



सत्यमेव जयते

Report of the Comptroller and Auditor General of India on State Finances for the year ended March 2013



Government of Andhra Pradesh

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Comptroller and Auditor General of India
on
State Finances**

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Preface

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

Chapters 1 and 2 of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2013. Information has been obtained from the Government of Andhra Pradesh wherever necessary.

Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

The Report(s) containing the findings of Performance Audit and Transactions Audit in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

1 Background

Government of Andhra Pradesh enacted the “Fiscal Responsibility and Budget Management (FRBM) Act” in October 2005, setting out a reforms agenda through a fiscal correction path in the medium term with the long-term goal of securing growth and stability for the State economy. The State Government’s commitment to carry forward these reforms is reflected in various policy initiatives announced in the subsequent budgets. While the benefits of FRBM legislation have been realized to a large extent in terms of reduction in major deficit indicators etc., the State Government’s switchover to VAT, introduction of New Pension Scheme, ceiling on Government guarantees and a host of other institutional and sectoral reform measures are expected to facilitate building up the ‘fiscal space’ needed for improving the quality of public expenditure and promote fiscal stability.

2 The Report

Based on the audited accounts of the Government of Andhra Pradesh for the year ended March 2013, this report provides an analytical review of the finances of the State Government. The report is structured in three Chapters.

Chapter 1 *is based on audit of Finance Accounts and makes an assessment of the Government’s fiscal position as on 31 March 2013. It provides an insight into trends, among others, in State Government’s resources and their application, developmental expenditure, borrowing pattern, sustainability of debt etc., besides a brief account of central transfers to the State Government as well as the implementing agencies through off-budget route. It also assesses the adequacy of the State’s fiscal priorities.*

Chapter 2 *is based on audit of Appropriation Accounts and reviews the allocative priorities of the State Government and the manner in which the allocated resources were managed by the service delivery departments.*

Chapter 3 *gives an overview of the State Government’s compliance with various reporting requirements and financial rules.*

The report also has an appendage of additional data collated from several sources in support of the findings.

3 Audit findings

3.1 Fiscal consolidation

State Government has been achieving the fiscal reform targets every year in post FRBM legislation period. The State registered revenue surplus for the seventh consecutive year during 2012-13 and the fiscal deficit was within the ceiling prescribed by the FRBM Act. The Government is yet to work out its liability on account of its contribution (as also that of

the employees) to the Contributory Pension Fund scheme from the inception of the scheme in September 2004. The interest payable on the amounts that have been lying in the Fund without transfer to NSDL/Trustee Bank has also not been estimated and accounted for. The State has brought down the total liabilities to 25.69 per cent of the GSDP against a ceiling of 28.90 per cent prescribed in the FRBM Act for the year 2012-13.

Revenue receipts registered a growth of over 10.98 per cent (₹10,276 crore) during the current year over the previous year due to growth in own tax and non-tax revenue. Revenue expenditure increased by 13.59 per cent (₹ 12,287 crore) over the previous year due to increase in both plan and non-plan expenditure.

While capital expenditure (₹ 15,149 crore) increased by about 10.40 per cent, its ratio to total expenditure stood at 12.44 per cent. It was also not up to the level envisaged in the Macro Economic Framework Statement (₹ 19,973 crore) for the year. Capital works/projects in irrigation and roads sectors were not completed on time, which led to cost escalation on these projects without fully achieving the desired benefits. The investment blocked in such incomplete works/projects as of March 2013 was ₹71,595 crore (previous year ₹49,516 crore).

Grants-in-aid from GoI decreased by ₹3,140 crore over the previous year, mainly under non plan grants (₹ 2,715 crore) due to non-compliance by the State with the conditionalities applicable for release of these grants.

Although the State Government accorded adequate fiscal priority to development expenditure during 2012-13, it did not ensure that the allocated funds were released fully for the intended purpose. State outlay on education (13.70 per cent) in particular, was behind that of the General Category States (17.23 per cent). Further, the share of capital expenditure to aggregate expenditure (12.44 per cent) was also lower in the State, compared to the other General Category States (13.23 per cent).

Return on investment in Companies/Statutory Corporations continued to be poor and the rate of return on investment was 0.65 per cent during 2008-13, while the rate of interest paid by the Government during the period was 7.60 per cent. The accounts of several of these companies/corporations have been in arrears and up to the year of accounts finalized, the accumulated losses of 14 entities alone amounted to ₹ 5,970 crore, with AP State Housing Corporation (₹3,617 crore) and AP State Road Transport Corporation (₹1,984 crore) leading the list.

The current level of recovery of loan is low, with the gap between disbursement (₹3,913 crore) and recovery (₹ 426 crore) showing only a slight improvement over the previous year. Finance Department did not maintain any centralized database of loans with entity wise information viz., loan ledgers, repayment schedules, monthly schedule of recovery, classification of NPAs etc. Finance Department did not obtain confirmation or acceptance of balances from statutory corporations, Government companies and other institutions to whom loans have been advanced. In fact, confirmation of balances on loan amount of ₹12,148 crore was yet to be received from the entities, who were the recipients of these loans.

(Chapter 1)

3.2 Financial Management and Budgetary Control

Budgetary assumptions were unrealistic and expenditure monitoring and control mechanism was weak during the year. The entire supplementary provision (₹10,990 crore) proved unnecessary, as the actual expenditure (₹1,30,704 crore) incurred was less than the original budget provision (₹1,46,243 crore). The overall saving (₹26,528 crore) stood at 17 per cent of the budget mainly due to non-release of budgetary orders (BROs), non-release of administrative sanctions, freeze orders by Government, non-receipt of requisition from unit offices, non-filling up of vacancies, slow progress/postponement of works and non-passing of bills by PAOs/DTOs.

Despite flagging the issue repeatedly, excess expenditure of ₹ 276 crore was incurred during 2012-13 without Legislative authorisation. Regularisation of such expenditure since 2004-05 amounting to ₹ 2,876 crore was yet to be carried out by Government by taking Legislative approval.

Several policy initiatives taken up by Government were either unfulfilled or were partially executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget, parking of funds in Banks/FDRs etc.

State Government's allocation for Special Component Plan for SCs (SCP) and Sub Plan for STs (TSP) ranged between 8-10 per cent and 3-4 per cent respectively which was below the mandatory allocation of 16.2 and 6.6 per cent respectively. Further, out of the allocation, Government could spend only about 58 to 71 per cent and 55 to 72 per cent under SCP and TSP respectively.

There were differences in figures between the Finance Accounts and the balance sheets of the PSUs in respect of equity, loans and outstanding guarantees given by Government, especially with regard to the PSUs in Power sector. Government equity in the PSUs was ₹2,925.35 crore less as per the Finance Accounts when compared to the PSUs' accounts, while it was ₹ 2,697.96 crore more in respect of loans given by the Government to these PSUs. The outstanding guarantees as per Finance Accounts was less by ₹ 4,393.97 crore compared to the accounts of the PSUs. Further, a total outstanding receivable amount of ₹ 13,129 crore from the State Government as of March 2012 (from 2008-09 onwards) towards subsidy for high cost power was found in the accounts of four power distribution companies.

(Chapter 2)

3.3 Financial reporting

Non submission of UCs by State Government to GoI and lower tiers of government to the State Government for funds released to them for implementation of specific socio-economic developmental programmes and delay in submission of annual accounts for audit by several State autonomous bodies/institutions reflect violation of established rules and regulations. Unspent balances lying in PD accounts, delay in submission of DC bills for almost a decade and non-maintenance of proper accounting records not only

delay/deprive delivery of the intended benefits to the targeted population, but also render the system vulnerable to possible frauds and embezzlement of public funds.

Operation of omnibus Minor Head '800' for recording receipts as well as expenditure affected transparency in financial reporting. Adverse balances under Debt, Deposit and Remittance and Suspense heads of account, non-lapsing of amounts under lapsable deposits, non-furnishing of Schedule of Settlement by the Treasuries/PAOs, non-receipt of clearance memos from RBI etc., indicate control deficiencies and result in understatement of Government's receipts and payments. Outstanding balances under inoperative PD accounts and DDR heads for long periods reflect gap in the monitoring mechanism.

Non-reconciliation of expenditure and receipts and non-submission of certificates of assurance by the CCOs with regard to their adherence to rules and regulations and conformity with budgetary provisions point to inadequate control mechanism for risk management in State Government. Non-furnishing of 4,583 cheques for an amount of ₹ 327 crore by the treasuries and absence of over 94,420 supporting vouchers for an expenditure of ₹5,841 crore deserves serious attention and raises concerns about quality of the accounts.

(Chapter 3)

Profile of Andhra Pradesh

Andhra Pradesh is the fourth largest State in India in terms of geographical area of 2.75 lakh sq. km. with a population of 8.47 crore as per 2011 census. The economic growth of the State displayed a fluctuating trend during the last five years as can be seen in the table below. The trends in the annual growth of the State's GSDP *vis-à-vis* the national Gross Domestic Product (GDP) at current prices are given below:

Year	2008-09	2009-10	2010-11	2011-12	2012-13
India's GDP ¹ (₹ in crore)	53,03,567	61,08,903	72,66,967	83,53,495	94,61,013
Growth rate of GDP (percentage)	15.75	15.18	18.96	14.95	13.26
State's GSDP ² (₹ in crore)	4,26,765	4,76,835	5,70,992	6,55,181	7,45,782
		(TRE)	(SRE)	(FRE)	(PE)
Growth rate of GSDP (percentage)	16.98	11.73	19.75	14.74	13.83

Appendix 1.1 shows the socio-economic indicators related to Andhra Pradesh. During the last 10 years (2003-2013), the population of the State grew by 9.50 *per cent* against 13.22 *per cent* in General Category States. The Compound Annual Growth Rate (CAGR) of per capita income of the State (15.18 *per cent*) has been higher than that of the General Category States³ (14.94 *per cent*) during this period. From *Appendix 1.1*, it can be seen that the key socio-economic parameters of the State *viz.*, population Below Poverty Line (9.20 *per cent*), Infant Mortality Rate (41 per 1,000 live births) and Life Expectancy at birth (64.4 *years*) are better than the All India average. Also, inequality of income distribution, as reflected through the Gini co-efficient⁴ was marginally lower in the State in rural areas (0.28) than the national average, but the same in urban areas (0.38) as the all-India position.

¹ GDP data as per Ministry of Statistics and Programme Implementation (August 2013)

² Gross State Domestic Product is taken from Directorate of Economics and Statistics, Govt. of Andhra Pradesh
PE: Provisional Estimates; FRE: First Revised Estimates; SRE: Second Revised Estimates; TRE: Third Revised Estimates

³ States other than the 11 states termed as Special Category States (Arunachal Pradesh, Assam, Jammu & Kashmir, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand)

⁴ It is a measure of inequality of income distribution where zero refers to perfect equality and one refers to perfect inequality.

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Andhra Pradesh 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. This analysis was made based on the Finance Accounts and the information obtained from the State Government. The structure of Government Accounts and the layout of Finance Accounts are given in *Appendix 1.2*.

1.2 Summary of current year's fiscal transactions

Table 1.1 presents the summary of State Government's fiscal transactions during the current year *vis-à-vis* the previous year, while *Appendix 1.3* provides the details of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.1 Summary of balances

(₹ in crore)

Receipts			Disbursements				
	2011-12	2012-13		2011-12	2012-13		
	Total	Total		Total	Non-Plan	Plan	Total
Section A – Revenue							
Revenue Receipts	93,554	1,03,830	Revenue Expenditure	90,415	77,461	25,241	1,02,702
<i>Tax Revenue</i>	53,284	59,875	<i>General Services</i>	29,874	33,007	57	33,064
<i>Non-tax Revenue</i>	11,694	15,999	<i>Social Services</i>	38,017	23,150	18,455	41,605
<i>Share of Union Taxes/Duties</i>	17,751	20,271	<i>Economic Services</i>	22,309	21,146	6,729	27,875
<i>Grants from GOI</i>	10,825	7,685	<i>Grants-in-aid and Contributions</i>	215	158	---	158
Section B – Capital & Others							
Misc. Capital Receipts	---	---	Capital Outlay	13,722	12	15,137	15,149
Recoveries of Loans and Advances	164*	426	Loans and Advances disbursed	4,983	89	3,824	3,913
Public Debt Receipts	19,450	23,311	Repayment of Public Debt	6,761	---	7,677	7,677
Contingency Fund	2	---	Contingency Fund	---	2	---	2
Public Account Receipts	86,051	94,917	Public Account Disbursements	82,848	---	93,201	93,201
Opening Cash Balance	8,830	9,322	Closing Cash balance	9,322	---	9,162	9,162 ⁵
Total	2,08,051	2,31,806	Total	2,08,051	77,564	1,54,242	2,31,806

Source: Finance Accounts

*₹164.92 crore rounded off to ₹164 crore for balancing purpose

Significant changes in fiscal position of the State during 2012-13 over the previous year are given below:

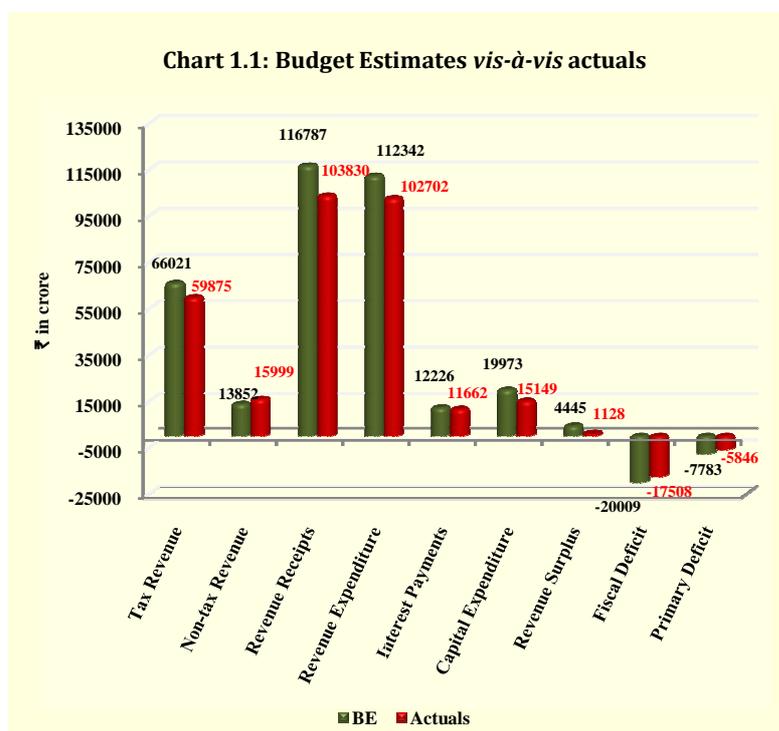
⁵ Please see Para 1.11.5 and Table 1.21 for details. This includes balances in the cash balance investment account, other cash balances and investments as well, apart from cash balances held with RBI and other Banks.

Revenue Receipts	<ul style="list-style-type: none"> Increased by 10.98 per cent Own tax revenue increased by 12.37 per cent
Revenue Expenditure	<ul style="list-style-type: none"> Increased by 13.59 per cent Plan expenditure increased by 6.66 per cent Non-plan expenditure increased by 16.04 per cent
Capital Expenditure	<ul style="list-style-type: none"> Increased by 10.40 per cent
Loans & Advances	<ul style="list-style-type: none"> Recoveries increased by 160 per cent Disbursements decreased by 21.47 per cent
Public Debt	<ul style="list-style-type: none"> Receipts increased by 19.85 per cent Repayment increased by 13.55 per cent
Cash Balance	<ul style="list-style-type: none"> Decreased by 1.72 per cent

Government of Andhra Pradesh achieved revenue surplus for the seventh consecutive year during 2012-13. Although fiscal deficit (₹ 17,508 crore) was higher at 2.35 per cent of GSDP during the current year compared to 2.27 per cent during 2011-12, it was within the ceiling of three per cent prescribed by the FRBM Act and the 13th Finance Commission.

1.3 Budget estimates and actuals

Budget estimates (BE) and actuals for key fiscal parameters are given in **Chart 1.1** and **Appendix 1.4**.



Source: Budget in Brief and Finance Accounts 2012-13

Overall, revenue expenditure was less than the budget estimates by 8.58 per cent while there were savings of 24.15 per cent in respect of capital expenditure. On the receipts side, revenue receipts fell short of BE by 11.09 per cent. Fiscal and primary deficits fell short of BE by 12.50 per cent and 24.89 per cent respectively while revenue surplus fell short of BE by 74.62 per cent.

There were considerable variations between budget estimates and actuals in respect of some items of expenditure. Expenditure in excess of BE by more than 25 per cent was noticed in Secretariat Economic Services (32.50 per cent) while savings in excess of 25 per cent were noticed in Urban Development (49.34 per cent), Rural Development (36.34 per cent), District Administration (27.78 per cent) and Forestry and Wildlife (26.52 per cent).

1.4 Fiscal Reform Path

State Government, in compliance with the recommendations of the Twelfth Finance Commission (TFC), enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 (amended in 2011), limiting its total outstanding liabilities to 28.90 *per cent* of GSDP for the year 2012-13. A Summary of FRBM Act, 2005 as amended in 2011 is given in **Appendix 1.5**. Due to the change in the base year for calculation of GSDP from 1999-2000 to 2004-2005 based on new series of National Accounts Statistics introduced by the Central Statistics Office, New Delhi, the calculation and comments on GSDP at current prices have undergone a change over the five year period 2008-13. Important targets relating to fiscal variables are indicated in **Table 1.2**.

Table 1.2: Targets/Projections for Fiscal variables

Fiscal variables	2012-13				
	13 th FC targets for the State	Targets prescribed in FRBM Act	Targets proposed in Budget	Projections made in MEFS ⁶	Actuals
Revenue Deficit (₹ in crore)	0	0	0	0	0
Fiscal Deficit/ GSDP (in <i>per cent</i>)	3.0	3.0	2.5	2.86	2.35
Ratio of total outstanding debt to GSDP (in <i>per cent</i>)	28.90	28.90	N.A.	21.16	25.69

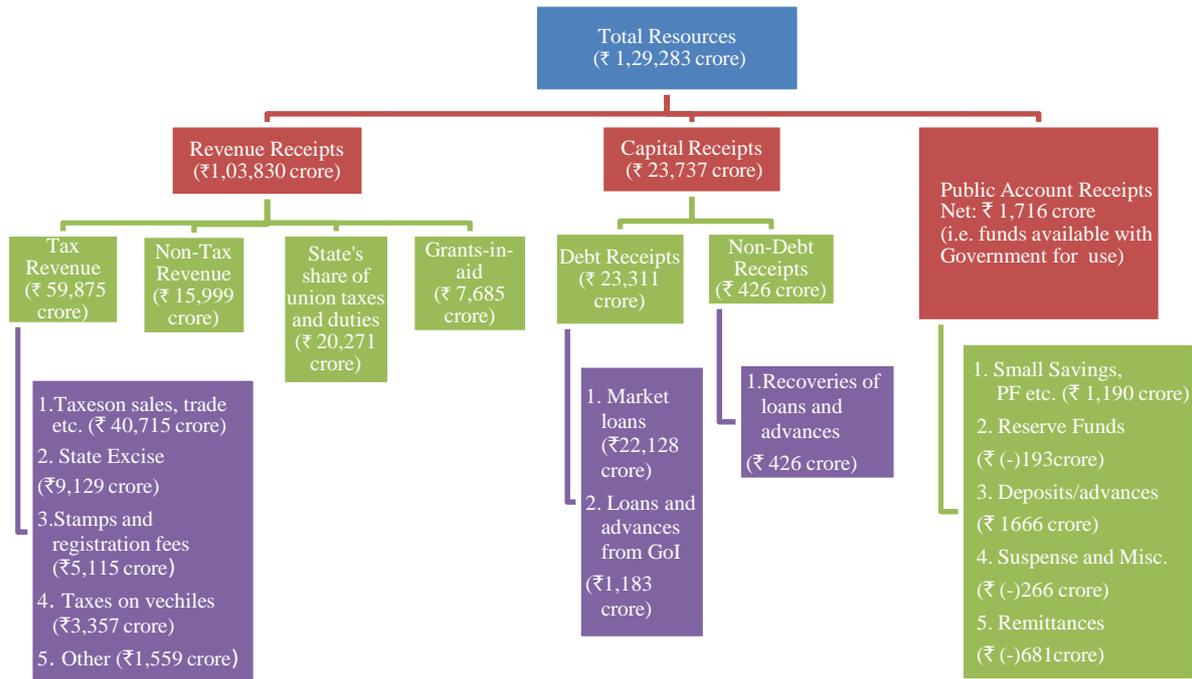
1.5 Resources of the State

1.5.1 Resources of the State as per Annual Finance Accounts

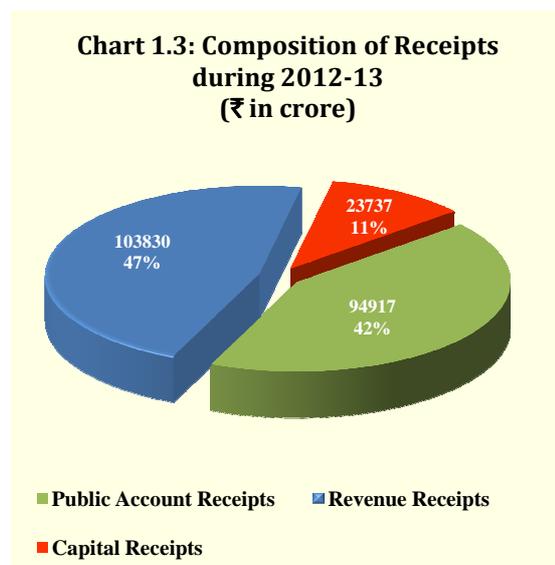
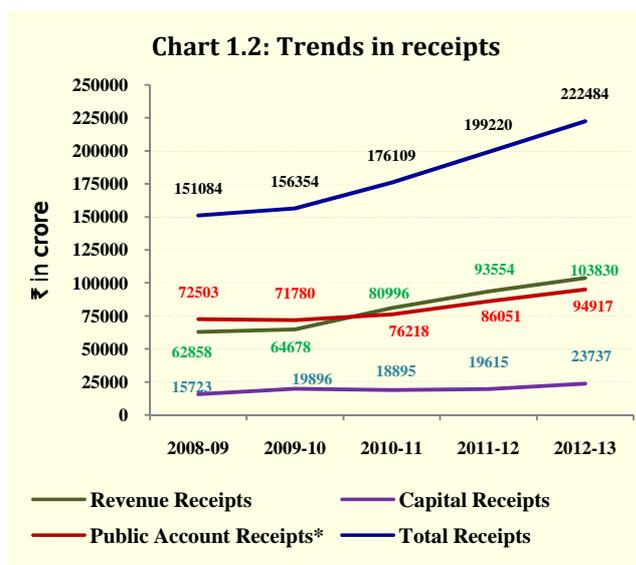
Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital 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.

⁶ Macro Economic Framework Statement

The following flowchart depicts the components and sub-components of resources of the State.



The total resources of the State Government in the year 2012-13 were ₹ 1,29,283 crore. Of these, revenue receipts were ₹ 1,03,830 crore constituting 80.31 per cent of total resources. The capital (₹ 23,737 crore) and net public account receipts (₹ 1,716 crore) constituted 18.36 per cent and 1.33 per cent of the total resources, respectively. **Chart 1.2** depicts the trends in various components of the total receipts (on the basis of gross receipts of public account) of the State during 2008-13. **Chart 1.3** depicts the composition of total receipts (on the basis of gross receipts of public account) of the State during the current year.



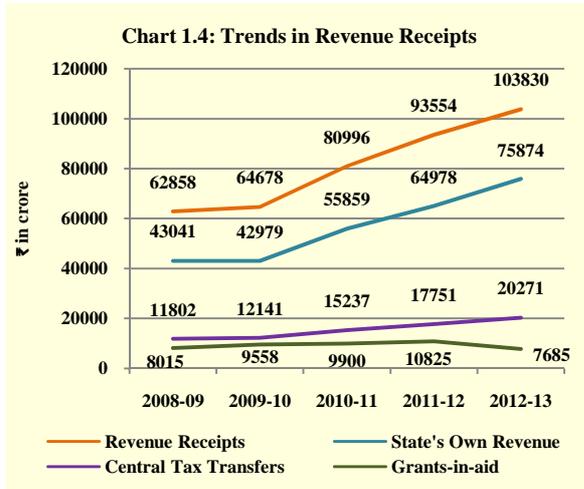
Source: Finance Accounts

*Figures in the chart 1.2 and 1.3 have been depicted on gross receipts of Public Account.

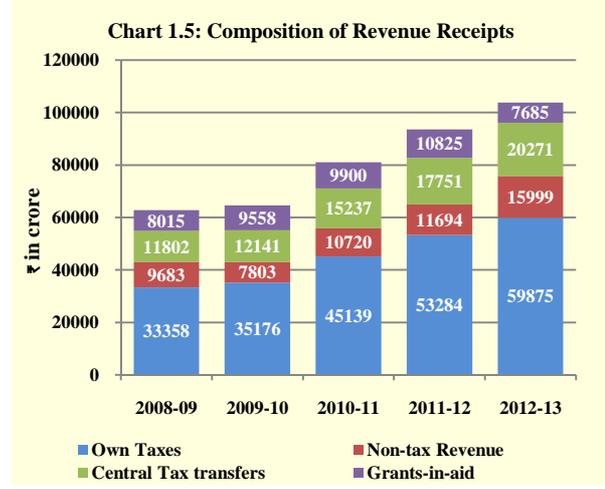
Source: Finance Accounts 2012-13

1.6 Revenue receipts

The trends and composition of revenue receipts over the five year period 2008-13 are presented in *Appendix 1.6* and also depicted in **Charts 1.4** and **1.5** below:



Source: Finance Accounts



Source: Finance Accounts

The rate of growth of revenue receipts has been fluctuating during the last five years as can be seen from **Table 1.4**. The growth rate of revenue (10.98 per cent) during the current year was lower than the growth rate during 2011-12 (15.50 per cent), primarily due to decrease in grants-in aid from the GoI as discussed in para 1.6.3. There was also a shortfall of ₹ 5,671 crore (5.18 per cent) in revenue (₹ 1,03,830 crore) realized during the year over the projection (₹ 1,09,501 crore) made in Macro Economic Framework Statement (MEFS). The actual receipts under State's tax and non tax revenue *vis-à-vis* assessments made by 13th Finance Commission and the State Government during 2012-13 are given in **Table 1.3** below:

Table 1.3: Revenue receipts *vis-à-vis* assessment

	(₹ in crore)		
	Assessment by 13 th Finance Commission	Projections by State Government in MEFS	Actuals
Tax Revenue	60,118	62,572	59,875
Non-Tax Revenue	7,713	12,864	15,999

Source: 13th Finance Commission recommendations; Finance Accounts 2012-13 and MEFS tabled in Legislature during 2012-13

Actual realization of tax revenue was lower than the projection made by Government and the assessment made by the 13th Finance Commission. Non-tax revenue realized was higher than the assessment made by the 13th Finance Commission and the Government. The share of interest receipts in non-tax revenue in the current year was ₹ 9,626 crore, including ₹ 7,666 crore from irrigation projects, which is only a notional revenue, since it has arisen out of book adjustment.

Government confirmed that the same amount of receipts and expenditure was only a book adjustment and stated (December 2013) that contra interest entries for irrigation and power projects are a well established practice in the southern states.

Revenue receipts constituted 13.92 *per cent* of GSDP in 2012-13 as shown in **Table 1.4**.

Table 1.4: Trends in revenue receipts relative to GSDP

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue Receipts (RR) (₹ in crore)	62,858	64,678	80,996	93,554	1,03,830
Rate of Growth ⁷ of RR (<i>per cent</i>)	16.10	2.90	25.23	15.50	10.98
RR/GSDP (<i>per cent</i>)	14.73	13.56	14.19	14.28	13.92
Buoyancy Ratios⁸					
Revenue Buoyancy w.r.t. GSDP	0.95	0.25	1.28	1.05	0.79
State's Own Tax Buoyancy w.r.t. GSDP	0.93	0.46	1.43	1.22	0.89

Source: Finance Accounts

1.6.1 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 and Central assistance for plan schemes etc, State's performance in mobilization of resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax resources.

1.6.1.1 Own tax revenue

Own tax revenue (OTR) registered a growth rate of 12.37 *per cent* over the previous year due to increase in taxes on sales and trade (16.63 *per cent*), stamp duty and registration (16.64 *per cent*) and taxes on vehicles (12.39 *per cent*) that was partially offset by decrease under state excise by five *per cent* over the previous year. Details are given below.

Table 1.5: Components of State's Own Tax revenue

Revenue Head	(₹ in crore)					
	2008-09	2009-10	2010-11	2011-12	2012-13	% increase over previous year
Taxes on sales, trades etc.	21,852	23,640	29,145	34,910	40,715	16.63
State excise	5,752	5,849	8,265	9,612	9,129	-5.02
Taxes on vehicles	1,801	1,995	2,626	2,987	3,357	12.39
Stamp duty and Registration fees	2,931	2,639	3,834	4,385	5,115	16.64
Land revenue	130	222	171	141	62	-56.03
Taxes on goods and passengers	16	10	9	12	12	0
Other taxes ⁹	876	821	1,089	1,237	1,485	20.04
Total	33,358	35,176	45,139	53,284	59,875	12.37

Source: Finance Accounts

⁷ See Glossary

⁸ See Glossary

⁹ Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income.

Increase under taxes on vehicles was reported to be due to the drive for collection of quarterly tax and increase in enforcement revenue. Though there is a five *per cent* decline during the current year, the trend of increase under State Excise during the past few years is attributed to changes in taxation and due to change in the policy of disposal of A4 (liquor) shops from auction system to fixed licensing system that enabled strict implementation of Maximum Retail Price which resulted in increase in sale volume of liquor.

While presenting the budget for 2012-13, Government stated that the Commercial Taxes department has introduced measures for improved efficiency in tax collection. However, it was seen that there was a shortfall of ₹ 4,285 crore with respect to the budget estimates (₹ 45,000 crore) in respect of Sales Tax. Decrease under Land Revenue is due to transfer of receipts from Land Revenue cess (₹ 95.47 crore) to Major Irrigation from this year.

1.6.1.2 Non-tax revenue

Non-tax revenue (NTR), which constituted 12 to 15 *per cent* of the total revenue receipts during the five year (2008-13) period, increased by ₹ 4,305 crore in the current year, over the previous year (37 *per cent*) mainly due to increase in interest from Departmental Commercial Undertakings and under “Other receipts” which is notional in nature arising out of book adjustments (₹ 3,347 crore), receipts from Education, Sports, Art and Culture (₹ 521 crore) and Non-Ferrous Mining and Metallurgical Industries (₹ 434 crore). However, as stated earlier, 48 *per cent* of the total non-tax revenues are on account of notional interest receipts from irrigation projects.

Table 1.6: Growth of Non-Tax Revenues

(₹ in crore)

Revenue Head	2008-09	2009-10	2010-11	2011-12	2012-13	% increase over previous year
Interest receipts	3,487	4,852	5,774	6,279	9,626	53.30
Dividends & Profits	19	23	39	52	64	23.08
Other non-tax receipts	6,177	2,929	4,906	5,363	6,309	17.64
Total	9,683	7,804	10,719	11,694	15,999	36.81

Source: Finance Accounts

Further, during the year, an amount of ₹ 1,018 crore (₹ 876 crore under Sarva Siksha Abhiyaan (*Rajiv Vidya Mission*) and ₹ 142 crore under RMSA (*Rashtriya Madhyamika Siksha Abhiyaan*) released by GoI directly to the implementing agencies was remitted through challans by State Project Officer to MH 0202 as revenue receipts. This related to reimbursement of teachers’ salary and should have been booked as reduction of expenditure. This has resulted in overstatement of revenue receipts and revenue expenditure to the extent of ₹ 1,018 crore.¹⁰

¹⁰ Given as footnotes in the respective statements in the Finance Accounts.

1.6.2 Cost of Collection

The cost of collection of major State tax revenue is given below.

Table 1.7: Cost of collection of revenue

(₹ in crore)					
Head of revenue	Year	Gross collection	Expenditure on collection	Cost of collection (%)	All India Average (%)
Taxes on sales, trade etc,	2010-11	29,145	262	0.90	0.75
	2011-12	34,910	283	0.81	0.83
	2012-13*	40,715	317	0.78	--
State Excise	2010-11	8,265	234	2.83	3.05
	2011-12	9,612	264	2.75	2.98
	2012-13*	9,129	288	3.15	--
Taxes on Vehicles	2010-11	2,626	85	3.24	3.71
	2011-12	2,986	100	3.35	2.96
	2012-13*	3,357	111	3.31	--
Stamp Duty and Registration fee	2010-11	3,834	95	2.48	1.60
	2011-12	4,385	102	2.33	1.89
	2012-13*	5,115	141	2.76	--

Source: Finance Accounts

*NOTE: All India Averages for the year 2012-13 are not yet available

The cost of collection has been fluctuating over the last three years without any uniform trend in respect of different taxes.

1.6.3 Central tax transfers

There was an increase in Central tax transfers by 14.20 *per cent* from ₹ 17,751 crore in 2011-12 to ₹ 20,271 crore in 2012-13. The increase was mainly on account of share of net proceeds under service tax (39.71 *per cent*) and taxes on income other than corporation tax (22.83 *per cent*).

1.6.3.1 Grants-in-aid from Government of India

The details of Grants-in-aid from GoI and its composition during 2008-13 are given below.

Table 1.8: Grants-in-aid from Government of India

(₹ in crore)					
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Non-Plan Grants	2,224	3,275	4,183	3,499	784
Grants for State Plan Schemes	4,039	4,254	3,318	3,957	3,223
Grants for Central Plan Schemes	129	132	60	100	219
Grants for Centrally Sponsored Schemes	1,623	1,897	2,339	3,269	3,459
Grants for Special Plan Schemes	---	---	---	---	---
Total	8,015	9,558	9,900	10,825	7,685
Percentage of increase over previous year	12.88	19.24	3.58	9.34	-29
Total grants as a percentage of Revenue Receipts	12.75	14.78	12.22	11.57	7.40

Source: Finance Accounts

Grants-in-aid from GoI decreased by ₹ 3,140 crore over the previous year, mainly under Non-Plan Grants (₹ 2,715 crore) and Grants for State Plan Schemes (₹ 734 crore). However, there were minor increases under Centrally Sponsored Schemes (₹ 190 crore) and Central Plan Schemes (₹ 119 crore). Decrease under Non-plan grants was mainly under grants for Local Bodies, Service and Special Problems and National Disaster Response Fund etc. During the year, total grants-in-aid constituted 7.40 per cent of revenue receipts, as compared to 11.57 per cent in the previous year.

1.6.3.2 Optimisation of 13th Finance Commission grants

The details of Central transfers to the State on the basis of recommendations of the 13th FC are as follows.

Table 1.9: 13th Finance Commission Grants

(₹ in crore)					
Sl no	Transfers	Amount Recommended by FC	Actual release	Shortfall	Expenditure
1	Local Bodies				
	Grants to PRIs	659.55	Nil	659.55	Nil
	General performance grants to PRIs	452.62	Nil	452.62	Nil
	Grants to ULBs	242.15	Nil	242.15	Nil
	General performance grants to ULBs	166.18	Nil	166.18	Nil
	Special Area Grants	5.90	Nil	5.90	Nil
	Special Area performance grants	2.90	Nil	2.90	Nil
2	Disaster Relief	420.74	420.74	Nil	420.74
3	Improving outcome grants	83.96	Nil	83.96	Nil
	a. Reduction in Infant Mortality rate	Nil	13.70	Nil	Nil
4	Environment related grants	138.16	67.16	71	40.83
5	Elementary education	188	188	Nil	188
6	Roads and bridges	234	Nil	234	Nil
7	Capacity Building	6	6	Nil	6
8	State specific grants	312.50	29.90	282.60	29.46
Total		2,912.66	725.50	2,200.86	685.03

Source: Departmental information

As per the recommendations of 13th FC, under Non-plan Grants, GoI allocated ₹ 2,912.66 crore for the year, but released only ₹ 725.50 crore during 2012-13 due to non-conduct of elections to local bodies (₹ 1,529.30 crore), non-submission of Utilisation Certificates for the Grants released during the year 2011-12 (₹ 366.56 crore) and non-fulfillment of conditionalities (₹ 305 crore).

Government replied (December 2013) that elections could not be conducted on time for local bodies due to stay orders from the Court, which was beyond its control.

Government needs to monitor closely the utilization of grants by the implementing departments and streamline the system of submission of Utilisation Certificates so as to ensure that grants from the GoI are fully claimed and the State benefits from the same. Efforts should be made to expeditiously meet the prescribed conditionalities to be eligible for the performance grants.

1.6.4 Funds transferred to State Implementing Agencies outside the State budget

GoI has been transferring sizeable quantum of funds directly to the State implementing agencies for implementation of various schemes/programmes in social and economic sectors recognized as critical. As these funds are not routed through the State budget/State treasury System, Finance Accounts do not capture the flow of these funds. To present a holistic picture about the availability of aggregate resources, Audit has given the extent of funds directly transferred by the GoI to State implementing agencies¹¹ in respect of cases involving more than ₹ 10 crore in *Appendix 1.7*.

During the current year, GoI transferred ₹ 8,276 crore directly to the State implementing agencies concerning various Central Schemes/programmes, without routing these funds through the State budget.

There is no single agency monitoring the use of these funds and no data is readily available on the amount spent in any particular year on major flagship and other important schemes from out of these funds. Unless uniform accounting practices are followed by all these agencies and proper documentation is maintained with timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

1.7 Capital Receipts

The details of Capital Receipts and its composition during 2008-13 are given below.

Table.1.10: Trends in growth and composition of Receipts

(₹ in crore)					
Sources of State's Receipts	2008-09	2009-10	2010-11	2011-12	2012-13
Capital Receipts (CR)	15723	19896	18895	19615	23737
Miscellaneous Capital Receipts	0	0	0	0	0
Recovery of Loans and Advances	370	143	173	165	426
Public Debt Receipts	15353	19753	18722	19450	23311
Rate of growth of debt capital receipts	37.92	28.66	-5.22	3.89	19.85
Rate of growth of non-debt capital receipts	93.72	-61.35	20.98	-4.62	158.18
Rate of growth of GSDP	16.98	11.73	19.75	14.74	13.83
Rate of growth of CR (<i>per cent</i>)	-12.07	26.54	-5.03	3.81	21.01

Source: Finance Accounts

During 2012-13 Capital Receipts increased by 21 *per cent* over the previous year. This was mainly on account of increase in Recovery of Loans and Advances by ₹ 261 crore over the previous year (recovery of loans for power projects was ₹ 211 crore) and increases in Public Debt receipts by ₹ 3,861 crore (19.85 *per cent*).

¹¹State Implementing Agencies include any Organization/Institution including Non-Governmental Organization, which is authorized by the State Government to receive funds from the GoI for implementing specific programmes in the State, such as State Implementation Society for SSA and State Health Mission for NRHM etc.

1.8 Public Account Receipts

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. Here the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

Table 1.11: Trends in growth and composition of Public Account receipts and disbursements

(₹ in crore)					
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
A. Public Account Receipts					
Small Savings, Provident Fund etc.,	2,351	2,383	3,130	3,376	3,580
Reserve Fund	1,411	1,897	3,017	2,873	2,243
Deposits and Advances	39,454	35,484	38,608	42,963	48,722
Suspense and Miscellaneous	12,329	12,229	16,433	19,315	22,333
Remittances	16,958	19,787	15,030	17,524	18,039
Total (A)	72,503	71,780	76,218	86,051	94,917
B. Public Account Disbursements					
Small Savings, Provident Fund etc.,	1,781	1,422	1,527	2,156	2,390
Reserve Fund	515	1,308	1,221	1,621	2,436
Deposits and Advances	41,266	36,921	36,905	41,618	47,056
Suspense and Miscellaneous	12,008	12,239	16,373	20,026	22,599
Remittances	18,579	18,353	16,381	17,427	18,720
Total (B)	74,149	70,243	72,407	82,848	93,201
Public Account Net (A)-(B)	(-)1,646	1,537	3,811	3,203	1,716

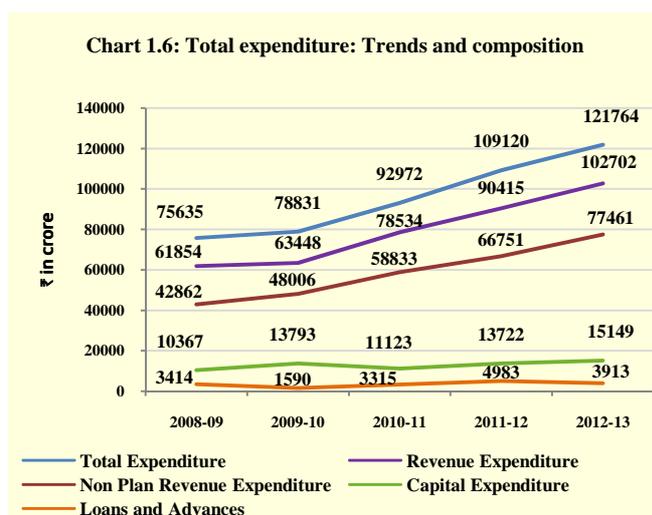
Source: Finance Accounts

Net Public Account receipts has shown increase during the period 2008-09 to 2010-11. However, during the current year, it decreased by ₹ 1,487 crore (46.42 per cent) over the previous year.

1.9 Application of resources

1.9.1 Growth and composition of expenditure

Chart 1.6 presents the trends and composition of total expenditure over a period of five years (2008-13). The composition of total expenditure both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Charts 1.7** and **1.8** respectively.

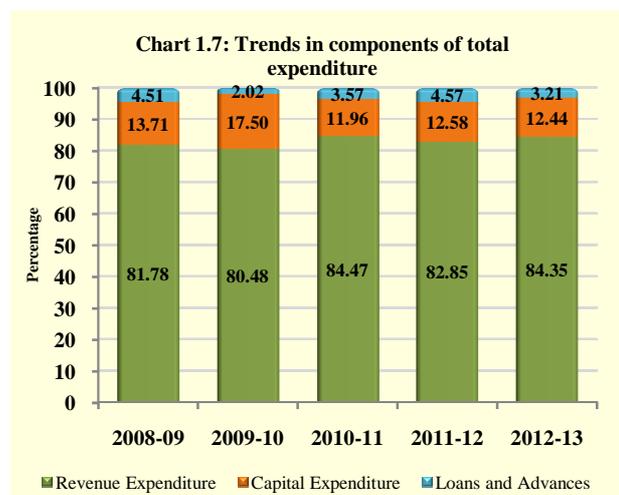


Source: Finance Accounts

Note: Total expenditure excludes repayment of public debt amounting to ₹ 7,677 crore.

Revenue expenditure increased by ₹ 12,287 crore over the previous year and constituted 13.77 per cent of GSDP. There was significant increase in revenue expenditure over the previous year under Irrigation and Flood Control (₹ 2,167 crore), Power (₹ 1,881 crore), Welfare of SCs and STs and other BCs (₹ 1,433 crore), Education, Sports, Art and culture (₹ 1,422 crore), interest payment and servicing of debt (₹ 1,101 crore) and Social Welfare and Nutrition (₹ 1,010 crore).

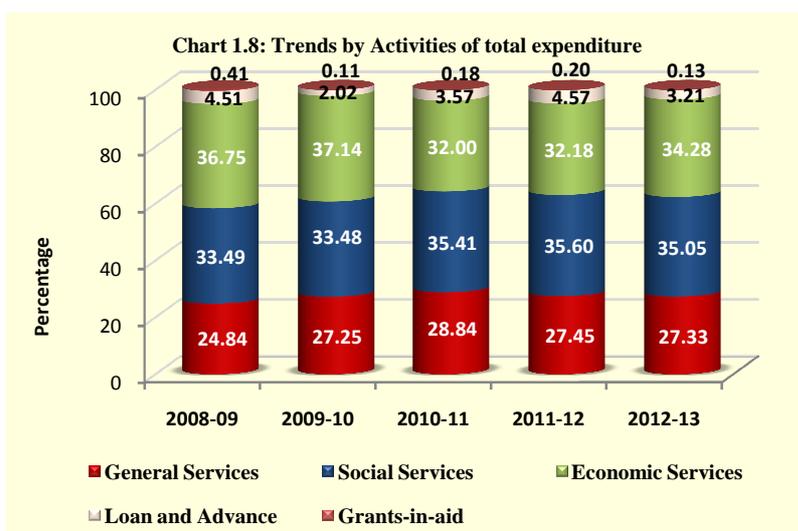
In the context of State finances, the quality of expenditure has always been an important issue. Currently, revenue expenditure accounts for around 84 per cent of the State's aggregate expenditure, which is in the nature of current consumption, leaving only 16 per cent for investment in infrastructure and asset creation. Since this impedes the growth prospects of the State, there is a need to curtail those items of revenue expenditure which are unproductive.



Source: Finance Accounts

Capital expenditure (₹ 15,149 crore) during 2012-13 increased by ₹ 1,427 crore over the previous year (₹ 13,722 crore) and constituted 12.44 per cent of total expenditure. The increase was mainly on Roads and Bridges (₹ 907 crore) and Major and Medium irrigation (₹ 131 crore). Capital expenditure at 2.03 per cent of GSDP was less than the projection (₹ 19,973 crore) made in MEFS for 2012-13.

Loans and advances disbursed during the current year decreased by 21.47 per cent over the previous year and constituted 3.21 per cent of the total expenditure. The share of disbursement of loans and advances in total expenditure was between two to five per cent during the period 2008-13.



Trends by Activities: The share of general services and social services in total expenditure decreased by 0.12 per cent and 0.55 per cent respectively during 2012-13 over the previous year. There was an increase in the share of economic services in total expenditure by 2.1 per cent.

Source: Finance Accounts

1.9.2 Committed Expenditure

Committed expenditure of Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.12** and **Chart 1.9** present the trends in the expenditure on these components during 2008-13.

Table 1.12: Components of committed expenditure

(₹ in crore)

Components of committed expenditure	2008-09	2009-10	2010-11	2011-12	2012-13		
					Budget estimates	Actuals	Percentage variation
Salaries* & Wages, of which	14,539(23)	17,721(27)	23,844(29)	26,823(30)	29,514(29)	30,071(29)	1.89
(i) Non-Plan	12,883	15,706	21,128	23,828	27,673	28,071	1.44
(ii) Plan**	1,656	2,015	2,716	2,995	1,841	2,000	8.64
Interest payments	8,057	8,914	9,675	10,561	11,662	11,662	0
Pensions	5,518	6,339	9,609	11,110	11,480	12,089	5.30
Subsidies	6,213	6,056	6,543	7,313	9,983	10,658	6.76
Total	34,327(55)	39,030(62)	49,671(61)	55,807(62)	62,639(56)	64,480(63)	2.94

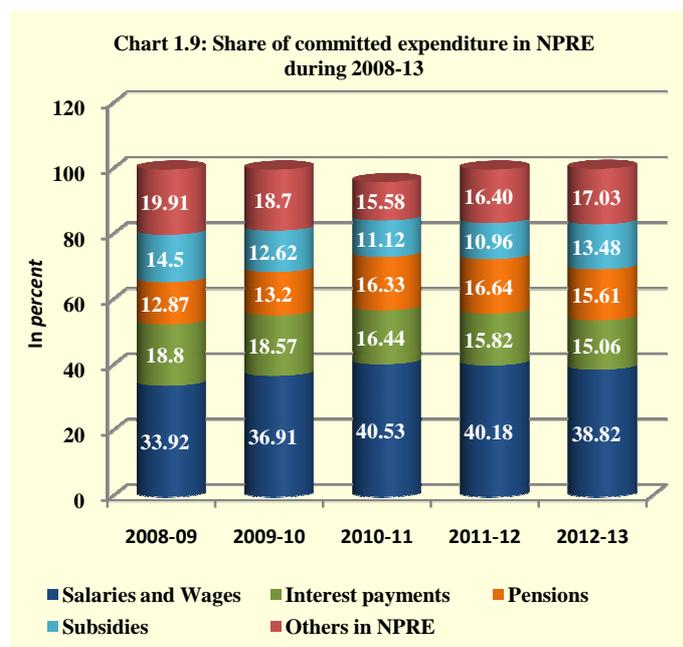
Source: Voucher Level Computerization (VLC) data of PAG (A&E) Andhra Pradesh

Note: Figures in parenthesis indicate percentage of Revenue Expenditure. *It also includes the salaries paid out of grants-in-aid and work charged establishment. **Plan head also includes the salaries and wages paid under CSS

Committed expenditure on salaries and wages, pensions, interest payments and subsidies constituted 83 per cent of NPRES during 2012-13.

1.9.2.1 Salaries and wages

Expenditure on salaries and wages during the current year increased by 12.10 *per cent* over the previous year. It was more than the budget estimates by 1.89 *per cent* and the assessment made by the 13th Finance Commission (₹ 16,672 crore) but less than the projections made in MEFS of State Government (₹ 30,517 crore). During the current year, expenditure on salary constituted 29 *per cent* of revenue expenditure and 39 *per cent* of non-plan revenue expenditure.



Source: Finance Accounts

1.9.2.2 Interest payments

Although the share of interest payments in revenue expenditure was 11 *per cent* during the current year, there was an increase in interest payments by ₹ 1,101 crore (10.42 *per cent*) over the previous year mainly under interest on Internal debt (₹ 1,004 crore). It was, however, lower than the projection made in MEFS (₹ 11,977 crore) and assessment made by the 13th Finance Commission (₹ 12,355 crore). During 2012-13, interest payments as a percentage of total revenue receipts stood at 11.23 *per cent* which was higher than the projection of 10.94 *per cent* made in the Medium Term Fiscal Policy (MTFP).

1.9.2.3 Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 12,089 crore, and constituted 11.64 *per cent* of revenue receipts. During the year 2012-13, Pensionary benefits increased by ₹ 979 crore over the previous year 2011-12 (₹ 11,110 crore) and was higher than the budget estimates (₹ 11,480 crore) and the assessment of the 13th Finance Commission (₹ 9,379 crore). Government had not estimated the yearly pension liabilities on actuarial basis for the ensuing years, as stipulated in the FRBM Act.

Contributory Pension Scheme

State Government introduced a Contributory Pension Scheme for employees recruited on or after 1 September 2004. As per the guidelines, it is mandatory for every employee to contribute 10 *per cent* of basic pay and dearness allowance every month from his/her salary and equal contribution is to be made by the Government. The contribution details and corresponding amounts are to be transferred to the National Securities Depository Limited (NSDL) and to the fund managers appointed by the New Pension Scheme (NPS) Trust respectively. Government entered into agreements with NSDL on 21 November 2008 and NPS Trust on 15 September 2009.

During the year 2012-13 an amount of ₹ 1,048.91 crore (both employee and Government contribution) was transferred to the NSDL/Trustee Bank while the progressive liability, yet to be transferred to NSDL as on 31 March 2013 was ₹ 703.55 crore. **Government has not yet estimated the amount of its contribution and that payable by the employees from the inception of the Scheme and the accrued interest thereon. Therefore, it has not been possible to estimate the shortfall, if any, in the matching contribution of the State Government in 2012-13 and its impact, if any, on the Revenue Surplus.** The Interest payable on the amounts that have been lying in the Fund without transfer to NSDL/Trustee Bank has also not been estimated and accounted for.

State Government informed during the Entry Conference (August 2013) that the contributions received after 2010 have been transferred to the Fund Manager and as the data relating to employees contribution was not available with regard to pre-2010 period, information from all the DDOs was being collected and would be completed in three months. During the Exit Conference (December 2013), Government stated that it was yet to work out the interest payable on the amounts lying in the Fund and stated that transfer of legacy period deductions is in progress and after its completion, the interest liability will be worked out and transferred to the subscribers' account.

1.9.2.4 Subsidies

The total expenditure on subsidies during the current year was ₹ 10,658 crore, of which, subsidy on rice was ₹ 2,500 crore (23 per cent), power was ₹ 6,178 crore (58 per cent) and agriculture was ₹ 1,528 crore (14 per cent). While subsidies increased by ₹ 3,345 crore (45.74 per cent) over the previous year, the amount was lower than the projections made in the MEFS (₹ 13,362 crore).

Department wise subsidies are listed in **Table 1.13**.

Table 1.13: Department wise Subsidies

	(₹ in crore)				
Departments	2008-09	2009-10	2010-11	2011-12	2012-13
Civil Supplies	2,439	2,481	2,329	2,358	2,692
Power	3,385	3,212	3,646	4,300	6,178
Agricultural and other Allied activities	154	238	243	639	1,528
Others ¹²	235	125	325	16	260
Total subsidy	6,213	6,056	6,543	7,313	10,658
Total Revenue Expenditure	61,854	63,448	78,534	90,415	1,02,702
Subsidy as a % of Revenue Expenditure	10.04	9.54	8.33	8.09	10.38

Source: Finance Accounts

During the year, the percentage of subsidies to revenue expenditure was 10.38 per cent. This includes an amount of ₹ 6,393 crore given in the form of grants-in-aid (₹ 6,178 crore towards Assistance to APTRANSCO for agricultural and allied subsidy, power subsidy of ₹ 191 crore for industries, subsidy for Annapurna Scheme of ₹ three crore, subsidy for bank linked income generated scheme of ₹ 19 crore and interest subsidy of ₹ two crore).

¹² Industries and Commerce, Rural Development, Minority Welfare, Information Technology & Communication, Panchayat Raj, Social Welfare, Women, Child and Disabled Welfare and Backward Classes Welfare Departments

In addition, budgetary assistance has been provided in the form of grants-in-aid which are in the nature of subsidies for various socio-economic services. Scheme wise details of these grants-in-aid provided during 2012-13 are given in **Table 1.14**.

Table 1.14 : Department/Organization-wise subsidies given as grants-in-aid

(₹ in crore)				
Sector	Department	Name of the Scheme	Amount	
General Services	Revenue	Supply of Fodder	5	
		Assistance to below Poverty line Families under Accident Insurance Scheme (<i>Apathbandhu</i>)	24	
		Supply of Seeds, Fertilizers and Agricultural Implements	69	
Social Services	Medical and Health	Aarogyasri Health Care Trust	463	
		Assistance to NIMS for treatment of BPL families not covered under <i>Aarogyasri</i>	10	
	Social Welfare	Acquisition of house sites for weaker sections under Indiramma Programme	102	
Economic Services	Agriculture	Assistance to Small and Marginal Farmers towards Premium for Crop Insurance Scheme	292	
	Transport	Assistance to A.P.S.R.T.C. towards reimbursement of concessions extended to various categories of citizens	200	
	Rural Development	<i>Streenidhi</i> Co-operative micro finance bank for women	100	
	Industries	Assistance to Co-operative Sugar Factories towards reimbursement of Purchase Tax incentives	50	
	Agriculture	Assistance to sugar factories for payment of better cane price to Sugarcane Farmers	30	
	Industries	Extension of <i>Pavalavaddi</i> Scheme to all SSI and Food Processing units	14	
	Animal Husbandry and Fisheries		Supply of Seeds, Fertilizers and Agricultural implements	650
			Supply of Milch Animals under CMs Package	7
			Assistance to Live Stock growers towards Insurance Premium	1
			Supply of Ice Boxes	1
			Supply of Milch Animals	0.43
	Energy	Assistance to AP TRANSCO/DISCOMS towards reimbursement under INDIRAMMA Scheme	0.38	
	Total			2019

Source: Finance Accounts 2012-13

Government stated (December 2013) that the increase in subsidies is inevitable in view of the welfare oriented activities undertaken by it for the benefit of the people.

1.9.3 Financial Assistance to local bodies and other institutions

GoI enacted the 73rd and 74th Amendments to the Constitution to empower the local self governing institutions like the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) to ensure a more participative governance structure in the country. GoI further entrusted the implementation of key socio-economic developmental programmes to PRIs and ULBs and devolved funds through successive Finance Commissions. The States, in turn, were required to entrust these local bodies with such powers, functions and responsibilities so

as to help them function as institutions of self-government and implement schemes for economic development and social justice including those enumerated in the Eleventh and Twelfth Schedules to the Constitution.

State Government enacted the Andhra Pradesh Panchayat Raj (APPR) Act in 1994 and established a three-tier governance system at Village, Mandal and District levels. The Andhra Pradesh Municipal Corporations Act, 1994 was enacted to set up Municipal Corporations in the State. The Municipalities are however, governed by the Andhra Pradesh Municipalities Act, 1965.

1.9.3.1 Financial Assistance to Local bodies

The quantum of financial assistance provided by the State Government to local bodies and other institutions by way of grants and loans during the current year, relative to the previous four years, is given below.

Table 1.15: Financial assistance to Local Bodies, etc.

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,820	1,994	2,876	7,178	7,169
Municipal Corporations and Municipalities	4,105	3,142	3,671	3,361	3,468
Zilla Parishads and other PR Institutions	2,503	1,867	1,745	3,023	2,677
Development Agencies	11,791	7,481	8,363	11,341	12,262
Hospitals and Other Charitable Institutions	1,152	1,393	1,721	1,192	1,195
Autonomous Bodies	--	--	--	1,473	2,180
Co-operative Institutions	--	--	--	52	117
Other Institutions¹³	3,436	3,965	4,538	5,390	5,752
Total	24,807	19,842	22,914	33,010	34,820
Assistance as percentage of RE	40.11	31.27	29.18	36.50	33.90

Source: Finance Accounts

Financial assistance, including grants and loans, extended to local bodies and other institutions in 2012-13 increased by ₹ 1,810 crore, which is 5.48 per cent increase over the previous year and constituted 34 per cent of revenue expenditure. The major schemes/recipients of grants during the year were *INDIRAMMA* pensions (₹ 1,786 crore), interest free loans to *DWCRA* women (₹ 826 crore), Supply of seeds, fertilizers and agricultural implements (₹ 719 crore), Rajiv Vidya Mission (₹ 666 crore), *NRHM* (₹ 507 crore) and Weaker sections housing programme under *INDIRAMMA* (₹ 384 crore) etc.

State Government devolved only 10 out of 29 functions to PRIs and 17 out of 18 functions to ULBs.

¹³Other institutions include institutions that received ad-hoc or one time grants during the year

1.10 Quality of Expenditure

1.10.1 Adequacy of public expenditure

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. **Table 1.16** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2012-13.

Table 1.16 : Fiscal Priority of the State in 2009-10 and 2012-13

				(In per cent)					
Fiscal Priority by the State				AE/GSDP	DE [#] /AE	SSE/ AE	CE/AE	Education/ AE	Health/ AE
General Category States Average (Ratio) 2009-10*				17.06	66.05	35.73	14.96	16.19	4.24
Andhra Pradesh's Average (Ratio) 2009-10				16.53	72.53	35.28	17.50	10.76	4.33
General Category States Average (Ratio) 2012-13*				15.93	65.79	32.77	13.23	17.23	4.47
Andhra Pradesh's Average (Ratio) 2012-13				16.33	72.47	37.65	12.44	13.70	4.54

*Averages (ratios) are calculated on the basis of data of 16 (out of 17) General Category States excluding Goa.
AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; CE: Capital Expenditure. # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed.

Source: Finance Accounts; For GSDP, information source: Directorate of Economics and Statistics, A.P.

A comparison of the data related to Andhra Pradesh with that of the General Category States (GCS) revealed the following:

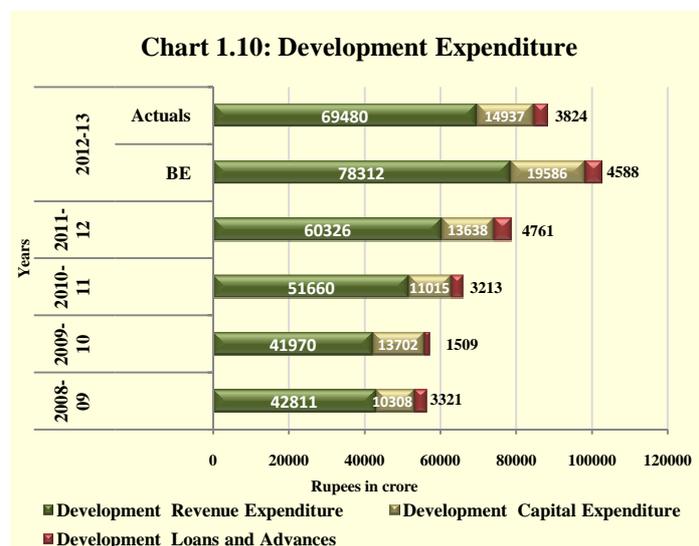
- Development expenditure as a proportion of aggregate expenditure has been higher in the State compared to the GCS average both during 2009-10 and 2012-13.
- Expenditure on Social Sector as a proportion of aggregate expenditure was marginally lower than the GCS average during 2009-10; however, it was higher than the GCS average in 2012-13. The share of expenditure on education as a proportion of aggregate expenditure was lower than the GCS averages in both the years, though it improved in 2012-13. The level of expenditure on health was, however, comparable in both the years.
- The share (17.50 per cent) of capital expenditure was higher than the GCS average in 2009-10, but declined during 2012-13.

1.10.2 Efficiency of expenditure use

In view of the emphasis on public expenditure on socio-economic developmental works in successive Plans, it is important that the State Government takes appropriate expenditure rationalization measures and focus on provisioning of core public and merit goods¹⁴. Apart

¹⁴ See glossary

from improving the allocation towards development expenditure¹⁵, the efficiency of expenditure use is also reflected in 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. **Chart 1.10** presents the trends in development expenditure.



During 2012-13, the total development expenditure increased by ₹ 9,516 crore (12 per cent) over the previous year and constituted 72 per cent of aggregate expenditure. Development revenue expenditure increased by ₹ 9,154 crore over the previous year, with all components of social services and economic services registering an increase, and constituted 56 to 57 per cent of aggregate expenditure.

Source: Finance Accounts

During the current year, while the developmental capital expenditure increased by ₹ 1,299 crore (nine per cent), development loans and advances decreased by ₹ 937 crore (19.68 per cent) over the previous year. The increase in developmental capital expenditure was essentially in economic services (₹ 1,056 crore) under roads and buildings (₹ 907 crore). During 2012-13, the share of social services and economic services constituted 35 and 34 per cent of total expenditure respectively.

Table 1.17 provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services.

Table 1.17: Efficiency of expenditure use in selected social and economic services

(In per cent)

Social/Economic Infrastructure	2011-12			2012-13		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S&W	O&M		S&W	O&M
Social Services (SS)						
General Education	0.80	73.86	0.10	1.67	80.49	0.10
Health and Family Welfare	1.45	44.76	0.39	1.51	56.88	0.60
Water supply, Sanitation, Housing & Urban Development	4.45	22.29	0.39	6.69	26.31	0.53
Total (SS)	2.13	39.59	0.16	2.51	45.26	0.26

¹⁵ See glossary

Social/Economic Infrastructure	2011-12			2012-13		
	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
Economic Services (ES)						
Agriculture & Allied Activities	1.81	24.37	1.99	0.26	33.63	2.04
Irrigation and Flood Control	61.00	5.87	11.41	54.54	4.07	9.73
Power & Energy	0.74	0.35	0.12	1.43	0.37	0.08
Transport	42.37	7.00	74.31	49.50	1.53	64.90
Total (ES)	36.47	12.19	10.21	33.22	12.25	9.82
Total (SS+ES)	18.43	29.46	3.88	17.69	32.02	4.10
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation & Maintenance of respective sector.						

Source: Finance Accounts

The ratio of CE/TE on Economic Services decreased by 3.25 per cent over the previous year, while there was a marginal increase under Social Services, indicating that capital expenditure has been given less priority in the developmental plan of the State. The percentage of capital expenditure in Social Sector under General Education, Health and Family Welfare, Water supply and Sanitation constituted 2.51 per cent of the total expenditure in the sector. Funds earmarked for specific social sector activities were not always released on time/ not released at all, thereby negating the objective of allocating these funds as discussed in **Chapter-2**. Operation and Maintenance expenditure in these sectors showed an increase of 0.22 per cent over the previous year.

Government stated (December 2013) that it was focusing extra attention on timely release of funds to social sector schemes through introduction of the Green Channel Scheme¹⁶ with effect from 2011-12 to enable the departments to incur expenditure on flagship programmes based on their requirement. However, savings continue to exist with regard to the programmes which have been categorized under Green Channel Scheme.

Government also attributed the poor outlay on education to the inclusion of the expenditure (₹ 4,603.46 crore) on scholarships/fee re-imburements to students in the expenditure of welfare departments rather than education related departments.

1.11 Financial analysis of Government expenditure and investments

In the post-Fiscal Responsibility Legislation (FRL) framework, the State is expected to keep its fiscal deficit at low levels. In addition, in a transition to complete dependence on market based resources, the State Government is expected to initiate measures to earn adequate returns on its investments and recover the cost of borrowed funds substantially. 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.

¹⁶ Green Channel Scheme implies release of budget order without formal request from the concerned departments. It is applicable to several schemes in Agriculture, Rural Development, School Education and Medical & Health departments.

1.11.1 Financial Results of Irrigation Projects

The State Government has not disclosed¹⁷ financial results of any of its irrigation projects since 1986-87, despite the State having some of the largest irrigation projects in the country.

1.11.2 Incomplete Projects

Blocking of funds on incomplete projects/works impinge negatively on the quality of expenditure. As per the information provided by the Government, none of the 528 projects/works which were due for completion by 31 March 2013 has been completed as on that date. The total amount of funds expended on these projects/works as of 31 March 2013 was ₹ 71,595 crore (previous year ₹ 49,516 crore). Further, of the 528 incomplete projects/works, the original cost of 53 projects/works was revised upwards by the Government to ₹ 57,554 crore. Non-completion of these projects/works within the stipulated period not only resulted in increase in cost, but also deprived the State of the intended benefits for prolonged periods.

The department-wise position of incomplete projects, each costing above ₹ one crore and due for completion are detailed in **Table 1.18**. The details of major and medium irrigation projects pending completion are given in *Appendix 1.8*.

Table 1.18: Department-wise profile of incomplete projects/works

(₹ in crore)

Nature of works	No. of incomplete Projects	Original cost	Revised total cost of projects	Cost over run	Cumulative Expenditure as on 31-03-2013
<i>Irrigation and Command Area Development Department</i>					
Jalayagnam Projects	72	1,28,662	1,86,089	57,427 (21 Projects)	69,108
Minor-Irrigation and APSIDC	61	969	976	7 (1 work)	604
<i>Roads and Bridges Department</i>					
Roads and Bridges	25	288	326	38 (8 Works)	148
PHED	32	938	974	36 (4 Works)	800
Panchayat Raj and Rural Development (PR, RWS&S and ICDS)	90	1,045	1,062	17 (14 projects/ works)	783
Others	248	325	354	29 (5 works)	152
Total	528	1,32,227	1,89,781	57,554	71,595

Source: Departmental information

Government stated (December 2013) that a series of measures have been taken to complete the infrastructural works on time to achieve the desired benefits including review meetings at the Chief Minister/Chief Secretary level, dispensing with the system of Letter of Credit for Works Department, and implementation of an online bill monitoring system.

¹⁷ Appendix-IX of Finance Accounts 2012-13

1.11.3 Investment and return

As of 31 March 2013, the State Government invested ₹ 6,210 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. The status of return on the amount invested in these corporations/companies is given in **Table 1.19**.

Table 1.19: Return on investment

Investment/Return/Cost of Borrowings	2008-09	2009-10	2010-11	2011-12	2012-13
Investment at the end of the year (₹ in crore)	5,979	6,003	6,046	6,093	6,210
Return (₹ in crore)	19	23	39	52	64
Return (per cent)	0.32	0.38	0.65	0.85	1.03
Average rate of interest on Government borrowing (per cent)	7.88	7.86	7.60	7.40	7.30
Difference between interest rate and return (per cent)	7.57	7.48	6.95	6.55	6.27

Source: Finance Accounts

Government earned a meager return of ₹ 64 crore in 2012-13 on its investment of ₹ 6,210 crore in various corporations/companies. The average rate of return on investment was a negligible 0.65 per cent during 2008-13, while the average rate of interest paid by the Government during the period was 7.6 per cent.

As of March 2013, there were 52 working Companies/Corporations (49 Government Companies and three Statutory Corporations). Up to the year of accounts finalized (September 2013), 14¹⁸ Companies/Corporations had suffered a loss of ₹ 972 crore and an accumulated loss of ₹ 5,970 crore. Out of these, AP State Housing Corporation Limited (₹ 3,617 crore) and APSRTC (₹ 1,984 crore) were major loss making organizations. Six Companies/Corporations had total negative net worth of ₹ 311 crore. As of September 2013, 60 accounts were pending finalization in respect of 25 working PSUs. Government investments in 23 non-working PSUs was ₹ 81.97 crore (March 2013).

The massive investment in State level public enterprises in the form of equity capital raised legitimate expectations of significant contributions from these enterprises to the State exchequer. On the contrary, the average returns on investment continue to be negligible.

Government replied that it would be difficult to assess the return on investment since the PSUs are service oriented and do not operate with profit motive. It was however, assured that every effort would be made to ensure that the investments in PSUs are efficiently used and losses are prevented.

1.11.4 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government has also been providing loans and advances to institutions/organisations.

¹⁸ 1. A.P. Gas Distribution Corporation Limited, 2. Infrastructure Corporation of A.P. Ltd., 3. Damodhara Minerals Pvt. Limited, 4. Leather Industries Development Corporation of A.P. Ltd., 5. The Nizam Sugars Ltd., 6. A.P. Trade Promotion Corporation Limited, 7. Vizag Apparel Park for Export, 8. Visakhapatnam Urban Transport Company Limited, 9. A.P. State Road Transport Corporation, 10. A.P. State Housing Corporation Limited, 11. Hyderabad Growth Corridor Ltd., 12. A.P. Urban Finance & Infrastructure Development Corporation Ltd. 13. A.P. Tourism Development Corporation Ltd., 14. Andhra Pradesh Rajiv Swagruha Corporation Ltd.,

Table 1.20 presents the details of outstanding loans and advances during the last five years.

Table 1.20: Average interest received on loans advanced by State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2008-09	2009-10	2010-11	2011-12	2012-13	
					BE	Actual
Opening Balance	13,378	16,421	17,868	21,011	NA	25,829
Amount advanced during the year	3,413	1,590	3,315	4,983	4,726	3,913
Amount repaid during the year	370	143	172	165	245	426
Closing Balance	16,421	17,868	21,011	25,829	NA	29,316
<i>Of which</i> , outstanding balance for which terms and conditions have been settled	NA	NA	NA	NA	NA	NA
Net addition	3,043	1,447	3,142	4,818	4,481	3,487
Interest Receipts	21	32	60	95	NA	131
Interest receipts as percentage of outstanding Loans and Advances	0.13	0.18	0.29	0.37	NA	0.45
Interest payments as percentage to outstanding fiscal liabilities of the State Government.	7.54	7.44	7.17	7.02	NA	6.90
Difference between interest receipts and interest payments (<i>per cent</i>)	(-)7.41	(-)7.26	(-)6.88	6.65	NA	(-)6.45

Source: Finance Accounts NA: Not applicable

It can be seen that the current level of recovery of loans is low with the gap between disbursement (₹ 3,913 crore) and recovery (₹ 426 crore) showing only a slight improvement over the previous year.

State Housing Corporation (₹ 1,169 crore) and Hyderabad Metro Water Supply & Sewerage Board (₹ 480 crore) were the major recipients of loans during the current year. At the end of 2012-13 recovery of ₹ 26,677 crore (₹ 21,002 crore (Principal) and ₹ 5,675 crore (Interest) was due from Municipalities, Local bodies, Panchayati Raj Institutions, etc. Of these, ₹ 18,212 crore (Principal: ₹ 13,271 crore and Interest: ₹ 4,941 crore) was outstanding for more than two years. Despite constant pursuance, Government departments have not furnished the complete details relating to investments and outstanding loans in their records as of 31 March 2013¹⁹. State Government is yet to obtain confirmation with regard to balances of loans advanced to the tune of ₹ 12,148 crore from various departments/organizations. The earliest loan for which confirmation of balances was awaited relates to 1984-85. Housing (₹ 7,022 crore) and Urban Development (₹ 3,631 crore) are the major departments yet to convey acceptance of the balances as of 31 March 2013.

¹⁹ Consequently, the data used in this paragraph were compiled from the limited information available.

1.11.4.1 Non-recovery of loans

Test check of outstanding loans revealed the following:

- Loans amounting to ₹ 181.41 crore were outstanding against 13 non-working companies as of 31 March 2012²⁰ and the chances of recovery of the amounts are remote.
- Government of Andhra Pradesh provided (August 1994 to August 2004) loan of ₹ 48.08 crore (₹ 12.64 crore unsecured and ₹ 35.44 crore secured loan) to AP State Irrigation Development Corporation Limited for implementation of Voluntary Retirement Scheme and for payment of salaries, which were yet to be recovered.

Finance Department did not maintain any centralized database of loans with entity wise information viz., loan ledgers, repayment schedules, monthly schedule of recovery indicating principal and interest, classification of NPAs etc. Finance Department did not obtain confirmation or acceptance of balances from Statutory Corporations, Government Companies and other institutions to whom loans have been advanced.

Government stated (December 2013) that the Comprehensive Financial Management System (CFMS), which is under development, will take care of the issues relating to entity-wise information, especially the data relating to loans and advances.

1.11.5 Cash balances and investment of Cash balances

During the current year, State Government invested ₹ 4,567 crore in GoI Treasury Bills as against ₹ 3,486 crore in the previous year. **Table 1.21** depicts the cash balances and investments made by the State Government out of these during the year.

Table 1.21: Cash balances and their investment

	(₹ in crore)	
	Opening balance on 1/4/2012	Closing balance on 31/3/2013
(a) General Cash Balance -		
Cash in Treasuries	---	---
Deposits with Reserve Bank	401.03	-565.60
Deposits with other Banks	1.34	1.34
Remittances in transit - Local	4.97	4.97
Total	407.34	-559.29
Investments held in Cash Balance investment account	3,486.20	4,567.43
Total (a)	3,893.54	4,008.14
(b) Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works Department Officers, Forest Department Officers, District Collectors	0.91	0.91
Permanent advances for contingent expenditure with departmental officers	1.42	1.42
Investment of earmarked funds	5,426.03	5,151.04
Total (b)	5,428.36	5,153.37
Grand total (a)+ (b)	9,321.90	9,161.51

Source: Finance Accounts 2012-13

²⁰ Accounts for 2012-13 have not been finalized by all the State PSUs

The rate of interest earned on the investments from cash balances and investments from earmarked balances worked out to 4.82 *per cent* and 7.37 *per cent* respectively during the year 2012-13, against the average market borrowing rate of 7.30 *per cent*.

State Government maintained the minimum daily cash balance of ₹ 3.32 crore with RBI during the year without obtaining any Ways and Means Advances or overdrafts. The cash balance of the State decreased by ₹ 160 crore (1.72 *per cent*) at the end of 2012-13 over the previous year.

1.11.6 Consolidated Sinking Fund

Consolidated Sinking Fund was created in 1999-2000 for amortization of open market loans availed of by the State Government. On the recommendations of the Twelfth Finance Commission, and in accordance with revised guidelines of the scheme (January 2010), State Government is required to make annual contributions to the Fund at 0.5 *per cent* of the outstanding liabilities at the end of the previous financial year. In terms of RBI guidelines the outstanding liabilities as on 31 March 2012 stood at ₹ 1,50,512 crore. Against the requirement of ₹ 752.56 crore, State Government contributed only ₹ 691.87 crore to the Fund during the year 2012-13, resulting in overstatement of Revenue Surplus by ₹ 60.69 crore.

Government contended (December 2013) that there was no short contribution to the Sinking Fund and that, against the requirement of ₹ 671.79 crore, it had invested ₹ 691.87 crore in the Fund. The reply is not correct as the total outstanding liabilities as of 31 March 2012 as per Finance Accounts amounted to ₹ 1,50,512 crore and not ₹ 1,34,358.53 crore as contended by Government.

1.11.7 Reserve Funds

Reserve Funds are created for specific and defined purposes and are funded by contributions/grants from the Consolidated Fund of India/ State. Out of the gross accumulated balance of ₹ 7,459.46 crore as on 31 March 2013 lying in these Funds, the State Government had invested ₹ 5,151.04 crore (69 *per cent*). ₹ 319.97 crore has been lying in 34 inoperative funds since 2001-02. Action needs to be taken to close these and remit the balances into the Consolidated Fund.

1.12 Assets and Liabilities

1.12.1 Growth and composition of assets and liabilities

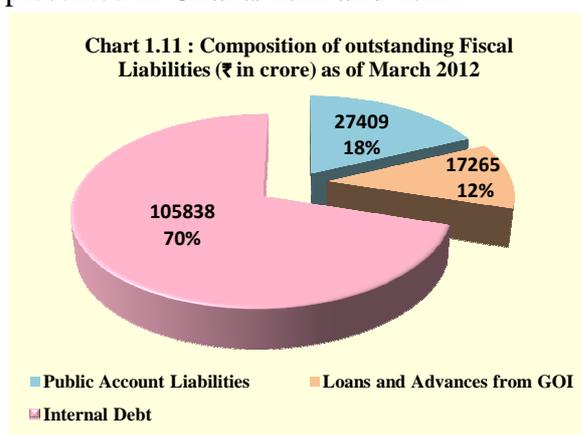
In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.9* gives an abstract of such liabilities and the assets as on 31 March 2013, compared with the corresponding position as on 31 March 2012. While liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from Public account and Reserve Funds, assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

The total liabilities of the State as defined under the FRBM Act of the State means the “liabilities under the Consolidated Fund of the State and the Public Account of the State and

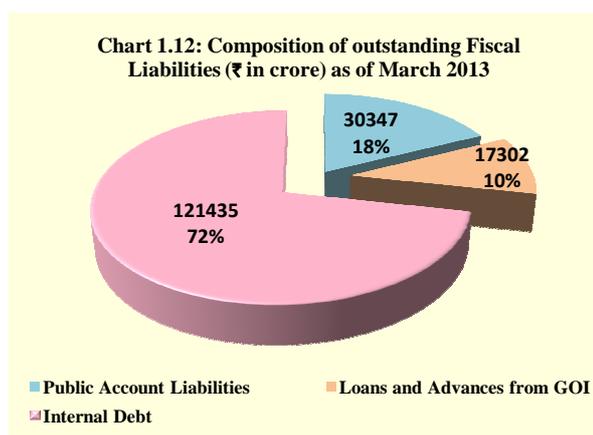
shall also include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the State budgets”.

1.12.2 Fiscal liabilities

The trends in outstanding fiscal liabilities of the State are presented in *Appendix 1.6*. The composition of fiscal liabilities during the current year vis-à-vis the previous year is presented in **Charts 1.11 and 1.12**.



Source: Finance Accounts 2011-12



Source: Finance Accounts 2012-13

The total fiscal liabilities of the State at the end of 2012-13 (₹ 1,69,084 crore) increased by ₹18,572 crore (12 per cent) over the previous year (₹ 1,50,512 crore) and stood at 1.62 times of revenue receipts.

Total fiscal liabilities as defined in FRBM Act worked out to ₹ 1,69,084 crore and stood at 22.67 per cent of GSDP at the end of current year. The 13th FC has recommended that by the end of 2014-15, fiscal liabilities should be brought down to 25 per cent of GSDP. In line with the FRBM Act, the State Government established Sinking Fund for reduction or avoidance of debt and Guarantee Redemption Fund, and has been contributing to these funds at the rates prescribed by the RBI except in respect of Sinking Fund for the current year (refer to para 1.11.6).

1.12.3 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. State Government in its FRBM Act, committed to limit the amount of annual incremental guarantees to 90 per cent of the total revenue receipts in the year preceding the current year, and constituted (2002-03) Guarantee Redemption Fund for discharging the guarantees invoked. During the current year, ₹ 70 crore was contributed to the Fund and the entire balance (₹ 783 crore) as on 31 March 2013 was invested in Government securities.

As per Statement No.9 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table 1.22**.

Table 1.22: Guarantees given by the Government of Andhra Pradesh

Guarantees	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Maximum amount guaranteed	29,990	20,324	29,554	23,543	38,084
Outstanding amount of guarantees	15,239	13,135	12,290	12,286	14,857
Percentage of maximum amount guaranteed to total revenue receipts	47.71	31.42	36.49	25.17	36.68

Source: Finance Accounts

The maximum amount guaranteed during the year (₹ 38,084 crore) to 35 entities is below the norm prescribed by the FRBM Act., i.e. 90 per cent of the total revenue receipts (₹ 93,554 crore) of the preceding year. The increase in the maximum amount guaranteed at the end of 2012-13 by ₹ 14,541 crore over the previous year was mainly in respect of Power (₹ 2,548 crore), State Financial Corporation (₹ 224 crore) and Municipalities/Local Bodies/Universities (₹ 295 crore).

During the current year, the Government received ₹ 0.13 crore on account of guarantee commission from Cooperatives and ₹ 4 crore from State Financial Corporation against an amount of ₹ 24.70 crore due from various organizations.

1.12.4 Off-Budget Borrowings

The borrowings of a State are governed by Article 293 of the Constitution of India. In addition to the liabilities shown in *Appendix 1.9*, the State Government guarantees loans availed by Government Companies/Corporations. These Companies/Corporations borrow funds from the market/financial institutions for implementation of various State plan programmes projected outside the State budget. Although the State Government projects that funds for these programmes would be met out of the Company or Corporation's budget, in reality, the borrowings of many of these concerns ultimately turn out to be the liabilities of the State Government and hence, constitute off-budget borrowings.

Out of the off-budget borrowings of ₹ 16,607 crore (APPFC: ₹ 13,656 crore, APSRTC: ₹ 720 crore, APTRANSCO: ₹ 2,231 crore) raised by various Government Companies/Corporations through adjustment bonds and other sources during the period 2001-2012, State Government repaid ₹ 8,963 crore towards principal (APPFC: ₹ 7,727 crore, APSRTC: ₹ 292 crore, APTRANSCO: ₹ 944 crore) and ₹ 6,376 crore (APPFC: ₹ 6,260 crore, APTRANSCO: ₹ 116 crore) towards interest of earlier years, leaving a balance of ₹ 7,644 crore (APPFC: ₹ 5,929 crore, APSRTC: ₹ 428 crore, APTRANSCO: ₹ 1,287 crore) yet to be repaid.

The total liabilities of the State comprising fiscal liabilities (₹ 1,69,084 crore), off-budget borrowings (₹ 7,644 crore) and outstanding guarantees including interest at the end of March 2013 (₹ 14,857 crore) were ₹ 1,91,585 crore, which, as a ratio of GSDP, stood at 25.69 per cent i.e. less than the ceiling of 28.90 per cent prescribed by the FRBM Act for the year 2012-13.

During the year an amount of ₹ 168 crore of discharges were made under public debt towards repayment of loans (APPFC).

1.13 Debt sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability²¹ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization²², sufficiency of non-debt receipts²³, net availability of borrowed funds²⁴, burden of interest payments (measured by ratio of interest payments to revenue receipts) and maturity profile of State Government securities. **Table 1.23** analyses the debt sustainability of the State according to these indicators during the five year period 2008-13.

Table 1.23: Debt sustainability: Indicators and trends

Indicators of Debt Sustainability	2008-09	2009-10	2010-11	2011-12	2012-13
Debt Stabilisation (Quantum Spread + Primary Deficit) (₹ in crore)	10,861	12,800	18,101	22,375	16,887
Debt-GSDP ratio	0.26	0.25	0.24	0.22	0.23
Sufficiency of Non-debt Receipts (Resource Gap) (₹ in crore)	(-) 3,710	(-) 1,603	(+) 2,207	(-) 3,598	(-)2,107
Net Availability of Borrowed Funds (₹ in crore)	3,033	5,523	2,769	3,348	5,162
Net Availability of Borrowed Funds percentage to borrowings	17.13	24.95	12.67	14.67	19.20
Debt Redemption (Principal + Interest)/Total Debt Receipts	0.840	0.850	0.915	0.853	0.808
Burden of Interest Payments (IP/RR Ratio)	0.13	0.14	0.12	0.11	0.11

Source: Finance Accounts

The quantum spread together with primary deficit has been positive for the last five years, resulting in decline in Debt/GSDP ratio from 26 *per cent* in 2008-09 to 23 *per cent* in 2012-13. These trends point to debt stabilization. However, the resource gap has been negative in four out of the five year period indicating that the incremental non-debt receipts were not sufficient to meet the incremental primary expenditure and the additional interest burden. Thus, the State needs to step up its resource mobilization as well as to prune unproductive expenditure to maintain debt stability. The net availability of borrowed funds was positive during the last five years, indicating the availability of borrowed funds for purposes other than debt repayment.

1.14 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. Deficit in Government accounts represents the gap between its receipts and expenditure and the nature of deficit is an indicator of the prudence of the Government in fiscal management. Further, the ways in which the deficit is financed and the resources raised are applied, are

²¹ See glossary

²² See glossary

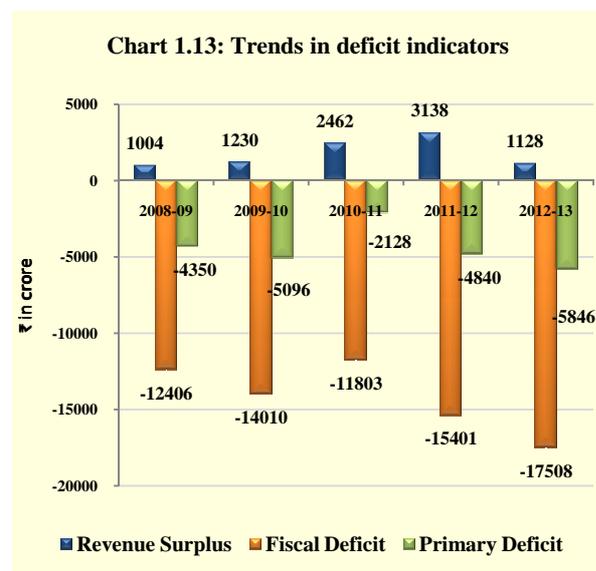
²³ See glossary

²⁴ See glossary

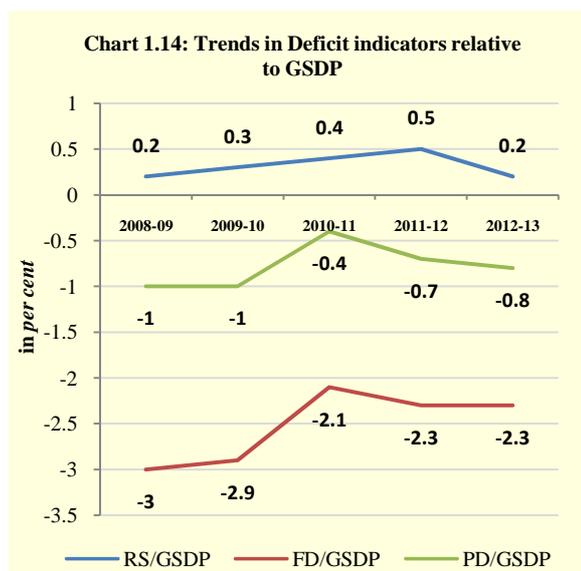
important pointers to fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also assesses the actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2012-13.

1.14.1 Trends in deficits

Charts 1.13 and 1.14 present the trends in deficit indicators over the five year period 2008-13.



Source: Finance Accounts



Source: Finance Accounts

There was revenue surplus for the seventh consecutive year during 2012-13. At ₹ 1,128 crore, revenue surplus decreased by ₹ 2,010 crore over the previous year (₹ 3,138 crore). Fiscal deficit increased to ₹ 17,508 crore in 2012-13 (2.35 per cent of GSDP) from ₹15,401 crore (2.27 per cent of GSDP) in 2011-12. Primary deficit increased to ₹ 5,846 crore from ₹4,840 crore in 2011-12.

1.14.2 Components of fiscal deficit and its financing pattern

The decomposition and financing of fiscal deficit are shown in Table 1.24.

Table 1.24: Components of fiscal deficit and their financing pattern

Sl.	Particulars	2008-09	2009-10	2010-11	2011-12	(₹ in crore)		
						2012-13	Receipts	Disbursements
A	Decomposition of Fiscal Deficit (1 to 3)	(-) 12,407	(-) 14,010	(-) 11,803	(-) 15,401	1,04,256	1,21,764	(-)17,508
	1. Revenue Surplus	1,004	1,230	2,462	3,138	1,03,830	1,02,702	1,128
	2. Capital Outlay	(-) 10,367	(-) 13,793	(-) 11,123	(-) 13,722	0	15,149	(-)15,149
	3. Net Loans and Advances	(-) 3,044	(-) 1,447	(-) 3,142	(-) 4,818	426	3,913	(-)3,487
B	Financing Pattern of Fiscal Deficit							
	Net Borrowings from Consolidated Fund	10,520	13,476	10,841	12,689	23,311	7,676	15,635
	Market Borrowings*	10,911	13,403	10,154	10,918	22,128	6,530	15,598
	Loans from GoI	(-) 391	73	687	1,771	1,183	1,146	37

Sl.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13		
						Receipts	Disbursements	Net
	Net Public Account	1,813	845	700	3,351	2,04,737	2,03,827	910
	Small Savings, PF etc.	570	961	1,603	1,220	3,580	2,390	1,190
	Reserve Funds	271	(-) 113	945	351	3,593	3,511	82
	Deposits and Advances	(-) 1,812	(-) 1,437	1,703	1,346	48,722	47,056	1,666
	Suspense and Misc.	4,405	(-) 1	(-) 2,200	337	1,30,803	1,32,150	(-)1,347
	Remittances	(-) 1,621	1,435	(-) 1,351	97	18,039	18,720	(-)681
C	Contingency Fund	(-) 6	7	(-) 1	1	0	2	(-)2
D	Net Drawal from Cash Balance	80	(-)318	263	(-)640	1,874	909	965

Source: Finance Accounts. *Includes borrowings from other institutions

It can be seen that capital outlay mostly accounted for the fiscal deficit (86.52 per cent) while market borrowings financed 89.09 per cent of the fiscal deficit. Public account contributed only 5.19 per cent while the 5.51 per cent was financed by drawing down the State's cash balances with the RBI.

The maturity profile of State debt is shown in **Table 1.25**.

Table 1.25: Maturity Profile of State Debt

(₹ in crore)		
Maturity profile	Amount	Percentage
0 – 1 years	6,193	4.46
1 – 3 years	12,499	9.00
3 – 5 years	16,090	11.59
5 – 7 years	31,958	23.02
7 years and above	72,083	51.93
Total	1,38,823	100.00

Source: Finance Accounts 2012-13

To discharge its expenditure obligations, the Government had to borrow further, since fiscal surplus was not available during any of the last five years. The State Government raised ₹ 73,817 crore from market borrowings and ₹ 8,112 crore from Central loans during the five year period 2008-09 to 2012-13 which could lead to large repayment obligations from the year 2019-20 onwards.

The maturity profile of outstanding stock of public debt as on 31 March 2013 shows that 51.93 per cent of the total outstanding debt is in the maturity bucket of seven years and above. It further indicates that the liability of the State to repay the debt would be ₹ 16,090 crore during 2016-18 and ₹ 31,958 crore during 2018-20, which would put a strain on the Government budgets during that period. The State may have to borrow further to repay these loans. A well thought out debt repayment strategy would have to be worked out by the Government to obviate additional borrowings, which mature in these critical years.

Interest payments on market loans have shown an increasing trend from 3.46 per cent to 6.20 per cent of revenue receipts, as can be seen from **Table 1.26** on account of increasing trend of both the quantum of borrowings and the interest rates.

Table 1.26: Interest payment as a percentage of revenue receipts

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Interest payment on market loans (₹ in crore)	2,505	3,397	4,287	5,219	6,433
Percentage of revenue receipts	3.46	4.73	5.29	5.58	6.20

Source: Finance Accounts

1.14.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit²⁵ and capital outlay (including loans and advances) would indicate the quality of deficit in the State finances. The bifurcation of primary deficit (**Table 1.27**) into primary revenue deficit and capital outlay would indicate the extent to which the deficit has been applied to augment asset creation in the State. As stated earlier, the State did not have any revenue deficit during the last seven years.

Table 1.27: Primary deficit/surplus – bifurcation of factors

Year	Primary revenue surplus	Capital Outlay	Loans and Advances	Primary deficit(-)/ surplus(+)	(₹ in crore)
					Primary revenue surplus/ Capital Outlay (%)
2008-09	9,431	10,367	3,414	(-)4,350	90.97
2009-10	10,287	13,793	1,590	(-)5,096	74.58
2010-11	12,310	11,123	3,315	(-)2,128	110.67
2011-12	13,865	13,722	4,983	(-)4,840	101.04
2012-13	13,216	15,149	3,913	(-)5,846	86.65

Source: Finance Accounts

During the period 2008-13, the State generated primary revenue surplus which consistently increased throughout the period and which was applied towards meeting the requirements of capital outlay. As can be seen from **Table 1.27**, the primary revenue surplus met a substantial part of the capital outlay and even left surplus in two of these five years. In other words, the non-debt receipts of the State (₹ 1,04,256 crore during 2012-13) were not only adequate to meet the primary revenue expenditure, but also met whole/part of the capital expenditure. However, the surplus non-debt receipts were not enough to meet the entire primary expenditure and loans and advances, resulting in primary deficit in all the years during 2008-13.

²⁵ See glossary

1.15 Conclusion

State Government has been achieving the fiscal reform targets every year in post FRBM legislation period. The State registered revenue surplus for the seventh consecutive year during 2012-13 and the fiscal deficit was within the ceiling prescribed by the FRBM Act. The Government is yet to work out its liability on account of its contribution (as also that of the employees) to the Contributory Pension Fund scheme from the inception of the scheme. The interest payable on the amounts that have been lying in the Fund without transfer to NSDL/Trustee Bank has also not been estimated and accounted for.

The State has brought down the total liabilities to 25.69 per cent of the GSDP against a ceiling of 28.90 per cent prescribed in FRBM Act for the year 2012-13.

Revenue receipts registered a growth of over 10.98 per cent during the current year over the previous year, due to growth in own tax and non-tax revenue. There was a decrease in the quantum of grants-in-aid from GoI by ₹ 3,140 crore over the previous year under non-plan grants (₹ 2,715 crore), especially under grants for local bodies since the State Government failed to comply with the conditionalities applicable for receipt of such grants. While capital expenditure increased by about 10.40 per cent, its ratio to total expenditure constituted 12.44 per cent. Capital works/projects in irrigation and road sectors were not completed on time, which resulted in pushing up the cost of these projects without fully achieving the envisaged benefits. Further, although the State Government accorded adequate fiscal priority to development expenditure during 2012-13, it did not ensure that the allocated funds were fully released for the intended purpose.

Return on investment in Companies/Statutory Corporations continued to be poor and the rate of return on investment declined to 0.65 per cent during 2008-13, while the rate of interest paid by the Government was 7.60 per cent. The accounts of several of these companies/corporations have been in arrears and up to the year of accounts finalized, the accumulated losses of 14 entities alone amounted to ₹ 5,970 crore, with AP State Housing Corporation (₹ 3,617 crore) and APSRTC (₹ 1,984 crore) leading the list.

The current level of recovery of loans is low with the gap between disbursement (₹ 3,913 crore) and recovery (₹ 426 crore) showing only a slight improvement over the previous year. Further, confirmation of balances on loan amount of ₹ 12,148 crore was yet to be received from the entities, who were the recipients of these loans.

1.16 Recommendations

- 1. Government needs to take a closer look at factors that affect its fiscal indicators and ensure that proper accounting treatment is given to various transactions. It should review its budgetary allocation for pension and provide for its liability on this account on the basis of actuarial valuation as stipulated in FRBM Act. Government should obtain details from all the concerned DDOs with regard to the deductions made from the employees pay towards contributory pension expeditiously and work out its own matching share and the liability on account of interest on delayed transfer to the Fund Manager.*

- 2. Government needs to prepare an action plan to complete all the projects in the pipeline for several years, especially those relating to irrigation, within a specified timeframe, so that the envisaged benefits accrue to the targeted beneficiaries. Also, Government should prioritize the areas that need capital expenditure, especially in socio-economic sectors.*
- 3. Closer monitoring of grant utilization by the implementing departments as well as streamlining of the system of submission of Utilisation Certificates should be done so as to ensure that grants from the GoI are fully claimed and the State benefits from the same. Efforts should be made to expeditiously meet the prescribed conditionalities to be eligible for the performance grants.*
- 4. Government needs to institute a mechanism for maintaining and monitoring the details of loans advanced to various bodies/authorities, obtain confirmation from these entities about the loan amount balances with them and pursue for repayment of both principal and interest in a time bound manner.*

Chapter 2 Financial Management and Budgetary Control

2.1 Introduction

Effective financial management ensures that decisions taken at the policy level are implemented at the administrative level without wastage or diversion of funds and with reasonable assurance about successful implementation of the policy at the ground level. This Chapter reviews the allocative priorities of the State Government and comments on the transparency and effectiveness of its budgetary processes.

2.2 Budget Preparation Process

The Andhra Pradesh Financial Code (APFC) and the Andhra Pradesh Budget Manual (APBM) lay down the procedure to be followed with regard to all matters concerning finance and budget. Budget preparation in the State is guided by a budget calendar, which is generally complied with. The exercise for preparation of budget estimates starts around October for the next financial year. Audit of various departments, however, revealed that there was no central expenditure control mechanism in terms of submission of monthly statements of expenditure to the Finance Department to ensure that there are no deviations and surprises at the end of the year.

A bottom-up approach was prescribed for budget preparation in the APBM with the requirement of funds projected from the unit level and consolidated at the district and finally the department level. There was, however, no evidence of compliance with this requirement from the departments audited during the year. Audit of several schemes/transactions of Government departments revealed that financial inputs were not correlated with the corresponding physical outputs or outcome either at the unit/district or department level and inadequate rigour was exercised in analyzing and assessing the actual requirement of funds. While Government instituted the outcome budget mechanism during the last few years, the departments do not report the extent of achievement of projected outputs with the targets fixed for a year, while submitting budget proposals for the succeeding year.

2.3 Financial accountability and budget management

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act. Appropriation Accounts thus facilitate understanding of utilisation of funds and monitoring of budgetary provisions and are, therefore, supplementary to Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation 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 laws, relevant rules, regulations and instructions.

2.4 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2012-13 against 40 grants/appropriations is given below in **Table 2.1**.

Table 2.1: Summarised position of Actual Expenditure vis-à-vis Budget provision

(₹ in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure ¹	Savings (-)/ Excess(+)
Voted	I Revenue	1,00,368.00	9,157.09	1,09,525.09	91,915.69	(-)17,609.40
	II Capital	19,846.17	1,568.94	21,415.11	15,373.58	(-)6,041.53
	III Loans and Advances	4,726.06	178.64	4,904.70	3,912.86	(-)991.84
Total Voted		1,24,940.23	10,904.67	1,35,844.90	1,11,202.13	(-)24,642.77
Charged	I Revenue	12,361.24	11.86	12,373.10	11,795.54	(-)577.56
	II Capital	127.63	73.06	200.69	29.14	(-)171.55
	III Public Debt - Repayment	8,813.42	---	8,813.42	7,676.85	(-)1,136.57
Total Charged		21,302.29	84.92	21,387.21	19,501.53	(-)1,885.68
Grand Total		1,46,242.52	10,989.59	1,57,232.11	1,30,703.66	(-)26,528.45

Source: Appropriation Accounts 2012-13

Note: i) During the year, supporting documents/vouchers were not available for an expenditure of ₹ 1,608 crore. Authenticity of this expenditure cannot therefore be vouched. ii) Actual expenditure is understated to the extent of un-recouped contingency fund advances amounting to ₹ 2.05 crore. iii) In the absence of Detailed Contingent bills in support of ₹ 394 crore drawn on Abstract Contingent bills during 2012-13, the genuineness of the expenditure could not be vouched to that extent.

The overall saving of ₹ 26,528 crore was the result of saving of ₹ 26,804 crore in 37 grants and 11 appropriations under Revenue Section, 28 grants and three appropriations under Capital Section and 13 grants and one appropriation (Public Debt) under Loans Section, offset by an excess of ₹ 276 crore in three grants² and one appropriation³ under Revenue Section, and two grants⁴ under Capital Section.

In view of the actual expenditure (₹ 1,30,703.66 crore) falling short of even the original budget provision (₹ 1,46,242.52 crore), the entire supplementary provision proved unnecessary. This points to unrealistic budgetary assumptions.

¹ The actual expenditure figures are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue (₹ 1,009 crore) and Capital (₹ 254 crore).

² X-Home Administration (₹ 166.96 crore), XI-Roads, Buildings and Ports (₹ 57.54 crore) and XXXIX-Information Technology and Communications (₹ 48.83 crore)

³ XVI-Medical and Health (₹ 7,741 crore)

⁴ XVII-Municipal Administration and Urban Development (₹ 1.91 crore) and XXIX-Forest, Science, Technology and Environment (₹ 0.38 crore)

2.4.1 Appropriation vis-à-vis allocative Priorities

There were deviations from budget allocation both with regard to the receipts and expenditure of the State during 2012-13 raising questions about the soundness of the budgeting process, budget monitoring process and the reliability of management information system.

During the financial year 2012-13, appropriation audit revealed that, in 23 grants saving (₹ 13,176 crore) exceeded ₹ 100 crore and above and also by more than 20 per cent of total provision in each case, constituting 50 per cent of total saving (₹ 26,528 crore) (Appendix 2.1).

Of these, saving of ₹ 9,785 crore (37 per cent of total saving) occurred in seven grants exceeding ₹ 500 crore and more than 20 per cent of the outlay in each case, as indicated in Table 2.2 raising questions about the validity of assumptions in budget formulation.

Table 2.2: Grants with large saving

(₹ in crore)

Sl. No.	Grant No.	Name of the grant	Total Grant	Expenditure	Reasons for saving
Revenue Voted					
1	V	Revenue, Registration and Relief	4,370	2,663	<ul style="list-style-type: none"> • Non-filling of vacancies • Non commencement of works for lack of administrative orders • Late receipt of orders for continuation of contract employees • Non receipt of Budget Release Orders • Non receipt of request from units
2	XIII	Higher Education	2,984	2,322	
3	XVII	Municipal Administration and Urban Development	4,802	2,482	
4	XXI	Social Welfare	2,625	2,042	
5	XXXI	Panchayat Raj	5,165	3,311	
Capital Voted					
6	XI	Roads, Buildings and Ports	3,915	2,418	<ul style="list-style-type: none"> • Non-filling of vacancies • Non commencement of works for lack of administrative orders • Non acquisition of land
7	XXXIV	Minor Irrigation	2,317	1,155	

Source: Appropriation Accounts 2012-13

Further, though the percentage of saving was less than 20, there were huge savings of more than ₹ 1,000 crore in three grants and one appropriation as shown below.

Table 2.3: Saving more than ₹ 1,000 crore

Grant No.	Name of the Grant/ Appropriation	Saving (₹ in crore)	Reasons for saving
IX	Fiscal Administration, Planning, Surveys and Statistics –Public Debt (LC)	1,137	• Non availing ways and means advances
XII	School Education (RV)	2,243	<ul style="list-style-type: none"> • Non-filling of vacancies • Non-commencement of works for lack of administrative orders and sanctions • Non-acquisition of land • Non-payment of compensation for Resettlement and Rehabilitation
XXXIII	Major and Medium Irrigation (RV)	1,010	
XXXIII	Major and Medium Irrigation (CV)	1,966	

Source: Appropriation Accounts 2012-13; LC: Loans Charged-Public Debt RV: Revenue Voted CV: Capital Voted

2.4.2 Persistent savings

There were persistent savings of more than 20 per cent of the total grant/appropriation in 10 cases (exceeding ₹ 20 crore each) during the last five years. The details are given below:

Table 2.4: Grants/appropriations with persistent savings during 2008-13

(₹ in crore)

Sl. No.	No. and Name of the Grant/Appropriation	Amount of saving				
		2008-09	2009-10	2010-11	2011-12	2012-13
Revenue – Voted						
1.	XVIII – Housing	802	374	189	436	239
2.	XXXIV – Minor Irrigation	289	270	113	161	186
3.	XXXVI - Industries and Commerce	288	582	389	478	313
4.	XXXVII – Tourism, Art and Culture	55	38	41	73	53
Capital – Voted						
5.	V – Revenue, Registration and Relief	60	23	101	91	241
6.	XVI – Medical and Health	62	32	38	36	64
7.	XXI – Social Welfare	434	102	75	114	196
8.	XXIII - Backward Classes Welfare	31	21	25	25	98
9.	XXXIV - Minor Irrigation	670	430	838	758	1,162
Capital – Charged						
10.	XXXIII – Major and Medium Irrigation	112	97	56	43	88

Source: Appropriation Accounts

Reasons for persistent savings, as intimated by Government, are as follows:

Minor Irrigation: Slow progress of works, postponement of certain maintenance work, non receipt of approvals and non-filling up of posts, non-receipt of bills/Government sanctions and non-release of funds due to administrative reasons etc.

Industries and Commerce: Non filling up of vacant posts, non release of funds by GoI, non finalization of power subsidy to industries, non finalization of incentives to entrepreneurs, non receipt of sanctions from the competent authority and non receipt of bills from concerned agencies.

Tourism, Art and Culture: Non commencement of works for want of administrative orders, non release of funds, non receipt of sanction orders, non receipt of administrative approvals for establishment of Shilparamam and construction of multipurpose cultural complexes at Kadapa and Nellore Districts.

Revenue, Registration and Relief: Non-commencement of works for want of administrative orders, non-sanction of works, slow progress of work, re-tendering of works, and fewer purchases etc.

Medical and Health: Non-commencement of works for want of administrative orders, slow progress of work, non-finalization of agencies for taking up construction work, postponement of certain works for administrative reasons and non-admission of bills at the fag end of financial year.

Social Welfare: Non-commencement of works for want of administrative orders, non-availability of sanctioned works under RIDF, non-release of amount by GoI, slow progress of work, postponement of certain works etc.

BC Welfare: Non-commencement of works for want of administrative orders, slow progress of works, non-receipt of sanction orders etc.

Major and Medium Irrigation: Non-finalisation of court cases and land acquisition awards, late receipt of administrative approvals etc.

Considering that the above grants relate to developmental schemes in housing, irrigation, medical & health and welfare sectors, it is apparent that the Government has not been able to ensure that clearances and sanctions are accorded on time so as to ensure that the envisaged benefits accrued to the targeted beneficiaries.

2.4.3 Excess expenditure

Excess expenditure over budget provision increased from ₹ 189 crore in 2011-12 to ₹ 276 crore during 2012-13. The excess occurred in five grants⁵ and one appropriation⁶ during the year and requires regularization under Article 205 of the Constitution of India. Expenditure exceeded budget by ₹ 20 crore or more in each case in three cases, as shown below.

Table 2.5: Excess expenditure

(₹ in crore)

Grant No	Name of the Grant	Total Grant	Expenditure	Reasons for excess expenditure
X	Home Administration (RV)	4,754	4,921	<ul style="list-style-type: none"> • Clearance of pending bills • Filling up vacancies • Expansion of legal interception monitoring system
XI	Roads, Buildings and Ports (RV)	1,960	2,018	Specific reasons for excess expenditure were not intimated by Government
XXXIX	Information Technology and Communications (RV)	150	199	
	Total	6,864	7,138	

Source: Appropriation Accounts 2012-13

2.4.4 Expenditure without Provision/by way of Re-appropriation

As per paragraph 17.3.1 and 17.6.1(c) of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. However, ₹ 684 crore was incurred in seven cases (₹ 10 crore and above in each case) without budget provision during the year 2012-13 as detailed in **Table 2.6**. In all these cases budget provision (either original or supplementary) was not provided and expenditure was met from the funds obtained by way of re-appropriation. Also, in two instances (Sl.Nos.2&7), expenditure was incurred even without resorting to re-appropriation, which violated the sanctity of budgeting process and legislative control.

⁵ X – Home Administration (RV) ₹ 167,96,12,663, XI – Roads, Buildings and Ports (RV) ₹ 57,53,86,220, XVII – Municipal Administration and Urban Development (CV) Rs 191,20,051, XXIX – Forest, Science, Technology and Environment (CV) ₹ 38,29,958 and XXXIX – Information Technology & Communication (RV) ₹ 48,83,22,796

⁶ XVI – Medical and Health (RC) ₹ 7,741

Table 2.6: Expenditure without provision during 2012-13

(₹ in crore)

Sl No.	No. and Name of the Grant	Head of Account	Re-appropriation	Expenditure
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-110-(09) Pension to the Staff of Municipalities/Corporations	57.25	57.25
2	XI-Roads, Buildings and Ports	3054-04-797-(04) Subvention from Central Road Fund	0	163.41
3	XI-Roads, Buildings and Ports	3054-04-800-(13) Core Network Roads under AP Road Development Corporation	300.00	297.67
4	XVI-Medical and Health	2210-03-103-(06) Community Health Nutrition Clusters(CHNCs)	126.03	126.03
5	XXXI-Panchayat Raj	2215-01-102-(06) Project Implementation Support	0.01	11.73
6	XXXI-Panchayat Raj	2215-01-102-(07) Infrastructure Development	12.61	12.81
7	XXXIX-Information Technology and Communications	3451-00-090(30) National e-Governance Action Plan	0	15.18
		Total	495.90	684.08

Source: Appropriation Accounts 2012-13

2.4.5 Excess expenditure over provision relating to previous years not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit has been prescribed under the Article, regularisation of excess expenditure is to be done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure over the allocation amounting to ₹ 2,876 crore pertaining to the years 2004-12 was yet to be regularized as of July 2013, as detailed in **Appendix 2.2**, due to non-furnishing of Explanatory Notes by the concerned Administrative departments/Finance department.

Government stated (December 2013) that instructions have been issued to all the Departments in June 2013 to furnish Explanatory notes to regularize the excess expenditure.

2.4.6 Unnecessary/Inadequate/Excessive supplementary provision

Supplementary provision aggregating ₹ 3,577 crore obtained in 37 cases (₹ one crore or more in each case) during the year proved unnecessary as the actual expenditure (₹ 48,705 crore) did not come up to the level of original provision (₹ 60,802 crore) as detailed in **Appendix-2.3(a)**. This indicates that the CCOs were not aware of the actual requirement of funds for the remaining period of the financial year due to poor monitoring of the flow of expenditure through the monthly expenditure control mechanism.

Similarly, supplementary provision aggregating ₹ 7,167 crore proved excessive by ₹ 4,411 crore over the total required provision of ₹ 2,756 crore in 16 cases under 13 grants (one crore or more in each case) as detailed in **Appendix-2.3(b)**. In two cases, supplementary provision

of ₹ 225.88 crore proved insufficient by more than ₹ one crore each leaving an aggregated uncovered excess expenditure of ₹ 224.51 crore as detailed in **Appendix.2.3(c)**.

Significant cases of un-necessary/excessive supplementary provision in various departments are given below.

Table 2.7: Unnecessary/Excessive Supplementary Grants

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Original Provision	Actual expenditure	Saving (-)/ Excess(+)	Supplementary provision
<i>Revenue Voted</i>						
<i>Unnecessary Supplementary Provision</i>						
1	XII	School Education	15,212.63	13,042.15	(-) 2,170.48	72.40
2	XVI	Medical and Health	5,643.18	5,126.61	(-) 516.57	212.74
3	XVII	Municipal Administration and Urban Development	4,530.01	2,481.79	(-) 2,048.22	271.83
4	XXXI	Panchayat Raj	5,027.83	3,311.27	(-) 1,716.56	136.78
5	XXXVIII	Civil Supplies Administration	3,299.50	2,792.37	(-) 507.13	111.91
<i>Excessive Supplementary Provision</i>						
6	V	Revenue, Registration and Relief	2,318.87	2,662.48	343.61	2,051.00
7	IX	Fiscal Administration, Planning, Surveys and Statistics	12,935.54	13,526.38	590.84	1,108.78
8	XXXII	Rural Development	5,064.73	5,175.01	110.28	1,000.66
9	XXXV	Energy	5,554.55	6,219.98	665.43	1,178.44

Source: Appropriation Accounts 2012-13

2.4.7 Unnecessary re-appropriation of funds

According to paragraph 17.4 of APBM, re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2012-13 excessive/unnecessary/inadequate re-appropriation of funds occurred in 47 cases which resulted in either non-utilisation of funds or excess over provision by ₹ 10 crore and above in each case as detailed in **Appendix 2.4**.

2.4.8 Unexplained re-appropriations

Paragraph 17.17.2 of APBM stipulates that reasons for additional expenditure and savings should be explained in the re-appropriation statement and vague expressions such as “based on actual requirement/expenditure”, “savings are anticipated” “observance of economy”, “original provision proved insufficient or excessive”, “based on progress of actuals” etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the State Government revealed that out of 16,171 items of re-appropriations made, specific reasons were not intimated to Office of PAG (A&E) in respect of 12,450 (77 per cent) items.

2.4.9 Substantial surrenders

Funds in excess of ₹ 10 crore and also more than 50 per cent of total provision in each case were surrendered in respect of 232 sub-heads amounting to ₹ 15,394 crore. These surrenders include cent per cent surrenders (₹ 6,239 crore) under 79 sub-heads. Details of cases where the surrendered amount was more than ₹ 100 crore and more than 90 per cent of the provision in each case are given in **Appendix 2.5**. Government could have assessed its requirement more realistically in these cases.

2.4.10 Lumpsum provision

Paragraph 13.12 of the APBM stipulates that lumpsum provision should not as a rule be made in the budget estimates. However, lumpsum provision of ₹ 538 crore was made in the budget in violation of this stipulation and ₹ 299 crore (56 per cent) of this provision remained unutilized at the end of the year. The details in this regard are tabulated below.

Table 2.8: Lumpsum provision

(₹ in crore)

Sl No.	No. and Name of the Grant	Head of Account	Budget provision	Amount surrendered
1	XI - Roads, Buildings and Ports	MH 5054-04-789-75-Lumpsum provision for PPP projects	56.70	56.70
2		MH 5054-04-796-75-Lumpsum provision for PPP projects	23.10	23.10
3		MH 5054-04-800-75-Lumpsum provision for PPP projects	270.20	31.66
4	XII - School Education	MH 2202-01-800-75-Lumpsum provision	15.05	15.05
5	XIII - Higher Education	MH 2202-03-001-75-Lumpsum provision	43.14	43.14
6		MH 2202-03-102-41-Lumpsum provision for additional commitment for UGC pay scales (20% arrears of UGC Scales from 01-01-2006 to 31-03-2010)	74.00	74.00
7		MH 2202-03-102-75-Lumpsum provision	42.85	42.85
8		MH 2202-03-104-75-Lumpsum provision	4.92	4.92
9	XVI - Medical and Health	MH 2210-01-001-75-Lumpsum provision	7.92	7.92
Total			537.88	299.34

Source: Appropriation Accounts 2012-13

As can be seen from the above details, in eight out of nine sub-heads under four grants, the entire provision remained unutilized. Budget provision under three sub-heads, (Sl.Nos. 1 to 3) amounting to ₹ 111 crore was surrendered on the last day of the financial year due to non-commencement of works for want of administrative orders. Reasons for surrendering the entire provision in respect of Sl. Nos. 4, 5, 7, 8 and 9 was due to availability of sufficient budget provision for regular salaries and grants-in-aid towards salaries. Specific reasons were not intimated for surrendering the entire budget provision in respect of Sl.No.6.

Government assured (December 2013) that this issue is being addressed and that, it has reduced the lumpsum provision in the Budget for the year 2013-14.

2.4.11 Surrender in excess of actual saving

The spending departments, as per the provisions of the APBM (paragraph 17.2.2), are required to surrender the grants/appropriations or portion thereof to the Finance Department

as and when savings are anticipated. Surrender of the provision in anticipation of saving and incurring expenditure subsequently by the controlling officers is resulting in surrender in excess of the overall saving in a grant/appropriation. In 19 cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual saving indicating lack of/inadequate budgetary control and monitoring in these departments. As against the saving of ₹ 3,021 crore, the actual amount surrendered was ₹ 3,388 crore, resulting in excess surrender of ₹ 367 crore. Details are given in **Appendix 2.6**.

In three grants, surrender of ₹ 406.27 crore proved injudicious in view of eventual excess under these grants at the close of the financial year as shown below:

Table 2.9: Cases of injudicious surrenders

(₹ in crore)

Sl. No.	Number and Name of grant/appropriation	Total grant/appropriation	Expenditure	Excess	Amount surrendered
Revenue Voted					
1	X Home Administration	4,754.40	4,921.36	166.96	237.52
2	XI Roads, Buildings and Ports	1,960.01	2,017.55	57.54	168.74
Capital Voted					
3	XXIX Forest, Science, Technology and Environment	0.61	0.99	0.38	0.01
	Total	6,715.02	6,939.90	224.88	406.27

Source: Appropriation Accounts 2012-13

2.4.12 Savings not surrendered

At the close of the year 2012-13, there were five grants and three appropriations in which saving of ₹ 248 crore occurred but no part of it had been surrendered by the departments concerned (**Appendix 2.7**). Similarly, out of the saving of ₹ 18,707 crore under 22 grants and one appropriation, saving (₹ five crore and above in each case) amounting to ₹ 1,342 crore (five per cent) of total saving (₹ 26,528 crore) was not surrendered. Details are given in **Appendix 2.8**.

Besides, in 92 cases, ₹ 25,276 crore (95 per cent) of the total saving of ₹ 26,528 crore was surrendered (in excess of ₹ 10 crore in each case) on the last working day of the financial year (**Appendix 2.9**) indicating poor expenditure management and inadequate financial control.

2.4.13 Rush of expenditure

Article 39 of the APFC requires that expenditure should be evenly distributed throughout the year and no attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March. Contrary to the provisions, while the expenditure during each of the three quarters ending December 2012 was between 20 and 23 per cent, it was 36 per cent in the last quarter of the year. Expenditure in the month of March 2013 alone constituted 20 per cent indicating rush of expenditure.

Government attributed (December 2013) the increase in expenditure during March to releases from GoI at the fag end of the financial year.

2.5 Advances from Contingency Fund

Contingency Fund (CF) of the State has been established under the Andhra Pradesh Contingency Fund Act, 1957, in terms of provisions of Article 267(2) and 283(2) of the Constitution of India. Advances from the CF are to be made only for meeting expenditure of an unforeseen and emergent nature. The Fund is in the nature of an imprest with a corpus of ₹ 50 crore.

During the year 2012-13, 37 sanctions aggregating ₹ 3.11 crore have been issued for drawal from Contingency Fund. An amount of ₹ 2.77 crore was met from these sanctions, of which, ₹ 0.72 crore was recouped to the Fund, leaving an un-recouped balance of ₹ 2.05 crore. In addition, ₹ 0.21 crore which remained un-recouped in 2011-12 was also recouped in the current year. There were two sanctions amounting to ₹ 0.16 crore for which no expenditure was recorded though recouped during the year 2012-13.

Government stated (December 2013) that the advances from Contingency Fund would be recouped in the next financial year since the concerned Departments may not have utilized the amount during the current year.

2.6 Major Policy Initiatives

Several major policy initiatives/flagship schemes are announced by the Government each year for socio-economic development, assistance/relief to farmers affected in floods/drought, upliftment of women etc. Some of the major policy initiatives/schemes outlined in the Budget speech/ annual plan for the year 2012-13 were scrutinized in audit on a test check basis to verify their implementation. Significant audit findings in this regard are given below:

2.6.1 Vaddileni Runalu⁷

- i. **Agriculture department:** Government allocated ₹ 375 crore under this scheme for waiver of interest on crop loans repaid by farmers beginning Rabi 2011-12 (*i.e* loans granted from 1 October 2011). This scheme involved 100 *per cent* interest waiver on all crop loans upto ₹ one lakh and for loans exceeding ₹ one lakh and upto ₹ three lakh, *Pavala Vaddi*⁸ is applicable. Due to non-approval of the scheme guidelines and modalities by the Government (as of April 2013) for drawal of amounts, claims for waiver under the scheme amounting to ₹ 98 crore in respect of 14.05 lakh farmers were not settled.
- ii. **Rural Development department:** To provide interest subsidy on the bank loans (irrespective of bank interest rates) taken by Women Self Help Groups (SHGs), Government introduced 'Vaddileni Runalu' for DWCRA Women and allocated ₹ 1,303 crore in budget 2012-13 with a target to cover 7,63,652 SHGs. Out of the total budget allocated, ₹ 826 crore was drawn (April 2012 to March 2013) by Commissioner, Rural Development and credited to Society for Elimination of Rural Poverty (SERP)'s PD account. The balance ₹ 477 crore was not drawn due to non passing of the bills.

⁷ Interest free loans to farmers

⁸ Interest @ 25 paisa

2.6.2 Pavala Vaddi

To mitigate the financial burden of farmers, Government has been implementing the 'Pavala Vaddi' scheme allowing an interest incentive (@ three *per cent*) on crop loans to farmers who repaid loans within the due date. For this purpose, ₹ 200 crore was allocated by Government in budget 2012-13 but only ₹ 100 crore was released, of which, an amount of ₹ 69 crore (35 *per cent*) was spent based on the claims submitted by the bankers and the balance ₹ 31 crore was lying un-utilized as of July 2013. Also, against the target of 25.45 lakh farmers to be covered, only 13.82 lakh farmers (54 *per cent*) were covered.

2.6.3 Milk Mission

State Milk Mission is a new intervention of the Government to increase milk production from 298.01 LLPD (2010-11) to 496.31 LLPD (67 *per cent* increase) in a span of four years (2010-14); improve productivity from 3.8 litres/day to 4.78 litres/day (26 *per cent* increase) *per animal* and to increase *per capita* availability of milk from the level of 269.25 grams to 426 grams (58 *per cent* increase). An amount of ₹ 50.38 crore was provided in the Budget under Normal State Plan for the year 2012-13. However, the scheme was not cleared by the Government and consequently, Budget Release Orders (BROs) were not issued.

2.6.4 Construction of Cyclone Shelters under National Cyclone Risk Mitigation Project (NCMP)

Government provided ₹ 80.40 crore (Central share: ₹ 72.40 crore; matching State share: ₹ eight crore) towards '*construction of cyclone shelters under NCMP*' during 2012-13. However, only ₹ 6.23 crore (8 *per cent*) (Central Share: ₹ 4.72 crore and State's share: ₹ 1.51 crore) was utilised. As against the targeted seven works, only two works were completed (August 2013).

2.6.5 Rajiv Yuva Kiranalalu

Rajiv Yuva Kiranalalu (RYK) is a flagship scheme launched by the State Government during 2011-12 to provide 15 lakh jobs to unemployed youth and students coming out of educational institutions by 2014. A Society named 'Rajiv Education and Employment Mission in Andhra Pradesh (REEMAP)' was established in 2011 to implement the programme. During 2012-13, as against the budget provision of ₹ 150 crore, only an amount of ₹ 113 crore (75 *per cent*) was utilised leaving a balance of ₹ 37 crore. Out of the targeted 3.43 lakh youth, only 1.57 lakh (46 *per cent*) were provided employment.

2.6.6 Indira Jala Prabha

Indira Jala Prabha was introduced by the Government (September 2011⁹) at an estimated cost of ₹ 1800.60 crore for development of one lakh irrigation sources to bring 10 lakh acres of land belonging to SCs/STs under cultivation. As per the timelines fixed by the Government, the Project was to be completed by January 2013. Since the Government released only ₹ 95 crore during 2012-13 for the purpose, against the target of 67,000 bore wells to be drilled by the end of March 2013, only 12,392 borewells (19 *per cent*) were dug and 5,008 borewells (7 *per cent*) were fitted with pump sets. Out of 10 lakh acres targeted to be irrigated, only 1.04 lakh acres were brought under irrigation.

⁹ G.O.Rt.No.315 Panchayat Raj & Rural Development (RD-III) Department, dated 09-09-2011

2.6.7 Integrated Child Protection Scheme (ICPS)

ICPS is aimed at improvement in the well being of children in difficult circumstances as well as to reduce vulnerability to situations and actions that lead to abuse, neglect, exploitation, abandonment and separation of children. An amount of ₹ 28.41 crore (CSS- ₹ 21.42 crore and MSS- ₹ 6.99 crore) was provided in budget 2012-13 for the purpose. Government released ₹ 19.84 crore of which, the department had drawn ₹ 14.08 crore and ₹ 6.85 crore was spent for the purpose leaving a balance of ₹ 7.23 crore (of which ₹ 6.23 crore meant for maintenance of 81 Government-run Homes) was parked in Short Term Deposits (STDs). An amount of ₹ 9.68¹⁰ crore including previous years' balances was lying unutilized (STDs: ₹ nine crore and Current Account: ₹ 0.68 crore) as of March 2013.

2.6.8 Bhu Bharathi

Integrated Land Record Management Project '*Bhu Bharathi*' has been conceived by Government as an innovative project to cover all types of land, record all their attributes including geographical dimensions, ownership, usage and other related data in digital format in an integrated manner. A pilot project was taken up (January 2005) in Nizamabad District and ₹ 29.22 crore was spent as of March 2013. The project period was 24 months which was extended by Government upto December 2013 and while the pilot project was yet to be completed, Government rolled out the project (March 2008) in the entire State at an estimated cost of ₹ 1,556 crore. ₹ 23.25 crore was drawn during 2007-12 for implementation of the project of which, ₹ 23.08 crore was parked in Fixed Deposits (FDs). During 2012-13 ₹ 75 crore was allocated in the Budget for the purpose and ₹ 37.74 crore was released. However, no amount could be spent due to delayed receipt of authorisation from the Treasury. Thus Bhu Bharathi project planned in 2008 could not be implemented so far.

2.6.9 Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)

Government provided ₹ 825.95 crore in Budget 2012-13 for 'UIDSSMT' under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), of which only ₹ 12.51 crore (1.5 per cent) was spent on implementation of the scheme during the year due to non-commencement of works for want of administrative orders.

2.6.10 Integrated Housing and Slum Development Programme (IHSDP)

Government provided ₹ 163.20 crore in budget 2012-13 for 'IHSDP' under JNNURM, of which only ₹ 0.03 crore was spent on implementation of the scheme during the year due to non-commencement of works for want of administrative orders.

2.6.11 Contribution to Agricultural Credit Stabilization Fund

An amount of ₹ 100 crore was provided by GoI to APCOB¹¹ towards contribution to Agricultural Credit Stabilization Fund aimed at re-scheduling crop loans during Kharif 2011 and Rabi 2011-12 as crops were badly affected due to heavy rains. However, the amount was not utilized. Further, the entire contribution made by GoI from 2008 onwards also was not

¹⁰ Indian Bank, Vengalrao nagar, Ameerpet, Hyderabad.

¹¹ Andhra Pradesh State Co-operative Bank

utilised due to non-release of funds by the Government (2012-13) and non-receipt of administrative sanction (2010-11 & 2011-12).

2.6.12 Integrated education for disabled children (IED)

The objective of IED (a CSS scheme) is to bring more children with special needs in the 6-14 years age group under the umbrella of Sarva Siksha Abhiyan (SSA) and provide them functional literacy and education at par with other children. An amount of ₹ 109.61 crore was provided in the budget for 2012-13. However, only ₹ 3.37 crore was incurred on the scheme as of 31 March 2013.

2.6.13 Road Development Fund-State Allocation Works

An amount of ₹ 187.65 crore was provided in the budget for the year 2012-13 under CRF works *viz.*, development and maintenance of national highways/other state roads including roads of inter-state connectivity, development of rural roads, construction of roads under/over railways etc. Out of this allotment, ₹ 93.83 crore (50 *per cent*) was released and only ₹ 18.43 crore (20 *per cent*) was spent for the purpose.

2.6.14 Upgradation of NREGP Works

This scheme aimed at creating durable assets for the roads improved under MGNREGS. An amount of ₹ 100 crore was allocated for the purpose, of which, only ₹ 2.31 crore was spent during the year.

2.6.15 SC and ST sub-plan

Apart from the major policy initiatives announced in the budget/annual plan 2012-13, Government passed a legislation in December 2012 to ensure accelerated development of Scheduled Castes (SCs) and Scheduled Tribes (STs) with emphasis on achieving equality in the next 10 years focusing on economic, educational and human development along with ensuring the security and social dignity and promoting equity among SC and ST communities. In this context, Audit reviewed the budget and expenditure of various departments relating to the socio-economic development of SCs and STs. Audit findings in this regard are given below:

As per Government instructions¹², all the Government departments should earmark at least a minimum of 16.2 *per cent* and 6.6 *per cent* of their Plan outlay in the budget exclusively for the development of SCs and STs respectively by designing schemes that would directly benefit the SCs/STs individually or as a community so as to improve the economic and social condition of the targeted groups.

During the period 2008-13 budget allocation and expenditure under Special Component Plan (SCP) for SCs and Tribal Area Sub-plan (TSP) were as follows.

¹² G.O.Ms.No.17 Planning (XVIII) Department, dated 07-11-2005

Table 2.10: Budget vis-à-vis expenditure under SCP and TSP

(₹ in crore)

Year	Total State Budget	Budget for SCP	Percentage of SCP budget to State budget	Expenditure	Budget for TSP	Percentage of TSP budget to State budget	Expenditure
2008-09	47,541	3,656	8	2,114 (58%)	1,765	4	977 (55%)
2009-10	43,199	3,376	8	2,069 (61%)	1,469	3	967 (66%)
2010-11	43,360	4,017	9	2,680 (67%)	1,615	4	1,061 (66%)
2011-12	51,230	4,921	10	3,487 (71%)	1,969	4	1,409 (72%)
2012-13	55,572	5,120	9	2,952 (58%)	2,167	4	1,428 (66%)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of funds expended vis-à-vis allocation

As is evident from the above table, State Government's allocation of Plan budget ranged between 8-10 per cent under SCP and 3-4 per cent under TSP below the mandatory allocation of 16.2 and 6.6 per cent respectively. Further, out of the allocation, Government could spend only about 58 to 71 per cent and 55 to 72 per cent under SCP and TSP respectively.

Sector-wise expenditure vis-à-vis allocation during 2008-13 under General, Social and Economic Services is given below.

Table 2.11: Sector-wise Budget vis-à-vis expenditure under SCP and TSP

(₹ in crore)

Sector	Total Plan Budget	SCP		TSP	
		Allocation	Expenditure	Allocation	Expenditure
General Services	3,061.74	86.29(3%)	6.55(8%)	35.32(1%)	2.67(8%)
Social Services	1,06,288.03	12,596(12%)	8,742.36(69%)	5,236.59(5%)	3,585.41(68%)
Economic Services	1,31,552.30	8,406.66(6%)	4,552.45(54%)	3,712.38(3%)	2,254.14(61%)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total plan budget and expenditure vis-à-vis allocation

A test check of records pertaining to Irrigation, Agriculture, Education, Housing, Municipal Administration and Urban Development departments revealed that funds for SCP and TSP were released below the stipulated percentage. Details in this regard relating to major departments are given below.

Irrigation Department (under TSP)

- An amount of ₹ 9.23 crore allocated for minor irrigation projects in tribal areas in Kurnool (₹ 1.20 crore) and Mancherial (₹ 8.03 crore) during the period 2008-12 was diverted for construction of projects/laying BT roads in non-tribal areas.
- Though 35 agreements were entered into during 2008-13 for Rural Water Supply works in Mulugu at a cost of ₹ 2.11 crore, not a single work was completed as of February 2013.

School Education

Sarva Shiksha Abhiyan (SSA) was initiated to provide free and compulsory education to all the children in the age group of 6-14 years.

- During 2012-13, Government allocated ₹ 250.04 crore (SCP) and ₹ 101.87 crore (TSP) for implementation of four schemes¹³ through SSA. However, only an amount of ₹ 151.72 crore (SCP) and ₹ 58.48 crore (TSP) were released.
- An amount of ₹ 248.74 crore (SCP) and ₹ 107.36 crore (TSP) were provided for implementation of 11 schemes¹⁴, of which, only an amount of ₹ 139.82 crore (SCP) and ₹ 77.75 crore (TSP) were utilized.

No reply has been furnished by the Government in this regard.

2.7 Review of Selected Grants

During the year 2012-13, two grants viz., Energy and Minority Welfare were selected for detailed audit scrutiny to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms and implementation of the schemes within these grants. Audit findings in this regard are discussed below.

2.7.1 Energy Grant

Energy grant is administered by the Energy Department while power sector in the State is regulated by the Andhra Pradesh Electricity Regulatory Commission (APERC). As part of power sector reforms, through various transfer schemes, the erstwhile Andhra Pradesh State Electricity Board (APSEB) was unbundled into Andhra Pradesh Power Generation Corporation Limited (APGENCO) and Transmission Corporation of Andhra Pradesh Limited (APTRANSCO). Subsequently, APTRANSCO was unbundled (1 April 2000) into "Transmission Corporation" and four "Distribution Companies" (DISCOMs).

2.7.1.1 Budget and Expenditure

Budget allotment for Energy department for the year 2012-13 was ₹ 7,174 crore. The overall position of budgetary provision, expenditure and savings during the period 2008-13 is detailed below.

Table 2.12: Budget vis-à-vis Expenditure under Energy Grant

(₹ in crore)

	2008-09			2009-10			2010-11			2011-12			2012-13		
	B	E	S/E	B	E	S/E	B	E	S/E	B	E	S/E	B	E	S/E
Revenue	3671	3660	(-)11	6086	3250	(-)2836	4550	3687	(-)863	4363	4348	(-)15	6733	6220	(-)513
Capital	0	0	0	20	10	(-)10	10	10	0	20	20	0	30	30	0
Loans	361	1	(-)360	152	0	(-)152	458	494	36	1475	1475	0	411	373	(-)38

Source: Appropriation Accounts, B: Budget, E: Expenditure, S/E: Saving(-)/Excess(+)

¹³ Assistance to KGBV, NPEGEL, SSA, XIII Finance Commission Grants.

¹⁴ Continuation of DIETs, Upgradation of IASEs/CTEs, Information & Communication Technology in 2000 schools, Information & Communication Technology in 5000 schools, Nutritious Meals Programme Primary, Nutritious Meals Programme Upper Primary, Rashtriya Madhyamika Siksha Abhiyan, setting up of model schools, supply of text books and material to SCs/STs and Minorities, Establishment of B.Ed & D.Ed colleges for ST students in Tribal Areas. Nutritious Meals programme for IX & X classes.

- Allocation under Revenue section has shown an increase of 48 *per cent* between 2010-11 and 2012-13. While savings under this section have shown a consistent decline from 19 *per cent* in 2010-11 to eight *per cent* in 2012-13, out of the total savings of ₹ 513.01 crore during 2012-13, ₹ 508.90 crore was surrendered in March 2013 i.e. at the fag end of the financial year. In view of the savings, the entire supplementary provision of ₹ 117.84 crore proved excessive.
- **‘Assistance to APTRANSCO for Agricultural and allied Subsidy’** is being provided towards free power to Agriculture sector since May 2004. Provision for this purpose ranged between 91 to 99 *per cent* of the total under Revenue section during 2010-13. Expenditure for this purpose has shown a 69 *per cent* increase during this period.
- Although there were persistent savings ranging between 34 to 68 *per cent* in the budget provided under **‘Assistance to A.P. Power Finance Corporation’** during 2010-13, allocation continued in excess of requirement.

2.7.1.2 *Misclassification of subsidy*

Subsidy is being operated under the detailed heads 310/312-Other Grants-in-aid instead of under the prescribed detailed head 330-subsidies. The following amounts relating to Energy grant were mis-classified under grants-in-aid instead of under subsidies.

- ₹ 297.50 crore incurred towards payment of outstanding interest on AP Power Bonds Series was debited to this head of account instead of to MH 2049-01-200-(25) Power Bonds-450- interest payments (Charged).
- ₹ 300 crore, released towards power generation for RLNG¹⁵ through Andhra Pradesh Mineral Development Corporation being loan for additional generation of 300 MW from IPPs¹⁶ was classified under Grants-in-aid.

2.7.1.3 *Persistent diversion of funds for other purposes*

Wide variation between original budget estimates and revised estimates indicate non-preparation of realistic budget and defeats the objective of the scheme from which funds were diverted. No budget was provided in 2010-11 & 2011-12 (original budget) under loans to APGENCO for Supercritical Thermal Power Station, Krishnapatnam but funds were re-appropriated from APTRANSCO to the tune of ₹ 329.26 crore and ₹ 478 crore respectively.

2.7.1.4 *Poor utilization of project resources/budgeted resources*

- **‘Modernization of Transmission System in Twin Cities’**, funded by JICA¹⁷ was launched by Government (2009) for construction of sub-stations/lines to maintain reliable and quality power in and around the twin cities of Hyderabad and Secunderabad to be completed in two phases by June 2014. However, Government allocated only ₹ 515.41 crore out of ₹ 940 crore (loan obtained from JICA) as of March, 2013 leaving a balance of ₹ 424.59 crore (45 *per cent*) for utilisation in a year’s period.

¹⁵ Refined Liquefied Natural Gas

¹⁶ Independent Power Producers

¹⁷ Japan International Cooperation Agency

- **High Voltage Distribution System (HVDS):** This scheme with a total project cost of ₹ 1,154.80 crore with JICA assistance, aimed at reduction of distribution losses. Though the project period was 2011-16, it is yet to take-off, as the tendering process is still in progress. No expenditure was incurred in 2010-11 (₹ one crore token provision) and the entire provision in 2011-12 (₹ 148 crore) and 2012-13 (₹ 50 crore) were re-appropriated to loans to APGENCO Krishnapatnam Thermal Power Project.

2.7.1.5 Off budget borrowings

Government has been taking this route for about a decade now to meet the requirements of the Power sector. During 2012-13, APTRANSCO was directed to obtain a loan of ₹ 245 crore from AP Mineral Development Corporation (APMDC) for production of additional power with an assurance to reimburse the amount later. The details of off budget borrowings, repayment methodology and its impact on accounts are given in **Chapter-1** (refer to para 1.12.4).

2.7.1.6 Equity, loans and guarantees

There are differences in figures between the Finance Accounts and the balance sheets of the PSUs in respect of equity, loans and outstanding guarantees given by Government to the PSUs in the Power sector. Government equity in the PSUs was ₹ 2,925.35 crore less as per the Finance Accounts when compared to the PSUs' accounts, while it was ₹ 2,697.96 crore more in respect of loans given by the Government to these PSUs as on March 2012¹⁸. The outstanding Guarantees as per Finance Accounts was less by ₹ 4,393.97 crore as against ₹ 13,116.92 crore as per the accounts of the PSUs.

Further, **a total outstanding receivable amount from the State Government for ₹ 13,129 crore as of March 2012 (from 2008-09 onwards) towards subsidy for high cost power was found in the accounts of four distribution companies¹⁹.**

During the Exit Conference (December 2013), Government stated that the differences have arisen due to non-bifurcation of assets and liabilities pursuant to unbundling of APSEB and will be sorted out once the exercise of determining the assets and liabilities is completed. In its written reply, Government stated that it will take over 50 per cent of the liabilities of DISCOMs as per the GoI scheme and that, the liability has been included in Government accounts under "100 % risk weighted guarantees".

Reasons for the differences need to be analysed by the Finance Department and the PSUs and reconciled expeditiously.

2.7.2 Minority Welfare Grant

This Grant is administered by the Department of Minorities Welfare (DoMW), which is responsible for implementation of schemes for social, educational and economic development of Muslims, Christians, Sikhs, Jains, Buddhists and other Minorities that constitute nine per cent of the State's population.

¹⁸ 2012-13 accounts are yet to be finalised

¹⁹ Central Power Distribution Company of Andhra Pradesh Limited: ₹ 5345.70 crore, Southern Power Distribution Company of Andhra Pradesh Limited: ₹ 2,983.44 crore, Northern Power Distribution Company of Andhra Pradesh Limited: ₹ 2,525.66 crore and Eastern Power Distribution Company of Andhra Pradesh Limited: ₹ 2,274.20 crore.

2.7.2.1 Budget and Expenditure

Budget allotment under the grant for the year 2012-13 was ₹ 611 crore. The overall position with regard to budgetary provision, expenditure and savings during the period 2008-13 is detailed below.

Table 2.13: Budget vis-à-vis expenditure under Minority Welfare grant

(₹ in crore)

	2008-09			2009-10			2010-11			2011-12			2012-13		
	B	E	S/E	B	E	S/E									
Revenue	187	196	9	235	198	-37	319	325	6	334	365	31	571	350	(-221)
Capital	0	0	0	0	0	0	0	0	0	5	0	(-5)	35	0	(-35)
Loans	0	0	0	0	0	0	0	0	0	5	5	0	5	1	(-4)

Source: Appropriation Accounts, B: Budget, E: Expenditure, S/E: Saving(-)/Excess(+)

- The entire allocation of ₹ five crore and ₹ 35 crore under Capital section during 2011-12 & 2012-13 respectively, was not utilised. The expenditure under Loans section was only 25 per cent (₹ 1.25 crore) and the balance (₹ 3.75 crore) was surrendered (March 2013).

2.7.2.2 Unrealistic budgetary estimates and poor budgetary control

About 42.5 per cent of the total provision under the grant remained as savings and 97 per cent of it was surrendered on the last working day of the financial year (2012-13). DoMW attributed the savings to non-receipt of proposals from units, non-filling up of vacancies, non-acceptance of bills by PAO due to budget freeze orders and proposals sent by the units based on the previous budget with 10 per cent enhancement without assessing the actual requirement.

Provision for Scholarships and reimbursement of tuition fee for minority students accounted for 86 per cent of the total budget provision under Revenue section. The following are the details of utilization of funds.

Table 2.14: Details of utilisation of funds

(₹ in crore)

	Original Provision	Supplementary Provision	Total Provision	Expenditure	Saving
Scholarships to Minority Students	147.48	45.32	192.80	101.78	91.02
Tuition Fee reimbursement to Minority Students	220.00	76.26	296.26	185.23	111.03
Total	367.48	121.58	489.06	287.01	202.05

Source: Appropriation Accounts 2012-13

As can be seen above, the entire supplementary provision was unnecessary, as the expenditure fell short of even the original provision, indicating that budgetary estimates were not prepared realistically and there was no mechanism for periodic review of expenditure.

2.7.2.3 Persistent Savings

Persistent savings were observed under Capital section (MH 4225-80-800-(05)-construction of buildings for hostels and residential schools) for the last two years. No expenditure was booked against the provision of ₹ five crore (2011-12) and ₹ 35 crore (2012-13).

2.7.2.4 Non utilization of Scheme funds

Due to issue of BROs at the closure of financial year as also delay in issue of administrative sanction by the MW Department and budget freeze orders, releases of ₹ 69.31 crore by the Minorities Welfare Department for implementation of various schemes could not be drawn. Following are other significant instances of non-utilization of Scheme funds.

- An amount of ₹ 35 crore provided for 'Construction of Residential School Buildings / Hostels for Minority Students', BRO for which was issued in February 2013, could not be utilised due to delay in finalization of terms and conditions.
- Out of the ₹ 22.33 crore provided for maintenance/improvement and development of Pre/ Post Matric Hostels and Residential schools in Minority concentrated districts, only an amount of ₹ 7.17 crore was spent by the Implementing Agencies due to non-availability of full strength of the students and staff.
- ₹ 9.20 crore released to AP State Christian (Minorities) Finance Corporation (APSCMFC) for welfare schemes of Christian community (2010-11) and further amounts of ₹ 3.75 crore each provided during 2011-12 and 2012-13 were lying unutilized with the Corporation (June 2013).
- Funds of ₹ 2.45 crore released (August & September 2008) for 'Construction of English medium Residential Schools and Post-Matric Hostels' could not be utilized as construction of work was stopped due to irregularities.

2.7.2.5 Irregular parking of funds in banks/FDRs

Parking of funds outside Government account runs against the canons of financial propriety. Following are the details of scheme funds parked in FDRs/bank accounts without the respective Board's approval.

Table 2.15: Details of funds parked in banks as of March 2013

(₹ in crore)

Name of the Corporation	Amount	Remarks
A.P. State Minorities Finance Corporation	107.69	Amount lying in multiple bank accounts/ FDRs
A.P. State Christian Minorities Corporation	16.90	
District Offices (MFC)	4.37	
Urdu Academy	0.79	
Total	129.75	

Source: Departmental information

2.7.2.6 Funds lying unutilised in Personal Deposit Accounts

An amount of ₹ 18.47 crore was lying unutilized in the PD accounts of the respective Corporations/Academy as of March 2013, which needs to be transferred to Government account. Details are given below.

Table 2.16: Details of unutilized funds

(₹ in crore)

Name	Un-spent balances available as of March 2013
A.P. State Minorities Finance Corporation	13.35
A.P. State Christian Minorities Corporation	1.76
Urdu Academy	3.36
Total	18.47

Source: Departmental information

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, release of funds towards the end of the financial year, weak scheme implementation capacities in the Department etc, resulted in funds remaining unutilized in the Minorities Welfare Department, thereby depriving the beneficiaries of the intended benefits. Weak internal controls facilitated the retention of huge balances by various agencies outside the Government account.

2.8 Errors in budgeting process

Over the years errors/lapses in classification of receipts and expenditure in budget and thereby in accounts, were brought to the attention of the State Government for rectificatory action. While Government took corrective action in certain cases, in some areas omissions/errors continued to figure in budget/accounts during 2012-13 also. Major instances in this regard are detailed below.

- **No Provision in Budget Estimates under Subventions from Central Road Fund:** Subvention from Central Road Fund is released to the State by GoI for road development works. These amounts are to be transferred to Major Head 8449-Other Deposits-103-Subvention from Central Road Fund by debit to MH 3054-797. Though provision for transfer of grant received is required to be made every year in the budget, this was not done. Similarly provision was not made under MH 5054-902 in the Budget. During the year an amount of ₹ 163.41 crore (MH 3054-797) and ₹ 18.36 crore (MH 5054-902) were booked as expenditure.
- **Non-remittance of Institutional Loans received under MH 6003-Internal Debt of State:** Anticipated receipts out of borrowings from various financial institutions viz., NCDC, LIC, NABARD, GIC and other Institutions etc. are to be depicted in the receipt budget of the State. Similarly, budget provision is also to be made under Grant IX below MH 6003 towards repayment of installment. The loan receipts directly received from the Financial Institutions are not being properly remitted under MH 6003 and treated as departmental receipts or being parked under other heads. Due to non-accountal of these receipts under Public Debt below MH 6003, the repayment of these loans made to the financial institutions leads to adverse balances. During the year 2012-13 an amount of ₹ 577 crore was booked as payment towards Loans from Other Institutions (MH 6003-109) resulting in adverse balance of ₹ 2,901 crore at the end of the year.

- **Assigning new group sub head (GSH) for identification of Central Plan Schemes:** GSH 10 is being used for both Central Plan Schemes and Centrally Sponsored Schemes. Hence, a separate GSH is required for easy identification of central plan schemes. State Government needs to make necessary changes in the classification.
- **Non-apportionment of expenditure under Revenue, Capital and Loans:** Expenditure pertaining to Hyderabad International Airport Limited (HIAL) is to be apportioned under Revenue, Capital and Loans based on financial support extended by Government. However, the entire expenditure was classified under Capital MH 5054-03-337-SH (19)-Establishment of HIAL. In the absence of correct apportionment of expenditure, monitoring of repayment of loan by HIAL will become difficult.
- **Incorrect classification:** Subsidies are being shown under Detailed Head 310-Grants-in-Aid instead of under 330-Subsidies. During the year 2012-13 an amount of ₹ 6,360 crore was budgeted for under 310-Grants-in-aid instead of under 330-Subsidies in various departments. This includes ₹ 597.50 crore relating to Energy grant alone, as mentioned in paragraph 2.7.1.2.
- **Misclassification in budget estimates:** The Detailed head of account 530-Major Works, which is supposed to be operated under Capital section, was classified in Revenue section and ₹ 230 crore was provided for 2012-13 under grants IX-Fiscal Administration, Planning, Surveys and Statistics, XI-Roads, Buildings and Ports, XXXIII-Major and Medium Irrigation and XXXIV-Minor Irrigation.
- While the detailed head 270-Minor Works is to be operated under Revenue section, the head was classified in Capital section of the Grants and ₹ 452 crore was provided for during 2012-13. Similarly while 310-Grants-in-aid is to be operated under Revenue section, it was classified in Capital section of the Grants and ₹ 8.01 crore was provided during the current year.

2.9 Conclusion

Budgetary assumptions were unrealistic and expenditure monitoring and control mechanism was weak during the year. The entire Supplementary provision (₹ 10,990 crore) proved unnecessary as the actual expenditure (₹ 1,30,704 crore) incurred was less than the original budget provision (₹ 1,46,243 crore) and the overall saving (₹ 26,528 crore) stood at 17 per cent of the budget.

Despite flagging the issue repeatedly, excess expenditure of ₹ 276 crore was incurred during 2012-13 without Legislative authorization. Regularisation of such expenditure since 2004-05 amounting to ₹ 2,876 crore was yet to be carried out by Government by taking Legislative approval. Lumpsum provision (₹ 538 crore) without specific details of expenditure continued to be accommodated in the budget for 2012-13 with about 56 per cent of it being surrendered at the end of the year.

Several policy initiatives taken up by Government were either unfulfilled or were partially executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget, parking of funds in Banks/ FDRs

etc. Weak internal controls facilitated the retention of balances by various agencies (under Minorities Welfare department) outside the Government account.

There were differences in figures between the Finance Accounts and the balance sheets of the PSUs in respect of equity, loans and outstanding guarantees given by Government, especially with regard to the PSUs in Power sector. Government equity in the PSUs was ₹ 2,925.35 crore less as per the Finance Accounts when compared to the PSUs' accounts, while it was ₹ 2,697.96 crore more in respect of loans given by the Government to these PSUs. The outstanding guarantees as per Finance Accounts was less by ₹ 4,393.97 crore compared to the amount in the accounts of the PSUs. Further, a total outstanding receivable amount of ₹ 13,129 crore from the State Government towards subsidy for high cost power was found in the accounts of four distribution companies as of March 2012 (from 2008-09 onwards).

2.10 Recommendations

- 1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/ excess expenditure.*
- 2. Government should enforce its commitment to achieve its promised/intended objectives for overall development of the State through improved execution, monitoring and financial management of schemes/projects.*
- 3. Government needs to reconcile the differences in the amounts relating to its investment in the State PSUs with regard to equity, loans and guarantees shown in its accounts and the accounts of the concerned PSUs.*

3.1 Introduction

Sound internal controls and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.2 Utilisation Certificates

Utilisation Certificates (UCs) should be furnished by the State Government to the GoI with regard to the funds provided by the latter for implementation of various socio-economic development programmes. Test check of implementation of five¹ flagship programmes and Finance Commission grants by Audit revealed that State Government was yet to submit UCs for an amount of ₹ 1,749 crore as of 31 March 2013 to GoI for the funds released by the latter. Further, UCs for an amount of ₹ 635 crore relating to social security pension and total sanitation campaign were pending from sectoral officers (*Appendix 3.1*).

State Government rules² also provide for submission of UCs by the grantees to the departmental officers where specific grants are provided, and forwarding them to the PAG (A&E) after verification. 19 UCs aggregating ₹ 4.68 crore in respect of grants released by the State Government during 1992-93 to 2012-13 were outstanding as of 31 March 2013. The delay in this regard ranged from one to 21 years, as summarized in *Appendix 3.1(a)*.

Audit scrutiny of several socio-economic development programmes revealed that the departmental authorities and the State Government in turn, have been submitting UCs after releasing the amount to the next level or placing in PD accounts and even before the expenditure is incurred. To quote an instance, GoI sanctioned ₹ 19.23 crore in two installments (₹ 6.90 crore in January 2009 and ₹ 12.33 crore in March 2010) to the State for 'Installation of Standalone Water Purification Systems' in 3,449 and 6,169 rural schools respectively under Rajiv Gandhi National Drinking Water Mission (RGNDWM). State Government expended ₹ 3.20 crore (46 per cent) during 2009-10 and was yet to utilize the remaining ₹ 16.03 crore as of 31 March 2013. However, UC was submitted to GoI in March 2010 itself for the first installment (₹ 6.90 crore).

Government accepted (December 2013) the audit observations and stated that it had instructed the Revenue, Panchayat Raj and Municipal Administration and Urban Development Departments to submit the outstanding UCs to PAG (A&E).

3.3 Submission of accounts/Audit Reports of Autonomous bodies

Several autonomous bodies have been set up by the State Government in the fields of Medical Education, Urban Development, Tribal Welfare etc. The audit of accounts of 18 such

¹ Social security pensions, PMGSY, IAY, Tribal Welfare, BWHP

² Note 1 below Article 211 A (2) of Andhra Pradesh Financial Code

bodies has been entrusted to the CAG of India. However, 15 out of the 18 bodies had not rendered annual accounts up to date i.e. 2012-13. The delay in submission of accounts for audit ranged from three to 111 months as of September 2013. Details of the period upto which accounts were due and rendered are given in **Appendix 3.2**.

State Government needs to take expeditious measures to ensure that these accounts are compiled and submitted for audit within a fixed timeframe, so as to ensure that financial irregularities, if any, do not go undetected.

Further, in order to identify the institutions which attract audit under Sections 14 and 15 of the CAG's (DPC) Act, 1971, the Government/Heads of Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of such assistance and the total expenditure of the institutions with regard to these amounts. 1862 annual accounts of 368 such assisted bodies/authorities due from 1993-94 to 2012-13 were not submitted to audit as of September 2013. Details of these accounts are given in **Appendix 3.3**.

3.4 Un-reconciled expenditure and receipts

To enable the Chief Controlling Officers (CCOs) of Departments to exercise effective control over budget and expenditure, and to ensure accuracy of their accounts, Financial Rules³ 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 PAG (A&E). Even though non-reconciliation of departmental figures has been pointed out regularly in Audit Reports, lapses on the part of CCOs in this regard continued to persist during 2012-13 also. As of June 2013 expenditure pertaining to 2012-13 amounting to ₹ 30,815 crore (25 per cent of total expenditure⁴) was not reconciled by 256 CCOs. Cases where 14 CCOs did not reconcile expenditure of ₹ 500 crore and above in each case are given in **Appendix 3.4**.

Further, every Controlling Officer should obtain regular accounts and returns from his/her subordinates for the amounts realized by them and paid into the Treasury, compare the figures with the accounts maintained in the office of the PAG (A&E) and reconcile any differences as early as possible before the accounts of the year are closed. However, receipts amounting to ₹ 50,160 crore (48 per cent of total receipts⁵) during 2012-13 under 42 heads were not reconciled by the concerned CCOs.

In fact, to assurance sought by PAG (A&E) from 620 CCOs on their compliance with Rules and Regulations, conformity with budgetary provisions and existence of adequate control mechanism for risk management during 2012-13, only 19 CCOs responded in the affirmative. The remaining 601 CCOs had not responded (August 2013).

Government stated (December 2013) that instructions have been issued to all the Chief Controlling Officers to reconcile their figures invariably on a monthly basis with those of PAG (A&E).

³ Article 9 of Andhra Pradesh Financial Code

⁴ Includes Revenue, Capital and Loans and Advances (₹ 1,21,764 crore)

⁵ Includes Revenue, Capital and Loans and Advances (₹ 1,04,256 crore)

3.5 Personal Deposit Accounts

As per APFC⁶, PD Accounts are created for discharging the liabilities of the Government arising out of special enactment, by debit to the Consolidated Fund. As per State Government's orders of April 2000, funds released during a particular financial year shall lapse by 31 March of next financial year (lapsable deposits under category 'C') and the administrators of PD accounts are required to close such accounts and transfer the unspent balances back to the Government account. Test check in Audit revealed that in violation of Government orders, ₹ 374.28 crore of lapsable deposits have not been lapsed to Government at the end of the financial year 2012-13. Due to non-rendering of administrator-wise PD accounts details to the Office of PAG (A&E), the details of expenditure met from the funds transferred to PD Account and transfer of unspent balances back to Government Account could not be verified in Audit in all the cases.

As per records of District Treasury Officers (DTOs) 1,02,520 PD accounts were in operation as of 31 March 2013 with a closing balance of ₹ 13,090 crore. The opening balance of 2012-13 differed from the closing balance of 2011-12 by 14,030 PD accounts (increased) and ₹ 9,212 crore (decreased), which has not been reconciled by the respective departments. The Director of Treasuries and Accounts (DTA) intimated Audit (July 2012) about the existence of 1,16,638 PD accounts with a closing balance of ₹ 23,483 crore as on 31 March 2012. The details in this regard as of 31 March 2013 were not furnished by the DTA despite specific request (October 2013). ***The variation between the figures of DTOs and DTA and between the opening and closing balances needs attention and reflects poorly on the funds control mechanism of the Government.***

Out of 1,02,520 PD accounts in the State, 23,317 pertain to various Panchayat Raj Institutions (PRIs) like Gram Panchayats/Mandal Praja Parishads/Zilla Praja Parishads, and Municipal Bodies like Town Panchayats/Municipalities/Municipal Corporations etc. As per Panchayat Raj Act, 1994 and Municipalities Act, 1965 all moneys received by the local bodies (both PRIs as well as urban local bodies) shall be kept in a 'Fund' (General Fund in PRIs and Municipal Fund in urban local bodies). These funds are in the nature of PD accounts and as per the Acts governing these bodies, no money received by these bodies can be expended without first accounting for it and remitting in to Treasury.

Audit scrutiny of operation of General Fund and Municipal Fund in 20 GPs and 38 urban local bodies on a sample basis during the year revealed several irregularities in operation of these Funds and accountal of receipts. Significant instances are listed below.

- Revenue collections were remitted to Savings Bank Account instead of to Fund/PD account in violation of APPR Act, which had the impact of placing the funds outside Government account. The total amount in this regard in the test checked GPs⁷ was ₹ 3.72 crore.

⁶ Article 271 (4) of Andhra Pradesh Financial Code

⁷ Shamshabad: ₹42.94 lakh; Ibrahimpatnam: ₹31.42 lakh; Boduppal: ₹2.98 crore

- Funds were held as 'Cash in hand' instead of remitting to Fund/PD account. During 2012-13, the amount so retained was ₹ 15.84 lakh (Shamshabad GP: ₹ 9.24 lakh; Wyrā GP: ₹ 6.60 lakh).
- There were delays in remitting tax collections into Fund/PD account with the Treasuries in 19 out of 20 test checked GPs. The delays ranged from one day (Ibrahimpattam) up to 488 days (Shamshabad GP).
- Some GPs have not remitted the tax collections in full to Fund/PD account, and the possibility of misappropriation cannot be ruled out. The non-remittance in the test checked GPs was ₹ 5.39 lakh during the period 2010-11 to 2012-13. Further, ₹ 1.52 lakh collected as tax (2008-09 to 2012-13) was misappropriated in Boduppall GP.
- There was ₹ 10 lakh difference between the opening and closing balances of Fund/PD account Cash Book in Shamshabad GP.
- None of the test checked GPs have reconciled the Fund/PD account Cash Book with Treasury Pass Book. Missing credits or debits in the Fund/PD account would not come to the notice of the GPs in the absence of such reconciliation.

Audit review of maintenance of PD accounts on a sample basis revealed numerous instances of parking funds in these accounts for several years without utilizing for the sanctioned purpose. Illustrative cases are given below:

- i. **Non-utilisation of funds for sanctioned purpose:** Eleventh and Twelfth Finance Commission grants amounting to ₹ 67.36 crore were placed in the PD Account of the Chief Executive Officer (CEO), ZPP, Rangareddy District (PD account No.13) during 2003-12 for e-panchayat project. While only ₹ 6.86 crore out of this amount was spent on the envisaged work up to March 2012, the remaining amount was placed in the Commissioner's PD account during January-March 2013 and parked in FDRs thereafter. The General Fund PD account of CEO, ZPP, Rangareddy also has an accumulated balance of ₹ 79.41 crore lying unutilized during 2012-13.
- ii. **Issue of self cheques to Bank Managers:** Government issued orders⁸ prohibiting issue of self cheques or cheques in the name of Manager of any bank. In violation of these orders, self cheques were issued to Bank Managers from Fund/PD account in several ZPPs and an amount of ₹ **599.18 crore** was drawn from Fund/PD account by DTOs through self cheques.
- iii. **Missing cheques:** As per cheque issue register of ZPP, Nalgonda (Fund/PD Account No.108), details of 265 cheques issued were not available. Therefore, Audit could not verify the details of the amounts paid through these cheques and the recipients of such amounts.

⁸ G.O.MS.No.43 Finance and Planning (W&M) Department dated 22-04-2000.

- iv. **Drawal of cheques without counter signature:** Drawal of cheques exceeding ₹ 10 lakh each should be countersigned by the Secretary to Government, Finance Department. However, DTO (Urban) Hyderabad allowed drawal of ₹ **376.40 crore** through 36 cheques exceeding ₹ 10 lakh each during 2012-13 without the counter signature of Secretary, Finance Department.
- v. **Non-receipt of Certificate of Acceptance of Balances (CABs):** If the Certificate of Acceptance of Balance is not received from the Administrator within the stipulated time, the Treasury Officer may withhold further payments. Despite non-receipt of CABs from 9,631 PD Account Administrators, the DTOs concerned allowed them to draw further funds from PD accounts.
- vi. **Social Security Pensions – Undisbursed pension funds lying outside Government Account:** In 2006, State Government brought all the Pension schemes under the Rural Development (RD) Department and entrusted the responsibility for release of funds and monitoring of the Pension schemes to the Society for Elimination of Rural Poverty (SERP), an agency under RD Department. An amount of ₹ 153.29 crore was lying in the SB Account of SERP on account of undisbursed pension during the period February 2012 to March 2013. Considering that this amount was lying outside Government account, Government needs to take measures to remit it back to the Government account.

In its written reply (December 2013), Government stated that PD Account cheques are being cleared online only after verifying the balances available with each of the PD Account Administrators. During the Exit Conference (December 2013), Government replied that they have instituted a Task Force to look into the entire gamut of PD Accounts and based on its recommendations, orders have been issued to streamline maintenance of PD Accounts. It was further stated that the Director, Local Fund Audit was asked to look into this issue specifically with regard to local bodies and assured that effective action would be initiated once that report is received.

3.6 Pendency of Detailed Contingent bills

As per Government orders,⁹ amount drawn on Abstract Contingent (AC) bills should be adjusted by submitting Detailed Contingent (DC) bills for the expenditure incurred, to the PAG (A&E)/Pay and Accounts Officer with supporting vouchers within one month of drawal of such amounts. In any event, a third AC bill is not to be admitted until the first AC bill is settled.

However, despite flagging this issue at regular intervals, as of 31 March 2013, DC bills were yet to be submitted for ₹ 1,210 crore drawn on AC bills. The year-wise details in this regard are given below.

⁹ G.O.Ms.No.285 Finance (TFR-II) Department dated 15-10-2005, Andhra Pradesh Treasury Code, Rule 16, sub Rule 18 (d) and G.O. No.s 391 and 507 of April/May 2002 of Finance Department

Table 3.1: Amount drawn on Abstract Contingent Bills

(₹ in crore)

Year	AC bills drawn		DC bills Submitted		DC bills pending	
	Number	Amount	Number	Amount	Number	Amount
Up to 2007-08	89,837	793	72,463	655	17,374*	138*
2008-09	7,383	158	6,088	145	1,295	13
2009-10	4,447	458	3,732	362	715	96
2010-11	3,158	774	2,599	659	559	115
2011-12	2,546	941	2,025	473	521	468
2012-13	2,285	658	1,018	278	1,267	380
Total	1,09,656	3,782	87,925	2,572	21,731	1,210

Source: Information from office of PAG(A&E)

*Excludes 82,130 AC bills for ₹222 crore upto 2002-03 for which details are not available.

Note: 237 AC bills for ₹44 crore in respect of PAO (Hyderabad) for 2004-13 which are under reconciliation are not included.

With ₹ 831 crore, Agriculture department tops the list of pendency in submitting DC bills followed by Revenue department with ₹ 224 crore and Secondary Education department with ₹ 59 crore as of March 2013. The department-wise details of AC bills for which DC bills are pending is given in **Appendix 3.5**. Among the districts, Anantapur accounted for the highest amount (₹ 283.63 crore) drawn on AC bills where the DC bills were not submitted.

Non-submission of DC bills even after the lapse of 10 years raises concerns about proper utilization of amounts drawn on AC bills. A review of working of Treasuries and PAO, Hyderabad during 2012-13 revealed the following.

- i. Out of ₹ 3,782 crore drawn on AC bills, ₹ 531.43 crore was paid through 17,449 AC bills by various DTOs in violation of Government orders not to honour third AC bill till the settlement of amounts drawn through the first AC bill.
- ii. While Government provided budget specifically under other grants-in-aid towards relief on account of natural calamities like drought for drinking water supply, flush and desilting (rural), Joint Director of Agriculture (JDA), Mahabubnagar drew ₹ 227.12 crore on 60 AC bills during 2009-13 of which DC bills were yet to be submitted for an amount of ₹ 101.55 crore as of June 2013.
- iii. JDA Ananthapur (₹ 187.26 crore), Srikakulam (₹ 106 crore) and Assistant Director of Agriculture (ADA) Srikakulam (₹ 71 lakh) drew (June 2011 to November 2012) money on AC bills for payment of input subsidy to farmers on account of natural calamities. However, the related DC bills were not submitted as of 31 March 2013.
- iv. Out of ₹ 115.53 crore released (May and June 2011, and April 2012) by the Commissioner and Director of Agriculture (CDA), an amount of ₹ 4.32 crore being unspent balance was deposited in Banks¹⁰ by JDA, Srikakulam instead of remitting to Government. In the absence of a DC bill, the details of amount spent and the balances could not be ascertained in audit.

¹⁰ APGVB, Srikakulam ₹ 3.58 crore and SBI, Srikakulam ₹ 0.74 crore

- v. District Collector, Mahabubnagar drew ₹ 3.93 crore in April 2010 on AC bill towards Calamity Relief Fund to mitigate the problem of scarcity of drinking water in rural areas and parked the amount in bank account. While ₹ 3.68 crore of this amount was utilised over a period of two years, the unspent balance of ₹ 25 lakh was lying in the bank account as of June 2013. DC bill for the entire amount is awaited.

Government stated (December 2013) that the Finance Department is constantly reviewing this issue and making efforts to reduce the number of AC bills pending with various Heads of Department.

3.7 Operation of omnibus Minor Head 800

The omnibus Minor Head - 800 accommodates the expenditure which could not be classified under the available programme minor heads. During 2012-13 expenditure aggregating ₹ **18,206 crore**, constituting 15.45 per cent of the total expenditure was classified under omnibus Minor Head '800-Other Expenditure' in respect of over 50 Major Heads in both revenue and capital sections. Similarly, revenue receipts aggregating ₹ **4,123 crore** accounting for 3.97 per cent of total revenue receipts were classified under the omnibus Minor Head '800-Other Receipts' under 45 Major Heads. Classification of large amounts under the omnibus Minor Head '800-Other Expenditure/Receipts' affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Government stated (December 2013) that it had taken corrective action with regard to operation of Minor Head '800' while finalizing the budget estimates for 2013-14 and assured that efforts would be made in consultation with the Heads of Department to transfer the schemes to respective minor heads in BE 2014-15. Government also expressed hope that with the operationalisation of CFMS from the next financial year, the systemic deficiencies would be overcome.

3.8 Implementation of Indian Government Accounting Standards (IGAS)

3.8.1 Guarantees given by State Government

IGAS-1 requires that sector-wise and class-wise disclosures on guarantees given by the State Government should be incorporated in Finance Accounts from the year 2011-12 onwards. Although sector-wise details have been disclosed, class-wise details were not incorporated in Finance Accounts of the State.

3.8.2 Accounting and Classification of Grants-in-aid

As per IGAS-2, expenditure relating to Grants-in-aid should be classified as revenue expenditure even if it involves creation of assets, except in cases specifically authorized by the President on the advice of the Comptroller and Auditor General of India. State Government however, booked an expenditure of ₹ 1.47 crore under Capital section instead of under Revenue section.

3.9 Debt, Deposit and Remittance heads

Audit review of debt, deposit and remittance (DDR) heads during 2012-13 revealed the following.

3.9.1 Public Debt

Article 293 of the Constitution of India empowers State Government to borrow funds within the territory of India, upon the security of the Consolidated Fund of the State within such limits as may vary from time to time, to be fixed by an Act of the State Legislature.

3.9.1.1 Adverse Balances under MH 6003-Internal Debt

Adverse balances (Minus balances) under Loan heads indicate that the repayment was more than the loans availed of by the Government. Government departments that directly avail of loan have been classifying such loan amounts as their receipts, while in respect of SPVs and companies/corporations, these amounts do not enter Government accounts. Loan repayments are however, booked as debit under MH-6003-Internal debt in Government accounts which result in adverse balances. During 2012-13 adverse balances of ₹ 3,896 crore appeared under MH 6003-109-Loans from other Institutions due to accounting for payments without corresponding credits. These balances pertain to AP State Irrigation Development Corporation, AP Road Development Corporation, AP Power Finance Corporation Limited, and AP TRANSCO Bonds.

Government stated during the Entry Conference (August 2013) that it was a legacy issue and was being addressed. During the Exit Conference (December 2013) Government stated that it is difficult to book the expenditure to revenue account since it would impact the revenue surplus. It was however assured that the Government was exploring various options to deal with these adverse balances.

3.9.2 Deposits and Advances

3.9.2.1 Deposits

Government receives deposits for various purposes by or on behalf of various public bodies and members of the public, which are accounted for by repayment or otherwise. Government sometimes decides to set aside sums from the revenues of a year or a series of years, to be accumulated as a “fund”. The balance at the credit of such a “fund” is held as a deposit and expended on specified objects.

Deposits and Advances are divided into three categories. Details of these categories and the balances outstanding under these as of 31 March 2013 were as follows:

Deposits bearing Interest	₹ 4,145.79 crore	Credit balance
Deposits not bearing Interest	₹ 11,447.45 crore	Credit balance
Advances	₹ 22.97 crore	Debit balance

Audit review of balances under 'Deposits' during 2012-13 revealed the following.

- **Adverse Ledger Balances under Deposit Accounts:** Adverse/negative balance of ₹ 2,264.54 crore was outstanding under deposits at the end of 31 March 2013. A deposit account can have either a positive balance or nil balance. Negative balance indicates that the expenditure is more than the amount deposited. This can be due to misclassification or over payment in the Pay and Accounts Office/District Treasury Offices. Government needs to investigate into this adverse/negative balance and take appropriate corrective action.
- **Non-receipt of cheques in support of payments:** Manual of Treasury Accounts Department¹¹ stipulates that payments have to be supported by vouchers/cheques containing full details of payments made. However, in violation of this Manual, Treasuries have not furnished 4,583 cheques to PAG (A&E) for an amount of ₹ 327 crore. Out of these, 4238 cheques pertain to the last three years alone and relate to payment of ₹ 313.46 crore. Year-wise pendency in this regard is given in **Appendix 3.6**.
- **Unclaimed deposits of General Provident Fund (GPF):** Unclaimed deposits of ₹ 1.27 crore remained under General Provident Fund without remittance to the Consolidated Fund of the State in violation of Government orders dated April 2000.

3.9.2.2 Civil Advances

As per Article 236 of AP Financial Code, the functioning of Government often necessitates placing of funds at the disposal of Government Servants as temporary cash advances for public purposes. These are to be adjusted as expenditure under the appropriate heads of account or recovered from the parties concerned. Civil Advances of ₹ 9.18 crore were lying in inoperative heads of account for over three years. Government needs to review these advances and take appropriate corrective action.

3.9.3 Remittances

Remittances embrace all transactions which are adjusting heads of account and the debits or credits under these heads are eventually cleared by corresponding credit or debit either within the same or in another circle of accounting. Audit scrutiny of balances under remittances revealed the following.

- **Delay in furnishing Schedule of Settlement with Treasuries (SSTs):** 1,574 SSTs¹² were due from Treasuries/PAOs and an amount of ₹ 1,368.60 crore (₹ 63.77 crore under Forest remittances/cheques and ₹ 1,304.83 crore under Public works cheques) was lying unadjusted as of 31 March 2013 for want of SSTs from the Treasuries/PAOs. These balances have been outstanding from 2006-07 onwards.

¹¹ Para 197 (i)(a) of Manual of Treasury Accounts Department (Volume-I)

¹² 1,052 of Forest & 522 of Public Works

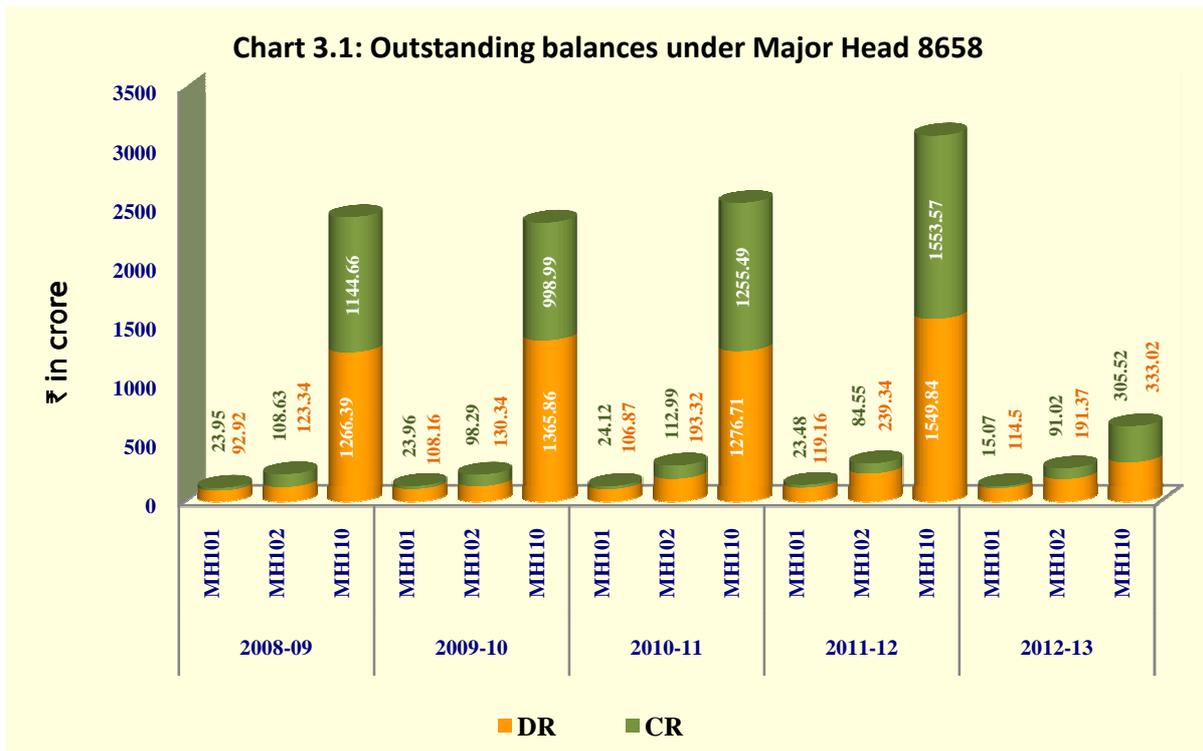
- **Public Works and Forest:** Remittances of ₹ 668.76 crore (Public Works) and ₹ 4.04 crore (Forest) into Treasury were lying unadjusted as of 31 March 2013. These balances have been outstanding from 2006-07 onwards due to non-receipt of SSTs and misclassification.
- **Public Works & Forest Cheques:** Cheques for an amount of ₹ 636.07 crore (Public Works) and ₹ 40.74 crore (Forest) pertaining to the period 2006-07 onwards were lying unadjusted as of 31 March 2013 due to non-receipt of SSTs and misclassification by the PAO/Treasuries.
- **Other Remittances:** The transactions under this head of account comprise of remittances by third parties like contractors and others directly into the Treasuries. An amount of ₹ 166.52 crore was lying unadjusted in this regard as of 31 March 2013 due mainly to non-availability of item-wise details.
- **Adjusting Account between Central and State Governments:** This head of account deals with the transactions between Central and State Governments like Central civil pensions paid at State Treasuries, cost of supplies made by DGSD, loans granted by Central Government to the State, repayment of loans/interest, grants-in-aid sanctioned by GoI and share of net proceeds of union receipts etc. There was an outstanding credit balance of ₹ 4.18 crore and a debit balance of ₹ 16.94 lakh under this head to the end of 31 March 2013. These balances have been outstanding for over five years.

Government needs to review and analyse all the unadjusted transactions/amounts mentioned above and take appropriate corrective action expeditiously.

3.10 Outstanding balances under Suspense Account (Major Head 8658)

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final head of account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final head of account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

The net balance under Major Head "8658-Suspense Accounts" in Finance Accounts of the Government of Andhra Pradesh was ₹ 292.60 crore (Debit) as on 31 March 2013. Finance Accounts reflect the net balances under Suspense accounts and therefore, the real magnitude of the outstanding amounts under these heads of account does not get reported in the annual accounts of the Government presented to the State Legislature. The position of suspense balances (Debit/Credit) under the important Minor Heads during the last five years is given below.



Source: Finance Accounts and Ledgers maintained by PAG(A&E)

3.10.1 Pay and Account Office – Suspense (MH 101)

This minor head is operated for the settlement of inter-departmental and inter governmental transactions arising in the books of PAOs under the Union Government, PAOs of the Union Territories and the Accountant General. Transactions under this minor head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer against whom the minor head PAO Suspense has been operated. The outstanding debit balance under this head was ₹ 114.50 crore and the credit balance was ₹ 15.07 crore at the end of the year 2012-13. The outstanding debit balance was mainly in respect of PAO, Central Pensions, New Delhi (₹ 56.78 crore) and PAO, Shipping & Transport, Bangalore (₹ 26.99 crore). The outstanding credit balance was mainly in respect of PAO, Department of Economic Affairs (₹ 12.65 crore).

3.10.2 Suspense Account – Civil (MH 102)

The transactions which cannot be taken to the final expenditure/receipt head of account for want of certain information/documents (challans, vouchers etc.,) are at the first instance booked under this suspense head. The outstanding balance under this Minor Head as on 31 March 2013 was ₹ 191.37 crore (Debit) and ₹ 91.02 crore (Credit) indicating that an amount of ₹ 282.39 crore was required to be adjusted in respect of receipts and expenditure separately to their respective final heads of account. Major debit balances were outstanding in respect of FA&CAO, South Central Railway (₹ 76.28 crore), Charges/Charges Adjusted (₹ 42.18 crore) and Remittances in Treasuries in other accounting system (₹ 55.13 crore), whereas major credit balances were outstanding in respect of cheques drawn on treasuries in other accounts circles (₹ 56.60 crore), Tungabhadra Project Suspense- Remittances (₹ 12.67 crore) and Tungabhadra Project Suspense (₹ 7.18 crore) under this Minor Head.

3.10.3 Reserve Bank Suspense-Central Accounts Office (MH 110)

When transfer of huge balances between Central and State Governments take place on account of sanction of loan, grants-in-aid etc., the Minor Head 110-Reserve Bank Suspense-Central Accounts Office under Major Head-8658 is operated to record the transaction before taking it to its final head of account. The outstanding balances under this head as on 31 March 2013 were ₹ 333.02 crore (Debit) and ₹ 305.52 crore (Credit) which indicate that repayment of loans was understated by ₹ 333.02 crore and the amount of loans received from the GoI was understated by ₹ 305.52 crore. However, the Finance Accounts show a balance of ₹ 27.50 crore (Debit) since the balances were netted, which does not reflect the actual loans and repayments position of the State.

3.10.4 Inter-State Suspense - MH 8793

Transactions arising in a State Treasury relating to another State Government are classified under this category. On receipt of monthly accounts from Treasury and on completion of booking, transactions are verified and advices issued to the RBI for making necessary transfer of balances from one State to another. On receipt of intimation of the adjustment by RBI through 'clearance memos' the amounts shown under this head are withdrawn. An amount of ₹ 43.03 crore was lying unadjusted under Inter-State Suspense MH-8793 as on 31 March 2013 for want of clearance memos from RBI. Treasuries need to reconcile and clear these balances.

3.10.5 Outstanding balances under inoperative Subheads

Balances of ₹ 4.29 crore (Debit) were outstanding for more than four years under some inoperative sub heads. Government should take steps to review all inoperative subheads and verify if the purpose for which it was created is still valid.

3.10.6 Cheques and Bills

There was a debit balance of ₹ 100.58 crore under MH 8670 Cheques and Bills as on 31 March 2013. During 2012-13, cheques worth ₹ 22,494.25 crore were issued, against which cheques worth ₹ 22,717.74 crore were encashed, leaving a closing balance of ₹ 100.58 crore (Debit). The debit balance under MH 8670 indicates encashment of cheques in excess of issue, which needs to be investigated by the Government for probable misclassification or overpayment.

3.11 Non-receipt of supporting documents

Apart from the numerous accounts and amounts figuring under 'Suspense' heads as detailed above, supporting vouchers (numbering 76,669) for an expenditure of ₹ 4,233.38 crore relating to financial years 2002-03 to 2011-12 were not provided by the Treasuries to the Accountant General's Office. Further, supporting vouchers (numbering 21,751 of which around 4,000 were received by end of September 2013) for an expenditure of ₹ 1,608 crore relating to current year were not made available. A majority of these vouchers pertain to grants-in-aid, pay bills, pension payment and contingent bills. Government needs to take stringent measures to streamline the system of payments at all the account rendering units like Treasuries, PAOs, Public Works and Forest divisions and ensure that no expenditure is

admitted without supporting documents/vouchers. To ensure that these vouchers do not involve possible fraudulent payments, it is vital that the treasury officers and other accounts rendering officers concerned make concerted efforts to trace and forward the wanting vouchers/furnish certificate of payment as per extant rules.

During the Exit Conference (December 2013), Government assured that it would examine this issue in-depth and take corrective action starting with the vouchers relating to the current year.

3.12 Conclusion

Non submission of UCs by State Government to GoI and lower tiers of government to the State Government for funds released to them for implementation of specific socio-economic developmental programmes and delay in submission of annual accounts for audit by several State autonomous bodies/institutions reflects a violation of established rules and regulations. Large unspent balances lying in PD accounts, delay in submission of DC bills for almost a decade and non-maintenance of proper accounting records not only delay/deprive delivery of the intended benefits to the targeted population, but also render the system vulnerable to frauds and embezzlement of public funds.

Operation of omnibus Minor Head '800' for recording receipts as well as expenditure affected transparency in financial reporting. Large adverse balances under Debt, Deposit and Remittance and Suspense heads of account, non-lapsing of amounts under lapsable deposits, non-furnishing of Schedule of Settlement by the Treasuries/PAOs, non-receipt of clearance memos from RBI etc., indicate control deficiencies and result in understatement of Government's receipts and payments. Outstanding balances under inoperative PD accounts and DDR heads for long periods reflect gaps in monitoring mechanism.

Non-reconciliation of expenditure and receipts and non-submission of certificates of assurance by the CCOs with regard to their adherence to rules and regulations and conformity with budgetary provisions point to inadequate control mechanism for risk management in State Government. Non-furnishing of 4,583 cheques for an amount of ₹ 327 crore by the Treasuries and absence of over 94,420 supporting vouchers for an expenditure of ₹ 5,841 crore requires attention and raises serious concerns about the quality of accounts.

3.13 Recommendations

- 1. Government needs to adopt a stringent follow up mechanism to ensure that the departments adhere to the rules and regulations in the submission of UCs, DC bills and accounts for audit. Operation of omnibus Minor Head '800' should be minimized and discouraged. Correct classification of expenditure and receipt should be ensured. Adverse balances should be reduced drastically so as to improve transparency in Government accounts.*

2. *Government needs to streamline the system of payments at all the account rendering units like Treasuries, PAO, Public Works and Forest divisions and ensure that no expenditure is admitted without supporting documents/vouchers. To ensure that these vouchers do not increase vulnerability of fraudulent payments, it is vital that the treasury officers and other accounts rendering officers concerned make concerted efforts to trace and forward the wanting vouchers/furnish certificate of payment as per extant rules.*

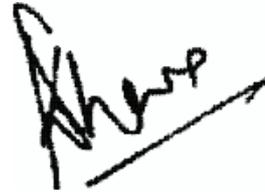


(VANI SRIRAM)

Principal Accountant General (G&SSA)
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Hyderabad
The

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

New Delhi
The

Appendices

Appendix 1.1
State Profile of Andhra Pradesh
(Refer para on State Profile, page 1)

A General Data				
Sl.No	Particulars			Figures
1	Area			2,75,000 Sq.Km.
2	Population			
	a.	As per 2001 Census		7.62 crore
	b.	As per 2011 Census		8.47 crore
3	a.	Density of Population (as per 2001 Census) (All India Density = 325 persons per Sq. Km.)		277 persons per Sq.Km.
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq.Km.)		308 persons per Sq.Km.
4	*Population Below Poverty Line (BPL) (All India Average=21.92 per cent)			9.20 per cent
5	a.	Literacy (as per 2001 Census) (All India Average=64.8 per cent)		60.47 per cent
	b.	Literacy (as per 2011 Census) (All India Average=74.0 per cent)		67.66 per cent
6	Infant mortality**(per 1000 live births) (All India Average = 42 per 1,000 live births)			41
7	Life Expectancy at birth*** (All India Average = 66.1 years)			64.4 years
8	Gini Coefficient****			
	a.	Rural (All India = 0.29)		0.28
	b.	Urban (All India = 0.38)		0.38
9	Gross State Domestic Product (GSDP) 2012-13 at current price			₹ 7,45,782 crore
	Per capita GSDP CAGR (2003-04 to 2012-13)		Andhra Pradesh	15.18
			General Category States	14.94
10	GSDP CAGR (2003-04 to 2012-13)		Andhra Pradesh	16.35
			General Category States	16.37
11	*****Population Growth (2003-04 to 2012-13)		Andhra Pradesh	9.50
			General Category States	13.22
B Financial Data				
Particulars				
CAGR¹		2002-03 to 2011-12		2002-03 to 2012-13
		General States	Category Andhra Pradesh	Andhra Pradesh
(in per cent)				
a.	of Revenue Receipts	17.48	16.88	16.21
b.	of Own Tax Revenue	17.44	18.39	17.71
c.	of Non Tax Revenue	12.64	15.85	18.01
d.	of Total Expenditure	14.15	15.04	14.65
e.	of Capital Expenditure	16.83	18.88	17.90
f.	of Revenue Expenditure on Education	16.85	15.65	14.98
g.	of Revenue Expenditure on Health	15.35	16.55	15.37
h.	of Salary and Wages	14.18	14.67	14.38
i.	of Pension	18.36	20.96	19.54

* Press note July 2013 Planning Commission BPL 2011-12 by Tendulkar methodology.

** Infant Mortality rate (SRS Bulletin September 2013).

*** Life Expectancy at birth (Office of the Registrar General of India, Ministry of Home Affairs), Economic Review 2010-11.

**** Gini-coefficient (Unofficial estimates of Planning Commission and NSSO data, 2009-10; 66th Round
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.

***** Projected total population 2001-2026 by Census India.

¹ Details of CAGR worked out on the basis of information furnished by the 16 General Category States (excluding Delhi, Goa and Puducherry)

Appendix 1.2

Structure of Government accounts and layout of Finance Accounts

(Refer paragraph 1.1, page 2)

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: The 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 Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

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

Layout of Finance Accounts

Statement No.	Layout
1	Statement of financial position – Cumulative figures of assets and liabilities of the Government, as they stand at the end of the year.
2	Statement of receipts and disbursements showing all receipts and disbursements of the Government in respect of Consolidated Fund, Contingency Fund and Public Account during the year.
3	Statement of receipts (Consolidated Fund) – comprises revenue and capital receipts and receipts from borrowings by the Government consisting of loans from the GOI, other institutions, market loans raised by the Government and recoveries on account of loans and advances made by the Government.
4	Statement of expenditure (Consolidated Fund) – gives expenditure by function and also summarises expenditure by nature activity.
5	Statement of progressive capital expenditure by function.
6	Statement of borrowings and other liabilities of Government.
7	Statement of loans given by the Government – loans and advances are summarized sector and loanee group wise.
8	Statement of grants-in-aid given by the State Government., organized by grantee institutions group wise.
9	Statement of guarantees given by the Government for repayment of loans etc raised by the statutory corporations, local bodies and other institutions.
10	Statement of Voted and Charged expenditure of the Government during the year.
11	Detailed account of Revenue and Capital receipts by Minor Heads.
12	Detailed account of revenue expenditure by minor heads under non-plan, plan and centrally sponsored schemes separately.
13	Detailed capital expenditure incurred during and to the end of the year.
14	Details of investments of the State Government in statutory corporations, Government companies, other joint stock companies, cooperative banks and societies etc., up to the end of the year.
15	Detailed statement of borrowings and other liabilities by Minor Heads.
16	Detailed statement of loans and advances given by the Government.
17	Detailed statement on sources and application of funds for expenditure other than revenue account.
18	Detailed statement of Contingent Fund and Public Account transactions.
19	Detailed statement of investment out of reserve funds and earmarked funds.
Appendices	In addition to the above 19 statements Finance Accounts also contain 13 appendices giving the details on salaries, subsidies, grants-in-aid – scheme-wise and institution –wise, details of externally aided projects, scheme-wise expenditure in respect of major Central Schemes and State Plan Schemes etc.

Appendix 1.3
Abstract of Receipts and Disbursements in 2012-13
(Refer paragraph 1.2; page 2)

(₹ in crore)

Receipts			Disbursements				
2011-12		2012-13	2011-12		2012-13		
					Non Plan	Plan	Total
Section-A: Revenue							
93554	I. Revenue receipts	103830	90415	I. Revenue expenditure	77461	25241	102702
53284	Tax revenue	59875	29874	General Services	33007	57	33064
			38017	Social Services	23150	18455	41605
11694	Non-tax revenue	15999	14934	Education, Sports, Art and Culture	13277	3113	16390
			5026	Health and Family Welfare	3409	1937	5346
17751	State's share of Union Taxes	20271	3318	Water Supply, Sanitation, Housing and Urban Development	1103	2219	3322
3499	Non-Plan grants	784	312	Information and Broadcasting	71	129	200
3957	Grants for State Plan Schemes	3223	5756	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1633	5556	7189
3369	Grants for Central and Centrally sponsored Plan Schemes	3678	264	Labour and Labour Welfare	175	106	281
			8367	Social Welfare and Nutrition	3442	5395	8837
			40	Others	40	0	40
			22309	Economic Services	21146	6729	27875
			4189	Agriculture and allied Activities	1815	2827	4642
			3680	Rural Development	2063	1500	3563
			6895	Irrigation and Flood Control	8529	355	8884
			4416	Energy	6289	3	6292
			470	Industry and Minerals	224	688	912
			1639	Transport	1982	173	2155
			13	Science, Technology and Environment	2	28	30
			1007	General Economic Service	242	1155	1397
			215	Grants-in-aid and Contributions	158	0	158
---	II. Revenue deficit carried over to Section B	---	3138	II. Revenue Surplus carried over to Section B			1128

Section-B: Others							
8830	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	9322	---	III. Opening Overdraft from RBI	---	---	---
---	IV. Miscellaneous Capital receipts	---	13722	IV. Capital Outlay	12	15137	15149
			83	General Services	0	212	212
			830	Social Services	0	1072	1072
			121	Education, Sports, Art and Culture	0	278	278
			74	Health and Family Welfare	0	82	82
			178	Water Supply, Sanitation, Housing and Urban Development	0	238	238
			390	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0	394	394
			13	Social Welfare and Nutrition	0	22	22
			54	Others	0	58	58
			12809	Economic Services	12	13853	13865
			77	Agriculture and allied Activities	0	11	11
			0	Rural Development Programme	0	0	0
			10783	Irrigation and Flood Control	0	10659	10659
			33	Energy	0	91	91
			8	Industry and Minerals	0	8	8
			1206	Transport	12	2099	2111
			702	General Economic Services	0	985	985
164	V. Recoveries of Loans and Advances	426	4983	V. Loans and Advances disbursed	89	3824	3913
35	From Power Projects	211	1475	For Power Projects	0	373	373
93	From Government Servants	168	220	To Government Servants	87	0	87
36	From others	47	3288	To Others	0	3453	3453
3138	VI. Revenue surplus brought down	1128	---	VI. Revenue deficit brought down	---	---	---
19450	VII. Public Debt receipts	23311	6761	VII. Repayment of Public Debt	---	---	7677
16731	Internal Debt other than Ways and Means Advances and Overdraft	22128	5813	Internal debt other than Ways and Means Advances and Overdraft	---	6531	---
---	Net transactions of Ways and Means Advances including Overdraft	---	---	Net transactions of Ways and Means Advances including Overdraft	---	---	---
2719	Loans and Advances from Central Government	1183	948	Repayment of Loans and Advances to Central Government	---	1146	---

---	VIII. Appropriation to Contingency Fund	---	---	VIII. Appropriation to Contingency Fund	---	---	---
2	IX. Amount recouped to Contingency Fund	---	---	IX. Expenditure from Contingency Fund	2	---	2
86051	X. Public Account Receipt	94917	82848	X. Public Account disbursements	---	---	93201
3376	Small Savings and Provident Funds	3580	2156	Small Savings and Provident Funds	---	2390	---
2873	Net Reserve Funds	2243	1621	Net Reserve Funds	---	2436	---
19315	Net Suspense and Miscellaneous	22333	20026	Net Suspense and Miscellaneous	---	22599	---
17524	Remittances	18039	17427	Remittances	---	18720	---
42963	Deposits and Advances	48722	41618	Deposits and Advances	---	47056	---
---	XI. Closing Overdraft from Reserve Bank of India	---	9322	XI. Closing Cash Balance	---	---	9162
			5	Cash in Treasuries and Local Remittances	---	5	---
			403	Deposits with Reserve Bank and other Banks	---	-563	---
			2	Departmental cash balance including permanent advances	---	2	---
			8912	Cash balance investment and investment of earmarked funds	---	9718	---
211189	Total	232934	211189	Total			232934

Appendix 1.4

Actuals vis-à-vis Budget Estimates 2012-13

(Refer Paragraph 1.3; page 3)

(₹ in crore)

	B.E.	Actuals	Increase(+)/ Decrease(-)	Increase(+)/ Decrease(-) (in per cent)
1	2	3	(4) (3-2)	5
Revenue Receipts	116787	103830	-12957	-11.09
Taxes on Sales, Trade etc	45000	40715	-4285	-9.52
State Excise	10820	9129	-1691	-15.63
Taxes on immovable property other than agricultural lands	162	272	110	67.90
Taxes on vehicles	3640	3357	-283	-7.77
Stamps and Registration fees	4968	5115	147	2.96
Taxes on goods and Passengers	13	12	-1	-7.69
Land Revenue	153	62	-91	-59.48
Interest Receipts	8632	9626	994	11.52
Miscellaneous General Services	76	160	84	110.53
Non ferrous Mining and Metallurgical Industries	2734	2771	37	1.35
Revenue Expenditure	112342	102702	-9640	-8.58
General Education	17873	15260	-2613	-14.62
Water Supply and Sanitation	756	648	-108	-14.29
Pension and Other Retirement Benefits	11480	12089	609	5.30
Police	4161	4500	339	8.15
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	6935	7190	255	3.68
Health and Family Welfare	5779	5346	-433	-7.49
Social Welfare and Nutrition	9208	8837	-371	-4.03
Roads and Bridges	1722	1921	199	11.56
Secretariat - Economic Services	716	948	232	32.40
Forestry and Wild Life	509	374	-135	-26.52
Rural Development	5597	3563	-2034	-36.34
Urban Development	3952	2002	-1950	-49.34
Irrigation and Flood Control	10085	8884	-1201	-11.91
District Administration	1321	954	-367	-27.78
Administration of Justice	788	647	-141	-17.89
Interest Payments	12226	11662	-564	-4.61
Power	5616	6289	673	11.98
Capital Receipts	0	0	0	0
Capital Expenditure	19973	15149	-4824	-24.15
Revenue Surplus(+)/Deficit(-)	4445	1128	-3317	-74.62
Fiscal deficit (-)	-20009	-17508	2501	-12.50
Primary Surplus(+)/Deficit(-)	-7783	-5846	1937	-24.89

Appendix 1.5

Fiscal Responsibility and Budget Management (FRBM) Act, 2005

(Refer Paragraph 1.4; page 4)

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 to ensure prudence in fiscal management and to maintain fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. To ensure fiscal prudence, the Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles as laid down in the Act, and/or the rules framed there-under prescribed the following fiscal targets for the State Government:

- reduce revenue deficit by an amount equivalent to at least 0.32 percentage points of Gross State Domestic Product (GSDP) in each financial year, beginning from 1st day of April 2005, so as to eliminate it by 31st March 2009 and generate revenue surplus thereafter
- reduce fiscal deficit by an amount equivalent to at least 0.25 percentage points of GSDP in each financial year beginning from 1st day of April 2005 so as to bring it down to not more than 3 *per cent* by the year ending March 2009

The following clause was included in view of amendment of section 9, Act 34 of 2005 i.e. FRBM Act, 2005.

“(cc) ensure within the subsequent period of five years, beginning from the financial year on the 1st day of April 2010 and ending on the 31st day of March 2015, that the total outstanding liabilities do not exceed 27.6 per cent of the GSDP, as prescribed by the Govt. of India in pursuance of the recommendations of 13th Finance Commission, year wise as follows:

For the financial year 2010-11	30.3 <i>per cent</i> of GSDP
For the financial year 2011-12	29.6 <i>per cent</i> of GSDP
For the financial year 2012-13	28.9 <i>per cent</i> of GSDP
For the financial year 2013-14	28.2 <i>per cent</i> of GSDP
For the financial year 2014-15	27.6 <i>per cent</i> of GSDP

- Limit the amount of annual incremental risk weighted guarantees to 90 *per cent* of the total revenue receipt in the year preceding the current year.

Appendix 1.6

Time Series Data on State Government Finances

(Refer Paragraphs 1.6 & 1.12.2; pages 6 & 27)

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Part A Receipts					
1. Revenue Receipts	62858(99)	64678(100)	80996(100)	93554(100)	103830(100)
(i) Tax Revenue	33358(53)	35176(54)	45139(56)	53284(57)	59875(58)
Taxes on Sales, Trade, etc.	21852(66)	23640(67)	29145(65)	34910(66)	40715(68)
State Excise	5752(17)	5849(17)	8265(18)	9612(18)	9129(15)
Taxes on Vehicles	1801(5)	1995(6)	2626(6)	2987(6)	3357(6)
Stamps and Registration fees	2931(9)	2639(8)	3834(8)	4385(8)	5115(9)
Land Revenue	130	222(1)	171	141	62
Other Taxes	892(3)	831(2)	1098(2)	1249(2)	1497(3)
(ii) Non Tax Revenue	9683(15)	7803(12)	10720(13)	11694(12)	15999(15)
(iii) State's share in Union taxes and duties	11802(19)	12141(10)	15237(19)	17751(19)	20271(20)
(iv) Grants in aid from GOI	8015(13)	9558(15)	9900(12)	10825(12)	7685(7)
2. Misc. Capital Receipts	---	---	---	---	---
3. Recovery of loans and advances	370(1)	143(0)	173(0)	165(0)	426
4. Total revenue and Non-debt capital receipts (1+2+3)	63228(80)	64821(77)	81169(81)	93719(83)	104256(82)
5. Public Debt Receipts	15353(20)	19753(23)	18722(19)	19450(17)	23311(18)
Internal Debt (excluding Ways and Means Advances and Overdraft)	14956(97)	18185(92)	16260(87)	16731(86)	22128(95)
Net transactions under Ways and Means Advances and Overdraft	---	---	218(1)	---	---
Loans and Advances from Government of India	397(3)	1568(8)	2244(12)	2719(14)	1183(5)
6. Total Receipts in the Consolidated Fund (4+5)	78581(52)	84574(54)	99891(57)	113169(57)	127567(57)
7. Contingency Fund receipts	1	7(0)	---	2(0)	---
8. Public Account receipts	72503(48)	71780(46)	76218(42)	86051(43)	94917(43)
9. Total Receipts of Government (6+7+8)	151085	156361	176109	199222	222484
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	61854(82)	63448(80)	78534(84)	90415(83)	102702(84)
Plan	18993(31)	15442(24)	19701(25)	23664(26)	25241(25)
Non-plan	42861(69)	48006(76)	58833(75)	66751(74)	77461(75)
General Services (including interest payments)	18730(30)	21392(34)	26708(34)	29874(33)	33064(32)
Social Services	25004(40)	25757(41)	32314(41)	38017(42)	41605(41)
Economic Services	17807(29)	16213(25)	19346(25)	22309(25)	27875(27)
Grant in aid and contributions	313(1)	86(0)	166(0)	215(0)	158(0)
11. Capital Expenditure	10367(14)	13793(17)	11123(12)	13722(13)	15149(12)
Plan	10611(102)	13955(101)	11120(100)	13687(100)	15137(100)
Non-plan	(-244(-2))	(-162(-1))	3(0)	35(0)	12(0)
General Services	59	92(1)	108(1)	83(1)	212(1)
Social Services	324	639(4)	609(5)	830(6)	1072(7)
Economic Services	9984	13062(95)	10406(94)	12809(93)	13865(92)
12. Disbursement of Loans and Advances	3414	1590(2)	3315(4)	4983(6)	3913(3)
13. Total (10+11+12)	75635	78831(93)	92972	109120(94)	121764(94)

14.	Repayment of Public Debt	4833	6277(7)	7881	6761(6)	7677(6)
	Internal Debt (excluding Ways and Means Advances and Overdraft)	4045	4782(76)	6160(77)	5813(86)	6531(85)
	Net transactions under ways and Means Advances and Overdraft	---	---	218(3)	---	---
	Loans and Advances from Government of India	788	1495(24)	1557(20)	948(14)	1146(15)
15.	Appropriation to Contingency Fund	---	---	---	---	---
16.	Total disbursement out of Consolidated Fund (13+14+15)	80468	85108(55)	100853	115881(79)	129441(58)
17.	Contingency Fund Disbursements	7	X	2	---	2
18.	Public account disbursement	74149	70243(45)	72407	82848(42)	93201(42)
19.	Total disbursement by the state (16+17+18)	154624	155351	173262	198729	222644
Part C. Deficits						
20.	Revenue Deficit(-)/Surplus(+) (1-10)	1004	1230	2462	3138	1128
21.	Fiscal Deficit(-)/Surplus (+) (4-13)	-12407	-14010	-11803	-15401	-17508
22.	Primary Deficit (-)/Surplus (+) (21-23)	-4350	-5096	-2128	-4840	-5846
Part D. Other Data						
23.	Interest Payments (included in revenue expenditure)	8057	8914	9675	10561	11662
24.	Financial Assistance to local bodies etc.	24807	19842	22914	33010	34820
25.	Ways and Means Advances/Overdraft availed (days)	---	1	3	---	---
26.	Interest on Ways and Means Advances/Overdraft	---	Y	---	---	---
27.	Gross State Domestic Product (GSDP)[#]	426765	476835 (TRE)	570992 (SRE)	655181 (FRE)	745782 (PE)
28.	Outstanding fiscal liabilities (year end)[®]	106917	119807	134905	150512	169084
29.	Outstanding guarantees (year end)	15239	13135	12290	12286	14861
30.	Maximum amount guaranteed (year end)	29990	20324	299554	23543	38084
31.	Number of incomplete projects[^]	30	206	188	228	528
32.	Capital blocked in incomplete projects[^]	19892	36165	46330	49516	71595
Part E. Fiscal Health Indicators						
I	Resource Mobilization					
	Own Tax revenue/GSDP	0.078	0.074	0.079	0.081	0.080
	Own Non-Tax revenue/GSDP	0.023	0.016	0.019	0.018	0.021
	Central transfers/GSDP	0.046	0.046	0.044	0.044	0.027
II	Expenditure Management					
	Total expenditure/GSDP	0.177	0.165	0.163	0.167	0.163
	Total Expenditure/Revenue Receipts	1.203	1.219	1.148	1.166	1.173
	Revenue Expenditure/ Total Expenditure	0.818	0.805	0.845	0.829	0.843
	Expenditure on Social Services/Total Expenditure	0.331	0.327	0.348	0.348	0.342
	Expenditure on Economic Services/Total Expenditure	0.235	0.206	0.208	0.204	0.229
	Capital Expenditure/Total Expenditure	0.137	0.175	0.120	0.126	0.124
	Capital Expenditure on Social and Economic Services/ Total Expenditure	0.136	0.174	0.118	0.125	0.123
III	Management of Fiscal Imbalances					
	Revenue Deficit (surplus)/GSDP	0.002	0.003	0.004	0.005	0.002
	Fiscal Deficit/ GSDP	-0.029	-0.029	-0.021	-0.024	-0.023
	Primary Deficit/ GSDP	-0.010	-0.011	-0.003	-0.007	-0.008
	Revenue Surplus/Fiscal Deficit	-0.081	-0.088	-0.209	-0.204	-0.064
	Primary revenue balance/ GSDP	0.022	0.022	0.023	0.021	0.018

IV	Management Fiscal Liabilities					
	Fiscal liabilities/ GSDP	0.251	0.251	0.236	0.230	0.227
	Fiscal liabilities/RR	1.701	1.852	1.666	1.609	1.628
	Primary deficit <i>vis-a-vis</i> quantum spread	10861	12800	18101	21608	11020
	Debt Redemption (Principal + Interest)/Total Debt Receipts	0.840	0.850	0.915	0.853	0.808
V	Other Fiscal Health Indicators					
	Return on Investment	0.31	0.38	0.65	0.85	1.03
	Balance from Current Revenue (` in crore)	14625	10846	17048	20087	20160
	Financial Assets/Liabilities	0.86	0.92	0.94	0.97	0.97

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

X: ₹ 40.63 lakh; **Y:** ₹ 65,287

[#]The GSDP data from Directorate of Economics and Statistics, Govt. of Andhra Pradesh PE: Provisional Estimates; FRE: First Revised Estimates; SRE: Second Revised Estimates; TRE: Third Revised Estimates.

[@]Nomenclature and its components were changed so as to show total liabilities of Government (i.e. Public debt and other obligations) as per revised format of Chapter-I.

[^] The information is not exhaustive but is as furnished by the departmental authorities.

Appendix 1.7

Funds transferred directly to State implementing agencies

(Refer paragraph 1.6.4; page 11)

(₹ in crore)

Sl. No.	Name of the Scheme	Implementing Agency	Amount released during 2012-13
1	National rural Employment Guarantee Scheme	APSREGS	3217
2	Sarva Siksha Abhiyan (SSA)	RVMA	1411
3	National rural Health Mission (NRHM)	SH&FWS, STBCS & SBCS	551
4	National Rural Drinking Water Programme	SWSM	488
5	Rural Housing-IAY	DRDAs	443
6	Rashtriya Madyamik Siksha Abhiyan	RMSA(APSES)	355
7	Micro Irrigation	APMIP	290
8	MPs local Area Development Scheme(MPLADS)	District Collectors	229
9	AAJEEVIKA	Society for Elimination of Rural Poverty	155
10	National Food Security Mission	APSAM&ETI	153
11	Central Rural Sanitation Scheme	SWSM	150
12	Integrated Watershed Management Programme (IWMP)	State Level Nodal Agency	125
13	Adult Education and Skill Development Scheme	Director of Adult Edn., State Literacy Mission	116
14	National Aids Control Programme including STD control	APSACS	89
15	National Horticulture Mission	APSHM	87
16	Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)	Commissioner and Director of Municipal Administration	56
17	Product/Infrastructure Development for Destinations and Circuits	Andhra Pradesh Tourism Development Corporation Ltd	48
18	Electronic Governance	Andhra Pradesh Technology Services	35
19	Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)	Mission for elimination of poverty in Municipalities	28
20	Panchayat Yuva Krida and Khel Abhiyan (PYKKA)	AP Sports School	22
21	Support to State Extension Programme for Extension Reforms	APSAM&ETI	22
22	Support to schools of Planning and Architecture	School of Planning and Architecture, Vijayawada	21
23	Renewable Energy for Rural Applications for all villages	NEDCAP	13
24	Pollution Abatement	Andhra Pradesh State Pollution Control Board	12
25	Setting up of 6000 Model Schools at Block level as Benchmark of Excellence	AP Secondary Education Society	11
Total			8127

Source: CPSMS (Central Plan Scheme Management System) of CGA Portal (cga.nic.in).

Data includes only items depicted in Finance Accounts 2012-13.

Appendix 1.8

**List of Incomplete Irrigation Projects
(Refer paragraph 1.11.2; page 22)**

(₹ in crore)

Sl. No.	Name of the project	Year of commencement	Original cost	Revised cost	Cost over run	Exp. Up to 31.03.2013
1A	Thotaplli Barrage	2004	527.22	851.89	324.67	539.39
1B	Gajapathinagaram Branch Canal	2010				
2	Pushkaram LIS	2004	297.25	608.04	310.79	620.67
3	Tadipudi LIS	2004	303.13	467.70	164.57	457.46
4	Indira Sagar Polavaram	2004	10151.00	16010.45	5859.45	4579.79
5	Venkatanagaram LIS	2005	58.43	124.18	65.75	85.11
6	K.L.Rao Sagar Pulichintala	2004	1281.00	---	---	1179.08
7	Chintalapudi LIS	2009	1701.00	---	---	269.59
8	Mahendra Tanaya Project	2010	127.00	---	---	40.96
9	Tarakarama Thirtha Sagaram	2006	220.04	---	---	95.06
10	Madduvalasa-II	2008	54.21	57.87	3.66	31.49
11	Jhanjhavathi	1995	120.39	---	---	122.60
12	Bhupathipalem	2004	76.77	187.91	111.14	161.21
13	Kandula Obula Reddy Gundlakamma Project	2004	592.18	---	---	576.44
14	Poola Subbaiah Veligonda	2004	5150.10	---	---	3274.27
15	Somasila Project	1975	734.00	1196.00	462.00	1252.92
16	Somasila- Swarnamuki Link Canal	2007-08	399.00	437.42	38.42	100.73
17	Telugu Ganga Project	1983	637.00	4432.00	3795.00	4284.21
18	GNSS Phase I & II	2005/2007	3777.94	8921.15	5143.21	4135.62
19	Gandikota LIS	2005	983.00	---	---	717.63
20a)	HNSS-I	2005	1305.00	2774.00	1469.00	6188.71
b)	HNSS-II	2005-06	1880.00	4076.00	2196.00	0.00
21	Gandikota Reservoir CBR Lift Schemes	2007	2059.00	---	---	1386.75
22	Pulivendula Branch Canal	2005	501.43	657.43	156.00	203.62
23	Chitravati Right Main Canal-Lingala Canals	2004	626.82	---	---	304.45
24	Guru Raghavendra	2005-06	130.42	130.42	---	163.48
25	Srisailam Right Branch Canal	2005	780.00	---	---	853.86
26	Penna Ahobilam Balancing Reservoir	2005	1818.00	---	---	716.28
27	Modernisation of Mylavaram Canals	2006	145.45	---	---	145.51
28	Siddapuram LIS	2007	89.72	---	---	46.54
29	K.C. Canal LIS	2008	120.00	---	---	40.86
30	Paleru Reservoir Project	2007	50.50	---	---	9.99
31	Y.C.R. Korisapadu LIS	2008	177.00	---	---	77.49
32	Pulikanuma LIS	2008	261.19	---	---	213.99
33	Aliminety Madhava Reddy Including SLBC Tunnel & LIS on Udayasamudram Br	1983-2008	2813.00	5639.66	2826.66	3537.20
34	Mahatma Gandhi – Kalwakurthy LIS	2005	2990.00	---	---	2514.95
35	Rajiv – Bhima LIS L	2004	2158.40	---	---	1895.73

Sl. No.	Name of the project	Year of commencement	Original cost	Revised cost	Cost over run	Exp. Up to 31.03.2013	
36	Jawahar – Nettempadu LIS	2005	1428.00	---	---	1509.88	
37	Koilsagar LIS	2006	109.52	---	---	369.23	
38	SRSP-II	2005	1000.00	1043.14	43.14	866.19	
39	Flood Flow Canal from SRSP	2005	4729.28	---	---	3253.86	
40	JCR Devadula LIS	2004	6131.02	9178.78	3047.76	6738.47	
41	Sripadasagar – Yellampally LIS	2004	3177.74	---	---	3637.24	
42	Kaleshwaram LIS	2008	632.00	---	---	232.87	
43	Rajiv Sagar – Dummugudem LIS	2007	1681.00	---	---	796.09	
44	Indira Sagar – Dummugudem LIS	2007	1824.00	---	---	968.51	
45	Pranahitha Chevella LIS	2008	17875.00	38500.00	20625.00	3770.23	
46	Dummugudem N.S. Tail Pond	2008	8930.08	19521.42	10591.34	547.27	
47	Singur Project	2006	88.99	---	---	117.50	
48	Neelwai Proect	2005	90.50	---	---	97.56	
49	Ralivagu Project	2005	33.30	51.00	17.70	47.90	
50	Gollavagu Project	2005	83.61	---	---	84.37	
51	Peddavagu Project Near Jagannathapur	2005	124.64	---	---	70.90	
52	Sri Komaram Bheem Project	2005	274.14	450.14	176.00	415.42	
53	Mathadivagu Project	2005	50.40	---	---	57.98	
54	Modikuntavagu Project	2005	124.60	---	---	58.99	
55	Kinnerasani Canals	2005	36.82	---	---	31.87	
56	Palemvagu Project	2005	70.99	---	---	177.74	
57	Choutapally Hanumantha Reddy LIS	2005	75.14	---	---	63.70	
58	Lendi Project	2007	263.89	---	---	217.65	
59a)	Vamsadhara River	2007	310.73	---	---	1058.30	
b)	Nagavalli River	2007		---	---		
60a)	Godavari River	2008	795.19	---	---		
b)	Krishna River	2008	259.35	---	---		
61a)	Hundri River (Kurnool)	2008-09	342.21	---	---		
b)	Kundu River (Nandyal)	2008-09		---	---		
62a)	Penna River	2009	605.28	---	---		
b)	Kandaleru River	2009		---	---		
c)	Kalangi River	2009		---	---		
d)	Swarnamuki & Sagileru Reservoir	2009		---	---		
63	Godavari Delta	2008	3361.00	---	---		511.52
64	Krishna Delta	2008	4573.00	---	---		705.61
65	Pennar Delta	2007	1001.73	---	---		395.82
66	Nagarjunsagar Project	2008	4444.41	---	---		1004.34
67a)	TBP- HLC	2007	587.91	---	---	154.30	
b)	TBP-LLC	2008		---	---	96.06	
68	Nizamsagar Project	2008	549.60	---	---	226.74	
69	Uttara Andhra Sujala Sravanthi		7214.10	---	---	---	
70	PVN Kanthapally Sujala Sravanthi	2009	10409.00	---	---	0.03	
71	Modernization of Yeleru Delta System	2008	138.00	---	---	---	
72	Modernization of Nagavalli System	2009	139.59	---	---	---	
GRAND TOTAL			128662.35	186089.61	57427.26	69107.78	

Source: Departmental information

Appendix 1.9
Summarised Financial position of the Government of Andhra Pradesh
as on 31 March 2013

(Refer Paragraphs 1.12.1 & 1.12.4; pages 26 & 28)

(₹ in crore)

As on 31 March 2012		Liabilities	As on 31 March 2013	
105837.71		Internal Debt		121434.95
	75088.87	Market Loans bearing interest	91687.30	
	0.75	Market Loans not bearing interest	0.71	
	---	Market Loans Suspense	---	
	595.09	Loans from LIC	487.71	
	93.24	Loans from GIC	84.41	
	4859.9	Loans from NABARD	5330.09	
	-1239.74	Loans from other Institutions	-2100.77	
	26439.6	Special sanction issued NSSF	25945.50	
	---	Ways and Means Advances	---	
	---	Overdraft from Reserve Bank of India	---	
17265.23		Loans and Advances from Central Government		17301.84
	8.73	Pre 1984-85 Loans	8.73	
	82	Non-Plan Loans	76.73	
	17169.72	Loans for State Plan Schemes	17212.79	
	4.78	Loans for Central Plan Schemes	3.59	
	---	Loans for Centrally Sponsored Plan Schemes	--	
	---	Other Ways and Means Advances	--	
49.61		Contingency Fund		47.95
11255.58		Small Savings, Provident Funds, etc.		12445.25
13927.11		Deposits		15593.24
7652.81		Reserve Funds		7459.46
		Suspense and Miscellaneous Balances		
367.16		Remittance Balances		
156355.21		Total		174282.69
As on 31 March 2012		Assets	As on 31 March 2013	
116037.66		Gross Capital Outlay on Fixed Assets		131186.50
	6086.61	Investments in shares of Companies, Corporations, Cooperatives, etc.	6204.41	
	109951.05	Other Capital Outlay	124982.09	
25829.04		Loans and Advances		29316.13
	5539.82	Loans for Power Projects	5701.50	
	19937.88	Other Development Loans	23342.10	
	351.34	Loans to Government servants and Miscellaneous loans	272.53	
22.97		Advances		22.97
		Remittance Balances		313.82
138.37		Suspense and Miscellaneous Balances		404.34
9327.98		Cash --		9167.59

As on 31 March 2012		Liabilities	As on 31 March 2013	
	4.97	Cash in Treasuries and Local Remittances	4.97	
	402.37	Deposits with Reserve Bank and other Banks	-564.26	
	2.33	Departmental Cash Balance	2.33	
	3486.2	Cash Balance Investments	4567.43	
	5432.11	Investment of Earmarked funds	5157.12	
4999.18		Deficit on Government Account		3871.34
	8137.52	Accumulated deficit up to 31 March 2013	4999.24	
	-3138.34	Revenue Surplus of the Current Year	-1127.9	
	---	Amount closed to Government Account		
	---	Proforma corrections to opening balances under capital expenditure		
156355.21		Total		174282.69

Appendix 2.1

Statement of Grants/Appropriations where saving was more than ₹ 100 crore each and more than 20 per cent of the total provision

(Refer Paragraph 2.4.1; page 37)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Saving	Percentage
Revenue Voted:						
1	III	Administration of Justice	725.26	579.29	145.97	21
2	V	Revenue, Registration and Relief	4369.88	2662.48	1707.40	39
3	VI	Excise Administration	430.49	295.79	134.70	31
4	XIII	Higher Education	2983.65	2322.05	661.60	22
5	XVII	Municipal Administration and Urban Development	4801.83	2481.79	2320.04	48
6	XVIII	Housing	899.38	660.07	239.31	27
7	XXI	Social Welfare	2624.66	2041.93	582.73	22
8	XXII	Tribal Welfare	1496.84	1140.68	356.16	24
9	XXIV	Minority Welfare	570.75	349.63	221.12	39
10	XXVIII	Animal Husbandry and Fisheries	1266.23	820.10	446.13	35
11	XXIX	Forest, Science, Technology and Environment	540.87	390.25	150.62	28
12	XXX	Cooperation	325.64	161.92	163.72	50
13	XXXI	Panchayat Raj	5164.61	3311.27	1853.34	36
14	XXXIV	Minor Irrigation	552.89	367.06	185.83	34
15	XXXVI	Industries and Commerce	1068.71	755.53	313.18	29
Capital Voted:						
16	III	Administration of Justice	163.24	25.02	138.22	85
17	V	Revenue, Registration and Relief	299.01	57.57	241.44	81
18	XI	Roads, Buildings and Ports	3915.08	2418.13	1496.95	38
19	XII	School Education	360.46	222.37	138.09	38
20	XXI	Social Welfare	309.56	113.60	195.96	63
21	XXVIII	Animal Husbandry and Fisheries	138.71	12.41	126.30	91
22	XXXIV	Minor Irrigation	2317.32	1154.90	1162.42	50
Loans Voted:						
23	XV	Sports and Youth Services	205.32	10.32	195.00	95
TOTAL			35530.39	22354.16	13176.23	37

Appendix 2.2
Excess over provision of previous years requiring regularisation
(Refer Paragraph 2.4.5; page 40)

(₹ in crore)

Year	Number of grants/appropriations	Grant/appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2004-05	5 Grants	Revenue: VIII, XIX & XL	14.83	Out of these 66 grants and 20 appropriations Explanatory Notes for 27 Grants and 7 Appropriations were received and vetted by the PAG (GSSA) as of July 2013. Explanatory Notes for the remaining 39 grants and 13 Appropriations are awaited from the Administrative Departments/Finance Department for vetting by the PAG(GSSA)
		Capital: XVI		
		Loans: XXXVI		
1 Appropriation	Revenue: XXXVI	585.82		
2005-06	10 Grants		Revenue: X, XI, XIX & XXXI	
			Capital: VIII, XIII, XVII, XXXII & XXXIII	
		Loans: XVII		
3 Appropriations	Revenue: II, XVI & XXVIII	198.72		
2006-07	7 Grants		Revenue: IX, X, XI & XIV	
			Capital: XVII & XXIX	
		Loans: XXVII		
1 Appropriation	Revenue: III	201.30		
2007-08	7 Grants		Revenue: X, XI & XXXII	
			Capital: XVII, XXXIII & XXXV	
		Loans: XXXVI		
3 Appropriations	Revenue: II, IV & XIV	709.24		
2008-09	11 Grants		Revenue: II, V, XI, XXIV, XXVI & XXXI	
			Capital: XVII & XXXIX	
		Loans: XIX, XXVII & XXXVI		
3 Appropriations	Revenue: II, III & XIII	109.74		
2009-10	10 Grants		Revenue: III & XIX	
			Capital: IV, VII, X, XVII & XXIX	
		Loans: XI, XVI & XVII		
2 Appropriations	Revenue: VII & XIII	867.54		
2010-11	11 Grants		Revenue: X & XXIV	
			Capital: X, XVII, XXVII & XXXVI	
		Loans: XI, XV, XVI, XVII & XXXV		
5 Appropriations	Revenue: IV, V, X & XVII	188.59		
2011-12	5 grants		Capital: XI	
			Revenue: X & XXIV	
		Capital: XVII		
Loans IX & XV	2875.78			
2 Appropriations		Revenue: XXIII & XXV		
Total				

Appendix 2.3 (a)

**Cases where Supplementary provision proved unnecessary by ₹one crore or more in each case
(Refer Paragraph 2.4.6; page 40)**

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Saving out of original provision	Supplementary provision
	A Revenue Voted				
1	I State Legislature	104.10	93.30	10.80	2.76
2	III Administration of Justice	718.83	579.29	139.54	6.43
3	VI Excise Administration	404.88	295.79	109.09	25.61
4	VII Commercial Taxes Administration	449.05	366.14	82.91	7.27
5	XII School Education	15212.63	13042.15	2170.48	72.40
6	XIII Higher Education	2801.50	2322.05	479.45	182.14
7	XIV Technical Education	993.34	861.22	132.12	41.26
8	XV Sports and Youth Services	139.90	133.83	6.07	7.10
9	XVI Medical and Health	5643.18	5126.61	516.57	212.74
10	XVII Municipal Administration and Urban Development	4530.01	2481.79	2048.22	271.83
11	XVIII Housing	886.44	660.07	226.37	12.94
12	XX Labour and Employment	487.55	467.98	19.57	95.36
13	XXI Social Welfare	2322.36	2041.94	280.42	302.31
14	XXII Tribal Welfare	1380.20	1140.68	239.52	116.64
15	XXIV Minority Welfare	448.67	349.63	99.04	122.07
16	XXV Women, Child and Disable Welfare	2308.36	2006.96	301.40	188.20
17	XXVII Agriculture	3781.96	3473.42	308.54	60.53
18	XXVIII Animal Husbandry and Fisheries	1241.81	820.10	421.71	24.42
19	XXIX Forest, Science, Technology and Environment	523.30	390.24	133.06	17.57
20	XXX Cooperation	322.68	161.92	160.76	2.97
21	XXXI Panchayat Raj	5027.83	3311.27	1716.56	136.78
22	XXXVI Industries and Commerce	973.71	755.53	218.18	95.00
23	XXXVIII Civil Supplies Administration	3299.50	2792.37	507.13	111.91
	B Capital Voted				
24	III Administration of Justice	88.00	25.02	62.98	75.24
25	V Revenue, Registration and Relief	297.83	57.57	240.26	1.18
26	X Home Administration	163.83	140.46	23.37	64.83
27	XI Roads, Buildings and Ports	2879.85	2418.13	461.72	1035.23
28	XII School Education	298.81	222.37	76.44	61.65
29	XIII Higher Education	28.35	13.91	14.44	6.76
30	XIV Technical Education	94.00	41.06	52.94	17.87
31	XVI Medical and Health	129.00	81.95	47.05	16.53
32	XXI Social Welfare	288.99	113.61	175.38	20.57
33	XXVIII Animal Husbandry and Fisheries	101.83	12.41	89.42	36.88

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Saving out of original provision	Supplementary provision
	C-Loans Voted				
34	IX Fiscal Administration, Planning, Surveys and Statistics	137.86	89.19	48.67	1.75
35	XV Sports and Youth Services	200.00	10.32	189.68	5.32
36	XVII Municipal Administration and Urban Development	2055.00	1783.00	272.00	100.00
37	XXXVI Industries and Commerce	36.88	21.98	14.90	17.00
	Grand Total	60802.02	48705.26	12096.76	3577.05

Appendix 2.3(b)

**Cases where Supplementary provision proved excessive by ₹ one crore or more in each case
(Refer Paragraph 2.4.6; page 40)**

(₹ in crore)

Sl No.	Grant No.	Name of the Grant or appropriation	Section	Original	Supplementary	Total grant/ appropriation	Expenditure	Saving
1	IV	General Administration and Elections	RV	290.53	105.83	396.36	322.99	73.37
2	RC		30.39	10.00	40.39	37.13	3.26	
3	V	Revenue, Registration and Relief	RV	2318.87	2051.00	4369.87	2662.48	1707.39
4	VIII	Transport Administration	CV	0.00	7.53	7.53	2.98	4.55
5	IX	Fiscal Administration, Planning, Surveys and Statistics	RV	12935.54	1108.78	14044.32	13526.38	517.94
6	XI	Roads, Buildings and Ports	CC	0.00	73.06	73.06	0.25	72.81
7			LV	256.59	3.45	260.04	258.48	1.56
8	XV	Sports and Youth Services	CV	0.00	30.00	30.00	0.00	30.00
9	XIX	Information and Public Relations	RV	195.63	18.75	214.38	199.81	14.57
10	XXII	Tribal Welfare	CV	168.50	58.87	227.37	196.29	31.08
11	XXIII	Backward Classes Welfare	RV	2835.28	1287.10	4122.38	3694.09	428.29
12	XXXI	Panchayat Raj	CV	117.00	125.11	242.11	210.83	31.28
13	XXXII	Rural Development	RV	5064.73	1000.66	6065.39	5175.01	890.38
14	XXXV	Energy	RV	5554.55	1178.44	6732.99	6219.98	513.01
15			LV	366.36	44.86	411.22	372.83	38.39
16	XXXVII	Tourism Art and Culture	RV	104.23	63.32	167.55	114.74	52.81
		Total		30238.20	7166.76	37404.96	32994.27	4410.69

RV: Revenue Voted; RC: Revenue Charged; CV: Capital Voted; CC: Capital Charged; LV: Loans Voted

Appendix 2.3 (c)

**Cases where supplementary provision proved insufficient by more than ₹ one crore in each case
(Refer Paragraph 2.4.6; page 40)**

(₹ in crore)

Grant Number	Name of the Grant	Original Provision	Supplementary Provision	Total	Expenditure	Excess
X	Home Administration (RV)	4612.95	141.45	4754.40	4921.36	166.96
XI	Roads, Buildings and Ports (RV)	1875.57	84.43	1960.00	2017.55	57.55
	TOTAL	6488.52	225.88	6714.40	6938.91	224.51

Appendix 2.4

Re-appropriation of funds (more than ₹ 10 crore in each case)

(Refer Paragraph 2.4.7; page 41)

(₹ in crore)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving(-)
1	III	Administration of Justice (Charged)	2014-00-105-04	-47.88	-26.54
2	IV	General Administration and Elections	2015-00-105-04	-0.24	-10.77
3	IV	General Administration and Elections	2015-00-106-04	-0.75	-19.79
4	XI	Roads, Buildings and Ports	5054-04-800-28	-5.42	-13.48
5	XI	Roads, Buildings and Ports	5054-80-800-05	-54.00	-40.00
6	XIII	Higher Education	2202-03-103-04	-51.66	-114.88
7	XVII	Municipal Administration and Urban Development	2217-80-191-47	-0.82	-65.68
8	XXI	Social Welfare	2225-01-277-06	-60.53	-11.55
9	XXIII	Backward Classes Welfare	2225-03-271-05	-211.28	-11.55
10	XXIII	Backward Classes Welfare	2225-03-271-08	-32.06	-16.67
11	XXXIII	Major and Medium Irrigation	2700-01-135	-0.05	-258.81
12	XXXVI	Industries and Commerce	2852-08-201-09	-0.02	-38.04
		Inadequate re-appropriation	Total	-464.71	-627.76
13	III	Administration of Justice (Charged)	2014-00-102-04	-24.00	21.26
14	X	Home Administration	2055-00-109-03	-29.76	371.70
15	X	Home Administration	2055-00-109-04	-32.86	30.14
16	X	Home Administration	2055-00-117-06	-0.46	11.96
17	X	Home Administration	2070-00-108-03	-21.08	19.66
18	XI	Roads, Buildings and Ports	3054-04-800-07	-3.79	74.94
19	XI	Roads, Buildings and Ports	5054-04-800-07	-38.83	80.67
20	XI	Roads, Buildings and Ports	5054-04-800-08	-71.33	13.54
21	XI	Roads, Buildings and Ports	5054-04-800-75	-31.66	68.62
22	XI	Roads, Buildings and Ports	5054-80-001-04	-103.01	72.64
23	XIII	Higher Education	2202-03-102-04	-13.77	13.95
24	XIII	Higher Education	2202-03-103-07	-37.53	24.21

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving(-)
25	XVI	Medical and Health	4210-03-105-21	-0.77	15.44
26	XVII	Municipal Administration and Urban Development	2217-80-191-57	-66.65	12.40
27	XVII	Municipal Administration and Urban Development	6217-01-800-05	-277.45	45.67
28	XXI	Social Welfare	2225-01-277-32	-11.69	40.00
29	XXII	Tribal Welfare	2225-02-102-05	-47.88	43.07
30	XXII	Tribal Welfare	4225-02-800-76	-2.50	15.84
31	XXXI	Panchayat Raj	2515-00-001-07	-0.04	29.85
32	XXXI	Panchayat Raj	2515-00-800-14	-14.90	52.00
33	XXXI	Panchayat Raj	4215-01-102-29	-0.83	28.53
34	XXXIII	Major and Medium Irrigation	2700-01-156	-19.34	11.90
35	XXXIII	Major and Medium Irrigation	2700-80-800-19	-70.28	68.25
		Unnecessary re-appropriation	Total	-920.41	1166.24
36	V	Revenue, Registration and Relief	2245-02-114-04	28.36	-56.71
37	IX	Fiscal Administration, Planning, Surveys and Statistics	6004-02-101-01	25.84	-16.20
38	IX	Fiscal Administration, Planning, Surveys and Statistics	6004-02-105-01	70.30	-56.39
39	X	Home Administration	2055-00-115-04	1.03	-83.18
40	XI	Roads, Buildings and Ports	3054-01-337-01	58.06	-19.29
41	XI	Roads, Buildings and Ports	4216-01-106-09	13.94	-20.00
42	XVI	Medical and Health	2059-01-053-60	7.85	-15.70
43	XXI	Social Welfare	2225-01-277-05	133.69	-156.22
44	XXXIV	Minor Irrigation	2702-03-101-10	28.26	-33.17
		Excessive re-appropriation	Total	367.33	-456.86
45	X	Home Administration	2055-00-108-05	32.01	40.38
46	XXXI	Panchayat Raj	2225-01-102-06	0.01	11.71
47	XXXI	Panchayat Raj	2515-00-789-38	2.68	10.44
		Insufficient re-appropriation	Total	34.70	62.53

Appendix 2.5

Substantial surrenders made during the year

(Refer paragraph 2.4.9; Page 42)

(₹ in crore)

Sl No.	Number and Title of the Grant	Name of the Scheme (Head of account)	Budget	Amount Surrendered	Percentage to Budget
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-109-(04) Pensions to Non-Government School Teachers	156.54	144.42	92.26
Specific reasons for surrender of the provision were not intimated					
2	IX-Fiscal Administration, Planning, Surveys and Statistics	6003-00-110-(05) Ways and Means Advances from the RBI (Charged)	1500.00	1500.00	100.00
Surrender of the entire provision was stated to be due to non-availment of Ways and Means advances during the year					
3	XI-Roads, Buildings and Ports	3054-04-800-(18) Core Network Roads	231.60	231.60	100.00
Specific reasons for surrender of the provision were not intimated					
4	XI-Roads, Buildings and Ports	3054-04-800-(19) Road Maintenance grants under 13th Finance Commission	146.97	140.87	95.85
Specific reasons for surrender of the provision were not intimated					
5	XI-Roads, Buildings and Ports	5054-04-800-(04) Road Development Fund-State allocation works	187.65	169.29	90.21
Specific reasons for surrender of the provision were not intimated					
6	XII -School Education	2202-02-800-(17) Information and Communication Technology (ICT) in 4031 Schools	139.02	139.02	100.00
Surrender of the entire provision was stated to be due to non-commencement of works for want of administrative orders					
7	XV-Sports and Youth Services	6202-03-800-(05) Loan to SAAP	154.40	150.54	97.50
Surrender of the provision was stated to be due to non-commencement of works for want of administrative orders					
8	XVII-Municipal Administration and Urban Development	2217-80-191-(73) Urban Infrastructure Development Scheme for Small and Medium Towns under JNNURM	637.63	627.98	98.49
Surrender of the provision was stated to be due to non-commencement of works for want of administrative orders					
9	XVII-Municipal Administration and Urban Development	2217-80-191-(74) Integrated Housing and Slum Development Programme under JNNURM	125.98	125.95	99.98
Surrender of the provision was stated to be due to non-commencement of works for want of administrative orders					
10	XVII-Municipal Administration and Urban Development	2217-80-191-(85) 13 th Finance Commission Grants	247.59	246.50	99.56
Specific reasons for surrender of the provision were not intimated					
11	XVII-Municipal Administration and Urban Development	2217-80-192-(05) 13 th Finance Commission Grants	155.78	153.87	98.77
Specific reasons for surrender of the provision were not intimated					
12	XVII-Municipal Administration and Urban Development	2217-80-789-(73) Urban Infrastructure Development Scheme for Small and Medium Town under JNNURM	133.80	131.78	98.49
Reasons for surrender of the provision was stated to be due to non-commencement of works for want of administrative orders					
13	XXI-Social Welfare	2225-01-277-(10) Pre-Matric Scholarships under Rajiv Vidya Deewana	112.99	107.13	94.81
Reasons for surrender of the provision were not intimated					

Sl No.	Number and Title of the Grant	Name of the Scheme (Head of account)	Budget	Amount Surrendered	Percentage to Budget
14	XXVII-Agriculture	2401-01-800-(30) Interest free Loans to Farmers (Vaddi Leni Runalu) & Crop Insurance	288.50	288.50	100.00
Surrender of entire provision was stated to be due to non-receipt of requisition from unit offices					
15	XXXI-Panchayat raj	2515-00-196-(48) 13 th Finance Commission grants to PR bodies	313.63	313.63	100.00
Surrender of entire provision was stated to be due to non-receipt of requisition from unit offices					
16	XXXI-Panchayat raj	2515-00-198-(48) 13 th Finance Commission Grants to PR bodies	751.94	751.94	100.00
Surrender of entire provision was stated to be due to non-receipt of requisition from unit offices					
17	XXXIII-Major and Medium Irrigation	4700-80-800-(49)-Resettlement & Rehabilitation(R&R)	100.00	100.00	100.00
Surrender of Rs.72.00 crore was stated to be due to providing of lumpsum provision to Irrigation Projects for payment of compensation to the Commissioner R&R works and non-finalisation of R&R packages					
18	XXXIV-Minor Irrigation	4702-00-101-(21) Restoration of Minor Irrigation tanks	145.93	141.91	97.25
Reasons for surrender of provisions was stated to be due to postponement of certain works					
19	XXXIV-Minor Irrigation	4702-00-101-(22) Upgradation of NREGS works	188.89	188.89	100.00
Surrender of entire provisions was stated to be due to postponement of certain works					
20	XXXV-Energy	2801-05-800-(11) Assistance to AP Transmission Corporation Limited for serving the vidyut bonds	501.50	501.50	100.00
Specific reasons for surrender of the entire provision were not intimated					
Total			6220.34	6155.32	98.95

Appendix 2.6

Surrenders in excess of actual saving/excess (₹ 50 lakh or more in each case)

(Refer Paragraph 2.4.11; page 42)

(₹ in crore)

Sl. No.	Number and Name of the grant/ appropriation	Total grant/ appropriation	Expenditure	Savings (-)	Amount surrendered	Amount surrendered in excess
Revenue - Voted						
1	I State Legislature	106.86	93.30	13.56	16.00	2.44
2	II Governor and Council of Ministers	23.63	20.71	2.92	3.68	0.76
3	VII Commercial Taxes Administration	456.33	366.14	90.19	90.71	0.52
4	XXII Tribal Welfare	1496.84	1140.68	356.16	400.06	43.90
5	XXV Women, Child and Disabled Welfare	2496.55	2006.96	489.59	494.26	4.67
6	XXIX Forest, Science, Technology and Environment	540.87	390.24	150.63	161.90	11.27
7	XXX Cooperation	325.64	161.92	163.72	169.66	5.94
8	XXXII Rural Development	6065.39	5175.01	890.38	993.46	103.08
9	XXXVII Tourism Art and Culture	167.55	114.74	52.81	60.02	7.21
Revenue - Charged						
10	III Administration of Justice	82.95	79.98	2.97	24.00	21.03
11	XI Roads, Buildings and Ports	3.43	3.32	0.11	3.25	3.14
Capital - Voted						
12	VIII Transport Administration	7.53	2.98	4.55	5.31	0.76
13	XIII Higher Education	35.12	13.91	21.21	25.59	4.38
14	XVI Medical and Health	145.53	81.95	63.58	88.05	24.47
15	XXI Social Welfare	309.56	113.61	195.95	235.95	40.00
16	XXII Tribal Welfare	227.37	196.29	31.08	48.74	17.66
17	XXXI Panchayat Raj	242.11	210.83	31.28	59.97	28.69
Capital - Charged						
18	XXXIII Major and Medium Irrigation	117.23	28.89	88.34	89.28	0.94
Loans - Voted						
19	XVII Municipal Administration and Urban Development	2155.00	1783.00	372.00	417.67	45.67
Total		15005.49	11984.46	3021.03	3387.56	366.53

Appendix 2.7

Statement of grants/appropriations in which saving occurred but no part of which was surrendered

(Refer Paragraph 2.4.12; page 43)

(₹ in crore)

Sl. No.	Grant No	Name of the grant/appropriation	Saving
I Grants			
1	XI	Roads, Buildings and Ports (LV)	1.56
2	XXVI	Administration of Religious Endowments (RV)	8.88
3	XXVIII	Animal Husbandry and Fisheries (CV)	126.30
4	XXXV	Energy (LV)	38.39
5	XL	Public Enterprises (LV)	0.10
		Total	175.23
II Appropriations			
6	X	Home Administration (RC)	0.02
7	XI	Roads, Buildings and Ports (CC)	72.81
8	XXIX	Forest, Science, Technology and Environment (RC)	0.01
		Total	72.84
		Grand Total	248.07

RV: Revenue Voted; RC: Revenue Charged; CV: Capital Voted; CC: Capital Charged; LV: Loans Voted

Appendix 2.8

Details of saving of ₹ five crore and above not surrendered

(Refer Paragraph 2.4.12; page 43)

(₹ in crore)

Sl. No.	Number and Name of the grant/appropriation	Saving	Surrender	Un surrendered saving
Revenue Voted:				
1	III Administration of Justice (RV)	145.97	107.65	38.32
2	IV General Administration and Elections RV)	73.37	36.57	36.80
3	V Revenue,Registration and Relief (RV)	1707.40	1642.86	64.54
4	XII School Education (RV)	2242.87	2235.47	7.40
5	XIII Higher Education (RV)	661.59	588.21	73.38
6	XVI Medical and Health (RV)	729.31	708.84	20.47
7	XVII Municipal Administration and Urban Development (RV)	2320.04	2274.18	45.86
8	XX Labour and Employment (RV)	114.93	74.90	40.03
9	XXI Social Welfare (RV)	582.73	412.47	170.26
10	XXIII Backward Classes Welfare (RV)	428.29	399.33	28.96
11	XXIV Minority Welfare (RV)	221.12	214.31	6.81
12	XXVII Agriculture (RV)	369.06	347.82	21.24
13	XXVIII Animal Husbandry and Fisheries (RV)	446.12	439.90	6.22
14	XXXI Panchayat Raj (RV)	1853.34	1789.73	63.61
15	XXXIII Major and Medium Irrigation (RV)	1010.22	600.59	409.63
16	XXXIV Minor Irrigation (RV)	185.83	150.02	35.81
17	XXXVI Industries and Commerce (RV)	313.18	267.69	45.49
18	XXXVIII Civil Supplies Administration (RV)	619.03	539.30	79.73
Capital Voted:				
19	XI Roads, Buildings and Ports (CV)	1496.95	1450.16	46.79
20	XXV Women, Child and Disable Welfare (CV)	51.03	45.14	5.89
21	XXXIII Major and Medium Irrigation (CV)	1966.26	1960.50	5.76
Loans Voted:				
22	XXXVI Industries and Commerce (LV)	31.90	15.00	16.90
Loans Charged:				
23	IX Fiscal Administration, Planning, Surveys and Statistics (LC-Public Debt)	1136.57	1063.98	72.59
	Total	18707.11	17364.62	1342.49

RV: Revenue Voted; CV Capital Voted; LV: Loans Voted; LC: Loans Charged

Appendix 2.9

Cases of surrender of funds in excess of ₹ 10 crore on 30 March 2013

(Refer Paragraph 2.4.12; page 43)

(₹ in crore)			
Sl. No.	Grant No	Major Head	Amount of Surrender
1	I	2011 State Legislature	16.00
2	III	2014 Administration of Justice	107.65
3	III	2014 Administration of Justice (Charged)	24.00
4	III	4059 Capital Outlay on Public Works	137.57
5	IV	3454 Census Surveys and Statistics Services	22.87
6	V	2029 Land Revenue	90.27
7	V	2030 Stamps and Registration Services	46.43
8	V	2053 District Administration	377.12
9	V	2245 Relief on account of Natural Calamities	1126.61
10	V	4070 Capital Outlay on Other Administrative Services	30.63
11	V	4250 Capital Outlay on Other Social Services	209.55
12	VI	2039 State Excise	134.70
13	VII	2040 Taxes on Sales Trade Etc	90.71
14	VIII	2041 Taxes on Vehicles	25.15
15	IX	2049 Interest Payments (Charged)	568.49
16	IX	2052 Secretariat General Services	106.92
17	IX	2054 Treasury and Accounts Administration	52.34
18	IX	2071 Pension and Other Retirement Benefits	299.81
19	IX	3425 Other Scientific Research	50.60
20	IX	6003 Internal Debt of the State Government(Charged)	1063.98
21	IX	7610 Loans to Government Servants	50.42
22	X	2055 Police	170.39
23	X	4055 Capital Outlay on Police	75.35
24	X	6216 Loans for Housing	32.69
25	XI	2059 Public Works	64.43
26	XI	3054 Roads and Bridges	91.43
27	XI	4202 Capital Outlay on Education, Sports, Art and Culture	171.83
28	XI	4059 Capital Outlay on Public Works	227.55
29	XI	5054 Capital Outlay on Roads and Bridges	1025.68
30	XI	5051 Capital Outlay on Ports and Light Houses	16.75
31	XII	2059 Public Works	19.68
32	XII	2202 General Education	2196.87
33	XII	4202 Capital Outlay on Education, Sports, Art and Culture	138.10
34	XIII	2059 Public Works	12.92
35	XIII	2202 General Education	430.48
36	XIII	4202 Capital Outlay on Education, Sports, Art and Culture	25.59
37	XIV	2203 Technical Education	167.66
38	XV	2204 Sports and Youth Services	11.86
39	XIV	4202 Capital Outlay on Education, Sports, Art and Culture	70.80
40	XV	4202 Capital Outlay on Education, Sports, Art and Culture	30.00
41	XV	6202 Loans for Education, Sports, Art and Culture	195.00
42	XVI	2210 Medical and Public Health	646.02

Sl. No.	Grant No	Major Head	Amount of Surrender
43	XVI	2211 Family Welfare	54.91
44	XVI	4210 Capital Outlay on Medical and Public Health	86.79
45	XVI	6210 Loans for Medical and Public Health	12.88
46	XVII	2215 Water Supply and Sanitation	2012.74
47	XVII	2217 Urban Development	261.44
48	XVII	6217 Loans for Urban Development	417.67
49	XVIII	2216 Housing	238.84
50	XVIII	6216 Loans for Housing	246.80
51	XIX	2220 Information and Publicity	14.69
52	XX	2059 Public Works	29.32
53	XX	2210 Medical and Public Health	13.83
54	XX	2230 Labour and Employment	30.93
55	XXI	2225 Welfare of SCs, STs, OBCs and Minorities	411.41
56	XXI	4225 Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	235.95
57	XXII	2225 Welfare of SCs, STs, OBCs and Minorities	400.06
58	XXII	4225 Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	48.74
59	XXIII	2225 Welfare of SCs, STs, OBCs and Minorities	373.38
60	XXIII	4225 Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	72.78
61	XXIV	2225 Welfare of SCs, STs, OBCs and Minorities	213.95
62	XXIV	4225 Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	35.00
63	XXV	2059 Public Works	15.71
64	XXV	2235 Social Security and Welfare	425.48
65	XXV	4235 Capital Outlay on Social Security and Welfare	45.14
66	XXVII	2059 Public Works	77.59
67	XXVII	2401 Crop Husbandry	174.23
68	XXVII	2415 Agriculture Research and Education	12.49
69	XXVII	2435 Other Agriculture Programmes	79.59
70	XXVIII	2059 Public Works	131.24
71	XXVIII	2415 Agriculture Research and Education	29.76
72	XXVIII	2403 Animal Husbandry	128.41
73	XXVIII	2405 Fisheries	113.62
74	XXIX	2402 Soil and Water Conservation	157.31
75	XXX	2425 Cooperation	169.66
76	XXXI	2215 Water Supply and Sanitation	106.25
77	XXXI	2515 Other Rural Development Programmes	1683.47
78	XXXI	4215 Capital Outlay on Water Supply and Sanitation	23.36
79	XXXII	2235 Social Security and Welfare	988.38
80	XXXIII	2700 Major Irrigation	593.65
81	XXXIII	4700 Capital Outlay on Major Irrigation	1473.87
82	XXXIII	4701 Capital Outlay on Medium Irrigation	164.90
83	XXXIII	4711 Capital Outlay on Flood Control Projects	321.73
84	XXXIV	2702 Minor Irrigation	150.02
85	XXXIV	4702 Capital Outlay on Minor Irrigation	1161.74
86	XXXV	2801 Power	508.49
87	XXXVI	2851 Village and Small Industries	261.36
88	XXXVI	4851 Capital Outlay on Village and Small Industries	10.29

Sl. No.	Grant No	Major Head	Amount of Surrender
89	XXXVI	6860 Loans for Consumer Industries	15.00
90	XXXVII	2205 Art and Culture	55.01
91	XXXVIII	2236 Nutrition	517.90
92	XXXVIII	3456 Civil Supplies	15.20
		Total	25,275.86

Appendix 3.1

Outstanding Utilization Certificates as of 31 March 2013

(Refer paragraph 3.2; page 57)

(₹ in crore)

Name of the scheme	GOAP	GOI
PMGSY	--	596.62
13 Finance Commission Grants	--	366.56
RMSA	--	330.09
TRICOR	--	103.34
Social Security Pensions	633.62	117.18
INDIRAMMA Housing- BWHP	--	116.38
Indira Awas Yojana	--	102.28
Total Sanitation Campaign	1.31	15.67
NPCB	--	1.10
APSACS	--	0.17
Total	634.93	1,749.39

Appendix 3.1 (a)

Year-wise position of outstanding UCs as of 31 March 2013

(Refer paragraph 3.2; page 57)

(₹ in crore)

Department	Year	Number of UCs outstanding	Amount
Panchayat Raj (Drawn under Director of School Education)	1992-93	1	0.44
Labour & Employment (Drawn under Revenue)	1993-94	4	0.46
	1994-95	3	0.43
	1995-96	1	0.43
	1996-97	4	0.57
Municipal Administration & Urban Development	2012-13	6	2.35
Total		19	4.68

Appendix 3.2

Statement showing submission of accounts and status of audit of autonomous bodies

(Refer paragraph 3.3; page 57)

Sl. No.	Name of body/ authority	Period of entrustment upto	Year up to which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	Comments
Urban Development Authorities						
1	AP Vaidya Vidhana Parishad	2014-15	2006-07	2006-07	2004-05	Accounts from 2007-08 onwards were not produced to Audit.
2	Hyderabad Metropolitan Development Authority	2010-11	2009-10	2002-03	2002-03	Accounts from the year 2003-04 to 2009-10 were received in lump (April 2013) and in incomplete shape. Accounts from 2010-11 onwards were not produced to Audit.
3	Visakhapatnam Urban Development Authority	2010-11	2010-11	2010-11	2008-09	Accounts from 2011-12 onwards were not produced to Audit.
4	Tirupati Urban Development Authority	2010-11	2011-12	2011-12	2008-09	Accounts for 2012-13 were not produced to Audit.
5	Kakatiya Urban Development Authority	2010-11	2009-10	2009-10	2006-07	Accounts from 2010-11 onwards were not produced to Audit.
6	Vijayawada-Guntur-Tenali-Mangalagiri-Urban Development Authority	2013-14	2010-11	2009-10 and 2010-11	2008-09	SAR for the years 2009-10 and 2010-11 were issued (November 2013). Accounts from 2011-12 onwards were not produced to Audit.
7	Sri Satya Sai Urban Development Authority	2008-09	2002-03	--	--	Audit could not be taken up from 2002-03 onwards as the initial accounts including supporting documents were stated to have been burnt in fire accident.
8	Hyderabad Metropolitan Water Supply & Sewerage Board	2010-11	2006-07	2006-07	Not required as per bye laws of the Board	Accounts from 2007-08 onwards were not produced to Audit.
Integrated Tribal Development Agencies						
9	ITDA, Bhadrachalam	2011-12	2010-11	2009-10	NA	The Annual Accounts for 2010-11 were submitted without Board's approval. The accounts from 2011-12 onwards were not produced to Audit.
10	ITDA, Seethampeta	2011-12	2011-12	2011-12	NA	--
11	ITDA, Srisailam	2011-12	2006-07	2006-07	NA	Accounts from 2007-08 onwards were not produced to Audit.
12	ITDA, Parvathipuram	2011-12	2011-12	2011-12	NA	--
13	ITDA, Paderu	2011-12	2009-10	2009-10	NA	Accounts from 2010-11 onwards were not produced to Audit.
14	ITDA, Rampachodavaram	2011-12	2011-12	2009-10	NA	Not received entrustment for Audit

Sl. No.	Name of body/ authority	Period of entrustment upto	Year up to which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	Comments
15	ITDA, Kotaramachandrapuram	2011-12	2010-11	2010-11	NA	Accounts from 2011-12 onwards were not produced to Audit.
16	ITDA, Utnoor	2011-12	2008-09	2008-09	NA	Accounts from 2009-10 onwards were not produced to Audit.
17	ITDA, Nellore	2011-12	2009-10	2009-10	NA	Accounts from 2010-11 onwards were not produced to Audit.
18	ITDA, Eturunagaram	2011-12	2006-07	2006-07	NA	Accounts from 2007-08 onwards were not produced to Audit.

NA: Not Applicable

Appendix 3.3

Statement of Bodies and Authorities whose accounts have not been received

(Refer paragraph 3.3; page 57)

Sl. No.	Name of the Body/ Authority	No. of bodies/ authorities	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2013
Higher Education				
1	Universities	14	2004-05 to 2012-13	25
2	Aided Colleges	123*	1993-94 to 2012-13	795
3	AP State Council of Higher Education	1	2009-10 to 2012-13	4
School Education				
4	A.P. Open School Society	1	2007-08 to 2012-13	3
5	A.P. Residential Educational Institutional Society	1	2004-05 to 2012-13	9
6	A.P. School Educational Society/Sarva Siksha Abhiyan/Rajiv Vidya Mission	1	2011-12 to 2012-13	2
7	A.P. School Health Project	1	1999-2000 to 2012-13	14
8	A.P. State Literacy Mission Authority	1	2010-11 to 2012-13	3
9	State Institute of Education and Technology	1	2009-10 to 2012-13	4
10	AP Education and Welfare Infrastructure Development Corporation	1	2009-10 to 2012-13	4
11	Zilla Grandhalaya Samsthas	23	1997-98 to 2012-13	119
12	Zilla Saksharatha Samities	22	1997-98 to 2012-13	231
Health Medical and Family Welfare				
13	AP AIDS Control Society	1	2010-11 to 2012-13	3
14	AP Health Medical Housing and Infrastructure Development Corporation	1	2011-12 to 2012-13	2
15	AP Medicinal and Aromatic Plants Board	1	2012-13	1
16	AP State TB Society	1	2011-12 to 2012-13	2
17	AP Vaidya Vidhana Parishad	1	2007-08 to 2012-13	6
18	AP Yogadhyayana Parishad	1	2012-13	1
19	Hyderabad Akshara Jyothi Samithi	1	2006-07 to 2012-13	7
20	Indian Institute of Health and Family Welfare	1	2012-13	1
21	MNJ Institute of Oncology	1	2012-13	1
22	Nizam's Institute of Medical Sciences	1	2007-08 to 2012-13	6
23	NTR University of Health Sciences	1	2010-11 to 2012-13	3
24	Sri Venkateswara Institute of Medical Sciences	1	2012-13	1
25	State Blindness Control Society, Hyderabad	1	2006-07 to 2012-13	7
26	State TB Office	1	2003-04 to 2012-13	10
27	Arogyasri Health Care Trust	1	2012-13	1
28	A.P. Right to sight Society	1	2008-09 to 2012-13	5
Municipal Administration and Urban Development				
29	Quli Qutub Shah Urban Development Authority, Hyderabad	1	2010-11 to 2012-13	3
Backward Classes Welfare				
30	BC Finance Corporation, Hyderabad	1	2004-05 to 2012-13	9
31	AP Study Circle, Anantapuramu	1	1997-98 to 2012-13	16
32	AP Study Circle, Guntur	1	2006-07 to 2012-13	7

Sl. No.	Name of the Body/ Authority	No. of bodies/ authorities	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2013
33	AP Study Circle, Hyderabad	1	2007-08 to 2012-13	6
34	AP Study Circle, Warangal	1	2006-07 to 2012-13	7
35	AP Washermen Cooperative Society, Hyderabad	1	2005-06 to 2012-13	8
36	BC Service Cooperative Societies	15	2004-05 to 2012-13	86
Minorities Welfare				
37	AP Haj Committee	1	2012-13	1
Social Welfare				
38	AP Scheduled Castes Finance Corporation, Hyderabad	1	2009-10 to 2012-13	4
39	AP Social Welfare Residential Educational Institutions Society (SWREIS), Hyderabad	1	2008-09 to 2012-13	5
40	AP Social Welfare Fund, Hyderabad	1	2001-02 to 2012-13	12
41	District Scheduled Castes Service Co-operative Societies	23	2001-02 to 2012-13	96
Tribal Welfare				
42	AP Scheduled Tribes Finance Corporation	1	2004-05 to 2012-13	9
43	AP Tribal Welfare Residential Educational Institutions Society (TWREIS), Hyderabad	1	2006-07 to 2012-13	7
44	Girijan Cooperative Corporation (GCC)	1	2012-13	1
Women, Child and Disabled Welfare				
45	AP Social Welfare Board	1	2011-12 to 2012-13	2
46	AP State Council for Child Welfare	1	2012-13	1
47	AP Vikalangula Finance Corporation	1	2011-12 to 2012-13	2
48	AP Women Cooperative Finance Corporation, Hyderabad	1	2006-07 to 2012-13	7
49	AP Creche Committee, Hyderabad	1	2011-12 to 2012-13	2
50	Kurnool Dist. Society for Rehabilitation of Child Labour	1	2008-09 to 2012-13	5
Law				
51	A.P. State Legal Services Authority, Hyderabad	1	2010-11 to 2012-13	3
52	District Legal Services Authorities	23	2006-07 to 2012-13	52
53	A.P. Advocates Welfare Fund	1	2011-12 to 2012-13	2
54	A.P. Advocates Clerks Welfare Fund	1	2012-13	1
55	NALSAR University of Law	1	2010-11 to 2012-13	3
Panchayat Raj and Rural Development				
56	Societies for Training and Employment Promotion (STEPs)	22	2005-06 to 2012-13	79
57	District Rural Development Agencies (DRDAs)	22	2005-06 to 2012-13	90
58	District Water Management Agencies (DWMAs)	22	2010-11 to 2012-13	34
59	Society for Elimination of Rural Poverty (SERP)	1	2011-12 to 2012-13	2
60	Swami Ramananda Tirtha Rural Institute	1	2010-11 to 2012-13	3
Labour and Employment				
61	Rajiv Udyogsri Society	1	2009-10 to 2012-13	4
62	AP Building & other construction workers Welfare Board, Hyderabad	1	2011-12 to 2012-13	2
Youth Advancement, Tourism and Culture				
63	National Institute of Tourism and Hospitality	1	2009-10 to 2012-13	4

Sl. No.	Name of the Body/ Authority	No. of bodies/ authorities	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2013
	Management			
64	Ravindra Bharathi	1	2005-06 to 2012-13	8
65	Sports Authority of Andhra Pradesh	1	2009-10 to 2012-13	4
66	AP Sports School	1	2012-13	1
Revenue				
67	AP Disaster Mitigation Society	1	2011-12 and 2012-13	2
Environment, Forests, Science and Technology				
68	AP State Remote Sensing Application Centre	1	2012-13	1
Planning				
69	Centre for Economic and Social Studies	1	2012-13	1
	Total	368		1,862

* Details such as year of inception, year from which accounts are due are not available in respect of SVKP College, Tirupathi and Vivek Vardhini Evening College, Hyderabad.

Appendix 3.4

Un-reconciled expenditure (₹ 500 crore and above cases only)

(Refer paragraph 3.4; page 58)

Sl. No.	Department/Controlling Officer	Amount not Reconciled
		(₹ in crore)
1	Energy, Secretariat Department (MH 2801 – Power)	6,187
2	Rural Development, HOD (MH 2235 - Social Security and Welfare)	2,150
3	Chief Engineer, Dr. B.R. Ambedkar Pranahita-Chevella Sujala Sravanthi (MH 4700 – Capital outlay on Major Irrigation)	2,127
4	Backward Classes Welfare, HOD (MH 2225 – Welfare of SCs, STs, OBCs and Minorities)	1,412
5	Medical Education, HOD (MH 2210 – Medical and Public Health)	1,268
6	Municipal Administration, HOD (MH 2217 – Urban Development)	1,221
7	Panchayat Raj and Rural Development, Secretariat Department (MH 2235 – Social Security and Welfare)	1,218
8	Secretary to Government, Planning Secretariat Department (MH 5475 - Capital Outlay on other General Economic Services)	985
9	Chief Engineer, FMC (SRSP) & SYP, Karimnagar (MH 4700 - Capital outlay on Major Irrigation)	874
10	Higher Education, Secretariat Department (MH 2202 – General Education)	766
11	Administration & EAP (R&B), HOD (MH 5054 –Capital outlay on Roads and Bridges)	684
12	Engineer-in-Chief Roads, HOD (MH 5054 - Capital outlay on Roads and Bridges)	646
13	Commissioner for Relief, HOD (MH 2245 – Relief on account of Natural Calamities)	633
14	Technical Education, HOD (MH 2203 – Technical Education)	616

Appendix 3.5

Statement showing Department-wise details of pending DC bills at the end of 2012-13

(Refer paragraph 3.6; page 61)

(₹ in crore)			
Sl. No.	Department	No. of Bills	Amount
1	Agriculture	391	830.97
2	Revenue	3,324	223.84
3	Secondary Education	554	58.95
4	Panchayat Raj & Rural Development	108	29.82
5	Home	164	23.39
6	Health, Medical and Family Welfare	16,432	16.07
7	Fiscal Administration, Planning, Surveys and Statistics	210	13.57
8	Others	548	13.31
	Total	21,731	1,209.92

Appendix 3.6

Non-receipt of cheques in support of Payments

(Refer paragraph 3.9.2.1; page 64)

(₹ in crore)		
Year	Cheques	Amount
1999-2000	7	0.01
2000-01	30	0.08
2001-02	44	0.12
2002-03	38	0.10
2003-04	20	0.25
2004-05	11	4.28
2005-06	31	2.08
2006-07	25	0.14
2007-08	10	0.53
2008-09	38	0.51
2009-10	91	5.13
2010-11	1166	36.19
2011-12	1270	59.42
2012-13	1802	217.85
Total	4583	326.69

Appendix 4.1

Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal liabilities)/2] * 100
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction or avoidance of debt
Buoyancy of a parameter	Rate of Growth of parameter/GSDP Growth Rate
Buoyancy of a parameter (X) with respect to another parameter(Y)	Rate of Growth of parameter(X)/ Rate of Growth of parameter(Y)
Development Expenditure	Social Services + Economic Services
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received/[(opening balance + Closing balance of Loans and Advances)/2] * 100
Interest spread	GSDP growth rate – Average Interest Rate
Primary Deficit	Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State's during the course of the year (Fiscal Deficit – Interest payments)
Quantum spread	Debt stock * Interest spread
Rate of growth (ROG)	[(Current year Amount/Previous year Amount)-1] * 100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Terms	Description
Absorptive capacity	Absorptive capacity in this case refers to the ability of a State to implement a developmental scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the design of schemes are well planned with careful risk mitigation strategy in place, administrative costs are low, operation, maintenance, monitoring and control mechanisms are in place etc so that the State is able to effectively achieve targeted outcomes.
Average interest rate	Average interest rate is defined as the percentage of interest payment made to average financial liabilities of the State during the year i.e. (sum of opening and closing balances of fiscal liabilities/2) X 100
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
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 current prices
Debt consolidation and Relief Facility	In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme “The States’ Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)” under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States of enacting the FRBM Act and debt waiver is granted on fiscal performance, linked to the reduction of revenue deficits of States

Terms	Basis of calculation
Development expenditure	The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are 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.
Debt sustainability	The debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It means that rise in fiscal deficit should match with the increase in the State's capacity to service the incremental debt from additional revenues generated from the use of such debt in creating income generating capital assets.
Debt stabilization	A necessary condition for stability States that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive. 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 not rise. 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.
Merit goods	Core public goods are which all citizens enjoys in common in the sense that each individual's consumption of such good leads to no subtractions from any other individual's consumption of that good, etc. Enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. fall under this class. Merit goods are commodities that the public sector provides free of cost or at categorized rates because an individual or society should have them on the basis of some concept of need rather than the ability and willingness to pay for their costs. The examples of such goods include the provision of free or subsidized food for the poor to support nutrition, the delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
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.
Primary revenue deficit	Primary revenue deficit defined as gap between non-interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.
Primary expenditure	Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.
Sufficiency of 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.

Appendix 4.2

Acronyms and abbreviations

Acronym		Full form
AABY	:	Aam Admi Bhima Yojana
AC Bills	:	Abstract Contingent Bills
AE	:	Aggregate Expenditure
APFC	:	Andhra Pradesh Financial Code
APFRBM Act	:	Andhra Pradesh Fiscal Responsibility and Budget Management
APGVB	:	Andhra Pradesh Grameena Vikas Bank
APPFC	:	Andhra Pradesh Power Finance Corporation Limited
APPR	:	Andhra Pradesh Panchayat Raj
APSACS	:	Andhra Pradesh State AIDS Control Society
APSRTC	:	Andhra Pradesh State Road Transport Corporation
APTRANSCO	:	Transmission Corporation of Andhra Pradesh Limited
BE	:	Budget Estimates
B.Ed.	:	Bachelor of Education
BRO	:	Budget Release Order
BT	:	Bituminious Thar
BWHP	:	Integrated Housing Programme for Beedi Workers
CAG	:	Comptroller and Auditor General of India
CAGR	:	Compound Annual Growth Rate
CB	:	Closing Balance
CCO	:	Chief Controlling Officer
CE	:	Capital Expenditure
CF	:	Contingency Fund
CGA	:	Controller General of Accounts
CRF	:	Calamity Relief Fund
CSS	:	Centrally Sponsored Schemes
CTE	:	College of Teacher Education
DC Bills	:	Detailed Contingent Bills
DDs	:	Demand Drafts
DE	:	Development Expenditure
D.Ed.	:	Diploma in Education
DIET	:	District Institutes of Education and Training
DGSD	:	Director General of Supplies and Disposals
DTA	:	Director of Treasuries and Accounts
DTO	:	District Treasury Officer
DWCRA	:	Development of Women and Children in Rural Areas
FA&CAO	:	Financial Advisor and Chief Accounts Officer
FCP	:	Fiscal Correction Path
FD	:	Fiscal Deficit
FDR	:	Fixed Deposit Receipt
FPSS	:	Fiscal Policy Strategy Statement

Acronym		Full form
FRL	:	Fiscal Responsibility Legislation
GIC	:	General Insurance Corporation of India
GoI	:	Government of India
GP	:	Gram Panchayat
GSDP	:	Gross State Domestic Product
HODs	:	Heads of Departments
IASE	:	Institute of Advanced Study in Education
IAY	:	Indira Awas Yojana
INDIRAMMA	:	Integrated Novel Development in Rural Areas and Model Municipal Areas
ITDA	:	Integrated Tribal Development Agency
KGBV	:	Kasturba Gandhi Balika Vidyalaya
LIC	:	Life Insurance Corporation of India
LLPD	:	Lakh Litres Per Day
MEFS	:	Macro Economic Framework Statement
MGNREGS	:	Mahatma Gandhi National Rural Employment Guarantee Scheme
MSS	:	Matching State Share
NABARD	:	National Bank for Agriculture and Rural Development
NALSAR	:	National Academy of Legal Studies and Research
NCDC	:	National Co-operative Development Corporation
NOAPS	:	National Old Age Pension Scheme
NPCB	:	National Programme for Control of Blindness
NPEGEL	:	National Programme for Education of Girls at Elementary Level
NPRE	:	Non-Plan Revenue Expenditure
NTR	:	Non-Tax Revenue
O&M	:	Operations and Maintenance
OTR	:	Own Tax Revenue
PAO	:	Pay and Accounts Office
PD	:	Primary Deficit
PDA	:	Personal Deposit Account
PF	:	Provident Fund
PMGSY	:	Pradhan Mantri Gram Sadak Yojana
PMS	:	Post Metric Scholarship
PPP	:	Public Private Partnership
PSU	:	Public Sector Undertaking
RBI	:	Reserve Bank of India
RD	:	Revenue Deficit
RE	:	Revenue Expenditure
RIDF	:	Rural Infrastructure Development Fund
RMSA	:	Rashtriya Madhyamik Shiksha Abhiyan
RR	:	Revenue Receipts
RVMA	:	Rajiv Vidya Mission Authority
S&W	:	Salaries and Wages
SDL	:	State Development Loan

Acronym		Full form
SPD	:	State Project Director
SPV	:	Special Purpose Vehicle
SSA	:	Sarva Siksha Abhiyan
SSE	:	Social Sector Expenditure
SST	:	Schedule of Settlement with Treasuries
TE	:	Total Expenditure
TFC	:	Twelfth Finance Commission
TRICOR	:	AP Scheduled Tribes Cooperative Finance Corporation Limited
UC	:	Utilisation Certificate
UGC	:	University Grants Commission
VAT	:	Value Added Tax
WMA	:	Ways and Means Advances
ZPP	:	Zilla Praja Parishad

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