

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

Executive Summary

Background

In response to the Twelfth Finance Commission's recommendations, the Tamil Nadu Government enacted its Fiscal Responsibilities and Budget Management (FRBM) Act, entitled the Tamil Nadu Fiscal Responsibility Act, 2003, with a view to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium-term fiscal framework. The State Government's commitment to carry forward these reforms is largely reflected in the policy initiatives announced in its subsequent budgets. The benefits of FRBM legislation have been realised to a great extent already, in terms of reduction in deficit indicators.

The State Government has done well in establishing an institutional mechanism on fiscal transparency and accountability as evident from the year-on-year presentation of data on State finances. This data, however, does not give the big picture of the status of financial management including the debt position, off-budget liabilities, cash management etc. for the benefit of the State Legislature and other stakeholders.

The Comptroller and Auditor General's Audit Reports have been commenting upon the Government's finances for over three years since the FRBM legislation. Since these comments formed part of the Civil Audit Reports, it was felt that the audit findings on State finances remained camouflaged because the majority of audit findings were on compliance and performance aspects. The obvious fallout of this all-inclusive reporting was that the audit findings on financial management did not receive proper attention. In recognition of the need to bring State finances to centre-stage, a stand-alone report on State Government finances was considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, the Comptroller and Auditor General has decided to bring out a separate volume titled 'Report on State Finances'.

The report

Based on the audited accounts of the Government of Tamil Nadu for the year ending March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as at 31 March 2009. It provides an insight into trends in committed expenditure and borrowing pattern, besides giving a brief account of Central funds transferred directly to State implementing agencies through the off-budget route.

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

Chapter III is an inventory of the Government's compliance with various reporting requirements and financial rules. The report also has additional data collated from several sources in support of the findings.

Audit findings and recommendations

Fiscal discipline: The Government achieved a revenue surplus in 2005-06 and has retained it, albeit with a steep fall in the quantum of revenue surplus during the current year due to the increases in Social Service and Economic Service expenditure and the slump in the economy, impacting its revenue receipts. The State has also achieved the target set for containing the fiscal deficit within three *per cent* of the Gross State Domestic Product.

Need to compress Non-Plan expenditure: The revenue expenditure was 81.78 *per cent* of the total expenditure, of which 80.33 *per cent* was under Non-Plan. Non-Plan expenditure increased by 23.52 *per cent* against the increase of 27 *per cent* in Plan expenditure under Revenue heads and 24.96 *per cent* in Plan expenditure under Capital heads. Moreover, the committed expenditure comprising salaries, pension, interest payments and subsidies constituted 78.44 *per cent* of Non-Plan revenue expenditure during 2008-09.

Review of Government investments: The average return on the Government's investments in statutory corporations, rural banks, joint stock companies and co-operatives was 0.50 *per cent* in the last three years while the Government paid an average of 8.4 *per cent* as interest on its borrowings during this period. This was obviously an unsustainable proposition. The Government should, therefore, hasten to seek better value for money in its investments. Otherwise, high-cost borrowed funds invested in projects with low financial returns will continue to strain the economy.

Increasing fiscal liabilities accompanied by negligible rates of return on Government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt in the medium to long run unless suitable measures are initiated to compress the Non-Plan revenue expenditure and mobilize additional resources both through tax and non-tax sources.

Delays in completion of projects: Inordinate delays in completion of projects, particularly irrigation projects in the State resulted in blocking of capital. Therefore, adequate priority should be given for project planning and implementation mechanism so as to address the inadequacies and to avoid further time and cost overruns.

Debt sustainability : Despite positive indicators in terms of debt stabilisation and increased net availability of borrowed funds, the negative resource gap (Rs 4,862 crore) was a matter of concern. This was a result of insufficiency of

the incremental non-debt receipts (Rs 8,443 crore) to meet the incremental primary expenditure (Rs 13,428 crore).

Financial management and budgetary control: During 2008-09, there were overall savings of Rs 7,311.45 crore, which were a result of the total savings of Rs 7465.10 crore being offset by the excess of Rs 153.65 crore. This excess requires regularization under Article 205 of the Constitution of India. Cases were noticed where the amounts surrendered were in excess of the actual savings, indicating lack of or inadequate budgetary control. As against savings of Rs 1,192.46 crore, the amount surrendered was Rs 1,286.77 crore, resulting in excess surrender of Rs 94.31 crore. There were 14 grants/appropriations in which savings of Rs 538.34 crore occurred but the amounts had not been surrendered by the concerned departments. Similarly, out of total savings of Rs 5,203.01 crore under 34 grants/appropriations, Rs 1,758.56 crore were not surrendered. Budgetary controls should be strengthened to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/ surrender orders should be avoided.

Financial reporting: The State Government's compliance with various rules, procedures and directives was unsatisfactory which was evident from the delays in furnishing utilization certificates against the loans and grants received from various grantee institutions. Submission of Annual Accounts was delayed by 228 autonomous bodies/authorities receiving Government grants. The Government reported 503 cases of misappropriation, defalcation, theft, losses etc., involving Government money amounting to Rs 9.47 crore up to March 2009, on which final action was pending. Departmental enquiries in respect of all misappropriation cases should be expedited to bring the defaulters to book. Internal controls in all the organizations should be strengthened to prevent such cases in future.

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Tamil Nadu during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.1**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.2**. A time series data on State Government finances is given in **Appendix 1.3**.

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) vis-à-vis the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.1: Summary of Current Year's Fiscal Operations

(Rupees in crore)

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
Section-A: Revenue					Non Plan	Plan	Total
47,520	Revenue receipts	55,042	42,975	Revenue expenditure	43,052	10,538	53,590
29,619	Tax revenue	33,684	16,129	General Services	18,550	28	18,578
3,304	Non-tax revenue	5,712	15,726	Social Services	12,996	8,375	21,371
8,065	Share of Union Taxes/ Duties	8,511	7,771	Economic Services	7,815	1,846	9,661
6,532	Grants from Government of India	7,135	3,349	Grants-in-aid and Contributions	3,691	289	3,980
Section-B: Capital							
..	Misc. Capital Receipts	..	7462	Capital Outlay	33	9,071	9,104
1,013	Recoveries of Loans and Advances	1,934	1,782	Loans and Advances disbursed	1,920	910	2,830
7,647	Public Debt receipts	11,841	3,546	Repayment of Public Debt	**	**	2,216
Nil	Contingency Fund	Nil	Nil	Contingency Fund	**	**	1
65,917*	Public Account receipts	81,409	64,661*	Public Account disbursements	**	**	78,429
10,501*	Opening Cash Balance	12,173	12,172*	Closing Cash Balance	**	**	16,229
1,32,598	Total	1,62,399	1,32,598	Total			1,62,399

(Source: Finance Accounts for the years 2007-08 and 2008-09)

* Differ from last year due to correction

** Bifurcation of Plan and Non- Plan not available

The significant changes during 2008-09 as compared to the previous year are given below:

- Revenue receipts of the State increased by Rs 7,522 crore (16 *per cent*) over the previous year, mainly due to increase in the State's own tax revenue (Rs 4,065 crore) and non-tax revenue (Rs 2,408 crore).
- Revenue expenditure increased by Rs 10,615 crore (25 *per cent*) over the previous year, mainly due to increase in expenditure on General Services (Rs 2,449 crore) and Social Services (Rs 5,645 crore) and Economic Services (Rs 1,890 crore).
- While the expenditure on Social Services registered an increase of 36 *per cent*, expenditure on Economic Services increased by 24 *per cent*.
- Capital expenditure on asset creation increased by Rs 1,642 crore (22 *per cent*) over the previous year.
- Public Account receipts and disbursements increased by Rs 15,492 crore (24 *per cent*) and Rs 13,768 crore (21 *per cent*) respectively. Net receipts under Public Account increased by Rs 1,724 crore over the previous year.
- The net impact of these transactions led to a significant increase of Rs 4,057 crore in the cash balance at the end of the year over previous year.

Review of the fiscal situation

As per the Tamil Nadu Fiscal Responsibility Act, 2003 (FRBM Act), in line with the recommendations of the Twelfth Finance Commission (TFC), the State Government was to eliminate the revenue deficit by the end of 2007-08 and reduce the fiscal deficit to not more than three *per cent* of the Gross State Domestic Product (GSDP) by 2008-09. Further, the Act envisaged to cap outstanding guarantees at a level not exceeding the previous year's revenue receipts or 10 *per cent* of GSDP, whichever was the least.

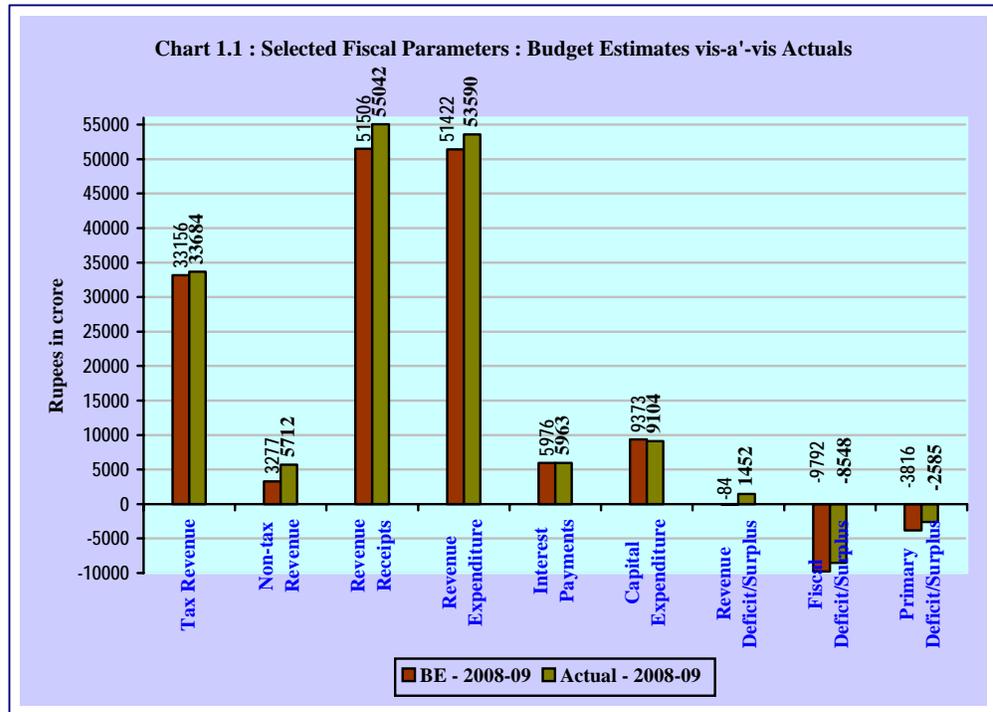
The State has achieved and retained all the goals set in the FRBM Act. However, the surge in revenue expenditure vis-à-vis revenue receipts during 2008-09, if allowed to continue, poses a substantial threat to retention of the present fiscal situation.

Budget Analysis

The budget papers presented by a State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the budget estimates are indicative of non-attainment and non-optimization of the desired

fiscal objectives, due to a variety of causes, some within the control of the Government and some outside.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters.



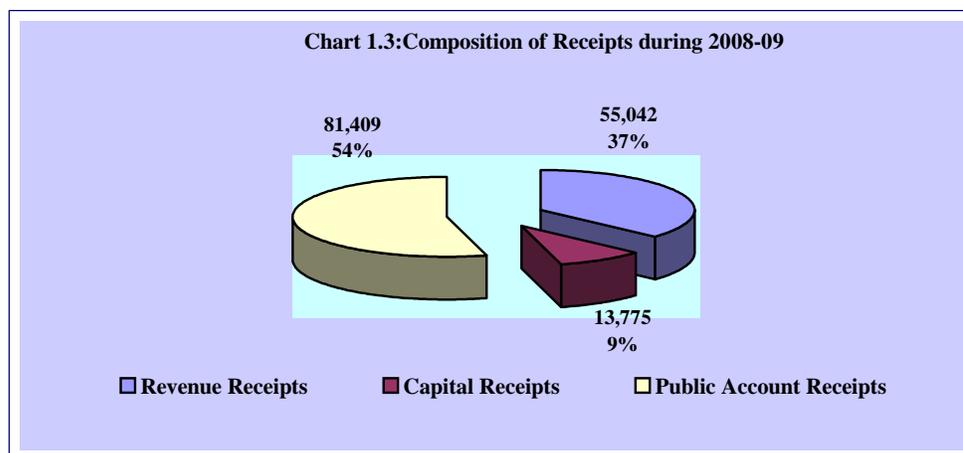
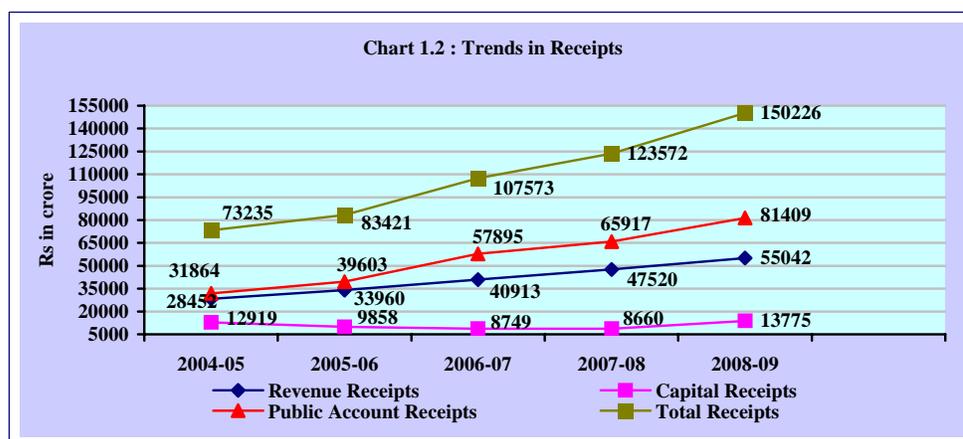
The actuals were fairly in line with estimates, barring the following:

- Non-tax receipts surpassed the estimates by 74 per cent.
- While revenue receipts and revenue expenditure were higher than the estimates by Rs 3,536 crore (7 per cent) and Rs 2,168 crore (4.22 per cent) respectively, the capital expenditure fell short of the estimate by Rs 269 crore (2.87 per cent), indicating difficulties in fund absorption for capital works.
- Revenue deficit, fiscal deficit and primary deficit were off the mark, mainly due to the differences between estimates and actuals in revenue receipts and expenditure. Against an estimated revenue deficit of Rs 84 crore, the financial year ended with a revenue surplus of Rs 1,452 crore. The primary deficit was also Rs 2,585 crore against the estimate of Rs 3,816 crore.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from the Public Account. **Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.



- The total resources of the State increased by Rs 26,654 crore (22 per cent) over the previous year, mainly due to increase of Rs 15,492 crore (24 per cent) in Public Account receipts and Rs 7,522 crore (16 per cent) in revenue receipts.

- Public Debt receipts went up by Rs 4,194 crore, an increase of 55 *per cent* over the previous year, mainly due to a substantial increase in open market borrowings. Open market borrowings increased from Rs 4,942 crore in 2007-08 to Rs 9,598 crore in 2008-09, a whopping 94 *per cent* over the previous year, accompanied by a sharp decrease of Rs 473 crore by way of resources raised through Special Securities issued to the National Small Savings Fund.
- The State's tax revenue increased from Rs 29,619 crore in 2007-08 to Rs 33,684 crore in 2008-09 (increase of 14 *per cent*), but the percentage of tax receipts to revenue receipts declined from 62 *per cent* in 2007-08 to 61 *per cent* in 2008-09.

1.2.2 Funds transferred to State Implementing Agencies outside the State Budgets

The Central Government has been transferring a sizeable quantum of funds directly to State implementing agencies¹ for the implementation of various schemes/programmes in social and economic sectors which are recognized as critical. As these funds are not routed through the State Budget/State Treasury System, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are underestimated. The funds directly transferred to State implementing agencies under nine major programmes assisted by Government of India are presented in **Table 1.2**.

Table 1.2: Funds Transferred Directly to State Implementing Agencies

(Rs in crore)

Programme/scheme	Implementing agency in the State	Funds transferred directly by Government of India during 2008-09
National Rural Employment Guarantee Scheme	District Rural Development Agencies	763
Sarva Shiksha Abhiyan	State Project Directorate	389
Accelerated Rural Water Supply Programme	Tamil Nadu Water Supply and Drainage Board	121
Rural Housing Programme (Indra Awas Yojana)	District Rural Development Agencies	101
National Rural Health Mission	State Health Mission	101
National AIDS Control including STD Control Programme	Tamil Nadu State AIDS Control Society	71
Swaranjayanti Gram Swarozgar Yojana (SGSY)	District Rural Development Agencies	47
Integrated Wasteland Development Programme	District Rural Development Agency	19
District Rural Development Agency - Administrative Fund	District Rural Development Agency	6
Total		1,618

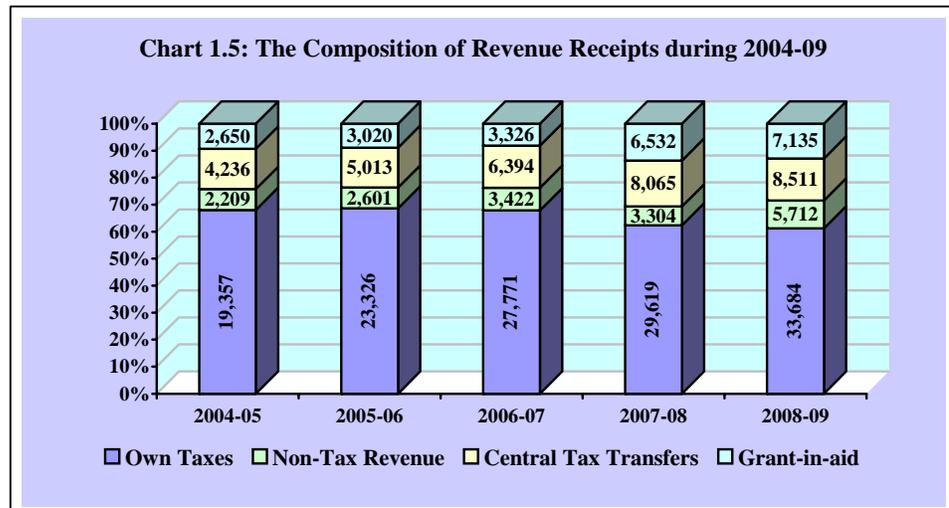
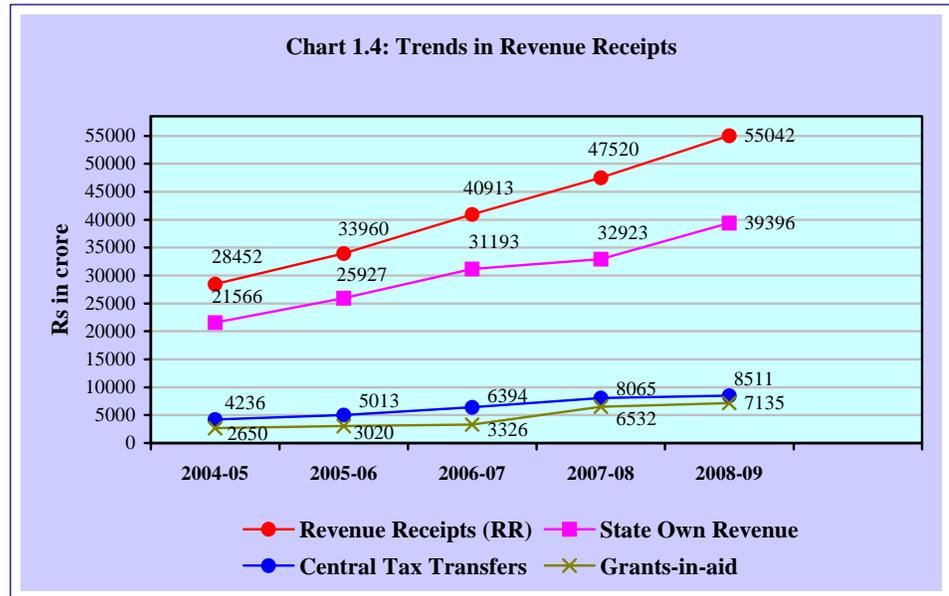
(Source: Controller General of Accounts, Government of India)

¹ State implementing agencies include any organization/institution including non-Governmental organization which is authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State.

- Out of Rs 1,618 crore transferred to State implementing agencies, a major amount of Rs 936 crore (58 per cent) was transferred to District Rural Development Agencies. Direct transfer of funds from Union to State implementing agencies ran the risk of improper utilisation of funds by these agencies. Unless uniform accounting policies are followed by all these agencies with proper documentation and timely reporting of expenditure, it would be difficult to monitor the end use of these direct transfers.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the State's own taxes and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.3** and depicted in **Charts 1.4 and 1.5** respectively.



- The revenue receipts of the State grew by Rs 7,522 crore over the previous year. The growth was subdued at 16 *per cent* as against the average annual growth of 19 *per cent* during 2005-08. The sluggish growth in revenue receipts was due to the overall slowdown in the economy which impacted the State's own taxes and also the State's share of Union taxes.
- The increase of Rs 7,522 crore in revenue receipts (16 *per cent*) did not keep pace with the increase of Rs 10,615 crore in revenue expenditure (25 *per cent*).
- Non-tax revenue receipts registered a steep increase of 73 *per cent* from Rs 3,304 crore in 2007-08 to Rs 5,712 crore in 2008-09 due to receipt of Rs 2,046 crore by way of upfront land rent in respect of industrial lands leased out by the Government. Being a one time receipt, this may not help in sustenance of non-tax revenue at this level.
- Non-tax revenue during 2008-09 included Rs 263 crore received as debt relief from Government of India. The amount of receipt on this account was the same during 2007-08 as well.

The trends in revenue receipts relative to GSDP are presented in **Table 1.3** below:

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	28,452	33,960	40,913	47,520	55,042
Rate of growth of RR (<i>per cent</i>)	20	19.4	20.5	16.1	15.8
RR/GSDP ² (<i>per cent</i>)	14.2	15.2	16.6	17.0	16.2
Buoyancy Ratios³					
Revenue Buoyancy with reference to GSDP (ratio)	1.42	1.71	2.01	1.20	0.74
State's own tax Buoyancy with reference to GSDP (ratio)	1.51	1.81	1.87	0.50	0.64
Revenue Buoyancy with reference to State's own taxes (ratio)	0.93	0.95	1.07	2.4	1.16

(Source: Finance Accounts of Government of Tamil Nadu)

- The GSDP at the current rate was estimated to increase from Rs 2,79,287 crore in 2007-08 to Rs 3,39,212 crore in 2008-09, representing an increase of 21.46 *per cent*. However, the rate of growth of revenue receipts showed a declining trend despite the increase in GSDP, indicating that the State's aim to widen the tax base and augment revenue could not be achieved.

² Advance estimate of GSDP of Rs 3,39,212 crore has been adopted for 2008-09.

³ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one *per cent*.

- The State's own tax buoyancy with reference to GSDP stood at 0.64 as against 1.2 prescribed by the TFC, indicating lower growth than the normative projection made by the Commission.
- Revenue receipts as a percentage of GSDP declined during the year 2008-09 after continuous increase during last three years.
- Revenue buoyancy with reference to GSDP and with reference to State's own taxes came down during the year. In 2006-07, the growth rate of revenue receipts was 2.01 times more than that of GSDP, but in the next two years, the low growth rate of revenue receipts relative to GSDP pushed the revenue buoyancy ratio down. The revenue buoyancy ratio was 0.74 in 2008-09.

1.3.1 State's Own Resources

As the State's share in Central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts, Central assistance for Plan schemes etc, the State's performance in mobilization of additional resources was assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The gross collection in respect of major taxes and duties as well as the components of non-tax receipts are given in **Table 1.4** below.

Table 1.4: Components of State's own resources

(Rs in crore)

Revenue Head	2004-05	2005-06	2006-07	2007-08	2008-09
Tax Revenue					
Taxes on sales, trades etc.	12,996	15,555	17,727	18,156	20,675
State excise	2,549	3,177	3,986	4,764	5,756
Taxes on vehicles	1,015	1,125	1,261	1,483	1,710
Stamp duty and Registration fees	1,604	2,085	2,997	3,805	3,794
Land revenue	72	179	121	78	208
Taxes on goods and passengers	764	985	1244	1,097	979
Other taxes ⁴	357	220	435	236	562
Total	19,357	23,326	27,771	29,619	33,684
Non-Tax Revenue					
Interest receipts	566	797	1104	1242	1465
Dividends & Profits	24	22	30	40	36
Other non-tax receipts	1,619	1,782	2,288	2,022	4,211
Total	2,209	2,601	3,422	3,304	5,712

- As per the Medium Term Fiscal Policy Statement, tax revenue was projected as 10.10 *per cent* of GSDP. Against the projected revenue of

⁴ Other taxes include taxes on immovable property other than agricultural land and taxes and duties on electricity.

Rs 34,260 crore, the State could realise Rs 33,684 crore, resulting in short collection of tax revenue of Rs 576 crore.

- Though the own tax revenue of the State increased by Rs 4,065 crore over the previous year, the growth rate of its own tax revenue, which averaged 15.4 *per cent* per annum during 2005-08 slowed down to 13.7 *per cent* during 2008-09.
- The marked decline in the growth rate of own tax revenue was mainly due to reduced collection of stamp duty and registration fees. The revenue through stamp duty and registration fees marginally declined by Rs 11 crore due to the impact of the economic slowdown as against the high annual average growth of 33.6 *per cent* during 2005-08. There was also a decrease of 10.75 *per cent* in respect of taxes on goods and passengers over the previous year's receipts, mainly due to decrease under tax on entry of goods into local areas.

1.3.2 Loss of Revenue due to Evasion of Taxes

Tax evasion leads to non-realisation of legally available revenue to the Government. As of 31 March 2008, the Commercial Taxes Department of the Government had detected 4,148 cases of evasion of sales tax / value added tax. During 2008-09, 410 new cases were detected. However, the department completed assessments only in respect of 650 cases leading to a pendency of 3,908 cases as at the end of March 2009. As assessments were not completed in a large number of cases, the extent of revenue realisable from tax evaders could not be assessed.

1.3.3 Revenue Arrears

As on 31 March 2009, revenue arrears amounted to Rs 9,874.97 crore (sales tax: Rs 9,871.35 crore; taxes on vehicles: Rs 3.62 crore). Out of this, Rs 3,445.60 crore was outstanding for more than five years (sales tax: Rs 3,443.53 crore; taxes on vehicles: Rs 2.07 crore). Recovery proceedings for Rs 1,516.83 crore (sales tax) were stayed by judicial authorities and sales tax recovery amounting to Rs 422.07 crore was proposed to be written off.

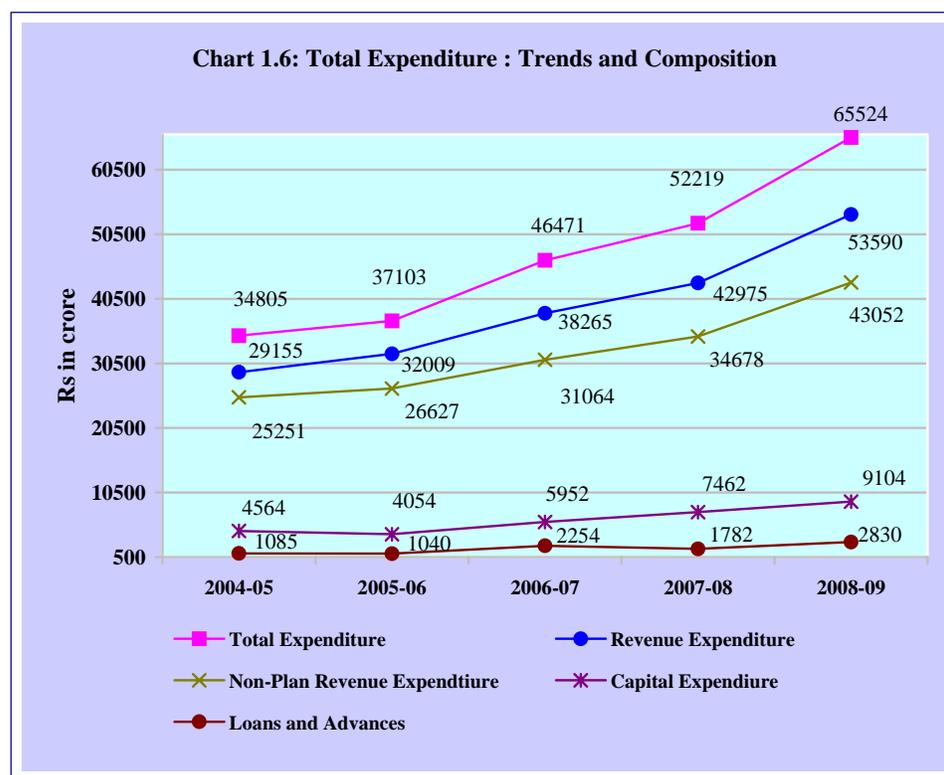
Considering the huge sums involved, Government needs to take note of these mounting arrears.

1.4 Application of Resources

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

1.4.1 Growth and Composition of Expenditure

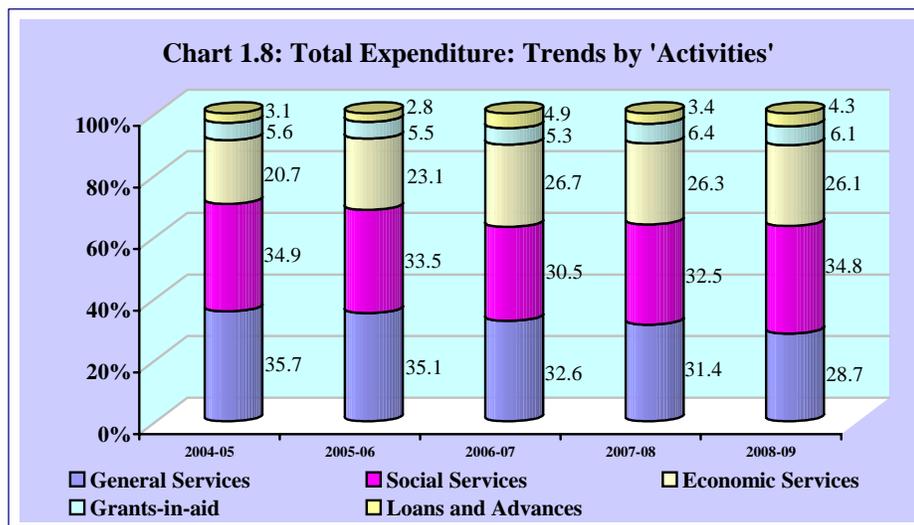
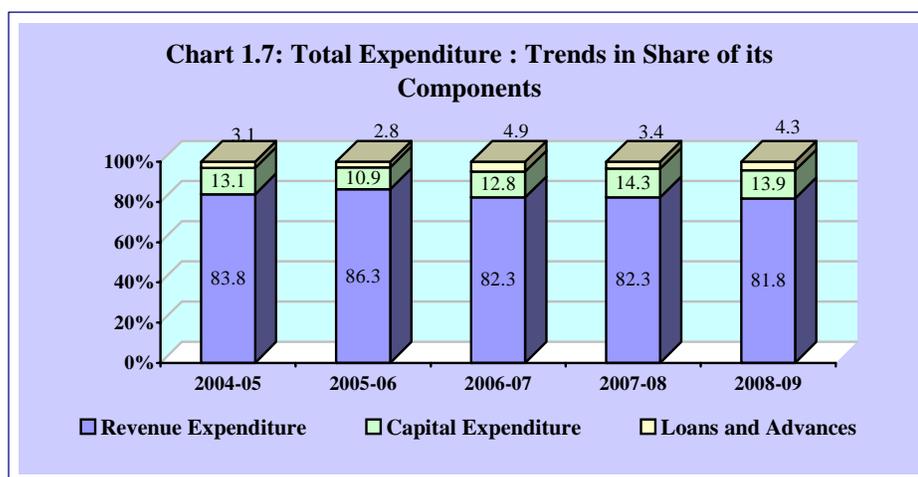
Chart 1.6 presents the trends in total expenditure over a period of five years (2004-09) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Charts 1.7 and 1.8** respectively.



- The total expenditure⁵ during 2008-09 increased by Rs 13,305 crore (25 per cent) over the previous year. The revenue expenditure increased by Rs 10,615 crore (24.7 per cent), capital expenditure by Rs 1,642 crore (22 per cent) and loans and advances by Rs 1,048 crore (58.8 per cent). The revenue expenditure was 81.78 per cent of the total expenditure, of which 80 per cent was on the Non-Plan component.
- The Non-Plan revenue expenditure increased by Rs 8,374 crore (24.14 per cent) as against an increase of Rs 2,241 crore (27 per cent) in revenue expenditure under Plan heads.
- The capital expenditure increased by 22 per cent, which was mainly due to increase of Rs 680.50 crore (138.87 per cent) on power projects, Rs 522.31 crore (24 per cent) on roads and bridges and Rs 307.30 crore (30.62 per cent) on other rural development programmes.

⁵ Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

- Revenue receipts of the State met 84 per cent of the total expenditure during 2008-09 as against 82 per cent during 2004-05 and 91 per cent during 2007-08.



- The expenditure on General Services, Social Services and Economic Services during 2008-09 grew by 15 per cent, 36 per cent and 24 per cent respectively over the previous year.
- The steep increase in the expenditure on Social Services was mainly on account of increased spending of Rs 1,901 crore on General Education, Rs 793 crore on housing, Rs 453 crore on Medical and Public Health and Rs 953 crore on relief on account of natural calamities.
- The expenditure on General Education (Rs 8,466 crore) and Health and Family Welfare (Rs 2,288 crore) surpassed the normative projections made by TFC by Rs 1,975 crore and Rs 708 crore respectively, indicating greater thrust laid on these areas by the Government. It was, however, noticed that the salaries and wages component of the expenditure for General Education grew by 47 per cent against TFC's recommended growth of

six *per cent*. Similarly, the salaries and wages component under Health and Family Welfare grew by 44 *per cent* against TFC's recommended growth rate of five *per cent*.

- Expenditure on repayment of Public Debt came down from Rs 3,546 crore in 2007-08 to Rs 2,216 crore in 2008-09.

1.4.2 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.5** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

Table 1.5: Components of Committed Expenditure

(Rupees in crore)

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09
Salaries and wages, <i>of which</i>	8,406 (29.5)	8,376 (24.6)	8,694 (21.2)	9,690 (20.4)	12,859 (23.4)
Non-Plan Head	NA	7,449	7,673	8,641	11,470
Plan Head*	NA	927	1,021	1,049	1,389
Salary grants**	1,469 (5.1)	1,590 (4.6)	1,863 (4.5)	2,072 (4.3)	2,756 (5)
Interest Payments	4,755 (16.7)	4,559 (13.4)	5,506 (13.5)	6,086 (12.8)	5,963 (10.8)
Expenditure on Pension	3,902 (13.7)	4,460 (13.1)	5,430 (13.3)	6,017 (12.7)	7,735 (14)
Subsidies	2,513 (8.8)	3,426 (10.1)	4,177 (10.2)	4,305 (9.1)	6,600 (12)
Total	21,045 (73.8)	22,412 (65.3)	25,670 (62.7)	28,170 (59.3)	35,913 (65.5)

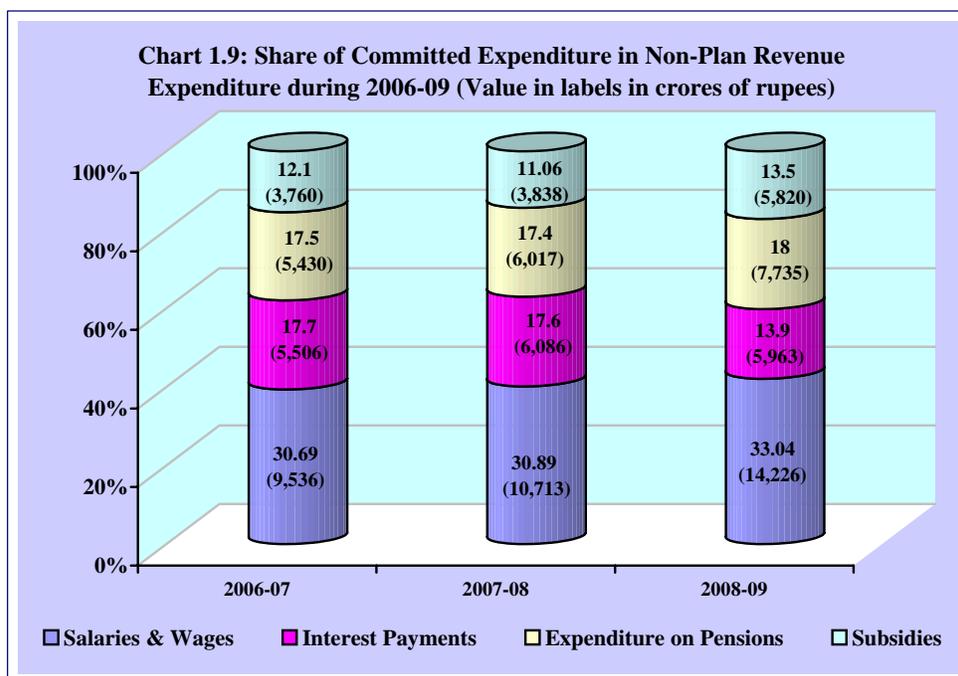
(Source: Finance Accounts of Government of Tamil Nadu)

Figures in the parentheses indicate percentage of revenue receipts

NA: Not Available

* Plan head also includes the salaries and wages paid under Centrally Sponsored Schemes

** Salary grants are released to aided educational institutions and Urban Local Bodies towards meeting the expenditure on staff salaries of teachers and staff in Urban Health Facilities respectively.



- The committed expenditure stood at 65.5 per cent of total revenue receipts of the State during 2008-09 as against 62.7 per cent during 2006-07 and 59.3 per cent during 2007-08.
- The committed expenditure stood at 78.44 per cent of the Non-Plan revenue expenditure during 2008-09 as against 77.99 per cent during 2006-07 and 76.95 per cent during 2007-08.
- The expenditure on salaries and wages, inclusive of salary grants was Rs 15,615 crore and accounted for 39 per cent of revenue expenditure net of interest and pension as against TFC's normative prescription of 35 per cent.
- The expenditure on salaries and wages, which gradually declined from the level of 34.6 per cent of revenue receipts in 2004-05 to the level of 24.7 per cent in 2007-08, moved upward in 2008-09 and stood at 28.4 per cent. The increase was mainly due to payment of interim relief to Government staff.
- Expenditure on pension, as a percentage of revenue receipts, increased from 12.7 per cent in 2007-08 to 14 per cent in 2008-09.
- Expenditure on pension at Rs 7,735 crore overshoot the TFC's projection of Rs 6,732 crore. There was an increase of 29 per cent in pension expenditure over the previous year.
- Subsidies were on a continuous increase. They went up from Rs 2,513 crore in 2004-05 to Rs 6,600 crore in 2008-09. The increase during

2008-09 was Rs 2,295 crore, which was 55 *per cent* more than the previous year. The increase was mainly due to increased spending on subsidized power (Rs 1,167 crore in 2007-08 to Rs 1,291 crore in 2008-09), subsidy for crop husbandry (Rs 53 crore in 2007-08 to Rs 326 crore in 2008-09) and relief on account of natural calamities (Rs 142 crore in 2007-08 to Rs 501 crore in 2008-09).

- The expenditure towards interest payments declined by Rs 123 crore (2.04 *per cent*) over the previous year. As a percentage of Non-Plan expenditure, it came down from 17.6 in 2007-08 to 13.9 in 2008-09.

1.4.3 Financial Assistance by State Government to Local Bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.6.**

Table 1.6: Financial Assistance to Local Bodies etc

(Rupees in crore)

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	388	484	570	605	433
Municipal Corporations and Municipalities	919	954	1591	393	1865
Zilla Parishads and Other Panchayati Raj Institutions	1,584	1,287	1,508	3,216	1,890
Development Agencies	189	202	295	920	217
Hospitals and Other Charitable Institutions	9	20	20	19	106
Other Institutions ⁶	2,395	2,119	4,753	3,248	5,726
Total	5,484	5,066	8,737	8,401	10,237
Assistance as per percentage of Revenue Expenditure	19	16	23	20	19

(Source: Accounts compiled by the Accountant General (A&E), Tamil Nadu)

- Financial assistance to local bodies and other institutions increased from Rs 5,484 crore in 2004-05 to Rs 10,237 crore in 2008-09. As a percentage of the revenue expenditure, it declined marginally from the level of 20 *per cent* in 2007-08 to 19 *per cent* in 2008-09. Assistance to hospitals and other charitable institutions showed a quantum jump from Rupees nine crore in 2004-05 to Rs 106 crore in 2008-09. As a percentage of revenue expenditure, the assistance to municipal corporations and municipalities increased from 0.91 *per cent* in 2007-08 to 3.48 *per cent* in 2008-09. However, the assistance to educational institutions showed a decline of 28 *per cent* over the previous year.

⁶ Institutions/agencies connected with water supply and sanitation, housing, social welfare, labour and employment, forestry and wild life, agriculture and allied activities, village and small industries, industries and minerals and relief on account of natural calamities.

1.5 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and its effectiveness (assessment of outlay-outcome relationships for select services).

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key Social Services like education, health etc. Low levels of spending on any sector by a particular State may be either due to the low fiscal priority attached by the State Government to these sectors or on account of the low fiscal capacity of the State Government or due to both working together. Low fiscal priority (ratio of expenditure category to aggregate expenditure) would be attached to a particular sector if it was below the national average while low fiscal capacity would be reflected if the State's per capita expenditure was below the national average even after having a fiscal priority that was more than or equal to the national average. **Table 1.7** analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table-1.7: Fiscal Priority and Fiscal Capacity of the State in 2005-06 and 2008-09

Fiscal Priority of the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Tamil Nadu's Average (Ratio) 2005-06	17.88	59.45	33.52	10.93
All States/National Average* (Ratio) 2008-09	19.16	67.68	33.90	16.87
Tamil Nadu Average (Ratio)* 2008-09	19.32	65.22	34.80	13.89
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average per capita expenditure 2005-06	3,010	1,490	692	
Tamil Nadu's per capita expenditure (Amount in Rs) in 2005-06	3,404	1,919	626	
Adjusted per capita** expenditure (Amount in Rs) in 2005-06	3,838	NR	883	
All States' Average per capita expenditure 2008-09	5,030	2,520	1,254	
Tamil Nadu's per capita expenditure (Amount in Rs) in 2008-09	6,446	3,440	1,373	
Adjusted per capita** expenditure (Amount in Rs) in 2008-09	6,688	NR	1668	
* As percentage of GSDP. ** Calculated as per the methodology explained in the Appendix 1.2. AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure. CE: Capital Expenditure. NR: No adjustment required since the State is giving adequate fiscal priority Population of Tamil Nadu: 6.48 crore in 2005-06 and 6.63 crore in 2008-09. # Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed. Source : (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (2) Population figures were taken from Projection 2001-2026 of the Registrar General & Census Commissioner, India (Website: http://www.censusindia.gov.in) Population = Average of projected population for 2005 and 2006. Data for Arunachal Pradesh has not been included in All States average and (3) Expenditure figures are from the Finance Accounts of Government of Tamil Nadu.				

Table 1.7 compares the fiscal priority given to different categories of expenditure and the fiscal capacity of Tamil Nadu in 2005-06 (the first year of the Award Period of the TFC) and 2008-09.

Fiscal Priority

In 2005-06, the Tamil Nadu Government spent relatively less as a proportion of GSDP compared to the all States' average. In the current year, the Government spent relatively higher as a proportion of GSDP as the AE/GSDP ratio of the State at 19.32 *per cent* was higher than the all States' average of 19.16 *per cent*. However, the relatively low fiscal priority given to DE in 2005-06 continues even during the current year as the State's DE/AE ratio of 65.22 *per cent* during 2008-09 was lower than the all State's DE/AE ratio of 67.68 *per cent*. Similarly, the priority given to CE continues to be relatively lower in comparison with the all States' average as the CE/AE ratios of the State at 10.93 and 13.89 *per cent* during 2005-06 and 2008-09 respectively were lower than the all States' average ratios of 14.13 and 16.87 *per cent* in these years. The priority given to SSE in the State was adequate as the State's SSE/AE ratio of 34.80 *per cent* was higher than the all States average ratio of 33.90 *per cent* in 2008-09. This indicates that even though the aggregate spending of the State as a proportion of GSDP has increased in comparison with the all States' average during the Award Period, there is no marked departure in the relative priorities accorded by the Government to DE, SSE and CE. The priority given to DE and CE continue to lag behind the all States' average even as the SSE continues to receive higher priority. In other words, the relative increase in aggregate expenditure has not really helped the Economic Sector and in asset formation.

Fiscal Capacity

In 2005-06, the State's per capita DE of Rs 3,404 and SSE of Rs 1,919 were higher than the all States' average Rs 3,010 and Rs 1,490 respectively, whereas the State's per capita expenditure of Rs 626 on CE was below the all States' average of Rs 692. However, during 2008-09, the State's per capita expenditure on CE also surpassed the all States' average. The State's per capita DE of Rs 6,446, SSE of Rs 3,440 and the CE of Rs 1,373 were higher than the all States' average Rs 5,030, Rs 2,520 and Rs 1,254.

Despite the relatively low fiscal priority given to DE and CE by the State Government, the per capita DE and CE were higher than the national average. This means that the absorptive capacity⁷ in the State is relatively high and that effective systems are in place to benefit the people. Considering the good absorptive capacity, had the Government spent as much on DE and CE as the national average, the adjusted per capita expenditure on DE and CE during

⁷ Absorptive capacity in this case refers to the ability of a State to implement a developmental scheme in such a way that with the given resources, there is maximum benefit to the people. This is usually achieved when the designs of schemes are well planned with careful risk mitigation strategies in place; administrative costs are low; operation, maintenance, monitoring and control mechanisms are in place etc so that the State is able to effectively achieve targeted outcomes.

2008-09 (calculated as per the methodology given in **Appendix 1.2**) would have been even higher at Rs 6,688 and Rs 1,668 respectively.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁸. Apart from improving the allocation towards development expenditure⁹, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure on operation and maintenance of the existing Social and Economic Services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.8** presents the trends in development expenditure relative to the aggregate expenditure of the State during 2004-09, **Table 1.9** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected Social and Economic Services during 2007-08 and 2008-09.

Table 1.8: Development Expenditure

(Rupees in crore)

Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09
Development Expenditure (a to c)	20,411 (58.6)	22,058 (59.4)	28,835 (62.1)	32,464 (62.2)	42,736 (65.2)
a. Development Revenue Expenditure	15,137 (43.5)	17,089 (46.0)	20,823 (44.8)	23,497 (45.0)	31,032 (47.4)
b. Development Capital Expenditure	4,188 (12.0)	3,929 (10.6)	5,758 (12.4)	7,185 (13.8)	8,874 (13.5)
c. Development Loans and Advances	1,086 (3.1)	1,040 (2.8)	2,254 (4.9)	1,718 (3.3)	2,761 (4.2)

(Source: Finance Accounts of Government of Tamil Nadu)

Figures in parentheses indicate percentage of aggregate expenditure

⁸ Core public goods are goods which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of rights; pollution free air and other environmental goods, road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than the ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

⁹ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into Social Services, Economic Services and General Services. Broadly, the Social and Economic Services constitute development expenditure, while expenditure on General Services is treated as non-development expenditure.

Table 1.9: Efficiency of Expenditure Use in Selected Social and Economic Services

(Percentage)

Social/Economic Infrastructure	2007-08		2008-09	
	Ratio of CE to TE	Ratio of S&W to RE	Ratio of CE to TE	Ratio of S&W to RE
Social Services (SS)				
General Education	3.14	81.21	1.12	85.55
Health and Family Welfare	5.23	70.24	7.78	71.57
WS, Sanitation, & HUD	34.15	2.02	21.82	1.29
Total (SS)	7.19	50.63	6.06	50.14
Economic Services (ES)				
Agri & Allied Activities	35.98	32.14	27.54	30.99
Irrigation and Flood Control	36.74	24.41	43.38	28.56
Power & Energy	29.43	0.07	47.49	0.08
Transport	70.53	10.98	71.09	10.78
Total (ES)	39.22	15.06	39.14	15.57
Total (SS+ES)	22.13	38.87	20.76	39.37

(Source: Finance Accounts of Government of Tamil Nadu)

TE: Total expenditure on the Sector/Service concerned; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages.

Development expenditure, in real terms and as a percentage of the aggregate expenditure of the State, was increasing continuously during 2004-09.

However, the development capital expenditure as a percentage of aggregate expenditure of the State, declined marginally from the level of 13.8 in 2007-08 to 13.5 in 2008-09. As a percentage of development expenditure, it came down from 22.13 in 2007-08 to 20.76 in 2008-09.

Expenditure on Social Services

- Though the capital expenditure on Social Services had increased from Rs 1,239 crore in 2007-08 to Rs 1,434 crore in 2008-09 (15.74 per cent) in real terms, as a percentage of aggregate expenditure of the State, it had declined from 2.37 in 2007-08 to 2.19 in 2008-09. As a percentage of total expenditure on Social Services, it declined from 7.19 in 2007-08 to 6.06 in 2008-09.
- The capital expenditure on General Education fell steeply from Rs 222 crore in 2007-08 to Rs 99.77 crore in 2008-09. It fell from 3.14 per cent of the total expenditure on General Education in 2007-08 to 1.12 per cent in 2008-09. This indicated that Government's spending on infrastructural requirement of General Education was not keeping pace with the overall development expenditure.
- Expenditure on salaries and wages for General Education consumed a bulk of the revenue expenditure. It increased from Rs 5,559 crore in 2007-08 to Rs 7,532 crore in 2008-09 (35.5 per cent). As a percentage of revenue expenditure on General Education, it increased from 81.21 in 2007-08 to 85.5 in 2008-09.

Expenditure on Economic Services

- Though the capital expenditure on Economic Services had increased from Rs 5,946 crore in 2007-08 to Rs.7440 crore (25 per cent) in 2008-09, as a

percentage of total expenditure on Economic Services, it had declined marginally from 39.22 in 2007-08 to 39.14 in 2008-09.

- The capital expenditure on Agriculture and Allied Activities declined marginally from Rs 1,576 crore in 2007-08 to Rs 1,484 crore in 2008-09. As a percentage of total expenditure on Agriculture and Allied Activities, it declined from 35.98 in 2007-08 to 27.54 in 2008-09.
- Expenditure on salaries and wages for Economic Services increased from Rs 1,170 crore in 2007-08 to Rs 1,504 crore in 2008-09 (28.54 *per cent*). As a percentage of revenue expenditure on Economic Services, it increased marginally from 15.06 in 2007-08 to 15.57 in 2008-09.

1.6 Financial Analysis of Government Expenditure and Investments

In the post-Fiscal Responsibility and Budget Management (FRBM) framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government needs to initiate measures to earn adequate returns on its investments, recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies and take requisite steps to infuse transparency in financial operations. This section presents a broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis the previous years.

1.6.1 Financial Results of Irrigation Works

Ensuring the commercial viability of irrigation projects through realization of adequate revenue by way of user charges has been a policy of Government of India. The TFC prescribed recovery of 80 *per cent* of the maintenance expenditure on major, medium and minor irrigation projects by way of non-tax revenue from them. Audit, however, found that the revenue from irrigation projects (Rs 33 crore) during 2008-09 was only 4.71 *per cent* of the maintenance expenditure.

Statement 3 of Finance Accounts depicts the financial results of five major and 47 medium irrigation projects. The revenue realized from these projects during 2007-08 was Rs 11.87 crore. After meeting the working and maintenance expenditure (Rs 128.87 crore) and interest charges (Rs 145.14 crore), these 52 projects suffered a net loss of Rs 262.53 crore during 2007-08.

1.6.2 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2009 is given in **Table 1.10**.

Table 1.10: Department-wise Profile of Incomplete Projects

(Rupees in crore)

Department	No. of Incomplete Projects*	Initial Budgeted Cost	Revised Total Cost of Projects**	Cost Over-runs	Cumulative actual expenditure as on 31.3.2009
Buildings	9	4,123.74	13,374.75	9,251.01	1,765.76
Roads and Bridges	46	37,462.95	49,371.13	11,908.18	27,948.55
Irrigation (Water Resources) and Flood Control	1	700.00	1,350.00	650.00	1,202.00
Total	56	42,286.69	64,095.88	21,809.19	30,916.31

(Source: Finance Accounts of Government of Tamil Nadu)

* Only those projects which were scheduled to be completed before 31 March 2009 were included

** Indicates the revised total cost of the projects as per the last revision by the State Government as of March 2009.

- Failure to complete projects on time leads to escalation of project costs and delays the accrual of the projects' benefits to the society at large. Further, delays also result in postponement of revenue realization from projects.
- Analysis of the reasons for delay in completion of 21 of the above projects disclosed that nine projects were held up due to problems in land acquisition, three projects were delayed due to non-completion of sub-works, five projects were delayed due to contractor's faults and four projects were delayed due to other reasons like rain, etc.

1.6.3 Investment and returns

As of 31 March 2009, Government had invested Rs 6,471 crore in statutory corporations, rural banks, joint stock companies and co-operatives (**Table 1.11**). The average return on these investments was 0.5 per cent while Government paid an average interest rate of 7.7 per cent on its borrowings during 2008-2009.

Table 1.11: Return on Investment

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rs in crore)	2,557.71	2,744.60	4,278.43	6,230.40	6,471.22
Return (Rs in crore)	24.25	20.92	26.32	22.10	35.59
Return (per cent)	0.9	0.8	0.6	0.4	0.5
Average rate of interest on Government borrowing (per cent)	9.1	7.8	8.6	8.9	7.7
Difference between interest rate and return (per cent)	8.2	7.0	8.0	8.5	7.2

(Source: Finance Accounts of Government of Tamil Nadu)

- As of March 2009, Government has invested in two statutory corporations (Rs 714 crore), 68 Government companies (Rs 2,406 crore), six joint stock companies (Rs two crore) and 9,330 co-operatives (Rs 3,349 crore). During 2008-09, Government infused an additional capital of Rs 177 crore into seven ailing State Transport Undertakings, which had accumulated a total loss of Rs 3,688 crore. Other major investments made included Rs 67 crore on Chennai Metro Rail Corporation and Rs 25 crore on Arasu Cable Corporation.

1.6.4 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, Government has also been providing loans and advances to many of these institutions/ organizations. **Table 1.12** presents the outstanding loans and advances as on 31 March 2009 and interest receipts vis-à-vis interest payments during the last three years.

Table 1.12: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2006-07	2007-08	2008-09
Opening Balance	5,497	6,149	6,918
Amount advanced during the year	2,254	1,782	2,830
Amount repaid during the year	1,602	1,013	1,934
Closing Balance	6,149	6,918	7,814
Net addition	652	769	896
Interest Receipts	251	72	205
Interest receipts as percentage of outstanding Loans and advances	4.3	1.1	2.8
Interest payments as percentage of outstanding fiscal liabilities of the State Government.	8.6	8.9	7.7
Difference between interest payments and interest receipts (<i>per cent</i>)	(-) 4.3	(-) 7.8	(-) 4.9

(Source: Finance Accounts of Government of Tamil Nadu)

- The quantum of loans advanced increased from Rs 1,782 crore in 2007-08 to Rs 2,830 crore in 2008-09, an increase of 58.8 *per cent*. Repayments also increased from Rs 1,013 crore in 2007-08 to Rs 1,934 crore in 2008-09 (90.9 *per cent*), resulting in increase in the outstanding balance from Rs 6,918 crore in 2007-08 to Rs 7,814 crore in 2008-09. The difference between the interest payments and interest receipts decreased from 7.8 *per cent* in 2007-08 to 4.9 *per cent* in 2008-09.
- The major recipients of loans and advances were the (i) Social Sector- water supply, sanitation, housing and urban development (Rs 811 crore), out of which Rs 500 crore was advanced to Metro Rail project in Chennai and the (ii) Economic Sector - (a) Agriculture and Allied Services (Rs 1,427 crore), out of which Rs 1,150 crore was

advanced for food storage and warehousing to statutory corporations, boards and Government companies, (b) Industries and Mines (Rs 228 crore) and (iii) Transport Sector (Rs 250 crore), out of which Rs 165 crore was given as short term loans to State transport undertakings.

1.6.5 Cash Balances and Investment of Cash Balances

Table 1.13 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.13: Cash Balances and Investment of Cash Balances

(Rs in crore)

Particulars	As on 1 April 2008	As on 31 March 2009	Increase (+)/ Decrease (-)
Cash Balances	12,172	16,229	4,057
Investments from Cash Balances (a to d)			
(a) GOI Treasury Bills	11,136	14,060	2,923
(b) GOI Securities	1,826	2,280	455
(c) Other Securities, if any specify	(-) 815	(-) 137	678
(d) Others - (Treasury/departmental cash balance, remittance etc.)	25	26	1
Funds-wise Break-up of Investment from Earmarked balances (a to c)			
(a) Sinking Fund	1,826	2,273	447
(b) Famine Relief Fund	-	-	-
(c) Infrastructure Development Fund	846	142	(-) 704
Interest realised	613	589	(-) 24

(Source: Finance Accounts of Government of Tamil Nadu)

- The cash balance as on 31 March 2009 increased by Rs 4,057 crore over the previous year despite decrease of Rs 257 crore in the balances of earmarked funds.
- The interest realised during the year on investment of cash balances was less by Rs 24 crore as compared to the previous year.

The efficiency of handling of cash balances by the State can also be assessed by monitoring the trends in the monthly daily average of cash balances held by the State to meet its normal banking transactions. **Table 1.14** presents the trends in monthly average daily cash balance and investments of cash balance in 14 day Treasury Bills and in Auction Treasury Bills for the last three years (2006-09).

Table 1.14: Trends in Monthly Average Daily Cash Balances and Investments in Auction Treasury Bills

(Rs in crore)

Month	Monthly Average Daily Cash Balances (available for investment)			Investment in 14 day Treasury Bills			Investment in Auction Treasury Bills		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	6,717.30	7,234.25	9,243.21	2,411.17	2,328.41	4,222.07	4,306.13	4,905.84	5,021.14
May	6,820.03	6,686.40	9,395.68	2,529.41	1,909.06	3,691.70	4,290.62	4,777.34	5,703.98
June	7,915.72	6,961.87	10,422.19	3,677.47	2,136.38	3,101.51	4,238.25	4,825.49	7,320.68
July	8,665.23	6,645.77	10,528.86	4,463.84	1,638.14	2,274.53	4,201.39	5,007.63	8,254.33
August	9,047.25	7,152.88	10,609.99	4,845.86	1,901.25	1,877.81	4,201.39	5,251.63	8,732.18
September	9,377.19	8,021.84	10,618.88	4,934.13	2,530.43	1,981.38	4,443.06	5,491.41	8,637.50
October	9,645.53	7,916.33	9,982.96	4,719.06	2,433.45	2,279.61	4,926.47	5,482.88	7,703.35
November	9,837.69	7,417.89	9,693.44	4,669.91	1,941.61	1,975.38	5,167.78	5,476.28	7,718.06
December	9,551.38	7,699.14	11,265.53	4,381.62	2,223.93	4,549.58	5,169.76	5,475.21	6,715.95
January	9,549.90	8,809.22	11,341.49	4,377.71	3,334.58	6,248.87	5,172.19	5,474.64	5,092.62
February	10,113.25	10,273.40	10,523.57	4,942.12	4,787.83	6,941.11	5,171.13	5,485.57	3,582.46
March	9,269.28	10,650.55	12,282.90	4,233.17	5,391.64	9,965.69	5,036.11	5,258.91	2,317.21

(Source: Finance Department, Government of Tamil Nadu)

- Governments invest their cash balances including the balances of earmarked funds in GOI Treasury Bills, GOI securities and other instruments. Investments in 90 day/180 day/360 day Auction Treasury Bills fetch higher rates of interest than investments in 14 day Treasury Bills. During 2006-09, the monthly daily average balances held in 14 day Treasury Bills exceeded Rs 2,000 crore in 29 out of the 36 months and exceeded Rs 4,000 crore in 16 months. Keeping huge balances in 14 day Treasury Bills pointed to the inadequacies in the Government's fund flow management system.

1.7 Assets and Liabilities

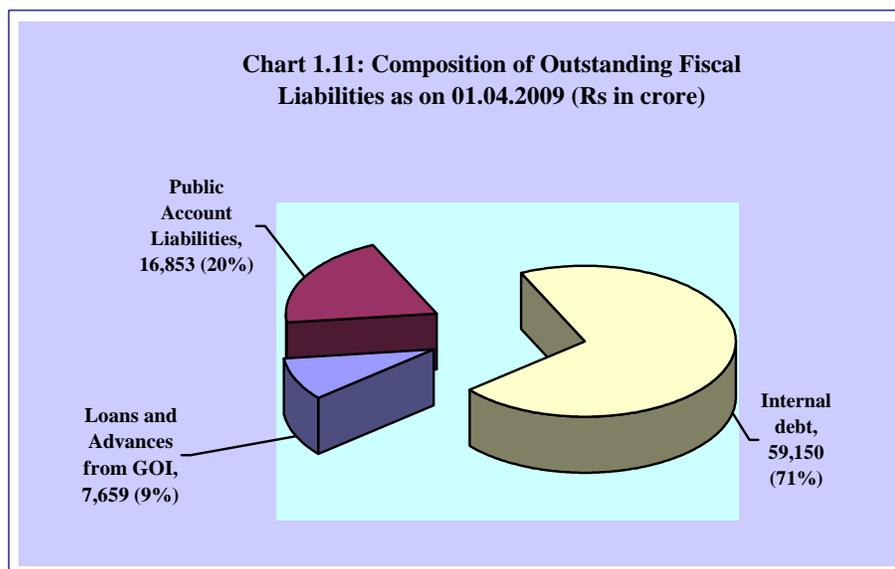
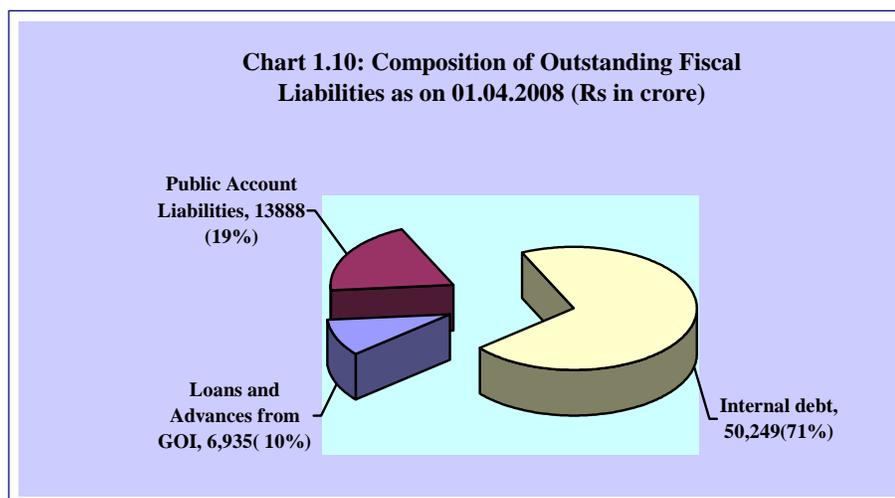
1.7.1 Growth and Composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and cash balances.

The Tamil Nadu Fiscal Responsibility Act, 2003 defines the total liability of the State as ‘the liabilities under the Consolidated Fund of the State and the Public Account of the State’, which include loans and advances from the Central Government, open market borrowings, loans from financial institutions, Provident Fund balances of Government employees, Reserve funds, Deposits etc.

1.7.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. However, the composition of fiscal liabilities during the current year vis-à-vis the previous year is presented in **Charts 1.10** and **1.11**.



- The outstanding fiscal liabilities have shown a steady increase from Rs 55,144 crore at the end of 2004-05 to Rs 83,662 crore as at the end of 2008-09.

- The fiscal liabilities as at the end of 2008-09 represented 152 *per cent* of the revenue receipts during the year as against 149.6 *per cent* during 2007-08.
- Internal debts, at 71 *per cent* of the fiscal liabilities at the end of 2008-09, remained the same as that of the previous year. While the Public Account liabilities as a percentage of the fiscal liabilities increased from 19 *per cent* in 2007-08 to 20 *per cent* in 2008-09, the outstanding loans and advances from GOI decreased from 10 *per cent* to nine *per cent* of the fiscal liabilities during the same period.

1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of defaults by borrowers for whom the guarantees have been extended.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and the outstanding guarantees for the last three years is given in **Table 1.15**.

Table 1.15: Guarantees given by the Government of Tamil Nadu

Guarantees	(Rupees in crore)		
	2006-07	2007-08	2008-09
Maximum amount guaranteed	15,942	20,090	11,062
Outstanding amount of guarantees	4,038	5,410	4,633
Percentage of maximum amount guaranteed to total Revenue receipts	39	42	20
Criteria as per the TN Fiscal Responsibility Act, 2003	Cent <i>per cent</i> revenue receipts of previous year or 10 <i>per cent</i> of GSDP, whichever is lower.		

(Source: Finance Accounts of Government of Tamil Nadu)

- Government has constituted (March 2003) a “Guarantees Redemption Fund” for discharge of invoked guarantees. An amount of Rs 10 crore was credited to the Fund during 2008-09, but no expenditure was met. The balance in the Fund as of March 2009 was Rs 109 crore.
- The maximum amount guaranteed was well within the stipulations of the Tamil Nadu Fiscal Responsibility, Act 2003. As a percentage of revenue receipts, it came down from 42 in 2007-08 to 20 in 2008-09. As a percentage of GSDP, it came down from 7.19 in 2007-08 to 3.26 in 2008-09.

1.7.4 Off-Budget Borrowings

The borrowings of a State are governed under Article 293 of the Constitution of India. In addition to the liabilities shown in **Appendix 1.4**, the State guarantees loans availed of by Government companies/corporations. These companies/corporations borrow funds from the market/financial institutions for implementation of various State Plan programmes projected outside the State budget. Although the State Government projects that funds for these

programmes would be met out of the resources mobilized by these companies/corporations outside the State budget, in reality, the borrowings of many of these concerns are repaid by the Government and ultimately turn out to be liabilities of the State Government termed as ‘off-budget borrowings’. Though off-budget borrowings are not permissible under Article 293 (3), the State continues to undertake such off-budget borrowings as per the data furnished by the following Special Purpose Vehicles (SPVs). **Table 1.16** gives the off-budget borrowings by the State as of 31 March 2009.

Table 1.16: Off-Budget Borrowings

(Rupees in crore)

Sector	Name of SPV	Amount borrowed	Amount outstanding as of 31.3.2009
Social Services	Tamil Nadu Water Supply and Drainage Board	397	124
	Tamil Nadu Cooperative Housing Federation Ltd.	3,156	738

(Source: Information furnished by SPVs. Not a complete list of off budget borrowings)

The off-budget borrowings given above add to the fiscal liability of the State, but are not indicated as such in the Government Accounts as they are not captured in the Finance Accounts of the State.

1.8 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyze the various indicators that determine the debt sustainability¹⁰ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization¹¹; sufficiency of non-debt receipts¹²; net

¹⁰ Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to the sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between the costs of additional borrowings and the returns from such borrowings. It means that the rise in fiscal deficit should match the increase in the capacity to service the debts.

¹¹ A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero, positive or moderately negative. Given the rate spread (GSDP growth rate – interest rate) and the quantum spread (Debt X rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising. In case it is positive, the debt-GSDP ratio would eventually be falling.

¹² Adequacy of incremental non-debt receipts of the State to cover incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

availability of borrowed funds¹³; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities. **Table 1.17** analyzes the debt sustainability of the State according to these indicators for a period of three years beginning from 2006-07.

Table 1.17: Debt Sustainability: Indicators and Trends

(Rupees in crore)

Indicators of Debt Sustainability	2006-07	2007-08	2008-09
Debt Stabilization (Quantum Spread + Primary Deficit)	2,528	5,391	7,195
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 1,705	(+) 270	(-) 4,862
Net Availability of Borrowed Funds	(-) 1,496	(-) 1,334	6,627
Burden of Interest Payments (IP/RR Ratio)	13.5	12.8	10.8
Maturity Profile of internal debts & GOI loans (in years)			
0 – 1		1,359(2.4)	1,629(2.4)
1 – 3		3,967(6.9)	5,148(7.7)
3 – 5		6,687(11.7)	7,632(11.4)
5 – 7		10,295(18)	7,870(11.8)
7 and above		34,875(61)	44,531(66.7)

(Source: Finance Accounts of Government of Tamil Nadu)

Figures in brackets represent percentage of total outstanding internal debts and GOI loans

- As may be seen from the above, debt stabilisation does not seem to be a major concern, indicating a falling debt-GSDP ratio.
- The net availability of borrowed funds during 2008-09 was Rs 6,627 crore, an increase of Rs 7,961 crore over the negative figure of Rs 1,334 crore during 2007-08. This was a result of increase in receipts under internal debts from Rs 6,868 crore in 2007-08 to Rs 10,798 crore in 2008-09 and simultaneous decrease in expenditure on repayment of internal debts from Rs 3,231 crore in 2007-08 to Rs 1,897 crore in 2008-09. Further, the interest payments, which were on an increasing trend during 2004-08 declined marginally from Rs 6,086 crore in 2007-08 to Rs 5,963 crore in 2008-09.
- Despite positive indicators in terms of debt stabilisation and increased net availability of borrowed funds, the negative resource gap (Rs 4,862 crore) was a matter of concern. This was a result of insufficiency of the incremental non-debt receipts (Rs 8,443 crore) to meet the incremental primary expenditure (Rs 13,428 crore). The high incremental primary expenditure was mainly due to an increase of Rs 10,738 crore under primary revenue expenditure.
- The maturity profile of the State's debt indicates a year-on-year increase in its repayment burden.

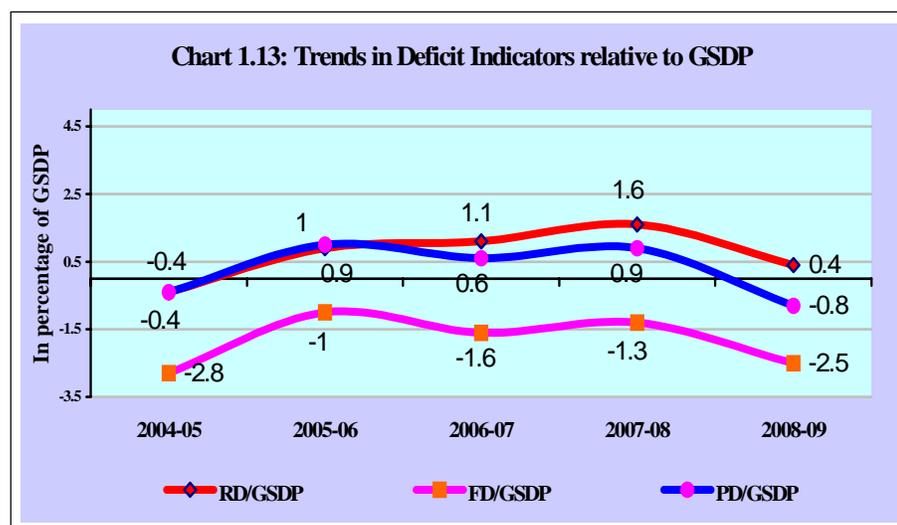
¹³ Defined as the ratio of the debt redemption (principal + interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption, indicating the net availability of borrowed funds.

1.9 Fiscal Imbalances

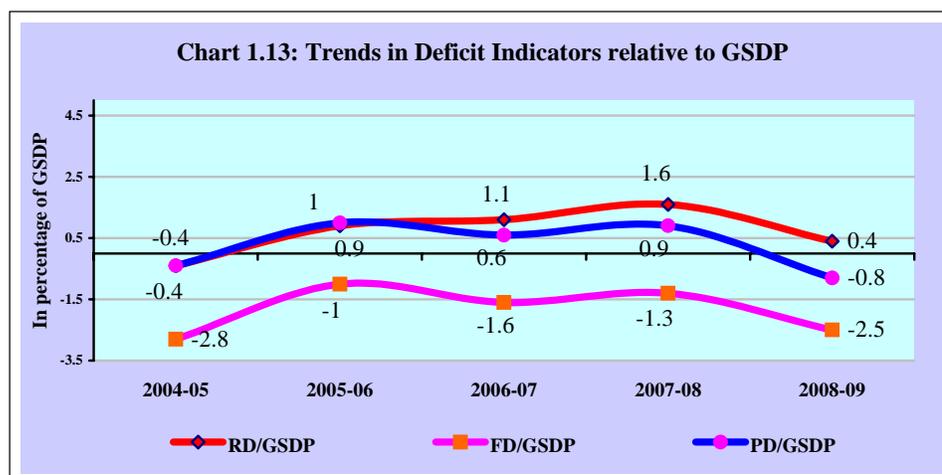
Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2008-09.

1.9.1 Trends in Deficits

Charts 1.12 and 1.13 presents the trends in deficit indicators over the period 2004-09.



- The primary surplus, which prevailed during the last three continuous years, turned negative with a deficit of Rs 2,585 crore.
- The fiscal deficit increased by Rs 4,862 crore over 2007-08.



1.9.2 Composition of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.18**.

Table 1.18: Components of Fiscal Deficit and its Financing Pattern

(Rupees in crore)						
	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit		(-) 5,570	(-) 2,251	(-) 3,956	(-) 3,686	(-) 8,548
1	Revenue Surplus/Deficit (-)	(-) 703	1,951	2,648	4,545	1,452
2	Net Capital Expenditure	4,564	4,054	5,952	7,462	9,104
3	Net Loans and Advances	303	148	652	769	896
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	2,249	1,214	1,372	4,127	8,792
2	Loans from GOI	(-) 2,887	139	(-) 213	469	724
3	Special Securities issued to National Small Savings Fund	5,864	6,094	3,898	(-) 782	(-) 173
4	Loans from Financial Institutions	(-) 277	(-) 528	(-) 2,600	287	282
5	Small Savings, PF etc	(-) 428	328	256	383	578
6	Deposits and Advances	1383	(-) 7	1130	138	1576
7	Suspense and Miscellaneous	426	1086	963	162	194
8	Remittances	(-) 48	138	52	(-) 130	78
9	Reserve Funds	(-) 204	(-) 74	168	130	553
10	Contingency Fund	-	(-) 16	16	-	-
	Total	6,078	8,374	5,042	4,784	12,604
11	Overall Surplus/Deficit (-) (Cash Balance)	508	6,123	1,086	1,098	4,056

(Source: Finance Accounts of Government of Tamil Nadu)

* All these figures are net of disbursements/outflows during the year.

- The fiscal deficit increased from Rs 3,686 crore in 2007-08 to Rs 8,548 crore in 2008-09 (132 *per cent*) due to decrease in the revenue surplus from Rs 4,545 crore in 2007-08 to Rs 1,452 in 2008-09 (68 *per cent*) and increase in the net capital expenditure and net loans and advances from Rs 8,231 crore in 2007-08 to Rs 10,000 crore in 2008-09 (21 *per cent*).
- The State is increasingly banking on market borrowings for financing its fiscal deficit. The net market borrowings during 2008-09 increased to Rs 8,792 crore from Rs 4,127 crore during 2007-08.
- Deposits and Advances increased by Rs 1,438 crore over 2007-08.
- The overall surplus of Rs 4,056 crore, a substantial increase from Rs 1,086 crore in 2006-07 and Rs 1,098 crore in 2007-08, indicated that the borrowings were in excess of requirement. This contributed to a substantial increase in the monthly average daily cash balance as commented in Para 1.6.5 earlier.

1.9.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The bifurcation of the primary deficit (**Table 1.19**) would indicate the extent to which the deficit had been on account of enhancement in capital expenditure, which may have been desirable to improve the productive capacity of the State's economy.

Table 1.19: Primary deficit/Surplus – Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary revenue deficit (-) /surplus (+)	Primary deficit (-) / surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2004-05	29,235	24,400	4,564	1,086	30,050	4,835	-815
2005-06	34,852	27,450	4,054	1,040	32,544	7,402	2,308
2006-07	42,515	32,759	5,952	2,254	40,965	9,756	1,550
2007-08	48,533	36,889	7,462	1,782	46,133	11,644	2,400
2008-09	56,976	47,627	9,104	2,830	59,561	9,349	-2,585

(Source: Finance Accounts of Government of Tamil Nadu)

- During the period 2004-05 to 2008-09, non-debt receipts increased from Rs 29,235 crore to Rs 56,976 crore (94.8 per cent) against an increase of 94.18 per cent in primary revenue expenditure, 99.47 per cent in capital expenditure, 160.6 per cent in loans and advances and 98.2 per cent in primary expenditure.
- Capital expenditure as a percentage of primary expenditure marginally increased from 15.19 in 2004-05 to 15.28 in 2008-09. Loans and advances as a percentage of primary expenditure increased from 3.6 in 2004-05 to 4.7 in 2008-09.
- The adequacy of non-debt receipts to meet the primary expenditure led to the emergence of primary surplus during 2005-06 to 2007-08. However, the non-debt receipts were not enough to meet expenditure requirements during 2008-09, resulting in primary deficit. The primary revenue expenditure, capital expenditure and disbursement of loans and advances increased by 29 per cent, 22 per cent and 58.8 per cent respectively over the previous year.

1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which deficit correction is achieved by the State on account of improvement in its own resources. This is an indicator of the durability of the corrections in deficit indicators. **Table 1.20** presents the changes in revenue receipts of the State and the corrections of the deficit during the last three years.

Table 1.20: Change in Revenue Receipts and Corrections of Deficit*(Per cent of GSDP)*

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
Revenue Receipts (a to d)	16.60	17.00	15.08	16.23
a. State's Own Tax Revenue	11.26	10.61	9.77	9.93
b. State's Own Non- tax Revenue	0.72	0.90	0.97	1.68
c. State's Share in Central Taxes and Duties	2.64	3.63	2.80	2.51
d. Grants-in-Aid	1.98	1.86	1.64	2.10
Revenue Expenditure	15.52	15.37	15.16	15.80
Revenue Deficit/Surplus	1.1	1.6	(-) 0.02	0.43
Fiscal Deficit/Surplus	(-) 1.6	(-) 1.3	(-) 2.89	(-) 2.52

(Source: Finance Accounts of Government of Tamil Nadu)

The State had met the stipulation of the Tamil Nadu Fiscal Responsibility Act, 2003 to eliminate the revenue deficit. The State had achieved revenue surplus from the year 2005-06 onwards. However, the margin of revenue surplus, which was Rs 4,545 crore in 2007-08 decreased to Rs 1,452 crore in 2008-09.

The percentage of revenue receipts to GSDP, which was 17 in 2007-08, came down to 16.23 in 2008-09. The excess of revenue receipts over revenue expenditure led to a revenue surplus of Rs 1,452 crore (0.43 *per cent* of GSDP) as against a deficit of Rs 9,792 crore (2.89 *per cent* of GSDP) envisaged in the budget.

The fiscal deficit at 2.5 *per cent* of GSDP during 2008-09, though within the statutory stipulation of three *per cent* of GSDP, increased from 1.3 *per cent* in 2007-08.

1.10 Conclusion

The State achieved the targets as laid down in the Tamil Nadu Fiscal Responsibility Act, 2003. However, the increasing trend in revenue surplus, witnessed during the last three years, reversed and the quantum of revenue surplus declined from Rs 4,545 crore in 2007-08 to Rs 1,452 crore during 2008-09 due to disproportionate growth of revenue expenditure (25 *per cent*) vis-à-vis revenue receipts (16 *per cent*). The State's own taxes are not keeping pace with its GSDP.

Committed expenditure consumed 65 *per cent* of the revenue receipts as against 59 *per cent* during 2007-08, mainly due to increase in salaries, pension and subsidies. Capital expenditure on asset creation, as a percentage of aggregate expenditure, stood at 13.89 as against the national average of 16.87.

The revenue from irrigation projects was too low to sustain them. Blocking of huge sums in incomplete projects delays and undermines the economic benefits realizable through them. Investments of the Government in statutory corporations, public sector companies and co-operatives continue to yield meagre returns.

The Government of Tamil Nadu has been giving due priority to the social sector. However, compared to the all States' average, there appears to be a need for greater priority to Economic Services and creation of productive assets through greater priority to capital expenditure.

Though the fall in the debt – GSDP ratio is a positive indication, the Government has not curtailed off-budget borrowings. Further, the increase in overall surplus (cash balance) from Rs 1,098 crore in 2007-08 to Rs 4,056 crore in 2008-09 indicated excessive and unplanned borrowings. The trend in cash balance investment shows untapped potential for better returns.

1.11 Recommendations

- Government may institute a mechanism for centralised monitoring of utilisation of funds released directly to State implementing agencies by the Government of India.
- Execution of large projects should be closely monitored to avoid blocking of funds in incomplete projects.
- Government needs to tone up its cash balance management system, ensure proper planning for borrowings and curtail off-budget borrowings.

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-2009 against 53 grants/appropriations was as given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(Rupees in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	45,915.01	6,099.41	52,014.42	48,496.30	(-) 3,518.12
	II Capital	9,379.40	1,980.87	11,360.27	9,143.73	(-) 2,216.54
	III Loans and Advances	1,658.28	1,171.47	2,829.75	2,829.94	(+) 0.19
Total Voted		56,952.69	9,251.75	66,204.44	60,469.97	(-) 5,734.47
Charged	IV Revenue	6,509.83	107.08	6,616.91	6,522.11	(-) 94.80
	V Capital	6.00	8.41	14.41	4.66	(-) 9.75
	VI Public Debt- Repayment	3,688.18	0.00	3,688.18	2,215.75	(-) 1,472.43
Total Charged		10,204.01	115.49	10,319.50	8,742.52	(-) 1,576.98
Appropriation to Contingency Fund (if any)		..	..	..	..	..
Grand Total		67,156.70	9,367.24	76,523.94	69,212.49	(-) 7,311.45

(Source: Appropriation Accounts of Government of Tamil Nadu)

The overall savings of Rs 7,311.45 crore was the result of savings of Rs 7,465.10 crore in 50 grants and 47 appropriations under the Revenue Section, 36 grants and one appropriation under the Capital Section and 16 grants and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of Rs 153.65 crore in one grant and one appropriation each under the Revenue Section and the Capital Section and two grants under the Loans Section.

The savings/excesses were intimated (July 2009) to the Controlling Officers, requesting them to explain the significant variations. Out of 736 sub-heads, explanations for variations were not received (July 2009) in respect of 593 sub-heads (Saving: 409 sub-heads and Excess: 184 sub-heads).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriations vis-à-vis Allocative Priorities

The outcome of appropriation audit revealed that in 16 cases, savings exceeded Rs 10 crore in each case and also by more than 20 per cent of the total provision (**Appendix 2.1**). Against the total savings of Rs 7,311.45 crore, savings of Rs 6,753.03 crore (92.36 per cent) occurred in 25 cases relating to 23 grants and two appropriations as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of Rs 50 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
	Revenue-Voted					
1	05 Agriculture Department	1,357.07	131.33	1,488.40	1,374.98	113.42
2	16 Finance Department	527.31	1.26	528.57	403.72	124.85
3	17 Handlooms and Textiles (Handlooms, Handicrafts, Textiles and Khadi Department)	573.50	3.32	576.82	480.09	96.73
4	19 Health and Family Welfare Department	2,586.40	205.33	2,791.73	2,608.49	183.24
5	20 Higher Education Department	1,192.64	47.74	1,240.38	1,087.71	152.67
6	21 Highways Department	1,245.10	16.85	1,261.95	1,106.06	155.89
7	22 Police (Home, Prohibition and Excise Department)	2,204.94	21.96	2,226.90	2,049.30	177.60
8	26 Housing and Urban Development Department	307.22	594.00	901.22	732.77	168.45
9	27 Industries Department	305.26	44.02	349.28	188.04	161.24
10	34 Municipal Administration and Water Supply Department	2,206.45	882.22	3,088.67	2,880.27	208.40
11	41 Revenue Department	2,494.87	6.37	2,501.24	2,185.3	315.94
12	42 Rural Development and Panchayat Raj Department	3,551.62	546.32	4,097.94	3,672.66	425.28
13	43 School Education Department	7,690.36	86.31	7,776.67	7,406.15	370.52
14	45 Social Welfare and Nutritious Meal Programme Department	1733.1	148.50	1,881.60	1,744.64	136.96
15	50 Pension and Other Retirement Benefits	7,932.14	50.00	7,982.14	7,775.83	206.31
16	51 Relief on account of Natural Calamities	437.61	1976.02	2,413.63	2,229.87	183.76

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Capital-Voted						
17	21 Highways Department	2,933.96	2.34	2,936.30	2,692.02	244.28
18	22 Police (Home, Prohibition and Excise Department)	219.43	0.00	219.43	105.60	113.83
19	26 Housing and Urban Development Department	695.47	0.00	695.47	221.8	473.67
20	34 Municipal Administration and Water Supply Department	876.47	19.95	896.42	803.33	93.09
21	39 Buildings (Public Works Department)	501.26	1.32	502.58	234.17	268.41
22	40 Irrigation (Public Works Department)	950.54	111.52	1062.06	515.88	546.18
23	43 School Education Department	161.65	164	325.65	55.35	270.3
Revenue-Charged						
24	53 Debt Charges	6,426.16	76.41	6,502.57	6,412.99	89.58
Loans-Charged						
25	54 Public Debt-Repayment	3688.18	0.00	3,688.18	2,215.75	1,472.43
Total		52,798.71	5,137.09	57,935.80	51,182.77	6,753.03

(Source: Appropriation Accounts of Government of Tamil Nadu)

2.3.2 Persistent Savings

In 17 cases, during the last five years, there were persistent savings of more than five per cent of the total grants as indicated in **Table 2.3**.

Table 2.3: List of Grants indicating Persistent Savings during 2004-09

(Rupees in lakh)

Sl. No.	No. and Name of the Grant	Amount of Savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Voted						
1	2 Governor and Council of Ministers	24.44 (18.49)	3.08 (17.45)	2.54 (14.23)	1.32 (6.94)	2.99 (13.38)
2	5 Agriculture Department	55.21 (5.94)	69.72 (8.58)	69.51 (7.16)	168.51 (14.97)	113.43 (7.62)
3	7 Fisheries (Animal Husbandry, Dairying and Fisheries Department)	8.37 (11.12)	20.88 (25.18)	35.30 (32.92)	28.67 (29.64)	36.69 (32.99)
4	9 Backward Classes, Most Backward Classes and Minorities Welfare Department	23.79 (10.65)	23.31 (7.69)	38.35 (11.44)	36.74 (9.91)	31.18 (7.70)
5	11 Stamps and Registration (Commercial Taxes on Registration Department)	26.28 (23.84)	11.38 (11.23)	22.04 (17.11)	11.34 (7.81)	14.79 (9.99)
6	19 Health and Family Welfare Department	84.16 (6.22)	96.80 (6.47)	235.33 (12.57)	355.30 (14.98)	183.24 (6.56)
7	21 Highways Department	108.42 (12.67)	172.47 (18.56)	142.30 (12.44)	165.71 (13.78)	155.90 (12.35)
8	22 Police (Home, Prohibition and Excise) Department	65.06 (5.20)	98.09 (7.17)	192.65 (11.46)	301.63 (15.65)	177.61 (7.98)
9	23 Fire and Rescue Services (Home, Prohibition and Excise Department)	9.89 (14.62)	26.82 (29.08)	27.51 (26.04)	32.09 (27.89)	23.00 (17.92)
10	27 Industries Department	3.16 (10.56)	23.63 (46.23)	21.76 (25.56)	45.05 (56.29)	161.25 (46.17)
11	28 Information and Publicity (Tamil Development, Religious Endowment and Information Department)	2.03 (7.42)	8.54 (21.95)	3.13 (8.60)	2.29 (6.43)	2.85 (6.54)
12	33 Law Department	2.14 (23.74)	2.19 (22.73)	2.44 (23.04)	4.89 (35.85)	3.66 (25.73)
13	35 Personnel and Administrative Reforms Department	2.01 (8.34)	1.69 (6.81)	3.35 (11.29)	3.69 (10.71)	3.17 (8.12)
14	38 Public Department	17.25 (13.65)	37.00(23.36)	36.12 (18.49)	20.58 (13.64)	25.59 (15.70)
15	44 Micro, Small and Medium Enterprises Department	27.92 (41.02)	30.46 (35.58)	8.36 (17.71)	28.10 (44.51)	42.74 (45.44)
16	46 Tamil Development (Tamil Development, Religious Endowments and Information Department)	3.53 (9.40)	2.77 (7.08)	2.94 (6.50)	4.08 (14.49)	4.19 (14.98)
17	47 Hindu Religious and Charitable Endowments (Tamil Development, Religious Endowments and Information Department)	1.72 (6.04)	2.37 (8.22)	3.86 (11.37)	4.86 (11.16)	10.45 (19.09)

(Source: Appropriation Accounts of Government of Tamil Nadu)

From the above table, it may be seen that the savings continued over the years indicating improper estimation.

2.3.3 Expenditure without Provision

As per Para 14 (ii) of the Tamil Nadu Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 4.81 crore was incurred in 32 cases as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.4: Expenditure incurred without provision during 2008-09

(In Rupees)

Sl.No	Grant No	Head of Account	Actual Expenditure
1.	05	2401.00.119.KW (V)	2,200
2.	07	4405.00.101.JL (V)	100
3.	20	2202.03.102.JO (V)	99,80,500
4.	40	4701.03.292.JB (V)	50,992
5.	40	4701.03.356.PA (V)	20,38,345
6.	40	4701.03.357.PA (V)	1,17,80,830
7.	40	4701.03.358.PA (V)	1,37,80,471
8.	40	4701.03.361.PA (V)	1,25,523
9.	40	4701.03.362.PA (V)	1,51,497
10.	40	4701.03.363.PA (V)	5,19,720
11.	40	4701.03.364.PA (V)	3,77,988
12.	40	4701.03.365.PA (V)	1,88,998
13.	40	4701.03.366.PA (V)	1,41,769
14.	40	4701.03.369.PA (V)	2,07,134
15.	40	4701.03.370.PA (V)	6,62,037
16.	40	4701.03.371.PA (V)	2,30,129
17.	40	4701.03.372.PA (V)	3,42,175
18.	40	4701.03.373.PA (V)	1,41,670
19.	40	4701.03.377.PA (V)	18,804
20.	45	2235.60.102.AP (V)	83,100
21.	50	2235.60.102.AL (V)	4,820
22.	53	2049.01.101.AB (C)	9,10,297
23.	53	2049.60.101.AD (C)	42,22,106
24.	53	2049.60.101.AR (C)	89,931
25.	53	2049.60.101.AS (C)	74,003
26.	53	2049.60.101.AT (C)	6,304
27.	53	2049.60.101.AV (C)	11,135
28.	53	2049.60.101.BC (C)	2,175
29.	53	2049.60.101.CR (C)	15,61,519
30.	53	2049.60.101.EB (C)	4,52,209
31.	53	2049.60.101.ED (C)	17,797
32.	53	2049.60.101.EG (C)	198
Total			4,81,76,476 or Rs 4.81 crore

(Source: Appropriation Accounts of Government of Tamil Nadu)

2.3.4 Drawal of funds to avoid lapse of budget grant

As per Article 39 of the Tamil Nadu Financial Code Volume-I, all appropriations lapse at the close of the financial year. No money should be drawn from the treasury in order to prevent it from lapsing and use it for

expenditure after the end of year. However, under “Sathiavani Muthu Ammaiyar Ninaivu free supply of sewing machine scheme” for supply of free sewing machines to widows, 28 District Social Welfare Officers were permitted to withdraw Rs 1.32 crore in March 2009 in order to avoid lapse of the budget grant.

2.3.5 *Excess over provisions relating to previous years requiring regularization*

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over grants/appropriations regularised by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. However, excess expenditure amounting to Rs 5,793.63 crore for the years 1999-2008 was still to be regularized as detailed in **Appendix 2.2**.

Non-regularisation of the excess over grants/appropriations over the years is a breach of legislative control over appropriations.

2.3.6 *Excess over provisions during 2008-09 requiring regularization*

Table 2.5 contains a summary of the total excess over provision of funds in six grants amounting to Rs 153.65 crore during 2008-09, requiring regularization under Article 205 of the Constitution.

Table 2.5: Excess over provisions requiring regularization during 2008-09

(Rupees in crore)

Sl. No.	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
Voted Grants -					
1.	12	Co-operation (Co-operation, Food and Consumer Protection Department) – (Loans)	218.55	218.56	0.01
2.	26	Housing and Urban Development Department – Loans	554.63	588.13	33.50
3.	40	Irrigation (Public Works Department) – (Revenue)	739.32	857.98	118.66
4.	48	Transport Department (Capital)	165.17	165.54	0.37
Total		Voted	1,677.67	1,830.21	152.54
Charged Appropriations -					
5.	03	Administration of Justice (Revenue)	61.14	62.21	1.07
6.	21	Highways Department – Capital	3.12	3.16	0.04
Total		Charged	64.26	65.37	1.11
Grand Total			1,741.93	1,895.58	153.65

(Source: Appropriation Accounts of Government of Tamil Nadu)

2.3.7 Unnecessary/Excessive/ Inadequate supplementary provision

Supplementary provisions aggregating Rs 773.88 crore, obtained in 35 cases of Rs 50 lakh or more in each case during the year, proved unnecessary as the expenditure did not come up to the levels of the original provision as detailed in **Appendix 2.3**. In three cases, supplementary provisions of Rs 460 crore proved insufficient by more than Rupees one crore in each case, leaving an aggregate uncovered excess expenditure of Rs 153.00 crore (**Appendix 2.4**).

2.3.8 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over Rs 10 lakh under 911 sub-heads. The excess/savings were more than Rupees two crore under 163 sub-heads as detailed in **Appendix 2.5**.

2.3.9 Unexplained re-appropriations

According to paragraph 151 (ii) of the Tamil Nadu Budget Manual, Volume-I, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions such as “based on actual requirements”, “based on trend of expenditure”, etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 2,255 items out of 13,277 items (17 per cent), reasons given for additional provision/withdrawal of provision in re-appropriation orders were of general nature like “actual requirement”, “based on latest assessment” and “restriction of expenditure”.

2.3.10 Substantial surrenders

Substantial surrenders, where more than 50 per cent of the total provision was surrendered, were made in respect of 174 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to Rs 6,585.04 crore in these 174 schemes, Rs 5,708.31 crore (87 per cent) was surrendered, which included cent per cent surrender in 37 schemes (Rs 2,282.85 crore).

2.3.11 Surrender in excess of actual saving

In 13 cases, the amounts surrendered (Rs 50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of Rs 1,192.46 crore, the amount surrendered was Rs 1,286.77 crore, resulting in excess surrender of Rs 94.31 crore. Details are given in **Appendix 2.6**.

2.3.12 Anticipated savings not surrendered

As per Para 140 the Tamil Nadu Budget Manual, spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, there were, however, 14 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The total amount involved in these cases was Rs 538.34 crore (7.21 per cent of the total savings) (**Appendix 2.7**).

Similarly, out of the total savings of Rs 5,203.01 crore under other grants/appropriations (savings of Rupees one crore and above were indicated in each grant/appropriation) grants aggregating Rs 1,758.56 crore (23.56 per cent of the total savings) were not surrendered, details of which are given in **Appendix 2.8**. Besides, in 17 cases, (surrender of funds in excess of Rs 10 crore), Rs 1,483.35 crore (**Appendix 2.9**) were surrendered on the last two working days of March 2009 indicating inadequate financial control and the fact that these funds could not be utilized for other development purposes.

2.3.13 Rush of expenditure

According to Article 39 of the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of the 41 sub-heads listed in **Appendix 2.10**, expenditure exceeding Rs 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2009.

Appropriate action needs to be taken to regulate and systematise the procedure to avoid heavy expenditure in the closing month of the financial year.

2.4 Non-reconciliation of Departmental Figures

2.4.1 Unreconciled expenditure

To enable Controlling Officers of departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, the Tamil Nadu Financial Code stipulates that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General.

Even though non-reconciliation of departmental figures is pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard persisted during 2008-09 also. Sixteen Controlling Officers did not reconcile expenditure amounting to Rs 604.98 crore as of September 2009.

Out of the 16 Controlling Officers, amounts exceeding Rs 10 crore in each case remained unreconciled during 2008-2009 in respect of the following six Controlling Officers as given in **Table 2.6**.

Table 2.6: Unreconciled expenditure during 2008-09

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Registrar of Co-operatives (Housing)	206.06
2.	Commissioner of Transport	91.83
3.	Secretary, Information and Technology	29.35
4.	Managing Director, TWAD	21.59
5.	Commissioner, Land Reforms	233.95
6.	Director of Social Defence	10.50

(Source: Office of the Accountant General (A&E))

2.4.2 As per Para 109 of the Tamil Nadu Budget Manual, the Chief Controlling Officers should arrange to obtain from their subordinates, monthly accounts and returns in suitable forms claiming credit for remittances made into the Treasury or otherwise accounted for and compare these with the statements of treasury credits furnished by the Accountant General, Tamil Nadu, to see that the amounts reported as collected have been duly credited to the Government account. Paragraph 128 of the Budget Manual also stipulates that all disbursing officers and subordinate controlling officers should reconcile their departmental figures including receipts with the treasury figures.

Fifteen Controlling Officers did not reconcile receipts amounting to Rs 250.40 crore as of September 2009.

2.4.3 Non-adjustment of Temporary Advances

Drawing and Disbursing Officers (DDOs) draw temporary advances for the purpose of meeting contingent expenditure either on the authority of standing orders or specific sanctions of the State Government. According to Article 99 of the Tamil Nadu Financial Code, the advances should be adjusted by presenting detailed bills and vouchers as soon as possible.

Scrutiny of information furnished by three Pay and Accounts officers¹ and 12 District Treasury Officers² disclosed that as of March 2009, an aggregate amount Rs 79.48 crore was pending adjustment in respect of 2,955 advances by DDOs. An age-wise analysis of pending advances is given in **Table 2.7**.

Table 2.7 Age-wise Analysis of Pending Advances

Sl. No.	Pendency	No. of Advances	Amount (Rs in crore)
1	More than 10 years	13	0.13
2	More than five years, upto 10 years	66	0.89
3	More than one year but less than five years	541	16.09
4	Less than one year	2,335	62.37
Total		2,955	79.48

(Source: Data furnished by Pay and Accounts Officers/Treasury Officers)

¹ Chennai (North), Secretariat and Madurai.

² Cuddalore, Dindugul, Erode, Krishnagiri, Perambalur, Pudukkottai, Salem, Sivaganga, Thanjavur, Thiruvallur, Thiruvavur and Tiruchirappalli.

These instances would prove that laxity in enforcing codal provisions has resulted in pendency of a large number of advances involving substantial amounts.

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under The Tamil Nadu Contingency Fund Act, 1954 in terms of the provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature would be undesirable. The Fund is in the nature of an imprest and its corpus is Rs 150 crore. However, Rs 72.44 lakh were drawn in April 2008 from the Contingency Fund to make payments for works done by the Public Works Department in connection with the visit of the President of India to the State in September 2006, citing the work as a 'new service'. As the works were carried out in September 2006, the department could have sought the required funds either in the revised estimate of 2006-07 or in the budget estimate of 2007-08 or 2008-09, instead of resorting to drawal of an advance from the Contingency Fund.

Further, in 48 out of 91 cases wherein funds amounting to Rs 31.62 crore were drawn from the Contingency Fund, as detailed in **Appendix 2.11**, the amounts were not fully utilised indicating that the funds were not drawn to meet unforeseen expenditure/urgent expenditure. In respect of six cases, the actual expenditure was less than 50 *per cent* of the funds sanctioned as detailed in **Appendix 2.12**.

2.6 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for parking of funds by debit to the Consolidated Fund of the State and are required to be closed at the end of the financial year by minus debit to the relevant service heads. There were 1,291 PD accounts in 30 District Treasuries and five Pay and Accounts Offices in operation. Of these accounts, 1,200 PD accounts were not closed as of March 2009 and the balance of Rs 201.42 crore with these accounts was not transferred back to the respective service heads. Out of 1,200 accounts, 681 accounts were not operated during 2007-09 also.

2.6.1 As per the list of major and minor heads of accounts prescribed by the Controller General of Accounts (CGA), amounts received for land acquisition should be accounted under 8443 – Civil Deposits – 101 – Revenue Deposits. Instead, nine³ Land Acquisition Officers kept Rs 1.39 crore received towards land acquisition costs, including establishment charges, from various departments for land acquisition, in their PD accounts. The amount received towards establishment charges was to be credited to the revenue receipt head of account and not under PD accounts.

2.7 Review of School Education Grant

A review of budgetary procedures adopted by the School Education Department disclosed that as against the savings of Rs 370.51 crore, only a

³ Special Tahsildar (Land Acquisition) – Tiruparankundram, Coimbatore, Tirumalaipatti, Tiruvadanai, Pattukottai, NHS Erode, RDO (LA) – Trichy, Nagarcoil and Tiruppur.

sum of Rs 4.19 crore was surrendered during the first and the last weeks of March 2009, thereby blocking the availability of Rs 366.32 crore for needy schemes under other grants.

Receipts

As per the list of major and minor heads of accounts prescribed by CGA, grants-in-aid and contributions received from GOI were to be classified under the head “1601-Grants-in-aid from Central Government”. Instead, Rs 245.75 crore received from GOI towards reimbursement of teachers’ salaries under the Sarva Shiksha Abhiyan Scheme was treated as revenue receipts of the State and classified under the following heads in the budget, thereby inflating the non-tax revenue receipts of the State:

Sl.No.	Heads of Account	Amount of grant treated as Non-Tax Revenue (Rs in crore)
1	0202.01.101.AA.1204	150.00
2	0202.01.101.AK.0001	95.75
	Total	245.75

(Source: Director of School Education)

Expenditure

As per Para 37 of the Tamil Nadu Budget Manual, budget estimates for salaries of staff should be prepared on the basis of the expenditure likely to be incurred on pay and allowances of the staff on duty irrespective of the sanctioned strength. Instead, the department prepared budget estimates based on sanctioned strength, including the vacant posts, which resulted in savings of Rs 196.23 crore as given in **Table 2.8**.

Table 2.8: Savings due to budgeting based on sanctioned strength

(Rupees in crore)

Sl. No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Actual expenditure	Saving
Directorate of Elementary Education							
1.	2202.01.101.AA	197.35	*	(-) 0.12	197.23	177.46	19.77
2.	2201.01.101.AC	2075.45	*	(-) 50.82	2024.62	1877.72	146.90
3.	2202.01.101.AA	98.71	0.06	6.49	105.26	94.74	10.52
Directorate of School Education							
4.	2202.02.101.AA	40.91	Nil	1.67	45.28	42.02	3.26
5.	2202.02.101.AB	147.32	Nil	(-) 1.13	146.19	146.04	0.15
6.	2202.02.101.AZ	145.93	Nil	(-) 29.66	116.27	100.64	15.63
Savings							196.23

* Rupees one thousand only

(Source: Appropriation Accounts of Government of Tamil Nadu)

2.8 Conclusion

During 2008-09 expenditure of Rs 69,212.49 crore was incurred against total grants and appropriations of Rs 76,523.94 crore, resulting in savings of Rs 7,311.45 crore. The overall savings were the net result of savings of Rs 7,465.10 crore offset by excess of Rs 153.65 crore. Inaccuracies in budgeting resulted in persistent savings of five per cent or more in 17 grants during 2004-09. In 13 cases, the amounts surrendered (Rs 50 lakh or more) were in excess of the actual savings. As against savings of Rs 1,192.46 crore, the amount surrendered was Rs 1,286.77 crore, resulting in excess surrender of Rs 94.31 crore. There were 14 grants/appropriations in which total savings of Rs 538.34 crore were observed but the same were not surrendered by the concerned departments. Similarly, out of the total savings of Rs 5,203.01 crore in other grants/appropriations (savings of Rupees one crore and above), Rs 1,758.56 crore were not surrendered.

2.9 Recommendations

- Budgetary controls should be strengthened in all the Government departments, especially in those departments where savings have been observed for the last five years regularly.
- Rush of expenditure during the fag end of the financial year should be avoided.
- Heads of departments should reconcile their expenditure figures every month during the financial year with those in the books of the Accountant General (Accounts and Entitlements).
- Government should initiate action to clear the pendency in adjustment of temporary advances and advances drawn from the Contingency Fund.
- All Personal Deposit Accounts should be closed at the end of every financial year and the unspent balances be credited to the concerned Heads of Account.

CHAPTER III

FINANCIAL REPORTING

A sound internal financial reporting system and the availability of relevant and reliable information significantly contribute to efficient and effective governance by a State Government. Compliance with financial rules, procedures and directives as well as timeliness and quality of reporting are some of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist State Governments in meeting their basic stewardship responsibilities, including strategic planning and decision-making. This chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing of Utilization Certificates

Article 210A of the Tamil Nadu Financial Code provided that for grants released during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within 18 months from the date of release, unless specified otherwise. However, in respect of grants and loans paid up to 2007-08, 556 UCs for an aggregate amount of Rs 1,329.77 crore were in arrears as of September 2009. The department-wise break-up of outstanding UCs is given in **Appendix 3.1** and the age-wise analysis of delays in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilization Certificates

Sl. No.	Range of Delay in Number of Years	Utilization Certificates Outstanding	
		Number	Amount (Rs in crore)
1	0 - 1	189	676.73
2	1 - 3	79	621.48
3	3 - 5	2	0.54
4	More than five years	286	31.02
Total		556	1,329.77

(Source: Accountant General (Accounts & Entitlements), Chennai)

Out of the above, 113 UCs for an aggregate amount of Rs 783.87 crore were due from the Commissioner of Revenue Administration and 46 UCs for an aggregate amount of Rs 492.76 crore were due from the Commissioner of Rehabilitation of the Disabled. Non-receipt of UCs for huge amounts indicates that the departmental officers failed to comply with rules and procedures to ensure accountability of the agencies that received Government funds.

3.2 Non-submission/delays in submission of Accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/head of a department is required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which the assistance granted and the total expenditure of these institutions. As per the information furnished to Audit, a total of 1,175 autonomous bodies/authorities attracted audit by the Comptroller and Auditor General of India.

The annual accounts of 228 autonomous bodies/ authorities due up to 2007-08 had not been received as of July 2009 by the Principal Accountant General (Civil Audit). The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**

Table 3.2: Age-wise arrears of Annual Accounts due from Autonomous Bodies/Authorities

Sl. No.	Delay in Number of Years	Number of the Bodies/ Authorities
1.	0 - 1	43
2.	1 - 3	75
3.	3 - 5	9
4.	5 - 7	78
5.	7 - 9	19
6.	9 & above	4
Total		228

(Source: Compiled from annual accounts received from autonomous bodies/authorities)

The major defaulters were educational institutions receiving Government grants for salaries, maintenance etc. Non-receipt of annual accounts from a substantial number of autonomous bodies/authorities was in violation of the terms and conditions governing the release of grants by the Government.

3.3 Misappropriations, losses, defalcations, etc.

Article 294 of the Tamil Nadu Financial Code stipulates that heads of offices should report all cases of defalcations or loss of public moneys, stores or other movable or immovable properties to the Accountant General. Further, the Financial Code prescribes the principles and procedures to be followed for enforcing responsibility for losses and disposal of such cases.

The State Government reported 255 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs 7.17 crore and 277 cases of shortage, theft and loss involving a total amount of Rs 2.39 crore up to March 2009, on which final action was pending. Twenty nine of the above cases involving Rs 0.09 crore were cleared subsequent to March 2009. The department-wise break-up of pending cases and the nature of these cases are given in **Appendix 3.3**. The age-profile of the pending cases and the number

of cases pending in each category – misappropriation, defalcation, loss, theft etc., are summarised in **Table 3.3**.

Table 3.3: Profile of Misappropriation, Defalcation, Theft, Loss etc.

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount Involved (Rs in lakh)	Nature of the Cases	Number of Cases	Amount Involved (Rs in lakh)
0 - 5	51	260.60	Theft, loss etc.	253	232.20
5 - 10	60	480.09			
10 - 15	89	89.39	Misappropriation/defalcation	250	715.03
15 - 20	86	46.50			
20 - 25	217	70.65			
Total	503	947.23	Total Pending cases	503	947.23

(Source: Compiled from information received from heads of departments)

Reasons for which these cases are outstanding are given in **Table 3.4**.

Table 3.4: Reasons for Outstanding cases of Misappropriation, Defalcation, Theft, Loss etc.

Reasons for the Delays		Number of cases	Amount (Rs in lakh)
i)	Awaiting departmental and criminal investigation	244	482.21
ii)	Departmental action initiated but not finalised	11	133.27
iii)	Criminal proceedings finalised but recovery of the amount still pending	6	9.09
iv)	Awaiting orders for recovery or write off	237	214.96
v)	Pending in courts of law	5	107.70
Total		503	947.23

(Source: Compiled from information received from heads of departments)

As seen from the above, the number of cases awaiting departmental/criminal investigations was 244 with an amount of Rs 4.82 crore, indicating the need for speeding up of departmental/criminal investigations.

3.4 Conclusion

Departmental officers failed to ensure adherence to the terms and conditions relating to timely submission of utilisation certificates and annual accounts by the grantee institutions. The State Government reported 250 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs 7.15 crore and 253 cases of shortage, theft and loss involving a total amount of Rs 2.32 crore up to March 2009, on which final action was pending.

3.5 Recommendations

- Heads of departments should initiate prompt action to submit utilisation certificates and ensure that all grantee institutions submit their Annual Accounts in time.
- Government/heads of departments should expedite orders regarding recovery/write off of outstanding cases of misappropriation, defalcation, theft, loss etc., and initiate action for speedy completion of enquiry into pending cases.

Chennai
The

(S. NAGALSAMY)
Principal Accountant General (Civil Audit),
Tamil Nadu and Puducherry

Countersigned

New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India

Appendix 1.1

(Reference: Paragraph 1.1; Page 1)

Part A: Structure and Form of Government Accounts	
<p>Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.</p>	
<p>Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.</p>	
<p>Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.</p>	
<p>Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State legislature.</p>	
Part B: Layout of Finance Accounts	
Statement	Layout
Statement No.1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2008-09.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes internal borrowing, borrowings from Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non–plan and plan separately and major head wise capital expenditure.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2008-09.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2008-09.
Statement No.15	Depicts the capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Tamil Nadu.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Tamil Nadu, the amount of loan repaid during the year, the balance as on 31 March 2009.
Statement No.19	Gives the details of earmarked balances of reserve funds.

Appendix 1.2
(Reference: Paragraph 1.1; Page 1)

Part A: Methodology adopted for assessment of fiscal position

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the Governments in Tamil Nadu Fiscal Responsibility Act, 2003 and in other Statements required to be laid in the legislature under the Act (**Part B of this Appendix**) are used to make qualitative assessment of the trends and patterns of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

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

Trends in Gross State Domestic Product (GSDP)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs in crore)	2,00,780	2,23,528	2,46,266	2,79,287	3,39,212
Growth rate of GSDP (per cent)	14.1	11.33	10.17	13.41	21.46

Source: Directorate of Economics and Statistics

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Government, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average ratio of Aggregate Expenditure (AE) to GSDP and Capital Expenditure (CE)/ Development Expenditure (DE)/ Social Sector Expenditure (SSE) to AE.

Step 2: Based on the national average of AE to GSDP ratio, derive the AE so that no State is having a ratio of AE to GSDP less than the national average, i.e., if

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

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

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

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

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

Where y is the national average of DE - AE ratio

Substituting (1) in (2), we get

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

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

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

$$\text{PCDE} = \text{DE/P} \dots\dots\dots (4)$$

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

Substituting (3) in (4), we get

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

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

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

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

Part B: The Tamil Nadu Fiscal Responsibility Act, 2003

The State Government enacted the Tamil Nadu Fiscal Responsibility Act, 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. The Act prescribed the following fiscal management targets:

- a) Reduce the revenue deficit in each of financial year commencing from the 1st April 2005 so as to eliminate it by 31st March 2008 and maintain it at that level or generate revenue surplus thereafter.
- b) Reduce fiscal deficit in each financial year, commencing from the 1st April 2005, so as to bring it down to not more than three *per cent* of GSDP by 31st March 2009.
- c) Cap outstanding guarantees within 100 *per cent* of Revenue receipts of previous year or 10 *per cent* of GSDP, whichever is the least.

Appendix 1.3
(Reference: Paragraphs 1.1 and 1.3; Pages 1 and 6)
Time series data on the State Government finances

(Rupees in crore)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Part A. Receipts					
1. Revenue Receipts	28,452 (39)	33,960 (41)	40,913 (38)	47,520 (39)	55,042 (37)
(i) Tax Revenue	19,357 (68)	23,326 (68)	27,771 (68)	29,619 (62)	33,684 (61)
Taxes on Agricultural Income	1	..	..	..	..
Taxes on Sales, Trade, etc	12,996 (67)	15,555 (67)	17,727 (64)	18,156 (61)	20,675 (61)
State Excise	2,549 (13)	3,177 (13)	3,986 (14)	4,764 (16)	5,756 (17)
Taxes on Vehicles	1,015 (5)	1,125 (5)	1,261 (5)	1,483 (5)	1,710 (5)
Stamps and Registration fees	1,604 (9)	2,085 (9)	2,997 (11)	3,805 (13)	3,794 (11)
Land Revenue	72	179 (1)	121 (..)	78 (..)	208 (1)
Taxes on Goods and Passengers	764 (4)	985 (4)	1244 (4)	1097 (4)	979 (3)
Other Taxes	356 (2)	220 (1)	435 (2)	236 (1)	562 (2)
(ii) Non Tax Revenue	2,209 (8)	2,601 (8)	3,422 (8)	3,304 (7)	5,712 (10)
(iii) State's share of Union taxes and duties	4,236 (15)	5,013 (15)	6,394 (16)	8,065 (17)	8,511 (16)
(iv) Grants in aid from Government of India	2,650 (9)	3,020 (9)	3,326 (8)	6,532 (14)	7,135 (13)
2. Miscellaneous Capital Receipts	..	..	..	..	..
3. Recoveries of Loans and Advances	783 (1)	892 (3)	1602 (1)	1013 (1)	1934 (1)
4. Total Revenue and Non debt capital receipts (1+2+3)	29,235	34,852	42,515	48,533	56,976
5. Public Debt Receipts	12,136 (17)	8,966 (11)	7,147 (7)	7,647 (6)	11,841 (8)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	10,878	8,524	6,820	6,868	10,798
Net transactions under Ways and Means Advances and Overdrafts	..	..	..	..	..
Loans and Advances from Government of India	1,258	442	327	779	1,043
6. Total Receipts in the Consolidated Fund (4+5)	41,371	43,818	49,662	56,180	68,818
7. Contingency Fund Receipts	..	..	16	..	..
8. Public Account Receipts	31,864 (43)	39,603 (47)	57,895 (54)	65,917 (54)	81,409 (54)
9. Total Receipts of the State (6+7+8)	73,235	83,421	1,07,573	1,22,097	1,50,226
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	29,155 (84)	32,009 (86)	38,265 (36)	42,975 (36)	53,590 (37)
Plan	3,904 (13)	5,382 (17)	7,201 (19)	8,297 (19)	10,538 (20)
Non Plan	25,251 (87)	26,627 (83)	31,064 (81)	34,678 (81)	43,052 (80)
General Services (including interest payments)	12,058	12,891	14,995	16,129	18,578
Social Services	9,683	11,316	13,026	15,726	21,371
Economic Services	5,454	5,773	7,797	7,771	9,661
Grants-in-aid and contributions	1,960	2,029	2,447	3,349	3,980
11. Capital Expenditure	4,564 (13)	4,054 (11)	5,952 (6)	7,462 (6)	9,104 (6)
Plan	4,280 (94)	4,072 (100)	5,853 (98)	7,259 (97)	9,071 (100)
Non Plan	284 (6)	(-) 17	99 (2)	203 (3)	33
General Services	376	125	195	277	230
Social Services	2,449	1,121	1,132	1,239	1,434
Economic Services	1,739	2,808	4,626	5,946	7,440
12. Disbursement of Loans and Advances	1,085 (3)	1,040 (3)	2,254 (2)	1,782 (1)	2,830 (2)
13. Total (10+11+12)	34,805	37,103	46,471	52,219	65,524
14. Repayments of Public Debt	7,188 (10)	2,046	4,690 (4)	3,546 (3)	2,216 (1)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,838	1,353	4,150	3,235	1,897
Net transactions under Ways and Means Advances and Overdraft	205	391	..	..	..
Loans and Advances from Government of India	4,145	302	540	310	319

contd..

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
15. Appropriation to Contingency Fund	..	..	..	..	..
16. Total disbursement out of Consolidated Fund (13+14+15)	41,993	39,149	51,161	55,765	67,740
17. Contingency Fund disbursements	..	16	..	..	1
18. Public Account disbursements	30,735 (42)	38,132	55,326 (52)	64,661 (54)	78,429 (54)
19. Total disbursement by the State (16+17+18)	72,728	77,297	1,06,487	1,20,426	1,46,170
<i>Part C. Deficits</i>					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-) 703	1951	2648	4545	1452
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 5,570	(-) 2,251	(-) 3,956	(-) 3686	(-) 8,548
22. Primary Deficit (21+23)	(-) 815	2,308	1,550	2,400	(-) 2,585
<i>Part D. Other data</i>					
23. Interest Payments (included in revenue expenditure)	4,755	4,559	5,506	6,086	5,963
24. Financial Assistance to local bodies etc.,	5,484	5,066	8,737	8,401	10,237
25. Ways and Means Advances/Overdraft availed (days)				..	..
Ways and Means Advances availed (days)	1,337 (23)	675 (14)	..	..	..
Overdraft availed (days)	..	..	..	..	..
26. Interest on Ways and Means Advances/Overdraft	1	1	..	..	..
27 Gross State Domestic Product (GSDP) [@]	2,00,780	2,23,528	2,46,266	2,79,287	3,39,212
28 Outstanding Fiscal liabilities (year end)	55,144	62,310	66,320	71,072	83,662
29. Outstanding guarantees (year end) (including interest)	8,424	5,564	4,038	5,410	4,633
30. Maximum amount guaranteed (year end)	17,220	13,669	15,942	20,090	11,062
31. Number of incomplete projects	47	64	82	49	56
32. Capital blocked in incomplete projects	619	951	565	1,223	309
<i>Part E: Fiscal Health Indicators</i>					
<i>I Resource Mobilization</i>					
33. Own Tax revenue/GSDP	9.6	10.4	11.2	10.6	9.9
34. Own Non-Tax Revenue/GSDP	1.1	1.2	1.4	1.2	1.7
35. Central Transfers/GSDP	3.4	3.6	3.9	5.2	4.6
<i>II Expenditure Management</i>					
36. Total Expenditure/GSDP	17.3	16.6	18.9	18.7	19.3
37. Total Expenditure/Revenue Receipts	122.3	109.3	113.6	109.9	119.0
38. Revenue Expenditure/Total Expenditure	83.8	86.3	82.3	82.3	81.8
39. Expenditure on Social Services/Total Expenditure	34.8	33.5	30.5	30.7	34.8
40. Expenditure on Economic Services/Total Expenditure	15.7	15.6	16.8	14.9	14.7
41. Capital Expenditure/Total Expenditure	13.1	10.9	12.8	14.3	13.9
42. Capital Expenditure on Social and Economic Services/Total Expenditure.	12.0	10.6	12.4	13.8	13.5
<i>III Management of Fiscal Imbalances</i>					
43. Revenue deficit (surplus)/GSDP	(-) 0.4	0.9	1.1	1.6	0.4
44. Fiscal deficit/GSDP	(-) 2.8	(-) 1.0	(-) 1.6	(-) 1.3	(-) 2.5
45. Primary Deficit (surplus) /GSDP	(-) 0.4	1.0	0.6	0.9	(-) 0.8
46. Revenue Deficit/Fiscal Deficit	12.6	(-) 86.7	(-) 66.9	(-) 123.3	(-) 17.0
47. Primary Revenue Balance/GSDP	2.0	2.9	3.3	3.8	2.2
<i>IV Management of Fiscal Liabilities</i>					
48. Fiscal Liabilities/GSDP	27.5	27.9	26.9	25.4	24.7
49. Fiscal Liabilities/RR	193.8	183.5	162.1	149.6	152.0
50. Primary deficit vis-à-vis quantum spread	(-) 20.9	114.9	158.4	80.2	(-) 26.4
51. Debt Redemption (Principal +Interest)/ Total Debt Receipts	59.2	22.8	65.6	46.4	18.7
<i>V Other Fiscal Health Indicators</i>					
52. Return on Investment	0.9	0.8	0.6	0.4	0.5
53. Balance from Current Revenue (Rupees in crore)	1962	6054	7550	10223	7931
54. Financial Assets/Liabilities	0.51	0.61	0.67	0.76	0.81

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

@ GSDP figures communicated by the Government adopted.

Appendix 1.4
(Reference: Paragraphs 1.1.1 and 1.7.1; Pages 1 and 23)
Part A: Abstract of Receipts and Disbursements for the year 2008-09

(Rupees in crore)

2007-08		Receipts		2008-09		2007-08		Disbursements		Non-Plan	Plan	Total	2008-09
		Section-A: Revenue											
47,520.51	I	Revenue receipts		55,042.51	42,975.02	I	Revenue expenditure-						53590.26
29,619.10		-Tax revenue	33,684.37		16,128.79		General services	18,550.03	27.67	18,577.70			
					15,725.63		Social Services-	12,995.97	8,375.51	21,371.48			
3,304.37		-Non-tax revenue	5,712.33		6,845.75		-Education, Sports, Art and Culture	8,197.80	606.35	8,804.15			
					1,737.05		-Health and Family Welfare	1,732.36	556.13	2,288.49			
8,065.27		-State's share of Union Taxes	8,510.80		1,279.29		-Water Supply, Sanitation, Housing and Urban Development	711.12	1,997.76	2,708.88			
					783.50		-Information and Broadcasting	38.99	750.54	789.53			
3,462.90		-Non-Plan grants	2,626.48		957.85		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	418.97	663.95	1,082.92			
2,165.79		-Grants for State Plan Schemes	3,377.69		139.84		-Labour and labour Welfare	143.36	59.45	202.81			
					3,927.40		-Social Welfare and Nutrition	1,706.39	3,730.54	5,436.93			
903.08		-Grants for Central and Centrally sponsored Plan Schemes	1,130.84		54.95		-Others	46.98	10.79	57.77			
					7,771.30		Economic Services-	7,814.98	1,846.35	9,661.33			
					1,831.87		-Agriculture and Allied Activities	1,446.38	1,031.72	2,478.10			
					804.83		-Rural Development	265.47	464.50	729.97			
					12.03		-Special Areas Programmes	0.74	13.23	13.97			
					628.86		-Irrigation and Flood control	681.09	40.28	721.37			
					1,170.26		-Energy	1,292.99	1.11	1,294.10			
					344.32		-Industry and Minerals	326.71	205.28	531.99			
					875.08		-Transport	890.69	24.55	915.24			
					10.09		-Science, Technology and Environment	0.69	11.91	12.60			
					2,093.96		-General Economic Services	2,910.22	53.77	2,963.99			
					3,349.30		Grants-in-aid and Contributions-	3,691.36	288.39	3,979.75			
					42,975.02		Total	43,052.34	10,537.92	53,590.26			
..	II	Revenue deficit carried over to Section B		..	4,545.49	II	Revenue Surplus carried over to Section B						1,452.25
47,520.51		Total			47,520.51		Total						55,042.51
		Section-B : Others											
10,500.84	III	Opening Cash balance including Permanent Advances and Cash Balance Investment		12,172.56	..	III	Opening Overdraft from Reserve Bank of India						..
	IV	Miscellaneous Capital receipts		..	7,462.22	IV	Capital Outlay-						9,104.30
					277.02		General Services-	36.39	194.27	230.66			
					1,238.86		Social Services-	2.23	1,431.73	1,433.96			
					222.26		-Education, Sports, Art and Culture	(-0.07)	99.84	99.77			
					95.79		-Health and Family Welfare	..	193.21	193.21			
					803.85		-Water Supply, Sanitation, Housing and Urban Development	(-0.28)	981.87	981.59			
					2.01		-Information and Broadcasting	2.25	25.05	27.30			

contd..

Receipts					Disbursements				
				102.50		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	..	101.45	101.45
				8.75		-Social Welfare and Nutrition	..	24.59	24.59
				3.70		-Others	0.33	5.73	6.06
				5,946.34		Economic Services-	(-) 5.42	7,445.10	7,439.68
				1,576.20		-Agriculture and Allied Activities	(-) 5.09	1,489.26	1,484.17
				1,003.48		-Rural Development	..	1,310.78	1,310.78
				31.77		-Special Areas Programmes	..	39.85	39.85
				365.28		-Irrigation and Flood Control	..	552.74	552.74
				490.00		-Energy	..	1,170.50	1,170.50
				159.86		-Industry and Minerals	(-) 0.20	1.66	1.46
				2,307.28		-Transport	(-) 0.14	2,867.07	2,866.93
				12.47		-General Economic Services	0.01	13.24	13.25
				7,462.22		Total	33.20	9,071.10	9,104.30
1,012.71	V	Recoveries of Loans and Advances-	..	1,934.23	1,781.56	V	Loans and Advances disbursed-		2,829.94
17.64		-From Power Projects	22.35	..	4.92		-For Power Projects	..	..
81.96		-From Government Servants	82.14	..	62.59		-To Government Servants		68.67
913.11		-From Others	1,829.74	..	1,714.05		-To Others		2,761.26
4,545.49	VI	Revenue Surplus brought down		1,452.25		VI	Revenue Deficit brought down		..
7,646.92	VII	Public debt receipts-		11,841.18	3,545.61	VII	Repayment of Public debt-		2,215.75
		-External debt	..	..	..		-External debt		..
6,868.06		-Internal debt other than Ways and Means Advances and overdrafts	10,797.98	..	3,231.27		-Internal debt other than Ways and Means Advances and Overdrafts		1,896.53
..		- Net transactions under Ways and Means Advances	..	..	..		- Net transactions under Ways and Means Advances	..	..
..		- Net transactions under overdraft	..	..	310.34		-Repayment of Loans and Advances to Central Government	..	319.22
778.86		-Loans and Advances from Central Government	1,043.20	..	..				..
..	VIII	Appropriation to Contingency Fund	..	..	..	VIII	Appropriation to Contingency Fund		..
..	IX	Amount transferred to Contingency Fund	..	..	..	IX	Expenditure from Contingency Fund		0.51
65,916.76	X	Public Account receipts-	..	81,409.20	64,660.77	X	Public Account disbursements-		78,429.61
3,476.27		-Small Savings and Provident Funds	3,713.36	..	3092.95		-Small Savings and Provident Funds		3,135.65
1,118.89		-Reserve Funds	1,560.25	..	415.53		-Reserve Funds		1,007.25
45183.13		-Suspense and Miscellaneous	55,987.76	..	45,021.19		-Suspense and Miscellaneous		55,793.23
2,226.96		-Remittance	2,637.03	..	2,357.40		-Remittances		2,558.97
13,911.51		-Deposits and Advances	17,510.80	..	13,773.70		-Deposits and Advances	..	15,934.51
..	XI	Closing Overdraft from Reserve Bank of India	..	..	12,172.56	XI	Cash Balance at end-		16,229.31
					16.38		-Cash in Treasuries and Local Remittances		16.81
					(-) 815.11		-Deposits with Reserve Bank		(-) 136.89
					8.71		-Departmental Cash Balance including permanent Advances		8.80
					12962.58		Cash Balance Investment and earmarked funds		16340.59
89,622.72		Total		1,08,809.42	89,622.72		Total		1,08,809.42

**Part B: Summarised financial position of the Government of Tamil Nadu
as on 31 March 2009**

(Rupees in crore)

As on 31.03.2008		Liabilities	As on 31.03.2009	
50,248.93		Internal Debt -		59,150.38
	20,502.09	Market Loans bearing interest	29,294.23	
	1.46	Market Loans not bearing interest	1.22	
	1,203.29	Loans from Life Insurance Corporation of India	1,127.95	
	28,542.09	Loans from other Institutions	28,726.98	
	..	Ways and Means Advances	..	
	..	Overdrafts from Reserve Bank of India	..	
6,934.83		Loans and Advances from Central Government -		7,658.81
	5.62	Pre 1984-85 Loans	5.62	
	101.24	Non-Plan Loans	98.14	
	6,694.11	Loans for State Plan Schemes	7,429.94	
	24.62	Loans for Central Plan Schemes	23.39	
	109.24	Loans for Centrally Sponsored Plan Schemes	101.72	
150.00		Contingency Fund		149.49
7,470.89		Small Savings, Provident Funds, etc.		8,048.60
5,749.22		Deposits		7,325.66
3,340.34		Reserve Funds		3,893.36
330.28		Remittance Balances		408.35
74,224.49				86,634.65
		Assets		
39,793.42 @		Gross Capital Outlay on Fixed Assets -		48,897.72
	6,230.40	Investments in shares of Companies, Corporations, etc.	6,471.22	
	33,613.12	Other Capital Outlay	42,426.50	
6,918.14		Loans and Advances -		7,813.84
	407.31	Loans for Power Projects	384.96	
	6,116.14	Other Development Loans	7,048.16	
	394.69	Loans to Government servants and Miscellaneous loans	380.72	
2,672.45		Reserve Fund Investments		2,415.00
6.93		Advances		7.09
(-) 2,881.07		Suspense and Miscellaneous Balances		(-) 3,058.17
9,500.10		Cash -		13,814.33
	16.38	Cash in Treasuries and Local Remittances	16.81	
	(-) 815.11	Deposits with Reserve Bank	(-) 136.89	
		Departmental Cash Balance including	8.80	
	8.71	Permanent Advances		
	10,290.12	Cash Balance Investments	13925.61	
18,164.42		Deficit on Government Account -		16,744.84 (A)
	(-) 4,545.49	(i) Less Revenue Surplus of the current year	(-) 1452.25	
	(-) 52.89	(ii) Miscellaneous Deficit	(-) 17.42	
	22,762.80	Accumulated deficit at the beginning of the year	18214.51	
74,174.39 @				86,634.65

@ Differs from the figures shown in the previous years' account due to proforma corrections.

(A) Differs from figure shown in statement 15 of Finance Accounts 2008-09 due to proforma accounts corrections made in statement 15.

Explanatory Notes for Appendices 1.3 and 1.4:

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.

Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc.

There was a difference of Rs 52.71 crore (Net debit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank". A net difference to the extent of Rs 39.99 crore (Net debit) had been reconciled (June 2009) leaving a balance of net debit of Rs 12.72 crore which was under reconciliation.

Appendix 2.1

(Reference: Paragraph 2.3.1; Page 34)

Statement showing cases where savings exceeded Rs 10 crore each and also by 20 per cent or more of the total provision

(Rupees in crore)

Sl. No.	Grant/Appropriation Number	Name of Grant /Appropriation	Provision	Actual expenditure	Saving	Percentage of Saving over Provision
Voted Grants						
A - Revenue						
1.	07	Fisheries (Animal Husbandry, Dairying and Fisheries Department)	111.22	74.53	36.69	32.99
2.	16	Finance Department	528.57	403.72	124.85	23.62
3.	25	Motor Vehicles Acts - Administration (Home, Prohibition and Excise Department)	87.43	68.94	18.49	21.14
4.	27	Industries Department	349.29	188.04	161.25	46.17
5.	44	Small Industries Department	94.04	51.3	42.74	45.44
B – Capital						
6.	07	Fisheries (Animal Husbandry, Dairying and Fisheries Department)	20.49	6.04	14.46	70.54
7.	09	Backward Classes, Most Backward Classes and Minorities Welfare Department	52.91	15.87	37.04	70.00
8.	19	Health and Family Welfare Department	154.31	104.83	49.48	32.06
9.	20	Higher Education Department	64.19	28.19	35.99	56.08
10.	22	Police (Home, Prohibition and Excise Department)	219.43	105.6	113.84	51.88
11.	26	Housing and Urban Development Department	695.47	221.8	473.67	68.11
12.	39	Buildings (Public Works Department)	502.58	234.17	268.41	53.41
13.	40	Irrigation (Public Works Department)	1,062.07	515.88	546.18	51.43
14.	43	School Education Department	325.65	55.35	270.3	83.00
C – Loan						
15.	08	Dairy Development (Animal Husbandry, Dairying and Fisheries Department)	43.00	18.00	25.00	58.14
Charged						
C – Loan						
16.	54	Public Debt-Repayment	3,688.18	2,215.75	1,472.43	39.92

Appendix 2.2

(Reference: Paragraph 2.3.5; Page 37)

Excess over provisions relating to previous years requiring regularization

Year	Number of grants/ appropriations	Grant/ appropriation numbers	Amount of excess (Rs in crore)	Stage of consideration by Public Accounts Committee (PAC)
1999-2000	9 Grants 1 Appropriation	2,17,26,33,35,38, 41,45 and 46 29	362.99	Explanatory notes are awaited. Not yet discussed by PAC
2000-2001	6 Grants 7 Appropriations	6, 21, 29, 35, 47 and 61 Debt Charges, 29, 35, 41, 42, 54 and Public Debt-Repayment	2,239.47	Explanatory notes are awaited. Not yet discussed by PAC
2001-2002	3 Grants 4 Appropriations	32, 35 and 41 16, 42, 54 and Public Debt- Repayment	379.38	Explanatory notes are awaited. Not yet discussed by PAC.
2002-2003	12 Grants 4 Appropriations	Revenue – 1, 14, 16, 20, 35, 38, 48 and 49 Capital – 6 and 26 Loans – 5, 20 and 40 Revenue – 1 and 21 Capital – 20 Loans – Public Debt – Repayment	2,436.71	Explanatory notes are awaited. Not yet discussed by PAC.
2003-04	7 Grants 5 Appropriations	Revenue – 33, 40 Capital – 5, 27, 28, 43, 47 Revenue – 1, 14, 38, 48, Debt Charges	154.61	Explanatory notes are awaited. Not yet discussed by PAC.
2004-05	7 Grants 5 Appropriations	Revenue – 14,33 and 36 Capital – 19 and 22 Loans – 20 and 21 Revenue – 1,14,37,40 and 48	2.82	Explanatory notes are awaited. Not yet discussed by PAC.
2005-06	6 Grants 4 Appropriations	Revenue – 8 and 38 Capital – 3 and 46 Loans – 12 and 21 Revenue – 22,23,37 and 48	9.00	Explanatory notes are awaited. Not yet discussed by PAC.
2006-07	6 Grants 2 Appropriations	Revenue –40 Capital – 5, 28, 44 and 47 Loans – 49 Revenue – 2 and 38	95.61	Explanatory notes are awaited. Not yet discussed by PAC.
2007-08	6 Grants	Revenue –18, 40, 42, 51 Capital – 35 and 48	113.04	Explanatory notes are awaited. Not yet discussed by PAC.
		Total	5,793.63	

Appendix 2.3
(Reference: Paragraph 2.3.7; Page 38)

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

(In thousands of Rupees)

Sl. No.	Grant Number	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A Revenue (Charged)					
1.	53	6,42,61,630	6,41,29,883	1,31,747	7,64,088
Total for Charged		6,42,61,630	6,41,29,883	1,31,747	7,64,088
A Revenue (Voted)					
2.	01	2,30,213	2,22,318	7,895	14,992
3.	04	69,61,177	67,60,421	2,00,756	2,66,839
4.	07	10,05,377	7,45,304	2,60,073	1,06,806
5.	09	40,12,233	37,39,258	2,72,975	38,873
6.	10	20,93,460	20,10,505	82,955	12,054
7.	15	20,82,262	19,15,974	1,66,288	25,022
8.	16	52,73,085	40,37,228	12,35,857	12,645
9.	17	57,34,959	48,00,905	9,34,054	33,238
10.	20	1,19,26,433	1,08,77,075	10,49,358	4,77,400
11.	21	1,24,51,036	1,10,60,630	13,90,406	1,68,548
12.	22	2,20,49,431	2,04,92,957	15,56,474	2,19,590
13.	23	12,34,640	10,53,845	1,80,795	49,222
14.	25	7,41,909	6,89,406	52,503	1,32,359
15.	27	30,52,645	18,80,361	11,72,284	4,40,234
16.	32	40,47,303	39,05,599	1,41,704	25,464
17.	35	3,73,167	3,59,015	14,152	17,563
18.	38	14,89,836	13,74,220	1,15,616	1,40,294
19.	39	15,06,545	13,21,984	1,84,561	5,157
20.	41	2,49,48,714	2,18,53,000	30,95,714	63,725
21.	43	7,69,03,554	7,40,61,520	28,42,034	8,63,058
22.	44	8,40,405	5,13,049	3,27,356	1,00,000
23.	46	2,47,676	2,37,804	9,872	32,039
24.	48	33,97,298	33,81,453	15,845	27,802
25.	50	7,93,21,392	7,77,58,285	15,63,107	4,99,967
Total for Voted		27,19,24,750	25,50,52,116	1,68,72,634	37,72,891
Total - Revenue		33,61,86,380	31,91,81,999	1,70,04,381	45,36,979

contd..

Sl. No.	Grant Number	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
B Capital (Charged)					
26.	40	60,001	14,959	45,042	52,898
Total for Charged		60,001	14,959	45,042	52,898
B Capital (Voted)					
27.	20	6,13,467	2,81,941	3,31,526	28,402
28.	21	2,93,39,614	2,69,20,217	24,19,397	23,446
29.	27	1,08,437	85,141	23,296	26,338
30.	29	2,64,936	2,56,131	8,805	34,188
31.	34	87,64,728	80,33,297	7,31,431	1,99,546
32.	39	50,12,636	23,41,701	26,70,935	13,156
33.	40	95,05,442	51,58,822	43,46,620	11,15,217
34.	43	16,16,502	5,53,499	10,63,003	16,40,001
Total for Voted		5,52,25,762	4,36,30,749	1,15,95,013	30,80,294
Total - Capital		5,52,85,763	4,36,45,708	1,16,40,055	31,33,192
C – Loans (Voted)					
35.	08	3,61,389	1,80,000	1,81,389	68,611
Total – Loans		3,61,389	1,80,000	1,81,389	68,611
Grand Total		39,18,33,532	36,30,07,707	2,88,25,825	77,38,782

Appendix 2.4
(Reference: Paragraph 2.3.7; Page 38)

**Cases where supplementary provision (Rs one crore or more in each case)
proved insufficient**

(Rupees in crore)

Sl. No.	Grant Number	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Excess
	A Revenue (Charged)					
1	03	51.00	10.00	61.00	62.00	1.00
	A Revenue (Voted)					
2	40	736.00	4.00	740.00	858.00	118.00
	C Loans (Voted)					
3	26	108.00	446.00	554.00	588.00	34.00
Total		895.00	460.00	1,355.00	1,508.00	153.00

Appendix 2.5
(Reference: Paragraph 2.3.8; Page 38)

Excess/Unnecessary/Insufficient re-appropriation of funds

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	03	Administration of Justice	2014.00.105.AB	-1,078.17	259.93
2.	04	Adi Dravidar and Tribal Welfare Department	2225.01.277.AE	607.19	-875.04
3.			2225.02.277.AA	-705.00	247.58
4.	05	Agriculture Department	2401.00.109.AK	-4,800.98	-1,053.48
5.			2401.00.110.JE	-862.50	-381.57
6.			2401.00.110.JH	712.49	-672.15
7.			2401.00.119.LA	1,685.99	-418.94
8.			2401.00.789.JK	255.35	-274.24
9.			2401.00.789.JO	237.49	-224.05
10.			2401.00.800.AV	1,093.99	-1,801.50
11.			2401.00.800.KF	1,218.16	-1,279.10
12.			2415.01.120.AB	2,417.01	350.15
13.			2435.01.800.JA	664.73	-604.49
14.	10	Commercial Taxes (Commercial Taxes and Registration Department)	2040.00.101.AB	-847.71	-1805.53
15.	11	Stamps and Registration (Commercial Taxes and Registration Department)	2030.03.001.AB	-463.16	-887.35
16.	12	Cooperation (Cooperation, Food and Consumer Protection Department)	2425.00.001.AC	263.80	-837.90
17.			2425.00.108.AH	-309.88	-1158.28
18.	13	Food and Consumer Protection (Cooperation, Food and Consumer Protection Department)	3456.00.800.AF	-23.56	-205.28
19.	15	Environment and Forest Department	2406.01.001.AB	582.64	-609.72
20.			2406.01.800.JC	-214.73	-211.70
21.	16	Finance Department	2052.00.090.AD	181.51	-210.63
22.			2054.00.097.AA	1,033.43	-2,111.38
23.			2075.00.800.HG	-939.96	-314.97
24.			2425.00.101.AC	-318.50	-247.16
25.			3604.00.200.BE	-3,650.00	-350.00

contd..

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
26.	19	Health and Family Welfare Department	2210.01.110.AA	-295.77	-708.90
27.			2210.01.110.AB	252.94	-599.90
28.			2210.01.110.AC	140.33	-217.88
29.			2210.01.110.AJ	111.54	-408.09
30.			2210.01.110.AM	-184.77	-271.65
31.			2210.01.110.AO	157.87	-230.07
32.			2210.01.110.AP	54.12	-310.38
33.			2210.01.110.AW	1,606.44	-3,070.45
34.			2210.01.110.DF	387.00	-573.83
35.			2210.01.110.DH	259.78	-779.42
36.			2210.01.110.DJ	96.27	-276.08
37.			2210.01.110.DK	-121.06	563.39
38.			2210.01.110.JJ	288.15	276.50
39.			2210.03.103.BI	-1,712.21	-530.65
40.			2210.05.105.AA	-87.02	-224.41
41.			2210.05.105.AD	372.01	-272.53
42.			2210.05.105.AE	102.58	-400.32
43.			2210.05.105.AF	-68.67	-484.44
44.			2210.05.105.AG	206.02	-395.30
45.			2210.05.105.AH	100.33	-294.31
46.			2210.05.105.AL	32.98	-373.62
47.			2210.05.105.BG	-248.21	-276.12
48.			2210.05.105.BI	-44.78	-292.04
49.			2210.05.105.BM	115.99	-201.63
50.			2210.05.105.JA	-4,066.24	-227.93
51.			2210.05.200.PB	-195.56	-244.76
52.			2210.06.101.AG	-73.79	-216.45
53.			2210.06.101.AO	-13.35	-211.57
54.			2210.06.101.JU	-0.06	-200.47
55.			2210.06.107.AD	26.30	-347.94
56.			2210.80.004.PB	-4,088.89	389.34
57.			2211.00.103.JN	1,999.99	-1,197.14
58.			2211.00.103.PA	-986.07	-276.04

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Audit Report (State Finances) for the year ended 31 March 2009

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
59.			2211.00.103.PB	-2176.41	-281.00
60.			2211.00.105.SA	269.99	-334.38
61.	20	Higher Education Department	2202.03.103.AA	-2,768.91	-1,442.44
62.			2202.03.103.AB	-1,962.63	-356.82
63.			2202.03.104.AA	6,713.43	-11,596.64
64.			2204.00.102.UC	443.15	-248.65
65.			2205.00.104.JF	125.32	-247.30
66.	21	Highways Department	3054.80.001.AE	-219.72	-1,281.03
67.			5054.03.337.JJ	-6,900.00	-1,382.40
68.			5054.80.800.KA	4,195.76	-799.05
69.			5054.80.800.PB	15.32	-544.85
70.	22	Police (Home, Prohibition and Excise Department)	2055.00.104.AG	-292.53	-202.36
71.			2055.00.104.AI	-756.72	211.68
72.			2055.00.108.AB	-1,778.91	-673.01
73.			2055.00.108.AD	1,530.77	-1,323.31
74.			2055.00.109.AL	45.90	-525.42
75.			2055.00.109.AM	-10.86	-383.32
76.			2055.00.109.AQ	2,213.78	1,594.51
77.			2055.00.111.AA	468.79	-565.86
78.			2055.00.115.AA	-381.22	607.33
79.			2055.00.800.AL	-12.76	524.26
80.			2235.02.105.AB	-902.92	288.22
81.	25	Motor Vehicles Acts - Administration (Home, Prohibition and Excise Department)	2041.00.001.AC	-69.12	-582.99
82.			2041.00.102.AA	-39.25	-309.32
83.			2235.02.800.AI	0.34	-212.50
84.	26	Housing and Urban Development Department	2217.05.190.JK	-20,000.01	4,000.00
85.			7610.00.201.AB	-4,900.00	-1,528.92
86.	27	Industries Department	2852.80.800.JG	-500.00	-392.07
87.	35	Personnel and Administrative Reforms Department	2070.00.104.AA	109.22	-208.36
88.	38	Public Department	2015.00.103.AA	-117.80	-400.22
89.			2015.00.105.AB	38.62	-277.67
90.			2015.00.108.AA	-19.83	-247.14
91.			2052.00.090.AA	455.31	-622.23

contd..

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
92.			2235.01.105.AC	-189.41	-223.87
93.	39	Buildings (Public Works Department)	2059.80.001.BF	-259.16	313.88
94.			2701.80.800.AA	3,175.51	-30,117.67
95.			2701.80.800.AB	27.18	-224.58
96.			4701.01.211.JA	326.77	252.71
97.			4701.03.354.PB	-2,698.00	-571.80
98.			4701.03.356.PB	-2,032.00	-299.41
99.			4701.03.357.PB	291.57	-413.65
100.			4701.03.358.PB	-270.62	-350.44
101.	41	Revenue Department	2029.00.102.AF	578.86	-214.40
102.			2029.00.102.AG	-1,261.10	-897.18
103.			2053.00.093.AA	-675.12	319.97
104.			2053.00.094.AB	-3,356.41	545.80
105.			2053.00.094.AC	-2,257.94	-4,076.79
106.			2053.00.094.EG	60.50	-206.46
107.			2216.80.800.JN	12,284.37	-2,167.94
108.			2216.80.800.QB	-19,999.99	-4,000.01
109.			2235.60.102.JA	-4,132.00	548.55
110.			2235.60.102.JB	2,004.99	2,876.08
111.			2235.60.102.JE	4,279.99	-5,186.89
112.			2235.60.200.JS	-14.83	-1,565.16
113.			2235.60.789.JE	-3,441.62	-1,060.30
114.			2235.60.789.JF	380.00	1,214.14
115.			2235.60.789.JG	-201.00	-215.42
116.			2235.60.789.JJ	290.17	-333.45
117.			2235.60.789.JT	-105.57	-2,463.98
118.	42	Rural Development and Panchayat Raj Department	2225.01.789.AB	402.99	-223.78
119.			2501.06.003.JC	202.00	-419.39
120.			2505.01.702.JA	-2,220.52	-313.17
121.			2505.01.702.JP	-424.20	-760.23
122.			2505.01.800.JA	5,799.98	-17,500.01
123.			2515.00.001.AC	314.21	-300.82
124.			2515.00.001.AD	362.03	-333.59
125.			2515.00.001.AE	3,454.34	-2,085.12

contd..

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
126.			2515.00.001.AT	-2,694.00	-927.71
127.			2515.00.102.AD	-190.00	-342.00
128.			2515.00.102.RC	-765.59	201.49
129.			2515.00.198.AA	829.99	-356.00
130.			2515.00.800.KV	162.87	-227.39
131.	43	School Education Department	2202.01.101.AA	-11.66	-1,977.14
132.			2202.01.101.AB	256.37	-376.21
133.			2202.01.101.AC	-5,082.30	-14,690.23
134.			2202.01.101.JD	-1,677.96	2,281.63
135.			2202.01.102.AD	9,226.53	-8,597.08
136.			2202.01.104.AA	649.12	-1,051.66
137.			2202.01.789.JA	-620.62	-2,448.15
138.			2202.02.109.AA	-5,888.75	987.20
139.			2202.02.109.AZ	-2,966.26	-1,562.72
140.			2202.02.109.KB	-146.79	-220.18
141.			2202.02.109.KD	23.99	-875.17
142.			2202.02.110.AA	16,416.78	-5,026.14
143.			4202.01.202.JG	-17,480.00	-1,585.23
144.			4202.01.789.JA	-6,420.00	-497.40
145.	45	Social Welfare and Nutritious Meal Programme Department	2236.02.101.SF	-1,302.27	-535.91
146.			2236.02.102.KC	-1,760.45	-1,011.98
147.			2236.02.102.KL	2,756.05	-704.33
148.	47	Hindu Religious and Charitable Endowments (Tamil Development, Religious Endowments and Information Department)	2250.00.102.AB	69.10	-404.75
149.	48	Transport Department	2070.00.114.AA	7.40	-246.83
150.	49	Youth Welfare and Sports Development Department	2204.00.102.AF	-299.47	-208.43
151.	50	Pension and Other Retirement Benefits	2071.01.101.AA	33,384.53	1,908.71
152.			2071.01.105.AA	2,748.00	479.65
153.			2071.01.109.AD	4716.05	316.03
154.	51	Relief on account of Natural Calamities	2245.02.102.AB	196.98	1,203.82
155.			2245.02.113.AB	93.53	4,946.53
156.			2245.80.800.AB	-400.00	-8,798.42
157.	53	Debt Charges	2049.01.200.DL	185.54	-3,656.96

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Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
158.		Debt Charges	2049.03.104.AA	-300.00	-4,028.23
159.			2049.03.111.AD	105.99	-232.18
160.			2049.03.117.AA	143.99	-725.23
161.			2049.60.101.AE	280.59	-398.25
162.			2049.60.101.ER	7,806.59	447.19
163.			2049.60.101.EU	724.02	402.43

Appendix 2.6
(Reference: Paragraph 2.3.11; Page 38)

Surrenders in excess of actual savings (Rs 50 lakh or more)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
	Revenue – Voted				
1.	03 - Administration of Justice	279.11	16.50	22.58	-6.08
2.	07 - Fisheries (Animal Husbandry, Dairying and Fisheries Department)	111.22	36.69	37.97	-1.28
3.	17 - Handlooms and Textiles (Handlooms, Handicrafts, Textiles and Khadi Department)	576.82	96.73	97.04	-0.31
4.	26 - Housing and Urban Development Department	901.22	168.44	208.12	-39.68
5.	33- Law Department	14.21	3.66	3.96	-0.30
6.	34 - Municipal Administration and Water Supply Department	3,088.67	208.41	210.99	-2.58
7.	39 - Buildings (Public Works Department)	151.17	18.97	19.45	-0.49
8.	50 - Pension and Other Retirement Benefits	7,982.14	206.31	233.91	-27.60
	Capital – Voted				
9.	05 - Agriculture Department	132.91	10.18	10.38	-0.20
10.	15 - Environment and Forest Department	160.48	15.58	16.20	-0.62
11.	19 - Health and Family Welfare Department	154.31	49.48	57.51	-8.03
12.	34 - Municipal Administration and Water Supply Department	896.43	93.10	93.54	-0.44
13.	39 - Buildings (Public Works Department)	502.58	268.41	275.12	-6.71
	Total		1,192.46	1,286.77	(-) 94.31

Appendix 2.7
(Reference: Paragraph 2.3.12; Page 39)
Statement of various grants/appropriations in which savings occurred
but no part of which had been surrendered

(Rupees in crore)

Sl.No.	Grant No.	Name of grant/appropriation	Savings
I - Grants			
	A - Revenue		
1.	02	Governor and Council of Ministers	2.99
2.	12	Cooperation (Cooperation, Food and Consumer Protection Department)	27.28
3.	13	Food and Consumer Protection (Cooperation, Food and Consumer Protection Department)	6.62
4.	19	Health and Family Welfare Department	183.24
5.	25	Motor Vehicles Acts - Administration (Home, Prohibition and Excise Department)	18.49
6.	46	Tamil Development (Tamil Development, Religious Endowments and Information Department)	4.19
7.	49	Youth Welfare and Sports Development Department	4.05
8.	51	Relief on account of Natural Calamities	183.75
	B - Capital		
9.	06	Animal Husbandry (Animal Husbandry, Dairying and Fisheries Department)	1.97
10.	32	Labour and Employment Department	2.91
	C - Loans		
11.	16	Finance Department	2.08
		Total	437.57
II - Appropriations			
	A - Revenue		
12.	35	Personnel and Administrative Reforms Department	1.40
13.	53	Debt Charges	89.58
	B - Capital		
14.	40	Irrigation (Public Works Department)	9.79
		Total	100.77
		Grand Total	538.34

Appendix 2.8

(Reference : Paragraph 2.3.12; Page 39)

Details of saving of Rupees one crore and above not surrendered

(Rupees in crore)

Sl. No.	Grants No.	Number and Name of Grants/Appropriation	Savings	Surrenders	Savings which remained to be surrendered
I Grant					
A - Revenue					
1.	01	State Legislature	2.29	1.87	0.42
2.	04	Adi Dravidar and Tribal Welfare Department	46.76	40.30	6.46
3.	05	Agriculture Department	113.43	27.72	85.71
4.	06	Animal Husbandry (Animal Husbandry, Dairying and Fisheries Department)	35.61	27.95	7.65
5.	08	Dairy Development (Animal Husbandry, Dairying and Fisheries Department)	5.45	5.42	0.03
6.	09	Backward Classes, Most Backward Classes and Minorities Welfare Department	31.18	30.14	1.04
7.	10	Commercial Taxes (Commercial Taxes and Registration Department)	9.50	1.89	7.62
8.	11	Stamps and Registration (Commercial Taxes and Registration Department)	14.79	3.69	11.10
9.	15	Environment and Forest Department	19.13	1.77	17.36
10.	16	Finance Department	124.85	86.18	38.67
11.	20	Higher Education Department	152.68	0.27	152.40
12.	21	Highways Department	155.90	3.15	152.74
13.	22	Police (Home, Prohibition and Excise Department)	177.61	169.59	8.02
14.	23	Fire and Rescue Services (Home, Prohibition and Excise Department)	23.00	22.47	0.53
15.	24	Prisons (Home, Prohibition and Excise Department)	2.92	2.81	0.10
16.	27	Industries Department	161.25	152.96	8.30
17.	28	Information and Publicity (Tamil Development, Religious Endowments and Information Department)	2.85	0.90	1.95
18.	29	Tourism - Art and Culture (Tourism and Culture Department)	2.70	0.14	2.56
19.	30	Stationery and Printing (Tamil Development, Religious Endowments and Information Department)	6.69	4.55	2.13
20.	32	Labour and Employment Department	16.72	0.08	16.64
21.	35	Personnel and Administrative Reforms Department	3.17	0.00	3.17
22.	36	Planning, Development and Special Initiatives Department	4.86	3.70	1.17
23.	37	Prohibition and Excise (Home, Prohibition and Excise Department)	3.63	2.11	1.52
24.	38	Public Department	25.59	0.09	25.50

contd..

Sl. No.	Grants No.	Number and Name of Grants/Appropriation	Savings	Surrenders	Savings which remained to be surrendered
25.	41	Revenue Department	315.94	115.64	200.30
26.	42	Rural Development and Panchayat Raj Department	425.28	0.18	425.11
27.	43	School Education Department	370.51	4.19	366.32
28.	44	Small Industries Department	42.74	1.53	41.20
29.	45	Social Welfare and Nutritious Meal Programme Department	136.96	103.14	33.82
30.	47	Hindu Religious and Charitable Endowments (Tamil Development, Religious Endowments and Information Department)	10.45	3.09	7.36
31.	48	Transport Department	4.36	1.05	3.32
		B – Capital			
32.	07	Fisheries (Animal Husbandry, Dairying and Fisheries Department)	14.46	13.99	0.46
33.	09	Backward Classes, Most Backward Classes and Minorities Welfare Department	37.04	36.27	0.77
34.	20	Higher Education Department	35.99	33.98	2.02
35.	21	Highways Department	244.28	204.18	40.10
36.	22	Police (Home, Prohibition and Excise Department)	113.84	113.54	0.30
37.	27	Industries Department	4.96	4.50	0.46
38.	29	Tourism - Art and Culture (Tourism and Culture Department)	4.30	0.00	4.30
39.	30	Stationery and Printing (Tamil Development, Religious Endowments and Information Department)	4.40	4.40	0.00
40.	36	Planning, Development and Special Initiatives Department	1.43	1.34	0.09
41.	40	Irrigation (Public Works Department)	546.18	490.34	55.85
42.	42	Rural Development and Panchayat Raj Department	1.46	1.17	0.29
43.	43	School Education Department	270.30	249.17	21.13
		Total	3,727.43	1,971.45	1,755.98
II Appropriations					
		A – Revenue			
44.	04	Adi Dravidar and Tribal Welfare Department	3.15	3.07	0.08
		C - Loans			
45.	54	Public Debt Repayment	1,472.43	1,469.93	2.50
		Total	1,475.58	1,473.00	2.58
		Grand Total	5,203.01	3,444.45	1,758.56

Appendix 2.9

(Reference : Paragraph 2.3.12 ; Page 39)

Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2009

(Rupees in crore)

Sl. No.	Grant No.	Major Head	Description	Amount of surrender	Percentage of total provisions
1.	03	2014	Administration of Justice	22.13	8.39
2.	04	2225	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	37.97	5.32
3.	04	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	11.28	12.26
4.	05	2402	Soil and Water Conservation	15.98	12.39
5.	06	2403	Animal Husbandry	27.95	11.44
6.	07	4405	Capital Outlay on Fisheries	13.99	69.04
7.	08	6404	Loans for Dairy Development	25.00	58.14
8.	09	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	18.07	34.15
9.	15	4406	Capital Outlay on Forestry and Wild Life	15.90	10.51
10.	17	2851	Village and Small Industries	43.63	14.37
11.	21	5054	Capital Outlay on Roads and Bridges	90.59	3.10
12.	22	2055	Police	109.82	5.15
13.	34	2217	Urban Development	208.44	15.90
14.	43	4202	Capital Outlay on Education, Sports, Art and Culture	12.40	3.81
15.	45	2236	Nutrition	95.64	6.65
16.	50	2071	Pensions and other Retirement Benefits	233.91	2.94
17.	54	6003	Internal Debt of the State Government	500.66	14.88
			Total	1,483.35	

Appendix 2.10

(Reference: Paragraph 2.3.13 ; Page 39)

Rush of Expenditure

(In Rupees)

Sl. No.	Grant No.	Head of Account				Expenditure incurred during January to March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
									January to March 2009	March 2009
1.	04	2225	01	277	AH	12,57,31,460	12,51,22,740	14,27,49,327	88.08	87.65
2.	05	2401	00	102	UA	6,53,65,397	4,95,64,920	9,86,50,433	66.26	50.24
3.	05	2401	00	119	LA	32,12,39,599	25,55,77,604	35,31,81,377	90.96	72.36
4.	05	2401	00	800	KF	50,53,75,773	34,66,63,490	54,92,50,610	92.01	63.12
5.	05	4402	00	102	JL	13,77,65,739	8,50,38,099	16,56,09,228	83.19	51.35
6.	05	4402	00	102	JO	23,54,92,550	18,07,87,351	24,96,24,094	94.34	72.42
7.	06	2403	00	101	UH	7,28,21,099	7,12,96,005	12,27,82,075	59.31	58.07
8.	09	2225	03	277	SC	9,83,75,208	5,69,20,696	11,33,03,328	86.82	50.24
9.	11	2030	02	101	AA	13,40,58,188	13,40,58,188	25,38,96,137	52.80	52.80
10.	12	2425	00	108	KD	20,13,38,738	20,13,38,738	24,82,63,000	81.10	81.10
11.	13	3456	00	800	AF	9,10,75,293	8,22,22,136	11,03,76,580	82.51	74.49
12.	14	4801	80	101	JA	7,50,00,00,000	7,00,00,00,000	11,70,50,00,000	64.08	59.80
13.	17	2851	00	108	AA	29,14,00,000	29,14,00,000	56,05,00,000	51.99	51.99
14.	19	2059	01	053	BW	18,38,02,039	13,53,78,277	19,78,45,599	92.90	68.43
15.	19	2210	01	110	JJ	59,47,26,859	56,41,29,377	74,84,69,839	79.46	75.37
16.	20	2059	01	053	BU	12,94,39,994	9,25,94,165	14,49,27,060	89.31	63.89
17.	20	2202	03	102	AA	9,32,46,558	7,30,94,331	10,59,41,194	88.02	69.00
18.	20	2203	00	102	AA	19,02,13,140	10,27,59,790	20,07,71,621	94.74	51.18
19.	21	5054	04	337	JZ	14,72,01,632	13,66,07,835	14,75,17,533	99.79	92.60
20.	22	2055	00	800	AE	15,01,71,781	14,99,99,723	15,02,15,090	99.97	99.86
21.	22	2059	01	053	AP	12,94,24,903	7,88,19,996	13,54,62,521	95.54	58.19
22.	22	4055	00	211	AK	24,55,96,743	24,55,96,743	24,96,42,750	98.38	98.38
23.	27	2853	02	102	AA	44,44,59,952	44,10,07,122	45,36,82,738	97.97	97.21
24.	31	4221	02	190	JA	23,00,00,000	23,00,00,000	25,00,00,000	92.00	92.00
25.	34	2217	04	192	JB	61,24,91,000	61,24,91,000	68,00,00,000	90.07	90.07
26.	34	2217	04	789	JG	15,31,22,000	15,31,22,000	17,00,00,000	90.07	90.07
27.	34	2217	05	800	JL	4,25,77,81,000	3,91,56,58,000	4,87,26,11,000	87.38	80.36
28.	34	2217	05	800	JM	3,28,72,22,000	2,28,03,81,000	3,41,04,01,000	96.39	66.87
29.	34	4217	60	800	PA	91,40,00,000	91,40,00,000	1,00,00,00,000	91.40	91.40
30.	39	4059	01	051	JY	42,29,74,096	26,64,14,571	45,00,00,000	93.99	59.20
31.	40	4701	03	381	JA	29,11,25,721	29,11,24,361	29,60,26,650	98.34	98.34
32.	40	4702	00	102	JC	23,13,29,733	14,75,23,837	28,19,49,571	82.05	52.32

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Audit Report (State Finances) for the year ended 31 March 2009

Sl. No.	Grant No.	Head of Account				Expenditure incurred during January to March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
									January to March 2009	March 2009
33.	40	4711	01	103	KP	24,77,08,849	24,77,08,849	24,91,20,105	99.43	99.43
34.	41	2059	01	053	AJ	19,49,59,499	14,41,77,060	26,51,34,929	73.53	54.38
35.	42	2235	02	103	PD	1,21,33,00,000	1,21,33,00,000	1,49,07,60,000	81.39	81.39
36.	42	2515	00	102	AD	6,74,00,000	6,74,00,000	10,68,00,000	63.11	63.11
37.	43	2202	01	800	JC	32,65,73,351	31,17,12,846	39,70,69,034	82.25	78.50
38.	43	2202	02	106	JC	17,54,72,883	16,33,96,540	18,21,93,612	96.31	89.68
39.	51	2245	02	101	AB	24,45,25,143	24,20,14,484	26,57,66,315	92.01	91.06
40.	51	2245	02	122	AA	24,41,74,053	20,59,66,414	24,90,19,757	98.05	82.71
41.	51	2245	05	101	AB	5,22,51,00,000	5,22,51,00,000	5,22,51,00,000	100.00	100.00

Appendix 2.11
(Reference: Paragraph 2.5; Page 41)
Statement showing cases where advances from Contingency Fund remained wholly
unutilised (2008-09)

Sl.No.	GO RT NO. date	Head of Account	Amount (in Rupees)
1.	363 DT 04.04.08	2055-00-001-AA	79,37,000
2.	500 DT 16.05.08	2406-01-001-AX	22,08,000
3.	565 DT 09.06.08	3456-00-800-AF	5,00,00,000
4.	600 DT 20.06.08	2515-00-800-KR	26,95,000
5.	601 DT 23.06.08	2225-80-800-AD	1,00,00,000
6.	604 DT 24.06.08	2403-00-101-AA	93,20,000
7.	607 DT 25.06.08	4059-01-051-JJ	54,60,000
8.	671 DT 07.07.08	2230-03-101-UG	5,01,000
		4250-00-203-UJ	28,78,000
9.	674 DT 07.07.08	2230-03-101-UG	6,22,000
		4250-00-203-UJ	32,30,000
10.	695 DT 14.07.08	2202-01-800-AZ	94,17,000
11.	708 DT 14.07.08	2202-02-800-AP	13,19,000
12.	721 DT 21.07.08	2053-00-094-BB	81,74,000
13.	734 DT 24.07.08	2040-00-101-AA	7,02,000
14.	740 DT 25.07.08	3456-00-001-AB	12,09,000
15.	767 DT 04.08.08	2235-02-106-AD	7,04,000
16.	770 DT 05.08.08	2202-01-800-AY	23,54,000
17.	790 DT 08.08.08	2055-00-109-AL	1,82,47,000
18.	798 DT 11.08.08	2402-00-101-AA	30,62,000
19.	799 DT 11.08.08	2052-00-090-AH	1,52,000
20.	825 DT 20.08.08	2216-01-106-BN	19,25,000
21.	826 DT 20.08.08	2216-01-106-BN	12,38,000
22.	860 DT 29.08.08	2015-00-103-AA	6,18,000
23.	882 DT 04.09.08	2225-01-277-AA	47,85,000
24.	903 DT 11.09.08	2052-00-090-AA	25,00,000
25.	910 DT 16.09.08	2230-03-101-UG	18,11,000
26.	929 DT 22.09.08	2055-00-001-UG	20,000
		2055-00-001-AB	4,000
		2055-00-003-AB	7,000
		2055-00-003-AC	6,000
		2055-00-003-AE	18,000
		2055-00-003-AG	45,000
		2055-00-003-AI	13,000
		2055-00-101-AA	2,56,000
		2055-00-101-AB	2,15,000
		2055-00-101-AC	1,58,000
		2055-00-101-AD	80,000
		2055-00-101-AE	21,000
		2055-00-101-AF	9,000
		2055-00-101-AN	7,000
		2055-00-101-AO	6,000
		2055-00-101-AP	57,000
		2055-00-101-AR	41,000
		2055-00-101-AW	49,000
		2055-00-101-AX	5,000
		2055-00-104-AA	2,10,000
		2055-00-104-AE	2,08,000
		2055-00-104-AG	2,41,000
		2055-00-104-AI	2,44,000
		2055-00-104-AJ	2,42,000
		2055-00-104-AP	2,43,000

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Sl.No.	GO RT NO. date	Head of Account	Amount (in Rupees)
	929 DT 22.09.08	2055-00-104-AQ	2,43,000
		2055-00-104-AS	2,51,000
		2055-00-104-AT	39,000
		2055-00-104-AU	2,43,000
		2055-00-104-AV	61,000
		2055-00-104-AY	2,19,000
		2055-00-104-AZ	2,42,000
		2055-00-104-BC	2,19,000
		2055-00-104-BD	2,20,000
		2055-00-104-BE	2,19,000
		2055-00-108-AA	31,31,000
		2055-00-109-AA	1,10,65,000
		2055-00-109-AB	11,000
		2055-00-109-AK	68,000
		2055-00-109-AL	24,09,000
		2055-00-109-AM	2,17,000
		2055-00-109-AN	1,80,000
		2055-00-111-AA	1,80,000
		2055-00-111-AB	1,98,000
		2055-00-114-AA	2,35,000
	2070-00-107-AB	10,000	
	2235-02-105-AB	4,19,000	
27.	830 DT 22.09.08	2055-00-001-AA	76,49,000
28.	834 DT 23.09.08	2230-03-101-JR	9,08,000
		4250-00-203-JG	63,00,000
29.	937 DT 25.09.08	2225-03-277-JA	53,66,000
30.	939 DT 25.09.08	2235-02-106-UC	10,00,000
31.	1029 DT 25.09.08	2701-80-001-AF	10,00,000
32.	962 DT 01.10.08	2225-02-277-KB	40,08,000
33.	1026 DT 23.10.08	2705-00-120-UA	1,07,96,000
34.	1029 DT 24.10.08	2052-00-090-AO	49,05,000
35.	1023 DT 28.10.08	2055-00-108-AB	38,56,000
36.	1048 DT 03.11.08	2070-00-108-AA	2,00,00,000
37.	1049 DT 03.11.08	2055-00-101-AU	18,83,000
38.	33 DT 09.01.09	3456-00-102-AA	2,04,000
39.	56 DT 20.01.09	2235-02-101-MJ	47,63,000
40.	57 DT 20.01.09	4202-01-203-JB	5,00,000
41.	58 DT 20.01.09	2235-02-103-JN	50,000
		2235-02-103-KC	16,00,000
		2235-02-103-KH	160000
		2235-02-789-JH	4,00,000
		2235-02-789-JL	40,000
42.	59 DT 20.01.09	2055-00-001-AA	1,12,00,000
43.	89 DT 29.01.09	2053-00-094-EC	19,57,000
44.	124 DT 09.02.09	2070-00-115-AB	22,37,000
45.	136 DT 10.02.09	4406-02-110-TB	29,00,000
46.	157 DT 18.02.09	2014-00-102-AA	4,10,40,000
47.	164 DT 18.02.09	4406-02-111-UC	55,00,000
48.	175 DT 23.02.09	2235-60-102-AF	4,38,000
Total			3,162,12,000

Appendix 2.12
(Reference: Paragraph 2.5; Page 41)
Statement showing cases where advances from Contingency Fund proved substantially
in excess of requirement and where the amount utilised
was 50 per cent and less (2008-09)

Sl. No.	CFA No.	G.O.RT.NO. date	Head of account	Sanctioned amount (in Rupees)	Amount utilised with percentage
1.	13	641 DT 01.07.08	2403-00-105-AA	33,92,000	1,22,743 (3.62%)
2.	15	650 DT 03.07.08	3456-00-101-AA	31,37,000	2,28,726 (7.29%)
3.	25	739 DT 25.07.08	2401-00-101-AB	33,06,000	10,750 (0.33%)
4.	28	768 DT 04.08.08	2235-60-102-AF	1,52,88,000	40,12,961 (26.25%)
5.	3	1161 DT 12.12.08	2014-00-114-AK	14,84,000	3,43,130 (23.12%)
6.	10	57 DT 20.01.09	4202-01-203-JB	5,00,000	12,000 (2.4%)

Appendix 3.1
(Reference: Paragraph 3.1; Page 45)
Utilisation certificates outstanding as on 31 March 2009

Sl.No.	Department	Utilisation certificate outstanding	
		Number	Amount (Rs in crore)
1	Director of Adi Dravidar Welfare	1	0.59
2	Director of Tribal Welfare	1	0.50
3	Commissioner of Agriculture	2	0.14
4	Director of Tourism	2	1.29
5	Commissioner of Revenue Administration	113	783.87
6	Commissioner of Rehabilitation of Disabled	46	492.76
7	Director of Handloom and Textiles	2	0.58
8	Director of Rural Development	388	49.84
9	Khadi & Village Industries Board	1	0.2
Total		556	1,329.77

Appendix 3.2
(Reference : paragraph 3.2; Page: 46)

**Statement showing names of bodies and authorities,
the accounts of which had not been received**

Sl.No.	Name of the body/authority	Year for which accounts have not been received
Universities		
1	Anna University	2006-07 to 2008-09
2	Annamalai University	2008-09
3	Periyar University	2007-08 to 2008-09
4	Tamil Nadu Agricultural University	2007-08 to 2008-09
5	Tamil Nadu Veterinary & Animal Science University	2008-09
6	Tamil University	2007-08 to 2008-09
7	Thiruvallur University	2007-08 to 2008-09
8	University of Madras	2007-08 to 2008-09
Polytechnics		
9	AMK Technological Polytechnic	2006-07 to 2008-09
10	P.T. Chengalvarayan Naicker Polytechnic	2007-08 to 2008-09
11	CIT Sandwich Polytechnic	2000-01 to 2008-09
12	CM Kothari Technological Polytechnic	2000-01 to 2008-09
13	ADI Dharmambal Polytechnic	2006-07 to 2008-09
14	Erode Institute of Technology	2008-09
15	Kamaraj Polytechnic	2000-01 to 2008-09
16	Murugappa Polytechnic	2006-07 to 2008-09
17	Muthiah Polytechnic	2000-01 to 2008-09
18	Nachimuthu Polytechnic	Upto 2008-09
19	NPA Centenary Polytechnic	2006-07 to 2008-09
20	Padmabushan Shri.Ramaswamy Iyer Memorial Polytechnic for girls	2008-09
21	Pattukottai Polytechnic	2007-08 to 2008-09
22	Periyar Centenary Girls Polytechnic	2008-09
23	PSG Polytechnic	2007-08 to 2008-09
24	Rajagopal Polytechnic	2007-08 to 2008-09
25	Ramakrishna Mission, Coimbatore	2008-09
26	SSM Institute of textile Technological and Polytechnic	2005-06 to 2008-09
27	Thiyagarajar Polytechnic, Salem	2007-08 to 2008-09
28	Vallivalam Desikar Polytechnic, Nagapattinam	2007-08 to 2008-09
29	VLB Janaki Ammal Polytechnic	2008-09
30	Pollachi Nachimuthu Polytechnic	2005-06 to 2008-09
31	E.I.T. Polytechnic	2008-09

Sl. No.	Name of the body/authority	Year for which accounts have not been received
Colleges		
32	Justice Basheer Ahamed Syed Women's College, Chennai	2006-07 to 2008-09
33	Loyala College, Chennai	2007-08 to 2008-09
34	Sri.Thayagaraja College, Chennai	2006-07 to 2008-09
35	Ethiraj college for women, Chennai	2008-09
36	Chellammal Women's College, Chennai	2007-08 to 2008-09
37	Gurunanak College, Chennai	2007-08 to 2008-09
38	St. Christophers College of Education, Chennai	2006-07 to 2008-09
39	C.Kandaswamy Naidu College for Men, Chennai	2006-07 to 2008-09
40	Stella Maris College, Chennai	2008-09
41	Stella Maris College of Education, Chennai	2008-09
42	Women's Christian College, Chennai	2007-08 to 2008-09
43	Madras Christian College, Tambaram	2006-07 to 2008-09
44	SIVET, Gowriwakkam, Chennai	2008-09
45	Quaid -E-Milleth College for Men, Chennai	2006-07 to 2008-09
46	D.R.B.C.C.Hindu College, Chennai	2006-07 to 2008-09
47	SDNB Vaishnav College for Women, Chennai	2007-08 to 2008-09
48	AM Jain, Meenambakkam, Chennai	2005-06 to 2008-09
50	D.K.M. College for Women, Vellore	2007-08 to 2008-09
51	Auxilium College for Women, Vellore	2008-09
52	C.Abdul Hakkim College, Melvisham	2008-09
53	Sacred Hearts College , Tirupattur	2008-09
54	Pachaipappa's College for Men, Kancheepuram	2007-08 to 2008-09
55	Pachaipappa's College for Women, Kancheepuram	2007-08 to 2008-09
56	Kandaswamy Naidu College, Vellore	2008-09
57	Nirmala College for Women, Coimbatore	2008-09
58	PSGR Krishammal College for Women, Coimbatore	2008-09
59	Sri.Ramakrishna Mission Vidyalaya College of Arts and Science, Coimbatore	2008-09
60	CBM College, Coimbatore	2008-09
61	Sri.Ramakrishna Mission Physical Education College, Coimbatore	2005-06 to 2008-09
62	Nallamuthu Gownder Mahalingam College, Pollachi	2007-08 to 2008-09
63	Erode Arts College, Erode	2008-09
64	Sri Vasavi College, Erode	2008-09
65	JKK Nataraja College of Arts & Science, Coimbatore	2008-09
66	C.Kandaswami Naidu College, Cuddalore	2006-07 to 2008-09
67	Sri. Saradha College for Women, Salem	2008-09
68	A.V.C. College, Mayiladuthurai	2007-08 to 2008-09

Sl.No.	Name of the body/authority	Year for which accounts have not been received
69	Seethalakshmi Ramasamy College for Women, Tiruchirapalli	2008-09
70	St.Joseph's College, Tiruchirapalli	2008-09
71	Urumu Dhanalakshmi, Tiruchirapalli	2007-08 to 2008-09
72	Jammal Mohamed College, Tiruchirapalli	2008-09
73	Pachaiyappa's College, Chennai	2005-06 to 2008-09
Schools		
74	Avvai Home Higher Secondary School	2007-08 to 2008-09
75	CSI Mohan Higher Secondary School	2006-07 to 2008-09
76	D.R PV Rao Higher Secondary School	2002-03 to 2008-09
77	Gopalapuram Boys Higher Secondary School	2007-08 to 2008-09
78	Lady Sivaswamy Iyer Higher Secondary School	2006-07 to 2008-09
79	Ramakrishna Mission Higher Secondary School	2002-03 to 2008-09
80	Sacred Heart School	2008-09
81	Sri Ahobila mutt Higher Secondary School	2007-08 to 2008-09
82	St.Ebba's Girls Higher Secondary School	2006-07 to 2008-09
83	The Children's Garden Higher Secondary School	2007-08 to 2008-09
84	AWC Higher Secondary School	2007-08 to 2008-09
85	Anderson Higher Secondary School	2002-03 to 2008-09
86	CSI Rajagopal High School	2002-03 to 2008-09
87	KCS Higher Secondary School	2002-03 to 2008-09
88	KRCARC Higher Secondary School	2002-03 to 2008-09
89	KTCT Higher Secondary School	2007-08 to 2008-09
90	Muruga Dhanushkodi Higher Secondary School	2007-08 to 2008-09
91	SKPD Higher Secondary School	2002-03 to 2008-09
92	St. Gabriels Higher Secondary School	2002-03, 2005-06 2007-08 & 2008-09
93	The Hindu School	2008-09
94	The Madras Seva Sadan Higher Secondary School	2002-03, 2005-06, 2007-08 & 2008-09
95	The Muthialpet Higher Secondary School	2007-08 to 2008-09
96	Vallal SI Alagarasamy School	2002-03 to 2008-09
97	AB Parekh Gujarathi Vidh School	2002-03 to 2008-09
98	Amolucrechand Galada Jai Higher Secondary School	2002-03 to 2008-09
99	Annai Vailankanni Higher Secondary School	2002-03 to 2008-09
100	Arangiah Naidu Higher Secondary School	2002-03 to 2008-09
101	Donbosco Higher Secondary School	2006-07 to 2008-09
102	DRBCC Higher Secondary School	2006-07 to 2008-09
103	Ganesh Bai Galada Jain School	2002-03 to 2008-09
104	GMTTL School	2002-03 to 2008-09
105	Gnanothaya Higher Secondary School	2002-03 to 2008-09
106	Jamalia Higher Secondary School	2002-03 to 2008-09
107	Kerala Vidyalaya	2002-03 to 2008-09

Sl.No.	Name of the body/authority	Year for which accounts have not been received
108	Kott M Abbucheilia Higher Secondary School	2002-03 to 2008-09
109	Lady ML Higher Secondary School	2002-03 to 2008-09
110	Lourdes School	2002-03 to 2008-09
111	MCTM Boys Higher Secondary School	2002-03 to 2008-09
112	Madras Progressive Union School	2002-03 to 2008-09
113	Malayala Vidyalam	2002-03 to 2008-09
114	Manilal Mehta Higher Secondary School	2002-03 to 2008-09
115	Moongibai Gonella Higher Secondary School	2002-03 to 2008-09
116	Motilal Fomra Santona Higher Secondary School	2002-03 to 2008-09
117	Nirmal School	2002-03 to 2008-09
118	PT Mission Higher Secondary School	2002-03 to 2008-09
119	Ponanthope Rey Higher Secondary School	2002-03 to 2008-09
120	Railway Aided Higher Secondary School	2002-03 to 2008-09
121	Shri Shuddavaila Vaisnav School	2002-03 to 2008-09
122	Singaram Pillai Higher Secondary School	2002-03 to 2008-09
123	Sree Muthukurmarasamy Higher Secondary School	2002-03 to 2008-09
124	Sri Kanaka Durga Telugu School	2002-03 to 2008-09
125	St.Andrew's Higher Secondary School	2002-03 to 2008-09
126	St.Paul's Higher Secondary School	2002-03 to 2008-09
127	Anjugam Higher Secondary School	2002-03 to 2008-09
128	Avichi Higher Secondary School	2002-03 to 2008-09
129	C.D.Nayagam Higher Secondary School	2002-03 to 2008-09
130	Chintadripet Higher Secondary School	2002-03 to 2008-09
131	General kariappa Higher Secondary School	2002-03 to 2008-09
132	Guntur Subbiah Higher Secondary School	2002-03 to 2008-09
133	Kalyanam Higher Secondary School	2002-03 to 2008-09
134	Karnataka Sangh Higher Secondary School	2002-03 to 2008-09
135	Kesari T.Nagar Higher Secondary School	2002-03 to 2008-09
136	MCN Higher Secondary School	2002-03 to 2008-09
137	NICT Girls Higher Secondary School	2006-07 to 2008-09
138	SRKM Higher Secondary School	2002-03 to 2008-09
139	Sathyamurthy Higher Secondary School	2002-03 to 2008-09
140	MB Jain Higher Secondary School	2002-03 to 2008-09
141	Vidyodaya Higher Secondary School	2002-03 to 2008-09
142	Devangar Higher Secondary School	2002-03 to 2008-09
143	Good Sheperd Higher Secondary School	2002-03 to 2008-09
144	Kikani School	2002-03 to 2008-09
145	Krishnamal Higher Secondary School	2002-03 to 2008-09
146	MSS Devasthanam Higher Secondary School	2002-03 to 2008-09
147	Man Baul Higher Secondary School	2002-03 to 2008-09
148	Mani Higher Secondary School	2002-03 to 2008-09

Sl.No.	Name of the body/authority	Year for which accounts have not been received
149	Maranna Gownder Higher Secondary School	2002-03 to 2008-09
150	Nadar High School	2002-03 to 2008-09
151	Narasimah Naidu Memorial Higher Secondary School	2002-03 to 2008-09
152	Presentation Higher Secondary School	2002-03 to 2008-09
153	PSG Sarvajana Higher Secondary School	2002-03 to 2008-09
154	PSGA Sree Rangamal Higher Secondary School	2006-07 to 2008-09
155	RK Sree Rangamal Higher Secondary School	2002-03 to 2008-09
156	Rajalakshmi Mills Higher Secondary School	2002-03 to 2008-09
157	Ramalinga Chettiar Higher Secondary School	2002-03 to 2008-09
158	Sarvanilayam Higher Secondary School	2002-03 to 2008-09
159	Shri.K.Krishnasamy Naidu Higher Secondary School	2002-03 to 2008-09
160	Sri.Avinashilingam Higher Secondary School	2002-03 to 2008-09
161	Sri.Gopalanaidu Higher Secondary School	2002-03 to 2008-09
162	K.Ramasamy Naidu Higher Secondary School	2002-03 to 2008-09
163	SRKV Swami Sivananda Higher Secondary School	2002-03 to 2008-09
164	St.Michael's Higher Secondary School	2002-03 to 2008-09
165	St.Antony's Higher Secondary School	2002-03 to 2008-09
166	St.Thomas Higher Secondary School	2002-03 to 2008-09
167	Suburban Higher Secondary School	2002-03 to 2008-09
168	Swanthara Higher Secondary School	2002-03 to 2008-09
169	VS Sengottiah Higher Secondary School	1992-93 to 2008-09
170	Veerasamy Mudalliar Higher Secondary School	1992-93 to 2008-09
171	GKN Higher Secondary School	1992-93 to 2008-09
172	MNM Higher Secondary School	1992-93 to 2008-09
173	NGNG Higher Secondary School	2002-03 to 2003-04
174	RVG Higher Secondary School	2002-03 to 2003-04
175	SKP Higher Secondary School	2008-09
176	SV Higher Secondary School	2008-09
State Miscellaneous		
177	Indian Council for Child Welfare	2007-08 to 2008-09
178	Irrigation Management Training Institute	2008-09
179	Madras Institute of Development Studies	2008-09
180	Madras School of Economics	2007-08 to 2008-09
181	Madras School of Social Work	2007-08 to 2008-09
182	Nilgiris Adivasi Welfare Association	2008-09
183	Salem District Blindness Control Society	2007-08 to 2008-09
184	Spastic Society of Tamil Nadu	2007-08 to 2008-09
185	Sports Development Authority of Tamil Nadu	2007-08 to 2008-09
186	Squash Federation of India	2007-08 to 2008-09
187	State Institute of Rural Development	
188	Non formal and Adult Education Board	2008-09
189	Tamil Nadu Board of Rural Development	2008-09

Sl.No.	Name of the body/authority	Year for which accounts have not been received
190	Tamil Nadu Energy Development Agency	2008-09
191	Tamil Nadu Institute of Labour studies	2008-09
192	Tamil Nadu Khadi Village Board	2007-08 to 2008-09
193	Tamil Nadu Labour Welfare Board	2008-09
194	Tamil Nadu Science and Technology Centre	2007-08 to 2008-09
195	Tamil Nadu Social Welfare Board	2008-09
196	Tamil Nadu State Council for Higher Education	2007-08 to 2008-09
197	Thanjavur Serforji Maharaja's Saraswathi Mahal Library	2008-09
198	Tamil Nadu Water Shed Development Agency	2005-06 to 2008-09
199	Vivekananda Rock Memorial and Vivekananda Kendra	2007-08 to 2008-09
200	Volley Ball Federation of India	2007-08 to 2008-09
201	Tamil Nadu Co-operative Housing Federation	2006-07 to 2008-09
202	National child Labour Project	2007-08 to 2008-09
203	Zoo Authority of Tamil Nadu	2008-09
205	Tamil Nadu Wakf Board	2006-07 to 2008-09
206	Tamil Nadu Co-operative Marketing Federation	2007-08 to 2008-09
207	Tamil Nadu State TB Society	2004-05 to 2008-09
Forest Development Agencies		
208	Nagapattinam	2000-01 to 2008-09
209	Srivilliputhur	2000-01 to 2008-09
210	Coimbatore	2000-01 to 2008-09
211	Vellore	2007-08 & 2008-09
212	Attur	2000-01 to 2008-09
213	Hosur	2000-01 to 2008-09
214	Salem	2000-01 to 2008-09
215	Tiruvannamalai	2000-01 to 2008-09
216	Nagercoil	2007-08 & 2008-09
217	Erode	2000-01 to 2008-09
218	Sathiyamangalam	2007-08 & 2008-09
219	Kallakurichi	2000-01 to 2008-09
220	Kancheepuram	2007-08 & 2008-09
221	Tiruvallur	2007-08 & 2008-09
222	Villupuram	2000-01 to 2008-09
223	Nilgiris	2007-08 & 2008-09
224	Anamalai	2000-01 to 2008-09
225	Dharmapuri	2007-08 & 2008-09
226	Tirupattur	2007-08 & 2008-09
227	Namakkal	2000-01 to 2008-09
228	Thanjavur	2007-08 & 2008-09
229	Tiruchirapalli	2000-01 to 2008-09
230	KMTR	2000-01 to 2008-09

Appendix 3.3
(Reference : Paragraph 3.3 ; Page 46)
Department/category wise details in respect of cases of loss to Government
due to theft, misappropriation/loss of Government material

Name of Department	Theft and Losses cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount
		(Rs. in lakh)		(Rs. in lakh)		(Rs. in lakh)
Agriculture	134	169.88	33	204.01	167	373.89
Animal Husbandry and Fisheries	33	5.96	2	88.00	35	93.96
Commercial Taxes and Religious endowment	-	-	8	100.96	8	100.96
Education	22	6.00	30	207.63	52	213.63
Energy	1	0.07	-	-	1	0.07
Environment and Forest	6	0.87	-	-	6	0.87
Finance	1	5.68	-	-	1	5.68
Health, Indian Medicine, Homeopathy and Family Welfare	25	21.17	14	33.94	39	55.11
Handloom and Handicrafts	1	0.05	3	0.71	4	0.76
Home	1	0.00	4	11.60	5	11.60
Industry	-	-	1	2.24	1	2.24
Labour and Employment, Training	1	2.61	1	3.49	2	6.10
Public Works	13	7.19	-	-	13	7.19
Public	1	0.03	-	-	1	0.03
Revenue	3	1.50	135	22.67	138	24.17
Rural Development and Local Administration	8	6.49	6	21.73	14	28.22
Social Welfare	2	2.73	5	1.05	7	3.78
Transport	1	1.97	2	10.11	3	12.08
Treasuries and Accounts	-	-	6	6.89	6	6.89
Total	253	232.20	250	715.03	503	947.23