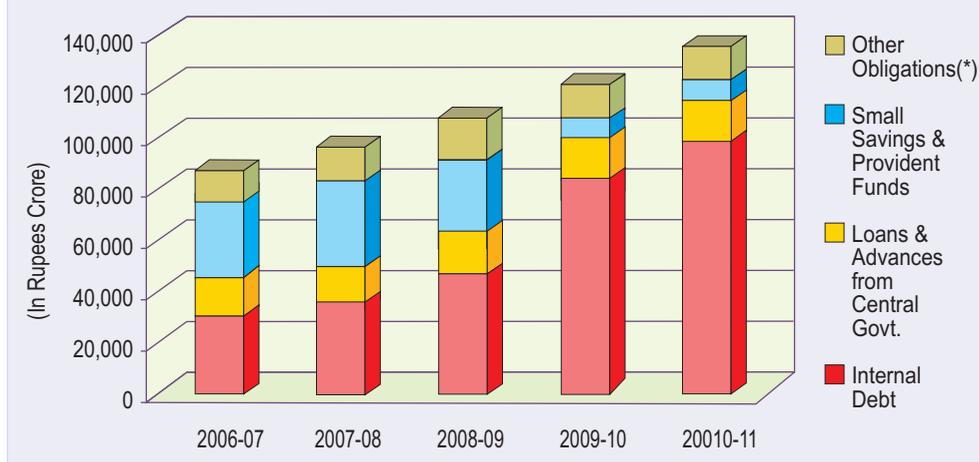
Year	Public Debt	% to GSDP	Public Account (*)	% to GSDP	Total Liabilities	% to GSDP
2006-07	45,256	17	41,366	16	86,622	33
2007-08	51,395	16	45,974	15	97,368	31
2008-09	61,914	17	45,003	12	1,06,917	29
2009-10	99,573	24	20,233	5	1,19,806	29
2010-11	11,04,14	19	24,491	4	1,34,905	24

(*) Excludes suspense and remittance balances.

Note: Figures are progressive balances to end of the year.

Public Debt and other liabilities showed a net increase of ₹15,099 crore (13%) over the year.

Trends in Government Liabilities



(*) Includes interest & non-interest bearing obligations such as deposits of local funds, other earmarked funds, etc.

6.3. Guarantees

In addition to directly raising loans, State Governments also guarantee loans raised by Government companies and corporations from the market and financial institutions for implementation of various plan schemes and programmes that are projected outside the State budget. The position of guarantees by the State Government for the re-payment of loans (payment of principal and interest thereon) raised by statutory corporations, Government companies, corporations, cooperative societies, etc., is given below.

(In ₹ Crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31st March 2011	
		Principal	Interest
2006-07	29,160	18,018	864
2007-08	18,798	14,502	167
2008-09	29,990	15,239	734
2009-10	20,324	12,207	929
2010-11	29,554	11,639	651

Note: Details are available at Statement No.9 and are based on information received from the State Government, and where available, from the respective institutions.

Guarantee fees at 0.5% per annum or 2% consolidated for the entire guarantee period. It is of interest to note that as of 31st March 2011, outstanding guarantees against the power sector was ₹7,843 crore, which however did not pay any guarantee fees, while the co-operatives whose outstanding guarantees were ₹979 crore paid ₹0.70 crore towards guarantee fees. In fact, none of the other recipients of guarantees paid any guarantee fee during the year.

The State Government has transferred ₹77.68 crore to the Guarantee Redemption Fund and the entire balance of ₹668 crore at the credit of the fund was invested.

7.1 Adverse Balances under Internal Debt

In addition to directly raising loans from the market, State Government also raises loans from financial institutions for implementation of various plan schemes and programmes. On occasion, the State Government does not treat loans raised from these institutions as the receipts under internal debt. In case these loan receipts are classified as receipts of the concerned departments, it has scope for incorrectly depicting an increased revenue surplus and reduced debt liability, which in turn helps Government to limit its fiscal deficit with in the ceiling prescribed under the FRBM Act and the 12th and 13th Finance Commissions.

The repayment of these institutional loans, appears in Government account under internal debt resulting in irreconcilable adverse balance. As on March 31st 2011, the adverse balances had amounted to ₹3,124 crore under various loans (Loans from NCDC: ₹96 crore and loans from other institutions: ₹3,028 crore).

7.2. Loans and advances by the State Government

The total loans and advances made by the State Government at the end of 2010-2011 was ₹21,011 crore. Of this, loans and advances to Government corporations/ companies, non-government institutes and local bodies amounted to ₹20,793 crore. Recovery of principal aggregating to ₹18,053 crore and interest amounting to ₹4,994 crore is in arrears at the end of 31st March 2011. During 2010-11 only ₹173 crore has been received towards repayment of loans and advances, out of which ₹89 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would facilitate the Government to maintain better fiscal position.

7.3. Financial assistance to local bodies and others

During the past five years, Grants in Aid to local bodies etc., increased from ₹9,933 crore in 2006-2007 to ₹23,418 crore in 2010-2011. Grants to zilla parishads, panchayat samitis and municipalities (₹5,208 crore) represented 22% of the total grants given during the year.

Details of Grants-in-aid for the past 5 years are as under.

(In ₹ Crore)

Year	Zilla Parishads	Municipalities	Panchayat Samithis	Others	Total
2006-07	889	233	421	8,390	9,933
2007-08	699	2,699	221	12,287	15,906
2008-09	1,234	3,111	1,620	15,521	21,486
2009-10	3,492	169	623	16,174	20,458
2010-11	3,951	509	748	18,210	23,418

7.4 Cash Balance and investment of Cash Balance

(In ₹ Crore)

Component	As on 1st April 2010	As on 31st March 2011	Net increase (+) / decrease (-)
Cash Balances	32 (Dr)	232 (-Dr)	(+) 264(- Dr)
Investments from Cash Balance (GOI Treasury Bills)	2,274(Dr)	4,534(Dr)	(+)2,260(Dr)
Other Cash Balances	2(Dr)	2(Dr)	...
i) Departmental Balances	1 (Dr)	1 (Dr)	...
ii) Permanent Cash Imprest	1 (Dr)	1 (Dr)	...
Investment from earmarked fund balances	3,674(Dr)	4,525(Dr)	(+)851(Dr)
(a) Sinking Fund	3,063	3,843	(+) 780
(b) Guarantee Redemption Fund	597	668	(+)71
(C) Other Funds	14	14	--
Interest realised	377	452	(+)75

Though State Government had a negative closing cash balance at the end of 2010-11, it has invested nearly ₹9,059 crore in treasury bills and from earmarked fund balances. Interest receipt on these investments increased by 20%.

7.5 Reconciliation of accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Principal Accountant General (Accounts and Entitlements). This exercise is to be conducted by respective heads of departments. The reconciliation of accounts of many departments is in arrears. In 2010-11, nearly 84% (₹78,183 crore) of the total expenditure of ₹92,972 crore of the State Government was reconciled. However, out of total receipts of ₹81,169 crore, only 35% (₹28,600 crore) was reconciled. The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCOs) of different departments is given below:

Particulars	Total No. of certificates from CCOs	Fully Reconciled	Partially Reconciled	Not Reconciled
Expenditure	6,024	3,420	756	1,848
Receipts	780	132	60	588
Total	6,804	3,552	816	2,436

Some chronic defaulters in reconciliation are listed below.

Sl.No.	Name of the Department / Chief Controlling Officer	Years pending
1.	Secretary, Environment, Forest, Science & Technology	1997-98 to 2010-11
2.	Head of the Dept, Economics and Statistics	1997-98 to 2010-11
3.	Secretary, Food and Civil Supplies	1997-98 to 2010-11
4.	Secretary, General Administration	1996-97 to 2010-11
5.	Secretary, Irrigation and Command Area Development	2000-01 to 2010-11
6.	Secretary, Industries and Commerce	1997-98 to 2010-11
7.	Secretary, Rural Development	1996-97 to 2010-11
8.	Secretary, Planning	1996-97 to 2010-11
9.	Secretary, Agriculture	1996-97 to 2010-11
10.	Principal Chief Conservator of Forest	1996-97 to 2010-11
11.	Registrar of Cooperative Societies	1996-97 to 2010-11
12.	Secretary, Women Development, Child Welfare and Welfare of Disabled	1997-98 to 2010-11
13.	Secretary, Employment and Training	1996-97 to 2010-11
14.	Institute of Preventive Medicine	1996-97 to 2010-11
15.	Secretary, Stationery and Printing	1996-97 to 2010-11
16.	Project Director, Sarva Shiksha Abhiyan	1996-97 to 2010-11
17.	Director of State Ports	1996-97 to 2010-11

7.6 Submission of accounts by treasuries

The rendition of initial accounts by the treasuries is satisfactory. However, submission of accounts by the Pay and Accounts Officers (PAOs) of the public works and forest departments should improve.

7.7 Rush of Expenditure

The financial rules stipulate that rush of expenditure, particularly in the closing month of the financial year, shall be regarded as a breach of financial regularity and should be avoided. It is observed however, that certain departments indulged in this practice to the tune of 45% and 100% of total expenditure incurred in March, as depicted below:

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March 2011	% of 3/2011 w.r.t. total expenditure of the department for 2010-11
2075	Misc. General Services	0.11	-0.08	0.03	0.12	0.18	0.10	58
2515	Other Rural Development Programmes	247.79	437.32	625.92	1,532.24	2,843.27	1,342.75	47
2701	Major & Medium Irrigation	249.22	717.50	508.02	4,617.81	6,092.56	5,319.39	87
2711	Flood Control & Drainage	0.05	0.15	0.30	108.62	109.13	108.58	99
3056	Inland Water Transport	0.23	0.35	0.24	1.97	2.79	1.77	63
4055	Capital Outlay on Police	2.03	3.67	1.54	47.22	54.47	41.59	76
4059	Capital Outlay on Public Works	2.20	7.98	7.04	25.07	42.29	20.90	49
4070	Capital Outlay on Other Administrative Services	0	1.92	1.46	8.22	11.60	7.65	66
4235	Capital Outlay on Social Security & Welfare	0.79	1.63	0.99	6.99	10.40	6.26	60
4401	Capital Outlay on Crop Husbandry	0	0	0	11.60	11.60	11.60	100
4403	Capital Outlay on Animal Husbandry	0	0.01	0.06	0.53	0.60	0.40	67
4404	Capital Outlay on Dairy Development	0	0	1.50	1.22	2.72	1.22	45
4801	Capital Outlay on Power Projects	0	0	0	21.56	21.56	21.56	100
4860	Capital Outlay on Consumer Industries	0.50	0	0.50	11.00	12.00	11.00	87
6217	Loans for Urban Development	96.25	52.36	43.89	767.15	959.65	767.15	80
6801	Loans for Power Projects	0	0	0	494.20	494.20	494.20	100
6851	Loans for Village & Small Industries	0	0	0	4.42	4.42	4.42	100

7.8 Commitments on account of Incomplete Capital Works

A total expenditure of ₹26,679 crore was incurred upto the year 2010-11 by the State Government on various incomplete projects against an estimated cost of ₹44,360 crore. The estimated cost was further revised to ₹68,904 crore to the end of 2010-11. During 2010-11 a total expenditure of ₹4,125 crore was incurred by the State Government on various projects taken up by engineering departments. Payments to the tune of ₹497 crore is due to be paid to the end of 31-03-2011.

The original estimated cost (₹44,360 crore) was escalated by 55% on various projects. Abnormal increase in revised estimates is noticed in respect of NABARD works from ₹273 crore to ₹11,961 crore and in case of Remote Area Integrated Development (RAID) works the increase is from ₹16 crore to ₹813 crore by end of 31-03-2011. A summarised view on commitments on account of 'Incomplete Capital Works' is furnished below:

(In ₹ Crore)

Sl. No.	Category of Works	Estimated cost of work	Expenditure during the year	Progressive Expenditure to the end of the year	Pending Payments	Estimated cost after revision
1.	Irrigation Projects	41,911	3,757	25,807	472	49,897
2.	Buildings	110	36	68	2	4,073
3.	NABARD works	273	33	54	...	11,961
4.	Remote Area Integrated Development (RAID)	16	4	4	1	813
5.	HUDCO	150	29	74	18	159
6.	Road Over Bridge (ROB)	973	158	355	...	973
7.	State Highways	78	19	59	...	78
8.	MDR Works	484	14	14	...	484
9.	Central Road Fund	203	48	61	4	204
10.	Plan Schemes	162	27	183	...	262
	TOTAL	44,360	4,125	26,679	497	68,904

- Note: i) A detailed information towards commitments on Incomplete Capital Works is available in Appendix X of Finance Accounts 2010-11
 ii) The figures exhibited in the above table are compiled from the data provided by various Divisions/Departments.

