

Preface

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

Chapters 1 and 2 of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009. Information has also been obtained from the Government of Uttar Pradesh, wherever necessary. Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year 2008-09.

The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on revenue receipts are presented separately.

Executive Summary

Background

In February 2004, Government of Uttar Pradesh responded to the Twelfth Finance Commission's recommendation by legislating its "Fiscal Responsibilities and Budget Management Act" (FRBM) setting out a reform agenda through fiscal correction path in the medium term with the long-term goal of securing growth with stability for its economy. The State Government's commitment to carry forward these reforms is largely reflected in certain policy initiatives announced in the budgets subsequently. While the benefits of FRBM legislation have been realised to a great extent already, in terms of key fiscal indicators, the policy initiatives to augment its resources by implementing VAT, bringing new items in tax net and according priority to capital expenditure will go a long way in building up the much needed 'fiscal space' for promoting fiscal stability and improving quality of public expenditure.

C&AG's reports have been commenting upon the Government's finances since the FRBM legislation of 2004 and have since then published three reports. As these comments formed part of the civil audit report containing audit findings on compliance and performance audit, it was felt that the audit findings on State finances did not get proper attention of the stakeholders. In recognition of the need to bring State finances to centre-stage, it was thought appropriate to bring out a separate report on State Government finances to highlight these findings.

The report

Based on the audited accounts of the Government of Uttar Pradesh for the year ending March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of Uttar Pradesh Government's fiscal position as on 31 March 2009. It provides an insight into trends in committed expenditure, borrowing pattern, besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

Chapter 2 is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were

managed by the service delivery departments.

Chapter 3 is an inventory of Uttar Pradesh Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collected from several sources in support of the findings.

Audit findings and recommendations

Return to fiscal correction: Uttar Pradesh Government's fiscal gains of 2007-08 showed deterioration in the year 2008-09. The Sixth Pay Commission award also put pressure on the committed expenditure. The fiscal position will be strengthened through concerted efforts in tax compliance focusing on regaining tax arrears, recovery of the cost of maintenance of the irrigation projects, timely completion of projects of Irrigation and Public Works departments and making these projects a source of revenue, cutting non-productive expenditure and discouraging market borrowings (Paragraph 1.9.1).

Greater priority to public expenditure: In comparison to the National average, although the Government gave adequate fiscal priority to the capital expenditure during 2008-09, *per capita* capital expenditure was below the National average. Greater priority needs to be given to development and social sector expenditure to bring UP at par with other States. *Per capita* expenditure in UP on developmental and social sector expenditure is lower than the all States average. In view of this, the Government may consider re-prioritising its public expenditure (Paragraph 1.5.1).

Review of Government investments: The average return on Government's investments in Statutory corporations, Government companies, joint stock companies and co-operatives was 0.007 *per cent* in the last three years, whereas its average interest outgo was 6.49 *per cent* (Paragraph 1.6.3) on its borrowings during the corresponding period. This is clearly an unsustainable proposition. The State Government should, therefore, seek better value for money in investments. Otherwise, high-cost of borrowed funds invested in projects with low financial return will continue to strain the economy. Projects which are justified on account of low financial but high socio-economic return may be identified and prioritised with full justification for the high-cost borrowings. The working of State-owned public sector undertakings, incurring huge losses may be reviewed and appropriate decision for their closure or otherwise may be taken depending on their strategic value and revival potential.

Prudent cash management: The cost of holding surplus cash balances is high. In 2008-09, interest received on investment of cash balances in RBI's Treasury Bills was only 4.08 *per cent* while the Government borrowed at interest rate of 6.06 *per cent* (Paragraph 1.6.6). Proper debt management through advanced planning could minimise the need to hold large cash surpluses.

Debt sustainability: The Government of Uttar Pradesh should endeavour to achieve the

normative debt-GSDP ratio as specified in Fiscal Reform legislation so that the total liabilities at the end of the financial year 2018 do not exceed 25 *per cent* of the estimated GSDP (Paragraph 1.7.3). About 96 to 97 *per cent* of borrowed funds were used for discharging debt liabilities in last two years, leading the State to a debt trap. The Government should use borrowed funds as far as possible only to fund capital expenditure. The revenue expenditure should be met from revenue receipts. Besides, maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear monitoring of the maturity profile of debt payments will go a long way in prudent debt management.

Financial management and budgetary control: Overall savings of Rs 17,437.70 crore was the result of savings of Rs 21,790.88 crore offset by excess of Rs 4,353.18 crore (Paragraph 2.2). The departments of Planning, Women and Child Welfare, Home (Police), Finance (Debt Services and Other Expenditure) posted large savings persistently for the last five years (Paragraph 2.3.2). Excess of Rs 3,399.42 crore requires regularisation under Article 205 of the Constitution of India (Paragraph 2.3.5). There were also instances of unnecessary/inadequate supplementary provision and excessive, unnecessary re-appropriations of funds. Besides, there were many cases of substantial surrenders/non-surrender of anticipated savings. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management (Paragraph 2.3.12). Detailed bills were not submitted for large amount of advances drawn on abstract contingent bills (Paragraph 2.4). The position of the Personal Ledger Accounts was also unsatisfactory as huge amounts were parked therein against the principle of legislative financial control.

Budgetary control should be strengthened in all Government departments particularly in four departments where savings occurred persistently during the last five years. Excessive/unnecessary re-appropriation of funds should be avoided and reasons for additional provision/withdrawal of provision in re-appropriation order should be explained therein. Unit-wise control over expenditure should be exercised and the savings anticipated should be surrendered to the Finance department so that the funds could be utilised for development purposes. The re-appropriation of the funds at the close of the financial year should also be minimised.

Financial reporting: State Government's compliance with various rules, procedures and directives was lax as evident from delays in furnishing utilisation certificates against the loans and grants by various grantee institutions. Delays were also noticed in submission of annual accounts by some autonomous bodies and departmental undertakings. There were instances of losses and misappropriations (Paragraph 3.4). Departmental enquiries in such cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases in future.

Finances of the Government

This chapter provides a broad perspective of the finances of the Government of Uttar Pradesh during the year 2008-09 and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. The analysis is based on Finance Accounts of the Government and information obtained from it. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Box 1.1** (page: 2).

► 1.1 Summary of current year's fiscal transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09), *vis-à-vis*, previous year while **Appendix 1.1** provides details of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.1: Summary of fiscal operations

(Rupees in crore)

Receipts			Disbursements			
	2007-08	2008-09		2007-08	2008-09	
Section A	Total	Total	Section A	Total	Non-Plan	Plan
Revenue Receipts	68,672.47	77,830.73	Revenue expenditure	65,223.21	58,677.55	17,291.34
Tax revenue	24,959.32	28,658.97	General services	26,550.75	29,557.38	211.94
Non-Tax Revenue	5,816.01	6,766.55	Social services	23,085.57	16,961.79	11,584.22
Share of Union Taxes/ Duties	29,287.74	30,905.72	Economic services	12,037.40	8,654.17	5,495.18
Grants from Govt	8,609.40	11,499.49	Grants-in-aid and Contributions	3,549.49	3,504.21	---
Section B			Section B			
Miscellaneous Capital Receipts	---	---	Capital Outlay	16,950.38	4,258.23	18,087.49
Recoveries of Loans and Advances	448.61	778.09	Loans and Advances disbursed	741.96	416.68	390.33
Public Debt Receipts ²	9,078.70	16,760.03	Repayment of Public Debt	5,368.87	6,776.49	--
Contingency Fund	603.78	170.92 ³	Contingency Fund	116.72	---	--
Public Account Receipts	77,870.18	1,04,251.96	Public Account disbursements	68,560.32	1,00,026.64	--
Opening Cash Balance	15,487.88	15,200.16	Closing Cash Balance	15,200.16	9,067.14	--
Total	1,72,161.62	2,14,991.89	Total	1,72,161.62	1,79,222.73	35,769.16

Source : Finance Accounts

¹Includes external assistance of Rs 249.80 lakh.

²Excluding net transactions under ways and means advances and overdraft.

³Represents recoupment of the expenditure met out of the fund up to 31 March 2008.

Box 1.1

Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled 'The Consolidated Fund of State' established under Article 266 (1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267 (2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

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

Layout of Finance Accounts

Statement No	Layout
1	Summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements, etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.
2	Summarised statement of capital outlay showing progressive expenditure to the end of 2008-09.
3	Financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
4	Summary of debt position of the State which includes internal debt, borrowing from Government of India, other obligations and servicing of debt.
5	Summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.
6	Summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
7	Summary of cash balances and investments made out of such balances.
8	Summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
9	Revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure.
10	Distribution between the charged and voted expenditure incurred during the year.
11	Detailed account of revenue receipts by minor heads.
12	Accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure, major head wise.
13	Detailed capital expenditure incurred during and to the end of 2008-09.
14	Details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, etc. up to the end of 2008-09.
15	Capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure.
16	Detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
17	Detailed account of debt and other interest bearing obligations of the Government of Uttar Pradesh.
18	Detailed account of loans and advances given by the Government of Uttar Pradesh, amount of loan repaid during the year and the balance as on 31 March 2009.
19	Details of earmarked balances of reserve funds.

Following are the significant changes during 2008-09 over the previous year:

Revenue receipts grew by Rs 9,158 crore (13 *per cent*) over the previous year. The increase was mainly contributed by tax revenue (Rs 3,700 crore; 15 *per cent*) and grants-in-aid from GOI (Rs 2,888 crore; 34 *per cent*).

Revenue expenditure and capital expenditure increased by Rs 10,746 crore (16 *per cent*) and Rs 5,396 crore (32 *per cent*) respectively over the previous year.

Recoveries of Loans and Advances increased by Rs 329 crore (73 *per cent*). Their disbursement also increased by Rs 65 crore (nine *per cent*) over the previous year.

Public Debt receipts increased by Rs 7,681 crore (85 *per cent*) over previous year mainly due to increase in Internal Debt receipts. Repayment of Public Debt also increased by Rs 1,407 crore (26 *per cent*) over the previous year.

Public Account receipts and disbursements increased by Rs 26,382 crore (34 *per cent*) and Rs 31,466 crore (46 *per cent*) respectively over the previous year.

The closing cash balance of the Government decreased by Rs 6,133 crore (40 *per cent*) from the level of Rs 15,200 crore in the previous year.

Box 1.2

Fiscal Responsibility and Budget Management (FRBM) Act, 2004

The Government enacted the FRBM Act, 2004 to ensure fiscal stability and sustainability, and to enhance the scope for improving social and physical infrastructure and human development by achieving sufficient revenue surplus, reducing fiscal deficit and removing impediments to the effective conduct of fiscal policy and prudent debt management through limits on borrowings, government guarantees, debt and deficits, greater transparency in fiscal operations and use of a medium term fiscal frame work and for matters connected therewith or incidental thereto. The Government was also made responsible to lay Medium Term Fiscal Restructuring Policy along with the annual budget in the House, setting forth five year rolling targets for fiscal indicators and make rules for carrying out the provisions of the Act. FRBM Rules were notified in October 2006. The following fiscal targets were set therein for the State Government to give effect to the principles of fiscal management as laid down in the Act.

Reduce revenue deficit to nil within a period of five financial years beginning from 1st day of April 2004 and ending on 31st day of March 2009.

Reduce fiscal deficit to not more than three *per cent* of the estimated GSDP by 31 March 2009.

Ensure within a period of 14 financial years beginning from the initial financial year on 1st day of April 2004 and ending on the 31 March 2018, that the total liabilities at the end of last financial year do not exceed 25 *per cent* of the estimated GSDP for that year.

Ensure not to give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of the coming into force of the Act or any rules or law to be made by the State Government subsequent to coming into force of this Act.

Further, the revenue deficit and fiscal deficit may not exceed the limits specified in the Act except on the ground(s) of unforeseen demands arising out of internal disturbances or natural calamities subject to the condition that the excess does not exceed the actual fiscal cost attributed to the calamities.

In light of the recommendations of the TFC, the Government developed its own FCP indicating the milestones of outcome indicators with target dates of implementation during the period from 2004-05 to 2009-10 (**Appendix 1.2**) keeping in view the fiscal targets laid down in the FRBM Act and the anticipated annual rate of reduction of fiscal deficit worked out by the Government of India for the TFC award.

The fiscal performance of the Government, *vis-à-vis*, normative projections made by the TFC, projections made by the Government in its FCP and MTFRPS for 2008-09 is indicated in **Table 1.2**.

Table 1.2: Fiscal performance with reference to TFC, FCP and MTFRP norms

(Rupees in crore)

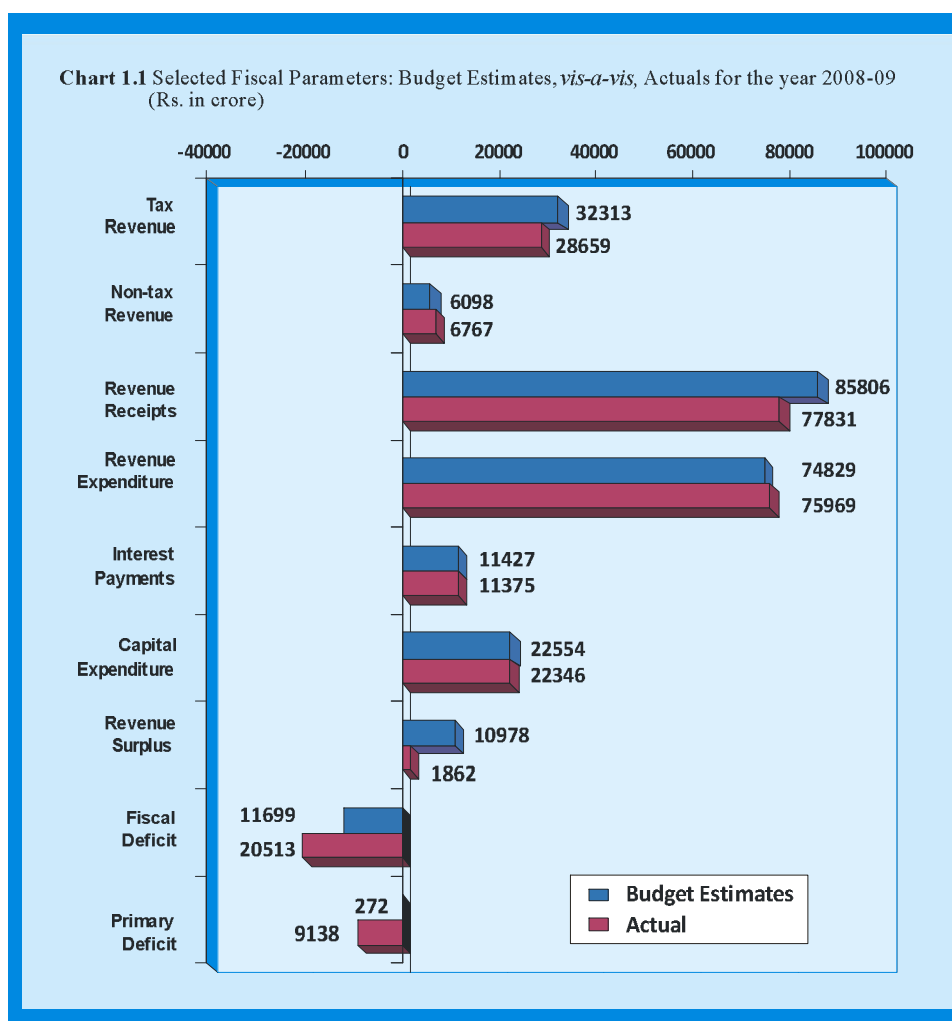
Key fiscal variables	TFC	FCP 2008-09	MTFRP 2008-09	Actual	Variations {Excess (+) and Shortfall (-)}		
					TFC	FCP	MTFRP
					Per cent in bracket		
States Own Tax Revenue	29,333.24	29,660.36	32,313.00	28,658.97	(-) 674.27 (2.3)	(-) 1,001.39 (3.4)	(-) 3,654.03 (11.3)
Non-Tax Revenue	4,269.12	2,931.74	6,098.45	6,766.55	(+) 2,497.43 (58.5)	(+) 3,834.81 (130.8)	(+) 668.10 (11)
NPRES	44,674.95	58,408.66	57,525.84	58,677.55	(+) 14,002.60 (31.3)	(+) 268.89 (0.5)	(+) 1151.71 (2)

Source: TFC's recommendations, State Budget and Finance Accounts

State's own tax revenue in terms of the targets of the Twelfth Finance Commission and projections made by the Government in the FCP and MTFRP was 98 *per cent*, 97 *per cent* and 89 *per cent* respectively. The performance under non-tax revenue, however, registered an improvement compared to the Twelfth Finance Commission's targets (58 *per cent*), FCP (131 *per cent*) and MTFRP (11 *per cent*) norms. This improvement was mainly because of receipt of debt relief (Rs 1,063.82 crore) given by the Government of India and credited to non-tax revenue of the State Government. NPRES, however, exceeded

the normative projections of the Twelfth Finance Commission by 31 *per cent* (Rs 14,002.60 crore) although it remained close to the projections in the FCP and MTFRP.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters for the year 2008-09.



Relative to the budget estimates, the Government's overall revenue receipts were short by Rs 7,975 crore (nine *per cent*). The shortfall occurred under tax revenue (3,654 crore; 11 *per cent*), share of Union Taxes and Duties (Rs 3,800 crore; 11 *per cent*) and Grants-in-Aid from GOI (Rs 1,189 crore; nine *per cent*). Significant shortfalls were noticed under Taxes on Sales, Trade etc., (Rs 2,223 crore; 11 *per cent*), Stamps and Registration fee

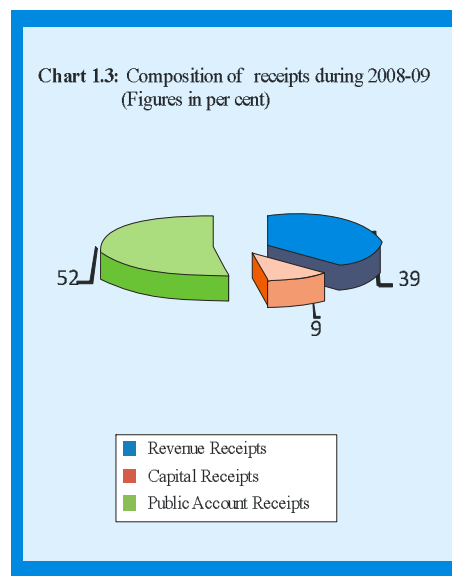
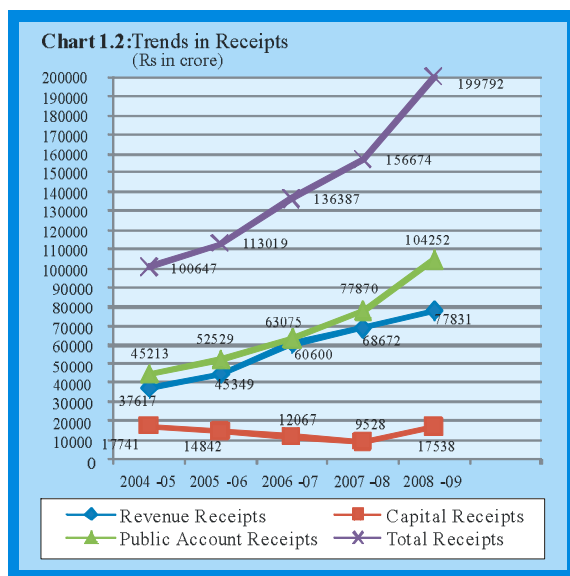
(Rs 1,232 crore; 23 per cent), Taxes on Goods and Passengers (Rs 471 crore; 64 per cent) and State Excise (Rs 320 crore; six per cent). Non-tax revenue registered an increase of Rs 669 crore (11 per cent) during the year. The increases were noticed in Education, Sports, Art and Culture (Rs 1,001 crore; 1,254 per cent), Miscellaneous General Services (Rs 554 crore; 48 per cent), Medical and Public Health (Rs 545 crore; 741 per cent), Medium Irrigation (Rs 204 crore; 358 per cent), Forestry and Wild Life (Rs 87 crore; 47 per cent) and Dividends and Profits (Rs 44 crore; 737 per cent). The wide variations between the budget estimates and the actuals indicated inaccurate estimation of revenue receipts.

► 1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

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

While **Chart 1.2** depicts trends in various components of the receipts during 2004-09, **Chart 1.3** depicts composition of resources of the State during 2008-09.



Total receipts of the State increased (99 *per cent*) from Rs 1,00,647 crore in 2004-05 to Rs 1,99,792 crore in 2008-09. Though there was an increasing trend in the revenue receipts during the period 2004-09, the capital receipts declined by 46 *per cent* from Rs 17,741 crore in 2004-05 to Rs 9,528 crore in 2007-08. During 2008-09, these registered an increase of 84 *per cent* over the preceding year. The increase was attributable to increase in the public debt receipts which create future repayment obligations. Sharp increase in the Public Account receipts during 2008-09 was mainly due to increase in Suspense and Miscellaneous (46 *per cent*), Remittances (44 *per cent*) and Deposits and Advances (16 *per cent*). However, if these receipts are netted out against the disbursements, the net increase would be Rs 312.91 crore under Suspense and Miscellaneous while it declined by Rs 5,208.05 crore under Deposits and Advances and Rs 195.57 crore under Remittances relative to the previous year.

1.2.2 Funds transferred to State implementing agencies outside state budget

GOI transfers funds directly to the State implementing agencies for implementation of various schemes/programmes. As the funds are not routed through the state budget, the Finance Accounts do not capture their flow and to that extent, State's receipts, expenditure and other fiscal variables/ parameters derived from them are underestimated. The position of GOI transfer of funds directly to State implementing agencies along with the State's share is presented in **Table 1.3**.

Table 1.3: Funds transferred directly to State implementing agencies

(Rupees in crore)

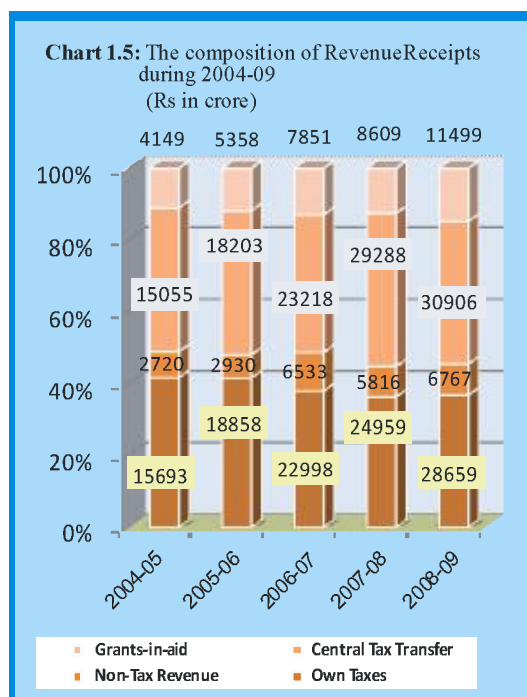
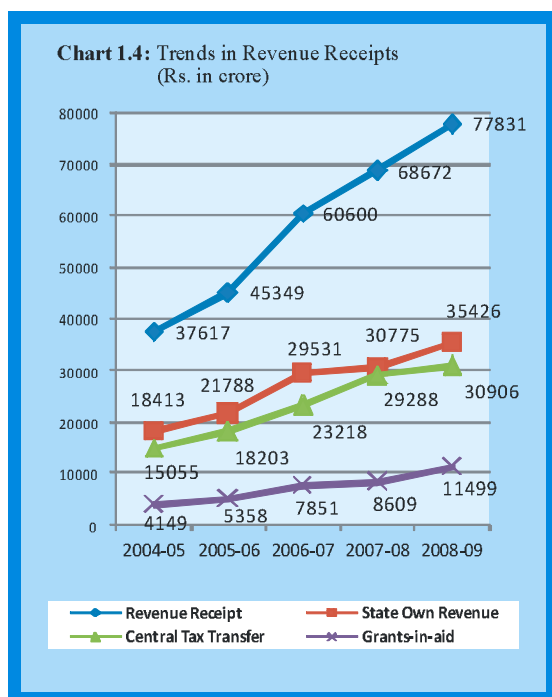
Programme/ Scheme	Implementing agency in the State	2007-08			2008-09		
		Central share	State share	Total	Central share	State share	Total
National Rural Health Mission	State Health Society of UP, Lucknow	876.96	88.00	964.96	1,047.80	225.00	1,272.80
Total Sanitation Campaign	Department of Panchayati Raj	150.85	74.70	225.55	381.40	144.27	525.67
Pradhanmantri Gram Sadak Yojna	UP Rural Roads Development Agency	1219.20	Nil	1219.20	1649.82	Nil	1649.82
Indira Avas Yojna	District Rural Development Agencies	467.21	159.36	626.57	1,041.51	222.89	1,264.40
Rural Drinking Water-Accelerated Drinking Water Supply Programme	Jal Nigam UP, Lucknow	401.50	430.13	831.63	537.78	408.93	946.71
National Rural Employment Guarantee Act	District Rural Development Agencies/District Development Officers	1,682.71	296.81	1,979.52	3,820.28	340.71	4,160.99
Total		4,798.43	1,049.00	5,847.43	8,478.59	1,341.80	9,820.39

Source: State's nodal agencies

GOI transferred Rs 8,479 crore directly to the State implementing agencies for implementation of six programmes registering an overall increase of 77 *per cent* during 2008-09 from Rs 4,798 crore in 2007-08. A significant increase of Rs 2,138 crore (127 *per cent*) was under the National Rural Employment Guarantee Act followed by Rs 574 crore (123 *per cent*) under Indira Avas Yojna. Unless uniform accounting policies are followed by all these agencies with proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

► 1.3 Revenue receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.3** and also depicted in **Chart 1.4** and **1.5** respectively.



Revenue receipts have shown an increasing trend over the period 2004-09 with marginal changes in its composition. The trend in revenue receipts relative to GSDP during 2004-09 is presented in **Table 1.4**.

Table 1.4: Trends in revenue receipts relative to GSDP

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	37617	45349	60600	68672	77831
Rate of growth of RR (<i>per cent</i>)	18.90	20.55	33.63	13.32	13.34
RR/GSDP (<i>per cent</i>)	15.12	16.37	19.56	19.94	19.42
Buoyancy Ratios					
Revenue Buoyancy w.r.t GSDP	1.961	1.819	2.833	1.196	0.815
State's Own Tax Buoyancy w.r.t GSDP	1.595	1.785	1.849	0.766	0.905
Revenue Buoyancy w.r.t State's own taxes	1.229	1.019	1.532	1.562	0.901

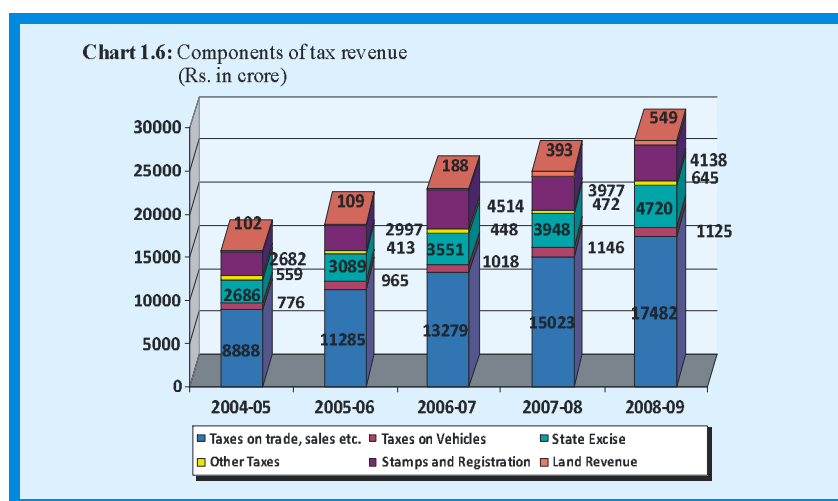
The growth in revenue receipts was not commensurate with the growth in GSDP during 2008-09.

1.3.1 State's own resources

The State's own resources comprise tax and non-tax revenue. These resources increased from Rs 18,413 crore in 2004-05 to Rs 35,426 crore in 2008-09 (increase: 92 *per cent*). Within revenue receipts, its share varied between 45 *per cent* and 49 *per cent* during 2004-09.

Tax revenue

Tax revenue (Rs 28,659 crore) increased by 15 *per cent* during 2008-09 over previous year (Rs 24,959 crore) leading to a marginal increase of 0.47 *per cent* in its share of revenue receipts. The revenue from trade tax contributed major share of tax revenue (61 *per cent*) and registered an increase of 16 *per cent* over the previous year. State excise (17 *per cent*), stamps and registration (14 *per cent*) and taxes on vehicles (four *per cent*) were other major constituents of State's own tax revenue. The components of tax revenue during 2004-09 are given in **Chart 1.6**.



Increase in taxes on sales, trade etc., during 2008-09 was due to surcharge on trade tax and levy on crude oil. Similarly, the increase in State excise was due to more realisation of fines on *Bhatti* of country liquor, fee on country wines and liquor and license fee on wine contracts. Likewise, increase under stamps and registration fee was due to more receipts by way of sale of judicial and non-judicial stamps, bills of exchange and fee on registration of documents. The increase in land revenue was due to more receipts under fines on *dakhil khariz* (i.e. mutation of entitlement) and taxes on hatcheries.

Non-tax revenue

Non-tax revenue receipts of Rs 6,767 crore in 2008-09 increased by 16 *per cent* over 2007-08. The receipts comprised mainly from education, sports, art and culture (Rs 1,081 crore; 16 *per cent*), interest receipts (Rs 964 crore; 14 *per cent*), miscellaneous general services (Rs 1,699 crore⁴; 25 *per cent*), non-ferrous mining and metallurgical industries (Rs 427 crore; six *per cent*), power (Rs 462 crore; seven *per cent*) and agriculture and other allied activities (Rs 384.19 crore; six *per cent*). Significant increase was under medical and public health due to more receipts from patients, clinical services, etc.

State's own resources mobilisation, *vis-à-vis*, budget estimates for the year 2008-09 is given in **Table 1.5**.

Table 1.5: Resource mobilisation, *vis-à-vis*, budget estimates

(Rupees in crore)

Particulars	Assessments made in budget	Actuals	Variations (Excess + and Shortfall -) per cent in brackets
Tax Revenue			
Land Revenue	170.11	5,49.28	(+) 379.17 (223)
Stamps and Registration fees	5,370.54	4,138.27	(-) 1,232.27 (23)
State Excise	5,040.00	4,720.01	(-) 319.99 (6)
Taxes on Sales, Trade, etc.	19,705.00	17,482.05	(-) 2,222.95 (11)
Non-tax Revenue			
Interest Receipts	1588.58	963.87	(-) 624.71 (39)
Miscellaneous General Services	1144.92	1,698.79	(+) 553.87 (48)
Education, Sports, Art and Culture	79.81	1,080.62	(+) 1000.81 (1254)
Medical and Public Health	73.62	618.84	(+) 545.22 (741)
Power	1485.00	462.25	(-) 1022.75 (69)
Non-ferrous Mining & Metallurgical Industries	448.96	427.31	(-) 21.65 (5)

Source: State budget and Finance Accounts

Tax revenue under taxes on sales, trade etc., state excise, stamps and registration fee and non-tax revenue under miscellaneous general services, non-ferrous mining and metallurgical

⁴Includes Rs 1,064 crore on account of debt relief given by the GOI on repayment of consolidated loans.

industries, power and medical and public health increased relative to previous year. There had, however, been shortfall in revenue collections, *vis-à-vis*, BEs during the year. The shortfall ranged between five *per cent* and 69 *per cent*. Receipts from education, sports, art and culture, medical and public health under non-tax revenue registered a significant increase of 1,254 *per cent* and 741 *per cent* respectively. The wide variations between the budget estimates and actuals indicated incorrect estimations at the budget preparation stage.

1.3.2 Revenue arrears

The position of arrears of revenue as on 31 March 2009 under some receipt heads is detailed in **Table 1.6**.

Table 1.6: Arrears of revenue

(Rupees in crore)

Head of Revenue	Amount of arrears	Arrears outstanding for over five years	Remarks
Commercial tax	15,389.85	9210.00	Out of Rs 15,389.85 crore, demand for Rs 926.75 crore had been certified for recovery as arrears of land revenue. Recovery certificates amounting to Rs 869.84 crore have been sent to other States. Recoveries amounting to Rs 2,050.13 crore had been stayed by the courts/ Government. Recoveries amounting to Rs 230.25 crore were outstanding against the Government/semi Government departments. Rs 74.51 crore were outstanding from transporters. Arrears not covered under recovery certificates amounted to Rs 11,238.37 crore.
Entertainment tax	10.26	4.86	Out of Rs 10.26 crore, demand for Rs 4.70 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs 5.24 crore had been stayed by the courts/Government. Notices have been issued for balance of Rs 32 lakh.
Stamp and registration	249.67	Not furnished by the department	Out of Rs 249.67 crore, demands for Rs 95.09 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs 154.58 crore had been stayed by courts.
Land revenue	9.90	Not furnished by the department	Rs 9.90 crore was pending for recovery.
Taxes on vehicles, goods and passengers	72.06	Not furnished by the department	Out of Rs 72.06 crore, demands for Rs 31 lakh and Rs 1.18 crore had been stayed by courts and Government respectively. Balance Rs 70.57 crore was pending for recovery.
	15,731.74	9,214.86	

Source: Concerned departments

► 1.4 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is therefore important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

1.4.1 Growth and Composition of Expenditure

The total expenditure and its compositions during the year 2004-05 to 2008-09 are presented in the **Table 1.7**.

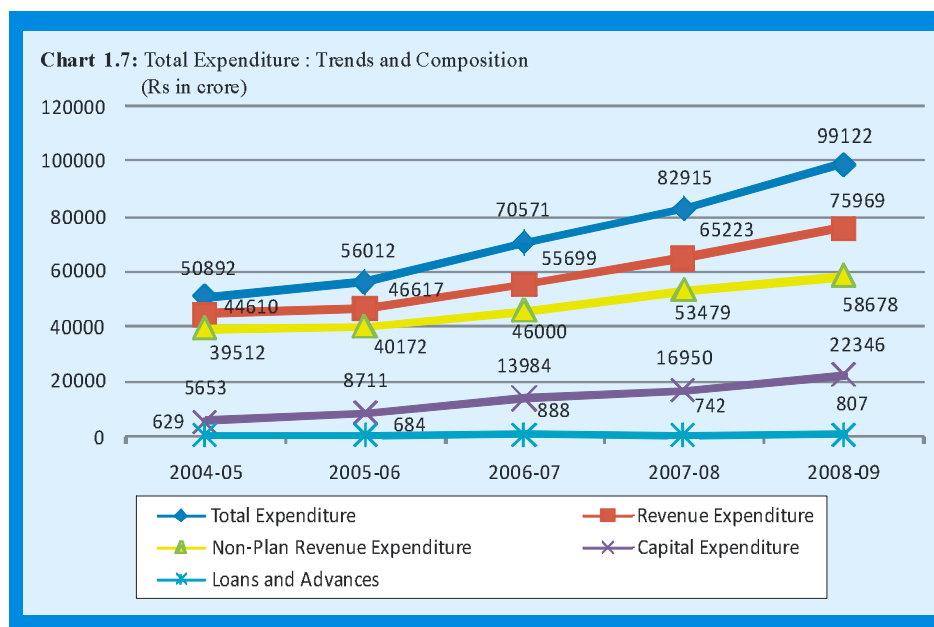
Table 1.7: Total expenditure and its composition

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Total expenditure	50,892	56,012	70,571	82,915	99,122
Revenue expenditure	44,610	46,617	55,699	65,223	75,969
Non-plan revenue expenditure	39,512	40,172	46,000	53,479	58,678
Capital expenditure	5,653	8,711	13,984	16,950	22,346
Loans and advances	629	684	888	742	807

Source: Finance Accounts

Chart 1.7 presents the trends in total expenditure over a period of five years (2004-09).



The total expenditure steadily increased during 2004-09. During 2008-09, it increased by Rs 16,207 crore over 2007-08 of which, revenue expenditure shared Rs 10,746 crore (66 *per cent*), capital expenditure shared Rs 5,396 crore (33 *per cent*) and loan and advances Rs 65 crore (one *per cent*). The trends indicated a declining share of revenue expenditure and increasing share of capital expenditure in total expenditure. The share of revenue expenditure in total expenditure declined from 88 *per cent* in 2004-05 to 77 *per cent* in 2008-09 and that of capital expenditure increased from 11 *per cent* in 2004-05 to 22 *per cent* in 2008-09.

The composition of total expenditure both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.8 and 1.9**.

Chart 1.8: Total Expenditure: Trends in Share of its component
(Share in *per cent*)

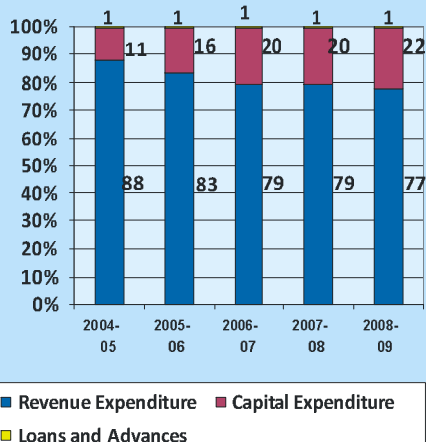
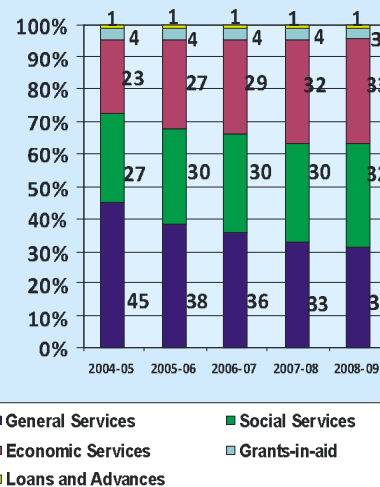


Chart 1.9: Total Expenditure: Trends by Activities
(Share in *per cent*)



Expenditure by activities during 2004-09 indicated only marginal inter-year variations in its composition except, expenditure under general services which exhibited a declining trend. However, a comparison of expenditure under economic, social and general services during 2008-09 with projections made by the TFC revealed that expenditure under these services exceeded the projections as indicated in the **Table 1.8**.

Table 1.8: Expenditure with reference to TFCs projections

(Rupees in crore)

Particulars	TFC's projections	Actuals	Variations (excess)
General services	22,717.46	29,557.38	6,839.92 (30)
Social services	13,239.21	16,961.79	3,722.58 (28)
Economic services	4,935.77	8,654.17	3,718.40 (75)

Source: TFC recommendations, Finance Accounts

1.4.2 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies.

Table 1.9 and **Chart 1.10** present the trends in the expenditure on these components during 2004-09.

Table 1.9: Components of Committed Expenditure

(Rupees in crore)

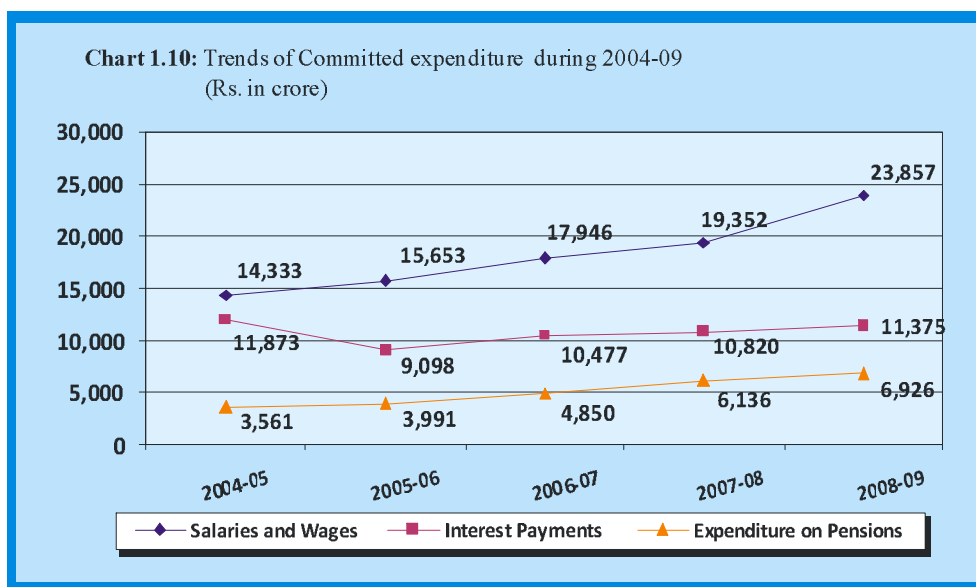
Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Salaries* & Wages , <i>Of which</i>	14,333 (38)	15,653 (34)	17,946 (30)	19,352 (28)	22,386 (26)	23,857 (31)
Non-Plan Head	13,768	15,125	17,204	18,624	21,564	22,834
Plan Head**	565	528	742	728	822	1,023
Interest Payments	11,873 (32)	9,098 (20)	10,477 (17)	10,820 (16)	11,427 (13)	11,375 (14)
Expenditure on Pensions	3561(9)	3991(9)	4,850 (8)	6,136 (9)	6,712 (8)	6,926 (9)
Subsidies	-	-	-	-	4,362 (5)	3,819 (5)
Total	29767 (79)	28,742(63)	33,273 (55)	36,308 (53)	44,887 (52)	45,977 (59)

Figures in the parentheses indicate percentage to Revenue Receipts

*It also includes the salaries paid out of grants-in-aid.

**Plan Head also includes the salaries and wages paid under Centrally sponsored schemes.

Source: Finance Accounts



Salaries and wages

The expenditure on salaries and wages, revealed an increasing trend during 2004-09 under non-plan heads and fluctuating trend under plan heads. The expenditure under non-plan heads increased by 66 per cent from Rs 13,768 crore in 2004-05 to Rs 22,834 crore in 2008-09. A growth of 23 per cent was recorded during 2008-09 over the previous year. The expenditure under the plan heads increased by 81 per cent from Rs 565 crore in 2004-05 to Rs 1,023 crore in 2008-09 with a dip in 2005-06 to Rs 528 crore and Rs. 728 crore in 2007-08. The salary expenditure, however, exceeded the projected expenditure (Rs 18,318 crore) in the FCP by Rs 5,539 crore. *The total salary bill relative to revenue expenditure net of interest payments and pensions during 2008-09 was 41 per cent which remained in excess of the norm of 35 per cent as recommended by the Twelfth Finance Commission.*

Pension payments

Pension payments during 2008-09 increased by Rs 790 crore (13 per cent) over 2007-08 mainly due to increase (5,538) in number of pensioners. *A comparative analysis of actual pension payments and assessment/projections made by Twelfth Finance Commission and State Government revealed that actual pension payments exceeded the assessments of Twelfth Finance Commission by Rs 860 crore (14 per cent) and that assessed in the FCP by Rs 1,253 crore (22 per cent).* The Government has introduced a Contributory Pension Scheme for its employees recruited on or after 1 April 2005 to mitigate the impact of rising pension liabilities in future.

Interest payments

The major source of borrowings was market loans at the interest rates varying from 5.60 per cent to 12.50 per cent. Interest payments relative to total revenue receipts came down from 32 per cent in 2004-05 to 14 per cent in 2008-09 whereas it ranged between 15 per cent and 27 per cent in relation to revenue expenditure. The increase of Rs 555 crore in interest payments in 2008-09 over the previous year was mainly due to increased market borrowings. *The interest payments (Rs 11,375 crore) during 2008-09 were less than that anticipated in the State's own FCP (Rs 13,630 crore) and MTFRP (Rs 11,426.67 crore) for the year but were above the assessment (Rs 10,989.05 crore) of the Twelfth Finance Commission.*

Subsidies

Though the Government was paying subsidies under various heads, the State budget was not exhibiting these as a distinct item up to 2007-08 despite the recommendations of TFC.

The Government paid subsidies amounting to Rs 3,819 crore during 2008-09 which constituted four per cent of the total expenditure. The major sectors given subsidy included energy (Rs 1,382 crore; 36 per cent), rural development (Rs 1,206 crore; 32 per cent), agriculture and other allied activities (Rs 811 crore; 21 per cent) and irrigation and flood control (Rs 339 crore; nine per cent).

The total subsidy payments exceeded the projections of the Government in FCP but were within the ceiling set in the MTFRP as detailed in Table 1.10.

Table 1.10: Subsidy payments with reference to projections in MTFRP and FCP

Particulars	Projections in MTFRP (Rs in crore)	Projections in FCP		Actuals	
		Amount (Rs in crore)	Percentage of GSDP	Amount (Rs in crore)	Percentage of GSDP
Energy	1,342	1,700	0.47	1,382	0.35
General	3,020	172	0.05	2,437	0.61
Total	4,362	1,872		3,819	

Source: Finance Accounts, State Budget

The actuals of the energy subsidy were short (Rs 318 crore) of the FCP projections by 19 per cent. General subsidies, however, exceeded (Rs 2,265 crore) the projections by 1,317 per cent, indicating that the general sector received priority over the energy sector.

1.4.3 Financial Assistance by Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the year 2008-09 relative to the previous years is presented in **Table 1.11**.

Table 1.11: Financial Assistance to Local Bodies, etc.

(Rupees in crore)					
Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	6,363.18	7,622.34	9,146.53	10,503.38	10,642.76
Municipal Corporations and Municipalities/Development Agencies	230.53	153.03	350.32	948.61	1,262.59
Zilla Parishads and Other Panchayati Raj Institutions	1,782.93	2,331.92	2,742.25	3,549.49	3,504.21
Hospitals and Other Charitable Institutions	112.46	104.56	96.10	130.18	121.76
Other Institutions ⁵	67.62	70.73	149.11	228.73	291.16
Total	8,556.72	10,282.58	12,484.31	15,360.39	15,822.48
Assistance as per percentage of Revenue Expenditure	19	22	22	24	21

Source: Finance Accounts

Assistance to local bodies and other institutions increased (three *per cent*) from Rs 15,360.39 crore in 2007-08 to Rs 15,822.48 crore in 2008-09. The assistance as percentage of revenue expenditure maintained increasing trend during 2004-05 to 2007-08. During 2008-09, however, it declined to 21 *per cent* of revenue expenditure from 24 *per cent* in the previous year. Within the quantum of assistance provided during 2008-09, the educational institutions were the main beneficiaries of the assistance followed by *Zila Panchayats* and Other Panchayati Raj Institutions.

The Eleventh Finance Commission had recommended that a data base on the finances of ULBs and PRIs should be developed at the State and district levels which would be easily accessible through computers and linking it through Very Small Aperture Terminal. The data was to be collected and compiled in standard formats prescribed⁶ by the Comptroller and Auditor General of India. This was more important in terms of the recommendation of the Twelfth Finance Commission which observed that the maintenance of the data base was necessary to keep accurate information on the finances of the ULBs and PRIs for need based assessment of their requirements. The database was, however, not developed up to June 2009.

⁵Agriculture Research and Education: 2008-09-Rs 188.83 crore; Cooperatives: 2008-09-Rs 54.58 crore.

⁶PRIs (November 2002) and ULBs (June 2003).

► 1.5 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

1.5.1 Adequacy of public expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like, education and health, etc. The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective National average while, the low fiscal capacity would be reflected if the State's *per capita* expenditure is below the respective National average even after having a fiscal priority that is more than or equal to the National average. **Table 1.12** analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table 1.12: Fiscal priority and fiscal capacity of the State in 2005-06 and 2008-09

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Uttar Pradesh's Average (Ratio) 2005-06	21.60	57.84	29.89	15.53
All States/National Average* (Ratio) 2008-09	19.16	67.68	33.90	16.87
Uttar Pradesh's Average (Ratio)* 2008-09	24.74	65.31	31.77	22.54
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average per capita expenditure 2005-06 (Amount in Rs)	3010	1490	692	
Uttar Pradesh's per capita expenditure (Amount in Rs) in 2005-06	1788	924	480	
Adjusted per capita** Expenditure (Amount in Rs) in 2005-06	1899	940	NR	
All States' Average per capita expenditure 2008-09	5030	2520	1254	
Uttar Pradesh's per capita Expenditure (Amount in Rs) in 2008-09	3372	1640	1164	
Adjusted per capita** Expenditure (Amount in Rs) in 2008-09	3394	1750	NR	

* As per cent to GSDP

** Calculated as per the methodology explained in the Box 1.3 (pages 19)

Population of Uttar Pradesh: 18.15 crore in 2005-06 and 19.20 crore in 2008-09.

Development expenditure includes development revenue expenditure, development capital expenditure and loans and advances disbursed.

Source: (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics

(2) Population figures were taken from Projection 2001-2026 of the Registrar General & Census Commissioner, India
(Website: <http://www.censusindia.gov.in>)

Population = Average of projected population for 2005 and 2006.

NR: No adjustment required as there is adequate fiscal priority for this category of expenditure.

Data for Arunachal Pradesh has not been included in All States average.

In Table 1.12, we are comparing the fiscal priority given to different categories of expenditure and fiscal capacity of UP in 2005-06 (the first year of the Award Period of the

Twelfth Finance Commission) and the current year 2008-09. In 2005-06 and 2008-09, the UP Government gave adequate fiscal priority to Aggregate Expenditure (AE) and Capital Expenditure (CE) since AE/GSDP and CE/AE in the case of UP was higher than the National average. The priority given to Developmental Expenditure and Social Sector Expenditure in UP was, however, not adequate as the DE/AE ratio and the SSE/AE ratio for UP was lower than the All States average for both years under consideration.

In both years under consideration, the *per capita* expenditure of DE, SSE and CE was lower than the National average for these categories. Had the Government spent as much on DE and SSE as the National average, then the adjusted *per capita* expenditure on DE and SSE (calculated as per methodology given in **Box 1.3**) would still have been lower than the National average. This means that absorptive capacity⁷ in UP is low and that effective systems are required to be put in place to ensure that the people of UP get at least as much benefits as people residing in the other States.

Box 1.3

Methodology adopted for the assessment of fiscal position

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1 : Calculate the National average of AE-GSDP and CE/DE/SSE-AE.

Step 2 : Based on the National average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the National average, i.e., if

$$AE/GSDP = x$$

AE = x * GSDP(1), where x is the National average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than National average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the National average.

Step 3 : Based on the National average of DE-AE, SSE-AE and CE-AE, derive the respective DE, SSE and CE, so that no State is having these ratios less than National average, i.e., if

$$DE/AE = y$$

DE = y * AE(2), where y is the National average of DE-AE ratio.

Substituting (1) in (2), we get

DE = y * x * GSDP(3)

Wherever the States are having DE-AE, SSE-AE and CE-AE ratio higher than National average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the National average.

⁷Absorptive capacity in this case refers to the ability of a state to implement a developmental scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the design of schemes are well planned with careful risk, mitigation strategy in place, administrative costs are low, operation, maintenance, monitoring and control mechanism are in place, etc., so that the state is able to effectively achieve targeted outcomes.

Step 4 : Based on the derived DE, SSE and CE as per equation (3), respective per capita expenditure was calculated, *i.e.*,
 $PCDE = DE/P$ (4), where PCDE is the per capita development expenditure and P is the population.
 Substituting (3) in (4), we get
 $PDE = (y * x * GSDP)/P$ (5) Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the National average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the National average.

1.5.2 Efficiency of expenditure use

In view of the importance of public expenditure from the point of view of social and economic development, it is important for the State Government to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods. Apart from improving the allocation towards development expenditure, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure.

Table 1.13 presents the trends in development expenditure relative to the aggregate expenditure of the State during 2008-09, *vis-à-vis*, budgeted and of the previous years.

Table 1.13: Development expenditure

Components of development expenditure	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					BE	Actuals
Development expenditure (a to c)	26,040 (51)	32,304 (58)	42,661 (60)	52,102 (63)	63,812 (57)	64,737 (65)
a. Development revenue expenditure	20,066	23,366	28,657	35,123	41,797	42,695
b. Development capital expenditure	5,398	8,398	13,330	16,375	21,593	21,504
c. Development loans and advances	576	540	674	604	422	538

Figures in parentheses indicate percentage to aggregate expenditure

Source: Finance Accounts, State Budget

The table suggests one and half fold increase in development expenditure in 2008-09 over 2004-05. During the year 2008-09, the increase amounted to Rs 12,635 crore (24 *per cent*) over the previous year. Within the development expenditure, the increase was shared

by revenue expenditure and capital expenditure in the ratio of 60 *per cent* and 40 *per cent*. The increase in capital expenditure during the preceding four years indicated improvement in quality of expenditure and impetus given to asset formation.

The position of development expenditure, *vis-a-vis*, budget estimates during 2008-09 is graphically presented in the **Chart 1.11** below. The chart reveals that the development revenue expenditure and loans and advances exceeded their respective estimates by Rs 898 crore and Rs 116 crore respectively while, the development capital expenditure fell short of estimates by Rs 89 crore.

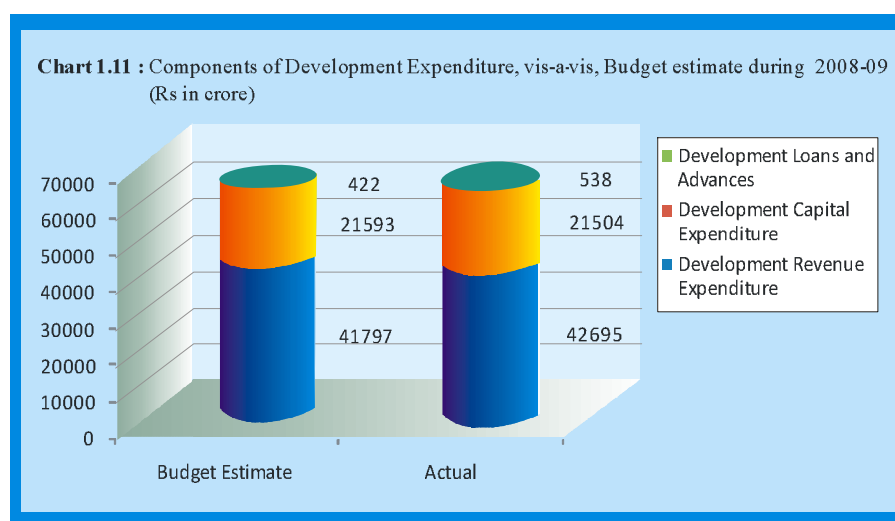


Table 1.14 provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table 1.14: Efficiency of expenditure use in selected social and economic services

(In per cent)						
Social/Economic Infrastructure	2007-08			2008-09		
	Share of CE to TE	In RE, the share of		Share of CE to TE	In RE, the share of	
		S&W	O&M		S&W	O&M
Social Services (SS)						
General Education	0.83	73.13	1.02	0.31	80.45	0.19
Health and Family Welfare	25.74	60.71	3.90	24.94	64.22	3.89
WS, Sanitation & HUD	9.97	0.78	1.26	11.37	0.23	0.69
Total (SS)	8.39	46.52	1.14	9.35	45.81	0.73
Economic Services (ES)						
Agri & Allied Activities	28.83	38.84	0.52	47.14	34.67	0.47
Irrigation and Flood Control	47.62	41.16	30.90	48.95	41.43	29.20
Power & Energy	73.16	0.32	-	78.79	0.55	--
Transport	75.74	2.74	91.66	77.69	2.97	94.02
Total (ES)	54.23	22.76	17.20	56.74	23.49	16.70
Total (SS+ES)	31.80	38.37	6.65	33.50	38.42	6.02
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance.						

TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance.

Source: Finance Accounts and VLC data

The ratio of capital expenditure to total expenditure registered an improvement by 1.70 *per cent* during the current year (33.50 *per cent*) over the previous year (31.80 *per cent*), 2.51 *per cent* in economic services and 0.96 *per cent* in social services. However, within the social services, the improvement in the ratio of capital expenditure to total expenditure during 2008-09 over the previous year was only in the area of water supply, sanitation, housing and urban development (1.4 *per cent*). Within the economic services, the improvement was in the areas of agriculture and other allied activities (18.31 *per cent*) followed by power and energy (5.63 *per cent*), transport (1.95 *per cent*) and irrigation and flood control (1.33 *per cent*).

Recognising the need to improve quality of education and health services, Twelfth Finance Commission recommended that higher expenditure in education and health sectors should be encouraged and accordingly assigned the normal growth rate of six *per cent* and five *per cent* in the salary component of education and health sectors respectively and a much larger growth rate of 30 *per cent* in the non-salary components. However, trends in expenditure revealed that salary and wage component under the education sector increased by 21 *per cent* and under the health sector by 26 *per cent* while the non-salary and wage component decreased by 20 *per cent* under the education sector and increased by nine *per cent* under the health sector. This expenditure pattern in education and health sectors need to ensure the conformity to the norms of the Twelfth Finance Commission in the ensuing years.

The share of O&M expenditure in the revenue expenditure under all the major constituents of social services declined from the level of 1.14 *per cent* in the previous year to the level of 0.73 *per cent* in the current year. Similarly, the overall share of O&M expenditure in the revenue expenditure under the economic services declined from the level of 17.20 *per cent* in the previous year to the level of 16.70 *per cent* in the current year. However, under transport sector which is one of the constituents of economic services increased by 2.36 *per cent*.

1.5.3 Effectiveness of the expenditure, i.e. outlay-outcome relationship

Besides stepping up expenditure on key social and economic services, enhancing human development required the Government to improve the delivery mechanism to obtain the desired outcomes. To assess the effectiveness of the expenditure in terms of outputs/outcomes identified in the form of selected indicators, *vis-s-vis*, their targets set for the year in respect of three programmes is given in **Appendix 1.4**. A critical analysis of the programmes is at **Box 1.4**.

Box 1.4

Irrigation potential of 4.86 lakh hectare was to be created by March 2009 at a cost of Rs 2,021.06 crore under six projects of ***Accelerated Irrigation Benefits Programme***. However, only 3.64 lakh hectare irrigation potential (74 *per cent*) was created after incurring an expenditure of Rs 2,000 crore by the targeted date. Further, out of created irrigation potential of 3.64 lakh hectare, 2.34 lakh hectare (64 *per cent*) was only utilised due to non-construction of Distributaries and Minors.

Against the target of treating 5.10 lakh hectare (2005-09) *usar*, ravine and wasteland under ***Kissan Hit Yojna/Bhoomi Sena Yojna*** at a cost of Rs 526.25 crore, an area of 5.47 lakh hectare was treated at a cost of Rs 526.21 crore. Of this, an expenditure of Rs 4.40 crore was rendered unfruitful on incomplete treatment of 9,426 hectare *usar* land due to non-availability of water for mixing gypsum and incomplete work in water logged areas.

Against the target of disbursement of pension aggregating Rs 3,175.18 crore to 120.86 lakh pensioners during 2004-09 under **Old Age Pension Scheme**, only Rs 3,068.39 crore was disbursed to 116.43 lakh pensioners. Rs 2.49 crore was paid in excess to 62,208 pensioners during 2008-09 in three districts. Besides, Rs. 2.62 crore was disbursed to 6,672 to ineligible pensioners in 17 test-checked districts.

► 1.6 Financial analysis of Government expenditure and investments

In the post-FRBM framework, the Government is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in transition to complete dependence on market based resources, the Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year, *vis-à-vis*, preceding years.

1.6.1 Financial results of irrigation works

For ensuring commercial viability of irrigation projects, the Twelfth Finance Commission in an assessment of irrigation receipts had prescribed cost recovery rates in relation to the maintenance expenditure.

The receipts (Rs 295 crore) from the major, medium and minor irrigation projects during 2008-09 was only 12 *per cent* of the expenditure of Rs 2,520 crore on their operations and maintenance which was much below the cost recovery assessment of 80 *per cent* of the Twelfth Finance Commission for the year. The **Table 1.15** below indicates that the Government had not achieved the norms fixed by the Twelfth Finance Commission for the period 2005-09 in respect of the cost recovery rate and maintenance expenditure for major, medium and minor irrigation works.

Table 1.15: Cost recovery rate and maintenance expenditure with reference to TFC norms

Year	Revenue expenditure	Revenue receipts	Revenue receipts to revenue expenditure	Cost recovery assessment of TFC	Shortfall in cost recovery
	Rupees in crore		In per cent		
2005-06	1261	199	16	50	34
2006-07	1776	182	10	60	50
2007-08	2263	353	16	70	54
2008-09	2520	295	12	80	68

Source: Finance Accounts and recommendations of TFC

The shortfall in cost recovery relative to the assessment of Twelfth Finance Commission had increasing tendency all along the periods 2005-09. The shortfall increased to two fold from the level of 34 *per cent* in 2005-06 to 68 *per cent* in 2008-09. This indicated that the commercial viability of the irrigation projects was suspect.

The financial results of 16 major irrigation projects with a capital outlay of Rs 4,925 crore at the end of March 2009 showed that revenue realised (Rs 181.10 crore⁸) from these projects during 2008-09 decreased to 3.68 *per cent* of the capital outlay from 6.26 *per cent* in the previous year and was insufficient to cover even the interest on capital investment (Rs 254 crore) during 2008-09. After meeting out the working and maintenance expenditure (Rs 551 crore), the schemes suffered a net loss of Rs 623 crore in the current year as against Rs 432 crore in previous year.

⁸Decrease in revenue realisation by Rs 108.84 crore in the current year over the previous year was due to depiction of additional revenue realisation from Ghagra Canal (Rs 265.14 crore) during that year.

1.6.2 Incomplete projects

The position of incomplete projects, each costing above Rs one crore and due for completion by March 2009, is given in **Table 1.16**.

Table 1.16: Department-wise profile of incomplete projects

(Rupees in crore)

Department	No. of incomplete projects	Initial budgeted cost	Revised total cost of projects*	Cost over run	Cumulative expenditure as on 31.3.2009
Irrigation department	38	1,105.95	4,382.35 ⁹	3,835.63 ¹⁰	4,294.99
Public works department	60	483.92	Not received from the department	Not received from the department	302.71
Total	98	1,589.87	4,382.35	3,835.63	4,597.70

* Revised total cost of the projects as per the last revision by the State Government.

Source: Finance Accounts

An expenditure of Rs 4,598 crore (March 2009) remained largely unfruitful on these 98 projects. Further, there was a time over run of 27 years in completion of major and medium irrigation projects in the State. The factors which attributed to cost and time over run were paucity of funds, change in scope and design, slow pace of work, non-availability of land for the projects, increase in cost of labour and material, etc. In Irrigation Department, Saryu Canal Project was incomplete despite an expenditure of Rs 2,420 crore. Based on the revised estimates, the project cost escalated by Rs 2,443 crore. Eastern Ganga Canal Project was also incomplete despite an expenditure of Rs 759 crore. Similarly, Modernisation of Chaudhary Charan Singh Lahchura Dam was incomplete despite an expenditure of Rs 104 crore. Likewise, Deoband Branch Feeder Channel was incomplete despite an expenditure of Rs 262 crore. Non-completion of the projects within the stipulated period not only resulted in cost over run but also indicated that priority was given to creation of new assets sacrificing the completion of old projects and even at the cost of the returns to service the debts.

1.6.3 Investment and returns

As of 31 March 2009, Government had invested Rs 14,866.13 crore in Statutory corporations (Rs 431.41 crore), Government companies (Rs 13,954.82 crore), joint stock companies (Rs 10 lakh) and co-operatives (Rs 479.80 crore). The average return on this investment was 0.007 per cent in the last three years while the Government paid an average interest rate of 6.49 per cent on its borrowings during 2006-2009 (**Table 1.17**).

⁹Represent the revised cost of 15 out of 38 projects.

¹⁰Represent the cost overrun of 15 out of 38 projects

Table 1.17: Return on Investment

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rupees in crore)	9535.57	15464.60	18545.82	12188.76	14866.13 ¹¹
Return (Rupees in crore)	-	0.15	0.85	1.05	1.26
Return (per cent)	-	0.001	0.005	0.009	0.008
Average rate of interest ¹² on Government borrowing (per cent)	9.47	6.49	6.74	6.43	6.29
Difference between interest rate and return (per cent)	9.47	6.49	6.74	6.42	6.28

Source: Finance Accounts

During 2008-09, the Government mainly invested in the share capital of corporations engaged in the thermal power generation, power transmission and distribution and rural electrification, etc. Investments were made irrespective of the fact that these corporations had not paid any dividend on investments, during preceding three years, to the Government due to accumulated losses of Rs 14,858 crore¹³.

1.6.4 Departmental commercial undertakings

Activities of quasi-commercial nature are also performed by the departmental undertakings of certain Government departments. The department-wise position of the investment made by the Government up to the year for which *pro forma* accounts are finalised, net profits/loss as well as return on capital invested in these undertakings is given in **Appendix 1.5**. The Government had invested Rs 544.76 crore in ten undertakings. Seven of ten undertakings earned net profit amounting to Rs 67 lakh against the capital investment of Rs 6.55 crore and main profit earning undertakings were Irrigation Workshop Divisions at Jhansi, Bareilly, Allahabad and Meerut under Irrigation Department. Remaining three undertakings were under Food and Civil Supplies¹⁴, Animal Husbandry¹⁵ and Medical and Health Departments¹⁶ which incurred losses continuously for preceding three years. Their accumulated losses amounted to Rs 62.42 crore as against the total investment of Rs 538 crore.

In view of the heavy losses of some of the undertakings, the Government should review their working so as to wipe out their losses in the short run and to make them self-sustaining in medium to long term.

¹¹Does not include Rs 13,262.56 crore pertaining to 2008-09 and previous years which is under reconciliation.

¹²See glossary at page 100 for method of calculation

¹³As per latest available accounts.

¹⁴Public Distribution System of Food grains.

¹⁵State Livestock cum Agricultural Farms.

¹⁶State Pharmacy of Ayurvedic and Unani Medicine.

1.6.5 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.18** presents the position of outstanding loans and advances as on 31 March 2009, interest receipts, *vis-à-vis*, interest payments during the last three years.

Table: 1.18 Average interests received on loans advanced by the Government

Quantum of loans/interest receipts/cost of borrowings	2006-07	2007-08	(Rupees in crore)	
			2008-09	
			BE	Actual
Opening Balance	8160	8692	-	8985
Amount advanced during the year	888	742	711	807
Amount repaid during the year	356	449	589	778
Closing Balance	8692	8985	-	9014
<i>Of which</i> Outstanding balance for which terms and conditions have been settled ¹⁷	NA	NA	NA	NA
Net addition	532	293	122	29
Interest Receipts	48	31	-	53
Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.55	0.35	-	0.59
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	6.46	6.20	-	6.06
Difference between interest payments and interest receipts (<i>per cent</i>)	(-) 5.91	(-) 5.85	-	(-) 5.47

Source: Finance Accounts

The amount advanced during 2008-09 exceeded the provision made in the budget by Rs 96 crore (14 *per cent*) and the repayment of loans was also above the level of assessment made in the budget by Rs 189 crore (32 *per cent*).

The major portion of the loans was given (2008-09) to consumer industries (Rs 171 crore) and pradeshik industrial and investment corporation of UP (Rs 138 crore) under the economic services and to the public sector and other undertakings (Rs 189 crore) under the social services.

The amount of outstanding loans and advances as on 31 March 2009 aggregated to Rs 9,014 crore (**Table 1.18**). The sector-wise break up was economic services (Rs 6,522 crore), social services (Rs 1,619 crore) and general services (Rs 832 crore) and Government servants (Rs 41 crore). Under the economic services, major portion of the outstanding loans pertained to the energy (Rs 3,161 crore), industries and minerals (Rs 2,596 crore) and agriculture and other allied activities (Rs 519 crore). The recovery of loans from the major recipients under energy of the economic services was nil during 2006-09.

The interest receipts on outstanding loans and advances were well below one *per cent* all along the period 2006-09 against interest rate of borrowed funds ranging between 6.06

¹⁷Government has not intimated the information.

per cent and 6.46 per cent indicating that interest receipts were not adequate to cover the interest liabilities required to service the debt.

1.6.6 Cash balances and investment of cash balances

Table 1.19 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.19: Cash balances and investment of cash balances

(Rupees in crore)			
Particulars	As on 1 April 2008	As on 31 March 2009	Increase/ Decrease
Cash balances	15,200.16	9,067.14	(-) 6,133.02
Investments from cash balances (a & b)			
a. GOI Treasury Bills	14,945.56	8,961.19	(-) 5,984.37
b. GOI Securities	45.20	45.20	Nil
Funds- wise break- up of investment from earmarked balances (a and b)			
Investment from GOI Securities	45.20	45.20	Nil
Interest realised	889.71	581.53	(-) 308.18

Source: Finance Accounts

The interest received against investment on cash balance was 4.08 per cent¹⁸ during 2008-09 while Government paid interest at 6.06 per cent on its borrowings during the year.

The efficiency of handling the cash balances by the State can also be assessed by monitoring the trends in monthly daily average of cash balances held by the State to meet its normal banking transactions. **Table 1.20** presents the trends in monthly average daily cash balances, investments in Treasury Bills and rediscounting of Treasury Bills for the last three years (2006-09).

Table 1.20: Trends in monthly average daily cash balances, investments in 14 days Treasury Bills and their rediscounting

(Rupees in crore)									
Month	Monthly average daily cash balances			Investment in 14 days Treasury Bills			Rediscounting of Treasury Bills		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	143.38 (Cr)	59.57(Cr)	108.06(Dr)	6606.49	10161.89	15520.53	8473.59	12254.01	19976.93
May	45.41 (Dr)	290.99(Cr)	544.13(Dr)	10550.43	11421.50	11149.04	7580.36	9289.08	9824.62
June	48.60(Dr)	31.93(Dr)	87.88(Dr)	17148.01	31315.04	18475.15	16574.36	29859.57	18081.23
July	2.72(Dr)	56.76(Dr)	44.70(Dr)	22543.67	14111.02	11423.33	22442.70	14807.50	14239.89
August	61.29(Dr)	3.29 (Dr)	16.75(Cr)	22011.95	8725.71	11225.73	22540.66	9081.61	12168.40
September	696.27(Cr)	4.19(Cr)	5.80(Dr)	22062.93	11411.43	13941.73	22349.06	12248.03	14207.75
October	182.19(Dr)	12.82(Cr)	15.87(Dr)	17732.54	10223.42	13748.16	18906.14	13100.86	17342.79
November	210.61(Dr)	51.72(Cr)	27.09(Dr)	19281.81	9188.03	10546.62	18766.77	10486.77	10275.29
December	213.23(Dr)	66.95(Cr)	94.07(Dr)	24638.18	12089.59	15113.86	24154.81	12325.60	14067.99
January	52.60(Dr)	26.02(Cr)	11.51(Cr)	19148.42	10629.75	14037.74	20054.01	10800.51	14065.27
February	223.78(Dr)	24.56(Cr)	74.08(Cr)	19700.72	4207.22	11429.08	17960.88	3824.51	13142.31
March	947.45(Cr)	61.90(Dr)	113.87(Cr)	39107.52	19418.80	18443.20	34091.65	16205.06	14204.63

Source: Reserve Bank of India

¹⁸Rate of interest calculated on the average amount of rediscounted Treasury Bills and long term GOI's Securities during 2008-09.

The major portion (Rs 8,961.19 crore) of the cash balances was invested in GOI Treasury Bills. Further, an amount of Rs 45.20 crore was invested in GOI Securities. The Treasury Bills and long term Government of India's Securities amounting to Rs 1,65,054.16 crore and Rs 56.03 crore respectively were purchased and amounting to Rs 1,71,038.52 crore and Rs 56.03 crore respectively were sold during the current year earning Rs 581.53 crore as interest.

► 1.7 Assets and liabilities

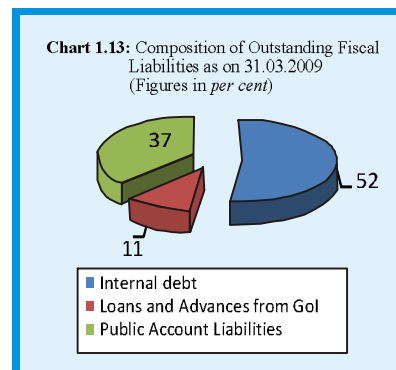
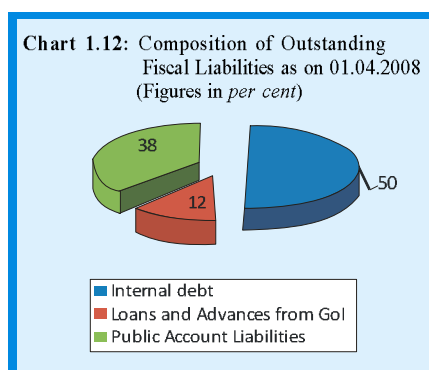
1.7.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.6* gives an abstract of such liabilities and the assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities in *Appendix 1.6* consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

The Uttar Pradesh Fiscal Responsibility and Budget Management Act, 2004 has defined the total liabilities as the liabilities under the Consolidated Fund of the State and the Public Account of the State. These, however, did not include pension, other retirement benefits payable to retiring/ retired State Government servants/ guarantees/ letters of comforts issued by the State Government.

1.7.2 Fiscal liabilities

The trends in outstanding fiscal liabilities of the State are presented in *Appendix 1.3*. However, the composition of fiscal liabilities during the year 2008-09, *vis-à-vis*, the previous year is presented in **Chart 1.12 and 1.13**.



The overall fiscal liabilities of the State increased from Rs 1,31,401 crore in 2004-05 to Rs 1,87,411 crore in 2008-09. Fiscal liabilities of the State under the Consolidated Fund (Rs 1,17,703 crore) comprised market loans (Rs 97,339 crore) and loans from Government of India (Rs 20,364 crore). The Public Account liabilities (Rs 69,708 crore) comprised small savings, provident fund (Rs 25,359 crore), interest bearing obligations (Rs 4,447 crore) and non-interest bearing obligations (Rs 39,902 crore). The growth rate of fiscal liability was 7.55 *per cent* during 2008-09 over previous year. The ratio of fiscal liabilities to GSDP decreased from 53 *per cent* in 2004-05 to 47 *per cent* in 2008-09. These liabilities stood at 2.41 times the revenue receipts and 5.29 times of the States' own resources at the end of 2008-09. The buoyancy of these liabilities with respect to GSDP during the year was 0.46 indicating that for each one *per cent* increase in GSDP; fiscal liabilities grew by 0.46 *per cent*.

The Government has set up a sinking fund for amortisation of open market loans and has been contributing every year from its revenue and interest accrued on the investments made out of the fund. As on 31 March 2009, the balance in sinking fund stood at Rs 24,655.11 crore¹⁹.

1.7.3 Status of guarantees - contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. According to the FRBMA Act, 2004 the State Government would not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government. The Government had, however, not enacted any law or framed any rules for fixing the ceiling on the guarantees to be given by the State Government. The Government had also not set up any fund for meeting contingent liabilities, which may arise on invoking of the guarantees, as recommended by the TFC. The guarantee fee charged by the Government on the outstanding guarantees formed a part of the revenue receipts rather than being kept in the designated fund to meet any eventuality of invoking of the State guarantees.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the Government and those outstanding for the last three years is given in **Table 1.21**.

Table 1.21: Guarantees given by the Government

(Rupees in crore)

Guarantees	2006-07	2007-08	2008-09
Maximum amount guaranteed	12,235	18,144	27,892
Outstanding amount of guarantees	11,056	12,736	16,084
Percentage of maximum amount guaranteed to total revenue receipts	20.19	26.42	35.84

Source: Finance Accounts

¹⁹A difference of Rs 191.48 crore from the CB of 8222-01-101 in Statement number 16 of the Finance Account 2008-09 is under reconciliation. Rs 24,655.11 crore includes credit balance of Rs 6,166.40 crore of undivided Uttar Pradesh.

The maximum amount guaranteed increased from the level of Rs 12,235 crore in 2006-07 to Rs 27,892 crore in 2008-09 (128 *per cent*). The outstanding amount of guarantees also increased from Rs 11,056 crore in 2006-07 to Rs 16,084 crore in 2008-09 (45 *per cent*). The percentage of maximum amount guaranteed to total revenue receipts increased from the level of 20.19 *per cent* in 2006-07 to 35.84 *per cent* in 2008-09. The outstanding amount of guarantees as on 31 March 2009 was against thirteen statutory corporations and boards (Rs 11,725.51 crore), three Government companies (Rs 2.31 crore), two cooperative banks (Rs 2,624.73 crore), three processing, marketing cooperatives and federations (Rs 1,712.78 crore) and two municipal corporations/development authorities and other local bodies (Rs 18.66 crore).

It is pertinent to note that if the liabilities arising out of the outstanding guarantees are added to the fiscal liabilities of the State Government at the close of the current year, the ratio of total liabilities to GSDP would increase to 51 *per cent* from 47 *per cent*. The fiscal liabilities relative to GSDP appear to be on the higher side especially in view of the FRBM target to contain it to 25 *per cent* by the end of 2018.

► 1.8 Debt sustainability

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation; sufficiency of non-debt receipts; net availability of borrowed funds; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.22** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2004-05.

Table 1.22: Debt sustainability- indicators and trends

(Rupees in crore)					
Indicators of debt sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt stabilisation (Quantum spread + primary deficit)	(-) 2161	8152	8424	4664	8426
Sufficiency of non-debt receipts (resource gap)	3650	2919	463	(-) 4179	(-) 6719
Net availability of borrowed funds	263	8394	2811	1272	1,788
Burden of interest payments (IP/RR ratio)	32	20	17	16	14

Source: Finance Accounts

The quantum spread together with primary deficit has been negative during 2004-05 indicating rising debt-GSDP ratios. From 2005-06, the quantum spread together with primary deficit turned positive indicating declining trends in debt/ GSDP ratio. These trends indicate that the State may be able to stabilise its debt in ensuing years provided it contains its fiscal and primary deficits within sustainable limits.

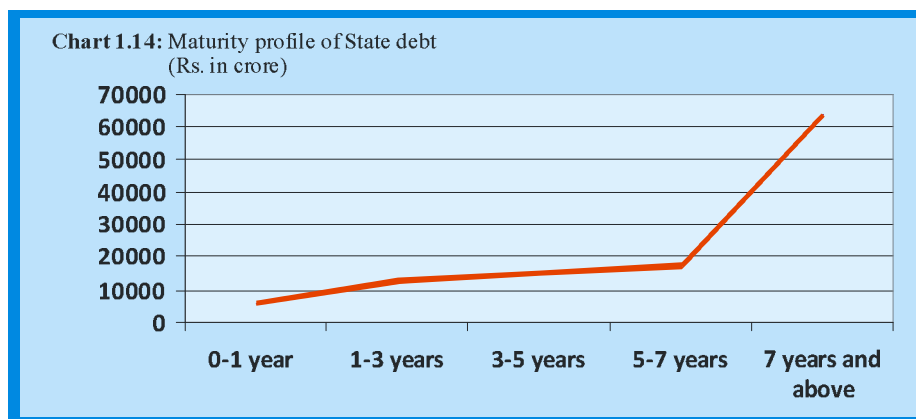
A positive resource gap strengthens the capacity of the State to sustain the debt in the medium to long run while the negative resource gap indicates otherwise. The negative resource gap during 2007-08 and 2008-09 indicated that the capacity of the State to sustain the debt in the medium and long run has weakened from 2007-08 onward.

The net funds available on account of the internal debt and loans and advances from GOI and other obligations after providing for the interest and repayments varied between 0.74 and 22.42 *per cent* during 2004-09²⁰. During the year 2008-09, Government repaid internal debt of Rs 5,577 crore, GOI loans of Rs 1,199 crore and also discharged other obligations of Rs 29,254 crore along with interest of Rs 11,375 crore as a result of which percentage of availability of borrowed funds marginally improved to 3.64 *per cent* during the year 2008-09 over 3.38 *per cent* in previous year. The trends in debt redemption ratio varied between 78 *per cent* in 2005-06 and 96 *per cent* in 2008-09. About 96 to 97 *per cent* of borrowed funds were used for discharging debt liabilities of the State in the last two years.

Table 1.23: Maturity profile of State debt

Maturity profile	Amount (Rupees in crore)	Per cent
0 – 1 year	5,843	4.96
1 – 3 years	12,870	10.93
3 – 5 years	15,166	12.89
5 – 7 years	17,562	14.92
7 years and above	63,381	53.85
Information not furnished by the Government	2,881	2.45
Total	1,17,703	100

Source: Finance Accounts



20

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Receipt	35,676	37,441	34,683	37,584	49,193
Repayment (principal and interest)	35,413	29,047	31,872	36,312	47,405
Net fund available	263	8,394	2,811	1,272	1,788
Net fund available (in <i>per cent</i>)	0.74	22.42	8.10	3.38	3.64

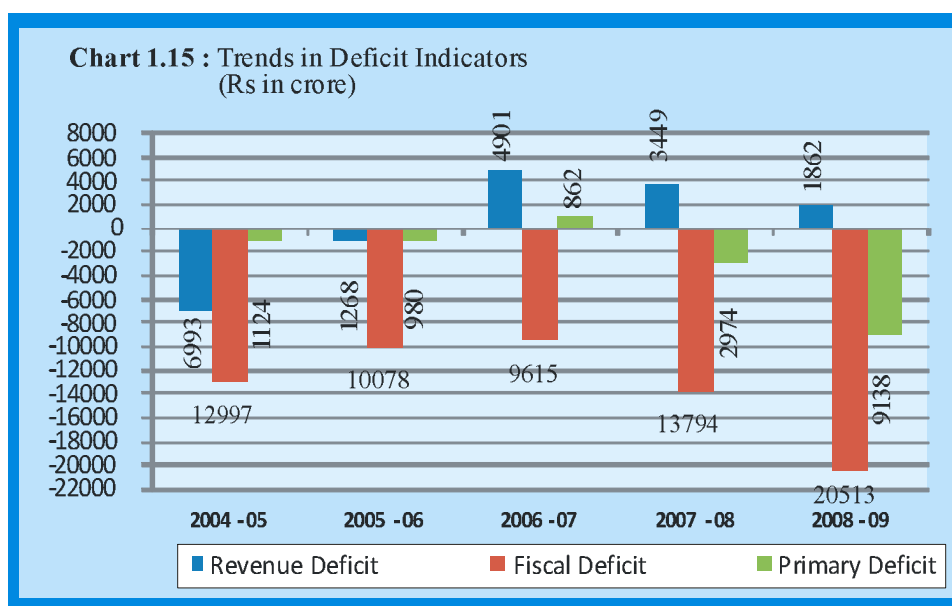
As per data shown in the **Table 1.23**, the maturity profile of 2.45 *per cent* of the debt stock is not clearly defined. There will be bunching of repayment immediately after one year and after seven years the repayment burden will be critical. A well thought out debt payment strategy will ensure that no additional borrowings which mature in these critical years are undertaken.

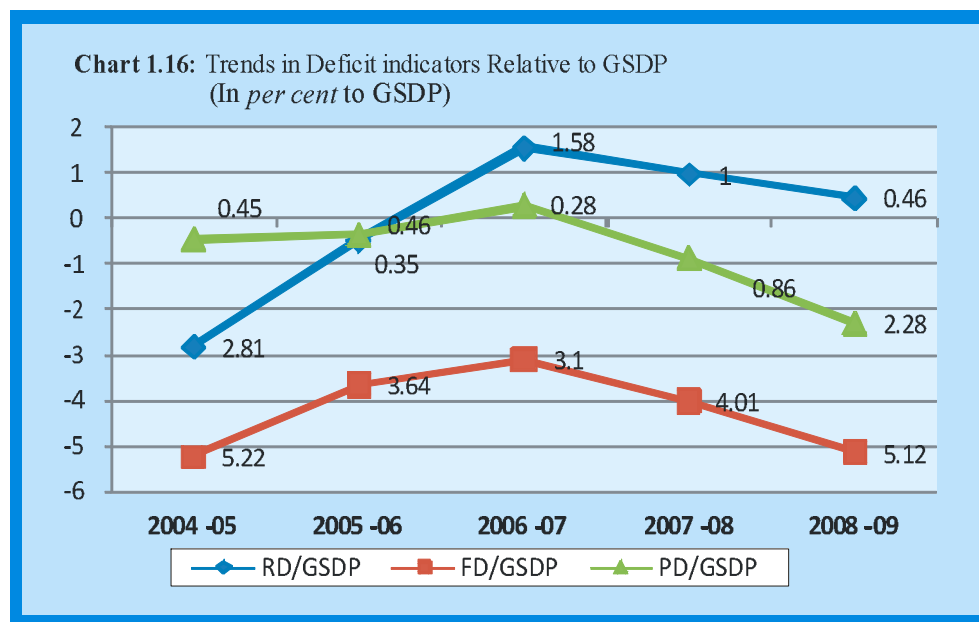
► 1.9 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits, *vis-à-vis*, targets set under FRBM Act/Rules.

1.9.1 Trends in deficits

Chart 1.15 and **1.16** present trends in deficit indicators over the period 2004-09.





The revenue account experienced a situation of huge deficit during the period of 2004-06. The deficit turned into surplus of Rs 4,901 crore in 2006-07 which, declined to Rs 3,449 crore during 2007-08 and further to Rs 1,862 crore during 2008-09. The decline in revenue surplus during 2008-09 was mainly on account of increase of Rs 10,746 crore in revenue expenditure against the increase of Rs 9,158 crore only in revenue receipts relative to the previous year. The fiscal deficit increased from Rs 13,794 crore in 2007-08 to Rs 20,513 crore in 2008-09 mainly due to sharp increase in capital expenditure by Rs 5,396 crore (32 per cent) during the year. As a result, relative to GSDP, the fiscal deficit has increased from 4.01 per cent in 2007-08 to 5.12 per cent much above the revised FRBM norm of 3.5 per cent. The primary deficit of Rs 2,974 crore in 2007-08 grew over three fold to Rs 9,138 crore, primarily due to the sharp increase in fiscal deficit in 2008-09 relative to the previous year.

The declining trend in the revenue surplus should be contained through strategy like realisation of tax arrears, recovery of cost of maintenance of the irrigation projects, timely completion of projects of Irrigation and Public Works departments and making these projects a source of revenue. The increasing fiscal deficit-GSDP ratio can also be contained to the level as targeted in the FRBM Act by cutting non-productive expenditure and by ensuring that high cost market borrowings are not resorted to unless there is a clear justification in terms of economic and financial returns to the economy.

1.9.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.24**.

Table 1.24: Components of fiscal deficit and its financing pattern

(Rupees in crore)

	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit						
	Fiscal deficit (1 to 3)	12,997	10,078	9,615	13,794	20,513
		(5.22)	(3.64)	(3.10)	(4.01)	(5.12)
1	Revenue Deficit/Surplus (-)	6,993	1,268	(-) 4,901	(-) 3,449	(-) 1,862
2	Net Capital Expenditure	5,653	8,711	13,984	16,950	22,346
3	Net Loans and Advances	351	99	532	293	29
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	3,292	2,007	2,219	2,628	10,296
2	Loans from GOI	(-) 3413	(-) 855	(-) 1795	(-) 821	(-) 778
3	Special Securities Issued to NSSF	7181	7625	5831	1423	426
4	Loans from Financial Institutions	1246	229	131	1068	628
5	Small Savings, PF etc	1,810	1960	2733	2451	2944
6	Deposits and Advances	(-) 207	3,338	1,794	2,683	(-) 2,525
7	Suspense and Misc	1003	755	2277	654	973
8	Remittances	94	140	407	273	78
9	Others (i.e. transactions under Contingency Fund, Reserve Fund, Cash Balances Investment)	1,991	(-) 5,121	(-) 3,982	3,435	8,471
	Total	12,997	10,078	9,615	13,794	20,513

Figures in brackets indicate the *per cent* to GSDP.

*All these figures are net of disbursements/outflows during the year

Source: Finance Accounts

The fiscal deficit during 2004-09 ranged between Rs 9,615 crore (2006-07) and Rs 20,513 crore (2008-09). The fiscal deficit, relative to previous year, increased by 49 *per cent* from Rs 13,794 crore to Rs 20,513 crore. Increase in capital expenditure by Rs 5,396 crore (32 *per cent*) and lower revenue surplus during 2008-09 were the major factor for increase in the fiscal deficit.

1.9.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (**Table 1.25**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.25: Primary deficit/surplus - bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Primary revenue deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2004-05	37,895	32,737	5,653	629	39,019	(+) 5,158	(-) 1,124
2005-06	45,934	37,519	8,711	684	46,914	(+) 8,415	(-) 980
2006-07	60,956	45,222	13,984	888	60,094	(+) 15,734	(+) 862
2007-08	69,121	54,403	16,950	742	72,095	(+) 14,718	(-) 2,974
2008-09	78,609	64,594	22,346	807	87,747	(+) 14,015	(-) 9,138

Source: Finance Accounts

The Government, during 2006-07 for the first time, had a primary surplus of Rs 862 crore. This turned into deficit in the succeeding years as non-debt receipts were not sufficient to meet enhanced capital expenditure. If this trend continues, debt sustainability will be jeopardised as ideally non-debt receipts every year should not only cover primary expenditure but also incremental interest burden.

1.9.4 State's own revenue and deficit correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of the correction in deficit indicators. **Table 1.26** presents the change in revenue receipts of the State and the correction of the deficit during the last three years.

Table 1.26: Change in revenue receipts and correction of deficit

(Percent of GSDP)

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
Revenue Receipts (a to d)	19.56	19.94	22.00	19.42
a. State's Own Tax Revenue	7.42	7.25	8.30	7.15
b. State's Own Non-tax Revenue	2.11	1.69	1.60	1.69
c. State's Share in Central Taxes and Duties	7.49	8.51	8.91	7.71
d. Grants-in-Aid	2.53	2.50	3.26	2.87
Revenue Expenditure	17.98	18.94	19.22	18.96
Revenue Surplus	1.58	1.00	2.80	0.46
Fiscal Deficit	3.10	4.01	2.98	5.12

Source: Finance Accounts

There had been marginal inter-year variations in the ratio of revenue receipts to GSDP and revenue expenditure to GSDP. However, the ratio of revenue surplus to GSDP had been declining and the ratio of fiscal deficit to GSDP had been increasing.

► 1.10 Conclusion

State's fiscal position in terms of key fiscal parameters has shown deterioration in 2008-09 relative to previous year. Not only revenue surplus declined by Rs 1,587 crore (46 per cent) in 2008-09 but fiscal deficit increased by Rs 6,719 crore (49 per cent) and primary deficit by Rs 6,164 crore (207 per cent) when compared to previous year.

State's fiscal performance, *vis-à-vis*, targets set in Fiscal Correction Path and Mid Term Fiscal Restructuring Policy Statement by the Government for 2008-09 as well as targets set by the Twelfth Finance Commission also indicated a gloomy picture during the year.

Lower growth rate in revenue receipts in 2008-09 was primarily on account of only 15 *per cent* (Rs 3,700 crore) increase in State's own tax revenue resulting in decline (Rs 1,587 crore; 46 *per cent*) in revenue surplus from the level of Rs 3,449 crore in 2007-08 to the level of Rs 1,862 crore in 2008-09.

State's expenditure pattern reveals that the revenue expenditure as a percentage to total expenditure varied within a range of 77-88 *per cent* during the period 2004-09 and stood at 77 *per cent* in 2008-09 leaving inadequate resources for expansion of services and creation of assets.

Within the revenue expenditure, non-plan revenue expenditure at Rs 58,678 crore in, 2008-09 remained significantly higher than the normative assessment of Rs 44,675 crore made by Twelfth Finance Commission for the year. Further, committed expenditure-salary expenditure, pension liabilities interest payments and subsidies constituted about 78 *per cent* of the NPRES during 2008-09.

In 2005-06 i.e. the first year of the Award Period of the TFC, the Government gave adequate fiscal priority to AE and CE since AE/GSDP and CE/AE in the case of UP was higher than the National average. The priority given to DE and SSE in UP was, however, not adequate as the DE/AE ratio and the SSE/AE ratio for UP was lower than the All States average. In 2008-09, also lower fiscal priority was given to DE and SSE compared to the All States Average.

Continued prevalence of fiscal deficit accompanied with negligible rate of return on Government investments, inadequate cost recovery from the irrigation projects relative to the assessment of Twelfth Finance Commission for ensuring their commercial viability has created stress for the State.

Fiscal liabilities relative to GSDP at 47 *per cent* in 2008-09 appears to be on the higher side especially in view of the FRBM target to contain it to 25 *per cent* by the end of 2018. Besides, inordinate delays in completion of 38 major and medium irrigation projects in the State leading to the cost escalation of Rs 3,836 crore of these projects also needs attention of the State Government.

About 96 to 97 *per cent* of borrowed funds were used for discharging debt liabilities in last two years, leading the State to the debt trap.

The Government has not enacted any law or framed any rule for fixing the ceiling on the guarantees given by it on its Consolidated Fund. The Government had also not set up any fund for meeting contingent liabilities, which may arise on invoking of the guarantees as recommended by the Twelfth Finance Commission.

Uniform accounting policies with proper documentation and timely reporting of expenditure were not followed by the agencies receiving funds directly from GOI, making it difficult to monitor the end use of these direct transfers.

The database on the finances of Urban Local Bodies and Panchayati Raj Institutions to keep accurate information on their finances for need based assessment of requirements was also not developed, as recommended by the Twelfth Finance Commission.

► 1.11 Recommendations

Return to fiscal correction: Uttar Pradesh Government's fiscal performance will gain through concerted efforts in tax compliance focusing on regaining tax arrears, recovery of the cost of maintenance of the irrigation projects, timely completion of projects of Irrigation and Public Works departments and making these projects a source of revenue, cutting non-productive capital expenditure and discouraging market borrowings (Paragraph 1.9.1).

Greater priority to public expenditure: In view of lower *per capita* capital expenditure and developmental expenditure, the Government may consider re-prioritising its public expenditure (Paragraph 1.5.1).

Review of Government investments: The average returns on Government's investments in statutory corporations, Government companies, joint stock companies and co-operatives is abysmally nominal compared to interest out go on its borrowings. This is obviously an unsustainable proposition. The State Government should therefore, seek better value for money in investments. Otherwise, high-cost of borrowed funds invested in projects with low financial return will continue to strain the economy. Projects which are justified on account of low financial but high socio-economic return may be identified and prioritised with full justification for the high-cost borrowings. The working of State-owned public sector undertakings, incurring huge losses may be reviewed and appropriate decision for their closure or otherwise may be taken depending on their strategic value and revival potential.

Prudent cash management: The cost of holding surplus cash balances is high. In 2008-09, interest received on investment of cash balances in RBI's Treasury Bills was only 4.08 *per cent* while the Government borrowed at interest rate of 6.06 *per cent*

(Paragraph 1.6.6). Proper debt management through advanced planning could minimise the need to hold large cash surpluses.

Debt sustainability: The Government of Uttar Pradesh should endeavour to achieve the normative debt-GSDP ratio as specified in Fiscal Reform legislation so that the total liabilities at the end of the financial year 2018 do not exceed *25 per cent* of the estimated GSDP (Paragraph 1.7.3). About 96 to 97 *per cent* of borrowed funds were used for discharging debt liabilities in last two years, leading the State to a debt trap. The Government should use borrowed funds as far as possible only to fund capital expenditure. The revenue expenditure should be met from revenue receipts. Besides, maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear monitoring of the maturity profile of debt payments will go a long way in prudent debt management.

Chapter 2

Financial Management and Budgetary Control

► 2.1 Introduction

This chapter outlines the Uttar Pradesh Government's financial accountability and budgetary practices through audit of Appropriation Accounts. Audit of appropriations seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and that the expenditure required to be charged under the provision of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

Box 2.1

Appropriation Accounts

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

► 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-2009 against 91 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provision**(Rupees in crore)**

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings
<i>Voted</i>	I Revenue	61,630.43	7,434.66	69,065.09	62,403.86	6,661.23
	II Capital	28,659.00	3,096.54	31,755.54	31,423.40	332.14
	III Loans and Advances	711.38	197.42	908.80	807.01	101.79
Total Voted		91,000.81	10,728.62	1,01,729.43	94,634.27	7,095.16
Charged	IV Revenue	14,911.69	82.39	14,994.08	14,656.66	337.42
	V Capital	10.54	--	10.54	7.09	3.45
	VI Public Debt-Repayment	16,775.37	2.79	16,778.16	6,776.49	10,001.67
	Total Charged	31,697.60	85.18	31,782.78	21,440.24	10,342.54
Grand Total		1,22,698.41	10,813.80	1,33,512.21	1,16,074.51	17,437.70

Note: Figures of actual expenditure include recoveries adjusted as reduction of expenditure under voted revenue expenditure (Rs 1,091.63 crore) and capital expenditure (Rs 9,084.77 crore).

Source: Appropriation Accounts

Overall savings of Rs 17,437.70 crore was the result of savings of Rs 21,790.88 crore in 111 cases of grants and appropriations under Revenue Section, 57 cases of grants and appropriation under Capital Section and four cases of grants and appropriation (Public Debt-Repayments) under Loan Section, offset by excess of Rs 675.55 crore in 17 cases of grants and appropriations under Revenue Section and Rs 3,677.63 crore in 10 cases of grants under Capital Section.

Savings/excesses (Detailed Appropriation Accounts) were intimated (August 2009) to the Controlling Officers requesting them to explain the significant variations. However, the same were not received (October 2009).

The departments of Food and Civil Supplies (Capital voted: Rs 409.16 crore), Public Works - Building (Capital voted: Rs 769.50 crore), Public Works - Communication Roads (Capital voted: Rs 1,697.88 crore), Finance (Superannuation Allowances and Pensions) (Revenue voted: Rs 521.24 crore) and Irrigation - Works (Capital voted: Rs 670.11 crore) incurred substantial excess expenditure over appropriations. Similarly, the departments having substantial savings were Power (Revenue voted: Rs 302.76 crore, Capital voted: Rs 2,176.69 crore), Agriculture (Revenue voted: Rs 460.99 crore), Panchayati Raj (Revenue voted: Rs 379.24 crore), Medical-Allopathy (Revenue voted : Rs 369.51 crore), Public Works (Establishment) (Revenue voted : Rs 496.58 crore), Finance (Debt Services and Other Expenditure) (Revenue voted: Rs 1,278.98 crore and Capital charged: Rs 10,001.56 crore), Education (Primary Education) (Revenue voted: Rs 646.21 crore) and Social Welfare (Special Component Plan for Scheduled Castes) (Revenue voted: Rs 470.38 crore and Capital voted: Rs 399.73 crore).

► 2.3 Financial accountability and budget management

2.3.1 Appropriation, vis-à-vis, allocative priorities

Outcome of the appropriation audit revealed that in 121 cases, savings exceeded Rs 10 crore in each case or by more than 20 *per cent* of total provision (**Appendix 2.1**). Against the total savings of Rs 21,648.31 crore, savings of Rs 20,566.15 crore (95 *per cent*) occurred in 44 cases (exceeding Rs 50 crore in each case) relating to 29 grants and appropriations as given in **Table 2.2**.

Table 2.2: List of Grants with savings of Rs 50 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual expenditure	Savings
Revenue-Voted						
1	7- Industries Department (Heavy and Medium Industries)	186.74	10.19	196.93	57.97	138.96
2	9- power Department	2288.70	0.98	2289.68	1986.92	302.76
3	11- Agriculture and Other Allied Departments (Agriculture)	2335.26	58.46	2393.72	1932.73	460.99
4	14- Agriculture and Other Allied Departments (Panchayati Raj)	1170.00	427.50	1597.50	1218.26	379.24
5	21- Food and Civil Supplies Department	141.72	19.29	161.01	31.59	129.42
6	24- Cane Development Department (Sugar Industry)	64.52	561.35	625.87	501.07	124.80
7	26- Home Department (Police)	3628.84	467.91	4096.75	4032.01	64.74
8	31- Medical Department (Medical Education and Training)	823.68	43.83	867.51	771.05	96.46
9	32- Medical Department (Allopathy)	1741.71	139.38	1881.09	1511.59	369.50
10	33- Medical Department (Ayurvedic and Unani)	243.12	26.20	269.32	216.91	52.41
11	35- Medical Department (Family Welfare)	815.80	67.78	883.58	827.33	56.25
12	36- Medical Department (Public Health)	257.81	28.39	286.20	212.11	74.09
13	42- Judicial Department	534.16	53.58	587.74	430.65	157.09
14	45- Environment	88.50	0.12	88.62	2.93	85.69
15	47- Technical Education Department	161.94	18.24	180.18	120.87	59.31
16	48- Muslim Waqf Department	221.15	479.64	700.79	421.39	279.40
17	49- Women and Child Welfare Department	2027.63	170.74	2198.37	2060.21	138.16
18	51- Revenue Department (Relief on account of Natural Calamities)	1134.47	12.63	1147.10	1089.43	57.67
19	52- Revenue Department (Board of Revenue and Other expenditure)	925.68	107.29	1032.97	967.98	64.99
20	54- Public Works Department (Establishment)	716.76	71.23	787.99	291.41	496.58
21	61- Finance department (Debt services and other Expenditure)	4784.82	Nil	4784.82	3505.84	1278.98
22	71- Education Department (Primary Education)	8955.75	644.35	9600.10	8953.88	646.22
23	72- Education Department (Secondary Education)	3042.61	700.42	3743.03	3540.82	202.21
24	73- Education Department (Higher Education)	885.16	86.07	971.23	806.72	164.51
25	83- Social Welfare Department (Special Component Plan for Scheduled Castes)	4068.97	407.46	4476.43	4006.05	470.38
26	95- irrigation Department (Establishment)	1081.00	120.45	1201.45	1122.80	78.65
Total		42326.50	4,723.48	47,049.98	40,620.52	6,429.46

Financial Management and Budgetary Control

Capital-Voted					
1	9- Power Department	7778.46	98.00	7876.46	2176.69
2	11- Agriculture and other Allied Departments (Agriculture)	239.14	79.60	318.74	154.60
3	14- Agriculture and Other Allied Departments (Panchayati Raj)	631.23	Nil	631.23	60.28
4	15- Agriculture and Other Allied Departments (Animal Husbandry)	109.24	Nil	109.24	71.48
5	24- Cane Development Department (Sugar Industry)	30.00	291.39	321.39	165.28
6	26- Home Department (Police)	291.20	16.63	307.83	69.62
7	32- Medical Department (Allopathy)	433.48	213.81	647.29	122.79
8	38- Civil Aviation Department	59.00	56.80	115.80	42.70
9	42- Judicial Department	207.50	Nil	207.50	111.16
10	45- Environment Department	80.65	Nil	80.65	80.65
11	48- Muslim Waqf Department	27.27	200.00	227.27	167.86
12	49- Women and Child Welfare Department	60.08	Nil	60.08	59.53
13	51- Revenue Department (Relief on account of Natural Calamities)	100.00	Nil	100.00	70.07
14	62- Finance Department (Superannuation Allowances and Pensions)	50.00	50.00	100.00	53.02
15	83- Social Welfare Department (Special Component Plan for Scheduled Castes)	2946.83	277.26	3224.09	399.73
Total		13,044.08	1,283.49	14,327.57	3,805.46
Revenue-Charged					
1	21- Food and Civil Supplies Department	205.01	nil	205.01	205.01
2	61- Finance department (Debt Services and other Expenditure)	14425.77	nil	14425.77	124.66
Total		14,630.78	Nil	14,630.78	329.67
Capital-Charged					
1	61- Finance department (Debt services and other Expenditure)	15253.03	nil	15253.03	10001.56
Total		15253.03	nil	15253.03	10,001.56
Grand Total		85,254.39	6006.97	91,261.36	20,566.15

Source: Appropriation Accounts

2.3.2 Persistent savings

In four cases involving four grants, there were persistent savings of more than Rs 4 crore in each case and were four *per cent* or more of the total grant during the last five years. The details are given below:

Table 2.3: List of grants indicating persistent savings during 2004-09

(Rupees in crore)

Sl. No.	No. and name of the grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1	40- Planning Department	4.41	6.71	9.27	11.43	32.71
2	49- Women and Child Welfare Department	62.64	37.33	200.47	116.12	138.16
Capital-Voted						
1	26-Home Department (Police)	108.80	135.55	157.87	46.18	69.62
2	61-Finance Department (Debt Services and Other Expenditure)	38.61	25.97	138.40	149.72	21.69

Source: Appropriation Accounts

Persistent savings during the last five years indicated that the budgeting was not proper.

2.3.3 Excess expenditure

Expenditure aggregating Rs 28,135.48 crore exceeded the approved provision by Rs 4,328.06 crore in 18 cases where expenditure was more than Rs 10 crore or more, in each case, or more than 20 *per cent* of the total provision. Details are given in *Appendix 2.2*. Of these, excess expenditure by more than 20 *per cent* has been observed in the following grants consistently for the last five years as detailed in **Table 2.4**.

Table 2.4: List of grants with persistent excess expenditure during 2004-09

(Rupees in crore)

Sl. No.	Number and name of the grant	Amount of Excess Expenditure				
		2004-05	2005-06	2006-07	2007-08	2008-09
		Revenue-Voted				
1	58- Public Works Department (Communications Roads)	9.55	58.63	41.05	24.32	58.62
		Capital-Voted				
2	55- Public Works Department (Buildings)	132.17	198.34	436.24	644.60	769.50
3	58- Public Works Department (Communications Roads)	1.63	502.05	861.52	1427.82	1697.88

Source: Appropriation Accounts

2.3.4 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 7,121.90 crore for the years 2005-08 was yet to be regularised as detailed in *Appendix 2.3*. The year-wise amount of excess expenditure pending regularisation for grants/ appropriations is summarised in **Table 2.5**.

Table 2.5: Excess over provision relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision (Rupees in crore)
	Grants	Appropriations	
2005-06	25	4	1026.78
2006-07	18	6	2484.47
2007-08	12	2	3610.65
Total	55	12	7121.90

Source: Appropriation Accounts

2.3.5 Excess over provision during 2008-09 requiring regularisation

Table 2.6 contains the summary of total excess in six cases of grants and appropriations amounting to Rs 3,399.42 crore over authorisation from the Consolidated Fund of the State during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provision requiring regularisation during 2008-09

(Rupees in crore)

Sl. No.	Name and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess	Excess requiring regularisation
A-Revenue Voted					
1	62- Finance Department (Superannuation Allowances and Pensions)	5065.74	5586.98	521.24	521.24
2	96-Irrigation Department(Works)	1420.30	1450.35	30.05	30.05
	Total (A)	6,486.04	7037.33	551.29	551.29
B-Capital Voted					
3	55- Public Works Department (Buildings)	46.55	816.05	769.50	764.08 ¹
4	58- Public Works Department (Communications- Roads)	2961.35	4659.23	1697.88	1412.85 ²
5	96- Irrigation Department (Works)	2364.29	3034.41	670.12	670.12
	Total (B)	5,372.19	8509.69	3137.50	2847.05
C-Revenue Charged					
6	52- Revenue Department (Board of Revenue and Other Expenditure)	0.46	1.54	1.08	1.08
	Total (C)	0.46	1.54	1.08	1.08
	Grand Total (A)+(B)+(C)	11,858.69	15,548.56	3,689.87	3399.42

Source: Appropriation Accounts

2.3.6 Unnecessary/Inadequate supplementary provision

Supplementary provision aggregating Rs 2,323.20 crore obtained in 51 cases, Rs 50 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.4**. In twelve cases, supplementary provision of Rs 1,646.04 crore proved insufficient by more than Rs 2 crore in each case leaving an aggregate uncovered excess expenditure of Rs 2,791.21 crore (**Appendix 2.5**).

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings of Rs 670.73 crore in some cases and excess of over Rs 1,636.57 crore in other cases as detailed in **Appendix 2.6**.

2.3.8 Unexplained re-appropriations

As per Paragraph 158 of the Budget Manual, reasons for additional expenditure and savings should be explained in the re-appropriation statements. However, scrutiny of 327 re-appropriation orders issued by the Finance Department revealed that reasons for additional provision/withdrawal of provision in re-appropriation orders were not explained therein.

¹Rs 5.42 crore adjusted through *pro rata* (Rs 4.12 crore) and met from the Contingency Fund (Rs 1.30 crore).²Rs 285.03 crore adjusted through *pro rata*.

2.3.9 Substantial surrenders

Substantial surrenders (50 *per cent* or more of the total provision) were made in respect of 116 sub-heads either due to non-implementation or slow implementation of schemes/programmes. Out of total provision amounting to Rs 4,981.14 crore in 116 schemes, Rs 3,506.26 crore (70 *per cent*) was surrendered, which included *cent per cent* surrender in 57 schemes (Rs 566.84 crore). The details of such cases are given in *Appendix 2.7*. This indicated that budgeting was not done after proper exercise.

2.3.10 Surrender in excess of actual saving

In 17 cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of Rs 794.03 crore, the amount surrendered was Rs 943.92 crore resulting in excess surrender of Rs 149.89 crore. Details are given in *Appendix 2.8*.

2.3.11 Anticipated savings not surrendered

As per Budget Manual, spending departments are required to surrender grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the end of 2008-09, there were, however, 47 cases grants/appropriations in which savings occurred but no part was surrendered by the concerned departments. The amount involved in these cases was Rs 4,790.49 crore (22 *per cent* of the total savings) (*Appendix 2.9*).

Similarly, out of total savings of Rs 8,356.17 crore under 76 cases (savings of Rs 1 crore and above), amount aggregating Rs 6,869.88 crore (82 *per cent* of total savings) was not surrendered, the details of which are given in *Appendix 2.10*. Besides, Rs 15,003.81 crore in 41 cases was surrendered (*Appendix 2.11*) (surrender of funds in excess of Rs 10 crore) on the last two working days of March 2009. This indicated inadequate financial control apart from the fact that the funds could not be utilised for other developmental purposes.

2.3.12 Rush of expenditure

Rush of expenditure in the closing month of the financial year should be avoided in terms of Paragraph 211 (e) of the Budget Manual. **Table 2.7** presents the major heads where more than 50 *per cent* expenditure was incurred either during last quarter or during last month of the financial year. This is indicative of the fact that control over expenditure was deficient.

Table 2.7: Rush of expenditure

(Rupees in crore)

Sl. No.	Major head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2015-Elections	95.47	73.59	77	60.81	64
2	2052- Secretariat- General Services	673.92	547.11	81	506.29	75
3	4055- Capital Outlay on Police	239.16	182.15	76	160.37	67
4	4217- Capital Outlay on Urban Development	366.64	310.85	85	259.83	71
5	4235- Capital Outlay on Social Security and Welfare	75.42	73.79	98	59.25	79
6	5053- Capital Outlay on Civil Aviation	71.36	70.29	98	68.28	96
7	5452-Capital Outlay on Tourism	37.92	33.65	89	30.85	81
	Total	1559.89	1291.43	83	1145.68	73

Source: VLC data

► 2.4 Pendency in submission of DCC bills against AC bills

Drawing and disbursing officer is required to certify in each abstract contingent bill that detailed bills for all contingent charges drawn prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General.

However, 16,140 AC bills involving Rs 225.80 crore and pertaining mostly to the maintenance of vehicles, purchase of petrol, etc., were outstanding at the end of March 2009. This indicated financial mismanagement and lack of internal control. The age wise details are given in **Table 2.8**.

Table 2.8: Outstanding Abstract Contingent bills

Year	Number of outstanding bills	Amount (Rs in crore)
Pertaining to the year prior to 2006-07	8,398	55.79
2006-07	2,776	36.82
2007-08	2,458	89.91
2008-09	2,508	43.28
Total	16,140	225.80

Source: Finance Accounts

The office wise details of pending Detailed Countersigned Contingent bills for the years up to 2008-09 are given in **Appendix 2.12**.

► 2.5 Unreconciled expenditure

To enable the controlling officers to exercise control over expenditure to keep it within the budgeted grants/appropriations and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled every month with that recorded in books of the Accountant General. However, 21 controlling officers did not reconcile (2008-2009) expenditure amounting to Rs 2,083.19 crore. 11 out of 21 controlling officers did not reconcile amounts exceeding Rs 10 crore in each case as given in **Table 2.9**.

Table 2.9: List of controlling officers in whose case amounts exceeding Rs 10 core in each case remained un-reconciled during 2008-2009

(Rupees in crore)

Sl. No.	Controlling officers	Amount not reconciled
1.	Commissioner, Milk, UP, Lucknow	82.38
2.	Chief Accounts Officer, Cooperative Societies and Panchayats, UP Lucknow	159.01
3.	Registrar, Cooperative Societies, UP, Lucknow	119.06
4.	Director, Ayurvedic and Unani, UP Lucknow	438.71
5.	Director, Horticulture, UP Lucknow	123.01
6.	Director, Agriculture, UP Lucknow	199.06
7.	Director, Samaj Kalayan, UP Lucknow	115.97
8.	Engineer-in-Chief, Irrigation, UP Lucknow	87.27
9.	Director, Pensions UP, Lucknow	10.98
10.	Director, Viklang Kalyan, UP Lucknow	295.06
11.	Secretary, Public Works Department, UP Lucknow	418.50
Total		2,049.01

Source: VLC data

► 2.6 Personal Ledger Accounts (PLAs)

The Government framed (1998) Uttar Pradesh Personal Ledger Account Rules. As per these rules, the PLAs were to be opened in the treasuries in favour of the Government Offices, Nigams, Undertakings, Parishads and other Autonomous Bodies with Government's special sanction and under an authority of the Accountant General for depositing amounts remaining unutilised at the close of financial year; funds of Centrally Sponsored Schemes; construction agencies and grants-in aid to the Company, Corporations, *Parishads* and Autonomous Bodies etc.

A review of the financial data furnished by the Director, Financial Statistics, Uttar Pradesh, Lucknow and scrutiny (October 2009) of records of the Director, Basic Education and the Director, Secondary Education revealed:

2.6.1 *Parking of funds in the PLAs against the legislative financial control*

Article 340 (b) of the State Financial Rules provided for the closure of the PLAs at the end of each financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. However, this provision was not included in the aforesaid PLA Rules, 1998. Further, the Government instructed (August 1999) that the balances of the PLAs, except in case of the PLAs opened in favour of a Government Department, could be carried forward to the next financial year.

As a result, the Nigams, Universities and alike institutions, *Parishads* and Local Bodies did not close their PLAs at the end of each financial year resulting in accumulation of huge amount of Rs 5,754.49 crore in 4,298 PLAs in the State at the close of March 2009. Of 4,298 PLAs, 1,735 (with balances of Rs 425.22 crore at the end of March 2009) were not operated during 2008-09. 109 PLAs with accumulated balances of Rs 4.03 crore

were not operated in fifteen districts for over preceding three years as of March 2009. The accumulation of huge amount in the PLAs was against the principle of the Legislative Financial Control under which appropriations passed in the Legislatures were valid only for one financial year.

2.6.2 Deposits/withdrawals without Accountant General's authority

The aforesaid Rules and subsequent Finance Department's order (August 1999) regulated deposit and withdrawal into/from the PLAs under which the Government departments could transfer funds from the Consolidated Fund to their PLAs but their balances were to lapse at the end of each financial year so as to obviate any misuse. Such PLAs required fresh authority from the Accountant General to operate at the beginning of the next financial year. On the other hand, the Autonomous Bodies, Government Companies/Corporations etc., could keep funds in their PLAs and unspent balances at the end of the financial year were to be carried forward to the next financial year and could withdraw without Accountant General's fresh authority to operate in the next financial year.

Director, Basic Education, Allahabad and Director, Secondary Education Allahabad scrupulously avoided opening of the PLAs in their favour and transferred funds to the PLA of Finance Controller, Basic Shiksha Parishad, Allahabad (an autonomous body) to facilitate withdrawals in the subsequent financial years without Accountant General's authority as given in **Table 2.10**.

Table 2.10: Deposits and withdrawals

(Rupees in crore)

Year	Opening balance	Deposits	Amounts surrendered	Amount spent	Total amounts withdrawn	Closing balance
	1	2	3	4	5 (4+5)	6
Basic Education						
2008-09	24.48	nil	24.32	0.15	24.47	0.01
Secondary Education						
2008-09	68.15	nil	7.95	nil	7.95	60.20
Total	92.63	nil	32.27	0.15	32.42	60.21

Source: Director, Basic Education and Director, Secondary Education

Rupees 60.21 crore remained parked since 2006-07 (Asavit Yojna: Rs 10 lakh) and 2007-08 (Rs 60.11³ crore) indicating unproductive balances and a lackadaisical approach towards execution/ implementation of the activity/schemes for which funds were provided.

The grants/appropriations were not actually spent on achieving physical targets while the same was shown in the Appropriations Accounts as having been spent. The transfer of funds from the Consolidated Fund to the PLAs vitiated the position of actuals against grants/appropriations appearing in the Appropriation Accounts.

³Honoraria to BTC Trainees (Rs 1.20 lakh), Establishment Expenditure of the Directorate Secondary Education (Rs 10 lakh), Scheme of Information and Communication Technology in Secondary Schools (Rs 50 crore), Establishment of secondary schools in educationally backward blocks (Rs 10 crore).

2.6.3. Inflated receipts of the department

Director, Basic Education and Director, Secondary Education had an unspent balance of Rs 92.63 crore at the beginning of the year 2008-09. Out of Rs 92.63 crore, Rs 23.71 crore pertained to the Centrally sponsored schemes of Pradhan Mantri Gramodaya Yojna (Rs 1.94 crore) Operation Black Board (Rs 8.84 crore), Mid Day Meal-conversion charge (Rs 3.36 crore) and Mid Day Meal-transportation charge (Rs 9.57 crore) and were lying unspent for the periods ranging from three to over eight years. Director, Basic Education and Director, Secondary Education deposited Rs 32.27 crore including Rs 23.71 crore of the centrally sponsored schemes in the Consolidated Fund under respective receipt heads of account during 2008-09 under the order (August 2008) of the Finance Department which inflated Government revenues by that amount during 2008-09.

► 2.7 Errors in budgeting process

As per paragraph 32 of the Budget Manual, budget estimates should be framed on the basis of expenditure to be incurred on the pay and allowances of the men in position irrespective of sanctioned strength.

However, the posts were vacant mainly in the offices of the Higher Education Director, Regional Higher Education Officers, Government Colleges, aided Institutions during the financial year 2008-09. Despite this, a provision of Rs 669.53 crore was made in the budget (2008-09) on the basis of sanctioned strength rather on the basis of actual men-in-position. As a result, an expenditure of Rs 617.08 crore out of the provision of Rs 669.53 crore could be incurred leaving provision of Rs 52.45 crore unspent.

► 2.8 Review of a selected grant

Rupees 1,008.73 crore was provided (2008-09) under Grant Number 73 pertaining to the Education Department (Higher Education) under the control of the Director, Higher Education (Director). Against it, Rs 825.24 crore was spent leaving over all savings of Rs 183.49 crore at the end of March 2009 as detailed in **Table 2.11**.

Table 2.11: Savings under Grant No-73

Particulars	Amounts	Total	Actual expenditure	Savings	Heads of accounts
(In thousands of rupees)					
Revenue Voted					
Original	8,85,16,14	9,71,23,16	8,06,71,91	1,64,51,25	2013- Council of Ministers, 2202- General Education and 2204- Sports and Youth Services
Supplementary	86,07,02				
Capital Voted					
Original	37,50,00	37,50,00	18,52,59	18,97,41	4202- Capital Outlay on Education, Sports, Art and Culture
Supplementary	...				
Grand Total	10,08,73,16	1,00,87,316	8,25,24,50	1,83,48,66	
Amount surrendered:	Revenue voted			1,78,38,56	
	Capital voted			17,12,15	

A review of the aforesaid Grant revealed:

Actual expenditure of Rs 806.72 crore under Revenue voted included an adjustment of Rs 28.52 crore which pertained to periods 2000-01 and accumulated under Head 8658-111-Departmental Adjusting Account. In view of the final saving of Rs 164.51 crore, the surrender of Rs 178.39 crore indicated incorrect estimation of expenditure under the Grant.

As per Paragraph 140 and 141 of the Budget Manual, the controlling officers should submit a statement of anticipated savings to the Finance Department by 25 January and the final savings be surrendered to it by 25 March. Director, however, did not observe this and finally surrendered the savings of Rs 195.51 crore (Revenue Voted: Rs 178.39 crore and Capital Voted: Rs 17.12 crore) on 31 March 2009.

Rupees 30.75 lakh was provided for execution of network cabling and electrical fitting in Government colleges under the Twelfth Finance Commission. In disregard to Paragraph 174 of the Budget Manual under which funds from the treasury should not be drawn unless required for immediate use, Rs 30.75 lakh was withdrawn on 31 March 2009 to avoid its lapse. The amount was refunded (September 2009) to the treasury after retaining it in the form of bank drafts for six months.

Rupees 86.07 crore was provided through supplementary for payment of pay arrears to the teaching/non teaching staff of the colleges in the State. As the pay could not be fixed by March 2009, Rs 86.07 crore could not be drawn from the treasury leading to their surrender eventually. Thus, the supplementary grant of Rs 86.07 crore proved unnecessary especially in view of the fact that the department could not utilise the entire original provision during the financial year and a saving of Rs 78.44 crore relative to the original provision had occurred.

► 2.9 Conclusion

Against total grants and appropriations of Rs 1,33,512.21 crore during 2008-09, Rs 1,16,074.51 crore was spent. This resulted in savings of Rs 17,437.70 crore. The overall saving of Rs 17,437.70 crore was the result of savings of Rs 21,790.88 crore offset by excess of Rs 4,353.18 crore. An excess of Rs 3,399.42 crore over provision during 2008-09 requires regularisation under Article 205 of the constitution. Besides, an excess of Rs 7,121.90 crore over provision relating to period 2005-08 also requires regularisation. Supplementary provision of Rs 2,323.20 crore in 51 cases was unnecessary while, Rs 15,003.81 crore in 41 cases was surrendered on the last two working days of March 2009. Apart from these, there were also cases of expenditure of 50 *per cent* or more either during the last quarter of the financial year or during the month of March 2009. The detailed bills were also not submitted for large amount of advances drawn on abstract contingent bill and huge amounts were parked in the PLAs.

▶ 2.10 Recommendations

Budgetary control should be strengthened in all Government departments particularly in four departments where savings occurred persistently during the last five years. Excessive/unnecessary re-appropriation of funds should be avoided and reasons for additional provision/withdrawal of provision in re-appropriation order should be explained therein. Unit-wise control over expenditure should be exercised and the savings anticipated should be surrendered to the Finance department so that the funds could be utilised for development purposes. The re-appropriation of the funds at the close of the financial year should also be minimised.

Chapter 3

Financial Reporting

A sound financial reporting system based on compliance with financial rules is one of the attributes of good governance. This Chapter provides an overview and status of the Government's compliance with various financial rules during the current year.

► 3.1 Delay in furnishing utilisation certificates (UCs)

Paragraph 369-H of the Financial Rules provides that the departmental officers should obtain UCs from the grantees in respect of the grants provided for specific purposes and forward these to the Accountant General not later than 18 months from the date of sanction of the grant.

However, 1,909 UCs for an aggregate amount of Rs. 1,013 crore (paid up to 2007-08) were in arrears as of September 2009. The department-wise break-up of the outstanding UCs is given in *Appendix 3.1* and the age-wise delay in their submission is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of UCs

(Rupees in crore)

Sl. No.	Range of delay in number of years	Total grants paid		UCs outstanding	
		Number	Amount	Number	Amount
1	0 - 1	4,684	14,801.02	1,376	898.83
2	1 - 3	1,085	560.89	443	101.55
3	3 - 5	438	44.60	NA	5.00
4	5 - 7	NA	NA	89	6.79
5	7 - 9	Nil			
6	9 & above	2	0.74	01	0.49
Total		6,209	15,407.25	1,909	1,012.66

Source: Concerned departments

Sugar Commissioner, Uttar Pradesh, Lucknow paid grants aggregating Rs 6.79 crore to the Sugar Mills during 2001-02. However, UCs were in arrears even after seven years. UC for Rs 60 crore which was transferred to the *Shakkar Vishesh Nidhi* in 2005-06 under Sugar Industries Promotion Policy was in arrear even after three years. Transport Department paid a grant of Rs 49 lakh to the UP State Road Transport

Corporation for construction of Nanakmatta Bus Depot (now in Uttaranchal) in 1998-99. However, UC was awaited even after ten years. Other major departments in default were Medical Education and Training (Rs 316.58 core), Urban Development (Rs 238.83 core), Fisheries (Rs 199.42 core), Industries (Rs 40.20 core) and Cooperative Societies (Rs 15.74 core).

► 3.2 Delays in submission of Accounts/ Audit Reports of autonomous bodies

The audit of accounts of eight autonomous bodies¹ has been entrusted to the C&AG. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and its placement in the Legislature are given in **Appendix 3.2**. The delay in submission of accounts to Audit is summarised in **Table 3.2**.

Table 3.2: Delays in submission of accounts

Delays in submission of accounts (In months)	No. of autonomous bodies	Reasons for the delay
1 - 6	4	Jal Sansthan at Jhansi, Allahabad, Varanasi and Chittrakoot have not submitted their accounts for 2008-09 despite reminders.
12 - 18	2	Jal Sansthan at Kanpur and Lucknow have not submitted their accounts for 2007-08 and 2008-09 despite reminders.
24 & above	2	Jal Sansthan, Agra has not submitted its accounts for 2005-06, 2006-07, 2007-08 and 2008-09 despite reminders. Khadi and Gramodyog Board, Lucknow has not submitted its account for 2006-07, 2007-08 and 2008-09 despite reminders.
Total	8	

Delayed submission of accounts is fraught with risk of fraud and leakage of funds.

► 3.3 Departmental commercial/quasi commercial undertakings

Departmental commercial undertakings prepare *pro forma* accounts in prescribed format annually showing the working results of financial operations and efficiency in their business. The accounts should be submitted to the Accountant General for audit within three months from the month of closure of accounts.

As of March 2009, there were ten such undertakings in the State. Five of these had not prepared their *pro forma* accounts up to 2007-08. The department-wise position of arrears of accounts is given in **Appendix 3.3**. The State Pharmacy of Ayurvedic and Unani Medicine and Criminal Tribes Settlement Tailoring Factory with a Government investment of Rs 13 lakh (as per their latest accounts), had not prepared their accounts

¹Jal Sanasthan at Jhansi, Allahabad, Agra, Varanasi, Kanpur, Chittrakoot Dham Banda, Lucknow and Khadi Gramodyog Board, Lucknow

since 1988-89 and 1980-81 respectively. Similarly, *pro forma* accounts of the Public Distribution System with a Government investment of Rs 531.10 crore were not prepared since 2006-07. As a result, Government investments remained beyond the scrutiny of Audit/State Legislature. Non- preparation of accounts also exposed the system to risk of fraud and leakage of funds.

► 3.4 Misappropriations, losses, defalcations, etc.

As per Paragraph 82 of the Financial Rules, defalcation or loss should be immediately reported to the Accountant General even though made good by the person responsible for it.

Till 2008-09, 159 such cases involving Rs 7.19 crore were reported. The department-wise break up of pending cases and their age wise analysis is given in *Appendix 3.4*. The nature of these cases is given in *Appendix 3.5*. The age-profile of the pending cases under each category i.e theft and misappropriation/loss emerging from these appendices are summarised in **Table 3.3**.

Table 3.3: Profile of misappropriations, losses, defalcations, etc.

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (Rs in lakhs)	Nature/Characteristics of the cases	Number of cases	Amount involved (Rs in lakhs)
0 - 5	30	221.10	Theft	87	33.41
5 - 10	17	27.15			
10 - 15	44	77.22	Misappropriation/Loss of material	72	685.77
15 - 20	22	25.64			
20 - 25	31	26.72	Total	159	719.18
25 & above	14	340.94	Cases written off during the year	1	0.41
Total	158	718.77	Total pending cases	158	718.77

Source: Concerned departments

Out of 159 cases involving Rs 7.19 crore, one case (*Appendix 3.6*) involving Rs 41 thousand was written off during 2008-09 and remaining 158 cases were pending as of March 2009 for various reasons as listed in **Table 3.4**.

Table 3.4: Reasons for pending cases of misappropriations, losses, defalcations, etc.

Reasons for the delay/outstanding cases		Number of cases	Amount (Rs in lakh)
i	Awaiting departmental and criminal investigation	15	99.32
ii	Departmental action initiated but not finalised	99	109.51
iii	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	1	0.67
iv	Awaiting orders for recovery or write off	9	6.69
v	Pending in the courts of law	34	502.58
Total		158	718.77

▶ 3.5 Conclusion

The Government's compliance with various financial rules and procedures relating to submission of UCs, accounts by autonomous bodies and Government undertakings and disposal of cases of losses, misappropriations, etc. was deficient. The UCs in respect of huge amount were not obtained from the grantees. One Departmental Commercial Undertaking had not prepared its *pro forma* accounts for over twenty five years. Besides, a large number of cases of misappropriations, etc., involving huge amount of Government money were pending either for recovery or write off.

▶ 3.6 Recommendations

Departmental enquiries in all the cases of misappropriations, losses, defalcations, etc. should be expedited to bring the defaulters to book. For this purpose, the internal controls in the various departments should be strengthened to prevent recurrence of such cases. Besides, the Government should issue instructions to all the grantees emphasising the timely submission of the utilisation certificates.

ALLAHABAD,
The


(AJIT KUMAR PATNAIK)
Principal Accountant General (Civil Audit),
Uttar Pradesh

Countersigned

NEW DELHI,
The


(VINOD RAI)
Comptroller and Auditor General of India

Appendix 1.1

Abstract of receipts and disbursements for the year 2008-09 (Reference paragraph 1.1; page 1)

(Rupees in crore)

	Receipts			Disbursements					
2007-08			2008-09	2007-08			Non-Plan	Plan	Total 2008-09
Section-A: Revenue									
68,672.47	I	Revenue receipts	77,830.73	65,223.21	I	Revenue expenditure	58,677.55	17,291.34	75,968.89
24,959.32		Tax revenue	28,658.97	26,550.75		General services	29,557.38	211.94	29,769.32
				23,085.57		Social Services	16,961.79	11,584.22	28,546.01
5,816.01		-Non-tax revenue	6,766.55	11,675.68		-Education, Sports, Art and Culture	10,712.20	2,232.14	12,944.34
				3,101.72		-Health and Family Welfare	2,650.06	1,052.99	3,703.05
29,287.74		-State's share of Union Taxes	30,905.72	1,968.62		-Water Supply, Sanitation, Housing and Urban Development	150.83	3,726.44	3,877.27
				28.99		-Information and Broadcasting	57.40	0.73	58.13
2,894.42		-Non-Plan grants	3,142.62	1,974.39		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1,570.77	1,037.26	2,608.03
2,795.49		-Grants for State Plan Schemes	5,195.76	161.36		-Labour and labour Welfare	150.73	36.58	187.31
				4,142.19		-Social Welfare and Nutrition	1,631.17	3,496.05	5,127.22
2,919.49		-Grants for Central and Centrally sponsored Plan Schemes	3,158.61	32.62		-Others	38.63	2.03	40.66
-		External Grants Assistance	2.50	12,037.40		Economic Services	8,654.17	5,495.18	14,149.35
				2,522.06		-Agriculture and Allied Activities	1,323.95	1,593.44	2,917.39
				2,936.27		-Rural Development	1,240.02	3,267.77	4,507.79
				53.70		-Special Areas Programmes	22.37	0.50	22.87
				2,410.95		-Irrigation and Flood control	2,255.50	457.65	2,713.15
				1,914.11		-Energy	1,642.29	8.54	1,650.83
				638.16		-Industry and Minerals	589.20	148.79	737.99
				1,403.62		-Transport	1,438.07	1.30	1,439.37
				35.14		-Science, Technology and Environment	6.23	13.01	19.24
				123.39		-General Economic Services	136.54	4.18	140.72
				3,549.49		Grants-in-aid and Contributions	3,504.21	--	3,504.21
				65,223.21		Total			75,968.89
	II	Revenue deficit carried over to Section B	..	3,449.26	II	Revenue Surplus carried over to Section B			1,861.84
68672.47		Total	77,830.73	68672.47		Total			77,830.73

Appendix 1.1

Section-B : Others								
15,487.88	III	Opening Cash balance including Permanent Advances and Cash Balance Investment	15,200.16		III	Opening Overdraft from Reserve Bank of India		
	IV	Miscellaneous Capital receipts	..	16,950.38	IV	Capital Outlay	4,258.23	18,087.49
				574.89		General Services	560.82	280.53
				2,113.63		Social Services	31.61	2,913.83
				652.74		-Education, Sports, Art and Culture	13.18	874.07
				1,074.83		-Health and Family Welfare	13.70	1,216.76
				240.32		-Water Supply, Sanitation, Housing and Urban Development	10.30	511.50
				--		-Information and Broadcasting	(-)6.59	--
				100.28		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	170.95
				5.55		-Social Welfare and Nutrition	0.44	74.98
				39.91		-Others	0.58	65.57
				14,261.86		Economic Services	3,665.80	14,893.13
				1,035.41		-Agriculture and Allied Activities	2,339.56	286.15
				680.86		-Rural Development	--	736.13
				689.49		-Special Areas Programmes	156.36	1,260.06
				2,192.08		-Irrigation and Flood Control	6.32	2,595.67
				5,216.91		-Energy	1,102.56	5,029.30
				25.44		-Industry and Minerals	--	(-)4.44
				4,381.82		-Transport	60.99	4,952.34
				39.85		-General Economic Services	--	37.92
448.61	V	Recoveries of Loans and Advances-	778.09	741.96	V	Loans and Advances disbursed	416.68	390.33
		-From Power Projects	--	--		-For Power Projects	--	
37.68		-From Government Servants	43.79	67.34		-To Government Servants	164.32	
121.82		-From Others	734.30	312.34		-To Others	642.69	
3,449.26	VI	Revenue Surplus brought down	1,861.84		VI	Revenue Deficit brought down		

9,078.70	VII	Public debt receipts	16,760.03	5,368.87	VII	Repayment of Public debt			6,776.49
..		- External debt	-			- External debt			--
8,709.73		- Internal debt other than Ways and Means Advances and overdrafts	16,339.09	4,178.70-		- Internal debt other than Ways and Means Advances and Overdrafts			5,577.10
--		- Net transactions under Ways and Means Advances	--			- Net transactions under Ways and Means Advances			--
--		- Net transactions under overdraft	--			- Net transactions under overdraft	--		--
368.97		- Loans and Advances from Central Government	420.94	1,190.17		- Repayment of Loans and Advances to Central Government			1,199.39
--	VIII	Appropriation to Contingency Fund	--		VIII	Appropriation to Contingency Fund			--
603.78	IX	Amount transferred to Contingency Fund	170.92	116.72	IX	Expenditure from Contingency Fund			--
77,870.18	X	Public Account receipts	1,04,251.96	68,560.32	X	Public Account disbursements			1,00,026.64
5,312.06		- Small Savings and Provident Funds	6,510.78	2,860.70		- Small Savings and Provident Funds	3,566.34		
4,019.02		- Reserve Funds	3,628.26	772.24		- Reserve Funds	868.39		
35,808.00		- Suspense and Miscellaneous	52,278.00	35,152.78		- Suspense and Miscellaneous	51,309.87		
13,280.85		- Remittance	19,178.62	13,007.74		- Remittances	19,101.08		
19,450.25		- Deposits and Advances	22,656.30	16,766.86		- Deposits and Advances	25,180.96		
	XI	Closing Overdraft from RBI		15,200.16	XI	Cash Balance at end			9,067.14
				(-)3.66		- Cash in Treasuries and Local Remittances	13.90		
				241.88		- Deposits with Reserve Bank	81.06		
				16.38		- Departmental Cash Balance including permanent Advances	10.99		
				14,945.56		- Cash Balance Investment	8,961.19		
1,06,938.41		Total	1,39,023	1,06,938.41		Total			1,39,023

Appendix 1.2

Outcome indicators of the State's own Fiscal Correction Path (Reference paragraph 1.1; page 4)

(Rupees in crore)

Items	2003-04 Actual	2004-05 Pre-Actual	2005-06 B.E.	2005-06	2006-07	2007-08	2008-09	2009-10	2005-10 Total
1	2	3	4	5	6	7	8	9	10
A. STATE REVENUE ACCOUNT									
1. Own Tax Revenue	13601.22	15684.50	18290.58	19780.00	22640.00	25913.52	29660.36	33948.95	131942.83
2. Own Non-Tax Revenue	2282.08	2718.86	2247.19	2247.19	2641.90	2782.47	2931.74	3090.27	13693.57
3. Own Tax + Non-Tax Revenue(1+2)	15883.30	18403.36	20537.77	22027.19	25281.90	28695.99	32592.10	37039.22	145636.40
4. Share in Central Taxes & Duties	13272.97	14724.65	17046.23	18306.23	20167.93	23141.59	26612.77	30671.38	118899.90
5. Plan Grants	1912.47	3721.82	3848.46	3712.91	4046.84	4414.17	4818.22	5262.79	22254.83
6. Non-Plan Grants	569.22	317.12	1235.15	2019.45	3101.49	3232.02	3375.57	3533.47	15262.00
7. Total Central Transfer (4 to 6)	15754.66	18763.59	22129.84	24038.59	27316.26	30787.78	34806.56	39467.54	156416.73
8. Total Revenue (3+7)	31637.96	37166.95	42667.61	46065.78	52598.16	59483.77	67398.66	76506.76	302053.13
9. Plan Expenditure	3275.97	5016.97	7090.44	5641.91	6283.03	6996.64	7791.35	8676.71	35389.64
10. Non-Plan Expenditure	34667.75	39612.59	40980.64	44021.08	47972.97	53599.48	58408.66	64170.77	268172.96
11. Salary Expenditure	12444.82	13679.64	16012.45	15380.20	16303.01	17281.19	18318.06	19417.14	86699.59
12. Pension	2900.10	3591.28	4149.58	4727.53	5021.87	5336.60	5673.30	6033.50	26792.80
13. Interest Payments	10123.60	11865.24	10792.08	10092.00	11299.00	12383.00	13630.00	14888.00	62292.00
14. Subsidies-General	105.89	117.43	129.17	129.17	142.09	156.30	171.93	189.12	788.61
15. Subsidies-Power	935.00	1001.80	1287.00	1251.80	1501.80	1700.00	1700.00	1700.00	7853.60
16. Total Revenue Expenditure (9+10)	37943.72	44629.56	48071.08	49662.99	54256.00	60596.12	66200.01	72847.48	303562.60
17. Salary + Interest+ Pension (11+12+13)	25468.52	29136.16	30954.11	30199.71	32623.88	35000.79	37621.36	40338.64	175784.39
18. As% of Revenue Receipts (17/8)	80.50	78.39	72.55	65.56	62.02	58.84	55.82	52.73	58.20
19. Revenue Surplus/Deficit (8-16)	-6305.76	-7462.60	-5403.47	-3597.21	-1657.84	-1112.35	1198.65	3659.28	-1509.47
20. Outstanding Debts	106407.04	119926.10	129154.91	132311.50	144056.28	155781.36	166610.87	177228.00	775988.01
B. CONSOLIDATED REVENUE ACCOUNT									
1. Power Sector loss/profit net of actual subsidy transfer	1083.00	2108.00	2186.00	2186.00	2152.00	1776.00	1208.00	418.00	7740.00
2. Increase in debtors during the year in power utility accounts [Increase(-)]	1070.00	1180.00	1170.00	1170.00	1031.00	854.00	617.00	309.00	3981.00
3. Interest payments on off budget borrowing and SPV borrowings made by PSU/SPUs outside budget	521.77	517.26	531.12	531.12	594.18	743.00	827.14	862.77	3558.21
4. Total (1 to 3)	2674.77	3805.26	3887.12	3887.12	3777.18	3373.00	2652.14	1589.77	15279.21
5. Consolidated Revenue Deficit (A19+B4)	8980.53	11267.87	9290.59	7484.33	5435.02	4485.35	1453.49	-2069.51	16788.68
C. CONSOLIDATED DEBT									
1. Outstanding Debts & Liabilities	107490.04	122034.10	131340.91	134497.50	146208.28	157557.36	1678183.87	177646.00	783728.01
2. Total Outstanding guarantee of which (a) guarantee on account off budgeted borrowing and SPV borrowing	10354.32	11154.32	11954.32	11954.32	12754.32	13544.32	14354.32	15154.32	67771.60
D. CAPITAL ACCOUNT:									
1. Capital Outlay	3448.52	5652.10	7897.91	9154.47	9769.92	10278.31	11675.73	13905.41	54783.84
2. Disbursement of Loans and Advances	1242.37	681.98	592.71	710.52	714.68	771.85	833.60	900.29	3930.94
3. Recovery of Loans and Advances	220.36	277.63	361.51	1076.80	397.66	437.43	481.17	529.29	2922.35
4. Other Capital Receipts	38540.58	37688.77	24464.98	26492.19	21818.14	21631.10	21277.25	20834.14	112052.82
E. GROSS FISCAL DEFICIT (GFD)	10776.29	13519.06	13532.58	12385.40	11744.78	11725.08	10829.91	10617.13	57301.90
1. GSDP (Rs. Crore) at current prices	217673.14	229413.80	256943.46	256943.46	287776.67	322309.87	360987.06	404305.50	1632322.56
2. Actual/Assumed Nominal Growth Rate (%)	---	---	---	12.00	12.00	12.00	12.00	12.00	---
3. Total Expenditure	42414.25	50686.01	56200.19	58451.18	64342.94	71208.85	78228.17	87123.89	359355.03

Excluding Rs. 12277.40 crore (UPSEB write off amount)

Including salary (Grant-in-aid) for Teachers and Non-teaching staff of the Aided Educational Institutions

Rs 5,871.83 crore of Power Bonds

Items	2003-04 Actual	2004-05 Pre-Actual	2005-06 B.E.	2005-06	2006-07	2007-08	2008-09	2009-10	2005-10 Total
1	2	3	4	5	6	7	8	9	10
1. Own Tax Revenue as % of GSDP	6.25%	6.84%	7.12%	7.70%	7.87%	8.04%	8.22%	8.40%	8.08%
2. Own Non-Tax Revenue as % of GSDP	1.05%	1.19%	0.87%	0.87%	0.92%	0.86%	0.81%	0.76%	0.84%
3. Own Tax + Non-Tax Revenue as % of GSDP	7.30%	8.02%	7.99%	8.57%	8.79%	8.90%	9.03%	9.16%	8.90%
4. Share in Central Taxes & Duties as % of GSDP	6.10%	6.42%	6.63%	7.12%	7.01%	7.18%	7.37%	7.59%	7.28%
5. Plan Grants as % of GSDP	0.88%	1.62%	1.50%	1.45%	1.41%	1.37%	1.33%	1.30%	1.36%
6. Non -Plan Grants as % of GSDP	0.26%	0.14%	0.48%	0.79%	1.08%	1.00%	0.93%	0.87%	0.93%
7. Total Central Transfer as % of GSDP	7.24%	8.18%	8.61%	9.36%	9.49%	9.55%	9.64%	9.76%	9.58%
8. Total Revenue Receipts as % of GSDP	14.53%	16.20%	16.61%	17.93%	18.28%	18.46%	18.67%	18.92%	18.50%
9. Plan Expenditure as % of GSDP	1.50%	2.19%	2.76%	2.20%	2.18%	2.17%	2.16%	2.15%	2.17%
10. Non -Plan Expenditure as % of GSDP	15.93%	17.27%	15.95%	17.13%	16.67%	16.63%	16.18%	15.87%	16.43%
11. Salary Expenditure as % of GSDP	5.72%	5.96%	6.23%	5.99%	5.67%	5.36%	5.07%	4.80%	5.21%
12. Pension as % of GSDP	1.33%	1.56%	1.61%	1.84%	1.75%	1.66%	1.57%	1.49%	1.64%
13. Interest Payments as % of GSDP	4.65%	5.17%	4.20%	3.93%	3.93%	3.84%	3.78%	3.68%	3.82%
14. Subsidies –General as % of GSDP	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
15. Subsidies-Power as % of GSDP	0.43%	0.44%	0.50%	0.49%	0.52%	0.53%	0.47%	0.42%	0.48%
16. Total Revenue Expenditure as % of GSDP	17.43%	19.45%	18.71%	19.33%	18.85%	18.80%	18.34%	18.02%	18.60%
17. Salary + Interest+ Pension as % of GSDP	11.70%	12.70%	12.05%	11.75%	11.34%	10.86%	10.42%	9.98%	10.77%
18. Revenue Surplus/Deficit as % of GSDP	-2.90%	-3.25%	-2.10%	-1.40%	-0.58%	-0.35%	0.33%	0.51%	-0.09%
19. Capital Outlay as % of GSDP	1.58%	2.46%	3.07%	3.56%	3.39%	3.19%	3.23%	3.44%	3.36%
20. Disbursement of Loans and Advances as % of GSDP	0.58%	0.30%	0.23%	0.28%	0.25%	0.24%	0.23%	0.22%	0.24%
21. Recovery of Loans and Advances as % of GSDP	0.10%	0.12%	0.14%	0.42%	0.14%	0.14%	0.13%	0.13%	0.18%
22. Other Capital Receipts as % of GSDP	17.71%	16.43%	9.52%	10.31%	7.58%	6.71%	5.89%	5.15%	6.86%
23. GFD as % of GSDP	4.95%	5.89%	5.27%	4.82%	4.08%	3.64%	3.00%	2.63%	3.51%
24. Outstanding Public Debt as % of GSDP	48.9%	52.3%	50.3%	51.5%	50.1%	48.3%	46.2%	43.8%	%
25. Consolidated Outstanding Debt as % of GSDP	49.4%	53.2%	51.1%	52.3%	50.8%	48.9%	46.5%	43.9%	48.0%

Appendix 1.3

Time series data on the State Government finances

(Reference paragraph 1.3 and 1.7.2; page 8 and 29)

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Part A. Receipts					
1. Revenue Receipts	37,617	45,349	60,600	68,672	77,831
(i) Tax Revenue	15,693(42)	18,858(42)	22,998 (38)	24,959(36)	28,659 (37)
Taxes on Sales, Trade, etc	8,888(57)	11,285(60)	13,279 (58)	15,023(60)	17,482 (61)
State Excise	2,686(17)	3,089(16)	3,551 (15)	3,948(16)	4,720 (17)
Taxes on Vehicles	776(5)	965(5)	1,018 (4)	1,146(05)	1,125 (4)
Stamps and Registration fees	2,682(17)	2,997(16)	4,514 (20)	3,977(16)	4,138 (14)
Land Revenue	102(1)	109(1)	188 (1)	393(2)	549 (2)
Taxes on Goods and Passengers	82	105	109	110	266(1)
Other Taxes	477(3)	308(2)	339 (2)	362(1)	379 (1)
(ii) Non Tax Revenue	2,720(7)	2,930(6)	6,533 (11)	5,816(08)	6,767 (8)
(iii) State's share of Union taxes and duties	15,055(40)	18,203(40)	23,218 (38)	29,288(43)	30,906 (40)
(iv) Grants in aid from Government of India	4,149(11)	5,358(12)	7,851 (13)	8,609(13)	11,499 (15)
2. Miscellaneous Capital Receipts	--	--	--	--	--
3. Recoveries of Loans and Advances	278	585	356	449	778
4. Total Revenue and Non debt Capital Receipts (1+2+3)	37,895	45,934	60956	69,121	78,609
5. Public Debt Receipts	17,463	14,257	11,711	9,079	16,760
Internal Debt (excluding Ways and Means Advances and Overdrafts)	14,597(84)	13,931(98)	11,332 (97)	8,710(96)	16,339 (97)
Net transactions under Ways and Means Advances and Overdrafts	25(0)	---	----	----	--
Loans and Advances from Government of India	2,841(16)	326(2)	379 (3)	369(04)	421 (3)
6. Total Receipts in the Consolidated Fund (4+5)	55,358	60,191	72,667	78,200	95,369
7. Contingency Fund Receipts	76	299	645	604	171
8. Public Account Receipts	45,213	52,529	63,075	77,870	1,04,252
9. Total Receipts of the State (6+7+8)	1,00,647	1,13,019	1,36,387	1,56,674	1,99,792
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	44,610(88)	46,617(83)	55,699 (79)	65,223(79)	75,969 (77)
Plan	5,098(11)	6,445(14)	9,699 (17)	11,744(18)	17,291 (23)
Non Plan	39,512(89)	40,172(86)	46,000 (83)	53,479(82)	58,678 (77)
General Services (including interest payments)	22,761(51)	20,919(45)	24,300 (44)	26,551(41)	29,769 (39)
Social Services	13,090(29)	15,610(33)	19,248 (35)	23,086(35)	28,546 (37)
Economic Services	6,976(16)	7,756(17)	9,409 (17)	12,037(18)	14,150 (19)
Grants-in-aid and contributions	1,783(4)	2,332(5)	2,742(5)	3,549(6)	3,504 (5)
11. Capital Expenditure	5,653(11)	8,711(16)	13,984 (20)	16,950 (20)	22,346 (22)
Plan	4,618(82)	8,172(94)	13,312 (95)	13,720(81)	18,088 (81)
Non Plan	1,035(18)	539(6)	672 (5)	3,230(19)	4,258 (19)
General Services	255(4)	313(4)	654 (5)	575(3)	841 (4)
Social Services	496(9)	1,159(13)	2,180 (15)	2,113(13)	2,946 (13)
Economic Services	4,902(87)	7,239(83)	11,150 (80)	14,262(84)	18,559 (83)
12. Disbursement of Loans and Advances	629(1)	684(1)	888 (1)	742(1)	807 (1)
13. Total (10+11+12)	50,892	56,012	70,571	82,915	99,122

14. Repayments of Public Debt	9,157	5,252	5,912	5,369	6,776
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,903(32)	4,045(7)	3,738 (63)	4,179(78)	5,577(82)
Net transactions under Ways and Means Advances and Overdraft	----	25(0)	----	-----	--
Loans and Advances from Government of India	6,254(68)	1,182(23)	2,174 (37)	1,190(22)	1,199 (18)
15. Appropriation to Contingency Fund	----	----	----	----	--
16. Total disbursement out of Consolidated Fund (13+14+15)	60,049	61,264	76,483	88,284	1,05,898
17. Contingency Fund disbursements	43	183	10	117	--
18. Public Account disbursements	40,262	43,172	52,901	68,560	1,00,027
19. Total disbursement by the State (16+17+18)	1,00,354	1,04,619	1,29,394	1,56,961	2,05,925
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-) 6,993	(-) 1,268	(+) 4,901	(+)3,449	(+)1862
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)12,997	(-)10,078	(-)9,615	(-)13,794	(-)20513
22. Primary Deficit (21+23)	(-) 1,124	(-) 980	(+) 862	(-)2,974	(-)9138
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	11,873	9,098	10,477	10,820	11375
24. Financial Assistance to local bodies etc.	8,557	10,283	12,484	15,360	15,822
25. Ways and Means Advances/Overdraft availed (days)					
Ways and Means Advances availed (days)	324	48	-	-	-
Overdraft availed (days)	98	11	-	-	-
26. Interest on Ways and Means Advances/Overdraft	49	5	Nil	Nil	Nil
27 Gross State Domestic Product (GSDP)[@]	2,48,851	2,76,969	3,09,834¹	3,44,346²	4,00,711³
28 Outstanding Fiscal liabilities (year end)	1,31,401	1,48,868	1,62,156	1,74,248	1,87,411
29. Outstanding guarantees (year end) (including interest)	10,354	8,433	11,056	12,736	16,084
30. Maximum amount guaranteed (year end)	22,770	15,073	12,235	18,144	27,892
31. Number of incomplete projects	35	27	58	53	98
32. Capital blocked in incomplete projects	5,804	3,551	5,407	5,863	4,598
Part E: Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	6.31	6.81	7.42	7.25	7.15
Own Non-Tax Revenue/GSDP	1.09	1.06	2.11	1.69	1.69
Central Transfers/GSDP	6.05	6.57	7.49	8.51	7.71
II Expenditure Management					
Total Expenditure/GSDP	20.45	20.22	22.78	24.08	24.74
Total Expenditure/Revenue Receipts	135.29	123.51	116.45	120.74	127.36
Revenue Expenditure/Total Expenditure	87.66	83.23	78.93	78.66	76.64
Expenditure on Social Services/Total Expenditure	27	30	30	30	32
Expenditure on Economic Services/Total Expenditure	23	27	29	32	33
Capital Expenditure/Total Expenditure	11	16	20	20	23
Capital Expenditure on Social and Economic Services/Total Expenditure.	11	15	19	20	22
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	2.81	0.46	--	--	--
Fiscal deficit/GSDP	5.22	3.64	3.10	4.01	5.12
Primary Deficit (surplus) /GSDP	0.45	0.35	--	0.86	2.28
Revenue Deficit/Fiscal Deficit	53.80	12.58	--	--	--
Primary Revenue Balance/GSDP	(-)7.58	(-) 3.74	(-) 1.80	(-) 2.14	(-) 2.37

¹Figure of GSDP for 2006-07 is provisional, ²Figure of GSDP for 2007-08 is quick, ³Figures of GSDP for 2008-09 is advance

Appendix 1.3

IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	53	54	52	51	47
Fiscal Liabilities/RR	349	328	268	254	241
Primary deficit vis-à-vis quantum spread	(-)2161	(+)8152	(+)8424	(+)4664	(+)8426
Debt Redemption (Principal +Interest)/ Total Debt Receipts	99	78	92	97	96
V Other Fiscal Health Indicators					
Return on Investment	--	0.15	0.85	1.05	1.26
Balance from Current Revenue (Rs in crore)	(-)3,413	4,482	12,314	12,536	13,960
Financial Assets/Liabilities	0.45	0.51	0.58	0.63	0.66

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

@ GSDP figures communicated by the Government adopted.

Note: Data /ratios related to the GSDP as mentioned in the reports for 2004-05 to 2007-08 are at variance with those mentioned in this report due to retrospective revision of GSDP figures by the Government.

Appendix 1.4

Outlay-outcome relationship (Reference paragraph 1.5.3; page 22)

Sl. No.	Programme/ Scheme	Period	Financial outlays and expenditure (Rupees in crore)		Physical achievement/outcome of the programme			
			Outlay budgeted/ allocated	Actual expenditure	Performance indicator	Unit of measurement	Physical targets	Achievement/ Outcome
I- Government of India's Flagship programmes								
1	Accelerated Irrigation Benefits Programme ⁴	2004-09	2,021.06	2,000.06	Irrigation potential	Hectare	4.86 lakh	3.64 lakh
II- State Government's programmes								
2	Old Age Pension Scheme	2004-09	3,175.18	3,068.39	Pensioners	In number	120.86 lakh	116.43 lakh
3	Kissan Hit Yojna/Bhoomi Sena Yojna	2005-09	526.25	526.21	Treatment of land, etc.	Hectare	5.10 lakh	5.47 lakh

⁴Represents the position of six out of 10 projects

Appendix 1.5

Summarised financial statement of departmentally managed commercially/quasi-commercially undertakings (Reference paragraph 1.6.4; page 26)

(Rupees in lakh)

Sl. No.	Name of the undertaking	Period of accounts	Mean Govt capital ⁵	Block assets at depreciated cost	Depreciation provided during the Year	Turnover	Net profit/ Loss (-)	Interest on capital	Total return (8+9)	Percentage Return on capital
1	2	3	4	5	6	7	8	9	10	11
A. Irrigation Department										
1	Irrigation Workshop Division, Meerut	2006-07	165.46	11.05	1.39	300.75	9.30	9.10	18.40	11.12
2	Irrigation Workshop Division, Jhansi	2007-08	(-) 521.07	71.92	5.01	443.97	19.36	Nil	19.36	-
3	Irrigation Workshop Division, Bareilly	2007-08	(-) 1336.20	128.21	6.73	550.72	17.29	Nil	17.29	-
4	Irrigation Workshop Division, Kanpur	2007-08	461.16	6.50	0.36	201.13	3.28	25.36	28.64	6.21
5	Irrigation Workshop Division, Allahabad	2006-07	366.95	108.02	1.90	274.14	14.20	20.18	34.38	9.37
6	Irrigation Workshop Division, Gorakhpur	2007-08	605.03	213.09	10.72	177.68	2.39	33.28	35.67	5.90
TOTAL			(-) 258.67	538.79	26.11	1948.39	65.82	87.92	153.74	
B-Animal Husbandry Department										
7	State Live Stock Cum Agriculture Farms	2006-07	855.73	158.51	2.07	291.75	(-) 177.85	56.21	Nil	
C-Food and Civil Supplies Department										
8	Scheme for Public Distribution System of Foodgrain	2005-06	66875.97	900.08	4.47	285001.23	(-) 6055.23	3678.18	Nil	
D-Health Department										
9	State Pharmacy of Ayurvedic and Unani Medicine	1987-88	72.11	15.37	0.43	38.44	(-) 8.46	3.83	Nil	
E-Samaj Kalyan Department										
10	Criminal tribes Settlement tailoring Factory (Kanpur)	1979-80	4.16	0.26	0.26	3.18	0.89	0.21	1.10	26.44

⁵Mean capital represents opening capital plus 50 per cent of net drawals after deduction of remittances and adjustments during the year

Appendix 1.6

Summarised financial position of the Government as on 31 March 2009

(Reference paragraph 1.7.1; page 29)

(Rupees in crore)

As on 31.03.08	Liabilities		As on 31.03.2009
86,577.29	Internal Debt		97,339.29
33,389.50	Market Loans bearing interest	43,686.02	
(-)174.30	Market Loans not bearing interest	(-)175.29	
(-)24.30	Loans from Life Insurance Corporation of India	(-)30.56	
53,417.08	Loans from other Institutions	53,889.81	
(-)30.69	Ways and Means Advances	(-)30.69	
--	Overdrafts from Reserve Bank of India	--	
21,142.49	Loans and Advances from Central Government		20,364.03
9.96	Pre 1984-85 Loans	9.96	
130.29	Non-Plan Loans	123.59	
20,715.97	Loans for State Plan Schemes	19,965.77	
1.06	Loans for Central Plan Schemes	0.96	
283.78	Loans for Centrally Sponsored Plan Schemes	262.32	
1.43	Ways and Means Advances	1.43	
346.26	Contingency Fund		517.18
22414.46	Small Savings, Provident Funds, etc.		25,358.90
18,641.39	Deposits		16,116.43
25,472.17	Reserve Funds		28,232.04
194.54	Remittance Balances		272.08
1,74,788.60	Total		1,88,199.95
	Assets		
89,155.64	Gross Capital Outlay on Fixed Assets		1,11,501.35
21,877.47	Investments in shares of Companies, Corporations, etc.	28,128.69	
67,278.17	Other Capital Outlay	83,372.66	
8,984.84	Loans and Advances		9,013.76
3,160.89	Loans for Power Projects	3,160.89	
5,903.66	Other Development Loans	5,812.05	
(-)79.71	Loans to Government servants and Miscellaneous loans	40.82	
45.19	Reserve Fund Investments		45.20
7.50	Advances		7.19
(-)3586.54	Suspense and Miscellaneous Balances		(-) 4,554.66
15200.16	Cash		9,067.14
(-)3.66	Cash in Treasuries and Local Remittances	13.90	
241.88	Deposits with Reserve Bank	81.06	
16.03	Departmental Cash Balance including	10.64	
0.35	Permanent Advances	0.35	
14,945.56	Cash Balance Investments	8,961.19	
64,981.81	Deficit on Government Account		63,119.97
(-)3449.26	(i) Less Revenue Surplus of the current year	(-)1861.84	
68,431.07	(ii) Miscellaneous Deficit	64,981.81	
	Accumulated deficit at the beginning of the year		
1,74,788.60	Total		1,88,199.95

Explanatory Notes for Appendices 1.1 and 1.6

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in *Appendix 1.6*, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of Rs 64.33 crore (Net credit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank"

Appendix 2.1

Statement of grants/appropriations where saving was more than Rs 10 crore in each grant/appropriation or more than 20 per cent of the total provision
(Reference paragraph 2.3.1 ; page 43)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Per centage
			(Rupees in crore)		
(1)	(2)	(3)	(4)	(5)	(6)
A-Revenue Voted					
1	3	Industries Department (Small Industry and Export Promotion)	89.35	13.10	15
2	4	Industries Department (Mines and Minerals)	28.32	15.87	56
3	7	Industries Department (Heavy and Medium Industries)	196.93	138.96	71
4	9	Power Department	2,289.68	302.76	13
5	10	Agriculture and Other Allied Departments (Horticulture and Sericulture Development)	170.86	19.73	12
6	11	Agriculture and Other Allied Departments (Agriculture)	2,393.72	460.99	19
7	13	Agriculture and Other Allied Departments (Rural Development)	1,651.72	13.37	1
8	14	Agriculture and Other Allied Departments (Panchayati Raj)	1,597.50	379.24	24
9	15	Agriculture and Other Allied Departments (Animal Husbandry)	329.86	24.08	7
10	16	Agriculture and Other Allied Departments (Dairy Development)	111.98	27.88	25
11	17	Agriculture and Other Allied Departments (Fisheries)	78.56	43.64	56
12	18	Agriculture and Other Allied Departments (Co-operative)	151.69	26.01	17
13	21	Food and Civil Supplies Department	161.01	129.42	80
14	23	Cane Development Department (Cane)	102.76	14.23	14
15	24	Cane Development Department (Sugar Industry)	625.87	124.80	20
16	26	Home Department (Police)	4,096.75	64.74	2
17	31	Medical Department (Medical Education and Training)	867.51	96.46	11
18	32	Medical Department (Allopathy)	1,881.09	369.50	20
19	33	Medical Department (Ayurvedic and Unani)	269.32	52.41	19
20	34	Medical Department (Homeopathy)	128.45	21.50	17
21	35	Medical Department (Family Welfare)	883.58	56.25	6
22	36	Medical Department (Public Health)	286.20	74.09	26
23	37	Urban Development Department	3,156.61	300.97	10
24	40	Planning Department	102.17	32.71	32
25	42	Judicial Department	587.74	157.09	27
26	44	Tourism Department	18.57	3.66	20
27	45	Environment Department	88.62	85.69	97
28	46	Administrative Reforms Department	5.59	1.72	31
29	47	Technical Education Department	180.18	59.31	33
30	48	Muslim Waqf Department	700.79	279.40	40
31	49	Women and Child Welfare Department	2,198.37	138.16	6
32	50	Revenue Department (District Administration)	310.46	10.71	3
33	51	Revenue Department (Relief on Account of Natural Calamities)	1,147.10	57.67	5
34	52	Revenue Department (Board of Revenue and Other Expenditure)	1,032.97	64.99	6
35	53	National Integration Department	1.68	1.44	86
36	54	Public Works Department (Establishment)	787.99	496.58	63
37	61	Finance Department (Debt Services and Other Expenditure)	4,784.82	1,278.98	27
38	71	Education Department (Primary Education)	9,600.10	646.22	7
39	72	Education Department (Secondary Education)	3,743.03	202.21	5
40	73	Education Department (Higher Education)	971.23	164.51	17
41	75	Education Department (State Council of Educational Research and Training)	76.48	13.19	17
42	76	Labour Department (Labour Welfare)	133.87	18.20	14
43	78	Secretariat Administration Department	270.69	32.23	12
44	80	Social Welfare Department (Social Welfare and Welfare of Scheduled Castes)	2,423.52	42.93	2
45	81	Social Welfare Department (Tribal Welfare)	40.46	13.13	32
46	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	4,476.43	470.38	10

47	86	Information Department	105.75	46.17	44
48	87	Soldier's Welfare Department	40.90	10.58	26
49	88	Institutional Finance Department (Directorate)	33.19	26.91	81
50	89	Institutional Finance Department (Commercial-Tax)	301.72	18.57	6
51	95	Irrigation Department (Establishment)	1,201.45	78.65	7
Total- A			56,915.19	7,221.99	
B-Capital Voted					
52	1	Excise Department	0.20	0.07	35
53	7	Industries Department (Heavy and Medium Industries)	180.10	22.75	13
54	8	Industries Department (Printing and Stationery)	8.97	7.34	82
55	9	Power Department	7,876.46	2,176.69	28
56	11	Agriculture and Other Allied Departments (Agriculture)	318.74	154.60	48
57	14	Agriculture and Other Allied Departments (Panchayati Raj)	631.23	60.28	10
58	15	Agriculture and Other Allied Departments (Animal Husbandry)	109.24	71.48	65
59	16	Agriculture and Other Allied Departments (Dairy Development)	2.00	1.98	99
60	24	Cane Development Department (Sugar Industry)	321.39	165.28	51
61	26	Home Department (Police)	307.83	69.62	23
62	27	Home Department (Civil Defence)	9.62	7.21	75
63	32	Medical Department (Allopathy)	647.29	122.79	19
64	33	Medical Department (Ayurvedic and Unani)	10.22	3.88	38
65	37	Urban Development Department	200.00	11.20	6
66	38	Civil Aviation Department	115.80	42.70	37
67	42	Judicial Department	207.50	111.16	54
68	44	Tourism Department	69.65	26.45	38
69	45	Environment Department	80.65	80.65	100
70	47	Technical Education Department	75.91	33.96	45
71	48	Muslim Waqf Department	227.27	167.86	74
72	49	Women and Child Welfare Department	60.08	59.53	99
73	51	Revenue Department (Relief on Account of Natural Calamities)	100.00	70.07	70
74	52	Revenue Department (Board of Revenue and Other Expenditure)	14.52	13.65	94
75	53	National Integration Department	0.01	0.01	100
76	56	Public Works Department (Special Area Programme)	417.00	21.86	5
77	61	Finance Department (Debt Services and other Expenditure)	244.01	21.69	9
78	62	Finance Department (Superannuation Allowances and Pensions)	100.00	53.02	53
79	63	Finance Department (Treasury and Accounts Administration)	1.12	0.32	29
80	65	Finance Department (Audit, Small Saving, etc.)	0.02	0.01	50
81	67	Legislative Council Secretariat	0.40	0.40	100
82	68	Legislative Assembly Secretariat	0.84	0.52	62
83	72	Education Department (Secondary Education)	40.55	15.17	37
84	73	Education Department (Higher Education)	37.50	18.97	51
85	75	Education Department (State Council of Educational Research and Training)	1.30	1.30	100
86	78	Secretariat Administration Department	24.82	24.82	100
87	79	Social Welfare Department (Welfare of the Handicapped and Backward Classes)	28.01	9.09	32
88	81	Social Welfare Department (Tribal Welfare)	9.44	8.87	94
89	83	Social Welfare Department (Special Component Plan for SCs)	3,224.09	399.73	12
90	86	Information Department	1.00	1.00	100
91	89	Institutional Finance Department (Commercial-Tax)	12.50	11.10	89
92	92	Culture Department	225.93	10.68	5
Total B			15,943.21	4,079.76	

Appendix - 2.1

C-Revenue Charged					
93	1	Excise Department	0.10	0.10	100
94	3	Industries Department (Small Industry and Export Promotion)	0.04	0.04	100
95	11	Agriculture and Other Allied Departments (Agriculture)	0.12	0.12	100
96	13	Agriculture and other Allied Departments (Rural Development)	0.11	0.03	27
97	15	Agriculture and Other Allied Departments (Animal Husbandry)	0.14	0.13	93
98	21	Food and Civil Supplies Department	205.01	205.01	100
99	22	Sports Department	0.01	0.01	100
100	23	Cane Development Department (Cane)	0.01	0.01	100
101	25	Home Department (Jail)	0.08	0.05	62
102	26	Home Department (Police)	0.65	0.65	100
103	32	Medical Department (Allopathy)	0.20	0.20	100
104	35	Medical Department (Family Welfare)	0.15	0.15	100
105	36	Medical Department (Public Health)	0.01	0.01	100
106	42	Judicial Department	98.30	10.02	10
107	47	Technical Education Department	0.01	0.01	100
108	48	Muslim Waqf Department	0.02	0.01	50
109	49	Women and Child Welfare Department	0.10	0.10	100
110	50	Revenue Department (District Administration)	0.16	0.16	100
111	54	Public Works Department (Establishment)	0.04	0.04	100
112	58	Public Works Department (Communications Roads)	0.05	0.05	100
113	60	Forest Department	0.14	0.12	86
114	61	Finance Department (Debt Services and other expenditure)	14,425.77	124.66	1
115	63	Finance Department (Treasury and Accounts Administration)	0.04	0.04	100
116	67	Legislative Council Secretariat	0.45	0.14	31
117	68	Legislative Assembly Secretariat	0.57	0.23	40
118	95	Irrigation Department (Establishment)	0.50	0.05	100
		Total -C	14,732.78	342.14	
D-Capital Charged					
119	52	Revenue Department (Board of Revenue and Other Expenditure)	0.11	0.11	100
120	58	Public Works Department (Communications- Roads)	5.50	2.75	50
121	61	Finance Department (Debt Services and Other Expenditure)	15,253.03	10,001.56	66
		Total -D	15,258.64	10,004.42	
		Total (A+B+C+D)	1,02,849.82	21,648.31	

Appendix 2.2

Statement of grants/appropriations where expenditure was more than Rs. 10 crore in each grant/appropriation or more than 20 *per cent* of the total provision
(Reference paragraph 2.3.3; page 45)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Percentage of excess expenditure
			Rs in crore		
(1)	(2)	(3)	(4)	(5)	(6)
A-Revenue-Voted					
1	5	Industries Department (Handloom and Village Industries)	42.08	52.04	24
2	20	Personal Department(Public Service Commission)	1.26	1.52	21
3	58	Public Works Department (Communications- Roads)	1300.20	1358.82	5
4	59	Public Works Department(Estate Directorate)	86.51	96.72	12
5	62	Finance Department (Superannuation Allowances & Pensions)	5065.74	5586.98	10
6	79	Social Welfare Department(Welfare of the Handicapped and Backward Classes)	1452.16	1471.28	1
7	96	Irrigation Department(Works)	1420.30	1450.35	2
		Total	9,368.25	10,017.71	
B- Capital Voted					
1	13	Agriculture and Other Allied Departments (Rural Development)	684.98	716.40	5
2	21	Food and Civil Supplies Department	7552.62	7961.78	5
3	40	Planning Department	65.24	113.68	74
4	50	Revenue Department(District Administration)	166.03	180.22	9
5	55	Public Works Department (Buildings)	46.55	816.05	1653
6	57	Public Works Department (Communication-Bridges)	595.00	629.14	6
7	58	Public Works Department (Communications- Roads)	2961.35	4659.23	57
8	96	Irrigation Department (Works)	2364.29	3034.41	28
		Total	14,436.06	18,110.91	
C- Revenue Charged					
1	52	Revenue Department(Board of Revenue & Other Expenditure)	0.46	1.54	235
2	55	Public Works Department (Buildings)	2.62	4.62	76
3	72	Education Department (Secondary Education)	0.03	0.70	2233
		Total	3.11	6.86	
		Grand Total	23,807.42	28,135.48	

Appendix 2.3

Excess over provision of previous years requiring regularisation

(Reference paragraph 2.3.4; page 45)

Year	Number of grants/ appropriations	Grant/ appropriation numbers	Amount of excess (Rs in crore)
2005-06	29	Revenue- Voted 8, 12, 19, 53, 55, 57, 58, 72 Capital- Voted 15, 16, 18, 23, 24, 33, 34, 37, 38, 40, 55, 56, 57, 58, 73, 75, 96 Revenue- Charged 1, 52 Capital- Charged 52, 55	1,026.78
2006-07	24	Revenue- Voted 9, 13, 55, 58, 61, 62, 73, 91, 95 Capital- Voted 3, 16, 31, 37, 55, , 57, 58, 89, 96 Revenue- Charged 2, 3, 10, 52, 62, 89	2,484.47
2007-08	14	Revenue –Voted 51,55,57,58,62 Capital Voted 13,16,55,58,63,83,96 Revenue Charged 51,66	3,610.65
Total			7,121.90

Appendix 2.4

Cases where supplementary provision
(Rs 50 lakh or more in each case) proved unnecessary
(Reference paragraph 2.3.6; page 46)

(In thousands of Rupees)

Sl. No.	Number and name of the Grant	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A-Revenue (Charged)					
1	29- Confidential Department (Governor's Secretariat)	4,75,63	4,50,23	25,40	60,32
2	42- Judicial Department	88,98,64	88,28,33	70,31	9,31,11
	Total -A	93,74,27	92,78,56	95,71	9,91,43
B-Revenue (Voted)					
3	3-Industries Department (Small Industry and Export Promotion)	80,83,49	76,25,24	4,58, 25	8,51,92
4	4- Industries Department (Mines and Minerals)	27,21,03	12,45,26	14,75,77	1,11,14
5	6- Industries Department (Handloom Industry)	44,96,91	42,76,44	2,20,47	1,08,18
6	7- Industries Department (Heavy and Medium Industries)	1,86,73,39	57,96,57	1,28,76,82	10,19,39
7	8- Industries Department (Printing and Stationery)	80,46,85	77,79,70	2,67,15	6,16,33
8	9- Power Department	22,88,70,02	19,86,91,67	3,01,78,35	97,91
9	10-Agriculture and Other Allied Departments (Horticulture and Sericulture Development)	1,61,98,61	1,51,13,10	10,85,51	8,87,56
10	11- Agriculture and Other Allied Departments (Agriculture)	23,35,26,01	19,32,73,04	4,02,52,97	58,46,11
11	16- Agriculture and Other Allied Departments (Dairy Development)	1,10,79,97	84,10,35	26,69,62	1,18,29
12	17- Agriculture & Other Allied Departments (Fisheries)	75,73,89	34,91,76	40,82,13	2,81,84
13	18- Agriculture and Other Allied Departments (Co-operative)	1,42,21,59	1,25,68,03	16,53,56	9,47,22
14	19- Personnel Department (Training and Other Expenditure)	7,03,09	6,70,35	32,74	1,14,50
15	21-Food and Civil Supplies Department	1,41,72,10	31,59,49	1,10,12,61	19,29,26
16	22-Sports Department	25,84,03	25,49,87	34,16	1,26,56
17	23-Cane Development Department (Cane)	92,44,87	88,52,90	3,91,97	10,30,96
18	28- Home Department (Political Pension and Other Expenditure)	85,18,43	84,15,92	1,02,51	4,40,28
19	31-Medical Department (Medical Education and Training)	8,23,68,07	7,71,04,42	52,63,65	43,82,75
20	32- Medical Department (Allopathy)	17,41,71,36	15,11,58,64	2,30,12,72	1,39,37,82
21	33- Medical Department (Ayurvedic and Unani)	2,43,11,55	2,16,90,93	26,20,62	26,20,06
22	34- Medical Department (Homeopathy)	1,15,27,13	1,06,95,62	8,31,51	13,18,17
23	36- Medical Department (Public Health)	2,57,80,61	2,12,10,47	45,70,14	28,39,22
24	39-Language Department	6,49,55	6,45,52	4,03	70,72
25	40- Planning Department	94,69,07	69,46,18	25,22,89	7,47,73
26	42-Judicial Department	5,34,16,00	4,30,65,07	1,03,50,93	53,58,27
27	44-Tourism Department	15,21,29	14,91,01	30,28	3,36,16
28	47-Technical Education Department	1,61,93,98	1,20,87,13	41,06,85	18,24,12
29	51-Revenue Department (Relief on account of Natural Calamities)	11,34,46,78	10,89,42,84	45,03,94	12,63,22
30	54- Public Works Department (Establishment)	7,16,75,83	2,91,41,04	4,25,34,79	71,23,06
31	67-Legislative Council and Secretariat	17,67,20	16,13,93	1,53,27	90,31
32	68- Legislative Assembly Secretariat	49,86,12	49,79,82	6,30	1,93,17

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33	70-Science and Technology Department	30,94,27	28,79,58	2,14,69	4,34,94
34	71-Education Department (Primary Education)	89,55,75,24	89,53,88,45	1,86,79	6,44,34,69
35	73- Education Department (Higher education)	8,85,16,14	8,06,71,91	78,44,23	86,07,02
36	75- Education Department (State Council of Educational Research and Training)	69,85,21	63,29,37	6,55,84	6,62,92
37	76-Labour Department	1,22,63,84	1,15,66,89	6,96,95	11,22,87
38	78- Secretariat Administration Department	2,44,20,46	2,38,46,04	5,74,42	26,49,00
39	81-Social Welfare Department (Tribal Welfare)	28,83,37	27,33,23	1,50,14	11,63,01
40	83- Social Welfare Department (Special Component Plan for Scheduled Castes)	40,68,96,57	40,06,04,81	62,91,76	4,07,46,29
41	90-Institutional Finance Department (Entertainment and Betting Tax)	61,24,15	60,61,50	62,65	1,24,53
42	91- Institutional Finance Department (Stamps and Registration)	81,18,03	81,04,11	13,92	3,46,62
Total -B		2,63,48,76,10	2,41,08,78,20	22,39,97,90	17,69,24,12
C-Capital Voted					
43	7- Industries Department (Heavy & Medium Industries)	1,60,00,00	1,57,34,68	2,65,32	20,10,00
44	9- Power Department	77,78,46,42	56,99,77,17	20,78,69,25	98,00,02
45	11-Agriculture and Other Allied Departments(Agriculture)	2,39,13,54	1,64,13,85	74,99,69	79,60,00
46	26-Home Department (Police)	2,91,20,02	2,38,20,66	52,99,36	16,62,26
47	33-Medical Department (Ayurvedic and Unani)	8,88,00	6,33,63	2,54,37	1,33,63
48	44-Tourism Department	67,26,28	43,20,25	24,06,03	2,38,92
49	62-Finance Department (Superannuation Allowance & Pensions)	50,00,00	46,98,04	3,01,96	50,00,00
50	79- Social Welfare Department (Welfare of the Handicapped & Backward Classes)	19,36,11	18,92,66	43,45	8,65,36
51	83-Social Welfare Department (Special Component Plan for Scheduled Castes)	29,46,83,23	28,24,35,91	1,22,47,32	2,77,25,77
Total-C		1,15,61,13,60	91,99,26,85	23,61,86,75	5,53,95,96
Grand Total		3,79,09,89,70	3,33,08,05,05	46,01,84,65	23,23,20,08

Appendix 2.5

Statement of grants/appropriations where supplementary provision proved insufficient by more than Rs 2 crore in each grant/appropriation

(Reference paragraph 2.3.6; page 46)

Sl. No	Grant Number	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
(Rs. in crore)							
Revenue Voted							
1	5	Industries Department (Handloom and village Industries)	39.91	2.17	42.08	52.04	9.96
2	25	Home Department(Jail)	170.96	27.79	198.75	203.22	4.47
3	43	Transport Department	51.05	104.98	156.03	158.98	2.95
4	59	Public Works Department (Estate Directorate)	80.56	5.95	86.51	96.72	10.21
5	62	Finance Department (Superannuation Allowances and Pensions)	5,015.74	50.00	5,065.74	5,586.98	521.24
6	79	Social Welfare Department (Welfare of the Handicapped & Backward Classes)	1,177.21	274.95	1,452.16	1,471.28	19.12
		Total	6,535.43	465.84	7,001.27	7,569.22	567.95
Capital Voted							
7	13	Agriculture and other Allied Department (Rural Department)	667.79	17.19	684.98	716.40	31.42
8	21	Food and Civil Supplies Department	6,502.62	1,050.00	7,552.62	7,961.78	409.16
9	40	Planning Department	59.63	5.61	65.24	113.68	48.44
10	57	Public Works Department (Communication-Bridges)	575.00	20.00	595.00	629.14	34.14
11	58	Public Works Department (Communication-Roads)	2,876.35	85.00	2,961.35	4,659.23	1,697.88
		Total	10,681.39	1,177.80	11,859.19	14,080.23	2,221.04
Revenue Charged							
12	20	Personal Department (Public Service Commission)	14.64	2.40	17.04	19.26	2.22
		Total	14.64	2.40	17.04	19.26	2.22
		Grand Total	17,231.46	1,646.04	18,877.50	21,668.71	2,791.21

Appendix 2.6

Excess/unnecessary/insufficient re-appropriation of funds (Reference paragraph 2.3.7; page 46)

(Rupees in lakh)

Sl. No	Grant No.	Name of the Grant	Head of Account	Re-appropriations (+)	Final Excess(+)/ Saving (-)
1.	1	Excise Department	2039-001-03	81.25	(-)2,94.27
2.	2	Housing Department	2052-800-03	2.70	(+) 36.47
			2205-800-03	97.26	(-) 97.26
3.	3	Industries Department	2851-102-01	100.64	(-)7,95.59
4.		(Small Industry and Export Promotion)	2851-102-06	166.03	(+) 43.20
5.			2852-80-001-03	288.00	(-)2,31.71
6.	4	Industries Department (Mines and Minerals)	2853-02-004-03	72.30	(+) 68.21
7.	10	Agriculture and Other Allied Departments	2401-001-05	6.92	(-) 33.59
8.		(Horticulture and Sericulture Development)	2415-80-07	0.41	(+) 1.63
9.	11	Agriculture and Other Allied	2401-105-01	13.52	(-) 12.23
10.		Departments(Agriculture)	2401-107-03	399.81	(-) 13.42
11.			2401-111-01	30.03	(-) 31.20
12.			2401-001-03	48.63	(+) 23.15
13.			2401-001-05	395.05	(-) 1.62
14.			2401-113-01	28.01	(-) 0.01
15.			2401-800-03	9181.54	(-) 3.05
16.			2402-102-10	5452.15	(+) 1.03
17.			2402-102-11	2753.76	(-) 2,26.83
18.			2415-80-120-03	838.61	(+) 37.50
19.			2415-80-120-09	75.00	(+)72.10
20.			2415-80-120-27	2080.56	(-) 17,02.28
21.			4401-103 -04	8588.18	(+) 3,73.73
22.	13	Agriculture and Other Allied Departments (Rural	2215-01-102-01	167.51	(-) 31,32.17
23.		Development)	2515-001-04	7.83	(+) 0.78
24.			2505-01-702-01	2192.70	(+) 24,44.55
25.			2515-001-03	20.60	(+) 3.12
26.			2515-102-06	497.61	(-) 1,00.42
27.	14	Agriculture and Other Allied Departments	2515-800-10	260.14	(-) 6,85.68
28.		(Panchayati Raj)	2515-800-13	167.86	(-) 5,38.83
29.			2515-800-07	9.36	(+) 6.80
30.	15	Agriculture and Other Allied Departments	2403-800-06	266.62	(-)7.18
		(Animal Husbandry)			
31.	17	Agriculture and Other Allied Departments	2405-001-03	5.00	(+) 15.36
		(Fisheries)			
32.	18	Agriculture and Other Allied Departments	2049-01-200-03	16.59	(-)16.59
		(Cooperative)			
33.	21	Food and Civil Supplies Department	2075-800-04	8.47	(-)28.23
34.			4408-01-101-03	4500.00	(+) 7,79,39.61
35.	23	Cane Development Department (Cane)	2401-108-04	19.63	(+) 18.17
36.	25	Home Department(Jail)	2056-001-03	8.04	(+) 6.04
37.			2056-101-03	1332.27	(+) 2,97.10

38	26	Home Department (Police)	2070-105-03	50.00	(-)0.52
39			2055-001-03	954.46	(-)245.54
40			2055-003-04	572.39	(+)76.26
41			2055-101-03	2706.51	(+)3,41.50
42			2055-101-04	422.76	(-)2.75
43			2055-104-03	3512.10	(+)91.70
44			2055-108-03	394.37	(+)1,48.76
45			2055-109-03	28055.17	(+)11,83.84
46			2055-109-04	563.00	(-)2,54.95
47			2055-109-05	2868.00	(-)12,97.34
48			2055-109-06	5.00	(+)14.00
49			2055-111-03	706.40	(+)0.64
50			2055-113-04	240.50	(-)48.51
51			2055-113-05	25.00	(+)2.39
52			2055-114-03	40.31	(+)1.97
53			2055-115-03	250.00	(-)16.11
54			2055-116-03	65.50	(+) 2.63
55			2055-800-03	211.00	(+)27,03.08
56			2070-108-03	1690.43	(+)1,23.93
57			4055-207-03	90.00	(-) 90.47
58	27	Home Department (Civil Defence)	2070-107-04	17.49	(+) 82.16
59			2070-106-03	1.00	(+)10.33
60			2070-107-03	16.30	(+)74.47
61			4070-800-06	123.54	(-) 0.01
62	31	Medical Department	2210-05-105-03	71.57	(-)6047.90
63		(Medical Education and Training)	2210-01-110-15	1223.14	(-) 621.79
64			2210-05-105-03	44.18	(-)19.01
65	32	Medical Department (Allopathy)	2210-01-110-04	2725.00	(-)11779.32
66			2210-03-110-10	1796.00	(-) 7394.31
67	33	Medical Department (Ayurvedic and Unani)	2210-04-101-04	21.86	(-) 1565.90
68			2210-04-103-03	0.16	(-) 20.72
69			2210-05-101-06	7.12	(-)909.65
70			2210-05-103-03	2.62	(-) 344.46
71	37	Urban Development Department	2215-02-106-01	2240.39	(-)581.48
72			2217-05-800-06	50000	5589.50
73	41	Election department	2015-105-04	50.24	(-)9.75
74			2015-103-03	1450.00	(+)32.10
75			2015-103-04	14.00	(-)1.68
76			2015-103-05	212.88	(+) 40.92
77			2015-106-03	879.11	(+) 7.14
78			2015-106-04	52.10	(+) 0.21
79			2015-106-05	36.73	(+) 3.01
80	42	Judicial Department	2235-60-200-10	150.00	(-)150.00
81			2014-114-03	53.53	(-)0.35
82			2014-102-800-07	57.43	(+)0.32
83			4059-01-051-01	942.11	(+) 2421.97
84	43	Transport Department	3055-001-03	26.07	(-)36.38
85	48	Muslim Waqf Department	2250-102-03	32.31	(-)37.90
86			2225-80-800-03	1331.11	(+) 4.81

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87	49	Women and Child Welfare Department	2235-02-102-08	106.79	(-)165.42
88			2235-02-102-01	9000.00	(-)3,279.56
89			2235-02-103-01	524.68	(+) 33.05
90			4235-02-103-01	55.00	(-) 129.02
91	50	Revenue Department (District Administration)	2053-093-03	1120.00	(+)1063.87
92			2053-101-03	118.00	(-)79.24
93			3053-02-102-03	41.50	(-)15.88
94	52	Revenue Department	2052-099-03	10.56	(-)113.58
95		(Board of Revenue and Other Expenditure)	2029-001-03	5.52	(+)77.63
96	53	National Integration Department	2070-800-01-09	0.25	(-)13.52
97			2070-800-14	11.94	(-) 6.65
98	54	Public Works Department	2059-80-001-03	5.00	(-)2812.15
99		(Establishment)	2059-80-001-04	1755.00	(+)1532.77
100			2059-80-001-05	1000.00	(-)293.25
101	56	Public Works Department (Special Area Programme)	4575-60-800-08	538.32	(-)834.50
102	57	Public Works Department (Communication-Bridges)	5054-04-101-035	336.92	+370.06
103	58	Public Works Department	5054-03-337-03	1959.50	(+)1735.79
104		(Communication-Roads)	5054-04-337-13	8887.58	(+) 13,607.92
105	59	Public Works Department (Estate Directorate)	2216-01-700-05	15.00	(-) 82.50
106			2052-090-03	127.70	(+) 803.27
107			2070-800-03	113.79	(+) 8.94
108			4059-01-051-05	14.79	(+) 9.44
109			4216-01-700-05	1103.27	(-)28.85
110	62	Finance Department	2071-01-101-03	6761.44	(+)24581.41
111		(Superannuation Allowances and Pensions)	2071-01-105-03	7227.29	(+) 758.69
112			2071-01-109-04	270.03	(+) 1692.45
113			2071-01-109-05	57.41	(+) 1539.89
114			2071-01-115-03	6115.00	(-) 1479.10
115			2071-01-200-04	261.84	(-) 113.50
116			2071-01-103-03	8.25	(-) 29.87
117			2049-60-701-04	0.46	(+) 175.32
118	65	Finance Department	2052-091-800-03	1.67	(-) 138.33
119		(Audit, Small Savings etc.)	2054-098-03	293.00	(-) 313.23
120			2070-105-03	5.50	(+) 17.15
121	67	Legislative Council Secretariat	2011-103-03	48.30	(-) 0.07
122	71	Education Department (Primary Education)	2202-01-001-03	105.56	(-) 299.72
123	72	Education Department (Secondary Education)	2202-02-001-03	37.30	(+) 258.05
124			2202-02-101-03	25.15	(+) 428.86
125			2202-02-104-05	1.37	(+) 36.54
126			2202-05-103-04	607.30	(-)93.07

127	73	Education Department (Higher Education)	2202-03-001-03	1.50	(+) 61.64
128			2204-102-01	92.50	(+) 20.90
129			4202-01-203-05	987.39	(-)177.57
130	75	Education Department (State Council of Educational Research and Training)	2202-80-800-01	25.00	(+) 29.70
131	76	Labour Department (Labour Welfare)	2230-103-04	3.14	(-)12.08
132			2210-01-102-05	85.40	(-)38.50
133			2210-02-102-03	6.24	(+) 8.39
134			2230-01-001-03	0.50	(+) 10.06
135			2230-01-101-03	98.96	(+) 21.95
136	77	Labour Department (Employment)	2230-02-800-05	15.44	(-)22.53
137			2230-02-001-03	78.12	(+) 2.64
138			2230-02-101-03	4.45	1.26
139			2230-03-003-04	28.93	(-)49.51
140			2230-02-101-04	12.38	(-)8.08
141			2230-02-800-03	66.70	(+) 59.28
142			2230-03-003-10	104.45	(-)77.65
143			2230-03-003-11	3.50	(-)2.72
144			2230-03-003-14	32.13	(-)23.24
145			2230-03-102-03	11.90	(-)8.50
146			4250-203-05	19.00	(+) 231.20
147	78	Secretariat Administration Department	2052-090-04	15.00	(-)0.74
148	79	Social Welfare Department (Welfare of the Handicapped and the Backward Classes)	2235-02-101-03	4.62	(-)174.89
149			2225-03-277-07	2500.00	(-)179.68
150	80	Social Welfare Department (Social Welfare and Welfare of Scheduled Castes)	2225-01-001-03	0.69	(-)71.49
151			2235-02-104-05	3057.00	+5010.07
152			2235-02-104-07	6000.00	(-)181.34
153			2225-01-277-03	258.47	(+) 5.42
154	81	Social Welfare Department (Tribal Welfare)	2235-02-796-03	19.58	(+)124.09
155	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	2217-05-800-01	2210.19	(+)1051.77
156			2225-01-800-03	7379.50	(-)5,72.14
157			2403-101-02	400.00	(-)379.99
158			2515-101-98	57134.66	(-)4365.51
159			4225-01-277-06	3378.83	(+) 232.74
160			4575-60-800-03	15528.04	(-)261.55
161			4575-60-800-04	8548.37	(-)1078.45

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162			5054-04-337-03	184.71	(+) 432.85
163			5054-04-337-06	3381.70	(+)1935.93
164			5054-04-337-98	506.92	(+) 11683.66
165	84	General Administration Department	2075-800-03	9.50	(-) 1.83
166	86	Information Department	2220-60-101-05	660.31	(-)4157.67
167	91	Institutional Finance Department (Stamps and Registration)	2030-03-001-03	15.00	(-)16.02
168			2030-03-001-04	35.00	(-) 145.10
169			2030-03-001-02	10.00	(+)37.18
170			2030-02-001-03	60.00	(+)241.18
171	95	Irrigation Department (Establishment)	2701-02-001-04	50.00	(-)2260.31
172	96	Irrigation Department (Works)	2700-13-101-03	49.58	(+) 0.42
173			2701-36-101-03	199.00	(+) 18.70
174			2701-64-101-03	86.00	(-) 1.36
175			2701-66-101-03	10.00	(+)10.00
176			4700-04-800-05	2077.71	(-)122.06
177			4700-09-800-03	1221.75	(+)537.42
178			4700-18-800-03	200.00	(+) 81.98
179			4700-18-800-22	2095.58	(-)221.65
180			4700-52-800-03	113.99	(+)223.06
181			4700-54-800-03	900.76	(+)255.97
182			4700-55-800-03	500.00	(+)106.45
183			4700-59-800-03	80.70	(+)181.21
184			4700-60-800-03	771.91	(-) 214.56
185			4700-69-800-03	100.00	(-) 17.21
186			4700-81-800-03	953.21	(+)100.01
187			4700-82-800-03	47.01	(+)8.05
188			4700-83-800-03	150.00	(+)252.96
189			4701-40-800-03	143.20	(+)51.85
190			4701-43-800-03	858.00	(-)49.03
191			4701-46-800-03	71.66	(+)94.98
192			4701-51-800-03	54.36	(+) 11.37
193			4701-52-800-03	231.25	(-) 65.56

194			4702-101-04	1321.37	(+) 828.40
195			4702-102-03	682.70	(+) 59.68
196			4711-01-103-01	230.00	(-)205.48
197			4711-01-103-03	1,808.27	(+)1119.59
198			4711-01-103-06	772.51	(-)351.45
199			4711-01-103-09	600.01	(+)151.19
200			4711-01-103-23	1,594.47	(+)132.96
201			4711-01-103-29	749.01	(+)81.69
202			4700-30-800-03	95.00	(+) 8.65
203			4700-38-800-03	280.78	(+)0.94
204			4700-64-800-03	100.00	(+)109.11
205			4700-64-800-05	96.93	(-) 129.19
206			4711-01-08	553.80	(+)578.10
207			4711-01-11	791.00	(-) 300.97
208			4711-03-103-11	100.00	(-) 499.63
Total				25,43,00.92	(+)16,36,56.71 (-) 6,70,73.18

Appendix 2.7

Substantial surrenders made during 2008-09 (Reference paragraph 2.3.9; page 47)

Sl. No.	Number and title of grant	Name of the scheme (Head of account)	Provision (Rs in lakh)	Amount surrendered (Rs in lakh)	Percentage of surrender
1	4- Industries	Arrangement for Mineral Fund (2853-02-004-05)	800.00	800.00	100
2	Department (Mines and Minerals)	Transfer to Development Fund (2853-797-03)	800.00	800.00	100
3	5- Industries	Organisation of Rural Industrial Exhibition (2851-105-07)	55.00	55.00	100
4	Department (Village & Handloom Industry)	PDS & QA Scheme (2851-105-25)	20.00	20.00	100
5		Skill Revision Training (2851-105-26)	30.00	30.00	100
6	6- Industries	Scheme for development of power loom area (2851-103-10)	467.50	467.50	100
7	Department (Handloom Industries)	Central Plan/Centrally Plan Schemes (2851-103-01)	3122.01	2292.02	73
8	9-Power Department	Share capital investment in State Electricity Production limited, (4801-02-190-05)	2300	2300	100
9		Share capital investment in State Electricity Production limited, (4801-02-190-10)	38600.00	19300.00	50
10		State Electricity Production Limited Anapar (4801-02-190-14)	115600.00	72600.00	62
11		Investment in Share Capital of Electricity Corp. (4801-05-190-05)	10000.00	10000.00	100
12		Investment in share capital of Power Corp. (4801-06-190-03)	165000.00	113469.25	69
13	10- Agriculture & Other Allied Departments (Horticulture & Sericulture Development)	Horticulture Crop Insurance (2401-110-03)	200	200	100
14		Creation of horticulture data base (2411-111-03)	122.00	122.00	100
15		Food Science training centres (4401-800-03),	20.00	20.00	100
16		Up gradation of Food Science Training Centres (4401-800-04)	50.00	50.00	100
17	11- Agriculture and Other Allied Departments (Agriculture)	Certified Seed Production Programme (2401-103-07)	3691.49	3691.49	100
18		National Agriculture Development Scheme (24012-103-08)	879.41	831.49	95
19		Development of Ex. Services in Private Sectors(2401-109-06)	6000.00	5271.70	88
20		Diversified Agricultural Support Project - II (2401-109-97)	1732.00	1732.00	100
21		Research/Designing for agricultural Statistics & Management 2401-111-04	224.96	130.76	58
22		Crops Production & data Bank of Statistics (2401-111-05)	557.59	303.51	54
23		National Agriculture Development Scheme (2401-119-03)	6039.50	4818.58	80
24		Central Plan/centrally sponsored Schemes (2401-800-01)	445.19	445.19	100
25		National Agriculture Development Scheme (2402-103-05)	200.00	100.00	50
26		National Agriculture Development Scheme (2403-102-03)	373.00	373.00	100
27		Research programme in Agriculture and Technological University (2415-120-23)	2500.00	1940.00	78

28		Agricultural Extension Scheme (2415-120-24)	500.00	500.00	100
29		National Agriculture Development Scheme (2851-107-03)	742.40	742.40	100
30		Central Plan/centrally sponsored Schemes (4401-102-01)	964.26	945.50	98
31		National Agriculture Development Scheme (4401-103-06)	458.50	458.50	100
32		National Agriculture Development Scheme (4401-800-03)	2460.00	2460.00	100
33		Strengthening of soil health (4402-102-03)	892.00	892.00	100
34		National Agriculture Development Scheme (4402-102-04)	1000.00	683.49	68
35		National Agriculture Development Scheme (4403-101-03)	3000.00	3000.00	100
36		National Agriculture Development Scheme (4404-102-03)	2500.00	2500.00	100
37	13- Agriculture and Other Allied Departments (Rural Development) 19- Personnel Department (Training and Other expenditure) 21- Food and Civil Supplies Department	Central Plan/centrally sponsored Schemes (2702-800-01)	256.70	213.19	83
38		Technical Audit Cell (2702-800-05)	56.97	56.97	100
39		Research and Design Cell (2702-800-06)	64.39	64.39	100
40		Payment of arrears (2052-800-03)	21.18	17.02	80
41		Centre for Good Governance (2070-800-04)	50.00	49.26	99
42		Payment of arrears (2052-800-03)	1600.82	1011.52	63
43	26- Home Department (Police)	Police Reform Commission (2055-800-07)	100.36	82.10	82
44		State Commission and Committees (2070-105-03)	125.42	107.69	86
45		UP State Advisory Council (2070-800-05)	71.32	59.00	82
46		Non residential buildings (Modernisation of Police Force) (4055-207-05)	6000.00	3001.15	50
47		Residential buildings of the Police Department (4055-211-06)	5120.00	4107.88	80
48		Residential /non residential buildings (4055-211-08,	100.00	100.00	100
49	27- Home Department (Civil Defence)	Non residential buildings (4070-800-05)	885.00	654.77	74
50		Modernisation of Home Guards (4070-800-06)	76.81	66.65	87
51	28- Home Department (Political Pension and Other Expenditure)	Subsidiary grant for construction of monuments (2251-200-05)	30.00	21.58	72
52	38- Civil Aviation Department	Construction etc., of airstrips and land acquisition (5053-800-20)	4499.98	3499.98	78
53		Special repairs of helicopters/airplanes (5053-800-04)	1400.00	886.75	63
54	40- Planning Department	Arrear payments (2052-800-03)	652.91	328.49	50

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55	41-Election Department	Arrear Payments (2052-800-03)	129.82	69.78	54
56	42- Judicial Department	Maintenance of buildings (2014-800-05)	80.00	80.00	100
57		Maintenance of Residential buildings (2014-800-06)	50.00	50.00	100
58		Payment of arrears (2052-800-03)	5283.13	5283.13	100
59		Public court (2235-200-05)	434.13	434.13	100
60		Payment of arrears (2052-800-03)	818.46	589.02	72
61		Central Plan/Centrally sponsored Schemes (4059-051-01)	18100.01	12318.28	68
62		Office building of AG /Standing Council (4059-051-03)	450.00	450.00	100
63		Construction in Honble High Court (4059-051-04)	74.50	50.25	67
64		Residence for judicial administration (4216-700-03)	500.01	412.72	83
65	44-Tourism Department	Operation of Shilp Gram Agra (3452-104-09)	246.00	241.54	98
66		Externally Aided scheme (3452-800-97)	100.00	100.00	100
67		Development of different tourist places (5452-104-11)	100.00	100.00	100
68		Scheme of district Kannauj (5452-104-12)	27.17	27.17	100
69		Construction of road side facilities (5452-104-17)	100.00	100.00	100
70		Establishment of Lucknow Haat (5452-104-19)	300.00	300.00	100
71		Different tourism works (5452-104-81)	500.00	459.26	92
72		Externally Aided scheme (5452-800-97)	900.00	900.00	100
73	46-Administrative Reforms Department	Payment of arrears (2052-800-03)	48.83	43.07	88
74	48- Muslim Waqf Department	Central Plan/Centrally sponsored Schemes (4235-800-01)	20000.00	14137.71	71
75	50-Revenue Department (District Administration)	Office buildings including purchase of land (4059-051-03)	3450.00	1734.59	50
76		Office buildings including purchase of land (4216-106-08)	575.00	392.78	68
77	51-Revenue Department (Relief on Account of Natural Calamities)	Establishment related to natural calamity (2052-090-03)	30.80	26.55	86
78		Transfer to state Disaster Response Fund (2245-102-03)	250.00	250.00	100
79		Transfer to District Disaster Response Fund (2245-102-04)	250.00	250.00	100

80		Transfer to state Disaster Mitigation Fund (2245-102-05)	250.00	250.00	100
81		Transfer to District Disaster Mitigation Fund (2245-102-06)	250.00	250.00	100
82		Capital work in Bundelkhand, other drought areas (4575-800-03)	10000.00	8475.12	85
83	58-Public Works Department (Communication Roads)	Viability gap funding schemes of PP projects (5054-337-68)	2000.00	2000.00	100
84	61-Finance Department (Debt services and Other expenditure)	Interest on Depreciation Reserve Fund (2049-101-03)	9000.00	8000.00	89
85		HBA to officers of All India Services (7610-201-03)	100.00	86.50	87
86	62- Finance Department (Superannuation Allowances and Pensions)	Loans for voluntarily retirement scheme to sick corporations etc (6075-800-03)	10000.00	5301.96	53
87	68- Legislative Assembly Secretariat	Revolving Fund for treatment of members of Legislative Assembly (6210-800-03)	40.00	40.00	100
88	70-Science and Technology Department	Central Plan/Centrally Sponsored Scheme (2810-800-01)	449.50	449.50	100
89	73- Education Department (Higher Education)	Extension of basic facilities in State Universities (2202- 102-47)	1200.00	649.96	54
90		Employment of Bureau/Guidance / Placement Cell (2202- 102-48)	100.00	100.00	100
91		Establishment of Govt. Degree College (2202- 103-06)	282.95	273.01	96
92		Basic Facilities in Non Govt. Degree Colleges (2202- 104-29)	1000.00	1000.00	100
93		Higher Education Service Commission (2202- 800-03)	375.70	340.70	91
94		Payment of arrears (2202- 800-05)	8607.02	8577.60	100
95		Land purchase/building construction for regional higher education officer's office (4202-203-06)	500.00	421.86	84
96		State Administration and Management Institute (4202- 203-07)	200.00	200.00	100
97		Fittings and fixtures in Govt. Degree Colleges (4202- 203-14)	50.00	50.00	100
98		Basic facilities in Govt. Degree Colleges (4202- 203-15)	300.00	215.78	72
99	76-labour Department (Labour Welfare)	Strengthening of industrial management etc.(2230-101-05)	37.43	26.45	71
100		Central Plan/Centrally Sponsored Scheme (2230-103-01)	1555.00	1515.30	97
101	78- Secretariat Administration Department	Income Tax due to GOI to be borne by the State (2013-101-04)	25.00	20.18	81
102		CCTV/surveillance camera etc in Secretariat (4059-800-04)	481.83	481.83	100

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103		Modernisation of security arrangement (4070-800-03)	2000.00	2000.00	100
104	81- Social Welfare Department (Tribal Welfare)	Payment of arrears (2052-800-03)	79.58	61.70	78
105		Headquarters establishment (2225-001-03)	137.08	77.25	56
106		Establishment of district office (2225-001-04)	113.28	86.71	77
107		Government Ashram Type School for STs (2225-277-04)	397.72	204.33	51
108		Implementation of ITDP (2225-796-05)	94.64	54.94	58
109		Central Plan/Centrally Sponsored Scheme (4225-277-01)	300.00	300.00	100
110		Construction of hostels for STs students (4225-277-03)	200.48	200.48	100
111		Central Plan/Centrally Sponsored Scheme (4250-203-01)	380.00	380.00	100
112	86- Information Department	Gallery and establishment of statues (4059-051-03)	100.00	100.00	100
113	92- Culture Department	Strengthening and modernisation of museums (4202-106-05)	150.00	125.70	84
114		Land for maitrai project in district Kushinagar (4202-106-12)	1000.00	735.53	74
115		Construction of Auditorium/Open dais (4202-800-03)	50.00	50.00	100
116		Construction of Craft Village in Ayodhya (4202-800-04)	50.00	50.00	100
		Total	498113.74	350626.14	

Appendix 2.8

Surrenders in excess of actual saving (Rs 50 lakh or more) (Reference paragraph 2.3.10; page 47)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue – Voted					
1	4- Industries Department (Mines and Minerals)	28.32	15.87	16.58	0.71
2	6- Industries Department (Handloom Industry)	46.05	3.29	27.60	24.31
3	10- Agriculture and Other Allied Departments (Horticulture and Sericulture Development)	170.86	19.73	20.39	0.66
4	13- Agriculture and Other Allied Departments (Rural Development)	1651.72	13.37	31.87	18.50
5	26- Home Department (Police)	4096.75	64.74	99.91	35.17
6	27- Home Department (Civil Defence)	269.95	1.91	3.65	1.74
7	28- Home Department (Political Pension and Other Expenditure)	89.59	5.43	8.64	3.21
8	41- Election Department	95.98	5.86	7.65	1.79
9	42- Judicial Department	587.74	157.09	158.17	1.08
10	44- Tourism Department	18.57	3.66	5.27	1.61
11	73- Education Department (Higher Education)	971.23	164.51	178.39	13.88
12	89- Institutional Finance Department (Commercial Tax)	301.72	18.57	20.77	2.20
	Total	8328.48	474.03	578.89	104.86
Capital – Voted					
13	26- Home Department (Police)	307.83	69.62	73.93	4.31
14	38- Civil Aviation Department	115.80	42.70	43.87	1.17
15	42- Judicial Department	207.50	111.16	135.43	24.27
16	44- Tourism Department	69.65	26.45	27.05	0.60
17	51- Revenue Department (Relief on account of Natural Calamities)	100.00	70.07	84.75	14.68
	Total	800.78	320.00	365.03	45.03
	Grand Total	9129.26	794.03	943.92	149.89

Appendix 2.9

Statement of grants/appropriations in which savings occurred but no part of which was surrendered
(Reference paragraph 2.3.11; page 47)

Sl. No.	Name of grant/appropriation	Savings (Rs in crore)	
		Revenue	Capital
I -Grants			
1	1-Excise Department	5.85	0.07
2	2-Housing Department	8.86	6.17
3	3-Industries Department (Small Industry and Export Promotion)	-	0.60
4	7-Industries Department (Heavy and Medium Industries)	138.96	22.75
5	8-Industries Department (Printing and Stationery)	8.83	7.34
6	14-Agriculture and Other Allied Departments (Panchayati Raj)	379.24	60.28
7	15-Agriculture and Other Allied Departments (Animal Husbandry)	24.08	71.48
8	16-Agriculture and Other Allied Departments (Dairy Development)	27.88	1.98
9	22-Sports Department	1.61	3.28
10	24-Cane Development Department (Sugar Industry)	-	165.28
11	31-Medical Department (Medical Education and Training)	96.46	3.65
12	32-Medical Department (Allopathy)	369.50	122.79
13	33-Medical Department (Ayurvedic and Unani)	52.41	3.88
14	34-Medical Department (Homeopathy)	21.50	2.06
15	36-Medical Department (Public Health)	74.09	-
16	43-Transport Department	-	0.40
17	45-Environment Department	85.69	80.65
18	47-Technical Education Department	59.31	33.96
19	49-Women and Child Welfare Department	138.16	59.53
20	52-Revenue Department (Board of Revenue and Other Expenditure)	-	13.65
21	53-National Integration Department	1.44	-
22	54-Public Works Department (Establishment)	496.58	-
23	56-Public Works Department (Special Area Programme)	2.63	-
24	71-Education Department (Primary Education)	646.22	-
25	72-Education Department (Secondary Education)	202.21	15.17
26	75-Education Department (State Council of Educational Research & Training)	13.19	1.30
27	77-Labour Department (Employment)	6.60	-
28	79-Social Welfare Department (Welfare of Handicapped & Backward Classes)	-	9.09
29	80-Social Welfare Department (Social Welfare and Welfare of Scheduled Castes)	42.93	-
30	83-Social Welfare Department (Special Component Plan for Scheduled Castes)	470.38	399.73
31	87-Soldiers' Welfare Department	10.58	0.03
32	88-Institutional Finance Department (Directorate)	26.91	-
33	90-Institutional Finance Department (Entertainment and Betting-Tax)	1.87	-

34	91-Institutional Finance Department (Stamps and Registration)	3.61	-
35	95-Irrigation Department (Establishment)	78.65	2.17
	Total	3496.23	1087.29
II- Appropriations			
1	1-Excise Department	0.10	-
2	15-Agriculture and Other Allied Departments (Animal Husbandry)	0.13	-
3	21-Food and Civil Supplies Department	205.01	-
4	32-Medical Department (Allopathy)	0.20	-
5	36-Medical Department (Public Health)	0.01	-
6	47-Technical Education Department	0.01	-
7	49-Women and Child Welfare Department	0.10	-
8	52-Revenue Department (Board of Revenue and Other Expenditure)	0.16	-
9	53-National Integration Department	0.01	-
10	54-Public works Department (Establishment)	0.04	-
11	95-Irrigation Department (Establishment)	0.50	-
12	96-Irrigation Department (Works)	-	0.70
	Total	206.27	0.70
	Grand Total	3,702.50	1,087.99
	Total of Revenue and Capital	4790.49	

Appendix 2.10

Details of saving of Rs 1 crore and above not surrendered
(Reference paragraph 2.3.11; page 47)

(Rupees in crore)

Sl. No.	Number and Name of Grants/Appropriation	Savings	Surrenders	Savings which remained to be surrendered
1	2	3	4	5
Revenue Voted				
1	1-Excise Department	5.85	NIL	5.85
2	2-Housing Department	8.86	NIL	8.86
3	3-Indusries Department (Small Industry and Export promotion)	13.10	0.19	12.91
4	7-Industries Department (Heavy & Medium Industries)	138.96	NIL	138.96
5	8-Industries Department (Printing and Stationery)	8.83	NIL	8.83
6	9- Power Department	302.76	0.23	302.53
7	11- Agriculture and Other Allied Departments (Agriculture)	460.99	451.60	9.39
8	12- Agriculture and Other Allied Departments (Land Development and Water Resources)	5.15	3.69	1.46
9	14-Agriculture and Other Allied Departments (Panchayati Raj)	379.24	NIL	379.24
10	15-Agriculture and Other Allied Departments (Animal Husbandry)	24.08	NIL	24.08
11	16-Agriculture and Other Allied Departments (Dairy Development)	27.88	NIL	27.88
12	17-Agriculture and Other Allied Departments (Fisheries)	43.64	NIL	43.64
13	21-Food and Civil Supplies Department	129.42	23.32	106.10
14	22-Sports Department	1.61	NIL	1.61
15	23- Cane Development Department (Cane)	14.23	10.51	3.72
16	24- Cane Development Department (Sugar Industry)	124.80	1.10	123.70
17	31-Medical Department (Medical Education and Training)	96.46	NIL	96.46
18	32-Medical Department (Allopathy)	369.50	Nil	369.50
19	33-Medical Department (Ayurvedic and Unani)	52.41	Nil	52.41
20	34-Medical Department (Homeopathy)	21.50	Nil	21.50
21	35- Medical Department (Family Welfare)	56.25	49.76	6.49
22	36-Medical Department (Public Health)	74.09	NIL	74.09
23	37- Urban Development Department	300.97	175.17	125.80
24	40-Planning Department	32.71	3.44	29.27
25	45-Environment Department	85.69	NIL	85.69
26	47-Technical Education Department	59.31	NIL	59.31
27	48-Muslim Waqf Department	279.40	265.55	13.85
28	49-Women and Child Welfare Department	138.16	NIL	138.16
29	51-Revenue Department (Relief on account of Natural Calamities)	57.67	10.27	47.40
30	52-Revenue Department (Board of Revenue and Other Expenditure)	64.99	13.28	51.71
31	53-National Integration Department	1.44	NIL	1.44
32	54-Public Works Department (Establishment)	496.58	Nil	496.58
33	56-Public Works Department (Special Area Programme)	2.63	NIL	2.63

34	61- Finance Department (Debt Services and Other Expenditure)	1278.98	200.58	1078.40
35	65- Finance Department (Audit, Small Saving etc.)	8.89	1.47	7.42
36	71-Education Department(Primary Education)	646.22	Nil	646.22
37	72-Education Department(Secondary Education)	202.21	NIL	202.21
38	75-Education Department (State Council of Educational Research and Training)	13.19	NIL	13.19
39	77-Labour Department (Employment)	6.60	NIL	6.60
40	80-Social Welfare Department (Social Welfare and Welfare of Scheduled Castes)	42.93	NIL	42.93
41	83-Social Welfare Department (Special Component Plan for Scheduled Castes)	470.38	NIL	470.38
42	86- Information Department	46.17	4.59	41.58
43	87-Soldier's Welfare Department	10.58	NIL	10.58
44	88-Institutional Finance Department (Directorate)	26.91	NIL	26.91
45	90-Institutional Finance Department (Entertainment and Betting-Tax)	1.87	Nil	1.87
46	91-Institutional Finance Department (Stamps and Registration)	3.61	NIL	3.61
47	95-Irrigation Department (Establishment)	78.65	NIL	78.65
	Total	6716.35	1214.75	5501.60
Capital Voted				
1	2- Housing Department	6.17	Nil	6.17
2	7-Industries Department (Heavy and Medium Industries)	22.75	NIL	22.75
3	8-Industries Department(Printing and Stationary)	7.34	NIL	7.34
4	11- Agriculture and Other Allied Departments (Agriculture)	154.60	152.14	2.46
5	14-Agriculture and Other Allied Departments (Panchayati Raj)	60.28	NIL	60.28
6	15-Agriculture and Other Allied Departments (Animal Husbandry)	71.48	NIL	71.48
7	16-Agriculture and Other Allied Departments (Dairy Development)	1.98	NIL	1.98
8	22-Sports Department	3.28	NIL	3.28
9	24-Cane Development Department(Sugar Industry)	165.28	NIL	165.28
10	31-Medical Department(Medical Education and Training)	3.65	NIL	3.65
11	32-Medical Department (Allopathy)	122.79	NIL	122.79
12	33-Medical department(Ayurvedic and Unani)	3.88	NIL	3.88
13	34-Medical Department (Homeopathy)	2.06	Nil	2.06
14	35- Medical Department (Family Welfare)	4.09	0.01	4.08
15	45-Environment Department	80.65	NIL	80.65
16	47-Technical Education Department	33.96	NIL	33.96
17	49-Women and Child Welfare Department	59.53	Nil	59.53
18	52-Revenue Department (Board of Revenue and Other Expenditure)	13.65	NIL	13.65
19	56-Public Works Department (Special Area Programme)	21.86	8.22	13.64
20	61- Finance Department (Debt Services and Other Expenditure)	21.69	7.81	13.88
21	72-Education Department (Secondary Education)	15.17	NIL	15.17

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22	73-Education Department (Higher Education)	18.97	17.13	1.84
23	75-Education Department (State Council of Educational Research and Training)	1.30	NIL	1.30
24	79-Social Welfare Department (Welfare of the Handicapped and Backward Classes)	9.09	NIL	9.09
25	83-Social Welfare Department (Special Component Plan for Scheduled Castes)	399.73	NIL	399.73
26	95-Irrigation Department (Establishment)	2.17	NIL	2.17
	Total	1,307.40	185.31	1,122.09
Revenue Charged				
1	21-Food and Civil Supplies Department	205.01	NIL	205.01
2	61- Finance Department (Debt Services and Other Expenditure)	124.66	85.40	39.26
	Total	329.67	85.40	244.27
Capital Charged				
1	58- Public Works Department (Communication-Roads)	2.75	0.83	1.92
	Total	2.75	0.83	1.92
	Grand Total	8,356.17	1,486.29	6,869.88

Appendix 2.11

Cases of surrender of funds in excess of
Rs 10 crore on 30 and 31 March 2009
(Reference paragraph 2.3.11; page 47)

(Rupees in crore)

Sl. No.	Grant No.	Major Head	Amount of surrender	Percentage of total provision
Revenue Voted				
1	4	Industries Department (Mines and Minerals)	16.58	59
2	6	Industries Department (Handloom Industries)	27.60	60
3	10	Agriculture and Other Allied Departments (Horticulture and Sericulture Development)	20.39	12
4	11	Agriculture and Other Allied Departments (Agriculture)	451.60	19
5	13	Agriculture and Other Allied Departments (Rural Development)	31.87	02
6	18	Agriculture and Other Allied Departments (Co-operative)	25.94	17
7	21	Food and Civil Supplies Department	23.32	14
8	23	Cane Development Department (Cane)	10.51	10
9	26	Home Department (Police)	99.91	02
10	35	Medical Department (Family Welfare)	49.76	06
11	37	Urban Development Department	175.17	06
12	42	Judicial Department	158.17	27
13	48	Muslim Waqf Department	265.55	38
14	51	Revenue Department (Relief on Account of Natural Calamities)	10.27	01
15	52	Revenue Department (Board of Revenue and Other Expenditure)	13.28	01
16	58	Public works Department (Communications- Roads)	29.91	02
17	60	Forest Department	10.01	04
18	61	Finance Department (Debt Services and Other Expenditure)	200.58	04
19	73	Education Department (Higher Education)	178.39	18
20	76	Labour Department (Labour Welfare)	18.22	14
21	78	Secretariat Administration Department	31.49	12
22	81	Social Welfare Department (Tribal Welfare)	13.43	33
23	89	Institutional Finance Department (Commercial Tax)	20.77	07
		Total	1882.72	
Capital Voted				
24	9	Power department	2176.69	28
25	11	Agriculture and Other Allied Departments (Agriculture)	152.14	48
26	26	Home Department (Police)	73.93	24
27	37	Urban Development Department	11.44	06
28	38	Civil Aviation Department	43.87	38
29	42	Judicial Department	135.43	65
30	44	Tourism Department	27.05	39
31	48	Muslim Waqf Department	167.89	74

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32	50	Revenue Department (District Administration)	21.27	13
33	51	Revenue Department (Relief on Account of Natural Calamities)	84.75	85
34	58	Public Works Department (Communication-Roads)	23.35	01
35	62	Finance Department (Superannuation Allowances and Pensions)	53.02	53
36	73	Education Department (Higher Education)	17.13	46
37	78	Secretariat Administration Department	24.82	100
38	89	Institutional Finance Department (Commercial Tax)	11.10	89
39	92	Culture Department	10.68	05
		Total	3,034.56	
Revenue Charged				
40	61	Finance Department (Debt Services and Other Expenditure)	85.40	01
		Total	85.40	
Capital Charged				
41	61	Finance Department (Debt Services and Other Expenditure)	10001.13	66
		Total	10001.13	
		Grand Total	15,003.81	

Appendix 2.12

Pending AC bills for the year up to 2008-09 (Reference paragraph 2.4; page 48)

(Rupees in crore)

Sl No.	Name of the Controlling Officers	No of AC Bills	Amount
1	Chief Development Officer, Hamirpur	3	1.77
2	Chief Development Officer, Ghazipur	7	1.09
3	Chief Development Officer, Lalitpur	2	2.00
4	Chief Development Officer, Kaushambi	1	2.38
5	PAC Commandant, 35 th Battalion	303	5.24
6	Commissioner, Allahabad	3	29.08
7	Deputy Conservator of Forest, Hamirpur	3	1.89
8	Dy Director, National savings Directorate, Lucknow-2	249	1.21
9	DIG, HQ, Allahabad	5	12.05
10	Director, Mineral and Mines, Lucknow-2	322	1.28
11	Director, Civil Aviation, Lucknow-2	249	10.23
12	Director, Higher Secondary Education, Lucknow-2	144	5.34
13	District, Backward Class Welfare Officer Unnao	7	1.65
14	District Employment Officer, Unnao	31	1.10
15	District Excise officer, Padrauna	64	1.52
16	DIOS, Hamirpur	8	1.13
17	District Magistrate, Revenue Department, Mainpuri	14	1.91
18	District Magistrate, Revenue Department, Hamirpur	35	17.20
19	District Magistrate, Revenue Department, Pratapgarh	28	3.61
20	District Magistrate, Lalitpur	1	3.08
21	District Magistrate, Hathras	18	4.88
22	District Panchayt Raj Officer, Aligarh	5	1.01
23	District Panchayt Raj Officer, Ghazipur	3	6.63
24	District Probation Officer, Women and Child Welfare, Allahabad-2	43	6.23
25	District Programme officer, Women Welfare, Fatehgarh	7	1.34
26	District Programme officer, Women Welfare Hamirpur	9	1.08
27	District Programme officer, Women Welfare, Banda	17	3.67
28	District Social Welfare Officer, Lucknow-2	102	6.54
29	SSP, Lucknow	918	19.20
30	Under Secretary, Estate Department, Lucknow-2	1351	2.54
31	Zonal Tourism officer Lucknow 2	94	1.37
Total		4,046¹	159.25²

¹Under reconciliation

²Under reconciliation

Appendix 3.1

Utilisation certificates outstanding as on 31 March 2009 (Reference paragraph 3.1; page 55)

(Amount: Rupees in lakh)

Sl. No.	Department	Year of payment of grant	Total Grant paid		Utilisation certificate				Reasons for the UCs remaining outstanding
			No.	Amount	Received		Outstanding		
					No.	Amount	No.	Amount	
1.	Department of Technical Education	2006-07	20	63.97	01	27.87	19	36.10	No reason furnished
		2007-08	28	63.97	10	20.90	18	43.07	No reason furnished
2.	Department of Sports	2007-08	2	450.92	000	000	02	450.92	No reason furnished
3.	Department of Science and Technology (Council for Science & Technology)	2007-08	3	2592.59	2	1042.00	1	1550.59	Lying unspent in PLA
4.	Department of Vocational and Technical Education.	2007-08	9	5335.00	000	000	9	5335.00	Grantees have not submitted
5.	Department of Urban Development (Nagar Vikas)	2007-08	8	1426.09	07	1015.09	01	411.00	Lying unspent in PLA
6.	Department of Urban Development (Local Bodies)	2007-08	1254	10340.00	273	5550.02	981	4789.98	Grantees have not submitted
7.	Department of Urban Development (U.P. Jal Nigam)	2007-08	NA	18681.68	NA	NIL	NA	18681.68	Grantees have not submitted
8.	Department of Housing and Urban Planning	2007-08	NA	46670.21	NA	46170.21	NA	500.00	No reason furnished
9.	Department of Medical Education and Training (Chatrapati Sahuji Maharaj Chikitsa Vishvavidhyalaya, Lucknow)	2007-08	11	8789.00	9	6089.77	2	2699.23	No reason furnished
10.	Department of Medical Education and Training (U.P. Rural Post Graduate Institute of Medical Science, Saifai, Etawa)	2007-08	NA	9356.53	NA	NIL	NA	9356.53	No reason furnished
11.	Department of Medical Education and Training (Dr. Ram Manohar Lohia Institute of Medical Sciences Lucknow)	2007-08	NA	4500.00	NA	NIL	NA	4500.00	No reason furnished
12.	Department of Medical Education and Training (Sanjay Gandhi Post Graduate Institute of Medical Sciences, Lucknow)	2007-08	NA	17244.00	NA	2142.17	NA	15101.83	Lying unspent in PLA
13.	Department of Social Welfare	2007-08	70	12960.20	70	12852.93	000	107.27	No reason furnished
14.	Department of Social Welfare (Scheduled Tribe Development)	2007-08	49	865.30	25	461.12	24	404.18	Grantees have not submitted
15.	Department of Language	2007-08	NA	183.83	NA	172.63	NA	11.20	No reason furnished
16.	Department of Milk Development	2006-07	NA	6300.17	NA	6270.63	00	29.54	Grantees have not submitted
		2007-08	870	11656.27	NA	9029.75	NA	2626.52	
17.	Department of Home (Secretary, Human Rights Commission)	2007-08	12	45.12	12	39.35	NA	5.77	No reason furnished
18.	Department of Agriculture and Other Allied Activities (Fisheries)	2007-08	140	60381.00	90	40439.10	50	19941.90	No reason furnished
19.	Department of Agriculture and Other Allied Activities (Cooperative Societies)	2007-08	19	6472.80	17	4898.45	02	1574.35	Grantees have not submitted

Appendix 3.1

20	Sugar cane Development and Sugar Industries (Sugar)	2001-02	000	000	000	000	89	679.10	Grantees have not submitted
		2005-06	88	12609.00	87	6609.00	01	6000.00	
		2006-07	97	16100.97	95	14698.97	02	1402.00	
21	Department of Industries (Handcrafts)	2004-05	438	4459.61	NA	3959.61	NA	500.00	Grantees have not submitted
		2005-06	782	2340.27	385	903.09	397	1437.18	
		2007-08	370	727.39	102	351.89	268	375.50	
22	Transport Department	1998-99	02	73.75	01	25.24	01	48.51	Grantees have not submitted
23	Department of Science and Technology (NEDA)	2006-07	18	1659.04	10	1539.33	08	119.71	No reason furnished
		2007-08	9	718.80	5	620.02	4	98.78	No reason furnished
24	Department of Information	2006-07	18	194.86	06	100.89	12	93.97	No reason furnished
		2007-08	2	55.00	1	25.00	1	30.00	No reason furnished
25	Department of Industries.	2006-07	62	16820.67	58	15784.58	04	1036.09	Grantees have not submitted
26	Department of Industries (Heavy and Medium Industries)	2007-08	15	969.30	13	868.96	2	100.34	Grantees have not submitted
27	Department of Industries (Small Industries and Export Promotion)	2007-08	12	1342.81	7	771.81	5	571.00	Grantees have not submitted
28	Department of Women and Child Welfare	2007-08	6	522.41	NIL	NIL	6	522.41	Grantees have not submitted
29	Department of Minor Irrigation	2007-08	NA	20422.74	NA	20328.25	NA	94.49	No reason furnished
Total							1909	101265.74	

Appendix 3.2

Statement showing performance of the autonomous bodies (Reference paragraph 3.2; page 56)

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of Separate Audit Report in the Legislature	Delay in submission of accounts	Period of delay
1	2	3	4	5	6	7	8
1	Jal Sansthan, Jhansi	2001-10	2007-08	2007-08	-	2008-09	3 months
2	Jal Sansthan, Allahabad	2001-10	2007-08	2005-06 ¹	-	2008-09	3 months
3	Jal Sansthan, Agra	2001-10	2004-05	2004-05	-	2005-09	3-39 months
4	Jal Sansthan, Varanasi	2001-10	2007-08	2007-08	-	2008-09	3 months
5	Jal Sansthan, Kanpur	2001-10	2006-07	2006-07	-	2007-09	3-15 months
6	Jal Sansthan, Chitrakoot Dham, Banda	2001-10	2007-08	2006-07 ²	-	2008-09	3 months
7	Jal Sansthan, Lucknow	2001-10	2006-07	2006-07	-	2007-09	3-15 months
8	Khadi Gramodyog Board, Lucknow	2004-14	2005-06	2005-06	SAR ending 2003-04 placed on 19 Feb. 2009	2006-09	3-27 months

¹SARs for the years 2006-07 and 2007-08 are under process.

²SAR for the year 2007-08 is under process.

Appendix 3.3

Statement of finalisation of accounts and investment in departmentally managed commercial and quasi-commercial undertakings
(Reference paragraph 3.3; page 56)

Sl. No.	Name of the Undertaking	Accounts finalised up to	Investment as per the last accounts finalised (Rupees in crore)
Irrigation Department			
1	IWD, Meerut	2006-07	0.23
2	IWD, Jhansi	2007-08	0.64
3	IWD, Bareilly	2007-08	2.03
4	IWD, Kanpur	2007-08	0.21
5	IWD, Allahabad	2007-08	1.87
6	IWD, Gorakhpur	2007-08	1.53
Animal Husbandry Department			
7	State Live Stock Cum Agriculture Farm	2006-07	7.02
Food and Civil Supplies Department			
8	Scheme for Public Distribution System of Foodgrain	2005-06	531.10
Health Department			
9	State Pharmacy of Ayurvedic and Unani Medicine	1987-88	0.09
Samaj Kalyan Department			
10	Criminal tribes Settlement tailoring Factory (Kanpur)	1979-80	0.04

Appendix 3.4

Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc. (cases where final action was pending at the end of March 2009)
(Reference paragraph 3.4; page 57)

(Figures in bracket indicate rupees in lakh)

Sl. No	Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	Total no. of cases
1	Agriculture	-	3 (8.91)	-	2 (0.34)	-	-	5 (9.25)
2	Animal Husbandry	-	2 (3.46)	5 (1.09)	5 (1.58)	3 (0.41)	1 (0.02)	16 (6.56)
3	Co-operative	-	-	2 (1.85)	-	1 (0.44)	---	3 (2.29)
4	Education	2 (102.27)	-	1 (5.00)	---	---	---	3 (107.27)
5	Finance	-	-	-	1 (0.67)	-	-	1 (0.67)
6	Fisheries	-	-	1 (0.02)	4 (2.18)	2 (1.00)	-	7 (3.20)
7	Food and Supplies	1 (3.06)	-	-	4 (16.42)	4 (9.30)	-	9 (28.78)
8	Irrigation	16 (0.71)	9 (0.49)	27 (14.08)	-	-	-	52 (15.28)
9	Judiciary	1 (4.44)	-	-	-	1 (0.66)	-	2 (5.10)
10	Land Acquisition	-	-	-	-	-	3 (331.44)	3 (331.44)
11	Medical & Health	-	-	3 (5.80)	5 (3.24)	9 (10.02)	-	17 (19.06)
12	Police	1 (4.00)	-	-	1 (1.21)	1 (0.60)	3 (2.94)	6 (8.75)
13	PAC	---	-	1 (47.48)	-	1 (0.51)	-	2 (47.99)
14	PWD	8 (103.03)	1 (0.98)	-	-	-	-	9 (104.01)
15	Revenue	-	1 (1.72)	-	-	3 (1.86)	1 (4.56)	5 (8.14)
16	Rural Development	-	-	3 (1.65)	-	5 (0.91)	4 (1.28)	12 (3.84)
17	Social Welfare	-	-	1 (0.25)	-	-	2 (0.70)	3 (0.95)
18	Technical Education	-	1 (11.59)	-	-	-	-	1 (11.59)
19	Weight and Measurement	-	-	-	-	1 (1.01)	-	1 (1.01)
20	Horticulture	1 (3.59)	-	-	-	-	-	1 (3.59)
	Total	30 (221.10)	17 (27.15)	44 (77.22)	22 (25.64)	31 (26.72)	14 (340.94)	158 (718.77)

Appendix 3.5

Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material
(Reference paragraph 3.4; page 57)

Name of the Department	Theft cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount (Rs. in lakh)	Number of Cases	Amount (Rs. in lakh)	Number of Cases	Amount (Rs. in lakh)
Agriculture	2	1.63	3	7.62	5	9.25
Animal Husbandry	11	1.79	5	4.77	16	6.56
Co-operative	2	2.12	1	0.17	3	2.29
Education	1	5.00	2	102.27	3	107.27
Finance	-	-	1	0.67	1	0.67
Fisheries	2	1.00	5	2.20	7	3.20
Food and Supplies	-	-	9	28.78	9	28.78
Irrigation	45	2.61	7	12.67	52	15.28
Judiciary	-	-	2	5.10	2	5.10
Land Acquisition	-	-	3	331.44	3	331.44
Medical & Health	13	14.68	4	4.38	17	19.06
Police	-	-	6	8.75	6	8.75
PAC	-	-	2	47.99	2	47.99
PWD	3	1.63	6	102.38	9	104.01
Revenue	-	-	5	8.14	5	8.14
Rural Development	6	1.52	6	2.32	12	3.84
Social Welfare	-	-	3	0.95	3	0.95
Technical Education	-	-	1	11.59	1	11.59
Weights and Measurement	1	1.01	-	-	1	1.01
Horticulture	-	-	1	3.59	1	3.59
Total	86	32.99	72	685.78	158	718.77

Appendix 3.6

Department-wise details of cases of write off for 2008-09 (Reference paragraph 3.4; page 57)

Sl. No.	Name of Department	Authority sanctioning write off	Brief Particulars	No. of cases	Amount in Rupees
1	Medical and Health	Government of Uttar Pradesh	Rupees 41,444 were looted on 2 February 1990 by the unknown persons from the office of the Primary Health Centres at Rampur Karkhana, District Deoria. The amount was drawn from the treasury for the disbursement of pay and allowances for the month of January 1990.	One	41,444

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth Rate
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan Grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt.

Explanation of terms

Terms	Explanation
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, for 2008-09, revenue buoyancy at 0.8 implies that revenue receipts tend to increase by 0.8 percentage points, if the GSDP increases by one <i>per cent</i> .
Core public goods and merit goods	Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc
Development expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Debt stabilisation	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
Appropriation Accounts	Appropriation Accounts present the total amount of funds (Original and Supplementary) authorised by the Legislative Assembly in the budget grants under each voted grants and charged appropriation vis-à-vis the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Legislature.
Autonomous Bodies	Autonomous Bodies (usually registered Societies or Statutory Corporations) are set up whenever it is felt that certain functions need to be discharged outside the governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Committed expenditure	The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies on which the present executive has limited control.
State Implementing Agency	State Implementing Agency includes any Organisation/Institution including Non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Health Mission for National Rural Health Mission and UP Rural Roads Development Agency for Pradhanmantri Gram Sadak Yojna, etc.
Contingent liability	Contingent liabilities may or may not be incurred by an entity depending on the outcome of a future event such as a court case.

Sinking Fund	A Fund into which the government sets aside money over time, in order to retire its debt.
Gaurantee Redemption Fund	Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the terms of the Guarantee Redemption Fund, the State Government was required to contribute an amount equal to atleast 1/5 th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees during the year
Internal Debt	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
Primary revenue expenditure	Primary revenue expenditure means revenue expenditure excluding interest payments.
Re-appropriation	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Public Accounts Committee	A Committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India relating to the appropriation accounts of the State, the annual financial accounts of the State or such other accounts or financial matters as are laid before it or which the Committee deems necessary to scrutinise.

Acronyms

Acronyms	Full form
AC Bill	Abstract Contingency Bill
AE	Aggregate Expenditure
BE	Budget Estimates
CAG	Comptroller and Auditor General of India
CE	Capital Expenditure
DCC Bill	Detailed Countersigned Contingency Bill
DCRF	Debt Consolidation and Relief Facility
DE	Development Expenditure
FCP	Fiscal Correction Path
GOI	Government of India
GSDP	Gross State Domestic Product
FRBM	Fiscal Responsibility and Budget Management Act, 2004
IP	Interest Payment
MTFRPS	Medium Term Fiscal Restructuring Policy Statement
O&M	Operation and Maintenance
PAC	Public Accounts Committee
PRIs	Panchayati Raj Institutions
RE	Revenue Expenditure
RR	Revenue Receipts
S&W	Salaries and Wages
SAR	Separate Audit Report
SSE	Social Sector Expenditure
TE	Total Expenditure
TFC	Twelfth Finance Commission
UC	Utilisation Certificate
ULBs	Urban Local Bodies