PREFACE

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

2. Chapters I and II of this Report contain Audit findings on issues arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2011.

3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

4. 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.

5. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

Background

The Government of Himachal Pradesh enacted the Fiscal Responsibility and Budget Management (FRBM) Act in April 2005 which was further amended by Act No. 25 of 2011 to ensure prudence in fiscal management and fiscal stability by progressive reduction in revenue deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework.

The State Government has done well in establishing an institutional mechanism on fiscal transparency and accountability as evident from the year-on-year presentation of outcome budgets. These outcome indicators tend to serve the limited purpose of measuring the department-wise performance against the targets. They do not, however, give the 'big picture' of the status of financial management including debt position and cash management, etc., for the benefit of the State Legislature and other stakeholders.

The Comptroller and Auditor General's civil audit reports step in to fill this gap. The Comptroller and Auditor General's reports have been commenting upon the Government's finances for over five years since the FRBM legislation and have published five reports already. Since these comments formed part of the civil audit report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to center-stage once again, a stand-alone report on State Government finances is considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, Comptroller and Auditor General has decided to bring out a separate volume titled "Report on State Finances." This is the third edition of this endeavour.

The Report

Based on the audited accounts of the Government of Himachal Pradesh for the year ending March 2011, 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 Himachal Pradesh Government's fiscal position as on 31 March 2011. 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 Himachal Pradesh Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Return to Fiscal correction: The State had achieved three out of eight targets as set out in FRBM Act/ThFC during 2010-11. There is reasonable prospect of returning back to fiscal correction path if efforts are made to increase tax compliance, reduce tax administration costs, collection of revenue arrears and prune unproductive expenditure so that deficit is curtailed.

Efforts should be made to improve collection of non tax revenue so that recourse to borrowed funds from GoI can be reduced.

Funds directly transferred by GoI: The GoI directly transferred ₹1352 crore to the State Implementing Agencies thereby increasing the total availability of State resources from ₹24,348 crore to ₹25,700 crore. There was, however, no single agency to monitor the receipt/transfer of funds directly by GoI and therefore, utilisation of these funds remains to be verified by Audit to establish accountability of the State Government for these funds.

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts and Entitlement) to ensure its effective utilisation.

Greater priority not given to capital expenditure: The increasing trend in capital expenditure is indicative of improvement in social as well as economic services. Although there is a marginal increase in investments, the capital expenditure had in fact decreased by ₹154 crore during 2010-11.

A monitoring mechanism should be put in place to ensure effective budgetary system and keep a vigil on how prudently the Government money is being utilised so that value for money is channelised in its entirety to the intended beneficiaries.

Review of Government investments: A performance based system of accountability should be put in place in the Government Companies/Statutory Corporations so as to derive profitability and improve efficiency in service.

The government should ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are worth being channelised there.

Initiative for fiscal correction: The FRBM Act recommended a target to contain the consolidated debt (including guarantees) within 49.70 *per cent* of GSDP by 2010-11, which the State has not been able to achieve as per recommendations and its consolidated debt as on 31 March 2011 stood at 58 *per cent* of the GSDP.

The State Government, therefore, needs to gear up its activities so that atleast the target set out by the FRBM Act can be achieved.

Financial Management and budgetary control: Excess of expenditure of ₹2237.64 crore requires regularisation under Article 205 of the Constitution of India. Parking of funds in Deposit Accounts and Personal Deposit Accounts to avoid lapse of budget, faces the risk of misuse of funds and therefore, needs to be avoided.

Expenditure should be planned and incurred uniformly throughout the year to avoid rush of expenditure at the fag end. Budgetary controls should be strictly observed to avoid such deficiencies in financial management.

Monitoring mechanism needs to be strengthened: The Abstract Contingent (AC) Bills amounting to ₹81.30 crore had not been adjusted for long periods of time which is fraught with the risk of misappropriation.

Adjustment of AC bills should be monitored closely for which monitoring mechanism needs to be evolved.

Financial reporting: There were delays in furnishing utilization certificates amounting to ₹907.68 crore in 9,547 cases for periods ranging upto nine years and above against the loans and grants from various grantee institutions. There were instances of losses and misappropriation that indicate inadequacy of controls in the departments which needs to be strengthened.

An effective mechanism needs to be put in place to ensure speedy settlement of cases relating to misappropriations and losses.

Chapter 1 Finances of the State Government

The State of Himachal Pradesh is considered a special category State[1] because of its mountainous terrain, which has the inherent disadvantage of infrastructure and transaction costs and also calls for relatively higher cost of governance. Despite this, the State has seen considerable economic growth in the past decade and the compound growth rate of its Gross State Domestic Product (GSDP) for the period 2001-02 to 2010-11 has been almost 13 *per cent* ***(Appendix-1)***. During 2001-11, its population has grown by 13 *per cent* and the per capita income growth has been at 16 *per cent* between 2010 and 2011. The Finance Accounts of the State Government are laid out in 19 statements, the structure and layout of which are depicted in ***Appendix-1.1***. This chapter provides a broad perspective of the finances of the Government of Himachal Pradesh during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. ***Appendix-1.2*** of the chapter briefly outlines the methodology adopted for the assessment of the fiscal position of the State and ***Appendix-1.3*** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2006-11.

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 (2010-11) vis-à-vis the previous year (2009-10) while ***Appendix-1.4*** provides details of receipts and disbursements as well as overall fiscal position during the current year as compared to the previous year.

Table-1.1: Summary of Current Year's Fiscal Operations

(₹ in crore)

2009-10	Receipts	2010-11	2009-10	Disbursements			2010-11
Section-A: Revenue					Non Plan	Plan	Total
10,346	**Revenue receipts**	**12,711**	**11,151**	**Revenue expenditure**	**12,294**	**1,652**	**13,946***
2,574	Tax revenue	**3,643**	4,377	General services	5249	30	5279
1,784	Non tax revenue	1,695	3,902	Social services	4081	898	4979
862	Share of Union Taxes/ Duties	1,715	2,868	Economic services	2959	723	3682
5,126	Grants from Government of India	5,658	4	Grants-in-aid and Contributions	6	--	6
Section-B: Capital							
	Misc. Capital Receipts	**646**	**1,943**	**Capital Outlay**	**15**	**1,774**	**1,789**
34	**Recoveries of Loans and Advances**	**73**	**70**	**Loans and Advances disbursed**	**4**	**223**	**227**
2,553	**Public Debt receipts**	2,411	**867**	**Repayment of Public Debt**	--	**870**	**870**
--	**Contingency Fund**		--	**Contingency Fund**	--	--	--
6,821	**Public Account receipts**	**8,507**	**6,421**	**Public Account disbursements**	--	--	**7,162**
979	**Opening Cash Balance**	**281**	**281**	**Closing Cash Balance**	--	--	**635**
20,733	**Total**	**24,629**	**20,733**	**Total**			**24,629**

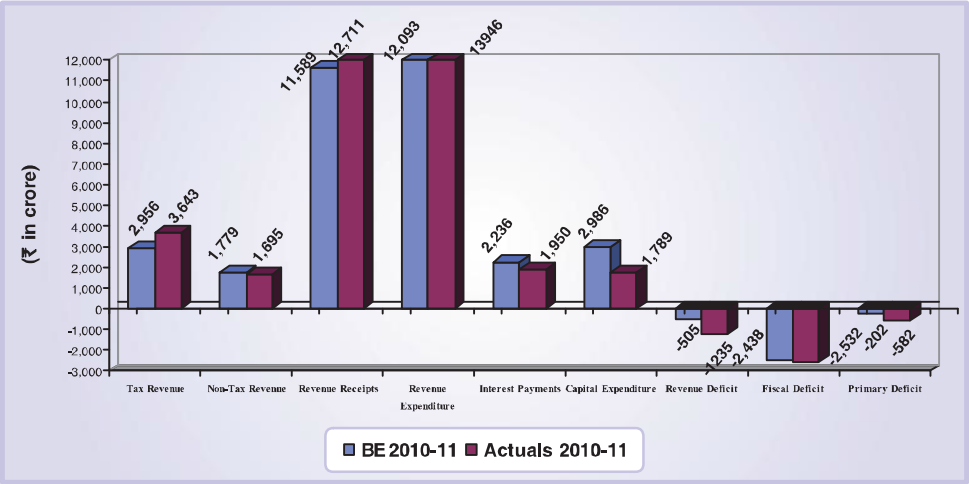
[1] The Special privileges given to Himachal Pradesh include financial assistance from GoI in the ratio of 90 *per cent* grant and 10 *per cent* loan unlike non-special category states which get central aid in the ratio 70 *per cent* grant and 30 *per cent* loan. Besides, significant excise duty concessions persuading industry to relocate/locate manufacturing within its territory are also available.

* Includes an amount of ₹699.96 crore (₹643.08 crore+₹56.88 crore) by way of book adjustment.

- Being a special category State 45 *per cent* of the revenue receipts are in the form of grants from GoI. Although revenue receipts in 2010-11 grew by 23 *per cent* over the previous year, revenue expenditure grew by 25 *per cent*.
- State's own tax revenue (OTR) increased in the current year by ₹1,069 crore (42 *per cent*) over the previous year whereas Non Tax Revenue (NTR) marginally decreased by ₹89 crore (five *per cent)*. Increase in OTR was mainly due to collection of more sales/trade taxes, state excise, taxes on vehicles, stamps and registration fee on sale of land/property and taxes & duties on electricity, etc.
- Revenue expenditure in the current year increased by ₹2795 crore (25 *per cent*) over the previous year. This was mainly due to implementation of 5th Pay Commission, release of DA installments and book adjustment of loans.
- The revenue deficit increased by ₹430 crore *(*53 *per cent)* from ₹805 crore in 2009-10 to ₹1235 crore[2] in 2010-11. Revenue deficit as a percentage of the GSDP in the current year is 2.4 as compared to 1.9 in the previous year.
- Repayment of public debt has marginally increased by ₹3.00 crore in the current year.
- Disbursement of Loans and Advances has increased drastically by 224 *per cent* over the previous year. This was higher due to loans given to Power Projects.
- Though the opening balance in 2010-11 was less by 71 *per cent* over the previous year but the closing balance increased by 126 *per cent* in 2010-11 as compared to 2009-10.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters.

Chart-1.1: Selected Fiscal Parameters: Budget Estimates vis-a-vis Actuals



Source: Review of receipt and expenditure (August 2010) and Finance Accounts

[2] Includes an amount of ₹699.96 crore by way of book adjustment.

Chart 1.1 depicts that revenue expenditure was higher by ₹1853 crore (15 *per cent*) during 2010-11 against the estimated expenditure of ₹12093 crore. *Against the estimation of revenue deficit of ₹505 crore, there was a deficit of ₹1235 crore*[$] *during the current year*. Fiscal deficit and primary deficit were ₹2532 crore and ₹582 crore against the estimated fiscal and primary deficit of ₹2438 crore and ₹202 crore respectively.

The performance of the State during 2010-11 in terms of key fiscal targets set for selected variables laid down in HPFRBM[3] (Amendment) Act, 2011[4] as well as projections made in MTFPS[5] vis-à-vis achievements for 2010-11 are summarised in **Table-1.1A** below :

Table-1.1A: Key fiscal targets for selected variables

(₹ in crore)

Fiscal forecasts	Projections in FRBM Act / ThFC	Projections made by State Government in	Actual	Percentage variation of actual over	
		MTFPS		ThFC[6]	MTFPS
Own Tax Revenue	3,087	2,956	3,643	*	*
Non Tax Revenue	1,394	1,779	1,695	*	4.72
Non-Plan Revenue Expenditure (NPRE)	8,305	10,796	12,294	48.03	13.87
Capital Expenditure	---	---	1,789	--	–
Revenue Deficit (-) Surplus (+) as *per cent* of RRs	---	(-)4.36	(-)9.72	(-)9.72	(-)5.36
Fiscal Deficit(-)/ Surplus (+) as *per cent* of GSDP	3.5 (2010-11)	(-)5.08	(-) 4.83	(-)8.33	*
Consolidated debt (including Guarantees) as *per cent* of GSDP	49.7 (By 2010-11)	56	58	8.3	2
Outstanding guarantees as percentage of the State's RRs of preceding financial year	Below 40 *per cent*	17	38	*	21

* Targets were achieved.

- Although targets set for attaining the level of revenue and fiscal deficits in HPFRBM Act as well as in MTFPS and TFC were achieved in 2007-08

$ Includes an amount of ₹699.96 crore by way of book adjustment.
3 Himachal Pradesh Fiscal Responsibility and Budget Management.
4 Amended by Act Number 25 of 2011.
5 Medium Term Fiscal Plan statement
6 Thirteenth Finance Commission.

(i.e. earlier than timeline of 2008), the State had again gone under revenue and fiscal deficits during 2008-09, 2009-10 and 2010-11.

- In 2009-10 the State had revenue deficit of ₹805 crore which increased to ₹1,235 crore* (53 *per cent*) in the current year. Fiscal deficit decreased by ₹252 crore from ₹2,784 crore in 2009-10 to ₹2532 crore in the current year (i.e. 4.83 *per cent* of GSDP) which is higher than the projections (3.50 *per cent* of GSDP) laid down in the FRBM Act as shown in the above Table.
- *The consolidated debt of the State which is 58 per cent of GSDP is also higher than the targets of 49.7 and 56 per cent laid down by the ThFC and MTFPS respectively during the year.*

Commitments made in the Budget Speech 2010-11

In budget speech Finance Minister had made the following commitment for fiscal consolidation in the year 2010-11:

- Total revenue expenditure was estimated at ₹12093.42 crore and the total expenditure at ₹15078.92 crore;
- Total expected capital receipts were ₹2798.77 crore and the total capital expenditure, including loan repayments was estimated at ₹2985.50 crore;
- Total estimated interest payments were ₹2236.30 crore and pension expenditure was ₹1850 crore;
- The fiscal deficit was expected to be 5.08 *per cent* of Gross State Domestic Product (GSDP) whereas revenue deficit pegged at ₹ 504.87 crore respectively.

However, at the close of financial year 2010-11 revenue expenditure and total expenditure stood at ₹13946.05 crore* and ₹ 15961.60 crore which was higher than the budgetary projections by ₹1852.63 crore and ₹882.68 crore respectively. Capital receipts remained at ₹645.85 crore which were lesser than the estimations. The pension expenditure exceeded the budget by ₹255.39 crore and stood at ₹2105.39 crore. The revenue deficit remained at ₹1235 crore which was higher by ₹730 crore. Thus, these expectations as per the budgetary assumptions made in this regard, were not achieved to the desired level.

* Includes an amount of ₹699.96 crore (₹643.08 crore + ₹56.88 crore) by way of book adjustment.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams[7] of receipts that constitute the resources of the State Government.

Table 1.1 presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.3** depicts the composition of resources of the State during the current year.

Chart-1.2: Trends in Receipts

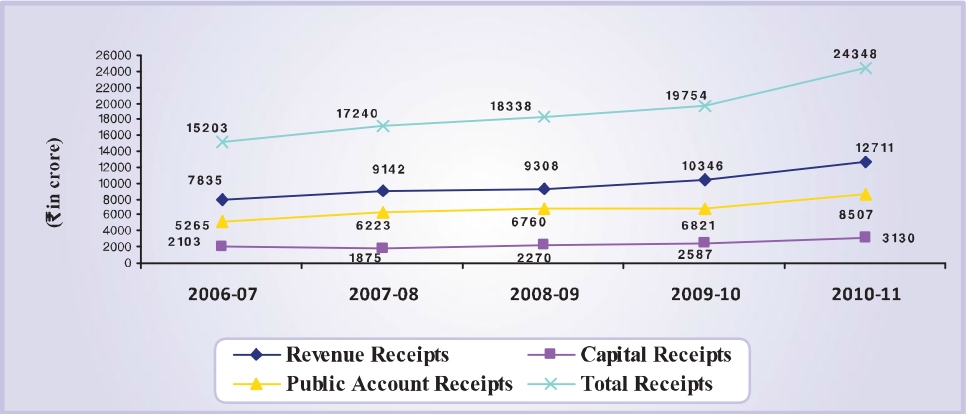
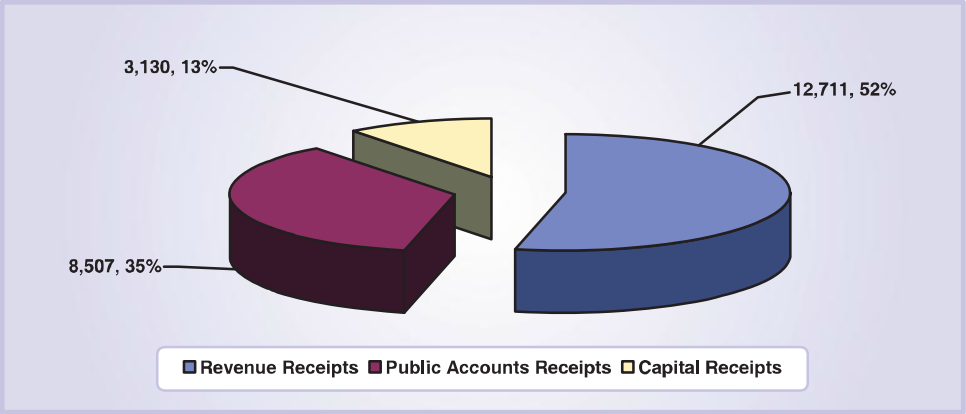


Chart-1.3: Composition of Receipts during 2010-11



The above charts show that the total receipts of the State Government increased by 23 *per cent* from ₹19,754 crore to ₹24,348 crore in 2010-11 over the previous year. Of which, 52 *per cent* (₹12,711 crore) came from revenue receipts, the balance

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7 **Revenue receipts:** These includes own tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from GoI.
Capital receipts: These comprise proceeds from disinvestment, recovery of loans and advances, debt receipt from internal sources i.e. market loan, borrowings from financial institutions/commercial banks and loans and advances from GoI as well as accrual from public account.

48 *per cent* from borrowings. The share of Revenue receipts in the total receipts of the State remained almost static during 2006-11. On the other hand, the Capital receipts (market borrowings and special securities issued to NSSF) together with Public account receipts ranged between 47 and 49 *per cent* of total receipts during 2006-11. Revenue receipts increased steadily by 62 *per cent* from ₹7,835 crore in 2006-07 to ₹12,711 crore in 2010-11, whereas the debt Capital receipts increased from ₹2,103 crore in 2006-07 to ₹3,130 crore in 2010-11. Public account receipts increased steadily from ₹5,265 crore in 2006-07 to ₹8,507 crore in 2010-11 ranging between 35 and 37 *per cent* of total receipts.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budgets

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies[8] for the implementation of various schemes/ programmes in social and economic sectors recognized as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are underestimated. During 2010-11, the GoI has transferred an approximate amount of ₹1352.19 crore directly to State Implementing Agencies (detailed in ***Appendix-1.5***). Significant amounts given to the major programmes/ schemes are presented in **Table 1.2.**

Table-1.2: Funds Transferred Directly to State Implementing Agencies

(₹ in crore)

Sl. No.	Name of the Programme/ Scheme	Name of the Implementing Agency in the State	Total funds released by the GoI during 2010-11
1.	Sarva Siksha Abhiyan (SSA)	Mission Director, SSA	137.87
2.	National Rural Employment Guarantee Scheme (NREGA)	Project Director, District Rural Development Agency	636.25
3.	Indira Awas Yojana (IAY)	Project Director, District Rural Development Agency	22.60
4.	Development for Tourist Destinations	H.P. Tourism Development Board	23.31
5.	Pradhan Mantri Gram Sadak Yojana	Engineer-in-Chief	199.30
6.	Integrated Watershed Management Programme	Project Director, District Rural Development Agency	107.81
		Total:	**1127.14**

Source: Finance Accounts

Table 1.2 shows that an amount of ₹636.25 crore (47 *per cent* of the total funds transferred) was given for National Rural Employment Guarantee Programme, ₹137.87 crore (10 *per cent*) for Sarva Siksha Abhiyan (SSA) and ₹199.30 crore

[8] State Implementing Agency includes any Organization/Institution including Non-Governmental Organization which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g; State Implementation Society for SSA and State Health Mission for NRHM, etc.

(15 *per cent*) for Pradhan Mantri Gram Sadak Yojna (PMGSY). Thus, with the transfer of ₹1352.19 crore during 2010-11 directly by GoI to the State Implementing Agencies, the total availability of State resources increased from ₹24348 crore to ₹25700 crore. It is evident from the above that there is no single agency monitoring the funds directly transferred by the GoI and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State Implementing agencies and funded directly by the GoI and therefore, utilization of these funds remains to be verified by Audit to establish accountability of the State Government for these funds.

Sarva Shiksha Abhiyan: Sarva Shiksha Abhiyan launched in January 2001 is a comprehensive and integrated flagship scheme of the Government of India (GoI) to attain universal elementary education in the country by providing access to schooling to all children in the age group of 6-14. During 2010-11 the scheme was financed by the Central and State Governments in the ratio of 65:35. Audit findings are as under:

(i) It was noticed that against the approved outlay of ₹254.82 crore the State Project Director (SPD) could get ₹250.50 crore[9] during the year 2010-11 against which State could expend only ₹218.40 crore (87 *per cent*) leaving unspent balance of ₹32.10 crore. Thus due to non utilization of funds as per approved plan, the State was deprived of further release of grants of ₹4.32 crore which could have been utilized on the implementation of elementary education in the State.

The SPD stated (April 2011) that due to non-functioning of schools, vacant posts and non execution/ progress of works, the funds could not be utilized. The contention is not acceptable as the lackadaisical approach of the Department to take appropriate steps for timely utilization of funds had adversely affected the implementation of the scheme.

(ii) Delay in release of funds: As per guidelines, the State share was required to be released to the SSA within one month of the release of Central share.

Scrutiny of records, however, revealed that during 2010-11 the state share was released after a delay of 48 to 98 days from the date of release of Central share which was in contravention of the guidelines.

On this being pointed out in Audit, the SPD stated (June 2011) that the delay was due to time taken in the process of release of State share. The reply is not acceptable as initiation of timely action is necessary to ensure timely release of State share for effective implementation of the SSA in the State.

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[9] Opening balance: ₹26.71 crore; Receipt from GoI: ₹137.87 crore; Receipt from State: ₹85.46 crore and Other Receipts: ₹0.46 crore.

Pradhan Mantri Gram Sadak Yojna

The PMGSY a 100 *per cent* centrally sponsored scheme was launched in December 2000 to provide all weather access to unconnected habitations. In respect of Hill State of Himachal Pradesh, the objective of the scheme is to connect habitations with a population of 250 persons and above. Audit findings are as under:

(i) Under PMGSY an amount of ₹199.30 crore was released to the State Government during the current year out of which the State could expend ₹146.63 crore as on 31 March 2011.

(ii) Against the target of new connectivity of 344 kilometers (kms) of roads and upgradation of 250 kms roads with an estimated expenditure of ₹150 crore under the scheme, the State could provide new connectivity of 280.17 kilometers and upgradation of 379.286 kms during the current year. Though the State could cover more length of upgradation of existing roads than the projections made, the State failed to achieve the physical target of new connectivity of roads. The Empowered Officer, Himachal Pradesh Gram Sadak Development Agency stated that the targets could not be achieved due to non clearance under FCA, Land dispute at the site of the works in many packages.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the State Government. The revenue receipts consist of its own tax and NTRs, central tax transfers and grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2006-11 are presented in ***Appendix-1.3*** and also depicted in **Chart 1.4** and **1.5** respectively.

Chart-1.4: Trends in Revenue Receipts

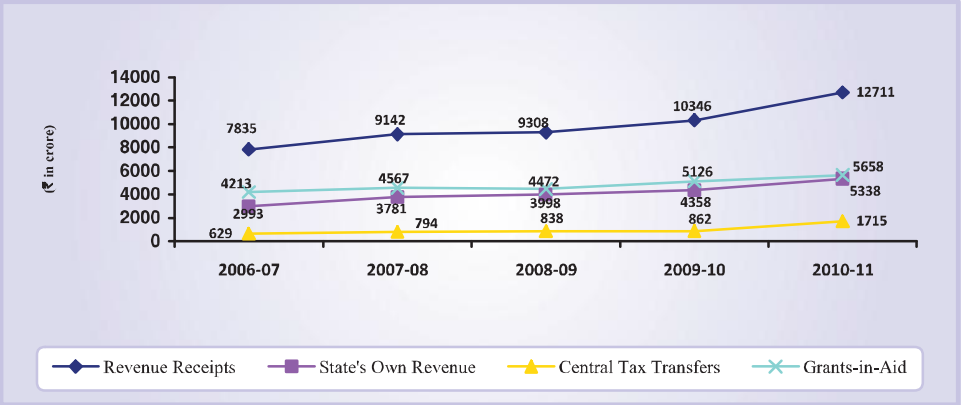
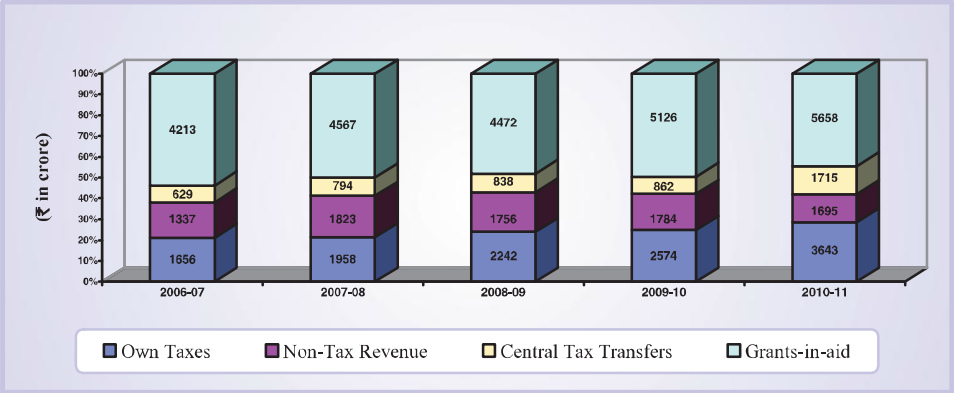


Chart-1.5: The composition of Revenue Receipts during 2006-11



Revenue receipts steadily increased from ₹7,835 crore in 2006-07 to ₹10,346 crore in 2009-10 at an annual average rate of 10 *per cent* but during 2010-11 it recorded an increase of 23 *per cent* over the previous year. The share of NTR exhibited decrease of five *per cent* whereas Grant-in-aid from GoI increased by 10 *per cent* over the previous year.

While 42 *per cent* of the revenue receipts during 2010-11 have come from the State's own resources comprising taxes and non-taxes, the remaining 58 *per cent* were contributed by Central transfers comprising the State's share in Central taxes and duties (13 *per cent*) and grants-in-aid from GoI (45 *per cent*).

Central Tax transfers: Central tax transfers increased by ₹853 crore (99 *per cent*) from ₹862 crore in 2009-10 to ₹1,715 crore in 2010-11 and constituted 13 *per cent* of the revenue receipts during the year. The increase was mainly due to increase in Corporation tax (₹316 crore) taxes on income other than corporation tax (₹157 crore) customs (₹179 crore) and union excise duties (₹121 crore).

Grants-in-aid: Grants-in-aid from the GoI increased by ₹532 crore from ₹5,126 crore in 2009-10 to ₹5,658 crore in 2010-11.

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

Table-1.3: Trends in Revenue Receipts relative to GSDP

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Receipts (RR) (₹ in crore)	7,835	9,142	9,308	10,346	12,711
Rate of growth of RR (*per cent*)	19.45	16.68	1.82	11.15	22.86
RR/GSDP* (*per cent*)	25.88	26.91	24.13	23.90	24.24
Buoyancy Ratios[10]					
Revenue Buoyancy w.r.t GSDP	1.68	1.36	0.13	0.91	1.08
State's Own Tax Buoyancy w.r.t GSDP	0.91	1.49	1.06	1.21	1.97

* GSDP at 2004-05 base price.

[10] Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one *per cent*.

Revenue receipts of the State increased from ₹7,835 crore in 2006-07 to ₹12,711 crore in 2010-11 at an average rate of 13 *per cent*. It is evident from the details above that there was consistent decline in the growth rates during 2006-09 from 19.45 *per cent* in 2006-07 to 16.68 *per cent* in 2007-08 and with sharp decline of 1.82 *per cent* in 2008-09 due to decrease in NTR and grant-in-aid ratio of revenue receipts. However, from 2009-10 it showed increasing trend and rose from 11.15 *per cent* to 22.86 *per cent* during 2010-11. Besides this, buoyancy ratio of State's own taxes with reference to GSDP increased from 0.91 in 2006-07 to 1.97 during 2010-11. The State's own tax buoyancy with respect to GSDP was higher than revenue buoyancy during the year 2010-11 because NTR as a percentage of GSDP has come down from 4.12 *per cent* in 2009-10 to 3.23 *per cent* in the current year.

1.3.1 State's Own Resources

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

Tax Revenue

Tax revenue of the State increased from ₹1,656 crore in 2006-07 to ₹3,643 crore in 2010-11 at an annual average rate of 22 *per cent*. The major contributors in the State's own tax during 2010-11 are taxes on Sales, Trades, etc., (₹2,101 crore-58 *per cent* of tax revenue), State Excise (₹562 crore-15 *per cent* of tax revenue), taxes and duties on electricity (₹302 crore-eight *per cent* of tax revenue), taxes on vehicles (₹163 crore-four *per cent* of tax revenue), Stamps and Registration fees (₹133 crore-four *per cent* of tax revenue) and taxes on goods and passengers (₹93 crore-three *per cent* of tax revenue). Collection of Sales tax, trade, etc., and taxes and duty on electricity increased by ₹614 crore and ₹263 crore respectively in 2010-11 over the previous year (2009-10).

Non-tax revenue

Non-tax revenue decreased to ₹1,695 crore (five *per cent*) in 2010-11 from ₹1784 crore during the previous year. The major contributors in State's NTR during 2010-11 were power sector: ₹1,093 crore (64 *per cent* of NTR) and interest receipts, dividends and profits: ₹134 crore (eight *per cent* of NTR). Although these were major contributors to non tax revenue (NTR) in 2010-11, it showed a decline in power sector and interest, dividends and profits by ₹122 crore and ₹16 crore respectively over the previous year (2009-10).

The actual realisation of State's NTR (₹1,695 crore) was less by five *per cent* than the projections made in MTFPS of ₹1779 crore. The State's own tax/NTR were higher by 18 *per cent* and 22 *per cent* respectively than the projections made in the ThFC (₹3,087 crore and ₹1,394 crore respectively).

The current level of cost recovery (revenue receipts as percentage of revenue expenditure) in supply of goods and services is depicted in **Table- 1.4.**

Table-1.4: Current level of cost recovery

(₹ in crore)

Sl. No.	Departments	2006-07			2010-11		
		Receipt	Expenditure	Percentage	Receipt	Expenditure	Percentage
1.	Health and Family Welfare	5.47	397.46	1.38	8.43	763.00	1.10
2.	Minor Irrigation	0.48	123.38	0.39	0.75	245.25	0.31
3.	Secondary Education	34.31	418.88	8.19	6.79	858.15	0.79
4.	University & Higher Education	3.38	78.53	4.30	3.71	183.67	2.01
5.	Power	910.08	311.82	291.86	1093.21	792.88[$]	137.88
6.	Road Transport	0.02	55.78	0.04	0.80	95.27	0.84

Source: Finance Accounts

$ Includes an amount of ₹643.08 crore transferred from Major Head 6003-Internal Debt of the State Government to rectify the Misclassification of loans raised through Himachal Pradesh State Electricity Board.

A look at the expenditure-receipt ratio for major departments of the State indicate that between 2006-07 and 2010-11 in all the above departments, the situation has deteriorated because the expenditure has drastically increased whereas the receipt has increased only marginally except under power.

1.3.2 Loss of Revenue due to Evasion of Taxes, Write Off/Waivers, Refunds and Revenue arrears

Evasion of tax

The details of cases of evasion of tax deducted, assessments completed and pending cases during the year are as follows:

Table-1.5: Evasion of Taxes

Sl. No.	Head of revenue	Cases pending as on 31 March 2010	Cases detected during the year	Total as on 31 March 2011	Number of cases in which assessments/ investigations completed and additional demand including penalty etc. raised		Number of pending cases as on 31 March 2011
					Number of cases	Amount of demand (₹ in lakh)	
1.	Taxes on sales, trade etc.	120	3013	3,133	3,023	483.31	110
2.	State excise	2	325	327	323	10.59	4
3.	Passengers and goods tax	333	1006	1,339	1,043	32.83	296
4.	Other taxes and duties on commodities and services	19	262	281	262	18.40	19
	Total	**474**	**4,606**	**5080**	**4,651**	**545.13**	**429**

It is evident that 429 number of cases are pending for their settlement. Thus, action needs to be taken to finalise these cases at the earliest.

Refunds

The number of refund cases pending at the beginning of the year 2010-11, claims received, refunds allowed and cases pending at the close of the year 2010-11 are as given below:

Table-1.6: Refund Cases

(₹ in lakh)

Sl. No.	Particulars	Sales tax/VAT		Taxes on entry of goods into local areas		State excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	17	80.05	--	--	1	11.05
2	Claims received during the year	49	10.71	1	0.01	4	11.11
3	Refunds made during the year	29	4.23	1	0.01	3	10.93
4	Balance outstanding at the end of the year	37	86.53	--	--	2	11.23

Cost of collection

Expenditure on collection of taxes on Sales, Trade, etc., was ₹21.85 crore, State Excise ₹5.84 crore, Taxes on Vehicles, Goods and Passengers ₹0.97 crore and Stamp Duty and Registration Fee ₹1.04 crore during 2010-11. Percentage of expenditure to gross collection was 1.03, 1.04, 0.37 and 1.48 respectively. Percentage of expenditure to gross collection in the State was below the all India average except in the case of taxes on Sale, trade, etc., which was 0.07 *per cent* higher than the all India average percentage of collection for the year 2010-11. Efforts need to be taken to reduce the expenditure ibid, in order to achieve the all India average.

Arrears of revenue

The arrears of revenue have decreased by ₹247 crore from ₹430 crore in 2006-07 to ₹183 crore at the end 2010-11. Of these, ₹49.38 crore was outstanding for a period of more than five years. Arrears were mainly in respect of taxes on Sales, Trade/VAT, etc., (₹162.72 crore), taxes on goods and passengers (₹7.83 crore), State Excise (₹7.11 crore) and other taxes and duties on commodities and services (₹5.34 crore).

Expeditious action to effect the recoveries of revenue needs to be taken by the Government.

1.4 Application of Resources

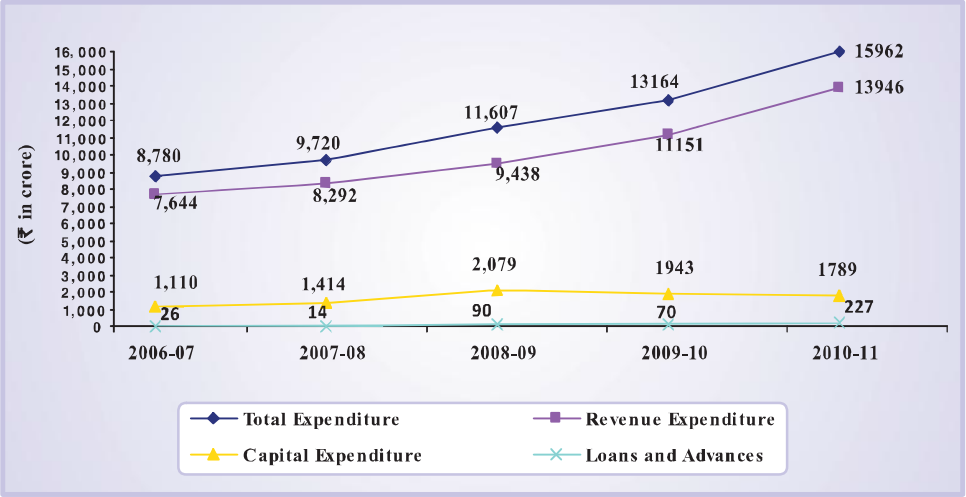
Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit 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.

An analysis of allocation of expenditure is discussed below:

1.4.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2006-11) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8.**

Chart-1.6: Total Expenditure: Trends and Composition



- The total expenditure[11] of the State increased from ₹8,780 crore in 2006-07 to ₹15,962 crore in 2010-11 at an annual average rate of 16 *per cent*. This increase was 21 *per cent* (₹2,798 crore) in 2010-11 over the previous year. The increase of ₹2,798 crore in total expenditure during 2010-11 over the previous year was due to increase in revenue expenditure and loans & advances of ₹2795 crore and ₹157 crore respectively whereas capital expenditure decreased by ₹154 crore.
- Revenue expenditure increased from ₹7644 crore in 2006-07 to ₹13,946 crore[$] in 2010-11 at an annual average rate of 16 *per cent*. The increase in revenue expenditure during 2010-11 over the previous year was mainly due to expenditure on Education, Sports, Art and Culture (₹617 crore), Water Supply, Sanitation, Housing and Urban Development (₹136.41 crore), Health and Family Welfare (₹153.32 crore), Social Welfare and Nutrition (₹151.65 crore), Welfare of Scheduled Castes,

11 Statements 12 and 13 of the Finance Accounts depict the detailed revenue expenditure and capital expenditure by minor heads respectively. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations.

$ Includes an amount of ₹699.96 crore by way of book adjustment.

Scheduled Tribes and Other Backward Classes (₹11.15 crore) in Social Sector, Transport (₹201.37 crore), Energy (₹608.24 crore), Rural Development (₹62.21 crore), Irrigation and Flood Control (₹39.76 crore) in Economic Sector.

- *Capital expenditure increased from ₹1110 crore in 2006-07 to ₹2079 crore in 2008-09 at an annual average rate of 37 per cent but decreased during the years 2009-10 and 2010-11 by ₹136 crore (seven per cent) and ₹154 crore (eight per cent) over the corresponding previous year.* Capital investments in 2010-11 increased marginally from ₹2736 crore to ₹2928 crore as compared to previous year. No specific norms for prioritisation of capital expenditure have been laid down in FRBM Act. Water Supply and Sanitation, Housing and Urban Development (₹329.11 crore), General Education (₹144.01 crore) in Social Sector and Transport (₹464.79 crore), Irrigation and Flood Control (₹308.58 crore) and Power Projects (₹160 crore) in Economic sector were the beneficiary sectors where capital expenditure was made. Loans and advances constituted ₹227 crore (1.42 *per cent*) of the total expenditure which increased by ₹157 crore over the previous year.

1.4.2 Trends in Total Expenditure by activities

In terms of activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. The relative share of these components in total expenditure are indicated in **Charts 1.7** and **1.8** respectively.

Chart-1.7: Total Expenditure: Trends in share of its components

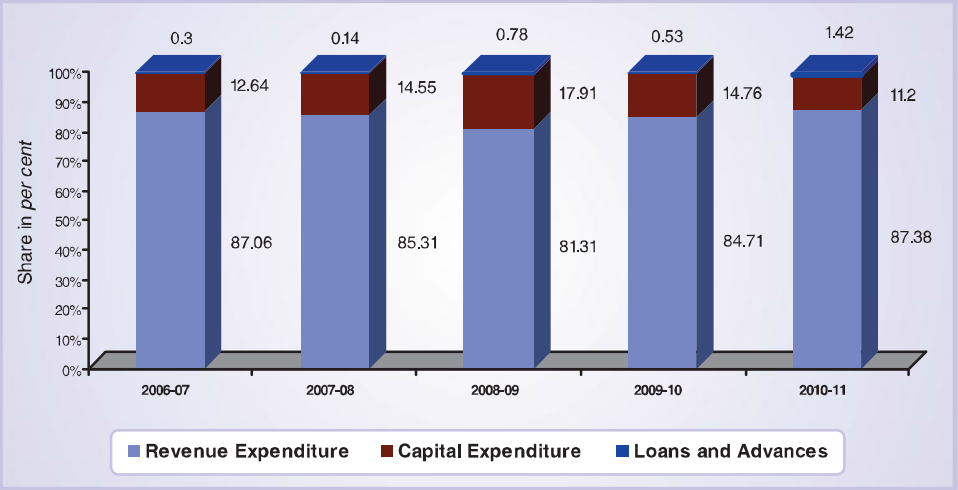
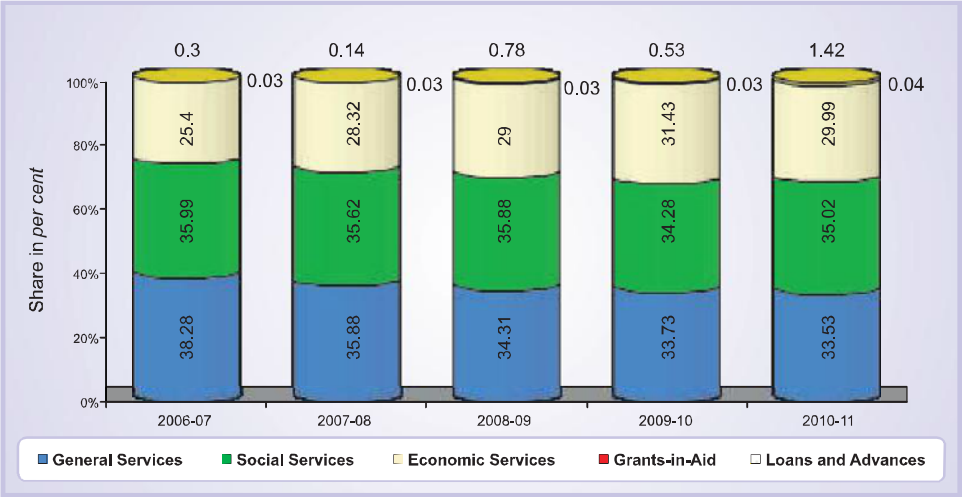


Chart-1.8: Total Expenditure: Trends by 'Activities'



The movement of relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. Expenditure on General Services (including interest payments) which is considered as non-developmental, consistently decreased from 38.28 *per cent* in 2006-07 to 33.53 *per cent* in 2010-11. On the other hand, developmental expenditure i.e., on Social and Economic Services together accounted for 65 *per cent* in 2010-11. The share of Economic Services and Social Services was mainly on account of increase in expenditure on General Education (₹606 crore) and Transport (₹201 crore).

1.4.3 Incidence of Revenue Expenditure

Revenue expenditure had the predominant share in the total expenditure. It is incurred to maintain the current level of services and payments, for the past obligations, and, as such, does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in ***Appendix-1.3***. Non-plan revenue expenditure (NPRE) increased from ₹6,319 crore in 2006-07 to ₹12,294 crore in 2010-11 at an annual average rate of 18 *per cent* and the Plan Revenue Expenditure (PRE) increased from ₹877 crore in 2008-09 to ₹1,652 crore in 2010-11.

The break up of total expenditure during 2010-11 in terms of Plan and Non-Plan expenditure reveals that Non-Plan expenditure contributed a dominant share of ₹12,313 crore (77 *per cent* of the total expenditure) while the remaining ₹3,649 crore (23 *per cent)* was in the form of plan expenditure.

The revenue expenditure increased by 25 *per cent* from ₹11,151 crore in 2009-10 to ₹13,946 crore[$] in 2010-11. The NPRE has shown an inter year variation at an average rate of 18 *per cent* over the periods 2006-11 and continued to share a dominant proportion varying in the range of 83-91 *per cent* of the revenue expenditure. The increase in NPRE by ₹2,381 crore during the current year was mainly due to increase in Education (₹442 crore), pension (₹757 crore) and assistance to Local Bodies (₹131 crore).

[$] Includes an amount of ₹699.96 crore by way of book adjustment.

The ratio of NPRE to GSDP increased from 21 *per cent* to 23 *per cent* during 2006-11. The buoyancy of revenue expenditure to NPRE decreased from 0.93 *per cent* in 2006-07 to 0.67 *per cent* in 2008-09, but increased to 1.15 *per cent* in 2009-10. It was further decreased to 1.04 *per cent* during the current year while with reference to Revenue Receipts it decreased from 7.59 in 2008-09 to 1.09 in 2010-11. In other words, in 2010-11 for every one *per cent* increase in Revenue receipt, NPRE increased by 1.09 *per cent*. The NPRE (₹12294 crore) not only exceeded the assessment made by the State Government in MTFPS (₹10,796 crore), but also exceeded the normative assessment made by ThFC (₹8,305 crore) by ₹ 3,989 crore for 2010-11.

The PRE on the other hand has displayed fluctuations varying from 12.10 *per cent* in 2006-07, which turned negative (9.28 *per cent*) in 2007-08 and (27.04 *per cent*) during 2008-09 respectively. However, it increased by ₹361 crore and recorded increase of 41.16 *per cent* during 2009-10 over the previous year. But in current year it again decreased to 33.44 *per cent*.

1.4.4 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 1.7** and **Chart 1.9** present the trends in the expenditure on these components during 2006-11 and 2008-11 respectively.

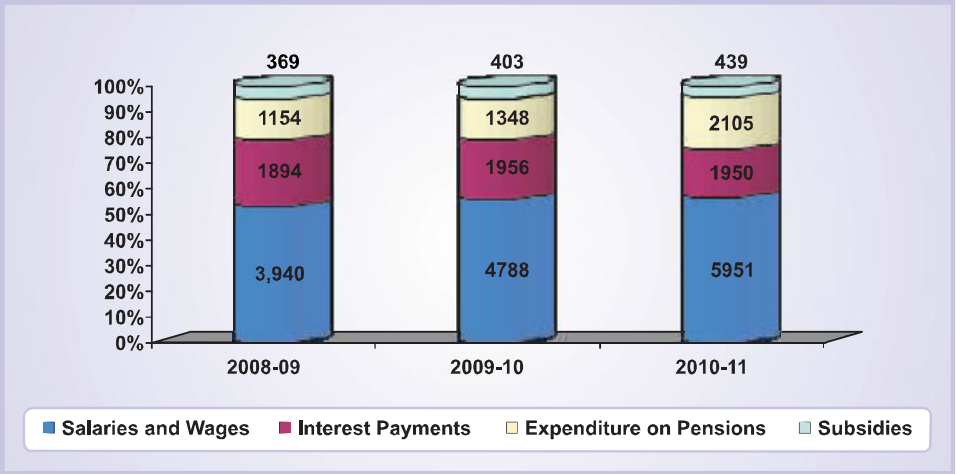
Table-1.7: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actuals
Salaries & Wages , *Of which*	3,057 (39)	3,577 (39)	3,940 (42)	4,788 (46)	4591	**5951 (47)**
Non-Plan Head	2,577 (33)	3,173 (35)	3,813 (41)	4,645 (45)		**5784 (46)**
Plan Head*	480 (6)	404 (4)	127 (1)	143 (1)		**167 (1)**
Interest Payments	1,669 (21)	1,703 (17)	1,894 (20)	1,956 (19)	2236	**1950 (15)**
Expenditure on Pensions	912 (12)	949 (10)	1,154 (12)	1,348 (13)	1850	**2105 (17)**
Subsidies	343 (4)	328 (4)	369 (4)	403 (4)	407	**439 (3)**
Total	**5,981**	**6,557**	**7,357**	**8,495**		**10445**

Source: Accountant General (Accounts & Entitlement) office
Figures in the parentheses indicate percentage to Revenue Receipts.
Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes.

Chart-1.9: Share of Committed Expenditure in Non-Plan Revenue Expenditure during 2008-11
(Value in labels in ₹ in crore)



The expenditure on salaries and wages alone accounted for more than 47 *per cent* of revenue receipts of the State during 2010-11. It increased by about 24 *per cent* from ₹4788 crore in 2009-10 to ₹5951 crore in 2010-11. Salary expenditure under non-plan head during 2010-11 increased by ₹1139 crore (25 *per cent*) over the previous year whereas the salary expenditure on plan head increased by ₹24 crore (17 *per cent*) over the previous year. Non-plan salary expenditure ranged between 88 and 97 *per cent* of total expenditure on salaries during 2006-11. *The salary expenditure during the current year exceeded by ₹1496 crore and ₹2113 crore than the projections made in MTFPS (₹4455 crore) and ThFc (₹ 3838 crore) respectively, requiring attention of the State Government.*

- **Pension Payments**

The expenditure on pension payments increased from ₹912 crore in 2006-07 to ₹2105 crore in 2010-11 and by ₹757 crore during the current year over the previous year, recording a growth rate of 56 *per cent* over the previous year. Pension payments accounted for nearly 17 *per cent* of revenue receipts of the State during 2010-11. The actual expenditure on pension payments for the current year exceeded the projections made in the ThFC (₹1,445 crore) and MTFPS (₹1,850 crore).

- **Interest Payments**

The interest payments increased by 17 *per cent* from ₹1,669 crore in 2006-07 to ₹1,950 crore in 2010-11 and decreased by ₹six crore during the current year. The major source of borrowings is market loans at interest rates varying from five to 13.99 *per cent*. Interest payments exceeded the ThFC projections (₹1,776 crore) but less than MTFPS (₹2236 crore) for the year 2010-11.

- **Subsidies**

The State Government has been paying subsidies to various institutions/bodies/corporations, etc. The subsidies increased by 28 *per cent* from ₹343 crore in 2006-07 to ₹439 crore in 2010-11 and by nine *per cent* over the previous year and constituted about three *per cent* each of the revenue receipts and total expenditure respectively. The major components of subsidies were food and supply items (₹80.55 crore); transport (₹90 crore) and electricity (₹140 crore). The subsidy at ₹439 crore in 2010-11 was higher than the projections made in MTFPS (₹407 crore).

1.4.5 Financial Assistance by State 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 current year relative to the previous years is presented in **Table 1.8.**

Table-1.8: Financial Assistance to Local Bodies, etc.

(₹ in crore)

Financial Assistance to Institutions	2006-07	2007-08	2008-09	2009-10	2010-11
University and Educational Institutions	117.50	176.49	203.49	231.14	311.25
Municipal Corporation and Municipalities	46.74	70.66	82.46	115.92	92.26
Zila Parishads and other Panchayati Raj Institutions	100.58	134.13	188.45	217.92	256.28
Development Agencies	93.44	37.74	44.45	48.61	52.14
Hospitals and other charitable Institutions	0.12	0.10	4.85	41.25	48.11
Other Institutions [12]	41.11	47.65	58.55	63.25	89.35
Total	**399.49**	**466.77**	**582.25**	**718.09**	**849.39**
Assistance as per percentage of Revenue Expenditure	5.23	5.63	6.17	6.44	6.09

Source: Accountant General (Accounts & Entitlement) office

The grants extended to local bodies and other institutions consistently showed an increasing trend over the years 2006-11. It increased by ₹131.30 crore (18 *per cent*) during current year over the previous year. The share of grants in revenue expenditure indicated increasing trend ranging between 5.23 *per cent* and 6.44 *per cent* during the period 2006-10. Another important trend emerging from Table-1.8 is that the share of other institutions has consistently increased from ₹41.11 crore in 2006-07 to ₹89.35 crore in 2010-11 indicating that huge financial assistance is being given on *ad hoc* basis to various State Government institutions. The sharp increase under certain components during 2010-11 was mainly due to release of more grant to University and Educational Institutions (₹80.11 crore), and Zila Parishads and Panchayati Raj Institutions (₹38.36 crore).

[12] Other institutions include those institutions, which received *ad hoc* or one time grants during the year.

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

Table 1.9 analyses the fiscal priority of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table-1.9: Fiscal Priority of the State during 2007-08 and 2010-11

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
Himachal Pradesh' Average (Ratio) **2007-08**	28.62	63.97	35.62	14.55
Himachal Pradesh' Average (Ratio) **2010-11**	30.45	66.38	35.03	11.21

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Sector Expenditure, CE: Capital Expenditure. ESE: Economic Services Expenditure.

Development expenditure includes Developmental Revenue Expenditure, Developmental Capital Expenditure and Loans and Advances disbursed.

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

Fiscal priority refers to the priority given to a particular category of expenditure by the State. On comparing expenditure patterns of Himachal Pradesh in 2010-11 with what it was in 2007-08 it was found that:

- The Government spent a larger proportion of GSDP on Aggregate expenditure (AE) as compared to 2007-08.
- Development expenditure (DE)[13] as a proportion of AE increased by more than two *per cent*. The increase in expenditure was mainly on Economic Services, since the proportion of expenditure of ESE increased by three *per cent*.
- The proportion of Capital Expenditure (CE) decreased by more than three *per cent*.

The above table indicates that due priority was given to developmental expenditure. However, unless the financial outlays are translated into physical assets, the outcome cannot be assessed.

[13] DE=SSE+ES.

1.5.2 Efficiency of Expenditure Use

The ratio of capital expenditure to total expenditure in Social sector decreased to 0.14 in 2010-11 from 0.25 in 2006-07. In case of General Education, the ratio of CE to TE decreased from 0.20 in 2006-07 to 0.05 in 2010-11, in Health & Family Welfare it decreased to 0.08 in 2010-11 from 0.10 in 2006-07 and Water Supply, Sanitation & Housing and Urban Development decreased to 0.30 from 0.44 meaning thereby less priority was given to capital expenditure in 2010-11.

Table-1.10: Efficiency of expenditure use in selected Social and Economic Services

(In *per cent*)

Social/Economic Infrastructure	2006-07			2010-11		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S &W	O&M		S&W	O &M
Social Services (SS)						
General Education	0.20	0.88	–	0.05	0.85	--
Health and Family Welfare	0.10	0.83	–	0.08	0.82	--
WS, Sanitation, & Housing and Urban Development	0.44	0.35	5.86	0.30	0.47	0.51
Total average ratio on SS	**0.25**	**0.69**	**1.95**	**0.14**	**0.71**	**0.17**
Economic Services (ES)						
Agriculture & Allied Activities	0.05	0.52	0.01	0.06	0.51	--
Irrigation and Flood Control	0.58	0.68	0.59	0.54	0.78	0.46
Energy (Power)	--	0.01	–	0.17	0.01	--
Transport	0.32	0.63	1.37	0.29	0.62	0.63
Total average ratio on ES	**0.23**	**0.46**	**0.49**	**0.27**	**0.48**	**0.27**
Total average ratio of SS+ES	**0.24**	**0.58**	**1.22**	**0.21**	**0.60**	**0.22**

Source: Finance Accounts and Accountant General (Accounts & Entitlement) office
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance.

Similarly, it is evident from the above details that ratio of CE to TE in economic sector slightly increased from 0.23 in 2006-07 to 0.27 in 2010-11. In 2006-07 no capital expenditure was incurred in power sector whereas in 2010-11 its ratio was 0.17. The ratio of CE to TE decreased in Irrigation and Flood Control from 0.58 to 0.54 whereas in Agriculture & Allied Activities it increased slightly from 0.05 to 0.06 during this period. In water supply, Sanitation and Urban Development the ratio of salary and wages increased from 0.35 in 2006-07 to 0.47 in 2010-11, in Irrigation and Flood Control from 0.68 to 0.78. In water supply, Sanitation and Urban Development and Irrigation and Flood Control, the ratio of O & M expenditure decreased in 2010-11 as compared to such expenditure during the year 2006-07.

1.5.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship

As per data available from Government sources ***(Appendix-1)***, Himachal Pradesh has fared relatively better as compared to other States as far as number of people below poverty line and literacy rate is concerned. However, in order to ensure effectiveness in public expenditure, the State will have to improve the delivery mechanism to

achieve the desired outcomes. The State Government is expected to relate expenditure to outcomes in terms of quality, reach and the impact of government expenditure. A performance audit of Public Distribution System was taken up and the audit findings are contained in the Civil Audit Report 2010-11, which is being presented separately to the State Legislature. The main highlights of the audit are as under:

Public Distribution System (PDS)

Government of India (GoI) launched various schemes under PDS such as Targeted PDS (TPDS) in June 1997, Annapurna Scheme in April 2000 and Antyodaya Anna Yojna (AAY) in December 2000 to ensure availability of foodgrains to the public at affordable prices to poor categories. Besides, the State Government also launched (April 2007) specially subsidised scheme for all ration card holders in the State. The performance audit of PDS for the period 2006-11 revealed that the State Government had covered 2.32 lakh BPL families in excess of the families identified in the survey of poor families conducted in the State during 2006-07 resulting in unnecessary financial burden of food subsidy on GoI. The State Government did not take corrective measures to address the problem of Ghost Cards existed in the system. Against 1.07 lakh Antyodaya families requiring coverage under AAY, 1.96 lakh families were covered on the basis of projected population estimates of GoI determined in March 2000 resulting in excess coverage of 0.89 lakh families. On the distribution side, the State Government had fixed a higher scale of issue of foodgrains than the GoI norms, resulting in excess distribution of foodgrains which resulted in an additional burden of ₹10.98 crore on GoI. The benefit of having foodgrains at prescribed retail price was not extended to BPL families in the State during 2006-11, putting extra burden of ₹35.11 crore on them. There were also deficiencies in quality control system as a result of which 2066.47 MTs of sub-standard pulses and 1368.26 MTs of sub-standard foodgrains were supplied to the consumers. Working of monitoring mechanism of vigilance committees was also ineffective due to non-holding of meetings at required intervals to ensure timely delivery of proper quantity and quality of commodities to the beneficiaries.

Thus, coverage of BPL families in excess of the families identified in the Survey of poor families, inclusion of ineligible families for the coverage under the scheme, fixing of higher scale of issue of foodgrains than the GoI norms having a financial bearing on account of food subsidy, besides issues relating to the supply of sub-standard foodgrains were the areas of concern and requires attention by the Government.

1.6 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government 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 previous years.

1.6.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2011 is given in **Table 1.11.**

Table-1.11: Department-wise Profile of Incomplete Projects

(₹ in crore)

Department	Number of incomplete Projects	Initial budgeted cost	Revised Total Cost of Projects	Cumulative actual expenditure as on 31.03.2011	Cost overrun
1.	2.	3.	4.	5.	6 (5-3)
Irrigation and Public Health	11	37.46	71.67	86.14	48.68

Source: Finance Accounts

Details of incomplete projects pertaining to Irrigation and Public Health are presented in **Table 1.11** above. In respect of all the incomplete projects, revised costs of which are available, the cost overrun was to the tune of ₹49 crore. An analysis of the delays revealed time overruns ranging between three and 11 years. These projects were lying incomplete due to land disputes, paucity of funds, court cases, non release of supply of power, etc.

Efforts need to be taken to sort out the pending issues and complete the projects expeditiously in order to avoid further time and cost overruns and also to ensure that the envisaged benefits accrue to the intended beneficiaries at the earliest.

1.6.2 Investment and returns

No norms for investments have been prescribed by the State Government. As on 31 March 2011, the State Government had invested ₹2,864 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operative Societies **(Table 1.12).** *The average return on this investment was 1.78 per cent in the last five years while the Government paid an average interest rate of 8.81 per cent on its borrowings during 2006-11.*

Table-1.12: Return on Investment

(₹ in crore)

Investment/ Return/ cost of Borrowing	2006-07	2007-08	2008-09	2009-10	2010-11
Investment at the end of the year	1,861	2,033	2,369	2663	2864
Return	1.80	0.52	89.58	73.49	64.11
Return *(per cent)*	0.10	0.03	3.78	2.76	2.24
Average rate of interest on Government borrowings *(per cent)*	9.40	9.09	9.19	8.59	7.78
Difference between interest rate and return *(per cent)*	9.30	9.06	5.41	5.83	5.54

Major investments were made in six Statutory Corporations/Boards (₹874.54 crore), 21 Government Companies (₹839.22 crore) and a Central PSU Satluj Jal Vidyut Nigam (₹1068.14 crore). The two Statutory Corporations/Boards had incurred accumulated loss of ₹955.98 crore (Himachal Pradesh Road Transport Corporation: ₹572.80 crore and Himachal Pradesh State Electricity Board: (₹383.18 crore) at the end of March 2011. The major recipients amongst Government Companies, which incurred accumulated losses upto 31 March 2011 were, Himachal Pradesh Financial Corporation (₹117.48 crore), Agro-Industrial Packaging India Limited (₹76.18 crore), Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited (₹53.05 crore), Himachal Pradesh State Forest Development Corporation (₹48.67 crore) and Himachal Pradesh Handicrafts and Handloom Corporation Limited (₹21.06 crore).

1.6.3 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government had also been providing loans and advances to many of these institutions/organisations. **Table 1.13** presents the outstanding loans and advances as on 31 March 2011, interest receipts vis-à-vis interest payments during the last three years.

Table-1.13: Average Interest Received on Loans Advanced by the State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2008-09	2009-10	2010-11
Opening Balance	224.85	293.49	329.31
Amount advanced during the year	89.61	69.67	226.56
Amount repaid during the year	20.97	33.85	72.59
Closing Balance	**293.49**	**329.31**	**483.28**
Of which outstanding balance for which terms and conditions have been settled	--	--	--
Net addition	68.64	35.82	153.97
Interest Receipts	11	11	11
Interest receipts as *per cent* to outstanding Loans and advances	4.2	3.5	2.28
Interest payments as *per cent* to outstanding fiscal liabilities of the State Government.	9.8	9.0	8.22
Difference between interest payments and interest receipts (*per cent*)	(-) 5.6	(-) 5.5	(-)5.94

Total amount of outstanding loans and advances as on 31 March 2011 was ₹483.28 crore. Against ₹555.87 crore advanced, only ₹72.59 crore was repaid during 2010-11, recording an increase of ₹38.74 crore in repayment over the previous year. Major recipients of loans during 2010-11 were Power projects (₹192.97 crore).

There was a huge variation in the average rate of interest being paid by the Government on borrowings vis-à-vis the percentage of interest received on outstanding loans and advances. The shortfall was almost static during 2008-11. *During 2010-11, the Government received 2.28 per cent return of interest receipts as percentage to outstanding loans. It, however, paid eight per cent interest on borrowings during this period.*

1.6.4 Cash Balances and Investment of Cash Balances

Table 1.14 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.14: Cash Balances and Investment of Cash balances

(₹ in crore)

Particulars	As on 1st April 2010	As on 31st March 2011	Increase (+)/ Decrease(-)
Cash Balances	281.16	634.86	(+)353.70
Investments from Cash Balances			
a. GoI Treasury Bills	582.60	906.53	(+)323.93
b. GoI Securities	4285.64	4935.51	(+)649.87
Funds-wise break-up of Investment from Earmarked balances		--	--
Interest realized	63.70	49.60	(-)14.10

Cash balances of the State Government at the end of the current year increased by ₹353.70 crore from ₹281.16 crore in 2009-10 to ₹634.86 crore in 2010-11. The State Government has invested ₹906.53 crore in GoI Treasury Bills and ₹4935.51 crore in GoI Securities and earned an interest of ₹49.60 crore during 2010-11**.** The State Government was able to maintain daily cash balance fixed by the RBI and did not avail ways and means advances ***(Appendix-1.3)***.

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-1.4*** gives an abstract of such liabilities and the assets as on 31 March 2011, compared with the corresponding position on 31 March 2010. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of the capital outlay and loans and advances given by the State Government and cash balances.

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 current year vis-à-vis the previous years are presented in **Table 1.15.**

Table-1.15: Fiscal Liabilities – Basic Parameters

	2006-07	2007-08	2008-09	2009-10	2010-11
Fiscal Liabilities (₹in crore)	18,071	19,419	21,819	23,713	26,415
Rate of Growth (*per cent*)	3.67	7.46	12.36	8.68	11.39
Ratio of Fiscal Liabilities to					
GSDP* (*per cent*)	59.69	57.17	56.56	54.78	50.38
Revenue Receipts (*per cent*)	230.64	212.42	234.41	229.20	207.81

*GSDP revised on base year 2004-05

The overall fiscal liabilities of the State increased from ₹18,071 crore in 2006-07 to ₹26,415 crore in 2010-11. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liability (₹18,654 crore) comprised market loans (₹9,224 crore), loans from GoI (₹960 crore) and other loans (₹8,470 crore which includes ₹4,936 crore on Special Security issued to NSSF of the GoI). The Public Account liabilities (₹7,761 crore) comprise Small Savings and Provident Funds (₹6,102 crore), interest bearing obligations and non-interest bearing obligations like deposits (₹1,581 crore) and reserve funds (₹78 crore). The rate of growth of fiscal liabilities was 11.39 *per cent* during 2010-11. The ratio of fiscal liabilities to GSDP consistently decreased to 50.38 *per cent* in 2010-11 from 59.69 *per cent* in 2006-07. These liabilities stood at 2.08 times the revenue receipts at the end of 2010-11. *The State Government was required to set up a Consolidated Sinking Fund as recommended by the TFC for amortisation of market borrowings as well as other loans and debt obligations. The State Government has not yet set up the sinking fund.*

1.7.3 Status of Guarantee[14] – Contingent liabilities

The maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years as shown in Statement 9 of the Finance Accounts, is given in **Table 1.16.**

14 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.

Table-1.16: Guarantees given by the Government of Himachal Pradesh

(₹ in crore)

Guarantees	2008-09	2009-10	2010-11
Max amount guaranteed	6,076	4361	6232
Outstanding amount of guarantees	2,291	1949	3910
Percentage of maximum amount guaranteed to total revenue receipts of the year	65	42	49

No law has been passed by the State Legislature under Article 293(1) of the Constitution laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State. However, the HPFRBM Act, 2005 amended in March 2011 provides that the total outstanding guarantees are to be limited to 40 *per cent* of revenue receipts in the year preceding the current year. Since the enactment of the FRBM Act, 2005, the outstanding guarantees given by the State Government were within the limit prescribed by the Act upto 2009-10. The outstanding guarantees on the loans raised by various corporations and others stood at ₹3,910 crore at the end of 2010-11 forming 38 *per cent* of the revenue receipts of the previous year was also within the limit of 40 *per cent* prescribed vide amendment to FRBM Act 2005. The major recipients of guarantees against which amounts were outstanding as on 31 March 2011 were six Statutory Boards/Corporations (₹3,460 crore), seven Government companies (₹164 crore), one Co-operative Bank (₹269 crore) and two Local/Autonomous Bodies (₹17 crore). *The State Government was required to set up the Guarantee Redemption Fund as recommended by the TFC to meet the contingent liabilities arising from the guarantees given. However, the State Government has not set up such a Fund so far.*

1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyze various indicators that determine the debt sustainability[15] of the State. This section assesses the sustainability of debt of the State Government in terms of debt

[15] The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP 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.

stabilization[16]; sufficiency of non-debt receipts[17]; net availability of borrowed funds[18]; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.17** analyses the debt sustainability of the State according to these indicators for the period of three years beginning from 2008-11.

Table-1.17: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2008-09	2009-10	2010-11
Debt Stabilization (Quantum Spread + Primary Deficit)	472	(-) 40	2577
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 1,726	(-) 506	252
Net Availability of Borrowed Funds	507	341	752
Burden of Interest Payments (IP/RR Ratio)	0.203	0.189	0.153
Maturity Profile of State Debt (In Years)			
0 – 1	987.20 (6.40)	869.69 (5.08)	952.61(5)
1 – 3	3,654.02 (23.26)	2444.40 (14.29)	3121.30(17)
3 – 5	2,733.06 (17.40)	3238.28 (18.92)	3346.47(18)
5 – 7	2,167.37 (13.80)	2568.84 (15.01)	3087.09(16)
7 and above	6,766.17 (43.07)	7991.73 (46.70)	8146.89(44)

Figures in parenthesis indicate percentages.

It is revealed from the **Table 1.17** above that quantum spread together with primary deficit was positive in the year 2008-09 but turned negative in 2009-10 whereas in 2010-11 it was again positive indicating in the current year that debt-GSDP ratio would eventually be falling. During 2010-11, net borrowed funds available was positive indicating that ₹752 crore of net debt receipts were utilised for other purposes rather than for discharging past debt obligations. The maturity profile of the State Government indicates that 40 *per cent* (₹7420.38 crore) of the total Public Debt is repayable within the next five years while the remaining 60 *per cent* (₹11233.98 crore) loans are required to be paid in more than five years time.

16 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-GDP 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 stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

17 Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

18 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.

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 for the financial year 2010-11.

1.9.1 Trends in Deficits

Charts 1.10 and **1.11** present the trends in deficit indicators over the period 2006-11:

Chart-1.10: Trends in Deficit Indicators (₹ in crore)

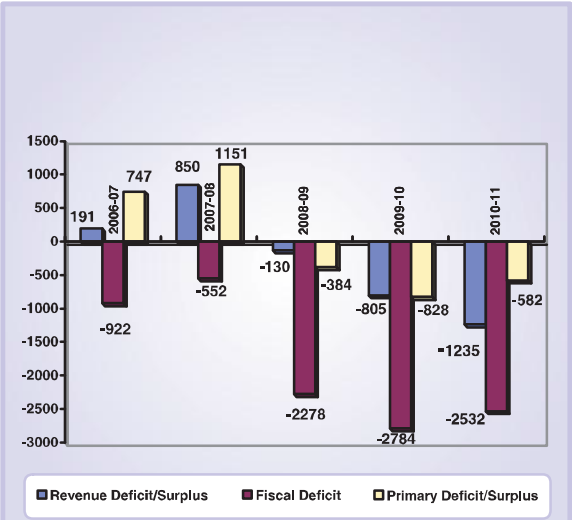
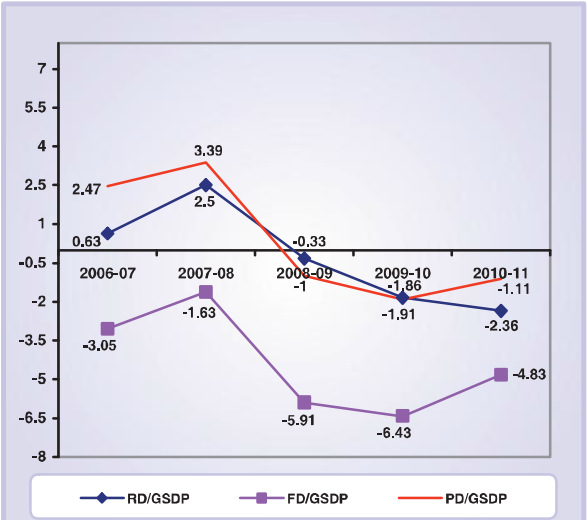


Chart-1.11: Trends in Deficit Indicators relative to GSDP (figures as percentage to GSDP)



Charts 1.10 and **1.11** reveal that all accounts of revenue, fiscal and primary experienced a situation of huge deficit during the current year. From a revenue surplus position in 2006-07 and 2007-08, the State had a revenue deficit of ₹130 crore in 2008-09 which further deteriorated and rose to ₹805 crore in 2009-10 indicating an increase of 519 *per cent* and *this trend continued in the current year raising the revenue deficit to ₹1235 crore (53.41 per cent).* The NTR decreased by ₹89 crore whereas the tax revenue increased by ₹1069 crore, increase in share of union taxes/duties was ₹853 crore and GIA received from GoI increased by

₹532 crore over the previous year which accounted for ₹2365 crore net increase in revenue receipts during 2010-11. Against receipts, revenue expenditure increased by ₹795 crore (25 *per cent*) which led to increase in revenue deficit. Further, fiscal deficit decreased by ₹252 crore from ₹2784 crore in 2009-10 to ₹2532 crore during 2010-11. The primary deficit of ₹828 crore in 2009-10 decreased to ₹582 crore in 2010-11 indicating a decrease of 30 *per cent*. The interest payments decreased by ₹six crore. The revenue deficit and fiscal deficit was 2.36 and 4.83 *per cent* of GSDP during the year.

1.9.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.18.**

Table-1.18: Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)

	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Decomposition of Fiscal Deficit						
1	Revenue Deficit	(+) 191 (0.67)	(+) 850 (2.64)	(-) 130 (-) 0.35)	(-) 805 (-) 1.90	(-)1235[S] (-)2.36
2	Capital Expenditure	1,110 (3.88)	1,414 (4.39)	2,079 (5.63)	1943 (4.60)	1789 (3.41)
3	Net Loans and Advances	(-) 3 ((-) 0.01)	(-)12 (0.04)	69 (0.19)	36 (0.09)	154 (0.29)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	467	1,322	1,752	1177	389
2	Loans from GoI	(-) 91	(-) 5	(-) 44	13	(-)23
3	Special Securities Issued to NSSF	670	134	60	396	650
4	Loans from Financial Institutions	(-) 309	(-) 599	(-) 406	78	526
5	Small Savings, PF, etc.	322	540	515	546	888
6	Deposits and Advances	(-)500	(-) 366	217	265	333
7	Suspense and Misc.	(-) 7	2	53	117	137
8	Remittances	73	50	(-) 2	75	48
9	Others	297	(-) 526	151	117	(-)416
10	Overall Surplus/Deficit	(-) 922	(-) 552	(-) 2,278	(-) 2784	(-)2532

Figures in brackets indicate the *per cent* to GSDP.
***All these figures are net of disbursements/outflows during the year.**

Table 1.18 reveals that fiscal position of the State had plunged to a huge deficit during 2008-09, 2009-10 and 2010-11. During 2010-11, the fiscal deficit of ₹2,532 crore was mainly due to borrowings from market (₹389 crore), small savings, PF, etc. (₹888 crore), special securities issued to NSSF (₹650 crore), loans from financial institutions (₹526 crore) and deposits and advances (₹333 crore). During 2010-11, the market borrowings, loans from financial institutions and small savings, PF, etc. together contributed 70 *per cent* of the deficit which will increase the interest burden in future.

[S] Includes an amount of ₹ 699.96 crore by way of book adjustment.

1.9.3 Quality of Deficit/Surplus

The ratio of Revenue Deficit to Fiscal Deficit and the revenue 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 1.19)** 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-1.19: Primary deficit/Surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure (PRE)	Capital Expenditure	Loans and Advances	Total Primary Expenditure	Primary revenue surplus	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2006-07	7,858	5,975	1,110	26	7,111	1883	747
2007-08	9,168	6,589	1,414	14	8,017	2579	1,151
2008-09	9,329	7,544	2,079	90	9,713	1785	(-) 384
2009-10	10380	9195	1943	70	11208	1185	(-) 828
2010-11	13430	11996	1789	227	14012	1434	(-)582

- From 2006-07 onwards, non-debt receipts of the State were higher than the PRE which was sufficient to meet this expenditure. From 2007-08, the non-debt receipts as compared to PRE continued to fall from ₹2,579 crore in 2007-08 to ₹1,185 crore in 2009-10 but showed an increase of ₹249 crore in 2010-11.
- Total primary expenditure increased by ₹6901 crore from ₹7111 crore to ₹14012 crore during the period 2006-11 which was due to increase of primary revenue expenditure to the extent of ₹6,021 crore from ₹ 5975 crore in 2006-07 to ₹11996 crore in 2010-11 and capital expenditure by₹ 679 crore from ₹1110 crore in 2006-07 to ₹1789 crore in 2010-11.
- During the period 2006-08 the State had primary surplus but it plunged into deficit of ₹384 crore in 2008-09 which further increased to ₹828 crore in 2009-10 but has shown improvement in 2010-11. The primary deficit during 2010-11 was mainly due to decrease of non-tax revenue by ₹89 crore *(*five *per cent)* over the previous year on the one hand and significant increase in disbursement of loans and advances i.e. by ₹157 crore *(*224 *per cent)* over the previous year on the other hand. The increase in revenue deficit during 2010-11 was due to payment of dearness allowance and revised pay.

1.10 Conclusion and Recommendations

The fiscal position of the State viewed in terms of key fiscal parameters viz; Revenue deficit, fiscal deficit and primary deficit revealed during the year, the revenue receipts (₹12711 crore) of the State grew by 23 *per cent* while the rate of growth of revenue expenditure (₹13946 crore[$]) was 25 *per cent* over the previous year. This resulted in increased revenue deficit of ₹1235 crore[$], as compared to ₹805 crore registered during the year 2009-10.

The increase in revenue deficit combined with decrease in capital expenditure and increase in disbursement of net loans and advances resulted in a fiscal deficit of ₹532 crore in 2010-11. The primary deficit decreased by ₹246 crore from ₹828 crore in 2009-10 to ₹582 crore in 2010-11. The fiscal deficit as a percentage of GSDP was 4.83 *per cent* in 2010-11against FRBM Act target of 3.5 *per cent*.

The revenue expenditure constituted 87 *per cent* of the total expenditure during 2010-11 while the Non-Plan Revenue Expenditure (NRPE) constituted 88 *per cent* of revenue expenditure. The Plan Revenue Expenditure increased by 33 *per cent* over the previous year whereas the Capital Expenditure decreased by eight *per cent* (₹154 crore) over the previous year.

The salary expenditure during the current year exceeded the projections made in MTFPS (₹4,455 crore) and the budget estimates (₹4,591 crore).

The fiscal liability increased by 11 *per cent* over the previous year. The fiscal liabilities to GSDP ratio at 50 *per cent* was higher than the norms of 49.7 *per cent* recommended by the ThFC.

As of 31 March 2011, there were 11 incomplete projects in which ₹86 crore were blocked. Efforts need be taken to expedite completion of incomplete projects in order to avoid further time and cost overruns.

The TFC recommended setting up of guarantee redemption and consolidated sinking funds with Reserve Bank of India to mitigate the impact of liabilities during its award period of 2005-10. However, the State Government has not yet set up the funds even after elapse of one year after the award period.

Return to Fiscal correction: The State had achieved three out of eight targets as set out in FRBM Act/ThFC during 2010-11. There is reasonable prospect of returning back to fiscal correction path if efforts are made to increase tax compliance, reduce tax administration costs, collection of revenue arrears and prune unproductive expenditure so that deficit are curtailed. Efforts should also be made to improve collection of non tax revenue so that recourse to borrowed funds from GoI can be reduced.

[$] Includes an amount of ₹699.96 crore by way of book adjustment.

Funds directly transferred by GoI: The GoI directly transferred ₹1352 crore to the State Implementing Agencies. Thus, total availability of State resources increased from ₹24,348 crore to ₹25,700 crore. There was no single agency to monitor the receipt/transfer of funds directly by GoI and therefore, utilisation of these funds remains to be verified by Audit to establish accountability of the State Government for these funds.

Greater priority not given to capital expenditure: The increasing trend in capital expenditure is indicative of improvement in social as well as economic services. Although there is marginal increase in the investments, the capital expenditure had in fact decreased by ₹154 crore during 2010-11 over the previous year. A monitoring mechanism should be put in place to ensure effective budgetary system and to keep a vigil on how prudently the Government money is being utilised so that value for money is channelised in its entirety to the intended beneficiaries.

Review of Government investments: A performance based system of accountability should be put in place in the Government Companies/Statutory Corporations so as to derive profitability and improve efficiency in service. The government should ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are worth to be channelised there.

Initiative for fiscal correction: The FRBM Act recommended a target to contain the consolidated debt (including guarantees) within 49.70 *per cent* of GSDP by 2010-11, which the State has not been able to achieve as per recommendations and its consolidated debt as on 31 March 2011 stood at 58 *per cent* of the GSDP. The State Government, therefore, needs to gear up its activities so that atleast the target set out by the FRBM Act can be achieved.

Chapter 2 Financial Management and Budgetary Control

2.1 Introduction

2.1.1 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 Act 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.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act 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.

Deficiencies in management of budget and expenditure and violation of Budget manual noticed in audit have been discussed in the succeeding paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2010-2011 against 32 grants/appropriations is given in **Table 2.1**:

Table-2.1: Summarised position of Actual Expenditure vis-à-vis Original/Supplementary provisions

(₹ in crore)

Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted					
I Revenue	10,995.61	808.98	11,804.59	13,867.24	(+) 2,062.65
II Capital	1,925.65	114.63	2,040.28	1,855.54	(-) 184.74
III Loans and Advances	68.13	25.16	93.29	226.56	(+) 133.27
Total Voted	**12,989.39**	**948.77**	**13,938.16**	**15,949.34**	**(+) 2,011.18**
Charged					
IV Revenue	*2,255.31*	*8.71*	*2,264.02*	*1,980.94*	*(-) 283.08*
V Capital	*--*	*6.64*	*6.64*	*8.74*	*(+) 2.10*
VI Public Debt-Repayment	*1,026.04*	*--*	*1,026.04*	*869.64*	*(-) 156.40*
Total Charged	***3,281.35***	***15.35***	***3,296.70***	***2,859.32***	***(-) 437.38***
Appropriation to Contingency Fund (if any)					
	--	--	--	--	--
Grand Total	**16,270.74**	**964.12**	**17,234.86**	**18,808.66**	**(+) 1,573.80**

The overall excess of ₹1,573.80 crore registered under grants/appropriations during the year 2010-11 was the result of excess of ₹2,237.63 crore in 19 grants and one appropriation under Revenue Section, five grants and one appropriation under Capital Section, offset by saving of ₹663.83 crore in 13 grants and five appropriations under Revenue Section and 20 grants and one appropriation under Capital Section.

Grants/appropriations against which significant savings of more than ₹25 crore noticed during the year were Education (both under Revenue and Capital Section-Voted), Planning and Backward Area Sub Plan (Capital-Voted), Food and Civil Supplies (Revenue-Voted), Urban Development, Town and Country Planning and Housing (Revenue-Voted) and Finance (both under Revenue and Capital Section-Charged). Similarly, grants/appropriations against which significant excess expenditure over the allotments noticed during the year 2010-11 were Land Revenue and District Administration (Revenue-Voted), Health and Family Welfare (Revenue-Voted), Irrigation, Water Supply and Sanitation (both under Revenue and Capital section-Voted), Power Development (Revenue-Voted), Finance (Revenue-Voted) and Tribal Development (Revenue-Voted) respectively.

The reasons for savings/excesses were called for (July 2011) in respect of 1,040 sub-heads from the respective controlling officers. Of these, explanations for variations in respect of 411 sub-heads (Saving: 168 sub-heads; Excess: 243 sub-heads) were awaited as of September 2011.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 20 cases, savings exceeded by ₹one crore in each case and by more than 20 *per cent* of total provision ***(Appendix-2.1)*** in five cases. Out of the total saving of ₹663.83 crore, substantial saving of ₹ 438.82 crore (66 *per cent*) was in two cases alone relating to two appropriations where saving was more than ₹150 crore in each case as indicated in **Table 2.2**.

Table-2.2: List of Grants/appropriations with savings of more than ₹150 crore

(₹ in thousand)

Sl. No.	No. and Name of the Grant	Original	Supple-mentary	Total	Actual Expenditure	Savings
Revenue-Charged						
1.	29-Finance	22321996	6	2322002	19497748	2824254 or say ₹282.43 crore
Capital-Charged						
2.	29-Finance	10260389	1	10260390	8696449	1563941 or say ₹156.39 crore
	Total	**32582385**	**7**	**2582392**	**28194197**	**4388195 or say ₹438.82**

Reasons for savings were awaited (September 2011).

2.3.2 *Excess Expenditure*

In 18 cases, expenditure aggregating ₹10,839.60 crore exceeded the approved provisions by more than ₹ one crore in each case and also by more than 20 *per cent* of the total provision (four cases) resulting in excess expenditure of ₹2,233.53 crore. Details are given in ***Appendix-2.2***. Reasons for excess expenditure were awaited (September 2011) from the departments.

In the following cases, during the last five years there was persistent excess expenditure as shown in **Table-2.3**.

Table-2.3: List of grants indicating persistent excess expenditure during 2006-11

(₹ in crore)

Sl. No.	No. and Name of the Grant	Amount of Excess Expenditure				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue-Voted						
1.	10-Public Works-Roads, Bridges and Buildings	161.42	126.38	134.46	215.36	219.60
2.	14-Animal Husbandry, Dairy Development and Fisheries	4.63	7.76	4.08	5.70	13.94

The persistent excess expenditure indicates that the budgetary controls in the departments were either not effective or not observed properly and thus, for a sound financial management, assessment of requirement of funds under these heads should be more realistic to avoid recurrence of such instances of excess expenditure.

2.3.3 *Expenditure without Provision*

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹736 31 crore was incurred in the cases as detailed in **Table-2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.4: Expenditure incurred without provision during 2010-11

(₹ in crore)

Number and Name of Grants/Appropriations	Amount of Expenditure without provision	Remarks
05-Land Revenue and District Administration-2245/80/102/01	149.95	Reasons were awaited.
07-Police and Allied Organisations-4055/211/03	0.31	Reasons were awaited.
13-Irrigation, Water Supply and Sanitation- (i) 4701/01/799/01 and 03 (ii) 4701/15/799/01, 02 and 03	 0.18 0.60	Reasons were awaited.
23-Power Development-4801/01/190/08	24.24	Reasons were awaited.

29-Finance- (i) 2049/01/101/20, 55, 61, 65-67 and 70-78 (ii) 2049/01/122/01 (iii) 2049/60/101/01 (iv) 7610/202/04	 146.48 414.41 0.04 0.10	Reasons were awaited.
Total	**736.31**	

2.3.4 Drawal of funds to avoid lapse of budget grant

According to Rule 5.71 (c) (5) of Himachal Pradesh Treasury Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. In respect of the following cases, the amounts drawn were neither fully spent for the specific purposes nor refunded into treasury before closure of financial year 2010-11:

(i) Scrutiny of the records (April 2010-February 2011) of four[1] Public Works (PW) divisions revealed that ₹16.59 crore were released (March 2009 and March 2010) through letters of credit by the concerned Superintending Engineers at the fag end of the financial years 2008-09 and 2009-10 for the construction of a building, a bridge and repair and maintenance of 14 roads. The Executive Engineers (EEs) drew the entire amount of ₹16.59 crore in March 2009 (₹11.26 crore) and March 2010 (₹5.33 crore) and showed it as final expenditure in the accounts. The divisions further transferred this amount of ₹16.59 crore to the sub-divisions under their control and kept the amount under deposit.

It was further noticed that out of the amount of ₹16.59 crore which was kept under deposit, an expenditure of ₹1.53 crore had been incurred during the subsequent financial years 2009-10 and 2010-11 by two[2] divisions and remaining amount of ₹15.06 crore was still (March 2011) lying unspent under deposit.

On this being pointed out, the concerned EEs admitted (April 2010-February 2011) the facts.

Thus, depiction of expenditure of ₹16.59 crore to the final head of account of works in the financial years 2008-09 and 2009-10 respectively without its actual utilisation, was in contravention of rules.

(ii) The audit of EEs of five[3] PW divisions, conducted during 2010-11 revealed that ₹14.70 crore received by these divisions from various Departments/agencies between July 2001 and March 2010 for execution of 35 deposit works[4] remained unutilised due to non-commencement of works for reasons like receipt of funds at the

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1 Chamba, Dharamsala, Kalpa and Karchham.

2 Dharamsala and Kalpa.

3 Chamba: ₹1.14 crore; Kalpa: ₹1.09 crore; Kullu-II: ₹one lakh; Palampur: ₹7.82 crore and Shimla-II: ₹4.64 crore.

4 Construction/improvement/Metalling/Tarring and cross-drainage works of different roads:14; construction of Degree College/Schools/Examination Hall/Science Block:eight; construction of Primary Health Centre/Police Check Posts/Postmaster's room/Rain Shelter: four; construction of Office buildings/Residential accommodation/Food godown/Fencing and boundary wall:five and construction of International Cricket Stadium/Indoor Stadium/Mini Stadium/WC bath for rescue:four.

fag end of financial year (14 cases), non-handing over of sites (three cases), non-availability of sites (five cases), non-preparation of estimates (two cases), non-finalisation of codal formalities like calling of tenders, etc., (eight cases), site disputes (two cases) and non-finalisation of appropriate site (one case).

On this being pointed out in audit, the concerned EEs admitted (April 2010-February 2011) the facts. Thus, funds lying unspent under deposit head were received by the respective divisions from different Departments/agencies without ensuring the pre-requisite formalities and availability of sites and land, etc., required for the execution of works sanctioned for infrastructure.

Thus, deposits amounting to ₹14.70 crore remained unutilised for periods ranging between one and 11 years thereby, defeating the purpose for which these were sanctioned.

2.3.5 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. Although no time limit for regularisation of expenditure has been prescribed under the Article, but the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹1,444.32 crore for the years 2008-2010 was yet to be regularised as detailed in ***Appendix-2.3***. The year-wise amount of excess expenditure pending regularisation is summarised below:

Table-2.5: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of Grants	Number of Appropriations	Amount of excess over provision	Status of Regularisation
2008-09	11	3	556.52	Audit comments sent to Finance Department/HP Vidhan Sabha. Report yet to be discussed by PAC.
2009-10	19 (21 cases)	1	887.80	*Suo moto* replies from the Finance Department are still awaited. Report yet to be discussed by PAC.
Total			**1,444.32**	

2.3.6 Excess over provision during 2010-11 requiring regularisation

During 2010-11, excess expenditure was incurred in 26 grants/appropriations aggregating to ₹2237.64 crore over the grant/appropriation authorised by the Legislature as per details in ***Appendix-2.4***.

The excess expenditure requires regularisation under Article 205 of the constitution.

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary grant aggregating ₹3.72 crore obtained in three cases, exceeding ₹10 lakh 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-2.5***. Supplementary provision of ₹469.36 crore obtained in 12 cases (more than ₹one crore in each case) proved insufficient leaving an aggregate uncovered excess expenditure of ₹1993.12 crore (***Appendix-2.6***). Of the uncovered excess, ₹631.76 crore (32 *per cent*) was incurred alone by the Social Justice and Empowerment Department.

2.3.8 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/excess of over ₹10 lakh in 211 sub-heads. Of these excess/saving was more than ₹two crore occurred in 55 sub-heads as detailed in ***Appendix-2.7***.

The substantial savings/excess of ₹100 crore and above registered in four cases where the re-appropriation were made, indicates that the funds could not be spent as estimated and planned under the respective schemes.

2.3.9 Unexplained re-appropriations

According to Paragraph 13.3 (b) of Himachal Pradesh Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vaguely worded phrases such as "due to over estimating" "re-appropriation proved unnecessary or inadequate", etc., should be avoided. Further, if an excess occurs under "travelling allowances" it should be explained why additional travelling allowance could not have been foreseen and provision made to cover its cost and why it was necessary. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 999 items where the re-appropriation was sought, (26 *per cent* out of 3,897 commented in the Appropriation Accounts/orders) reasons seeking such re-appropriations were of general nature like "less conduct of training programmes", "more/less engagement of daily waged staff", "more/less touring by staff" and "more/less receipt of rent, rates and taxes bills".

2.3.10 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 19 sub-heads (***Appendix-2.8***) on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹386.10 crore in these 19 schemes, ₹253.78 crore (66 *per cent*) were surrendered, which included cent *per cent* surrender in seven schemes (₹53.87 crore) (***Appendix-2.9***).

There were also cases of surrender of more than ₹10 crore on 31 March 2011. The details of such cases are given in **Table-2.6** below:

Table-2.6: Cases of surrender of funds in excess of ₹10 crore on 31 March, 2011

(₹ in crore)

Sl. No.	Grant No.	Major Head	Amount of Surrender	Percentage of Total Provision
1.	03	2014-Administration of Justice	15.67	16
2.	08	2202-General Education	33.05	1
3.	08	4202-Capital Outlay on Education, Sport, Art and Culture	30.57	23
4.	13	4711-Capital Outlay on Flood Control Projects	12.82	3
5.	15	5002-Capital Outlay on Indian Railways Commercial Lines	25.00	15
6.	22	2408-Food Storage and Warehousing	22.50	19
7.	25	5055-Capital Outlay on Roads Transport	15.32	46
8.	28	2217-Urban Development	25.93	22
9.	29	2049-Interest Payments	288.11	13
10.	29	6003-Internal Debt of State Government	146.70	14
		Total	**615.67**	

Surrender of funds on the last working day of March 2011 indicated inadequate financial control leading to non-utilisation of funds for other developmental purposes in the needy areas.

2.3.11 Surrender in excess of actual saving

A scrutiny of surrender order for the financial year 2010-11 revealed that in nine cases, the amount surrendered (₹50 lakh or more in each case) was found to be in excess of actual savings registered against the respective heads indicating lack of or inadequate budgetary control in these departments. As against savings of ₹327.42 crore registered in these cases, the amount surrendered was ₹340.13 crore resulting in excess surrender of ₹12.71 crore. Details are given in ***Appendix-2.10***. Reasons for surrender in excess of savings were awaited (September 2011).

2.3.12 Anticipated saving not surrendered

According to Himachal Pradesh Budget Manual (Paragraph 11.2 of Chapter 11), all the savings as and when anticipated, must be surrendered to the Finance Department by 15th January by the spending department. It was, however, noticed that in the following grants, out of total savings of ₹174.88 crore, only ₹148.02 crore was surrendered resulting in non-surrender of ₹26.86 crore (15 *per cent*) as detailed in **Table 2.7**.

Table-2.7: Cases of saving of ₹one crore and above not surrendered

(₹ in crore)

Sl. No.	Number and name of Grant	Saving	Surrender	Saving which remained to be surrendered
1.	29-Finance	156.39	146.70	9.69
2.	32-Scheduled Caste Sub-Plan	18.49	1.32	17.17
	Total	**174.88**	**148.02**	**26.86**

2.3.13 Rush of expenditure

According to the Himachal Pradesh Financial Rules, 2009 rush of expenditure, particularly in the closing month of the financial year should be avoided. Contrary to this, in respect of 24 sub-heads listed in ***Appendix-2.11***, expenditure exceeding ₹10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in the month of March 2011. **Table-2.8** presents the major heads where more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

Table-2.8: Cases of Rush of Expenditure towards the fag end of the financial year 2010-11

(₹ in crore)

Sl. No.	Major Head (Voted)	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2011	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2059 (V)	157.85	102.95	65	65.02	41
2.	2217 (V)	85.97	45.98	53	42.96	50
3.	2225 (V)	61.39	32.89	54	27.32	45
4.	2402 (V)	50.33	30.53	61	25.13	50
5.	2425 (V)	26.64	15.17	57	11.70	44
6.	2851 (V)	37.97	24.63	65	20.35	54
7.	4059 (V)	42.81	30.97	72	26.16	61
8.	4202 (V)	192.00	102.66	53	76.09	40
9.	4701 (V)	33.73	21.23	63	18.43	55
10.	4702 (V)	118.28	75.30	64	71.58	61
11.	4711 (V)	119.54	70.86	59	50.00	42
	Total	**926.51**	**553.17**	**60**	**434.74**	**47**

Source: Accountant General (Accounts & Entitlement) office

Scrutiny revealed that 60 *per cent* of the total expenditure of ₹926.51 crore spent against the aforesaid major heads during the year 2010-11 was incurred in the last quarter of the financial year. Further, in six cases above, the expenditure to the extent of 50 *per cent* or more of the total expenditure was incurred in the month of March 2011 alone. For a sound financial management, uniform pace of expenditure

should be maintained. Thus, contrary to the spirit of financial regulation, a substantial amount incurred by the department at the fag end of the year was indicative of poor financial control over the expenditure.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per rules 5.74 and 5.75 of Himachal Pradesh Treasury Rules, every drawing and disbursing officer (DDO) has to certify in each Abstract Contingent (AC) bill that the detailed bills in respect of AC bills drawn more than a month before the date of that bill have been submitted to the Treasury Officer. Further, it is the responsibility of the DDO concerned to get the advance adjusted during the same financial year in which it is drawn. Out of ₹228.81 crore drawn on AC bills upto March 2011 by 45 DDOs, total amount of Detailed Countersigned Contingent (DCC) bills received upto 31 July 2011 was ₹147.51 crore resulting in an outstanding balance of ₹81.30 crore pending for adjustment for want of submission of DCC bills. Year-wise and department-wise details are given in ***Appendix-2.12.***

It was noticed that majority of the AC bills were drawn for Mid Day Meal scheme, purchase of medicines/vehicles, purchase of Special Nutrition Programme items, POL expenditure and training. The reasons for non-adjustment of outstanding AC bill were non-receipt of vouchers/detailed accounts of expenditure from the various functionaries of the concerned departments.

Non-adjustment of DCC bills for long period after drawal of AC bill is fraught with the risk of misappropriation and needs to be monitored closely.

2.5 Operation of Personal Deposit Accounts

Personal Deposit Accounts (PDAs) are created by debit to the Consolidated Fund and the same should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund.

Information obtained from the Accountant General (A&E) revealed that 134 PDAs were in operation in 14 District Treasuries at the beginning of the year 2010-11. Out of which two PDAs involving an amount of ₹0.92 lakh were closed during the year. During 2010-11 no new PDA was opened. The position of balance lying in these accounts as on 31 March 2011 is given as under:

- 80 PDAs having balance of ₹74.15 crore (including two PDAs with negative balance of ₹0.23 lakh) had been in operation during the year.
- 52 PDAs involving an amount of ₹0.51 crore (including one PDA with negative balance of ₹0.16 lakh) remained inoperative during the current year. Of these, 11 PDAs having balance of ₹3.57 lakh remained inoperative for more than five years.

- PDAs should normally close with credit balance, as the payment against deposit should not exceed deposits received. There were adverse balances of ₹0.39 lakh in three cases (***Appendix-2.13***) which could be due to misclassification, excess payments, non-reconciliation of the accounts or some other reasons which required investigation and rectification.

The practice of retaining funds in the PD Account after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

2.6 Outcome of Review of Selected Grant

Review of one grant (Grant No.23-Power Development) revealed the following:

(i) Excess over the budget provision awaiting regularisation

During 2010-11, there was a total excess of ₹634.73 crore (Revenue Section: ₹631.76 crore; Capital Section: ₹2.97 crore). The detail of the major head of the Grant contributing to such excess is given below:

Table-2.9: Excess expenditure over the budget provision

(₹ in crore)

Sl. No.	Major Head	Total budget provision				Expen-diture	Excess	Percentage of excess expenditure
	Revenue (Voted)	Original	Supple-mentary	Re-appropriation	Total			
1.	2801-Power	153.85	7.12	(-) 0.44	160.53	792.88	632.35	394

Source: Accountant General (Accounts & Entitlement) office

The excess of ₹632.35 crore was mainly due to transfer of ₹643.08 crore from major head 6003-109-12 relating to Himachal Pradesh State Electricity Board Limited on account of rectification of misclassification pertaining to the period between February 2004 and February 2007. Besides, in the above case supplementary provision of ₹7.12 crore also proved inadequate to cover the excess expenditure.

(ii) Surrender of funds

A review of the overall budget provision and expenditure under Grant No. 23 revealed that there was total excess of ₹634.73 crore registered during the year 2010-11. However, the Department instead of requesting for more provision of funds, surrendered an amount of ₹0.49 crore during the year.

Thus, it is evident that the foresight and planning in the Department relating to management of finances was lacking which resulted in injudicious surrender of ₹0.49 crore.

(iii) Non-submission of liability statements to the Finance Department

Liability statements to exercise effective control over expenditure and preparation of correct budget estimates were not sent by the Director, Energy to the Finance Department during the year 2010-11 as required under budget manual.

Liability Register to keep track of undisclosed/undischarged liabilities required to be maintained as per budget manual, was also not maintained by the Director, Energy.

2.7 Conclusion and Recommendations

The overall excess of ₹1573.80 crore registered under grants/appropriation during the year 2010-11 was the net result of excess of ₹2237.63 crore offset by saving of ₹663.83 crore. Thus, excess expenditure of ₹2237.63 crore requires regularisation of the State Legislature.

In the Report of the Comptroller and Auditor General of India on the State Finances for the year ended 31 March 2010, persistent incurring of excess expenditure under two grants viz. Public Works and Animal Husbandry, Dairy Development and Fisheries during the last five years was pointed out. This irregularity was still found persisting as ₹233.54 crore was spent (Public Works: ₹219.60 crore; Animal Husbandry, Dairy Development and Fisheries: ₹13.94 crore) in excess of budgetary provisions during 2010-11.

Supplementary provision aggregating ₹3.72 crore obtained in three cases (₹10 lakh or more in each case) during the year proved unnecessary as original provisions were sufficient enough to meet the expenditure. In nine cases, the amount surrendered (₹50 lakh or more in each case) was in excess of actual saving. There were instances of inadequate provision, injudicious re-appropriations besides rush of expenditure in the last quarter of the financial year indicating lack of or inadequate budgetary control in the departments. Parking of funds in Deposit Accounts and Personal Deposit Accounts is fraught with the risk of misuse of funds and therefore, needs to be avoided.

Budgetary control should be strengthened in all the departments where excess/savings are persisting for the last five years. All departments should closely monitor the expenditure against the allocations and incurring of excess expenditure over the grants should be strictly avoided.

Savings either not surrendered or surrendered at the fag end leave no scope for utilising the funds for developmental works in other needy areas. The Finance Department should, therefore, issue specific instructions to all the departments to work out savings before hand and ensure their surrender by stipulated date for their effective utilisation by other departments requiring funds.

A close and rigorous monitoring mechanism should be put in place to ensure adjustment of Abstract Contingent bills by the DDO within the same financial year.

Chapter 3 Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing Utilisation Certificates

Financial Rules provide that Utilisation Certificates (UCs) should be obtained for specific purpose grants by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (Accounts & Entitlement) within one year from the date of their sanction unless specified otherwise. However, of the 42,439 utilisation certificates (UCs) due in respect of grants and loans aggregating ₹1547.57 crore upto March 2011; 9547 UCs (22 *per cent*) for an aggregate amount of ₹907.68 crore were pending as of March 2011 out of which 262 UCs involving ₹29.03 crore were pending for more than five years. The department-wise break-up of outstanding UCs is given in ***Appendix-3.1*** and age-wise delays in submission of UCs are summarized in **Table 3.1.**

Table-3.1: Age-wise arrears of Utilisation Certificates as on 31 March 2011

(₹ in crore)

Sl. No.	Range of delay (In number of years)	Total grants paid		Utilisation Certificates Outstanding	
		Number of Cases	Amount	Number	Amount
1.	0 – 1	16,382	718.09	5341	465.44
2.	1 – 3	24,730	740.77	3423	379.20
3.	3 – 5	950	52.60	521	34.01
4.	5 – 7	223	24.31	110	21.39
5.	7 – 9	151	6.27	151	6.27
6.	9 & above	3	5.53	1	1.37
	Total	**42,439**	**1547.57**	**9547**	**907.68**

Source: Accountant General (Accounts & Entitlement) office

Pendency of UCs mainly pertained to the department of Education (3185 UCs: ₹45.74 crore), Rural Development (3236 UCs: ₹525.45 crore), Industries (818 UCs: ₹12.90 crore), Art and Culture (765 UCs: ₹3.81 crore), Social Justice and Empowerment (504 UCs: ₹71.35 crore), Urban Development (59 UCs: ₹112.22 crore), Sports and Youth Services (67 UCs: ₹8.64 crore), Tourism (4 UCs: ₹1.84 crore), Secretariat and Social Services (24 UCs: ₹7.65 crore), Medical and

Public Health (646 UCs: ₹46.11 crore) and General Administrative Services (57 UCs: ₹6.90 crore).

In the absence of UCs, it could not be ascertained whether the recipients had utilized the grants for the purpose for which these were given.

Thus, efforts should be made by the Department for expeditious submission of UCs by the recipients.

3.2 Delay in Submission of Accounts/Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government. A large number of these bodies are audited by the Comptroller and Auditor General of India for verification of their transactions, operational activities and accounts, regulatory compliance audit, review of internal management, financial control and review of systems and procedures, etc. The audit of accounts of 13 bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature are indicated in ***Appendix-3.2***. The frequency distribution of autonomous bodies on the delays in submission of accounts to Audit and placement of Separate Audit Reports in the legislature after the entrustment of Audit to Comptroller and Auditor General of India is summarised in **Table 3.2.**

Table-3.2: Delays in Submission of Accounts and tabling of Separate Audit Reports

Delays in submission of Accounts (In Months)	Number of Autonomous Bodies	Reasons for the Delay	Delays in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies	Reasons for the Delay
0 – 1	--	--	0 – 1	1	--
1 – 6	11	Not furnished	1 – 2	--	--
6 – 12	--	--	More than three years	--	--
Total	**11**			**1**	

The accounts of 11 autonomous bodies for the year 2010-11 were submitted late ranging between one to two months as of August 2011. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and therefore, the accounts need be finalised and submitted to audit at the earliest.

One SAR of the Himachal Pradesh, State Veterinary Council, Shimla for the year 2009-10 is yet to be placed before the legislature. This need to be placed at the earliest as non-placement violates the statutory responsibility of keeping the State legislature informed about the financial status of the body.

3.3 Misappropriation, loss, defalcation, etc.

As per the provisions of Himachal Pradesh financial rules, State Government reported 48 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹79.78 lakh upto June 2011 on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in ***Appendix-3.3*** and nature of these cases is given in ***Appendix-3.4***. The age-profile of

the pending cases and the number of cases pending in each category – theft and misappropriation/loss as emerged 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 (₹ in lakh)**	**Nature/Characteristics of the Cases**	**Number of Cases**	**Amount Involved (₹ in lakh)**
0 – 5	6	17.22	Theft	8	6.66
5 – 10	11	11.98			
10 – 15	11	43.54	Misappropriation/Loss of material	40	73.12
15 – 20	1	1.05			
20 – 25	6	1.87	Total	48	79.78
25 & above	13	4.12	Cases of Losses Written off during the Year	3	1.82
Total	**48**	**79.78**			

A further analysis indicates that the reasons for which the cases were outstanding could be classified in the categories listed in **Table 3.4.**

Table-3.4: Reasons for Outstanding cases of Misappropriations, losses, defalcations, etc.

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (₹ in lakh)
(i)	Awaiting departmental and criminal investigation	25	53.89
(ii)	Departmental action initiated but not finalised	1	2.57
(iii)	Awaiting orders for recovery or write off	12	8.93
(iv)	Pending in the courts of law	7	12.87
(v)	Orders issued but recovery pending	3	1.52
	Total	**48**	**79.78**

An effective mechanism needs to be put in place to ensure speedy settlement of cases relating to misappropriations and losses as also to place systems in order.

3.4 Outstanding balances under major Suspense heads

Certain intermediary/adjusting heads of accounts known as 'suspense heads' are operated in Government accounts to reflect transactions of receipts and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when the amount under them is booked to their respective final heads of accounts.

The position of Suspense Balances under major suspense heads for the last three years is given in ***Appendix-3.5***. There is net increase of ₹7.82 crore (debit) under 102-Suspense Account (Civil) as compared to 2009-10. The net balances under Minor Head (MH) 112-Tax deducted at source (TDS) Suspense also increased by ₹12.48 crore (credit) whereas net balances under MH 129-Material Purchase Settlement Suspense Account (MPSSA) showed significant increase of ₹69.91 crore (credit) over the previous years. The Accountant General (A&E) stated that some of the balances under 102- Suspense Account (Civil) were very old and proposal for

write off was being initiated whereas balances under MH 112-TDS were the current balances.

Thus, efforts for reconciliation and clearance of Heavy balances (net ₹69.91 crore Credit) under MH 129-MPSSA can be undertaken in consultation with the respective divisions.

If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government's receipts and expenditure accurately. Thus, clearance of outstanding balances under Suspense Heads would require to be pursued vigorously.

3.5 Audit Effectiveness-Erosion of accountability

Inadequate response to Audit findings and observations resulted in erosion of accountability

Accountant General (Audit) arranges to conduct periodical inspection of Government Departments by test-check of transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IRs). When important irregularities, etc., detected during inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The heads of offices and next higher authorities are required to report their compliance to the AG within four weeks of receipt of IRs. Serious irregularities are also brought to the notice of the heads of Departments by the office of the AG through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

Based on the results of test audit, 20242 audit observations contained in 7459 IRs outstanding as on 31 March 2011[1] are tabulated as under:

Table- 3.5: Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of the Department	Inspection Reports	Paragraphs	Amount involved (₹ in crore)
1.	Civil Departments	5518	15377	4562.92
2.	Public Works (B&R)	724	2017	3613.10
3.	Irrigation and Public Health	390	1067	3891.31
4.	Forest	827	1781	238.97
	Total	**7459**	**20242**	**12306.30**

During 2010-11, 40 meetings of the Adhoc Committee were held in which 375 IRs and 1937 paragraphs were settled.

A detailed review of the IRs issued to 1341 Drawing and Disbursing Officers[2] upto September 2010 pertaining to Education (Secondary), Cooperation, Industries, Police Departments and Himachal Pradesh University (HPU) revealed that 5765 paragraphs having financial implications of ₹502.93 crore relating to 2105 IRs remained

1 Including IRs and paragraphs issued upto 30 September 2010 and outstanding as on 31 March 2011.

2 Education (Secondary): 1276; HPU: one; Cooperation: 17; Industries: 23 and Police: 24.

outstanding at the end of 31 March 2011. Of these, oldest items pertain to IRs issued during the year 1969-70 and 1780 paragraphs having financial implication of ₹69.53 crore had not been settled for more than 10 years. The year-wise position of these outstanding 2105 IRs and 5765 paragraphs is detailed in ***Appendix-3.6*** and types of irregularities in ***Appendix-3.7***.

The departmental officers failed to take action on observations contained in IRs within the prescribed time frame resulting in erosion of accountability.

It is recommended that the Government should look into the matter to ensure prompt and proper response to audit observations.

3.6 Conclusion and Recommendations

Utilisation Certificates (22 *per cent*) for an aggregate amount of ₹907.68 crore in 9547 cases were not furnished to the Accountant General (Accounts & Entitlement) as per provision of financial rules of which oldest UC due for submission pertains to the year 1998-99. Non-submission of UCs in a time bound manner is against the principle of sound financial management and needs urgent attention of the Government. Out of 48 outstanding cases of misappropriation, loss, defalcation, etc., involving ₹79.78 lakh pending final action, departmental proceedings and criminal investigation were not initiated in 25 cases involving ₹53.89 lakh, indicating lack of initiative on the part of the Government to fix accountability. 20242 number of audit observations contained in 7459 Inspection Reports were outstanding as on 31 March 2011 resulting in erosion of accountability.

Departmental enquiries in fraud and misappropriation cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent occurrence of such cases.

(J. Wilson)
Accountant General (Audit)
Himachal Pradesh

Shimla
The

Countersigned

(Vinod Rai)
Comptroller and Auditor General of India

New Delhi
The

Appendices

Appendix-1

State Profile

A General Data

Sl. No.	Particulars		Figures
1.	Area		55673 Sq km
2.	Population		
	A	As per Census (2001)	6077900 say 0.61 crore
	B	2011	0.69 crore
3.	(a) Density of Population (2001) (All India density= 325 persons/sq km) (b) Density of Population (2011) (All India average= 382 persons/sq km)		109 persons/sq km 123 persons/sq km
4.	Population below poverty line (All India average= 27.5%)		10%
5.	(a) Literacy (2001) (All India average= 64.8%) (b) Literacy (2011) (All India average= 74%)		76.50% 83.78%
6.	Gini Coefficient ++++		
	A	Rural (All India= 0.30)	0.30
	B	Urban (All India= 0.37)	0.32
7.	Gross State Domestic Product (GSDP) 2010-11		₹52426 crore
8.	GSDP CAGR* (2001-02 to 2010-11)		13.21%

B Financial Data

	CAGR* (2001-02 to 2010-11)	
A	of Revenue Receipts	14.63%
B	of Tax Revenue	14.01%
C	of Non-Tax Revenue	26.91%
D	of Total Expenditure	13.12%
E	of Capital Expenditure	11.89%
F	of Revenue Expenditure on Education	13.23%
G	of Revenue Expenditure on Health	12.69%
H	of Salary and wages	12.84%
I	of Pension	18.98%

++++ Source: Finance Accounts and Audit Reports, BPL (Planning Commission and NSSO data, 61st round), Gini Coefficient (unofficial estimates of Planning Commission and NSSO data, 61st round 2004-05 MRP), Density of Population (Office of the Registrar General and census commissioner of India; Ministry of Home Affairs), Literacy (Office of the Registrar General of India; Ministry of Home Affairs) and Economics and Statistics Department of Himachal Pradesh.

* CAGR: Compound Annual Growth Rate.

Appendix-1.1

Part-A

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.

Appendix-1.1

Part-B : Layout of Finance Accounts

The Finance Accounts for the year 2010-11 has been divided into two Volumes – Volume I and II. Volume I represents the financial statements of the Government in summarised form while Volume II represents detailed financial statement. The layout of the Finance Accounts is chalked out in the following manner:

	Layout
VOLUME 1	
Statement 1	Statement of Financial Position
Statement 2	Statement of Receipts and Disbursements
Statement 3	Statement of Receipts (Consolidated Fund)
Statement 4	Statement of Expenditure (Consolidated Fund) By Function and Nature Notes to Accounts Appendix I: Cash balances and investment of Cash balances
VOLUME 2 *PART I*	
Statement 5	Statement of Progressive Capital expenditure
Statement 6	Statement of Borrowings and other Liabilities
Statement 7	Statement of Loans and Advances given by the Government
Statement 8	Statement of Grants-in-aid given by the Government
Statement 9	Statement of Guarantees given by the Government
Statement 10	Statement of Voted and Charged Expenditure
PART II	
Statement 11	Detailed Statement of Revenue and Capital Receipts by minor heads
Statement 12	Detailed Statement of Revenue Expenditure by minor heads
Statement 13	Detailed Statement of Capital Expenditure by minor heads
Statement 14	Detailed Statement of Investments of the Government
Statement 15	Detailed Statement of Borrowings and other Liabilities
Statement 16	Detailed Statement on Loans and Advances given by the Government
Statement 17	Detailed Statement on Sources and Application of funds for expenditure other than revenue account
Statement 18	Detailed Statement on Contingency Fund and other Public Account transactions
Statement 19	Detailed Statement on Investments of earmarked funds
PART III *Appendices*	
II	Comparative Expenditure on Salary
III	Comparative Expenditure on Subsidy
IV	Grants-in-aid (Scheme wise and Institution wise)
V	Externally Aided Projects
VI	Plan Scheme expenditure (Central and State Plan Schemes)
VII	Direct transfer of funds to implementing agencies
VIII	Summary of Balances
IX	Financial results of Irrigation Schemes
X	Incomplete Works
XIII	Maintenance expenditure with segregation of salary and non-salary portion

Appendix-1.2

Part A: Methodology adopted for the Assessment of Fiscal Position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts were analyzed wherever necessary over the period 2006-11 and observations have been made on their behaviour. In its Restructuring Plan of State finances, the ThFC recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, ThFC also recommended that all States amend the Fiscal Responsibility (FR) Acts so that the fiscal position of State could be improved as committed in their respective FR Acts/Rules covering medium to long term. The norms/ceilings prescribed by the ThFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Government in their FR Acts and in other Statements required to be laid in the legislature under the Act, have been used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and NTR, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP[1] at current market prices. The buoyancy coefficients for tax revenues, NTRs, revenue expenditure etc., with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 2004-05 as base as published by the Director of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

Trends in Gross State Domestic Product (GSDP)

The trends in GSDP for the last five years are indicated below:

	2006-07	2007-08	2008-09	2009-10	2010-11
Gross State Domestic Product (₹ in crore)	30274	33963	38571(P)	43281(Q)	52426(A)
Growth rate of GSDP (In *per cent*)	11.6	12.2	13.6	12.2	21.1
Source: Department of Economics and Statistics, Government of Himachal Pradesh					

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
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)	[(Current year Amount /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

[1] GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as *per cent* 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

Appendix-1.2

Part-B

Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 (Amended vide Act No. 25 of 2011)

The Government of Himachal Pradesh enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 in April 2005 which was further amended by Act No. 25 of 2011 to ensure prudence in fiscal management and fiscal stability, by progressive reduction in revenue deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles as laid down in the Act and the rules framed thereunder, the Act prescribed the following fiscal targets for the State Government:

- Eliminate revenue deficit by financial year 2011-12 and maintain revenue surplus thereafter;
- Reduce fiscal deficit to 3.5 *per cent* or less of Gross State Domestic Product by financial year 2010-11, three *per cent* or less of Gross State Domestic Product by financial year 2011-12 and maintain fiscal deficit at the level of three *per cent* or less of Gross State Domestic Product thereafter;
- Reduce outstanding debt to 49.70 *per cent* of GSDP by the financial year 2010-11; and
- Maintain outstanding risk weighted guarantees on long term debt below 40 *per cent* of total revenue receipt in the preceding financial year for which actuals are available as per Finance Accounts.

Further, Section 7 of the Act also amended which envisages that an independent mechanism shall be set up by the State Government to Review and monitor the fiscal reform path set out under this Act.

Appendix-1.3
(Reference: Paragraphs 1.3, 1.4.3, 1.6.4 and 1.7.2; Pages 8, 15, 24 and 25)

Time Series Data on the State Government Finances

(₹in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Part-A: Receipts					
1. Revenue Receipts	**7,835**	**9,142**	**9,308**	**10346**	**12711**
(i) Tax Revenue	***1,656 (21)***	***1,958 (21)***	***2,242 (24)***	***2574(25)***	***3643(29)***
Taxes on Sales, Trade, etc.	914 (55)	1,092 (56)	1,246 (56)	1487***(58)***	2101(58)
State Excise	342 (21)	389 (20)	432 (19)	500***(19)***	562(15)
Taxes on Vehicles	106 (6)	114 (6)	136 (6)	134***(5)***	163(4)
Stamps and Registration fees	93 (6)	87 (4)	98 (4)	113***(4)***	133(4)
Taxes and Duties on electricity	30 (2)	82 (4)	79 (4)	39***(2)***	302(8)
Land Revenue	2 (--)	2 (--)	20 (1)	15***(1)***	5(0.1)
Taxes on Goods and Passengers	50 (3)	55 (3)	62 (3)	89***(3)***	93(3)
Other Taxes	119 (7)	137 (7)	169 (7)	197***(8)***	284(8)
(ii) Non Tax Revenue	***1,337 (17)***	***1,823 (20)***	***1,756(19)***	***1784(17)***	***1695***(13)
(iii) State's share of Union taxes and duties	***629 (8)***	***794 (9)***	***838 (9)***	***862 (8)***	***1,715***(13)
(iv) Grants in aid from Government of India	***4,213 (54)***	***4,567(50)***	***4,472(48)***	***5126(50)***	***5658***(45)
2. Miscellaneous Capital Receipts	--	--	---	–	**646**
3. Recoveries of Loans and Advances	**23**	**26**	**21**	**34**	**73**
4. Total Revenue and Non debt capital receipts (1+2+3)	**7858**	**9168**	**9,329**	**10380**	**13430**
5. Public Debt Receipts	**2,080**	**1,849**	**2,249**	**2553**	**2411**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,042 (98)	1,798 (97)	2,237 (99)	2484 (97)	2372* (98)
Net transactions under Ways and Means Advances and Overdrafts	–	–	–	–	-
Loans and Advances from Government of India	38 (2)	51 (3)	*12 (1)*	*69(3)*	*39*
6. Total Receipts in the Consolidated Fund (4+5)	**9,938**	**11,017**	**11,578**	**12933**	**15841**
7. Contingency Fund Receipts	–	--	–	–	--
8. Public Account Receipts	**5,265**	**6,223**	**6,760**	**6821**	**8507**
9. Total Receipts of the State (6+7+8)	**15,203**	**17,240**	**18,338**	**19754**	**24348**
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	**7,644**	**8,292**	**9,438**	**11151**	**13946$**
Plan	1,325 (17)	1,202 (14)	877 (9)	1238***(11)***	1652(12)
Non Plan	6,319 (83)	7,090 (86)	8,561 (91)	9913 ***(89)***	12294(88)
General Services (including interest payments)	3,300 (43)	3,429 (41)	3,918 (42)	4377***(39)***	5279(38)
Social Services	2,586 (34)	2,876 (35)	3,332 (35)	3902***(35)***	4979(35)
Economic Services	1,755 (23)	1,984 (24)	2,184 (23)	2868 ***(26)***	3682(26)
Grants-in-aid and contributions	3 (--)	3 (--)	4 (--)	4 (--)	6(–)
11. Capital Expenditure	**1,110**	**1414**	**2079**	**1943**	**1789**
Plan	1,043 (94)	1,313 (93)	1,992 (96)	1895***(98)***	1774(99)
Non Plan	67 (6)	101 (7)	87 (4)	48***(2)***	15(1)
General Services	61 (5)	59 (4)	64 (3)	63***(3)***	73(4)
Social Services	575 (52)	586 (42)	833 (40)	610***(31)***	611(34)
Economic Services	474 (43)	769 (54)	1,182 (57)	1270***(65)***	1105(62)
12. Disbursement of Loans and Advances	**26**	**14**	**90**	**70**	**227**
13. Total (10+11+12)	**8,780**	**9,720**	**11,607**	**13164**	**15962**

* Includes an amount of ₹643.08 crore by way of book adjustment.

$ Includes an amount of ₹699.96 crore (₹643.08 crore+₹56.88 crore) by way of book adjustment.

	2006-07	2007-08	2008-09	2009-10	2010-11
14. Repayments of Public Debt	1,311	937	885	867	870
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,182 (90)	839	829	811	808
Net transactions under Ways and Means Advances and Overdraft	–	42	--	--	--
Loans and Advances from Government of India	129 (10)	56	56	56	62
15. Appropriation to Contingency Fund	--	–	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	10,091	10,657	12,492	14031	16832
17. Contingency Fund disbursements	--	–	--	--	--
18. Public Account disbursements	5,370	5,737	5,690	6421	7162
19. Total disbursement by the State (16+17+18)	15,461	16,394	18,182	20,452	23,994
Part C. Deficits					
20. Revenue Deficit(-)/ Revenue Surplus (+) (1-10)	(+) 191	(+) 850	(-) 130	(-) 805	(-)1235
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 922	(-) 552	(-) 2,278	(-) 2784	(-)2532
22. Primary Deficit (-)/Surplus (+) (21+23)	(+) 747	(+) 1,151	(-) 384	(-) 828	(-)582
Part D: Other data					
23. Interest Payments (included in revenue expenditure)	1,669	1,703	1,894	1956	1950
24. Financial Assistance to local bodies etc.,	399	467	582	718	849
25. Ways and Means Advances/Overdraft availed (days)	01	--	–	–	
Ways and Means Advances availed (days)	01	--	–	–	
Overdraft availed (days)	--	--	–	–	
26. Interest on Ways and Means Advances/ Overdraft	0.89	--	–	–	
27. Gross State Domestic Product (GSDP)[@]	30274	33963	38571	43281	52426
28. Outstanding Fiscal liabilities (year end)	18,071	19,419	21,819	23713	26415
29. Outstanding guarantees (year end) (including interest)	2,976	2,632	2,291	1949	3910
30. Maximum amount guaranteed (year end)	6,347	6,450	6,076	4361	6232
31. Number of incomplete projects	30	20	17	29	11
32. Capital blocked in incomplete projects	160	121	96	108	86
Part E: Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	0.06	0.06	0.06	0.06	0.07
Own Non-Tax Revenue/GSDP	0.04	0.05	0.05	0.04	0.03
Central Transfers/GSDP	0.02	0.02	0.02	0.02	0.03
II Expenditure Management					
Total Expenditure/GSDP	0.29	0.29	0.30	0.30	0.30
Total Expenditure/Revenue Receipts	1.12	1.06	1.25	1.27	1.26
Revenue Expenditure/Total Expenditure	0.87	0.85	0.81	0.85	0.87
Expenditure on Social Services/Total Expenditure	0.36	0.36	0.36	0.34	0.35
Expenditure on Economic Services/Total Expenditure	0.25	0.28	0.29	0.31	0.30
Capital Expenditure/Total Expenditure	0.13	0.15	0.18	0.15	0.11
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.12	0.14	0.17	0.14	0.11

	2006-07	2007-08	2008-09	2009-10	2010-11
III Management of Fiscal Imbalances (In *per cent*)					
Revenue deficit (surplus)/GSDP	0.63	2.50	(-) 0.34	(-) 1.86	(-)2.36
Fiscal deficit/GSDP	(-) 3.05	(-) 1.63	(-) 5.91	(-) 6.43	(-)4.83
Primary Deficit (surplus) /GSDP	2.47	3.39	(-) 1.00	(-) 1.91	(-)1.11
Revenue Deficit/Fiscal Deficit	NA	NA	(-) 5.71	(-) 28.92	(-)48.78
Primary Revenue Balance/GSDP (ratio)	0.256	0.267	0.237	0.236	0.240
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.60	0.57	0.57	0.55	0.50
Fiscal Liabilities/RR	2.31	2.12	2.34	2.29	2.07
Primary deficit vis-à-vis quantum spread	2.223	1.741	(-) 0.364	(-) 0.591	(-)0.165
Debt Redemption (Principal +Interest)/ Total Debt Receipts	1.27	1.02	0.92	0.94	0.22
V Other Fiscal Health Indicators					
Return on Investment	1.80	0.52	89.58	73.49	64.11
Balance from Current Revenue	(-) 281	(+) 113	(-) 1,423	(-) 2,642	(-)2607
Financial Assets/Liabilities	0.57	0.60	0.68	0.67	0.66
Revenue Expenditure: Basic Parameters					
Revenue Expenditure (RE)	7,644	8,292	9,438	11,151	13946*
Rate of Growth (*per cent*) RE	18.22	8.48	13.82	18.15	25.06
Non-Plan Revenue Expenditure (NPRE)	6,319	7,090	8,561	9,913	12294
Rate of Growth (*per cent*) NPRE	19.59	12.20	20.75	15.79	24.01
Plan Revenue Expenditure	1,325	1,202	877	1,238	1652
Rate of Growth (*per cent*) PRE	12.10	(-) 9.28	(-) 27.04	41.16	33.44
NPRE/GSDP (*per cent*)	20.87	20.87	22.20	22.90	23.45
RE/TE[2] (*per cent*)	87.32	85.43	81.95	85.16	88.63
NPRE as *per cent* of TE	71.97	72.94	73.76	75.30	77.02
NPRE as *per cent* of RR	80.65	77.55	91.97	95.81	96.72
Percentage of NPRE to RE	82.67	85.50	90.70	88.90	88.15
PRE to RE	17.33	14.50	9.30	11.10	11.85
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.57	0.70	1.02	1.49	1.19
RRs (ratio)	0.94	0.51	7.59	1.63	1.09
NPRE (ratio)	0.93	0.70	0.67	1.15	1.04
PRE (ratio)	1.51	(-) 0.91	(-) 0.51	0.44	0.75

Figures in brackets represent percentages (rounded) to total of each sub-heading.
@ GSDP figures communicated by the Government adopted.

* Includes an amount of ₹699.96 crore (₹643.08 crore+₹56.88 crore) by way of book adjustment.

2 Total expenditure excludes loan and advances.

Appendix-1.4
(Reference: Paragraphs 1.1 and 1.7.1: Pages 1 and 24)

Part-A

Abstract of Receipts and Disbursements for the year 2010-11

(₹ in crore)					(₹ in crore)					
Receipts					Disbursements					
2009-10				2010-11	2009-10					2010-11
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
		Section – A Revenue								
	10346.36	I-Revenue Receipts		12710.61	11151.00	I-Revenue Expenditure				13946.05#
2574.52		(i) Tax revenue	3642.38			**General Services**	**5248.70**	**30.56**	**5279.26**	
1783.66		(ii) Non-tax revenue	1695.31			**Social Services**	**4080.57**	**898.31**	**4978.88**	
861.63		(iii) State's share of Union Taxes and Duties	1715.35			Education, Sports, Art and Culture	2345.34	343.55	2688.89	
2052.08		(iv) Non-Plan Grants	2633.09			Health and Family Welfare	691.67	71.33	763.00	
2730.95		(v) Grants for State Plan Schemes	2680.22			Water Supply, Sanitation, Housing and Urban Development	623.63	146.07	769.70	
343.52		(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	344.26			Information and Broadcasting	20.57	0.61	21.18	
						Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	9.61	56.29	65.90	
						Labour and Labour Welfare	35.17	5.87	41.04	
						Social Welfare and Nutrition	344.94	273.29	618.23	
						Others	9.64	1.31	10.95	
						Economic Services	**2959.32**	**722.84**	**3682.16**	
						Agriculture and Allied Activities	628.53	439.34	1067.87	
						Rural Development	202.73	137.43	340.16	
						Irrigation and Flood Control	255.24	3.67	258.91	
						Energy	795.36	1.66	797.02	
						Industry and Minerals	32.46	21.89	54.35	
						Transport	1008.32	109.91	1118.23	
						Science, Technology and Environment	2.11	1.49	3.60	
						General Economic Services	34.57	7.45	42.02	
						Grants-in-aid and Contributions	**5.75**	**-**	**5.75**	
		Total				Total	**12294.34**	**1651.71**	**13946.05**	
	804.64	II-Revenue Deficit carried over to Section-B		1235.44		II-Revenue surplus carried over to Section-B				
	11151.00	Total:		13946.05#	11151.00	Total:				13946.05#

Includes an amount of ₹699.96 crore (₹643.08 crore+₹56.88 crore) by way of book adjustment.

2009-10				2010-11	2009-10					2010-11
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8	9.	10.	11.
		Section-B-Capital								
979.24		**III-Opening cash balance including Permanent Advances and Cash Balance Investment**		**281.16**		**III- Opening overdraft from Reserve Bank of India**				
		IV- Misc. Capital Receipts		**645.85**	**1943.44**	**IV- Capital Outlay**	**15.26**	**1773.73**	**1788.99**	**1788.99**
						General Services	**0.31**	**73.02**	**73.33**	**73.33**
						Social Services	**–**	**611.32**	**611.32**	**611.32**
						Education, Sports, Art and Culture	-	200.25	200.25	
						Health and Family Welfare	-	66.25	66.25	
						Water Supply, Sanitation, Housing and Urban Development	-	329.12	329.12	
						Information and Broadcasting	-	0.12	0.12	
						Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	6.93	6.93	
						Social Welfare and Nutrition	-	8.24	8.24	
						Others	-	0.41	0.41	
						Economics Services	**14.96**	**1089.38**	**1104.34**	**1104.34**
						Agriculture and Allied Activities	(-) 3.81[@]	71.57	67.76	
						Rural Development	-	0.05	0.05	
						Irrigation and Flood Control	-	308.57	308.57	
						Energy	-	160.00	160.00	
						Industry and Minerals	-	19.75	19.75	
						Transport	18.77	446.02	464.79	
						General Economic Services	-	83.42	83.42	
						Total	**15.26**	**1773.72**	**1788.98**	**1788.98**
	33.84	**V-Recoveries of Loans and Advances**		**72.59**	**69.67**	**V- Loans and Advances disbursed**	**4.06**	**222.50**	**226.56**	**226.56**
15.16		From Power Projects	57.16			For Power Projects	-	192.97	192.97	
13.77		From Government Servants	12.44			To Government Servants	2.41	5.49	7.90	
4.91		From Others	2.99			To others	1.65	24.03	25.69	
	–	**VI-Revenue surplus brought down**			**804.64**	**VI-Revenue deficit brought down**				**1235.44***

@ Minus balance due to receipt under the head being Trading Account.

* Includes an amount of ₹699.96 crore (₹643.08 crore+₹56.88 crore) by way of book adjustment.

2009-10				2010-11	2009-10					2010-11
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8	9.	10.	11.
	2552.51	**VII-Public Debt Receipts**		2411.06	866.81	**VII-Repayment of Public Debt**				869.65
2483.49		Internal Debt other than Ways and Means Advances and Overdraft	2372.26*			Internal debt other than Ways and Means Advances and Overdraft		807.39		
--		Net transactions under Ways and Means Advances including Overdraft	-	-		Net transactions under Ways and Means Advances and Overdraft		--		
69.02		Loans and Advances from the Central Government	38.80			Repayment of Loans and Advances to Central Government		62.26		
		VIII-Appropriation to Contingent Fund			--	**VIII-Appropriation to Contingent Fund**				
		IX- Amount transferred to Contingent Fund			--	**IX-Expenditure from Contingent Fund**				
	6821.13	**X- Public Account Receipts**		8506.79	6421.00	**X- Public Account disbursements**				7161.95
1659.48		Small Savings and Provident Funds	2165.72			Small Savings and Provident Funds		1277.48		
294.82		Reserve Funds	433.20			Reserve Funds		494.15		
1223.55		Deposits and Advances	1630.05			Deposits and Advances		1297.09		
346.68		Suspense and Miscellaneous	413.57			Suspense and Miscellaneous		276.93		
3296.60		Remittances	3864.25			Remittances		3816.30		
		XI- Closing overdraft from Reserve Bank of India	-	-	281.16	**XI-Cash Balance at end**				634.86
						Cash in Treasuries and Local Remittances		2.25		
						Departmental Cash Balance including Permanent Advances		0.19		
						Deposits with Reserve Bank		(-)274.11		
						Cash Balance investment		906.53		
10386.72		**Total:**		**11917.45**	**10386.72**	**Total:**				**11917.45**

* Includes an amount of ₹643.08 crore by way of book adjustment.

Appendix-1.4
(Reference: Paragraphs 1.1 and 1.7.1; Pages 1 and 24)

Part-B

Summarised financial position of the Government of Himachal Pradesh as on 31 March 2011

(₹ in crore)

As on 31.03.2010	Assets		As on 31.03.2011
15657.85	**Gross Capital Outlay on Fixed Assets -**		**16800.99**
2662.52	Investments in shares of Companies, Corporations, etc.	2863.53	
12995.33	Other Capital Outlay	13937.46	
329.31	**Loans and Advances -**		**483.28**
200.47	Loans for Power Projects	336.29	
76.84	Other Development Loans	99.52	
52.00	Loans to Government servants and Miscellaneous loans	47.47	
	Reserve Fund Investments		**--**
281.16	**Cash -**		**634.86**
3.46	Cash in Treasuries and Local Remittances	2.25	
(-) 305.09	Deposits with Reserve Bank of India	(-)274.11	
0.16	Departmental Cash Balance	0.16	
0.03	Permanent Advances	0.03	
582.60	Cash Balance Investments	906.53	
8099.67	**Cumulative excess of expenditure over receipts**[♣]		**9337.43**
24367.99			**27256.56**

♣ The Cumulative excess of expenditure over receipts is different from, and not the fiscal/revenue deficit for the current year.

As on 31.03.2010	Liabilities		As on 31.03.2011
16129.00	**Internal Debt**		**17693.88**
8834.90	Market Loans bearing interest	9224.26	
0.14	Market Loans not bearing interest	0.03	
379.86	Loans from Life and General Insurance Corporation of India	331.27	
964.32	Loans from the NABARD	1131.60	
13.16	Loans from National Co-operative Development Corporation	31.03	
4285.64	Special securities issued to NSSF of the Central Government	4935.51	
--	Compensation and other bonds	30.32	
1650.98	Loans from other Institutions	2009.86	
983.95	**Loans and Advances from Central Government -**		**960.48**
14.18	Non-Plan Loans	11.82	
930.89	Loans for State Plan Schemes	913.82	
0.14	Loans for Central Plan Schemes	0.12	
38.61	Loans for Centrally Sponsored Plan Schemes	34.59	
0.13	Other Loans	0.13	
5.00	**Contingency Fund**		**5.00**
5214.11	**Small Savings, Provident Funds, etc.**		**6102.35**
1247.18	**Deposits**		**1580.14**
138.30	**Reserve Funds**		**77.35**
170.73	**Suspense and Miscellaneous Balances**		**309.69**
479.72	**Remittance Balances**		**527.67**
24367.99			**27256.56**

Appendix-1.5
(Reference: Paragraph 1.2.2; Page 6)

Statement showing the funds transferred to the State Implementing Agencies under Programme/Schemes outside the State budget during 2010-11

Direct transfer of Central Scheme Fund to implementing agencies in the State(Funds routed outside State Budget) (unaudited figures)			
Government of India Scheme	**Implementing Agency**	**Govt. of India releases**	
		2010-11	**2009-10**
		(₹ in lakh)	
National Rural Employment Guarantee Act	Project Director, DRDAs	6,36,25.00	3,95,42.50
	Total	**6,36,25.00**	**3,95,42.50**
Sarva Shiksha Abhiyan	H.P. Primary Education Society	1,37,86.66	86,08.00
	Total	**1,37,86.66**	**86,08.00**
National Institute of Technology NIT DHE	NIIT Hamirpur	41,89.00	57,93.00
	Total	**41,89.00**	**57,93.00**
Pradhanmantri Gram Sadak Yojna	RIDF	1,99,30.00	53,95.50
	Total	**1,99,30.00**	**53,95.50**
Integrated Watershed Management Programme (IWMP)	DRDA Project Directors	1,07,81.33	35,60.62
	Total	**1,07,81.33**	**35,60.62**
Package for Special Category State	H.P. State Industrial Development Corporation	29,84.00	19,00.00
	Total	**29,84.00**	**19,00.00**
Development for Tourist Destinations	H.P. Tourism Development Board	23,30.62	18,86.00
	Total	**23,30.62**	**18,86.00**
Product/ Infrastructure	H.P. Tourism Development Board	23,30.62	18,86.00
	Total	**23,30.62**	**18,86.00**
Rural Housing IAY	Project Director DRDAs	22,59.85	18,63.81
	Total	**22,59.85**	**18,63.81**
MPs Local Area Development	Deputy Commissioners	16,00.00	12,00.00
	Total	**16,00.00**	**12,00.00**
Hospitals and Dispensaries(Under NRHM)	Society for the Development of Ayush Institutions in H.P.	21,54.13	11,18.87
	Total	**21,54.13**	**11,18.87**
Central Rural Sanitation Scheme	State Water and Sanitation Mission	7,53.00	7,08.40
Central Rural Sanitation Scheme	DWSM Deputy Commissioner-cum-Chief Executive Officer Shimla		--
Central Rural Sanitation Scheme	DRDA Project Directors	21,86.78	4,08.40

	Total	**29,39.78**	**11,16.80**
Swaran Jayanti Gram Swarojgar Yojna	Project Director DRDAs	12,78.48	9,92.78
	Total	**12,78.48**	**9,92.78**
DRDA Administration	Project Director DRDAs	6,37.63	8,17.74
	Total	**6,37.63**	**8,17.74**
E-Governance	SITEG	4.35	7,84.00
	Total	**4.35**	**7,84.00**
National Aids Control Programme Including STD Control	HP State Aids Control Society	11,02.81	7,51.89
	Total	**11,02.81**	**7,51.89**
Support to State for Extension Reforms	State Agricultural Management & Extension Training Institute H.P.	4,02.61	5,14.83
	Total	**4,02.61**	**5,14.83**
Rashtriya Gram Swaraj Yojna	Principal Panchayati Raj Training Institute Shimla	2,43.00	4,89.26
	Total	**2,43.00**	**4,89.26**
National Afforestation Programme	Forest Development Agency	3,45.00	3,59.04
	Total	**3,45.00**	**3,59.04**
Panchayat Yuva Krida and Khel Abhiyan(PYKKA)	H.P. Sports Council	10,12.85	3,27.60
	Total	**10,12.85**	**3,27.60**
Studies in Agricultural Economic Policy and Development	H.P. University Shimla	4,06.54	2,68.09
	Total	**4,06.54**	**2,68.09**
Development of Marketing Board	HPSA Marketing Board Shimla	1,26.80	2,19.98
	Total	**1,26.80**	**2,19.98**
Health Insurance for Unorganised Sector Workers (Rashtriya Swasthya Bima Yojna)	State Health & Family Welfare Society	--	1,02.65
Health Insurance for Unorganised Sector Workers (Rashtriya Swasthya Bima Yojna)	Himachal Pradesh Swasthaya Bima Society	7,37.86	61.59
	Total	**7,37.86**	**1,64.24**
Accelerated Rural Water Supply Scheme	State Water Sanitation Mission	--	1,27,81.60
	Total	**--**	**1,27,81.60**
Research and Designing in New and Renewable Energy Technologies	CSK HP Krishi Vishawavidhalaya	9.65	5.87
	Total	**9.65**	**5.87**
	Grand Total:	**135218.57**	**92348.02**

Appendix-2.1
(Reference: Paragraph 2.3.1; Page 34)

Statement of various grants/ appropriations where saving was more than ₹one crore each or more than 20 *per cent* in five cases of the total provision

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
		Revenue			
1	03	Administration of Justice (Revenue-Voted)	97.04	16.51	
2	06	Excise and Taxation (Revenue-Voted)	36.13	2.04	
3	08	Education (Revenue-Voted)	2505.02	33.53	
4	15	Planning and Backward Area Sub-Plan (Revenue-Voted)	43.56	7.78	
5	20	Rural Development (Revenue-Voted)	304.88	4.06	
6	22	Food and Civil Supplies (Revenue-Voted)	119.38	25.65	21
7	25	Road and Water Transport (Revenue-Voted)	101.44	3.38	
8	28	Urban Development, Town and Country Planning and Housing (Revenue-Voted)	117.80	25.83	22
9	29	Finance (Revenue-Charged)	2232.20	282.43	
		Capital			
10	03	Administration of Justice (Capital-Voted)	28.47	2.04	
11	08	Education (Capital-Voted)	135.05	30.57	23
12	10	Public Works-Roads, Bridges and Buildings (Capital-Voted)	261.16	1.58	
13	15	Planning and Backward Area Sub-Plan (Capital-Voted)	170.42	27.62	
14	19	Social Justice and Empowerment (Capital-Voted)	9.54	1.22	
15	25	Road and Water Transport (Capital-Voted)	33.02	15.32	46
16	28	Urban Development, Town and Country Planning and Housing (Capital-Voted)	26.38	1.63	
17	29	Finance (Capital-Voted)	7.96	1.84	23
18	31	Tribal Development (Capital-Voted)	134.92	1.67	
19	32	Scheduled Caste Sub-Plan (Capital-Voted)	423.38	18.49	
20	29	Finance (Capital-Charged)	1026.04	156.39	

Appendix-2.2
(Reference: Paragraph 2.3.2; Page 35)

Statement of various grants/ appropriations where expenditure was more than ₹one crore each and more than 20 *per cent* of the total provision

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess Expenditure	Percentage of Excess Expenditure (more than 20 *per cent*)
		Revenue-Voted				
1.	05	Land Revenue and District Administration	358.11	769.26	411.15	115
2.	07	Police and Allied Organisations	481.06	489.33	8.27	--
3.	09	Health and Family Welfare	655.67	690.98	35.31	--
4.	10	Public Works-Roads, Bridges and Buildings	1614.22	1833.83	219.61	--
5.	11	Agriculture	184.33	196.54	12.21	--
6.	12	Horticulture	124.54	131.28	6.74	--
7.	13	Irrigation, Water Supply and Sanitation	1049.50	1636.22	586.72	56
8.	14	Animal Husbandry, Dairy Development and Fisheries	163.88	177.82	13.94	--
9.	16	Forest and Wildlife	309.11	313.00	3.89	--
10.	18	Industries, Minerals, Supplies and Information Technology	45.11	48.63	3.52	--
11.	23	Power Development	163.37	795.13	631.76	387
12.	27	Labour Employment and Training	56.80	59.83	3.03	--
13.	29	Finance	1936.00	2138.59	202.59	--
14.	31	Tribal Development	483.83	519.11	35.28	--
15.	32	Scheduled Caste Sub-Plan	329.32	336.72	7.40	--
		Capital-Voted				
16.	13	Irrigation, Water Supply and Sanitation	396.80	443.84	47.04	--
17.	23	Power Development	251.10	254.07	2.97	--
		Capital Charged				
18.	10	Public Works-Roads, Bridges and Buildings	3.32	5.42	2.10	63
		Total	**8606.07**	**10839.60**	**2233.53**	

Appendix-2.3
(Reference: Paragraph 2.3.5; Page 37)

Excess over provision of previous years requiring regularisation

(₹ in crore)

Year	Number of grants/ appropriations	Grant/ appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2008-09	11 Grants 3 Appropriations	7, 10, 12, 13, 14, 16, 20, 28, 30, 31 and 32 2,3 and 29	556.52	Audit comments sent to Finance Department/HP Vidhan Sabha. Report yet to be discussed by PAC.
2009-10	19 Grants 1 Appropriation	1, 2, 4, 5, 6, 7, 8, 10, 13, 14, 16, 19, 23, 25, 26, 27, 28, 29 and 32 10	887.80	*Suo moto* replies from the Finance Department are still awaited. Report yet to be discussed by PAC.
		Total	**1444.32**	

Appendix-2.4
(Reference: Paragraph 2.3.6; Page 37)

Excess over provision during 2010-11 requiring regularisation

(In ₹)

Sl. No.	Number and title of Grant/ Appropriation (Revenue and Capital)	Total grant	Expenditure	Excess
1.	01-Vidhan Sabha	12,73,31,000	12,97,12,761	23,81,761
2.	04-General Administration	93,83,41,116	94,80,78,714	97,37,598
3.	05-Land Revenue and District Administration	358,11,03,919	769,26,00,526	411,14,96,607
4.	07-Police and Allied Organisations	481,06,15,295	489,32,57,367	8,26,42,072
5.	09-Health and Family Welfare	655,67,34,000	690,98,43,116	35,31,09,116
6.	10-Public Works-Roads, Bridges and Buildings	1614,22,34,000	1833,82,55,928	219,60,21,928
7.	11-Agriculture	184,33,25,000	196,53,53,818	12,20,28,818
8.	12-Horticulture	124,54,07,000	131,27,54,734	6,73,47,734
9.	13-Irrigation, Water Supply and Sanitation	1049,49,88,000	1636,21,70,729	586,71,82,729
10.	14-Animal Husbandry, Dairy Development and Fisheries	163,87,55,200	177,81,89,537	13,94,34,337
11.	16-Forest and Wildlife	309,11,00,000	313,00,25,060	3,89,25,060
12.	18-Industries, Minerals, Supplies and Information Technology	45,11,38,000	48,63,27,445	3,51,89,445
13.	23-Power Development	163,36,72,000	795,12,92,899	631,76,20,899
14.	26-Tourism and Civil Aviation	8,50,00,000	8,88,34,076	38,34,076
15.	27-Labour, Employment and Training	56,80,39,000	59,82,66,977	3,02,27,977
16.	29-Finance	1935,99,87,000	2138,59,32,863	202,59,45,863
17.	30-Miscellaneous General Services	48,18,57,000	48,83,82,303	65,25,303
18.	31-Tribal Development	483,82,77,000	519,10,86,689	35,28,09,689
19.	32-Scheduled Caste Sub-Plan	329,32,05,000	336,71,54,314	7,39,49,314
20.	07-Police and Allied Organisations (Capital-Voted)	20,20,94,000	20,90,64,000	69,70,000
21.	11-Agriculture (Capital-Voted)	64,32,80,000	64,52,99,282	20,19,282
22.	13-Irrigation, Water Supply and Sanitation (Capital-Voted)	396,80,37,075	443,84,43,123	47,04,06,048
23.	14-Animal Husbandry, Dairy Development and Fisheries (Capital-Voted)	8,31,46,000	9,19,78,000	88,32,000
24.	23-Power Development (Capital-Voted)	251,10,01,000	254,07,25,000	2,97,24,000
25.	02-Governor and Council of Ministers (Revenue -Charged)	3,29,66,000	3,39,98,864	10,32,864
26.	10-Public Works-Roads, Bridges and Buildings (Capital- Charged)	3,32,10,000	5,41,81,949	2,09,71,949
	Total	**8865,48,43,605**	**11103,12,10,074**	**2237,63,66,469 or 2237.64 crore**

Appendix-2.5
(Reference: Paragraph 2.3.7; Page 38)

Cases where supplementary provisions proved unnecessary

(In thousand of ₹)

Sl. No.	Number and Name of the Grant	Original provision	Actual Expenditure	Savings out of Original provision	Supplementary provision
Capital					
1.	16-Forest and Wildlife	2,80,01	2,47,69	32,32	11,99
2.	31-Tribal Development	134,01,38	133,24,26	77,12	90,23
3.	32-Scheduled Caste Sub-Plan	420,68,00	404,89,30	15,78,70	2,69,89
	Total	**557,49,39**	**540,61,25**	**1,68,814**	**3,72,11 or say ₹3.72 crore**

Appendix-2.6
(Reference: Paragraph 2.3.7; Page 38)

Statement of various grants/appropriation where supplementary provision proved insufficient by more than ₹one crore in each case

(₹ in crore)

Sl. No.	Grant Number	Name of the Grants and Appropriation	Original provision	Supple-mentary provision	Total	Expenditure	Excess
		Revenue					
1.	05	Land Revenue and District Administration	324.19	33.92	358.11	769.26	411.15
2.	07	Police and Allied Organisations	421.77	59.29	481.06	489.33	8.27
3.	09	Health and Family Welfare	588.68	66.99	655.67	690.98	35.31
4.	11	Agriculture	122.71	61.62	184.33	196.54	12.21
5.	12	Horticulture	95.33	29.21	124.54	131.28	6.74
6.	13	Irrigation, Water Supply and Sanitation	999.16	50.34	1049.50	1636.22	586.72
7.	14	Animal Husbandary, Dairy Development and Fisheries	135.37	28.50	163.87	177.82	13.95
8.	23	Social Justice and Empowerment	156.21	7.16	163.37	795.13	631.76
9.	29	Finance	1885.54	50.46	1936.00	2138.59	202.59
10.	31	Tribal Development	467.91	15.92	483.83	519.11	35.28
		Capital					
11.	10	Public Works-Roads, Bridges and Buildings (Charged)	0.00	3.32	3.32	5.42	2.10
12.	13	Irrigation, Water Supply and Sanitation	334.17	62.63	396.80	443.84	47.04
		Total	**5531.04**	**469.36**	**6000.40**	**7993.52**	**1993.12**

Appendix-2.7
(Reference: Paragraph 2.3.8; Page 38)

Excess/Unnecessary/Insufficient re-appropriation of funds

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving (-)
1	05	Land Revenue and District Administration	2245-05-101-01	8,491.00	(-) 11,767.70
2	07	Police and Allied Organisations	2055-109-01	171.60	542.04
3	09	Health and Family Welfare	2210-02-001-02	29.63	582.69
4			2210-03-110-01	1,351.68	385.57
5			2210-04-101-02	39.02	1,280.96
6	10	Public Works-Roads, Bridges and Buildings	2059-80-799-01	6,651.94	3,663.11
7			3054-04-105-06	(-)8,615.53	616.99
8	11	Agriculture	2401-800-12	(-)0.02	284.68
9			2401-800-13	127.32	593.30
10	12	Horticulture	2401-119-19	2.27	203.65
11	13	Irrigation, Water Supply and Sanitation	2215-01-001-01	34.62	561.50
12			2215-01-001-02	432.23	384.40
13			2215-01-101-02	(-)36.78	1,283.81
14			2215-01-102-03	(-)0.02	997.90
15			2215-01-102-03	1,298.06	2,232.01
16			2215-01-799-01	45.25	14,843.22
17			2702-80-001-02	(-)83.49	1,406.33
18			2702-80-001-01	(-)1,325.81	1,058.71
19			4215-01-102-01	(-)0.20	4,801.62
20			4215-01-102-18	(-)0.01	520.81
21			4215-01-102-19	(-)0.01	1,266.12
22			4701-12-800-02	(-)0.29	201.07
23			4702-799-01	2,769.70	(-) 387.93
24	16	Forest and Wild Life	2406-01-001-02	203.28	374.96
25	17	Election	2015-109-01	(-)248.25	236.34
26	18	Industries, Minerals, Supplies and Information Technology	2851-102-19	(-)747.15	202.18
27	19	Social Justice and Empowerment	2235-60-200-11	1,183.58	205.75
28	29	Finance	2071-01-101-02	(-)4,112.48	15,724.67
29			2071-01-102-02	4,045.53	(-)1,229.42
30			2071-01-105-02	4,232.19	7,275.86
31			2071-01-115-01	1,778.31	1,142.63
32			2071-01-101-03	(-)3,384.64	(-) 4,063.83
33			2071-01-101-04	(-)288.44	(-) 786.34

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving (-)
34			2049-01-101-01	1,651.99	(-)1,652.00
35			2049-01-101-02	821.99	(-) 822.00
36			2049-01-101-03	1,649.99	(-)1,650.00
37			2049-01-101-05	4,898.75	(-) 4,898.76
38			2049-01-101-51	432.90	(-) 432.91
39			2049-01-200-07	200.00	(-) 235.35
40			2049-01-200-19	(-)500.00	(-) 212.71
41			2049-01-200-21	1,177.79	(-) 41,500.00
42			2049-01-101-04	2,555.99	(-)1,731.00
43			2049-03-104-03	(-)152.08	235.72
44			2049-03-108-01	(-)205.58	342.69
45			6003-106-01	702.47	(-)702.48
46	31	Tribal Development	2202-02-796-03	60.48	201.01
47			2215-01-796-01	239.74	(-) 221.21
48			2215-01-796-01	13.96	260.03
49			3054-04-796-02	(-)29.12	980.22
50			2215-01-796-09	137.41	(-) 288.31
51	32	Scheduled Caste Sub-Plan	2210-03-789-01	(-)13.96	405.07
52			4202-01-789-05	(-)6.25	(-) 618.75
53			4210-02-789-01	(-)4.71	(-) 466.30
54			4701-01-789-05	(-)300.00	300.00
55			4701-20-789-04	299.99	(-) 300.00

Appendix-2.8
(Reference: Paragraph 2.3.10; Page 38)

Statement showing substantial surrenders made during the year

(₹ in lakh)

Sl. No.	Grant No.	Head of Account	Total Provision	Amount of surrender (₹ 10 lakh and above)	Percentage of surrender with respect to total provision
1	3	2014-105-04	555.00	555.00	100
2	3	2014-114-05	100.00	82.72	83
3	3	2059-01-053-40	71.00	51.00	72
4	3	2070-105-04	20.80	18.79	90
5	3	4059-01-051-29	200.00	200.00	100
6	8	2202-111-01	3300.00	2475.00	75
7	8	2202-800-05	21.80	20.69	95
8	15	3451-101-01	350.00	350.00	100
9	15	5002-01-120-01	2500.00	2500.00	100
10	15	5475-800-05	200.00	200.00	100
11	16	4406-01-070-01	50.00	26.32	53
12	19	4225-80-800-03	50.00	50.00	100
13	25	5055-800-01	1532.00	1532.00	100
14	29	3454-02-112-03	163.00	120.62	74
15	29	2049-01-200-05	400.00	289.90	72
16	29	2049-01-200-08	1000.00	999.00	99.90
17	29	2049-01-200-20	27900.00	15730.00	56
18	29	2049-03-104-03	160.00	152.08	95
19	29	7610-201-01	36.00	24.75	69
		Total	**38609.60 or say ₹386.10 crore**	**25377.87 or say ₹253.78 crore**	

Appendix-2.9
(Reference: Paragraph 2.3.10; Page 38)

Statement showing cent *per cent* surrenders during the year

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
1.	03- Administration of Justice	Expenditure on Morning and Evening Courts under 13th Finance Commission (2014-105-04)	555.00	100
The entire provision was surrendered due to non-completion of codal formalities.				
2.	03- Administration of Justice	Expenditure on Construction of Buildings of Judicial Academy under 13th Finance Commission (4059-01-051-29)	200.00	100
The entire provision was surrendered due to non-completion of codal formalities.				
3.	15-Planning and Backward Area Sub-Plan	Head Quarters (3451-101-01)	350.00	100
The entire provision was surrendered due to non-completion of codal formalities.				
4.	15-Planning and Backward Area Sub-Plan	Construction of Railway Lines (5002-01-120-01)	2,500.00	100
The entire provision was surrendered due to reduction in plan ceiling for execution of major works.				
5.	15-Planning and Backward Area Sub-Plan	Construction of Government Accommodation to District Planning Officer/Staff (5475-800-05)	200.00	100
The entire provision was surrendered due to reduction in plan ceiling. Entire amount was also surrendered during 2008-09 and 2009-10.				
6.	19-Social Justice and Empowerment	Construction of Other Backward Classes Boys/Girls Hostels (4225-80-800-03)	50.00	100
The entire provision was surrendered due to non-execution of major works.				
7.	25-Road and Water Transport	Repayment of Loans Raised by Himachal Road Transport Corporation (5055-800-01)	1,532.00	100
		Total	**5387.00 or ₹53.87 crore**	

Appendix-2.10
(Reference: Paragraph 2.3.11; Page 39)

Surrenders in excess of actual savings (₹50 lakh or more)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue-Voted					
1.	06-Excise and Taxation	36.13	2.04	3.41	1.37
2.	15-Planning and Backward Area Sub-Plan	43.56	7.78	8.64	0.86
3.	19-Social Justice and Empowerment	288.91	0.54	3.36	2.82
4.	20-Rural Development	304.88	4.06	5.84	1.78
5.	21- Co-operation	27.34	0.70	0.76	0.06
6.	25-Road and Water Transport	101.44	3.38	3.40	0.02
7.	28-Urban Development, Town and Country Planning and Housing	117.80	25.83	25.93	0.10
Revenue-Charged					
8.	03-Administration of Justice	23.03	0.66	0.68	0.02
9.	29-Finance	2232.20	282.43	288.11	5.68
	Total	**3175.29**	**327.42**	**340.13**	**12.71**

Appendix-2.11
(Reference: Paragraph 2.3.13; Page 40)

Rush of Expenditure

(₹ in crore)

Sl. No.	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2011	Expenditure incurred in March 2011	Total expenditure	Percentage of total expenditure incurred during	
						Jan-March 2011	March 2011
1.	03-Administration of Justice	4059-01-051-15	12.39	10.75	17.94	69	60
2.	05-Land Revenue and District Administration	2245-80-102-01	150.00	150.00	150.00	100	100
3.	08-Education	2202-01-111-01	46.50	25.65	46.50	100	55
4.	08-Education	2202-01-111-02	13.26	13.26	13.26	100	100
5.	08-Education	2202-03-102-01	26.51	26.51	26.51	100	100
6.	10-Public Works-Roads, Bridges and Buildings	2059-80-053-04	12.67	10.09	18.72	68	54
7.	10-Public Works-Roads, Bridges and Buildings	3054-03-103-11	57.30	43.21	84.07	68	51
8.	10-Public Works-Roads, Bridges and Buildings	3054-04-105-06	155.48	117.86	216.18	72	55
9.	11-Agriculture	2401-00-800-13 (SONA)	20.40	19.11	34.25	60	56
10.	13-Irrigation, Water Supply and Sanitation	2702-80-001-06	47.83	37.80	65.34	73	58
11.	13-Irrigation, Water Supply and Sanitation	4215-01-101-01	12.15	11.88	14.00	87	85
12.	13-Irrigation, Water Supply and Sanitation	4702-00-101-06	10.94	10.26	13.26	83	77
13.	19-Social Justice and Empowerment	2235-60-102-01	38.51	38.51	38.51	100	100
14.	19-Social Justice and Empowerment	2235-60-102-02	15.81	15.81	15.81	100	100
15.	23-Power Development	2801-80-101-02	643.07	643.07	650.10	99	99
16.	23-Power Development	4801-01-190-07	32.75	32.75	45.00	73	73
17.	29-Finance	2049-01-101-71	12.78	12.78	13.08	98	98
18.	29-Finance	2049-01-101-82	34.38	34.38	51.18	67	67
19.	29-Finance	2071-01-101-02	166.96	164.83	196.12	85	84
20.	29-Finance	3054-04-796-05	27.15	26.93	28.64	95	94
21.	31-Tribal Development	5054-04-796-01 (SONM)	18.74	17.95	33.02	57	54
22.	32-Scheduled Caste Sub-Plan	4215-01-789-04 (SOOS)	34.11	33.91	36.46	94	93
23.	32-Scheduled Caste Sub-Plan	4702-00-789-06 (SOOS)	12.23	11.92	12.50	98	95
24.	32-Scheduled Caste Sub-Plan	6801-00-789-06 (SOOS)	58.20	58.20	58.20	100	100

Appendix-2.12
(Reference: Paragraph 2.4.1; Page 41)

(i) Year-wise details of AC and DCC bills for 2006-11

(₹ in crore)

Year	AC bill		DCC bill		DCC bills as percentage of AC bills	Outstanding AC bills	
	Number	Amount	Number	Amount		Number	Amount
2006-07	340	25.38	335	20.66	99	5	4.72
2007-08	314	25.43	306	21.64	97	8	3.79
2008-09	308	69.95	282	40.58	92	26	29.37
2009-10	241	83.77	219	63.12	91	22	20.65
2010-11	276	24.28	225	1.51	82	51	22.77
Total	**1479**	**228.81**	**1367**	**147.51**		**112**	**81.30**

(ii) Department wise status of pendency in submission of DCC bills against AC bills

(₹ in crore)

Sl. No.	Department	Number of AC bills	Amount
1.	Animal Husbandry	1	0.0006
2.	Ayurveda	36	11.52
3.	Co-operation	2	0.0007
4.	Elementary Education	41	65.57
5.	Finance (Treasury & Accounts)	2	0.08
6.	Health and Family Welfare	16	3.76
7.	Labour and Employment	6	0.0017
8.	Language Art & Culture	1	0.001
9.	Panchayati Raj	1	0.0008
10.	Revenue (Land Records)	1	0.003
11.	Social Justice and Empowerment	1	0.004
12.	Tribal Development	1	0.005
13.	Youth Services and Sports	3	0.36
	Total	**112**	**81.3068 or say ₹81.30 crore**

Source: Data compiled by audit from the information supplied by the Departments

Appendix-2.13
(Reference: Paragraph 2.5; Page 42)

Statement showing adverse/negative balances as on 31 March 2011

(In ₹)

Major Head/Minor Head	Treasury/DDO	Opening Balance	Credit	Debit	Closing Balance
8448- Deposit of Local Funds					
102-Municipal Funds	NAC Chopal	(-) 16,438	--	--	(-) 16,438
8448-Deposit of Local Funds					
109-*Panchayat* Body Funds	PS Banjar	(-) 25,036	38,590	36,090	(-) 22,536
8449 Other Deposit					
120-Misc. Deposits	Pr. SVSD College Bhatoli	2,09,226	71,12,052	73,21,778	(-) 500
	Total	**1,67,752**	**71,50,642**	**73,57,868**	**(-) 39,474**

Appendix-3.1
(Reference: Paragraph 3.1; Page 45)

Utilisation Certificates outstanding as on 31 March 2011

(₹ in lakh)

Sl. No.	Head of Account	Year	UTILISATION CERTIFICATES DUE		UTILISATION CERTIFICATES OUTSTANDING	
			No. of Items	Amount	No. of Items	Amount
1	2011- Parliament/ State/ Union Territory Legislatures	2009-10	1	8.23		
			1	**8.23**	-	-
2	2055- Police	2008-09	1	25.00	1	25.00
			1	**25.00**	**1**	**25.00**
3	2070 – Other Administrative Services	2009-10	11	221.77	11	221.77
			11	**221.77**	**11**	**221.77**
4	2075- Miscellaneous General Services	2006-07	9	128.25	9	128.25
		2007-08	18	211.54	18	211.54
		2008-09	17	181.92	17	181.92
		2009-10	13	168.10	13	168.10
			57	**689.81**	**57**	**689.81**
5	2202- General Education	2006-07	23	1242.01	-	-
		2007-08	2,887	1857.13	-	-
		2008-09	15,981	13086.81	-	-
		2009-10	13,736	14181.30	3185	4574.42
			32,627	**30367.25**	**3,185**	**4574.42**
6	2204- Sports & Youth services	2005-06	3	110.43	-	-
		2006-07	13	87.43	9	66.38
		2007-08	10	52.84	10	52.84
		2008-09	23	383.88	17	254.48
		2009-10	31	490.43	31	490.43
			80	**1125.01**	**67**	**864.13**
7	2205- Art and Culture	2005-06	66	50.66	1	16.50
		2006-07	220	68.94	160	36.74
		2007-08	229	46.55	229	46.55
		2008-09	344	46.56	344	46.56
		2009-10	31	234.44	31	234.44
			890	**447.15**	**765**	**380.79**
	Medical and Public Health					
8	2210- Medical & Public Health	2006-07	5	8.50	-	-
		2007-08	3	3.00	-	-
		2008-09	123	484.98	123	484.98
		2009-10	504	2973.22	504	2973.22

			635	**3469.70**	**627**	**3458.20**
9	2211-Family Health	2009-10	19	1152.58	19	1152.58
			19	**1152.58**	**19**	**1152.58**
	Total (Medical and Public Health)		**654**	**4622.28**	**646**	**4610.78**
	Urban Development					
10	3054- Road & Bridges	2008-09	2	600.00	2	600.00
		2009-10	2	600.00	2	600.00
			4	**1200.00**	**4**	**1200.00**
11	2217- Urban Development	2007-08	15	2277.89	3	400.52
		2008-09	34	3373.65	24	2945.77
		2009-10	42	10563.26	28	6675.00
			91	**16214.80**	**55**	**10022.29**
	Total (Urban Development)		**95**	**17414.80**	**59**	**11222.29**
	Social Justice and Empowerment					
12	2225- Welfare of SC, ST & Other Backward Classes	2006-07	15	653.67	11	607.17
		2007-08	37	1114.91	29	974.96
		2008-09	46	1355.54	34	1157.92
		2009-10	34	1670.99	34	1670.99
			132	**4795.11**	**108**	**4411.04**
13	2235- Social Security & Welfare	2006-07	40	72.49	40	72.49
		2007-08	158	995.50	52	858.80
		2008-09	743	1233.28	100	702.53
		2009-10	283	1505.71	204	1089.94
			1,224	**3806.98**	**396**	**2723.76**
14	2250- Other Social Community Services	2006-07	1	0.88	-	-
		2007-08	1	0.27	-	-
		2008-09	1	0.27	-	-
		2009-10	1	0.27	-	-
			4	**1.69**		
	Total (Social Justice and Empowerment)		**1360**	**8603.78**	**504**	**7134.80**
15	2230- Labour and Employment	2009-10	1	5.00	-	-
			1	**5.00**	**-**	**-**
	Secretariat and Social Services					
16	2052 – Secretariat General Services	2009-10	8	71.75	-	-
			8	**71.75**	**-**	**-**
17	2251- Secretariat Social Services	2007-08	2	94.26	2	94.26
		2008-09	8	275.43	8	275.43
		2009-10	14	395.81	14	395.81
			24	**765.50**	**24**	**765.50**
	Total (Secretariat and Social Services)		**32**	**837.25**	**24**	**765.50**
18	2401- Crop Husbandry	2008-09	1	50.00	-	-
		2009-10	10	296.50	-	-

			11	**346.50**	**-**	**-**
19	2403- Animal Husbandry	2007-08	1	50.00	1	50.00
		2008-09	14	387.10	6	116.53
		2009-10	15	635.40	7	105.00
			30	**1072.50**	**14**	**271.53**
20	2404- Diary Development	2009-10	8	1290.00	-	-
			8	**1290.00**	-	-
21	2405- Fisheries	2009-10	10	22.53	-	-
			10	**22.53**	**-**	**-**
22	2406- Forestry and Wild Life	2007-08	1	21.69	1	4.70
		2008-09	8	339.75	4	127.28
		2009-10	25	1377.60	24	603.37
			34	**1739.04**	**29**	**735.35**
23	2408- Food Storage & Ware Housing	2008-09	1	5.00	-	-
		2009-10	49	28.85	-	-
			50	**33.85**	-	-
24	2415- Agriculture Research & Education	2007-08	9	191.00	-	-
		2008-09	22	3798.00	5	283.25
		2009-10	42	8443.12	24	4121.12
			73	**12432.12**	**29**	**4404.37**
25	2425- Co-operation	2007-08	3	0.62	-	-
		2008-09	80	12.57	-	-
		2009-10	219	141.38	62	13.99
			302	**154.57**	**62**	**13.99**
	Rural Development					
26	2216- Housing	2003-04	6	110.13	-	-
		2004-05	23	103.43	-	-
		2005-06	20	275.93	-	-
		2006-07	31	420.55	13	71.51
		2007-08	83	1158.62	49	552.62
		2008-09	111	1731.62	76	1202.43
		2009-10	129	2792.67	125	2667.52
			403	**6592.95**	**263**	**4494.08**
27	2501- Special Programme	2000-01	2	415.78	-	-
		2004-05	38	656.09	2	27.02
		2005-06	50	443.08	9	61.04
		2006-07	66	1099.22	17	305.69
		2007-08	111	1109.62	58	539.49
		2008-09	190	1469.28	108	840.52
		2009-10	172	1411.97	161	1262.85
			629	**6605.04**	**355**	**3036.61**
28	2505- Rural Employment	2003-04	10	67.01	-	-
		2004-05	5	83.97	2	55.99
		2006-07	11	328.81	6	217.35

		2007-08	39	1270.54	5	104.83
		2008-09	73	3503.35	2	816.89
		2009-10	39	5454.09	10	3401.53
			177	**10707.77**	**25**	**4596.59**
29	2515- Other Rural Development Programmes	2001-02	151	627.41	151	627.41
		2002-03	45	1214.18	37	1118.51
		2003-04	162	1039.48	73	1020.50
		2004-05	325	1789.40	205	1575.34
		2005-06	415	1742.24	298	1665.33
		2006-07	566	4774.20	302	4111.65
		2007-08	685	8182.26	314	5911.03
		2008-09	890	13399.98	500	11750.00
		2009-10	765	13545.05	713	12638.01
			4,004	**46314.20**	**2,593**	**40417.78**
	Total (Rural Development)		**5213**	**70219.96**	**3,236**	**52545.07**
30	2801- Power	2009-10	4	90.00	-	-
			4	**90.00**	**-**	**-**
31	2810- Non-Conventional Source of Energy	2009-10	3	126.00	-	-
			3	**126.00**	**-**	**-**
32	2851- Village & Small Scale Industries	2005-06	4	0.21	4	0.21
		2006-07	514	73.54	514	73.54
		2007-08	93	87.56	93	87.56
		2008-09	93	86.15	90	85.00
		2009-10	124	1042.74	117	1042.42
			828	**1290.20**	**818**	**1289.73**
33	3425- Other Scientific Research	2006-07	2	60.83	-	-
		2007-08	6	60.52	-	-
		2009-10	4	69.57	-	-
			12	**190.92**	**-**	**-**
34	3435- Ecology Environment	2009-10	7	28.69	1	5.20
			7	**28.69**	**1**	**5.20**
35	3451- Secretariat Economic Services	2009-10	5	338.00	1	3.66
			5	**338.00**	**1**	**3.66**
36	3452- Tourism	1998-99	1	137.00	1	137.00
		2004-05	1	4.40	-	-
		2008-09	1	45.00	1	45.00
		2009-10	3	3.00	2	2.00
			6	**189.40**	**4**	**184.00**
37	3604- Compensation and assignments to Local Bodies	2008-09	16	396.58	16	396.57
		2009-10	18	429.35	18	429.36
			34	**825.93**	**34**	**825.93**
	Grand Total:		**42,439**	**154757.54**	**9547**	**90768.12**

Appendix-3.2
(Reference: Paragraph 3.2; Page 46)

Statement showing performance of the Autonomous Bodies

Sl. No.	Name of body	Period of entrustment	Year upto which accounts were rendered	Period upto which separate Audit Report is issued	Placement of SAR in the Legislature	Delay in submission of accounts	Period of delay
1	H.P. State Veterinary Council , Shimla	2005-06 onwards	2010-11	2009-10	2008-09	2010-11	2 Months
2.	H.P State Legal Services Authority Shimla .	Audit is being conducted in accordance with the provisions contained in section 18(2) of Legal Services Authorities Act, 1987	2010-11	2009-10	2009-10	No delay	--
3	Distt. Legal Services Authority Shimla .		2010-11	2009-10	2009-10	2010-11	1 Month
4	Distt. Legal Services Authority Solan.		2010-11	2009-10	2009-10	No delay	--
5	Distt. Legal Services Authority Hamirpur.		2010-11	2009-10	2009-10	2010-11	2 Months
6	Distt. Legal Services Authority Dharamsala		2010-11	2009-10	2009-10	2010-11	2 Months
7	Distt. Legal Services Authority Una.		2010-11	2009-10	2009-10	2010-11	2 Months
8	Distt. Legal Services Authority Mandi		2010-11	2009-10	2009-10	2010-11	1 Month
9	Distt. Legal Services Authority Nahan		2010-11	2009-10	2009-10	2010-11	1 Month
10	Distt. Legal Services Authority Bilaspur		2010-11	2009-10	2009-10	2010-11	1 Month
11	Distt. Legal Services Authority Chamba		2010-11	2009-10	2009-10	2010-11	1 Month
12	Distt. Legal Services Authority Kinnaur at Rampur .		2010-11	2009-10	2009-10	2010-11	2 Months
13	Distt. Legal Services Authority Kullu & Lahaul Spiti at Kullu.		2010-11	2009-10	2009-10	2010-11	2 Months

Appendix-3.3
(Reference: Paragraph 3.3; Page 46)

Department wise/duration wise break-up of the cases of misappropriation, defalcation, etc.

Sl. No.	Name of the 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.	
		C	A	C	A	C	A	C	A	C	A	C	A	C	A
1	Education	2	2.19	1	0.71	1	0.48	--	--	1	0.59	1	0.14	6	4.11
2	Rural Development	1	4.68	1	Nil	--	--	--	--	--	--	--	--	2	4.68
3	Agriculture	2	9.46	--	--	--	--	--	--	--	--	--	--	2	9.46
4	Land Revenue	--	--	--	--	1	2.57	--	--	--	--	--	--	1	2.57
5	Police	--	--	2	1.51	--	--	--	--	--	--	--	--	2	1.51
6	Revenue	--	--	1	0.31	--	--	--	--	--	--	1	0.02	2	0.33
7	Home Guard	--	--	--	--	2	25.37	--	--	--	--	1	0.05	3	25.42
8	Animal Husbandry	--	--	1	0.17	--	--	--	--	--	--	2	0.93	3	1.10
9	Director Planning	--	--	1	2.97	--	--	--	--	--	--	--	--	1	2.97
10	Himachal Pradesh Public Service Commission	--	--	1	2.96	--	--	--	--	--	--	--	--	1	2.96
11	Health	--	--	1	0.95	--	--	--	--	--	--	--	--	1	0.95
12	Forest	--	--	1	2.38	--	--	--	--	1	0.20	1	0.20	3	2.78
13	Public Works	--	--	--	--	6	7.43	1	1.05	2	0.77	7	2.78	16	12.03
14	Irrigation and Public Health	1	0.89	1	0.02	1	7.69	--	--	2	0.31	--	--	5	8.91
	Total:	**6**	**17.22**	**11**	**11.98**	**11**	**43.54**	**1**	**1.05**	**6**	**1.87**	**13**	**4.12**	**48**	**79.78**

C: **Number of cases**
A: **Amount (₹ in lakh)**

Appendix-3.4
(Reference: Paragraph 3.3; Page 46)

Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)
Education	2	2.19	4	1.92	6	4.11
Rural Development	--	--	2	4.68	2	4.68
Agriculture	--	--	2	9.46	2	9.46
Land Revenue	--	--	1	2.57	1	2.57
Police	--	--	2	1.51	2	1.51
Revenue	1	0.31	1	0.02	2	0.33
Home Guard	--	--	3	25.42	3	25.42
Animal Husbandry	1	0.17	2	0.93	3	1.10
Director Planning	1	2.97	--	--	1	2.97
Himachal Pradesh Public Service Commission	--	--	1	2.96	1	2.96
Health	--	--	1	0.95	1	0.95
Forests	--	--	3	2.78	3	2.78
Public Works	2	0.77	14	11.26	16	12.03
Irrigation and Public Health	1	0.25	4	8.66	5	8.91
Total:	**8**	**6.66**	**40**	**73.12**	**48**	**79.78**

Appendix-3.5
(Reference: Paragraph 3.4; Page 47)

The position of Suspense balances under major Suspense Heads for the last three years

(₹ in crore)

Name of Minor Head	2008-09		2009-10		2010-11	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101-Pay and Accounts Office-Suspense	73.49	7.37	80.64	17.34	25.24	20.24
Net	66.12 Dr.		63.30 Dr.		5.00 Dr.	
102-Suspense Account (Civil)	61.58	9.58	8.44	0.42	115.37	99.53
Net	52.00 Dr.		8.02 Dr		15.84 Dr.	
107-Cash Settlement Suspense Account	5.46	1.08	4.38	1.12	3.26	2.42
Net	4.38 Dr.		3.26 Dr.		0.84 Dr.	
109-Reserve Bank Suspense-Headquarters	(-)0.50	(-)0.10	(-)12.96	(-) 19.76	(-)1.32	(-)0.10
Net	0.40 Cr.		6.80 Dr.		1.22 Cr.	
110-Reserve Bank Suspense-Central Accounts Office	5.96	0.10	4.17	0.10	4.19	0.20
Net	5.86 Dr.		4.07 Dr.		3.99 Dr.	
112-Tax Deducted at Source (TDS) Suspense	53.84	64.50	91.39	108.50	239.60	269.19
Net	10.66 Cr.		17.11 Cr		29.59 Cr.	
129-Material Purchase Settlement Suspense Account	24.90	195.94	47.66	278.13	58.09	358.47
Net	171.04 Cr.		230.47 Cr.		300.38 Cr.	

Appendix-3.6
(Reference: Paragraph 3.5; Page 49)

Year-wise break up of outstanding Inspection Reports/Paras upto March 2011 of selected DDOs

Period	Education				Cooperation		Industry		Police		Total	
	Secondary Education		Himachal Pradesh University									
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
Upto March 2001	776	1634	6	103	14	17	16	20	5	6	817	1780
2001-02	88	234	1	4	2	3	1	2	1	2	93	245
2002-03	104	269	1	11	3	5	1	1	4	6	113	292
2003-04	94	266	1	11	3	10	4	7	5	6	107	300
2004-05	83	260	2	42	3	3	3	8	4	15	95	328
2005-06	201	648	1	31	1	1	4	5	3	8	210	693
2006-07	249	814	1	21	4	6	5	12	9	28	268	881
2007-08	210	606	1	14	6	16	4	10	6	13	227	659
2008-09	96	278	1	64	3	11	5	13	4	6	109	372
2009-10	22	58	2	12	1	5	1	3	1	3	27	81
2010-11	25	68	1	10	1	5	6	35	6	16	39	134
Total	**1948**	**5135**	**18**	**323**	**41**	**82**	**50**	**116**	**48**	**109**	**2105**	**5765**

Appendix-3.7
(Reference: Paragraph 3.5; Page 49)
Statement showing irregularities commented upon in the outstanding Inspection Reports and paragraphs as on 31 March 2011

(₹ in lakh)

Sl. No	Type of irregularities	Education				Cooperation		Industry		Police		Total	
		Secondary Education		HPU									
		Para	Amount	Para	Amount	Para	Amount	Para	Amount	Para	Amount	Para	Amount
1	Drawal of funds in advance of requirement	29	243.99	7	54.06	0	0	4	81.26	15	1642.78	55	2022.09
2	Non-adjustment of contingent advances	24	8.59	24	973.04	1	0.12	0	0	0	0	49	981.75
3	Excess/irregular expenditure for want of sanctions	1169	10041.12	81	1414.35	12	28.07	7	1394.71	11	45.99	1280	12924.24
4	Wasteful/ infructuous/ unfruitful expenditure	85	1169.11	13	1262.09	2	3.70	8	2318.70	3	188.55	111	4942.15
5	Diversion of funds	3	2.03	2	46.74	0	0	0	0	1	73.63	6	122.40
6	Overpayment, non-recovery of rent, advances/ miscellaneous recoveries	1915	1699.08	43	199.92	19	226.89	20	366.96	30	3256.73	2027	5749.58
7	Non-production of actual payees' receipts	61	220.50	6	17.46	6	8.25	0	0	2	13.12	75	259.33
8	Outstanding loans	1	0.09	3	171.13	5	345.18.	19	1011.73	0	0	28	1528.13
9	Idle machinery/ equipment including vehicles	30	34.06	10	248.45	1	0.37	1	8.54	5	144.68	47	436.10
10	Non-accounting/ shortage of stores/cash, etc.	235	342.88	8	11.82	3	0.30	4	1.07	3	1109.89	253	1465.96
11	Non-recoupment of expenditure	3	0.08	8	200.05	0	0	1	107.94	1	24.04	13	332.11
12	Misappropriation of stores/ cash/ funds	83	86.73	6	50.36	2	0	3	0.32	1	1.93	95	139.34
13	Incomplete/ abandoned works	25	1331.50	7	292.71	5	97.56	12	548.36	13	5622.99	62	7893.12
14	Loss/theft embezzlement/ defalcation, etc.	228	102.84	16	365.55	4	49.58	4	309.94	7	7.94	259	835.85
15	Non-production of UCs	12	73.78	6	37.03	1	0	8	1719.86	0	0	27	1830.67
16	Non-disposal of unserviceable articles of stores	163	586.98	8	2.74	3	0.55	1	5.15	2	19.99	177	615.41
17	Non-reconciliation with treasuries/ banks	154	339.86	2	0.01	1	0.01	0	0	0	0	157	339.88
18	Non-utilization of Grants-in-aid	72	994.31	5	58.29	2	22.85	8	844.18	1	1.50	88	1921.13
19	Non-deposit of interest in treasuries	39	11.36	10	28.19	1	1.14	8	947.72	2	51.29	60	1039.70
20	Miscellaneous irregularities	804	1444.11	58	2632.18	14	299.71	8	233.99	12	304.22	896	4914.21
Total		**5135**	**18733.00**	**323**	**8066.17**	**82**	**1084.28**	**116**	**9900.43**	**109**	**12509.27**	**5765**	**50293.15**