

GOVERNMENT OF PUNJAB

**ACCOUNTS AT A GLANCE
2010-11**

**ACCOUNTANT GENERAL
(Accounts and Entitlement)**

PUNJAB, CHANDIGARH

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**

PREFACE

I am happy to present the Thirteenth issue of our annual publication, the 'Accounts at a Glance' of the Government of Punjab. The purpose of this publication is to present a reader friendly summary of the voluminous information available in the Finance Accounts and Appropriation Accounts prepared by my office in accordance with Article 149 of the Constitution of India. Read with Section 11 of Comptroller and Auditor Generals' (D.P.C.) Act, 1971.

The annual accounts of the State consist of (a) Finance Accounts and (b) Appropriation Accounts. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

'Accounts at a Glance' provides a broad overview of Governmental activities, as reflected in Finance Accounts and Appropriation Accounts. The information is presented through brief explanations, statements, graphs and time series analysis for providing accounting information to the stakeholders-the Legislature, the Executives and the Public. A reading of Finance Accounts, Appropriation Accounts of Government of Punjab, and Report of the Comptroller and Auditor General on State Finances for the year 2010-11 together with Accounts at a Glance will help the stakeholders to appreciate the various aspects of State Finances in a more effective manner.

We look forward to readers' feedback that would help us in improving the publication.

Chandigarh
Date:

Ajaib Singh
Accountant General (A&E)
Punjab

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CHAPTER 1

OVERVIEW

1.1 Introduction

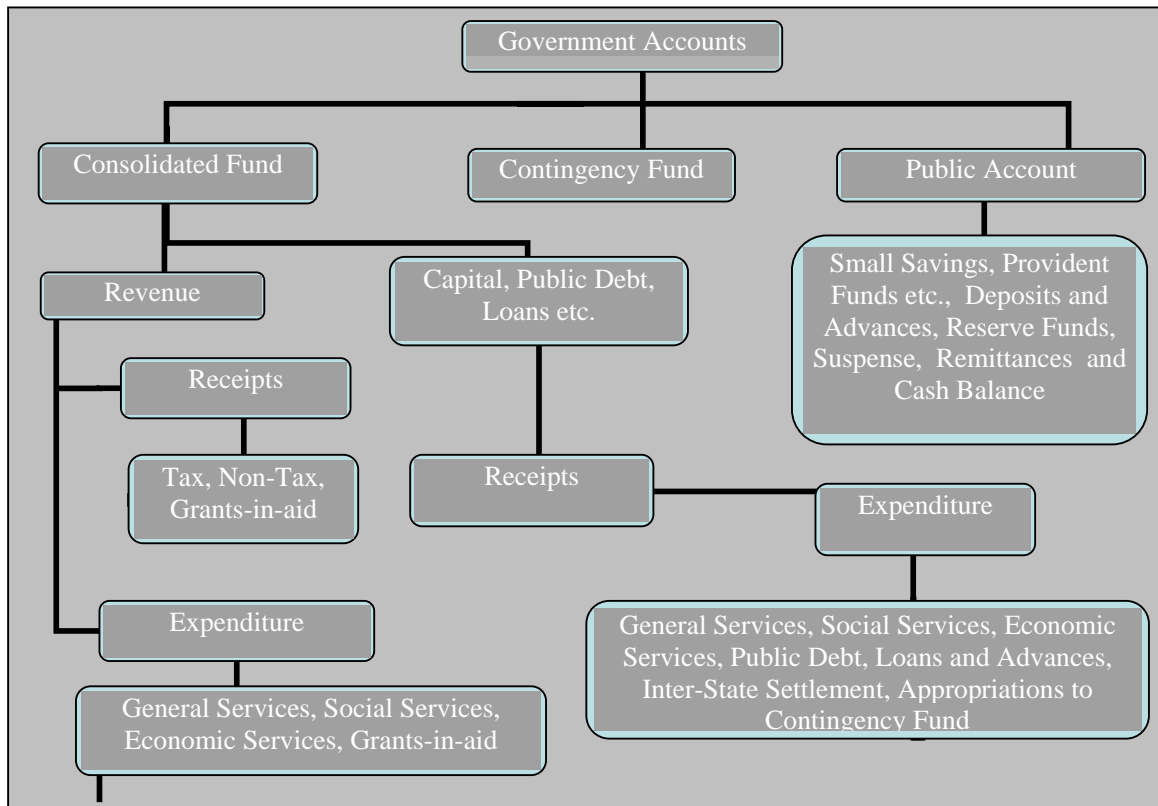
The office of the Accountant General (A&E), Punjab compiles the monthly accounts of the State Government from the accounts submitted by the District Treasuries, Public Works Divisions, Forest Divisions and other accounting circles etc. to the Accountant General (Accounts and Entitlement). Besides, the Finance Accounts and the Appropriation Accounts are prepared annually by the Accountant General in accordance with Article 149 of the Constitution of India. read with Section 11 of Comptroller and Auditor Generals’(D.P.C.) Act ,1971.

1.2 Structure of Government Accounts

1.2.1 Government Accounts are kept in three parts:

Part I CONSOLIDATED FUND	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances
Part II CONTINGENCY FUND	Intended to meet unforeseen expenditure not provided for in the Budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
Part III PUBLIC ACCOUNT	Comprises of Debt, Deposits, Advances Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivable of the Government. Remittances and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.

1.2.2 Pictorial Representation of Structure of Government Accounts



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. The Finance Accounts have been prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the Certificate of the Comptroller and Auditor General of India, summary statements of overall receipts and disbursements and “Notes to accounts” containing 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).

The Receipts and disbursements of the Government of Punjab as depicted in the Finance Accounts 2010-11 are given below:

(₹ in crore)

Receipts (35,349)	Revenue (27,608)	Tax Revenue	19,879
		Non –Tax Revenue	5,330
		Grants-in-aid	2,399
	Capital (7,741)	Recovery of Loans and Advances	597
		Borrowings and other Liabilities*	7,144
Disbursements (35,349)	Revenue		32,897
	Capital		2,384
	Loans and Advances		68

* 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

The Union Government transfers substantial funds directly to State Implementing Agencies/Non- Government Organisations for implementation of various schemes and programmes. This year, the Government of India directly released ₹ 962 crore as compared to last year’s release of ₹ 867 crore. Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government.

1.3.2 Appropriation Accounts

Appropriation Accounts bring out the expenditure of the State Government incurred from the Consolidated Fund against amount voted by the State Legislature and supplement the Finance Accounts and Charged on the Consolidated Fund of the State. These comprise accounts of 16 charged Appropriations and 29 voted Grants.

The Appropriation Accounts of the Government of Punjab for the year 2010-11 present the accounts of sums expended in the year ended 31st March 2011, compared with the sums specified in the Schedules appended to the Appropriation Acts passed under Article 204 and 205 of the Constitution of India.

Appropriation Act, 2010-11 had projected for a gross expenditure of ₹ 46,704 crore, including the Supplementary Grants totalling ₹ 2,779 crore, voted by State Legislature during the year. No amount was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2010-11 show disbursements aggregating ₹ 42,011 crore against the aggregate budget provision of ₹ 46,704 crore, resulting in savings of ₹ 4,693 crore (10 percent) against Grants and Appropriations. However, ₹ 2,607 crore (56 percent) were under the Grants controlled by Education Department (₹ 892 crore), Rural Development and Panchayats Department (₹ 693 crore), Local Government, Housing and Urban Development (₹ 573 crore) and Finance Department (₹ 449 crore).

Recoveries in reduction of expenditure amounted to ₹ 708 crore reflecting an increase of ₹ 708 crore vis-à-vis budget estimates.

The Appropriation Accounts show that in the year 2010-11, there was actual expenditure of ₹ 42,011 crore, comprising ₹ 33,524 crore Revenue Expenditure, ₹ 2,466 crore Capital Expenditure, ₹ 5,953 crore Repayment of Debt, ₹ 68 crore Loans and Advances by the State Government. There were savings/excesses under Revenue, Capital, Public Debt and Loans and Advances with reference to total grants allocated by the State Legislature.

₹ 730 crore were transferred from the Consolidated Fund to Personal Deposit Accounts under the Public Account, which are maintained by designated administrator for specific purposes. Normally, un-spent balances under Personal Deposit Accounts are to be transferred back to the Government at the end of the financial year. However, details of such transfers, if any, and outstanding balances in individuals personal deposit accounts are available only with the treasuries, since they are responsible for maintaining such records.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

The Reserve Bank of India extends the facility of Ways and Means Advances to enable State Governments to maintain their liquidity. Overdraft facilities are provided when there is a shortfall in the agreed minimum cash balance which is ₹ 1.56 crore. During 2010-11, the Government of Punjab obtained ₹ 3,942 crore as Ways and Means Advances on seventy occasions. ₹ 3,589 crore were repaid during the year leaving a balance of ₹ 353 crore. ₹ 5 crore were paid as interest on these advances.

Moreover, Government has availed shortfall of ₹ 12 crore and overdraft of ₹ 26 crore on 8 occasions each. ₹ 24 crore were repaid during the year leaving a balance of ₹ 14 crore. However, this has to be viewed against the fact that there was saving of ₹ 4,693 crore in 29 grants out of total 30 grants represents ten percent shortfall in expenditure against estimates.

1.4.2 Fund flow statement

The State had a Revenue Deficit of ₹ 5,289 crore and a Fiscal Deficit of ₹ 7,143 crore representing 1.75 percent and 3.10 percent of the Gross State Domestic Product (GSDP)¹ respectively. The Fiscal Deficit constituted 20 percent of total expenditure. This deficit was met from Public Debt (₹ 4,981 crore), increase in Public Account (₹ 1,743 crore), and net of opening and closing cash balance (₹ 419 crore). Around 74 percent of the revenue receipts (₹ 27,608 crore) of the State Government was spent on committed expenditure like salaries (₹ 9,635 crore), interest payments (₹ 5,515 crore) and pensions (₹ 5,309 crore).

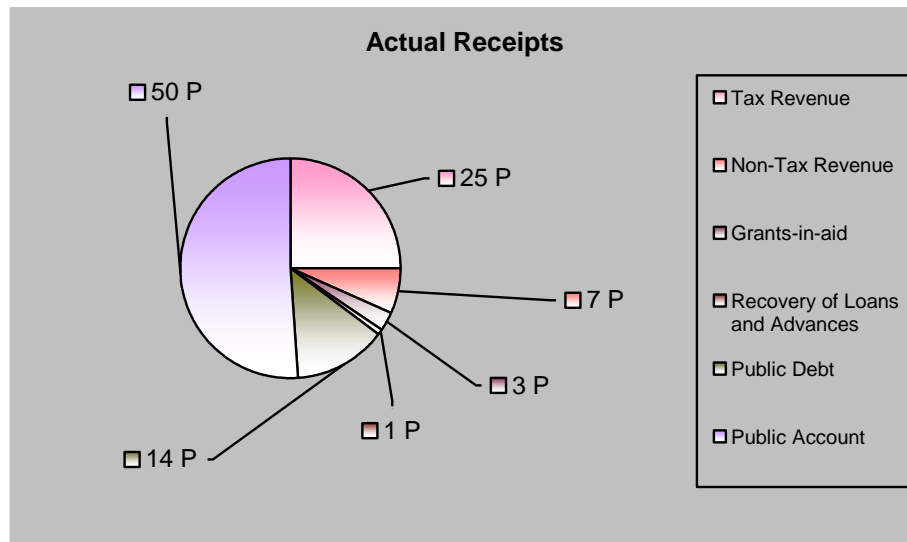
¹ Advance figure of GSDP: ₹ 2,28,754 crore.

Source and Application of Funds

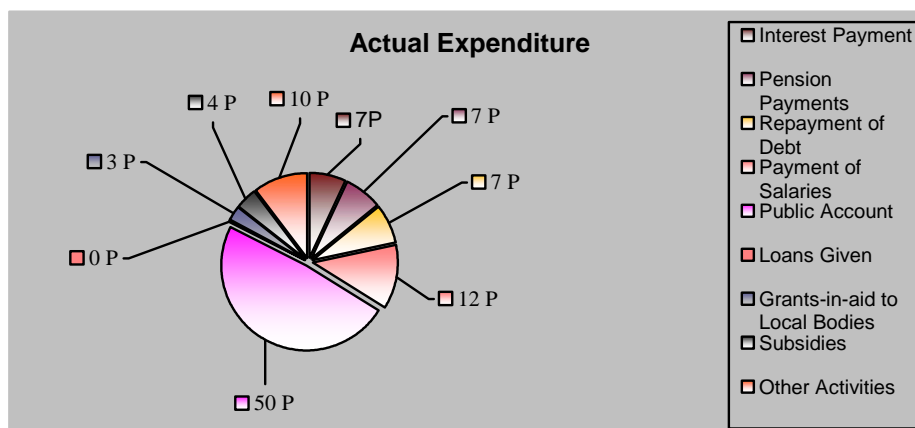
(₹ in crore)

	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1.4.2010	-275
	Revenue Receipts	27,608
	Recovery of Loans and Advances	597
	Public Debt	10,934
	Small Savings, Provident Funds etc.	2,533
	Reserve Funds	200
SOURCE	Deposits Received	3,843
	Civil Advance Repaid	34
	Suspense Account	32,572
	Remittances	1,596
	Contingency Fund	..
	Total	79,642
	Revenue Expenditure	32,897
	Capital Expenditure	2,384
	Loans Given	68
	Repayment of Public Debt	5,953
	Small Savings, Provident Funds etc.	1,358
	Reserve Funds	188
APPLICATION	Deposits Spent	3,200
	Civil Advance Given	34
	Suspense Account	32,639
	Remittances	1,615
	Closing Cash Balance as on 31.3.2011	-694
	Total	79,642

1.4.3 Where the Rupee came from



1.4.4 Where the Rupee went



1.5 Highlights of Accounts

(₹ in crore)

Components	B.E. 2010-11	Actual	Percentage of actual to B.E.	Percentage of actual to GSDP(e)
1. Tax Revenue (a)	19,215	19,879	103	9
2. Non-Tax Revenue	6,649	5,330	80	2
3. Grants-in-aid and Contributions	2,753	2,399	87	1
4. Revenue Receipts (1+2+3)	28,617	27,608	96	12
5. Recovery of Loans and Advances	172	597	347	..
6. Other Receipts
7. Borrowings and other Liabilities (b)	7,706	7,144	93	3
8. Capital Receipts (5+6+7)	7,878	7,741	98	3
9. Total Receipts (4+8)	36,495	35,349	97	15
10. Non-Plan Expenditure (c)	30,929	30,851	100	14
11. NPE on Revenue Account	30,664	30,576	100	13
12. NPE on Interest Payments out of 11	5,764	5,515	97	2
13. NPE on Capital Account	265	275	104	..
14. Plan Expenditure (c)	5,566	4,498	81	2
15. PE on Revenue Account	2,742	2,321	85	1
16. PE on Capital Account	2,824	2,177	77	1
17. Total Expenditure (10+14)	36,495	35,349	97	15
18. Revenue Expenditure (11+15)	33,406	32,897	98	14
19. Capital Expenditure (13+16) (d)	3,089	2,452	79	1
20. Revenue Deficit (4-18)	4,789	5,289	110	2
21. Fiscal Deficit (4+5+6-17)	7,706	7,144	93	3

- (a) Includes State's share of Union Taxes of ₹ 3,051 crore.
 (b) 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.
 (c) Includes ₹ 57 crore under Non-Plan and ₹ 11 crore under Plan which pertains to Loans and Advances.
 (d) Expenditure on Capital Account includes Capital Expenditure (₹ 2,384 crore) and Loans and Advances disbursed (₹ 68 crore).
 (e) Advance figure of GSDP ₹ 2,28,754 crore.

1.6 Deficit and Surplus

Deficit	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.
Revenue Deficit /Surplus	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.
Fiscal Deficit/Surplus	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.

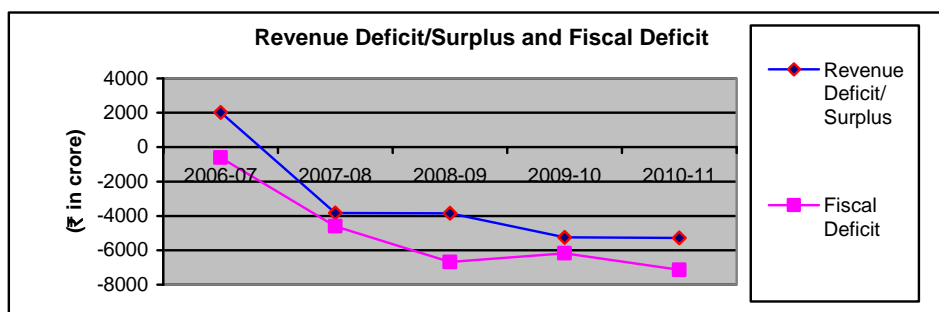
1.6.1 Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Thirteenth Finance Commission has recommended that the State achieve revenue balance by 2014-15 and reduce Gross Fiscal Deficit to 3 percent of GSDP by 2014-15. It has recommended a revised road map for fiscal consolidation. Accordingly, Revenue and Fiscal Deficit paths are as under:

Year	Percentage of Revenue Deficit to GSDP	Percentage of Fiscal Deficit to GSDP
2010-11	*	3.50
2011-12	1.80	3.50
2012-13	1.20	3.50
2013-14	0.60	3.00
2014-15	0.00	3.00

* Not prescribed by Thirteenth Finance Commission.

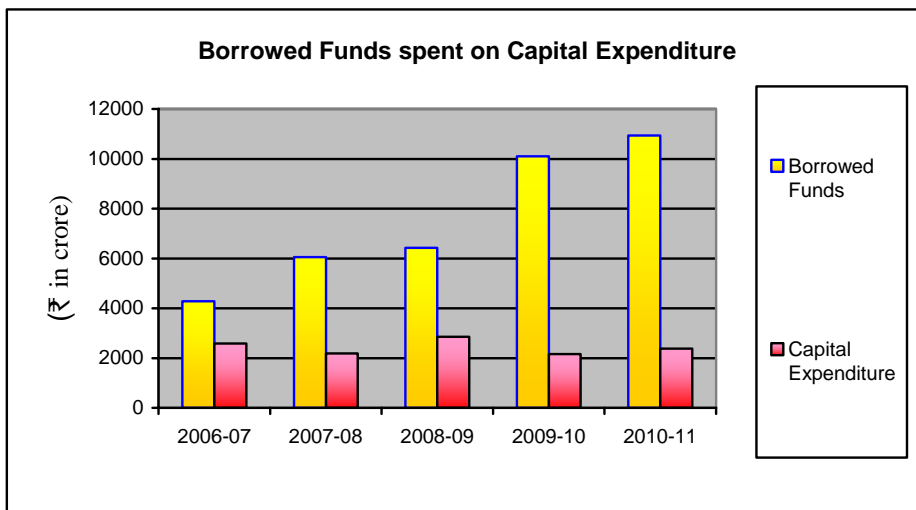
1.6.2 Trend of Revenue Deficit/ Surplus and Fiscal Deficit during the last five years is as under:

Year	GSDP	Revenue Deficit/Surplus	Percentage to GSDP	Fiscal Deficit	Percentage to GSDP
2006-07	1,26,791	+2,023	+1.60	-612	-0.48
2007-08	1,52,772	-3,823	-2.50	-4,604	-3.01
2008-09	1,75,064	-3,856	-2.20	-6,690	-3.82
2009-10	1,99,459	-5,251	-2.63	-6,170	-3.09
2010-11	2,28,754	-5,289	-2.31	-7,143	-3.12



1.6.3 Proportion of borrowed funds spent on Capital Expenditure

Year	Borrowed Funds	Capital Expenditure
2006-07	4,275	2,586
2007-08	6,051	2,192
2008-09	6,432	2,858
2009-10	10,108	2,166
2010-11	10,934	2,384



It is desirable to fully utilise borrowed funds for the creation of capital assets, and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 22 percent of the borrowings of the current year (₹ 10,934 crore) on capital expenditure (₹ 2,384 crore). It would therefore appear that 78 percent of the public debt (₹ 8,550 crore) was utilised on the following: to repay the principal and interest on public debt of previous years, to meet periodic shortfalls of revenues against expenditure in the current year.

CHAPTER 2

RECEIPTS

2.1 Introduction

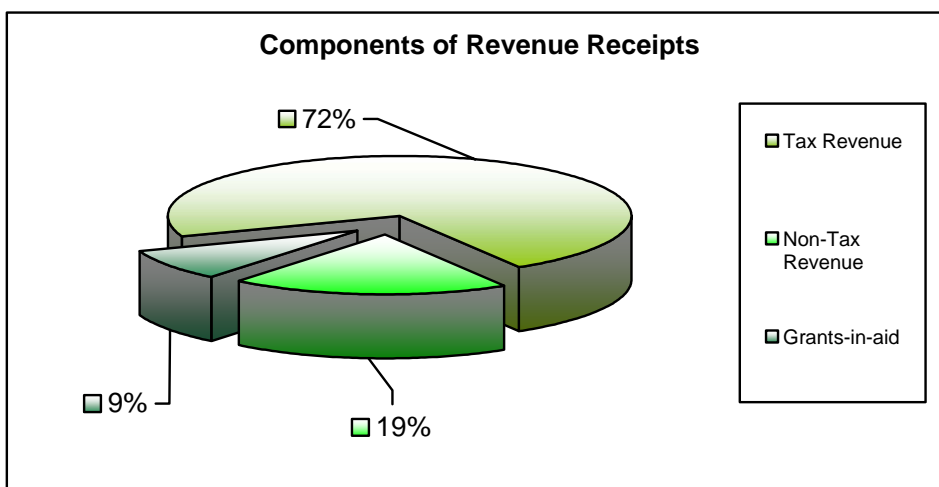
Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2010-11 were ₹ 35,349 crore

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	Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material and Equipment' received from foreign Governments and channelised through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.

Components of Revenue Receipts (2010-11)

Components	(₹ in crore) Actual
A. Tax Revenue	19,879
Taxes on Income and Expenditure	1,823
Taxes on Property and Capital Transactions	2,340
Taxes on Commodities and Services	15,716
B. Non-Tax Revenue	5,330
Interest Receipts, Dividends and Profits	170
General Services	4,452
Social Services	258
Economic Services	450
C. Grants-in-aid and Contributions	2,399
Total	27,608



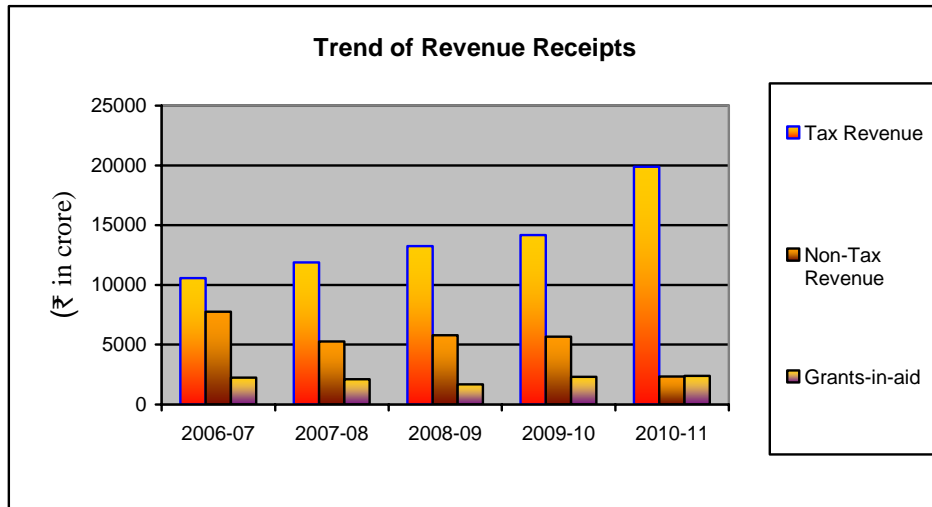
2.3 Trend of Revenue Receipts

(₹ in crore)

Component	2006-07	2007-08	2008-09	2009-10	2010-11
Tax Revenue	10,583 (8)	11,874 (8)	13,234 (8)	14,184 (7)	19,879 (9)
Non-Tax Revenue	7,744 (6)	5,254 (4)	5,784 (3)	5,653 (3)	5,330 (2)
Grants-in-aid	2,240 (2)	2,110 (1)	1,695 (1)	2,320 (1)	2,399 (1)
Total	20,567 (16)	19,238 (13)	20,713 (12)	22,157 (11)	27,608 (12)
GSDP	1,26,791	1,52,772	1,75,064	1,99,459	2,28,784

Note: Figure in bracket represents percentage to GSDP

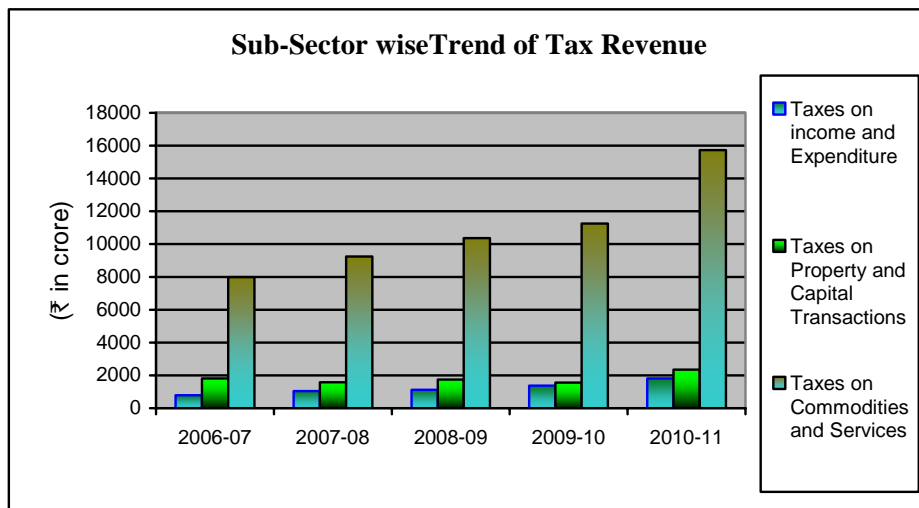
The ratio of Revenue Receipts to GSDP decreased from 16 percent (2006-07) to 12 percent (2010-11) whereas Revenue Receipts increased by 34 percent during the same span.



Sub-Sector-wise Tax Revenue

(₹ in crore)

Sub-Sector	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	785	1,047	1,113	1,374	1,823
Taxes on Property and Capital Transactions	1,820	1,586	1,746	1,569	2,340
Taxes on Commodities and Services	7,978	9,241	10,375	11,241	15,716
Total Tax Revenue	10,583	11,874	13,234	14,184	19,879



2.4 Performance of State's own Tax Revenue collection

(₹ in crore)

Year	GSDP	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
				Amount	Percentage to GSDP
2006-07	1,26,791	10,583	1,566	9,017	7
2007-08	1,52,772	11,874	1,975	9,899	6
2008-09	1,75,064	13,234	2,084	11,150	6
2009-10	1,99,459	14,184	2,144	12,040	6
2010-11	2,28,754	19,879	3,051	16,828	7

2.5 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ in crore)

Component	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	1,820	1,586	1,746	1,568	2,340
Expenditure on Collection	113	110	122	137	167
Efficiency in percent of Tax Collection	6	7	7	9	7

B. Taxes on Commodities and Services

(₹ in crore)

Components	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue collection	7,978	9,241	10,375	11,241	15,716
Expenditure on collection	63	69	74	89	142
Efficiency in percent of Tax Collection	1	1	1	1	1

2.6 Trend in State's Share of Union Taxes

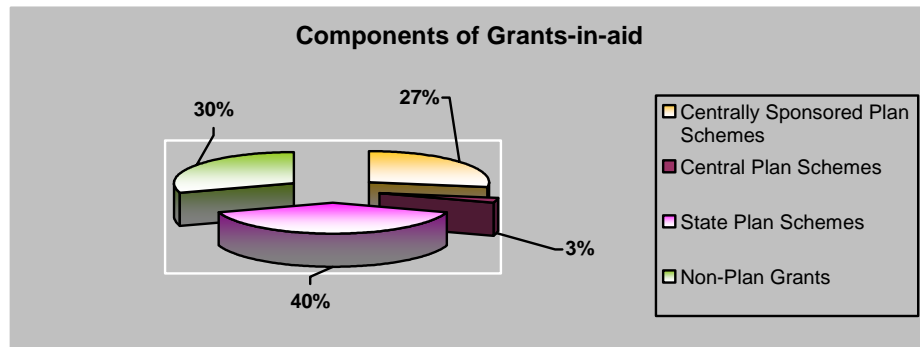
(₹ in crore)

Component	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation Tax	489	627	684	882	1,193
Taxes on Income other than Corporation Tax	297	421	429	492	630
Taxes on Wealth	1	1	1	2	2
Customs	305	373	398	300	534
Union Excise Duties	324	356	347	242	388
Service Tax	150	197	225	226	304
Total States Share of Union Taxes	1,566	1,975	2,084	2,144	3,051
Total Tax Revenue	10,583	11,874	13,234	14,184	19,879
Percentage of Union Taxes to Total Tax Revenue	15	17	16	15	15

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 Plan Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during 2010-11 under Grants-in-aid were ₹ 2,399 crore as shown below:

(₹ in crore)	
Components	Amount
Centrally Sponsored Plan Schemes	659
Central Plan Schemes	64
State Plan Schemes	955
Non-Plan Grants	721
Total- Grants-in-aid	2,399

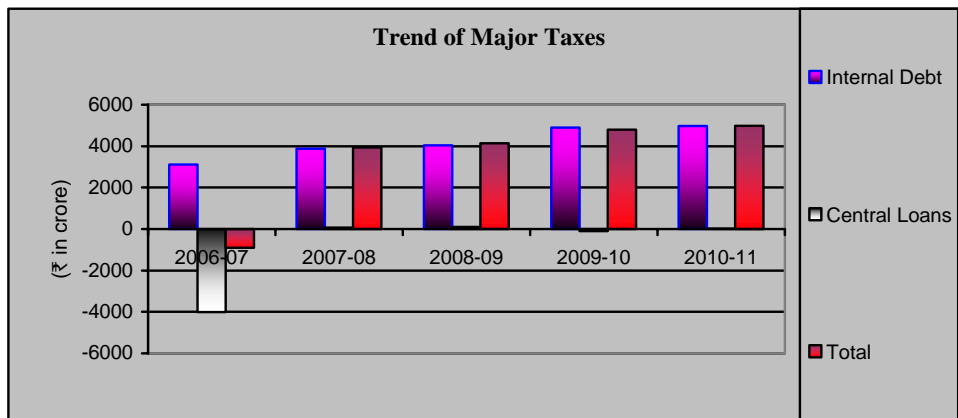


The share of Non-Plan Grants, Central Plan and Centrally Sponsored Plan Schemes increased by 84, 68, 25 percent respectively from 2009-10 whereas the share of Plan Schemes decreased by 25 percent during this period.

2.8 Public Debt

(₹ in crore)			
	Internal Debt	Central Loans	Total
2006-07	3,112	-4,008	-896
2007-08	3,872	71	3,943
2008-09	4,039	105	4,144
2009-10	4,902	-103	4,799
2010-11	4,974	8	4,982

Note: Negative figure indicates that repayment is in excess of receipts.



Accounts at a Glance

In 2010-11, ten loans totalling ₹ 4,928 crore at interest rates varying from 8.32 percent to 8.56 percent redeemable in the years 2020 and 2021 were raised at par.

Against the total internal debt of ₹ 10,741 crore of the State Government in 2010-11 plus the central loan component of ₹ 193 crore received during this period, capital expenditure was only ₹ 2,384 crore (22 percent), indicating that the rest of the public debt was used for non-development purposes.

CHAPTER 3

EXPENDITURE

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet the day-to-day running of the organisation. Capital Expenditure 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 and Family Welfare, Water Supply, Welfare of SC/ST etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

Revenue Expenditure of ₹ 32,897 crore for 2010-11 fell short of budget estimates by ₹ 509 crore due to less disbursement of ₹ 421 crore under Plan Expenditure and ₹ 88 crore under Non-Plan Expenditure.

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

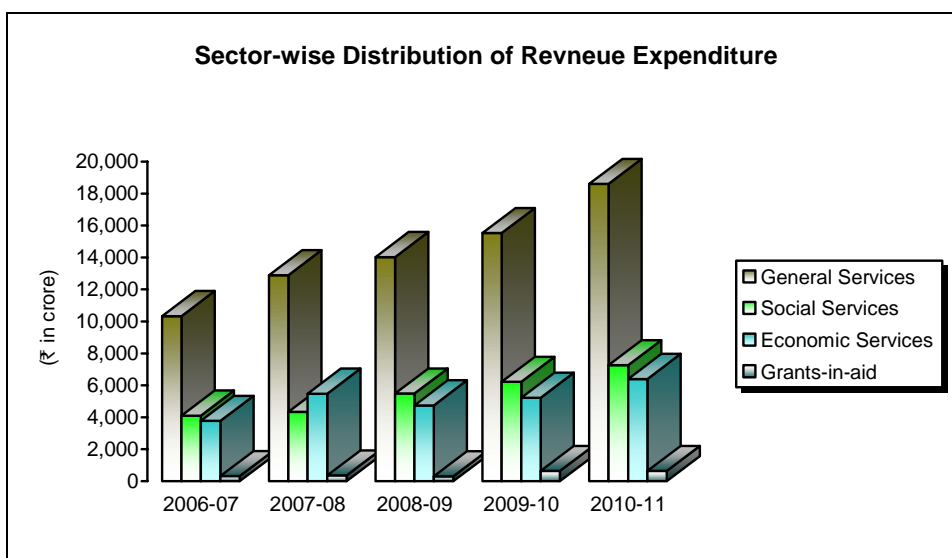
Component	2006-07	2007-08	2008-09	2009-10	2010-11
Budget Estimates	21,430	24,589	25,261	30,306	33,406
Actual Expenditure	18,544	23,061	24,569	27,408	32,897
Gap	2,886	1,528	692	2,898	509
Percentage of Gap over BE	13	6	3	10	2

3.2.1 Sector wise Distribution of Revenue Expenditure (20010-11)

Sr. No.	Component	Amount	Percentage
A.	General Services	18,598	57
A.1	Organs of State	336	1
A.2	Fiscal Services	5,871	18
A.3	Administrative Services	3,281	10
A.4	Pensions and Miscellaneous General Services	9,110	28
B.	Social Services	7,261	22
C.	Economic Services	6,399	19
D.	Grants-in-aid and Contributions	639	2
Total		32,897	100

3.2.2 Trends of Major components of Revenue Expenditure

Year	General Services	Social Services	Economic Services	Grants-in-aid
2006-07	10,339	4,104	3,773	329
2007-08	12,892	4,334	5,479	357
2008-09	14,032	5,483	4,744	310
2009-10	15,525	6,217	5,219	640
2010-11	18,598	7,261	6,399	639



3.3 Capital Expenditure

Capital disbursements for 2010-11 at 1 percent of GSDP were less than Budget Estimates by ₹ 637 crore (less disbursement of ₹ 647 crore under Plan Expenditure and excess disbursement of ₹10 crore under Non-Plan expenditure).

3.3.1 Sectoral distribution of Capital Expenditure

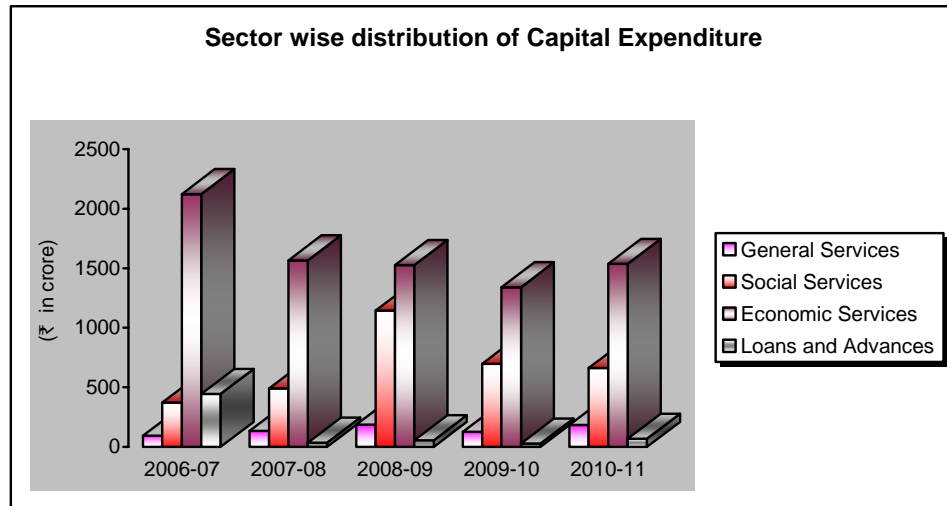
(₹ in crore)

Sr. No	Sector	Amount	Percentage
A.	General Services - Police, Public Works, etc.	185	7
B.	Social Services-Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc.	663	27
C.	Economic Services-Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	1,536	63
F.	Loans and Advances Disbursed	68	3
Total		2,452	100

3.3.2 Sector wise distribution of Capital Expenditure over the past 5 years

(₹ in crore)

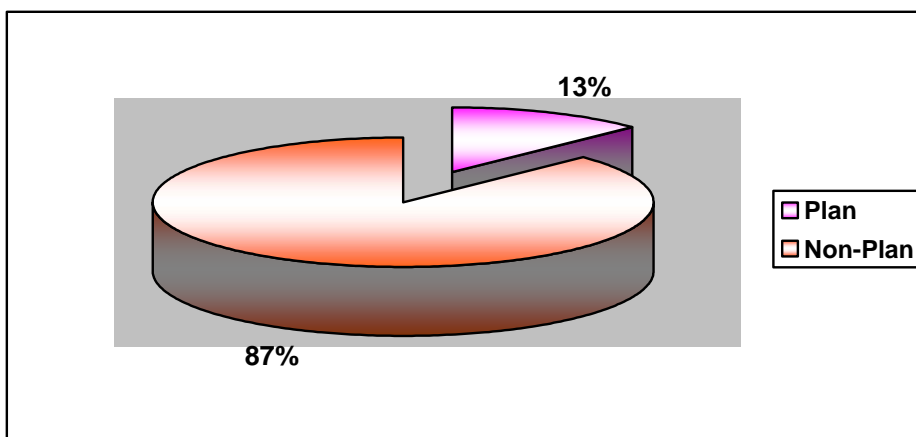
Year	General Services	Social Services	Economic Services	Loans and Advances	Total
2006-07	94	371	2,122	444	3,031
2007-08	135	490	1,566	35	2,226
2008-09	187	1,145	1,526	55	2,913
2009-10	126	699	1,341	29	2,195
2010-11	185	663	1,536	68	2,452



CHAPTER 4

PLAN AND NON PLAN EXPENDITURE

4.1 Distribution of Plan and Non-Plan Expenditure



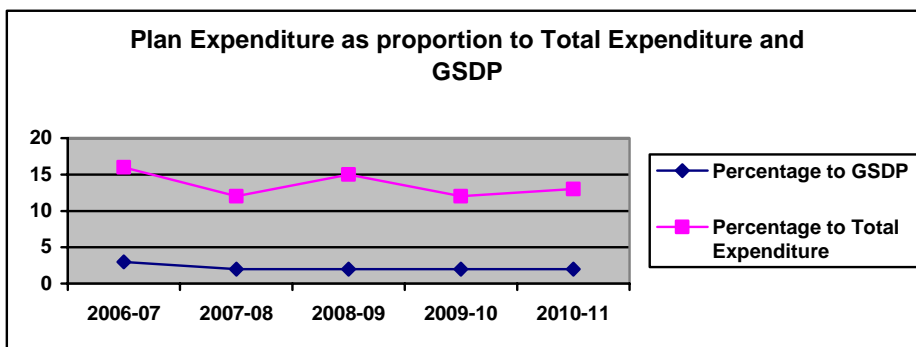
4.2 Plan Expenditure

During 2010-11, Plan Expenditure, representing 13 percent of total disbursements, was ₹ 4,498 crore (₹ 4,049 crore under State Plan, ₹ 438 crore under Centrally Sponsored Plan Schemes and ₹ 11 crore under Loans and Advances).

Plan Expenditure as proportion to GSDP and Total Expenditure

(₹ in crore)

Year	Plan Expenditure	GSDP	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2006-07	3,438	1,26,791	3	21,574	16
2007-08	3,086	1,52,772	2	25,287	12
2008-09	4,031	1,75,064	2	27,482	15
2009-10	3,404	1,99,459	2	29,603	11
2010-11	4,498	2,28,754	2	35,349	13



4.2.1 Plan Expenditure under Capital Account

(₹ in crore)

Year	Plan - Capital Expenditure	Total –Capital Expenditure	Percentage of Plan-Capital Expenditure to Total Capital Expenditure
2006-07	2,360	2,585	91
2007-08	1,919	2,192	88
2008-09	2,602	2,858	91
2009-10	1,980	2,166	91
2010-11	2,166	2,384	91

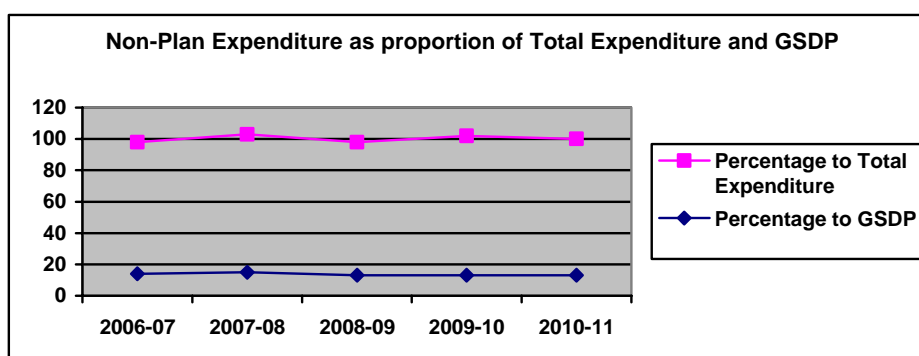
4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2010-11, representing 87 percent of total disbursements, was ₹ 30,851 crore, (₹ 30,576 crore under Revenue and ₹ 275 crore under Capital)

Non- Plan Expenditure as proportion to GSDP and Total Expenditure

(₹ in crore)

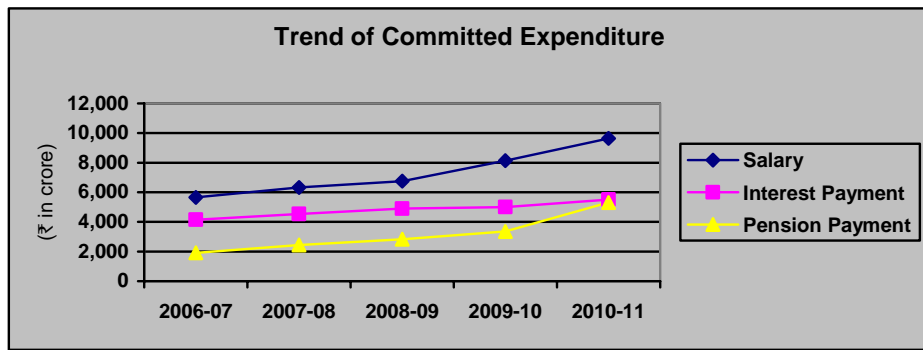
Year	Non -Plan Expenditure	GSDP	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2006-07	18,136	1,26,791	14	21,574	84
2007-08	22,201	1,52,772	15	25,287	88
2008-09	23,451	1,75,064	13	27,482	85
2009-10	26,199	1,99,459	13	29,603	89
2010-11	30,851	2,28,754	13	35,349	87



4.4 Committed Expenditure

(₹ in crore)

Year	Salary	Interest	Pension	Total
2006-07	5,647	4,152	1,905	11,704
2007-08	6,316	4,527	2,433	13,276
2008-09	6,745	4,902	2,830	14,477
2009-10	8,131	5,011	3,357	16,499
2010-11	9,635	5,515	5,309	20,459



Committed Expenditure Vs Revenue Expenditure and Revenue Receipts

(₹ in crore)

Component	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure	11,704	13,276	14,477	16,499	20,459
Revenue Receipts	20,567	19,238	20,713	22,157	27,608
Percentage of Committed Expenditure to Revenue Receipts	57	69	70	74	74
Revenue Expenditure	18,544	23,061	24,569	27,408	32,897
Percentage of Committed Expenditure to Revenue Expenditure	63	58	59	60	62

The steep upward trend on committed expenditure leaves the government with lesser flexibility for development sector.

CHAPTER 5**APPROPRIATION ACCOUNTS****5.1 Summary of Appropriation Accounts**

(₹ in crore)

Sr. No	Nature of Expenditure	Original Grant	Supplementary Grant	Total	Actual Expenditure	Savings (-) Excess (+)
1	Revenue					
	Voted	27,585	1,842	29,427	27,940	-1,487
	Charged	5,820	30	5,850	5,584	-266
2	Capital					
	Voted	3,062	868	3,930	2,466	-1,464
	Charged
3	Public Debt					
	Charged	7,430	..	7,430	5,953	-1,477
4	Loans and Advances					
	Voted	28	39	67	68	+1
	Total	43,925	2,779	46,704	42,011	-4,693

5.2 Trend of Saving/Excess

(₹ in crore)

Year	Revenue	Capital	Public Debt	Loans and Advances	Total
2006-07	-3,778	-894	+3,323	-41	-1,390
2007-08	-2,250	-1,949	+428	--	-3,771
2008-09	-2,072	-1,947	-158	+18	-4,159
2009-10	-3,598	-1,784	-1,054	-14	-6,450
2010-11	-1,753	-1,464	-1,477	+1	-4,693

Note: Saving as (-) and Excess as (+)

5.3 Significant Savings

Substantial Savings under grants indicate either non-implementation or slow implementation of certain schemes/programmes.

Some grants with persistent and significant saving are as under:-

(in percentage)

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
5	Education	18	14	15	14	18
17	Local Government, Housing and Urban Development	42	42	36	65	59
22	Revenue and Rehabilitation	34	27	16	29	16
23	Rural Development and Panchayats	46	65	57	42	44

Accounts at a Glance

During 2010-11, Supplementary Grants totalling ₹ 2,779 crore (6 percent of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below:-

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
1	Agriculture and Forests	Revenue (V)	1,008	176	838
2	Animal Husbandry and Fisheries	Revenue (V)	302	22	285
5	Education	Revenue (V) Capital (V)	4,492 168	388 36	4,078 114
9	Food and Supplies	Revenue (V)	421	14	79
10	General Administration	Revenue (V)	136	9	130
11	Health and Family Welfare	Revenue (V)	1,320	51	1,249
12	Home Affairs and Justice	Capital (V)	98	24	61
15	Irrigation and Power	Capital (V)	744	135	614
21	Public Works	Capital (V)	912	252	879
22	Revenue and Rehabilitation	Revenue (V)	922	43	785
23	Rural Development and Panchayats	Revenue (V)	996	118	588
24	Science, Technology and Environment	Revenue (V)	15	53	3
25	Social and Women Welfare and Welfare of Scheduled Castes and Backward Classes	Revenue (V) Capital (V)	1,279 29	51 72	1,128 4

CHAPTER 6

ASSETS AND LIABILITIES

6.1. *Assets*

The existing form of accounts does not easily depict valuation of Government assets like Land, Building 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 stood at ₹ 3,832 crore at the end of 2010-11. However, Dividend received during the year were ₹ 0.62 crore on investment. No fresh investment was made during 2010-11, however, dividend decreased by ₹ 0.29 crore.

Cash Balance with Reserve Bank of India stood at ₹*-275 crore on 31st March 2010 and decreased to ₹ -694 crore at the end of March 31st 2011.

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 of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

Outstanding Public Debt as on 31st March 2011 was ₹ 58,237 crore comprising internal debt of ₹ 54,940 crore and loans and advances from Central Government ₹ 3,297 crore. Other liabilities accounted under Public Account were ₹ 16,638 crore.

The State also acts as a banker and trustee in respect of deposits like small savings, provident funds and deposits. There was an overall increase of ₹ 1,829 crore in respect of such liabilities of State Government during 2010-11.

Interest payments on debt and other liabilities totalling ₹ 5,515 crore constituted 17 percent of Revenue Expenditure of ₹ 32,897 crore. Interest payments on Public Debts were ₹ 4,570 crore (interest on Internal Debt ₹ 4,351 crore and interest on Loans and Advances from Central Government ₹ 219 crore). Expenditure on account of interest payments increased by ₹ 504 crore during 2010-11 as compared to 2009-10.

Internal Debt of ₹ 10,741 crore raised during 2010-11 was mainly used for (i) discharge of debt obligations ₹ 5,768 crore and (ii) payment of interest ₹ 5,515 crore.

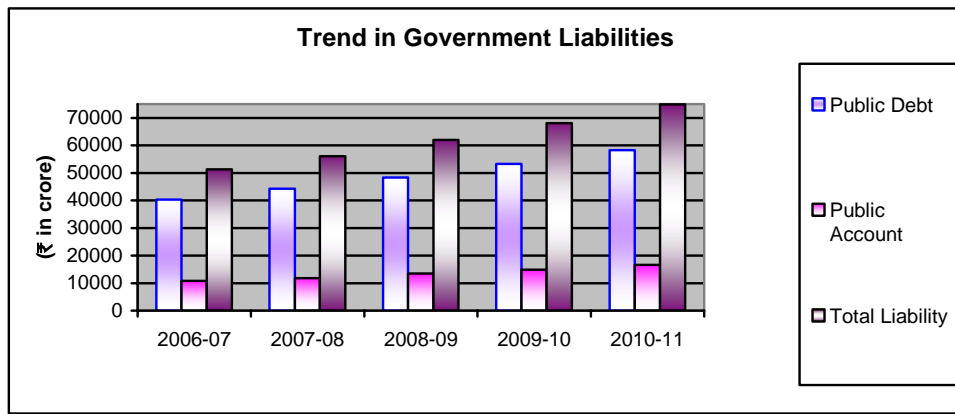
Details of the Public Debt and Total Liabilities of the State Government are as under:

(₹ in crore)

Year	GSDP	Public Debt	Percentage to GSDP	Public Account	Percentage to GSDP	Total Liability*	Percentage to GSDP
2006-07	1,26,791	40,367	32	10,862	9	51,279	40
2007-08	1,52,772	44,310	29	11,760	8	56,120	37
2008-09	1,75,064	48,453	28	13,474	8	61,977	35
2009-10	1,99,459	53,253	27	14,834	7	68,137	34
2010-11	2,28,754	58,237	25	16,638	7	74,925	33

* includes ₹25 crore pertaining to Contingency Fund.

There is a net increase of ₹ 23,646 crore (46 percent) in Net Liabilities during the last five years.



6.3 Guarantees

The position of guarantees given by the State Government for the purpose of obtaining loans raised by Statutory Corporations, Government Companies, Cooperative Societies etc., is given below:

(₹ in crore)

Year	Maximum Amount Guaranteed (Principal only)	Amount Outstanding as on 31 st March 2011	
		Principal	Interest
2006-07	25,696	13,860	59
2007-08	26,094	10,991	23
2008-09	46,815	25,758	110
2009-10	51,357	32,528	768
2010-11	60,067	40,287	1,106

CHAPTER 7
GENERAL**7.1 Major Policy Decisions and their impact on the finances of the State**

- 7.1.1** The State Government decided to comply with the terms and conditions/as well as the guidelines of the Thirteenth Finance Commission and Government of India in order to avail of performance grants amounting to ₹ 607 crore for the Local Bodies/Panchayati Raj Institutes of the State from Government of India in future.
- 7.1.2** Additional Resource Mobilisation: As a result of Taxation changes during the year 2010-11, Tax Revenue raised by State's own resources increased from ₹ 12,039 crore during 2009-10 to ₹ 16,828 crore during 2010-11 registering an increase of 40 percent. Quantum leap of 518 and 134 percent has been noticed in receipts relating to Taxes and Duties on Electricity and fees for registering documents respectively.
- 7.1.3** Power Generation Policy: In an endeavour to transform the State of Punjab from Power deficit to Power surplus state, Government formulated a policy for participation by private partners on Build- Own- Operate (BOO) basis by offering incentive in the form of 100 percent exemption from payment of fee and stamp duty for land registration, change of land use charges and entry tax etc., which may decrease the tax revenue raised by State's own resources in future. An outlay of ₹ 3,300 crore for power sector has been made which constitutes approximately 35 percent of the Total Plan Outlay.
- 7.1.4** Green Initiative of the State Government: State Government made a provision to levy electricity duty @ 3 percent to fund the Green Initiative of the State Government. As a result, the collection of Taxes and Duties on Electricity has increased by ₹ 1,193 crore i.e. 518 percent in 2010-11 as compared to receipts during 2009-10. Green Initiative programme is a climate change action plan for (a) Developing climate resilient agriculture; (b) Reducing carbon emissions through energy conservation and development of renewable energy and; (c) Water Conservation, water treatment and recycling.
- 7.1.5** Punjab Entertainment Duty Act, 1955 was amended to reduce the rate of entertainment duty from 125 percent to 25 percent. However, Receipts under Entertainment Tax increased by 140 percent.
- 7.1.6** The State Government decided to implement master plan for tourism at a cost of ₹ 577 crore with assistance of Asian Development Bank. The State Government would contribute 30 percent of the Total Outlay.

7.2 The Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003

Section 5(2) of the Act states that in particular, and without prejudice to the generality of the foregoing provision, the State Government shall, at the time of presentation of the annual budget, disclose in a statement, in the form as may be prescribed,- (a) the significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of the prescribed fiscal indicators; (b) as far as practicable and consistent with the protection of public interest, the contingent liabilities created by way of guarantees, all claims and commitments made by the State Government, having potential budgetary implications, including revenue demands raised, but not realised and tax arrears, and liability incurred, but not paid. However annual budget was presented without foregoing disclosures.

In order to formulate Fiscal correction path to meet the targets set by the Thirteenth Finance Commission/Government of India and to avail the benefit of interest relief of ₹ 703 crore and release of State Specific Grants of ₹ 1,450 crore, Government of Punjab amended the FRBM Act, 2003 in March 2011. Performance chart of the

Government of Punjab for the year 2010-11 vis-à-vis targets fixed by the Thirteenth Finance Commission is as follows:

Sr. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP*	
			Target	Achievement
1	Revenue Deficit	5,289	1.75	2.31
2	Fiscal Deficit	7,143	3.10	3.12
3	Debt	74,778	42.50	32.69

* Advance figure of GSDP: ₹ 2,28,754 crore

7.3 Status of Funds released and Utilisation thereof in respect of Centrally Sponsored Schemes

The Government of India releases funds for implementation of schemes/projects by way of Grants-in-aid to State Government. The State Government is required to release the funds in toto received from Government of India with its own share as per sharing pattern for implementation of schemes/projects. Macro level statistical analysis of 10 Major schemes reveals that in 7 schemes, Government of India released a sum of ₹ 421 crore whereas State Government actually released ₹ 263 crore (63 percent) and incurred an expenditure to that extent only. In respect of Rajiv Gandhi Scheme for empowerment of adolescent girls, the State Government released its own share only and incurred an expenditure of ₹ 1 crore against the Government of India's release of ₹ 7 crore (15 percent). Similarly, State Government made a provision of ₹ 212 crore as per funding pattern in these schemes. But, the State Government actually released ₹ 95 crore (45 percent) for implementation of schemes. In 3 schemes, State Government however released more funds i.e. ₹ 40 crore in comparison to Government of India release of ₹ 30 crore.

7.4 Loans and Advances given by the State Government

Total amount of outstanding loan as on 31st March 2011 stood at ₹ 2,324 crore in comparison to an amount of ₹ 2,853 crore as on 1st April 2010 registering repayments of ₹ 597 crore and ₹ 68 crore given as Loans and Advances. However, analysis has revealed that (i) repayments in respect of most of the loans are not forthcoming; (ii) 87 percent of the repayments were on account of book adjustment wherein subsidy amounting to ₹ 520 crore has been treated as repayment of loan by Punjab State Power Corporation Limited.

7.5 Status of Personal Deposits

Ordinarily, the opening of a banking deposit account or of a Personal Ledger Account (PLA) is sanctioned by Government after consultation with the Accountant General. Except where by law or rules having the force of law, Personal Deposit Account are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of special enactments, Personal Deposit Accounts created by debit to the Consolidated Fund should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund; the Personal Deposit Accounts being opened next year again, if necessary, in the usual manner. 42 numbers of Personal Deposit Accounts amounting to ₹ 730 crore were opened during the financial year 2010-11 and out of these 41 numbers of PDAs amounting to ₹ 730 crore were closed on 31st March 2011.

7.6 Abstract Contingent Bills

The Drawing and Disbursing Officer who has drawn an Abstract Contingent (AC) Bill must submit a Detailed Contingent (DC) Bill to his Controlling Officer for counter signature and onward transmission to Accountant General within the

prescribed time period. However, 1106 Abstract Contingent Bills amounting to ₹ 829 crore were outstanding as on 31st March 2011 due to non-compliance of the codal provisions.

7.7 Utilisation Certificates

Sums released as Grants-in aid to the beneficiaries have to be followed by submission of Utilisation Certificates within specified period. 174 Utilisation Certificates for ₹ 284 crore as per details given below were awaited as on 31st March 2011.

Year	Number of Utilisation Certificates awaited	Amount (₹ in crore)
Upto 2008-09	15	95
2009-10	49	47
2010-11	110	142
Total	174	284

7.8 Status of Reserve Funds

Closing balance in the Reserve Funds as on 31st March 2011 was ₹ 2,301 crore. Analysis reveals that Reserve Funds bearing interest are operative, whereas the entire amount of ₹ 9 crore is static since 1982-83 under Reserve Funds not bearing interest. A review was conducted and the facts were brought to the notice of State Government for remedial action.

7.9 Grants-in-aid forming part of Capital Expenditure

Budgetary provision of Grants-in-aid under Capital Heads is against the Financial Rules as assets so created do not belong to the State Government. Grants-in-aid amounting to ₹ 177 crore was disbursed from the Capital Heads comprising 8 percent of total amount of Grants-in-aid i.e. ₹ 2,186 crore.

7.10 Parking of Funds outside the Consolidated Fund

7.10.1 ₹ 49 crore pertaining to Personal Ledger Accounts operated by District Welfare Officers (working under Directorate of Welfare for Scheduled Castes and Backward Classes) were withdrawn from these Accounts at the close of the year and deposited in the Bank Accounts instead of making adjustment by minus debit to the Consolidated Fund of the State.

7.10.2 To compensate the municipalities due to abolition of octroi in September 2006, the Government decided to provide 10 percent funds to the municipalities out of total VAT collection. The accounting was designed in such a way that 90 percent of VAT collection goes to the treasury whereas the remaining 10 percent goes direct to the dedicated Bank wherefrom this money goes direct to the municipalities. This way, 10 percent of VAT collection is kept outside the Consolidated Fund of the State every year. During 2010-11, an amount of ₹ 1,071 crore, representing 10 percent of VAT collection, went outside the Consolidated Fund of the State.

7.10.3 An amount of ₹ 473 crore as on 31st March 2011 pertaining to Major Head 8671-Departmental Balances was lying with Departmental Officers as idle cash outside the Government Accounts.

7.11 Submission of Accounts by treasuries and divisions

252 Treasury Accounts rendered by 21 District Treasuries were received and accounted for during the year. The delay ranging from 1 to 13 days was noticed in rendition of monthly accounts by the treasuries. Irrigation, B&R, Public Health and Forest Divisions rendered 3285 accounts during the year. There was delay ranging from 1 to 16 days in rendition of monthly accounts by the Divisional Authorities.

7.12 Adverse Balances

There is a repayment schedule of every loan raised by the State Government. However, an instance may occur wherein, repayment may exceed the amount of Loan taken or receipts follow against non-existent Loans on account of misclassification and non-reconciliation. Closing Balance at the end of the year denotes Adverse Balance. Such Balances are 'Nil' in the books of the office of the Accountant General (A&E).

7.13 Financial Assistance to Local Bodies and others

An amount of ₹ 1,230 crore was given as Grants-in-aid to Panchayati Raj Institution and Urban Local Bodies during 2010-11 constituting 56 percent of the Total Grants-in-aid of ₹ 2,186 crore. Details of Grants-in-aid for the last 2 years are as under:

(₹ in crore)

Year	Panchayati Raj Institutions	Urban Local Bodies	Others	Total Grants-in aid
2009-10	412	89	984	1,485
2010-11	1,162	68	956	2,186

7.14 Cash Balances and Investments of Cash Balances

(₹ in crore)

	Overall Cash Position of the Government	As on 31 st March 2011	As on 31 st March 2010	Net Increase(+)/ Decrease(-)
(a)	General Cash Balances -			
1	Deposits with Reserve Bank of India	-694	-275	-419
2	Investments held in the Cash Balance Investment Account	102	292	-190
	Total (a)	-592	17	-609
(b)	Other Cash Balances and Investments-	474	208	+265
	Total	-118	226	-344

7.15 Reconciliation of Receipts and Expenditure

All the Controlling Officers/Chief Controlling Officers (COs/CCOs) are required to reconcile the Receipts and Expenditure of the Government with the figures accounted for by the Accountant General. Reconciliation of figures under Expenditure and Receipt Heads was completed by all the 208 and 160 CCOs in respect of Expenditure and Receipt Heads respectively in the State.