

GOVERNMENT OF ANDHRA PRADESH

**ACCOUNTS AT A GLANCE
2013-2014**

**ACCOUNTANT GENERAL
(Accounts and Entitlements)
ANDHRA PRADESH & TELANGANA, HYDERABAD**

PREFACE

The publication, ‘**Accounts at a Glance**’, is prepared annually under the directions of the Comptroller and Auditor General of India, and is intended to distil and make more accessible the voluminous information contained in the Finance and Appropriation Accounts that are placed every year before the appropriate Legislatures in accordance with Article 151(2) of the Constitution of India.

As always, suggestions and comments are welcome.

Our Email address: agaeAndhrapradesh@cag.gov.in

Place: Hyderabad
Date:

ACCOUNTANT GENERAL (A&E)
ANDHRA PRADESH & TELANGANA

Table of Contents

Chapter 1		Overview	Page
1.1	Introduction		1
1.2	Structure of Accounts		1
1.3	Finance Accounts and Appropriation Accounts		2
1.4	Sources and Application of Funds		5
1.5	Highlights of Accounts		7
1.6	What the Deficits and Surpluses indicate		8
Chapter 2		Receipts	
2.1	Introduction		11
2.2	Revenue Receipts		11
2.3	Trend of Receipts		12
2.4	Performance of State's own Tax Revenue Collection		14
2.5	Efficiency of Tax Collection		14
2.6	Trend in State's share of Union Taxes		15
2.7	Grants-in-aid		15
2.8	Public Debt		16
Chapter 3		Expenditure	
3.1	Introduction		17
3.2	Revenue Expenditure		17
3.3	Capital Expenditure		19
Chapter 4		Plan & Non-Plan Expenditure	
4.1	Distribution of Expenditure (2013-14)		20
4.2	Plan Expenditure		20
4.3	Non-Plan Expenditure		22
4.4	Committed Expenditure		23
Chapter 5		Appropriation Accounts	
5.1	Summary of Appropriation Accounts for 2013-14		24
5.2	Trend of Savings/Excess during the past 5 years		24
5.3	Significant Savings		24
Chapter 6		Assets and Liabilities	
6.1	Assets		26
6.2	Debt and Liabilities		26
6.3	Guarantees		27
Chapter 7		Other Items	
7.1	Adverse Balances in Internal Debt		28
7.2	Loans and Advances by the State Government		28
7.3	Financial Assistance to Local Bodies and Others		28
7.4	Cash Balance and Investment of Cash Balance		29
7.5	Reconciliation of Accounts		29
7.6	Submission of Accounts by Treasuries		30
7.7	Commitments on Account of Incomplete Capital Works		31

CHAPTER I

OVERVIEW

1.1 Introduction

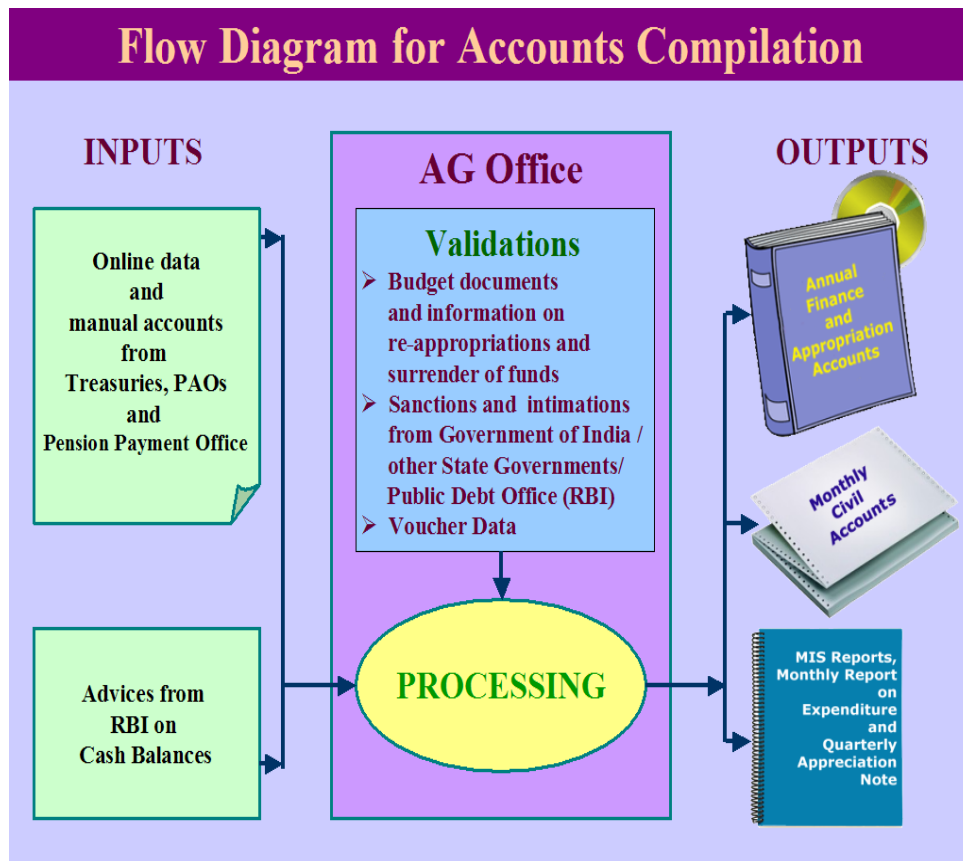
The Accountant General (Accounts and Entitlements), Andhra Pradesh compiles the accounts of receipts and expenditure of the Government of Andhra Pradesh. This compilation is based on the initial accounts rendered by the District Treasuries and Pay and Accounts Offices (PAOs) of the State Government, information received from the Government of India and other State Governments on their financial transactions with the Government of Andhra Pradesh and intimations (known as advices) of the Reserve Bank of India regarding changes to the State's Cash Balance. Based on these, the Accountant General (A&E) furnishes the Monthly Civil Accounts to the Finance Department. At the end of the year, after audit by the Principal Accountant General (G&SSA), Andhra Pradesh, and certification by the Comptroller and Auditor General of India, the Accountant General (A&E) submits the Finance Accounts and the Appropriation Accounts of the State Government to the Governor and the Finance Department for placing before the State Legislature.

1.2 Structure of Accounts

1.2.1 Government Accounts are kept in three parts:

Part I CONSOLIDATED FUND	Comprises all receipts of the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), is met from this Fund.
Part II CONTINGENCY FUND	The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorisation by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund. The corpus of this Fund for the Government of Andhra Pradesh is ₹50 crore.
Part III PUBLIC ACCOUNT	All Public Moneys received, other than those credited to the Consolidated Fund, are accounted for under the Public Account. In respect of such receipts, Government acts as a banker or trustee. The Public Account comprises repayables like Small Savings and Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Miscellaneous transactions (adjusting entries pending booking to final heads of account), Remittances between accounting entities and Cash Balance.

1.2.2 Compilation of Accounts



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The two volumes of the Finance Accounts contain details of the receipts and disbursements of the Government for the year. Volume I contains the certificate of the Comptroller and Auditor General of India, summarised statements of overall receipts and disbursements and 'notes to accounts' containing the summary of significant accounting policies, quality of accounts and other items; Volume II contains other summarised statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

Receipts and Disbursements of the State Government during 2013-14 are as below:
(In ₹ Crore)

Receipts (Total: 1,29,344)	Revenue (Total : 1,10,719)	Tax Revenue	86,255
		Non Tax Revenue	15,473
		Grants-in-Aid & Contributions	8,991
	Capital (Total : 18,625)	Recovery of Loans and Advances	575
		Capital Receipts	9
		Borrowings and other Liabilities*	18,041
Disbursements (Total: 1,29,344)	Revenue		1,10,375
	Capital		15,280
	Loans and Advances		3,689

* Borrowings and other Liabilities: Net of Public Debt (Receipts-Disbursements) + Net of Contingency Fund + Net of Public Account (Receipts - Disbursements) + Net of Opening and Closing Cash Balance.

In addition to the Budget approved for the year by the Andhra Pradesh Legislature, Government of India transfers funds directly to State Implementing Agencies and Non Government Organisations (NGOs) in the State for spending on various schemes and programmes. Such transfers (amounting to ₹11,383 crore this year) are not reflected in the accounts of the State Government, but have been shown at Appendix VII in Volume II of the Finance Accounts.

1.3.2 Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with the authorisation of the Legislature. Barring certain expenditure specified in the Constitution as “charged” on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be “voted”. The budget of the Andhra Pradesh Government has 17 charged Appropriations and 40 voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriations authorised by the Legislature through the Appropriation Act of each year.

At the end of the year, the expenditure of the Government of Andhra Pradesh against the budget approved by the Legislature, showed a net savings of ₹34,973 crore (20 per cent of estimates) Certain grants, like those relating to Administration of Justice (59 per cent under

Capital), Home administration (98 per cent under Loans), Municipal Administration & Urban Development (60 per cent under Revenue), Higher Education (74 per cent under Capital), Technical Education (60 per cent under Capital), Sports and Youth Services (87 per cent under Capital), Minority Welfare (99 per cent, Capital), Social Welfare (80 per cent, Capital) and Backward Classes Welfare (61 per cent under capital) showed substantial savings.

Drawing and Disbursing Officers are authorised to draw sums of money by preparing Abstract Contingent (AC) Bills by debiting service heads. Detailed Contingent (DC) Bills are required to be presented subsequently along with supporting documents within a period of 90 days. Delayed submission or prolonged non-submission of supporting DC bills, renders the expenditure under AC bills opaque. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be vouched as correct or final. As on 31 March 2014, a total of 92,701 DC Bills amounting to ₹1,147.45 crore drawn are outstanding. Details are given below:

Year	AC Bills Drawn		DC Bills submitted		Pending AC Bills	
	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
Upto 2010-11	1,87,702	2,449.60	98,217	2,019.71	89,485	429.89
2011-12	2,833	977.03	2,567	940.25	266	36.78
2012-13	2,570	767.90	1,987	587.72	583	180.18
2013-14 ^{(#)(§)}	4,252	1,354.28	1,885	853.68	2,367	500.60
Total	1,97,357	5,548.81	1,04,656	4,401.36	92,701	1,147.45

(#) Excludes AC bills of departmental PAOs (i.e., PAO Andhra Pradesh Bhavan, New Delhi, PAO Andhra Pradesh Legislature

and Pension Payment Office Motigully)

(§) AC bills drawn 90 days prior to 31 March 2014 are due only in 2014-15

Note: Opening Balance differs from previous year's closing balance due to inclusion of PAO figures.

Large number of DC bills are pending with Land Revenue Department (2597 AC bills amounting to ₹229.66 crore), Panchayati Raj and Rural Development Department (280 AC bills amounting to ₹83.31 crore), Agriculture Department (202 AC bills amounting to ₹392.17 crore) and Home Department (53 AC bills amounting to ₹26.82 crore).

Out of ₹1,354.28 crore drawn against AC bills in 2013-14, 1,608 AC bills amounting to ₹162.53 crore were drawn in March 2014 alone, out of which ₹4.04 crore was drawn on the last day of the financial year.

The purpose of PD accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State. The number of PD accounts existing at the beginning of the year and the number of accounts opened and closed during the year are under reconciliation by the State

Government. However, the State Government has informed (vide GO Ms No 125 dated 24 May 2014) that 72,652 PD accounts amounting to ₹13,951.38 crore existed as on 31 March 2014.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

Reserve Bank of India (RBI) extends Ways and Means Advances (WMA) and Overdraft (OD) facilities to enable State Governments to tide over temporary shortfalls in their cash balances. During 2013-14, Government of Andhra Pradesh has not availed any Ways and Means Advances (WMA) and Overdraft (OD) facility.

Sources and Application of Funds

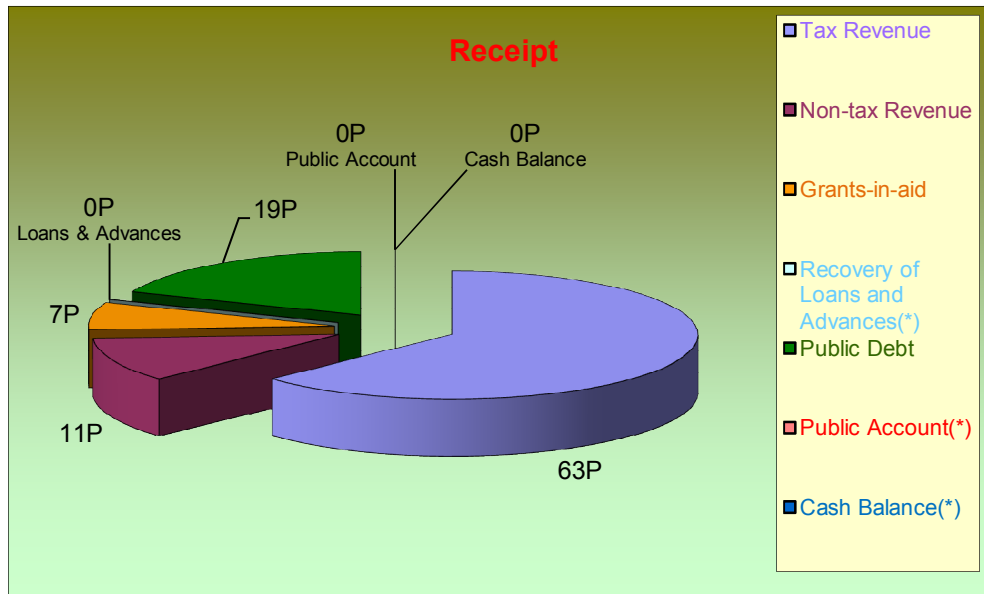
(In ₹ Crore)

	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1.4.2013	(-)559
	Revenue Receipts	1,10,719
	Recovery of Loans & Advances	575
	Capital Receipts	9
	Public Debt*	25,292
	Small Savings, Provident Fund & Others*	3,673
	Reserves & Sinking Funds*	3,898
SOURCES	Deposits Received*	52,840
	Civil Advances Repaid*	152
	Suspense Account*	1,56,537
	Remittances*	17,651
	Contingency Fund	2
	TOTAL	3,70,789
	Revenue Expenditure	1,10,375
	Capital Expenditure	15,280
	Loans Given	3,689
	Repayment of Public Debt*	7,285
	Small Savings, Provident Fund & Others*	2,600
	Reserves & Sinking Funds*	3,519
APPLICATION	Deposits Spent*	51,641
	Civil Advances Given*	158
	Suspense Account*	1,58,730
	Remittances*	17,599
	Contingency Fund	4
	Closing Cash Balance as on 31-03-2014	(-)91
	TOTAL	3,70,789

Note: i) Items indicated with '*' are gross figures, and are eventually to be netted off, reducing the 'Total'.

(ii) The Suspense accounts include ₹1,35,429 crore invested in treasury bills which is shown on the 'Application' side, and ₹1,32,947 crore worth of treasury bills sold through the RBI (a process known as 'rediscounting' and or 'matured value' of treasury bills) which is shown on the 'Sources' side.

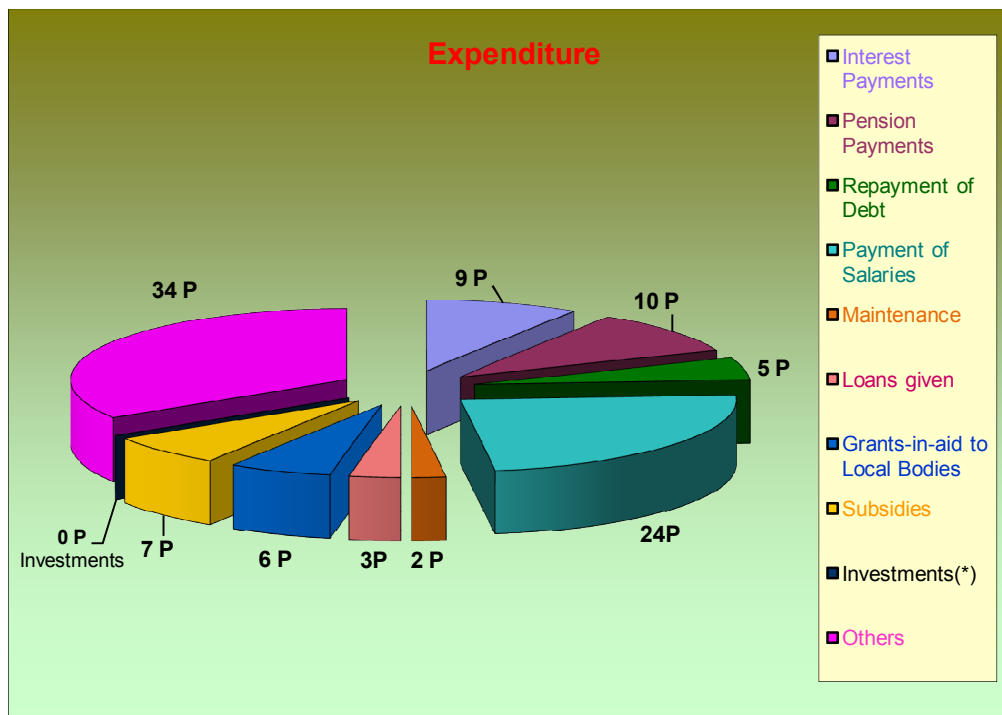
1.4.2 Where the Rupee came from



Note: Public Account and Cash Balance components above are taken as 'net' and not 'gross' as shown in the Sources & Application Table (para 1.4).

(*) Negligible – less than 0.5 P

1.4.3 Where the Rupee went



Note: i) The Contingency Fund Figure is 'net' and not 'gross' as shown in the Sources and Application Table (Para 1.4).

ii) Others include Capital Expenditure (₹15,280 crore) and components other than above.

(*) Negligible – less than 0.5 P

1.5 Highlights of Accounts

(In ₹ Crore)

Component		B.E 2013-14	Actuals	Percentage of actuals to B.E	Percentage of actuals to GSDP (\$)
1.	Tax Revenue (@)	96,575	86,255	89	10
2.	Non-Tax Revenue	15,394	15,473	101	2
3.	Grants-in-aid & Contributions	15,803	8,991	57	1
4.	Revenue Receipts (1+2+3)	1,27,772	1,10,719	87	13
5.	Recovery of Loans & Advances(A)	463	584	124	...
6.	Borrowings & Other Liabilities (B)	24,487	18,041	74	2
7.	Capital Receipts (5+6)	24,950	18,625	75	2
8.	Total Receipts (4+7)	1,52,722	1,29,344	85	15
9.	Non-Plan Expenditure (*)	93,299	87,159	93	10
10.	NPE on Revenue Account	92,505	86,238	93	10
11.	NPE on Interest Payments out of 10	14,519	12,911	89	2
12.	NPE on Capital Account	794	921	116	...
13.	Plan Expenditure (*)	59,423	42,185	71	5
14.	PE on Revenue Account	34,244	24,137	70	3
15.	PE on Capital Account	25,178	18,048	72	2
16.	Total Expenditure (9+13)(¥)	1,52,722	1,29,344	85	15
17.	Revenue Expenditure (10+14)	1,26,749	1,10,375	87	13
18.	Capital Expenditure (12+15)(#)	25,972	18,969	73	2
19.	Revenue Surplus (4-17)	1,023	344	34	...
20.	Fiscal Deficit (4+5-16)	24,487	18,041	74	2

@ Includes State's share of Union Taxes of ₹22,132 crore.

(\$) GSDP figure of ₹8,54,822 crore adopted as provided by Central Statistical Office, Government of India.

(#) Expenditure on Capital Account includes Capital Expenditure (₹15,280 crore) and Loans and Advances disbursed (₹3,689 crore)

(*) Expenditure includes Loans and Advances under Non-plan (₹921 crore) and under Plan (₹2,768 crore) and excludes expenditure on Public Debt (₹7,285 crore).

(¥) Expenditure does not include Public Debt as net of Public Debt has been taken under Borrowings and Liabilities

(A) Includes ₹9 crore received under MH 4000 - Capital receipts

(B) Borrowings and other liabilities: Net (Receipts-Disbursements) of Public debt (₹18,007 crore) + Net of Contingency fund (₹ (-) 2 crore) + Net (Receipts- Disbursements) of Public Account (₹504 crore) + Net of Opening and Closing cash balance (₹(-) 468 crore).

The Revenue Surplus of ₹344crore (₹1,128 crore in 2012-13) and Fiscal Deficit of ₹18,041crore (₹17,508 crore in 2012-13) represented 0.04 per cent and 2.11 per cent of the Gross State Domestic Product (GSDP)¹ respectively. The Fiscal Deficit constituted 14 per cent of total expenditure. Around 54 per cent of the Revenue Receipts (₹1,10,719 crore) of the State Government was spent on Committed Expenditure like Salaries² (₹32,858crore), Interest Payments (₹12,911 crore) and Pensions (₹13,682 crore).

1.6 What the Deficit and Surplus indicate

Deficit	Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed and application of funds are important indicators of prudence in Financial Management.
Revenue Deficit /Surplus	Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
Fiscal Deficit/Surplus	Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the borrowings should be invested in capital projects.

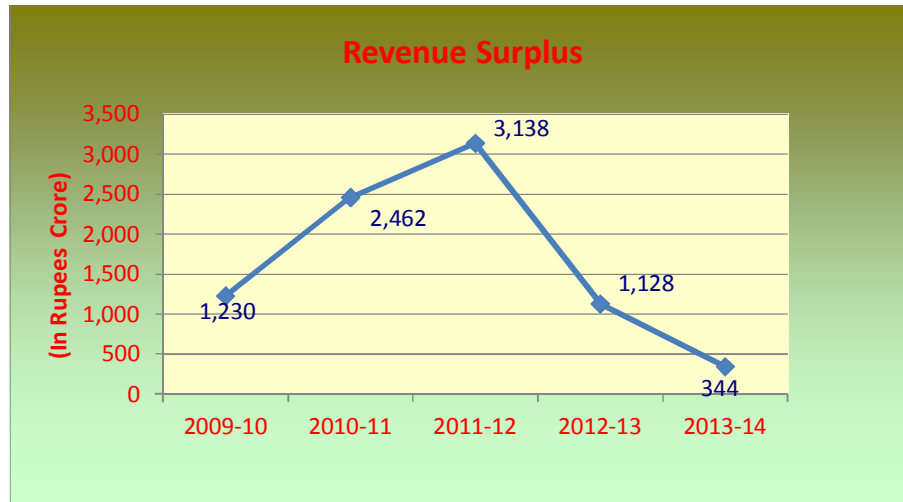
Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Prudent financial management involves the generation of an annual Revenue Surplus Revenue Receipt exceeding Revenue Expenditure). The Twelfth Finance Commission recommended that States enact their own Fiscal Responsibility and Budget Management (FRBM) Acts committing them to achieving Revenue Surplus and limiting Fiscal Deficit to 3 per cent of GSDP by 2009-10.

Andhra Pradesh, which enacted its FRBM Act in 2005, maintained Revenue Surplus since 2006-07 onwards. Revenue Surplus decreased by ₹784 crore (70 Per cent) during 2013-14, when compared to previous year. In compliance with the recommendations of Finance commission, State of Andhra Pradesh has maintained Fiscal Deficit - GSDP ratio at 3 per cent in 2009-2010 & at 2 per cent in subsequent financial years.

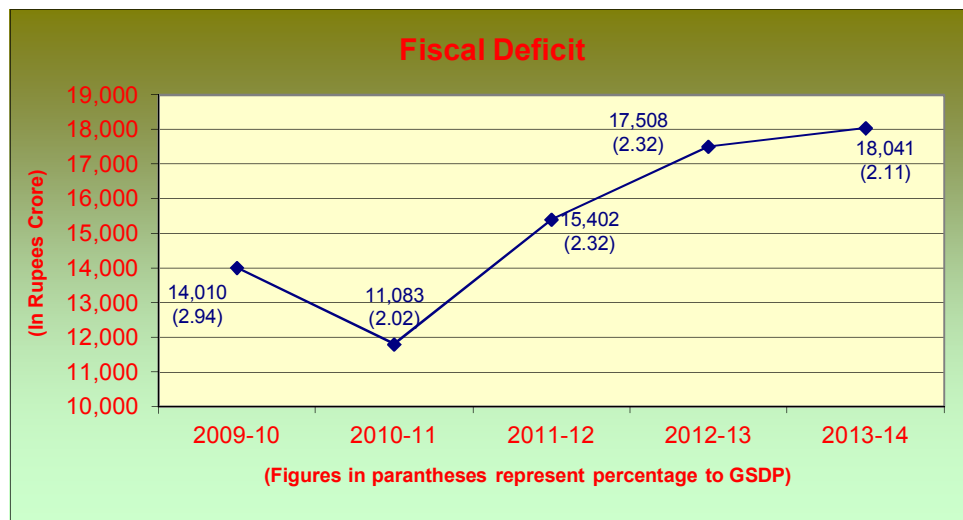
¹ GSDP figures in this publication are adopted as provided by the Central Statistical Office, Government of India, for the revised current figures of previous years and for current year.

² Includes detailed heads 010-Salaries (₹28,323crore), 020-Wages (₹52 crore), 030-Overtime allowance (0.01 crore), 270/273-Work charged establishment (₹493 crore) & 310/311-Grants-in-Aid towards salaries (₹3,990 crore).

1.6.1 Trend of Revenue Surplus:

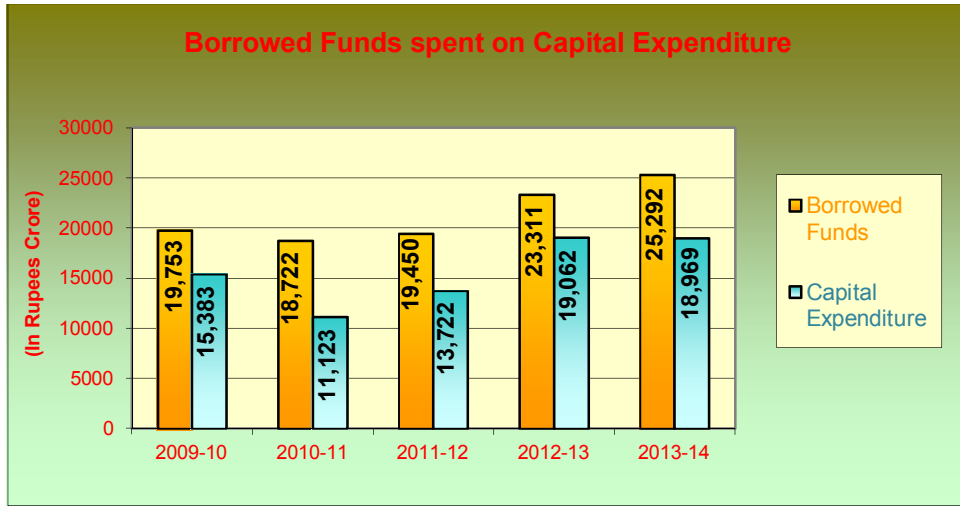


1.6.2 Trend of Fiscal Deficit:



Note: GSDP figures in this publication are adopted as provided by the Central Statistical Office, Government of India. The GSDP figures for previous years differ with earlier report due to adoption of latest revised figures for previous years.

1.6.3 Proportion of borrowed funds spent on Capital Expenditure.



The extent to which the Fiscal Deficit, as presented by borrowed funds, has been channelised towards the creation of capital assets is an indicator of prudent financial management. Out of the borrowings of ₹25,292 crore an amount of ₹18,969 crore was utilised to meet Capital Expenditure (including ₹3,689 crore disbursed as Loans & Advances).

Normally, Public Debt is discharged through the use of Revenue Surplus. The Revenue Surplus of the State Government for 2013-14 (₹344 crore) was insufficient to meet the Public Debt discharged during the year (₹7,285 crore).

...oOo...

CHAPTER II

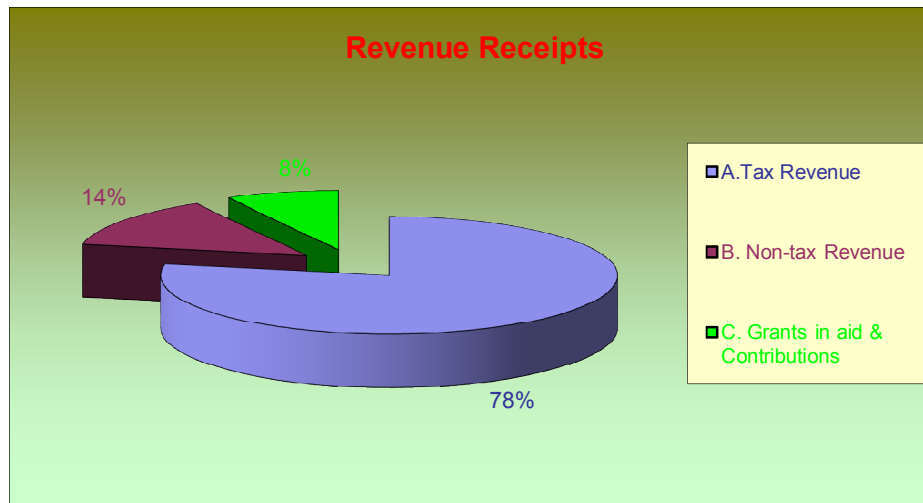
RECEIPTS

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total receipts for 2013-14 were ₹1,29,344 crore.

2.2 Revenue Receipts

Tax Revenue	Comprises taxes collected and retained by the State and State's share of union taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividends, profits etc.
Grants in Aid and Contributions	Grants-in-aid represent central assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material & Equipment' received from Foreign Governments and channelised through the Union Government. In turn, the State Government also gives Grants-in-aid to Panchayati Raj Institutions, Autonomous Bodies etc.



Revenue Receipt Components (2013-14)

(In ₹ Crore)

Actuals	
A. Tax Revenue	86,255
Taxes on Income & Expenditure	12,864
Taxes on Property & Capital Transactions	4,667
Taxes on Commodities & Services	68,724
B. Non-Tax Revenue	15,473
Interest Receipts, Dividends and Profits	8,707
General Services	712
Social Services	1,870
Economic Services	4,184
C. Grants-in-aid & Contributions	8,991
Total – Revenue Receipts	1,10,719

2.3 Trend of Receipts

(In ₹ Crore)

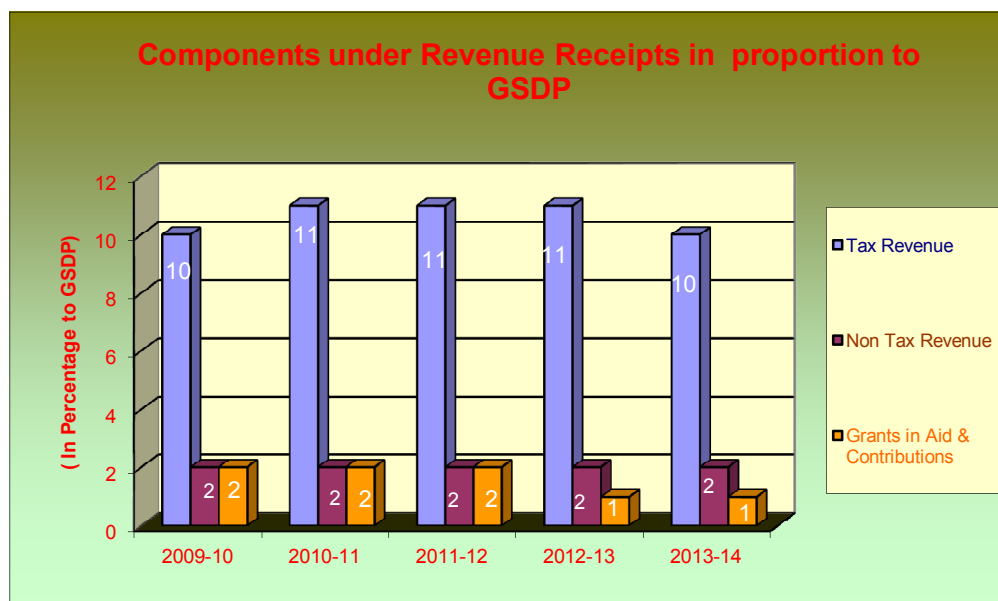
Component	2009-10	2010-11	2011-12	2012-13	2013-14
Tax Revenue	47,317 (10)	60,376 (10)	71,034 (11)	80,146 (11)	86,255 (10)
Non-Tax Revenue	7,803 (2)	10,720 (2)	11,694 (2)	15,999 (2)	15,473 (2)
Grants-in-aid	9,558 (2)	9,900 (2)	10,825 (2)	7,685 (1)	8,991 (1)
Total Revenue Receipts	64,678 (14)	80,996 (14)	93,553 (14)	1,03,830 (14)	1,10,719 (13)
GSDP	4,76,835	5,83,762	6,62,592	7,54,409	8,54,822

Note: Figures in parentheses represent percentage to GSDP. GSDP figures in this publication are adopted as provided by the Central Statistical Office, Government of India.

The increase in Tax Revenue (8 per cent) has not kept pace with the increasing GSDP (13 per cent). State's Own Revenue under certain tax components, like Taxes on Sales, Trade etc., (₹8,023 crore, 20 per cent), Land Revenue (₹12 crore, 20 per cent), Taxes on Goods and Passengers (₹4 crore, 35 per cent) and Taxes of duties on Electricity (₹27 crore, 8 per cent) has increased over last year.

Non-Tax Revenue decreased by 3 per cent and has not kept pace with the increasing GSDP (13 per cent). However, Non-Tax Revenue under certain tax components like Other Administrative Services (₹34 crore, 25 per cent), Stationery and Printing (₹0.85 crore, 135 per cent), Education, Sports Art and Culture (₹480 crore, 40 per cent), Major

Irrigation (₹70 crore, 57 per cent), Minor Irrigation (₹3 crore, 60 per cent) and Port and Light Houses (₹19 crore, 17 per cent) has increased over last year.

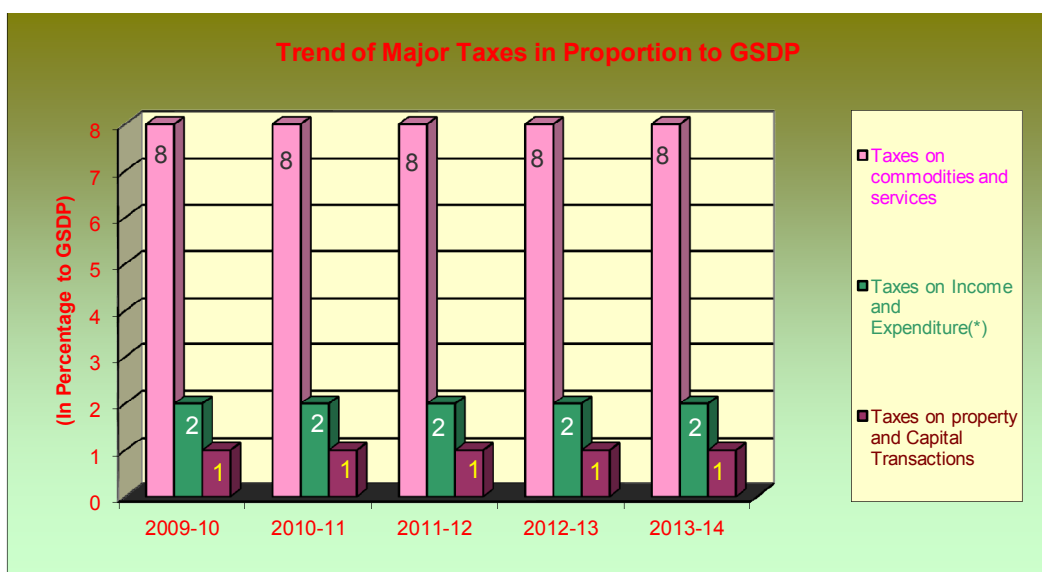


2.3.1 Sector-wise Tax Revenue

The sector-wise details are given below:

(In ₹ Crore)

Component	2009-10	2010-11	2011-12	2012-13	2013-14
Taxes on Income and Expenditure	8,210	9,593	11,076	12,221	12,864
Taxes on Property and Capital Transactions	2,934	4,123	4,710	5,461	4,667
Taxes on Commodities and Services	36,173	46,660	55,248	62,464	68,724
Total Tax Revenue	47,317	60,376	71,034	80,146	86,255



(*) Primarily net proceeds of Central share to the State

2.4 Performance of State's Own Tax Revenue Collection

(In ₹ Crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			₹	Percentage to GSDP
2009-10	47,317	12,142	35,175	7
2010-11	60,376	15,237	45,139	8
2011-12	71,034	17,751	53,283	8
2012-13	80,146	20,271	59,875	8
2013-14	86,255	22,132	64,123	8

Note: GSDP figures in this publication are adopted as provided by Central Statistical Office, Government of India

The proportion of the State's Own Tax Revenues to GSDP has been consistently higher than the bench mark of 6.8 per cent set by the Twelfth Finance Commission.

2.5 Efficiency of Tax Collection:

A. Taxes on Property and Capital Transactions

(In ₹ Crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue collection	2,934	4,124	4,710	5,461	4,667
Expenditure on collection	153	173	209	243	222
Percentage of Efficiency of tax collection	5	4	4	4	5

B. Taxes on Commodities and Services

(In ₹ Crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue collection	36,173	46,660	55,248	62,464	68,724
Expenditure on collection	493	590	658	733	857
Percentage of Efficiency of tax collection	1	1	1	1	1

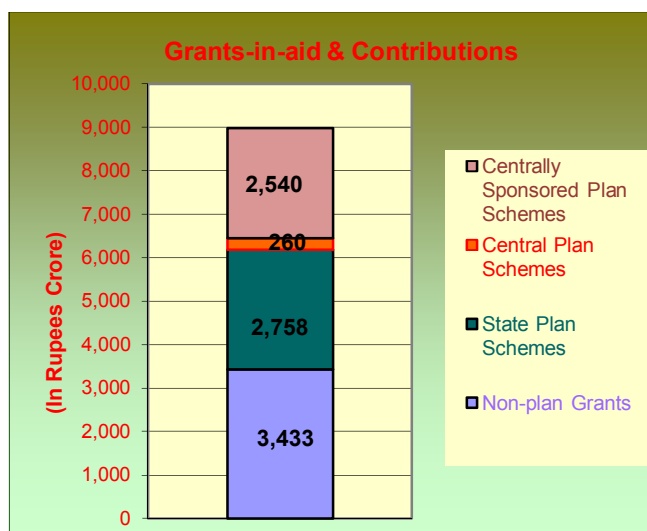
2.6 Trend in State's share of Union Taxes over the past five years

(In ₹ Crore)

Major Head description	2009-10	2010-11	2011-12	2012-13	2013-14
Corporation Tax	4,997	5,956	6,987	7,282	7,443
Taxes on Income other than Corporation Tax	2,784	3,147	3,549	4,359	4,901
Taxes on Wealth	11	12	27	12	21
Customs	1,699	2,664	3,078	3,369	3,611
Union Excise Duties	1,369	1,938	1,991	2,289	2,550
Service Tax	1,282	1,520	2,119	2,960	3,606
State's share of Union Taxes	12,142	15,237	17,751	20,271	22,132
Total Tax Revenue	47,317	60,376	71,034	80,146	86,255
Percentage of Union Taxes to total Tax Revenue	26	25	25	25	26

2.7 Grants-in-aid

Grants-in-aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes, and Centrally Sponsored Schemes approved by the Planning Commission and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2013-2014 under Grants-in-aid were ₹ 8,991 crore as shown below.



The share of Non-plan Grants in total Grants-in-aid increased from 10 per cent during 2012-13 to 38 per cent in 2013-14. The increase is mainly due to contribution to NDRF & SDRF and Grants under the proviso to Article 275(1) of the Constitution. The share of Grants for plan schemes decreased over previous year when compared to budget estimates. State received only ₹5,558 crore (48 per cent of the budget estimate of ₹11,541 crore) against ₹6,901 crore (63 per cent) received last year.

2.8 Public Debt

Trend of Public Debt (net) over the past 5 years

(In ₹ Crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Internal Debt	13,403	10,154	10,918	15,597	17,893
Central Loans	73	687	1,771	37	114
Total Public Debt	13,476	10,841	12,689	15,634	18,007

In 2013-14, 17 loans at par totalling ₹22,412 crore at interest rates varying from 7.57 per cent to 9.84 per cent and redeemable in the year 2023-2024 were raised from the open market. In addition, the State Government raised ₹1,538 crore from financial institutions. Thus the Internal Debt totalled ₹23,950 crore. Government also received ₹1,342 crore from Government of India as Loans and Advances.

...oOo...

CHAPTER III EXPENDITURE

3.1 Introduction

Expenditure is classified as Revenue Expenditure (which is used to meet the day-to-day running of the Government), and Capital Expenditure (which is used to create permanent assets, or to enhance the utility of such assets or to reduce permanent liabilities). Expenditure is further classified under Plan and Non-plan.

General Services	Includes Justice, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply, Welfare of SC-ST etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

The shortfall of Revenue Expenditure against budget estimates during the past five years is given below:

(In ₹ Crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Budget Estimates	76,557	87,100	97,169	1,12,342	1,26,749
Actuals	63,448	78,534	90,415	1,02,702	1,10,375
Gap	13,109	8,566	6,754	9,640	16,374
Percent of gap over BE	17	10	7	9	13

The shortfall of Revenue Expenditure against budget estimates, is to be viewed in the light of the State Government's commitment under the FRBM Act, to be at least Revenue deficit neutral if not generate a Revenue Surplus. Around 53 per cent of the revenue expenditure was "committed", on Salaries³ (₹32,347 crore), Interest Payments (₹12,911 crore) and Pensions (₹13,682 crore). The position of Committed Revenue Expenditure over the last five years is given below:

(In ₹ Crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue expenditure	63,448	78,534	90,415	1,02,702	1,10,375
Committed Revenue Expenditure (*)	29,961	42,724	48,067	53,342	58,940

(*) Salary component excludes Capital Expenditure on salary

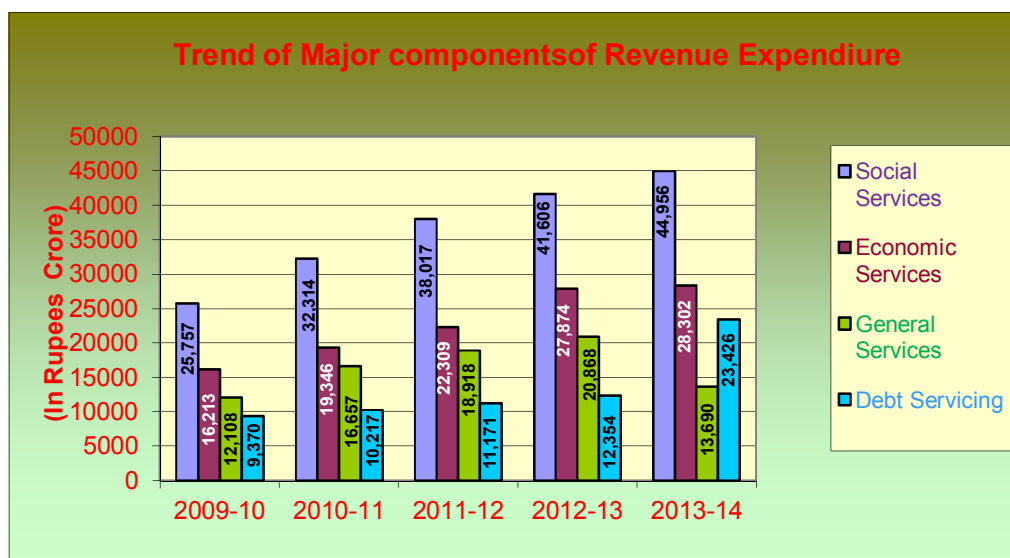
³ Includes detailed heads 010-Salaries (₹27,864 crore), 020-Wages (₹49 crore), 030-Overtime allowance (negligible), 270/273, Work charged establishment (₹444 crore) & 310/311-Grants-in-aid towards salaries (₹3,990 crore).

3.2.1 Sectoral Distribution of Revenue Expenditure (2013–14)

(In ₹ Crore)

Component	Amount	Percent
A. Fiscal Services	1,133	1
(i) Collection of Taxes on Property and Capital transactions	222	...
(ii) Collection of Taxes on Commodities and Services	857	...
(iii) Other Fiscal Services	54	...
B. Organs of State	1,016	1
C. Interest Payments and Servicing of Debt	13,690	12
D. Administrative Services	7,378	7
E. Pensions and Miscellaneous General Services	13,683	12
F. Social Services	44,956	41
G. Economic Services	28,302	26
H. Grants-in-aid and Contributions	217	...
Total Expenditure (Revenue Account)	1,10,375	100

3.2.2 Major components of Revenue Expenditure (2009 – 2014)



- General Services exclude MH 2048 (Appropriation for reduction or avoidance of debt), MH 2049 (Interest Payments) and includes MH 3604 (Compensation and Assignment to Local Bodies and Panchayati Raj Institutions).

3.3 Capital Expenditure

The table below shows the trend of Capital Expenditure to Budget and GSDP for the last 5 years:

(In ₹ Crore)

Sl. No	Component	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Budget(B.E)	17,977	14,337	17,854	19,973	21,278
2.	Actual Expenditure	13,793	11,123	13,722	15,149	15,280
3.	Percentage of Actual Expenditure to B.E.	77	78	77	76	72
4.	Percentage of Growth in Capital Expenditure	33	(-)19	23	10	1
5.	GSDP	4,76,835	5,83,762	6,62,592	7,54,409	8,54,822
6.	Percentage of Growth of GSDP	12	22	14	14	13

Note: Does not include expenditure on Loans and Advances. GSDP figures in this publication are adopted as provided by the Central Statistical Office, Government of India.

3.3.1 Sectoral Distribution of Capital Expenditure

During 2013-14, Government spent ₹9,606 crore on various projects (₹8,067 crore on Major Irrigation, ₹168 crore on Medium Irrigation, and ₹1,371 crore on Minor Irrigation) and ₹5 crore on Ports and Light Houses. Apart from the above, the Government spent ₹1,306 crore on construction of Buildings, ₹2,861 crore on construction of Roads and Bridges, ₹198 crore on Rural Water Supply Schemes, ₹178 crore on investment in various Corporations/Companies/Societies and ₹1,126 crore on other Capital Expenditure.

3.3.2 Comparative sectoral distribution of Capital and Revenue Expenditure over the past 5 Years

(In ₹ Crore)

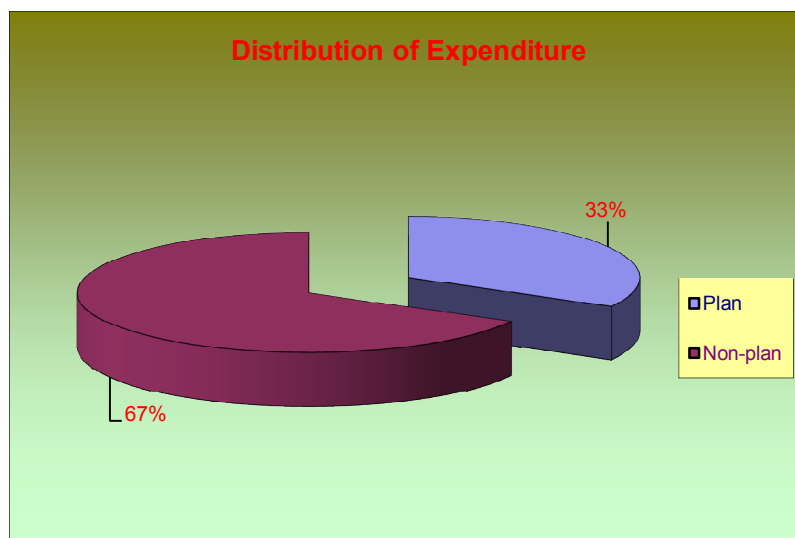
Sl.No.	Sector	2009-10	2010-11	2011-12	2012-13	2013-14
1.	General Services (Capital)	92	108	83	212	309
	General Services (Revenue)	21,392	26,708	29,874	33,064	36,899
2.	Social Services (Capital)	639	609	830	1,072	1,378
	Social Services (Revenue)	25,757	32,314	38,017	41,606	44,956
3.	Economic Services (Capital)	13,062	10,406	12,809	13,865	13,593
	Economic Services (Revenue)	16,213	19,346	22,309	27,874	28,302

Note: 1. Capital Expenditure does not include expenditure on loans and advances (₹3,689 crore).
2. Revenue Expenditure does not include expenditure on Grants-in-aid (₹217 crore).

CHAPTER IV

PLAN AND NON-PLAN EXPENDITURE

4.1 Distribution of Expenditure (2013-14)

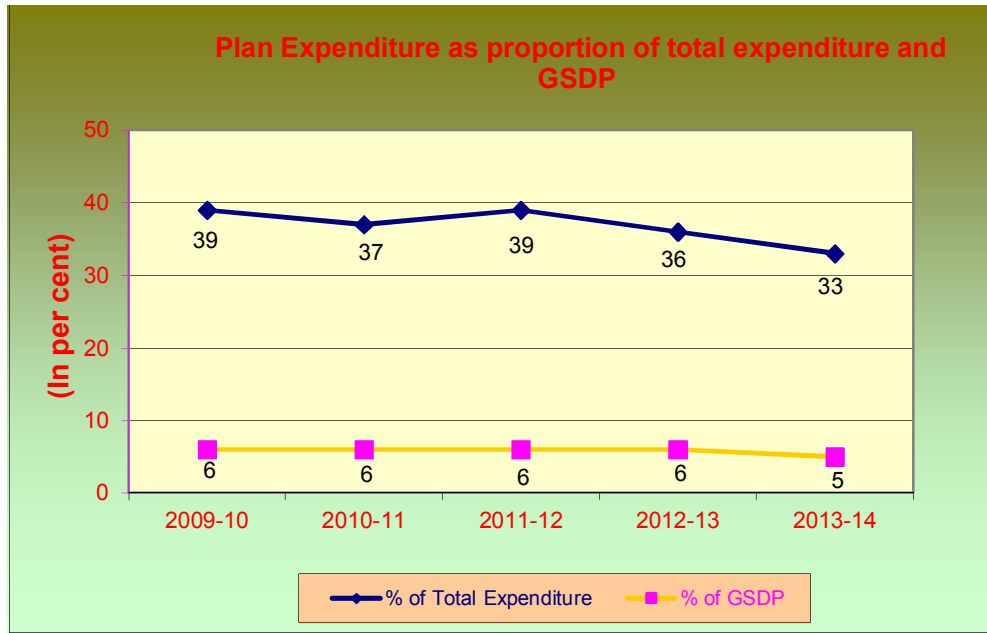


4.2 Plan Expenditure

Plan Expenditure (Revenue, Capital and Loans) during 2013-2014 was ₹42,185 crore, constituting 33 per cent of total disbursements of ₹1,29,344 crore. This comprised, ₹36,000 crore under State Plan, ₹3,417 crore under Centrally Sponsored/ Central Plan Schemes⁴ and ₹2,768 crore on Loans and Advances.

Plan Expenditure under the Revenue Sector decreased by 4 per cent from ₹25,241 crore in 2012-13 to ₹24,137 crore and in Capital Sector it increased by 1 per cent from ₹15,137 crore in 2012-13 to ₹15,280 crore in 2013-14 respectively. The share of Centrally Sponsored Schemes in Capital Sector decreased from ₹336 crore in 2012-13 to ₹296 crore (Education, Sports, Art & Culture ₹99 crore, Other Social Services ₹124 crore, Police ₹58 crore etc.) in 2013-14.

⁴ Includes ₹3,121 crore under Revenue Section and ₹296 crore under Capital Section.



4.2.1 Plan Expenditure under Capital Account

(In ₹ Crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Total Capital Expenditure (*)	15,383	14,438	18,705	19,062	18,969
Capital Expenditure (Plan)	15,469	14,333	18,450	18,472	18,048
Percentage of Capital Expenditure(plan) to Total Capital Expenditure	100	99	99	97	95

(*) Includes expenditure on Loans and Advances

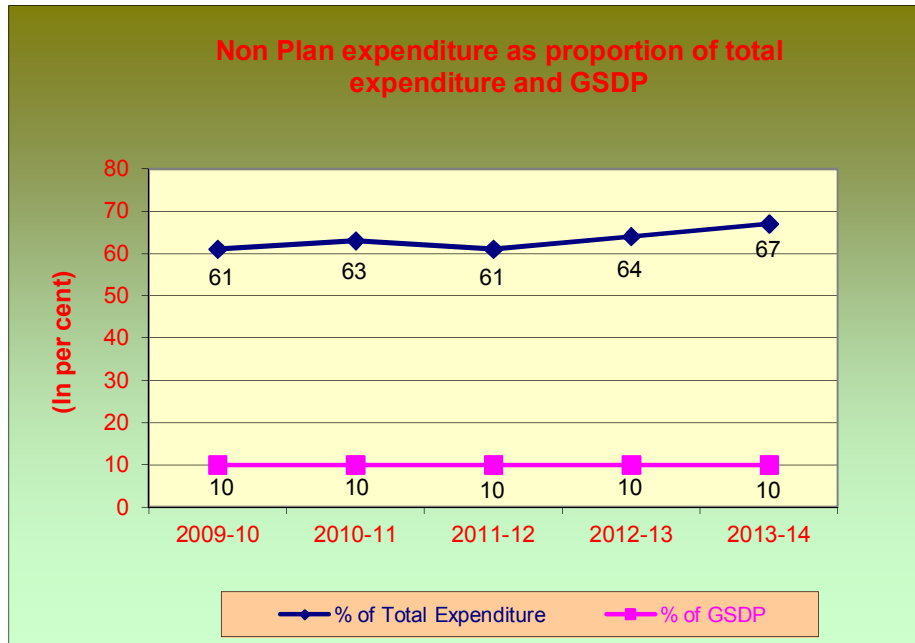
4.2.2 Plan Expenditure on Loans and Advances

Significant disbursements of Loans and Advances during 2013-14 were as under:

Description	Amount (₹ in crore)	Details
MH-6215-Loans for Water Supply and Sanitation	293	Loans for HMW&SSB for Godavari, Krishna Water Supply project
MH-6216-Loans for Housing	1,281	Loans to AP Rajiv Swagruha Corpn Ltd, State Housing Corp, Indiramma Programme etc.,
MH-6217-Loans for Urban Development	794	Loans to HMDA for ORR, Metro Rail
MH-6801-Loans for Power Projects	203	Loans to APTRANSCO
MH-7055-Loans for Road Transport	100	Loans to APSRTC

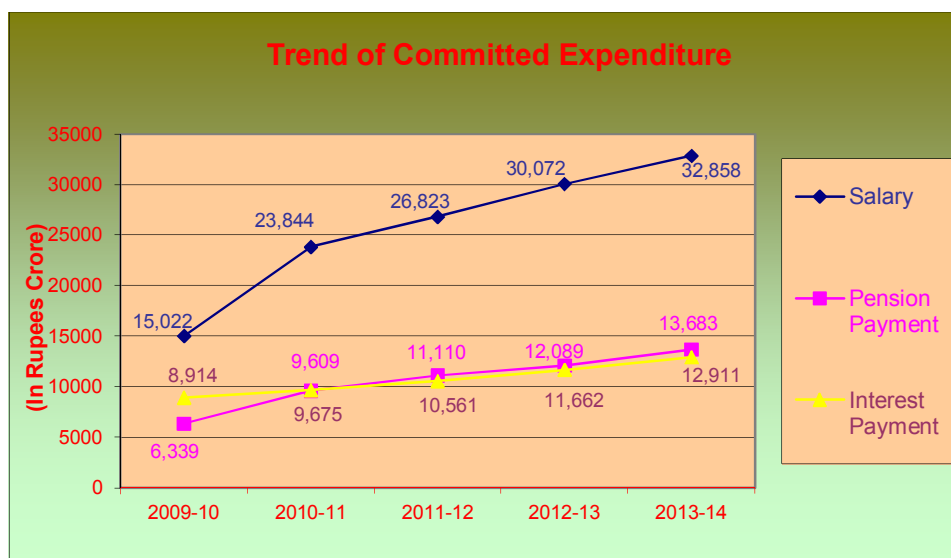
4.3 Non-plan Expenditure

Non-plan expenditure during 2013-2014, representing 67 per cent of total disbursements, was ₹87,159 crore (₹86,238 crore under Revenue and ₹921 crore under Capital). Non-plan expenditure under Capital constitutes ₹921 crore on Loans and Advances disbursed. Out of total Non-plan expenditure ₹435 crore (0.5 per cent) spent on maintenance, ₹30,133 crore (35 per cent) constituted Salary and Wages.



4.4 Committed Expenditure

Interest payments increased by 11 per cent, Pension payment increased by 13 per cent and Salary increased by 9 per cent in 2013-14 over the previous year



Note: Salary component includes detailed heads 010-Salaries, 020- Wages, 030- Overtime Allowance, 270/273- Work charged establishment & 310/311- Grants-in-Aid towards salaries.

The ratio of Committed Expenditure to Revenue Expenditure over the past five years is given below:

(In ₹ Crore)

Component	2009-10	2010-11	2011-12	2012-13	2013-14
Committed expenditure	30,275	43,128	48,494	53,823	59,452
Revenue Expenditure	63,448	78,534	90,415	1,02,702	1,10,375
Revenue Receipts	64,678	80,996	93,553	1,03,830	1,10,719
Percentage of Committed Expenditure to Revenue Receipts	47	53	52	52	54
Percentage of Committed Expenditure to Revenue Expenditure	48	55	54	52	54

The increase in Committed Expenditure (around 96 per cent) over the past five years was more than the increase in Revenue Expenditure (around 74 per cent).

...oOo...

CHAPTER V

APPROPRIATION ACCOUNTS

5.1. Summary of Appropriation Accounts for 2013-14

(In ₹ Crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Surrender (by way of re-appropriation)	Total	Actual Expenditure	Saving (-) Excess (+)
1	Revenue						
	Voted	1,12,464	9,553	(-)23,809	98,208	98,822	(-)614
	Charged	14,669	75	(-)405	14,339	13,148	1,191
	Capital						
2	Voted	21,544	913	(-)6,465	15,991	15,580	411
	Charged	150	34	(-)44	140	87	53
3	Public Debt						
	Charged	8,627	...	(-)1,342	7,285	7,285	...
4	Loans and Advances						
	Voted	4,694	862	(-)1,886	3,670	3,689	(-)19
	Total	1,62,148	11,437	(-)33,951	1,39,633	1,38,611	1,022

5.2 Trend of Saving/Excess during the past five years

(In ₹ Crore)

Year	Savings (-) / Excess(+)				Total
	Revenue	Capital	Public Debt	Loans & Advances	
2009-10	(-) 7,862	(-) 3,618	(-) 22	(-) 44	(-)11,546
2010-11	(-) 7,257	(-) 2,256	--	(+)620	(-) 8,893
2011-12	(-)4,315	(-)1,699	--	(+)337	(-) 5,677
2012-13	(-)1,341	(-)402	(-)72	(-)11	(-)1,826
2013-14	577	464	...	(-)19	1,022

5.3 Significant Savings

Substantial savings under a Grant indicates either non-implementation or slow implementation of certain schemes/ programmes.

Some Grants with persistent and significant savings (percentage of budget) are given below:

Grant	Nomenclature	2009-10	2010-11	2011-12	2012-13	2013-14
IX	Fiscal Administration, Planning, Survey & Statistics	11	12	6	6	11
XVI	Medical and Health	15	9	10	13	15
XXXIII	Major and Medium Irrigation	22	28	19	14	13
XXXIV	Minor Irrigation	42	46	36	47	50

The persistent huge savings under Minor Irrigation reflects schemes envisaged in the Budget, with the Legislative approval, had been given lesser priority during implementation, either due to conservative approach of the Government to attain the fiscal indicator targets or the shortfall is purely due to inaccuracy in budget estimation process of the department.

During 2013-14, Supplementary Provision for ₹11,437crore (8 per cent of total expenditure) were obtained and in some cases it was proved unnecessary. A few instances, where there were significant savings at the end of the year as against original allocations are given below:

(In ₹ Crore)

Grant	Nomenclature	Section	Original	Supple- mentary	Actual Expenditure
IX	Fiscal Administration Planning, Surveys and Statistics	Revenue	31,134	106	28,039
		Capital	985	...	971
XII	School Education	Revenue	16,612	326	14,966
		Capital	379	41	130
XXI	Social Welfare	Revenue	3,347	324	2,278
		Capital	757	...	154
XXIII	Backward classes Welfare	Revenue	3,614	1,077	3,376
		Capital	415	...	164
XXVII	Agriculture	Revenue	4,046	508	2736
		Capital	119	...	1
XXXI	Panchayatraj	Revenue	6,117	518	4,498
		Capital	286	14	219
XXXII	Rural Development	Revenue	4,971	587	4,157
XXXIII	Major and Medium Irrigation	Revenue	9,598	...	8,635
		Capital	9,969	26	8,419

...oOo...

CHAPTER VI

ASSETS AND LIABILITIES

6.1. Assets

The existing form of accounts do not easily depict valuation of Government assets like land, buildings etc., except in the year of acquisition/ purchase. Similarly, while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

Total Investments as Share Capital in non-financial Public Sector Undertakings (PSUs) stood at ₹6,385 crore at the end of 2013-2014. ₹60 crore (1 per cent of investment) was received as dividends indicating an inadequate return on investment.

Cash balance with the RBI stood at ₹(-)559 crore on 31 March 2013 and increased to (-) ₹91 crore at the end of March 2014. Government had invested an amount of ₹1,35,429 crore in 14 days treasury bills in 2013-14 and rediscounted bills worth ₹1,32,947 crore.

6.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund. Government of India, from time to time determines, the limits upto which State Governments can borrow from the market which for 2013-14 is ₹24,933 crore. Against this Government of Andhra Pradesh availed of open market borrowings totalling ₹22,412 crore during 2013-14.

Details of the Public Debt and Total Liabilities of the State Government are as under:

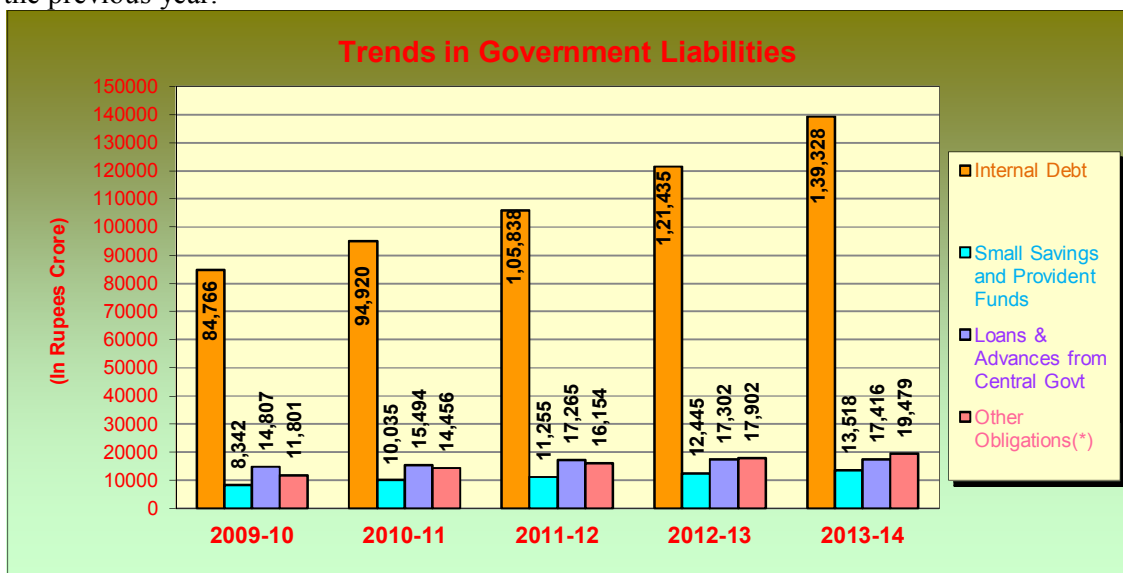
(In ₹ Crore)

Year	Public Debt	Percentage to GSDP	Public Account(*)	Percentage to GSDP	Total Liabilities	Percentage to GSDP
2009-10	99,573	21	20,233	4	1,19,806	25
2010-11	1,10,414	19	24,491	4	1,34,905	23
2011-12	1,23,103	19	27,409	4	1,50,512	23
2012-13	1,38,737	18	30,347	4	1,69,084	22
2013-14	1,56,744	18	32,997	4	1,89,741	22

(*) Excludes Suspense and Remittance balances.

Note: Figures are progressive balances to end of the year. Percentage to GSDP figures in this publication are adopted as provided by the Central Statistical Office, Government of India, for the revised current figures of previous years and for current year.

Public Debt and Other Liabilities showed a net increase of ₹20,657 crore (12 per cent) over the previous year.



(*) Includes interest & non-interest bearing obligations such as deposits of local funds, other earmarked funds, etc.

6.3 Guarantees

In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan Schemes, programmes which are projected outside the State budget. The Guarantees given by the State Government to Statutory Corporations, Government Companies, Corporations, Cooperative Societies etc., are given below:

(In ₹ Crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 March	
		Principal	Interest
2009-10	20,324	12,207	929
2010-11	29,554	11,639	651
2011-12	23,543	11,827	460
2012-13	38,084	14,477	380
2013-14	55,536	31,153	543

Note: Details are available at Statement No.9 and are based on information received from the State Government and where available, from the respective institutions.

Guarantee fees is payable at 0.5 per cent per annum or 2 per cent for the amount guaranteed for the entire guarantee period. As on 31 March 2014, outstanding guarantees including interest against the Power Sector was ₹24,916 crore, which did not pay any Guarantee Fee, while the Co-operatives and State Financial Corporation whose outstanding guarantees including interest were ₹1,027 crore and ₹1,052 crore and paid ₹3 crore and ₹6 crore respectively towards Guarantee Fee. None of the other recipients of guarantee paid any Guarantee Fee during the year. The State Government transferred ₹78 crore to the Guarantee Redemption Fund and the entire balance of ₹849 crore at the credit of the Fund was invested.

...oOo...

CHAPTER VII

OTHER ITEMS

7.1 Adverse Balances under Internal Debt

From time to time, the Government of Andhra Pradesh, assumed the liabilities of various institutions by permitting them to borrow from the open market/ financial institutions, with the Government taking over the responsibility for repayment. As on 31 March 2014, an adverse balance of ₹4,244.44 crore exists under MH 6003-Internal Debt. Out of this, ₹2,646 crore represents loans availed of by the Andhra Pradesh Transmission Corporation (APTRANSCO) and its predecessor entity, whose repayments of principal and interest are met by the State Government.

₹1,504 crore pertains to repayments on behalf of Andhra Pradesh Power Finance Corporation. Since 2011-12, the Accountant General (A&E) has been requesting the State Government to provide adequate budget provision in respect of APTRANSCO under 'MH 2801-Power' to clear the adverse balance under MH 6003 either by transferring an equivalent credit to MH 6003 or by reclassifying the entire Debit Balance under MH 6003 as expenditure under MH 2801-Power.

7.2 Loans and Advances by the State Government

The total Loans and Advances made by the State Government at the end of 2013-2014 was ₹32,430 crore. Of this, Loans and Advances to Government Corporations/ Companies, Non-Government Institutes and Local Bodies amounted to ₹31,856 crore. Recovery of principal aggregating to ₹28,974 crore and interest amounting to ₹5,154 crore is in arrears at the end of 31 March 2014. During 2013-14 only ₹575 crore has been received towards repayment of Loans and Advances, out of which ₹164 crore relates to repayment of loans to Government Servants. Effective steps to recover the outstanding loans would facilitate the Government to maintain better fiscal position.

7.3 Financial assistance to Local Bodies and others

During the past five years, Grants-in-aid to Local Bodies etc., increased from ₹20,458 crore in 2009-2010 to ₹27,342 crore in 2013-2014. Grants to Zilla Parishads, Panchayat Samitis, Gram Panchayats and Municipalities (₹9,491 crore) represented 35 per cent of the total grants given during the year.

Details of Grants-in-aid for the past 5 years are as under.

(In ₹ Crore)

Year	Zilla Parishads	Municipalities	Panchayat Samithis	Others	Total
2009-10	3,492	169	623	16,174	20,458
2010-11	3,951	509	748	18,210	23,418
2011-12	5,645	1,897	772	19,862	28,176
2012-13	6,251	1,721	844	22,123	30,939
2013-14	6,816	1,133	1,542	17,851	27,342

7.4 Cash Balance and Investment of Cash Balance

(In ₹ Crore)

Component	As on 1 April 2013	As on 31 March 2014	Net increase (+)/ decrease (-)
Cash Balances	(-)559 (-Dr)	(-)91(-Dr)	(+)468
Investments from Cash Balance (GOI Treasury Bills)	4,567 (Dr)	7,049 (Dr)	(+)2,482
Other Cash Balances	2 (Dr)	2 (Dr)	---
i) Departmental Balances	1 (Dr)	1 (Dr)	---
ii) Permanent Cash Imprest	1 (Dr)	1 (Dr)	---
Investment from earmarked fund balances	5,151 (Dr)	6,323 (Dr)	(+)1,172
(a) Sinking Fund	4,354 (Dr)	5,460 (Dr)	(+)1,106
(b) Guarantee Redemption Fund	783 (Dr)	849 (Dr)	(+)66
(c) Other Funds	14 (Dr)	14 (Dr)	---
Interest realised	584 (Cr)	665 (Cr)	(+)81

State Government had a negative closing cash balance at the end of 2013-14. It invested ₹13,372 crore towards cash balances and earmarked fund balances. Interest receipt on these investments increased by 14 per cent.

7.5 Reconciliation of accounts

Accountant General (A&E) receives compiled accounts each month from the Treasuries and Pay and Accounts Officers (PAOs). Funds are placed at the disposal of Chief Controlling Officers (CCOs) for incurring expenditure. Accuracy of the accounts maintained by the CCOs is an important requirement for effective budgetary control. The Financial Rules stipulate that CCOs should reconcile the receipts and expenditure recorded in their books every month with that recorded by the Accountant General. For the accounts of 2013-14, CCOs have reconciled expenditure (excluding public debt which is handled by the Accountant General (A&E)) of ₹81,796.19 crore (63.24 per cent of total expenditure of ₹1,29,343.83 crore). Similarly, receipts (excluding public debt which is handled by the Accountant General (A&E)), amounting to ₹53,097.96 crore (47.71 per cent of total receipts

of ₹1,11,302.37 crore) have been reconciled. There is no assurance about the completeness and correctness of the receipts and expenditure figures depicted in the Finance Accounts to the extent of non-reconciliation.

The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCOs) of different departments is given below:

PARTICULARS	TOTAL NO. OF CERTIFICATES DUE FROM CCOs	FULLY RECONCILED	PARTIALLY RECONCILED	NOT RECONCILED
EXPENDITURE	413	143	205	65
RECEIPTS	76	17	19	40
TOTAL	489	160	224	105

Some chronic defaulters in reconciliation are listed below:

Sl. No.	Name of the Department/Chief Controlling Officer	Years pending
1.	Secretary, Legislative Secretariat	2005-06 to 2013-14
2.	Secretary, General Administration.	2003-04 to 2013-14
3.	Secretary, Finance	2005-06 to 2013-14(Except 2007-08)
4.	Secretary, Industries and Commerce	2004-05 to 2013-14
5.	Secretary, Civil Defence	2003-04 to 2013-14(Except 2005-06)
6.	Secretary, Energy	2003-04 to 2013-14
7.	Secretary, Public Enterprises Department	2002-03 to 2012-13
8.	Commissioner, Commercial Taxes	2004-05 to 2013-14 (Except 2007-08 & 2012-13)
9.	Commissioner, Land Revenue	2004-05 to 2012-13
10.	Director, Medical Education	2002-03 to 2012-13
11.	Director General & Inspector General of Police	2004-05 to 2012-13
12.	Registrar of Co-op Societies	2002-03 to 2013-14
13.	Registrar, Stamps, Births Death and Marriages	2006-07 to 2013-14 (Except 2011-12)
14.	Director, State Archives	2009-10 to 2013-14
15.	Secretary, Agriculture	2004-05 to 2013-14 (Except 2007-08)

7.6 Submission of Accounts by Treasuries

The rendition of initial accounts by Treasuries & Pay and Accounts Officers (PAOs) of the Public Works and Forest departments was satisfactory.

7.7 Commitments on Account of Incomplete Capital Works

A total expenditure of ₹93 crore was incurred upto the year 2013-14 by the State Government on various incomplete projects against an estimated cost of ₹385 crore. The estimated cost was further revised to ₹417 crore to end of 2013-14. During 2013-14 a total expenditure of ₹237 crore incurred by the State Government on various projects taken up by engineering departments. Amount of ₹134 crore was due to be paid to the end of 31-03-2014. The original estimated cost (₹385 crore) increased by 9 per cent in revised estimates on various projects. A summarised view on commitments on account of 'Incomplete Capital Works' is furnished below:

(In ₹ Crore)

Sl. No.	Category of Works	Estimated cost of work	Expenditure during the year	Progressive Expenditure to the end of the year	Pending Payments	Estimated cost after Revision
1.	Hyderabad Circle (Construction of Major Bridges, IRQP, Road safety work etc)	187	72	118	57	199
2.	Vijayawada Circle (Construction of Major Bridges, IRQP etc)	73	13	76	11	93
3.	Ananthapur Circle (Construction of Major Bridges, IRQP, Road safety work etc)	125	8	43	66	125
	TOTAL	385	93	237	134	417

- Note: i) Detailed information towards commitments on Incomplete Capital Works is available in Appendix X of Finance Accounts 2013-14
ii) The figures exhibited in above table are compiled from the data provided by various Divisions/Departments.

...oOo...