

Preface

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

Chapters 1 and 2 of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2010. Information has also been obtained from the Government of Punjab, wherever necessary. Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

The Reports containing the findings of performance audit and compliance audit in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

The Report

Based on the audited accounts of the Government of Punjab for the year ended March 2010, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Punjab Government's fiscal position as on 31 March 2010. It provides an insight into the trends in receipts and expenditure, committed expenditure, borrowing pattern, fiscal imbalances etc., besides a brief account of central funds transferred directly to the State implementing agencies through off-budget route.

Chapter 2 is based on the audit of Appropriation Accounts and it gives the grant wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of the Punjab Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collected from several sources in support of the findings.

Audit findings and recommendations

Inadequate mobilization of revenue receipts: Growth of revenue receipts during the year was only seven *per cent* mainly because of low growth in tax revenue and decrease in non-tax revenue. The State's own tax buoyancy with reference to the Gross State Domestic Product (GSDP) decreased from 0.85 in 2008-09 to 0.50 in 2009-10, indicating that the tax revenue had not kept pace with the GSDP. *Concerted efforts to increase the tax revenue could improve the States' finances.*

Funds transferred directly to the State implementing agencies outside the State budget: During 2009-10, the GOI directly transferred ₹ 1,162 crore to the State implementing agencies for implementation of various schemes/programmes. As these funds were not routed through the State budget, the Annual Finance Accounts had not captured the flow of these funds and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are underestimated. *Government needs to ensure proper documentation and timely reporting of expenditure by the implementing agencies.*

High share of revenue expenditure in the total expenditure: The revenue expenditure during 2009-10 constituted 93 *per cent* of the total expenditure. The committed expenditure constituted 71 *per cent* of revenue expenditure. Expenditure on salaries and wages was 42.52 *per cent* of the revenue expenditure (net of interest payments and pension) exceeding the norm of 35 *per cent* envisaged by the Twelfth Finance Commission.

The level of subsidies at ₹ 2,919 crore in 2009-10 was 66 per cent higher than that projected in the Fiscal Correction Path. *The State needs to discourage extending of subsidies to improve fiscal position of the State.* Interest payment was 23 per cent of the revenue receipts during 2009-10, which was beyond the medium term target of 15 per cent to be achieved by 2009-10. *As the committed revenue expenditure is continued to be high leaving little for asset creation, measures should be taken to compress the unproductive expenditure.*

Low priority to capital expenditure: The Capital expenditure (₹ 2,166 crore) was 1.13 per cent of GSDP, against the target of 3 per cent to be achieved by 2009-10. *It warrants appropriate action at Government level to improve the capital expenditure.*

Inadequate priority to Development expenditure: In 2009-10, the aggregate expenditure as a proportion of GSDP and development expenditure as a percentage of aggregate expenditure was much lower in Punjab in comparison to the other general category States. *Therefore, Government needs to improve the allocation for Development activities.*

Low return on investment: As of March 2010, the total investment of Government of Punjab in statutory corporations, companies etc. was ₹ 3,832.41 crore. The return on these investments was less than one per cent, while the cost of borrowed funds was much higher (7.52 to 8.46 per cent). *It would be advisable for the State Government to ensure better value for the investments, otherwise high cost borrowed funds will continue to be invested in activities with low financial returns.*

High ratio of fiscal liabilities to GSDP: The ratio of fiscal liabilities to GSDP stood at 35.33 per cent in 2009-10 against the norm of 28 per cent targeted to be achieved by 2009-10 as per the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003. The Thirteenth Finance Commission has further recommended that all States should bring down the fiscal liabilities to 25 per cent of GSDP by 2014-15. *Therefore, the State Government should set in place a strategy to limit the quantum of fiscal liabilities in the next five years.*

Increase in outstanding guarantees: The outstanding guarantees given by the Government were 161 per cent of the revenue receipts of 2008-09 against the norm of 80 per cent prescribed in the FRBM Act, 2003. Though Government has set up a Guarantee Redemption Fund, no amount has been transferred to the Fund. *Government should ensure reduction of the contingent liabilities and transfer of funds to the Guarantee Redemption Fund.*

Debt sustainability: During 2009-10, the interest burden was 23 per cent of the revenue receipts. The net funds available from internal debt and GoI loans continued to decrease as the borrowed funds were mostly used for redemption of past debts leaving small funds for other purposes. *Government needs to use the borrowed funds as far as possible only to fund the capital expenditure and revenue expenditure should be met from revenue receipts.*

State Government resorted to borrowing in excess of the approved annual plan and GoI ceiling and did not avail of the alternate economical means of borrowing. There was incorrect computation of cash balances while deciding

the borrowings. *A proper monitoring system should be put in place in the Finance Department to ensure correct quantum and need based borrowings.*

Increasing deficits: The revenue deficit at ₹ 5,251 crore during 2009-10, was far from the target of zero revenue deficit by 2009-10. The fiscal deficit (₹ 6,170 crore) constituted 3.21 *per cent* of GSDP, against the relaxed target of 4 *per cent*. The primary surplus of ₹ 3,540 crore in 2006-07 turned into primary deficit of ₹ 1,159 crore in 2009-10. *Government can achieve the targets set out in the FRBM Act, provided efforts are made to improve tax mobilisation, collect arrears of revenue and curtail unproductive expenditure.*

Financial management and budgetary control: There was an overall net saving of ₹ 6,449.79 crore during 2009-10. Savings in excess of ₹ 50 crore and by more than 20 *per cent* of the provision in each case occurred in 17 out of 30 Grants. Large amount of unspent funds were not surrendered by two departments. Excess expenditure of ₹ 5,616.08 crore relating to the period 2004-09 and of ₹ 460.77 crore incurred during 2009-10 over the budget provision require regularisation. In eight grants, expenditure of ₹ 790.93 crore was incurred without provision of funds. During the year, the re-appropriation orders effected by the departments either proved excessive or insufficient and resulted in saving of ₹ 1,575.77 crore in 70 sub-heads and excess of ₹ 497.53 crore in 17 sub-heads.

Budget estimates should be prepared with due care and on realistic basis so that there are no huge surrenders or excess over the estimates. Anticipated savings should be surrendered as and when these are expected so that the amount could be got utilized on other schemes.

Financial Reporting: Utilisation certificates (UCs) in respect of large amount of grants given to various institutes were pending for submission to the Accountant General. Two departments submitted incorrect UCs to the Government of India. There were delays in submission of accounts of the Autonomous bodies for audit as well as submission of the Separate Audit Reports to the State Legislature. Punjab Roadways did not prepare proforma accounts since 2000-01. There were 100 cases of misappropriations, thefts, losses etc. Three offices withdrew funds from treasuries without immediate requirement and parked in banks, outside the Government Accounts. The Drawing and Disbursing Officers and the Treasury Officers failed to classify large number of Abstract Contingent bills and monitor the submission of Detailed Contingent bills.

Control mechanism in the Government departments needs to be strengthened to ensure timely submission of UCs. Submission of the pending accounts by the Autonomous bodies and the Punjab Roadways needs to be monitored. Departmental enquiries in cases of misappropriations and thefts should be expedited and the control system strengthened to prevent recurrence of such cases. The practice of keeping the Government money outside the Government Accounts should be curbed.

CHAPTER 1

Finances of the State Government

Punjab is an agrarian State, with relatively higher literacy, higher life expectancy at birth and lower infant mortality as compared to the All India average (*Appendix 1.1*). Punjab has also the advantage of relatively less population below poverty line. During the period 2000-01 to 2008-09, the compound annual growth rate of GSDP in Punjab was lower (10.48 *per cent*) than the average rate of the other general category States (12.54 *per cent*). However, population growth in Punjab during this period has been lower than that of other general category States, so there would not be any significant adverse impact on per capita income growth.

This chapter provides a broad perspective of the finances of the Government of Punjab during 2009-10 and analysis of the critical changes in major fiscal parameters relating to the previous year, keeping in view the overall trends during the last five years. The analysis has been made based on the State's Finance Accounts and information obtained from the State Government.

Some of the Acts and Rules which regulate the receipts of the State Government are the Punjab Value Added Tax Act, 2005; Punjab Motor Vehicles Taxation Act, 1924; Punjab Excise Act, 1914; Indian Stamp Act, 1899 and the Registration Act, 1908.

All receipts of the Punjab Government are accounted for in the Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India. Expenditure therefrom is authorised by the State Legislature through Appropriation Act. Money so authorised by the Appropriation Act is spent as per provisions contained in the Punjab Financial Rules and the Departmental Financial Rules and instructions issued by the Finance Department from time to time. The Punjab Financial Rules contain the financial regulations of general nature issued by the Finance Department for the guidance of various offices and departments. The Departmental Financial Rules are the Rules relating to the Public Works and Forest Departments.

Apart from the above, in May 2003, the Government of Punjab enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudential debt management. Subsequently, in January 2006, the Government of Punjab enacted the Punjab FRBM (Amendment) Act, 2005 and fixed the timeframe for achieving the fiscal targets set in May 2003. The salient features of the FRBM Act, 2003 (as amended upto January 2008) and the Rules made thereunder are given in *Appendix 1.2*. The structure of Government Accounts and the layout of Finance Accounts are shown in the *Box 1.1*.

Box 1.1

Structure of the Government Accounts

The accounts of the State Government are kept in three parts:

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: 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.

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

Layout of the Finance Accounts

Statement No.	Subject
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts in Consolidated Fund
4	Statement of Expenditure out of Consolidated Fund by function and nature
5	Statement of Progressive Capital expenditure
6	Statement of Borrowings and other Liabilities
7	Statement of Loans and Advances given by the Government
8	Statement of Grants-in-aid given by the Government
9	Statement of Guarantees given by the Government
10	Statement of Voted and Charged Expenditure
11	Detailed Statement of Revenue and Capital Receipts by minor heads
12	Detailed Statement of Revenue Expenditure by minor heads
13	Detailed Statement of Capital Expenditure
14	Detailed Statement of Investments of the Government
15	Detailed Statement of Borrowings and other Liabilities
16	Detailed Statement of Loans and Advances given by the Government
17	Detailed Statement of Sources and Application of funds for expenditure other than revenue account
18	Detailed Statement of Contingency Fund and other Public Account transactions
19	Detailed Statement of Investments of earmarked funds

1.1 Summary of the current year's fiscal transactions

Table 1.1 presents the summary of the Government of Punjab's fiscal transactions during the current year (2009-10) vis-à-vis the previous year (2008-09). *Appendix 1.3* provides the details of receipts and disbursements as

well as the overall fiscal position of the Government of Punjab as on 31 March, 2010.

Table 1.1: Summary of the current year's fiscal operations

(₹ in crore)

Receipts	2008-09	2009-10	Disbursements	2008-09	2009-10		
Section A: Revenue			Section A: Revenue		Non-Plan	Plan	Total
Revenue receipts	20712.79	22156.58	Revenue expenditure	24568.99	25983.48	1424.46	27407.94
Tax revenue	11150.08	12039.48	General services	14032.13	15518.88	6.40	15525.28
Non-tax revenue	5783.91	5652.70	Social services	5482.68	5178.93	1038.20	6217.13
Share of Union taxes/ duties	2084.12	2144.10	Economic services	4744.49	4838.76	379.86	5218.62
Grants from Government of India	1694.68	2320.30	Grants-in-aid and Contributions	309.69	446.91	0.00	446.91
Section B: Capital			Section B: Capital				
Misc. Capital Receipts	1.12	0.50	Capital Outlay	2857.93	186.51	1979.90	2166.41
Recoveries of Loans and Advances	77.63	1276.02	Disbursement of Loans and Advances	55.07	28.84	0.00	28.84
Public Debt receipts*	5978.86	7082.62	Public Debt repayments*	1835.13	2283.14	0.00	2283.14
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00	0.00	0.00
Public Account receipts	24306.24	22047.45	Public Account disbursements	22590.85	20721.04	0.00	20721.04
Opening Cash Balance	1101.30	269.97	Closing Cash Balance	269.97	225.77		225.77
TOTAL	52177.94	52833.14	TOTAL	52177.94	49428.78	3404.36	52833.14

*Excluding net transactions under ways and means advances (₹ 3,025.22 crore). *Source: Finance Accounts*

1.1.1 Significant changes during 2009-10

Following are the significant changes during 2009-10 over the previous year:

- The **revenue receipts** grew by ₹ 1,444 crore (6.97 per cent) in 2009-10 over the previous year. The increase was mainly in tax-revenue (₹ 890 crore: 7.98 per cent) and Grants-in-aid from Government of India (₹ 625 crore: 36.87 per cent). *The revenue receipts at ₹18,120 crore (net of lotteries) were less than that projected in the Fiscal Correction Path (FCP) (₹21,272 crore) for the year 2009-10.*
- The **revenue expenditure** increased by ₹ 2,839 crore (11.55 per cent) over the previous year. The increase was mainly under General education (₹ 619.26 crore: 21.25 per cent), Pension and other retirement benefits (₹ 527.59 crore: 18.64 per cent), Compensation and assignments to Local Bodies and Panchayati Raj Institutions (₹ 137.22 crore: 44.31 per cent) and Roads and Bridges (₹ 117.57 crore: 93.08 per cent), partly offset by decline under the heads Relief on account of Natural Calamities (₹ 139.18 crore: 42.08 per cent) and Industries (₹ 101.00 crore: 100 per cent). *The revenue expenditure net of lotteries exceeded the projections in FCP for the year 2009-10 by ₹3,441 crore (17.23 per cent).*
- The **capital expenditure** decreased by ₹ 692 crore (24.21 per cent) over the previous year. The decrease was mainly under capital outlay on Urban development (₹ 450.41 crore: 64.49 per cent), Civil aviation (₹ 150.26 crore: 91.43 per cent), Power projects (₹ 118.59 crore: 83.21 per cent), Police (₹ 60.05 crore: 51.72 per cent) and Other Rural Development programmes (₹ 59.09 crore: 38.82 per cent) partly offset

mainly by increase in capital outlay on Roads and Bridges (₹ 208.89 crore: 63.96 per cent).

- The **recovery of loans and advances** increased by ₹ 1,198 crore (1535.90 per cent) over the previous year. This was because of book adjustment of ₹ 1,192.81 crore of outstanding loans against the Punjab State Electricity Board as recovery of loans in lieu of subsidy paid by the Punjab Government to the Board during the year 2009-10.
- The **Public debt receipts** increased by ₹ 1,104 crore (18.46 per cent) and **repayment of public debt** increased by ₹ 448 crore (24.41 per cent) over the previous year. Thus, net receipts under the public debt increased during the year by ₹ 656 crore.
- The **Public Account receipts and disbursements** decreased by ₹ 2,259 crore (9.29 per cent) and ₹ 1,870 crore (8.28 per cent) respectively over the previous year. Thus, net receipts under the Public Account decreased by ₹ 389 crore during the current year.
- The net impact of the above mentioned fiscal transactions of the Punjab Government was reflected in terms of a net decrease of ₹ 44.20 crore in cash balances as on 31 March 2010, which decreased from the opening balance of ₹ 269.97 crore to the closing balance of ₹ 225.77 crore.

1.1.2 Assessment of the fiscal position

The norms/ceilings prescribed by the Twelfth Finance Commission (TFC) for selected fiscal variables and the commitments/projections made by the State Government in their FRBM Act and in other Statements required to be laid in the legislature under the Act were used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, the major fiscal aggregates like tax and non-tax revenue, capital and revenue expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for the relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess 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 in **Table 1.2** and the outcome indicators of the FCP are given in **Appendix 1.4**.

Table 1.2: Trends in Gross State Domestic Product (GSDP)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross State Domestic Product (₹ in crore)	108653	121209 (R)	144309 (P)	165804 (Q)	192364 (A)
Growth rate of GSDP	12.41	11.56	19.06	14.89	16.02

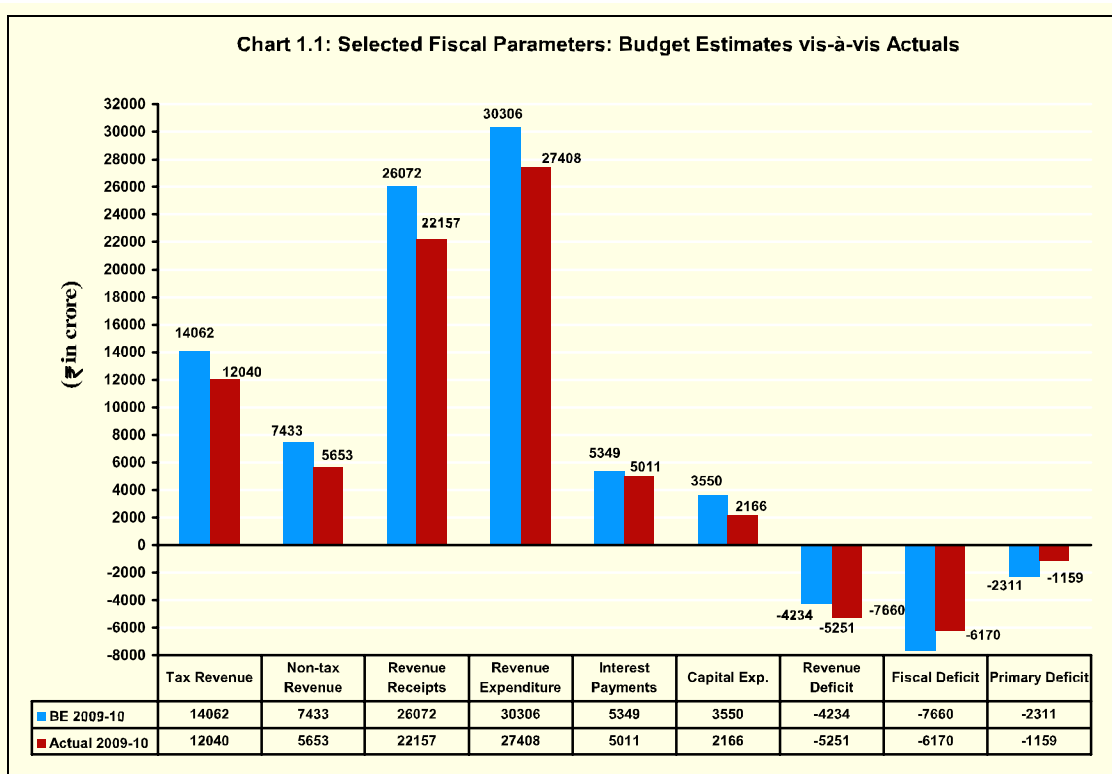
Source:- Figures of GSDP as furnished by the Economic Adviser to Government of Punjab.

R= Revised, P= Provisional, Q= Quick and A= Advance estimates.

1.1.3 Budget estimates and actuals

The budgeted and actual figures under the various receipts and expenditure heads are given in **Chart 1.1 and Appendix 1.5**.

The actual revenue receipts during the year 2009-10 decreased by ₹ 3,915 crore (15.02 per cent) over the budget estimates, while the actual revenue expenditure decreased by ₹ 2,898 crore (9.56 per cent). The capital expenditure and interest payments decreased by ₹ 1,384 crore (38.99 per cent) and ₹ 338 crore (6.32 per cent) respectively over the budget estimates.



The targeted revenue deficit of ₹ 4,234 crore increased to the level of ₹ 5,251 crore. However, the fiscal and the primary deficits remained within the budget estimates. The asset creation was not given as much priority as intended in the budget estimates as is evident from 38.99 per cent shortfall in capital expenditure over the budget estimates. Variations in some of the tax and non-tax revenue heads are given in **Table 1.3**.

Table 1.3: Variation between the budget estimates and actuals

(₹ in crore)

S.No.	Revenue head	Budget estimates	Actual receipts	Variations increase (+) shortfall (-)	Percentage
	Tax revenue				
1	Taxes/VAT on sales, trade etc.	8320.00	7577.49	-742.51	-8.92
2	State excise	2000.83	2100.92	100.09	5.00
3	Stamp duty and registration fees	2200.00	1550.94	-649.06	-29.50
4	Taxes on vehicles	610.56	554.74	-55.82	-9.14
5	Taxes and duties on electricity	900.03	230.13	-669.90	-74.43
6	Land revenue	19.97	15.31	-4.66	-23.34
7	Other taxes and duties on commodities and services including entertainment tax	11.00	9.95	-1.05	-9.55
	Non-tax revenue				
1	Road transport	151.40	114.55	-36.85	-24.34
2	Forestry and wild life	16.00	26.47	10.47	65.44
3	Interest receipts	137.76	164.69	26.93	19.55
4	Medium irrigation	0.00	1.45	1.45	0.00
5	Major irrigation	29.58	33.17	3.59	12.14
6	Crop husbandry	10.77	9.44	-1.33	-12.35
7	Miscellaneous General Services	6587.13	4780.12	-1807.01	-27.43
8	Police	52.10	51.88	-0.22	-0.42
9	Public works	22.80	22.60	-0.20	-0.88

The actual receipts were lower than the estimates by 20 *per cent* or more in the case of stamp duty, taxes on electricity, land revenue, receipts from road transport and Miscellaneous General services.

The reasons for the variation as furnished by some of the departments are given below:-

The Department of Revenue and Rehabilitation replied that the income from Registration fee/Stamp duty on account of the market value of the properties could not be anticipated with exactness. The shortfall in income from Stamp duty and Registration fee was due to the reasons that less number of documents had been presented for registration in the districts as compared to the last year.

The Chief Electrical Inspector replied that the main reason for shortfall of 74.43 *per cent* during the year 2009-10 was due to the adjustment of subsidy against electricity duty (₹ 270.22 crore) and refund of interest (₹ 269.78 crore) due from the Punjab Government to the Punjab Power Corporation Limited.

The other departments did not intimate (October 2010) the reasons for variations in receipts when compared to the budget estimates.

The huge variations under many heads indicate that the budget estimates were not prepared with due care and/or the collection of revenue was not monitored closely. There is a necessity to review and streamline formulation of the budgets for receipts so that the estimates and the actuals do not differ widely.

1.2 Resources of the State

1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. The revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the GoI. The 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 the GoI as well as accruals in 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 2005-10. **Chart 1.3** depicts the composition of resources of the State during the current year.

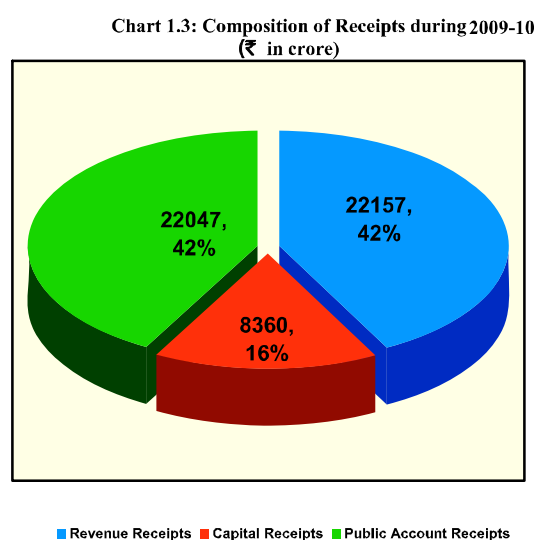
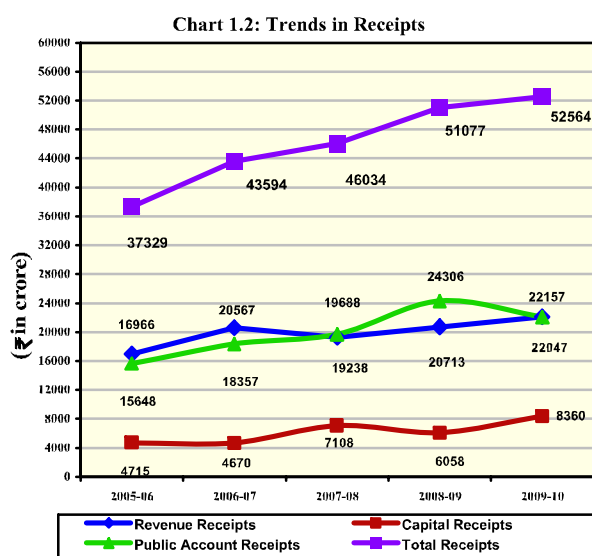


Chart 1.2 shows that out of the total receipts of ₹ 52,564 crore in the year 2009-10, the revenue receipts were ₹ 22,157 crore, constituting 42.15 *per cent* of the total receipts. The balance came from capital receipts and Public Account receipts. The total receipts of the State increased by 40.81 *per cent* from ₹ 37,329 crore in 2005-06 to ₹ 52,564 crore in 2009-10. The Public debt receipts (₹ 7,083 crore) constituted 84.72 *per cent* of the capital receipts during 2009-10. The major share of the Public debt (₹ 7,011 crore: 98.98 *per cent*) was from internal debt.

Chart 1.3 shows that out of the total receipts of ₹ 52,564 crore, the Revenue receipts were ₹ 22,157 crore (42.15 *per cent*), Public Account receipts were ₹ 22,047 crore (41.94 *per cent*) and the Capital receipts of ₹ 8,360 crore

accounted for 15.91 per cent. The share of revenue receipts in the total receipts showed a marginal growth of 1.60 per cent in 2009-10 as compared to the previous year.

1.2.2 Funds transferred to the State implementing agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State implementing agencies for various schemes/programmes in social and economic sectors recognised as critical. During 2009-10, the Government of India transferred an amount of ₹ 1,161.73 crore directly to the agencies (detailed in *Appendix 1.6*). Significant amounts given to the major programmes/schemes are presented in **Table 1.4**.

Table 1.4: Funds transferred directly to the State implementing agencies
(₹ in crore)

Programme/Scheme	Implementing Agency	2009-10
NREGA	DRDA	143.18
SGSY	DRDA & SIRD, Punjab	13.35
Rural Housing - IAY	DRDA	64.63
MPLAD	Deputy Commissioner	43.00
NRHM	State Health Society, Punjab	150.50
Sant Longowal Institute of Engineering and Technology	SLIET, Sangrur, Punjab	15.00
National Institute of Pharmaceutical Education & Research	NIPER, SAS Nagar	24.65
National Institute of Technology	Dr. Ambedkar NIT, Jalandhar	46.00
Sarva Shiksha Abhiyan (SSA)	SSA Authority, Punjab	200.44
National Food Security Mission	SADA, Punjab	61.22
PMGSY	Punjab R & B Development Board	122.10
Upgradation of 1396 Government ITIs through PPP	IMC Society of ITI, Fatehgarh Churian	55.00
Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	RMSA Authority, Punjab	23.25
Scheme for setting up of 6000 Model Schools at Block level as bench mark of excellence		23.78
Setting up of new IITs	IIT, Punjab	20.00
TOTAL		1006.10

Source: Information collected from the CGA's website

As these funds are not routed through the budget of State Government, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are underestimated. Unless, there is proper documentation and timely reporting of expenditure by the implementing agencies, it will 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 State. The revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2005-10 are presented in *Appendix 1.7* and also depicted in **Charts 1.4** and **1.5**.

Chart 1.4: Trends in Revenue Receipts

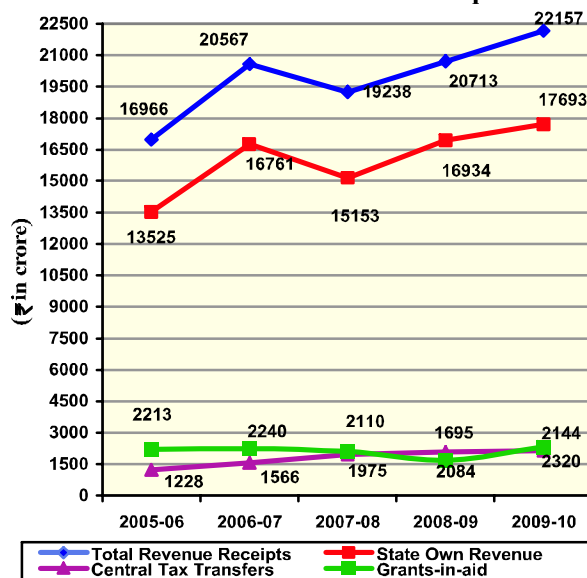
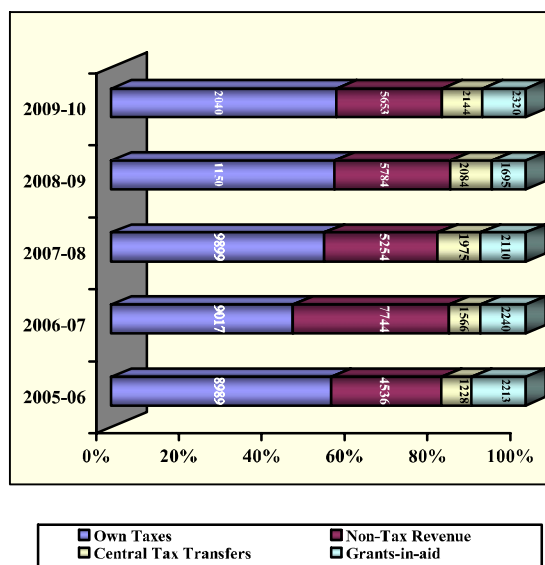


Chart 1.5: The composition of Revenue Receipts during 2005-10 (₹ in crore)



As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts and Central assistance for the plan schemes etc. and the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The **State's own tax revenue** during the current year was ₹ 12,040 crore, which was less by ₹ 2,170 crore (15.27 *per cent*) compared to ₹ 14,210 crore fixed by TFC and less by ₹ 2,087 crore (14.77 *per cent*) against ₹ 14,127 crore projected in the FCP. The share of **non-tax revenue** decreased by two *per cent* (from 28 to 26 *per cent*) during the current year over the previous year. The share of **Central transfers** increased from seven to 10 *per cent* during the period 2006-08 and then remained stagnant at 10 *per cent* during 2008-10. The share of **grants-in-aid** from GoI declined from 13 *per cent* (₹ 2,213 crore) in 2005-06 to eight *per cent* (₹ 1,695 crore) in 2008-09 and increased to 10 *per cent* (₹ 2,320 crore) in the current year.

The **State's non-tax revenue** during the current year was ₹ 5,653 crore, which was more by ₹ 3,078 crore (119.53 *per cent*) against ₹ 2,575 crore fixed by TFC. The non-tax revenue decreased by ₹ 131 crore (2.26 *per cent*) over the previous year. The decrease in non-tax revenue was mainly due to decrease of ₹ 230.72 crore under the Major Head 1053-Civil Aviation – Other Receipts and ₹ 81.83 crore under 0070-Other Administrative Services partly offset by an increase of ₹ 212.32 crore under 0075-Miscellaneous General Services.

The component wise analysis of non-tax receipts during the period 2007-10 revealed that gross receipts from State lotteries contributed on an average of

66.60 *per cent* of the total non-tax receipts. Netting the receipts from lotteries against the expenditure incurred revealed only marginal net receipts from lotteries to the State Government which varied from ₹ 39.88 crore to ₹ 46.20 crore during 2007-10.

The trends in revenue receipts vis-à-vis Gross State Domestic Product (GSDP) are presented in **Table 1.5**.

Table 1.5: Trends in Revenue receipts

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Receipts (RR) (₹ in crore)	16966	20567	19238	20713	22157
Own Taxes	8989	9017	9899	11150	12040
Non-Tax Revenue	4536	7744	5254	5784	5653
Rate of growth of RR (<i>per cent</i>)	22.88	21.22	-6.46	7.67	6.97
Rate of growth of Own taxes (<i>per cent</i>)	29.45	0.31	9.78	12.64	7.98
RR/GSDP (<i>per cent</i>)	15.61	16.97	13.33	12.49	11.52
Buoyancy Ratios ¹					
Revenue buoyancy w.r.t GSDP	1.84	1.84	-0.34	0.51	0.44
State's own tax buoyancy w.r.t GSDP	2.37	0.03	0.51	0.85	0.50
GSDP Growth rate (In percent)	12.41	11.56	19.06	14.89	16.02

Source: Finance Accounts

The revenue receipts increased from ₹ 16,966 crore in 2005-06 to ₹ 22,157 crore in 2009-10. The revenue receipts growing at the rate of about 21 *per cent* in 2006-07 became negative in 2007-08 (– 6.46 *per cent*) and the growth rate in 2009-10 was only 6.97 *per cent*. The ratio of revenue receipts to GSDP during the current year (11.52 *per cent*) decreased by almost one *per cent* when compared to the previous year. The revenue buoyancy with reference to GSDP decreased from 1.84 in 2005-06 to 0.51 in 2008-09 and it further decreased to 0.44 in 2009-10. It implied that the revenue receipts increased by only 0.44 *per cent* in 2009-10 for one point increase in GSDP. The State's own tax buoyancy with reference to GSDP decreased from 2.37 in 2005-06 to 0.50 in 2009-10.

1.3.1 Revenue arrears

The arrears of revenue in respect of two principal heads of revenue viz. Sales Tax/Value Added Tax and Taxes on vehicles were ₹ 483.84 crore as on 31 March 2010.

In the case of Sales Tax/Value Added Tax, the arrears of revenue were ₹ 375.98 crore. Out of this, ₹ 169.09 crore (45 *per cent*) were outstanding for more than five years.

In the case of Taxes on vehicles, the arrears of revenue were ₹ 107.86 crore. Out of this, ₹ 48.17 crore (45 *per cent*) were outstanding for more than five

¹ 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 0.60 implies that revenue receipts tend to increase by 0.60 percentage points, if the GSDP increases by one *per cent*.

years. The arrears of ₹ 107.86 crore outstanding as on 31 March 2010 were due to High Court/Appellate authorities stay of the recovery proceedings for ₹ 0.40 crore, pending revenue recovery ₹ 3.01 crore, and arrears of ₹ 0.13 crore proposed for write off. The reasons for the balance arrears of ₹ 104.32 crore were not specified by the Department.

While analyzing the receipts of the State Government, it was observed that the Government can increase its receipts by taking some of the following actions:

- *As the state has been witnessing very high growth in GSDP in the last three years, there is probably a potential to increase the tax base and revise the user charges.*
- *Part of arrears of revenue can be collected by making extra and timely efforts.*
- *Recovery of receivable on account of guarantee fees from the Public Sector Undertakings should be enforced as discussed in para 1.7.9.*
- *Recovery of the outstanding loans and advances of ₹2,853 crore alongwith interest needs to be expedited (paragraph 1.6.5).*
- *Large investments in various Government companies/corporations etc., as discussed in para 1.6.3, need to be reviewed so as to improve the return on Government investment.*

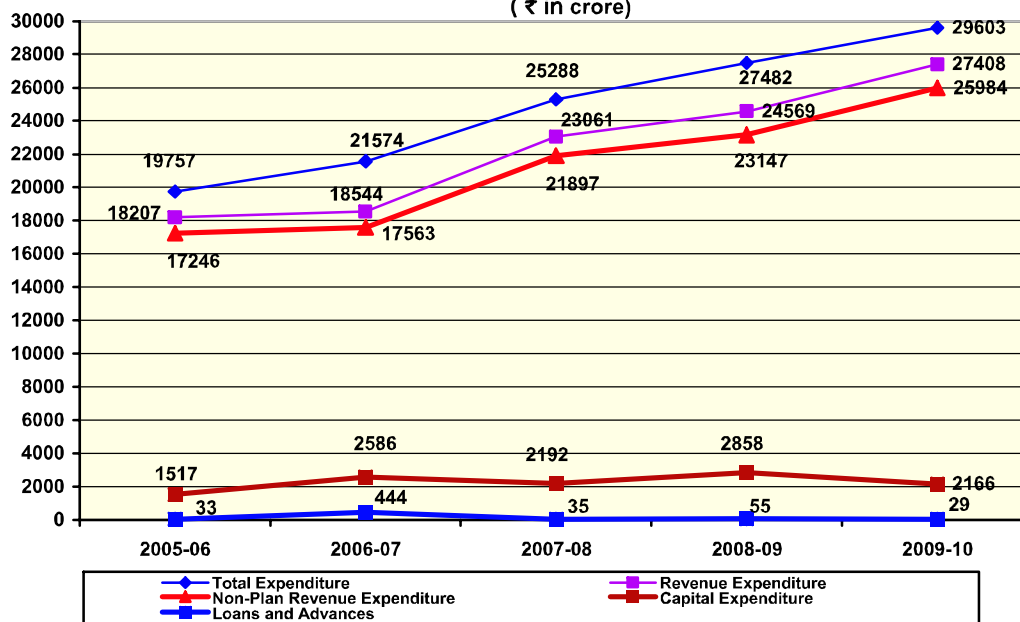
1.4 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since responsibilities for incurring major expenditure are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising the 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 those directed towards development and 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 (2005-10). Its composition in terms of 'economic classification' and 'expenditure by activities' are depicted in **Charts 1.7 and 1.8** respectively.

Chart 1.6: Total expenditure: Trends and Composition
(₹ in crore)



The Government raises resources to perform their sovereign functions, to maintain the existing nature of delivery in social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The **total expenditure** of the State increased by 49.84 per cent from ₹ 19,757 crore in 2005-06 to ₹ 29,603 crore in 2009-10. The total expenditure during the current year increased by ₹ 2,121 crore (7.72 per cent) over the previous year. The revenue expenditure increased by ₹ 2,839 crore (11.55 per cent), whereas the capital expenditure decreased by ₹ 692 crore (24.21 per cent) and repayment of loans and advances decreased by ₹ 26 crore (47.27 per cent) during the current year.

Similarly, the **non-plan revenue expenditure (NPRE)** at ₹ 25,984 crore in 2009-10 increased by ₹ 2,836 crore (12.25 per cent) as compared to the previous year. The NPRE also exceeded the normative assessment made by TFC (₹ 17,404 crore) by 49.30 per cent and the projections made by the State Government in its own FCP (₹ 17,932 crore) by 44.90 per cent. Thus, there was poor control of NPRE during 2009-10.

Chart 1.7: Total Expenditure: Trends in Share of its components

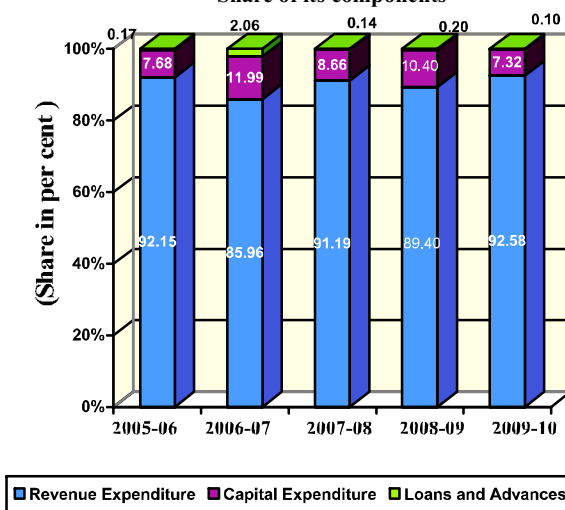
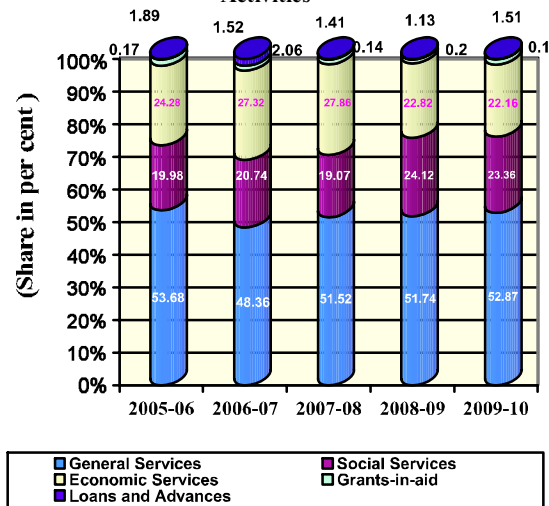


Chart 1.8: Total Expenditure: Trends by 'Activities'



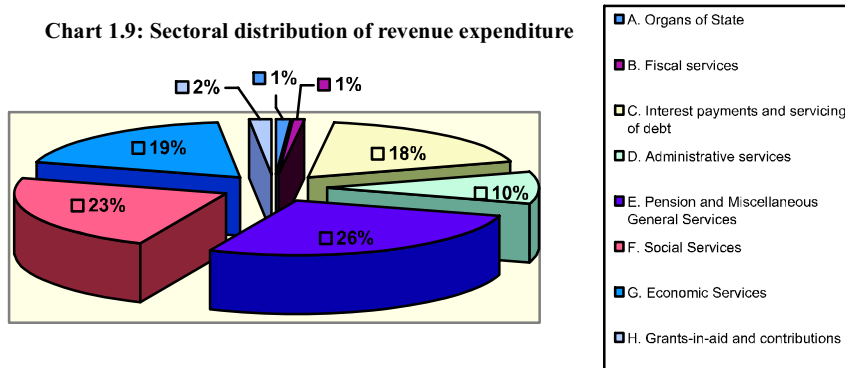
The movement of relative share of various components of expenditure (**Chart 1.8 & Table 1.6**) indicates that while the share of General Services in total expenditure declined marginally from 53.68 in 2005-06 to 52.87 *per cent* in 2009-10, the relative share of Social Services increased from 19.98 to 23.36 *per cent* and the share of Economic Services decreased from 24.28 to 22.16 *per cent* during the same period. The development expenditure i.e. 'expenditure on social and economic services' together remained stagnant between 46 and 47 *per cent* during the period 2007-10 as shown in **Table 1.6**.

Table 1.6: Components of Expenditure – Relative Share

	(in per cent)				
	2005-06	2006-07	2007-08	2008-09	2009-10
General Services	53.68	48.36	51.52	51.74	52.87
<i>Of which Interest payments</i>	18.80	19.25	17.90	17.84	16.93
Social Services	19.98	20.74	19.07	24.12	23.36
Economic Services	24.28	27.32	27.86	22.82	22.16
Grants-in-aid	1.89	1.52	1.41	1.13	1.51
Loans and Advances	0.17	2.06	0.14	0.20	0.10

The **revenue expenditure** continued to constitute a dominant proportion (86 to 93 *per cent*) of the total expenditure during the period 2005-10. The plan revenue expenditure contributed just five to six *per cent* of the total revenue expenditure, whereas the non-plan revenue expenditure was 94 to 95 *per cent* during the period 2005-10.

The sector-wise distribution of revenue expenditure is shown in **Chart 1.9** below:



The **Capital Expenditure (CE)** which was 11.99 *per cent* of the total expenditure in 2006-07 decreased to 7.32 *per cent* in 2009-10. The CE decreased by ₹ 692 crore (24.21 *per cent*) over the previous year and it remained at 1.13 *per cent* of the GSDP, far below the target of three *per cent* to be achieved by 2009-10. The CE during the current year at ₹ 2,166 crore was 51.87 *per cent* lower than that projected in FCP (₹ 4,500 crore). This shows that due priority was not given to CE.

1.4.2 Committed expenditure

The committed expenditure of the Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.7** presents the trends in expenditure on these components during 2005-10.

Table 1.7: Components of committed expenditure

		(₹ in crore)					
Sr.No	Components of committed expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	
						BE	Actuals
1	Salaries and Wages, of which	5389 (32)	5726 (28)	6379 (33)	6835 (33)	8305 (32)	8225 [§] (37)
	Under Non-Plan Head	5240	5574	6244	6677	8060	8034
	Under Plan Head*	149	152	135	158	245	191
2	Interest Payments	3715 (22)	4152 (20)	4527 (24)	4902 (24)	5349 (21)	5011 (23)
3	Expenditure on Pensions	1656 (10)	1905 (9)	2433 (13)	2830 (14)	3651 (14)	3357 (15)
4	Subsidies	1574 (9)	1553 (8)	3021 (16)	2806 (14)	3630 (14)	2919 (13)
	Total Revenue expenditure[#]	18207	18544	23061	24569	30306	27408
	Revenue Receipts	16966	20567	19238	20713	26072	22157

Figures in the parentheses indicate percentage to Revenue Receipts

* Plan Head includes Centrally sponsored schemes

[§] Salaries: Rs 8095.43 crore + Wages: Rs 129.08 crore

[#] includes expenditure other than committed expenditure

Source: Finance Accounts

Table 1.7 shows that the expenditure on **salaries and wages** increased from 32 *per cent* of revenue receipts in 2005-06 to 37 *per cent* in 2009-10 and it increased by ₹ 1,390 crore (20.34 *per cent*) in 2009-10 over the previous year. **Tables 1.7 and 1.8** show that although the salaries and wages increased during the current year over the previous year, it remained less than the BE (₹ 8,305 crore) and was higher than the FCP (₹ 7,426 crore). The expenditure on salaries was 42.52 *per cent* of the revenue expenditure *net of interest payments and pensions* exceeding the norm of 35 *per cent* envisaged by TFC. Thus, the growing trend of expenditure on salaries and wages needs to be halted.

Table 1.8: Committed expenditure vis-à-vis targets during 2009-10

(₹ in crore)

Item	TFC	FCP	Budget estimates	Actual
Salaries and wages	-	7426	8305	8225
Of which total salaries (Plan and Non-plan)	6664 ²	-	8140	8095
Interest payments	4832	4765	5349	5011
Pensions	2237	2109	3651	3357
Subsidies, of which	-	1758	3630	2919
Power subsidies		1745	3140	2874

Source: Figures of actual expenditure from Finance Accounts.

The **interest payments** increased by 2.22 *per cent* from ₹ 4,902 crore in 2008-09 to ₹ 5,011 crore in 2009-10. The increase was mainly due to increase of ₹ 359.31 crore under interest on internal debt. The interest payment as a percentage of the revenue receipts was 23 *per cent* in 2009-10, which was still beyond the medium term target of 15 *per cent* of the revenue receipts (TFC) targeted to be achieved by 2009-10. Further, the interest payment (₹ 5,011 crore) made during the year was higher than the projection made by the TFC (₹ 4,832 crore) and assessment in FCP (₹ 4,765 crore) for the year 2009-10.

The **pension payments** recorded a growth of ₹ 527 crore (18.62 *per cent*) during the current year over the previous year. The expenditure at ₹ 3,357 crore during 2009-10 was higher than the projection made by the Government in its FCP (₹ 2,109 crore) and envisaged by TFC (₹ 2,237 crore) whereas it was less than the BE (₹ 3,651 crore).

The **subsidies** during the current year increased by ₹ 113 crore (4.03 *per cent*) over the previous year mainly due to increase in subsidy to the Power and Energy sector by ₹ 272 crore (10.45 *per cent*). The amount of subsidy (₹ 2,919 crore) was less than the projection made in the BE (₹ 3,630 crore), but higher than that projected in the FCP (₹ 1,758 crore).

Analysis of the committed expenditure (Table 1.7) of the State Government revealed that interest payments and subsidies together constituted 28.93

² Revenue expenditure (₹ 27408 crore) – Interest payments (₹ 5011 crore) – Pensions (₹ 3357 crore) = ₹ 19040 crore x 35 *per cent* = ₹ 6664 crore.

per cent of the total revenue expenditure and consumed 35.79 per cent of the revenue receipts, which needs to be addressed by the Government.

1.4.3 Financial assistance to the local bodies/other institutions

The quantum of assistance provided by way of grants and loans to the local bodies and others during the current year and the previous years is presented in Table 1.9.

Table 1.9: Financial assistance to local bodies etc.

(₹ in crore)

Institutions	2005-06	2006-07	2007-08	2008-09	2009-10	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities etc.)	230.33	195.88	454.93	452.12	678.61	748.02
Municipal Corporations and Municipalities	73.77	69.99	28.75	1.93	93.94	18.87
Zilla Parishads and Other Panchayati Raj Institutions	--	162.15	145.11	73.34	117.83	116.93
Development Agencies	--	102.93	2.77	28.21	57.11	10.41
Hospitals and Other Charitable Institutions	--	62.91	62.19	55.00	64.00	46.45
Other Institutions	91.14	0.01	--	--	--	--
TOTAL	395.24	593.87	693.75	610.60	1011.49	940.68
Assistance as percentage of revenue expenditure	2.17	3.20	3.01	2.49	3.34	3.43

Source: Finance Accounts

The financial assistance to the local bodies and other institutions increased from ₹ 395.24 crore in 2005-06 to ₹ 940.68 crore in 2009-10. During 2009-10, it increased to ₹ 940.68 crore from ₹ 610.60 crore in 2008-09. The increase of ₹ 330.08 crore (54.06 per cent) over the previous year was mainly due to more assistance to the educational institutions (₹ 295.90 crore). Against the total budget provision of ₹ 1,011.49 crore, financial assistance of ₹ 940.68 crore was released. The decrease in the actual release vis-à-vis the BE to the municipal corporations and municipalities was ₹ 75.07 crore (79.91 per cent), to the development agencies ₹ 46.70 crore (81.77 per cent) and to the hospitals and other charitable institutions ₹ 17.55 crore (27.42 per cent).

The overall quantum of financial assistance to the local bodies and other institutions remained at 2.17 to 3.43 per cent of the revenue expenditure during 2005-10.

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, efficiency of expenditure and its effectiveness.

1.5.1 Adequacy of public expenditure

Adequacy of public expenditure means whether there are enough provisions for providing public services. The responsibilities to incur expenditure on social sector and economic infrastructure are largely assigned to the State Governments. For enhancing the levels of human development, the States are

required to step up their expenditure on key social services like education, health etc. The fiscal priority (ratio of expenditure on a particular category to the aggregate expenditure) to a particular sector is considered low, if it is below the respective national average. In **Table 1.10**, the fiscal priority of the State Government with regard to development expenditure, expenditure on social sector and capital expenditure etc. is shown.

Table 1.10: Fiscal Priority of the State in 2005-06 and 2009-10

<i>(Per cent)</i>						
Fiscal Priority by the State	AE/GSDP	DE [#] /AE	SSE/AE	CE/AE	Education/ AE	Health/ AE
General category States Average (Ratio) 2005-06	17.75	61.76	30.76	13.97	14.95	4.05
Punjab's Average (Ratio) 2005-06	18.18	44.35	20.03	7.68	11.68	3.54
General category States Average (Ratio) 2009-10	18.24	66.05	35.76	14.85	16.21	4.28
Punjab's Average (Ratio) 2009-10	15.39	45.52	23.36	7.32	12.91	3.35
AE= Aggregate Expenditure, DE= Development Expenditure, SSE= Social Sector Expenditure and CE= Capital Expenditure						
# Development expenditure includes Development Revenue expenditure, Development Capital expenditure and Loans & Advances disbursed.						
Source: For GSDP, the information was collected from the State's Directorate of Economics and Statistics						

Public expenditure as indicated by the ratio of aggregate expenditure to GSDP was higher in 2005-06 in the state as compared to the other general category states. However in 2009-10, public expenditure as a proportion of GSDP was much lower in the State in comparison to the other general category States.

- Development expenditure refers to the expenditure on economic and social sector. Increased priority to Development expenditure will result in better human and physical capital formation which will further increase the growth prospects of the State. In the case of Punjab, there appears to be a much lower priority given to the Development expenditure, as lower proportion of the aggregate expenditure was spent under this head. Similarly, lower priority had been given to the Social sector expenditure - mainly education and health - as lower proportion of aggregate expenditure was spent under these heads as compared to the other general category States in the country.
- Capital expenditure increases the asset creation which will generate opportunities for higher growth. In Punjab, the ratio of capital expenditure to the aggregate expenditure was also low as compared to the other general category States.

1.5.2 Efficiency of expenditure

In view of the importance of public expenditure on development items, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision for core public and

merit goods³. Apart from improving the allocation towards development expenditure⁴, the efficiency of expenditure is reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent 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.

Table 1.11 provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services.

Table 1.11: Development expenditure

(₹ in crore)

Components of Development expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	
					BE	Actuals
Total Development expenditure (a to c)	8763 (44.35)	10796 (50.04)	11879 (46.97)	12929 (47.04)	15992 (47.18)	13476 (45.52)
a. Development Revenue expenditure	7316 (37.03)	7877 (36.51)	9812 (38.80)	10227 (37.21)	12671 (37.38)	11436 (38.63)
b. Development Capital expenditure	1427 (7.22)	2492 (11.55)	2056 (8.13)	2671 (9.72)	3306 (9.75)	2041 (6.89)
c. Development Loans and Advances	20 (0.10)	427 (1.98)	10 (0.04)	31 (0.11)	16 (0.05)	0 (Nil)

Figures in parentheses indicate percentage to aggregate expenditure

Source: Finance Accounts

Table 1.11 shows that the total development expenditure increased by ₹ 4,713 crore (53.78 per cent) during 2005-10 and by ₹ 547 crore (4.23 per cent) during the current year over the previous year.

The **development expenditure on revenue account** increased consistently from ₹ 7,316 crore in 2005-06 to ₹ 11,436 crore in 2009-10. The development revenue expenditure increased by ₹ 1,209 crore (11.82 per cent) during the current year over the previous year, whereas it was less by ₹ 1,235 crore (9.75 per cent) when compared with the BE of State Government for the year 2009-10.

The **development expenditure on capital account** increased from ₹ 1,427 crore in 2005-06 to ₹ 2,041 crore in 2009-10. However, it decreased by ₹ 630 crore (23.59 per cent) during the current year over the previous year and was also less by ₹ 1,265 crore (38.26 per cent) as compared to the BE. Infact, the development capital expenditure during 2009-10 (₹ 2,041 crore) was just equal to the development capital expenditure in 2007-08 (₹ 2,056 crore) implying that the State Government was giving less priority to capital expenditure for development as out of 45.52 per cent of the aggregate expenditure incurred as Development expenditure, only 6.89 per cent was on development capital expenditure.

Recognizing the need to improve the quality of Education and Health Services, TFC recommended that the salary expenditure under Health and Family Welfare and Education should be increased only by five and six

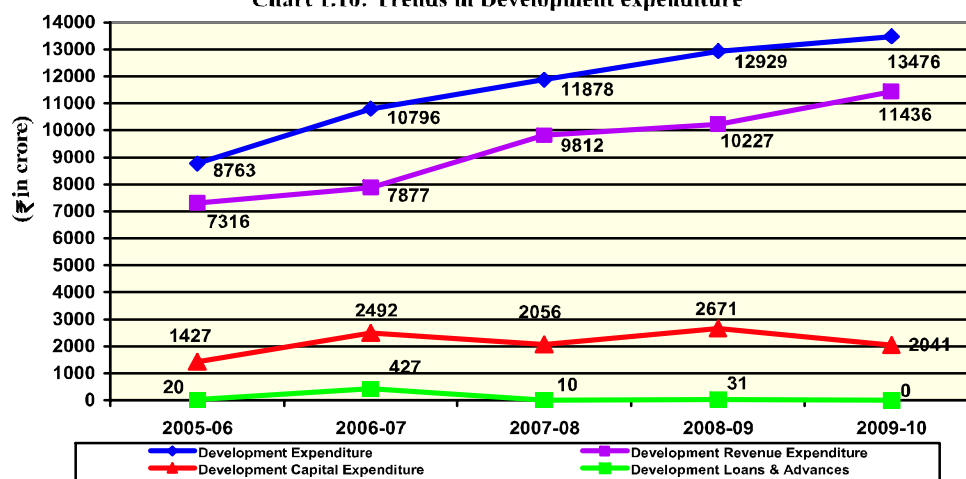
³ Please see the glossary (Appendix 4.1)

⁴ Please see the glossary (Appendix 4.1)

per cent respectively while non-salary expenditure should be increased by 30 per cent per annum during the award period (2005-10). However, trends in expenditure revealed that the salary component under Education and Health and Family Welfare increased by 21.42 and 22.04 per cent respectively during the current year over the previous year, whereas the non-salary expenditure under Education increased by 20.72 per cent and under Health and Family Welfare it decreased by 5.87 per cent. There was huge variation in the growth of expenditure (both in salary and non-salary component) on Education and Health and Family Welfare as against the recommendations of TFC. This needs urgent correction in the ensuing years to improve the quality of these services.

The expenditure actually incurred on General Education (₹ 3,533.46 crore) was more than the recommendations of ₹ 3,506.04 crore made by TFC, but the expenditure incurred on Health and Family welfare (₹ 980.66 crore) was less than the recommendations of ₹ 1,126.50 crore made by TFC.

Chart 1.10: Trends in Development expenditure

Table 1.12: Efficiency of expenditure in selected Social and Economic Services
(In per cent)

Social/Economic Infrastructure	2008-09			2009-10		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O & M		S & W	O & M
Social Services (SS)						
General Education	5.47	76.02	NIL	3.50	76.12	0.00
Health and Family Welfare	2.82	86.56	NIL	1.09	89.31	0.00
WS, Sanitation, HUD	76.38	57.05	47.17	60.75	56.85	44.35
Total (SS)	17.27	61.11	2.43	10.11	65.25	2.27
Economic Services (ES)						
Agri. and Allied Activities	2.78	47.48	NIL	0.35	56.67	0.00
Irrigation & Flood Control	46.95	85.01	9.54	42.47	82.66	11.29
Power and Energy	5.19	0.02	NIL	0.83	0.02	0.00
Transport	60.85	42.09	20.42	54.83	34.55	11.20
Total (ES)	24.34	24.48	2.64	20.45	26.51	2.65
Total (SS+ES)	20.71	44.12	2.53	15.14	47.57	2.44

WS: Water Supply, HUD: Housing and Urban Development; Agri: Agriculture; CE: Capital Expenditure; TE: Total Expenditure; RE: Revenue Expenditure; S&W: Salary and Wages, O&M: Operations and Maintenance.

Source: Finance Accounts

Table 1.12 shows that in 2009-10, the ratio of capital expenditure (CE) to total expenditure (TE) on Social Services (SS) and Economic Services (ES) decreased by 7.16 and 3.89 respectively over the previous year.

The ratio of salaries and wages components to revenue expenditure on SS and ES increased from 61.11 to 65.25 and 24.48 to 26.51 respectively during the current year over the previous year.

The combined ratio of CE to total expenditure on SS and ES decreased by 5.57 during 2009-10 over the previous year, while the ratio of salaries & wages to revenue expenditure on SS and ES increased from 44.12 to 47.57.

1.5.3 Punjab State Development Fund

The Finance Minister, Punjab in his budget speech for the year 2008-09 had mentioned creation of a 'Punjab State Development Fund' under the Chairmanship of Hon'ble Chief Minister to facilitate smooth flow of funds for activities in the field of education, health and social welfare. The corpus of the Fund was to consist of five *per cent* of the amount realised from the bidders by way of sale proceeds of all immovable properties auctioned by the Urban Development Authorities, Punjab State Industrial Export Corporation, Department of Colonisation and any other Government Instrumentality as may be specified by the Government. The Fund was to be operated and managed by the Department of Finance.

As per information furnished by the Finance Department, an amount of ₹ 76.47 crore in 2008-09 and ₹ 10.02 crore in 2009-10 was deposited under the Punjab State Development Fund, but no expenditure was incurred during both the years by the Government of Punjab resulting in denial of the intended benefits envisaged under the Fund. On being enquired regarding amount to be deposited in the Fund during 2009-10 and non-incurring of expenditure during 2008-10, no reply was furnished by the Finance Department (October 2010).

1.6 Analysis of Government expenditure and investments

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

1.6.1 Financial results of Irrigation works

The financial results of nine major irrigation projects involving a capital expenditure of ₹ 434.65 crore at the end of March 2010 showed that revenue realised from these projects during 2009-10 (₹ 27.04 crore) was only 6.22 *per cent* of the capital expenditure. This return was not sufficient to cover even the direct working expenses. After meeting the direct working expenditure (₹ 223.35 crore) and interest charges (₹ 21.62 crore), the projects suffered a net loss of ₹ 217.93 crore.

1.6.2 Incomplete projects

The department-wise information pertaining to the incomplete projects as on 31 March 2010 is given in the **Table 1.13**.

Out of 10 projects, in the Irrigation Department, cost of four projects was revised, which resulted in increase in the estimated cost by ₹ 1,886.76 crore (98.50 *per cent*). Out of which, ₹ 961.63 crore (72.62 *per cent*) related to Shahpur Kandi Dam Project; ₹ 491.00 crore (134.15 *per cent*) to Shri Dashmesh Irrigation Project; ₹ 425.25 crore (241.62 *per cent*) to Satluj Yamuna Link (SYL) Canal Project and ₹ 8.88 crore (18.02 *per cent*) to Converting the Banur Canal System from Non-perennial to Perennial.

Out of the 16 Public Works Department's (Buildings & Roads) projects, cost of four projects was revised resulting in increase of ₹ 22.67 crore (50.25 *per cent*) out of which ₹ 13.35 crore (75.30 *per cent*) related to 'Construction of Judicial Complex at Bathinda (Block B & C); ₹ 7.22 crore (67.79 *per cent*) related to 'Construction of new Judicial Complex at Abohar'; ₹ 1.85 crore (18.69 *per cent*) to 'Special repair of Garhshanker Nurpur Bedi Road' and ₹ 0.25 crore (3.66 *per cent*) to 'Upgradation of Balachaur Bunga Sahib Road via Tibba Nangal road under NABARD RIDF XV'.

There were eight incomplete projects costing ₹ 46.10 crore in the Water Supply and Sanitation Department. Out of which, ₹ 32.70 crore has already been spent. The targeted year of completion of most of the incomplete projects was upto 2009-10. But the works have not been completed so far.

Efforts should be made by the concerned departments to complete all the incomplete projects as early as possible as ₹ 1629.52 crore has already been spent on these projects and full benefits are remained to be realized.

Table 1.13: Department-wise profile of incomplete projects

(₹ in crore)

Department	Number of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost of Projects	Expenditure	Cost Overrun
Public Health Department	8	46.10	Not available	32.70	Not available
Irrigation Department	6	16.85	Not available	9.38	Not available
	4	1915.45	3802.21	1493.73	1886.76
Public Works Department (B & R)	12	75.90	Not available	73.71	Not available
	4	45.11	67.78	20.00	22.67

Source: Finance Accounts

1.6.3 Investment and returns

As of 31 March 2010, the Government of Punjab had invested ₹ 3,832.41 crore. Out of which ₹ 3,113.38 crore were invested in Statutory Corporations/ Boards, ₹ 489.30 crore in Government Companies, ₹ 1.39 crore in Joint Stock Companies and ₹ 228.34 crore in Co-operative Banks and Societies. The return on this investment was 0.01 to 0.05 *per cent* only during 2005-10, while the Government of Punjab paid interest at the average rate of 7.52 *per cent* to 8.46 *per cent* on its borrowings during 2005-10 (**Table 1.14**).

Table 1.14: Return on investment

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Investment at the end of the year (₹ in crore)	3718.60	3761.74	3835.65	3841.36	3832.41
Return (₹ in Crore)	1.07	1.96	0.40	0.78	0.91
Return (<i>per cent</i>)	0.03	0.05	0.01	0.02	0.02
Average rate of interest on Government Borrowing (<i>per cent</i>)	7.52	8.11	8.46	8.32	7.72
Difference between interest rate and return (<i>per cent</i>)	7.49	8.06	8.45	8.30	7.70

Source: Finance Accounts

Within the group of Statutory Corporations/Boards, 99.21 *per cent* of the Government investment was made in four corporations i.e. Punjab State Electricity Board (₹ 2,946.11 crore), Pepsu Road Transport Corporation (₹ 86.82 crore), Punjab Financial Corporation (₹ 29.31 crore) and Punjab Scheduled Castes Land Development and Finance Corporation (₹ 26.44 crore). Out of these four major Statutory Corporations, the first three Corporations were incurring losses and their accumulated losses amounted to ₹ 8,749.29 crore (upto the year 2007-08 and 2008-09 for which their accounts were finalised). The loss amounting to ₹ 8,411.23 crore (96.14 *per cent*) pertains to PSEB alone. The Punjab Scheduled Castes Land Development and Finance Corporation, however, earned cumulative profits of ₹ 25.46 crore upto 2007-08 for which their accounts have been finalized.

The Government needs to review its investments and take action to realise the returns in the form of dividend etc.

1.6.4 Departmental commercial undertakings

Activities of quasi-commercial nature are performed by the Punjab Roadways, a departmental undertaking (Transport Department). It is observed that an amount of ₹ 41.87 crore had been invested by the Government in the Punjab Roadways at the end of 1999-2000 (up to which its accounts were finalized). The Punjab Roadways had been incurring losses continuously for more than five years and its accumulated losses were ₹ 650.06 crore as against the total investment of ₹ 41.87 crore upto 1999-2000.

1.6.5 Loans and advances by the Government of Punjab

In addition to the investments in Co-operative Societies, Corporations and Companies, the Government of Punjab has also been providing loans and advances to many other institutions/organizations. **Table 1.15** presents the position of outstanding loans and advances as on 31 March 2010, interest receipts vis-à-vis interest payments during last three years.

Table 1.15: Position of outstanding loans and advances and interest received /paid

(₹ in crore)

Outstanding loans and interest received/paid	2007-08	2008-09	2009-10	
			BE	Actual
Opening Balance of loans outstanding	5533	4123		4100
Amount advanced during the year	35	55	43	29
Amount recovered during the year	1445	78	167	1276
Closing Balance of loans outstanding	4123	4100		2853
Interest receipts	230	46		42
Interest receipt as <i>per cent</i> to the outstanding Loans and Advances	4.76	1.12		1.47
Rate of Interest payment as <i>per cent</i> to the outstanding fiscal liabilities of the Government	8.46	8.32		7.72
Difference between the rate of interest paid and interest received (<i>per cent</i>)	(-)3.70	(-)7.20		-6.25

Source: Finance Accounts

During 2009-10, ₹ 28.84 crore was advanced as loans against the BE of ₹ 43.00 crore. Further, recovery of loans amounting to ₹ 1,276.02 crore was made against the BE of ₹ 167.00 crore. The reasons for steep increase in recovery of loans and advances during the current year was mainly due to book adjustment of subsidy of ₹ 1,192.81 crore payable by the Government against repayment of loan by the Punjab State Electricity Board. The decrease in interest received during the current year was ₹ four crore (8.70 *per cent*) over the last year. While the interest payment during 2009-10 was 7.72 *per cent* of its outstanding fiscal liabilities, the interest received was only 1.47 *per cent* of the outstanding loans and advances. *The Government needs to analyse the reasons for poor return from the loans and advances made by it and explore the ways to collect the interest etc.*

1.6.6 Cash balances and investment of cash balances

Table 1.16 depicts the cash balances and investments made by the Government of Punjab out of the cash balances during the year. The cash balances at the close of the current year decreased from ₹ 269.97 crore of the previous year to ₹ 225.77 crore. The major portion of the cash balances was invested in Government of India Treasury bills (₹ 189.97 crore) and in Securities of Government of India (₹ 101.99 crore) and Government earned interest of ₹ 9.12 crore during the year.

Table 1.16: Cash balances and investment of cash balances

(₹ in crore)

Particulars	As on 31 March 2009	As on 31 March 2010	Increase/ decrease
Cash Balances	269.97	225.77	-44.20
Investment from Cash balances	197.13	292.00	94.87
a. GOI Treasury Bills	95.10	189.97	94.87
b. GOI Securities	101.99	101.99	0
c. Punjab State Electricity Board Bonds	0.04	0.04	0
Fund-wise break-up of investment from earmarked balances	0.70	0.70	0
a. Reserve Funds bearing interest
b. Reserve Funds not bearing interest	0.70	0.70	0
Interest realised	28.78	9.12	-19.66

Source: Finance Accounts

Under an agreement with the Reserve Bank of India, the Government of Punjab has to maintain with the bank a minimum balance of ₹ 1.56 crore on all days. If the balance falls below the agreed minimum on a day, the deficiency is made good by taking ways and means advances/overdraft from the Reserve Bank.

As per **Statement 6** of the Finance Accounts, during 2009-10, the Government obtained ₹ 3,025.22 crore as Ways and Means Advances (WMAs) from RBI on 61 occasions. The entire amount was re-paid during the year and ₹ six crore was paid as interest on these advances.

At the end of the previous year, no amount was outstanding as overdraft. During 2009-10, the Government of Punjab had availed overdraft of ₹ 891.36 crore (shortfall of ₹ 7.80 crore on five occasions and overdraft of ₹ 883.56 crore on 17 occasions) from RBI and ₹ 0.91 crore was paid as interest on these overdrafts and failure to maintain the minimum balance.

Audit observed that the State Government in its budget for 2009-10 provided ₹ 3,600 crore as Ways and Means Advances. In addition to WMAs, the State Government raised Open Market Borrowings (OMBs) of ₹ 4,985 crore through RBI during 2009-10 at an average interest rate of 8.08 *per cent per annum*. Availing of WMAs of only ₹ 3,025.22 crore as compared to the budgeted provision of ₹ 3,600 crore (i.e. less by ₹ 574.78 crore) led to extra expenditure of ₹ 17.70 crore in 2009-10 as interest on WMAs was lower than the OMBs.

In reply, the Finance Department stated (June 2010) that efforts were first made to raise the borrowings envisaged in the budget and then WMAs were obtained through the automatic system as a last resort to maintain the cash flow. The lower budgeting of WMAs was attributed to availing of WMAs of ₹ 2,600 crore upto December 2009. The reply is not acceptable as the full budgeted WMAs should have been availed to get the benefit of lower rate of interest and to minimize the OMBs.

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 liabilities⁵ of the Government and the assets created out of the expenditure incurred. **Appendix 1.3 Part B** gives an abstract of such liabilities and the assets as on 31 March 2010, compared with the corresponding position as on 31 March 2009. The liabilities consist of mainly internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

In real terms, during 2009-10, the assets grew by ₹ 908.37 crore (3.38 *per cent*) whereas the liabilities increased by ₹ 6,159.89 crore (9.94 *per cent*) over the

⁵ **Financial liabilities of the Government means the total liabilities under the Consolidated Fund and the Public Account of the State referred to in article 266 of the Constitution of India.**

previous year. During the current year, the ratio of Financial Assets to Liabilities came down to 40.82 (*per cent*) from 43.42 *per cent* of the previous year and the average ratio of 43.64 *per cent* prevailed during 2005-10.

1.7.2 Fiscal liabilities

There are two sets of liabilities namely, Public debt and Other liabilities. The Public debt consists of internal debt of the State and is accounted under the consolidated fund. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its consolidated fund, within such limits as may, from time to time, fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The Other liabilities, which are part of the Public Account, include deposits under small savings scheme, provident funds and other deposits. The trends in outstanding fiscal liabilities, ratio of these liabilities to GSDP and to revenue receipts of the State during the period 2005-10 are presented in *Appendix 1.7*.

The compositions of fiscal liabilities at the end of the current year vis-à-vis the previous year are presented in **Charts 1.11** and **1.12**.

Chart 1.11: Composition of outstanding Fiscal Liabilities as on 1 April 2009

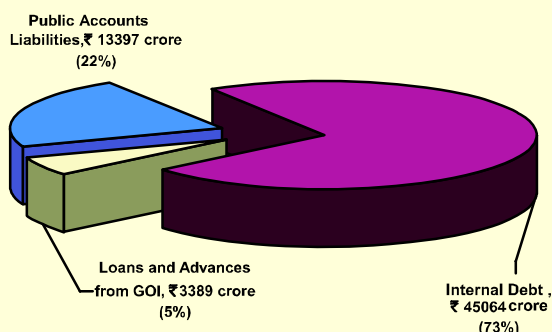
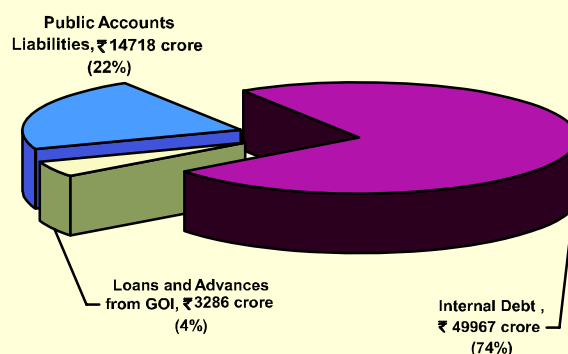


Chart 1.12: Composition of outstanding Fiscal Liabilities as on 31 March 2010



The overall fiscal liabilities of the Government had been on the rise and it increased from ₹ 51,364 crore in 2005-06 to ₹ 67,971 crore in 2009-10 at an annual average growth rate of 6.46 *per cent*. The Consolidated Fund liabilities (₹ 53,252.82 crore) comprised of internal debt of ₹ 49,966.46 crore and loans of ₹ 3,286.36 crore from GoI. The Public Account liabilities (₹ 14,718.16 crore) comprises of small savings, Provident fund (₹ 10,182.44 crore) and interest bearing obligations and non-interest bearing obligations like deposits and other earmarked funds (₹ 4,535.72 crore). The fiscal liabilities of the Government have increased by ₹ 6,120.49 crore (9.90 *per cent*) during 2009-10 over the previous year mainly due to increase of ₹ 4,902.05 crore (10.88 *per cent*) in the internal debt.

1.7.3 Overstatement of internal debt

The outstanding balance of Clean Term Loan (CTL) obtained by the State Government from the State Bank of India shown in the books of the Accountant General (Accounts & Entitlement) did not tally with that shown in the books of the Finance Department. The balance of CTL as per books of the Accountant General as on 31 March 2010 was ₹ 2,657.79 crore, whereas the balance in the books of the Finance Department was ₹ 2,052.17 crore. The discrepancy was due to non-accounting of the repayment of ₹ 605.62 crore made by PUNGRAIN in 2005 in the books of the Accountant General due to non-submission of the required information to the Accountant General i.e. voucher numbers and dates of repayment.

Thus, the internal debt of the State Government was overstated by ₹ 605.62 core in the Finance Accounts for the last five years due to non-furnishing of the details of repayment by the Director, Food and Supplies, Punjab to the Accountant General.

Table 1.17 gives the fiscal liabilities of State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and the State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table 1.17: Fiscal liabilities – Basic Parameters

	2005-06	2006-07	2007-08	2008-09	2009-10
Fiscal Liabilities (Rupees in crore)	51364	51035	55982	61850	67971
Rate of Growth (<i>per cent</i>)	8.36	-0.64	9.69	10.48	9.90
Ratio of Fiscal liabilities to					
GSDP (<i>per cent</i>)	47.27	42.10	38.79	37.30	35.33
Revenue receipts (<i>per cent</i>)	302.75	248.14	291	298.61	306.77
Own resources (<i>per cent</i>)	379.77	304.47	369.44	365.24	384.19
Buoyancy of Fiscal liabilities to					
GSDP (ratio)	0.67	-0.06	0.51	0.70	0.62
Revenue receipts (ratio)	0.37	(-)0.03	(-)1.50	1.37	1.42
Own resources (ratio)	0.84	(-)0.03	(-) 1.01	0.89	2.21

Though the ratio of fiscal liabilities to GSDP had been declining from 47.27 in 2005-06 to 35.33 *per cent* in 2009-10, it was still on the higher side as compared to the target of bringing down the ratio to 28 *per cent* by 2009-10, envisaged in the Punjab FRBM Act, 2003. *The Thirteenth Finance Commission has further recommended that by 2014-15 all states should bring down the Fiscal liability to 25 per cent of GSDP. This means that the State Government should set in place a strategy to review the quantum of fiscal liability in the next five years.* The ratio of fiscal liabilities to revenue receipts increased from 248.14 in 2006-07 to 306.77 *per cent* in 2009-10.

1.7.4 Borrowing in excess of limit

The Planning Commission while approving (July 2009) the State Annual Plan of ₹ 8,600 crore for the year 2009-10, limited the net market borrowing by the State Government to ₹ 6,538.46 crore and nil against small savings. However, GoI fixed (September 2009) the net market borrowing limit for Punjab at ₹ 6,219 crore. Against this, the State Government raised net OMBs of

₹ 4,985 crore, besides a loan of ₹ 1,576.22 crore against small savings during the year, aggregating to ₹ 6,561.22 crore resulting in borrowings in excess of the approved annual plan by ₹ 22.76 crore and the GoI ceiling by ₹ 342.22 crore. On being pointed out (May 2010), the Finance Department did not furnish reasons for the excess borrowings.

1.7.5 Loan against net small savings collections

The GoI had been allowing 100 *per cent* loan at the rate of 9.50 *per cent* interest *per annum* to the State Government against the net collections of small savings mobilised in the State. Such loan is repayable in 25 years with a moratorium period of five years. Though in January 2007, the GoI extended an alternate option to the State Government to avail loan to the extent of 80 *per cent* of the net collections of small savings, the State Government opted (April 2010) for the 80 *per cent* loan against net collections for the year 2010-11 only. The State Government borrowed excess loan of ₹ 315.24 crore (₹ 1,576.22⁶ crore - ₹ 1,260.98⁷ crore) during 2009-10 at the rate of 9.50 *per cent* interest rate *per annum*, though it had the option to borrow the equivalent amount from open market for 10 years on an average market rate of interest of 8.08 *per cent*. Thus, the failure to limit the borrowings against net collections of small savings to the extent of 80 *per cent* in 2009-10 would cost the State additional interest burden of ₹ 111.92 crore during the loan period of 25 years.

1.7.6 Imprudent borrowings resulting in surplus cash with RBI

The RBI introduced (April 2009) an Advance Indicative Calendar for smoothening of the borrowings of the States through 25 tranches for 2009-10 with scope for flexibility in the calendar. The Finance Department, however, raised Open Market Borrowings (OMBs) on 12 occasions and out of these, six OMBs were raised twice in a month⁸, whereas no borrowings were raised in the months of May 2009, February 2010 and March 2010. It was observed in audit that to arrive at the estimated cash position, only the receipt of OMBs were taken into account and the other receipts⁹ were generally ignored by the Finance Department. Thus, due to defective record keeping and non-taking into account the other receipts, the Government worked out the balances wrongly leading to excess borrowings. This resulted in excess cash balances with the RBI at various intervals ranging between ₹ 5.77 crore and ₹ 985.96 crore during 2009-10, which yielded interest at 5.01 *per cent per annum* only, against payment of interest on OMBs ranging between 7.77 and 8.37 *per cent per annum*. Consequently, the State Government was extra burdened to the tune of ₹ 5.79 crore on the excess borrowings made in 2009-10.

1.7.7 Incorrect estimates of repayment of debts

Financing of Annual Plans of Punjab were approved annually by the Planning Commission. For the period 2007-10, the quantum of net borrowings was arrived at by reducing the due repayments of borrowings from the gross borrowings. A comparison of repayments as per the Annual Plan approved by

⁶ Loan raised against small savings in 2009-10 = ₹ 1576.22 crore

⁷ Eighty *per cent* of ₹ 1576.22 crore = ₹ 1260.98 crore.

⁸ April, October and November 2009.

⁹ Borrowings from NABARD: ₹ 450 crore; Ways and Means Advances and Soft Loan against Small savings : ₹ 1,576.22 crore, and Receipts on account of Externally Aided Projects: ₹ 48.42 crore.

the Planning Commission and the actual repayments made during 2007-10 is given below:

Table 1.18: Comparison of actual repayments vis-à-vis targets fixed by the Planning commission

(₹ in crore)

Year	As per the Planning Commission	Actuals as per State's Finance Accounts
2007-08	1439.73	2107.65
2008-09	1427.00	2288.52
2009-10	2365.19	5308.36

Audit observed that the Finance Department did not maintain any records relating to repayment of borrowings and balances and the information was collected from the Accountant General (Accounts & Entitlement), Punjab and the National Bank for Agriculture and Rural Development. Non-maintenance of the records of repayments of the borrowings and balances resulted in under estimation of repayments at the planning stage leading to wrong projection of the further borrowings.

The details given in paragraphs 1.7.4, 1.7.5, 1.7.6 and 1.7.7 reveal that the funds were borrowed in excess of the limits fixed by the Government, it did not avail of the alternate economical means of availing the loan against the net small savings and there was wrong computation of cash balances. This shows that the borrowings of the State Government were not being regulated properly. *A proper monitoring system needs to be evolved in the Finance Department to work out correct quantum and the need based borrowings so as to avoid unnecessary borrowings and to decrease the interest liability of the Government.*

1.7.8 Arrangements for amortization of liability

Government has constituted a Sinking Fund for loans raised by it in the open market. This Fund consists of two components i.e. Sinking Fund (Depreciation) and Sinking Fund (Amortisation). The rate of contribution to these two components of sinking fund was prescribed by the State Government as under:

- (a) **Sinking Fund (Depreciation)**-A sum not exceeding 1.5 per cent of the total amount of loans could, if necessary, be set apart from the revenue each year to a depreciation Fund for purchasing securities of the loans for cancellation.
- (b) **Sinking Fund (Amortization)**-In addition to the annual contribution to the respective depreciation fund, annual contributions are to be made to the Sinking fund from revenues for amortization of loans at such rates as Government may decide from time to time.

The Finance Accounts revealed that no contributions were made during 2009-10 and there were no balances in these two components of the sinking fund at the commencement and end of 2009-10.

In reply, it was stated by the Finance Department that due to weak financial position of the State, no amount could be invested in the Sinking Fund.

1.7.9 Status of Government guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower to whom the guarantee has been extended.

The Punjab FRBM Act, 2003 provides that the Punjab Government shall cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year and guarantees on short term debt be given only for working capital or food credit in which case this must be fully backed by physical stock. The Government of Punjab had given guarantees during 2007-10 for repayment of loans etc. raised by statutory corporations/boards, local bodies, co-operative banks/societies and others. **Table 1.19** shows the maximum amount guaranteed by the State and the outstanding amount of guarantees for the last three years.

Table 1.19: Guarantees given by the Government of Punjab

(₹ in crore)

Guarantees	2007-08	2008-09	2009-10	
			BE	Actual
Maximum amount guaranteed	26094	46815	15509	51357
Outstanding amount of guarantees	11014	25868	41230	33295
Percentage of outstanding guarantees to the total revenue receipts of previous year	54	134	199	161
Criteria as per FRBM Act (<i>per cent</i> of guarantees to revenue receipts of the previous year)	80	80	80	80

Source: Finance Accounts

The maximum amount of guarantee given for ₹ 51,357.20 crore in 2009-10 was ₹ 35,847.83 crore (231.14 *per cent*) in excess of the budget estimates of ₹ 15,509.37 crore. Similarly, the outstanding guarantees of ₹ 33,294.82 crore were lower by ₹ 7,935.50 crore (19.25 *per cent*) against the budget estimates of ₹ 41,230.32 crore during 2009-10 showing unrealistic budget estimates.

The amount of outstanding guarantees (₹ 33,294.82 crore) as of March 2010 was 161 *per cent* of the revenue receipts of the previous year (2008-09). This was 81 *per cent* excess over the limit of 80 *per cent* prescribed in the FRBM Act.

The outstanding liability of ₹ 67,971 crore including public debt and outstanding guarantee commitment of ₹ 33,295 crore is a serious threat to financial stability of the State and this needs to be addressed by the Government at the earliest.

In consideration of the guarantees given by the State, the Government has been charging guarantee fees upto two *per cent*. The total amount of guarantee fees received and receivable during 2009-10 was ₹ 53.18 crore and ₹ 145.18 crore respectively. There is a necessity to enforce remittance of the guarantee fees by those who have availed the Government guarantee.

The guarantee shall be effective from the date of execution of the guarantee deed and again the guaranteed loan is to be raised only after the guarantee fee is deposited by the Public Sector Undertaking into the Government treasury. Guarantee notification for raising of a loan amounting to ₹ 40 crore by Punjab Bus Stand Management Company was issued by the Punjab Government on 14th June 2004 and the guarantee agreement was signed on 19th January 2005.

The guarantee fee amounting to ₹ 0.80 crore was deposited by the PSU on 23rd November 2005 (late by 308 days). Due to late deposit of guarantee fee, the Government of Punjab had to bear loss of interest of ₹ 0.04 crore.

Government has set up a Guarantee Redemption Fund on the recommendation of TFC, but so far no amount has been transferred to the fund.

As per instructions issued by the Punjab Bureau of Public Enterprises from time to time, the Administrative Departments shall ensure that the borrowing organization on whose behalf the guarantee of the Government is sought, manages its affairs in a way to repay the liability in accordance with the terms agreed to with the Financial Institution concerned. A proper watch on the functioning of the borrowing institution is thus essential to ensure that appropriate measures are taken for the discharge of their liability regularly and Government is not called upon to meet the liability arising from the guarantee. An instance of invoking of guarantee by the lender is discussed below.

SUGARFED obtained guaranteed loans of ₹ 15.75 crore during the period 1988-89 to 1993-94 from Sugar Development Fund, Ministry of Consumer Affairs, Food and Public Distribution, Government of India. The loans could not be repaid by SUGARFED. As the loans were guaranteed by the Punjab Government, the Government of India deducted ₹ 24.42 crore (outstanding principal ₹ 10.72 crore and interest ₹ 13.70 crore) in April/May 2008 from normal Central assistance to the Punjab Government for 2008-09 due to non-repayment of the said loans by SUGARFED. Thus, lack of monitoring by the State Government caused a loss of receipts to the tune of ₹ 24.42 crore.

In view of the above, the Government of Punjab should limit giving guarantees, enforce recovery of the guarantee fee due to it and transfer funds to the Guarantee Redemption Fund.

1.7.10 Debt waiver under Debt Consolidation and Relief facilities

The Twelfth Finance Commission framed a scheme of debt relief of Central loans named Debt Consolidation and Relief Facilities based on fiscal performance of the State linked to the reduction of revenue deficit of the States. Under the scheme, the repayments due on Central loans from 2005-06 to 2009-10, after consolidation and re-schedulement of loans, will be eligible for write off. As assessed by the TFC, in the case of Punjab, the amount of repayment due for the period 2005-10 after consolidation and reschedulement was ₹ 763.40 crore against which the Government of India granted ₹ 370.70 crore as debt relief, as detailed in **Table 1.20**:

Table 1.20: Details of debt relief due and sanctioned by the Central Government

(₹ in crore)

Year	Debt relief due as per TFC recommendations	Debt relief sanctioned by the Central Government
2005-06	152.68	76.61
2006-07	152.68	54.81
2007-08	152.68	85.89
2008-09	152.68	153.39
2009-10	152.68	0.00
Total	763.40	370.70

The shortfall in receipt of the benefit of debt relief was due to non-fulfillment of the conditionalities for receiving the debt relief by the State Government.

1.8 Debt sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability¹⁰ of the State. Sustainability of debt of the Government can be measured in terms of debt stabilization¹¹, sufficiency of non-debt receipts¹², net availability of borrowed funds¹³, burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of the Government debt. Table 1.21 analyses the debt sustainability of the Government according to these indicators for the years 2005-10.

Table 1.21: Debt sustainability

Indicators of Debt Sustainability	2005-06	2006-07	2007-08	2008-09	2009-10
Debt Stabilization (Quantum Spread + Primary Deficit)	3469	5769	1434	1845	3975
Sufficiency of Non-debt receipts (Resource Gap)	(+) 1461	(+) 2042	(-) 3992	(-) 2087	521
Net availability of borrowed funds	725	(-) 4238	3810	971	1114
Burden of Interest Payments (IP/RR Ratio)	22	20	24	24	23
Maturity Profile of State Debt (In Years)			(₹ in crore)		
0 - 1	N.A.	N.A.	1229.38	1604.95	2218.34
1 - 3	N.A.	N.A.	3250.00	3551.54	5921.56
3 - 5	N.A.	N.A.	4611.68	6440.89	7157.75
5 - 7	N.A.	N.A.	6834.74	6156.51	6394.97
7 and above	N.A.	N.A.	28383.82	30699.45	31046.60
Total	N.A.	N.A.	44309.62	48453.34	53252.82¹⁴

Source: Finance Accounts

Audit analysis revealed the following:

- The **sum of quantum spread** and **primary deficit** was positive during the period 2005-06 to 2009-10. These trends indicate that the State is moving towards debt stabilization, which if continued would eventually improve the Debt-sustainability position of the State.
- The **negative resource gap** indicates the non-sustainability of debt, while the **positive resource gap** indicates the capacity to sustain the debt. The positive resource gap between the non-debt receipts and the total expenditure of the State during 2005-07 indicates enhancement in the capacity of the Government to sustain the debt. The Government experienced huge negative resource gap in 2007-08 and 2008-09,

¹⁰ Please see glossary (Appendix 4.1)

¹¹ Please see glossary (Appendix 4.1)

¹² Please see glossary (Appendix 4.1).

¹³ Please see glossary (Appendix 4.1).

¹⁴ Includes ₹ 15.48 lakh representing Market loans not bearing interest, ₹ 513.12 crore representing loans of back to back basis recoveries of which are being made by Central Government and ₹ 31.92 lakh repayment of which is on the basis of actual recoveries.

though it turned into a small positive resource gap in 2009-10. Thus, capacity to sustain the debt is being eroded by huge extent since 2007-08.

- The **net funds available** from the internal debt and loans and advances from GoI and other sources after providing for the interest payments and repayments of the principal decreased from ₹ 3,810 crore in 2007-08 to ₹ 1,114 crore in 2009-10. The expenditure pattern of the Government during the current year indicated that the borrowed funds were mostly used for redemption of past debts leaving only small fund for other purposes.
- The **burden of interest payments** (*Interest payments/revenue receipts*) continued to remain high at 23 *per cent* during 2005-10 and was still beyond the medium term target of 15 *per cent* of the revenue receipts in 2009-10 as envisaged by TFC.
- The **Maturity profile of the State's debt** during the current year indicates that 4.17 *per cent* is payable in the next year, 11.12 *per cent* in 1-3 years time, 13.44 *per cent* in 3-5 years time, 12.01 *per cent* in 5-7 years and 58.30 *per cent* is payable after seven years. There will be a bunching of repayments around 3-5 years time as well as 5-7 years time.

A well thought out debt repayment strategy will have to be worked out by the Government to ensure that no additional borrowings, which mature in these critical years is taken.

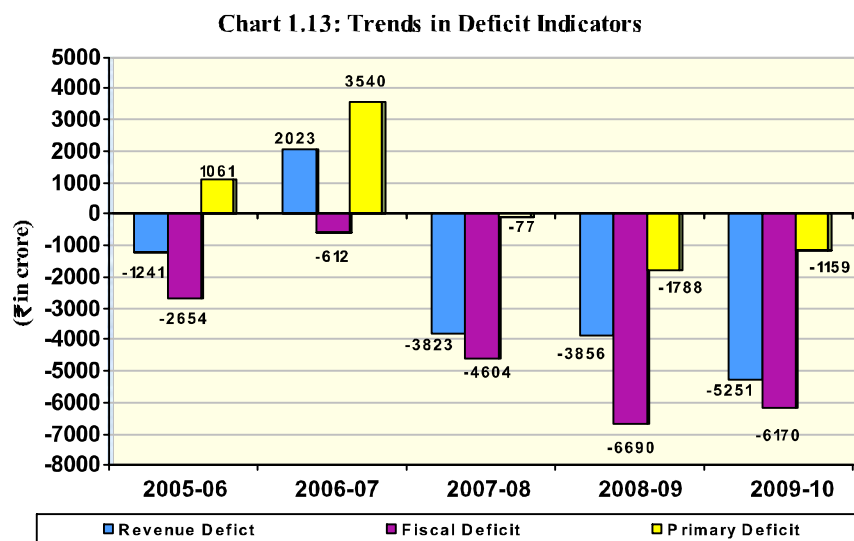
All the above mentioned parameters lead to a conclusion that unless borrowings are restricted, the State will have serious problem of servicing the debt.

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 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 the targets set under the FRBM Act/Rules for the financial year 2009-10.

1.9.1 Trends in deficits

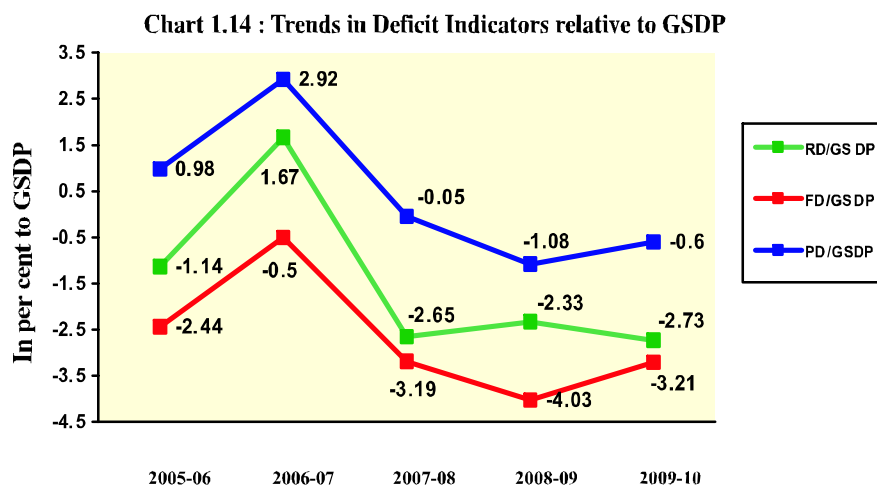
Charts 1.13 and 1.14 present the trends in deficit indicators over the period 2005-10.



The **revenue deficit** which indicates the excess of revenue expenditure over the revenue receipts rose to the level of ₹ 5,251 crore in 2009-10 from the surplus of ₹ 2,023 crore in 2006-07. It shows that the revenue receipts in the State were not enough to meet its revenue expenditure. As per the FRBM Act, 2003 the State was to bring its revenue deficit to zero by 2008-09, which was further relaxed by GoI upto 2009-10. *But instead the revenue deficit is increasing by each passing year.*

The **fiscal deficit**, which represents the total borrowing of the State and its total resource gap, increased from ₹ 2,654 crore in 2005-06 to ₹ 6,690 crore in 2008-09 and marginally decreased to ₹ 6,170 crore in 2009-10. *However, the fiscal deficit as percentage of GSDP at 3.21 per cent was within the target of four per cent fixed by GoI till 2009-10.*

The **primary deficit**, which indicates the excess of primary expenditure (*total expenditure net of interest payments*) over non-debt receipt, was ₹ 1,159 crore in 2009-10 which was less by ₹ 629 crore as compared to that of the previous year.



The **ratio of fiscal deficit to GSDP** increased from 0.50 *per cent* in 2006-07 to 4.03 *per cent* in 2008-09 and reduced to 3.21 *per cent* in 2009-10. The ratio of revenue surplus to GSDP (1.67 *per cent*) in 2006-07 turned into deficit of 2.33 *per cent* in 2008-09. The ratio of revenue deficit to GSDP during the current year increased to 2.73 *per cent*. The target to bring down the revenue deficit to zero by 2009-10 (as relaxed by GoI) was not achieved due to low growth rate in revenue receipts compared to the growth rate in revenue expenditure.

1.9.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.22**.

Table 1.22: Components of Fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2005-06	2006-07	2007-08	2008-09	2009-10
Composition of Fiscal Deficit		2654	612	4604	6690	6170
(1+2+3)		(2.44)	(0.50)	(3.19)	(4.03)	(3.21)
1	Revenue Deficit/Surplus(-)	1241	(-) 2023 [#]	3823	3856	5251
		(1.14)	(- 1.67)	(2.65)	(2.33)	(2.73)
2	Net Capital Expenditure	1517	2586	2191	2857	2166
		(1.40)	(2.13)	(1.52)	(1.72)	(1.13)
3	Net Loans and Advances	-104	49	-1410	-23	-1247
		(- 0.10)	(0.04)	(- 0.98)	(- 0.01)	(-0.65)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	978	738	3794	4645	4361
2	Loans from GOI	-178	-4008	71	105	-103
3	Special Securities issued to NSSF	3316	2801	463	-213	1004
4	Loans from Financial Institutions	-650	-427	-385	-393	-463
5	Small Savings, PF etc	389	402	636	720	849
6	Deposits and Advances	-84	-102	66	645	264
7	Suspense and Miscellaneous	10	40	38	2	-34
8	Remittances	-11	-15	12	-11	39
9	Others (Reserve Fund)	191	241	184	359	208
10	Increase/Decrease in cash balance	-1307	942	-275	831	44
11	Overall Deficit	2654	612	4604	6690	6170
Figures in brackets indicate the <i>percent</i> to GSDP.		Source: Finance Accounts				
* All these figures are net of disbursements/outflows during the year.						
# Minus figure represents that Revenue receipts are more than Revenue expenditure which means revenue surplus.						

The fiscal deficit of the State increased from ₹ 2,654 crore in 2005-06 to ₹ 6,170 crore in 2009-10 with inter year variations. It was mainly met from market borrowings ₹ 4,361 crore, special securities issued to NSSF ₹ 1,004 crore and small savings, provident funds etc, ₹ 849 crore. Special securities issued to NSSF and the small savings, provident funds etc. increased by 571.36 and 17.92 *per cent* respectively in the current year over the previous year, whereas the net market borrowing decreased by 6.11 *per cent* over the previous year.

1.9.3 Non-Compliance of provisions of FRBM Act

Audit observed that the State Government did not comply with the following provisions of FRBM Act, 2003 to ensure prudent fiscal management.

The Act requires that State Government shall attempt to bring down the ratio of debt including contingent liabilities to GSDP to 28 *per cent* within the period of five years from 2005-06 to 2009-10 and no department shall allow any liabilities which have become due to remain unpaid for a period of more than three months or to incur fresh liabilities if previous incurred liabilities have remained unpaid for a period of more than three months. However, the system to evaluate the estimated unpaid liabilities at any time as envisaged in the Act was not in place.

Further, the State Government was to lay before the Legislature the medium term Fiscal Policy Statement (FPS) along with the annual budget for 2009-10. The FPS was to include an assessment of sustainability *inter-alia* stating the use of capital receipts including market borrowings for generating productive assets. Audit noticed that object of market borrowings as per the Government notifications issued for raising borrowings of ₹ 4,985 crore in 2009-10 was to finance the capital expenditure of plan and development schemes, but were utilized partially to meet its committed expenditure. Thus, the State Government did not adhere to the provisions of FRBM Act while incurring expenditure using the capital receipts and borrowings.

1.9.4 Quality of deficit/surplus

The ratio of Revenue deficit to Fiscal deficit and the decomposition of Primary deficit into primary revenue deficit¹⁵ 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. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The ratio of RD to FD increased from 57.64 *per cent* in 2008-09 to 85.11 *per cent* in 2009-10, due to increase in revenue deficit and decrease in fiscal deficit during the current year (*Appendix 1.7*).

The bifurcation of the factors resulting into primary deficit or surplus of the Government during the period 2005-10 reveals (**Table 1.23**) that, the primary deficit during this period was on account of slow rise/near stagnation in non-debt receipts. In other words, non-debt receipts of the State were just enough to meet the primary revenue expenditure requirements and it left very small amount to meet the expenditure under the capital account and loans and advances during 2005-06 and 2006-07. If this trend continues, debt sustainability will be in serious jeopardy as ideally incremental non-debt receipts every year should cover not only the primary expenditure but also incremental interest burden.

Table 1.23: Primary deficit/surplus

(₹ in crore)

Year	Non-debt receipts	Primary Revenue expenditure	Capital expenditure	Loans and advances disbursed	Primary expenditure	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-6)
2005-06	17103	14492	1517	33	16042	1061
2006-07	20962	14392	2586	444	17422	3540
2007-08	20684	18534	2192	35	20761	-77
2008-09	20792	19667	2858	55	22580	-1788
2009-10	23433	22397	2166	29	24592	-1159

Source: Finance Accounts

¹⁵ Please see glossary (*Appendix 4.1*)

1.10 State Finances 2001-10–Some key parameters

Table 1.24 provides the summary of the Government finances in 2000-01 and 2009-10, the base year of the analysis and the current year.

Table 1.24: Summary of Government Finances

(₹ in crore)

Resource use				Resource availability			
	As on 31 st March				As on 31 st March		
	2001	2010	CAGR*		2001	2010	CAGR*
Capital Outlay	10108	24703	10.44	Internal debt	9612	49966	20.10
Loans & Advances	4970	2853	-5.98	External debt	0	0	0.00
Resource use in terms of functions				Small savings	5210	10182	7.73
Social Services	923	4119	18.08	Other obligations	14135	7823	-6.36
Agriculture & Allied	542	216	-9.72	Fiscal Liabilities	28957	67971	9.94
Irrigation & Energy	6448	11279	6.41	Cash Balances	-156	275	-
Industry & Minerals	429	475	1.14	Suspense Balances	-297	-523	6.49
Transport & Communication	783	4120	20.26	Remittances	244	116	-7.93
Other Economic Services	624	3391	20.69	Advances	-1	-1	0.00
Total Economic Services	8826	19481	9.20	Contingency Fund	22	25	1.43
General Services and Others	359	1103	13.28	Availability of funds	28769	67863	10.00
Loans & Advances	4970	2853	-5.98	Resource Gap	-13691	-40307	12.75
Total Assets	15078	27556	6.93	Resource use	15078	27556	6.93

* CAGR = Compounded Annual Growth Rate calculated as per methodology explained in Appendix 1.8.

- While the net availability of funds of the State Government increased at an annual rate of 10 per cent, assets of the Government comprising the capital expenditure and loans and advances increased at an annual rate of 6.93 per cent only.
- The negative spread in the growth of resource availability and assets formation resulted in progressive decline in the asset base of the State Government relative to its liabilities. Within the assets, capital expenditure directly witnessed a relatively higher growth during 2001-10. “Loans and advances” which is akin to capital formation through its parastatal, decreased at an average rate of around six per cent.
- Investments as assets formation in Agriculture and allied activities recorded a decline of 9.72 per cent, whereas Irrigation and Energy as well as Industry and Minerals recorded a relatively lower growth as compared to the other sectors during the period 2001-10. Investment in Social and Economic Services grew by 18.08 and 9.20 per cent respectively and within Economic services, the investment in Transport and Communication and Other Economic Services increased at a relatively faster rate than its other components during the period.

- The General Services and others grew at a faster rate of 13.28 *per cent* than the average growth of Economic Services which grew at 9.20 *per cent* during the period.
- Resource gap measured as a difference between the net availability of funds and resource use increased from around 47.59 *per cent* of net funds availability as on 31 March 2001 to around 59.40 *per cent* as on 31 March 2010.

1.11 Conclusion and recommendations

Inadequate mobilization of revenue receipts: During the year 2009-10, the revenue account decreased by ₹ 1,395.16 crore, as the growth of revenue receipts was 6.97 *per cent* while the growth of revenue expenditure was 11.55 *per cent* over the previous year. The tax revenue decreased by ₹ 2,170 crore (15.27 *per cent*) and non-tax revenue exceeded by ₹ 3,098 crore (119.53 *per cent*) over the normative assessment made by the Twelfth Finance Commission. The State's own tax buoyancy with reference to the Gross State Domestic Product (GSDP) decreased from 2.37 in 2005-06 to 0.50 in 2009-10, implying that the tax revenue had not kept pace with the GSDP. *Concerted efforts to increase the tax revenue could improve the States' finances.*

Funds transferred directly to the State implementing agencies outside the State budget: During 2009-10, the GoI directly transferred ₹ 1,161.73 crore (5.24 *per cent* of total revenue receipts) to the State implementing agencies for implementation of various schemes/ programmes in social and economic sectors. As these funds were not routed through the State budget, the Annual Finance Accounts had not captured the flow of these funds and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are underestimated. Unless there is proper documentation and timely reporting of expenditure by the implementing agencies, it will be difficult to monitor the end use of these direct transfers. *Government need to ensure proper documentation and timely reporting of expenditure by the implementing agencies.*

High share of revenue expenditure in total expenditure: Revenue expenditure during 2009-10 (₹ 27,408 crore) was 93 *per cent* of the total expenditure, as compared to 89 *per cent* during the previous year. During 2009-10, committed expenditure on salaries and wages, interest payments, pensions and subsidies constituted 71.19 *per cent* of the revenue expenditure. The expenditure on salaries was 42.52 *per cent* of the revenue expenditure (net of interest payments and pension) exceeding the norm of 35 *per cent* envisaged by the Twelfth Finance Commission.

Since the level of subsidies of ₹ 2,919 crore in 2009-10 is almost 66.04 *per cent* higher than that projected (₹ 1,758 crore) in the Fiscal Correction Path, *the State need to discourage extending of subsidies to improve fiscal position of the State.*

Interest payment of ₹ 5,011 crore in 2010, which was 23 *per cent* of the revenue receipts during 2009-10 was still beyond the medium term target of 15 *per cent* of the revenue receipts to be achieved by 2009-10. *As the committed revenue expenditure is continued to be high leaving only a small*

share for the current operations, immediate measures need to be taken to compress the unproductive revenue expenditure.

Low level of assistance to local bodies etc.: The overall quantum of financial assistance (₹ 940.68 crore in 2009-10) given by the State Government to the local bodies and other institutions remained at 2.17 to 3.43 *per cent* of the revenue expenditure during 2005-10 and this needs to be increased so as to strengthen them.

Low priority to capital expenditure: The Capital expenditure of ₹ 2,166 crore in 2009-10 fell short by 38.99 *per cent* when compared with the budget estimate. Relative to the GSDP, the capital expenditure remained at 1.13 *per cent*, far below the target of three *per cent* to be achieved by the State Government by 2009-10, which shows that due priority was not given to the capital expenditure. *It warrants appropriate action at Government's level to improve the capital expenditure.*

Inadequate priority to Development expenditure: In 2009-10, the total expenditure as a proportion of GSDP was much lower in Punjab in comparison to the other general category states. Similarly, lower priority had been given in the State to Development expenditure and Social sector expenditure, as low proportion of the total expenditure was spent under these heads in comparison to the other general category States. *Therefore, Government needs to strengthen the allocation to Development activities.*

Low return on investment: As of March 2010, the total investment of Government of Punjab in statutory corporations, companies etc. was ₹ 3,832.41 crore. In addition to the investments, Government has also been providing loans and advances to many institutions. The outstanding loans as of 31 March 2010 was ₹ 2,853 crore. During 2005-10, the return on these investments was negligible (0.01 to 1.47 *per cent*). On the other hand, the cost of borrowed funds was higher (7.52 to 8.46 *per cent*) which resulted in straining the financial position of the Government. *It would be advisable for the State Government to ensure better value for the investments and loans and advances, otherwise high cost borrowed funds will continue to be invested in activities with low financial returns.*

Low backup of liabilities by assets: The ratio of assets to liabilities remained at an average of 43.64 *per cent* during 2005-10. During 2009-10, the ratio at 40.82 *per cent* had decreased from 43.42 *per cent* in 2008-09 implying that only 41 *per cent* of the liabilities were backed up by assets as on March 2010. *Greater emphasis should be made on creation of capital assets to improve this position.*

High ratio of fiscal liabilities to GSDP: The fiscal liabilities of the Government has been on the rise and it increased from ₹ 51,364 crore in 2005-06 to ₹ 67,971 crore in 2009-10. The ratio of fiscal liabilities to GSDP stood at 35.33 *per cent* in 2009-10 against the norm of 28 *per cent* targeted to be achieved by 2009-10 as per the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003. The Thirteenth Finance Commission has further recommended that by 2014-15 all States should bring down the fiscal liabilities to 25 *per cent* of GSDP. *Therefore, the State Government should set in place a strategy to limit the quantum of fiscal liabilities in the next five years.*

Increase in outstanding guarantees: The outstanding guarantees of ₹ 33,295 crore (as of March 2010) given by the Government were 161 *per cent* of the revenue receipts of 2008-09 against the norm of 80 *per cent* prescribed in the FRBM Act, 2003. The total amount of guarantee fees received and receivable during 2009-10 was ₹ 53.18 crore and ₹ 145.18 crore respectively. The Government has set-up a Guarantee Redemption Fund on the recommendations of TFC, but so far no amount has been transferred to the fund. The outstanding liability of ₹ 67,971 crore and guarantee commitment of ₹ 33,295 crore pose a serious threat to the financial stability of the State. *Therefore, reduction of the contingent liabilities should be given due priority by the State Government, besides ensuring proper monitoring and recovery of the outstanding guarantee fees and transfer of funds to the Guarantee Redemption Fund.*

Debt sustainability: During 2009-10, the burden of interest payments was 23 *per cent* of the revenue receipts. The net funds available from internal debt and loans and advances from GoI and other sources after providing for the interest payments and repayments of principal decreased from ₹ 3810 crore in 2007-08 to ₹ 1114 crore in 2009-10 and the borrowed funds were mostly used for redemption of past debts leaving only small fund for other purposes. *As it would be difficult to manage the huge liabilities, Government need to restrict the borrowings and should use the borrowed funds as far as possible only to fund the capital expenditure and revenue expenditure should be met from revenue receipts.*

During 2009-10, Government resorted to borrowings in excess of the approved annual plan and GoI ceiling, Government did not avail of the alternate economical means of borrowing and there were wrong computations of cash balances while deciding the borrowings. *It is suggested that a proper monitoring system be put in place in the Finance Department to ensure correct quantum and need based borrowings.*

Increasing deficits: The revenue deficit, which indicates the excess of revenue expenditure over the revenue receipts, of the Government of Punjab ranged between ₹ 1,241 crore and ₹ 5,251 crore during 2005-10, which was far higher than the target to wipe out the revenue deficit by 2009-10. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from ₹ 2,654 crore in 2005-06 to ₹ 6,170 crore in 2009-10. Fiscal deficit during the year constituted 3.21 *per cent* of GSDP against the relaxed target of 4 *per cent*. The primary deficit indicates the deficit arising out of financial transactions during a year. The primary surplus of ₹ 3,540 crore in 2006-07 in the State turned into primary deficit of ₹ 1,159 crore in 2009-10 implying declining financial position of the Punjab Government. *The Government of Punjab can achieve the targets set out in the FRBM Act provided efforts are made to increase the tax mobilisation, to collect the arrears of revenue and guarantee fees, to monitor the returns from investments and loans and advances, besides pruning the unproductive expenditure.*

CHAPTER 2

Financial Management and Budgetary Control

This chapter outlines the Government's financial accountability and budgetary practices.

Box 2.1

Appropriation Accounts

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 estimates, supplementary grants, surrenders and re-appropriations and indicate the 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 budget. The Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

2.1 Summary of the Appropriation Accounts

The summarized position of actual expenditure vis a vis budgetary provisions during 2009-10 for the total 30 grants/appropriations is given in the **Table 2.1**.

Table 2.1: Summarized position of actual expenditure vis-à-vis original/supplementary provisions
(₹ in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	24909.61	1125.98	26035.59	22835.70	(-)3199.89
	II Capital	3565.65	476.78	4042.43	2243.46	(-)1798.97
	III Loans and Advances	27.60	0	27.60	28.84	(+)1.24
Total Voted		28502.86	1602.76	30105.62	25108.00	(-)4997.62
Charged	IV Revenue	5403.51	74.14	5477.65	5079.74	(-)397.91
	V Capital	0	0	0	0	0
	VI Public Debt- Repayment	6362.62	0	6362.62	5308.36	(-)1054.26
Total Charged		11766.13	74.14	11840.27	10388.10	(-)1452.17
Appropriation to Contingency Fund		0	0	0	0	0
Grand Total		40268.99	1676.90	41945.89	35496.10	(-)6449.79

Source: Appropriation Accounts

Note: The expenditure includes the recoveries of ₹ 507.50 crore adjusted as reduction of expenditure under Revenue expenditure and ₹ 77.06 crore under Capital expenditure.

The actual expenditure during 2009-10 was ₹ 35,496.10 crore against the original budgetary provisions of ₹ 40,268.99 crore. The supplementary provisions of ₹ 1,676.90 crore were, thus, found unnecessary. The overall saving of ₹ 6,449.79 crore (15.38 *per cent*) was the net result of savings of ₹ 6,910.56 crore in 29 grants (*Appendix 2.1*) set off by excess of ₹ 460.77 crore in four grants (*Table 2.4*).

The savings/excesses were intimated by the Accountant General (Accounts and Entitlement), Punjab to the Controlling Officers requesting them to furnish reasons for the significant variations, but the same were not furnished (October 2010).

2.2 Financial Accountability and Budget Management

2.2.1 Appropriation vis-à-vis allocative priorities

The outcome of audit of the appropriations reveals that in 23 cases (17 out of the total 30 grants), the savings exceeded by ₹ 50 crore or by more than 20 *per cent* of the total provision in each case as detailed below in **Table-2.2**. Of these, in 17 cases¹ the savings ranged between 21.45 *per cent* to 99.72 *per cent* of the total provision.

Table 2.2: List of grants having savings of ₹ 50 crore and more

(₹ in crore)

Sr. No.	Number and Name of the grant	Original grant	Supplementary grant	Total	Actual expenditure	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(Revenue-Voted)						
1	1-Agriculture and Forests	573.06	29.63	602.69	438.18	164.51	27.30
2	2-Animal Husbandry and Fisheries	263.45	7.78	271.23	213.05	58.18	21.45
3	5-Education	3933.54	142.44	4075.98	3600.22	475.76	11.67
4	8-Finance	8195.58	1.14	8196.72	7398.38	798.34	9.74
5	9-Food and Supplies	362.69	2.82	365.51	60.69	304.82	83.40
6	11-Health and Family Welfare	1017.96	116.73	1134.69	1022.24	112.45	9.91
7	13-Industries	138.77	0.01	138.78	34.44	104.34	75.18
8	15-Irrigation and Power	3354.81	641.96	3996.77	3663.74	333.03	8.33
9	17-Local Government, Housing and Urban Development	330.02	0	330.02	97.25	232.77	70.53
10	22-Revenue and Rehabilitation	935.99	0	935.99	666.95	269.04	28.74
11	23-Rural Development and Panchayats	757.39	0	757.39	474.01	283.38	37.42

¹ Serial No.1, 2, 5, 7, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21 and 22 of the Table 2.2.

12	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	969.56	53.60	1023.16	710.78	312.38	30.53
13	(Revenue-Charged) 8-Finance	5348.65	40.13	5388.78	5010.99	377.79	7.01
14	(Capital-Voted) 5-Education	199.02	0.10	199.12	88.57	110.55	55.52
15	11-Health and Family Welfare	131.61	0	131.61	9.74	121.87	92.60
16	12-Home Affairs and Justice	117.85	0.01	117.86	57.03	60.83	51.61
17	13-Industries	73.31	17.35	90.66	0.25	90.41	99.72
18	17-Local Government, Housing and Urban Development	660.39	2.16	662.55	252.29	410.26	61.92
19	19-Planning	191.46	0	191.46	94.22	97.24	50.79
20	21-Public Works	1102.54	316.01	1418.55	900.45	518.10	36.52
21	23-Rural Development and Panchayats	151.31	65.81	217.12	93.15	123.97	57.10
22	27-Technical Education and Industrial Training	152.14	0.10	152.24	39.02	113.22	74.37
23	(Capital-Charged) 8-Finance	6362.62	0	6362.62	5308.36	1054.26	16.57
	Total	35323.72	1437.78	36761.50	30234.00	6527.50	17.76

Source: Appropriation Accounts

There were major savings in the grants relating to Food and Supplies, Industries, Health and Family Welfare and Technical Education and Industrial Training departments. The departments did not intimate the reasons for the savings (October 2010). Such large savings in more than 50 *per cent* of the grants reflect weak budgeting and controls.

2.2.2 Persistent savings

In four cases, during the last five years there were persistent savings of more than ₹ 1 crore in each case and also by 20 *per cent* or more of the total grant. Under one Centrally Sponsored Scheme (CSS), there was savings of 100 *per cent* during the last five years which shows weak financial control as detailed in **Table 2.3**.

Table 2.3: List of grants having persistent savings during 2005-10

(₹ in crore)

(₹ in crore)						
Sr. No.	Number and Name of the grant/Head of Account	Amount of savings (percentage of savings in bracket)				
		2005-06	2006-07	2007-08	2008-09	2009-10
Revenue-voted						
1	21-Public Works 2215-Water Supply and Sanitation –Water Supply – Direction and Administration	75.26 (46.32)	57.48 (33.43)	43.62 (23.25)	71.89 (32.60)	54.53 (23.69)
Capital-Voted						
2	15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects – Flood Control – Civil Works – Construction of Flood Protection and Drainage Works – Works expenditure (CSS)	10.00 (100)	10.00 (100)	7.20 (72.00)	7.07 (88.38)	1.70 (24.29)
3	15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects-Flood Control-Civil Works-Works Expenditure Counter Protective Measures on Left Side of River Ravi (CSS)	10.00 (100)	8.38 (83.80)	10.00 (100)	8.00 (100)	7.00 (100)
4	17-Local Government, Housing and Urban Development 4217-Capital Outlay on Urban Development – Other Urban Development Schemes – Other expenditure-Prevention of Pollution of River Sutlej – Cost of land (CSS)	70.00 (100)	50.00 (100)	36.20 (100)	7.40 (100)	1.00 (100)

Source: Appropriation Accounts

The savings/excesses were intimated by the Accountant General (Accounts & Entitlement), Punjab to the Finance Department (November 2009, January 2010 and February 2010) requesting them to explain the reasons for significant variations. In reply, it was stated (June 2010) that in respect of voted expenditure for the years 2005-06 to 2007-08, the savings were mainly due to non-timely clearance of plan schemes and centrally sponsored schemes by the Government and non-release of funds by the treasury on account of fiscal exigencies. Reasons for the years 2008-09 and 2009-10 were not intimated by the departments (October 2010).

2.2.3 Excess over provisions during 2009-10 requiring regularization

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, cause to be laid before the House or the Houses of the Legislature of the State another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

The excess expenditure of ₹ 460.77 crore in four grants during the year 2009-10 require regularization under the above mentioned article as detailed in **Table 2.4**.

Table 2.4: Excess over provisions requiring regularization during 2009-10
(₹ in crore)

Sr. No.		Number and title of grant	Total grant/ appropriation	Expenditure	Excess
Voted Grants					
1.	3	Co-operation (Revenue)	83.40	90.69	7.29
2.	8	Finance (Capital)	27.60	28.84	1.24
3.	21	Public Works (Revenue)	792.62	1242.40	449.78
Charged Grants					
4.	5	Education (Revenue)	16.78	19.24	2.46
		Total	920.40	1381.17	460.77

Source: Appropriation Accounts

2.2.4 Grant where expenditure in a case exceeded more than ₹ 10 crore and more than 20 per cent of the provision

In the Grant No. 21-Public Works, there was excess expenditure by more than ₹ 10 crore and also more than 20 per cent of the total provision consistently for the last four years as detailed in **Table 2.5** depicting another example of poor budgeting.

Table 2.5: Excess expenditure more than ₹ 10 crore and more than 20 per cent of the provision

(₹ in crore)

Year	Provision	Expenditure	Excess expenditure	
			Amount	Percentage
2006-07	718.64	1148.39	429.75	59.80
2007-08	725.72	1018.68	292.96	40.37
2008-09	772.49	1056.13	283.64	36.72
2009-10	792.62	1242.40	449.78	56.75

Source: Appropriation Accounts

The matter was taken up with the Government (November 2010), no reply has been received.

2.2.5 Excess over provisions relating to the previous years requiring regularization

The excess expenditure amounting to ₹ 5,616.08 crore for the years 2004-09 had not yet been regularized under the provision of Article 205 (b) of the Constitution of India. In this regard no replies were furnished by the departments concerned (October 2010). The year-wise details of excess expenditure requiring regularization is summarized in **Table 2.6**.

Table 2.6: Excess over provisions requiring regularization

(₹ in crore)

Year	Total number of Grants/ appropriations	Grant/ appropriation number	Amount of excess over provision
2004-05	4	8, 12, 21, 26	395.52
2005-06	2	17, 19	65.65
2006-07	5	5, 8, 21, 27, 30	3753.43
2007-08	6	8, 9, 12, 15, 19, 21	895.34
2008-09	4	3, 8, 12, 21	506.14
Total			5616.08

Source: Appropriation Accounts

2.2.6 Persistent excess expenditure

In four cases, there was persistent excess of more than ₹ one crore in each case or by more than 20 *per cent* of the total grant during the last five years. Under two schemes, there was 100 *per cent* excess expenditure during the last five years as shown in the **Table 2.7**.

Table 2.7: List of grants having persistent excess expenditure during 2005-10

(₹ in crore)

Sr. No.	Number and Name of the grant	Amount of excess expenditure (percentage of excess expenditure in brackets)				
		2005-06	2006-07	2007-08	2008-09	2009-10
Revenue-Voted						
	08-Finance					
1	2071-Pensions and other Retirement benefits-01-Civil 105-Family Pensions	5.69 (4.83)	65.96 (46.47)	69.24 (48.90)	54.71 (24.28)	31.31 (9.98)
	21-Public Works					
2	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by the Department	21.33 (100.00)	25.77 (100.00)	28.54 (100.00)	22.02 (100.00)	27.29 (100.00)
3	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	34.63 (100.00)	86.20 (100.00)	48.13 (100.00)	42.62 (100.00)	74.72 (100.00)

Source: Appropriation Accounts

The departments did not intimate the reasons for excess expenditure (October 2010).

2.2.7 Expenditure without provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 790.93 crore was incurred in 69 cases under eight grants during 2009-10, as detailed in *Appendix 2.2* without making any provision in the original estimates/supplementary demands and without issuing any re-appropriation orders to this effect. No replies were furnished by the departments (October 2010)

2.2.8 Unnecessary supplementary provisions

Supplementary provision aggregating to ₹ 771.49 crore obtained in 19 cases, ₹ one crore or more in each case, during the year 2009-10 proved unnecessary as the expenditure did not come upto the level of even the original provisions as detailed in *Appendix 2.3*. Some of the departments which made unnecessary supplementary provisions were Education, Social Welfare, Public Works (B&R), Water Supply and Sanitation and Rural Development and Panchayats.

2.2.9 Excess/inadequate 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. During 2009-10, injudicious re-appropriations effected by the departments proved excessive or insufficient and resulted in savings of ₹ 1,575.77 crore in 70 sub-heads and excess of ₹ 497.53 crore in 17 sub-heads by more than ₹ one crore in each case. The excess/savings were more than ₹ 10 crore each under 31 sub-heads as detailed in *Appendix 2.4*. In 29² cases, the re-appropriation of funds proved excessive as the savings were more than the funds provided through re-appropriation. Similarly, in seven³ cases, reduction of provisions through re-appropriation proved injudicious as the excess expenditure was more than the provisions reduced through re-appropriations.

Some of the departments which made excess/inadequate re-appropriation of funds are Agriculture, Elections, Finance, Information and Public Relations, Irrigation and Power, Public Works (B&R), Social Welfare and Technical Education and Industrial Training.

The departments did not intimate the reasons for the excess/inadequate re-appropriation of funds (October 2010).

2.2.10 Anticipated savings not surrendered

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2009-10, in 32 cases there were savings ranging between ₹ 2.31 crore and ₹ 410.26 crore, but no part of the anticipated savings was surrendered by the concerned departments. The total amount involved in these cases was ₹ 2,814.51 crore, the details of which are given in

² Sr. No. 6, 10, 14, 21, 22, 32, 33, 41, 42, 45, 46, 48, 53, 54, 55, 56, 66, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 and 79 of the Appendix 2.4.

³ Sr. No. 24, 37, 38, 57, 63, 64 and 87 of the Appendix 2.4.

Appendix 2.5. The Health and Family Welfare, Industries, Local Government, Revenue and Rehabilitation, Rural Development and Panchayats and Finance Departments were some of the departments which had not surrendered the anticipated savings. The departments did not furnish any reasons regarding non-surrendering of the savings (October 2010).

Similarly, in 13 cases, after effecting partial surrender, savings ranging between ₹ 10.08 crore and ₹ 594.53 crore aggregating to ₹ 2,463.77 crore were not surrendered. The details are given in **Appendix 2.6.** Some of the departments which surrendered the savings partially were Education, Social Welfare, Public Works (B&R), Water Supply and Sanitation and Finance Department.

2.2.11 Surrender in excess of the actual savings

In two cases, the amount surrendered (₹ 50 crore or more in each case) was in excess of the actual savings indicating lack of or inadequate budgetary control in the Finance and Irrigation and Power departments. As against savings of ₹ 829.16 crore, the amount surrendered was ₹ 1,123.55 crore resulting in excess surrender of ₹ 294.39 crore. The details are given in **Table 2.8.**

Table 2.8: Surrender in excess of the actual savings (₹ 50 crore or more)

(₹ in crore)					
Sr. No.	Number and name of the grant/appropriation	Total grant/appropriation	Savings	Amount surrendered	Amount surrendered in excess
	(Revenue-Voted)				
1	8-Finance	8196.72	798.34	1060.05	261.71
	(Capital-Voted)				
2	15-Irrigation and Power	692.77	30.82	63.50	32.68
	Total	8889.49	829.16	1123.55	294.39

The departments did not intimate the reasons for the surrender in excess of savings (October 2010).

2.2.12 Defective Re-appropriation

During the year 2009-10, 34 re-appropriation orders for ₹ 3,074.12 crore were issued. Apart from issue of so many re-appropriation orders which dilutes the process of budget-making and expenditure control, all the re-appropriation orders were issued on 31 March 2010. This clearly indicates that re-appropriation orders were issued by the departments as expost facto short-cut remedies to avoid excesses/savings with reference to the budgetary allotment. Besides, 11 out of the 34 re-appropriation orders for ₹ 352.46 crore were found inappropriate and hence had to be ignored by the Accountant General (A&E), Punjab as per details given in **Appendix 2.7.**

2.2.13 Rush of expenditure

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Scrutiny of expenditure incurred by the State

Government in the year 2009-10 revealed that an expenditure of ₹ 3,551.02 crore (12 *per cent* of the total expenditure of ₹ 29,574.35 crore) was incurred during March 2010 and the expenditure incurred on the last day of the financial year was ₹ 1,069.42 crore. It was further noticed that in seven cases, the expenditure during the 4th quarter of the year ranged between 50.20 and 86.73 *per cent* of the total expenditure under the concerned head of accounts and the expenditure incurred during the month of March 2010 alone constituted 35.35 *per cent* of the total expenditure under the concerned head of accounts during the year. The details are given in Table 2.9.

Table 2.9: Rush of expenditure towards the end of the financial year 2009-10

(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2401	183.48	92.11	50.20	50.63	27.59
2.	2404	36.40	31.57	86.73	30.37	83.43
3.	4055	55.56	32.36	58.24	26.87	48.36
4.	4202	176.31	124.22	70.46	80.68	45.76
5.	4217	248.01	169.00	68.14	59.19	23.87
6.	4250	17.97	14.69	81.75	10.66	59.32
7.	4705	96.64	49.30	51.01	29.51	30.54
	Total	814.37	513.25	63.02	287.91	35.35

Source: Monthly Accounts compiled by A.G. (A&E)

The foregoing details show that in various departments there was large scale persistent excess expenditure, expenditure was incurred without budget provisions, supplementary provisions were either found excess or inadequate and anticipated savings were either not surrendered or surrendered in excess of the actual savings. The analysis of these aspects indicate weak budgetary control in the State and therefore the budgetary process needs close monitoring to ensure that the budget estimates are prepared with due care so that there are no huge surrender of funds/excess over the estimates.

2.3 Outcome of review of selected Grants

2.3.1 A review of budgetary procedure and control over expenditure in two test checked grants i.e. Grant No. 09-Food and Supplies and Grant No. 25- Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes for the period 2007-10 revealed the following:-

(i) Unrealistic budget provisions

Scrutiny of Grant No. 9 and 25 revealed that the departments either made unrealistic budget provisions or did not disburse the fund during 2009-10 as savings of ₹ one crore and more and also 100 *per cent* in each case aggregating ₹ 365.16 crore were found in 19 schemes (Grant No. 9-one scheme: ₹ 300 crore and Grant No. 25-18 schemes: ₹ 65.16 crore). Some of the schemes that had huge savings were Distribution of wheat and pulses to BPL families at subsidized rates (Atta Dal Scheme), pre-matric scholarship for

students belonging to the Minority Communities, Construction of hostels under Babu Jagjiwan Ram Chhatrawas Yojana and Vocational Training in ITIs for the SC students. Thus, the original budgetary provisions proved unnecessary or the departments did not bother to use the funds at all. Total surrender of the fund earmarked for the welfare of SC/ST communities reflects the scant attention given by the department (details given in **Appendix 2.8**).

On being pointed out (July 2010), the Department of Food and Supplies stated (August 2010) that the savings were due to non-release of funds by the Government. In respect of the Grant number 25, no reply was received from the department (October 2010).

(ii) Unnecessary supplementary grants/re-appropriations

Scrutiny of the Grant number 25 revealed that the departments obtained supplementary grants/re-appropriations in three cases that were much in excess of the original budgetary provisions during 2009-10 (60 to 78 per cent). Such unnecessary supplementary grants/re-appropriation indicate unrealistic budgetary projections as detailed in **Table 2.10**.

Table 2.10: Unnecessary supplementary grants/re-appropriations

(₹ in crore)							
Sr. No.	Sub-Head	Original	Supplementary(S)/ Re-appropriation (R)	Total	Expenditure	Savings (-) Excess (+)	Saving/(-) excess (+) (percentage of total)
1.	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01-Welfare of Schedule Castes - 277-Education 01-Scholarship for Post-Matric Students for Schedule Castes	14.50	S 24.49	38.99	15.51	(-) 23.48	(-) 60.22
2.	2235-Social Security and Welfare 02-Social Welfare 800-Other Expenditure 02-Grant-in-aid to Social Welfare Advisory Board and Voluntary Welfare Organisations	0.62	S 0.72 R 0.91	2.25	0.62	(-) 1.63	(-) 72.44
3.	2225-Welfare of Scheduled Tribes and Other Backward Classes 01-Welfare of Scheduled Castes- 277-Education- 07-Grants to Scheduled Castes Girls studying in Post Matric and Post Graduate Classes	0.50	S 0.32	0.82	0.18	(-) 0.64	(-) 78.05

On being pointed out (November 2010), the Director, Social Security and Women and Child Development Department stated (November 2010) that in respect of item at serial number two above, the savings were due to non-passing of bills by the treasury and non-release of funds by the Government. In respect of serial numbers one and three above, the Director, Welfare of Scheduled Castes and Backward Classes stated (November 2010) that the savings were due to non-clearance of scheme by the Government of India and non-passing of bills by the treasury respectively.

(iii) Non-surrender of unspent funds

Rule 17.20 of the Punjab Financial Rules, volume I provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen, without waiting for the end of the financial year. Unspent provisions should not be held in reserve for any possible future purposes. Test check revealed that the departments retained major portion of the unspent provisions and surrendered very little amount that too in the last month of the financial year as detailed in **Table 2.11**.

Table 2.11: Non-surrender of the un-spent provisions

(₹ in crore)

Grant No.	Unspent provision	Amount surrendered in March 2010	Amount not surrendered
	Revenue	Revenue	Revenue
9	304.82	1.52	303.30
25	312.38	11.80	300.58

Had the huge unspent provisions been surrendered as soon as these were foreseen, these could have been fruitfully utilized on some other schemes/projects of the Government. On being pointed out (July 2010), the departments did not intimate the reasons for non-surrender of the unspent provisions.

2.4 Retention of receipts outside the control of State Legislature

Articles 266 and 283 of the Constitution of India provide that all receipts of the State should be credited to the Consolidated Fund of the State and withdrawal of money therefrom should be regulated by law made by the Legislature of the State.

The Punjab Infrastructure Development Board (PIDB) was established under the Punjab Infrastructure (Development and Regulation) Act, 2002 (PIDB Act) for the development of infrastructure sectors in the State of Punjab.

Infrastructure fee on purchase of all agricultural produces except fruits, vegetables and pulses and sale of petrol and diesel in the State of Punjab is levied and collected as per the PIDB Act and is paid into a fund called Development Fund which vests in the PIDB. The funds are used for the development of infrastructure in the State for the benefit of the persons from whom the fee has been charged and collected and for the public at large.

A fee is a charge for a specific service rendered to a specific area or class and by and large it is a quid pro quo for the services rendered whereas taxation is an imposition made for a public purpose without reference to any special benefit to be conferred on the payer of tax. As the infrastructure fee collected under the PIDB Act is applied for the development of infrastructure in the whole of the State and not only for the payers of the fee, the infrastructure fee levied and collected under this Act has the features of tax and required to be deposited in the Consolidated Fund of the State.

Besides, the above, the Council of Ministers, Punjab decided (August, 2007) to transfer the Optimum Utilization of Vacant Government Land (OUVGL) Scheme from the Punjab Urban Development Authority to PIDB with the objective of generating resources through commercial exploitation of some under-utilised or vacant properties for creation of infrastructure in the State of Punjab. The entire proceeds realized from the commercial exploitation of the properties were credited to the Development Fund of PIDB. As this receipt is also general receipt of the State, it should be accounted for in the Consolidated Fund of the State.

As per Receipt and Expenditure Account of the PIDB for the year ended 31 March, 2009 an amount of ₹ 561.68 crore was realized by the PIDB (infrastructure fee on account of purchase of agricultural produces and sale of petrol and diesel: ₹ 538.95 crore and receipt under the OUVGL Scheme: ₹ 22.73 crore) and credited in its fund.

The fee and receipts were directly credited to the Development Fund of PIDB instead of the Consolidated Fund of the State resulting in reduction of receipts of the State Government to that extent. It also resulted in incurring of huge expenditure by the PIDB without budgetary control of the State Legislature.

2.5 Booking of funds of the autonomous bodies as Government receipts

In view of the financial constraints during 2009-10, the State Government decided (September 2009) to implement various developmental schemes by getting funds from the autonomous bodies viz Punjab Rural Development Board (PRDB) and Punjab Infrastructure Development Board (PIDB). The Finance Department directed the bodies to deposit the funds in the State Government's Account, in the Major revenue head 0075-Miscellaneous General Services. Accordingly, the PIDB deposited ₹ 381.23 crore (₹325.46 crore in the Major head 0075- Miscellaneous General Services and ₹ 55.77 crore in the Major head 8443-Civil Deposits which were finally transferred to the Major head 0075- Miscellaneous General Services). The PRDB deposited ₹ 297.02 crore in the Major head 0075- Miscellaneous General Services between April 2009 and March 2010. The deposits by the autonomous bodies can not be considered as revenue receipts of the State Government. Thus, crediting of the amount to the revenue head of Government resulted in overstatement of the State revenue by ₹ 678.25 crore. Taking revenue of the autonomous bodies as revenue of the State Government without any budgetary provisions defeats the principle of financial propriety.

2.6 Conclusion and recommendations

Audit of Appropriation Accounts for the year 2009-10 revealed that there was an overall net saving of ₹ 6,449.79 crore (15.38 *per cent*) during the year. There were savings in excess of ₹ 50 crore or by more than 20 *per cent* of the provision in each case in 17 out of the total 30 Grants. Excess expenditure of ₹ 5,616.08 crore relating to the period 2004-05 to 2008-09 awaited regularization by the State Legislature, besides expenditure of ₹ 460.77 crore incurred during 2009-10 in excess of the provision also requiring regularization. In eight grants, expenditure of ₹ 790.93 crore was incurred without provision of funds. During the year, the re-appropriation orders effected by the departments either proved excessive or insufficient and resulted in saving of ₹ 1,575.77 crore in 70 sub-heads and excess of ₹ 497.53 crore in 17 sub-heads. During the year 2009-10, 34 re-appropriation orders for ₹ 3,074.12 crore were issued on the last day of the financial year i.e. 31 March 2010.

Budgetary control needs to be strengthened in all the Government departments, particularly in the departments, where savings/excesses persisted. Budget estimates should be prepared with due care and on realistic basis so that there are no huge surrenders or excess over the estimates. Issuance of re-appropriation/surrender orders at the end of the year should be avoided. Excess expenditure over provision during the previous years should be got regularized. Anticipated savings should be surrendered as and when these are expected so that the amount could be got utilized on other schemes.

CHAPTER 3

Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. Compliance with the financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances are the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic responsibilities, including strategic planning and decision making. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives during the year 2009-10.

3.1 Utilization certificates

3.1.1 Delay in submission of utilization certificates

Rule 8.14 of the Punjab Financial Rules Volume I inter alia stipulates that every order sanctioning a grant should specify its object clearly and time limit within which the grant is to be spent. The departmental officer drawing the grant-in-aid should be primarily responsible for certifying to the Accountant General where necessary, the fulfilment of the conditions attaching to the grant and furnish the certificate (Utilization Certificate) in such form and at such interval as may be agreed between the Accountant General and the Head of the Department concerned.

It was noticed that out of the 439 Utilization Certificates (UCs) due in respect of grants aggregating to ₹ 421.95 crore paid during 2001-02 and 2009-10, 194 UCs (44.19 *per cent*) for an aggregate amount of ₹242.80 crore were not furnished to the Accountant General as on 31 March 2010. The department-wise break-up of the outstanding UCs is given in *Appendix 3.1*. The age-wise position of pendency in submission of UCs is summarized in **Table 3.1**.

Table 3.1: Age-wise arrears of utilization certificates

(₹ in crore)

Range of delay in number of years	Total grants paid upto 31 March 2010		Utilization certificates outstanding as on 31 March 2010	
	Number of sanctions	Amount	Number of UCs	Amount
0-1	191	171.12	178	137.98
1-3	214	125.35	9	20.89
3-5	33	96.77	6	80.87
5-7	-	-	-	-
7-9	1	28.71	1	3.06
Total	439	421.95	194	242.80

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

Out of the 194 outstanding UCs, 15 UCs involving ₹ 101.76 crore (41.91 *per cent*) were pending for period ranging between one and five years

and one UC involving ₹ 3.06 crore pertaining to the Rural Development and Panchayats Department was outstanding for more than seven years. In the absence of UCs it could not be ascertained whether the grants had been spent for the purposes for which they were given.

During an independent scrutiny in audit, it was noticed that out of the 24 departments test checked, in two departments viz Sports Department and Rural Development & Panchayats, an amount of ₹3.64 crore and ₹1.02 crore was released during 2008-09 as grants-in-aid. But neither the UCs required under the rule *ibid* were submitted by the departments to the Accountant General nor the latter kept noting of the sanctions for watching the receipt of Utilization Certificates. This implies that not all cases of Utilization Certificates are monitored. The departmental officers should, therefore, be impressed upon by the Government for timely submission of all the UCs in respect of grants sanctioned by the Government.

3.1.2 Submission of incorrect UCs

General Financial Rules 212(1) provides that UCs in respect of grants released by the Government of India (GoI) to the States are to be sent in the prescribed Form GFR 19-A within a stipulated period of 12 months after the end of the financial year.

Scrutiny of records revealed that under the schemes “Nutrition Programme for Adolescent Girls” and “Panchayati Yuya Khel Abhiyan” UCs were sent to the GoI showing the unspent balances as ‘Nil, whereas an amount of ₹ 2.62 crore and ₹ 20 lakh were lying unspent with the Department of Social Security for Woman and Child Development (DSSWCD) and Sports Department respectively. In reply, the Director, DSSWCD admitted (June 2010) that the unspent amount of ₹ 2.62 crore was lying with the department. The Sports Department did not furnish reply.

3.2 Delay in submission of Accounts/Audit Reports of Autonomous bodies

Several Autonomous Bodies have been set up by the State Government in the field of Legal Services, Science, Human Rights, Labour Welfare and Industries. A large number of these bodies are audited by the Comptroller and Auditor General of India (C&AG) with regard to the verification of their transactions, operational activities, accounts, internal management and financial control and review of systems and procedures etc. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Reports (SARs) and their placement in the State Legislature is indicated in **Appendix 3.2**. The age-wise delays in submission of accounts by the Autonomous Bodies to Audit and placement of the SARs in the Legislature is summarized in **Table 3.2**.

Table 3.2: Delays in submission of Accounts and tabling of SARs in the Legislature as on 31 August 2010

Sr. No.	Name of the Autonomous body	Number of Accounts delayed	Extent of delay in submission of accounts (in months)	Pendency of submission of the SARs to the Legislature	Reasons for delay
1.	Punjab Legal Services Authority	1 (2008-09)	02	SARs for 2006-07, 2007-08 and 2008-09 were pending.	Not available
2.	Punjab Khadi and Village Industry Board	6 (2003-04 to 2008-09)	12 to 62	SARs for 2004-05 to 2007-08 sent to the Government for presentation.	-do-
3.	Punjab State Human Rights Commission	7 (2002-03 to 2008-09)	13 to 74	SARs for 1999-2000 to 2003-04 sent to the Government, but not yet placed before the Legislature.	-do-
4.	Punjab Labour Welfare Board	8 (2001-02 to 2008-09)	14 to 86	SAR for 2000-01 and 2001-02 sent to Government for presentation.	-do-
5.	Pushpa Gujral Science City	1 (2008-09)	11	SAR is not to be placed in the State Legislature.	-do-

There were delays ranging between two and 86 months in submission of accounts of five Autonomous bodies.

3.3 Departmental commercial undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually showing the working results of operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency could not be taken in time. Besides, the delay in all likelihood may also open the system to the risk of fraud and leakage of public money.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General for audit within a specified time frame. As of 31 March 2010, the Punjab Roadways (Transport Department) had not prepared its accounts since 2000-01. The Comptroller and Auditor General of India had repeatedly commenting about the arrears in preparation of accounts,

but there is no improvement so far in preparation of the proforma account by this undertaking.

3.4 Misappropriations, thefts, losses etc.

The Punjab Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police. Cases of defalcations and losses are reported to the Accountant General.

The State Government reported 100 cases of misappropriation, thefts, loss of material etc. involving ₹ 1.17 crore pertaining to the period ranging between zero year and 25 years and above on which final action was pending. 92 cases involving ₹ 1.04 crore are 0 to 5 years old. Seven out of 100 cases, involving ₹ 10.88 lakh pertained to thefts and the remaining 93 cases involving ₹ 1.06 crore related to loss of material, misappropriation etc. Department wise details of these cases are given in **Table 3.3** and age-wise profile of cases of misappropriations, thefts and losses etc. are given in **Appendix 3.3**.

Table 3.3: Pending cases of thefts, misappropriations and losses
(₹ in lakh)

Name of Department	Cases of theft		Cases of Misappropriation/Loss of Government material		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Printing and Stationery	-	-	1	80.30	1	80.30
Elections	2	0.21	-	-	2	0.21
Health and Family Welfare Department	1	0.41	-	-	1	0.41
Home Affairs and Justice	1	6.00	86	13.00	87	19.00
Education	3	4.26	6	12.39	9	16.65
Total	7	10.88	93	105.69	100	116.57

Source: Information provided by the departments

The reasons for the delay in finalisation of pending cases of thefts, misappropriations, losses etc. are given in **Table 3.4**.

Table 3.4: Reasons for the delay in finalisation of pending cases of misappropriations, thefts and losses etc.

Reasons	(₹ in lakh)	
	Number of cases	Amount
Awaiting departmental and criminal investigation	7	10.62
Departmental action initiated but not finalised	9	91.95
Awaiting orders for recovery or write off	79	12.27
Pending in the courts of law	4	0.62
Criminal proceeding finalized but execution of certificated cases for the recovery of amount pending	1	1.11
Total	100	116.57

Source: Information provided by the departments

3.4.1 Write off of losses etc.

As reported to Audit, losses due to death of animals, fire and irrecoverable advances/interest on advances etc. amounting to ₹ 85 lakh in 50 cases were written off by the competent authorities in the Department of Home Affairs and Justice and Director General of Police during the year 2009-10. The details are given in *Appendix 3.4*.

3.5 Other issues

3.5.1 Non-deposit of income tax, sales tax and other receipts.

Under Rule 30 of the Income Tax Rules 1962, income tax deducted at source from the payments made to contractors is required to be credited to the account of Central Government within two months of expiry of the months in which deductions are made.

Under Section 26 (8) of the Value Added Tax (VAT) Act, the sales tax (VAT) deducted at source is required to be credited to the account of State Government within thirty days from the date of expiry of each quarter.

As per the Notification dated 11 November 2008 of Government of Punjab, Department of Labour, labour-cess is required to be remitted by way of account payee cheque in favour of the Punjab Construction Workers Welfare Board payable at Chandigarh on or before 10th day of the succeeding month of collection of the cess amount.

Rules 2.4 of the Punjab Financial Rules Volume-I provides that at the close of the day, while signing the cash book, the head of the office should see that departmental receipts collected during the day are remitted into treasury on the same day or on the morning of the next day at the latest and that there is a corresponding entry in the payment side of the cash book.

Test check of monthly accounts revealed that six public works divisions had not deposited (March 2010) the income tax, sales tax, labour-cess and miscellaneous receipts to the tune of ₹ 1.67 crore as detailed in **Table 3.5**.

Table 3.5 : Non-deposit of income tax, sales tax etc.

(₹ in lakh)

Sr. No.	Name of Division	Income Tax	Sales tax (VAT)	Labour-Cess	Miscellaneous receipts	Total
1	Water Supply and Sanitation Division, Rajpura	3.80	16.84	2.18	17.74	40.56
2	Construction Division Number 1, Hoshiarpur	7.51	8.74	1.69	0.00	17.94
3	Water Supply and Sanitation Division, Garh Shanakar	9.66	24.87	3.59	30.40	68.52
4	Water Supply and Sanitation Division, Barnala	0.00	9.58	3.32	12.50	25.40
5	Water Supply and Sanitation Division Number 1, Ferozepur	0.00	0.00	0.00	4.89	4.89
6	Electrical Division, Amritsar	0.59	5.58	2.27	1.25	9.69
	Total	21.56	65.61	13.05	66.78	167.00

On being pointed out (May and June 2010), the Executive Engineers of the divisions stated that the amount would be deposited shortly and final reply would be given. But no final reply was received (October 2010)

3.5.2 Parking of funds outside the Government account

Rule 2.10 (b) (5) of the Punjab Financial Rules volume-I prohibits drawal of money from treasury without immediate requirement. The offices mentioned in the following table drew the funds from treasury without immediate requirement and kept the amount in banks. As on 31 March 2010, a sum of ₹ 17.39 crore was lying in various bank accounts of the three offices as detailed in **Table 3.6**. Had the funds been refunded to the Government Account, the ways and means position of the State Government would have improved to that extent.

Table 3.6: Parking of funds outside the Government account

Sr. No.	Name of the Office	Amount (₹ in crore)	Remarks
1.	Punjab Water Supply and Sewerage Board, Chandigarh	8.00	<p>The funds amounting to ₹ eight crore were released (January 2008 and February 2009) to the Managing Director, Punjab Water Supply and Sewerage Board (Board) by the Punjab State Council for Science and Technology (Council) for laying of pipeline from the sewage treatment plant, Jamalpur to the river Satluj. The project was stopped even before start of the work in September 2009 as the Chief Minister did not allow the discharge of treated sewage water into the river Satluj. The Technical committee of Budha Nallah project proposed (October 2009) redistribution of these funds for another project, but the Finance Department directed that the same be refunded alongwith interest. In spite of conveying the decision of Finance Department regarding deposit of the un-utilised amount into treasury by the Council (December 2009) to the Board, the amount was not deposited into treasury by the Board (July 2010).</p> <p>On being pointed out (July 2010) the Council stated (July 2010) that the Board had again taken up the matter for redistribution of funds for another project with the Finance Department.</p>
2.	Registrar, Co-operative Societies, Punjab, Chandigarh	7.91	<p>The Co-operation Department accorded (March 2009) sanction for ₹ 7.71 crore in favour of Registrar Co-operative Societies, Punjab under the scheme "Revival of short term Co-operative credit structure" for providing financial assistance to Primary Co-operative Agricultural Services Societies in accordance with recommendations of Vaidyanathan Committee. The entire amount was drawn by the Co-operative Societies, Punjab, Chandigarh in March, 2009 and was kept in bank in the form of fixed deposit. The amount accumulated alongwith</p>

			interest as on March 2010 works out to ₹ 7.91 crore. On being pointed out (July 2010), the Registrar stated (July 2010) that since amendment in Punjab State Co-operative Societies Act 1961 as per recommendations of Vaidyanathan Committee is under consideration of Government, the funds could not be utilized.
3.	Director, Social Security, Women and Child Development, Punjab, Chandigarh	1.48	The Government of India, Ministry of Social Justice and Empowerment, New Delhi sanctioned ₹ 1.08 crore in August 2001 under the Scheme “National Programme for Rehabilitation of persons with disabilities” (NPRPD) for providing services to persons with disabilities. The amount has not yet been utilized and lying in bank in the form of fixed deposit since August 2001. The amount accumulated alongwith interest as on March 2010 works out to ₹ 1.48 crore. On being pointed out (July 2010) the Director stated that the amount could not be utilized as the training programme in Ropar and Sangrur was already complete and the State Government did not allow utilization of the funds in other districts. He further stated that matter for revalidation of funds had been taken up (April 2010) with the GoI.
	Total	17.39	

3.5.3 Non-utilisation of GoI funds

The Government of Punjab receives considerable funds from GoI under the Centrally Sponsored Schemes. During audit of important schemes such as Modernisation of Police Forces and National Rural Health Mission, it was noticed that major portion of the funds remained unutilized adversely affecting the respective schemes. Reports of the Comptroller and Auditor General of India have been pointing out non-utilisation of GoI funds from time to time. Scrutiny of records of three departments¹ revealed that out of the funds amounting to ₹ 195.20 crore released to these departments by the GoI during 2009-10, ₹ 41.48 crore were not utilized by two departments as on 31 March 2010 (*Appendix 3.5*). The non-utilization of funds by the departments ranged between ₹ one lakh and ₹ 15.10 crore thereby adversely affecting the implementation of the schemes.

On being pointed out, the departments quoted the reasons like non-release of Government of India funds by the Finance Department and non-passing of bills by the treasury etc. It was further noticed that the GoI funds remained unutilized due to the reasons like (i) late submission of proposals by the Administrative Departments to the Finance Department for getting the funds released (ii) delay in releasing the funds to the field offices for utilization and

¹ (1) Health and Family Welfare (2) Housing and Urban Development
(3) Welfare of Scheduled Castes and Backward Classes.

(iii) non-utilization of the funds by the respective departments due to non-passing of bills by treasury and late receipt of funds etc.

For keeping a close watch on the flow of funds from the GoI and expenditure thereagainst, it is suggested that the Government needs to evolve a centralized monitoring system in the Finance Department.

3.5.4 Outstanding Abstract Contingent bills

Note 5 of Rule 275(2), of the Punjab Treasury Rules provides that Detailed Contingent (DC) bills should be prepared for the amount drawn on Abstract Contingent (AC) bills in any month and should be headed as pertaining to the month in which payment was actually made from the treasury. Further, para 5.5 of the Manual of the Central Audit Inspection (Civil Wing) stipulates that the Accountant General (A&E) has to maintain a register for watching the receipt of DC bills against the AC bills.

Scrutiny of the register (August 2010) of AC Bills maintained in the office of the Accountant General (A&E), Punjab revealed that only two AC bills for ₹ 22 lakh² were noted in the register, which were cleared on receipt of the DC bills during 2009-10. But during test check of vouchers of four departments viz Education, Revenue, Hospitality and Jail for the period January to March 2010 by Audit, 88 vouchers in 22 treasuries pertaining to Relief on account of Natural Calamity (Major Head 2245) and four vouchers in respect of Hospitality (Major Head 2070) in Punjab treasury, Chandigarh were detected as Abstract Contingent bills for ₹ 43.94 crore (**Appendix 3.6 and 3.7**). But these vouchers were not classified as AC bills by the Drawing and Disbursing Officers (DDOs) and hence could not be taken to the AC bills register in the office of Accountant General (A&E), Punjab for monitoring receipt of the DC bills.

On being pointed out, three Treasury Officers³ admitted that the said bills were AC bills and stated that in future these would be marked as such.

Thus, failure of the DDOs to classify the bills as AC bills as provided in Rule⁴ and passing of the bills by the Treasury Officers without ascertaining the nature of the bills denied scope of getting the bills registered as AC bills for watching the DC bills in the office of Accountant General (A&E), Punjab. Such omissions could lead to misappropriation of the Government money. Government need to instruct the DDOs and Treasury Officers to ensure that the AC bills are classified as such without fail and the corresponding DC bills are sent to the Accountant General (A&E), Punjab.

3.6 Conclusion and recommendations

Utilisation certificates in respect of grants released for ₹ 242.80 crore upto March 2010 were pending for submission to the Accountant General as on 31 March 2010. Two departments submitted incorrect Utilization certificates

² Under major head 2245-Relief on account of Natural Calamity.

³ Treasury Officers of Chandigarh, Fatehgarh Sahib and SAS Nagar.

⁴ Rule 274 of Punjab Treasury Rules .

to the Government of India. There were considerable delays in submission of accounts of the Autonomous bodies for audit as well as submission of their Separate Audit Reports to the State Legislature. Punjab Roadways had not prepared its proforma accounts since 2000-01. There were 100 cases of misappropriations, thefts, losses etc. involving ₹1.17 crore awaiting final action by the Government for long. Income tax, sales tax, labour cess and miscellaneous receipts were not deposited by six Public Works Divisions. Three offices withdrew the funds from treasuries without immediate requirement and parked an amount of ₹17.39 crore in banks outside the Government Account. The Drawing and Disbursing Officers and the Treasury Officers failed to classify the Abstract Contingent bills and monitor the Detailed Contingent bills, though there were large number of such bills in the State.

Control mechanism in Government departments needs to be strengthened to ensure timely submission of Utilization Certificates. Submission of pending accounts by the Autonomous bodies and the Punjab Roadways needs to be monitored. Departmental enquiries in cases of misappropriations and thefts should be expedited and the control system strengthened to prevent recurrence of such cases. The practice of keeping the Government money outside the Government Accounts should be curbed.



(S. MURUGIAH)

Pr. Accountant General (Audit), Punjab

CHANDIGARH
The

Countersigned



(VINOD RAI)

Comptroller and Auditor General of India

NEW DELHI
The

Appendix 1.1
(Referred to in paragraph 1, page 1)
State profile (Punjab)

A. General Data				
Sr. No.	Particulars			Figures
1	Area			50362 sq km
2	Population			
	a.	As per 2001 Census		2.44 crore
	b.	2009-2010		2.72 crore
3	Density of Population (2001) (All India Density = 325 persons per Sq.Km.)			484 sq. km.
4	Population below poverty line (All India Average = 27.5 per cent)			8.4 per cent
5	Literacy (2001) (All India Average = 64.8 per cent)			69.69 per cent
6	Infant mortality (per 1000 live births) (All India Average = 53 per 1000 live births)			41
7	Life Expectancy at birth (All India Average =63.5 years)			69.4
8	Gini Coefficient ¹			
	a.	Rural (All India = 0.30)		0.28
	b.	Urban (All India = 0.37)		0.39
9	Gross State Domestic Product (GSDP) 2009-2010 at current prices			₹ 192364 crore
10	GSDP ² CAGR (2000-01 to 2009-10)			11.08 per cent
11	Per capita GSDP CAGR (2000-01 to 2009-10)			9.75 per cent
12	GSDP CAGR (2000-01 to 2008-2009)		Punjab	10.48 per cent
			Other General Category States	12.54 per cent
13	Population Growth (2000- 2001 to 2009-2010)		Punjab	11.51 per cent
			Other General Category States	13.42 per cent
B. Financial Data				
Sr. No.		Particulars	Figures (in Per cent)	
1			2000-01 to 2008-09	
			2000-01 to 2009-10	
		CAGR	General Category States	Punjab
	a.	of Revenue Receipts.	14.4	10.41
	b.	of Own Tax Revenue.	13.59	10.84
	c.	of Non Tax Revenue.	12.08	8.85
	d.	of Total Expenditure.	12.38	9.39
	e.	of Capital Expenditure.	21.41	9.4
	f.	of Revenue Expenditure on Education.	9.33	6.45
	g.	of Revenue Expenditure on Health.	8.95	3.33
	h.	of Salary and Wages#.	9.37	5.82
	i.	of Pension.	12.03	12.32

Source: Financial data is based on figures in Finance Accounts, BPL (Planning Commission & NSSO data,61st Round-http://planningcommission.nic.in/data/database/Data0910/tab%2021.pdf), Gini Coefficient (Unofficial estimates of Planning Commission & NSSO data,61st Round 2004-05 MRP), Life Expectancy at birth (Office of the Registrar General of India; Ministry of Home Affairs; Economic Survey,2009-10 . Infant mortality rate (SRS Bulletin October,2009), Density of population (Office of the Registrar General and census commissioner of India; Ministry of Home Affairs and Literacy (Office of the Registrar General of India; Ministry of Home Affairs).

#For the period 2001-02 to 2008-09 or 2009-2010 as the case may be.

¹ It is a measure of inequality of income distribution where zero refers to perfect equality and one refers to perfect inequality.

² GSDP= Gross State Domestic Product.

Appendix 1.2
(Referred to in Page 1)

Fiscal Responsibility and Budget Management (FRBM) Act, 2003
(as amended upto January, 2008)

The Government of Punjab had enacted the Punjab Fiscal Responsibility and Budget Management Act, 2003 (amended upto January 2008) to ensure prudence in fiscal management and to achieve fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of the revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. The Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto. The Act, as amended, prescribed the following fiscal targets for the State:

- a) reduce the fiscal deficit from the financial year 2005-06 so as to bring it down to three *per cent* of Gross State Domestic Product (GSDP) by the year 2008-09;
- b) reduce the revenue deficit from the financial year 2005-06 so as to bring it down to zero by the year 2008-09 and generate revenue surplus thereafter;
- c) attempt to bring the ratio of debt including contingent liabilities to GSDP down to 28 *per cent* within a period of five years from 2005-06 to 2009-10;
- d) cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year. Guarantees on short term debt were to be given only for working capital or food credit in which case this must be fully backed by physical stocks.

In exercise of the powers conferred by Section 7 of the Act, as amended, the State Government framed the Punjab Fiscal Responsibility and Budget Management Rules in December 2006 with a sole target to reduce the fiscal deficit from the financial year 2005-06 so as to bring it down to three *per cent* of GSDP by the year 2009-10 (amended as 2008-09 in December 2007).

As per the recommendations of Twelfth Finance Commission (TFC), the State has drawn its Fiscal Correction Path (FCP) for the year 2005-06 to 2009-10. Under this path, the State was to eliminate the revenue deficit by 2008-09. But keeping in view the economic crises world over, the Government of India (GOI) relaxed it to be eliminated by 2009-10. The State has also planned to reduce its fiscal deficit to three *per cent* of GSDP by 2009-10 and to raise the Capital expenditure to about three *per cent* of GSDP. In view of the global recession and consequent slow down in tax revenue of the Central and State Governments, the GOI has allowed the State's net borrowings (fiscal deficit) to the extent of four *per cent* of their respective GSDP for the year 2009-10. The condition of elimination of the revenue deficit was also relaxed for 2009-10.

Appendix 1.3

(Referred to in paragraphs 1.1 and 1.7.1, pages 2 and 24)

Abstract of receipts and disbursements for the year 2009-10 and summarised financial position of the Government of Punjab as on 31 March 2010

Part A – Abstract of receipts and disbursements for the year 2009-10

(₹ in crore)

2008-09	Receipts			2009-10	2008-09	Disbursements			2009-10
						Non Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10
		Section-A: Revenue							
20712.79		I-Revenue receipts		22156.58	24568.99	I-Revenue expenditure-	25983.48	1424.46	27407.94
	11150.08	(i)-Tax revenue	12039.48		14032.13	<u>General services</u>	15518.88	6.40	15525.28
	5783.91	(ii)-Non-tax revenue	5652.70		5482.68	<u>Social Services-</u>	5178.93	1038.20	6217.13
	2084.12	(iii) State's share of Union Taxes and Duties			3065.30	-Education, Sports, Art and Culture	3323.74	321.50	3645.24
			2144.10						
	491.79	(iv) Non-Plan Grants			829.23	-Health and Family Welfare	891.45	89.21	980.66
			390.31						
	629.45	(v) Grants for State Plan Schemes	1279.25		282.62	Water Supply and Sanitation, Housing and Urban Development	318.34	0.00	318.34
	573.44	(vi) Grants for Central and Centrally Sponsored Plan Schemes	650.74		25.90	-Information and Broadcasting	14.46	5.92	20.38
					161.65	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	59.85	53.13	112.98
					74.35	-Labour and Labour Welfare	81.80	9.25	91.05
					1032.13	-Social Welfare and Nutrition	476.13	559.19	1035.32
					11.50	-Others	13.16	0.00	13.16
					4744.49	<u>Economic Services-</u>	4838.76	379.86	5218.62
					748.90	-Agriculture and Allied Activities	536.59	199.70	736.29
					74.49	-Rural Development	83.27	19.14	102.41
						-Special Areas Programmes	0.00	0.00	0.00
					613.27	-Irrigation and Flood Control	768.66	0.00	768.66
					2602.28	-Energy	2874.67	0.00	2874.67
					132.62	-Industry and Minerals	33.16	1.38	34.54
					326.41	-Transport	459.88	0.00	459.88
					1.99	-Science, Technology and Environment	1.33	0.88	2.21
					244.53	-General Economic Services	81.20	158.76	239.96
					309.69	<u>Grants-in-aid Contributions</u>	446.91	0.00	446.91
						Total	25983.48	1424.46	27407.94
3856.20		II. Revenue deficit carried over to Section B		5251.36		Revenue Surplus carried over to Section-B			
24568.99		Total Section A		27407.94	24568.99				27407.94

Audit Report on State Finances for the year ended 31 March 2010

(₹ in crore)

2008-09	Receipts			2009-10	2008-09	Disbursements			Total	2009-10
							Non Plan	Plan		
		Section-B Others								
1101.30		III-Opening Cash balance including Permanent Advances and Cash Balance Investment		269.97	Nil	III Opening Overdraft from Reserve Bank of India	-	-	-	-
1.12		IV – Misc Capital Receipts		0.50	2857.93	IV-Capital Outlay	186.52	1979.89	2166.41	2166.41
					186.91	General Services	56.20	69.50	125.70	
					1144.84	Social Services-	8.58	690.65	699.23	
					183.54	-Education, Sports, Art and Culture	0.02	176.27	176.29	
					24.06	-Health and Family Welfare	2.31	8.52	10.83	
					913.70	Water Supply and Sanitation, Housing and Urban Development	4.79	487.83	492.62	
					--	-Information and Broadcasting	1.00	0.00	1.00	
					0.04	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.00	0.00	0.00	
					--	-Social Welfare and Nutrition	0.46	0.00	0.46	
					23.50	-Others	0.00	18.03	18.03	
					1526.18	Economic Services-	121.74	1219.74	1341.48	
					21.39	-Agriculture and Allied Activities	0.13	2.49	2.62	
					152.21	-Rural Development	41.87	51.24	93.11	
					--	-Special Areas Programmes	0.00	0.00	0.00	
					542.76	-Irrigation and Flood Control	70.75	496.69	567.44	
					142.52	Energy	0.00	23.93	23.93	
					20.03	Industry and Minerals	0.25	0.00	0.25	
					507.23	Transport	8.68	549.57	558.25	
					10.06	Science Technology and Environment	0.00	0.00	0.00	
					129.98	General Economic Services	0.06	95.82	95.88	
1102.42		TOTAL		270.47	2857.93	TOTAL	186.52	1979.89	2166.41	2166.41
77.63		V Recoveries of Loans and Advances		1276.02	55.07	V-Loans and Advances Disbursed	28.84	0.00	28.84	28.84
	4.23	-From Power Projects	1199.16		--	-For Power Projects	0.00	0.00	0.00	
	70.79	-From Government Servants	68.81		24.41	-To Government Servants	28.84	0.00	28.84	
	2.61	-From others	8.05		30.66	-To Others	0.00	0.00	0.00	

(₹ in crore)

2008-09	Receipts		2009-10	2008-09	Disbursements				2009-10
						Non Plan	Plan	Total	
		VI-Revenue surplus brought down	-	3856.20	VI-Revenue Deficit Brought down			5251.36	5251.36
6432.25		VII- Public debt receipts-	10107.84	2288.52	VII-Repayment of Public Debt				5308.36
		-External Debt	-	-	-External Debt				
	5701.14	-Internal debt other than ways and means Advances and Overdraft	7011.22	1662.01	-Internal debt other than ways and means Advances and Overdraft	-	-	2109.17	
	453.39	-Net transactions under Ways and Means Advances	3025.22	453.39	-Net transactions under Ways and Means Advances	-	-	3025.22	
	-	-Net transactions under overdraft	-	-	-Net transactions under overdraft	-	-	-	
	277.72	-Loans and Advances from Central Government	71.40	173.12	-Repayment of Loans and Advances to Central Government	-	-	173.97	
Nil		VIII- Appropriation to Contingency fund	-	Nil	VIII- Appropriation to Contingency fund	-	-	-	
Nil		IX-Amount transferred to Contingency fund		Nil	IX-Expenditure from Contingency fund	-	-	-	
24306.24		X-Public Account Receipts	22047.45	22590.85	X-Public Account Disbursement				20721.04
	2054.03	-Small Savings and Provident funds	2196.52	1333.69	-Small Savings and Provident funds			1347.71	
	510.24	-Reserve funds	243.55	151.45	-Reserve funds			35.20	
	16067.13	-Suspense and Miscellaneous	15129.06	16065.06	-Suspense and Miscellaneous			15162.88	
	1673.21	-Remittances	1683.45	1684.00	-Remittances			1644.07	
	4001.63	-Deposits and Advances	2794.87	3356.65	-Deposits and Advances			2531.18	
NIL		XI Closing Overdraft from Reserve Bank of India	Nil	269.97	XI Cash Balance at end	-	-	225.77	225.77
					- Cash in Treasuries and Local Remittances	-	-	-	
				-301.18	Deposits with Reserve Bank	-	-	-275.19	
				374.02	Departmental cash balance including permanent advances	-	-	208.96	
				197.13	Cash Balance Investment	-	-	292.00	
31918.54		Total Section-B	33701.78	31918.54					33701.78
56487.53		Total	61109.72	56487.53	Total				61109.72

Appendix 1.3 (continued)

Part - B - Summarized financial position of the Government of Punjab as on 31 March 2010

(₹ in crore)

As on 31.03.2009	LIABILITIES		As on 31.03.2010
45064.41	Internal Debt -		49966.46
17873.81	Market Loans bearing interest	22234.88	
0.15	Market Loans not bearing interest	0.15	
3.39	Loans from Life Insurance Corporation of India	2.51	
27187.06	Loans from other Institutions	27728.92	
0.00	Ways and Means Advances	0.00	
0.00	Overdrafts from Reserve Bank of India	0.00	
3388.92	Loans and Advances from Central Government -		3286.35
0.32	Pre 1984-85 Loans	0.32	
40.96	Non-Plan Loans	41.02	
3293.56	Loans for State Plan Schemes	3197.41	
0.00	Loans for Central Plan Schemes	0.00	
54.08	Loans for Centrally Sponsored Plan Schemes	47.60	
25.00	Contingency Fund		25.00
9333.62	Small Savings, Provident Funds, etc.		10182.44
1982.67	Deposits		2246.51
2080.84	Reserve Funds		2289.20
76.54	Remittance Balances		115.93
61952.00	TOTAL		68111.89
	ASSETS		
22537.12	Gross Capital Outlay on Fixed Assets -		24703.03
3841.36	Investments in shares of Companies, Corporations, etc.	3832.41	
18695.76	Other Capital Outlay	20870.62	
4100.08	Loans and Advances -		2852.90
2765.96	Loans for Power Projects	1566.80	
1179.68	Other Development Loans	1171.62	
154.44	Loans to Government servants and Miscellaneous loans	114.48	
0.68	Reserve Fund Investments		0.68
0.61	Advances		0.77
-11.25	Suspense and Miscellaneous Balances		22.58
269.26	Cash (excluding investments RF)		225.07
-	Cash in Treasuries and Local Remittances	-	
-301.18	Deposits with Reserve Bank	-275.19	
373.10	Departmental Cash Balance	208.04	
0.22	Permanent Advances	0.22	
197.12	Cash Balance Investments	292.00	
35055.50	Deficit on Government Account -		40306.86
3856.20	(i) Less Revenue Surplus of the current year	5251.36	
0.00	(ii) Miscellaneous Deficit	0.00	
31199.30	Accumulated deficit at the beginning of the year	35055.50	
61952.00	TOTAL		68111.89

Appendix 1.4
(Referred to in paragraph 1.1.2, page 4)
Outcome indicators of the State's Own Fiscal Correction Path

(₹ in crore)

	Base year estimate	2004-05 (A/cs)	2005-06 (Target)	2006-07 (Target)	2007-08 (Target)	2008-09 (Target)	2009-10 (Target)
1	2	3	4	5	6	7	8
A. STATE REVENUE ACCOUNT							
1. Own Tax Revenue	5558.90	6944.61	8630.00	9710.75	11073.50	12500.05	14126.55
2. Own Non-tax Revenue (Lotteries Net)	1607.92	2727.68	1402.52	1477.43	1664.13	1765.00	1876.35
3. Own Tax+Non-Tax Revenue (1+2)	7166.83	9672.29	10032.52	11188.18	12737.63	14265.05	16002.90
4. Share in Central Taxes & Duties	671.45	902.35	1234.55	1419.75	1632.70	1877.60	2159.25
5. Plan Grants	395.48	416.33	1191.79	1310.95	1442.09	1586.25	1744.88
6. Non-Plan Grants	199.90	186.14	1773.63	1316.73	1055.03	410.37	420.21
7. Total Central Transfer (4 to 6)	1266.83	1504.82	4199.97	4047.43	4129.82	3874.22	4324.34
8. Additional Resources Mobilization (ARM)	-	-	-	135.00	483.00	862.00	945.00
9. Total Revenue Receipts (3+7+8) (Lotteries Net)	8433.66	11177.11	14232.49	15370.61	17350.45	19001.27	21272.24
10. Plan Expenditure (budgeted)	729.08	465.56	1814.89	1869.35	1925.40	1983.20	2042.65
11. Non-plan Expenditure (12 to 17)	11403.94	14102.10	14552.78	15397.73	16149.80	17016.10	17931.60
12. Salary and wages	4432.63	5412.25	5882.45	6235.40	6609.50	7006.10	7426.45
13. Pension	1259.74	1513.82	1580.00	1695.00	1807.90	1952.55	2108.75
14. Interest Payments	3441.43	3981.50	4073.26	4236.20	4405.65	4581.85	4765.15
15. Subsidies-General	7.90	10.12	10.29	10.80	11.35	11.90	12.50
16. Subsidies-Power	851.08	2172.48	1435.43	1570.43	1583.00	1662.00	1745.00
17. Other Expenditure	1411.16	1011.93	1571.35	1649.90	1732.40	1801.70	1873.75
18. Total Revenue Expenditure (10+11)-Net Lotteries under Non-Tax Revenue (Lotteries Net)	12133.02	14567.66	16367.67	17267.08	18075.20	18999.30	19974.25
19. Salary+Interest+Pension (12+13+14)	9133.80	10907.57	11535.71	12166.60	12823.05	13540.50	14300.35
20. As% of Revenue Receipts (Lotteries Net) (19/9)	109.20	97.59	81.05	79.15	73.91	71.26	67.23
21. Revenue Surplus (+) Deficit (-) (9-18)	-3699.36	-3390.55	-2135.18	-1896.47	-724.75	1.97	1297.99
B. CONSOLIDATED REVENUE ACCOUNT:							
1. Power Sector loss/profit net of actual subsidy transfer	-89.02	-591.18	32.00	32.00	32.00	32.00	32.00
2. Increase in debtors during the year in power utility accounts (increase(-))	123.00	129.78	135.00	140.00	145.00	150.00	155.00
3. Interest payment on off budget borrowings	-	-	-	-	-	-	-
4. SPV borrowings made by PSU/SPU outside budget outside budget	-	-	-	-	-	-	-
5. Total (1 to 3)	33.98	-461.40	167.00	172.00	177.00	182.00	187.00
6. Consolidated Revenue Deficit (A. 21+B4)	-3665.38	-3851.95	-1968.18	-1724.47	-547.75	183.97	1484.99
C. CONSOLIDATED DEBT	36920.52	44981.95	48666.32	52715.60	56378.44	60298.37	63404.47
1. Outstanding debt and liability							
2. Total Outstanding guarantee (Long term) of which (a) guarantee on accounts off budgeted borrowing and SPV borrowing	6807.43	3379.00 (RE)	3618.38	3725.75	3911.61	4107.19	4312.55
	-	-	-	-	-	-	-
D. CAPITAL ACCOUNT							
1. Capital Outlay	689.80	761.40	1650.00	2200.00	3000.00	4000.00	4500.00
2. Disbursement of Loans and Advances	720.69	96.80	100.00	100.00	100.00	100.00	100.00
3. Recovery of Loans and Advances	360.20	133.81	200.81	147.19	161.91	178.10	195.91
4. Other Capital Receipts	3108.30	3150.07	3882.49	3472.88	3646.52	3828.84	4020.28
E. GROSS FISCAL DEFICIT (GFD)	-4749.65	-4114.94	-3684.37	-4049.28	-3662.84	-3919.93	-3106.10
F. PRIMARY SURPLUS (+) DEFICIT (-)	-1308.23	-133.44	388.89	186.92	742.81	661.92	1659.05
GSDP (Actual/Assumed Growth Rate)	81147	96660	98071	108859	120834	134126	148880
G. GFD as percentage of GSDP	5.85	4.26	3.76	3.72	3.03	2.92	2.09

Appendix 1.5
(Referred to in paragraph 1.1.3, page 5)
Budget estimates vis-à-vis actuals- 2009-10

(₹ in crore)

	Acutals (2009-10)	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Revenue Receipts	22157	26072	-3915	-15.02
<i>Of which</i>				
Tax Revenue	12040	14062	-2022	-14.38
<i>Taxes on Sales, Trades etc.</i>	7578	8320	-742	-8.92
<i>State Excise</i>	2101	2001	100	5.00
<i>Taxes on vehicles</i>	555	611	-56	-9.17
<i>Stamps and Registration fees</i>	1551	2200	-649	-29.50
<i>Land Revenue</i>	15	20	-5	-25.00
Non-Tax Revenue	5653	7433	-1780	-23.95
<i>State's share of Union taxes and duties</i>	2144	2527	-383	-15.16
<i>Grants in aid from GOI</i>	2320	2050	270	13.17
Revenue Expenditure	27408	30306	-2898	-9.56
<i>Of which</i>				
2049-Interest Payments	5011	5349	-338	-6.32
2055-Police	1898	1849	49	2.65
2070-Other Administrative Services	128	938	-810	-86.35
2071-Pensions and Other Retirement Benefits	3357	3651	-294	-8.05
2075-Misc. General Services	3995	3682	313	8.50
2202-General Education	3533	3836	-303	-7.90
2210-Medical and Public Health	884	886	-2	-0.23
2215-Water Supply and Sanitation	293	263	30	11.41
2225-Welfare of SC, ST & OBC	113	282	-169	-59.93
2235-Social Security and Welfare	844	930	-86	-9.25
2245-Relief on account of Natural Calamities	192	475	-283	-59.58
2401-Crop Husbandry	184	278	-94	-33.81
2801-Power	2874	2604	270	10.37
2852-Industries	0	101	-101	-100.00
3456-Civil Supplies	59	361	-302	-83.66
3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions	447	928	-481	-51.83
Salary and Wages	8225	8305	-80	-0.96
Subsidies	2919	3630	-711	-19.59
Capital Expenditure	2166	3550	-1384	-38.99
4055-Capital outlay on Police	56	117	-61	-52.14
4202-Capital outlay on Education, Sports, Art & Culture	176	351	-175	-49.86
4210- Capital outlay on Medical and Public Health	11	132	-121	-91.67
4215 Capital outlay on Water Supply and Sanitation	240	457	-217	-47.48
4217-Capital outlay on Urban Development	248	658	-410	-62.31
5475-Capital outlay on Other General Economic services	96	193	-97	-50.26
Disbursement of Loans and Advances	29	43	-14	-32.56
Revenue Deficit	-5251	-4234	-1017	24.02
Fiscal Deficit	-6170	-7660	1490	-19.45
Primary Deficit	-1159	-2311	1152	-49.85
Financial Assistance to local bodies etc.	941	1011	-70	-6.92
Revenue deficit/GSDP	-2.73	-2.20	-0.53	24.03
Fiscal deficit/GSDP	-3.21	-3.98	0.77	-19.39
Primary deficit (surplus)/GSDP	-0.60	-1.20	0.60	-50.06
Revenue Deficit/Fiscal Deficit	85.11	55.27	29.84	53.98

Appendix 1.6
(Referred to in paragraph 1.2.2, page 8)
Statement showing the funds transferred to the State implementing agencies
outside the State budget during 2009-10

(₹ in lakh)

Sr.No.	Programme/Scheme	Agency Name	Amount
1	Electronics in Health and Telemedicine DIT	CDAC, Mohali Branch of CDAC, Pune	32.68
2	Studies in Agricultural Economic Policy & Development	Punjab Agricultural University	145.50
3	Rural Housing- IAY	DRDA	6463.27
4	National Rural Employment Guarantee Scheme	DRDA	14318.45
5	Research and Development Support SERC	Punjab Agricultural University	10.90
		Guru Nanak Dev University	309.97
		National Institute of Pharmaceutical Education and Research, S.A.S Nagar	92.57
		Thapar University	89.69
		Punjabi University Patiala	135.65
		Dr. B.R. Ambedkar National Institute of Technology, Jalandhar	45.25
		Baba Banda Singh Bahadur Education Trust	0.50
		DAV College	12.65
		Dayanand Anglo Vedic College Trust & Management Society	16.00
		Shaheed Bhagat Singh College of Engg. and Technology, Ferozepur	2.50
		Mechanical Engineering Research And Development Organization (MERADO) [Extn Centre of CMERI, CSIR]	363.00
		Khalsa College, Antrisar	20.00
		Lyallpur Khalsa College, Jalandhar	27.97
		Guru Gobind Singh Khalsa College, Sarhali katan	7.05
		National Institute of Ayurvedic Pharmaceutical Research, Patiala,	1.00
		Guru Nanak Dev Engineering College	1.64
		Christian Medical College Ludhiana Society	0.23
		Guru Angad Dev Veterinary and Animal Sciences University	1.44
		Guru Nanak Dev Polytechnic College, Gill Park, Gill Road, Ludhiana	0.80
		Central Institute of Post Harvest Engineering and Technology, ICAR	0.43
		Kanya Maha Vidyalaya-Arya Shikha Mandal, Jalandhar	0.50
		Sant Longowal Institute of Engineering & Technology (SLIET)	0.98
		DAV Institute of Engineering & Technology	0.67
		Indian Institute of Technology, Punjab	26.00
		Indo Soviet Friendship Pharmacy College Managing Committee, Moga	0.57
		Baba Farid ITC, Kot-Shamir, Bathinda	0.96
		Insect Biopesticide Research Centre (Society of Biopesticide Sciences India)	3.00
6	National Mission on NANO Science and NANO Technology	Thapar University	28.00
		Punjabi University Patiala	12.00
7	Technology Upgradation Fund TUFS	Shri Krishna Textiles	1.14
		M/S. J.P.Silk Mills, UNIT II	16.00
		M/S. Karan Enterprises	19.21
		M/s. Lakshay Handloom (P) Ltd.,	1.68
		M/S. Unitex Industries Fabrics	2.40
		M/S. Punjab Woollen Manufacturers	1.47
		M/s. Shree Ganpati Fashion	9.56
		M/S. Shital International	12.50
		M/S. Devansh Impex	17.69
		M/S. Shruthi Silk Mills	2.72
		M/S. Sambhav Udyog	10.84
		M/S. Bhavya Embroidery	0.96

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		M/S. A.S.A. Textiles	0.42
		M/S. J.K. Woollen MILL	9.61
		M/S. Acheleswar Embroidery	0.84
		M/S. S.M. Overseas	18.11
		M/S. J.G.S. Embroidery	0.52
		M/S. Deena Nath Harbans Lal	9.60
		M/S. Uma Shanker Textile & Knitting Mills	2.71
		M/S. A.R. Embroidery	1.19
		M/S. Aggarwal Textiles Industries	1.01
		M/S. Makkar Textile Mills (P) LTD.	19.97
		M/S. M.H. Trading Company	0.84
		M/S. J. P. Shawls	4.80
		M/S. Manik Woollen Mills	20.00
		M/S. Ekshika Woollen Mills	20.00
		M/s. Kaustubh Industries	3.30
		M/S. Shree Ganapati Textiles	7.38
		M/S. Bharat Fab Tex	10.62
		M/S. D.K. Textiles	3.11
		M/S. Grand Creation	1.10
		M/S. Indo Knit & Embroidery (P) Ltd.	4.19
		M/S. Pioneer Industrial Corporation	2.92
		M/S. Gayatri Creations	2.63
		M/S. S. L. Wool Weavers	5.40
		M/S. K. A. International	2.65
		M/S. Batra Fabrics	4.11
		M/S. Karan Textiles	3.20
8	Technology Development Programme	Punjab Agricultural University	7.00
		Punjabi University Patiala	15.17
9	Autonomous Institutions and Professional Bodies	Guru Nanak Dev University	0.75
		Punjabi University Patiala	0.60
		Kanya Maha Vidyalaya-Arya Shikha Mandal, Jalandhar	1.00
10	MPLADS	Deputy Commissioner	4300.00
11	Research and Development Department of biotechnology	Thapar University	10.07
		National Institute Of Pharmaceutical Education And Research, S.A.S Nagar	63.45
		Insect Biopesticide Research Centre (Society of Biopesticide Sciences India)	7.41
		Central Institute of Post Harvest Engineering and Technology, ICAR	31.69
		Guru Nanak Dev University	22.34
		Christian Medical College Ludhiana Society	44.20
		Punjab Agricultural University	280.27
		Guru Angad Dev Veterinary and Animal Sciences University	50.31
12	INDIA METEOROLOGY DEPARTMENT	Punjab Agricultural University	11.19
13	MICRO IRRIGATION	District Micro Irrigation Committee	716.28
		State Micro Irrigation Committee, Punjab	2.50
		District Micro Irrigation Committee	111.13
		District Micro Irrigation Committee	31.63
14	Deen Dayal Disabled Rehabilitation Scheme SJE	District Red Cross Society, Jalandhar	11.93
		Indian Red Cross Society- DDRC Sangrur	3.13
		Vocational Rehabilitation Training Centre	14.14
15	Swaranjayanti Gram Swarozgar Yojana (SGSY)	DRDA	1204.00
		SIRD Punjab	131.25
16	Science and Technology Programme for Socio Economic Development	Guru Nanak Dev Engineering College	4.80
		Guru Nanak Dev University	11.48
		Thapar University	1.50
		The Sports Goods Manufacturers and Exporters Association	0.80
		Science & Technology Entrepreneurship Park	45.50
		Punjab Agricultural University	3.25
		Punjabi University Patiala	5.77
		National Institute of Pharmaceutical Education and Research, S.A.S Nagar	14.49

		Central Institute of Plastics Engineering & Technology (CI PET), Amritsar	1.80
17	Setting up of new IITs	Indian Institute of Technology, Punjab	2000.00
18	Handicrafts	Jan Kalyan Samiti	29.57
		Mahila Vikas Society	38.71
		Sehyog Rural Development Society	9.05
		Navjeevan Pragati Shiksha Sansthan, Bhatinda	0.75
		Isha Handicraft Welfare Society	8.05
		S.S. Memorial Educational Society	28.28
		Gramin Vikas Kalyan Society	22.08
		Sarv Jan Gramin Vikas Sansthan Gurdaspur (Pb)	2.15
		Jan Jyoti Kalyan Samiti, Ferozpur(Pb.)	0.90
		Punjab Small Industries & Export Corporation Ltd.	6.12
		Youth Club Regd Societies	0.75
		Mahila Kalyan Samiti	20.53
19	National Rural Health Mission NRHM Central Sector	State Health Society, Punjab	112.63
20	National Rural Health Mission (NRHM) Centrally Sponsored	State Health Society, Punjab	14937.27
		Christian Medical College Ludhiana Society	2.80
		Voluntary Health Association of Punjab	1.95
21	Health Insurance for Unorganised Sector Workers (Rashtriya Swasthya Bima Yojana)	Punjab Health Systems Corporation	594.48
22	Human Resource Development Biotechnology	Guru Nanak Dev University	47.48
		Khalsa College, Amritsar	16.00
		Guru Angad Dev Veterinary and Animal Sciences University	46.70
		Kamla Nehru College for Women, Phagwara	16.00
		National Institute of Pharmaceutical Education and Research, S.A.S Nagar	36.03
		S. Govt. College of Science Edu. & Research, Jagraon	16.00
		Govt. Mohindra College, Patiala	47.00
		Dav College	21.00
23	Support to NGOs Institutions SRCs for Adult Education and Skill Development merged Schemes of NGOs JSS SRCs	Jan Shikshan Sansthan Ludhiana	51.92
		CDAC, Mohali branch of CDAC, Pune	5.06
24	Assistance to Panchayati Raj Institutions Voluntary Organizations Self Help Groups.	Indian Red Cross Society, Faridkot	3.00
		Mahila Mandal, Bundala, Distt Jalandhar	3.03
		Lok Sewa Sansthan, Variyam Nagar, Abohar -Distt. Ferozpur	2.96
		Gyandeep Shiksha Samiti, 60 Footi Road, Kanhaiya Nagar, Bathinda	2.20
		Isha Handicraft Welfare Society	6.28
25	Renewable Energy for Rural Applications for All Villages	Punjab Agricultural University	8.06
26	Development and Strengthening of Infrastructure Facilities for Production and Distribution of quality Seeds	Punjab State Seeds Corporation Limited	284.00
27	National Afforestation Programme	FDA	301.31
		Ludhiana Forest Development Agency	86.00
28	Setting up of Technology Upgradation Establishment Modernization of Food Processing Industries	M/s Diwan Chand Sanjeev Kumar	6.97
		LRG Foods Pvt. Ltd.,	16.88
		Kewal OIL & Fats Pvt Ltd	25.00
		Golden Rice Mill	8.04
		Mangla Solvex Ltd.	4.36
		Gurdaspur Solvex Pvt Ltd	7.25
		Super Fine Agro, Punjab	9.98
		Cremica Food Specialities Ltd	23.68
		Ajit Singh Om Parkash Ltd	13.04
		M/s Satguru Rice Mills	4.17
		H. R. Kathpal Overseas	9.20
		Supreme Agro Foods Private Limited	23.32
29	GIA for Research Publication and Monitoring	International Union for Health Promotion & Education (Punjab Chapter)	2.97
30	Sant Longowal Institute of Engineering and Technology DHE	Sant Longowal Institute of Engg. And Technology Sangrur	1500.00
31	Technology Development Council DIT	National Institute Of Pharmaceutical Education And Research, S.A.S Nagar	15.82

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32	National Institute OF Pharmaceutical Education and Research	National Institute Of Pharmaceutical Education And Research, S.A.S Nagar	2465.00
33	National Institute of Technology NIT DHE	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar	4600.00
34	Scheme for Integrated Textile Park	Punjab Apparel Park Ltd.	224.31
		Lotus Integrated Texpark Limited	1200.00
35	Research and Development for Conservation and Development	Punjabi University Patiala	4.24
		Guru Nanak Dev University	1.72
36	Assistance to IHMS FCIS ETC	Institute Of Hotel Management Catering & Nutrition, Gurdaspur.	557.00
		State Institute of Hotel Management, Catering Technology & Applied Nutrition, Bhatinda	539.50
		Food Craft Institute (Society), Hoshiarpur	74.00
37	Capacity Building for Service Providers	Institute Of Hotel Management Catering & Nutrition, Gurdaspur.	16.23
38	Grid Interactive Renewable Power MNRE	Aqua Power Private Limited	28.78
		Punjab National Bank	112.53
39	Promotion and Dissemination of Art and Culture	North Zone Cultural Centre, Patiala	234.14
		Pracheen Kala Kendra	4.32
		National Theatre Arts Society	11.28
		Manch - Rangmanch	9.96
40	Skill Development initiative	Industrial Training Institute	101.93
		GOVT. Industrial Training Institute	110.00
		Govt. I.T.C. For Boys	5.00
		Principal Industrial Training Institute	5.00
		Principal, Govt. industrial Training Institute	5.00
41	Sarva Shiksha Abhiyan (SSA)	Sarva Shiksha Abhiyan Authority, Punjab	20044.00
42	Assistance to National Sports Federation	Fencing Association Of India	18.50
43	National Afforestation and Eco development Board	National Institute Of Pharmaceutical Education And Research, S.A.S Nagar	92.13
44	Integrated Watershed Management Programme (IWMP)	DRDA	289.92
45	Quality of Technology Support Institutions and Programme	Central Institute of Hand Tools - Jalandhar	353.46
		Central Tool Room, Ludhiana	428.65
46	National River Conservation Plan (NRCP)	Thapar University	10.86
47	International Cooperation MSME	Ludhiana Machine Tool Manufacturers Association	1.71
		Institute for Autoparts & Hand Tools Technology	3.05
		Offset Printers' Association, Ludhiana	14.99
		Mohali Industries Association	3.86
		Hand Tool Manufacturers Association	10.55
		Knitwear Club (Regd.)	5.69
		United Cycle & Parts Mfrs. Association	7.10
48	Director General of Foreign Trade	S.R. Enterprises	3.49
		A B Infotech	4.76
49	Free Coaching and Allied Scheme for Minorities	Punjabi University Patiala	6.45
		Central Institute of Plastics Engineering & Technology (CIPET), Amritsar	30.43
50	Memorials and Others	Anandpur Sahib Foundation, Chandigarh	429.00
		Jallianwala Bagh National Memorial Trust	25.00
51	GIA to Research Training Information and Miscellaneous SJE	Guru Angad Dev Sewa Society	0.68
52	Youth Hostel	Warden and Assistant Warden	0.99
		Warden, Youth Hostel, Tarn Taran, Punjab	3.40
53	Development of AYUSH Industry	Shree Dhanwantri Herbals	1.43
		Native Drugs Private Limited	0.98
		Oshid Pharmaceuticals Pvt. Ltd.	0.57
		Pentavox India, Herbal Division	1.24
		The Kerala Ayurveda Centre	0.21
		Desh Bhagat Ayurvedic College & Hospital	0.25
		Venus Educational & Charitable Trust	0.46
		Sh. Parmod Gaba	0.29
		Aayunattan Herbal's	0.26
		Jolly Pharma (India)	0.52
		HOAP Industries	0.34
		Sh. Prince Madan	1.00
		Herbotech India	0.60
		Herbal Health Research Consortium Pvt. Ltd.	400.00
		M/s. Kashmir Ayurvedic Works	0.82

		Neo Herbs Pharma	0.52
		Unico Pharmaceuticals	0.53
		Prabhat Ayurvedic Pharmacy	0.67
		Dr. Asma Herbs	0.51
		M/s DAV Pharmacy	0.41
		Luxmi Pharmaceuticals	0.33
54	DRDA Administration	DRDA	952.34
		Thapar University	9.50
		Centre for Development of Advanced Computing, Mohali branch of CDAC, Pune	25.17
56	Central Regional Disease Diagnostic Laboratory	Animal Health Institute, Department of Animal Husbandry	67.60
57	Seismicity and Earthquake Precursors	Guru Nanak Dev University	6.37
58	Pradhan Mantri Gram Sadak Yojana (PMGSY)	Punjab Road & Bridges Development Board Chd	12210.10
59	National Food Security Mission	Sustainable Agriculture Development-Agency (SADA), Punjab	6121.85
60	580 New Community Polytechnics	Govt. Polytechnic, Dulchi Ke Road, Ferozepur, Pb	71.75
		SRS Govt. Polytechnic College for Girls, Rishi Nagar, Choti Haibowal, Ludhiana	10.25
		Govt. Tanning Institute, Nakodar Road, Jalandhar	10.25
		JR Govt. Polytechnic, Hoshiarpur	10.25
		Rangarhia Polytechnic College, Phagwara, Kapurthala	10.25
		Mehr Chand Polytechnic College, Dayanand Nagar, GT Road, Jalandhar City, Jalandhar	10.25
		Govt. Institute of Textile Chemistry & Knitting Technology, Rishi Nagar, Ludhiana	10.25
		Guru Nanak Dev Polytechnic College, Gill Park, Gill Road, Ludhiana	10.25
		Sai Polytechnic College, Badhni, Pathankot, Gurudaspur	10.25
		Baba Isher Singh Polytechnic College, PO: Kot-Ise-Khan, Dharamkot RD., Distt: Moga	10.25
61	Top Class Education for SCs SJE	Thapar University	11.92
		Dr. B.R. Ambedkar National Institute of Technology, Jalandhar	20.96
62	International Cooperation S & T	Punjabi University Patiala	1.31
		Punjab Agricultural University	4.50
63	Pollution Abatement	Punjab Pollution Control Board	64.00
64	Bioinformatics	Punjab Agricultural University	5.38
		Guru Nanak Dev University	11.85
65	Institutions Centres Including MNRE Institutions SEC CWET NIRE	Sardar Swaran Singh National Institute of Renewable Energy	700.00
66	Scheme for Setting up of 6000 Model Schools at Block Level as Benchmark of Excellence	Rashtriya Madhyamik Shiksha Abhiyan Authority, Punjab	2378.00
67	Promotional Services Institutions and Programme Revenue	Chamber of Industrial & Commercial Undertakings, Ludhiana	1.57
68	Hospitals and Dispensaries (under NRHM)	State Health Society, Punjab (AYUSH)	1119.70
69	Support to State Extension Programme for Extension Reforms	Sustainable Agriculture Development-Agency (SADA), Punjab	211.42
70	National Service Scheme (NSS)	Punjabi University Patiala	20.65
71	HRD Training Programme Fellowship Exposure Visit Upgradation of Skills etc	Desh Bhagat Ayurvedic College & Hospital	3.50
		Dayanand Ayurvedic College, Jalandhar	3.50
		Lord Mahavira Homoeopathic Medical College and Hospital	2.50
72	Women's Hostel in Polytechnics	Govt. Polytechnic College, Guru Tegh Bahadurgarh, Distt. Moga	20.00
		SRS Govt. Polytechnic College for Girls, Rishi Nagar, Choti Haibowal, Ludhiana, Punjab	20.00
		Govt. Polytechnic College for Girls, S.S.T Nagar, Patiala	20.00
73	Integrated Scheme for Street Children	Gramin Vikas Kalyan Society	5.24
74	Schemes arising out of the Implementation of the person with Disabilities SJE	District Disability Rehabilitation Centre, Bhatinda	10.41
75	I and M Sector Biotechnology	Punjab Biotechnology Incubator	53.24
76	National Project on Management of Soil & Health	Sustainable Agriculture Development-Agency (SADA)	135.00

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77	Assistance to Voluntary Organisation for providing Social Defence Services	Indian Red Cross Society	15.89
		Society for the Rehabilitation of Handicapped and Persons	6.04
		Dr. D.N. Kolnis Health and Education Centre	3.02
		Guru Nanak Charitable Trust, Mullanpur, Madi, Ludhiana	2.59
78	Scheme for Human Resource Development FPI	Guru Angad Dev Veterinary and Animal Sciences University	19.37
79	Upgradation of 1396 Govt ITIs through PPP	IMC Society of ITI Fatehgarh Churian	5500.00
80	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Rashtriya Madhyamik Shiksha Abhiyan Authority, Punjab	2325.00
81	National programme for Youth and Adolescent Development General Component	Progressive Youth Forum	1.50
82	National child Labour Project including Grants in Aid to Voluntary Agencies	Child labour Rehabilitation cum Welfare Society, Jalandhar	127.22
83	Research and Development Water Resources	Punjab Agricultural University	15.00
84	OFF GRID DRPS	State Bank Of Patiala, Ludhiana	96.00
85	Free Coaching for SCs and OBCs	C-DAC Mohalii	4.67
		Central Institute of Plastics Engineering & Technology	12.83
86	GIA for Innovative work on Women and Child Development	National Theatre Arts Society	1.30
87	UNESCO related activities	Shanti Devi Arya Mahila College	1.13
88	Grand Challenge Programme	Punjab Agricultural University	5.00
		Guru Nanak Dev University	30.61
89	Biotechnology for Social Development	Punjab Agricultural University	5.00
90	Cyber Security including CERT IN IT ACT CCA	C-DAC Mohali	57.03
91	Scheme of assistance to Disabled persons for purchase fitting of AIDS and Appliances SJE	Bharat Vikas Parishad Charitable Trust, (under ADIP Scheme) Punjab	2.50
		Guru Nank Charitable Trust, Ludhiana	3.00
92	National Programme for prevention and Control of diabetes, Cardiovascular Disease and Stroke	State Health Society, Punjab	0.43
93	Conditional Cash Transfer Scheme for the Girl Child with Insurance Cover	Social Security & Women & Child Development Department	142.39
94	Polytechnic for Disabled DHE	Sant Longowal institute of Engg. And Technology, Sangrur	10.00
95	INSPIRE	Guru Nanak Dev University	2.89
		National Institute Of Pharmaceutical Education And Research, S.A.S Nagar	3.32
		Punjabi University Patiala	8.68
96	Technology Promotion Development and Utilization Programme TPDU DSIR	Sharvan Pahuja	2.00
97	Assistance to State for Capacity Building in Trauma Care	Civil Hospital khanna	65.00
98	Investment In Debenture Of State Land Development banks	Punjab State Cooperative Agricultural Development Bank	540.98
99	Strengthening of Existing Polytechnics	Govt. Polytechnic College, P.O Rayon & Silk Mill, Amritsar	10.00
100	Fluorosis	Integrated Disease Surveillance Project Punjab	25.00
101	R and D in New and Renewable Energy Technologies	Punjab Agricultural University	4.00
102	INSPIRE	SSA-Punjab State Mission Authority	150.00
		TOTAL	116173.44

Say Rs 1161.73 crore

Appendix 1.7

(Referred to in paragraphs 1.3, 1.7.2 and 1.9.4, pages 8, 25 and 36)

Time Series Data on State Government finances

('₹ in crore)

	2005-06	2006-07	2007-08	2008-09	2009-10
Part A. Receipts					
1. Revenue Receipts	16966	20567	19238	20713	22157
(i) Tax Revenue	8989 (53)	9017 (44)	9899 (51)	11150 (54)	12040(54)
Taxes on Sales, Trades etc.	4627(51)	4829(54)	5342(54)	6436 (58)	7578(63)
State Excise	1568(17)	1368(15)	1862(19)	1810 (16)	2101(17)
Taxes on vehicles	431(5)	468(5)	499(5)	524 (5)	555(5)
Stamps and Registration fees	1671(19)	1804(20)	1568(16)	1730 (16)	1551(13)
Land Revenue	16	15	17	16	15
Other Taxes	676 (8)	533 (6)	611 (6)	634 (5)	240(2)
(ii) Non-Tax Revenue	4536(27)	7744(38)	5254(27)	5784 (28)	5653(26)
(iii) State's share of Union taxes and duties	1228(8)	1566(7)	1975(10)	2084 (10)	2144(10)
(iv) Grants in aid from GOI	2213(13)	2240(11)	2110(11)	1695 (8)	2320(10)
2. Misc Capital Receipts	-	-	1	1	1
3. Recoveries of Loans and Advances	137	395	1445	78	1276
4. Total revenue and Non-debt capital receipts (1+2+3)	17103	20962	20684	20792	23434
5. Public Debt Receipts	4578	4275	5662	5979	7083
Internal Debt (excluding Ways & Means Advances and Overdrafts)	4837	4254	5232	5701	7011
Net transactions under Ways and Means advances and Overdrafts	-283	-	-	-	-
Loans and Advances from Government of India	24	21	430	278	72
6. Total receipts in the Consolidated Fund (4+5)	21681	25237	26346	26771	30517
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts	15648	18357	19687	24306	22047
9. Total receipts of the State (6+7+8)	37329	43594	46033	51077	52564
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	18207(92)	18544(86)	23061(91)	24569 (89)	27408(93)
Plan	961(5)	981(5)	1164(5)	1422 (6)	1424(5)
Non-Plan	17246(95)	17563(95)	21897(95)	23147 (94)	25984(95)
General Services including interest payments	10516 (58)	10339 (56)	12892 (56)	14032 (57)	15525(56)
Social Services	3602(20)	4104(22)	4333(19)	5483 (22)	6217(23)
Economic Services	3714(19)	3773(20)	5479(24)	4744 (19)	5219(19)
Grants in aid and Contributions	374(2)	328(2)	357(2)	310 (2)	447(2)
11. Capital Expenditure	1517(8)	2586(12)	2192(9)	2858 (10)	2166(7)
Plan	1313(13)	2360(91)	1920(88)	2603 (91)	1980(91)
Non-Plan	204(87)	226(9)	272(12)	255 (9)	186(9)
General Services	90(6)	94(4)	135(6)	187 (7)	126(6)
Social Services	344(23)	370(14)	490(22)	1145 (40)	699(32)
Economic Services	1083(71)	2122(82)	1567(72)	1526 (53)	1341(62)
12. Disbursement of Loans and Advances	33(0.17)	444(2)	35(0.14)	55 (0.20)	29(0.10)
13. Total (10+11+12)	19757	21574	25288	27482	29603
14. Repayments of Public Debt	1111	5171	1719	1835	2283
Internal Debt (excluding Ways and Means Advances and Overdraft)	909	1142	1361	1662	2109
Net transactions under Ways and Means advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	202	4029	358	173	174
15. Appropriation to Contingency Fund	-	-	-	-	-

16. Total disbursement out of Consolidated Fund (13+14+15)	20868	26745	27007	29317	31886
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	15154	17791	18751	22591	20721
19. Total disbursements by the State (16+17+18)	36022	44536	45758	51908	52607
Part C. Deficits					
20. Revenue Deficit (1-10)	-1241	(+)2023	(-)3823	(-) 3856	(-)5251
21. Fiscal Deficit (3+4 – 13)	(-)2654	(-)612	(-)4604	(-) 6690	(-)6170
22. Primary Deficit (21-23)	(+)1061	(+)3540	(-)77	(-) 1788	(-)1159
Part D. Other data					
23. Interest Payments (included in the revenue expenditure)	3715	4152	4527	4902	5011
24. Financial Assistance to local bodies etc.	395	594	694	611	941
25. Ways and Means Advances/Overdraft availed (days)	22	0	40	23	141
Ways and Means Advances availed (days)	22	-	40	23	141
Overdraft availed (days)	-	-	-	-	29
26. Interest on WMA/Overdraft	-	-	1	1	7
27. Gross State Domestic Product (GSDP)	108653	121209	144309	165804	192364
28. Outstanding fiscal liabilities (year end)	51364	51035	55982	61850	67971
29. Outstanding Guarantees (year end) (Including interest)	8851	13919	11014	25868	33295
30. Maximum amount guaranteed (year end)	22086	25697	26094	46815	51357
31. Number of incomplete projects	11	11	11	13	34
32. Capital blocked in incomplete projects	776	1350	956	1177	1630
Part E. Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	8.27	7.44	6.86	6.72	6.26
Own Non-tax revenue/GSDP	4.17	6.39	3.64	3.49	2.94
Central Transfers/GSDP	1.13	1.29	1.37	1.26	1.11
II Expenditure Management					
Total Expenditure/GSDP	18.18	17.80	17.52	16.57	15.39
Total Expenditure/Revenue Receipts	116.45	104.90	131.45	132.68	133.61
Revenue Expenditure/Total Expenditure	92.15	85.96	91.19	89.40	92.59
Expenditure on Social Services/ Total Expenditure	19.97	20.74	19.07	24.12	23.36
Expenditure on Economic Services/ Total Expenditure	24.28	27.32	27.86	22.82	22.16
Capital Expenditure/Total Expenditure	7.68	11.99	8.66	10.40	7.32
Capital Expenditure on Social & Economic Services/ Total Expenditure	7.22	11.55	8.13	9.72	6.89
III Management of fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-) 1.14	(+) 1.67	(-) 2.65	(-) 2.33	(-)2.73
Fiscal deficit/GSDP	(-) 2.44	(-) 0.50	(-) 3.19	(-) 4.03	(-)3.21
Primary deficit (surplus)/GSDP	(+) 0.98	(+) 2.92	(-) 0.05	(-) 1.08	(-)0.60
Revenue Deficit/Fiscal Deficit	46.76	(-)330.56	83.04	57.64	85.11
Primary revenue balance/GSDP	2.40	5.42	1.49	0.68	0.54
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	47.27	42.11	38.79	37.30	35.33
Fiscal Liabilities/RR	302.75	248.14	291	298.61	306.77
Primary deficit vis-à-vis quantum spread	44.06	(-)158.82	(-)5.09	(-) 49.21	(-)22.57
Debt Redemption (Principal + Interest)/ Total Debt Receipts	91.16	150.02	65.9	92.51	92.72
V Other Fiscal Health Indicators					
Return on Investment	0.03	0.05	0.01	0.02	0.02
Balance from Current Revenue (Rupees in crore)	(-) 790	2252	(-)3656	(-) 3637	(-)5757
Financial Assets/Liabilities	43.01	46.59	44.38	43.42	40.82

Appendix 1.8
(Referred to in paragraph 1.10, page 37)
Calculation of CAGR

CAGR mean the year-on-year growth rate of an investment over a specified period of time. The Compound Annual Growth Rate is calculated by taking the n^{th} root of the total percentage growth rate, where n is the number of years in the period being considered.

This can be written as follows:

$$\text{CAGR} = \left[\frac{\text{Ending value}}{\text{Beginning value}} \right]^{\frac{1}{\text{No. of years}}} - 1$$

Appendix 2.1
(Referred to in Paragraph 2.1, Page 42)
Statement of grants/appropriations where savings occurred

(₹ in crore)

Sr. No.	No. of the grant or appropriation	Savings
Voted (Revenue)		
1	1	164.51
2	2	58.18
3	4	10.30
4	5	475.76
5	6	25.11
6	7	14.72
7	8	798.34
8	9	304.82
9	10	23.69
10	11	112.45
11	12	38.39
12	13	104.34
13	14	12.79
14	15	333.03
15	16	9.45
16	17	232.77
17	18	4.49
18	19	24.61
19	22	269.04
20	23	283.38
21	24	12.72
22	25	312.38
23	26	2.61
24	27	2.93
25	28	5.48
26	29	19.91
27	30	0.76
Charged (Revenue)		
28	1	0.55
29	2	0.01
30	6	0.01
31	7	0.02
32	8	377.79
33	9	0.01
34	10	0.67
35	11	0.12
36	12	17.56
37	18	0.02
38	21	3.00
39	22	0.14
40	25	0.09
41	26	0.30
42	27	0.02
43	29	0.01
44	30	0.05
Voted (Capital)		
45	1	12.17
46	2	10.58
47	3	0.50
48	5	110.55
49	9	0.18

50	10	22.21
51	11	121.87
52	12	60.83
53	13	90.41
54	15	30.82
55	16	2.31
56	17	410.27
57	18	2.50
58	19	97.24
59	21	518.10
60	22	8.55
61	23	123.97
62	24	8.46
63	25	6.74
64	27	113.22
65	28	43.12
66	29	4.37
Charged (Public Debt)		
67	8	1054.26
	Total	6910.56

Appendix 2.2

(Referred to in paragraph 2.2.7, page 47)

Statement showing expenditure incurred without provision of budget during 2009-10

Sr. No.	Number and name of grant	Amount of expenditure without provision (₹ in crore)	Head of Account
1.	1-Agriculture and Forests	0.06	2401-Crop Husbandry, 105-Manures and Fertilizers, 08-National Project on Development of Fertilizer use in low Consumption and Rainfed Area (CSS)
2.	8-Finance	0.24	2049-Interest Payments, 04-Interest on Loans and Advances from Central Government, 103-Interest on Loans for Centrally Sponsored Plan Schemes, 01-Co-operation Credit Co-operatives Strengthening of Agriculture Credit Stabilization Fund
3.		0.09	6004-Loans and Advances from the Central Government, 01-Non Plan Loans, 117-Flood Control-Other Loans, 01-Special Assistance for Emergent Flood Protection Work in Eastern and Western Sectors
4.	11-Health and Family Welfare	3.19	2211-Family Welfare, 102-Urban Family Welfare Services, 02-Revamping of Organisation of Services of Delivery (CSS)
5.	13-Industries	0.24	2851-Village and Small Industries, 102-Small Scale Industries, 15-Primer Minister Rozgar Yojana (CSS)
6.	15-Irrigation and Power	23.40	2700-Major Irrigation, 19-Lining of Channels Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
7.		17.28	2700-Major Irrigation, 03-Satluj Yamuna Link Commercial, 800-Other Expenditure, (2) 07-Other Expenditure including Interest
8.		6.18	2700-Major Irrigation, 01-Sirhind Canal System Commercial, 800-Other Expenditure, (3) 07-Other Expenditure including Interest
9.		5.64	2700-Major Irrigation, 04-Beas Project Unit I (BSL) Commercial, (4) 799-Suspense
10.		1.95	2700-Major Irrigation, 11-Shah Nehar Canal System Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
11.		0.78	2700-Major Irrigation, 15-Utilisation of Surplus Ravi Beas Water Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
12.		0.76	2700-Major Irrigation, 09-Harake Project Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
13.		0.72	2700-Major Irrigation, 07-Upper Bari Doab Canal system commercial 800-Other Expenditure, 07-Other Expenditure including Interest
14.		0.45	2700-Major Irrigation, 16-Sirhind Feeder Project Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
15.		0.27	2700-Major Irrigation, 80-General, 800-Other Expenditure, 07-Other Expenditure including Interest
16.		0.25	2700-Major Irrigation, 14-Madhopur Beas Link Project Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
17.		0.21	2700-Major Irrigation, 08-Satluj Valley Project Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest

18.		0.01	2700-Major Irrigation, 17-Ghaggar Canal Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
19.		17.86	2701-Medium Irrigation, 05-Lining of Channels Phase II Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
20.		14.36	2701-Medium Irrigation, 13-Construction of New Distributaries Minor Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
21.		10.70	2701-Medium Irrigation, 39-Extension and Improvement of Shah Nehar Canal Remodelling and Lining Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
22.		7.28	2701-Medium Irrigation, 40-Modernisation of Existing Canals providing Gates and Gearing Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
23.		4.58	2701-Medium Irrigation, 26-Providing Irrigation Facilities to Punjab Areas under SYL Project Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
24.		0.71	2701-Medium Irrigation, 38-Utilisation of Surplus Ravi Beas Water Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
25.		0.48	2701-Medium Irrigation, 06-Extension of Phase II Kandi Canal from Hoshiarpur to Balachaur Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
26.		0.39	2701-Medium Irrigation, 37-Extension of non-Perennial Irrigation to Areas in UBDC Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
27.		0.38	2701-Medium Irrigation, 32-Setting up of Irrigation Management Training Institute Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
28.		0.29	2701-Medium Irrigation, 24-Directorate of Water Resources Kandi Watershed and Area Development Project Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
29.		0.16	2701-Medium Irrigation, 25-Raising Lining of Bhakra Main Line for Providing Free Board Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
30.		0.13	2701-Medium Irrigation, 29-Construction of Acqueduct-cum-VR Bridge at RD 29500 of Dhudal Branch Crossing Ghaggar River Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
31.		0.11	2701-Medium Irrigation, 29-Construction of Acqueduct-cum-VR Bridge at RD 29500 of Dhudal Branch Crossing Ghaggar River Commercial, 80-General, 799-Suspense
32.		0.01	2701-Medium Irrigation, 28-Running of Balanpur Canal Commercial, 800-Other Expenditure, 07-Other Expenditure including Interest
33.		1.20	2711-Flood Control and Drainage, 01-Flood Control, 799-Suspense
34.		0.48	2702-Minor Irrigation, 03-Maintenance, 103-Tubewells-Other Maintenance Expenditure, 04- Tubewells under Technical Co-operation Assistance Scheme
35.		0.21	2702-Minor Irrigation, 03-Maintenance, 103-Tubewells-Other Maintenance Expenditure, 05-Installation of 108 Deep Tubewells in Mahilpur Block of Hoshiarpur District
36.		0.19	2702-Minor Irrigation, 03-Maintenance, 103-Tubewells-Other Maintenance Expenditure, 06-Installation of 150 Tubewells along Main Branch to Augment Irrigation Supplies from Upper Bari Doab Canal Tracts

37.		0.05	2702-Minor Irrigation, 03-Maintenance, 103-Tubewells-Other Maintenance Expenditure, 07-Installation of 96 Tubewells in Shankot Block of Jalandhar District
38.		38.33	4700-Capital Outlay on Major Irrigation, 02-Ranjit Sagar Dam Commercial, 799-Suspense
39.		3.73	4700-Capital Outlay on Major Irrigation, 04-Beas Project Unit-I Commercial, 799-Suspense
40.		2.61	4700-Capital Outlay on Major Irrigation, 01-Sirhind Canal System Commercial, 799-Suspense
41.		1.06	4700-Capital Outlay on Major Irrigation, 05-Shahpur Kandi Project Commercial, 799-Suspense (Plan)
42.		0.36	4700-Capital Outlay on Major Irrigation, 02-Ranjit Sagar Dam Commercial, 799-Suspense (Plan)
43.		25.43	4711-Capital Outlay on Flood Control Projects, 03-Drainage, 799-Suspense (Plan)
44.		2.36	4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 799-Suspense
45.		2.22	4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 799-Suspense (Plan)
46.		0.99	4711-Capital Outlay on Flood Control Projects, 03-Drainage, 799-Suspense
47.		23.93	4801-Capital Outlay on Power Projects, 80-General, 101-Investments in State Electricity Board, 01-Assistance to Punjab State Electricity Board (Plan)
48.		5.20	4701-Capital Outlay on Medium Irrigation, 06-Extension of Phase-II Kandi Canal from Hoshiarpur to Balachaur Commercial, 799-Suspense (Plan)
49.		1.46	4701-Capital Outlay on Medium Irrigation, 13-Remodelling/Construction of Distributories/Minors Commercial, 799-Suspense (Plan)
50.		1.45	4701-Capital Outlay on Medium Irrigation, 15-Lining of Channels Phase-I Land Compensation Liabilities Commercial, 799-Suspense (Plan)
51.		0.87	4701-Capital Outlay on Medium Irrigation, 38-Utilisation of Surplus Ravi Beas Water Commercial, 799-Suspense (Plan)
52.		0.21	4701-Capital Outlay on Medium Irrigation, 15-Lining of Laducke Distributories System Commercial, 799-Suspense (Plan)
53.	21-Public Works	184.98	2059-Public Works, 80-General, 799-Suspense
54.		27.29	2059-Public Works, 001-Direction and Administration, 07-Establishment charges paid to Public Health Department for work done by that Department
55.		0.41	2059-Public Works, 60-Other Buildings, 052-Machinery and Equipments, 09-Pro-rata charges of Tools and Plants transferred to Major Head 2216-Housing and 3054-Roads and Bridges
56.		149.38	2215-Water Supply and Sanitation, 01-Water Supply, 799-Suspense
57.		74.72	3054-Roads and Bridges, 80-General, 001-Direction and Administration, 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges
58.		35.75	2515-Other Rural Development Programmes, 799-Suspense
59.		7.30	5054-Capital Outlay on Roads and Bridges, 03-State Highways, 101-Bridges, 04-Improvement/Widening of existing Roads and Land Acquisition (Plan)
60.		68.69	5054-Capital Outlay on Roads and Bridges, 80-General, 797-Transfer to/From Reserve Fund/Deposit Accounts, 01-Amount transferred to Subvention from Central Road Fund (Plan)

61.		3.70	4215-Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 102-Rural Water Supply, 14-Completion of Pilot Project under Integrated Rural Water Supply and Environmental Sanitation Project (Plan)
62.		0.18	4215-Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 102-Rural Water Supply, 18-Court Cases/Arbitration Cases (Plan)
63.		0.06	4215-Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 102-Rural Water Supply, 09-Prime Minister Gramodaya Yojana (PMGY) (Plan)
64.		1.09	4210-Capital Outlay on Medical and Public Health, 03-Medical Education, Training and Research, 105-Allopathy, 01-Allopathy (Plan)
65.	23-Rural Development and Panchayats	0.23	2415-Agriculture Research and Education, 01-Crop Husbandry, 277-Education, 03-Gram Sewak Wing at Gram Sewak Training Centre, Nabha
66.		0.05	2415-Agriculture Research and Education, 01-Crop Husbandry, 277-Education, 05-State Institute of Rural Development, Nabha
67.		0.19	4515-Capital Outlay on Other Rural Development Programmes, 800-Other Expenditure, 04-National Rural Employment Guarantee Scheme (Plan)
68.	27-Technical Education and Industrial Training	5.32	2203-Technical Education, 105-Polytechnic, 72-Enhanced Compensation of Land for Government Technical Institutions in the State
69.		0.09	2203-Technical Education, 104-Assistance to Non-Government Technical Colleges and Institutes, 01- Assistance to Non-Government Technical Colleges and Institutes
Total		790.93	

Appendix 2.3
(Referred to in Paragraph 2.2.8, Page 47)

**Statement showing cases where supplementary provision
(₹ one crore or more in each case) proved unnecessary**

(₹ in crore)

Sr. No.	Number and Name of the Grant	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A -Revenue (Voted)					
1	1-Agriculture and Forests	573.06	438.18	134.88	29.63
2	2-Animal Husbandry and Fisheries	263.45	213.05	50.40	7.78
3	4-Defence Services Welfare	31.67	25.77	5.90	4.40
4	5-Education	3933.54	3600.22	333.32	142.44
5	8-Finance	8195.58	7398.38	797.20	1.14
6	9-Food and Supplies	362.69	60.69	302.00	2.82
7	25-Social and Women Welfare and Welfare of Scheduled Castes and Backward Classes	969.56	710.78	258.78	53.60
8	26-State Legislature	18.82	17.96	0.86	1.75
9	29-Transport	255.50	246.24	9.26	10.65
Total of Revenue (Voted)		14603.87	12711.27	1892.60	254.21
B-Capital (Voted)					
10	13-Industries	73.31	0.25	73.06	17.35
11	15-Irrigation and Power	662.84	661.95	0.89	29.93
12	17-Local Government, Housing and Urban Development	660.39	252.29	408.10	2.16
13	21-Public Works	1102.54	900.45	202.09	316.01
14	22-Revenue and Rehabilitation	9.51	3.26	6.25	2.30
15	23- Rural Development and Panchayats	151.31	93.15	58.16	65.81
16	28-Tourism and Cultural Affairs	29.99	27.02	2.97	40.15
17	29-Transport	10.60	8.68	1.92	2.45
Total of capital (Voted)		2700.49	1947.05	753.44	476.16
C-Revenue (Charged)					
18	8-Finance	5348.65	5010.99	337.66	40.12
19	21-Public Works	3.45	1.45	2.00	1.00
Total of Revenue (Charged)		5352.10	5012.44	339.66	41.12
Grand Total		22656.46	19670.76	2985.70	771.49

Appendix 2.4

(Referred to in Paragraph 2.2.9, Page 47)

Statement showing excess/unnecessary/insufficient re-appropriation of funds

(₹ in crore)

Sr. No	Grant No	Description	Head of Account	Provisions O: Original S: Supplementary R: Re-appropriation	Actual Expenditure	Final Excess(+)/ Saving(-)
1	1	Agriculture and Forests	2401-Crop Husbandry 001-Direction and Administration 09-State Plan for Rejuvenation of State Agriculture Growth/National Agriculture Development Programme- Rashtriya Krishi Vikas Yojna (Plan)	(O) 61.75 (R)(-) 20.68 41.07	43.23	(+) 2.16
2			2401-Crop Husbandry 001-Direction and Administration 119-Horticulture and Vegetable Crops 42-National Horticulture Mission- (Plan)	(O) 8.55 (R)(-) 2.69 5.86	4.55	(-)1.31
3			2401-Crop Husbandry 108-Commercial Crops 05-Scheme for Intensive Cotton Development Programme including Aerial Spray on Cotton (CSS)	(O) 4.50 (R)(-) 0.60 3.90	0	(-) 3.90
4			2401-Crop Husbandry 789- Special Component Plan for Scheduled Casts 19- Rashtriya Krishi Vikas Yojna (RKVY) (Plan)	(O) 3.25 (R)(-) 1.08 2.17	0	(-) 2.17
5			2401-Crop Husbandry 108-Commercial Crops 05-Scheme for Intensive Cotton Development Programme including Aerial Spray on Cotton (Plan)	(O) 1.35 (R)(-) 0.18 1.17	0	(-) 1.17
6			2401-Crop Husbandry 109- Extension and Farmer's Training 10-Support to State Extension Programme (Plan)	(O) 0.40 (R) 1.90 2.30	0	(-) 2.30

7			4402-Capital Outlay on Soil and Water Conservation 102- Soil Conservation 06- Centrally Sponsored Macro Management Work-Plan for Soil Conservation Department (CSS)	(O) 7.61 (R)(-) 2.69 4.92	0.80	(-) 4.12
8	2	Animal Husbandry and Fisheries	2403-Animal Husbandry 001-Direction and Administration 01- Direction and Administration	(O) 158.87 (S) 6.12 (R)(-) 0.05 164.94	162.26	(-)2.68
9	3	Co-Operation	2425-Co-operation 001- Direction and Administration 01- Direction	(O) 44.82 (S) 6.60 (R)(-) 0.12 51.30	45.38	(-) 5.92
10	4	Defence Services Welfare	2235-Social Security and Welfare 60-Other Social Security and Welfare Programmes 200-Other Programmes 28-Provision for grant of ₹ 5 Lakhs each for purchase of plot/house for the Widows of Martyrs, 75 per cent to 100 per cent Disabled Soldiers during the different operations from the period 1.1.1999 onwards (Plan)	(O) 4.00 (S) 1.99 (R) 0.01 6.00	2.70	(-) 3.30
11	5	Education	2204-Sports and Youth Services 001- Direction and Administration 01- Direction and Administration	(O) 25.45 (R)(-) 1.92 23.53	19.83	(-) 3.70
12	6	Elections	2015-Elections 800-Other Expenditure 105-Charges for conduct of Elections to Parliament 01-Elections to Parliament	(O) 35.53 (R) 1.50 37.03	31.04	(-) 5.99
13			2015-Elections 800-Other Expenditure 98-Computerisation in the State 01-Purchase of Computer related Hardware	(O) 9.01 (R)(-) 3.30 5.71	1.65	(-) 4.06
14			2015-Elections 800-Other Expenditure 102-Electoral Officers 01-Electoral Officers	(O) 14.92 (R) 0.51 15.43	10.71	(-) 4.72

15	8	Finance	2071-Pension and other Retirement Benefits 01-Civil 101-Superannuation and Retirement Allowances 01- Pension and other Retirement Benefits	(O) 2462.67 (R)(-) 483.93 1978.74	2200.15	(+) 221.41
16			2071-Pension and other Retirement Benefits 01-Civil 104-Gratuities 01-Gratuities	(O) 534.24 (R)(-) 180.81 353.43	391.67	(+) 38.24
17			2071-Pension and other Retirement Benefits 01-Civil 102-Commutated Value of Pensions 01- Commuted Value of Pensions	(O) 194.81 (R)(-) 2.53 192.28	175.13	(-) 17.15
18			2071-Pension and other Retirement Benefits 01-Civil 117-Government Contribution for Defined Contribution Pension Scheme 01-Government Contribution for Defined Contribution Pension Scheme	(O) 53.18 (R)(-) 28.18 25.00	36.26	(+) 11.26
19			2054-Treasury and Accounts Administration 097-Treasury Establishment 01- Treasury Establishment	(O) 21.83 (R)(-) 1.59 20.24	16.99	(-) 3.25
20			2049-Interest Payments 03-Interest on Small Savings, Provident Funds etc. 104-Interest on State Provident Funds 01-Interest on General Provident Fund	(O) 621.96 (S) 40.13 (R) 5.82 667.91	721.75	(+) 53.84
21			2049-Interest Payments 05-Interest on Reserve Funds 105-Interest on General and other Reserve Funds 01- Interest on General and other Reserve Funds (Natural Calamity Fund)	(O) 291.00 (R) 6.06 297.06	1.52	(-) 295.54

22		2049-Interest Payments 01-Interest on Internal Debts 101-Interest on Market Loans, 01- Interest on Market Loans	(O) 1625.00 (R) 28.00 1653.00	1507.71	(-) 145.29
23		2049-Interest Payments 01-Interest on Internal Debts 123-Interest on Special Securities issued to National Small Savings Fund of the Central Government by State Government 01-Interest payable on Special Securities Accounts with Reserve Bank of India	(O) 2151.05 (R)(-) 44.96 2106.09	2111.60	(+) 5.51
24		2049-Interest Payments 05-Interest on Reserve Funds 101-Interest on Depreciation/ Renewal Reserve Funds 02-Depreciation Reserve Fund (Motor Transport)	(O) 5.30 (R)(-) 2.74 2.56	6.03	(+) 3.47
25		7610-Loans to Government Servants etc. 800-Other Advances 11-Wheat Advance	(O) 20.00 (R)(-) 3.60 16.40	18.10	(+) 1.70
26		6003-Internal Debt of the State Government 110-Ways and Means Advances from the Reserve Bank of India 01-Loans and Advances from Reserve Bank of India	(O) 4000.00 (R)(-) 400.00 3600.00	3025.22	(-) 574.78
27		6003-Internal Debt of the State Government 105-Loans from the National Bank for Agriculture and Rural Development 01-Loans from the National Bank for Agriculture and Rural Development	(O) 230.00 (R)(-) 60.00 170.00	205.41	(+) 35.41

28	10	General Administration	2070-Other Administrative Services 115-Guest Houses, Government Hostels etc. 01-State Guest House	(O) 2.40 (R) 1.63 4.03	2.71	(-) 1.32
29	12	Home Affairs and Justice	2055-Police 113-Welfare of Police Personnel 03-Free travel facility from the rank of Constable to Inspector in Government/ PRTC Buses	(O) 23.80 (R)(-) 1.00 22.80	20.85	(-) 1.95
30			2055-Police 104-Special Police 01- Special Police	(O) 479.94 (R)(-) 46.64 433.30	430.53	(-) 2.77
31			4055-Capital Outlay on Police 800-Other Expenditure 05-Modernisation of Police Force	(O) 87.20 (R)(-) 21.17 66.03	23.90	(-) 42.13
32			2055-Police 109-District Police 01- District Police (Proper)	(O) 1085.27 (S) 78.20 (R) 28.71 1192.18	1161.95	(-) 30.23
33	14	Information and Public Relations	2220-Information and Publicity 60-Others 800-Other Expenditure 01-Modernisation of Information and Public Relations Department (Plan)	(O) 0.50 (R) 1.50 2.00	0.32	(-) 1.68
34	15	Irrigation and Power	4700-Capital Outlay on Major Irrigation 01-Sirhind Canal System-Commercial 800-Other Expenditure 08-Works Expenditure	(O) 30.10 (R)(-) 15.00 15.10	4.72	(-) 10.38
35			4701-Capital Outlay on Medium Irrigation 49-Lining/ Construction of Channels and Distributories (RIDF-XIV) 800-Other Expenditure 08-Works Expenditure (Plan)	(O) 4.71 (R)(-) 1.71 3.00	0.70	(-) 2.30

36			4705-Capital Outlay on Command Area Development 800-Other Expenditure 17-Construction of Fields Channels on Matching Grant basis on Upper Bari Doab Canal System (Plan)	(O) 17.75 (R)(-) 8.87 8.88	12.71	(+) 3.83
37			4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 39-Project for AWLD and FC works RIDF-XIII with River Ravi, Beas, Satluj, Ghaggar and Choes, Nadies and Khads RIDF-XIII (Plan)	(O) 12.15 (R)(-) 3.60 8.55	26.06	(+) 17.51
38			4705-Capital Outlay on Command Area Development 800-Other Expenditure 09-Construction of Fields Channels on Sirhind Feeder Phase-II Canal System on Matching Grant basis 08-Works Expenditure (Plan)	(O) 36.00 (R)(-) 27.00 9.00	38.93	(+) 29.93
39			4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 43-Project Proposal for Channelisation Sakki Kiran Nallah from RD 18000 to 510000 in Anritsar and Gurdaspur (Plan)	(O) 35.00 (R)(-) 30.00 5.00	3.00	(-) 2.00
40			4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 44-Construction of Embankment and Widening of River Ghaggar from Khanauri to Katnail in District Sangrur (NABARD) (Plan)	(O) 22.50 (R)(-) 13.65 8.85	0	(-) 8.85

41		4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 51-Investment Clearance Plan for Flood Protection Works (FMP) (Plan)	(O) 15.00 (S) 5.38 (R) 10.61 30.99	0	(-) 30.99
42		4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 46-Improving Agriculture Production by Controlling Water Logging Problem in Mukatsar District (RIDF-XII-AIBP)- (Plan)	(O) 5.00 (R) 0.20 5.20	0	(-) 5.20
43		4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 47-Construction of Bridges on River Ghaggar from Village Karail to Gaunda and Moonak to Tohana Roads	(O) 4.50 (R)(-) 1.80 2.70	0	(-) 2.70
44		4711-Capital Outlay on Flood Control Projects 01-Flood Control 789-Special Component Plan for Scheduled Castes 01-Construction of Embankments and Widening of River Ghaggar from Khanauri to Korail in District Sangrur (Plan)	(O) 2.50 (R)(-) 0.85 1.65	0	(-) 1.65
45		4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 52-Construction of 3 No. Bridges on Kasur Nallah (Plan)	(S) 0.20 (R) 1.30 1.50	0	(-) 1.50
46		4711-Capital Outlay on Flood Control Projects 03-Drainage 789-Special Component Plan for Scheduled Castes 01-Construction of New Drains and FPW and AWL Programme in the State (Plan)	(R) 3.00 3.00	0	(-) 3.00

47		4700-Capital Outlay on Major Irrigation 02-Ranjit Sagar Dam-Commercial 800-Other Expenditure 08-Works Expenditure	(O) 18.45 (R)(-) 3.00 15.45	0	(-) 15.45
48		4705-Capital Outlay on Command Area Development 800-Other Expenditure 18-Project for Lining of Abohar Branch (U) Canal System RIDF-XV (Plan)	(S) 14.42 (R) 4.48 18.90	0	(-) 18.90
49		4705-Capital Outlay on Command Area Development 800-Other Expenditure 14-Construction of Field Channels of Eastern Canal System (Plan)	(O) 7.89 (R)(-) 5.91 1.98	0	(-) 1.98
50		4705-Capital Outlay on Command Area Development 789-Special Component Plan for Scheduled Castes 02-Construction of Field Channels on Sirhind Feeder Phase-II Canal System on Matching Grant Basis (Plan)	(O) 4.00 (R)(-) 3.00 1.00	0	(-) 1.00
51		4705-Capital Outlay on Command Area Development 789-Special Component Plan for Scheduled Castes 04-Construction of Field Channels on Bathinda Branch Phase-II on Matching Grant Basis (Plan)	(O) 4.00 (R)(-) 1.00 3.00	0	(-) 3.00
52		4705-Capital Outlay on Command Area Development 789-Special Component Plan for Scheduled Castes 03-Construction of Field Channels on UBDC System on Matching Grant Basis (Plan)	(O) 2.25 (R)(-) 1.13 1.12	0	(-) 1.12
53		4705-Capital Outlay on Command Area Development 789-Special Component Plan for Scheduled Castes 05-Lining of Abohar Branch (U) Canal System RIDF-XV (Plan)	(R) 2.10 2.10	0	(-) 2.10

54		4702-Capital outlay on Minor Irrigation 800-Other Expenditure 13-Installation of 280 Deep Tubewells in Kandi Area (RIDF-XV)-(Plan)	(S) 8.59 (R) 4.91 13.50	0	(-) 13.50
55		4702-Capital outlay on Minor Irrigation 800-Other Expenditure 03-Installation of 280 New Tubewells in Kandi Area RIDF-XV (Plan)	(R) 1.50 1.50	0	(-) 1.50
56		4701-Capital Outlay on Medium Irrigation 21-Rehabilitation of Channel of District Patiala Feeder and Kotla Branch-Commercial 789-Special Component Plan for Schedule Castes 01- Rehabilitation of Channel of District Patiala Feeder and Kotla Branch (Plan)	(O) 2.00 (R) 0.50 2.50	0	(-) 2.50
57		4701-Capital Outlay on Medium Irrigation 13-Remodelling/ Construction of Distributories/Minors Commercial 800-Other Expenditure 08-Works Expenditure (Plan)	(O) 142.50 (R)(-) 6.50 136.00	171.66	(+) 35.66
58		4701-Capital Outlay on Medium Irrigation 21-Rehabilitation of Channel of District Patiala Feeder and Kotla Branch-Commercial 800-Other Expenditure 08-Works Expenditure (Plan)	(O) 38.00 (R) 9.50 47.50	46.05	(-) 1.45
59		4701-Capital Outlay on Medium Irrigation 06-Extension of Phase-II Kandi Canal from Hoshiarpur to Balachaur-Commercial 001-Direction and Administration 08-Works Expenditure (Plan)	(O) 19.84 (R) 9.42 29.26	23.84	(-) 5.42

60			4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 48-Construction of New Drains and Flood Construction Works and Anti-Water Logging Programme in the State (ACA) (Plan)	(R) 27.00 27.00	20.31	(-) 6.69
61			4711-Capital Outlay on Flood Control Project 03-Drainage 103-Civil Works 50-Link Drains/ Water Logging Flood control and Drainage works in the State (Plan)	(O) 5.00 (S) 0.50 (R) 7.30 12.80	11.43	(-) 1.37
62			4711-Capital Outlay on Flood Control Project 01-Flood Control 001-Direction and Administration 01- Direction	(O) 45.00 (R) 15.00 60.00	50.03	(-) 9.97
63			4705-Capital Outlay on Command Area Development 800-Other Expenditure 10-Construction of Field Channels on Bathinda Branch Phase-II Canal System on matching Grant Basis 08-Works Expenditure (Plan)	(O) 36.00 (R)(-) 9.00 27.00	45.00	(+) 18.00
64	21	Public Works	5054-Capital Outlay on Roads and Bridges 03-State Highways 101-Bridges 04- Improvement/ Widening of Existing Roads and Land Acquisition (Plan)	(O) 1.00 (R)(-) 1.00	7.30	(+)7.30
65			4202-Capital Outlay on Education, Sports, Arts and Culture 01-General Education 202-Secondary Education 14-Infrastructure Development of Scheme in the Rural Areas of the State with Assistance of RIDF XIII (Plan)	(O) 37.50 (R) 12.50 50.00	39.69	(-) 10.31

66	25	Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01-Welfare of Schedule Castes 789-Special Component Plan for Scheduled Castes 39-Shagun to SC/Christian Girls and Daughters of Widows at the time of their Marriage (Social Security Fund) (Plan)	(O) 70.00 (R) 10.00 80.00	35.00	(-) 45.00
67			2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 02-Welfare of Scheduled Tribes 277-Education 01-Promotion of Education among educationally Backward Classes	(O) 24.00 (R)(-) 0.90 23.10	11.17	(-) 11.93
68			2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 03-Welfare of Backward Classes 277-Education 08- Scheme of Post Matric Scholarship for Students belonging to the Minority Communities (CSS)	(O) 12.50 (R) 3.34 15.84	6.31	(-) 9.53
69			2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 03-Welfare of Backward Classes 277-Education 07-Merit-cum-Means based Scholarship to Students Belonging to Minority Communities (CSS)	(O) 7.00 (R) 3.00 10.00	1.95	(-) 8.05

70			2235-Social Security and Welfare 02-Social Welfare 103-Women's Welfare 03-Financial Assistance to Widows and Destitute Women (Social Security Fund) (Plan)	(O) 30.00 (R) 4.28 34.28	0.66	(-) 33.62
71			2235-Social Security and Welfare 02-Social Welfare 102-Child Welfare 09-Integrated Child Development Service Scheme (CSS)	(O) 129.58 (R) 0.29 129.87	105.51	(-) 24.36
72			2235-Social Security and Welfare 60-Other Social Security and Welfare Programmes 102-Pension under Social Security Schemes 01-Old Age Pensions (Social Security Fund) (Plan)	(O) 157.50 (S) 27.93 (R) 4.57 190.00	175.67	(-) 14.33
73			2235-Social Security and Welfare 60-Other Social Security and Welfare Programme 789-Special Component Plan for Scheduled Castes 03-Old Age Pension (Social Security Fund) (Plan)	(O) 192.50 (R) 5.00 197.50	182.84	(-) 14.66
74			2235-Social Security and Welfare 02-Social Welfare 101-Welfare of Handicapped 06-Financial Assistance to Disabled persons (Plan)	(O) 16.50 (R) 0.88 17.38	13.35	(-) 4.03
75			2235-Social Security and Welfare 02-Social Welfare 789-Special Component Plan for Scheduled Castes 11-Financial Assistance to Dependent Children (Social Security Fund) (Plan)	(O) 12.50 (R) 1.58 14.08	9.49	(-) 4.59

76			2235-Social Security and Welfare 02-Social Welfare 789-Special Component Plan for Scheduled Castes 10-Financial Assistance to Disabled Persons (Social Security Fund) (Plan)	(O) 16.50 (R) 0.87 17.37	14.41	(-) 2.96
77			2235-Social Security and Welfare 02-Social Welfare 800-Other Expenditure 02-Grant-in-aid to Social Welfare Advisory Board and Voluntary Welfare Organisations	(O) 0.62 (S) 0.72 (R) 0.91 2.25	0.62	(-) 1.63
78			2235-Social Security and Welfare 02-Social Welfare 102-Child Welfare 04- Financial Assistance to Dependent Children (Social Security Fund) (Plan)	(O) 12.50 (R) 1.59 14.09	12.03	(-) 2.06
79			2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 03-Welfare of Backward Classes 277-Education 10-Pre- Matric Scholarship for Students belonging to the Minority Communities (CSS)	(O) 15.00 (R)(-) 2.07 12.93	0	(-) 12.93
80			2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01-Welfare of Scheduled Castes 789-Special Component Plan for Scheduled Castes 28-New Courses Vocational Training in ITIs for SC Students (Staff Expenditure, Scholarship to SC students etc.) (ACA) (Plan)	(O) 5.00 (R)(-) 1.00 4.00	0	(-) 4.00

81			2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01-Welfare of Scheduled Castes 277-Education 03-Hostels for Boys and Girls in Schools and Colleges	(O) 2.00 (R)(-) 0.67 1.33	0	(-) 1.33
82			2235-Social Security and Welfare 02-Social Welfare 789-Special Component Plan for Scheduled Castes 12-Financial Assistance to Widows and Destitute Women (Social Security Fund) (Plan)	(O) 30.00 (R) 3.27 33.27	35.20	(+) 1.93
83	27	Technical Education and Industrial Training	4202-Capital Outlay on Education, Sports, Arts and Culture 02-Technical Education 105-Engineering/Technical Colleges and Institutes 15-Setting up of new Polytechnics in the Districts where no Government Polytechnics exists at present (CSS)	(O) 36.00 (R)(-) 20.00 16.00	14.00	(-) 2.00
84			4250-Capital Outlay on Other Social Services 800-Other Expenditure 02-Creation of ITIs of Excellence in Punjab (CSS)	(O) 42.72 (R)(-) 22.32 20.40	0	(-) 20.40
85			4202-Capital Outlay on Education, Sports, Arts and Culture 02-Technical Education 105-Engineering/Technical Colleges and Institutes 14-Converting Technical Institutions of Rural Area of Punjab into Multipurpose Academies for enhancement of Skill Development and Employable of Rural Youth under NABARD Project (Plan)	(O) 30.00 (R)(-) 5.92 24.08	0	(-) 24.08

86		4202-Capital Outlay on Education, Sports, Arts and Culture 02-Technical Education 789-Special Component Plan for Scheduled Castes 04- Converting Technical Institutions of Rural Area of Punjab into Multipurpose Academies for enhancement of Skill Development and Employable of Rural Youth under NABARD Project (Plan)	(O) 10.00 (R)(-) 1.98 8.02	0	(-) 8.02
87		4250-Capital Outlay on Other Social Services 800-Other Expenditure 02-Creation of ITIs of Excellence in Punjab (Plan)	(O) 14.24 (R)(-) 6.59 7.65	18.02	(+) 10.37
		Total		12987.82	(+) 497.53 (-)1575.77

Abstract

	Number of Cases	Amount (₹ in crore)
Excess expenditure over the appropriation (Sr. No. 1, 15, 16, 18, 20, 23, 24, 25, 27, 36, 37, 38, 57, 63, 64, 82 and 87)	17	497.53
Savings out of the appropriation	70	1575.77
Total	87	2073.30

	Number of Cases	Amount (₹ in crore)
Excess cases more than ₹ 10 crore		
Sr. No. 15, 16, 18, 20, 27, 37, 38, 57, 63 and 87	10	471.63
Savings cases more than ₹ 10 crore		
Sr. No. 17, 21, 22, 26, 31, 32, 34, 41, 47, 48, 54, 65, 66, 67, 70, 71, 72, 73, 79, 84 and 85	21	1405.96
Total	31	1877.59

Appendix 2.5
(Referred to in paragraph 2.2.10, Page 48)

**Statement of grants/appropriations in which savings exceeding ₹ one crore
were not surrendered**

(₹ in crore)

	Number and Name of grant/appropriation	Savings
Revenue (Voted)		
1	07-Excise and Taxation	14.72
2	11-Health and Family Welfare	112.45
3	12-Home Affairs and Justice	38.39
4	13-Industries	104.34
5	15-Irrigation and Power	333.03
6	16-Labour and Employment	9.45
7	17-Local Government, Housing and Urban Development	232.77
8	18-Personnel and Administrative Reforms	4.48
9	19-Planning	24.61
10	22-Revenue and Rehabilitation	269.04
11	23-Rural Development and Panchayats	283.38
12	24-Science, Technology and environment	12.72
13	26-State Legislature	2.61
14	27-Technical Education and Industrial Training	2.93
15	28-Tourism and Cultural Affairs	5.48
16	29-Transport	19.91
Capital (Voted)		
17	2-Animal Husbandry and Fisheries	10.58
18	10-General Administration	22.21
19	11-Health and Family Welfare	121.87
20	13-Industries	90.41
21	16-Labour and Employment	2.31
22	17-Local Government, Housing and Urban Development	410.26
23	18-Personnel and Administrative Reforms	2.50
24	19-Planning	97.24
25	22-Revenue and Rehabilitation	8.55
26	23-Rural Development and Panchayats	123.97
27	24-Science, Technology and Environment	8.46
28	28-Tourism and Cultural Affairs	43.12
29	29-Transport	4.37
Revenue (Charged)		
30	8-Finance	377.79
31	12-Home Affairs and Justice	17.56
32	21-Public Works	3.00
Total		2814.51

Appendix 2.6
(Referred to in Paragraph 2.2.10, Page 48)

Details of grants/appropriations in which savings of ₹ 10 crore and above in each case was not surrendered

(₹ in crore)

	Number and name of grant/Appropriation	Savings	Savings surrendered	Savings not surrendered
1	2	3	4	5
Revenue (Voted)				
1.	01-Agriculture and Forests	164.51	43.29	121.22
2.	02-Animal Husbandry and Fisheries	58.18	4.34	53.84
3	04-Defence Services Welfare	10.30	0.22	10.08
4	05-Education	475.76	19.94	455.82
5	06-Elections	25.11	9.47	15.64
6	9-Food and Supplies	304.82	1.52	303.30
7	10-General Administration	23.69	12.17	11.52
8	25- Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	312.38	11.80	300.58
Capital (Voted)				
9	05-Education	110.55	0.87	109.68
10	12-Home Affairs and Justice	60.83	10.87	49.96
11	21-Public Works	518.10	125.30	392.80
12	27-Technical Education and Industrial Training	113.22	68.42	44.80
Capital (Charged)				
13	8-Finance	1054.26	459.73	594.53
	Total	3231.71	767.94	2463.77

Appendix 2.7
(Referred to in paragraph 2.2.12, page 48)

**List of Re-appropriation orders which were not accepted by the
Accountant General (A&E), Punjab**

	Grant No.	Gross amount of re-appropriation order (₹ in crore)	Authority by which order was issued	Brief reasons for rejections
1	1-Agriculture and Forests	11.62	Financial Commissioner and Secretary to Government of Punjab, Forest Department, Chandigarh	(i) Re-appropriation order was not according to Revised Estimates (ii) Re-appropriation order had not been properly classified (iii) Surrender/Withdrawal used without prior permission of the Finance Department.
2	5-Education	0.01	Principal Secretary, Higher Education and Language Department, Punjab, Chandigarh	(i) Total of re-appropriation order in respect of "from" and "To" sides did not tally (ii) Surrender/Withdrawal used without prior permission of the Finance Department
3	7-Excise and Taxation	0.36	Financial Commissioner and Secretary to Government of Punjab, Excise and Taxation, Chandigarh	(i) Re-appropriation order was not according to Revised Estimates (ii) Total of re-appropriation order in respect of "from" and "To" sides did not tally
4	11-Health and Family Welfare	87.30	Pr. Secretary to Government of Punjab, Health and Family Welfare, Chandigarh	(i) Re-appropriation order was not according to Revised Estimates (ii) Re-appropriation order made to the New Scheme. (iii) Total of re-appropriation order in respect of "from" and "To" sides did not tally
5	13-Industries	2.53	Additional Secretary to Government of Punjab, Department of Industry and Commerce, Punjab, Chandigarh	(i) Total of re-appropriation order in respect of "from" and "To" sides did not tally (ii) Re-appropriation order was not according to Revised Estimates (iii) Surrender/Withdrawal used without prior permission of Finance Department (iv) Reason for saving as well as excess were not cogent and convincing.

6	17-Local Government, Housing and Urban Development	6.10	Pr. Secretary to Government of Punjab, Department of Local Government, Housing and Urban Development, Chandigarh	(i)Re-appropriation order had not been properly classified (ii)Re-appropriation order was not according to Revised Estimates (iii) Reasons for saving as well as excess were not cogent and convincing.
7	17-Local Government, Housing and Urban Development	3.25	Pr. Secretary to Government of Punjab, Department of Local Government, Housing and Urban Development, Chandigarh	(i)Re-appropriation order had not been properly classified (ii)Re-appropriation order was not according to Revised Estimates (iii) Reasons for saving as well as excess were not cogent and convincing.
8	22-Revenue and Re-habilitation	172.30	Financial Commissioner and Secretary to Government of Punjab, Department of Revenue and Rehabilitation, Chandigarh	(i)Re-appropriation order had not been properly classified (ii) Reasons for saving as well as excess were not cogent and convincing. (iii)Re-appropriation order was not according to Revised Estimates
9	27-Technical Education and Industrial Training	11.95	Principal Secretary, Technical Education and Industrial Training, Punjab, Chandigarh	(i)Total of re-appropriation order in respect of “from” and “To” sides did not tally (ii)Re-appropriation order was not according to Revised Estimates (iii)Surrender/Withdrawal used without prior permission of Finance Department
10	28-Tourism and Cultural Affairs	24.69	Principal Secretary to government of Punjab, Department of Tourism and Cultural Affairs, Chandigarh	(i)Re-appropriation order had not been properly classified (ii)Surrender/Withdrawal used without prior permission of Finance department (iii)Re-appropriation order made to the New Scheme.
11	29-Transport	32.35	Secretary to Government Punjab, Department of Transport, Chandigarh	(i)Re-appropriation order was not according to Revised Estimates (ii)Department-wise break-up not shown separately. (iii)Total of re-appropriation order in respect of “from” and “To” sides did not tally (iv)Surrender/Withdrawal used without prior permission of Finance Department
Total		352.46		

Appendix 2.8
(Referred to in Paragraph 2.3.1 (i), page 50)

Statement showing huge savings in the grant numbers 9 and 25

(₹ in crore)

	Name of Scheme	Original Grant	Expenditure	Savings
1.	3456-Civil Supplies, 800-Other Expenditure, 08-Distribution of wheat and pulses to BPL Families at subsidized rates, 01-Atta Dal Scheme	300	..	-300
2.	2225-Welfare of SC, ST and Other Backward Classes - 01-Welfare of SC - 789-Special Component Plan for SC- 36-Attendance Scholarship to SC's Primary Girl Students (Social Security Fund)-(Plan)	18.00	..	-18.00
3.	03-Welfare of Backward Classes - 77-Education - 10-Pre-Matric Scholarship for Students belonging to the Minority Communities- (CSS)	12.93	..	-12.93
4.	16-Babu Jagjiwan Ram Chhatrawas Yojana-Construction of Hostels for SC Girls in School/Colleges- (CSS)	8.00	..	-8.00
5.	01- Welfare of SC - 789-Special Component Plan for SC 28- New Courses Vocational Training in ITIs for SC Students (Staff Expenditure, Scholarship to SC Students etc.) (ACA)- (Plan)	4.00	..	-4.00
6.	45-Providing Infrastructure facilities in Border Districts Villages/Block having 50% or more SC Populations- (CSS)	2.50	..	-2.50
7.	33-Share Capital Contribution to the Punjab SC Land Development and Finance Corporation Investment- (CSS)	2.40	..	-2.40
8.	277-Education - 03Hostel for Boys and Girls in Schools and Colleges-	1.33	..	-1.33
9.	789-Special Component Plan for SC- 11-Implementation of Scheduled (CSS) Castes Assistance Programmes at District Headquarters-Placing the Funds at the disposal of Deputy Commissioners-	2.00	..	-2.00
10.	03-Welfare of Backward Classes - 277-Education - 06-Pre-Matric Scholarship for OBC Students- (CSS)	2.00	..	-2.00
11.	06-Pre-Matric Scholarship for OBC Students- (Plan)	2.00	..	-2.00
12.	01-Welfare of Scheduled Castes- 289-Special Component Plan for Scheduled Castes - 15-Removal of untouchability under programme for implementation of PCR Act, 1995-(CSS)	1.00	..	-1.00
13.	15-Removal of untouchability under programme for implementation of PCR Act, 1995- (Plan)	1.00	..	-1.00
14.	30-Encouragement award to SC Girl Students for pursuing 10+2 Education- (Plan)	1.00	..	-1.00
15.	37-Reimbursement of Fee to the Meritorious SC Students admitted in the Private/Public Schools- (Plan)	1.00	..	-1.00

16.	03-Welfare of Backward Classes - 190-Assistance to Public Sector and Other Undertakings 05-Grant-in-aid to BACKFINCO under one time Settlement Scheme- (Plan)	1.00	..	-1.00
17.	277Education - 17-Free Coaching for Scheduled Castes and Other Backward Classes Students- (CSS)	1.00	..	-1.00
18	2235 Welfare of SC - 01- 789-Special Component Plan for SC- 05- Introduction of Jan Shree Bima Yojana for upliftment of Weaker Section of the Society- (Plan)	2.40	..	-2.40
19.	102-Child Welfare - 14-Introduction of Jan Shree Bima Yojana for Upliftment of Economically Weaker Section of the Society- (Plan)	1.60	..	-1.60
Total		365.16		-365.16

Appendix 3.1
(Referred to in Paragraph 3.1.1, page 55)

Outstanding utilisation certificates as on 31 March 2010

(₹ in lakh)

Sr. No.	Department	Year of payment of grant	Total grants paid		Utilization Certificates			
					Received		Outstanding	
			Number of UCs	Amount	Number of UCs	Amount	Number of UCs	Amount
1	2	3	4	5	6	7	8	9
1	Rural Development and Panchayat	2001-02	1	2871.50	-	2565.50	1	306.00
		2006-07	28	9406.83	25	1551.06	3	7855.77
		2009-10	10	3406.28	-	-	10	3406.28
2	Education	2007-08	4	1469.86	-	-	4	1469.86
		2008-09	202	10320.94	197	9701.72	5	619.22
		2009-10	146	8634.41	-	-	146	8634.41
3	Social Welfare	2006-07	2	141.39	-	-	2	141.39
4	Family Welfare	2005-06	2	38.29	2	38.29	-	-
		2006-07	1	90.00	-	-	1	90.00
5	Personnel	2008-09	1	6.50	1	6.50	-	-
6	Health	2007-08	2	311.42	2	311.42	-	-
		2008-09	5	425.97	5	425.97	-	-
		2009-10	22	2301.33	7	626.16	15	1675.17
7	Planning	2009-10	2	5.11	1	0.11	1	5.00
8	Animal Husbandry	2009-10	1	5.00	-	-	1	5.00
9	Justice	2009-10	5	320.29	4	294.94	1	25.35
10	Power	2009-10	1	2393.00	1	2393.00	-	-
11	Environment	2009-10	4	46.42	-	-	4	46.42
Total			439	42194.54	245	17914.67	194	24279.87

Appendix 3.2
(Referred to in Paragraph 3.2, Page 56)

**Status of the Accounts and the Separate Audit Reports of the autonomous bodies
as on 31 August 2010**

Sr. No.	Name of body	Period of entrustment	Year upto which accounts were rendered	Period upto which Separate Audit Report is issued and date of issue		Placement of Separate Audit Report in the Legislature	Delay in submission of accounts		
				Year	Date of issue		Delayed Account	Date of receipt	Delay (Years-Months)
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)
1	Punjab Legal Service Authority, Chandigarh	As per Act	2008-09 02.09.2009	2006-07 2007-08 2008-09	15.05.2008 02.09.2009 15.12.2009	2006-07, 2007-08 and 2008-09 yet to be presented.	2008-09	2.9.09	0-2
2	Punjab Khadi & Village Ind. Board, Chandigarh	2008-2012	2008-09 01.07.2010	2003-04 2004-05 2005-06 2006-07 2007-08	25.01.2010 18.02.2010 17.03.2010 20.04.2010 22.09.2010	2003-04 placed on 13.03.2010. SAR for 2004-05 to 2007-08 are yet to be presented.	2003-04 2004-05 2005-06 2006-07 2007-08 2008-09	15.9.09 -do- -do- 13.10.09 25.5.10 1.7.10	5-2 4-2 3-2 2-3 1-10 1-0
3	Punjab State Human Rights Commission, Chandigarh.	As per Act	2008-09* 20-08-2010	1999-2000 2000-01 2001-02 2002-03 2003-04	24.02.2009 15.05.2009 28.07.2009 24.02.2010 09.03.2010	1999-2000 to 2003-04 yet to be presented.	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09	8.9.09 22.9.09 20.8.10 -do- -do- -do- -do-	6-2 5-2 5-1 4-1 3-1 2-1 1-1
4	Punjab Labour Welfare Board, Chandigarh	March 2005 to 2010	2001-02 24.08.2009	2000-01 2001-02	26.11.2009 24.02.2010	Yet to be presented	2001-02 2002-03 to 2008-09	24.8.09 Pending (seven accounts)	7-1 Between 7-2 and 1-2
5.	Pushpa Gujral Science City, Kapurthala	March 2010	2008-09 28.06.2010	2007-08 2008-09	28.07.2009 26.08.2010	Not to be placed in State Legislature	2008-09	28.6.10	0-11

* 2004-05 to 2008-09 (5 annual accounts) were submitted simultaneously on 20.8.2010.

Note - Delay in submission of Accounts is to be worked out from 30th June of respective B/S Year.

Appendix 3.3
(Referred to in Paragraph 3.4, Page 58)

Statement showing age profile of cases of mis-appropriations, theft and losses etc.

(₹ in lakh)

Age-profile of the pending cases			Nature of pending cases		
Range in years	Number of cases	Amount	Nature of the cases	Number of cases	Amount
0-5	92	104.11	Theft	5	10.81
			Misappropriation/ Loss of material	87	93.30
5-10	0	0	Theft	0	0.00
			Misappropriation/ Loss of material	0	0.00
10-15	0	0	Theft	0	0.00
			Misappropriation/ Loss of material	0	0.00
15-20	4	0.66	Theft	2	0.07
			Misappropriation/ Loss of material	2	0.59
20-25	2	7.29	Theft	0	0.00
			Misappropriation/ Loss of material	2	7.29
25 and above	2	4.51	Theft	0	0.00
			Misappropriation/ Loss of material	2	4.51
Total	100	116.57	Theft	7	10.88
			Misappropriation/ Loss of material	93	105.69

Appendix 3.4
(Referred to in Paragraph 3.4.1, Page 59)

Cases of losses written off during 2009-10

(₹ in lakh)

Sr. No.	Brief Particulars	Authority sanctioning write off	No. of cases	Amount
1	Principal / interest on loans and advances	Principal Secretary to Government of Punjab, Home Affairs and Justice Department	26	64.18
2	Death of animals	Director General of Police	20	3.35
3	Principal / interest on loans and advances		2	1.24
4	Tents		1	15.72
5	Riffle		1	0.03
Total			50	84.52

Say ₹ 0.85 crore.

Appendix 3.5
(Referred to in Paragraph 3.5.3, Page 61)

**Details of non-utilization of Government of India funds during the year
2009-10**

(₹ in crore)

Head of Account	Name of scheme	Grant released by GOI	Expenditure	Balance	Detailed reasons for unspent balance
4217 Capital Outlay on Urban Development	CS 4/UD.16 Jawaharlal Nehru National Urban Renewal Mission 50:20:30 JNNURM (i) Urban Infrastructure and Governance(UG)	52.37	52.37	--	--
	CS 4/UD1/UD 16 JNNURM (ii) Basic Services to Urban Poor(BSUP) 50:20:30	8.31	8.31	--	--
	CS4/UD1/UD 16 JNNURM(iii) Urban Infrastructure Dev. Scheme for Small and Medium Town (UIDSSMT) 80:10:10	83.67	83.67	--	--
	CS 4/UD1/UD 16 JNNURM (iv) Integrated Housing and Slum Dev. Programme (IHSDP) 80:10:10	3.54	3.54	--	--
	Total	147.89	147.89	--	--
2225 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	(2) Scheme for setting up of Institutes for Training to SC candidates in Stenography	0.51	0.40	0.11	Bill was not cleared by treasury
	(3) Training of Unemployed SC as light/heavy vehicles drivers for 300 persons	0.85	--	0.85	Bill was not cleared by treasury
	(4) Capital Subsidy under Bank Tie-up Loaning Programme to BPL SC through PSCFC	10.00	5.00	5.00	₹ 5.00 crore not released by FD
	(7) Providing of Equipment and Raw Material in 24 Training cum production Centres of Welfare Department	0.29	--	0.29	Bill was not cleared by treasury
	(8) Strengthening of 108 community centers for providing equipments and raw material	0.64	--	0.64	Bill was not cleared by treasury
	10(9) Formulation/Monitoring/ Review & Implementation of SCP (a) Computerization of Directorate of SCP (Infrastructure & Staff)	0.10	0.08	0.02	The expenditure incurred as per payment on salary and medical expenses
	SCOP(S)I/SC 4.1 Removal of untouchability under programme for implementation of PCR Act, 1955	0.76	--	0.76	Not released by State Govt.
	Surveys'/Analysis of SCA schemes	0.05	--	0.05	Bill not cleared by treasury
	Setting up of motoring cell for survey/study and analysis in dte of SCSP	0.20	--	0.20	Not cleared by treasury
	CS(MW)1 Merit-cum-Means Based Scholarship to Students Belonging to Minority Communities 100%	5.14	--	5.14	Not cleared by Finance Department
	CS(MW)2 Scheme of Post Matric Scholarship for Students Belonging to the Minority Communities 100%	10.81	--	10.81	Bills not cleared by treasury
	CS(MW)3 Pre-Matric Scholarship for Students belonging to the Minority Communities 75:25	15.10	--	15.10	State Govt. not released funds
	Total	44.45	5.48	38.97	

2210 Medical and Public Health	National Iodine Deficiency Disorder Control Programme 100%	0.14	0.03	0.11	Bill not passed by the treasury
	CS 19 Strengthening of Enforcement Mechanism for Quality Control of Ayurveda Sidha and Unanai Drugs 100%	0.01	--	0.01	Not released by State Govt.
	CS 20 Strengthening of Drug Testing Laboratory Patial 100%	0.10	0.02	0.08	Due to recruitment sep 2009 salary
	Specialty Clinics of ISM (Ayurveda) in distt. Hospitals 100%	1.20	--	1.20	GOI released ₹ 1.20 crore on 3.8.06. Amount not utilized due to lengthy process.
	CS 29 Establishment of specialty Clinics/Treatment of ISM&H Wings in Allopathic. Hospitals	0.10	0.03	0.07	Only amount of ME & OE is pending
	CS 30 Establishment of ISM&H Wings in District. Allopathic Hospitals	0.70	0.20	0.50	Bills not passed by the treasury
	CS 32 Establishment of Specialized Therapy Centre with Hospitalized Facilities for Homeopathy	0.22	0.04	0.18	Only amount of ME & OE is pending
	CS 6 Institute of Mental Health- Amritsar	0.14	0.02	0.12	Bills not passed by the treasury
	CS 1 National Malaria Eradication Programme(Urban) 50:50	0.25	0.01	0.24	Due to late receipt of funds from GOI
	Total	2.86	0.35	2.51	
	Grand Total	195.20	153.72	41.48	

Appendix 3.6
(Referred to in Paragraph 3.5.4, Page 62)

**Statement showing Abstract Contingent Bills (under head 2245) not marked
by the Treasury Officer in red ink as AC bills**

Sr. No.	Name of the DDO	Name of the Treasuries	Month in which bill drawn	Amount (₹)
1.	Sub Divisional Magistrate Abhohar	Abhohar	1-03/10	289680
2.	Sub Divisional Magistrate Abhohar	Abhohar	2-03/10	136320
3.	Sub Divisional Magistrate Abohar	Abohar	2-12/09	126350
4.	District Revenue Officer Amritsar	Amritsar	1-04/09	3699200
5.	District Revenue Officer Amritsar	Amritsar	2-04/09	7260800
6.	District Revenue Officer Amritsar	Amritsar	3-04/09	3558200
7.	District Revenue Officer Amritsar	Amritsar	4-04/09	1844800
8.	Deputy Commissioner Amritsar	Amritsar	1-07/09	500000
9.	District Revenue Officer Amritsar	Amritsar	2-06/09	57800
10.	Deputy Commissioner Faridkot	Faridkot	1-07/09	127125
11.	District Revenue Officer, Fatehgarh Sahib	Fatehgarh Sahib	1-4/09	6476240
12.	District Revenue Officer, Fatehgarh Sahib	Fatehgarh Sahib	2-4/09	14845285
13.	Deputy Commissioner Fatehgarh Sahib	Fatehgarh Sahib	2-06/09	128499
14.	Deputy Commissioner, Fatehgarh Sahib	Fatehgarh Sahib	2-07/09	75311
15.	District Revenue Officer Fatehgarh Sahib	Fatehgarh Sahib	1-06/09	60470
16.	Sub Divisional Magistrate Ferozepur	Ferozepur	1-7/09	9529667
17.	Sub Divisional Magistrate Ferozepur	Ferozepur	2-07/09	34470333
18.	Deputy Commissioner Ferozepur	Ferozepur	1-12/09	1181850
19.	Sub Divisional Officer Zira	Ferozepur	4-06/09	51000
20.	Sub Divisional Officer Ferozepur	Ferozepur	1-10/09	5533882
21.	Sub Divisional Magistrate Gurdaspur	Gurdaspur	1-08/09	66250
22.	Deputy Commissioner 1 Hoshiarpur	Hoshiarpur	3-07/09	500000
23.	Deputy Commissioner Hoshiarpur	Hoshiarpur	4-07/09	2700000
24.	Deputy Commissioner Hoshiarpur	Hoshiarpur	1-12/09	58369757
25.	Deputy Commissioner Hoshiarpur	Hoshiarpur	2-12/09	6564917
26.	Deputy Commissioner Hoshiarpur	Hoshiarpur	3-12/09	18798000
27.	Deputy Commissioner Hoshiarpur	Hoshiarpur	1-01/10	7834000

28.	Deputy Commissioner I Hoshiarpur	Hoshiarpur	2-01/10	3410000
29.	Deputy Commissioner Hoshiarpur	Hoshiarpur	3-01/10	281586
30.	Deputy Commissioner I Hoshiarpur	Hoshiarpur	4-01/10	190000
31.	Deputy Commissioner Hoshiarpur	Hoshiarpur	3-03/10	93327600
32.	Deputy Commissioner Hoshiarpur	Hoshiarpur	2-06/09	63454
33.	District Revenue Officer Hoshiarpur	Hoshiarpur	1-06/09	50000
34.	Deputy Commissioner Jalandhar	Jalandhar	1-05/09	3800000
35.	Deputy Commissioner Jalandhar	Jalandhar	2-05/09	4912000
36.	Deputy Commissioner Jalandhar	Jalandhar	3-07/09	138820
37.	Deputy Commissioner Jalandhar	Jalandhar	4-07/09	294993
38.	Deputy Commissioner Jalandhar	Jalandhar	1-12/09	1944000
39.	Deputy Commissioner Jalandhar	Jalandhar	2-12/09	4107000
40.	Deputy Commissioner Jalandhar	Jalandhar	3-02/10	100000
41.	Deputy Commissioner Jalandhar	Jalandhar	2-07/09	52594
42.	Deputy Commissioner Kapurthala	Kapurthala	3-06/09	100000
43.	District Revenue Officer Kapurthala	Kapurthala	2-06/09	62560
44.	Deputy Commissioner Ludhiana	Ludhiana	1-06/09	4024600
45.	Deputy Commissioner Ludhiana	Ludhiana	2-06/09	15772400
46.	Sub Divisional Officer Mansa	Mansa	1-06/09	117500
47.	District Revenue Officer Moga	Moga	1-4/09	2679160
48.	District Revenue Officer Moga	Moga	2-4/09	740340
49.	District Revenue Officer Moga	Moga	1-05/09	126733
50.	District Revenue Officer Moga	Moga	2-05/09	59640
51.	District Revenue Officer Moga	Moga	1-08/09	150000
52.	District Revenue Officer Moga	Moga	1-10/09	65000
53.	Deputy Commissioner Muktsar	Muktsar	1-07/09	100000
54.	Deputy Commissioner Muktsar	Muktsar	3-07/09	29914500
55.	Deputy Commissioner Muktsar	Muktsar	4-07/09	94775
56.	Deputy Commissioner Muktsar	Muktsar	1-10/09	500000
57.	Deputy Commissioner Nawan Sahar	Nawan Sahar	1-06/09	41970
58.	Deputy Commissioner Nawan Sahar	Nawan Sahar	206/09	274186
59.	Deputy Commissioner Shaheed Bhagat Singh Nagar	Nawan Shahr	1-07/09	500000
60.	Deputy Commissioner Shaheed Bhagat Singh Nagar	Nawan Shahr	2-07/09	500000
61.	Sub Divisional Magistrate Patiala	Patiala	6-07/09	2348000
62.	Sub Divisional Magistrate Patiala	Patiala	1-08/09	100000
63.	District Revenue Officer Patiala	Patiala	1-01/10	1434775
64.	Sub-Divisional Magistrate Patiala	Patiala	4-07/09	79400

65.	Sub Divisional Magistrate Patran	Patran	7-07/09	29737000
66.	Sub Divisional Magistrate Patran	Patran	1-12/09	138027
67.	Sub Divisional Magistrate Rajpura	Rajpura	5-07/09	24746000
68.	Sub Divisional Magistrate Rajpura	Rajpura	2-08/09	100000
69.	Sub Divisional Magistrate Rajpura	Rajpura	2-07/09	71400
70.	Sub Divisional Magistrate Rampura Phul	Rampura Phul	1-05/09	117500
71.	Deputy Commissioner Roopnagar	Roopnagar	1-09/09	500000
72.	Deputy Commissioner Sangrur	Sangrur	1-05/09	1243200
73.	Deputy Commissioner Sangrur	Sangrur	2-05/09	3355800
74.	Deputy Commissioner Sangrur	Sangrur	1-06/09	31870
75.	Deputy Commissioner Sangrur	Sangrur	2-06/09	67784
76.	Deputy Commissioner Sangrur	Sangrur	1-09/09	500000
77.	Deputy Commissioner Sangrur	Sangrur	1-03/10	100000
78.	Deputy Commissioner Sangrur	Sangrur	2-06/09	67724
79.	Deputy Commissioner SAS Nagar	SAS Nagar	1-06/09	98600
80.	Deputy Commissioner SAS Nagar	SAS Nagar	2-06/09	46400
81.	Deputy Commissioner Taran Taran	Taran Taran	1-08/09	1000000
82.	Deputy Commissioner Taran Taran	Taran Taran	3-08/09	244800
83.	Deputy Commissioner Taran Taran	Taran Taran	1-12/09	609900
84.	Deputy Commissioner Taran Taran	Taran Taran	4-08/09	115200
85.	Deputy Commissioner Taran Taran	Taran Taran	6-08/09	500000
86.	Deputy Commissioner Taran Taran	Taran Taran	7-08/09	103445
87.	Sub Divisional Magistrate Zira	Zira (Ferozepur)	5-06/09	4455761
88.	Sub Divisional Magistrate Zira	Zira (Ferozepur)	6-06/09	10196239
Total				435389972

Appendix 3.7
(Referred to in Paragraph 3.5.4, page 62)

**Statement showing Abstract Contingent Bills (under head 2070) not marked
by the Treasury Officer in red ink as AC bills**

Sr. No.	Name of the DDO	Name of Treasury	Voucher No. & Date	Amount (₹)	Weather DC bills received	Remarks
1.	Supervisor Hospitality Department Chandigarh	Chandigarh	159-02/10	2600000	No	Money was drawn in advance for making arrangement for all India Whips Conference for boarding and lodging of the parliamentary Committee
2.	Supervisor Hospitality Department Chandigarh	---- do ---	184-02/10	900000	No	---- do ---
3.	Supervisor Hospitality Department Chandigarh	---- do ---	161-02/10	300000	Yes Vr. No 308 Dt. 03/10	--- do --
4.	Supervisor Hospitality Department Chandigarh	-----do ---	174-02/10	175000	No	---- do---
				3975000		

Appendix 4.1

Glossary of terms used in the Report

Terms	Definition
Appropriation Accounts	Appropriation Accounts present the total amount of funds (original and supplementary) authorized by the Legislative Assembly in the budget grants under each voted grant and charged appropriation <i>vis-a-vis</i> the actual expenditure incurred against each and the unspent provision or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularization by the Legislature.
Autonomous bodies	Autonomous bodies (usually registered societies or statutory corporations) are set up whenever it is felt that certain functions need to be discharged outside the governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Average interest paid by the State	$\text{Interest payment} / ((\text{Amount of previous year's fiscal liabilities} + \text{current year's fiscal liabilities}) / 2) \times 100$
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
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)
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 on which the executive has limited control.
Consolidated fund of the State (CFS)	The fund constituted under Article 266 (1) of the Constitution of India, into which all receipts, revenue and loans flow. All expenditure from the CFS is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans etc.).
Contingency fund	Legislative Assembly has by law established a contingency fund in the nature of an imprest into which such sums as may be determined by such law are paid from time to time and the said fund is placed at the disposal of the Governor to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorization of such expenditure by Legislative Assembly by law under Article 115 or Article 116 of the Constitution of India.
Contingent liability	Contingent liabilities may or may not be incurred by an entity depending on the outcome of a future event such as a court case.
Core public and merit goods	Core public goods are 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 our rights; pollution free air and other environmental goods and 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 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
Debt stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the Debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate- interest rate) and quantum spread (debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, Debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, Debt-GSDP ratio would be rising and in case it is positive, Debt-GSDP ratio would eventually be falling.

Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant Debt-GSDP 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 sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Development expenditure	Expenditure on Social Services + Economic Services.
Fiscal deficit	Revenue expenditure + Capital expenditure + Net loans and advances-Revenue receipts - Miscellaneous Capital receipts.
Fiscal liabilities	Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GOI, the liabilities arising from the transactions in the Public Account of the State.
Interest received as <i>per cent</i> to loans outstanding	Interest received [(opening balance + closing balance of loans and advances)/2]x100
Interest spread	GSDP growth rate-average interest rate.
Internal debt	Internal debt comprises of regular loans from the public in India, also termed 'Debt raised in India' and credited to the consolidated fund.
Net availability of borrowed funds	Ratio of the debt redemption (Principal+Interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
Primary deficit	Fiscal deficit-interest payments
Primary expenditure	Primary expenditure of the State defined as the total expenditure net of the interest payments. It indicates the expenditure incurred on the transactions undertaken during the year.
Public Accounts committee	A committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India, the appropriation accounts of the State, the annual finance accounts of the State or such other reports/accounts or financial matters as are laid before it or which the committee deems necessary to scrutinize.
Quantum spread	Debt stock x Interest spread
Rate of growth (ROG)	[(Current year amount /Previous year amount)-1]x100
Re-appropriation	The transfer of funds from one primary unit of appropriation to another such unit.
Revenue deficit	Revenue receipt - Revenue expenditure
Sinking fund	A fund for which the government sets aside money over time, in order to retire its debt.
State implementing agency	Any organization/institution including non-governmental organization which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State implementation society for Sarva Siksha Abhiyan and State Health Mission for National Rural Health Mission, etc.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Supplementary grants	If the amount authorized by any law made in accordance with the provisions of Article 114 of the Constitution of India to be expended for a particular service for the current financial year is found to be insufficient for the purpose or when a need has arisen during the current financial year for additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution of India.
Surrenders of unspent provision	Departments of the State Government are to surrender to the Finance Department, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Department is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.

Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head "8658-Suspense Account" in the sector "L-Suspense and Miscellaneous" of the Accounts. A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Other Receipt" under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars. (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance).
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