

# Accounts at a glance 2013-14





**Government of Punjab** 

### **ACCOUNTS AT A GLANCE**

2013-14

**Government of Punjab** 

#### Our Vision, Mission and Core Values

**VISION:** The vision of SAI 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.

MISSION: 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.

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

Independence Professional Excellence

Objectivity Transparency

Integrity Positive Approach

Reliability

#### **PREFACE**

I am happy to present the Sixteenth 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 General's (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. 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 2013-14 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.

Date: 10 December 2014

Chandigarh

Namita Sekhon Principal Accountant General (A&E) Punjab

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#### **OVERVIEW**

#### 1.1 Introduction

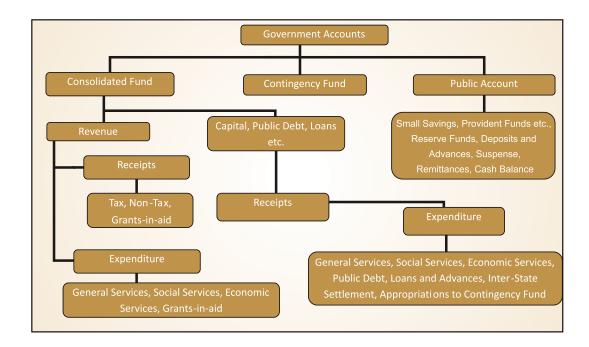
The office of the Principal Accountant General (A&E), Punjab compiles the monthly accounts of the State Government from the accounts submitted by the District Treasuries, Public Works Divisions, Forest Divisions and other accounting circles etc. Besides, Finance Accounts and Appropriation Accounts are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

#### 1.2 Structure of Government Accounts

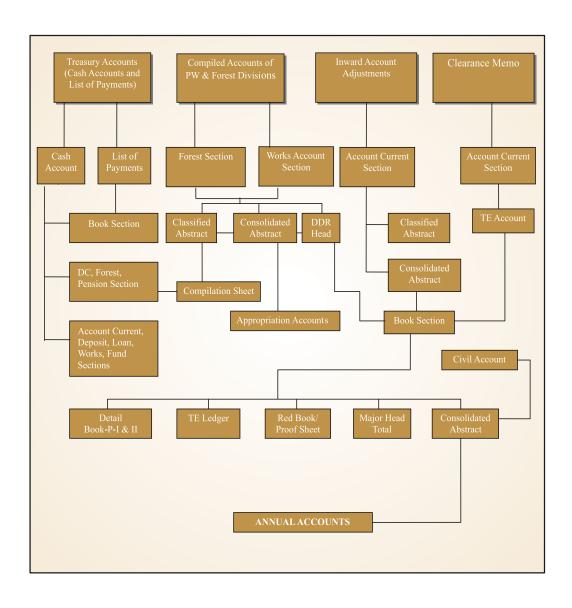
#### 1.2.1 Government Accounts are kept in three parts:

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



#### 1.2.3 Flow Chart of Compilation of Accounts



#### 1.3 Finance Accounts and Appropriation Accounts

#### 1.3.1 Finance Accounts

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. 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 2013-14 are given below:

(₹ In crore)

		Tax Revenue	28,511
	Revenue 35,104	Non-Tax Revenue	3,192
Receipts 44,007		Grants-in-aid	3,401
	Capital 8,903	Recovery of Loans and Advances	112
		Borrowings and other Liabilities*	8,791
	Revenue		41,641
Disbursements 44,007	Capital		2,201
	Loans and	d Advances	165

<sup>\*</sup> 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 ₹ 1,751 crore as compared to last year's release of ₹ 1,886 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 gross expenditure (both voted and charged) of the State Government incurred from the Consolidated Fund for each financial year compared with the accounts of voted grants and charged appropriations for the different purposes as specified in the Schedules appended to the Appropriation Acts passed by the state legislature under Article 204 and 205 of the Constitution of India. The Appropriation Accounts supplement the Finance Accounts. The Appropriation Accounts of the Government of Punjab for the year 2013-14 expended in the year ended 31 March 2014 comprise accounts of 22 Charged Appropriations and 29 Voted Grants.

Appropriation Act, 2013-14 had projected gross expenditure of ₹ 74,153 crore, which includes the Supplementary Grants totalling ₹ 5,102 crore, voted by state legislative during the year. No amount was projected as recoveries to be treated as reduction of expenditure.

Appropriation Accounts 2013-14 show disbursements aggregating ₹ 61,283 crore against the aggregate budget provision of ₹ 74,153 crore, resulting in savings of ₹ 12,870 crore ( 17 per cent ). However, savings of ₹ 7,095 crore (55 per cent) were under the Grants controlled by Departments of Irrigation and Power (₹ 2,447 crore), Local Government, Housing and Urban Development (₹ 1,974 crore), Education (₹ 1,493 crore) and Health and Family Welfare (₹ 1,181 crore).

Against the Nil projection of recoveries in reduction of expenditure in budget estimates, there were actual recoveries of ₹594 crore during 2013-14.

The Appropriation Accounts show that in the year 2013-14, there was actual expenditure of ₹61,283 crore, comprising ₹42,155 crore Revenue Expenditure, ₹2,280 crore Capital Expenditure, ₹16,683 crore Repayment of Debt, ₹165 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.

#### 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  $\stackrel{?}{\underset{?}{?}}$  1.56 crore. An amount of  $\stackrel{?}{\underset{?}{?}}$  158 crore was outstanding as on 31 March 2013 against Ways and Means Advances. During 2013-14, the Government of Punjab obtained  $\stackrel{?}{\underset{?}{?}}$  7,244 crore as Ways and Means Advances on eighty nine occasions.  $\stackrel{?}{\underset{?}{?}}$  6,855 crore were repaid during the year leaving a balance of  $\stackrel{?}{\underset{?}{?}}$  547 crore.  $\stackrel{?}{\underset{?}{?}}$  16 crore were paid as interest on these advances.

Moreover, Government has availed shortfall of  $\ref{17}$  crore on eleven occasions and overdraft of  $\ref{6,207}$  crore on fifty seven occasions.  $\ref{6,178}$  crore were repaid during the year leaving a balance of  $\ref{46}$  crore.  $\ref{8}$  crore were paid as interest on these shortfalls/overdrafts. However, this has to be viewed against the fact that there was saving of  $\ref{12,870}$  crore in 29 grants out of total 30 grants which represents 17 per cent shortfall in expenditure against estimates.

#### 1.4.2 Fund flow statement

The State had a Revenue Deficit of ₹ 6,537 crore and a Fiscal Deficit of ₹ 8,791 crore representing 2.06 per cent and 2.77 per cent of the Gross State Domestic Product (GSDP)¹ respectively. The Fiscal Deficit constituted 19.98 per cent of total expenditure. This deficit was met from Public Debt (₹ 7,458 crore), increase in Public Account (₹ 2,145 crore) and net of opening and closing cash balance (₹ 812 crore). Around 82 per cent of the revenue receipts (₹ 35,104 crore) of the State Government was spent on committed expenditure like salaries (₹ 14,591 crore), interest payments (₹ 7,820 crore) and pensions (₹ 6,277 crore).

Principal Accountant General (A&E) Punjab

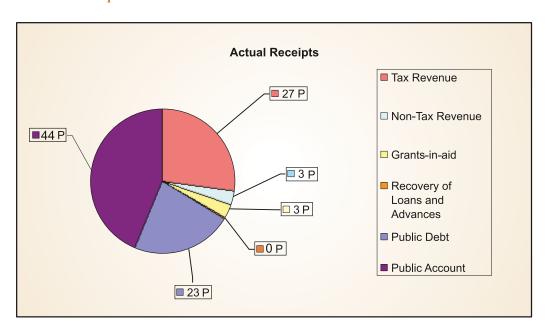
<sup>&</sup>lt;sup>1</sup>Advance figure of GSDP: ₹ 3,17,054 crore.

#### **Source and Application of Funds**

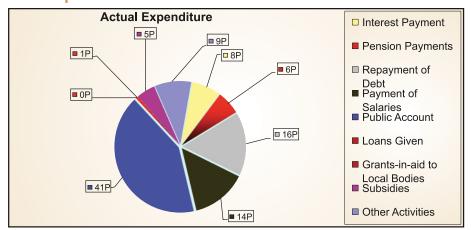
(₹ In crore)

	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1.4.2013	-881
	Revenue Receipts	35,104
	Recovery of Loans and Advances	112
	Public Debt	24,141
	Small Savings, Provident Funds etc.	3,341
	Reserve Funds	577
SOURCE	Received Deposits	3,858
	Civil Advance Repaid	2.
	Suspense Account	37,940
	Remittances	-39
	Contingency Fund	
	Total	1,04,155
	Revenue Expenditure	41,641
	Capital Expenditure	2,201
	Loans Given	165
	Repayment of Public Debt	16,683
	Small Savings, Provident Funds etc.	1,377
	Reserve Funds	237
APPLICATION	Deposits Spent	3,666
	Civil Advance Given	2
	Suspense Account	38,181
	Remittances	71
	Closing Cash Balance as on 31.3.2014	-69
	Total	1,04,155

#### 1.4.3 Where the Rupee came from



#### 1.4.4 Where the Rupee went



#### 1.5 Highlights of Accounts

					. ,
Sr.	Components	B.E.	Actual	Percentage	Percentage
No.		2013-14		of Actual	of Actual
				to B.E.	to
					GSDP(e)
1	Tax Revenue (a)	33,356	28,511	85	9
2	Non-Tax Revenue	2,736	3,192	117	1
3	Grants-in-aid and Contributions	6,574	3,401	52	1
4	Revenue Receipts (1+2+3)	42,666	35,104	82	11
5	Recovery of Loans and Advances	140	112	80	0.04
6	Other Receipts				••
7	Borrowings and other Liabilities		8,791	95	3
	(b)	9,258			
8	Capital Receipts (5+6+7)	9,398	8,903	95	3
9	Total Receipts (4+8)	52,064	44,007	85	14
10	Non-Plan Expenditure (c)	40,158	38,860	97	12
11	NPE on Revenue Account	38,967	38,505	99	12
12	NPE on Interest Payments out of	7.600	7,820	103	2
	11	7,602			
13	NPE on Capital Account	1,191	355	30	0.11
14	Plan Expenditure (c)	11,906	5,147	43	2
15	PE on Revenue Account	5,445	3,136	58	1
16	PE on Capital Account	6,461	2,011	31	1
17	Total Expenditure (10+14)	52,064	44,007	85	14
18	Revenue Expenditure (11+15)	44,412	41,641	94	13
19	Capital Expenditure	E (52	2,366	31	1
	(13+16) (d)	7,652			
20	Revenue Deficit (4-18)	-1,747	-6,537	374	2
21	Fiscal Deficit (4+5+6-17)	-9,258	-8,791	95	3

<sup>(</sup>a) Includes State's share of Union Taxes of ₹4,431 crore.

<sup>(</sup>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.

<sup>©</sup> Includes ₹ 165 crore under Non-Plan which pertains to Loans and Advances.

<sup>(</sup>d) Expenditure on Capital Account includes Capital Expenditure (₹ 2,201 crore) and Loans and Advances disbursed (₹ 165 crore).

<sup>(</sup>e) Advance figure of GSDP ₹ 3,17,054 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 per cent of GSDP by 2014-15. It has recommended a Fiscal Consolidated Roadmap for Punjab. Accordingly, Revenue and Fiscal Deficit paths are as under:

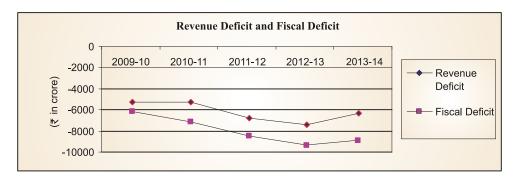
(₹ In crore)

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

<sup>\*</sup> Not prescribed by Thirteenth Finance Commission.

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

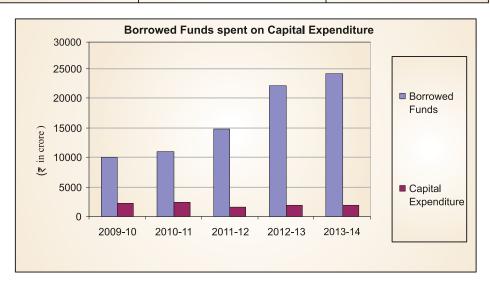
Year	GSDP	Revenue Deficit	Percentage to GSDP	Fiscal Deficit	Percentage to GSDP
2009-10	1,97,500	5,251	2.66	6,170	3.12
2010-11	2,26,204	5,289	2.34	7,143	3.16
2011-12	2,56,374	6,811	2.66	8,491	3.31
2012-13	2,85,165	7,407	2.60	9,346	3.28
2013-14	3,17,054	6,537	2.06	8,791	2.77



#### 1.6.3 Proportion of borrowed funds spent on Capital Expenditure

(₹ In crore)

Year	Borrowed Funds	Capital Expenditure
2009-10	10,108	2,166
2010-11	10,934	2,384
2011-12	14,871	1,598
2012-13	22,167	1,916
2013-14	24,140	2,201



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 9 per cent of the borrowings of the current year (₹ 24,140 crore) on capital expenditure (₹ 2,201 crore). It appears that 91 per cent of the public debt (₹ 21,939 crore) was utilised on the following: (i) to repay the principal and interest on public debt of previous years and (ii) to meet periodic shortfalls of revenues against expenditure in the current year.

#### RECEIPTS

#### 2.1 Introduction

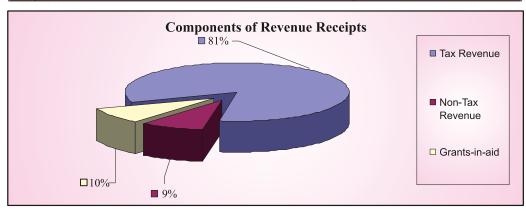
Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2013-14 were ₹ 44,007 crore.

#### 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 channelized 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 (2013-14)**

	Components	Actual
Α.	Tax Revenue	28,511
	Taxes on Income and Expenditure	2,472
	Taxes on Property and Capital Transactions	2,546
	Taxes on Commodities and Services	23,493
В.	Non-Tax Revenue	3,192
	Interest Receipts, Dividends and Profits	176
	General Services	1,940
	Social Services	486
	Economic Services	590
C.	Grants-in-aid and Contributions	3,401
	Total	35,104



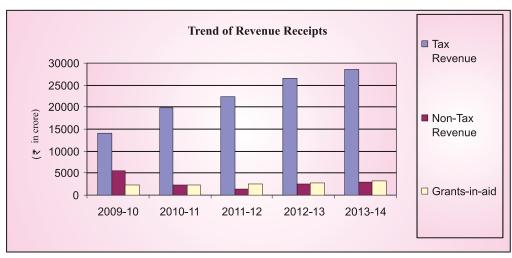
#### 2.3 Trend of Revenue Receipts

(₹ In crore)

Components	2009-10	2010-11	2011-12	2012-13	2013-14
Tax Revenue	14,184	19,879	22,395	26,646	28,511
Tax Revenue	(7)	(9)	(9)	(9)	(9)
Non-Tax	5,653	5,330	1,398	2,629	3,192
Revenue	(3)	(2)	(1)	(1)	(1)
Grants-in-aid	2,320	2,399	2,441	2,776	3,401
Grants-in-aid	(1)	(1)	(1)	(1)	(1)
Total	22,157	27,608	26,234	32,051	35,104
Total	(11)	(12)	(11)	(11)	(11)
GSDP	1,97,500	2,26,204	2,56,374	2,85,165	3,17,054

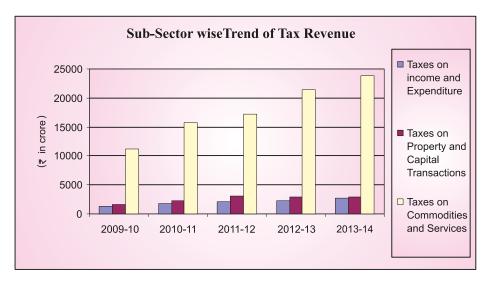
Note: Figure in bracket represents percentage to GSDP.

The ratio of Revenue Receipts to GSDP remained constant at 11 per cent from 2009-10 to 2013-14 except 2010-11 (12 per cent) whereas Revenue Receipts increased by 58 per cent during the same span.



**Sub-Sector-wise Tax Revenue** 

Sub-Sector	2009-10	2010-11	2011-12	2012-13	2013-14
Taxes on Income and	1,374	1,823	2,110	2,331	2,472
Expenditure					
Taxes on Property and	1,569	2,340	3,109	2,960	2,546
Capital Transactions					
Taxes on Commodities	11,241	15,716	17,176	21,355	23,493
and Services					
Total Tax Revenue	14,184	19,879	22,395	26,646	28,511



#### 2.4 Performance of State's own Tax Revenue collection

(₹ In crore)

Year	GSDP	Tax	State share	State's Own Tax Revenue	
		Revenue	of Union Taxes	Amount	Percentage to GSDP
2009-10	1,97,500	14,184	2,144	12,040	6
2010-11	2,26,204	19,879	3,051	16,828	7
2011-12	2,56,374	22,395	3,554	18,841	7
2012-13	2,85,165	26,646	4,059	22,587	8
2013-14	3,17,054	28,511	4,431	24,080	8

#### 2.5 Efficiency of Tax Collection

#### A. Taxes on Property and Capital Transactions

(₹ In crore)

Components	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Collection	1,568	2,340	3,109	2,960	2,546
Expenditure on Collection	137	167	210	215	209
Efficiency in per cent of Tax Collection	9	7	7	7	8

#### **B.** Taxes on Commodities and Services

Components	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue collection	11,241	15,716	17,176	21,355	23,493
Expenditure on collection	89	142	149	178	166
Efficiency in per cent of Tax Collection	1	1	1	1	1

#### 2.6 Trend in State's Share of Union Taxes/Duties

(₹ In crore)

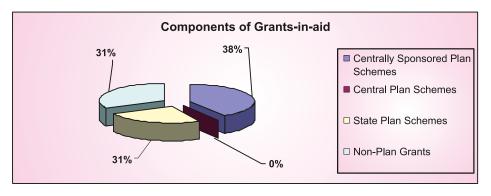
Components	2009-10	2010-11	2011-12	2012-13	2013-14
Corporation Tax	882	1,193	1,399	1,458	1,490
Taxes on Income other than Corporation Tax	492	630	711	873	981
Taxes on Wealth	2	2	5	2	4
Customs	300	534	616	675	723
Union Excise Duties	242	388	399	458	511
Service Tax	226	304	424	593	722
Total States Share of Union Taxes	2,144	3,051	3,554	4,059	4,431
Total Tax Revenue	14,184	19,879	22,395	26,646	28,511
Percentage of Union Taxes to Total Tax Revenue	15	15	16	15	16

#### 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 2013-14 under Grants-in-aid were ₹ 3,401 crore as shown below:

(₹ In crore)

Components	Amount
Centrally Sponsored Plan Schemes	1,271
Central Plan Schemes	8
State Plan Schemes	1,058
Non-Plan Grants	1,064
Total - Grants-in-aid	3,401



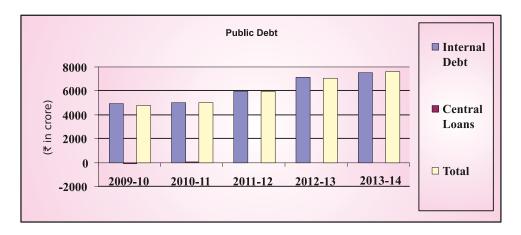
It has been noticed that the share of Grants-in-aid under Centrally Sponsored Plan, State Plan and Non-Plan Schemes increased by 12, 55 and 19 per cent respectively from 2012-13 whereas the share of Grants-in-aid under Central Plan Schemes decreased by 87 per cent during this period.

#### 2.8 Public Debt

(₹ In crore)

Year	Internal Debt	Central Loans	Total
2009-10	4,902	-103	4,799
2010-11	4,974	8	4,982
2011-12	5,962	-38	5,924
2012-13	7,099	-49	7,050
2013-14	7,336	121	7,457

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



During 2013-14, 16 loans totalling  $\ref{eq}$  9,000 crore at interest rates varying from 7.58 per cent to 9.87 per cent redeemable in the year 2023 and 2024 were raised.

Against the total internal debt of  $\stackrel{?}{\sim} 23,762$  crore of the State Government in 2013-14 and the central loan of  $\stackrel{?}{\sim} 378$  crore received during this period, capital expenditure was only  $\stackrel{?}{\sim} 2,201$  crore (9 per cent), indicating that the rest of the public debt was used for non-development purposes.

#### **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  $\stackrel{?}{\stackrel{\checkmark}}$  41,641 crore for 2013-14 fell short of budget estimates by  $\stackrel{?}{\stackrel{\checkmark}}$  2,771 crore due to less disbursement of  $\stackrel{?}{\stackrel{\checkmark}}$  2,309 crore under Plan Expenditure and  $\stackrel{?}{\stackrel{\checkmark}}$  462 crore under Non-Plan Expenditure.

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

(₹ In crore)

2010-11 2009-10 2011-12 2012-13 **Components Budget Estimates** 30,306 33,406 35,406 41,167 44,412 41,641 Actual Expenditure 27,408 32,897 33,045 39,458 2,898 2,361 1,709 Gap 509 2,771 Percentage of Gap 10 2 7 4 6 over BE

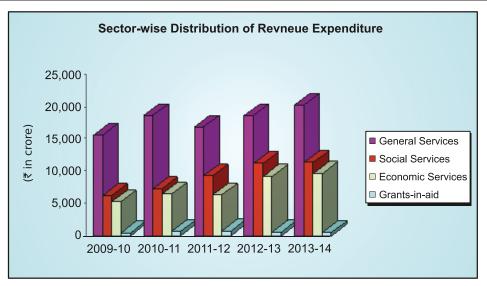
#### 3.2.1 Sector wise Distribution of Revenue Expenditure (2013-14)

Sr. No.	Component	Amount	Percentage to Total Revenue Expenditure
A.	General Services	20,192	49
A.1	Organs of State	516	1
A.2	Fiscal Services	380	1
A.3	Interest Payment and Servicing of Debt	7,820	19
A.4	Administrative Services	5,152	12
A.5	Pensions and Miscellaneous General Services	6,324	16
B.	Social Services	11,319	27
C.	Economic Services	9,600	23
D.	Grants-in-aid and Contributions	530	1
	Total	41,641	100

#### 3.2.2 Trends of Major components of Revenue Expenditure

(₹ In crore)

Year	General Services	Social Services	Economic Services	Grants-in-aid
2009-10	15,525	6,217	5,219	447
2010-11	18,598	7,261	6,399	639
2011-12	16,788	9,246	6,264	747
2012-13	18,572	11,190	9,152	544
2013-14	20,192	11,319	9,600	530



#### 3.3 Capital Expenditure

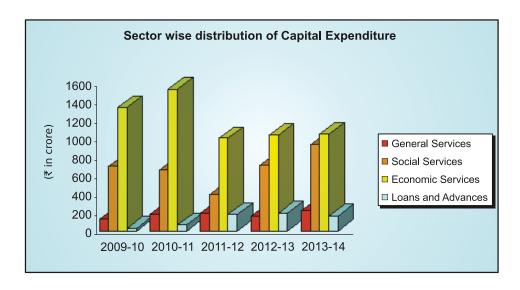
Capital disbursements for 2013-14 at 1 per cent of GSDP were less than Budget Estimates by ₹ 5,286 crore (less disbursement of ₹ 4,450 crore under Plan Expenditure and ₹ 836 crore under Non-Plan expenditure).

#### 3.3.1 Sectoral distribution of Capital Expenditure

Sr. No	Sector	Amount	Percentage
A.	General Services - Police, Public Works, etc.	219	9
В.	Social Services-Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc.	930	39
C.	Economic Services-Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	1,052	45
F.	Loans and Advances Disbursed	165	7
	Total	2,366	100

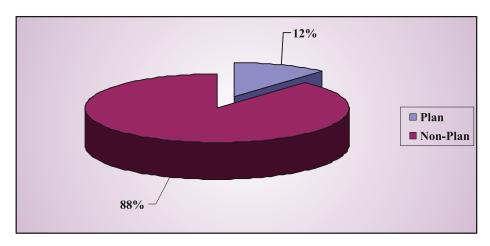
#### 3.3.2 Sector wise distribution of Capital Expenditure over the past 5 years

Year	General Services	Social Services	Economic Services	Loans and Advances	Total
2009-10	126	699	1,341	29	2,195
2010-11	185	663	1,536	68	2,452
2011-12	196	398	1,004	177	1,775
2012-13	162	716	1,038	197	2,113
2013-14	219	930	1,052	165	2,366



#### PLAN AND NON-PLAN EXPENDITURE

#### 4.1 Distribution of Plan and Non-Plan Expenditure

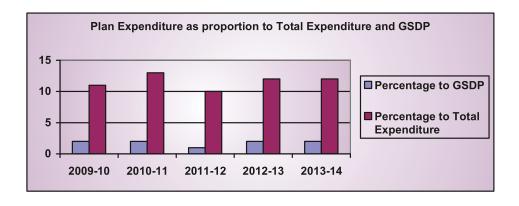


#### 4.2 Plan Expenditure

During 2013-14, Plan Expenditure, representing 12 per cent of total disbursements, was ₹ 5,147 crore (₹ 4,468 crore under State Plan, ₹ 679 crore under Centrally Sponsored Plan Schemes

Plan Expenditure as proportion to GSDP and Total Expenditure

Year	Plan Expenditure	GSDP	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2009-10	3,404	1,97,500	2	29,603	11
2010-11	4,498	2,26,204	2	35,349	13
2011-12	3,366	2,56,374	1	34,821	10
2012-13	4,830	2,85,165	2	41,571	12
2013-14	5,147	3,17,054	2	44,007	12



#### 4.2.1 Plan Expenditure under Capital Account

(₹ In crore)

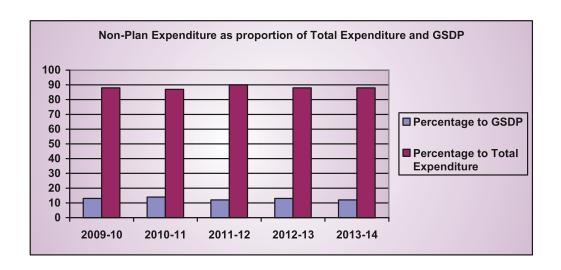
Year	Plan - Capital Expenditure	Total - Capital Expenditure	Percentage of Plan-Capital Expenditure to Total Capital Expenditure
2009-10	1,980	2,166	91
2010-11	2,166	2,384	91
2011-12	1,361	1,775	77
2012-13	1,767	2,113	84
2013-14	2,011	2,201	91

#### 4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2013-14 representing 88 per cent of total disbursements, was ₹ 38,860 crore (₹38,505 crore under Revenue and ₹355 crore under Capital).

Non-Plan Expenditure as proportion to GSDP and Total Expenditure

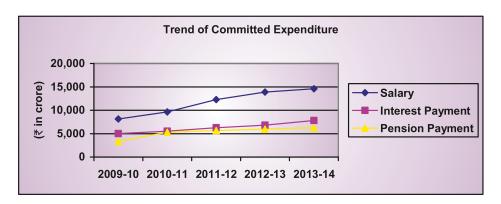
Year	Non -Plan Expenditure	GSDP	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2009-10	26,199	1,97,500	13	29,603	88
2010-11	30,851	2,26,204	14	35,349	87
2011-12	31,454	2,56,374	12	34,820	90
2012-13	36,741	2,85,165	13	41,571	88
2013-14	38,860	3,17,054	12	44,007	88



#### 4.4 Committed Expenditure

(₹ In crore)

Year	Salary	Interest	Pension	Total
2009-10	8,131	5,011	3,357	16,499
2010-11	9,635	5,515	5,309	20,459
2011-12	12,274	6,280	5,657	24,211
2012-13	13,902	6,831	5,966	26,699
2013-14	14,591	7,820	6,277	28,688



#### 4.4.1 Committed Expenditure Vs Revenue Expenditure and Revenue Receipts

(₹ In crore)

Component	2009-10	2010-11	2011-12	2012-13	2013-14
Committed Expenditure	16,499	20,459	24,211	26,699	28,688
Revenue Receipts	22,157	27,608	26,234	32,051	35,104
Percentage of Committed	74	74	92	85	82
Expenditure to Revenue Receipts					
Revenue Expenditure	27,408	32,897	33,045	39,458	41,641
Percentage of Committed Expenditure to Revenue Expenditure	60	62	73	69	69

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

#### 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 Charged	36,675 7,737	4,247 50	40,922 7,787	34,178 7,977	-6,744 +190
2	Capital Voted Charged	7,283 _	702 	7,985 -	2,280	-5,705 -
3	Public Debt Charged	16,988	_	16,988	16,683	-305
4	Loans and Advances Voted	368	103	471	165	-306
	Total	69,051	5,102	74,153	61,283	-12,870

#### 5.2 Trend of Saving/Excess

(₹ In crore)

Year	Revenue	Capital	Public Debt	Loans and Advances	Total
2009-10	-3,598	-1,784	-1,054	-14	-6,450
2010-11	-1,753	-1,464	-1,477	+1	-4,693
2011-12	-4,402	-3,822	+322		-7, 902
2012-13	-6,258	-4,454	+454	-53	-10,311
2013-14	-6,554	-5,758	-305	-253	-12,870

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 crore)

Grant	Nomenclature	2009-10	2010-11	2011-12	2012-13	2013-14
13	Industries	85	17	77	67	87
17	Local Government, Housing and Urban Development		59	91	81	75
19	19 Planning		17	40	40	53
27	Technical Education and Industrial Training	42	32	40	37	47

During 2013-14, Supplementary Grants totalling ₹ 5,102 crore (8 per cent 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)	1,190	299	955
		Capital (V)	12	5	2
2	Animal Husbandry and	Revenue (V)	482	6	384
3	Fisheries	Capital (V)	61	5	58
	Co-operation	Revenue (V)	109		92
4	Defence Services Welfare	Revenue (V)	35	6	28
5	Education	Revenue (V)	6,949	885	6,492
9	Food and Supplies	Revenue (V)	537	49	460
11	Health and Family Welfare	Revenue (V)	2,446	292	1,953
12	Home Affairs and Justice	Revenue (V)	4,595	185	4,553
- 10		Capital (V)	174	91	68
13	Industries	Revenue (V)	163	13	58
15	Irrigation and Power	Revenue (V)	7,124	648	6,154
		Capital (V)	1,204	25	400
17	Local Government, Housing and Urban Development	Revenue (V)	398	164	387
19	Planning	Revenue (V)	125	64	108
21	Public Works	Capital (V)	1,142	298	764
22	Revenue and Rehabilitation	Revenue (V)	1,171	128	1,153
23	Rural Development and	Revenue (V)	1,293	431	1,110
	Panchayats	Capital (V)	290	12	130
24	Science, Technology and Environment	Revenue (V)	22	1	7
25	Social and Women	Revenue (V)	2,258	99	1,655
	Welfare and Welfare of	Capital (V)	109	51	7
	Scheduled Castes and Backward Classes				
27	Technical Education and	Revenue (V)	277	23	218
	Industrial Training				
28	Tourism and Cultural Affairs	Revenue (V)	35	11	29

#### 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.

#### **6.1.1** Investments

Total investments stood at ₹ 3,862 crore at the end of 2013-14. Dividend on these investments amounting to ₹ 1.46 crore was received during the year as compared to dividend of ₹ 0.33 crore received during 2012-13. ₹ 30 crore were invested during 2013-14.

#### 6.1.2 Cash Balance

Cash Balance with Reserve Bank of India stood at ₹-881 crore on 31 March 2013 and increased to ₹-69 crore as on 31 March 2014.

#### 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 31 March 2014 was ₹ 78,669 crore comprising internal debt of ₹ 75,338 crore and loans and advances from Central Government ₹ 3,331 crore. Other liabilities accounted under Public Account were ₹ 23,580 crore.

The State also acts as a banker and trustee in respect of deposits like small savings, provident funds and deposits etc. There was an overall increase of ₹ 2,156 crore in respects of such liabilities of State Government during 2013-14.

Interest payments on debt and other liabilities totalling ₹ 7,820 crore constituted 19 per cent of Revenue Expenditure of ₹ 41,641 crore. Interest payments on Public Debts were ₹ 6,183 crore (interest on Internal Debt ₹ 6,005 crore and interest on Loans and Advances from Central Government ₹ 178 crore). Expenditure on account of interest payments increased by ₹ 989 crore during 2013-14 as compared to 2012-13.

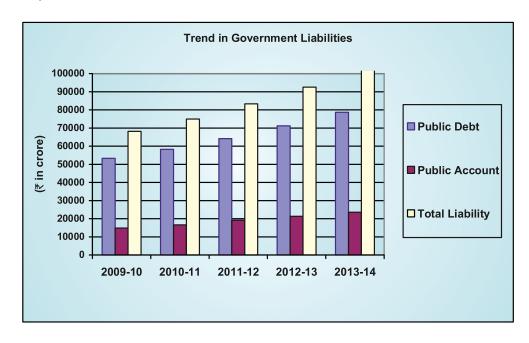
Internal Debt of ₹23,763 crore raised during 2013-14 was mainly used for (i) discharge of debt obligations (₹16,426 crore and (ii) payment of interest ₹6,005 crore).

(₹ In crore)

Year	GSDP	Public Debt	Percentage to GSDP	Public Account	Percentage to GSDP	Total Liability*	Percentage to GSDP
2009-10	1,97,500	53,253	27	14,834	8	68,112	34
2010-11	2,26,204	58,237	26	16,638	7	74,900	33
2011-12	2,56,374	64,161	25	19,136	7	83,322	33
2012-13	2,85,165	71,212	25	21,306	7	92,543	32
2013-14	3,17,054	78,669	25	23,581	7	1,02,275	32

<sup>\*</sup> includes ₹ 25 crore pertaining to Contingency Fund.

There is a net increase of ₹ 34,163 crore (50 per cent) in Net Liabilities during the last five years.



#### 6.3 Guarantees

Maximum amount guaranteed by the State Government during the year 2013-14 was ₹ 52,934 crore for repayment of loans raised by Statutory Corporations/ Boards, Government Companies, Local Bodies, Co-operative Banks and Societies whereas Outstanding amount as on 31 March 2014 was ₹ 60,061 crore. Further an amount of ₹ 316 crore was payable as Guarantee Fee in 2013-14. Against this, only seven entities paid an amount of ₹ 227 crore as Guarantee Fee.

#### GENERAL

## 7.1 Disclosures under the Punjab Fiscal Responsibility and Budget Management (FRBM)Act, 2003

The State Government has not made the following disclosures as required under the FRBM Act: (a) significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of the prescribed fiscal indicators; and (b) 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.

The Government of Punjab amended the FRBM Act, 2003 in March 2011 in order to formulate the fiscal correction path to meet the targets set by the Thirteenth Finance Commission/ Government of India and to avail of the benefits of interest relief and release of State Specific Grants. Performance of the Government of Punjab for the year 2013-14 as depicted in the accounts vis-à-vis targets fixed by the Thirteenth Finance Commission is as under:

Sr.	Financial	Actual	Ratio to GSDP*		
No.	Parameter	(₹ in crore)	Target	Achievement	
1	Revenue Deficit	6,537	0.60	2.06	
2	Fiscal Deficit	8,791	3.00	2.77	
3	Debt	1,02,234	39.80	32.24	

<sup>\*</sup> Advance figure of GSDP: ₹ 3,17,054 crore

## 7.2 Outstanding Utilization Certificates (UCs) against Grants-in-Aid sanctioned by the State Government

The Punjab Financial Rules prescribe that, where grants are sanctioned for specific purposes, the departmental officers concerned should obtain Utilization Certificates (UCs) from the grantees, which, after verification, should be forwarded to the Principal Accountant General (A&E) within the dates specified in the sanction. Grants-in-Aid given by the Government are accounted for under the respective major heads of account. Delayed submission and non submission of UCs makes it difficult to ensure that the funds have been utilized for the intended purposes. Most of the outstanding UCs are awaited from the departments of Education, Rural Development, Health and Family Welfare and Sports. The position of outstanding UCs is as under:

(₹ In crore)

Year in which due	Number of UCs awaited	Amount
Up to 2011-12	1	1.12
2012-13	25	43.02
2013-14	106*	90.71
Total	132	1,34.85

(\*Except where the sanction orders state otherwise, utilisation certificates in respect of grants disbursed during 2013-14 become due only during 2014-15).

#### 7.3 Outstanding Abstract Contingent (AC) bills

Drawing and disbursing officers are authorised to draw sums of money by preparing Abstract Contingent (AC) bills by debiting Service heads. They are required to present Detailed Contingent (DC) bills (vouchers in support of final expenditure) in all these cases within a specific period. Prolonged non-submission of supporting DC bills renders the expenditure under AC bills opaque. Details of outstanding AC bills as on 31 March 2014 are given under:

(₹ In crore)

Year	Abstract Contingent Bills Drawn		Detailed Contingent Bills Received		Outstanding Abstract Contingent Bills	
	Number	Amount	Number	Amount	Number	Amount
Up to 2011-12	1812	1,314.70	1688	1,201.81	124	112.89
2012-13	165*	492.99*	108	68.24	57	424.75
2013-14	644	1,291.78	150	57.32	494	1,234.46
Total	2621	3,099.47	1946	1,327.37	675	1,772.10

<sup>\*</sup> Variation from last year figures due to reconciliation of AC bills with vouchers.

Out of ₹ 1,291.78 crore drawn against AC bills in 2013-14, 211 AC bills amounting to ₹ 298.85 crore were drawn in March 2014 alone, out of which, 20 AC bills of ₹ 76.35 crore drawn on the last day of the financial year. Significant expenditure against AC bills in March, especially on the last day of March, indicates that the drawl was primarily to exhaust the budget and reveals inadequate budgetary control.

#### 7.4 Loans and Advances

Except in respect of loans and advances to Government servants, where the Principal Accountant General (A&E) maintains detailed accounts, confirmation has been sought, but not received, from the concerned departmental authorities in respect of all other loans and advances. Information regarding loans, for which terms and conditions are yet

to be settled, is also awaited from the State Government. During 2013-14, apart from repayment of loans by Government servants, the State Government only received ₹41.42 crore as repayment of outstanding loans (₹2,482.21 crore as on 31 March 2014).

#### 7.5 Non furnishing of information

The Finance Accounts do not contain information on (i) data in respect of Committed liabilities of the State Government as required by the Twelfth Finance Commission; (ii) Grants-in-Aid paid in kind as required under IGAS-2 and (iii) repayment of Loans and Advances in arrears in respect of principal and interest thereon from loanees', as required under IGAS-3.

#### 7.6 Parking of Funds outside the Consolidated Fund

Article 266 of the Constitution of India stipulates, inter alia, that all revenues received by the concerned Union and State Governments will form part of the Consolidated Fund of the Union and the States respectively, from which, no moneys shall be appropriated, except in accordance with the law and for the purposes and in the manner provided in the Constitution. Over the years, the Government of Punjab has created four funds, viz., (i) Punjab Municipal Fund, (ii) Punjab Rural Development Fund, (iii) Punjab Education Development Fund and (iv) Account of Punjab Live Stock Development Board. The first three Funds have been created by Acts of the Legislature, while the fourth has been created by a notification of the Punjab Government. Accordingly, the moneys received into the Funds should constitute part of the Consolidated Fund of the State, but do not appear in the accounts rendered to the Principal Accountant General (A&E). Similarly, the disbursements from the Funds are not depicted in the accounts rendered to the Principal Accountant General (A&E). Consequently, since the receipts to and disbursements from these Funds do not appear in the Finance Accounts, the Revenue Receipts of the State Government are understated and the depiction of Revenue Expenditure incomplete; also, the impact of these Funds on the Revenue Surplus/ Deficit and Fiscal Deficit of the State Government is not depicted.

#### 7.7 Guarantee Redemption Fund

In terms of recommendation of the Twelfth Finance Commission, the State Government introduced the 'Guarantee Redemption Fund Scheme' in December 2007 (revised on 8 January 2014 with effect from the financial year 2013-14) with the objective to meet its obligations arising out of the Guarantees issued on behalf of the State level bodies. As per the guidelines, the State Government is required to contribute with an initial

contribution of minimum one per cent of outstanding guarantees at the end of the previous year and thereafter minimum 0.50 per cent every year to achieve a minimum level of 3 per cent in next five years. Accordingly State Government was required to make a minimum contribution of  $\stackrel{?}{\stackrel{\checkmark}{}}$  6,00.61 crore during the year 2013-14 (1.00 per cent of outstanding guarantee of  $\stackrel{?}{\stackrel{\checkmark}{}}$  6,00.61.25 crore at the end of the previous year) which was not done. The Revenue Expenditure, Revenue Deficit and Fiscal Deficit of the State Government were thus understated by  $\stackrel{?}{\stackrel{\checkmark}{}}$  6,00.61 crore.

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