

Presented to Andhra Pradesh and Telangana
State Assemblies on 26 March 2015

GOVERNMENT OF ANDHRA PRADESH

FINANCE ACCOUNTS

2013-14

VOLUME-I

TABLE OF CONTENTS
(Both volumes contain contents of each other)

Subject	Page(s)
Volume-I	
▪ Table of Contents	(i)-(iii)
▪ Certificate of the CAG	(iv)-(v)
▪ Guide to the Finance Accounts	1-5
1. Statement of Financial Position	6-7
2. Statement of Receipts and Disbursements	8-12
3. Statement of Receipts (Consolidated Fund)	13-16
4. Statement of Expenditure (Consolidated Fund)- By Function and Nature	17-22
▪ Notes to Accounts	23-33
Appendix-I:A-Statement of periodical/other adjustments	34-38
Appendix-I:B-Statement of receipts showing major head wise receipts under minor head 800 for the year 2013-14	39
Appendix-I:C-Statement of expenditure showing major head wise expenditure under minor head 800 for the year 2013-14	40

Subject	Page(s)
Volume-II	
Part I	
5. Statement of Progressive Capital Expenditure	42-47
6. Statement of Borrowings and Other Liabilities	48-53
7. Statement of Loans and Advances given by the Government	54-61
8. Statement of Grants-in-Aid given by the Government	62-63
9. Statement of Guarantees given by the Government	64-71
10. Statement of Voted and Charged Expenditure	72
Part II	
11. Detailed Statement of Revenue and Capital Receipts by Minor Heads	74-102
12. Detailed Statement of Revenue Expenditure by Minor Heads	103-176
13. Detailed Statement of Capital Expenditure by Minor Heads and Subheads.	177-269
14. Detailed Statement of Investments of the Government	270-300
15. Detailed Statement of Borrowings and Other Liabilities.	301-317
16. Detailed Statement on Loans and Advances given by the Government	318-394
17. Statement on Sources and Application of funds for Expenditure other than on Revenue Account	395-398
18. Detailed Statement on Contingency Fund and Public Account transactions	399-419
19. Detailed Statement on Investment of Earmarked Balances	420-423

Subject	Page(s)
Part III: Appendices	
II. Comparative Expenditure on Salary	426-436
III. Comparative Expenditure on Subsidy	437-443
IV. Grants-in-aid / Assistance given by the State Government (Institution-wise and Scheme-wise)	444-532
V. Details of Externally Aided Projects	533-540
VI. Plan Scheme Expenditure (Central and State Plan Schemes)	541-563
VII. Direct transfer of Central Scheme Funds to Implementing Agencies in the State (Funds routed outside State Budgets) (Unaudited figures)	564-567
VIII. Summary of Balances (Consolidated Fund, Contingency Fund and Public Account)	568-573
IX. Financial results of Irrigation Works	574-575
X. Statement of Commitments – List of Incomplete Capital Works	576-579
XI. Maintenance Expenditure with segregation of Salary and Non-salary Portion	580-596
XII. Statement on Implications of Major Policy Decisions during the year or New Schemes proposed in the Budget for future Cash Flow	597-606
XIII. Statement of items for which allocation of balances as a result of re-organisation of States has not been finalized	607

Certificate of the Comptroller and Auditor General of India

This compilation containing the Finance Accounts of the Government of Andhra Pradesh for the year ending 31 March 2014 presents the financial position along with accounts of the receipts and disbursements of the Government for the year. These accounts are presented in two volumes, Volume-I contains the consolidated position of the state of finances, and Volume-II depicts the accounts in detail. The Appropriation Accounts of the Government for the year for Grants and Charged Appropriations are presented in a separate compilation.

The Finance Accounts have been prepared under my supervision in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 from the compiled accounts and initial and subsidiary accounts rendered by the treasuries, offices, and departments responsible for the keeping of such accounts functioning under the control of the Government of Andhra Pradesh and the statements received from the Reserve Bank of India. Statements (9 and 14), Explanatory Notes (Statements 5 and 11) and Appendices (IX and X) in this compilation have been prepared directly from the information received from the Government of Andhra Pradesh and Corporations, Companies and Societies there under who are responsible to ensure the correctness of such information.

The treasuries, offices, and / or departments functioning under the control of the Government of Andhra Pradesh are primarily responsible for preparation and correctness of the initial and subsidiary accounts as well as ensuring the regularity of transactions in accordance with the applicable laws, standards, rules and regulations relating to such accounts and transactions. I am responsible for preparation and submission of Annual Accounts to the State Legislature. My responsibility for the preparation of accounts of the Government of Andhra Pradesh is discharged through the office of the Accountant General (A&E), Andhra Pradesh. The audit of these accounts is independently conducted through the office of the Principal Accountant General (G&SSA), Andhra Pradesh in accordance with the requirements of Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for expressing an opinion on these Accounts based on the results of such audit. These offices are independent organizations with distinct cadres, separate reporting lines and management structure.

The audit was conducted in accordance with the Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

On the basis of the information and explanations that my officers required and have obtained, and according to the best of my information as a result of test audit of the accounts and on consideration of explanations given, I certify that, to the best of my knowledge and belief, the Finance Accounts read with the explanatory 'Notes to Accounts' give a true and fair view of the financial position, and the receipts and disbursements of the Government of Andhra Pradesh for the year 2013-2014.

Points of interest arising from study of these accounts as well as test audit conducted during the year or earlier years are contained in my Reports on the Government of Andhra Pradesh being presented separately for the year ended 31 March 2014.

Date : 29 DEC 2014
Place : New Delhi


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Guide to the Finance Accounts

A. Broad overview of the structure of Government accounts

1. The Finance Accounts of the State of Andhra Pradesh present the accounts of receipts and outgoings of the Government for the year, together with the financial results disclosed by the Revenue and Capital accounts, the accounts of the Public Debt and the liabilities and assets of the State Government as worked out from the balances recorded in the accounts.

2. The Accounts of the Government are kept in three parts:

Part I: The Consolidated Fund: This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

The Consolidated Fund comprises two sections: Revenue and Capital (including Public Debt, Loans & Advances). These are further categorised under 'Receipts' and 'Expenditure'. The Revenue Receipts section is divided into three sectors, viz., 'Tax Revenue', 'Non Tax Revenue' and 'Grants in Aid and Contributions'. These three sectors are further divided into sub-sectors like 'Taxes on Income and Expenditure', 'Fiscal Services', etc. The Capital Receipts section does not contain any sectors or sub-sectors. The Revenue Expenditure section is divided into four sectors, viz., 'General Services', 'Social Services', 'Economic Services' and 'Grants in Aid and Contributions'. These sectors in the Revenue Expenditure section are further divided into sub-sectors like, 'Organs of State', 'Education, Sports, Art and Culture' etc. The Capital Expenditure section is sub-divided into seven sectors, viz., 'General Services', 'Social Services', 'Economic Services', 'Public Debt', 'Loans and Advances', 'Inter-State Settlement' and 'Transfer to Contingency Fund'.

Part II: The Contingency Fund: This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State. The Contingency Fund of the Government of Andhra Pradesh for 2013-14 is ₹ 50 crore.

Part III: The Public Account: All other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account comprises six sectors, viz., 'Small Savings, Provident Funds etc.', 'Reserve Funds', 'Deposit and Advances', 'Suspense and Miscellaneous', 'Remittances', and 'Cash Balance'. These sectors are further sub-divided into sub-sectors. The Public Account is not subject to the vote of the Legislature.

3. Government accounts are presented under a six tier classification, viz., Major Heads (four digits), Sub-Major Heads (two digits), Minor Heads (three digits), Sub-Heads (two characters), Detailed Heads (three digits), and Object Heads (three digits). Major Heads represent functions of Government, Sub-Major Heads represent sub-functions, Minor Heads represent programmes/

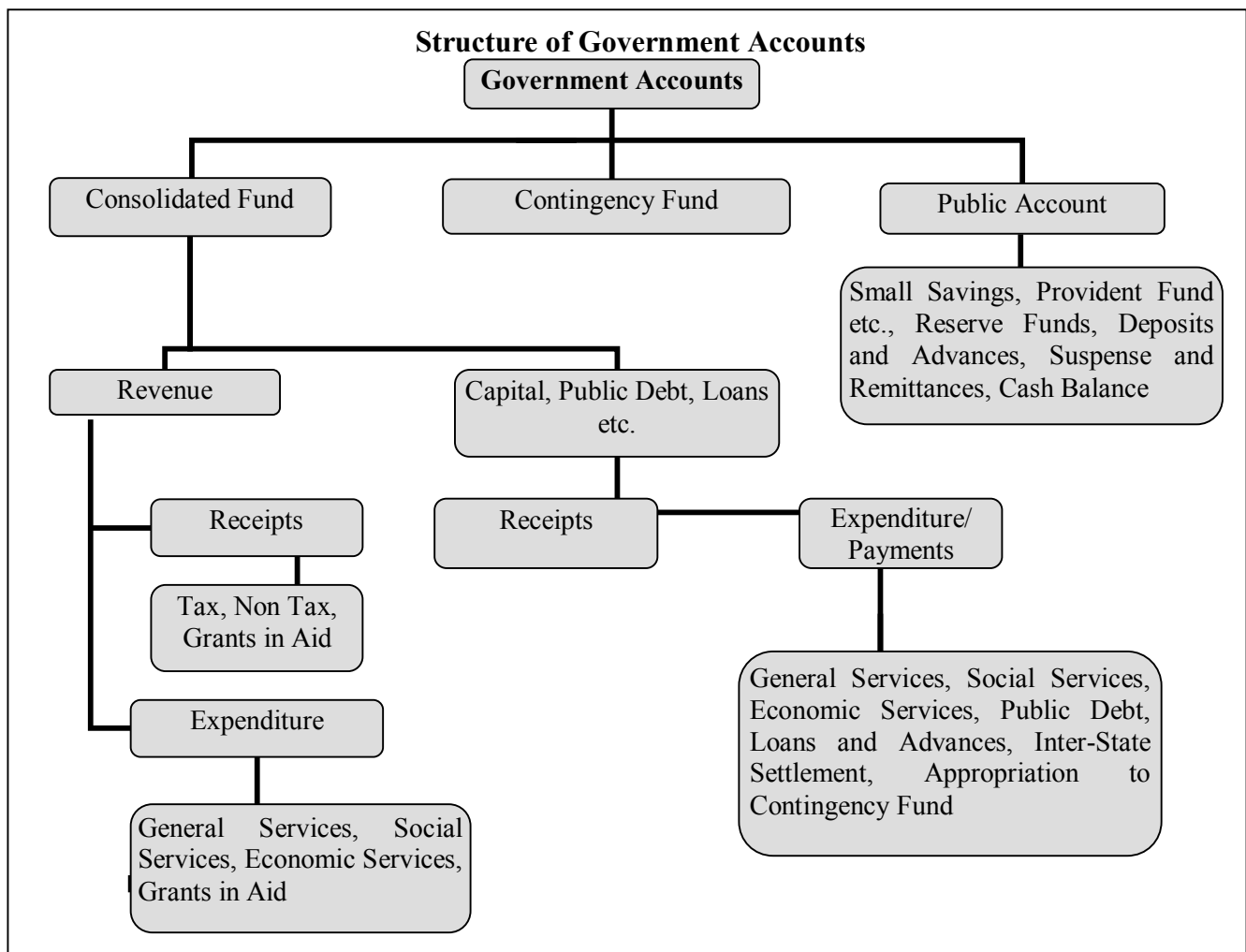
activities, Sub-Heads represent schemes, Detailed Heads represent sub-schemes, and Object Heads represent purpose/ object of expenditure.

4. The main unit of classification in accounts is the Major Head which contains the following coding pattern (according to the List of Major and Minor Heads corrected upto 31 March 2014)

0020 to 1606	Revenue Receipts
2011 to 3606	Revenue Expenditure
4000	Capital Receipts
4046 to 7810	Capital Expenditure (including Public Debt, Loans & Advances)
7999	Appropriation to the Contingency Fund
8000	Contingency Fund
8001 to 8999	Public Account

5. The Finance Accounts, generally (with some exceptions), depict transactions upto the Minor Head. The figures in the Finance Accounts are depicted at net level, i.e., after accounting for recoveries as reduction of expenditure. This treatment is different from the depiction in the Demands for Grants presented to the Legislature and in the Appropriation Accounts, where, expenditure is depicted at the gross level.

6. A pictorial representation of the structure of accounts is given below:



B. What the Finance Accounts contain

The Finance Accounts are presented in two volumes.

Volume I contains the Certificate of the Comptroller and Auditor General of India, the Guide to the Finance Accounts, four statements which give summarised information on the financial position and transactions of the State Government for the current financial year, Notes to Accounts and an appendix to the Notes to accounts. Details of the **four** statements in **Volume I** are given below:

- 1. Statement of Financial Position:** This statement depicts the cumulative figures of assets and liabilities of the State Government, as they stand at the end of the year, and as compared to the position at the end of the previous year.
- 2. Statement of Receipts and Disbursements:** This statement depicts all receipts and disbursements of the State Government during the year in all the three parts in which Government accounts are kept, viz., the Consolidated Fund, Contingency Fund and Public Account. In addition, it contains an annexure, showing alternative depiction of Cash Balances (including investments) of the Government. The Annexure also depicts the Ways and Means position of the Government in detail.
- 3. Statement of Receipts (Consolidated Fund):** This statement comprises revenue and capital receipts and borrowings of the State Government. This statement corresponds to detailed statements 11, 15 and 16 in Volume II of the Finance Accounts.
- 4. Statement of Expenditure (Consolidated Fund):** In departure from the general depiction of the Finance Accounts up to the Minor Head level, this statement gives details of expenditure by nature of activity (objects of expenditure) also. This statement corresponds to detailed statement 12,13,15 and 16 in Volume II.

Volume II of the Finance Accounts contains **three parts- six summary statements in Part I, nine detailed statements in Part II and twelve Appendices in Part III.**

Part I of Volume II

- 5. Statement of Progressive Capital Expenditure.** This statement corresponds to the detailed Statement 13 in Part II.
- 6. Statement of Borrowings and Other Liabilities:** Borrowings of the Government comprise market loans raised by it (Internal Debt) and Loans and Advances received from the Government of India. 'Other Liabilities' comprise 'Small Savings, Provident Funds etc.', 'Reserve Funds' and 'Deposits'. The statement also contains a note on service of debt, and corresponds to the detailed Statement 15 in Part II.
- 7. Statement of Loans and Advances given by the Government:** This statement depicts all loans and advances given by the State Government to various categories of loanees like Statutory Corporations, Government Companies, Autonomous and Other Bodies/ Authorities and recipient individuals (including Government servants). This statement corresponds to the detailed statement 16 in Part II.
- 8. Statement of Grants in Aid given by the Government:** This statement depicts all Grants in Aid given by the State Government to various categories of grantees like Statutory Corporations, Government Companies, Autonomous and Other Bodies/ Authorities and individuals. Appendix IV provides details of the recipient institutions.
- 9. Statement of Guarantees given by the Government:** This statement summarises the guarantees given by the State Government on repayment of principal and interest on loans raised by Statutory Corporations, Government Companies, Local Bodies and Other institutions.
- 10. Statement of Voted and Charged Expenditure:** This statement assists in the agreement of the net figures appearing in the Finance Accounts with the gross figures appearing in the Appropriation Accounts.

Part II of Volume II

- 11. Detailed Statement of Revenue and Capital Receipts by Minor Heads:** This statement corresponds to the summary statement 3 in Volume I of the Finance Accounts.
- 12. Detailed Statement of Revenue Expenditure by Minor Heads:** This statement, which corresponds to the summary statement 4 in Volume I, depicts the revenue expenditure of the State Government under Plan (State Plan, Centrally Sponsored Schemes and Central Plan Schemes) and Non Plan. Charged and Voted expenditure are exhibited distinctly.
- 13. Detailed Statement of Capital Expenditure by Minor Heads and Subheads:** This statement, which corresponds to the summary statement 5 in Part-I of this volume, depicts the capital expenditure (during the year and cumulatively) of the State Government under Plan (State Plan, Centrally Sponsored Schemes and Central Plan Schemes) and Non Plan. Charged and Voted expenditure are exhibited distinctly. In addition to representing details of capital expenditure at Minor Head level, in respect of significant schemes, this statement depicts details at Subhead levels also.
- 14. Detailed Statement of Investments of the Government:** This statement depicts investments of the State Government in the equity capital of Statutory Corporations, Government Companies, other Joint Stock Companies, Cooperative institutions and Local Bodies.
- 15. Detailed Statement of Borrowings and Other Liabilities:** This statement, which corresponds to the summary statement 6 in Part I of this volume, contains details of all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), and Ways and Means advances extended by the Reserve Bank of India. This statement presents the information on loans under three categories: (a) details of individual loans; (b) maturity profile, i.e., amounts payable in respect of each category of loans in different years; and (c) interest rate profile of outstanding loans.
- 16. Detailed Statement on Loans and Advances given by the Government:** This statement corresponds to the summary statement 7 in Part I of this volume.
- 17. Statement on Sources and Application of Funds for Expenditure other than on Revenue Account:** This statement is based on the principle that revenue expenditure is expected to be defrayed from revenue receipts, while capital expenditure of the year is met from revenue surplus, net credit balances in the public account, cash balance at the beginning of the year, and borrowings.
- 18. Detailed Statement on Contingency Fund and Other Public Account transactions:** This statement depicts at Minor Head level the details of unrecouped amounts under Contingency Fund, consolidated position of Public Accounts transactions during the year, and outstanding balances at the end of the year.
- 19. Detailed Statement on Investment of Earmarked Balances:** This statement depicts details of investments from the Reserve Funds (Public Account).

Part III of Volume II

Part III contains twelve appendices on various items including salaries, subsidies, grants-in-aid, externally aided projects, scheme wise expenditure in respect of major Central schemes and State Plan schemes, etc. These details are present in the accounts at Sub head level or below (i.e. below Minor Head levels) and so are not generally depicted in the Finance accounts. A detailed list of appendices appears at the 'Index' in Volume I or II. The statements read with the appendices give a complete picture of the state of finances of the State Government.

C. Ready Reckoner

The section below links the summary statements appearing in Volume I with the detailed statements and appendices in Volume II. (Appendices which do not have a direct link with the Summary Statements are not shown below).

Parameter	Summary Statements (Volume I & II)	Detailed Statements (Volume II)	Appendices
Revenue Receipts (including Grants received)	2, 3	11	
Revenue Expenditure	2, 4	12	II (Salary), III (Subsidy)
Grants-in-Aid given by the Government	2	8	IV
Capital receipts	2, 3	11	
Capital expenditure	1, 2, 4	5, 13, 17	
Loans and Advances given by the Government	1, 2, 7	16	
Debt Position/Borrowings	1, 2, 6	15	
Investments of the Government in Companies, Corporations etc		14	
Cash	1, 2		VIII
Balances in Public Account and investments thereof	1, 2	18, 19	
Guarantees		9	
Schemes			V (Externally Aided Projects), VI, VII

D. Periodical adjustments and Book adjustments:

Certain transactions that appear in the accounts do not involve actual movement of cash at the time of booking. Some of these transactions take place at the level of the account rendering units (e.g. treasuries, divisions etc.) themselves. For instance, transactions involving adjustment of all deductions (GPF, recoveries of advances given etc.) from salaries are recorded by debiting functional major heads (pertaining to the concerned department) by book adjustment to revenue/loans/public account receipts. Similarly 'nil' bills where moneys transferred between the Consolidated Fund and Public Account represent non-cash transactions occurring at the level of the accounts rendering units.

In addition to the above the Principal Accountant General/Accountant General (A&E) carries out periodical adjustments and book adjustments of the following nature in the accounts of the State Government, details of which appear in Appendix I (Volume I) and footnotes to the relevant statements.

Examples of periodical adjustments and book adjustments are given below:

(1) Creation of funds/ adjustment of contribution to Funds in Public Account by debit to Consolidated Fund e.g., State Disaster Response Fund, Central Road Fund, Sinking Fund, etc.

(2) Crediting of deposit heads of accounts in Public Account by debit to Consolidated Fund.

(3) Annual adjustment of interest on General Provident Fund (GPF) and State Government Group Insurance Scheme where interest on GPF is adjusted by debiting Major Head 2049-Interest and crediting Major Head 8009-General Provident Fund.

(4) Adjustment of Debt waiver under the scheme of Government of India based on the recommendations of the Central Finance Commissions. These adjustments (where Central loans are written off by crediting Major Head 0075-Misc. General Services by contra entry in the Major Head 6004-Loans and Advances from the Central Government) impact both Revenue Receipts and Public Debt heads.

E. Rounding: Difference of ` 0.01 lakh/crore, wherever occurring, is due to rounding.

* * *

1. STATEMENT OF FINANCIAL POSITION

Assets ¹	Reference (Sr. No.)		As at 31 March 2014	As at 31 March 2013
	Notes to Accounts	Statement		
<i>(` in Crore)</i>				
Cash				
(i) Cash in Transit and Local Remittances		Annexure to St.No.2	4.97	4.97
(ii) Departmental Balances		18	0.91	0.91
(iii) Permanent Imprest		18	1.43	1.42
(iv) Cash Balance Investments	Para.2-(vi)	18	70,48.86	45,67.43
(v) Deposits with Reserve Bank of India & Other Banks		Annexure to St.No.2	(-)95.96	(-)5,64.26
(vi) Investments from Earmarked Funds ²		19 & 14	63,28.96	51,57.12
Capital Expenditure				
(i) Investments in shares of Companies Corporations etc.	Para.3-(iv)	14	63,78.53	62,04.41
(ii) Other Capital Expenditure		13	14,00,80.00	12,49,82.09
Contingency Fund (un-recouped)	Para.3-(xi)	18	3.45	2.05
Loans and Advances	Para.3-(iii)	7&16	3,24,30.39	2,93,16.13
Advances with departmental officers		18	27.94	22.97
Suspense and Miscellaneous Balances ³	Para.3-(viii)	18	1,15.93	4,04.34
Remittance Balances		18	2,61.87	3,13.82
Cumulative excess of expenditure over Receipts ⁴			35,26.51	38,71.34
Total			19,61,13.79	17,42,84.74

- 1 The figures of assets and liabilities are cumulative figures. Please also see note 1(ii) in the section 'Notes to Accounts'.
- 2 Investments out of Earmarked funds in shares of companies etc are excluded under capital expenditure and included under 'Investments from Earmarked Funds' (Includes ` 6.08 crore depicted as 'Earmarked Funds' in statement No.14). As such the figure depicted in Annexure to Statement No.2 against Investments from Earmarked Funds differs to that extent.
- 3 In this statement the line item 'Suspense and Miscellaneous Balances' does not include 'Cash Balance Investment Account' which is included separately above though the latter forms part of this sector elsewhere in these Accounts.
- 4 The cumulative excess of receipts over expenditure or expenditure over receipts is different from and not the fiscal/revenue deficit for the current year.

1. STATEMENT OF FINANCIAL POSITION

Liabilities	Reference (Sr. No.)		As at 31 March 2014	As at 31 March 2013
	Notes to Accounts	Statement		
<i>(` in Crore)</i>				
Borrowings (Public Debt)				
(i) Internal Debt	Para.2-(i)	15	13,93,27.72	12,14,34.95
(ii) Loans and Advances from Central Government				
Non-Plan Loans		15	70.41	76.73
Loans for State Plan Schemes		15	1,73,33.01	1,72,12.79
Loans for Central Plan Schemes		15	3.59	3.59
Loans for Centrally Sponsored Plan Schemes		15	...	...
Other Loans		15	8.74	8.73
Contingency Fund (Corpus)		18	50.00	50.00
Liabilities on Public Account				
(i) Small Savings- Provident Funds etc.		18	1,35,17.86	1,24,45.25
(ii) Deposits		18	1,67,92.14	1,55,93.24
(iii) Reserve Funds	Para.3-(vi)	18	90,10.32	74,59.46
(iv) Remittance Balance		18	...	...
(v) Suspense and Miscellaneous Balances	Para.3-(v)	18	...	...
Cumulative excess of receipts over Expenditure			...	...
Total			19,61,13.79	17,42,84.74

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS

Receipts			Disbursements		
	2013-14	2012-13		2013-14	2012-13
<i>(` in Crore)</i>					
Part-I Consolidated Fund					
Section-A : Revenue					
Revenue Receipts	11,07,18.83	10,38,30.28	Revenue Expenditure	11,03,74.50	10,27,02.38
Tax Revenue (raised by the State)	6,41,23.54	5,98,75.05	Salaries ⁽¹⁾	2,25,20.33	2,03,90.85
Non-tax Revenue	1,54,72.86	1,59,99.14	Subsidies ⁽¹⁾	1,01,79.28	42,65.15
Interest Receipts	86,46.35	96,25.54	Grants-in-Aid ^(1,2)	2,71,24.49	3,07,80.23
Others	68,26.51	63,73.60	General Services	2,93,50.48	2,61,21.28
Share of Union Taxes/Duties	2,21,31.88	2,02,70.77	Interest Payment & Service of Debt	1,36,89.56	1,23,53.73
			Pension	1,36,82.31	1,20,89.30
			Others	19,78.61	16,78.25
			Social Services	98,38.61	97,81.96
			Economic Services	1,11,43.76	1,12,04.46
Grants from Central Government	89,90.55	76,85.32	Compensation and Assignment to Local Bodies and PRIs	2,17.55	1,58.45
Revenue Deficit	...	...	Revenue Surplus	3,44.33	11,27.90
Section-B : Capital					
Capital Receipts	8.60	...	Capital Expenditure	1,52,80.14	1,51,48.83
			Salaries ⁽¹⁾	4,59.69	4,34.37
			General Services	3,09.37	2,11.27
			Social Services	13,76.80	10,66.53
			Economic Services	1,31,34.28	1,34,36.66
Recoveries of Loans & Advances	5,74.94	4,25.77	Loans and Advances disbursed	36,89.20	39,12.86
			General Services	...	...
			Social Services	26,91.15	31,63.90
			Economic Services	5,23.62	6,59.77
			Others	4,74.43	89.19

(1) Salaries, Subsidies and Grants-in-Aid figures have been summed up across all sectors to present a consolidated figure. The Grant-in-Aid figure comprises of the expenditure classified under the dedicated object head "310 Grants-in-Aid" across all Major Heads and totals of Minor Heads 191, 192, 193, 196, 197 and 198. The expenditure in this statement under the sectors 'Social', 'General' and 'Economic' Services does not include expenditure on Salaries, Subsidies and Grants-in-Aid.

(2) Grants-in-Aid given to Statutory Corporations, Companies, Autonomous Bodies, Local Bodies etc., by the Government which is included as a line item above. These grants are distinct from compensation and assignment of taxes, duties to the Local Bodies which is depicted as a separate line item 'Compensation and Assignment to Local Bodies and PRIs'.

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS

Receipts			Disbursements		
	2013-14	2012-13		2013-14	2012-13
<i>(` in Crore)</i>					
Public Debt Receipts	2,52,92.12	2,33,10.69	Repayment of Public Debt	72,85.44	76,76.85
Internal Debt (Market loans etc.)	2,39,49.84	2,21,27.71	Internal Debt ^(#) (Market loans etc.)	60,57.06	65,30.48
Loans from GOI	13,42.28	11,82.98	Loans from GOI	12,28.38	11,46.37
Net of inter-state Settlement	...	...	Net of inter-state Settlement	...	...
Total Receipts Consolidated Fund	13,65,94.49	12,75,66.74	Total Expenditure Consolidated Fund	13,66,29.28	12,94,40.92
<i>Deficit in Consolidated Fund</i>	34.79	18,74.18	<i>Surplus in Consolidated Fund</i>	...	...
Part II Contingency Fund					
Contingency Fund	2.05	0.39	Contingency Fund	3.45	2.05
Part III Public Account⁽³⁾					
Small Savings	36,73.29	35,79.77	Small Savings	26,00.69	23,90.10
Reserves & Sinking Funds	38,98.25	35,92.64	Reserves & Sinking Funds	35,19.22	35,11.00
Deposits	5,28,39.70	4,85,86.44	Deposits	5,16,40.80	4,69,20.32
Advances	1,52.72	1,35.98	Advances	1,57.68	1,35.98
Suspense and Misc.	15,65,37.32	13,08,02.74	Suspense and Misc. ⁽⁴⁾	15,87,30.34	13,21,49.99
Remittances	1,76,50.77	1,80,38.78	Remittances	1,75,98.83	1,87,19.75
Total Receipts Public Account	23,47,52.05	20,47,36.35	Total Disbursements Public Account	23,42,47.56	20,38,27.14
<i>Deficit in Public Account</i>	...	...	<i>Surplus in Public Account</i>	5,04.49	9,09.21
Opening Cash Balance	(-)5,59.30 ^(*)	4,07.34	Closing Cash Balance	(-)91.00	(-)5,59.29
Increase in Cash Balance	4,68.30	...	Decrease in Cash Balance	...	9,66.63

(#) Includes NSSF payment of ` 12,31.47 crore.

(3) For details please refer to Statement No.18 in Volume 2.

(4) 'Suspense and Miscellaneous' includes 'Other Accounts' such as Cash Balance Investment Account (Major Head 8673) etc.

(*) Differs by ` 0.01 crore with previous year figure due to rounding.

**ANNEXURE TO STATEMENT NO.2
CASH BALANCES AND INVESTMENT OF CASH BALANCES**

	On 1 April 2013	On 31 March 2014	
		(` in Crore)	
(a) General Cash Balances-			
1. Cash in Treasuries	...	...
2. Deposits with Reserve Bank	(-) 5,65.60	(-)97.31 ^(*)	
3. Deposits with other Banks	1.34	1.34	
4. Remittances in Transit	4.97	4.97	
Total	(-)5,59.29	(-)91.00^(A)	
5. Investments held in Cash Balance Investment Account (Major Head 8673)	45,67.43	70,48.86	
Total- (a)	40,08.14	69,57.86	
(b) Other Cash Balances and Investments-			
1. 8671 Departmental Balances-Civil-Cash with Departmental Officers viz. Public Works Officers Forest Officers General Managers of Commercial Concerns and Pension Payment Officer (Motigally)	0.91	0.91	
2. 8672 Permanent Cash Imprest- Civil-Permanent Advances with Departmental Officers for Contingent Expenditure	1.42	1.42	
3. Investment out of Earmarked Funds	51,51.04	63,22.88	
Total-(b)	51,53.37	63,25,21	
Total-(a) +(b)	91,61.51	1,32,83.07	
<p>(*) There was a net difference of `9.10 crore (Credit) between the figures reflected in the accounts `97.31 crore (Credit) and that intimated by the Reserve Bank of India `88.21 crore (Debit) regarding Deposits with Reserve Bank included in the Cash Balance. After the closing of April 2014 accounts the net difference of 2013-14 to be reconciled is `1.80 crore (Credit).</p>			
	Debit	Credit	Net
			(` in Crore)
i) Difference as on 31 March 2014	17.65	26.75	9.10 Cr
ii) Cleared in the accounts upto April 2014	16.54	23.84	7.30 Cr
iii) Difference after the closing of April 2014 accounts	1.11	2.91	1.80 Cr

(A) Includes a debit of `1,21.80 crore pertains to 8.5 per cent Tax Free Special Bonds (Power Bonds) was adjusted in advance to Andhra Pradesh Government in 2013-14 instead of 2014-15 by RBI Nagpur on 31-03-2014. Similar advance adjustment of 2013-14 instalments took place in 2012-13.

**ANNEXURE TO STATEMENT NO.2
CASH BALANCES AND INVESTMENT OF CASH BALANCES**

EXPLANATORY NOTES

- (a) **Daily Cash Balance:** Under an agreement with the Reserve Bank of India the State Government has to maintain a minimum cash balance of ` 3.32 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary and special Ways and Means Advances/Overdrafts from time to time.

For arriving at the daily cash balance⁽¹⁾ for the purpose of grant of Ways and Means Advances/ Overdraft the RBI evaluates the holdings of the 14 day treasury bills along with the transactions reported (at RBI counters, Inter-Government transactions and Treasury transactions reported by the agency banks) for the day. To the cash balance so arrived the maturity of 14 day Treasury Bills if any is added and excess balance, if any after maintaining the minimum cash balance is reinvested in Treasury Bills. If the net cash balance arrived at results in less than the minimum cash balance or a credit balance and if there are no 14 day treasury bills maturing on that day, RBI rediscounts the holdings of the 14 day Treasury Bills and makes good the shortfall. If there is no holding of 14 day Treasury Bills on that day the State Government applies for Ways and Means Advances/ Special Ways and Means Advances/ Overdraft.

- (b) The limit for ordinary Ways and Means Advances to the State Government was ` 8,80.00 crore with effect from 1 April 2006. The Bank has also agreed to give special Ways and Means Advances against the pledge of Government Securities. The limit of special Ways and Means Advances is revised by the Bank from time to time.

Without resorting to any Ways and Means Advance and Overdraft from C.A.S., Reserve Bank of India, Nagpur, the State Government maintained the minimum Cash Balance with the Bank on all the 365 days of the year.

The extent to which the Government maintained the minimum cash balance with the Reserve Bank during 2013-14 is given below:-

(i) Number of days on which the minimum balance was maintained without taking any advance	365
(ii) Number of days on which the minimum balance was maintained by taking ordinary Ways and Means Advance	Nil

(1) The cash balance ('Deposits with RBI') above is the closing cash balance of the year as on 31 March but worked out by 16 April and not simply the daily balance on 31 March.

**ANNEXURE TO STATEMENT NO.2
CASH BALANCES AND INVESTMENT OF CASH BALANCES**

- (iii) Number of days on which the minimum balance was maintained by taking special Ways and Means Advances Nil
- (iv) Number of days on which there was shortfall in minimum balance even after taking the above advances but no overdraft was taken Nil
- (v) Number of days on which overdrafts were taken Nil
- (c) The balance of ₹ 1.34 crore shown against “Deposits with Other Banks” represents the deposits with Westminster Bank London (deposits made by the former Government of Nizam State). In view of the verdict of the House of Lords the United Kingdom in an appeal suit the balance remains frozen with the Bank for the time being and is therefore not available to the State Government.
- (d) The transaction under the head “Remittance in Transit” represents remittances between treasuries and currency chests remained unadjusted as on 31 March 2014.
- (e) The following is an analysis of investments held in Cash Balance Investment Account:-

	Opening Balance on 1 April 2013	Purchases during 2013-2014	Sales during 2013-2014	Closing Balance on 31 March 2014	Interest realised during the year (in Crore)
Short-term investments- Government of India Treasury Bills	45,67.43	13,54,28.61	13,29,47.18	70,48.86	2,26.69
Total	45,67.43	13,54,28.61	13,29,47.18	70,48.86	2,26.69

- (f) The details of investments out of earmarked funds are given in the Statement No.19. Securities of the face value of ₹ 0.77 crore were transferred to (i) a Government Company the Hyderabad Chemicals and Fertilizers Limited Hyderabad (now a subsidiary of Andhra Pradesh State Agro-Industries Corporation Hyderabad (₹ 0.07 crore)) and (ii) a Joint Stock Company. The Azamjahi Mills Hyderabad (₹ 0.70 crore) in 1969 (since taken over by the National Textile Corporation Limited) under the Sick Textile undertakings (Nationalisation Act 1974) to enable them to raise funds on the strength of these Securities. Government initiated legal proceedings for return of Securities against the Central Bank of India with whom the Azamjahi Mills had pledged them. Further developments are awaited.

3. STATEMENT OF RECEIPTS (CONSOLIDATED FUND)

I. Consolidated Fund

Description		2013-14	2012-13
			(` in Crore)
A.	Tax Revenue-		
A.1	Own Tax revenue-		
	Land Revenue	73.62	61.78
	Stamps and Registration fees	43,93.18	51,15.24
	State Excise	62,50.27	91,29.41
	Taxes on Sales, Trade, etc.	4,87,37.41	4,07,14.67
	Taxes on goods and passengers	15.84	11.73
	Taxes on Vehicles	33,35.18	33,56.60
	Others	13,18.04	14,85.62
A.2	Share of net proceeds of Taxes-		
	Corporation Tax	74,43.11	72,81.34
	Taxes on Income other than Corporation Tax	49,01.06	43,59.21
	Other Taxes on Income and Expenditure	...	...
	Taxes on Wealth	20.44	12.29
	Customs	36,10.99	33,68.48
	Union Excise Duties	25,50.35	22,89.22
	Service Tax	36,05.94	29,60.23
	Other Taxes and Duties on Commodities and Services	(-0.01	...
	Total- A	8,62,55.42	8,01,45.82
B.	Non-Tax Revenue-		
	Interest receipts	86,46.35	96,25.54
	Non-ferrous Mining and Metallurgical Industries	27,30.56	27,71.04
	Education, Sports, Art and Culture	16,75.55	11,95.78
	Other Rural Development Programmes	6,89.30	7,03.17
	Police	2,94.71	2,61.91
	Miscellaneous General Services	2,09.45	1,59.79
	Forestry and Wild Life	2,03.65	1,68.78
	Major Irrigation	1,91.80	1,22.03
	Other Administrative Services	1,71.35	1,37.26
	Medical and Public Health	1,36.77	2,84.84
	Ports and Light Houses	1,29.37	1,09.75
	Dividends and Profits	60.41	63.65
	Other General Economic Services	49.47	49.79
	Power	41.56	28.12

3. STATEMENT OF RECEIPTS (CONSOLIDATED FUND)

I. Consolidated Fund

Description	2013-14	2012-13
		(`in Crore)
Roads and Bridges	40.49	39.38
Civil Supplies	39.97	13.04
Labour and Employment	30.83	32.43
Co-operation	24.84	26.28
Medium Irrigation	15.03	71.22
Contributions and Recoveries towards Pension and Other Retirement benefits	11.59	14.40
Public Service Commission	11.02	28.64
Minor Irrigation	7.98	4.87
Family Welfare	7.93	0.76
Public Works	7.30	6.47
Water Supply and Sanitation	5.76	15.96
Social Security and Welfare	5.56	4.97
Jails	4.96	6.08
Tourism	4.90	8.45
Fisheries	3.79	1.78
Other Social Services	3.72	10.11
Village and Small Industries	3.62	5.99
Crop Husbandry	3.10	6.04
Land Reforms	2.56	4.92
Housing	2.53	1.99
Animal Husbandry	1.50	2.48
Stationery and Printing	1.48	0.63
Industries	1.01	...
Urban Development	0.91	10.10
Information and Publicity	0.16	0.66
Other Agricultural Programmes	0.01	0.03
Other Industries	0.01	0.01
Others (Major heads with receipts below rupees one lakh have been clubbed)	...	...
Total- B	1,54,72.86	1,59,99.14

3. STATEMENT OF RECEIPTS (CONSOLIDATED FUND)

II. Grants from Government of India

Description	Actuals	
	2013-14	2012-13
		(` in Crore)
C. Grants-		
Grants-in-Aid from Central Government-		
Non Plan Grants-		
Grants under the proviso to Article 275 (1) of the Constitution	17,30.56	35.90
Grants towards contribution to State Disaster Response Fund	5,20.89	4,20.74
Grants under National Disaster Response Fund	7,63.53	...
Other Grants	4,18.21	3,27.73
Grants for State/ Union Territory Plan Schemes-		
Block Grants (of which EAP ` 45.89/ ` 36.90 crore)	25,10.21	29,69.60
Grants under the proviso to Article 275 (1) of the Constitution	17.97	89.59
Grants from Central Road Fund	2,29.92	163.41
Other Grants	...	...
Grants for Central Plan Schemes	2,59.35	2,18.74
Grants for Centrally Sponsored Plan Schemes	25,39.91	34,59.61
Grants for Special Plan Schemes	...	...
Total- C	89,90.55	76,85.32
Total- Revenue Receipts (A+B+C)	11,07,18.83	10,38,30.28

3. STATEMENT OF RECEIPTS (CONSOLIDATED FUND)

III. Capital, Public Debt and Other Receipts

Description	Actuals	
	2013-14	2012-13
		(` in Crore)
D. Capital Receipts-		
Disinvestment proceeds	8.60	...
Others	...	...
Total- D	8.60	...
E. Public Debt Receipts-		
Internal Debt-		
Market Loans	2,24,11.64	2,00,00.00
Ways and Means Advances from the RBI	...	...
Bonds	...	...
Loans from Financial Institutions	9,01.93	14,09.71
Special Securities issued to National Small Savings Fund	6,36.27	7,18.00
Other Loans	...	...
Loans and Advances from Central Government-		
Non Plan Loans	...	1.23
Loans for State Plan Schemes (Block Loans) ^(S)	13,42.28	11,81.75
Loans for Central Plan Schemes	...	...
Loans for Centrally Sponsored Plan Schemes	...	...
Other Loans	...	...
Total- E	2,52,92.12	2,33,10.69
F. Loans and Advances by State Government (Recoveries)⁽¹⁾	5,74.94	4,25.77
G. Inter-State Settlements	...	...
Total- Receipts in Consolidated Fund (A+B+C+D+E+F+G)	13,65,94.49	12,75,66.74

(S) All Central Loans for Plan schemes, including Central Plan schemes and Centrally sponsored plan schemes are booked under 'Block Loans'.

(1) Details are in Statements 7 and 16 in Volume 2.

**4. STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)
BY FUNCTION AND NATURE**

A. EXPENDITURE BY FUNCTION

Description	Revenue	Capital	L&A	Total
				<i>(` in Crore)</i>
A. General Services-				
A.1 Organs of State-				
Parliament/State/Union Territory Legislatures	89.85	...	...	89.85
President, Vice President / Governor, Administrator of Union Territories	9.15	...	...	9.15
Council of Ministers	21.35	...	...	21.35
Administration of Justice	7,08.78	...	...	7,08.78
Elections	1,86.91	...	...	1,86.91
A.2 Fiscal Services-				
Land Revenue	84.44	...	...	84.44
Stamps and Registration	1,37.28	...	...	1,37.28
State Excise	4,06.63	...	...	4,06.63
Taxes on Sales, Trade etc.	3,15.88	...	...	3,15.88
Taxes on Vehicles	1,23.72	...	...	1,23.72
Other Taxes and Duties on Commodities and Services	10.44	...	...	10.44
Other Fiscal Services	53.87	...	...	53.87
Appropriation for Reduction or Avoidance of Debt	7,78.92	...	...	7,78.92
Interest Payments	1,29,10.64	...	...	1,29,10.64
A.3 Administrative Services-				
Public Service Commission	32.03	...	...	32.03
Secretariat-General Services	1,71.57	...	...	1,71.57
District Administration	10,62.34	...	...	10,62.34
Treasury and Accounts Administration	2,50.29	...	...	2,50.29
Police	50,51.18	1,56.94	...	52,08.12
Jails	1,68.57	...	...	1,68.57
Stationery and Printing	69.85	4.98	...	74.83
Public Works	2,65.19	82.31	...	3,47.50
Other Administrative Services	3,06.88	65.23	...	3,72.11
A.4 Pension & Misc. General Services-				
Pensions and Other Retirement Benefits	1,36,82.31	...	...	1,36,82.31
Miscellaneous General Services	0.47	...	...	0.47
Total- General Services	3,68,98.54	3,09.46	...	3,72,08.00

**4. STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)
BY FUNCTION AND NATURE**

Description	Revenue	Capital	L&A	Total
				(` in Crore)
B. Social Services-				
B.1 Education, Sports, Art & Culture-				
General Education	1,73,46.57	2,27.14	10.41	1,75,84.12
Technical Education	8,70.97	...	...	8,70.97
Sports and Youth Services	1,20.56	...	...	1,20.56
Art and Culture	1,41.65	...	...	1,41.65
B.2 Health & Family Welfare-				
Medical and Public health	48,07.42	1,61.78	74.44	50,43.64
Family Welfare	9,69.32	0.24	...	9,69.56
B.3 Water Supply, Sanitation, Housing and Urban Development-				
Water Supply and Sanitation	6,52.20	2,19.52	2,92.96	11,64.68
Housing	6,15.56	32.94	14,79.39	21,27.89
Urban Development	14,32.95	...	8,10.64	22,43.59
B.4 Information and Broadcasting-				
Information and Publicity	3,12.24	...	...	3,12.24
B.5 Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes-				
Welfare of Scheduled Caste, Scheduled Tribes, Other Backward Classes and Minorities	71,77.69	5,55.39	23.31	77,56.39
B.6 Labour and Labour Welfare-				
Labour and Employment	2,10.35	...	...	2,10.35
B.7 Social Welfare & Nutrition-				
Social Security and Welfare	44,09.74	16.67	...	44,26.41
Nutrition	40,76.75	...	...	40,76.75
Relief on Account of Natural Calamities	17,68.69	...	...	17,68.69
B.8 Others-				
Other Social Services	...	1,64.45	...	1,64.45
Secretariat- Social Services	43.23	...	...	43.23
Total- Social Services	4,49,55.89	13,78.13	26,91.15	4,90,25.17
C. Economic Services-				
C.1 Agriculture & Allied Activities-				
Crop Husbandry	21,62.05	0.62	...	21,62.67
Soil & Water Conservation	31.30	...	...	31.30
Animal Husbandry	5,42.74	23.21	...	5,65.95

**4. STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)
BY FUNCTION AND NATURE**

Description	Revenue	Capital	L&A	Total
				(` in Crore)
Dairy Development	...	...	...	...
Fisheries	65.59	...	...	65.59
Forestry & Wild Life	3,98.33	1.05	...	3,99.38
Food Storage and Warehousing	9.55	...	...	9.55
Agricultural Research & Education	5,79.54	...	...	5,79.54
Co-operation	1,36.69	1.20	0.30	1,38.19
Other Agricultural Programmes	11.26	...	...	11.26
C.2 Rural Development-				
Special Programmes for Rural Development	8,54.11	...	...	8,54.11
Land Reforms	15.83	...	...	15.83
Other Rural Development Programmes	38,07.36	...	...	38,07.36
C.4 Irrigation & Flood Control				
Major Irrigation	77,97.79	80,66.71	...	1,58,64.50
Medium Irrigation	5,72.33	1,68.14	...	7,40.47
Minor Irrigation	3,54.40	13,71.15	...	17,25.55
Command Area Development	27.81	0.39	...	28.20
Flood Control & Drainage	1,08.70	1,54.63	...	2,63.33
C.5 Energy-				
Power	74,07.45	47.14	2,02.70	76,57.29
New and Renewable Energy	5.00	...	...	5.00
C.6 Industry & Minerals-				
Village & Small Industries	5,16.84	0.02	17.56	5,34.42
Industries	2,39.96	...	...	2,39.96
Iron & Steel Industries	...	2.22	...	2.22
Non- Ferrous Mining & Metallurgical Industries	32.50	...	...	32.50
Consumer Industries	...	5.00	8.18	13.18
Other Industries	4.97	64.53	...	69.50
C.7 Transport-				
Ports & Light Houses	13.63	4.91	...	18.54
Civil Aviation	26.25	2.00	12.71	40.96
Roads & Bridges	16,91.98	26,88.71	...	43,80.69
Road Transport	2,00.00	...	2,82.17	4,82.17
Inland Water Transport	3.53	...	...	3.53
C.9 Science & Technology-				
Other Scientific Research	14.85	...	...	14.85
Ecology & Environment	2.24	...	...	2.24

**4. STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)
BY FUNCTION AND NATURE**

Description	Revenue	Capital	L&A	Total
				(` in Crore)
C.10 General Economic Services-				
Secretariat- Economic Services	3,54.48	...	...	3,54.48
Tourism	63.52	19.64	...	83.16
Foreign Trade & Export Promotion	2.83	...	...	2.83
Census, Surveys & Statistics	1,02.76	...	...	1,02.76
Civil Supplies	1,23.94	...	...	1,23.94
Other General Economic Services	20.41	9,71.28	...	9,91.69
Total- Economic Services	2,83,02.52	1,35,92.55	5,23.62	4,24,18.69
D. Loans, Grants in Aid & Contributions-				
Compensation & Assignments to Local Bodies and Panchayati Raj Institutions	2,17.55	...	...	2,17.55
E. Loans to Government Servants, etc.-				
Loans to Government Servants etc.	...	...	4,73.75	4,73.75
Misc. Loans	...	...	0.68	0.68
F. Public Debt-				
Internal Debt of the State Government	...	...	60,57.06	60,57.06
Loans and Advances from the Central Government	...	...	12,28.38	12,28.38
Total- Loans, Grants in Aid & Contributions	2,17.55	...	77,59.87	79,77.42
Total- Consolidated Fund Expenditure	11,03,74.50	1,52,80.14	1,09,74.64	13,66,29.28

**4. STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)
BY FUNCTION AND NATURE**

B. EXPENDITURE BY NATURE

Object of Expenditure	2013-14			2012-13			2011-12		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	(` in Crore)								
Grants-in-Aid	27342.04	0.74	27342.78	30938.68	1.47	30940.15	28176.11	25.69	28201.80
Salaries	22520.33	459.69	22980.02	20390.84	434.37	20825.21	18363.92	387.60	18751.52
Interest	20781.09	...	20781.09	19477.15	...	19477.15	16473.51	...	16473.51
Major Works	119.08	14016.10	14135.18	177.73	13876.11	14053.84	169.36	12934.26	13103.62
Pensionary Charges	13214.60	0.36	13214.96	11875.78	1.16	11876.94	11060.59	1.47	11062.06
Subsidies	10179.28	...	10179.28	4265.15	...	4265.15	3013.26	...	3013.26
Scholarships and Stipends	4440.02	...	4440.02	4711.59	...	4711.59	3727.57	...	3727.57
Contributions	2706.05	...	2706.05	1036.99	...	1036.99	684.76	...	684.76
Minor Works	1907.13	464.90	2372.03	2284.51	365.06	2649.57	2102.41	307.64	2410.05
Other Charges	1519.98	296.90	1816.88	1443.68	369.18	1812.86	1044.13	275.74	1319.87
Cost of Ration / Diet Charges	1418.50	...	1418.50	1297.78	...	1297.78	1241.13	...	1241.13
Supplies and Materials	1118.36	3.89	1122.25	935.25	0.20	935.45	761.21	...	761.21
Professional Services	1075.03	19.59	1094.62	1130.89	52.40	1183.29	753.70	57.69	811.39
Other Contractual Services	695.67	18.24	713.91	639.09	15.81	654.90	552.69	11.11	563.80
Office Expenses	646.22	45.66	691.88	543.17	40.44	583.61	435.54	35.42	470.96
Domestic Travel Expenses	367.52	19.02	386.54	387.91	20.58	408.49	369.38	19.43	388.81
Inter Account Transfers	857.15	(-)383.08	474.07	1096.91	(-)248.28	848.63	1956.58	(-)441.90	1514.68
Advertisements, Sales and Publicity Expenses	237.09	55.73	292.82	153.28	82.09	235.37	265.73	39.63	305.36

**4. STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)
BY FUNCTION AND NATURE**

Object of Expenditure	2013-14			2012-13			2011-12		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	(` in Crore)								
Investments	...	182.22	182.22	...	117.80	117.80	...	46.67	46.67
Rents, Rates and Taxes	159.15	2.25	161.40	153.18	2.04	155.22	120.13	2.15	122.28
Machinery and Equipment	88.97	57.27	146.24	164.32	12.38	176.70	91.48	14.12	105.60
Petrol, Oil and Lubricants	117.29	2.53	119.82	101.63	2.70	104.33	83.50	2.98	86.48
User Charges	91.22	...	91.22	81.92	...	81.92	58.99	...	58.99
Publications	77.22	0.34	77.56	31.15	0.28	31.43	30.01	0.47	30.48
Wages	47.72	2.61	50.33	37.69	2.95	40.64	36.94	2.74	39.68
Motor Vehicles	37.60	1.08	38.68	34.70	0.74	35.44	67.81	0.88	68.69
Clothing, Tentage and Store	31.56	0.01	31.57	58.01	0.01	58.02	31.82	0.01	31.83
Arms and Ammunition	9.40	14.59	23.99	6.47	...	6.47	13.72	...	13.72
Secret Service Expenditure	23.71	...	23.71	20.80	...	20.80	10.50	...	10.50
Other Administrative Expenses	19.67	3.40	23.07	36.53	2.65	39.18	23.46	0.54	24.00
Others	2.29	...	2.29	1.76	...	1.76	1.23	0.05	1.28
Deduct Recoveries	(-)1476.44	(-)3.90	(-)1480.34	(-)812.16	(-)3.31	(-)815.47	(-)1305.82	(-)2.41	(-)1308.23
TOTAL	110374.50	15280.14	125654.64	102702.38	15148.83	117851.21	90415.35	13721.98	104137.33

Note: Grants-in-aid under Revenue Account includes expenditure of ` 5913.60 crore (Salaries-` 5343.15 crore, Wages-` 1.44 crore, Domestic Travel Expenses-` 80.41 crore, Office Expenses-` 36.77 crore, Publications-` 13.00 crore, Supplies and Materials-` 0.91 crore, Petrol, Oil & Lubricants-` 4.08 crore, Minor Works-` 251.08 crore, Professional Services-` 0.12 crore, Other Contractual Services-` 18.57 crore, Contributions-` 135.84 crore, Other Charges-` 28.23 crore) incurred under minor heads 191, 192, 193, 196, 197 & 198 treated as Grants-in-Aid.

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NOTES TO ACCOUNTS

1. Summary of significant Accounting Policies:

(i) Entity and Accounting Period:

The Finance Accounts 2013-14 present the transactions of the Government of Andhra Pradesh for the period 1 April 2013 to 31 March 2014 and have been compiled based on the initial accounts rendered by 23 District Treasuries, 33 Public Works Pay and Accounts Offices (PAO), 27 Forest PAOs, PAO Andhra Pradesh Legislature, Pension Payment Office Motigully, PAO Andhra Pradesh Bhavan, New Delhi, PAO, Hyderabad and Advices of the Reserve Bank of India. In Andhra Pradesh the treasuries compile the accounts from the vouchers (primary compilation) which, along with the vouchers, are then furnished to the Accountant General for secondary compilation. Unlike other accounts rendering units in Andhra Pradesh, PAO Hyderabad does not forward the vouchers to the Accountant General (A&E), Andhra Pradesh for detailed verification as they are checked by the Office of the Principal Accountant General (G&SSA), Andhra Pradesh. Rendition of accounts by the accounts rendering units is satisfactory and no accounts have been excluded at the end of the year.

(ii) Basis of Accounting:

With the exception of some periodical adjustments and book adjustments (Appendix-IA), the accounts represent the actual cash receipts and disbursements during the account period. Assets, Government investments, etc., are shown at historical cost. Physical assets are not depreciated or amortized.

Retirement benefits disbursed during the account period have been reflected in the accounts. Actuarial assessment of the liabilities towards future payments of retirement benefits has not been carried out by the State Government.

(iii) Currency in which Accounts are kept:

The accounts of Government of Andhra Pradesh are maintained in Indian Rupees (₹).

(iv) Form of Accounts:

Under Article 150 of the Constitution, the accounts of the Union and of the States are kept in such form as the President may, on the advice of the Comptroller and Auditor General, prescribe. The word “form” used in Article 150 has a comprehensive meaning so as to include the prescription not only of the broad form in which the accounts are to be kept but also the basis for selecting appropriate heads of accounts under which the transactions are to be classified.

(v) Classification under Revenue and Capital:

Revenue expenditure is recurring in nature and is intended to be met from revenue receipts. Capital expenditure is defined as expenditure incurred to create assets of a material and permanent character, or to reduce permanent liabilities. Consequently, expenditure on ‘Major Works’ is required to be booked as Capital expenditure and expenditure on ‘Minor Works’ as Revenue expenditure. The State Government, however, budgeted and spent ₹ 119.08 crore

towards 'Major Works' under the Revenue section, and `464.90 crore on 'Minor Works' under the Capital Section. Consequently, the Revenue Surplus was overstated by `345.82 crore. Also, as per the Indian Government Accounting Standards (IGAS) 2, expenditure on Grants-in-Aid is to be classified as Revenue expenditure regardless of end utilization. The State Government, however, booked an expenditure of `0.74 crore towards Grants-in-Aid under Capital heads of account instead of the Revenue section, overstating Revenue Surplus to this extent.

2. Quality of Accounts:

(i) Adverse Balances under MH 6003-Internal Debt:

Over the years, and from time to time, the Government of Andhra Pradesh had assumed the liabilities of various State Government entities by permitting them to borrow from the open market/ financial institutions, with the Government taking over the responsibility for repayment. Since the liabilities of these entities are not reflected in the books of the State Government, the repayments of principal and interest against these borrowings which were routed through the Government's books of accounts created 'adverse balances', which as on 31 March 2014, amounted to `4,244.44 crore (including `2,646.32 crore against the Andhra Pradesh Transmission Corporation and its predecessor entity, and `1,504.40 crore against the Andhra Pradesh Power Finance Corporation).

(ii) Operation of omnibus Minor Head 800:

Minor Heads 800 Other Expenditure/ Other Receipts are to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Head 800 is to be discouraged, since it renders the accounts opaque. During the year, the State Government classified `2,718.36 crore, constituting around 2.46 per cent of total Revenue Receipts (`1,10,718.83 crore) under the omnibus Minor Head 800- 'Other Receipts' against 46 Major heads. Similarly, `20,066.90 crore, constituting around 15.97 per cent of total revenue and capital expenditure (`1,25,654.64 crore) was classified under Minor Head 800-Other Expenditure under 48 Major Heads in the Revenue and Capital sections. Instances where a substantial proportion (50 per cent or more) of receipts and expenditure were classified under Minor Head 800-Other Receipts and Other Expenditure are listed in Appendix-I B and C respectively.

(iii) Abstract Contingent (AC) bills:

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, are outstanding, as per details 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.

(iv) Personal Deposit (PD) accounts:

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.

(v) Reconciliation of Receipts and Expenditure:

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.

(vi) Cash Balance:

There was a net difference of ₹ 9.10 crore (net credit) between the Cash Balance as on 31 March 2014 as worked out by the Accountant General (A&E) and as reported by the Reserve Bank of India (RBI). Subsequently, differences amounting to ₹ 7.30 crore (net credit) have been adjusted, leaving an unreconciled difference of ₹ 1.80 crore (net credit) to the end of April 2014. The difference is primarily due to wrong reporting and non-reconciliation of figures by the Agency Banks with the RBI.

(vii) Outstanding Utilisation Certificates (UCs)

The Andhra Pradesh Financial Code prescribes that where grants are sanctioned for specific purposes, the departmental officers concerned should obtain Utilisation Certificates (UCs) from the grantees, which, after verification, should be forwarded to the Accountant General (A&E). As on 31 March 2014, 8 UCs (1 UC for 1992-93, 4 UCs for 1996-97 and 3 UCs for 2012-13) amounting to ₹ 1.70 crore (excluding PAO Hyderabad about which details are not received by the Accountant General (A&E)) were awaited.

3. Other items:

(i) Liabilities towards Pensionary Benefits

The expenditure on Pension and other retirement benefits during the year to State Government employees recruited on or before 31 August 2004 was ₹ 13,199.85 crore (11.96 per cent of total revenue expenditure of ₹ 1,10,374.50 crore). State Government employees recruited on or after 1 September 2004 are covered under the New Pension Scheme (NPS), which is a defined contribution pension scheme. In terms of the Scheme, the employees contribute 10 per cent of their basic pay and dearness allowances, which is matched by the State Government and the entire amount, is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee bank.

As per the instructions issued by the State Government (vide GO Ms No.196 Finance (Pension-1) Department dated 24 July 2012), treasury officers are permitted to operate two PD accounts in the Public Account, one for the employees' contribution (Head of Account 8342-117-04-001) through deductions from the employees' salary bills and another for the Government's contribution (Head of Account 8342-117-04-002) through debiting the expenditure Major Head 2071-117. While transferring the amounts to NSDL/ Trustee Bank on monthly basis, the employees' contributions lying under Major Head 8342-117-04-001 are first transferred to Major Head 8342-117-04-002, from where the consolidated amount (representing employees' and employer's share) are transferred to the NSDL/ Trustee Bank. Thus, during 2013-14, the credit of ₹ 1,142.85 crore under Major Head 8342-117-04-002 represents both Government contribution (₹ 482.46 crore) and employees' contribution for 2013-14 of ₹ 497.80 crore,

constituents of the balance receipts of `162.59 crore are not known, since the Accountant General does not maintain the accounts of individual employee's contributions.

Details are given below:

Head of account	OB as on 1 April 2013	Receipts	Payments	CB as on 31 March 2014
	(` in crore)			
8342-117-(04)-001 Employee Contribution	445.94	497.80	533.95	409.79
8342-117-(04)-002 Government Contribution	257.60	1,142.85	1,187.36 ^(*)	213.09
Total	703.54	1,640.65	1,721.31	622.88

(*) Represents transfer to NSDL/ Trustee Bank

Due to delay in uploading the data and transfer of funds to the NSDL, the State Government, vide G.O.Ms No.226 Finance (Pension-I) Department dated 29-09-2011 and G.O.Ms 142 Finance (Pension-I) Department dated 17-06-2013 ordered payment of simple interest at 8 per cent per annum on par with the interest payable on General Provident Fund (GPF) contributions on all employees' contributions and the matching Government contribution between 1 September 2004 (date of implementation of NPS) and the date of legacy data uploaded. During 2013-14 an amount of `83.98 crore was paid by the Government towards interest and the same was debited to Revenue Expenditure Major Head of Account 2049-03-117-(04)-Interest on defined Contributory Pension Scheme, with contra credit to Major Head of Account 8342-117-04-002. The amount of contributions payable by the employees' and the State Government from the inception of the scheme and the accrued interest thereon (including interest payable in terms of GO Ms 142 dated 17-06-2013) has not been estimated. Nor has it been possible to estimate the shortfall, if any, in the matching contribution of the State Government in 2013-14, and its impact, if any, on the Revenue Surplus. Unreconciled, unmatched and untransferred amounts with accrued interest, if any, represent outstanding liabilities of the Government, under the scheme.

(ii) Guarantees:

Guarantees reported in Statement 9 of Finance Accounts are based on information furnished by the State Government and are as per the requirements of the Indian Government Accounting Standards (IGAS) 1. In terms of the Andhra Pradesh Fiscal Responsibilities and Budget Management (FRBM) Act 2005, the State Government shall 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. The net increase in outstanding guarantees during 2013-14 was `15,123.59 crore which was well within the prescribed limits with reference to total Revenue Receipts for the year 2012-13 (`1,03,830.28 crore). No guarantee was invoked during the year.

In terms of the guidelines issued by the Finance Department vide GO Ms No 446 dated 29 September 2003, guarantee commission is leviable at 0.5 per cent per annum or 2 per cent

consolidated for the entire guarantee period. During the year, the State Government extended Guarantees on twelve occasions (to ten institutions) amounting to ₹ 16,843.30 crore. In the case of Andhra Pradesh State Finance Corporation (APSFC), the State Government guaranteed bonds amounting to ₹ 208.00 crore issued during the year, and prescribed guarantee commission of 1 per cent per annum. The guarantee covered both the principal and payment of interest on the loan over a period of 10 years. In the case of Andhra Pradesh Transmission Corporation Limited (APTRANSCO), the State Government extended two guarantees amounting to ₹ 13,908.00 crore, but waived the guarantee commission. There is no provision for such waiver in the guidelines of 29 September 2003. Of the remaining nine guarantees, the guarantee to Andhra Pradesh State Housing Corporation Limited (APSHCL) for ₹ 112.50 crore is on usual terms, while the remaining eight guarantees amounting to ₹ 2,614.80 crore are silent on the guarantee commission.

Prior to 1 April 2013, total loans guaranteed by the State Government was ₹ 16,029.57 crore which required payment of guarantee commission at 0.5 per cent per annum or 2 per cent consolidated. If the lower rate of 0.5 per cent per annum is taken, ₹ 80.15 crore was leviable as guarantee commission, against which, ₹ 9.15 crore was collected in 2013-14, resulting in a possible shortfall of ₹ 71.00 crore. The guarantee orders issued by the State Government were not specific and since there is no certainty on the rate at which the guarantee commission was levied on guarantees prior to 2013-14, no estimate on short collection in 2013-14 pertaining to outstanding guarantees given prior to 2013-14 could be made. In respect of loans guaranteed in 2013-14, since it has not been ascertained when the loans were actually availed of, no estimate has been made on short collection of guarantee commission for loans availed during the year.

(iii) Loans and Advances:

The Accountant General (A&E) consolidates the data on Loans and Advances on the basis of the monthly accounts submitted by Treasury Officers and PAOs. These figures require confirmation from the departments concerned which has not been done. Statements 7 and 16 of the Finance Accounts on Loans and Advances have been prepared as per the requirements of the Indian Government Accounting Standards (IGAS) 3, which also stipulates that loans sanctioned without specific terms and conditions governing such loans should be specifically disclosed. This information could not however, be included in Statement 7 for want of details from the State Government. Departmental officers responsible for maintaining detailed accounts of loans have also not confirmed loan balances.

(iv) Investments:

Information on Government investments appearing in Statement 14 of the Finance Accounts is based on the accounts and sanctions received by the Accountant General. These figures require confirmation by the concerned Department (including Finance) and the investee entity. The entire Government investment of ₹ 182.22 crore in 2013-14 was invested in 10 entities that had received investments in previous years also, but did not pay any dividends to the Government at least in the past five years. Out of ₹ 6,384.61 crore invested in these entities as of 31 March 2014, ₹ 60.41 crore was received towards dividend (0.95 per cent of invested amount). No dividend has been received from Rural Banks (2) and Other Joint Stock Companies and

Partnerships (37). The Government has received ₹ 8.10 crore (towards disinvestment in respect of Andhra Pradesh Beverages Corporation Limited), which has been booked against MH 4000-Miscellaneous Capital Receipts.

(v) Write off of Central Loans:

In furtherance of the recommendations of the Thirteenth Finance Commission, Ministry of Finance, Government of India, in a series of orders, all dated 29 February 2012, wrote off loans advanced to the State Government by various Ministries (except those advanced by the Ministry of Finance itself) as on 31 March 2010 towards Central Plan and Centrally Sponsored Schemes. Ministry of Finance permitted the State Governments to adjust the excess repayments of principal and interest made from the effective date of the order (31 March 2010) and its implementation against future repayments to the Ministry of Finance. In respect of the Government of Andhra Pradesh, this excess payment amounted to ₹ 36.36 crore, of which, Ministry of Finance has so far adjusted ₹ 13.92 crore (vide letter dated 14 June 2013). The balance amount of ₹ 22.44 crore (principal: ₹ 11.66 crore, interest: ₹ 10.78 crore) pending adjustment against the loans of the Ministries other than the Ministry of Finance in the books of the State Government overstates Public Debt of the Government to the extent of ₹ 11.66 crore.

(vi) Reserve Funds:

Details of Book adjustments carried out by the Accountant General (A&E) on the contributions of the State Government to various Reserve / Deposit Funds and their utilisation are indicated in Appendix-I A. Details on Reserve Funds and the investments from earmarked funds are available in Statements 18 and 19 respectively. There were 58 Reserve Funds earmarked for specific purposes, out of which 24 funds are inoperative. The total net accumulated balance as at the end of 31 March 2014 in these funds was ₹ 2,687.44 crore (₹ 2,428.80 crore in active funds and ₹ 258.60 crore in inoperative funds). Out of the gross accumulated balance of ₹ 9,010.32 crore to the end of 31 March 2014 lying in these Funds, the State Government had invested ₹ 6,322.88 crore (70 per cent).

The three significant Reserve Funds are given below:

(a) Consolidated Sinking Fund (CSF): On the recommendations of the Twelfth Finance Commission, the State Government revised the guidelines pertaining to the existing Sinking Fund (created in 1999-2000 for the amortization of open market loans) with effect from January 2010. Under these revised guidelines, the State Government is required to make annual contributions to the Fund at 0.5 per cent of the outstanding liabilities at the end of the previous financial year. In terms of guidelines of the Reserve Bank of India (RBI), which administers the Fund, outstanding liabilities are defined as Internal Debt and Public Account liabilities of the State Government. As on 31 March 2013, the outstanding liabilities of the Government of Andhra Pradesh were ₹ 1,69,083.70 crore. Against the requirement of ₹ 845.42 crore, the State Government contributed ₹ 778.92 crore to the Fund, resulting in understatement of Revenue expenditure and overstatement of Revenue Surplus by ₹ 66.50 crore and understatement of Fiscal deficit to this extent. The accumulated shortfall is ₹ 634.06 crore in the Fund, since 2006-07. The

entire corpus of the Fund is invested by the Reserve Bank of India (RBI). Details of transactions in the Fund are given in Statements 18 and 19.

(b) Guarantee Redemption Fund: The State Government set up a Guarantee Redemption Fund in the year 2002-03, which is administered by the RBI. The latest amendment to the Fund issued by the State Government on 24 March 2014, based on the advice of the Reserve Bank of India (RBI), stipulates that it is desirable that the Fund balance constitutes atleast 5 per cent of the outstanding guarantees at the end of previous year. On this basis, 5 per cent of outstanding guarantees as on 31 March 2013 (`16,029.57 crore) amounts to `801.48 crore, against which, the Fund balance as on 31 March 2014 was `849.41 crore (including contribution of `13.00 crore in 2013-14), which was invested by the RBI. Transactions in the Fund are depicted in Statements 18 and 19.

(c) State Disaster Response Fund (SDRF): Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Central and State Governments are required to contribute to the Fund in the proportion of 75:25. When funds available in the SDRF are inadequate to meet immediate expenditure on national calamities, Government of India makes additional releases from the National Disaster Response Fund (NDRF). Following Government of India's release of `1,284.42 crore (SDRF: `520.89 crore, NDRF: `763.53 crore) in 2013-14, the State Government contributed `147.26 crore (against State's required share of `173.63 crore). The short release of `26.37 crore overstated the State Government's Revenue Surplus and understated Fiscal deficit to this extent. During the year the State Government released the entire contribution of `1,431.68 crore to the Fund. The entire balance of `1,431.68 crore available in the Fund in 2013-14 was set off against expenditure initially incurred under the Major Head 2245-Relief on account of Natural Calamities, leaving 'nil' balance in the Fund as of 31 March 2014.

(vii) Central Road Fund (CRF): Government of India releases grants-in-aid to the State Government from CRF for taking up certain specific road works. The State Government, which received `229.92 crore from the CRF in 2013-14 and transferred the entire amount to the Public Account(MH 8449), incurred expenditure of only `71.90 crore (booked under Major Head 5054 Capital Outlay on Roads and Bridges) which was set off against the Fund balance, leaving an outstanding balance of `303.07 crore in the Fund. Short utilization of Government of India's grants aided the State Government in meeting its Fiscal Deficits.

(viii) Suspense and Remittance Balances:

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items / depends on details furnished by the State Treasuries/ Works and Forest Divisions / PAOs etc. Details of significant outstanding Suspense and Remittance Balances are given below:

Name of Minor Head	2013-14			2012-2013			2011-2012		
	Dr	Cr	Net(Dr)	Dr	Cr	Net(Dr)	Dr	Cr	Net(Dr)
	(` in Crore)								
8658-101-PAO Suspense	94.90	(-)15.27	110.17	85.38	(-)14.05	99.43	92.62	(-)3.07	95.69
8658-102-Suspense Account (Civil)	1,028.61	937.12	91.49	925.75	825.40	100.35	835.79	681.00	154.79
8658-110-Reserve Bank Suspense (Central Accounts Office)	2,281.63	2,192.18	89.45	2,175.50	2,148.00	27.50	1,942.45	1,946.19	(-)3.74
8782-102-PW Remittances	132857.31	132452.24	405.07	115708.11	115303.50	404.61	97381.34	97716.88	(-)335.54
8782-103- Forest Remittances	2610.57	2787.46	(-)176.89	2197.74	2329.98	(-)132.24	1862.09	1946.11	(-)84.02

(ix) MH 8670 Cheques and Bills:

Credit balance under MH 8670 Cheques and Bills indicates cheques issued which remained unencashed as on 31 March. The closing balance at the end of 2012-13 was ` 100.58 crore (Debit). During 2013-14, cheques worth ` 23,362.00 crore were issued, against which cheques worth ` 23,083.11 crore were encashed, leaving a closing balance of ` 178.31 crore (Credit) as on 31 March 2014, which indicates that the misclassification in the accounts in the previous year is yet to be reconciled by the treasuries and PAO's. Since the balance in Major Head 8670 is a progressive balance (being under Public Account), an outstanding credit balance indicates that the expenditure originally booked in various financial years under different functional major heads, has not actually resulted in any cash outflow to the Government of Andhra Pradesh till 31 March 2014.

(x) Summary of Balances:

Ledger and Broadsheet figures depicted in Annexures A and B to Appendix VIII of the Finance Accounts are based on the compiled accounts (representing the Ledger) and supporting vouchers (representing the Broadsheet) rendered by the Accounts Rendering Units (treasuries etc.) to the Accountant General (A&E). Though differences between the Ledger and Broadsheet do not have any impact on Cash Balance of the State Government, the completeness of accounts is impacted to the extent these two figures tally.

(xi) Contingency Fund:

The Government of Andhra Pradesh set up a Contingency Fund under Article 267(2) of the Constitution of India with a corpus of ` 50.00 crore. Advances from this Fund are made for purposes of meeting unforeseen expenditure which are resumed to the Fund to the full extent as soon as the State Legislature authorizes the additional expenditure. During the Financial Year 2013-14 forty eight (48) sanctions aggregating ` 28.25 crore have been issued out of which,

₹ 25.41 crore was met from the Fund. ₹ 21.95 crore was recouped to the Contingency Fund during the year, leaving ₹ 3.45 crore un-recouped under Major Head 4701 Capital Outlay on Medium Irrigation. Since un-recouped amounts represent expenditure not met out of the Consolidated Fund, the Fiscal Deficit of the Government is understated to this extent.

(xii) Direct transfer of Central Scheme Funds to implementing Agencies in the State (Funds routed outside State Budget):

The Union Government transfers substantial funds directly to State Implementing Agencies/ Non-Government Organisations (NGOs) for implementation of various schemes / programmes. These funds are not routed through the State Budget / State Treasuries and are therefore, not reflected in the accounts of the Government. The details given in Appendix-VII are therefore, captured from the Central Plan Schemes Monitoring System (CPSMS) portal of the Controller General of Accounts.

(xiii) Discharge of Government's obligations for payment of interest on balances under interest bearing obligations in the Public Account of the State:

The State Government is required to pay interest on uninvested balances lying under J (a) Reserve Funds bearing interest and K (a) Deposits bearing interest. Such uninvested balances amounted to ₹ 47.16 crore (as on 1 April 2013) and ₹ 49.00 crore (as on 31 March 2014) lying in J (a) Reserve Funds and ₹ 4,145.79 crore (as on 1 April 2013) and ₹ 4,421.86 crore (as on 31 March 2014) lying in K (a) Deposits. Taking the opening balance under Defined Contribution Pension Scheme as on 1 April 2013 (₹ 703.74 crore) and applying the interest rate of 8.7 per cent (applicable to the balances in the General Provident Fund account) in respect of this balance, interest of ₹ 61.22 crore was payable by the State Government. Similarly, in respect of the opening balances under J (a) Reserve Funds and K (a) Deposits (less opening balance of ₹ 703.74 crore under the Defined Contribution Pension Scheme), as on 1 April 2013 and applying the interest rate of 7.5 per cent (average rate of interest applicable on Ways and Means Advances), the State Government was required to pay ₹ 261.69 crore as interest. However, no budget provision was made and consequently interest obligation amounting to ₹ 322.91 crore was not discharged by the State Government, resulting in understatement of Revenue Expenditure, and consequent overstatement of Revenue Surplus and understatement of Fiscal Deficit to this extent.

(xiv) Disclosures under the Andhra Pradesh Fiscal Responsibility and Budget Management (FRBM) Act, 2005

As per the Andhra Pradesh Fiscal Responsibility and Budget Management Rules, 2006, the State Government shall, at the time of presenting the budget, make various disclosures. The budget of 2013-14 did not make the following disclosures: Weighted Average Interest Rate on State Government Liabilities, Statement of Assets, Tax Revenue raised but not realized, and Statement of miscellaneous Liabilities outstanding.

Targets fixed by the State Government in APFRBM Act, 2005 and the rules framed there under, and ceilings fixed by the Thirteenth Finance Commission, and achievements as per the accounts of

2013-14 are given below:

Sl.No	Targets for 2013-14	Achievements in 2013-14
1.	Revenue Surplus :To be maintained	Revenue Surplus: ` 344.33 crore
2.	Fiscal Deficit: 3 per cent of GSDP	` 18,041 crore (2.11 per cent of GSDP)
3.	Outstanding Liabilities: Not to exceed 28.20 per cent (as per 13 th Finance Commission recommendations) and not to exceed 27.6 per cent of GSDP by the end of 2015 (as per FRBM Act as amended in Act 8 of 2011)	24.46 per cent of GSDP
4.	Annual incremental risk weighted Guarantees: 90 per cent of the Total Revenue Receipts (TRR) in the year preceding the current year.	` 15,123.59 crore (14.57 per cent of Total Revenue Receipts (TRR) of ` 1,03,830.28 crore in 2012-13. Outstanding Guarantees as on 31 March 2014: ` 31,153.16 crore (30 per cent of TRR of ` 1,03,830.28 in 2012-13).

Note:(1) GSDP figure at current prices for 2013-14: ` 8,54,822 crore (Source: Figures released by Central Statistical Organisation, Government of India in August 2014).

(xv) Committed Liabilities:

The Appendix on committed liabilities has not been incorporated for want of information from the State Government. The accounts are therefore incomplete to that extent.

(xvi) Impact of incorrect/ inadequate booking on Revenue Surplus/Fiscal Deficit:

Impact of incorrect budgeting and short/ excess booking under Revenue heads of accounts (details given in preceding paragraphs), on revenue surplus of the State Government is given below:

Para no	Item	Impact on Revenue Surplus/ Fiscal Deficit (` in crore)			
		Revenue Surplus		Fiscal Deficit	
		Over statement	Under statement	Over statement	Under statement
1(v)	Misclassifications between Revenue and Capital Expenditure	346.56	...	...	...
3(vi) (a)	Short contribution to Consolidated Sinking Fund	66.50	...	...	66.50
3(xii)	Discharging of Governments' obligations for payment of interest	322.91	...	...	322.91
3 (x)	Unrecouped balance in Contingency Fund	...	...	...	3.45
Total		735.97	...	...	392.86

APPENDIX-I A
(Refer to Para 1(ii) at page 23)

STATEMENT OF PERIODICAL / OTHER ADJUSTMENTS

Sl. No.	Book Adjustment	Head of Account		Amount ()	Remarks
		From	To		
A.	Periodical Adjustments-				
1.	Appropriation for reduction or avoidance of debt	2048-101-05-320 Appropriation for reduction or avoidance of Debt	8222-01-101-04-001 Sinking Funds	778,91,86,000	State's Contribution to Sinking Fund
2.	A.P. State Government Insurance Fund	8011-105 & 107 Insurance and pension Funds	2235-60-902 & 903 Social Security and Welfare	21,85,01,450	Amount met from A.P. State Government Life Insurance Fund
3.	Guarantee Redemption Fund	2070-797-10-320 Other Administrative Services	8235-117-04-001 General and Other Reserve Funds	13,00,00,000	Contribution to Guarantee Redemption Fund
4.	Contributory Pension Scheme	2071-01-117-04 Pensions and Other Retirement benefits	8342-117-04-002 Other Deposits	482,45,49,631	Government's contribution towards Defined Contribution Pension Scheme.
5.	State Disaster Response Fund	2245-05-101-04-001 Relief on account of Natural Calamities	8121-00-122-01-001 General and Other Reserve Funds	668,15,00,000	Contribution to State Disaster Response Fund
6.	Insurance and Pension Funds	2049-03-108-05-450 Interest payments	8011-00-105-01-000 Insurance and pension Funds	235,09,72,506	Interest on Pension & Insurance Fund, etc.
7.	A.P. State Employees Group Insurance Funds	2049-03-108-07-450 Interest payments	8011-107-01-003 Insurance and pension Funds	4563,23,009	Interest on A.P. Group Insurance Fund

APPENDIX-I A

STATEMENT OF PERIODICAL / OTHER ADJUSTMENTS

Sl. No.	Book Adjustment	Head of Account		Amount (₹)	Remarks
		From	To		
8.	Adjustment of Prorata Charges	2210-06-101-11-97-630/632 Medical and Public Health	2210-80-800-90-630/631 Medical and Public Health	7,39,391	Transfer of repair Charges-Prorata adjustment of Vehicle charges
9.	Adjustment of Prorata Charges	2211-104-10-97-630/632 Family Welfare	2210-80-800-90-630/631 Medical and Public Health	54,92,060	Transfer of repair Charges-Prorata adjustment of Vehicle charges
10.	Adjustment of Prorata Charges	2210-01-110-96-06 Medical and Public Health	2210-80-800-90-630/631 Medical and Public Health	71,35,520	Transfer of repair Charges- Prorata adjustment of Vehicle Charges.
11.	Religious and Charitable Endowment Funds	8235-00-103-01-000 General and Other Reserve Funds	2250-902-90-630 Other Social Services	46,77,86,841	Amounts met from Hindu Charitable Funds
12.	General Provident Fund	2049-03-104 Interest Payments	8009-01-101 State Provident Funds	708,47,83,699	Interest adjustment on General Provident Fund
13.	Sericulture Development Fund	2851-797-04-630 /631 Village and Small Industries	8229-106-04 Development and Welfare Funds	1,43,00,000	Transfer to Sericulture Development Fund
14.	Sericulture Development Fund	8229-00-106-04-000 Development and Welfare Funds	2851-00-902-90-630-631 Village and Small Industries	20,50,686	Expenditure met from Sericulture Development Fund
15.	State Disaster Response Fund	8121-122-01-001 General and Other Reserve Funds	2245-05-901-96-001 Relief on account of Natural Calamities	668,15,00,000	Expenditure met from State Disaster Response Fund

APPENDIX-I A

STATEMENT OF PERIODICAL / OTHER ADJUSTMENTS

Sl. No.	Book Adjustment	Head of Account		Amount ()	Remarks
		From	To		
16.	National Disaster Response Fund	8121-122-01-002 General and Other Reserve Funds	2245-05-901-96-002 Relief on account of Natural Calamities	763,53,00,000	Expenditure met from National Disaster Response Fund
17.	A.P. Rural Development Fund	2515-797-04-630/361 Other Rural Development Programmes	8229-200-09-000 Development and Welfare Funds	691,89,81,000	Transfer to AP Rural Development Fund
18.	A.P. Rural Development Fund	8229-00-200-09-000 Development and Welfare Funds	5054-04-903-96-630-631 Capital Outlay on Roads and Bridges	311,17,70,439	Amount met from A.P. Rural Development Fund
19.	A.P. Rural Development Fund	8229-00-200-09-000 Development and Welfare Funds	2515-00902-96-630/631 Rural Dev Programmes	47,26,30,644	Amount met from A.P. Rural Development Fund
20.	Central Road Fund	3054-04-797-11-04-631 Roads and Bridges	8449-00-103 Other Deposits	229,92,00,000	Transfer to Central Road Fund
21.	Central Road Fund	8449-00-103 Other Deposits	5054-04-902-11-90-630 Capital Outlay on Roads and Bridges	71,90,24,279	Amount met from Central Road Fund
22.	Srisailem Hydro-electric scheme	2801-01-105-80-450 Power	0049-04-103-01-000 Interest Receipts	70,95,59,000	Interest on Capital of Srisailem Hydro electric (Joint) Scheme
23.	Major Irrigation	2700-01-101 to 181-80-450 Major Irrigation	0049-04-103-01-000 Interest Receipts	7153,11,28,347	Prorata notional interest payable

APPENDIX-I A

STATEMENT OF PERIODICAL / OTHER ADJUSTMENTS

Sl. No.	Book Adjustment	Head of Account		Amount ()	Remarks
		From	To		
24.	Medium Irrigation	2701-03-101 to 242-80-450 Medium Irrigation	0049-04-103-01-000 Interest Receipts	475,66,37,837	Prorata notional interest payable
25.	Drainage & Flood Control	2711-03-103-04 to 10-450 Flood Control and Drainage	0049-04-103-01 & 03-000 Interest Receipts	107,94,83,000	Prorata notional interest payable
26.	Drainage & Flood Control	2711-03-797-04-630/631- Transfer of cess	8235-200-01	2,100	Transfer of cess to KG&P drainage cess fund
27.	Inland water Transport	3056-00-104-04 & 05-450 Inland Water Transport	0049-04-103-01 & 04-000 Interest Receipts	2,16,01,000	Prorata notional interest payable
B.	Other Adjustments				
1.	Lapsed Deposits	8443-101-01-000 Revenue Deposits	0075-101-01 Miscellaneous General Services	30,71,34,765	Lapsing of Revenue Deposits
2.	Lapsed Deposits	8443-103-01-000 Security Deposits	0075-101-01 Miscellaneous General Services	4,76,124	Lapsing of Security Deposits
3.	Lapsed Deposits	8443-104-01-000 Civil Court Deposits	0075-101-01 Miscellaneous General Services	1,62,489.42	Lapsing of Civil Court Deposits
4.	Lapsed Deposits	8443-105-01-000 Criminal Court Deposits	0075-101-01 Miscellaneous General Services	62,01,570.25	Lapsing of Criminal Court Deposits
5.	Lapsed Deposits	8443-111-01-000 A.P. Cinema act	0075-101-01 Miscellaneous General Services	2,03,500	Lapsing of Other Deposits
6.	Lapsed Deposits	8443-116-01-000 Labour Act	0075-101-01 Miscellaneous General Services	55,27,387	Lapsed Deposits of Labour Act
7.	Lapsed Deposits	8443-117-01-000 Deposits for work done for public bodies	0075-101-01 Miscellaneous General Services	7,38,24,404	Lapsing of work done Deposits

APPENDIX-I A

STATEMENT OF PERIODICAL / OTHER ADJUSTMENTS

Sl. No.	Book Adjustment	Head of Account		Amount ()	Remarks
		From	To		
8.	Lapsed Deposits	8443-121-01-000 Election Deposits	0075-101-01 Miscellaneous General Services	44,49,375	Lapsing of Election Deposits
9.	Market Loans	6003-00-101-02- 025-Market loans	0075-800-81-000 Miscellaneous General Services	13,95,400	Market loans(unclaimed balances) (written-off)
10.	Inter state suspense	8793-104-000	2071-01-101-04- 040-041	7,73,54,792	Allocation of pension payment among other states
11.	Inter state suspense	8793-108-000	2071-01-105-04- 040-041	13,57,36,591	Allocation of pension payment among other states
12.	Inter state suspense	8793-111-000	2071-01-103-04- 040-041	52,39,952	Allocation of pension payment among other states
13.	Interest on loans	6875-60-190-03- 04-001-Loans to other industries	0049-04-190-25	33,25,161	Excess amount paid by Nizam Sugars Ltd transferred to 0049
14.	Loans to Govt servants	2075-00-795-04- 640-Misc Genl Services	7610-00-201-05- Loans to Govt Servants	19,42,221	Write-off of outstanding balances of HBA
15.	Loans to Govt servants	2075-00-795-05- 640-Misc Genl Services	7610-00-202-05- Loans to Govt Servants	375	Write-off of outstanding balances of HBA
16.	Loans to Govt servants	2075-00-795-04- 640-Misc Genl Services	7610-00-800-05- Loans to Govt Servants	350	Write-off of outstanding balances of other advances
17.	COL on co-operatives	4425-108-10-22- 540	4000-01-105-01- 000	50,76,344	Capital disinvestment of coop societies
18.	COL on co-operatives	4425-107-10-04- 540	4000-01-105-01- 000	1,20,795	Capital disinvestment of coop societies

Note: - 'Dr' item of Transfer entries are given under "From" column and 'Cr' items under 'To' column.

APPENDIX-I B
(Refer to in Para 2(ii) at page 24)

**STATEMENT OF RECEIPTS SHOWING MAJOR HEAD WISE RECEIPTS
UNDER MH 800 FOR THE YEAR 2013-14**

Major Head	Total Receipts including MH 800	Receipts under MH 800	Percentage of Column 3 to Column 2
	(₹ in Lakh)		
0515 Other Rural Development Programmes	6,89,30.29	6,89,30.29	100.00
0700 Major Irrigation	1,91,79.69	1,89,26.34	98.68
0075 Miscellaneous General Services	2,09,45.47	1,41,79.82	67.70
1051 Ports and Light Houses	1,29,37.27	1,29,37.27	100.00
0406 Forestry and Wild Life	2,03,64.69	1,08,40.79	53.23
1456 Civil Supplies	39,97.45	40,06.18	100.22
1054 Roads and Bridges	40,48.67	39,16.37	96.73
0425 Co-operation	24,84.15	22,21.64	89.43
0701 Medium Irrigation	15,02.75	15,02.75	100.00
0211 Family Welfare	7,92.74	7,92.74	100.00
0702 Minor Irrigation	7,98.02	7,83.28	98.15
0235 Social Security and Welfare	5,56.07	5,56.07	100.00
0056 Jails	4,96.08	4,96.08	100.00
1452 Tourism	4,89.76	4,89.76	100.00
0506 Land Reforms	2,55.61	2,55.61	100.00
0401 Crop Husbandry	3,10.46	2,23.74	72.07
0405 Fisheries	3,79.41	2,08.71	55.01
0058 Stationery and Printing	1,47.63	1,00.40	68.01
0217 Urban Development	91.02	91.02	100.00
0875 Other Industries	0.47	0.47	100.00
1056 Inland Water Transport	0.02	0.02	100.00

APPENDIX-I C
(Refer to in Para 2(ii) at page 24)

**STATEMENT OF EXPENDITURE SHOWING MAJOR HEAD WISE EXPENDITURE
UNDER MH 800 FOR THE YEAR 2013-14**

Major Head	Total Expenditure including MH 800	Expenditure under MH 800	Percentage of Column 3 to Column 2
(in Lakh)			
2801 Power	74,07,45.19	72,43,28.67	97.78
2236 Nutrition	40,76,75.11	31,45,55.00	77.16
5054 Capital Outlay on Roads and Bridges	26,88,71.11	27,79,82.77	103.39
3054 Roads and Bridges	16,91,97.84	10,06,10.22	59.46
5475 Capital Outlay on Other General Economic Services	9,71,27.49	7,80,63.43	80.37
2501 Special Programmes for Rural Development	8,54,10.37	6,15,45.71	72.06
2852 Industries	2,39,95.75	1,96,15.25	81.74
4070 Capital Outlay on Other Administrative Services	65,22.77	65,22.77	100.00
4875 Capital Outlay on Other Industries	64,52.87	64,52.87	100.00
2810 New and Renewable Energy	4,99.61	4,99.61	100.00
2875 Other Industries	4,97.22	4,75.00	95.53
4852 Capital Outlay on Iron and Steel Industries	2,22.41	2,22.41	100.00
5053 Capital Outlay on Civil Aviation	2,00.00	2,00.00	100.00
4401 Capital Outlay on Crop Husbandry	61.88	61.88	100.00

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