

**Report of the
Comptroller and Auditor General of India
on
State Finances Audit Report
for the year ended 31 March 2021**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Andhra Pradesh
Report No. 1 of the year 2022

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Preface

This Report has been prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid before the Legislature of the State.

Chapter 1 of this Report contains the basis, approach and structure of the Report, structure of Government Accounts, Budgetary processes, compliance with Andhra Pradesh State Fiscal Responsibility and Budget Management (APFRBM) Act targets, trends in key fiscal parameters like Revenue Surplus/ Deficit, Fiscal Surplus/ Deficit, etc., and Fiscal correction path.

Chapters 2 and 3 of the Report contain audit findings on matters arising from an examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2021. Information has been obtained from Government of Andhra Pradesh, wherever necessary.

Chapter 4 on ‘Quality of Accounts and Financial Reporting Practices’ provides an overview and status of the State Government’s compliance with various financial rules, procedures and directives during the current year.

Chapter 5 is on accounting entries processed centrally at the Andhra Pradesh Centre for Financial Systems and Services through the back end of Comprehensive Financial Management System (CFMS) using “Special Bills”, which is not an authorised type of a bill in the Andhra Pradesh Treasury Code.

Chapter 6 discusses the financial performance of Andhra Pradesh State Public Sector Undertakings (PSUs) and results of oversight role of the Comptroller and Auditor General of India (CAG) through monitoring the performance of Statutory Auditors and supplementary audit of accounts of the PSUs. Audit Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before the Legislature of Andhra Pradesh under provisions of Section 19A of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 (as amended).

The Reports containing the findings of Performance Audit and Compliance Audit in various Government departments, observations arising out of audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts are presented separately.

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

Executive Summary

1 The Report

Based on the audited accounts of the Government of Andhra Pradesh for the year ended March 2021, this Report provides an analytical review of the finances of the State Government.

2 Audit Findings

2.1 Fiscal Position

During 2020-21, Andhra Pradesh registered lowest Gross State Domestic Product (GSDP) growth rate in the last five years.

State Government amended the Andhra Pradesh Fiscal Responsibility and Budgetary Management (APFRBM) Act in December 2020 which was deemed to have come into force with effect from 30 August 2020. The projections on fiscal parameters were, however, amended by Government of Andhra Pradesh retrospectively with effect from the financial years 2015-16 to 2020-21. State Government had not adhered to the targets prescribed in APFRBM Act in respect of Fiscal Deficit and Outstanding Liabilities.

The fiscal parameters of the State as reflected in its Revenue, Fiscal and Primary Deficits were negative throughout the five-year period 2016-21. There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have pushed up the Deficits to a further extent, as brought out in the Report as well as in the State Finances Audit Report of the Comptroller and Auditor General (CAG) over the last few years.

The outstanding liabilities were above the targets prescribed in the revised APFRBM Act, these would be way more, if the liabilities of the State Government with regard to its extra-budgetary borrowings are taken into account. The liabilities of the State have been increasing year-on-year and majority of the borrowings during the year 2020-21 were utilised to balance Revenue Account of the State affecting asset creation in the State.

(Chapter 1)

2.2 Finances of the State

The State witnessed an increase of 5.50 per cent in Revenue Receipts during the year 2020-21 as compared to the previous year due to increase in transfers from Government of India.

The State received compensation of ₹ 5,838 crore towards revenue loss due to Goods and Services Tax (GST) implementation, partly as Grants (₹ 3,527 crore) and partly as back-to-back loans (₹2,311 crore) from Government of India. The debt servicing of this loan would be done from the collection of cess in the GST compensation Fund and hence, repayment obligation will not be on the resources of State.

Revenue Expenditure increased by 11.06 per cent during 2020-21. This resulted in increase of Revenue Deficit of the State by 34.42 per cent as compared to the previous year.

Committed expenditure on Interest payments, Pensions, Administrative expenses etc., was higher than the average for General States (GS) and quality of expenditure on physical infrastructure was lower than the average of GS.

Transfer of ₹ 1,100 crore funds relating to State Disaster Response Fund received during 2019-20 to Personal Deposit (PD) Account violated the extant Rules and accounting procedure.

Outstanding Public Debt at the end of the year has increased by 15.39 per cent (₹ 46,444 crore) over the previous year. State Government has also a liability for off-budget borrowings of ₹ 86,260 crore, which it has not disclosed appropriately as part of its budget documents. This has the impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

(Chapter 2)

2.3 Budgetary Management

Sound budgetary management requires advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or large savings with reference to provisions made during the year, which point to flaws in expenditure monitoring and control. A majority of Controlling Officers did not explain the reasons for variations in expenditure vis-à-vis allocations, to the Principal Accountant General (A&E), which affected the accountability mechanism of Government and weakens legislative control over expending public finances.

There has been a persistent excess over authorisation during the last five years on account of seeking Ways and Means Advances beyond anticipated levels. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds. Despite flagging this issue every year over the last five years, the State Government had failed to take corrective measures in this regard.

(Chapter 3)

2.4 Quality of Accounts and Financial Reporting practices

Operation of PD Accounts lacked clarity and transparency as huge amounts were shown to have been transferred to these accounts during the year but were not actually made available to the departmental officials for incurring expenditure. About one third of budgeted funds were shown as closing balance in PD Accounts while the State had huge Revenue Deficit. The data in Comprehensive Financial Management System (CFMS) related to balances did not match the pre-CFMS legacy data. Further, there was a big gap in the number of PD Accounts and the amount

lying in these as per CFMS and Finance Accounts which requires reconciliation. Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts without incurring actual expenditure, resulted in inflation of expenditure and lack of legislative scrutiny. It is imperative to curtail the usage of Personal Deposit Accounts to maintain the sanctity of budgetary process.

Non-submission of accounts by Autonomous Bodies, Development Bodies/ Authorities and Public Sector Undertakings (PSUs) was in violation of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government Departments.

Underutilisation of Grants-in-Aid provided by the Government of India for implementation of Centrally Sponsored schemes defeats the envisaged objectives of implementation of the schemes and could affect release of further grants from the GoI.

(Chapter 4)

2.5 Use of Special Bills by the State Government

The issue regarding Special Bills was detected during a Treasury inspection conducted by the Office of the Principal Accountant General (Accounts & Entitlements), Andhra Pradesh in March 2021 in respect of certain accounting entries effected centrally at the Andhra Pradesh Centre for Financial Systems and Services (APCFSS) through the back end of Comprehensive Financial Management System (CFMS), thus by-passing the controls in the ordinary workflow of financial accounting entries.

Initial examination by Audit showed that for the year 2020-21, 54,092 accounting entries were processed centrally at the APCFSS through the back end of CFMS. They were processed through “Special Bills” in the CFMS, which is not an authorised type of a bill in the Andhra Pradesh Treasury Code. The gross amount transacted through the Special Bills was ₹ 48,284.31 crore including adjustments between the Consolidated Fund of the State (CFS) and the Public Account.

The Finance department categorised the accounting entries made in the special bills into 14 categories. The audit findings in respect of these categories are:

- *In respect of 05 categories totalling to ₹26,839.60 crore, the Finance Department informed us that the entries were a consequence of Government orders on schemes and on local bodies. While the relevant Government orders were provided to us, no valid reason was forthcoming as to why these entries could not be carried out in consonance with the Treasury code, through the CFMS and the Treasury system.*
- *In respect of 16,688 accounting entries totalling to ₹ 9,124.57 crore, the Finance Department had no explanation as to why they were even necessitated in the first place, much less being carried out through the back end.*

- *There were 1,006 accounting entries with a debit of ₹ 8,891.33 crore to the Consolidated Fund of the State which were made without requisite sanction orders or Budget Release Orders, while 25,734 entries totalling to ₹ 3,428.81 crore, were only supported by internal documents of the Andhra Pradesh Centre for Financial Systems & Services (APCFSS) as the basis, which were not valid as per the Treasury code.*

Government took a decision to entrust and fund two welfare schemes not through the budget but through market loans raised by Andhra Pradesh State Development Corporation (APSDC) for the year 2020-21. In line with these decisions, the entire budget provision of ₹10,895.67 crore made for these two welfare schemes was withdrawn and adjusted back to the Consolidated Fund of the State through 15 special bills. Later, the same amount was transferred from Personal Deposit Account of APSDC to the Personal Deposit Accounts of the eight corporations through three special bills.

The transactions could have been done using the authorised Nil payment bills by the Drawing & Disbursement Officer with an authorised order approving the accounting entry.

Deductions of electricity charges in respect of Panchayati Raj Institutions (PRI) at source from their Fourteenth Finance Commission Grants (General funds of PRI) were done through 10,597 special bills, amounting to ₹ 854.19 Crore, based on the Government order. Deduction of the electricity dues directly at source from its legitimate grants, goes against the spirit of the Constitution. Authorising the Energy Department to operate the head of account into which the Finance Commission Grants to the PRIs is remitted into, also runs contrary to the constitutional intent of autonomy to the PRIs.

In respect of 16 accounting entries totalling to ₹ 5,454.54 crore, the Finance Department stated that these special bills were necessitated because of failed electronic transfer of Direct Benefits under a State scheme. The entire funds that could not pass through the portal were transferred to a suspense head through eight special bills (₹2,727.27 crore) and the suspense head was cleared through eight other special bills (₹2,727.27 crore). It was noticed that, the suspense was cleared on 30 May 2020 whereas the suspense was credited on 31 May 2020. Department had not shown any of these beneficiary linked transactions. Further, operation of suspense head in anticipation was incorrect.

Finance Department informed that 16,672 special bills amounting to ₹ 3,670.03 crore were necessitated to rectify the erroneous adjustments made by Drawing & Disbursing Officers to some Personal Deposit Accounts. Department had not provided any supporting documents for test checked cases confirming that the errors had indeed occurred and on what account, did these errors occur.

The operation of special bills through backend of the CFMS bypassing the controls of the treasury system should be stopped immediately and all the transactions should

be made through the established standard operating procedure.

(Chapter 5)

2.6 General Purpose Financial Reporting of State PSUs

As on 31 March 2021, there were 112 PSUs out of which 93 are working PSUs and 19 are inactive PSUs in Andhra Pradesh under the audit jurisdiction of CAG. Out of 93 working PSUs, eleven PSUs were related to Power sector and 82 PSUs were related to other than power sector. Of these 93 working PSUs, only 47 PSUs which have arrears of accounts for less than three years as at the end of September 2021 were considered for analysis of financial performance.

During 2020-21, 47 PSUs registered an annual turnover of ₹ 71,289.94 crore, which was equal to 7.23 per cent of the GSDP of Andhra Pradesh.

The investment of the State Government in equity and long-term loans in these 47 PSUs was ₹ 5,620.14 crore against total investment of ₹ 97,737.36 crore at the end of 31 March 2021. The outstanding long terms loans of these PSUs as on 31 March 2021 increased to ₹ 90,944.74 crore from ₹ 87,712.19 crore during the previous year (2019-20).

Out of the 47 PSUs, 15 PSUs earned profits (₹ 322.09 crore), while 28 PSUs incurred losses (₹ 1,363.45 crore) and four PSUs had reported neither profit nor loss. As on 31 March 2021, 29 PSUs had accumulated losses of ₹ 38,419.60 crore.

Out of the 93 working PSUs, Financial Statements for the year 2020-21 were received only from 16 PSUs up to November 2021. Financial Statements of 40 PSUs were in arrears for three or more years. 20 PSUs have not even submitted their first accounts since their inception.

As a result of the audit of CAG during the period October 2020 to November 2021, Statutory Auditors of four PSUs revised their Audit Report. Significant comments highlighting inaccuracies in the Financial Statements impacting profitability by ₹ 1,449.12 crore and assets/ liabilities by ₹ 590.21 crore were issued.

(Chapter 6)

1.1 Profile of the State

Andhra Pradesh is the eighth largest State in the country in terms of geographical area (1,62,970 sq. kms). The State has a long coastline, spanning 974 kms. In terms of population, the State accounts for 4.10 *per cent* (4.93 crore) of the total population of the country, as per Census 2011. The per capita income of the State at current prices was ₹ 1,70,215 in 2020-21, which was higher than all India average of ₹ 1,28,829. General and financial data relating to the State is given in *Appendix 1.1*.

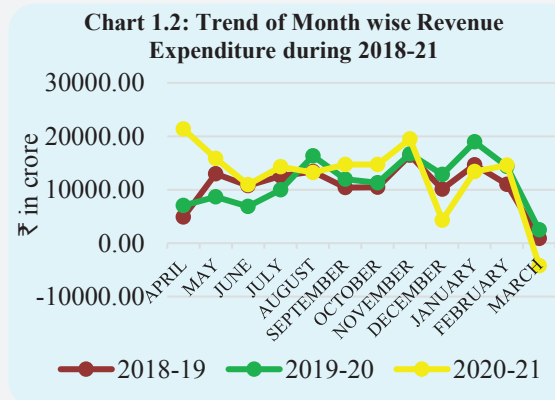
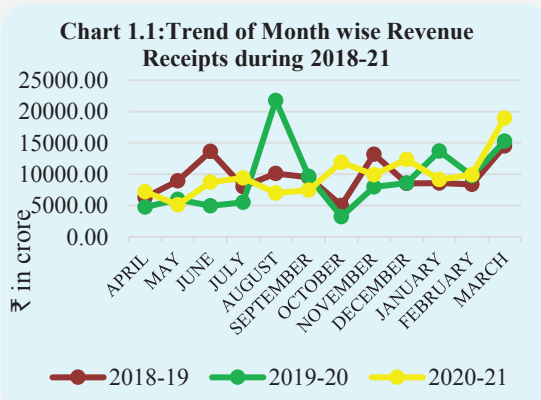
The year 2020-21 has witnessed unprecedented crisis throughout the world with almost all countries across the globe having been adversely affected by the Covid-19 pandemic. The impact of the pandemic on India has been largely disruptive in terms of economic activity as well as loss of human lives.

Wide fluctuations are noticed in the economic activities during first two quarters and the impact is conspicuous in the performance of various sectors. The impact of Covid-19 is evident on the State economy as well with almost all the activities coming to a halt during the lockdown period which caused an economic slowdown for the State along with the Nation.

Covid – 19 Pandemic and its impact on State Finances

Amidst the Covid-19 pandemic, the State of Andhra Pradesh has registered a GSDP of ₹ 9,86,611 crore during 2020-21. While the State was witnessing a growth of more than 10 *per cent* year by year, the pandemic caused the State to register a single digit growth rate of 1.58 *per cent* during 2020-21.

Except for Agricultural Sector, the remaining Sectors got hit by the economic turmoil caused by the pandemic. Month-wise impact of the pandemic on the State's revenue and expenditure vis-à-vis previous years is shown in *charts 1.1* and *1.2*.

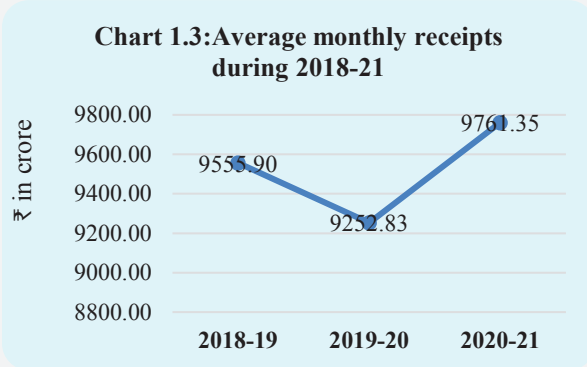


Note: The negative revenue expenditure during 2020-21 in the month of March was primarily due to lapsing of unspent balances.

Revenue Receipts

As seen from the above charts, it is evident that, in comparison to previous years, there is an increase in receipts during the month of April 2020 (52.09 *per cent*) and a dip in receipts

during May 2020 (by 14.11 *per cent*). The average monthly receipts of the State for these years are shown in **Chart 1.3**.



It is evident that the receipts have increased compared to previous years. Further, the comparative picture of receipts excluding Grants-in-Aid (MH 1601) for the years 2019-20 and 2020-21 is shown in Table below.

Table 1.1: Revenue Receipts excluding Grants-in-Aid from GoI for the years 2019-21

Month	2019-20	2020-21	Difference
	(₹ in crore)		(in per cent)
APRIL	3,344.70	3,124.02	-6.60
MAY	4,741.76	3,895.49	-17.85
JUNE	3,765.20	6,042.89	60.49
JULY	4,137.87	6,839.46	65.29
AUGUST	20,212.68	6,140.20	-69.62
SEPTEMBER	7,136.68	5,194.67	-27.21
OCTOBER	2,673.00	10,423.08	289.94
NOVEMBER	7,226.92	6,880.97	-4.79
DECEMBER	6,095.71	7,474.45	22.62
JANUARY	13,093.99	7,802.62	-40.41
FEBRUARY	6,568.42	7,881.65	19.99
MARCH	10,161.13	13,564.77	33.50

The table depicts that there was a decrease of receipts by 6.60 *per cent* and 17.85 *per cent* respectively during the months of April and May 2020 compared to the year 2019-20, when the lock down was imposed in the country due to pandemic. But, the receipts have increased during the months June and July where partial lockdown was in force. The increase in receipts during the month of October was mainly due to tax transfers from the Government of India.

Further, the State Government had received ₹ 580.25 crore from the Central Government for battling Covid-19 as Grants-in-Aid.

Revenue Expenditure

During the year, the State Government had incurred an expenditure of ₹ 337.25 crore on relief measures relating to COVID-19 pandemic under the major heads 2210 (Medical and Public Health), 2211 (Family Welfare) as per the Finance Accounts.

Further, an analysis of month wise revenue expenditure for the months April and May 2020 was done and the areas of expenditure (more than ₹1,000 crore) is given in **Table 1.2**.

Table 1.2: Areas of expenditure (₹ more than 1,000 crore) of the State during the months April and May 2020

Areas of expenditure	(₹ in crore) Amount
YSR Pension Kanuka	3,134.72
Mahatma Gandhi National Employment Guarantee Act	3,001.96
Interest on Andhra Pradesh State Development Loans	2,782.84
YSR Rythu Bharosa	2,728.95
Cash Doles	1,376.86
Service Pensions – Pension allocable between successor states of AP and Telangana in the ratio of 58.32:41.68	1,152.88
Teaching Grants to Mandal Praja Parishads	1,148.84
National Health Mission (NHM)	1,083.07

It is evident from the table above that, an amount of ₹ 1,083.07 crore was expended towards National Health Mission and ₹ 1,343.28 crore was expended from State Disaster Response Fund by way of cash doles, which also would have provided relief to beneficiaries during the COVID-19 pandemic.

Cash Management

The State resorted to more Ways and Means Advances (WMA) from RBI to bridge the gap between receipts and expenditure for day-to-day activities of the Government. The WMA increased by 73.16 *per cent* during 2020-21 (₹ 1,04,539 crore) as compared to 2019-20 (₹ 60,371 crore). Cash Balances of the State Government at the end of the current year decreased by ₹ 4,202.24 crore from ₹ 14,693.56 crore in 2019-20 to ₹ 10,491.32 crore in 2020-21.

1.1.1 Gross State Domestic Product of Andhra Pradesh

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Trends in annual growth rate of Gross Domestic Product (GDP) of India and GSDP of the State at Current Prices (Base Year 2011-12) are given in **Table 1.3**.

Table 1.3: Trends in growth rate of GSDP vis-à-vis GDP

Year	2016-17	2017-18 (TRE)	2018-19 (SRE)	2019-20 (FRE)	2020-21 (PE)
GDP (₹ in crore)	1,53,91,669	1,70,90,042	1,88,86,957	2,03,51,013	1,97,45,670
Growth rate (<i>per cent</i>)	11.76	11.03	10.51	7.75	(-) 2.97
GSDP (₹ in crore)	6,84,416	7,86,135	8,70,849	9,71,224	9,86,611
Growth rate (<i>per cent</i>)	13.27	14.86	10.78	11.53	1.58

Source: Ministry of Statistics and Programme Implementation, Government of India (MoSPI); TRE: Third Revised Estimates; SRE: Second Revised Estimates; FRE: First Revised Estimates; PE: Provisional Estimates;

As can be seen from the table above, the GSDP of Andhra Pradesh grew at a higher rate during the period 2016-17 to 2020-21 compared to the national growth rate. The

reduction in the growth rate of GSDP when compared to 2019-20 was mainly due to economic turmoil caused by the global pandemic.

The GDP and GSDP are generally classified into primary, secondary and tertiary sectors, broadly corresponding to Agriculture, Industries and Services Sectors respectively. Sector wise GDP and GSDP for the year 2020-21 are depicted in **Charts 1.4** and **1.5** respectively.

Chart 1.4: Sector wise GDP for the year 2020-21

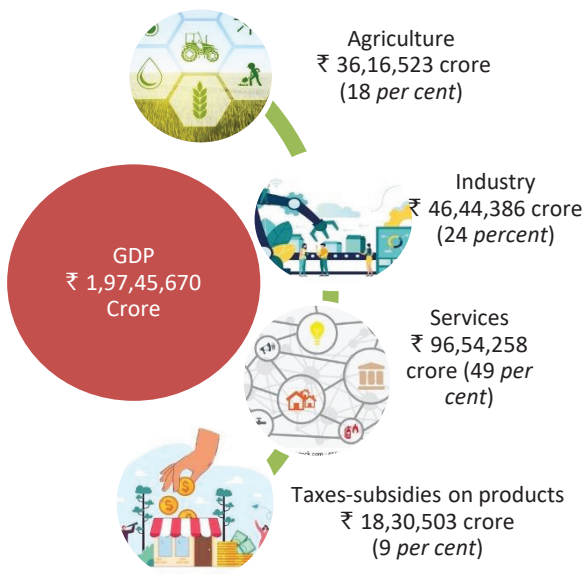
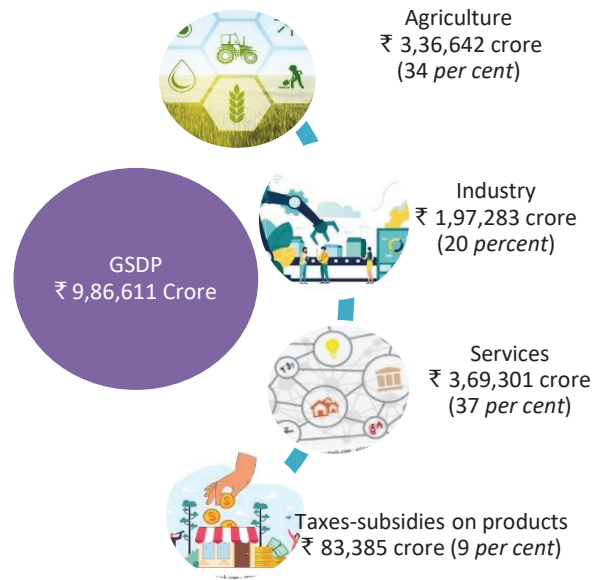


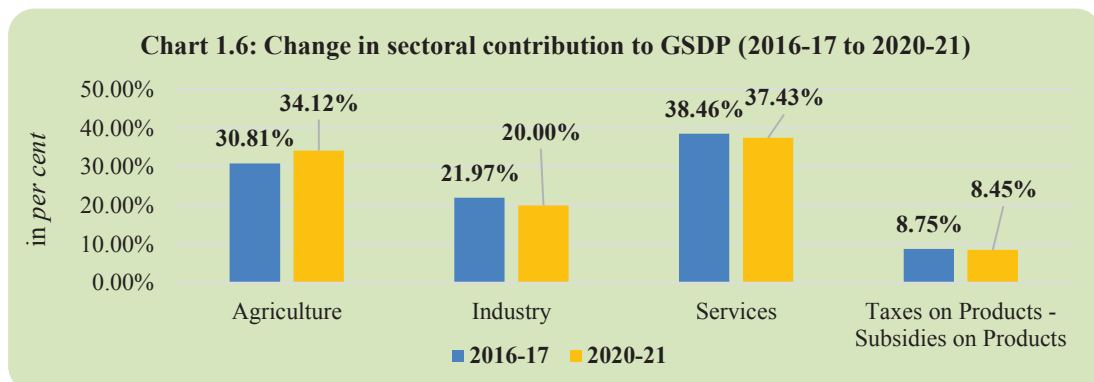
Chart 1.5: Sector wise GSDP for the year 2020-21



Source: Ministry of Statistics and Programme Implementation (MoSPI)

As can be seen from the above charts, Services Sector was the major contributor to the GSDP of the State, as it is with the GDP of the country.

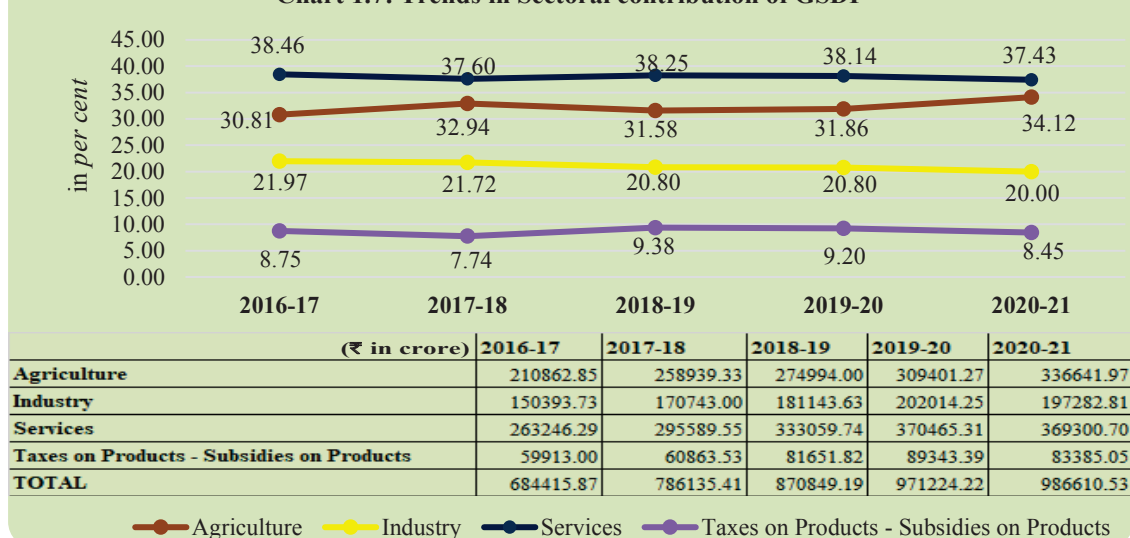
The contribution of various sectors to GSDP of the State during 2016-17 and 2020-21 is shown in **Chart 1.6**. While there has been an increase in the relative share of Agriculture in GSDP from 30.81 per cent in 2016-17 to 34.12 per cent in 2020-21, the contribution of Industry and Services Sectors witnessed a decline during this period.



Source: Ministry of Statistics and Programme Implementation (MoSPI)

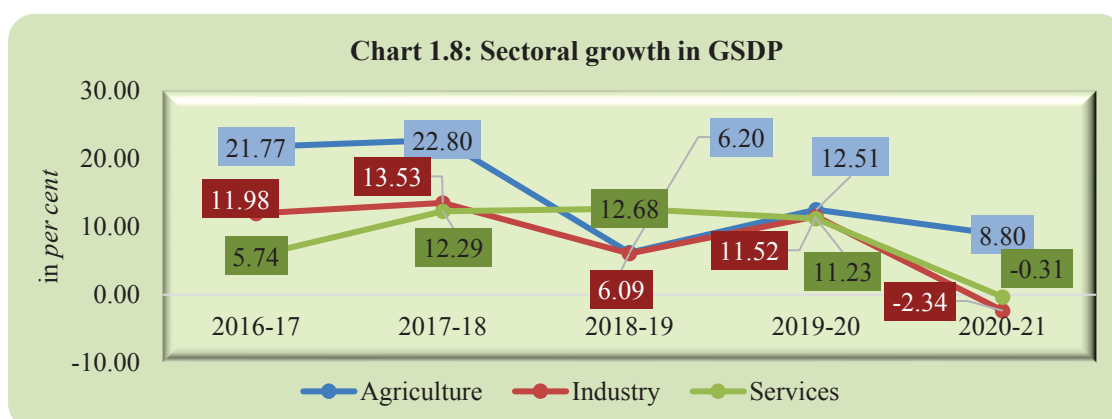
The annual change in the contribution of various sectors to the GSDP over the five-year period 2016-17 to 2020-21 is depicted in **Chart 1.7**.

Chart 1.7: Trends in Sectoral contribution of GSDP



Source: Ministry of Statistics and Programme Implementation (MoSPI)

The Sector wise growth rate of GSDP is depicted in **Chart 1.8** below:



Source: Ministry of Statistics and Programme Implementation (MoSPI)

During the year 2020-21, the GSDP increased by 1.58 *per cent* which was very low as compared to previous years. The slump in the growth rate was caused by the global economic turmoil caused by the pandemic which affected the growth under Industrial and Services Sectors. Only the Agricultural Sector registered an increase in GSDP by 8.80 *per cent* in 2020-21 due to increase in production of Horticulture crops. Further, there was a commendable growth in livestock and fishing sectors during 2020-21.

Industrial Sector, in GSDP when compared to 2019-20, had registered a negative growth of 2.34 *per cent* during 2020-21. The sudden dip in this Sector was mainly due to slowdown of activities under manufacturing and construction sector amid global pandemic though there was positive growth under Mining and Quarrying, Electricity, Gas, water supply and other utility services. The growth rate of Services Sector also witnessed a negative growth rate of 0.31 *per cent* during 2020-21. The negative growth under services sector was mainly due to decline in growth rate under Transport sector.

The growth rate of all the sectors except the Agricultural Sector was at a five year low during the year 2020-21.

1.2 Basis and approach to State Finances Audit report

In terms of Article 151 (2) of the Constitution of India, the Reports of the Comptroller and Auditor General of India (CAG) relating to the Accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

Principal Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the compiled accounts and initial and subsidiary accounts rendered by the treasuries, the State Government offices and departments responsible for keeping of such accounts and statements received from the Reserve Bank of India. These accounts are audited independently by the Accountant General (Audit) and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Accountant General (Audit);
- Other data (accounting as well as MIS) with Departmental Authorities and Treasuries and
- GSDP data and other State related statistics from Ministry of Statistics, Programme and Implementation.

The analysis is also carried out in the context of recommendations of the XIV and XV Finance Commissions (FC), Andhra Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2020, best practices and guidelines of the Government of India. An entry conference was held in October 2021 with the Principal Secretary to Government of Andhra Pradesh, Finance Department, wherein the audit approach followed in the preparation of SFAR was explained. Draft audit findings were discussed with the Principal Secretary, Finance Department in February 2022 and the responses of the Government have been incorporated in the Report appropriately.

1.3 Report Structure

The SFAR is structured into the following five chapters:

Chapter – I	Overview This chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficit/ surplus.
Chapter – II	Finances of the State This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2016-17 to 2020-21, debt profile of the

	State and key Public Account transactions based on the Finance Accounts of the State.
Chapter - III	Budgetary Management This chapter is based on the Appropriation Accounts of the State and reviews the appropriations, allocative priorities of the State Government and reports on deviations from constitutional provisions relating to budgetary management.
Chapter - IV	Quality of Accounts & Financial Reporting Practices This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
Chapter – V	Use of Special Bills by the State Government This chapter comments on accounting entries processed centrally at the Andhra Pradesh Centre for Financial Systems and Services through the back end of Comprehensive Financial Management System using “Special Bills”, which is not an authorised type of a bill in the Andhra Pradesh Treasury Code.
Chapter VI	General Purpose Financial Reporting of State Public Sector Undertakings This chapter discusses financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies as revealed from their accounts.

1.4 Overview of Government Accounts structure

The Accounts of the Government are kept in three parts:

1. Consolidated Fund of the State

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

2. Contingency Fund of the State

This Fund is in the nature of an imprest which is established by the State Legislature by law and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The Fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

3. Public Account of the State

Apart from the above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes items like Small Savings and Provident

Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue receipts consists of tax revenue, non-tax revenue, share of Union Taxes/Duties and grants from Government of India.

Revenue expenditure consists of all the expenditure of the Government which does not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government and grants given to various institutions (even though some of the grants may be meant for creation of assets).

Capital receipts consist of:

Debt receipts: Market Loans, Bonds, Loans from financial institutions, Net transactions under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;

Non-debt receipts: Proceeds from disinvestment, Recoveries of loans and advances;

Capital Expenditure includes expenditure on the acquisition of land, buildings, machinery, equipment, investment in shares and loans and advances by the Government to Public Sector Undertakings (PSUs) and other parties.

The accounts classification system in Government is both functional and economic as explained below:

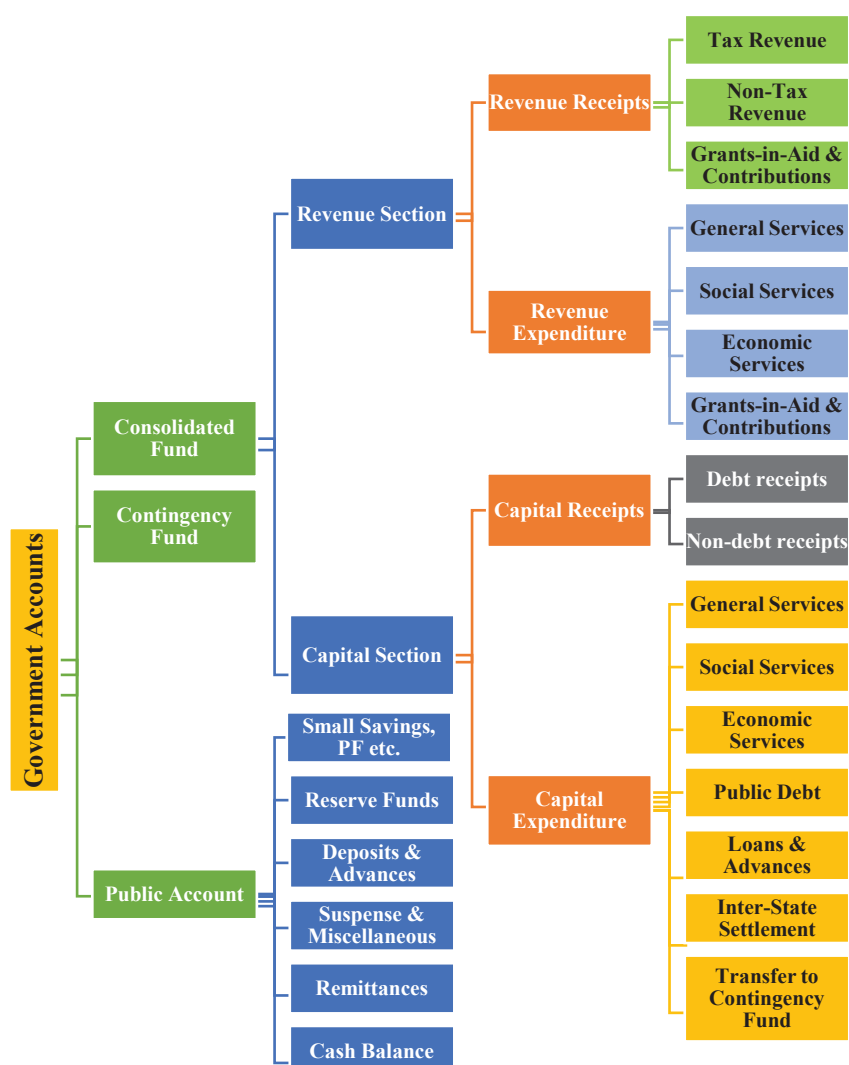
	Attribute of transaction	Classification
Standardised in List of Major and Minor Heads of Account of Union and States by Controller General of Accounts	Function - Education, Health, <i>etc.</i> / Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (3-digit)-
	Economic nature/Activity	Object Head- salary, minor works, <i>etc.</i> (3-digit)

Functional classification involves arranging the receipts and expenditure by economic categories, distinguishing the Government transactions into Sections like Revenue and Capital (including Public Debt, Loans and Advances), sectors like Tax Revenue from other revenue and Grants-in-Aid, sub-sectors like Taxes on Income and Expenditure, fiscal services, *etc.* On the expenditure side also the transactions are classified into

Sectors *viz.*, General Services, Economic Services, Social Services and Grants-in-Aid and contributions and sub-divided into Major Heads of Account below these Sectors. Major Heads of Account falling within the Consolidated Fund generally correspond to 'Functions' of Government, such as 'Education', while Minor Heads subordinate to them identify the 'Programme' undertaken to achieve the objectives of the function represented by the Major Head. A programme may consist of a number of schemes or activities and these generally correspond to 'Sub-heads' below the Minor head. 'Detailed head' below the Sub-head, is primarily meant for itemised control over expenditure and indicates the object or nature of expenditure on a scheme or activity in terms of inputs such as 'Salaries', 'Office Expenses', 'Grants-in-Aid' *etc.*

A pictorial depiction of the structure of Government Accounts is given in **Chart 1.9**:

Chart 1.9: Pictorial depiction of the structure of Government Accounts



1.5 Budgetary Process

In terms of Article 202 of the Constitution of India, the Governor of Andhra Pradesh caused to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year 2020-21, in the form of an **Annual Financial Statement** as a part of Budgetary Process.

In terms of Article 203, the above was submitted to the State Legislature in the form of 40 Demands for Grants/Appropriations and after approval of these, the Appropriation Bill was passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

As mentioned in **Paragraph 1.2 ante**, the Finance Accounts and Appropriation Accounts encompass the core data for preparation of the SFAR. These Accounts are based on actual receipts and expenditure of the State during the year 2020-21, including various inter-governmental and other adjustments carried out by the Reserve Bank of India (RBI). Considering that these receipts and expenditure are estimated in the budget and the expenditure has been approved by the State Legislature, it is important to study the budget of the State for 2020-21 closely and analyse the actual receipts and expenditure during the year with reference to the projections made in the budget.

1.6 Snapshot of Finances of the State

The following table provides the details of actual financial position *vis-à-vis* Budget Estimates for the year 2020-21 and actuals of 2019-20. The time series data of Finances of the State is given in **Appendix 1.2**.

Table 1.4: Snapshot of Finances of the State

Sl. No	Components	2020-21			Percentage of Actual to GSDP (in per cent)
		2019-20 Actual	BE	Actual (Percentage of Actual to B.E.)	
1	Own Tax Revenue	57,601	70,679	57,409 (81.22)	5.82
2	Non-Tax Revenue	3,315	5,866	3,395 (57.88)	0.34
3	Share of Union taxes/duties	28,242	32,238	24,460 (75.87)	2.48
4	Grants-in-aid from GoI	21,876	53,175	31,872 (59.94)	3.23
5	Revenue Receipts (1+2+3+4)	1,11,034	1,61,958	1,17,136 (72.32)	11.87
6	Recovery of Loans and Advances	4,355	600	1,063 (177.17)	0.11
7	Other Receipts	0	0	0 (0.00)	0.00
8	Borrowings and other Liabilities (a)	39,687	48,296	55,171 ¹ (114.23)	5.59
9	Capital Receipts (6+7+8)	44,042	48,896	56,234(115.00)	5.70
10	Total Receipts (5+9)	1,55,076	2,10,855	1,73,370 (82.22)	17.57
11	Revenue Expenditure of which -	1,37,475	1,80,393	1,52,677 (84.64)	15.47
12	Interest payments	17,653	20,383	20,018 (98.21)	2.03
13	Capital Expenditure of which -	17,598	30,462	20,690 (67.92)	2.10
14	Capital outlay	12,242	29,908	18,975 (63.44)	1.92
15	Loans and advances	5,356	554	1,715 (309.57)	0.17
16	Inter State Settlement	3	0	0 (0.00)	0.00
17	Total Expenditure (11+13+16)	1,55,076	2,10,855	1,73,367 (82.22)	17.57
18	Revenue Deficit (5-11)	-26,441	-18,434	-35,541 (192.80)	-3.60
19	Fiscal Deficit {17-(5+6+7)}	-39,687	-48,296	-55,168 (114.23)	-5.59
20	Primary Deficit (19-12)	-22,034	-27,912	-35,150 (125.93)	-3.56

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

(b) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed.

Note: The difference in total receipts (Sl.No.10) and total expenditure (Sl.No.17) was due to proforma correction of ₹2.90 crore done in Cash Balance.

¹ Includes an amount of ₹2,311 crore received towards back-to-back loan in lieu of GST compensation shortfall which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

The increase in the Revenue, Fiscal and Primary deficits of the State as compared to budget estimates, despite the expenditure being lower than the estimates was primarily due to decrease in Revenue Receipts.

State Government attributed the decrease in Revenue Receipts to the Pandemic.

1.7 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from Public Account and Reserve Funds and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

The summarised position of Assets and Liabilities of the Government is given in **Table 1.5:**

Table 1.5: Summarised position of Assets and Liabilities of the State

Liabilities				Assets			
	2019-20 (₹ in crore)	2020-21 (₹ in crore)	Increase /Decrease (in per cent)		2019-20 (₹ in crore)	2020-21 (₹ in crore)	Increase /Decrease (in per cent)
Consolidated Fund							
A Internal Debt	2,15,617	2,56,088	18.77	a Gross Capital Outlay	2,32,894	2,51,869	8.15
B Loans and Advances from GoI	10,943	14,171 ²	29.50	b Loans and Advances	32,769	33,421	1.99
Contingency Fund	50	50	0.00	Contingency Fund	0	0	0.00
Public Account							
A Small Savings, Provident Fund etc.,	16,745	23,276	39.00	a Advances	31	31	0.00
B Deposits	54,570	53,334	-2.26	b Remittances	611	619	1.31
C Reserve Funds	13,002	13,499	3.82	c Suspense and Miscellaneous	236	236	0.00
D Suspense and Miscellaneous	1,010	2,495	147.03				
				Cash Balance (including investment in Earmarked Funds)	14,694	10,491	-28.60
				Total	2,81,235	2,96,667	5.49
				Deficit in Revenue Account	30,702	66,246	115.77
TOTAL	3,11,937	3,62,913	16.34	TOTAL	3,11,937	3,62,913	16.34

Source: Finance Accounts of respective years

² Includes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation shortfall which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

1.8 Fiscal Balance: Achievement of Deficit and total debt targets

Andhra Pradesh Fiscal Responsibility and Budget Management Act (APFRBM) was passed with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium-term framework. In this context, the Act provides quantitative targets to be adhered to by the State with regard to deficit measures and debt level.

1.8.1 AP FRBM targets on key Fiscal Parameters

Government of Andhra Pradesh amended the APFRBM Act in December 2020 which was deemed to have come into force with effect from 30 August 2020. The projections on fiscal parameters were, however, amended by Government of Andhra Pradesh retrospectively with effect from the financial years 2015-16 to 2020-21.

State Government stated (February 2022), that the delayed amendment of the Act was due to State's bifurcation and shifting of capital.

The response of the State Government in this regard is not acceptable, as the fiscal projections, by their very nature, are generally for future years and the APFRBM has to be amended based on the recommendations of each Finance Commission. The FRBM Act relating to the targets for the five-year period 2016-17 to 2020-21 was amended retrospectively, during December 2020. The compliance of major fiscal parameters prescribed under APFRBM Act 2020 are shown in **Table 1.6**.

Table 1.6: Compliance with provisions of APFRBM Act

Fiscal Parameters	Fiscal projections set in revised APFRBM Act	Achievement (₹ in crore)				
		2016-17 [^]	2017-18	2018-19	2019-20	2020-21
Revenue Deficit (-) / Surplus (+) (as percentage of GSDP)	2.5 per cent of GSDP from 2015-16 to 2019-20 and 4.5 per cent of GSDP for 2020-21	-17,231 (-2.52)	-16,152 (-2.05)	-13,899 (-1.60)	-26,441 (-2.72)	-35,541 (-3.60)
		X	✓	✓	X	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Five per cent of GSDP*	-30,908 (-4.52)	-32,381 (-4.12)	-35,467 (-4.07)	-39,687 (-4.09)	-55,168 (-5.59)
		✓	✓	✓	✓	X
Ratio of total outstanding liabilities to GSDP (in per cent)	35 per cent of GSDP [#]	29.41	28.46	29.57	31.07	35.30
		✓	✓	✓	✓	X

* As per APFRBM (Amendment) Act, 2020 (23 December 2020) which came into effect from 1 January 2020, additional Fiscal Deficit of ₹ 2,435 crore was permitted including 5 per cent of the GSDP in accordance with Government of India decision (February 2020) to allow additional borrowings beyond the State's eligibility as a one-time special dispensation for the Financial Year 2019-20.

[#] As per AP FRBM Act, 2020, in addition to the normal borrowing limit of 3 per cent of GSDP, Andhra Pradesh was permitted to avail the additional borrowing limit up to 2 percent of GSDP in the wake of Covid-19 pandemic by GoI vide letter dated 17 May 2020.

[^] Deficits for the year 2016-17 includes an amount of ₹ 8,256 crore expended towards implementation of UDAY scheme

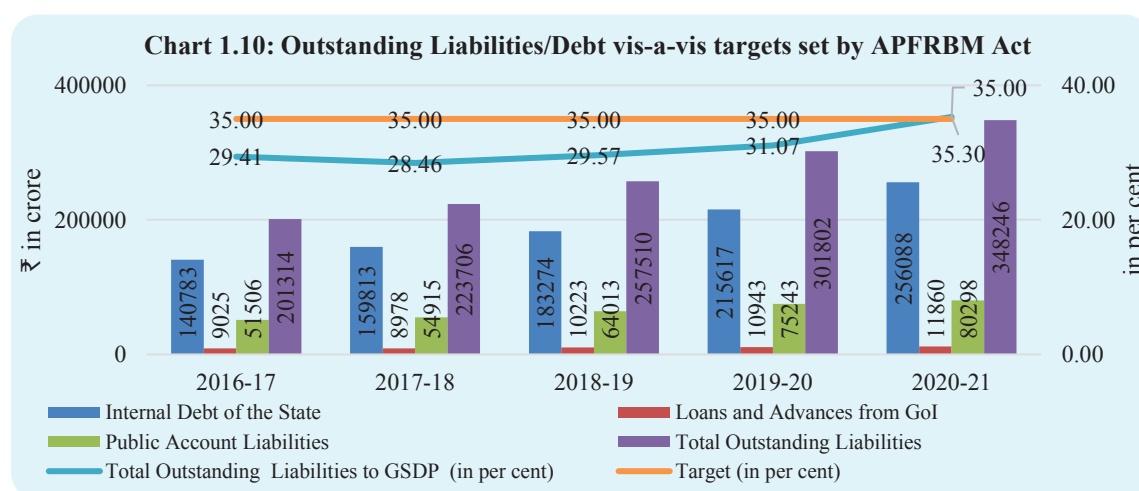
Note: Outstanding Liabilities excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

The purpose of GST compensation is to compensate States for loss of revenue arising on account of implementation of GST. During the year 2020-21, the State Government has received GST compensation of ₹ 3,527.40 crore as GIA from the GoI. Besides, due to inadequate balance in GST Compensation fund, shortfall in GST compensation was provided to the State as back-to-back loan of ₹ 2,311 crore which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources. The revenue deficit of ₹ 35,541 crore and fiscal deficit of ₹ 55,168 crore of the State Government as depicted in the Finance Accounts 2020-21 should therefore, be read in conjunction with receipt of GST compensation of ₹ 2,311 crore as back-to-back loan with no repayment obligation on the State resources. Accordingly, Revenue Deficit and fiscal deficit would work out as ₹ 33,230 crore and ₹ 52,857 crore respectively during the year 2020-21, keeping in view the debt receipt of ₹ 2,311 crore in lieu of shortfall in GST compensation.

Revenue Deficit of the State during the years 2016-17 and 2019-20 was more than the targets envisaged in the APFRBM Act, 2020 and the remaining fiscal parameters were within the targets set in the APFRBM Act 2020.

Fiscal Deficit, during 2020-21, was more than the targets envisaged in APFRBM Act, 2020 but were in compliance with the APFRBM targets during 2016-17 to 2019-20.

The details of outstanding liabilities and their ratio to GSDP *vis-à-vis* the revised APFRBM targets are depicted in **Chart 1.10**.



Source: Finance Accounts; **Note:** Outstanding Liabilities excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

The outstanding debt of the State displayed an increasing trend during the five-year period 2016-21. It increased from ₹ 2,01,314 crore during 2016-17 to ₹ 3,48,246 crore during 2020-21 (an increase of 72.99 per cent).

Public Debt (Internal Debt and Loans and Advances from GoI) of the composite State of Andhra Pradesh was ₹ 1,66,522 crore as of 01 June 2014. Post bifurcation of the State with effect from 02 June 2014, the residual State of Andhra Pradesh was allocated a debt of ₹ 97,124 crore on population basis (58.32:41.68 ratio between AP and

Telangana). Consequently, as can be seen from the above chart, the Public Debt has increased and stood at ₹ 2,67,948 crore as of end of March 2021 (an increase of 176 *per cent* over that of 2014-15).

The total outstanding liabilities of the State to GSDP during the year 2020-21 was more than the target of 35 *per cent* which includes the additional borrowing limit of two per cent of GSDP provided by GoI for the year 2020-21. If we factor in the Off-budget liabilities of the Government, the outstanding debt will constitute 44.04 *per cent* of the GSDP.

State Government stated that, the liabilities of the State should be viewed in the context of State Bifurcation and COVID-19 pandemic which resulted in reduction of revenues and increased expenditure to tackle the pandemic in the State.

A comparison of the major fiscal variables of the State with the targets set under State's Medium Term Fiscal Policy Statement (MTFPS) is given in **Table 1.7**.

Table 1.7: Actuals vis-à-vis projection in MTFP for 2020-21

Sl. No.	Fiscal Variables	Projection as per MTFPS	(₹ in crore)	
			Actuals (2020-21)	Variation (in per cent)
1	Own Tax Revenue	57,378	57,409	0.05
2	Non-Tax Revenue	3,310	3,395	2.50
3	Share of Central Taxes	24,441	24,460	0.08
4	Grants -in-aid from GoI	32,934	31,872	-3.33
5	Revenue Receipts (1+2+3+4)	1,18,063	1,17,136	-0.79
6	Revenue Expenditure	1,52,990	1,52,677	-0.21
7	Revenue Deficit (-)/ Surplus (+) (5-6)	-34,927	-35,541	1.73
8	Fiscal Deficit (-)/ Surplus (+)	-54,370	-55,168	1.45
9	Debt-GSDP ratio (per cent)	35.23	35.30*	0.06
10	GSDP growth rate at current prices (per cent)	1.58	1.58	0

Source: Finance Accounts and MTFPS of the State of Andhra Pradesh 2020-21;

Note: MTFPS for 2020-21 was placed in legislature during the budget session of 2021-22 based on the Revised Estimates of 2020-21; * Arrived at after exclusion of GST Compensation of ₹ 2,311 crore received as back-to-back loans under debt receipts from the total outstanding liabilities as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

The MTFPS was prepared based on the Revised Estimates of 2020-21. Therefore, the actuals of the above parameters were close to the projections made in the MTFPS. However, as shown in **Table 1.2**, there were huge variations in these parameters vis-à-vis Budget Estimates.

1.8.2 Trends of Surplus/Deficit

The trends of Surplus/Deficit and its percentage in GSDP of the State for the years 2016-17 to 2020-21 are shown in **Charts 1.11** and **1.12**.

Chart 1.11: Trends of Fiscal Parameters

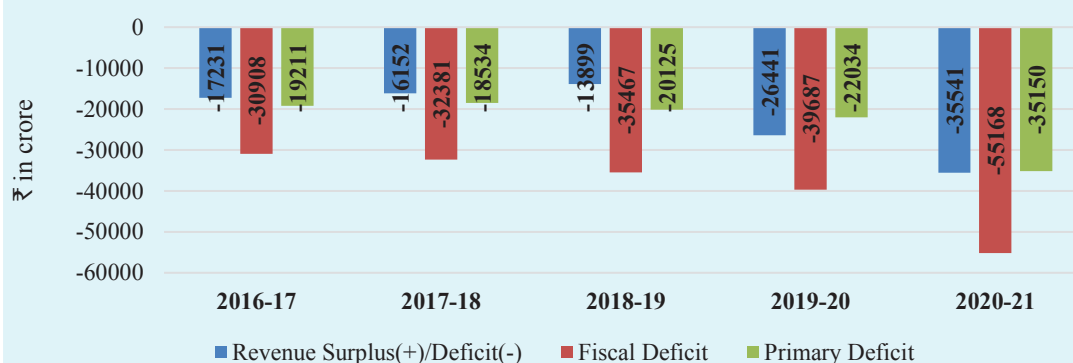
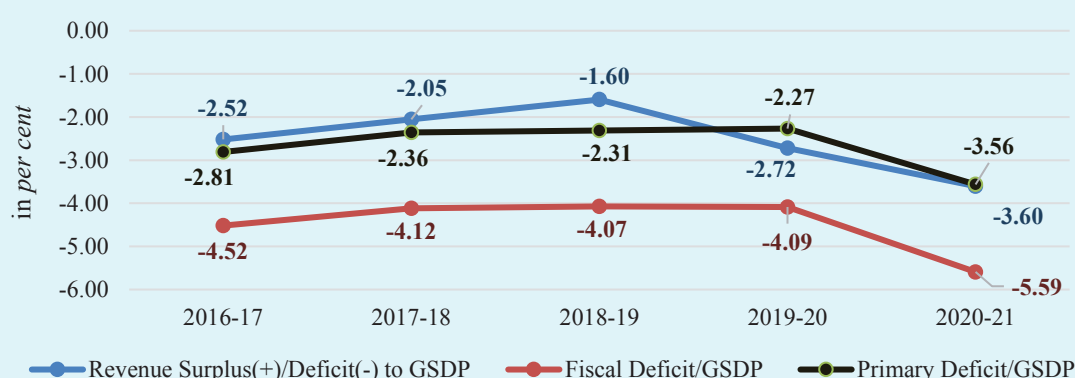


Chart 1.12: Fiscal parameters to GSDP



Source: Finance Accounts of respective years.

Note: Deficits for the year 2016-17 includes an amount of ₹8,256 crore expended towards implementation of UDAY scheme

The Revenue Deficit of the State has witnessed a mixed trend during the period 2016-21, registering a five year high of ₹ 35,541 crore during 2020-21. The increase when compared to 2019-20 was 34.42 per cent. The Revenue Deficit of the State has escalated by 106.26 per cent from 2016-17.

The Fiscal and Primary deficits of the State show an increasing trend during the period 2016-21. The Fiscal and Primary deficits also registered a five year high during the year 2020-21 with increase of 39.01 per cent and 59.53 per cent respectively from 2019-20.

As a percentage to GSDP, the deficits show a mixed trend during the period 2016-21 with highest recorded during 2020-21 and lowest in 2018-19. The ratio of Fiscal Deficit to GSDP during the year 2020-21 increased to 5.59 per cent from 4.09 per cent during 2019-20. The Fiscal Deficit during the year overshoot the target of five per cent fixed by APFRBM act 2020. This was primarily due to huge increase in Revenue Deficit in 2020-21 to the tune of ₹ 12,542 crore (34.42 per cent) and increase in Capital expenditure by ₹ 6,733 crore (55 per cent) over 2019-20.

Audit observations with regard to the deficits indicated in **Chart 1.11** above are as follows:

1.8.2.1 Revenue Deficit

Finance Commission assessed the Receipts and Expenditure of the State based on the

forecast (estimates) provided by the State for the years 2015-16 to 2020-21 and provided the Post Devolution Revenue Deficit grant taking into consideration the differences among the States in fiscal capacity and expenditure need, including cost disabilities.

The XIV FC assessed the post-devolution Revenue Deficit and sanctioned ₹ 22,112 crore of Revenue Deficit grant for the period 2015-20 and XV FC also sanctioned ₹ 30,497 crore of Revenue Deficit grant for the period 2021-26 in order to eliminate the projected Revenue Deficit.

The details of post-devolution Revenue Deficit Grant (PDRDG) received and Revenue Deficit for the years 2015-16 to 2020-21 are given in **Table 1.8**.

Table 1.8: Revenue Deficit - Actuals vis-à-vis Targets for the years 2015-21

(₹ in crore)

Year	Projections of Revenue Deficit made in Macro Economic Framework Statement	Revenue Deficit projected by XIV and XV FC	PDRDG received as per the recommendations of XIV and XV FC	Revenue Deficit (After receipt of Post- devolution Grant)
XIV FC PERIOD				
2015-16	4,140	6,609	6,609	7,302
2016-17	4,598	4,930	4,930	17,231*
2017-18	4,018	4,430	4,430	16,152
2018-19	11,654	3,644	3,644	13,899
2019-20	26,647	2,499	2,499	26,441
XV FC PERIOD				
2020-21	34,927	5,897	5,897	35,541

Source: Finance Accounts of respective years, XIV and XV FC reports; Macro Economic Framework Statement (MEFS) *Including an amount of ₹8,256 crore expended towards implementation of UDAY scheme during 2016-17;

The State failed to contain the Revenue Deficit during 2015-21 despite the receipt of post-devolution Revenue Deficit Grants from GoI as per the recommendations of XIV and XV Finance Commissions. XV FC estimated ₹ 5,897 crore as Post Devolution Revenue Deficit of the State for the year 2020-21 based on the forecast (estimates) provided by the State and sanctioned the same as Revenue Deficit grant for the year 2020-21. Though, the State has received ₹ 5,897 crore as PDRDG for the year 2020-21, the State was having a deficit of ₹ 35,541 crore.

Revenue Deficit as a percentage of Total Revenue Receipts (TRR)³ increased from 23.81 per cent in 2019-20 to 30.34 per cent during 2020-21. Revenue Deficit during 2020-21 (₹ 35,541 crore) was higher than the Budget Estimates (₹ 18,434 crore) projected by the State Government.

Thus, the State Government's failure to assess its revenues realistically and not containing the Revenue Expenditure resulted in continued increase in Revenue Deficit, despite receipt of post-devolution Revenue Deficit grant from GoI.

The State Government attributed persistent Revenue Deficit to higher estimation of revenues by the Finance Commission and shortfall in revenues due to pandemic during

³ Revenue Deficit to Total Revenue Receipts during 2019-20 = (26441/111034)*100 = 23.81 per cent
Revenue Deficit to Total Revenue Receipts during 2020-21 = (35541/117136)*100 = 30.34 per cent

the years 2019-20 and 2020-21. The reason put forth by the State Government on the higher estimation of Finance Commission is not acceptable by Audit since Finance Commissions assess the Revenues and Expenditure of the State based on the estimates provided by the State Government. The Revenue Deficit and Fiscal Deficit was more by 92.80 *per cent* and 14.23 *per cent* respectively than the Budget Estimates (BE) projected by the State Government. Thus, the State Government should endeavor to assess its revenues realistically and contain the Revenue Expenditure to minimise the revenue deficit.

1.8.3 Components of fiscal deficit and its financing pattern

The components and financing patterns of fiscal deficit are shown in **Table 1.9**.

Table 1.9: Components of fiscal deficit and its financing pattern

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21		
					Receipts	Disbursements	Net
Components of Fiscal Deficit (1 to 4)	(-30,908*	(-32,381	(-35,467	(-39,687	1,18,199	1,73,367	-55,168
1.Revenue deficit	(-)17,231*	(-)16,152	(-)13,899	(-)26,441	1,17,136	1,52,677	-35,541
2. Net Capital Expenditure	(-)15,143	(-)13,491	(-)19,976	(-)12,242	0	18,975	-18,975
3. Net Loans and Advances	1,465	(-)2,730	(-)1,566	(-)1,001	1,063	1,715	-652
4. Net Inter-State settlement	1	(-)8	(-)26	(-)3	0	0	0
Financing Pattern of Fiscal Deficit							
a.Net Public Debt[#]	25,146	18,982	24,706	33,062	1,61,975	1,18,274	43,700
b.Net Public Account	7,522	9,973	12,628	12,929	2,75,595	2,68,327	7,268
Small Savings, PF <i>etc.</i>	1,888	1,643	2,221	1,015	10,179	3,648	6,531
Reserve Funds	1,296	728	2,181	1,957	2,948	2,451	497
Deposits and Advances	4,597	4,608	10,160	8,970	1,42,208	1,43,443	-1,235
Suspense and Misc.	(-) 98	337	(-)69	1,043	1,20,252	1,18,768	1,484
Remittances	(-) 161	2,657	(-)1,865	(-)57	8	17	-9
c. Contingency Fund	0	0	0	0	0	0	0
d. Increase(+)/Decrease (-) in Cash Balance	(-) 1,760	3,426	(-)1,867	(-)6,304	14,691	10,491	4,200
Total (a to d)	30,908*	32,381	35,467	39,687	-	-	55,168

*Source: Finance Accounts of respective years. [#] Includes market borrowings and borrowings from LIC, GIC, NABARD, NCDC, NSSF and Ways and Means Advances. * Includes an amount of ₹8,256 crore expended towards implementation of UDAY scheme*

Borrowed funds used for meeting revenue expenditure create liability for future years without creating any assets. It is evident that in 2020-21, 81 *per cent* of borrowings were used to finance the deficit on Revenue account, thereby, impeding asset creation in the State. Net receipts under Public Account during the year (₹ 7,268 crore) financed 13.17 *per cent* of the fiscal deficit when compared to 32.58 *per cent* during the previous year.

State Government stated that unprecedented pandemic resulted in increase of borrowings and increased use of borrowings to provide necessary support to the public in addition to expenditure on health care as the focus of the State was to bring normalcy in the State rather than the asset creation during the year 2020-21.

The reply of the State Government needs to be viewed in conjunction with the fact that share of expenditure on Health in the State as a proportion of total expenditure (5.49 *per cent*) was lower than the corresponding General State average (6.74 *per cent*).

Further, it is pertinent to note that the State has been utilising the majority of borrowings to fund the Revenue Expenditure rather than the asset creation even before the pandemic, during the years 2016-17 to 2019-20, which affected the productivity of the borrowings of the State. This trend needs to be reversed in the ensuing years.

1.8.4 Deficits after examination in Audit

Misclassification of revenue expenditure as capital and off budget fiscal operations impact deficit figures. During the year 2020-21, the State Government misclassified revenue expenditure under capital section, did not make provision for interest payment and a part of borrowings availed from Banks by AP State Development Corporation credited into Consolidated Fund leading to an overall understatement of Revenue Deficit by ₹ 230.09 crore and understatement of Fiscal Deficit by ₹ 337.89 crore as detailed below.

Table 1.10: Understatement of Revenue Deficit and Fiscal Deficit

(₹ in crore)		
Particulars	Impact on Revenue Deficit (Understated (+) / overstated (-))	Impact on Fiscal Deficit (Understated (+) / overstated (-))
Misclassification of revenue expenditure as capital expenditure	(+) 155.01	---
Unauthorised receipt of borrowings of AP State development corporation as reduction of capital expenditure	---	(+) 222.00
Non-payment of Interest	(+) 115.89	(+) 115.89
Total	(+) 230.09	(+) 337.89

Source: Finance Accounts;

Effectively, therefore, there was a Revenue Deficit of ₹ 35,770.54 crore (₹ 35,540.45 crore plus ₹ 230.09 crore) and Fiscal Deficit of ₹ 55,505.41 crore (₹ 55,167.52 crore plus ₹ 337.89 crore). The effective Revenue Deficit and Fiscal Deficit were 3.63 per cent and 5.63 per cent of GSDP respectively.

1.8.5 Post audit – Total Public Debt

Various Government entities have obtained loans to the extent of ₹ 86,259.82 crore as of end of March 2021 on behalf of the State Government. These are in the nature of off-budget borrowings (OBB) by the Government and the latter has provided guarantees for these loans. Since these borrowings did not form part of the borrowings of the Government directly, these were not included in the Public Debt of the State Government in the Finance Accounts; and therefore, did not figure in the calculation of Fiscal Deficit of the State. To that extent, the Public Debt of the State and consequently, its Fiscal Deficit for the year stands further understated (*The off-budget borrowings are detailed in para 2.7.5 of the report*).

1.9 Conclusion

During 2020-21, Andhra Pradesh registered lowest GSDP growth rate in the last five years.

State Government amended the APFRBM Act in December 2020 which was deemed to have come into force with effect from 30 August 2020. The projections on fiscal parameters were, however, amended by Government of Andhra Pradesh retrospectively with effect from the financial years 2015-16 to 2020-21. State Government had not adhered to the targets prescribed in APFRBM Act in respect of Fiscal Deficit and Outstanding Liabilities.

The fiscal parameters of the State as reflected in its Revenue, Fiscal and Primary Deficits were negative throughout the five-year period 2016-21. There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have pushed up the Deficits to a further extent, as brought out in the Report as well as in the State Finances Audit Report of the CAG over the last few years.

The outstanding liabilities were above the targets prescribed in the revised APFRBM Act, these would be way more, if the liabilities of the State Government with regard to its extra-budgetary borrowings are taken into account. The liabilities of the State have been increasing year-on-year and majority of the borrowings during the year 2020-21 were utilised to balance Revenue Account of the State affecting asset creation in the State.

2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period 2016-17 to 2020-21, debt sustainability of the State and key Public Account transactions based on the Finance Accounts of the State.

2.2 Major changes in key fiscal aggregates during 2020-21 vis-à-vis 2019-20

This section gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year in comparison to the previous year. Each of these indicators would be analysed in the succeeding paragraphs.

Table 2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20

Revenue Receipts	✓ Revenue receipts of the State increased by 5.50 <i>per cent</i> ✓ Own tax receipts of the State decreased by 0.33 <i>per cent</i> ✓ Own non-tax receipts increased by 2.41 <i>per cent</i> ✓ State's share of Union Taxes and Duties decreased by 13.39 <i>per cent</i> ✓ Grants-in-Aid from Government of India increased by 45.69 <i>per cent</i>
Revenue Expenditure	✓ Revenue expenditure increased by 11.06 <i>per cent</i> ✓ Revenue expenditure on General Services increased by 8.33 <i>per cent</i> ✓ Revenue expenditure on Social Services decreased by 3.10 <i>per cent</i> ✓ Revenue expenditure on Economic Services increased by 56.11 <i>per cent</i> ✓ Expenditure on Grants-in-Aid increased by 25.00 <i>per cent</i>
Capital Expenditure	✓ Capital expenditure increased by 55.00 <i>per cent</i> ✓ Capital expenditure on General Services increased by 73.19 <i>per cent</i> ✓ Capital expenditure on Social Services increased by 153.21 <i>per cent</i> ✓ Capital expenditure on Economic Services increased by 13.02 <i>per cent</i>
Loans and Advances	✓ Disbursement of Loans and Advances decreased by 67.98 <i>per cent</i> ✓ Recoveries of Loans and Advances decreased by 75.59 <i>per cent</i>
Public Debt	✓ Public Debt Receipts increased by 44.07 <i>per cent</i> ✓ Repayment of Public Debt increased by 49.02 <i>per cent</i>
Public Account	✓ Public Account Receipts increased by 40.91 <i>per cent</i> ✓ Disbursement of Public Account increased by 46.91 <i>per cent</i>
Cash Balance	✓ Cash balance decreased by ₹ 4,199 crore (28.60 <i>per cent</i>) during 2020-21 compared to the previous year

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2020-21 with 2019-20 figures.

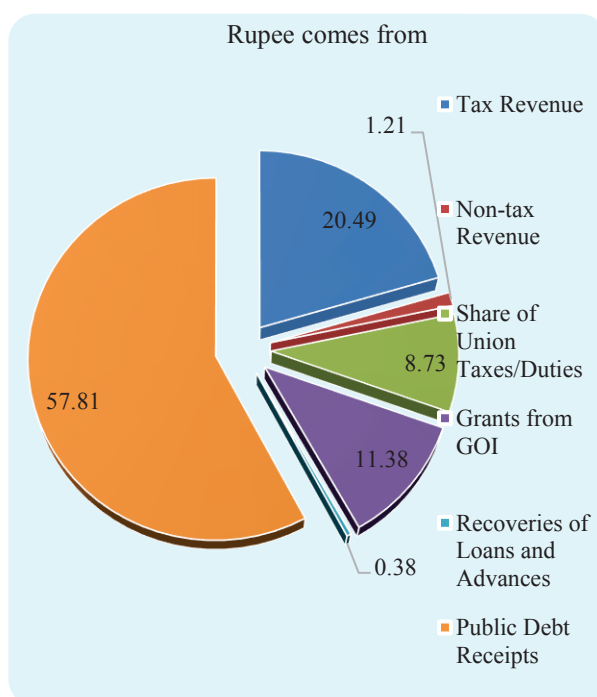
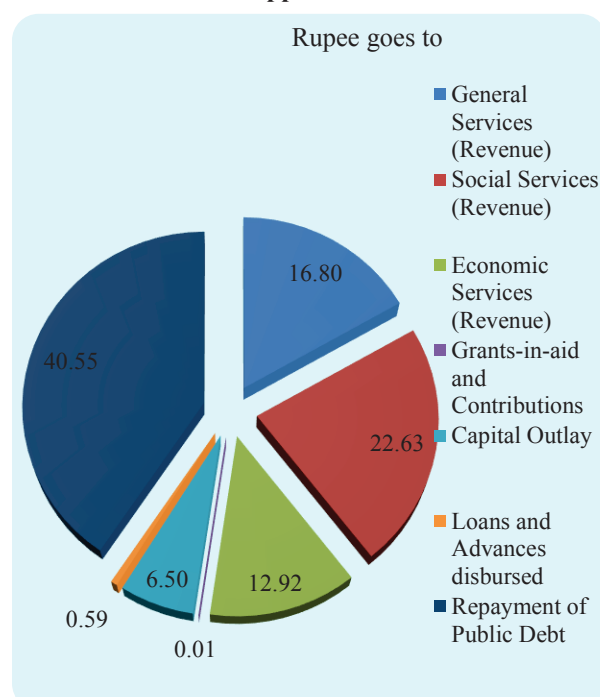
Table 2.2: Sources and Application of funds during 2019-20 and 2020-21

(₹ in crore)

	Particulars	2019-20	2020-21	Increase/ Decrease (in per cent)
Sources	Opening Cash Balance with RBI	8,389	14,691*	75.12
	Revenue Receipts	1,11,034	1,17,136	5.50
	Recoveries of Loans and Advances	4,355	1,063	-75.59
	Public Debt Receipts (Net)	33,062	43,700	32.18
	Public Account Receipts (Net)	12,929	7,268	-43.79
	Total	1,69,769	1,83,858	8.30
Application	Revenue Expenditure	1,37,475	1,52,677	11.06
	Capital Expenditure	12,242	18,975	55.00
	Disbursement of Loans and Advances	5,356	1,715	-67.98
	Inter State Settlement	3	0	-100.00
	Closing Cash Balance with RBI	14,693	10,491	-28.60
	Total	1,69,769	1,83,858	8.30

Source: Finance Accounts 2020-21; *OB differs from CB due to Proforma correction of ₹ 2.90 crore

The components of sources and application of funds in terms of percentage are shown in **Charts 2.1** and **2.2**.

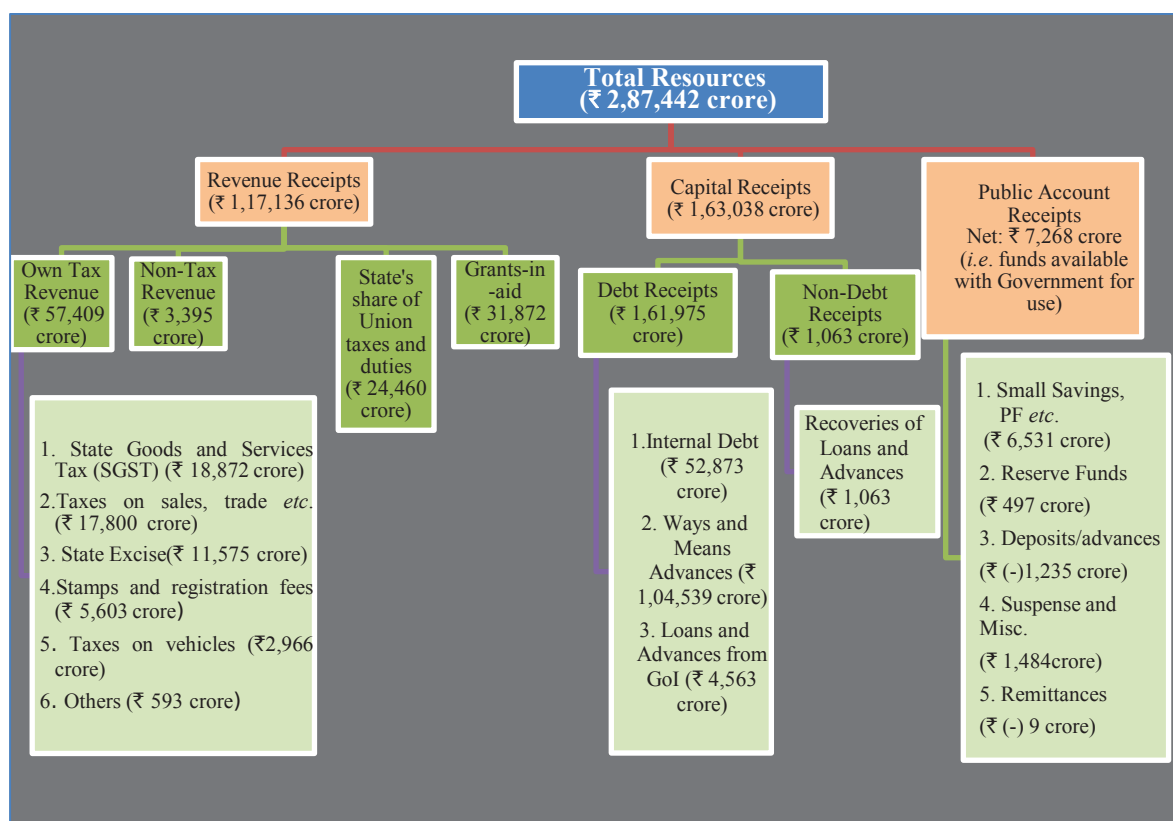
Chart 2.1: Sources of Funds**Chart 2.2: Application of Funds**

Source: Finance Accounts 2020-21

2.4 Resources of the State

The components and sub-components of resources of the State are given in **Chart 2.3**.

Chart 2.3: Composition of Resources in 2020-21



Source: Finance Accounts 2020-21

Note: Debt Receipts include an amount of ₹ 1,04,539 crore availed as Ways and Means Advances/Special Drawing Facility/Overdraft

Out of the total resources of ₹ 2,87,442 crore of the State Government during the year 2020-21, Revenue Receipts (₹ 1,17,136 crore) constituted 40.75 per cent. Capital Receipts (₹ 1,63,038 crore) and net Public Account Receipts (₹ 7,268 crore) constituted 56.72 per cent and 2.53 per cent of the total resources, respectively.

2.4.1 Revenue Receipts

Statement 14 of the Finance Accounts gives details of Revenue Receipts of the Government. Revenue Receipts (₹ 1,17,136 crore) of the State increased by ₹ 6,102 crore (5.50 per cent) over the previous year (₹ 1,11,034 crore) and constituted 11.87 per cent of GSDP (₹ 9,86,611 crore).

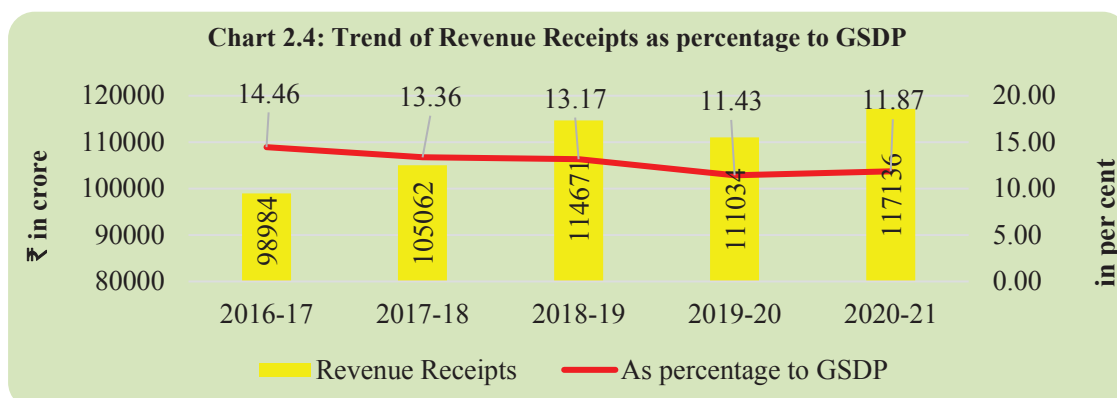
Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2016-21. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

Table 2.3: Trends in Revenue Receipts

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	98,984	1,05,062	1,14,671	1,11,034	1,17,136
Rate of growth of RR (per cent)	11.66	6.14	9.15	-3.17	5.50
Own Tax Revenue	44,181	49,486	58,031	57,601	57,409

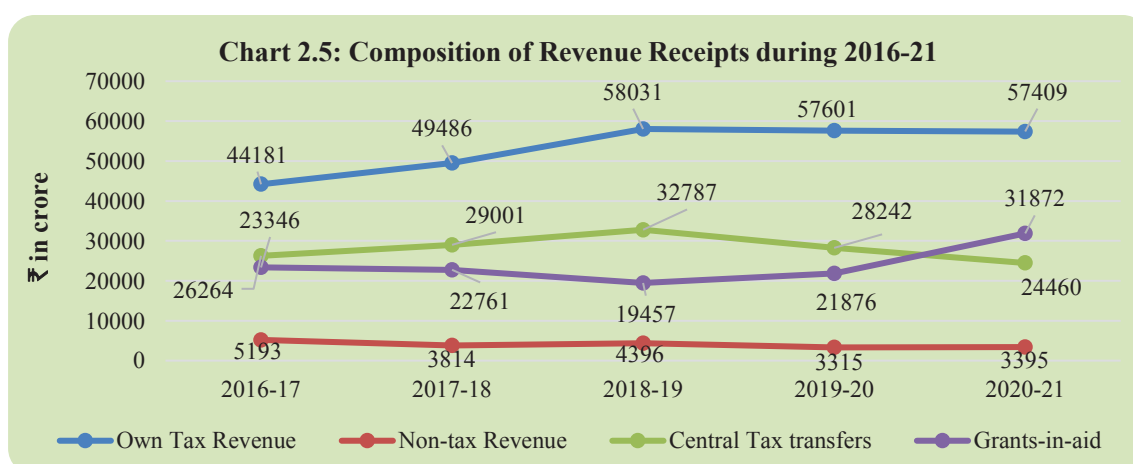
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Tax Revenue	5,193	3,814	4,396	3,315	3,395
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	10.14	7.95	17.12	-2.42	-0.18
Gross State Domestic Product (₹ in crore) (2011-12 Series)	6,84,416	7,86,135	8,70,849	9,71,224	9,86,611
Rate of growth of GSDP (per cent)	13.27	14.86	10.78	11.53	1.58
RR/GSDP (per cent)	14.46	13.36	13.17	11.43	11.87
Buoyancy Ratios⁴					
Revenue Buoyancy w.r.t GSDP	0.88	0.41	0.85	-0.27	3.48
State's Own Revenue Buoyancy w.r.t GSDP	0.76	0.53	1.59	-0.21	-0.11

Source: Finance Accounts of respective years



Source: Finance Accounts of respective years

During the period 2016-21, Revenue Receipts of the State Government displayed an increasing trend, although receipts decreased during 2019-20. In terms of percentage to GSDP, Revenue Receipts of the State was on decreasing trend except during the year 2020-21, where the receipts as percentage to GSDP has been increased marginally from 11.43 per cent during 2019-20 to 11.87 percent in 2020-21.



Source: Finance Accounts of respective years

⁴ 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 with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

General trends relating to Revenue Receipts of the State are as follows:

1. Revenue Receipts increased by 18.34 *per cent* from ₹ 98,984 crore in 2016-17 to ₹ 1,17,136 crore in 2020-21. Receipts under Revenue Account have increased by 5.50 *per cent* during 2020-21 over those of the previous year. Marginal decrease in Own Tax Revenue has been offset by increase in Non-Tax Revenue and Central transfers resulting in overall increase of Revenue Receipts.
2. The share of State's own tax revenue in Revenue Receipts has increased during the period 2016-21. State's own tax revenue was the major contributor to Revenue Receipts for the past five years, accounting for more than 40 *per cent* of receipts during the past two years.
3. There was a wide fluctuation in the revenue and own tax buoyancy of the State. There was positive buoyancy under Revenue Receipts during the years 2016-17 to 2018-19 and 2020-21 with the highest buoyancy during 2020-21 due to marginal growth in GSDP comparable to Revenue Receipts. The negative buoyancy in Own Tax Revenue during the years 2019-20 and 2020-21 was mainly due to decrease in State's Own Revenue.

Table 2.4 highlights the cases of significant increase or decrease in various Revenue Heads of Account during 2020-21 *vis-à-vis* the previous year.

Table 2.4: Revenue Receipts during 2020-21 compared to 2019-20

Major Heads of Accounts	2019-20 (₹ in crore)	2020-21	Increase (+)/ Decrease (-) (in <i>per cent</i>)
1601-Grants-in-Aid and contributions	21,875.96	31,871.91	45.69
0039-State Excise	6,914.75	11,575.07	67.40
0040-Taxes on Sales, Trade etc.	21,409.70	17,800.15	-16.86
0020-Corporation Tax	9,629.54	7,412.80	-23.02
0006-State Goods and Services Tax (SGST)	20,227.04	18,871.35	-6.70
0005-Central Goods and Services Tax (CGST)	8,014.29	7,223.87	-9.86
0037-Customs	1,790.19	1,269.78	-29.07
0038-Union Excise Duties	1,244.60	817.76	-34.30
0041-Taxes on Vehicles	3,278.75	2,966.01	-9.54
0202-Education, Sports, Art and Culture	147.33	18.73	-87.29

The huge increase under Major Head 1601 – Grants-in-Aid was due to increase in grants provided by Government of India mainly under Revenue Deficit Grant (increased by ₹ 3,398.04 crore), Grants to Rural Local Bodies (increased by ₹ 1,754.77), Grants to cover loss of revenue arising out of implementation of GST (increased by ₹ 1,686.65 crore) and State Disaster Response Fund (increased by ₹ 794.85 crore). The increase under Major Head – 0039 – State Excise was mainly due to increase in sales of foreign liquors and spirits by ₹ 4,249.52 crore and newly introduced Additional Retail Excise Tax (ARET)⁵ on sale of foreign liquor.

⁵ Additional Retail Excise Tax was introduced by the State Government vide G.O.No.422 dated 30.09.2019 and the rates were revised vide G.O. 273 dated 18-09-2020.

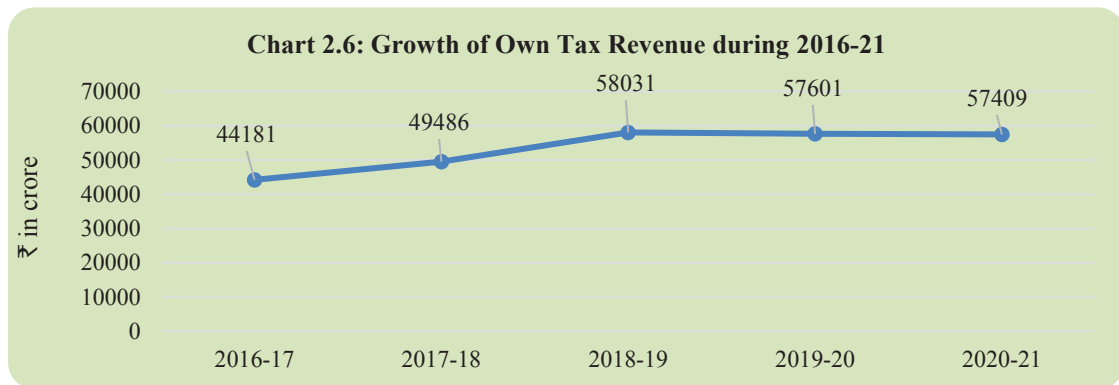
COVID-19 Pandemic resulted in the economic slowdown in the country that led to the decrease in receipts under tax and non-tax revenue when compared to previous year.

2.4.1.1 State's Own Resources

State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

A. Own Tax Revenue

Own tax revenues of the State consist of State GST, State excise, taxes on vehicles, stamp duty and registration fees, land revenue, taxes on goods and passengers, *etc.* Own tax revenue (OTR) during the year was ₹ 57,409 crore and constituted 49.01 *per cent* of the Revenue Receipts (₹ 1,17,136 crore). SGST was the major contributor to OTR with a share of 32.87 *per cent*. The trends of growth of OTR during 2016-21 is shown in **Chart 2.6** and the major taxes and duties which contributed to OTR during 2016-21 are given in **Table 2.5**.



Source: Finance Accounts of respective years

Table 2.5: Components of State's Own Tax Revenue

	(₹ in crore)					
	2016-17	2017-18	2018-19	2019-20	2020-21 (BE)	2020-21 (ACTUALS)
State Goods and Services Tax (SGST)	-	10,820	20,611	20,227	25,604	18,872
Taxes on Sales, trades <i>etc.</i>	32,484	25,335	21,914	21,410	25,743	17,800
State Excise	4,645	5,460	6,220	6,915	7,931	11,575
Taxes on Vehicles	2,467	3,039	3,341	3,279	4,463	2,966
Stamp duty and Registration fees	3,476	4,271	5,428	5,318	6,337	5,603
Land Revenue	167	107	57	21	32	143
Taxes on Goods and Passengers	12	5	26	36	41	25
Other Taxes ⁶	930	449	434	395	528	425
Total	44,181	49,486	58,031	57,601	70,679	57,409

Source: Finance Accounts of respective years;

During the period 2016-21, State Goods and Services Tax (SGST), Taxes on Sales, trades and State Excise were the major contributors to OTR of the State with more than 84 *per cent* share.

Own Tax revenue during the year 2020-21 has been marginally decreased by ₹192 crore

⁶ Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income

(0.33 *per cent*) over the previous year. The decrease was mainly under (a) State Goods and Services Tax (SGST) by ₹ 1,355 crore (6.70 *per cent*) and (b) Taxes on Sales, Trades *etc.* by ₹ 3,610 crore (16.86 *per cent*). The rise of 67.39 *per cent* (₹ 4,660 crore) in receipts under State Excise compensated the decrease which occurred under SGST and Taxes on sales, trade. The sudden increase in receipts under State Excise was mainly due to introduction of Additional Retail Excise Tax (ARET) by the State Government.

(i) Goods and Services Tax (GST)

State Government implemented Andhra Pradesh Goods and Services Tax (GST) Act with effect from 01 July 2017. The GST has four components *viz.*, (i) GST receipts by the Centre (*i.e.*, Central GST or CGST); (ii) GST receipts by the State (*i.e.*, State GST or SGST); (iii) Integrated GST (IGST)⁷, a tax on inter-State supply of Goods or Services or both by the Central Government and (iv) GST Compensation Cess⁸. SGST is levied on intra-State supply of goods or services (except alcohol for human consumption and five specified petroleum products⁹).

Table 2.6: Components of State Goods and Services Tax (SGST)

(₹ in crore)				
State Goods and Services Tax (SGST)	2017-18	2018-19	2019-20	2020-21
Tax	5,035	8,187	9,482	7,965
Input Tax Credit	4,469	8,817	9,729	7,637
Apportionment of IGST – Transfer-in of Tax Component	692	964	1,514	1,648
Others ¹⁰	2,008	2,643	(-) 498	1,621
TOTAL	10,820	20,611	20,227	18,871

Source: Finance Accounts of respective years

GST Compensation: According to GST (Compensation to the States) Act, 2017, the Central Government was to compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State is to be calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. The protected revenue for any year of a State is to be calculated by applying the projected growth rate (14 *per cent* per annum) over the base year (2015-16) revenue of the State.

In the case of Andhra Pradesh, the revenue in the base year (2015-16) was ₹ 13,449.62 crore. Accordingly, Protected Revenue for the year 2020-21 was ₹ 25,896.09 crore¹¹.

The State received ₹ 18,871.35 crore as SGST during the year. Against this shortfall from protected revenue, an amount of ₹ 3,527.40 crore has been received as GST

⁷ in respect of inter-State supply of Goods and Services, Integrated GST (IGST) is levied and collected by Government of India (GoI). The IGST so collected is apportioned between the Centre and the State where the goods and services are consumed

⁸ as per GST Compensation Cess Act, GST Compensation Cess is paid by GoI for a period of five years to the State in case the share of a State falls short of the revenue earned in the pre-GST regime

⁹ Petroleum crude, High speed diesel, Motor spirit (Petrol), Natural gas and Aviation turbine fuel

¹⁰ Others include Receipts awaiting transfer to other Minor heads, Advance apportionment from IGST, Fees, Interest and penalty.

¹¹ Calculated at compounding increase of 14 *per cent* per annum for five years *viz.*, 2016-21 from the base year revenue of ₹ 13,449.62 crore (*i.e.*, ₹ 13,449.62 X 1.14 X 1.14 X 1.14 X 1.14 X 1.14 = ₹ 25,896.09 crore)

compensation from GoI during the year 2020-21. Apart from this, Government of India has provided ₹ 2,311 crore to Andhra Pradesh as ‘back-to-back loan in lieu of GST Compensation shortfall’, which would be serviced out of the GST Compensation Cess by GoI with no repayment obligation on the State resources.

B. Non-Tax Revenue

Non-tax revenue accounts for receipts from services rendered and supplies made by various Departments of Government and interest receipts. The non-tax revenue of ₹ 3,395 crore during the year constituted 2.90 *per cent* of the total revenue receipts (₹ 1,17,136 crore) of the year. The composition of non-tax revenue is detailed in **Table 2.7**.

Table 2.7: Composition of Non-Tax Revenue

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	Spark Line
Interest Receipts	113	96	50	37	24	
Dividends & Profits	4	1	1	4	0.02	
Other Non-Tax Receipts	5,076	3,717	4,345	3,274	3,371	
a) Major Irrigation	166	161	94	122	114	
b) Forestry and Wild life	234	342	426	36	31	
c) Non-Ferrous Mining & Metallurgical Industries	1,628	2,156	2,211	1,897	2,256	
Total	5,193	3,814	4,396	3,315	3,395	

Source: Finance Accounts of respective years

(i) Interest receipts

Against the budgeted estimates of ₹ 17 crore during 2020-21, actual interest receipts were ₹ 24 crore. Interest receipts included ₹ four crore received from investment of Cash Balance, ₹ 20 crore received from various sources *viz.*, State Public Sector Undertakings and Credit Cooperatives, *etc.*

(ii) Dividend Receipts

Against the budgeted estimates of ₹ six crore during 2020-21, actual receipts on account of dividends & profits were ₹ 0.02 crore.

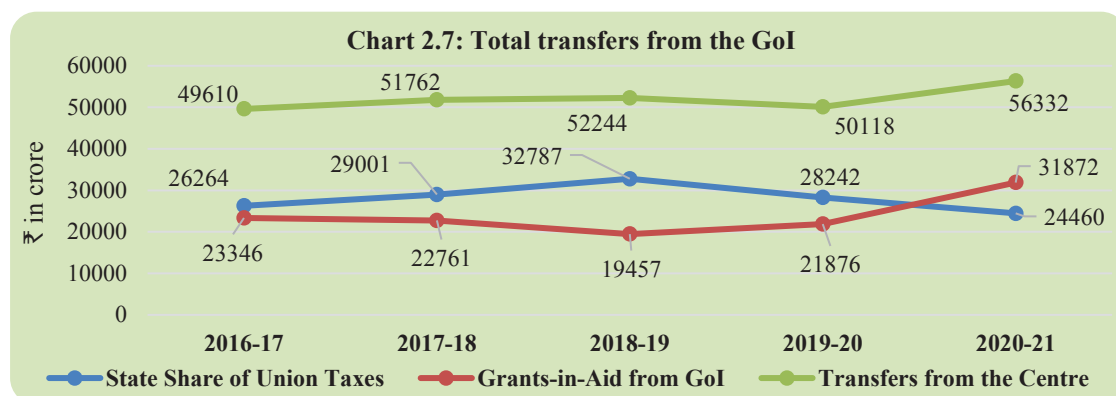
Government investments in Statutory Corporations, Government Companies and others were ₹ 9,533.64 crore as on 31 March 2021, out of which, un-apportioned investments were ₹ 8,401.21 crore, constituting 88.12 *per cent* of the total investments. Further, out of these un-apportioned investments, ₹ 49.11 crore was invested in 10 non-working Companies.

(iii) Other Non-Tax Receipts

Non-Ferrous Mining & Metallurgical Industries (₹ 2,256 crore – Mineral Concession Fee, Rents & Royalties, Mines Department *etc.*), Miscellaneous General Services (₹ 236 crore) and Police (₹ 206 crore) were the main contributors to Non-tax revenue.

2.4.1.2 Central Transfers

The trend of transfers from Government of India during the period 2016-17 to 2020-21 is given in **Chart 2.7**:



Source: Finance Accounts of respective years

A. State's share of Union taxes

The Fifteenth Finance Commission in its Report for the year 2020-21 chose to keep net proceeds of Union taxes to be devolved to the States (i.e., divisible pool) at the same level of 42 *per cent* as recommended by the Fourteenth Finance Commission. However, taking into account the re-organisation of erstwhile Jammu and Kashmir State into Union Territories of Ladakh and Jammu & Kashmir the Fifteenth Finance Commission recommended that the aggregate share of States be reduced by one *per cent* to 41 *per cent* of the divisible pool. It also took into account various other factors like population, area, forest and ecology, income distance criteria, demographic performance and tax efforts of the State.

Consequently, the Fifteenth Finance Commission allocated 4.111 *per cent* of the total divisible pool as *inter se* share of Andhra Pradesh. Based upon the projected tax revenue of the Union Government and the shares derived from the horizontal devolution formula, Fifteenth Finance Commission has derived the share of each State in absolute numbers. This has been used to derive the post-devolution revenue deficit/surplus for States. Accordingly, based on the total projected tax devolution of ₹ 8,55,176 crore Fifteenth Finance Commission projected that the Andhra Pradesh would have a pre-devolution Revenue Deficit of ₹ 41,054 crore and hence recommended a tax devolution of ₹ 35,156 crore (being 4.111 *per cent* of ₹ 8,55,176 crore) to Andhra Pradesh in 2020-21.

Actual Central tax transfers of ₹ 24,460 crore in 2020-21, while contributing 20.88 *per cent* to the State's total revenue receipts, decreased by ₹ 3,782 crore (13.39 *per cent*) when compared to previous year (₹ 28,242 crore).

Components of State's share of Union Taxes during 2016-21 are given in **Table 2.8**.

Table 2.8: Components of State's share of Union Taxes

Component of State's share of Union taxes	XIV FC award period				(₹ in crore)
	2016-17	2017-18	2018-19	2019-20	XV FC award period 2020-21
Corporation Tax	8,414	8,880	11,401	9,630	7,413
Customs	3,619	2,926	2,324	1,790	1,270
Income Tax	5,848	7,498	8,397	7,545	7,603
Other Taxes and Duties on commodities and services	-	327	17	18	19
Service Tax	4,231	2,975	303	0	113
Wealth Tax	19	-	4	0	0
Union Excise Duties	4,133	3,059	1,544	1,245	818
CGST	NA	409	8,092	8,014	7,224
IGST	NA	2,927	646	0	0
Other Taxes on Income and Expenditure	-	-	59	0	0
Grand total	26,264	29,001	32,787	28,242	24,460
Devolution as percentage of Revenue Receipts of the State	26.53	27.60	28.59	25.44	20.88

Source: Finance Accounts of respective years; NA: Not Applicable due to implementation of GST Act w.e.f. 01.07.2017

The decrease in devolution was mainly under Corporation Tax (by ₹ 2,217 crore – 23.02 per cent), CGST (by ₹ 790 crore – 9.85 per cent).

B. Grants-in-Aid from Government of India

The details of Grants-in-Aid from GoI and their composition during 2016-21 are given in Table 2.9.

Table 2.9: Grants-in-Aid from Government of India

Particulars	XIV FC award period					(₹ in crore)
	2016-17	2017-18	2018-19	2019-20	2020-21	
Non-Plan Grants/Finance Commission Grants	10,839	6,975	5,548	5,881	11,576	
Grants for State Plan Schemes*	12,507	0	327	1	0	
Grants for Central Plan Schemes*	0	(-)200 [#]	0	0	0	
Grants for Centrally Sponsored Schemes	0	15,482	12,510	13,562	14,836	
Other Transfers/Grants to States	0	504	1,072	2,432	5,460	
(i) Compensation for loss of revenue arising out of implementation of GST	0	382	0	1,841	3,528	
(ii) Other Receipts ¹²	0	122	67	20	14	
(iii) Transfer of States' portion of unapportioned IGST of previous years	0	0	0	0	1,261	
(iv) National Disaster Response Fund	0	0	1,005	571	657	
Total	23,346	22,761	19,457	21,876	31,872	
Percentage of increase (+)/decrease(-) over previous year	6.47	(-)2.51	(-)14.52	12.43	45.69	
Total grants as a percentage of Revenue Receipts	23.59	21.66	16.97	19.70	27.21	

Source: Finance Accounts of respective years. [#]Minus figure due to clearing of outstanding amount under the head '8658-Suspense' pertaining to the year 2015-16 with reference to RBI's advice No.2334 dated 31 March 2016. This amount pertains to Grants towards Polavaram Project inadvertently given credit by the GoI in 2015-16 and also debited in the same year. AG (A&E), however, had given credit adjustment in 2015-16 and debit in 2017-18. * Grants under State and Central Plan Schemes were replaced by Centrally Sponsored Schemes from 2017-18 onwards.

¹² Additional Central Assistance for Left Wing Extremist (LWE) Districts and Compensation for loss of revenue on account of phasing out of Central Sales Tax (CST)

Out of the Grants of ₹ 14,836 crore for Centrally Sponsored Schemes during 2020-21, the major amounts were given to:

- Polavaram Project (₹ 2,234 crore-25.52 *per cent* increase over previous year)
- Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 2,594 crore- 4.40 *per cent* decrease over previous year),
- Sardar Patel Urban Housing Scheme (₹ 1,907 crore-2,341.95 *per cent* increase over previous year),
- National Health Mission (₹ 1,455 crore – 39.26 *per cent* increase over previous year).

(i) Finance Commission (FC) grants

The FC had recommended devolution of funds under only three types of grants-in-aid to States *viz.*, Local Government, Disaster Management and Post-devolution Revenue Deficit. The details of amounts awarded, received and releases of State Government to Local Bodies during the period 2016-21 are shown in **Table 2.10**.

Table 2.10: Finance Commission Grants

Table 2.10: Finance Commission Grants						
Transfers	Recommendation of the XIV-FC 2015-20	2015-20		Recommendation of the XV-FC 2020-21	(₹ in crore) 2020-21	
		Actual Release by GoI	Release by State Government		Actual Release by GoI	Release by State Government
Local Bodies						
(i) Grants to PRIs	8,654.09	6,955.87	6,644.41	2,625.00	3,793.00	3,080.49 ¹³
ii) Grants to ULBs	3,635.78	3,054.20	2,883.64	1,264.00	767.00	632.00
Total Local Bodies	12,289.87	10,010.07	9,528.05	3,889.00	4,560.00	3,712.49
Disaster Response						
State Disaster Response Fund*	2,430.00	2,430.00	2,430.00	1,491.00	1,491.00	1,491.00
Revenue Deficit Grant						
PDRDG	22,112.00	22,112.00	-	5,897.00	5,897.00	-
Grand Total	36,831.87	34,552.07	11,958.05	11,277.00	11,948.00	

Source: Finance Accounts and XIV and XV Finance Commissions reports. * SDRF includes State's share also.

State Government has not released ₹ 311.46 crore and ₹ 170.57 crore of Finance Commission grants received from the GoI to Panchayat Raj Institutions (PRI) and Urban Local Bodies (ULB) respectively over the period 2015-20 and had not released ₹ 712.51 crore and ₹ 135 crore to PRI and ULB during 2020-21.

State Government in its reply has stated that the whole of Finance Commission grants of both XIV and XV FC periods were released to the local bodies and UCs were submitted to GoI.

¹³ As against the amount ₹ 3,793.28 crore received as Finance commission Grants for Rural Local Bodies, only ₹ 61.48 crore has been booked under "Grants-in-Aid paid in cash – Central Assistance including CSS and CS".

However, the accounts of the State Government show that ₹ 1,329.54 crore is yet to be transferred to the local bodies.

2.4.2 Capital Receipts

Growth and composition of Capital Receipts of the State during 2016-21 are given in Table 2.11.

Table 2.11: Composition of Capital Receipts

(₹ in crore)					
Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Receipts (CR)*	61,952	74,114	98,257	1,16,783	1,63,038
Non-debt capital receipts	2,029	51	277	4,355	1,063
Miscellaneous Capital Receipts	0	0	0	0	0
Recovery of Loans and Advances	2,029	51	277	4,355	1,063
Public Debt Receipts*	59,923	74,063	97,980	1,12,428	1,61,975
Internal Debt	59,109	73,117	95,990	1,10,398	1,57,412
Growth rate	11.53	23.70	31.28	15.01	42.59
Loans and advances from GoI	814	946	1,990	2,030	4,563
Growth rate	18.83	16.22	110.36	2.01	124.78
Rate of growth of debt Capital Receipts	11.63	23.6	32.29	14.75	44.07
Rate of growth of non-debt capital receipts	611.93	-97.49	443.14	1,472.20	-75.59
Rate of growth of GSDP	13.27	14.86	10.78	11.53	1.58
Rate of growth of Capital Receipts (per cent)	14.80	19.63	32.58	18.85	39.61

Source: Finance Accounts of respective years. *Includes Ways and Means Advances and Overdraft facility availed by the Government. **Note:** Loans and advances from GoI includes an amount of ₹ 2,999 crore received towards back-to-back loan in lieu of GST compensation shortfall (₹ 2,311 crore) which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources and Scheme for Special Assistance as loan to States for Capital Expenditure (₹ 688 crore)

During 2020-21, Capital Receipts (₹ 1,63,038 crore) constituted 56.72 per cent of the total receipts (₹ 2,87,442 crore) of the State. Out of the total Capital Receipts 99.35 per cent were borrowings of the State Government. State Government borrowed ₹ 52,873 crore from open market and other financial institutions and took loans of ₹ 4,563 crore from GoI. Apart from these borrowings, State Government availed an amount of ₹ 1,04,539 crore¹⁴ as Ways and Means Advances and Overdraft from the Reserve Bank of India.

2.4.3 State's performance in mobilisation of resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The XV FC projection of state resource mobilisation capacity, budget estimates *vis-à-vis* actuals during the year 2020-21 is given in Table 2.12.

¹⁴ Special Drawing Facility (₹ 19,007.75 crore), Ways and Means Advances (₹ 53,719.22 crore) and Overdraft (₹ 31,812.27 crore)

Table 2.12: Tax and Non-tax receipts vis-à-vis projections

	XV FC projections	Budget Estimates	Actuals	Percentage variation of actual over	
	₹ in crore)			FFC projections	Budget estimates
Own Tax revenue	77,398	70,679	57,409	-25.83	-18.78
Non-tax revenue	5,267	5,866	3,395	-35.54	-42.12

Source: Finance Accounts 2020-21; BE 2020-21; XV Finance Commission Report

It is evident from above that the actual revenue of the State was much less compared to its own budgetary estimates and XV FC projections for the year 2020-21.

State Government stated that COVID-19 pandemic affected the State revenue and hence there was a difference between estimated and actuals in own revenues during the year.

2.5 Application of resources

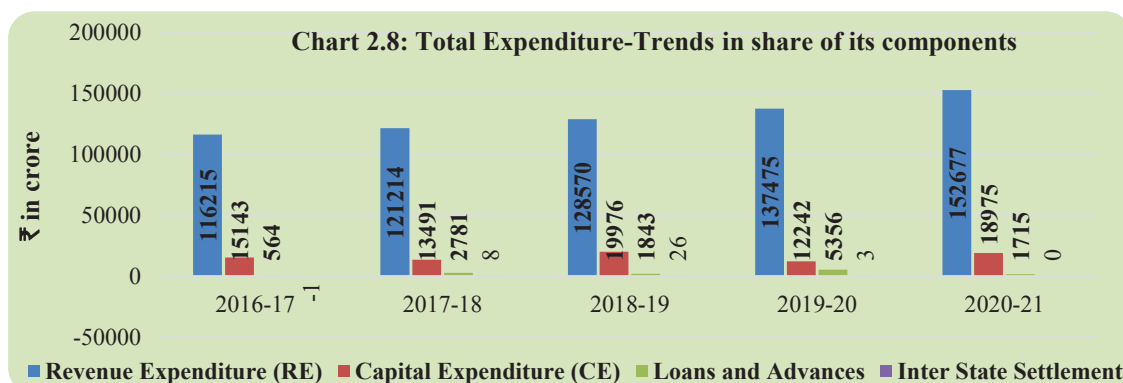
State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector.

2.5.1 Growth and composition of expenditure

The total expenditure in 2020-21 was ₹ 1,73,367 crore. **Chart 2.8** and **Table 2.13** presents the trends and composition of total expenditure during the years 2016 to 2021.

Table 2.13: Total Expenditure and its composition

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
	₹ in crore)				
Total Expenditure (TE)	1,31,921	1,37,494	1,50,415	1,55,076	1,73,367
Revenue Expenditure (RE)	1,16,215	1,21,214	1,28,570	1,37,475	1,52,677
Capital Expenditure (CE)	15,143	13,491	19,976	12,242	18,975
Loans and Advances	564	2,781	1,843	5,356	1,715
Inter State Settlement	(-1)	8	26	3	0
As a percentage of GSDP					
TE/GSDP	19.27	17.49	17.27	15.97	17.57
RE/GSDP	16.98	15.42	14.76	14.15	15.47
CE/GSDP	2.21	1.72	2.29	1.26	1.92
Loans and Advances/GSDP	0.08	0.35	0.21	0.55	0.17



Source: Finance Accounts of respective years

Total expenditure over the past five years exhibited an increasing trend, mainly on account of increase in revenue expenditure. Total expenditure of the State has increased by ₹ 41,446 crore from 2016-17 to 2020-21, registering a rise of 31.41 *per cent*.

As is evident from the above chart, capital expenditure constituted less than 15 *per cent* of the total expenditure during the period 2016-21 though there was an increase in capital expenditure during 2020-21. The capital expenditure of the State was 11.48 *per cent* during 2016-17. This went down to the lowest during 2019-20. During 2020-21, expenditure on infrastructure and asset creation was 10.95 *per cent* of Total Expenditure of the State.

This reflects poorly on the State's commitment towards infrastructure creation.

In response, the State Government stated that, the challenges posed by the pandemic drew the Government's priority towards battling the pandemic compared to infrastructure creation during the year and also stated that significant asset creation and upgradation of infrastructure was being done through various corporations.

In terms of activities, total expenditure is composed of expenditure on General Services (including Interest Payments), Social services, Economic services and others. Relative share of these components in the total expenditure of ₹ 1,73,367 crore during 2020-21 is given in **Table 2.14**.

Table 2.14: Relative shares of various sectors of expenditure

(in *per cent*)

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	25.08	28.64	27.30	31.58	32.58
Social Services	40.08	46.52	45.46	45.33	41.15
Economic Services	34.72	24.73	27.02	23.05	26.23
Others (Grants to Local Bodies, Inter State Settlement and Loans and Advances)	0.12	0.11	0.22	0.04	0.04

Source: Finance Accounts of respective years

The expenditure of the State was mainly focused on Social Services, which includes Education, Health and welfare activities *etc.* The major areas under Social Services Sector where the expenditure was concentrated is given in **Table 2.15**.

Table 2.15: Major areas of Expenditure under Social Services sector

(₹ in crore)

Area of Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Education, Sports, Art and Culture	17,357	20,017	19,587	26,643	24,205
Welfare of SCs, STs and other BCs, Social Welfare and Nutrition	21,136	25,893	28,334	28,146	30,314
Health and Family Welfare	6,438	6,389	7,400	7,538	9,511

Source: Finance Accounts of respective years

The above table indicates that in 2020-21, welfare activities constituted 17 *per cent* of total expenditure in the State and around 14 *per cent* was spent on Education, Sports, Art and Culture.

2.5.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and for payment of past obligations. As such, it does not result in any addition to the State's

infrastructure and service network.

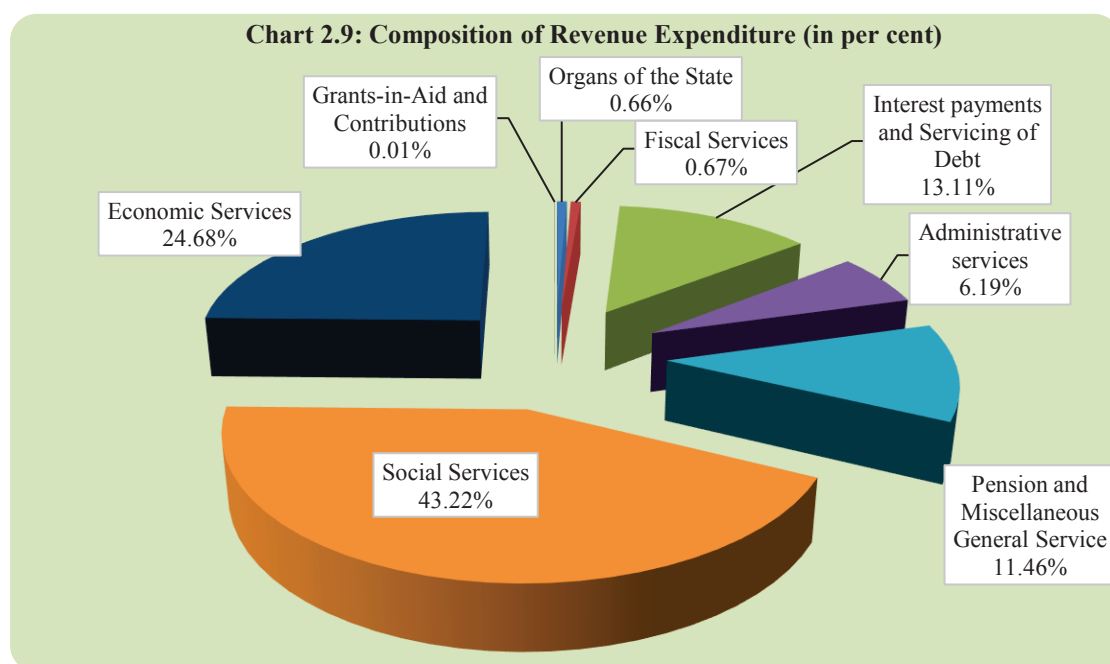
Revenue Expenditure (₹ 1,52,677 crore) was 15.47 *per cent* of GSDP and was within the budget provision (₹ 1,80,393 crore) made for the year 2020-21. It increased by 11.06 *per cent* during the year compared to 2019-20 (₹ 1,37,475 crore).

Table 2.16: Revenue Expenditure-Basic parameters

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE) (₹ in crore)	1,31,921	1,37,494	1,50,415	1,55,076	1,73,367
Revenue Expenditure (RE) (₹ in crore)	1,16,215	1,21,214	1,28,570	1,37,475	1,52,677
Rate of Growth of RE (in <i>per cent</i>)	21.12	4.30	6.07	6.93	11.06
Revenue Expenditure as percentage of TE	88.09	88.16	85.48	88.65	88.07
RE/GSDP (<i>per cent</i>)	16.98	15.42	14.76	14.15	15.47
RE as percentage of RR	117.41	115.37	112.12	123.81	130.34
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.59	0.29	0.56	0.60	7.00
Revenue Receipts (ratio)	1.81	0.70	0.66	-2.18	2.01

Source: Finance Accounts of respective years

The buoyancy of revenue expenditure w.r.t GSDP shows that the rise of one *per cent* of GSDP led to the rise of Seven *per cent* of Revenue Expenditure. The high buoyancy of revenue expenditure was due to reduction in growth rate of GSDP.



During the year 2020-21, Revenue Expenditure (₹ 1,52,677 crore) accounted for 88.07 *per cent* of the State's total expenditure (₹ 1,73,367 crore), which is in the nature of current consumption, leaving only 11.93 *per cent* for investment in infrastructure and asset creation. Further, 76.72 *per cent* of the Revenue Expenditure in 2020-21 was met from Revenue Receipts (₹ 1,17,136 crore). The remaining 23.28 *per cent* (₹ 35,541 crore) of Revenue Expenditure was, financed from borrowed funds.

Table 2.17 highlights the cases of significant increase or decrease in various Revenue Heads of Account during 2020-21 *vis-à-vis* the previous year.

Table 2.17: Revenue Expenditure during 2020-21 compared to 2019-20

Major Heads of Accounts	2019-20 (₹ in crore)	2020-21	Increase (+)/ Decrease (-) (in per cent)
2401 - Crop Husbandry	1,021.47	3,949.57	286.66
2515 - Other Rural Development Programmes	5,313.27	8,079.69	52.07
2505 - Rural Employment	2,021.78	4,526.08	123.87
2049 - Interest Payments	17,652.77	20,017.83	13.40
3055 - Road Transport	587.59	2,926.41	398.03
2245 - Relief on account of Natural Calamities	1,103.79	2,824.12	155.86
2211 - Family Welfare	2,074.66	3,415.87	64.65
2415 - Agricultural Research and Education	571.83	1,646.29	187.89
2052 - Secretariat - General Services	333.83	1,376.46	312.32
2225 - Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	21,601.38	22,411.16	3.75
2851 - Village and Small Industries	142.59	947.91	564.74
2015 - Elections	328.76	132.37	-59.74
2250 - Other Social Services	319.20	89.91	-71.83
2215 - Water Supply and Sanitation	708.81	-92.08	-112.99
2801 - Power	6,840.24	6,017.11	-12.03
2202 - General Education	25,498.46	20,074.89	-21.27

The substantial decrease under Major Head 2202 was due to transfer of implementation of “Amma Vodi” scheme to AP State Development Corporation from 2020-21 which was hitherto implemented by School Education Department. Further, the decrease under Major head 2215 was due to lapsing of unspent balances to the tune of ₹ 827.78 crore during 2020-21. The decrease in expenditure under the Major Heads 2801 and 2250 was due to reduction in expenditure under “YSR Nine Hours Free Supply scheme” and reduction in “Assistance to AP Brahmin Welfare Corporation” respectively.

There was substantial increase across different major heads as shown in table above. The reasons are detailed below:

Table 2.18: Increase in Revenue Heads

Major Head	Reasons
2401	Increase in expenditure under the schemes “YS Fasal Bima Yojana” and “YSR interest free loans to farmers (vaddeleni runaalu)”
2515	Increase in expenditure under the schemes “Grama Sachivalayam” and “Village Volunteers”
2505	Increase in expenditure under “National Rural Employment Guarantee Scheme”
3055	The increase in expenditure was due to Absorption of Employees of AP State Road Transport Corporation into Government Service vide G.O.Ms.No.97 dated 27.12.2019.
2245	Increase in expenditure towards Disaster Management
2211	Increase in expenditure under National Health Mission
2415	Increase in expenditure under Grants towards Rythu Saadhikaara Samsta
2052	Increase in expenditure was due to transfer of Additional Retail Excise Tax Revenues to AP State Development Corporation as per G.O Ms. 90 dated 03.11.2020
2225	Increase in expenditure under the Scheme “YSR Pension Kaanuka”
2851	Increase in Incentives for Industrial Promotion for Micro, Small and Medium Enterprises (MSME)

2.5.2.1 Committed Expenditure

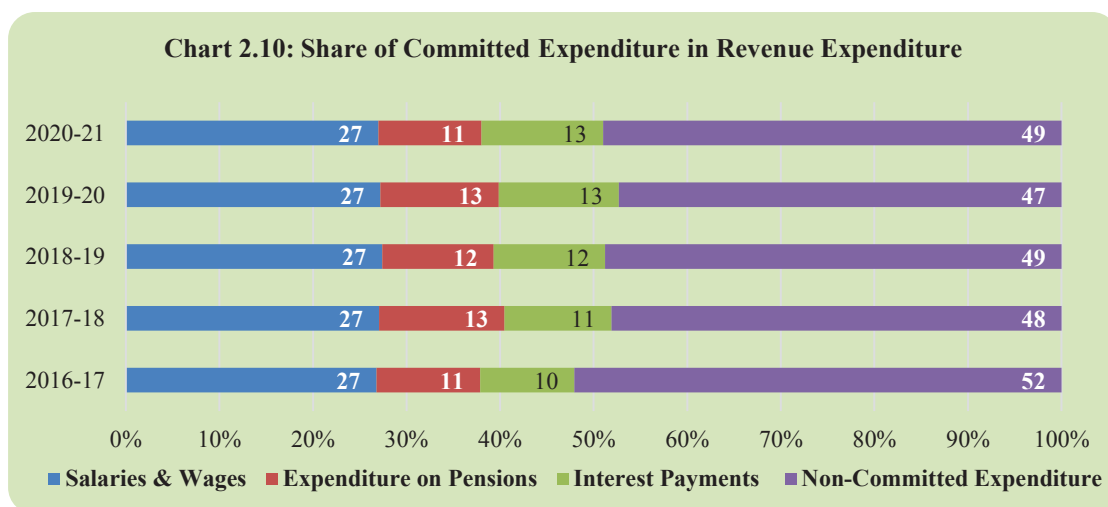
The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. Upward trend in committed expenditure leaves the Government with less flexibility for development sector. **Table 2.19** presents the expenditure on these components during 2016-21.

Table 2.19: Components of committed expenditure

(₹ in crore)					
Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages	31,125	32,816	35,240	36,934	40,582
Expenditure on Pensions	12,873	16,236	15,291	17,385	17,470
Interest Payments	11,697	13,847	15,342	17,653	20,018
Total	55,695	62,899	65,873	71,972	78,070
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	31.44	31.23	30.73	33.26	34.65
Expenditure on Pensions	13.01	15.45	13.33	15.66	14.91
Interest Payments	11.82	13.18	13.38	15.9	17.09
Total	56.27	59.87	57.45	64.82	66.65
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	26.78	27.07	27.41	26.87	26.58
Expenditure on Pensions	11.08	13.39	11.89	12.65	11.44
Interest Payments	10.06	11.42	11.93	12.84	13.11
Total	47.92	51.89	51.24	52.35	51.13

Source: O/o PAG (A&E) Andhra Pradesh;

Note: Salaries and wages also includes the salaries paid out of grants-in-aid and work charged establishment.



Salaries and wages

Expenditure on salaries and wages (₹ 40,582 crore) increased by 9.88 *per cent* during 2020-21 over the previous year (₹ 36,934 crore) and constituted 27 *per cent* of revenue expenditure.

Interest payments

During 2020-21, interest payments were to the tune of ₹ 20,018 crore (17.09 *per cent* of revenue receipts of ₹ 1,17,136 crore). Interest on Market Borrowings (₹ 16,911 crore)

and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹ 1,090 crore) continued to be the major components of interest payments.

The State Government budgeted and expended an amount of ₹ 2,288 crore during 2020-21 towards interest payments on Off-Budget borrowings obtained through PSUs/ SPVs etc. The total quantum of interest payments made by the State Government during 2020-21 was effectively ₹ 22,306 crore (₹ 20,018 crore booked under Major Head 2049 and ₹ 2,288 crore paid on off-budget borrowings) (*Refer para 2.7.5 on off-budget borrowings*). Interest payments constituted 19.04 *per cent* of revenue receipts of the State.

Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 17,470 crore and constituted 14.91 *per cent* of revenue receipts. Superannuation and Retirement Allowances (₹ 8,677 crore) decreased by ₹ 114 crore from 2019-20, Family Pensions (₹ 3,067 crore) decreased by ₹ 18 crore over that in 2019-20 and Gratuity (₹ 1,461 crore) increased by ₹ 68 crore from 2019-20.

2.5.2.2 Subsidies

The details of department-wise subsidies during the five-year period 2016-17 to 2020-21 are given in **Table 2.20**.

Table 2.20: Department wise subsidies

Departments	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Civil Supplies	2,470	3,056	340	396	0.23
Energy	2,750	3,000	1,250	5,248	4,370
Agricultural and other Allied activities	652	838	408	381	214
Others ¹⁵	374	252	354	318	364
Total subsidy	6,246	7,146	2,352	6,343	4,948
Total Revenue Expenditure (RE)	1,16,215	1,21,214	1,28,570	1,37,475	1,52,677
Subsidy as a percentage of RE	5.37	5.9	1.83	4.61	3.24

Source: Finance Accounts of respective years

As seen from the table above, the total expenditure of ₹ 4,948 crore on subsidies during the year decreased by ₹ 1,395 crore (21.99 *per cent*) compared to previous year (₹ 6,343 crore). Out of the total subsidy released to Energy Department during 2020-21, ₹ 4,037 crore (81.59 *per cent*) was towards implementation of YSR nine hours free power supply scheme. Agriculture Department accounted for subsidies of ₹ 214 crore (4.32 *per cent*). The share of subsidies to revenue expenditure was 3.24 *per cent* in 2020-21.

2.5.2.3 Financial Assistance to local bodies and other institutions

The quantum of financial assistance provided by the State Government to Local Bodies and other institutions by way of grants during 2016-21 is given in **Table 2.21**.

¹⁵ Industries and Commerce, Minority Welfare, Information Technology & Communication, Panchayat Raj, Social Welfare, Women, Child and Disabled Welfare and Backward Classes Welfare Departments

Table 2.21: Financial assistance to Local Bodies and other institutions

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
(A) Local Bodies	13,814	11,217	12,132	14,566	16,830
Municipal Corporations and Municipalities	4,462	2,976	3,775	4,157	3,552
Zilla Parishads and other PR Institutions	9,352	8,241	8,357	10,409	13,278
(B) Others	40,165	41,874	48,663	45,349	56,837
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	7,625	9,974	9,613	10,048	10,967
Hospitals and Other Charitable Institutions	2,106	2,556	3,411	3,224	4,293
Development Authorities	5	21	6	5	12
Co-operative Institutions	143	564	543	9,487	981
Others ¹⁶	30,286	28,759	35,090	22,585	40,854
Total*	53,979	53,091	60,795	59,915	73,667
Assistance as percentage of R.E	46.45	43.80	47.25	43.58	48.25

Source: Finance Accounts of respective years; * Includes Salaries paid out of Grants-in-Aid.

Financial assistance extended to local bodies and other institutions in 2020-21 constituted 48.25 per cent of revenue expenditure. The major schemes/recipients (above ₹ 1,000 crore) of grants during the year are given in Table 2.22.

Table 2.22: Major schemes/recipients (above ₹ 1,000 crore)

(₹ in crore)

Scheme/Recipients	Amount
YSR Pension Kanuka to Backward Classes	8,165.73
Teaching Grants to Zilla Praja Parishads	5,845.35
Mahatma Gandhi National Employment Guarantee Act	4,516.21
YSR Pension Kanuka	4,390.34
YSR Rythu Bharosa	3,840.92
Finance Commission grants to PR Bodies	3,080.49
YSR Pension Kanuka to Economically Backward Classes	3,055.80
Cash Doles	2,179.45
National Health Mission (NHM)	1,987.51
Grama Sachivalayam	1,546.37
Samagra Shiksha	1,468.31
Village Volunteers	1,144.02
Rythu Sadhikara Samstha	1,133.00
YSR Interest Free Loans to Farmers	1,100.00
YSR Pension Kanuka to Kapus	1,099.46
Assistance to Andhra Pradesh Transmission Corporation Ltd. for servicing of Vidyut Bonds	1,053.09
YSR - PM Fasal Bima Yojana	1,028.69
Dr. Y.S.R Aarogyasri	1,024.70

Source: O/o PAG (A&E), Andhra Pradesh

2.5.2.4 National Pension System

State Government employees recruited on or after 01 September 2004 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. It

¹⁶ Others includes Development Agencies, Autonomous Bodies, Public Sector Undertakings, Non-Governmental Institutions, Institutions receiving one time grant etc.

is mandatory for employees to contribute 10 *per cent* of basic pay and dearness allowance every month towards NPS, which is to be matched by the State Government. The Government must transfer these contribution amounts along with details to the National Securities Depository Limited (NSDL) and to the fund managers appointed by the NPS Trust.

Post bifurcation of the erstwhile composite State of Andhra Pradesh in 2014, there was an un-apportioned balance under NPS. After apportionments in the past years, the balance at the end of 2020-21 was ₹ 365.43 crore. There was no further apportionment during the year 2020-21.

Details of contributions by employees and Government and transfers to NSDL are shown in **Table 2.23**:

Table 2.23: Details of Contribution to NPS Deposit Account and transfer to NSDL
(₹ in crore)

Opening Balance (A)	Employees' contribution (B)	Government Contribution (C)	Transfer to NSDL (D)	Closing Balance (A+B+C-D)
721.50	798.73	864.33	1,961.65	422.91

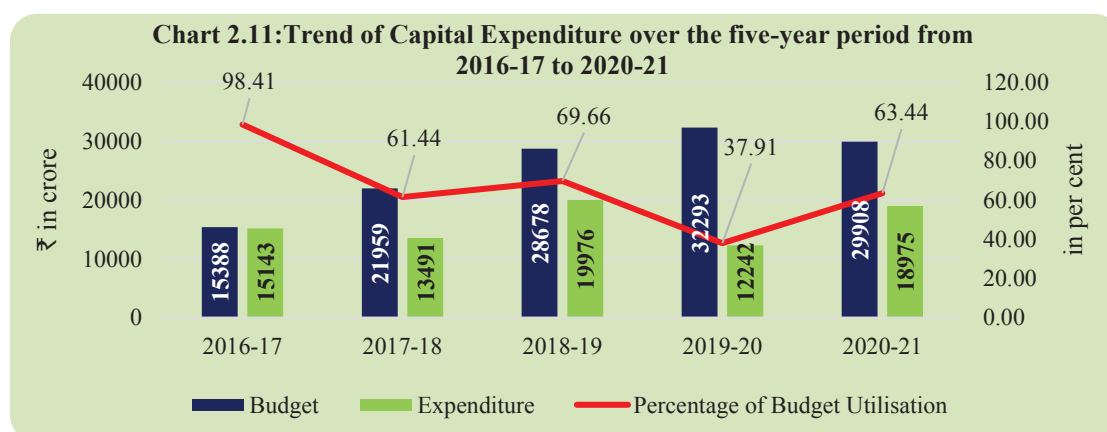
Source: Finance Accounts

The balance amount of ₹ 788.34 crore (which includes un-apportioned balance of ₹ 365.43 crore) is yet to be transferred to NSDL.

2.5.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, *etc.* and is met from budgetary support and extra budgetary resources/Off Budget Borrowings.

The trend of Capital Expenditure over the five-year period 2016-21 is shown in **Chart 2.11**.



Source: Finance Accounts and Budget in brief of respective years

Capital Expenditure (₹ 18,975 crore) constituted 10.94 *per cent* of total expenditure during 2020-21 and fell short of the Budget Estimates (₹ 29,908 crore) by 36.55 *per cent*. It accounted for 1.92 *per cent* of GSDP and increased by ₹ 6,733 crore (54.99 *per cent*) from the previous year. Out of the total Capital Expenditure, during 2020-21, 13.13 *per cent* (₹ 2,491.92 crore) was funded by the Government of India

(CSS/CS/GIA) and 3.6 *per cent* (₹ 688 crore) was funded by the GoI interest free loans under the scheme “Special Assistance to States for Capital Expenditure”. The loans were given to State Government to bridge the fiscal shortage to capital expenditure arising out of COVID-19 pandemic during the year 2020-21.

Misclassification of Revenue Expenditure as Capital Expenditure:

As per Government Accounting Rules, capital expenditure is incurred with the objective of increasing concrete assets of a material and permanent character and expenditure on a temporary asset or on grants-in-aid cannot ordinarily be considered as a capital expenditure. Ownership of assets is the key factor in determining whether the expenditure incurred on its acquisition can qualify to be classified as capital expenditure.

Government of AP planned to construct 25 lakh houses (14 lakh in rural areas including Urban Development Authorities and 11 lakh in urban areas) during the period 2019-20 to 2023-24 as part of “Navaratnalu”¹⁷ at an estimated project cost of ₹ 61,000 crore to provide pucca houses to all eligible beneficiaries. As part of this, Government has taken steps for acquiring land and proposed to distribute house site pattas to 25 lakh beneficiaries on 08 July 2020. An amount of ₹ 6,278.59 crore has been booked as Capital Expenditure in Accounts for 2020-21 under YSR Gruha Vasathi scheme for this purpose.

As per the Socio-Economic Survey Report of Government of AP for the year 2020-21, the Government has planned to provide house sites to all the poor and needy and also register the land along with the house in the name of women of the household, for the above scheme. As the land along with the house would be registered in the name of the beneficiary, the asset would belong to beneficiary, not the State Government and hence the expenditure was to be booked under Revenue expenditure Head.

State Government replied that, as per the existing guidelines for booking of the expenditure, the procurement of land is always booked under capital Sub Detailed Head of Account 532. For instance, the land procured for development of Relief & Rehabilitation, though handed over later to the beneficiaries, is booked under the Capital Head only. The same is the case historically for the Land purchase schemes implemented for the benefit of SC/STs etc. Hence, there is no misclassification of expenditure.

However, the reply of the Government was silent on the final ownership of the land and the authority for booking such expenditure under the Capital head.

Further, capital expenditure during the year 2020-21 was overstated to an extent of ₹ 155.01 crore due to incorrect booking of expenditure incurred towards Minor works and Grants-in-Aid, which was not in the nature of asset creation under Capital Heads.

¹⁷Nine welfare schemes promised during election and implemented by cross cutting nine themes covering Agriculture, Health, Education, Housing, Welfare and other sectors.

2.5.3.1 Major changes in Capital Expenditure

Table 2.24 highlights the cases of significant increase or decrease under various Heads of Account under capital expenditure during 2020-21 *vis-à-vis* the previous year.

Table 2.24: Capital expenditure during 2020-21 compared to 2019-20

Major Heads of Accounts	2019-20 (₹ in crore)	2020-21	Increase (+)/ Decrease (-) (in per cent)
4202 - Capital Outlay on Education, Sports, Art and Culture	339.94	3,416.54	905.04
4070 – Capital Outlay on other Administrative Services	3,414.32	6,304.20	84.64
4515- Capital Outlay on Other Rural Development Programmes	821.64	1,734.69	111.12
4210 – Capital Outlay on Medical and Public Health	119.74	449.85	275.68
5475 – Capital Outlay on other General Economic Services	-48.04	201.11	518.60
4055 – Capital Outlay on Police	289.17	149.94	-48.15
4217 - Capital Outlay on Urban Development	536.48	287.62	-46.39
4702 - Capital Outlay on Minor Irrigation	628.40	310.85	-50.53

The substantial increase in the Major Head 4202 and 4210 was due to the implementation of new scheme “Naadu-Nedu” for creation of infrastructure facilities in schools and construction of Medical Buildings respectively” and the increase in expenditure under the heads 4070 and 4515 was mainly due to increase in the expenditure under the schemes “YSR Gruha Vasathi” and “Construction of Panchayat Roads under PMGSY” respectively. Further, the increase in expenditure under the Major Head 5475 was due to implementing programmes like “Creation of Infrastructure for Andhra Pradesh Fiber Grid” and financial support for “Pulivendula Development Agency for infrastructure creation”.

The reduction of expenditure under the Major Heads 4055, 4217 and 4702 was due to reduced expenditure under the schemes “Modernisation of Police Force”, “AP Urban Water Supply and Septage Management Improvement Project” and “Neeru-Chettu” respectively.

2.5.4 Quality of Capital Expenditure

2.5.4.1 Investments and returns

As of 31 March 2021, the State Government had invested ₹ 9,533.64 crore in Statutory Corporations (₹ 207.57 crore), Rural Banks (₹ 26.96 crore), Government Companies (₹ 6,798.82 crore), Joint Stock Companies (₹ 57.70 crore) and Co-operatives (₹ 2,442.52 crore). Out of this investment, ₹ 1,132.43 crore was invested after 02 June 2014 by Government of Andhra Pradesh and ₹ 8,401.21 crore (88.12 *per cent*) was yet to be apportioned among the two successor States.

The status of return on the amount invested in these Corporations/Companies is given in Table 2.25.

Table 2.25: Return on Investment

Investment/Return/Cost of Borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Investment at the end of the year (₹ in crore)	8,975	9,472	9,501	9,501	9,534
Return in the form of Dividend (₹ in crore)	4	1	1	4	0.01
Rate of Return (<i>per cent</i>)	0.05	0.01	0.01	0.04	0.0001
Average rate of interest on Government borrowing (<i>in per cent</i>)	6.31	6.52	6.37	6.31	6.14
Difference between Rate of return and interest rate (<i>in per cent</i>)	(-) 6.26	(-) 6.51	(-) 6.36	(-) 6.27	(-)6.14
Difference between interest on Government borrowing and return on investment (₹ in crore)	11,693	13,846	15,341	17,649	20,018

Source: Finance Accounts of respective years

Government earned a return of ₹ 0.01 crore in the form of dividend in 2020-21 on its investments of ₹ 9,534 crore in various Corporations/Companies. The return on Government investment was also very negligible at 0.0001 *per cent* during 2020-21 as against the average rate of interest of 6.14 *per cent* paid by the Government on its borrowings during the same period and has proved to be a drag on the finances of the State.

2.5.4.2 Loans and Advances given by the State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government also provided loans and advances to institutions/organisations like PSUs, Universities/ Academic Institutions, PRIs, ULBs and Urban Development Authorities, *etc.* **Table 2.26** presents the details of outstanding loans and advances during the last five years.

Table 2.26: Details of loans advanced by State Government

Quantum of Loans/Interest Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
(₹ in crore)					
Opening Balance (₹ in crore)	28,938	27,472	30,202	31,768	32,769
Amount advanced during the year (₹ in crore)	564	2,781	1,843	5,356	1,715
Amount recovered during the year (₹ in crore)	2,029	51	277	4,355	1,063
Closing Balance (₹ in crore)	27,472	30,202	31,768	32,769	33,421
Net addition (₹ in crore)	(-)1,465	2,730	1,566	1,001	652
Interest Receipts on Loans and Advances (₹ in crore)	35	9	12	13	12
Interest receipts as percentage of outstanding loans and advances (<i>in Per cent</i>) (a)	0.13	0.03	0.04	0.04	0.04
Interest payments (₹ in crore)	11,697	13,847	15,342	17,653	20,018
Total Outstanding Liabilities (₹ in crore)	2,01,314	2,23,706	2,57,510	3,01,802	3,50,557
Interest payments as percentage to total Outstanding Liabilities of the State Government (b)	5.81	6.19	5.96	5.85	5.71
Difference between (a) and (b) (<i>in Per cent</i>)	(-) 5.68	(-) 6.16	(-) 5.92	(-) 5.81	(-) 5.67

Source: Finance Accounts of respective years;

Loans outstanding as of 31 March 2021 amounted to ₹ 33,421 crore which included ₹ 1,715 crore of loans disbursed during 2020-21. AP Beverages Corporation (₹ 1000 crore) and Industries (₹ 295.88 crore) were the major recipients of loans during the year. Out of the loans repaid (₹ 1,063 crore) to the State Government, ₹ 1,000 crore (94 *per cent*) was by AP Beverages Corporation.

During 2020-21, loans and advances of ₹ 683.84 crore were provided to seven¹⁸ entities without committing them to any terms and conditions like schedule of repayment, rate of interest, number of instalments, *etc.*, and from whom repayments of earlier loans (₹ 12,152.70 crore) were overdue. The earliest period to which arrears related was 2002.

2.5.4.3 Capital locked in incomplete Projects

Blocking of funds on incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to extra financial burden in terms of servicing of debt and interest liabilities.

Age-wise and department-wise details of ongoing projects are given in **Tables 2.27** and **2.28** respectively.

Table 2.27: Age profile of ongoing projects as on 31 March 2021 (₹ in crore)				Table 2.28: Department-wise profile of ongoing projects as on 31 March 2021 (₹ in crore)			
Year of commencement of Project / work	No of incomplete Projects / works	Estimated cost	Expenditure (as on 31 March 2021)	Department	No. of incomplete projects / works	Estimated cost	Expenditure
Up to 2013-14	9	2,599	464	Roads	39	9,814	1,237
2014-15	0	0	0	Bridges	19	112	27
2015-16	13	2,438	1,436	Buildings	6	111	16
2016-17	26	969	421	Irrigation	Not Available		
2017-18	51	2,222	766	Water Supply Schemes and others	99	8,266	3,350
2018-19	28	6,433	1,027	Total	163	18,303	4,630
2019-20	7	807	94				
2020-21	19	256	82				
Details not available	10	2,579	340				
Total	163	18,303	4,630				

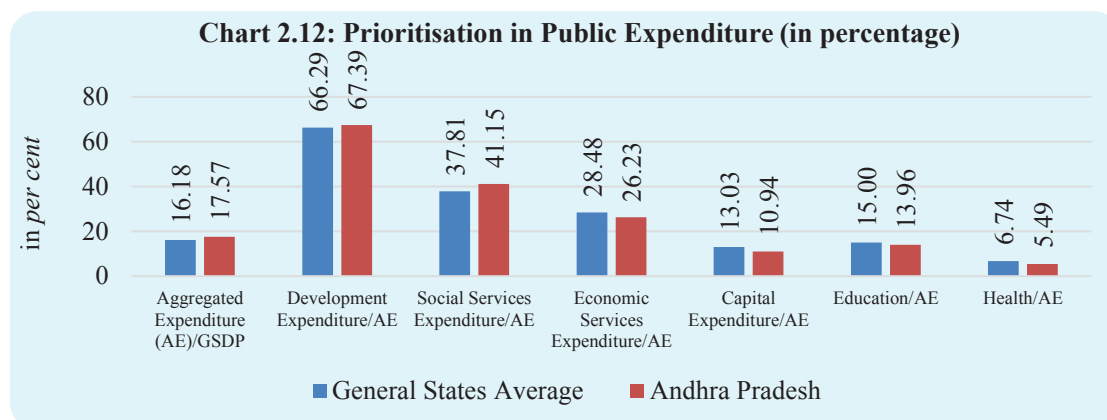
Source: Appendix IX of Finance Accounts 2020-21; **Note:** Details in respect of incomplete projects in respect of Irrigation Department were not provided by the State Government.

Non-completion of projects not only affects the quality of the expenditure adversely, but also deprives the State of intended benefits of economic growth. Further, the State Government did not disclose financial results of any of the irrigation projects. As a result, there was no assurance of returns from public investments on irrigation and flood control.

¹⁸ Loans for water supply and sanitation (₹ 2,581.62 crore was outstanding), Urban Development (₹ 5,297.66 crore), Dairy Development (₹ 131.87 crore), Co-operation (₹ 362.11 crore), Power Project (₹ 2,742.78 crore), Consumer Industries (₹ 644.77 crore) and Civil Aviation (₹ 391.88 crore)

2.5.5 Expenditure priorities

Enhancing human development levels require the State to step up its expenditure on key social services like education, health, *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) for a particular sector can be inferred if the ratios fall way below the respective national averages. **Chart 2.12** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2020-21, *vis-à-vis* the average of the General States (GS).



Source: Finance Accounts of 2020-21 and data provided by Economic Advisor.

Audit observations in this regard are as follows:

- Development expenditure and expenditure on Social Services as a proportion of total expenditure were higher in the State compared to the GS average and the expenditure on Economic Services as a proportion of total expenditure was lower than GS average.
- The share of expenditure on Education and Health in the State as a proportion of total expenditure was lower than the corresponding GS average.
- The share of capital expenditure was lower in the State compared to the GS average affecting physical capital formation with a cascading impact on economic growth in the long run.

2.6 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 Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of the Public Account. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.6.1 Net Public Account Balances

Component-wise net balances in Public Account of the State as of end of March of the year during the five-year period 2016-17 to 2020-21 are as follows:

Table 2.29: Public Account Balances (As on 31 March of the year)

(₹ in crore)

Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-13,568	-13,509	-15,730	-16,745	-23,276
J. Reserve Funds	(a) Reserve Funds bearing Interest	-305	-32	-576	-1,863	-1,685
	(b) Reserve Funds not bearing Interest	-2,323	-1,455	-2,107	-2,065	-2,002
K. Deposits and Advances	(a) Deposits bearing Interest	-6,246	-7,058	-7,275	-7,662	-708
	(b) Deposits not bearing Interest	-29,064	-32,861	-38,325	-46,907	-52,626
	(c) Advances	30	30	31	31	31
L. Suspense and Miscellaneous	(b) Suspense	331	46	105	-938	-2,422
	(c) Other Accounts	3,863	166	166	5,298	912
	(d) Accounts with Governments of Foreign Countries	0	0	0	0	0
	(e) Miscellaneous	0	0	0	0	0
M. Remittances	(a) Money Orders, and other Remittances	84	-1,383	500	510	511
	(b) Inter Governmental Adjustment Account	1,263	71	53	100	108
TOTAL		-45,935	-55,985	-63,158	-70,241	-81,157

Source: Finance Accounts of 2020-21; *Note:* +ve denotes Debit Balances and -ve denotes credit balances;

2.6.1.1 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State. Out of the gross accumulated balance of ₹ 13,499.02 crore lying in these Funds as on 31 March 2021, ₹ 9,811.53 crore was invested in the GoI Securities, leaving a net accumulated balance of ₹ 3,687.49 crore as on 31 March 2021. The transactions during the year 2020-21 under major reserve funds are detailed below:

Consolidated Sinking Fund

Sinking Fund was created in the year 1999-2000 for amortisation of State's liabilities. As per guidelines, the State Government may contribute annually to the Sinking Fund at 0.5 per cent of the outstanding liabilities at the end of the previous financial year. Accordingly, ₹ 1,509.01 crore was to be contributed in 2020-21 on the Outstanding Liabilities of ₹ 3,01,802 crore at the end of 2019-20. The State Government, however, did not make any contribution to the Fund during 2020-21.

Guarantee Redemption Fund

As per guidelines of Reserve Bank of India, post bifurcation, the Government of Andhra Pradesh constituted¹⁹ (April 2018) the Guarantee Redemption Fund (GRF) to meet its

¹⁹ G.O. Ms. No. 46, Finance (CM) Department, dated 17.04.2018

obligation pertaining to the guarantees given by it on loans raised by bodies such as Public Sector Undertakings, Special Purpose Vehicles, *etc.*, outside of the State budget. In case of default by the borrower, these guarantees become liabilities of the State Government. As such, guarantees, generally, are contingent liabilities. As per guidelines, the Fund shall be setup by the State Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of previous year. Thereafter, a minimum of 0.5 *per cent* of outstanding guarantees was envisaged as annual contribution to raise the Fund to a minimum level of three *per cent* in next five years and eventually to a level of five *per cent*.

The outstanding Guarantees as on 01 April 2020 were ₹ 67,171 crore. Against this, the Fund balance to the end of the year was ₹ 874.37 crore which was 1.30 *per cent* of outstanding Guarantees. The State Government has not contributed to the Fund during 2020-21.

State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. In terms of the guidelines of the Fund, the Centre and States are required to contribute to the Fund in a certain proportion. The contributions are to be transferred to the Public Account to 'Major Head – 8121 – General and other reserve funds'. Expenditure during the year is incurred by operating 'Major Head – 2245 – Relief on account of Natural Calamities'.

The State Government is required to pay interest on a half-yearly basis to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. The accretions to the SDRF together with the income earned on the investment of SDRF is to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

The SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and the provision for disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF. Such expenditure must be provided from the normal budgetary heads/ State Plan Funds, *etc.*

The State Government released its share of ₹ 372 crore during 2020-21 in addition to the funds received from GoI of ₹ 1,119 crore. The total accumulated balance of ₹ 1,491 crore was fully expended as per Finance Accounts for relief on natural calamities²⁰ with no closing balance at the end of the year.

The details of expenditure charged to State Disaster Response Fund are given in **Table 2.30**.

²⁰ Gratuitous relief in drought affected areas, Repairs and restoration of damaged roads and bridges, Assistance to farmers for purchase of Agricultural inputs *etc.*

Table 2.30: Details of Expenditure charged to SDRF

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2019-20	Expenditure during 2020-21
2245- Relief on Account of Natural Calamities 01- Drought	101-Gratuitous Relief	1,108	1,375
	102-Drinking water Supply	120	101
	104-Supply of Fodder	11	4
	282-Public Health	161	147
	Sub Total	1,398	1,627
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	105	1,055
	114-Assistance to Farmers for purchase of Agricultural inputs	30	0
	282-Public Health	14	219
	911- Deduct-Recoveries of Overpayments	-3	0
	Sub Total	146	1,274
2245- Relief on Account of Natural Calamities 80- General	001 Direction and Administration	2	2
	102-Management of Natural Disasters, Contingency Plans in disaster prone areas	7	6
	911- Deduct-Recoveries of Overpayments	-2	0
	Sub-Total	7	9
	Grand Total	1,552	2,909
2245-05-State Disaster Response Fund	901- Deduct - Amount met from State Disaster Response Fund	1,553	2,243

Source: Finance Accounts of 2020-21

During the year 2020-21, Government of Andhra Pradesh has received ₹ 2,148.03 crore towards SDRF (₹ 1,491 crore) and NDRF (₹ 657.03 crore) from Government of India.

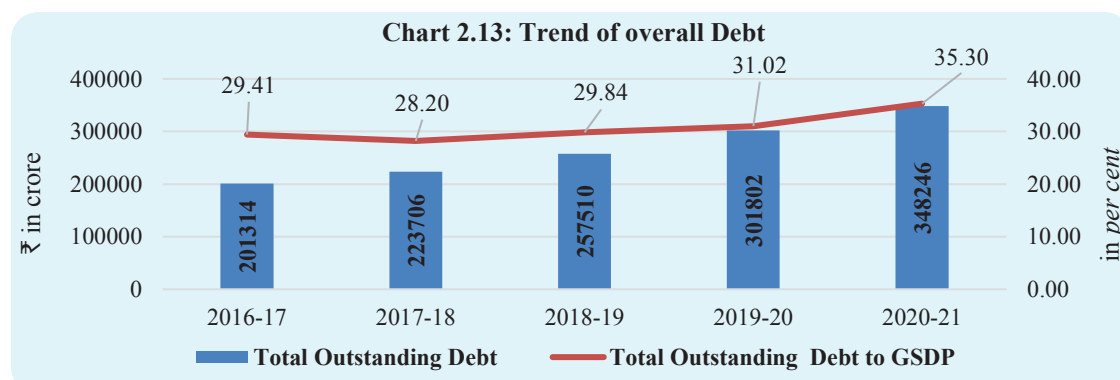
State Government during the year 2019-20 transferred ₹1,100 crore to Personal Deposit Account by showing expenditure under Major Head 2245 – Disaster Relief and Rehabilitation in violation of the Appropriation Act stating that these funds were demarcated for pandemic related expenditure and were utilised in the following financial year. The entire expenditure transferred to PD Account was adjusted from SDRF, by showing it as deduct expenditure under Minor Head 901. The said amount received from SDRF during 2019-20 was lying unutilised in the Personal Deposit Account to the end of the year March 2021.

The action of State Government in adjusting the unutilised funds provided for drought relief to a PD Account violated the SDRF accounting procedure.

2.7 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt to raise the required amount of funding, achieve its risk and cost objectives and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

The total outstanding debt of the State Government at the end of 2020-21 was ₹ 3,48,246²¹ crore. The trend of outstanding debt and ratio of debt to GSDP during the period 2016-21 is given in **Chart 2.13**.



Source: Finance Accounts of respective years; **Note:** Outstanding Debt excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

2.7.1 Debt profile

Total debt of the State Government consists of Internal debt of the State (market loans, Ways and Means Advances from RBI, Special securities issued to NSSF and loans from financial institutions etc.), loans and advances from the Central Government and Public Account liabilities of the State.

The details relating to total debt received, repaid, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2016-21 are given in **Table 2.31** and in **Chart 2.14**.

Table 2.31: Component wise debt trends

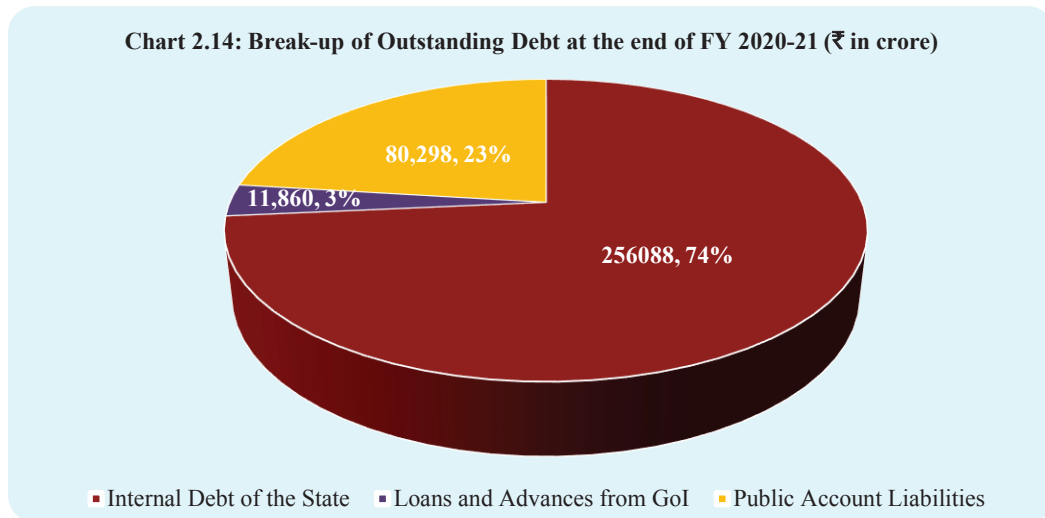
	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Debt (₹ in crore)	2,01,314	2,23,706	2,57,510	3,01,802	3,48,246*
Public Debt (₹ in crore)					
Internal Debt	1,40,783	1,59,813	1,83,274	2,15,617	2,56,088
Loans from GoI	9,025	8,978	10,223	10,942	11,860
Public Account Liabilities (₹ in crore)	51,506	54,915	64,013	75,243	80,298
Rate of growth of outstanding debt (in per cent)	15.79	11.12	15.11	17.2	15.39
Gross State Domestic Product (GSDP)	6,84,416	7,86,135	8,70,849	9,71,224	9,86,611
Debt/GSDP (in per cent)	29.41	28.46	29.57	31.07	35.30
Total Debt Receipts (₹ in crore)	93,619	1,33,687	1,36,084	1,57,859	2,13,050
Total Debt Repayments (₹ in crore)	61,763	1,08,853	97,940	1,13,197	1,64,296
Total Debt Available (₹ in crore)	31,856	24,834	38,144	44,662	48,754
Debt Repayments/Debt Receipts (in per cent)	65.97	81.42	71.97	71.71	77.12

Source: Finance Accounts of respective years; * Outstanding Debt excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

²¹ Outstanding Debt excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

The outstanding Public Debt at the end of the year has increased by 72.99 *per cent* (₹ 1,46,932 crore) from 2016-17 to 2020-21.

Component-wise break-up of debt is shown below in **Chart 2.14**.

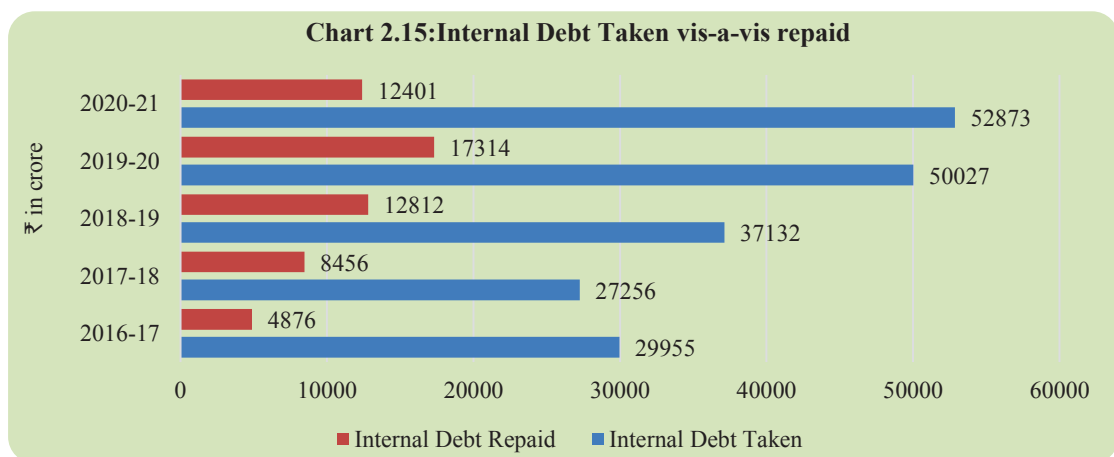


Source: Finance Accounts of 2020-21; **Note:** Outstanding Debt excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

2.7.1.1 Internal Debt

Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), loans from financial institutions and special securities issued to NSSF, accounts for 73 *per cent* of the total outstanding debt.

The details of receipt and repayment of internal debt during the years 2016-21 are given in **Chart 2.15**.



Source: Finance Accounts of respective years

As on 31 March 2021, market borrowings (₹ 2,29,318 crore) formed a major portion (89.55 *per cent*) of the outstanding internal debt (₹ 2,56,088 crore) of the State Government, with interest rates ranging from 5.00 to 13.99 *per cent*. State Government paid an interest of ₹ 18,416.99 crore on Internal Debt. From the year 2016-17 to 2020-21, the borrowings under Internal Debt have increased by 76.51 *per cent*.

2.7.1.2 Loans from GoI

Loans from GoI (₹ 14,171 crore) accounted for 4.04 *per cent* of the total outstanding debt. During the year State Government has availed of ₹ 4,562.74 crore from GoI and paid an interest of ₹ 421.81 crore at interest rates ranging from 7.00 to 13.99 *per cent*.

Out of the total loan availed, an amount of ₹ 2,311 crore has been provided by GoI for shortfall arising out of GST implementation through issue of debt under a Special Window coordinated by Ministry of Finance²². GoI has decided that GST compensation of ₹ 2,311 crore given to State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

An amount of ₹ 688 crore has been borrowed from GoI as “Special Assistance as loan to States for Capital Expenditure”.

2.7.2 Per-capita Liability

The per-capita liability of the State of Andhra Pradesh for the period 2016-21 is as below:

Table 2.32: Per-capita liability

	2016-17	2017-18	2018-19	2019-20	2020-21
Total outstanding liabilities (₹ in crore)	2,01,314	2,23,706	2,57,510	3,01,802	3,48,246
Population (in crore)	5.07	5.10	5.13	5.16	5.19
Per capita liability (in ₹)	39,673.08	43,828.81	50,156.89	58,441.22	67,484.88

Note: Outstanding liabilities excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

As seen from the above table that, the per-capita liability of the State of Andhra Pradesh has been increased by 70 *per cent* over the period of five years.

2.7.3 Debt Maturity profile

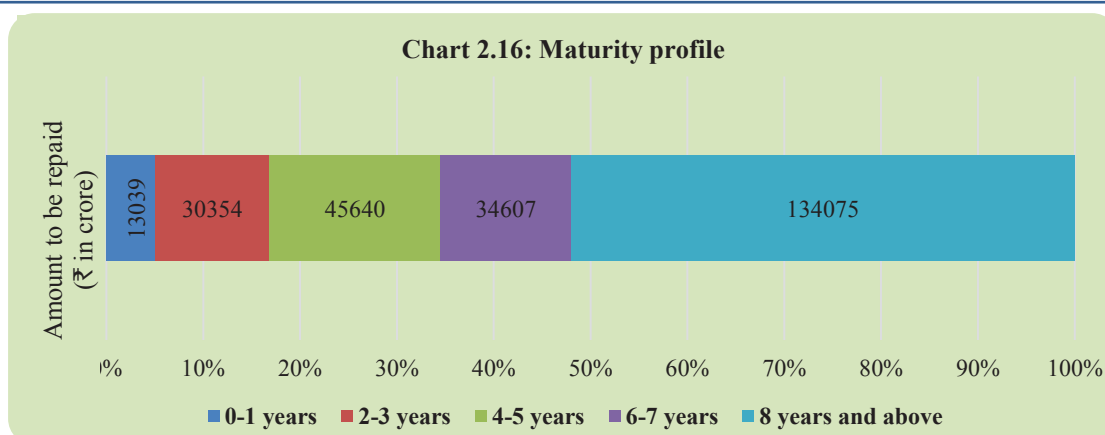
Debt maturity profile indicates commitment on the part of the Government for debt repayment or debt servicing in future years. The details of debt maturity profile are given in **Table 2.33** and **Chart 2.16**:

Table 2.33: Maturity Profile of State Debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public Debt)
0 – 1	13,039	4.82
2 – 3	30,354	11.23
4 – 5	45,640	16.88
6 – 7	34,607	12.8
8 years and above	1,34,075	49.6
Others ²³	12,597	4.66
Total	2,70,312	

²² GoI's letter No.F.No.40(1) PF-S/2021-22 dated 10-12-2021

²³ Payment schedule of this amount is not being maintained by the Accountant General (A&E) and reconciliation issues have been raised due to payments being accounted for under MH 6003 without credits (₹ 50 crore). It includes loans taken from GoI as special assistance for shortfall in GST for which State will not be required to service the debt or to repay it from any other source



Source: Finance Accounts 2020-21;

The maturity profile of debt as on 31 March 2021 indicated that State would have to repay 45.74 *per cent* of debt (₹ 1,23,640 crore) within the next seven years. State Government has to mobilise additional revenue resources and formulate a well thought out debt strategy to meet this debt burden. Unless there is a definite plan to meet this liability, the resources available for development will shrink further.

2.7.4 Debt Sustainability Analysis

Debt is considered sustainable if the borrower, in this case the State is in a position to service its debt now and in future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

This section assesses the sustainability of debt of the State Government in terms of debt/GSDP ratio, Fiscal Deficit, burden of interest payments (measured by ratio of interest payments to Revenue Receipts) and maturity profile of the State Government debt.

Table 2.34 shows the debt sustainability of the State according to these indicators for the five-year period beginning from 2016-17.

Table 2.34: Trends in Debt Sustainability Indicators

Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt* (₹in crore)	2,01,314	2,23,706	2,57,510	3,01,802	3,48,246
Rate of Growth of Outstanding Public Debt (in per cent)	15.79	11.12	15.11	17.20	15.39
GSDP (₹in crore)	6,84,416	7,93,186	8,62,957	9,72,782	9,86,611
Rate of Growth of GSDP (in per cent)	13.27	15.89	8.80	12.73	1.58
Debt/GSDP (in per cent)	29.41	28.20	29.84	31.02	35.30
Average interest Rate of Outstanding Public Debt (in per cent)	6.31	6.52	6.37	6.31	6.16
Percentage of Interest payment to Revenue Receipt (in per cent)	11.82	13.18	13.38	15.90	17.09

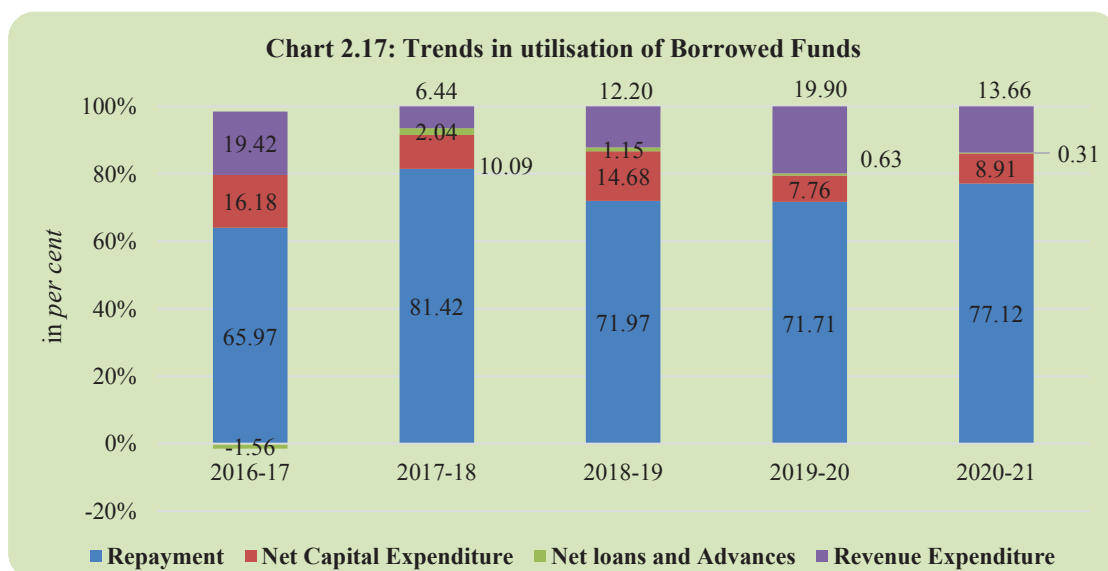
Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Percentage of Debt Repayment to Debt Receipt (in per cent)	65.97	81.42	71.97	71.71	77.12
Net Debt available to the State [#] (₹in crore)	20,159	10,987	22,802	27,009	28,736
Net Debt available as per cent to Debt Receipts (in per cent)	21.53	8.22	16.76	17.11	13.49

Source: Finance Accounts; *Outstanding Public Debt is the sum of outstanding balances under the heads 6003- Internal Debt and 6004- Loans and Advances from the Central Government; [#]Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt; **Note:** Outstanding Debt excludes an amount of ₹2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

The trends in utilisation of borrowed funds are depicted in **Table 2.35** and **Chart 2.17**.

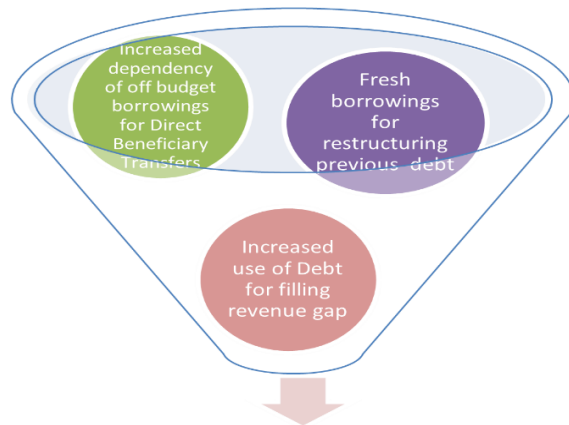
Table 2.35: Trends in utilisation of borrowed funds

		(₹in crore)				
Year		2016-17	2017-18	2018-19	2019-20	2020-21
Total Borrowings	2	93,619	1,33,687	1,36,084	1,57,859	2,13,050
Repayment of earlier borrowings (Principal) (per cent)	3	61,763 (65.97)	1,08,853 (81.42)	97,940 (71.97)	1,13,197 (71.71)	1,64,296 (77.12)
Net capital expenditure (Per cent)	4	15,143 (16.18)	13,491 (10.09)	19,976 (14.68)	12,242 (7.76)	18,975 (8.91)
Net loans and advances	5	(-),465	2,730	1,566	1,001	652
Portion of Revenue expenditure met out of net available borrowings	6=2-3-4-5	18,178	8,613	16,602	31,419	29,127



Source: Finance Accounts of respective years

During the period 2016-21, the borrowed funds were mostly utilised for debt repayment and filling the gap of Revenue account, which reduces the productivity of the borrowed funds. In case, Off Budget Borrowings are taken into account, the debt sustainability is suspect.



Unsustainability of Debt

- a. AP FRBM Act targeted the Outstanding Debt to be not more than 35 *per cent* of GSDP to the end of 2020-21. The State Government failed to adhere to the target, as the Outstanding Debt-GSDP ratio was 35.30 *per cent* as on 31 March 2021. Further, the Debt to GSDP ratio has been increasing rapidly (except during 2017-18), pointing to the probability of debt not being sustainable. Outstanding Debt to GSDP ratio will shoot up to 44.04 *per cent*, if off-budget borrowings are added to Outstanding Debt.
- b. Ratio of Interest payments to Revenue Receipts has also been increasing year-by-year, leaving less funds for priority areas. Predominant part of borrowed funds is utilised for interest payments, thereby curtailing the scope of utilising the borrowed funds for productive expenditure.
- c. Approximately 65 to 81 *per cent* of borrowed funds were used for repayment of debt during the period 2016-17 to 2020-21, indicating that the State is borrowing primarily for restructuring of previous debts rather than for infrastructure creation.

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding debt is not sustainable. Along with the borrowings raised, the State Government has been establishing Corporations/PSUs/SPVs to raise the funds as off budgetary borrowings from the market outside the ambit of FRBM Act to implement the State policies/works. This further increases the interest burden of the State Government.

The State Government in its response stated that, the increase of debt during 2020-21 is mainly on the account of fall in state's own revenues and increase in expenditure to manage the COVID-19 pandemic.

2.7.5 Off-Budget Borrowings

Off-budget borrowings or off-budget financing generally refer to use of those financial resources by the Government for meeting expenditure requirements in a particular year or years, which are not reflected in the budget for that year/ those years for seeking grant/appropriation, hence remaining outside legislative control. These are financed

through Government owned or controlled public sector enterprises or departmental commercial undertakings, which raise the resources through market borrowings on behalf of the Government. However, the Government is to repay the debt and/or service the debt from its budget. Therefore, off-budget borrowings/financing involve (a) payment of interest on recurrent basis and (b) repayment of the borrowings from budget as and when it is due.

The FRBM Act provides debt management framework through containing revenue and fiscal deficits. Prudential borrowing norms suggest that borrowed funds should be deployed in such a manner that return from deployment of borrowed funds is more than borrowing cost of debt to be sustainable. It is, therefore, essential that there should be a policy framework for deployment of borrowed funds keeping in mind the cost of borrowing and potential of increase in income.

Government of Andhra Pradesh had not disclosed the quantum or source of proposed off-budget borrowings (OBB) in its budget. It was observed that State Government however budgeted funds to the tune of ₹ 3,062.09 crore under the Revenue Expenditure heads to provide assistance to Corporations to service the principal or interest for these borrowings which were to the tune of ₹ 2,167.11 crore during the year 2020-21. There was, however, no disclosure relating to these off-budget borrowings in Government's report under APFRBM Act.

State Government has resorted to such off-budgetary borrowings to the tune of ₹ 86,259.82 crore to the end of 31 March 2021 through the Corporations/PSUs as detailed in **Table 2.36**.

Table 2.36: Off-Budget Borrowings to the end of March 2021

(₹ in crore)							
Sl. No.	Institution	PSU /AB	Borrowings during 2020-21	Borrowings by institution as of March 2021	Guarantee provided by Government as of March 2021	Funds provided (in the form of grants) by Government for payment of interest / repayment of loan during 2020-21	Amount considered as OBB as of March 2021 (Column 5)
1	2	3	4	5	6	7	8
1	AP Water Resources Development Corporation	PSU	1,666.10	8,485.10	15,286.00	591.91	8,485.10
2	AP Power Finance Corporation	PSU	8,174.60	15,161.00	17,727.73	0.00	15,161.00
3	AP State Civil Supplies Corporation	PSU	9,000.00	30,181.60	32,000.00	0.00	30,181.60
4	AP State Development Corporation ²⁴	PSU	17,472.00	17,472.00	25,000.00	910.75	17,472.00

²⁴ Borrowings were made on the revenues escrowed to the corporation and the guarantee was yet to be invoked.

Sl. No.	Institution	PSU /AB	Borrowings during 2020-21	Borrowings by institution as of March 2021	Guarantee provided by Government as of March 2021	Funds provided (in the form of grants) by Government for payment of interest / repayment of loan during 2020-21	Amount considered as OBB as of March 2021 (Column 5)
5	AP Industrial Infrastructure Corporation	PSU	0.00	2,000.00	2,000.00	135.57	2,000.00
6	AP Township and Infrastructure Development Corporation	PSU	0.00	6,101.59	7,277.20	528.88	6,101.59
7	AP Road Development Corporation	PSU	2,000.00	6,858.53	6,858.53	120.40	6,858.53
	Total		38,312.70	86,259.82	1,06,149.46	2,287.51	86,259.82

Source: Information provided by respective PSUs

The overall liability of the State including these outstanding Off-Budget Borrowings as on 31 March 2021 was ₹ 4,34,506 crore (₹ 3,48,246²⁵ crore and ₹ 86,260 crore) and this constitute 44.04 per cent of GSDP.

Borrowings of these concerns ultimately are the liabilities of the State Government. These Off-Budget Borrowings are not taken into the disclosure statement in the budget documents, nor do they have legislative approval.

Moreover, these off-budget borrowings by the State Government have the effect of bypassing the Net Borrowing Ceiling (NBC) of the State by routing loans outside State budget through Government owned or controlled Companies/ statutory bodies despite being responsible for repayment of such loans. Such borrowings naturally impact the Revenue Deficit and Fiscal Deficit and thus have the effect of surpassing the targets set for fiscal indicators under 'AP FRBM Act 2021' (as amended from time to time). Creating such liabilities, without disclosing them in the budget, raise questions both of transparency and of inter-generational equity. If the State Government increasingly resorts to the off-budget route to finance revenue spending, the liabilities of the State may increase substantially over a period, without the Legislature even knowing that such liabilities are being created.

State Government replied that all the guarantees were extended with the approval of Council of Ministers & details are regularly placed before the legislature as the Statement of Fiscal Policy framework along with the budgetary documents vide Forms D4 & D5 of Fiscal Policy Statement.

The reply is not pertinent. The Audit observation pertains to disclosure of the debts relating to Off-Budget Borrowings through PSUs in the budget.

²⁵ Outstanding Liabilities excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

2.7.5.1 *AP State Development Corporation Limited*

Andhra Pradesh State Development Corporation Limited (APSDCL) was established (August 2020) with a mandate of planning, funding, and financing social and economic development projects and activities in the State of Andhra Pradesh.

Source of Revenue:

The main objective of APSDCL was raising loans for various socio-economic development projects in Andhra Pradesh.

Government was to identify and dedicate the requisite resources comprising of the existing and new revenue streams through the levy of new/additional taxes/cesses/fees, charges etc., and duly assign these revenues to the APSDC and deposit in escrow for the benefit of the APSDC.

State Government (November 2020) decided that, Loans raised by the corporation shall be serviced through Additional Retail Excise Tax revenues escrowed to the corporation and the State Government has also extended conditional Guarantee of ₹ 25,000 crore to raise rupee term loans on the following conditions:

1. Rollback of Additional Retail Excise Tax (ARET) and /or
2. Reduction of ARET rate by GoAP
3. Subsuming of ARET into GST
4. Prohibition on sale of Liquor in the State of AP
5. Debt Service Reserve Account (DSRA) not restored to the required level within 45 days after utilization.

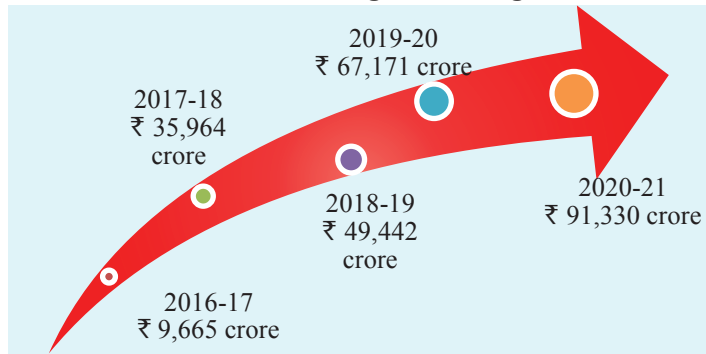
During the year 2020-21, the State Government budgeted and assigned ₹ 910.75 crore as Grants-in-Aid to APSDCL for further transferring to escrow account.

APSDCL raised ₹ 17,472 crore as Rupee term loans on pledging the funds in escrow account from different banks and spent ₹ 17,351.50 crore during 2020-21 for implementation of schemes such as “Amma Vodi”, “YSR Aasara” and “YSR Cheyutha”.

APSDCL has no revenue of its own and the State Government has to defray the debt obligations of APSDCL by transferring its own revenue resources on a regular basis through State budget as provided under APSDC Act. Merely because these repayment obligations are provided in the Act does not detract from the fact that the liabilities of APSDCL are a direct charge on the Government’s own revenue resources and are thus direct liability of the State Government.

2.8 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. The trends of outstanding Guarantees during the years 2016-17 to 2020-21 is given in **Chart 2.18**.

Chart 2.18: Outstanding amount of guarantees

Source: Finance Accounts of respective years

The State Government, in its FRBM Act, had committed to limit the amount of annual incremental guarantees to 90 *per cent* of the total revenue receipts in the year preceding the current year.

The outstanding guarantees (₹ 91,330 crore) were 82.25 *per cent* of revenue receipts of previous year (₹ 1,11,034 crore) which is within the prescribed limits.

Table 2.37: Ceiling vis-à-vis actual Guarantees

(₹ in crore)					
Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Ceiling applicable to the outstanding amount of guarantees (90 <i>per cent</i> of the total revenue receipts in the year preceding the current year)	79,783	89,086	94,556	1,03,204	99,931
Actual amount of outstanding guarantees	9,665	35,964	49,442	67,171	91,330

Source: Finance Accounts of respective years

The outstanding guarantees increased by ₹ 24,159 crore from 2019-20 mainly due to the new guarantees issued by the State Government to AP Markfed (₹ 1,700 crore), AP State Beverages Corporation Limited (₹ 1,400 crore), AP Seed Development Corporation (₹ 1,000 crore), AP Power Development Company Ltd (₹ 610 crore) and APUFIDC (₹ 154.92 crore). The State Government has also increased the guarantees to AP State Civil Supplies corporation (₹ 7,700 crore), AP Power Finance Corporation (₹ 5,417 crore), APWRDC (₹ 4,360.11 crore), AP TRANSCO and DISCOMS (₹ 3,217.82 crore) in 2020-21 compared to 2019-20.

The State Government has provided total guarantees to various institutions to the tune of ₹ 1,19,230 crore as on 31 March 2021. State Government has also extended a Guarantee of ₹ 25,000 crore to APSDC for raising rupee term loans from Scheduled Commercial Banks. However, the details of this Guarantee were not disclosed in the Budget documents for the year 2021-22 of the Government of Andhra Pradesh. Thus, the total Guarantees, as on 31st March 2021, amounted to ₹ 1,44,230 (₹ 1,19,230 + ₹ 25,000) crore.

The Government Order of 2003²⁶ stipulated that the guarantee shall cover only the principal portion of the loan and not the interest thereon. Guarantees were, however, extended by the Government for the interest portion also on the loan amounting to ₹ 22.80 crore in respect of one borrowing entity²⁷. No reasons were found on record or furnished to Audit for extending guarantees for the interest portion and aid to pay interest to the tune of ₹ 2,167.11 crore (Refer para 2.7.5 of the report).

²⁶G.O.Ms.No.446, dated 29 September 2003

²⁷ Director of Sugar and Cane Commissioner

Guarantee commission is to be charged at 0.5 *per cent* per annum or two *per cent* consolidated for the entire guarantee period. During the year 2020-21, State Government received ₹ 39.05²⁸ crore as Guarantee commission as against the receivable amount of ₹ 1,499.94 crore.

AP State Housing Corporation Limited (APSHCL) has remitted Guarantee Commission of ₹ 39.05 crore to State Government during 2020-21 from the PD Account²⁹ of the Corporation for the Guarantee given by the State Government. The amount was remitted by the APSHCL through the funds budgeted and paid out of Consolidated Fund of the State. The State Government has made payment of ₹ 39.05 crore to APSHCL to remit the Guarantee Commission into consolidated Fund of the State. These transactions inflated the Revenue Receipts and Revenue Expenditure of the State to that extent.

2.9 Management of Cash Balances

As per an agreement with the Reserve Bank of India, the State Government has to maintain a minimum daily cash balance of ₹ 1.94 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

Table 2.38 depicts the cash balances and investments thereof by the State Government during the year.

Table 2.38: Cash Balances and their Investment

	(₹ in crore)	
	Opening balance on 01/04/2020	Closing Balance on 31/03/2021
(a) General Cash Balance		
Cash in Treasuries	--	--
Deposits with Reserve Bank	480.36	(-) 70.04
Deposits with other Banks	1.34	1.34
Remittances in transit - Local	2.9	--
Total	484.6	(-) 68.70
Investments held in Cash Balance investment account	5,132.71	745.82
Total (a)	5,617.31	677.12
(b) Other Cash Balances and Investments		
Cash with Departmental officers viz., Public Works Department Officers, Forest Department Officers, District Collectors	0.9	1.03
Permanent advances for contingent expenditure with Departmental officers	1.64	1.64
Investment out of Earmarked Funds	9,073.71	9,811.53
Total (b)	9,076.25	9,814.20
Grand Total (a)+ (b)	14,693.56	10,491.32

Source: Finance Accounts 2020-21;

²⁸ APSHCL remitted ₹ 39.05 crore and ₹ 26,084 was received from various institutions.

²⁹ 8443-00-106-02-20-006-001

During the year 2020-21, the State Government maintained the minimum daily cash balance of ₹ 1.94 crore with the RBI for 34 days out of 365 days.

During the year 2020-21, the State Government had resorted to WMA, SDF and OD of ₹ 1,04,539.24 crore on 331 days to maintain its minimum cash balance (₹ 1.94 crore) with the RBI and repaid an amount of ₹ 1,04,539.24 crore along with an interest of ₹ 83.05 crore. State Government needs to strengthen its cash management system in a manner that would obviate the need to resort to WMA/SDF/OD frequently and reduce its interest expenditure.

Cash Balances of the State Government at the end of the current year decreased by ₹ 4,202.24 crore from ₹ 14,693.56 crore in 2019-20 to ₹ 10,491.32 crore in 2020-21.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the Head '0049-Interest Receipts'. The State Government has earned an interest of four crore during 2020-21 from its investments in GoI Securities and Treasury Bills.

Out of the investment of ₹ 9,811.53 crore in earmarked funds, ₹ 8,931.89 crore was invested in Consolidated Sinking Fund and ₹ 874.37 crore in Guarantee Redemption Fund at the end of the year.

2.9.1 Cash balance Investment Account

The details of Cash Balance Investment Account for the period 2015-21 are given in Table 2.39.

Table 2.39: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2015-16	0	3,193.28	3,193.28	89.25
2016-17	3,193.28	3,697.92	504.64	66.18
2017-18	3,697.92	0	(-) 3,697.92	45.29
2018-19	0	0	0	15.30
2019-20	0	5,132.71	5,132.71	21.65
2020-21	5,132.71	745.82	(-) 4,386.89	3.61

Chart 2.19 shows the daily cash balance during 2020-21 of the State.

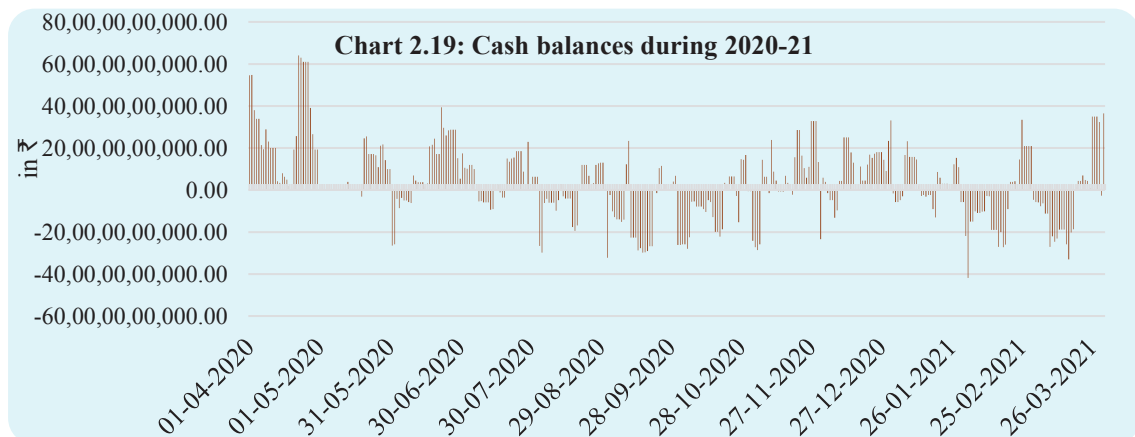
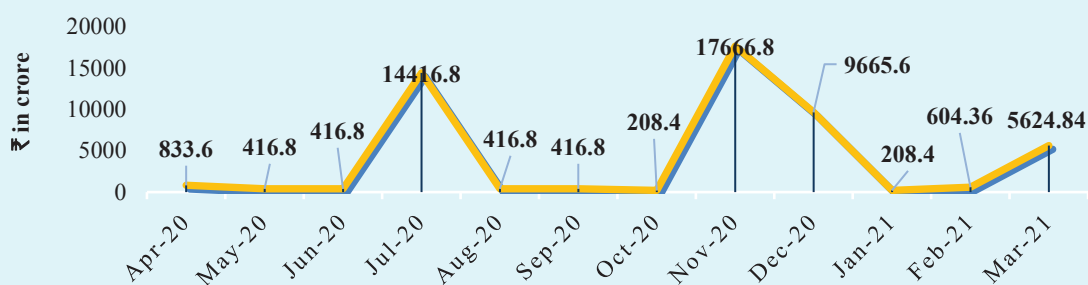


CHART 2.20: MONTHLY MOVEMENT OF MARKET BORROWINGS DURING 2020-21

Source: Data provided by O/o PAG (A&E)

The above charts indicate that the negative cash balances led the State Government to resort to market loans as shown in **Chart 2.20** on several occasions during the year ranging from ₹ 417 crore (May 2020) to ₹ 17,667 crore (November 2020) as well as WMA throughout the year.

2.10 Apportionment of balances between Andhra Pradesh and Telangana

As per the Andhra Pradesh State Reorganisation Act, 2014, the balances under Cumulative Capital Expenditure, Loans and Advances, Public Debt and the balances under Public Account are to be apportioned between Andhra Pradesh and Telangana States. The status of apportionment as on 31 March 2020 is as under (details are in **Appendix 2.1**):

- As of end of March 2020, an amount of ₹ 1,51,349.67 crore under Capital Heads, ₹ 28,099.69 crore under Loans and Advances, ₹ 4,474.04 crore under Deposits and Advances, ₹ 238 crore under Suspense and Miscellaneous and ₹ 310.24 crore under Remittances was yet to be apportioned between the two States even after more than five years of bifurcation/re-organisation of the State. The whopping amount under Capital Head pertains to Major Irrigation (₹ 87,707.44 crore) and Roads and Bridges (₹ 17,182.87 crore). Amount under Loans and Advances pertains primarily to loans for housing (₹ 13,182.17 crore).

The assets and liabilities of the State Government as depicted in the Finance Accounts are affected to that extent.

State Government has stated that it is regularly representing in various fora for the early bifurcation of Loans & Advances and the assets. It is also stated that state is being forced to borrow more at higher rate of interest to repay the debt obligations of EAP projects pertaining to State of Telangana.

It is pertinent to mention that the AP Reorganization Act has apportioned the debt of the combined state on the basis of population only.

2.11 Conclusion

The State witnessed an increase of 5.50 per cent in Revenue Receipts during the year 2020-21 as compared to the previous year due to increase in transfers from Government of India.

The State received compensation of ₹ 5,838 crore towards revenue loss due to GST implementation, partly as Grants (₹ 3,527 crore) and partly as back-to-back loans (₹ 2,311 crore) from GOI. The debt servicing of this loan would be done from the collection of cess in the GST compensation Fund and hence, repayment obligation will not be on the other resources of State.

Revenue Expenditure increased by 11.06 per cent during 2020-21. This resulted in increase of Revenue Deficit of the State by 34.42 per cent as compared to the previous year.

Committed expenditure on Interest payments, Pensions, Administrative expenses etc., was higher than the average for General States (GS) and quality of expenditure on physical infrastructure was lower than the average of GS.

Transfer of ₹ 1,100 crore funds relating to State Disaster Response Fund received during 2019-20 to Personal Deposit Account violated the extant Rules and accounting procedure.

Outstanding Public Debt at the end of the year has increased by 15.39 per cent (₹ 46,444 crore) over the previous year. State Government has also a liability for off-budget borrowings of ₹ 86,260 crore, which it has not disclosed appropriately as part of its budget documents. This has the impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

2.12 Recommendations

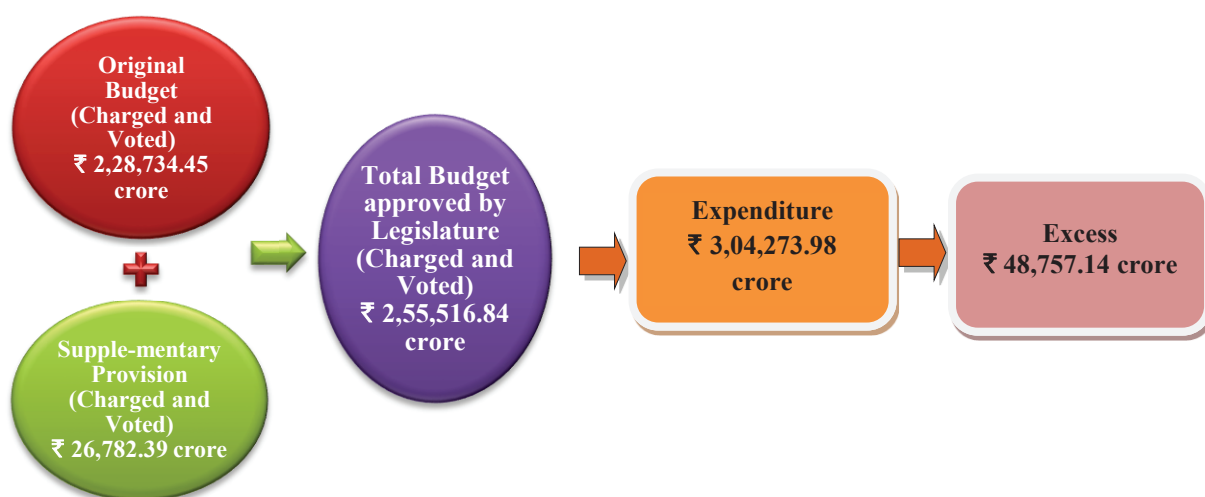
- 1. State Government needs to make stringent efforts to mobilise additional revenue resources to fund its various socio-economic developmental schemes rather than financing its revenue expenditure through debt.*
- 2. Capital expenditure needs to be increased significantly for infrastructure creation to provide stimulus for economic growth.*
- 3. State Government may place on record the debt servicing capacity of the institutions before providing guarantees / loans. Future guarantees / loans may be predicated on furnishing of the audited accounts of the concerned entities to whom guarantees are provided.*
- 4. State Government needs to disclose properly its off-budget borrowings by way of loans taken through Special Purpose Vehicles/ Public Sector Undertakings/ Autonomous Bodies for implementation of Government schemes, to ensure transparency and accountability with regard to fund management and compliance with FRBM norms.*

3.1 Introduction

Effective Budgeting ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during the year 2020-21 is depicted below:

Chart 3.1: Summary of Budget and Expenditure of Andhra Pradesh for 2020-21



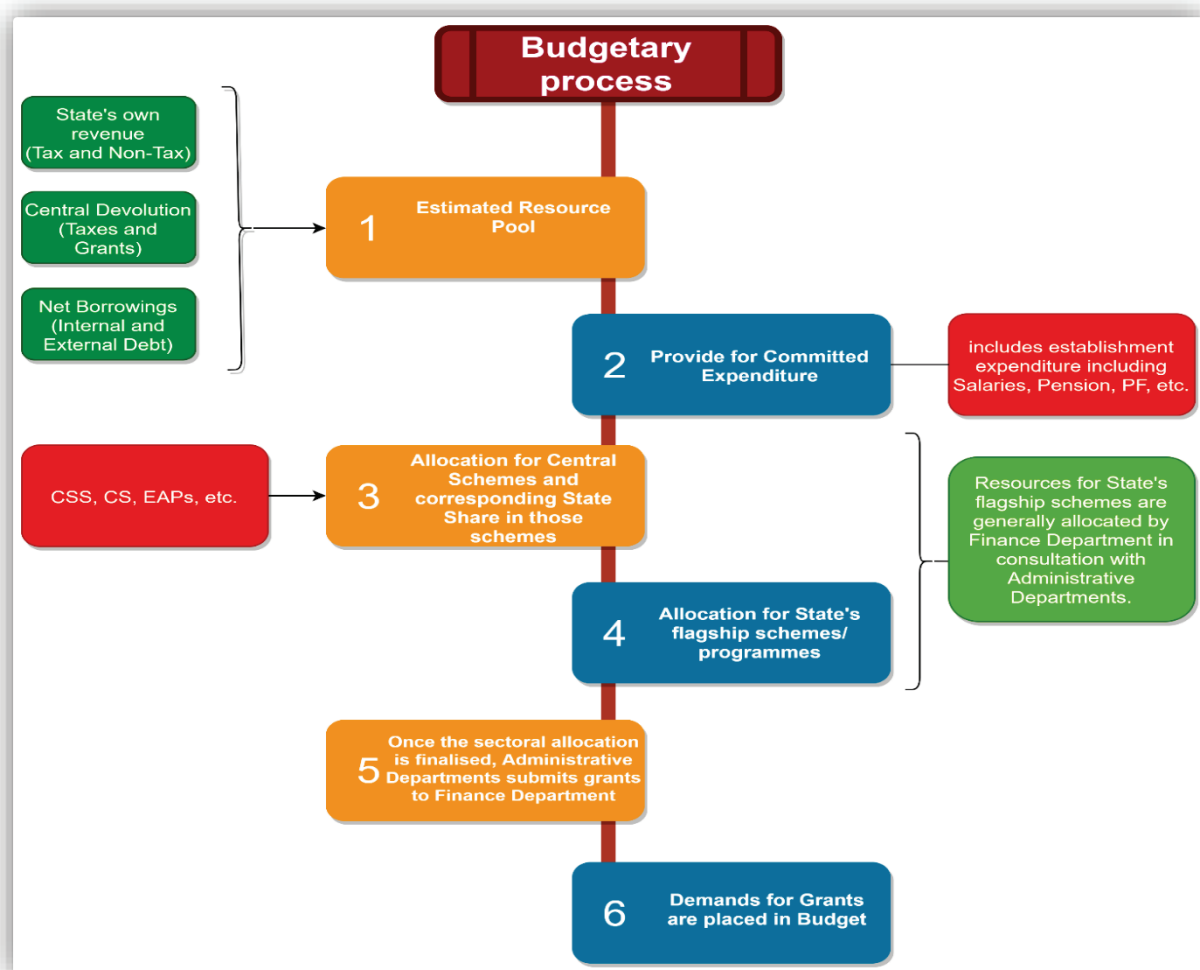
Approval by the Legislature

Implementation by the Government

Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

3.2 Budget Preparation Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates for the next financial year. The budget preparation process in the State is given below:



The Andhra Pradesh Financial Code (APFC), Andhra Pradesh Budget Manual (APBM) and other instructions³⁰ lay down the procedure to be followed with regard to all matters concerning finance and budget.

The State Government secured legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands for Grants/ Appropriations. Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

The Government presents *Supplementary demands* (Para 15.24 of the APBM) before the Legislature, when the initial allocation is found to be inadequate or expenditure has to be incurred on a new item. Further, Re-appropriation is a mechanism which allows the State Government to transfer Savings from one sub-head (usually a scheme) to another, provided such transfers occur within the same Grant³¹ and under the same section³².

³⁰ GO Ms No.657 Finance (BG) Department dated 23 September 2004

³¹ Grant means the amount voted by the Legislative Assembly in respect of a demand for grant

³² Capital, Revenue or Loans

3.3 Financial Accountability and Budget Review

Article 205 of the Constitution of India states that the Governor of a State will cause to lay before the State Legislature supplementary budget estimates ‘if the amount authorised by any law made in accordance with the provisions of Article 204 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the annual financial statement for that year’. Further, Article 204(3) states that ‘subject to the provisions of Articles 205 and 206, no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this article’.

3.3.1 Outcome/performance Budget

As per Budget Manual, Performance Budget is a comprehensive operational document, conceived, presented and implemented in terms of programmes, projects and activities with their financial and physical aspects closely interwoven. Performance budget seeks to present the purpose and objectives for which funds are requested, the cost of various programmes and activities proposed for achieving these objectives and quantitative data measuring the work performed, services rendered or results accomplished under each programme and activity.

Since the introduction of the Outcome Budget 2005-06 by the Union Government, several State Governments have followed suit to link their outlays to outputs and outcomes. The Thirteenth Finance Commission has suggested preparing outcome budgets at the level of actual spending and its consideration at the relevant level of Government. It also suggested the State Government could prepare Outcome Budgets in respect of expenditures incurred directly by them.

Government of Andhra Pradesh prepares an Outcome Budget every year, indicating the outputs expected to be achieved with regard to the outlays. However, the extent of achievement of these outputs is not intimated to the Legislature while presenting the budget for the following year. Therefore, there is no real budgetary review and allocation to various activities/ socio-economic developmental schemes based on achievement of specified targets. Budget for the year 2020-21 was no exception in this regard and the Government has not stated the achievement of any of the performance parameters specified in the budget of the previous year; nor did it review the outcome indicators targeted for achievement in 2020-21 during its budget presentation during the subsequent year.

3.4 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of Grants voted and Appropriation Act passed under Articles 204 and 205 of the Constitution of India. These Accounts list the original budget provisions, supplementary grants, surrenders and re-appropriations distinctly. They also indicate actual Capital and Revenue Expenditure on various

specified services, *vis-à-vis* those authorized by the Appropriation Act in respect of both Charged and Voted items of budget. Thus, the Appropriation Accounts facilitate the understanding of utilization of funds, the management of finances and monitoring of budgetary provisions, and are, therefore, complementary to the Finance Accounts.

3.4.1 Audit of Appropriations

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

3.4.2 Summary of total provisions and actual expenditure during 2020-21

The summarised position of actual expenditure during 2020-21 against 40 demands (95 grants/ appropriations) is given in **Table 3.1**.

Table 3.1: Position of actual expenditure *vis-à-vis* allocation for the year 2020-21

(₹ in crore)

Section	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Provision	Actual Expenditure	Savings (-) / Excess (+)	Surrender during March	
							Amount	Percent
Voted	1	2	3	4= (2+3)	5	6=(5-4)		
	Revenue	1,64,693.76	17,468.27	1,82,162.03	1,44,690.79	(-)37,471.24	24,430.51	99.71
	Capital	28,751.80	7,141.58	35,893.38	19,451.21	(-)16,442.17	16,433.81	99.93
	Loans and Advances	1,681.09	2,123.75	3,804.84	1,715.11	(-)2,089.73	786.19	100.00
Total Voted		1,95,126.65	26,733.60	2,21,860.25	1,65,857.11	(-)56,003.14	41,650.51	99.88
Charged	Revenue	19,644.09	25.59	19,669.68	20,127.75	458.08	497.56	100.00
	Capital	48.61	15.57	64.18	14.80	(-)49.38	42.49	100.00
	Public Debt Repayment	13,915.10	7.63	13,922.73	1,18,274.32*	1,04,351.58	187.67	100.00
	Total Charged	33,607.80	48.79	33,656.59	1,38,416.87	1,04,760.28	727.72	100.00
Grand Total		2,28,734.45	26,782.39	2,55,516.84	3,04,273.98	48,757.14	42,378.23	99.94

Source: Appropriation Accounts of 2020-21. * Including Ways and Means Advances (Budget Provision: NIL and repayments during the year: ₹ 1,04,539.24 crore)

As per the details given in the table above, the total budget of 2020-21 was ₹ 2,55,516.84 crore and the actual gross expenditure during the year was ₹ 3,04,273.98 crore leaving an overall gross excess of ₹ 1,10,509.12 crore and gross savings of ₹ 61,751.97 crore across all grants, resulting in a net excess of ₹ 48,757.14 crore in 2020-21.

However, except for the Charged item of Public Debt repayment and Capital Charged, there were savings in almost every other Head of expenditure. The total saving in all the Heads other than Public Debt repayment amounted to ₹ 56,052.52 crore (₹ 56,003.14 crore under voted expenditure and ₹ 49.38 crore under capital charged) compared to the allocation of ₹ 2,41,594.11 crore (23.20 *per cent*) under those heads.

Public Debt repayment includes an amount of ₹ 1,04,539.24 crore towards repayment of Ways and Means Advances obtained during 2020-21. The State Government incurred an expenditure of ₹ 1,06,280.90 crore without any budget provision during 2020-21. Details in this regard are given in **Table 3.4** The net excess expenditure for the years 2017-18, 2019-20 and 2020-21 was also primarily due to repayment of Ways and Means Advances.

Efficient management of tax administration/other receipts and public expenditure holds the key for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds, which they could have utilised.

3.4.3 Summary of total provisions, actual disbursements and savings during the year

The summarised position of total budget provision, disbursement and savings/excess with its further bifurcation into voted/charged is given in **Table 3.2**.

Table 3.2: Budget provision, disbursement and savings/excess during the financial year

(₹ in crore)

Total Budget provision		Disbursements		Savings (-) /Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
2,21,860.25	33,656.59	1,65,857.11	1,38,416.87	(-)56,003.14	1,04,760.28

Source: Appropriation Accounts of 2020-21

3.4.4 Charged and voted disbursements

The summarised position of disbursements and savings/ excess with further bifurcation into voted/charged for the last five years is given in **Table 3.3**.

Table 3.3: Disbursement and savings/excess during the last five years

(₹ in crore)

Year	Disbursements		Savings (-) /Excess (+)	
	Voted	Charged	Voted	Charged
2016-17	1,26,798.59	46,552.81	(-)21,253.96	973.73
2017-18	1,34,239.65	69,008.25	(-)33,512.20	46,054.63
2018-19	1,42,964.84	88,697.50	(-)73,951.20	62,566.03
2019-20	1,51,423.04	97,213.02	(-)66,725.06	67,082.27
2020-21	1,65,857.11	1,38,416.87	(-)56,003.14	1,04,760.28

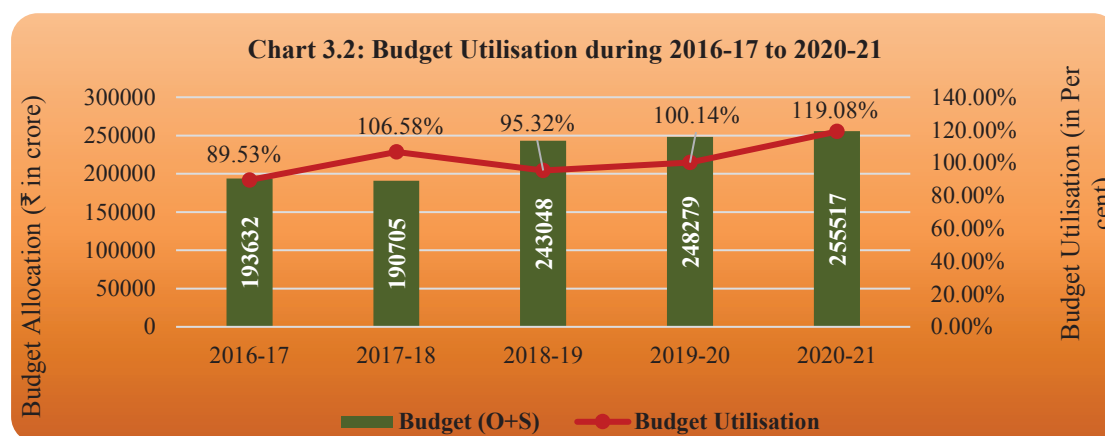
Source: Appropriation Accounts of respective years.

It is evident from the table that persistent savings occurred in voted section and persistent excess in charged section. Further, the persistent excess under charged section is mainly because of repayment of Ways and Means Advances to the Reserve Bank of India under loans section of Grant IX- Fiscal Administration, Planning, Surveys and Statistics.

Finance Department stated that, constant guidance was being given to all the secretariat departments to avoid excess expenditure under all grants and proposed to solve the discrepancies through the CFMS.

3.5 Utilisation of Budgeted Funds

Utilisation of budgeted funds by the State during the five-year period from 2016-17 to 2020-21 is given in **Chart 3.2**.



As can be seen from the chart above, utilisation of budget had exceeded the budget provision during three years i.e. 2017-18, 2019-20 and 2020-21 and has shown underutilisation during 2016-17 and 2018-19. However, the above figures have to be read in conjunction with the analysis given in paragraph 3.4.2.

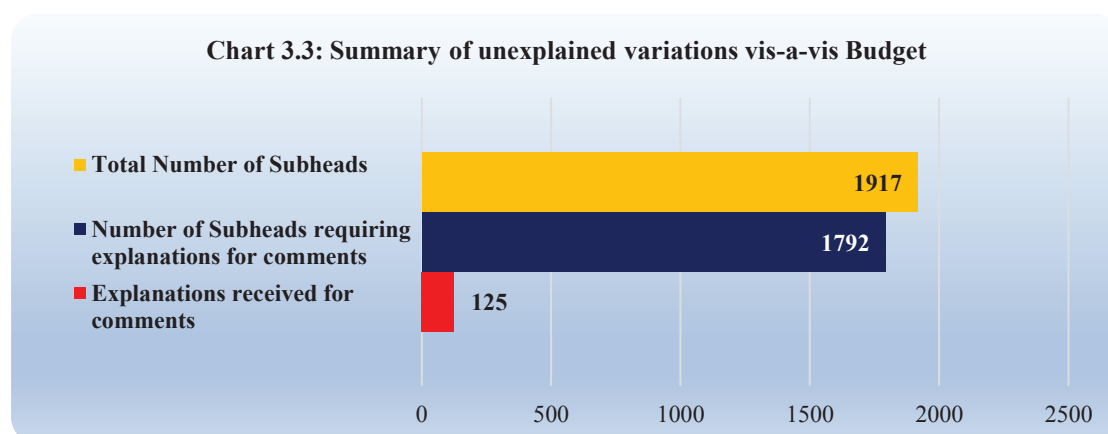
3.6 Missing/ Incomplete Explanation for variation from Budget

Appropriation Accounts provide comments on excess expenditure or savings where the excess or savings at Sub-Head level varies beyond the limits set by the Public Accounts Committee (PAC).

The following norms which have been approved by the PAC of Andhra Pradesh State Legislature in January 2013, have been adopted for comments on the Appropriation Accounts.

Savings	(a) When the overall savings under a grant/charged appropriation is less than five <i>per cent</i> of total provision, no comment is necessary. However, if the total provision under a grant/appropriation is ₹ 500 crore and above, comments on savings/excess under individual subheads are included when the savings/excess under individual subheads exceeds 10 <i>per cent</i> of the provision or ₹ 100 lakh whichever is higher. (b) When the overall saving under a grant or charged appropriation is five <i>per cent</i> or above of the total provision, comments on savings/excess against individual subheads are included when the savings/excess under individual subheads exceeds 10 <i>per cent</i> of the provision or ₹ 50 lakh whichever is higher.
Excess	(a) When there is overall excess under a grant/appropriation even by a rupee, it requires regularisation by the Legislature. (b) Comments on excess under individual subheads are included only when the excess under individual sub-heads is ₹ 25 lakh and above. (c) Comments on savings (in excess grant) under individual sub-heads are included when the savings under individual sub-heads exceeds 10 <i>per cent</i> of the provision or ₹ 50 lakh whichever is higher.

Principal Accountant General (A&E) provided the draft Appropriation Accounts to the Departments and sought the reasons/explanations for the excess/savings at Sub-head level. Audit of Appropriation Accounts of 2020-21 and an analysis of the underlying accounting data revealed that the Controlling Officers have not provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 93.48 *per cent* of cases. Of the 95 Grants/ Appropriations reasons were not furnished by the Controlling Officers of Government Departments, in respect of 75 Grants/Appropriations. In terms of the Sub-Heads involved, the total number of Sub-Heads in the accounts, those requiring explanation for variation and the Sub-Heads where explanation were received for variations from allocations are given below in **Chart 3.3**.



Source: Appropriation Accounts

Absence of explanation for variation between the budgeted allocation and its utilisation limits legislative control over budget as a means of ensuring financial accountability of the Government.

The State Government assured that action will be taken to obtain the explanation for reappropriations in future.

3.7 Comments on integrity of budgetary and accounting process

3.7.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the article 204 of the constitution. As per paragraph 17.3.1 and 17.6.1(c) of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. An expenditure of ₹ 1,06,280.90 crore was incurred in 14 cases (₹ one crore and above in each case) without budget provision. This undermined the sanctity of budgeting process and legislative control.

The grant-wise cases of one crore and above in which expenditure was incurred without budget provision (either original or supplementary) are detailed in **Table 3.4**.

Table 3.4: Cases where expenditure was incurred without budget provision (₹ one crore and above)

(₹ in crore)

S. No.	Grant No. and Name	No. of cases	Expenditure
1	IV General Administration and Elections	3	184.38
2	IX-Fiscal Administration Planning Surveys and Statistics	2	1,05,539.24*
3	XVII-Municipal Administration and Urban Development	1	1.42
4	XXVII-Agriculture	1	2.06
5	XXXVI- Industries and Commerce	7	553.80
Total		14	1,06,280.90

Source: Appropriation Accounts of 2020-21 and Grant Audit Register of 2020-21 compiled by O/o the PAG (A&E); * Expended towards repayment of Ways and Means Advances of the State.

State Government in its reply stated that, the excess expenditure was mainly on account of repayment of Ways and Means Advances and also assured to take steps to include the expenditure incurred towards repayment of Ways and Means Advances in the estimates from the year 2021-22 onwards.

3.7.2 Misclassification of Revenue expenditure as Capital Expenditure

Misclassification of expenditure and receipts has an impact on the integrity of the financial statements. State financial rules categorise the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only. However, there are instances involving a total amount of ₹ 147.98 crore where object heads of revenue nature were incorrectly operated with capital major heads.

The cases where revenue expenditure was misclassified as capital expenditure (₹ one crore and above in each case) are detailed grant-wise in **Table 3.5**.

Table 3.5: Grant-wise cases of misclassification of revenue expenditure as capital expenditure during 2020-21 (₹ one crore and above in each case)

(₹ in crore)

Grant No. and Name	Expenditure
XXXIII Major and Medium Irrigation	
a. 4700-01-135-11-270 Minor works	10.11
b. 4700-01-137-11-270 Minor works	134.05
c. 4700-01-157-11-270 Minor works	3.82
Total	147.98

Source: Appropriation Accounts of 2020-21 and Grant Audit Register of 2020-21 compiled by O/o the PAG (A&E), AP.

As can be seen from the table above, misclassification of revenue expenditure as capital expenditure occurred in Grant XXXIII- Major and Medium Irrigation involving an amount of ₹ 147.98 crore. The misclassification of revenue expenditure as capital expenditure declined as compared to previous year (₹ 1,006 crore)

Classification of expenditure of revenue nature as capital expenditure results in understatement of revenue expenditure and revenue deficit.

The State Government assured that action will be taken in subsequent budget estimates.

3.8 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments report large additional requirement for different purposes under various schemes/activities to legislature; but are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. As a result, the unutilised funds cannot be utilised for other schemes, where there is a requirement. Some of the instances noticed in audit are shown in **Appendix 3.1**.

The details of grants in which the supplementary provision remained un-utilised are presented in **Table 3.6**.

Table 3.6: No. of grants/ appropriations in which supplementary provision (₹ one crore and above) remained un-utilised

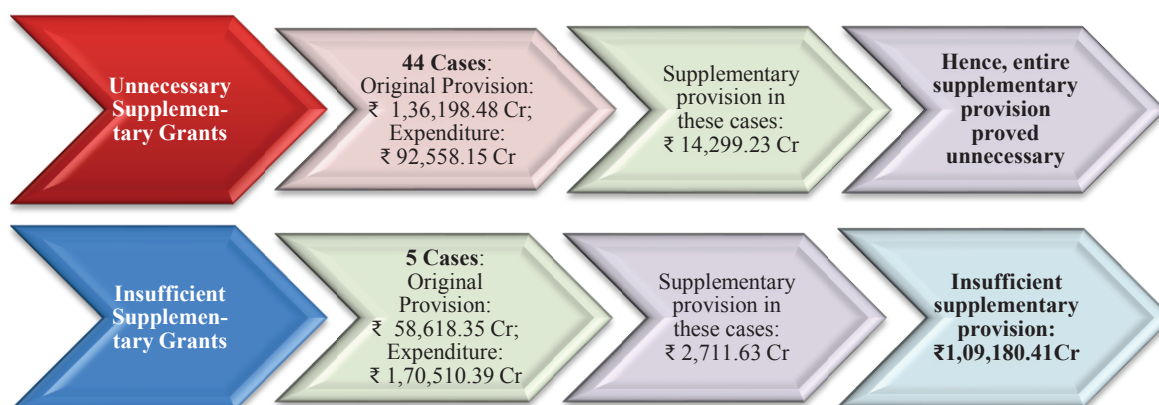
(₹ in crore)							
S. No.	Nature of the grant	No. of cases	Original	Supplementary	Total Grant	Expenditure	Un-utilised supplementary grant
1	Revenue (Voted)	32	1,38,542.64	14,937.69	1,53,480.33	1,11,822.16	11,743.77
2	Capital (Voted)	21	27,971.42	7,141.58	35,113.00	18,615.32	3,764.98
3	Capital (Charged)	1	46.55	15.57	62.12	14.80	15.57
4	Loan (Voted)	4	1,459.79	1,972.45	3,432.24	518.30	1,952.45
Total		58	1,68,020.40	24,067.29	1,92,087.69	1,30,970.58	17,476.77

Source: Appropriation Accounts of 2020-21

It is evident that out of the total supplementary provision of ₹ 24,067.29 crore, ₹ 17,476.77 crore (72.62 per cent) remained unutilised. State Government needs to examine the reasons for poor utilisation of allocated funds and take appropriate corrective action.

3.8.1 Unnecessary/ Insufficient supplementary grants

The details of Unnecessary/ Insufficient Supplementary provisions, where Supplementary provision is more than or equal to ₹ one crore, are as detailed in **Chart 3.4**.

Chart 3.4: Unnecessary/ Insufficient Supplementary provision

Source: Appropriation Accounts of 2020-21

Details of unnecessary/insufficient Supplementary provision are shown in **Appendix 3.2** and **Appendix 3.3** respectively.

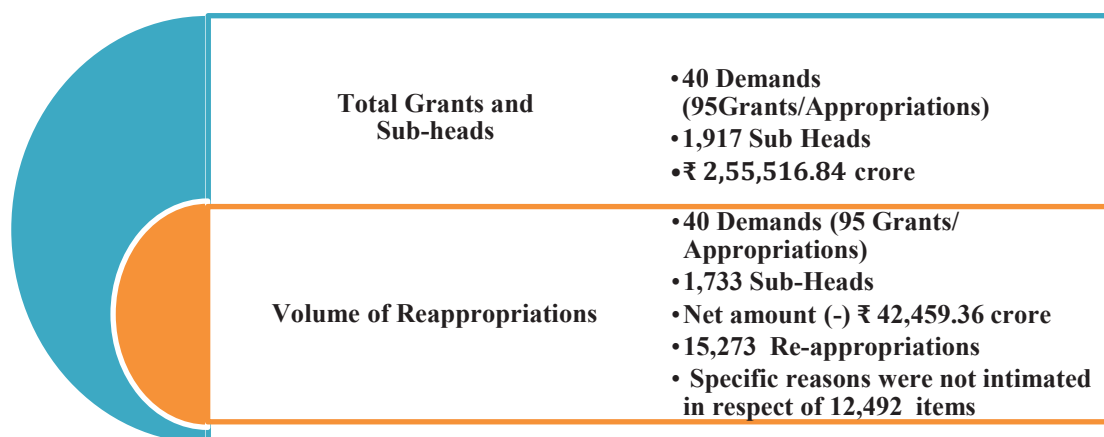
Further, in five cases, the supplementary grant of ₹ 2,711.63 crore was insufficient as the total provision (₹ 61,329.98 crore) was not adequate to meet the requirement (₹ 1,70,510.39 crore).

State Government while taking note of the observation assured that action will be taken to prevent the recurrence of such instances in future. State Government also stated that suitable instructions were issued to all sections to ensure that while submitting proposals for supplementary estimates, the additional amount sought for, should be required over and above the provision available with the Departments. It was also instructed to examine that the correct estimation is done to cover the actual expenditure.

3.9 Re-appropriations

Re-appropriations are meant for transfer of savings from one scheme / unit to another within the same grant and under same section (*i.e.*, Capital, Revenue or Loans).

The details of Re-appropriations for the year 2020-21 are depicted in **Chart 3.5**.

Chart 3.5: Re-appropriation in the overall budget

Source: Appropriation Accounts of 2020-21 and Grant Audit Register 2020-21 compiled by O/o the PAG (A&E), AP.

3.9.1 Unnecessary/ Excessive/ In-sufficient Re-appropriations

Details of unnecessary/excessive/insufficient re-appropriations are shown in *Appendix 3.4*, *Appendix 3.5* and *Appendix 3.6* respectively.

The cases in which the provision was excessive or unnecessary are presented in **Table 3.7**.

Table 3.7: Cases in which re-appropriation was excessive or unnecessary

(₹ in crore)							
Grant No. and Name	No. of cases	Original	Supplementary	Re-appropriation	Net Provision	Expenditure	Unnecessary/ Excessive Re-appropriation
IX-Fiscal Administration Planning Surveys and Statistics	3	1.24	0.00	198.53	199.77	51.43	148.34
XIII-Higher Education	2	1,131.95	0.00	99.75	1,231.70	729.37	301.03
XXVI-Administration of Religious Endowments	3	100.44	0.00	5.10	105.54	97.43	6.51
XXXII-Rural Development	2	300.00	0.00	40.14	340.14	0.00	190.14
XXXIII-Major and Medium Irrigation	3	32.21	0.00	6.28	38.49	33.89	4.50
TOTAL	13	1,565.84	0.00	349.80	1,915.64	912.12	650.52

Source: Appropriation Accounts of 2020-21 and Grants Audit Register of 2020-21 compiled by O/o PAG (A&E), AP.

From the above table, it is evident that re-appropriation of ₹ 650.52 crore was unnecessary/ excessive in 13 cases. Further, in six cases, the re-appropriation of ₹ 323.40 crore was insufficient as the net provision (₹ 1,435.44 crore) was not adequate to meet the requirement (₹ 5,724.07 crore) (*Appendix 3.6*).

State Government while taking note of the observation assured that action will be taken to prevent the recurrence of such instances in future. State Government also stated that suitable instructions were issued to all sections to ensure that while submitting proposals for supplementary estimates, the additional amount sought for, should be required over and above the provision available with the Departments. It was also instructed to examine that the correct estimation is done to cover the actual expenditure.

3.9.2 Surrender in excess of savings

In six grants, there were savings of ₹ 2,990.54 crore. The amount surrendered was ₹ 4,614.43 crore, resulting in excess surrender (₹ one crore or more in each case) of ₹ 1,623.88 crore as detailed in **Table 3.8**.

Table 3.8: Surrender in excess of savings during 2020-21

(₹ in crore)

Sl. No.	Number and name of the grant/appropriation	Total grant/appropriation	Savings	Amount surrendered	Amount surrendered in excess
Revenue Voted					
1	I - State Legislature	100.35	2.21	3.37	1.16
2	IV - General Administration and Elections	677.97	54.28	234.30	180.02
3	V - Revenue Registration and Relief	6,376.88	0.00	539.23	539.23
4	XXVII – Agriculture	13,293.29	2,577.53	2,633.72	56.19
Capital voted					
5	XII - School Education	3,676.80	356.52	359.39	2.87
Loans Voted					
6	IX - Fiscal Administration Planning Surveys and Statistics	208.48	0.00	177.21	177.21
Revenue Charged					
7	IX - Fiscal Administration Planning Surveys and Statistics	19,562.98	0.00	479.53	479.53
Public Deposit Charged					
8	IX - Fiscal Administration Planning Surveys and Statistics	13,922.73	0.00	187.67	187.67
TOTAL		57,819.48	2,990.54	4,614.42	1,623.88

Source: Appropriation Accounts of 2020-21.

State Government assured to take proper care to ensure not to allow recurrence of such instances in future.

3.9.3 Anticipated savings not surrendered

As per paragraph 17.2.2 of Budget Manual, controlling officers are required to surrender to the Finance department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known. A review of savings of grants and appropriations and surrender thereof showed that out of total savings of ₹ 39,960.97 crore in 23 cases, only ₹ 19,044.43 crore was surrendered, leaving a balance aggregating ₹ 20,916.52 crore (short surrender by ₹ one crore and above in each case as detailed in *Appendix 3.7*).

The details of the nature of grants in which anticipated savings were not surrendered are detailed in **Table 3.9**.

Table 3.9: No. of grants/ appropriations in which savings were not surrendered

(₹ in crore)

Sl. No.	Nature of the grant	No. of cases	Total grant/appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
1	Revenue (Voted)	14	96,571.14	27,781.14	9,662.37	18,118.77
2	Capital (Voted)	5	14,143.06	9,230.84	8,744.92	485.92
3	Capital (Charged)	1	62.12	47.32	40.43	6.89
4	Loan (Voted)	3	3,399.97	2,901.67	596.71	2,304.96
Total		23	1,14,176.29	39,960.97	19,044.43	20,916.54

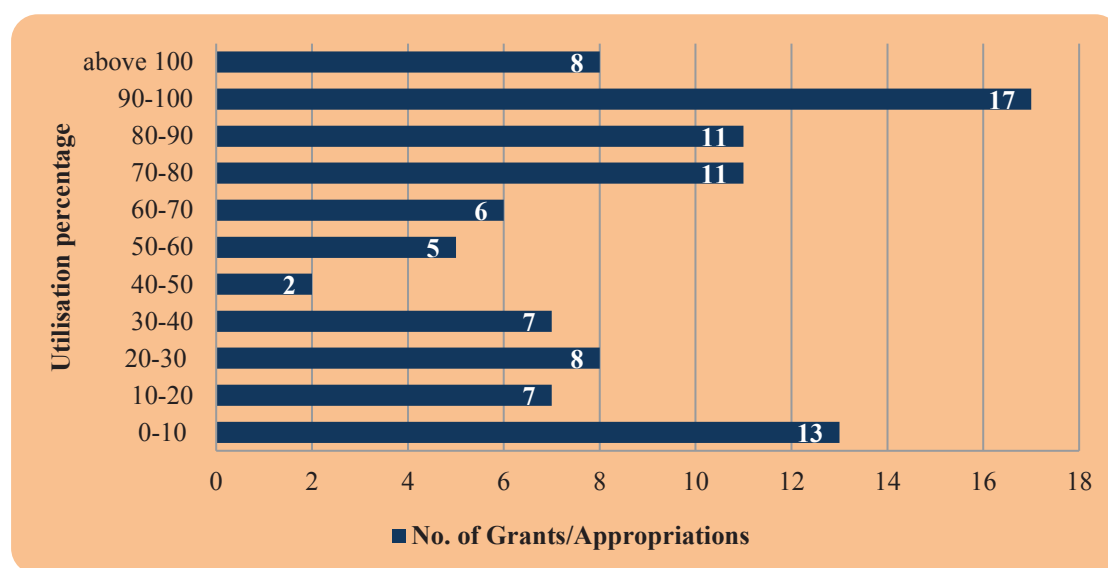
Source: Appropriation Accounts of 2020-21

State Government stated that necessary instructions were issued to all departments to report the savings as soon as they occur, without waiting till the end of financial year.

3.10 Large and Persistent savings in Grants/ Appropriations

There were huge savings during 2020-21, with 37 out of 95 Grants/ Appropriations showing utilisation of less than or equal to 50 *per cent* of the budget allocation. The distribution of the number of Grants/Appropriations grouped by the extent of savings is as follows.

Chart 3.6: Utilisation of budget allocation



Source: Appropriation Accounts of 2020-21

As it is evident from the above chart, out of 95 Grants/ Appropriations, 70 Grants/ Appropriations showed savings of more than 10 *per cent* of the budget allocation.

Of the 37 Grants/ Appropriations with budget utilisation of less than or equal to 50 *per cent*, 20 had shown similar low utilisation in at least four out of the last five years (2016-17 to 2020-21), which is indicative of systemic lacunae that warrants a close review by the Government to enable initiation of expeditious corrective measures. Utilisation of budgetary allocation in these 37 Grants/ Appropriations for the five-year period from 2016-17 to 2020-21 is shown in **Table 3.10**.

Table 3.10: Grants/ Appropriations where utilisation of budget was less than or equal to 50 *per cent*

Grant Details	Utilisation of budget provision (in <i>per cent</i>)					₹ in crore)		
	2016-17	2017-18	2018-19	2019-20	2020-21	No of yr	Budget 2020-21	Expenditure during 2020-21
III - Administration of Justice (CV)	47.59	38.89	28.81	37.66	15.26	5	127.13	19.40
V - Revenue Registration and Relief (LV)	0.00	0.00	0.00	0.00	0.00	5	1,000.00	0.00
VIII - Transport Administration (CV)	28.50	36.93	2.60	13.50	31.93	5	1.50	0.48
XI - Roads Buildings and Ports (RC)	0.00	16.20	0.00	17.31	11.09	5	3.01	0.33
XIII - Higher Education (CV)	7.15	65.19	27.01	60.27	16.40	5	560.51	91.92
XIV - Technical Education (RC)	0.00	0.00	0.00	0.00	0.00	5	0.00(₹10,000)	0.00
XXIV - Minority Welfare (CV)	0.00	0.00	1.76	6.95	0.00	5	0.50	0.00
XXV - Women Child and Disable Welfare (CV)	39.34	41.84	22.52	10.76	7.12	5	292.95	20.85
XXX - Cooperation (CV)	0.00	0.00	2.85	0.00	14.58	5	174.75	25.49

XXXVIII - Civil Supplies Administration (CV)	0.00	0.00	0.00	39.50	0.00	5	4.31	0.00
VII - Commercial Taxes Administration (CV)	88.38	2.07	5.17	1.07	7.71	4	5.00	0.39
IX - Fiscal Administration Planning Surveys and Statistics (CV)	25.38	42.91	56.40	4.65	9.65	4	1,102.05	106.39
XI - Roads Buildings and Ports (CV)	89.76	25.05	24.89	33.78	37.86	4	2,481.67	939.66
XVI - Medical and Health (CV)	77.88	36.21	30.10	7.65	21.17	4	2,536.94	537.05
XVII - Municipal Administration and Urban Development(CV)	23.04	25.25	62.36	31.93	21.88	4	1,359.03	297.32
XIX - Information and Public Relations (CV)	0.00	99.61	0.00	0.00	32.46	4	1.00	0.32
XXXIII - Major and Medium Irrigation (RC)	0.00	99.93	37.37	0.00	0.00	4	7.98	0.00
XXXIV - Minor Irrigation (CC)	22.95	76.03	0.00	21.98	0.00	4	0.96	0.00
XXXVI - Industries and Commerce (LV)	0.00	30.26	0.00	72.12	27.02	4	1,488.98	402.38
XXXVII - Tourism Art and Culture (CV)	47.47	98.88	23.52	41.91	16.64	4	64.21	10.68
XI - Roads Buildings and Ports (CC)	99.95	3.40	50.69	44.05	0.00	3	1.10	0.00
XIV - Technical Education (CV)	124.33	88.41	13.54	28.17	22.44	3	166.01	37.25
XVIII - Housing (RV)	38.51	68.66	52.87	26.45	30.43	3	3,752.87	1,141.92
XXVII - Agriculture (CV)	91.45	70.35	46.87	22.02	11.59	3	424.99	49.27
XXVIII - Animal Husbandry and Fisheries (CV)	54.60	59.74	43.45	14.94	21.44	3	277.66	59.52
XXXII - Rural Development (CV)	100.00	99.22	25.00	0.00	0.00	3	0.01	0.00
XXXIII - Major and Medium Irrigation (CV)	80.54	42.83	51.73	32.69	35.61	3	10,443.07	3,719.16
XXXIII - Major and Medium Irrigation (CC)	67.85	10.25	25.93	67.13	23.83	3	62.12	14.80
XXXV - Energy (CV)	45.81	78.23	63.66	0.00	0.00	3	66.00	0.00
XXXVIII - Civil Supplies Administration (RV)	92.75	93.68	19.00	11.24	2.26	3	4,621.91	104.26
X - Home Administration (CV)	60.17	59.03	21.61	59.62	27.29	2	591.81	161.49
XX - Labour and Employment (RV)	83.78	89.54	81.69	45.61	37.12	2	603.35	223.98
XXIX - Forest Science Technology and Environment (CV)	215.42	92.56	42.85	70.54	25.95	2	58.88	15.28
XXXIV - Minor Irrigation (CV)	90.46	48.18	80.98	83.25	47.45	2	655.34	310.98
XXXV - Energy (LV)	96.77	84.60	31.64	98.45	10.53	2	911.00	95.92
XXI - Social Welfare (RV)	82.70	88.13	50.24	104.14	45.09	1	9,289.13	4,188.79
XXIV - Minority Welfare (RV)	89.54	87.02	58.24	108.95	34.25	1	2,810.59	962.68

Source: Appropriation Accounts of respective years.

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

Low utilisation of budget under the capital grants relating to Major and Medium Irrigation (XXXIII), Agriculture (XXVII), Rural Development (XXXII), Roads and Buildings (XI) which pertain mainly to capital expenditure affects infrastructure creation in the State. Similarly, underutilisation in the revenue grants relating to Education (XII), Housing (XVIII), Social Welfare (XXI), Medical & Health (XVI) and non-utilisation of entire provision under Rural Development (XXXII) affects human development, uplift of the rural public and quality of life in the State.

Underutilisation in grants pertaining to essential and infrastructure creation needs an in-depth analysis by the State Government and initiation of prompt remedial action.

3.11 Excess expenditure and its regularisation

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article. 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.

3.11.1 Excess expenditure in current year

Excess expenditure, over budget provision of ₹ 1,10,509.12 crore, occurred in five grants and three appropriations during the year, as shown in **Appendix 3.8**.

The excess expenditure under Grant IX – Fiscal Administration, Planning, Surveys and Statistics was mainly on account of repayment of Ways and Means Advances³³ (₹ 1,04,539.24 crore) to the Reserve Bank of India and under Loans section.

3.11.2 Persistent excess expenditure in certain grants

Cases of excess expenditure are reported every year through Audit Reports on State Finances. There was, however, a grant in which excess expenditure has occurred persistently during the last five years as shown in **Table 3.11**.

Table 3.11: Grant/Appropriation with persistent excess during the period 2016-21
(₹in crore)

No. and Name of the Grant/Appropriation	Amount of Excess				
	2016-17	2017-18	2018-19	2019-20	2020-21
IX-Fiscal Administration, Planning, Surveys and Statistics (PDC)	1,568.14	47,071.84 [#]	62,397.00 [#]	65,947.90 [#]	1,04,351.58 [#]

Source: Appropriation Accounts of respective years; PDC-Public Debt Charged [#]Including excess on account of Ways and Means Advance of ₹ ₹ 44,130.29 crore in 2017-18, ₹ 58,229.01 in 2018-19 and ₹ 60,740.83 crore in 2019-20, ₹ 1,04,539.24 crore in 2020-21 respectively.

It is pertinent to note that the persistent excess has mainly occurred in Finance Department, primarily on account of seeking Ways and Means Advances. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds.

3.11.3 Regularisation of excess expenditure of previous financial years

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. The excess expenditure is to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to the PAC through Finance Department.

The excess expenditure over the allocation amounting to ₹ 2,40,493.49 crore pertaining to the years from 2004-05 to 2019-20 was yet to be regularised as detailed in **Table 3.12**. Grant wise details are given in **Appendix 3.9**.

³³Total Budget Provision: NIL and Expenditure during the year: ₹1,04,539.24 crore

Table 3.12: Excess expenditure relating to previous years requiring regularisation

Year	Number of		Amount of Excess over Provision (₹ in crore)
	Grants	Appropriation	
2004-05	5	1	14.83
2005-06	10	3	585.82
2006-07	7	1	198.72
2007-08	7	3	201.30
2008-09	11	3	709.24
2009-10	10	2	109.74
2010-11	11	5	867.54
2011-12	5	2	188.59
2012-13	5	1	275.63
2013-14	4	1	530.12
2014-15	26	2	13,134.68
2015-16	15	2	36,856.98
2016-17	4	1	1,686.83
2017-18	3	2	47,144.53
2018-19	2	2	64,005.68
2019-20	5	4	73,983.26
Total	130	35	2,40,493.49

Source: Appropriation Accounts of respective years

After bifurcation of the State, an excess expenditure of ₹ 2,36,811.96 crore pertaining to the years 2014-15 to 2019-20 occurred which was yet to be regularised. Explanatory Notes (ENs) were furnished for only an amount of ₹ 51,678.49 crore against ₹ 2,36,811.96 crore by the concerned Administrative Departments/ Finance Department to Audit for excess expenditure requiring regularisation relating to the years 2014-15 to 2019-20 as detailed in **Appendix 3.10**.

The PAC had discussed and recommended (February 2019) regularisation of the excess expenditure partially for the years 2014-15 and 2015-16 for an amount ₹ 272.91 crore and ₹ 55.98 crore respectively under Article 205 of the Constitution.

State Government assured to take necessary action to regularise the excess expenditure.

3.12 Conclusion

Sound budgetary management requires advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or large savings with reference to provisions made during the year, which point to flaws in expenditure monitoring and control. A majority of Controlling Officers did not explain the reasons for variations in expenditure vis-à-vis allocations, to the Principal Accountant General (A&E), which affected the accountability mechanism of Government and weakens legislative control over expending public finances.

There has been a persistent excess over authorisation during the last five years on account of seeking Ways and Means Advances beyond anticipated levels. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds. Despite flagging this issue every year over the last five years, the State Government had failed to take corrective measures in this regard.

3.13 Recommendations

1. *State Government should ensure scrupulous compliance with constitutional provisions relating to Legislative authorisation of expenditure.*
2. *State Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources. Departments need to be cautioned against persistent savings; and their budgets should be reviewed and varied in accordance with their ability to absorb the allocations.*
3. *An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/ Appropriation are controlled, and anticipated savings are identified and surrendered within the specified time frame.*
4. *Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation, to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.*

Chapter 4 Quality of Accounts and Financial Reporting Practices

4.1 Introduction

A sound internal financial reporting system 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 and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

4.2 Funds outside Consolidated Fund of the State

Article 266 (1), subject to the provisions of Article 267 of the Constitution of India, provides that all revenues received by the Government of a State, all loans raised by that Government by issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled "the Consolidated Fund of the State". Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

4.2.1 Building and other Construction Workers Welfare Cess

Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 aimed at providing safety, health and welfare measures for the benefit of building and other construction workers. GoI also enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess at the rate of one *per cent* of the cost of construction, as stipulated under the BOCW Act, with the aim of improving the working conditions of workers and to provide financial aid to them. GoI also framed the relevant Rules under the above Acts. The Act, inter alia, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by all State Governments to exercise the powers conferred under the Act.

Accordingly, the Andhra Pradesh Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 1999 have been framed under the Act and AP Building & Other Construction Workers Welfare Board (Board) was constituted on 30 April 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits.

Since the Board is an autonomous Body, total cess details are not depicted in Government Accounts. However, Labour Cess collected from the bills of Government Works executed by the Irrigation and Public Works departments is remitted by respective Pay and Accounts Officers (Works) to the Public Deposit Head of Account of the Labour Board.

The Labour Cess was depicted under 8342-00-120-00-09-000 (Deposits of Andhra Pradesh Building & Other Construction Workers Welfare Board). A new head of account, viz., 8443-00-116-01-09-001 (Deposits of Building and other Construction Workers Welfare Board) was opened in Public Account to account for the amount collected towards Labour Cess during 2019-20. An amount of ₹13.96 crore is still available under old head of account as of March 2021. Further, the labour cess was also being collected directly into the bank account maintained by the Labour board.

The details of labour cess collected during the period 2016-21 are given in **Table 4.1**.

Table 4.1: Amount of Labour cess collected during 2016-21

(₹ in crore)

Year	Amount of cess collected by the State Government (As per Finance Accounts)	Amount of Cess collected directly by the Board	Total Amount of Cess collected
2016-17	0.00	256.80	256.80
2017-18	30.65	229.04	259.69
2018-19	155.28	162.43	317.71
2019-20	62.49	280.50	342.99
2020-21	72.98	221.84	294.82
Total	321.40	1,150.61	1,472.01

The details of expenditure incurred by the Board on various welfare activities for the construction workers during the five-year period 2016-17 to 2020-21 are given in **Table 4.2**.

Table 4.2: Expenditure incurred by APBOCWW Board during 2016-21

(₹ in crore)

Year	Welfare Activities ³⁴	Administrative Expenses	Publicity	Loans and Advances	Total
2016-17	110.54	5.15	12.54	249.36	377.59
2017-18	78.89	5.33	14.92	260.20	359.34
2018-19	70.04	6.47	52.40	209.63	338.54
2019-20	20.53	3.71	0.08	208.30	232.62
2020-21	0.63	6.46	0.48	804.84	812.41
Total	280.63	27.12	80.42	1,732.33	2,120.50

During the period 2016-21, an amount of ₹ 1,472.01 crore was collected as Labour Cess by the APBOCWW Board and it spent ₹ 2,120.50 crore on various welfare schemes, Publicity and Loans & Advances etc. as detailed above.

Further, as per the figures in the Government accounts, the Cess collected during the year 2020-21 under two different heads of accounts and the balances to the end of 31 March 2021 is given in **Table 4.3**.

³⁴ Marriage Gift, Maternity gift, Fatal Accident relief, Disability relief, Natural Death relief, Hospitalisation relief, Funeral Expenses, Relief to unregistered workers, Vocational training to workers, Atal Pension yojana, Scholarships to children of BOC workers etc.

Table 4.3: Deposit Accounts operated for APBOCWW

(₹ in crore)				
Head of Account	Opening Balance	Receipts	Payments	Closing Balance
8342-00-120-00-09-000	288.72	(-)274.75	0.00	13.97
8443-00-116-01-09-001	10.87	347.74	0.53	358.08
Total				372.05

State Government did not transfer any amount to the Board during the year. The un-transferred balance of ₹ 372.05 crore represents the liability of the State Government.

4.2.2 State Compensatory Afforestation Fund

The Compensatory Afforestation Fund Act, 2016 and Compensatory Afforestation Fund Rules, 2018 provide for the establishment of a State level authority called "State Compensatory Afforestation Fund Management and Planning Authority". The Authority is to administer the amount received and utilise the monies for undertaking compensatory afforestation activities.

Accounting Arrangements:

The money received from the user agencies towards compensatory afforestation activities are to be credited in "State Compensatory Afforestation Deposits" under interest bearing section in Public Account to Major Head 8336-103 (Civil Deposits). 90 *per cent* of the money collected is to be transferred to the "State Compensatory Afforestation Fund (SCAF)" under Major Head 8121-129 and the balance 10 *per cent* is to be credited into the National Fund i.e. National Compensatory Afforestation Deposits under MH 8336-102. The applicable rate of interest on balances available under 'State Compensatory Afforestation Deposits' and 'State Compensatory Afforestation Fund' will be as per the rate declared by the Central Government on a year-to-year basis. The expenditure on various activities as envisaged in the Act is to be met from Major Head 2406.

Status of State Compensatory Afforestation Fund:

The Government of Andhra Pradesh established State Compensatory Afforestation Fund under Major Head 8121-General and other Reserve Funds – Minor Head 129 State Compensatory Afforestation Fund under Public Account of Andhra Pradesh in terms of Compensatory Afforestation Act, 2016. During the year 2020-21, the State Government has not received any deposits for credit to the CAMPA fund and hence no amount has been transferred to the National Fund. The State Government has not credited any amount towards interest on the outstanding balance of ₹ 1,650.35 crore during the year 2020-21.

4.3 Pending liabilities during the financial year

Appendix IX of the Finance Accounts depicts the commitments of the Government and list of incomplete capital works, which, *inter-alia*, include pending payments to the end of March 2021 to the extent of information furnished by the Departments concerned. As per this information, an amount of ₹ 871.31 crore was pending payment from the State Government as of March 2021. Details are as follows:

Table 4.4: Pending payments as of March 2021

Sl. No.	Particulars	No. of Works / Projects	Amount pending payment (₹ in crore)
1	Roads	16	614.67
2	Bridges	01	0.14
3	Buildings	01	5.15
4	Others	40	251.35
Total		58	871.31

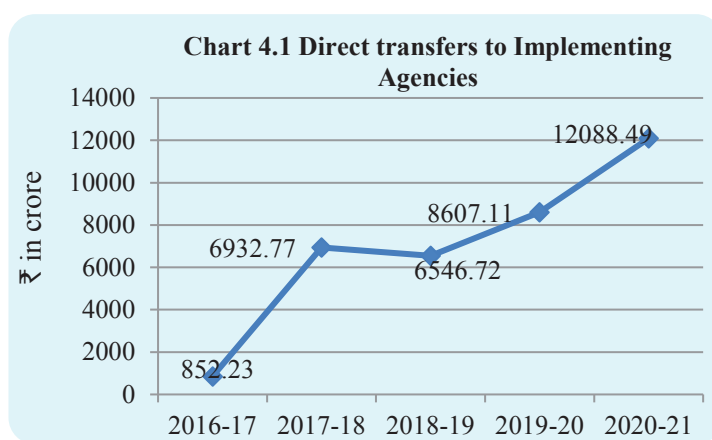
Source: Finance Accounts

4.4 Funds transferred directly to State Implementing Agencies

Government of India transfers substantial funds directly to State Implementing Agencies/ Non-Governmental Organizations for implementation of various schemes and programmes. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts. As these funds are not routed through the State budget/ State Treasury system, Finance Accounts do not capture the flow of these funds or the related expenditure.

During the year 2020-21, GoI transferred ₹ 12,088.49 crore directly to State Implementing Agencies/Non-Governmental organisations concerning various Central Schemes/programmes, without routing these funds through the State budget.

The details of direct transfer of funds to implementing agencies during the period 2016-21 are given in **chart 4.1**.



The substantial increase in funds released to implementing agencies directly by GoI from the year 2017-18 onwards was mainly due to “Food Subsidy” scheme implemented by State Civil Supplies Corporation, which received more than 50 per cent of the released funds.

Source: Finance Accounts 2020-21

The agencies that have received funds more than ₹ 100 crore directly from GoI for implementing various developmental schemes and the quantum of such funds during 2020-21 are shown in **Table 4.5**.

Table 4.5: Agencies that received funds directly from GoI during 2020-21 (above ₹ 100 crore)

(₹ in crore)			
Sl. No.	Schemes of Government of India	Implementing Agencies	GoI releases during 2020-21
1	Food Subsidy	State Civil Supply corporation limited, Andhra Pradesh	8,424.72
2	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	Department of Real Time Governance, Andhra Pradesh	2,861.87
3	Assistance to State Agencies for \Intra state Movement of Food grains and FPS dealers margin under NFSA	State Civil Supply Corporation Limited, Andhra Pradesh	271.76

Source: Finance Accounts 2020-21

4.5 Abstract Contingent bills

Financial Rules³⁵ permit drawal of advances on Abstract Contingent bills (AC bills) for the purpose of meeting contingent expenditure for specified purposes. Treasury rules³⁶ and Government orders³⁷ stipulate that all advances drawn on AC bills should be adjusted by submitting the Detailed Countersigned Contingent bills (DCC Bills) with supporting vouchers within 90 days.

The position of pending DCC bills pertaining to the State as of end of March 2021 is shown in **Table 4.6**.

Table 4.6: Pendency in submission of DC Bills

(₹ in crore)						
Year	AC bills drawn		DCC bills submitted		DCC bills pending	
	Number	Amount	Number	Amount	Number	Amount
Up to 2018-19	1,17,984	7,301.04	1,17,262	6,478.31	722	822.73
2019-20	917	237.76	528	87.66	389	150.10
2020-21	1,102	610.36	523	144.62	579	465.74
Total	1,20,003	8,149.16	1,18,313	6,710.59	1,690	1,438.57

Source: Information furnished by O/o PAG (A&E).

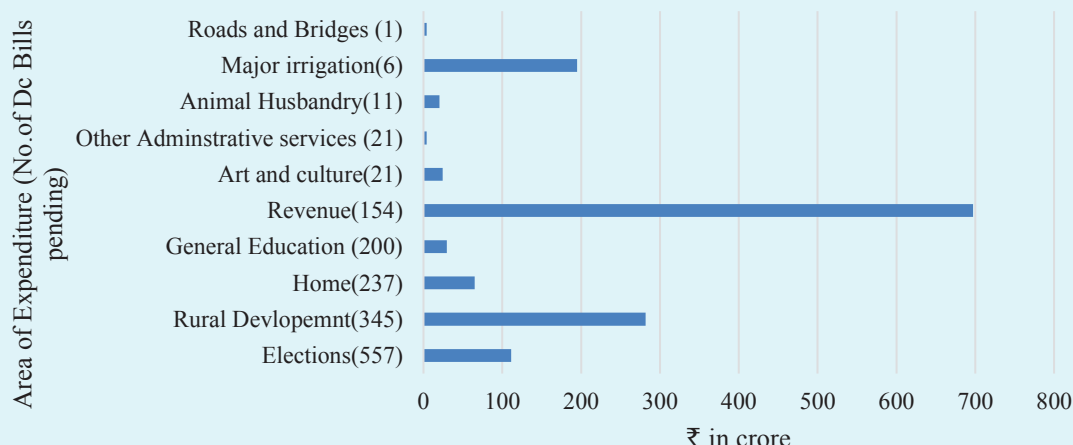
The Departments had drawn 1,102 Abstract Contingent (AC) bills for an amount of ₹ 610.36 crore in the financial year 2020-21 and submitted 523 DCC bills for an amount of ₹ 144.62 crore. Thus, 579 DC bills amounting to ₹ 465.74 crore were not submitted (as on August 2021).

Department-wise status of pending DCC bills as of end of June 2021 is given in **Chart 4.2**.

³⁵ Article 102, 108 and Appendix 8 of AP Financial code

³⁶ SR18 (d) below TR 16

³⁷ GO No.391, dt.22-03-2002 and 507, dt.10-04-2002

Chart 4.2: Pending DC Bills with unadjusted amount

Source: Finance Accounts of respective years

Advances drawn and not accounted for increase the possibility of wastage/ misappropriation/malfeasance etc.

4.6 Utilisation Certificates

Government gives grants to various bodies for specific purposes. Financial rules³⁸ stipulate that where Grants-in-Aid are given for specific purposes, departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees, which after verification, should be forwarded to the Principal Accountant General (A&E), to ensure that the funds have been utilised for intended purposes. Non-submission/delay in submission of UCs weakens the control on utilization of funds and provides scope for mis-utilisation / misappropriation / diversion of funds.

State Government has not provided the Utilisation Certificates to Principal Accountant General (A&E) in respect of the grants received from GoI nor the grants given by it to various entities or pass-through grants from GoI to various entities within the State as shown in **Tables 4.7** and **4.8**. Further, there was no mechanism in the State Government to watch the flow of pass-through grants provided by the GoI.

4.6.1 Grants-in-Aid received by the State Government from GoI

The details of Grants-in-Aid (GIA) received by the State Government from GoI during the period 2016-21 are given in **Table 4.7**.

Table 4.7: Details of Grants received by the State

Year	2016-17	2017-18	2018-19	2019-20	(₹ in crore) 2020-21
Grants received by the State	23,346	22,761	19,457	21,876	31,872
%age of GIA to Revenue Receipts of the State	23.59	21.66	16.97	19.70	27.21

Source: Finance Accounts of respective years

³⁸ Article 211-A of Andhra Pradesh Financial Code

4.6.2 Grants-in-Aid given by the State Government

The details of Grants-in-Aid given by the State Government during the period 2016-21 are given in **Table 4.8**.

Table 4.8: Details of Grants given by the State

(₹ in crore)					
Year	2016-17	2017-18	2018-19	2019-20	2020-21
Grants given by the State	53,979	53,091	60,795	59,915	73,667
%age of GIA to Revenue Expenditure of the State	46.45	43.80	47.25	43.58	48.25

Source: Finance Accounts of respective years

In the absence of UCs, it could not be ascertained whether the grantees had utilised the grants for the purposes for which those were given. Non-explanation by the Departmental authorities as to how the Grants-in-Aid were spent over the years is a matter of concern, as it involves public funds provided to them for implementation of specific programmes/schemes and there is no assurance that the intended objectives of providing these funds have been achieved. In the absence of accountability for expenditure relating to funds provided as far back as five years, the possibility of fraud and/or misappropriation of these funds cannot be ruled out.

Despite drawing attention of the State Government to this issue year after year in the Audit Reports of the CAG, there has been no improvement.

4.7 Personal Deposit Accounts

4.7.1 Personal Deposit Account framework

Personal Deposits (PD) are established in two ways:

- Under statutory provisions of the Government or created under any law or rule having the force of law by transferring funds from the Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments.
- Personal Deposit Accounts may also be opened in favour of specified Government Officers, by transferring funds from the Consolidated Fund of the State for discharging the liabilities of the State Government in respect of execution of various projects, schemes *etc.*

4.7.2 Operation of PD Accounts

As per the AP Financial Code, the purpose of PD Accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme for which funds are placed at their disposal by transfer from the Consolidated Fund of the State. As per Article 271 (iii) (4)³⁹ of the AP Financial Code, Personal Deposit Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the

³⁹ Memo. No. 1596/Accts./5y-4, Dt. 31-12-1959

Consolidated Fund of the State⁴⁰. The account may be opened again in the following year, if necessary, in the usual manner⁴¹.

State Government issued Orders⁴² in 2019 regarding the mechanism for opening and operation of PD accounts. These orders specified that PD accounts are virtual bank accounts that were conceptualised by the Government to facilitate smooth operations at the field level for scheme implementation. Funds were given under the PD Accounts for specific purposes by debiting the service heads in the Consolidated Fund of the State and crediting the Personal Deposits under Major Head 8443-106-Personal Deposits. Unspent balances in the PD accounts, if any, at the end of the financial year should be lapsed by minus debiting the relevant service heads and debiting the PD accounts. As per these orders, Government (Cash and Debt Management section of Finance Department) sanctions the opening of a PD Account and copy the same to Principal Accountant General (A&E).

4.7.3 Status of PD Accounts.

4.7.3.1 Status of PD Accounts as per Finance Accounts

The details of PD accounts operated during 2020-21 as per Finance Accounts are given in **Table 4.9**.

Table 4.9: Details of PD Accounts during 2020-21

(₹ in crore)			
Opening Balance as on 01 April 2020	Total amount transferred to PD accounts during 2020-21	Total withdrawals from PD Accounts during 2020-21	Closing Balance as on 31 March 2021
7,277.11	1,16,822.68	98,303.04	25,796.75

Source: Finance Accounts 2020-21; Note: Administrator wise details are not available in Finance Accounts

4.7.3.2 Status of PD Accounts as provided by DTA (CFMS)

The details of PD accounts operated during 2020-21 as per the information provided by Director, Treasury and Accounts (DTA) are given in **Table 4.10**.

Table 4.10: Details of PD Accounts operated during 2020-21 as per DTA (CFMS)

Opening Balance as on 01 April 2020		New PD Accounts opened during 2020-21	Total amount transferred to PD accounts during 2020-21	No. of PD Accounts closed during 2020-21	Total withdrawals from PD Accounts during 2020-21	Closing Balance as on 31 March 2021	
Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
1,491	25,476.79	1,393	96,924.28	08	99,298.61	2,876	23,102.46

Source: Data provided by Directorate of Treasury and Account (DTA).

⁴⁰ except, where personal deposits are created by Law or rules having the force of law for discharging the liabilities arising out of special enactments

⁴¹ Personal Deposit Accounts in connection with the working of schemes of commercial and quasi-commercial nature and schemes whose transactions spread over more than one financial year, need not be closed at the end of the financial year. Such Deposit Accounts should be closed when the need for them ceases

⁴² G.O.Ms.No.99 of Finance Department, dated 14 August 2019

4.7.3.3 Variations between Comprehensive Financial Management System (CFMS) and records of Accountant General (A&E).

The variations in respect of balances of PD Accounts reflected in CFMS and records of O/o PAG (A&E) are given in **Table 4.11**.

Table 4.11: Variations between CFMS and A&E

(₹ in crore)					
		OB	Receipts	Expenditure	CB
2019-20	CFMS	425.07	93,122.40	68,070.72	25,476.75
	VLC	545.39	38,599.99	31,868.27	7,277.12
2020-21	CFMS	25,476.79	96,924.28	99,298.61	23,102.46
	VLC	7,277.12	1,16,822.68	98,303.05	25,796.75

It can be seen from the above table that there are huge variations in respect of all components viz. Opening balances, Receipts, Withdrawals and Closing balances.

State Government and Office of PAG (A&E) need to make combined efforts to reconcile the difference in balances.

4.7.3.4 Differences in balances in CFMS and legacy data.

Examination of balances available in CFMS database as on 1st April 2018 with the pre-CFMS database available with Director of Treasury & Accounts (DTA) Andhra Pradesh to the end of 31 March 2018 revealed the following:

- As per the data provided by the DTA, total available Personal deposits were 34,877 to the end of 31 March 2018. However, the number of PD Accounts available in CFMS as on 1st April 2018 are 34,514.
- The balances as shown in the DTA database matched with CFMS database only in the case of 12,840 accounts. The reconciliation of the remaining deposit accounts with DTA data base i.e., 22,037 (34,877- 12,840) was pending.
- Further, a comparison of closing balances (March 2018) as per the database maintained by DTA in PD Account portal and opening balances (April 2018) in CFMS showed huge differences in 16 test checked cases as below.

Table 4.12: Differences in balances in CFMS and legacy data

(in ₹)				
DDO	HOA	Closing Balance as on 31/03/2018 as per DTA	Opening Balance as on 01/04/2018 as per CFMS	Difference
01011603004	8443001030001000000VN	1,14,604	-2,24,874	-3,39,478
02010202001	8443001030001000000VN	3,39,310	1,14,604	-2,24,706
03120105009	8443001030001000000VN	9,27,85,553	3,39,310	-9,24,46,243
03121307001	8443001030001000000VN	7,200	9,27,85,553	9,27,78,353
03122303006	8443001030001000000VN	13,89,610	7,200	-13,82,410
07060402003	8443001030001000000VN	0	13,89,610	13,89,610
07071503001	8443001030001000000VN	12,65,150	28,300	-12,36,850
07111503001	8443001030001000000VN	97,130	12,65,150	11,68,020
07111503002	8443001030001000000VN	66,992	97,130	30,138
07111804001	8443001030001000000VN	1,53,380	66,992	-86,388
07112202158	8443001030001000000VN	1,47,27,823	1,53,380	-1,45,74,443

07112202159	8443001030001000000VN	59,380	1,47,27,823	1,46,68,443
07112202160	8443001030001000000VN	44,34,300	59,380	-43,74,920
07112210002	8443001030001000000VN	57,044	44,34,300	43,77,256
07112602001	8443001030001000000VN	-2,20,874	57,044	2,77,918
27031603001	8443001160008000000VN	0	1,77,91,934	1,77,91,934

4.7.4 Transfer of funds from Consolidated Fund to Personal Deposit Accounts

An amount of ₹ 70,015.28 crore (40.39 *per cent* of total expenditure) was transferred to Personal Deposit Accounts from Consolidated Fund of the State during 2020-21. Out of this amount, ₹ 67,223.44 crore was transferred from Revenue Heads and ₹ 2,791.84 crore was transferred from Capital Heads of Consolidated Fund of the State.

4.7.4.1 Lapsing of Deposits

An amount of ₹ 22,382.88 crore (12.91 *per cent* of total expenditure) was lapsed to the Government Account from Deposit Accounts as on 31 March 2021. Further, as seen from **Table 4.9** an amount was ₹ 25,796.75 crore was lying unspent in PD Accounts which was not lapsed to Consolidated Fund of the State. The non-lapsing of unspent balances from Deposit Accounts resulted in overstatement of expenditure and deficit of the State to that extent.

Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts, without incurring actual expenditure, resulted in inflation of reported expenditure and deficit of the State. Further, the drawals in the subsequent years from the PD Accounts would not require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism.

State Government stated that, special efforts will be taken during budget exercise to avoid transfer of funds to PD Accounts, to the extent possible.

4.7.4.2 Lapsing of CASP funds

During the year 2020-21, State Government has transferred ₹ 12,848.42 crore to Personal Deposit Accounts from Consolidated Fund for implementation of Central Assisted State Plan Schemes (CASP). Out of that, an amount of ₹ 3,779.01 crore was lapsed back to Consolidated Fund as reduction of expenditure without spending for implementation of schemes. The list of schemes for which funds were lapsed is detailed in **Appendix 4.1**.

The lapsing of funds given by Government of India towards implementation of CASP schemes without spending affects the implementation of schemes..

State Government in its reply stated that, the lapsed funds will be revalidated in the next financial year for utilisation.

While we have seen that the State Government has been revalidating lapsed funds, transferring of funds to PD Accounts and allowing these to lapse eventually at the end of the year without utilisation will affect the implementation of schemes.

4.7.5 Depositing the borrowings of the PSUs/Corporations into Public Accounts of the State

During the period 2015-16 to 2020-21, six PSUs/Corporations have deposited ₹ 30,153 crore of their borrowings in their respective PD Account thus making these borrowings available for managing ways and means position of the State and financing the fiscal deficit thus limiting the utilisation of borrowings for intended purpose. The details of major deposits are given below:

4.7.5.1 AP State Civil Supplies Corporation

APSCSC during the period 2017-21 had borrowed an amount of ₹ 30,181.60 crore for procurement of paddy under Minimum Support Price and distribution of essential commodities under Public Distribution System. Out of this total amount, the corporation had transferred an amount of ₹ 10,001.44 crore to the State Government from its PD Account for the maintenance of Ways and Means of the State Government on the orders of the Finance Department.

Out of the total amount, the State Government had repaid ₹ 9,251.44 crore to the end of the year March 2021 leaving a balance of ₹ 750 crore with the Government.

4.7.5.2 AP State Development Corporation (APSDC)

During the year 2020-21, the APSDC has borrowed an amount of ₹ 17,472 crore from consortium of Banks for the implementation of various state schemes. This borrowed amount was deposited into the PD Accounts of the Corporation. Out of these borrowings, the State Government had lapsed ₹ 222 crore from the PD Account to the Consolidated Fund of the State.

This lapsing of borrowings of the corporation into Government account created an unauthorized receipt (receipt which was not in the notice of State legislature) and understated the expenditure and deficit of the State.

4.7.5.3 AP Power Development Corporation Limited

During the year 2019-20, AP Power Development Corporation had raised an amount of ₹ 400 crore from Power Finance Corporation for setting up of thermal power project and deposited the same in its PD Account as per the orders of the State Government. The said amount was lying unutilised as on 31 March 2021.

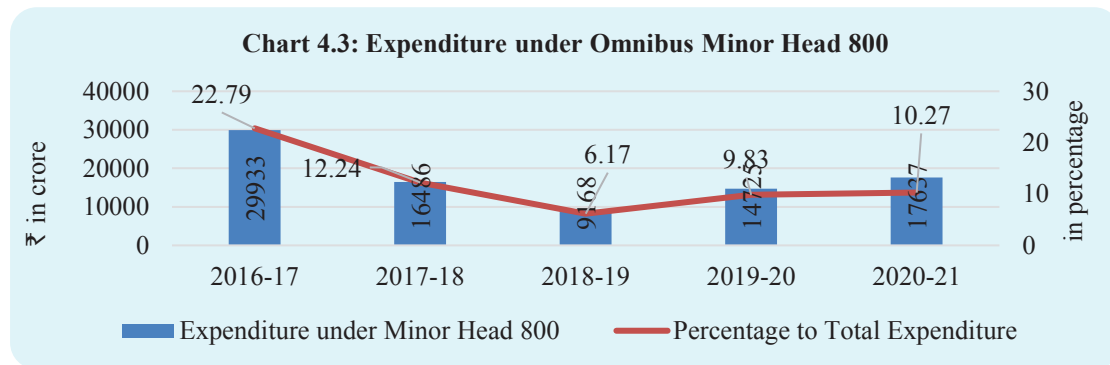
Thus, it is evident that, the State Government is creating burden on State PSUs/Corporations by utilising their borrowings for ways and means of the State.

Diversion of funds and utilising of borrowings of corporations by depositing these borrowings in the PD Account, shows that the PD Account were being operated mainly for meeting the ways and means of the State and diversion of funds for other than intended purposes by parking the funds in PD Accounts. This was against the provisions of AP Financial Code which stipulated that PD accounts were created for placing the funds at the disposal of PD administrators for implementing the schemes/activities of the State.

4.8 Use of Omnibus Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Booking of receipts and expenditure under Minor Head 800 affects transparency and renders the accounts opaque.

During 2020-21, the State Government booked an expenditure of ₹ 17,637.68 crore under Minor Head 800 under 44 Major Heads of Revenue and Capital sections, constituting 10.27 per cent of total expenditure. The extent of operation of Minor Head 800 Other Expenditure, as a percentage of Total Expenditure during 2016-21 is given in **Chart 4.3**.



Source: Finance Accounts of respective years

The usage of Minor Head 800 – other expenditure during 2016-21 shows a mixed trend ranging from 22.79 per cent during 2016-17 to 6.17 per cent during 2018-19. Instances (90 per cent and above) of substantial proportion of the expenditure within a given Major Head, classified under the Minor Head 800 – ‘Other Expenditure’, are given in **Table 4.13**.

Table 4.13: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2020-21

(₹ in crore)			
Major Head	Expenditure under Minor Head 800	Total Expenditure under Major Head	Percentage of MH 800 to total expenditure under Major Head
4875 – Capital Outlay on Other Industries	435.62	434.66 ⁴³	100.22
4435 - Capital Outlay on other Agricultural Programmes	12.50	12.50	100.00
6217 – Loans for Urban Development	1.42	1.42	100.00
2711 – Flood Control and Drainage	0.19	0.19	100.00
2875 - Other Industries	135.57	139.57	97.13

Source: Finance Accounts 2020-21

⁴³ Due to Deduct Recoveries of Overpayments the expenditure under Minor Head 800 was more than expenditure shown under Major Head.

In case of Receipts, the operation of Minor Head 800 was lower compared to expenditure, and it is 0.83 *per cent* of total receipts during 2020-21. During the year, the State Government classified receipts of ₹ 980.66 crore, pertaining to 42 Major Heads, under Minor Head '800 - Other Receipts'. Cases (100 *per cent*) where receipts were classified under Minor Head 800 – 'Other Receipts', are given in **Table 4.14**.

Table 4.14: Significant receipts booked under Minor Head 800 – Other receipts during 2020-21

(₹ in lakh)			
Major Head	Receipts under Minor Head 800	Receipts under Major Head	Percentage of Total Receipts
0211-Family Welfare	144.42	144.42	100
0217-Urban Development	75.38	75.38	100
0235-Social Security and Welfare	29.14	29.14	100
0506-Land Reforms	47.32	47.32	100
1051-Ports and Light Houses	1,307.34	1,307.34	100
1452-Tourism	0.88	0.88	100
1456-Civil Supplies	460.02	460.02	100

Source: Finance Accounts of respective years

State Government replied that the usage of the Minor head 800 is constantly discouraged and cases brought out by AG will be rectified in the ensuing budgets.

4.9 Suspense and Remittance Balances

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are in the nature of adjustments in Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. The position of balances under major suspense and remittance heads for the last three years is given in **Table 4.15**.

Table 4.15: Balances under Suspense and Remittance Heads

(₹ in crore)						
Minor Head	2018-19		2019-20		2020-21	
Major Head 8658 - Suspense	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101 - PAO suspense	65.72	6.60	91.64	4.66	103.18	23.85
Net	Dr. 59.12		Dr. 86.98		Dr. 79.33	
102 - Suspense Account-Civil	244.23	145.62	101.95	257.72	436.71	1,862.94
Net	Dr. 98.62		Cr. 155.57		Cr. 1,426.23	
107 - Cash Settlement Suspense Account	0	0.45	0	0.45	0	0.45
Net	Cr. 0.45		Cr. 0.45		Cr. 0.45	

Minor Head	2018-19		2019-20		2020-21	
109 - Reserve Bank Suspense - Headquarters	14.64	7.92	13.71	7.92	14.20	8.50
Net	Dr. 6.71		Dr. 5.78		Dr. 5.70	
110 - Reserve Bank Suspense - CAO	252.37	82.73	216.97	83.03	148.54	71.18
Net	Dr. 169.64		Dr. 133.93		Dr. 77.36	
112 - Tax Deducted at Source (TDS) Suspense	886.67	1,114.99	886.67	1,907.21	886.67	2,044.16
Net	Cr. 228.32		Cr. 1,020.54		Cr. 1,157.50	
123 - A.I.S Officers' Group Insurance Scheme	0	0.45	0	0.48	0	0.48
Net	Cr. 0.45		Cr. 0.48		Cr. 0.48	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	973.25	294.20	973.10	284.34	76,007.40	75,318.10
Net	Dr. 679.05		Dr. 688.76		Dr. 689.30	
103 - Forest Remittances	438.96	617.55	439.12	617.44	439.12	617.42
Net	Cr. 178.59		Cr. 178.32		Cr. 178.27	

Source: Finance Accounts of respective years

4.9.1 PAO Suspense

This Minor Head is intended for the initial record of inter-Governmental transactions arising in the books of a Central PAO, Separate Accounts Officers of Union Territories and by Accountant General where the other party involved is a PAO. Separate sub-heads are opened under this Minor Head for each Accounts Officer with whom transactions are to be settled. This Minor Head is operated for settlement of amounts received by the State from the Central Ministries/other Union Territories through Reserve Bank of India. Outstanding debit balances under this head indicate that payments have been made by the PAO on behalf of others which are yet to be recovered and credit balances represent the amounts yet to be paid.

As on 31 March 2021, there was a debit balance of ₹ 103.18 crore under this head of account. PAO Central Pensions, M/o Finance (₹ 44.82 crore), Regional PAO, M/o Shipping and Transport (₹ 53.66 crore) are the major entities from where State Government has to receive the funds.

4.9.2 Suspense Account (Civil)

This Minor Head is operated by the Accountant General to accommodate provisionally the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents viz., challans, vouchers etc. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively. Outstanding debit balance under this head implies 'payment made' but could not be debited to the final head of expenditure for want of certain particulars and outstanding credit balance represents the 'receipts' which could not be credited to final receipt head of account for want of details.

Major debit balance outstanding under this head was in respect of Tungabhadra Project-

Remittances in Treasuries in other Accounting Systems, (₹ 157.49 crore). Major Credit balance was shown towards unclassified receipts of ₹ 108.78 crore.

4.9.3 Reserve Bank Suspense – CAO

Whenever transfer of substantial balances between Central and State Governments takes place on account of sanction of loan, Grants-in-aid etc., this Minor Head is operated to record the transactions before taking them to their final Head of Account. In case of sanction of loan to the State Government, on receipt of sanction from the PAO of the Ministry concerned, the Accountant General gives credit to MH 6004 – Loans and Advances from the Central Government by debiting MH 8658 Suspense Account 110 RBS (CAO) and awaits adjustment memo from CAS, RBI, Nagpur. After receiving the adjustment memo from CAS, RBI, Nagpur the Suspense Account (Minor Head 110 – RBS (CAO) is cleared by minus debit to MH 8675-RBD-Minor Head 106 of the State. A credit balance under this Minor Head would mean that repayment of loan has not been taken to its final head and a debit balance means loan received from GoI was not booked under the concerned loan head (MH 6004).

As on 31 March 2021, there was a debit balance of ₹ 77.36 crore under this suspense head, awaiting adjustment under Major Head 6004.

4.9.4 Tax deducted at Source (TDS) suspense

This Minor Head is intended to accommodate receipts on account of Income tax deducted at source viz., interest payments on State Government securities, salary bills of State Government employees and pension bills etc., by State Treasury officers/State Pay and Accounts Officers/ other Departmental officers who render compiled accounts of State Government as well as from interest payments on State Government securities made at Public Debt offices of the RBI in the books of the Accountant General to enable them to settle transactions with Zonal Accounts Officers concerned of Central Board of Direct Taxes by means of Cheques/Bank Drafts.

As on 31 March 2021, the State Government had a credit balance of ₹ 1,157.50 crore under '8658-112 – TDS Suspense', which indicates that, the tax recovered by the State Government is yet to be passed to Central Government.

4.9.5 Remittance Heads

The departmental officers in the Public Works Departments and Forest Departments in the State Government are empowered to handle the receipts and disbursements in the divisions. For that purpose, they are operating the head '8782-Cash Remittances'. The net debit balances under this head indicates more deposits of the money in the treasury/bank by the Public Work divisions whereas the net credit balance under this head indicates the un-encashed cheques or items of adjustments to be carried out by the divisions with other Accounts officers.

As on 31 March 2021, there was a debit balance of ₹ 689.30 crore under Public Works divisions and a credit balance of ₹ 178.27 crore under Forest Remittances.

4.9.6 Inoperative Reserve Funds

'Reserve Funds' are created for specific purposes by the Government out of their funds with subdivisions – one for the Funds bearing interest and the other for the Funds not bearing interest.

A test-check on these Funds showed that as of 31 March 2021, an amount of ₹ 10.39 crore under Reserve Fund bearing interest and ₹ 15.25 crore under Reserve Fund not bearing interest, were lying inoperative. Details are shown in the **Appendix 4.2**.

4.10 Compliance to Indian Government Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Andhra Pradesh in 2020-21 and deficiencies therein are detailed in **Table 4.16**:

Table 4.16: Compliance to Accounting Standards

Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
IGAS 1: Guarantees given by the Government – Disclosure requirements	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Not complied (Statement Nos. 9 and 20 of Finance Accounts)	Though sector-wise details were disclosed, class-wise details were not incorporated. The government has disclosed the maximum amount of guarantees given during the year, detailed information like number of guarantees invoked were not furnished. The Statements are incomplete to that extent. (Refer to Paragraph 2.8 for further audit findings on Guarantees)
IGAS 2: Accounting and Classification of Grants-in- Aid	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Not complied (Statement No. 10 of Finance Accounts)	State Government made budgetary provision and classified GIA amounting to ₹ 2.38 crore under Capital Major Heads of Account, instead of under the Revenue Section. It did not also furnish any information regarding GIA paid in kind during the year. (Refer to Table 1.9 of Paragraph 1.8.4 for further audit findings on impact of

Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
			classifying Grants in Aid under Capital Section) Non-compliance led to understatement of Revenue Deficit and overstatement of capital expenditure.
IGAS 3: Loans and Advances made by Governments	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Not complied (Statement No. 18 of Finance Accounts)	While the State government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the details of overdue Principal and interest was not furnished. Confirmation of balances of individual Loanee was not furnished. (<i>Refer to Paragraph 2.5.4.2 for further audit findings on Loans and Advances</i>)

Source: Indian Government Accounting Standards and Finance Accounts

Non-Compliance with the Accounting Standards would impact the objective of financial statements to present a true and fair view of the financial position and cash flows apart from hindering fiscal transparency.

4.11 Submission of Annual Accounts by Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Section 19 or 20 of “Comptroller and Auditor General of India (Duties, Powers and Conditions of Service Act) 1971” (CAG’s DPC Act).

There were 36 ABs coming under the audit purview as per Section 19 or 20 of the CAG’s DPC Act, which were required to submit their Annual Accounts to CAG before 30 June every year. There was a delay in submission of accounts by such entities to Audit ranging from one to eight years as of September 2021. Details of the periods up to which accounts were due and rendered are given in *Appendix 4.3*. Age-wise details are shown in **Table 4.17**.

Table 4.17: Age-wise arrears of Annual Accounts

Sl.No	Delay in Number of Years	No. of Bodies / Authorities
1	0-1	02
2	2-3	11
3	4-5	12
4	6-7	09
5	8 or more	02
Total		36

Further, in order to identify the institutions⁴⁴ which attract audit under Sections 14 and 15 of the CAG's (DPC) Act 1971, Rule 88 of the Regulations on Audit and Accounts (2020) mandates the Government/Heads of Department to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose of such assistance and the total expenditure of the institutions. However, the same was not being furnished by the State Government/HoDs.

Annual accounts of 248 such authorities/bodies (1,738 Accounts) were not submitted to Audit as of September 2021. Details of the periods up to which accounts were due and rendered, based on the previous accounts received, are given in *Appendix 4.4*.

4.12 Submission of Annual Accounts of Public sector Undertakings (PSUs)

According to Section 395 of the Companies Act, 2013, every State Government shall cause an annual report on the working and affairs of the Government Company to be prepared within three months of its Annual General Meeting and as soon as may be after such preparation, lay before the House or both Houses of the State Legislature together with a copy of the audit report and comments upon or supplement by the Comptroller and Auditor General of India to the Audit Report.

Annual accounts of 77 PSUs (237 Accounts) were not submitted to Audit as of November 2021. Details of the periods up to which accounts were due and rendered, are given in *Appendix 4.5*.

Out of the 16 companies, which submitted their Annual Accounts up to 2020-21, eight companies⁴⁵ were not reflected in statement of Investments of Finance Accounts 2020-21. As per Annual Financial Statements furnished by the remaining eight companies, the State Government has invested an amount of ₹ 3,091.12 crore and received an amount of ₹ 399.42 crore as loan. However, as per Finance Accounts, the investments in these Companies were ₹ 4,672.86 crore and the outstanding loans of these companies are ₹ 3,545.92 crore including un-apportioned investments and loans prior to bifurcation (*Appendix 4.6*) There is a difference of ₹ 1,581.74 crore and ₹ 3,146.50 crore in respect of investments and loans respectively between the information as per Finance Accounts and Annual Financial Statements of these Companies. Thus, there is a need for reconciliation of investments as per Government Accounts and as per the Annual Financial Statements of Government Companies and Statutory Corporations.

Delay in submission of Accounts is being brought to the notice of the State Government periodically through Audit Reports. In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those Bodies/ Authorities and their accounting cannot be vouched. Apart from reflecting on the inadequate monitoring by the State Government, absence of accounts indicates lack of accountability from

⁴⁴Educational Institutions, Government Organisations, Autonomous bodies, etc.,

⁴⁵ (i) AP Heavy machinery and Engineering Limited (ii) Eastern Power Distribution Company of Andhra Pradesh Limited (iii) AP Township and Infrastructure Development Corporation (iv) AP Metro rail Corporation Limited (v) Central Power Distribution Company of Andhra Pradesh (vi) Southern Power Distribution Company of Andhra Pradesh (vii) Godavari Gas private limited and (viii) AP Gas Distribution Corporation Limited

these bodies/authorities for the funds released by Government of Andhra Pradesh.

State Government has replied that all the autonomous bodies, Development authorities and PSUs will be advised to submit the accounts at the earliest to Accountant General.

4.13 Deposits of Local Funds

Andhra Pradesh Panchayat Act, 1994 provides that Zilla Praja Parishad (ZPP), Mandal Praja Parishad (MPP) and Gram/Village Panchayat (GP) would maintain ZPP, MPP and GP funds respectively (under the classification 8448 – Deposits of Local Funds – 109 – Panchayat Bodies Funds) which would include all the money realised or realisable under the Act and all money otherwise received by the PRIs, such as grants received from Central Finance Commission and State Government as part of the State Finance Commission award and its own revenue, which includes tax and non-tax receipts of a Panchayat.

Andhra Pradesh Municipalities Act, 1965 envisages that the Municipal Fund is to be held by the Municipality. All the money realised or realisable under the Act and all money otherwise received by the Municipalities are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds – 102-Municipal Funds. The details of balances, receipts and payments under these funds are given in **Table 4.18**.

Table 4.18: Deposits of Local Funds

		₹ in crore)						
Year	Sl.No		2016-17	2017-18	2018-19	2019-20	2020-21	
Gram Panchayat/ Village Panchayat Fund (8448-109-01)	1	OB	1,646.46	2,104.93	1,825.39	1,540.04	2,888.32	
	2	Receipts	2,166.62	2,185.08	1,764.20	2,717.07	4,255.93	
	3	Payments	1,708.16	2,061.19	2,049.55	1,363.78	4,494.21	
	4	CB	2,104.93	2,228.82	1,540.04	2,888.32	2,650.05	
Mandal Praja Parishad Funds (8448-109-02)	5	OB	290.32	261.92	297.18	326.32	230.92	
	6	Receipts	219.02	789.06	1,036.60	372.01	468.69	
	7	Payments	247.42	674.23	1,007.47	467.40	126.49	
	8	CB	261.92	376.75	326.32	230.92	573.12	
Zilla Praja Parishad Funds (8448-109-03)	9	OB	780.07	886.67	786.09	437.69	504.95	
	10	Receipts	525.11	475.16	194.63	261.53	579.87	
	11	Payments	418.52	313.74	543.03	194.27	274.53	
	12	CB	886.67	1,048.09	437.69	504.95	810.30	
Total PRI Funds	13 (4+8+12)		3,253.51	3,653.65	2,304.05	3,624.25	4,033.47	
Municipal Funds (8448-102)	14	OB	1,875.87	3,670.50	3,434.47	2,806.92	4,210.06	
	15	Receipts	4,181.94	4,236.34	4,431.57	4,021.78	3,052.20	
	16	Payments	2,387.31	4,276.79	5,059.12	2,618.64	2,500.28	
	17	CB	3,670.50	3,630.05	2,806.92	4,210.06	4,761.98	

Source: Finance Accounts of respective years; **Note:** Differences in CB of 2017-18 and OB of 2018-19 was due to apportionment of balances between Andhra Pradesh and Telangana

As is evident from the above table, huge funds were lying unspent under Municipal Funds. During the year 2020-21, the closing balance of ₹ 4,761.98 crore under Municipal Funds includes ₹ 1,138.11 crore of XV FC grants and ₹ 987.50 crore of unspent amount of Central Sponsored Schemes.

4.14 Timeliness and Quality of Accounts

Accountant General (A&E) receives the compiled accounts of the State from 13 District Treasuries, 19 Public Works Pay and Accounts Offices (PAOs) (out of which 16 PAOs also render Forest Accounts), other PAO, 3 Tungabhadra Divisions and Advices of the Reserve Bank of India. There was no exclusion of primary accounts during 2020-21.

Non-Submission of Utilisation Certificates, pendency in Detailed Contingent Bills, Discrepancies in Personal Deposit Accounts and Non-adherence to Indian Government Accounting Standards by the State Government affected the completeness, transparency and disclosure of Accounts.

4.15 Underutilisation of GoI share in respect of centrally sponsored schemes

During 2020-21, Government of India released ₹ 12,514.03 crore towards implementation of 61 Centrally Sponsored Schemes as detailed in **Appendix 4.7**. The State Government has expended 39.46 *per cent* (₹ 2,071.98 crore) in respect of 26 CS schemes against the GOI release of ₹ 5,250.41 as detailed in **Appendix 4.8**. The expenditure on these schemes was less than the contribution of GoI, which suggests that these schemes were not implemented as envisaged.

State Government stated that, due to release of funds at the fag end of the year by GoI, the funds remained unutilised at the end of the year.

The reply of the State Government is not justified as 69 *per cent* of GoI releases were made to the State Government by December 2020.

4.16 Underutilisation of funds - Scheduled Castes and Scheduled Tribes

As per Government Instructions⁴⁶, all the Departments should earmark at least a minimum of 17.08 *per cent* and 6.6 *per cent* of total outlay in the Budget exclusively for the development of Scheduled Castes and Scheduled tribes respectively by designing schemes that would directly benefit the SCs/STs individually or as a community to improve the economic and social condition of the targeted groups.

Budget allocation and expenditure for the SCs and STs during the year 2020-21 are given in **Table 4.19**.

⁴⁶ G.O.Ms.No.9 Planning (XXII) department, dated 23-02-2013

Table 4.19: Budget vis-à-vis expenditure for SCs/STs

	Total budget (Original+Supplementary)	Total Provision allocated for SCs and STs	Total provision reappropriated- (Per cent in brackets)	% of original allocation	(₹ in crore) % of final allocation (after reappropriation)
For SCs	2,55,516.84	8,412.71	(-) 2,189.48 (26.03%)	3.29%	2.43%
For STs		3,223.24	(-) 942.49 (29.24%)	1.26%	0.89%

As seen above, during 2020-21 State Government allocated ₹ 8,412.71 crore and ₹ 3,223.24 crore for welfare of SCs and STs respectively. Of these, ₹ 2,189.48 crore (26.03 per cent) and ₹ 942.49 crore (29.24 per cent) were reappropriated from earmarked funds provided for the benefit of SCs and STs respectively, indicating diversion of funds and thereby underutilisation.

4.17 Follow up action on Audit Reports

As per the instructions issued by Finance and Planning Department in November 1993, administrative Departments are required to submit Explanatory Notes within three months of presentation of Audit Reports to Legislature, without waiting for any notice or call from Public Accounts Committee, duly indicating action taken or proposed to be taken.

As on 31 March 2021, Finance Department has not furnished the Explanatory Notes (ENs) for the State Finances Audit Reports for the years 2016-17 and 2017-18. Recommendations of Public Accounts Committee (PAC) on Audit Reports on State Finances for the years 2014-15 and 2015-16 were placed before State Legislature on 06 February 2019.

4.18 Conclusion

Operation of PD Accounts lacked clarity and transparency as huge amounts were shown to have been transferred to these accounts during the year but were not actually made available to the departmental officials for incurring expenditure. About one third of budgeted funds were shown as closing balance in PD Accounts while the State had huge Revenue Deficit. The data in CFMS related to balances did not match the pre-CFMS legacy data. Further, there was a big gap in the number of PD Accounts and the amount lying in these as per CFMS and Finance Accounts which requires reconciliation. Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts without incurring actual expenditure, resulted in inflation of expenditure and lack of legislative scrutiny. It is imperative to curtail the usage of Personal Deposit Accounts to maintain the sanctity of budgetary process.

Non-submission of accounts by Autonomous Bodies, Development Bodies/Authorities and PSUs was in violation of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government Departments.

Underutilisation of Grants-in-Aid provided by the Government of India for implementation of Centrally Sponsored schemes defeats the envisaged objectives of implementation of the schemes and could affect release of further grants from the GoI.

4.19 Recommendations

- 1. State Government should review all PD accounts to ensure that the funds lying unutilised in these accounts are immediately remitted to the Consolidated Fund of the State.*
- 2. State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission of Utilisation Certificates and Detailed Countersigned Contingent bills.*
- 3. State Government should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in a time bound manner, to assess their financial position.*
- 4. Internal control mechanism needs to be strengthened and the Government needs to formulate an action plan expeditiously to ensure that the Controlling Officers reconcile their figures of receipts and expenditure with those of the Principal Accountant General (A&E) at prescribed intervals, to provide transparency and accuracy in accounting of Government transactions.*
- 5. State Government should discourage the use of omnibus Minor Head 800 and in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under this Head and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*

Chapter 5 Use of Special Bills by the State Government

5.1 Introduction

The Finance Accounts of the Government of Andhra Pradesh present the financial position along with accounts of the receipts and disbursements of the Government for the year. It is audited by the Comptroller & Auditor General of India in accordance with the requirements of Articles 149 and 151 of the Constitution of India. Such audit forms the basis for the audit opinion contained in the Certificate signed by the CAG on the Finance Accounts of the year.

The Finance Accounts are prepared by the Office of the Principal Accountant General (Accounts & Entitlements), Andhra Pradesh from the initial accounts received from 13 treasuries and other offices, and/or departments functioning under the control of the Government of Andhra Pradesh. Generally, all the financial accounting entries of the State Government are processed through the treasury system, involving the following steps:

- Drawing & Disbursing Officers in various Departments of the State Government draw the *bills* based on approvals contained in the *sanction orders*.
- The payments are processed by the District Treasury Officers based on availability of budget as contained in the *Budget Release Orders* (BROs) issued by the State Finance Department during the year.

This workflow for financial accounting entries is a part of the framework of internal controls for budget and expenditure management in the State Government. District Treasury Offices are required to ensure that every payment/accounting entry is duly authorised and budgeted and are compliant to rules and regulations. An additional layer of internal control is the Treasury inspection carried out periodically by the Office of the Principal Accountant General (Accounts & Entitlements), Andhra Pradesh.

The compilation of initial accounts in the Treasuries of Andhra Pradesh was automated in 2018-19 with the introduction of Comprehensive Financial Management System (CFMS). All financial accounting entries are initiated, approved, paid and recorded through the CFMS which is designed as a single source of truth. Andhra Pradesh Centre for Financial Systems Services (APCFSS), a Company under the Companies Act, 2013 operates the CFMS.

5.2 Audit of Special Bills

The issue regarding Special Bills was detected during a Treasury inspection conducted by the Office of the Principal Accountant General (Accounts & Entitlements), Andhra Pradesh in March 2021 in respect of certain accounting entries effected centrally at the APCFSS through backend of the CFMS, thus by-passing the controls in the ordinary workflow of financial accounting entries.

Our initial examination showed that for the year 2020-21, 54,092 accounting entries were processed centrally at the APCFSS through backend of the CFMS. They were

processed through “Special Bills” in the CFMS, which is not an authorised type of a bill in the Treasury Code. The gross amount transacted through the Special Bills was ₹ 48,284.31 crore including adjustments between the Consolidated Fund of the State and the Public Account. The payments which led to outgo from the Consolidated Fund of the State (CFS) (₹ 13,071.08 crore) accounted for 7.5 *per cent* of the total payments (₹1,73,367 crore) made from the Consolidated Fund of the State; adjustments in the Public Account (₹ 35,213.23 crore) accounted for 13.12 *per cent* of the payments from the Public Account (₹ 2,68,327 crore).

Financial attest audit requires that an Auditor may give an unqualified opinion if he is of the view that Finance Accounts give a true and fair view of the financial position and the receipts & disbursements. However, the Auditor may give a modified opinion in the following circumstances when he is either:

- i. Uncertain as to whether the material error does or does not exist in the accounts or;
- ii. Disagrees with the way something has been dealt with in the accounts

We conducted an initial examination to assure ourselves that:

- Sufficient reasons existed why these accounting entries could not be booked by following the process flow in the CFMS and routing it through the Treasury,
- Necessary documentation backed these accounting entries to show that the amounts booked were correct, duly authorised, and approved and consistent with the rules and regulations.

This initial examination done with the access provided to us in CFMS, could not provide us the above assurance, raising the possibility of a modified opinion. The Auditing Standards lay down that a disclaimer may be considered when sufficient evidence cannot be adduced but the effect could be both material and pervasive. We concluded that the matter relating to Special Bills may demand a modified opinion with a Disclaimer.

The Auditing Standards also require that the auditor must before such action to issue a modified opinion, request the Management to remove the limitation (which will cause the issue of modified opinion). Hence, the State Government was alerted to the possibility of issue of a disclaimer through a letter to the Principal Secretary, Finance dated 11th October 2021. This was followed by a meeting on 18th October 2021 with the Finance Department and another round of meetings in which the officials of the Finance Department provided a walkthrough of these accounting entries in the CFMS.

The Department, in response, categorised the accounting entries into 14 categories⁴⁷ (details at *Appendix 5.1*) from which we drew a sample based on materiality and

⁴⁷There were 15 categories. But one category with a total of 100 accounting entries totalling an amount of ₹ 224.73 related to remitting TDS on GST (deductions made by various State Government departments on goods & services received by them during the year) to the Government account. These accounting entries, though categorised as special bills, were processed through the normal treasury route and not through the back end of CFMS. Accordingly, we did not include this category of accounting entries in our analysis.

perception of potential risk. In all, a sample of 589 accounting entries (details in *Appendix 5.2*) amounting to ₹ 33,009.43 crore, was selected for detailed examination.

The objectives of our examination were to seek an assurance whether:

- the accounting entries carried out through backend of the CFMS could have been effected through the prescribed treasury route;
- each accounting entry was backed by documents that laid down the basis for effecting them as well as ensured that they did not exceed the laid down limits of authorisation.

On the basis of the examination, we concluded that these material accounting entries were effected without any valid rationale through the backend of the CFMS and were in violation of the Treasury Code and the IT controls. These accounting practices are fraught with the risk of inflating the Government expenditure besides possible misappropriation as these were done in backend of the CFMS. Therefore, a qualified opinion was made in the Audit Certificate of the Finance Accounts and the opinion of Audit on the true and fair nature of accounts was subject to the above violations. This Report provides the results of the detailed examination of the Use of Special Bills in Accounting in Government of Andhra Pradesh during 2020-21.

The report was forwarded (December 2021) to the State Government for their response and the reply is awaited (January 2022).

5.3 Audit Findings

5.3.1 Summary of Audit Findings

5.3.1.1 Basis for the Audit Conclusion

The results of our audit are summarised (**Table 5.1**) under three categories based on the explanation provided by the Finance Department.

Table 5.1 – Summary of the audit findings

Sl.No	Category	Supported by		Possibility of processing through the regular treasury route
		Government Orders/ Sanction orders	Budget Release orders	
I	Accounting Entries for Special Events			
a.	Financing of Direct Beneficiary transfer schemes	✓	Not Applicable	Yes. These could have been processed using Nil Payment Bills route at DDO level
b.	Deduction of Electricity charges from the 14th Finance Commission Grants given to Local Bodies	✓		
c.	Funds transferred from RLB to ULB due to upgradation from Village Panchayat to Nagar Panchayat	✓		
II	Accounting Entries for Ordinary Events			
a.	Lapsing of unutilised Centrally sponsored State scheme funds	X	X	Yes. These could have been processed using Nil Payment Bills route at DDO level
b.	Lapsing of unutilised State scheme	X	X	

c.	Revalidation of unutilised funds of previous financial year in current year	X	X	Yes. These could have been processed using Nil Payment Bills route at DDO level
d.	Alteration memoranda for rectification of Head of Accounts	X	X	Yes. These could have been processed through Alteration Memoranda with prior concurrence of O/o PAG (A&E).
e.	Funds transferred from one Fund centre to another Centre due to change of headquarters	X	X	Yes. These could have been processed using Nil Payment Bills route at DDO level
f.	Correcting the head of account for NPS transfer	X	X	
III	Accounting Entries for with no valid basis			
a.	Use of suspense heads for failed DBT transfer	X	X	Yes. These could have been processed using Nil Payment Bills route at DDO level
b.	Reversing of the transaction at (a)	X	X	
c.	Adjustment of errors	X	X	

The financial impact under each category is as under

Table 5.2–Details of sample for each category

Category	Total entries		Sampled entries	
	Number	Amount	Number	Amount
I	10,664	26,839.60	117	25,993.68
II	26,740	12,320.14	356	1,545.27
III	16,688	9,124.57	116	5,470.48
Total	54,092	48,284.31	589	33,009.43

Thus, we concluded that:

- In respect of 05 out of 14 categories totalling to ₹ 26,839.60 crore, the Finance Department informed us that the entries were a consequence of Government orders on schemes and on local bodies. While the relevant Government orders were provided to us, no valid reason was forthcoming as to why these entries could not be carried out in consonance with the Treasury code, through the CFMS and the Treasury system.
- In respect of 16,688 accounting entries totalling to ₹ 9,124.57 crore, the Finance Department had no explanation as to why they were even necessitated in the first place, much less being carried out through the backend.
- There were 1,006 accounting entries with a debit of ₹ 8,891.33 crore to the Consolidated Fund of the State which were made without requisite sanction orders or Budget Release Orders, while 25,734 entries totalling to ₹ 3,428.81 crore, were only supported by internal documents of the APCFSS as the basis, which were not valid as per the Treasury code.

5.3.1.2 *On the rationale for use of Special Bills*

In a series of correspondence, the Finance Department conveyed to us that “*certain repetitive and routine accounting entries are enabled to be carried out centrally every year, such as lapsing of PD Accounts, issue of alteration memoranda, transfer of TDS, reprocess of failed payment etc. This is provided essentially to ensure the accurate classification of expenditure, to reflect the actual expenditure incurred through deposit accounts, to ensure compliance with the norm of prudent fiscal management, etc*”. The Department also offered a reassurance that it is undertaking necessary measures and implementation of e-Treasury, which will act as central processing centre with a mandate to undertake all the centralised accounting entries under proper authorisation and is under time bound development.

We do not find the above rationale tenable because:

- These accounting entries could have been done through the existing workflow in CFMS as detailed in **Table 5.1**.
- Any new procedure for financial accounting entries (such as Special Bills) should be preceded with an amendment to the rules concerned, backed by a valid reasons for such amendment.

5.3.1.3 *On the ratification of the entries*

Upon being questioned by PAG (A&E), the Principal Secretary (Finance) ratified (August 2021) the backend transactions made at the APCFSS.

We noted that the Financial Rules are made under Article 283 of the Constitution of India, which states that “the custody, receipts, withdrawals of the Government accounts shall be regulated by the law of legislature or rules made by Governor of the state.” Thus, the powers of ratification of accounting entries made in violation of the Rules was not within his powers as the procedure for carrying out these adjustment transactions are laid down in the treasury code. Further, the Finance Department in compliance to Audit observations and as a corrective measure, issued a Government Order No.80 dated 12 October 2021 entrusting the activities which were being managed by APCFSS to Director of Treasury and Accounts, Pay and Accounts officer and Director of Works and Accounts, which confirms the contention of Audit that the operation of Special Bills was unauthorised.

The details of these accounting entries are discussed in the following paragraphs:

5.3.2 **Detailed audit findings**

5.3.2.1 *Category I: Special events*

A Extra Budgetary funding for Welfare Schemes

The State Government established (November 2020) a dedicated Corporation namely “Andhra Pradesh State Development Corporation Limited (APSDC)” with the mandate of planning, funding and financing social and economic development projects and activities in the State of Andhra Pradesh. For financing the Corporation, Government

shall identify requisite resources comprising of existing revenue streams and new revenue streams through levying of cess, development cess, fees, charges, *etc.* as applicable and assign these revenues to the Corporation to raise financing and fulfil its objectives. Once assigned, for the purpose of raising financing, such identified revenue sources shall not be used for any other purpose. In case the Government cancels or reduces the assigned revenue streams or there is any shortfall in the assigned revenues for meeting the debt servicing obligations of the Corporation, Government shall assign alternative revenue streams to meet the committed financing and debt servicing liabilities of the Corporation or alternatively the Government shall take over the financial and debt servicing obligations of the Corporation. Further, the core activities of the APSDC are to mobilise resources from banks, financial institutions, nonbanking financial companies, investors, contributors and others through the escrow of the assigned cash flows and to raise money from capital markets (domestic and international), money markets, borrowings from banks, financial institutions and other instruments in compliance with various Statutes, rules, regulations as prescribed by various statutory and regulatory authorities.

The State provided (November 2020) a guarantee of ₹ 25,000 crore for the loans to be raised in future by APSDC. During the year 2020-21, APSDC borrowed ₹ 17,472 crore from a consortium of banks. Out of this, an amount of ₹ 16,899 crore was disbursed to 63 Corporations for implementing the State Government Welfare Schemes (*Navaratnalu*⁴⁸) viz., YSR Aasara, Amma Vodi and YSR Cheyuta. Out of the 63 Corporations, 56 Backward Classes Corporations were established only in 2020-21. These borrowings by APSDC were solely for the purpose of meeting revenue expenditure of the Government towards welfare schemes, which if were budgeted would have impacted the Revenue Deficit and Fiscal Deficit for the year 2020-21.

APSDC could raise the market loans from a consortium of banks against guarantees provided by the State Government. Such guarantees are in the nature of contingent liabilities which are based on two assumptions:

- that the Corporation would be able to repay the borrowed sum along with interest from its own sources of revenue and;
- The State would have to discharge this liability only in the *contingency* that APSDC fails to discharge its debt obligation.

State Government decided (September 2020) to levy 10 *per cent* of Additional Retail Excise Tax (ARET) on various alcoholic beverages and transfer (November 2020) ARET collected from 10 selected depots of Andhra Pradesh State Beverages Corporation Limited, a day after collection, to an escrow account assigned to APSDC for the repayment of its loans. State Government assigned ₹ 910.75 crore as Grants-in-Aid to APSDC for further transfer to escrow account.

APSDC has no source of revenue other than the revenue of Additional Retail Excise

⁴⁸ Navaratnalu are a set of nine welfare schemes introduced by the Chief Minister of Andhra Pradesh, as promised during Praja Sankalpa Yatra before 2019 assembly elections

Tax. In effect, the borrowings of APSDC will have to be totally repaid by the State Government. Thus, these borrowings are no different from the borrowings reflected in the budget with regard to the liability of repayment. Therefore, even though repayment of borrowed amount and its interest are being financed through Government revenue, the Government's financial documents do not reflect these borrowings.

Notwithstanding the APSDC Act and the Government orders, the power to assign revenue (including taxes) vests with the Legislature, which is exercised through the Appropriation Bill each year. Commitment of future revenues to loan repayment is predicated on such appropriation each year by the legislature. Further, it impacts on inter-generational equity. The borrowings were neither part of the budget and not reflected as debt in the account of the Government due to use of another agency for raising borrowed funds even though the liability for servicing remained with the State Government.

B Financing of Direct Benefit Transfer (DBT) schemes

The event: A budget provision ₹ 10,895.67 crore was made for the financial year 2020-21 for two Direct Benefit Transfer (DBT) schemes, YSR Cheyutha & Asara, which was to be implemented by eight⁴⁹ corporations/PD Accounts. To facilitate the implementation, budgetary transfer was made from the Consolidated Fund of the State to the Personal Deposit⁵⁰ accounts of these eight corporations.

Subsequently, the Government took a decision to fund these schemes not through the budget but through market loans. The State Government entrusted six welfare schemes, including the above two DBT schemes to APSDC.

In line with these decisions, the entire budget provision of ₹ 10,895.67 crore was withdrawn and adjusted back to the Consolidated Fund of the State through 15 special bills. Later, the same amount was transferred from Personal Deposit Account of APSDC to the Personal Deposit Accounts of the eight corporations through three special bills.

No Need for backend adjustments: These 18 special bills were transacted by APCFSS in the back end. But all the transactions could have been done using the authorised Nil payment⁵¹ bills by the Drawing & Disbursement Officer with an authorised order approving the accounting entry. As these are transactions of routine nature involving both CFS and Public accounts, there is no need for the department to take this route. The concerned departments could have been instructed to do these transactions with a proper order from the department.

⁴⁹Backward Classes Co-operative Finance Corporation, Brahmin Welfare Corporation, Christian Minorities Finance Corporation, AP State Kapu Welfare Corporation, AP State Scheduled Tribes Co-operative Finance corporation, AP State Scheduled Caste Co-operative Finance corporation, AP Minorities Corporation, Backward Classes Welfare Corporation (Economically Backward Classes).

⁵⁰Personal Deposit accounts are virtual bank accounts that facilitate uninterrupted availability of funds for operations at the field level for scheme implementation. Funds are given under the Personal Deposit Accounts for specific purposes by debiting the service heads in the Consolidated Fund of the State

⁵¹ Accounting entries that transfer funds from the Public Account to the Consolidated Fund of the State or vice-versa do not result in a payment and hence are called Nil payment bill

C Deduction of Electricity Charges from the Finance Commission Grants of the Local Bodies

The event: One of the pre-conditions set (March 2021) by the Government of India for release of Tranche-II under the Liquidity Infusion Scheme was that the State Government may clear all its electricity dues to the Distribution Companies (DISCOMs). Accordingly, Government Orders were issued (March 2021) by the Finance Department and Energy department was to deduct the electricity charges of Panchayati Raj Institutions (PRI) at source from their Fourteenth Finance Commission Grants. For this purpose, the Energy Department was authorised to operate the head of account into which the Finance Commission grants to the PRIs are remitted into.

No Need for backend adjustments: These deductions were done through 10,597 special bills, amounting to ₹ 854.19 Crore, on the basis of the Government order. Our test-check showed that these deductions were made from the General funds of the Panchayat Raj institutions, based on the Government order to deduct such arrears at source of the grant. These accounting entries (and transfers to the Energy Department) could have been done once again, through Nil payment bills.

Other issues: The different streams of revenue Finance Commission Grants, Own Revenues, State finance commission Grants, any other scheme grants are the rightful receipts of the PRIs, which are recognised as third tier of governance by the Constitution of India. Such decision to deduct the electricity dues directly at source from its legitimate grants, go against the spirit of the Constitution. Authorising the Energy Department to operate the head of account into which the Finance Commission Grants to the PRIs are remitted into, also runs contrary to the constitutional intent of autonomy to the PRIs. We also noted that the 14th Finance Commission had stipulated that no conditions other than fixed by the Commission, should be imposed either by the Union or the State Government for the release of funds.

D Upgradation from Village Panchayat to Nagar Panchayat

Through a Government order (January 2020), 24 Gram Panchayats were upgraded as Nagar Panchayats. Accordingly, fund amounting to ₹ 14.32 crore, through 44 Special bills, was transferred to Personal Deposit Accounts of the Nagar Panchayats from Personal Deposit accounts of Gram Panchayats. The available route of Nil payment bills was not used.

5.3.2.2 Category II: Ordinary events

A Lapsing of funds

Ordinarily, funds earmarked for Centrally assisted State Plan scheme (CASP) are transferred by a debit from the expenditure head in the Consolidated Fund of the State and a credit to the Personal Deposit Accounts opened for each scheme. Funds lying unspent at the end of the year are lapsed by reversing the initial accounting entry. The Finance Department informed us that 24,627 Special Bills involving an amount of ₹ 2,276.38 crore related to funds lapsed at the end of financial year 2020-21.

In addition, 27 special bills were operated to transfer unutilised State scheme funds to the Consolidated Fund of the State. The schemes involved were Jagananna Vasati devena, Vidya devena, Amma Vodi, Assistance to APRDC already detailed under Category I-A.

In respect of either categories of accounting entries, we were not provided with supporting documents authorising these transactions. The only assurance we could draw was that these Special Bills did indeed involve a lapse of funds into the Consolidated Fund of the State from the stated Personal Deposit Accounts.

B Revalidation of lapsed scheme funds

As mentioned above, budgeted funds if left unutilised at the end of the financial year, are lapsed to the Consolidated Fund of the State. In the case of Centrally Assisted State Plan schemes (CASP), unutilised funds lapsed during the previous year are revalidated in the next financial year. This revalidation needs sanction orders and Budget Release Orders (BROs) from the finance department.

In 2020-21, unutilised funds relating to the previous year *i.e.*, 2019-20 were revalidated using 1,006 special bills using disbursement tracker system. Ordinarily, such revalidation is done through Nil payment bills

Our test-check of 100 of these bills showed that:

- In 31 bills an amount of ₹ 246.28 crore was revalidated without lapsing the funds during the year 2019-20.
- In respect of 32 bills, we found that the amount lapsed in the corresponding head of account was zero in the previous financial year (2019-20) and yet, the balances were revalidated into the same head of account.
- None of the entries were supported by sanction orders.
- We were not provided with the Budget Release Orders (BROs) of the Finance department in respect of 27 cases. In respect of remaining cases where BROs were provided by Finance Department (December 2021) it was found that these orders were issued after the adjustments were made in CFMS through special bills.

C Alteration Memoranda

Finance Department informed us that, 28 special bills amounting to ₹ 507.67 crore were necessitated to correct discrepancies in Head of Account in Vote on Account and General Budget during the year 2020-21. We noted that this is a routine activity at the treasuries. As per the treasury rules, the District Treasury Officer is required to prepare a rationale for such corrections while submitting the Alteration Memo to the Office of Principal Accountant General (Accounts & Entitlement) which examines the rationale before approving it. This procedure was by-passed while making these corrections. We could draw an assurance that the alterations found a reflection in the Monthly Accounts of the following month.

D NPS Challans transferred to respective Fund Manager

1051 Special bills were used to rectify an error made in the head of account while transferring contributions of officials enrolled in the National Pension Scheme. Our test-check showed that only an internal document of the APCFSS was made available to us as a supporting document for these transactions. However, we could assure ourselves that the accounting entries show the corrections as provided in the response of the Finance Department.

5.3.2.3 Category III: Events with no basis

A. Debit of Suspense account

In respect of 16 accounting entries totalling to ₹ 5,454.54 crore, the Finance Department stated that these special bills were necessitated because of failed electronic transfer of Direct Benefits under a State scheme. According to the Department, the transfers failed because the Aadhar based payments could not be routed through Reserve Bank of India's e-kuber system. The entire funds that could not pass through the portal were transferred to a suspense head through eight special bills (₹ 2,727.27 crore) and the suspense head was cleared through another set of eight special bills (₹ 2,727.27 crore). However, we were not provided a trail as to assure ourselves that the suspense head was indeed operated on account of failed Direct Benefit transfers (DBT). Further, we found that the suspense was cleared on 30 May 2020 whereas the suspense was credited on 31 May 2020. Finance Department replied (December 2021) that, in anticipation of failed transactions the suspense account was debited on 30 May 2020 and the amount was transferred to PD Accounts for DBT payments and after the receipt of confirmation of adjustment of funds to beneficiaries from the concerned department the transaction was reversed, and suspense was credited by debiting PD Accounts on 31 May 2020.

We were however not shown any of these beneficiary linked transactions. Further, operation of suspense head in anticipation was incorrect.

B. Adjustment to correct erroneous adjustments

Finance Department informed that 16,672 special bills amounting to ₹ 3,670.03 crore were necessitated to rectify the erroneous adjustments made by Drawing & Disbursing Officers to some Personal Deposit Accounts. We test-checked 100 bills against which we were provided with no supporting documents confirming that the errors had indeed occurred and on what account, did these errors occur

5.4 Audit Conclusion

The treasury system is part of internal controls framework of the state financial management. While internal control framework exists, the operation of special bills portrays the failure of internal controls in expenditure management.

5.5 Recommendation

The operation of special bills through backend of the CFMS bypassing the controls of the treasury system should be stopped immediately and all the transactions should be made through the established standard operating procedure.

Chapter 6 General Purpose Financial Report of State Public Sector Undertakings

6.1 Introduction

This Chapter presents the summary of financial performance of Government Companies, Government Controlled Other Companies and Statutory Corporations of Government of Andhra Pradesh as revealed from their accounts/ information furnished by them and results of oversight role of the Comptroller & Auditor General of India (CAG). It highlights some of significant comments issued as a result of supplementary audit of the accounts of the PSUs conducted by the CAG and the impact on comments issued by the CAG on the financial statements received during the current year in respect of the Statutory Corporations where CAG is the Sole Auditor.

State Public Sector Undertakings (PSUs) are established by Governments to carry out activities of commercial nature for the development of the State as well as to cater to the welfare of its people.

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

The Statutory Corporations are established by State Government and governed by their respective legislations.

Besides, any other company⁵² owned or controlled, directly or indirectly, by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

In this Report, PSUs encompass Government Companies, Government Controlled Other Companies and Statutory Corporations of Government of Andhra Pradesh (GoAP).

6.1.1 Mandate

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143 of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the provisions of Sections 139 (5) and (7) the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Government Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a

⁵²Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs (04.09 2014)

supplementary audit and issue comments upon or supplement the Audit Report of the Statutory Auditors under Section 143 of the Companies Act, 2013.

The statutes governing Statutory Corporations also require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

6.2 Number of State PSUs and status of accounts

As on 31 March 2021, there were 112 State PSUs in Andhra Pradesh State (including 11 Government Companies in Power Sector and 101 Government Companies, Government Controlled Other Companies and three Statutory Corporations in non-power sector) under the audit jurisdiction of the CAG. Out of these 112 PSUs, 93 were working and 19 inactive PSUs⁵³. Further 93 working PSUs include 11 Power Sector PSUs and 82 PSUs of other Sectors. During the year 2020-21, 13 Government Companies came under the audit jurisdiction of CAG. Details are given in *Appendix-6.1*.

The nature of PSUs and the position of State PSUs as on 30 September 2021 are given in **Table 6.1**.

Table 6.1: Coverage and nature of PSUs

Nature of PSUs	Total No. of PSUs	Number of PSUs whose accounts were received as of 30 September 2021 ⁵⁴				No. of PSUs, whose analysis is not covered in the Report
		Accounts up to			Total	
		2020-21	2019-20	2018-19		
Government Companies	88	5	26	12	43	45
Government Controlled other Companies ⁵⁵	2	--	2	--	2	0
Statutory Corporations ⁵⁶	3	0	1	1	2	1
Total Working PSUs	93	5	29	13	47	46
Inactive Government Companies	19	0	0	0	0	19
Grand Total	112					65

Source: As compiled by office of PAG (Audit), Andhra Pradesh.

Note: One inactive PSU had submitted account for 2019-20 by November 2021.

Out of 93 working PSUs, financial performance of 46 working PSUs (21 PSUs in respect of which first accounts were awaited and 25 PSUs whose accounts were in arrears for three or more years as on 30 September 2021 or information was not furnished to Audit) and 19 inactive PSUs has been not covered in this Chapter. Based on the accounts and information furnished by PSUs (both Power and Non-power sectors), analysis of financial performance of 47 working PSUs has been covered in this Chapter. The position of accounts of all 112 PSUs, both working and inactive as on

⁵³Inactive PSUs are those which have ceased to carry out their operations.

⁵⁴Due date for conduct of Annual General Meeting (AGM) was extended by two months beyond normal due date for the financial year ended on 31.03.2021 vide order on 23.09.2021 by ROC, Vijayawada, Ministry of Corporate Affairs, GoI in view of the Covid-19 pandemic.

⁵⁵Kakinada Smart City Corporation Limited and Greater Visakhapatnam Smart City Corporation Limited.

⁵⁶Andhra Pradesh State Road Transport Corporation (APSRTC), Andhra Pradesh State Financial Corporation and Andhra Pradesh State Warehousing Corporation.

30 September 2021 is given in **Appendix-6.1**.

The figures in **Table 6.1** above indicate position of accounts received as on 30 September 2021 i.e., the original cut of date for finalisation of accounts by PSUs Details of inactive PSUs.

As on 31 March 2021, there were 19 inactive PSUs, compared to 20 inactive PSUs as on 31 March 2020. One inactive PSU⁵⁷ was dissolved in the year 2020-21. The total investment in these 19 inactive State PSUs was ₹ 237.51 crore. Out of the 19 inactive PSUs, eight were reported to be in the process of liquidation for several decades, although Official Liquidator had already been appointed. We are unable to make any assessment of the investment of State Government in these 19 PSUs due to non-furnishing of accounts / information, despite being requested for every year.

6.2.1 Summary of financial performance of PSUs

The summary of financial performance of 47 working PSUs is given in **Table 6.2**:

Table 6.2: Summary of financial performance of working State PSUs covered in this Report

Particulars	No. of PSUs	Amount
Number of working State PSUs	93 PSUs	--
State PSUs covered	47 PSUs	--
Paid up capital	47 PSUs	₹ 6,792.62 crore
Long term loans	47 PSUs	₹ 90,944.74 crore
Net profit	15 PSUs	₹ 322.09 crore
Net loss	28 PSUs	₹ 1,363.45 crore
Zero profit/loss	4 PSUs	--
Dividend Paid/Payable	1 PSU	₹ 0.78 crore
Total assets	47 PSUs	₹ 2,09,463.70 crore
Networth	47 PSUs	(-) ₹ 24,678.08 crore

Source: As per Annual Accounts of PSUs

6.3 Contribution of PSUs to the Economy of the State

The ratio of turnover of the State PSUs to the Gross State Domestic Product (GSDP) shows the contribution of PSUs to the economy of the State.

The details of turnover of the working PSUs and GSDP during three years period ended 31 March 2021 are given in **Table 6.3**:

Table 6.3. Details of turnover of 47 working PSUs vis-a-vis GSDP of AP

(₹ in crore)

S. No.	Sector	2018-19	2019-20	2020-21
1	Power	42,820.43	45,297.05	45,294.61
2	Finance	815.46	1,177.85	1,179.34
3	Service	20,177.25	23,080.21	23,080.21
4	Infrastructure	622.36	828.44	828.44
5	Others	898.92	926.03	907.34

⁵⁷ Southern Transformers and Electricals Limited.

S. No.	Sector	2018-19	2019-20	2020-21
	Total turnover	65,334.42	71,309.58	71,289.94
	GSDP of Andhra Pradesh	8,70,849.00	9,71,224.00	9,86,611.00
	Percentage of turnover to GSDP of Andhra Pradesh	7.50	7.34	7.23

Source: GSDP figures as per Finance Accounts of GoAP of respective years and turnover figures as per annual accounts of PSUs

The contribution of PSUs to GSDP of Andhra Pradesh declined from 7.50 *per cent* in 2018-19 to 7.23 *per cent* in 2020-21 though the turnover of these PSUs increased by 9.12 *per cent* during 2020-21 compared to turnover in 2018-19. However, the overall turnover of 47 PSUs during 2020-21 decreased marginally by 0.03 *per cent* compared to the turnover during 2019-20. During the last three years the compounded annual growth rate (CAGR) of GSDP was 6.44 *per cent*, while the CAGR of turnover of the 47 working PSUs was 4.46 *per cent*.

The PSUs in Power Sector have contributed maximum turnover constituting 63.54 *per cent* followed by Service sectors contributing 32.38 *per cent* of the total turnover of 47 PSUs during 2020-21. While the PSUs in other sectors contributed less than two *per cent* each of the total turnover during 2020-21.

6.4 Investments in Government Companies and Statutory Corporations and Budgetary Support

The amount of equity and loans in 47 PSUs as at the end of 31 March 2021 is given in **Table 6.4**.

Table 6.4: Equity and long-term loans in working Government Companies and Statutory Corporations

(₹ in crore)

Sl. No.	Sources of investment	As on 31.03.2021			As on 31.03.2020		
		Equity	Long term loans	Total	Equity	Long term loans	Total
1	State Government	4,212.96	1,407.18	5,620.14	4,212.96	1,407.18	5,620.14
2	Central Government Companies	37.73	0	37.73	37.73	0	37.73
3	State PSUs	1,578.42	4,063.89	5,642.31	1,578.42	3,651.89	5,230.31
4	Others (Financial Institutions, Banks and Central PSUs)	963.51	85,473.67	86,437.18	963.51	82,653.12	83,616.63
	Total	6,792.62	90,944.74	97,737.36	6,792.62	87,712.19	94,504.81
5	Percentage of investment of State Government to total investment	62.02	1.55	5.75	62.08	1.60	5.95

Source: As per Annual Accounts of PSUs

Out of the total Equity holding, the Equity held by the State Government constituted 62.02 *per cent*.

The Sector wise investment of State Government in 47 PSUs during the three-year period 2018-19 to 2020-21 is given in **Table 6.5**:

Table 6.5: Sector wise investment of State Government in PSUs

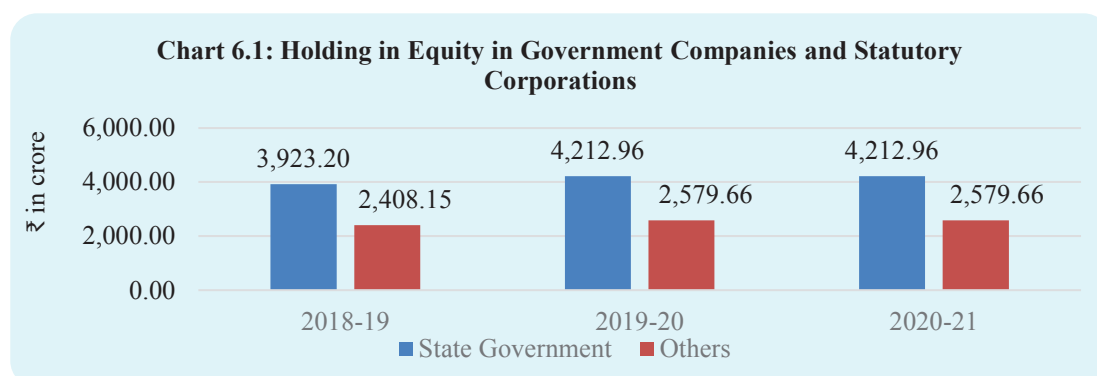
(₹ in crore)

Nature of Sector	Sector-wise Investment								
	2018-19			2019-20			2020-21		
	Equity	Loans	Total	Equity	Loans	Total	Equity	Loans	Total
Power	5,110.51	51,426.73	56,537.24	5,110.61	63,534.08	68,644.69	5,110.61	66,766.63	71,877.24
Finance	259.37	3,671.41	3,930.78	548.43	12,000.30	12,548.73	548.43	12,000.30	12,548.73
Service	141.01	4,197.32	4,338.33	170.45	4,177.14	4,347.59	170.45	4,177.14	4,347.59
Infrastructure	698.05	6,228.13	6,926.18	840.62	7,792.57	8,633.19	840.62	7,792.57	8,633.19
Others	122.41	206.90	329.31	122.51	208.10	330.61	122.51	208.10	330.61
Total	6,331.35	65,730.49	72,061.84	6,792.62	87,712.19	94,504.81	6,792.62	90,944.74	97,737.36

Source: As per Annual Accounts of PSUs

As on 31 March 2021, the total investment in PSUs comprised 6.95 per cent of equity capital and 93.05 per cent of long-term loans. The thrust of State Government's investment in PSUs was mainly in Power Sector PSUs which constituted 75.24 per cent of Equity and 73.41 per cent of Loans during 2020-21.

Holding in equity by State Government and Others (Central Government, Financial Institutions and Bank etc.) during the three years ended 31 March 2021 in 47 PSUs is depicted in **Chart 6.1**.



Details of significant holding (holding of more than ₹ 100 crore) of the State Government as at the end of March 2021 in the paid-up capital of the State PSUs is given in **Table 6.6**.

Table 6.6: Significant holding of the State Government

Sl. No.	Name of the State PSU	Name of the Department	Amount (₹ in crore)
Statutory Corporations			
1	Andhra Pradesh State Financial Corporation	Industries and Commerce	206.01
Government Companies			
2	Andhra Pradesh Power Generation Corporation Limited	Energy	2,106.80
3	Transmission Corporation of Andhra Pradesh Limited	Energy	454.44
4	Southern Power Distribution Company of Andhra Pradesh Limited	Energy	358.72
5	Andhra Pradesh Power Finance Corporation Limited	Energy	305.97
6	Eastern Power Distribution Company of Andhra Pradesh Limited	Energy	121.23
	Total		3,553.17

Source: As per Annual Accounts of PSUs

We observed that out of the total equity investment by State Government in 47 PSUs, a significant amount i.e., 84.34 *per cent* was in the above PSUs.

6.4.1 Budgetary support to PSUs

State Government provides financial support to the State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans converted to equity, interest written-off and outstanding guarantees of the State PSUs for the last three years ending March 2021 are given in the **Table 6.7:**

Table 6.7: Statement showing details regarding budgetary support to PSUs.

Table 6.7: Statement showing details regarding budgetary support to PSUs.							
Sl. No	Particulars	2018-19		2019-20		2020-21	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
Power Sector PSUs							
(i)	Equity Capital Outgo	0	0	0	0	0	0
(ii)	Loans given	1	119.46	3	5,671.32	0	0
(iii)	Grants/Subsidy provided	2	2,116.57	1	1,181.75	2	757.92
(iv)	Total outgo (i+ii+iii)	3	2,236.03	3	6,853.07	2	757.92
(v)	Loan repayment written off	0	---	0	0	0	0
(vi)	Loans converted into equity	0	---	0	0	0	0
(vii)	Guarantees issued	1	50.60	0	0	2	2,982.00
(viii)	Guarantees commitment	3	1,679.10	2	1,544.37	2	1,910.20
Non-Power Sector PSUs							
(i)	Equity Capital Outgo	0	0	2	294.93	0	0
(ii)	Loans given	0	0	1	4,000.00	2	15.92
(iii)	Grants / Subsidy provided	7	1,615.68	9	1,853.27	8	1,799.41
(iv)	Total outgo (i+ii+iii)	7	1,615.68	10	6,148.20	10	1,815.33
(v)	Loan repayment written off	0	0	0	0	0	0
(vi)	Loans converted into equity	0	0	0	0	0	0
(vii)	Guarantees issued	3	9,901.59	2	21,741.33	2	1,632.97
(viii)	Guarantees commitment	7	29,476.91	2	31,741.33	5	3,252.89

Source: Information received from PSUs.

Note: Information compiled to the extent of information received from the PSUs among the 47 PSUs covered in this Report for analysis.

State Government helps the PSUs in raising loans from the banks and Public Financial Institutions by giving guarantee for repayment of principal and interest. As can be seen from the above table, the budgetary support by State Government towards equity loans and grants/subsidy ranged between ₹ 757.92 crore (2020-21) to ₹ 6,853.07 crore (2019-20). The outstanding guarantee commitments given for PSUs decreased from ₹ 29,476.91 crore in 2018-19 to ₹ 3,252.89 crore in 2020-21. The State Government charges guarantee fee at the rate of 0.50 *per cent* per annum to two *per cent* consolidated for the entire guarantee period in case of loan availed by PSUs from banks / financial institutions. To the extent of information received from PSUs, guarantee fee of ₹ 72.08 crore is payable by three PSUs to the Government as on 31 March 2021.

6.4.2 Restructuring, Disinvestment and Privatisation of PSUs

During the year 2020-21, there was neither disinvestment of any State PSUs nor was any PSU privatized.

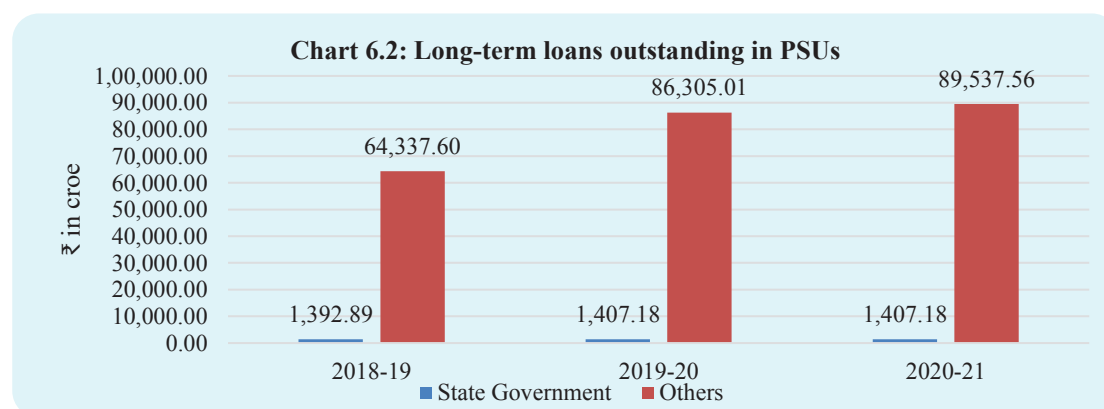
6.4.3 Analysis of outstanding loans given to PSUs

6.4.3.1 Long-term loans outstanding as on 31 March 2021

As on 31 March 2021, the total long-term loans outstanding in 21 out of 47 working PSUs from all sources was ₹ 90,944.74 crore. The outstanding long-term loans of PSUs registered an increase of ₹ 3,232.55 crore during 2020-21 (₹ 90,944.74 crore) from previous year 2019-20 (₹ 87,712.19 crore). The increase was noticed in three PSUs viz., Andhra Pradesh Power Development Company Limited (₹ 527.11 crore), Andhra Pradesh Power Generation Corporation Limited (₹ 719.67 crore), Eastern Power Distribution Company of Andhra Pradesh Limited (₹ 1,985.77 crore).

Out of the total outstanding loans as on 31 March 2021, loans from State Government were ₹ 1,407.18 crore of which significant amount (₹ 1,270.17 crore) pertained to three PSUs only viz., APSRTC (₹ 749.44 crore), Transmission Corporation of Andhra Pradesh Limited (₹ 387.11 crore) and Andhra Pradesh State Seeds Development Corporation Limited (₹ 133.62 crore).

Year-wise details of outstanding long-term loans of PSUs is depicted in **Chart 6.2**.



6.4.3.2 Adequacy of assets to meet loan liabilities

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of long-term loans by value of total assets in 21 PSUs which had outstanding loans as on 31 March 2021 is given in **Table 6.8**.

Table 6.8: Coverage of long-term loans with total assets

Nature of State PSU	Positive Coverage				Negative Coverage			
	No. of PSUs	Long term loans	Assets	Percent- age of assets to loans	No. of PSUs	Long term loans	Assets	Percent- age of assets to loans
		(₹ in crore)				(₹ in crore)		
Government Companies	18	85,922.75	1,80,856.65	210.49	1	5.65	5.23	92.57
Statutory Corporations	2	5,016.34	21,220.34	423.02	--	--	--	--
Total	20	90,939.09	2,02,076.99		1	5.65	5.23	

Source: As per Annual Accounts of PSUs

Out of 21 PSUs, in respect of one PSU viz., Ongole Iron Ore Mining Company Private Limited the value of total assets was less than the loans outstanding.

6.4.3.3 Interest coverage

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An ICR below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of PSUs, which had outstanding loans during the period from 2018-19 to 2020-21 are given in **Table 6.9**.

Table 6.9: Interest Coverage Ratio

Year	Interest (₹ in crore)	EBIT (₹ in crore)	No. of State PSUs having liability of loan and interest	No. of State PSUs having ICR ≥ 1	No. of State PSUs having ICR < 1
Statutory Corporations					
2018-19	140.61	229.20	1	1	0
2019-20	111.33	183.55	1	1	0
2020-21	111.33	183.55	1	1	0
Government Companies					
2018-19	6,166.37	-5,714.23	10	6	4
2019-20	6,358.11	6,806.73	11	7	4
2020-21	6,643.47	7,270.58	11	7	4
Total					
2018-19	6,306.98	-5,485.03	11	7	4
2019-20	6,469.44	6,990.28	12	8	4
2020-21	6,754.80	7,454.13	12	8	4

Source: As per Annual Accounts of PSUs

It was observed that the number of PSUs with ICR equal to or more than one has remained almost same during the year 2020-21, compared to the previous year. Similarly, the number of PSUs with ICR less than one also remained same during the last three years.

6.5 Returns from PSUs

6.5.1 Profit earned by PSUs

Out of 47 PSUs, 15 PSUs earned profit, 28 PSUs reported losses and four PSUs had neither profit nor loss during the year 2020-21.

The overall profit of these 15 PSUs was ₹ 322.09 crore. The list of PSUs which earned profit of more than ₹ 25 crore during the year 2020-21 is given in **Table 6.10**.

Table 6.10: List of top profit-making PSUs during 2020-21

(₹ in crore)		
Sl.No.	Name of the State PSUs	Net Profit
1	Transmission Corporation of Andhra Pradesh Limited	115.03
2	Andhra Pradesh State Financial Corporation	70.08
3	Eastern Power Distribution Company of Andhra Pradesh Limited	39.94
4	Andhra Pradesh Industrial Infrastructure Corporation Limited	28.29
Total		253.34

Source: As per Annual Accounts of PSUs

It may be seen that four PSUs contributed 78.66 *per cent* of the total profit earned by 15 PSUs during 2020-21. Out of these, PSUs at Sl. No (1) & (3) are working under monopolistic conditions in Power Sector and Sl. No (2) & (4) are working in Competitive sector.

During 2020-21, net profit of ₹ 287.31 crore constituting 89.20 *percent* of total profit of State PSUs was contributed by 10 State PSUs. The details of top three sectors, which contributed maximum profit during 2020-21 are summarised in **Table 6.11**.

Table 6.11: Top 3 sectors which contributed maximum profit during the year 2020-21

Sector	No. of profit earning State PSUs	Net profit earned (₹ in crore)	Percentage of Sector's profit to total State PSUs profit
Power	5	180.83	56.14
Finance	3	75.69	23.50
Service	2	30.79	9.56
Total	10	287.31	89.20

Source: As per Annual Accounts of PSUs

6.5.2 Losses incurred by PSUs

There were 28 PSUs, which reported losses during the year 2020-21. The losses incurred by PSUs decreased from ₹ 14,061.76 crore in 2018-19 to ₹ 1,363.45 crore in 2020-21 as given in **Table 6.12**.

Table 6.12: Number of State PSUs that incurred losses

Year	No of State PSUs which incurred loss	Net loss for the year (₹ in crore)	Accumulated losses (₹ in crore)	Net worth (₹ in crore)
2018-19	25	14,061.76	37,432.79	(-)28,993.28
2019-20	29	1,835.86	17,153.76	(-)13,465.69
2020-21	28	1,363.45	9,566.33	(-)6,014.57

Source: As per Annual Accounts of PSUs

Out of total loss of ₹ 1,363.45 crore incurred by 28 PSUs, loss of ₹ 1,179.82 crore was contributed by three PSUs. These top three loss making PSUs were Andhra Pradesh State Road Transport Corporation Limited (₹ 961.28 crore), Kakinada Smart City Corporation Limited (₹ 111.62 crore) and Andhra Pradesh Power Development Company Limited (₹ 106.92 crore).

The details of PSUs which have incurred losses of more than ₹ 25 crore are given in **Table 6.13**.

Table 6.13: State PSUs that incurred losses of more than ₹ 25 crore during 2020-21**(₹ in crore)**

Sl.No.	Name of the State PSU	Net loss
1	Andhra Pradesh State Road Transport Corporation	961.28
2	Kakinada Smart City Corporation Limited	111.62
3	Andhra Pradesh Power Development Company Limited	106.92
4	Andhra Pradesh State Skill Development Corporation	70.63
5	Amaravati Development Corporation Limited	25.25
	Total	1,275.70

Source: As per Annual Accounts of PSUs

It may be seen that these five PSUs contributed 93.56 per cent of the total losses incurred by 28 PSUs during 2020-21.

6.5.3 Erosion of Net worth of PSUs

Net worth means the sum total of the paid-up capital, free reserves and surplus minus accumulated losses and deferred revenue expenditure. It is essentially a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment of the owners has been wiped out by accumulated losses and deferred revenue expenditure.

As on 31 March 2021, of the 47 PSUs, 29 PSUs had accumulated losses of ₹ 38,419.60 crore, 15 PSUs had surplus of ₹ 5,172.47 crore and three PSUs had neither accumulated losses nor surplus, as per their latest accounts. Due to the overall accumulated loss of ₹ 33,247.13 crore of the 47 PSUs, the overall net worth was negative which stood at (-) ₹ 24,678.08 crore against the shareholders' funds of ₹ 8,569.05 crore (Paid-up Capital: ₹ 6,792.62 crore + Free Reserves: ₹ 1,776.43 crore).

The shareholders' funds of 18 out of 29 PSUs had been completely eroded by accumulated loss as their net worth was either zero or negative. The total net worth of these 18 PSUs was negative at ₹ 35,322.03 crore against shareholders' funds of ₹ 2,862.15 crore in these PSUs as on 31 March 2021.

The maximum erosion of shareholders' funds was noticed in two State DISCOMs, where negative net worth of Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) was ₹ 7,533.18 crore, Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) was ₹ 20,813.19 crore and in Andhra Pradesh State Road Transport Corporation ₹ 6,810.35 crore as at the end of March 2021. Of these 18 PSUs, whose shareholders' funds had been completely eroded (zero or negative net worth), three PSUs had earned profit of ₹ 43.24 crore and 14 PSUs had incurred losses of ₹ 1,144.19 crore during 2020-21 and one PSU reported neither profit nor loss. Details of PSUs having negative net worth as on 31 March 2021 are given in *Appendix-6.2*.

In four out of 18 PSUs whose shareholders' fund had been completely eroded, State Government loans outstanding as on 31 March 2021 was ₹ 804.26 crore.

In addition, net worth was less than half of their shareholders' funds in respect of two⁵⁸ out of 29 PSUs, whose net worth was positive at the end of 31 March 2021, indicating their potential financial sickness.

6.5.4 Dividend pay-out by PSUs

As per the guidelines issued (2002) by Public Enterprises Department, GoAP, no dividend shall be declared or paid by a Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with provisions of Companies Act. The guidelines, however, did not prescribe any fixed rate of dividend to be paid by the State PSUs.

During the year 2020-21, only one PSU viz., Andhra Pradesh State Seeds Development Corporation paid dividend of ₹ 0.78 crore.

6.5.5 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures company's long-term profitability and the efficiency with which total capital is employed by a company. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed⁵⁹.

PSU-wise details of ROCE for the period 2018-19 to 2020-21 are given in *Appendix-6.3*. The consolidated ROCE of 47 PSUs during the period from 2018-19 to 2020-21 is given in **Table 6.14**.

Table 6.14: Return on Capital Employed of PSUs

Year	EBIT (₹ in crore)	Capital employed (₹ in crore)	ROCE (in percentage)
2018-19	(-)5,356.64	41,111.90	(-)13.03
2019-20	7,786.92	63,100.36	12.34
2020-21	8,247.65	66,266.66	12.45

Source: As per Annual Accounts of PSUs

It was observed that ROCE of 47 State PSUs increased from (-) 13.03 *per cent* during 2018-19 to 12.45 *per cent* during 2020-21 as the EBIT improved from during 2020-21 compared to that during 2018-19.

6.5.6 Return on Equity of PSUs

Return on Equity (RoE) is a measure of financial performance to assess how effectively the management is using company's assets to create profits and is calculated by dividing net income (i.e., net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

⁵⁸ Kakinada Smart City Corporation Limited (Net worth 54.59 crore against Shareholders' Fund of ₹200 crore), Andhra Pradesh State Irrigation Development Corporation Limited (Net worth ₹30.42 crore against Shareholders' Fund of ₹ 78.04 crore).

⁵⁹ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses – deferred revenue expenditure

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a Company's shareholders if all assets were sold and all debts repaid. A positive shareholders' fund reveals that the company has enough assets to cover its liabilities while negative shareholders fund means that liabilities exceed its assets.

PSU wise details of ROE for the period 2018-19 to 2020-21 are given in **Appendix-6.4**. The consolidated ROE of 47 PSUs during the period from 2018-19 to 2020-21 is given in **Table 6.15**.

Table 6.15: Return on Equity of PSUs

Year	Net Profit/loss (₹ in crore)	Equity (₹ in crore)	ROE (in percentage)
2018-19	-13,835.86	6,331.35	(-)218.53
2019-20	-1,455.33	6,792.62	(-)21.43
2020-21	-1,041.36	6,792.62	(-)15.33

Source: As per Annual Accounts of PSUs

As the 47 State PSUs had overall losses during all the 3 years, the ROE was negative in all the three years. However, the ROE improved from (-)218.53 *per cent* in 2018-19 to (-)15.33 *per cent* in 2020-21.

6.5.7 Rate of Real Return on Investment

Rate of Real Return on Investment (RORR) measures the profitability and efficiency with which equity and similar non-interest-bearing capitals have been employed, after adjusting them for their time value, and assumes significance when compared with the conventional Rate of Return (ROR), which is calculated by dividing the PAT by the sum of all such investments counted on historical cost basis.

In view of the significant investment by the Governments and Others in the PSUs, Rate of Real Return on such investment is essential. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the Rate of Real Return on the Investment since such calculations ignore the present value of money. Present Value (PV) of the investment has been computed to assess the Rate of Real Return on the PV of Investments in the PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2021, the past investments/ year-wise funds infused in the PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds for the concerned year. There were no interest free loans during 2016-17 to 2020-21.

The PV of the investment in PSUs was computed on the basis of following assumptions;

- The equity infused minus disinvestment have been reckoned as investment for calculating the RORR.

- The funds made available in the form of interest-free loans⁶⁰, have been reckoned as investment.
- The average rate of interest on Government borrowings for the concerned financial year was adopted as compounded rate for arriving at present value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected RORR.

Table 6.16: Year wise details of investment by the State Government, Central Government and Others and RORR from 2016-17 to 2020-21

(₹ in crore)

Financial Year	PV of the total investment at the beginning of the year	Investment during the year by GoAP	Investment during the year by GoI and Others	Total Investment in the form of Equity	Average Rate of Investment (per cent)	PV of the Total Investment at the end of the year	Minimum expected return	Total earnings/ losses for the year	Rate of Real RoI Considering PV of the investment (per cent)
(A)	(B)	(C)	(D)	(E)=(B+C+D)	(F)	(G)=(E)+((E *F)/100)	(H)	(I)	(J)=I*100/G
2016-17	5,976.41*	100.25	0	6,076.66	6.31	6,460.10	383.44	2,515.97	38.95
2017-18	6,460.10	96.63	83.73	6,640.46	6.52	7,073.42	432.96	(-)39.28	(-)0.56
2018-19	7,073.42	0.02	74.31	7,147.75	6.37	7,603.06	455.31	(-)13,835.86	(-)181.98
2019-20	7,603.06	289.76	171.51	8,064.33	6.31	8,573.19	508.86	(-)1,455.33	(-)16.98
2020-21	8,573.19	0.00	0.00	8,573.19	6.14	9,099.58	526.39	(-)1,041.36	(-)11.44
Total		486.66	329.55						

Source: Annual Accounts of PSUs.

Note: *Actual Equity at historical cost the beginning of the year. The ROI for the year 2018-19 is on historical cost basis.

RORR has shown an improving trend in the last three years as the RORR, though negative in all the three years, improved from (-) 181.98 *per cent* in 2018-19 to (-) 11.44 *per cent* in 2020-21. This was mainly on account of two PSUs in Power Sector which earned profits during 2019-20 compared to loss reported in 2018-19. Similarly, two PSUs in Power Sector improved their profitability during 2020-21, compared to the year 2019-20, which contributed to the improved RORR.

⁶⁰ There were no interest free loans during the years 2016-17 to 2020-21.

Table 6.17: Consolidated RORR on present value of investments for the year 2020-21

Total Earnings/ Loss in 2020- 21 (₹ in crore)	Investment by the State Government, Central Government and Others since 2018-19 to 2020-21 (₹ in crore)	Return on investment on the basis of historical value (in percentage)	Present value of investment at the end of 2020-21 (₹ in crore)	RORR on investment considering the present value of investments (in percentage)
(A)	(B)	(C)	(D)	(E)
Value of column (I) of above table	Total of OB of 2018-19+ Column (C) + Column (D)	(A)*100/(B)	Value of Column (G) of above table	(A)*100/(D)
(-)1,041.36	6,792.62 (5,976.41+486.66+329.55)	(-)15.33	9,099.58	(-)11.44

Source: As per Annual Accounts of PSUs

6.6 Oversight Role of CAG

6.6.1 Appointment of statutory auditors of State PSUs by CAG

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company as per Section 139 (5)/(7) of the Companies Act, 2013 (Act), which stipulates that the statutory auditors, in case of a Government Company or Government Controlled Other Company, are to be appointed by the CAG within a period of 180 days from the commencement of the financial year and 60 days from the registration in case of first auditor. The CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report submitted to the State Legislature.

6.6.2 Submission of Accounts by PSUs

6.6.2.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report must be laid before the Legislative Assembly, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary Legislative control over the utilization of public funds invested in the companies.

Section 96 of the Companies Act, 2013 requires every Company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Consequently, the Financial Statements need to be prepared and placed in the AGM by 30 September of the following year.

However, Registrar of Companies, Andhra Pradesh, Ministry of Corporate Affairs extended (23.09.2021) the due date to hold AGM (other than first AGM) by two months i.e. up to 30 November 2021 under Section 96 of the Act in respect of financial year ended on 31 March 2021 in view of the Covid-19 pandemic. Consequently, the financial statements also need to be prepared and placed in the AGM by 30 November 2021.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

6.6.2.2 Timeliness in preparation of accounts by PSUs

As on 31 March 2021, there were 112 State PSUs under the purview of CAG's audit in Andhra Pradesh. Out of these 112 PSUs, 19 are inactive which are under either liquidation or defunct. Out of remaining 93 working PSUs (including three Statutory Corporations), a total of 16 working State Government Companies submitted their accounts for 2020-21 for audit by CAG on or before 30 November 2021. Annual Accounts of 77 PSUs including three Statutory Corporations were in arrears for various reasons. However, 35 State PSUs including one Statutory Corporation have submitted 45 annual accounts for the previous years by 30 September 2021. Details of arrears in submission of accounts as on 30 November 2021 are given in **Table 6.18**.

Table 6.18: Details of finalisation of accounts by PSUs

Particulars		Government Companies		Statutory Corporations		Total PSUs	
Total number of PSUs on 31 March 2021		90		3		93	
Number of State PSUs which presented the accounts of 2020-21 for CAG's audit by 30 November 2021		16		0		16	
Number of PSUs which submitted Accounts for previous years Number of Accounts)		34(44)		1(1)		35(45)	
Break-up of Arrears of Accounts		Govt. Companies	No. of Arrears	Statutory Corporations	No. of Arrears	No. of PSUs	No. of Arrears
Age-wise analysis of arrears against 'Others' category	One year (2020-21)	23	23	1	1	24	24
	Two years (2019-20 and 2020-21)	12	24	1	2	13	26
	Three years and more	39	181	1	6	40	187
Total of Arrears of Accounts		74	228	3	9	77	237

Source: As compiled by office of PAG (Audit), Andhra Pradesh.

The list of the State PSUs and status of accounts in arrears is indicated in **Appendix 6.1**. Audit of three Statutory Corporations viz., Andhra Pradesh Road Transport Corporation, Andhra Pradesh State Warehousing Corporation and Andhra Pradesh State Financial Corporation is conducted by the CAG as per provisions of relevant Act.

Of the three Statutory Corporations, CAG is the sole auditor for Andhra Pradesh Road Transport Corporation. Of the three Statutory Corporation only one Statutory Corporation viz., Andhra Pradesh Financial Corporation submitted Annual Accounts for the 2019-20. The Annual Accounts of all the three Statutory Corporations were in arrears (including financial year 2020-21) as on 30 September 2021.

6.6.3 CAG's oversight- Audit of annual accounts and supplementary audit

6.6.3.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, as recommended by the Institute of Chartered Accountants of India, after consultation with and after examination of the recommendations made by the National Financial Reporting Authority. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

6.6.3.2 Audit of accounts of Government Companies by Statutory Auditors

The Statutory Auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in the audit of public sector undertakings with the overall objective that the Statutory Auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- To issue directions to the Statutory Auditors under Section 143(5) of the Companies Act, 2013 and
- To supplement or comment upon the Statutory Auditor's Report under Section 143(6) of the Companies Act, 2013.

6.6.3.3 Supplementary audit of annual accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the Management of an entity.

The Statutory Auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the Statutory Auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, reported under Section 143 (6) of the Companies Act, 2013 are to be placed before the AGM of respective PSU.

6.7 Results of CAG's oversight role

6.7.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

As on 30 November 2021, 16 PSUs submitted their Financial Statements for the year 2020-21. Further, 37 PSUs submitted 50 Financial Statements/account for previous years spanning from 2006-2007 to 2019-20.

Of the 66 accounts, Non-Review Certificates were issued in respect of 20 accounts, and 16 accounts were reviewed by 30 November 2021. The audit in respect of 31 accounts were in progress by 30 November 2021. The results of the review are detailed below:

6.7.1.1 Amendment of Financial Statements

As a result of supplementary audit of the financial statements received during the period ended 30 November 2021 conducted by the CAG, none of the State PSUs has amended the Financial Statements before laying the same in the AGM.

6.7.1.2 Revision of Auditors Report

As a result of supplementary audit of the financial statements received during the period ended 30 September 2021 conducted by the CAG, the statutory auditors of four State PSUs as detailed in *Appendix-6.5* revised their report before laying of the Financial Statements of these Companies in their AGM.

6.7.1.3 Significant comments of the CAG issued as supplement to the Statutory Auditors' Reports on State PSUs

Subsequent to the audit of the financial statements for the year 2020-21 and that of the financial statements for the previous years received by 30 November 2021, by Statutory Auditors, the CAG conducted 16 supplementary audits of the financial statements of the selected State PSUs. Some of the significant comments issued on financial statements of Government Companies and Government Controlled Other Companies, the financial impact of which on the profitability was ₹ 1,448.18 crore and on assets/liabilities was ₹ 590.21 crore, are given below.

Comments on Profitability

Sl. No	Name of the Company	Comment
1	Andhra Pradesh State Irrigation Development Corporation	Other Current Liabilities: ₹ 0.31 crore The Company adjusted Trade Receivable of ₹ 31.83 crore against the total outstanding interest of ₹ 45.63 crore payable on the loan from GoAP as on 31 March 2019 and did not show the balance of ₹ 13.81 crore as Other Current Liabilities, resulting in understatement of Other Current Liabilities by ₹ 13.81 crore and overstatement of Prior Period Adjustment (Income) to that extent.
2	Southern Power Distribution Company of Andhra Pradesh Limited	Trade Payables-Power Purchase: ₹ 16,528.27 crore The Company did not account ₹ 163.46 crore as liability towards the compensation payable by it due to change in Law as per CERC orders for payment of claims of power developer as per Article 10 (Change in law) of PPAs resulting in understatement of Expenses and Trade Payables each by ₹ 163.46 crore and overstatement of Profit for the year by ₹ 163.46 crore. Trade Receivables: ₹ 6,773.55 crore As against ₹ 1,458.04 crore of trade receivables (for sale of power) outstanding for more than four years as on 31 March 2020, the Company made provision to the extent of only ₹ 196.90 crore, which was not in line with the Accounting Policy for provision for bad and doubtful debts resulting in understatement of provision for bad and doubtful debts and overstatement of trade receivables, each by ₹ 1,261.14 crore and consequent overstatement of Profit for the year by ₹ 1,261.14 crore.

Sl. No	Name of the Company	Comment
3	Transmission Corporation of Andhra Pradesh Limited	Depreciation and Amortisation Expenses: ₹ 681.68 crore As per Accounting Policy of the Company, Depreciation on property, Plant and Equipment is provided using Straight line Method based on useful life of assets as per the Electricity (Supply) (Annual Accounts) Rules, 1985 and as per the rates notified in the GoI Gazette Notification of 29 March 1994. In case of intangible assets (Computer software), the Company disclosed that the amortization would be over a period of five years. However, depreciation was not provided as per the rates allowed resulting in overstatement of Fixed Assets (net block) as well as Profit for the year by ₹ 9.77 crore.

Comments on Financial Position

Sl. No	Name of the Company	Comment
1	Andhra Pradesh State Irrigation Corporation Limited	Amount Due to Corporation: ₹ 19.98 crore The Company did not make separate disclosure of the amount of ₹ 6.87 crore lying in its PD Account, which was not in line with the GoAP orders on PD Accounts issued on 14 August 2019 resulting in overstatement of ₹ 6.87 crore under “Amount due to Corporation” and understatement of “PD Accounts–Centage Charges” under Cash and Cash equivalents to that extent.
2	Andhra Pradesh Industrial Infrastructure Corporation Limited	Other Non-current Liabilities (Note-15) Land Conversion Charges: ₹ 262.93 crore Though there was no provision for retrospective exemption as per the amended Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 which was

Sl. No	Name of the Company	Comment
		made effective from 1 February 2018 for the lands allotted to the Company, the Company had disclosed the amount ₹ 552.41 crore payable to GoAP towards conversion charges for the period up to 2014-15 as Contingent Liability, instead of recognizing it as liability and also did not account for ₹ 30.93 crore for the years 2015-16 to 2017-18 payable for lands allotted before 1 February 2018. This resulted in understatement of 'Other Non-Current Liabilities and Inventories' by ₹ 583.34 crore each and overstatement of 'Contingent Liabilities' by ₹ 552.41 crore.

Comments on Statutory Auditors

Sl. No	Name of the Company	Comment
1	Andhra Pradesh State Irrigation Corporation Limited	The Statutory Auditors in their Report stated that as per C&AG Compliance Report, Trade receivable of ₹ 31.83 crore is adjusted by netting off with interest accrued & due amounting to ₹ 45.63 crore against loans received from GoAP outstanding as on 31.03.2019 wherein the difference of ₹ 13.81 crore was offered to revenue and shown in P&L by management under head "Prior Period adjustment". This qualification was factually incorrect as in CAG's Compliance Report dated 15-07-2020 it was only suggested to take up with the GoAP the issue of adjustment in the books of accounts.
2	Andhra Pradesh Industrial Infrastructure Corporation Limited	It was stated in Auditors' Report that Assets and Liabilities and Profit or Losses pertaining to Industrial Area Local Authority (IALA) were not brought into books of accounts and they were not in a position to quantify the impact due to failure on the part of the Management to provide necessary information. It was further stated that by not clubbing the income of IALA would

Sl. No	Name of the Company	Comment
		tantamount to non-compliance of Ind AS-18 (Revenue Recognition). This qualification in Auditor's Report is not correct in the context of IALA's nature of transactions explained in Note 26 of Financial Statements and in view of the fact that Ind AS-18 was withdrawn from 1 April 2018.

Comments on Disclosures

Sl. No	Name of the Company	Comment
1	Transmission of Andhra Pradesh Corporation limited	Lift Irrigation Scheme (LIS) Reserve of ₹ 1,079.26 crore included in 'Other Equity' represents the LIS Funds (Including interest earned) received from GoAP towards deposit works for extension of electricity lines and substations for LIS works. However, accounting policy for the accounting treatment of the above along with financial effect was not disclosed in the Financial Statements for the year ended 31st March 2020 Company disclosed the Pension and Gratuity benefits amount to ₹ 547.80 crore only relating to APSEB origin employees on rolls as on 1 February 1999 belonging to the Company. However, it did not disclose the particulars of Pension and Gratuity liability of APSEB origin employees on rolls as on 1 February 1999 of Master Trust as per actuarial valuation for the year ended 31 March 2020 and reasons for non-recognition of liability as per the agreements under Master Trust/actuarial valuation and their financial effect on the Financial Statements.

6.7.1.4 Management Letters

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of PSUs were reported as comments by the CAG under Section 143 (6) of the Companies Act, 2013. Besides

these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the management through a 'Management Letter' for taking corrective action. The deficiencies generally related to (a) application and interpretation of accounting policies (b) adjustments arising out of audit and (c) Inadequate disclosure or non-disclosure of certain information on which management of the concerned PSU gave assurances that corrective action would be taken in the subsequent year.

During the year, 'Management Letters' were issued to seven PSUs. Details are given in **Appendix-6.6**.

6.8 Conclusion

As on 31 March 2021, there were 112 PSUs of which 93 are working PSUs and 19 are inactive PSUs in Andhra Pradesh under the audit jurisdiction of CAG. Out of 93 working PSUs, eleven PSUs were related to Power sector and 82 PSUs were related to other sectors. Of these 93 working PSUs, 47 PSUs having arrears of accounts for less than three years as at the end of 30 September 2021 were considered for analysis of financial performance.

During 2020-21, these 47 PSUs registered an annual turnover of ₹ 71,289.94 crore, which was equal to 7.23 per cent of the GSDP of Andhra Pradesh.

The investment of the State Government in equity and long-term loans in these 47 PSUs was ₹ 5,620.14 crore against total investment of ₹ 97,737.36 crore at the end of 31 March 2021. The outstanding long terms loans of these PSUs as on 31 March 2021 increased to ₹ 90,944.74 crore from ₹ 87,712.19 crore during the previous year (2019-20).

Out of the 47 PSUs, 15 PSUs earned profits (₹ 322.09 crore), while 28 PSUs incurred losses (₹ 1,363.45 crore) and four PSUs had reported neither profit nor loss. As on 31 March 2021, 29 PSUs had accumulated losses of ₹ 38,419.60 crore.

Out of the 93 working PSUs, Financial Statements for the year 2020-21 were received only from 16 PSUs within extended time (30 November 2021). Financial Statements of 40 PSUs were in arrears for three or more than three years. 20 PSUs have not even submitted their first accounts since their inception.

As a result of the audit of CAG during the period October 2020 to November 2021, Statutory Auditors of four PSUs revised their Audit Report. Significant comments highlighting misstatements in the Financial Statements impacting profitability by ₹ 1,448.18 crore and assets/ liabilities by ₹ 590.21 crore were issued.

6.9 Recommendations

1. *Government of Andhra Pradesh may review the functioning of all loss-making PSUs and take necessary steps to improve their financial performance.*
2. *Government may issue necessary instructions to Administrative Departments to set targets for individual PSUs to furnish the accounts in time and to strictly monitor the clearance of arrears and take steps expeditiously in order to liquidate the arrears in finalisation of accounts.*
3. *Government may review the inactive Government Companies and take appropriate decision on their revival / winding up.*



Vijayawada
The 06 JUL 2022

(HEMA MUNIVENKATAPPA)
Principal Accountant General (Audit)
Andhra Pradesh



New Delhi
The 12 JUL 2022

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

Profile of State of Andhra Pradesh

(Refer Para 1.1, Page 1)

A	General Data		
Sl.No	Particulars		Figures
1	Area		1,62,970 Sq.Km.
2	Population		
	a.	As per 2001 Census (Composite State)	7.62 crore
	b.	As per 2011 Census(After re-organisation of the State on 02 June 2014)	5.29 crore
3	a.	Density of Population (as per 2001 Census) (Composite State) (All India Density = 325 persons per Sq. Km.)	277 persons per Sq.Km.
	b.	Density of Population (as per 2011 Census) (After re-organisation of the State on 02 June 2014) (All India Density = 382 persons per Sq.Km.)	304 persons per Sq.Km.
4	Population Below Poverty Line (BPL) (All India Average=21.92 <i>per cent</i>)		9.2 <i>per cent</i>
5	Literacy (as per 2011 Census) (All India Average=73.00 <i>per cent</i>)		67.00 <i>per cent</i>
6	Infant Mortality (per 1000 live births) (All India Average = 30 per 1,000 live births)		25
7	Life Expectancy at birth (All India Average = 69.40 years)		70
8	Gross State Domestic Product (GSDP) 2020-21 at current price		₹ 9,86,611 crore
9	Per capita GSDP CAGR (2011-12 to 2020-21) in <i>per cent</i>	Andhra Pradesh	10.55
		General States	10.28
10	GSDP CAGR (2011-12 to 2020-21) in <i>per cent</i>	Andhra Pradesh	11.80
		General States	17.57
11	Population Growth (2011-21) rate in <i>per cent</i>	Andhra Pradesh	6.24
		General States	11.34
B	Financial Data		
	Particulars		
CAGR**		2019-20 to 2020-21	
		General States	Andhra Pradesh
		(in <i>per cent</i>)	
a.	of Revenue Receipts	-4.56	5.5
b.	of Own Tax Revenue	-4.43	-0.33
c.	of Non Tax Revenue	-35.6	2.41
d.	of Total Expenditure	4.54	11.98
e.	of Capital Expenditure	-2.36	55
f.	of Revenue Expenditure on Education	-1.32	-20.64
g.	of Revenue Expenditure on Health	14.65	22.36
h.	of Salary and Wages	2.27	9.88
i.	of Pension	6.02	0.49

Source: Economic Survey of Andhra Pradesh 2020-21; Data available in website of Ministry of Statistics and Programme implementation; Data provided by Economic Advisor to C&AG of India;

* Figures pertain to Composite State of Andhra Pradesh

** Compounded Annual Growth Rate

Appendix 1.2
Time Series Data on State Government Finances
(Refer Para 1.6, Page 10)

(₹ in crore)

		2016-17	2017-18	2018-19	2019-20	2020-21
Part A. Receipts						
1	Revenue Receipts	98984	105062	114671	111034	117136
	(i) Own Tax Revenue	44181	49486	58031	57601	57409
	State Goods and Services Tax	-	10820	20611	20227	18872
	Taxes on Sales, Trade, etc.	32484	25335	21914	21410	17800
	State Excise	4645	5460	6220	6915	11575
	Taxes on Vehicles	2467	3039	3341	3279	2966
	Stamps and Registration fees	3476	4271	5428	5318	5603
	Land Revenue	167	107	57	21	143
	Other Taxes	942	454	460	413	450
	(ii) Non Tax Revenue	5193	3814	4396	3315	3395
	(iii) State's share in Union taxes and duties	26264	29001	32787	28242	24460
	(iv) Grants in aid from GOI	23346	22761	19457	21876	31872
2	Misc. Capital Receipts	0	0	0	0	0
3	Recovery of Loans and Advances	2029	51	277	4355	1063
4	Total revenue and Non-debt capital receipts (1+2+3)	101013	105113	114948	115389	118199
5	Public Debt Receipts	59923	74063	97980	112428	161975
	Internal Debt (excluding Ways and Means Advances and Overdraft)	29955	27256	36122	50027	52873
	Transactions under Ways and Means Advances and Overdraft	29154	45861	59868	60371	104539
	Loans and Advances from Government of India	814	946	1990	2030	4563
6	Total receipts in the Consolidated Fund (4+5)	160936	179176	212928	227817	280174
7	Contingency Fund receipts	0	0	0	9	0
8	Public Account receipts	98781	156918	99704	195579	275595
9	Total receipts of Government (6+7+8)	259717	336094	312632	423405	555769
Part B. Expenditure/Disbursements						
10	Revenue Expenditure	116215	121214	128570	137475	152677
	General Services (including interest payments)	32786	39075	40790	45222	48990
	Social Services	50228	59159	64280	68101	65988
	Economic Services	33108	22894	23459	24136	37679
	Grants-in-aid and contributions	93	86	41	16	20
11	Capital Expenditure	15143	13491	19976	12242	18975
	General Services	295	283	275	3752	6498
	Social Services	2431	2891	2866	2056	5205
	Economic Services	12417	10317	16835	6434	7272
12	Disbursement of Loans and Advances	564	2781	1843	5356	1715
13	Inter State Settlement	(-)1	8	26	3	0
14	Total (10+11+12+13)	131921	137494	150415	155076	173367

		2016-17	2017-18	2018-19	2019-20	2020-21
15	Repayment of Public debt	34777	55081	73274	79366	118274
	Internal Debt (excluding Ways and Means Advances and Overdraft)	4876	8456	12800	17314	12401
	Transactions under Ways and Means Advances and Overdraft	29154	45630	59729	60741	104539
	Loans and Advances from Government of India	747	995	745	1311	1334
16	Appropriation to Contingency Fund	0	0	0	0	0
17	Total disbursement out of Consolidated Fund (14+15+16)	166698	192575	223689	234442	291641
18	Contingency Fund disbursements	0	0	0	9	0
19	Public Account disbursements	91259	146945	87076	182650	268327
20	Total disbursements by the State (17+18+19)	257957	339520	310765	417101	559968
Part C. Deficits						
21	Revenue Deficit (-)/Surplus (+) (1-10)	(-)17231	(-)16152	(-)13899	(-)26441	(-)35541
22	Fiscal Deficit (-)/Surplus (+) (4-14)	(-)30908	(-)32381	(-)35467	(-)39687	(-)55168
23	Primary Deficit (-)/Surplus (+) (22-24)	(-)19211	(-)18534	(-)20125	(-)22034	(-)35150
Part D. Others						
24	Interest Payments (included in revenue expenditure)	11697	13847	15342	17653	20018
25	Arrears of Revenue	0	0	0	0	0
	Percentage of Tax & Non Tax Revenue receipts	0	0	0	0	0
26	Financial Assistance to local bodies, other institutions etc.	53979	53091	60795	59915	73667
27	Ways and Means Advances/Overdraft availed (days)	259	231	250	221	331
28	Interest on Ways and Means Advances/Overdraft	27	44	65	66	83
29	Gross State Domestic Product (GSDP)^s	684416	793186	862957	972782	986611
30	Total Outstanding liabilities (year end)	201314	223706	257510	301802	348246[@]
31	Outstanding guarantees[^] (year end)	9665	35964	49442	67171	91330
32	Number of incomplete projects	271	*	N.A	100[#]	163^{&}
33	Capital blocked in incomplete projects	54,132	43,032[*]	N.A	60,910[#]	18,303^{&}
Part E: Fiscal Health Indicators (in per cent)						
I	Resource Mobilisation					
	Own Tax Revenue/GSDP	6.46	6.29	6.66	5.93	5.82
	Own Non-Tax Revenue/GSDP	0.76	0.49	0.50	0.34	0.34
	Central Transfers/GSDP	7.25	6.58	6.00	5.16	5.71
II	Expenditure Management					
	Total Expenditure/GSDP	19.27	17.49	17.27	15.97	17.57
	Total Expenditure/Revenue Receipts	133.28	130.87	131.17	139.67	148.00
	Revenue Expenditure/Total Expenditure	88.09	88.16	85.48	88.65	88.07
	Revenue Expenditure on Social Services/Total Expenditure	38.07	43.03	42.74	43.91	38.06

		2016-17	2017-18	2018-19	2019-20	2020-21
	Revenue Expenditure on Economic Services/Total Expenditure	25.10	16.65	15.60	15.56	21.73
	Capital Expenditure/Total Expenditure	11.48	9.81	13.28	7.89	10.94
	Capital Expenditure on Social and Economic Services/Total Expenditure	11.26	9.61	13.10	5.47	7.20
III	Management of Fiscal Imbalances					
	Revenue deficit (surplus)/GSDP	-2.52	-2.05	-1.60	-2.72	-3.60
	Fiscal deficit/GSDP	-4.52	-4.12	-4.07	-4.09	-5.59
	Primary deficit /GSDP	-2.81	-2.36	-2.31	-2.27	-3.56
	Revenue deficit/Fiscal deficit	55.75	49.88	39.19	66.62	64.42
IV	Management of total Outstanding Liabilities					
	Total Outstanding Liabilities/GSDP	29.41	28.46	29.57	31.07	35.30
	Total Outstanding Liabilities/RR	203.38	212.93	224.56	271.81	299.27
V	Other Fiscal Health Indicators					
	Return on Investment	0.05	0.01	0.01	0.04	0.02
	Financial Assets/Liabilities	1.09	1.02	0.98	0.90	0.82

* State Government had furnished details only in respect of 27 Major and Medium Irrigation Projects. The information is not exhaustive but is as furnished by the Departmental authorities.

State Government had furnished details only in respect of 97 Major and Medium Irrigation Projects and 3 Housing projects. The information is not exhaustive but is as furnished by the Departmental authorities.

& State Government had not furnished details in respect of Irrigation projects. The information is not exhaustive but is as furnished by the Departmental authorities.

^ as disclosed in Budget documents.

\$ GSDP data from Data available in website of Ministry of statistics and Programme implementation and Data provided by Economic Advisor to C&AG of India;

N.A: Not Available as State Government has not provided the data on Incomplete Projects

@ Outstanding Debt excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

Appendix 2.1

Summarised position of Apportionment of Balances between Andhra Pradesh and Telangana as on 31 March 2021

(Refer Para 2.10, Page 61)

(₹ in crore)

Sl. No	Head of Account	Balance as on 01 June 2014	Balance allocated to Telangana	Balance allocated to Andhra Pradesh	Balance yet to be apportioned as on 31 March 2021
1	Capital Heads	1,51,349.67	0	0	1,51,349.67
2	Public Debt	1,66,522.32	69,479.48	97,123.93	(-)81.09
3	Loans and Advances	28,099.69	0	0	28,099.69
4	Small Savings, Provident Funds	14,077.84	6,097.54	7,980.30	0
5	Reserve Funds	2,459.06	1,008.81	1,450.25	0
6	Deposits and Advances	17,082.77	4,478.89	8,129.84	4,474.04
7	Suspense and Miscellaneous	6,234.24	2,495.81	3,500.43	238.00
8	Remittances	339.47	2.32	26.92	310.23

Source: Finance Accounts of respective years.

Appendix 3.1
Cases of un-utilised Supplementary provision (₹ one crore or more in each case)
(Refer Para 3.8, Page 71)

								(₹ in crore)
Sl. No	Grant No.	Name of the Grant	Original	Supplementary	Total Grant	Expenditure	Savings	Un-utilised Supplementary Provision
Revenue Voted								
1	I	State Legislature	98.50	1.85	100.35	98.14	2.21	1.85
2	II	Governor and Council of Ministers	13.11	19.37	32.47	27.23	5.25	5.25
3	III	Administration of Justice	755.85	36.72	792.58	677.77	114.80	36.72
4	IV	General Administration and Elections	596.34	81.63	677.97	623.69	54.29	54.29
5	X	Home Administration	5425.21	900.71	6325.92	6272.89	53.03	53.03
6	XI	Roads Buildings and Ports	3975.73	1159.50	5135.23	4527.16	608.07	608.07
7	XII	School Education	19355.32	531.85	19887.17	18775.38	1111.78	531.85
8	XIII	Higher Education	1782.13	504.86	2286.99	1678.07	608.92	504.86
9	XIV	Technical Education	690.63	71.47	762.11	589.75	172.36	71.47
10	XVI	Medical and Health	9251.59	1336.46	10588.06	8853.43	1734.63	1336.46
11	XVII	Municipal Administration and Urban Development	6946.59	1104.55	8051.15	5412.64	2638.51	1104.55
12	XVIII	Housing	3691.79	61.08	3752.87	1141.92	2610.95	61.08
13	XIX	Information and Public Relations	261.57	13.81	275.37	231.34	44.03	13.81
14	XX	Labour and Employment	601.37	1.98	603.35	223.98	379.37	1.98
15	XXI	Social Welfare	9158.41	130.72	9289.13	4188.79	5100.34	130.72
16	XXII	Tribal Welfare	3084.45	219.70	3304.16	2479.83	824.33	219.70
17	XXIII	Backward Classes Welfare	26891.18	2003.48	28894.67	15017.38	13877.28	2003.48
18	XXIV	Minority Welfare	2055.13	755.45	2810.59	962.68	1847.90	755.45
19	XXV	Women Child and Disable Welfare	3188.07	416.96	3605.02	3077.83	527.19	416.96
20	XXVI	Administration of Religious Endowments	222.32	1.21	223.53	159.94	63.59	1.21
21	XXVII	Agriculture	11221.46	2071.83	13293.29	10715.76	2577.53	2071.83
22	XXVIII	Animal Husbandry and Fisherie	1002.47	158.61	1161.09	970.26	190.83	158.61
23	XXIX	Forest Science Technology and Environment	400.94	58.38	459.32	353.81	105.51	58.38
24	XXX	Cooperation	160.81	2.09	162.90	151.43	11.47	2.09
25	XXXI	Panchayat Rai	8446.37	245.50	8691.87	8453.76	238.10	238.10

Sl. No	Grant No.	Name of the Grant	Original	Supplementary	Total Grant	Expenditure	Savings	Un-utilised Supplementary Provision
26	XXXII	Rural Development	5685.37	1560.67	7246.04	7144.57	101.47	101.47
27	XXXIII	Major and Medium Irrigation	1043.77	335.51	1379.28	1328.02	51.26	51.26
28	XXXV	Energy	6743.28	10.00	6753.28	6002.05	751.23	10.00
29	XXXVI	Industries and Commerce	2081.46	20.21	2101.67	1409.08	692.60	20.21
30	XXXVII	Tourism Art and Culture	49.13	14.35	63.48	51.63	11.85	11.85
30	XXXVIII	Civil Supplies Administration	3516.55	1105.35	4621.91	104.26	4517.65	1105.35
32	XXXIX	Information Technology and Communications	145.72	1.81	147.53	117.70	29.83	1.81
Capital Voted								
33	III	Administration of Justice	120.00	7.13	127.13	19.40	107.73	7.13
34	IV	General Administration and Elections	8.36	1.42	9.78	5.09	4.69	1.42
35	V	Revenue Registration and Relief	3338.19	3922.95	7261.15	6642.73	618.42	618.42
36	VIII	Transport Administration	0.00	1.50	1.50	0.48	1.02	1.02
37	IX	Fiscal Administration Planning Surveys and Statistics	197.00	905.05	1102.05	106.39	995.66	905.05
38	X	Home Administration	563.51	28.31	591.81	161.49	430.32	28.31
39	XI	Roads Buildings and Ports	2353.84	127.83	2481.67	939.66	1542.01	127.83
40	XII	School Education	3248.70	428.10	3676.80	3320.28	356.52	356.52
41	XIII	Higher Education	494.85	65.66	560.51	91.92	468.59	65.66
42	XVI	Medical and Health	2167.89	369.05	2536.94	537.05	1999.89	369.05
43	XVII	Municipal Administration and Urban Development	1203.65	155.38	1359.03	297.32	1061.71	155.38
44	XXII	Tribal Welfare	149.88	3.00	152.88	105.15	47.72	3.00
45	XXV	Women Child and Disable Welfare	267.95	25.00	292.95	20.85	272.10	25.00
46	XXVII	Agriculture	421.37	3.62	424.99	49.27	375.72	3.62
47	XXIX	Forest Science Technology and Environment	56.38	2.50	58.88	15.28	43.60	2.50
48	XXX	Cooperation	74.75	100.00	174.75	25.49	149.26	100.00
49	XXXI	Panchayat Raj	2625.07	446.50	3071.58	2236.66	834.92	446.50
50	XXXIII	Major and Medium Irrigation	9996.86	446.21	10443.07	3719.16	6723.91	446.21

Sl. No	Grant No.	Name of the Grant	Original	Supplementary	Total Grant	Expenditure	Savings	Un-utilised Supplementary Provision
51	XXXIV	Minor Irrigation	645.87	9.47	655.34	310.98	344.35	9.47
52	XXXV	Energy	0.00	66.00	66.00	0.00	66.00	66.00
53	XXXVII	Tourism Art and Culture	37.32	26.89	64.21	10.68	53.53	26.89
Capital Charged								
54	XXXIII	Major and Medium Irrigation	46.55	15.57	62.12	14.8	47.32	15.57
Loans Voted								
55	V	Revenue Registration and Relief	0.00	1000.00	1000.00	0.00	1000.00	1000.00
56	XXVIII	Animal Husbandry and Fisherie	0.00	32.26	32.26	20.00	12.26	12.26
57	XXXV	Energy	246.00	665.00	911.00	95.92	815.08	665.00
58	XXXVI	Industries and Commerce	1213.79	275.19	1488.98	402.38	1086.59	275.19
Total			168020.4	24067.29	192087.70	130970.60	61117.11	17476.77

Source: Appropriation Accounts of 2020-21

Appendix 3.2
Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary
(Refer Para 3.8.1, Page 72)

(₹ in crore)					
Sl. No	No. and Name of the Grant	Original	Expenditure	Savings out of Original Provision	Supplementary Provision
Revenue Voted					
1	I- State Legislature	98.50	98.14	2.21	1.85
2	III- Administration of Justice	755.85	677.77	114.80	36.72
3	XII- School Education	19355.32	18775.38	1111.78	531.85
4	XIII- Higher Education	1782.13	1678.07	608.92	504.86
5	XIV-Technical Education	690.63	589.75	172.36	71.47
6	XVI-Medical and Health	9251.59	8853.43	1734.63	1336.46
7	XVII-Municipal Administration and Urban Development	6946.59	5412.64	2638.51	1104.55
8	XVIII- Housing	3691.79	1141.92	2610.95	61.08
9	XIX-Information and Public Relations	261.57	231.34	44.03	13.81
10	XX-Labour and Employment	601.37	223.98	379.37	1.98
11	XXI-Social Welfare	9158.41	4188.79	5100.34	130.72
12	XXII-Tribal Welfare	3084.45	2479.83	824.33	219.70
13	XXIII-Backward Classes Welfare	26891.18	15017.38	13877.28	2003.48
14	XXIV-Minority Welfare	2055.13	962.68	1847.90	755.45
15	XXV-Women Child and Disable Welfare	3188.07	3077.83	527.19	416.96
16	XXVI-Administration of Religious Endowments	222.32	159.94	63.59	1.21
17	XXVII-Agriculture	11221.46	10715.76	2577.53	2071.83
18	XXVIII-Animal Husbandry and Fisheries	1002.47	970.26	190.83	158.61
19	XXIX-Forest Science and Technology Environment	400.94	353.81	105.51	58.38
20	XXX-Cooperation	160.81	151.43	11.47	2.09
21	XXXV-Energy	6743.28	6002.05	751.23	10.00
22	XXXVI-Industries and Commerce	2081.46	1409.08	692.60	20.21
23	XXXVIII-Civil Supplies Administration	3516.55	104.26	4517.65	1105.35
24	XXXIX-Information Technology and Communications	145.72	117.7	29.83	1.81
Capital Voted					
1	III-Administration of Justice	120.00	19.4	107.73	7.13
2	IV-General Administration and Elections	8.36	5.09	4.69	1.42

Sl. No	No. and Name of the Grant	Original	Expenditure	Savings out of Original Provision	Supplementary Provision
3	IX-Fiscal Administration Planning Surveys and Statistics	197	106.39	995.66	905.05
4	X-Home Administration	563.51	161.49	430.32	28.31
5	XI-Roads Buildings and Ports	2353.84	939.66	1542.01	127.83
6	XIII-Higher Education	494.85	91.92	468.59	65.66
7	XVI-Medical and Health	2167.89	537.05	1999.89	369.05
8	XVII-Municipal Administration and Urban Development	1203.65	297.32	1061.71	155.38
9	XXII-Tribal Welfare	149.88	105.15	47.72	3.00
10	XXV-Women Child and Disable Welfare	267.95	20.85	272.10	25.00
11	XXVII-Agriculture	421.37	49.27	375.72	3.62
12	XXIX-Forest Science Technology and Environment	56.38	15.28	43.60	2.50
13	XXX-Cooperation	74.75	25.49	149.26	100.00
14	XXXI-Panchayat Raj	2625.07	2236.66	834.92	446.50
15	XXXIII-Major and Medium Irrigation	9996.86	3719.16	6723.91	446.21
16	XXXIV-Minor Irrigation	645.87	310.98	344.35	9.47
17	XXXVII-Tourism Art and Culture	37.32	10.68	53.53	26.89
Capital Charged					
1	XXXIII-Major and Medium Irrigation	46.55	14.80	47.32	15.56
Loans Voted					
1	XXXV-Energy	246.00	95.92	815.08	665.00
2	XXXVI-Industries and Commerce	1213.79	402.38	1086.59	275.19
Total		136198.50	92558.15	57939.57	14299.23

Source: Appropriation Accounts of 2020-21

Appendix 3.3

Cases where Supplementary provision (more than ₹ one crore) proved insufficient

(Refer Para 3.8.1, Page 72)

(₹ in crore)						
Sl. No	No. and Name of the Grant	Original	Supplementary Provision	Total Grant	Expenditure	Excess
Revenue Voted						
1	V-Revenue Registration and Relief	5479.88	897.00	6376.88	6494.48	117.61
2	IX-Fiscal Administration Planning Surveys and Statistics	19683.89	1632.21	21316.1	25569.8	4253.71
Loans voted						
3	XVII-Municipal Administration and Urban Development	0.00	151.30	151.30	152.72	1.42
Revenue Charged						
4	IX-Fiscal Administration Planning Surveys and Statistics	19539.48	23.50	19562.98	20019.07	456.09
Public Debt Charged						
5	IX-Fiscal Administration Planning Surveys and Statistics	13915.11	7.63	13922.73	118274.3	104351.60
Total		58618.35	2711.63	61329.98	170510.4	109180.40

Source: Appropriation Accounts of 2020-21

Appendix 3.4**Cases where re-appropriation (more than ₹ one crore) proved unnecessary****(Refer Para 3.9.1, Page 73)****(₹ in crore)**

Sl. No	Grant No. and Name of the Grant	Head of Account and nomenclature	Original	Supplementary	Expenditure	Savings out of total provision	Re-appropriation
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-1-800-24-Medical Reimbursement of all types of Pensioners	0.00	0.00	0.00	0.00	70.82
2	XIII- Higher Education	2202-3-104-06-Assistance to Aided Colleges	565.98	0.00	364.69	201.29	49.87
3	XXVI-Administration Of Religious Endowments	2250-00-102-03 District Offices	27.65	0.00	26.06	1.59	1.06
4	XXXII-Rural Development	2515-00-102-25 Mahila Kisan Sashaktikaran Pariyojana	150.00	0.00	0.00	150.00	20.07
5	XXXIII-Major And Medium Irrigation	4711-03-103-06 Krishna Delta Area	13.38	0.00	13.27	0.11	1.11
Total			757.01	0.00	404.02	352.99	142.94

Source: Appropriation Accounts of 2020-21 and Grants Audit Register of 2020-21 compiled by O/o PAG (A&E), AP.

Appendix 3.5

Cases where re-appropriation (more than ₹ one crore) proved excessive

(Refer Para 3.9.1, Page 73)

(₹ in crore)

Sl. No	Grant No. and Name of the Grant	Head of Account and nomenclature	Original	Supplementary	Re-appropriation	Net Provision	Expenditure	Final Saving i.e Excessive Re-appropriation
1	IX-Fiscal Administration, Planning, Surveys and Statistics	2049-01-305-01 Management of Debt	1.24	0.00	56.90	58.13	51.43	6.70
2	IX-Fiscal Administration, Planning, Surveys and Statistics	2071-1-800-24 Medical Reimbursement of all types of pensioners	0.00	0.00	70.82	70.82	0.00	70.82
3	XIII-Higher Education	2202-03-104-06 Assistance to Aided Colleges	565.98	0.00	49.87	615.85	364.69	251.16
4	XXVI-Administration Of Religious Endowments	2250-00-102-03 Administration Of Religious Endowments	27.65	0.00	1.06	28.71	26.06	2.66
5	XXVI-Administration Of Religious Endowments	2250-0-102-4 Executive Officers of Temples	45.14	0.00	2.97	48.11	45.32	2.79
6	XXXII-Rural Development	2515-0-102-25 Mahila Kisan Sashaktikaran Pariyojana	150	0.00	20.07	170.07	0.00	170.07
7	XXXIII-Major And Medium Irrigation	4711-3-103-6 Krishna Delta Area	13.38	0.00	1.11	14.50	13.27	1.22
8	XXXIII-Major And Medium Irrigation	4711-3-103-8 Pennar Delta Area	5.45	0.00	4.06	9.50	7.34	2.16
Total			808.84	0.00	206.86	1015.69	508.11	507.58

Source: Appropriation Accounts of 2020-21 and Grants Audit Register of 2020-21 compiled by O/o PAG (A&E), AP.

Appendix 3.6**Cases where re-appropriation (more than ₹ one crore) proved in-sufficient****(Refer Para 3.9.1, Page 73)****(₹ in crore)**

Sl. No	Grant No. and Name of the Grant	Head of Account and nomenclature	Original	Supplementary	Re-appropriation	Net Provision	Expenditure	Final Excess(+)/ Savings(-)
1	IX- Fiscal Administration, Planning, Surveys and Statistics	2071-1-101-24 Pension Allocable to Successor State of Andhra Pradesh	95.07	0.00	27.02	122.09	3439.59	3317.5
2	IX- Fiscal Administration, Planning, Surveys and Statistics	2071-1-105-24 Family Pension allocable to successor states of Andhra Pradesh	18.39	0.00	201.05	219.44	1155.82	936.37
3	XII-School Education	4202-1-789-47 Samagra Shiksha	32.72	0.00	1.37	34.10	36.97	2.87
4	XXII- Tribal Welfare	2225-2-102-10 Grants under Proviso Art. 275 (1)	55.52	0.00	35.06	90.58	103.70	13.12
5	XXII- Tribal Welfare	2225-2-102-53 YSR Pension Kanuka	894.34	0.33	55.50	950.17	966.98	16.81
6	XXVII- Agriculture	2401-0-796-7 National Horticulture	15.66	0.00	3.40	19.06	21.01	1.95
Total			1111.70	0.33	323.40	1435.44	5724.07	4288.62

Source: Appropriation Accounts of 2020-21 and Grants Audit Register of 2020-21 compiled by O/o PAG (A&E), AP.

Appendix 3.7

Cases where anticipated savings not surrendered (short surrender of ₹ one crore or more in each case)

(Refer Para 3.9.3, Page 74)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
Revenue Voted					
1	VI-Excise Administration	148.84	5.62	2.61	3.01
2	XI-Roads Buildings and Ports	5135.23	608.07	595.41	12.65
3	XII-School Education	19887.17	1111.78	1050.02	61.77
4	XIII-Higher Education	2286.99	608.92	354.29	254.63
5	XVII-Municipal Administration and Urban Development	8051.15	2638.51	2616.35	22.16
6	XXI-Social Welfare	9289.13	5100.34	1395.04	3705.3
7	XXII-Tribal Welfare	3304.16	824.33	0.00	824.33
8	XXIII-Backward Classes Welfare	28894.67	13877.28	1981.83	11895.45
9	XXIV-Minority Welfare	2810.59	1847.9	714.78	1133.13
10	XXVI-Administration of Religious Endowments	223.53	63.59	0.00	63.59
11	XXVIII-Animal Husbandry and Fisheries	1161.09	190.83	171.96	18.87
12	XXXII-Rural Development	7246.04	101.47	1.47	100.00
13	XXXIII-Major and Medium Irrigation	1379.28	51.26	49.06	2.20
14	XXXV-Energy	6753.28	751.23	729.55	21.68
Capital Voted					
15	X-Home Administration	591.81	430.32	386.67	43.65
16	XI-Roads Buildings and Ports	2481.67	1542.01	1245.36	296.66
17	XIII-Higher Education	560.51	468.59	430.97	37.62
18	XXXIII-Major and Medium Irrigation	10443.07	6723.91	6681.92	41.99
19	XXXV-Energy	66.00	66.00	0.00	66.00
Capital Charged					
20	XXXIII-Major and Medium Irrigation	62.12	47.32	40.43	6.89
Loans Voted					
21	V-Revenue Registration and Relief	1000.00	1000.00	0.00	1000.00
22	XXXV-Energy	911.00	815.08	585.08	230.00
23	XXXVI-Industries and Commerce	1488.98	1086.59	11.63	1074.96

Source: Appropriation Accounts of 2020-21

Appendix 3.8
Excess Expenditure during 2020-21
(Refer Para 3.11.1, Page 77)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Excess	Reasons for excess expenditure
1	III	Administration of Justice(RC)	38.04	57.55	19.51	Specific reasons for excess were not intimated by Government.
2	V	Revenue Registration and Relief (RV)	6,376.88	6,494.48	117.61	
3	IX	Fiscal Administration Planning Surveys and Statistics(RV)	21,316.10	25,569.80	4,253.71	
4	IX	Fiscal Administration Planning Surveys and Statistics (RC)	19,562.98	20,019.07	456.09	
5	IX	Fiscal Administration Planning Surveys and Statistics(LV)	208.48	1,031.27	822.79	
6	IX	Fiscal Administration Planning Surveys and Statistics(PDC)	13,922.73	1,18,274.31	104351.58	
7	XVII	Municipal Administration and Urban Development(LV)	151.30	152.72	1.42	
8	XXXV I	Industries and Commerce(CV)	106.51	592.92	486.41	
Total			61683.02	172192.12	110509.12	

Source: Appropriation Accounts of 2020-21; RV-Revenue Voted; RC- Revenue Charged, PDC-Public Debt Charged. [#]Including excess on account of Ways and Means of Advance of ₹ 104539.24 crore.

Appendix 3.9
Excess over provision of previous years requiring regularisation
(Refer Para 3.11.3; page 77)

(₹ in crore)

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of excess
2004-05	5 Grants	Revenue:	VIII, XIX and XL	14.83
		Capital:	XVI	
		Loans:	XXXVI	
	1 Appropriation	Revenue:	XXXVI	
2005-06	10 Grants	Revenue:	X, XI, XIX and XXXI	585.82
		Capital:	VIII, XIII, XVII, XXXII and XXXIII	
		Loans:	XVII	
	3 Appropriations	Revenue:	II, XVI and XXVIII	
2006-07	7 Grants	Revenue:	IX, X, XI and XIV	198.72
		Capital:	XVII and XXIX	
		Loans:	XXXVII	
	1 Appropriation	Revenue:	III	
2007-08	7 Grants	Revenue:	X, XI and XXXII	201.30
		Capital:	XVII, XXXIII and XXXV	
		Loans:	XXXVI	
	3 Appropriations	Revenue:	II, IV and XIV	
2008-09	11 Grants	Revenue:	II, V, XI, XXIV, XXVI and XXXI	709.24
		Capital:	XVII and XXXIX	
		Loans:	XIX, XXVII and XXXVI	
	3 Appropriations	Revenue:	II, III and XIII	
2009-10	10 Grants	Revenue:	III and XIX	109.74
		Capital:	IV, VII, X, XVII and XXIX	
		Loans:	XI, XVI and XVII	
	2 Appropriations	Revenue:	VII and XIII	
2010-11	11 Grants	Revenue:	X and XXIV	867.54
		Capital:	X, XVII, XXVII and XXXVI	
		Loans:	XI, XV, XVI, XVII and XXXV	
	5 Appropriations	Revenue:	IV, V, X and XVII	
		Capital:	XI	
2011-12	5 Grants	Revenue:	X and XXIV	188.59
		Capital:	XVII	
		Loans:	IX and XV	
	2 Appropriations	Revenue:	XXIII and XXV	
2012-13	5 Grants	Revenue:	X, XI, XVII and XXXIX	275.63
		Capital:	XXIX	
	1 Appropriation	Revenue:	XVI	
2013-14	4 Grants	Revenue:	X, XI	530.12
		Capital:	XVII and XXIX	
	1 Appropriation	Revenue:	XVI	
2014-15	26 Grants	Revenue:	II, V, VI, XI, XIX, XX, XXV, XXVI, XXVII, XXXI, XXXII, XXXIV, XXXV and XXXVI	13,134.68

		Capital:	V, VIII, X, XI, XII, XVI, XVIII and XXXV	
		Loans:	IX, XVII, XXIX and XXXVI	
	2 Appropriations	Revenue:	III	
		Loans:	IX	
2015-16	15 Grants	Revenue	II, V, VII, IX, XI, XV, XIX, XX, XXX and XXXVIII	
		Capital	XXIX and XXXIV	
		Loans	IX, XVII and XXVIII	
	2 Appropriations	PDC	IX and XL	36,856.98
2016-17	4 Grants	Revenue	XI and XL	
		Capital	XIV and XXIX	
	1 Appropriation	PDC	IX	1,686.83
2017-18	3 Grants	Revenue	II and XI	
		Capital	XXXIX	
	2 Appropriations	Capital	XXXI	
		PDC	IX	47,144.53
2018-19		Revenue:	IX	
	2 Grants	Loans	IX	
		Revenue	IX	
	2 Appropriations	PDC	IX	64,005.68
2019-20	5 Grants	Revenue	IX, XVII, XXI, XXIII AND XXIV	
	4 Appropriations	Revenue	III, IX and XXXVI	
		PDC	IX	73,983.26
Total				2,40,493.49

Source: Appropriation Accounts of respective years

Appendix 3.10
Amount of excess expenditure relating to the years 2014-15 to 2019-20
for which ENs were not furnished
(Refer Para 3.11.3; page 78)

Year	Number of Grants/ Appropriations	Amount of Excess expenditure reported	(₹ in crore)	
			Amount for which ENs furnished	Amount for which ENs are yet to be furnished to Audit
2014-15	26 Grants and 2 Appropriations	13,134.68	13,134.68	0.00
2015-16	15 Grants and one Appropriation	36,856.98	36,856.98	0.00
2016-17	4 Grants and one Appropriation	1,686.83	1,686.83	0.00
2017-18	Three Grants and two Appropriations	47,144.53	0.00	47,144.53
2018-19	Two Grants and Two Appropriations	64,005.68	0.00	64,005.68
2019-20	five Grants and four Appropriations	73,983.26	0.00	73,983.26
Total		2,36,811.96	51,678.49	1,85,133.47

Source: Appropriation Accounts of respective years and information compiled by O/o AG(Audit), AP.

Appendix 4.1
Schemes under which lapsing was made
(Refer Para 4.7.4.2; page 90)

Scheme	Amount lapsed (₹ in crore)
Administration of Drugs Control Act	1.42
Andhra Pradesh Forensic Science Laboratory	14.49
Assistance to Intergrated Co-operative Development Project (50% NCDC)	0.93
Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Scheme	11.78
Blue Revolution - Integrated Development and Management of Fisheries	5.69
Blue Revolution-Integrated Development and Management of Fisheries	37.83
Capacity building for developing trauma care facilities in the Government Hospitals on National Highways	0.28
Center for excellence at Govt. hospitals for mental care , Vishakapatnam under NMHP	4.00
Central Road Fund - State Allocation Works	0.03
Cyber Crime Prevention against Women and Children (CCPWC)	0.07
Dam and Appurtenant Works	0.01
Deduct - Recoveries	0.55
Deen Dayal Upadhyaya Grameen Kaushalya Yojana	113.47
DRDA Administration	2.25
Early Warning Dissemination Systems under NCRMP	39.69
Establishment of New Medical Colleges	1.10
Flood Damage Repairs (New & Continuation) of National Highways	7.48
Grants under Proviso Art. 275 (1)	5.89
Home Affairs Scheme for Safety of Women	7.00
Implementation of Crime and Criminal Tracking Network System(CCTNS)	3.89
Integrated Child Development Service (ICDS)	77.01
Integrated Child Development Services	35.11
Integrated Child Development Services (ICDS)	0.01
Integrated Child Protection Scheme (ICPS)	7.47
Integrated Development of Wild Life Habitats	0.02
Intensification of Forest Management	0.04
Investments for Assistance to Integrated Co-operative Development Projects (NCDC) Scheme	45.85
Jagananna Gorumudda - Mid-Day Meal (Cooking Cost) (Primary)	0.01
Jagananna Gorumudda - Nutritious Meals Programme (MDM)	0.02
Jagananna Vasati Deevena (MTF) to ST Students	35.67
Loan Assistance for Integrated Co-operative Development Projects (N.C.D.C.)	33.16
Minimum Support Price for Minor Forest Produce	10.10
Monetary Relief and Legal Aid to the victims of Atrocities on Scheduled Castes	0.19
Multi Sectoral Development Programme for Minorities	126.97
National Action Plan for Drug Demand reduction	6.18
National Action Plan for Senior Citizens (NAPSRC)	0.71
National Afforestation Programme (National Mission for a Green India)	1.57
National Creche Scheme	4.20
National Disability Pension Scheme	0.64
National Family Benefit Scheme	4.45
National Food Security Mission	84.81

National Health Mission (NHM)	355.54
National Horticulture Mission	39.97
National Live Stock Management Programme	13.45
National Livestock Health and Disease Control Programme	2.81
National Mission for Empowerment of Women (NMEW)	0.07
National Mission for Sustainable Agriculture (NMSA)	41.05
National Mission on Agricultural Extension & Technology	33.36
National Mission on AYUSH including Mission on Medicinal Plants	1.93
National Nutrition Mission (NNM)	78.93
National Oil Seed and Oil Palm Mission (Oil Palm)	7.81
National Oil Seed and Oil Palm Mission (Oil Seeds)	11.56
National Rural Drinking Water Programme (NRDWP)	264.68
National Rurban Mission	24.30
National Scheme for Modernization of Police and Other forces	7.08
National Urban Livelihood Mission (NULM)	31.58
Nation-wide Emergency Response System (NERS)	1.33
Nutrition Programme	233.52
Ordinary Repairs of National Highways	29.71
Paramparagat Krishi Vikas Yojana	86.81
Pradhan Manthri Awas Yojana (Urban)	696.16
Pradhan Mantri Kaushal Vikas Yojana	1.96
Pradhan Mantri Matru Vandana Yojana	1.23
Pradhana Mantri Krishi Sinchayi Yojana (PMKSY)	59.95
Project Elephant	0.14
Project Establishment Under Chief Engineer, Polavaram Project	0.59
Project Tiger	0.00
Providing additional infrastructure to enhanced UG/PG Seats in Government Medical Colleges	7.78
Rainfed Area Development (RAD)	5.00
Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)	0.11
Rashtriya Gram Swaraj Abhiyan (RGSA)	14.61
Rashtriya Krushi Vikasa Yojana (RKVY)	154.05
Rashtriya Uchchatar Shiksha Abhiyan (RUSA)	36.51
Rejuvenation of Coffee Plantation	2.85
Samagra Shiksha	219.78
SANKALP Scheme	6.03
Scheme for Development of (OBC) Other Backward Classes and denotified, Nomadic and Semi-nomadic Tribes	75.53
Scheme for Implementation of Persons with Disabilities Act. 1995	13.82
Security Related Expenditure (SRE) - Scheme for curbing extremist activities in the State	2.19
Smart Cities	74.12
Soil Health Card Scheme	7.05
Soil Health Management	0.40
Special Central Assistance for Special Component Plan (SCP) for SCs	30.83
Special Infrastructure Scheme for Left Wing Extremist Areas	0.30
Special Infrastructure Scheme(SIS) for upgradation - Special Intelligence Branches(SIBs) and Grey	13.77
State Cancer Institute	30.55
Sub Mission on Agricultural Extension (SMAE)	7.38
Sub Mission on Agriculture Mechanisation	188.67
Swachh Bharat Mission - Gramin	2.29

Swatch Bharat Mission - Construction of (IHHL) individual House Hold Lavetries in all Nagarapanchayats, Municipalities/Corporation	11.57
Swatch Bharath Mission - Construction of Community toilets in all Nagarapanchayats, Municipalities/Corporations	34.77
The Special Central Assistance (SCA) for the most LWE affected districts	27.76
Training Programmes Under Intergrated Child Development Services (ICDS)Scheme	0.25
YSR Sampoorana Poshana	4.66
YSR Sampoorana Poshana & Plus	81.99
Grand Total	3,812.18

Appendix-4.2
(Inoperative Reserve Funds)
(Refer Para 4.9.6; page 96)

S.No	Classification	Amount (₹)	Year from which lying in-operative
Reserve Funds bearing interest			
1	8115-00-103-03	10,39,06,355	2008-09
2	8121-00-101-00	1,703	2012-13
3	8121-00-102-00	12	2012-13
	Total	10,39,08,070	
Reserve Funds not bearing interest			
4	8226-00-101-01	12,35,77,360	2013-14
5	8229-00-200-03	7,29,000	2003-04
6	8229-00-200-08	2,08,40,360	2009-10
7	8235-00-101-00	1,06,149	2008-09
8	8235-00-102-00	2,65,397	2008-09
9	8235-00-103-02	12,49,605	2005-06
10	8235-00-200-02	64,11,398	2002-03
11	8235-00-200-03	(-)6,60,684	2002-03
	Total	15,25,18,585	

Appendix 4.3

Statement showing submission of accounts and status of Audit of Autonomous Bodies (Section 19, 20 of DPC Act 1971)
(Refer Para 4.11, Page 97)

Sl. No.	Name of Body/Authority	Period of entrustment up to	Year up to which accounts were rendered	Placement of SAR in the Legislature	No. of accounts to be submitted to Audit
1.	AP State Legal Services Authority, Vijayawada	Not required as per Section 18 of Legal Services Act, 1987	2014-15	Not placed in the Legislature	6 (2015-16 to 2020-21)
2.	District Legal Services Authority, Anantapur		2018-19		2 (2019-20 & 2020-21)
3.	District Legal Services Authority, Chittoor		2019-20		1 (2020-21)
4.	District Legal Services Authority, East Godavari		2017-18		3 (2018-19 to 2020-21)
5.	District Legal Services Authority, Guntur		2017-18		3 (2018-19 to 2020-21)
6.	District Legal Services Authority, Krishna		2016-17		4 (2017-18 to 2020-21)
7.	District Legal Services Authority, Kadapa		2018-19		2 (2019-20 & 2020-21)
8.	District Legal Services Authority, Kurnool		2017-18		3 (2018-19 to 2020-21)
9.	District Legal Services Authority, Nellore		2017-18		3 (2018-19 to 2020-21)
10.	District Legal Services Authority, Prakasam		2016-17		4 (2017-18 to 2020-21)
11.	District Legal Services Authority, Srikakulam		2016-17		4 (2017-18 to 2020-21)
12.	District Legal Services Authority, Visakhapatnam		2015-16		5 (2016-17 to 2020-21)
13.	District Legal Services Authority, Vizianagaram		2016-17		4 (2017-18 to 2020-21)
14.	District Legal Services Authority, West Godavari		2016-17		4 (2017-18 to 2020-21)
15.	AP Building and Other Construction Workers Welfare Board, Hyderabad		2014-15 (Up to 01.06.2014)	Not placed in the Legislature	7 {(2014-15 (2.6.2014 to 31.03.2015) to 2020-21)}
16.	AP Real Estate Regulatory Authority		2018-19	...	2 (2019-20 & 2020-21)
17.	Visakhapatnam Urban Development Authority (VUDA)	2021-22	2016-17	2014-15	4 (2017-18 to 2020-21)
18.	Tirupathi Urban Development Authority (TUDA)	2021-22	2017-18	2017-18	3 (2018-19 to 2020-21)
19.	Capital Region Development Authority (CRDA) (Formerly VGT Muda), Vijayawada	2018-19	2016-17	2016-17	2 (2017-18 & 2018-19)
20.	Putaparthi Urban Development Authority(PUDA)	2005-06 Onwards	*	*	16 (2005-06 to 2020-21)
21.	Godavari Urban Development Authority (GUDA)	2021-22	Entrustment orders received in the year 2019-20		4 (2017-18 to 2020-21)
22.	Kurnool Urban Development Authority	2021-22			4 (2017-18 to 2020-21)

	(KUDA)		and want of accounts called for, Accounts not received in complete shape.		
23.	Machilipatnam Urban Development Authority (MUDA)	2021-22			4 (2017-18 to 2020-21)
24.	Nellore Urban Development Authority (NUDA)	2021-22			4 (2017-18 to 2020-21)
25.	Anantapuramu- Hindupur Urban Development Authority (AHUDA)	2021-22			0
26.	Integrated Tribal Development Agency, Kotaramachandrapuram	2021-22	2014-15		6 (2015-16 to 2020-21)
27.	Integrated Tribal Development Agency, Parvathipuram	2021-22	2015-16		5 (2016-17 to 2020-21)
28.	Integrated Tribal Development Agency, Seethampeta	2021-22	2014-15		6 (2015-16 to 2020-21)
29.	Integrated Tribal Development Agency, Paderu	2021-22	2014-15		6 (2015-16 to 2020-21)
30.	Integrated Tribal Development Agency, Rampachodavaram	2021-22	2014-15		6 (2015-16 to 2020-21)
31.	Integrated Tribal Development Agency, Srisailam	2021-22	2013-14		7 (2014-15 to 2020-21)
32.	Integrated Tribal Development Agency, SPSR Nellore	2021-22	2011-12		9 (2012-13 to 2020-21)
33.	Integrated Tribal Development Agency Plain Areas, Vijayawada	2021-22	2017-18		3 (2018-19 to 2020-21)
34.	Andhra Pradesh Vaidya Vidhana Parishad,(APVVP), Guntur	2019-20	2013-14	2007-08	6 (2014-15 to 2019-20)
35.	Andhra Pradesh Khadi and Village Industries Board(APKVIB), Guntur	2019-20	2013-14	2013-14	6 (2014-15 to 2019-20)
36.	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority (AP CAMPA), Guntur	2018-19	2017-18	No Provision of placement in legislature as per CAMPA guidelines	3 (2018-19 to 2020-21)

*Note- In respect of PUDA, though the accounts were submitted , details regarding constitution of Board Resolutions passed etc. have not been received. The same was communicated to the Authority for furnishing and the same are awaited. Till such time this is treated as non submission of Accounts

APCAMPA-Central Government notified that the CAMPA Act, 2016 come into force w.e.f 30.09.2018 the arrears of accounts is treated due till the year 2019-20. In this regard, the audit entrusted as such by the Parliament in nature and does not require re-entrustment.

Appendix 4.4
Statement of Bodies and Authorities whose accounts have not been received
(Section 14, 15 of DPC Act 1971)
(Refer Para 4.11, Page 98)

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2021
1.	Andhra University, Visakhapatnam	2020-21	1
2.	Dravidian University, Kuppam	2018-19 To 2020-21	3
3.	Nagarguna University, Guntur	2016-17 to 2020-21	5
4.	Sri Krishna Devaraya University, Anantapur	2011-12 to 2013-14 and 2018-19 to 2020-21	6
5.	Sri Padmavathi Mahila Viswa Vidyalayam, Triupati	2018-19 To 2020-21	3
6.	Sri Venkateshwara University, Tirupati	2020-21	1
7.	Dr. B.R. Ambedkar University, Etcherla	2015-16 to 2020-21	6
8.	Adikavi Nannaya University, Rajamahendravaramu	2020-21	1
9.	Yogi Vemana University, Kadapa	2018-19 to 2020-21	3
10.	Krishna University, Machilipatnam	2016-17 and 2018-19 to 2020-21	4
11.	Adoni Arts and Science College, Adoni	2012-13 to 2020-21	9
12.	AG and SG Degree College, Vuyyuru	2016-17 to 2020-21	5
13.	Akkineni Nageswar Rao College, Gudiwada	2020-21	1
14.	AMAL College, Anakapalli	2011-12 to 2020-21	10
15.	Andhra Jateeya Kalasala Machilipatanam	2014-15 to 2020-21	7
16.	Andhra Loyola College, Vijayawada	2010-11 and 2017-18 to 2020-21	5
17.	AVN College, Visakhapatnam (II Shift)	2020-21	1
18.	AVN College, Visakhapatnam	2020-21	1
19.	Bandla Bapaiah Hindu College, Vetapalem	2018-19 to 2020-21	3
20.	BAS College, Bapatla	2010-11 to 2020-21	11
21.	Besant Theosophical college (Day), Madanapalli	2017-18 to 2020-21	4
22.	Besant Theosophical college (Evening), Madanapalli	2017-18 to 2020-2021	4
23.	BGBS Women's College, Narsapur	2001-02 to 2020-21	20
24.	Ch SD teresa's College for women, Eluru	2020-21	1
25.	JNTU, Kakinada	2020-21	1
26.	Chundi Ranganayakulu College, Chilakaluripet	2006-07 to 2020-21	15
27.	CR Reddy college, Eluru	2020-21	1
28.	CSR Sarma College, Ongole	2014-15 to 2020-21	7
29.	Dharma Apparao College, Nuzvid, Krishna Dist.	2012-13 to 2020-21	9
30.	Dr KVK Murthi Sanskrit College, Guntur	2020-21	1
31.	DRN and SVS College, Chilakaluripet	2006-07 to 2020-21	15
32.	Duvvuru Ramanamma Degree College, Gudur	2019-20 to 2020-21	2
33.	Goluguru Bapiraju Degree College, Anaparthi	2018-19 to 2020-21	3
34.	JNTU Anantapur	2018-19 to 2020-21	3
35.	Islamiah College, Kurnool	2001-02 to 2020-21	20
36.	J Kuppuswamy Chowdary Degree College, Guntur	2020-21	1
37.	Jawahar Bharathi College, Kavali	2020-21	1
38.	KBN College Vijayawada	2020-21	1
39.	KGR Lutheran College, Bhimavaram(W G Dt.)	2018-19 to 2020-21	3
40.	Kondapalli Thati Reddy Women's College, Gudiwada	2020-21	1
41.	Maharaja College Vizianagaram (Women)	2012-13 and 2019-20 to 2020-21	3
42.	Maharajah Autonomous College, Vizianagaram	1997-98 to 2020-21	24
43.	Marystella College Vijayawada	2017-18 to 2020-21	4

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2021
44.	MVNJS and RVR College of Arts and Science, Malkipuram	2010-11 to 2020-21	11
45.	Neelam Sanjiva Reddy Arts and Science College, Velgode	2020-21	1
46.	Noble College, Machilipatanam	2003-04 to 2020-21	18
47.	Osmania College, Kurnool	2007-08 to 2020-21	14
48.	PBN College, Nidubrolu	2017-18 to 2020-21	4
49.	PBS Degree College, Vijayawada	2011-12 to 2020-21	10
50.	PBS junior College, Vijayawada	2020-21	1
51.	Pedanadipadu College of Arts and Science, Pedanadipadu	2018-19 & 2020-21	3
52.	PVRK Trust college, Kakinada	2016-17 to 2020-21	5
53.	Rajasivareddy Venkatadri Nayudu College, Dharanikonda	2015-16 to 2020-21	6
54.	RSRK Rangarao college, Bobbili	2018-19 & 2020-21	3
55.	Ideal Junior college, Kakinada	2020-21	1
56.	Sathavahana College, Vijayawada	2006-07 to 2020-21	15
57.	SBSYM College, Srikakulam	2012-13 to 2020-21	9
58.	SDS College Hindupur, Anantapur	2009-10 to 2020-21	12
59.	SDPS College, Sri Ramnagar	2011-12 to 2020-21	10
60.	SGS College, Jaggayapet	2007-08 to 2020-21	14
61.	SMBTAV and SN Degree College, Veeravasaram	2012-13 to 2020-21	9
62.	Smt. Kasuraghavamma Brahmanandha Reddy College, Kurnool	2015-16 to 2020-21	6
63.	Sri Balasiva Yogindra Maharaja Degree College, Kurnool	2007-08 to 2020-21	14
64.	Sri Chaparla Satyanarayana College, Gudlavalleru	2002-03 to 2020-21	19
65.	Sri DMS Mahilia Kalasala, Vijayawada	2006-07 to 2020-21	15
66.	Sri Govindaraja Swamy Arts And Science, Tirupathi	1995-96 to 2020-21	26
67.	Smt. Kandukuri Rajyalakshmi College For Women, Rajamundry	2012-13, 2015-16 and 2020-21	3
68.	STBC College Kurnool	1995-96 to 2020-21	26
69.	Sri KSDM Kalasala, Tanuku	2020-21	1
70.	Sri KVT College Rajahmundry	2020-21	1
71.	Sri Padmanvathi Mahila Hindu Kalasala Machilipatnam	2019-20 to 2020-21	2
72.	Sri Sai Babanational Degree College Ananthapur	2020-21	1
73.	Sri Subbaraya And Narayana College Narsaraopet	2000-01 to 2020-21	21
74.	Sri Venkateswara Degree College Kadapa	2006-07 to 2020-21	15
75.	Sri Vkp Degree College, Podili	2015-16 to 2020-21	6
76.	Sri Vss Arts And Science College, Attili	2013-14 to 2020-21	8
77.	Sri Yerlamilli Narayana Muthy College, Narsapur, W.G Dist.	2011-12 to 2020-21	10
78.	SRVS And JB Maharani College, Peddapuram	2013-14 to 2020-21	8
79.	SV Arts, Commerce And Science College, Chagalmarri	2016-17 to 2020-21	5
80.	St. Joseph's College For Women, Visakhapatnam	2020-21	1
81.	SV Arts and Science College, Giddalur	2003-04, 2005-06, 2008-09, 2009-10 and 2011-12 to 2020-21	14
82.	SVKP and Dr. KS Raju Arts & Science College, Penugonda	2020-21	1
83.	SVKP College, Markapur	2019-20 to 2020-21	2
84.	KVR, KVR and MKR College, khazipalem	2020-21	1
85.	BVK College, Visakhapatnam	2015-16 to 2020-21	6
86.	The Hindu College, Machilipatanam	2015-16 to 2020-21	6

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2021
87.	TJPS College, Guntur	2009-10 and 2018-19 to 2020-21	4
88.	Venkatagiri raja college (day), Nellore	2017-18 to 2020-21	4
89.	Vkr college buddhavaram	2020-21	1
90.	VR college (Evening), Nellore	2012-13 to 2020-21	9
91.	VSM College, Ramchandrapuram	2017-18 to 2020-21	4
92.	VSR and NVR college, Tenali	2015-16 to 2020-21	6
93.	VTJM and TVTR College, Mangalagiri	2005-06 to 2020-21	16
94.	VVM Degree college, Ongole	1995-96 to 2020-21	26
95.	YS Raja Reddy Degree College, Pulivendula, Kadapa(Loyola Degree college)	2019-20 to 2020-21	2
96.	Andhra muslim college, Guntur	2020-21	1
97.	Zilla Grandhalaya Samstha, Ananthapur	2018-19 to 2020-21	3
98.	Zilla Grandhalaya Samstha, Chittoor	2018-19 to 2020-21	3
99.	Zilla Grandhalaya Samstha, Kakinada, East Godavari (dt)	2014-15 to 2020-21	7
100.	Zilla Grandhalaya Samstha, Guntur	2014-15,2018-19 to 2020-21	4
101.	Zilla Grandhalaya Samstha, Kadapa	2014-15 to 2020-21	7
102.	Zilla Grandhalaya Samstha, Machilipatanam, Krishna (dt)	2015-16 to 2020-21	6
103.	Zilla Grandhalaya Samstha, Kurnool	2020-21	1
104.	Zilla Grandhalaya Samstha, Nellore	2020-21	1
105.	Zilla Grandhalaya Samstha, Ongole	2015-16 to 2020-21	6
106.	Zilla Grandhalaya Samstha, Srikakulam	2018-19 to 2020-21	3
107.	Zilla Grandhalaya Samstha, Visakhapatnam	2020-21	1
108.	Zilla Grandhalaya Samstha, Vizianagaram	2019-20 to 2020-21	2
109.	Zilla Grandhalaya Samstha, Eluru	2014-15 to 2020-21	7
110.	Zilla Saksharatha Samithi, Ananthapur	1997-98 to 2009-10 and 2016-17 to 2017-18 & 2020-21	16
111.	Zilla Saksharatha Samithi, Chittoor	2018-19 to 2020-21	3
112.	Zilla Saksharatha Samithi, Kakinada , East Godavari (dt)	2017-18 to 2020-21	4
113.	Zilla Saksharatha Samithi, Guntur	2006-07 to 2020-21	15
114.	Zilla Saksharatha Samithi, Kadapa	2000-01 to 2009-10 and 2018-19 to 2020-21	13
115.	Zilla Saksharatha Samithi, Machilipatanam	2013-14 to 2020-21	8
116.	Zilla Saksharatha Samithi, Kurnool	2018-19 to 2020-21	3
117.	Zilla Saksharatha Samithi, Nellore	1998-99 to 2009-10 and 2018-19 to 2020-21	15
118.	Zilla Saksharatha Samithi, Ongole	2018-19 to 2020-21	3
119.	Zilla Saksharatha Samithi, Srikakulam	2001-02 to 2005-06 and 2018-19 to 2020-21	8
120.	Zilla Saksharatha Samithi, Visakhapatnam	2001-02 to 2020-21	20
121.	Zilla Saksharatha Samithi, Vizianagaram	2001-02 to 2020-21	20
122.	Zilla Saksharatha Samithi, West Godavari	2018-19 to 2020-21	3
123.	CR Reddy college(Evening), Eluru	2020-21	1
124.	SSGS Degree college, Guntakal	2020-21	1
125.	AP Residential Degree College, Nagarjunasagar, Guntur Dist	2020-21	1
126.	S V Degree College, Parvathipuram	2008-09 to 2020-21	13
127.	Dr. L B Degree College, Visakhapatnam	2008-09 to 2020-21	13
128.	Adinaryana Women Degree College, Anakapally Visakhapatnam	2008-09 to 2020-21	13
129.	Sri Venkateshwara Vidyapeeth VMC Degree college, Visakhapatnam	2008-09 to 2020-21	13
130.	Montessori Mahila Degree College	2016-17 to 2020-21	5
131.	SAS College, Vijayawada	2008-09 to 2020-21	13

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2021
132.	Sri Sarada Degree College, Vijayawada	2008-09 to 2020-21	13
133.	Sri Goutu Lachanna College, Vijayawada	2008-09 to 2020-21	13
134.	Saptagiri College, Vijayawada	2008-09 to 2020-21	13
135.	DRG Women Degree College, Tadepalligudem	2008-09 to 2020-21	13
136.	AC College, Guntur	2008-09 to 2020-21	13
137.	AC Evening College, Guntur	2008-09 to 2020-21	13
138.	AGKN College, Satenapalli	2008-09 to 2020-21	13
139.	SGHR and MCMR College, Guntur	2008-09 to 2020-21	13
140.	Dr. KRR College, Duggirala, Guntur Dist	2018-19 to 2020-21	3
141.	MVGR College, Bhattiprolu	2013-14 to 2020-21	8
142.	Smt. NBR Rao College, Narsaraopet, Guntur Dist Vidyanagar	2008-09 to 2020-21	13
143.	NBKR College, Vidyanagar, Nellore Dist	2008-09 to 2020-21	13
144.	Dr. SRJ College Atmakur, Nellore Dist	2008-09 to 2020-21	13
145.	Sri Venugopalaswami College, Nellore	2008-09 to 2020-21	13
146.	ABM College, Ongole	2008-09 to 2020-21	13
147.	S V Day College, Tirupathi	2008-09 to 2020-21	13
148.	Sri Padmavathi Women College, Tirupathi	2008-09 to 2020-21	13
149.	Sri Balasiva Yogindra Maharaja College, Mydukur, kadapa	2008-09 to 2020-21	13
150.	Sri B Veerareddy College, Badvel, kadapa Dist	2008-09 to 2020-21	13
151.	SKS College, Proddatur, kadapa Dist	2008-09 to 2020-21	13
152.	VRS College, Veerapanayanapally, , kadapa Dist	2008-09 to 2020-21	13
153.	Sri YSR Memorial College, Kadapa	2017-18 to 2020-21	4
154.	DA College for Women, Proddatur	2008-09 to 2020-21	13
155.	SV college, Kadapa	2008-09 to 2020-21	13
156.	SLS College, Pullareddypeta, kadapa Dist	2008-09 to 2020-21	13
157.	Sri Ankalreddy college allagadda	2015-16 and 2018-19 to 2020-21	4
158.	Sri Ramakrishna Degree College Nandyal	2008-09 to 2020-21	13
159.	Telugu Academy	2016-17 to 2020-21	5
160.	AP Hindi Academy	2015-16 and 2018-19 to 2020-21	4
161.	AP Open School Society	2012-13 to 2020-21	9
162.	AP Residential Educational Institutional Society	2020-21	1
163.	AP School Educational Society(Sarva Siksha Abhiyan)	2020-21	1
164.	AP Educational Welfare Infrastructure Development Corporation	2014-15 to 2020-21	7
165.	Ap State Council Of Higher Education	2020-21	1
166.	Ap State Literacy Mission Authority	2020-21	1
167.	Sri sarvodaya college, Nellore	2020-21	1
168.	SKBR College Amalapuram	2020-21	1
169.	Vikrama Simhapuri University Nellore	2018-19 to 2020-21	3
170.	Rayalaseema University, kurnool	2017-18 to 2020-21	4
171.	Sate institute of educational technology	2016-17 to 2020-21	5
172.	SMVM Polytechnic, Tanuku	2018-19 to 2020-21	3
173.	Ideal Degree College, Kakinada	2020-21	1
174.	Damodaram Sanjivaiah National Law University, Visakhapatnam	2018-19 to 2020-21	3
175.	BSSB College, Tadikonda, Guntur Dist	2020-21	1
176.	DNR College,Bhimavaram	2020-21	1
177.	DRS & YRM College,Chirala	2020-21	1
178.	JMJ College for Women, Tenali	2020-21	1
179.	AP AIDS Control Society	2010-11 to 2020-21	11
180.	AP Medical Services Infrastructure Development Corporation	2013-14 to 2020-21	8
181.	AP Medicinal and Aromatic Plants Board	2013-14 to 2020-21	8
182.	AP Right to Sight Society	2013-14 to 2020-21	8

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2021
183.	AP State TB Society	2011-12 to 2020-21	10
184.	AP Yogadhayana Parishad	2012-13 to 2020-21	9
185.	NTR University of Health Sciences	2017-18 to 2020-21	4
186.	NTR Vaidya Seva Trust	2018-19 to 2020-21	3
187.	Sri Mullapudi Venkata Raja Memorial Medical & Educational Trust, Tanuku	2001-02 to 2020-21	20
188.	Sri Venkateshwara Institute of Medical Sciences	2016-17 to 2020-21	5
189.	State Blindness Control Society	2006-07 to 2020-21	15
190.	RIMS, Srikakulam	2015-16 to 2020-21	6
191.	RIMS, Ongole	2015-16 to 2020-21	6
192.	RIMS, Kadapa	2015-16 to 2020-21	6
193.	AP BC Finance Corporation	2019-20	1
194.	AP Study Circle, Ananthapur	2016-17 to 2020-21	5
195.	AP Study Circle, Guntur	2019-20 to 2020-21	2
196.	AP Study Circle, Kurnool	2016-17 to 2020-21	5
197.	AP Washermen Cooperative Society,Hyd	2005-06 to 2020-21	16
198.	BC Service Cooperative Societies (10)	Range 2004-05 to 2020-21	116
199.	Mahatma Jyothibha Phule AP BC Welfare Residential Educational Institutions Society	2019-20 to 2020-21	2
200.	AP Haj Committee	2019-20 to 2020-21	2
201.	AP SC Finance Corporation	2019-20 to 2020-21	2
202.	AP Social Welfare Fund	2001-02 to 2020-21	20
203.	AP Social Welfare Residential Educations Institutions Society (APSWREIS)	2019-20 to 2020-21	2
204.	SC Service Cooperative Societies (13)	Range 2005-06 to 2020-21	103
205.	AP Schedule Tribes Finance Corporation	2015-16 to 2020-21	6
206.	AP Tribal Welfare Residential Educational Institutions Society (APTWREIS)	2018-19 to 2020-21	3
207.	Girijan Cooperative Corporation, Visakhapatnam	2018-19 to 2020-21	3
208.	AP Social Welfare Board	2014-15 to 2020-21	7
209.	AP State Council for Child Welfare	2016-17 to 2020-21	5
210.	AP Vikalangula Finance Corporation	2011-12 to 2020-21	10
211.	AP Womens Cooperative Finance Corporation, Hyderabad	2014-15 to 2020-21	7
212.	AP Creche Committee	2013-14 to 2020-21	8
213.	Acharya N.G.Ranga Agriculture University	2018-19 to 2020-21	3
214.	AP Live Stock Development Agency	2018-19 to 2020-21	3
215.	Sri Venkateswara Veterinary University	2017-18 to 2020-21	4
216.	AP State food processing Society	2018-19 to 2020-21	3
217.	Society for Andhra Pradesh network (SAPNET)	2018-19 to 2020-21	3
218.	AP Innovation Society	2018-19 to 2020-21	3
219.	AP IT Academy	2018-19 to 2020-21	3
220.	AP Invest	2017-18 to 2020-21	4
221.	AP Water Resource Development Corporation	2018-19 to 2020-21	3
222.	AP State Cooperative Oil seeds Growers Federation Ltd.	2016-17 to 2020-21	5
223.	AP Seeds Certification Agency	2018-19 to 2020-21	3
224.	Sericulturist and Silk Weavers Cooperative Societies Federation (SERIFED)	2019-20 to 2020-21	2
225.	RESCO, Kuppam	2018-19 to 2020-21	3
226.	AP Road Development Corporation	2019-20 to 2020-21	2
227.	AP Cooperative Marketing Federation (APMARKFED)	2014-15 to 2020-21	7
228.	AP State Cooperative Union Limited	2014-15 to 2020-21	7
229.	AP State Cooperative Rural Irrigation Corporation	2014-15 to 2020-21	7
230.	Hyderabad Agricultural Cooperative Association	2014-15 to 2020-21	7

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of September 2021
	Limited		
231.	State Agricultural Management and extension training Institute & Soil Conservation Training Centre(SAMETI)	2014-15 to 2020-21	7
232.	AP Horticulture Agency	2014-15 to 2020-21	7
233.	AP Sheep & Goat Development Cooperative Federation Ltd.	2017-18 to 2020-21	4
234.	AP State Fishermen Cooperative Society Federation	2014-15 to 2020-21	7
235.	Dairy Development Cooperative Federation	2014-15 to 2020-21	7
236.	RESCO, Kasimkota	2014-15 to 2020-21	7
237.	AP State Council of Science and Technology(APCOST)	2014-15 to 2020-21	7
238.	Centre for Forest and Natural Resources Management Studies (CEFNARM)	2014-15 to 2020-21	7
239.	Zoo Authority of AP	2014-15 to 2020-21	7
240.	AP Forest Academy	2014-15 to 2020-21	7
241.	AP State Handloom Weavers Cooperative Society Ltd.	2014-15 to 2020-21	7
242.	SPINFED	2014-15 to 2020-21	7
243.	AP Core Digital Data Authority (Effective Delivery E-Service)	2014-15 to 2020-21	7
244.	Water and Land Management Training and Research Institute (WALAMTARI)	2014-15 to 2020-21	7
245.	Society for Training and Employment Promotion (14 STEPs)	2019-20 to 2020-21 (range)	24
246.	Sports Authority of Andhra Pradesh, Vijayawada	2019-20 to 2020-21	2
247.	AP Sports School	2013-14 to 2020-21	8
248.	Rajiv Udyogasri Society	2010-11 to 2020-21	11
Total			1738

Appendix 4.5
Statement of PSUs whose accounts have not been received
(Refer Para 4.12, Page 98)

Sl. No.	Name of the PSUs	Year for which accounts were not finalised/ received as on 30 November 2021	Number of Accounts in Arrears
1	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	2019-20 & 2020-21	2
2	Andhra Pradesh Power Generation Corporation Limited	Nil	0
3	Transmission Corporation of Andhra Pradesh Limited	Nil	0
4	Eastern Power Distribution Company of Andhra Pradesh Limited	Nil	0
5	Southern Power Distribution Company of Andhra Pradesh Limited	Nil	0
6	Andhra Pradesh Tribal Power Company Limited	2017-18 to 2020-21	4
7	Andhra Pradesh Power Development Company Limited	Nil	0
8	Energy University of Andhra Pradesh	2016-17 to 2020-21	5
9	Andhra Pradesh State Energy Efficiency Development Corporation Limited	2020-21	1

Sl. No.	Name of the PSUs	Year for which accounts were not finalised/ received as on 30 November 2021	Number of Accounts in Arrears
10	Andhra Pradesh Central Power Distribution Corporation Limited	Nil	0
11	Andhra Pradesh Green Energy Corporation Limited	Nil	0
12	Andhra Pradesh State Financial Corporation	2020-21	1
13	Andhra Pradesh State Road Transport Corporation	2019-20 & 2020-21	2
14	Andhra Pradesh State Warehousing Corporation	2015-16 to 2020-21	6
15	Andhra Pradesh Industrial Development Corporation Limited	2014-15 to 2020-21	7
16	Andhra Pradesh Mineral Development Corporation Limited	2016-17 to 2020-21	5
17	Andhra Pradesh State Agro Industries Development Corporation Limited	2020-21	1
18	Andhra Pradesh Trade Promotion Corporation Limited	2017-18 to 2020-21	4
19	Andhra Pradesh State Police Housing Corporation Limited	2019-20 & 2020-21	2
20	Andhra Pradesh Industrial Infrastructure Corporation Limited	2020-21	1
21	Leather Industries Development Corporation of Andhra Pradesh	2016-17 to 2020-21	5
22	Andhra Pradesh State Irrigation Development Corporation Limited	Nil	0
23	Andhra Pradesh State Civil Supplies Corporation Limited	2020-21	1
24	Andhra Pradesh Forest Development Corporation Limited	2016-17 to 2020-21	5
25	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	Nil	0
26	Andhra Pradesh Tourism Development Corporation Limited	2016-17 to 2020-21	5
27	Andhra Pradesh State Seeds Development Corporation Limited	2020-21	1
28	Andhra Pradesh Heavy Machinery and Engineering Limited	Nil	0
29	Andhra Pradesh State Housing Corporation Limited	2014-15 to 2020-21	7
30	Andhra Pradesh Handicrafts Development Corporation Limited	2014-15 to 2020-21	7
31	Andhra Pradesh Technology Services Limited	2019-20 & 2020-21	2
32	Andhra Pradesh State Minorities Finance Corporation Limited	2020-21	1
33	Andhra Pradesh Beverages Corporation Limited	2016-17 to 2020-21	5
34	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	2020-21	1
35	Andhra Pradesh Power Finance Corporation Limited	Nil	0
36	Vizag Apparel Park for Export	2018-19 to 2020-21	3
37	Infrastructure Corporation of Andhra Pradesh Limited	2019-20 & 2020-21	2

Sl. No.	Name of the PSUs	Year for which accounts were not finalised/ received as on 30 November 2021	Number of Accounts in Arrears
38	Overseas Manpower Company Andhra Pradesh Limited	2020-21	1
39	Andhra Pradesh Aviation Corporation Limited	2006-07 to 2020-21	15
40	Andhra Pradesh Rajiv Swagruha Corporation Limited	2014-15 (From 02.06.2014) to 2020-21	7
41	Krishnapatnam International Leather Complex Private Limited	2018-19 to 2020-21	3
42	Andhra Pradesh Centre for Advanced Research on Livestock Limited	2019-20 & 2020-21	2
43	Ongole Iron Ore Mining Company Private Limited	2020-21	1
44	Andhra Pradesh Gas Infrastructure Corporation Private Limited	2020-21	1
45	Andhra Pradesh State Christian (Minorities) Finance Corporation	2014-15 to 2020-21	7
46	Andhra Pradesh Gas Distribution Corporation Limited	--	0
47	Visakhapatnam Urban Transport Company Limited	2017-18 to 2020-21	4
48	Vijayawada Urban Transport Company Limited	2012-13 to 2020-21	9
49	Andhra Pradesh State Skill Development Corporation	2019-20 & 2020-21	2
50	Rythu Sadhikara Samstha	2018-19 to 2020-21	3
51	Andhra Pradesh Brahmin Welfare Corporation	2019-20 & 2020-21	2
52	Andhra Pradesh Mahila Sadhikara Samstha	2018-19 to 2020-21	3
53	Andhra Pradesh Greening and Beautification Corporation	2020-21	1
54	Swachha Andhra Corporation	2018-19 to 2020-21	3
55	Amaravati Development Corporation Limited	2020-21	1
56	Andhra Pradesh Airports Development Corporation Limited	2018-19 to 2020-21	3
57	Andhra Pradesh State Beverages Corporation Limited	2018-19 to 2020-21	3
58	Andhra Pradesh State Fibernet Limited	2017-18 to 2020-21	4
59	Andhra Pradesh Metro Rail Corporation Limited	Nil	0
60	Andhra Pradesh State Kapu Welfare and Development Corporation Limited	2017-18 to 2020-21	4
61	Kakinada Smart City Corporation Limited	2020-21	1
62	Greater Visakhapatnam Smart City Corporation Limited	2020-21	1
63	Andhra Pradesh Medtech Zone Limited	2018-19 to 2020-21	3
64	AP Towers Limited	2018-19 to 2020-21	3
65	Andhra Pradesh Township and Infrastructure Development Corporation Limited	Nil	0
66	Godavari Gas Private Limited	Nil	0
67	Andhra Pradesh Center for Financial System & Services	2020-21	1
68	ABC NEXT (India) Private Limited	2019-20 & 2020-21	2
69	Eluru Smart City Corporation Limited	2017-18 to 2020-21	4
70	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited	2017-18 to 2020-21	4

Sl. No.	Name of the PSUs	Year for which accounts were not finalised/ received as on 30 November 2021	Number of Accounts in Arrears
71	Ongole Smart City Corporation Limited	2017-18 to 2020-21	4
72	Bhavani Island Tourism Corporation Limited	2020-21	1
73	Andhra Pradesh Drinking Water Supply Corporation Limited	2017-18 to 2020-21	4
74	Amaravati Smart & Sustainable City Corporation Limited	2017-18 to 2020-21	4
75	Andhra Pradesh State Mega Seeds Park Limited	2018-19 to 2020-21	3
76	AIC-AMTZ Medi Valley Incubation Council	2019-20 & 2020-21	2
77	Bio Valley Incubation Council	2019-20 & 2020-21	2
78	AP Drones Corporation Private Limited	2018-19 to 2020-21	3
79	Andhra Pradesh Digital Corporation Limited	2018-19 to 2020-21	3
80	Foundation for Leadership, Excellence and Governance	2020-21	1
81	Rayalaseema Steel Corporation Limited	2019-20 & 2020-21	2
82	Prakasam National Investment & Manufacturing Zone Limited	2016-17 to 2020-21	5
83	APIIC Food Park (Krishna District) Limited	2016-17 to 2020-21	5
84	Atchutapuram Effluent Treatment Limited	2020-21	1
85	Andhra Pradesh MSME Development Corporation	2019-20 & 2020-21	2
86	NICDIT Krishnapatnam Industrial City Development Limited	2020-21	1
87	Visakhapatnam Industrial Node Development Corporation Limited	2018-19 to 2020-21	3
88	Chittoor Industrial Node Development Corporation Limited	2018-19 to 2020-21	3
89	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	Nil	0
90	YSR Steel Corporation Limited	2020-21	1
91	Andhra Pradesh State Financial Services Corporation Limited	2020-21	1
92	Andhra Pradesh General Insurance Corporation Limited	2020-21	1
93	Andhra Pradesh State Development Corporation Limited	2020-21	1
		Total	237

Appendix 4.6
List of Companies which are reflected in Statement 19 of Finance Accounts
(Refer paragraph 4.12; page 98)

	As per Accounts of PSUs		As per Finance Accounts of the State Government			
PSU	Investment made by State Government	Outstanding Loans (Given by State Government)	Investment made by State Government	Outstanding Loans (Given by State Government)	Difference in Equity	Difference in Loans
	(1)	(2)	(3)	(4)	(3)-(1)	(4)-(2)
Andhra Pradesh Power Development Company Limited	99.90	0	100	0	0.1	0
Andhra Pradesh Power Generation Corporation Limited	2106.80	0	2106.8	626.91	0	626.91
Andhra Pradesh State Film Television & Theatre Development Corporation Limited	3.63	0	6.45	44.36	2.82	44.36
Andhra Pradesh Power Finance Corporation Limited	348.37	0	27	0	-321.37	0
Transmission Corporation of Andhra Pradesh Limited	454.44	371.38	2262.4	2742.78	1807.96	2371.4
Andhra Pradesh State Irrigation Development Corporation Limited	77.48	28.04	170.21	131.87	92.73	103.83
Andhra Pradesh Green Energy Corporation Limited	0	0	0	0	0	0
Andhra Pradesh Maritime Infrastructure Development Corporation Limited	0.5	0	0	0	-0.5	0
Total	3091.12	399.42	4672.86	3545.92	1581.74	3146.50

Appendix 4.7
Details of expenditure of Centrally Sponsored Schemes during 2020-21
(Refer Para 4.15, Page 100)

(₹ in crore)

S.No	scheme name	GOI Releases	Total expenditure on the scheme	Difference
1	Mahatma Gandhi National Rural Employment Guarantee Act MGNREGA	2557.29	4516.21	-1958.91
2	National Health Mission NHM	1454.51	2440.75	-986.24
3	Integrated Child Development Services ICDS	697.01	1540.05	-843.03
4	Pradhan Mantri Gram Sadak Yojana PMGSY	36.47	831.26	-794.79
5	Andhra Pradesh Samagra Shiksha Abhiyan	869.75	1624.29	-754.54
6	Pradhan Mantri Krishi Sinchayee Yojana PMKSY with Integrated Watershed Management Programme	143.89	816.18	-672.29
7	National Rural Livelihood Mission NRLM	208.25	410.01	-201.76
8	National Horticulture Mission	95.00	269.02	-174.02
9	Nirmal Bharat Abhiyan NBA / Swachh Bharat Mission - Gramin	212.27	348.84	-136.57
10	Mission for Development of 100 Smart Cities	198.50	331.34	-132.84
11	Grants under the provision to Article 2751 of the Constitution	20.56	103.70	-83.14
12	National Mission on Sustainable Agriculture NMSA	13.92	87.98	-74.06
13	Tribal Sub Plan	49.55	123.32	-73.77
14	Urban Rejuvenation Mission-500 Habitations	9.31	72.57	-63.26
15	Road Connectivity Project for Left Wing Extremism Affected Areas	16.73	65.28	-48.55
16	National Oilseed and Oil Palm Mission	28.47	75.58	-47.11
17	National Mission on Agriculture Extension and Technology	150.96	194.54	-43.58
18	National Food Security Mission NFSM	38.75	79.57	-40.82
19	Umbrella scheme for Education of ST students.	74.73	114.28	-39.55
20	Deen Dayal Upadhyaya Grameen Kaushalya Yojana / Skill Development Mission	39.21	68.01	-28.80
21	Rashtriya Uchhtar Shiksha Abhiyan	34.12	62.52	-28.40
22	Rashtriya Gram Swaraj Abhiyan RGSA	22.34	42.67	-20.33
23	National Scheme for Modernization of Police and Other Forces	14.79	33.85	-19.06
24	Umbrella Scheme for Development of Scheduled Tribes	19.06	37.42	-18.36
25	Monetary Relief and Legal Aid to the victims of Atrocities on Scheduled Castes	34.30	48.72	-14.42

26	National Urban Livelihood Mission	58.23	72.42	-14.19
27	Scheme for Development of OBC Other Backward Classes and denotified Nomadic and Semi-nomadic Tribes	63.58	75.53	-11.95
28	Blue Revolution - Integrated Development and Management of Fisheries	55.54	64.17	-8.62
29	DRDA Administration	5.97	11.74	-5.77
30	Project Tiger	2.67	5.68	-3.02
31	Strengthening of District Disaster Management Authorities of Hazard Prone Districts out of 115 identified backward districts	0.25	2.30	-2.05
32	National Livestock Management Programme	12.75	14.78	-2.02
33	Minor Irrigation Census	0.48	1.14	-0.66
34	Rajiv Gandhi Scheme for Empowerment of Adolescent Girls SABLA	0.11	0.23	-0.11
35	National Rurban Mission	24.30	24.33	-0.03
36	Reimbursement of central share scheme of revision of pay scales 7 cpc University and College Teachers General	251.56	0.00	251.56
37	Special Assistance for Development of 7 Backward Districts	350.00	0.00	350.00
38	Project Elephant	0.77	0.50	0.28
39	Consumer Protection and Public Distribution System	0.68	0.07	0.61
40	National policy for prevention of Alcoholism and Drug Abuse	3.71	2.45	1.26
41	Dr. Ambedkar Post Matric Scholarship for Economically Backward Class Students	3.00	0.00	3.00
42	National Mission on Ayush including Mission on Medicinal Plants	3.85	0.00	3.85
43	National e governance action plan	4.26	0.00	4.26
44	Support for Educational Development including Teachers Training & Adult Education	4.45	0.02	4.43
45	National Livestock Health and Disease Control Programme	23.69	18.59	5.10
46	Integrated Child Protection Scheme ICPS	18.28	9.45	8.83
47	ACA for Left Wing Extremist LWE Districts	14.25	3.33	10.92
48	Development of Infrastructure Facilities for Judiciary including Gram Nyayalayas	14.65	0.00	14.65
49	Sagarmala	18.05	0.00	18.05
50	Micro food processing	29.30	0.00	29.30
51	Rashtriya Krushi Vikasa Yojana RKVY	315.64	279.59	36.05
52	Krishonnati Yojana / Paramparagat Krishi Vikas Yojana	100.05	58.91	41.14
53	Pradhan Mantri Adarsh Gram Yojana PMAGY	55.07	0.00	55.07

54	Multi Sectoral Development Programme for Minorities	56.77	0.00	56.77
55	Human Resource in Health and Medical Education	150.00	57.76	92.24
56	National Rural Drinking Water Programme NRDWP	297.62	192.54	105.08
57	National Social Assistance Programme	402.63	283.93	118.70
58	Grants for State Roads	322.00	202.36	119.64
59	Mid Day Meal MDM	375.10	118.95	256.15
60	Umbrella Scheme for Development of Scheduled Castes	528.52	249.96	278.57
61	Pradhan Mantri Awas Yojana Urban Sardar Patel Urban Housing Scheme	1906.51	593.57	1312.94
	Total	12514.03	16682.26	-4168.17

Appendix 4.8

Details of expenditure of Centrally Sponsored Schemes (unspent) during 2020-21 (Refer Paragraph 4.15, page 100)

Sl.no	Name of the Scheme	GOI Share	Total expenditure on the scheme	Difference
1	Reimbursement of central share scheme of revision of pay scales 7 cpc University and College Teachers General	251.56	0.00	251.56
2	Special Assistance for Development of 7 Backward Districts	350.00	0.00	350.00
3	Project Elephant	0.77	0.50	0.27
4	Consumer Protection and Public Distribution System	0.68	0.07	0.61
5	National policy for prevention of Alcoholism and Drug Abuse	3.71	2.45	1.26
6	Dr. Ambedkar Post Matric Scholarship for Economically Backward Class Students	3.00	0.00	3.00
7	National Mission on Ayush including Mission on Medicinal Plants	3.85	0.00	3.85
8	National e governance action plan	4.26	0.00	4.26
9	Support for Educational Development including Teachers Training & Adult Education	4.45	0.02	4.43
10	National Livestock Health and Disease Control Programme	23.69	18.59	5.10
11	Integrated Child Protection Scheme ICPS	18.28	9.45	8.83
12	ACA for Left Wing Extremist LWE Districts	14.25	3.33	10.92
13	Development of Infrastructure Facilities for Judiciary including Gram Nyayalayas	14.65	0.00	14.65
14	Sagarmala	18.05	0.00	18.05
15	Micro food processing	29.30	0.00	29.30
16	Rashtriya Krushi Vikasa Yojana RKVY	315.64	279.59	36.05
17	Krishonnati Yojana / Paramparagat Krishi Vikas Yojana	100.05	58.91	41.14
18	Pradhan Mantri Adarsh Gram Yojana PMAGY	55.07	0.00	55.07
19	Multi Sectoral Development Programme for Minorities	56.77	0.00	56.77
20	Human Resource in Health and Medical Education	150.00	57.76	92.24

21	National Rural Drinking Water Programme NRDWP	297.62	192.54	105.08
22	National Social Assistance Programme	402.63	283.93	118.70
23	Grants for State Roads	322.00	202.36	119.64
24	Mid Day Meal MDM	375.10	118.95	256.15
25	Umbrella Scheme for Development of Scheduled Castes	528.52	249.96	278.57
26	Pradhan Mantri Awas Yojana Urban Sardar Patel Urban Housing Scheme	1906.51	593.57	1312.94
	Total	5250.41	2071.98	3178.44

Appendix 5.1
Categories of Special Bills
(Refer Paragraph 5.2, page 104)

(₹ in crore)			
Sl. No	Remarks	No. of Accounting entries	Amount
1	Funds transferred to PD accounts and left un-utilised lapsed	15	10,895.67
2	Revalidation of CASP funds during current F.Y. against the unutilised funds lapsed during previous F.Y.	1,006	8,891.33
3	Transfer of own funds from one Corporation to other Corporation, not requiring Treasury audit, as per GO Ms. No.43, Finance Department, dated 22-04-2000.	3	10,895.67
4	Debit of Suspense account & Credit to Welfare Corporation account to facilitate DBT through e-Kuber (RythuBharosa Scheme)	8	2,727.27
5	Reversing of the transaction at Sl. No.04 as RBI's e-Kuber was not ready to handle DBT using Aadhaar Numbers	8	2,727.27
6	Alteration Memoranda (AM)- for rectification of HoA 28	28	507.67
7	Debit to Consolidated Fund and rectified later vide the Bill No.13002216	5	4,179.75
8	Funds transferred from one Fund Centre to another Fund Centre due to shifting of HQs	1	0.62
9	Funds transferred from RLB to ULB due to upgradation from Village Panchayat to Nagar Panchayat	44	14.32
10	NPS Challans transferred to respective Fund Manager	1051	1.54
11	Deduction of the Electricity Charges from the 14th Finance Commission Grants as per G.O. Ms. No.569, 22/03/2021 of Finance (FMU:Energy, I&C, I&I) Department	10,597	854.19
12	Adjustment of the funds from One PD account to other PD account on account of erroneous adjustment by the DDOs / HoDs	16,672	3,670.03
13	Lapsing of funds in F.Y.2020-21, which were left un-utilised by end of the F.Y. 2020-2	24,627	2,276.38
14	Debit of the funds in PD accounts to minus debit to the Revenue HoA	27	642.6
	Total	54,092	48,284.31

Appendix 5.2
Sampling analysis of Special Bills
(Refer Paragraph 5.2, page 105)

Sl. No	Remarks	Total Accounting entries		Risk Involved	Sample Size	
		No. of Accounting entries	Amount		Sample accounting entries audited	Amount
1	Funds transferred to PD accounts and left un-utilised lapsed	15	10,895.67	High	15	10,895.67
2	Revalidation of CASP funds during current F.Y. against the unutilised funds lapsed during previous F.Y.	1,006	8,891.33	High	100	393.25
3	Transfer of own funds from One Corporation to other Corporation, not requiring Treasury audit, as per GO Ms. No.43, Finance Department, dated 22-04-2000.	3	10,895.67	High	3	10,895.67
4	Debit of Suspense account & Credit to Welfare Corporation account to facilitate DBT through e-Kuber (RythuBharosa Scheme)	8	2,727.27	High	8	2,727.27
5	Reversing of the transaction at S. No.04 as RBI's e-Kuber was not ready to handle DBT using Aadhaar Numbers	8	2,727.27	High	8	2,727.27
6	Alteration Memoranda - for rectification of HoA 28	28	507.67	Low	28	507.67
7	Debit to Consolidated Fund and rectified later vide the Bill No.13002216	5	4,179.75	High	5	4,179.75
8	Funds transferred from one Fund Centre to another Fund Centre due to shifting of HQs	1	0.62	Low	1	0.62
9	Funds transferred from RLB to ULB due to upgradation from Village Panchayat to Nagar Panchayat	44	14.32	Low	44	14.32
10	NPS Challans transferred to respective Fund Manager	1051	1.54	Low	100	0.14
11	Deduction of the Electricity Charges from the 14th Finance Commission Grants as per G.O. Ms. No.569, 22/03/2021 of Finance (FMU:Energy, I&C, I&I) Department	10,597	854.19	Low	50	8.27

12	Adjustment of the funds from One PD account to other PD account on account of erroneous adjustment by the DDOs / HoDs	16,672	3,670.03	Low	100	15.94
13	Lapsing of funds in F.Y.2020-21, which were left un-utilised by end of the F.Y. 2020-2	24,627	2,276.38	Low	100	0.99
14	Debit of the funds in PD accounts to minus debit to the Revenue HoA	27	642.6	Low	27	642.6
	Total	54,092	48,284.31		589	33,009.43

Appendix-6.1**Statement showing list of Public Sector Undertakings (PSUs) of Andhra Pradesh under audit jurisdiction of CAG and status of their annual accounts as on 30 November 2021⁶¹****(Refer Paragraph 6.2, 6.6.2.2 page 116,117 & 129)**

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
Power Sector PSUs					
1	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	21-10-1969	2018-19	2019-20 & 2020-21	2
2	Andhra Pradesh Power Generation Corporation Limited	29-12-1998	2020-21	Nil	0
3	Transmission Corporation of Andhra Pradesh Limited	29-12-1998	2020-21	Nil	0
4	Eastern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2020-21	Nil	0
5	Southern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2020-21	Nil	0
6	Andhra Pradesh Tribal Power Company Limited	05-07-2002	2016-17	2017-18 to 2020-21	4
7	Andhra Pradesh Power Development Company Limited	01-03-2006	2020-21	Nil	0
8	Energy University of Andhra Pradesh	16-06-2016	FN	2016-17 to 2020-21	5
9	Andhra Pradesh State Energy Efficiency Development Corporation Limited	30-08-2016	2019-20	2020-21	1
10	Andhra Pradesh Central Power Distribution Corporation Limited	24-12-2019	2020-21	Nil	0
11	Andhra Pradesh Green Energy Corporation Limited	03-03-2020	2020-21	Nil	0
Non-Power Sector PSUs					
12	Andhra Pradesh State Financial Corporation	01-11-1956	2019-20	2020-21	1
13	Andhra Pradesh State Road Transport Corporation	11-01-1958	2018-19	2019-20 & 2020-21	2
14	Andhra Pradesh State Warehousing Corporation	05-08-1958	2014-15 (02.06.2014 to 31.03.2015)	2015-16 to 2020-21	6
15	Andhra Pradesh Industrial	16-12-1960	2013-14	2014-15 to	7

⁶¹ Due date for conduct of Annual General Meeting (AGM) was extended by two months beyond normal due date for the financial year ended on 31.03.2021 as per order on 23 September 2021 by ROC, Vijayawada, Ministry of Corporate Affairs, GoI in view of the Covid-19 pandemic.

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
	Development Corporation Limited			2020-21	
16	Andhra Pradesh Mineral Development Corporation Limited	24-02-1961	2015-16	2016-17 to 2020-21	5
17	Andhra Pradesh State Agro Industries Development Corporation Limited	05-03-1968	2019-20	2020-21	1
18	Andhra Pradesh Trade Promotion Corporation Limited	05-06-1970	2016-17	2017-18 to 2020-21	4
19	Andhra Pradesh State Police Housing Corporation Limited	29-05-1971	2018-19	2019-20 & 2020-21	2
20	Andhra Pradesh Industrial Infrastructure Corporation Limited	26-09-1973	2019-20	2020-21	1
21	Leather Industries Development Corporation of Andhra Pradesh	04-10-1973	2015-16	2016-17 to 2020-21	5
22	Andhra Pradesh State Irrigation Development Corporation Limited	07-09-1974	2020-21	Nil	0
23	Andhra Pradesh State Civil Supplies Corporation Limited	31-12-1974	2019-20	2020-21	1
24	Andhra Pradesh Forest Development Corporation Limited	16-06-1975	2015-16	2016-17 to 2020-21	5
25	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	10-10-1975	2020-21	Nil	0
26	Andhra Pradesh Tourism Development Corporation Limited	18-02-1976	2015-16	2016-17 to 2020-21	5
27	Andhra Pradesh State Seeds Development Corporation Limited	26-03-1976	2019-20	2020-21	1
28	Andhra Pradesh Heavy Machinery and Engineering Limited	01-09-1976	2020-21	Nil	0
29	Andhra Pradesh State Housing Corporation Limited	05-07-1979	2013-14 (up to 01.06.2014)	2014-15 to 2020-21	7
30	Andhra Pradesh Handicrafts Development Corporation Limited	10-11-1981	2013-14	2014-15 to 2020-21	7
31	Andhra Pradesh Technology Services Limited	17-01-1985	2018-19	2019-20 & 2020-21	2
32	Andhra Pradesh State Minorities Finance Corporation Limited	19-01-1985	2019-20	2020-21	1
33	Andhra Pradesh Beverages Corporation Limited	23-07-1986	2015-16	2016-17 to 2020-21	5
34	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	12-01-1993	2019-20	2020-21	1
35	Andhra Pradesh Power Finance Corporation Limited	12-07-2000	2020-21	Nil	0
36	Vizag Apparel Park For Export	31-03-2004	2017-18	2018-19 to 2020-21	3
37	Infrastructure Corporation of Andhra Pradesh Limited	31-05-2005	2018-19	2019-20 & 2020-21	2
38	Overseas Manpower Company Andhra Pradesh Limited	10-01-2006	2019-20	2020-21	1

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
39	Andhra Pradesh Aviation Corporation Limited	31-03-2006	FN	2006-07 to 2020-21	15
40	Andhra Pradesh Rajiv Swagruha Corporation Limited	09-08-2007	2014-15 (up to 01.06.2014)	2014-15 (from 02.06.2014) to 2020-21	7
41	Krishnapatnam International Leather Complex Private Limited	19-08-2008	2017-18	2018-19 to 2020-21	3
42	Andhra Pradesh Centre for Advanced Research on Livestock Limited	11-11-2008	2018-19	2019-20 & 2020-21	2
43	Ongole Iron Ore Mining Company Private Limited	11-05-2009	2019-20	2020-21	1
44	Andhra Pradesh Gas Infrastructure Corporation Private Limited	02-09-2009	2019-20	2020-21	1
45	Andhra Pradesh State Christian (Minorities) Finance Corporation	11-02-2010	2013-14 (up to 01.06.2014)	2014-15 to 2020-21	7
46	Andhra Pradesh Gas Distribution Corporation Limited	10-01-2011	2020-21	--	0
47	Visakhapatnam Urban Transport Company Limited	19-01-2012	2016-17	2017-18 to 2020-21	4
48	Vijayawada Urban Transport Company Limited	31-01-2012	FN	2012-13 to 2020-21	9
49	Andhra Pradesh State Skill Development Corporation	07-10-2014	2018-19	2019-20 & 2020-21	2
50	Rythu Sadhikara Samstha	17-10-2014	2017-18	2018-19 to 2020-21	3
51	Andhra Pradesh Brahmin Welfare Corporation	05-12-2014	2018-19	2019-20 & 2020-21	2
52	Andhra Pradesh Mahila Sadhikara Samstha	30-03-2015	2017-18	2018-19 to 2020-21	3
53	Andhra Pradesh Greening and Beautification Corporation	13-04-2015	2019-20	2020-21	1
54	Swachha Andhra Corporation	01-05-2015	2017-18	2018-19 to 2020-21	3
55	Amaravati Development Corporation Limited	21-05-2015	2019-20	2020-21	1
56	Andhra Pradesh Airports Development Corporation Limited	03-08-2015	2017-18	2018-19 to 2020-21	3
57	Andhra Pradesh State Beverages Corporation Limited	12-08-2015	2017-18	2018-19 to 2020-21	3
58	Andhra Pradesh State Fibernet Limited	12-10-2015	2016-17	2017-18 to 2020-21	4
59	Andhra Pradesh Metro Rail Corporation Limited	29-10-2015	2020-21	Nil	0
60	Andhra Pradesh State Kapu Welfare and Development Corporation Limited	04-11-2015	2016-17	2017-18 to 2020-21	4
61	Kakinada Smart City Corporation Limited	07-03-2016	2019-20	2020-21	1

SI No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
62	Greater Visakhapatnam Smart City Corporation Limited	11-03-2016	2019-20	2020-21	1
63	Andhra Pradesh Medtech Zone Limited	30-04-2016	2017-18	2018-19 to 2020-21	3
64	AP Towers Limited	05-07-2016	2017-18	2018-19 to 2020-21	3
65	Andhra Pradesh Township and Infrastructure Development Corporation Limited	04-08-2016	2020-21	Nil	0
66	Godavari Gas Private Limited	27-09-2016	2020-21	Nil	0
67	Andhra Pradesh Center for Financial System & Services	08-11-2016	2019-20	2020-21	1
68	ABC NEXT (India) Private Limited	03-03-2017	2018-19	2019-20 & 2020-21	2
69	Eluru Smart City Corporation Limited	17-03-2017	FN	2017-18 to 2020-21	4
70	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited	28-03-2017	FN	2017-18 to 2020-21	4
71	Ongole Smart City Corporation Limited	07-04-2017	FN	2017-18 to 2020-21	4
72	Bhavani Island Tourism Corporation Limited	19-04-2017	FN	2020-21	1
73	Andhra Pradesh Drinking Water Supply Corporation Limited	10-11-2017	FN	2017-18 to 2020-21	4
74	Amaravati Smart & Sustainable City Corporation Limited	21-11-2017	FN	2017-18 to 2020-21	4
75	Andhra Pradesh State Mega Seeds Park Limited	13-04-2018	FN	2018-19 to 2020-21	3
76	AIC-AMTZ Medi Valley Incubation Council	29-06-2018	2018-19	2019-20 & 2020-21	2
77	Bio Valley Incubation Council	22-10-2018	2018-19	2019-20 & 2020-21	2
78	AP Drones Corporation Private Limited	12-11-2018	FN	2018-19 to 2020-21	3
79	Andhra Pradesh Digital Corporation Limited	29-11-2018	FN	2018-19 to 2020-21	3
80	Foundation for Leadership, Excellence and Governance	03-12-2018	2019-20	2020-21	1
81	Rayalaseema Steel Corporation Limited	24-12-2018	2018-19	2019-20 & 2020-21	2
82	Prakasam National Investment & Manufacturing Zone Limited	22-01-2016	FN	2016-17 to 2020-21	5
83	APIIC Food Park (Krishna District) Limited	06-06-2016	FN	2016-17 to 2020-21	5

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
84	Atchutapuram Effluent Treatment Limited	09-08-2016	2019-20	2020-21	1
85	Andhra Pradesh MSME Development Corporation	16-07-2018	2018-19	2019-20 & 2020-21	2
86	NICDIT Krishnapatnam Industrial City Development Limited	07-08-2018	FN	2020-21	1
87	Visakhapatnam Industrial Node Development Corporation Limited	04-09-2018	FN	2018-19 to 2020-21	3
88	Chittoor Industrial Node Development Corporation Limited	10-10-2018	FN	2018-19 to 2020-21	3
89	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	07-01-2019	2020-21	Nil	0
90	YSR Steel Corporation Limited	21-11-2019	2019-20	2020-21	1
91	Andhra Pradesh State Financial Services Corporation Limited	04-04-2020	FN	2020-21	1
92	Andhra Pradesh General Insurance Corporation Limited	07-06-2020	FN	2020-21	1
93	Andhra Pradesh State Development Corporation Limited	05-09-2020	FN	2020-21	1
Inactive PSUs					
94	Andhra Pradesh Fisheries Corporation Limited	07-05-1974	2002-03	2003-04 to 2020-21	18
95	A.P Small Scale Industrial Development Corporation Limited	01-03-1961	2001-02	2002-03 to 2020-21	19
96	Andhra Pradesh Essential Commodities Corporation Limited	21-04-1981	2019-20	2020-21	1
97	Proddutur Milk Foods Limited	23-10-1978	1983-84	1984-85 to 2020-21	37
98	Andhra Pradesh Dairy Development Corporation Limited	07-02-1974	2013-14	2014-15 to 2020-21	7
99	Andhra Pradesh Meat Development Corporation Limited	31-10-1977	2014-15 (10M) Revised	2015-16 to 2020-21	6
100	Andhra Pradesh Electronics Development Corporation Limited	28-11-1980	2002-03	2003-04 to 2020-21	18
101	Aptronix Communications Limited	27-02-1984	NA*	NA*	--
102	Hyderabad Chemicals and Fertilizers Limited	30-09-1942	1984-85	1985-86 to 2020-21	36
103	Andhra Pradesh Automobile Tyres & Tubes Limited	20-07-1972	1992-93	1993-94 to 2020-21	28
104	Golkonda Abrasives Limited	26-08-1976	1997-98	1998-99 to 2020-21	23
105	Allwyn Auto Limited	31-05-1993	1994-95	1995-96 to	26

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
				2020-21	
106	Allwyn Watches Limited	19-03-1993	1998-99	1999-00 to 2020-21	22
107	Andhra Pradesh Steels Limited	16-11-1973	1992-93	1993-94 to 2020-21	28
108	Marine and Communication Electronics (India) Limited	29-08-1977	1992-93	1993-94 to 2020-21	28
109	Republic Forge Company Limited	15-04-1957	1991-92	1992-93 to 2020-21	29
110	Krishi Engineering Limited	24-10-1960	1984-85	1985-86 to 2020-21	36
111	PJ Chemicals Limited	14-05-1979	1989-90	1990-91 to 2020-21	31
112	Vidyut Steels Limited	01-01-1994	1985-86	1986-87 to 2020-21	35

FN: First Accounts not received.

NA: Not applicable

Note 1: PSUs at Sl.No.61 & 62 are Government Controlled Other Companies.

Note 2: PSUs at Sl.No. 11 and 82 to 93 came under the purview of CAG during 2020-21.

Note 3: PSUs at Sl.No.105 to 112 of Inactive PSUs of Non-Power Sector are under liquidation.

Appendix-6.2

Statement showing list of PSUs having negative Net Worth as on 31 March 2021

(Refer Para 6.5.3, page 124)

Sl. No.	Name of PSU	Net Profit/ Loss (₹ in crore)	Net worth (₹ in crore)	Paid up Capital (₹ in crore)
	Power Sector PSUs			
1	Andhra Pradesh Power Development Company Limited	-106.92	-35.01	2068.28
2	Eastern Power Distribution Company of Andhra Pradesh Limited	39.94	-7,533.18	121.23
3	Southern Power Distribution Company of Andhra Pradesh Limited	1.10	-20,813.19	358.72
	Sub-Total	-65.88	-28,381.38	2,548.23
	Other than Power Sector PSUs			
4	Andhra Pradesh State Minorities Finance Corporation Limited	2.20	-15.90	2.92
5	Amaravati Development Corporation Limited	-25.25	-14.33	100.00
6	Andhra Pradesh Metro Rail Corporation Limited	-0.16	-0.77	5.00
7	Andhra Pradesh Urban Finance Infrastructure Development Corp Limited	0	-0.02	0.15

Sl. No.	Name of PSU	Net Profit/ Loss (₹ in crore)	Net worth (₹ in crore)	Paid up Capital (₹ in crore)
8	Andhra Pradesh Centre for Advanced Research on Livestock Limited	-0.84	-2.55	0.01
9	Bio Valley Incubation Council	-0.35	-0.35	0
10	Ongole Iron Ore Mining Company Private Limited	-0.06	-0.42	0.11
11	Rayalaseema Steel Corporation Limited	-2.68	-2.68	0
12	YSR Steel Corporation Limited	-2.32	-2.22	0.10
13	Infrastructure Corporation of Andhra Pradesh Limited	-4.53	-5.72	30.12
14	Andhra Pradesh Gas Infrastructure Corporation Private Limited	-14.73	-77.24	55.44
15	Andhra Pradesh Center for Financial System & Services	-22.00	-4.62	4.90
16	Foundation for Leadership, Excellence and Governance	-3.06	-3.48	0.01
17	Andhra Pradesh State Road Transport Corporation	-961.28	-6,810.35	115.15
	Sub-Total	-1,035.06	-6,940.65	313.91
	Total	-1,100.94	-35,322.03	2,862.14

Appendix-6.3

Details of Return on Capital Employed (ROCE) of State PSUs for the three years ended 31 March 2021

(Refer Para 6.5.5, page 125)

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
1	Andhra Pradesh State Skill Development Corporation	-70.63	273.04	-25.87	-70.63	273.04	-25.87	-70.63	273.04	-25.87
2	Overseas Manpower Company Andhra Pradesh Limited	-0.06	0.03	-200.00	0.45	0.37	121.62	0.45	0.37	121.62
3	Andhra Pradesh State Minorities Finance Corporation Limited	2.97	-12.24	-24.26	2.20	-10.04	-21.91	2.20	-10.04	-21.91

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
4	Amaravati Development Corporation Limited	-54.80	10.91	-502.29	-25.14	-14.33	---	-25.14	-14.33	---
5	Andhra Pradesh Greening and Beautification Corporation	0.10	25.49	0.39	0.16	25.56	0.63	0.16	25.56	0.63
6	Andhra Pradesh Metro Rail Corporation Limited	-2.98	-0.61	---	-0.16	-0.77	---	-0.16	-0.77	---
7	Andhra Pradesh Township and Infrastructure Development Corporation Limited	0.37	3,952.85	0.01	-0.13	5,263.88	0.00	-0.13	5,263.88	0.00
8	Andhra Pradesh Urban Finance Infrastructure Development Corp Limited	0.00	-0.02	0.00	0.00	-0.02	0.00	0.00	-0.02	0.00
9	Greater Visakhapatnam Smart City Corporation Limited	6.03	263.04	2.29	5.28	328.57	1.61	5.28	328.57	1.61
10	Kakinada Smart City Corporation Limited	-21.14	164.85	-12.82	-111.62	54.59	204.47 ⁻	-111.62	54.59	204.47 ⁻
11	Andhra Pradesh State Agro Industries Development Corporation Limited	3.03	41.02	7.39	-0.43	40.57	-1.06	-0.43	40.57	-1.06
12	Andhra Pradesh State Seeds Development Corporation Limited	10.23	154.37	6.63	20.04	157.60	12.72	20.04	157.60	12.72
13	Andhra Pradesh Centre for Advanced Research on Livestock	-0.83	-2.55	---	-0.83	-2.55	---	-0.83	-2.55	32.55

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
	Limited									
14	Andhra Pradesh State Civil Supplies Corporation Limited	883.84	182.56	484.14	1,714.16	200.77	853.79	1,714.16	200.77	853.79
15	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	11.79	89.01	13.25	11.79	89.01	13.25	11.79	89.01	13.25
16	Andhra Pradesh Heavy Machinery and Engineering Limited	-6.38	54.11	-11.79	-3.26	83.95	-3.88	-6.37	68.93	-9.24
17	Andhra Pradesh Power Development Company Limited	75.52	17,246.91	0.44	840.07	17,006.11	4.94	1,143.77	17,426.30	6.56
18	Andhra Pradesh Power Finance Corporation Limited	214.86	2,342.62	9.17	703.91	11,395.71	6.18	703.91	11,395.71	6.18
19	Andhra Pradesh Power Generation Corporation Limited	3,812.84	19,288.33	19.77	2,730.21	22,983.98	11.88	2,657.18	23,719.46	11.20
20	Andhra Pradesh State Energy Efficiency Development Corporation Limited	-0.01	0.74	-1.35	-0.02	0.72	-2.78	-0.02	0.72	-2.78
21	Andhra Pradesh Central Power Distribution Corporation Limited	---	---	---	0.00	0.10	0.00	0.00	0.10	0.00
22	Eastern Power Distribution Company of Andhra Pradesh Limited	- 3,812.24	-5,038.90	---	439.42	-1,593.94	-27.57	672.60	431.77	155.78

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
23	Southern Power Distribution Company of Andhra Pradesh Limited	6,551.36	-8,469.92	---	1,308.14	-4,226.16	-30.95	1,308.14	-4,226.16	-30.95
24	Transmission Corporation of Andhra Pradesh Limited	449.75	8,421.72	5.34	675.97	9,032.13	7.48	675.97	9,032.13	7.48
25	Andhra Pradesh MSME Development Corporation	-0.01	0.00	---	-0.01	0.00	---	-0.01	0.00	--
26	AIC-AMTZ Medi Valley Incubation Council	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.00
27	Bio Valley Incubation Council	-0.35	-0.35	---	-0.35	-0.35	---	-0.35	-0.35	---
28	Ongole Iron Ore Mining Company Private Limited	-0.08	4.81	-1.66	-0.06	5.23	-1.15	-0.06	5.23	-1.15
29	Royalaseema Steel Corporation Limited	-2.68	-2.68	---	-2.68	-2.68	---	-2.68	-2.68	---
30	Andhra Pradesh Industrial Infrastructure Corporation Limited	88.48	2,529.93	3.50	92.54	2,521.15	3.67	92.54	2,521.15	3.67
31	Andhra Pradesh State Financial Corporation	229.20	1,875.06	12.22	183.55	1,449.41	12.66	183.55	1,449.41	12.66
32	Atchutapuram Effluent Treatment Limited	-0.73	41.66	-1.75	-1.55	49.33	-3.14	-1.55	49.33	-3.14
33	YSR Steel Corporation Limited	---	---	---	-2.32	-2.22	---	-2.32	-2.22	---
34	Infrastructure Corporation of Andhra	-4.53	-5.72	---	-4.53	-5.72	---	-4.53	-5.72	---

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
	Pradesh Limited									
35	Andhra Pradesh Gas Distribution Corporation Limited	-3.99	93.19	-4.28	-2.68	335.99	-0.80	-2.68	335.99	-0.80
36	Andhra Pradesh Gas Infrastructure Corporation Private Limited	57.68	-62.51	-92.27	-14.73	-77.24	---	-14.73	-77.24	----
37	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	---	---	---	-0.08	0.42	-19.05	-0.08	0.42	-19.05
38	Godavari Gas Private Limited	-0.52	61.03	-0.85	-0.46	164.11	-0.28	-0.46	164.11	-0.28
39	Andhra Pradesh Technology Services Limited	14.91	96.66	15.43	14.91	96.66	15.43	14.91	96.66	15.43
40	Andhra Pradesh Center for Financial System & Services	8.43	43.40	19.42	-21.92	34.86	-62.88	-21.92	34.86	-62.88
41	Andhra Pradesh State Irrigation Development Corporation Limited	-5.34	64.05	-8.34	-1.59	58.46	-2.72	-1.59	58.46	-2.72
42	ABC NEXT (India) Private Limited	0.14	2.48	5.65	0.14	2.48	5.65	0.14	2.48	5.65
43	Andhra Pradesh Brahmin Welfare Corporation	-8.97	39.91	-22.48	-8.97	39.91	-22.48	-8.97	39.91	-22.48
44	Foundation for Leadership, Excellence and Governance	-0.43	-0.42	---	-3.06	-3.48	---	-3.06	-3.48	---
45	Andhra Pradesh State	0.29	4.94	5.87	0.23	6.09	3.78	0.22	6.03	3.65

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
	Film Television & Theatre Development Corporation Limited									
46	Andhra Pradesh State Police Housing Corporation Limited	0.00	1.06	0.00	0.00	1.06	0.00	0.00	1.06	0.00
47	Andhra Pradesh State Road Transport Corporation	-679.04	-2,661.97	---	-679.04	-2,661.97	---	-679.04	-2,661.97	---
	Total	-5,356.64	41,111.90	-13.03	7,786.92	63,100.36	12.34	8,247.65	66,266.66	12.45

Appendix-6.4

Statement showing Return on Equity (ROE) of State PSUs for the three years ended 31 March 2021

(Refer Para 6.5.6, page 126)

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
1	Andhra Pradesh State Skill Development Corporation	8.37	-70.63	-843.85	8.37	-70.63	-843.85	8.37	-70.63	-843.85
2	Overseas Manpower Company Andhra Pradesh Limited	0.05	-0.06	-120.00	0.05	0.34	680.00	0.05	0.34	680.00
3	Andhra Pradesh State Minorities Finance Corporation Limited	2.92	2.97	101.71	2.92	2.20	75.34	2.92	2.20	75.34
4	Amaravati Development Corporation Limited	100.00	-54.96	-54.96	100.00	-25.25	-25.25	100	-25.25	-25.25
5	Andhra Pradesh Greening and Beautification Corporation	0.25	0.11	44.00	0.25	0.17	68.00	0.25	0.17	68.00

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
6	Andhra Pradesh Metro Rail Corporation Limited	5.00	-2.98	-59.60	5.00	-0.16	-3.20	5	-0.16	-3.20
7	Andhra Pradesh Township and Infrastructure Development Corporation Limited	0.25	0.29	116.00	0.25	-0.25	-100.00	0.25	-0.25	-100.00
8	Andhra Pradesh Urban Finance Infrastructure Development Corp Limited	0.15	0.00	0.00	0.15	0.00	0.00	0.15	0	0.00
9	Greater Visakhapatnam Smart City Corporation Limited	200.00	-1.25	-0.63	200.00	-8.51	-4.26	200	-8.51	-4.26
10	Kakinada Smart City Corporation Limited	200.00	-21.13	-10.57	200.00	-111.62	-55.81	200	-111.62	-55.81
11	Andhra Pradesh State Agro Industries Development Corporation Limited	12.54	2.19	17.46	12.54	-1.28	-10.21	12.54	-1.28	-10.21
12	Andhra Pradesh State Seeds Development Corporation Limited	2.76	1.83	66.30	2.76	5.92	214.49	2.76	5.92	214.49
13	Andhra Pradesh Centre for Advanced Research on Livestock Limited	0.01	-0.84	-8,400.00	0.01	-0.84	-8,400.00	0.01	-0.84	-8,400.00
14	Andhra Pradesh State Civil Supplies Corporation Limited	1.75	10.46	597.71	1.75	18.20	1,040.00	1.75	18.20	1,040.00
15	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	0.22	8.95	4,068.18	0.22	8.95	4068.18	0.22	8.95	4,068.18

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
16	Andhra Pradesh Heavy Machinery and Engineering Limited	17.27	-7.69	-44.53	17.27	-3.14	-18.18	17.27	-7.48	-43.31
17	Andhra Pradesh Power Development Company Limited	2,068.28	-840.82	-40.65	2068.28	-431.26	-20.85	2,068.28	-106.92	-5.17
18	Andhra Pradesh Power Finance Corporation Limited	16.91	0.04	0.24	305.97	3.41	1.11	305.97	3.41	1.11
19	Andhra Pradesh Power Generation Corporation Limited	2106.80	-135.25	-6.42	2106.80	114.19	5.42	2,106.80	15.81	0.75
20	Andhra Pradesh State Energy Efficiency Development Corporation Limited	0.82	-0.01	-1.22	0.82	-0.02	-2.44	0.82	-0.02	-2.44
21	Andhra Pradesh Central Power Distribution Corporation Limited	---	---	---	0.10	0	0.00	0.10	0	0.00
22	Eastern Power Distribution Company of Andhra Pradesh Limited	121.23	-4,252.98	-3,508.19	121.23	-152.36	-125.68	121.23	39.94	32.95
23	Southern Power Distribution Company of Andhra Pradesh Limited	358.72	-7680.87	-2141.19	358.72	1.10	0.31	358.72	1.1	0.31
24	Transmission Corporation of Andhra Pradesh Limited	454.44	69.61	15.32	454.44	115.03	25.31	454.44	115.03	25.31
25	Andhra Pradesh MSME Development Corporation	0.01	-0.01	-100.00	0.01	-0.01	-100.00	0.01	-0.01	-100.00
26	AIC-AMTZ Medi Valley Incubation Council	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0	0.00

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
27	Bio Valley Incubation Council	0.00	-0.35	0.00	0.00	-0.35	0.00	0	-0.35	0.00
28	Ongole Iron Ore Mining Company Private Limited	0.11	-0.08	-72.73	0.11	-0.06	-54.55	0.11	-0.06	-54.55
29	Rayalaseema Steel Corporation Limited	0.00	-2.68	0.00	0.00	-2.68	0.00	0	-2.68	0.00
30	Andhra Pradesh Industrial Infrastructure Corporation Limited	9.52	21.44	225.21	9.52	28.29	297.16	9.52	28.29	297.16
31	Andhra Pradesh State Financial Corporation	206.01	89.08	43.24	206.01	70.08	34.02	206.01	70.08	34.02
32	Atchutapuram Effluent Treatment Limited	23.80	-0.77	-3.24	53.24	-1.59	-2.99	53.24	-1.59	-2.99
33	YSR Steel Corporation Limited	---	---	---	0.10	-2.32	-2,320.00	0.1	-2.32	-2,320.00
34	Infrastructure Corporation of Andhra Pradesh Limited	30.12	-4.53	15.04	30.12	-4.53	-15.04	30.12	-4.53	-15.04
35	Andhra Pradesh Gas Distribution Corporation Limited	65.00	-4.30	-6.62	176.74	-4.71	-2.66	176.74	-4.71	-2.66
36	Andhra Pradesh Gas Infrastructure Corporation Private Limited	55.44	0.17	0.31	55.44	-14.73	-26.57	55.44	-14.73	-26.57
37	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	---	---	---	0.50	-0.08	-16.00	0.5	-0.08	-16.00
38	Godavari Gas Private Limited	31.50	-0.84	-2.67	61.83	-2.50	-4.04	61.83	-2.50	-4.04
39	Andhra Pradesh Technology Services Limited	0.31	12.59	4,061.29	0.31	12.59	4,061.29	0.31	12.59	4,061.29
40	Andhra Pradesh Center for	4.90	6.08	124.08	4.90	-22.00	-448.98	4.9	-22.00	-448.98

Sl. No.	Name of the PSU	2018-19			2019-20			2020-21		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
	Financial System & Services									
41	Andhra Pradesh State Irrigation Development Corporation Limited	78.04	-8.05	-10.32	78.04	-1.59	-2.04	78.04	-1.59	-2.04
42	ABC NEXT (India) Private Limited	3.00	0.06	2.00	3.00	0.06	2.00	3.00	0.06	2.00
43	Andhra Pradesh Brahmin Welfare Corporation	25.00	-8.97	-35.88	25.00	8.97	-35.88	25	-8.97	-35.88
44	Foundation for Leadership, Excellence and Governance	0.01	-0.43	-4,300.00	0.01	-3.06	-30,600.00	0.01	-3.06	-30,600.00
45	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	3.63	0.03	0.83	3.63	-0.08	-2.20	3.63	-0.03	-0.83
46	Andhra Pradesh State Police Housing Corporation Limited	1.05	0.00	0.00	1.05	0.00	0.00	1.05	0	0.00
47	Andhra Pradesh State Road Transport Corporation	115.15	-961.28	-834.81	115.15	-961.28	-834.81	115.15	-961.28	-834.81

Appendix-6.5

Statement showing list of PSUs where Statutory Auditors' Report was revised
(Refer Para 6.7.1.2, page 131)

Sl. No..	Name of the PSU	Year of Accounts
1	Andhra Pradesh Brahmin Welfare Corporation	2018-19
2	Andhra Pradesh Gas Infrastructure Corporation Private Limited	2019-20
3	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	2019-20
4	Andhra Pradesh State Civil Supplies Corporation Limited	2019-20

Appendix-6.6

Statement showing list of PSUs where Management Letters were issued
(Refer Para 6.7.1.4, page 136)

Sl.No.	Name of the PSU	Year of Accounts
1	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	2019-20
2	Andhra Pradesh State Civil Supplies Corporation Limited	2019-20
3	Andhra Pradesh State Irrigation Development Corporation Limited	2019-20
4	Overseas Manpower Company Andhra Pradesh Limited	2019-20
5	Andhra Pradesh Industrial Infrastructure Corporation Limited	2018-19
6	Eastern Power Distribution Company of Andhra Pradesh Limited	2020-21
7	Greater Visakhapatnam Smart City Corporation Limited	2019-20

Appendix 7.1

Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	Interest payment/[(Amount of previous year's Total Outstanding Liabilities + Current year's Total Outstanding Liabilities)/2] * 100
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)
Development Expenditure	Social Services + Economic Services
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received/[(opening balance + Closing balance of Loans and Advances)/2] * 100
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 during the course of the year (Fiscal Deficit – Interest payments)
Rate of growth (ROG)	[(Current year Amount/Previous year Amount)-1] * 100
Revenue Deficit	Revenue Receipts – Revenue Expenditure

Terms	Description
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 (sum of opening and closing balances of total Outstanding Liabilities/2) X 100
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>
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
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.
Debt sustainability	Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It means that rise in fiscal deficit should match with the increase in the State's capacity to service the incremental debt from additional revenues generated from the use of such debt in creating income generating capital assets.
Inter-State Settlement	This is intended to provide for the accounting of sums due by one State Government to another under the financial settlement on the setting up of new States or under the States Re-organisation Acts as well as the financial settlement between the centre and foreign countries.
Net availability of Borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Appendix 7.2

Acronyms and Abbreviations

Acronym	Full Form
A&E	Accounts & Entitlement
ABC	Andhra Pradesh Brahmin Corporation
AC	Abstract Contingent
AG	Accountant General
AGM	Annual General Meeting
AIC-AMTZ	Atal Incubation Centre - Andhra Pradesh MedTech Zone
AP	Andhra Pradesh Fiscal Responsibility and Budget Management
APBM	Andhra Pradesh Budget Manual
APBOCWW	Andhra Pradesh Building and Other Constructions Workers Welfare Board
APCFSS	Andhra Pradesh Centre for Financial Systems Services
APFRBM	Andhra Pradesh Fiscal Responsibility and Budget Management
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APKVIB	Andhra Pradesh Khadi and Village Industries Board
APMARKFED	Andhra Pradesh Market Federation
APSCSCL	Andhra Pradesh State Civil Supplies Corporation Limited
APSDCL	Andhra Pradesh State Development Corporation Limited
APSEB	Andhra Pradesh State Electricity Board
APSHCL	Andhra Pradesh State Housing Corporation Limited
APSPDCL	Andhra Pradesh Southern Power Distribution Corporation Limited
APSWREIS	Andhra Pradesh Social Welfare Residential Educational Institutions Society
APTRANSCO	Andhra Pradesh Transmission corporation
APTWREIS	Andhra Pradesh Tribal Welfare Residential Educational Institutions Society
APUFIDC	Andhra Pradesh Urban Finance and Infrastructure Development Corporation
APVVP	Andhra Pradesh Vaidhya Vidhana Parishad
APWRDC	Andhra Pradesh Water Resources Development Corporation
ARET	Additional Retail Excise Tax
AS	Accounting Standard
BRO	Budget Release Order
CAG	Comptroller and Auditor General
CAGR	Compound Annual Growth Rate
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CAO	Chief Administrative Officer
CAS	Central Accounts Section
CASDS	Central Assistance to the State Development Schemes
CASP	Central Assisted State Plan

Acronym	Full Form
CC	Capital Charged
CCO	Chief Controlling Officer
CE	Capital Expenditure
CEFARM	Centre for Forest and Natural Resource Management Studies
CERC	Central Electricity Regulatory Commission
CFMS	Comprehensive Financial Management System
CFS	Consolidated Fund of the State
CGST	Central Goods and Services Tax
COVID-19	Corona Virus Disease-2019
CRDA	Capital Region Development Authority
CSS	Centrally Sponsored Schemes
CV	Capital Voted
DA	Dearness Allowance
DC	Detailed Contingent
DCC	Detailed Countersigned Contingent
DDO	Drawing and Disbursing Officer
DISCOMS	Distribution Companies
DPC	Duties, Powers and Conditions
DSRA	Debt Service Reserve Account
DTA	Director of Treasuries and Accounts
EAP	Externally Aided Projects
EBC	Economically Backward Class
EBIT	Earnings Before Interest and Taxes
EN	Explanatory Notes
FC	Finance Commission
FPS	Fiscal Policy Statement
FY	Financial Year
GS	General States
GDP	Gross Domestic Product
GIA	Grants-In-Aid
GO	Government Order
GOAP	Government of Andhra Pradesh
GOI	Government of India
GP	Gram Panchayat
GRF	Guarantee Redemption Fund
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
HOA	Head Of Account
HOD	Head Of Department
HQ	Head Quarters

Acronym	Full Form
IALA	Industrial Area Local Authority
ICAI	Institute of Chartered Accountants of India
ICPS	Integrated Child Protection Scheme
ICR	Interest coverage ratio
IFSC	Indian Financial System Code
IGAS	Indian Government Accounting Standards
IGST	Integrated Goods and Services Tax
LED	Light Emitting Diode
LIS	Lift Irrigation System
LV	Loan Voted
LWE	Left Wing Extremism
MDM	Mid Day Meal
MEFS	Macro-Economic Framework Statement
MH	Major Head
MIS	Management Information System
MPP	Mandal Praja Parishad
MSME	Medium, Small and Micro Enterprises
MSP	Minimum Support Price
MSS	Matching Share of the State
MT	Metric Tonnes
MTFPS	Medium Term Fiscal Policy Statement
NBA	Nirmal Bharat Abhiyan
NBC	Net Borrowing Ceiling
NDRF	National Disaster Response Force
NFSA	National Food Security Act
NHM	National Health Mission
NICDIT	National Industrial Corridor Development and Implementation Trust
NMSA	National Mission for Sustainable Agriculture
NPS	National Pension System
NRDWP	National Rural Drinking Water Project
NRLM	National Rural Livelihood Mission
NSDL	National Securities Depository Limited
NSSF	National Small Savings Fund
OBB	Off-Budget Borrowings
OBC	Other Backward Class
OD	Over Draft
PAC	Public Accounts Committee
PAO	Pay and Accounts Officer
PAT	Profit After Tax
PD	Personal Deposit

Acronym	Full Form
PDC	Public Debt Charged
PDS	Public Distribution System
PF	Provident Fund
PLA	Padhna Likhna Abhiyan
PMAGY	Pradhan Mantri Adarsh Gram Yojana
PMC	Project Monitoring Consultancy
PMGSY	Pradhan Mantri Gram Sadak Yojana
PM-KISAN	Prime Minister Kisan Samman Nidhi
PRI	Panchayat Raj Institutions
PSU	Public Sector Undertaking
PV	Present Value
RBD	Reserve Bank Deposits
RBI	Reserve Bank of India
RBS	Reserve Bank Suspense
RC	Revenue Charged
RE	Revenue Expenditure
RGSA	Rashtriya Gram Swaraj Abhiyan
RKVY	Rashtriya Krishi Vikas Yojana
RLB	Rural Local Bodies
RMSA	Rashtriya Madhyamika Shiksha Abhiyan
ROCE	Return on Capital Employed
ROE	Return on Equity
ROG	Rate of Growth
ROI	Return on investment
ROR	Rate of Return
RORR	Rate of Real Return on Investment
RV	Revenue Voted
SAMETI	State Agricultural Management & Extension Training Institute
SAPNET	Society for Andhra Pradesh Network
SC	Scheduled Caste
SCAF	State Compensatory Afforestation Fund
SCERT	State Council of Educational Research and Training
SDF	Special Drawing Facility
SDL	State Development Loans
SDRF	State Disaster Response Fund
SERIFED	Sericulture Federartion
SERP	Society for Elimination of Rural Poverty
SGST	State Goods and Services Tax
SPV	Special Purpose Vehicle
ST	Scheduled Tribe

Acronym	Full Form
SWMA	Special Ways and Means Advances
TDS	Tax Deducted at Source
TE	Total Expenditure
UC	Utilisation Certificate
ULB	Urban Local Bodies
UT	Union Territory
VLC	Voucher Level Computerisation
WALAMTARI	Water and Land Management Training and Research Institute
WMA	Ways and Means Advances
YSR	Yuvajana Shramika Rythu
ZPP	Zilla Praja Parishad

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