

## Preface

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**T**his Report has been prepared for submission to the Governor under Article 151 of the Constitution.

Chapters 1 and 2 of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2011. Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

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

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# Executive Summary

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## Background

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

The Comptroller and Auditor General of India has been commenting on the State finances as part of the Audit Report on the Government of Andhra Pradesh (Civil) every year. Since the Audit comments on State finances remained camouflaged in the large body of audit findings on compliance and performance audits, a stand alone report on State Government finances was considered appropriate. Accordingly, from the report year 2009 onwards, a separate volume titled “Report on State Finances” is being presented.

## The Report

Based on the audited accounts of the Government of Andhra 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 audit of Finance Accounts and makes an assessment of the Andhra Pradesh Government’s fiscal position as on 31 March 2011. It provides an insight into trends in committed expenditure, borrowing pattern, etc., besides a brief account of central funds transferred directly to the State Implementing Agencies through off-budget route. It also assesses the adequacy of the State’s fiscal priorities to developmental, social sectors and capital expenditure.

**Chapter 2** is based on audit of Appropriation Accounts and gives a 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 the State Government’s compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

## Audit findings and recommendations

### Fiscal consolidation

The Government of Andhra Pradesh has largely been achieving the fiscal reform targets every year in post FRBM legislation period. The State registered revenue surplus for the 5<sup>th</sup> consecutive year during 2010-11 and the fiscal deficit was well within the ceiling prescribed by the FRBM Act. The State has done well to bring down the fiscal liabilities at the end of current year to 24.52 per cent of GSDP against a ceiling of 30.3 per cent prescribed under FRBM Act and 25 per cent recommended by the 13<sup>th</sup> Finance Commission by 2014-15.

Revenue receipts registered an impressive growth of over 25 per cent during the current year (₹ 16,318 crore) over the previous year due to growth in own tax and non tax revenue by ₹ 12,880 crore. However, there was also an increase in arrears of revenue (38 per cent) over the previous year. The growth in own tax revenue was due to increase in sales tax and state excise, and the growth in non tax revenue was due to increase in interest receipts and increased collections from non ferrous mining and metallurgical industries.

***The Government should ensure better tax compliance to improve its own tax revenue and reduce the arrears of revenue. It should also explore the possibilities of making certain State provided services like irrigation viable in medium to long term.***

Central Government has been transferring a sizeable quantum of funds directly to the State implementing agencies (₹ 12,174 crore during the year) for implementation of various flagship programmes in socio-economic sectors. As these funds are not routed through the State budget/State treasury system, 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. Funds flowing directly to the implementing agencies through off-budget route inhibit Fiscal Responsibility Legislation (FRL) requirements of transparency and escape accountability. There is no single agency monitoring the use of these funds and no data is readily available on the amount spent in any particular year on major flagship and other important schemes.

***The State Government needs to put in place an appropriate mechanism to ensure proper accounting and utilisation of the funds directly transferred by GOI to implementing agencies.***

Revenue expenditure increased by over 23 per cent (₹ 15,086 crore) over the previous year – both in plan and non-plan segments due to interest payments and increased assistance to local bodies.

Capital expenditure however, decreased by about 19 per cent (₹ 2,670 crore) and the ratio of capital expenditure to total expenditure fell significantly during the year. This was despite the Government's commitment while presenting budget during 2010-11 to increase the capital expenditure to ensure growth. The decrease in capital expenditure was mainly in major/ medium irrigation, roads and building sectors. There was also substantial

blocking up of funds (₹ 46,330 crore up to March 2011) on incomplete projects/works over the years, depriving the anticipated benefits to the targeted segments of population.

***Government should formulate an action plan expeditiously, to complete all the pending projects, especially irrigation projects within a specified timeframe, to ensure that the envisaged benefits accrue to the targeted beneficiaries. Also, Government should prioritize the areas that need capital expenditure, especially in socio-economic sectors.***

The State Government accorded adequate fiscal priority to development expenditure during 2010-11. However, funds earmarked for specific social sector activities were not always released on time/ not released at all, thereby negating the objective of allocating these funds.

***Government needs to re-prioritize the outlay in respect of social sector and ensure that funds are released based on approved outlays and spent for the purpose sanctioned.***

The current level of recovery of loans advanced by the State was extremely poor (5.19 per cent of disbursement during the current year). The rate of return on Government investment in various statutory corporations, companies, cooperatives etc. was also negligible at 0.47 per cent during the last five years, as against the average rate of interest paid during the same period (7.60 per cent) and has proved to be a drag on the finances of the State.

***The State Government needs to consider drawing up a roadmap for closure of loss making PSUs in non-core areas, in keeping with the recommendation of 13<sup>th</sup> Finance Commission.***

## **Financial management and budgetary control**

The State Government's budgetary processes have not been sound during the year, with errors in budgeting, lumpsum provisions made without clarity of purpose (only to be surrendered later), excess expenditure over allocation, expenditure without budget provision etc. No effort was made to analyse the areas where there were persistent savings and take necessary corrective action. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriations without proper explanations and expending without provision of funds.

Release of funds and surrender of substantial funds at the fag end of the year is a matter of concern, since funds could not be utilized fruitfully. Several developmental initiatives of the Government in social sector, especially, education sector have not borne fruit due to lack of proper monitoring/budget freeze etc.

***Government needs to adhere to budgetary processes and procedures, and financial rules scrupulously, to ensure that budgeting process is more transparent and result oriented. Efforts should be made by all the departments to submit realistic budget estimates, keeping in view the past trends in receipts and expenditure in order to avoid large scale saving/excess, re-appropriations and surrenders at the fag end of the year. Savings should be surrendered as and when anticipated without waiting till the end of the financial year.***

## Financial reporting

Internal controls within the State Government departments were not functioning as envisaged with regard to compliance with various rules and procedures instituted by the Government. Financial reporting cannot be accurate and reliable in the absence of compliance with the basic requirement of compilation of accounts by the Government undertakings and bodies and non-accountal/adjustment of large amounts drawn on abstract contingent bills by the departmental authorities. Further, classification of various important items of expenditure relating to subsidies, capital outlay on roads and bridges, special programmes for rural development, revenue receipts etc. under omnibus Minor Head – 800 affected the transparency in accounts of the State Government.

***Government needs to strengthen financial management and reporting, especially in areas such as timely compilation of accounts by Government undertakings and bodies, adjustment of funds drawn through AC bills by submitting the DC bills and correct classification of expenditure at the Minor Head level.***

# Chapter I Finances of the State Government

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## Profile of Andhra Pradesh

**A**ndhra Pradesh is the fourth largest State in India in terms of geographical area of 2.75 lakh sq. km with a population of 8.47 crore as per the 2011 census. The State has shown marginally higher economic growth in the past decade, as the compound annual growth rate of its Gross State Domestic Product for the period 2001-02 to 2010-11 has been 15.36 *per cent* as compared to 14.68 *per cent* in General Category States<sup>1</sup>. During this period, its population also grew by 11.10 *per cent* against 17.56 *per cent* in General Category States. Consequently, the compound annual growth rate of per capita income in the State (12.55 *per cent*) has been higher than that of the General Category States (11.32 *per cent*) in the current decade.

Key socio-economic parameters of the State viz., population Below Poverty Line (15.8 *per cent*), Infant Mortality Rate (49 per 1000 live births) and Life Expectancy at birth (64.4 *years*) are better than the All India average. Also, inequality of income distribution, as reflected through the Gini<sup>2</sup> co-efficient was marginally lower in the State in rural areas (0.29) than the national average, but approximately the same in urban areas (0.37) as the All India position(*Appendix 1.1*).

### 1.1 Introduction

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

### 1.2 Summary of current year's fiscal transactions

**Table 1.1** presents the summary of State Government's fiscal transactions during the current year (2010-11) vis-à-vis the previous year, while *Appendix 1.3* provides the details of receipts and disbursements as well as overall fiscal position during the current year.

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

<sup>2</sup> It is a measure of inequality of income distribution where zero refers to perfect equality and one refers to perfect inequality.

**Table 1.1 Summary of fiscal transactions**

(₹ in crore)

Receipts			Disbursements				
Section A	2009-10	2010-11	Section A	2009-10	2010-11		
	Total	Total		Total	NonPlan	Plan	Total
Revenue receipts	64,678	80,996	Revenue expenditure	63,448	58,833	19,701	78,534
Tax revenue	35,176	45,139	General services	21,392	26,577	131	26,708
Non-tax revenue	7,803	10,720	Social services	25,757	18,042	14,272	32,314
Share of Union Taxes/Duties	12,141	15,237	Economic services	16,213	14,048	5,298	19,346
Grants from GOI	9,558	9,900	Grants-in-aid and Contributions	86	166	---	166
<b>Section B</b>			<b>Section B</b>				
Misc. Capital receipts	---	---	Capital Outlay	13,793	3	11,120	11,123
Recoveries of Loans and Advances	143	173	Loans and Advances disbursed	1,590	102	3,213	3,315
Public Debt Receipts <sup>3</sup>	19,753	18,722	Repayment of Public Debt	6,277	---	---	7,881
Contingency Fund	7	---	Contingency Fund	---	---	---	2
Public Account Receipts	71,780	76,218	Public Account disbursements	70,243	---	---	72,407
Opening Cash Balance	4,973	5,983	Closing Cash Balance	5,983	---	---	8,830
<b>Total</b>	<b>1,61,334</b>	<b>1,82,092</b>	<b>Total</b>	<b>1,61,334</b>	<b>---</b>	<b>---</b>	<b>1,82,092</b>

Significant changes in the fiscal position of the State during 2010-11 over the previous year are given below:

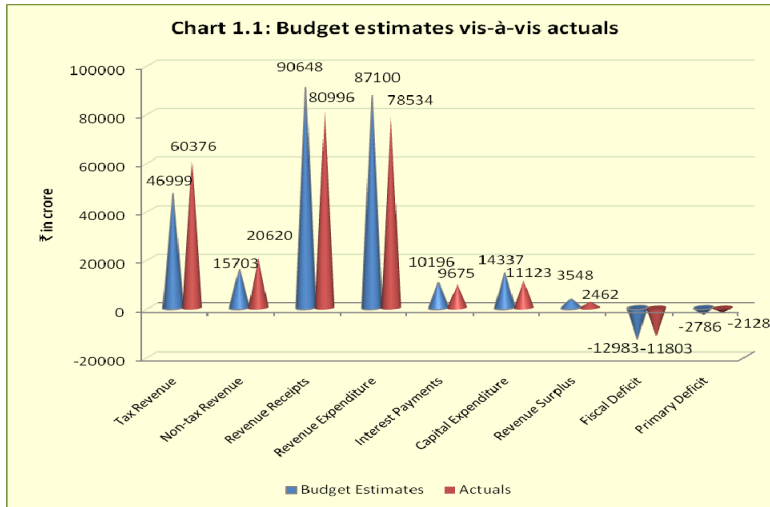
Revenue Receipts	- Increased by 25.23 per cent - Own tax revenue increased by 28.32 per cent
Revenue Expenditure	- Increased by 23.78 per cent - Plan expenditure increased by 27.58 per cent - Non-plan expenditure increased by 22.55 per cent
Capital Expenditure	- Decreased by 19.30 per cent
Loans and Advances	- Recoveries increased by 20.97 per cent - Disbursements increased by 108.49 per cent
Public Debt	- Receipts decreased by 5.22 per cent - Repayment increased by 25.55 per cent
Cash Balance	- Increased by 47.58 per cent

*The State Government achieved revenue surplus for the fifth consecutive year and the fiscal deficit (₹ 11,803 crore) was 2.08 per cent of GSDP during the current year, as against 2.95 per cent in 2009-10, i.e. well within the ceiling of 3 per cent fixed by FRBM Act and the Thirteenth Finance Commission.*

<sup>3</sup>Excluding net transactions under Ways and Means Advances and Overdraft

### 1.3 Budget estimates and actuals

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



There were considerable variations between budget estimates and actuals in several parameters. Revenue receipts and expenditure decreased by 10.65 per cent and 9.83 per cent respectively, resulting in decrease in revenue surplus by 30.61 per cent over the budget estimates.

Revenue realization was less than the budget estimates mainly in respect of sale of land and property (99.48 per cent), Central sales tax (23.29 per cent) and State sales tax (7.52 per cent). Revenue expenditure was also less than the budget estimates (9.83 per cent) mainly in respect of irrigation and flood control (40.39 per cent), power (non-release of subsidy: 18.94 per cent), urban development (21.66 per cent), social welfare and nutrition (8.61 per cent) and interest payments (5.11 per cent). Fiscal and primary deficits were also less by 9.09 per cent and 23.62 per cent respectively over budget estimates.

### 1.4 Fiscal reform path

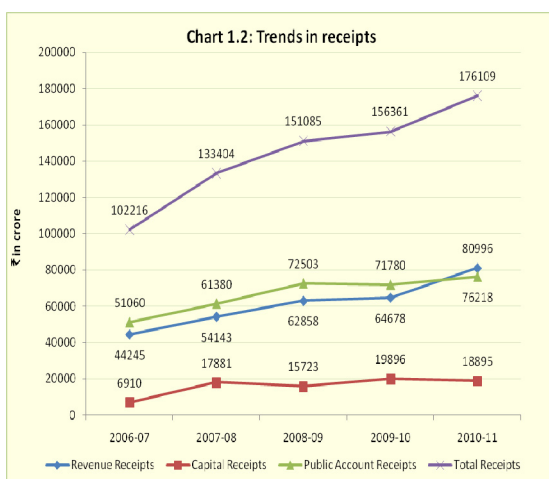
The State Government, in compliance with the recommendations of the Twelfth Finance Commission (TFC), enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 duly amended in 2011, limiting its total outstanding liabilities to 30.3 per cent of Gross State Domestic Product (GSDP) for the year 2010-11 and 27.6 per cent of GSDP by 2014-15. A summary of FRBM Act 2005 as amended in 2011 is given in **Appendix 1.5**. The Government of Andhra Pradesh has not prepared the outcome indicators of Fiscal Correction Path during the period covered by Thirteenth Finance Commission. Due to change in the base year for calculation of GSDP from 1999-2000 to 2004-05 based on new series of National Accounts Statistics introduced by the Central Statistics Office, New Delhi, the calculation of and comments on GSDP at current prices have undergone a change over the five year period 2006-11.



## 1.5 Resources of the State

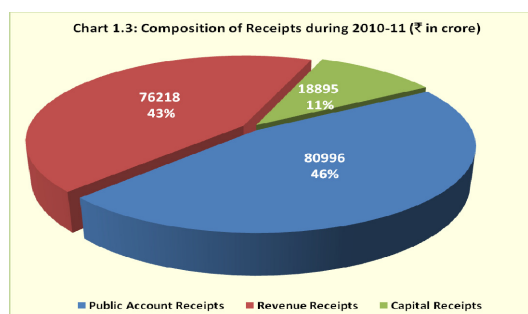
### 1.5.1 Resources of the State as per Annual Finance Accounts

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



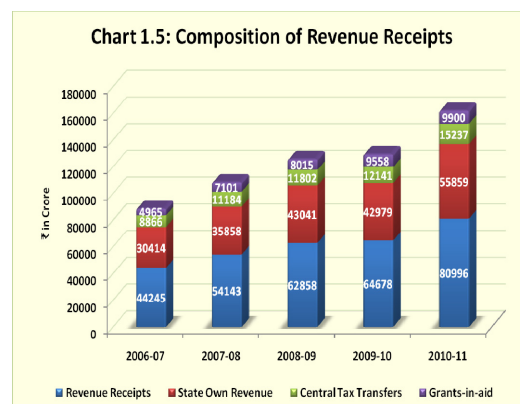
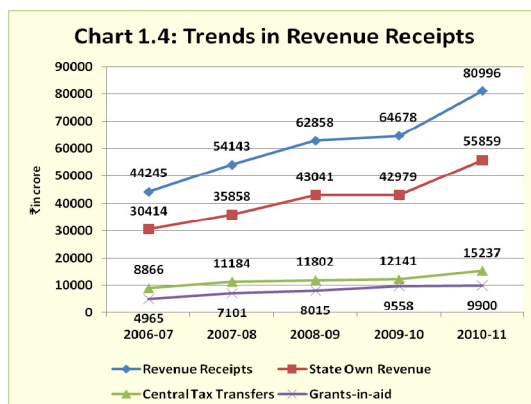
**Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts, while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2010-11. **Chart 1.3** depicts the composition of resources of the State during the current year. As can be seen from **Chart 1.2**, the total receipts of the State increased from ₹ 1,02,216 crore in 2006-07 to ₹ 1,76,109 crore in 2010-11.

The share of revenue receipts in total receipts ranged between 41 and 46 per cent during 2006-11. The share of capital receipts fluctuated during the last five years and accounted for 11 per cent in the current year. Receipts under Public Account constituted 43 to 50 per cent of the total receipts during the last five years.



## 1.6 Revenue receipts

Statement 11 of Finance Accounts deals with the revenue receipts of the Government. Revenue receipts consist of own- tax and non-tax revenue, 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 1.6** and also depicted in **Charts 1.4** and **1.5** below:



Revenue receipts have shown a progressive increase over the five year period 2006-11 at an average growth rate of 18.71 *per cent*. The growth rate (25.23 *per cent*) during the current year was higher than the average growth rate during the last five years. Revenue receipts (₹ 80,996 crore) realized during the current year fell short by ₹ 6,436 crore (7.36 *per cent*) over the projection (₹ 87,432 crore) made in Macro Economic Framework Statement (MEFS). The State's own-tax and non-tax revenue (₹ 55,859 crore) during the current year increased by ₹ 12,880 crore over the previous year but were less by (₹ 2,672 crore) than the projection made in MEFS. The actual receipts under State's tax revenue and non-tax revenue vis-à-vis assessments made by 13<sup>th</sup> Finance Commission and the State Government during 2010-11 are given in **Table 1.2** below:

**Table 1.2: Revenue receipts vis-à-vis assessment**

(₹ in crore)

	Assessments made by 13 <sup>th</sup> Finance Commission	Projections by State Government in MEFS	Actuals
<b>Tax Revenue</b>	46,074	47,421	45,139
<b>Non-Tax Revenue</b>	6,761	11,110	10,720

(Source: State Finance Accounts 2010-11 and statement laid before the legislature under FRBM Act during 2010-11 and 13<sup>th</sup> Finance Commission recommendations)

The growth rate of revenue receipts and own tax revenue has increased in four out of the past five years except in 2009-10. There was an appreciable growth in current year over the previous year in both the components.

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

**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)	44,245	54,143	62,858	64,678	80,996
Rate of growth of RR <sup>4</sup> (Per cent)	26.95	22.37	16.10	2.90	25.23
RR/GSDP (Per cent) <sup>5</sup>	14.70	14.84	15.12	13.61	14.27
Buoyancy Ratios <sup>6</sup>					
Revenue Buoyancy w.r.t. GSDP	1.53	1.06	1.15	0.20	1.30
State's Own Tax Buoyancy w.r.t. GSDP	1.39	0.96	1.13	0.38	1.46

### 1.6.1 State's own resources

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

#### 1.6.1.1 Own Tax revenue

Own-tax revenue (OTR) registered an impressive growth rate of 28.32 per cent over the previous year. During the current year, major share of tax revenue was contributed by sales tax (65 per cent) owing to revision of rates of VAT on goods taxable at standard rate under schedule V of APVAT Act, 2005 from 12.5 per cent to 14.5 per cent, and from 4 per cent to 16 per cent on aviation turbine fuel. The increased income on stamp duty and registration fee (45.28 per cent) was due to revision of market value of properties and withdrawal of exemption of stamp duty on flats with plinth area of less than 1,200 sft. The increase in taxes on vehicles (31.63 per cent) was on account of growth in auto sector, bringing the construction equipment vehicles into lifetime tax fold and increase in life tax for four wheelers. This pushed up the own tax revenue of the State. The share of State excise in own tax revenue showed an increasing trend over the five year period, registering a high of 18 per cent during the current year, due to increase in taxes on foreign liquor and spirits.

#### 1.6.1.2 Non tax revenue

Non-tax revenue (NTR), which constituted 12 to 15 per cent of the total revenue receipts during the five year (2006-11) period, increased by ₹ 2,917 crore in the current year, over the previous year. The increase was mainly on account of release of amount of debt waiver (₹ 703 crore) pertaining to 2009-10 during the current year by GOI, interest receipts of ₹922 crore and income from non-ferrous mining and metallurgical industries (₹ 178 crore).

<sup>4</sup> see glossary at page 84

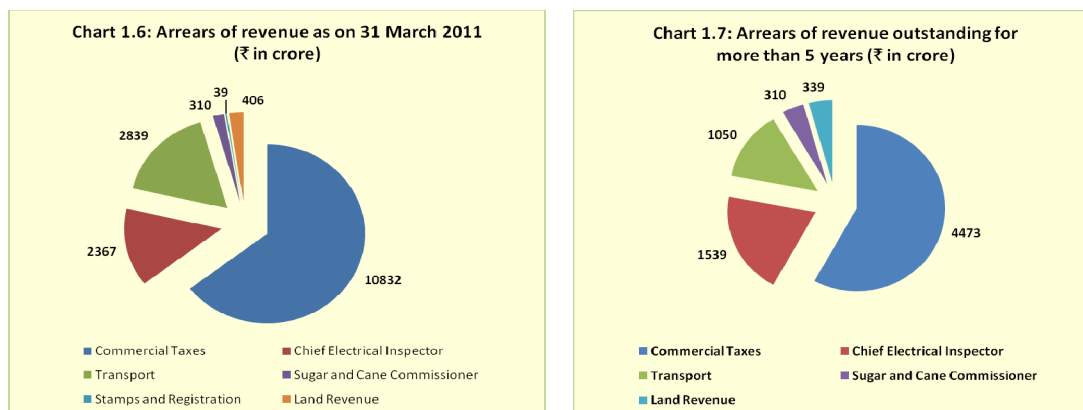
<sup>5</sup> As per the GSDP figures communicated by Directorate of Economics and Statistics the GSDP of A.P. at Current Prices was revised for all the five years from 2006-07 to 2010-11 as depicted in **Appendix 1.6** due to adoption of revised base year 2004-05

<sup>6</sup> see glossary at page 84

Interest receipts during the year included ₹ 5,379 crore on account of book adjustment of interest receipts from irrigation projects as against ₹ 4,529 crore adjusted in the previous year. The NTR (₹ 10,720 crore) was less than the projections made in budget estimates (₹ 15,703 crore) and MEFS (₹ 11,110 crore).

### 1.6.2 Revenue arrears

The arrears of revenue as reported by the departments concerned as on 31 March 2011 and outstanding for more than five years in respect of some of the principal heads of revenue are depicted in **Charts 1.6** and **1.7** below:



The arrears of revenue have increased by ₹ 4,639 crore during the current year (₹ 16,793 crore) over the previous year (₹ 12,154 crore). The arrears at the end of March 2011 include arrears of ₹ 7,710 crore (46 per cent) outstanding for more than five years. The State Government stated that the arrears were on account of pending court cases in respect of taxes and duties on electricity (₹ 2,367 crore), and non-payment of taxes on vehicles due from APSRTC (₹2,836 crore). No specific reasons were furnished for the remaining arrears (₹ 11,590 crore) including Commercial Taxes (₹ 10,832 crore) and Land Revenue (₹ 406 crore).

### 1.6.3 Loss of revenue due to evasion of taxes, write off, refunds etc.

During the current year, there was loss of revenue of ₹ 559 crore as reported by the Commercial Tax Department, Forest Department, Civil Supplies Department and Transport Department due to write off (₹ 151 crore), evasion (₹ 317 crore) and refunds (₹ 91 crore).

#### 1.6.4 Cost of collection

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

**Table 1.4: Cost of collection of revenue**

(₹ in crore)

Head of revenue	Year	Gross collection	Expenditure on collection	% of cost of collection to gross collection
Taxes on sales, trade etc,	2008-09	21,852	191	0.87
	2009-10	23,640	216	0.91
	2010-11	29,145	262	0.90
State Excise	2008-09	5,753	184	3.19
	2009-10	5,848	201	3.43
	2010-11	8,265	234	2.83
Taxes on Vehicles	2008-09	1,801	58	3.22
	2009-10	1,995	65	3.26
	2010-11	2,626	85	3.24
Stamp Duty and Registration fee	2008-09	2,931	74	2.52
	2009-10	2,639	88	3.33
	2010-11	3,834	95	2.48

The cost of collection has been fluctuating over the last three years. With reference to cost of collection at All India level available for 2008-09, the cost of collection in the State is below the national average in most of the taxes, except in respect of taxes on vehicles.

#### 1.6.5 Central tax transfers

There was an increase in Central tax transfers during the current year by 25.50 per cent over previous year. The increase was mainly on account of taxes on immovable property other than agriculture (71.23 per cent), share of net proceeds under customs (56.80 per cent) Union excise duties (41.60 per cent) and service tax (18.51 per cent).

#### 1.6.6 Grants from Government of India

There was an increase in grants from Government of India during the current year by 4 per cent (₹ 342 crore) over the previous year. In addition to the grants given to the State, the Central Government has been transferring a sizeable quantum of funds directly to the State implementing agencies<sup>7</sup> for implementation of various schemes/programmes in social and economic sectors recognised as critical. As these funds are not routed through the State budget/State treasury system, the Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. To present a holistic picture about the

<sup>7</sup> State Implementing Agencies include any Organization/Institution including Non-Governmental Organization, which is authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State, such as State Implementation Society for SSA and State Health Mission for NRHM etc.

availability of aggregate resources, funds directly transferred by the GOI to State implementing agencies are presented in **Appendix 1.7**.

During the current year, GOI transferred ₹ 12,174 crore directly to the State implementing agencies concerning various Central Schemes/programmes, without routing through the State budget. Funds flowing directly to the implementing agencies through off-budget route inhibit Fiscal Responsibility Legislation (FRL) requirements of transparency and escape accountability. ***There is no single agency monitoring the use of these funds and no data is readily available on the amount spent in any particular year on major flagship and other important schemes. The State Government has to put in place an appropriate mechanism to ensure proper accounting of these funds.***

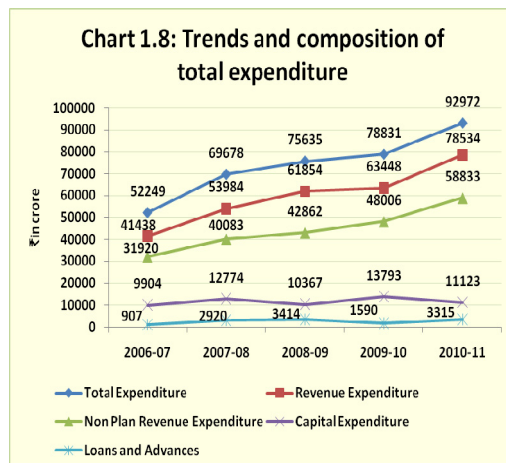
## 1.7 Application of resources

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. Analysis of the effect of ongoing fiscal correction and consolidation process at the State level on expenditure directed towards development and social sectors is given in succeeding paragraphs.

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

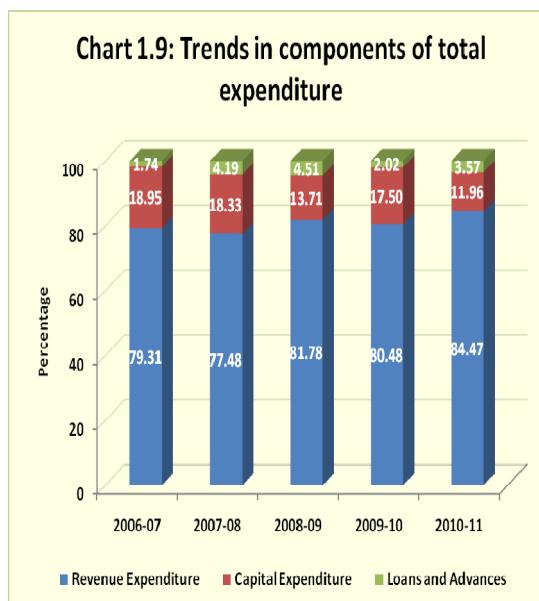
### 1.7.1 Growth and composition of expenditure

**Chart 1.8** presents the trends in total expenditure over a period of five years (2006-11). The composition of total expenditure both in terms of ‘economic classification’ and ‘expenditure by activities’ is depicted in **Charts 1.9** and **1.10** respectively.



Total expenditure ( ₹ 92,972 crore) increased in 2010-11 by ₹ 14,141 crore (18 per cent) over the previous year ( ₹ 78,831 crore) mainly due to increase in loans and advances ( ₹ 1,725 crore) and revenue expenditure ( ₹ 15,086 crore), partly offset by decrease in capital expenditure ( ₹ 2,670 crore). During the current year, 87 per cent of the total expenditure was met from revenue receipts and the balance from borrowed funds. The total expenditure was less than that projected in the budget ( ₹ 1,01,324 crore).

Revenue expenditure (₹ 78,534 crore) increased during the current year, over the previous year but fell short by ₹ 8,358 crore (9.62 per cent) over the projection (₹ 86,892 crore) made in MEFS for the year 2010-11. In the context of State finances, the quality of expenditure has always been an important issue. Currently, revenue expenditure accounts for around 84 per cent of State's aggregate expenditure, which is in the nature of current consumption leaving little scope for investment in infrastructure and asset creation. This has implications for growth prospects of the State.

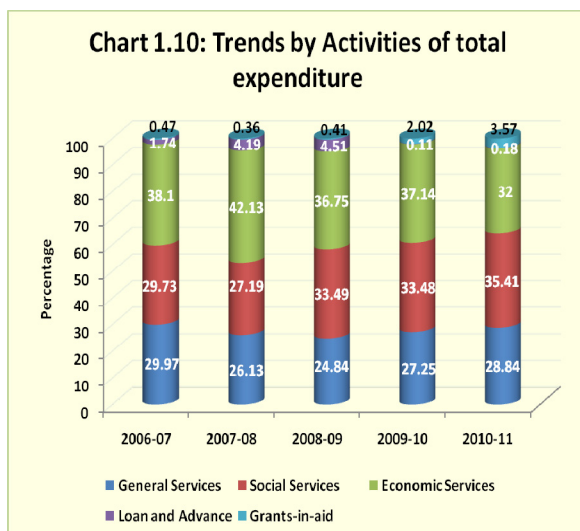


There is a need to identify unwarranted items of revenue expenditure, which have low growth and welfare implications.

Revenue expenditure increased by ₹ 15,086 crore over the previous year and constituted 13.84 per cent of GSDP. There was significant increase in revenue expenditure under (i) interest payments and servicing of debt (₹ 847 crore) (ii) education, sports, art and culture (₹ 4,094 crore) mainly due to increase in assistance to local bodies for Secondary Education and to Universities for technical education; (iii) social security and welfare (₹1,602 crore), mainly due to disbursements towards education under SC, BC welfare and economic development under BC welfare and (iv) irrigation and flood control (₹ 1,084 crore) due to increased expenditure on major irrigation. The non-plan revenue expenditure (NPRE) component during 2010-11 constituted 75 per cent of revenue expenditure against 76 per cent in 2009-10.

**Capital expenditure** (₹ 11,123 crore) during 2010-11 decreased by ₹ 2,670 crore over the previous year (₹ 13,793 crore) and constituted 11.96 per cent of total expenditure. The decrease was mainly on major and medium irrigation (₹ 2,164 crore) and roads and bridges (₹ 242 crore). Capital expenditure at 1.96 per cent of GSDP was less than the projection (₹ 14,432 crore) made in MEFS for 2010-11.

**Loans and Advances** disbursed during the current year increased by 108.49 per cent over the previous year. The share of disbursement of loans and advances in total expenditure was between 2 to 4 per cent during the five year period 2006-11.



**Trends by Activities:** The share of general services in total expenditure increased by 1.59 *per cent* over the previous year due to increase in interest payment by ₹ 761 crore in the current year. There was an increase in the share of social services also in total expenditure by 1.93 *per cent*. However, expenditure under capital head declined both on social and economic services by ₹ 30 crore and ₹ 2,656 crore respectively, indicating inadequate focus on asset creation.

### 1.7.2 Committed expenditure

Committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.5** and **Chart 1.11** present the trends in the expenditure on these components during 2008-11.

**Table 1.5: Components of committed expenditure**

(₹ in crore)

Components of committed expenditure	2008-09	2009-10	2010-11		
			Budget estimates	Actuals	Percentage variation
<b>Salaries* &amp; Wages, Of which</b>	14,539(23)	17,721(27)	26,111(29)	23,844(29)	(-)-8.68
<b>Non-Plan head</b>	12,883	15,706	23,281	21,128	(-)-9.25
<b>Plan head**</b>	1,656	2,015	2,830	2,716	(-)-4.03
<b>Interest payments</b>	8,057	8,914	10,196	9,675	(-)-5.11
<b>Pensions</b>	5,518	6,339	8,428	9,609	14.01
<b>Subsidies</b>	6,213	6,056	7,204	6,543	(-)-9.18
<b>Total</b>	34,327	39,030	51,939(57)	49,671(61)	(-)-4.37

Figures in parenthesis indicate percentage.

\* It also includes the salaries paid out of grants-in-aid and work charged establishment

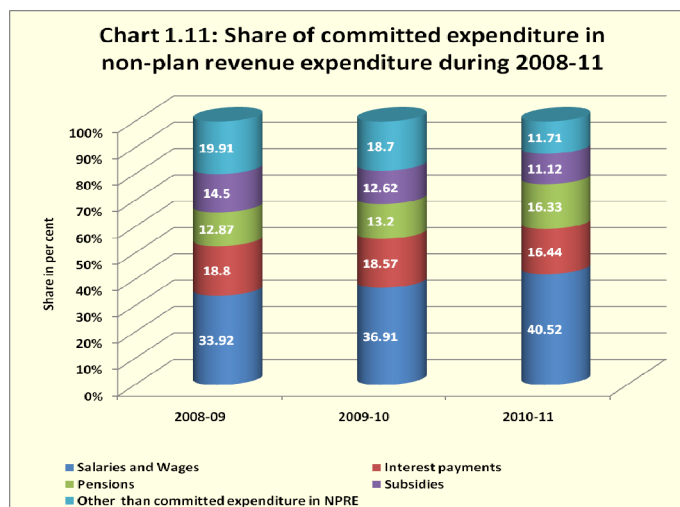
\*\* Plan head also includes the salaries and wages paid under CSS

Committed expenditure on salaries and wages, pensions, interest payments and subsidies constituted 84 *per cent* of NPRES during 2010-11



### 1.7.2.1 Salaries and Wages

Expenditure on salaries and wages during the current year increased by 34.55 per cent over the previous year. It was, however, less than the budget estimates by 8.68 per cent. During the current year, expenditure on salary was 40 per cent of revenue expenditure net of interest and pension payment.



### 1.7.2.2 Interest payments

Although the share of interest payments in revenue expenditure has fallen to 12 per cent during the current year, there was an increase in interest payments by ₹ 761 crore (9 per cent) over the previous year. It was, however, less than the projection made in MEFS (₹10,196 crore) and was the net effect of increase in interest on internal debt (₹ 888 crore) and decrease in small savings and provident fund (₹ 111 crore) and on loans and advances from GOI (₹ 16 crore). The major source of borrowings during the year was market loans (₹ 12,000 crore) at interest rates ranging from 8.07 to 8.57 per cent. Interest payment (₹9,675 crore) was less than the assessment made in the 13<sup>th</sup> Finance Commission (₹9,863 crore).

### 1.7.2.3 Pensions

The expenditure on pensions, which was 9-10 per cent of the revenue receipts during the last two years, increased to 12 per cent during the current year. Pension payments (₹ 9,609 crore) during 2010-11 increased over the previous year (₹ 6,339 crore) by ₹ 3,270 crore (51.58 per cent) and was more than the budget estimates (₹ 8,528 crore) and assessment made in the 13<sup>th</sup> Finance Commission (₹ 7,751 crore). The State Government introduced a contributory pension scheme for employees recruited on or after 1 September 2004 to mitigate the impact of rising pension liabilities in the long term, but had not estimated the yearly pension liabilities on actuarial basis for the ensuing years as stipulated in the FRBM Act.

### 1.7.2.4 Subsidies

The total expenditure on subsidies during the current year was ₹ 6,543 crore, of which, subsidy on power was ₹ 3,647 crore (56 per cent), rice subsidy was ₹ 2,250 crore (34 per cent) and other subsidies were ₹ 646 crore (10 per cent). The subsidies increased by ₹ 487 crore (8.04 per cent) over the previous year although decreased by ₹ 661 crore (9.18 per cent) over the budget provision. Further, there was decrease in subsidies by 42.89 per cent over the projections made in the MEFS (₹ 11,456 crore). While there was an increase in subsidies on power (₹ 435 crore) and AP micro irrigation project (₹ 245 crore), there was a decrease in subsidy on rice (₹ 100 crore), distribution of LPG connections to women in rural/municipal areas (₹ 57 crore) and interest subsidy on loans taken by DWCRA groups (₹ 39 crore). Unlike in many other States, Andhra Pradesh follows a system of providing explicit subsidy to power utilities, which is a more transparent way of depicting the subsidies.

### 1.7.3 Financial assistance to local bodies and other institutions

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

**Table 1.6: Financial assistance to Local Bodies etc.**

	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,767	1,876	1,820	1,994	2,876
Municipal Corporations and Municipalities	233	2,699	4,105	3,142	3,671
Zilla Parishads and other PR Institutions	1,310	921	2,503	1,867	1,745
Development Agencies	1,747	3,715	11,791	7,481	8,363
Hospitals and Other Charitable Institutions	387	600	1,152	1,393	1,721
Other Institutions <sup>8</sup>	5,322	8,851	3,436	3,965	4,538
Total	10,766	18,662	24,807	19,842	22,914
<b>Assistance as percentage of RE</b>	<b>26.00</b>	<b>34.53</b>	<b>40.11</b>	<b>31.27</b>	<b>29.18</b>

Financial assistance, including grants and loans, extended to local bodies and other institutions in 2010-11 (₹ 22,914 crore) increased by ₹ 3,072 crore (15 per cent) over the previous year (₹ 19,842 crore) and constituted 29.18 per cent of revenue expenditure. The plan and non-plan grants given to local bodies and other institutions in 2010-11 were ₹12,467 crore and ₹ 7,234 crore respectively. The major receivers of grants in 2010-11 were APTRANSCO for agriculture and allied subsidy (₹ 3,647 crore), INDIRAMMA pension to old age persons and widows (₹ 1,094 crore), interest subsidy on loans (3 per cent) taken by DWCRA groups (₹ 565 crore), JNNURM (₹ 544 crore) and Rajiv Vidya Mission (₹ 537 crore). Grants-in-aid included ₹ 2,810 crore towards salaries paid to staff

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

of grantee institutions, which constituted 12 *per cent* of the total grants-in-aid paid. In respect of other institutions, out of ₹ 4,538 crore, major amount of ₹ 2,300 crore was given to various grantee institutions towards disbursement of INDIRAMMA pension to disabled, old age pensions, *pavala vaddi*, insurance and pension to DWCRA groups.

## 1.8 Quality of expenditure

### 1.8.1 Adequacy of public expenditure

The expenditure responsibilities relating to social sector and economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.7** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2010-11.

**Table 1.7: Fiscal Priority of the State in 2007-08 and 2010-11**

(In *per cent*)

Fiscal Priority by the State*	AE/GSDP	DE <sup>#</sup> /AE	SSE/ AE	CE/AE	Education/ AE	Health /AE
General Category States Average (Ratio) 2007-08	16.85	64.28	32.54	16.14	14.64	3.98
Andhra Pradesh's Average (Ratio) 2007-08	19.10	73.38	30.78	18.33	9.67	3.71
General Category States Average (Ratio) 2010-11	16.65	64.42	36.75	13.27	17.42	4.35
Andhra Pradesh's Average (Ratio) 2010-11	16.38	70.87	38.15	11.96	13.54	4.60
* As <i>per cent</i> to GSDP AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure. # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed.						

An analysis of the data (**Table 1.7**) of AP in comparison with General Category States reveals the following:

- *Development expenditure as a proportion of aggregate expenditure has been higher in Andhra Pradesh than the General Category States' average during 2007-08 and 2010-11.*
- *Expenditure of the State on social sector (30.78 per cent), especially, health (3.71 per cent) and education (9.67 per cent) was lower than the General Category States in 2007-08. While it compared more favourably with the General Category States during 2010-11 with increased expenditure on social sector (38.15 per*

cent), in particular, on health (4.60 per cent), expenditure on education (13.54 per cent) was way below the General Category States (17.42 per cent).

- The proportion of expenditure on capital has been higher (18.33 per cent), as compared to General Category States (16.14 per cent) during 2007-08 but reduced considerably (11.96 per cent) during the current year. It was also less than the General Category States (13.27 per cent).
- As per the latest Census (2011), the literacy rate in the State improved to 67.66 per cent from 60.47 per cent (2001 Census).
- In health sector, as per 2011 Census, the State had higher life expectancy at birth (64.4 years) as against the national average of 63.5 years. Infant mortality was less (49 per 1000 live births) than the national average of (50 per 1000 live births).

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

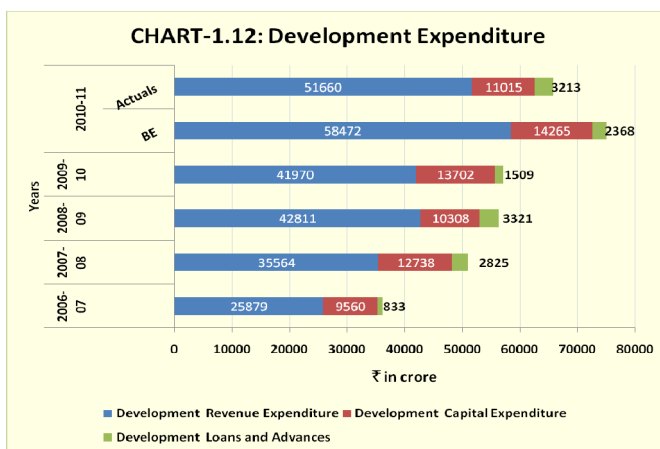
### **1.8.2 Efficiency of expenditure use**

In view of the emphasis on public expenditure on socio-economic developmental works in successive plans, it is important that the State Government takes appropriate expenditure rationalization measures and focus on provision of core public and merit goods<sup>9</sup>. Apart from improving the allocation towards development expenditure<sup>10</sup>, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. **Chart 1.12** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years.

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<sup>9</sup> see glossary at page 84

<sup>10</sup> see glossary at page 84



During 2010-11 the total development expenditure increased by ₹ 8,707 crore (15.23 per cent) over the previous year and constituted 69 to 75 per cent of aggregate expenditure during 2006-11. Development revenue expenditure constituted 49 to 57 per cent of aggregate expenditure during 2006-11.

There was an increase in development revenue expenditure by ₹ 9,690 crore over the previous year, with all components of social services and economic services registering an increase.

During the current year, while the development capital expenditure decreased by ₹ 2,687 crore (20 per cent) development loans and advances increased by ₹ 1,704 crore (113 per cent) over the previous year. The decrease in development capital expenditure was essentially in economic services (₹ 2,656 crore) under irrigation and flood control (₹ 2,165 crore) and transport (₹ 242 crore).

The share of general services including interest payments in total expenditure has been decreasing steadily during the last three out of five years but increased to 28.73 per cent in the current year. During 2010-11, the share of social services and economic services constituted 35 and 32 per cent of total expenditure respectively.

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

**Table 1.8: Efficiency of expenditure use in selected social and economic services***(In per cent)*

Social/Economic Infrastructure	2009-10			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
<b>Social Services (SS)</b>						
General Education	0.50	86.56	0.33	0.40	68.26	0.14
Health and Family Welfare	1.22	58.91	0.41	0.43	49.12	0.56
Water supply, Sanitation, Housing & Urban Development	7.49	13.58	0.66	6.22	17.12	3.00
<b>Total (SS)</b>	<b>2.42</b>	<b>41.85</b>	<b>0.05</b>	<b>1.85</b>	<b>38.02</b>	<b>0.46</b>
<b>Economic Services (ES)</b>						
Agriculture & Allied Activities	0.03	27.39	0.17	1.02	31.62	0.60
Irrigation and Flood Control	67.37	7.95	7.09	58.16	4.86	9.46
Power & Energy	0.31	0.92	---	0.57	0.30	0.11
Transport	51.54	7.31	66.19	50.77	2.67	66.54
<b>Total (ES)</b>	<b>44.62</b>	<b>15.09</b>	<b>7.66</b>	<b>34.97</b>	<b>12.60</b>	<b>6.81</b>
<b>Total (SS+ES)</b>	<b>24.61</b>	<b>31.51</b>	<b>2.99</b>	<b>12.28</b>	<b>18.75</b>	<b>1.87</b>
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation & Maintenance of respective sector.						

Although no specific norms were laid down for prioritization of capital expenditure in State's FRBM Act, decrease in capital expenditure during 2010-11 indicated that adequate impetus is not being given to asset formation in the State. This is especially so considering that the ratio of capital expenditure in respect of social services i.e. general education and health is less than one. Clearly the Government has not been focusing on infrastructure creation in these important sectors. While in economic services the performance of irrigation, flood control and transport is encouraging, capital formation in energy sector is far from satisfactory. The Government needs to initiate appropriate steps for creation of assets/infrastructure in energy sector. *The Operation and Maintenance expenditure (₹ 1,668 crore) in 2010-11 constituted 2.06 per cent and 2.12 per cent of revenue receipts and revenue expenditure respectively.*

## 1.9 Financial analysis of Government expenditure and investments

In the post-Fiscal Responsibility Legislation (FRL) framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/ investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government is expected to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy. This section presents the broad financial analysis of investments and other capital

expenditure undertaken by the Government during the current year vis-à-vis previous years.

### 1.9.1 Incomplete Projects

Blocking of funds on incomplete works impinge negatively on the quality of expenditure. As per the information provided by the Government, 188 projects/works which were due for completion by 31 March 2011, were not completed. The total amount of funds expended so far on these projects is ₹ 46,330 crore. Further, of the 188 incomplete projects/works, the original cost of 98 projects/works was revised upwards by the Government to ₹ 63,890 crore. Non-completion of these projects/works within the stipulated period not only resulted in increase in cost etc, but also deprived the State of intended benefits for prolonged periods.

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

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

(₹ in crore)

Nature of works	No. of incomplete Projects	Original cost	Revised total cost of projects	Cost over run	Cumulative Expenditure as on 31-03-2011
<b>Irrigation and Command Area Development Department</b>					
<b>Irrigation Projects</b>	49	42,436	63,716 (34 projects)	28,498 (33 projects)	<b>46,182</b>
<b>Roads and Bridges Department</b>					
<b>Roads and Bridges</b>	65	150	137 (61 projects)	4 (7 projects)	<b>34</b>
<b>Panchayat Raj and Rural Development Department</b>					
<b>Roads</b>	66	181	37 (3 projects)	3 (3 projects)	<b>86</b>
<b>Buildings</b>	8	34	--	--	<b>28</b>
<b>Total</b>	<b>188</b>	<b>42,801</b>	<b>63,890</b> (98 projects)	<b>28,505</b> (43 projects)	<b>46,330</b>

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

### 1.9.2 Investment and returns

As of 31 March 2011, the State Government invested ₹ 6,046 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (**Table 1.10**).

**Table-1.10: Return on investment**

Investment/Return/ Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Investment at the end of the year (Rupees in crore)</b>	5,776	5,931	5,979	6,003	<b>6,046</b>
<b>Return (Rupees in crore)</b>	47	12	19	23	<b>39</b>
<b>Return (per cent)</b>	0.81	0.20	0.32	0.38	<b>0.65</b>
<b>Average rate of interest on Government borrowing (per cent)</b>	8.76	8.25	7.88	7.86	<b>7.60</b>
<b>Difference between interest rate and return (per cent)</b>	<b>7.94</b>	<b>8.05</b>	<b>7.57</b>	<b>7.48</b>	<b>6.95</b>

The Government earned a return of ₹ 39 crore, in 2010-11 on its investments which is more by ₹ 16 crore over that of 2009-10. The average rate of return on investment was 0.47 per cent during 2006-11, while the average rate of interest paid during the same period was 7.60 per cent.

As on March 2011, there were 48 working Companies/Corporations (45 Govt. Companies and 3 Statutory Corporations). Upto the year of accounts finalized, nine<sup>11</sup> Companies/Corporations had suffered a loss of ₹ 684 crore and an accumulated loss of ₹5,282 crore. Among others, AP State Housing Corporation Limited (₹ 2,929 crore) and APSRTC (₹ 1,984 crore) were major loss making organizations. Seven Companies/Corporations had a negative net worth of ₹ (-) 3,129 crore and eight Companies/Corporations had a negative earning per share of ₹ (-) 14.01 lakh. Further, the overall net profit of ₹ 517.53 crore of all 48 Companies/Corporations to the end of the year upto which accounts were finalised (2008-09 to 2010-11) had transformed into overall net loss of ₹ 199.20 crore if the impact of CAG and Statutory Auditor's comments are taken into account.

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

<sup>11</sup> 1.AP Urban Finance and Infrastructure Development Corporation Ltd., 2.Fab City (India) Pvt Ltd., 3.Hyderabad Growth Corridor Limited, 4.Damodara Minerals Pvt Ltd., 5.AP State Agro Industries Development Corporation Ltd., 6. AP State Irrigation Development Corporation Ltd., 7.AP State Housing Corporation Ltd., 8.Leacher Industries Development Corporation of AP Ltd., 9.The Nizam Sugars Ltd.,



### 1.9.3 Loans and advances by State Government

In addition to investing in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.11** presents the outstanding loans and advances as on 31 March 2011, along with the status during the last three years.

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

(₹ in crore)

Quantum of Loans/Interest Receipts/Cost of Borrowings	2008-09	2009-10	2010-11	
			BE	Actual
Opening Balance	13,378	16,421	---	17,868
Amount advanced during the year	3,413	1,590	2,490	3,315
Amount repaid during the year	370	143	296	172
<b>Closing Balance</b>	<b>16,421</b>	<b>17,868</b>	<b>2,786</b>	<b>21,011</b>
<i>Of which</i> , outstanding balance for which terms and conditions have been settled	NA	NA	NA	NA
Net addition	3,043	1,447	2,194	3,142
Interest Receipts	21	32	45	60
Interest receipts as percentage of outstanding Loans and Advances	0.13	0.18	---	0.29
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	7.54	7.44	---	7.17
Difference between interest receipts and interest payments ( <i>per cent</i> )	(-)7.41	(-)7.26	---	(-)6.88

Urban Development Authorities (₹ 960 crore) and State Housing Corporation (₹ 902 crore) were the major recipients of loans during the current year. At the end of 2010-11, recovery of ₹ 23,047 crore (Principal: ₹ 18,053 crore and Interest: ₹ 4,994 crore) was due from Municipalities, Local Bodies, Panchayat Raj institutions etc. Of these, recovery of ₹ 15,405 crore (Principal: ₹ 11,083 crore and Interest: ₹ 4,322 crore) was outstanding for more than three years. Out of ₹ 2,201 crore outstanding against Andhra Pradesh State Electricity Board (APSEB) on the eve of its bifurcation in January 1999, loans amounting to ₹ 561 crore are overdue. The Government is yet to bifurcate the assets and liabilities between the two bifurcated companies. Therefore, it is not clear as to how the Government proposes to recover the amount advanced to APSEB.

As of 31 March 2011, confirmation of balances of loans advanced to the tune of ₹ 14,423 crore was awaited. The earliest loan for which confirmation of balances was awaited relates to 1984-85. Housing (₹ 9,398 crore) and Urban Development (₹ 1,613 crore) are the major departments from whom acceptance was awaited as of 31 March 2011.

### 1.9.4 Cash balances and investment of Cash balances

During the current year, the Government of Andhra Pradesh invested ₹ 4,534 crore in GOI Treasury Bills as against ₹ 2,274 crore in the previous year. **Table 1.12** depicts the cash balances and investments made by the State Government out of these during the year.

**Table 1.12: Cash balances and their investment**

Particulars	(₹ in crore)		
	As on 1 <sup>st</sup> April 2010	As on 31 <sup>st</sup> March 2011	Increase/Decrease
Cash Balances	5,983	8,830	2,847
Investments from Cash Balances	2,274	4,534	2,260
a. GOI Treasury Bills	2,274	4,534	2,260
b. GOI Securities	---	---	---
c. Other Securities	---	---	---
d. Other Investments	---	---	---
Fund-wise break-up of Investment from Earmarked balances	3,674	4,525	851
a. Sinking Fund	3,063	3,843	780
b. Guarantee Redemption Fund	597	668	71
c. Other Funds	14	14	0
Interest realized	377	451	74

The rates of interest earned on the investments from cash balances and investments from earmarked balances worked out to 2.73 per cent and 7.24 per cent respectively during the year 2010-11, against the average market borrowing rate of 7.60 per cent.

The State Government maintained the minimum daily cash balance of ₹ 3.32 crore with RBI on 362 days during the year 2010-11 and resorted to Ways and Means Advance of ₹ 218 crore only on three days.

## 1.10 Assets and Liabilities

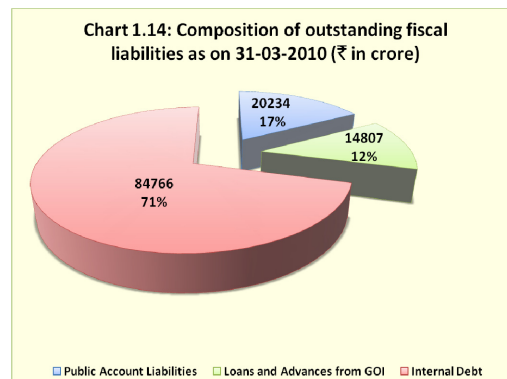
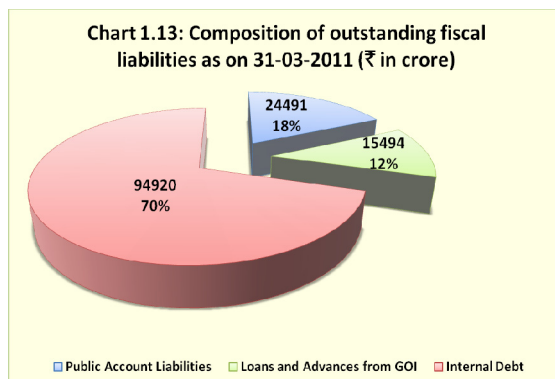
### 1.10.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.9** gives an abstract of such liabilities and the assets as on 31 March 2011, compared with the corresponding position on 31 March 2010. While liabilities consist mainly of internal borrowings, loans and advances from GOI, receipts from Public Account and Reserve Funds, assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

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

### 1.10.2 Fiscal liabilities

The trends in outstanding fiscal liabilities of the State are presented in *Appendix 1.6*. The composition of fiscal liabilities during the current year vis-à-vis the previous year is presented in **Charts 1.13** and **1.14**.



The total fiscal liabilities of the State at the end of 2010-11 (₹ 1,34,905 crore) increased by ₹ 15,098 crore (13 *per cent*) over the previous year (₹ 1,19,807 crore) and stood at 1.67 times of revenue receipts.

Total fiscal liabilities as defined in FRBM Act worked out to ₹ 1,39,186 crore<sup>12</sup> at the end of the current year and stood at 24.52 *per cent* of GSDP against a ceiling of 30.3 *per cent* prescribed in FRBM Act. The State has also complied with 13th Finance Commission recommendation that all States should bring down their fiscal liabilities to 25 *per cent* of GSDP by 2014-15. In line with the TFC recommendations and FRBM Act, the State Government established Sinking Fund for reduction or avoidance of debt and Guarantee Redemption Fund and has been contributing to these funds at the rates prescribed by the RBI.

### 1.10.3 Status of guarantees – contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. State Government in its FRBM Act, committed to limit the amount of annual incremental risk weighted guarantees to 90 *per cent* of the total revenue receipts in the year preceding the current year, and constituted (January 2002) Guarantee Redemption Fund for discharging the guarantees invoked. During the current year, ₹ 78 crore was contributed to the Fund and the entire closing balance (₹ 668 crore) as on March 2011 was invested in Government securities.

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

<sup>12</sup> Consolidated Fund and Public Account liabilities (₹ 1,34,905 crore), outstanding guarantees to be serviced out of State budget (₹ 2,987 crore) and outstanding off budget borrowings (₹ 1,294 crore)

**Table 1.13: Guarantees given by the Government of Andhra Pradesh**

Guarantees	(₹ in crore)		
	2008-09	2009-10	2010-11
Maximum amount guaranteed	29,990	20,324	29,554
Outstanding amount of guarantees	15,239	13,135	12,290
Percentage of maximum amount guaranteed to total revenue receipts	47.71	31.42	36.49

The maximum amount guaranteed (₹ 29,554 crore) is within the norm prescribed by the FRBM Act., i.e. 90 per cent of the total revenue receipts (₹ 58,210 crore) of the preceding year. The increase in the maximum amount guaranteed at the end of 2010-11 by ₹ 9,230 crore over the previous year was mainly in respect of AP TRANSCO (₹ 8,058 crore), APPFC (₹ 1,500 crore) under power sector and APSRTC (₹ 517 crore) under Roads and Transport sector. During the current year, the Government received ₹ 70 lakh on account of guarantee commission from cooperatives and an amount of ₹ 21.57 crore is due from various organizations as guarantee commission.

#### 1.10.4 Off-budget borrowings

The borrowings of a State are governed under Article 293 of the Constitution of India. In addition to the liabilities shown in **Table 1.13**, the State Government guaranteed loans availed of by Government companies/ corporations. These companies/corporations borrowed funds from the market/financial institutions for implementation of various State plan programmes projected outside the State budget. Although the State Government projects that funds for these programmes would be met out of the resources mobilised by these companies/corporations outside the State budget, in reality the borrowings of many of these concerns ultimately turn out to be the liabilities of the State Government and hence basically constitute off-budget borrowings.

Out of the off-budget borrowings of ₹ 2,231 crore raised by APTRANSCO through adjustment bonds, private placement and banks during 2001-09, the Government repaid ₹894 crore up to 2009-10 leaving a balance of ₹ 1,337 crore. During the current year, the Government has not raised any off-budget borrowing but re-paid ₹ 43 crore towards principle and ₹ 115 crore as interest of earlier years, leaving an amount of ₹ 1,294 crore outstanding.

The total liabilities of the State comprising fiscal liabilities (₹ 1,34,905 crore), off-budget borrowings (₹ 1,294 crore) and outstanding guarantees including interest at the end of March 2011 (₹ 12,290 crore) were ₹ 1,48,489 crore, which, as a ratio of GSDP, stood at 26.16 per cent, i.e. less than the ceiling of 30.3 per cent prescribed in FRBM Act.

## 1.11 Debt sustainability

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability<sup>13</sup> of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation<sup>14</sup>, sufficiency of non-debt receipts<sup>15</sup>; net availability of borrowed funds<sup>16</sup>; burden of interest payments (measured by ratio of interest payments to revenue receipts) and maturity profile of State Government securities. **Table 1.14** analyses the debt sustainability of the State according to these indicators during the five year period 2006-11.

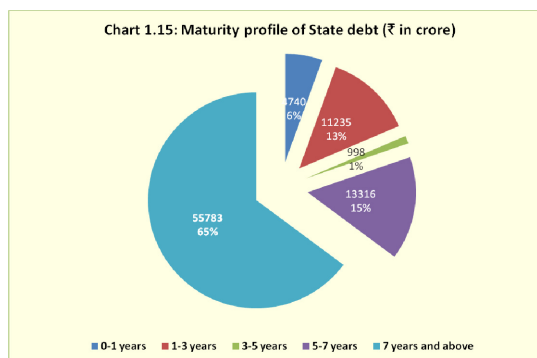
**Table 1.14: Debt sustainability: Indicators and trends**

Indicators of Debt Sustainability	2006-07	2007-08	2008-09	2009-10	2010-11
Debt Stabilisation (Quantum Spread + Primary Deficit) (₹ in crore)	9,311	13,796	10,861	12,800	18,101
Sufficiency of Non-debt Receipts (Resource Gap) (₹ in crore)	(+) 2,657	(-) 3,143	(-)3,710	(-) 1,603	(+)2,207
Net Availability of Borrowed Funds (Ratio)	(-) 0.01	0.13	0.03	0.07	0.08
Burden of Interest Payments (IP/RR Ratio)	0.16	0.14	0.13	0.14	0.12

The quantum spread together with primary deficit has been positive for the last five years resulting in decline in Debt/GSDP ratio from 0.29 in 2006-07 to 0.24 in 2010-11. These trends indicate the tendency towards debt stabilization, which would eventually improve the debt sustainability of the State. The resource gap has been negative in three out of the five year period. However, during the current year, the resource gap has been positive indicating that incremental non-debt receipts were sufficient to meet the incremental primary expenditure and interest burden. The ratio of debt redemption (principal + interest payments) to total debt receipts was negative during 2006-07 and turned positive during 2007-11 indicating the availability of borrowed funds for purposes other than debt repayment. The maturity profile of State debt is given in **Table 1.15** and **Chart 1.15**.

**Table 1.15: Maturity Profile of State Debt**  
(₹ in crore)

Maturity profile	Amount	Percentage
0 – 1 years	4,740	4.99
1 – 3 years	11,235	11.82
3 – 5 years	9,998	10.52
5 – 7 years	13,316	14.00
7 years and above	55,783	58.67
<b>Total</b>	<b>95,072</b>	<b>100.00</b>



<sup>13</sup> see glossary at page 84

<sup>14</sup> see glossary at page 84

<sup>15</sup> see glossary at page 84

<sup>16</sup> see glossary at page 84

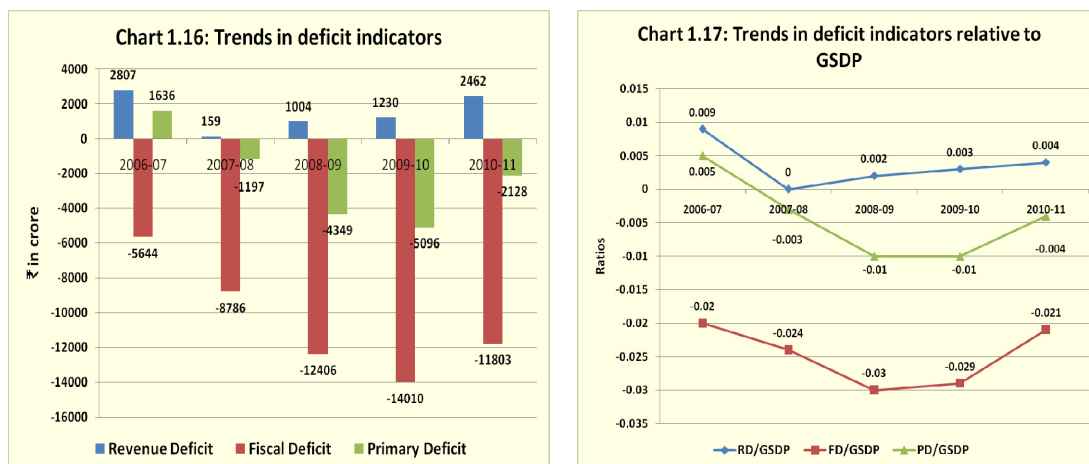
To discharge its expenditure obligations, the Government has to borrow further, since fiscal surplus was not available in any of the last five years. The significant increase in market borrowing (₹ 37,318 crore) of the State Government in 2008-09, 2009-10 and 2010-11 could lead to large repayment obligation from the year 2017-18 onwards. The maturity profile of outstanding stock of State Development Loans (SDLs) as on 31 March 2011 shows that 62 per cent of SDLs are in the maturity bucket of 7 years and above.

## 1.12 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. Deficit in Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of the Government in fiscal management. Further, the ways in which the deficit is financed and the resources raised are applied, are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also assesses the actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2010-11.

### 1.12.1 Trends in deficits

Charts 1.16 and 1.17 present the trends in deficit indicators over the period 2006-11.



There was revenue surplus for the fifth consecutive year during 2010-11. At ₹ 2,462 crore, revenue surplus increased by ₹ 1,232 crore over the previous year (₹ 1,230 crore). Fiscal deficit with inter-year variations decreased to ₹ 11,803 crore in 2010-11 (16 per cent) from ₹ 14,010 crore in 2009-10. Primary deficit decreased to ₹ 2,128 crore in 2010-11 (58 per cent) from ₹ 5,096 crore in 2009-10.

### 1.12.2 Components of Fiscal Deficit and its Financing Pattern

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

**Table 1.16: Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11		
					Receipts	Disbursements	Net
<b>Decomposition of Fiscal Deficit</b>	(-5,644)	(-8,786)	(-12,407)	(-14,010)			(-11,803)
<b>Revenue Deficit/Surplus</b>	2,807	159	1,004	1,230	80,996	78,534	2,462
<b>Net Capital Expenditure</b>	(-8,015)	(-6,216)	(-10,367)	(-13,793)	0	11,123	(-11,123)
<b>Net Loans and Advances</b>	(-436)	(-2,729)	(-3,044)	(-1,447)	173	3,315	(-3,142)
<b>Financing Pattern of Fiscal Deficit</b>							
<b>Market Borrowings</b>	1,173	6,182	10,911	13,403	16,478	6,324	10,154
<b>Loans from GOI</b>	(-875)	(-43)	(-391)	73	2,244	1,557	687
<b>Small Savings, PF etc (Cr)</b>	4,716	940	570	961	3,130	1,527	1,603
<b>Reserve Funds (Cr)</b>	19	252	271	(-113)	3,536	2,591	945
<b>Deposits and Advances (Cr)</b>	2,042	3,416	(-1,812)	(-1,437)	38,608	36,905	1,703
<b>Suspense and Misc. (Dr)</b>	(-1,590)	(-2,828)	4,405	(-1)	89,612	91,812	(-2,200)
<b>Remittances (Cr)</b>	(-34)	943	(-1,621)	1,435	15,030	16,381	(-1,351)
<b>Others (Contingency Fund)</b>	1	(-1)	(-6)	7	0.43	1.54	(-1)
<b>Overall Surplus/Deficit</b>	192	(-75)	80	(-318)	---	---	263

The State Government made credible progress towards fiscal consolidation and fiscal stability, which resulted in reduction of fiscal deficit in current year by ₹ 2,207 crore over the previous year. Further, it also resulted in arresting the trend of increase in fiscal deficit in four out of the last five years. The rate of growth of total expenditure in current year was less (18 per cent) than the growth of total revenue and non debt capital receipts (25 per cent) over the previous year. At ₹12,000 crore during 2010-11, market borrowings were the main source of financing fiscal deficit.

### 1.12.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit<sup>17</sup> and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistent high ratio of revenue deficit to fiscal deficit would indicate that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) are not backed by assets. The bifurcation of primary deficit (Table 1.17) would

<sup>17</sup> see glossary at page 84

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 1.17: Primary deficit/surplus – bifurcation of factors**

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure <sup>18</sup>	Primary revenue deficit(-)/surplus(+)	Primary deficit(-)/surplus(+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2006-07	46,606	34,159	9,904	907	44,970	(+)12,447	(+)1,636
2007-08	60,891	46,394	12,774	2,920	62,088	(+)14,497	(-)1,197
2008-09	63,228	53,797	10,367	3,414	67,578	(+)9,431	(-)4,350
2009-10	64,821	54,534	13,793	1,590	69,917	(+)10,287	(-)5,096
2010-11	<b>81,169</b>	<b>68,859</b>	<b>11,123</b>	<b>3,315</b>	<b>83,297</b>	<b>(+)12,310</b>	<b>(-)2,128</b>

The bifurcation of the factors resulting in primary deficit/surplus of the State during the period 2006-11 reveals that throughout this period, the primary deficit was on account of expenditure incurred under capital account and loans and advances disbursed by the State Government. In other words, *the non-debt receipts of the State were not only adequate to meet the primary revenue expenditure, but also met whole/part of the capital expenditure.* However, the surplus non-debt receipts were not enough to meet the entire capital expenditure and loans and advances resulting in primary deficit in all the years during 2006-11 except in 2006-07.

### 1.13 Conclusion

The Government of Andhra Pradesh has largely been achieving the fiscal reform targets every year in post FRBM legislation period. The State registered revenue surplus for the 5<sup>th</sup> consecutive year during 2010-11 and the fiscal deficit was well within the ceiling prescribed by the FRBM Act. The State has done well to bring down the fiscal liabilities at the end of current year to 24.52 per cent of GSDP against a ceiling of 30.3 per cent prescribed under FRBM Act and 25 per cent recommended by the 13<sup>th</sup> Finance Commission by 2014-15.

Revenue receipts registered an impressive growth of over 25 per cent during the current year (₹ 16,318 crore) over the previous year due to growth in own tax and non tax revenue by ₹ 12,880 crore. Capital expenditure however, decreased by about 19 per cent (₹ 2,670 crore) and the ratio of capital expenditure to total expenditure fell significantly during the year. This was despite the commitment made by the Government in its budget speech, to keep the capital expenditure high, to ensure economic growth with equity. Capital works/projects in irrigation and roads sectors could not be completed on time, which resulted in pushing up the cost of these projects without achieving the envisaged benefits.

<sup>18</sup> see glossary at page 84



Government needs to prepare an action plan to complete all the pending capital projects in a time bound manner and monitor its implementation closely.

Further, although the State Government accorded adequate fiscal priority to development expenditure during 2010-11, the expenditure on education was less than the average expenditure of General Category States and calls for appropriate measures from the Government.

The current level of recovery of loans advanced by the State was extremely poor (5.19 *per cent* of disbursement during the current year). The rate of return on Government investment in various statutory corporations, companies, cooperatives etc. was also negligible at 0.47 *per cent* during the last five years, as against the average rate of interest paid during the same period (7.60 *per cent*) and has proved to be a drag on the finances of the State.

The State Government needs to draw up a roadmap for closure of loss making PSUs in non-core sectors, in keeping with the recommendations of the Thirteenth Finance Commission.

# Chapter 2                      Financial Management and Budgetary Control

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## 2.1 Introduction

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

## 2.2 Transparency in Budgeting

### 2.2.1 Budget cycle

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

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

## 2.3 Financial accountability and budget management

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

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

## 2.4 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2010-11 against 40 grants/appropriations is given below 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 <sup>1</sup>	Saving(-) /Excess(+)
Voted	I Revenue	77,193	8,526	85,719	69,902	(-)15,817
	II Capital	14,504	500	15,004	11,425	(-)3,579
	III Loans and Advances	2,490	398	2,888	3,315	(+)427
Total Voted		<b>94,187</b>	<b>9,424</b>	<b>1,03,611</b>	<b>84,642</b>	<b>(-)18,969</b>
Charged	IV Revenue	10,308	36	10,344	9,788	(-)556
	V Capital	80	8	88	22	(-)66
	VI Public Debt Repayment	9,733	--	9,733	7,881	(-)1,852
Total Charged		<b>20,121</b>	<b>44</b>	<b>20,165</b>	<b>17,691</b>	<b>(-)2,474</b>
Grand Total		<b>1,14,308</b>	<b>9,468</b>	<b>1,23,776</b>	<b>1,02,333</b>	<b>(-)21,443</b>

**Note:** Detailed Contingent bills were not received as required under rules from Drawing and Disbursing Officers in support of ₹ 670 crore drawn on Abstract Contingent bills during 2010-11. In the absence of Detailed Contingent bills the genuineness of the expenditure could not be vouched. The total expenditure stands inflated to that extent.

The overall saving of ₹ 21,443 crore was the result of saving of ₹ 22,310 crore in 38 grants and 14 appropriations under Revenue Section, 22 grants and two appropriations under Capital Section and eight grants and one appropriation (Public Debt) under Loans Section, offset by an excess of ₹ 867 crore in two grants and four appropriations under Revenue Section, four grants and one appropriation under Capital Section and five grants under Loans Section. These savings were 2.26 times the supplementary provision made during the year, which indicated inaccurate budget estimation and inadequate monitoring of expenditure.

The credibility of budget is measured by the number of deviations from it during the year, the extent of supplementary demands, re-appropriations and the magnitude of final excess

<sup>1</sup> These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure (₹ 1,156 crore) and capital expenditure (₹ 323 crore).

and saving over the approved budget. Every year, the CAG brings out in his audit reports, several cases of expenditure incurred without funds availability or where the sanction of the competent authority was not obtained for incurring expenditure.

#### 2.4.1 Appropriation vis-à-vis allocative priorities

There were deviations from budget allocation both with regard to the receipts as well as expenditure during the financial year 2010-11 raising questions about the credibility of the budgeting process, budget monitoring process and the reliability of management information system.

Our appropriation audit revealed that, in 18 cases, savings exceeded ₹ 100 crore and above and also by more than 20 per cent of total provision in each case constituting 60 per cent of total savings (₹ 22,310 crore) (*Appendix 2.1*). Of these, saving of ₹ 7,363 crore (33 per cent) occurred in four grants as indicated in Table 2.2.

**Table 2.2: Grants with large saving**

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original Provision	Supplementary Provision	Total	Actual expenditure	Saving
Revenue – Voted						
1.	XVII - Municipal Administration and Urban Development	3,627	347	3,974	2,592	1,382
2.	XXV – Women, Child and Disabled Welfare	1,768	4	1,772	971	801
3.	XXXIII – Major and Medium Irrigation	10,675	0	10,675	6,333	4,342
<b>Total</b>						<b>6,525</b>
Capital – Voted						
4.	XXXIV – Minor Irrigation	1,631	0	1,631	793	838
<b>Total</b>						<b>838</b>
<b>Grand Total</b>						<b>7,363</b>

Saving under Municipal Administration and Urban Development grant occurred mainly under A.P. Urban Reforms and Municipal Services, Urban Infrastructure and Governance under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Assistance to Municipalities. Saving under Women, Child and Disabled Welfare occurred mainly under Nutrition Programme and Integrated Child Development Services Scheme. No specific reasons were intimated by the Government for the savings.

As regards saving under Major and Medium Irrigation, Government stated that it was due to resumption of amount under revenue head to provide additional amount under capital head, as the expenditure was considered to be of capital nature. The saving under Minor Irrigation occurred mainly under ‘Lift irrigation works’ and ‘Construction and restoration of minor irrigation sources’. Reasons for the saving were not intimated by the Government (August 2011).

### 2.4.2 Persistent savings

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

**Table 2.3: Grants/appropriations with persistent savings during 2006-11**

(₹ in crore)

Sl. No.	No. and Name of the Grant/appropriation	Amount of saving				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue – Voted						
1.	XVIII - Housing	407	342	802	374	189
2.	XXXVI - Industries and Commerce	152	165	288	582	389
3.	XXXVII - Tourism, Art and Culture	66	74	55	38	41
Capital – Voted						
4.	V - Revenue, Registration and Relief	37	37	60	23	101
5.	XII - School Education	71	112	164	107	327
6.	XXI - Social Welfare	176	109	434	102	75
Capital – Charged						
7.	XXXIII - Major and Medium Irrigation	52	69	112	97	56
Loans – Charged						
8.	<b>IX - Fiscal Administration, Planning, Surveys and Statistics</b>	<b>2574</b>	<b>2757</b>	<b>2663</b>	<b>1807</b>	<b>1852</b>

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

Persistent savings in respect of Housing occurred mainly under ‘Weaker Section Housing Programme under Indiramma Programme’. Reasons for the savings were not intimated by the Government (August 2011).

Savings under Industries and Commerce grant were stated to be due to non-release of its share by GOI, non-requirement of funds towards reimbursement of Purchase Tax Incentive and non-utilisation of the provision under Transport, Roads and Buildings department towards reimbursement of Sales Tax (VAT) on aviation turbine fuel. Specific reasons for the savings under ‘Assistance towards Loan Waiver to Weavers’ and Incentives for Industrial Promotion were not intimated by the Government (August 2011).

Savings under Tourism, Art and Culture grant were due to non-materialization of action plan and non-receipt of administrative sanction, delay in tendering for archaeological conservation, non-construction of multi-purpose cultural complexes at Kadapa and Nellore etc. Savings under Revenue, Registration and Relief grant were on account of non-construction of buildings, bridges, cyclone shelters and roads and not taking up construction works under National Cyclone Risk Mitigation Project.

Savings in School Education occurred mainly under ‘construction of buildings’ and ‘buildings for kitchen-cum-store rooms’. Also, in Social Welfare, savings occurred mainly under ‘construction of buildings for residential school complexes’, ‘integrated hostels/schools’ etc. Specific reasons for the savings were not intimated by the Government (August 2011).

For the savings under Major and Medium Irrigation (Capital Charged section) and Fiscal Administration, Planning, Surveys and Statistics (Loans Charged section), reasons were not intimated by the Government (August 2011).

### 2.4.3 Excess expenditure

Excess expenditure amounting to ₹ 867 crore over and above the budget provision occurred in 11 grants and one appropriation, which requires regularisation under Article 205 of the Constitution of India.

In five cases, expenditure exceeded budget by ₹ 842 crore and by ₹ 10 crore or more in each case as shown in table below.

**Table 2.4: Excess expenditure**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Total Grant	Expenditure	Excess expenditure
1.	X	Home Administration (RV)	3,590	3,841	251
2.	XI	Roads, Buildings and Ports (LV)	75	104	29
3.	XVII	Municipal Administration and Urban Development (LV)	946	1,460	514
4.	XXVII	Agriculture (CV)	1	12	11
5.	XXXV	Energy (LV)	457	494	37
<b>Total</b>			<b>5,069</b>	<b>5,911</b>	<b>842</b>

RV- Revenue Voted; LV- Loans Voted; CV- Capital Voted

Excess under revenue section of Home Administration was mainly due to implementation of the recommendations of the Pay Revision Commission 2010. Specific reasons for the excess expenditure for the remaining grants mentioned in table 2.4 were not intimated by the Government (August 2011).

### 2.4.4 Expenditure without Provision

As per paragraph 20.3.1 of Budget Manual, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. However, ₹ 810 crore was incurred in nine cases (₹ 10 crore and above in each case) as detailed in **Table 2.5** without any provision in the original estimates/supplementary demands.

**Table 2.5: Expenditure without provision during 2010-11**

(₹ in crore)

Sl. No.	No. and Name of the Grant	Head of Account	Expenditure	Reasons
1.	IX - Fiscal Administration, Planning, Surveys and Statistics	2070-003-04-12	20	For setting up of the centre for innovation in Administrative Staff College of India as per 13 <sup>th</sup> Finance Commission recommendations.
2.		2071-01-110-09	12	Due to implementation of recommendations of PRC 2010 to the pensioners.
3.		3454-01-800-05	86	Reasons were not intimated.
4.	XI - Roads, Buildings and Ports	3054-04-797-04	162	Non-provision of funds in the budget for transfer of amount received from Central Government to Road Fund.
5.	XXXIII – Major and Medium Irrigation	4701-01-101	114	Reasons were not intimated.
6.		4701-01-129	87	
7.	XXXV Energy	6801-202-01	250	Due to modification of classification during the year.
8.		6801-789-01	56	
9.		6801-796-01	23	
<b>Total</b>			<b>810</b>	

**2.4.5 Excess expenditure over provision relating to previous years not regularised**

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit has been prescribed under the Article, regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure over the allocation amounting to ₹ 1,819.65 crore pertaining to the years 2004-10 is yet to be regularized, as detailed in **Appendix 2.2**. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in Table 2.6.

**Table 2.6: Excess over provision relating to previous years requiring regularisation**

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2004-05	5	1	15	Out of these 50 Grants and 13 Appropriations, Explanatory Notes for 9 Grants and 5 Appropriations were received and vetted by the Accountant General as of June 2011.
2005-06	10	3	586	
2006-07	7	1	199	
2007-08	7	3	201	
2008-09	11	3	709	Explanatory Notes for the remaining 41 Grants and 8 Appropriations are awaited from the Administrative Departments /Finance Department for vetting by the Accountant General.
2009-10	10	2	110	
<b>Total</b>	<b>50</b>	<b>13</b>	<b>1820</b>	

**2.4.6 Unnecessary/Excessive/Inadequate supplementary provision**

Supplementary provision aggregating ₹ 1,588 crore obtained in 21 cases (₹ one crore or

more in each case) during the year proved unnecessary, as the expenditure did not come up to the level of original provision as detailed in *Appendix 2.3(A)*. As the expenditure fell short of even the original provision, obtaining huge supplementary provision in respect of Municipal Administration and Urban Development, Social Welfare, Medical and Health, Tribal Welfare and Roads, Buildings and Ports grants proved unnecessary.

Supplementary provision aggregating ₹ 7,183 crore proved excessive by ₹ 3,989 crore over the required provision of ₹ 3,194 crore under 16 grants and one appropriation (₹ one crore or more in each case) as detailed in *Appendix 2.3 (B)*. In eight cases, supplementary provision of ₹ 647 crore proved insufficient by more than ₹ one crore each leaving an aggregate uncovered excess expenditure of ₹ 809 crore (*Appendix 2.3 (C)*). In view of the final excess, the supplementary provision obtained proved insufficient.

#### **2.4.7 Excessive/unnecessary re-appropriation of funds**

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year excessive/unnecessary re-appropriation of funds occurred in 92 cases, which resulted in either non-utilisation of funds or excess over provision by ₹ 10 crore and above in each case. (*Appendix 2.4*).

#### **2.4.8 Unexplained re-appropriations**

Paragraph 20.17.2 of Andhra Pradesh Budget Manual stipulates that reasons for the additional expenditure and savings should be explained in the re-appropriation statement and vague expressions such as “original provision proved insufficient or excessive”, “based on progress of actuals” etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that, out of 7,671 items of re-appropriations made, specific reasons were intimated only in respect of 3,446 items.

#### **2.4.9 Substantial surrenders**

Substantial surrender in excess of ₹ 10 crore and more than 50 *per cent* of total provision in each case were made in respect of 110 sub-heads. The savings were mainly due to (i) resumption of the provision under revenue section, which was considered as capital nature, and inadequate progress in works during the year, (ii) non-receipt of sanction orders, (iii) modification in classification during the year, (iv) resumption of the provision under capital section for providing amount under loan section and (v) slow progress/postponement of works.

Out of the total provision amounting to ₹ 15,707 crore against 110 sub-heads, ₹ 13,004 crore (83 *per cent*) was surrendered, which included cent *per cent* surrenders (₹ 3,893 crore) under 37 sub-heads. Details of cases where surrendered amount was more than ₹100 crore and more than 90 *per cent* of the provision are given in *Appendix 2.5*. The Government could have assessed its requirement more realistically.

##### **2.4.9.1 Lumpsum provision**

Paragraph 16.12 of the Budget Manual stipulates that lumpsum provision should not as a



rule be made in the budget estimates. Lumpsum provision of ₹ 2,875 crore was made in the budget in violation of this stipulation. However, ₹ 2,734 crore (95 per cent) of this provision remained unutilized. The details in this regard are tabulated below.

**Table 2.7: Lumpsum provision**

(₹ in crore)

Sl. No.	No. and Name of the Grant	Head of Account	Budget provision	Amount surrendered
1	IX - Fiscal Administration, Planning, Surveys and Statistics	2052-090-75-Lumpsum provision	2,400	2,400
2	XI - Roads, Buildings and Ports	5054-03-800-36-Lumpsum provision for PPP projects	200	160
3	XII - School Education	2202-01-800-75-Lumpsum provision	14	14
4	XIII - Higher Education	2202-03-001-75-Lumpsum provision	32	32
5		2202-03-102-41-Lumpsum provision for addl commitment for UGC pay scales (20% arrears from 01-01-2006 to 31-03-2010)	62	62
6		2202-03-102-42-Lumpsum provision for addl commitment for UGC pay scales (100% commitment from 01-04-2010 to 31-03-2011)	95	1
7		2202-03-102-75-Lumpsum provision	43	36
8		2202-03-104-75-Lumpsum provision	4	4
9		2202-03-789-41-Lumpsum provision for addl commitment for UGC pay scales (20% arrears from 01-01-2006 to 31-03-2010)	13	13
10		2202-03-796-41-Lumpsum provision for addl commitment for UGC pay scales (20% arrears from 01-01-2006 to 31-03-2010)	5	5
11	XVI - Medical and Health	2210-01-001-75-Lumpsum provision	7	7
<b>Total</b>			<b>2,875</b>	<b>2,734</b>

As can be seen from the above details, in eight out of 11 sub-heads under five grants, the entire provision remained unutilised. Budget provision under four sub-heads, (Sl.nos.1, 3, 4 & 7) was surrendered on the last day of the financial year. Government had not stated any reasons for surrendering the huge budget provision in these cases. In the absence of details relating to the purpose for which these funds were specifically earmarked (Sl.nos.1, 4, 7, 8 & 11), we are unable to assess whether the purpose for which the funds were provided for has been achieved.

#### **2.4.10 Surrender in excess of actual saving**

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

In 14 cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual saving indicating lack of/inadequate budgetary control and monitoring in these departments. As against the saving of ₹ 2,122 crore, the actual amount surrendered was ₹2,818 crore, resulting in excess surrender of ₹ 429 crore. Details are given in **Appendix 2.6**.

#### **2.4.11 Savings not surrendered**

At the close of the year 2010-11, there were 20 grants/ appropriations in which saving occurred but no part of it had been surrendered by the departments concerned. The saving in these cases was ₹ 1,248 crore, constituting 6 *per cent* of the total saving (₹ 22,310 crore) (**Appendix 2.7**).

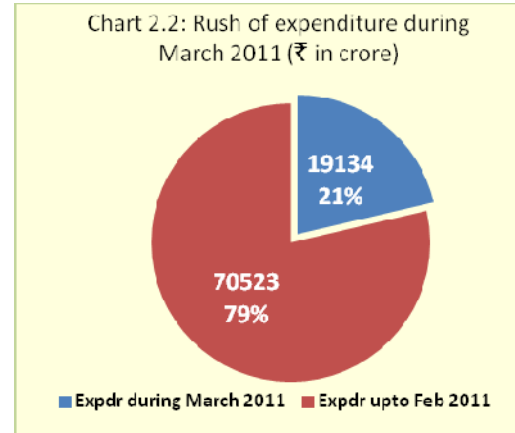
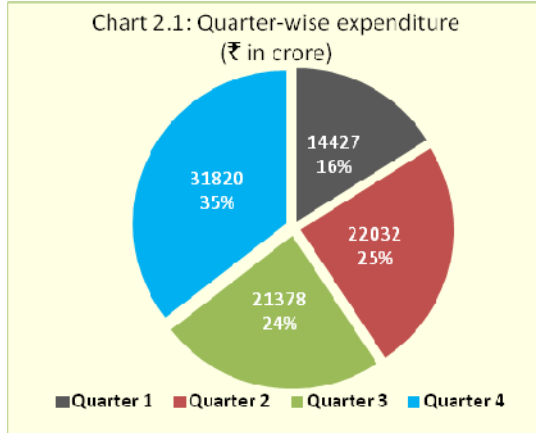
Similarly, out of the saving of ₹ 15,449 crore under 31 grants/ appropriations, saving (₹ 5 crore and above in each case) amounting to ₹ 7,449 crore (33 *per cent*) of total saving (₹22,310 crore) was not surrendered. Details are given in **Appendix 2.8**.

Besides, in 55 cases, ₹ 10,856 crore (49 *per cent* of the total saving of ₹ 22,310 crore) was surrendered (in excess of ₹ 10 crore in each case), on the last two working days of March 2011 (**Appendix 2.9**) indicating inadequate financial control and poor capacity to spend.

#### **2.4.12 Rush of expenditure**

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

Contrary to these provisions, while the expenditure during each of the three quarters ending December 2010 was between 16 and 25 *per cent* of the total expenditure of ₹89,657 crore (both revenue and capital expenditure), it was 35 *per cent* in the last quarter of the year. Expenditure in the month of March 2011 alone constituted 21 *per cent* indicating rush of expenditure at the end of the financial year as can be seen from the **chart** given below:



## 2.5 Major Policy Initiatives

While presenting the budget for 2010-11, the State Government announced that its prime focus would be on achieving economic growth with equity. Towards this end, the Government sought to increase allocation to ‘Abhaya Hastham’ scheme, ‘National Rural Drinking Water Programme’, ‘Rashtriya Madhyamika Siksha Abhiyan’ etc.

During the year 2010-11 some of the above policy initiatives of the State Government were scrutinized in audit on a test check basis. Audit findings in this regard are given below:

- To improve the enrolment ratio for IX & X classes from 65 to 100 *per cent* and strengthen the existing secondary schools, GOI introduced a new scheme called “Rashtriya Madhyamika Siksha Abhiyan (RMSA)”. Out of the provision of ₹ 190 crore, the State Government released ₹ 86 crore towards its matching share of non-recurring grant. However, the matching State share of ₹ 18 crore towards recurring grant was not released during 2010-11. Under this scheme construction of additional class rooms, library, science laboratory etc. was completed in 1,000 schools (60 *per cent*) out of the targeted 1,656 schools. In-service training to teachers, which is one of the components of this scheme, could not be implemented in full due to non-release of budget.
- To eradicate illiteracy among adult women, “Saakshar Bharat Mission-2012” a new Centrally sponsored scheme was implemented by the Government. Out of the budget provision of ₹ 30 crore for the scheme, only ₹ 23 crore was released. Against the target of 15 lakh adult women, basic literacy was imparted only to 10.46 lakh adult women.
- With the aim of providing adequate drinking water to every person in rural areas, the Government introduced a new scheme “National Rural Drinking Water Programme (NRDWP)”. Out of the total provision of ₹ 220 crore, ₹ 87.96 crore was released and booked as expenditure. However, only ₹ 17.95 crore (8 *per cent*) was actually spent and the remaining amount of ₹ 70 crore was lying in PD account of

State Water Supply Mission.

- Although the provision of ₹ 220 crore for Abhayastham scheme was drawn and utilized, only 49.20 lakh members (59 *per cent*) were covered against the target of 83.08 lakh members.
- Similarly under Rajiv Vidya Mission, out of the targeted 31,323 civil works pertaining to construction of additional class rooms, toilets, drinking water facility etc., only 20,567 (66 *per cent*) works were completed. Nil targets were achieved in providing furniture to 10,663 schools and teaching and learning equipment to 25 schools. The target of providing community training to 10,14,824 persons and supply of uniforms to 52,66,837 school children was fully achieved.
- Funds released towards Post Matric Scholarships (PMS) and Reimbursement of Tuition Fee (RTF) in respect of SC, ST, BC, EBC and disabled students were not drawn in full due to non-receipt of authorization and freezing of funds. Large portion of PMS and RTF funds released during 2010-11 were spent for payment of arrears of 2009-10. Only 25 *per cent* of tuition fee was sanctioned in respect of BC and EBC students. With regard to SC and minority category students however, funds allocated were released in full for PMS and RTF schemes.
- Though the Government extended social security pension programme to AIDS patients and allocated ₹ 9.60 crore in the budget, no funds were released during the year.
- Out of ₹ 23.55 crore drawn towards pension to toddy tappers, only ₹ 6.61 crore was spent covering 33,371 persons (33 *per cent*) as against the target of one lakh persons.
- Out of the budget release of ₹ 100 crore for Andhra Pradesh Water Supply & Sanitation Project, only ₹ 57 lakh (0.57 *per cent*) was drawn and spent, defeating the objective of providing water supply and sanitation facilities to 300 habitations during the year 2010-11.
- The scheme 'Waiver of loans sanctioned to weavers' was introduced as a one time measure during 2009-10. Though an amount of ₹ 312 crore was provided in the Budget (2010-11) for the purpose, only ₹ 109 crore was released (35 *per cent*).

## 2.6 Advances from Contingency Fund

Contingency Fund (CF) of the State has been established under the Andhra Pradesh Contingency Fund Act, 1957, in terms of provisions of Article 267(2) and 283(2) of the Constitution of India. Advances from the CF are to be made only for meeting expenditure of an unforeseen and emergent nature. The Fund is in the nature of an imprest with a corpus of ₹ 50 crore. During 2010-11, ₹ 13.31 crore was drawn from the CF, of which, ₹1.54 crore remained un-recouped at the end of the year. Out of ₹ 13.31 crore drawn from the CF during the year, ₹ 8.15 crore (61.23 *per cent*) pertained to decretal payments ordered by Courts during 2005-10 and sanctioned by the Government for payment during

2009-11 (*Appendix-2.10*). Clearly, these payments were not of urgent or unforeseen nature necessitating drawal from Contingency Fund.

## 2.7 Errors in budgeting process

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

- **Non-incorporation of correction slips** – Though the omissions/errors in budget process are pointed out every year to the Finance department by the Principal Accountant General, corrections to List of Major and Minor Heads (LMMH) made by the Controller General of Accounts from time to time are not being incorporated by the State Government in the Budget Estimates for the years subsequent to year of issue of correction slips. This could cause distortion in the annual accounts of the State.
- **Misclassification in budget estimates:** The detailed head of account 530-major works which is to be operated under Capital section of a grant was operated under Revenue section. Similarly, detailed heads 270-minor works and 310-Grants-in-aid were operated under Capital section instead of under Revenue section. However, during the year the Government has incorrectly provided and incurred an amount of ₹ 140.06 crore towards minor works under capital section and ₹ 184.84 crore towards major works under revenue section.

## 2.8 Conclusion

The State Government's budgetary processes have not been sound during the year, with errors in budgeting, lumpsum provisions made without clarity of purpose (only to be surrendered later), excess expenditure over allocation, expenditure without budget provision etc. No effort was made to analyse the areas where there were persistent savings and take necessary corrective action. Financial rules were flouted by several departments by drawing funds in excess of requirement, resorting to re-appropriations without proper explanations and expending without provision of funds.

Release of funds and surrender of substantial funds at the fag end of the year is a matter of concern, since funds could not be utilized fruitfully. Several developmental initiatives of the Government in social sector, especially, education sector have not borne fruit due to lack of proper monitoring/budget freeze etc. Lack of financial discipline resulted in drawing advances from Contingency Fund, even where the expenditure did not conform to the norms of spending from Contingency Fund. Government needs to adhere to budgetary procedures and financial rules more scrupulously, to ensure that budgeting process is more transparent and result oriented.

## Chapter 3 Financial Reporting

### 3.1 Introduction

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

### 3.2 Pendency of Detailed Contingent Bills

Orders issued by the Government<sup>1</sup> stipulate that amount drawn on Abstract Contingent (AC) bills should be adjusted by submitting Detailed Contingent (DC) bills for the expenditure incurred, to the Principal Accountant General (A&E)/Pay and Accounts Officer, with supporting vouchers, within one month of drawal of such amounts. However, despite flagging this issue by the Principal Accountant General at regular intervals, the DC bills as of 31 March 2011 were submitted only for ₹ 1,115 crore against ₹ 2,359 crore drawn on AC bills (47 *per cent*). The year-wise details in this regard are given in **Table 3.1**.

**Table 3.1: Amount drawn on Abstract Contingent Bills**

(₹ in crore)

Year	Drawn on AC bills		DC bills Submitted		Percentage of amount adjusted/ accounted for	Cumulative No. of pending DC bills	
	Number	Amount	Number	Amount		Number	Amount
Upto 2005-06	67,932	452	43,466	287	63	1,06,596*	387*
2006-07	13,252	233	10,460	147	63	2,793	86
2007-08	10,710	169	7,873	131	78	2,837	38
2008-09	7,805	187	5,247	97	52	2,558	90
2009-10	4,871	505	3,386	310	61	1,485	195
2010-11	3,366	813	1,505	143	18	1,862	670
Total	1,07,936	2,359	71,937	1,115	47	1,18,131	1,466

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

About 76 *per cent* (₹ 1,107 crore) of the outstanding AC bills pertain to Agriculture (₹ 692 crore) and Revenue (₹ 415 crore) Departments. The Department-wise position of pending DC bills as of 31 March 2011 is detailed in **Appendix 3.1**.

<sup>1</sup> G.O.Ms.No.285 Finance (TFR-II) Department dated 15-10-2005.

### 3.3 Delay in furnishing Utilisation Certificates

Financial Rules<sup>2</sup> provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and forwarded to the Principal Accountant General after verification, within 18 months from the date of their sanction, unless specified otherwise. However, 269 UCs aggregating ₹ 31 crore due in respect of grants paid during 1992-2011, were outstanding as of 31 March 2011 i.e., from 11 to 18 years.

### 3.4 Submission of accounts/Audit Reports of Autonomous bodies

Several autonomous bodies have been set up by the State Government in the fields of Medical Education, Tribal Welfare and Rural & Urban Development etc. The audit of accounts of 20 such bodies in the State has been entrusted to the CAG of India. However, none of the 20 bodies had rendered the annual accounts up to date i.e. 2010-11. The delay in submission of accounts for audit ranged from three months to 87 months. Details of the period upto which accounts were rendered and accounts due are given in *Appendix 3.2*.

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

### 3.5 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay affects the transparency in the operations of these entities and is fraught with the risk of fraud and leakage of public money.

The Heads of Departments in the Government are to ensure that the undertakings prepare such accounts and submit them to the Principal Accountant General for audit within a specified time frame. As of 31 March 2011, the accounts of seven out of nine undertakings have been in arrears for various periods ranging from 1 to 46 years. Out of these, the accounts of Fish Seed Farm, Tungabhadra Dam have been in arrears from the year 1963-64 onwards. The details of investment, block assets, turnover etc., in respect of five undertakings<sup>3</sup> are not even available with the concerned departments, which reflects very poorly on the internal control system within the State Government departments.

<sup>2</sup> Note below Article 211-A(2) of Andhra Pradesh Financial Code

<sup>3</sup> Govt. central press, Hyderabad, Govt. regional press, Kurnool, Govt. regional press, Vijayawada, Govt. distillery, Hyderabad and Fish seed farm, TB Dam

CAG has been expressing serious concern on this issue in successive Audit Reports. However, there was no improvement in this regard. The department-wise position of arrears in preparation of proforma accounts and investment made by the Government in these undertakings are given in **Appendix 3.3**.

### 3.6 Unreconciled expenditure and receipts

To enable the Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules<sup>4</sup> stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Principal Accountant General (A&E). Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2010-11 also. Out of the total expenditure<sup>5</sup> of ₹92,972 crore during 2010-11, expenditure amounting to ₹ 14,789 crore (16 per cent) was not reconciled by 260 Controlling Officers as of June 2011. Cases where nine Controlling Officers did not reconcile expenditure of ₹ 500 crore and above in each case are given in **Table 3.2**.

**Table 3.2: Unreconciled expenditure**

(₹ in crore)

Sl. No.	Department/Controlling Officer	Amount not reconciled
1	Finance (MH 2049 – Interest payments)	1,066
2	Land Administration (MH 2053 – District Administration)	729
3	Director General & Inspector General of Police (MH 2055-Police)	2,644
4	Higher Education, Secretariat Department (MH 2202-General Education)	544
5	Medical Education (MH 2210 Medical and Public Health)	506
6	Panchayat Raj (MH 2515 – Other Rural Development Programmes)	1,039
7	Municipal Administration and Urban Development, Secretariat Department (MH 6215-Loans for Water Supply and Sanitation)	500
8	Director General & Inspector General of Police (MH 6216- Loans for Housing)	911
9	Municipal Administration and Urban Development, Secretariat Department (MH 6217 Loans for Urban Development)	960

Further, every Controlling Officer should obtain regular accounts and returns from his subordinates for the amounts realised by them and paid into the treasury and compare the figures with the accounts maintained in the office of the Principal Accountant General (A&E) and reconcile any differences as early as possible before the accounts of the year

<sup>4</sup> Article 9 of the Andhra Pradesh Financial Code

<sup>5</sup> Includes revenue, capital and loans and advances



are closed. However, receipts<sup>6</sup> amounting to ₹ 52,569 crore (65 per cent of total receipts) during 2010-11 under 49 heads were not reconciled by the concerned Controlling Officers.

### 3.7 Misappropriations, losses, defalcations, etc.

Financial Rules<sup>7</sup> lay down the responsibilities of Government servants in dealing with Government money, the procedure for fixing responsibility for any loss sustained by the Government and the action to be initiated for recovery of such losses.

The State Government reported 472 cases of misappropriation, defalcation, etc. involving Government money amounting to ₹ 35 crore (up to April 2011) on which final action was pending. The department-wise break up of pending cases and year-wise analysis is given in *Appendix 3.4*. The highest amount misappropriated was ₹ 24 crore in Social Welfare (including Tribal Welfare) Department in 26 cases while the highest number of misappropriation cases (260) involving ₹ one crore were pending in Revenue Department.

### 3.8 Operation of omnibus Minor Head 800

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

During 2010-11, expenditure aggregating ₹ 11,046 crore, constituting 12 per cent of the total expenditure (₹ 89,657 crore), was classified under Minor Head 800-Other Expenditure against 44 Major Heads under Revenue and Capital sections. Major expenditure on power subsidy, rice subsidy, capital outlay on roads and bridges, special programmes for rural development, and general economic services etc., was classified under omnibus Minor Head – 800 instead of depicting distinctly.

Similarly, revenue receipts aggregating ₹ 4,699 crore (6 per cent of total revenue receipts of ₹ 80,996 crore) were classified under omnibus Minor Head ‘800-Other Receipts’ under 46 Major Heads. The total non-tax revenue under other rural development programmes, ports and light houses, urban development, civil supplies etc., was classified under this Minor Head.

Classification of large amounts under the omnibus Minor Head ‘800 – Other Expenditure/Receipts’ affects the transparency in financial reporting.

### 3.9 Functioning of Treasuries

Significant irregularities relating to disbursement of pension/family pension observed by the Principal Accountant General (A&E) during inspection of Treasuries are given below.

<sup>6</sup> includes revenue, capital and loans and advances

<sup>7</sup> Articles 5, 273, 294, 300 to 302 of the Andhra Pradesh Financial Code

### 3.9.1 Excess payment of pension/family pension

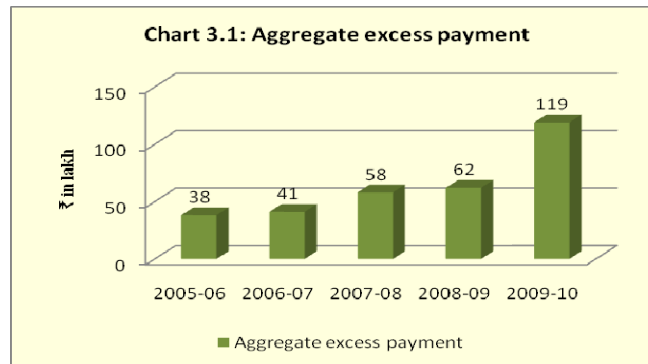
A test check of records relating to payment of pension and family pension in all 23 District Treasuries, 149 Sub-Treasuries and seven Asst. Pension Payment Offices during 2010-11 revealed excess payment of ₹ 1.39 crore in 311 cases as given in **Table 3.3** below:

**Table 3.3: Excess payment of pension/family pension**

Nature of irregularity	No. of cases	(₹ in lakh)
		Amount involved
Irregular sanction of Dearness Relief	70	35
Non-reduction of commuted portion of pension	93	33
Excess payment of Enhanced Family Pension beyond period of eligibility and time limit	47	28
Irregular payment of financial assistance	7	10
Incorrect computation of pension consequent on revision of pension	20	8
Payment of pension after death of the pensioner	21	7
Excess payment of pension ignoring recovery of Gratuity payment order	9	6
Erroneous payment of Family Pension	2	4
Payment of Gratuity on time barred authorization	1	4
Double payment/Payment after transfer of PPO/Full pension instead of provisional pension	4	2
Incorrect restoration of commuted portion of pension	13	1
Payment of inadmissible Interim Relief	24	1
<b>Total</b>	<b>311</b>	<b>139</b>

The treasuries commenced recovery of excess paid pension from pensioners in equal installments. During 2010-11 an amount of ₹ 29 lakh was recovered.

Excess payment of pensionary benefits observed during the last five years is given in **Chart 3.1** below:



### 3.10 Conclusion

Internal controls within the State Government departments were not functioning as envisaged with regard to compliance with various rules and procedures instituted by the Government. Financial reporting cannot be accurate and reliable in the absence of compliance with the basic requirement of compilation of accounts by the Government undertakings and bodies and non-accountal/adjustment of large amounts drawn on abstract

contingent bills by the departmental authorities. Non-reconciliation of huge amounts of receipts and expenditure raised doubts about the authenticity of these figures reflected in the accounts. Further, classification of various important items of expenditure relating to subsidies, capital outlay on roads and bridges, special programmes for rural development, revenue receipts etc. under omnibus Minor Head – 800 affected the transparency in accounts of the State Government.



**(VANI SRIRAM)**  
**Accountant General (Civil Audit)**  
**Andhra Pradesh**

**Hyderabad**  
**The**

**Countersigned**



**(VINOD RAI)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**The**

**Appendix 1.1**  
**Andhra Pradesh State Profile**  
(Refer para on State profile; page 1)

<b>A General Data</b>					
Sl.	Particulars		Figures		
1	Area		2,75,000 Sq. km.		
2	Population				
	a.	As per 2001 Census	7.62 crore		
	b.	As per 2011 Census	8.47 crore		
3	a.	Density of Population ( as per 2001 Census) (All India Density = 325 persons per Sq. Km.)	277 person per Sq. km.		
	b.	Density of Population ( as per 2011 Census) (All India Density = 382 persons per Sq. Km.)	308 person per Sq. km.		
4	*Population Below Poverty Line (BPL) (All India Average = 27.5 per cent)		15.8 per cent		
5	a.	Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	60.47 per cent		
	b.	Literacy (as per 2011 Census ) (All India Average = 74.0 per cent)	67.66 per cent		
6	Infant mortality*** (per 1000 live births) (All India Average = 50 per 1000 live births)		49		
7	Life Expectancy at birth** (All India Average = 63.5 years)		64.4 years		
8	Gini Coefficient****				
	a.	Rural (All India = 0.30)	0.29		
	b.	Urban (All India = 0.37)	0.37		
9	Gross State Domestic Product (GSDP) 2010-11 at current price		₹ 5,67,636 crore		
	Per capita GSDP CAGR (2001-02 to 2010-11)				
		Andhra Pradesh	12.55 per cent		
		General Category States	11.32 per cent		
10	GSDP CAGR (2001-02 to 2010-11)				
		Andhra Pradesh	15.36 per cent		
		General Category States	14.68 per cent		
11	Population Growth (2001 to 2011)				
		Andhra Pradesh	11.10 per cent		
		General Category States	17.56 per cent		
<b>B Financial Data</b>					
Particulars					
CAGR		2001-02 to 2009-10		2001-02 to 2010-11	
		General Category States	Andhra Pradesh	Andhra Pradesh	
(In per cent)					
a.	of Revenue Receipts	15.20	14.53	15.66	
b.	of Own Tax Revenue	14.53	14.94	16.33	
c.	of Non Tax Revenue	13.87	13.08	15.54	
d.	of Total Expenditure	13.53	13.07	13.58	
e.	of Capital Expenditure	22.61	24.90	18.95	
f.	of Revenue Expenditure on Education	12.73	10.51	14.18	
g.	of Revenue Expenditure on Health	11.97	11.94	13.56	
h.	of Salary and Wages	11.45	10.42	12.86	
i.	of Pension	14.09	13.38	17.08	

\* Source of General data: BPL (Planning Commission and NSSO data, 61 Round), \*\*\*\*Gini-coefficient (Unofficial estimates of Planning Commission and NSSO data, 61 Round 2004-05 MRP), \*\*Life Expectancy of birth (Office of the Registrar General of

India, Ministry of Home Affairs) Economic Review 2010-11, \*\*\*Infant Mortality rate (SRS Bulletin January 2011), Financial data is based on Finance Accounts of the States Government.

*Gini-coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closure to one inequality is higher.*

## Appendix 1.2

### Structure of Government accounts and layout of Finance Accounts

(Refer paragraph 1.1; page 1)

#### Structure of Government Accounts

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

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

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

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

#### Layout of Finance Accounts

Statement No.	Layout
1	Statement of financial position- Cumulative figures of assets and liabilities of the Government, as they stand at the end of the year.
2	Statement of receipts and disbursements showing all receipts and disbursements of the Government in respect of Consolidated Fund, Contingency Fund and Public Account during the year.
3	Statement of receipts (Consolidated Fund) – comprises revenue and capital receipts and receipts from borrowings by the Government consisting of loans from the GOI, other institutions, market loans raised by the Government and recoveries on account of loans and advances made by the Government.
4	Statement of expenditure (Consolidated Fund) – gives expenditure by function and also summarises expenditure by nature of activity.
5	Statement of progressive capital expenditure by functions.
6	Statement of borrowings and other liabilities of Government.
7	Statement of loans given by the Government –Loans and advances are summerised sector and loanee group-wise.
8	Statement of grants-in-aid given by the State Government., organised by grantee institutions group wise.
9	Statement of guarantees given by the Government for repayment of loans etc raised by the statutory corporations, local bodies and other institutions
10	Statement of Voted and Charged expenditure of the Government during the year.
11	Detailed account of Revenue and Capital receipts by Minor Heads.
12	Detailed account of revenue expenditure by minor heads under non-plan, plan and centrally sponsored schemes separately.
13	Detailed capital expenditure incurred during and to the end of the year..
14	Details of investments of the State Government in statutory corporations, Government Companies, other joint stock companies, cooperative banks and societies etc., up to the end of the year.
15	Detailed statement of borrowings and other liabilities by Minor Heads.
16	Detailed statement of loans and advances given by the Government.
17	Detailed statement on sources and application of funds for expenditure other than revenue account.
18	Detailed statement of Contingent Fund and Public Account transactions.
19	Detailed statement of investment out of reserve funds and earmarked funds.
<b>Appendices</b>	In addition to the above 19 statements Finance Accounts also contains 12 appendices giving the details on salaries, subsidies, grants-in-aid – scheme-wise and institution-wise, details of externally aided projects, scheme-wise expenditure in respect of major Central Schemes and State Plan Schemes etc.

**Appendix 1.3**  
**Abstract of Receipts and Disbursements in 2010-11**  
(Refer paragraph 1.2; page 1)

(₹ in crore)

Receipts				Disbursements				
2009-10		2010-11		2009-10		2010-11		
						Non-Plan	Plan	Total
<b>Section-A: Revenue</b>								
<b>64678</b>	<b>I. Revenue receipts</b>		<b>80996</b>	<b>63448</b>	<b>I. Revenue expenditure-</b>	<b>58833</b>	<b>19701</b>	<b>78534</b>
35176	-Tax revenue	45139		<b>21392</b>	<b>General services</b>	<b>26577</b>	<b>131</b>	<b>26708</b>
				<b>25757</b>	<b>Social Services-</b>	<b>18042</b>	<b>14272</b>	<b>32314</b>
7803	-Non-tax revenue	10720		8437	-Education, Sports, Art and Culture	9940	2591	12531
				3239	-Health and Family Welfare	2384	1750	4134
12141	-State's share of Union Taxes	15237		3817	-Water Supply, Sanitation, Housing and Urban Development	774	2841	3615
3275	-Non-Plan grants	4183		223	-Information and Broadcasting	98	26	124
4255	-Grants for State Plan Schemes	3318		3108	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1299	3411	4710
<b>2028</b>	-Grants for Central and Centrally sponsored Plan Schemes	2399		179	-Labour and Labour Welfare	146	44	190
				6725	-Social Welfare and Nutrition	3364	3609	6973
				29	-Others	37	---	37
				<b>16213</b>	<b>Economic Services-</b>	<b>14048</b>	<b>5298</b>	<b>19346</b>
				2495	-Agriculture and Allied Activities	1004	1980	2984
				2446	-Rural Development	2315	1324	3639
				5445	-Irrigation and Flood Control	5923	606	6529
				3258	-Energy	3742	15	3757
				349	-Industry and Minerals	131	375	506
				1222	-Transport	641	385	1026
				9	- Science, Technology and Environment	2	14	16
				989	-General Economic Services	290	599	889
				<b>86</b>	<b>Grants-in-aid and Contributions</b>	<b>166</b>	<b>---</b>	<b>166</b>
---	<b>II. Revenue deficit carried over to Section B</b>		---	<b>1230</b>	<b>II. Revenue Surplus carried over to Section B</b>			<b>2462</b>

Section-B: Others								
4973	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		5983	---	III. Opening Overdraft from RBI			---
---	IV. Miscellaneous Capital receipts		---	13793	IV. Capital Outlay-	3	11120	11123
				92	General Services-	---	108	108
				639	Social Services-	---	609	609
				42	-Education, Sports, Art and Culture	---	53	53
				40	-Health and Family Welfare	---	18	18
				309	-Water Supply, Sanitation, Housing and Urban Development	---	240	240
				231	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	---	276	276
				9	-Social Welfare and Nutrition	---	10	10
				8	-Others	---	12	12
				13062	Economic Services-	3	10403	10406
				1	-Agriculture and Allied Activities	---	31	31
				---	Rural Development Programme	---	---	---
				11239	-Irrigation and Flood Control	---	9075	9075
				10	-Energy	---	22	22
				4	-Industry and Minerals	---	13	13
				1300	-Transport	3	1055	1058
				508	-General Economic Services	---	207	207
143	V. Recoveries of Loans and Advances-		173	1590	V. Loans and Advances disbursed-	102	3213	3315
15	-From Power Projects	21		---	-For Power Projects	---	494	494
85	-From Government Servants	89		76	-To Government Servants	102	---	102
43	-From others	63		1514	-To Others	---	2719	2719
1230	VI. Revenue surplus brought down		2462	---	VI. Revenue deficit brought down			
19753	VII. Public Debt receipts-		18722	6277	VII. Repayment of Public Debt-			7881
18185	-Internal debt other than Ways and Means Advances and Overdraft	16260		4782	-Internal debt other than Ways and Means Advances and Overdraft		6106	
---	- Net transactions of Ways and Means Advances including Overdraft	218		---	-Net transactions of Ways and Means Advances including Overdraft		218	



1568	-Loans and Advances from Central Government	2244		1495	-Repayment of Loans and Advances to Central Government		1557	
---	<b>VIII. Appropriation to Contingency Fund</b>		---	---	<b>VIII. Appropriation to Contingency Fund</b>			---
7	<b>IX. Amount recouped to Contingency Fund</b>		---	---	<b>IX. Expenditure from Contingency Fund</b>			2
71780	<b>X. Public Account receipts-</b>		76218	70243	<b>X. Public Account disbursements-</b>			72407
2383	-Small Savings and Provident Funds	3130		1422	-Small Savings and Provident Funds		1527	
1897	-Reserve funds	3017		1308	-Reserve Funds		1221	
12229	-Suspense and Miscellaneous	16433		12239	-Suspense and Miscellaneous		16373	
19787	-Remittances	15030		18353	-Remittances		16381	
35484	-Deposits and Advances	38608		36921	-Deposits and Advances		36905	
--	<b>XI. Closing Overdraft from Reserve Bank of India</b>		---	5983	<b>XI. Closing Cash Balance -</b>			8830
				5	Cash in Treasuries and Local Remittances		5	
				27	Deposits with Reserve Bank and other Banks		-237	
				2	Departmental cash balance including permanent advances		2	
				5949	Cash balance investment and investment of earmarked funds		9060	
162564	<b>Total</b>		184554	162564	<b>Total</b>			184554

## Appendix 1.4

### Actuals vis-à-vis Budget Estimates 2010-11

(Refer paragraph 1.3 pages 3)

	Budget Estimates	Actuals	Increase (+)/ Decrease(-)	Increase (+) / Decrease (-) (in %)
(1)	(2)	(3)	(4) (3-2)	(5)
	(₹ in crore)			
<b>Revenue Receipts</b>	<b>90648</b>	<b>80996</b>	<b>(-) 9652</b>	<b>(-) 10.65</b>
<b>Of which</b>				
Taxes on Sales, Trade etc	31838	29145	(-) 2693	(-) 8.46
State Excise	7512	8265	753	10.02
Taxes on immovable property other than agricultural lands	92	107	15	16.30
Taxes on vehicles	2778	2627	(-) 151	(-) 5.44
Stamps and Registration fees	3546	3834	288	8.12
Taxes on Goods and Passengers	20	9	(-) 11	(-) 55
Land Revenue	145	171	26	17.93
Interest Receipts	7097	5774	(-) 1323	(-) 18.64
Miscellaneous General Services	3789	807	(-) 2982	(-) 78.70
Non ferrous Mining and Metallurgical Industries	2695	2065	(-) 630	(-) 23.38
<b>Revenue Expenditure</b>	<b>87100</b>	<b>78534</b>	<b>(-) 8566</b>	<b>(-) 9.83</b>
General Education	11368	11674	306	2.69
Water Supply and Sanitation	632	472	(-) 160	25.32
Pension and Other Retirement Benefits	8428	9609	1181	14.01
Police	3065	3517	452	14.75
Welfare of Schedules Castes, Scheduled Tribes and Other Backward Classes	4385	4710	325	7.41
Health and Family Welfare	4183	4134	(-) 49	1.17
Social Welfare and Nutrition	7630	6973	(-) 657	(-) 8.61
Roads and Bridges	1460	901	(-) 559	(-) 38.29
Secretariat – Economic Services	573	547	(-) 26	(-) 4.54
Forestry and Wild Life	330	273	(-) 57	(-) 17.27
Rural Development	3137	3639	502	16.00
Urban Development	3057	2395	(-) 662	(-) 21.66
Irrigation and Flood Control	10966	6529	(-) 4437	(-) 40.46
District Administration	865	732	(-) 133	(-) 15.38
Administration of Justice	488	610	122	25.00
Interest Payments	10196	9675	(-) 521	(-) 5.11
Power	4625	3749	(-) 876	(-) 18.94
<b>Capital Receipts</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Capital Expenditure</b>	<b>14337</b>	<b>11123</b>	<b>(-) 3214</b>	<b>(-) 22.42</b>
<b>Revenue Surplus (+)/Deficit (-)</b>	<b>3548</b>	<b>2462</b>	<b>(-) 1086</b>	<b>(-) 30.61</b>
<b>Fiscal Deficit (-)</b>	<b>(-) 12983</b>	<b>(-) 11803</b>	<b>(-) 1180</b>	<b>(-) 9.09</b>
<b>Primary Surplus (+)/Deficits (-)</b>	<b>(-) 2786</b>	<b>(-) 2128</b>	<b>(-) 658</b>	<b>(-) 23.62</b>

## Appendix 1.5 Fiscal Responsibility and Budget Management (FRBM) Act, 2005

(Refer paragraph 1.4 page 3)

### **Fiscal Responsibility and Budget Management (FRBM) Act, 2005**

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 to ensure prudence in fiscal management and to maintain fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. To ensure fiscal prudence, the Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto. To give effect to the fiscal management principles as laid down in the Act, and/or the rules framed there under prescribed the following fiscal targets for the State Government:

- reduce revenue deficit by an amount equivalent to at least 0.32 percentage point of Gross State Domestic Product (GSDP) in each financial year, beginning from 1st day of April 2005, so as to eliminate it by 31st March 2009 and generate revenue surplus thereafter
- reduce fiscal deficit by an amount equivalent to at least 0.25 percentage point of GSDP in each financial year beginning from 1st day of April 2005 so as to bring it down to not more than 3 *per cent* by the year ending March 2009

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

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

For the financial year 2010-11	30.3 percent of GSDP
For the financial year 2011-12	29.6 percent of GSDP
For the financial year 2012-13	28.9 percent of GSDP
For the financial year 2013-14	28.2 percent of GSDP
For the financial year 2014-15	27.6 percent of GSDP

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

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

**Appendix 1.6**  
**Time Series Data on State Government Finances**  
(Refer paragraphs 1.6 and 1.10.2 pages 4 and 22)

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Part A Receipts</b>					
<b>1. Revenue Receipts</b>	<b>44245(95)</b>	<b>54143(89)</b>	<b>62858(99)</b>	<b>64678(100)</b>	<b>80996(100)</b>
<b>(i) Tax Revenue</b>	<b>23926(54)</b>	<b>28794(53)</b>	<b>33358(53)</b>	<b>35176(54)</b>	<b>45139(56)</b>
Taxes on Sales, Trade, etc.	15467(65)	19026(66)	21852(66)	23640(67)	29145(65)
State Excise	3437(14)	4041(14)	5752(17)	5849(17)	8265(18)
Taxes on Vehicles	1365(6)	1604(6)	1801(5)	1995(6)	2626(6)
Stamps and Registration fees	2865(12)	3086(11)	2931(9)	2639(8)	3834(8)
Land Revenue	114	144	130	222(1)	171
Other Taxes	678(3)	893(3)	892(3)	831(2)	1098(2)
<b>(ii) Non Tax Revenue</b>	<b>6488(15)</b>	<b>7064(13)</b>	<b>9683(15)</b>	<b>7803(12)</b>	<b>10720(13)</b>
<b>(iii) State's share in Union taxes and duties</b>	<b>8866(20)</b>	<b>11184(21)</b>	<b>11802(19)</b>	<b>12141(10)</b>	<b>15237(19)</b>
<b>(iv) Grants in aid from GOI</b>	<b>4965(11)</b>	<b>7101(13)</b>	<b>8015(13)</b>	<b>9558(15)</b>	<b>9900(12)</b>
<b>2. Misc. Capital Receipts</b>	<b>1889(4)</b>	<b>6558(11)</b>	--	---	---
<b>3. Recovery of loans and advances</b>	<b>471(1)</b>	<b>191</b>	<b>370(1)</b>	<b>143(0)</b>	<b>173(0)</b>
<b>4. Total revenue and Non-debt capital receipts (1+2+3)</b>	<b>46605(91)</b>	<b>60892(85)</b>	<b>63228(80)</b>	<b>64821(77)</b>	<b>81169(81)</b>
<b>5. Public Debt Receipts</b>	<b>4550(9)</b>	<b>11132(15)</b>	<b>15353(20)</b>	<b>19753(23)</b>	<b>18722(19)</b>
Internal Debt (excluding Ways and Means Advances and Overdraft)	4236 (93)	10223(92)	14956(97)	18185(92)	16260(87)
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	218(1)
Loans and Advances from Government of India	314(7)	909(8)	397(3)	1568(8)	2244(12)
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>51155(50)</b>	<b>72024(54)</b>	<b>78581(52)</b>	<b>84574(54)</b>	<b>99891(57)</b>
<b>7. Contingency Fund receipts</b>	<b>1</b>	--	<b>1</b>	<b>7(0)</b>	--
<b>8. Public Account receipts</b>	<b>51060(50)</b>	<b>61380(46)</b>	<b>72503(48)</b>	<b>71780(46)</b>	<b>76218(42)</b>
<b>9. Total receipts of Government (6+7+8)</b>	<b>102216</b>	<b>133404</b>	<b>151085</b>	<b>156361</b>	<b>176109</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>41438(79)*</b>	<b>53984(77)</b>	<b>61854(82)</b>	<b>63448(80)</b>	<b>78534(84)</b>
Plan	9519(23)	13901(26)	18993(31)	15442(24)	19701(25)
Non-plan	31920(77)	40083(72)	42861(69)	48006(76)	58833(75)
General Services (including interest payments)	15314(37)	18170(34)	18730(30)	21392(34)	26708(34)
Social Services	15369(37)	18660(35)	25004(40)	25757(41)	32314(41)
Economic Services	10510(25)	16904(31)	17807(29)	16213(25)	19346(25)
Grants-in-aid and contributions	245(1)	249	313(1)	86(0)	166(0)
<b>11. Capital Expenditure</b>	<b>9904(19)*</b>	<b>12774(18)</b>	<b>10367(14)</b>	<b>13793(17)</b>	<b>11123(12)</b>
Plan	9909(100)	12866(100)	10611(102)	13955(101)	11120(100)
Non-plan	(-5)	(-9)	(-244(-2)	(-162(-1)	3(0)
General Services	344(3)	36	59(1)	92(1)	108(1)
Social Services	164(2)	284(2)	324(3)	639(4)	609(5)
Economic Services	9396(95)	12454(98)	9984(96)	13062(95)	10406(94)
<b>12. Disbursement of Loans and Advances</b>	<b>907(2)</b>	<b>2920(4)</b>	<b>3414(4)</b>	<b>1590(2)</b>	<b>3315(4)</b>
<b>13. Total (10+11+12)</b>	<b>52249(92)</b>	<b>69678(93)</b>	<b>75635(94)</b>	<b>78831(93)</b>	<b>92972</b>

		2006-07	2007-08	2008-09	2009-10	2010-11
<b>14.</b>	<b>Repayment of Public debt</b>	<b>4253(8)</b>	<b>4993(7)</b>	<b>4833(6)</b>	<b>6277(7)</b>	<b>7881</b>
	Internal Debt (excluding Ways and Means Advances and Overdraft)	3063(72)	4041(81)	4045(84)	4782(76)	6106(77)
	Net transactions under Ways and Means Advances and Overdraft	--	--	--	---	218(3)
	Loans and Advances from Government of India	1190(28)	952(19)	788(16)	1495(24)	1557(20)
<b>15.</b>	<b>Appropriation to Contingency Fund</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>---</b>	<b>---</b>
<b>16.</b>	<b>Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>56502</b>	<b>74671</b>	<b>80468</b>	<b>85108(55)</b>	<b>100853</b>
<b>17.</b>	<b>Contingency Fund disbursements</b>	<b>Z</b>	<b>1</b>	<b>7</b>	<b>X</b>	<b>2</b>
<b>18.</b>	<b>Public Account disbursements</b>	<b>44216</b>	<b>55126</b>	<b>74149</b>	<b>70243(45)</b>	<b>72407</b>
<b>19.</b>	<b>Total disbursements by the State (16+17+18)</b>	<b>100718</b>	<b>129798</b>	<b>154624</b>	<b>155351</b>	<b>173262</b>
<b>Part C. Deficits</b>						
<b>20.</b>	<b>Revenue Deficit (-)/Surplus (+) (1-10)</b>	<b>(+)2807</b>	<b>(+)159</b>	<b>(+)1004</b>	<b>1230</b>	<b>2462</b>
<b>21.</b>	<b>Fiscal Deficit (-)/Surplus (+) (4-13)</b>	<b>(-)5644</b>	<b>(-)8786</b>	<b>(-)12407</b>	<b>-14010</b>	<b>-11803</b>
<b>22.</b>	<b>Primary Deficit (-)/Surplus (+) (21-23)</b>	<b>(+)1636</b>	<b>(-)1197</b>	<b>(-)4350</b>	<b>-5096</b>	<b>-2128</b>
<b>Part D. Other data</b>						
<b>23.</b>	<b>Interest Payments (included in revenue expenditure)</b>	<b>7280</b>	<b>7589</b>	<b>8057</b>	<b>8914</b>	<b>9675</b>
<b>24.</b>	<b>Arrears of Revenue (percentage of Tax &amp; Non Tax Revenue receipts)</b>	<b>5842(19)</b>	<b>2413(7)</b>	<b>6508(15)</b>	<b>12154(28)</b>	<b>16793(30)</b>
<b>25.</b>	<b>Financial Assistance to local bodies etc.</b>	<b>10767</b>	<b>18642</b>	<b>24807</b>	<b>19842</b>	<b>22914</b>
<b>26.</b>	<b>Ways and Means Advances/Overdraft availed (days)</b>	<b>--</b>	<b>---</b>	<b>---</b>	<b>1</b>	<b>3</b>
<b>27.</b>	<b>Interest on Ways and Means Advances/Overdraft</b>	<b>--</b>	<b>---</b>	<b>---</b>	<b>Y</b>	<b>---</b>
<b>28.</b>	<b>Gross State Domestic Product (GSDP)<sup>#</sup></b>	<b>301035</b>	<b>364813</b>	<b>415832(R)</b>	<b>475267(Q)</b>	<b>567636(UA)</b>
<b>29.</b>	<b>Outstanding fiscal liabilities (year end)<sup>@</sup></b>	<b>86622</b>	<b>97368</b>	<b>106917</b>	<b>119807</b>	<b>134905</b>
<b>30.</b>	<b>Outstanding guarantees (year end)</b>	<b>18018</b>	<b>14502</b>	<b>15239</b>	<b>13135</b>	<b>12290</b>
<b>31.</b>	<b>Maximum amount guaranteed (year end)</b>	<b>29160</b>	<b>18798</b>	<b>29990</b>	<b>20324</b>	<b>29554</b>
<b>32.</b>	<b>Number of incomplete projects<sup>^</sup></b>	<b>NA</b>	<b>53</b>	<b>30</b>	<b>206</b>	<b>188</b>
<b>33.</b>	<b>Capital blocked in incomplete projects<sup>^</sup></b>	<b>NA</b>	<b>30939</b>	<b>19892</b>	<b>36165</b>	<b>46330</b>
<b>Part E: Fiscal Health Indicators</b>						
<b>I</b>	<b>Resource Mobilization</b>					
	Own Tax Revenue/GSDP	0.079	0.079	0.080	0.074	0.080
	Own Non-Tax Revenue/GSDP	0.022	0.019	0.232	0.016	0.019
	Central Transfers/GSDP	0.046	0.050	0.048	0.046	0.044
<b>II</b>	<b>Expenditure Management</b>					
	Total Expenditure/GSDP	0.174	0.191	0.182	0.166	0.164
	Total Expenditure/Revenue Receipts	1.181	1.287	1.203	1.219	1.148
	Revenue Expenditure/Total Expenditure	0.793	0.775	0.818	0.805	0.845
	Expenditure on Social Services/Total Expenditure	0.294	0.268	0.331	0.327	0.354
	Expenditure on Economic Services/Total Expenditure	0.201	0.243	0.235	0.206	0.320
	Capital Expenditure/Total Expenditure	0.190	0.183	0.137	0.175	0.120
	Capital Expenditure on Social and Economic Services/Total Expenditure	0.183	0.183	0.136	0.174	0.119
<b>III</b>	<b>Management of Fiscal Imbalances</b>					
	Revenue deficit (surplus)/GSDP	0.009	--	0.002	0.003	0.004
	Fiscal deficit/GSDP	-0.087	-0.024	-0.30	-0.029	-0.021
	Primary deficit (surplus)/GSDP	0.005	-0.003	-0.010	-0.010	-0.004
	Revenue deficit/Fiscal deficit	-0.497	-0.018	-0.081	-0.088	0.208
	Primary Revenue Balance/GSDP	0.041	0.040	0.023	0.022	0.022

<b>IV</b>	<b>Management of Fiscal Liabilities</b>					
	Fiscal Liabilities/GSDP	0.289	0.267	0.257	0.252	0.238
	Fiscal Liabilities/RR	1.958	1.798	1.701	1.852	1.666
	Primary deficit vis-à-vis quantum spread	9311	13796	10861	12800	18101
	Debt Redemption (Principal + Interest)/Total Debt Receipts	2.535	1.130	0.840	0.750	0.915
<b>V</b>	<b>Other Fiscal Health Indicators</b>					
	Return on Investment	0.82	0.20	0.31	0.38	0.65
	Balance from Current Revenue (₹ in crore)	8330	8503	14625	10846	17048
	Financial Assets/Liabilities	0.73	0.83	0.86	0.92	0.94

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

GSDP: Q: Quick and UA: Updated Advanced Estimates

<sup>X</sup> ₹ 40.63 lakh; <sup>Y</sup> ₹ 65,287; <sup>Z</sup> ₹ 32.60 lakh;

<sup>#</sup>The GSDP data for 2006-07 to 2010-11 have been obtained from Director of Economics and Statistics.

<sup>@</sup>Nomenclature and its components were changed so as to show total liabilities of Government (i.e., Public Debt and other obligations) as per revised format of Chapter 1

<sup>^</sup>The information is not exhaustive but is as furnished by the departmental authorities

NA: Not Available

## Appendix 1.7 Funds transferred directly to State implementing agencies

(Refer paragraph 1.6.6; page 9)

(₹ in crore)

Sl. No.	Name of the Scheme	Implementing Agency	Amount released during 2010-11
1.	Micro Irrigation	APMIP	240
2.	National Horticulture Mission	APSHM	105
3.	National Food Security Mission	APSAM&ETI	119
4.	Special package for 31 suicide prone districts	APLSDA	23
5.	National project for cattle and buffalo breeding	APLSDA	10
6.	National Rural Health Mission (NRHM)	SH&FWS, STBCS & SBCS	521
7.	National Aids Control Programme including STD control	APSACS	85
8.	Crime and Criminal Tracking Network and System	APS e - COPS	82
9.	Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)	Commissioner and Director of Municipal Administration	52
10.	Sarva Siksha Abhiyan (SSA)	RVMA	810
11.	Rashtriya Madhyamik Siksha Abhiyan	RMSA (APSES)	311
12.	National Rural Employment Guarantee Scheme	APSREGS	7,418
13.	Rural Housing-IA Y	DRDAs	865
14.	Pradhan Manthri Gram Sadak Yojana (PMGSY)	APSRDA	525
15.	Integrated Watershed Management Programme (IWMP)	DRDAs	28
16.	Central Rural Sanitation Scheme	SWSM	139
17.	MPs Local Area Development Scheme (MPLADS)	District Collector Hyderabad	11
18.	Panchayat Yuva Krida and Khel Abhiyan (PYKKA)	AP Sports School	37
19.	Adult Education and Skill Development Scheme	Director of Adult Edn., State literacy Mission	85
20.	Renewable Energy for Rural Applications for all villages	NEDCAP	13
21.	National Rural Drinking Programme	SWSM	559
22.	Integrated Watershed Management Programme (IWMP)	State Level Nodal Agency	120
23.	Strengthening of Education among ST Girls in low literacy districts	Gurukulam (APTWREIS)	16
<b>Total</b>			<b>12,174*</b>

Source: Central Plan Scheme Monitoring System of CGA portal

\* Exclude an amount of ₹ 88,430 crore released to Central Bodies located in the State as well as various other organizations outside the purview of the Government of Andhra Pradesh

## Appendix 1.8

### List of incomplete Irrigation Projects

(Refer paragraph 1.9.1; page 18)

(₹ in crore)

Sl. No.	Name of the Project	Year of commencement	Original cost	Revised cost	Expenditure to the end of March 2011	Cost Differential
<b>I</b>	<b>Major Irrigation</b>					
1	Sriram Sagar Project Stage I	1964	40.13	3317.00	3446.99	3276.87
2	Srisailem Right Branch Canal (Jalayagnam)	2005	661.43	---	408.62	---
3	H.N.S.S. Phase I	2005	2015.68	---	1934.54	---
4	Indira Sagar (Polavaram) Project	2004	8709.00	10287.38	3679.17	1578.38
5	Jawahar (Nettampadu) LIS	2005	1428.00	---	1286.39	---
6	Kandula Obula Reddy Project (Gundlakamma)	2004	165.22	592.18	506.75	426.96
7	Rajiv (Bhima) LIS	2005	1426.30	2158.40	1433.07	732.10
8	Somasila Project	1975	17.20	1196.00	996.81	1178.80
9	Sripada Sagar (Yellampally) Project	2004	3576.10	3767.03	2225.88	190.93
10	Sri Ram Sagar Project (Stage II)	2000	1043.14	---	759.72	---
11	Telugu Ganga Project	1983	637.00	4432.00	3420.34	3795.00
12	Choutpally Hanumantha Reddy LIS	2005	45.00	55.50	53.97	10.50
13	Venkatanagaram Pumping Scheme	2005	58.43	124.18	76.47	65.75
14	Thadipudi LIS	2004	295.80	526.17	419.08	230.37
15	Vamshadhara Project Stage-II	2003	123.94	173.00	---	49.06
16	J. Chokka Rao (Devadula) LIS	2004	6356.07	9212.64	4693.85	2856.57
17	Thotapally Barriage	2004	450.23	---	430.81	---
18	K L Rao Pulilchinthala Project	2004	565.87	1281.00	826.89	715.13
19	Guru Raghavendra LIS	2004	385.62	387.57	198.35	1.95
20	Galeru Nagari Sujala Sravanthi (GNSS)	2005	4452.00	5898.00	4711.44	1446.00
21	Pennar Ahobilam Stage-II	2005	518.96	---	386.47	---
22	Flood Flow Canal	1997	1331.30	4729.26	2644.52	3397.96
23	Mahatma Gandhi (Kalvakurthi) LIS	2005	1500.00	2990.00	2137.15	1490.00
24	Poola Subbaiah Veligonda Project	2004	1234.50	5150.00	2273.45	3915.50
25	M Bagareddy singur canal	2006	58.36	---	23.12	---
26	Lendi Project	2007	202.19	263.89	166.98	61.70
27	AMRP Lift Scheme (SLBC)	1983	353.00	1758.00	2793.59	1405.00
28	Tarakarama Krishnaveni LIS	1995	35.90	28.32	18.78	---
	<b>Total</b>		<b>37686.37</b>	<b>58327.52</b>	<b>41953.20</b>	<b>26824.53</b>



<b>II</b>	<b>Medium Irrigation</b>					
1	Bhupathi Palem Reservoir	2004	100.52	144.88	146.70	44.36
2	Gollavagu Project	2005	83.61	---	81.36	---
3	Kinnerasani Project	2005	36.82	---	21.74	---
4	Koil Sagar LIS	2005	296.45	359.00	271.51	62.55
5	Kovvada Kalva Project	2001	52.11	68.10	61.20	15.99
6	Modikuntavagu (Tribal Area Sub plan)	2005	124.60	255.05	57.81	130.45
7	Musurumilli Project	2005	218.65	---	176.41	---
8	Neelwai Project	2005	90.50	95.45	79.21	4.95
9	Palemvagu Project	2005	70.99	160.57	76.03	89.58
10	Peddavagu (Ada) Komarambheem	2005	274.14	450.14	358.35	176.00
11	Yerrakalva Reservoir	1976	14.50	124.95	108.96	110.45
12	Chitravathi Balancing Reservoir (PBC)	2005	2327.66	2912.25	1819.83	584.59
13	Pushkaram LIS	2004	297.25	608.04	559.70	310.79
14	Peddavagu – Jagannadpur	2005	124.64	---	66.47	---
15	Mathadivagu Project	2005	50.40	56.25	51.93	5.85
16	Janjhavathi	1976	13.50	141.00	120.22	127.50
17	Tarakarama Theerthasagar	2006	220.04	---	67.29	---
18	Maddigedda	1976	2.50	12.63	7.88	10.13
19	Mahendratanya Project	2008	123.25	---	17.88	---
20	Korisepadu	2008	177.00	---	67.91	---
21	Palair Project	2007	50.50	---	10.66	---
	<b>Total</b>		<b>4749.63</b>	<b>5388.31</b>	<b>4229.05</b>	<b>1673.19</b>
	<b>Grand Total</b>		<b>42436</b>	<b>63716</b>	<b>46182</b>	<b>28498</b>

## Appendix 1.9

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

(Refer paragraph 1.10.1; page 21)

(₹ in crore)

As on 31.03.2010	Liabilities		As on 31.03.2011	
84765.77		<b>Internal Debt –</b>		94919.92
	51621.88	Market loans bearing interest	61982.75	
	1.06	Market Loans not bearing interest	1.14	
	---	Market Loans Suspense	---	
	1052.03	Loans from LIC	703.41	
	111.24	Loans from GIC	102.19	
	4469.68	Loans from NABARD	4621.42	
	2311.92	Loans from other Institutions	64.50	
	25197.96	Special sanction issued NSSF	27444.51	
	---	Ways and Means Advances	---	
---		<b>Overdraft from Reserve Bank of India</b>		---
14807.50		<b>Loans and Advances from Central Government -</b>		15494.41
	9.36	Pre 1984-85 Loans	89.14	
	95.67	Non-plan Loans	15307.74	
	14605.87	Loans for State Plan Schemes	17.46	
	19.98	Loans for Central Plan Schemes	70.71	
	76.62	Loans for Centrally Sponsored Plan Schemes	9.36	
	---	Other Ways and Means Advances	---	
49.57		<b>Contingency Fund</b>		48.46
8432.44		<b>Small Savings, Provident Funds, etc</b>		10035.23
10869.88		<b>Deposits</b>		12579.35
4605.21		<b>Reserve Funds</b>		6401.18
512.33		<b>Suspense and Miscellaneous Balances</b>		572.65
1621.57		<b>Remittance Balances</b>		270.19
125664.27		<b>Total</b>		140321.39
As on 31.03.2010	Assets		As on 31.3.2011	
91198.57		<b>Gross Capital Outlay on Fixed Assets</b>		102321.76
	6003.31	Investments in shares of Companies, Corporations, Cooperatives, etc		
	85195.26	Other Capital Outlay		
17868.44		<b>Loans and Advances</b>		21010.76
	3626.97	Loans for Power Projects	4100.00	
	14031.69	Other Development Loans	16687.47	
	209.78	Loans to Government servants and Miscellaneous loans	223.29	
14.69		<b>Advances</b>		21.13
---		<b>Remittance Balances</b>		---
---		<b>Suspense and Miscellaneous Balances</b>		---
5982.85		<b>Cash –</b>		8830.22
	4.97	Cash in Treasuries and Local Remittances	4.97	
	27.26	Deposits with Reserve Bank and other Banks	(-) 236.68	
	2.29	Departmental Cash Balance	2.30	
	2274.10	Cash Balance Investments	4534.37	
	3674.23	Investment of Earmarked funds	4525.26	
10599.72		<b>Deficit on government account</b>		8137.52
	11830.06	Accumulated deficit up to 31 March 2010	10599.72	
	(-)1230.42	Revenue Surplus of the Current Year	(-) 2462.04	
	0.08	Amount closed to government account	(-) 0.16	
	---	Proforma corrections to opening balances under capital expenditure		
125664.27		<b>Total</b>		140321.39

**Appendix 2.1**

**Statement of grants/appropriations where saving was more than ₹ 100 crore each and more than 20 per cent of the total provision**

(Refer paragraph 2.4.1; page 31)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Saving	Percentage
1.	IV	General Administration and Elections (RV)	372.08	100.03	27
2.	V	Revenue, Registration and Relief (RV)	3818.62	839.77	22
3.	XI	Roads, Buildings and Ports(RV)	1508.96	354.17	23
4.	XVII	Municipal Administration & Urban Development (RV)	3974.33	1381.87	35
5.	XXIII	Backward Classes Welfare (RV)	2619.12	628.83	24
6.	XXV	Women, Child and Disabled Welfare (RV)	1771.53	800.64	45
7.	XXVII	Agriculture (RV)	2635.93	561.18	21
8.	XXIX	Forest, Science, Technology and Environment (RV)	388.01	111.30	29
9.	XXXI	Panchayat Raj (RV)	4299.35	939.57	22
10.	XXXIII	Major and Medium Irrigation (RV)	10675.22	4342.05	41
11.	XXXIV	Minor Irrigation (RV)	429.55	112.91	26
12.	XXXVI	Industries and Commerce (RV)	823.53	388.60	47
13.	XXXVIII	Civil Supplies Administration (RV)	3260.98	845.19	26
14.	V	Revenue, Registration and Relief (CV)	107.98	101.07	94
15.	IX	Fiscal Administration, Planning, Surveys and Statistics (CV)	385.00	175.75	46
16.	XI	Roads, Buildings and Ports (CV)	2025.60	597.44	29
17.	XII	School Education (CV)	353.85	327.34	93
18.	XXXIV	Minor Irrigation (CV)	1631.49	837.98	51
<b>Total</b>			<b>41081.13</b>	<b>13445.69</b>	<b>33</b>

RV: Revenue Voted, CV: Capital Voted

## Appendix 2.2

### Excess over provision of previous years requiring regularisation

(Refer paragraph 2.4.5; page 34)

(₹ in crore)

Year	Number of grants/ appropriations	Grant/appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2004-2005	5 Grants	<b>Revenue :</b> VIII, XIX & XL <b>Capital :</b> XVI <b>Loans :</b> XXXVI	14.83	Out of these 50 Grants and 13 Appropriations Explanatory notes for 9 Grants and 5 Appropriations were received and vetted by the Accountant General as of June 2011.  Explanatory notes for the remaining 41 Grants and 8 Appropriations are awaited from the Administrative Departments /Finance Department for vetting by the Accountant General.
	1 Appropriation	<b>Revenue :</b> XXXVI		
2005-2006	10 Grants	<b>Revenue :</b> X, XI, XIX & XXXI <b>Capital :</b> VIII, XIII, XVII, XXXII & XXXIII <b>Loans :</b> XVII	585.82	
	3 Appropriations	<b>Revenue :</b> II, XVI & XXVIII		
2006-2007	7 Grants	<b>Revenue :</b> IX, X, XI & XIV <b>Capital :</b> XVII & XXIX <b>Loans :</b> XXVII	198.72	
	1 Appropriation	<b>Revenue :</b> III		
2007-2008	7 Grants	<b>Revenue :</b> X, XI & XXXII <b>Capital :</b> XVII, XXXIII & XXXV <b>Loans :</b> XXXVI	201.30	
	3 Appropriations	<b>Revenue :</b> II, IV and XIV		
2008-2009	11 Grants	<b>Revenue:</b> II, V, XI, XXIV, XXVI & XXXI <b>Capital:</b> XVII & XXXIX <b>Loans:</b> XIX, XXVII & XXXVI	709.24	
	3 Appropriations	<b>Revenue:</b> II, III & XIII		
2009-2010	10 Grants	<b>Revenue:</b> III, XIX <b>Capital:</b> IV, VII, X, XVII & XXIX <b>Loans:</b> XI, XVI & XVII	109.74	
	2 Appropriations	<b>Revenue:</b> VII & XIII		
		<b>Total</b>	<b>1819.65</b>	

**Appendix 2.3 (A)**  
**Cases where Supplementary provision proved unnecessary by**  
**₹ one crore or more in each case**  
 (Refer paragraph 2.4.6; page 35)

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual expenditure	Saving out of Original provision	Supplementary provision
<b>A Revenue – Voted</b>					
1	VII- Commercial Taxes Administration	337.48	306.50	30.98	7.86
2	XIII-Higher Education	2051.80	1879.19	172.61	51.62
3	XIV-Technical Education	711.92	646.37	65.55	6.31
4	XV-Sports and youth services	97.05	76.82	20.23	1.15
5	XVI-Medical & Health	4127.85	4002.91	124.94	245.47
6	XVII-Municipal Administration & Urban Development	3627.17	2592.46	1034.71	347.17
7	XVIII-Housing	851.61	735.09	116.52	72.89
8	XX-Labour & Employment	409.52	336.78	72.74	15.23
9	XXI-Social Welfare	1664.34	1602.54	61.80	270.64
10	XXII-Tribal Welfare	835.10	820.08	15.02	163.74
11	XXV-Women, Child and Disabled Welfare	1767.73	970.89	796.84	3.80
12	XXVIII-Animal Husbandry & Fisheries	648.39	564.70	83.69	45.09
13	XXIX-Forest, Science, Technology and Environment	347.56	276.71	70.85	40.45
14	XXX-Co-operation	191.43	169.19	22.24	18.56
15	XXXIX-Information Technology & Communications	68.17	24.53	43.64	7.03
<b>Total Revenue – Voted</b>		<b>17737.12</b>	<b>15004.76</b>	<b>2732.36</b>	<b>1297.01</b>
<b>B Capital – Voted</b>					
16	XI-Roads, Buildings and Ports	1806.00	1428.16	377.84	219.60
17	XIII-Higher Education	27.50	18.97	8.53	21.34
18	XVI-Medical & Health	49.13	17.68	31.45	6.38
19	XX-Labour & Employment	25.96	10.51	15.45	3.01
20	XXXVII-Tourism, Art and Culture	0.90	0.61	0.29	1.10
<b>Total Capital– Voted</b>		<b>1909.49</b>	<b>1475.93</b>	<b>433.56</b>	<b>251.43</b>
<b>C Loans – Voted</b>					
21	X-Home Administration	41.70	19.81	21.89	40.00
<b>Total Loans – Voted</b>		<b>41.70</b>	<b>19.81</b>	<b>21.89</b>	<b>40.00</b>
<b>Grand Total</b>		<b>19688.31</b>	<b>16500.50</b>	<b>3187.81</b>	<b>1588.44</b>

**Appendix 2.3 (B)**  
**Cases where Supplementary provision proved excessive by**  
**₹ one crore or more in each case**

(Refer paragraph 2.4.6; page 35)

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual expenditure	Excess over original provision	Supplementary provision
1.	III-Administration of Justice (RV)	429.82	545.02	115.20	177.67
2.	III-Administration of Justice (RC)	61.02	67.50	6.48	21.14
3.	IV-General Administration and Elections (RV)	263.82	272.05	8.23	108.26
4.	V-Revenue, Registration and Relief (RV)	1552.49	2978.85	1426.36	2266.13
5.	VI-Excise Administration (CV)	1.00	1.39	0.39	3.00
6.	XII-School Education(RV)	9470.89	9880.07	409.18	634.64
7.	XIX-Information and Public Relations(RV)	115.00	123.56	8.56	95.63
8.	XXII-Tribal Welfare (CV)	62.25	135.61	73.36	100.00
9.	XXIII Backward Classes Welfare (RV)	1689.98	1990.29	300.31	929.14
10.	XXVI-Administration of Religious Endowments(RV)	33.88	35.31	1.43	3.50
11.	XXVII Agriculture (RV)	1900.66	2074.75	174.09	735.26
12.	XXVIII Animal Husbandry and Fisheries (CV)	3.07	3.32	0.25	2.72
13.	XXXI Panchayat Raj (RV)	3197.65	3359.77	162.12	1101.69
14.	XXXI Panchayat Raj (CV)	150.00	219.67	69.67	92.88
15.	XXXII Rural Development (RV)	3544.28	3921.78	377.50	794.75
16.	XXXVI-Industries and Commerce (LV)	24.58	36.54	11.96	26.51
17.	XXXVII-Tourism (RV)	54.14	103.42	49.28	90.14
	<b>Total</b>	<b>22554.53</b>	<b>25748.90</b>	<b>3194.37</b>	<b>7183.06</b>

RV: Revenue-Voted, CV: Capital-Voted, LV: Loans-Voted, RC: Revenue Charged

**Appendix 2.3 (C)**  
**Statement of various grants/appropriations where supplementary provision  
 proved inadequate by more than ₹ one crore each**

(Refer paragraph 2.4.6; page 35)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Original Provision	Supplementary Provision	Total	Expenditure	Excess
1	X	Home Administration (RV)	3381.71	208.18	3589.89	3841.10	251.21
2	X	Home Administration (CV)	11.00	40.04	51.04	54.47	3.43
3	XI	Roads, Buildings and Ports (CC)	0.00	7.89	7.89	10.25	2.36
4	XI	Roads, Buildings and Ports (LV)	34.30	40.64	74.94	104.24	29.30
5	XV	Sports and Youth Services (LV)	0.00	5.01	5.01	7.33	2.32
6	XVI	Medical and Health (LV)	118.00	1.79	119.79	121.07	1.28
7	XVII	Municipal Administration and Urban Development (LV)	685.00	261.20	946.20	1459.65	513.45
8	XXIV	Minority Welfare (RV)	237.47	81.88	319.35	324.62	5.27
<b>Total</b>			<b>4467.48</b>	<b>646.63</b>	<b>5114.11</b>	<b>5922.73</b>	<b>808.62</b>

RV: Revenue-Voted, CV: Capital Voted, CC: Capital-Charged, LV: Loans-Voted

**Appendix 2.4**  
**Excess/unnecessary/inadequate re-appropriation of funds**  
**(more than ₹ 10 crore in each case)**

(Refer paragraph 2.4.7; page 35)

(₹ in lakh)

Sl. No	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	X	Home Administration	2055-101-05	(+) 0.03	(+) 2174.70
2.	X	Home Administration	2055-108-05	(+) 1.36	(+) 8083.63
3.	X	Home Administration	2055-109-03	(+) 8741.29	(+) 7957.64
4.	XXXI	Panchayat Raj	2515-00-196-06	(+) 37.68	(+) 8710.27
5.	XXXIII	Major & Medium Irrigation	4701-01-120	(+) 42445.17	(+) 12511.02
6.	XXXIII	Major & Medium Irrigation	4701-01-125	(+) 17807.85	(+) 15227.15
7.	XXXIII	Major & Medium Irrigation	4701-01-138	(+) 130.00	(+) 28588.51
8.	XXXIII	Major & Medium Irrigation	4701-01-164	(+) 3233.97	(+) 11554.51
9.	XXXIII	Major & Medium Irrigation	4701-01-166	(+) 650.56	(+) 55999.28
				<b>(+) 73047.91</b>	<b>(+) 150806.71</b>
10.	III	Administration of Justice	2014-001-05	(+) 750.00	(-) 4068.78
11.	V	Revenue, Registration & Relief	2053-094-12	(+) 2.83	(-) 5319.30
12.	XXXI	Panchayat Raj	4215-01-102-07	(+) 6252.47	(-) 6252.47
13.	XXXI	Panchayat Raj	4215-01-789-07	(+) 1620.00	(-) 1620.00
14.	XXXIII	Major & Medium Irrigation	4701-01-103	(+) 669.89	(-) 1617.27
15.	XXXIII	Major & Medium Irrigation	4701-01-104	(+) 786.00	(-) 5353.63
16.	XXXIII	Major & Medium Irrigation	4701-01-128	(+) 2100.00	(-) 3563.07
17.	XXXIII	Major & Medium Irrigation	4701-01-800	(+) 1312.39	(-) 15055.60
18.	XXXIII	Major & Medium Irrigation	4701-03-212	(+) 1015.00	(-) 1754.84
19.	XXXIII	Major & Medium Irrigation	4701-03-240	(+) 4350.00	(-) 3288.80
				<b>(+) 18858.58</b>	<b>(-) 47893.76</b>
20.	V	Revenue, Registration & Relief	2245-02-104-04	(-) 2931.30	(+) 2036.96
21.	X	Home Administration	2055-104-01	(-) 114.67	(+) 2656.22
22.	X	Home Administration	2055-117-06	(-) 155.77	(+) 1083.75
23.	X	Home Administration	2070-108-03	(-) 622.88	(+) 1030.74
24.	XI	Roads, Buildings and Ports	3054-04-800-07	(-) 24460.47	(+) 6290.52
25.	XVI	Medical & Health	2210-01-110-04	(-) 1045.86	(+) 1069.19
26.	XVI	Medical & Health	2210-05-105-18	(-) 773.95	(+) 1247.70
27.	XVI	Medical & Health	2211-00-103-11	(-) 1717.70	(+) 1717.70



28.	XVI	Medical & Health	6210-01-190-04	(-) 4375.00	(+) 3866.00
29.	XVI	Medical & Health	6210-01-800-04	(-) 359.24	(+) 1101.74
30.	XX	Labour & Employment	2210-01-102-04	(-) 2212.11	(+) 2808.86
31.	XXII	Tribal Welfare	2225-02-277-07	(-) 6688.66	(+) 9026.36
32.	XXVII	Agriculture	2401-00-001-03	(-) 13505.02	(+) 11949.96
33.	XXXI	Panchayat Raj	4215-01-102-29	(-) 7720.00	(+) 6480.13
34.	XXXIII	Major & Medium Irrigation	2701-01-101	(-) 23617.67	(+) 4991.95
35.	XXXIII	Major & Medium Irrigation	2701-01-111	(-) 87.13	(+) 1255.11
36.	XXXIII	Major & Medium Irrigation	2701-01-127	(-) 41618.05	(+) 8091.97
37.	XXXIII	Major & Medium Irrigation	4701-01-122	(-) 1100.00	(+) 6110.36
38.	XXXIII	Major & Medium Irrigation	4701-01-137	(-) 150.00	(+) 6153.74
39.	XXXIII	Major & Medium Irrigation	4701-01-147	(-) 660.89	(+) 4107.69
40.	XXXIII	Major & Medium Irrigation	4701-03-800	(-) 406.05	(+) 1570.89
				<b>(-) 134322.42</b>	<b>(+) 84647.54</b>
41.	III	Administration of Justice	2014-105-04	(-) 230.34	(-) 1468.23
42.	V	Revenue, Registration & Relief	2245-02-193-04	(-) 10916.75	(-) 1721.35
43.	V	Revenue, Registration & Relief	4250-101-04	(-) 142.52	(-) 3657.48
44.	IX	Fiscal Administration, Planning, Surveys and Statistics	2049-01-101-05 (charged)	(-) 65953.62	(-) 12941.77
45.	IX	Fiscal Administration, Planning, Surveys and Statistics	2052-00-090-26	(-) 129.00	(-) 1819.51
46.	XI	Roads, Buildings and Ports	5054-80-001-04	(-) 9955.40	(-) 7586.16
47.	XXIII	Backward Classes Welfare	2225-03-277-05	(-) 4227.24	(-) 32679.08
48.	XXIII	Backward Classes Welfare	2225-03-277-07	(-) 90.00	(-) 5080.79
49.	XXIII	Backward Classes Welfare	2225-03-277-08	(-) 4146.52	(-) 4455.18
50.	XXIII	Backward Classes Welfare	2225-03-277-24	(-) 2398.80	(-) 2206.02
51.	XXV	Women, Child & Disabled Welfare	2235-02-102-09	(-) 6426.08	(-) 6136.00
52.	XXV	Women, Child & Disabled Welfare	2235-02-102-10	(-) 2004.93	(-) 1022.92
53.	XXV	Women, Child & Disabled Welfare	2236-02-101-04	(-) 30360.70	(-) 1109.27
54.	XXIX	Forest, Science, Technology and Environment	2406-02-110-04	(-) 127.79	(-) 1549.26
55.	XXXI	Panchayat Raj	2215-01-196-05	(-) 385.28	(-) 1853.48
56.	XXXI	Panchayat Raj	2515-001-01	(-) 3.06	(-) 1145.65
57.	XXXI	Panchayat Raj	2515-00-197-04	(-) 2439.20	(-) 6696.08
58.	XXXI	Panchayat Raj	2515-00-198-08	(-) 1524.85	(-) 5120.25
59.	XXXIII	Major & Medium Irrigation	2701-01-122	(-) 98000.00	(-) 15048.48
60.	XXXIII	Major & Medium Irrigation	2701-01-123	(-) 9766.00	(-) 15681.14

61.	XXXIII	Major & Medium Irrigation	2701-01-153	(-) 52035.00	(-) 31703.56
62.	XXXIII	Major & Medium Irrigation	2701-80-800-21	(-) 3600.00	(-) 6400.00
63.	XXXIII	Major & Medium Irrigation	4701-01-107	(-) 6052.93	(-) 1484.25
64.	XXXIII	Major & Medium Irrigation	4701-01-123	(-) 225.00	(-) 2281.63
65.	XXXIII	Major & Medium Irrigation	4701-01-131	(-) 13109.20	(-) 6383.17
66.	XXXIII	Major & Medium Irrigation	4701-01-133	(-) 2190.84	(-) 37357.38
67.	XXXIII	Major & Medium Irrigation	4701-01-144	(-) 1200.00	(-) 9670.45
68.	XXXIII	Major & Medium Irrigation	4701-01-156	(-) 6010.00	(-) 1270.29
69.	XXXIII	Major & Medium Irrigation	4701-01-157	(-) 1290.00	(-) 5705.25
70.	XXXIII	Major & Medium Irrigation	4701-01-158	(-) 4118.87	(-) 5689.68
71.	XXXIII	Major & Medium Irrigation	4701-01-159	(-) 30304.00	(-) 1242.59
72.	XXXIII	Major & Medium Irrigation	4701-01-169	(-) 4000.00	(-) 12242.66
73.	XXXIII	Major & Medium Irrigation	4701-01-170	(-) 6118.50	(-) 8559.57
74.	XXXIII	Major & Medium Irrigation	4701-01-171	(-) 1294.20	(-) 1198.29
75.	XXXIII	Major & Medium Irrigation	4701-01-176	(-) 3820.00	(-) 1962.42
76.	XXXIII	Major & Medium Irrigation	4701-01-177	(-) 320.69	(-) 3179.31
77.	XXXIII	Major & Medium Irrigation	4701-01-179	(-) 8.31	(-) 2491.69
78.	XXXIII	Major & Medium Irrigation	4701-03-133	(-) 390.00	(-) 1200.00
79.	XXXIII	Major & Medium Irrigation	4701-03-143	(-) 52.94	(-) 2184.11
80.	XXXIII	Major & Medium Irrigation	4701-03-184	(-) 5.00	(-) 1380.37
81.	XXXIII	Major & Medium Irrigation	4701-03-204	(-) 513.50	(-) 1117.28
82.	XXXIII	Major & Medium Irrigation	4701-03-221	(-) 4600.00	(-) 1724.00
83.	XXXIII	Major & Medium Irrigation	4701-03-237	(-) 302.50	(-) 1813.73
84.	XXXIII	Major & Medium Irrigation	4701-03-239	(-) 2633.00	(-) 1349.57
85.	XXXIII	Major & Medium Irrigation	4701-03-245	(-) 1100.00	(-) 1612.97
86.	XXXIV	Minor Irrigation	2702-03-101-07	(-) 85.00	(-) 7677.73
87.	XXXIV	Minor Irrigation	4702-00-101-10	(-) 2101.86	(-) 6579.12
88.	XXXIV	Minor Irrigation	4702-00-101-12	(-) 11283.57	(-) 13741.51
89.	XXXIV	Minor Irrigation	4702-00-101-12 (charged)	(-) 114.20	(-) 1090.43
90.	XXXIV	Minor Irrigation	4702-00-101-16	(-) 1998.65	(-) 2167.09
91.	XXXIV	Minor Irrigation	4702-00-789-15	(-) 3000.00	(-) 3874.84
92.	XXXIV	Minor Irrigation	4702-00-796-12	(-) 3598.10	(-) 1014.59
				<b>(-) 416703.94</b>	<b>(-) 316327.63</b>

## Appendix 2.5 Substantial surrenders made during the year

(Refer paragraph 2.4.9; page 35)

(₹ in crore)

Sl. No.	Number and Title of grant	Name of the scheme (Head of Account)	Amount of surrender	Percentage to budget provision
1	V – Revenue, Registration & Relief	Repairs & Restoration of damaged Municipal properties. MH 2245-02-193-(09)	154.12	100
Specific reasons for surrender of entire provision were not intimated.				
2	IX – Fiscal Administration, Planning, Surveys & Statistics	Lumpsum Provision. MH 2052-00-090-(75)	2400.00	100
Specific reasons for surrender of the entire provision were not intimated.				
3	IX – Fiscal Administration, Planning, Surveys & Statistics	Ways and Means Advances from the Reserve Bank of India. MH 6003-110-(05)	2781.85	93
Specific reasons for surrender of the provision were not intimated.				
4	XII – School Education	Construction of buildings for kitchen-cum-store rooms. MH 4202-01-201-(07)	168.30	100
Surrender of entire provision was stated to be for providing loan to AP Educational Welfare Infrastructure Corporation. However, no amount was provided to the Corporation under loan section.				
5	XXXIII – Major & Medium Irrigation	Resettlement & Rehabilitation MH 4701-80-800-(49)	145.00	97
Specific reasons for surrender of the provision were not intimated.				
6	XXXV – Energy	Loans to APTRANSCO for Krishnapatnam Thermal Power Project. MH 6801-00-205-(12)	250.06	100
Reason for the surrender was stated to be due to modification in classification during the year				

## Appendix 2.6

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

(Refer paragraph 2.4.10; page 37)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Excess(+)/ Saving(-)	Amount surrendered	Amount surrendered in excess
<b>Revenue – Voted</b>					
1	VI-Excise Administration	287.46	(-) 51.85	53.20	1.35
2	VII-Commercial Taxes Administration	345.33	(-) 38.84	40.04	1.20
3	IX-Fiscal Administration, Planning, Surveys and Statistics	11879.07	(-) 1154.65	1196.44	41.79
4	X – Home Administration	3589.89	(+) 251.21	16.39	16.39
5	XI - Roads, Buildings & Ports	1508.96	(-) 354.17	539.61	185.44
6	XXII - Tribal Welfare	998.84	(-) 178.76	249.43	70.67
7	XXVII - Agriculture	2635.93	(-) 561.18	583.69	22.51
<b>Revenue – Charged</b>					
8	I-State Legislature	2.70	(-) 0.83	1.66	0.83
9	IV-General Administration & Elections	28.34	(+) 0.10	1.54	1.54
<b>Capital – Voted</b>					
10	X - Home Administration	51.04	(+) 3.43	30.91	30.91
11	XIII - Higher Education	48.84	(-) 29.87	31.38	1.51
12	XX - Labour & Employment	28.97	(-) 18.46	20.21	1.75
13	XXVII - Agriculture	0.53	(+) 11.08	0.52	0.52
<b>Loans – Voted</b>					
14	XVI-Medical & Health	119.79	(+) 1.28	52.80	52.80
<b>Total</b>		<b>21525.69</b>	<b>(-) 2121.51</b>	<b>2817.82</b>	<b>429.21</b>

**Appendix 2.7**  
**Statement of various grants/appropriations in which saving occurred**  
**but no part of which was surrendered.**

(Refer paragraph 2.4.11; page 37)

(₹ in crore)

Sl. No.	Grant No.	Name of grant/appropriation	Saving
<b>I – Grants</b>			
1	IV	General Administration and Elections (CV)	0.61
2	V	Revenue, Registration and Relief (CV)	101.07
3	IX	Fiscal Administration, Planning, Surveys and Statistics (CV)	175.75
4	XXVI	Administration of Religious Endowments (RV)	2.07
5	XXIX	Forest, Science, Technology and Environment (CV)	0.07
6	XXXI	Panchayat Raj (CV)	23.21
7	XXXV	Energy (RV)	863.44
8	XXXVII	Tourism, Art and Culture (CV)	1.39
9	XXXIX	Information Technology and Communications (RV)	50.67
10	XL	Public Enterprises (RV)	0.19
11	XL	Public Enterprises (LV)	1.00
		<b>Total</b>	<b>1219.47</b>
<b>II – Appropriations</b>			
12	III	Administration of Justice (RC)	14.66
13	VII	Commercial Taxes Administration (RC)	0.01
14	XI	Roads, Buildings and Ports (RC)	0.24
15	XVI	Medical and Health (RC)	0.04
16	XX	Labour and Employment (RC)	0.01
17	XXIX	Forest, Science, Technology and Environment (RC)	0.20
18	XXXI	Panchayat Raj (RC)	0.10
19	XXXIII	Major & Medium Irrigation (RC)	13.20
20	XXXVIII	Civil Supplies Administration(RC)	0.01
		<b>Total</b>	<b>28.47</b>
		<b>Grand Total</b>	<b>1247.94</b>

RV: Revenue-Voted, RC: Revenue-Charged, CV: Capital-Voted, LV: Loans-Voted

**Appendix 2.8**  
**Details of saving of ₹ 5 crore and above not surrendered**  
(Refer paragraph 2.4.11; page 37)

(₹ in crore)				
Sl. No.	Number and Name of grant/appropriation	Saving	Surrender	Un-surrendered saving
(1)	(2)	(3)	(4)	(5)
1	I - State Legislature (RV)	12.57	5.89	6.68
2	III - Administration of Justice (RV)	62.47	2.69	59.78
3	IV - General Administration and Elections (RV)	100.03	7.53	92.50
4	V – Revenue, Registration and Relief (RV)	839.77	637.83	201.94
5	IX - Fiscal Administration, Planning, Surveys and Statistics (RC)	526.68	397.26	129.42
6	XI - Roads, Buildings and Ports (CV)	597.44	259.55	337.89
7	XII - School Education (RV)	225.45	54.49	170.96
8	XIII - Higher Education (RV)	224.24	114.29	109.95
9	XV - Sports and Youth Services (RV)	21.37	6.36	15.01
10	XVI - Medical and Health (RV)	370.41	343.33	27.08
11	XVI - Medical and Health (CV)	37.82	29.89	7.93
12	XVII - Municipal Administration and Urban Development (RV)	1381.87	0.65	1381.22
13	XX - Labour and Employment (RV)	87.97	54.09	33.88
14	XXIII - Backward Classes Welfare (RV)	628.83	128.61	500.22
15	XXIII - Backward Classes Welfare (CV)	25.25	1.25	24.00
16	XXV - Women, Child & Disabled Welfare (RV)	800.64	691.19	109.45
17	XXVIII – Animal Husbandry and Fisheries (RV)	128.78	102.30	26.48
18	XXIX - Forest, Science, Technology & Environment (RV)	111.30	33.00	78.30
19	XXX - Co-operation (RV)	40.80	33.82	6.98
20	XXXI - Panchayat Raj (RV)	939.57	105.93	833.64
21	XXXII - Rural Development (RV)	417.25	275.93	141.32
22	XXXIII - Major & Medium Irrigation (RV)	4342.05	2828.09	1513.96
23	XXXIII - Major & Medium Irrigation (CV)	1217.47	471.03	746.44
24	XXXIII - Major & Medium Irrigation (CC)	56.28	16.50	39.78
25	XXXIV - Minor Irrigation (RV)	112.91	1.39	111.52
26	XXXIV - Minor Irrigation (CV)	837.98	316.56	521.42
27	XXXIV - Minor Irrigation (CC)	12.45	1.44	11.01
28	XXXVI - Industries & Commerce (RV)	388.60	314.96	73.64
29	XXXVI - Industries & Commerce (LV)	14.55	0.17	14.38
30	XXXVII – Tourism, Art and Culture (RV)	40.86	2.98	37.88
31	XXXVIII - Civil Supplies Administration (RV)	845.19	761.15	84.04
	<b>Total</b>	<b>15448.85</b>	<b>8000.15</b>	<b>7448.70</b>

RV: Revenue-Voted, RC: Revenue-Charged, CV: Capital-Voted, CC: Capital-Charged, LV: Loans-Voted

**Appendix 2.9**  
**Cases of surrender of funds in excess of ₹ 10 crore on**  
**30 and 31 March 2011**

(Refer paragraph 2.4.11; page 37)

(₹ in crore)

Sl. No.	Grant No.	Major Head	Amount of surrender
(1)	(2)	(3)	(4)
1	V	2029 Land Revenue	46.72
2		2245 Relief on account of Natural Calamities	588.92
3	VI	2039 State Excise	53.20
4	VII	3604 Compensation and Assignments to Local Bodies and Panchayat Raj	40.04
5	IX	2049 Interest Payments <b>(Charged)</b>	391.81
6		2052 Secretariat General Services	1180.91
7		6004 Loans and Advances from Central Government <b>(Charged)</b>	1851.13
8		7610 Loans to Government Servants	19.47
9	X	2059 Public Works	10.25
10		4055 Capital Outlay on Police	30.91
11		6216 Loans for Housing	61.39
12	XI	3054 Roads and Bridges	531.20
13		4202 Capital Outlay on Education, Sports, Art and Culture	28.74
14		5051 Capital Outlay on Ports and Light Houses	35.07
15		5054 Capital Outlay on Roads and Bridges	195.75
16	XII	2202 General Education	51.22
17		4202 Capital Outlay on Education, Sports, Art and Culture	109.31
18	XIII	2202 General Education	101.03
19		4202 Capital Outlay on Education, Sports, Art and Culture	31.38
20	XIV	2203 Technical Education	71.83
21		4202 Capital Outlay on Education, Sports, Art and Culture	32.63
22	XVI	2059 Public Works	130.79
23		2210 Medical and Public Health	172.31
24		2211 Family Welfare	39.69
25		4210 Capital Outlay on Medical and Public Health	28.14

26		6210 Loans for Medical and Public Health	52.80
27	XVIII	2216 Housing	189.43
28		6216 Loans for Housing	58.31
29	XIX	2220 Information and Publicity	84.79
30	XX	2059 Public Works	31.11
31		2210 Medical and Health	22.32
32		4250 Capital Outlay of Labour and Employment	20.21
33	XXI	2225 Welfare of SC, STs and OBCs	326.19
34		4225 Capital Outlay on Welfare of SC, STs and OBCs	72.19
35	XXII	2225 Welfare of SC, STs and OBCs	247.14
36		4225 Capital Outlay on Welfare of SC, STs and OBCs	23.96
37	XXIII	2225 Welfare of SC, STs and OBCs	126.73
38	XXV	2235 Social Security and Welfare	691.19
39		4235 Capital Outlay on Social Security and Welfare	68.71
40	XXVII	2401 Crop Husbandry	567.44
41		2851 Village and Small Industries	16.25
42	XXVIII	2403 Animal Husbandry	89.76
43		2405 Fisheries	12.26
44	XXIX	2402 Soil and Water Conservation	33.00
45	XXX	2425 Co-operation	33.82
46	XXXI	2515 Other Rural Development Programmes	103.82
47	XXXII	2501 Special Programmes for Rural Development	275.93
48	XXXIII	2701 Major and Medium Irrigation	11.02
49		4701 Capital Outlay on Major and Medium Irrigation	440.81
50		4701 Capital Outlay on Major and Medium Irrigation ( <b>Charged</b> )	<b>16.31</b>
51		4711 Capital Outlay on Flood Control Projects	15.22
52	XXXIV	4702 Capital Outlay on Minor Irrigation	316.56
53	XXXVI	2851 Village and Small Industries	264.90
54		3453 Foreign Trade and Export Promotion	49.98
55	XXXVIII	2236 Nutrition	759.97
		<b>Total</b>	<b>10855.97</b>



**Appendix 2.10**  
**Irregular drawal of advances from the Contingency Fund**  
(Refer paragraph 2.6; page 39)

Sl. No.	Particulars	High Court case no. and date of Order.	Date of Administrative Sanction	Date of sanction from Contingency Fund	Amount drawn by and date of drawal	Amount (₹ in crore)	Paid to & date of payment	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Acquisition of land for the establishment of Ordinance factory at Indrakaran village – Sangareddy Mandal, Medak District - payment of decretal charges - ₹ 1,52,45,266	OP no.553/87 and in AS No.33/2000 and batch cases dated, 03-02-2006.	G.O.Rt.No.85 Industries & Commerce (INF) Dept. dated, 04-02-2010.	G.O.Rt.No.1179 Finance (BG.I) Department dated, 22-03-2010.	DAO, RDO Office, Sangareddy DTO, dated 26-05-2010.	1.52	Additional Districts & Sessions Judge Medak at Sangareddy on 24-06-2010.	The administrative sanction was delayed by four years. Also, the amount from the Contingency fund was drawn with a delay of two months and paid to the Additional Districts & Sessions Judge Medak at Sangareddy with a delay of 29 days.
2	Construction of B2 type additional quarters at Patigadda, Secunderabad - payment of decretal charges - ₹ 1,57,36,913.	CMA No.777/1996 dated, 12-07-2007.	G.O.Rt.No.141 Transport, Roads & Buildings (B.II) Department dated, 11-02-2011.	G.O.Rt.No.875 Finance (BG.I) Department dated, 23-03-2011.	E.E., R&B, North Buildings Division, Hyderabad, dated, 26-03-2011.	1.57	II Additional Chief Judge, City Civil Court, Hyderabad on 29-03-2011.	The administrative sanction was delayed by three years six months.
3	Land acquisition for the formation of Inner Ring Road at (i) Sagbouli and Katedan villages Rajendranagar Mandal, Hyderabad – payment of decretal charges - ₹ 1,44,58,418.	O.P.Nos.126/1995, 194, 195, 198 & 205/1996 (LAAS Nos.365, 381,382,386 & 591 of 2005) dated 26-07-2007.	G.O.Rt.No.405 Transport, Roads & Buildings (R-III) Dept. dated, 26-04-2010.	G.O.Rt.No.2144 Finance (BG.I) Department 27-04-2010.	E.E., R&B, City Roads Division, A.C. Guards, Hyderabad, dated, 27-04-2010.	1.16	II Additional Senior Civil Judge, Rangareddy District on 01-06-2010.	The administrative sanction was delayed by two years nine months and the amount was paid to the court with a delay of 35 days. Out of ₹ 1,44,58,418 only an amount of ₹ 116,16,055 was deposited with the Court. The balance ₹ 28,42,363 is lying in the bank account of the RDO (Bank of India, Attapur Branch).

4	Kakinada Deep Water Port Dredging and Navigational Aids – payment of decretal charges – ₹ 3,89,98,026	CMAMP 270/2010 in CMA No.1136/2009 dated 24-02-2010.	G.O.M.s.No.18, Infrastructure and Investment (Ports-II) department, dated 10-12-2010.	G.O.Rt.No.158 Finance (BG.I) Department 19-01-2011.	Director of Ports, Kakinada, dated, 30-03-2011.	3.90	Cheque is lying with the Director of Ports Kakinada pending orders for extension of time from Honourable High Court of AP.	There was administrative delay by nine months. Also, the amount was drawn with a delay by 2 months.  The cheque when submitted to the III Additional District Judge, Kakinada on 15-04-2011, was disallowed as the due date (04-05-2010) of submission of the cheque fixed by the Honourable High Court was expired.
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**Appendix 3.1**  
**Department-wise details of pending DC bills at the end of 2010-11**  
 (Refer paragraph 3.2; page 41)

(₹ in crore)

Sl. No.	Department	Number of AC bills	Amount
1	Agriculture	686	692.63
2	Revenue, Registration & Relief	6279	414.69
3	Medical & Health	83675	94.79
4	Education	19947	93.44
5	Home	1476	47.76
6	Panchayat Raj & Rural Development	1430	44.91
7	General Administration	2787	19.74
8	Finance	548	16.35
9	Animal Husbandry and Fisheries	25	8.85
10	Sports & Youth Services	419	7.72
11	Municipal Administration & Urban Development	31	7.33
12	Asst. Secretaries to Government, Secretariat Department	86	5.22
13	Law	20	4.53
14	Information and Public Relations	570	1.76
15	Industries	3	1.17
16	Tourism, Art & Culture	2	1.00
17	Commercial Taxes Administration	11	0.94
18	Dr. MCRHRD Institute, Hyderabad	2	0.93
19	Civil Supplies Administration	12	0.66
20	Irrigation and Command Area Development	29	0.62
21	Roads & Buildings	22	0.35
22	Labour, Employment and Training	24	0.30
23	Tribal Welfare	8	0.29
24	Social Welfare	14	0.15
25	APPSC	6	0.14
26	Women Child and Disabled Welfare	8	0.09
27	Energy	4	0.02
28	Forest, Science, Technology and Environment	2	0.02
29	Special Commissioner, AP at New Delhi	1	#
30	BC Welfare	4	@
	<b>Total</b>	<b>118131</b>	<b>1466.40</b>

# Rs.34,400 @ Rs.20,947

**Appendix 3.2**  
**Statement showing submission of accounts and status of audit**  
**of autonomous bodies**

(Refer paragraph 3.4; page 42)

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature	Accounts due for the years	Period of delay in months (as of June 2011)
	Urban Development Authorities					
1	Hyderabad Metropolitan Development Authority <sup>5</sup>	2009-10	2008-09	2000-01	2009-10 2010-11	15 3
2	Visakhapatnam Urban Development Authority	2008-09	2008-09	2001-02	2009-10 2010-11	15 3
3	Tirupati Urban Development Authority	2008-09	2009-10	2001-02	2010-11	3
4	Kakatiya Urban Development Authority	2008-09	2006-07	1998-99	2007-08 2008-09 2009-10 2010-11	39 27 15 3
5	Vijayawada-Guntur-Tenali-Mangalagiri-Urban Development Authority	2009-10	2008-09	2000-01	2009-10 2010-11	15 3
6	AP Vaidya Vidhana Parishad	2009-10	2005-06	1999-00	2006-07 2007-08 2008-09 2009-10 2010-11	51 39 27 15 3
7	AP Khadi Village Industries Board	2009-10	2007-08	1999-00	2008-09 2009-10 2010-11	27 15 3
8	Sri Satya Sai Urban Development Authority*	2008-09	2002-03*	*	2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11	87 75 63 51 39 27 15 3
9	Hyderabad Metropolitan Water Supply & Sewerage Board	2009-10	2005-06	Not required as per the bye-laws	2006-07 2007-08 2008-09 2009-10 2010-11	51 39 27 15 3
10	Environment Protection Training and Research Institute	2009-10	2009-10		2010-11	3

Integrated Tribal Development Agencies						
11	Bhadrachalam	2011-12	2008-09	Not required as per the bye-laws	2010-11	3
12	Seethampet	2011-12	2008-09		2009-10	15
					2010-11	3
13	Srisailam	2011-12	2006-07		2007-08	39
					2008-09	27
					2009-10	15
					2010-11	3
14	Parvathipuram	2011-12	2008-09		2009-10	15
					2010-11	3
15	Paderu	2011-12	2006-07		2007-08	39
					2008-09	27
					2009-10	15
					2010-11	3
16	Rampachodavaram	2011-12	2006-07		2007-08	39
					2008-09	27
					2009-10	15
					2010-11	3
17	Uttoor	2011-12	2007-08		2008-09	27
					2009-10	15
					2010-11	3
18	Nellore	2011-12	2008-09	2009-10	15	
				2010-11	3	
19	K.R. Puram	2011-12	2007-08	2008-09	27	
				2009-10	15	
				2010-11	3	
20	Eturunagaram	2011-12	2006-07	2007-08	39	
				2008-09	27	
				2009-10	15	
				2010-11	3	

§ The 'Hyderabad Metropolitan Development Authority' was formerly known as "Hyderabad Urban Development Authority".

\* Though, initially the annual accounts up to 2002-03 were submitted to this office, audit could not be taken up as the initial records were stated to have been burnt in a fire accident. The Authority expressed their inability to reconstruct the records. Hence, audit can be taken up only from the year 2003-04 subject to production of accounts.

### Appendix 3.3

#### Statement of finalisation of accounts and the Government investment in departmentally managed Commercial and Quasi-Commercial Undertakings

(Refer paragraph 3.5; page 43)

Sl. No.	Name of the Undertaking	Accounts finalised up to	Investment as per the last accounts finalised (₹ in crore)	Remarks
<b>Education Department</b>				
1	Andhra Pradesh Government Text Book Press, Hyderabad.	1977-78	1.06	Revised accounts from 1978-79 to 1985-86 and accounts from 1986-87 to 2000-01 were received in August 2004 and the same were not certified as the management did not produce supporting registers/records for verification of accounts.
<b>Home Department</b>				
2	Government Central Press, Hyderabad	Revised accounts are awaited for 1967-68 and 1968-69. Accounts are awaited from 1969-70.	Not available	Despite constant pursuance by the AG(C&RA), accounts are awaited from 1969-70. Revised accounts are awaited for 1967-68 and 1968-69.
3	Government Regional Press, Kurnool	Accounts are awaited from 1971-72.	Not available	Despite constant pursuance by the AG(C&RA), accounts are also awaited from 1971-72.
4	Government Regional Press, Vijayawada	Accounts are awaited from 1983-84.	Not available	Despite constant pursuance by the AG(C&RA) accounts are awaited from 1983-84.
<b>Revenue Department</b>				
5	Government Distillery, Narayanaguda, Hyderabad	Revised accounts for 1992-93 and 1993-94 are awaited.	Not available	The unit stopped production with effect from October 1993. Revised accounts for 1992-93 and 1993-94 could not be certified due to non-availability of records.
<b>Finance Department</b>				
6	Andhra Pradesh Government Life Insurance, Hyderabad	2005-06	NIL	Despite constant pursuance by the AG(C&RA) accounts are awaited from 2006-07.
<b>Animal Husbandry and Fisheries Department</b>				
7	Ice-cum-Cold Storage Plant, Tungabhadra Dam.	2009-10	0.12	Audit Certificate for 2007-08 to 2009-10 issued in April, 2011.
8	Fishnet Making Plant, Tungabhadra Dam	2009-10	0.83	Audit certificate for 2007-08 to 2009-10 issued in August, 2011. The unit has been closed with effect from May 2010.
9	Fish Seed Farm, Tungabhadra Dam	Accounts are awaited since inception from 1963-64.	Not available	Despite constant pursuance by the AG(C&RA) accounts are awaited from 1963-64.

**Appendix 3.4**  
**Department/year-wise break-up of the cases of misappropriation,**  
**defalcation, etc.**  
**(Cases where final action was pending at the end of 30 April 2011)**

(Refer paragraph: 3.7; page 44)

*(Rupees in lakh)*

Sl. No.	Department	Up to 2006-07		2007-08		Total	
		N	A	N	A	N	A
1	Agriculture and Cooperation	17	62.88	-	-	17	62.88
2	Animal Husbandry and Fisheries	4	2.63	-	-	4	2.63
3	Education	34	91.54	1	20.66	35	112.20
4	Environment, Forests, Science and Technology	10	102.37	-	-	10	102.37
5	Finance and Planning (Treasuries and Accounts)	7	188.32	-	-	7	188.32
6	Health, Medical and Family Welfare	55	174.18	2	11.03	57	185.21
7	Home	14	19.93	-	-	14	19.93
8	Industries and Commerce	1	ANF	-	-	1	ANF
9	Labour, Employment, Training and Factories	4	5.02	-	-	4	5.02
10	Law	11	43.05	-	-	11	43.05
11	Legislature	1	7.80	-	-	1	7.80
12	Municipal Administration and Urban Development	1	4.35	-	-	1	4.35
13	Panchayat Raj and Rural Development	22	196.88	-	-	22	196.88
14	Revenue	259	99.23	1	0.40	260	99.63
15	Social Welfare (including Tribal Welfare)	26	2429.94	-	-	26	2429.94
16	Transport, Roads and Buildings	2	3.46	-	-	2	3.46
	<b>Total</b>	<b>468</b>	<b>3431.58</b>	<b>4</b>	<b>32.09</b>	<b>472</b>	<b>3463.67</b>

N-Number of cases A-Amount ANF – Amount Not Furnished  
 No cases reported during the years 2008-09 to 2010-11

## Appendix 4.1

### Glossary of terms

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of parameter/GSDP Growth Rate
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth rate – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received / $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State's during the course of the year (Fiscal Deficit – Interest payments)
Balance from Current Revenue (BCR)	Revenue Receipts <b>minus</b> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction or Avoidance of debt
Terms	Description
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i> .
Debt Consolidation and Relief Facility	In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme “ <b>The States’ Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)</b> ” under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States on enacting the FRBM Act and debt waiver is granted on fiscal performance, linked to the reduction of revenue deficits of States



Absorptive capacity	Absorptive capacity in this case refers to the ability of a State to implement a developmental scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the design of schemes are well planned with careful risk mitigation strategy in place, administrative costs are low, operation, maintenance, monitoring and control mechanisms are in place etc so that the State is able to effectively achieve targeted outcomes.
Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at categorized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. The examples of such goods include the provision of free or subsidised food for the poor to support nutrition, the delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
Development expenditure	The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
Average interest rate	Average interest rate is defined as the percentage of interest payment made to, average financial liabilities of the State during the year i.e. $(\text{sum of opening and closing balances of fiscal liabilities}/2) \times 100$
Debt sustainability	The debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

Debt stabilisation	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would 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.
Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Non debt receipts = incremental growth of revenue receipts – Incremental growth of interest payments – Incremental primary revenue expenditure.
Borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
Primary revenue deficit	Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.
Primary expenditure	Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.

## Appendix 4.2 Acronyms and abbreviations

Acronym	Full form
AC Bills	: Abstract Contingent Bills
AE	: Aggregate Expenditure
AIDS	: Acquired Immuno-Deficiency Syndrome
ANGRAU	: Acharya N.G. Ranga Agriculture University
APFRBM Act	: Andhra Pradesh Fiscal Responsibility and Budget Management Act
APGENCO	: Andhra Pradesh Generation Corporation
APIDCL	: Andhra Pradesh Industrial Development Corporation Limited
APLSDA	: Andhra Pradesh Live Stock Development Agency
APMETI	: State Agricultural Management and Extension Training Institute
APMIP	: Andhra Pradesh Micro Irrigation Project
APOILFED	: Andhra Pradesh Co-Operative Oil Seeds Grower's Federation
APPFC	: Andhra Pradesh Power Finance Corporation
APRPRP	: Andhra Pradesh Rural Poverty Reduction Project
APS e-COPS	: Andhra Pradesh Society for Electronic Computerisation of Police Services
APSACS	: Andhra Pradesh State AIDS Control Society
APSHM	: Andhra Pradesh State Horticulture Mission
APSREGS	: Andhra Pradesh State Rural Employment Guarantee Scheme
APSRDA	: Andhra Pradesh State Rural Roads Development Agency
APRTC	: Andhra Pradesh State Road Transport Corporation
APSSDCL	: Andhra Pradesh State Seeds Development Corporation Limited
APTRANSCO	: Transmission Corporation of Andhra Pradesh
BE	: Budget Estimates
CAG	: Comptroller and Auditor General of India
CAGR	: Compound Annual Growth Rate
CB	: Closing Balance
C&DA	: Commissioner and Director of Agriculture
CE	: Capital Expenditure
CF	: Contingency Fund
CGA	: Controller General of Accounts
CSS	: Centrally Sponsored Schemes

DC Bills	:	Detailed Contingent Bills
DDs	:	Demand Drafts
DE	:	Development Expenditure
DPIP	:	District Poverty Initiatives Programme
DRDA	:	District Rural Development Agency
DWCRA	:	Development of Women and Children in Rural Areas
DWSM	:	Drinking Water and Sanitation Mission
EAP	:	Externally Aided Projects
FCP	:	Fiscal Correction Path
FD	:	Fiscal Deficit
FPSS	:	Fiscal Policy Strategy Statement
FRL	:	Fiscal Responsibility Legislation
GOI	:	Government of India
GSDP	:	Gross State Domestic Product
HMWS&SB	:	Hyderabad Metropolitan Water Supply and Sewerage Board
HODs	:	Heads of Departments
IAY	:	Indira Awas Yojana
INDIRAMMA	:	Integrated Novel Development in Rural Areas and Modal Municipal Areas
JNNURM	:	Jawaharlal Nehru National Urban Renewal Mission
LPG	:	Liquified Petroleum Gas
MEFS	:	Macro Economic Framework Statement
NEDCAP	:	Non-conventional Energy Development Corporation of Andhra Pradesh
NOAPS	:	National Old Age Pension Scheme
NPRE	:	Non-Plan Revenue Expenditure
NRDWP	:	National Rural Drinking Water Programme
NREGM	:	National Rural Employment Guarantee Mission
NRHM	:	National Rural Health Mission
NSSF	:	National Small Savings Fund
NTR	:	Non-Tax Revenue
O&M	:	Operations and Maintenance
OTR	:	Own Tax Revenue
OU	:	Osmania University
PAC	:	Public Accounts Committee

PD	:	Primary Deficit
PERT Chart	:	Programme/Project Evaluation and Review Technique
PF	:	Provident Fund
PPO	:	Pension Payment Order
PMS	:	Post Matric Scholarship
PRC	:	Pay Revision Commission
RBI	:	Reserve Bank of India
RD	:	Revenue Deficit
RDO	:	Revenue Divisional Officer
RE	:	Revenue Expenditure
RMSA	:	Rashtriya Madhyamik Shiksha Abhiyan
RR	:	Revenue Receipts
RR Act	:	Revenue Recovery Act
RTF	:	Reimbursement of Tuition Fees
RVMA	:	Rajiv Vidya Mission Authority
S&W	:	Salaries and Wages
SAAP	:	Sports Authority of Andhra Pradesh
SBCS	:	State Blindness Control Society
SDL	:	State Development Loan
SDRF	:	State Disaster Relief Fund
SH&FWS	:	State Health and Family Welfare Society
SSA	:	Sarva Siksha Abhiyan
SSE	:	Social Sector Expenditure
STBCS	:	State TB Control Society
SWSM	:	State Water Supply Mission
TE	:	Total Expenditure
TFC	:	Twelfth Finance Commission
UC	:	Utilization Certificate
VAT	:	Value Added Tax
WMA	:	Ways and Means Advances