



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
State Finances
for the year ended March 2012**



Government of Andhra Pradesh

Report No. 1

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Comptroller and Auditor General of India
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Table of Contents

	Reference to	
	Paragraph	Page
<i>Preface</i>		v
<i>Executive summary</i>		vii
Chapter – 1 Finances of the State Government		
Introduction	1.1	1
Summary of Current Year’s Fiscal Transactions	1.2	1
Budget Estimates and Actuals	1.3	3
Fiscal reform path	1.4	3
Resources of the State	1.5	4
Revenue Receipts	1.6	4
Application of Resources	1.7	8
Quality of Expenditure	1.8	14
Financial analysis of Government expenditure and investments	1.9	16
Assets and Liabilities	1.10	20
Debt Sustainability	1.11	23
Fiscal Imbalances	1.12	25
Conclusion	1.13	27
Chapter – 2 Financial Management and Budgetary Control		
Introduction	2.1	29
Transparency in Budgeting	2.2	29
Financial Accountability and Budget Management	2.3	29
Summary of Appropriation Accounts	2.4	30
Major Policy Initiatives	2.5	39
Advances from Contingency Fund	2.6	41
Errors in Budgeting Process	2.7	42
Conclusion	2.8	43
Chapter – 3 Financial Reporting		
Introduction	3.1	45
Utilisation Certificates	3.2	45

	Reference to	
	Paragraph	Page
Submission of accounts/Audit Reports of Autonomous bodies	3.3	45
Un-reconciled expenditure and receipts	3.4	46
Functioning of Treasuries	3.5	46
Irregular parking of funds	3.6	46
Personal Deposit Accounts	3.7	47
Parking of funds outside Government account	3.8	50
Pendency of Detailed Contingent bills	3.9	50
Outstanding balances under Major Suspense Account - 8658	3.10	51
Operation of Omnibus Minor Head -800	3.11	54
Implementation of Indian Government Accounting Standards (IGAS)	3.12	54
Conclusion	3.13	55

Appendices

		Reference to	
		Paragraph	Page
1.1	Andhra Pradesh State Profile		57
1.2	Structure of Government accounts and layout of Finance Accounts	1.1	58
1.3	Abstract of Receipts and Disbursements in 2011-12	1.2	59
1.4	Actual vis-à-vis Budget Estimates 2011-12	1.3	63
1.5	Fiscal Responsibility and Budget Management Act, 2005	1.4	64
1.6	Time Series Data on State Government Finances	1.6 &1.10.2	65
1.7	Funds transferred directly to State implementing agencies	1.6.4	68
1.8	List of Incomplete Irrigation Projects	1.9.1	69
1.9	Summarised Financial Position of the Government of Andhra Pradesh as on 31 March 2012	1.10.1	72
2.1	Statement of Grants/Appropriations where saving was more than ₹ 100 crore each and more than 20 <i>per cent</i> of the total provision	2.4.1	74
2.2	Excess over provision of previous years requiring regularisation	2.4.5	75
2.3	Cases where Supplementary provision proved unnecessary by ₹ one crore or more in each case	2.4.6	76
2.4	Unnecessary re-appropriation of funds (more than ₹ 10 crore in each case)	2.4.7	78
2.5	Substantial surrenders made during the year	2.4.9	81
2.6	Surrenders (₹ 50 lakh or more in each case) in excess of actual saving/excess	2.4.10	83
2.7	Statement of various grants/appropriations in which saving occurred but no part of which was surrendered	2.4.11	84
2.8	Details of saving of ₹ 5 crore and above not surrendered	2.4.11	85
2.9	Cases of surrender of funds in excess of ₹ 10 crore on 30 and 31 March 2012	2.4.11	86
2.10	Statement showing non-incorporation of correction slips	2.7.1	88
2.11	Detailed Head 530-major works appearing under Revenue section	2.7.7	89
2.12	Detailed Head 270-Minor works appearing under Capital section	2.7.8	89
2.13	Detailed Head 310-Grants-in-aid appearing under Capital section	2.7.8	89
3.1	Year-wise position of outstanding UCs as of 31 March 2012	3.2	90

		Reference to	
		Paragraph	Page
3.2	Statement showing submission of accounts and status of audit of autonomous bodies	3.3	91
3.3	Statement of Bodies and Authorities whose accounts have not been received	3.3	93
3.4	Un-reconciled expenditure (₹ 500 crore and above cases only)	3.4	96
3.5	Excess payment of pension/family pension	3.5	97
3.6	Variation in the figures of receipts & expenditure	3.7	97
3.7	Statement showing Department-wise details of pending DC bills at the end of 2011-12	3.9	98
4.1	Glossary of terms	--	100
4.2	Acronyms and abbreviations	--	103

Preface

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

Chapters 1 and 2 of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2012. 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 audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

1 Background

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

2 The Report

Based on the audited accounts of the Government of Andhra Pradesh for the year ended March 2012, this report provides an analytical review of the finances of the State Government. The report is structured in three Chapters.

Chapter 1 is based on audit of Finance Accounts and makes an assessment of the Government’s fiscal position as on 31 March 2012. It provides an insight into trends, *among others*, in State Government’s resources and their application, developmental expenditure, borrowing pattern, sustainability of debt etc., besides a brief account of central transfers – both to the State Government, and to the implementing agencies through off-budget route. It also assesses the adequacy of the State’s fiscal priorities.

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

Chapter 3 gives an overview of the State Government’s compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

3 Audit findings and recommendations

3.1 Fiscal consolidation

Government of Andhra Pradesh has been achieving the fiscal reform targets every year in the post FRBM legislation period. The State registered revenue surplus for the 6th consecutive year during 2011-12, and fiscal deficit, despite a marginal increase over the previous year, was well within the ceiling prescribed by the FRBM Act. The total liabilities as a percentage of GSDP stood at 22.27 *per cent* at the end of the current year, against a ceiling of 29.60 *per cent* prescribed in FRBM Act for the year 2011-12.

In line with the FRBM Act, the State Government established Sinking Fund for reduction/avoidance of debt and Guarantee Redemption Fund and has been contributing to these funds at the rates prescribed by the RBI. However, adverse balances existed under debt head (₹ 3,732 crore), due to wrong booking of assistance to various SPVs as repayment of the latter's debt, which led to understatement of revenue expenditure and thereby, affected the fiscal indicators of the State.

Recommendation: *Government needs to take a closer look at the factors that affect its fiscal indicators and ensure that proper accounting treatment is given to various transactions, especially those relating to its debt.*

Revenue receipts registered a growth of over 15.50 *per cent* during the current year (₹ 12,558 crore) over the previous year, due to growth in own tax and non tax revenue by ₹ 9,119 crore. Revenue expenditure increased by 15.13 *per cent* (₹11,881 crore) over the previous year, due to increase in both plan and non-plan expenditure. The increase in revenue expenditure is attributable to interest payments and increased assistance to local bodies in education.

While capital expenditure increased by 23 *per cent* and its ratio to total expenditure has also increased significantly to 18.43 *per cent* from 12.28 *per cent* during previous year, it was not up to the level envisaged in the Macro Economic Framework Statement for the year. Capital works/projects in irrigation and roads sectors were not completed on time, which led to cost escalation on these projects without achieving the desired benefits. The investment blocked in such incomplete works/projects as of March 2012 was ₹ 49,516 crore (previous year ₹ 46,330 crore).

Recommendation: *Government needs to prepare an action plan to complete all the projects in the pipeline for several years, especially those relating to irrigation, within a specified timeframe, so that the envisaged benefits accrue to the targeted beneficiaries. Also, Government should prioritize the areas that need capital expenditure, especially in socio-economic sectors.*

Although the State Government accorded adequate fiscal priority to development expenditure during 2011-12, it did not ensure that allocated funds were fully utilized for the intended purpose. Funds earmarked for specific social sector activities were not always released on time/ not released at all, thereby negating the objective of allocating these funds. State outlay on education in particular, was way behind (13.80 *per cent*) that of the General Category States (17.18 *per cent*). Further, the share of capital expenditure in Social Sector (12.58 *per cent* of aggregate expenditure) was also lower in the State, compared to the General Category States (13.71 *per cent*).

Recommendation: *Government needs to re-prioritize the outlay in respect of social sector and ensure that funds are released based on approved outlays and spent for the purpose sanctioned. Greater fiscal priority needs to be accorded to education and health sectors. Besides, capital expenditure needs to be increased to create adequate asset back up for increasing liabilities.*

Government had not estimated the yearly pension liabilities on actuarial basis for the ensuing years, as stipulated in the FRBM Act. The State Government's progressive liability with regard to its share in the Contributory Provident Fund scheme as of 31 March 2012 was ₹ 894 crore, which has not been transferred to the Fund Manager, as required by the Pension Fund Regulatory Authority. In fact, during the current year, Government provided ₹ 100 crore less in the budget, as compared to the contribution of the employees during the year.

Recommendation: *Government should review its budgetary allocation for pension and provide for its liability on this account on the basis of actuarial valuation. Further, it should transfer the accumulated fund amount immediately to the Fund Manager.*

Return on investment in Companies/Statutory Corporations continued to be poor and the rate of return on investment was 0.85 per cent during 2011-12, while the rate of interest paid by the Government during the year was 7.40 per cent. The accounts of several of these companies/corporations have been in arrears and up to the year of accounts finalized, the accumulated losses of 11 entities alone amounted to ₹ 5,979 crore, with AP State Housing Corporation (₹ 3,554 crore) and APSRTC (₹ 1,984 crore) leading the list.

The current level of recovery of loan is abysmal, with the gap between disbursement (₹ 4,983 crore) and recovery (₹ 164 crore) widening. In fact, confirmation of balances on loan amount of ₹ 17,337 crore was yet to be received from the entities, which were the recipients of these loans.

Recommendation: *The losses of State Public Undertakings (PSUs) are attributable to a large extent to deficiencies in project implementation and operational and financial management. The State Government needs to draw up a roadmap for closure of loss making PSUs in non-commercial areas, in keeping with the recommendation of the 13th Finance Commission. Government also needs to follow up with the recipient entities to confirm the loan amount balances with them and pursue for repayment of both principal and interest in a time bound manner.*

(Chapter 1)

3.2 Financial Management and Budgetary Control

As with 2010-11, there were several lacunae in the budgetary processes of the State Government. There were errors in budgeting, several misclassifications continued to exist, lumpsum provisions were made without clarity of purpose (only to be surrendered later), excess expenditure over allocation, expenditure without budget provision etc. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriations without proper explanations and expending without provision of funds. Persistent savings in certain Grants and huge savings of over ₹ 500 crore and over 20 per cent of budgetary provision in certain other Grants, indicate inaccurate budgetary assumptions.

Saving of about one sixth of the budgetary allocation and non-utilisation of funds allocated for various developmental programmes raises serious questions about the

budget formulation exercise. While this could show a healthy picture as far as fiscal indicators are concerned, it has had an adverse impact on implementation of various policy initiatives announced/taken up by the Government.

Recommendation: *Government should ensure that budgeting process is more transparent and result oriented. Basic assumptions in budgetary formulation have to be more accurate and efforts should be made by all the departments to submit realistic budget estimates, keeping in view the past trends in receipts and expenditure in order to avoid large scale saving/excess, re-appropriations and surrenders at the fag end of the year.*

(Chapter 2)

3.3 Financial reporting

Several State Government departments were not compliant with the applicable rules and regulations, especially those relating to compilation and submission of accounts for audit and reporting utilization of funds placed at their disposal for implementation of various socio-economic developmental schemes. Internal controls were not functioning as envisaged, as evidenced from non-reconciliation of receipts and expenditure with those booked by the Principal Accountant General (A&E), irregular and unauthorized parking of funds in various deposits outside Government accounts, non-adjustment of advances drawn on AC bills with the relevant DC bills for prolonged periods etc. Adequate attention was not given by the Government to ensure that relevant vouchers/missing documents were provided by the concerned authorities to adjust the amounts held in suspense heads. **Operation of over one lakh Personal Deposit (PD) accounts and locking up of about ₹ 23,483 crore in these accounts, affected the transparency of Government accounts.** Classifying large amounts and important items of expenditure like 'subsidies' under omnibus Minor Head 800 affected transparency in financial reporting.

Recommendation: *Government needs to strengthen financial management and reporting, especially in areas such as timely compilation of accounts by Government undertakings and bodies, adjustment of funds drawn through AC bills and correct classification of expenditure at the Minor Head level. Government should initiate stringent measures to streamline the system of PD Accounts and ensure that these are operated in a transparent manner in accordance with the letter and spirit of the relevant instructions and rules.*

(Chapter 3)

Profile of Andhra Pradesh

Andhra Pradesh is the fourth largest State in India in terms of geographical area of 2.75 lakh sq. km. with a population of 8.47 crore as per the 2011 census. The State has shown marginally higher economic growth in the past decade, as the compound annual growth rate of its Gross State Domestic Product (GSDP) for the period 2002-03 to 2011-12 has been 16.71 *per cent*, as compared to 14.46 *per cent* in General Category States¹. During this period, its population also grew by 9.72 *per cent* against 13.90 *per cent* in General Category States. Consequently, the compound annual growth rate of per capita income of the State (15.52 *per cent*) has been higher than that of the General Category States (13.09 *per cent*) in the current decade. Key socio-economic parameters of the State viz., population Below Poverty Line (15.8 *per cent*), Infant Mortality Rate (46 per 1000 live births) and Life Expectancy at birth (64.4 *years*) are better than the All India average. Also, inequality of income distribution, as reflected through the Gini² co-efficient was marginally lower in the State in rural areas (0.29) than the national average, but approximately the same in urban areas (0.37) as the All India position (*Appendix 1.1*). Over half of the State's GSDP accrues from the Services Sector.

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Andhra Pradesh during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. This analysis was made based on the Finance Accounts and the information obtained from the State Government. The structure of Government Accounts and the layout of Finance Accounts are given in *Appendix 1.2*.

1.2 Summary of current year's fiscal transactions

Table 1.1 presents the summary of State Government's fiscal transactions during the current year (2011-12) *vis-à-vis* the previous year, while *Appendix 1.3* provides the details of receipts and disbursements as well as overall fiscal position during the current year.

¹ States other than the 11 states termed as Special Category States (Arunachal Pradesh, Assam, Jammu & Kashmir, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand)

² It is a measure of inequality of income distribution where zero refers to perfect equality and one refers to perfect inequality

Table 1.1 Summary of balances

(₹ in crore)

Receipts			Disbursements				
	2010-11	2011-12		2010-11	2011-12		
	Total	Total		Total	Non-Plan	Plan	Total
Section A - Revenue							
Revenue Receipts	80,996	93,554	Revenue Expenditure	78,534	66,751	23,664	90,415
Tax Revenue	45,139	53,284	General Services	26,708	29,722	152	29,874
Non-tax Revenue	10,720	11,694	Social Services	32,314	21,287	16,730	38,017
Share of Union Taxes/Duties	15,237	17,751	Economic Services	19,346	15,527	6,782	22,309
Grants from GOI	9,900	10,825	Grants-in-aid and Contributions	166	215	---	215
Section B – Capital & Others							
Misc. Capital Receipts	---	---	Capital Outlay	11,123	35	13,687	13,722
Recoveries of Loans and Advances	173	164*	Loans and Advances disbursed	3,315	222	4,761	4,983
Public Debt Receipts	18,722	19,450	Repayment of Public Debt	7,881	---	6,761	6,761
Contingency Fund	---	2	Contingency Fund	2	---	---	---
Public Account Receipts	76,218	86,051	Public Account Disbursements	72,407	---	82,848	82,848
Opening Cash Balance	5,983	8,830	Closing Cash balance	8,830	---	9,322	9,322
Total	1,82,092	2,08,051	Total	1,82,092	67,008	1,41,043	2,08,051

Source: Finance Accounts; * ₹ 164.92 crore rounded-off to ₹ 164 crore for balancing purpose

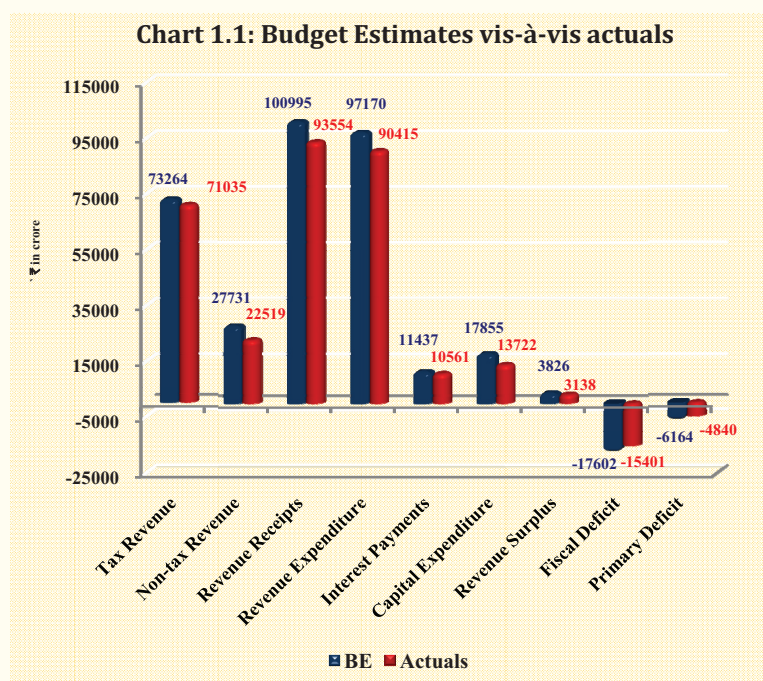
Significant changes in the fiscal position of the State during 2011-12 over the previous year are given below:

Revenue Receipts	<ul style="list-style-type: none"> • Increased by 15.50 per cent • Own tax revenue increased by 18.04 per cent
Revenue Expenditure	<ul style="list-style-type: none"> • Increased by 15.13 per cent • Plan expenditure increased by 20.12 per cent • Non-plan expenditure increased by 13.46 per cent
Capital Expenditure	<ul style="list-style-type: none"> • Increased by 23.37 per cent
Loans & Advances	<ul style="list-style-type: none"> • Recoveries decreased by 5.20 per cent • Disbursements increased by 50.32 per cent
Public Debt	<ul style="list-style-type: none"> • Receipts increased by 3.88 per cent • Repayment decreased by 14.21 per cent
Cash Balance	<ul style="list-style-type: none"> • Increased by 5.57 per cent

State Government achieved revenue surplus for the sixth consecutive year during 2011-12. Although fiscal deficit was higher at 2.27 per cent of GSDP during the current year compared to 2.08 per cent during 2010-11, it was well within the ceiling of 3 per cent fixed by FRBM Act and the Thirteenth Finance Commission.

1.3 Budget estimates and actuals

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



There were considerable variations between budget estimates and actuals in almost all the parameters. Although both tax and non-tax revenue have registered an increase during the year, these have not met the estimated quantum. Revenue receipts and expenditure decreased by 7.37 per cent and 6.95 per cent respectively, resulting in decrease in revenue surplus by 17.98 per cent over the budget estimates.

Source: Budget in Brief and Finance Accounts 2011-12

Revenue expenditure was less than the budget estimates (6.95 per cent) mainly in respect of Water Supply and Sanitation (46.02 per cent), District Administration (33.33 per cent), Urban Development (28.52 per cent), Irrigation and Flood Control (19.04 per cent) and Interest payments (7.66 per cent). Though there was a saving in provision for interest payments, in real terms, there was an increase in interest payments over the previous year by ₹ 886 crore. Capital expenditure had increased during 2011-12 compared to the previous year, but was less than the budget estimates (23.15 per cent). Fiscal and primary deficits were also less by 12.50 per cent and 21.46 per cent respectively, over the budget estimates.

1.4 Fiscal reform path

State Government, in compliance with the recommendations of the Twelfth Finance Commission (TFC), enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 (amended in 2011), limiting its total outstanding liabilities to 29.6 per cent of GSDP for the year 2011-12. A Summary of FRBM Act, 2005 as amended in 2011 is given in *Appendix 1.5*. Due to the change in the base year for calculation of GSDP from 1999-2000 to 2004-2005 based on new series of National Accounts Statistics introduced by the Central Statistics Office, New Delhi, the calculation of and comments on GSDP at current prices have undergone a change over the five year period 2007-12.

1.5 Resources of the State

1.5.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions /commercial banks) and loans and advances from GoI as well as accruals from Public Account.

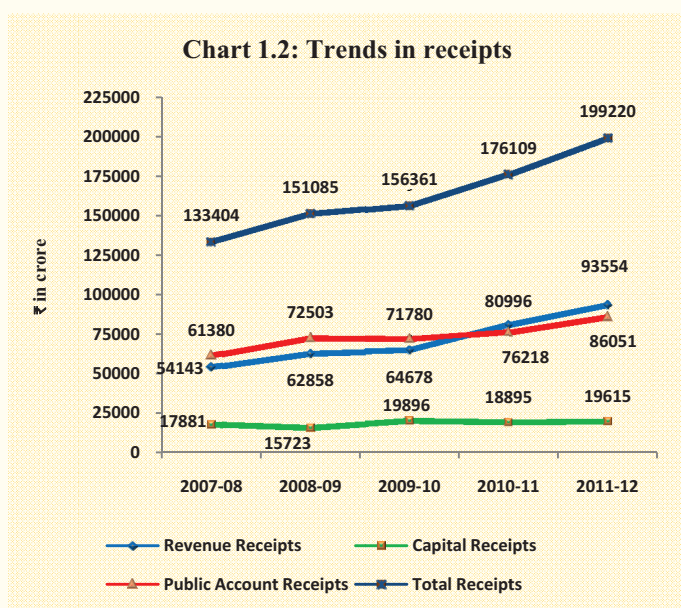
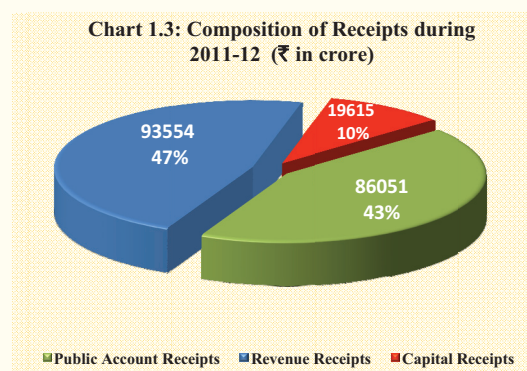


Table 1.1 represents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts, while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2011-12. As can be seen from Chart 1.2, the total receipts of the State increased from ₹ 1,33,404 crore in 2007-08 to ₹ 1,99,220 crore in 2011-12. **Chart 1.3** depicts the composition of resources of the State during the current year.

Source: Finance Accounts

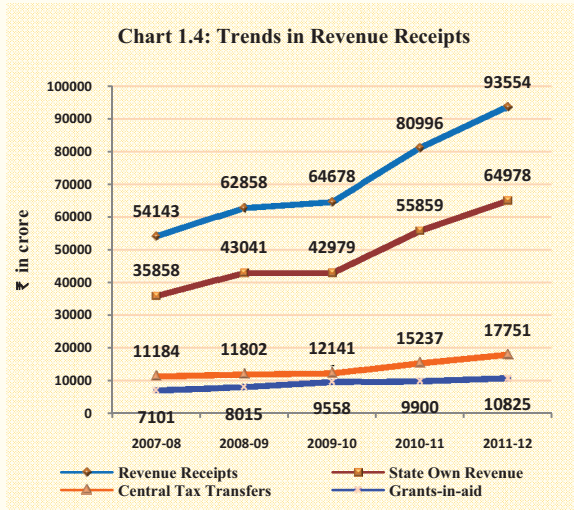
The share of revenue receipts in total receipts ranged between 41 and 47 per cent during 2007-2012. The share of capital receipts fluctuated during the last five years and accounted for 10 per cent of the total receipts in the current year. Receipts under Public Account decreased from 48 per cent to 43 per cent of the total receipts during the last five years.



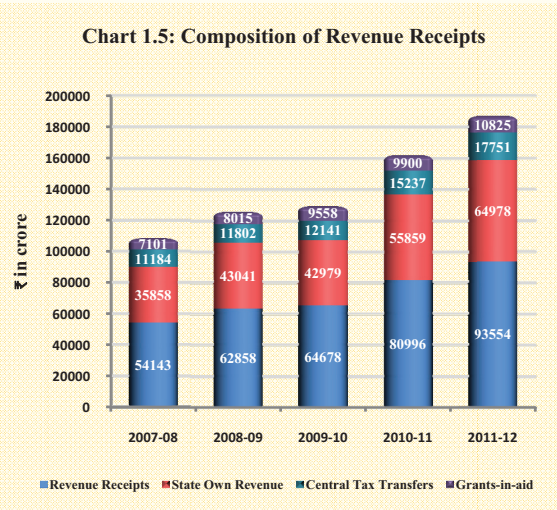
Source: Finance Accounts 2011-12

1.6 Revenue receipts

The trends and composition of revenue receipts over the five year period 2007-12 are presented in **Appendix 1.6** and also depicted in **Charts 1.4** and **1.5** below:



Source: Finance Accounts



Source: Finance Accounts

The rate of growth of revenue receipts has been fluctuating during the last five years as can be seen from **Table 1.3**, although own tax revenue has been increasing in real terms over the last five years, except during 2009-10.

The growth rate of revenue (15.50 per cent) during the current year was significantly lower than the growth rate during 2010-11. There was also a shortfall of ₹ 3,640 crore (3.75 per cent) in revenue (₹ 93,554 crore) realized during the year over the projection (₹ 97,194 crore) made in Macro Economic Framework Statement (MEFS). The State's own tax and non tax revenue (₹ 64,978 crore) during the current year increased by ₹ 9,119 crore over the previous year, but was lower than the projection made in MEFS by ₹ 652 crore. The actual receipts under State's tax and non tax revenue vis-à-vis assessments made by 13th Finance Commission and the State Government during 2011-12 are given in **Table 1.2** below:

Table 1.2: Revenue receipts vis-à-vis assessment

	Assessment by 13 th Finance Commission	Projections by State Government in MEFS	Actuals
Tax Revenue	52,505	53,399	53,284
Non-Tax Revenue	7,239	12,231	11,694

Source: 13th Finance Commission recommendations; Finance Accounts 2011-12 and MEFS tabled in Legislature during 2011-12

Actual realization of tax and non tax revenue, though lower than the projection made by Government, was higher than the assessment made by the 13th Finance Commission. The share of Interest receipts in non tax revenue in the current year was ₹ 6,279 crore, including ₹ 5,726 crore from irrigation projects, which is only a notional revenue, since it has arisen out of book adjustment.

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

Table 1.3: Trends in revenue receipts relative to GSDP

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Receipts (RR) (₹ in crore)	54,143	62,858	64,678	80,996	93,554
Rate of growth ³ of RR (<i>per cent</i>)	22.37	16.10	2.90	25.23	15.50
GSDP ⁴ (₹ in crore)	364813	415832	475267(R)	567636(Q)	675798(UA)
Rate of GSDP growth (<i>per cent</i>)	21.18	13.99	14.29	19.44	19.05
RR/GSDP (<i>per cent</i>)	14.84	15.12	13.61	14.27	13.84
Buoyancy Ratios⁵					
Revenue Buoyancy w.r.t. GSDP	1.06	1.15	0.20	1.30	0.81
State's Own Tax Buoyancy w.r.t. GSDP	0.96	1.13	0.38	1.46	0.94

Source: Finance Accounts

1.6.1 State's own resources

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

1.6.1.1 Own tax revenue

Own tax revenue (OTR) registered a growth rate of 18.04 *per cent* over the previous year due to increase in state excise (16.31 *per cent*), taxes on sales and trade (19.78 *per cent*) and taxes on vehicles (13.69 *per cent*).

1.6.1.2 Non tax revenue

Non tax revenue (NTR), which constituted 12 to 15 *per cent* of the total revenue receipts during the five year (2007-12) period, increased by ₹ 974 crore in the current year, over the previous year mainly due to collection of interest from Departmental Commercial Undertakings (₹ 505 crore).

³ see glossary at page 100

⁴The GSDP data has been obtained from Directorate of Economics and Statistics, Govt. of Andhra Pradesh

R: Revised, Q: Quick and UA: Updated Advanced Estimates

⁵ see glossary at page 100

1.6.2 Cost of Collection

The cost of collection of major State tax revenue is given below in **Table 1.4**

Table 1.4: Cost of collection of revenue

(₹ in crore)					
Head of revenue	Year	Gross collection	Expenditure on collection	Cost of collection (%)	All India Average (%)
Taxes on sales, trade etc,	2009-10	23,640	216	0.91	0.96
	2010-11	29,145	262	0.90	0.75
	2011-12*	34,910	283	0.81	--
State Excise	2009-10	5,848	201	3.43	3.64
	2010-11	8,265	234	2.83	3.05
	2011-12	9,612	264	2.75	--
Taxes on Vehicles	2009-10	1,995	65	3.26	3.07
	2010-11	2,626	85	3.24	3.71
	2011-12	2,986	100	3.35	--
Stamp Duty and Registration fee	2009-10	2,639	88	3.33	2.47
	2010-11	3,834	95	2.48	1.60
	2011-12	4,385	102	2.33	--

Source: Finance Accounts

*NOTE: All India Average for the year 2011-12 is not yet available

The cost of collection has been fluctuating over the last three years. As compared to previous year, the *percentage* of expenditure on collection of taxes gradually decreased in all heads of revenue, except taxes on vehicles.

1.6.3 Central tax transfers

There was an increase in Central tax transfers by 16.49 *per cent* from ₹ 15,237 crore in 2010-11 to ₹ 17,751 crore in 2011-12. The increase was mainly on account of share of net proceeds under customs (15.52 *per cent*) and service tax (39.45 *per cent*).

1.6.4 Funds transferred to State Implementing Agencies outside the State budget

GoI has been transferring sizeable quantum of funds directly to the State implementing agencies for the implementation of various schemes/programmes in social and economic sectors recognized as critical. As these funds are not routed through the State budget/State treasury System, the Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. To present a holistic picture about the availability of aggregate resources, the extent of funds directly transferred by the GoI to State implementing agencies⁶ of cases more than ₹ 10 crore is given in *Appendix 1.7*.

⁶ State Implementing Agencies include any Organization/Institution including Non-Governmental Organization, which is authorized by the State Government to receive funds from the GoI for implementing specific programmes in the State, such as State Implementation Society for SSA and State Health Mission for NRHM etc.

During the current year, GoI transferred ₹ 9,807 crore directly to the State implementing agencies concerning various Central Schemes/programmes, without routing through the State budget. Funds flowing directly to the implementing agencies through off-budget route run the risk of poor oversight and inhibit Fiscal Responsibility Legislation (FRL) requirements of transparency and escape accountability.

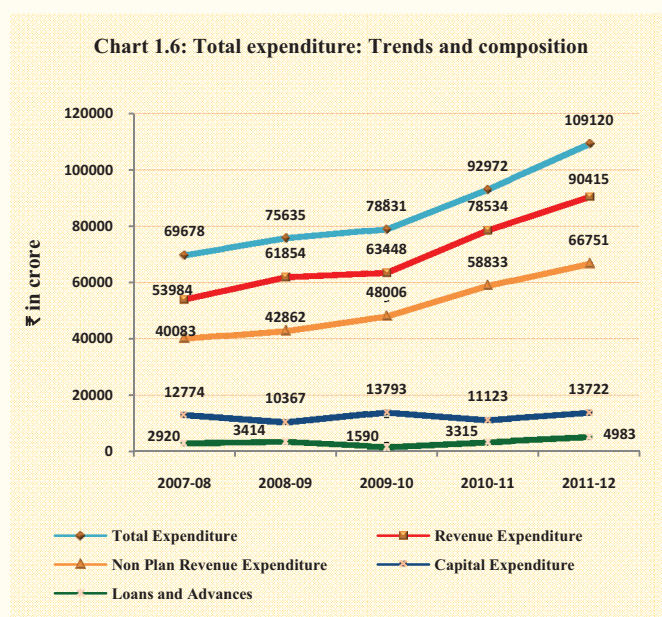
There is no single agency monitoring the use of these funds and no data is readily available on the amount spent in any particular year on major flagship and other important schemes. Unless uniform accounting practices are followed by all these agencies and proper documentation is maintained with timely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

1.7 Application of resources

We have analysed the allocation of expenditure for developmental activities, especially social sector, to see the effect of ongoing fiscal correction and consolidation process at the State level on this expenditure. Our findings are given below:

1.7.1 Growth and composition of expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2007-12). The composition of total expenditure both in terms of ‘economic classification’ and ‘expenditure by activities’ is depicted in **Charts 1.7** and **1.8** respectively.

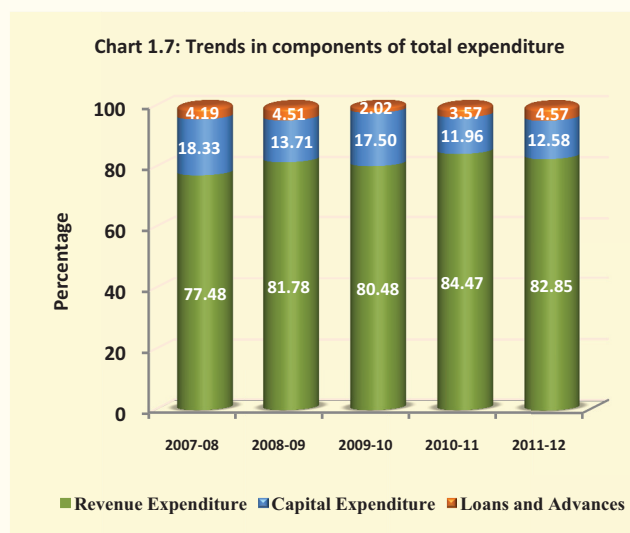


Total expenditure (₹ 1,09,120 crore) increased in 2011-12 by ₹ 16,148 crore (17.37 per cent) over the previous year (₹ 92,972 crore) mainly due to increase in loans and advances (₹ 1,668 crore), revenue expenditure (₹ 11,881 crore) and capital expenditure (₹ 2,599 crore). During the current year, 86 per cent of the total expenditure was met from revenue receipts and the balance from borrowed funds. The total expenditure was less than that projected in the budget (₹ 1,15,025 crore).

Source: Finance Accounts

Revenue expenditure increased by ₹ 11,881 crore over the previous year and constituted 13.37 per cent of GSDP. There was significant increase in revenue expenditure under Education, Sports, Art and culture (₹ 2,332 crore), Welfare of SCs and STs and other BCs (₹ 1,046 crore), Crop Husbandry (₹ 949 crore), interest payment and servicing of debt (₹ 886 crore), Social Security and Welfare (₹ 690 crore) and Power (₹ 659 crore).

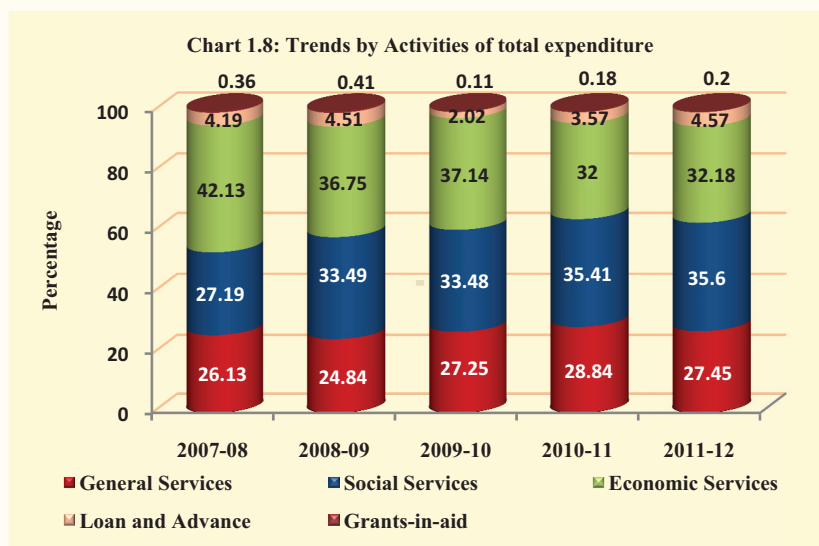
In the context of State finances, the quality of expenditure has always been an important issue. Currently, revenue expenditure accounts for around 83 *per cent* of the State's aggregate expenditure, which is in the nature of current consumption, leaving little scope for investment in infrastructure and asset creation. Since this impedes growth prospects of the State, there is a need to identify unwarranted items of revenue expenditure, which have low growth and welfare implications.



Source: Finance Accounts

Capital expenditure (₹ 13,722 crore) during 2011-12 increased by ₹ 2,599 crore over the previous year (₹ 11,123 crore) and constituted 12.58 *per cent* of total expenditure. The increase was mainly on major and medium irrigation (₹ 1,147 crore) and minor irrigation (₹ 480 crore). Capital expenditure at 2.03 *per cent* of GSDP was less than the projection (₹18,798 crore) made in MEFS for 2011-12.

Loans and advances disbursed during the current year increased by 50.31 *per cent* over the previous year and constituted 4.57 *per cent* of the total expenditure. The share of disbursement of loans and advances in total expenditure was between 2 to 5 *per cent* during the five year period 2007-12.



Trends by Activities:

The share of general services in total expenditure decreased by 1.39 *per cent* during 2011-12 over the previous year. There was an increase in the share of social services and economic services in total expenditure by 0.19 *per cent* and 0.18 *per cent* respectively.

Source: Finance Accounts

1.7.2 Committed Expenditure

Committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.5** and **Chart 1.9** present the trends in the expenditure on these components during 2007-12.

Table 1.5: Components of committed expenditure

(₹ in crore)

Components of committed expenditure	2007-08	2008-09	2009-10	2010-11	2011-12		
					Budget estimates	Actuals	Percentage variation
Salaries* & Wages, of which	13,243(24)	14,539(23)	17,721(27)	23,844(29)	27,237(28)	26,823(30)	-1.52
(i) Non-Plan	12,171	12,883	15,706	21,128	24,155	23,828	-1.35
(ii) Plan**	1,072	1,656	2,015	2,716	3,082	2,995	-2.82
Interest payments	7,589	8,057	8,914	9,675	11,437	10,561	7.66
Pensions	5,092	5,518	6,339	9,609	9,693	11,110	14.62
Subsidies	3,918	6,213	6,056	6,543	7,313	7,313	0.00
Total	29,842(54)	34,327(55)	39,030	49,671(61)	55,680(57)	55,807(62)	0.23

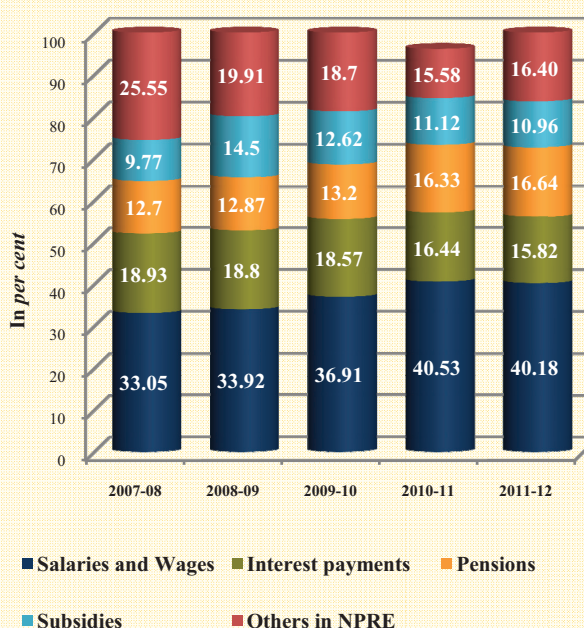
Source: Finance Accounts Figures in parenthesis indicate percentage of Revenue Expenditure. * It also includes the salaries paid out of grants-in-aid and work charged establishment. ** Plan head also includes the salaries and wages paid under CSS.

Committed expenditure on salaries and wages, pensions, interest payments and subsidies constituted 84 per cent of NPRE during 2011-12.

1.7.2.1 Salaries and wages

Expenditure on salaries and wages during the current year increased by 12.49 per cent over the previous year. It was, however, less than the budget estimates by 1.52 per cent; more than the projections made in MEFS of State Government (₹ 26,573 crore); and more than the assessments made in 13th Finance Commission (₹ 15,735 crore). During the current year, expenditure on salary was 40 per cent of revenue expenditure, net of interest and pension payment, which was above the ceiling of 35 per cent recommended by the Twelfth Finance Commission.

Chart 1.9: Share of committed expenditure in NPRE during 2007-12



Source: Finance Accounts

1.7.2.2 Interest payments

Although the share of interest payments in revenue expenditure was steady at 12 per cent during the current year, there was an increase in interest payments by ₹ 886 crore (9 per cent) over the previous year mainly in interest on Internal debt (₹ 885 crore). It was,

however, lower than the projection made in MEFS (₹ 10,790 crore) and was also lower than the assessment made in the 13th Finance Commission (₹ 11,025 crore). The major source of borrowings during the year was market loans (₹ 15,500 crore) at interest rates ranging from 8.47 to 9.25 *per cent*.

1.7.2.3 Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 11,110 crore, and constituted 12 *per cent* of revenue receipts. During this year, it increased by ₹ 1,501 crore over the previous year (₹ 9,609 crore) and was more than the budget estimates (₹ 9,693 crore) and assessment made in the 13th Finance Commission (₹ 8,527 crore). **The Government had not estimated the yearly pension liabilities on actuarial basis for the ensuing years, as stipulated in the FRBM Act.**

Contributory Pension Scheme

State Government introduced a Contributory Pension Scheme for employees recruited on or after 01 September 2004. As per the guidelines, it is mandatory for every employee to contribute monthly 10 *per cent* of basic pay and dearness allowance from his/her salary and equal contribution will be made by the Government. The contribution details and corresponding amounts shall be transferred to the central record keeping agency i.e. National Securities Depository Limited (NSDL) and to the fund managers appointed by New Pension Scheme (NPS) Trust, respectively. Government entered into agreements with NSDL on 21 November 2008 and NPS Trust on 15 September 2009. During the current year, employees contribution to the scheme was ₹ 226.64 crore and Government contribution was ₹ 126.84 crore. The State Government's progressive liability in this regard, as per Finance Accounts as on 31 March 2012 was ₹ 894 crore (including ₹ 226.64 crore). Government is yet to transfer this amount to the fund manager.

As per 13th Finance Commission's recommendation, the Government is required to provide interest on contributions on par with the interest rate being paid for General Provident Fund contributions until the transfer of accumulated balances to the designated fund manager. Government replied (November 2012) that the interest would be calculated and transferred to the individual accounts. **Non-transferring of contributions to designated fund manager till date deprives the intended benefits envisaged in the scheme guidelines.**

1.7.2.4 Subsidies

The total expenditure on subsidies during the current year was ₹ 7,313 crore, of which, subsidy on rice was ₹ 2,280 crore (31 *per cent*), subsidy on power was ₹ 4,300 crore (59 *per cent*) and other subsidies were ₹ 733 crore (10 *per cent*). While subsidies increased by ₹ 770 crore (12 *per cent*) over the previous year, the amount was lower than the projections made in the MEFS (₹ 10,724 crore).

1.7.3 Financial Assistance to local bodies and other institutions

1.7.3.1 Introduction to Local Bodies and other Institutions

GoI enacted the 73rd and 74th Amendments to the Constitution, to empower the local self governing institutions like the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) to ensure a more participative governance structure in the country. The GoI further entrusted the implementation of key socio-economic developmental programmes to the PRIs and ULBs and devolved funds through successive Finance Commissions. The States, in turn, were required to entrust these local bodies with such powers, functions and responsibilities as to enable them to function as institutions of self-government and implement schemes for economic development and social justice including those enumerated in the Eleventh and Twelfth Schedules to the Constitution.

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

All the above mentioned Acts provided for conducting elections to the Local Bodies once every five years. Elections to the PRIs and ULBs in the State were last conducted during July-August 2006 and September 2005 respectively. Consequently, although GoI sanctioned ₹ 1,044 crore towards basic and performance grants to local bodies, only ₹ 420 crore was released to the State.

1.7.3.2 Devolution of funds, functions and functionaries

The Eleventh Schedule of the 73rd Constitutional Amendment Act, 1992 listed 29 subjects for devolution to strengthen the PRIs. During 2007-08, the State Government devolved ten⁷ functions to PRIs.

The 74th Constitutional Amendment Act identified 18 functions for ULBs as incorporated in Twelfth Schedule of the Constitution. All the functions mentioned in this Schedule, except Fire Services, were devolved to the ULBs in the State.

1.7.3.3 Accounting Arrangement

The PRIs maintain accounts on cash basis. The Model accounting system was prescribed by the GoI in consultation with the Comptroller and Auditor General of India. As per the latest information furnished (February 2011) by the Commissioner of Panchayat Raj and Rural Employment, the State Government issued (September 2010) orders for adopting the format using PRIASoft (Panchayat Raj Institution Accounting Software) developed

⁷ (i) Agriculture and Agricultural extension (ii) Animal Husbandry, Dairy and Poultry (iii) Fisheries (iv) Rural Development (v) Drinking water and Sanitation (RWS) (vi) Primary, Secondary and Adult Education (vii) Health, Sanitation, PHC, Dispensaries, Family welfare (viii) Social Welfare, (ix) Backward classes welfare, (x) Women and Child Development.

by NIC. It was planned to implement it initially in Zilla Praja Parishads and subsequently in Mandals and 475 Gram Panchayats, which are notified as e-panchayats.

Ministry of Urban Development and Poverty Alleviation, GoI and CAG had formulated (December 2004) National Municipal Accounts Manual (NMAM) with double entry system for greater transparency and control over finances and requested (May 2005) the States to adopt the same with appropriate modifications to meet the State's specific requirements. Accordingly, a Steering Committee was constituted (May 2005) by State Government, and the Andhra Pradesh Municipal Accounts Manual (APMAM) was developed during 2006-07. The State Government issued orders in August 2007 for adoption of APMAM in all the ULBs in the State. Similarly, the other manuals viz., Andhra Pradesh Municipal Budget Manual and Andhra Pradesh Municipal Asset Manual, as approved by CAG were also accepted by the State for implementation (August 2007) by the ULBs.

1.7.3.4 Audit of PRIs and ULBs

The Director, State Audit (DSA) is the statutory auditor for PRIs and ULBs under the Andhra Pradesh State Audit Act, 1989 and is required to conduct audit of all the 22,927 PRIs and 124 ULBs annually. As per Section 11(2) of the Act, the Director is required to prepare the Consolidated State Audit and Review Report and present it to the State Legislature. The State Audit Department functions under the administrative control of the Finance Secretary to Government of Andhra Pradesh. It has six Regional Offices, 22 District Offices, 156 Sub-offices and several resident offices.

1.7.3.5 Financial Assistance

The quantum of financial assistance provided by the State Government to local bodies and other institutions by way of grants and loans during the current year, relative to the previous four years, is presented in **Table 1.6**.

Table 1.6: Financial assistance to Local Bodies etc.

	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,876	1,820	1,994	2,876	7,178
Municipal Corporations and Municipalities	2,699	4,105	3,142	3,671	3,361
Zilla Parishads and other PR Institutions	921	2,503	1,867	1,745	3,023
Development Agencies	3,715	11,791	7,481	8,363	11,341
Hospitals and Other Charitable Institutions	600	1,152	1,393	1,721	1,192
Autonomous Bodies	--	--	--	--	1,473
Co-operative Institutions	--	--	--	--	52
Other Institutions ⁸	8,851	3,436	3,965	4,538	5390
Total	18,662	24,807	19,842	22,914	33,010
Assistance as percentage of RE	34.57	40.11	31.27	29.18	36.50

Source: Finance Accounts

⁸ Other institutions include institutions that received ad-hoc or one time grants during the year

Financial assistance, including grants and loans, extended to local bodies and other institutions in 2011-12 (₹ 33,010 crore) increased by ₹ 10,096 crore, which is 44.06 per cent increase over the previous year (₹ 22,914 crore) and constituted 37 per cent of revenue expenditure. As can be seen from the above table, there was a quantum jump in the financial assistance provided to PRIs, educational institutions and development agencies. The plan, non-plan grants and loans given to local bodies and other institutions in 2011-12 were ₹ 13,190 crore, ₹ 15,058 crore and ₹ 4,762 crore respectively. The major schemes/recipients of grants during the year were *INDIRAMMA* pensions to old age persons and widows (₹ 1,105 crore); interest subsidy on loans taken by *DWCRA* groups (₹ 710 crore); *NRHM* (₹ 494 crore); *Rajiv Vidya Mission* (₹ 974 crore); Government Residential Schools (₹ 400 crore); *JNNURM* (₹ 1,045 crore); Mid-day meals (₹ 697 crore) and Post Matric Scholarships (₹ 277 crore).

1.8 Quality of Expenditure

1.8.1 Adequacy of public expenditure

The expenditure responsibilities relating to social sector and economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.7** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2011-12.

Table 1.7: Fiscal Priority of the State in 2008-09 and 2011-12

(In per cent)

Fiscal Priority by the State			AE/GSDP	DE [#] /AE	SSE/ AE	CE/AE	Education/ AE	Health/AE
@General	Category	States	17.00	67.09	34.28	16.47	15.41	3.97
Average (Ratio) 2008-09								
Andhra Pradesh's	Average	(Ratio) 2008-09	18.19	74.62	33.49	13.71	9.58	3.87
@General	Category	States	16.09	66.44	36.57	13.25	17.18	4.30
Average (Ratio) 2011-12								
Andhra Pradesh's	Average (Ratio)	2011-12	16.15	70.39	35.60	12.58	13.80	4.67

@ Averages (ratios) has been calculated on the basis of data of 16 (out of 19) General Category States excluding three states i.e. Delhi, Goa and Puducherry;
AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; CE: Capital Expenditure. # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed.

Source: Finance Accounts; For GSDP, the information was collected from the State's Directorate of Economics and Statistics

An analysis of the data of the State in comparison with the General Category States (GCS) revealed the following:

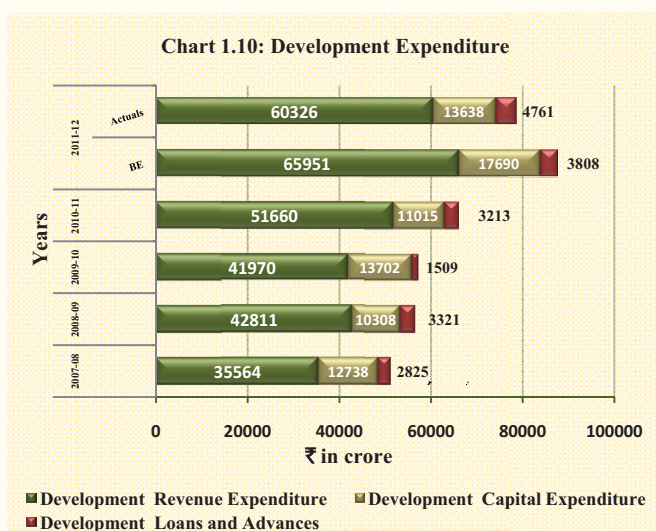
- Development expenditure as a proportion of aggregate expenditure has been higher in the State compared to the GCS average during 2008-09 and 2011-12.

- Expenditure of the State on Social Sector (33.49 *per cent*), especially health (3.87 *per cent*) and education (9.58 *per cent*), was lower than the GCS in 2008-09. While it compared more favourably with the GCS during 2011-12 with increased expenditure on Social Sector (35.60 *per cent*), in particular on health (4.67 *per cent*), the expenditure on education (13.80 *per cent*) was way below the GCS (17.18 *per cent*).
- The share (13.71 *per cent*) of capital expenditure has been lower in the State as compared to the GCS (16.47 *per cent*) during 2008-09 and reduced during the current year (12.58 *per cent*).

Greater fiscal priority needs to be accorded to education and health sectors. Besides, capital expenditure needs to be increased to create adequate asset back up for increasing liabilities.

1.8.2 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 focus on provision of core public and merit goods⁹. Apart from improvising the allocation towards development expenditure¹⁰, the efficiency of expenditure use is also reflected in the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. **Chart 1.10** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years.



During 2011-12, the total development expenditure increased by ₹ 12,837 crore (19.48 *per cent*) over the previous year and constituted 71 to 75 *per cent* of aggregate expenditure. Development revenue expenditure increased by ₹ 8,666 crore over the previous year, with all components of social services and economic services registering an increase, and constituted 51 to 57 *per cent* of aggregate expenditure.

Source: Finance Accounts

During the current year, while the development capital expenditure increased by ₹ 2,623 crore (24 *per cent*), development loans and advances increased by ₹ 1,548 crore (48 *per*

⁹ See glossary at page 100

¹⁰ See glossary at page 100

cent) over the previous year. The increase in developmental capital expenditure was essentially in economic services (₹ 2,403 crore) under irrigation and flood control (₹ 1,708 crore). During 2011-12, the share of social services and economic services constituted 36 and 32 per cent of total expenditure respectively.

Table 1.8 provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table 1.8: Efficiency of expenditure use in selected social and economic services

(In per cent)

Social/Economic Infrastructure	2010-11			2011-12		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S&W	O&M		S&W	O&M
Social Services (SS)						
General Education	0.40	68.26	0.14	0.80	73.86	0.10
Health and Family Welfare	0.43	49.12	0.56	1.45	44.76	0.39
Water supply, Sanitation, Housing & Urban Development	6.22	17.12	3.00	4.45	22.29	0.39
Total (SS)	1.85	38.02	0.46	2.13	39.59	0.16
Economic Services (ES)						
Agriculture & Allied Activities	1.02	31.62	0.60	1.81	24.37	1.99
Irrigation and Flood Control	58.16	4.86	9.46	61.00	5.87	11.41
Power & Energy	0.57	0.30	0.11	0.74	0.35	0.12
Transport	50.77	2.67	66.54	42.37	7.00	74.31
Total (ES)	34.97	12.60	6.81	36.47	12.19	10.21
Total (SS+ES)	12.28	18.75	1.87	18.43	29.46	3.88
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation & Maintenance of respective sector.						

Source: Finance Accounts

Although no specific norms were laid down for prioritization of capital expenditure in the State's FRBM Act, increase in capital expenditure during 2011-12 indicated impetus to asset formation in the State. The percentage of expenditure in social sector under General Education, Health and Family Welfare, Water supply, Sanitation constitutes 2.13 per cent only. Funds earmarked for specific social sector activities were not always released on time/ not released at all, thereby negating the objective of allocating these funds as discussed in Chapter-2. The operation and maintenance expenditure (₹ 2,495 crore) in 2011-12 constituted 2.76 per cent of revenue expenditure.

1.9 Financial analysis of Government expenditure and investments

In the post-Fiscal Responsibility Legislation (FRL) framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government is expected to initiate measures to earn adequate return on its investments and recover its

cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis previous years.

1.9.1 Incomplete Projects

Blocking of funds on incomplete projects/works impinge negatively on the quality of expenditure. As per the information provided by the Government, 228 projects/works which were due for completion by 31 March 2012, were not completed. **The total amount of funds expended on these projects/works as of 31 March 2012 was ₹ 49,516 crore (previous year ₹ 46,330 crore) in respect of 228 projects/works (previous year 188 projects/works).** Further, of the 228 incomplete projects/works, the original cost of 54 projects/works was revised upwards by the Government to ₹ 87,559 crore. Non-completion of these projects/works within the stipulated period not only resulted in increase in cost, but also deprived the State of the intended benefits for prolonged periods.

The department-wise position of incomplete projects, each costing above ₹ one crore and due for completion are detailed in **Table 1.9**. The details of major and medium irrigation projects are given in *Appendix 1.8*.

Table 1.9: Department-wise profile of incomplete projects/works

(₹ in crore)

Nature of works	No. of incomplete Projects	Original cost	Revised total cost of projects	Cost over run	Cumulative Expenditure as on 31-03-2012
<i>Irrigation and Command Area Development Department[#]</i>					
Irrigation Projects	72	57,670	86,512	20,142 (16 projects)	48,156
<i>Roads and Bridges Department[#]</i>					
Roads and Bridges	42	645	751	59 (8 works)	441
<i>Panchayat Raj and Rural Development Department*</i>					
Roads	99	252	296	---	101
<i>Rural Water Supply and Sanitation Department*</i>					
Water Supply & Sanitation	15	1,387	---	---	818
Total	228	59,954	87,559	20,201	49,516

Source: [#]Departmental information; *Finance Accounts 2011-12

Test check of some of these projects in audit revealed that due to the prolonged processes involved in land acquisition, finalizing the designs and drawings, approvals, tendering etc. The projects took enormous time for completion and due to non-adherence to fixed timelines in many cases, funds allocated for many capital works remained unspent during the year.

1.9.2 Investment and return

As of 31 March 2012, the State Government invested ₹ 6,093 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. The status of return on the amount invested in these corporations/companies is given in **Table 1.10**.

Table 1.10: Return on investment

Investment/Return/Cost of Borrowings	2007-08	2008-09	2009-10	2010-11	2011-12
Investment at the end of the year (₹ in crore)	5,931	5,979	6,003	6,046	6,093
Return (₹ in crore)	12	19	23	39	52
Return (per cent)	0.20	0.32	0.38	0.65	0.85
Average rate of interest on Government borrowing (per cent)	8.25	7.88	7.86	7.60	7.40
Difference between interest rate and return (per cent)	8.05	7.57	7.48	6.95	6.55

Source: Finance Accounts

Government earned a return of ₹ 52 crore in 2011-12 on its investment of ₹ 6,093 crore in various corporations/companies. The **average rate of return on investment was 0.48 per cent during 2007-12, while the average rate of interest paid by the Government during the period was 7.8 per cent.**

As of March 2012, there were 50 working Companies/Corporations (47 Government Companies and 3 Statutory Corporations). Upto the year of accounts finalized, 11¹¹ Companies/Corporations had suffered a loss of ₹ 957 crore and an accumulated loss of ₹ 5,979 crore. Out of these, AP State Housing Corporation Limited (₹ 3,554 crore) and APSRTC (₹ 1,984 crore) were major loss making organizations. Seven Companies/Corporations had a negative net worth of ₹ 3,805 crore. Further, the overall net profit of ₹ 280 crore of all 50 Companies/Corporations to the end of the year upto which accounts were finalised (2008-09 to 2011-12) would be transformed into an overall net loss of ₹ 323 crore, if the impact of CAG and Statutory Auditor's comments are taken into account.

Government of Andhra Pradesh invested an amount of ₹ 8.28 crore in Godavari Fertilizers and Chemicals Limited, Secunderabad by purchasing 82.80 lakh equity shares of ₹ 10 each to end of 1986-87¹². While the Government divested its entire equity holding in this company in 2002-03, the sale proceeds of disinvestment were not yet remitted (September 2012) into Government account, leading to overstatement of Investments by ₹ 8.28 crore.

¹¹ 1. A.P. Gas Distribution Corporation Limited, 2. Fab City (India) Pvt. Limited, 3. Infrastructure Corporation of A.P. Ltd., 4. Damodhara Minerals Pvt. Limited, 5. Leather Industries Development Corporation of A.P. Ltd., 6. The Nizam Sugars Ltd., 7. Vizag Apparel Park for Export, 8. A.P.State Road Transport Corporation, 9. A.P. State Housing Corporation Limited, 10. Overseas Manpower Corporation of A.P. Ltd., 11. A.P. Urban Finance & Infrastructure Development Corporation Ltd.

¹² As per item no. IV(36) of Statement 14 of Finance Accounts.

The massive investment in State level public enterprises in the form of equity capital raised legitimate expectations of significant contributions by these enterprises to the State exchequer. On the contrary, they have proved to be a drag on the finances of the State Government with the average returns on investments continuing to be low.

1.9.3 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.11** presents the outstanding loans and advances as of 31 March 2012, along with the status during the last four years.

Table 1.11: Average interest received on loans advanced by State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2007-08	2008-09	2009-10	2010-11	2011-12	
					BE	Actual
Opening Balance	10,648	13,378	16,421	17,868	--	21,011
Amount advanced during the year	2,921	3,413	1,590	3,315	3,808	4,983
Amount repaid during the year	191	370	143	172	235	165
Closing Balance	13,378	16,421	17,868	21,011	4,043	25,829
<i>Of which</i> , outstanding balance for which terms and conditions have been settled	NA	NA	NA	NA	NA	NA
Net addition	2,730	3,043	1,447	3,142	3,573	4,818
Interest Receipts	44	21	32	60	--	95
Interest receipts as percentage of outstanding Loans and Advances	0.33	0.13	0.18	0.29	--	0.37
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	7.79	7.54	7.44	7.17	--	7.02
Difference between interest receipts and interest payments (<i>per cent</i>)	(-7.46)	(-7.41)	(-7.26)	(-6.88)	--	6.65

Source: Finance Accounts

Urban Development Authorities (₹ 1,201 crore) and State Housing Corporation (₹ 1,111 crore) were the major recipients of loans during the current year. At the end of 2011-12 recovery of ₹ 22,905 crore (₹ 17,557 crore (Principal) and ₹ 5,348 crore (Interest)) was due from Municipalities, Local bodies, Panchayati Raj Institutions etc. Of these, the recovery of ₹ 15,037 crore (Principal ₹ 10,372 crore and Interest ₹ 4,665 crore) was outstanding for more than 3 years. Out of ₹ 2,201 crore outstanding against AP State Electricity Board on the eve of its bifurcation in January 1999, loans amounting to ₹ 561 crore were overdue. The Government is yet to bifurcate the assets and liabilities between the two companies. Therefore, it is not clear as to how the Government proposes to recover the amount advanced to APSEB.

Despite constant pursuance by PAG (A&E), Government departments have not furnished the complete details relating to investments and outstanding loans in their records as of 31

March 2012. Consequently, this data was obtained from the limited information available with the office of PAG (A&E). In fact, **State Government is yet to obtain confirmation with regard to balances of loans advanced to the tune of ₹ 17,337 crore to various departments/organisations.** The earliest loan for which confirmation of balances was awaited relates to 1984-85. Housing (₹ 10,662 crore) and Loans to public sector and other undertakings (₹ 981 crore) are the major departments yet to convey acceptance of the balances as of 31 March 2012.

1.9.4 Cash balances and investment of Cash balances

During the current year, the State Government invested ₹ 3,486 crore in GoI Treasury Bills as against ₹ 4,534 crore in the previous year. **Table 1.12** depicts the cash balances and investments made by the State Government out of these during the year.

Table 1.12: Cash balances and their investment

(₹ in crore)			
Particulars	As on 1 st April 2011	As on 31 st March 2012	Increase/ Decrease
Cash Balances	8,830	9,322	492
Investments from Cash Balances (a to d)	4,534	3,486	-1,048
a. GoI Treasury Bills	4,534	3,486	-1,048
b. GoI Securities	--	--	--
c. Other Securities	--	--	--
d. Other Investments	--	--	--
Fund-wise break-up of Investment from Earmarked balances (a to c)	4,525	5,426	901
a. Sinking Fund	3,843	4,697	854
b. Guarantee Redemption Fund	668	715	47
c. Other Funds	14	14	--
Interest realized	451	578	127

Source: Finance Accounts 2011-12

The rate of interest earned on the investments from cash balances and investments from earmarked balances worked out to 5.40 *per cent* and 7.18 *per cent* respectively during the year 2011-12, against the average market borrowing rate of 7.40 *per cent*.

The State Government maintained the minimum daily cash balance of ₹ 3.32 crore with RBI during the year without obtaining any advances. The cash balance of the State increased by ₹ 492 crore (6 *per cent*) at the end of 2011-12 over the previous year. During the current year, the Government has not resorted to ways and means advances or overdrafts.

1.10 Assets and Liabilities

1.10.1 Growth and composition of assets and liabilities

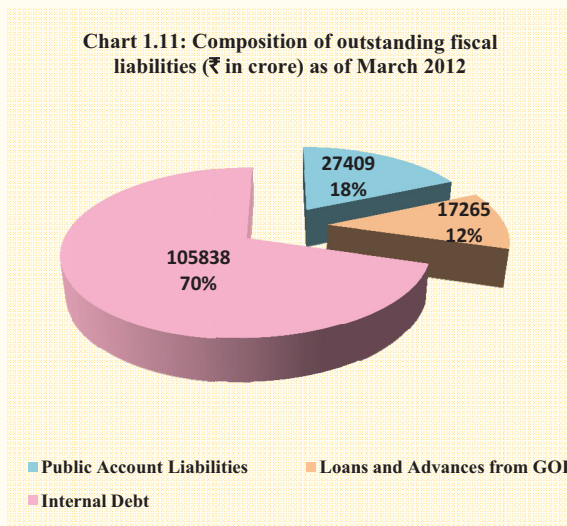
In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, Government

accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.9** gives an abstract of such liabilities and the assets as on 31 March 2012, compared with the corresponding position as on 31 March 2011. While liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from Public account and Reserve Funds, assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

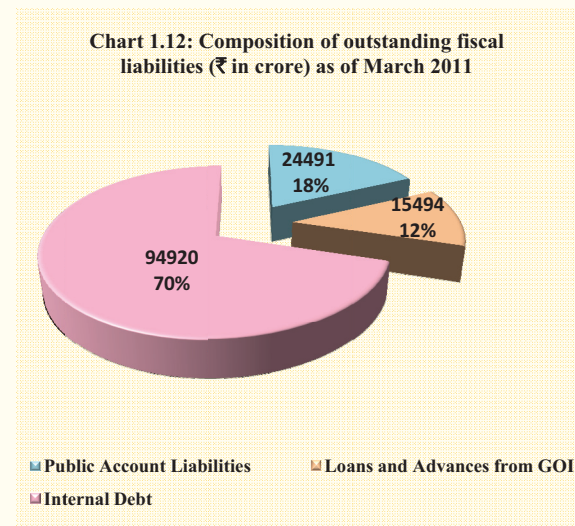
The total liabilities of the state as defined under the FRBM Act of the State means the “liabilities under the consolidated Fund of the State and the Public Account of the State and shall also include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the State budgets”.

1.10.2 Fiscal liabilities

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



Source: Finance Accounts 2011-12



Source: Finance Accounts 2010-11

The total fiscal liabilities of the State at the end of 2011-12 (₹ 1,50,512 crore) increased by ₹ 15,608 crore (12 per cent) over the previous year (₹ 1,34,905 crore) and stood at 1.61 times of revenue receipts.

Total fiscal liabilities as defined in FRBM Act worked out to ₹ 1,53,849 crore¹³ and stood at 22.27 per cent of GSDP at the end of current year, against a ceiling of 29.60 per cent prescribed in FRBM Act for the year 2011-12. In line with the FRBM Act, the State Government established Sinking Fund for reduction or avoidance of debt and Guarantee Redemption Fund and has been contributing to these funds at the rates prescribed by the RBI.

¹³ Consolidated Fund and Public Account Liabilities (₹ 1,50,512 crore), outstanding guarantees to be serviced out of State budget (₹ 2,050 crore) and outstanding off budget borrowings (₹ 1,287 crore).

1.10.3 Status of guarantees-contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. State Government in its FRBM Act, committed to limit the amount of annual incremental risk weighted guarantees to 90 per cent of the total revenue receipts in the year preceding the current year, and constituted (January 2002) Guarantee Redemption Fund for discharging the guarantees invoked. During the current year, ₹ 70 crore was contributed to the Fund and the entire closing balance (₹ 715 crore) as on 31 March 2012 was invested in Government securities.

As per Statement No.9 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table 1.13**.

Table 1.13: Guarantees given by the Government of Andhra Pradesh

(₹ in crore)

Guarantees	2007-08	2008-09	2009-10	2010-11	2011-12
Maximum amount guaranteed	18,798	29,990	20,324	29,554	23,543
Outstanding amount of guarantees	14,502	15,239	13,135	12,290	12,286
Percentage of maximum amount guaranteed to total revenue receipts	34.72	47.71	31.42	36.49	25.17

Source: Finance Accounts

The maximum amount guaranteed during the year (₹ 23,543 crore) to 37 entities is within the norm prescribed by the FRBM Act., i.e. 90 per cent of the total revenue receipts (₹ 72,896 crore) of the preceding year. The decrease in the maximum amount guaranteed at the end of 2011-12 by ₹ 6,011 crore over the previous year was mainly in respect of Power (₹ 448 crore), Urban Development and Housing (₹ 231 crore) and Co-operatives (₹ 289 crore).

During the current year, the Government received ₹ 0.90 crore on account of guarantee commission from Cooperatives and an amount of ₹ 14 crore is due from various other organisations as guarantee commission.

1.10.4 Off budget borrowings

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

Out of the off-budget borrowings of ₹ 2,231 crore raised by APTRANSCO through adjustment bonds, private placement and banks during the period 2001-09, the

Government repaid ₹ 937 crore up to 2010-11. During the current year, Government has not resorted to any off-budget borrowing but repaid ₹ 7 crore towards principal and ₹ 111 crore as interest of earlier years.

The total liabilities of State comprising fiscal liabilities (₹ 1,50,512 crore), off-budget borrowings (₹ 1,287 crore) and outstanding guarantees including interest at the end of March 2012 (₹ 12,286 crore) were ₹ 1,64,085 crore, which, as a ratio of GSDP, stood at 24.28 *per cent* i.e. **less than the ceiling of 29.60 *per cent* prescribed in FRBM Act for the year 2011-12.**

1.10.5 Adverse Balances

Adverse balances appearing in Finance Accounts distort the position of accounts balances. Adverse balance (Minus balances) under Loan head indicates that the repayment was more than the loans advanced by the Government. The adverse balances appearing under the Loan account were mainly under 6003 (109-Loans from other Institutions). Government departments that directly avail of institutional loans, have been classifying such loan amounts as their receipts, while in respect of SPVs and companies/corporations, these amounts do not enter Government accounts at all. Loan repayments, however, are booked as debit under MH-6003-Internal debt in Government accounts. This has resulted in adverse balance of ₹ 3,732 crore during 2011-12. These balances were in respect of the departments of Agriculture and Cooperation, AP Road Development Corporation, AP Power Finance Corporation Limited, and AP Transco Bonds. Government of Andhra Pradesh has been wrongly booking the repayment of principal on discharged bonds under 6003-Internal Debt. In respect of Special Purpose Vehicles (SPV), such repayment by Government on their behalf amounts to assistance to these undertakings and should have therefore, been classified under revenue expenditure. Hence, the cumulative adverse balances in respect of loan repayments on behalf of SPVs represent a cumulative understatement of revenue expenditure.

Government accepted the audit finding and stated (November 2012) that it is a legacy issue which is being addressed.

1.11 Debt sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability¹⁴ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹⁵, sufficiency of non-debt receipts¹⁶, net availability of borrowed funds¹⁷, burden of interest payments (measured by ratio of interest payments to revenue receipts) and maturity profile of State Government securities. **Table 1.14** analyses the debt sustainability of the State according to these indicators during the five year period 2007-12.

¹⁴ See glossary at page 100

¹⁵ See glossary at page 100

¹⁶ See glossary at page 100

¹⁷ See glossary at page 100

Table 1.14: Debt sustainability: Indicators and trends

Indicators of Debt Sustainability	2007-08	2008-09	2009-10	2010-11	2011-12
Debt Stabilisation (Quantum Spread + Primary Deficit) (₹ in crore)	13,796	10,861	12,800	18,101	22,375
Debt-GSDP ratio	0.27	0.26	0.25	0.24	0.22
Sufficiency of Non-debt Receipts (Resource Gap) (₹ in crore)	(-) 3,143	(-) 3,710	(-) 1,603	(+) 2,207	(-) 3,598
Net Availability of Borrowed Funds (₹ in crore)	(-) 510	3,033	5,523	2,769	3,348
Debt Redemption (Principal+Interest)/Total Debt Receipts	1.130	0.840	0.850	0.915	0.853
Burden of Interest Payments (IP/RR Ratio)	0.14	0.13	0.14	0.12	0.11

Source: Finance Accounts

The quantum spread together with primary deficit has been positive for the last five years, resulting in decline in Debt/GSDP ratio from 0.27 in 2007-08 to 0.22 in 2011-12. These trends indicate the tendency towards debt stabilization, which would eventually improve the debt sustainability of the State. The resource gap has been negative in four out of the five year period indicating that the incremental non-debt receipts were not sufficient to meet the incremental primary expenditure and interest burden. Thus, the State needs to step up its resource mobilisation as well as prune unproductive expenditure to maintain debt stability. The net availability of borrowed funds was positive during the last five years, indicating the availability of borrowed funds for purposes other than debt repayment. The maturity profile of State debt is shown in **Table 1.15**.

Table 1.15: Maturity Profile of State Debt

Maturity profile	Amount	Percentage
0 – 1 years	6,056	5.71
1 – 3 years	10,615	10.02
3 – 5 years	9,953	9.39
5 – 7 years	21,577	20.36
7 years and above	57,785	54.52
Total	1,05,986	100.00

(₹ in crore)

To discharge its expenditure obligations, the Government has to borrow further, since fiscal surplus was not available in any of the last five years. The significant increase in market borrowings (₹ 42,883 crore) of the State Government in 2009-10, 2010-11 and 2011-12 could lead to large repayment obligation from the year 2018-19 onwards. The maturity profile of outstanding stock of State Development Loans (SDLs) as on 31 March 2012 shows that 55 per cent of SDLs are in the maturity bucket of 7 years and above.

Source: Finance Accounts 2011-12

It further indicates that the liability of the State to repay the debt would be ₹ 9,953 crore during 2015-17 and ₹ 21,577 crore during 2017-19, which would put a strain on the Government budget during that period. The State may have to borrow further to repay these loans. A well thought out debt repayment strategy will have to be worked out by the

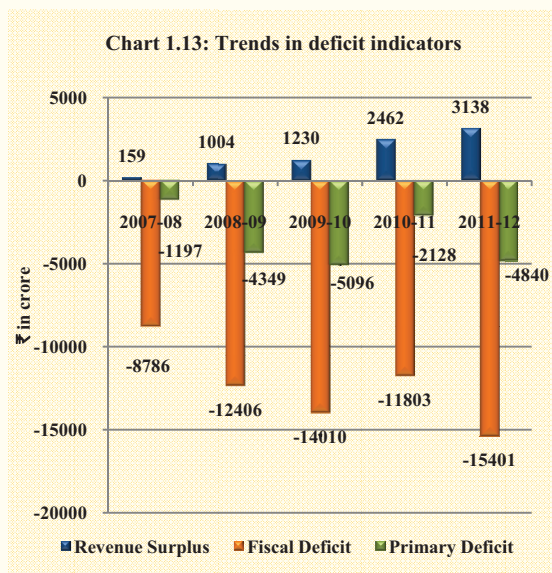
Government to ensure that no additional borrowings, which mature in these critical years, are made.

1.12 Fiscal Imbalances

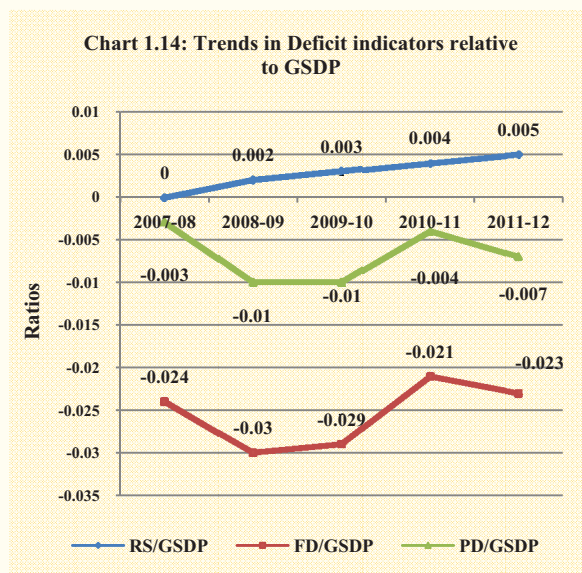
Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. Deficit in Government accounts represents the gap between its receipts and expenditure and the nature of deficit is 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 its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also assesses the actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2011-12.

1.12.1 Trends in deficits

Charts 1.13 and 1.14 present the trends in deficit indicators over the five year period 2007-12.



Source: Finance Accounts



Source: Finance Accounts

There was revenue surplus for the sixth consecutive year during 2011-12. At ₹ 3,138 crore, revenue surplus increased by ₹ 676 crore over the previous year (₹ 2,462 crore). Fiscal deficit with inter year variations increased to ₹ 15,401 crore in 2011-12 (30 per cent) from ₹ 11,803 crore in 2010-11. Primary deficit increased to ₹ 4,840 crore (127 per cent) from ₹ 2,128 crore in 2010-11.

1.12.2 Components of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in Table 1.16.

Table 1.16: Components of fiscal deficit and their financing pattern

(₹ in crore)

Sl.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12		
						Receipts	Disbursements	Net
A	Decomposition of Fiscal Deficit (1 to 3)	(-) 8,786	(-) 12,407	(-) 14,010	(-) 11,803	93,719	1,09,120	(-) 15,401
	1. Revenue Deficit/Surplus	159	1,004	1,230	2,462	93,553	90,415	3,138
	2. Net Capital Expenditure	(-) 6,216	(-) 10,367	(-) 13,793	(-) 11,123	0	13,722	(-) 13,722
	3. Net Loans and Advances	(-) 2,729	(-) 3,044	(-) 1,447	(-) 3,142	165	4,983	(-) 4,818
B	Financing Pattern of Fiscal Deficit							
	Market Borrowings	6,182	10,911	13,403	10,154	16,731*	5,813	10,918
	Loans from GoI	(-) 43	(-) 391	73	687	2,719	948	1,771
	Small Savings, PF etc (Cr)	940	570	961	1,603	3,376	2,156	1,220
	Reserve Funds (Cr)	252	271	(-) 113	945	3,272	2,921	351
	Deposits and Advances (Cr)	3,416	(-) 1,812	(-) 1,437	1,703	42,963	41,617	1,346
	Suspense and Misc. (Dr)	(-) 2,828	4,405	(-) 1	(-) 2,200	1,23,420	1,23,083	337
	Remittances (Cr)	943	(-) 1,621	1,435	(-) 1,351	17,524	17,427	97
	Others (Contingency Fund)	(-) 1	(-) 6	7	(-) 1	1.54	0.40	1 [#]
	Overall Surplus/Deficit	(-)75	80	(-) 318	263	--	--	(-) 638

Source: Finance Accounts. *Includes borrowings from other institutions; [#]Difference is due to rounding off

There was an increase of fiscal deficit in the current year by ₹ 3,598 crore over the previous year. At ₹ 15,500 crore during 2011-12, market borrowings were the main source of financing fiscal deficit.

1.12.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit¹⁸ and capital expenditure (including loans and advances) would indicate the quality of deficit in the State finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistent high ratio of revenue deficit to fiscal deficit would indicate that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) are not backed by assets. The bifurcation of primary deficit (**Table 1.17**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

¹⁸ See glossary at page 100

Table 1.17: Primary deficit/surplus – bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure ¹⁹	Primary revenue deficit(-)/surplus(+)	Primary deficit(-)/surplus(+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2007-08	60,891	46,394	12,774	2,920	62,088	(+)14,497	(-)1,197
2008-09	63,228	53,797	10,367	3,414	67,578	(+)9,431	(-)4,350
2009-10	64,821	54,534	13,793	1,590	69,917	(+)10,287	(-)5,096
2010-11	81,169	68,859	11,123	3,315	83,297	(+)12,310	(-)2,128
2011-12	93,719	79,854	13,722	4,983	98,559	(+)13,865	(-)4,840

Source: Finance Accounts

The bifurcation of factors resulting in primary deficit /surplus of the State during the period 2007-12 reveals that throughout this period, primary deficit was on account of expenditure incurred under capital account and loans and advances disbursed by the State Government. In other words, the non-debt receipts of the State were not only adequate to meet the primary revenue expenditure, but also met whole/part of the capital expenditure. However, the surplus non-debt receipts were not enough to meet the entire primary expenditure and loans and advances, resulting in primary deficit in all the years during 2007-12.

1.13 Conclusion

State Government has been achieving the fiscal reform targets every year in post FRBM legislation period. The State registered revenue surplus for the 6th consecutive year during 2011-12 and the fiscal deficit was well within the ceiling prescribed by the FRBM Act. The State has done well to bring down the fiscal liabilities to 22.27 per cent of the GSDP against a ceiling of 29.60 per cent as prescribed in FRBM Act for the year 2011-12.

Revenue Receipts registered a growth of over 15.50 per cent during the current year over the previous year, due to growth in its own tax and non tax revenue. While capital expenditure increased by about 23 per cent and its ratio to total expenditure has also increased significantly to 18.43 per cent from 12.28 per cent during previous year. Capital works/projects in irrigation and road sectors were not completed on time, which resulted in pushing up the cost of these projects without achieving the envisaged benefits. Further, although the State Government accorded adequate fiscal priority to development expenditure during 2011-12, it did not ensure that the allocated funds were fully utilized for the intended purpose.

¹⁹ See glossary at page 100

Return on investment in Companies/Statutory Corporations continued to be poor and the rate of return on investment was 0.85 per cent during 2011-12, while the rate of interest paid by the Government during the year was 7.40 per cent. The accounts of several of these companies/corporations have been in arrears and up to the year of accounts finalized, the accumulated losses of eleven entities alone amounted to ₹5,979 crore, with AP State Housing Corporation (₹3,554 crore) and APSRTC (₹1,984 crore) leading the list.

The current level of recovery of loan is abysmal with the gap between disbursement (₹4,983 crore) and recovery (₹164 crore) widening. In fact, confirmation of balances on loan amount of ₹17,337 crore was yet to be received from the entities, which were the recipients of these loans.

Existence of adverse balances under loan head (₹3,732 crore) understated the revenue expenditure position of the State in Finance accounts and affected the State fiscal indicators.

Chapter 2 Financial Management and Budgetary Control

2.1 Introduction

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

2.2 Transparency in Budgeting

2.2.1 Budget cycle

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

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

2.3 Financial accountability and budget management

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

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

2.4 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2011-12 against 40 grants/appropriations is given below in Table 2.1.

Table 2.1: Summarised positions of actual expenditure vis-à-vis original/supplementary provisions

(₹ in crore)

	Nature of expenditure	Original	Supplementary	Total	Actual expenditure ¹	Saving(-)/ Excess(+)
Voted	I Revenue	86,042.35	9,997.95	96,040.30	81,135.89	(-)14,904.41
	II Capital	18,030.72	1,164.36	19,195.08	14,145.28	(-)5,049.80
	III Loans and Advances	3,808.10	1,840.15	5,648.25	4,983.20	(-)665.05
Total Voted		1,07,881.17	13,002.46	1,20,883.63	1,00,264.37	(-)20,619.26
Charged	IV Revenue	11,552.25	21.25	11,573.50	10,685.28	(-)888.22
	V Capital	72.15	5.19	77.34	22.11	(-)55.23
	VI Public Debt Repayment	9,709.75	---	9,709.75	6,761.01	(-)2,948.74
Total Charged		21,334.15	26.44	21,360.59	17,468.40	(-)3,892.19
Grand Total		1,29,215.32	13,028.90	1,42,244.22	1,17,732.77	(-)24,511.45

Source: Appropriation Accounts 2011-12

Note: Detailed Contingent bills were not received as required under rules from Drawing and Disbursing Officers in support of ₹ 671 crore drawn on Abstract Contingent bills during 2011-12. In the absence of Detailed Contingent bills the genuineness of the expenditure could not be vouched.

The overall saving of ₹ 24,511 crore was the result of saving of ₹ 24,700 crore in 38 grants and 11 appropriations under Revenue Section, 26 grants and three appropriations under Capital Section and 9 grants and one appropriation (Public Debt) under Loans Section, offset by an excess of ₹ 189 crore in two grants² and two appropriations³ under Revenue Section, one grant⁴ under Capital Section and two grants⁵ under Loans Section. These savings were 1.88 times the supplementary provision made during the year, which indicated inaccurate budget estimation and inadequate monitoring of expenditure.

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure (₹ 1,406 crore) and capital expenditure (₹ 445 crore).

² X-Home Administration (₹ 54.73 crore) and XXIV-Minority Welfare (₹ 31.16 crore).

³ XXIII-Backward Classes Welfare (₹ 912) and XXV-Women, Child and Disabled Welfare (₹ 51,238).

⁴ XVII-Municipal Administration and Urban Development (₹ 1.69 crore).

⁵ IX-Fiscal Administration, Planning, Surveys and Statistics (₹ 98.21 crore) and XV-Sports and Youth Services (₹ 2.79 crore).

The Government attributed the huge savings during the year, to non-drawal of ways and means advance, short release of funds by GoI, less borrowing and short-fall in the State's own revenue.

The credibility of budget is measured by the number of deviations from it during the year, the extent of supplementary demands, re-appropriations and the magnitude of final excess and saving over the approved budget. Every year, the CAG brings out in his audit reports, several cases of expenditure incurred without funds availability or where the sanction of the competent authority was not obtained for incurring expenditure. The Government should ensure that funds are expended only after ensuring their availability and authorisation, and that, deviations are dealt with appropriately.

2.4.1 Appropriation vis-à-vis allocative priorities

There were deviations from budget allocation both with regard to the receipts as well as expenditure during the financial year 2011-12 raising questions about the credibility of the budgeting process, budget monitoring process and the reliability of management information system.

Our appropriation audit revealed that, in 22 Grants and one Appropriation, savings exceeded ₹ 100 crore and above and also by more than 20 per cent of total provision in each case, constituting 54 per cent of total savings (₹ 24,700 crore) (*Appendix 2.1*). Of these, saving of ₹ 10,133 crore (41 per cent) occurred in eight grants and one appropriation as indicated in **Table 2.2**. Saving in all these grants exceeded ₹ 500 crore and was more than 20 percent of the outlay, raising questions about the validity of assumptions in budget formulation.

Table 2.2: Grants with large saving

(₹ in crore)

Sl. No.	Grant No.	Name of the grant/ appropriation	Original Provision	Supple-mentary Provision	Total	Actual Expenditure	Saving
Revenue Voted							
1	XIII	Higher Education	2,472	106	2,578	1,950	628
2	XVII	Municipal Administration and Urban Development	3,951	283	4,234	2,680	1,554
3	XXI	Social Welfare	2,040	378	2,418	1,712	706
4	XXIII	Backward Classes Welfare	2,074	1,628	3,702	2,753	949
5	XXV	Women, Child and Disabled Welfare	1,914	93	2,007	1,500	507
6	XXXI	Panchayat Raj	3,918	182	4,100	2,901	1,199
						Total	5,543
Capital Voted							
7	XI	Roads, Buildings and Ports	2,264	347	2,611	1,728	883
8	XXXIV	Minor Irrigation	2,031	0	2,031	1,273	758
						Total	1,641
Loans Charged (Public debt)							
9	IX	Fiscal Administration, Planning, Surveys and Statistics	9,710	0	9,710	6,761	2,949
						Total	2,949
						Grand Total	10,133

Source: Appropriation Accounts 2011-12

Reasons for the large saving were attributed by the Government to the following factors:

Higher Education: Non-filling up of vacant posts, non-receipt of requisition from unit offices for release of funds, non-receipt of UGC grants, not receiving continuation orders in respect of contract appointees and lack of approvals from competent authority.

Municipal Administration and Urban Development: The saving was due to ‘non-receipt of sanction orders’ and ‘slow progress of works’.

Social Welfare: Late release of Tuition fee and Post-Matriculation Scholarships by GoI, non-filling up of retirement vacancies, slow progress of maintenance works and non receipt of bills from concerned agencies.

Backward Classes Welfare: Non-release of Post Matriculation Scholarship funds by GoI and postponement of expenditure relating to reimbursement of Tuition Fee to Economically Backward Classes students to next financial year.

Women, Child and Disabled Welfare: ‘Postponement of maintenance works under Integrated Child Development Services’, ‘late release of State share of Nutrition Programme’ and ‘SABALA (Rajiv Gandhi Scheme for Empowerment of Adolescent Girls) funds by GoI and consequent non-release of funds by the State Government’.

Panchayat Raj: Non-receipt of sanction orders & requisition for release of funds, late approval of TFC works by High Powered Committee, slow progress of works and postponement of maintenance works.

Roads, Buildings & Ports: Slow progress of works and non-receipt of sanction orders from competent authorities.

Minor Irrigation: The saving was due to ‘slow progress of works’, ‘non-receipt of bills’ and ‘non-receipt of sanction orders from the Government’.

Fiscal Administration, Planning, Surveys and Statistics: Non-availment of Ways and Means advance from RBI during 2011-12.

In addition to the above, though the percentage of saving was less than 20, huge saving of more than ₹ 1,000 crore was noticed in three grants, as shown in the table below:

Table 2.3: Saving more than ₹ 1,000 crore

(₹ in crore)

Sl No.	Grant No.	Name of the Grant	Amount of saving	Reasons
1	XII	School Education (Revenue Voted)	2,324	Non-filling up of vacant posts, non-receipt of funds from GoI and non-receipt of requisitions from units.
2	XXXIII	Major and Medium Irrigation (Capital Voted)	2,165	Non-receipt of administrative approvals from competent authority, slow progress in acquisition of land, slow progress of works, non-finalisation of compensation, non-filling up of vacant posts, postponement of certain maintenance works and non-receipt of bills from APTRANSCO.
3	XXXIII	Major and Medium Irrigation (Revenue Voted)	1,482	Postponement of maintenance works, non-receipt of bills, and non-receipt of administrative approvals.

Source: Appropriation Accounts 2011-12

2.4.2 Persistent saving

There were persistent savings of more than ₹ 20 crore in each case and 20 *per cent* or more of the total grant/appropriation, in eight cases, during the last five years. The details of these grants are given below:

Table 2.4: Grants/appropriations with persistent savings during 2007-12

(₹ in crore)

Sl. No.	No. and Name of the Grant/Appropriation	Amount of saving				
		2007-08	2008-09	2009-10	2010-11	2011-12
Revenue - Voted						
1.	XVIII – Housing	342	802	374	189	436
2.	XXXIV – Minor Irrigation	107	289	270	113	161
3.	XXXVI - Industries and Commerce	165	288	582	389	478
4.	XXXVII – Tourism, Art and Culture	74	55	38	41	73
Capital – Voted						
5.	V – Revenue, Registration and Relief	37	60	23	101	91
6.	XVI – Medical and Health	37	62	32	38	36
7.	XXI – Social Welfare	109	434	102	75	114
Capital - Charged						
8.	XXXIII – Major and Medium Irrigation	69	112	97	56	43

Source: Appropriation Accounts

Considering that the above grants relate to developmental schemes in housing, irrigation, medical & health and welfare sectors, clearly, the Government has not been able to ensure that the envisaged benefits accrued to the targeted beneficiaries.

Reasons for the persistent savings, as intimated by Government, are given below.

Housing: There was fluctuation in the quantum of saving during the last five years (2007-12). Saving during the current year was attributed by the Government to ‘non-receipt of administrative sanction under ‘Weaker Section Housing Programme’ under *INDIRAMMA*.

Minor Irrigation: Slow progress of works, non-receipt of approvals and postponement of maintenance works.

Industries and Commerce: Non-requirement of funds towards reimbursement of Purchase Tax Incentive and non-utilisation of the provision under Transport, Roads and Buildings department towards reimbursement of Sales Tax (VAT) on aviation turbine fuel during 2007-11. For the current year, saving was due to non-release of its share by GoI consequent on non-release of State’s share, non-finalisation of incentives to entrepreneurs by the State Level Committee, non-receipt of sanctions from the Competent Authority, non-finalisation of power subsidy, non-filling up of vacant posts and retirements.

Tourism, Art and Culture: Non-materialization of action plan, non-receipt of administrative sanction, delay in tendering for archaeological conservation, non-construction of multi-purpose cultural complexes at Kadapa and Nellore etc.

Revenue, Registration and Relief: Non-construction of buildings, bridges, cyclone shelters and roads and not taking up construction works under National Cyclone Risk Mitigation Project, slow progress of works, non-receipt of sanctions/approvals for works and non-filling up of vacant and outsourcing posts.

Medical and Health: Non-receipt of administrative orders, slow progress of works and non-finalisation of agencies for taking up construction work.

Social Welfare: Non-receipt of funds by GoI, slow progress of works and non-agreement by NABARD for sanction of works under RIDF under 'Construction of buildings for Integrated Hostels (HUDCO Loan).

Major and Medium Irrigation: (Capital Charged section) Specific reasons for savings during 2007-12 were not intimated by the Government. Reasons for saving during the current year was due to non-finalisation of land acquisition awards, court cases and late receipt of administrative approvals for depositing amount in court.

2.4.3 Excess expenditure

Excess expenditure over the budget provision was reduced from ₹ 842 crore in 2010-11 to ₹ 189 crore during 2011-12, which is encouraging. The excess occurred in five grants and two appropriations during the year and requires regularisation under Article 205 of the Constitution of India.

Expenditure exceeded the budget by ₹ 20 crore or more in each case amounting to ₹ 184 crore in three cases, as shown in table below.

Table 2.5: Excess expenditure

(₹ in crore)

Sl.	Grant No.	Name of the Grant	Total Grant	Expenditure	Excess expenditure
1.	IX	Fiscal Administration, Planning, Surveys and Statistics (LV)	124	222	98
2.	X	Home Administration (RV)	4,290	4,345	55
3.	XXIV	Minority Welfare (RV)	334	365	31
Total			4,748	4,932	184

Source: Appropriation Accounts 2011-12; RV- Revenue Voted; LV- Loans Voted

Excess under Home Administration was due to (i) payment of arrears of DA, Automatic Advancement Scheme and other allowances, (ii) payment of remuneration to the outsourced staff and (iii) payment of property tax on Government buildings and quarters.

2.4.4 Expenditure without Provision

As per paragraph 20.3.1 of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. However, ₹ 326 crore was incurred in six cases (₹ 10 crore and above in each case) during the year 2011-12 without budget provision as detailed in **Table 2.6**.

Table 2.6: Expenditure without provision during 2011-12

(₹ in crore)

Sl.	No. and Name of the Grant	Head of Account	Expenditure	Reasons
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-01-110-(09)	53	Payment of pension/family pension in revised pay scales and also payment of Dearness Relief from time to time
2	XI-Roads, Buildings and Ports	3054-04-797-(04)	198	Non-provision of funds in the budget for transfer of amount received from Central Government to Road Fund
3	XII - School Education	2202-01-789-(30)	23	Expenditure was incurred under 'Nutritious Meals Programme' under Elementary and Secondary education. Reasons for incurring expenditure without budget provision have not been intimated.
4	XII - School Education	2202-02-789-(13)	15	
5	XVII – Municipal Administration and Urban Development	2217-80-001-(75)	25	Reasons for incurring expenditure under the sub-head 'Lumpsum provision' without budget provision were not intimated.
6	XXXII-Rural Development	2501-01-003-(25)	12	Expenditure was incurred towards matching state share in the new scheme 'Mahila Kisan Shashaktikaran Pariyojana' (MKSP)
Total			326	

Source: Appropriation Accounts 2011-12

2.4.5 Excess expenditure over provision relating to previous years not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit has been prescribed under the Article, regularisation of excess expenditure is to be done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure over the allocation amounting to ₹ 2,687 crore pertaining to the years 2004-11 was yet to be regularized as of July 2012, as detailed in **Appendix 2.2**, due to non-furnishing of Explanatory Notes by the concerned Administrative departments/Finance department. The year-wise amount of excess expenditure pending regularisation is summarised in **Table 2.7**.

Table 2.7: Excess over provision relating to previous years requiring regularization

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2004-05	5	1	15	Out of these 61 Grants and 18 Appropriations, Explanatory Notes for 18 Grants and 6 Appropriations were received and vetted by the PAG (GSSA) as of July 2012. Explanatory Notes for the remaining 43 Grants and 12 Appropriations are awaited from the Administrative Departments /Finance Department.
2005-06	10	3	586	
2006-07	7	1	199	
2007-08	7	3	201	
2008-09	11	3	709	
2009-10	10	2	110	
2010-11	11	5	867	
Total	61	18	2,687	

Source: Summary to Appropriation Accounts from 2004-05 to 2010-11

2.4.6 Unnecessary supplementary provision

Supplementary provision aggregating ₹ 3,822 crore obtained in 33 cases (₹ one crore or more in each case) during the year proved unnecessary, as the original provision itself could not be utilised as detailed in *Appendix 2.3*.

In the following departments, expenditure fell short of the original provision by over ₹ 100 crore, rendering the provision of supplementary funds redundant as given in table below.

Table 2.8: List of un-necessary Supplementary Grants

(₹ in crore)

Sl. No.	No. & Name of the Grant	Original Provision	Actual expenditure	Saving out of original provision	Supplementary provision
Revenue Voted					
1	III-Administration of Justice	648.80	526.04	122.76	35.96
2	XII-School Education	13,934.11	12,147.23	1,786.88	537.58
3	XIII-Higher Education	2,472.63	1,950.05	522.58	105.83
4	XIV-Technical Education	794.51	692.52	101.99	27.88
5	XVII-Municipal Administration and Urban Development	3,951.48	2,680.01	1,271.47	282.71
6	XXI-Social Welfare	2,040.36	1,712.07	328.29	378.17
7	XXII-Tribal Welfare	1,069.73	944.98	124.75	279.28
8	XXV-Women, Child and Disabled Welfare	1,914.58	1,500.17	414.41	92.88
9	XXVIII-Animal Husbandry and Fisheries	909.22	704.85	204.37	57.95
10	XXX-Co-operation	306.72	165.89	140.83	2.15
11	XXXI-Panchayat Raj	3,918.23	2,900.62	1,017.61	181.98
12	XXXVI-Industries and Commerce	802.26	375.74	426.52	51.28
13	XXXVIII- Civil Supplies Administration	2,784.50	2,450.74	333.76	2.50
Capital Voted					
14	XI-Roads, Buildings and Ports	2,264.25	1,727.90	536.35	346.34
Loans Voted					
15	XVIII-Housing	1,339.63	1,216.99	122.64	150.00

Source: Appropriation Accounts 2011-12

2.4.7 Unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2011-12 excessive/unnecessary/inadequate re-appropriation of funds occurred in 103 cases which resulted in either non-utilisation of funds or excess over provision by ₹ 10 crore and above in each case as detailed in *Appendix 2.4*.

2.4.8 Unexplained re-appropriations

Paragraph 20.17.2 of APBM stipulates that reasons for the additional expenditure and savings should be explained in the re-appropriation statement and vague expressions such as “based on actual requirement/expenditure”, “savings are anticipated” “observance of economy”, “original provision proved insufficient or excessive”, “based on progress of actuals” etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the State Government revealed that, out of 13,248 items of re-appropriations made, specific reasons were intimated only in respect of 6,940 (52 *per cent*) items. There was also no consistency in the reasons cited for savings/additional expenditure by the administrative departments concerned and the Finance department.

2.4.9 Substantial surrenders

Funds in excess of ₹ 10 crore and also more than 50 *per cent* of total provision in each case was surrendered in respect of 183 sub-heads. The savings were mainly due to (i) non-availment of Ways and Means Advances from the RBI, (ii) non-release of funds for administrative reasons, (iii) postponement and slow progress of work, (iv) non-receipt of grants from GoI, (v) non-filling up of vacant posts, (vi) non-agreement for sanction of works under RIDF⁶ by NABARD, (vii) non-receipt of administrative approvals and (viii) non-finalisation of land acquisition awards.

Out of the total provision of ₹ 15,873 crore under 183 sub-heads, ₹ 13,362 crore (84 *per cent*) was surrendered, which included cent *per cent* surrenders (₹ 6,556 crore) under 62 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**. The Government could have assessed its requirement more realistically in these cases.

2.4.10 Lumpsum provision

Paragraph 16.12 of the APBM stipulates that lumpsum provision should not as a rule be made in the budget estimates. However, lumpsum provision of ₹ 1,205 crore was made in the budget in violation of this stipulation and ₹ 1,130 crore (94 *per cent*) of this provision remained unutilized at the end of the year. The details in this regard are tabulated below.

⁶ RIDF: Rural Infrastructure Development Fund; NABARD: National Bank for Agriculture and Rural Development

Table 2.9: 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	2052-090-75-Lumpsum provision	700.00	700.00
2	XI - Roads, Buildings and Ports	5054-04-789-36-Lumpsum provision for PPP projects	32.40	32.40
3		5054-04-796-36-Lumpsum provision for PPP projects	13.20	13.20
4		5054-04-800-36-Lumpsum provision for PPP projects	154.40	79.72
5	XII - School Education	2202-01-800-75-Lumpsum provision	15.05	15.05
6	XIII - Higher Education	2202-03-001-75-Lumpsum provision	35.65	35.65
7		2202-03-102-41-Lumpsum provision for addl commitment for UGC pay scales (20% arrears from 01-01-2006 to 31-03-2010)	77.20	77.20
8		2202-03-102-75-Lumpsum provision	141.97	141.97
9		2202-03-104-75-Lumpsum provision	4.06	4.06
10		2202-03-789-41-Lumpsum provision for addl commitment for UGC pay scales (20% arrears from 01-01-2006 to 31-03-2010)	16.20	16.20
11		2202-03-796-41-Lumpsum provision for addl commitment for UGC pay scales (20% arrears from 01-01-2006 to 31-03-2010)	6.60	6.60
12	XVI - Medical and Health	2210-01-001-75-Lumpsum provision	7.92	7.92
Total			1,204.65	1,129.97

Source: Appropriation Accounts 2011-12

As can be seen from the above details, in 11 out of 12 sub-heads under five Grants, the entire provision remained unutilised. Budget provision under nine sub-heads, (sl.nos. 1 and 5 to 12) amounting to ₹ 1,005 crore was surrendered on the last day of the financial year.

Government accepted (November 2012) the audit finding and assured necessary corrective action.

2.4.11 Surrender in excess of actual saving

The spending departments, as per the provisions of the APBM (paragraph 20.2.2), are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. Surrender of the provision in anticipation of saving and incurring expenditure subsequently by the controlling officers is resulting in surrender in excess of the overall saving in a grant/appropriation.

In 21 cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual saving indicating lack of/inadequate budgetary control and monitoring in these departments. As against the saving of ₹ 6,886 crore, the actual amount surrendered was ₹ 8,204 crore, resulting in excess surrender of ₹ 1,318 crore. Details are given in **Appendix 2.6**.

2.4.12 Savings not surrendered

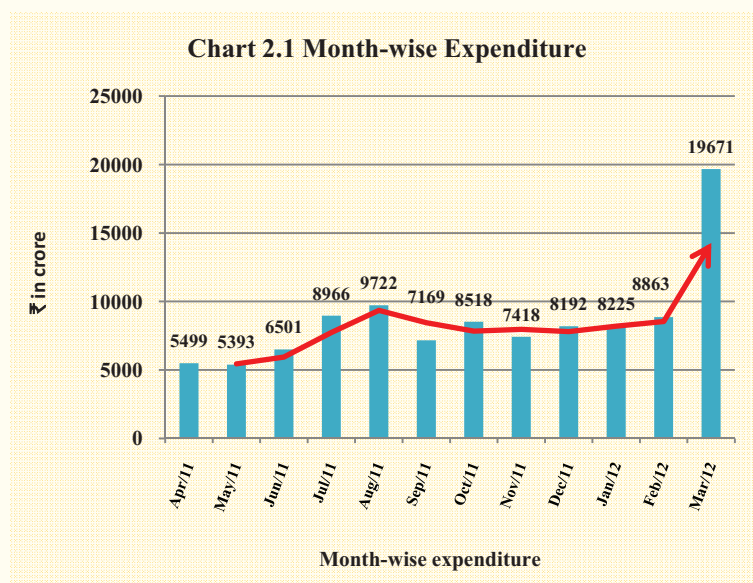
At the close of the year 2011-12, there were four grants and four appropriations in which saving of ₹ 290 crore occurred but no part of it had been surrendered by the departments concerned (*Appendix 2.7*).

Similarly, out of the saving of ₹ 12,762 crore under 30 grants/ appropriations, saving (₹ 5 crore and above in each case) amounting to ₹ 5,024 crore (20 per cent) of total saving (₹ 24,700 crore) was not surrendered. Details are given in *Appendix 2.8*.

Besides, in 79 cases, ₹ 20,522 crore (83 per cent) of the total saving of ₹ 24,700 crore was surrendered (in excess of ₹ 10 crore in each case), on the last two working days of March 2012 (*Appendix 2.9*) indicating inadequate financial control and poor capacity to spend.

2.4.13 Rush of expenditure

Article 39 of the APFC requires that expenditure should be evenly distributed throughout the year and no attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March.



Contrary to these provisions, while the expenditure during the months from April 2011 to February 2012 was between 5 and 9 per cent of the total expenditure of ₹1,04,137 crore (both revenue and capital expenditure), expenditure in the month of March 2012 alone constituted 19 per cent indicating rush of expenditure at the end of the financial year.

Source: Monthly Civil Accounts prepared by PAG(A&E)

2.5 Major Policy Initiatives

Some of the major policy initiatives/schemes outlined in the Budget speech/ annual plan of the State Government during the year 2011-12 were scrutinized in audit on a test check basis to verify if these pronouncements were implemented. Audit findings in this regard are given below:

2.5.1 With a view to relieve the Weavers Cooperative Societies and weavers from indebtedness, Government introduced the scheme “Assistance towards Loan Waiver to Weavers” and allocated a sum of ₹ 200 crore in the Budget for the year 2011-12. However, only an amount of ₹ 32.88 crore (16 per cent) was released for the purpose during the year.

- 2.5.2** “Rashtriya Madhyamika Siksha Abhiyan (RMSA)” is a centrally sponsored scheme, with the funding pattern of 75:25 between the Central and State Governments being implemented in the State with the objective to provide access to secondary education for the age group of 14 to 18 years duly providing necessary physical facilities, teaching and non-teaching staff for every secondary school and financial assistance to the Government/Local body/ aided schools. The State Government allocated ₹ 300 crore as state matching share during the year 2011-12. Out of ₹ 322.05 crore (₹ 227.90 crore Central share and ₹ 94.15 crore State share) released, the expenditure incurred was only ₹ 225.52 crore. Reasons for non-utilisation of funds to the extent of ₹ 96.53 crore were due to non-approval of the Executive Committee of the State Project and the unutilised funds (together with the earlier unspent balances) were kept as fixed sweep deposits.
- 2.5.3** In order to ensure good quality education at secondary level, the scheme ‘Setting up of Model Schools at Block level as benchmark of excellence’ was taken up as a Centrally Sponsored Scheme on 75:25 cost share basis between Central and State Governments and an amount of ₹ 200 crore was allocated as State share in the Budget during the year 2011-12. Although, Central share of ₹ 412.09 crore was released by GoI in July 2011, the corresponding State’s share of ₹ 137.36 crore was not released by the State. Further, out of the total Central share released, only ₹ 6.33 crore was spent and ₹ 400 crore was kept as Fixed Deposits.
- 2.5.4** Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG)-SABALA was introduced by GoI to enable self-development and empowerment of adolescent girls in the age group of 11 to 18 years. Out of the Budget allocation of ₹ 124.91 crore during the year 2011-12, only an amount of ₹ 20.25 crore (16 per cent) was expended.
- 2.5.5** GoI introduced (October 2010) a 100 per cent CSS “Indira Gandhi Matrutwa Sahayog Yojana (IGMSY)”- a conditional maternity benefit scheme, with a view to provide cash incentive directly to pregnant and lactating women. The scheme was taken up in West Godavari and Nalgonda districts during 2011-12 and an amount of ₹ 10.32 crore was released by GoI for the purpose. However, only ₹ 1.26 crore was utilized as of March 2012.
- 2.5.6** Government decided to introduce a Comprehensive Financial Management System (CFMS) to provide a seamless interface with all the stakeholders with regard to budgeting and accounting processes and an amount of ₹ 100 crore was provided in the budget for the year the year 2011-12. However, only ₹ 1.65 crore was incurred on the programme due to non-floating of RFP⁷ and non-appointment of System Integrator during the year 2011-12.

⁷ RFP:- Request For Proposal

- 2.5.7** AP Road Sector Project was approved by GoI and World Bank for developing and maintaining roads in the State under AP State Highway Project (APSHP) at an estimated cost of ₹ 3,165 crore and an amount of ₹ 600 crore was provided in the Budget 2011-12. A scrutiny of the relevant records revealed that only an amount of ₹ 221.27 crore (48 *per cent*) was incurred as against the budget allocation of ₹ 463.20 crore under the general component.
- 2.5.8** Government proposed to construct 2,93,000 houses under 'INDIRAMMA' rural scheme and 50,000 houses under 'INDIRAMMA' urban scheme during 2011-12 and ₹ 571.25 crore (₹ 514.12 crore for Rural, ₹ 57.13 crore for Urban) was allocated in the Budget. As against this, only an amount of ₹ 142.81 crore (Rural ₹ 128.53 crore and Urban ₹ 14.28 crore) was released by the Government towards subsidy and expenditure was incurred to that extent.
- 2.5.9** Government provided ₹ 100 crore in the Budget as State's share for 'National Rural Drinking Water Programme (NRDWP)'. However, no amount was released during the year 2011-12.
- 2.5.10** Government initiated a new Employment Generation scheme and set up "Rajiv Udyogasri Society (RUS)" with the objective of imparting necessary skills to the candidates so as to enable them to get absorbed in the private establishment. An amount of ₹ 40 crore was provided in the budget for the year 2011-12. However, only ₹ 10 crore was released and expended. Government did not release funds for the 2nd to 4th quarter (₹ 30 crore).
- 2.5.11** Government allocated ₹ 100 crore for 'Assistance to Panchayat Raj Bodies for Rural Sanitation'. Only ₹ 28 crore was expended on the scheme, and as against the physical target of providing 9.28 lakh individual household latrines, the achievement was only 0.91 lakh (9.8 *per cent*).
- 2.5.12** Against an allocation of ₹ 1,112 crore for providing 'Mid Day Meals' to poor children, Government could spend only ₹ 673 crore (61 *per cent*) on the scheme during the year.

2.6 Advances from Contingency Fund

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

During the year 2011-12, 73 sanctions aggregating ₹ 4.02 crore have been issued for drawal from CF. An amount of ₹ 3.96 crore was met from these sanctions, of which, ₹ 3.75 crore was recouped to the Fund, leaving a balance of ₹ 21 lakh un-recouped. In addition, ₹ 1.54 crore which remained un-recouped in 2010-11, was also re-couped in the current year.

Further, out of the ₹ 4.02 crore sanctioned from CF during 2011-12, ₹ 2.72 crore (68 per cent) pertains to decretal payments ordered by courts prior to 2011-12. A test check of five of these sanctions (₹ 1.51 crore) revealed that, payment of the amounts ordered by Hon'ble Courts (between September 2006 and July 2010) was postponed by the Government till attachment of Government property or initiation of contempt proceedings by the respective courts indicating that the payments were not in the nature of unforeseen/emergent character and funds for these payments could have been provided in the regular Annual Budget or the Supplementary Estimates.

2.7 Errors in budgeting process

The following lapses/errors were observed in the process of budgeting by the State Government:

- 2.7.1 Non-incorporation of correction slips:** Though the omissions/errors in budget process are being pointed out every year to the Finance department by the PAG(A&E), corrections to List of Major and Minor Heads made by the Controller General of Accounts from time to time are not being incorporated by the State Government in the Budget Estimates for the years subsequent to the year of issue of correction slips. Details in this regard are given in *Appendix 2.10*.
- 2.7.2 Operation of un-authorized Sub Major Head/Minor Heads:** The Sub Major Head 01 and all the Minor Heads operated there under below MH 2501-Special Programme for Rural development are no longer in operation and were deleted in 2003. However the Sub Major Head 01 continued to be operated. Government accepted (November 2012) the audit finding and assured necessary corrective action.
- 2.7.3 Incorrect booking of Revenue:** Under MH 0056-Jails specific Minor Head-102 is provided for booking proceeds out of sale of jail manufacture. However, the entire amount is being treated as "User Charges" collection and shown under MH 0056-800-SH (02) Sale of jail manufacture-800 User charges. Similarly under MH 0051-Public Service Commission, entire examination fee is being treated as User charges collection. Government replied that a policy decision has been taken to allow Jails department and AP Public Service Commission to remit such receipts as User charges.
- 2.7.4 Incorrect classification:** Subsidies are being shown under Detailed Head 310-Grants-in-aid instead of under 330-Subsidies. It was noticed that an amount of ₹ 4,300 crore was shown as 310-Grants-in-aid under MH 2801-05-800-SH (06) Assistance to APTRANSCO for Agriculture and allied subsidy. Government accepted (November 2012) the audit finding and assured necessary corrective action.
- 2.7.5** The entire provision of ₹ 148 crore under 'Loans to APTRANSCO for High Voltage Distribution System (HVDS)' for the year 2011-12 was re-appropriated to the head 'Loans to APGENCO for Supercritical Thermal Power Station, Krishnapatnam'. Further, the entire provision of ₹ one crore each during the years

2009-10 and 2010-11 respectively was also re-appropriated to APGENCO, defeating the purpose for which funds were provided for in the budget.

- 2.7.6** Similarly, the entire provision of ₹ 330 crore under ‘Loans to APTRANSCO for Krishnapatnam Thermal Power Project’ for the years 2010-11 and 2011-12 was re-appropriated to the head ‘Loans to APGENCO for Supercritical Thermal Power Station, Krishnapatnam’. Further, ₹ 150 crore provided under Loans to APTRANSCO for Krishnapatnam Thermal Power Project was not utilized during 2009-10.
- 2.7.7** *Misclassification in budget estimates:* The Detailed head of account 530-Major Works, which is supposed to be operated under Capital section, was classified in Revenue section. An illustrative list of cases in this regard are detailed in *Appendix-2.11*. Government accepted (November 2012) the audit finding and assured necessary corrective action.
- 2.7.8** While the detailed heads 270-Minor Works and 310-Grants-in-aid are to be operated under Revenue section, these were classified in Capital section under Grants XI-Roads, Buildings and Ports, XVII-Municipal Administration & Urban Development, XXXIII-Major and Medium Irrigation and XXXIV-Minor Irrigation. An illustrative list of such cases are detailed in *Appendix-2.12 & 2.13*.

2.8 Conclusion

As with 2010-11, there were several lacunae in the budgetary processes of the State Government. There were errors in budgeting, several misclassifications continued to exist, lumpsum provisions were made without clarity of purpose (only to be surrendered later), excess expenditure over allocation, expenditure without budget provision etc. Financial rules were flouted by several departments by resorting to re-appropriations without proper explanations and expending without provision of funds. Persistent savings in certain Grants and huge savings of over ₹ 500 crore and over 20 per cent of budgetary provision in certain other Grants, raise serious questions about budgetary assumptions.

Saving of about one sixth of the budgetary allocation and non-utilisation of the allocated funds for various developmental programmes raises serious questions about the budget formulation exercise. While this could show a healthy picture as far as fiscal indicators are concerned, it has had an adverse impact on implementation of various policy initiatives announced/taken up by the Government.

3.1 Introduction

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

3.2 Utilisation Certificates

Utilisation Certificates (UCs) should be furnished by the State Government to the GoI with regard to the funds provided by the latter for implementation of various socio-economic development programmes. State Government rules¹ also provide for submission of UCs by the departmental officers from the grantees where specific grants are provided, and forwarding them to the PAG (A&E) after verification. 214 UCs aggregating ₹ 85 crore in respect of grants released by the State Government during 1992-93 to 2011-2012, were outstanding as of 31 March 2012. The delay in this regard ranged from one to 18 years, as summarized in *Appendix 3.1*.

3.3 Submission of accounts/Audit Reports of Autonomous bodies

Several autonomous bodies have been set up by the State Government in the fields of Medical Education, Tribal Welfare and Urban Development etc. The audit of accounts of 18 such bodies has been entrusted to the CAG of India. However, none of the 18 bodies had rendered annual accounts up to date i.e. 2011-12. The delay (as of June 2012) in submission of accounts for audit ranged from three to 99 months. Details of the period upto which accounts were rendered and due are given in *Appendix 3.2*.

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

Further, in order to identify the institutions which attract audit under sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. However, annual accounts of 358 such assisted bodies/authorities (total no. of accounts: 1983) due up to 2011-12 were not submitted to audit as of June 2012. Details of these accounts are given in *Appendix 3.3*. Government stated that instructions were issued to the Autonomous Bodies/ Institutions to furnish accounts to PAG (G&SSA).

¹ Note 1 below Article 211A(2) of APFC

3.4 Un-reconciled expenditure and receipts

To enable the Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules² stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the PAG (A&E). Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2011-12 also. Out of the total expenditure³ of ₹ 1,09,120 crore during 2011-12, expenditure amounting to ₹ 25,118 crore (23 per cent) was not reconciled by 263 Controlling Officers as of June 2012. Cases where 14 Controlling Officers did not reconcile expenditure of ₹ 500 crore and above in each case are given in *Appendix 3.4*.

Further, every Controlling Officer should obtain regular accounts and returns from his subordinates for the amounts realized by them and paid into the treasury and compare the figures with the accounts maintained in the office of the PAG (A&E) and reconcile any differences as early as possible before the accounts of the year are closed. However, receipts⁴ amounting to ₹ 57,342 crore (61 per cent of total receipts of ₹ 93,718 crore) during 2011-12 under 50 heads were not reconciled by the concerned Controlling Officers.

Government stated that the implementation of Comprehensive Financial Management System (CFMS) during 2012-13 would address this problem adequately by minimizing the reconciliation issues.

3.5 Functioning of Treasuries

3.5.1 Excess payment of pension/family pension

A test check of records relating to payment of pension and family pension in all 23 District Treasuries, 138 Sub-Treasuries and 11 Assistant Pension Payment Offices during 2011-12 revealed excess payment of ₹ 2.7 crore in 410 cases, of which, an amount of ₹ 0.27 crore was recovered in 36 cases at the instance of audit, leaving a balance of ₹ 2.4 crore in 374 cases pending recovery as of 31 March 2012 as detailed in *Appendix 3.5*.

3.6 Irregular Parking of funds

As per rule 9 of the State Social Welfare Board, the Board shall maintain current account/savings bank account or any other account with the State Bank of India or with any nationalised bank. In case, State Government instructions are contrary to this, prior approval of the Central Social Welfare Board should be obtained. Contrary to the above rules, as per instructions of the then Chairperson of the Board, an amount of ₹ 1.05 crore was deposited (August 1998) in a private Bank, i.e. 'Sri Laxmi Mahila Co-operative Urban Bank Ltd', which went (October 2000) into liquidation. An amount of ₹ 2.15 crore

² Article 9 of the Andhra Pradesh Financial Code

³ includes revenue, capital and loans and advances

⁴ includes revenue, capital and loans and advances

(Principal: ₹ 0.59 crore and Interest: ₹ 1.56 crore) has been pending realization for more than a decade.

3.7 Personal Deposit Accounts

As per APFC⁵, PD Accounts are created for discharging the liabilities of the Government arising out of special enactment, by debit to the Consolidated Fund, and, as per orders⁶ of the State Government, funds released during a particular financial year shall lapse by 31 March of next financial year (lapsable deposits under category 'C'). The administrators of PD accounts are required to close such accounts and transfer the unspent balances back to the Government account.

The provision for approval of the PAG (A&E) for opening of individual PD Accounts was dispensed with by the State Government in 2005. Further, due to non-rendering of administrator-wise PD accounts to the Office of the PAG (A&E), details of expenditure out of the funds transferred, transfer of unspent balances to the Government Account and a correlation of AC Bills with PD Accounts/Bank account could not be arrived at.

The District Treasury Officers (DTOs) reported to the PAG (A&E) that 90,573 PD accounts were in operation with a closing balance of ₹ 22,272 crore as of 31 March 2012, as summarised in **Table 3.1** below:

Table: 3.1: Status of PD Accounts as on 31 March 2012

(₹ in crore)

Sl. No.	Particulars	No. of PD Accounts	Amount
1	PD Accounts existing at the beginning of the year 2011-12	90,188	21,738
2	PD Accounts opened during the year 2011-12	536	535
3	PD Accounts closed at the end of the year 2011-12	151	1
4	PD Accounts existing at the close of the year 2011-12	90,573	22,272

Source: Finance Accounts 2011-12

The opening balance of 2011-12 differed from the closing balance of 2010-11 by **4,355 PD accounts and ₹ 11,121 crore (increased)**, which had not been reconciled by the respective departments. As reported by the DTOs, eleven out of the 23 District Treasuries in the State have reconciled the balances in respect of 53,913 PD accounts (60 per cent of total no. of PD accounts) involving an amount of ₹ 14,917 crore (67 per cent of the total outstanding amount in PD accounts) as on 31 March 2012.

However, in response to an audit enquiry, the Director of Treasuries and Accounts (DTA) intimated (July 2012) PAG (GSSA) about the existence of 1,16,638 PD accounts with a closing balance of ₹ 23,483 crore available with them as on 31 March 2012 (excluding minus balances). **The huge variation in the number of PD accounts (26,065) and the amount of variation (₹ 1,211 crore) reported to PAG (A&E) and the figures reported to PAG (GSSA) needs reconciliation.**

⁵ Article 271 (4) of Andhra Pradesh Financial Code

⁶ G.O.Ms.No.43, Finance and Planning (W&M) Department, dated 22-4-2000

Government stated (November -2012) that the 536 accounts were not new accounts but were only separate account numbers under the existing PD Administrators.

A test-check of records of a few PD account administrators revealed the following irregularities:

- **Commissioner of Civil Supplies (PD Account No.7)** - An amount of ₹ 100 crore was released (October 2009) by the Government from the Calamity Relief Fund for supply of rice and kerosene to the flood affected victims in five⁷ districts, of which ₹ 61 crore (61 per cent) was un-utilised and was lapsed by the DTO (Urban) Hyderabad to Government account.

Further, GoI had released (July 2010) 13th Finance Commission Grant of ₹ 13 crore (First instalment) as an incentive for issuing Unique Identification (UID) Numbers to Below Poverty Line (BPL) residents under Unique Identification Programme by UIDAI⁸. Though sanction orders were issued (December 2010) and funds drawn and credited to the PD account in September 2011, they were lying unutilized as of July 2012.

An amount of ₹ 8 crore released (October 2008) towards procurement of rice to welfare hostels was drawn (March 2009), but remained unutilized and was lapsed by the DTO (Urban) Hyderabad to Government account in June 2011.

- **Andhra Pradesh State Civil Supplies Corporation (PD Account No.75)** - An amount of ₹ 2,280 crore pertaining to rice subsidy was drawn (2011-12) from PD account and was kept in bank contrary to Government orders⁹, dated November 2009, of which, ₹ 163 crore was diverted towards payment of LPG subsidy to three oil companies¹⁰.

Also, there was a huge variation in figures in respect of receipts and expenditure between the books of PAG (A&E) and the administrator of PD accounts which needs reconciliation. (*Appendix 3.6.*)

- **Society for Elimination of Rural Poverty (SERP) (PD Account No.277)** - Funds of ₹ 1,647 crore pertaining to various schemes viz., AABY, Pavala Vaddi, Pensions to Aids patients, APRPRP etc., were drawn (2011-12) from the PD account and kept in various banks. Separate PD account cash book as well as scheme-wise ledgers were not maintained.

An amount of ₹ 10 crore was drawn (March 2012) by SERP from its PD account for conducting BPL Census. The funds were however, lying un-utilised in its bank account as of August 2012.

An amount of ₹ 9.79 crore meant for disbursement of pensions to AIDS patients was drawn (2011-12) from the PD account by SERP and kept in its bank account. Of this

⁷ Guntur, Krishna, Kurnool, Mahbubnagar and Nalgonda

⁸ Unique Identification Authority of India

⁹ Circular Memo No. M2/17836/2009, dtd. 16 November 2009

¹⁰ Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd., and Indian Oil Corporation Ltd.

amount, ₹ 0.45 crore was withdrawn. However, SERP could not furnish the expenditure details to audit and the balance amount of ₹ 9.36 crore (including interest) was lying un-utilised in the bank as of August 2012.

With regard to SERP also, there was a significant variation in the figures in respect of receipts and expenditure between the books of PAG (A&E) and the administrator of PD Accounts which needs reconciliation. (*Appendix 3.6.*)

- **Social Benefit Management System(SBMS):** An amount of ₹ 63.69 crore pertaining to ‘SBMS scheme meant for disbursement of post-matric scholarships and Reimbursement of Tuition Fee & Maintenance Tuition Fee to SC, ST and disabled students in the State during July 2008, was lying undisbursed in 29 PD accounts in various Treasuries as of September 2012.
- Test audit revealed that 21 Government Corporations and other organisations had kept an amount of ₹ 141 crore in various banks by withdrawing funds (December 2011 and January 2012) from their respective PD accounts.
- As per rules¹¹, an amount of ₹ 119 crore (lapsable deposits under category ‘C’) was lapsable to Government during 2010-11. However, only an amount of ₹ 25 crore was credited to Government, leaving a balance of ₹ 94 crore in PD account.
- Rupees ₹ 155 crore (lapsable deposits under category ‘C’) was lying unutilized in 336 in-operative PD accounts as of 31 March 2012. 1,053 PD accounts showed ‘zero’ balances, while 563 PD accounts had minus balances of ₹ 4,409 crore (as of August 2012). Minus balances could arise on account of opening multiple PD accounts by the same Administrator and using funds pertaining to one account under another head, or drawing more amount from the PD account than has been authorized.
- Further, despite specific Government orders prohibiting transfer of funds from PD accounts to banks through self cheques, several PD account Administrators have resorted to this procedure and transferred huge amounts from PD accounts to commercial banks.

While the need for opening PD accounts cannot be disputed, Government needs to ensure that these are operated in a transparent manner in accordance with the letter and spirit of the relevant instructions and rules. Considering that almost 1/6th of the budget is locked away in these accounts across the State, and these are outside the purview of Government accounts, it is a matter of serious concern that PAG (A&E) is not kept informed about the opening of these accounts and their utilization and closing balances.

Government shared the concern of Audit and stated (November-2012) that a committee had been set up to review the operation of PD accounts and assured that the entire system would be streamlined soon.

¹¹ G.O.Ms.No.43, Finance and Planning (W&M) Department, dated 22-4-2000

3.8 Parking of funds outside Government account

As per Government orders¹², Heads of Departments should not withdraw any funds to be kept in fixed deposits (while not restricting use of 'flexi-interest' schemes offered by banks). However, test-check of records of a few GoI schemes on a sample basis revealed such withdrawals as detailed below.

3.8.1 Electronically Deliverable Services (EDS)

GoI released ₹ 18.58 crore (August and November 2007) to the Director, EDS for establishing Common Service Centres (CSCs) in six zones under National e-Governance Plan over a period of four years. However, as of August 2012, ₹ 24 crore (including interest of ₹ 8 crore) was parked in fixed deposits with Indian Bank instead of utilizing for the purpose for which the amount was sanctioned.

3.9 Pendency of Detailed Contingent bills

Orders issued by the Government¹³ stipulate that amount drawn on Abstract Contingent (AC) bills should be adjusted by submitting Detailed Contingent (DC) bills for the expenditure incurred, to the PAG(A&E)/Pay and Accounts Officer, with supporting vouchers, within one month of drawal of such amounts. However, despite flagging this issue by the PAG (A&E) at regular intervals, as of 31 March 2012, DC bills were submitted in respect of ₹ 1,838 crore against ₹ 3,124 crore drawn on AC bills (59 per cent). The year-wise details in this regard are given in **Table 3.2**.

Table 3.2: Amount drawn on Abstract Contingent Bills

(₹ in crore)

Year	AC bills drawn		DC bills Submitted		Percentage of amount adjusted/ accounted for	DC bills pending	
	Number	Amount	Number	Amount		Number	Amount
Upto 2006-07	79,378	635	58,549	462	73	20,829*	173*
2007-08	10,459	158	8,292	123	78	2,167	35
2008-09	7,383	158	5,674	139	88	1,709	19
2009-10	4,447	458	3,501	341	74	946	117
2010-11	3,158	774	2,366	503	65	792	271
2011-12	2,546	941	1,683	270	29	863	671
Total	1,07,371	3,124	80,065	1,838	59	27,306	1,286

Source: Information from PAG(A&E)

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

Note: 316 AC bills for ₹ 66 crore in respect of PAO (Hyderabad) for 2004-12 which is under reconciliation is not included.

Of the total outstanding amount of AC bills (₹ 1,286 crore), 67 per cent (₹ 866 crore) pertains to Agriculture department alone. The department-wise details of AC bills for which DC bills are pending are given in **Appendix 3.7**.

¹² G.O.Ms.No. 113 Finance (Ways & Means) Department dated 10-05-2007

¹³ G.O.Ms.No.285 Finance (TFR-II) Department dated 15-10-2005

Illustrative cases noticed during test check are detailed below. *In all these cases, the amounts drawn through AC bills were not adjusted through DC bills as of July 2012.*

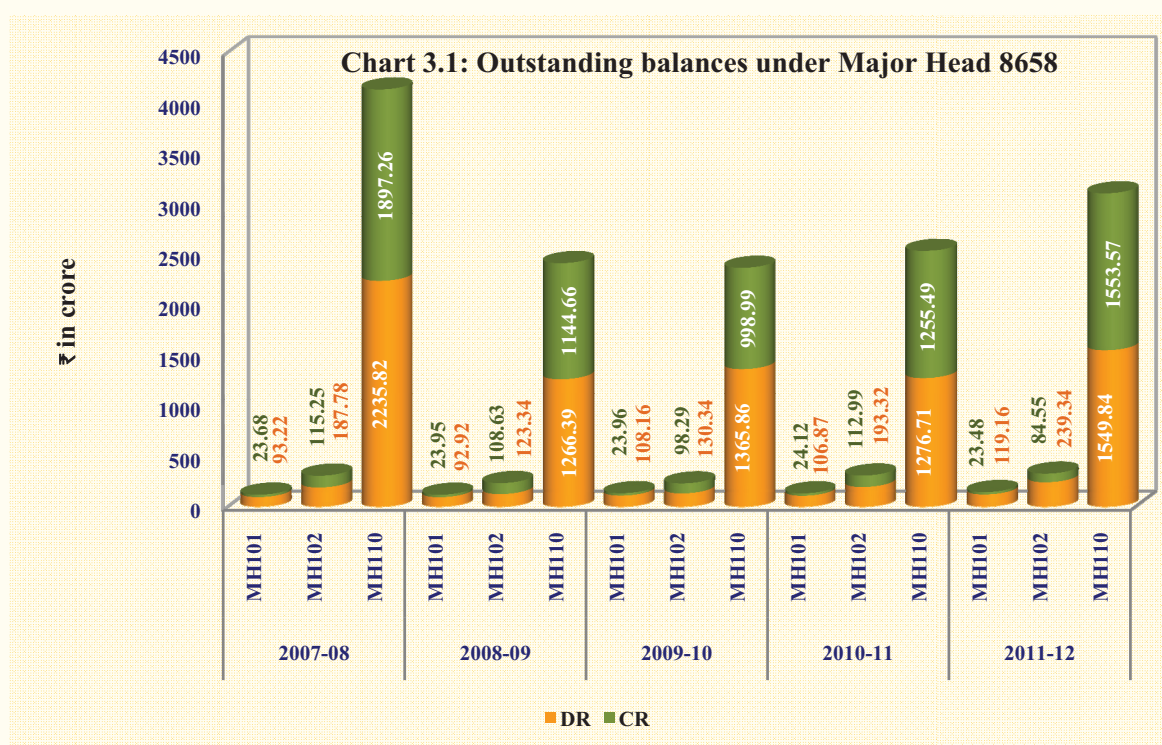
- **Chief Commissioner of Land Administration(CCLA):** Rupees one crore was drawn on AC bill by the CCLA in February 2006 towards ‘repairs to old building and construction of new building in the premises of CCLA office’ and a cheque was issued in the name of Chief Executive, HABTECH, Hyderabad for execution of the work.
- **Andhra Pradesh Public Service Commission (APPSC):** Two AC bills were drawn (September & November 2011) for an amount of ₹ 5.44 lakh towards payment of hire charges to APSRTC for delivery of confidential material for conduct of Group-I Services Main examination and payment of honorarium to subject experts, for selection of lecturers in Government Degree Colleges.
- **Greater Hyderabad Municipal Corporation (GHMC):** Seven AC bills involving ₹ 4.81 crore (2009-10) and two AC bills of ₹ 16 lakh (2010-11) were drawn for ‘conduct of General Elections to Parliament, Legislative Assembly and Legislative Council’.
- **Commissioner of Police, Hyderabad:** Rupees 4.33 crore was drawn through five AC bills (September & October 2011) towards ‘bandobust arrangements for Ganesh and other festivals’ of which, DC bills were pending in respect of four AC bills amounting to ₹ 4.11 crore.
- **Commissioner of Technical Education:** DC bill was not submitted as of July 2012 to adjust the amount of ₹ 31 lakh drawn on AC bill during November 2004 for ‘organizing Pratibha Awards function’ in 2004.
- **Joint Director of Agriculture:** Seven AC bills for ₹ 40 crore were drawn (January 2010, January & June 2011) by JD Agriculture, Mahabubnagar and three AC bills for ₹ 61 crore were drawn (January & June 2011) by JD Agriculture, West Godavari towards ‘input subsidy to small and marginal farmers whose agricultural crops were damaged by more than 50 per cent’. Relevant DC bills were not submitted even as of July 2012.

Government replied (November 2012) that sustained efforts were being made to settle the AC bills and an amount of ₹ 419 crore drawn on AC bills was adjusted during the year through relevant DC bills.

3.10 Outstanding balances under Suspense Account (Major Head 8658)

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

The aggregate net balance under the Major Head “8658-Suspense Accounts” in the Finance Accounts of the Government of Andhra Pradesh was ₹ 250.18 crore (Dr) as on 31st March 2012. The Finance Accounts reflect the net balances under Suspense accounts and, therefore, the real magnitude of the outstanding amounts under these heads of Account does not get reported in the annual accounts of the Government presented to the State Legislature. The correct balances under these Suspense Heads can be obtained by dis-aggregating the debit and credit balances separately under various Suspense heads. Pairing off of debits and credits under Suspense Accounts is not possible as they are independent accounts and adjusted by minus debits and minus credits respectively. It results in understatement of Suspense balances both at Major Head level and Minor Head level in Finance Accounts. The position of Suspense balances (Debit/Credit) Under Minor Heads 101-PAO Suspense, 102-Suspense Account (Civil) and 110-Reserve Bank Suspense-Central Accounts Office under Suspense Account (MH 8658) along with the net balances as given in Finance Accounts for the last five years are presented below:



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

3.10.1 Pay and Accounts Office – Suspense (Mh 101)

This minor head is operated for the settlement of inter-departmental and inter governmental transactions arising in the books of PAOs under the Union Government, PAOs of the Union Territories and the Accountants General. Transactions under this minor head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer against whom the minor head PAO Suspense has been operated. Credit under this head is cleared by ‘minus credit’ when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Similarly, debit is cleared by ‘minus debit’ on receipt and realization of cheque from the Accounts

Officer on whose behalf payment was made. Outstanding debit balance under this head means that payments have been made by the PAO on behalf of other PAO, which are yet to be recovered. Outstanding credit balance under this head means that payments have been received by the PAO on behalf of other PAO, which are yet to be paid.

The outstanding debit balance under this head was ₹ 119.16 crore and the credit balance was ₹ 23.48 crore at the end of the year 2011-12. The outstanding debit balances were mainly in respect of PAO, Central Pensions, New Delhi (₹ 18.22 crore), Interests of stock warrants (₹ 18.74 crore) and PAO, Shipping and Transport, Bangalore (₹ 80.82 crore) and the outstanding credit balances were mainly in respect of PAO, Department of Economic Affairs, New Delhi (₹ 12.65 crore), Pay Roll Saving Scheme (₹ 1.69 crore) and PAO, Shipping and Transport, New Delhi (₹ 8.41 crore). The debit balances under this head were increased from ₹ 93.22 crore in 2007-08 to ₹ 119.16 crore in 2011-12 and a marginal decrease is recorded in respect of credit balances from ₹ 23.68 crore in 2007-08 to ₹ 23.48 crore in 2011-12. The debit and credit balance under PAO Suspense and their continuous accumulation indicates significant control deficiencies.

3.10.2 Suspense Account - Civil (Mh 102)

The transactions which cannot be taken to final head of expenditure/receipt accounts for want of certain information/documents (challans, vouchers etc.,) are at the first instance booked under this suspense head. 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 means payment made could not be debited to the final head of expenditure for want of certain particulars and outstanding credit means receipts could not be credited to final receipt head of account for want of details.

The outstanding balance under this minor head as on 31 March 2012 was ₹ 239.34 crore (Dr) and ₹ 84.55 crore (Cr) indicating that an amount of ₹ 323.89 crore was required to be adjusted in respect of receipts and expenditure separately duly taking to their respective final heads of account. Major debit balances were outstanding in respect of FA&CAO, South Central Railway (₹ 79.33 crore), unclassified suspense (₹ 50.92 crore), Remittances in Treasuries in other accounting system (₹ 48.58 crore), whereas major credit balances were outstanding in respect of Cheques drawn on treasuries in other accounts circles (₹ 55.50 crore), Tungabhadra Project Suspense- Remittances (₹ 12.67 crore) and Tungabhadra Project Suspense (₹ 7.18 crore) under this Minor Head.

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

When transfer of huge balances between Central and State Governments take place on account of sanction of loan, grants-in-aid etc., the minor head 110-Reserve Bank Suspense-Central Accounts Office under Major Head-8658 is operated to record the transaction before taking it to its final Head of Account. In case of sanction of loan to State Government, on receipt of sanction from the PAO of the Ministry concerned, the RBI issues Clearance Memo duly crediting Major Head-8658 Suspense-110 RBS, CAO by debiting Major Head-8675- Reserve Bank Deposits. The Accountant General gives

credit to final Head of Account 6004-Loans and Advances from Central Government, duly clearing the suspense by minus credit after receiving the original sanction order from the ministry concerned. A debit balance under this minor head would mean that repayments of loan made have not yet been taken to its final head and a credit balance under this account means loans received from GoI were not yet booked under the concerned head.

The outstanding balances under this head as on 31 March 2012 were ₹ 1,549.84 crore (Dr) and ₹ 1,553.57 crore (Cr). It indicates that an amount of ₹ 3,103.41 crore requires to be adjusted in respect of both debits and credits under this account. However, the Finance Accounts show a balance of ₹ 3.74 crore (Cr) which does not reflect the actual loans and repayments position of the State. It is clearly evident from the above that the amount of repayment of loans shown in Finance Accounts was understated by ₹ 1,549.84 crore and the amount of loans received from the GoI was understated by ₹ 1,553.57 crore.

3.11 Operation of omnibus Minor Head 800

During the past two decades, the range and diversity of Government activity had increased manifold, outpacing the number of available programme minor heads. The omnibus Minor Head - 800 accommodates the expenditure which could not be classified under the available programme minor heads.

During 2011-12, **expenditure aggregating ₹ 14,165 crore, constituting 13.6 per cent of the total expenditure (₹ 1,04,137 crore)**, was classified under Minor Head 800-Other Expenditure against more than 100 Major Heads under Revenue and Capital sections. The largest instance of such classification was in respect of subsidy of ₹ 4,300 crore given by the State Government to AP TRANSCO for free supply of power to farmers.

Similarly, **revenue receipts aggregating ₹ 3,447 crore (3.68 per cent of total revenue receipts of ₹ 93,554 crore)** were classified under the omnibus Minor Head '800-Other Receipts' under 58 Major Heads. Classification of large amounts under the omnibus Minor Head '800-Other Expenditure/Receipts' affects transparency in financial reporting.

Government accepted (November 2012) the audit finding and assured necessary corrective action.

3.12 Implementation of Indian Government Accounting Standards (IGAS)

3.12.1 Guarantees given by State Government

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

3.12.2 Accounting and Classification of Grants-in-aid


As per IGAS-2, expenditure relating to Grants-in-aid should be classified as revenue expenditure if it involves creation of assets, except in cases specifically authorized by the

President on the advice of the Comptroller and Auditor General of India. Contrary to this, State Government made a provision of ₹ 220.24 crore in the budget with regard to Grants-in-aid from GoI for creation of assets and classified the related expenditure of ₹ 25.69 crore under capital section.

3.13 Conclusion

Several State Government departments were not compliant with the applicable rules and regulations, especially those relating to compilation and submission of accounts for audit and reporting utilization of funds placed at their disposal for implementation of various socio-economic developmental schemes. Internal controls were not functioning as envisaged, as evidenced from non-reconciliation of receipts and expenditure with those booked by the Principal Accountant General (A&E), irregular and unauthorized parking of funds in various deposits outside Government accounts, non-adjustment of advances drawn on AC bills with the relevant DC bills for prolonged periods etc. Adequate attention was not given by the Government to ensure that relevant vouchers/missing documents were provided by the concerned authorities to adjust the amounts held in suspense heads. Operation of over one lakh PD accounts and locking up of about ₹ 23,483 crore in these accounts affected the transparency of Government accounts. Classifying large amounts and important items of expenditure like 'subsidies' under omnibus Minor Head-800 affected transparency in financial reporting.

Hyderabad
The 21 November 2012


(VANI SRIRAM)
Principal Accountant General (G&SSA)
Andhra Pradesh

Countersigned

New Delhi
The 26 November 2012


(VINOD RAI)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

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

A General Data				
SNo	Particulars			Figures
1	Area			2,75,000 Sq.Km.
2	Population			
	a.	As per 2001 Census		7.62 crore
	b.	As per 2011 Census		8.47 crore
3	a.	Density of Population (as per 2001 Census) (All India Density = 325 persons per Sq. Km.)		277 persons per Sq.Km.
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq.Km.)		308 persons per Sq.Km.
4	*Population Below Poverty Line (BPL) (All India Average=27.5 per cent)			15.8 per cent
5	a.	Literacy (as per 2001 Census) (All India Average=64.8 per cent)		60.47 per cent
	b.	Literacy (as per 2011 Census) (All India Average=74.0 per cent)		67.66 per cent
6	Infant mortality**(per 1000 live births) (All India Average = 47 per 1000 live births)			46
7	Life Expectancy at birth*** (All India Average = 63.5 years)			64.4 years
8	Gini Coefficient****			
	a.	Rural (All India = 0.30)		0.29
	b.	Urban (All India = 0.37)		0.37
9	Gross State Domestic Product (GSDP) 2011-12 at current price			₹ 6,75,798 crore
	Per capita GSDP CAGR (2002-03 to 2011-12)		Andhra Pradesh	15.52 per cent
			*****General Category States	13.09 per cent
10	GSDP CAGR (2002-03 to 2011-12)		Andhra Pradesh	16.71 per cent
			*****General Category States	14.46 per cent
11	Population Growth (2002 to 2012)		Andhra Pradesh	9.72 per cent
			*****General Category States	13.90 per cent
B Financial Data				
	Particulars			
	CAGR	2002-03 to 2010-11		2002-03 to 2011-12
		*****General Category States	Andhra Pradesh	Andhra Pradesh
		(in per cent)		
a.	of Revenue Receipts	16.86	17.04	16.87
b.	of Own Tax Revenue	16.74	17.27	17.36
c.	of Non Tax Revenue	12.84	14.90	14.24
d.	of Total Expenditure	14.58	14.68	14.97
e.	of Capital Expenditure	21.25	18.16	18.72
f.	of Revenue Expenditure on Education	15.41	15.25	15.68
g.	of Revenue Expenditure on Health	14.00	15.07	15.77
h.	of Salary and Wages	13.43	14.01	13.82
i.	of Pension	16.89	19.16	18.76

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

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

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

**** Gini-coefficient (Unofficial estimates of Planning Commission and NSSO data, 61 Round 2004-05 MRP).
Gini-Coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closure to one inequality is higher

***** Excluding of three General Category State i.e. Delhi, Goa, Puducherry

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 – Cumulative figures of assets and liabilities of the Government, as they stand at the end of the year.
2	Statement of receipts and disbursements showing all receipts and disbursements of the Government in respect of Consolidated Fund, Contingency Fund and Public Account during the year.
3	Statement of receipts (Consolidated Fund) – comprises revenue and capital receipts and receipts from borrowings by the Government consisting of loans from the GOI, other institutions, market loans raised by the Government and recoveries on account of loans and advances made by the Government.
4	Statement of expenditure (Consolidated Fund) – gives expenditure by function and also summarises expenditure by nature activity.
5	Statement of progressive capital expenditure by function.
6	Statement of borrowings and other liabilities of Government.
7	Statement of loans given by the Government – loans and advances are summarized sector and loanee group wise.
8	Statement of grants-in-aid given by the State Government., organized by grantee institutions group wise.
9	Statement of guarantees given by the Government for repayment of loans etc raised by the statutory corporations, local bodies and other institutions.
10	Statement of Voted and Charged expenditure of the Government during the year.
11	Detailed account of Revenue and Capital receipts by Minor Heads.
12	Detailed account of revenue expenditure by minor heads under non-plan, plan and centrally sponsored schemes separately.
13	Detailed capital expenditure incurred during and to the end of the year.
14	Details of investments of the State Government in statutory corporations, Government companies, other joint stock companies, cooperative banks and societies etc., up to the end of the year.
15	Detailed statement of borrowings and other liabilities by Minor Heads.
16	Detailed statement of loans and advances given by the Government.
17	Detailed statement on sources and application of funds for expenditure other than revenue account.
18	Detailed statement of Contingent Fund and Public Account transactions.
19	Detailed statement of investment out of reserve funds and earmarked funds.
Appendices	In addition to the above 19 statements Finance Accounts also contain 13 appendices giving the details on salaries, subsidies, grants-in-aid – scheme-wise and institution –wise, details of externally aided projects, scheme-wise expenditure in respect of major Central Schemes and State Plan Schemes etc.

Appendix 1.3
Abstract of Receipts and Disbursements in 2011-12
(Refer paragraph 1.2; page 1)

(₹ in crore)

Receipts			Disbursements					
2010-11		2011-12	2010-11		2011-12			
					Non-Plan	Plan	Total	
Section-A: Revenue								
80996	I. Revenue receipts		93554	78534	I. Revenue expenditure	66751	23664	90415
45139	Tax revenue	53284		26708	General Services	29722	152	29874
				32314	Social Services	21287	16730	38017
10720	Non-tax revenue	11694		12531	Education, Sports, Art and Culture	11330	3604	14934
				4134	Health and Family Welfare	3174	1852	5026
15237	State's share of Union Taxes	17751		3615	Water Supply, Sanitation, Housing and Urban Development	1021	2297	3318
4183	Non-Plan grants	3499		124	Information and Broadcasting	212	100	312
3318	Grants for State Plan Schemes	3957		4710	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1610	4146	5756
2399	Grants for Central and Centrally sponsored Plan Schemes	3369		190	Labour and Labour Welfare	156	108	264
				6973	Social Welfare and Nutrition	3744	4623	8367
				37	Others	40		40
				19346	Economic Services	15527	6782	22309
				2984	Agriculture and allied Activities	1108	3081	4189
				3639	Rural Development	2109	1571	3680
				6529	Irrigation and Flood Control	6287	608	6895
				3757	Energy	4400	16	4416
				506	Industry and Minerals	144	326	470
				1026	Transport	1190	449	1639

Receipts				Disbursements				
				16	Science, Technology and Environment	3	10	13
				889	General Economic Service	286	721	1007
				166	Grants-in-aid and Contributions	215		215
---	II. Revenue deficit carried over to Section B		---	2462	II. Revenue Surplus carried over to Section B			3138
Section-B: Others								
5983	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		8830		III. Opening Overdraft from RBI			
---	IV. Miscellaneous Capital receipts	---		11123	IV. Capital Outlay -			13722
				108	General Services		83	83
				609	Social Services		830	830
				53	Education, Sports, Art and Culture		121	
				18	Health and Family Welfare		74	
				240	Water Supply, Sanitation, Housing and Urban Development		178	
				276	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		390	
				10	Social Welfare and Nutrition		13	
				12	Others		54	
				10406	Economic Services			12809
				31	Agriculture and allied Activities		77	
				-	Rural Development Programme		0	
				9075	Irrigation and Flood Control		10783	
				22	Energy		33	

Receipts				Disbursements			
				13	Industry and Minerals		8
				1058	Transport		1206
				207	General Economic Services		702
173	V. Recoveries of Loans and Advances		164	3315	V. Loans and Advances disbursed		4983
21	From Power Projects	35		494	For Power Projects		1475
89	From Government Servants	93		102	To Government Servants		220
63	From others	36		2719	To Others		3288
2462	VI. Revenue surplus brought down		3138		VI. Revenue deficit brought down		
18722	VII. Public Debt receipts		19450	7881	VII. Repayment of Public Debt		6761
16260	Internal Debt other than Ways and Means Advances and Overdraft	16731		6106	Internal debt other than Ways and Means Advances and Overdraft		5813
218	Net transactions of Ways and Means Advances including Overdraft	---		218	Net transactions of Ways and Means Advances including Overdraft		
2244	Loans and Advances from Central Government	2719		1557	Repayment of Loans and Advances to Central Government		948
---	VIII. Appropriation to Contingency Fund		---	-	VIII. Appropriation to Contingency Fund		
---	IX. Amount recouped to Contingency Fund		2	2	IX. Expenditure from Contingency Fund		2
76218	X. Public Account Receipt		86051	72407	X. Public Account disbursements		82848
3130	Small Savings and Provident Funds	3376		1527	Small Savings and Provident Funds		2156

Receipts				Disbursements			
3017	Net Reserve Funds	2873		1221	Net Reserve Funds		1621
16433	Net Suspense and Miscellaneous	19315		16373	Net Suspense and Miscellaneous		20026
15030	Remittances	17524		16381	Remittances		17427
38608	Deposits and Advances	42963		36905	Deposits and Advances		41618
---	XI. Closing Overdraft from Reserve Bank of India		---	8830	XI. Closing Cash Balance		9322
				5	Cash in Treasuries and Local Remittances		5
				-237	Deposits with Reserve Bank and other Banks		403
				2	Departmental cash balance including permanent advances		2
				9060	Cash balance investment and investment of earmarked funds		8912
184554	Total		211189	184554	Total		211189

Appendix 1.4
Actuals vis-à-vis Budget Estimates 2011-12
(Refer Paragraph 1.3; page 3)

(₹ in crore)

	B.E.	Actuals	Increase(+)/ Decrease(-)	Increase(+)/ Decrease(-) (in %)
(1)	(2)	(3)	(4) (3-2)	(5)
Revenue Receipts of which	100995	93554	-7441	-7.37
Taxes on Sales, Trade etc	38306	34910	-3396	-8.87
State Excise	9014	9612	598	6.63
Taxes on immovable property other than agricultural lands	97	157	60	61.86
Taxes on vehicles	3434	2986	-448	-13.05
Stamps and Registration fees	4240	4385	145	3.42
Taxes on goods and Passengers	12	12	0	0.00
Land Revenue	146	141	-5	-3.42
Interest Receipts	7164	6279	-885	-12.35
Miscellaneous General Services	73	255	182	249.32
Non ferrous Mining and Metallurgical Industries	2994	2337	-657	-21.94
Revenue Expenditure	97170	90415	-6755	-6.95
General Education	16281	14006	-2275	-13.97
Water Supply and Sanitation	728	393	-335	-46.02
Pension and Other Retirement Benefits	9693	11110	1417	14.62
Police	3671	3980	309	8.42
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	5430	5756	326	6.00
Health and Family Welfare	5022	5025	3	0.06
Social Welfare and Nutrition	7655	8366	711	9.29
Roads and Bridges	1588	1506	-82	-5.16
Secretariat - Economic Services	614	666	52	8.47
Forestry and Wild Life	415	335	-80	-19.28
Rural Development	4099	3680	-419	-10.22
Urban Development	3341	2388	-953	-28.52
Irrigation and Flood Control	8517	6895	-1622	-19.04
District Administration	1218	812	-406	-33.33
Administration of Justice	722	597	-125	-17.31
Interest Payments	11437	10561	-876	-7.66
Power	4422	4407	-15	-0.34
Capital Receipts	0	0	0	0
Capital Expenditure	17855	13722	-4133	-23.15
Revenue Surplus(+)/Deficit(-)	3826	3138	-688	-17.98
Fiscal deficit (-)	-17602	-15402	-2200	-12.50
Primary Surplus(+)/Deficit(-)	-6164	-4841	-1323	-21.46

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 and matters connected therewith or thereto. To give effect to the fiscal management principles as laid down in the Act, and/or the rules framed there under prescribed the following fiscal targets for the State Government:

- reduce revenue deficit by an amount equivalent to at least 0.32 percentage point 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 point of GSDP in each financial year beginning from 1st day of April 2005 so as to bring it down to not more than 3 *per cent* by the year ending March 2009

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

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

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

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

The State Government has not developed its own Fiscal Correction Path (FCP) indicating the milestones of outcome indicators with target dates of implementation during the period from 2010-11 to 2014-15. As per the APFRBM Act, the State Government shall in each financial year lay before the Legislature the Macro Economic Framework Statement (MEFS) which shall contain an overview of the State economy, an assessment related to State finances and future prospects.

Appendix 1.6
Time Series Data on State Government Finances
(Refer Paragraph 1.6 & 1.10.2; page 4 & 21)

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Part A Receipts					
1. Revenue Receipts	54143(89)	62858(99)	64678(100)	80996(100)	93554(100)
(i) Tax Revenue	28794(53)	33358(53)	35176(54)	45139(56)	53284(57)
Taxes on Sales, Trade, etc.	19026(66)	21852(66)	23640(67)	29145(65)	34910(66)
State Excise	4041(14)	5752(17)	5849(17)	8265(18)	9612(18)
Taxes on Vehicles	1604(6)	1801(5)	1995(6)	2626(6)	2987(6)
Stamps and Registration fees	3086(11)	2931(9)	2639(8)	3834(8)	4385(8)
Land Revenue	144	130	222(1)	171	141
Other Taxes	893(3)	892(3)	831(2)	1098(2)	1249(2)
(ii) Non Tax Revenue	7064(13)	9683(15)	7803(12)	10720(13)	11694(12)
(iii) State's share in Union taxes and duties	11184(21)	11802(19)	12141(10)	15237(19)	17751(19)
(iv) Grants in aid from GOI	7101(13)	8015(13)	9558(15)	9900(12)	10825(12)
2. Misc. Capital Receipts	6558(11)	---	---	---	---
3. Recovery of loans and advances	191	370(1)	143(0)	173(0)	165(0)
4. Total revenue and Non-debt capital receipts (1+2+3)	60892(85)	63228(80)	64821(77)	81169(81)	93719(83)
5. Public Debt Receipts	11132(15)	15353(20)	19753(23)	18722(19)	19450(17)
Internal Debt (excluding Ways and Means Advances and Overdraft)	10223(92)	14956(97)	18185(92)	16260(87)	16731(86)
Net transactions under Ways and Means Advances and Overdraft	---	---	---	218(1)	---
Loans and Advances from Government of India	909(8)	397(3)	1568(8)	2244(12)	2719(14)
6. Total Receipts in the Consolidated Fund (4+5)	72024(54)	78581(52)	84574(54)	99891(57)	113169(57)
7. Contingency Fund receipts	---	1	7(0)	---	2(0)
8. Public Account receipts	61380(46)	72503(48)	71780(46)	76218(42)	86051(43)
9. Total Receipts of Government (6+7+8)	133404	151085	156361	176109	199222
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	53984(77)	61854(82)	63448(80)	78534(84)	90415(83)
Plan	13901(26)	18993(31)	15442(24)	19701(25)	23664(26)
Non-plan	40083(72)	42861(69)	48006(76)	58833(75)	66751(74)
General Services (including interest payments)	18170(34)	18730(30)	21392(34)	26708(34)	29874(33)
Social Services	18660(35)	25004(40)	25757(41)	32314(41)	38017(42)
Economic Services	16904(31)	17807(29)	16213(25)	19346(25)	22309(25)
Grant in aid and contributions	249	313(1)	86(0)	166(0)	215(0)
11. Capital Expenditure	12774(18)	10367(14)	13793(17)	11123(12)	13722(13)
Plan	12866(100)	10611(102)	13955(101)	11120(100)	13687(100)
Non-plan	(-9)	(-244(-2))	(-162(-1))	3(0)	35(0)
General Services	36	59	92(1)	108(1)	83(1)
Social Services	284	324	639(4)	609(5)	830(6)
Economic Services	12454(98)	9984	13062(95)	10406(94)	12809(93)
12. Disbursement of Loans and Advances	2920(4)	3414	1590(2)	3315(4)	4983(6)
13. Total (10+11+12)	69678(93)	75635	78831(93)	92972	109120(94)

	2007-08	2008-09	2009-10	2010-11	2011-12
14. Repayment of Public Debt	4993	4833	6277(7)	7881	6761(6)
Internal Debt (excluding Ways and Means Advances and Overdraft)	4041	4045	4782(76)	6160(77)	5813(86)
Net transactions under ways and Means Advances and Overdraft	---	---	---	218(3)	---
Loans and Advances from Government of India	952	788	1495(24)	1557(20)	948(14)
15. Appropriation to Contingency Fund	---	---	---	---	---
16. Total disbursement out of Consolidated Fund (13+14+15)	74671	80468	85108(55)	100853	115881(79)
17. Contingency Fund Disbursements	1	7	X	2	---
18. Public account disbursement	55126	74149	70243(45)	72407	82848(42)
19. Total disbursement by the state (16+17+18)	129798	154624	155351	173262	198729
Part C. Deficits					
20. Revenue Deficit(-)/Surplus(+) (1-10)	159	1004	1230	2462	3138
21. Fiscal Deficit(-)/Surplus (+) (4-13)	-8786	-12407	-14010	-11803	-15401
22. Primary Deficit (-)/Surplus (+) (21-23)	-1197	-4350	-5096	-2128	-4840
Part D. Other Data					
23. Interest Payments (included in revenue expenditure)	7589	8057	8914	9675	10561
24. Financial Assistance to local bodies etc.	18642	24807	19842	22914	33010
25. Ways and Means Advances/Overdraft availed (days)	---	---	1	3	---
26. Interest on Ways and Means Advances/Overdraft	---	---	Y	---	---
27. Gross State Domestic Product (GSDP)[#]	364813	415832	475267(R)	567636(Q)	675798(UA)
28. Outstanding fiscal liabilities (year end)[@]	97368	106917	119807	134905	150512
29. Outstanding guarantees (year end)	14502	15239	13135	12290	12286
30. Maximum amount guaranteed (year end)	18798	29990	20324	299554	23543
31. Number of incomplete projects[^]	53	30	206	188	228
32. Capital blocked in incomplete projects[^]	30939	19892	36165	46330	49,516
Part E. Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	0.079	0.080	0.074	0.080	0.079
Own Non-Tax revenue/GSDP	0.019	0.232	0.016	0.019	0.017
Central transfers/GSDP	0.050	0.048	0.046	0.044	0.042
II Expenditure Management					
Total expenditure/GSDP	0.191	0.182	0.166	0.164	0.161
Total Expenditure/Revenue Receipts	1.287	1.203	1.219	1.148	1.166
Revenue Expenditure/ Total Expenditure	0.775	0.818	0.805	0.845	0.829
Expenditure on Social Services/Total Expenditure	0.268	0.331	0.327	0.354	0.348
Expenditure on Economic Services/Total Expenditure	0.243	0.235	0.206	0.320	0.204
Capital Expenditure/Total Expenditure	0.183	0.137	0.175	0.120	0.126
Capital Expenditure on Social and Economic Services/ Total Expenditure	0.183	0.136	0.174	0.119	0.125
III Management of Fiscal Imbalances					
Revenue Deficit (surplus)/GSDP	---	0.002	0.003	0.004	0.005
Fiscal Deficit/ GSDP	-0.024	-0.30	-0.029	-0.021	-0.023
Primary Deficit/ GSDP	-0.003	-0.010	-0.010	-0.004	-0.006

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue deficit/Fiscal deficit	-0.018	-0.081	-0.088	-0.208	-0.204
Primary revenue balance/ GSDP	0.040	0.023	0.022	0.022	0.021
IV Management Fiscal Liabilities					
Fiscal liabilities/ GSDP	0.267	0.257	0.252	0.238	0.223
Fiscal liabilities/RR	1.798	1.701	1.852	1.666	1.609
Primary deficit <i>vis-a-vis</i> quantum spread	13796	10861	12800	18101	21608
Debt Redemption (Principal + Interest)/Total Debt Receipts	1.130	0.840	0.850	0.915	0.853
V Other Fiscal Health Indicators					
Return on Investment	0.20	0.31	0.38	0.65	0.85
Balance from Current Revenue (₹ in crore)	8503	14625	10846	17048	20087
Financial Assets/Liabilities	0.83	0.86	0.92	0.94	0.97

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

X: ₹ 40.63 lakh; Y: ₹ 65,287

The GSDP data for has been obtained from Directorate of Economics and Statistics, Govt. of Andhra Pradesh

R: Revised, **Q:** Quick and **UA:** Updated Advanced Estimates

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

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

Appendix 1.7

**Funds transferred directly to State implementing agencies
(Refer paragraph 1.6.4; page 7)**

(₹ in crore)

Sl. No.	Name of the Scheme	Implementing Agency	Amount released during 2011-12
1	Sarva Siksha Abhiyan(SSA)	RVMA	1,835
2	National rural Employment Guarantee Scheme	APSREGS	1,478
3	Rural Housing-IAY	DRDAs	892
4	National rural Health Mission (NRHM)	SH&FWS, STBCS & SBCS	778
5	Pradhan Manthri Gram Sadak Yojaa (PMGSY)	APSRDA	607
6	National Rural Drinking Programme	SWSM	463
7	Setting up of 6000 Model Schools at Block level as Benchmark of Excellence	AP Secondary Education Society	412
8	Rashtriya Madyamik Siksha Abhiyan	RMSA(APSES)	328
9	Micro Irrigation	APMIP	287
10	Integrated Watershed Management Programme (IWMP)	State Level Nodal Agency	161
11	Economic Census	District Collectors	154
12	National Aids Control Programme including STD control	APSACS	110
13	Central Rural Sanitation Scheme	SWSM	97
14	National Horticulture Mission	APSHM	93
15	National Food Security Mission	APSAM&ETI	89
16	Adult Education and Skill Development Scheme	Director of Adult Edn., State Literacy Mission	65
17	AAJEEVIKA	Society for Elimination of Rural Poverty	63
18	District Hospitals	Medical Colleges @ Kurnool, Hyderabad and Vijayawada	38
19	Development and Strengthening of Infrastructure facilities for Production and Distribution of Quality Seeds	AP State Seeds Development Corporation Ltd	32
20	Panchayat Yuva Krida and Khel Abhiyan (PYKKA)	AP Sports School	26
21	Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)	Commissioner and Director of Municipal Administration	24
22	Renewable Energy for Rural Applications for all villages	NEDCAP	19
23	Crime and Criminal Tracking Network and System	APS e-COPS	18
24	National Project of cattle and buffalo breeding	APLSDA	17
25	Support to State Extension Programme for Extension Reforms	APSAM&ETI	17
26	National Afforestation Programme	AP State Forest Development Agency	15
27	Provision for Urban Amenities in Rural Areas (PURA)	DRDA, Warangal	14
28	Strengthening of Education among ST Girls in low literacy districts	Gurukulam (APTWREIS)	12
29	Live Stock Insurance	AP Live Stock Development Agency	10
Total			8,154

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

Data includes only items depicted in Finance Accounts 2011-12

Appendix 1.8

List of Incomplete Irrigation Projects
(Refer paragraph 1.9.1; page 17)

(₹ in crore)

Sl. No.	Name of the Project	Year of commencement	Original cost	Revised cost	Expenditure to the end of March 2012	Cost over run
I. Major Irrigation						
1	Vamsadhara Project Stage-II, Phase-I	2002	123.94	209.00	132.74	0.00
2	Vamsadhara Project Stage-II, Phase-II	2005	933.90	933.90	661.59	0.00
3	Thotapalli Barrage	2004	450.23	450.23	480.00	0.00
4	Gajapathi Nagaram	2010	76.99	76.99		0.00
5	Pushkaram LIS	2004	297.25	608.04	598.27	310.79
6	Tadipudi LIS	2004	296.80	526.14	438.24	229.34
7	Venkatanagaram LIS	2005	58.43	124.18	83.68	65.75
8	K.L.Rao Sagar-Pulichintala	2004	565.87	1281.00	946.27	343.18
9	Telugu Ganga	1983	637.00	8384.00	4122.38	7747.00
10	GNSS Phase-I (Pkg nos 1,2 FFC & Pkg 24 to 31)	2005	1252.03	4690.45	3561.54	0.00
11	HNSS Phase-I	2005	1305.00	2774.00	2635.21	975.14
12	HNSS Phase-II	2005-06	1880.00	4076.00	3169.22	638.71
13	Gandikota LIS	2005	286.00	837.00	700.05	0.00
14	Gandikota Reservoir-CBR Lift Schemes	2007	2059.00	2059.00	1356.27	0.00
15	Guru Raghavendra LIS	2005-06	129.01	129.01	154.71	0.00
16	SRBC (Gorakallu Br) Owk reservoir & Pkg 36,37,38	2005	843.80	843.80	789.26	0.00
17	PABR Stage-II	2005	542.44	542.44	638.76	0.00
18	CBR Right Canal	2005	405.82	405.82	299.16	0.00
19	Mylavaram Modernisation	2006	151.01	151.01	141.45	0.00
20	Pulivendula Branch Canal	2005	141.43	297.43	192.12	156.00
21	Siidhapuram	2007	89.72	89.72	44.22	0.00
22	Kandula Obula Reddy Gundlakamma Reservoir	2004	165.22	592.18	567.68	426.96
23	Sangam Barrage	2008	111.86	111.86	24.08	0.00
24	Nellore Barrage	2008	118.14	118.14	65.85	0.00
25	AMR SLBC Project-Lift Scheme	1983	353.00	2166.98	1753.00	1168.00
26	Udayasamudram Lift Irrigation Scheme	2008	699.00	699.00	0.00	0.00

Sl. No.	Name of the Project	Year of commencement	Original cost	Revised cost	Expenditure to the end of March 2012	Cost over run
27	Choutpally Hanumanth Reddy Lift Irrigation Scheme	2005	55.50	55.50	59.63	0.00
28	M Baga Reddy Singur Canals	2006	88.99	88.99	91.31	0.00
29	JCR-DLIS-Phase-I	2004	930.00	1319.38	1144.40	0.00
30	Sri Rama Sagar Project stage –II	2005	1000.00	1043.00	808.00	43.00
31	Sripada Sagar Yellampally Project(SYP) Stage-I phase-I	2004	3177.74	3177.74	3187.77	0.00
32	Rajiv Bheema LIS	2004	1426.30	2158.40	1731.33	0.00
33	Jawahar Nettampadu	2005	1428.00	1428.00	1394.89	0.00
34	Mahatma Gandhi Kalwakurthy LIS	2005	2990.00	2990.00	2374.99	0.00
35	Indira Sagar Polavaram	2004	10151.04	16010.45	4234.18	5859.41
36	GNSS Phase-II	2007	2525.91	2525.91	296.06	0.00
37	TBP-HLC Stage-II	2008	463.50	463.50	9.56	0.00
38	Modernisation of MPSC		124.41	124.41	18.95	0.00
39	Pulikanuma LIS	2008	263.10	263.10	186.12	0.00
40	KC Canal Lift	2008	120.00	120.00	40.86	0.00
41	Somasila	1975	17.20	1196.00	1158.26	1178.80
42	Indiramma Flood Flow Canal	2004	3736.33	4729.26	2856.40	877.28
43	Lendi Inter-State Project	2007	202.19	263.89	188.47	61.70
44	Indira Sagar Rudramkota LIS	2007	1824.00	1824.00	927.71	0.00
45	Kaleswaram Lift Irrigation Scheme	2008	571.00	632.00	214.82	61.00
46	Flood Banks of Vamsadhara and Nagavali	2007	310.73	310.73	890.57	0.00
47	Flood Banks of Godavari	2008	543.32	543.32		0.00
48	Flood Banks of Krishna	2008	259.36	259.36		0.00
49	Flood Banks of Kundu River	2008-09	97.51	97.51	15.75	0.00
50	Flood Banks of Swarnamukhi & Tallakalva	2009	231.43	231.43	15.31	0.00
51	Flood Banks of Kandaleru & Kallingi Rivers	2009	167.53	167.53		0.00
52	Flood Bank of Pennar River	2009	206.32	206.32		0.00
53	Modernisation of Godawari Delta	2008	3361.00	3361.00	321.33	0.00
54	Modernisation of Krishna Delta	2008	4573.00	4573.00	334.71	0.00
55	Modernisation of Penna river canal system	2007	340.50	340.50	277.53	0.00
56	Modernisation of Kanpur Canal	2008	9.50	9.50		0.00
	Total		55168.30	83691.32	46334.66	20142.06

Sl. No.	Name of the Project	Year of commencement	Original cost	Revised cost	Expenditure to the end of March 2012	Cost over run
II Medium Irrigation						
57	Jhanjhavathi	1995	13.50	118.16	121.01	0.00
58	Musurumilli	2005	218.65	218.65	192.93	0.00
59	Yerram Cinapoli Reddy Korisapadu LIS	2008	177.00	177.00	73.27	0.00
60	Koilsagar LIS	2006	359.00	359.00	331.24	0.00
61	Kinnerasani	2005	36.82	36.82	27.71	0.00
62	Palemvagu Project	2005	152.15	152.15	125.97	0.00
63	Gollavagu Project	2005	83.61	83.61	81.29	0.00
64	Nelwai Project	2005	90.50	90.50	74.16	0.00
65	Komram Bheem Project	2005	274.14	450.14	394.77	0.00
66	Peddavagu near Jagannadhapur	2005	124.64	124.64	70.15	0.00
67	Mathadivagu Project	2005	50.40	50.40	57.98	0.00
68	Tharakarama Thirthasagaram	2006	220.04	220.04	83.87	0.00
69	Mahendra Tanaya	2010	127.00	127.00	21.51	0.00
70	Paleru Reservoir	2007	50.50	50.50	9.76	0.00
71	Somasila Swarnamukhi Link Canal	2007-08	399.00	437.42	97.20	0.00
72	Modikuntavagu Project	2005	124.60	124.60	58.99	0.00
	Total		2501.55	2820.63	1821.81	0.00
	Grand Total		57669.85	86511.95	48156.47	20142.06

Appendix 1.9
Summarised Financial position of the
Government of Andhra Pradesh
as on 31 March 2012
(Refer Paragraph 1.10.1; page 20)

(₹ in crore)

As on 31 March 2011	Liabilities	As on 31 March 2012
94919.92	Internal Debt	105837.71
	61982.75 Market Loans bearing interest	75088.87
	1.14 Market Loans not bearing interest	0.75
	--- Market Loans Suspense	---
	703.41 Loans from LIC	595.09
	102.19 Loans from GIC	93.24
	4621.42 Loans from NABARD	4859.9
	64.5 Loans from other Institutions	-1239.74
	27444.51 Special sanction issued NSSF	26439.6
	--- Ways and Means Advances	---
	Overdraft from Reserve Bank of India	
15494.41	Loans and Advances from Central Government	17265.23
	89.14 Pre 1984-85 Loans	8.73
	15307.74 Non-Plan Loans	82
	17.46 Loans for State Plan Schemes	17169.72
	70.71 Loans for Central Plan Schemes	4.78
	9.36 Loans for Centrally Sponsored Plan Schemes	---
	Other Ways and Means Advances	---
48.46	Contingency Fund	49.61
10035.23	Small Savings, Provident Funds, etc.	11255.58
12579.35	Deposits	13927.11
6401.18	Reserve Funds	7652.81
572.65	Suspense and Miscellaneous Balances	
270.19	Remittance Balances	367.16
140321.39	Total	156355.21
As on 31 March 2011	Assets	As on 31 March 2012
102321.76	Gross Capital Outlay on Fixed Assets	116037.66
	6046.03 Investments in shares of Companies, Corporations, Cooperatives, etc.	6086.61
	96275.73 Other Capital Outlay	109951.05
21010.76	Loans and Advances	25829.04
	4100 Loans for Power Projects	5539.82
	16687.47 Other Development Loans	19937.88
	223.29 Loans to Government servants and Miscellaneous loans	351.34

21.13		Advances		22.97
		Remittance Balances		
		Suspense and Miscellaneous Balances		138.38
8830.22		Cash --		9327.98
	4.97	Cash in Treasuries and Local Remittances	4.97	
	-236.68	Deposits with Reserve Bank and other Banks	402.37	
	2.3	Departmental Cash Balance	2.33	
	4534.37	Cash Balance Investments	3486.2	
	4525.26	Investment of Earmarked funds	5432.11	
8137.52		Deficit on Government Account		4999.18
	10599.72	Accumulated deficit up to 31 March 2011	8137.52	
	-2462.04	Revenue Surplus of the Current Year	-3138.34	
	-0.16	Amount closed to Government Account	---	
	---	Proforma corrections to opening balances under capital expenditure	---	
140321.39		Total		156355.21

Appendix 2.1

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

(Refer Paragraph 2.4.1; page 31)

(₹ in crore)

Sl No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Saving	Percentage
1	III	Administration of Justice (RV)	684.77	158.73	23.18
2	IX	Fiscal Administration, Planning, Surveys and Statistics (CV)	965.00	262.77	27.23
3	IX	Fiscal Administration, Planning, Surveys and Statistics (LC)	9709.75	2948.74	30.37
4	X	Home Administration (CV)	136.60	120.13	87.94
5	XI	Roads, Buildings and Ports (CV)	2610.60	882.70	33.81
6	XII	Higher Education (RV)	2578.46	628.41	24.37
7	XVI	Medical and Health (LV)	253.75	174.15	68.63
8	XVII	Municipal Administration and Urban Development (RV)	4234.20	1554.19	36.71
9	XVIII	Housing (RV)	962.46	436.12	45.31
10	XX	Labour and Employment (RV)	602.66	140.33	23.29
11	XXI	Social Welfare (RV)	2418.53	706.46	29.21
12	XXI	Social Welfare (CV)	301.42	113.76	37.74
13	XXII	Tribal Welfare (RV)	1349.01	404.03	29.95
14	XXIII	Backward Classes Welfare (RV)	3702.36	948.78	25.63
15	XXV	Women, Child and Disabled Welfare (RV)	2007.47	507.30	25.27
16	XXVIII	Animal Husbandry and Fisheries (RV)	967.17	262.32	27.12
17	XXIX	Forest, Science, Technology and Environment (RV)	448.69	106.81	23.80
18	XXX	Co-operation (RV)	308.87	142.98	46.29
19	XXXI	Panchayat Raj (RV)	4100.21	1199.59	29.26
20	XXXI	Panchayat Raj (CV)	457.64	301.78	65.94
21	XXXIV	Minor Irrigation (RV)	575.87	161.19	27.99
22	XXXIV	Minor Irrigation (CV)	2031.00	757.80	37.31
23	XXXVI	Industries and Commerce (RV)	853.54	477.80	55.98
Total			42260.03	13396.87	31.70

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

Appendix 2.2

Excess over provision of previous years requiring regularisation
(Refer paragraph 2.4.5; page 35)

(₹ in crore)

Year	Number of grants/ appropriations	Grant/appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2004-05	5 Grants	Revenue : VIII, XIX & XL Capital: XVI Loans: XXXVI	14.83	Out of these 61 Grants and 18 Appropriations, Explanatory Notes for 18 Grants and 6 Appropriations were received and vetted by the PAG (GSSA) as of July 2012. Explanatory Notes for the remaining 43 Grants and 12 Appropriations are awaited from the Administrative Departments/Finance Department for vetting by the PAG (GSSA)
	1 Appropriation	Revenue : XXXVI		
2005-06	10 Grants	Revenue : X, XI, XIX & XXXI Capital : VIII, XIII, XVII, XXXII & XXXIII Loans : XVII	585.82	
	3 Appropriations	Revenue : II, XVI & XXVIII		
2006-07	7 Grants	Revenue : IX, X, XI & XIV Capital : XVII & XXIX Loans : XXVII	198.72	
	1 Appropriation	Revenue : III		
2007-08	7 Grants	Revenue : X, XI & XXXII Capital : XVII, XXXIII & XXXV Loans : XXXVI	201.30	
	3 Appropriations	Revenue : II, IV & XIV		
2008-09	11 Grants	Revenue : II, V, XI, XXIV, XXVI & XXXI Capital : XVII & XXXIX Loans : XIX, XXVII & XXXVI	709.24	
	3 Appropriations	Revenue : II, III & XIII		
2009-10	10 Grants	Revenue : III, XIX Capital : IV, VII, X, XVII & XXIX Loans : XI, XVI & XVII	109.74	
	2 Appropriations	Revenue : VII & XIII		
2010-11	11 Grants	Revenue : X, XXIV Capital : X, XVII, XXVII & XXXVI Loans : XI, XV, XVI, XVII & XXXV	867.54	
	5 Appropriations	Revenue : IV, V, X & XVII Capital : XI		
Total			2,687.19	

Appendix 2.3

**Cases where Supplementary provision proved unnecessary by
₹ one crore or more in each case
(Refer paragraph 2.4.6; page 36)**

(₹ in crore)

Sl.	Number and Game of the Grant	Original Provision	Actual expenditure	Saving out of original provision	Supplementary provision
	A Revenue - Voted				
1	III - Administration of Justice	648.8	526.04	122.76	35.96
2	VII - Commercial Taxes Administration	401.49	351.64	49.85	9.38
3	XII - School Education	13934.11	12147.23	1786.88	537.58
4	XIII - Higher Education	2472.63	1950.05	522.58	105.83
5	XIV - Technical Education	794.51	692.52	101.99	27.88
6	XV - Sports and Youth Services	132.98	127.86	5.12	12.61
7	XVI - Medical and Health	4910.43	4828.45	81.98	412.82
8	XVII - Municipal Administration and Urban Development	3951.48	2680.01	1271.47	282.71
9	XX - Labour and Employment	475.37	462.33	13.04	127.29
10	XXI - Social welfare	2040.36	1712.07	328.29	378.17
11	XXII - Tribal Welfare	1069.73	944.98	124.75	279.28
12	XXV - Women, Child and Disabled Welfare	1914.58	1500.17	414.41	92.88
13	XXVIII - Animal Husbandry and Fisheries	909.22	704.85	204.37	57.95
14	XXIX - Forest, Science, Technology and Environment	431.04	341.89	89.15	17.66
15	XXX - Co-operation	306.72	165.89	140.83	2.15
16	XXXI - Panchayat Raj	3918.23	2900.62	1017.61	181.98
17	XXXV - Energy	4360.30	4348.42	11.88	2.21
18	XXXVI - Industries and Commerce	802.26	375.74	426.52	51.28
19	XXXVII - Tourism Art and Culture	110.93	72.22	38.71	34.32
20	XXXVIII - Civil Supplies Administration	2784.50	2450.74	333.76	2.50
	Total Revenue - Voted	46369.67	39283.72	7085.95	2652.44
	B Capital - Voted				
21	V - Revenue, Registration and Relief	141.47	53.94	87.53	3.15
22	IX - Fiscal Administration, Planning Surveys and Statistics	785	702.23	82.77	180
23	X - Home Administration	68.58	16.47	52.11	68.02
24	XI - Roads, Buildings and Ports	2264.26	1727.90	536.36	346.34
25	XIII - Higher Education	28.50	11.83	16.67	5.25
26	XIV - Technical Education	41.75	15.34	26.41	6.50
27	XX - Labour and Employment	13.65	3.35	10.30	4.10

Sl.	Number and Game of the Grant	Original Provision	Actual expenditure	Saving out of original provision	Supplementary provision
28	XXI - Social welfare	275.35	187.67	87.68	26.07
29	XXX - Co-operation	52.79	15.77	37.02	13.43
30	XXXI - Panchayat Raj	250	155.85	94.15	207.64
	Total Capital - Voted	3921.35	2890.35	1031.00	860.50
	C Loans - Voted				
31	XVI - Medical and Health	95.65	79.6	16.05	158.1
32	XVIII - Housing	1339.63	1216.99	122.64	150
33	XXII - Tribal Welfare	30.87	1.17	29.7	1.17
	Total Loans - Voted	1466.15	1297.76	168.39	309.27
	Grand Total	51757.17	43471.83	8285.34	3822.21

Appendix 2.4

**Unnecessary re-appropriation of funds
(more than ₹ 10 crore in each case)
(Refer paragraph 2.4.7; page 36)**

(₹ in crore)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving(-)
1	III	Administration of Justice	2014-00-105-(04)	-32.50	-37.30
2	IV	General Administration and Elections	2015-00-103-(04)	-0.57	-24.63
3	IV	General Administration and Elections	2015-00-104-(04)	-0.10	-10.25
4	V	Revenue, Registration and Relief	2053-00-093-(03)	-8.35	-13.53
5	V	Revenue, Registration and Relief	2053-00-094-(06)	-0.04	-254.76
6	V	Revenue, Registration and Relief	2053-00-094-(12)	-11.67	-119.50
7	IX	Fiscal Administration, Planning, Surveys and Statistics	2054-00-098-(03)	-0.34	-11.23
8	X	Home Administration	4055-00-800-(05)	-0.17	-18.14
9	XI	Roads, Buildings and Ports	5054-04-800-(37)	-1.85	-10.26
10	XI	Roads, Buildings and Ports	5054-80-001-(04)	-103.82	-33.93
11	XVI	Medical and Health	2211-00-789-(09)	-39.88	-12.70
12	XVI	Medical and Health	6210-01-190-(04)	-22.00	-124.00
13	XVII	Municipal Administration and Urban Development	2217-80-191-(73)	-598.17	-115.80
14	XVII	Municipal Administration and Urban Development	2217-80-789-(73)	-125.52	-0.24
15	XVIII	Housing	6216-03-190-(04)	-122.64	-150.00
16	XIX	Information and Public Relations	2220-60-101-(13)	-0.03	-50.14
17	XIX	Information and Public Relations	2220-60-101-(14)	-0.65	-35.96
18	XXI	Social Welfare	2225-01-277-(05)	-218.30	-150.25
19	XXII	Tribal Welfare	2225-02-102-(04)	-47.15	-10.61
20	XXIII	Backward Classes Welfare	2225-03-277-(07)	-32.05	-50.71
21	XXIII	Backward Classes Welfare	2225-03-277-(08)	-288.63	-159.44
22	XXIII	Backward Classes Welfare	2225-03-277-(24)	-166.85	-50.00
23	XXIII	Backward Classes Welfare	4225-03-277-(74)	-11.64	-12.34
24	XXXI	Panchayat Raj	2515-00-196-(06)	-41.20	-12.28
25	XXXI	Panchayat Raj	4215-01-102-(29)	-157.59	-72.99
26	XXXI	Panchayat Raj	4215-01-789-(29)	-32.88	-21.87
27	XXXIII	Major Irrigation	2700-01-113	-0.13	-17.19
28	XXXIII	Major Irrigation	2700-01-116	-0.10	-405.68
29	XXXIII	Major Irrigation	2700-80-001-(02)	-2.02	-19.98
30	XXXIII	Major Irrigation	2700-01-800-(14)	-8.46	-26.88
31	XXXIII	Major Irrigation	2700-01-800-(19)	-27.78	-60.78
32	XXXIII	Major Irrigation	2701-03-109	-0.01	-30.31
33	XXXIII	Major Irrigation	2701-03-174	-0.01	-10.69

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving(-)
34	XXXIII	Major Irrigation	4700-01-107	-41.98	-49.15
35	XXXIII	Major Irrigation	4700-01-112	-47.96	-12.48
36	XXXIII	Major Irrigation	4700-01-120	-371.59	-84.56
37	XXXIII	Major Irrigation	4700-01-129	-104.90	-10.81
38	XXXIII	Major Irrigation	4700-01-135	-87.77	-119.29
39	XXXIII	Major Irrigation	4700-01-158	-49.23	-11.37
40	XXXIII	Major Irrigation	4700-01-159	-118.40	-14.56
41	XXXIII	Major Irrigation	4700-01-169	-25.49	-41.44
42	XXXIII	Major Irrigation	4700-01-171	-22.75	-15.18
43	XXXIII	Major Irrigation	4700-01-177	-2.00	-47.97
44	XXXIV	Minor Irrigation	2702-03-101-(07)	-7.04	-101.06
45	XXXIV	Minor Irrigation	2702-03-101-(08)	-1.49	-10.26
46	XXXIV	Minor Irrigation	2702-03-789-(07)	-2.85	-16.92
47	XXXIV	Minor Irrigation	4702-00-101-(12)	-77.21	-228.80
48	XXXIV	Minor Irrigation	4702-00-796-(12)	-13.60	-10.09
49	XXXVI	Industries and Commerce	2851-00-103-(12)	-32.88	-134.24
Total				-3110.24	-3042.55
50	V	Revenue, Registration and Relief	2245-05-101-(04)	385.78	-100.00
51	IX	Fiscal Administration, Planning, Surveys and Statistics	2071-01-102-(04)	534.39	-193.43
52	IX	Fiscal Administration, Planning, Surveys and Statistics	2071-01-105-(04)	428.95	-20.45
53	XX	Labour and Employment	2230-03-001-(01)	51.58	-52.45
54	XXI	Social Welfare	2225-01-277-(30)	52.65	-58.65
55	XXXIII	Major Irrigation	4700-01-122	8.08	-12.08
56	XXXIII	Major Irrigation	4700-01-125	7.63	-15.63
57	XXXIII	Major Irrigation	4700-01-146	7.96	-10.67
58	XXXIII	Major Irrigation	4700-01-154	188.78	-99.13
59	XXXIII	Major Irrigation	4700-01-800	1.07	-59.83
60	XXXIII	Major Irrigation	4701-03-202	10.87	-20.49
61	XXXIV	Minor Irrigation	4702-00-101-(15)	60.00	-147.46
Total				1737.74	-790.27
62	IX	Fiscal Administration, Planning, Surveys and Statistics	2071-01-101-(04)	-789.33	41.37
63	X	Home Administration	2055-00-101-(05)	-15.39	31.00
64	X	Home Administration	2055-00-104-(06)	-0.13	27.18
65	XI	Roads, Buildings and Ports	4059-01-051-(16)	-10.00	10.00
66	XVI	Medical and Health	2211-00-200-(06)	-91.87	91.87
67	XVI	Medical and Health	2211-00-789-(17)	-19.28	19.28
68	XVI	Medical and Health	4210-03-105-(14)	-12.00	11.87
69	XVII	Municipal Administration and Urban Development	2217-80-191-(57)	-23.16	30.94

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving(-)
70	XVII	Municipal Administration and Urban Development	6217-01-800-(05)	-392.12	512.55
71	XXVII	Agriculture	3451-00-090-(26)	-1.46	16.51
72	XXVIII	Animal Husbandry and Fisheries	2403-00-001-(04)	-126.07	10.74
73	XXXI	Panchayat Raj	2515-00-196-(48)	-56.03	11.60
74	XXXII	Rural Development	2501-01-800-(15)	-84.53	84.50
75	XXXIII	Major Irrigation	2700-01-105	-0.39	11.22
76	XXXIII	Major Irrigation	2700-01-156	-19.20	15.94
77	XXXIII	Major Irrigation	2701-03-135	-0.04	228.87
78	XXXIII	Major Irrigation	4700-01-103	-26.76	18.63
79	XXXIII	Major Irrigation	4700-01-109	-3.53	17.17
80	XXXIII	Major Irrigation	4700-01-115	-39.06	38.53
81	XXXIII	Major Irrigation	4700-01-117	-6.87	10.04
82	XXXIII	Major Irrigation	4700-01-123	-19.64	21.88
83	XXXIII	Major Irrigation	4700-01-125	-54.09	15.24
84	XXXIII	Major Irrigation	4700-01-133	-209.90	11.38
85	XXXIII	Major Irrigation	4700-01-136	-77.72	84.05
86	XXXIII	Major Irrigation	4700-01-137	-137.76	616.38
87	XXXIII	Major Irrigation	4700-01-145	-80.03	33.93
88	XXXIII	Major Irrigation	4700-01-147	-37.60	28.19
89	XXXIII	Major Irrigation	4700-01-167	-114.90	110.81
90	XXXIII	Major Irrigation	4700-01-168	-44.74	57.17
91	XXXIII	Major Irrigation	4711-01-103-(05)	-0.27	29.17
92	XXXIII	Major Irrigation	4700-01-172	-10.16	10.06
93	XXXIV	Minor Irrigation	2702-03-101-(10)	-25.00	84.71
			Total	-2529.03	2342.78
94	IX	Fiscal Administration, Planning, Surveys and Statistics	2071-01-104-(04)	213.64	193.43
95	X	Home Administration	2055-00-109-(03)	143.13	42.17
96	XI	Roads, Buildings and Ports	5054-04-796-(16)	7.81	11.03
97	XVI	Medical and Health	2210-05-105-(18)	74.64	10.40
98	XXXI	Panchayat Raj	2515-00-001-(06)	4.70	34.37
99	XXXIII	Major Irrigation	2700-01-127	0.15	34.52
100	XXXIII	Major Irrigation	4700-01-101	73.58	40.95
101	XXXIII	Major Irrigation	4700-01-121	31.60	64.14
102	XXXIII	Major Irrigation	4700-01-128	18.07	11.06
103	XXXIII	Major Irrigation	4700-01-164	48.91	29.36
			Total	616.23	471.43

Appendix 2.5
Substantial surrenders made during the year
(Refer paragraph 2.4.9; page 37)

(₹ in crore)

Sl No.	Number and Title of grant	Name of the scheme (Head of Account)	Budget Provision	Amount of surrender	Percentage to Budget provision
1	IX-Fiscal Administration, Planning, Surveys and Statistics	Ways and Means Advances from the Reserve Bank of India MH 6003-00-110-(05)	3000.00	3000.00	100.00
Surrender of entire provision was stated to be due to non-utilisation of Ways & Means Advances from RBI during 2011-12					
2	IX-Fiscal Administration, Planning, Surveys and Statistics	Lumpsum Provision MH 2052-00-090-(75)	700.00	700.00	100.00
Specific reasons for surrender of the entire provision were not intimated					
3	XXXV-Energy	Loans to APTRANSCO for Krishnapatnam Thermal Power Project MH 6801-00-205-(12)	250.80	250.80	100.00
Surrender of entire provision was stated to be due to payment of loans to APGENCO for Super Critical Thermal Power Station, Krishnapatnam					
4	XXXIII-Major & Medium Irrigation	Assistance to Andhra Pradesh Water Resource Development Corporation for maintenance of Irrigation Projects MH 2700-80-800-(21)	250.00	250.00	100.00
Surrender of entire provision was stated to be due to non-release of funds for Administrative reasons					
5	XXXIII-Major & Medium Irrigation	Dummugudem Nagarjunasagar Tail Pond Project MH 4700-01-170	200.00	200.00	100.00
Surrender of entire provision was stated to be due to postponement of works, slow progress of works, non-finalisation of LA awards, non-receipt of Administrative approvals by Competent authorities and litigations involved in Land Acquisitions					
6	XII-School Education	Rashtriya Madhyamika Siksha Abhiyan MH 2202-02-109-(07)	194.09	185.68	95.67
Reasons for surrender of provision was stated to be due to non-receipt of funds from GOI					

SI No.	Number and Title of grant	Name of the scheme (Head of Account)	Budget Provision	Amount of surrender	Percentage to Budget provision
7	XII-School Education	Teaching grants to Municipalities MH 2202-01-103-(04)	179.58	165.96	92.42
Reasons for surrender of provision was stated to be due to non-filling up of vacant posts					
8	XII-School Education	Setting up of Model Schools (RMSA) MH 2202-02-109-08)	154.40	154.40	100.00
Surrender of entire provision was stated to be due to non-receipt of funds from GOI					
9	XXI-Social Welfare	Construction of Buildings for Integrated Hostels (HUDCO Loan) MH 4225-01-277-(33)	150.00	150.00	100.00
Surrender of entire provision was stated to be due to non-agreement for sanction of works under RIDF by NABARD					
10	XIII-Higher Education	Lumpsum Provision MH 2202-03-102-(75)	141.97	141.97	100.00
Specific reasons for surrender of the entire provision were not intimated					
11	XII-School Education	ICT in 4031 Schools MH 2202-02-800-(17)	139.02	139.02	100.00
Surrender of entire provision was stated to be due to non-receipt of funds from GOI					
12	XXXV-Energy	Loans to APTRANSCO for High Voltage Distribution System (HVDS) MH 6801-00-205-(07)	112.48	112.48	100.00
Surrender of entire provision was stated to be due to payment of loans to APGENCO for Super Critical Thermal Power Station, Krishnapatnam					
13	XXXIII-Major & Medium Irrigation	Resettlement and Rehabilitation MH 4700-80-800-(49)	100.00	100.00	100.00
Surrender of entire provision was stated to be for making payments of R&R for Gundlakamma Reservoir Project, Polavaram Project, GNSS Project and Pulichintala Project, compensation under Musurumalli Project, R&R benefits to the PDFs for providing amenities to R&R colonies of priority villages under Musurumalli Project, R&R benefits to the Bhupathi Palem Reservoir Project and non-finalisation of compensation to be paid					
Total			5572.34	5550.31	99.60

Appendix 2.6

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

(Refer paragraph 2.4.11; page 38)

(₹ in crore)

Sl. No.	Number and Name of the grant/appropriation	Total grant/appropriation	Excess(+)/Savings(-)	Amount surrendered	Amount surrendered in excess
Revenue - Voted					
1	I-State Legislature	94.91	(-)11.89	14.86	2.97
2	VI-Excise Administration	366.49	(-)99.2	99.84	0.64
3	X-Home Administration	4289.81	(+)54.73	43.34	43.34
4	XI-Roads, Buildings and Ports	1806.30	(-)53.54	142.51	88.97
5	XII-School Education	14471.69	(-)2324.46	2327.58	3.12
6	XIV-Technical Education	822.39	(-)129.87	130.54	0.67
7	XV-Sports and Youth Services	145.59	(-)17.73	18.84	1.11
8	XVI-Medical and Health	5323.24	(-)494.79	591.22	96.43
9	XXIV-Minority Welfare	334.17	(+)31.16	5.00	5.00
10	XXV-Women, Child and Disabled Welfare	2007.47	(-)507.30	513.23	5.93
11	XXVIII-Animal Husbandry and Fisheries	967.17	(-)262.32	281.42	19.10
12	XXIX-Forest, Science, Technology and Environment	448.69	(-)106.81	114.23	7.42
13	XXXVIII-Civil Supplies Administration	2787.00	(-)336.26	337.51	1.25
14	XXXIX-Information Technology and Communications	71.82	(-)14.10	14.95	0.85
Revenue - Charged					
15	I-State Legislature	3.63	(-)1.97	2.85	0.88
16	IV-General Administration and Elections	36.84	(-)5.40	7.04	1.64
Capital Voted					
17	IV-General Administration and Elections	15.00	(-)10.51	11.13	0.62
18	XVI-Medical and Health	109.80	(-)35.63	39.42	3.79
19	XXII-Tribal Welfare	276.02	(-)78.94	79.45	0.51
20	XXXIII-Major and Medium Irrigation	11671.48	(-)2165.26	2686.32	521.06
Loans Voted					
21	XVII-Municipal Administration and Urban Development	1656.53	(-)230.37	742.92	512.55
Total		47706.04	(-) 6886.35¹	8204.20	1317.85

¹ Excludes sr.No. 3 (₹ 54.73 crore) & 9 (₹ 31.16 crore) being final excess

Appendix 2.7

Statement of various grants/appropriations in which saving occurred but no part of which was surrendered
(Refer paragraph 2.4.12; page 38)

(₹ in crore)

Sl No.	Grant No.	Name of the grant/appropriation	Saving
I-Grants			
1	IX	Fiscal Administration, Planning, Surveys and Statistics (CV)	262.77
2	XI	Roads, Buildings and Ports (LV)	0.81
3	XXIV	Minority Welfare (CV)	5.00
4	XXVI	Administration of Religious Endowments (RV)	8.71
		Total	277.29
II - Appropriations			
5	III	Administration of Justice (RC)	0.15
6	XI	Roads, Buildings and Ports (CC)	1.71
7	XXXIV	Minor Irrigation (CC)	10.53
8	XXXVI	Industries and Commerce (RC)	0.04
		Total	12.43
		Grand Total	289.72

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

Appendix 2.8

Details of saving of ₹ 5 crore and above not surrendered
(Refer paragraph 2.4.12; page 38)

(₹ in crore)

Sl. No.	Number and Name of grant/appropriation	Saving	Surrender	Un-surrendered saving
1	III-Administration of Justice (RV)	158.73	103.73	55.00
2	IV-General Administration and Elections (RV)	81.31	26.95	54.36
3	V-Revenue, Registration and Relief (RV)	665.36	166.31	499.05
4	V-Revenue, Registration and Relief (CV)	90.68	80.85	9.83
5	IX-Fiscal Administration, Planning, Surveys and Statistics (RV)	456.72	365.60	91.12
6	X-Home Administration (CV)	120.13	71.14	48.99
7	XI-Roads, Buildings and Ports (CV)	882.70	372.93	509.77
8	XIII-Higher Education (RV)	628.41	606.68	21.73
9	XVI-Medical and Health (LV)	174.15	50.48	123.67
10	XVII-Municipal Administration and Urban Development (RV)	1554.19	1272.59	281.60
11	XVIII-Housing(LV)	272.64	122.64	150.00
12	XIX-Information and Public Relations(RV)	32.09	19.00	13.09
13	XX-Labour and Employment (RV)	140.33	49.72	90.61
14	XXI- Social Welfare (RV)	706.46	495.56	210.90
15	XXI- Social Welfare (CV)	113.76	107.23	6.53
16	XXII- Tribal Welfare (RV)	404.03	393.73	10.30
17	XXIII- BackWard Classess Welfare (RV)	948.78	697.37	251.41
18	XXIII- BackWard Classess Welfare (CV)	24.61	12.27	12.34
19	XXV-Women, Child and Disabled Welfare (CV)	20.97	13.65	7.32
20	XXVII- Agriculture (RV)	612.38	537.92	74.46
21	XXXI- Panchayat Raj (RV)	1199.59	1000.55	199.04
22	XXXI- Panchayat Raj (CV)	301.78	198.04	103.74
23	XXXII- Rural Development (RV)	162.88	140.22	22.66
24	XXXIII-Major and Medium Irrigation (RV)	1482.35	351.53	1130.82
25	XXXIII-Major and Medium Irrigation (CC)	43.00	1.68	41.32
26	XXXIV- Minor Irrigation (RV)	161.19	70.96	90.23
27	XXXIV- Minor Irrigation (CV)	757.80	2.81	754.99
28	XXXV- Energy(RV)	14.09	6.09	8.00
29	XXXVI-Industries and Commerce (RV)	477.80	344.79	133.01
30	XXXVII-Tourism, Art and Culture (RV)	73.02	54.59	18.43
	Total	12761.93	7737.61	5024.32

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

Appendix 2.9

**Cases of surrender of funds in excess of ₹ 10 crore
on 30 and 31 March 2012
(Refer paragraph 2.4.12; page 38)**

(₹ in crore)

Sl No.	Grant No.	Major Head	Amount of surrender
1	I	2011 State Legislature	14.86
2	III	2014 Administration of Justice	103.73
3	IV	2014 Administration of Justice	17.27
4	IV	4070 Capital outlay on other Administrative Services	11.13
5	V	2029 Land Revenue	81.56
6	V	2030 Stamps and Registration	46.56
7	V	2053 District Administration	29.94
8	V	4250 Capital outlay on Other Social Services	80.62
9	VI	2039 State Excise	99.84
10	VII	2040 Taxes on Sales, Trade etc.	56.81
11	VIII	2041 Taxes on Vehicles	21.48
12	IX	2047 Other Fiscal Services	87.26
13	IX	2048 Appropriation for Reduction or Avoidance of Debt	11.88
14	IX	2049 Interest Payments (Charged)	875.70
15	IX	2052 Secretariat General Services	227.72
16	IX	2054 Treasury and Accounts Administration	38.74
17	IX	6003 Internal Debt of the State Government (Charged)	2948.74
18	X	2055 Police	30.15
19	X	4055 Capital outlay on Police	71.14
20	X	6216 Loans for Housing	15.21
21	XI	2059 Public Works	49.66
22	XI	3054 Roads and Bridges	90.09
23	XI	5054 Capital outlay on Roads and bridges	295.38
24	XI	4059 Capital outlay on Public Works	55.00
25	XI	4202 Capital outlay on Education, Sports, Art and Culture	22.54
26	XII	2202 General Education	1129.09
27	XII	2059 Public Works	1198.45
28	XII	4202 Capital outlay on Education ,Sports, Art and Culture	19.68
29	XIII	2059 Public Works	320.46
30	XIII	2202 General Education	284.95
31	XIII	4202 capital outlay on Education, Sports, Art and Culture	20.50
32	XIV	2203 Technical Education	126.04
33	XIV	4202 Capital outlay on Education, Sports, Art and Culture	32.91
34	XV	2204 Sports and Youth Services	18.84
35	XVI	2059 Public Works	415.28
36	XVI	2210 Medical and Public Health	175.94
37	XVI	4210 Capital out lay on Medical and Public Health	37.92
38	XVI	6210 Loans for Medical and Public Health	50.48
39	XVII	2215 Water supply and Sanitation	1272.59

Sl No.	Grant No.	Major Head	Amount of surrender
40	XVII	6215 Loans for Water supply and Sanitation	742.92
41	XVIII	2216 Housing	435.89
42	XVIII	6216 Loans for Housing	122.64
43	XIX	2220 Information and Publicity	19.00
44	XX	2059 Public Works	49.72
45	XX	4250 Capital outlay on Other Social Services	12.62
46	XXI	2059 Public Works	495.56
47	XXI	4225 Capital outlay on Welfare of Scheduled Castes. Scheduled Tribes and Other Backward Classes	107.23
48	XXII	2059 Public Works	393.73
49	XXII	4225 Capital outlay on Welfare of Scheduled Castes. Scheduled Tribes and Other Backward Classes	79.45
50	XXII	6225 Loans for Welfare of Scheduled Castes. Scheduled Tribes and Other Backward Classes	30.63
51	XXIII	2059 Public Works	697.37
52	XXIII	4225 Capital outlay on Welfare of Scheduled Castes. Scheduled Tribes and Other Backward Classes	12.27
53	XXV	2059 Public Works	513.23
54	XXV	4235 Capital outlay on Social Security and Welfare	13.65
55	XXVII	2059 Public Works	472.48
56	XXVII	2401 Crop Husbandry	59.38
57	XXVIII	2059 Public Works	193.65
58	XXVIII	2403 Animal Husbandry	67.77
59	XXVIII	4405 Capital outlay on Fisheries	11.75
60	XXIX	2059 Public Works	114.19
61	XXX	2425 Co-operation	142.36
62	XXX	4425 Capital outlay on Co-operation	50.00
63	XXXI	2215 Water supply and Sanitation	275.49
64	XXXI	2515 Other Rural Development Programmes	725.06
65	XXXI	4215 Capital outlay on Water Supply and Sanitation	198.04
66	XXXII	2235 Social Security and Welfare	136.67
67	XXXIII	2700 Major Irrigation	345.17
68	XXXIII	4700 Capital outlay on Major Irrigation	2615.36
69	XXXIII	4701 Capital outlay on Medium Irrigation	44.49
70	XXXIV	2702 Minor Irrigation	70.96
71	XXXVI	2059 Public Works	175.69
72	XXXVI	2851 Village and Small Industries	68.14
73	XXXVI	2852 Industries	97.41
74	XXXVI	4851 Capital outlay on Village and Small Industries	10.29
75	XXXVI	6851 Loans for Village and Small Industries	22.28
76	XXXVI	6860 Loans for Consumer Industries	16.90
77	XXXVII	2205 Art and Culture	54.59
78	XXXVIII	2236 Nutrition	327.10
79	XXXIX	3451 Secretariat Economic Services	14.95
Total			20522.22

Appendix-2.10

**Statement showing non-incorporation of correction slips
(Refer paragraph 2.7.1 page 42)**

Prescribed procedure as per correction slips	Remarks
<p>Correction slip no. 417, dated 16-01-2002 provides distinct minor heads for the following bodies</p> <p>191-Assistance to Municipal Corporation</p> <p>192- Assistance to Municipalities/Municipal Councils</p> <p>193-Assistance to Nagar Panchayats/Notified Area Committees</p> <p>195-Assistance to Co-operatives</p> <p>196- Assistance to Zilla Parishads/ District level Panchayats</p> <p>197-Assistance to Block Panchayats/Intermediate Level Panchayats</p> <p>198-Assistance to Gram Panchayats</p> <p>199-Assistance to Other Non-Government Institutions</p>	<p>The State Government continues to make budgetary provision against single minor head '191' under Major Head 2217-Urban Development to meet the expenditure in respect of i) Municipalities, ii)Municipal Corporations, iii) Local Bodies, HMDA, iv)Other Urban Development Authorities, v) Urban Infrastructure and Governance, vi) Integrated Housing and slum development under Jawaharlal Nehru National Urban Renewal Mission etc. (JNNURM)</p>
<p>Correction slip no. 446, dated 22-10-2002, details of each plan/Non-plan, scheme/programme are to be shown at sub-head level below minor head 003-Training</p>	<p>Instead of mentioning the distinct purpose/institution incurring the expenditure under sub-head below the minor head 003- Training, the Government depicts different sub head numbers with the same nomenclature namely 2014-003-SH(06) Training, 2014-003- SH(07) Training, 2014-003- SH(08) Training. This makes CCO based identification difficult. Sub-head nomenclature should distinctly indicate purpose/institution after Training”.</p>
<p>Correction slip nos. 382 & 383 dated 23-11-2000 and correction slips nos. 508 to 510 dated 13-5-2004, expenditure on maintenance and repairs is to be booked under two distinct sub-heads namely 'work charged establishment' and 'other maintenance' below minor head 053 under the Major Heads 2059-Public works, 2216-Housing, 2700-Major Irrigation, 2701-Medium Irrigation, 2702-Minor Irrigation and 3054-Roads& Bridges.</p>	<p>State Government continues to exhibit these classifications at sub-detailed head level i.e. 272 and 273 below detailed head 270-minor works instead of sub head level.</p>
<p>Non-incorporation of correction slips issued to LMMH from time to time by CGA</p> <p>Correction slip nos. 508,509,511 &512 dated 13-5-2004 for operation of new Major Heads 0700,2700,4700 and 6700 for Major Irrigation and 0701,2701,4701 and 6701 for Medium Irrigation</p>	<p>The State Government has adopted the correction slip up to the Major head level only in Budget Estimates 2011-12. From the Sub Major head level correction slip has not been adopted in the budgetary documents. Such non-adoption prevents inter-state comparisons in the Combined Finance and Appropriation Accounts.</p>

Appendix-2.11

Detailed Head 530-major works appearing under Revenue section
(Refer paragraph 2.7.7; page 43)

(₹ in crore)

Grant Number	Classification	Budget
XI-Roads, Buildings & Ports	3054-80-001-03-530 NV	0.22
	3054-80-001-03-530 NC	0.61
XXXIII-Major & Medium Irrigation	2705-00-103-11-08-530	0.01
	2700-80-001-11-02-530	0.08
	2700-80-800-03-19-530	100.00
	2700-80-800-03-19-530	3.00
XXXIV-Minor Irrigation	2702-01-796-03-10-530	12.00
	2702-02-001-11-01-530	5.00
	2702-02-005-03-05-530	4.00
	2702-03-101-03-10-530	93.00

Appendix-2.12

Detailed Head 270-Minor works appearing under Capital section
(Refer paragraph 2.7.8; page 43)

(₹ in crore)

Grant No.	Classification	Budget
XXXIII-Major & Medium Irrigation	4700 - 1 - 125 - 11 - 26 - 270	70.00
	4700 - 1 - 166 - 11 - 27 - 270	37.93
	4700 - 1 - 157 - 11 - 27 - 270	16.00
	4700 - 1 - 129 - 11 - 26 - 270	12.90
	4700 - 1 - 159 - 21 - 26 - 270	10.00
	4700 - 1 - 144 - 11 - 26 - 270	10.00

Appendix-2.13

Detailed Head 310-Grants-in-aid appearing under Capital section
(Refer paragraph 2.7.8; page 43)

(₹ in crore)

Grant No.	Classification	Budget
XI-Roads, Buildings and Ports	5054 - 80 - 001 - 11 - 01 - 310	@
	5054 - 80 - 001 - 11 - 03 - 310	#
XVII-Municipal Administration and Urban Development	4215 - 01 - 101 - 11 - 05 - 310	*
XXXIII- Major and Medium Irrigation	4700 - 80 - 800 - 11 - 04 - 310	1.50
	4700 - 01 - 129 - 03 - 34 - 310	10.00
	4700 - 01 - 129 - 03 - 37 - 310	1.80
XXXIV – Minor Irrigation	4702 - 00 - 101 - 11 - 12 - 310	0.01

@₹ 35,000; #₹ 45,000; *₹ 10,000

Appendix 3.1

Year-wise position of outstanding UCs as of 31 March 2012

(Refer paragraph 3.2; page 45)

(₹ in crore)

Department	Year	Number of UCs outstanding	Amount
Director of School Education	1992-93	3	1.55
Labour & Employment	1993-94	4	0.46
	1994-95	5	0.65
	1995-96	2	0.49
	1996-97	6	0.60
Municipal Administration & Urban Development	2010-11	7	1.04
	2011-12	187	80.41
Total		214	85.20

Appendix 3.2

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

(Refer paragraph 3.3; page 45)

Sl. No.	Name of body/authority	Period of entrustment	Year up to which accounts were rendered	Period upto which Separate Audit Report was issued	Placement of SAR in the Legislature	Comments
Urban Development Authorities						
1	AP Vaidya Vidhana Parishad	2009-10	2005-06	2005-06	2004-05	Approved Accounts from 2006-12 were not provided for audit.
2	Hyderabad Metropolitan Development Authority	2010-11 onwards	2008-09	2002-03	2000-01	While accounts were given upto 2008-09 supporting vouchers were not provided. Hence audit could not be taken up.
3	Visakhapatnam Urban Development Authority	2010-11 onwards	2010-11	2008-09	2001-02	Audit under progress for 2009-10 & 2010-11
4	Tirupati Urban Development Authority	2010-11 onwards	2010-11	2008-09	2001-02	SAR for 2009-10 is under finalisation. Audit being taken up for 2010-11.
5	Kakatiya Urban Development Authority	2010-11 onwards	2006-07	2006-07	1998-99	Approved Accounts from 2007-12 were not provided for audit.
6	Vijayawada-Guntur-Tenali-Mangalagiri-Urban Development Authority	2012-13	2008-09	2008-09	2000-01	Approved Accounts from 2009-12 were not provided for audit.
7	Sri Satya Sai Urban Development Authority	2008-09	2002-03	--	--	Records not produced due to fire accident.
8	Hyderabad Metropolitan Water Supply & Sewerage Board	2010-11 onwards	2005-06	2005-06	Not required as per bye laws of the Board	Approved Accounts from 2006-12 were not provided for audit.
Integrated Tribal Development Agencies						
9	ITDA, Bhadrachalam	2011-12	2010-11	2009-10	Not required as per bye laws	Approved accounts for 2010-11 were not provided for audit.

Sl. No.	Name of body/authority	Period of entrustment	Year up to which accounts were rendered	Period upto which Separate Audit Report was issued	Placement of SAR in the Legislature	Comments
10	ITDA, Seethampet	2011-12	2008-09	2008-09	-do-	Approved Accounts from 2009-12 were not provided for audit.
11	ITDA, Srisailam	2011-12	2006-07	2006-07	-do-	Approved Accounts from 2007-12 were not provided for audit.
12	ITDA, Parvathipuram	2011-12	2008-09	2008-09	-do-	Approved Accounts from 2009-12 were not provided for audit.
13	ITDA, Paderu	2011-12	2009-10	2009-10	-do-	Approved Accounts from 2010-12 were not provided for audit.
14	ITDA, Rampachodavaram	2011-12	2006-07	2006-07	-do-	Approved Accounts from 2007-12 were not provided for audit.
15	ITDA, K.R. Puram	2011-12	2010-11	2009-10	-do-	Approved accounts from 2010-11 were not provided for audit.
16	ITDA, Utnoor	2011-12	2008-09	2007-08	-do-	Approved accounts for 2008-09 received recently and currently being audited.
17	ITDA, Nellore	2011-12	2009-10	2009-10	-do-	Approved Accounts from 2010-12 were not provided for audit.
18	ITDA, Eturunagaram	2011-12	2006-07	2006-07	-do-	Approved Accounts from 2007-12 were not provided for audit.

Appendix 3.3
Statement of Bodies and Authorities whose accounts
have not been received
(Refer paragraph 3.3; page 45)

Sl No.	Name of the body/ Authority	No. of bodies/ authorities	Years for which accounts had not been received	No. of annual accounts in arrears as of June 2012
Higher Education				
1	Universities	11	2004-05 to 2011-12	24
2	Aided colleges	121	1993-94 to 2011-12	914
3	AP State Council of Higher Education	1	2009-10 to 2011-12	3
4	Societies	7	1999-2000 to 2011-12	36
School Education				
5	Zilla Grandhalaya Samsthas	22	1997-98 to 2011-12	149
6	Zilla Saksharatha Samities	23	1997-98 to 2011-12	228
Health Medical and Family Welfare				
7	AP AIDS Control Society	1	2010-11 to 2011-12	2
8	AP Health Medical Housing and Infrastructure Development Corporation	1	2011-12	1
9	AP Medicinal and Aromatic Plants Board	1	2009-10 to 2011-12	3
10	AP State TB Society	1	2011-12	1
11	AP Vaidya Vidhana Parishad	1	2006-07 to 2011-12	6
12	AP Yogadhyayana Parishad	1	2006-07 to 2011-12	6
13	Hyderabad Akshara Jyothi Samithi, Hyderabad	1	2006-07 to 2011-12	6
14	Indian Institute of Health and Family Welfare	1	2009-10 to 2011-12	3
15	MNJ Institute of Oncology	1	2010-11 to 2011-12	2
16	Nizam's Institute of Medical Sciences	1	2007-08 to 2011-12	5
17	NTR University of Health Sciences	1	2010-11 to 2011-12	2
18	Sri Venkateswara Institute of Medical Sciences	1	2011-12	1
19	State Blindness Control Society, Hyderabad	1	2006-07 to 2011-12	6
20	State TB Office	1	2003-04 to 2011-12	9
Municipal Administration and Urban Development				
21	QQUDA	1	2010-11 to 2011-12	2
Backward Classes Welfare				
22	BC Finance Corporation, Hyderabad	1	2004-05 to 2011-12	8
23	AP Study Circle, Anantapur	1	1997-98 to 2011-12	15

Sl No.	Name of the body/ Authority	No. of bodies/ authorities	Years for which accounts had not been received	No. of annual accounts in arrears as of June 2012
24	AP Study Circle, Guntur	1	2006-07 to 2011-12	6
25	AP Study Circle, Hyderabad	1	2007-08 to 2011-12	5
26	AP Study Circle, Warangal	1	2006-07 to 2011-12	6
27	AP Washermen Cooperative Society, Hyderabad	1	2005-06 to 2011-12	7
28	BC Service Cooperative Societies	15	2004-05 to 2011-12	73
Minorities Welfare				
29	AP Haj Committee	1	2011-12	1
Social Welfare				
30	AP SC Finance Corporation, Hyderabad	1	2009-10 to 2011-12	3
31	AP SWREIS, Hyderabad	1	2008-09 to 2011-12	4
32	AP Social Welfare Fund, Hyderabad	1	2001-02 to 2011-12	11
33	SCSC Societies	23	2001-02 to 2011-12	85
Tribal Welfare				
34	AP ST Finance Corporation, (TRICOR)	1	2004-05 to 2011-12	8
35	AP Tribal Welfare Ashram Residential Educational Institutions Society (TWREIS), Hyderabad	1	2006-07 to 2011-12	6
36	Girijan Cooperative Corporation (GCC)	1	2011-12	1
Women Development and Child Welfare				
37	AP Social Welfare Board	1	2011-12	1
38	AP State Council for Child Welfare	1	2011-12	1
39	AP Vikalangula Finance Corporation	1	2011-12	1
40	AP Women Cooperative Finance Corporation, Hyderabad	1	2006-07 to 2011-12	6
41	AP Creche Committee, Hyderabad	1	2011-12	1
42	Kurnool Dist. Society for Rehabilitation of Child Labour	1	2008-09 to 2011-12	4
Law				
43	A.P.State Legal Services Authority, Hyderabad	1	2009-10 to 2011-12	3
44	District Legal Services	22	2006-07 to 2011-12	60
45	A.P.Advocate Clerks Welfare Fund	1	2008-09 to 2011-12	4
46	A.P.Advocate Welfare Fund	1	2008-09 to 2011-12	4
47	NALSAR	1	2010-11 to 2011-12	2
Panchayat Raj and Rural Development				
48	STEP	22	2005-06 to 2011-12	66
49	DRDA	22	2005-06 to 2011-12	79
50	DWMA	22	2006-07 to 2011-12	70

Sl No.	Name of the body/ Authority	No. of bodies/ authorities	Years for which accounts had not been received	No. of annual accounts in arrears as of June 2012
51	Society for Eradication of Rural Poverty (SERP)	1	2008-09 to 2011-12	4
Labour Employment, Training and Factories				
52	Rajiv Udyogsri Society	1	2009-10 to 2011-12	3
53	AP Building & other construction workers Welfare Board, Hyderabad	1	2009-10 to 2011-12	3
Youth Advancement, Tourism and Culture				
54	Dr. Y.S.R. Institute and Hospitality Management	1	2009-10 to 2011-12	3
55	Ravindra Bharathi	1	2005-06 to 2011-12	7
56	Sports Authority of Andhra Pradesh	1	2009-10 to 2011-12	3
Revenue				
57	AP Disaster Mitigation Society	1	2010 to 2011-12	2
Environment Forests, Science and Technology				
58	AP State Remote Sensing Application Centre	1	2009-10 to 2011-12	3
Planning				
59	Centre for Economic and Social Studies	1	2007-08 to 2011-12	5
	Total	358		1,983

Appendix 3.4

Un-reconciled expenditure (₹ 500 crore and above cases only)
(Refer paragraph 3.4; page 46)

(₹ in crore)		
Sl. No.	Department/Controlling Officer	Amount not reconciled
1	Director General & Inspector General of Police, (MH 2055-Police)	3,003
2	Municipal Administration and Urban Development, Secretariat (MH 2217- Urban Development)	2,105
3	Power Projects (MH 6801- Loans for Power Projects)	1,475
4	Director General & Inspector General of Police (MH 6216-Loans for Housing)	1,268
5	Municipal Administration and Urban Development, Secretariat Department (MH 6217-Loans for Urban Development)	1,201
6	Finance, (MH 2049 – Interest payments)	827
7	Chief Engineer, FMC (SRSP) & SYP, LMD Colony, Karimnagar (MH 4700- Capital Outlay on Major Irrigation)	808
8	Engineer-in-Chief Roads (MH 3054-Roads and Bridges)	713
9	Planning Department, Secretariat (MH 5475- Capital Outlay on other General Economic Services)	702
10	Chief Engineer, (PROJ), Ongole (MH 4700- Capital Outlay on Major Irrigation)	690
11	Chief Engineer, Indira Sagar Polavaram Project (MH 4700- Capital Outlay on Major Irrigation)	655
12	Chief Engineer, DR.B.R.Ambedkar Pranahita-Chevella SS (MH 4700- Capital Outlay on Major Irrigation)	604
13	Registrar of High Court (MH 2014-Administration of Justice)	520
14	Chief Engineer, Minor Irrigation (MH 4702- Capital Outlay on Minor Irrigation)	507

Appendix 3.5

Excess payment of pension/family pension (Refer paragraph 3.5; page 46)

(₹ in lakh)

Nature of Irregularity	No. of cases	Amount involved ¹
Non-reduction of commuted value of pension (CVP) from original pension / 2 nd CVP.	109	51
Excess payment of pension/ family pension beyond time limit.	115	94
Incorrect computation and consolidation/double consolidation of pension/family pension and arrears of pension.	30	23
Irregular sanction of Dearness Relief.	38	22
Payment of Family Pension at enhanced rates beyond the period of eligibility.	5	10
Payment of inadmissible financial assistance.	6	13
Excess payment of additional quantum of pension.	35	7
Excess payment due to non-recovery of the amount from Gratuity/Pension.	5	4
Payment of full pension against provisional Pension.	1	2
Incorrect raising of each half share of Pension to minimum.	5	1
Erroneous / un-authorized payment of Pension/ Family Pension.	3	2
Incorrect restoration of commuted portion of Pension.	4	@
Non-deduction of anticipatory Pension.	1	#
Double Payment of Pension.	2	1
Payment of Pension even after death of the Pensioner.	2	11
Payment of Pension even after transfer of PPO.	6	2
Excess payment of Medical Allowance.	2	*
Non-deduction of Income-tax at source.	5	\$
Total	374	243

¹ Excludes 36 cases involving ₹ 27,36,435 which was recovered at the instance of audit.

@ ₹ 43,742, # ₹ 13,072 and * ₹ 8,800 and \$ ₹ 22,510

Appendix 3.6

Variation in the figures of receipts & expenditure (Refer paragraph 3.7; page 47)

(₹ in crore)

Name of the Corporation		Figures As Per PD Account Bank Statement	Figures as per PAG(A&E)	Difference
SERP	Receipts	1647	1684	37
	Expenditure	1647	1678	31
APSCSCL	Receipts	2280	1652	628
	Expenditure	2280	2114	166

Appendix 3.7

**Statement showing Department-wise details of pending DC bills
at the end of 2011-12
(Refer paragraph 3.9; page 50)**

(₹ in crore)

Sl. No	Department	No. of Bills	Amount
1	Agriculture	299	865.58
2	Revenue, Registration and Relief	3,791	278.27
3	School Education	552	47.78
4	Panchayat Raj & Rural Development	74	28.96
5	Medical and Health	21,583	23.14
6	Fiscal Administration, Planning, Surveys and Statistics	281	15.62
7	Major and Medium Irrigation	1	10.00
8	Home Administration	145	5.41
9	Animal Husbandry	19	3.78
10	Sports and Youth Services	343	3.67
11	Commercial Taxes Administration	11	0.94
12	Administration of Justice	22	0.73
13	Industries and Commerce	10	0.67
14	Labour and Employment	27	0.24
15	Tourism, Art and Culture	4	0.21
16	Civil Supplies Administration	9	0.19
17	Higher Education	8	0.17
18	Energy, Forest	4	0.17
19	Municipal Administration and Urban Development	11	0.12
20	Women, Child and Disabled Welfare	11	0.10
21	General Administration and Elections	11	0.06
22	Social Welfare	17	0.05
23	Transport Administration	2	0.04
24	Roads, Buildings and Ports	19	0.02

Sl. No	Department	No. of Bills	Amount
25	Information and Public Relations	33	0.02
26	Backward classes welfare	8	0.01
27	Tribal Welfare	6	0.01
28	Excise Administration	2	@
29	Administration of Religious Endowments	1	^
30	Technical Education	1	#
31	O/o. Special Commissioner, A.P. at New Delhi	1	*
		27,306	1,285.97

@ ₹ 15,769; ^ ₹ 3,647; # ₹ 4,000; * ₹ 34,400

Appendix 4.1

Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal liabilities)/2] * 100
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plant 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 per cent to Loans Outstanding	Interest Received/[(opening balance + Closing balance of Loans and Advances)/2] * 100
Interest spread	GSDP growth rate – Average Interest Rate
Primary Deficit	Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State's during the course of the year (Fiscal Deficit – Interest payments)
Quantum spread	Debt stock * Interest spread
Rate of growth (ROG)	[(Current year Amount/Previous year Amount)-1] * 100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Terms	Description
Absorptive capacity	Absorptive capacity in this case refers to the ability of a State to implement a developmental scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the design of schemes are well planned with careful risk mitigation strategy in place, administrative costs are low, operation, maintenance, monitoring and control mechanisms are in place etc so that the State is able to effectively achieve targeted outcomes.
Average interest rate	Average interest rate is defined as the percentage of interest payment made to, average financial liabilities of the State during the year i.e. (sum of opening and closing balances of fiscal liabilities/2) X 100
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one per cent
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	The debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Debt stabilization	A necessary condition for stability States that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate- interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
Merit goods	Core public goods are which all citizens enjoy in common in the sense that each individual’s consumption of such good leads to no subtractions from any other individual’s consumption of that good, et. Enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at categorized rates because an individual or society should have them on the basis of some concept of need rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. 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 o 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. $\text{Non debt receipts} = \text{incremental growth of revenue receipts} - \text{Incremental growth of interest payments} - \text{Incremental primary revenue expenditure}$.

Appendix 4.2

Acronyms and abbreviations

Acronym		Full form
AABY	:	Aam Admi Bhima Yojana
AC Bills	:	Abstract Contingent Bills
AE	:	Aggregate Expenditure
AIDS	:	Acquired Immuno Deficiency Syndrome
APFRBM Act	:	Andhra Pradesh Fiscal Responsibility and Budget Management
APGENCO	:	Andhra Pradesh Generation Corporation
APLSDA	:	Andhra Pradesh Live Stock Development Agency
APSAM&ETI	:	State Agricultural Management and Extension Training Institute
APMIP	:	Andhra Pradesh Micro Irrigation Project
APRPRP	:	Andhra Pradesh Rural Poverty Reduction Project
APSACS	:	Andhra Pradesh State AIDS Control Society
APSCSCL	:	AP State Civil Supplies Corporation Limited
APS e-COPS	:	Andhra Pradesh Society for Electronic Computerisation of Police Services
APSHM	:	Andhra Pradesh State Horticulture Mission
APSREGS	:	Andhra Pradesh State Rural Employment Guarantee Scheme
APSWREIS	:	AP Social Welfare Residential Educational Institutions Society
APSRDA	:	Andhra Pradesh State Rural Roads Development Agency
APSRTC	:	Andhra Pradesh State Road Transport Corporation
APTRANSCO	:	Transmission Corporation of Andhra Pradesh
BE	:	Budget Estimates
CAG	:	Comptroller and Auditor General of India
CAGR	:	Compound Annual Growth Rate
CB	:	Closing Balance
C&DA	:	Commissioner and Director of Agriculture
CE	:	Capital Expenditure
CF	:	Contingency Fund
CGA	:	Controller General of Accounts
CSS	:	Centrally Sponsored Schemes
DC Bills	:	Detailed Contingent Bills
DDs	:	Demand Drafts
DE	:	Development Expenditure
DRDA	:	District Rural Development Agency
DWCRA	:	Development of Women and Children in Rural Areas
DWMA	:	District Water Management Agency
FCP	:	Fiscal Correction Path
FD	:	Fiscal Deficit

Acronym		Full form
FPSS	:	Fiscal Policy Strategy Statement
FRL	:	Fiscal Responsibility Legislation
GOI	:	Government of India
GSDP	:	Gross State Domestic Product
HODs	:	Heads of Departments
IAY	:	Indira Awas Yojana
INDIRAMMA	:	Integrated Novel Development in Rural Areas and Modal Municipal Areas
ITDA	:	Integrated Tribal Development Agency
JNNURM	:	Jawaharlal Nehru National Urban Renewal Mission
LPG	:	Liquefied Petroleum Gas
MEFS	:	Macro Economic Framework Statement
NALSAR	:	National Academy of Legal Studies and Research
NEDCAP	:	Non conventional Energy Development Corporation of Andhra Pradesh
NOAPS	:	National Old Age Pension Scheme
NPRE	:	Non-Plan Revenue Expenditure
NRDWP	:	National Rural Drinking Water Programme
NRHM	:	National Rural Health Mission
NSSF	:	National Small Savings Fund
NTR	:	Non-Tax Revenue
O&M	:	Operations and Maintenance
OTR	:	Own Tax Revenue
PAC	:	Public Accounts Committee
PD	:	Primary Deficit
PDA	:	Personal Deposit Account
PERT Chart	:	Programme/Project Evaluation and Review Technique
PF	:	Provident Fund
PPO	:	Pension Payment Order
PMS	:	Post Metric Scholarship
PRC	:	Pay Revision Commission
QQUDA	:	Quli Qutubshah Urban Development Authority
RBI	:	Reserve Bank of India
RD	:	Revenue Deficit
RDO	:	Revenue Divisional Officer
RE	:	Revenue Expenditure
RMSA	:	Rashtriya Madhyamik Shiksha Abhiyan
RR	:	Revenue Receipts
RVMA	:	Rajiv Vidya Mission Authority
S&W	:	Salaries and Wages

Acronym		Full form
SAAP	:	Sports Authority of Andhra Pradesh
SBCS	:	State Blindness Control Society
SCSCS	:	Scheduled Castes Service Co-operative Society
SDL	:	State Development Loan
SH&FWS	:	State Health and Family Welfare Society
SSA	:	Sarva Siksha Abhiyan
SSE	:	Social Sector Expenditure
STBCS	:	State TB Control Society
SWSM	:	State Water Supply Mission
TE	:	Total Expenditure
TFC	:	Twelfth Finance Commission
TRICOR	:	Tribal Cooperatives
UC	:	Utilisation Certificate
VAT	:	Value Added Tax
WMA	:	Ways and Means Advances

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