

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**ON
STATE FINANCES**

FOR THE YEAR ENDED 31 MARCH 2011

**GOVERNMENT OF UTTARAKHAND
REPORT No. 1 of the year 2012**

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PREFACE

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

Chapters I and II 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 2011. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

Audit observations on matters arising from performance audit and audit of transactions in various departments, audit of revenue receipts and Statutory Corporations, Boards and Government Companies for the year ended 31 March 2011 are included in a separate Report. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

Background

This Report on the Finances of the Government of Uttarakhand is being brought out to assess objectively the financial performance of the State during the year 2010-11. The aim of this Report is to provide the State Government with timely input based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management Act, 2005 as well as in the Budget Estimates of 2010-11.

The Comptroller and Auditor General of India (C&AG) has been commenting upon the Government's finances for over four years since FRBM legislation and have published four Reports already. Since these comments formed part of the civil audit report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to center-stage once again, a stand-alone report on State Government finances is considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, C&AG had decided to bring out a separate volume titled “**Report on State Finances.**” This Report is the third in this endeavour.

The Report

Based on the audited accounts of the Government of Uttarakhand for the year ending March 2011, this report provides an analytical review of the Annual Accounts of the State Government. The report is in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of Uttarakhand Government's fiscal position as on 31 March 2011. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of central funds transferred directly to the State implementing agencies through off-budget route.

Chapter II is based on 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 III is an inventory of Uttarakhand Government's compliance with various reporting requirements and financial rules. The chapter also provides details of non-submission of accounts. Besides, the cases of misappropriation/loss that indicate inadequacy of controls in the Government departments are also detailed in this

Chapter. The Report also has additional data collated from several sources in support of the findings.

Audit findings and recommendations

Fiscal Correction Path: Uttarakhand is one of the earliest States to have passed the Fiscal Responsibility and Budget Management Act (FRBM Act), 2005. The State of Uttarakhand achieved the target of attaining revenue surplus from 2006-07 onwards but could not maintain the trend and turned revenue deficit in 2009-10. However, the State was able to bring down the revenue deficit to almost nil (₹ 13 crore) during the current year. Fiscal deficit of the State Government at 4.60 *per cent* in 2008-09 continued to be higher than the target of four *per cent* (revised) as envisaged in FRBM Act and was hovering around six *per cent* during 2009-10. However, the Fiscal Deficit was also brought down to reasonable limits (3.5 *per cent* of GSDP) during the current fiscal.

Greater priority to capital expenditure: No specific norms regarding prioritization of capital expenditure have been laid in FRBM Act. However, the State Government in its Mid Term Fiscal Policy Statement presented to State Legislature along with the Budget 2011-12 has committed itself to the recommendations of the Thirteenth Finance Commission, which advocates that the fiscal deficit should be 3.5 *per cent* of the GSDP in the year 2012-13 which would be further brought down to 3 *per cent* by the year 2013-14. For achieving the targets, the State Government has to borrow less and thereby less funds would be available in the near future. However, during the current fiscal, the Government managed to capitalise more funds than what had been done in the year 2009-10, by 13 *per cent*.

Though, the State has been able to bring down the revenue and fiscal deficits during the year, efforts should be made to arrest the situation of deficits in order to avoid deficit financing through borrowed funds.

Review of Government investments: The average return on Uttarakhand Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was almost negligible (0.02 *per cent*) in the past three years while the Government paid an average interest of 7.58 *per cent* on this investment.

The Government may ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify high cost borrowings being channelised there.

Debt sustainability: The debt-GSDP ratio which declined to 40 *per cent* in 2009-10 from 40.52 *per cent* in 2008-09 has again showed an upward trend (41.42 *per cent*) during the year. However, it remained below the target (42.20 *per cent*) set forth by the Thirteenth Finance Commission for the year 2010-11 in respect of Uttarakhand.

Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

Oversight of funds transferred directly from the GOI to the State implementing agencies: There is no single agency monitoring its use and also there is no readily available data to ascertain how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies but are funded directly by the GOI.

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts and Entitlement) to ensure its effective utilization.

Financial management and budgetary control:

The State Government's budgetary processes have not been sound during the year, with errors in budgeting, persistent savings, excess, expenditure without provision and draws from contingency fund without recouping in the same financial year. In many cases, anticipated savings were either not surrendered or surrendered at the end of the year in the month of March leaving no scope for utilizing these funds for other development purposes. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriation without proper explanation and expending without provision of funds. Release of funds and surrender of substantial funds at the end of the year is a matter of concern, since funds could not be utilized fruitfully.

Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Issuance of re-appropriation/surrender orders at the end of the year should be avoided. A close and rigorous monitoring mechanism should be put in place by the DDOs to ensure adjustment of Abstract Contingent bills during the stipulated time frame.

Financial reporting: State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delays in furnishing utilization certificates against the loans and grants from various grantee institutions. Delays were also noted in submission of annual accounts by some of the departmental commercial undertakings. There were instances of theft, loss and misappropriation.

Government departments should take urgent action for finalisation of outstanding annual accounts of departmental commercial undertakings. Departmental enquires in misappropriation cases should be expedited to bring the defaulters to book.

CHAPTER- I

FINANCES OF THE STATE GOVERNMENT

Profile of Uttarakhand

Uttarakhand is a special category State because of its harsh terrain, which has the inherent disadvantage of infrastructure and transaction costs and also calls for relatively higher cost of governance. At the time of creation of the State, the status of special Category State was awarded to Uttarakhand because of inheriting financial burden, poor economic base, backwardness and being a border State having difficult geographical features. The special privileges given to Uttarakhand includes financial assistance from GOI in the ratio of 90 *per cent* grant and 10 *per cent* loan unlike non- special category States which get central aid in the ratio of 70 *per cent* grant and 30 *per cent* loan.

Despite this, the State has seen considerable economic growth in the past decade and the compound annual growth rate of its Gross State Domestic Product¹ (GSDP) for the period 2001-02 to 2010-11 has been over 20.98 *per cent*. This is much higher than GSDP growth of Himachal Pradesh which is also a special category State and in many ways comparable to Uttarakhand. Compared to Himachal Pradesh however, Uttarakhand has a much higher poverty level, lower literacy level and higher growth of population (**Appendix-1**).

Under the Uttar Pradesh Reorganisation Act, 2000 (Act No. 29 of 2000), 13 districts of U.P. having a population of 84,79,562 were transferred to the new State of Uttarakhand on and from the appointed date of 9 November 2000. This chapter provides a broad perspective of the finances of the Uttarakhand Government during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. The major changes in the key fiscal aggregates were that the State Government's revenue surplus which had turned into revenue deficit during the year 2009-10 has been reduced to almost nil (₹ 13 crore) in the current year. This in turn has brought down the fiscal deficit to reasonable limits and is pegged at around 3.5 *per cent* of the GSDP.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2010-11) *vis-à-vis* the previous year (2009-2010) while **Appendix-1.4** provides details of receipts and disbursements as well as overall fiscal position during the current year as compared to previous year.

¹ Refer glossary in **Appendix-4.1**

Table-1.1: Summary of Current Year's Fiscal Operations

(₹ in crore)

2009-10	Receipts	2010-11	2009-10	Disbursements	2010-11		
Section-A: Revenue					Non-Plan	Plan	Total
9,486.13	Revenue receipts	11,608.16	10,657.47	Revenue expenditure	9,148.57	2,472.50	11,621.07
3,559.04	Tax revenue	4,405.47	3,694.34	General services	4159.52	20.63	4,180.15
631.86	Non-tax revenue	678.06	4,980.28	Social services	3,445.70	1,723.79	5,169.49
1,550.01	Share of Union Taxes/ Duties	2,460.07	1,658.12	Economic services	1,135.68	728.07	1,863.75
3,745.22	Grants from Government of India	4,064.56	3,24.73	Grants-in-aid and Contributions	407.67	0.01	407.68
Section-B: Capital							
-	Misc. Capital Receipts	-	1,646.73	Capital Outlay	(-) 3.68	1,858.52	1,854.84
64.83	Recoveries of Loans and Advances	84.87	30.06	Loans and Advances disbursed			59.68
1,682.57	Public Debt receipts*	2,427.18	472.87	Repayment of Public Debt*			519.36
--	--	--	--	Appropriation to Contingency Fund			515.00
37.05	Contingency Fund	581.62	71.42	Contingency Fund			536.71
14,225.75	Public Account receipts	18,703.51	12,321.83	Public Account disbursements			17,608.18
242.96	Opening Cash Balance	538.91	538.91	Closing Cash Balance			1,229.41
25,739.29	Total	33,944.25	25,739.29	Total			33,944.25

**Excluding net transactions under ways and means advances and overdraft.*

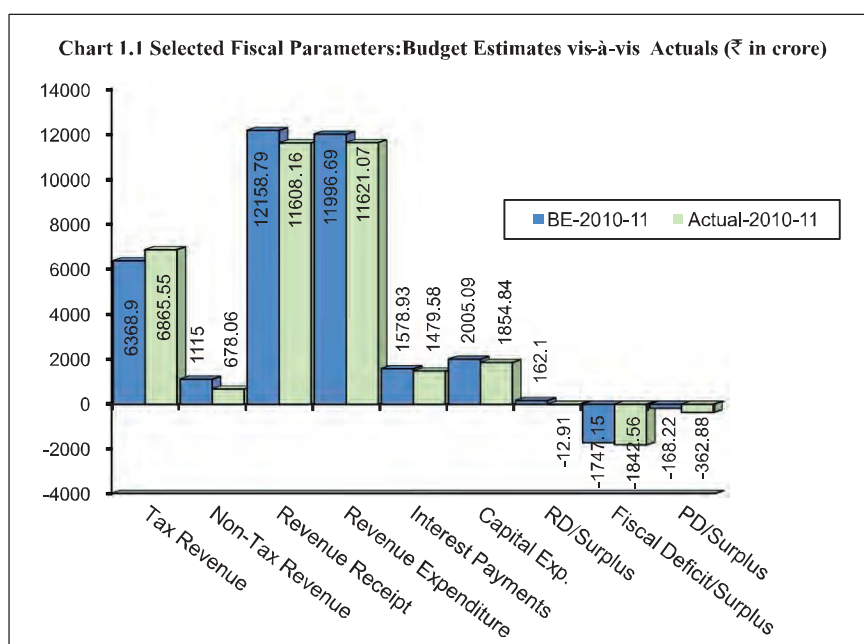
It would thus be evident that:

- Revenue receipts grew by ₹ 2,122 crore (22.37 per cent) over the previous year. This was mainly due to the increase in Central Transfers (₹ 910 crore), State's own tax revenue (₹ 846 crore) and Grants-in-aid (₹ 319 crore).
- Revenue expenditure increased by ₹ 963.60 crore (9.04 per cent) during the year.
- Capital expenditure during the year increased by ₹ 208 crore (12.64 per cent) over the previous year as detailed in succeeding **Paragraph 1.4.1.**
- Recovery of loans and advances increased from ₹ 65 crore (2009-2010) to ₹ 85 crore (30.77 per cent). Disbursement of loans and advances increased from ₹ 30 crore to ₹ 60 crore during the year, due to more disbursements to Energy sector.
- Public debt receipts registered an increase of ₹ 745 crore during the year 2010-2011 mainly because of additional borrowings under Market Loans bearing Interest (₹ 386 crore) and National Small Saving Fund (₹ 298 crore). The Repayment of public debt during the year also increased by ₹ 46 crore over the previous year.

- Public Account Receipts increased by ₹ 4,478 crore due to increase under Suspense and Miscellaneous (₹ 2,073 crore), Deposits and Advances (₹ 241 crore), Remittances (₹ 2,112 crore) and Reserve Funds (₹ 101 crore) in 2010-2011. This was offset by decrease in Small Savings, Provident Fund etc. (₹ 49 crore). Public Account disbursements increased by ₹ 5,286 crore (**Appendix-1.4**) due to increase in Suspense and Miscellaneous (₹ 2,512 crore), Remittances (₹ 2,286 crore), Deposit and Advances (₹ 425 crore) and Small Savings (₹ 147 crore) offset by decrease in Reserve Funds (₹ 83 crore).
- The cash balance of the State at the end of the year 2010-11 increased by ₹ 690.50 crore as compared to the balance in 2009-2010.

After experiencing revenue deficit of ₹ 1,171 crore in 2009-10, the State Government has been able to bring down the revenue deficit to almost NIL (₹ 13 crore) during 2010-11. Further, the fiscal deficit, which stood at ₹ 2,783 crore during 2009-10, has also come down to ₹ 1,843 crore (3.53 per cent of GSDP) leading to fiscal consolidation.

Several reasons could be attributable for the deviation of the actual realization/expenditure from the budget estimates. It could be because of unanticipated and unforeseen events or under or over estimation of expenditure or revenue at the budget stage etc. Actual realization of revenue and its disbursement, however, depends on a variety of factors, some internal and others external. **Chart 1.1** presents the Budget Estimates (BEs) and actuals for some important fiscal parameters.



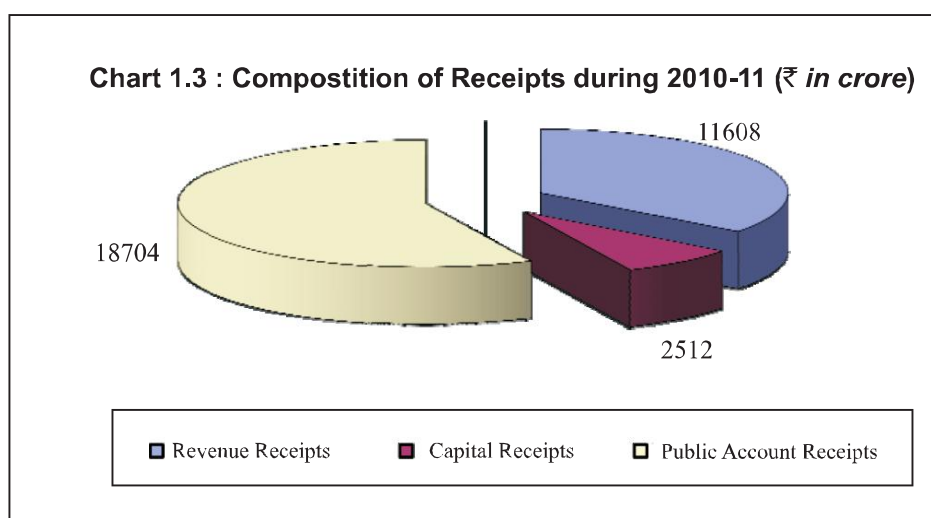
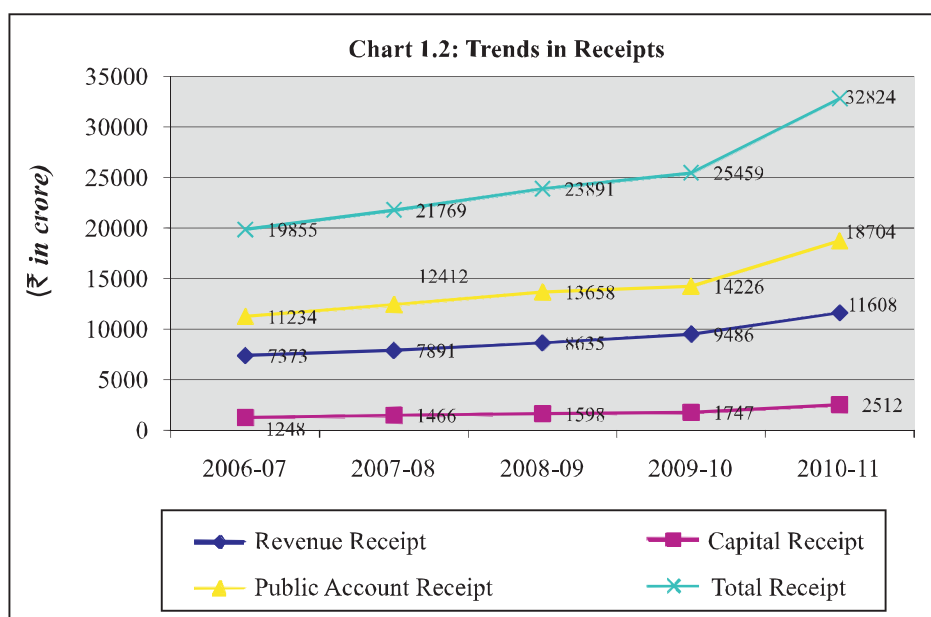
A comparison of the Actuals against the BE in respect of various components showed mixed trend during 2010-11;

- The overall Revenue Receipts were short by five *per cent* due to less receipt of funds (13 *per cent*) from GOI under Grants-in-Aid. Although the Non Tax Revenue was short by 39 *per cent* against the BEs for the current year, the States' Tax Revenue against the BEs was higher by 7.5 *per cent*.
- The Revenue Expenditure was three *per cent* lesser than the BEs for the year.
- The expenditure under the Capital Head remained unutilized to the extent of 7.5 *per cent*, due to less disbursement under irrigation and health sectors.
- The budgetary projections during 2010-11 for Revenue, Fiscal and Primary Deficits were also not achieved (**Chart 1.1**). The State Government in its Mid Term Fiscal Policy Statement attributed the reasons for non-achievement of projected targets as recession in the economy. However, aiming fiscal consolidation as per the recommendations of the Thirteenth Finance Commission (ThFC), State Government has projected the targets for Revenue Deficit, Fiscal Deficit and Primary Deficit by taking necessary corrective measures in ensuing years beginning from 1st April 2011.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial Institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts (**Appendix-1.1**) while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.3** depicts the composition of resources of the State during the current year.



The total receipts of the Government grew from ₹ 19,855 crore in 2006-07 to ₹ 32,824 crore in 2010-11 (65 *per cent*). Of the receipts of ₹ 32,824 crore in 2010-11, 57 *per cent* of the receipts came from the Public Account whereas 35 *per cent* and eight *per cent* share of the total receipts came from Revenue Receipts and borrowings.

Although the Revenue Receipts of the State during the current year grew by 22 *per cent* over the previous year, its composition in the States' Receipts showed marginal appreciation. However, the recovery of loans and advances during the year showed an increase of 31 *per cent* over the previous year under Capital Receipts (Table 1.1 refers).

Trends in Public Account receipts

- Receipts under Small Savings, Provident Fund etc. decreased by ₹ 49 crore over the previous year due to less receipts under Provident Fund.
- Reserve funds increased during the year by ₹ 101 crore as compared to previous year. Deposits and Advances also increased by ₹ 241 crore. *The State Government investment in sinking fund (₹125 crore) for amortization of internal debt was less than the normative figure (₹190 crore-three per cent of the outstanding open market loans as at the end of the previous years) prescribed under Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 resulting in reduction of receipts under reserve funds by ₹ 65 crore.*
- Suspense and Miscellaneous receipts increased by 22 per cent during the year mainly due to increase under the suspense head for Cheques and Bills. This suspense head is credited while issuing the cheques and is cleared on receipt of information from the bank regarding encashment of cheques.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies² for the implementation of various schemes/programmes in social and economic sectors recognized as critical. These funds are not routed through the State Budget/State Treasury System. Therefore, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. To present a holistic picture on availability of aggregate resources, funds directly transferred to State Implementing Agencies are detailed in **Appendix-1.5**. Significant amounts transferred to the major programmes/schemes are presented in **Table 1.2**.

Table-1.2: Significant amount of Funds Transferred Directly to State Implementing Agencies

(₹ in crore)

Sl. No.	Name of the Programme of the Scheme	Name of the Implementing Agency	Total Funds released by the Govt. of India during 2010-11
1.	Autonomous Institutions and professional bodies	Arya Bhatta Research Institute of Observational Sciences (ARIES)	53.01
2.	Integrated watershed management programme (IWDP)	CGO The Director Dehradun DRDA Project Director in Uttarakhand	46.63
3.	National Rural Health Mission (NRHM)	Uttarakhand Health & Family Welfare Societies	96.50

² Refer glossary in **Appendix- 4.1**

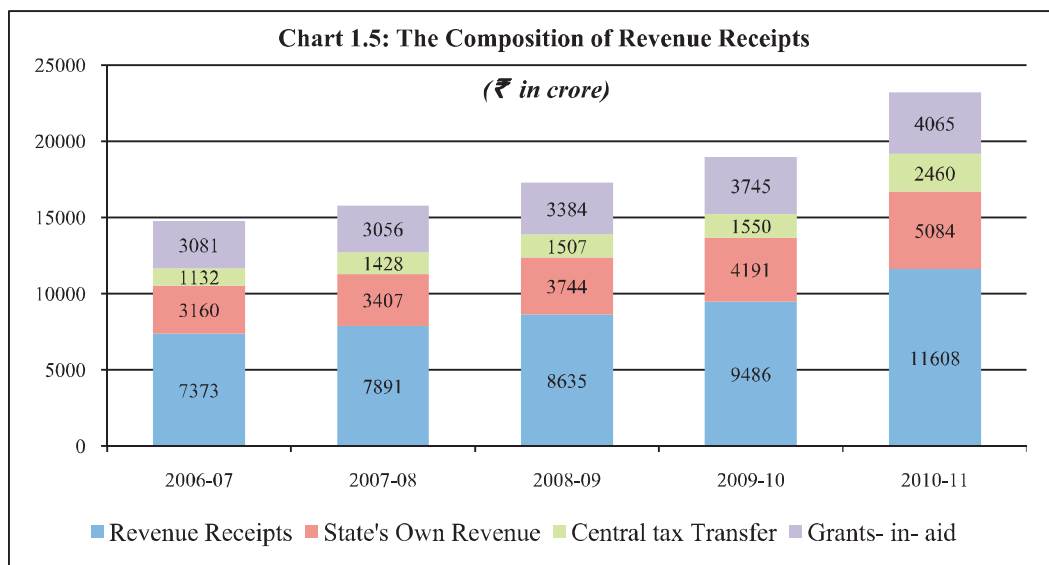
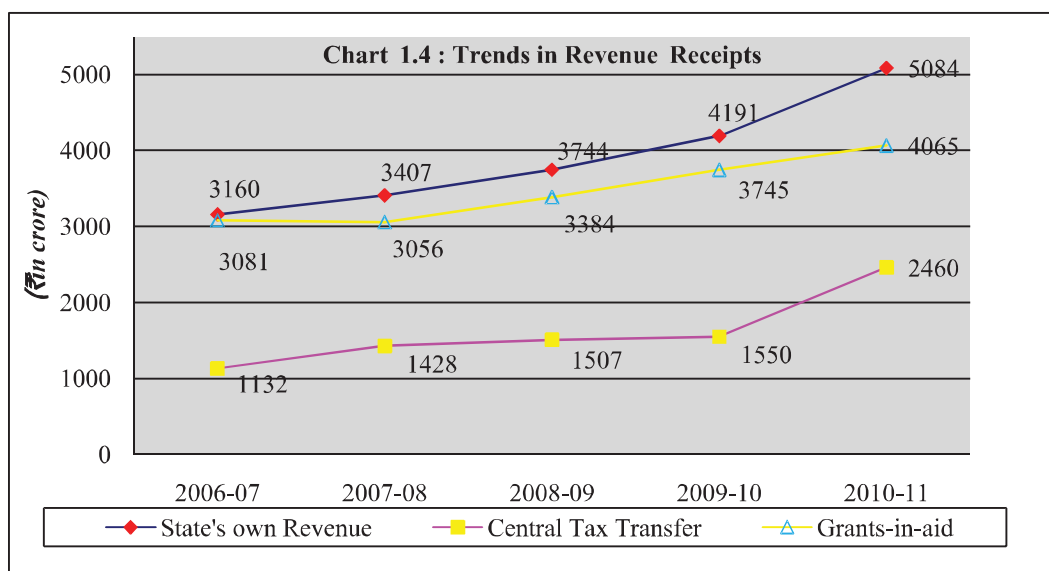
4.	Pradhan Mantri Gram Sadak Yojana (PMGSY)	SGO Uttarakhand Dehradun	240.26
5.	Mahatma Gandhi National Rural Employment Guarantee Scheme	DRDA Project Director in U.K.	289.81
6.	Sarva Shiksha Abhiyan (SSA)	Uttarakhand Sabhi Ke liye Siksha Parishad	258.83
7.	Rural housing-IAY	Project Officer DRDA	53.21
8.	Swaranjayanti Gram Swarozgar Yojana (SGSY)	Project Officer DRDA	24.43
9.	Product/Infrastructure development for destinations and circuits	Uttarakhand Tourisms Development Board	41.69
10.	National River Conservation Plan	I I T, Roorkee	33.41
11.	Rashtriya Madhyamic Shiksha Abhiyan (RMSA)	Uttaranchal Sabhi Ke liye Madhyamik Siksha Parishad	76.02
12.	National Rural Drinking Water Programme	SWSM , Uttarakhand ,Dehradun	136.41
13.	Grants in aid to Forest and Wildlife Institutions	Forest Research Institute(ICFR&A)	122.10
14.	IIT, DHE	IIT, Roorkee	111.00
Total			1,583.31

Source: Central Plan Scheme Monitoring System of Controller General of Accounts website.

Table 1.2 shows the significant amount of funds received by different agencies in Uttarakhand directly from various Ministries of GOI for the implementation of programmes under Social and Economic sectors. The programmes that received major portion of these funds during 2010-11 were (i) Mahatma Gandhi National Rural Employment Guarantee scheme ₹ 289.81 crore (15.11 *per cent*), (ii) Sarva Shiksha Abhiyan ₹ 258.83 crore (13.50 *per cent*), (iii), Pradhan Mantri Gram Sadak Yojana ₹ 240.26 crore (12.51 *per cent*), (iv) National Rural Drinking Water Programme ₹ 136.41 crore (7.11 *per cent*), and (v) National Rural Health Mission ₹ 96.50 crore (5.03 *per cent*),. Thus, with the transfer of ₹ 1,918 crore during 2010-11 (**Appendix-1.5**) directly by GOI to the State Implementing Agencies, the total availability of State resources increased from ₹ 32,824 crore to ₹ 34,742 crore. It is evident from the above that there is no single agency monitoring the funds directly transferred by the GOI and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being undertaken by State Implementing Agencies and funded directly by the GOI.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its 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 2006-07 to 2010-11 are presented in **Appendix-1.3** and are also depicted in **Chart 1.4** and **1.5** respectively.



The revenue receipts have shown a constant increase over the period 2006-07 to 2010-11. It increased from ₹ 7,373 crore in 2006-07 to ₹ 11,608 crore in 2010-11 at an average rate of 16 per cent.

While 44 *per cent* of the revenue receipts during 2010-11 came from the State's own tax and non-tax revenue, the aggregate of Central Tax transfers and Grants- in-aid contributed 56 *per cent* of the total revenue.

On an average, States' own tax receipts constituted around 43 *per cent* of revenue receipts of the State over the period 2006-07 to 2010-11 (**Chart-1.5**). This showed continued dependency of the State on the Grants-in-aid from GOI, as the State has not been able to broaden its tax base.

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

Table-1.3: Trends in Revenue Receipts relative to GSDP

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Receipts (RR) (₹ in crore)	7,373	7,891	8,635	9,486	11,608
Rate of growth of RR (<i>per cent</i>)	33.16	7.03	9.43	9.86	22.37
R R/GSDP (<i>per cent</i>)	22.85	20.76	20.16	19.84	22.26
Buoyancy Ratios³					
Revenue Buoyancy w.r.t. GSDP	2.35	0.39	0.74	0.85	2.47
State's Own Tax Buoyancy w.r.t. GSDP	2.11	0.44	0.78	1.03	2.35

The rate of growth of revenue receipts showed a fluctuating trend over the period 2006-07 to 2010-11. The growth rate was high during 2006-07 but stabilised from 2007-08 onwards and stood at 22.37 *per cent* during 2010-11. The buoyancy ratio of State's own taxes with reference to GSDP, which was 2.11 in 2006-07, fell to below one in 2007-08 and 2008-09 and again picked up in 2009-10 and was 1.03. In the current year however, State's own taxes showed much higher buoyancy than the previous three years indicating better tax revenue generation in comparison to growth in GSDP. For every one *per cent* increase in GSDP, State's own taxes increased by 2.35 *per cent* in 2010-11.

1.3.1 State's Own Resources

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 plan schemes etc, the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

Tax Revenue

Tax revenue increased by 24 *per cent* from ₹ 3,559 crore in 2009-10 to ₹ 4,405 crore in 2010-11. The revenue from Sales Tax not only contributed to major share of tax revenue (67 *per cent*) but also registered an increase of 31 *per cent* over the previous year.

³ Refer glossary in **Appendix-4.1**

State's tax revenue (being major contributor to revenue receipts) after introduction of VAT in 2005, contributed significantly in achieving a growth of 33.16 *per cent* during 2006-07 under revenue receipts. The growth rate came down to seven *per cent* during 2007-08 and gradually increased between nine and 10 *per cent* in 2008-09 and 2009-10 respectively. During the current year it increased significantly by 22.37 *per cent* over the previous year.

Non-Tax Revenue

Non-Tax Revenue (NTR) which had remained more or less stagnant from 2006-08 and shown some appreciation in 2008-09, again decreased (10 *per cent*) during 2009-10. However, NTR appreciated again by 7.28 *per cent* during the current year over the previous 2009-2010. At ₹ 678 crore, non-tax revenue constituted 5.84 *per cent* of revenue receipts. The major contributors to non tax revenue during 2010-11 were Forestry and Wildlife (₹ 229 crore), Non-ferrous and Metallurgical Industries (₹ 93 crore) and Interest Receipts (₹ 54 crore). Average contribution of interest receipts to non-tax revenue was 7.80 *per cent* over the period 2006-07 to 2010-11.

The projections made by the State Government in its Fiscal Correction Path (FCP) were achieved in respect of Tax Revenue but was short of the target by ₹ 437 crore under Non-tax Revenue as shown in the **Table 1.4** below:

Table-1.4: Comparison of Projections/Assessments *vis-à-vis* Actuals

	Assessment made by Th FC	Assessment made by State Government in FCP	Actual
	(1)	(2)	(3)
Tax Revenue	4,317	4,326	4,405
Non-Tax Revenue	834	1,115	678

Source: Th FC Report, Annual Financial Report (GOU) and Finance Accounts

The State's own resources *vis-à-vis* projections made by the Thirteenth Finance Commission (Th FC) revealed that Tax Revenue at ₹ 4,405 crore during 2010-11 exceeded the normative assessment of ₹ 4,317 crore made by Th FC for the year while Non-Tax Revenue at ₹ 678 crore was lesser by ₹ 156 crore as compared to Th FC projections.

Central Tax Transfers

The receipts in the form of State's share in Union taxes and duties have increased by 59 *per cent* from ₹ 1,550 crore in 2009-10 to ₹ 2,460 crore in 2010-11. The overall increase in Central transfers (₹ 910 crore) was mainly due to increase in Corporation Tax (₹ 324 crore), Taxes on Income other than Corporation tax (₹ 153 crore), Taxes on Customs and Central Excise (₹ 351 crore).

Grants-in-Aid

The Grants-in-aid from GOI had shown an increase over the period 2006-07 to 2010-11(**Chart-1.5**) except during the year 2007-08. It increased from ₹ 3,081 crore in 2006-07 to ₹ 4,065 crore in 2010-11. The increase (₹ 320 crore) during the current year was mainly on account of additional grants released by GOI under Non Plan grants (₹ 252 crore), Grants for Centrally Sponsored Plan Schemes (₹ 140 crore) offset by reduction in Grants for State Plan Schemes (₹ 82 crore).

1.3.2 Loss of Revenue due to Evasion of Taxes, Write off/Waivers and Refunds

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalized and the demands for additional tax raised in 2010-11, as reported by the Department, showed that the Department had detected 2,999 cases during 2010-11. Besides, 2,308 cases were pending as on 31 March 2010. It was however, noticed that the Department had completed investigation and raised additional demand including penalty of ₹ 7.73 crore in 3,814 cases during 2010-11 leaving a balance of 1,493 cases of evasion of tax at the end of the financial year 2010-11 on which action is awaited. Action needs to be taken to finalise these cases at the earliest.

1.3.3 Revenue Arrears

Arrears of revenue (excluding forest revenue) at the end of 2010-11 amounted to ₹ 1,249.80 crore, of which ₹ 254.99 crore (20.40 *per cent*) of arrears was more than five years old.

Department wise break-up of arrears of revenue is shown in **Table 1.5** below:

Table-1.5: Breakup of arrears of revenue

(₹ in crore)

Name of the Department	Amount in arrears as on 31 March 2011	Amount outstanding for more than 5 years as on 31 March 2011
Commercial Tax VAT	881.07	249.90
Taxes on Vehicles	4.43	2.06
State Excise	0.48	0.48
Taxes & Duties on electricity	352.61	-
Public Works Department	1.73	0.86
Entertainment Tax	0.63	0.04
Taxes on Purchase of Sugarcane	5.25	-
Land Revenue	0.38	0.01
Stamp Duty and Registration	3.22	1.64
Total	1,249.80	254.99

Source: Details provided by SRA wing O/o the Pr. A.G (UK)

Nearly 71 *per cent* of revenue in arrears was on account of Taxes/VAT on Sales, Trades etc. Out of ₹ 881.07 crore, recovery certificates had been issued for an

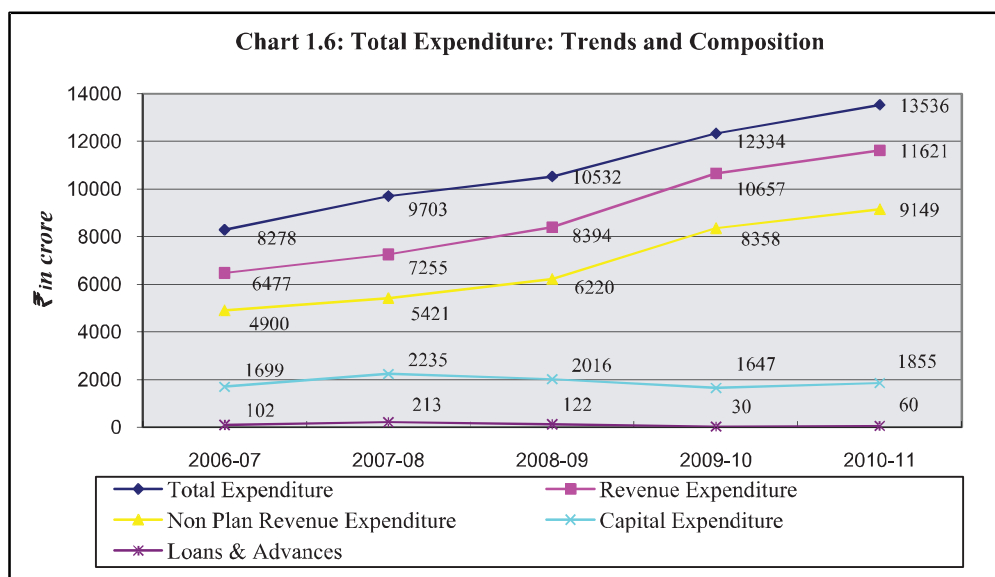
amount ₹ 208.46 crore and cases amounting to ₹ 97.11 crore were subjudice. ₹ 352.61 crore was in arrears with Uttarakhand Power Corporation Limited.

1.4 Application of Resources

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

1.4.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2006-07 to 2010-11) and its composition both in terms of 'economic classification' and 'expenditure by activities' are depicted in **Charts 1.7 and 1.8** respectively.

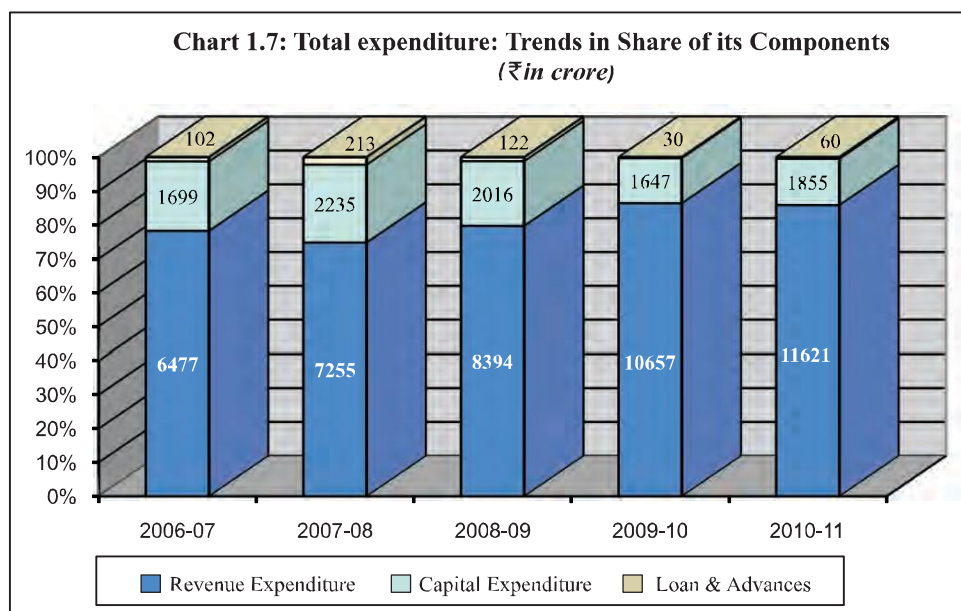


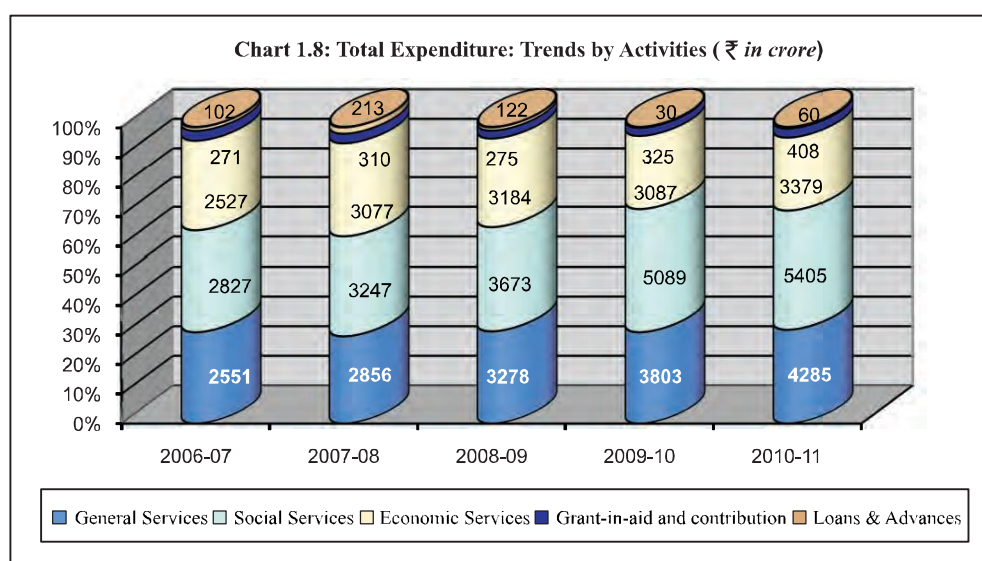
Total Expenditure (TE) of the State increased at an average rate of 13 per cent per annum during 2006-11. An increase of ₹ 1,202 crore (10 per cent) in total expenditure during 2010-11 over the previous year was due to increase in Revenue Expenditure (RE) and Capital Expenditure (CE) by ₹ 964 crore and ₹ 208 crore respectively. The disbursement of Loans and Advances also increased by ₹ 30 crore.

Revenue Expenditure (RE) The increase in RE during the current year was due to increase in expenditure towards (i) General Services (₹ 486 crore), (ii) Social Services (₹ 189 crore), (iii) Economic Services (₹ 206 crore) and Grants-in-Aid and Contribution (₹ 83 crore).

Capital Expenditure (CE) also increased during the year due to increase in (i) Social Services (₹ 126 crore) and (ii) Economic Services (₹ 86 crore) expenditure offset by recovery of ₹ 4 crore in capital account . As per cent of TE, it showed fluctuating trend over the period 2006-07 to 2010-11 which was 20.52 *per cent* in 2006-07 and 13.70 *per cent* in the year 2010-11. Although CE increased in 2007-08 but declined in 2008-09 and 2009-10. During the current year it again showed an increase over the previous year (2009-2010) but remained (₹ 1,855 crore) well below the target set forth (₹ 2,200 crore) by the State Government in its Mid Term Fiscal Policy Statement (MTFPS).

The relative share of these components of expenditure has remained unchanged in the recent past (2009-2011). The share of expenditure on General Services including interest payments, which is considered as non-developmental, remained almost stagnant during 2008-09 to 2010-11. Expenditure under Social Services has marginally decreased from 41 *per cent* in 2009-10 to 40 *per cent* in 2010-11. Economic Services showed a fluctuating trend during the period 2006-07 to 2010 -11.





The **Revenue Expenditure** of the State increased by 79 per cent from ₹ 6,477 crore to ₹ 11,621 crore during the period 2006-07 to 2010-11 at an average annual rate of 16 per cent. Non-Plan Revenue Expenditure (NPRE) of the State increased by 87 per cent during the same period. During the current year, the increase in NPRE (₹ 791 crore) was mainly due to increase in expenditure under salaries (₹ 333 crore), Pension (₹ 95 crore), Interest Payments, (₹ 142 crore) and Grants-in-aid to local bodies (₹ 83 crore).

The share of **Plan Revenue Expenditure (PRE)** in revenue expenditure of the State exhibited an increasing trend during 2006-07 to 2008-09 but showed declining trend from 2009-10 onwards. Its own growth rate also showed an upward trend upto 2008-09 but declined in 2009-10. However, its growth rate appreciated marginally during the current year. The PRE during the current year increased by ₹ 173 crore over the previous year, mainly on account of increase in expenditure under Education, Sports, Art and Culture (₹ 163.79 crore), Social Welfare & Nutrition (₹ 122.63 crore), Health and Family Welfare (₹ 85.83 crore), Rural Development (₹ 68.58 crore) and Agriculture (₹ 45.55 crore). This was offset by decrease in Water, Supply and Sanitation (₹ 383.36 crore).

Further, **Table 1.6** below depicts the details of actual NPRE with reference to projections made by the State Government at different stages during the year 2010-11.

Table-1.6 Actual NPRE vis-à-vis projections for 2010-2011

(₹ in crore)

Non-Plan Expenditure	Assessment made by ThFC	Assessment made by State Government in		
		Fiscal Correction Path (FCP)	MTFPS	Actual
	7,279	11,233	10,335	9,149

Source: Th FC Report, Annual Financial Report (GOU) and Finance Accounts

During the current year the NPRE exceeded the normative assessment made by the Th FC by ₹ 1,870 crore (26 *per cent*) but was lesser than the projections made by the State Government in its Fiscal Correction Path (FCP) and Mid Term Fiscal Policy Statement (MTFPS).

1.4.2 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.7** and **Chart 1.9** present the trends in the expenditure on these components during 2006-11.

Table-1.7: Components of Committed Expenditure

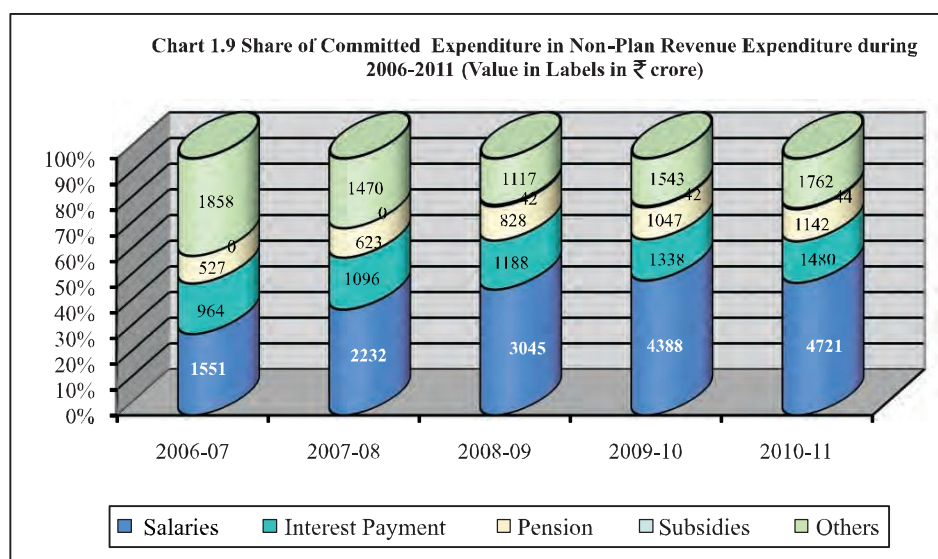
(₹ in crore)

Components of Committed Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11		
					BE	Actuals	Percentage of variation
Salaries & Wages, of which	1,551	2,232	3,045 (35)	4,388(46)	4,612	4,721 (41)	(+) 2.36
Non-Plan Head	1,397	2,020	2,728	4,114	4,300	4,464	(+) 3.81
Plan Head*	154	212	317	274	312	257	(-) 17.63
Interest Payments	964	1,096	1,188 (14)	1,338(14)	1,579	1,480 (13)	(-) 6.27
Expenditure on Pensions	527	623	828 (10)	1,047(11)	1,028	1,142 (10)	(+) 11.09
Subsidies	...	...	42 (0.50)	42(0.44)	68	44	(-) 35.29
Other Components	1,858	1,470	1,117	1,543	3,048	1,762	(-) 42.19
Total	4,900	5,421	6,220	8,358	10,335	9,149	(-) 11.48

Figures in the parentheses indicate percentage to Revenue Receipts.

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

Note: Subsidies amount during 2010-11 is negligible



Salaries and Wages

The expenditure on salaries increased by 44 *per cent* (₹ 1,343 crore) from ₹ 3,045 crore in 2008-09 to ₹ 4,388 crore in 2009-10, due to implementation of the recommendation of the Sixth Pay Commission. Even though the expenditure on salaries during the year 2010-11 grew only by 7.59 *per cent*, it was still higher than the projections of Th FC. However, it was well below the target fixed (₹ 4,612 crore) by the State Government in its FCP.

Th FC prescribed that expenditure under the head salaries should be 35 per cent net of interest payments and pensions of revenue expenditure while the actual expenditure on salaries accounted for 52 per cent in the current year.

Pension Payments

The State Government estimated the pension liabilities on the historical growth rate of pension and not on actuarial basis. Expenditure on pension payments was ₹ 1,142 crore in 2010-11, which constituted 9.84 *per cent* of the revenue receipts. Pension payments during 2010-11 grew by 9.07 *per cent* over the previous year. *It was within the prescribed rate of 10 per cent projected by the Th FC, but was higher than the normative assessment (₹ 1098 crore) made by Th FC for the current year (Annexure 7.7 of Th FC Report).* The State Government also introduced a contributory pension scheme for employees recruited on or after 1 October, 2005 to mitigate the impact of rising pension liabilities in future.

Interest Payments

As shown in **Table 1.7**, interest payments increased by 54 *per cent* during 2006-11 primarily due to earlier borrowings. Interest payments during 2010-11 included interest on Internal Debt⁴ (₹ 1148 crore), other obligations (₹ 21 crore) and Small Savings, Provident Fund etc. (₹ 274 crore). Interest payments (₹ 1480 crore) during the current year were not only below the 14 *per cent* of RR but were also below the target of ₹ 1,528 crore set by the State Government in its FCP. However, the Interest Payments were slightly higher (₹ 20 crore) than the normative assessment (₹ 1459.88 crore) made by the Th FC for the current year.

1.4.3 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants to local bodies and others during the current year relative to the previous years is presented in **Table 1.8**.

⁴ Refer glossary in **Appendix-4.1**

Table-1.8: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	232.81	301.42	198.99	267.99	490.11	488.49
Municipal Corporations and Municipalities	96.63	110.93	106.20	122.47	198.96	154.72
Zila Parishads and Other Panchayati Raj Institutions	174.65	198.85	168.57	202.25	356.04	252.96
Development Agencies	408.25	514.53	588.44	571.47	849.64	526.00
Hospitals and Other Charitable Institutions	40.69	28.69	38.89	44.52	96.81	71.23
Energy (UPC and UPC for Rural Electrification)	100.61	134.52	69.79	24.39	7.57	7.50
Agriculture Research and education institution Land Reforms for updating land records and Wild life Preservation	146.39	153.67	217.73	98.62	134.63	151.15
Co-operatives	14.24	17.16	3.49	13.22	13.63	9.56
Animal Husbandry, Dairy Development and Fisheries	10.74	14.53	31.51	14.79	18.79	13.16
Secretariat Economics Services & Tourism	64.39	59.21	27.51	11.43	21.00	18.43
Social Security & Welfare of Scheduled Cast, Scheduled Tribe & Other Backward Classes	84.94	108.73	122.77	133.65	200.50	97.46
Government Companies/Statutory Co-operation	-	-	-	13.41	-	--
Other Institutions	38.17	39.34	85.46	357.83	79.20	131.61
Total	1,412.51	1,681.58	1,659.35	1,876.04	2,466.88	1,922.27
Assistance as per percentage of RE	21.82	23.18	19.77	17.60	20.29	16.54

Source: VLC Accountant General (A&E), Uttarakhand

The total assistance to local bodies and other institutions grew by 36 per cent over the period 2006-07 to 2010-11. Universities and Educational institutions, Development agencies together accounted for 53 per cent of the total financial assistance. The increase in assistance during the year was mainly under Educational Institutions (₹ 220.50 crore), Agriculture (₹ 52.53 crore) and Hospitals and other Charitable Institutions (₹ 26.71 crore) which was counter balanced by decrease in assistance to Energy (₹ 16.89 crore), Development Agencies (₹ 45.47 crore) and Other Institutions (₹ 226.22 crore).

Further as per the State Finance Commission Report, the State Government was required to allocate funds to PRIs and Urban Local Bodies in the ratio of 42.23: 57.77. The funds allocated during the current year to these institutions by the state government were in the ratio of 62.05: 37.95. Therefore, the Urban Local Bodies may not be able to meet the social obligations for want of requisite funds.

1.5 Quality of Expenditure

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

1.5.1 Adequacy of Public Expenditure

Table 1.9 analyses the fiscal priority of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table-1.9: Fiscal Priority of the State during 2006-07 and 2010-11

Fiscal Priority by the State	AE/GSDP	DE#/AE	SSE/AE	CE/AE
Uttarakhand's Average (Ratio) 2006-07	25.66	65.73	34.15	20.52
Uttarakhand's Average (Ratio) 2010-11	25.96	65.32	39.92	13.70
AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed. Source: (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (Appendix-1.2 Part A).				

Fiscal priority refers to the priority given to a particular category of expenditure by the state. A comparative study of expenditure in 2010-11 with that in 2006-07 revealed that:

- The Government has spent more aggregate expenditure as a proportion of GSDP in 2010-11 as compared to 2006-07.
- Development Expenditure (DE) as a proportion of Aggregate Expenditure (AE) was almost stagnant during the year.
- Social Sector Expenditure as a proportion of AE increased by almost six *per cent*.
- The proportion of Capital Expenditure (CE) in AE decreased by almost seven *per cent*.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods⁵. Apart from improving the

⁵ Refer the glossary in **Appendix-4.1**

allocation towards development expenditure⁶, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and 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 total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.10** presents the trends in development expenditure relative to the aggregate expenditure of the State both during the current year and the previous year *vis-à-vis* allocations, **Table 1.11** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

The share of developmental revenue expenditure in the total expenditure showed an inter-year variation during the period 2006-11, being an average of 49 *per cent* during the period. The share of developmental capital expenditure also showed inter-year variations but improved marginally during the year 2010-11 as compared to 2009-10. However, the overall development expenditure increased by 63 *per cent* over the period 2006-07 to 2010-11.

Table-1.10: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actuals
Development Expenditure (a to c)	5,441 (66)	6,521 (67)	6,973 (66)	8,205 (66)	9,378 (66)	8,842 (65)
a. Development Revenue Expenditure	3,828 (46)	4,290 (44)	5,015 (48)	6,638 (54)	7,332 (52)	7033 (52)
b. Development Capital Expenditure	1,526 (18)	2,034 (21)	1,842 (17)	1538 (12)	1,895 (13)	1750 (13)
c. Development Loans and Advances	87 (1)	197 (2)	116 (1)	29 (0.23)	151 (1)	59 (0.44)

Figures in parentheses indicate percentage to aggregate expenditure

Table-1.11: Efficiency of Expenditure Use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2009-10			2010-11		
	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) expenditure on major components						
General Education	0.43	20.97	.005	0.70	19.07	0.006
Health and Family Welfare	0.34	3.43	.021	0.54	3.89	0.036
WS, Sanitation, & HUD	0.04	0.064	.012	0.20	0.048	.013
Total expenditure under SS	0.88	25.57	0.05	1.74	24.22	0.07

⁶ Refer the glossary in **Appendix-4.1**

Economic Services(ES) expenditure on major components						
Agriculture & Allied Activities	0.59	3.40	0.15	0.14	3.54	0.16
Irrigation and Flood Control	2.16	1.53	0.29	2.56	1.66	0.29
Power & Energy	5.36	-	-	0.41	-	-
Transport	6.57	0.09	0.76	6.94	0.10	0.006
Total expenditure under ES	11.58	6.52	0.30	11.19	6.71	0.46
Total expenditure under SS & ES	12.46	32.09	0.35	12.93	30.93	0.53
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance.						

Though no specific norms regarding prioritization of capital expenditure have been laid in FRBM Act, the State Government in its Mid Term Fiscal Policy presented to the State Legislature along with the Budget 2011-12 has committed itself inline with the recommendations of the Th FC, which advocates that the fiscal deficit shall be 3.5 *per cent* of the GSDP in the year 2012-13 and be further brought down to three *per cent* by the year 2013-14. For this the State Government has to borrow less and there would be less funds available to capitalise in near future. However, during the current fiscal the Government managed to capitalise 13 *per cent* more funds as compared to the year 2009-10.

During 2010-11, salaries and wages as a percentage of revenue expenditure on Social Services marginally decreased by 1.35 *per cent* and under Economic Services increased by 0.19 *per cent*. The expenditure under Operation and Maintenance as a percentage of revenue expenditure remained almost stagnant in Social Services but increased in Economic Services.

1.5.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship

Results of performance reviews indicating the outlay-outcome relationship are *inter-alia* included in the State Civil Report. The effectiveness of expenditure as brought out in the department viz; Department of Elementary Education performance audit on “Sarva Shiksha Abhiyan” of which taken up in 2010-11 covering the period 2006-11, is summarized below:

Sarva Shiksha Abhiyan

The Performance Audit of Sarva Shiksha Abhiyan (SSA) revealed that its implementation in the State left much to be desired. There was under utilization of funds in all the years due to faulty planning, delay in release/ short release of funds and poor implementation and monitoring of various interventions carried out by the executing agencies. The scheme also suffered from curtailment of funds of ₹ 239.47 crore because of under utilisation of

funds received. Further, non submission of UCs by the line agencies, advances being booked as expenditure in the books of accounts and maximum distribution of funds at the fag end of the financial year reflected poor financial management by the Uttarakhand Sabhi Ke Liye Shiksha Parishad.

The SSA also suffered due to lack of infrastructure and basic amenities like drinking water, toilets, electricity, kitchens etc. in the schools. The construction of Kasturba Gandhi Balika Vidhyalaya (KGBV) hostel buildings was abnormally delayed. There was delay in distribution of free text books. There was also shortage and disproportionate deployment of teachers in the schools. The SSA lacked effective monitoring and evaluation mechanism in execution of various programmes.

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, in a transition to complete dependence on market based resources, 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 expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

1.6.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2011 is given in **Table 1.12**.

Table-1.12: Department-wise Profile of Incomplete Projects

(₹ in crore)

Department	No. of incomplete projects	Initial Budgeted cost	*Revised Total cost of Projects	Cost Over Runs in Revised Estimates	Cum. actual exp.as on 31.3.2011
Public Works Department	76	212.20	239.67	27.47	62.80
Irrigation	13	29.89	-	-	-
Total	89	242.09	239.67	27.47	62.8

* Indicates the Revised total cost of the projects as per the last revision by the State Government as on 31.03.2011

Source: Finance Accounts

Appendix 10 of the Finance Accounts showed that there were 89 projects which were due for completion, but remained incomplete as on 31 March 2011. These incomplete projects included five PWD projects with initial budgeted cost of ₹ 26.54 crore but their estimates were revised to ₹ 54.01 crore which includes cost overrun of ₹ 27.47 crore.

1.6.2 Investment and returns

As on 31 March 2011, the average return on Uttarakhand Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.13**) was 0.02 *per cent* of the investment in the last three years while the Government paid an average interest rate of 7.58 *per cent* on its borrowings during 2008-09 to 2010-11.

Table-1.13: Return on Investment

Investment/Return/Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actual
Investment at the end of the year (<i>₹ in crore</i>)	762	1,005	1,071	1,240	137	1,296
Return (<i>₹ in crore</i>)	0.16	0.53	0.23	0.07		0.21
Return (<i>per cent</i>)	0.02	0.05	0.02	0.01		0.02
Average rate of interest on Government borrowing (<i>per cent</i>)	7.79	7.99	7.75	7.64		7.34
Difference between interest rate and return (<i>per cent</i>)	7.77	7.94	7.73	7.63		7.32

Source: Finance Accounts and Annual Financial Statement (GOU)

In this context, no norms on investment and returns have been prescribed by the State Government. Thus, there is a need to formulate norms and identify the projects with low financial but high socio-economic returns.

In the light of Uttarakhand Government investment, out of 12 Government Companies/Corporations, two companies i.e. Uttaranchal Hydro Electric Corporation and Power Corporation Fund had received major share of investment till the end of 31 March 2011 totaling to ₹ 540 crore and ₹ 631 crore respectively. The accumulated loss of the Govt. Companies amounting to ₹ 1,090 crore was mainly incurred by four Companies *viz*; Uttarakhand Power Corporation Limited (₹ 874 crore), Uttarakhand Parivahan Nigam (₹ 237 crore), Doiwala Sugar Company Limited (₹ 73 crore) and Kichha Sugar Company Limited (₹ 45 crore). However, three companies *viz*; State Industrial Development Corporation of Uttaranchal Limited, Uttarakhand Jal Vidhyut Nigam Limited and Power Transmission Corporation of Uttarakhand Limited, mainly had an accumulated profit of ₹ 433 crore.

1.6.3 Departmental Commercial Undertakings

Activities of quasi-commercial nature are also performed by the departmental undertakings of certain Government departments. The department-wise position of the investment made by the Government up to the year for which proforma accounts are finalized, net profit/loss as well as return on capital invested in these undertakings are given in **Appendix-1.6**. It was observed from the finalized accounts of three companies that:

- An amount of ₹ 1.89 crore had been invested by the State Government in Government Irrigation Workshop, Roorkee till the end of financial year up to which their accounts were finalized (2009-10).
- Out of a total of three undertakings viz; Irrigation Workshop, Roorkee; Regional Food Controllers, Haldwani and Dehradun, only Irrigation Workshop had finalised their accounts up to 2009-10. It was a profit earning entity up to 2007-08 but has been posting net losses there after. The accumulated losses of the three departmental undertakings stood at ₹ 46 crore, as per finalised accounts.

1.6.4 Loans and Advances by State Government

In addition to investments in co-operative societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/organizations. **Table 1.14** presents the outstanding loans and advances as on 31 March 2011, interest receipts *vis-à-vis* interest payments during the last three years.

Table-1.14: Average Interest Received on Loans Advanced by the State Government
(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2008-09	2009-10	2010-11	
			BE	Actual
Opening Balance	709.79	777.87		743.09
Amount advanced during the year	121.71	30.05	151	59.68
Amount repaid during the year	53.63	64.83		84.87
Closing Balance	777.87	743.09		717.90
Of which Outstanding balance for which terms and conditions have been settled	Information not made available by the State Government			
Net addition	68.08	(-) 34.78		(-) 25.19
Interest Receipts	0.83	0.82		7.98
Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.11	0.11		1.11
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	7.30	7.14		6.85
Difference between interest payments and interest receipts (<i>per cent</i>)	7.19	7.03		5.74

Source: Finance Accounts and Annual Financial Statement (GOU)

During 2010-11 Government advanced loans of ₹ 60 crore against ₹ 30 crore in 2009-10, an increase of ₹ 30 crore over the previous year.

Interest receipts as a percentage of outstanding loans and advances had been almost constant during the years 2008-09 and 2009-10 but improved during the current year 2010-11. Average rate of interest on which the State Government raised market loans was 7.34 *per cent* during 2010-11 while the interest received on Loans and Advances given by the State was 1.11 *per cent*.

Twelfth Finance Commission recommended that at least seven *per cent* return on outstanding loans and advances should be achieved in graded manner by the terminal year of (2009-2010) the forecast period, a target that the State could not even achieve in the year 2010-2011. The total loans advanced by the Government as on 31 March 2011 stood at ₹ 718 crore. The major beneficiaries were Energy (₹ 370 crore) and Agriculture (₹ 279 crore) sectors. The major share of loans granted to Uttarakhand Power Corporation and Uttarakhand Power Corporation for Rural Electrification together accounted for ₹ 307 crore under Energy sector. The Uttarakhand Cooperative Sugar Mills was paid ₹ 239 crore as loan for payment of price for sugarcane under Agriculture sector.

1.6.5 Cash balances and Investment of Cash balances

Table 1.15 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.15: Cash Balances and Investments out of Cash balances

(₹ in crore)

Particulars	As on 1 April 2010	As on 31 March 2011	Increase(+)/ Decrease(-)
Cash Balances	538.91	1229.41	(+)690.50
Investments from Cash Balances (a to d)	...	...	...
a. GOI Treasury Bills	...	...	...
b. GOI Securities	...	...	...
c. Other Securities, if any specify	...	...	...
d. Other Investments	...	...	...
Funds-wise Break-up of Investment from Earmarked balances (a to c)			
a. ----	----	---	----
b. i. Sinking Fund Investment Account	753.65	878.62	(+) 124.97
ii. Guarantee Redemption Fund	25.00	25.00	-
c. ----	----	----	----
Interest Realized	9.44	13.78	(+) 4.34

Source: Finance Accounts

The closing cash balance (CB) at the end of the current year (₹ 1,229.41 crore) increased by ₹ 690.50 crore over the previous year (₹ 538.91 crore). The State Government had created an earmarked fund of ₹ 903.62 crore from CB. The same amount was invested from the earmarked fund in the GOI Securities and earned an interest of ₹ 13.78 crore during 2010-11. The interest realized on cash balance was 1.52 *per cent* during 2010-11 while Government paid interest at the average rate of 7.34 *per cent* on its borrowings during the year. The State was able to maintain a minimum balance of ₹ 0.16 crore for maximum number of days during

2010-11 barring 11 days while the Government had to resort to overdraft facility. However, temporary balances in cash flow forced the Government to obtain Ways and Means Advances (WMA) on 93 occasions during the year. The State had to pay ₹ 0.95 crore as interest on WMA during the year.

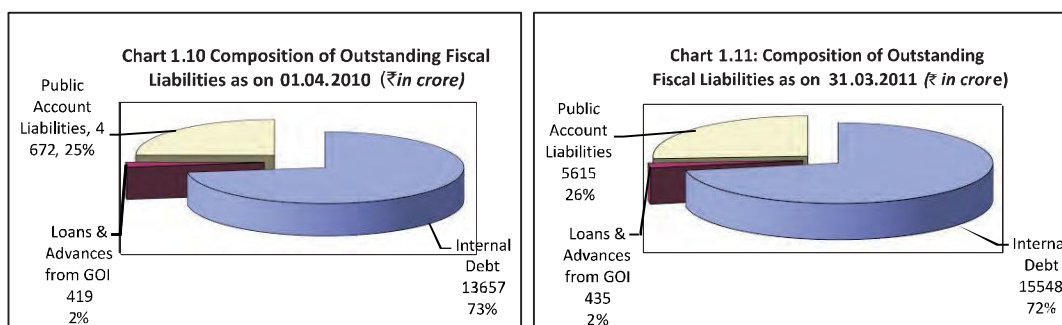
1.7 Assets and Liabilities

1.7.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix-1.4** gives an abstract of such liabilities and the assets as on 31 March 2011, compared with the corresponding position as on 31 March 2010. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

1.7.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix-1.3, Appendix-1.4 & Statement 6** of the State Finance Accounts. However, the composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.10 and 1.11**.



The debt-GSDP ratio at 41.42 *per cent* against 40 *per cent* in 2009-10 showed an upward trend during the year. *The ratio was however, below the normative assessment of Th FC (42.20 per cent).* The overall fiscal liabilities increased by 66 *per cent* from ₹13,034 crore in 2006-07 to ₹ 21,598 crore in 2010-11. The State liabilities which stood at ₹ 21,598 crore in 2010-11 was mainly composed of Public Debt (₹ 15,984 crore), Small Savings and Provident Fund etc, (₹ 3,823 crore), and other obligations (₹ 1,791 crore). The increase in the fiscal liabilities during the current year as compared to the previous year 2009-10 was

mainly on account of internal debt and Small Savings Provident Fund etc; which rose by ₹ 1,892 crore and ₹ 870 crore respectively. Fiscal liabilities grew marginally over the years; it was 15.20 *per cent* in 2010-11 over the previous year. The buoyancy of these liabilities with respect to GSDP during the year was 1.68 indicating that for each percentage point increase in GSDP; fiscal liabilities grew by 1.68 *per cent*. These liabilities stood at 1.86 times State's revenue receipts and 4.25 times of its own resources. The sinking fund is in operation since the inception of the State for amortization of open market loans and the State has to contribute at the rate of three *per cent* of outstanding balance of market loans of the previous year. However, the State Government provided only ₹ 125 crore during the year as against ₹ 190 crore for the purpose.

1.7.3 Status of Guarantees – Contingent liabilities

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

No law under Article 293 of the Constitution had been passed by the State Legislature fixing the maximum limit within which, the Government could give guarantees on the security of the Consolidated Fund of the State. The FRBM Act, 2005 prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of the coming into force of this Act or any rule or to be made by the State Government subsequent to coming into force of this Act. However, State Government has not enacted any law to cap the guarantees.

As per **Statement 9** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years is given in **Table 1.16**.

Table-1.16: Guarantees given by the Government of Uttarakhand

(₹ in crore)

Guarantees	2008-09	2009-10	2010-11	
			BE	Actual
Maximum amount guaranteed	125	125		
Outstanding amount of guarantees	1,802	1,511		
Percentage of maximum amount guaranteed to total revenue receipts	20.87	15.93		
Criteria as per FRBM Act/any other Act or Order of the State	No rules in pursuance to FRBM Act, 2005 have been framed by the State Government			

Source: Finance Accounts

Though, the State Government has not given any Guarantee during the year 2010 -11 but action to fix the maximum limit of guarantee which can be extended, is to be taken by the State Government.

1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyze various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization; sufficiency of non-debt receipts; net availability of borrowed funds; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.17** analyzes the debt sustainability of the State according to these indicators for the period of three years beginning from 2008-09.

Table-1.17: Debt Sustainability: Indicators and Trends

(₹ in crore)			
Indicators of Debt Sustainability ⁷	2008-09	2009-10	2010-11
Debt Stabilization ⁸ (Quantum Spread + Primary Deficit)	(+) 172	(-) 1,113	(+) 11
Sufficiency of Non-debt Receipts (Resource Gap) ⁹	(-) 99	(-) 940	(+) 1,224
Net Availability of Borrowed Funds ¹⁰	164	261	820
Burden of Interest Payments (IP/RR Ratio)	13.76	14.10	12.75

The trends in **Table 1.17** indicate that during 2008-09 the quantum spread together with primary deficit remained positive but this turned negative in the 2009-10 with some improvement during the current year. The debt-GSDP ratio which declined to 40 per cent in 2009-10 from 40.52 per cent in 2008-09 has again showed an upward trend (41.42 per cent) during the year. *However, it remained below the target (42.20 per cent) set forth by the Thirteenth Finance Commission (Th FC) for the year 2010-11 in respect of Uttarakhand.*

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure termed as resource gap. The debt sustainability could be significantly facilitated if the incremental non-debt receipts¹¹ could meet the incremental interest burden and the incremental primary expenditure. A positive resource gap strengthens the capacity of State to sustain the debt. **Table 1.17** indicates resource gap as defined for the period 2008-11.

The State experienced a negative resource gaps in 2008-09 and 2009-10 but had a positive resource gap during 2010-11, which in turn brought down the revenue deficit to almost nil (₹ 13 crore) and fiscal deficit (₹ 1,843 crore) to reasonable limits. Debt redemption ratio steadily increased during the period 2006-10 which slightly improved during the year 2010-11 (0.83) indicating the fact that the

⁷ Refer glossary in **Appendix-4.1**

⁸ Refer glossary in **Appendix-4.1**

⁹ Refer glossary in **Appendix-4.1**

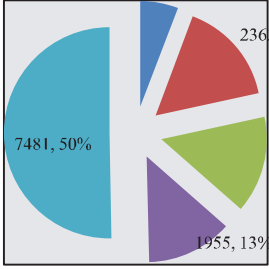
¹⁰ Refer glossary in **Appendix-4.1**

¹¹ Refer glossary in **Appendix-4.1**

borrowed funds are being increasingly used for the repayments towards the discharge of past debt obligations during the period (**Appendix-1.3**). During the current year, internal debt redemption was 67 *per cent* of fresh debt receipts; redemption of GOI loans was 144.55 *per cent* while in case of other obligations repayments were 97.94 *per cent* of fresh receipts. These trends indicate towards the fact that the focus of the Government seems to be on discharging the past debt obligations.

The maturity profile of the State is given in **Table 1.18** and **Chart 1.12** below.

Table 1.18: Maturity Profile of Public Debt

Maturity profile	Amount (₹ in crore)	Percentage to total Public Debt	Chart 1.12: Maturity Profile of Public Debt (₹ in crore) 
0-1 year	852	5.74	
1-3 years	2,363	15.91	
3-5 years	2,199	14.81	
5-7 yearss	1,955	13.16	
More than 7 years	7,481	50.38	
Total	14,850	100	<div> ■ 0-1 years ■ 1-3years ■ 3-5 years ■ 5-7years ■ More than 7 years </div>

Source: Finance Accounts

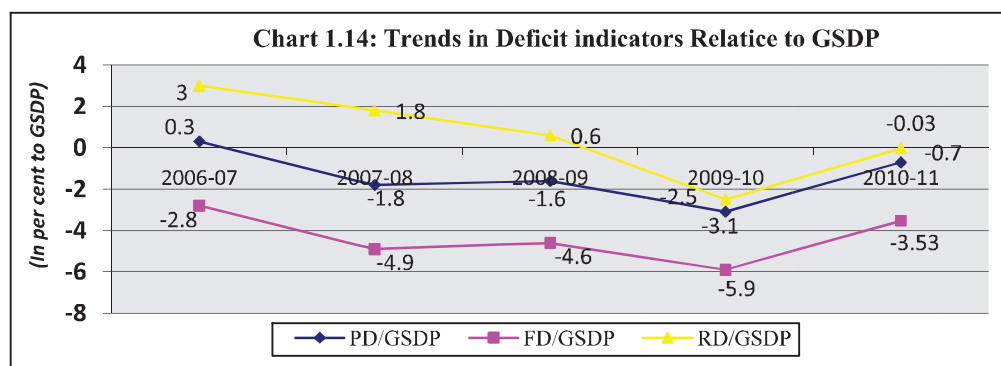
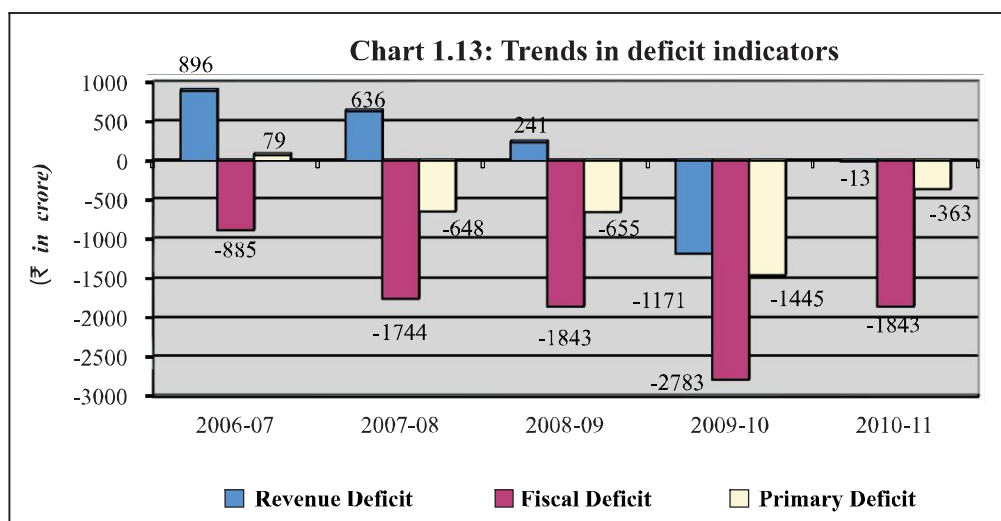
To discharge its expenditure obligations, the government had to borrow further, since fiscal surplus was not available in any of the last five years. The maturity profile of outstanding stock of Public Debt as on 31 March 2011 shows that 50 *per cent* of the Public Debt are in the maturity bucket of seven years and above.

1.9 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2010-11.

1.9.1 Trends in Deficits

Charts 1.13 and 1.14 present the trends in deficit indicators over the period 2006 -07 to 2010-11.



Uttarakhand experienced a revenue surplus from 2006-07 to 2008-09, which turned into deficit during 2009-10, mainly on account of implementation of Sixth Central Pay Commission recommendations. However, the State has been able to bring down the revenue deficit to almost nil (₹ 13 crore) during the current fiscal. The fiscal deficit, which had been on the higher side during 2009-10 and was (5.82 per cent of GSDP) above the four per cent as had been set forth in FRBM, Act 2005. It has also been on the lower side and is pegged at 3.5 per cent of GSDP during the current year. *Although the Th FC has not made any assessment for 2010-11 by allowing it a year of adjustment, even then the State has been able to maintain a fiscal deficit of 3.5 per cent.*

The primary deficit which remained steady during the period 2007-09 had taken a quantum jump in 2009-10 (₹ 1,445 crore), has come down (₹ 363 crore) during the current year.

1.9.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.19**.

Table-1.19: Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)

	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Decomposition of Fiscal Deficit						
1	Revenue Deficit/Surplus(+)	(+) 896	(+) 636	(+) 241	(-) 1,171	(-) 13
2	Capital Expenditure	1,699	2,235	2,016	1,647	1855
3	Net Loans and Advances	(+) 82	(+) 145	(+) 68	(-) 35	(-) 25
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	319	733	884	460	890
2	Loans from GOI	(-) 9	(-) 16	(-) 19	(-) 5	16
3	Special Securities Issued to NSSF	580	195	120	672	921
4	Loans from Financial Institutions	101	213	204	70	182
5	Small Savings, PF etc	88	155	531	1,066	870
6	Deposits and Advances	175	142	61	229	46
7	Suspense and Misc	(-) 491	138	(-) 331	722	(-) 331
8	Remittances	35	85	(-) 238	(-) 129	(-) 303
9	Others	87	99	631	(-) 302	(-) 448
10	Overall Surplus/Deficit	885	1,744	1,843	2,783	1,843

Source: Finance Accounts

The revenue deficit, which turned surplus in 2006-07, did not keep increasing but showed a declining trend and ultimately turned into revenue deficit in 2009-10 due to quantum jump in revenue expenditure and further escalated the fiscal deficit. However, the State has been able to reduce the revenue deficit to almost nil (₹ 13 crore) in the current year. The fiscal deficit (₹ 1,843 crore) was largely managed by market borrowings (₹ 890 crore) and Special Securities issued to National Small Savings Fund (₹ 3,823 crore). Although, there was increase in capital expenditure (13 per cent) even then the fiscal deficit was brought down to reasonable limits, 3.5 per cent of GSDP.

1.9.3 Quality of Deficit/Surplus

The ratio of RD to FD and the primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. 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 (**Table 1.20**) 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.

Table-1.20: Primary deficit/Surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts*	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Total Primary Expenditure	Primary revenue deficit (-) /surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2006-07	7,393	5,513	1,699	102	7,314	(+) 1,880	(+) 79
2007-08	7,959	6,159	2,235	213	8,607	(+) 1,800	(-) 648
2008-09	8,689	7,206	2,016	122	9,344	(+) 1,483	(-) 655
2009-10	9,551	9,319	1,647	30	10,996	(+)232	(-) 1,445
2010-11	11,693	10,141	1,855	60	12,056	(+) 1,552	(-) 363

* Receipts other than Public Debt receipts i.e. such receipts which are not to be paid back

- Non debt receipts increased by 58.16 *per cent* from 2006-07 to 2010-11 and were sufficient to meet the primary revenue expenditure. However, the gap which had reduced considerably in the 2009-10, has again been on the higher side during the current year.
- Total primary expenditure increased by ₹ 4,742 crore during 2010-11 as compared to 2006-07 which was due to increase of primary revenue expenditure to the extent of ₹ 4,628 crore during the same period.
- The primary revenue surplus in 2009-10 declined by 84.36 *per cent* from the previous year, has again showed sharp upward trend during the year.

1.10 Conclusion

Revenue receipts grew by ₹ 2,122 crore (22.37 *per cent*) over the previous year. This was mainly due to the increase in Central Transfers (₹ 910 crore), State's own tax revenue (₹ 846 crore) and in Grants-in-aid (₹ 319 crore). The Government needs to improve its revenue collection as arrears of revenue (excluding forest revenue) at the end of 2010-11 amounted to ₹ 1,250 crore, of which ₹ 255 crore (20 *per cent*) were more than five years old.

The expenditure pattern of the State reveals that the revenue expenditure as a percentage of total expenditure increased during the current year and remained around 86 *per cent* leaving inadequate resources for creation of assets. The non-plan revenue expenditure (NPRE) increased by 9.46 *per cent* over the previous year.

The expenditure on salaries accounted for 52 *per cent* and continued to consume a major share of NPRE during 2010-11. Expenditure on pension payments was ₹ 1,142 crore in 2010-11, which constituted 9.84 *per cent* of the revenue receipts.

Pension payments during 2010-11 grew by 9.07 *per cent* over the previous year. It was within the prescribed rate of 10 *per cent* projected by the Th FC, but was higher than the normative assessment made by Th FC for the current year (**Annexure 7.7 of Th FC report**). The State should adopt measures to restrict the components of non-plan revenue expenditure and resort to need based borrowing to cut down interest.

The capital expenditure of the State increased by ₹ 208 crore (**Paragraph- 1.4.1**) during 2010-11 as compared to the previous year mainly due to increase in expenditure in (i) Social Services (ii) Economic Services. As *per cent* of TE, the CE showed fluctuating trend over the period 2006-07 to 2010-11 which was 20.52 *per cent* in 2006-07 and 13.70 *per cent* in 2010-11. During the current year it showed an increase over the previous year but remained (₹ 1,855 crore) well below the target set forth (₹ 2,200 crore) by the State Government in its Mid Term Fiscal Policy Statement (MTFPS).

The share of developmental capital expenditure also showed inter-year variations but marginally improved during the year 2010-11 as compared to 2009-10. However, the overall development expenditure increased by 63 *per cent* over the period 2006-07 to 2010-11.

The average return on Uttarakhand Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was almost negligible in the past three years while the Government paid an average interest of 7.58 *per cent* on its borrowings during 2008-09 to 2010-11.

Uttarakhand experienced a revenue surplus from 2006-07 to 2008-09, which turned into deficit during 2009-10, mainly on account of implementation of Sixth CPC recommendations. However, the State has been able to bring down the revenue deficit to almost nil (₹ 13 crore) during the current fiscal. The fiscal deficit, which had been on the higher side during 2009-10 and was (5.82 *per cent* of GSDP) above the four *per cent* as had been set forth in FRBM, Act 2005 (**Appendix 1.2 Part B**). It has also been on the lower side and is pegged at 3.5 *per cent* of GSDP during the current year. Although the Th FC has not made any assessment for 2010-11 allowing it a year of adjustment, even then the State has been able to maintain a fiscal deficit of 3.5 *per cent*.

Cash balance of the State at the end of 2010-11 increased by ₹ 690.50 crore and the interest received on investment of cash balances in RBI, Investment in GOI Securities was only 1.52 *per cent* while the Government borrowed at an average interest rate of 7.34 *per cent*. The State had to resort to over draft facility on 11 occasions during the year.

The debt-GSDP ratio at 41.42 *per cent* against 40 *per cent* in 2009-10 showed an upward trend during the year. The ratio was however, below the normative assessment of Th FC (42.20 *per cent*) for the current year. Efforts should be made to return to the state of primary surplus. Maintaining a calendar of borrowings to avoid bunching towards the end of the financial year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

During the year 2010-11, a large amount of ₹ 1,918 crore was directly transferred to State Implementing Agencies. These funds were however, not routed through the State budget/State treasury system. As these funds remain outside the State budget, there is no single agency monitoring its use and also there is no readily available data to ascertain how much is actually spent in any particular year on major flagship schemes and other important schemes.

CHAPTER- II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 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 distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus, facilitate management of finances and monitoring of budgetary provision and are therefore complementary to Finance Accounts.

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

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2010-2011 against 31 grants/appropriations is given in **Table 2.1**:

Table-2.1: Summarized Position of Original/Supplementary provisions vis-à-vis Actual Expenditure during the year 2010-2011.

(₹ in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	1,02,34.27	10,98.92	1,13,33.19	1,00,03.96	(-) 1,329.23
	II Capital	20,04.07	6,87.22	26,91.29	33,27.07	(+) 635.78
	III Loans and Advances	1,50.54	-	1,50.54	59.68	(-) 90.86
	Total Voted	1,23,88.88	1,786.14	1,41,75.02	1,33,90.71	(-) 784.31
Charged	IV Revenue	17,62.38	32.90	17,95.28	16,36.07	(-) 159.21
	V Capital	1.01	5.81	6.82	2.03	(-) 4.79
	VI Public Debt- Repayment	1299.63	-	1299.63	1180.34	(-) 119.29
	Total Charged	30,63.02	38.71	3101.73	28,18.44	(-) 283.29
	Appropriation to Contingency Fund (if any)	-	-	-	-	
	Grand Total	1,54,51.90	1824.85	1,72,76.75	1,62,09.15	(-) 1,067.60

The overall saving of ₹ 1,067.60 crore (**Table-2.1**) was the result of saving of ₹ 2,362.99 crore in grants and appropriations under Revenue Section (37 cases), and Capital Section (23 cases) offset by excess of ₹ 1,295.39 crore in six grants and three appropriations.

Departments against which significant savings were noticed during the year were Finance (₹ 375.16 crore), Energy (₹ 286.69 crore), Water Supply, Housing & Urban Development (₹ 372.80 crore), Welfare of Scheduled Castes (₹ 214.30 crore), Education, Sports, Youth Welfare and Culture (₹ 236.22 crore) and Medical Health & Family Welfare (₹ 186.91 crore). Similarly, departments against which significant excess expenditure over the allotments noticed during the year 2010-11 were Food (₹ 1,207.14 crore), Agriculture (₹ 30.82 crore), Irrigation (₹ 28.09 crore), Public Works Department (₹ 25.87 crore) and Horticulture (₹ 3.00 crore) respectively.

The savings/excess (Detailed Appropriation Accounts) were intimated (July 2011) to the Controlling Officers requesting them to furnish reasons for substantial savings/excess. Their replies were awaited as of November 2011.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis expenditure

The outcome of the appropriation audit reveals that in 52 cases, savings exceeded ₹ one crore in each case, and more than 20 *per cent* of total provision in 22 cases (**Appendix-2.1**). Against the total savings of ₹ 2,362.99 crore, savings of ₹ 1,904.96 crore (80.62 *per cent*)¹ occurred in 14 cases relating to nine grants and two appropriation as indicated in **Table 2.2**.

Table-2.2: List of Grants/appropriation with savings of ₹ 50 crore and above

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,818.59	54.63	1,873.22	1,766.87	106.35
2	11-Education, Sports, Youth Welfare & Culture	2,864.34	374.15	3,238.49	3,062.47	176.02
3	12-Medical, Health & Family Welfare	688.07	28.05	716.12	591.73	124.39
4	13-Water Supply, Housing & Urban Development	748.11	99.67	847.78	474.98	372.80
5	15-Welfare	375.77	89.49	465.26	381.54	83.72
6	19-Rural Development	433.40	29.48	462.88	387.66	75.22

¹ Exceeding ₹ 50 crore in each case.

7	17-Agriculture Works & Research	370.65	60.84	431.49	348.78	82.71
8	30 – Welfare of Scheduled Castes	448.01	41.19	489.20	393.01	96.19
Capital-Voted						
9	11-Education, Sports, Youth Welfare & Culture	47.63	1,11.97	159.60	99.40	60.20
10	12-Medical, Health & Family Welfare	110.67	18.73	129.40	66.88	62.52
11	21-Energy	385.65	10.69	396.34	109.65	286.69
12	30-Welfare of Scheduled Castes	210.95	49.65	260.60	142.49	118.11
Revenue-Charged						
13	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,715.93	30.47	1,746.40	1,605.65	140.75
Capital – Charged						
14	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1299.63		1299.63	1180.34	119.24
Total		11,517.40	999.01	12,516.41	10,611.45	1904.96

The reasons for savings were awaited as of November 2011.

2.3.2 Persistent Savings

In 19 cases, during the last five years there were persistent savings of more than ₹ one crore in each case (Table 2.3).

Table-2.3: List of Grants indicating persistent savings during last five years
(₹ in crore)

Sl.No.	No and Name of grant	Amount of Saving				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue-Voted						
1	04-Judicial Administration	15.59	18.69	16.29	28.57	29.91
2	05-Election	1.37	3.82	3.68	3.65	1.03
3	06-Revenue & General Administration	90.37	30.52	67.57	56.74	29.52
4	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	114.41	106.16	394.33	418.97	106.35
5	12-Medical, Health & Family Welfare	172.06	86.33	122.06	91.88	124.39
6	13-Water Supply, Housing & Urban Development	423.35	68.45	88.69	47.75	372.80
7	15-Welfare	23.84	36.41	93.53	80.43	83.72
8	16-Labour & Employment	42.48	38.41	35.29	5.61	12.08
9	18-Co-operative	7.96	1.39	7.72	1.83	4.87
10	19-Rural Development	71.45	49.63	45.13	70.21	75.22
11	22-Public Works	68.41	29.78	51.18	28.64	34.94

12	23-Industries	43.21	14.96	13.08	1.34	5.15
13	24-Transport	21.57	10.10	11.56	5.62	2.52
14	26-Tourism	1.20	0.71	2.31	2.85	2.92
15	28-Animal Husbandry	19.64	12.18	7.38	8.49	15.53
Capital-Voted						
1	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	126.95	24.06	45.12	51.24	8.78
2	11-Education, Sports, Youth Welfare & Culture	71.17	16.97	14.57	7.80	60.20
3	15-Welfare	16.25	2.15	6.39	5.09	13.74
4	23-Industries	122.69	40.58	5.41	9.55	11.54

Despite mention made in the Comptroller & Auditor General of India's State Finances Report for the year 2009-10, a substantial number of cases were noticed where savings persisted during the year which is indicative of over assessment of requirement of funds. This needs to be reviewed.

2.3.3 Excess Expenditure

In five cases, expenditure aggregating ₹ 2,456.57 crore exceeded the approved provision by ₹ 1,294.45 crore which was more than ₹ one crore in each case or by more than 20 *per cent* of the total provision. Details are given in **Appendix-2.2**. Of these, in the following grants/heads (**Table 2.4**), excess expenditure has been observed consistently during the last five years:

Table-2.4: List of Grants indicating persistent excess expenditure during 2006-11

(₹ in crore)						
Sl.No.	No and Name of grant	Amount of excess expenditure				
		2006-07	2007-08	2008-09	2009-10	2010-11
Capital-Voted						
1	17-Agriculture works & Research(voted)	4.15	14.81	11.72	11.73	30.82
2	25-Food	404.16	367.77	564.40	916.31	1207.14
Total		408.31	382.58	576.12	9,28.04	12,37.96

Persistent excess under the grants/heads was indicative of un-realistic budgetary techniques. Thus, for a sound financial management, assessment of requirement of funds under the heads should be more realistic to avoid recurrence of such instances of persisting excess expenditure in future.

Reasons for persistent excesses were awaited (November 2011).

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 2.99 crore was incurred in one case as detailed in **Table 2.5**

without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.5: Expenditure incurred without provision during 2010-11

(₹ in crore)

No. and Name of Grants	Amount of Expenditure without provision	Reasons/Remarks
29-Horticulture Development Capital(voted)	2.99	Reasons were awaited

Despite a mention was made in the earlier report of CAG of India for the year ended 31 March 2010, the State Government seemed to have not taken cognizance and have incurred an expenditure ₹ 2.99 crore under the same head without any budgetary provision during the current year also, which was irregular and unauthorized and needs regularization.

2.3.5 Excess over provision relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 4,487.11 crore pertaining to previous years 2005-10 was yet to be regularized by the State Legislature. The year-wise amount of excess expenditure pending regularization is summarized in **Table 2.6**.

Table-2.6: Excess expenditure over the provision relating to previous years requiring regularization

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grant / Appropriation	Details of Grant / Appropriation		
2005-06	7	7,8,17,20,22,25&29	663.50	Status not intimated by the State Government
2006-07	6	7,17,20,22,25& 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
2008-09	6	7,17, ,20,22,25&29	1,146.41	
2009-10	7	7,17,18,21,22,25&29	1,007.49	
Total			4,487.11	

Action needs to be initiated at the earliest to get the excess expenditure incurred over grants/ three appropriations of the previous years regularized by the state legislature.

2.3.6 Excess over provisions during 2010-11 requiring regularization

Table 2.7 contains the summary of total excess expenditure registered under six grants/three appropriations amounting to ₹ 12,95,40,01 thousand over authorization from the Consolidated Fund of State (CFS) during the year 2010-11.

Table-2.7: Excess over provision requiring regularization during 2010-11

(₹ in thousand)

Sl. No.	Number and title of Grant/ Appropriation		Total Grant/ Appropriation	Expenditure	Excess
Revenue Voted					
1	20	Irrigation & Flood	2,83,61,58	3,11,24, 11	27,62,53
2	21	Energy	9,02,35	9,49,50	47,15
Revenue Charged					
	10	Police & Jail	...	43	43
	12	Medical, Health & Family Welfare	...	02	02
	15	Welfare	...	40	40
Capital Voted					
1	17	Agriculture Works & Research	12,80,00	43,61,86	30,81,86
2	20	Irrigation & Flood	4,23,88,39	4,24,35,31	46,92
3	22	Public Works	8,62,75,01	8,88,61,66	25,86,65
4	25	Food	2,95,01	12,10,09,37	12,07,14,36
5	29	Horticulture Development	—	2,99,69	2,99,69
Total			15,95,02,34	28,90,42,35	12,95,40,01

Reasons for the excess had not been intimated by the State Government/Department as of November 2011.

The excess expenditure over the provision under the grants/appropriations incurred during the year 2010-11, thus, would require regularization under Article 205 of the constitution.

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 550.66 crore obtained in 25 cases, amounting to ₹ 10 lakh or more in each case, during the year proved unnecessary as the expenditure registered under the grants was within the original provision as detailed in **Appendix-2.3**. In four cases, supplementary provision of ₹ 325.82 crore proved insufficient by more than ₹ one crore in each case leaving an aggregate uncovered excess expenditure of ₹ 12,91.45 crore (**Appendix-2.4**) of the uncovered excess expenditure, ₹ 12,07.14 crore (93.47 per cent) was incurred alone by department of Food and Civil Supplies which is indicative of poor financial management by the department.

2.3.8 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of ₹ 10 lakh and above in 86 sub-heads as detailed in **Appendix-2.5**. Of these, savings exceeding ₹ 20 crore and above occurred in three cases viz. ₹ 31.90 crore under welfare department on account of child welfare centrally sponsored scheme, ₹ 41.67 crore under Irrigation and Flood control on account of new projects for irrigation department central Plan and ₹ 76.50 crore under the grant Energy on account of capital outlay on power projects.

Reasons for the savings had not been furnished by the Government as of November 2011. The substantial savings in the three cases above indicates that the funds could not be spent as estimated and planned under the scheme by the respective departments.

2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 62 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to ₹ 262.53 crore in these 62 schemes, ₹ 209.40 crore (79.76 *per cent*) were surrendered (under the sectors General and Economic Services), which included *cent per cent* surrender in 11 schemes (₹ 17.94 crore) as detailed in **Appendix-2.6**.

2.3.10 Surrender in excess of actual saving

In six cases, the amount surrendered was in excess of actual savings (₹ 50 lakh or more in each case) indicating lack of budgetary controls in these departments. As against savings of ₹ 211.45 crore in these cases, the amount surrendered was ₹ 229.62 crore resulting in injudicious excess surrender of ₹ 18.17 crore. Details are given in **Appendix-2.7**.

2.3.11 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the savings under grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2010-11, there were, however, six grants/appropriations in which savings of ₹ 10 crore and above occurred but no part of it had been surrendered by the concerned departments. The amount involved in these cases was ₹ 372.22 crore (15.75 *per cent* of the total savings) (**Appendix-2.8**).

Similarly, out of savings of ₹ 1,744.24 crore (cases where savings of more than ₹ one crore occurred), amount aggregating ₹ 669.11 crore was surrendered resulting in non surrender of ₹ 1,075.13 crore (61.64 *per cent* of total savings), details of which are given in **Appendix-2.9**. Besides, in 9 cases, (surrender of funds in excess of ₹ 10 crore), ₹ 402.56 crore was surrendered (**Appendix-2.10**) on the last two working days of March 2011 thereby defeating the intended purpose of surrenders as these funds could not be utilized for other developmental purposes.

2.3.12 Rush of expenditure

Table-2.8: Cases of Rush of Expenditure towards the end of the financial year 2010-11
(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2011	
			Amount (₹ in crore)	Percentage of total expenditure	Amount (₹ in crore)	Percentage of total expenditure
1	2030	27.18	14.19	52	11.30	42
2	2402	1.90	1.41	60	0.71	37
3	2501	84.86	59.79	70	29.64	35
4	3054	101.29	54.91	54	45.31	45
5	3604	407.68	207.49	51	172.83	42
6	4202	121.37	91.25	75	62.35	51
7	4210	67.75	35.19	52	22.45	33
8	4225	8.37	8.37	100	7.72	92
9	4401	46.62	34.77	75	31.79	68
10	4406	16.47	10.66	65	10.24	62
11	4425	0.76	0.76	100	0.76	100
12	4701	2.11	1.80	85	1.05	50
13	4702	200.40	143.98	72	96.45	48
14	4711	20.63	15.64	76	13.53	66
15	4851	3.15	1.93	61	1.63	52
Total		1110.54	682.14		507.76	

Source: Information provided by Accountant General (A&E) Uttarakhand.

According to Financial regulation, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 52 sub-major heads listed in **Appendix-2.11** expenditure exceeding ₹ 10 crore or more than 50 *per cent* of the total expenditure for the year was incurred in last quarter or in March 2011. **Table 2.8** also presents the major heads where more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

Scrutiny revealed that 61.42 *per cent* of the total expenditure of ₹ 1,110.54 crore spent against these major heads during the year 2010-11 was incurred in the last quarter of the financial year. Further, in 10 cases above, the expenditure exceeding ₹ 10 crore was incurred in the month of March 2011 alone.

For a sound financial management, uniform pace of expenditure should be maintained. Contrary to the spirit of financial regulation a substantial amount was incurred by the Government at the end of the year which was indicative of poor financial control over the expenditure.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent (DCC) Bills against Abstract Contingent Bills (AC)

As per financial rules, every Drawing Officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignatures and transmission to the Accountant General (Accounts and Entitlement). The total amount of DCC bills received during the year 2010-11 was only ₹ 24.12 crore against the amount of AC bills of ₹ 101.27 crore leading to an outstanding balance of A.C. bills of ₹ 77.15 crore awaiting adjustment as on 31 March 2011. Year wise details are given in **Table 2.9**.

Table-2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills (as on 31 March 2011).

(₹ in crore)

Year	Amount of AC Bills	Amount of DCC Bills	Outstanding AC Bills	
			Number	Amount
2008-09	3.25	0.25	02	3.00
2009-10	3.88	2.47	22	1.41
2010-11	94.14	21.40	367	72.74
Total	101.27	24.12	391	77.15

Source: Information provided by Accountant General (A&E) Uttarakhand.

As can be seen from the table above, the total amount of AC bills outstanding against 391 AC Bills was ₹ 77.15 crore at the end of March 2011. However, an attempt was made to verify the AC bills outstanding as of September 2011 and it was noticed that DCC bills for an amount of ₹ 76.93 crore were outstanding against 357 AC bills drawn during the period from 2008-09 to 2010-11. It was further noticed that out of the total outstanding balance of ₹ 76.93 crore, a substantial amount of ₹ 41.54 crore was drawn (during 2010-11) through 71 AC bills by Secretary, Revenue and General Administration and was outstanding on account of non-submission of DCC bills. Department-wise pending DCC bills for the years up to 2010-11 showing position of outstanding DCC bills as on 30 September 2011 have been detailed in **Appendix-2.12**.

Non-submission of DCC bills for long periods after drawl of AC bills is fraught with the risk of mis-appropriation and therefore, needs to be monitored closely.

2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budgetary allocation and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts and Entitlement). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2010-11 also. Audit scrutiny revealed cases where the amount exceeding ₹ 10 crore involving ₹ 4,427 crore remained unreconciled in respect of 11 controlling officers during the year 2010-11, which constituted 33 per cent of the total net expenditure of ₹ 13,536 crore as detailed in **Table 2.10**:

Table-2.10: List of controlling officers where amounts exceeding ₹ 10 crore in each case remained fully un-reconciled during 2010-11

(₹ in crore)		
Sl. No.	Controlling Officers	Amount not reconciled
1	Secretary, Revenue Department/Natural Calamities Management	331
2	Commissioner Tax, Uttarakhand Dehradun	92
3	Principal Secretary, Finance	1,122
4	Principal Secretary, Social Welfare Department	701
5	Secretary, State Estate Department	480
6	Secretary, Women and Children Welfare	763
7	Secretary, Energy	113
8	Secretary, Food and Supply Department	40
9	Secretary, General Administration Department	41
10	Secretary, Transport and Civil Aviation	10
11	Secretary, Water Supply	734
Total		4,427

Source: Information provided by Accountant General (A&E) Uttarakhand.

On this being pointed out, the reasons for the huge amount of ₹ 4,427 crore remaining unreconciled during the year 2010-11 was not furnished to audit.

Thus, efforts to get the accounts reconciled need be undertaken expeditiously to obviate the possibilities of fraud and misuse of funds.

2.5 Advances from Contingency Fund

The Contingency Fund of the State with its corpus of ₹ 600 crore has been established in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest and any drawal of advances from the fund needs to be

recouped within the same financial year. However, advances to the tune of ₹ 536.71 crore drawn from the contingency fund remained to be recouped as on 31 March 2011 is as given in **Table 2.11** below.

Table-2.11: Expenditure met from contingency fund during the year 2010-11 remained un-recouped

(₹ in crore)

	Grant No	Major Head	Budget Estimate	Re-appropriation /Surrender	Total	Actual Exp	Adv From Contingency fund	Month of Sanction
1	03	2013- Councils of Ministers	25.89	-	25.89	25.70	16.00	10,11, 12/2010 01,02/2011
2	06	2029-Land Revenue	122.32	-4.56	117.76	101.45	0.22	12/2010
3	06	2070-Other Administrative Services	27.66	-1.16	26.50	29.59	0.46	01,03/2011
4	06	2245- Relief On Account of Natural Calamities	175.93	0.00	175.93	165.51	485.79	10,11, 12/2010 01,02, 03/2011
5	07	2052- Secretariat-General Services	93.46	-16.29	77.17	70.45	0.05	03/2011
6	07	4515-Capital Outlay on Other Rural Development programmes	17.44	0.00	17.44	17.06	5.47	03/2011
7	13	2217-Urban Development	395.75	-1.65	394.10	107.90	1.90	03/2011
8	15	2235-Social Security and Welfare	392.40	-4.31	388.09	321.08	1.08	10,12/2010
9	19	2515-Other Rural Development Programmes	385.43	-29.24	356.19	319.96	14.60	01,02, 03/2011
10	23	3425-Other Scientific Research	9.50	0.60	10.10	10.15	2.65	01/2011
11	27	2406-Forestry and Wild Life	315.62	0.00	315.62	285.11	0.01	11,12/2010
12	28	2403-Animal Husbandry	89.24	0.00	89.24	79.20	0.20	05,08, 03/2010
13	29	2401-Crop Husbandry	88.30	-0.32	87.98	86.69	8.28	03/2011
Total			2138.94	-56.93	2082.01	1619.85	536.71	

Source: Information provided by Accountant General (A&E) Uttarakhand.

It would be evident from the above that the expenditure to the tune of ₹ 536.71 crore was met through advances from the Contingency fund during the year and had not been recouped to the fund during the year defeating the purpose of the creation of fund. Advances from contingency fund were mainly drawn under Relief on account of Natural Calamities (91 per cent) which is

understandable, in view of the urgency of the restoration and relief works. However, Government resorted to advances from the Contingency Fund during the year for meeting the Capital Expenditure to the tune of ₹ 5.47 crore which was in contravention of financial management.

2.6 Errors in Budgeting Process

Lapses or errors observed in the process of budgeting by the State Government for the financial year 2010-11 were as under:

- Minor Head 900-Recoveries has been shown below Sector-A Tax-Revenue, while the list of Major & Minor Heads of Account (volume-I) provides that the Minor Head-900 recoveries shall be shown below every Major/Minor Head coming under the Sector-A Tax-Revenue. The State Government have not taken cognizance, despite being pointed out in earlier reports also.
- Under Major Head 3454, Minor Head 001- Direction and Administration has been shown below Sub-Major Head 02 instead of 01 as is provided in the list of Major and Minor Heads of Account.
- Under Grant Number 14, below Major Head 4059, Sub-Major Head 60 has been shown as 'Others. This should have been shown as 'Other Buildings' as is provided in the List of Major and Minor Heads of Account.
- In the Major Head 2059, under Grant Number 22, Minor head 102 under Sub-Major Head 80 has been shown as 'Repair and Maintenance', where as it should have been shown as Minor Head 053 under Sub-Major 80,as per in the List of Major and Minor Heads of Account.
- Sub-Major Head 04- has been shown as 'Development of Towns' under the Major Head 2215 while it should have been depicted as 'Development of Slums' as provided in the List of Major and Minor Heads of Account.
- In the Major Head-7610 advance on purchase of Computer has been shown in Sub Head-03 under Minor Head-800, while as per list of Major-Minor Heads it should be shown under Minor Head-204.
- In the Major Head 4235, 'Welfare of Handicapped' has been shown against Minor Head 104 whereas it should have been 'Welfare of Aged, Infirm and Destitute'. As per the List of Major and Minor Heads of Account 'Welfare of Handicapped' should have been shown against Minor Head 101.
- In Major Head 2402 under Grant Number 17, Minor Heads 101 and 102 have been shown as 'Soil Conservation & Testing' and 'Water Conservation' respectively, where as these should have been shown as 'Soil Survey &

Testing’ and ‘Soil Conservation’ as per the List of Major and Minor Heads of Account.

- In Grant number -07 total appropriations of revenue section under grand total differ with that of detailed sub-totals.

2.7 Outcome of Review of selected Grant

Grant Number 07- Finance, Tax, Planning, Secretariat and Miscellaneous Services was selected for review which revealed the following:

Rush of Expenditure

General Financial rules provide that the expenditure shall uniformly be incurred during the year taking month wise/quarter wise flow into consideration. In the case of Grant Number 07 (General Services), it is revealed that the uniform flow of expenditure was not maintained during 2010-2011 as per prescribed norms, which led to rush of expenditure. The details are shown below:

Table-2.12: Rush of expenditure during the last quarter/in the month of March, 2011

(₹ in crore)

Sl.No.	Major Head	Expenditure in last Quarter	Expenditure in March	Total Expenditure during 2010-11	Percentage of expenditure in last quarter	Percentage of expenditure in March
1	2030 (Voted)	14.19	11.30	27.19	52.19	41.56
2	3604 (Voted)	207.49	172.83	407.68	50.89	42.39
3	4059 (Voted)	9.82	4.73	19.57	50.17	24.17
4	4216 (Voted)	9.38	5.34	20.54	45.67	26.00
Total		240.88	194.20	474.98	50.71	40.89

Source: Information provided by Accountant General (A&E) Uttarakhand.

The expenditure in four major heads under the grant in the last quarter of 2010-11 was 50.71 per cent of the total expenditure with the fact that 40.89 per cent of the total expenditure under these heads was incurred in the month of March, 2011 alone leading to the rush of expenditure. This indicates lack of planning in regulating the expenditure by the Finance Department.

Rush of expenditure at the close of the year could lead to infructuous, nugatory or ill planned expenditure. The departments should ensure maintaining uniform pace of expenditure throughout the year as far as practicable to avoid rush of expenditure at the end of the financial year.

Unnecessary Supplementary Grants

Supplementary Grants are obtained to cover the excesses that may be anticipated after mid-term review of the requirement of additional funds under the Grants/Appropriations during a financial year. However, it was noticed that supplementary Grants were obtained under Grant Number 07, without any proper planning as tabulated in the **Table-2.13**:

Table-2.13: Details of supplementary provision obtained under the Grant

(₹ in crore)

Sl. No.	Major Head	Total Budget Provision				Actual Expenditure	Saving
		Original	Supplementary	Re-appropriation	Total		
1	2052	87.33	6.13	(-) 16.29	77.17	69.37	(-) 7.80
2	3451	7.26	0.98	(+) 0.44	8.68	3.61	(-) 5.07
3	3454	16.07	14.15	(-) 5.56	24.66	13.08	(-) 11.58
Total		110.66	21.26		110.51	86.06	

Supplementary grants amounting to ₹ 21.26 crore obtained under three major heads of Grant Number 07, proved unnecessary since the Savings/overall Savings under two major heads itself was more than the supplementary grant obtained by the Department. Whereas a major portion of supplementary Grant obtained under the Major Head 3454 remained unspent by the department.

The Government should therefore, put a proper mechanism in place to ensure better management for utilization of funds.

Unutilised Provision

Annual Financial Statement of the State provides for provisions for different schemes and programmes in order to carry out various development programmes/schemes. In Grant Number 07, it was noticed that the entire budgetary provision under certain sub-heads remained unutilized at the end of financial year 2010-11 as per details below.

Table-2.14: Details of Heads of accounts where the allocation were not used at all

(₹ in crore)

Sl No.	Major Head	Budget Provision	Saving
1	2040-00-800-06	5.00	5.00
2	2052-00-800-03	4.50	4.50
3	3451-00-092-06	2.50	2.50
4	3604-01-192-04	0.50	0.50
Total		12.50	12.50

Entire allocation of ₹ 12.50 crore under various schemes/programmes of various major heads of Grant Number 07 remained unutilised during 2010-11. This indicates that expenditure could not be incurred as estimated and planned. This needs to be looked into to ensure optimum utilization of funds.

2.8 Conclusion

The overall saving of ₹ 1,067.60 crore was the result of saving of ₹ 2,362.99 crore in various grants and appropriations offset by excess of ₹ 1,295.39 crore in six grants and three appropriations.

Excess expenditure of ₹ 1,295.39 crore over the approved provision registered in ten cases under six grants and three appropriations during the year would require

regularization under Article 205 of the constitution of India. Revenue and General Administration, Finance Tax Planning, Medical Health and Family Welfare, Water Supply Housing and Urban Development, Welfare and Rural Development Sectors posted large savings persistently during the last five years. There were also instances of inadequate provision and unnecessary/excessive re-appropriations of funds besides rush of expenditure in the last quarter/at the end of the financial year indicating lack of or inadequate budgetary control in the departments. In many cases, the anticipated savings were either not surrendered or surrendered at the end of the year in the month of March leaving no scope for utilizing these funds for other development purposes. Advances sanctioned from the Contingency Fund (though in certain cases were not of emergent nature requiring drawal from Contingency Fund) were not recouped at the end of the year defeating the very purpose of creation of the Fund.

Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided. The Government should sanction advances from the contingency fund only for meeting expenditure of an unforeseen and emergent nature and the mechanism to recoup the fund timely should be streamlined to maintain the purpose of its creation. A close and rigorous monitoring mechanism should be put in place by the Controlling officers to ensure adjustment of Abstract Contingent bills during the stipulated time frame.

CHAPTER- III

FINANCIAL REPORTING

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

3.1 Delay in furnishing Utilization Certificates

Financial Rules provide that for the grants provided for specific purposes, Utilization Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (Accounts and Entitlement) within 18 months from the date of their sanction unless specified otherwise. There were 578 UCs amounting to ₹ 463.37 crore pending as of March 2011. 623 UCs amounting to ₹ 522.54 crore were pending as of August 2011. Of these, 172 UCs (27.61 *per cent*) involving ₹ 244.69 crore were pending for periods up to three years and 451 UCs involving ₹ 277.85 crore were pending for more than three years. The age-wise delays in submission of UCs have been summarized in **Table 3.1**.

Table-3.1: Age-wise arrears of Utilization Certificates as on August 2011

(₹ in crore)

Sl. No.	Range of delay in number of years	Utilizaiton Certificates Outstanding	
		Number	Amount
1	0-1	62	65.39
2	1-3	110	179.30
3	3-5	451	277.85
Total		623	522.54

In the absence of UCs, it could not be ascertained whether the recipients had utilized the grants for the intended purpose for which these were sanctioned. Thus, efforts should be made by the departments for expeditious submission of UCs by the recipients.

3.2 Delay in submission of Accounts in respect of 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 financial 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 finalization of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also open the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit within a specified time frame. As of September 2011, out of three such undertakings two had not prepared accounts and their accounts were in arrears from the year 2003-2004 and onwards. The department-wise position of arrears in preparation of proforma accounts and investment made by the Government are given in **Appendix-3.1**

Delay in finalization of accounts carries the risk of financial irregularities going undetected and therefore, the accounts need be finalized and submitted to audit at the earliest.

3.3 Misappropriations, losses, defalcations, etc.

Audit observed 16 cases of misappropriation, defalcation and theft etc., involving Government money amounting to ₹ 3.20 crore up to the period March 2011 on which final action was pending. The department-wise break-up of pending cases showing age wise analysis and nature of these cases is given in **Appendix-3.2** and **Appendix-3.3** respectively. The age-profile of the pending cases and the number of cases pending in each category; theft and misappropriation/loss are summarized in **Table 3.2**.

Table-3.2: Profile of cases of misappropriations, losses, defalcations, etc., as on 31 March 2011

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount involved (₹ in lakh)	Nature/Characteristics of the Cases	Number of Cases	Amount involved (in ₹ lakh)
0 - 5	16	320.10	Theft Misappropriation/Loss of material	02	4.13
5 - 10	---	---		14	315.97
10 - 15	---	---			
15 - 20	---	---			
20 - 25	---	---	Total	16	320.10
25 & above	---	---	Cases of Loss Written off during the Year	---	---
Total	16	320.10	Total Pending cases	16	320.10

Of these four cases of theft, misappropriation/loss amounting to ₹ 50.55 lakh were pending for final action by the department of 'Education' whereas three cases involving substantial amounting of ₹ 84.31 lakh were awaiting finalization by the department of 'Social Welfare'.

Thus, an effective mechanism needs to be put in place to ensure speedy settlement of cases relating to misappropriation, loss and theft and in order to avoid recurrence of such cases in future.

3.4 Conclusion

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delays in furnishing utilization certificates to the Accountant General (Accounts & Entitlement) against the loans and grants given to various grantee institutions. 623 UCs involving an amount of ₹ 522.54 crore and due for submission were not furnished to the Accountant General (Accounts and Entitlement), needs urgent attention by the Government.

Departmental enquiries in the cases of loss/misappropriation and theft should be expedited to bring the defaulters to book. Internal Controls in all the organizations should be strengthened to prevent occurrence of such cases in future.

**Dehradun
The**

**(ASHWINI ATTRI)
Principal Accountant General (Audit), Uttarakhand**

Countersigned

**New Delhi
The**

**(VINOD RAI)
Comptroller and Auditor General of India**

Appendix-1

(Reference: Profile of Uttarakhand; Page 1)

S.No.	Particulars		Figures
1	Area		53,483 Sq. km.
2	Population		
	a.	As per 2001 Census	84.89 lakh
	b.	As per 2011 Census	101.17 lakh
3	a.	Density of Population (as per 2001 Census) (All India Density = 325 persons per Sq. Km.)	159 person per Sq. km.
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq. Km.)	189 person per Sq. km.
4	*Population Below Poverty Line (BPL) (All India Average = 27.5 per cent)		39.60 per cent
5	a.	Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	71.60 per cent
	b.	Literacy (as per 2011 Census) (All India Average = 74.0 per cent)	79.63 per cent
6	Infant mortality** (per 1000 live births) (All India Average = 50 per 1000 live births)		41
7	Gini Coefficient***		
	a.	Rural (All India = 0.30)	0.28
	b.	Urban (All India = 0.37)	0.32
8	Per capita GSDP CAGR (2001-02 to 2010-11)		16.65 per cent
9	GSDP CAGR (2001-02 to 2010-11)		20.98 per cent

* Source of General data: BPL (Planning Commission and NSSO data, 61 Round).

**Infant Mortality rate (SRS Bulletin January 2011), Financial data is based on Finance Accounts of the States Government.

***Gini-coefficient (Unofficial estimates of Planning Commission and NSSO data, 61 Round 2004-05 MRP).

Gini-coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closure to one inequality is higher.

APPENDIX - 1.1

(Reference: paragraph 1.2.1; page 4)

Part A: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

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.

Appendix 1.1-contd.

PART B: Layout of Finance Accounts	
Statement	Layout
Volume 1	
Statement No.1	Statement of Financial Position.
Statement No.2	Statement of Receipts and Disbursement.
Statement No.3	Statement of Receipts in Consolidated Fund.
Statement No.4	Statement of Expenditure in Consolidated Fund. By Function and Nature Notes to Accounts. Appendix I: Cash Balances and Investment of Cash Balances
Volume 2	
PART-I	
Statement No. 5	Statement of Progressive Capital Expenditure.
Statement No.6	Statement of Borrowings and other Liabilities.
Statement No.7	Statement of Loans & Advances given by the Government.
Statement No.8	Statement of Grants-in-Aid given by the Government.
Statement No.9	Statement of Guarantees given by the Government.
Statement No.10	Statement of Voted & Charged Expenditure.
PART-II	
Statement No.11	Detailed Statement of Revenue & Capital Receipts by Minor Heads.
Statement No.12	Detailed Statement of Revenue Expenditure by Minor Heads.
Statement No.13	Detailed Statement of Capital Expenditure by Minor Heads.
Statement No.14	Detailed Statement of Investments of the Government.
Statement No.15	Detailed Statement of Borrowings & other Liabilities.
Statement No.16	Detailed Statement on Loans & Advances given by the Government.
Statement No.17	Detailed Statement on Sources & Applications of Fund for Expenditure other than Revenue Account.
Statement No.18	Detailed Statement in Contingency Fund & other Public Account Transactions. .
Statement No.19	Detailed Statement on Investments of Earmarked Funds.
PART-III	
Appendices	
II	Comparative Expenditure on Salary
III	Comparative Expenditure on Subsidy
IV	Grants-in-aid (Scheme wise and Institution wise)
V	Externally Aided Projects
VI	Plan Scheme Expenditure (Central and State Plan Schemes)
VII	Direct transfer of central scheme funds to implementing agencies in the State
VIII	Summary for Balances
IX	Financial results of Irrigation Schemes
X	Incomplete Works
XI	Maintenance expenditure with segregation of salary and non salary portion

Appendix - 1.2

Part A

(Reference: Paragraph 1.5.1; page 18)

Methodology adopted for the Assessment of Fiscal Position

The norms/Ceilings prescribed by the Thirteenth Finance Commission (ThFC) for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue and capital expenditure internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources pattern of expenditure etc., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

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

Trends in Gross State Domestic Product (GSDP)

	2006-07	2007-08	2008-09*	2009-10*	2010-11*
Gross State Domestic Product (₹ in crore)	32,260	38,015	42,835	47,808	52,143
Growth rate of GSDP	14.12	17.84	12.68	11.61	9.07

Source: Director Economics and Statistics Uttarakhand

* *Provisional* * *Quick* * *Advance*

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments the following methodology given in Thirteenth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio derive the aggregate expenditure so that no State is having a ratio AEGSDP less than the national average *i.e.* if

$$AE/GSDP = x$$

$$AE = x * GSDP \dots\dots\dots(1)$$

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

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

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

$$DE/AE = y$$

$$DE = y * AE \dots\dots\dots(2)$$

where y is the national average of DE-AE ratio

Substituting (1) in (2) we get

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

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

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

$$PCDE = DE/P \dots\dots\dots(4)$$

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

Substituting (3) in (4) we get

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

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

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

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

Appendix-1.2

Part B

(Reference: Paragraph 1.10; page 32)

**Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005
(Partially modified in March, 2011 in accordance with the recommendations of Thirteenth Finance Commission)**

To provide for the responsibility of the State Government to ensure fiscal stability and sustainability and to enhance the scope for improving social and physical infrastructure and human development by achieving sufficient revenue surplus reducing fiscal deficit and removing impediments to the effective conduct to fiscal policy and prudent debt management through limits on State Government borrowings Government guarantees debt and deficits greater transparency in fiscal operations of the State Government and use of a medium term fiscal framework and for matters connected therewith or incidental thereto.

In particular the State Government shall--

- (a) reduce revenue deficit to nil within a period of four financial years beginning from the 1st day of April 2011 and ending on the 31st day of March 2015;
- (b) keep fiscal deficit to 3.5 *per cent* of Gross State Domestic Product in 2011-12 and 2012-13 and then to 3 *per cent* in 2013-14 and 2014-15 as has been recommended by Thirteenth Finance Commission.
- (c) ensure that in ensuing four years period beginning from 1st April 2011 upto March 2015 the ratio of fiscal liabilities vis-à-vis GSDP shall not be more than 41.10 *per cent*, 40.00 *per cent*, 38.50 *per cent* and 37.20 *per cent* respectively;
- (d) reduce fiscal deficit as percentage of Gross State Domestic product in each of the financial years referred to in clause (a) in a manner consistent with the goal set out in clause (c);
- (e) review the targets set forth by the state government above once in six months.
- (f) not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of the coming into force of this Act or any rule or law to be made by the State Government subsequent to coming into force of this Act; and
- (g) ensure within a period of ten financial years; beginning from the initial financial year on the 1st day of April 2005 and ending on the 31st day of March 2015 that the total liabilities at the end of the last financial year do not exceed twenty five *per cent* of the estimated gross State domestic product for that year.

**Outcome indicators of the State's Own Fiscal Correction Path through
Mid Term Fiscal Policy**

(₹ in crore)

	Base year estimates 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
A. STATE REVENUE ACCOUNT :							
1. Own Tax Revenue	2,738.77	3,044.98	3559.11	4326.37	4759.74	5521.30	6404.71
2. Own Non-Tax Revenue	668.38	699.36	631.86	1115.00	1647.11	1414.88	1488.07
3. Own Tax +Non-Tax Revenue (1+2)	3,407.15	3744.34	4190.97	5441.37	6406.85	6936.18	7892.78
4. Share in Central Taxes and Duties	1,427.68	1506.52	1549.94	2460.00	2955.31	3309.95	3707.14
5. Plan-Grants	1,721.07	2114.36	2595.96	3864.45	4567.49	5024.24	5526.66
6. Non-Plan Grants	1,335.20	1269.67	1149.26	1574.77	705.34	710.00	435.00
7. Total Central Transfer (4 to 6)	4,483.94	4890.55	5295.16	7899.22	8228.14	9044.19	9668.80
8. Total Revenue Receipts (3+7)	7,891.09	8,634.89	9,486.13	13,340.59	14,634.99	15,980.36	17,561.58
9. Plan Expenditure	1,833.86	4192.40	3810.16	5681.63	6564.29	7220.72	7942.79
10. Non-Plan Expenditure	5,420.70	7372.25	10,386.79	11,233.12	12,802.62	14,082.88	15,209.51
11. Salary Expenditure	2,472.33	3349.91	4811.21	5376.69	5670.25	6237.28	6861.00
12. Pension	622.87	828.25	1304.65	1042.80	1414.95	1584.74	1774.91
13. Interest Payments	1,095.93	1,187.51	1,510.91	1,528.12	1,812.03	2,003.79	2,186.72
14. Subsidies-General	-	-	-	-	-	-	-
15. Subsidies-Power	-	-	-	-	-	-	-
16. Total Revenue Expenditure (9+10)	7,254.56	8,395.36	10,657.47	12,772.02	14,325.70	15,758.27	17,097.72
17. Salary+Interest+ Pensions (11+12+13)	4,191.13	5,365.67	7,626.77	7,947.61	8,897.23	9,825.81	10,822.64
18. as <i>per cent</i> of Revenue Receipt (17/8)	53.11	62.14	80.40	59.57	60.79	61.49	61.63
19. Revenue surplus/deficit (8-16)	-636.53	239.53	-1171.34	568.57	309.29	222.09	463.86
B. CONSOLIDATED REVENUE ACCOUNT:							
1. Power Sector loss/profit net of actual subsidy transfer	-	-	-	-	-	-	-
2. Increase in debtors during the year in power utility account (increase (-))	-	-	-	-	-	-	-
3. Interest payment on Off Budget Borrowings and SPV borrowings made by PSUs/SPUs outside budget	-	-	-	-	-	-	-
4. Total (1 to 3)	-	-	-	-	-	-	-
Consolidated Revenue Surplus/Deficit	-636.53	239.53	-1171.34	568.57	309.29	222.09	463.86

Audit Report on State Finances for the year ended 31 March 2011

C. CONSOLIDATED DEBT:							
1. Outstanding Debt and liability	13,037.46	14,443.35	17,029.45	19,438.06	21,720.33	24,956.02	28,081.44
2. Total Outstanding Guarantee	1,676.60	1,676.60	1,801.60	1,652.76	1,510.99	1,510.99	1,510.99
a) Guarantee of Budgeted & SPV borrowings	-						
D. CAPITAL ACCOUNT:							
1. Capital Outlay	2,234.82	2,016.30	2,136.74	2,200.34	3,094.58	3,404.04	3,574.24
2. Disbursement of Loans and Advances	212.54	121.77	30.06	642.75	307.91	128.70	90.00
3. Recovery of Loans and Advances	68.40	53.58	554.83	246.38	474.96	74.96	74.96
4. Other capital receipts	1,225.68	1,417.20	1,613.11	2,408.24	2,431.00	3,235.69	3,125.42
E. GROSS FISCAL DEFICIT (GFD) :	-1,742.40	1,844.96	2,783.31	2,028.14	2,618.24	3,235.69	3,125.42
GSDP (₹ in crore) at Current Prices	35,591.75	40,159.26	63,352.18	73,294.13	82,309.31	92,680.28	1,04,358.00
F. FISCAL DEFICIT :							
Actual/Assumed Nominal Growth Rate (<i>per cent</i>)	13.42	12.83	19.27	15.69	12.30	12.60	12.60

Appendix 1.3

(Reference: Paragraphs 1.3, 1.7.2 and 1.8; pages 8, 25 and 28)

Time series data on the State Government Finances

(₹ in crore)

	2006-2007	2007-2008	2008-09	2009-10	2010-11
Part A. Receipts					
1. Revenue Receipts	7,373	7,891	8,635	9,486	11,608
(i) Tax Revenue	2,513(35)	2,739(35)	3,045(35)	3,559(38)	4,405(38)
Taxes on Agricultural Income	...	...	...	-	--
Taxes on Sales Trade etc	1,361(54)	1,628(59)	1,911(63)	2,247(63)	2,940(67)
State Excise	373(15)	442(16)	528(17)	705(20)	756(17)
Taxes on Vehicles	141(6)	155(6)	167(5)	184(5)	227(5)
Stamps and Registration fees	546(21)	424 (15)	357(12)	399(11)	440(10)
Land Revenue	15(1)	23(1)	18(1)	9(0.25)	18(0.41)
Taxes on Goods and Passengers			6(-)	-	-
Other Taxes	77(3)		58(2)	15(0.42)	24(0.54)
(ii) Non Tax Revenue	647(9)	668(8)	699(8)	632 (7)	678(6)
(iii) State's share of Union taxes and duties	1,132(15)	1,428(18)	1,507(18)	1,550(16)	2,460(21)
(iv) Grants in aid from Government of India	3,081(42)	3,056(38)	3,384(39)	3,745(39)	4,065(35)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	20	68	54	65	85
4. Total Revenue and Non debt capital receipts (1+2+3)	7,393	7,959	8,689	9,551	11,693
5. Public Debt Receipts	1,228	1,398	1,544	1,682	2,427
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,208(98)	1,210(87)	1,399(91)	1,582(94)	2,384(98)
Net transactions under Ways and Means Advances and Overdrafts	-	172(12)	127(8)	69(4)	-
Loans and Advances from Government of India	20(2)	16(1)	18(1)	319(2)	43(2)
6. Total Receipts in the Consolidated Fund (4+5)	8,621	9,357	10,233	11,233	14,120
7. Contingency Fund Receipts	34	27	2	37	582
8. Public Account Receipts	11,234	12,412	13,658	14,226	18,829
9. Total Receipts of the State (6+7+8)	19,855	21,769	23,891	25,459	33,531
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	6,477	7,255	8,394	10,657	11,621
Plan	1,577(24)	1,834(25)	2,174(26)	2,299(22)	2,472(21)
Non Plan	4,900(76)	5,421(75)	6,220(74)	8,358(78)	9,149(79)
General Services (including interest payments)	2,378(37)	2,655(37)	3,104(37)	3,694(35)	4,180(36)
Social Services	2,455(38)	2,829(39)	3,392(41)	4,980(47)	5,169(44)
Economic Services	1,373(21)	1,461(20)	1,623(19)	1,658(16)	1,864(16)
Grants-in-aid and contributions	271(4)	310(4)	275(3)	325(3)	408(4)
11. Capital Expenditure	1699	2235	2016	1647	1,855
Plan	1,602(94)	2,157(97)	1,902(94)	995(60)	1,859(100)
Non Plan	97(6)	78(3)	114(6)	651(40)	(-) 4
General Services	173(10)	201(9)	174(9)	109(7)	105(5)
Social Services	372(22)	418(19)	281(14)	109(7)	235(13)
Economic Services	1,154(68)	1,616(72)	1,561(77)	1,429(87)	1,515(82)

12. Disbursement of Loans and Advances	102	213	122	30	60
13. Total (10+11+12)	8,278	9,703	10,532	12,334	13,536
14. Repayments of Public Debt	237	273	355	473	519
Internal Debt (excluding Ways and Means Advances and Overdrafts)	208(88)	240(88)	318	437	448
Net transactions under Ways and Means Advances and Overdraft	...	--			45
Loans and Advances from Govt. of India	29(12)	33(12)	37	36	26
15. Appropriation to Contingency Fund	-	--		-	515
16. Total disbursement out of Consolidated Fund (13+14+15)	8,515	9,976	10,887	12,807	14,570
17. Contingency Fund disbursements	25	1	32	71	537
18. Public Account disbursements	11,227	11,864	13,477	12,322	17,733
19. Total disbursement by the State (16+17+18)	19,767	21,841	24,396	25,200	32,840
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(+) 896	(+) 636	(+) 241	(-) 1,171	(-) 13
21. Fiscal Deficit (4-13)	885	1,744	1,843	2,783	1,843
22. Primary Deficit (21+23)	(+) 79	(-) 648	(-) 655	(-) 1,445	(-) 363
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	964	1,096	1,188	1,338	1,480
24. Arrears of revenue (percentage of tax & Non-tax Revenue Receipt)	284(9)	610(18)	759(20)	730(17)	1250(11)
25. Financial Assistance to local bodies etc.	271	310	275	324	408
26. Ways and Means Advances/Overdraft availed (days)	114	52	83	107/09	93
27. Interest on Ways and Means Advances/Overdraft	1.24	0.66	3	2	1
28. Gross State Domestic Product (GSDP)[@]	32,260	38,015	42,835	47,808	52,143
29. Outstanding Fiscal liabilities (year end)	13,034	14,392	16,276	18,748	21,598
30. Outstanding guarantees (year end) (including interest)	1,716	1,677	1,802	1,511	1,511
31. Maximum amount guaranteed (year end)	1,723	1,738	1,677	1,386	2,122
32. Number of incomplete projects	169	367	382	140	89
33. Capital blocked in incomplete projects	271	487	539	2,081	63
Part E. Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	0.08	0.08	0.08	0.08	0.08
Own Non-Tax Revenue/GSDP	0.02	0.02	0.02	0.01	0.01
Central Transfers/GSDP	0.04	0.04	0.38	0.03	0.13
II Expenditure Management					
Total Expenditure/GSDP	0.26	0.27	0.26	0.26	0.26
Total Expenditure/Revenue Receipts	1.12	1.23	1.22	1.30	1.17
Revenue Expenditure/Total Expenditure	0.78	0.75	0.80	0.86	0.86

Expenditure on Social Services/Total Expenditure	0.34	0.33	0.35	0.41	0.38
Expenditure on Economic Services/Total Expenditure	0.31	0.32	0.30	0.25	0.14
Capital Expenditure/Total Expenditure	0.21	0.23	0.19	0.13	0.14
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.18	0.21	0.17	0.12	0.13
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(+)0.029	(+)0.018	(+)0.006	(-) 0.025	*
Fiscal deficit/GSDP	0.028	0.049	0.046	0.059	0.035
Primary Deficit (surplus) /GSDP	(+) 0.003	0.018	0.016	0.031	0.007
Revenue Deficit/Fiscal Deficit	(+)1.012	(+)0.365	(+)0.131	0.420	0.007
Primary Revenue Balance/GSDP	0.176	0.173	0.179	0.199	0.194
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.415	0.404	0.405	0.399	0.414
Fiscal Liabilities/RR	1.78	1.82	1.88	1.98	1.86
Primary deficit vis-à-vis quantum spread	(+) 1,033	(+) 347	(+) 172	(-) 1,113	11
Debt Redemption (Principal +Interest)/ Total Debt Receipts	0.90	0.94	0.95	0.95	0.83
V Other Fiscal Health Indicators					
Return on Investment	0.16	0.53	0.23	0.07	0.21
Balance from Current Revenue (₹ in crore)	(+) 978	(+) 842	(+) 357	(-) 1,384	(-) 46
Financial Assets/Liabilities	0.64	0.71	0.76	0.82	0.77

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

@ GSDP figures communicated by the Government adopted.

* Not computable

Appendix-1.4

(Reference: Paragraphs 1.1, 1.7.1 and 1.7.2; pages 1, 25)

Part A

Abstract of Receipts and Disbursements for the year 2010-11

(₹ in crore)					(₹ in crore)					
Receipts					Disbursements					
2009-10		2010-11			2009-10		2010-11			
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Section – A Revenue										
	9,486.13	I-Revenue Receipts		11,608.16	10,657.47	I-Revenue Expenditure				11,621.07
3,559.04		(i) Tax revenue	4,405.47		3,694.34	General Services	4159.52	20.63	4180.15	
631.86		(ii) Non-tax revenue	678.06		4,980.28	Social Services	3445.70	1723.79	5169.49	
1,550.01		(iii) State's share of Union Taxes and Duties	2,460.07		2,951.20	Education Sports Art and Culture	2597.32	579.85	3177.17	
1,182.95		(iv) Non-Plan Grants	1,435.20		480.02	Health and Family Welfare	397.36	217.75	615.11	
2,334.66		(v) Grants for State Plan Schemes	2,252.56		890.59	Water Supply Sanitation Housing and Urban Development	62.06	449.64	511.70	
227.61		(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	376.80		21.0	Information and Broadcasting	36.40	1.00	37.40	
					136.21	Welfare of Scheduled Castes Scheduled Tribes and Other backward Classes	64.11	102.57	166.68	
	–				42.97	Labour and Labour Welfare	38.81	16.94	55.75	
					439.81	Social Welfare and Nutrition	236.22	340.03	576.25	
					18.48	Others	13.42	16.01	29.43	
					1,658.12	Economic Services	1135.68	728.07	1863.75	
					769.85	Agriculture and Allied Activities	550.19	339.71	889.90	
					378.52	Rural Development	146.46	308.60	455.06	
					–	Special Area Programme	–	–	–	
					255.15	Irrigation and Flood Control	277.98	14.30	292.28	
					16.35	Energy	4.02	7.37	11.39	
					32.56	Industry and Minerals	24.12	17.73	41.85	
					171.84	Transport	111.78	8.02	119.80	
					3.30	Science Technology and Environment	0.81	9.34	10.15	
					30.54	General Economic Services	20.32	23.00	43.32	
					324.73	Grants-in-aid and Contributions	407.67	0.01	407.68	
	9,486.13	Total			10,657.47	Total				11,621.07
	1171.34	II-Revenue Deficit carried over to Section-B		12.91		II-Revenue Surplus carried over to Section-B				–
10657.47		Total		11621.07	10657.47	Total				11621.07

2009-10				2010-11		2009-10			2010-11		
							Non-Plan	Plan	Total		
1.	2.	3.	4.	5.	6.	7.	8	9.	10.	11.	
Section-B-Capital											
	242.97	III-Opening cash balance including Permanent Advances and Cash Balance Investment		538.91		III- Opening overdraft from Reserve Bank of India					
		IV- Misc. Capital Receipts	—	—	1,646.74	IV- Capital Outlay	-3.68	1,858.52		1854.84	
					109.44	General Services	11.64	93.07	104.71		
					108.60	Social Services	0.03	235.21	235.24		
					53.05	Education Sports Art and Culture	-	121.37	121.37		
					41.86	Health and Family Welfare	0.03	72.79	72.82		
					5.01	Water Supply Sanitation Housing and Urban Development	-	27.25	27.25		
					—	Information and Broadcasting	-	-	-		
					6.17	Welfare of Scheduled Castes Scheduled Tribes and Other Backward Classes	-	8.37	8.37		
					2.51	Social Welfare and Nutrition	-	5.44	5.44		
					.0028	Others	-	-	-		
					1,428.70	Economics Services	-15.34	1530.23	1514.89		
					72.54	Agriculture and Allied Activities	-15.80	35.27	19.47		
					70.61	Rural Development	-	91.82	91.82		
					—	Special Areas Programmes	-	-	-		
					267.11	Irrigation and Flood Control	-	346.84	346.84		
					661.95	Energy	-	56.71	56.71		
					(-)482.88	Industry and Minerals	-	3.15	3.15		
					810.26	Transport	0.46	938.92	939.38		
					29.11	General Economic Services	-	57.52	57.52		
					1,646.74	Total	-3.68	1858.52		1854.84	
	64.83	V-Recoveries of Loans and Advances		84.87	30.06	V- Loans and Advances disbursed				59.68	
	57.05	From Power Projects	76.53		24.32	For Power Projects			58.27		
	7.42	From Government Servants	6.53		1.3	To Government Servants			1.05		
	.36	From Others	1.81		4.44	To others			0.36		
	--	VI-Revenue surplus brought down	--	--	1171.34	VI-Revenue deficit brought down				12.91	
	1,682.57	VII-Public Debt Receipts		2,427.18	472.87	VII-Repayment of Public Debt				519.36	

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2009-10		2010-11			2009-10			2010-2011		
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8		10.	11.
1,581.77		Internal Debt other than Ways and Means Advances and Overdraft	2384.24		436.48	Internal debt other than Ways and Means Advances and Overdraft			447.86	
69.46		Net transactions under Ways and Means Advances including Overdraft	-		-	Net transactions under Ways and Means Advances and Overdraft			44.89	
31.34		Loans and Advances from the Central Government	42.94		36.39	Repayment of Loans and Advances to Central Government			26.61	
-		VIII-Appropriation to Contingent Fund	-			VIII-Appropriation to Contingency Fund				515.00
	37.05	IX- Amount transferred to Contingent Fund		5,81.62	71.42	IX- Expenditure from Contingency Fund				536.71
	14,225.75	X- Public Account Receipts		18,703.51	12,321.83	X- Public Account disbursements				17608.20
1,421.80		Small Savings and Provident Funds	1372.66		355.78	Small Savings and Provident Funds			502.93	
51.71		Reserve Funds	153.10		84.57	Reserve Funds			1.32	
2,222.82		Deposits and Advances	2463.70		1,993.39	Deposits and Advances			2418.11	
9,387.08		Suspense and Miscellaneous	11,460.15		8,616.86	Suspense and Miscellaneous			11129.03	
1,142.34		Remittances	3253.90		1,271.23	Remittances			3556.81	
		XI- Closing overdraft from Reserve Bank of India			538.91	XI-Cash Balance at end				1229.40
					(-)8.92	Cash in Treasuries and Local Remittances			(-) 5.45	
					(-)2.98	Departmental Cash Balance including Permanent Advances			(-)3.02	
					(-)227.84	Deposits with Reserve Bank			334.25	
					778.65	Cash Balance investment and investment of earmarked funds			903.62	
16253.17		Total	22,336.09	16,253.17	16,253.17	Total				22,336.09

Appendix-1.4 (Continued)

Part B

(Reference: Paragraphs 1.1, 1.7.1 and 1.7.2; pages 1 and 25)

Summarized financial position of the Government of Uttarakhand as on 31 March 2011

(₹ in crore)

As on 31.03.2010	Liabilities	As on 31.03.2011
13,657.01	Internal Debt -	15,548.50
6,345.38	Market Loans bearing interest	7,234.92
0.14	Market Loans not bearing interest	0.13
1.50	Loans from Life Insurance Corporation of India	1.50
6,911.50	Loans from other Institutions	7,958.35
398.49	Ways and Means Advances	353.60
	Overdrafts from Reserve Bank of India	
418.99	Loans and Advances from Central Government -	435.32
0.53	Pre 1984-85 Loans	0.53
10.54	Non-Plan Loans	9.25
378.03	Loans for State Plan Schemes	397.45
0.05	Loans for Central Plan Schemes	0.04
29.84	Loans for Centrally Sponsored Plan Schemes	28.05
0.75	Contingency Fund	45.65
2,953.45	Small Savings Provident Funds etc.	3,823.17
1,574.21	Deposits	1,619.79
923.42	Reserve Funds	1,075.26
-	Remittance Balances	-
19,527.83	Total	22,547.69

Appendix-1.4 Part B (Continued)

As on 31.03.2010	Assets	As on 31.03.2011
11,668.10	Gross Capital Outlay on Fixed Assets -	13,522.94
1,240.39	Investments in shares of Companies Corporations etc.	1,295.97
10,427.71	Other Capital Outlay	12,226.97
743.09	Loans and Advances	717.90
388.60	Loans for Power Projects	370.33
348.04	Other Development Loans	346.50
6.45	Loans to Government servants and Miscellaneous loans	1.07
---	Appropriation to Contingency Fund	515.00
571.43	Remittance	874.34
756.49	Suspense and Miscellaneous Balances	425.38
538.91	Cash -	1229.41
(-) 8.92	Cash in Treasuries and Local Remittances	(-) 5.45
(-)227.84	Deposits with Reserve Bank	334.25
(-) 2.11	Departmental Cash Balance	(-) 2.15
(-)0.87	Permanent Advances	(-)0.86
778.65	Cash Balance Investments	903.62
5,249.81	Deficit on Government Account -	5,262.72
(-)1171.34	(i) Add Revenue Deficit of the current year	12.91
	(ii) Miscellaneous Deficit	
4,078.47	Accumulated deficit at the beginning of the year	5,249.81
19,527.83	Total	22,547.69

Explanatory Notes for Appendices 1.3 and 1.4

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis the deficit on Government account as shown in **Appendix 1.4** indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid payments made on behalf of the State and other pending settlements etc. There was a difference of ₹ 289.76 crore (Net credit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under “Deposits with Reserve Bank”. The difference is under reconciliation.

Appendix-1.5

(Reference: Paragraph 1.2.2; page 6)

Statement showing the funds transferred to the state implementing Agencies under Programmes/Schemes outside the State budget during 2010-11

(₹ in crore)

Sl. No.	Programmes/Scheme	Implementing Agencies in the State	Amount
1.	Autonomous Institutions and professional bodies	Arya Bhatta Research Institute of Observational Sciences (ARIES)	53.01
2.	Central Rural Sanitation scheme	DWSM District Project Management Unit Pauri Garhwal	17.08
3.	Deen Dayal disabled rehabilitation	Bajaj Institute of Learning Sh. Bharat Mandir School Society RAPHAEL	1.33
4.	Grid interactive renewable power mnre	Uttarakhand renewable energy Development Agency IIT Roorkie	5.15
5.	Hospitals and dispensaries (under NRHM)	Uttarakhand Health & Family Welfare Society	8.06
6.	Integrated watershed management programme IWDP)	CGO The Director Dehradun DRDA Project Director in Uttarakhand	46.63
7.	International cooperation S&T	G.B. Pant University of Agriculture & Technology	1.33
8.	Medicinal plants	FRI Dehradun UK Forest Development Corporation Dehradun Regional Seri Cultural Research Institution Sahaspur Dehradun Central Soil & Water Conservation Research	0.85
9.	Research and development department of biotechnology	G.B. Pant University of Agriculture & Technology Uttaranchal Bamboo & Fiber Development Board Dehradun	1.64
10.	National Rural Health Mission (NRHM)	Uttarakhand Health & Family Welfare Societies	96.50
11.	National afforestation and eco development board	FDA UK Parvatiya Forest Development Agency SSF Development Agency VNF Dev. Agency Roha Forest Dev. Agency	5.36
12.	Science and technology programme for socio economic development	Parivartan Vikas Sansthan US Nagar	9.85
13.	Mps local area development scheme implads	Deputy Commissioner	18.00
14.	Pradhan Mantri Gram Sadak Yojana (PMGSY)	SGO Uttarakhand Dehradun	240.26
15.	Research and development for conservation and development	G.B. Pant University of Agriculture & Technology FRI Dehradun Uttaranchal Bamboo and Fiber Development Board	12.73
16.	Off grid drps	Uttaranchal Renewable Energy Development Agency IIT Roorkie	20.45

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17.	Mahatama Gandhi National Rural Employment Guarantee Scheme	DRDA Project Director in U.K.	289.81
18.	Sarva shiksha abhiyan (SSA)	Uttaranchal Sabhi Ke liye Siksha Parishad	258.83
19.	Rural housing-IAY	Project Officer DRDA	53.21
20.	Swaranjayanti gram swarozgar yojana (sgsy)	Project Officer DRDA	24.43
21.	National bamboo mission	Uttaranchal Bamboo Fibre Development Board Dehradun	2.74
22.	Product/Infrastructure development for destinations and circuits	Uttarakhand Tourisms Development Board	41.69
23.	National River Conservation Plan	I I T, Roorkee	33.41
24.	Panchayat Yuva Krida and Khel Abhiyan		20.90
25.	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Uttaranchal Sabhi Ke liye Madhyamik Siksha Parishad	76.02
26.	Health Insurance for unorganized sector workers	Uttarakhand Medical Health and Family Welfare Society	3.67
27.	Crime and Criminal Tracking Network and System	Uttarakhand Computerization of Police Society	21.36
28.	Human Resource for Health	Director General Medical Health and Family Welfare	15.25
29.	National Rural Drinking Water Programme	SWSM , Uttarakhand ,Dehradun	136.41
30.	Conservation of natural resources and ecosystem	H.N.B. Garhwal University	3.17
31.	DRDA Administraion	DRDA	10.55
32.	Grants in aid to Forest and Wildlife Institutions	Forest Research Institute(ICFR&A)	122.10
33.	IIT, DHE	IIT. Roorkee	111.00
34.	National Aids Control Programme	Uttarakhand State Aids Control Society	10.68
35.	National Scheme for funding to national institute	National Institute for Visually Handicapped	9.29
36.	Others		135.41
Total			1,918.16

Appendix-1.6

(Reference: Paragraph 1.6.3; page 23)

Summarized Financial Statement of Departmentally Managed Commercial/Quasi-commercial Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of accounts	Mean Govt capital	Block assets at depreciated cost	Depreciation provided during the Year	Turnover	Net profit/ Loss	Interest on Capital	Total return (9+10)	Percentage of Return on capital
1	2	3	4	5	6	7	8	9	10	11
1	Irrigation workshop Division Roorkee	2009-10	188.81	90.43	6.61	608.22	(-) 0.79	27.76	26.97	31.62
2(a)	RFC Haldwani	2002-03	-	58.25	6.64	7,112.35	(-) 3,164.61	-	(-) 3,164.61	-
2(b)	RFC Dehradun	2002-03	-	9.97	1.00	8,357.23	(-) 1,350.21	-	(-) 1,350.21	

Appendix-2.1

(Reference: paragraph 2.3.1; page 36)

Statement of various grants/appropriation where saving was more than ₹ 1 crore or more than 20 per cent of the total provision

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Revenue -Voted			
1.	01	Legislature	20.11	3.63	18.05
2.	04	Judicial Administration	98.79	29.91	30.28
3.	05	Election	10.67	1.03	9.65
4.	06	Revenue & General Administration	396.88	29.52	7.44
5.	07	Finance Tax Planning Secretariat & Miscellaneous Services	1873.22	106.35	5.68
6.	08	Excise	9.99	1.25	12.51
7.	10	Police & Jail	629.84	9.25	1.47
8.	11	Education Sports Youth Welfare & Culture	3238.49	176.02	5.44
9.	12	Medical Health & Family Welfare	716.12	124.39	17.37
10.	13	Water Supply Housing & Urban Development	847.78	372.80	43.97
11.	14	Information	40.59	3.29	8.11
12.	15	Welfare	465.26	83.72	17.99
13.	16	Labour & Employment	72.18	12.08	16.74
14.	17	Agriculture Works & Research	431.49	82.71	19.17
15.	18	Co-operative	30.79	4.87	15.82
16.	19	Rural Development	462.88	75.22	16.25
17.	22	Public Works	380.01	34.94	9.19
18.	23	Industries	64.29	5.15	8.01
19.	24	Transport	21.13	2.52	11.93
20.	25	Food	31.12	7.27	23.36
21.	26	Tourism	25.79	2.92	11.32
22.	27	Forest	316.17	30.76	9.73
23.	28	Animal Husbandry	114.41	15.53	13.57
24.	29	Horticulture Development	88.30	1.61	1.82
25.	30	Welfare of Scheduled Castes	489.21	96.20	19.66
26.	31	Welfare of Scheduled Tribes	139.16	44.21	31.77
Total			11014.67	1357.15	12.30
		Revenue Charged			
1.	01	Legislature	0.87	0.37	42.53
2.	04	Judicial Administration	28.75	13.49	46.92
3.	07	Finance Tax Planning Secretariat & Miscellaneous Services	1746.40	140.75	8.06
4.	22	Public Works	3.97	2.91	73.30
Total			1779.99	157.52	8.85

		Capital Voted			
1.	04	Judicial Administration	22.00	3.86	17.55
2.	06	Revenue & General Administration	82.66	43.93	53.15
3.	07	Finance, Tax Planning, Secretariat & Miscellaneous Services	67.10	8.78	13.08
4.	10	Police & Jail	20.15	4.12	20.45
5.	11	Education, Sports ,Youth Welfare & Culture	159.60	60.20	37.72
6.	12	Medical Health & Family Welfare	129.40	62.52	48.32
7.	14	Information	0.50	0.50	100.00
8.	15	Welfare	17.17	13.74	80.02
9.	16	Labour & Employment	8.38	1.66	19.81
10.	18	Co-operative	8.50	7.48	88.00
11.	19	Rural Development	71.35	13.20	18.50
12.	21	Energy	396.34	286.69	72.33
13.	23	Industries	14.68	11.54	78.61
14.	24	Transport	75.73	8.12	10.72
15.	26	Tourism	85.44	29.84	34.93
16.	27	Forest	18.00	1.53	8.50
17.	28	Animal Husbandry	11.07	2.93	26.47
18.	30	Welfare of Scheduled Castes	260.60	118.11	45.32
19.	31	Welfare of Scheduled Tribes	89.28	43.64	48.88
Total			1537.95	722.39	46.97
		Capital- Charged			
1.	07	Finance, Tax Planning , Secretariat & Miscellaneous Services	1299.63	119.29	9.18
2.	09	Public Service Commission	6.31	4.29	67.99
3.	22	Public Works	0.50	0.50	100.00
Total			1306.44	124.08	9.50
Grand Total			15639.05	2361.14	15.10

Appendix-2.2

(Reference: Paragraph 2.3.3; page 38)

**Statement of various grants/appropriations where excess expenditure was more than
₹ 1 crore each or more than 20 per cent of the total provision**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Total Expenditure	Excess Expenditure	Percentage of Excess Exp.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue (Voted)						
1.	20	Irrigation & Flood	283.62	311.24	27.62	9.74
Capital (Voted)						
2.	17	Agriculture Works & Research	12.80	43.62	30.82	240.78
3.	22	Public Works	862.75	888.62	25.87	3.00
4.	25	Food	2.95	1210.09	1207.14	40920.00
5.	29	Horticulture Development	—	3.00	3.00	100.00
Total			1162.12	2456.57	1294.45	111.38

Appendix-2.3

(Reference: Paragraph 2.3.7; page 40)

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

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A - Revenue (Voted)					
1.	07 Finance Tax Planning Secretariat & Miscellaneous Services	1818.59	1766.87	51.72	54.63
2.	08 Excise	9.75	8.73	1.02	0.24
3.	12 Medical Health & Family Welfare	688.07	591.73	96.34	28.05
4.	13 Water Supply Housing & Urban Development	748.11	474.98	273.13	99.67
5.	17 Agriculture Works & Research	370.65	348.78	21.87	60.85
6.	18 Co-operative	29.57	25.92	3.65	1.22
7.	19 Rural Development	433.40	387.66	45.74	29.48
8.	22 Public Works	356.17	345.07	11.10	23.84
9.	25 Food	28.98	23.85	5.13	2.14
10.	27 Forest	292.22	285.41	6.81	23.95
11.	30 Welfare of Scheduled Castes	448.01	393.01	55.00	41.19
12.	31 Welfare of Scheduled Tribes	123.70	94.95	28.75	15.46
Total Revenue (Voted)		5347.22	4746.96	600.26	380.72
B- Revenue (Charged)					
1.	02 Governor	4.69	4.21	0.48	0.13
2.	04 Judicial Administration	28.40	15.26	13.14	0.35
3.	07 Finance Tax Planning Secretariat & Miscellaneous Services	1715.93	1605.67	110.26	30.47
Total Revenue (Charged)		1749.02	1625.14	123.88	30.95
C- Capital (Voted)					
1.	04 Judicial Administration	20.00	18.14	1.86	2.00
2.	12 Medical Health & Family Welfare	110.67	66.89	43.78	18.74
3.	15 Welfare	5.90	3.44	2.46	11.27
4.	19 Rural Development	63.90	58.15	5.75	7.45
5.	21 Energy	385.65	109.65	276.00	10.69
6.	23 Industries	12.81	3.14	9.67	1.87
7.	26 Tourism	65.44	55.60	9.84	20.00
8.	28 Animal Husbandry	9.47	8.14	1.33	1.59
9.	30 Welfare of Scheduled Casts	210.95	142.49	68.46	49.65
10.	31 Welfare of scheduled Tribes	73.55	45.64	27.91	15.73
Total Capital (Voted)		958.34	511.28	447.06	138.99
Grand Total		8054.58	6883.38	1171.20	550.66

Appendix-2.4

(Reference: Paragraph 2.3.7; page 40)

Statement of various grants/appropriations where supplementary provision proved insufficient by more than ₹ 1 crore each

(₹ in crore)

Sl. No.	Grant Number	Name of the Grant	Original Provision	Supplementary provision	Total	Expenditure	Excess
1.	17	Agriculture Works & Research (Capital- Voted)	1.35	11.45	12.80	43.62	30.82
2.	20	Irrigation & Flood (Revenue -Voted)	274.55	9.07	283.62	311.24	27.62
3.	22	Public Works (Capital- Voted)	558.90	303.85	862.75	888.62	25.87
4.	25	Food (Capital- Voted)	1.50	1.45	2.95	1210.09	1207.14
Total			836.30	325.82	1162.12	2453.57	1291.45

Appendix-2.5

(Reference: Paragraph 2.3.8; page 41)

Excess/Unnecessary/Insufficient re-appropriation of funds resulting in saving/excess of ₹ 10 lakh and above

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	04	Judicial Administration	2014-00-105-03	(-)756.63	(-)11.16
2.			2014-00-800-01	(-)1235.49	(-)616.47
3.			2014-00-102-03	(-)1375.53	(+)26.85
4.	06	Revenue and General Administration	2029-00-101-03	(-)85.39	(+)14.98
5.			2029-00-103-03	(-)220.09	(+)16.43
6.			2029-00-800-03	(-)12.37	(+)36.77
7.			2070-00-003-03	(-)58.92	(+)37.43
8.			2070-00-106-03	(-)6.65	(+)174.57
9.			2070-00-104-05	(+)25.68	(-) 19.57
10.			2245-05-800-01	(+)2412.02	(-)801.54
11.	07	Finance Tax Planning Secretariat & Miscellaneous Services	2030-03-001-04	(-)80.64	(-)63.70
12.			2030-03-001-05	(-)105.50	(-)57.05
13.			2040-00-101-03	(-)643.97	(+)239.79
14.			2071-01-115-03	(-)22,27.00	(-)305.99
15.			2071-01-101-03	(+)1,73,06.03	(-)118.00
16.			2030-01-101-03	(-)30.84	(+)51.14
17.			2030-02-102-03	(+)58.81	(-)187.58
18.			3451-00-092-03	(+)46.40	(-)34.45
19.			2047-00-103-03	(-)1,27.79	(+)199.20
20.			2047-00-800-03	(-)10.19	(+)1298.46
21.			4059-80-800-05	(-)163.87	(-)358.28
22.			4216-02-800-03	(+)325.10	(+)633.80
23.	08	Excise	2039-00-001-04	(-)112.39	(+)10.58
24.	09	Public Service Commission	4059-60-051-03	(-)3,36.87	(-)92.01
25.	10	Police & Jail	2055-00-104-03	(-)13,39.75	(-)24.86
26.			2055-00-109-04	(-)44.64	(+)29.11
27.			2055-00-109-03	(+)15,56.55	(+)14.49
28.			2055-00-800-04	(+) 65.69	(+) 40.99
29.			4055-00-800-01	(-) 78.91	(-) 1,22.58

30.	11	Education Sports youth Welfare & Culture	2202-01-102-01	(-) 8,54.72	(+) 5,14.12
31.			2202-01-101-01	(+) 48,07.87	(+) 10.00
32.			2202-01-101-04	(-) 11.04	(+) 4,65.43
33.			2202-01-102-07	(+) 5,00.00	(+) 7,65.01
34.			2202-02-101-04	(+) 352.57	(-) 76.46
35.			2202-02-109-03	(+) 53,44.41	(+) 22.28
36.			2202-02-109-07	(+) 87.39	(-) 14.55
37.			2202-02-001-03	(-)1,80.18	(-) 28.72
38.			2202-02-101-03	(-) 2,39.96	(-) 46.10
39.			2202-02-101-04	(-) 9.82	(+) 1,00.67
40.			2202-02-109-05	(-) 3,14.15	(+) 22.51
41.			2202-02-109-11	(-) 1,90.81	(-) 10.53
42.			2202-02-110-03	(-) 32,61.57	(+) 8,90.18
43.			2202-03-102-03	(-) 7,75.91	(+) 1,50.40
44.			2202-03-103-03	(-) 9,41.96	(+) 15.94
45.			2202-03-800-01	(-)5.01	(-)66.77
46.			2202-80-003-01	(-)107.15	(-)72.69
47.			2202-80-003-03	(-) 33.21	(-)10.37
48.			2203-00-104-03	(-) 50.00	(+) 61.98
49.			2203-00-105-03	(-) 4,63.87	(-) 41.05
50.			2203-00-112-03	(-) 83.00	(+) 50.00
51.			2203-00-800-03	(-) 15.40	(+) 42.99
52.			4202-01-202-11	(-) 29,73.22	(-) 1,44.41
53.			4202-02-104-07	(-) 25.00	(-) 25.00
54.			4202-02-104-11	(-) 25.00	(-) 25.00
55.			4202-01-104-03	(+) 50.00	(+) 50.00
56.	12	Medical Health & Family Welfare	2210-02-101-03	(+) 21.00	(-) 22.13
57.			2210-02-101-08	(+) 1,05.00	(-) 1,06.07
58.			4210-05-101-06	(-)1,26.00	(-)1,09.78
59.	13	Water Supply, Housing and Urban Development	2217-03-191-03	(-) 1,50.00	(-) 3,34.49
60.			2217-80-001-03	(-) 10.60	(+) 83.56
61.			2217-03-191-03	(-) 150.00	(+) 225.51
62.	14	Information	2220-60-101-05	(-)3,56.08	(-)87.91
63.	15	Welfare	2235-02-102-01	(+) 14,50.10	(-) 31,89.84

64.			2235-02-102-07	(+) 41.10	(-) 32.64
65.			2235-60-102-05	(-) 41.10	(-) 50.73
66.			2235-60-200-03	(-) 4,30.60	(+) 11.49
67.	17	Agriculture Works & Research	2401-00-103-01	(+) 9,78.42	(-) 22. 28
68.			2401-00-110-01	(-) 2,39.42	(+) 22.30
69.	19	Rural Development	2515-00-800-08	(-) 3,03.78	(+) 1,97.61
70.			2515-00-102-03	(-) 1,88.25	(+) 4,05.85
71.	20	Irrigation & Flood	4700-04-800-02	(-) 4,79.86	(-) 59.65
72.			4700-05-800-01	(-) 25,16.98	(-) 41,66.55
73.			4700-07-800-02	(-) 1,21.44	(+) 54.39
74.			4700-06-800-02	(+) 3,98.08	(+) 1,31.71
75.	21	Energy	4801-01-190-05	(-) 8,50.00	(-) 76,50.00
76.	22	Public Works	4059-80-800-09	(+) 1,50.00	(-) 1,24.89
77.	23	Industries	2851-00-103-07	(-) 15.00	(-) 30.00
78.	24	Transport	5055-00-050-07	(-) 38.60	(-) 11.40
79.	25	Food	2408-01-001-03	(-) 4,67.15	(-) 11.16
80.	27	Forest	2406-01-001-03	(+) 4,00.50	(+) 10,10.86
81.	30	Welfare of Scheduled Caste	2202-02-109-02	(+) 60.68	(-) 66.88
82.			2225-01-277-06	(-) 11.90	(-) 73.07
83.			2225-01-277-91	(+) 45.56	(-) 65.92
84.			2401-00-102-02	(+) 44.21	(-) 1,05.67
85.			4700-04-800-02	(-) 1,00.00	(+) 19.69
86.	31	Welfare of Scheduled Tribes	4225-02-800-05	(-) 50.00	(-) 1,89.87

Appendix-2.6

(Reference: Paragraph 2.3.9; page 41)
Substantial surrenders made during the year 2010-11

Sl.No.	Number and title of Grant/Appropriation	Name of the scheme (Head of Account)	Total Grant/Appropriation (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
1.	02-Governor	2012-03-800-05	2.00	2.00	100.00
		2012-03-800-06	0.91	0.91	100.00
2.	03-Council of Ministers	2013-00-101-04	8.80	4.79	54.43
3.		2013-00-105-04	50.00	50.00	100.00
4.	04- Judicial Administration	2014-00-800-09	129.03	111.42	86.35
5.	05- Election	2015-00-106-05	45.10	41.18	91.31
6.	06-Revenue and General administration	4059-60-051-09	200.00	115.47	57.74
7.	07- Finance Tax Planning Secretariat and Miscellaneous Services	2040-00-001-05	14.10	8.20	58.16
8.		2040-00-800-05	500.00	396.10	79.22
9.		2054-00-095-01	255.00	224.59	88.07
10.		3454-02-001-01	270.05	268.08	99.27
11.	09- Public Service Commission	4059-60-051-03	631.33	336.87	53.36
12.	11 Education Sports Youth Welfare and Culture	2202-01-102-01	1025.00	854.72	83.39
13.		2202-02-107-01	3.44	2.04	59.30
14.		2202-02-107-05	2.60	2.35	90.38
15.		2202-02-107-07	1.80	1.71	95.00
16.		2202-02-110-04	207.20	157.06	75.80
17.		2202-02-800-01	11804.75	9251.03	78.37
18.		2202-02-800-09	275.00	169.03	61.47
19.		2202-03-800-04	6.00	5.60	93.33
20.		2202-05-102-04	107.81	95.81	88.87
21.		2202-05-102-07	10.00	5.40	54.00
22.		2202-05-102-11	50.00	34.75	69.50
23.		2202-05-102-13	86.81	73.01	84.10
24.		2203-00-800-97	2000.00	1975.00	98.75
25.		2204-00-104-03	10.00	9.85	98.50
26.		2204-00-104-07	21.00	20.00	95.24
27.		2204-00-104-12	30.00	24.00	80.00
28.		2204-00-104-24	5.00	3.56	71.20
29.		2205-00-102-01	12.75	12.63	99.06
30.		2205-00-102-12	10.00	7.12	71.20
31.		2205-00-102-36	10.00	7.00	70.00
32.		4202-01-202-16	1000.00	900.00	90.00
33.		4202-01-202-19	200.00	149.43	74.72
34.		4202-01-202-22	500.00	470.00	94.00
35.		4202-02-104-05	50.00	25.00	50.00
36.		4202-02-105-03	100.00	69.25	69.25
37.		4202-03-102-04	100.00	71.68	71.68
38.		4202-04-106-03	300.00	223.30	74.43
39.	13- Water Supply, Housing & Urban Development	2217-03-191-03	264.01	150.00	56.82
40.	14-Information	2220-60-800-06	5.00	4.66	93.20
41.		4059-60-051-03	50.00	50.00	100.00
42.	17-Agriculture Works and Research	2415-80-120-05	1100.00	817.10	74.28
43.	19- Rural Development	2515-00-102-09	254.10	154.10	60.56

44.		2515-00-102-13	1.00	1.00	100.00
45.		2515-00-102-14	5.00	5.00	100.00
46.		2515-00-102-19	1540.00	1540.00	100.00
47.		4515-00-102-01	20.00	20.00	100.00
48.		4515-00-102-04	50.00	50.00	100.00
49.	20- Irrigation & Flood	4701-80-800-04	60.00	30.00	50.00
50.	24-Transport	5053-02-800-99	500.00	400.00	80.00
51.	28- Animal Husbandry	2404-00-102-01	636.96	318.48	50.00
52.		2404-00-102-91	34.06	18.55	54.47
53.		2404-00-800-01	22.50	21.29	94.62
54.		2404-00-102-08	50.00	50.00	100.00
55.	30-Welfare of Scheduled Castes	2205-00-102-02	70.00	45.81	65.44
56.		4202-02-104-02	250.00	242.74	97.10
57.		4515-00-102-91	400.00	237.80	59.45
58.		4700-04-800-02	125.00	100.00	80.00
59.		4700-06-800-02	150.00	90.00	60.00
60.		4711-01-103-02	500.00	320.02	64.00
61.		4202-03-102-03	25	25	100
62.		6801-05-796-91	105.00	68.79	65.51
Total			26253.11	20940.28	

Appendix-2.7

(Reference: Paragraph 2.3.10; page 41)
Surrenders in excess of actual savings (₹50 lakh or more)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue – Voted					
1.	01-Legislature	20.11	3.63	3.67	0.04
2.	08-Excise	9.99	1.25	1.43	0.18
3.	11- Education ,Sports, Youth Welfare and Culture	3238.49	176.02	193.48	17.46
Revenue – Charged					
1.	04-Judicial Administration	28.75	13.49	13.76	0.27
Capital- Voted					
1.	04-Judicial Administration	22.00	3.86	3.92	0.06
2.	19- Rural Development	71.35	13.20	13.36	0.16
Total		3390.69	211.45	229.62	18.17

Appendix-2.8

(Reference: Paragraph 2.3.11; page 41)

**Statement of various grants/appropriations in which savings of ₹10 crore and above occurred
but no part of which had been surrendered**

(₹ in crore)

I – Grant			
Sl. No.	Grant No.	Name of grant/appropriation	Saving
1.	12	Medical Health & Family Welfare (Revenue- Voted)	124.39
2.	22	Public Works (Revenue- Voted)	34.94
3.	23	Industries (Capital - Voted)	11.54
4.	26	Tourism (Capital- Voted)	29.84
5.	27	Forest (Revenue-Voted)	30.76
Total			231.47
1.	7	Finance, Tax Planning ,Secretariat & Miscellaneous (Revenue- Charged)	140.75
Total			140.75
Grand Total			372.22

Appendix-2.9

(Reference: Paragraph 2.3.11; page 42)
Details of saving of ₹ 1 crore and above not surrendered

(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1	2	3	4	5
1.	04-Judicial Administration (Revenue- Voted)	29.91	23.65	6.26
2.	06-Revenue & General Administration (Revenue -Voted)	29.52	10.55	18.97
3.	06-Revenue & General Administration (Capital - Voted)	43.93	1.15	42.78
4.	07-Finance Tax Planning Secretariat& Miscellaneous Services (Revenue- Voted)	106.34	60.10	46.24
5.	07-Finance Tax Planning Secretariat& Miscellaneous Services (Capital- Voted)	8.78	3.23	5.55
6.	07-Finance Tax Planning Secretariat& Miscellaneous Services (Capital - Charged)	119.29	99.20	20.09
7.	10-Police & Jail (Revenue -Voted)	9.25	6.63	2.62
8.	10-Police & Jail (Capital- Voted)	4.12	0.79	3.33
9.	11-Education Sports Youth Welfare & Culture (Capital- Voted)	60.20	56.89	3.31
10.	12-Medical Health & Family Welfare (Capital -Voted)	62.52	0.01	62.51
11.	13-Water Supply Housing & Urban Development (Revenue- Voted)	372.80	1.65	371.15
12.	14-Information (Revenue -Voted)	3.30	2.41	0.89
13.	15-Welfare (Revenue- Voted)	83.72	4.31	79.41
14.	15-Welfare (Capital - Voted)	13.74	1.50	12.24
15.	16-Labour & Employment (Revenue- Voted)	12.08	1.55	10.53
16.	17-Agriculture Works & Research (Revenue- Voted)	82.71	22.31	60.40
17.	19-Rural Development (Revenue -Voted)	75.22	39.98	35.24
18.	21- Energy (Capital - Voted)	286.69	215.96	70.73
19.	24-Transport (Revenue- Voted)	2.51	1.30	1.21
20.	24-Transport (Capital - Voted)	8.12	6.29	1.83
21.	25-Food (Revenue -Voted)	7.27	5.97	1.30
22.	28-Animal Husbandry (Revenue Voted)	15.53	5.50	10.03
23.	28-Animal Husbandry (Capital Voted)	2.92	0.78	2.14
24.	29-Horticulture Development (Revenue Voted)	1.61	0.32	1.29
25.	30-Welfare of Scheduled Castes (Revenue Voted)	96.20	17.27	78.93
26.	30-Welfare of Scheduled Castes (Capital Voted)	118.11	60.63	57.48
27.	31-Welfare of Scheduled Tribes (Revenue Voted)	44.21	7.01	37.20
28.	31-Welfare of Scheduled Tribes (Capital Voted)	43.64	12.17	31.47
Total		1744.24	669.11	1075.13

Appendix-2.10

(Reference: Paragraph 2.3.11; page 42)

Cases of surrender of funds in excess of ₹ 10 crore on 30/31 March 2011

(₹ in crore)

Sl. No.	Grant No.	Major Head	Amount of Surrender	Percentage of Total Provision
1	2	3	4	5
1.	04	2014-Administration of Justice (Revenue Voted)	23.65	24
2.	04	2014-Administration of Justice (Revenue Charged)	13.76	48
3.	07	2040-Taxes on Sales Trades etc. (Revenue Voted)	14.82	23
4.	11	2202-General Education (Revenue Voted)	225.76	07
5.	11	4202-Capital Outlay on Education, Sports, Arts & Culture (Revenue Voted)	48.50	30
6.	19	2501-Special Programme for Rural Development (Revenue Voted)	10.71	14
7.	19	2515-Other Rural Development Programs (Revenue Voted)	28.26	19
8.	19	4515-Capital Outlay on Other Rural Development Programs (Revenue Voted)	13.35	19
9.	21	4801- Capital Outlay on Power Projects (Revenue Voted)	23.75	08
Total			402.56	

Appendix-2.11

(Reference: Paragraph 2.3.12; page 42)

Rush of Expenditure

(₹ in crore)

Sl. No.	Head of account Scheme/ Service	Expenditure incurred during Jan-March 2011	Expenditure incurred in March 2011	Total expenditure	Percentage of total expenditure incurred during	
					Jan-March 2011	March 2011
1.	2014	20.60	9.43	68.87	30	14
2.	2029	23.45	8.78	101.45	23	9
3.	2030	14.19	11.30	27.18	52	42
4.	2040	13.68	8.00	46.15	30	17
5.	2049	597.94	414.85	1479.58	40	28
6.	2052	14.68	6.97	69.37	21	10
7.	2053	17.50	7.40	64.65	27	11
8.	2055	137.04	58.22	602.80	23	10
9.	2059	53.46	18.63	242.17	22	8
10.	2071	243.88	68.85	1142.96	21	6
11.	2202	785.20	403.78	3061.92	26	13
12.	2203	31.24	19.82	72.24	43	27
13.	2204	10.64	4.84	31.37	34	15
14.	2210	160.70	90.04	554.14	29	16
15.	2211	15.33	6.43	60.96	25	11
16.	2215	178.13	163.16	380.61	47	43
17.	2217	56.16	35.66	129.29	43	28
18.	2220	18.28	9.72	37.39	49	26
19.	2225	42.30	16.48	166.67	25	10
20.	2230	23.24	14.35	55.75	42	26
21.	2235	110.58	50.18	410.73	27	12
22.	2245	12.88	2.07	165.51	8	1
23.	2401	84.11	40.07	337.02	25	12
24.	2402	1.14	0.71	1.90	60	37
25.	2403	21.26	5.81	81.03	26	7
26.	2406	75.70	38.03	290.35	26	13
27.	2501	59.79	29.64	84.86	70	35
28.	2515	62.58	37.06	370.19	17	10
29.	2700	41.57	19.79	202.83	20	10
30.	2701	15.74	9.90	35.13	45	28
31.	2702	25.37	18.51	69.40	37	27
32.	2851	14.70	8.48	37.82	39	22
33.	3054	54.91	45.31	101.29	54	45
34.	3604	207.49	172.83	407.68	51	42
35.	4059	40.72	27.68	89.96	45	31
36.	4202	91.25	62.35	121.37	75	51
37.	4210	35.19	22.45	67.75	52	33
38.	4216	14.74	9.08	27.25	54	33
39.	4225	8.37	7.72	8.37	100	92
40.	4401	34.77	31.79	46.62	75	68
41.	4406	10.66	10.24	16.47	65	62

42.	4408	501.99	160.17	1210.09	41	13
43.	4425	0.76	0.76	0.76	100	100
44.	4515	15.40	14.60	91.82	17	16
45.	4700	81.66	49.05	236.63	35	21
46.	4701	1.80	1.05	2.11	85	50
47.	4702	143.98	96.45	200.40	72	48
48.	4711	15.64	13.53	20.63	76	66
49.	4801	19.60	19.60	56.71	35	35
50.	4851	1.93	1.63	3.15	61	52
51.	5054	360.43	236.63	968.72	37	24
52.	5452	25.16	24.46	57.52	44	43

Appendix-2.12

(Reference: Paragraph 2.4.1; page 43)

**Pending D C bills for the years up to 2010-11
(Position as on 30 September 2011)**

Department	Number of AC bills	Amount
<i>(₹ in lakh)</i>		
Secretary Education & Youth Welfare	110	1030.05
Chief Agriculture Officer	11	964.93
Secretary Health & Family Welfare	18	698.47
Secretary Animal Husbandry	37	31.83
District Commandant, Home guard	4	5.43
District Programming Officer	23	247.43
District Development Officer	6	0.26
District Social Welfare Officer.	7	8.50
District Horticulture Officer	4	0.28
Secretary, Revenue and General Administration	71	4154.08
Assistant Director, Fisheries	21	6.66
Secretary, Forest	6	0.75
Secretary, Public Works Department.	4	190.39
Others	35	353.71
Total	357	7692.77

Appendix-3.1

(Reference: Paragraph 3.2; page 51)

Statement of Finalization of Accounts and the Government Investment in Departmentally managed Commercial and Quasi-Commercial Undertakings

Sl. No.	Name of the Undertaking	Accounts finalized up to	Investment as per the last accounts finalized (₹ in crore)	Remarks/Reasons for Delay in Preparation of accounts
Department of Irrigation:				
1.	Irrigation Workshop division Roorkee	2009-10	1.89	-
Department of Food & Civil Supplies				
2.	RFC Haldwani	2002-03	-	-
3.	RFC Dehradun	2002-03	-	

Appendix-3.2

(Reference: Paragraph 3.3; page 52)

Department wise/duration wise break-up of the cases of misappropriation, defalcation etc. (cases where final action was pending at the end of March 2011)

Sl. No.	Name of the Department	Number of cases of delay						Total No. of Cases.
		Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	
1.	Education	03	--	--	--	--	--	03
2.	I.C.D.S	01	--	--	--	--	--	01
3.	Tourism	01	--	--	--	--	--	01
4.	Medical	01	--	--	--	--	--	01
5.	Social Welfare	03	--	--	--	--	--	03
6.	Animal Husbandry	02	--	--	--	--	--	02
7.	Agriculture	01	--	--	--	--	--	01
8.	Rural Development	02	--	--	--	--	--	02
TOTAL		14	--	--	--	--	--	14

Appendix-3.3

(Reference: Paragraph 3.3; page 52)

**Department/category wise details in respect of cases of loss to Government
due to theft, misappropriation/loss of Government material**

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount
		(₹ in lakh)		(₹ in lakh)		(₹ in lakh)
Education	01	2.33	03	48.22	04	50.55
I.C.D.S	--	--	01	0.52	01	0.52
Tourism	--	--	01	1.78	01	1.78
Medical	--	--	01	11.96	01	11.96
Social Welfare	--	--	03	84.31	03	84.31
Animal Husbandry	--	--	02	144.49	02	144.49
Agriculture	--	--	01	14.11	01	14.11
Rural Development	--	--	02	10.58	02	10.58
Public Works Department	01	1.80	--	--	01	1.80
Total	02	4.13	14	315.97	16	320.10

Appendix-4.1

Glossary of terms

SI No.	Terms	Description
1	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation 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 SSA and State Health Mission for NRHM etc.
2.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at constant prices
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
4.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	Core Public and Merit goods	<i>Core public goods</i> 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. <i>Merit goods</i> 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 etc.
6.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to 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.

8.	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-GDP 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*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.
9.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
10.	Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
11.	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.