

**Report of the  
Comptroller and Auditor General of India  
on  
State Finances**

**for the year ended March 2017**

**Government of Andhra Pradesh**  
*Report No. 2 of the year 2018*



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## Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 has been prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid before the legislature of the State.

Chapters 1 and 2 of this Report 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 2017. 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 containing the findings of Performance audit and Compliance audit in various Departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.



# Executive Summary

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## 1 The Report

*Based on the audited accounts of the Government of Andhra Pradesh for the year ended March 2017, this Report provides an analytical review of the finances of the State Government. The Report has three Chapters:*

**Chapter 1** is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2017. It broadly presents and analyses the State Government's resources and their applications.

**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 various Departments.

**Chapter 3** gives an overview and status of the State Government's compliance with various financial rules, procedures and directives during 2016-17.

*The Report has 32 appendices containing additional data collated from several sources in support of the findings.*

## 2 Audit Findings

### 2.1 Finances of the State Government

*Capital expenditure (₹ 15,143 crore) was less than the Budget estimates (₹ 15,388 crore). Its ratio to total expenditure stood at 11.48 per cent which was much lower than the combined average (19.70 per cent) of General Category States.*

*Devolution to the State was enhanced to the tune of ₹ 4,370 crore during 2016-17 on the basis of 14<sup>th</sup> Finance Commission recommendations. Audit noted that additional devolution led to increase in Revenue expenditure and not on Capital formation.*

*The Government earned a meagre return of ₹ 4 crore in 2016-17 on its investment of ₹ 8,975 crore in various Corporations/Companies. The average rate of return on investment was negligible at 0.05 per cent during 2016-17.*

*The maturity profile of Debt as on 31 March 2017 indicated that State would have to repay more than 50 per cent of debt amounting to ₹ 76,888 crore within the next 7 years which might put strain on the Government budgets during that period.*

*The ratio of Debt Repayment to Tax revenue declined marginally from 0.15 in 2015-16 to 0.13 in 2016-17.*

*State Government released an amount of ₹ 8,256.01 crore for taking over the liability under the UDAY scheme leaving the balance loans to the tune of ₹ 6,464.39 crore. Bank/Financial Institutions had not issued any new bonds as stipulated in the UDAY Scheme for the remaining balance loans of DISCOMs.*

*State Government in its Macro Economic Framework Statement (MEFS) targeted to reduce Fiscal Deficit to 3 per cent of Gross State Domestic Product (GSDP) as against 3.25 per cent, as applicable to certain states, recommended by the 14<sup>th</sup> FC. However, the fiscal deficit (₹ 30,908 crore) at 4.42 per cent of GSDP was still more than the prescribed limit.*

*During the year 2016-17, a loan of ₹ 1,670 crore was repaid by AP Housing Corporation to the State Government on the last day of the financial year. This brought the fiscal deficit to GSDP ratio within the limit prescribed (3.25 per cent) by the 14<sup>th</sup> Finance Commission at the end of the year i.e., on 31 March 2017. However, the same amount was credited back to the account of Corporation immediately (on 18 April 2017) by the Government of Andhra Pradesh.*

*Revenue expenditure (₹ 1,16,215 crore) at 16.62 per cent of Gross State Domestic Product (GSDP) was more than the Budget estimates (₹ 1,14,168 crore). During the year 2016-17, 85.17 per cent of the revenue expenditure was met from revenue receipts and the balance was financed from borrowed funds, thus registering a revenue deficit of ₹ 17,231 crore. This is fraught with the risk of progressive weakening of State finances over a period of time.*

*The State of Andhra Pradesh is yet to amend its Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 as per the recommendations of 14<sup>th</sup> Finance Commission (FC) for the period 2015-20.*

(Chapter 1)

## **2.2 Financial Management and Budgetary Control**

*Sound financial management requires advance planning and accurate estimation of revenues and expenditure. There were instances of excess expenditure or substantial savings with reference to provisions made during the year, exhibiting weakness in expenditure monitoring and control. Both situations are grave breaches of financial control.*

*The overall savings of ₹ 20,280.23 crore (10.47 per cent of budget provision) were the result of savings of ₹ 21,967.05 crore in 35 grants partially offset by an excess of ₹ 1,686.83 crore in five grants under various sections (Voted/Charged).*

*Excess expenditure over the allocation amounting to ₹ 53,673.19 crore pertaining to the years from 2004 to 2016 was yet to be regularized as of November 2017. The cases of excess expenditure over grants are serious breaches and are in violation of the will of the Legislature. It is important that responsibility is fixed in this regard.*

*Accordingly, supplementary provision aggregating ₹ 55,903.07 crore proved to be excessive by ₹ 20,280.23 crore over actually required amount of ₹ 35,622.84 crore.*

*Against the total savings of ₹ 21,967.06 crore, an amount of ₹ 22,382.96 crore was surrendered during the year 2016-17, of which ₹ 21,684.00 crore (99.88 per cent) was surrendered on the last day of the year, i.e., 31 March 2017. This affected the availability of funds in priority areas and desired outcomes.*

*Excessive/unnecessary/inadequate re-appropriation of funds was also observed. Re-appropriations to heads where original provisions were not made, etc. were noticed which showed lack of coordination between Finance and the line departments. Analysis showed that out of 10,041 items of re-appropriations made by the State Government during the year 2016-17, specific reasons were not intimated in respect of 8,503 items (84.68 per cent).*

*(Chapter 2)*

### **2.3 Financial Reporting**

*Audit observed various instances of non-observance of financial rules and procedures and absence of financial controls.*

*Personal Deposit accounts were an area of serious concern. Huge amounts were credited purportedly for ensuring uninterrupted progress in respect of various schemes implemented by the Government. Unutilized sums were not allowed to lapse to the Government. Tracking of funds lying in PD accounts becomes difficult over a period of time which may lead to loss and embezzlement.*

*Interest paid at higher rates (6.31 per cent), on borrowings, while huge amounts were kept in PD Account, demonstrated poor cash and financial management by the State Government.*

*A large number (83,656) of Abstract Contingent (AC)/Detailed contingent (DC) bills involving an amount of ₹ 501.85 crore were lying pending and most of them for many years. In the absence of DC bills it is not possible to ascertain whether expenditure has taken place or not. Increasing number of pending DC Bills was fraught with the risk of embezzlement and corruption.*

*Utilisation Certificates (UCs) were incomplete without statement of expenditure.*

*Some institutions, including Public Sector Undertakings that were in receipt of grants/loans from Government failed to adhere to the timelines for submitting annual accounts.*

*Government had no mechanism to ensure submission of detailed information in respect of quantum of financial assistance provided to various institutions/bodies/authorities and the purpose of such assistance.*

*The omnibus Minor Head 800 continued to be operated for recording expenditure/receipts relating to several items affecting the transparency in financial reporting.*

*Non-reconciliation of both Expenditure and Receipts, increased by 27.87 per cent and 3.92 per cent respectively over the figures of previous year. This would affect reliability of financial information.*

*(Chapter 3)*



### Profile of Andhra Pradesh

Andhra Pradesh occupies eighth place in terms of geographical area among all States in India with 1.63 lakh sq. km. With a population of 4.95 crore as per 2011 census, the State stood at tenth and accounts for 4.10 *per cent* of country's total population. *Appendix 1.1* shows the socio-economic indicators related to the State of Andhra Pradesh.

#### Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important economic indicator of the State economy. The annual growth of India's GDP and State's GSDP at current prices are given in **Table 1.1**:

**Table 1.1: Comparative statement of GDP *vis-à-vis* GSDP**

Year	2012-13	2013-14	2014-15	2015-16	2016-17
India's GDP (₹ in crore)	99,44,013	1,12,33,522	1,24,45,128	1,36,82,035	1,51,83,709
Growth rate of GDP ( <i>per cent</i> )	13.82	12.97	10.79	9.94	10.98
State's GSDP (₹ in crore)	4,11,404	4,64,272	5,26,468	6,09,934	6,99,307
Growth rate of GSDP ( <i>per cent</i> )	8.43	12.85	13.40	15.85	14.65

*Source: Directorate of Economics & Statistics of Andhra Pradesh and Central Statistical Office; GDP & GSDP Estimates are in the new series with base year 2011-12*

### 1.1 Introduction

This Chapter provides a broad perspective of the finances of the Government of Andhra Pradesh for the year 2016-17 and analyses critical changes in the major fiscal aggregates relative to the previous year. This analysis is based on the Finance Accounts and the information obtained from State Government. The structure of Government Accounts and layout of the Finance Accounts are given in *Appendix 1.2*.

The State of Andhra Pradesh was bifurcated into two states i.e. Andhra Pradesh and Telangana with effect from 02 June 2014. The receipts and expenditure upto 2013-14 pertained to the composite state of Andhra Pradesh and those of 2014-15 included the particulars relating to composite state of Andhra Pradesh from 01 April 2014 to 01 June 2014. As the trend analysis for five years could not be done in this scenario, audit has restricted its comments by comparing with the previous financial year (2015-16) only.

### 1.2 Summary of current year's fiscal transactions

**Table 1.2** presents the summary of the 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 2016-17:

**Table 1.2: Summary of Receipts and Disbursements for the year 2016-17**

(₹ in crore)

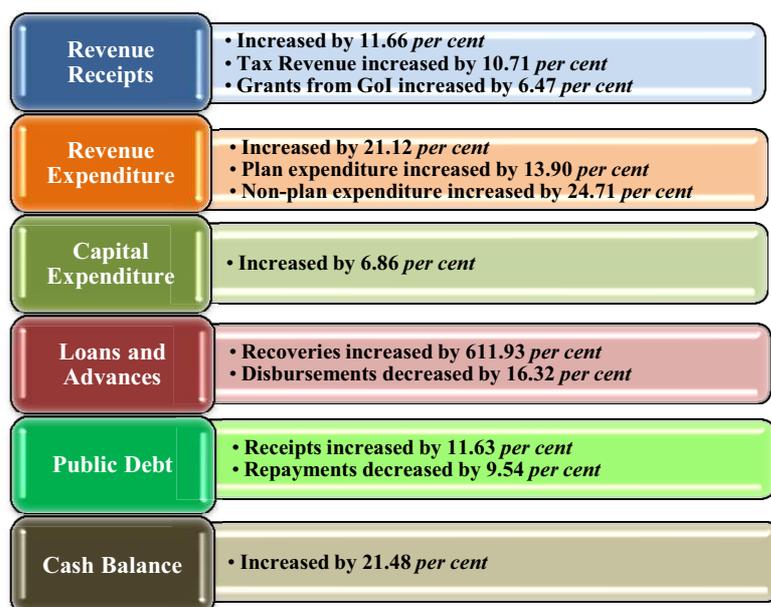
Receipts			Disbursements				
	2015-16	2016-17		2015-16	2016-17		
	Total	Total		Total	Non-Plan	Plan	Total
<b>Section A – Revenue</b>							
<b>Revenue Receipts</b>	<b>88,648</b>	<b>98,984</b>	<b>Revenue Expenditure</b>	<b>95,950</b>	<b>79,793</b>	<b>36,422</b>	<b>1,16,215</b>
<i>Tax Revenue</i>	<i>39,907</i>	<i>44,181</i>	<i>General Services</i>	<i>28,573</i>	<i>32,682</i>	<i>104</i>	<i>32,786</i>
<i>Non-tax Revenue</i>	<i>4,920</i>	<i>5,193</i>	<i>Social Services</i>	<i>46,449</i>	<i>25,149</i>	<i>25,079</i>	<i>50,228</i>
<i>Share of Union Taxes/Duties</i>	<i>21,894</i>	<i>26,264</i>	<i>Economic Services</i>	<i>20,812</i>	<i>21,869</i>	<i>11,239</i>	<i>33,108</i>
<i>Grants from GOI</i>	<i>21,927</i>	<i>23,346</i>	<i>Grants-in-aid and Contributions</i>	<i>116</i>	<i>93</i>	<i>0</i>	<i>93</i>
<b>Section B – Capital &amp; Others</b>							
<b>Misc. Capital Receipts</b>	<b>0</b>	<b>0</b>	<b>Capital Outlay</b>	<b>14,171</b>	<b>29</b>	<b>15,114</b>	<b>15,143</b>
<b>Recoveries of Loans and Advances</b>	<b>285</b>	<b>2,029</b>	<b>Loans and Advances disbursed</b>	<b>674</b>	<b>69</b>	<b>495</b>	<b>564</b>
<b>Public Debt Receipts</b>	<b>53,681</b>	<b>59,923<sup>#</sup></b>	<b>Repayment of Public Debt</b>	<b>38,445</b>	<b>*</b>	<b>*</b>	<b>34,777<sup>#</sup></b>
<b>Inter State Settlement</b>	<b>0</b>	<b>0</b>	<b>Inter State Settlement</b>	<b>195</b>	<b>*</b>	<b>*</b>	<b>-1</b>
<b>Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Public Account Receipts</b>	<b>90,912</b>	<b>98,781</b>	<b>Public Account Disbursements</b>	<b>79,833</b>	<b>*</b>	<b>*</b>	<b>91,259</b>
<b>Opening Cash Balance</b>	<b>3,934</b>	<b>8,192</b>	<b>Closing Cash Balance</b>	<b>8,192</b>	<b>*</b>	<b>*</b>	<b>9,952</b>
<b>Total<sup>#</sup></b>	<b>2,37,460</b>	<b>2,67,909</b>	<b>Total<sup>#</sup></b>	<b>2,37,460</b>			<b>2,67,909</b>

Source: Finance Accounts.

<sup>#</sup> Includes Ways and Means Advances of ₹ 29,154 crore

\*Finance Accounts do not contain these figures

Progressive incline/decline observed in various areas from previous financial year was as under:

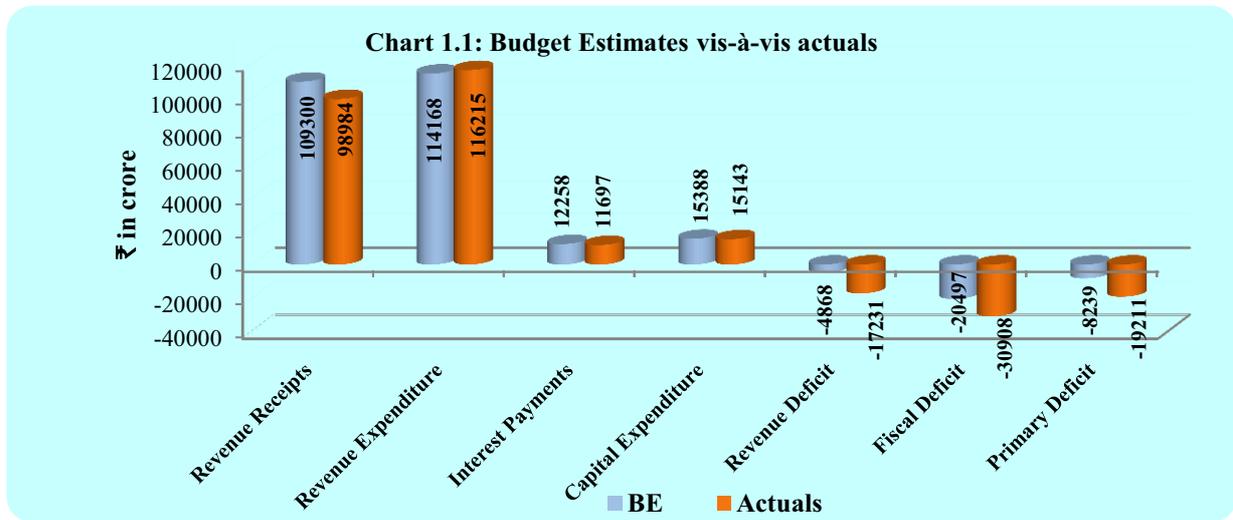


*The revenue deficit of Government of Andhra Pradesh for the year 2016-17 was ₹ 17,231<sup>1</sup> crore. The fiscal deficit (₹ 30,908<sup>1</sup> crore) stood at 4.42 per cent of GSDP during the year, which was more than the ceiling of 3.25 per cent prescribed by the 14<sup>th</sup> Finance Commission.*

<sup>1</sup> Includes an amount of ₹ 8,256 crore under Ujjwal DISCOMS Assurance Yojana (UDAY) scheme

### 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 Estimates and Finance Accounts 2016-17

Revenue expenditure (₹ 1,16,215 crore) exceeded budget estimates (₹ 1,14,168 crore) by 1.79 per cent. Expenditure in excess of BE was the highest in Power Sector (210.97 per cent) including UDAY scheme. Capital expenditure (₹ 15,143 crore) was less than the budget estimates (₹ 15,388 crore) by 1.59 per cent.

### 1.4 Fiscal Reform Path

The 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). A summary of FRBM Act, 2005 as amended in 2011 is given in *Appendix 1.5*.

Important targets relating to fiscal variables are indicated in **Table 1.3**:

**Table 1.3: Targets/Projections for Fiscal variables**

Fiscal variables	2016-17				
	14 <sup>th</sup> FC targets for the State	Targets prescribed in FRBM Act	Targets proposed in Budget	Projections made in MEFS	Actuals
Revenue Deficit (₹ in crore)	0	*	4,868	4,598	17,231 <sup>#</sup>
Fiscal Deficit/ GSDP (in per cent)	3.25	*	N.A.	3.00	4.42 <sup>#</sup>
Total outstanding debt to GSDP (in per cent)	24.74	*	N.A.	N.A.	21.42

N.A.: Not available \* yet to be amended; # Includes an amount of ₹ 8,256 crore under UDAY scheme

Important targets relating to fiscal variables are to be amended from time to time in accordance with the Central Finance Commissions' recommendations. However, Government of Andhra Pradesh is yet to amend its FRBM Act in accordance with the 14th Finance Commission's recommendations, especially on fiscal targets viz., revenue deficit, fiscal deficit and outstanding liabilities to GSDP ratio.

Government replied that the ratio of Fiscal Deficit was 3.24 per cent to GSDP which increased to 4.42 per cent due to inclusion of ₹ 8,256 crore expended towards UDAY scheme (Para 1.14.2 may be referred).

#### **1.4.1 Non-disclosure of prescribed information under FRBM Act**

As per Rule 6 of FRBM rules, the Government shall, at the time of presenting the budget, make disclosures as required under section 10 of the FRBM Act. Out of 10 disclosures prescribed, the following disclosures were not presented along with the budget:

- (i) the statement of assets in **Form D-7**,
- (ii) statement on claims and commitments made by the State Government on revenue demands raised but not realized in **Form D-8** and
- (iii) the statement on liabilities in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies in **Form D-9**.

Further, the Government has not estimated the yearly pension liabilities on actuarial basis for the ensuing years, as stipulated in provision 7(2)(iii) of FRBM Act, 2005.

Non-disclosure of prescribed information compromised the objective of ensuring greater transparency in projecting the actual assets and liabilities as envisaged in the FRBM Act.

State Government replied that specific instructions would be issued to adhere to the provisions of the Act from 2018-19 onwards duly explaining the importance of these disclosures.

#### **1.4.2 Establishment of Committees**

The Government of Andhra Pradesh established two committees namely (i) Fiscal Management Committee<sup>2</sup> to design a framework to improve operational efficiency of expenditure through focus on utilization and (ii) Financial and Economic Analysis Division<sup>3</sup> (FEAD) to coordinate economic planning from the year 2016-17. An amount of ₹ 21.60 lakh was expended on these committees during the year. However, no reports were submitted by these Committees, thus defeating the purpose of formation of these committees.

### **1.5 Resources of the State**

#### **1.5.1 Resources of the State as per Annual Finance Accounts**

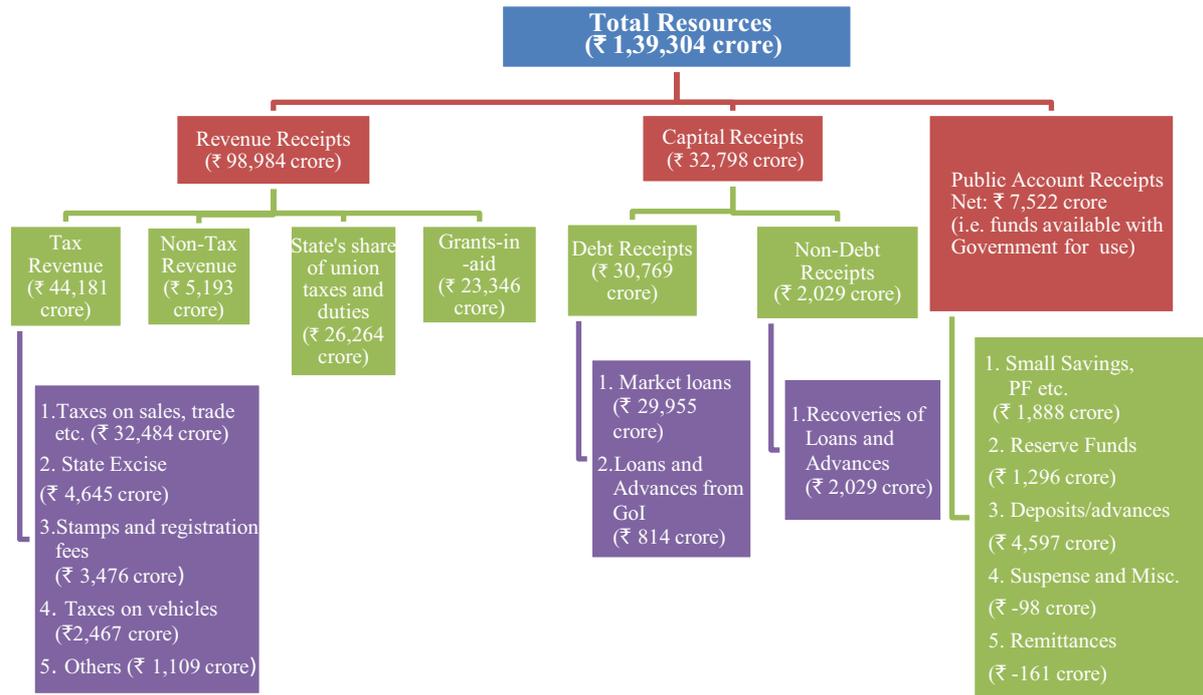
Revenue and Capital are the two streams of receipts that constitute the resources of the State apart from the net receipts of Public Account. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes & duties and grants-in-aid from the GoI. Capital receipts comprise miscellaneous 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. The net of Public Account comprises the balance after disbursements in small savings, provident funds, reserve funds deposits, suspense and remittances, etc. The balance, after disbursements is the fund

<sup>2</sup> Established vide G.O. Ms. No.1 dated 02 January 2016

<sup>3</sup> Established vide G.O. RT. No.2780 dated 13 November 2015

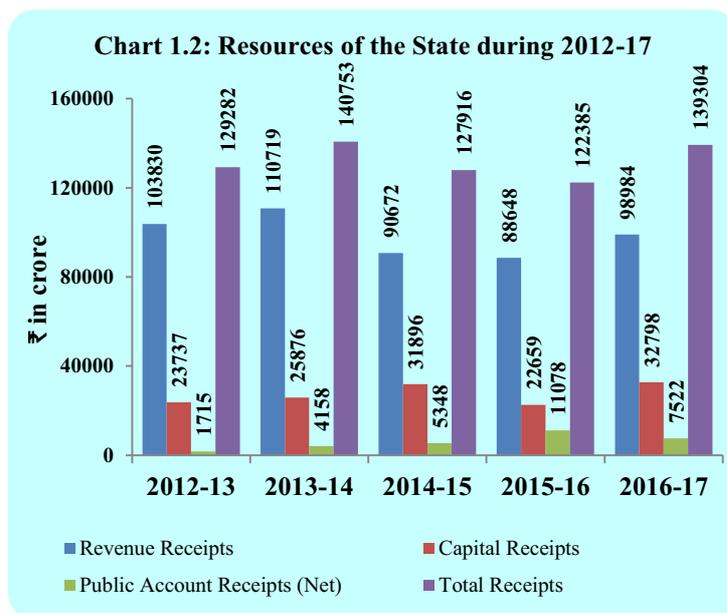
available with the Government for use.

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

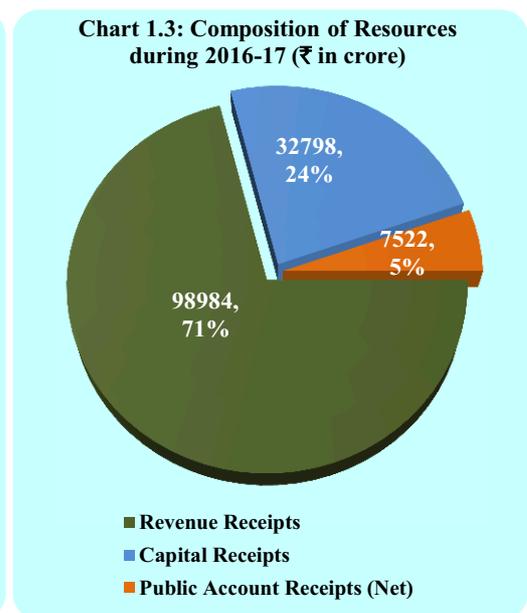


NOTE: Capital Receipts do not include an amount of ₹ 29,154 crore availed as Ways and Means Advances/Special Drawing Facility/Over Draft

Out of the total resources of ₹ 1,39,304 crore of the State Government during the year 2016-17, Revenue Receipts (₹ 98,984 crore) constituted 71.06 per cent of total resources. Capital Receipts (₹ 32,798 crore) and net Public Account Receipts (₹ 7,522 crore) constituted 23.54 per cent and 5.40 per cent of the total resources, respectively. **Chart 1.2** depicts the details under various components of the total resources of the State during 2012-17. **Chart 1.3** depicts the composition of total resources of the State during the current year 2016-17.



Source: Finance Accounts

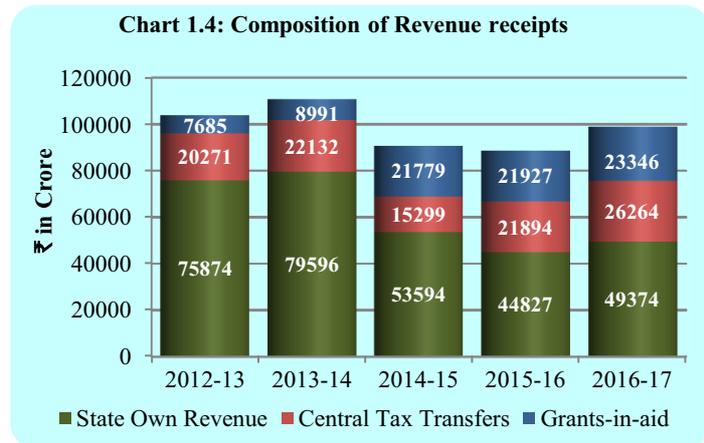


Source: Finance Accounts 2016-17

## 1.6 Revenue Receipts

The details and composition of revenue receipts over the five year period 2012-17 are presented in *Appendix 1.6* and also depicted in **Chart 1.4**.

The actual receipts under State's tax and non-tax revenue *vis-à-vis* estimates of the State Government during 2016-17 are given in **Table 1.4** below:



Source: Finance Accounts

**Table 1.4: Revenue receipts *vis-à-vis* assessment**

	Budget	Actuals	Percentage Variation
<b>Tax Revenue</b>	52,318	44,181	-15.55
<b>Non-Tax Revenue</b>	5,495	5,193	-5.50
<b>Share of Central Taxes/duties</b>	24,637	26,264	6.60
<b>Grants-in-aid from GoI</b>	26,850	23,346	-13.05
<b>Total</b>	<b>1,09,300</b>	<b>98,984</b>	<b>-9.44</b>

Source: Budget in Brief and Finance Accounts 2016-17

The actual realization of Revenue receipts were lower than the projections made in the Budget by ₹ 10,316 crore (9.44 per cent).

Revenue receipts constituted 14.15 per cent of GSDP in 2016-17 as shown in **Table 1.5**:

**Table 1.5: Revenue receipts relative to GSDP during 2012-17**

	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenue Receipts (RR) (₹ in crore)</b>	1,03,830	1,10,719	90,672	88,648	98,984
<b>Rate of Growth<sup>4</sup> of RR (per cent)</b>	10.98	6.63	N.C.	N.C.	11.65
<b>RR/GSDP (per cent)</b>	13.92	12.95	17.44	14.69	14.15
<b>Buoyancy Ratios<sup>5</sup></b>					
<b>Revenue Buoyancy w.r.t. GSDP</b>	0.79	0.50	N.C.	N.C.	0.80
<b>State's Own Tax Buoyancy w.r.t. GSDP</b>	0.89	0.53	N.C.	N.C.	0.73

Source: Finance Accounts, N.C.: Not comparable as the State of A.P. after bifurcation w.e.f. 02 June 2014 is a different entity.

<sup>4</sup> See Glossary

<sup>5</sup> See Glossary

## 1.6.1 State's own resources

The State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission and guidelines on Central assistance for plan schemes etc. The 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

Taxes on sales and trade contributed 73.52 per cent to Own Tax Revenue (OTR) in 2016-17. The major taxes which contributed to OTR are given in **Table 1.6**:

**Table 1.6: Components of State's Own Tax revenue**

	2012-13	2013-14	2014-15	2015-16	2016-17	(₹ in crore) % increase over previous year
<b>Taxes on Sales, trades etc.</b>	40,715	48,737	30,524	29,104	32,484	11.61
<b>State Excise</b>	9,129	6,250	4,352	4,386	4,645	5.91
<b>Taxes on Vehicles</b>	3,357	3,335	3,687	2,082	2,467	18.49
<b>Stamp duty and Registration fees</b>	5,115	4,393	3,249	3,527	3,476	-1.45
<b>Land Revenue</b>	62	74	62	52	167	221.15
<b>Taxes on Goods and Passengers</b>	12	16	14	10	12	20.00
<b>Other Taxes<sup>6</sup></b>	1,485	1,318	729	746	930	24.66
<b>Total</b>	<b>59,875</b>	<b>64,123</b>	<b>42,618</b>	<b>39,907</b>	<b>44,181</b>	<b>10.71</b>

Source: Finance Accounts

Increase in Land revenue to the tune of ₹ 115 crore (221.15 per cent increase compared to previous year) was on account of Sale proceeds of Waste Lands and redemption of Land Tax in connection with Survey and Settlement operations. Increase of ₹ 3,380 crore in respect of Taxes on sales, trades etc was mainly attributable to increase in receipts under Central Sales Tax and State Sales Tax.

### 1.6.1.2 Non-Tax Revenue

Non-tax revenue accounts for receipts from services rendered and supplies made by various Departments of Government and interest receipts. The Non-tax revenue, constituted 5.25 per cent of the total revenue receipts of the year. The overall increase of ₹ 273 crore over the previous year was mainly from other non-tax receipts. The composition of non-tax revenue is detailed in **Table 1.7**:

<sup>6</sup>Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income

**Table 1.7: Composition of Non-Tax Revenue**

(₹ in crore)						
Revenue Head	2012-13	2013-14	2014-15	2015-16	2016-17	% increase over previous year
Interest Receipts	9,626	8,646	4,796	133	113	-15.04
Dividends & Profits	64	61	8	9	4	-55.56
Other Non-Tax Receipts	6,309	6,766	6,172	4,778	5,076	6.24
<b>Total</b>	<b>15,999</b>	<b>15,473</b>	<b>10,976</b>	<b>4,920</b>	<b>5,193</b>	<b>5.55</b>

Source: Finance Accounts

### Interest receipts

Interest receipts (₹ 113 crore) included ₹ 66 crore received from investment of Cash Balance, ₹ 33 crore was received from various sources viz., Andhra Pradesh Transmission Corporation (APTRANSCO) and Credit Cooperatives etc. The remaining amount of ₹ 14 crore was booked under omnibus Minor Head-800 Other Receipts, which had no details on the source of the receipts.

### Dividend Receipts

The receipts of ₹ 4 crore were booked under Major Head 0050 – Dividends & Profits. However, the details of institutions from which the dividend received were not made available for ₹ 3.88 crore. Further, income from dividends declined to ₹ 4 crore from ₹ 9 crore during the previous year.

### Other Non-Tax Receipts

Non-Ferrous Mining & Metallurgical Industries (₹ 1,628 crore – Mineral Concession Fee, Rents & Royalties), Urban Development (₹ 901 crore – Other Receipts), Education, Sports, Art and Culture (₹ 577 crore – General Education) and Rural Development Programmes (₹ 559 crore – Panchayat Raj) were the main contributors to non-tax revenue.

The above receipts relating to Education Department included ₹ 517 crore under Major Head 0202 (Education, Sports, Art and Culture) – 01 (General Education) – 101 (Elementary Education). As this head was related to reimbursement of teachers' salary, these amounts were required to be reduced from expenditure instead of remitting to Consolidated Fund thereby resulting in overstatement of the State's revenues by an identical amount.

## 1.6.2 State's share of Union taxes and Grants-in-aid

### 1.6.2.1 State's share of Union taxes

The 14<sup>th</sup> FC had recommended that the States' share of central taxes be increased to 42 per cent from 32 per cent from 2015-16 onwards. Consequently, the State's share in the net proceeds of Central Taxes (excluding Service Tax) and net proceeds of Service Tax has been fixed at 4.31 and 4.40 per cent, respectively.

While contributing 24.70 per cent to the State's total revenue receipts, central tax transfers of ₹ 26,264 crore in 2016-17 was less by ₹ 1,627 crore (6.60 per cent) from the budget estimates.

However, Central tax transfers were higher by ₹ 4,370 crore (19.96 *per cent*) compared to previous year.

Major components of central tax transfers were Corporation Tax (₹8,414 crore), Taxes on Income other than Corporation Tax (₹5,848 crore), Service Tax (₹4,231 crore), Customs Duty (₹3,619 crore) and Union Excise Duties (₹4,133 crore).

### 1.6.2.2 Grants-in-aid from Government of India

The details of Grants-in-aid from GoI and its composition during 2012-17 are given in **Table 1.8:**

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

Particulars	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Non-Plan Grants	784	3,433	4,676	9,944	10,839
Grants for State Plan Schemes	3,223	2,758	16,533	10,325	12,507
Grants for Central Plan Schemes	219	260	55	1,658	0
Grants for Centrally Sponsored Schemes	3,459	2,540	515	0	0
<b>Total</b>	<b>7,685</b>	<b>8,991</b>	<b>21,779</b>	<b>21,927</b>	<b>23,346</b>
Total grants as a percentage of Revenue Receipts	7.40	8.12	24.02	24.73	23.59

Source: Finance Accounts

Out of the Grants of ₹ 12,507 crore for State Plan Schemes, the major amount (₹ 12,120 crore – 97.71 *per cent*) was related to Centrally Assisted State Plan (CASP) schemes. The major recipient of CASP schemes was Mahatma Gandhi National Rural Employment Guarantee Act (₹3,752 crore), Accelerated Irrigation Benefit Programme (₹2282 Crore), Integrated Child Development Scheme (₹ 628 crore) and Sarva Shiksha Abhiyan (₹ 633 crore).

### 1.6.3 Funds transferred to State Implementing Agencies outside the State Budget

The Government of India discontinued the release of funds directly to Implementing Agencies from the year 2014-15. However, GoI has been transferring sizeable quantum of funds directly to the State implementing agencies for implementation of various schemes/programmes<sup>7</sup> in social and economic sectors recognized as critical.

During the year 2016-17, GoI transferred ₹ 1,033.19 crore directly to State Implementing Agencies (₹ 752.09 crore to implementing agencies, ₹ 180.96 crore to Local Bodies and ₹ 100.14 crore to other agencies) concerning various Central Schemes/Programmes, without routing these funds through the State budget. The amount transferred directly during the year 2016-17 increased by ₹ 488.54 crore compared to previous year 2015-16 (₹ 544.65 crore).

<sup>7</sup> National Highways Authority of India from Central Road Fund, Support to DISCOMs for purchase of gas based power, National Aids and STD control programme (NACO), Top Class Education scheme for SC etc.,

## 1.6.4 Optimization of Finance Commission (FC) grants

### 1.6.4.1 13th Finance Commission Grants

The award period for 13th Finance Commission grants was from 2010-11 to 2014-15. As per the guidelines, the time for utilization of funds was up to 31 March 2016 i.e. up to the end of the next financial year, which was further extended by the State Government up to December 2016. Scrutiny of various records revealed the following:

#### Non-release of funds

As seen from the Deposit Accounts<sup>8</sup>, an amount of ₹ 1051.42 crore of 13<sup>th</sup> FC grants was available as on 01 April 2016. During the year 2016-17, an amount of ₹ 21.57 crore was released and credited to this account, indicating that amounts were kept without actual release to the departments concerned. Apart from the above, against the funds of ₹ 1072.99 crore available, an amount of ₹ 363.30 crore only was expended during the year 2016-17 thereby leaving the huge balance of ₹ 709.69 crore in Public Account defeating the purpose for which these available funds could have been spent.

#### Incorrect release of funds in advance of receipt from GoI

Government of India indicated an allocation of ₹ 818.36 crore to the Andhra Pradesh for the financial year 2014-15 after bifurcation as part of the 13<sup>th</sup> FC grants to the ULBs. In anticipation of grants from GoI, the state Government released entire amount in advance to all ULBs. However, there was a short fall in receipt from GoI to an extent of ₹ 185.21 crore than the anticipated amount. Hence the State Government issued orders to utilize 77.5 per cent of the released amounts as FC grants and allowed the ULBs to use the balance 22.5 per cent funds for works relating to *Godavari pushkarams* and to clear the pending bills. Release of anticipated amounts from State own funds in advance of actual receipt from GoI affects the budgetary process by enforcing postponement/stoppage of other schemes/works proposed in estimates.

*Government replied that grants could not be utilised within the award period as GOI had released the amount in 2014-15 (after a gap of three years) only. Government further stated that extension was given for utilisation of funds.*

### 1.6.4.2 14th Finance Commission Grants

#### Shortfall in receipt of 14<sup>th</sup> Finance Commission Grants

Audit of the records pertaining to the grants given by GoI on the recommendations of the 14<sup>th</sup> FC was conducted in the Finance Department.

The details of recommended grants, releases and shortfall for the year are given in **Table 1.9**:

<sup>8</sup> 8448-00-102-03-003 (Municipal General Funds) – ₹ 243.88 crore, 8448-00-102-06-003 (Municipal Corporation Funds) – ₹ 401.83 crore, 8448-00-109-01-005 (Village Panchayat Funds) – ₹ 405.71 crore.

**Table 1.9: 14th Finance Commission Grants**

(₹ in crore)					
Sl No	Purpose of Grant	Total Amount recommended for the award period	Amount recommended by 14 <sup>th</sup> FC during 2016-17	Actual Releases	Shortfall
<b>1</b>	<b>Local Bodies</b>	<b>12,289.89</b>	<b>2,089.18</b>	<b>2,065.53</b>	<b>23.65</b>
	Panchayat Raj Institutions	8,654.09	1,463.45	1,454.06	9.39
	Urban Local Bodies	3,635.80	625.73	611.47	14.26
<b>2</b>	<b>Disaster Relief</b>	<b>2,429.00</b>	<b>462.00</b>	<b>462.00</b>	<b>0</b>
	<b>Total</b>	<b>14,718.89</b>	<b>2,551.18</b>	<b>2,527.53</b>	<b>23.65</b>

Source: Departmental information

State Government replied that GoI had not released the funds to ULBs & PRIs where elections were yet to be conducted (85 out of 12902 PRIs and 11 out of 110 ULBs). It was further stated that, elections were being delayed due to court litigations etc.

### Non-incurring of expenditure

As seen from Ledger accounts<sup>9</sup>, an amount of ₹ 1025.86 crore towards 14th FC grants was available as on 31 March 2016 in the PD accounts of Panchayats/Municipalities. Further, an amount of ₹ 1921.13 crore was deposited against the actual expenditure of ₹ 977.86 crore during the financial year 2016-17 leaving a balance of ₹ 1969.13 crore in the accounts at the end of March 2017. This shows that the funds were being kept idle (66.82 per cent) without actual utilization.

## 1.7 Capital Receipts

The details of Capital Receipts and their composition during 2012-17 are given in **Table 1.10:**

**Table.1.10: Composition of Capital Receipts**

(₹ in crore)					
Sources of State's Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Capital Receipts (CR)</b>	<b>23,737</b>	<b>25,876</b>	<b>31,896*</b>	<b>22,659*</b>	<b>32,798*</b>
Miscellaneous Capital Receipts	0	9	0	0	0
Recovery of Loans and Advances	426	575	5,092	285	2,029
Public Debt Receipts	23,311	25,292	26,804	22,374	30,769
Rate of growth of debt capital receipts(per cent)	19.85	8.50	N.C.	N.C.	37.52
Rate of growth of non-debt capital receipts(per cent)	158.18	37.09	N.C.	N.C.	611.93
Rate of growth of GSDP(per cent)	13.86	13.31	N.C.	N.C.	14.65
Rate of growth of CR (per cent)	21.01	9.01	N.C.	N.C.	44.75

Source: Finance Accounts. N.C.: Not Comparable as the State of AP after bifurcation is a different entity. \*Excludes Ways and Means Advances and Overdraft facility availed by the Government.

During 2016-17, Capital Receipts (₹ 32,798 crore) constituted 23.54 per cent of the total

<sup>9</sup> 8448-00-102-03-003 (Municipal General Funds) – ₹ 163.25 crore, 8448-00-102-06-003 (Municipal Corporation Funds) – ₹ 155.76 crore, 8448-00-109-01-005 (Village Panchayat Funds) – ₹ 706.85 crore.

receipts (₹ 1,39,304 crore) of the State. Government borrowed ₹ 29,955 crore from open market and other financial institutions. Loans from GoI were ₹ 814 crore. Apart from these borrowings State Government availed ₹ 29,154<sup>10</sup> crore as Ways and Means Advances and Overdraft from the Reserve Bank of India.

On excluding Ways and Means Advances/Overdraft which was used for avoiding temporary mismatches in receipts and payments, Public Debt receipts increased by 37.52 per cent (₹ 8,395 crore) and total Capital Receipts by 44.75 per cent (₹ 10,139 crore) during the year compared to previous year. Increase in public debt affects the liability of State Government in future years and limits the capacity in creating capital assets.

Out of the total recoveries of loans and advances of ₹ 2,029 crore, an amount of ₹ 1,677.44 crore was received from Rural Housing.

## 1.8 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as small savings, Provident Fund, 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. The composition of Public Account receipts and disbursements from 2012 to 2017 is given in **Table 1.11:**

**Table 1.11: Composition of Public Account receipts and disbursements during 2012 to 2017**

(₹ in crore)					
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
<b>A. Public Account Receipts</b>					
Small Savings, Provident Fund etc.	3,580	3,673	2,881	2,543	3,541
Reserve Funds	2,243	3,446	1,842	2,151	2,548
Deposits and Advances	48,722	52,992	48,388	50,137	56,571
Suspense and Miscellaneous	22,333	23,590	2,37,671	21,293	19,710
Remittances	18,039	17,651	10,847	14,788	16,411
<b>Total (A)</b>	<b>94,917</b>	<b>1,01,352</b>	<b>3,01,629</b>	<b>90,912</b>	<b>98,781</b>
<b>B. Public Account Disbursements</b>					
Small Savings, Provident Fund etc.	2,390	2,601	1,578	1,290	1,653
Reserve Funds	2,436	1,895	1,286	1,204	1,252
Deposits and Advances	47,056	51,798	43,040	41,566	51,974
Suspense and Miscellaneous	22,599	23,302	2,38,170	21,421	19,808
Remittances	18,720	17,599	12,207	14,352	16,572
<b>Total (B)</b>	<b>93,201</b>	<b>97,195</b>	<b>2,96,281</b>	<b>79,833</b>	<b>91,259</b>
<b>Public Account Net (A)-(B)</b>	<b>1,716</b>	<b>4,157</b>	<b>5,348</b>	<b>11,078</b>	<b>7,522</b>

Source: Finance Accounts

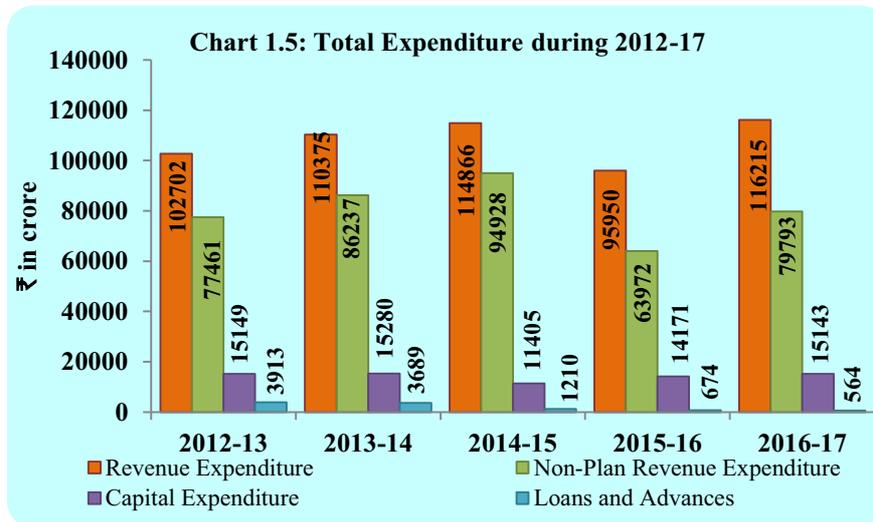
During the year 2016-17, net Public Account receipts (₹ 7,522 crore) contributed 5.40 per cent of the total resources (₹ 1,39,304 crore) of the State.

<sup>10</sup> Ways and Means Advances (₹ 27,858.93 crore) and Overdraft (₹ 1,295 crore)

## 1.9 Application of resources

### 1.9.1 Composition of expenditure

Chart 1.5 presents the composition of total expenditure over a period of five years (2012-17). The composition of total and sectorial expenditure is depicted in Charts 1.6 and 1.7 respectively.



Total Expenditure (₹ 1,31,921 crore) had increased by ₹ 20,931 crore (19 per cent) in 2016-17 over the previous year (₹ 1,10,990 crore) due to increase in Revenue expenditure to an extent of ₹ 20,265 crore and Capital Expenditure by ₹ 972 crore.

Source: Finance Accounts

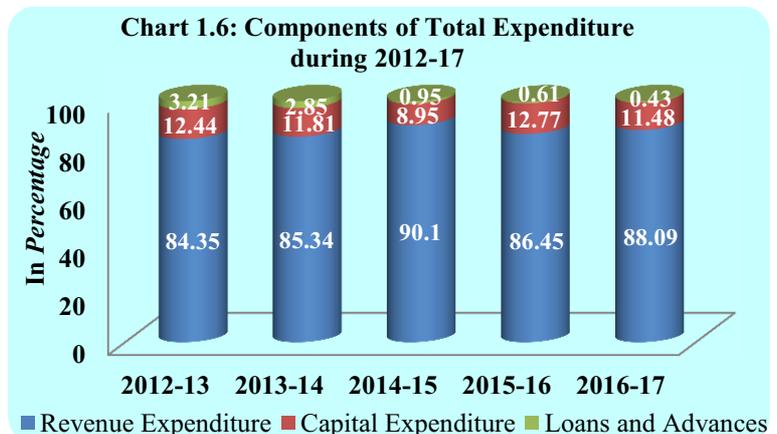
Note: Total expenditure excludes repayment of public debt amounting to ₹ 34,777 crore

During the current year, 75 per cent of the total expenditure was met from revenue receipts and the rest from borrowings. The total expenditure exceeded the budget estimates (₹ 1,30,135 crore) by ₹ 1,786 crore.

Revenue expenditure (₹ 1,16,215 crore) constituting 16.62 per cent to GSDP, increased by ₹ 20,265 crore (21.12 per cent) compared to previous year and was more than the budget estimates (₹ 1,14,168 crore) for the year 2016-17 by ₹ 2,047 crore.

Borrowed funds used for meeting revenue expenditure create liability for future years without creating any assets. During the current year, 85 per cent of the revenue expenditure was met from revenue receipts. However, the balance 15 per cent (₹ 17,231 crore) of revenue expenditure for day to day activities of Government was financed from borrowed funds. The revenue expenditure incurred by various departments is indicated in *Appendix 1.3*.

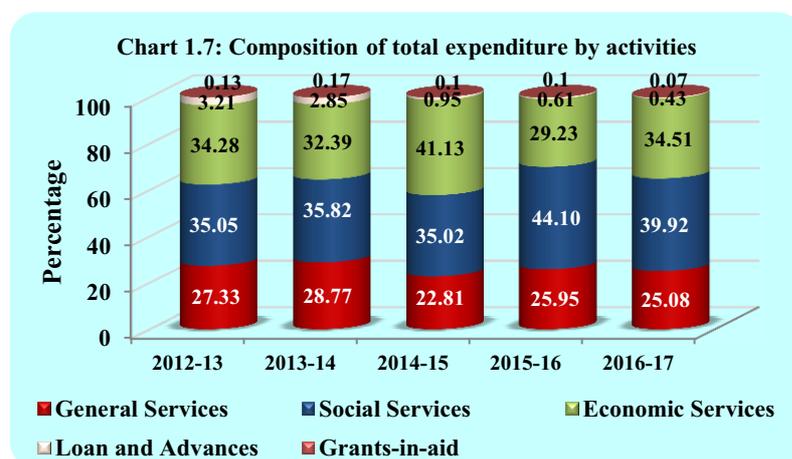
In the context of State finances, the quality of expenditure is always an important issue. During the year 2016-17, revenue expenditure accounted for 88 per cent of the State's aggregate expenditure (₹ 1,31,921 crore), which is in the nature of current consumption, leaving only 12 per cent for investment in infrastructure and asset creation.



Source: Finance Accounts

Capital expenditure (₹ 15,143 crore) during 2016-17 constituted 11 per cent of total expenditure and accounted for 2.16 per cent of GSDP, increased by ₹ 972 crore over the previous year. The expenditure was mainly on Irrigation and Flood Control (₹ 9,996 crore) and Transport (₹ 2,097 crore).

Loans and Advances disbursed (₹ 564 crore) were less than the estimates (₹ 579 crore) made in the Budget for 2016-17 and constituted 0.43 per cent of the total expenditure.



Source: Finance Accounts

The share of expenditure on General and Social services in total expenditure had reduced by 0.87 per cent and 4.18 per cent respectively during the year 2016-17 over the previous year. Meanwhile, there was an increase of 5.28 per cent in expenditure in respect of Economic Services during the year 2016-17 compared to the previous year.

## 1.9.2 Committed Expenditure

Committed expenditure of Government on revenue account consisted mainly of interest payments, expenditure on salaries and wages, pensions and subsidies. During 2016-17, committed expenditure constituted 53 per cent and 78 per cent of revenue expenditure (₹ 1,16,215 crore) and non-plan revenue expenditure (NPRE) (₹ 79,793 crore), respectively. Table 1.12 and Chart 1.8 present the expenditure on these components during 2012-17.

**Table 1.12: Components of committed expenditure**

Components of Committed Expenditure	2012-13	2013-14	2014-15	2015-16	2016-17		
					Budget estimates	Actuals	Percentage variation
Salaries *& Wages, of which	30,071(29)	32,858(38)	27,686(24)	27,474(29)	34,910	31,125	-10.84
(i) Non-Plan	28,071	30,568	25,914(23)	25,847(27)	33,777	29,333	-13.16
(ii) Plan**	2,000	2,290	1,772(2)	1,627(2)	1,133	1,792	58.16
Interest payments	11,662	12,911	10,007(9)	9,849(10)	12,258	11,697	-4.58
Pensions	12,089	13,682	9,971(9)	11,238(12)	16,140	12,873	-20.24
Subsidies	10,658	10,420	14,037(12)	6,360(7)	6,239	6,246	0.11
<b>Total</b>	<b>64,480(63)</b>	<b>69,871(63)</b>	<b>61,701(54)</b>	<b>54,921(57)</b>	<b>69,547</b>	<b>61,941</b>	<b>-10.94</b>

Source: Voucher Level Computerisation (VLC) data of O/o Pr.AG (A&E) Andhra Pradesh

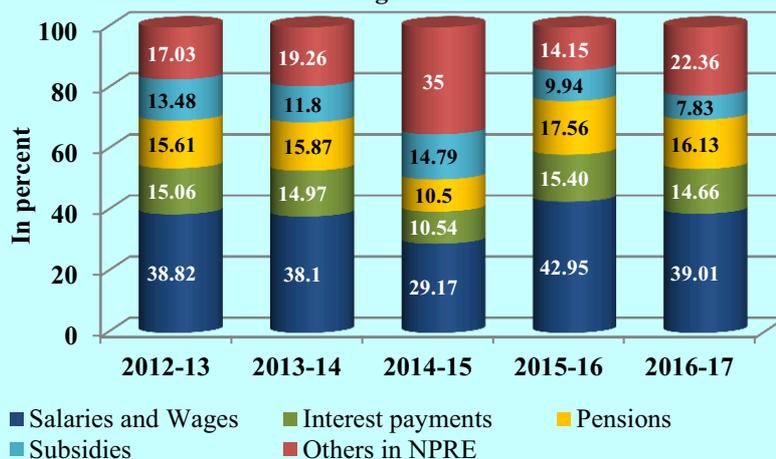
Note: Figures in paranthesis indicate percentage to Revenue Expenditure.\*It also includes the salaries paid out of grants-in-aid and work charged establishment. \*\*Plan head also includes the salaries and wages paid under Centrally Sponsored Schemes.

### 1.9.2.1 Salaries and wages

Expenditure on salaries and wages during the current year was less than the budget estimates by 11 per cent and increased by 13 per cent over the previous year.

During 2016-17, expenditure on salary constituted 27 per cent of revenue expenditure.

Chart 1.8: Share of committed expenditure in NPRE during 2012-17



Source: Finance Accounts

### 1.9.2.2 Interest payments

Although, the share of interest payments (₹ 11,697 crore) in revenue expenditure was 10.06 per cent during the current year, there was an increase of ₹ 1,848 crore (18.76 per cent) over the previous year (₹ 9,849 crore). During 2016-17, interest payments as a percentage of total revenue receipts stood at 11.81 per cent, which was less than the projection (12.03 per cent) made by the 14<sup>th</sup> FC. Interest on Market Borrowings (₹ 8,555 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹ 1,534 crore) were the major contributors to interest payments.

### 1.9.2.3 Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 12,873 crore, and constituted 13.01 per cent of revenue receipts. During the year 2016-17, the expenditure on pensionary benefits had increased by ₹ 1,635 crore (14.54 per cent) over the previous year (₹ 11,238 crore). Superannuation and Retirement Allowances (₹ 6,534.82 crore) and Family Pensions (₹ 2,332.34 crore) were the major expenditure under this head.

### 1.9.2.4 Subsidies

The total expenditure of ₹ 6,246 crore on subsidies during the year was higher than the projections made in the Budget by 0.11 per cent, while it was less by ₹ 114 crore (1.79 per cent) compared to previous year (2015-16). The major portion of subsidies was given to APTRANSCO towards Agricultural and Allied activities of ₹ 2,750 crore (44.03 per cent) and Civil supplies i.e. subsidy on rice of ₹ 2,352 crore (37.66 per cent). The percentage of subsidies to revenue expenditure was 5.37 per cent. Department-wise subsidies are listed in **Table 1.13**:

**Table 1.13: Department wise Subsidies**

Departments	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Civil Supplies	2,692	3,190	2,118	2,380	2,470
Power	6,178	6,582	10,092	3,186	2,750
Agricultural and other Allied activities	1,528	340	522	633	652
Others <sup>11</sup>	260	308	1,305	161	374
<b>Total subsidy</b>	<b>10,658</b>	<b>10,420</b>	<b>14,037</b>	<b>6,360</b>	<b>6,246</b>
Total Revenue Expenditure	1,02,702	1,10,375	1,14,866	95,950	1,16,215
Subsidy as a % of RE.	10.38	9.44	12.22	6.63	5.37

Source: Finance Accounts

### 1.9.3 Financial Assistance to local bodies and other institutions

The quantum of financial assistance provided by the State Government to Local Bodies and other institutions by way of grants/loans during 2012 to 2017 is given in **Table 1.14**:

**Table 1.14: Financial assistance to Local Bodies etc.**

	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	7,169	7,863	8,054	6,965	7,625
Municipal Corporations and Municipalities	3,468	2,256	4,275	749	4,462
Zilla Parishads and other PR Institutions	2,677	3,862	8,679	3,724	9,352
Development Agencies	12,262	6,484	23,767	14,512	16,042
Hospitals and Other Charitable Institutions	1,195	1,385	1,416	472	2,106
Autonomous Bodies	2,180	2,160	2,493	1,741	2,632
Co-operative Institutions	117	82	79	146	143
Other Institutions <sup>12</sup>	5,752	6,465	8,363	11,385	11,617
<b>Total</b>	<b>34,820</b>	<b>30,557</b>	<b>57,126</b>	<b>39,694</b>	<b>53,979</b>
<b>Assistance as percentage of R.E</b>	<b>33.90</b>	<b>27.68</b>	<b>49.73</b>	<b>41.37</b>	<b>46.45</b>

Source: Finance Accounts

Financial assistance extended to local bodies and other institutions in 2016-17 constituted 46.45 *per cent* of revenue expenditure. The major schemes/recipients of grants during the year were DISCOMS for taking over the liability under UDAY scheme (₹ 8,256.01 crore), Mahatma Gandhi National Rural Employment Guarantee Act (₹ 4,793.68 crore), teaching grants to Zilla Praja Parishads (₹ 4679.78 crore), NTR Pension to old age persons and widows (₹ 3,948.40 crore), Capital infusion to DWACRA Women Groups (₹ 2,105.62 crore) etc.

<sup>11</sup>Industries and Commerce, Minority Welfare, Information Technology & Communication, Panchayat Raj, Social Welfare, Women, Child and Disabled Welfare and Backward Classes Welfare Departments

<sup>12</sup>Other 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) for a particular sector, can be inferred if the ratios fall way below the respective National averages. **Table 1.15** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2016-17:

**Table 1.15: Fiscal Priority of the State in 2016-17**

Fiscal Priority by the State	(In per cent)					
	AE/GSDP	DE <sup>#</sup> /AE	SSE/AE	CE/AE	Education/AE	Health/AE
General Category States Average	16.70	70.90	32.20	19.70	15.20	4.80
Andhra Pradesh	18.86	74.80	40.08	11.48	13.16	4.88

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

A comparison of the data related to Andhra Pradesh with that of the General Category States (GCS) in respect of 2016-17 showed the following:

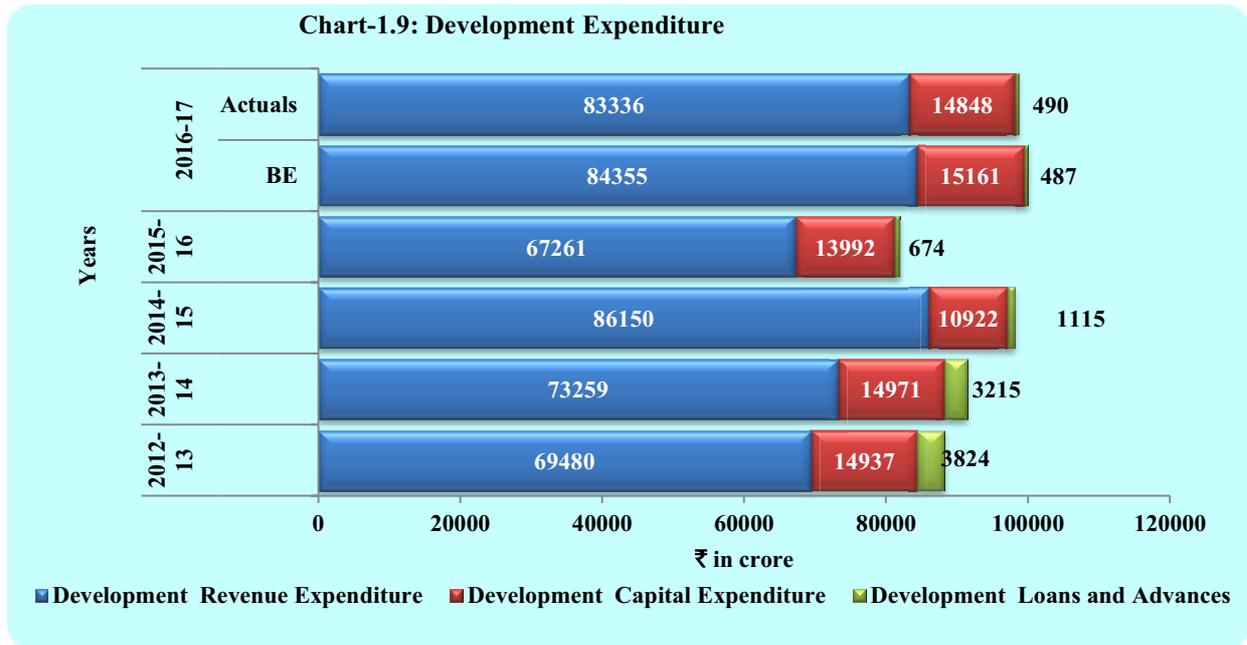
- Development expenditure and expenditure on Social Services as a proportion of aggregate expenditure was higher in the State compared to the GCS average. The share of expenditure on education in the State as a proportion of aggregate expenditure was lower than the corresponding GCS average, while that in respect of health was marginally higher. Thus, the education sector was treated a low priority area affecting human capital formation affecting all other sectors.
- The share of capital expenditure was much lower in the State than the GCS average affecting physical capital formation which affects economic growth in the long run.

### 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 rationalisation measures and focuses on provisioning of core public and merit goods<sup>13</sup>. Apart from improving the allocation towards development expenditure<sup>14</sup>, 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 incurred on the actual 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 1.9** presents the details of development expenditure:

<sup>13</sup> See glossary

<sup>14</sup> See glossary



Source: Finance Accounts

During 2016-17, the share of social services (₹ 52,659 crore) and economic services (₹ 45,525 crore) constituted 39.92 and 34.51 per cent of total expenditure, respectively. **Table 1.16** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected Social and Economic Services:

**Table 1.16: Efficiency of expenditure use in selected social and economic services**

*(In per cent)*

Social/Economic Infrastructure	2015-16			2016-17		
	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
<b>Social Services (SS)</b>						
Education	2.27	80.97	0.07	0.83	85.72	0.02
Health and Family Welfare	5.03	50.39	0.22	6.12	45.65	0.10
Water supply, Sanitation, Housing & Urban Development	16.22	18.71	1.45	14.11	18.32	0.08
<b>Total (SS)</b>	<b>4.94</b>	<b>50.96</b>	<b>0.29</b>	<b>4.62</b>	<b>53.54</b>	<b>0.08</b>
<b>Economic Services (ES)</b>						
Agriculture & Allied Activities	1.76	19.42	4.18	1.44	18.38	0.55
Irrigation and Flood Control	93.47	40.67	87.96	94.37	46.79	62.92
Power & Energy	0.55	0.55	0.18	0.03	0.24	0.10
Transport	66.63	2.85	62.05	63.97	3.21	48.77
<b>Total (ES)</b>	<b>35.69</b>	<b>14.76</b>	<b>8.26</b>	<b>27.28</b>	<b>11.56</b>	<b>3.44</b>
<b>Total (SS+ES)</b>	<b>17.19</b>	<b>39.76</b>	<b>2.76</b>	<b>15.12</b>	<b>36.87</b>	<b>1.41</b>

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 percentage of capital expenditure in Social Sector under Education, Health and Family Welfare, Water supply and Sanitation etc., constituted 4.62 *per cent* of the total expenditure. The percentage of capital expenditure in Economic Services constituted 27.28 *per cent* of total expenditure under Agriculture & Allied Activities, Irrigation and Flood Control, Power & Energy and Transport etc. Thus, lesser funds were provided for Social Sector activities.

## 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 under control. In addition, the State Government is expected to initiate measures to ensure adequate returns on its investments and higher recovery of its loans and advances. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year.

### 1.11.1 Implementation of Ujjwal DISCOM Assurance Yojana (UDAY)

The Ministry of Power, Government of India launched a new Scheme “UDAY” (Ujjwal DISCOM Assurance Yojana) in November 2015 with an objective of improving operational and financial efficiency of DISCOMs. Under this scheme, the State Government shall take over 75 *per cent* of DISCOM debt as on 30 September 2015 over two years – 50 *per cent* shall be taken over in 2015-16 and 25 *per cent* in 2016-17. The remaining 25 *per cent* of debt of DISCOMs should be converted by the banks/Financial Institutions into State guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1 *per cent*.

The total loans of AP DISCOMS<sup>15</sup> as on 30 September 2015 were ₹ 14,720.40 crore (CAPEX<sup>16</sup> loan – ₹ 3,712.49 crore, Working capital loan – ₹ 8,461.76 crore and Balance of FRP<sup>17</sup> bonds – ₹ 2,546.15 crore)

However, the State Government entered into tripartite MoU with Ministry of Power (GoI) and DISCOMs on 24 June 2016 to take over 75% of the working capital loan (₹ 6,346.32 crore) and 100% of FRP bonds (₹ 2,546.15 crore). This constituted only 60.45 *per cent* of total loans of AP DISCOMs (₹ 14,720.40 crore) as against 75 *per cent* stipulated under UDAY scheme.

State Government released an amount of ₹ 8,256.01 crore for taking over the liability under the UDAY scheme leaving the balance loans to the tune of ₹ 6,464.39<sup>18</sup> crore. Bank/Financial Institutions had not issued any new bonds as stipulated in the UDAY Scheme for the remaining balance loans of DISCOMs.

The debt taken over by the State resulted in increase of Revenue and Fiscal Deficit by ₹ 8,256.01 crore.

<sup>15</sup> APSPDCL – Andhra Pradesh Southern Power Distribution Company Limited and APEPDCL - Andhra Pradesh Eastern Power Distribution Company Limited

<sup>16</sup> Capital Expenditure

<sup>17</sup> Financial Restructuring Programme

<sup>18</sup> ₹ 14,720.40 crore-₹ 8,256.01 crore

### 1.11.2 Comprehensive Financial Management System (CFMS)

Government of Andhra Pradesh had initiated to establish 'Comprehensive Financial Management System (CFMS)' in August 2008 with an objective to:

- (i) improve financial management and discipline;
- (ii) establish an efficient and integrated financial management System;
- (iii) Create a seamless interface with institutional stakeholders and
- (iv) provide efficient and transparent service.

The expected outcomes of CFMS included (i) Streamlined transaction flow; (ii) Single Source of truth; (iii) Smooth interface and (iv) Standardized process.

Work on this project commenced in February 2013. The original target date for launching of CFMS was 15 October 2014. A total amount of ₹ 109.27 crore<sup>19</sup> was incurred on this project to the end of March 2017. However, all the seven modules planned, are still under development (August 2017). Thus, the expected outcomes of CFMS did not materialise as the launching of the programme itself was abnormally delayed.

*Government replied that all the modules (7) proposed under CFMS will be completed as early as possible so as to launch them by March 2018.*

### 1.11.3 Financial Results of Irrigation Projects

The financial results for the years upto 1985-86 in respect of irrigation works costing more than one crore each had been included in the Finance Accounts of 1990-91. State Government has not disclosed<sup>20</sup> financial results of any of its irrigation projects since 1986-87, despite the State having some of the largest Irrigation Projects in the country.

### 1.11.4 Incomplete Projects

Blocking of funds on incomplete projects impinge negatively on the quality of expenditure. As per information provided by the Government, none of the 271 projects which were due for completion by 31 March 2017 had been completed as on that date. The total amount of funds expended on these projects as of 31 March 2017 was ₹ 54,602.30 crore. Further, the original costs of the projects were revised upwards by ₹ 28,036.16 crore (52.06 per cent). Non-completion of these projects within the stipulated period resulted in cost overrun.

The Department-wise position of incomplete projects, each costing above rupees one crore and due for completion as on 31 March 2017 are detailed in **Table 1.17**. The details of major and medium irrigation projects pending completion are given in **Appendix 1.7**.

<sup>19</sup>Expenditure upto previous year (2015-16) - ₹ 48.82crore ; GoAP Investments – ₹ 4.90 crore; Expenditure during 2016-17: ₹ 45.55 crore; and Interest Free Loan – ₹ 10.00 crore

<sup>20</sup>Appendix-VIII (Financial results of Irrigation Schemes) of Finance Accounts

**Table 1.17: Department-wise profile of incomplete projects**

(₹ in crore)

Nature of works	No. of Incomplete Projects	Original cost	Revised cost	Cost overrun	Cumulative Expenditure as on 31-03-2017
<b><i>Irrigation and Command Area Development Department</i></b>					
Major & Medium Irrigation	44	49,107.78	76,511.52	27,403.74	51,568.21
Minor Irrigation	17	95.31	158.59	63.28	86.43
<b><i>Roads and Buildings Department</i></b>					
Roads and Bridges	106	1,570.59	1,788.10	217.51	503.25
<b><i>Others</i></b>					
Andhra Pradesh State Housing Corporation Limited	6	104.02	132.74	28.72	82.31
Public Health and Municipal Engineering Department	8	344.25	358.30	14.05	150.86
Andhra Pradesh Urban Finance and Infrastructure Development Corporation	17	2,429.60	2,725.92	296.32	2,094.17
Andhra Pradesh Medical Services Infrastructure Development Corporation	28	124.83	137.37	12.54	79.84
Andhra Pradesh Education and Welfare Infrastructure Development Corporation	45	76.63	76.63	0	37.23
<b>Grand Total</b>	<b>271</b>	<b>53,853.01</b>	<b>81,889.17</b>	<b>28,036.16</b>	<b>54,602.30</b>

Source: Departmental information

The majority of incomplete works were related to the Irrigation Sector. The reasons for delay as stated by the Departments were mainly i) Land acquisition problems, ii) court cases, iii) sites not handed over by various Depts., iv) change in designs, v) Government's ban on certain works etc.

Government replied that necessary action would be taken.

### 1.11.5 Investment and Return

Government made investments in entities like Government companies, Statutory Corporations, other Joint Stock Companies and Cooperative Banks/Societies etc. As of 31 March 2017, the State Government had invested ₹ 8,975<sup>21</sup> crore in Statutory Corporations (₹ 205.57 crore), Rural Banks (₹ 26.96 crore), Government Companies (₹ 6,623.25 crore), Joint Stock Companies

<sup>21</sup> Out of ₹ 8,975 crore, Investments of ₹ 569.84 crore were made after 02 June 2014 by Government of Andhra Pradesh and ₹ 8,405.14 crore were yet to be apportioned among two successor States.

(₹ 57.70 crore) and Co-operatives (₹ 2,061.50 crore). The status of return on the amount invested in these Corporations/Companies is given in **Table 1.18:**

**Table 1.18: Return on investment**

Investment/Return/Cost of Borrowings	2012-13	2013-14	2014-15	2015-16	2016-17
Investment at the end of the year (₹ in crore)	6,210	6,385	8,455	8,709	8,975
Return (₹ in crore)	64	60	8	9	4
Return ( <i>per cent</i> )	1.03	0.94	0.09	0.10	0.05
Average rate of interest on Government borrowing ( <i>per cent</i> )	7.30	7.20	5.91	6.11	6.31
Difference between interest rate and return ( <i>per cent</i> )	6.27	6.26	5.82	6.01	6.26

Source: Finance Accounts

The Government earned a meagre return of ₹ 4 crore in 2016-17 on its investment of ₹ 8,975 crore in various Corporations/Companies. The average rate of return on investment was negligible at 0.05 *per cent* during 2016-17, far lower than the average rate of interest, the Government paid on its borrowings.

#### **Non-disclosure of Investments:**

Three entities<sup>22</sup> paid dividend to the Government of Andhra Pradesh in 2014-15 and 2015-16 to a tune of ₹ 5.57 crore. However, the corresponding investment particulars in these institutions were not furnished by the Government for those years. Further, the details regarding dividend receipts to an extent of ₹ 3.88 crore for the year 2016-17 were not provided by the State Government. In the absence of these details, audit could not verify the investments and dividend receipts.

*Government replied that the matter would be taken up with the concerned Department (Public Enterprise department).*

### **1.11.6 Loans and Advances by State Government**

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government also provide loans and advances to institutions/organizations like Universities/Academic Institutions, PRIs, ULBs and Urban Development Authorities etc. **Table 1.19** presents the details of outstanding loans and advances during the last five years:

<sup>22</sup> M/s. Streenidhi Credit Co-operative Federation Limited, M/s. Mahindra & Mahindra, M/s. A.P. Oil Seeds Growers Federation Limited

**Table 1.19: Average interest received on loans advanced by State Government**

	(₹ in crore)				
Quantum of Loans/Interest Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
Opening Balance	25,829	29,316	32,430	28,549	<b>28,938</b>
Amount advanced during the year	3,913	3,689	1,210	674	<b>564</b>
Amount recovered during the year	426	575	5,092	285	<b>2,029</b>
Closing Balance	29,316	32,430	28,548	28,938	<b>27,472</b>
<i>Of which, outstanding balance for which terms and conditions have been settled</i>	NA	NA	NA	NA	<b>26,972</b>
Net addition	3,487	3,114	-3,882	389	<b>-1465</b>
Interest Receipts	131	158	54	133	<b>113</b>
Interest receipts as percentage of outstanding loans and advances	0.45	0.49	0.19	0.47	<b>0.41</b>
Interest payments as percentage to outstanding fiscal liabilities of the State Government.	6.90	6.80	6.40	5.67	<b>5.81</b>

Source: Finance Accounts; NA: Not Available

Loans outstanding as of 31 March 2017 amounted to ₹27,472 crore. Water supply, Sanitation, Housing & Urban Development (₹207.18 crore), Transport (₹161.14 crore) and Energy (₹116.43) were the major recipients of loans during the year. Rural Housing (₹1,677.44 crore) and Energy (₹314.86 crore) were the main contributors to the repayment of loans (₹2,029 crore).

Out of the loans disbursed (₹564 crore) during 2016-17, fresh loans and advances of ₹499.74 crore were made to the entities from whom repayments of earlier loans (₹27,910.92 crore) were overdue; among them Housing Department (₹16,650.48 crore) was the major entity to whom the Government had disbursed an amount of ₹132.17 crore during 2016-17. The earliest period to which arrears related was 2002.

At the end of 2016-17, recovery of ₹36,135.42 crore (Principal: ₹26,604.97 crore and Interest: ₹9,530.45 crore) was due from borrowers. As of 31 March 2017, confirmation of balances of loans advanced to the tune of ₹27,069.48 crore was awaited. The earliest loan for which confirmation of balances awaited was related to 1984-85. Housing and Urban Development are the major entities from whom such confirmation of acceptances was awaited as of 31 March 2017 (total outstanding dues ₹17,427.49 crore).

Government had not maintained essential copies related to agreements, moratorium period, rate of interest on loans and confirmation of outstanding dues of loans given to various entities. Further, test check of vouchers relating to loans to APSRTC revealed that a loan of ₹75.00 crore was disbursed by Government during 2016-17 for purchasing buses without defining the terms and conditions viz., period of loan, mode of payment, rate of interest, mode of recovery of both principal and interest, authority to watch the recovery etc. Absence of terms and conditions, agreements etc. indicated lax Government control over the recovery of such loan amounts along with interest.

### 1.11.7 Cash balances and investment of Cash balances

**Table 1.20** depicts the cash balances and investments thereof made by the State Government during the year:

**Table 1.20: Cash Balances and their Investment**

	(₹ in crore)	
	Opening balance on 1/4/2016	Closing balance on 31/3/2017
<b>(a) General Cash Balance</b>		
Cash in Treasuries	---	--
Deposits with Reserve Bank	-419.09	-235.82
Deposits with other Banks	1.34	1.34
Remittances in transit - Local	2.90	2.90
<b>Total</b>	-414.85	-231.58
Investments held in Cash Balance investment account	3,193.28	3,697.92
<b>Total (a)</b>	<b>2,778.43</b>	<b>3,466.34</b>
<b>(b) Other Cash Balances and Investments</b>		
Cash with Departmental officers viz., Public Works Department Officers, Forest Department Officers, District Collectors	0.90	0.90
Permanent advances for contingent expenditure with Departmental officers	1.61	1.62
Investment of Earmarked Funds	5,411.44	6,483.14
<b>Total (b)</b>	<b>5,413.95</b>	<b>6,485.66</b>
<b>Grand total (a)+ (b)</b>	<b>8,192.38</b>	<b>9,952.00</b>

Source: Finance Accounts 2016-17

#### 1.11.7.1 Investment of cash balances in GoI Treasury Bills

While maintaining cash balances, during the year, State Government invested ₹ 43,228.33 crore in GoI Treasury Bills. Bills for an amount of ₹ 43,228.33 crore were purchased and sold to an extent of ₹ 42,723.69 crore, leaving a balance of ₹ 3,697.92 crore at the end of the year and earned ₹ 66.18 crore as interest.

#### 1.11.7.2 Investments out of Earmarked Funds

At the beginning of the year 2016-17, the State Government had an investment of ₹ 5,411.44 crore out of earmarked funds in GoI securities which earned ₹ 510.28 crore as interest, finally holding a balance of ₹ 6,483.14 crore at the end of the year.

#### 1.11.7.3 Maintenance of daily cash balance with RBI

As per an agreement with the RBI, State Government has to maintain a minimum daily cash balance of ₹ 1.94 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/OverDrafts (OD) from time to time. During the year 2016-17, the State Government maintained the minimum daily cash balance with the Bank for 106 days out of 365 days.

Further, as per RBI guidelines, WMA/Special Drawing Facility can be taken by State/Central Government to tide over temporary mismatches in the cash flow of receipts and payments. During the year 2016-17, Government had resorted to WMA, SWMA and OD from the Reserve

Bank of India to the tune of ₹29,154.16 crore for various purposes and to maintain its minimum cash balance (₹1.94 crore) with the RBI on 259 days. Government repaid the entire amount of ₹29,154.16 crore along with an interest of ₹27 crore.

### **1.11.8 Reserve Funds**

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of India or State or from outside agencies. The net accumulated balance in these Funds was ₹2,627.70 crore as on 31 March 2017.

#### **1.11.8.1 Consolidated Sinking Fund**

On the recommendations of the Twelfth Finance Commission, the State Government had revised the guidelines pertaining to the existing Sinking Fund (created in 1999-2000 for amortization of open market loans) with effect from January 2010. Under these revised guidelines, the State Government was 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 guidelines of the Reserve Bank of India (RBI), which administers the Fund, outstanding liabilities are defined as Internal Debt and Public Account liabilities of the State Government. As on 31 March 2016, the outstanding liabilities apportioned to the Government of Andhra Pradesh were ₹1,73,854 crore. Against the requirement of ₹869.27 crore, the State Government contributed ₹595 crore to the Fund resulting in short contribution to the tune of ₹294.27 crore, during 2016-17.

Government stated that the total contribution during the year 2016-17 was ₹1,054.29 crore which included ₹595 crore through budgetary support and interest of ₹459.29 crore accrued on investments (₹4,820.26 crore) made through Sinking Fund Investment Account.

However, there were no specific provisions regulating Sinking Fund to include the accrued interest to the contribution made. Thus, there was a shortfall in contribution.

#### **1.11.8.2 Guarantee Redemption Fund**

The State Government, in its FRBM Act, had 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. It constituted (2002-03) the Guarantee Redemption Fund for discharging the guarantees invoked, if any. The outstanding Guarantees as on 01 April 2016 were ₹7,058.53 crore. Against this, the Fund balance to the end of the year was ₹628.42 crore. Government had not contributed any amount to the fund during the year 2016-17.

#### **1.11.8.3 AP Rural Development Fund**

As per Section 7 of AP Rural Development Act, 1996, the Rural Development cess collected in the preceding year should be transferred to AP Rural Development Fund in current financial year by making suitable provision under Major Head 2515. Though an amount of ₹322.36 crore was collected in 2015-16, ₹228.27 crore only was transferred to the fund in 2016-17 resulting in shortfall in transfer of amount to the fund to the extent of ₹94.09 crore. Reasons for shortfall in transfer of funds were not recorded. The balance accumulated in the fund at the end of 31 March 2017 was ₹2,067.56 crore.

#### 1.11.8.4 State Disaster Response Fund

During the year 2016-17, the State Government released their share of ₹ 115.50 crore in addition to the funds received from GoI of ₹ 1,049.22 crore. Against the total available funds, an amount of ₹ 911.33 crore was utilized during the year and the balance amount of ₹ 287.01 crore was kept in Deposits account. However, an amount of ₹ 73.25 crore towards input subsidy relating to drought<sup>23</sup> was not paid till date (March 2017) despite the availability of funds in SDRF.

### 1.12 Assets and Liabilities

#### 1.12.1 Growth and composition of assets and liabilities

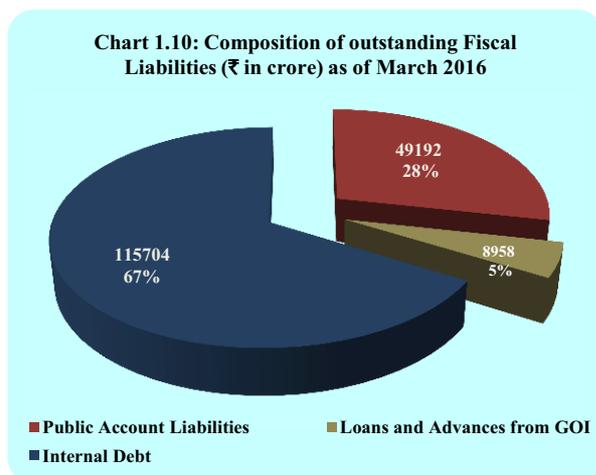
Government accounts reflect the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.8* gives an abstract of such liabilities and the assets as on 31 March 2017, compared with the corresponding position as on 31 March 2016. While liabilities consist mainly of internal borrowings, loans and advances from GoI, balances in the Public Account; assets comprise mainly 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, represent the liabilities under the Consolidated Fund of the State and the Public Account of the State. Besides, there are contingent liabilities in the form of guarantees given by the State Government where the principal and/or interest are to be serviced out of the State budgets.

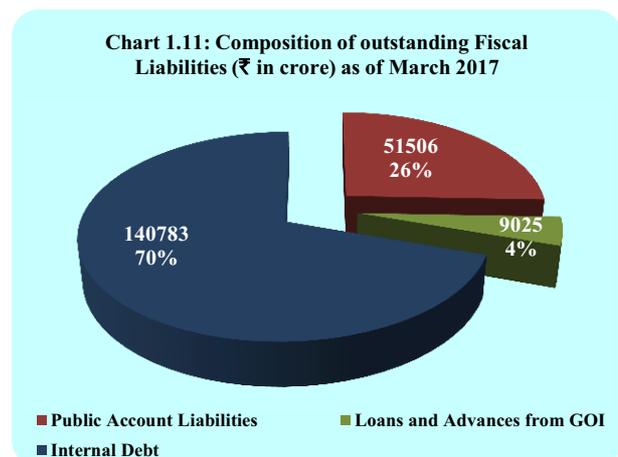
#### 1.12.2 Fiscal liabilities

The trends in outstanding fiscal liabilities of the State are presented in *Appendix 1.6 (part D)*. The total fiscal liabilities of the State at the end of 2016-17 were ₹ 2,01,314 crore and stood at 2.03 times of revenue receipts and 28.79 per cent of GSDP.

The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.10 and 1.11**:



Source: Finance Accounts 2015-16



Source: Finance Accounts 2016-17

- **Internal Debt:** During the year the Government borrowed ₹ 59,109 crore from Market Loans, Financial Institutions and Ways and Means Advances/Overdraft from

<sup>23</sup> Kharif 2014

RBI and repaid ₹ 34,030 crore leaving a balance of ₹ 1,40,783 crore.

- **Loans and Advances from GoI:** Government had taken loans and advances to the tune of ₹ 814 crore from GoI during the year 2016-17 and repaid ₹ 747 crore, leaving a balance of ₹ 9,025 crore.
- **Public Account Liabilities:** In addition to the Public Debt, the balances under Small Savings, Provident Funds, Reserve Funds, Deposits also form part of liabilities of the Government. During the year, Government utilized ₹ 62,851 crore from these balances and repaid ₹ 56,140 crore, leaving a balance of ₹ 51,506 crore.

### 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. The maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table 1.21**.

**Table 1.21: Guarantees given by the Government of Andhra Pradesh**

Guarantees	₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Maximum amount guaranteed	38,084	55,536	11,323	10,623	16,576
Outstanding amount of guarantees	14,857	31,153	10,675	7,059	9,665
Percentage of maximum amount guaranteed to total revenue receipts	36.68	50.16	12.49	11.98	<b>16.75</b>

Source: Finance Accounts

The outstanding guarantees at the beginning of the year 2016-17 totalled ₹ 7,058.53 crore, which increased to ₹ 9,664.94 crore by the end of the year.

As per guidelines<sup>24</sup> issued by State Government, guarantees can be given after evaluating the fiscal risk on Consolidated Fund, i.e., after ensuring the capacity of the Commercial Undertakings/Entities etc. for repayment of loans/bonds etc. Guarantee commission shall be charged at ½ per cent per annum or 2 per cent consolidated for the entire guarantee period.

Test check of records relating to guarantees given by the State Government revealed that conditions on rate at which the Guarantee Commission was payable, type of guarantee extended, time period etc., were not fixed on guarantees of ₹ 2,658.30 crore given to five<sup>25</sup> entities during 2016-17. In the absence of terms and conditions, the Government lost the revenue of ₹ 13.29 crore (minimum value) due to non-realisation of Guarantee Commission from the entities. Further, these guarantees were not revealed by the Government in the Budget document for 2017-18.

### 1.12.4 Off-Budget Borrowings

In addition to the liabilities shown in **Appendix 1.8**, the State Government extended guarantees in respect of loans availed of by Government Companies/Corporations. These

<sup>24</sup> GO Ms No.446 of Finance (DMC) Department dated 29 September 2003.

<sup>25</sup> AP State Ware Housing Corporation – ₹ 308.30 crore; AP Backward Classes Finance and Development Corporation – ₹ 150.00 crore; AP Industrial Infrastructure Development Corporation (APIIC) – ₹ 2,000.00 crore and Visakhapatnam Municipal Corporation and Tirupathi Municipal Corporation – ₹ 200 crore.

Companies/Corporations borrowed funds from the market/financial institutions for implementation of various State plan programmes projected outside the State budget. The State Government projected that funds for these programmes would be met out of the Company or the Corporation's budget. However, in reality, the borrowings of many of these concerns ultimately turned out to be liabilities of the State Government and hence, constituted off-budget borrowings.

As of 31 March 2017, the total outstanding off-budget borrowings of the State were ₹5,403 crore (APPFC: ₹5,053 crore, APTRANSCO: ₹350 crore), raised by Government Companies/Corporations.

### **Under Statement of liabilities**

As per clause (3) of Rule 10 of FRBM Act 2005 as amended from time to time, whenever the State Government undertakes to repay the principal and interest amounts unconditionally and substantially through budgetary support, it has to reflect such liability as the borrowings of the State. The State Government agreed to pay the amount of ₹4,859.31 crore towards loans taken by four entities<sup>26</sup> through budgetary support during the year 2016-17, the same was not reflected as liabilities of State Government. Therefore, the liabilities of the State Government were understated. Instead, ₹1,054 crore only was shown as guarantees given by the Government.

The total liabilities of the State comprising fiscal liabilities (₹2,01,314 crore), off-budget borrowings (₹11,867 crore) and outstanding guarantees (₹9,665 crore) at the end of March 2017 were ₹2,22,845 crore. The total liabilities, as a ratio of GSDP, stood at 31.87 per cent, for the year 2016-17.

*Government replied that the borrowings made by Corporations would not be counted as the liabilities of the State to arrive at the ratio of liabilities to GSDP. Reply is not acceptable in view of clear provisions stated under FRBM Act.*

## **1.13 Debt Management**

### **1.13.1 Debt Sustainability**

The debt sustainability is defined as the ability of the State to service its debt in future. Sustainability of debt therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

Apart from the magnitude of the debt of the Government, it is important to analyse the various indicators that determine the debt Sustainability<sup>27</sup> of the State. This section assesses (i) the sustainability of debt of the State Government in terms of net debt available<sup>28</sup>, (ii) burden of interest payments on public debt<sup>29</sup> and (iii) maturity profile of State Government securities.

<sup>26</sup> 1. Bhogapuram International AirPort ₹854 crore; 2. Dagadarthi and Orvakallu Air Port: ₹200 crore; 3. APTSIDCO ₹1801.60 crore and 4. AP Housing Corporation Limited 2003.71 crore.

<sup>27</sup> See glossary

<sup>28</sup> See glossary

<sup>29</sup> Measured by the ratio of interest payments on public debt to Revenue Receipts

**Table 1.22** analyses the debt sustainability of the State during the five-year period 2012-17:

**Table 1.22: Debt sustainability: Indicators during 2012-17**

Indicators of Debt* Sustainability	2012-13	2013-14	2014-15	2015-16	2016-17
Outstanding Debt (₹ in crore)	1,38,737	1,56,743	1,09,425	1,24,662	1,49,808
Rate of growth of Outstanding Debt	12.70	12.98	(-30.19)	13.92	20.17
GSDP (₹ in crore)	4,11,404	4,64,272	5,26,468	6,09,934	6,99,307
Rate of growth of GSDP	8.43	12.85	13.40	15.85	14.65
Debt/GSDP ratio	33.72	33.76	20.78	20.43	21.42
Average interest rate of outstanding debt	8.91	8.74	7.52	8.41	8.52
Interest Payment <sup>#</sup> /Revenue Receipts	0.11	0.12	0.11	0.11	0.12
Debt Repayment/Tax Revenue	0.13	0.11	0.14	0.15	0.13
Debt Repayment/Debt Receipts	0.33	0.29	0.33	0.72	0.58
Net Debt available to State <sup>^</sup> (₹ in crore)	15,634	18,006	22,161	15,236	25,146

Source: Finance Accounts

\*Debt Indicates Public Debt (Internal Debt and Loans from GoI)

# Interest indicates interest paid by the State on Public Debt

<sup>^</sup> Excess of Public Debt receipt and Loans & Advances receipt over Public Debt repayment, Loans & Advances disbursement and Interest payment on Public Debt

The net debt available to the State was positive, indicating the availability of borrowed funds for purposes other than debt repayment.

Net increase in Public debt from previous year was ₹ 25,146 crore (20.17 per cent). During the year 2016-17, Government borrowed ₹ 20,783 crore through Market Loans; ₹ 29,154 crore towards Ways and Mean Advances from RBI; ₹ 915 crore from Financial Institutions; and ₹ 814 crore from GoI. Apart from these loans, Government had taken over the liabilities of DISCOMs under UDAY through issuing Bonds to an extent of ₹ 8,256 crore.

Loans to an extent of ₹ 5,623 crore<sup>30</sup> only were repaid during the year 2016-17, against the outstanding debt of ₹ 1,24,662 crore as on 01 April 2016, which is lower than the amount repaid during the previous year 2015-16 (₹ 6,838 crore<sup>31</sup>). No balance was kept pending towards Ways and Means Advances by the end of 2016-17.

While the rate of growth of GSDP (14.65 per cent) during the year 2016-17 showed downturn from previous year (15.85 per cent), the rate of growth of outstanding debt increased by 6.25 per cent. Outstanding debt GSDP ratio increased to 21.42 from previous year (20.43) due to higher receipts and lower repayment of public debt. Debt repayment as a percentage of Debt Receipt showed a decreasing trend during the year 2016-17. The ratio of Debt Repayment to Tax revenue declined marginally from 0.15 in 2015-16 to 0.13 in 2016-17 owing to less repayment of debt during the year. All these indicators are showing that the Government is highly depending on debt receipts rather than own resources of revenue.

Hence, the State Government needs to boost the resource mobilization efforts to ensure prudent financial position instead of depending on debt receipts.

<sup>30</sup> Excluding ₹ 29,154 crore towards Ways and Means Advances

<sup>31</sup> Excluding ₹ 32,603 crore towards Ways and Means Advances

### 1.13.2 Debt Profile

As per Annexure to Statement 17 of the Finance Accounts for the year 2016-17, the maturity profile of the State debt is as indicated in **Table 1.23**:

**Table 1.23: Maturity Profile of State Debt**  
(₹ in crore)

Maturity profile	Amount	Percentage
0 – 1 year	6,161	4.10
1 – 3 years	20,097	13.38
3 – 5 years	22,232	14.80
5 – 7 years	28,398	18.90
7 years and above	73,333	48.82
<b>Total</b>	<b>1,50,221</b>	<b>100.00</b>

Source: Finance Accounts 2016-17

The maturity profile of Debt as on 31 March 2017 indicated that State had to repay more than 50 *per cent* of debt within the next 7 years. It further indicated that the liability of the State to repay the debt would be ₹ 21,120 crore during 2019-21 and ₹ 26,192 crore during 2021-23, which might put a strain on the Government budgets during that period. A well thought out debt repayment strategy would have to be worked out by the Government to obviate additional borrowings in these critical years.

### 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 important pointers to fiscal health. This section presents the 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 2016-17.

#### 1.14.1 Indicators of fiscal imbalances

The revenue and fiscal deficits for the year 2016-17 was ₹ 17,231 crore and ₹ 30,908 crore, respectively. The Primary Deficit was ₹ 19,211 crore.

- **Revenue Deficit:** Revenue Deficit represents the difference between revenue receipts and revenue expenditure. The Revenue Deficit for the year 2016-17 was ₹ 17,231 crore and stood at 2.46 *per cent* to GSDP.
- **Fiscal Deficit:** Fiscal Deficit is the excess of actual expenditure over non-debt receipts. The Fiscal Deficit for the year was ₹ 30,908 crore and stood at 4.42 *per cent* to GSDP.
- **Primary Deficit:** Primary Deficit is measured by subtracting the Interest Payments from the Fiscal Deficit. It is a measure of the current year's fiscal operation after excluding the liability of Interest Payment created due to borrowings undertaken in the past. The Primary Deficit for the year was ₹ 19,211 crore and stood at 2.75 *per cent* to GSDP.

### 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**

(₹ in crore)

Sl.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17		
						Receipts	Disbursements	Net
A	<b>Components of Fiscal Deficit (1 to 4)</b>	<b>-17,508</b>	<b>-18,041</b>	<b>-31,717</b>	<b>-22,057</b>	<b>1,01,014</b>	<b>1,31,922</b>	<b>-30,908*</b>
1	Revenue deficit	1,128	344	-24,194	-7302	98,984	1,16,215	-17,231*
2	Capital Expenditure	-15,149	-15,271	-11,405	-14,171	0	15,143	-15,143
3	Net Loans and Advances	-3,487	-3,114	3,882	-389	2,029	564	1,465
4	Net Inter-state settlement	0	0	0	-195	1	0	1
B	<b>Financing Pattern of Fiscal Deficit</b>							
1	<b>Net Borrowings from Consolidated Fund</b>	<b>15,635</b>	<b>18,006</b>	<b>22,161</b>	<b>15,236</b>	<b>59,923</b>	<b>34,777</b>	<b>25,146</b>
a	Market Borrowings <sup>#</sup>	15,598	17,892	22,719	15,779	59,109	34,030	25,079
b	Loans from GoI	37	114	-588	-543	814	747	67
2	<b>Net Public Account</b>	<b>910</b>	<b>505</b>	<b>9,007</b>	<b>6,988</b>	<b>1,41,736</b>	<b>1,35,790</b>	<b>5,945</b>
a	Small Savings, PF etc.	1,190	1,072	1,304	1,253	3,541	1,653	1,888
b	Reserve Funds	82	379	-296	49	2,779	2,555	224
c	Deposits and Advances	1,666	1,195	5,348	8,572	56,571	51,974	4,597
d	Suspense and Misc.	-1,347	-2,193	4,011	-3,322	62,433	63,036	-603
e	Remittances	-681	52	-1,360	436	16,411	16,572	-161
3	<b>Contingency Fund</b>	<b>-2</b>	<b>-1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
4	<b>Accretion to Cash Balance</b>	<b>965</b>	<b>-469</b>	<b>546</b>	<b>-166</b>	<b>-415</b>	<b>-232</b>	<b>-183</b>

Source: Finance Accounts. \*Includes borrowings from other Institutions and Ways and Means Advances. \* Includes an amount of ₹ 8,256 crore expended towards implementation of UDAY scheme

During the year 2016-17, Fiscal Deficit increased by ₹ 8,851<sup>32</sup> crore compared to previous year and the Revenue Deficit increased by ₹ 9,929<sup>32</sup> crore over the previous year. This showed that the expenditure of the State Government increased on day to day activities rather than on creation of Capital Assets.

It was also noticed that, there was increase in revenue expenditure instead of Capital Expenditure though the transfers on the basis of recommendations of the 14<sup>th</sup> Finance Commission increased to the tune of ₹ 4,370 crore during 2016-17.

Fiscal Deficit accounted for 48.99 per cent of Capital Expenditure, 26.71 per cent towards implementation of UDAY scheme and 29.04 per cent of Revenue Expenditure. While market borrowings financed 81.14 per cent of the fiscal deficit.

For the year 2016-17, the fiscal deficit of ₹ 30,908 crore included an amount of ₹ 8,256 crore expended towards implementation of UDAY scheme and stood at 4.42 per cent to GSDP.

Audit observed that as per the orders of Finance Department, a loan of ₹ 1,670 crore was repaid by AP Housing Corporation on the last day of the financial year 2016-17 from their PD account. This brought the Fiscal Deficit of ₹ 22,652<sup>33</sup> crore (excluding expenditure towards UDAY scheme) for the year 2016-17 at 3.24 per cent to GSDP and within the limit prescribed (3.25 per cent) by the 14<sup>th</sup> Finance Commission. However, the same amount was credited back to the

<sup>32</sup> Including an amount of ₹ 8,256 crore expended towards implementation of UDAY scheme

<sup>33</sup> ₹ 30,908 crore (Fiscal Deficit) - ₹ 8,256 crore (UDAY Scheme)

account of Corporation immediately (on 18 April 2017) by the Government of Andhra Pradesh indicating unsound financial management.

### 1.14.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit<sup>34</sup> and capital outlay (including loans and advances) indicate the quality of deficit in the State finances. The bifurcation of primary deficit (**Table 1.25**) into primary revenue deficit and capital outlay indicates the extent to which the deficit has been applied to augment asset creation in the State.

**Table 1.25: Primary deficit/surplus – bifurcation of factors**

Year	Primary revenue deficit(-)/surplus(+)	Capital Outlay	Loans and Advances	Primary deficit(-)/surplus(+)	(₹ in crore)
					Primary revenue surplus/Capital Outlay (%)
2012-13	13,216	15,149	3,913	(-)5,846	86.65
2013-14	13,830	15,280	3,689	(-)5,130	90.51
2014-15	(-)9,095	11,405	1,210	(-)21,710	(-)79.75
2015-16	2,832	14,171	674	(-)12,208	19.98
2016-17	(-)3,505	15,143	564	(-)19,211	(-)23.15

Source: Finance Accounts

During the year 2016-17, the non-debt receipts of the State (₹ 1,01,013 crore) were not adequate even to meet the primary revenue expenditure (₹ 1,04,518 crore) of the year, resulting in Primary Revenue Deficit of ₹ 3,505 crore. Hence, the state Government could not allocate any revenue receipts for Capital Outlay.

### 1.15 Apportionment of balances between Andhra Pradesh and Telangana

As per Andhra Pradesh State Re-organization Act, 2014, the balances under Cumulative Capital expenditure, Loans and Advances, Public Debt and the balances under Public Account are to be apportioned between Andhra Pradesh and Telangana States. The balances apportioned and un-apportioned as on 31 March 2017 are given in **Appendix 1.9**.

### 1.16 Significant Findings

*Capital expenditure (₹ 15,143 crore) was less than the Budget estimates (₹ 15,388 crore). Its ratio to total expenditure stood at 11.48 per cent which was much lower than the combined average (19.70 per cent) of General Category States.*

*Devolution to the State was enhanced to the tune of ₹ 4,370 crore during 2016-17 on the basis of 14<sup>th</sup> Finance Commission recommendations. Audit noted that additional devolution led to increase in Revenue expenditure and not on Capital formation.*

*The Government earned a meagre return of ₹ 4 crore in 2016-17 on its investment of ₹ 8,975 crore in various Corporations/Companies. The average rate of return on investment was negligible at 0.05 per cent during 2016-17.*

<sup>34</sup> See Glossary

*The maturity profile of Debt as on 31 March 2017 indicated that State would have to repay more than 50 per cent of debt amounting to ₹ 76,888 crore within the next seven years which might put strain on the Government budgets during that period.*

*The ratio of Debt Repayment to Tax revenue declined marginally from 0.15 in 2015-16 to 0.13 in 2016-17.*

*State Government released an amount of ₹ 8,256.01 crore for taking over the liability under the UDAY scheme leaving the balance loans to the tune of ₹ 6,464.39 crore. Bank/Financial Institutions had not issued any new bonds as stipulated in the UDAY Scheme for the remaining balance loans of DISCOMs.*

*State Government in its Macro Economic Framework Statement (MEFS) targeted to reduce Fiscal Deficit to 3 per cent of Gross State Domestic Product (GSDP) as against 3.25 per cent, as applicable to certain states, recommended by the 14<sup>th</sup> FC. However, the fiscal deficit (₹ 30,908 crore) at 4.42 per cent of GSDP was still more than the prescribed limit.*

*During the year 2016-17, a loan of ₹ 1,670 crore was repaid by AP Housing Corporation to the State Government on the last day of the financial year. This brought the fiscal deficit to GSDP ratio within the limit prescribed (3.25 per cent) by the 14<sup>th</sup> Finance Commission at the end of the year i.e., on 31 March 2017. However, the same amount was credited back to the account of Corporation immediately (on 18 April 2017) by the Government of Andhra Pradesh.*

*Revenue expenditure (₹ 1,16,215 crore) at 16.62 per cent of Gross State Domestic Product (GSDP) was more than the Budget estimates (₹ 1,14,168 crore). During the year 2016-17, 85.17 per cent of the revenue expenditure was met from revenue receipts and the balance was financed from borrowed funds, thus registering a revenue deficit of ₹ 17,231 crore. This is fraught with the risk of progressive weakening of State finances over a period of time.*

*The State of Andhra Pradesh is yet to amend its Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 as per the recommendations of 14<sup>th</sup> Finance Commission (FC) for the period 2015-20.*



### 2.1 Introduction

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

#### 2.1.1 Budget Preparation Process

The Andhra Pradesh Financial Code (APFC), Andhra Pradesh Budget Manual (APBM) and other instructions<sup>1</sup> 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 commences with the preparation of budget estimates around October for the next financial year.

A bottom-up approach<sup>2</sup> was prescribed for budget preparation in the APBM according to which the requirement of funds would be projected from the unit level to Heads of Departments, which would be finally sent to Finance department by 15th of October every year. The Finance department prepares the 'Annual Financial Statement' or the Budget with prescribed statements<sup>3</sup> and presents in the Legislature for approval.

#### 2.1.2 Financial Accountability and Budget Management

Appropriation Accounts reveal 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 and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act. The Appropriation Accounts are complementary to the Finance Accounts.

Audit of appropriations by the Comptroller and Auditor General seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and the expenditure required to be charged under the provisions<sup>4</sup> of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the relevant laws, rules, regulations and instructions.

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<sup>1</sup> GO Ms No.657 Finance (BG) Department dated 23 September 2004.

<sup>2</sup> Estimates will be prepared from DDO level to CCO level.

<sup>3</sup> Demands for grant, Public Account, Guarantees, Debt and Liabilities etc.,

<sup>4</sup> Article 202 of the Constitution of India

## 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2016-17 against 40 grants/appropriations is given below in **Table 2.1**.

**Table 2.1: Position of actual expenditure vis-a-vis original/supplementary provision for the year 2016-17**

(₹ in crore)									
	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual Expenditure	Saving(-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March 2017	Percentage of savings surrendered by 31 March (Col.7/ Col.6)
	1	2	3	4	5	6	7	8	9
Voted	Revenue	1,03,853.36	21,406.57	1,25,259.93	1,10,777.02	-14,482.91	14,923.38	14,587.47	103.04
	Capital	15,405.02	6,612.69	22,017.71	15,458.40	-6,559.31	6,554.97	6,191.92	99.93
	Loans and Advances	578.59	196.32	774.91	563.17	-211.74	211.03	211.02	99.66
<b>Total Voted</b>		1,19,836.97	28,215.58	1,48,052.55	1,26,798.59	-21,253.96	21,689.38	20,990.41	102.05
Charged	Revenue	12,310.38	18.45	12,328.83	11,749.13	-579.70	568.54	568.54	98.07
	Capital	26.97	14.88	41.85	27.14	-14.71	14.67	14.67	99.73
	Public Debt Repayment	5,554.24	27,654.16	33,208.40*	34,776.54	1,568.14	110.38	110.38	7.04
<b>Total Charged</b>		17,891.59	27,687.49	45,579.08	46,552.81	973.73	693.59	693.59	71.23
Appropriation to Contingency Fund		Details are given under the para 2.3.8							
<b>Grand Total</b>		1,37,728.56	55,903.07	1,93,631.63	1,73,351.40	-20,280.23	22,382.97	21,684.00	110.37

Source: Appropriation Accounts for 2016-17 compiled by O/o PAG(A&E), AP

**Note:** i) During the year, supporting vouchers were not made available for an expenditure of ₹ 2,062.26 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 ₹ 0.12 crore. iii) In the absence of Detailed Contingent bills in support of ₹ 142.13 crore drawn on Abstract Contingent bills during 2016-17, the genuineness of the expenditure cannot be substantiated to that extent. \* Includes Ways and Means Advances of ₹ 29,154 crore.

The overall saving of ₹ 20,280.23 crore (10.47 per cent of budget provision) was the result of saving of ₹ 21,967.06 crore in 38 grants and eight appropriations under Revenue Section, 29 grants and three appropriations under Capital Section and eight grants under Loans Section, partially offset by an excess of ₹ 1,686.83 crore in two grants under Revenue Section and two grants under Capital Section and one appropriation (Public Debt) under Loans Section.

In view of the above, supplementary provision aggregating ₹ 55,903.07 crore proved to be excessive by ₹ 20,280.23 crore over actually required amount of ₹ 35,622.84 crore.

The total savings were ₹ 21,967.06 crore, however an amount of ₹ 22,382.97 crore was surrendered during the year 2016-17, of which ₹ 21,684.00 crore (99.88 per cent) was surrendered on the last day of the year i.e. 31 March 2017.

## 2.3 Appropriation vis-à-vis allocative priorities

### 2.3.1 Excess expenditure

As per paragraph 17.17.4 of APBM, excess over final appropriations under any of the grants, whether in the charged or voted sections, should be included in a statement of excess expenditure and presented to the legislature.

Excess expenditure over budget provision of ₹ 1,686.82 crore, occurred in four grants and one appropriation during the year which requires regularisation under Article 205 of the Constitution. Cases where expenditure exceeded budget during the year are shown in **Table 2.2:**

**Table 2.2: Excess expenditure**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Total Grant	Expenditure	Excess	Reasons for excess expenditure
1	IX	Fiscal Administration, Planning, Surveys and Statistics (PDC)	33,208.40	34,776.54	1,568.14	Specific reasons for excess were not intimated by Government
2	XI	Roads, Buildings and Ports (RV)	1,175.22	1,284.20	108.98	
3	XIV	Technical Education (CV)	36.60	45.50	8.90	
4	XXIX	Forest, Science, Technology and Environment (CV)	0.65	1.40	0.75	
5	XL	Public Enterprises (RV)	1.48	1.53	0.05	
		<b>Total</b>	<b>34,422.35</b>	<b>36,109.17</b>	<b>1,686.82</b>	

Source: Appropriation Accounts 2016-17; RV-Revenue Voted; CV-Capital Voted; PDC-Public Debt Charged

#### 2.3.1.1 Persistent Excess

Excess expenditure occurred in two grants and one appropriation during both the financial years 2015-16 and 2016-17. Details are given in **Table 2.3:**

**Table 2.3: Grant/appropriation with persistent excess during 2015-17**

(₹ in crore)

Sl.No.	No. and Name of the Grant/Appropriation	Amount of Excess	
		2015-16	2016-17
1	IX-Fiscal Administration, Planning, Surveys and Statistics (PDC)	33,357.36 <sup>#</sup>	1,568.14
2	XI- Roads, Buildings and Ports (RV)	120.97	108.98
3	XXIX-Forest, Science, Technology and Environment (CV)	0.61	0.75
	<b>Total</b>	<b>33,478.94</b>	<b>1,677.87</b>

Source: Appropriation Accounts 2016-17 and 2015-16; RV-Revenue Voted; CV-Capital Voted; PDC-Public Debt Charged

<sup>#</sup> Includes Ways and Means of Advance ₹31,603 crore.

#### 2.3.1.2 Expenditure incurred without Budget Provision

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. An expenditure of ₹1,053.38 crore was incurred in eight cases (₹10 crore and above in each case) without budget provision as detailed in **Table 2.4.** In all these cases budget provision (either original or supplementary) was not made and expenditure was met from the funds obtained by way of re-appropriation, which undermined the sanctity of budgeting process and legislative control.

**Table 2.4: Expenditure without budget provision during 2016-17**

(₹ in crore)				
Sl. No	No. and Name of the Grant	Head of Account and name of the scheme	Re-appropriation	Expenditure
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-115-14 Leave encashment amount allocable between successor States of Andhra Pradesh and Telangana	131.53	131.53
2	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-115-24 Leave encashment amount allocable to successor State of Andhra Pradesh	21.59	272.03
3	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-800-24 Medical reimbursement of all types of pensioners-Allocable to successor State of Andhra Pradesh	72.25	72.25
4	XXXI-Panchayat Raj	2215-01-102-12-10 Installation of Community Purification Plants	42.52	42.52
5	XVII-Municipal Administration and Urban Development	2217-80-800-11-08 Capital Region Social Security Fund	35.25	35.25
6	XI-Roads, Buildings and Ports	3054-04-797-11-04 Subvention From Central Road Fund	80.00	347.17
7	XI-Roads, Buildings and Ports	5054-04-800-29 Construction of Roads and Bridges connecting Agricultural Fields under A.P. Rural Development Fund (45%)	132.33	132.33
8	XVII-Municipal Administration and Urban Development	6217-03-190-11-04 Loans to Township & Infrastructure Development Corporation Ltd(APTSIDCO)	20.00	20.00
	<b>Total</b>		<b>535.47</b>	<b>1,053.08</b>

Source: Appropriation Accounts 2016-17

### 2.3.1.3 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. As of November 2017, excess expenditure over the allocation amounting to ₹ 53,673.19 crore pertaining to the years from 2004 to 2016 was yet to be regularized (**Appendix 2.1**). Explanatory Notes by the concerned Administrative Departments/Finance Department are yet to be furnished.

*Government assured that action would be taken to regularise the excess expenditure for the years 2014-15 to 2016-17.*

The cases of excess expenditure over grants are serious matter and are in violation of the will of the Legislature. It is important that responsibility is fixed in this regard to discourage this practice.

### 2.3.2 Savings

During the financial year 2016-17, appropriation audit showed that, in 20 grants, saving (₹ 6,108.99 crore) exceeded ₹ 100 crore and also by more than 20 per cent of total provision in

each case, constituting 27.81 per cent of total savings (₹ 21,967.05 crore) (**Appendix 2.2**).

Of these, saving of ₹ 3,241.47 crore (14.76 per cent of total saving) occurred in four cases exceeding ₹ 500 crore and more than 20 per cent of the outlay in each case, as indicated in **Table 2.5**. This raises questions about the validity and reliability of assumptions in budget formulation.

**Table 2.5: Grants with substantial savings**

Sl. No	Grant No.	Name of the Grant/ Appropriation	Total Grant	Expenditure	Savings	Percentage of savings		Reasons for savings during 2016-17
						2015-16	2016-17	
<b>Revenue Voted</b>								
1	XVIII	Housing	1,186.64	456.95	729.69	-	61.50	Savings of ₹ 670.93 crore were mainly due to non-receipt of requisition from unit offices and non-filling up of vacancies. Reasons for remaining savings were not intimated.
2	XXV	Women, Child and Disabled Welfare	2,017.08	1,469.75	547.33	15.60	27.13	Savings of ₹ 28.50 crore were mainly due to non-starting of works for want of administrative orders, late receipt of orders for further continuation of contract employees, non-filling up of vacancies and non-hiring of private vehicles. Reasons for remaining savings were not intimated.
<b>Capital Voted</b>								
3	IX	Fiscal Administration, Planning, Surveys and Statistics	705.30	178.97	526.33	82.24	74.62	Savings of ₹ 501.32 crore were mainly due to non-starting of works for want of administrative orders. Reasons for remaining savings were not intimated.
4	XVII	Municipal Administration and Urban Development	1,868.66	430.54	1,438.12	32.28	76.76	Savings of ₹ 305.00 crore were mainly due to non-starting of works for want of administrative orders and non-taking up of works under AP Mahila Sadhikara Samstha (APMSS) and Mahatma Gandhi National Rural Employment Guarantee Act. Reasons for remaining savings were not intimated.
<b>Total</b>			<b>5,777.68</b>	<b>2,536.21</b>	<b>3,241.47</b>			

Source: Appropriation Accounts 2016-17

In addition to the above, though the savings were less than 20 *per cent*, it was more than ₹ 1,000 crore in four Grants as shown in **Table 2.6:**

**Table 2.6: Savings more than ₹ 1,000 crore**

(₹ in crore)

Sl. No	Grant No.	Name of the Grant/ Appropriation	Savings	Reasons
1	IX	Fiscal Administration, Planning, Surveys and Statistics (RV)	1,544.71	Savings of ₹ 19.23 crore were mainly due to non- starting of works for want of administrative orders, late receipt of orders for further continuation of contract employees, non-filling up of vacancies, non-hiring of private vehicles and non- incurring of expenditure on rents, rates and taxes. Reasons for remaining savings were not intimated.
2	XII	School Education (RV)	2,561.66	Savings of ₹ 113.60 crore were mainly due to non- starting of works for want of administrative orders, late receipt of orders for further continuation of contract employees and non-receipt of requisition from unit offices. Reasons for remaining savings were not intimated.
3	XXXII	Rural Development (RV)	2,238.41	Reasons for savings were not intimated
4	XXXIII	Major and Medium Irrigation (CV)	1,996.07	

Source: Appropriation Accounts 2016-17; RV: Revenue Voted; CV: Capital Voted

### 2.3.2.1 Persistent Savings

There were savings of more than 20 *per cent* of the total grant/appropriation in 13 cases (exceeding ₹ 20 crore in each case) during last two years. The details are given in **Table 2.7**

**Table 2.7: Grant/appropriations with persistent savings during 2015-17**

(₹ in crore)

Sl.No.	No. and Name of the Grant/Appropriation	Amount of Saving	
		2015-16	2016-17
<b>Revenue Voted</b>			
1	XXXVI-Industries and Commerce	306.05	351.87
2	XXXVII-Tourism, Art and Culture	89.30	151.73
<b>Capital Voted</b>			
3	V-General Administration and Elections	101.06	141.82
4	IX-Fiscal Administration, Planning ,Surveys and Statistics	411.22	526.33
5	X-Home Administration	120.07	133.89
6	XVII-Municipal Administration and Urban Development	433.17	1,438.12
7	XXI-Social Welfare	63.91	343.70
8	XXII-Tribal Welfare	60.70	89.09
9	XXIV-Minority Welfare	23.00	84.70
10	XXV-Women, Child and Disabled Welfare	53.24	125.54
11	XXVIII-Animal Husbandry and Fisheries	35.98	55.51
12	XXXVI-Industries and Commerce	102.85	123.53
13	XXXVII-Tourism, Art and Culture	35.76	28.64

Source: Appropriation Accounts 2016-17

State Government attributed persistent savings to non- starting of works for want of administrative orders, non- receipt of requisition from unit offices, non-filling up of vacancies, non-hiring of private vehicles, non- finalization of Infrastructure creation plan etc.

### 2.3.3 Unnecessary/Inadequate/Excessive Supplementary provision

Supplementary provision aggregating ₹ 3,515.74 crore obtained in 38 cases (₹ one crore or more in each case) during the year proved unnecessary as the actual expenditure (₹ 70,214.23 crore) did not match up to the level of even original provision (₹ 79,464.24 crore) as detailed in **Appendix 2.3**. This indicated that the CCOs could not realistically assess/estimate the actual requirement of funds for the remaining period of the financial year due to poor monitoring of expenditure through the monthly expenditure control mechanism.

Similarly, supplementary provision aggregating ₹ 24,682.94 crore proved excessive by ₹ 7,455.37 crore over the actually required amount of ₹ 17,227.57 crore in 19 cases under 19 grants (one crore or more in each case) as detailed in **Appendix 2.3(a)**. In two cases, supplementary provision of ₹ 27,699.30 crore proved insufficient, by more than hundred crore rupees in each case, leaving an aggregate excess expenditure of ₹ 1,677.12 crore as detailed in **Appendix 2.3(b)**. Significant cases of un-necessary/insufficient/excessive supplementary provision in various Departments are given in **Table 2.8**:

**Table 2.8: Unnecessary/Excessive/ Insufficient Supplementary Provision**

(₹ in crore)					
Sl. No.	No. and Name of the Grant	Original Provision	Actual Expenditure	Saving (-)/ Excess(+)	Supplementary Provision
<b>Unnecessary Supplementary Provision</b>					
1	IX Fiscal Administration, Planning, Surveys and Statistics(RV)	20,658.63	19,149.21	-1,509.42	35.30
2	IX Fiscal Administration, Planning, Surveys and Statistics (CV)	670.94	178.97	-491.97	34.36
3	XII School Education(RV)	17,356.12	14,929.97	-2,426.15	135.51
4	XVII Municipal Administration and Urban Development(CV)	1,784.86	430.54	-1,354.32	83.80
<b>Excessive Supplementary Provision</b>					
5	XVII Municipal Administration and Urban Development (RV)	2,902.3	4,567.67	1,665.37	2,327.33
6	XXXII Rural Development (RV)	10,433.77	1,2831.16	2,397.39	4,635.80
7	XXXIII Major and Medium Irrigation (CV)	6,590.83	8,260.19	1,669.36	3,665.43
8	XXXV Energy, Infrastructure and Investment (RV)	3,770.52	11,605.43	7,834.91	8,349.00
<b>Insufficient Supplementary Provision</b>					
9	IX Fiscal Administration. Planning, Surveys and Statistics (PDC)	5,554.24	34,776.54	29,222.30	27,654.16*

Source: Appropriation Accounts 2016-17; RV: Revenue Voted, CV: Capital Voted, PDC: Public Debt Charged

\*As noticed from accounts, the entire portion (₹ 27,654 crore) of supplementary provision under the head 'Public Debt Charged' was taken towards 'repayment of Ways and Means Advances/ Special Drawing Facility'.

### 2.3.4 Re-appropriations

Government had delegated certain powers to the Heads of Departments (HoDs) to re-appropriate funds at their level subject to certain restrictions. As part of these instructions, where the HoDs are not authorized to re-appropriate funds, proposals are required to be sent to Finance Department by 25<sup>th</sup> of February every year and thereafter the decision of the Finance Department would be intimated to the other Departments.

The following issues were observed during audit of re-appropriations:

#### 2.3.4.1 *Unnecessary re-appropriation of funds*

As per para 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 2016-17 excessive/unnecessary/inadequate re-appropriation of funds occurred in 24 cases which resulted in either non-utilisation of funds or excess utilization of funds over provision by ₹10 crore in each case as detailed in *Appendix 2.4*.

#### 2.3.4.2 *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 showed that out of 10,041 items of re-appropriations made, specific reasons were not intimated in respect of 8,503 items (84.68 *per cent*).

### 2.3.5 Surrender of Savings

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.

#### 2.3.5.1 *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 222 sub-heads amounting to ₹4,697.32 crore. These surrenders included hundred *per cent* surrenders (₹3,398.15 crore) under 11 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*. This indicated that Government had not assessed its requirement realistically in these cases.

#### 2.3.5.2 *Surrender in excess of actual savings*

Surrender of the provision in anticipation of savings and incurring expenditure subsequently by the controlling officers, results in surrender in excess of the overall saving in a grant/appropriation. In 12 cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual savings indicating lack of/inadequate budgetary control and monitoring in these Departments. Against the savings of ₹ 4,574.55 crore, the actual amount surrendered was ₹ 5,398.59 crore, resulting in excess surrender of ₹ 824.04 crore as detailed in *Appendix 2.6*.

In two cases, surrender of ₹ 268.56 crore proved injudicious in view of eventual excess expenditure under these grants at the closure of the financial year, as shown in **Table 2.9**.

**Table 2.9: Cases of injudicious surrenders**

(₹ in crore)					
Sl. No	No. and Name of the Grant or appropriation	Total Grant/ Appropriation	Expenditure	Excess	Amount Surrendered
1	IX Fiscal Administration, Planning, Surveys and Statistics (PDC)	33,208.40	34,776.54	1,568.14	110.38
2	XI Roads, Buildings and Ports(RV)	1,175.22	1,284.20	108.98	158.18
	<b>Total</b>	<b>34,383.62</b>	<b>36,060.74</b>	<b>1,677.12</b>	<b>268.56</b>

Source: Appropriation Accounts 2016-17; PDC: Public Debt Charged; RV: Revenue Voted

### 2.3.5.3 Savings not surrendered

At the end of the year 2016-17, there were three appropriations in which savings of ₹ 11.18 crore occurred but no part of it had been surrendered by the departments concerned (**Appendix 2.7**). Similarly, out of the savings of ₹ 705.43 crore under six grants and two appropriation, saving (₹ five crore and above in each case) amounting to ₹ 397.16 crore were not surrendered (**Appendix 2.8**).

Besides, in 64 cases, ₹ 21,626 crore (98.45 per cent of total savings of ₹ 21,967 crore) were 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.

Government replied that necessary instructions have been given to all Administrative departments/ CCOs so that such instances are not repeated in future.

### 2.3.6 Expenditure on Salaries – Lumpsum provisions

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 ₹ 500.00 crore was made in the budget towards salaries and rent, rates and taxes and the entire amount, i.e., 100 per cent of the provision remained unutilized at the end of the year. The details in this regard are shown in **Table 2.10**:

**Table 2.10: Lumpsum provision**

(₹ in crore)				
Sl. No.	No. and Name of the Grant	Head of Account	Budget Provision	Amount Surrendered
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2052-00-90-75-Lumpsum provision towards Salaries and Rents, Rates and Taxes	500.00	500.00

Source: Appropriation Accounts 2016-17;

Further, test check in Audit showed that while incurring expenditure for salaries, there were instances where: a) expenditure was not incurred though provision were made; b) excess Expenditure incurred over and above the provisions made c) entire provision was re-appropriated. This indicated that the budget estimates towards salaries were made without assessing the actual 'man-power in position' as envisaged in the manual.

### 2.3.7 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. While the expenditure in last quarter accounted for 27 per cent, it was noticed that in 19 Major Heads, the last quarter's expenditure amounted to more than 50 per cent of their annual expenditure. The Major Head-wise details of expenditure are shown in **Appendix 2.10**. The expenditure during the month of March in these cases ranged from 9 to 100 per cent (in 18 cases) during the year 2016-17.

### 2.3.8 Advances from Contingency Fund

Contingency Fund of the State has been established under the Andhra Pradesh Contingency Fund Act, in terms of provisions of Article 267(2) and 283(2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest and required to be recouped by obtaining supplementary grants during the first session of Assembly immediately after the advance is sanctioned. During the year 2016-17, sanctions (16) amounting to ₹1.01 crore were issued by Government. An amount of ₹0.87 crore was met from sanctions, out of which ₹0.75 crore was recouped to the Fund, leaving a sum of ₹0.12 crore (₹12,19,445) as un-recouped, the details of which are given in **Table 2.11**.

**Table 2.11: Un-recouped amount of the Contingency Fund of the State**

			(in ₹)
Sl. No	No. and Name of the Grant	Classification	Amount
1	X- Home Administration	2055- Police: 109-District Police(Non Plan Charged)	4,30,094
2	XX- Labour and Employment	4250-Capital Outlay on Other Social Services: 203- Employment	7,89,351
<b>Total</b>			<b>12,19,445</b>

Source: Appropriation Accounts 2016-17

### 2.3.9 Diversion of Central Market Committee Funds - ₹ 11.00 crore

The funds of the Central Market Committee should be applied as per approved Annual Budget in accordance with section 86-C of AP Agriculture and Live Stock Market Rules 1969. An amount of ₹11.00 crore was diverted for implementing the State Government Programme 'Neeru Meeru'<sup>5</sup> and the amount was shown as due at the end of 31 March 2017 to the Central

<sup>5</sup> Neeru Meeru is a State Government programme for conservation of water

Market Committee Fund. Diversion from the funds operated outside Consolidated fund of the State for a State Government programme results in accumulation of the liabilities on the Consolidated Fund of the State and the expenditure escapes the Vote of the Legislature. The recoupment particulars for ₹ 11.00 crore to Central Market Committee were not made available.

### 2.3.10 Revalidation of Government Orders

Test check of GOs revealed that while issuing orders (January 2017) to revalidate the various GOs issued during 2015-16 for an amount of ₹ 56.13 crore on spillover works, the PR & RD (Progs.I) Department has not taken the concurrence of the Finance department.

### 2.3.11 Major works

As noticed from Budget and expenditure, more than ₹ 10 crore was provided for major works in respect of 75 cases. Against the total provision of ₹ 8,584.55 crore in these cases, ₹ 3,978.21 crore (46.34 per cent) only was utilized leaving an amount of ₹ 4,606.34 crore (53.66 per cent) as unspent. This resulted in non-incurring of Capital Expenditure and thereby, in re-appropriation/surrender of provisions made.

## 2.4 Major Policy Initiatives

Several major policy initiatives/flagship schemes are announced by the Government each year reflecting its socio-economic priorities. Some of the schemes are Centrally Sponsored Schemes for which sharing pattern was defined whereas other schemes are State owned schemes. Audit observed the following aspects, as detailed in **Table 2.12**, in respect of funds relating to Centrally Sponsored Schemes:

**Table 2.12: Release of funds relating to Centrally Sponsored Schemes**

(₹ in crore)

Sl. No.	Details of schemes	Release from GoI	Releases as per BROs	Remarks
1	NSAP <sup>6</sup> (₹ 462.26 crore), National Cyclone Risk Mitigation Programme (₹ 107.86 crore), Road Transport and Highways (₹ 385.98 crore), Capital City (₹ 450 crore), Backward Regions Grant fund (₹ 350 crore) and others (₹ 216.55 crore)	1,972.65	0	Though the amount was received from GoI, the same was not released to implementing agencies. Non release of funds resulted in tardy implementation of the schemes. Government replied that the amounts would be transferred in the financial year 2017-18.
2	Nutritious Meals Programme (₹ 160.29 crore), Swachha Bharat (₹ 168.63 crore) and others (₹ 1,287.21 crore)	3,835.03	2,219.30	Balance amount of ₹ 1,615.73 crore was not released.

<sup>6</sup> National Social Assistance Programme

Sl. No.	Details of schemes	Release from GoI	Releases as per BROs	Remarks
3	Solid Waste Management (₹ 185.97 crore), RMSA (₹ 163.80 crore), Tuition fee under Social Welfare (₹ 161.63 crore) and others (₹ 275.33 crore)	0	786.73	The GoI had not released the funds. However, an amount of ₹ 786.73 crore was released to implementing agencies from State's own funds. An expenditure of ₹ 683.10 crore was booked under these heads for the financial year 2016-17. Reasons for non-release of funds by GoI were not intimated.
4	MGNREGA (₹ 980.29 crore), Modernisation of Police Force (₹ 125.86 crore) and others (₹ 198.96 crore)	4,211.17	5,516.28	An amount of ₹ 1,305.11 crore was released in excess of the actual receipt from GoI. An expenditure of ₹ 4,621.55 crore was booked under these heads for the financial year 2016-17. Reasons for incurring excess expenditure as well as sources from which the State's own funds diverted were not made available.
5	Release of funds on advance/reimbursement basis	0	1,093.34 (₹ 843.34 crore for MGNREGA and ₹ 250 crore for Nirmal Bharat Abhiyan).	The details regarding adjustment/ recoupment of the amounts to the Consolidated fund of the State by the end of March 2017 were not made available.

#### 2.4.1 Other Major Policies

Some of the major policy initiatives/schemes outlined in the budget speech/annual plan for the year 2016-17 were scrutinized in audit on a test-check basis to verify the status of their implementation. Significant audit findings in this regard are given in **Table 2.13**:

Table 2.13: Major policy initiatives under Plan schemes

(₹ in crore)

Sl.	Scheme and objective	Status of implementation
<b>Social Welfare</b>		
1	<p><b>Economic Support Schemes</b> APSCCFC<sup>7</sup> (Nodal Agency) implements Economic Support Schemes with the funds transferred by the Social Welfare department with an objective to provide financial assistance in the form of subsidy for creation of income generating assets.</p> <p><b>Budget provision: ₹ 461 crore</b></p>	<ul style="list-style-type: none"> <li>• During 2016-17, the Corporation had received ₹460 crore. Out of total available funds of ₹929 crore (including opening balance of ₹469 crore), an amount of ₹450 crore remained unutilised as on 31 March 2017. However, Appropriation Accounts for 2016-17 showed that the entire budgeted amount of ₹460 crore was spent.</li> <li>• As against the physical target of 42,181 beneficiaries, only 8,681 beneficiaries (21 per cent) were covered.</li> <li>• Reasons for shortfall in achievement of target was attributed to court case and redesigning of online beneficiary monitoring and management system.</li> </ul>
2	<p><b>Pre-matric scholarships to SCs</b> The objective of the scheme is to provide pre-matric scholarships to SC children studying in Classes IX and X so that the incidence of dropouts, especially in the transition period from upper primary to the secondary stage is minimised. It was proposed to cover 1,38,000 students for the academic year 2016-17. The scholarship paid per student was ₹4,500 (for boarders) and ₹2,250 (day scholars) per year.</p> <p><b>Budget provision: ₹ 115 crore</b></p>	<ul style="list-style-type: none"> <li>• GoI funds of ₹43.35 crore and ₹17.98 crore meant for 2015-16 and 2016-17 were released by the Government in the next financial years respectively.</li> <li>• During 2016-17, out of total budget allocation of ₹115 crore under central plan an amount of ₹80 crore was re-appropriated without any specific reason.</li> <li>• Department replied that an amount of ₹34.50 crore only was utilised towards scholarships covering 66,419 students (48 per cent) during 2016-17.</li> <li>• This resulted in poor implementation of the scheme denying the intended benefits to a large number of students.</li> </ul>
3	<p><b>Providing Free Power to SC Households</b> Social Welfare Department pays electricity arrears and monthly bills of SC households consuming 0-50 units per month. The amount payable is based on the actual demand and consumer wise details furnished by the DISCOMs. The data of eligible consumers is provided to the CGG (Centre for Good Governance) by the DISCOMs through e-pass website (online</p>	<ul style="list-style-type: none"> <li>• An amount of ₹157.59 crore (including ₹26.70 crore pertaining to arrears of April 2013 to June 2014) was utilised for the purpose and the balance ₹28.34 crore could not be utilised due to 'freezing' orders issued by the Government.</li> <li>• However, Department stated that 11.42 lakh consumers were covered against the target of 6.12 lakh.</li> </ul>

<sup>7</sup> Andhra Pradesh Scheduled Caste Cooperative Finance Corporation

Sl.	Scheme and objective	Status of implementation
	interface) for generation of reports and to send the bills to the treasury for making online payment to the respective DISCOMs. <b>Budget provision: ₹ 159.23 crore</b>	<ul style="list-style-type: none"> <li>Despite, under utilisation of funds, the Department achieved the physical target. This indicates that the target was not realistic.</li> </ul>
<b>Tribal Welfare</b>		
4	<p><b>Pre-matric Scholarships:</b> Under Pre-matric scholarships, bright ST children are identified and provided opportunity to receive quality education through reputed private institutions. The objective of the scheme is to minimise the incidence of dropout of ST students. <b>Budget provision: ₹ 116.17 crore (Centre: ₹ 100 crore + State: ₹ 16.17 crore)</b></p>	<ul style="list-style-type: none"> <li>The entire Central provision of ₹ 100 crore was re-appropriated. It was stated by the Department that the Finance department had submitted the proposal for ₹ 100 crore provision as against the proposal of ₹ 14.50 crore made by the department.</li> <li>An amount of ₹ 16.32 crore was utilised for the purpose.</li> <li>As against the target of 1,01,382 students only 38 per cent (38,863) were covered during 2016-17.</li> <li>It was stated that due to dropouts and delay in enabling registration of the students in ePass<sup>8</sup> website, the physical achievement was less during the year 2016-17.</li> <li>Thus, the objective to minimise dropout was not fulfilled to a large extent.</li> </ul>
<b>Backward Class Welfare</b>		
5	<p><b>Reimbursement of Tuition Fee (RTF) to BC students</b> RTF is sanctioned to BC students whose parent's annual income does not exceed ₹ one lakh. The scheme is being implemented on saturation basis. The target for 2016-17 was to cover 8 lakh students. <b>Original Budget provision: ₹ 993.00 crore</b> <b>Supplementary Provision: ₹ 203.99 crore</b></p>	<ul style="list-style-type: none"> <li>As against the budget provision, an amount of ₹ 420.22 crore (38 per cent) was utilised for the year 2016-17 and ₹ 576.79 crore (52 per cent) was utilised for payment of arrears pertaining to the period 2010-16.</li> <li>The balance ₹ 109.98 crore (10 per cent) could not be utilised due to 'freezing' orders issued by the Government.</li> <li>The achievement (7.08 lakh) as against the target (8 lakh) was 88 per cent, including arrears of previous years.</li> <li>The shortfall in the target was stated to be due to non-submission of documents by the students.</li> </ul>
6	<p><b>Reimbursement of Tuition Fee (RTF) to EBC students</b> RTF is sanctioned to EBC students whose parent's annual income does not exceed</p>	<ul style="list-style-type: none"> <li>An amount of ₹ 632.26 crore was utilized during 2016-17.</li> <li>Entire supplementary provision of ₹ 271.44 crore (30 per cent) could not</li> </ul>

<sup>8</sup> Electronic pass

Sl.	Scheme and objective	Status of implementation
	<p>₹ one lakh. The scheme is being implemented on saturation basis. The target for 2016-17 was to cover three lakh students.</p> <p><b>Original Budget provision: ₹ 632.50 crore</b> <b>Supplementary Provision : ₹ 271.44 crore</b></p>	<p>be utilised due to freezing of funds.</p> <ul style="list-style-type: none"> <li>• Number of students covered during the year was 1.81 lakh (60 per cent).</li> <li>• The shortfall in the target was stated to be due to non-submission of documents by the students.</li> </ul>
<b>Collegiate Education</b>		
7	<p><b>Rashtriya Uchchatar Shiksha Abhiyan (RUSA)</b> RUSA, a Centrally Sponsored Scheme (CSS) launched in 2013 aims at providing funds in the ratio (Central- 60 : State -40) to eligible higher educational institutions by considering the State's strategy to address issues of equity, access and excellence in higher education.</p> <p>There are 18 components under the scheme of which funds were provided under six components to Andhra Pradesh State</p> <p><b>Budget provision: ₹ 160.17 crore (Central: ₹ 96.00 crore + State: ₹ 64.17 crore)</b></p>	<ul style="list-style-type: none"> <li>• No separate PD account is maintained by the nodal agency, i.e., AP State Council for Higher Education (APSCHE), as such, audit could not ascertain funds credited/debited and balance available under RUSA scheme.</li> <li>• As per appropriation accounts for the year 2016-17, against ₹ 160.17 crore of budget provision, ₹ 149.42 crore (around 93 per cent) were re-appropriated.</li> <li>• While stating that the funds were released at the fag end of the financial year, the State Project Director , RUSA has not furnished the list of colleges targeted and completed.</li> </ul>
<b>Sports Authority of Andhra Pradesh</b>		
8	<p><b>Construction of Stadia and Modernisation of Sports Facilities:</b> The aim of the SAAP is to create the infrastructure and promote capacity as well as achieving excellence in various international and national competitive events, with improving sports culture in the State.</p> <p><b>Budget provision: ₹ 176 crore</b></p>	<ul style="list-style-type: none"> <li>• Out of budget provision of ₹ 176 crore, an amount of ₹ 159 crore (90 per cent) was re-appropriated.</li> <li>• Though SAAP had stated that it had received administrative sanction for ₹ 313 crore in February 2017, details regarding sanctions were not furnished to audit. The amount as stated by SAAP is not reflected in the Appropriation Accounts for 2016-17.</li> <li>• Specific reasons for non-achievement of the proposed objective of setting up of 65 Krida Vikas Kendra were not furnished to audit.</li> </ul>
<b>Director of Roads and Bridges</b>		
9	<p><b>State Support under PPP Project</b> Under the scheme, provision was made for payments to independent engineer charges, transaction advisor charges and payments to the consultants who were appointed for feasibility studies of new PPP Projects to be taken up. Payment of land acquisition</p>	<ul style="list-style-type: none"> <li>• An amount of ₹ 95.57 crore (78.37 per cent) was utilised against total budget allocation of ₹ 121.94 crore there by surrendering ₹ 26.38 crore at the fag end of the year due to delay in submission of bills by the consultants.</li> <li>• No physical targets were fixed under</li> </ul>

Sl.	Scheme and objective	Status of implementation
	<p>charges for new PPP Projects which are being planned to be grounded will also be taken up under the scheme.</p> <p><b>Original Budget provision: ₹ 80 crore</b> <b>Supplementary provision: ₹ 41.94 crore</b></p>	<p>this scheme.</p>
10	<p><b>AP Road Sector Project (APRSP)</b> APRSP is being implemented from 2010 onwards with the loan assistance of World Bank. The objective of the project was to improve Core Road Network (CRN), operationalisation of Road Development Corporation (RDC) and reduction in vehicle operating costs, travel time and fatality rate of vehicles.</p> <p>Provision was also made for the scheme under AP Road Development Corporation, PPP-facilitation support, Institution strengthening and Road safety works.</p> <p><b>Budget Provision: ₹ 200 crore</b></p>	<ul style="list-style-type: none"> <li>• Out of budget provision of ₹200 crore an amount of ₹127 crore was utilised for the purpose leaving a balance of ₹73 crore (36 per cent) unutilised.</li> <li>• Though 64 per cent was spent, only 19.3 KMs (21.93 per cent) of the physical target of 88 KMs, was achieved resulting in shortfall of 68.7 KMs.</li> <li>• Shortfall in achievement of targets was stated to be due to non-performance and termination of contracts and rebidding.</li> </ul>
<b>Water Resources</b>		
11	<p><b>Neeru Chettu programme</b> Government had taken up Water Conservation Mission "Neeru Chettu" with a vision to make the State a drought proof State by better "water conservation and sustainable management". Neeru Chettu is interdepartmental convergence activity among "water conserving departments viz., Irrigation, Rural Development, Ground water, Forest, APSAC and water utilizing departments viz., Agriculture, Horticulture, Fisheries, Animal Husbandry, RWS, Municipal Administration and Urban Development".</p> <p><b>Original Budget provision: ₹ 135.00 crore</b> <b>Supplementary provision: ₹ 1,107.74 crore</b></p>	<ul style="list-style-type: none"> <li>• Original Budget provided was ₹135 crore. Additional funds of ₹1,107 crore were released under 'surface water works' by way of Supplementary budget.</li> <li>• The entire amount of ₹1,242 crore was utilised for the scheme.</li> <li>• However, the requirement of additional funds eight times more than the Budget Estimates indicated unrealistic estimation of funds requirement under the scheme.</li> <li>• As per the reply provided by the department, there was shortfall (14702 works) in the physical target (40848 works) of works by 36 per cent.</li> </ul>
<b>Director of Agriculture</b>		
12	<p><b>Prime Minister Fasal Bima Yojana (PMFBY)</b> To make the Crop Insurance Scheme more farmer friendly Government of India announced a new policy on Crop Insurance Scheme namely Prime Minister Fasal Bima Yojana (PMFBY) to be implemented from Kharif 2016. A uniform premium at 2% and 1.5% for all Kharif and Rabi crops is to be paid by the farmers. The balance premium will be paid as subsidy by the Central and</p>	<ul style="list-style-type: none"> <li>• Total budget allocated for the scheme was ₹592 crore (State's share ₹420 crore and Central share - ₹172 crore).</li> <li>• The entire Supplementary provision of ₹248 crore and Original Provision of ₹172 crore was surrendered indicating unrealistic projection of requirement of funds.</li> <li>• Thus, only 29 per cent (₹172 crore) was utilised for the purpose in respect</li> </ul>

Sl.	Scheme and objective	Status of implementation
	State Governments in equal proportion (50:50). <b>Original Budget provision : ₹ 344 crore</b> <b>Supplementary Provision : ₹ 248 crore</b>	of 7.66 lakh farmers in 2016-17.

### 2.4.2 SC and ST sub-plan

As per Government instructions<sup>9</sup>, all the departments should earmark at least a minimum of 17.08 *per cent* and 5.33 *per cent* (previous year 6.6 *per cent*) of the total Plan Outlay in the budget exclusively for the development of Scheduled Castes and Scheduled Tribes 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.

Budget allocation and expenditure under Scheduled Castes Sub-Plan (SCSP) for SCs and Tribal Area Sub-plan (TSP) for STs, during the period 2015-2017 is given in **Table 2.14**

**Table 2.14: Budget vis-à-vis Expenditure under SCSP and TSP**

(₹ in crore)

Year	Scheduled Castes Sub-Plan(SCSP)					Tribal Sub Plan(TSP)			
	Total State Plan Budget	Budget for SCSP (original)	% of SCSP to Plan budget	Total Budget SCSP (O+S)	Expenditure (%)	Budget for TSP (original)	%of TSP to Plan budget	Total Budget TSP (O+S)	Expenditure (%)
2015-16	34,412.47	5,470.13	15.90	6,236.10	5,187.34 (83 %)	1,686.60	4.90	1,949.26	1,749.07 (90 %)
2016-17	49,134.44	8,724.26	17.75	9,522.68	7,670.28 (81%)	3099.96	6.31	3,530.76	2,578.46 (73 %)

Source: Appropriation Accounts, Statement of demand for grants, SC & ST sub-plan; O: Original; S: Supplementary

As evident from the above table, State Government's allocation of Plan budget (original) was 17.75 *per cent* under SCSP and 6.31 *per cent* under TSP. The allocations were increased over previous year (2015-16) and were more than the mandatory allocation of 17.08 and 5.33 *per cent* respectively. However, out of the allocation, Government could spend only 81 and 73 *per cent* under SCSP and TSP respectively. The percentage of utilization declined in 2016-17 by 2 and 17 *per cent* under SCSP and TSP respectively as compared to previous year.

Out of the unspent amount of ₹ 1,852.40 crore (SCSP) and ₹ 952.30 crore (TSP), during the year 2016-17, huge amounts of ₹ 1,420.91 crore and ₹ 854.74 crore were re-appropriated, indicating under utilisation of the plan funds for the specified purpose. Some instances are discussed in **Table 2.15**:

<sup>9</sup> Vide G.O.Ms.No. 9 Planning(XXII) department, Dated 23-02-2013

**Table 2.15: Under utilisation of Plan funds of SCSP and TSP**

(₹ in crore)

Sl.	Scheme and objective	Status of implementation
<b>Industries, Commerce &amp; Export Promotion Department</b>		
1	<p><b>Incentives for Industrial Promotion</b> The Industrial scenario has changed after liberalization and globalization. For industrial promotion in the State, apart from offering fiscal incentives, there is a need for campaigning the policies of Government, conducting seminars, symposiums and road shows within and away from the State to show-case the strength of Andhra Pradesh, a lot of publicity material like brochures, booklets, leaflets pop-ups, films etc. are needed to be prepared on par with other States.</p>	<ul style="list-style-type: none"> <li>As against budget allocation to SC &amp; ST entrepreneurs of ₹16.40 crore and ₹18.00 crore, expenditure was incurred only to an extent of ₹4.40 crore and ₹4.50 crore respectively.</li> <li>The unutilized amount of ₹12.00 crore and ₹13.50 crore was surrendered during the fag end of financial year 2016-17.</li> <li>Non-utilisation of allocated budget was stated to be due to non-receipt of applications from SC/ST entrepreneurs.</li> </ul>
2	<p><b>Incentives to the SC entrepreneurs for Industrial promotion:</b> Special package of incentives are introduced to the Scheduled Caste Entrepreneurs under SC Sub plan for Industrial Promotion (food processing industries) and also in servicing sector for inclusive development of SC Entrepreneurs. Incentives would reduce the initial project cost and help the entrepreneurs for carrying out the industrial activity in the competitive market.</p>	<ul style="list-style-type: none"> <li>₹165 crore was allocated under SCSP of which ₹120 crore (73 per cent), was re-appropriated and only ₹45 crore (27 per cent) was utilised.</li> </ul>
3	<p><b>Lift Irrigation Works (APSIDC)</b> APSIDC is presently implementing Lift Irrigation (LI) schemes to provide irrigation facility to upland areas of small and marginal farmers and other weaker sections of the society with the funds provided by Government and handing over the same to beneficiaries/agencies for operation and maintenance. Government had accorded administrative approval to 181 LI Schemes to stabilize 1.55 lakh acres.</p>	<ul style="list-style-type: none"> <li>Under SCSP State Plan three new Lift irrigations schemes and revival of 11 Lift irrigation schemes were taken up during 2016-17. However, only three LI schemes were completed stabilizing 358 acres incurring an amount of ₹0.86 crore.</li> <li>Under ST sub plan, revival of 49 LI schemes was taken up during 2016-17. However, revival of 17 LI schemes stabilizing 1749 acres was completed with an amount of ₹1.90 crore.</li> </ul>

## 2.5 Review of Selected Grants

During the year 2016-17, two grants viz., Rural Development and School Education were selected for detailed audit scrutiny to ascertain compliance with budgeting processes, utilization of funds, expenditure control mechanisms and implementation of schemes within these grants. Audit findings in this regard are discussed below.

### 2.5.1 Rural Development (Grant No.XXXII)

This Grant is administered by Commissioner, Rural Development Department. The allocation of budget to Rural Development Department constituted 7.78 *per cent* of the total State budget (₹1,93,631.63 crore) during the year 2016-17.

#### 2.5.1.1 Budget and Expenditure

Budget allotment to Rural Development Department for the year 2016-17 was ₹15,070.57 crore. The overall position of budgetary provision, expenditure and savings during the period 2015-17 is detailed below in **Table 2.16**:

**Table 2.16: Budget vis-à-vis Expenditure under Rural Development Grant**

(₹ in crore)						
	2015-16			2016-17		
	B	E	S/ E	B	E	S/ E
Revenue	14,631.95	1,3829.48	(-)802.47	15,069.57	12,831.16	(-)2,238.41
Capital	1.00	1.00	0.00	1.00	1.00	0.00
<b>Total</b>	<b>14,632.95</b>	<b>13,830.48</b>	<b>(-) 802.47</b>	<b>15,070.57</b>	<b>12,832.16</b>	<b>(-)2,238.41</b>

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

Budget provision under the Revenue section was increased by 2.99 *per cent* and under Capital section it was constant over previous year (2015-16). Savings under Revenue section showed an increase by 2.79 times over previous year. An amount of ₹2,238.41 crore was surrendered on the last day of the financial year.

Detailed audit of Budget and Expenditure under this Grant showed that:

- i) Funds amounting to ₹11,680.24 crore (90 *per cent*) of total expenditure of ₹12,832.16 crore were related mainly to three schemes viz., MGNREGA- ₹ 4,793.68 crore, Social Security Pensions - ₹4,780.94 crore and Capital Infusion to DWCRA Women- ₹2,105.62 crore.
- ii) The unutilised budget provision/savings under Revenue section of the grant was 14.85 *per cent* (₹2,238.41 crore).
- iii) Out of total savings of ₹2,238.41 crore, major portion was from Plan schemes viz., MGNREGA, NRLM and PMKSY. Specific reasons for the savings were not intimated by the department.
- iv) An amount of ₹3.15 crore was incurred without budget provision under the Centrally Assisted Plan scheme “DRDA administration” (₹3.14 crore) and Non-plan scheme “Village Development Officers Training Centres” (₹0.01 crore).

- v) An amount of ₹ 33.85 crore was incurred in respect of 10 heads of accounts in excess of the provision made in the budget estimates.
- vi) In respect of six schemes (Plan and Non-plan viz., National Social Assistance Programme (NSAP) - ₹ 189.31 crore, and Aam Aadmi Bima Yojana (AABY) - ₹ 39.37 crore etc.) funds amounting to ₹ 228.89 crore were provided in the Original estimate. However, entire provision under these schemes was surrendered on the last day of the financial year.

The Department replied (September 2017) that, Government had informed<sup>10</sup> that there is no need to release amount under NSAP separately as the same scheme was covered under 'NTR Bharosa Pensions' under 'State Plan scheme'.

It was evident from the above that though the department was aware of the Government's decision, budget was provided for 2016-17 thus denying the availability of funds to other needy departments.

Similarly, regarding funds provided under AABY, the department replied that Government had launched "Chandranna Bima" a social security scheme on 2nd October 2016 which covered all the beneficiaries of the AABY scheme. Department of Labour paid the premium under "Chandranna Bima" scheme for SERP-AABY members from 01 April 2017 onwards. Hence, the funds were surrendered on the last day of the financial year.

The Department should have anticipated the saving under the scheme and surrendered the funds immediately as all the beneficiaries were being covered under "Chandranna Bima" scheme.

- vii) Out of Supplementary grant of ₹ 2,614.52 crore allocated under plan schemes towards implementation of MGNREGA and NTR Pensions to old age persons & widows, ₹ 1,852.65 crore (71 per cent) was re-appropriated to other heads. This showed that the department failed to assess the actual requirement of funds for implementation of the schemes.
- viii) Scrutiny of re-appropriation orders issued by Government under the Grant showed that, out of 82 items of re-appropriations, specific reasons were not intimated in respect of 77 items (94 per cent).

### **2.5.1.2 Programme implementation**

Test check of schemes/ programmes under the grant showed the following:

#### **Pradhan Mantri Krishi Sinchayi Yojana (PMKSY)**

The main objectives of the Integrated Watershed Management Programme (IWMP) now PMKSY were to restore the ecological balance by harnessing, conserving and developing degraded natural resources such as soil, vegetative cover and water. The funding pattern of the scheme is in the ratio of 60:40 between Central and State Governments.

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<sup>10</sup> vide Govt. Memo No. 11196/RDIII/2014 dated 09 December 2014 of PR & RD Department

- An amount of ₹202.08 crore was incurred on the scheme during 2016-17 as against the releases of ₹139.57 crore (GoI: ₹83.09 crore and State Share: ₹55.39 crore, including Bank Interest of ₹1.09 crore). The excess expenditure (₹62.51 crore) was met from the previous year's unspent balances of ₹64.19 crore.
- Apart from the above, an amount of ₹37.87 crore was released by GoI to State Government. However, the same was not released alongwith State's matching share (₹25.25 crore) for the scheme.

### **Navya Andhra Jala Prabha**

Navya Andhra Jala Prabha (NAJP), a MGNREGS – RIDF convergence project, aimed at changing 10.00 lakh acres of fallow and uncultivated lands belonging to the poorest of poor households by providing irrigation source such as borewell / tubewell / Micro irrigation systems such as Drip / Sprinkler through APMIP / low cost micro-irrigation structures so as to achieve optimum utilization of water.

- During 2016-17, an amount of ₹250.00 crore was proposed for implementation of Navya Andhra Jala Prabha Scheme (erstwhile NTR Jalasiri). Government allocated an amount of ₹75.00 crore for implementation of the Scheme. It was, however, observed that an amount of ₹15.00 crore (20 per cent) only was incurred towards the scheme.
- As against the target of 30,000 Borewells/Solar Pump sets to be drilled/installed for 2016-17, Department could drill only 10,580 Borewells as on February 2017 leaving a shortfall of more than 60 per cent (19,420 Nos.).

### **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**

Government of India (GoI) had passed the National Rural Employment Guarantee Act, 2005. This Act gives legal guarantee of wage employment for not less than 100 days in a financial year to a rural household, whose adult members volunteer to do unskilled and manual work.

The objective of the Act is to enhance the livelihood security of the people in rural areas by generating wage employment. The Scheme shall be implemented as a Centrally Sponsored Scheme (CSS) on cost sharing basis between the Central and State Governments in the ratio of 90:10.

- During 2016-17, an amount of ₹5,943 crore<sup>11</sup> was provided and released under the Scheme. However, an amount of ₹5,974 crore was utilized. The Department met the excess expenditure through loans received from GoAP
- Further, it was observed that an amount of ₹159.69 crore received towards Central Share and ₹53.23 crore towards matching State's share totaling ₹212.92 crore was not yet credited to scheme fund.

### **Andhra Pradesh Rural Inclusive Growth Programme (APRIGP)**

Government started a new scheme supported by financial assistance from the World Bank. The objective of the proposed project was to enable selected poor households to diversify and enhance sources of income and secure increased access to human development services and social entitlements. The project was proposed to have five components i.e. value chain

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<sup>11</sup> Original budget: Rs.4,765 crore and Supplementary budget: Rs.1,178 crore

development through producer organizations, human development, social development, safety nets and entitlements, mission support and project implementation support.

An amount of ₹ 132 crore was provided in the budget 2016-17. The Commissioner, PR&RD, had transferred ₹ 97.30 crore during the year 2016-17 to CEO, SERP towards implementation of the scheme out of which an amount of ₹ 92.15 crore was incurred.

However, there was a shortfall of 1,32,023 (51 *per cent*) beneficiaries under Human Development component as against the target of 2,61,136. Specific reasons for the shortfall in the achievement of the targets were not furnished.

#### **Aam Aadmi Bima Yojana (AABY)**

AABY is a prestigious group insurance scheme for the benefit of rural landless agricultural labourers. Under this scheme, the LIC of India provides insurance coverage for natural as well as accidental deaths. The premium is shared by the Central & State Governments on 50:50 basis.

Funds of ₹ 39.37 crore though provided during 2016-17 were not released. Non-release of funds was stated to be due to coverage of all beneficiaries under “Chandranna Bima” Scheme.

Audit observed that neither provision for “Chandranna Bima” Scheme was made in the budget estimates nor any expenditure incurred on this scheme for the year 2016-17. The entire provision of ₹ 39.37 crore made under AABY was also surrendered. Thus, no amount was incurred under this scheme in 2016-17. Surrendering of entire provision made under AABY without specific reasons defeated the purpose for which the scheme was launched.

#### **Insurance/ Pension Scheme to DWACRA Women (Anna Abhaya Hastam)**

AAH scheme is for all the SHG women active in the SHGs for at least a year. All the enrolled members, less than 60 years of age are covered under AAH. In this scheme the member contributes ₹ 365 per year and Government co-contributes another ₹ 365 per year. A minimum pension of ₹ 500 per month is paid for the members on attaining the age of 60 years.

An amount ₹ 123 crore was provided in the budget 2016-17 and released. Savings under the scheme were to the extent of ₹ 18.85 crore.

The Department attributed the savings to removal of ineligible pensioners noticed during review of Pensioners database. Department further stated that some of the AAH members were found ineligible for sanction of AAH pension as the members were already sanctioned widow/ other Social Security Pensions.

#### **Operational expenditure for Sand Mining**

Government introduced a new Sand Policy (August 2014) which envisaged the operation of all sand reaches<sup>12</sup> in the State by the Women Self Help Groups (WSHGs) to empower them. The scheme was closed (04 March 2016) with instructions to refund the advance paid for booking the sand if not delivered by 31 March 2016. As on the date of closure of the scheme an amount of ₹ 25.55 crore was lying unspent with the District Sand Mining Facilitating Agencies (DSMFAs).

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<sup>12</sup> Places identified by the Government for extraction of Sand

However, releases and expenditure statement of Society for Elimination of Rural Poverty<sup>13</sup> for the year 2016-17 revealed that, funds of ₹ 35.52 crore were provided by way of supplementary budget and an expenditure of ₹ 13.57 crore was incurred for refunding the advances taken earlier, leaving an unspent balance of ₹ 21.95 crore. Providing funds by way of Supplementary budget (February 2017) for implementing the scheme after closure of the scheme (March 2016) and in spite of funds (₹ 25.55 crore) available as at March 2016 was unjustified. Details of refund of unspent balance of ₹ 47.50 crore<sup>14</sup> were not furnished.

## 2.5.2 School Education (Grant No.XII)

This Grant is administered by the School Education Department. The allocation of budget to the Department constituted 9.12 *per cent* of the total State budget (₹1,93,631.63 crore) during the year 2016-17.

### 2.5.2.1 Budget and Expenditure

Budget allotment for School Education Department for the year 2016-17 was ₹ 17,659.80 crore. The overall position of budgetary provision, expenditure and savings during the period 2015-17 is detailed below in **Table 2.17**:

**Table 2.17: Budget vis-à-vis Expenditure under School Education Grant**

(₹ in crore)						
	2015-16			2016-17		
	B	E	S/ E	B	E	S/ E
Revenue	14,952	13,554	-1,399	17,492	14,930	-2,562
Capital	196	184	-11	168	65	-103
<b>Total</b>	<b>15,148</b>	<b>13,738</b>	<b>-1,410</b>	<b>17,660</b>	<b>14,995</b>	<b>-2,665</b>

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

Budget provision under Revenue section increased by 17 *per cent* and in Capital section decreased by 14 *per cent* over previous year. Savings under both Revenue and Capital sections showed an increase of ₹ 1,163 crore and ₹ 93 crore respectively over previous year. In view of savings, the entire supplementary provision of ₹ 135 crore under Revenue section and ₹ 22 crore under Capital section proved unnecessary.

The detailed audit of the Grant revealed the following:

### Surrender of Savings

As per Paragraph 17.2.2 of APBM, all Departments are required to surrender the grant/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Out of the total savings of ₹ 2,665 crore, an amount of ₹ 2,561 crore (96 *per cent*) was surrendered on the last working day of the financial year 2016-17.

### Unnecessary/Excessive Supplementary Grants

Supplementary grants aggregating ₹ 50.03 crore obtained in respect of four sub-heads during the year proved unnecessary as the actual expenditure of ₹ 369.08 crore under these sub-heads fell

<sup>13</sup> As per G.O. Ms. No. 154 dated 02.12.2015 of General Administration (AR&T.I) department, the subject matter "Sand" was transferred from Society for Elimination of Rural Poverty (SERP) to Mines Department.

<sup>14</sup> ₹ 25.55 crore and ₹ 21.95 crore

short of even the original provision of ₹426.80 crore. Similarly, Supplementary grants aggregating ₹76.83 crore proved excessive by ₹47.84 crore against the actually required amount of ₹28.99 crore in six sub-heads under the grant as detailed in *Appendix 2.11*.

### Surrender of entire provision

In respect of certain schemes, although funds were provided in accordance with the Annual Plan, entire provision in 21 cases amounting to ₹250.53 crore were surrendered/re-appropriated without incurring any expenditure as detailed in *Appendix 2.12*.

### Expenditure incurred without provision

As per Paragraphs 17.3.1 and 17.6.1(c) of APBM, no expenditure should be incurred on a scheme/service for which no provision has been made in the Original Budget Estimates. However, it was observed that an amount of ₹23.79 crore was incurred under five sub-heads without budget provision, as detailed in *Appendix 2.13*.

### Un-explained re-appropriations

Scrutiny of re-appropriation orders issued by the State Government under the Grant showed that, out of 540 items of re-appropriations made, specific reasons were not intimated in respect of 429 items (79 per cent).

#### 2.5.2.2 Programme implementation

Test check of schemes/ programmes under the grant showed the following:

#### A) Nutritious Meals Programme (Mid Day Meal)

The Mid Day Meal Scheme is a Centrally Sponsored Scheme with a sharing pattern of 60:40 between Central and State Governments. State Government is also funding 100 per cent of the Mid-day meals scheme for classes IX and X. The main objectives of the programme are to improve the nutritional status of children and to motivate children to attend school regularly. The Budget provision and expenditure are detailed below in **Table 2.18**:

**Table 2.18: Budget vis-à-vis Expenditure under Nutritious Meal Programme (MDM)**

Budget Provision					Expenditure	Amount surrendered
Nutritious Meals Programme	Original	Supplementary	Total			
Mid Day Meal (MDM)	Centre	122.29	0	122.29	64.95	57.34
	State	41.66	0	41.66	30.05	11.61
	<b>Total</b>	<b>163.95</b>	<b>0</b>	<b>163.95</b>	<b>95.00</b>	<b>68.95</b>
MDM- Cooking Cost	Centre	199.12	25.56	224.68	135.06	89.62
	State	170.42	30.88	201.30	141.84	59.47
	<b>Total</b>	<b>369.54</b>	<b>56.44</b>	<b>425.98</b>	<b>276.89</b>	<b>149.09</b>

Source: Appropriation Accounts 2016-17

During 2016-17, under Mid-day meal (MDM) –Nutritious Meal Programme, out of total provision of ₹163.95 crore, an amount of ₹95 crore (58 per cent) was utilized, leaving a balance of ₹68.95 crore (Centre: ₹57.34 crore, State: ₹11.61 crore) which was re-appropriated to other heads. As against the physical target of 7,32,468 children, only 6,53,728 (89 per cent) were covered.

Under MDM-Cooking cost, budget of ₹369.54 crore (original) and ₹56.44 crore (supplementary) was allocated, of which ₹276.90 crore (65 per cent) was utilized which was less than the original budget. The entire supplementary budget proved unnecessary. Savings under this scheme (₹149.90 crore), which were surrendered on the last day of the financial year formed 41 per cent of the original budget.

This indicated that budget proposals were not framed realistically.

### **B) Sarva Shiksha Abhiyan (SSA)**

Sarva Shiksha Abhiyan is a centrally sponsored scheme with sharing pattern of 60: 40 between Central and State Governments. GoI had enacted RTE Act 2009 to provide free and compulsory education to all the children in the age group of 6-14 years. The objectives of the scheme were enrolment of all children (6-14 years) to regular schools, retaining the enrolled children till the completion of eight years of elementary education, bridging gender and social category gaps at elementary education level, focus on elementary education of satisfactory quality with emphasis on education for life.

During 2016-17, an amount of ₹1,299.47 crore (GoI: ₹779.68 crore, State: ₹519.79 crore) was provided in the budget in the ratio of 60:40. GoI Funds were released and utilized to the extent of ₹633.02 crore.

The matching State share was released to an extent of ₹203.78 crore only (against ₹422 crore). Against the aggregate releases of ₹836.80 crore during the year 2016-17, an expenditure of ₹1,105.30 crore was incurred stating that excess expenditure was incurred from the balances of previous year.

Audit observed that, out of total expenditure, 68.49 per cent (₹756.97 crore) was incurred in last quarter of the year whereas the balance ₹348.33 crore only was booked in first three quarters. Thus, it is evident that the expenditure was not evenly spread during the year and maximum amount of expenditure was incurred during the last quarter to avoid lapse of funds to the Government.

### **C) Digital class rooms in high schools (ICT Project)**

Digital Class is a teacher-led educational content solution that immensely improves learning outcome in schools. The program supplements the existing Board curriculum in both English and Telugu medium to make the learning experience in classroom exciting, meaningful and enjoyable translating into better learning and results for students, teachers, parents and the school.

Government released ₹45.50<sup>15</sup> crore and accorded administrative sanction<sup>16</sup> for implementation of ICT scheme for effective delivery of using audio visual content through digital class rooms in 3620<sup>17</sup> High Schools. The bill presented by the Commissioner, School Education to the

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15 GO RT..No. 269 dated 13-02-2017

16 GO Rt.No.29 dt.17-2-2017

17 2852 High Schools and 768 ICT labs as Digital class rooms

Treasury (March 2017) was returned<sup>18</sup> without furnishing any reasons. Hence, the scheme could not be implemented.

## 2.6 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 2016-17 also. Major instances in this regard are detailed below:

### 2.6.1 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 debiting to MH 3054-Roads and Bridges-797-Transfers to Reserve Fund-Deposit Account. Although provision for transfer of grant received is required to be made every year in the budget, this was not done. However, funds of ₹ 80.00 crore were obtained by way of re-appropriation during 2016-17 and an amount of ₹ 347.16 crore was met from the fund account resulting in excess expenditure of ₹ 267.16 crore.

### 2.6.2 Misclassification in budget estimates

**a) Operation of Head of Account 310/312 instead of 310/319 for booking expenditure on account of creation of Capital Assets:** As per the norms, for creation of capital asset under revenue section, a detailed head 310/319 is to be operated. However, on test check of the BEs it was observed that, though the nomenclature revealed creation of Capital Assets, provisions were made under “310/312” Grants in Aid instead of “310/319” for amount of ₹ 671.40 crore.

**b) Misclassification of Subsidies:** As per Standard Objects of Expenditure (Detailed Heads of Account) given in Budget Manual, the Detailed Head-330 is to be operated for Subsidies. Contrary to this, provisions of ₹ 87.99 crore were classified under the detailed head-310 Grants-in-aid.

**c) Misclassification of Object Head 500/501-Compensations as Detailed Head 320-Contributions:** As per Standard Objects of Expenditure (Detailed Heads of Account) given in Budget Manual, the **object head-501** had to be operated for Compensations. Contrary to this, the provisions of rupees one crore in the nature of compensations were classified under 320-Contributions.

**d) Operation of detailed head (DH) 520 and 530 under Revenue Section:** The detailed head of account 520-Machinery and equipment and 530 – Major works which were to be operated under Capital section. However, these were classified under Revenue section resulting in misclassification of ₹ 164.45 crore in 65 cases (under DH- 520) under 22 Grants and ₹ 6.00 crore (under DH- 530) in respect of Medical and Health Grant during 2016-17.

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<sup>18</sup> returned on 31.3.2017

**e) Operation of detailed head 270-Minor Works under Capital Section :** While the detailed head 270-Minor Works is to be operated under Revenue section, the head was misclassified in Capital section in two Grants involving ₹ 253.80 crore in 46 cases during 2016-17.

**f) Operation of un-authorized Sub Major Head/Minor Heads:** The Sub Major Head 01 and all the Minor Heads operated thereunder below MH 2501-Special Programme for Rural Development are no longer in operation and have been deleted since the year 2003. However, the Sub Major Head 01 continued to be operated under Grant No. XXXII- Rural Development (Rural Development HoD) under Major Head – 2501 for the years 2015-16 and 2016-17. Although Government had assured in November 2015 that necessary action would be taken to discontinue the operation of this unauthorized Sub Major Head/Minor Head, the same continued to be in operation.

**g) Non-compliance of LMMH guidelines:** As per general guidelines given in List of Major and Minor Heads (LMMH) of Account, the capital expenditure on account of investments in equity of Public Sector Undertakings should be booked only under the Minor Head ‘190-Investments in Public Sector and Other Undertakings’. Contrary to this an amount of ₹ 5.11 crore was booked under Minor head other than “Minor Head – 190”.

### 2.6.3 Opening of new sub-heads

As per Article 150 of the Constitution, read with Section 21 of DPC Act 1971, the State Government has to take prior concurrence of the AG (A&E) before opening any new Sub-head. However, Government had not followed the above procedure. An illustrative list of new sub-heads opened without the prior concurrence of Principal Accountant General (A&E) in 2016-17 is given in *Appendix 2.14*

## 2.7 Significant Findings

*Sound financial management requires advance planning and accurate estimation of revenues and expenditure. There were instances of excess expenditure or substantial savings with reference to provisions made during the year, exhibiting weakness in expenditure monitoring and control. Both situations are grave breaches of financial control.*

*The overall savings of ₹ 20,280.23 crore (10.47 per cent of budget provision) were the result of savings of ₹ 21,967.05 crore in 35 grants partially offset by an excess of ₹ 1,686.83 crore in five grants under various sections (Voted/Charged).*

*Excess expenditure over the allocation amounting to ₹ 53,673.19 crore pertaining to the years from 2004 to 2016 was yet to be regularized as of November 2017. The cases of excess expenditure over grants are serious breaches and are in violation of the will of the Legislature. It is important that responsibility is fixed in this regard.*

*Accordingly, supplementary provision aggregating ₹ 55,903.07 crore proved to be excessive by ₹ 20,280.23 crore over actually required amount of ₹ 35,622.84 crore.*

*Against the total savings of ₹ 21,967.06 crore, an amount of ₹ 22,382.96 crore was surrendered during the year 2016-17, of which ₹ 21,684.00 crore (99.88 per cent) was surrendered on the last day of the year, i.e., 31 March 2017. This affected the availability of funds in priority areas and desired outcomes.*

*Excessive/unnecessary/inadequate re-appropriation of funds was also observed. Re-appropriations to heads where original provisions were not made, etc. were noticed which showed lack of coordination between Finance and the line departments. Analysis showed that out of 10,041 items of re-appropriations made by the State Government during the year 2016-17, specific reasons were not intimated in respect of 8,503 items (84.68 per cent).*

### 3.1 Introduction

Sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance. Compliance with financial rules, procedures and directives as well as the timelines and quality of reporting on the status of such compliances is one of the attributes of good governance. Such reports assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the financial year 2016-17.

### 3.2 Utilisation Certificates

Budget controls are effective before payments are released but not after the release when the expenditure is actually committed or incurred. Utilisation Certificates (UCs) should be furnished by the State Government to GoI with regard to the funds provided by the latter for implementation of various Socio-Economic Development Programmes. Where specific grants are provided, State Government Rules and Instructions<sup>1</sup> also affirm the responsibility of the authority drawing the funds for submission of UCs to Departmental Officer and forwarding them to the Accountant General (A&E) after verification. No further amount for a particular scheme can be drawn unless proof of expenditure in respect of the amounts earlier drawn is provided.

During the year 2016-17, Government of Andhra Pradesh released Grants-in-Aid of ₹ 53,978.53 crore, of which, ₹ 42,404.83 crore were released under 312-Other Grants-in-Aid and ₹ 2,121.87 crore under 319-Grants for creation of Capital Assets.

As observed from Vouchers, in certain cases, statements of expenditure for the earlier releases were not furnished to Treasury Authorities. Instead, UCs were enclosed for the subsequent claim stating that funds were utilized in full for the intended purpose without enclosing the details of actual utilisation. Mere furnishing of UCs without details of expenditure indicates deficiencies in Financial Reporting as detailed below in **Table 3.1:**

**Table 3.1: Instances noticed during the audit of Grants-in-Aid vouchers**

(₹ in crore)				
Sl. No	Name of the DDO	Name of the Scheme	Amount drawn (Total Amount Drawn during the year)	Remarks
1	AO, BC Welfare Department, Vijayawada	Welfare of Kapus	250 (1000)	As per the certificate of expenditure against the total amount of ₹ 750 crore credited earlier, an amount of ₹265 crore only was utilized leaving a balance of ₹485 crore. However UC was furnished for ₹ 750 Crore and 4 <sup>th</sup> quarter (₹ 250 Crore) funds were drawn.

<sup>1</sup> Note 1 below Article 211 A(2) of Andhra Pradesh Financial Code

Sl. No	Name of the DDO	Name of the Scheme	Amount drawn (Total Amount Drawn during the year)	Remarks
2	AO, BC Welfare Department, Vijayawada	Community services (Construction of Dhobighats)	5 (15)	Against the funds of ₹ 15 crore credited during the year, no amount was utilized. However, UC was furnished for entire amount.
3	AAO, Director of Social Welfare, Vijayawada	Economic Support Scheme	115 (814)	Despite the availability of funds to the tune of ₹ 469 crore as on 01 April 2016, further funds of ₹ 345 crore were released during 2016-17 (up to December 2016). Of these, ₹ 208 crore only was utilized leaving a balance of ₹ 606 crore. Though the fact was certified by the DDO, ₹ 115 crore was credited again in February 2017 to avoid lapse of funds.

Other instances noticed during local audit are as under:

1. While drawing an amount of ₹ 665.79 crore for implementation of various activities in December 2016 DDO, AP SSA Society enclosed UC for an amount of ₹ 267.24 crore drawn earlier. However, Statement of Expenditure was not appended.
2. DDO, Rural Development enclosed UC for an amount of ₹ 2769.97 crore towards earlier releases for drawing further amounts (₹ 511.39 crore) in December 2016. However, Statement of Expenditure was not enclosed.

Non-submission/incorrect submission of UCs adversely impact the achievement of the objectives and purpose of the funds released and may also lead to Mis-utilisation/diversion of funds.

Government assured that all the departments would be directed to address these issues.

### 3.3 Submission of Accounts/Audit Reports of Authorities/Bodies

Several autonomous bodies were set up by the State Government in the fields of Education, Urban Development, Tribal Welfare, etc. where audit of accounts of 29 such bodies had been entrusted to the CAG of India. Audit observed that the delay in submission of accounts by such entities to audit ranged from one to 10 years as of September 2017. Details of the periods upto which accounts were due and rendered are given in **Appendix 3.1**. Age-wise details are shown in **Table 3.2**.

**Table 3.2: Age-wise arrears of Annual Accounts**

Sl.No	Delay in Number of Years	No. of Bodies / Authorities
1	0-1	13
2	2-3	12
3	4-5	2
4	6-7	1
5	8-9	0
6	10 & above	1
<b>Total</b>		<b>29</b>

Further, in order to identify the institutions<sup>2</sup> which attract audit under Sections 14 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. However, the same was not being furnished by the State Government/HoDs. In the absence of such information, the number of bodies/authorities which attract audit of C&AG under Section 14 and 15 of DPC act could not be evaluated. Apart from these authorities/bodies, Public Sector Undertakings established by the State are also to be audited by the C&AG<sup>3</sup>. Annual accounts of 309 such authorities/bodies (1738 Accounts) and 49 PSUs (120 Accounts) were not submitted to audit as of September 2017. Details of the periods upto which accounts were due and rendered, based on the previous accounts received, are given in *Appendix 3.2* and *Appendix 3.3*.

Appropriate measures for compilation and submission of accounts by these institutions/ entities within the fixed timeframe to audit need to be ensured by the State Government, so as to ensure that financial irregularities, if any, do not go undetected.

*Government assured that all the departments/bodies/authorities would be directed to address these issues.*

### **3.4 Un-reconciled expenditure and receipts**

Generally Accepted Accounting Principles (GAAP) state that the purpose of 'account reconciliation' is to provide accuracy and consistency in financial accounts for which it is necessary to carry out periodic and regular reconciliation of accounts. Hence, Financial Rules/ instructions<sup>4</sup> stipulate that expenditure and receipts recorded in the books of Chief Controlling Officers (CCOs) should be reconciled with Treasury by 4<sup>th</sup> of every month and every quarter during a financial year with those recorded in the books of the AG (A&E) to exercise effective control over budget and expenditure.

As of September 2017, expenditure amounting to ₹ 73,992.02 crore relating to the financial year 2016-17 was not reconciled, which constituted 56.09 *per cent* of total expenditure<sup>5</sup> of the year. Further, receipts amounting to ₹ 52,277.60 crore (51.75 *per cent* of total receipts<sup>6</sup>) were not reconciled during 2016-17. Despite flagging this issue every year in Audit Reports the percentage of non-reconciliation increased from previous year by 27.87 and 3.92 in respect of expenditure and receipts respectively.

Instances where expenditure of ₹ 500 crore and above was not reconciled pertaining to 21 CCOs for the year 2016-17 are given in *Appendix 3.4*. Of these, the highest amounts pertain to CCOs of (i) Secretary, Finance Department (₹ 14,737 crore), (ii) HoD, Rural Development (₹ 8,407 crore) and (iii) HoD, Agriculture (₹ 5,157 crore).

<sup>2</sup> Educational Institutions, Government Organisations, Autonomous bodies etc.,

<sup>3</sup> As per Section 19 and 20 of CAG's DPC act 1971

<sup>4</sup> Article 9 of Andhra Pradesh Financial Code and GO.Ms No. 42 of Finance Department Dated 13 April 2015

<sup>5</sup> Includes Revenue, Capital and Loans & Advances (₹ 1,31,923 crore)

<sup>6</sup> Include Revenue, Capital and Loans & Advances (₹ 1,01,014 crore)

### 3.5 Personal Deposit Accounts

As per Andhra Pradesh Financial Code<sup>7</sup>, Personal Deposit (PD) Accounts are created for discharging the liabilities of the Government arising out of special enactment. The amounts credited to these accounts will be debited to the Consolidated Fund of the State and booked as expenditure of the year.

The details of PD accounts operated during 2016-17 are given in **Table 3.3:**

**Table 3.3: Details of PD Accounts**

Details	Number	Amount (₹ in crore)
No. of PD accounts existing as on 01 <sup>st</sup> April 2016	58,418	22,465.96
Existing PD accounts to which transfers were made during the year	30,838	53,039.11
New PD accounts opened during the year	230	2,457.31
PD accounts from which funds were withdrawn during the year	38,989	51,448.40
PD accounts closed during the year	109	0
<b>PD accounts existing to the end of March 2017</b>	<b>58,539</b>	<b>26,513.98</b>

Thus, 47.78 per cent of total credit (₹ 55496.42 crore) was lying in PD accounts at the end of FY 2016-17 indicating that the amounts were drawn in advance without requirement. Cases noticed in test check of accounts where huge amounts are lying in PD accounts (₹ 100 crore and above) are listed in **Appendix 3.5**. Further, 33 per cent of accounts (19,320) were not at all operated. Though 14,529 accounts existed with zero balance as on 31 March 2016 as reported in previous year, 109 accounts only were closed during 2016-17.

Paying interest at higher rates (6.31 per cent) on borrowings while keeping huge amounts in PD Account which did not bear any interest showed poor cash and financial management of the State Government.

Scrutiny of records/information relating to PD accounts revealed the following:

#### 3.5.1 Comparative position of PD Accounts with other States

The position of PD Accounts in other States of General Category is shown in the **Table 3.4:**

**Table 3.4: Number of PD Accounts in different States**

Sl. No	State	Number of PD Accounts	Amounts lying to the end of 2016-17 (₹ in crore)
1	West Bengal	153	5,140
2	Gujarat	478	395
3	Odisha	827	1,097
4	Andhra Pradesh	58,539	26,514

It can be seen that the number of PD Accounts is very large in Andhra Pradesh involving huge amount of funds when compared to other General Category States. This reduced the possibility of tracking the expenditure in those accounts.

<sup>7</sup> Article 271(4) of Andhra Pradesh Financial Code

### 3.5.2 Access to Web Portal

Access was given to Audit to the following information in Web Portal of PD accounts:

- Head of Account
- Name of the PD Administrator
- Receipts and Payments
- Challan/Cheque number through which the receipt/payment was effected
- Opening and Closing balances available in account.

Thus, access to details regarding accounts newly opened, accounts closed during the year, Account Number, list of beneficiaries/third parties to whom the payments were made etc. was not given to audit by the Finance Department. Hence audit could not vouch the payments made from PD accounts.

*Government assured that access to the web portal to view other details viz., beneficiaries, closed accounts etc. would be provided shortly.*

### 3.5.3 Variations in Nomenclature and Amounts of PD accounts

Amounts available in PD accounts were being watched based on Plus and Minus Memoranda sent every month to the Accountant General (A&E) by the District Treasury Officers. Test check of PD accounts revealed that the names/amounts of some PD account Administrators given against respective Heads of Account in the books of A.G.(A&E) were different from the names/amounts given by Finance Department (Director of Treasuries and Accounts) in their Web Portal on PD Accounts as shown in **Table 3.5**.

**Table 3.5: Variations in the nomenclature and amounts of PD administrators as per Web Portal and Accounts of A.G. (A&E)**

Sl.	Head of account	Nomenclature		Closing balance to the end of 2016-17	
		As per Web portal	As per AG(A&E) records	As per Web portal	As per AG(A&E) records
1	8449-00-120-(50)	AP Swatchh Andhra Corporation	AP Industrial Development Corporation	330.68	328.20
2	8449-00-120-(24)-000	Brahmin Welfare Corporation	AP Scooters Ltd.	0	126.75
3	8449-00-120-(34)-000	AP Fiber Net Ltd	Leather Industries Development Corporation of A.P. Ltd.	0	1.82
4	8448-00-120-(33)-000	National Rural Drinking Water Programme (NRDWP)	National Rural Drinking Water Programme (NRDWP)	0	62.64
5	8443-00-106-(01)-000	Personal Deposits	Personal Deposits	314.61	560.76
6	8449-00-120-(01)-000	Industries	Chief Minister Cyclone Relief Fund 1996	233.91	244.17
7	8449-00-120-(45)-000	Christian Minority Finance Corporation	Telugu Samacharam	59.08	56.45
8	8449-00-120-(05)-000	Grants from the UNICEF	Grants from the UNICEF	263.57	287.16

The above details indicated that the Sub Heads once used by earlier PD Administrators were continued for new Heads/PD Administrators without closing the old accounts, which could not be traced out as the Government/Department dispensed with the procedure<sup>8</sup> of “prior concurrence from Accountant General to open a new PD account”. Further, the opening and closing balances were also not tallied with those given in Website. Exhibition of receipts and payments pertaining to different institutions under a single Head of account do not give scope for fair and correct distribution of funds. The issue was brought to the notice of Finance Department in January 2017. However, the Government did not take any action to reconcile the facts and figures in PD accounts till date (September 2017).

### 3.5.4 Non-compliance to Government Order

During the year 2016-17, Government issued an order<sup>9</sup> directing to remit back the amounts kept in fixed/savings/current accounts with banks to PD Accounts. In the order *ibid*, it was stated that various Government Departments and agencies were operating 70,924 bank accounts outside the Government account in 12 banks with an amount of ₹ 19,610.76 crore which is roughly equal to the borrowing of the State Government in a year at higher interest rates. During the year 2016-17 this amount constituted 63.74 *per cent* of total borrowings<sup>10</sup>. However, no instances of remitting such amounts to PD accounts were noticed. Despite non-compliance to the Government Order, an amount of ₹ 55,496.42 crore was credited to PD accounts during the year 2016-17.

### 3.5.5 Self Cheques issued by PD Administrators

As per Article 3 of AP Financial Code, unless the amount is immediately required to be paid for the goods and services received/works done, no amount shall be withdrawn. It is stipulated that no self cheque from Deposit Account shall be permitted except for the payment of salaries and petty office expenses. No cheque in favour of the Manager of any bank shall also be allowed so as to eliminate the practice of depositing the amounts in the bank to avoid lapse of funds. In case of any deviations to these stipulations, the Deposit Administrator and the Treasury Officer shall be held personally responsible.

Test-check of cheques relating to the month of March, 2017 revealed the following in respect of 416 cheques:

- 63 Cheques amounting to ₹ 257.89 crore were issued by DDOs as self cheques.
- 353 cheques for ₹ 1325.88 crore were issued in favour of Branch Managers of various banks.

Details of parties, to whom the payments were made, were not enclosed with these cheques, in the absence of which the transaction from PD accounts could not be verified.

<sup>8</sup> GO Ms No.140 of Finance Department dated 20 May 2005.

<sup>9</sup> GO Ms No.196 Finance (CM) Department dated 14 October 2016

<sup>10</sup> Internal Debt(MH 6003): ₹ 29,955 crore (excluding Ways and Means Advances) and Loans from GoI(MH 6004): ₹ 814 crore.

### 3.5.6 Audit on payments from PD accounts

Test check of audit on payments made from PD accounts revealed the following:

**a) Project Director, Andhra Pradesh State Water & Sanitation Mission:** The Project Director maintains PD Account (No.89/APSHQT) under the Head of Account 8448-00-120-00-33. During the year 2016-17, ₹ 312.64 crore was credited to the account and payments of ₹ 250 crore were made leaving a balance of ₹ 62.64 crore as on 31 March 2017. Scrutiny of the records revealed that the amounts were stated to be paid to the beneficiaries through 'eFMS'<sup>11</sup> account, i.e., amounts from PD account were transferred to another bank account before final payment to beneficiaries. Proceeds for payment were given to the bank directly through 'yourself' cheques to transfer the amount from PD account to another bank account. This was in contravention to the instructions/guidelines issued vide GO Ms No.131 dated 30 May 2014 and mis-utilisation of funds cannot be ruled out.

Audit also observed that the opening balance as on 01 April 2016 was Nil and ₹ 312.64 crore was credited to the PD account in March 2017. However, payments of ₹ 100 crore were shown in April 2016 which indicated that the DDO was maintaining multiple accounts and funds were being diverted as required.

**b) MD, Andhra Pradesh State Civil Supplies Corporation:** The Managing Director maintained PD Account (No.20/APSHQT) under the Head of Account 8449-00-120-00-53. During the year 2016-17, the account was credited with ₹ 2,596.50 crore and payments of ₹ 2,373.51 crore were made. Payments from PD account were initially being made to a current account<sup>12</sup> maintained in SBI, Kompally, Hyderabad. Thereafter the payments were made to clear six over draft/cash credit facility accounts<sup>13</sup> for payments to the beneficiaries. Further, it was stated by the Corporation that payment of ₹ 7,638.73 crore was still pending as on 31 March 2017. Apart from paying the principal amount the Corporation was utilising the amounts credited to PD account to pay huge interest on the overdraft/cash credit accounts for which details were not furnished. All payments were made in the name of MD, Andhra Pradesh State Civil Supplies Corporation to transfer the amounts from PD account to other bank accounts.

**c) MD, AP State Housing Corporation, Vijayawada:** The Corporation was maintaining a PD account bearing (No.21/APSHQT) under the Head of Account 8443-00-800-01. While the account was having an opening balance of ₹ 2,016.00 crore as on 01 April 2016, an amount of ₹ 555.10 crore was credited and payments of ₹ 2,414.95 crore were made leaving a balance of ₹ 156.15 crore as on 31 March 2017. Scrutiny of the records revealed that ₹1,670 crore was remitted to Government account in March 2017 as per the orders of Finance department under the 'Major Head 6216 – Loans for Housing' towards repayment of loan taken from Government. Thus, 64.95 per cent of funds available in PD account to implement various Housing schemes were diverted.

Therefore, it is evident that proper control mechanism over the payments made from PD accounts was not established.

<sup>11</sup> electronic Fund Management System

<sup>12</sup> No.35729661680

<sup>13</sup> Maintained for payment to farmers in cash crunch situation.

### **3.5.7 Non-lapsing of Civil Deposits**

As per Article 271(iii) of AP Financial Code Vol-I and other instructions<sup>14</sup> issued by the Government, all Deposits which fall under category 'B' - unclaimed for more than three financial years and Category 'C' – funds remaining unspent up to 31 March of next financial year should be lapsed and credited to Government Account.

Test check of records in four DTOs and 80 Sub Treasury Officers revealed that an amount of ₹ 33.09 crore pertaining to revenue and other deposits lying unclaimed for more than three financial years under different Heads of Account falling under B category were not allowed to lapse. Consequently, the non-lapsed deposits continued to be in these PD accounts without any utilisation by the Government.

Similarly, records of three DTOs and 36 STOs revealed that deposits to the tune of ₹ 2.18 crore in respect of works sanctioned under four schemes which remained unutilized even at the end of next financial year (Category C) were also not allowed to lapse as on 31 March 2017.

Thus, non-lapsing of deposits as per codal provisions resulted in parking of the Government funds outside the Consolidated Fund thereby increasing Revenue Deficit of the State.

### **3.5.8 Non submission of Certificate of Acceptance of Balances**

As per Article 126 of Account Code Volume I read with GO.Ms.No.45 Finance & Planning Department, dated 25 February 1987, the Administrators operating PD accounts under the control of Treasury are required to verify the balances in the deposit accounts each quarter and furnish a Certificate of Acceptance of Balances (CAB) after reconciling the differences between the administrator's account balance with those of treasury in order to streamline the flow of funds, to prevent fraudulent drawals and any misclassification of transactions

During audit of four DTOs (Out of 13 DTOs) and 29 STOs (158 STOs) it was noticed that 3,932 CABs were pending from various PD Administrators.

Non-reconciliation of balances in PD accounts /non-receipt of CABs are fraught with the risk of fraudulent drawals from PD accounts.

### **3.5.9 Minus Balances under PD Accounts**

General principles of Accounting state that the amounts can be drawn to the extent available in the account. Thus, "Personal Deposit (PD) Account" can have a positive balance or nil balance but not minus balance. A negative balance indicates that the drawal from the fund is more than the amount deposited. The DTO has to check the balance available before making payment.

A review of Ledger balances in seven DTOs and 28 STOs revealed that there were negative balances to the tune of ₹ 8,385.64 crore under different PD Accounts indicating drawal of funds over and above the balances available at the credit of the PD Administrator. Negative balances in these PD accounts are of serious concern which need to be investigated for fixing of responsibility.

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<sup>14</sup> GO Ms No.43 dated 22 April 2000.

### 3.6 Pendency of Detailed Contingent bills

In case of contingent expenditure that requires the countersignature of the controlling authority after payment, the drawing officer is to present abstract contingent bills in Form 57 at the Treasury for payment, and send monthly detailed contingent bills to the controlling authority for countersignature and transmit the same to the Accountant General within one month of drawl of such amounts<sup>15</sup>. In any event, a third AC bill is not to be admitted until the first AC bill is settled. Further, according to various instructions<sup>16</sup> issued, details of expenditure incurred from the amounts drawn on AC bills are to be submitted to HOD by the DDOs on monthly/quarterly basis.

The position of pending DC bills pertaining to the State of Andhra Pradesh as of September 2017 is shown in **Table 3.6**:

**Table 3.6: Pendency in submission of DC Bills**

(₹ in crore)

Year	AC bills drawn		DC bills submitted		DC bills pending	
	Number	Amount	Number	Amount	Number	Amount
Upto 2002-03	82,130	222.00	0	0	82,130	222.00
2003-04 to 2007-08	88,154	774.27	88,085	766.72	69	7.55
2008-09	7,313	155.48	7,302	155.44	11	0.04
2009-10	4,389	452.18	4,374	451.36	15	0.82
2010-11	2,946	736.30	2,926	732.23	20	4.07
2011-12	2,365	926.02	2,339	921.60	26	4.42
2012-13	1,945	591.95	1,912	590.98	33	0.97
2013-14	3,132	1,165.14	3,048	1,130.19	84	34.95
2014-15	2,662	794.04	2,468	771.54	194	22.50
2015-16	734	202.98	438	140.58	296	62.40
2016-17	1018	187.90	240	45.77	778	142.13
<b>Total</b>	<b>1,96,788</b>	<b>6,208.26</b>	<b>1,13,132</b>	<b>5,706.41</b>	<b>83,656</b>	<b>501.85</b>

Source: Information from office of AG(A&E) and O/o PAG(Audit)

Out of 83,656 DC bills pending, no details were available in respect of 82,130 AC bills drawn for an amount of ₹222 crore prior to 2002-03 which was also reported in previous years. In respect of the balance 1,526 bills, Revenue Department with ₹120 crore had the highest pendency in submission of DC bills (**Appendix 3.6**). Further, more than 100 DC bills were pending from Departments of Revenue (520), Education (318) and Youth Advancement Tourism and Culture (117) (**Appendix 3.7**).

Thus, it is evident that (i) no mechanism at HoD level existed to watch the details of expenditure incurred from the amount drawn on AC bills by the DDOs on monthly/quarterly

<sup>15</sup> SR 18(d) under TR 16 of the Andhra Pradesh Treasury Code read with Articles 102, 108 and Appendix 8 of Andhra Pradesh Financial Code

<sup>16</sup> GOAP Finance (TFR) Department Memo No.268/15154-A/TFR/2002, dated 18/05/2002 read with GO Ms No.507 Finance (TFR) dept dated 10/04/2002 and GO Ms No.391 Finance (TFR) dept dated 22/03/2002; GO Ms No.285 Finance (TFR-II) Department dated 15/10/2005.

basis and (ii) the third AC bill was allowed even though earlier bills were not settled by submitting DC bills, despite clear instructions.

A large number (83,656) of Abstract Contingent (AC)/Detailed contingent (DC) bills involving an amount of ₹ 501.85 crore were lying pending and most of them for many years. In the absence of DC bills, it is not possible to ascertain whether expenditure has taken place or not.

Increasing number of pending DC Bills was fraught with the risk of embezzlement and corruption.

Government assured that all the departments would be advised to address this issue.

### 3.7 Operation of omnibus Minor Head 800

The omnibus Minor Head 800 (other receipts/other expenditure) accommodates receipts/ expenditure which cannot be classified under the available 'programme- Minor Heads'. The amounts booked under this Minor Head are given in **Table 3.7**:

**Table 3.7: Receipts and Expenditure under MiH 800**

Year	Expenditure under Minor Head 800 (₹ in crore)	Percentage of total expenditure	Receipts under Minor Head 800 (₹ in crore)	Percentage of total Receipts
2015-16	17,741	16.11	5,146	5.80
2016-17	29,933	22.79	3,695	3.73

Source: Finance Accounts

Expenditure aggregating ₹ 29,933 crore constituting 22.79 per cent of Revenue and Capital Expenditure (₹ 1,31,359 crore) was classified under Minor Head 800 – Other expenditure. Instances where substantial portion (50 per cent or more) of expenditure were classified under Minor Head 800 are indicated in **Appendix 3.8**.

Revenue receipts aggregating ₹ 3,695 crore constituting 3.73 per cent of total Revenue receipts (₹ 98,984 crore) were classified under Minor Head 800 – Other receipts. Instances where substantial portion (50 per cent or more) of receipts were classified under Minor Head 800 are indicated in **Appendix 3.9**. Classification of substantial amounts under Omnibus Head affects transparency in financial reporting.

#### 3.7.1 Other Remittances

Remittances of ₹ 16,347 crore (16.51 per cent of total receipts) and payments of ₹ 17,922 crore (13.64 per cent of total expenditure) under the Major Head 8443-Civil Deposits were shown under Minor Head 800 during the year 2016-17.

Classification of substantial amounts under this omnibus head adversely affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

### 3.8 Debt, Deposit and Remittance heads

Review of Debt, Deposit and Remittance (DDR) heads for the year during 2016-17 disclosed the following:

### 3.8.1 Adverse Balances under MH 6003-Internal Debt

Adverse balances (Minus balances) under Loan heads indicate that repayment was more than the loans availed of. The Government Departments which directly avail the loan have been classifying such loan amounts as their receipts, while in respect of Special Purpose Vehicles and Companies/Corporations, these amounts do not enter Government accounts. In such cases, loan repayments are being booked as debit under MH-6003-Internal Debt in Government Accounts which resulted in adverse balances.

During the year 2016-17, there were adverse balances amounting to ₹ 22.29 crore and ₹ 88.20 crore under “MH 6003-108-Loans from National Co-operative Development Corporation (NCDC)” and “MH 6003-109-Loans from other Institutions”, respectively, due to accounting of repayments of loans under MH 6003 without corresponding credits. Further, there was an adverse balance of ₹ 1.12 crore under “MH 6003-101-Market loans”.

These adverse balances resulted in understatement of liabilities of the Government affecting financial reporting to that extent.

### 3.8.2 Adverse Balances under ‘Loans and Advances’ and Deposits

Adverse balances under the heads “Loans & Advances” and “Deposits” indicate that the repayments are more than the amounts specified or misclassified. As of 31 March 2017, adverse/negative balance of ₹ 355.55 crore and ₹ 728.76 crore were noticed under “Loans and Advances” and “Deposits” respectively. Thus, there is a need to reconcile these balances.

### 3.8.3 Loans and Advances rolling for a long Period

As per GO MS No.507 Finance (TFR) Dept dt.10 April 2002 (vide Para 11), all the loans and dues payable to the Government are to be recovered at the amount/rate of installments as agreed upon along with interest due before any further drawls are made against such Head. However, loans and advances (both principal and interest) disbursed to Corporations, Companies and Co-operative Societies for an amount of ₹ 3,282.22 crore remained in arrears from 2011-12 onwards. Even the agreements for these loans were not furnished by the Government to Audit.

### 3.8.4 Deposits and Advances

The Government receives deposits for various purposes on behalf of various public bodies from members of the public, which are accounted for by repayment or otherwise. The 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 are broadly categorized into two categories; the balances outstanding against them as of 31 March 2017 are given below:

- (i) Deposits bearing Interest: ₹ 6,246 crore
- (ii) Deposits not bearing Interest: ₹ 29,064 crore.

Some of the irregularities noticed during the current year under this head are given below:

### **3.8.4.1 Inoperative Deposit Accounts**

As per Para (iii) of Chapter IX of APFC Vol.I, if any Deposit Account is not operated for a considerable period and there is reason to believe that the need for the Deposit Account has ceased, the same should be closed in consultation with the officer in whose favour the Deposit Account has been operated.

As seen from the Accounts, 19 Deposit Accounts under the head 8443-Civil Deposits amounting to ₹316.83 crore and 29 Deposit Accounts worth ₹37.68 crore under 8449-Other Deposits were inoperative for over three years. Inoperative Deposit Accounts under the Major Head 8443 inter alia included Trust Interest Funds (₹240.41 crore), Civil deposits-Other Funds (₹32.64 crore), Deposits of Rajiv Udyogsri (₹25.54 crore), Deposits of Weights and Measures (₹16.30 crore). Similarly, Deposits under 8449 included Deposits for payment of honorarium to the Enumerators connected with 1981 Census (₹9.34 crore), Deposits of A.P States SC's Co-operative Finance Corporation – Engineering Fund (₹10.33 crore), Deposits of A.P. Vaidya Vidhana Parishad under the scheme of AP Health System project assisted by the World Bank (₹9.94 crore) etc.

### **3.8.4.2 Inoperative Reserve Funds**

“Reserve Funds” are created for specific purposes by the Government out of their own balances with sub divisions - one for the Funds bearing interest and the other for the Funds not bearing interest.

A test-check of Ledger on these funds showed that as of 31 March 2017, an amount of ₹17.82 crore under Reserve Fund bearing interest and ₹372.09 crore under Reserve Fund not bearing interest, were lying inoperative. No reserve funds have been closed during the year by the State Government.

## **3.9 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. Based on information furnished by the State Government, these are finally cleared by minus debit or minus credit and 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 which results in understatement of Government's receipts and payments. Transactions and net balances in Minor Heads 101-PAO Suspense, 102-Suspense Account (Civil), 110-Reserve Bank Suspense-Central Accounts Office and 112-Tax Deducted at Source Suspense under Major head 8658-Suspense Account are detailed below.

### **3.9.1 Pay and Accounts Office – Suspense (MiH 101)**

This Minor Head is intended for the initial record of inter-Governmental transactions arising in the books of a Central PAO, Separate Accounts Officers of Union Territories and Accountants General where the other party involved is a PAO. Separate sub-heads are opened under this minor head for each Accounts Officer with whom transactions are to be settled. This Minor head is operated for settlement of amounts received by State from the Central Ministries/other Union Territories through Reserve Bank of India. Outstanding debit balances under this head

indicates that payments have been made by the PAO on behalf of others which are yet to be recovered and credit balances represent the amounts yet to be paid.

The outstanding debit balance in this account to the end of March 2017 was ₹ 80.66 crore and the credit balance was ₹ 13.05 crore. The outstanding debit balance mainly relates to Regional PAO, Hyderabad (₹ 56.53 crore) and PAO, Central Pensions, New Delhi (₹ 19.43 crore) whereas the credit balance is mainly in respect of PAO, Department of Economic Affairs, New Delhi (₹ 12.65 crore).

### **3.9.2 Suspense Account- Civil (MiH 102)**

This Minor Head is operated by the Accountants General to accommodate provisionally the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents viz., challans, vouchers etc. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively. Outstanding debit balance under this head implies 'payment made' but could not be debited to the final head of expenditure for want of certain particulars and outstanding credit balance represents the 'receipts' which could not be credited to final receipt head of account for want of details.

Major debit balances outstanding to the end of March 2017 under this head were in respect of Tungabhadra Project (₹ 157.96 crore) and FA & CAO, South Central Railway (₹ 66.61 crore). Major Credit balance was shown towards Tungabhadra Project (₹ 114.89 crore) followed by Unclassified receipts of ₹ 102.39 crore.

### **3.9.3 Reserve Bank Suspense – Central Accounts Office (MiH-110)**

Whenever transfer of substantial balances take place between Central and State Governments on account of sanction of loan, Grants-in-aid etc., this minor head is operated to record the transactions before taking them to their final Head of Account. In case of sanction of loan to the State Government, on receipt of sanction from the PAO of the Ministry concerned, the State Accountant General concerned gives credit to MH 6004 – Loans and Advances from the Central Government by debiting MH 8658 Suspense Account 110 RBS (CAO) and awaits adjustment memo from CAS, RBI, Nagpur. After receiving the adjustment memo from CAS, RBI, Nagpur the Suspense Account (MiH 110 – RBS (CAO)) is cleared by minus debit to MH 8675-RBD-MiH 106 of the State concerned. A credit balance under this minor head would mean that repayment of loan has not been taken to its final head and a debit balance means loan received from GoI and not booked under the concerned loan head (MH 6004).

There were balances of ₹ 82.87 crore (credit) and ₹ 520.85 crore (debit) in this account which are required to be cleared expeditiously.

### **3.9.4 Tax deducted at Source (TDS) Suspense – (MiH 112)**

This Minor Head is intended to accommodate receipts on account of Income tax deducted at source. TDS will be deducted from salary bills of State Government employees and pension bills etc., by State Treasury officers/State Pay and Accounts Officers/ other Departmental officers who render compiled accounts. Similarly, on interest payments on State Government Securities made at Public Debt Offices of the RBI, TDS will be adjusted in the books of State

Accountant General to enable the Zonal Accounts Officers of Central Board of Direct Taxes by means of Cheques/Bank Drafts. Receipts on account of TDS are credited to Major Head 8658 – Suspense accounts under Minor Head 112 – TDS Suspense. These credits are to be cleared by the end of each financial year and credited to the Income Tax Department.

However, there was outstanding credit balance of ₹ 232.78 crore under this head as on 31 March 2017 yet to be credited to IT department. Though the head is meant for accommodating the credit balances, a debit balance of ₹ 30.75 crore was also reflected in the accounts.

### 3.9.5 Inter – State Suspense – MH 8793

Transactions arising in 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 advice is issued to the RBI for effecting necessary transfer of balances from one State to another. On receipt of intimation of adjustment by RBI through “Clearance Memos”, the accounts shown under this head are cleared.

An amount of ₹ 1,267.43 crore was lying un-adjusted as on 31 March 2017 for want of Clearance Memos from RBI. The major portion of this amount was in respect of Telangana State (₹ 1,245.14 crore) as a consequence of bifurcation issues.

### 3.10 Miscellaneous - Diversion of Funds

Financial rules provide that the Heads of the administrative departments should exercise effective control over expenditure. The amounts given for implementation of various schemes should be utilized for prescribed purposes and not to be diverted. Test check of records pertaining to DRDA, RWS and ITDA revealed that an amount of ₹ 42.92 crore was diverted for other purposes as shown in **Table 3.8:**

**Table 3.8: Amounts diverted**

(₹ in crore)				
S.No.	Department	Name of the scheme for which the funds released	Purpose of diversion	Amount
1	PD, DRDA, Anantapur	Dairy funds	To meet the expenditure on the eve of Hon`ble CM’s visit to Anantapuram	0.22
2	EE, RWS, Podili, Prakasam	Deposit amounts of contractors	Towards contingencies and other office expenditure	0.04
3	EE, RWS Division, Chittoor	EMD/FSD deposited by contractors	Towards office charges and rentals for departmental sim cards	0.01
4	PD, ITDA, Paderu, Visakapatnam	Integrated Action Plan(IAP) funds	Construction of Staff rooms, Meeting hall and Godowns	1.50
5	PD, ITDA, Paderu, Visakapatnam	Various schemes	Kept as fixed deposits	41.15
<b>Total</b>				<b>42.92</b>

### 3.11 Functioning of Treasuries

During the year 2016-17, 13 District Treasuries and 158 Sub-Treasuries were audited and the results thereof are detailed under:

### **3.11.1 Undisbursed amounts of ₹ 254.76 crore lying idle in CINB Account of Treasuries**

The e-payment system was implemented in Treasury and Accounts Department with effect from 1 April 2014 which covers all types of payments. The DDOs submit the bills online along with the bank account numbers of beneficiaries, transaction identification numbers etc. Once the bill is passed, the amount is initially credited by the bank to Corporate Internet Banking (CINB) account which is operated by DTO/STO. The CINB account invariably exhibits 'Nil' balance after completion of all transactions/payments. If the transaction failed due to various reasons, viz., incorrect account number or IFSC Code etc. the amount is reverted back to CINB account as 'Failed' transaction, thereby, balances will be available in CINB account, which needs to be re-authorized and paid to the beneficiaries. The Treasury Officer is personally responsible for all the transfers of moneys from CINB account to the beneficiary account.

A test check of records of CINB accounts in ten district treasuries and seventy sub treasuries during 2016-17 revealed that an amount of ₹ 254.76 crore was lying idle in CINB accounts due to failure of transactions and lack of re-authorization of amounts to beneficiaries from CINB account. Due to which the beneficiaries were deprived of the benefit and at the same time the amount was kept outside the Consolidated fund of the State.

Keeping the amounts in CINB account for longer duration without reauthorizing to the beneficiaries is fraught with the risk of reauthorization to fictitious beneficiaries and indicated deficiency in CINB with regard to reconciliation of failed transactions.

Government replied that instructions were issued to verify failed transactions of the current period and not to keep the amounts lying in CINB accounts for more than 90 days.

### **3.11.2 Excess payment of pensionary benefits**

Test check of audit in respect of 54 Sub-Treasuries under 13 Districts of Andhra Pradesh revealed that an amount of ₹ 63.58 lakh was excess paid towards pension and family pension mainly due to the following reasons:

- Excess payment of Enhanced Family pension due to non-observance of prescribed time limit : ₹ 29.81 lakh
- Short/Non recovery of Commuted portion of Pension/Premature restoration of CVP : ₹ 18.23 lakh
- Inadmissible Dearness Relief : ₹ 14.80 lakh

## **3.12 Non-receipt of supporting documents**

Manual of Treasury Accounts Department stipulates that payments have to be supported by cheques/vouchers containing full details of payments made. However, in violation of these provisions, various supporting documents had not been received from Treasuries as discussed under:

### **3.12.1 Non-receipt of vouchers from PAO/Treasuries**

Significant quantum of wanting vouchers in respect of all treasuries was observed. During the

year 2016-17, 5,517 vouchers for an amount of ₹ 2062.26 crore were kept under objection for want of physical vouchers, of which 1,552 vouchers for ₹ 1,569.80 crore related to PAO only. The recurrence of missing vouchers every year indicates laxity at the level of Account Rendering Units to forward complete accounts to the office of the Principal Accountant General (A&E).

### **3.12.2 Non-receipt of cheques from DTOs**

Treasuries had not furnished 753 cheques to PAG (A&E) in support of payments of ₹ 30.26 crore by the end of March, 2017. Major portion of cheques were pending from DTOs Visakhapatnam (224 Cheques valued at ₹ 5.72 crore) and Kadapa (110 cheques valued at ₹ 9.06 crore). In the absence of physical cheques, audit could not assess the correctness of payments to that extent.

### **3.12.3 Non-submission of GPF schedules**

The GPF recovery schedules which contains the names of the subscribers, GPF account numbers and amount of subscriptions for the month along with a Consolidated Abstract showing Transaction Id and date are transmitted by the DTO to the office of A.G (A&E) every month. However, 6,906 schedules for an amount of ₹ 8.45 crore were not submitted by the Treasuries during 2016-17.

## **3.13 Follow up action on Audit Reports**

As per the instructions issued by Finance and Planning Department in November 1993, administrative Departments are required to submit Explanatory Notes within three months of presentation of Audit Reports to Legislature, without waiting for any notice or call from Public Accounts Committee, duly indicating action taken or proposed to be taken.

The erstwhile composite State of Andhra Pradesh was reorganized into two states i.e. Andhra Pradesh and Telangana with effect from 02 June 2014. As on 31 December 2017, Explanatory Notes have not been received for the Audit Report 2014-15 from the Finance Department of the State. Explanatory Notes in respect of Audit Report for the year 2015-16 have been received (December 2017).

## **3.14 Significant Findings**

*Audit observed various instances of non-observance of financial rules and procedures and absence of financial controls.*

*Personal Deposit accounts were an area of serious concern. Huge amounts were credited purportedly for ensuring uninterrupted progress in respect of various schemes implemented by the Government. Unutilized sums were not allowed to lapse to the Government. Tracking of funds lying in PD accounts becomes difficult over a period of time which may lead to loss and embezzlement.*

*Interest paid at higher rates (6.31 per cent), on borrowings, while huge amounts were kept in PD Account, demonstrated poor cash and financial management by the State Government.*

*A large number (83,656) of Abstract Contingent (AC)/Detailed contingent (DC) bills involving an amount of ₹ 501.85 crore were lying pending and most of them for many years. In the*

*absence of DC bills it is not possible to ascertain whether expenditure has taken place or not. Increasing number of pending DC Bills was fraught with the risk of embezzlement and corruption.*

*Utilisation Certificates (UCs) were incomplete without statement of expenditure.*

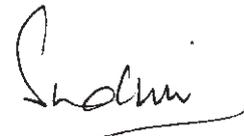
*Some institutions, including Public Sector Undertakings that were in receipt of grants/loans from Government failed to adhere to the timelines for submitting annual accounts.*

*Government had no mechanism to ensure submission of detailed information in respect of quantum of financial assistance provided to various institutions/bodies/authorities and the purpose of such assistance.*

*The omnibus Minor Head 800 continued to be operated for recording expenditure/receipts relating to several items affecting the transparency in financial reporting.*

*Non-reconciliation of both Expenditure and Receipts, increased by 27.87 per cent and 3.92 per cent respectively over the figures of previous year. This would affect reliability of financial information.*

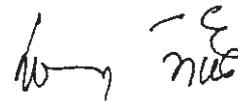
**Hyderabad  
The**



**(L V SUBHIR KUMAR)  
Principal Accountant General (AUDIT)  
Andhra Pradesh**

**Countersigned**

**New Delhi  
The**



**(RAJIV MEHRISHI)  
Comptroller and Auditor General of India**



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## **Appendices**

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## Appendix 1.1

## Profile of State of Andhra Pradesh

(Refer para on State Profile, page 1)

<b>A General Data</b>			
Sl.No	Particulars		Figures
1	Area		1,62,970 Sq.Km.
2	Population		
	a.	As per 2001 Census (Composite State)	7.62 crore
	b.	As per 2011 Census(After re-organisation of the State on 02 June 2014)	4.95 crore
3	a.	Density of Population* (as per 2001 Census) (Composite State) (All India Density = 325 persons per Sq. Km.)	277 persons per Sq.Km.
	b.	Density of Population (as per 2001 Census) (After re-organisation of the State on 02 June 2014) (All India Density = 382 persons per Sq.Km.)	304 persons per Sq.Km.
4	Population Below Poverty Line** (BPL) (All India Average=21.92per cent)		9.2 per cent
5	a.	Literacy (as per 2001 Census) (All India Average=64.80 per cent)	62.07 per cent
	b.	Literacy (as per 2011 Census) (All India Average=74.04 per cent)	67.35 per cent
6	Infant Mortality** (per 1000 live births) (All India Average = 40 per 1,000 live births)		37
7	Life Expectancy at birth***(All India Average = 67.00 years)		68.4 years – Male 72.1 years – Female
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) 2016-17 at current price		₹ 6,99,307 crore
10	Per capita GSDP CAGR (2007-08 to 2016-17)	Andhra Pradesh	NA
		General Category States	13.20
11	GSDP CAGR (2007-08 to 2016-17) in per cent	Andhra Pradesh	NA
		General Category States	14.60
12	Population Growth**** (2007-08 to 2016-17) rate in per cent	Andhra Pradesh	NA
		General Category States	11.90
<b>B Financial Data</b>			
	Particulars		
	<b>CAGR</b>	2015-16 to 2016-17	
		General Category States	Andhra Pradesh
		(in per cent)	
a.	of Revenue Receipts	11.52	11.66
b.	of Own Tax Revenue	13.50	10.71
c.	of Non Tax Revenue	12.10	5.55
d.	of Total Expenditure	15.31	18.86
e.	of Capital Expenditure	17.91	6.86
f.	of Revenue Expenditure on Education	9.86	7.05
g.	of Revenue Expenditure on Health	14.92	22.22
h.	of Salary and Wages	13.06	13.29
i.	of Pension	10.63	14.55

\* Census info India 2011 final Population totals

\*\* Report of Expert Group (Rangarajan) to review the methodology for Measurement of Poverty, Planning Commission (June 2014)

\*\*\* Life Expectancy at birth – Economic Survey 2016-17

\*\*\*\* Projected total population 2001-2026 by Census of India

NA Not Applicable due to re-organisation of State w.e.f 02 June 2014.

**Appendix 1.2**  
**Structure of Government Accounts and layout of Finance Accounts**  
**(Refer paragraph 1.1, page 1)**

**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
2	Statement of Receipts and Disbursements
3	Statement of Receipts (Consolidated Fund)
4	Statement of Expenditure (Consolidated Fund)
5	Statement of Progressive Capital Expenditure
6	Statement of Borrowings and other Liabilities
7	Statement of Loans given by the Government
8	Statement of Investments of the Government
9	Statement of Guarantees given by the Government
10	Statement of Grants-in-Aid given by the Government
11	Statement of Voted and Charged Expenditure of the Government during the year
12	Statement on Sources and Application of funds for expenditure other than on Revenue Account
13	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14	Detailed Statement of Revenue and Capital receipts by Minor Heads
15	Detailed Statement of Revenue Expenditure by Minor Heads
16	Detailed Statement of Capital Expenditure by Minor Heads and Sub-Heads
17	Detailed Statement of Borrowings and other Liabilities
18	Detailed Statement of Loans and Advances given by the Government
19	Detailed Statement of Investments of the State Government
20	Detailed Statement of Guarantees given by the Government
21	Detailed Statement on Contingency Fund and other Public Account transactions
22	Detailed Statement on Investments of Earmarked Funds
Appendices	In addition to the above 22 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 2016-17**  
(Refer paragraph 1.2 & 1.9.1; page 1 & 13)

(₹ in crore)

Receipts			Disbursements				
2015-16		2016-17	2015-16		2016-17		
					Non-Plan	Plan	Total
<b>Section-A: Revenue</b>							
<b>88648</b>	<b>I. Revenue receipts</b>	<b>98984</b>	<b>95950</b>	<b>I. Revenue expenditure</b>	<b>79793</b>	<b>36422</b>	<b>116215</b>
39907	Tax revenue	44181	28573	<b>General Services</b>	<b>32682</b>	<b>104</b>	<b>32786</b>
			<b>46449</b>	<b>Social Services</b>	<b>25149</b>	<b>25079</b>	<b>50228</b>
4920	Non-tax revenue	5193	16079	Education, Sports, Art and Culture	14889	2324	17213
			4945	Health and Family Welfare	3000	3044	6044
21894	State's share of Union Taxes	26264	5025	Water Supply, Sanitation, Housing and Urban Development	1747	4151	5898
9944	Non-Plan grants	10839	168	Information and Broadcasting	59	67	126
10325	Grants for State Plan Schemes	12507	5603	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1595	6357	7952
1658	Grants for Central and Centrally Sponsored Plan Schemes	0	251	Labour and Labour Welfare	163	107	270
			14303	Social Welfare and Nutrition	3619	8953	12572
			73	Others	77	76	153
			<b>20812</b>	<b>Economic Services</b>	<b>21869</b>	<b>11239</b>	<b>33108</b>
			4924	Agriculture and Allied Activities	5489	2456	7945
			8255	Rural Development	3101	6701	9802
			623	Irrigation and Flood Control	566	30	596
			3806	Energy	11428	55	11483
			581	Industry and Minerals	206	664	870
			1213	Transport	792	389	1181
			7	Science, Technology and Environment	3	28	31
			1403	General Economic Services	284	916	1200
			<b>116</b>	<b>Grants-in-aid and Contributions</b>	<b>93</b>		<b>93</b>
<b>7302</b>	<b>II. Revenue deficit carried over to Section B</b>	<b>17231</b>	<b>0</b>	<b>II. Revenue Surplus carried over to Section B</b>			

Section-B: Others							
3934	<b>III. Opening Cash balance including Permanent Advances and Cash Balance Investment</b>	<b>8192</b>		<b>III. Opening Overdraft from RBI</b>			
0	<b>IV. Miscellaneous Capital Receipts</b>	<b>0</b>	<b>14171</b>	<b>IV. Capital Outlay -</b>	<b>29</b>	<b>15114</b>	<b>15143</b>
			<b>180</b>	<b>General Services</b>	<b>0</b>	<b>295</b>	<b>295</b>
			<b>2414</b>	<b>Social Services</b>	<b>0</b>	<b>2431</b>	<b>2431</b>
			374	Education, Sports, Art and Culture	0	144	144
			262	Health and Family Welfare	0	394	394
			973	Water Supply, Sanitation, Housing and Urban Development	0	969	969
			549	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0	530	530
			105	Social Welfare and Nutrition	0	82	82
			151	Others	0	312	312
			<b>11577</b>	<b>Economic Services</b>	<b>29</b>	<b>12388</b>	<b>12417</b>
			88	Agriculture and Allied Activities	0	117	116
			0	Rural Development Programme	0	0	0
			8917	Irrigation and Flood Control	0	9996	9996
			21	Energy	0	3	3
			3	Industry and Minerals	0	0	0
			2446	Transport	29	2067	2097
			102	General Economic Services	0	205	205
<b>285</b>	<b>V. Recoveries of Loans and Advances</b>	<b>2029</b>	<b>674</b>	<b>V. Loans and Advances disbursed</b>	<b>69</b>	<b>495</b>	<b>564</b>
167	From Power Projects	315	62	For Power Projects	0	116	116
99	From Government Servants	29	21	To Government Servants	64	0	64
19	From others	1685	591	To Others	5	379	384
<b>0</b>	<b>VI. Revenue surplus brought down</b>	<b>0</b>	<b>7302</b>	<b>VI. Revenue deficit brought down</b>			<b>17231</b>
<b>53681</b>	<b>VII. Public Debt Receipts</b>	<b>59923</b>	<b>38445</b>	<b>VII. Repayment of Public Debt</b>			<b>34777</b>
<b>21689</b>	Internal Debt other than Ways and Means Advances and Overdraft	29955	4614	Internal debt other than Ways and Means Advances and Overdraft			4876
<b>31307</b>	Transactions of Ways and Means Advances including Overdraft	29154	32603	Transactions of Ways and Means Advances including Overdraft			29154

685	Loans and Advances from Central Government	814	1228	Repayment of Loans and Advances to Central Government			747
-	<b>VIII. Net of Inter-State Settlement</b>	-	<b>195</b>	<b>VIII. Net of Inter-State Settlement</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
0	<b>IX. Appropriation to Contingency Fund</b>		0	<b>IX. Appropriation to Contingency Fund</b>			0
0	<b>X. Amount recouped to Contingency Fund</b>		0	<b>X. Expenditure from Contingency Fund</b>			0
90912	<b>XI. Public Account Receipt</b>	<b>98781</b>	<b>79833</b>	<b>XI. Public Account Disbursements</b>			<b>91259</b>
2543	Small Savings and Provident Funds	3541	1290	Small Savings and Provident Funds			1653
2151	Net Reserve Funds	2548	1204	Net Reserve Funds			1252
21293	Net Suspense and Miscellaneous	19710	21421	Net Suspense and Miscellaneous			19808
14788	Remittances	16411	14352	Remittances			16572
50137	Deposits and Advances	56571	41566	Deposits and Advances			51974
0	<b>XII. Closing Overdraft from Reserve Bank of India</b>		<b>8192</b>	<b>XII. Closing Cash Balance</b>			<b>9952</b>
			4	Cash in Treasuries and Local Remittances			3
			-419	Deposits with Reserve Bank and other Banks			-235
			3	Departmental Cash Balance including Permanent Advances			3
			8605	Cash Balance Investment and investment of Earmarked Funds			10181
<b>244762</b>	<b>Total</b>	<b>285140</b>	<b>244762</b>	<b>Total</b>			<b>285140</b>

**Appendix 1.4**  
**Actuals vis-à-vis Budget Estimates in 2016-17**  
**(Refer Paragraph 1.3; page 3)**

(₹ in crore)

1	B.E.	Actuals	Increase(+)/	Increase(+)/
			Decrease(-)	Decrease(-)
			(4) = (3-2)	(in %)
	2	3		5
<b>Revenue Receipts of which</b>	<b>109300</b>	<b>98984</b>	-10316	-9.44
Land Revenue	631	167	-464	-73.53
Stamps and Registration fees	5180	3476	-1704	-32.90
Taxes on immovable property other than agricultural lands	200	192	-8	-4.00
State Excise	5756	4645	-1111	-19.30
Taxes on Sales, Trade etc	37435	32484	-4951	-13.23
Taxes on vehicles	2412	2467	55	2.28
Taxes on Goods and Passengers	18	12	-6	-33.48
Interest Receipts	154	113	-41	-26.62
Miscellaneous General Services	135	131	-4	-2.96
Non-ferrous Mining and Metallurgical Industries	1705	1628	-77	-4.52
<b>Revenue Expenditure</b>	<b>114168</b>	<b>116215</b>	<b>2047</b>	<b>1.79</b>
General Education	18712	16209	-2503	-13.38
Water Supply and Sanitation	908	1133	225	24.78
Pension and Other Retirement Benefits	16140	12872	-3268	-20.25
Police	4207	4168	-39	-0.93
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	8775	7952	-823	-9.38
Health and Family Welfare	5770	6044	274	4.75
Social Welfare and Nutrition	9540	12572	3032	31.78
Roads and Bridges	804	986	182	22.64
Secretariat - Economic Services	885	869	-16	-1.81
Forestry and Wild Life	308	267	-41	-13.31
Rural Development	10251	9802	-449	-4.38
Urban Development	2687	4308	1621	60.33
Irrigation and Flood Control	656	596	-60	-9.15
District Administration	1149	913	-236	-20.54
Administration of Justice	720	582	-138	-19.17
Interest Payments	12258	11697	-561	-4.58
Power	3691	11478	7787	210.97
<b>Capital Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Capital Expenditure</b>	<b>15388</b>	<b>15143</b>	<b>-245</b>	<b>-1.59</b>
<b>Revenue Surplus(+)/Deficit(-)</b>	<b>-4868</b>	<b>-17231</b>	<b>-12363</b>	<b>253.96</b>
<b>Fiscal Deficit (-)</b>	<b>-20497</b>	<b>-30908</b>	<b>-10411</b>	<b>50.79</b>
<b>Primary Surplus(+)/Deficit(-)</b>	<b>-8239</b>	<b>-19211</b>	<b>-10972</b>	<b>133.17</b>

## Appendix 1.5

### Fiscal Responsibility and Budget Management (FRBM) Act, 2005

(Refer Paragraph 1.4; page 3)

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, the rules framed thereunder 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
- 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.

**The Government of Andhra Pradesh is yet to amend its FRBM Act, in pursuance of the recommendations of the 14<sup>th</sup> Finance Commission, in respect of the total outstanding liabilities as detailed below:**

For the financial year 2015-16	24.33 <i>per cent</i> of GSDP
For the financial year 2016-17	<b>24.74 <i>per cent</i> of GSDP</b>
For the financial year 2017-18	25.09 <i>per cent</i> of GSDP
For the financial year 2018-19	25.16 <i>per cent</i> of GSDP
For the financial year 2019-20	25.22 <i>per cent</i> of GSDP

**Appendix 1.6**  
**Time Series Data on State Government Finances**  
(Refer Paragraphs 1.6 & 1.12.2; pages 6 & 26)

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17	
<b>Part A. Receipts</b>						
<b>1</b>	<b>Revenue Receipts</b>	<b>103830</b>	<b>110719</b>	<b>90672</b>	<b>88648</b>	<b>98984</b>
	<b>(i) Tax Revenue</b>	<b>59875</b>	<b>64123</b>	<b>42618</b>	<b>39907</b>	<b>44181</b>
	Taxes on Sales, Trade, etc.	40715	48737	30524	29104	32484
	State Excise	9129	6250	4352	4386	4645
	Taxes on Vehicles	3357	3335	3687	2082	2467
	Stamps and Registration fees	5115	4393	3250	3527	3476
	Land Revenue	62	74	62	52	167
	Other Taxes	1497	1334	743	756	942
	<b>(ii) Non Tax Revenue</b>	<b>15999</b>	<b>15473</b>	<b>10976</b>	<b>4920</b>	<b>5193</b>
	<b>(iii) State's share in Union taxes and duties</b>	<b>20271</b>	<b>22132</b>	<b>15299</b>	<b>21894</b>	<b>26264</b>
	<b>(iv) Grants in aid from GOI</b>	<b>7685</b>	<b>8991</b>	<b>21779</b>	<b>21927</b>	<b>23346</b>
<b>2</b>	<b>Misc. Capital Receipts</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3</b>	<b>Recovery of Loans and Advances</b>	<b>426</b>	<b>575</b>	<b>5092</b>	<b>285</b>	<b>2029</b>
<b>4</b>	<b>Total revenue and Non-debt capital receipts (1+2+3)</b>	<b>104256</b>	<b>111303</b>	<b>95764</b>	<b>88933</b>	<b>101013</b>
<b>5</b>	<b>Public Debt Receipts</b>	<b>23311</b>	<b>25292</b>	<b>33005</b>	<b>53681</b>	<b>59923</b>
	Internal Debt (excluding Ways and Means Advances and Overdraft)	22128	23950	26107	21689	29955
	Transactions under Ways and Means Advances and Overdraft	0	0	6201	31307	29154
	Loans and Advances from Government of India	1183	1342	697	685	814
<b>6</b>	<b>Total receipts in the Consolidated Fund (4+5)</b>	<b>127567</b>	<b>136595</b>	<b>128769</b>	<b>142614</b>	<b>160936</b>
<b>7</b>	<b>Contingency Fund receipts</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>8</b>	<b>Public Account receipts</b>	<b>94917</b>	<b>101352</b>	<b>301629</b>	<b>90912</b>	<b>98781</b>
<b>9</b>	<b>Total receipts of Government (6+7+8)</b>	<b>222484</b>	<b>237949</b>	<b>430401</b>	<b>233526</b>	<b>259717</b>
<b>Part B. Expenditure/Disbursement</b>						
<b>10</b>	<b>Revenue Expenditure</b>	<b>102702</b>	<b>110375</b>	<b>114866</b>	<b>95950</b>	<b>116215</b>
	Plan	25241	24138	19938	31978	36422
	Non-plan	77461	86237	94328	63972	79793
	General Services (including interest payments)	33064	36899	28590	28573	32786
	Social Services	41605	44956	42259	46449	50228
	Economic Services	27875	28303	43891	20812	33108
	Grants-in-aid and contributions	158	217	127	116	93
<b>11</b>	<b>Capital Expenditure</b>	<b>15149</b>	<b>15280</b>	<b>11405</b>	<b>14171</b>	<b>15143</b>
	Plan	15137	15280	12026	14145	15114
	Non-plan	12	0	-621	26	29
	General Services	212	309	483	180	295
	Social Services	1072	1378	2382	2414	2431
	Economic Services	13865	13593	8540	11577	12417
<b>12</b>	<b>Disbursement of Loans and Advances</b>	<b>3913</b>	<b>3689</b>	<b>1210</b>	<b>674</b>	<b>564</b>

		2012-13	2013-14	2014-15	2015-16	2016-17
<b>13</b>	<b>Inter State Settlement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>195</b>	<b>-1</b>
<b>14</b>	<b>Total (10+11+12+13)</b>	<b>121764</b>	<b>129344</b>	<b>127481</b>	<b>110990</b>	<b>131921</b>
<b>15</b>	<b>Repayment of Public debt</b>	<b>7677</b>	<b>7286</b>	<b>10844</b>	<b>38445</b>	<b>34777</b>
	Internal Debt (excluding Ways and Means Advances and Overdraft)	6531	6057	4684	4614	4876
	Transactions under Ways and Means Advances and Overdraft	0	0	4905	32603	29154
	Loans and Advances from Government of India	1146	1228	1255	1228	747
<b>16</b>	<b>Appropriation to Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>17</b>	<b>Total disbursement out of Consolidated Fund (14+15+16)</b>	<b>129441</b>	<b>136630</b>	<b>138325</b>	<b>149435</b>	<b>166698</b>
<b>18</b>	<b>Contingency Fund disbursements</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>0</b>
<b>19</b>	<b>Public Account disbursements</b>	<b>93201</b>	<b>97195</b>	<b>296281</b>	<b>79833</b>	<b>91259</b>
<b>20</b>	<b>Total disbursements by the State (17+18+19)</b>	<b>222644</b>	<b>233828</b>	<b>434611</b>	<b>229268</b>	<b>257957</b>
<b>Part C. Deficits</b>						
<b>21</b>	<b>Revenue Deficit (-)/Surplus (+) (1-10)</b>	<b>1128</b>	<b>344</b>	<b>-24194</b>	<b>-7302</b>	<b>-17231</b>
<b>22</b>	<b>Fiscal Deficit (-)/Surplus (+) (4-14)</b>	<b>-17508</b>	<b>-18041</b>	<b>-31717</b>	<b>-22057</b>	<b>-30908</b>
<b>23</b>	<b>Primary Deficit (-)/Surplus (+) (22-24)</b>	<b>-5846</b>	<b>-5130</b>	<b>-21710</b>	<b>-12208</b>	<b>-19211</b>
<b>Part D. Other data</b>						
<b>24</b>	<b>Interest Payments (included in revenue expenditure)</b>	<b>11662</b>	<b>12911</b>	<b>10007</b>	<b>9849</b>	<b>11697</b>
<b>25</b>	<b>Arrears of Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Percentage of Tax &amp; Non Tax Revenue receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>26</b>	<b>Financial Assistance to local bodies etc.</b>	<b>34820</b>	<b>30557</b>	<b>0</b>	<b>39694</b>	<b>53979</b>
<b>27</b>	<b>Ways and Means Advances/Overdraft availed (days)</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>267</b>	<b>259</b>
<b>28</b>	<b>Interest on Ways and Means Advances/Overdraft</b>	<b>0</b>	<b>0</b>	<b>0.41</b>	<b>54</b>	<b>27</b>
<b>29</b>	<b>Gross State Domestic Product (GSDP)</b>	<b>754409</b>	<b>854822</b>	<b>520030</b>	<b>603376</b>	<b>699307</b>
<b>30</b>	<b>Outstanding fiscal liabilities (year end)</b>	<b>169084</b>	<b>189741</b>	<b>148743</b>	<b>173854</b>	<b>201314</b>
<b>31</b>	<b>Outstanding guarantees (year end)</b>	<b>14857</b>	<b>31153</b>	<b>10675</b>	<b>7059</b>	<b>9665</b>
<b>32</b>	<b>Maximum amount guaranteed (year end)</b>	<b>38084</b>	<b>55536</b>	<b>11323</b>	<b>10623</b>	<b>16576</b>
<b>33</b>	<b>Number of incomplete projects</b>	<b>528</b>	<b>1037</b>	<b>274</b>	<b>274</b>	<b>271</b>
<b>34</b>	<b>Capital blocked in incomplete projects</b>	<b>71595</b>	<b>82665</b>	<b>32646</b>	<b>71154</b>	<b>54,132</b>
<b>Part E: Fiscal Health Indicators</b>						
<b>I</b>	<b>Resource Mobilization</b>					
	Own Tax Revenue/GSDP	0.079	0.075	0.082	0.066	0.063
	Own Non-Tax Revenue/GSDP	0.021	0.018	0.021	0.008	0.007
	Central Transfers/GSDP	0.037	0.036	0.071	0.073	0.071
<b>II</b>	<b>Expenditure Management</b>					
	Total Expenditure/GSDP	0.161	0.151	0.245	0.184	0.189
	Total Expenditure/Revenue Receipts	1.173	1.168	1.406	1.252	1.333
	Revenue Expenditure/Total Expenditure	0.843	0.853	0.901	0.864	0.881
	Expenditure on Social Services/Total Expenditure	0.342	0.348	0.350	0.418	0.381

	2012-13	2013-14	2014-15	2015-16	2016-17
Expenditure on Economic Services/Total Expenditure	0.229	0.219	0.411	0.188	0.251
Capital Expenditure/Total Expenditure	0.124	0.118	0.089	0.128	0.115
Capital Expenditure on Social and Economic Services/Total Expenditure	0.123	0.116	0.086	0.126	0.113
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	0.001	0.000	-0.047	-0.012	-0.025
Fiscal deficit/GSDP	-0.023	-0.021	-0.061	-0.037	-0.044
Primary deficit (surplus)/GSDP	-0.008	-0.006	-0.042	-0.020	-0.027
Revenue deficit/Fiscal deficit	-0.064	-0.019	0.763	0.331	0.557
Primary Revenue Balance/GSDP	0.018	0.016	-0.017	0.005	0.005
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	0.224	0.222	0.286	0.288	0.288
Fiscal Liabilities/RR	1.628	1.714	1.726	1.961	2.034
Primary deficit vis-à-vis quantum spread	11020	16723	-45343	-56369	-61406
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	1.03	0.94	0.09	0.10	0.05
Balance from Current Revenue (₹ in crore)	20160	19703	-20846	13203	7279
Financial Assets/Liabilities	0.98	0.98	1.25	1.82	1.09

### Appendix 1.7

#### List of Incomplete Irrigation (Major & Medium) Projects

(Refer paragraph 1.11.4; page 20)

Sl.No.	Name of the Project	Year of Commencement	Original Cost	Revised Cost	Cost overrun	Expenditure as on 31.03.2017
1	Totapalli Barrage	2004	450.23	774.91	324.68	738.60
2	Gajapthinagaram Branch Canal	2010	70.47	76.99	6.52	47.93
3	Thota Venkatachalam Pushkara LIS	2004	297.25	674.52	377.27	681.76
4	Tadipudi LIS	2004	303.12	526.16	223.04	537.38
5	Polavaram	2004	10287.38	16010.45	5723.07	8430.72
6	Venkatanagaram Pumping LIS	2005	58.43	124.18	65.75	88.26
7	Chintalapudi LIS	2009	1701	1701	0	719.57
8	Mahendra Tanaya Project	2008	127	127	0	106.79
9	Tarakaramathirtha Sagaram	2006	220.04	471.31	251.27	192.76
10	Madduvalasa II	2009	54.21	57.87	3.66	43.56
11	Jhanjavathi	1996	120.36	156.84	36.48	116.47
12	Kandula Obula Reddy Gundlakamma Reservoir	2004	165.22	753.83	588.61	592.80
13	Poola Subbaiah Veligonda	2004	5150	5150	0	4324.48
14	Somasila Project	1975	17.20	1548.49	1531.29	1488.07
15	Somasila Swarnamuki Link Canal	2007-08	399	437.42	38.42	157.37

Sl.No.	Name of the Project	Year of Commencement	Original Cost	Revised Cost	Cost overrun	Expenditure as on 31.03.2017
16	Telugu Ganga Project	1983	637	4432	3795	4611.70
17	GNSS Phase I&II	2004	4341.29	8172.85	3831.56	5422.92
18	Gandikota LIS	2005	417	983	566	827.00
19	HNSS-I	2005	1305	4317.49	3012.49	3373.38
20	HNSS-II	2007	1880	7340.87	5460.87	5533.81
21	Gandikota Reservoir CBR Lift Schemes	2007	2059	2059	0	1387.25
22	Pulivendula Branch canal	2005	634.23	657.43	23.20	176.16
23	Chitravati Right Main canal-lingala canals	2004	626.82	626.83	0	305.04
24	Guru Raghavendra	2005-06	507.15	520.10	12.95	399.40
25	Srisailam right branch canal	2000	843.80	1067.14	223.34	550.75
26	Penna Ahobilam Balancing reservoir II	2005	536	768.9	232.9	599.42
27	Modernization of Mylavaram Canals	2006	145.45	145.45	0	120.32
28	Siddapuram LIS	2007	89.72	116.52	26.8	66.90
29	K.C. Canal LIS	2008	120.00	120.00	0	1243.11
30	Paleru Reservoir Project	2007	50.5	50.5	0	13.43
31	Y.C.R. Korisapadu LIS	2008	177	177	0	95.40
32	Pulikanuma LIS	2008	261.19	261.19	0	230.50
33	Flood Banks along Nagavali & Vamsadhara River	2007	310.72	310.72	0	57.49
34	Flood Bank of Godavari	2008	818.93	818.93	0	773.21
35	Flood Bank of Kurnool (Hundri)	2008-09	244.70	244.70	0	0.11
36	Flood Bank of Nandyala (Kundu)	2008-09	97.51	97.51	0	0
37	Flood Bank in Nellore District	2009	605.28	605.28	0	85.29
38	Modernisation of Godavari Delta	2008	3361	3361	0	1151.43
39	Modernisation of Krishna Delta	2008	4573	4573	0	1796.86
40	Pennar River Delta System	2007	635.49	1001.73	366.24	733.78
41	Modernisation of Nagarjunasagar Project	2010	2832.69	2832.69	0	2176.81
42	Modernisation of TBP-LLC	2008	179	179	0	124.24
43	B.R.R. Vamsadhara Project Phase-II	2005	933.9	1616.23	682.33	1173.56
44	Modernisation of High Level Main canal from km 105.437 to km 189.64 (HLMC 1 to 6 works)	2008-09	463.5	463.5	0	272.42
	<b>TOTAL</b>		<b>49107.78</b>	<b>76511.52</b>	<b>27403.74</b>	<b>51568.21</b>

Source: Departmental information

**Appendix 1.8**  
**Summarised Financial position of the Government of Andhra Pradesh**  
**as on 31 March 2017**

(Refer Paragraphs 1.12.1 & 1.12.4; pages 26 & 27)

(₹ in crore)

As on 31 March 2016	Liabilities		As on 31 March 2017	
1,15,704.21		<b>Internal Debt</b>		1,40,782.90
	94,925.46	Market Loans bearing interest	1,12,629.96	
	0.25	Market Loans not bearing interest	0.25	
	---	Market Loans Suspense	---	
	153.68	Loans from LIC	128.91	
	34.06	Loans from GIC	29.16	
	3078.56	Loans from NABARD	3376.13	
	1588.26	Loans from other Institutions	9826.37	
	15923.94	Special sanction issued to NSSF	14792.12	
	---	Ways and Means Advances	---	
	---	Overdraft from Reserve Bank of India	---	
8957.90		<b>Loans and Advances from Central Government</b>		9025.33
	8.74	Pre 1984-85 Loans	8.74	
	30.12	Non-Plan Loans	31.73	
	8915.45	Loans for State Plan Schemes	8981.27	
	3.59	Loans for Central Plan Schemes	3.59	
	--	Loans for Centrally Sponsored Plan Schemes	---	
	--	Other Ways and Means Advances	---	
50		<b>Contingency Fund</b>		50
16075.13		<b>Small Savings, Provident Funds, etc.</b>		13567.72
30712.93		<b>Deposits</b>		35310.39
7814.87		<b>Reserve Funds</b>		9110.84
	---	<b>Suspense and Miscellaneous Balances</b>	---	
	---	<b>Remittance Balances</b>	---	
31467.40		<b>Surplus on Government Account</b>		18632.86
210782.44		<b>Total</b>		2,26,480.04

As on 31 March 2016		Assets	As on 31 March 2017	
<b>1,72,041.46</b>		<b>Gross Capital Outlay on Fixed Assets</b>		<b>1,87,185.23</b>
	8705.16	Investments in shares of Companies, Corporations, Cooperatives, etc.	8971.05	
	1,63,336.30	Other Capital Outlay	1,78,214.18	
<b>28,937.85</b>		<b>Loans and Advances</b>		<b>27,472.18</b>
	1732.15	Loans for Power Projects	1533.73	
	26,828.85	Other Development Loans	25,535.55	
	376.85	Loans to Government Servants and Miscellaneous loans	402.90	
<b>0.07</b>		Contingency Fund (un-recouped)		<b>0.12</b>
<b>29.96</b>		Advances		<b>30.13</b>
<b>1186.20</b>		Remittance Balances		<b>1347.27</b>
<b>394.53</b>		Suspense and Miscellaneous Balances		<b>493.11</b>
<b>8192.37</b>		<b>Cash</b>		<b>9952.00</b>
	2.90	Cash in Treasuries and Local Remittances	2.90	
	-417.75	Deposits with Reserve Bank and other Banks	-234.48	
	2.51	Departmental Cash Balance	2.52	
	3193.28	Cash Balance Investments	3697.92	
	5411.43	Investment of Earmarked Funds	6483.14	
<b>--</b>		<b>Deficit on Government Account</b>		<b>--</b>
	--	Accumulated deficit up to 31 March 2017	--	
	--	Revenue deficit of the Current Year	--	
	--	Amount closed to Government Account	--	
	---	Proforma corrections to opening balances under capital expenditure	---	
<b>2,10,782.44</b>		<b>Total</b>		<b>2,26,480.04</b>

**Appendix 1.9**

**Summarised position of Apportionment of balances between Andhra Pradesh and Telangana  
as on 31 March 2017**

**(Refer Paragraph 1.15; page 32)**

**(₹ in crore)**

<b>Sl No</b>	<b>Head of Account</b>	<b>Balance as on 01 June 2014</b>	<b>Balance allocated to Telangana</b>	<b>Balance allocated to Andhra Pradesh</b>	<b>Balance yet to be apportioned as on 31 March 2017</b>
<b>1</b>	Capital Heads	1,51,349.67	0	0	1,51,349.67
<b>2</b>	Public Debt	1,66,522.32	69,479.48	97,123.93	-81.09
<b>3</b>	Loans and Advances	28,099.69	0	0	28,099.69
<b>4</b>	Small Savings, Provident Funds	14,077.84	4,395.53	5,598.79	4,083.52
<b>5</b>	Reserve Funds	2,459.06	37.80	52.89	2,368.37
<b>6</b>	Deposits and Advances	17,082.77	0	0	17,082.77
<b>7</b>	Suspense and Miscellaneous	6,234.24	2,539.69	3,553.61	140.94
<b>8</b>	Remittances	339.48	0	0	339.48

**Appendix 2.1**  
**Excess over provision of previous years requiring regularisation**  
**(Refer Paragraph 2.3.1.3; page 38)**

(₹ in crore)

Year	Number of Grants/ Appropriations	Section	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 116 grants and 25 appropriations Explanatory Notes for 27 Grants and 7 Appropriations were received and vetted by the PAG (Audit, AP) as of November 2017. Explanatory Notes for the remaining 89 grants and 18 Appropriations are awaited from the Administrative Departments/ Finance Department for vetting by the PAG(Audit, AP)
		Capital:	XVI		
Loans:		XXXVI			
	1 Appropriation	Revenue:	XXXVI		
2005-06	10 Grants	Revenue:	X, XI, XIX & XXXI	585.82	
		Capital:	VIII, XIII, XVII, XXXII & XXXIII		
		Loans:	XVII		
	3 Appropriations	Revenue:	II, XVI & XXVIII		
2006-07	7 Grants	Revenue:	IX, X, XI & XIV	198.72	
		Capital:	XVII & XXIX		
		Loans:	XXVII		
	1 Appropriation	Revenue:	III		
2007-08	7 Grants	Revenue:	X, XI & XXXII	201.30	
		Capital:	XVII, XXXIII & XXXV		
		Loans:	XXXVI		
	3 Appropriations	Revenue:	II, IV & XIV		
2008-09	11 Grants	Revenue:	II, V, XI, XXIV, XXVI & XXXI	709.24	
		Capital:	XVII & XXXIX		
		Loans:	XIX, XXVII & XXXVI		
	3 Appropriations	Revenue:	II, III & XIII		
2009-10	10 Grants	Revenue:	III & XIX	109.74	
		Capital:	IV, VII, X, XVII & XXIX		
		Loans:	XI, XVI & XVII		
	2 Appropriations	Revenue:	VII & XIII		
2010-11	11 Grants	Revenue:	X & XXIV	867.54	
		Capital:	X, XVII, XXVII & XXXVI		
		Loans:	XI, XV, XVI, XVII & XXXV		
	5 Appropriations	Revenue:	IV, V, X & XVII		
Capital:		XI			
2011-12	5 Grants	Revenue:	X & XXIV	188.59	
		Capital:	XVII		
		Loans:	IX & XV		
	2 Appropriations	Revenue:	XXIII & XXV		
2012-13	5 Grants	Revenue:	X, XI, XVII & XXXIX	275.63	
		Capital:	XXIX		
	1 Appropriation	Revenue:	XVI		
2013-14	4 Grants	Revenue:	X, XI		

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
		Capital:	XVII & XXIX	530.12	
	1 Appropriation	Revenue:	XVI		
2014-15	26 Grants	Revenue:	II,V,VI, XI, XIX, XX, XXV,XXVI,XXVII, XXXI, XXXII, XXXIV, XXXV & XXXVI	13,134.68	
		Capital:	V,VIII,X,XI,XII,XVI,X VIII & XXXV		
		Loans:	IX,XVII,XXIX & XXXVI		
	2 Appropriations	Revenue:	III		
		Loans:	IX		
2015-16	15 Grants	Revenue	II,V,VII,IX,XI,XV, XIX, XX, XXX & XXXVIII	36,856.98	
		Capital	XXIX & XXXIV		
		Loans	IX,XVII & XXVIII		
	1 Appropriation	PDC	IX		
<b>Total</b>				<b>53,673.19</b>	

### Appendix 2.2

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

**(Refer Paragraph 2.3.2; page 39)**

(₹ in crore)						
Sl. No	Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Saving	Savings in per cent
<b>Revenue Voted</b>						
1	IV	General Administration and Elections	377.05	242.19	134.86	35.77
2	XIV	Technical Education	850.33	613.11	237.22	27.90
3	XVIII	Housing	1,186.64	456.95	729.69	61.49
4	XXII	Tribal Welfare	1,455.83	1,156.93	298.90	20.53
5	XXV	Women, Child and Disabled Welfare	2,017.08	1,469.75	547.33	27.13
6	XXXVI	Industries and Commerce	1,063.22	711.35	351.87	33.09
7	XXXVII	Tourism, Art and Culture	237.28	85.55	151.73	63.95
<b>Capital Voted</b>						
8	V	Revenue, Registration and Relief	464.56	322.74	141.82	30.53

Sl. No	Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Saving	Savings in per cent
9	IX	Fiscal Administration, Planning Surveys and Statistics	705.30	178.97	526.33	74.62
10	X	Home Administration	336.13	202.24	133.89	39.83
11	XII	School Education	168.17	65.41	102.76	61.10
12	XIII	Higher Education	222.94	15.93	207.01	92.85
13	XV	Sports and Youth Services	176.00	16.69	159.31	90.52
14	XVI	Medical and Health	505.51	393.71	111.80	22.12
15	XVII	Municipal Administration and Urban Development	1,868.66	430.54	1,438.12	76.96
16	XXI	Social Welfare	538.14	194.44	343.70	63.87
17	XXV	Women ,Child and Disabled Welfare	206.94	81.40	125.54	60.66
18	XXXV	Energy, Infrastructure and Investment	261.82	119.95	141.87	54.19
19	XXXVI	Industries and Commerce	123.53	0.00	123.53	100.00
<b>Loan Voted</b>						
20	IX	Fiscal Administration, Planning Surveys and Statistics	175.13	73.42	101.71	58.07
<b>Total</b>			<b>12,940.26</b>	<b>6,831.27</b>	<b>6,108.99</b>	<b>47.21</b>

Source: Appropriation Accounts 2016-17

### Appendix 2.3

**Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary  
(Refer Paragraph 2.3.3; page 41)**

(₹ in crore)					
Sl. No	No. and Name of the Grant or appropriation	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
<b>Revenue Voted</b>					
1	I State Legislature	110.01	109.15	0.86	21.63
2	III Administration of Justice	717.51	587.15	130.36	3.80
3	IV General Administration and Elections	278.03	242.19	35.84	99.03
4	VII Commercial Taxes Administration	382.93	320.5	62.43	12.42
5	IX Fiscal Administration, Planning, Surveys and Statistics	20,658.63	19,149.21	1,509.42	35.30
6	X Home Administration	4,631.21	4,524.14	107.07	78.34

Sl. No	No. and Name of the Grant or appropriation	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
7	XII School Education	17,356.12	14,929.97	2,426.15	135.51
8	XIII Higher Education	2,044.17	1,790.77	253.4	10.00
9	XIV Technical Education	717.32	613.11	104.21	133.01
10	XVIII Housing	993.16	456.95	536.21	193.48
11	XIX Information and Public Relations	142.28	125.86	16.42	31.70
12	XX Labour and Employment	353.01	302.83	50.18	8.44
13	XXI Social Welfare	2,697.87	2,336.98	360.89	127.93
14	XXII Tribal Welfare	1,411.36	1,156.94	254.42	44.47
15	XXIII Backward Classes Welfare	4,068.2	3,844.83	223.37	675.43
16	XXVII Agriculture	6,656.47	6,515.44	141.03	819.16
17	XXVIII Animal Husbandry and Fisheries	1,246.23	1,168.97	77.26	87.69
18	XXIX Forest, Science, Technology and Environment	356.61	303.9	52.71	9.03
19	XXXI Panchayat Raj	5,280.7	5,260.13	20.57	59.20
20	XXXIII Major and Medium Irrigation	624.39	578.31	46.08	21.13
21	XXXVI Industries and Commerce	920.76	711.34	209.42	142.45
22	XXXVII Tourism, Art and Culture	175.74	85.55	90.19	61.54
23	XXXVIII Civil Supplies Administration	2,746.13	2,604.53	141.60	61.87
24	XXXIX Information Technology and Communications	360.22	330.34	29.88	41.80
<b>Capital Voted</b>					
25	V Revenue, Registration and Relief	370.73	322.74	47.99	93.83
26	IX Fiscal Administration, Planning, Surveys and Statistics	670.94	178.97	491.97	34.36
27	XII School Education	146.53	65.41	81.12	21.64
28	XVI Medical and Health	477.26	393.7	83.56	28.25
29	XVII Municipal Administration and Urban	1,784.86	430.54	1,354.32	83.80

Sl. No	No. and Name of the Grant or appropriation	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
	Development				
30	XXIII Backward Classes Welfare	361.97	272.85	89.12	4.05
31	XXVIII Animal Husbandry and Fisheries	95.00	66.75	28.25	27.26
32	XXXV Energy, Infrastructure and Investment	165.86	119.94	45.92	95.96
33	XXXVI Industries and Commerce	55.00	0.00	55.00	68.53
34	XXXVII Tourism, Art and Culture	52.00	25.89	26.11	2.53
<b>Loan Voted</b>					
35	IX Fiscal Administration, Planning, Surveys and Statistics	74.10	73.42	0.68	101.03
36	XI Roads, Buildings and Ports	223.38	161.14	62.24	10.00
<b>Revenue Charged</b>					
37	IV General Administration and Elections	31.24	27.77	3.47	18.10
<b>Capital Charged</b>					
38	XXXIII Major and Medium Irrigation	26.31	26.02	0.29	12.04
	<b>Total</b>	<b>79,464.24</b>	<b>70,214.23</b>	<b>9,250.01</b>	<b>3,515.74</b>

Source: Appropriation Accounts 2016-17

### Appendix 2.3(a)

#### Cases where Supplementary provision (₹ one crore or more in each case) proved excessive

(Refer Paragraph 2.3.3; page 41)

Sl. No.	No. and Name of the Grant or appropriation	Original Provision	Supplementary Provision	Total Grant	Expenditure	Savings
(₹ in crore)						
<b>Revenue Voted</b>						
1	II Governor and Council of Ministers	12.84	11.46	24.3	20.06	4.24
2	V Revenue Registration and Relief	1,921.77	1,392.28	3,314.05	3,289.36	24.69
3	XVI Medical and Health	5,619.82	850.76	6,470.58	5,932.83	537.75

Sl. No.	No. and Name of the Grant or appropriation	Original Provision	Supplementary Provision	Total Grant	Expenditure	Savings
4	XVII Municipal Administration and Urban Development	2,902.3	2,327.33	5,229.63	4,567.67	661.96
5	XXIV Minority Welfare	625.87	83.66	709.53	635.33	74.20
6	XXV Women Child and Disable Welfare	1,271.54	745.54	2,017.08	1,469.75	547.33
7	XXVI Administration of Religious Endowments	130.13	50.1	180.23	176.48	3.75
8	XXXII Rural Development	10,433.77	4,635.8	15,069.57	12,831.16	2,238.41
9	XXXV Energy, Infrastructure and Investment	3,770.52	8,349	12,119.52	11,605.43	514.09
<b>Capital Voted</b>						
10	X Home Administration	154.2	181.93	336.13	202.24	133.89
11	XI Roads, Buildings and Ports	1,883.05	710.72	2,593.77	2,328.16	265.61
12	XXV Women Child and Disabled Welfare	60.19	146.75	206.94	81.40	125.54
13	XXVII Agriculture	48.95	45	93.95	85.92	8.03
14	XXXI Panchayat Raj	473.2	182.53	655.73	542.18	113.55
15	XXXIII Major and Medium Irrigation	6,590.83	3,665.43	10,256.26	8,260.19	1,996.07
16	XXXIV Minor Irrigation	673.78	1,219.36	1,893.14	1,712.55	180.59
<b>Loan Voted</b>						
17	XVII Municipal Administration and Urban Development	41.79	55	96.79	75.00	21.79
18	XXXV Energy, Infrastructure and Investment	90.02	30.29	120.31	116.43	3.88
19	XXXIV Minor Irrigation	0.66	2.43	3.09	0.71	2.38
	<b>Total</b>	<b>36,704.57</b>	<b>24,682.94</b>	<b>61,387.51</b>	<b>53,932.14</b>	<b>7,455.37</b>

Source: Appropriation Accounts 2016-17

**Appendix 2.3 (b)**

**Cases where supplementary provision proved insufficient (by more than ₹ 100 crore in each case)**

**(Refer Paragraph 2.3.3; page 41)**

						(₹ in crore)
Sl. No	No. and Name of the Grant or appropriation	Original	Supplementary Provision	Total Grant	Expenditure	Excess
1	IX Fiscal Administration, Planning, Surveys and Statistics (PDC)	5,554.24	27,654.16	33,208.40	34,776.54	1,568.14
2	XI Roads, Buildings and Ports (RV)	1,130.08	45.14	1,175.22	1,284.20	108.98
		<b>6,684.32</b>	<b>27,699.30</b>	<b>34,383.62</b>	<b>36,060.74</b>	<b>1,677.12</b>

PDC; Public Debt Charged, RV: Revenue Voted

**Appendix 2.4**

**Re-appropriation of funds (Savings/Excess more than ₹ 10 crore in each case)**

**(Refer Paragraph 2.3.4.1; page 42)**

				(₹ in crore)	
Sl. No.	No. and name of the Grant	Head of Account Name of the Scheme	Re-appropriation	Savings(-) / Excess (+)	
<b>Inadequate Re-appropriation</b>					
1	V-Revenue, Registration and Relief	2053-00-093-03-District Offices Collectors Establishment	-22.99	-23.00	
2	X-Home Administration	2055-00-109-03-District Police Force	-37.04	-37.21	
3	X-Home Administration	2056-00-101-04-Jails	-22.73	-22.84	
4	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-104-04-Gratuities – Pension Allocable between successor states of Andhra Pradesh and Telangana in the ratio of 58.32 : 41.68	-16.22	-16.24	
5	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-110-07-Pensions to the Non-teaching provincialised staff of P.R.Institutions Pensions allocable between-successor states of Andhra Pradesh and Telangana in the ratio of 58.32 : 41.68	-57.08	-57.09	
6	XII-School Education	2202-02-110-04-Assistance to Aided Secondary Schools	-37.88	-38.08	
7	XII-School Education	2202-02-110-06-Assistance to the A.P.	-10.43	-10.46	

Sl. No.	No. and name of the Grant	Head of Account Name of the Scheme	Re- appropriation	Savings(-) / Excess (+)
		Residential Educational Institutions Society		
8	XVI-Medical and Health	2210-01-001-05- Assistance to Andhra Pradesh Vaidya Vidhana Parishad	-124.66	-124.70
9	XXXII-Rural Development	2501-02-796-11-05- Mahatma Gandhi National Rural Employment Guarantee Act	-33.33	-36.67
10	XXXII-Rural Development	2501-02-796-12-05- Mahatma Gandhi National Rural Employment Guarantee Act	-3.31	-123.32
11	XXXII-Rural Development	2501-05-101-11-05- Pradhan Mantri Krishi Sinchayi Yojana (PMKSY)	-33.65	-33.77
12	XXXII-Rural Development	2501-05-101-12-05- Pradhan Mantri Krishi Sinchayi Yojana (PMKSY)	-8.71	-11.60
13	XXVIII-Animal Husbandry and Fisheries	4405-00-104-07-05- Upgradation & Strengthening of Fish Seed Farms	-3.15	-13.15
14	XXXIII-Major and Medium Irrigation	4700-01-135-11-26- Dam and Appurtenant Works	-11.53	-14.35
15	XXXV-Energy, Infrastructure and Investment	5054-03-337-11-28- Regional Air Ports	-25.60	-45.60
	<b>Total</b>		<b>-448.31</b>	<b>-608.08</b>
<b>Unnecessary Re-appropriation</b>				
16	XXI-Social Welfare	2225-01-277-11-05- Tuition Fee	-9.99	13.24
	<b>Total</b>		<b>-9.99</b>	<b>13.24</b>
<b>Excessive Re-appropriation</b>				
17	XXXII-Rural Development	2501-02-789-11-05- Mahatma Gandhi National Rural Employment Guarantee Act	61.20	-13.02
18	XXXII-Rural Development	2501-02-789-12-05- Mahatma Gandhi National Rural Employment Guarantee Act	583.46	-84.47
	<b>Total</b>		<b>644.66</b>	<b>-97.49</b>
<b>Insufficient re-appropriation</b>				
19	X-Home Administration	2055-00-101-05- Intelligence Branch	30.52	30.55
20	X-Home Administration	2055-00-104-03- District Offices	3.96	15.14

Sl. No.	No. and name of the Grant	Head of Account Name of the Scheme	Re-appropriation	Savings(-) / Excess (+)
21	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-115-24-Leave encashment amount allocable to successor State of Andhra Pradesh	21.59	272.03
22	XI-Roads, Buildings and Ports	3054-04-797-11-04-Subvention from Central Road Fund	80.00	347.17
23	XI-Roads, Buildings and Ports	5054-04-800-11-07-Major District Roads	78.33	80.21
24	IX-Fiscal Administration, Planning, Surveys and Statistics	6004-02-101-02-Back to Back Loans	264.64	431.34
	<b>Total</b>		<b>479.04</b>	<b>1,176.44</b>

### Appendix 2.5

#### Substantial surrenders made during the year (Refer paragraph 2.3.5.1; Page 42)

(₹ in crore)

Sl. No	No. and Name of the Grant	Head of Account	Budget	Surrenders	Percentage to Budget
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2049-01-200-40-Interest on taken over of FRP bonds from DISCOMS	127.50	-127.50	100.00
2	IX-Fiscal Administration, Planning, Surveys and Statistics	2052-00-90-11-35-Krishna Pushkarams	250.00	-250.00	100.00
3	IX-Fiscal Administration, Planning, Surveys and Statistics	2052-00-90-075-Lumpsum Provision	1000.00	-1000.00	100.00
4	IX-Fiscal Administration, Planning, Surveys and Statistics	5475-00-789-11-08-Special Development Fund for Welfare and Development activities	176.31	-164.27	93.17
5	XI-Roads, Buildings and Ports	5054-05-052-03-04-Visakhapatnam-Chennai Industrial Corridor Development Program	106.75	-106.75	100.00
6	XII-School Education	2202-01-103-04-Teaching Grants to Municipalities	162.89	-162.89	100.00
7	XII-School Education	2202-02-191-04-Teaching Grants to	118.35	-118.35	100.00

Sl. No	No. and Name of the Grant	Head of Account	Budget	Surrenders	Percentage to Budget
		Municipalities			
8	XVII- Municipal Administration and Urban Development	4217-01-050-12-05- Land Pooling for New State Capital	873.37	-873.37	100.00
9	XVII- Municipal Administration and Urban Development	4217-01-50-12-06- Future Development Fund	126.63	-126.63	100.00
10	XVII- Municipal Administration and Urban Development	4217-60-051-11-05- Amaravati Metro Rail	300.00	-300.00	100.00
11	XVIII-Housing	2216-02-190-11-07- Sardar Patel Urban Housing Scheme	113.95	-113.69	99.77
12	XVIII-Housing	2216-02-190-12-07- Sardar Patel Urban Housing Scheme	170.92	-170.14	99.54
13	XVIII-Housing	2216-02-789-12-07- Sardar Patel Urban Housing Scheme	137.15	-126.25	92.05
14	XXVII-Agriculture	2401-00-789-12-66- Prime Minister Fasal Bima Yojana	143.37	-143.37	100.00
15	XXXII-Rural Development	2235-03-101-12-07- National Social Assistance Programme (NSAP)	189.31	-189.31	100.00
		<b>Total</b>	<b>3,996.49</b>	<b>-3,972.48</b>	<b>99.40</b>

### Appendix 2.6

**Surrenders in excess of actual saving/excess (₹ 50 lakh or more in each case)  
(Refer Paragraph 2.3.5.2; page 42)**

(₹ in crore)						
Sl. No	No. and Name of the Grant/ appropriation	Total Grant/ Appropriation	Expenditure	Excess(+)/ Savings(-)	Amount Surrendered	Amount Surrendered in Excess
<b>Revenue Voted</b>						
1	I-State Legislature	131.64	109.15	-22.49	33.48	10.99
2	II-Governor and Council of Ministers	24.30	20.07	-4.23	5.81	1.58
3	IX-Fiscal Administration, Planning, Surveys and Statistics	20,693.93	19,149.21	-1,544.72	1,795.41	250.69
4	X-Home Administration	4,709.54	4,524.14	-185.4	196.40	11.00
5	XI-Roads, Buildings and Ports	1,175.22	1,284.20	108.98	158.18	158.18

Sl. No	No. and Name of the Grant/ appropriation	Total Grant/ Appropriation	Expenditure	Excess(+)/ Savings(-)	Amount Surrendered	Amount Surrendered in Excess
6	XIII-Backward Classes Welfare	4,743.63	3,844.83	-898.80	904.82	6.02
7	XVII-Agriculture	7,475.63	6,515.44	-960.19	1,197.81	237.62
8	XXXIII-Major and Medium Irrigation	645.52	578.31	-67.21	83.13	15.92
9	XXXV- Energy, Infrastructure and Investment	12,119.52	11,605.43	-514.09	514.87	0.78
<b>Capital Voted</b>						
10	XI-Roads, Buildings and Ports	2,593.77	2,328.16	-265.61	284.22	18.61
11	XVI-Medical and Health	505.51	393.70	-111.81	114.08	2.27
<b>Loan Charged</b>						
12	IX-Fiscal Administration, Planning, Surveys and Statistics	33,208.40	34,776.54	1,568.14	110.38	110.38
<b>Total</b>		<b>88,026.61</b>	<b>85,129.18</b>	<b>-4,574.55<sup>1</sup></b>	<b>5,398.59</b>	<b>824.04</b>

### Appendix 2.7

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

(Refer Paragraph 2.3.5.3; page 43)

				(₹ in crore)
Sl. No	Grant No.	Name of the Grant or Appropriation	Saving	
Revenue Charged				
1	II	Governor and Council of Ministers	11.14	
2	V	Revenue, Registration and Relief	0.01	
3	X	Roads, Buildings and Ports	0.03	
<b>Total</b>			<b>11.18</b>	

<sup>1</sup> Excludes Sl.No 05 and 12 being final excess

**Appendix 2.8**

**Details of saving of ₹ five crore and above not surrendered**

(Refer Paragraph 2.3.5.3; page 43)

(₹ in crore)

S. No.	No. and Name of the Grant or Appropriation	Saving	Re-appropriation/ Surrenders	Un surrendered Saving
<b>Revenue Voted</b>				
1	IV- General Administration and Elections	134.86	123.14	11.72
2	V-Revenue, Registration and Relief	24.69	3.49	21.20
3	XIV-Technical Education	237.22	34.9	202.32
4	XV-Sports and Youth Services	67.86	20.92	46.94
5	XXXI-Panchayat Raj	79.76	2.18	77.58
<b>Capital Voted</b>				
6	XXVII-Agriculture	8.03	1.77	6.26
<b>Revenue Charged</b>				
7	II- Governor and Council of Ministers	11.14	0.00	11.14
8	XXXV- Energy, Infrastructure and Investment	141.87	121.87	20.00
<b>Total</b>		<b>705.43</b>	<b>308.27</b>	<b>397.16</b>

**Appendix 2.9**

**Cases of surrender of funds in excess of ₹ 10 crore on 31 March 2017**

(Refer Paragraph 2.3.5.3; page 43)

(₹ in crore)

Sl. No.	Grant No.	Name of Grant	Section	Amount of Surrender
1	I	State Legislature	RV	33.48
2	III	Administration of Justice	RV	130.14
3	III	Administration of Justice	CV	26.21
4	IV	General Administration and Elections	RV	123.14
5	IV	General Administration and Elections	RC	21.57
6	IV	General Administration and Elections	CV	19.96
7	V	Revenue, Registration and Relief	CV	141.82
8	VI	Excise Administration	RV	68.77
9	VII	Commercial Taxes Administration	RV	74.85
10	VIII	Transport Administration	RV	22.10
11	IX	Fiscal Administration, Planning, Surveys and Statistics	RV	1,783.13
12	IX	Fiscal Administration, Planning, Surveys and Statistics	RC	544.51
13	IX	Fiscal Administration, Planning, Surveys and Statistics	CV	501.33

Sl. No.	Grant No.	Name of Grant	Section	Amount of Surrender
14	IX	Fiscal Administration, Planning, Surveys and Statistics	LV	101.00
15	IX	Fiscal Administration, Planning, Surveys and Statistics	PDC	110.38
16	X	Home Administration	RV	196.40
17	X	Home Administration	CV	133.89
18	XI	Roads, Buildings and Ports	RV	158.18
19	XI	Roads, Buildings and Ports	CV	284.22
20	XI	Roads, Buildings and Ports	LV	72.24
21	XII	School Education	RV	2,558.98
22	XII	School Education	CV	96.26
23	XIII	Higher Education	RV	263.35
24	XIII	Higher Education	CV	181.02
25	XIV	Technical Education	RV	13.49
26	XV	Sports and Youth Services	CV	154.31
27	XVI	Medical and Health	RV	537.72
28	XVI	Medical and Health	CV	88.39
29	XVII	Municipal Administration and Urban Development	RV	650.35
30	XVII	Municipal Administration and Urban Development	CV	1,362.62
31	XVII	Municipal Administration and Urban Development	LV	21.79
32	XVIII	Housing	RV	719.69
33	XIX	Information and Public Relations	RV	48.12
34	XX	Labour and Employment	RV	54.48
35	XX	Labour and Employment	CV	44.21
36	XXI	Social Welfare	RV	478.80
37	XXI	Social Welfare	CV	268.70
38	XXII	Tribal Welfare	RV	298.90
39	XXII	Tribal Welfare	CV	89.09
40	XXIII	Backward Classes Welfare	RV	904.82
41	XXIII	Backward Classes Welfare	CV	93.17
42	XXIV	Minority Welfare	RV	74.19
43	XXIV	Minority Welfare	CV	84.70
44	XXV	Women Child and Disable Welfare	RV	539.66
45	XXV	Women Child and Disable Welfare	CV	121.20
46	XXVII	Agriculture	RV	1,171.43
47	XXVIII	Animal Husbandry and Fisheries	RV	131.56
48	XXVIII	Animal Husbandry and Fisheries	CV	15.51
49	XXIX	Forest Science Technology and Environment	RV	60.69
50	XXX	Cooperation	RV	22.47

Sl. No.	Grant No.	Name of Grant	Section	Amount of Surrender
51	XXXI	Panchayat Raj	CV	111.32
52	XXXII	Rural Development	RV	2,238.41
53	XXXIII	Major and Medium Irrigation	RV	83.13
54	XXXIII	Major and Medium Irrigation	CV	1,986.05
55	XXXIII	Major and Medium Irrigation	CC	12.29
56	XXXIV	Minor Irrigation	CV	151.86
57	XXXV	Energy, Infrastructure and Investment	RV	514.37
58	XXXV	Energy, Infrastructure and Investment	CV	79.20
59	XXXVI	Industries and Commerce	RV	219.87
60	XXXVI	Industries and Commerce	CV	123.53
61	XXXVII	Tourism, Art and Culture	RV	149.67
62	XXXVII	Tourism, Art and Culture	CV	23.64
63	XXXVIII	Civil Supplies Administration	RV	203.37
64	XXXIX	Information Technology and Communications	RV	32.43
		<b>Total</b>		<b>21,626.13</b>

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

#### Appendix 2.10

#### Rush of expenditure during the last quarter and last month of 2016-17

(Refer Paragraph 2.3.7; page 44)

(₹ in crore)

Sl. No.	Major Head	Major Head Description	Total Expenditure	Expenditure during the last quarter of the year		Expenditure during March 2017	
				Total Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2216	Housing	457.73	313.36	68	77.95	17
2	2405	Fisheries	255.90	152.21	59	73.95	29
3	2875	Other Industries	60.50	58.00	96	5.50	9
4	3425	Other Scientific Research	28.42	24.92	88	20.57	72
5	3451	Secretariat-Economic Services	868.81	530.03	61	426.23	49
6	3452	Tourism	39.93	24.31	61	4.30	11
7	4055	Capital Outlay on Police	195.90	111.23	57	78.55	40
8	4070	Capital Outlay on	27.22	14.37	53	8.19	30

SI. No.	Major Head	Major Head Description	Total Expenditure	Expenditure during the last quarter of the year		Expenditure during March 2017	
				Total Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
		Other Administrative services					
9	4235	Capital Outlay on Social Security and welfare	82.40	52.04	63	41.82	51
10	4250	Capital Outlay on Other Social services	312.48	183.32	59	113.15	36
11	4403	Capital Outlay on Animal Husbandry	37.72	19.10	51	15.81	42
12	4405	Capital Outlay on Fisheries	29.03	21.45	74	19.18	66
13	4705	Capital Outlay on Command Area Development	0.05	0.05	100	0.05	100
14	4851	Capital Outlay on Village and Small Industries	0.01	0.01	100	0.01	100
15	5452	Capital Outlay on Tourism	25.89	21.70	84	16.94	65
16	6075	Loans for Miscellaneous General Services	10.00	10.00	100	0.00	0
17	6210	Loans for Medical and Public Health	5.01	5.01	100	5.01	100
18	6216	Loans for Housing	132.18	102.94	78	24.92	19
19	6801	Loans for Power Projects	116.43	65.51	56	65.51	56

Source: Monthly Civil Accounts 2016-17

**Appendix 2.11**

**Unnecessary/Excessive supplementary provision (School Education Grant)**

(Refer Paragraph 2.5.2.1; page 58)

(₹ in crore)					
Sl.No.	Head of Account	Original Provision	Expenditure	Saving	Supplementary
<b>Unnecessary Supplementary Provision</b>					
1	2202-01-001-11-05 Sarva Shiksha Abhiyan (SSA)	402.16	356.04	46.11	50.00
2	2202-03-001-03 Headquarters Office Director of Intermediate Education	2.89	2.63	0.26	0.01
3	2202-80-01-01 Headquarters Office -Director of School Education	20.90	9.95	10.95	0.01
4	2202-80-800-05 Jawahar Bal Bhavan	0.85	0.46	0.39	0.01
	<b>Total</b>	<b>426.80</b>	<b>369.08</b>	<b>57.72</b>	<b>50.03</b>
<b>Excessive Supplementary Provision</b>					
5	2236-01-101-11-06 Nutritious Meals Programme (MDM - Cooking Cost)	64.17	65.81	+ 1.64	11.84
6	2236-01-101-12-06 Nutritious Meals Programme (MDM - Cooking Cost)	57.39	58.66	+ 1.27	8.30
7	2236-02-101-11-06 Nutritious Meals Programme (MDM - Cooking Cost)	33.42	42.31	+ 8.89	19.04
8	2236-02-101-12-06- Nutritious Meals Programme (MDM - Cooking Cost)	32.48	41.16	+ 8.68	17.26
9	4202-01-202-11-05 Rashtriya Madhyamika Shiksha Abhiyan (RMSA)	2.00	10.09	+ 8.09	16.44
10	4202-01-789-11-05 Rashtriya Madhyamika Shiksha Abhiyan (RMSA)	0.00	0.42	+ 0.42	3.96
	<b>Total</b>	<b>189.45</b>	<b>218.45</b>	<b>28.99</b>	<b>76.83</b>

Source: Grant Audit Register 2016-17 compiled by O/o PAG(A&E),AP

**Appendix 2.12**  
**Surrender of entire provision (School Education Grant)**  
**(Refer Paragraph 2.5.2.1; page 58)**

(₹ in crore)			
Sl.No.	Head of Account	Total Provision	Amount Surrendered
1	2202-01-800-12-05 Scheme for providing education to Madarasas, Minorities and Disabled	2.00	2.00
2	2202-02-109-11-10 Badikostha	0.01	0.01
3	2202-02-109-11-04 Government Secondary Schools	24.66	24.66
4	2202-02-191-00-04 Teaching Grants to Municipalities	118.35	118.35
5	2202-02-4-11-05 Support for Educational Development including Teachers Training & Adult Education	3.97	3.97
6	2202-02-789-11-05 Support for Educational Development including Teachers Training & Adult Education	1.00	1.00
7	2202-02-789-12-05 Support for Educational Development including Teachers Training & Adult Education	1.47	1.47
8	2202-2-796-11-05 Support for Educational Development including Teachers Training & Adult Education	0.30	0.30
9	2202-2-796-12-05 Support for Educational Development including Teachers Training & Adult Education	0.44	0.44
10	2202-02-800-11-20 Digital Class Rooms for High Schools	45.50	45.50
11	2202-3-103-11-4 Government Junior Colleges	13.40	13.40
12	2202-03-001-11-03 Headquarters Office Director of Intermediate Education	0.07	0.07
13	2202-03-003-04 Training	0.01	0.01
14	2202-03-789-11-32 Government Junior Colleges	3.00	3.00
15	2202-03-796-11- 32 Government Junior Colleges	2.00	2.00
16	2202-80-03-11-04 State Council of Educational Research and Training	15.19	15.19
17	2202-80-03-11-05 Strengthening of A.V. Education of Mana T.V.	3.00	3.00
18	4202-01-789-11-74 Buildings	4.18	4.18
19	4202-01-789-07-74 Buildings	5.00	5.00
20	4202-01-796-07-74 Buildings	5.00	5.00
21	4202-04-105-11-08 Construction of Library Buildings	2.00	2.00
	<b>Total</b>	<b>250.53</b>	<b>250.53</b>

Source: Grant Audit Register 2016-17 compiled by O/o PAG(A&E),AP

**Appendix 2.13**  
**Expenditure without budget provision (School Education Grant)**  
**(Refer Paragraph 2.5.2.1; page 58)**

(₹ in crore)			
Sl.No	Head of Account	Re-appropriation	Expenditure
1	2202-01-789-12-06 Andhra Pradesh Mahila Samatha Society	0.31	0.31
2	2202-01-796-12-06 Andhra Pradesh Mahila Samatha Society	0.17	0.17
3	2202-04-200-12-05 Saakshar Bharat Mission 2012	4.88	4.88
4	2202-04-789-12-05 Saakshar Bharat Mission 2012	9.31	9.31
5	2202-04-796-12-05 Saakshar Bharat Mission 2012	9.12	9.12
	<b>Total</b>	<b>23.79</b>	<b>23.79</b>

Source: Grant Audit Register 2016-17 compiled by O/o PAG (A&E),AP

**Appendix 2.14**  
**New Subheads opened without the concurrence of PAG (A&E) in 2016-17**  
**(Refer Paragraph 2.6.3; page 61)**

Sl. No.	Vol No/page No of Budget Estimates	Head of Account	Nomenclature
<b>XVII Municipal Administration and Urban Development</b>			
1	III/9 of 21	2217-80-191-11-(17)	Information System Improvement Plan (ISIP)
2	III/9 of 21	2217-80-191-11-(90)	Implementation of Smart cities of state scheme
3	III/9 of 21	2217-80-191-11-(91)	Urban Transport Planning and Capacity Building in Urban Transport
4	III/9 of 27	4217-60-789-11-(06)	Providing Infrastructure facilities in Schedule Caste localities of ULBs
5	III/9 of 27	4217-60-796-11-(06)	Providing Infrastructure facilities in Schedule Tribes localities of ULBs
<b>XVIII- Housing</b>			
6	III/12 of 08	2216-02-190-11-(06)	Housing for All- Sardar Patel Urban Housing Scheme
7	III/12 of 09	2216-02-789-11-(08)	Housing for All- Sardar Patel Urban Housing Scheme
<b>XXXII Rural Development</b>			
8	III/14 of 65	2515-00-789-07-(10)	Navyandhra Jala Prabha
9	III/14 of 59	2515-00-789-07-(10)	Navyandhra Jala Prabha
<b>XXXV Energy, Infrastructure and Investments</b>			
10	III/15 of 50	6801-00-205-03-(11)	Loans for APTRANSCO for 24x7 Power for all schemes
11	III/15 of 51	6801-00-796-03-(11)	Loans for APTRANSCO for 24x7 Power for all schemes

Source: Budget review of O/o PAG (A&E)AP

## Appendix 3.1

## Statement showing submission of accounts and status of Audit of Autonomous Bodies

(Refer paragraph 3.3; page 64)

Sl. No.	Name of Body/Authority	Period of entrustment upto	Year upto which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	No. of accounts to be submitted to audit
1.	AP State Legal Services Authority, Hyderabad	Not required as per Section 18 of Legal Services Act, 1987	2014-15	2009-10	Not placed in the Legislature	2 (2015-16 & 2016-17)
2.	District Legal Services Authority, Anathapuram		2015-16	2015-16		1 (2016-17)
3.	District Legal Services Authority, Chittoor		2015-16	2013-14		1 (2016-17)
4.	District Legal Services Authority, East Godavari		2015-16	2015-16		1 (2016-17)
5.	District Legal Services Authority, Guntur		2014-15	2014-15		2 (2015-16 & 2016-17)
6.	District Legal Services Authority, YSR		2015-16	2013-14		1 (2016-17)
7.	District Legal Services Authority, Krishna		2015-16	2015-16		1 (2016-17)
8.	District Legal Services Authority, Kurnool		2015-16	2015-16		1 (2016-17)
9.	District Legal Services Authority, SPSR Nellore		2015-16	2013-14		1 (2016-17)
10.	District Legal Services Authority, Prakasam		2015-16	2015-16		1 (2016-17)
11.	District Legal Services Authority, Srikakulam		2015-16	2015-16		1 (2016-17)
12.	District Legal Services Authority, Visakapatnam		2015-16	2015-16		1 (2016-17)
13.	District Legal Services Authority, Vizianagaram		2015-16	2015-16		1 (2016-17)
14.	District Legal Services Authority, West Godavari		2015-16	2015-16		1 (2016-17)
15.	AP Building and Other Construction Workers Welfare Board		2014-15 (Up to bifurcation of the State)	2010-11	Not placed in the Legislature	3 (2014-15 to 2016-17)
16.	Visakhapatnam Urban Development Authority	2010-11 onwards	2014-15	2014-15	2014-15	2 (2015-16 & 2016-17)
17.	Tirupathi Urban Development Authority	2010-11 onwards	2015-16	2013-14	2013-14	1 (2016-17)
18.	Capital Region Development Authority	Upto 2018-19	...	...	...	3 (2014-15 to 2016-17)
19.	Putaparthi Urban Development Authority	Upto 2008-09	2004-05	...	...	Accounts from 2005-06 onwards were not produced to Audit. (*)
	*It was stated by the institution that the accounts could not be rendered due to fire accident. Though the accounts were submitted in March 2017, details regarding constitution of Board, Resolutions passed etc. have not been enclosed. Hence, treated as non-production.					
20.	Andhra Pradesh Khadi and Village Industries Board (APKVIB)	Upto 2019-20	2014-15	2013-14	Not required as per by laws	2 (2015-16 & 2016-17)

Sl. No.	Name of Body/Authority	Period of entrustment upto	Year upto which accounts were rendered	Period upto which SAR was issued	Placement of SAR in the Legislature	No. of accounts to be submitted to audit
21.	Environment Protection Training and Research Institute (EPTRI)	Upto 2017-18	2014-15	2014-15		2 (2015-16 & 2016-17)
22.	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority (AP CAMPA)	NIL <sup>#</sup>	2014-15	2014-15		2 (2015-16 & 2016-17)
<sup>#</sup> As per Headquarters letter No. 20-SMU/AAB/25-2011 dated 23.01.2012, Headquarters office stated that audit of AP State CAMPA has to be taken up without awaiting status of entrustment.						
23.	Integrated Tribal Development Agency, Parvathipuram	From 2012-13 onwards	2014-15	2013-14	Not required as per by laws	Copy of Governing Body resolution approving the Annual accounts for 2014-15 is awaited.
24.	Integrated Tribal Development Agency, Seethampet	From 2012-13 onwards	2011-12	2011-12		5 (2012-13 to 2016-17)
25.	Integrated Tribal Development Agency, Paderu	From 2012-13 onwards	2014-15	2009-10		Copy of Governing Body resolution approving the Annual accounts for 2010-11 to 2013-14 is awaited. Accounts of 2014-15 to 2016-17 were not received.
26.	Integrated Tribal Development Agency, Rampachodavaram	From 2012-13 onwards	2014-15	2011-12		2 (2015-16 & 2016-17)
27.	Integrated Tribal Development Agency, Kotaramachandrapuram	From 2012-13 onwards	2014-15	2014-15		2 (2015-16 & 2016-17)
28.	Integrated Tribal Development Agency, SPSR Nellore	From 2012-13 onwards	2014-15	2011-12		Copy of Governing Body resolution approving the Annual accounts for 2012-13 to 2014-15 is not received and annual accounts of 2015-16 and 2016-17 are awaited.
29.	Integrated Tribal Development Agency, Srisailam	From 2012-13 onwards	2013-14	2006-07		3 (2014-15 to 2016-17)

## Appendix 3.2

## Statement of Bodies and Authorities whose accounts have not been received

(Refer paragraph 3.3; page 65)

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of Sept 2017
1	Andhra University, Visakhapatnam	2015-16 & 2016-17	2
2	Dravidian University, Kuppam	2011-12 & 2015-16 to 2016-17	3
3	Nagarjuna University, Guntur	2015-16 & 2016-17	2
4	Sri Krishna Devaraya University, Ananthapuram	2011-12 to 2016-17	6
5	Sri Padmavathi Mahila Viswavidyalayam, Tirupati	2016-17	1
6	Sri Venkateswara University, Tirupati	2015-16 & 2016-17	2
7	Dr. B.R.Ambedkar University, Etcherla, Srikakulam	2015-16 & 2016-17	2
8	Adikavi Nannaya University, Rajamahendravaramu	2015-16 & 2016-17	2
9	Yogi Vemana University, YSR	2015-16 & 2016-17	2
10	Krishna University, Machilipatnam	2016-17	1
11	Adoni Arts and Science College, Adoni	2012-13 to 2016-17	5
12	AG & SG Degree College, Vuyyuru	2016-17	1
13	Akkineni Nageswara Rao College, Guduwada	2015-16 & 2016-17	2
14	AMAL College, Anakapalli	2011-12 to 2016-17	6
15	Andhra Jateeya Kalasala, Machilipatnam	2014-15 to 2016-17	3
16	Andhra Loyola Collge Vijayawada	2010-11 & 2016-17	2
17	AVN College, Visakhapatnam (II Shift)	2016-17	1
18	AVN College, Visakhapatnam	2016-17	1
19	Bandla Bapaiah Hindu College, Vetapalem, Ongole	2016-17	1
20	BAS College, Bapatla	2010-11 to 2016-17	7
21	Besant Theosophical Day College, Madanapalli	2016-17	1
22	Besant Theosophical Evening College, Madanapalli	2016-17	1
23	BGBS Women's College, Narsapur	2001-02 to 2016-17	16
24	Bhagwan Sri Satya Sai Baba College, Committee, Tadikonda, Guntur District	2016-17	1
25	Ch SD Teresa's College for Women, Eluru	2016-17	1
26	JNTU, Kakinada	2016-17	1
27	Chundi Ranganayakulu College, Chilkaluripet, Guntur	2006-07 to 2016-17	11
28	CR Reddy College, Eluru	2015-16 & 2016-17	2
29	CSR Sarma College, Ongole	2014-15 to 2016-17	3
30	Dharma Apparao College, Nuzvid, Krishna District.	2012-13 to 2016-17	5
31	Dr KVK Murthy Sanskrit College, Guntur	2010-11 to 2016-17	7
32	DRN & SVS College, Chilkaluripet	2006-07 to 2016-17	11
33	Duvvuru Ramanamma Degree College, Gudur, SPSR Nellore district	2015-16 & 2016-17	2
34	Goluguru Bapiraju Degree College, Anaparthi	2016-17	1
35	JNTU, Ananthapuram	2016-17	1
36	Islamiah College, Kurnool	2001-02 to 2016-17	16
37	J Kuppuswamy Chowdary Degree College, Guntur	2012-13 to 2016-17	5
38	Jawahar Bharathi College, Kavali	2016-17	1

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of Sept 2017
39	KBN College Vijayawada	2016-17	1
40	KGR Lutheran College, Bhimavaram (West Godavari Dt.)	2016-17	1
41	Kondapalli Thati Reddy Women's College, Gudiwada	2016-17	1
42	Maharaja College Vizianagaram (Women)	2006-07 to 2011-12 & 2013-14 to 2016-17	10
43	Maharaja Autonomous College, Vizianagaram	1997-98 to 2016-17	20
44	Maharaja College, Vizianagaram	1995-96 to 2016-17	22
45	Mary Stella College, Vijayawada	2005-06 to 2016-17	12
46	MVNJS & RVR College of Arts and Science, Malkipuram	2010-11 to 2016-17	7
47	Neelam Sanjiva Reddy Arts & Science College, Kurnool	2016-17	1
48	Noble College, Machilipatnam	2003-04 to 2016-17	14
49	Osmania College, Kurnool	2007-08 to 2016-17	10
50	PBN College, Nidubrolu, Guntur Dist.	2016-17	1
51	PBS Degree College, Vijayawada	2011-12 to 2016-17	6
52	PBS Junior College, Vijayawada	2016-17	1
53	Pedanandipadu College of Arts and Science, Pedanandipadu	2015-16 & 2016-17	2
54	PVRK Trust College, Kakinada	2012-13 to 2016-17	5
55	Rajavasireddy Venkatadri Nayudu College, Dharanikota, Amaravati	2015-16 to 2016-17	2
56	RSRK Rangarao College, Bobbili, Vizianagaram	2016-17	1
57	Ideal Junior College, Kakinada	2016-17	1
58	Satavahana College, Vijayawada	2006-07 to 2016-17	11
59	SBSYM College, Kasibugga, Srikakulam	2012-13 to 2016-17	5
60	SDS College, Hindupur, Ananthapuram	2009-10 to 2016-17	8
61	SDPS College, Sri Ramnagar, Vizainagaram District	2011-12 to 2016-17	6
62	SGS College, Jaggayyapet	2007-08 to 2016-17	10
63	SMBTAV & SN Degree College, Veeravasaram, West Godavari District	2012-13 to 2016-17	5
64	Smt. Kasu Raghavamma Brahmananda Reddy College, Narasaraopet	2015-16 & 2016-17	2
65	Sri Balasiva Yogindra Maharaja Degree College, Kurnool	2007-08 to 2016-17	10
66	Sri BS Sanskrit College, Ponnur	2009-10 to 2016-17	8
67	Sri Chararla Satyanarayana College, Gudlavalleru	2002-03 to 2016-17	15
68	Sri DMS Mahila Kalasala, Vijayawada	2006-07 to 2016-17	11
69	Sri Govindaraja Swamy Arts & Science college, Tirupathi	1995-96 to 2016-17	22
70	Smt Kandukuri Rajyalakshmi College for Women, Rajamahendravaram	2012-13 & 2015-16 to 2016-17	3
71	STBC College, Kurnool	1995-96 to 2016-17	22
72	Sri KSDM Kalasala, Tanuku	2011-12 to 2016-17	6
73	Sri KVT College, Rajamahendravaram	2016-17	1
74	Sri Padmavathi Mahila Hindu Kalasala, Machilipatnam	2014-15 to 2016-17	3

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of Sept 2017
75	Sri Sai Baba National Degree College, Ananthapuram	2012-13 to 2016-17	5
76	Sri Subbaraya & Narayana College, Narasaraopet	2000-01 to 2016-17	17
77	Sri Venkateswara Degree College, Kadapa	2006-07 to 2016-17	11
78	Sri VKP Degree College, Podili	2015-16 & 2016-17	2
79	Sri VSS Arts and Science College, Attili	2013-14 to 2016-17	4
80	Sri Yerlamilli Narayana Murthy College, Narsapur, W.G.Dist	2011-12 to 2016-17	6
81	SRVS & JB Maharani College, Peddapuram	2013-14 to 2016-17	4
82	SV Arts, Commerce & Science College Chagalmarri, Kurnool Dist.	2016-17	1
83	St Joseph's College, Visakhapatnam	2006-07 to 2016-17	11
84	St. Joseph's College for Women , Visakhapatnam	2015-16 & 2016-17	2
85	St. Theresa's College, Eluru	2008-09 to 2016-17	9
86	SV Arts & Science College, Giddalur (Prakasam)	2003-04,2005-06,2008-09, 2009-10 & 2011-12 to 2016-17	10
87	SVKP &Dr KS Raju, Arts & Science college Penugonda, West Godavari Dist.	2012-13 to 2013-14 & 2016-17	3
88	SVKP College Markapur	2016-17	1
89	KVR and MKR College Khazipalem, Guntur Dist.	2016-17	1
90	BVK College, Vishakhapatnam	2015-16 & 2016-17	2
91	The Hindu College, Machilipatnam	2011-12 to 2016-17	6
92	TJPS College, Guntur	2009-10 to 2016-17	8
93	Venkatagiri Raja College (Day), SPSR Nellore	2004-05 to 2016-17	13
94	VKR College, Buddhavaram	2016-17	1
95	VR College (Evening), SPSR Nellore	2012-13 to 2016-17	5
96	VSM College, Ramchandrapuram	2015-16 & 2016-17	2
97	VSR and NVR College, Tenali	2015-16 & 2016-17	2
98	VTJM & TVTR College – Mangalagiri	2005-06 to 2016-17	12
99	VVM Degree College, Ongole	1995-96 to 2016-17	22
100	YS Raja Reddy Degree College, Pulivendula, YSR (Loyola Degree College)	2004-05 to 2016-17	13
101	Andhra Muslim College, Guntur	2016-17	1
102	Zilla Grandhalaya Samstha, Anantapuram	2014-15 to 2016-17	3
103	Zilla Grandhalaya Samstha, Chittoor	2016-17	1
104	Zilla Grandhalaya Samstha, East Godavari	2014-15 to 2016-17	3
105	Zilla Grandhalaya Samstha, Guntur	2012-13 to 2016-17	5
106	Zilla Grandhalaya Samstha, YSR	2014-15 to 2016-17	3
107	Zilla Grandhalaya Samstha, Krishna	2015-16 & 2016-17	2
108	Zilla Grandhalaya Samstha, Kurnool	2016-17	1
109	Zilla Grandhalaya Samstha, SPSR Nellore	2016-17	1
110	Zilla Grandhalaya Samstha, Ongole	2015-16 & 2016-17	2
111	Zilla Grandhalaya Samstha, Srikakulam	2016-17	1
112	Zilla Grandhalaya Samstha, Visakhapatnam	2016-17	1
113	Zilla Grandhalaya Samstha, Vizianagaram	2014-15 to 2016-17	3
114	Zilla Grandhalaya Samstha, West Godavari	2014-15 to 2016-17	3
115	Zilla Saaksharata Samiti, Anantapuram	1997-98 to 2016-17	20

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of Sept 2017
116	Zilla Saaksharata Samiti, Chittoor	2002-03 to 2016-17	15
117	Zilla Saaksharata Samiti, East Godavari	2016-17	1
118	Zilla Saaksharata Samiti, Guntur	2006-07 to 2016-17	11
119	Zilla Saaksharata Samiti, YSR	2000-01 to 2016-17	17
120	Zilla Saaksharata Samiti, Krishna	2001-02 to 2016-17	16
121	Zilla Saaksharata Samiti, Kurnool	2004-05 to 2016-17	13
122	Zilla Saaksharata Samiti, SPSR Nellore	1998-99 to 2016-17	19
123	Zilla Saaksharata Samiti, Prakasham	2004-05 to 2016-17	13
124	Zilla Saaksharata Samiti, Srikakulam	2001-02 to 2016-17	16
125	Zilla Saaksharata Samiti, Visakhapatnam	2001-02 to 2016-17	16
126	Zilla Saaksharata Samiti, Vizianagaram	2001-02 to 2016-17	16
127	Zilla Saaksharata Samiti, West Godavari	2010-11 to 2016-17	7
128	CR Reddy College (Evening), Eluru	2015-16 & 2016-17	2
129	SSGS Degree College, Guntakal	2016-17	1
130	AP Residential Degree College, Nagarjunasagar, Guntur Dist.	2016-17	1
131	NTR University of Health Sciences	2015-16 & 2016-17	2
132	Sri Venkateswara Institute of Medical Sciences	2016-17	1
133	Sri Mullapudi Venkata Raja Memorial Medical & Educational Trust, Tanuku	2001-02 to 2016-17	16
134	AP Aids Control Society	2010-11 to 2016-17	7
135	AP Medical Services Infrastructure Development Corporation	2013-14 to 2016-17	4
136	AP Medicinal and Aromatic Plants Board	2013-14 to 2016-17	4
137	AP State TB Society	2011-12 to 2016-17	6
138	AP Yogadhyayana Parishad	2012-13 to 2016-17	5
139	NTR Vaidya Seva Scheme	2016-17	1
140	State Blindness Control Society, Hyderabad	2006-07 to 2016-17	11
141	AP Vaidya Vidhana Parishad	2014-15 to 2016-17	3
142	AP Right to Sight Society	2013-14 to 2016-17	4
143	RIMS, Srikakulam	2015-16 & 2016-17	2
144	RIMS, Ongole	2015-16 & 2016-17	2
145	RIMS, Kadapa	2015-16 & 2016-17	2
146	S V Degree College, Parvathipuram, Vizianagaram	2008-09 to 2016-17	9
147	Dr.L B Degree College, Visakhapatnam	2008-09 to 2016-17	9
148	Adinarayana Women Degree College, Anakapally, Visakapatnam	2008-09 to 2016-17	9
149	Sri Venkateswara Vidyapeeth VMC Degree College, Visakapatnam	2008-09 to 2016-17	9
150	Montessori Mahila Kalasala, Vijayawada	2008-09 to 2016-17	9
151	SAS College, Vijayawada	2008-09 to 2016-17	9
152	Sri Sarada Degree College, Vijayawada	2008-09 to 2016-17	9
153	Sri Goutu Lachanna College, Vijayawada	2008-09 to 2016-17	9
154	Saptagiri College, Vijayawada	2008-09 to 2016-17	9
155	DRG Women Degree College, Tadepalligudem, West Godavari District	2008-09 to 2016-17	9
156	AC College, Guntur	2008-09 to 2016-17	9
157	AC Evening College, Guntur	2008-09 to 2016-17	9

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of Sept 2017
158	AGKN College, Sattenapalli, Guntur District	2008-09 to 2016-17	9
159	SGHR & MCMR College, Guntur	2008-09 to 2016-17	9
160	Dr.KRR College, Duggirala, Guntur District	2015-16 & 2016-17	2
161	MVGRR College, Bhattiprolu, Guntur District	2013-14 to 2016-17	4
162	Smt.NBR Rao College, Narasaraopet, Guntur	2008-09 to 2016-17	9
163	NBKR College, Vidyanagar, SPSR Nellore District	2008-09 to 2016-17	9
164	Dr. SRJ College Atmakur, Nellore District	2008-09 to 2016-17	9
165	Sri Venugopaldaswami College, Nellore	2008-09 to 2016-17	9
166	ABM College, Ongole	2008-09 to 2016-17	9
167	S.V. Day College, Tirupathi	2008-09 to 2016-17	9
168	Sri Padmavathi Women College, Tirupathi	2008-09 to 2016-17	9
169	Sri Balasiva Yogindra Maharaja College, Mydukur, YSR Kadapa	2008-09 to 2016-17	9
170	Sri B Veerareddy College, Badvel, YSR(Dist)	2008-09 to 2016-17	9
171	SKS College, Proddatur, YSR(Dist)	2008-09 to 2016-17	9
172	VRS College, Veerapanayanapally, YSR(Dist)	2008-09 to 2016-17	9
173	Sri YSR Memorial College, YSR	2008-09 to 2016-17	9
174	DA College for Women, Proddatur, YSR(Dist)	2008-09 to 2016-17	9
175	SV College, YSR	2008-09 to 2016-17	9
176	SLS College, Pullareddypeta, YSR(Dist)	2008-09 to 2016-17	9
177	Sri Ankalreddy College, Allagadda, Kurnool(Dist)	2008-09 to 2016-17	9
178	Sri Ramakrishna Degree College, Nandyal, Kurnool(Dist)	2008-09 to 2016-17	9
179	Telugu Acadamy	2015-16 & 2016-17	2
180	AP Hindi Acadamy	2015-16 & 2016-17	2
181	AP Open School Society	2012-13 to 2016-17	5
182	AP Residential Educational Institutional Society	2016-17	1
183	AP School Educational Society/Sarva Shiksha Abhiyan/Rajiv Vidya Mission	2016-17	1
184	AP School Health Project, Hyderabad	1999-00 to 2016-17	18
185	AP Educational Welfare Infrastructure Development Corporation	2014-15 to 2016-17	3
186	AP State Council of Higher Education	2013-14 to 2016-17	4
187	AP State Literacy Mission Authority	2016-17	1
188	Sri Sarvodaya College, SPSR Nellore	2016-17	1
189	SKBR College, Amalapuram	2016-17	1
190	JMJ College, Tenali	2016-17	1
191	Ideal Degree College, Kakinada	2016-17	1
192	Vikram Simhapuri University, SPSR Nellore	2015-16 & 2016-17	2
193	Rayalaseema University, Kurnool	2008-09 to 2016-17	9
194	State Institute of Educational Technology	2016-17	1
195	AP BC Finance Corporation	2014-15 to 2016-17	3
196-205	BC Service Cooperative Societies (10)	Ranging 1-13 years	76
206	AP Study Circle, Ananthapuram	2016-17	1
207	AP Study Circle, Guntur	2016-17	1
208	AP Study Circle for BCs, Kurnool	2014-15 to 2016-17	3
209	AP Washermen Cooperative Society, Hyderabad	2005-06 to 2016-17	12

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of Sept 2017
210	MJP AP BC Welfare Residential Educational Institutions Society	2015-16 & 2016-17	2
211	AP SC Finance Corporation	2016-17	1
212	AP Social Welfare Residential Educational Institutions Society (SWREIS)	2013-14 to 2016-17	4
213	AP Social Welfare Fund	2001-02 to 2016-17	16
214-226	District SC Service Co-operative Societies (13)	Ranging 1 – 12 years	52
227	AP Scheduled Tribes Finance Corporation	2015-16 & 2016-17	2
228	AP Tribal Welfare Residential Educational Institutions Society (APTWREIS), Hyderabad	2013-14 to 2016-17	4
229	Girijan Cooperative Corporation (GCC), Visakapatnam	2012-13, 2013-14, 2014-15 and 2016-17	4
230	AP Social Welfare Board	2014-15 to 2016-17	3
231	AP State Council for Child Welfare	2016-17	1
232	AP Vikalangula Finance Corporation	2011-12 to 2016-17	6
233	AP Women Cooperative Finance Corporation, Hyderabad	2014-15 to 2016-17	3
234	AP Creche Committee	2013-14 to 2016-17	4
235	AP Haj Committee	2016-17	1
236-248	District Rural Development Agencies (DRDAs) (13)	2006-07 to 2016-17	61
249-261	District Water Management Agencies (DWMAs) (13)	2005-06 to 2016-17	67
262	Centre for Economic and Social Studies(CESS)	2012-13 to 2016-17	5
263	AP State Development Planning Society	2015-16 & 2016-17	2
264	AP State Remote Sensing Application Centre	2012-13 to 2016-17	5
265	Rajiv Udyogasri Society	2010-11 to 2016-17	7
266-278	Societies for Training and Employment Promotion (STEPS) (13)	2005-06 to 2016-17	32
279	APSTEP, Secunderabad	2014-15 to 2016-17	3
280	Sports Authority of Andhra Pradesh	2014-15 to 2016-17	3
281	AP Sports School	2013-14 to 2016-17	4
282	A.P. Advocates Welfare Fund	2011-12 to 2016-17	6
283	A.P. Advocates & Clerks Welfare Fund	2012-13 to 2016-17	5
284	Andhra Pradesh Cooperative Oil Seeds Growers Federation Limited	2014-15 to 2016-17	3
285	Andhra Pradesh Marketing Federation Ltd	2016-17	1
286	Andhra Pradesh State Cooperative Union, Hyderabad	2014-15 to 2016-17	3
287	State Agriculture Management and Extension Training Institute (SAMETI)	2000-01 to 2016-17	17
288	Andhra Pradesh Seeds Certification Agency, Hyderabad	2015-16 & 2016-17	2
289	Andhra Pradesh State Co-operative Rural Irrigation Corporation	2011-12 to 2016-17	6
290	The Hyderabad Agricultural Co-operative Association Limited (HACA)	2011-12 to 2016-17	6
291	Acharya N G Ranga Agricultural University, Rajendra Nagar	2014-15 to 2016-17	3
292	SERIFED, Hyderabad	2013-14 to 2016-17	4
293	Andhra Pradesh Horticulture Agency, Hyderabad	2003-04 to 2016-17	14

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of Sept 2017
294	YSR Horticulture University, Tadepalligudem, WG Dist.	2007-08 to 2016-17	10
295	AP Sheep and Goat Development Cooperative Federation, Hyderabad	2015-16 & 2016-17	2
296	AP State Fishermen Cooperative Societies Federation, Hyderabad	2010-11 to 2016-17	7
297	AP Dairy Development Cooperative Federation Ltd., Hyderabad	2013-14 to 2016-17	4
298	AP Livestock Development Agency, Hyderabad	2014-15 to 2016-17	3
299	Sri Venkateswara Veterinary University, Tirupathi	2013-14 to 2016-17	4
300	A P Pollution Control Board, Hyderabad	2016-17	1
301	AP State Council of Science & Technology (APCOST), Hyderabad	2007-08 to 2016-17	10
302	AP State Bio-Diversity Board, Hyderabad	2014-15 to 2016-17	3
303	Zoo Authority of Andhra Pradesh (ZAAP)	2012-13 to 2016-17	5
304	Andhra Pradesh State Handloom Weavers Co-operative Society Ltd. (APCO)	2014-15 to 2016-17	3
305	AP Spinfed, Hyderabad	2004-05 to 2016-17	13
306	Water and Land Management Training and Research Institute (WALAMTARI), Hyderabad	2013-14 to 2016-17	4
307	Society for Andhra Pradesh Network (SAPNET), Hyderabad	2012-13 to 2016-17	5
308	Andhra Pradesh INVEST	2013-14 to 2016-17	4
309	Andhra Pradesh Roads Development Corporation	2014-15 to 2016-17	3
	<b>Total</b>		<b>1738</b>

**Appendix 3.3**  
**Statement of PSUs whose accounts have not been received**  
**(Refer paragraph 3.3; page 65)**

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of July 2017
1.	AP Trade Promotion Corporation Ltd.	2014-15 to 2016-17	3
2.	AP Technological Services Ltd.	2016-17	1
3.	Ongole Iron Ore Mining Company	2016-17	1
4.	Andhra Pradesh Industrial Development Corporation Ltd.	2014-15 to 2016-17	3
5.	AP State Agro Industries Development Corporation	2015-16 & 2016-17	2
6.	Andhra Pradesh Handicrafts Development Corporation Limited	2014-15 to 2016-17	3
7.	AP Industrial Infrastructure Corporation Ltd	2015-16 & 2016-17	2
8.	AP Mineral Development Corporation Ltd	2014-15 to 2016-17	3
9.	Vizag Apparel Park for Exports	2016-17	1
10.	AP Aviation Corporation Ltd	2006-07 to 2016-17	11
11.	Krishnapatnam International Leather Complex Pvt Ltd.	2015-16 & 2016-17	2
12.	AP Meat Development Corporation	2014-15 to 2016-17	3
13.	AP State Irrigation Development Corporation	2015-16 & 2016-17	2
14.	Andhra Pradesh Forest Development Corporation Limited	2014-15 to 2016-17	3
15.	AP Power Generation Corporation Limited	2016-17	1
16.	Capital City Development and Management Corporation Limited	2015-16 & 2016-17	2
17.	AP Brahmin Welfare Corporation Limited	2016-17	1
18.	AP State Warehousing Corporation Ltd	2014-15 to 2016-17	3
19.	AP State Road Transport Corporation	2014-15 to 2016-17	3
20.	Andhra Pradesh Medtech Zone Limited	2016-17	1
21.	Rytu Sadhikara Samstha	2014-15 to 2016-17	3
22.	New and Renewable Energy Development Corporation of AP	2014-15 to 2016-17	3
23.	Leather Industries Development Corporation of AP Ltd	2014-15 to 2016-17	3
24.	Andhra Pradesh Rajiv Swagruha Corporation Ltd	2014-15 to 2016-17	3
25.	Indira Gandhi Centre for Advanced Research on Livestock Private Ltd.	2015-16 & 2016-17	2
26.	Andhra Pradesh Beverages Corporation Ltd.	2015-16 & 2016-17	2
27.	Andhra Pradesh State Fibernet Ltd.	2016-17	1
28.	Bhogapuram International Airport	2016-17	1
29.	Vijayawada Urban Transport Company Ltd.	2012-13 to 2016-17	5
30.	Andhra Pradesh Gas Infrastructure Corporation Ltd.	2016-17	1
31.	Kakinada Smart City Corporation Ltd.	2016-17	1
32.	Andhra Pradesh Mahila Sadhikara Samstha	2015-16 & 2016-17	2
33.	Infrastructure Corporation of Andhra Pradesh Ltd.	2015-16 & 2016-17	2

Sl. No.	Name of the Body/ Authority	Years for which accounts had not been received	No. of annual accounts in arrears as of July 2017
34.	Andhra Pradesh Tribal Power Company Ltd.	2008-09 to 2016-17	9
35.	Andhra Pradesh Kapu Welfare and Development Corporation Ltd.	2015-16 & 2016-17	2
36.	Andhra Pradesh State Christian Minorites Finance Corporation Ltd.	2014-15 to 2016-17	3
37.	Andhra Pradesh State Minorites Finance Corporation Ltd.	2015-16 & 2016-17	2
38.	Andhra Pradesh State Police Housing Corporation Ltd.	2014-15 to 2016-17	3
39.	Andhra Pradesh State Housing Corporation Ltd.	2014-15 to 2016-17	3
40.	Andhra Pradesh Urban Finance Infrastructure Development Corporation Ltd.	2014-15 to 2016-17	3
41.	Andhra Pradesh State Civil Supplies Corporation Ltd.	2014-15 to 2016-17	3
42.	Andhra Pradesh Tourism Development Corporation Ltd.	2013-14 to 2016-17	4
43.	Andhra Pradesh State Film Television & Theatre Development Corporation	2016-17	1
44.	Overseas Manpower Company of Andhra Pradesh Ltd.	2015-16 & 2016-17	2
45.	Andhra Pradesh State Beverages Corporation Ltd.	2016-17	1
46.	Andhra Pradesh Towers Ltd.	2016-17	1
47.	Andhra Pradesh Township and Infrastructure Development Corporation	2016-17	1
48.	Andhra Pradesh Urban Greening and Beautification Corporation Ltd.	2016-17	1
49.	Greater Visakhapatnam Smart City Corporation Ltd.	2016-17	1
	<b>TOTAL</b>		<b>120</b>

### Appendix 3.4

#### CCO wise Unreconciled Expenditure (₹ 500 crore and above cases only)

(Refer paragraph 3.4; page 65)

S.No.	Department/Controlling Officer	MH	Unreconciled expenditure
1	Finance Department, Secretary	2048, 2049, 2052, 2071, 3053, 3454 &4070	14,737
2	Rural Development. HoD	2235, 2501, 2515, 2853 &4235	8,407
3	Agriculture, HoD	2401, 2402 &2408	5,157
4	School Education, HoD	2202, 2204 &2236	3,789
5	Panchayat Raj, HoD	2235, 2515 &3604	2,772
6	Municipal Administration, HoD	2217, 2230 &3604	2,675
7	Commissioner for Relief, HoD	2235, 2245 &4250	2,111
8	Municipal Administration and Urban Development, Secretariat Department	2215, 2217, 2251 &4217	1,840
9	Women Development & Child Welfare, HoD	2235 &2236	1,391
10	Welfare of Backward Classes, HoD	2225 &4225	1,359

S.No.	Department/Controlling Officer	MH	Unreconciled expenditure
11	Family Welfare, HoD	2211	1,348
12	Health, HoD	2210, 2211, 2225, 3435 & 3454	1,329
13	Rural Water Supply Chief Engineer	2215 & 4215	1,297
14	Social Welfare, HoD	2225, 2230 & 2235	1,073
15	Land Administration, HoD	2029, 2053, 2070, 2235 & 2506	944
16	Medical Education, HoD	2210 & 4210	851
17	Horticulture, HoD	2401	810
18	Collegiate Education, HoD	2202 & 4202	715
19	Technical Education, HoD	2203	613
20	Engineer-in-Chief (General & Panchayat Raj)	2515	606
21	Health, Medical & Family Welfare Department, Secretariat Department	2210, 2211, 2251 & 4210	587

### Appendix 3.5

Statement showing PD Accounts in which amounts lying idle (₹ 100 crore and above cases only)

(Refer paragraph 3.5; page 66)

(₹ in crore)

Sl No.	Name	Balance as on 31 March 2017
1	AP SC's Corporation	774.28
2	AP Industrial Infrastructure Corporation	127.06
3	AP BC Cooperative Finance Corporation	417.94
4	AP ST Cooperative Finance Corporation	249.30
5	Girijan Coffee Development Corporation	670.64
6	AP Industrial Development Corporation	328.20
7	Rythu Sadhikara Samstha	264.08
8	AP Technology Services	226.93
9	AP Medical Housing and Infrastructure Development Corporation	517.31
10	Horticulture Development Agency	566.85
11	AP Urban Finance Infrastructure Corporation	2363.94

### Appendix 3.6

Statement showing Department-wise details of pending DC bills at the end of 2016-17

(Refer paragraph 3.6; page 71)

(₹ in crore)

Sl. No.	Department	No. of Bills	Amount
1	Revenue	520	120.41
2	Education	318	27.14
3	Youth Advancement, Tourism and Culture	117	8.60
4	Health, Medical and Family Welfare	96	0.16
5	Law	70	0.76
6	Agriculture	67	6.29
7	Home	53	5.44
8	Panchayat Raj and Rural Development	46	4.69
9	Social Welfare	46	1.25
10	Women, Children, Disabled and Senior Citizens	42	0.86

Sl. No.	Department	No. of Bills	Amount
11	BC Welfare Department	35	0.14
12	Environment, Forest, Science and Technology	16	0.18
13	Labour, Employment, Training and Factories	16	0.05
14	General Administration	22	3.71
15	Finance	14	0.06
16	Roads, Buildings and Ports	13	0.06
17	Animal Husbandry, Dairy Development and Fisheries	13	0.05
18	Food, Civil Supplies and Consumer Affairs	3	0.00(₹ 5690)
19	Water Resources department	3	0.03
20	Information Technology, Electronics & Communications	2	0.19
21	Industries and Commerce	1	0.00(₹ 10,000)
22	Planning	1	0.00(₹ 24,000)
23	Public Enterprises	1	0.00(₹ 10,000)
24	Miscellaneous	11	99.70
	Total	1526	279.77

### Appendix 3.7

#### Statement showing Department-wise details of pending DC bills (more than 100 bills)

(Refer paragraph 3.6; page 71)

(₹ in crore)

Sl. No.	Department	No. of Bills	Amount
1.	Revenue	520	120.41
2	Education	318	27.14
3	Youth Advancement, Tourism and Culture	117	8.60
	Total	955	156.15

### Appendix 3.8

#### Major Head wise expenditure booked under MiH 800

(Refer paragraph 3.7; page 72)

(₹ in lakh)

Sl. No.	MH	Description	Total Expenditure	Expenditure booked under 800	Percentage
1	2236	Nutrition	3366.99	2352.32	69.86
2	2250	Other Social Services	115.00	115.00	100.00
3	2401	Crop Husbandry	5899.81	4457.81	75.56
4	2501	Special Programmes for Rural Development	5666.76	4318.81	76.21
5	2702	Minor Irrigation	88.50	56.11	63.40
6	2711	Flood Control and Drainage	0.25	0.25	100.00
7	2801	Power	11477.91	11384.37	99.19
8	2810	New and Renewable Energy	5.24	4.74	90.46
9	2852	Industries	473.43	407.92	86.16
10	2875	Other Industries	60.50	60.50	100.00
11	3054	Roads and Bridges	986.34	520.78	52.80
12	4070	Capital Outlay on Other Administrative Services	27.22	22.24	81.70
13	5054	Capital Outlay on Roads and Bridges	2192.94	2130.02	92.93
14	5475	Capital Outlay on Other General Economic Services	177.90	156.76	88.11

**Appendix 3.9**  
**Major Head wise receipts booked under MiH 800**  
**(Refer paragraph 3.7; page 72)**

(₹ in lakh)

Sl. No.	MH	Description	Total Receipts	Receipts booked under 800	Percentage
1	0029	Land Revenue	166.88	131.65	78.89
2	0056	Jails	0.28	0.28	100.00
3	0075	Miscellaneous General Services	131.08	76.98	58.73
4	0210	Medical and Public Health	83.36	50.58	60.68
5	0211	Family Welfare	0.01	0.01	100.00
6	0217	Urban Development	901.15	901.15	100.00
7	0235	Social Security and Welfare	10.94	10.94	100.00
8	0401	Crop Husbandry	2.02	1.52	74.91
9	0405	Fisheries	2.51	1.69	67.51
10	0425	Co-operation	10.74	10.25	95.44
11	0506	Land Reforms	1.13	1.13	100.00
12	0515	Other Rural Development Programmes	559.20	559.20	100.00
13	0700	Major Irrigation	165.56	113.48	68.55
14	0701	Medium Irrigation	4.06	4.06	100.00
15	0702	Minor Irrigation	1.78	1.66	93.18
16	0801	Power	11.28	7.08	62.77
17	0875	Other Industries	0.03	0.03	100.00
18	1051	Ports and Light Houses	160.74	160.74	100.00
19	1054	Roads and Bridges	56.76	56.45	99.46
20	1452	Tourism	0.04	0.04	100.00
21	1456	Civil Supplies	5.17	5.17	100.00

## Appendix 4.1

### Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal liabilities}) / 2] * 100$
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	$\text{Interest Received} / [(\text{opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
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 during the course of the year (Fiscal Deficit – Interest payments)
Quantum spread	Debt stock * Interest spread
Rate of growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure

Terms	Description
Absorptive capacity	Absorptive capacity 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 is 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 (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

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	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	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
<b>A&amp;E</b>	Accounts & Entitlements
<b>AABY</b>	Aam Aadmi Bima Yojana
<b>AAH</b>	Anna Abhaya Hastam
<b>AC</b>	Abstract Contingent
<b>AE</b>	Aggregate Expenditure
<b>AP</b>	Andhra Pradesh
<b>AP CAMPA</b>	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority
<b>APBM</b>	Andhra Pradesh Budget Manual
<b>APFC</b>	Andhra Pradesh Financial Code
<b>APIIC</b>	AP Industrial Infrastructure Development Corporation
<b>APKVIB</b>	Andhra Pradesh Khadi and Village Industries Board
<b>APMSIDC</b>	AP Medical Service and Infrastructure Corporation
<b>APMSS</b>	AP Mahila Sadhikara Samstha
<b>APPFC</b>	AP Power Finance Corporation
<b>APRIGP</b>	Andhra Pradesh Rural Inclusive Growth Programme
<b>APRSP</b>	AP Road Sector Project
<b>APSAC</b>	Andhra Pradesh Space Application Centre
<b>APSCCFC</b>	Andhra Pradesh Scheduled Caste Cooperative Finance Corporation
<b>APSCHE</b>	AP State Council for Higher Education
<b>APSHQT</b>	Andhra Pradesh State Headquarters Treasury
<b>APSIDC</b>	Andhra Pradesh State Irrigation Development Corporation
<b>APSRTC</b>	Andhra Pradesh State Road Transport Corporation
<b>APSSA</b>	AP Sarva Siksha Abhiyan
<b>APTRANSCO</b>	Andhra Pradesh Transmission corporation
<b>APTSIDCO</b>	AP Township and Infrastructure Development Corporation
<b>BC</b>	Backward Class
<b>BCR</b>	Balance from Current Revenue
<b>BE</b>	Budget Estimates
<b>BPL</b>	Below Poverty Line

<b>BRO</b>	Budget Release Order
<b>CAB</b>	Certificate of Acceptance of Balances
<b>CAGR</b>	Compound Annual Growth Rate
<b>CAO</b>	Central Accounts Office
<b>CAS</b>	Central Accounts Section
<b>CASP</b>	Centrally Assisted State Plan
<b>CBR</b>	Chokka Rao Devadula B.R.Ambedkar
<b>CC</b>	Capital charged
<b>CCO</b>	Chief Controlling Officer
<b>CE</b>	Capital Expenditure
<b>CEO</b>	Chief Executive Officer
<b>CFMS</b>	Comprehensive Financial Management System
<b>CINB</b>	Corporate Internet Banking
<b>CR</b>	Capital Receipts
<b>CRF</b>	Central Road Fund
<b>CRN</b>	Core Road Network
<b>CSS</b>	Centrally Sponsored Schemes
<b>CV</b>	Capital Voted
<b>CVP</b>	Commutated Value of Pension
<b>DC</b>	Detailed Contingent
<b>DCRF</b>	Debt Consolidation and Relief Facility
<b>DDO</b>	Drawing and Disbursing officer
<b>DDR</b>	Debt, Deposit and Remittance
<b>DE</b>	Development Expenditure
<b>DISCOMS</b>	Distribution Companies
<b>DoLR</b>	Department of Land Resources
<b>DPC</b>	Duties , Powers and Conditions
<b>DRDA</b>	District Rural Development Authority
<b>DSMFAs</b>	District sand mining facilitating agencies
<b>DTO</b>	District Treasury Officer
<b>DWCRA</b>	Development of women and Children in Rural Areas
<b>EBC</b>	Economically Backward Classes
<b>EMD</b>	Earnest Money Deposit

<b>EPTRI</b>	Environment Protection Training and Research Institute
<b>FC</b>	Finance Commission
<b>FEAD</b>	Financial and Economic Analysis Division
<b>FRBM</b>	Fiscal Responsibility and Budget Management
<b>FRL</b>	Fiscal Responsibility Legislation
<b>FRP</b>	Financial Restructuring Plan
<b>FSD</b>	Further Security Deposit
<b>FY</b>	Financial Year
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GCS</b>	General Category States
<b>GDP</b>	Gross Domestic Product
<b>GIC</b>	General Insurance Corporation
<b>GNSS</b>	Galeru Nagari Sujala Sravanthi
<b>GO</b>	Government Order
<b>GoAP</b>	Government of AP
<b>GoI</b>	Government of India
<b>GPF</b>	General Provident Fund
<b>GSDP</b>	Gross State Domestic Product
<b>HNSS</b>	Handri Nagari Sujala Sravanthi
<b>HoD</b>	Head of Department
<b>IAP</b>	Integrated Action Plan
<b>ICT</b>	Information and Communication Technology
<b>IFSC</b>	Indian Financial System Code
<b>IJP</b>	Indira Jala Prabha
<b>ISIP</b>	Information System Improvement Plan
<b>IT</b>	Income Tax
<b>ITDA</b>	Integrated Tribal Development Agency
<b>IWMP</b>	Integrated Watershed Management Programme
<b>KVK</b>	Krida Vikas Kendra
<b>LIC</b>	Life Insurance Corporation
<b>LIS</b>	Lift Irrigation Scheme
<b>LMMH</b>	List of Major and Minor Heads
<b>MA&amp;UD</b>	Municipal Administration and Urban Development

<b>MD</b>	Managing Director
<b>MDM</b>	Mid-Day Meal
<b>MEFS</b>	Macro-Economic Framework Statement
<b>MGNREGA</b>	Mahatma Gandhi National Rural Employment Guarantee Act
<b>Min H</b>	Minor Head
<b>MoU</b>	Memorandum of Understanding
<b>NA</b>	Not Available
<b>NABARD</b>	National Bank for Agriculture and Rural Development
<b>NACO</b>	National AIDS Controlling Authority
<b>NC</b>	Not Comparable
<b>NCDC</b>	National Co-operative Development Corporation
<b>NPRE</b>	Non-Plan Revenue Expenditure
<b>NRDWP</b>	National Rural Drinking Water Programme
<b>NRLM</b>	National Rural Livelihood Mission
<b>NSAP</b>	National Social Assistance Programme
<b>NSSF</b>	National small savings Fund
<b>NTR</b>	Nandamuri Taraka Ramarao
<b>O&amp;M</b>	Operation & Maintenance
<b>OD</b>	Overdrafts
<b>OTR</b>	Own Tax Revenue
<b>PAG(A&amp;E)</b>	Principal Accountant General(Accounts & Entitlements)
<b>PAO</b>	Pay and Accounts Office
<b>PD</b>	Personal Deposits
<b>PDC</b>	Public Debt Charged
<b>PF</b>	Provident Fund
<b>PMFBY</b>	Prime Minister Fasal Bima Yojana
<b>PMKSY</b>	Pradhan Mantri Krishi Sinchai Yojana
<b>PPP</b>	Public Private Partnership
<b>PR</b>	Panchayat Raj
<b>PR &amp; RD</b>	Panchayat Raj and Rural Development
<b>Pr.AG</b>	Principal Accountant General
<b>PRI</b>	Panchayati Raj Institution
<b>PSU</b>	Public Sector Units

<b>RBD</b>	Reserve Bank Deposit
<b>RBI</b>	Reserve Bank of India
<b>RBS</b>	Reserve Bank Suspense
<b>RC</b>	Revenue Charged
<b>RDC</b>	Road Development Corporation
<b>RE</b>	Revenue Expenditure/Revised Estimates
<b>RIDF</b>	Rural Infrastructure Development Fund
<b>RMSA</b>	Rashtriya Madhyamika Shiksha Abhiyan
<b>ROG</b>	Rate Of Growth
<b>RR</b>	Revenue Receipts
<b>RTE</b>	Right To Education
<b>RTF</b>	Reimbursement of Tuition Fee
<b>RUSA</b>	Rashtriya Uchcharat Shiksha Abhiyan
<b>RV</b>	Revenue Voted
<b>RWS</b>	Rural Water Supply
<b>S&amp;W</b>	Salaries and Wages
<b>SAAP</b>	Sports Authority of Andhra Pradesh
<b>SBI</b>	State Bank of India
<b>SC</b>	Scheduled Caste
<b>SCSP</b>	Scheduled Castes Sub-Plan
<b>SERP</b>	Society for Elimination of Rural Poverty
<b>SERP-AABY</b>	Society for Elimination of Rural Poverty - Aam Admi Bima Yojana
<b>SPD</b>	State Project Director
<b>SSE</b>	Social Sector Expenditure
<b>ST</b>	Scheduled Tribes
<b>STD</b>	Sexually Transmitted Disease
<b>STO</b>	State Treasury Officer
<b>SWMA</b>	Special Ways and Means Advances
<b>TBP-LLC</b>	Tunga Bhadra Project Low Level Canal
<b>TDS</b>	Tax Deducted at Source
<b>TE</b>	Total Expenditure
<b>TFC</b>	Twelfth Finance Commission
<b>TSP</b>	Tribal Sub Plan

<b>UC</b>	Utilisation certificate
<b>UDAY</b>	Ujwal DISCOM Assurance Yojana
<b>ULB</b>	Urban Local Bodies
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>VLC</b>	Voucher Level Computerisation
<b>w.e.f</b>	With Effect From
<b>WMA</b>	Ways and Means Advances
<b>WMA/SDF/OD</b>	Ways and Means Advances/Special Drawing Facility/Overdraft
<b>WSHG</b> s	Women Self Help Groups

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